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LLOYDS TSB BRINGS ISLAMIC BANKING TO BRADFORD

Lloyds TSB in Bradford is to start offering an Islamic current account and home finance product to meet the needs of the city's Muslim community. The branches, at Tyrrel Street, Hustergate and Thornbury join others in London, Birmingham, Dewsbury, Luton and Southampton which are piloting Islamic banking products. They will provide a dedicated range of Islamic financial services for Muslims who currently use conventional current accounts and mortgages or opt out of traditional banking services altogether.

Both the current account and home finance product comply fully with Islamic law (Shariah), which forbids both the payment and receipt of interest, known as Riba. The current account offers no credit interest and has no overdraft facility, but it does provide a debit card and unlike some other compliant accounts, does not charge a fee or require a minimum balance¹. The funds held by Lloyds TSB on all Islamic current accounts are held in accordance with Islamic law.

Similarly, the home finance product is not based on interest payments. Instead of lending money for a property, the bank buys the home, contributing up to 90 per cent of the purchase price. The customer pays the remaining percentage upfront and repays the outstanding sum over an agreed term, together with a rental payment².

Gordon Rankin, current accounts director, Lloyds TSB, said: "Bradford is one of the most thriving centres of the Muslim community in the UK. But, despite their huge contribution to British life, many Muslims in this country have found it hard to live entirely according to their principles, when it comes to managing their money.

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Gordon Rankin continues: “The traditional current accounts and mortgages available on the high street, don’t meet the needs of all Muslims, many of whom don’t want to pay or receive interest. In fact, our research shows that over three quarters of British Muslims want banking services that fit with their faith – and those in Bradford are no exception.

“We want to give Muslim customers banking services that meet their needs, as well as all the benefits of a high street bank. Now that Lloyds TSB in Bradford is offering Islamic financial services, customers can bank in accordance with Islamic law, and can also use our 2,000 UK branches, Internet and phone banking, or Cashpoints.”

In order to ensure that these Islamic financial services are fully compliant with Islamic law (Shariah), Lloyds TSB has consulted with a board of renowned Islamic scholars, who have advised on all aspects of Islamic finance law.

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Notes to editors:

¹ All other charges on the account will be the same as on the Lloyds TSB Classic account.

² The Islamic home finance available through Lloyds TSB is alburaq Home Finance. alburaq is a registered trade mark of ABC International Bank plc and is the brand name under which Islamic products are provided.

alburaq Home Finance is based on the principles of Ijara and diminishing partnership (Diminishing Musharakah). In this form of Islamic home finance, the bank and customer jointly buy and own the property. The bank purchases up to 90 per cent of the property, with the customer purchasing the remaining percentage with an initial payment. As the main buyer of the property, the bank is the legal owner of it, but through monthly payments, the customer buys the bank’s share of the property over an agreed period. The customer also pays rent as part of the monthly payment to the bank, because the bank is the legal owner of the property. However, as the customer buys the bank’s share of the property, rent as proportion of the monthly payment decreases.

For further information on the Islamic Current Account customers can call the Islamic financial services line on **08456 007 786**.

A range of literature is available from branches in English, Arabic and Urdu.

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