

MURABAHA

A Murabaha is a sale in which the cost of acquiring an asset and the profit earned from it are disclosed to the member. It is also referred to as cost-plus financing.

The Murabaha profit must be disclosed as a specific amount.

It is offered to fulfil tangible asset purchase requirements which must be clearly identified and quantified.

The asset of murabaha financing must exist at the time of the transaction.

The asset must be Shariah-compliant.

Requirements for Murabaha:

Must be a member of the Muslim Credit Union

Up to date Job Letter and Pay Slip

Recent Utility Bill

Two Forms of Identification

If self-employed, Income and Expenditure Statement

Estimate or Invoice for asset purchase

20 % of Murabaha amount in Shares

Contact the Muslim Credit Union for an appointment.

MUDARABAH

A Mudarabah is a partnership between two or more parties to conduct business.

The investor, referred to as the Rabb al Maal, supplies the capital and the other provides the management expertise.

The manager of the investment, referred to as the Mudarib, is solely responsible for managing the business.

Profit is shared based on pre-arranged ratios which must be clearly defined for all the partners at the Mudarabah's inception.

Debt cannot be used as investment for equity.

Proceeds for investment must be Shariah-compliant

All investments must also be Shariah-compliant.

Contact the Manager of the Muslim Credit Union to discuss Mudarabah Investment.

QARD HASAN

This is a short-term loan granted for special purposes eg. to pay legal fees, medical expenses or labour

Typically the Qard Hasan should be fully secured by Shares.

No mark-up or profit is charged on this Loan.

Requirements for Qard Hasan:

Must be a member of the Muslim Credit Union

Up to date Job Letter and Pay Slip

Recent Utility Bill

Two Forms of Identification

If self-employed, Income and Expenditure Statement

Invoice for payment of service.