AL RAYAN BANK



Banking you can believe in

Ethical Banking for Everyone

Sharia compliant finance

alrayanbank.co.uk



What is Islamic banking?

How does it work? Does it offer the same facilities as the conventional banking system? Why is it gaining popularity, year on year, with customers in the UK, both Muslim and non-Muslim?

This guide will seek to answer all of these questions and more, and demonstrate how Islamic banking offers a different approach to finance.

Ethical banking for everyone

Islamic banking provides Muslims with a variety of financial products that help their money work harder and allow them to finance residential and business property in line with their faith. However, with its underlying principles of equitable distribution for all, ideals of fair trading, judicious spending of wealth and the well-being of the community as a whole, Islamic finance also presents an ethical banking alternative for non-Muslims.

The evolution of Islamic finance

Although a fairly recent development in the West, Islamic finance is in fact as old as Islam itself. From its humble beginnings in the seventh century to its position today as one of the fastest growing areas of the global financial services market, it has remained true to the recognised principles of Islamic law, or Sharia.

Islamic finance plays an essential role in helping individuals and institutions across the world engage with the financial system in a way consistent with ethical, Sharia principles. According to the British government, global Islamic investments have soared by 150% since 2006 and were expected to be worth £1.3 trillion in 2015.

In the UK, Government support for the Islamic finance sector has been instrumental in helping the industry to flourish. In 2013, the UK became the first non-Muslim country to host the World Islamic Economic Forum, with British Prime Minister, David Cameron announcing his ambitions for London to become the "one of the great capitals of Islamic finance". He also revealed plans for a new Islamic index on the London Stock Exchange (LSE). Consequently, in 2014, the UK became the first western country to issue a Sukuk, or Islamic bond, which raised £200 million.

According to research from CityUK, Britain has 22 banks offering Islamic financial products and services, more than any other Western country. Of these, Al Rayan Bank, formerly known as Islamic Bank of Britain, is the oldest and largest wholly Sharia compliant retail bank.

Al Rayan Bank's ethical banking credentials

Al Rayan Bank has been recognised as an ethical alternative to conventional banks by the Move Your Money campaign and Ethical Consumer magazine, **which places the Bank in the top ten of ethical current account providers.**

Al Rayan Bank is also an accredited 'Living Wage Employer', **voluntarily opting to pay their employees a 'Living Wage'** which is significantly higher than the current minimum wage and the new compulsory National Living Wage, introduced in 2016.

In addition, the Bank was accredited as an **'Investors in People'** organisation in 2015, demonstrating the signs of a great employer with a clear commitment to sustainability.

How Islamic banking is different to conventional finance

Islamic banking is designed to enable society to conduct its finances in a way that is considered fair and ethical. It operates completely without interest, which is believed by Muslims to promote inequity in financial transactions which can lead to social inequality and injustice. Islamic finance also operates without speculation and uncertainty; instead it is founded upon the principles of trade, entrepreneurship and risk-sharing.

This structure creates a more equitable relationship between the Islamic bank and its customer, and a more stable foundation for economic activity for the individual, organisations and society as a whole.

On a macro level, it makes Islamic finance more stable. For example, it was better protected from the recent global banking crisis than conventional banks because its method of banking, where investment must be in tangible assets and not financial instruments based on speculation, did not create the 'toxic' assets that were recognised as a root cause of the crisis. On a micro level, many argue that it makes Islamic finance less risky for customers, regardless of their faith. The answer to how lies in its prudent approach to banking.

Lower risk banking

Central to Islamic finance is the fact that money itself has no intrinsic value; it is simply a medium of exchange. Making a profit from lending or receiving money is not allowed. Therefore interest, or riba as it is known, is not permitted, for individuals or banks. This means that interest is not paid on Islamic savings or current accounts, or charged on Islamic finance products. Instead, money must be used in a productive way by generating wealth (i.e. profit) through legitimate trade and investment, which involves an element of risk. Savings accounts therefore earn an 'expected profit'.

Speculation is not permitted in Islamic finance and activities must be backed by tangible, underlying assets. Conventional financial instruments, for example short-selling, futures and options contracts and derivatives, are not asset-backed and are therefore not permitted. This is because they are considered to create risks to customers' assets and deposits that do not promote the financial well-being of the parties involved, or society as a whole.

The financial products that Islamic banks use are developed from trade-based principles that allow customers to conduct their finances in a Sharia compliant, ethical way.

These include:

- Ijara (leasing)
- Musharaka (partnership)
- Wakala (agency agreement)
- Mudaraba (profit sharing contract)
- Murabaha (special type of sale, cost plus mark-up)

You can find more information about these, and other terms used in Islamic finance here.
www.alrayanbank.co.uk/useful-info-tools/islamic-finance/a-to-z

How it works in practice

Ethical Savings: profit not interest

An Islamic bank does not pay interest to its savers. Instead, it invests its customers' deposits into Sharia compliant and ethical trading activities, with the intention of generating a profit, which it then shares with its customers. It is for this reason that Islamic banks do not advertise interest rates; instead they predict expected returns, or expected profit rates, for customers.

Expected profits are not guaranteed in the same way that conventional interest is, therefore there may be an element of risk. However, customers can be assured by the fact that since Al Rayan Bank was established in 2004, it has always paid its expected (or target) profit rates, and in some cases, it has paid more to its customers.

From December 2012 to January 2016, Al Rayan Bank consistently offered at least one savings account with the UK's highest rate of return, according to the Moneyfacts best buy tables.

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Ethical Savings FAQs

Al Rayan Bank is often asked questions about its products, what makes them Islamic and how they differ from conventional banking products, here is a selection of some of the most commonly asked questions:

Q. How do Islamic finance products such as savings accounts work? Will I be paid interest?

A. Al Rayan Bank, and other Islamic banks, will not pay interest to customers that open a savings account with them. However, it is permissible for customers to earn a profit which is generated from the deposits they make with their Islamic bank.

Al Rayan Bank's savings accounts are based on Islamic finance principles and pay profits. For example, an Al Rayan Bank Fixed Term Deposit (FTD) Account is based on the Islamic financial principle of Wakala (agency agreement).

Under the Wakala agreement, a customer deposits their savings with Al Rayan Bank and the Bank becomes their agent. Al Rayan Bank uses the cash deposit to invest in Sharia compliant and ethical trading activities, such as property and relatively low risk metal trading, which generate a target profit for the customer over a fixed term. The Bank manages and monitors the performance of the investments on a daily basis to minimise the risk and ensure that the customer receives the projected target ('expected') profit rate.

Q. Why do Islamic banks advertise % rates for products if they do not charge or pay interest?

A. As a UK bank, regulated by the Prudential Regulation Authority (PRA) and Financial Conduct Authority (FCA), Al Rayan Bank is required to display its charges in this way so that consumers can judge the value of what it offers and charges, versus others. Customers must be able to compare Al Rayan Bank's rates and charges against what they would receive or be charged by conventional financial institutions.

Expressing the rental rate as a percentage of the charge, does not mean that it is converted into interest. It simply expresses how much rental Al Rayan Bank is charging the customer as a proportion of the property purchase price. It also allows the customer to compare this charge with other providers in the market, including conventional mortgage companies, and to make a decision on which product is most suitable for them. Whilst the Home Purchase Plan (HPP) is Sharia compliant and the conventional mortgage is not, the percentage rate is a common measuring tool that makes the two products comparable.



Home finance: rent not interest

Under the terms of a conventional mortgage, the customer borrows money from a lender which is then repaid with interest. However, a HPP uses the Islamic finance principles of co-ownership (Diminishing Musharaka) with leasing (Ijara), and no interest is payable. Instead, the bank and the customer buy the property together, as partners.

Islamic finance does not use any interest-bearing products to finance customers' properties. Instead, it uses its own funds, or the savings deposits of customers.

Every month the customer makes a HPP payment, which has two elements: a rental payment to the bank for the use of its share of the property, and an acquisition payment to buy the bank's share in the property. Over an agreed term, the customer's stake in the property grows and the bank's diminishes. At the end of the agreed term, when all acquisition payments have been made, ownership of the property transfers fully to the customer.

Home Finance FAQs

Here is a selection of questions about HPPs, which Al Rayan Bank is commonly asked:

Q. If I buy a home with a HPP, will I be charged interest?

A. Al Rayan Bank has developed the Home Purchase Plan as a Sharia compliant alternative to a conventional mortgage. The principle difference between a HPP and a conventional mortgage is that the lending/borrowing relationship does not exist. For this reason interest does not form part of the arrangement.

As a Sharia compliant product, Al Rayan Bank's HPPs are based on joint ownership and lease agreements arranged using two separate principles of Islamic finance:

1. With a HPP, of say 20 years, Al Rayan Bank and the customer buy the property jointly. The customer then has 20 years to buy the Bank's share for the same initial purchase price. This is based on the Diminishing Musharaka (diminishing partnership) principle of Islamic finance.

2. At the time of completing the joint purchase, the customer will live in the property even though a large share of it is owned by the Bank. Therefore, until the customer becomes the full owner, they will lease the portion of the property still owned by Al Rayan Bank and pay a monthly rental to the Bank. This is based on the Islamic financing principles of Ijara (leasing).

   When all acquisition payments have been made and the finance has been settled, ownership of the property transfers fully to the customer and they now own their home outright, without having paid any interest.

Q. Aren't HPPs more expensive compared to conventional mortgages?

A. A range of home finance products exist and Al Rayan Bank is typically neither the cheapest nor the most expensive in the market. Instead of competing purely on price, the Bank's objective is to provide value to our customers through innovative Sharia compliant products and outstanding service.

It is important to remember that many conventional mortgage providers use low headline interest rates to grab attention but when you couple these with hidden extra costs, such as large administration fees and early settlement charges, it can substantially increase the overall cost to the customer. Al Rayan Bank's HPPs are different. As an Islamic bank, the Bank's administration fees cannot be arbitrarily high and unjustifiable. All charges must be fair and reflective of the actual cost/effort required for the Bank to undertake the activity. Additionally, should a customer wish to settle their finance early, they can do so at any time without penalty, even during a fixed rental rate period.

With the introduction of the UK's first Home Purchase Plan to be backed by the Government's Help to Buy: HPP guarantee scheme, HPPs are available to customers with a 10% deposit, meaning that Sharia compliant home finance is now available to customers who can afford the payments on home finance, but do not a have a very large deposit saved.

Q. Why don't Islamic banks use the rental market rate for Home Purchase Plan products?

A. Islamic banks use conventional indices, such as Bank of England Base Rate (BBR) or (London Interbank Offered Rate) LIBOR, to price their products as these are the most accurate, widely accepted and consistent benchmarks for financing. This allows Islamic banks to meet the important Sharia criteria of ensuring consistency and avoiding uncertainty.

If local rental rates were to be used as a benchmark, there would be too much variation. Rental rates fluctuate depending on a number of factors, such as the condition of the property and location; so rent charged for a property in London would be three or four times more expensive than a similar property in some other parts of the UK. Consequently, the Islamic bank would not be able to offer a fair and consistent rental rate for its products. Not only is this against the Sharia but it would also be more costly for the customer.

By benchmarking against recognisable conventional indices, an Islamic bank is neither using interest in its products nor borrowing money from a conventional lender, it is simply using a permitted method to offer better value to its customers by pricing products that are in line with the local market.



Q. If a customer of the HPP wishes to sell a property during a negative equity situation, can they do so and are there any conditions surrounding this?

A.The Al Rayan Bank HPP is based on Diminishing Musharaka (Partnership) and Ijara (Lease) agreements. One of the important conditions for Musharaka, under Sharia, is that the partnership is formed with the objective of making a profit. It cannot be formed, by either party, with a hidden intention to create a loss for the partner.

Under the Al Rayan Bank HPP the customer has the right to request the sale of the property at any time, without incurring any penalties. The Bank will, in normal circumstances, agree to sell. Any profit made from the sale will go entirely to the customer. Al Rayan Bank will forgo its share in any profit made from the sale.

However, sometimes a negative equity situation may arise when the sale price is lower than the initial purchase price. In this instance, since the sale is resulting in a loss, the Bank, as a partner in the property, has the right, under Sharia, to refuse the sale. Nevertheless, if the customer has special circumstances and really needs to sell, they can purchase the Bank's share for the same initial purchase price. They may then sell the property to a third party at any price they are willing to take. This, however, may result in a loss for the customer.

Q. Under a HPP contract the property is 'owned' by the bank. If this is the case, as tenants why do the occupiers have to pay for buildings insurance and general maintenance? Is this permissible?

A. The Home Purchase Plan is a product which enables the customer to buy their own home in a Sharia compliant way, without interest. The overall objective of the HPP, therefore, is to allow the customer to purchase the property over a period of time, so that, ultimately, they become its owner.

In order for an Islamic bank to be able to offer the HPP at a competitive rental rate, it does not take on the responsibility of maintenance and insurance as part of the Ijara agreement. If the bank were responsible for carrying out maintenance, procuring buildings insurance and the subsequent administration, the rental rate would need to be higher. This would therefore affect the customer's long term objective of buying their home in a Sharia compliant, and affordable, way.

With an Al Rayan Bank HPP, the Bank appoints the customer as a Service Agent responsible for maintenance of the property and ensuring that it is covered by appropriate insurance. This is permissible according to Sharia and is beneficial for the customer. It means the Bank can charge a lower rental rate that is competitive with conventional banking and ultimately enables the customer to buy their home without paying interest.

Q. Under a Under a HPP contract why does the customer have to pay the Stamp Duty?

A. When a consumer buys a property in the UK, they automatically have to pay Stamp Duty, if applicable. Under the Al Rayan Bank HPP, the customer and the Bank jointly purchase the property. However, the ultimate owner will be the customer, after they have bought the Bank's share over a period of time. As such the Stamp Duty cost will also, eventually, have to be passed to the customer.

In order for Al Rayan Bank to be able to offer the HPP with a competitive monthly rental rate, it is more practical if the customer pays the Stamp Duty when the property is initially purchased. Some Islamic banks do offer to share the costs when the property is first bought. However, this results in a subsequent higher monthly rental rate to cover the Bank's extra costs. Thus, with Al Rayan Bank the customer pays the Stamp Duty at the outset of the joint purchase, in order to enjoy a lower rental rate over the long term.

It is interesting to note that in 2003 the UK Government acted to end the double stamp duty incurred by customers buying their homes under the Murabaha Islamic finance principle. Under Murabaha purchases, the Islamic bank buys the property, but on the day of completion it is immediately sold on to the customer at a higher price. This led to the imposition of a double stamp duty. However, this was eventually abolished by the Government to introduce a level-playing field for Islamic banks offering this type of home finance product.



Q. The HPP involves two contracts. However, isn't it true that Sharia does not permit contracts to be interdependent or to have 'two contracts in one'?

A. Sharia does not permit clauses in two contracts which make them interdependent on each other, with a complicated outcome for the parties concerned. This is not the case with an Al Rayan Bank HPP.

The HPP from Al Rayan Bank is based on two independent contracts, the outcome of which is straightforward for both the customer and the Bank, i.e. it allows the customer to purchase their home in a Sharia compliant way.

An Al Rayan Bank HPP is based on a joint partnership contract (Diminishing Musharaka) with its own set of clear rules, and the leasing contract (Ijara) with its own set of clear rules.

When the customer decides to purchase a house in a Sharia compliant way, they approach Al Rayan Bank to finance the house that they want to live in. The Bank and the customer jointly purchase the property and become partners. As the customer wants to live in the property, they will need to lease the Bank's share, and consequently the Bank and the customer sign the Ijara contract. Therefore, these two contracts allow the customer to purchase their home gradually, over a fixed term, whilst also living in it.

When the Diminishing Musharaka contract ends, as a result of the customer purchasing Al Rayan Bank's entire share of the property (or due to the sale of the property to a third party), the Ijara contract expires, as the Bank no longer owns any part of the property.



Ethical investment: a transparent approach to finance

Islamic finance is designed to ensure a fair outcome for all parties, by providing a way for society to conduct economic activity in an ethical and socially responsible manner. Islamic banks share, more equally, the risks and returns of trading activity with their customers.

The source of an Islamic bank's funding, profits and business investments must be ethical. They cannot be from businesses that are considered unlawful under Sharia, i.e. companies that deal in interest, alcohol, gambling, pornography, speculation, tobacco, arms and other commodities contrary to Islamic values.

Islamic banks are guided by an independent ethics committee, known as a Sharia Supervisory Committee (SSC).

The SSC reviews every product that an Islamic bank provides, as well as how it operates and the way that it acts, to ensure that everything it does is consistent with Islamic values. This influence helps to guarantee that an Islamic bank's actions are not only concerned with the direct needs of the Bank, but also with the wider needs of society as a whole.

Sheikh Dr Abdul Sattar Abu Ghuddah, Sheikh Nizam Muhammed Saleh Yaqoobi and Mufti Abdul Qadir Barkatulla sit on the Al Rayan Bank Sharia Supervisory Committee (SSC); together with the Bank's Head of Sharia Compliance, they have decades of expertise in Islamic finance and Sharia.

In addition to this a Sharia Compliance Department ensures that the day-to-day activities of the Bank and its employees are in keeping with the principles of Islam.



Who uses Islamic banking?

With its principles of equal distribution, fair trading, prudent spending and the well-being of the community, it is not surprising that an increasing number of people, both Muslim and non-Muslim, are turning to Islamic banking for their finances.

As conventional banking is interest based, it is not suitable for Muslims. By choosing an Islamic bank, Muslims can save their money, buy their homes and carry out their day to day banking in a Sharia compliant way. They can rest assured that their money is working for them, without compromising the principles of their faith.

In the UK, there is a large and growing Muslim population. Al Rayan Bank's own analysis, conducted in 2012 with Experian, the global information services company, estimated that there are 1.53m Muslim adults in the UK, representing 3.1% of the UK population.

When Al Rayan Bank commissioned an independent, national survey looking at British consumers' (Muslim and non-Muslim) understanding and attitudes towards Islamic finance, they found that over one third – 36% - of all British Muslims use Islamic finance, 9% of these exclusively so. A further 45% of Muslims, who don't currently use Sharia compliant finance, are likely to consider doing so in the future.

But Islamic banks do not appeal to Muslims alone. The same survey showed that a majority of non-Muslims say they consider Islamic finance appropriate in a modern western society and one of the reasons for this is that Islamic finance is recognised as an alternative to conventional banks for consumers who are looking to make ethical investments with their money.

Islamic Banking FAQs

Here are some additional questions, which help explain more about Al Rayan Bank, Islamic banking and its ethical investments. For further information, please visit the Al Rayan Bank website for a range of educational videos and animations.

Q. Is my money safe with an Islamic bank? Unlike conventional banks, Islamic banks are quite new and small, and I don't want to risk losing my money or house.

A. The Islamic banking system uses real trading activities backed with real assets. This means that Islamic banks, such as Al Rayan Bank, do not conduct business unless they have an asset to allow the transaction to be carried out. Islamic banks are also not permitted to use financial instruments that are based on speculation, which can introduce a higher element of risk to a bank, and the assets and deposits of its customers.

By following this asset-backed approach, Al Rayan Bank, and Islamic banking as a whole, is not exposed to the same risks as conventional banks. This is why the Islamic finance industry proved to be an ethical and resilient alternative to conventional banking after the recent financial crisis.

Al Rayan Bank offers security to its customers through its relationship with its parent company, Masraf Al Rayan Q.S.C. (MAR), the second largest Islamic bank in Qatar by market value. This gives Al Rayan Bank financial stability as well as access to expertise and knowledge in order to continue developing its range of Sharia compliant financial products.

As an UK bank, Al Rayan Bank is authorised by the Prudential Regulation Authority (PRA) and regulated by the Financial Conduct Authority and the PRA, and is a member of Financial Services Compensation Scheme.

Q. I'm not Muslim – can I still use an Islamic bank?

A. Yes. Islamic finance adheres to the values of Sharia, but it is not exclusive for Muslims, it is available to anyone who is interested in ethical bank accounts or ethical investments.

People of all faiths, and none, bank with Al Rayan Bank; they are attracted by the often very competitive expected profit rates, by the personal, high quality service and by the ethical and relatively safe approach to banking that Islamic finance offers.

Al Rayan Bank estimates that in 2016, 94% of all FTD customers who joined the Bank were non-Muslims.

Q. How does Al Rayan Bank ensure that its activities are Sharia compliant?

A. Al Rayan Bank ensures that its activities are Sharia compliant by following Islamic finance principles laid down in the Sharia. To ensure that the rules are followed as closely as possible, Al Rayan Bank has a Sharia Compliance Department and is overseen by a separate independent body called the Sharia Supervisory Committee (SSC).

The SSC is comprised of Islamic scholars and experts in the interpretation of Islamic law and its application within modern day Islamic financial institutions.



Q. Why are Sharia Scholars paid a fee by an Islamic bank for their work? Does this affect their 'independence' and is it permissible?

A. Sharia Scholars are appointed by the shareholders of an Islamic bank as an independent committee. Their role is to ensure that the bank carries out all of its transactions in compliance with Sharia requirements. They are required to audit the bank's work from a Sharia perspective and review the bank's products. In return for the Scholars' time and effort they are entitled to remuneration. This is no different than for any other trained professional, such as a solicitor or an external auditor, who carries out work for an organisation.

This is permissible according to Sharia and the fee paid to the scholars does not cloud their work or negate the impartiality of their advice. It merely recognises the level of expertise the organisation is receiving, which is fundamental to it carrying out its business.

Q. Is it permissible under Sharia to quote a profit rate for Fixed Term Deposit savings accounts?

A. It is important to clarify that this Sharia compliant savings product is called 'fixed term' and not 'fixed return'. It is usually offered under the Islamic principle of Wakala (an agency agreement). With this product, the Islamic bank provides an expected profit rate over a set period of time as a 'target', based on the investment activity it will undertake with the deposits. The 'Fixed' element relates to the length of time the bank will undertake the investment activity for the customer. For example, two years for the 24 Month Fixed Term Deposit Account.

These savings products do not offer a fixed return in the same way that conventional banks that pay interest do. Under Sharia, the bank cannot guarantee a rate of return, because with investment there is always an element of risk.

However, Islamic banks mitigate this risk for the customer in many ways, so that the customer's deposits and return do not suffer. To date, Al Rayan Bank has always achieved the expected profit rate offered to its customers.



Terminology

On the opposite page, you will find an overview of some of the key terminology used in Islamic finance. For a comprehensive A to Z, please go to **www.alrayanbank.co.uk**

Term	Definition	Where it is used
Ijara	A form of leasing. It involves a contract where the bank buys and then leases an item to a customer for a specified rental, over a specific period. The duration of the lease, as well as the basis for rental, are set and agreed in advance.	Typically used in home finance products such as Al Rayan Bank's Home Purchase Plans (HPP), Buy To Let Purchase Plans (BTLPP) and Commercial Property Finance (CPF).
Mudaraba	An investment on your behalf by a more skilled person. It takes the form of a contract between two parties - one who provides the funds and the other who provides the expertise. The division of any profit is agreed in advance.	Typically used in Islamic savings accounts, such as Al Rayan Bank's Instant Access Savings Account, On Demand Savings Account, Young Person's Savings Account and Young Person's Notice Account.
Murabaha	A contract for purchase and re-sale for cost plus profit, which allows the customer to make purchases without having to take out a loan and pay interest.	This principle is used in Commercial Property Finance (CPF) and development finance.
Musharaka	Partnership. A Musharaka contract involves a person placing their capital with another person's capital and them both sharing the risk and reward.	This principle is typically used in home finance products such as Al Rayan Bank's Home Purchase Plans (HPP), Buy To Let Purchase Plans (BTLPP) and Commercial Property Finance (CPF).
Qard	An interest free loan. In essence, it means that a customer's current account is a loan to the bank, which is used by the Bank for investment and other purposes. It is paid back to customers, in full, on demand.	Al Rayan Bank uses this principle in its Current Accounts.
Riba	Interest or usury. Prohibited in Islam.	
Sukuk	A Sukuk has similar characteristics to a conventional bond (money invested by an individual with an institution) with the key difference being that it is backed by tangible assets such as property and is based on Islamic finance principles.	Commonly used by governments and institutions in the GCC and Middle East. In 2012 Britain became the first country outside the Islamic world to issue sovereign Sukuk.
Wakala	An agency contract, which usually includes in its terms a fee for the expertise of the agent.	This principle is used by Al Rayan Bank in all of its fixed term deposit savings accounts and Individual Savings Accounts (ISAs). It is also used in many of its notice savings accounts.
Zakat	The third pillar of Islam. An obligatory contribution or tax which is prescribed by Islam on all Muslim adults having wealth above an exemption limit at a rate fixed by the Sharia.	

Al Rayan Bank

Al Rayan Bank is the UK's oldest and largest wholly Sharia compliant retail bank and has pioneered Islamic banking in the UK since it was founded in 2004. It offers the largest range of Sharia compliant retail financial products in the UK, including Islamic mortgage alternatives, Home Purchase Plans (HPP) and Buy to Let Purchase Plans (BTLPP), ethical current accounts and savings accounts.

The Bank was also the first to introduce Sharia compliant business banking to the UK, and now offers a wide range of institutional and business banking products and services, including Commercial Property Finance (CPF). Several of the Bank's products remain unique in the UK retail financial market.

In May 2015, Al Rayan Bank PLC was named by Global Finance magazine as one of the best Islamic banks in the world, in its annual list of the World's Best Islamic Financial Institutions. This is the second time that Al Rayan Bank has won the award, formerly winning under its previous name of Islamic Bank of Britain in 2009.

The Move Your Money Switching Scorecard found Al Rayan Bank to be one of the top three ethical current account providers. The campaign compared more than 70 UK and global banking providers on five key categories – customer service, honesty, culture, supporting the economy and ethics. Al Rayan Bank received a 'Good: 74%' Switch Score on the Move Your Money Switching Scorecard.

The Bank was also rated as 'good' in the areas of customer service (received 100%), receiving few complaints, ombudsman referrals and PPI claims. The Bank also achieved high rankings on its bonus policy and lack of risky investments.

Al Rayan Bank prides itself on being a customer-centric, aspirational bank. It is located at the heart of the UK's Muslim communities in London, Birmingham, Manchester and Leicester. It is expanding its presence across the UK through a growing number of regionally based agencies, in locations such as Luton, Tooting and Blackburn, with more set to follow.

Whether in branch or agency, Al Rayan Bank employees are familiar faces amongst their local communities and are known personally by many of their customers. The Bank enjoys strong customer loyalty in the areas it serves.

Al Rayan Bank is also available to customers 24/7 through its website and a UK-based, multilingual telephone banking facility: **0800 4086 407.**

In May 2015, Al Rayan Bank PLC was named by Global Finance magazine as one of the best Islamic banks in the world, in its annual list of the World's Best Islamic Financial Institutions. This is the second time that Al Rayan Bank has won the award, formerly winning under its previous name of Islamic Bank of Britain in 2009.

Whilst Al Rayan Bank offers products and services that are designed in accordance with Sharia principles, it is an inclusive, ethical organisation and welcomes customers of all faiths looking for a bank with a transparent, prudent and community-focused approach. The Bank has more than 60,000 customers, both Muslim and non-Muslim, and has experienced year on year growth in deposits and property financing.

Al Rayan Bank is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, and is a member of Financial Services Compensation Scheme, the same as all UK regulated banks.



Masraf Al Rayan

Al Rayan Bank's parent company is Masraf Al Rayan QSC (MAR), a Qatar-based Islamic bank which provides banking, financial and investment services. MAR was founded in January 2006 and is licensed by Qatar Central Bank. It is the second largest Islamic bank in Qatar by market value.

Its structure consists of three main business divisions: Retail Banking, Wholesale Banking and Private Banking.

In February 2014, MAR acquired Islamic Bank of Britain (IBB) to expand its footprint in Western Europe and introduce its range of products to a market which has great potential for continued growth. IBB was renamed Al Rayan Bank in December 2014 to more closely align the UK bank with its parent.



Key Products

The following is an overview of the key products that Al Rayan Bank offers. For more information about these products, or to find out more about other products offered by the Bank, please visit the Al Rayan Bank website or call **0800 40 86 414.**

Home and Property Finance

Home Purchase Plan (HPP) and Buy to Let Purchase Plan (BTLPP)	For customers that want Sharia compliant, ethical finance for their own home, or a buy to let investment.
Home Purchase Plan Premier (HPPP)	For UK non-domiciled and non-resident Gulf Co-operation Council (GCC) customers looking for Sharia compliant, ethical home finance, for residential or investment purposes.
Commercial Property Finance	For businesses looking for commercial property finance that is Sharia compliant, ethical and can be tailored to their individual needs.

Savings

Instant access	For customers that need the flexibility of instant withdrawals.
Notice accounts	For customers that want a Sharia compliant, ethical savings account that provides a higher rate of profit but don't need instant access to their money.
Fixed Term Deposits	For customers who have at least £1,000 to invest, and want a Sharia compliant, ethical account to earn the highest rate of profit, but don't need access to their money for a period of time.
Cash ISAs	For savers who want the benefits of Sharia compliant, ethical savings but don't want to pay tax on their returns. Al Rayan Bank currently offers Instant Access, Notice Access and Fixed Term Cash ISAs.

Current Account

Current Account	For customers that want the services offered by a current account, including debit card and cheque book, international payments and instant access.

Al Rayan Bank's Notice Cash ISA was the **UK's first Sharia compliant Cash ISA,** and offers savers an **ethical, tax-free way to save.** Since its launch, it has regularly featured on the 'Best Buy' tables of online comparison websites.

Further information

To find out more about these or other products offered by Al Rayan Bank, visit **www.alrayanbank.co.uk**

AL RAYAN BANK

Want to know more about any of our products or services?

Call us on:

0800 4083 084*

Monday to Friday, 9am to 7pm.
Saturday, 9am to 1pm.

*Calls may be recorded for training and security purposes.

Visit: **alrayanbank.co.uk**

Write to: **Al Rayan Bank, PO Box 12461, Birmingham, B16 6AQ**

Or visit any of our branches.

If we don't get it right

Al Rayan Bank PLC will endeavour to ensure that you receive the highest standard of service and that you are treated with courtesy at all times. If you are unhappy with any aspect of our service, we would like to know why.

For a copy of our Customer Care leaflet dealing with our complaint handling procedures, please call our Customer Care team on 0800 4086 407.

General Data Protection Regulation (GDPR)

Under the GDPR you have the right of access to your records. Should you wish to access this right please write to:

Data Protection Officer,
Data Subject Access Requests,
Customer Care Team,
Al Rayan Bank PLC,
24a Calthorpe Road,
Edgbaston,
Birmingham,
B15 1RP

Membership of the Financial Services Compensation Scheme

Al Rayan Bank PLC is a member of the Financial Services Compensation Scheme.

This scheme may provide compensation, if we cannot meet our obligations. For example, in respect of deposits with a UK office, payments under the scheme are limited to 100% of the first £85,000 of a depositor's total deposits with the bank.

Most depositors including individuals and businesses are covered. The scheme covers deposits made with the offices of the bank within the European Economic Area.

**Al Rayan Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Our firm reference number is 229148.
Al Rayan Bank PLC is incorporated and registered in England and Wales. Registration No. 4483430.
Registered office: 44 Hans Crescent, Knightsbridge, London, SW1X 0LZ.**

Banking you can believe in

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