In the name of Allah, the Most Gracious, the Most Merciful

ISLAMIC CREDIT CARD BY STANDARD CHARTERED BANK
PRONOUNCEMENT OF THE SCB SHARIAH SUPERVISORY COMMITTEE

All praise is due to Allah, the Cherisher of the World, and peace and blessing be upon the Prophet of Allah on his family and all his companions

The Shariah Supervisory Committee (Committee,) has reviewed the following documents relating to SCB’s Islamic Credit Card Product based on Murabaha.

1. Credit Card Terms and Conditions
2. Murabaha Agreement
3. Agency Agreement

The structure for this product is that at every payment date the customer would have two options. Either to pay the outstanding amount in full or revolve the entire or partial amount to the next payment date. In case the customer opts for revolving the amount, a commodity Murabaha will be executed which would include profit from the date of first transaction till the statement date. This amount will be communicated to the customer on the statement date and the customer will be required to make the payment on the subsequent payment date.

The Commodity Murabaha transaction will be done as follows:

1. The Customer would appoint an agent (one of our standard traders) at master level to carry out Commodity Murabaha (CM) with SCB in case Customer decides to rollover his balance on the credit card. There will be one consolidated CM transaction for the overall portfolio.
2. The Commodity Murabaha will be done via our designated traders.
3. The process will be that SCB will purchase commodities from Trader 1
4. Once the purchase is complete, SCB will then sell the commodities to Trader 1 who will be acting as an agent of the customer.
5. Once the sale transaction between SCB and Customer (through Trader 1 acting as his agent) is completed, Trader 1 will then sell the commodities to Trader 2 and the proceeds of this sale will settle the customer’s outstanding with the bank on account of transactions with various merchants in exchange for an obligation to pay the bank later at an agreed date.
6. The customer will pay the above amount on the next due date along with any other amount that he may have used till the next payment (or statement) date.
7. If he does not makes the payment on the next payment date the same process will be replicated as mentioned above.

Profit Accrual: Profit is accrued in the system on daily outstanding balance and this is waived if the customer makes full payment on the due date and if there is no revolved amount in the previous cycle. Profit is charged to the customer on all transactions as and when they are executed (with no grace period) if the customer has revolving balance at any time. In case the customer revolves an amount (even if it partial) he will be charged profit from the date of the first transaction on daily outstanding balance till the relevant date. Profit rate to be charged will be mentioned in the bank’s Service and Price guide.

Balance Transfer Option: If the customer chooses to do a balance transfer from another bank then in that case the same will converted into an Easy Payment Plan and will be independent of his outstanding under his card. This can be with or without an added profit.

Late Payment Charges: In case the customer delays a payment either under the BTF plan or on regular payments he can be charged a Late Payment Fee which will be paid out to charity as per standard process.
The Committee rules that the Islamic Credit Cards offered by SCB is in accordance with the principles of Shariah and that Muslims can take advantage of the facility which relieves them from interest based products.

And Allah knows best.

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SCB Shariah Supervisory Committee  
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