



Empowering You For Life





What is Islamic Banking & Finance?

Islamic banking or Islamic finance Shariah-compliant finance is banking or financing activity that complies with Islamic law and its practical application through the development of Islamic economics.

Some of the modes of Islamic banking/finance include:

Mudarabah (profit-sharing and loss-bearing)

- Musharaka (joint venture)
- Murabahah (cost-plus)





Stima DT Sacco Shariah

Brand Name:

Yasar Finance Meaning:

Prosperity, Wealth and Affluence.

Key Principles of Islamic Banking

The key principles of Islamic banking is that the transactions must:

- Be Riba (interest) free.
- Have risk sharing and asset/service backing.
- Based on the Islamic concept of “no return without risk.”
- An Islamic financial institution takes a direct equity position or buys a particular asset and charges a premium through a trade or a lease.
- It uses risk mitigants, but not without first taking ownership risk.
- **Have contractual certainty:** Contracts play a central role in Islam and the uncertainty of whether a contractual condition will be fulfilled or not is unacceptable in the Shariah.
- **Be ethical:** There is no buying, selling, or trading in anything that is, in and of itself, impermissible according to the Shariah for instance dealing in alcohol and tobacco.



SAVINGS PRODUCTS



Investment Products	Islamic Principles	Documentation
Yasar Share Capital	Musharakah Sukuk	<ol style="list-style-type: none"> 1. Membership Application Form 2. Sukuk Certificate

Product Features

1. The nominal value of each share shall be Kshs.500/= and every member shall hold at least one share in the Society
2. The current Minimum amount is Kshs 25,000/- for an individual member
3. Shares can be transferred to another member
4. Share transfer fee paid by the buyer
5. Profits paid according to the Shariah compliant business

Investment Products	Islamic Principles	Documentation
Yasar Deposit Account	Mudarabah	<ol style="list-style-type: none"> 1. Membership Application Form 2. Mudarabah Terms and Conditions

Product Features

1. Non withdrawable deposit account
2. Can be used as collateral for accessing financing
3. Contribution done on a monthly basis. Minimum Ksh 1000
4. Refunded after 60 Days upon withdrawal from the Society.
5. Profit shared on the basis of business generated by the Shariah compliant activities.

Investment Products	Islamic Principles	Documentation
Yasar Prime Account	Qard	<ol style="list-style-type: none"> 1. Automatically opened with membership 2. Qard Terms and Conditions

Product Features

1. Account shall operate like a current account
2. It shall allow salary processing
3. No ledger fees or monthly charges
4. Can withdraw up to Kshs 400,000 over the counter
5. Accessible by mobile, Internet
6. Statement available via internet banking channel
7. Does not earn interest
8. Transactional charges apply.
9. Minimum balance Ksh 500

Investment Products	Islamic Principles	Documentation
Yasar Investment Account	Mudarabah	<ol style="list-style-type: none"> 1. Application indicating amount & duration 2. Mudarabah Terms and Conditions

Product Features

1. Minimum amount to invest shall be Kshs 5,000/-
2. Savings is done for 3, 6 or 12 months, with option for renewal
3. No monthly charges
4. Profit shared on the basis of business generated by the Shariah compliant activities
5. Withholding Taxes apply

A wooden surface with stacks of gold coins, a calculator, a compass, and a decorative tag. The tag is white with a twine string and has the text 'SHARIAH COMPLIANT' written on it. The coins are stacked in several places, and some are scattered around. The calculator is a silver and black one with a digital display. The compass is black with a white face and a needle. There are decorative flourishes in the corners of the image.

**FINANCING
PRODUCTS**

SHARIAH COMPLIANT

Stima DT Sacco Financing products based on Islamic Business principals

Essentials



Equity

Mudarabah and Musharakah



Trade based

Murabaha, Salam and Tawaruq



Yasar diminishing Musharakah Financing Applications

Financing Purpose:

- Normal business ventures
- Property Scheme financing
- Motor vehicle financing
- Members of Islamic insurance pool

Motor Vehicle Financing Features

- maximum period of 60 months
- 80% financing for new motor vehicle for 48 months
- 70% financing for used motor vehicles for 36 months
- Pricing- 13.5% Profit margin (Contract T&C applies)
- All acceptable securities – (Guarantors, Deposits and assets)

Property Scheme Financing Features

- maximum period of 240 months
- Pricing- 13.5% Profit margin (Contract T&C applies)
- All acceptable securities – (Guarantors, Deposits and assets)



Documentation for Yasar diminishing Musharakah Financing

KYC documents

- Copy of ID and PIN
- Financing application form
- Diminishing musharakah financing agreement
- Buy out payment dates
- Musharakah units of Stima Sacco

Letter of offer

- Proof of income sources- employment/ business
- Offer and acceptance between client and the Sacco.
- Transfer of Possession from financial institution to the client but obligation remains until full payment.



Documentation for Yasar Murabaha

Personal financing

KYC documents

- Copy of ID and PIN
- Financing agreement application form
- Master murabaha financing agreement
- Agency agreement
- Purchase requisition
- Confirmation of goods purchased
- Offer to purchase
- Sacco's acceptance

Letter of offer

- Proof of income sources- employment/ business.

Product Features

- Maximum period of 60 months.
- 100% financing.
- Pricing- 13.5% Profit margin (Contract T&C applies)
- All acceptable securities – (Guarantors and assets)
- Up to 4 times alpha deposits.
- Subject to ability to repay.

Yasar Tawarruq

Personal financing

This product targets member's who would want to access products that are not necessarily asset backed i.e

- Take over of interest based loans
- School fees
- Medical expenses
- Payment of salaries and taxes
- Bill encashment and discounting for corporate clients
- Insurance premium financing
- Paying debtors

The Member approaches the Sacco for Financing, the Sacco procures through its agent a Tawarruq commodity via an international exchange platform, the agent then sells the Tawarruq Commodity at Cost plus a mark –up.

The Customer through another agent then disposes the Tawarruq Commodity through **a commodity exchange platform** and the proceeds of sale are credited into the Customer's account at the Sacco.



Product features

- Maximum facility repayment period is 108 months
- The member must be an active member with Stima Sacco for a period of 3 months.
- The maximum amount financed shall be up to 5 times the deposits saved.
- Facility security will be the item purchased, collateral and/or guarantors,
- Facility is subject to ability to repay.
- Pricing- 13.5% Profit margin (Contract T&C applies)

- Proof of income sources- employment/ business
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Documentation for Yasar Tawarruq Personal financing

KYC documents – Copy of ID and PIN
Financing agreement application form
Master murabaha financing agreement

- Tawarruq offer to sell
- Tawarruq Payment
- Tawarruq Acceptance

Letter of Offer



SALAM FINANCING

This product targets member's who would want to access products that are not necessarily asset backed.

- This is similar to Tawarruq and uses the same commodity platform, however with Salam the disbursements occurs immediately after approval of the facility.
- The Sacco then procures through its agent a Salam commodity via an international exchange platform, the agent then sells the Salam Commodity at Cost plus a mark – up.
- The Customer through another agent then disposes the Salam Commodity through and the proceeds of sale are credited into the Customer's account at the Sacco.

Product features

- Maximum facility repayment period is 108 months.
- The member must be an active member with Stima Sacco for a period of 3 months.
- The maximum amount financed shall be up to 5 times the deposits saved.

- Facility security will be the item purchased, collateral and/or guarantors,
- Facility is subject to ability to repay.
- Pricing- 13.5% Profit margin (Contract T&C applies)

Documentation for Salam financing

- KYC documents – Copy of ID and PIN
- Financing agreement application form
- Master Salam financing agreement

Letter of offer

- Proof of income sources- employment/business.

FAQ





What is Islamic Banking?

Islamic banking is a system of conducting business activities in line with the principles of Islamic Shari'a'. It follows the rules and provisions of Islamic jurisprudence pertaining to trade and business, so-called fiqhal muamalat (Islamic rules on transactions).

Islamic banking avoids all the prohibited activities such as riba (usury-interest), gharar (uncertainty), financing of haram (forbidden) trades & businesses like alcoholic beverages, pornography, gambling, etc.

What is interest/Riba?

Interest/Riba is rent of money or the time value of money. It is the additional amount charged by a creditor in lieu of the time that he gives to the borrower for repayment or delay in payment.




What are the major Shariah Financing tools of Stima DT Sacco?

MURABAHA: It is a sale contract in which an individual/ entity sells an asset at cost plus an agreed profit. The sale price could be paid on spot or deferred basis.

TAWARRUQ: A mode of financing, similar to Murabaha transaction, where the commodity sold is not required by the client but is bought on a deferred payment basis and sold to a third party for a lesser price, thereby becoming a means of liquidity generation.

MUDHARABA: is a form of partnership where one party provides the funds while the other provides management services against a pre-agreed share in the profit of the investment. However, if there is any loss, it is borne solely by the capital provider.

MUSHARAKA: A partnership with all the parties contributing to the capital of the Musharaka on the basis of profit and loss sharing. The profit shall be shared as per the agreement but the loss will be borne pro rata.



SALAM: It is a forward sale in which payment is made on spot while the delivery of the Salam asset is deferred.

How does Shariah compliant banking make profit?

Shariah compliant financial institutions invest/utilize the funds received from Account Holders/customers under Shariah compliant modes of financing such as Ijara, Murabaha, Salam, Istisna' and investment contracts such as Mudaraba, Musharaka, Wakala etc. to generate profit.

Is Shariah Compliant Banking for Muslims only?

No, Islam does not prohibit from selling or buying or entering into partnership with non-Muslims provided the underlying transactions are Shariah compliant.



What are the key differences between Shariah compliant banking and conventional banking?

Shariah compliant banking offers Riba free banking in line with Shariah rules. It neither gives nor takes loans on interest. It operates as a trading company which buys, sells and enters into different modes and contracts of investment such as Mudharaba, Musharaka and other forms of trading and equity instruments to make profits.

The absence of interest in Shariah compliant financing is one of the key factors that differentiate Shariah compliant financial institutions from conventional banks.

Shariah compliant banking is asset-backed which means that Shariah compliant financial institutions do not carry out business unless an asset is purchased to allow the transaction to be conducted according to Shariah.



The source of the Shariah compliant financial institution's funding, profits and business investments cannot be in/from businesses that are considered unlawful under Shariah, i.e. companies that deal in interest, gambling, pornography, speculation, tobacco and other commodities contrary to Islamic values.

The whole premise of Shariah compliant banking is to provide a way for society to conduct its finances in a way that is ethical and socially responsible. Trade, entrepreneurship and risk-sharing are encouraged and these are the financial principles that underpin financing and the products offered in a Shariah compliant financial institution.

ISLAMIC FINANCE



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