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First Sharia-compliant capital savings plan launched in the UK

Alburaq, the London arm of Bahrain-based Arab Banking Corporation (ABC) today launched what it says is the UK's first shariah-compliant capital protected savings plan.

The product, which is being offered in partnership with the [Bank of Ireland](#), allows savers to deposit between £500 and £1 million in a five year account, as an alternative to a guaranteed equity bond.

Keith Leach, head of [Alburaq](#) at [ABC](#), said despite growing availability of Islamic home finance products there had previously been a dearth of options for Muslims wishing to save money in accordance with their religious beliefs. The new account was an easy way for Muslims to gain exposure to equity markets in a secure way, he added.

'There are restrictions on the type of companies that are considered allowable,' he said. 'The companies must not be over reliant on debt nor must they be engaged in activities that conflict with the principles of shariah.'

'Many of these principles will be similar to those required by ethical investors.'

The core principle of Islamic finance is that interest is forbidden, though according to Shariah law investment in companies which profit from the sale of alcohol, pork or pornography, for example, is also forbidden, or 'haram'. Alburaq has a committee of independent scholars to ensure shariah compliance.

At maturity on 5 September 2012 savers will receive their initial capital plus 100% of any gain in the performance of 20 shares selected from the global Dow Jones Islamic Titans 100 Index.