**Shariah Principles and Customer Consent**

Qard Al-Hasan is the Shariah concept where the Bank extends beneficial loan or benevolent loan, gratuitous loan, interest free loan, beautiful loan to the Borrower. It is a kind of gratuitous loan given to the needy people for a fixed period without requiring the payment of interest or profit. The Borrower of Qard Al-Hasan is only required to repay the original amount of the loan.

*The following are the essential conditions for Qard Al-Hasan loan:*

1. Both parties should be legally (shariah) capable to enter into the qard contract.
2. Offer and Acceptance of the qard must be clearly made before entering into the loan contract. Offer and Acceptance should be clearly indicated in the contract, otherwise, the loan contract may create dispute in future. In the loan agreement, there should have clear expression, collation and conjunction of the ijab and qabul between the parties.
3. The date of payment must be specified. The date of payment should be mentioned in the loan agreement.
4. The loan agreement it is not obligatory to be written down but strongly recommended. The wisdom behind the writing down is to avoid future dispute.
5. Getting two witnesses
6. Administrative fee/ Service charge. Administrative fee or service charge for loan transaction is permissible for a minimum service fee to cover the cost of administrative fee. Payment of expenses may be allowable if the fee is attributable to some identifiable out of pocket expense such as lawyer's fees but not general overheads of the bank. Alternatively, the cost can be reimbursed by third parties or the government.
7. Extra Payment. There will be no condition in the loan agreement for extra payment. It is however, advisable for the Bank to give some sort of gift to the creditor as a sign of appreciation of his voluntary deed. The only restriction is that there should not be any stipulation for extra benefit in the loan agreement.
8. Early demand to pay back. Loan is a voluntary act by the Bank. However, it is not encouraged for early demand to pay back the loan from the Borrower.
9. Guarantors. The guarantors of the borrower may be any person or the property of the Borrower that is collateral security, such as, mortgage, charge etc. In case of the borrower's failure to pay back the loan after the expiration of the time specified, his guarantor has to pay or the collateral security is to be valued for the repayment of the loan.

*Other Conditions:*

1. The Borrower shall accept the sum of money deposited and any sum of monies to be subsequently deposited into an Account or any other means as requested by the Borrower.
2. The Bank entrust the Borrower with their funds payment of the whole sum or any part thereof standing to the credit of such Bank's Qard Al Hassan loan when demanded.
3. The Bank consents to the Bank utilising or dealing with the whole or any part of monies standing to the credit of the Qard Al Hassan Loan in such manner as the Borrower shall deem fit to the extent permitted by the guidelines and notices issued from time to time by the Bank’s Shariah Advisory Council.
4. At Borrower’s sole and absolute discretion, the Bank may be rewarded with a Hibah (gift)

DECLARATION & ACCEPTANCE

……………………………………………….

Bank

……………………………………………….

Borrower

WITNESS

…………………………………………………

Date:

………………………………………………..

Date: