120659 - Ruling on savings certificates with variable return from the Faisal Islamic Bank

the question

What is the ruling on buying savings certificates with variable return from the Faisal Islamic Bank of Egypt? Please look at the bank’s website for more details.

Detailed answer

Praise be to Allah.

We do not know anything about the investment methods used by the Faisal Islamic Bank. We have previously explained the shar‘i guidelines on investment in the answer to question no. 113852.

There is nothing on their website to explain the issue of capital: is it guaranteed by the bank or not? And there is no information on the share of profit which should be stated. In the answer referred to, we explained that it is essential to state the rate of profit, such as 5% or 10% for example, from the profit and not from the capital. It is not valid to invest or engage in mudaarabah if this rate is not stipulated in the contract, contrary to what is commonly believed, that shar‘i investment is that in which nothing is stipulated.

To sum up: If the conditions of valid investment are met in this contract - which does not appear to us to be the case from their website - then there is nothing wrong with entering into it.

And Allah knows best.