

Islamic Credit Card

The convenience of a Credit Card with none of the usual pitfalls



Credit card has an unpredicted growth since its first introduction in the world of financial business.

Today, shopping habits have been more exciting while people are able to spend more than what they can afford. As an attractive profitable product, financial institutes are in race to introduce new extensions on crediting to absorb more customers.

This fantastic concept has an immense weakness, which is its incompatibility with Islamic Sharia law and principals. This causes to lose one fifth of the market for financial institutes. Having such an opportunity to adjust this product with Islamic law, could give any institute the privilege of being able to cover such a big proportion of the world's financial market.



Key Features

- Credit Management, Bill Settlement, Installment Collection, Both Non-Attended Automatic Account Debiting or Attended Branch Payments
- Capability of Using Credit Companies as Credit Suppliers
- Online and Offline Issuance of Accounting Documents
- Managing Credit Financings Based On Sharia Law
- Fully Dynamic and Parametric Relations between the Card and Loan System
- Bank/System can Decide the Type of Lending Based on the Characteristics of The Purchase
- Support All Credit Card Common and Widely Used Islamic Contracts
- Capable Of Introducing Variety of Fees and Profit Rates
- Smart Card Credit Application for Offline Purchases Based On EMV Standards

Solution Overview

IDCORP Islamic Credit Card Solution is a combination of Sharia loans and card management system.

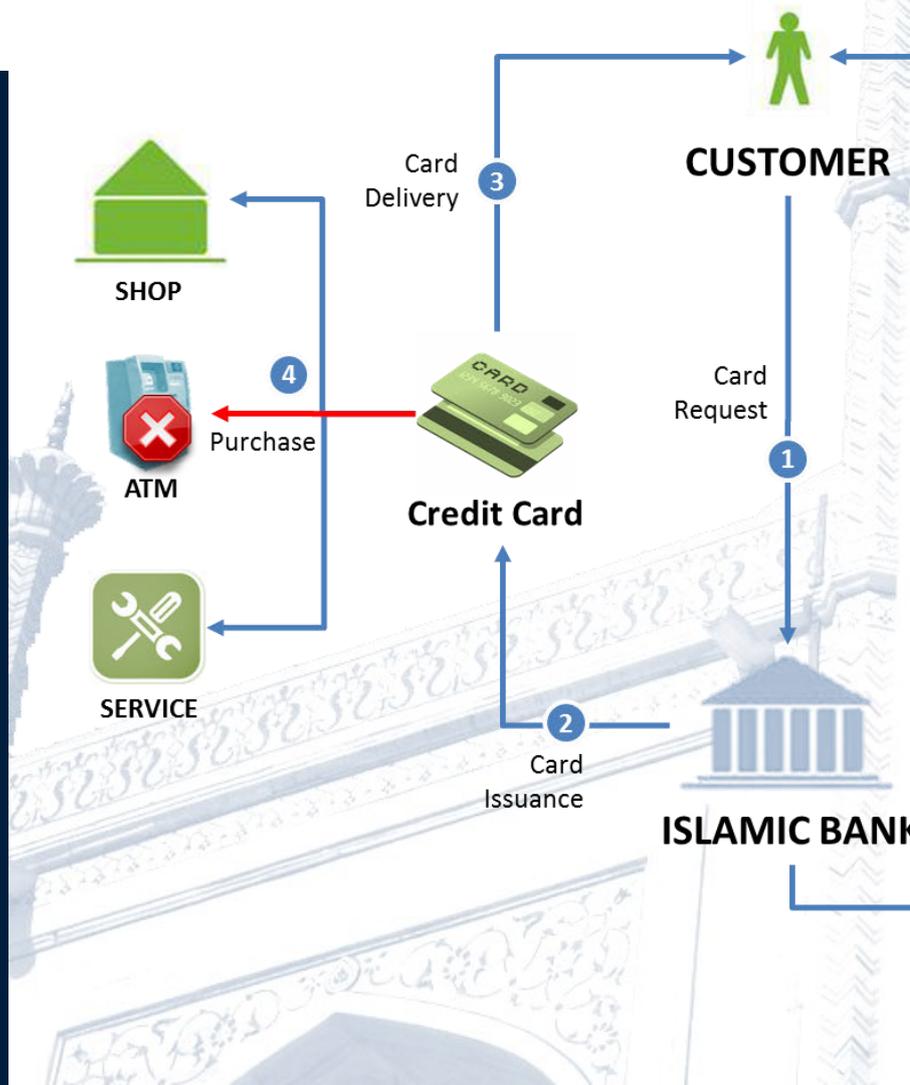
According to Islamic contracts point of view, it starts with Qard-Al-Hasan, no profit loan for a peace of mind period and based on the characteristics of the customer purchase, system parameters and the bank policies and procedures of the loan migrates to other products such as Joalla, Murabaha, Musharaka, Ijara, etc.

Although crediting customers account is a complicated process, IDCORP Islamic credit card solution users are taking the advantage of a hassle-free automatic system in which all installment payments and consumers dues are managed accurately.

System Overview

Operational management of credit files including:

- Applying for Credit
- Issuance, Guarantees, Contracts and Approval
- Card Issuance
- Apply Issuer Roadmaps on Different credit plans
- Management of Dues
- Managing The Process of Settlements, Re-Crediting and Debiting Card Holder Accounts
- Managing connection with Loan Subsystem
- Comprehensive Reporting System

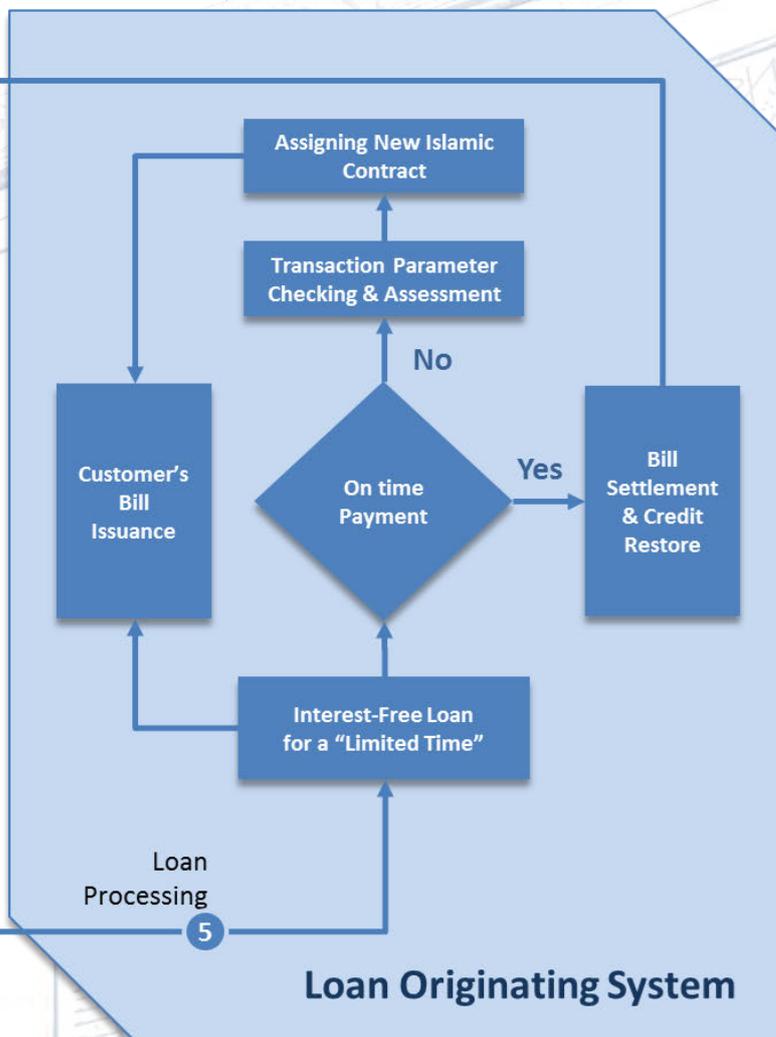


Workflow

Islamic Credit Card performs according to the following workflow:

1. Customer applies for a credit card by filling an application form.
2. Credit ranking, checks and evaluations are done, guarantees taken, customer signs a contract. Credit is applied.
3. Card is issued and will be delivered to the customer.
4. Customer spends the credit on shopping or services.
5. Credit card statements are being issued in definable periods. If the customer pays dues in peace of mind period, it is paid in no interest form of loan called Qard-Al-Hasan.
6. As the dues are being paid the customer account is being re-credited.
7. If the due is not paid within the stage of peace of mind, a second period of no interest loan could be applied and a notice statement is issued.
8. There is a third stage in which customer due is not paid even by the end of the second stage. Third stage will be started by taking the due as a loan based on an Islamic type of loan that could be Musharaka, Joalla or etc.

The whole process of credit stages are done automatically by the system and financial institute only has a supervision role by using this comprehensive and robust system.



Applied Islamic Principals

Qard-Al-Hasan or Gratuitous Loan

Qard-Al-Hasan is a contract wherein a party (the lender) gives a part of his own property to the other party (the borrower). Based on this contract, the borrower is the owner of the property for a specified period in the contract and after the termination of the contract, the borrower is obliged to return the lender in kind or, where not possible, its cash value.

Jo'ala

Jo'ala or service fee is a contract wherein the employer pays a specified amount of money or wage for rendering a specified service. According to this contract, the party who renders the service is called "agent" or "contractor". Jo'ala is used by banks for various customers in industry and mining, agriculture, service and housing sectors to encourage production, commerce and other service-based activities.

Murabaha

Murabaha is a contract of deferred payment is used for purchase of goods, raw materials, requirements to start a production, or other products based on the existing credit. Here, the goods are sold through deferred payment at a fixed and clarified price to customer, in a way that the all the price or part of it will be paid in equal or non-equal installments. In other words, the customer buys certain goods as the bank representative and then the bank sells the goods with a higher price to the customer. In this contract, the bank declares honestly and specifically the price of the goods and its own profit margin for the customer, and the customer pays the cost and the profit in due date.

Musharaka / Partnership Financing

Musharaka contract is a partnership which aims to finance a project in a given time. The bank enters in a partnership contract with the customer and both have shares. Apart from the management costs, the generated profit or any possible loss will be divided between the two parties in proportion to each partner's share of capital. Musharaka contract is much similar to the conventional contract of Joint Venture Financing.

Ijara / Lease / Hire

Based on the Islamic banking principles, Ijara is a sale contract wherein "sale" is not obvious, while the use of an asset (or the entitlement to use the asset) is considered for a specific period of time; in fact it refers to a leasing contract in which some specified assets are leased for use by a customer to an agreed price and for a specific period of time.

Ijarah- wal- Iqtina / Rent to Own

Ijarah- Wal- Iqtina or Rent to Own is a contract wherein the lessee will become the owner of the leased asset at the end of lease period if he/she acts based on the conditions mentioned in the contract. The bank, as the owner, welcomes such contracts with an aim to facilitate the expansion of agricultural, industrial and mining activities. Therefore, the bank acts only after the customer applies for such contract in written. The bank will buy the asset (movable or immovable) and confers to the customer based on the Ijarah-wal-Iqtina or "Rent to own" contract.

Mudaraba (Profit-Loss Investment Sharing)

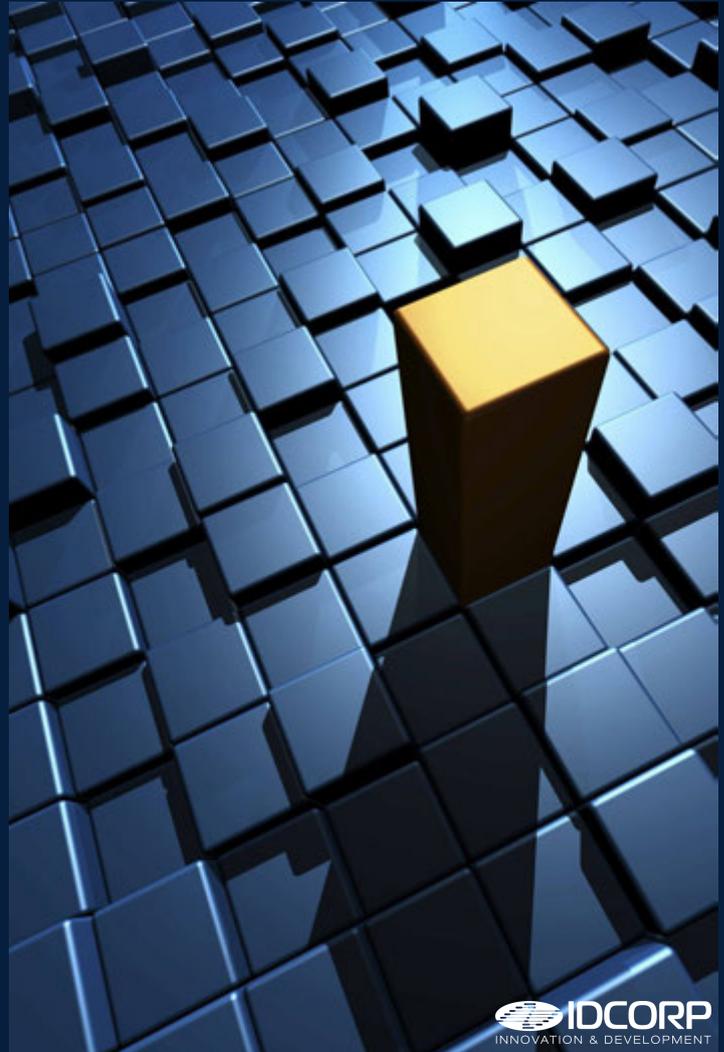
In Mudaraba, one of the parties (owner) is bound to provide the capital (in cash) with this condition that the other party (agent or working partner) will invest the capital in a commercial enterprise while both share in the achieved profit. The contract of Mudaraba can merely be practical in commerce and the bank can act as the owner, and provide the agent (including real or legal persons) with the cash asset for the transaction and the generated profit will be divided based on the pre-determined ratio. This cash capital can be provided in lump sum payment or progressively according to the needs. The duration of this contract will be determined in appropriate to the duration of the purchase and sale of the goods – from the contract time to the full and final settlement of the contract.

About TOSAN®

TOSAN (Formerly known as KISHWARE) was founded in 1999 specializing in the provision of end-to-end banking solutions for both conventional and Islamic financial institutions. TOSAN is the first and market-leading provider of Islamic banking software solution to retail, corporate, private, microfinance and community banks in Iran. The company's goal is to provide banking and payment software solutions to cover the needs of Islamic financial and banking sector.

About IDCORP®

IDCORP Malaysia is a joint venture company with TOSAN which have the exclusive rights to distribute TOSAN's IP in International markets as well as access to its technology and know-how. TOSAN's technology is accessible for IDCORP through access to products, solutions, source codes and technical documentations as well as TOSAN's IT management and resources of expertise and suppliers that have been involved in development of the BANCO in last decade.



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