

## **THE HARAAM RIBA 'MUSHARAKA' SHENANIGANS OF ALBARAKA BANK**

### **Question**

**I would like to know more about how the concept of musharaka. How does it work? I have been dealing with Albaraka Bank. However, I no longer accept anything which Albaraka does. Allow me to explain to you their concept of musharaka.**

**I have a property in Alpine Road, Durban, and this is a very valuable site based on its close proximity to a business hub (near Makro). It is called the Umgeni Business Park.**

**Their evaluator evaluated my freehold property for R1,370,000. This was in June 2012. Albaraka were the bondholders prior to this deal and I settled their bond completely before taking on a new deal .**

**Albaraka then bought 70% shares of my property and gave me R 960,000 to develop the property. My 30% share became R 410 000 (in other words R 1,37 Million minus R 960k which they put in). How is this arrived at? Did they simply take the full value of R 1,37M and divide it into 100 shares, each being worth R 13,700, and as such bought 70 shares for the value of R960k? Is this how Musharaka works? Please clarify.**

**However, they also took a mortgage bond on the property for R 2 200 000, and said they will only release balance of funds after the property is fully developed. Anyway, this is how they work "musharaka".**

**Each year , over a 10 year period, they sell me shares which thereby increases my stake-holding in the property, resultantly decreasing their shareholding .**

**I have paid them to date R 350 000, and still owe them even more than I took . They allocate a very minimal portion of the repayment towards the capital. They take the majority of the monthly payment as their profit on the shares .**

**As soon as it suits this bank, they rush to a court to try and attach this property because I have defaulted on a few instalments. I find this hard to understand, since I was told by them that Musharaka is a partnership, and can't understand how in a partnership one party can simply take away the other's shares just like that.**

**Also, they have insisted on insurance for this property, making me pay it entirely. Is Musharaka a partnership? If so, shouldn't it work on a risk-reward basis?**

**Eg: if someone vandalised the property, and the value drops, do I have to take the losses alone in terms of the devaluation?**

**I am in a massive head to head battle with this bank, and they're sanctimonious about their dealings, perpetuating it as totally Islamic, even having their own shariah panel, to allay any queries the unsuspecting public may have.**

## **ANSWER**

***Musharakah* or *Shirkat* simply means 'partnership'. In this partnership both parties invest capital. In the deal with Albaraka you had sold 70% of your property for R960,000. This left you with 30% ownership. The bank calculated that 70% of the R1.37 million is R960,000, hence they offered you this amount. It is arrived at by mutual agreement. Yes, they simply divided the R1.37 million into 100 shares. This has absolutely no relationship with Musharakah. It is simply the bank's way of deciding on what they want to pay.**

The price for a property or for any asset cannot be imposed by a party. It is agreed on by the buyer and the seller, and this could be any price, not necessarily the market value. An asset may be sold for less than the market value or for more than the market value. It depends on the agreement of parties in the transaction.

Up to this point of paying you R960,000, it was a straight buying and selling deal. A sale may not be encumbered with any conditions according to the Shariah.

The mortgage bond of R2,200,000 was a haraam riba measure. In this feature Albaraka and all so-called Islamic banks are not different from the conventional capitalist riba banks. They paid you R960,000 for 70% of your property. Thus they became partners with you in the property. The bond is haraam.

The Musharakah is in the property. From that point onwards, 70% of the rental income belonged to Albaraka and 30% to you. There was no meaning and no justification for the bond.

These false 'islamic' banks have fabricated a baatil (null and void, baseless) concept which they call *diminishing musharakah* which has no validity in the Shariah. We have explained the stupidity and the haraam nature of this haraam concept in another article. You had entered into a baseless haraam deal with the bank. The bank indulges in riba which it justifies with the words, 'musharakah' and 'profit'. But in reality it is a loan and the gain is interest.

The bank is entitled to only 70% of the net rental income, and you are entitled to 30%. If the bank wants to sell its share of the property, a new sale agreement has to be entered into. What they are currently doing is haraam. They have no Shar'i right to institute any legal action against you. As long as they receive their 70% of the income yielded by the property, they have no claim against you in terms of the Shariah.

In reality, the bank is employing deception with the term, 'musharakah'. The fact is that the bank has advanced you a loan of R960,000 and is charging interest on this loan. They are abusing Islamic nomenclature to halaalize their riba dealings just as SANHA is halaalizing carrion.

The so-called 'shariah board' of the bank consists of a group of mercenary moron molvis who have treacherously betrayed Islam and the Muslim community. With their rubber stamp they halaalize the riba products of the bank. These molvis are employees of the bank. They earn lucrative 'salaries' to make halaal the bank's haraam products.

Insurance is haraam. However, since they insist on taking out insurance, they are liable for paying 100% of the haraam premiums. They have no right of imposing the haraam insurance on you.

It is quite obvious that there was no mushaarakah in terms of the Shariah. It was a pure interest-based loan advanced to you by the bank parading itself as an Islamic bank when in reality it is no different from the capitalist riba banks.

In terms of their bogus mushaarakah deal, they had already paid you R960,000 for the 70% you had 'sold' to them. The balance of the funds was a pure loan on which you were and are paying interest.

It is not permissible in a valid Shirkat contract to impose all the risks on one partner. All partners share in the risks in proportion to their capital investment. If the property is vandalized or destroyed in any way whatsoever, then in terms of Mushaarakah, the bank has to bear 70% of the loss. But there is no way that they will agree to this.

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