

CEI's Shari'a Compliant Loans

- Why?
- What?
- How?

CEI's Shari'a Compliant Loans

- Why?

Majority of recent StartSmart clients
Muslim (Somali)

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- What?

Non-interest loan to meet religious need

- Profit- truck example
- Fee – TA agreement w/loan

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- Example:

Loan: \$10,000

Term: 3 years

Prevailing rate: 9%

Monthly

Traditional \$318/month

Profit $\$11,447.90/36 = \318

Fee $\$277.78 + \$40.00 = \$317.78$

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How:

- Interviews: economist, local leaders, clients, other programs, CEI
- Presentation (internal selling)
- Lawyer, LLC, \$\$

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Lessons Learned:

- Worth it - Community trust
- Would only offer 'fee' loan-working capital (if doing it over)
- Involve key clients at the beginning of process (buy-in/ marketing)