

MasterCard offers card aimed at Muslims

Tim Shufelt , National Post

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A new interest-free credit card, the first of its kind in North America, aims to reconcile Islamic canonical law and Western consumer culture.

Until now, observant Muslims have been precluded from owning credit cards on which they pay interest, a violation of shariah law.

The iFreedom Plus Mastercard, set to be available in the coming days, promises no bills, no interest and no credit card debt.

“Everyone living their day-to-day lives, they need a credit card. You can’t rent a car, you can’t travel if you don’t have a card. Everyone wants one in their pocket,” said Omar Kalair, president of UM Financial, a Toronto-based Islamic financing firm that is launching the card with the Mastercard brand.

But banks have little incentive to offer products that don’t bear high interest rates, causing a dilemma for Muslim consumers in Canada, he said.

With the iFreedom Plus Mastercard, holders load up their card with cash in advance, up to \$6,000. Each purchase draws down on the account without accruing interest.

The concept follows the Islamic principle that finance should be backed by owned assets. It was approved by a panel of Muslim religious scholars, Mr. Kalair said.

“You’re spending money you actually own,” he said. “There’s a certain degree of stress when you use a credit card. On this one there isn’t.”

Cardholders pay \$50 for two years of use and each transfer of cash on to the card costs 95 cents.

And since the new product doesn't actually involve credit, applicants are approved without a credit check.

The card, which is primarily aimed at younger newcomers, was launched at the inaugural conference of the Usury-Free Association of North America in downtown Toronto.

"As soon as you hit university, all the banks start sending you \$500 credit cards," Mr. Kalair said. "People start using them and start getting in debt. It's better to start someone on a prepaid."

Card accounts will be managed by Mint Technology, which operates other prepaid card programs. But unlike other prepaid cards, the iFreedom card is personally embossed and draws on the pervasiveness of the Mastercard brand, Mr. Kalair said.

And on purchases of more than \$100, cardholders earn 1% cash back.

Also, Abu Dhabi-based carrier Etihad Airways is offering a 10% discount for customers booking a flight with the card.

"And our community travels a lot," Mr. Kalair said.