

Shariah Law and Student Funding (2012/13)

Student funding

Islamic Shariah Law prohibits interest-related transactions. A spokesperson from the Department of Education and Skills stated that (for pre-2012-entry students) “*student loans do not incur a real rate of interest and the government does not make any profit out of these loans*”. However, for students commencing study in 2012/13, interest will be charged at the rate of inflation plus 3% (according to earnings).

Students would need to conduct their own research and consult a religious adviser/scholar. They may be advised to investigate alternatives such as interest-free loans from Islamic banks; private trusts; look for part-time work; utilise family resources; as well as the non-loan funding allocated via their funding provider (e.g. Student Finance England). Some banks offer Shariah-compliant accounts:

www.islamic-bank.com

www.lloydstsb.com/current_accounts/islamic_account.asp

Access to Learning Fund

The Access to Learning Fund (ALF) is a government fund issued by the Higher Education Funding Council for England (HEFCE).

In order for a student to be eligible to apply, they have to have applied for, and taken out, all student funding they are entitled to. Part of this funding for undergraduate students consists of a Tuition Fee Loan and a Maintenance Loan. For postgraduate students it may be a Career Development Loan. We appreciate that some students feel they cannot take out these loans if they feel that it conflicts with Shariah Law.

The ALF guidance instructs us to refer Muslim students who do not want to take out student loans to www.fosis.org.uk the website for the Federation of Student Islamic Societies.

Plans currently being discussed for future student funding...

The National Union of Students (NUS) and the Federation of Student Islamic Societies (FOSIS) have been meeting the department for Business, Information and Skills (BIS) to discuss this issue for some time now.

BIS are hoping to be able to launch an alternative student finance product, open to all students, which would be compliant with scripture, workable within the existing primary legislation on student loans, and having an end result that neither benefits nor disadvantages anyone who chooses to access it.

The system is proving complex and has taken a lot of work so far. Whilst nothing can be confirmed as yet, it looks like they may be close to a solution. However, this may not be in place for 2013/14 given how long it may take to finalise and implement.

Useful contact: (Imam) Mohammed Laher, DMU Muslim Chaplain, email: muslimchaplain@dmu.ac.uk

Our 10-minute ‘ASK Here’ (drop-in) sessions are available from Monday to Friday, 12 – 4pm

Student Finance and Welfare

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