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MEDIA RELEASE

Australia's first-ever Islamic bank is here

Australia's first-ever Islamic Bank has just been licensed, creating **Islamic Bank Australia**.

Islamic Bank Australia (islamicbank.au) will be the first Australian bank to offer a full suite of retail and business banking services – all without interest and Shariah-compliant for the first time in Australia.

IBA Group Pty Ltd – now Islamic Bank Australia – has obtained a Restricted Authorised Deposit-taking Institution (Restricted ADI) authorisation from the Australian Prudential Regulation Authority (APRA) overnight, allowing it to build systems, implement processes and test with a small number of customers in 2023. Islamic Bank Australia is not open for business yet.

Islamic banks are growing rapidly all over the world and offer fundamentally different banking products without interest – such as home finance with co-ownership, and savings accounts that pay profit-share. Australians will have access to these unique deposit products for the first time.

“With the number of Muslims in Australia growing by more than 6% every year, we’re excited to be bringing this new type of banking to the Australian community,” said Islamic Bank Australia CEO Dean Gillespie. Mr Gillespie was formerly Head of Home Loan Distribution at Commonwealth Bank, and Head of Mortgages at Bankwest.

Australia's Muslim population grew from 2.6% in 2016 to 3.2% of all Australians in the recent 2021 Census. Nearly a million Australians identify as being of the Islamic faith.

“Islamic banks are incredibly popular worldwide because of the ethical way they interact with customers. It's more like a partnership where both the bank and the customers share the benefits,” said Mr Gillespie.

Islamic Bank Australia will first launch retail/personal banking with an everyday bank account, savings product and home finance, before moving into business banking after a full licence is received.

“There's no interest. If you open a savings account with us, we'll use your funds in ethical income-generating activities, and then share these profits with you. It's a totally new way to think about banking,” said Mr Gillespie.

Mr Gillespie also said that Islamic banks were inherently ethical, refusing to deal with certain industries.

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“We won’t bank gambling companies. We won’t bank big tobacco. We won’t bank alcohol companies. We will support charitable organisations for the greater good. We have already started this journey by planting trees and fighting homelessness. We’ll do everything we can to be a fantastic community bank that customers will be proud of. Islamic Bank Australia is an inclusive bank – you won’t have to be a Muslim Aussie to bank with us,” said Mr Gillespie.

Islamic Bank Australia’s Chair, Anthony Wamsteker, said “This is a big milestone for Australia as it provides choice, introduces diversity in Australian banking products, and provides financial inclusion for the Islamic community.” Mr Wamsteker was the CEO that founded ME Bank.

Products at Islamic Bank Australia will be endorsed by internationally renowned Islamic scholars to ensure they are Shariah-compliant.

“Together with the products, we’re building an incredible digital experience for our customers. We’re working as fast as we can to achieve our full ADI licence and bring our products to the Islamic community and all Australians,” said Mr Gillespie.

IBA Group was originally founded by thirteen passionate Muslims who wanted to bring Islamic banking to Australia for the first time. Together with the original founders, IBA Group is owned by Abreco Group, a large UAE-based company.

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Explanatory videos, including footage that can be used, are available at <https://islamicbank.au/media>

Some background information on Islamic banking

- Non-interest-based banking is built on the concept of partnership between the customer and the bank, rather than the bank simply handing over money and charging interest.
- For savings accounts, banks pool depositors’ funds and use them for ethical profit-producing activities, and then shares these profits generated with the customer – like a partnership between the depositor and the bank. The original deposit amount will be guaranteed, but the actual profit returned over the term may vary.
- Home finance is based around co-ownership, with the bank charging rent to the customers when they are living as a tenant in the bank’s share of the property (instead of interest).
- Mr Gillespie previously wrote to state and territory premiers calling for changes to stamp duty to exempt double taxation of some Islamic transactions; several jurisdictions are either changing as a result (e.g. ACT, Tasmania) or considering the changes.