Response to consultation on Sharia-compliant student finance
University of Sheffield Students’ Union, June 2014

Summary:
- 64% of Muslim students said it was important to them to have a Sharia-compliant student loan, while a further 20% said they would take it out were it available
- 86% of Sheffield Muslim students would be satisfied with the structure of the proposed student loans
- 45% of Sheffield Muslim students know someone who has not come to University because of the structure of student finance

Recommendations:
- Sheffield Students’ Union backs the introduction of Sharia-compliant loans for students according to the model proposed
- We recommend that the new loans are clearly explained and well-marketed to students
- We recommend that students halfway through their course are able to transfer onto the new loans

“Shariah-compliant loans are definitely a step in the right direction. Many Muslim students throughout the UK have been forced to choose not to go into higher education because they don’t feel comfortable taking an interest-chargeable loan out. Others who have chosen to take the loans are in an uncomfortable situation as they are having to bend their beliefs to fit in with this education system.

A plan like this made with input from mainstream Muslim scholars in the UK will definitely be something welcomed by the Muslim community and will increase greatly their engagement in universities in the UK.”

Saqib Moosa, President of the University of Sheffield Islamic Circle
How important is it to our students to have a loan which is Sharia-compliant?
17% of the Muslim students taking part in the survey said it was not important to them to have a loan which was Sharia-compliant while 64% said it was important to have this kind of loan. 20% said they would choose this loan if it were available but otherwise they would be prepared to take out a traditional loan.

As we have no other choice than to take out a student loan via the government, we have to take it. However if we have the power to create a sharia based loan than it would be better for us. Because if we have the power to do something we should to make things better.
Student with loan

Traditional loans go against Islamic guidance putting Muslim students in a difficult predicament. I prefer to stay true to my religion.
Student without loan

Are current students missing out because Sharia-compliant loans are not available?
Sheffield Students’ Union provides free advice to students through our Student Advice Centre. Our Advice Centre advisers have spoken to students who have started University self-funding their courses but later have begun struggling with the costs of being at University without student loans. This is not uncommon, especially when family circumstances have changed, meaning there is less income to spend on University. We therefore recommend that students are able to take up these loans at any year of study, even if they have originally begun financing their courses independently.

Not being able to take out loans due to simple religious reasons can make life very difficult! A Shariah compliant student loan would be a big step forward that would allow and encourage more students to apply to universities.
Student without loan

Would the proposed structure of the new loans be satisfactory to students?
Only one student said they would not be satisfied by a student loan structured according to the Islamic principle of Takaful. 9 (12%) said they didn’t know whether the structure was something they would be happy with while 63 (86%) said they would be satisfied by a student loan structured in this way.

I understand that we need to pay back more than we borrow to cover the costs and would be happy as long as it follows the rules.
Student without loan

I believe it is widely accepted by the “four schools of thought” of which one I belong to.
Student without loan
I don't understand this model, it seems to have a similar structure to the one from the actual government.

Student with loan

A few students said that they felt providing a Sharia option for Muslim students was unfair if it was not offered to all students.¹

My religion states I should follow the laws, customs and traditions of the country I am in. I also feel if only Muslims were offered the choice, this would contradict my belief in equality and would promote a sort of segregation.

Student without loan

Based on the proportion of Muslim students who would be happy with the Takaful structure, we recommend that the proposed finance system is implemented. However, the number of students who were unsure or misunderstood the proposed system indicates that it is important to make clear exactly the terms of repayment and that the total amount repayable would be exactly the same as with a traditional student loan.

Are Muslim students missing out on higher education because of the current structure of student finance?

It is difficult for us, as an organisation whose members are already in higher education, to judge whether there are individuals who would have come to University but have not because of the lack of Sharia-compliant student loans. However, we asked our students whether they know someone who had decided not to come to University because of an inability to fund their studies due to this problem. Just under half – 45% - said they definitely do, and 22% said they don’t know whether they do. As such, we estimate that there are significant numbers of potential students who have either put off or avoided higher education because of the way it is financed.

This step will be very important and will help crucially to reduce the fears of Muslim students and encourage the Islamic community in Sheffield for more engagement with the system here as an essential part of the system will be structured according to Islamic Sharia.

Student without loan

¹ Five students said this option should be open to everyone, but two students misunderstood and thought that with the Takaful option, Muslim students would be paying less than their peers.