

# **Pfida's Housing Finance Practice in The UK On Diminishing Partnership: An Empirical Analysis**

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## **Abstract**

Over the past few decades, Islamic banking and finance have become more prevalent in the United Kingdom. Nonetheless, Islamic banking has not significantly changed from debt-based conventional banking in that regard; it has solely offered debt-based financial goods. By enacting legislative amendments intended to create a level playing field for all financial services providers without favoring one type of financial arrangement over another, the UK legal system has inadvertently assisted the expansion of Islamic banks. For instance, Diminishing Partnership (DP) products were made possible by UK law, which granted "financial institutions" offering Home Purchase Plans Double Stamp Duty Land Tax relief. These plans entail the financial institution buying a property and then selling it to the customer in installments over the mortgage's term. These modifications, however, nonetheless mandate that the financial products eligible for this kind of assistance be debt-based. This chapter provides an empirical account of how Pfida, a UK financial institution that is leading the way, is navigating the country's current regulatory framework to offer a financial product that is really debt free. The product starts with home finance and can be extended to finance other tangible assets. It is said that Pfida's DP product has the disruptive ability to transform the financial industry by empowering both Muslims and non-Muslims to purchase homes and other assets with debt-free financing that is reasonable, consistent with their values, and free of obstacles. It also has the potential to have a big social impact by providing the most financially marginalized and excluded members of society with access to financial services.

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