BANKS AND DEPOSITORS

Q: 26- Depositors can be of two kinds, Current Account and Saving Account holders. In the Current Account, the depositors want the bank to protect their savings for a short-time. The bank can accept such deposit (money) on Qarz basis. The bank will be bound to repay these funds when demanded by the depositors. In the Saving Account, the people want to invest their saving through banks. The bank can accept such deposits on the basis of Mushaarakah or Mudarabah. For this purpose, the bank draws up contracts specifying the conditions regarding the mode of investment, distribution of profit/loss of investment, etc. such contracts become enforceable when both parties agree to it.

Contemporary fatawaa