

# Industry-first financial services solutions for Islamic communities in South Africa - Tazkiya

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Capital Legacy, South Africa's leading provider of Wills, has been operating in the fiduciary and financial industries since 2012. Over the last eight years they have provided more than 300,000 clients with Wills and indemnified over R70bn in fees that arise during the estate administration process, which has aided them in gaining invaluable experience and insight into consumer needs and trends.



“South Africa is a diverse country with many different cultures and religions, each with its own, unique characteristics. One religion that has very specific governing principles when it comes to financial aspects is Islam. Leaning on our experience in drafting Wills and estate administration, as well as the expertise of an independent supervisory board that ensures our product and services are and remain Sharī’ah-compliant, we have created an exciting and industry first, end-to-end financial services solution that addresses this gap in the market,” explains Alex Simeonides, CEO of Capital Legacy.

## Challenges within the financial and fiduciary industries

- Sharī’ah law of inheritance differs considerably from South African law of succession. This means that the estate will not be administered according to the principles set out in the Qur’an.
- Conventional insurance is considered as impermissible because it incorporates elements of *gharar* (uncertainty), *maysir* (gambling) and *riba* (interest), all of which is prohibited in the Qur’an. As a result of this, too many Islamic families remain at risk or are forced to take out insurance that goes against their religious beliefs, in order to protect the family when the main breadwinner passes away.

## Solution – The Tazkiya™ Will-drafting service and Legacy Protection Plan™

“We have essentially taken our entire service offering, that we have built up over the last eight years, from Will-drafting, indemnification of fees and estate administration, and recreated it from the ground up to ensure it is ring-fenced, purified and Sharī’ah-compliant for our Islamic clients,” says Simeonides. “Additionally, we’ve added a life insurance component, through the creation of a Family Takaful, that strictly adheres to Islamic Law and which is certified by an independent board

of trustees and Islamic scholars.”

“Any Will that is drafted to observe Islam needs to adhere to Qur’anic principles, as our country’s law of Intestate Succession does not recognise these principles. And any estate administration that is done on behalf of an Islamic client, is best done when it recognises the client’s religious beliefs and testamentary wishes,” adds Simeonides.

### Features of the Tazkiya™ Will-drafting service and Legacy Protection Plan™

- The word Tazkiya is derived from an Arabic word that means ‘to purify’ and Capital Legacy has created a Family Takaful structure which will ensure that all the contributions clients make to the fund, to protect their families from the costs associated with their passing away, will remain untainted by interest and uncertainty, keeping it pure.
- The Wills that are drafted for someone who wants their estate to be administered according to Qur’anic principles, will be drafted considering the required Islamic laws of inheritance.
- Muslim clients can now secure life cover that adheres to Islamic law, as it is Sharī’ah-compliant, and ensure that they cover any debts, loss of income and other financial obligations they may have upon their passing away.
- Estate administration fees, which include executor, trust and conveyance attorney fees, will be indemnified ensuring that the legacy they leave to their loved ones will be passed on, and not depleted by the unexpected costs of dying.
- Through the Family Takaful, Islamic clients are able to secure Sharī’ah-compliant long-term insurance that provides their loved ones with an immediate cash benefit, financial provision to cover monthly expenses while their estate is being wound up and additional cover to provide for the inheritance taxes should both spouses pass away.
- Islamic clients have peace of mind that when they create a Testamentary trust through their Will, that this trust will be administered in line with their beliefs, ensuring the inheritance remains Sharī’ah-compliant.

“There are nearly one million clients of Islamic faith in South Africa and our research shows that as little as 11% have adequate life cover in place,” notes Simeonides. “This is almost entirely due to the lack of feasible solutions available to Islamic clients. It is our goal to change this statistic and we’re confident that Tazkiya™ directly addresses this need.” Available from 1 November 2020.

For more info on Tazkiya™ and other new solutions launched, visit: <https://www.capitallegacy.co.za/articles/capital-legacy-shakes-up-the-south-african-financial-services-industry/>

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Wills & Estates Specialists

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