

# Interview With The First Islamic Financial Institution in Australia, MCCA

[This article was published in the 10th issue of [Nida'ul Islam](#) magazine, November-December 1995]

---

*Q. Can you introduce MCCA, its functions and how it started?*

MCCA first started in February 1989. There were about nine Muslim youths in a study group, and I was explaining the concept of Islamic finance in contrast to the Riba-interest-system. We then decided to apply what we had learned.

We went through the procedures to incorporate the co-operative explaining to the officials how we were going to operate. They initially did not accept our proposal; but, however, when I explained to them that I was in the USA and I was involved in developing a similar organisation in USA and Canada, they looked more closely at our proposal and approved. All of the hassles were just because we wanted to put in the constitution that we are going to operate according to the Islamic code of life, that we are not going to operate according to the interest system.

Each type of financial service that is offered by the usury system (Riba System) we have an Islamic alternative for, and before we do anything we check our references- we check with the scholars (Ulama) and we make sure that what we do is according to Islamic Sharia'ah.

We have got three types of funds:

**1) Mudaraba:** which is mainly for business ventures;

**2) Musharaka or Partnership:** which is mainly in housing finance. The relationship between us and the house buyer is partners in the house. It is not a creditor to a debtor type of relationship, where the bank takes mortgage and puts the sword on the neck of the occupant saying: "you pay or else we kick out of the house." We don't sacrifice the security because our name will be on the title together with the buyer but we also give the buyer security that he or she will not be kicked out of the house in case of inability to pay us.

**3) Murabaha:** used for the purchase of any commodity - car, computer, furniture.

These are the main investment avenues that we use. But that's not the only Islamic tool of finance. To complete the cycle, to make the Islamic finance comprehensive we also have what we call Qard Hassan fund and we have Zakat and Charity funds. When you look at the picture you see that if I am in need to pay a hospital bill, for example, or some other kind of emergency, we feel and believe that we should not really take advantage of the weak position of the person and charge more. In this situation we hand out an interest free loan.

***Q. So in fact you're trying to provide a microcosm of a bigger Islamic economic system which should be in existence...***

That's right- so you help me without even knowing me by putting money into the organisation and I get money from the organisation.

***Q. Where did you obtain the idea for this venture?***

Actually the idea was clear in my mind when I went to the USA. In 1981, after finishing my MBA I was offered a job to be the finance director of one of the largest Islamic organisations in the USA - ISNA (Islamic Society of North America) and from that position then I had the opportunity to be involved in developing a sort of Islamic financial organisation in USA and Canada.

The ideas that I got from the USA from my position was not all-encompassing- it was just a start. The ideas started to mature in my mind and started to develop in my mind until the picture was very clear in my mind and all the activities that we now have in MCCA.

***Q. Who actually supports MCCA?***

Australian Muslims from all over Australia. We have at the moment 560 members from all over Australia- Sydney, Canberra, Melbourne, Darwin, Perth, and other states and territories. Also, we do have some investors from overseas, from students who used to be here and then went to Malaysia. So we are sort of a national organisation, not only a Melbourne organisation. In our future plans, within the next five years we would like to have a branch in Sydney, Perth and may be in Queensland because the community in Perth and Sydney are very active.

***Q. Can you tell me how MCCA is different from other Investment Institutions that are founded in Australia?***

The main difference is that we did not alhamdulillah deviate from the main goal when we started out as ten, or when we are 560 or when we become 5000. The main goal is to offer the Islamic alternative of finance to Muslims in Australia, and eventually to non-Muslims after we have full control over our operations. This area of finance is a very important area in the life of all people, so practising Islam in this area is a way of Da'wah, showing people that Islam is giving you an answer to your financial matters.

Any other organisation's main objective is the shareholder's equity, how much profit was made and so on. That's the big thing that all organisations are proud of whereas our pride is in introducing Islam through our specialised area.

---

[\[Islamic Server Home\]](#) / [\[Reference Materials\]](#) / [\[Glossary\]](#) / [\[Other Islamic Sites\]](#) / [\[Email MSA-USC\]](#)