

Services & Profile

eGold Financial Services (Pvt) Ltd. is a pioneering institution in a new breed of financial companies offering fully Shariah-compliant investment solutions. Please visit our website for more details at www.egold.pk.

Inspired by the teachings of Zaid Hamid of BrassTacks, we are dedicated to bringing about a fully transparent and authentic Islamic economic system, whereby the poor people can protect themselves against the vicissitudes of inflation and financial difficulties. (Some of the following services are in planning stages, and may not have commenced)

- **Sale and Purchase of Bullion** eGold offers sale and purchase of physical gold and silver bullion products including the gold dinar and the silver dirham coins.
- **Gold Pool Account** We offer dinar and dirham bullion pool accounts in which you can own physical metal which is stored with us. You can cash out of it anytime you want.
- **Payment System** eGold offers transfer of gold and silver between different eGold members, which can be used as a barter mechanism for conducting trade and commerce. Unlike money transfer under regular banking, e.g. credit card transactions, where a banker in new York could be making money off of every swipe of your card, eGold will offer free gold deposit transfer between two members.

Future Vision

- **Interest-free financing** In future, eGold plans to offer financing based on the Islamic principles of Mudaraba, Musharika and Ijara etc. All financing will be done in bullion, and not fiat currency.
- **Regular Banking Support.** Considering the times in which we are living, and the interdependent nature of financial systems, we offer a unique value add compared to other Gold services: A simultaneous rupee conversion account in a bank, which will allow you to write checks, make wire transfers and perform other day to day business operations, still maintaining your "hedge to gold". Your money would both grow, as well as be available for expenditure at the same time.
- **Interest-Free 0% APR Gold Credit Cards.** To qualified customers, eGold will also offer its own 0% interest credit cards.

Special Features

- **Hiba Program** Unlike Banks, which earn their profits through interest, eGold will earn its profits by investment of its corporate assets and participating in entrepreneurial enterprises based on Musharika and Modaraba basis. Under "Hiba" mechanism, eGold commits to pass on part of its profits to its customers, thus having their accounts appreciate in value directly, over and above the indirect appreciation of the open market price of the precious metals. While specific figures cannot be quoted as eGold is liable to suffer from a loss as well as make a profit, we expect rates of returns to be significantly higher than regular banks.
- **Zakat Program.** eGold is created on the vision to promote the true Islamic economic ideals and principles in the contemporary world. As such, unlike traditional banks and asset management companies which reward the already rich with higher returns and additional services, we, on the contrary, reward the poor of the Ummah. For all of our gold and silver pool account holders having less than Rs. 10,000/- in them, eGold will allocate an extra 50% to these accounts, of the regular Hiba award, if one is announced for that month.
- **Physical Gold.** Customer bullion pool accounts, at all times, will be 100% backed by physical gold and silver, audited by reputable third party companies. God forbid, should Pakistan ever face a time of turmoil, the banks will simply fail, while physical gold reserves will provide the strongest asset protection.
- **100% Loss Protection.** In order to mitigate a common concern that prices of precious metals are volatile and may cause investors to lose money, eGold will use its Hiba program to ensure that whenever a custom wishes to cash out of his investment, subject to solvency of the company, eGold will make up for any losses that they may have suffered owing to the price fluctuations of precious metals in the open market, in respect of their original deposit.

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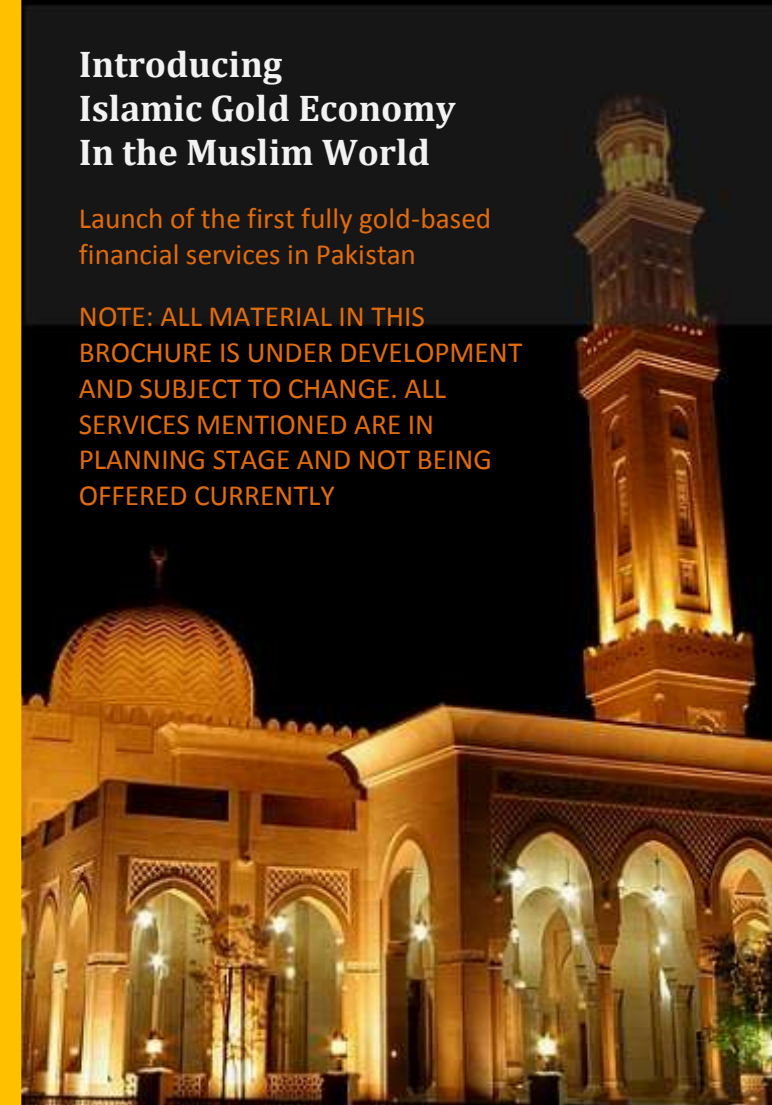
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Introducing Islamic Gold Economy In the Muslim World

Launch of the first fully gold-based financial services in Pakistan

NOTE: ALL MATERIAL IN THIS BROCHURE IS UNDER DEVELOPMENT AND SUBJECT TO CHANGE. ALL SERVICES MENTIONED ARE IN PLANNING STAGE AND NOT BEING OFFERED CURRENTLY



Why Gold – Islamic Reasons

Everyone agrees that the prevalent financial system in the world is based on Interest (Riba) and is inherently un-Islamic. Beyond that, however, there is also an even more fundamental rule of Shariah which this system violates, but is often overlooked.

This rule is based on the verse 5:1 and 62:2 of the Holy Quran, *“O you who believe! Fulfill (your) obligations...”* and, *“O you who believe! Why do you say that which you do not do?”* In the light of these verses, a true Muslim, as well as a truly Islamic institution, must always do what it says and commits to, and always say what is factually correct.



Let us take a look at this Rs. 5000 note issued by the State Bank of Pakistan. The important thing to note here is the Urdu text on it.

By saying that the “State Bank of Pakistan will pay to the holder of this note Rs. 5000 upon request”, it is evident that this note itself neither is, nor asserts being Rs. 5000 per se. It is merely a “promissory note” which puts upon State Bank the obligation to pay to its bearer, the real Rs. 5000 whenever it is presented to the Bank for redemption. Now, if this note is merely a promise to pay, what really, then, is Rs. 5000?

Historically, this “real money” used to be gold, and owing to the difficulty of carrying gold around, banks started issuing notes to represent this gold money, with the understanding that they can be redeemed upon demand. While Banks were formed upon this principle, they have now forsaken this rule, and operate on “fractional reserve”, consequently violating their stated promise, first, by not redeeming this note in “real money”, and second, by misrepresenting themselves when they knowingly issue more of these notes than there exists physical gold to back it in their possession.

Even if a bank performs financing on Islamic contractual models of Musharika and Modaraba, it still violates Shariah by passing around fake promissory notes to the general public, knowing well that in a financial catastrophe, or “bank run” the people would be left with nothing except “scrap paper”.

As a matter of fact, the most fundamental reason why Riba is so difficult to eliminate from modern financial systems, is because use of this fiat currency based on the “fractional reserve” principle, causes inflation, leaving the capitalist no choice but to charge interest. The cause of inflation as being this fractional reserve system has been ratified by world renowned western economists like Friedrich Hayek and Ludwig Von Mises of the Austrian School.

Why Gold – Patriotic Reasons

While the complexities of the modern financial gimmickries are immense, it is still very easy to understand some very basic principles, which have a significant impact on our nation’s well being and prosperity.

If any of you has ever travelled abroad, you would know well that a pair of cotton socks in Pakistan, cost Rs. 45, while in the US, they cost \$3.00. It may be the same cotton, same quality, and same design, with equal amount of skill going into its making, but the output of a “Pakistani” worker is worth 0.5 dollars, and the same output of a US worker is worth 3.0 dollars.

Increasing the exchange rate of their currency against another countries’ is a way for the rich countries to buy off the wealth of the poor countries. One US worker can spend his monthly income to buy the output of 10 Pakistani workers. This is passed around in economics as the concept of “value of an economy” meaning that stronger economies have a right to charge a premium for every service offered by them, merely because they are stronger economies. This, “price manipulation”, in reality, is only a way to steal the wealth of the poor countries, by causing its output to be “undervalued” by way of the exchange rate.

The interesting fact to note is that while the prices of all commodities differ in all countries, the price of gold is the same across the world. Gold, in Pakistani rupees, is always exactly equal to the price of gold in US Dollars. If gold were to be used as a universal medium of trading and exchange (currency), every worker in the world would be getting the same compensation for their work like any other – which is only fair.

Why does the price of rupee fall in comparison to the Dollar? When the Pakistani Government wishes to artificially increase its spending power, it directs the State Bank to issue more (fake) notes. As more notes flood the market, their market value decreases. The moment this happens, each and every Pakistani loses a fraction of his “daily work output” and becomes poorer. Inflation eats away our hard earned money, by making us poorer without us even knowing it.

The adoption of Gold as a currency will allow our “wealth” to be preserved by eliminating inflation, as well as preserving the value of our currency in the international market. Gold, unlike the rupee, never falls with respect to other currencies, and never devalues!

Why Gold – Personal Reasons

For a common man, perhaps the most compelling reason to adopt gold remains to be its immediate, personal monetary benefit. The security and assurance provided by gold has long been an open secret known to our mothers and sisters, who always insist on possession of physical gold necklaces and bracelets, and trust it to provide a hedge against all financial calamities in the family.

In 1993, the average price of 1 tola of gold approximated at Rs. 4,038/- In March 2009, it stood at Rs. 27,255. This represents an increase of 570% with an average APY of 12.5% compounded annually.

This means that if each 1 lac of your savings or investment is not increasing by Rs.12,500/- every year, that investment is not performing as well as gold can (from historical projections).

What is even more important is that people only earn returns on money they have specifically put aside for investment. This is not always possible for the common man, as daily expenditures and life events may call for immediate liquidation of investments.

The adoption of gold currency really means that you get the benefit of both savings + consumption at the same time. The analogy of this is like a current account of a bank, performing like a high-yield mutual fund or certificate deposit, or even better!

Inspired by the teachings of Zaid Hamid (www.brasstacks.pk), we are initiating a new breed of financial institutions in Pakistan, which will 100% back their deposits in gold. In this way, we would enable us to meet our operational expenses, as well as pass on this profit to the customer, practically providing free banking services without charging a single rupee of fees.

