

# Comparing between two banks ( in the view of an investor)

[Finance](#)



Comparing Between the Abu Dhabi Commercial Bank and the Abu Dhabi Islamic Bank This paper describes the products offered by two different banks in Abu Dhabi, which are the Abu Dhabi commercial bank and the Abu Dhabi Islamic Bank that are located within the UAE. These banks provide similar products which are premium credit cards, current accounts, savings account, education loans and car loans but which bring different benefits. This paper identifies the options that I think will make the most commercial sense to investors and their reasons for being the most beneficial. It also provides my opinion concerning about the banks as a whole and what is best. The credit cards that are offered by the Abu Dhabi commercial bank are the best when compared with those from the Islamic bank. This is mainly because it offers services that are attractive for their customers and other investors unlike the credit card from the Islamic bank (Aldohni, 2012). First and foremost the commercial bank's card allows for flexibility and convenience in the investor activities as it enables them to pay their utility bills or make payments for school or college fees in over 300 institutions located within Abu Dhabi. With the card from the commercial bank, an individual may also get discounts when using it to travel thereby saving his or her money (Kapoor, 2004). It additionally offers a plan for personal payment with lower interest rates and is payable in installments and also offers lower interest rates when using the card for the purpose of transferring balances from other banks to the commercial banking institution (Aldohni, 2012). The commercial banks credit card is also superior to the Islamic card because it may enable customers to enjoy superior experiences in their lifestyles. This may be achieved through their offers of free movie

tickets, free golf playing opportunities for investors who spend a minimum of AED 1, 000 on a monthly basis and the 50% discounts they receive upon visiting some popular joints in the country (Kapoor, 2004). Despite the bank charging an annual charge of AED 500, the card holders may enjoy benefits worth over AED 10, 000 per annum. This card imposes lesser restrictions on the investors and may safeguard their money from thieves who may be in possession of their cards since they cannot withdrawal all the amount unlike for the Islamic Bank's card (Kettel, 2011). The Islamic card may not also bring interests for the investors as it is prohibited under Islamic laws. In terms of the savings accounts operated by the two banking institutions, an investor would achieve more advantages through the use of an ADIB savings account than the commercial bank's savings account (Kapoor, 2004). The ADIB savings account provides an interest rate that is dictated by the profits or losses incurred by an investment whereas for the ADCB savings account the interest rates depend on their balances (Aldohni, 2012). In addition, no minimum salaries are required for transfers to be facilitated unlike the commercial banks which allow transfers for investors who have a minimum of AED 5000. The profits in the ADIB are calculated every month and credited to an investors account after every three months unlike in the commercial bank where the interests are paid out for every half year. This savings account is better for most investors since it does not place age restrictions on those who may decide to invest (Kettel, 2011). This is unlike the commercial banks which stipulate that those aged below 18years may only open a savings account in their institutions through the assistance of a guardian (Kapoor, 2004). In view of the educational loans offered by the two

banking institutions, an investor should go for the ADCB option. This is mainly because their agreements are not based on Islamic law and may apply to students from diverse religious groups. It also requires that the students who obtain it should pay interests of 10-12% on the principle amounts awarded which implies that the investors will in turn reap profits (Aldohni, 2012). This option from the commercial bank is more advantageous to use as it allows for flexible repayment periods that may spread over a two year period unlike those offered by the ADIB which are not flexible. On the other hand, the maximum amounts offered by the banks to students are worth AED 250, 000 though the ones offered by the commercial banks would be disadvantaged since no processing fees are required. This would imply that the investors within these banks may not get profits through the processing fees that may be charged (Kettel, 2011). Investors may also benefit a lot by using the ADIB car loan that by using the commercial banks services. This is mainly because they may get profit rates that are highly competitive and are repayable in longer periods. These loans are also approved faster than the commercial banks and customers are able to get these services more easily (Aldohni, 2012). In addition, the ADIB allows for remittances of foreign currencies while the ADCB does not and is more profitable than the commercial banks (Kapoor, 2004). The former banks have profits that amount to 3.99% compared to the 2.99% enjoyed by ADCB. Finally, the current accounts that are operated by the commercial bank would be more favorable than the current accounts operated by the ADIB bank on the side of investors. This is mainly because the ADIB does not allow for profit making whereas the ADCB allows for the act. In addition, the ADIB

ensures that profits made by investors are shared according to the Murabaha, an Islam principle for mutually sharing profits. This principle may not allow investors to enjoy full profitability for their efforts (Aldohni, 2012). In my opinion, the ADCB is a better financial institution since it allows for different religious groupings to be served and also provides lesser restrictions for the investors. However, the ADIB bank is also vital since it enables the investors from the Muslim faith to advance their businesses while observing their religious beliefs. However, it may be disadvantageous because it may not allow people from other religious to benefit through the incentives it offers the investors (Kapoor, 2004). References Aldohni, A. K. K. (2012). *The Legal and Regulatory Aspects of Islamic Banking: A Comparative Look At Abu Dhabi and Malaysia*. New York: Routledge. Kapoor, G. P. (2004). *Commercial Banking*, London: APH Publishing. Kettel, B. B. (2011). *Introduction To Islamic Banking And Finance*. New York: John Wiley & Sons.