



BERJAYA BUSINESS SCHOOL

FINAL EXAMINATION

Student ID (in Figures) :

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Student ID (in Words) : _____

Course Code & Name : **FIN2153 ISLAMIC FINANCE AND BANKING**
Trimester & Year : SEPTEMBER – DECEMBER 2018
Lecturer/Examiner : RAVINDRAN RAMAN
Duration : 3 Hours

INSTRUCTIONS TO CANDIDATES

1. This question paper consists of 2 parts:
PART A (40 marks) : Answer THREE (3) compulsory questions. Answers are to be written in the Answer Booklet provided.
PART B (60 marks) : THREE (3) essay questions. Answers only TWO (2) out of THREE (3) in the Answer Booklet provided.
2. Candidates are not allowed to bring any unauthorised materials except writing equipment into the Examination Hall. Electronic dictionaries are strictly prohibited.
3. This question paper must be submitted along with all used and/or unused rough papers and/or graph paper (if any). Candidates are NOT allowed to take any examination materials out of the examination hall.
4. Only ballpoint pens are allowed to be used in answering the questions, with the exception of multiple choice questions, where 2B pencils are to be used.

WARNING: The University Examination Board (UEB) of BERJAYA University College regards cheating as a most serious offence and will not hesitate to mete out the appropriate punitive actions according to the severity of the offence committed, and in accordance with the clauses stipulated in the Students' Handbook, up to and including expulsion from BERJAYA University College.

PART A : COMPULSORY QUESTION (40 MARKS)

INSTRUCTION (S) : There is **THREE (3)** compulsory question in this section. Write your answers in the Answer Booklet(s) provided.

Question 1

Discuss the **FIVE (5)** principles of money in Islamic finance and banking in the perspective of interaction with the real economy.

(Total 15 marks)

Question 2

Explain the following Islamic financial contracts which are operated by the Islamic financial institutions.

- i. Mudarabah (3 marks)
- ii. Musharakah (3 marks)
- iii. Murabahah (3 marks)
- iv. Ijarah (3 marks)
- v. Salam (3 marks)

(Total 15 marks)

Question 3

Define the term 'Riba'. Why it is strictly prohibited in Islamic Finance?

(Total 10 marks)

END OF PART A

PART B : ESSAY QUESTIONS (60 MARKS)

INSTRUCTION (S) : There are **THREE (3)** questions in this section, answer only **TWO (2)** questions. Write your answers in the Answer Booklet(s) provided.

Question 1

Islamic Sukuk bonds have been growing popular in the Malaysian Islamic financial market as well globally. The extensive growth has given opportunity to investors as well the financial institutions to expand further this financial instrument in order to maximize the wealth in the Islamic financial market. Recently you have been appointed as the Manager in charge for the development of this section in Bagus Islamic Bank Bhd.

You are required to explain to your potential customers on all of the following questions below.

- (a) Define what a Sukuk is. (4 marks)
 - (b) Discuss **FOUR (4)** types of most prevalent structured Sukuk used in Islamic Finance. (16 marks)
 - (c) Explain all the underlying **FOUR (4)** risks which involved in operating the Sukuk. (10 marks)
- (Total 30 marks)**

Question 2

- (a) Discuss **FIVE (5)** differences between Takaful and Conventional Insurance. (20 marks)
 - (b) How many types of Takaful are being operated under the Islamic Insurance? List and explain each of the types. (10 marks)
- (Total 30 marks)**

Question 3

In order for Islamic Banks to remain competitive in the Islamic Financial Services, it is important for Islamic financial institutions to ensure and comply with good risk management framework. Discuss all the risk management practices that would assist the Islamic financial Institutions.

(Total 30 marks)

END OF QUESTION PAPER