



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

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FINAL EXAMINATION

JANUARY 2016 SEMESTER

COURSE CODE : EBB 20303
COURSE NAME : ISLAMIC BANKING OPERATIONS
PROGRAMME NAME : BACHELOR
DATE : 22nd MAY 2016
TIME : 9.00 AM - 12.00 P.M.
DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consists of TWO (2) sections; Section A and Section B.
4. Answer ALL questions in Section A. For Section B, answer THREE (3) questions ONLY.
4. Please write your answers on the answer booklet provided.
5. All questions must be answered in English (any other language is not allowed).
6. This question paper must not be removed from the examination hall.

THERE ARE FIVE (5) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total 40 marks)

INSTRUCTION: Answer ALL questions

Please use the answer booklet provided

Question 1

Briefly explain the following terms:

- (a) Profit sharing ratio. (3 marks)
- (b) Capital contribution ratio. (3 marks)
- (c) Multiple *mudarabah*. (3 marks)
- (d) *Ibra'*. (3 marks)
- (e) *Hibah*. (3 marks)

Total: 15 Marks

Question 2

Describe the relationship between the Islamic bank and its customer under the following facilities:

- (a) *Wadiah yad dhamanah* deposit. (3 marks)
- (b) *Wakalah* unrestricted investment deposit. (3 marks)
- (c) *Musyarahah* financing. (3 marks)
- (d) *Murabahah* financing. (3 marks)

(e) *Salam* financing.

(3 marks)

Total: 15 Marks

Question 3

Explain **TWO (2)** roles of a *mudarib* in *mudarabah* venture.

(4 marks)

Question 4

Describe **THREE (3)** roles of the active partner in expanded *ijarah*.

(6 marks)

Total: 40 marks

SECTION B (total: 60 marks)

INSTRUCTION: Answer THREE (3) questions ONLY.

Please use the answer booklet provided.

Question 1

The Islamic financial system is identical to the conventional financial system in terms of its functions, but differs in terms of the underlying contracts and its operating mechanism.

(a) Explain **THREE (3)** roles of Islamic banks as financial intermediaries in channeling of funds from depositors to customers who require financing.

(12 marks)

(b) Describe **TWO (2)** main functions of the Islamic money market.

(8 marks)

Total: 20 marks

Question 2

The Islamic bank largely provides financing in the form of asset-based financing facilities to its individual as well as business customers.

(a) Point out the characteristics of an asset based financing.

(4 marks)

(b) Explain the purpose of the **TWO (2)** contracts between bank and customer in *bay' bithaman ajil* home financing.

(6 marks)

(c) Outline the application of the **TWO (2)** *Shari'ah* contracts in the Islamic hire-purchase based on the *al-ijarah thumma al-bay'*.

(10 marks)

Total: 20 marks

Question 3

As opposed to the simple loan transaction in the conventional banking, various contracts are used by the Islamic bank in providing financing to its customers.

- (a) Compare and contrast the price and the exchanged counter value in *salam* and *istisna'* contracts. (7 marks)
- (b) Outline the modus operandi of personal financing structured based on *tawarruq*. (7 marks)
- (c) Point out **THREE (3)** differences between *tawarruq* and *bay' inah*. (6 marks)

Total: 20 marks

Question 4

Source of funds for Islamic bank comes mainly from the deposits received from its customers under various *Shari'ah* contracts.

- (a) Assess the profit distribution and investment avenue by the bank for the following deposit facilities:
 - i. *Mudarabah* special investment account. (4 marks)
 - ii. *Wakalah* unrestricted investment account. (4 marks)

(b) Outline the mechanism of the following Islamic deposit facilities:

i. Qard-based deposit.

(6 marks)

ii. Wadiah yad dhamanah deposit.

(6 marks)

Total: 20 marks

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END OF QUESTION PAPER

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