UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
JULY 2024 SEMESTER

COURSE CODE	:	EBB30603
COURSE NAME	:	ISLAMIC INTERNATIONAL TRADE FINANCING
PROGRAMME NAME	:	BACHELOR OF BUSINESS ADMINISTRATION (HONS) IN ISLAMIC FINANCE
DATE	:	24 SEPTEMBER 2024
TIME	:	2.00 PM – 5.00 PM
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES

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

THERE ARE FOUR (4) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (Total: 30 marks)

INSTRUCTION: Answer ALL questions.

Question 1

a) Define *International Trade*

(3 marks)

b) Explain *Bay' Dayn* in *Accepted Bill-i Sale*

(4 marks)

c) Explain *Tawarruq* in *Export Credit Refinancing-i Post*

(4 marks)

d) Describe **FIVE (5)** characteristics of *Bank Guarantee-i*

(5 marks)

e) Define *Shipping Guarantee-i*

(3 marks)

f) Discuss **THREE (3)** benefits of *Shipping Guarantee-I* for the Importer

(5 marks)

g) Explain **FOUR (4)** *Specific Risk* in *International Trade*

(6 marks)

[Total 30 marks]

SECTION B (Total: 70 marks)

INSTRUCTION: Answer ALL questions.

Question 2

Pengerang Polymer Sdn Bhd (PPSB) is a leading and established polymer producer which located at Pengerang, Johor with annual sales revenue of RM100 Million. Currently, the Company receives huge polymer orders from the international customers mainly from Japan, South Korea, Taiwan and China, and this trend will continue until Quarter 1, 2025.

The Finance Manager has performed Quarter 4 (October to December 2024) Cash Flow Analysis, and the findings showed that the Company is expected to experience cashflow shortfalls, as result from continuous cashflow timing gaps between date of sales proceeds from the Customers against date of payments to the Suppliers.

The Management had instructed the Finance Manager to apply *Accepted Bill-i Purchase* facilities from the Bank for the short-term funding to address the above timing gaps.

a) Define *Accepted Bill-i Purchase*

(4 marks)

b) Explain **THREE (3)** factors to be considered by the Company for approval of Accepted *Bill-i Purchase* application by the Bank

(6 marks)

c) Describe **FIVE (5)** flows of product structure for *Accepted Bill-i Purchase*

(10 marks)

d) What is the role of *Secondary Market* in facilitating the above *Accepted Bill-i Purchase's* application?

(5 marks)

[Total 25 marks]

Question 3

Documentary Collection-i (DCi) is a form of trade finance in which the exporter entrusts the collection of payment to their bank (the Remitting Bank). The remitting bank sends the necessary papers and payment instructions to the importer's bank (the Collecting Bank). In return for the documents, the Collecting Bank collects money from the importer and transfer it to the Remitting Bank, which subsequently transfer it to the exporter.

a) Explain *Documentary Collection-i*

(2 marks)

b) Describe **EIGHT (8)** documents and fund flows for *Clean Collection*

(8 marks)

c) Explain **FOUR (4)** differences between *Documentary Collection-i* Against *Acceptance (D/A)* and *Documentary Collection-i Against Payment (D/P)*

No.	Area Of Comparison	*Documentary Collection-i Against Acceptance (D/A)*	*Documentary Collection-i Against Payment (D/P)*
1			
2			
3			
4			

(8 marks)

d) Analyze advantages and disadvantages of *Documentary Collection-i* for buyer and seller

(7 marks)

[Total 25 marks]

Question 4

Standby Letter of Credit (SBLC-i) is a written undertaking by the Bank to the Beneficiary at the request of the applicant. Its purpose is to effect payment of a stated amount within a prescribed time limit and against stipulated documents, or upon occurrence of a certain default event.

a) Discuss appropriateness for application of *Standby Letter of Credit (SBLC-i)*

(4 marks)

b) Explain how does *Standby Letter of Credit (SBLC-i)* work

(4 marks)

c) Explain flows of usage for *Standby Letter of Credit (SBLC-i)* as guarantee of payment

(6 marks)

d) Differentiate *Standby Letter of Credit (SBLC-i)* against *Letter of Credit (LC-i)*

(6 marks)

[Total 20 marks]

END OF EXAMINATION PAPER