



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
OCTOBER 2024 SEMESTER**

COURSE CODE	: EBB30603
COURSE NAME	: ISLAMIC INTERNATIONAL TRADE FINANCING
PROGRAMME NAME	: BACHELOR OF BUSINESS ADMINISTRATION (HONS) IN ISLAMIC FINANCE
DATE	: 14 FEBRUARY 2025
TIME	: 3.00 PM – 6.00 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; Section A and Section B**.
4. Answer **ALL** questions in **Section 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: 35 marks)

INSTRUCTION: Answer ALL questions.
Please use the answer booklet provided.

Question 1

- a) Define *International Trade*
(3 marks)
- b) Explain *Bay' Dayn* in *Accepted Bill-i Sale*
(5 marks)
- c) Describe a risk mitigation to be undertaken by the Exporter for *Open Account Settlement* with the Customer
(3 marks)
- d) Explain **THREE (3)** assets which are not traded in *Tawarruq*
(6 marks)
- e) Explain *Shipping Guarantee-i*
(3 marks)
- f) Describe **THREE (3)** benefits of *Shipping Guarantee-i*
(3 marks)
- g) Explain **THREE (3)** Shariah Contracts in *Tawarruq*
(6 marks)
- h) Discuss **FOUR (4)** *Specific Risk* in International Trade
(6 marks)
- [Total 35 marks]

SECTION B (Total: 65 marks)**INSTRUCTION: Answer ALL questions.****Please use the answer booklet provided.****Question 2**

Prime Oil Sdn Bhd (POSB) is a leading Oil & Gas Company at Kuala Lumpur with annual sales revenue of RM10 Billion with several oil productions and explorations in the Middle East, Central Asian and Africa.

The Company recently had won the tender to explore, develop and operate Majaa Cluster Oilfield from Ministry Of Oil, Iraq.

The Company subsequently had signed the contract which required it to place *Bank Guarantee-i* with the Ministry Of Oil prior the commencement of exploration and development works, and ensure the Company performs the job satisfactorily.

The Management had instructed the Finance Manager to asses *Bank Guarantee-i* facility from the Bank, and explain to the Board on the followings;

- a) Define *Bank Guarantee-i*
(3 marks)
- b) Explain Islamic Contract for *Bank Guarantee-i*
(3 marks)
- c) Draw and explain Product Structure for *Bank Guarantee-i*
(6 marks)
- d) Describe differences between *Bank Guarantee-i*, *Letter of Credit-i*, and *Shipping Guarantee-i*
(6 marks)

No.	Area Of Comparison	Bank Guarantee-i	Letter of Credit-i	Shipping Guarantee-i
1.	Definition			
2.	Shariah Contract			
3.	Funded/Non-Funded			
4.	Type			

- e) (i) Which type of *Bank Guarantee-i* is mostly required from Prime Oil Sdn Bhd (POSB) by Ministry Of Oil, Iraq, and (ii) explain its justifications?

(5 marks)

[Total 23 marks]

Question 3

Documentary Collection-i (DC-i) occurs when an exporter instructs his bank to forward documents related to the exporting of goods or services to the importer's bank, then requesting to present these documents to the importer for their payment. The facility will also include the conditions under which conditions the documents can released to the importer.

- a) Briefly explain *Documentary Collection-i* (3 marks)
- b) How does Shariah Contract of *Wakalah* is applied *Inward Bills for Collection (IBC-i)* ? (3 marks)
- c) Differentiate *Inward Bills for Collection-i (IBC-i)* against *Outward Bills for Collection-i (OBC-i)* (3 marks)

- d) Draw and explain flows of *Documentary Collection-i*
(7 marks)
- e) Analyze **THREE (3)** advantages and **THREE (3)** disadvantages of *Documentary Collection-i* for Seller
(6 marks)
[Total 22 marks]

Question 4

Standby Letter of Credit (SBLC-i) is a bank's commitment of reimbursement to the beneficiary in the event the bank's client defaults on making the payment to the beneficiary. The SBLC-i is often seen in contracts involving International Trade, which tends to involve a large commitment of money and have added risks.

- a) Explain Shariah Contract for *Standby Letter of Credit (SBLC-i)*
(3 marks)
- b) Identify the difference between *Standby Letter of Credit (SBLC-i)* and *Letter of Credit (SBLC-i)*
(4 marks)
- c) How *Standby Letter of Credit (SBLC-i)* is triggered by the beneficiary?
(3 marks)
- d) What is *ISP98* and how does it apply in *Standby Letter of Credit (SBLC-i)*?
(5 marks)
- e) Draw and explain flows of usage for *Standby Letter of Credit (SBLC-i)* as guarantee of credit facility
(5 marks)
[Total 20 marks]

END OF EXAMINATION PAPER