UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2025 SEMESTER

COURSE CODE	:	EBB30603
COURSE NAME	:	ISLAMIC INTERNATIONAL TRADE FINANCING
PROGRAMME NAME	:	BACHELOR IN ISLAMIC FINANCE WITH HONOURS
DATE	:	2 JULY 2025
TIME	:	9.00 AM – 12.00 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 **FIVE (5) Questions**.
4. Answer **FOUR (4)** Questions **ONLY**.
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 THREE (3) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

INSTRUCTION: Answer FOUR (4) questions ONLY
Please use the answer booklet provided.

Question 1

(a) Explain the objectives and key differences between Islamic and conventional trade finance.
(6 marks)

(b) What are the basic principles that ensure Shariah compliance in trade finance?
(5 marks)

(c) Discuss the role of international standards (e.g., UCP 600, IFSB) in guiding Islamic trade finance.
(6 marks)

(d) Elaborate on *wakalah* Islamic letter of credit and *murabahah* Islamic letter of credit.
(8 marks)

[Total: 25 marks]

Question 2

(a) Define Islamic letter of credit and compare it with the conventional letter of credit.
(6 marks)

(b) Identify and explain THREE (3) risks in *murabahah* Islamic letter of credit.
(6 marks)

(c) Discuss the risks associated with Islamic letter of credit based on *mudarabah* and discuss the mitigation strategies that can be used.
(10 marks)

(d) Why would a client use *Murabahah* Trust Receipt (MTR).
(3 marks)

[Total: 25 marks]

Question 3

(a) Outline the steps involved in *Murabahah* Trust Receipt (MTR) financing.

(8 marks)

(b) A bank sells goods worth RM 120,000 with a 10% markup. Calculate the selling price. What happens if the client defaults?

(6 marks)

(c) Explain working capital financing in Islamic finance. Name **THREE (3)** instruments used in the working capital financing.

(6 marks)

(d) Compare *murabahah* and *mudarabah* in terms of application and risk.

(5 marks)

[Total: 25 marks]

Question 4

(a) Explain an Islamic Accepted Bill (IAB) and how is it used in trade financing

(5 marks)

(b) Elaborate on the different types of guarantees offered by Islamic banks.

(15 marks)

(c) A bank charges a 2.5% p.a. commission for issuing a letter of guarantee worth RM 800,000. The period of guarantee is 90 days. Calculate the commission.

(5 marks)

[Total: 25 marks]

Question 5

(a) Define Export Credit Refinancing ECR-i.

(5 marks)

(b) Compare between ECR-i Pre and ECR-i Post.

(14 marks)

(c) Provide an example on a *Musharakah* letter of credit.

(6 marks)

[Total: 25 marks]

END OF EXAMINATION PAPER