



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
MARCH 2025 SEMESTER**

COURSE CODE	: EBB20503
COURSE NAME	: ISLAMIC FINANCIAL PRODUCTS AND SERVICES
PROGRAMME NAME	: BACHELOR IN ISLAMIC FINANCE WITH HONOURS
DATE	: 25 JUNE 2025
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; Section A and Section B.**
4. Answer **ALL** questions in **Section A and Section B.**
5. Please write your answers on the OMR answer sheet and 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 ELEVEN (11) PAGES OF QUESTIONS, INCLUDING THIS PAGE.

SECTION A (Total :40 marks)**INSTRUCTION: Answer ALL questions.****Please use the objective answer sheet provided.**

1. In the development of Islamic banking legislation or amendments, which of the following principles is not necessary to consider?
 - A. Riba must be eliminated.
 - B. Activities financed by banks must be lawful.
 - C. Modes of financing should be based on their economic merit.
 - D. The objectives of the banking system need not be related to the economic ideals of Islam.
2. Which of the following is not a feature of an Islamic bank?
 - A. An Islamic bank is usually set up as a joint-stock company.
 - B. Members of the board draw up banking policies.
 - C. Banks must be supervised and regulated.
 - D. Shareholders are entitled to profit but not to losses.
3. Which of the following is not a variable in the profit equation of an Islamic bank?
 - A. Rate of return on financing
 - B. Size of financing
 - C. Rate of return on deposits
 - D. Overheads
4. Which statement best reflects the basic concept of the source of funds in Islamic banking?
 - A. Deposits form the foundation upon which banks thrive and grow.
 - B. A bank's capital grows with the growth of financing.
 - C. A bank's reserves and retained earnings grow with the growth of financing.
 - D. A bank's profit depends on minimizing non-performing financing.

5. In Islamic banking, income from investment of deposits must not be generated from which of the following?
- A. Risk-taking (ghorm)
 - B. Work and effort (kasb)
 - C. Responsibility (daman)
 - D. Uncertainty (gharar)
6. Which of the following statements is not true about an Al-Mudarabah profit-sharing investment account?
- A. Al-Mudarabah contracts operate on profit and loss sharing principles.
 - B. Al-Mudarabah is an equity product with no capital protection or legal claims.
 - C. Al-Mudarabah is risky.
 - D. Al-Mudarabah is a fixed-income instrument.
7. The following are concepts related to returns/profits on savings accounts, except:
- A. Islamic banks are not obliged to give returns/profit to customers.
 - B. Returns/profits are at the discretion of Islamic banks.
 - C. All eligible depositors must receive the same percentage of returns/profit.
 - D. This is risky as the risk lies with the bank.
8. A BBA (Bay' Bithaman Ajil) sale consists of three contracts. Which of the following is not part of a BBA contract?
- A. Property purchase agreement
 - B. Property sale agreement
 - C. Deed of assignment/charge
 - D. Salam purchase agreement
9. Which of the following are the key components of a buy-and-sell transaction in Islamic finance?
- i. Seller
 - ii. Buyer
 - iii. Merchandise
 - iv. Price
 - v. Contract (offer and acceptance)
- A. I, II, III, and IV
 - B. I, II, IV, and V
 - C. II, III, IV, and V

- D. All of the above
10. Which of the following statements is not true about a Musharakah Mutanaqisah Partnership (MMP)?
- A. MMP is used only for home financing.
 - B. In MMP, the capital contribution is not fixed.
 - C. MMP involves a partnership contract between the bank and the customer.
 - D. The objective of MMP is both profit and property ownership.
11. Which of the following is not a feature of Al-Ijarah?
- A. The lessor is called mu'jir.
 - B. The lessee is called musta'jir.
 - C. The rent is called ujarah.
 - D. The lessee is the owner.
12. Which of the following is not associated with the meaning of Al-Ijarah?
- A. Substitute
 - B. Compensation
 - C. Exchange
 - D. Indemnity
13. The following statements reflect the true model of AITAB (Al-Ijarah Thumma Al-Bay'), except:
- A. The bank, as lessor, must maintain the rental asset.
 - B. Customers cannot be forced to pay the remaining balance upon default.
 - C. AITAB offers full financing to the customer.
 - D. True AITAB rental is much lower than the current AITAB model.
14. The following are characteristics of AITAB, except:
- A. Legal title remains with the lessee.
 - B. Major maintenance is the responsibility of the lessor.
 - C. The asset is insurable.
 - D. Repayments follow the Rule of 78.

15. Shirkah al-'Aqd can be divided into three categories. Which of the following is not a category?
- A. Shirkah al-Amwal
 - B. Shirkah al-Amal
 - C. Shirkah al-Wujuh
 - D. Shirkah al-Milk
16. What are some scholarly views on profit distribution in Musharakah/Shirkah al-Amwal?
- i. Imam Shafi'i: profit must be proportional to investment.
 - ii. Imam Ahmad: profit may differ if agreed freely.
 - iii. Imam Abu Hanifah: profit may differ under normal conditions.
- A. I and II only
 - B. I and III only
 - C. II and III only
17. Which of the following are widely accepted conditions in modern Mudarabah contracts?
- i. Investor acts in a non-executive capacity.
 - ii. Profit sharing is pre-agreed.
 - iii. Asset ownership stays with the investor.
 - iv. Mudarib may lend only with investor's permission.
- A. I and II only
 - B. I, II, and III only
 - C. II, III, and IV only
 - D. All of the above
18. The following are true about Salam and Istisna' financing, except:
- A. The price must be fixed at the time of contract.
 - B. Delivery of goods must be in the future.
 - C. Payment can be full or partial.
 - D. Salam and Istisna' are similar to Bay' Bithaman Ajil.
19. Which of the following is not true?
- A. Istisna' requires supply of manufactured goods.
 - B. Ijarah is a service contract with materials supplied.
 - C. Salam is a sale of specific goods.
 - D. Istisna' differs from Salam in involving manufacturing or construction.

20. Which of the following is not a principle of Istisna'?
- A. The bank agrees to buy a project from the customer at an agreed price.
 - B. The bank sells back the project to the customer at no profit.
 - C. The customer pays in instalments or lump sum.
 - D. Payment is released progressively based on certification.
21. One major reason FinTech is important in Islamic Finance is:
- A. It promotes riba-based loans
 - B. It enhances Shariah-compliant financial solutions
 - C. It eliminates all financial risks
 - D. It replaces Islamic law with technology
22. Which technology ensures transparency and security in Islamic finance transactions?
- A. Cloud computing
 - B. Blockchain
 - C. Wi-Fi networks
 - D. Robotics
23. What is a key feature of Islamic crowdfunding platforms?
- A. Interest-based lending
 - B. Profit-sharing or partnership models
 - C. Gambling-based returns
 - D. Guaranteed capital protection
24. In Shariah compliance, which of the following must Islamic e-wallets avoid?
- A. Fast transactions
 - B. Cashback promotions
 - C. Riba, Gharar, and Maysir
 - D. Loyalty points
25. Which of the following is NOT a risk associated with Islamic FinTech?
- A. Cybersecurity risks
 - B. Regulatory uncertainty
 - C. Shariah compliance concerns
 - D. Guaranteed investment returns

26. Principles of Shariah Compliance does NOT includes which of the following:
- A. Avoidance of Riba
 - B. Avoidance of Maisir
 - C. Avoidance of Documentation
 - D. Avoidance of Gharar
27. Which sentence correctly describes the Malaysia Code of Corporate Governance:
- A. The Board should establish clear roles for discharging its leadership function.
 - B. Board members must be degree holders.
 - C. All Board members must have corporate membership with reputable clubs.
 - D. Board membership must be not less than 12 members.
28. Personal Akhlaq can be describe as:
- A. Process of translating Quranic ideals & commands.
 - B. A person 's values and morals will influence ethical standards.
 - C. Others in society play a crucial role in influencing norms and behavior.
 - D. Being directly accountable to Allah.
29. Ethics can be described as:
- A. Ethics is about society while values are more related to people.
 - B. Ethics are core beliefs that shape attitude.
 - C. Ethics is a set of moral principles that distinguishes right from wrong.
 - D. A set of universal values.
30. _____ is an exception to the general rule, namely that the object of sale should be available to the contracting parties at the time the contracts is concluded.
- A. Tawliyyah (resale at cost)
 - B. Murabahah (cost-plus)
 - C. Salam (forward contract)
 - D. Wadhiah (sale at loss)
31. _____ is an act of absolving or dropping one's financial right from a person who has the obligation to repay the amount borrowed from him.
- A. Rahn (pledge)
 - B. Wadiah (safekeeping)
 - C. Kafalah (guarantee)
 - D. Ibra' (rebate)
32. Aqad refers to an expression made by the contracting parties to declare their inner will to undertake a contract and thereafter be bound by certain rights and responsibilities. It can take place via these forms of expression.
- I. Verbal
 - II. Written
 - III. Conduct
 - IV. Intention
- A. I and II
 - B. I, II and III
 - C. II, III and IV

- D. All of the above
33. Which contracts that could be employed by a person in need of liquidity, without resorting to borrow on interest?
- I. Tawarruq (reverse murabaha)
 - II. Bai' inah (sale and buy-back agreement)
 - III. Murabahah (cost-plus)
 - IV. Rahn (pledge)
- A. I and II
 - B. II and III
 - C. II, III and IV
 - D. I, II and III
34. Islamic financial system refers to financial market transaction, operations and services that comply with Islamic rules, principles and codes of practice. Which of the following are **NOT** the components of the Islamic finance.
- A. Islamic banking
 - B. Takaful
 - C. Islamic Capital Market
 - D. None of the above
35. Islamic banking is a system of conducting trade and banking activities that in line with the principles of Shariah while avoiding all the prohibited activities such as riba, gharar, financing of haram trades and businesses. In addition to that, what are the other requirements that need to be observed?
- A. The avoidance of speculations
 - B. The avoidance of oppression
 - C. Promotion of fairness and full disclosure
 - D. All of the above
36. MUFG Bank enters into a Mudharabah contract with Mr Sultan, where the bank agrees to provide the full capital required for the enterprise. However, as part of the terms of the contract, the bank contributes 70% of the capital in cash for the enterprise and the remaining 30% will be sourced from an existing debt from a third party. Is this contract valid?
- A. No, because debt cannot be part of Mudharabah capital.
 - B. No, because there is uncertainty about the collectability of the debt.
 - C. No, because there is uncertainty about the value of the debt between the time of the contract and when it is collected, even when in full.
 - D. All of the above is true.
37. Equity of the unrestricted investment account holder represents:
- A. The investment of account holders who agreed to invest based on Mudharabah which entitles them to share profit and losses.
 - B. Liability of the bank from mobilizing deposits from customers who agreed to place

their funds based on the capital being guaranteed by the bank.

- C. Liability of the bank from mobilizing deposits from customers who instructed the bank to invest the funds in specific investment avenues.
- D. The investment of account holders who agreed to invest based on Mudharabah which entitles them to share profits but bear all losses.

38. What are the services normally offered by the banks to facilitate international trade?

- A. Project finance, trade finance and corporate finance.
- B. Trade finance, project finance, foreign exchange transaction and corporate finance.
- C. Trade finance, foreign exchange transactions and corporate finance.
- D. Project finance, foreign exchange transactions and corporate finance.

39. Which of the following is NOT considered as feature of rescheduling?

- A. The principal terms and conditions of the contract do not change significantly.
- B. There is no change in the form of financing facility.
- C. The changes, for instance, can be in the form of lengthening of the tenor, change in the instalment amount or change in the payment patterns.
- D. The terms and conditions have been modified principally.

40. In Bai' Bithaman Ajil (BBA), when does the ownership of goods transfer to the buyer?

- A. After full payment is made
- B. Immediately upon signing the agreement
- C. After paying half the price
- D. After 10% deposit is paid

Each question = 1 mark

[Total: 40 marks]

SECTION B (TOTAL: 60 MARKS)

INSTRUCTIONS: ANSWER ALL QUESTIONS.

Please use the answer booklet provided.

Question 1:

Contract X

1. Paid on the spot basis at 1st January 2025
2. Item delivered at 31st January 2025

a) From the above situation, what is Contract X?

(2 Marks)

b) From your answer in question a, list all the pillars of contract

(5 Marks)

c) Fiqh provides several alternative in order to secure Contract X. Explain all the four (4) alternatives and which alternative is the best solution to minimize the risks?

(8 Marks)

d) Explain the 4 differences between Contract X and Ordinary Sales

(10 Marks)

[Total: 25 marks]

Question 2:

Your new corporate customer, Tijarah Limitless Ventures (TLV), is a well-established property development company seeking a comprehensive package of Islamic financing facilities for a new mixed development project. This project includes housing units, shop houses, an office complex, a school, and a mosque. In addition to property development, TLV is also involved in general trading activities.

As the Credit Manager at Airin Bank, you are tasked with assisting TLV in structuring suitable Islamic financing facilities for this venture.

- a) Explain steps to be taken in the structuring exercise. What is your main concern in preparing the above structure?

(10 Marks)

- b) What type of banking facilities (with price) the bank can offer the above customer? Describe the securities involve, if any.

(7 Marks)

- c) Explain two benefits of business financing?

(4 Marks)

- d) Explain two main reasons why small businesses seek financing?

(4 Marks)

[Total: 25 marks]

Question 3:

Aira Airin has a 9 years car financing of RM82,000 at 2.8% profit charge. She wants to settle the financing after 28 months. Assuming the bank uses the "Rule of 78" to calculate the profit charge rebate, with 8% penalty on rebate for early repayment.

Calculate the profit charge rebate according to Rule of 78 and total financing redemption.

(10 Marks)

[Total: 10 marks]

END OF EXAMINATION PAPER