



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
JULY 2025 SEMESTER**

COURSE CODE : EBB20903
COURSE NAME : FIQH MUAMALAT
PROGRAMME NAME : BACHELOR IN ISLAMIC FINANCE (HONS)
DATE : 19 SEPTEMBER 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 **two sections**: Section A and Section B.
4. Answer **ALL** questions from 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: 40 MARKS)**INSTRUCTION: Answer ALL questions.****Please use the answer booklet provided.****Question 1**

The Shopee's online transactions generally comply with Shariah principles, particularly in fulfilling the pillars of 'aqd such as identifiable parties, clear goods, and valid ijab qabul through digital means. Transparency in product details helps avoid gharar. However, concerns arise with interest-based payment options like Shopee PayLater, which may involve riba, and vague product descriptions that risk uncertainty. Consumers need to be educated on Islamic transaction principles, alongside promoting ethical seller practices and enhancing platform features to support Shariah compliance.

- (a) Analyze the permissibility of digital signatures and electronic messages as substitutes for verbal ijab qabul in online transactions.

(12 marks)

- (b) Discuss the concept of *Gharar* in Islamic contract law contract and provide at least four specific examples of how uncertainty can manifest in a contract to constitute *Gharar*.

(8 marks)

Question 2

- (a) Explain the fundamental difference between an *Ijarah* contract and a sale contract based on the nature of what is transferred.

(8 marks)

- (b) Briefly explain these following items:

- i. Bay' Tawliyah (Novation)
- ii. Kafalah (Guarantee)
- iii. Qard (Benevolent Loan)
- iv. Rahn (Collateral/Mortgage)

(8 marks)

- (c) List and briefly explain at least two classifications of *Ijarah* based on the type of subject matter or the specification of the subject matter

(4 marks)

SECTION B (Total: 60 MARKS)**INSTRUCTION: Answer ALL questions.****Please use the answer booklet provided.****Question 3**

"An Islamic bank, "Al-Amanah Finance," frequently uses *Ijarah Muntahiyah bi al-Tamlik* (finance lease ending with ownership) for its home financing products. The bank's financial statements recognize two separate transactions: rental income throughout the lease tenure and a sale transaction when the asset's ownership is transferred at the end. Critics argue that this approach prioritizes **"form over substance,"** making the product indistinguishable from conventional interest-bearing loans in its economic effect. They claim that the arrangement to transfer ownership at the end of the lease, often for a nominal fee, creates a substance gap, especially when coupled with the common practice of linking rentals to interest rate benchmarks like LIBOR".

Based on the above scenario, please answer below questions.

- (a) Define "Substance Gap" as introduced in the paper and explain how it manifests in the *Ijarah Muntahiyah bi al-Tamlik* contract as practiced by Al-Amanah Finance.
- (b) Discuss the accounting implications of applying "form over substance" versus "substance over form" to *Ijarah Muntahiyah bi al-Tamlik*, referencing the views of AAOIFI and conventional accounting frameworks.
- (c) Identify and explain at least two contentious issues in the modern application of *Ijarah* contracts that contribute to the substance gap, as highlighted by Muslim jurists, and relate them to Al-Amanah Finance's practices.
- (d) Discuss on how Al-Amanah Finance can narrow the substance gap in its *Ijarah* contracts.

(20 marks)

QUESTION 4

"Pure Harmony Bank," an Islamic financial institution, offers a popular home financing product structured as a *Murabaha* (cost-plus-profit sale). In practice, when a customer, Mr. Ahmad, approaches the bank for home financing, the bank agrees to purchase the house from the developer and then immediately resells it to Mr. Ahmad at a marked-up price payable in installments over a fixed period. The profit margin is calculated based on a fixed percentage, which critics argue closely resembles a conventional interest rate. Furthermore, despite technically owning the property during the initial phase, Pure Harmony Bank disclaims responsibility for any defects or damages that occur before the transfer of legal ownership to Mr. Ahmad, directing him to address such issues directly with the developer. This practice has led to concerns among some Shariah scholars and customers that the bank is not fully adhering to Islamic principles of risk-sharing and asset ownership in trade-based financing.

- (a) Identify the core issue being raised by critics regarding Pure Harmony Bank's *Murabaha* home financing, linking it to the central prohibition in Islamic finance.
(10 marks)
- (b) Explain the ideal *Murabaha* model for home/vehicle financing as proposed in the text, emphasizing the bank's responsibilities and the nature of the profit, and compare it to Pure Harmony Bank's practice.
(10 marks)
- (c) Discuss solutions for Pure Harmony Bank to restructure its home financing to genuinely align with Islamic law, drawing from the recommendations in the text regarding eliminating usury and upholding ethical values.
(10 marks)

Question 5

- (a) When was the Shariah Advisory Council (SAC) of Bank Negara Malaysia established, and what is its primary role in relation to Islamic finance in Malaysia?

(4 marks)

- (b) What is the legal status of the SAC's rulings in Malaysia, and to whom are these rulings binding?

(4 marks)

- (c) Who comprises the membership of the SAC?

(2 marks)

END OF EXAMINATION PAPER