



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
JULY 2025 SEMESTER**

COURSE CODE : EBB20503

COURSE NAME : ISLAMIC FINANCIAL PRODUCTS AND SERVICES

PROGRAMME NAME : BACHELOR IN ISLAMIC FINANCE (HONS)

DATE : 17 SEPTEMBER 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 objective answer script and answer booklet provided.
 6. Answer all questions in English language ONLY.
 7. This question paper must not be removed from the examination hall.
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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. 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
2. Which technology ensures transparency and security in Islamic finance transactions?
 - A. Cloud computing
 - B. Blockchain
 - C. Wi-Fi networks
 - D. Robotics
3. 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
4. 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
5. 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
6. Principles of Shariah Compliance does NOT include which of the following:
 - A. Avoidance of Riba
 - B. Avoidance of Maisir

- C. Avoidance of Documentation
 - D. Avoidance of Gharar
7. 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.
8. 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.
9. 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.
10. _____ 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)
11. _____ 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)

12. 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

13. 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

14. 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

15. 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
16. 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.
17. _____ 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.
18. 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.
19. 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.
20. 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
21. In Islamic debt financing, the function of the ceiling rate is:
- A. To secure the maximum profit for the bank.
 - B. To protect the bank from insolvency.
 - C. To allow the bank to adjust the effective profit rate (EPR) when needed.
 - D. All of the above.
22. The effective profit rate (ERP) is equal to:
- A. Base rate plus profit margin.
 - B. Deposit rate plus spread.
 - C. Base rate plus spread.
 - D. Base rate plus deposit rate.
23. The spread consists of all of the following, **EXCEPT**:
- A. Overhead expenses.
 - B. Cost of statutory reserve requirement.
 - C. Credit risk premium.
 - D. Overnight policy rate (OPR).
24. The production of home furniture can be financed by all **EXCEPT**:

- A. Istisna.
- B. Mudharabah.
- C. Murabahah.
- D. Wakalah.

25. The Investment account product is facilitated by the following contracts:

- A. Ijarah
- B. Murabahah
- C. Tawarruq
- D. Wakalah

26. Which one about rebate (Ibra') is not true?

- A. Rebate is unearned income from the bank sale price.
- B. The rebate reduces the settlement amount of debt.
- C. The rebate is automatically given to defaulters.
- D. Rebate is obtained by special request of the customer.

27.

he Islamic Banking Product Disclosure Sheet (PDS) contains all of the following **EXCEPT:**

- A. Shariah contract
- B. Components of Profit Rate
- C. Obligation of customers
- D. Responsibility of Shariah Advisors

28. Which one about Musharakah Mutanaqisah home financing is not true:

- A. The bank contributes major components of the Musharakah capital.
- B. Musharakah between the Bank and the Customer to purchase a property.
- C. Source of income acquired from sales and purchases of property.
- D. Upon default, the Customer is required to purchase shares belonging to the Bank.

29. Salient features of the Mudharabah contract are the following **EXCEPT:**

- A. Mudharabah is the partnership of human capital and money capital.
- B. The Rabbul-mal absorbs all monetary losses.
- C. Ownership of the company is shared between Rabbul-mal and Mudharib.
- D. The distribution of profits is based on the profit-loss sharing (PLS) ratios.

30. In the Islamic inter-bank money market:

- A. Islamic banks extend financing to each other.
- B. The inter-bank financing rates vary among banks.
- C. Interbank financing rates are higher than deposit rates.
- D. Tenure from overnight to 1 week.

31. In the Islamic Letter of Credit (LC-i), all is true except

- A. The profit charge is on the total facility.
- B. The profit charge is on the amount utilised.
- C. Profit charge equal to base rate plus overnight policy rate (OPR).
- D. The cash or liquidity acquired is generally used to purchase properties.

32. In the Islamic Letter of Credit (LC-i), all are true **EXCEPT**:

- A. Bank facilitates the sale and purchase of goods between Importer / Customer and Exporter / Supplier.
- B. Bank charges as a fee.
- C. The bank charges a profit rate when LC turns in a Trust Receipt (TR).
- D. The bank acts as a guarantor over the assets sold.

33. Which one of the following is not true about Ar-Rahn financing:

- A. The contract of Qard is utilised to provide liquidity.
- B. An asset is pledged against the Qard as collateral.
- C. The profit charge is derived from the collateral value.
- D. The profit charge is derived from the facility amount.

34. All is correct about Organised Tawarruq (Tawarruq Munazam) personal financing, **EXCEPT**:
- A. There are more than two parties in the transaction.
 - B. In the Master Purchase Agreement (MPA), the bank sells Crude Palm Oil (CPO) to customers by deferred payment.
 - C. In the Master Sale Agreement (MSA), the customer sells CPO to the vendor based on the prevailing CPO market price.
 - D. In the Master Sale Agreement (MSA), the customer sells CPO to the vendor based on the CPO price of the Master Purchase Agreement.
35. Which is one of the following statements about the Investment Account Fund (IAF) is correct:
- A. The IAF is an equity fund.
 - B. The IAF is categorized into restricted and unrestricted IAF.
 - C. The IAF can be injected into profit-loss-sharing financing projects.
 - D. The IAF guarantees profits but not capital for the investors.
36. In operating Ijarah, all are true **EXCEPT**:
- A. The customer takes the liability of the asset.
 - B. The customer has no intention to own the asset.
 - C. Banks take liability for the asset.
 - D. The customer can get a replacement of the asset if the asset is defective.
37. In financial Ijarah for motor vehicle financing, all below are true **EXCEPT**:
- A. The customer is not liable for the maintenance of the motor vehicle.
 - B. The bank provides the financing facility.
 - C. Upon default, the bank can directly repossess the motor vehicle.
 - D. In Malaysia, financial Ijarah is based on the Hire-Purchase Act 1967.
38. All of the following are true about the Islamic Accepted Bill (AB-i) **EXCEPT**:
- A. AB-i is effective at a specified date only.
 - B. AB-i gives assurance to exporters for payment.
 - C. AB-i gives certainty to importers that payment for imports is guaranteed.
 - D. AB-i charges a fee for the service rendered.
39. Late payment charges in Islamic banking refer to all of the following **EXCEPT**:

- A. Ta'widh which can be recognized as banking revenue.
- B. Gharamah which cannot be recognized as banking revenue.
- C. Charges equivalent to the Overnight Policy Rate (OPR) of 3.75% per annum.
- D. Charges equivalent to 1% per annum.

40. Derivatives can be used by Islamic banks to:

- A. Increase profits from the non-financing portfolio.
- B. To diversify banking assets.
- C. To protect existing banking assets from loss arising from market volatilities.
- D. All of the above.

Total: 40 marks

SECTION B (Total: 60 marks)

INSTRUCTION: Answer ALL questions.

Please use the answer booklet provided.

Question 1

Al rahnu is a scheme that provides a source of immediate financing to assist individuals in overcoming cash flow needs.

- a) List all the pillars of rahn
(4 marks)
- b) Briefly explain four (4) Islamic principles used for Al Rahnu
(8 marks)
- c) Elaborate the role of ar rahnu in socio-economic development
(8 marks)

Question 2

According to the Ministry of Economy, Malaysia's total trade tapered off by 1.6 per cent in March 2023, with RM3.7 billion recording a value of RM232.7 billion as compared to RM236.5 billion in the same month of the preceding year. Exports lessened by 1.4 per cent to RM129.7 billion in March 2023. Imports amounting to RM103.0 billion are declining by 1.8 per cent yearly. The trade balance remained to record a surplus with a value of RM26.7 billion, an increase of 0.2 per cent year over year.

- a) There are risks involved in international trade. For example, some methods have no guarantee that the payment can be received, and cancellations can happen at any time. Therefore, choosing the right method for your business is important. Elaborate on **FOUR (4)** common methods of payment for international trade.

(10 marks)

- b) Illustrate the modus operandi for the Murabahah Letter of Credit with a proper flow chart and provide a detailed explanation of the role of each party involved.

(10 marks)

Question 3

- a) Wan Danial has a 9 years car financing of RM92,000 at 2.8% profit charge. He wants to settle the financing after 18 months. Assuming the bank uses the "Rule of 78" to calculate the profit charge rebate, with 10% penalty on rebate for early repayment.

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

(15 marks)

- b) BNM (Bank Negara Malaysia) as with other central banks have adopted the Basel Committee on Banking Regulations and Supervisory Practices' "Know Your Customer Policy" to help prevent money laundering within the financial system. How the KYC could help in preventing the money laundering.

(5 Marks)

Total: 60 marks

END OF EXAMINATION PAPER