



**UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL**

**FINAL EXAMINATION
JULY 2025 SEMESTER**

COURSE CODE : EBB30603
COURSE NAME : ISLAMIC INTERNATIONAL TRADE FINANCING
PROGRAMME NAME : BACHELOR IN ISLAMIC FINANCE (HONS)
DATE : 20 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 **ONE (1) Section**
4. Answer **FOUR (4)** questions from **FIVE (5)** questions.
5. Please write your answers in 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 FIVE (5) PAGES OF QUESTIONS, EXCLUDING THIS PAGE.

SECTION A (TOTAL : 100 MARKS)

INSTRUCTION: Choose ANY FOUR (4) questions from the FIVE (5) questions.

Please use the answer booklet provided.

Question 1

Accepted Bills-i (AB-i) is an Islamic Financing instrument used to facilitate International Trade transactions in the business because of its lower financing rate leveraging on securitization of the asset by the banks. Given its product feature that allows to be traded in the secondary market, the business with solid financial standing can establish strong presence within the financial institutions.

- a) Define *Accepted Bills-i Purchase* and *Accepted Bills-i Sale*
(4 marks)
- b) Describe Islamic Concept for *Accepted Bills-i Purchase* and *Accepted Bills-i Sale*
(4 marks)
- c) Explain **THREE (3)** rationale of cheaper financing cost for *Accepted Bills-i (AB-i)*
(6 marks)
- d) Explain product structure flows for (i) *Accepted Bills-i (AB-i) Purchase* and (ii) *Accepted Bills-i (AB-i) Sale*
(8 marks)
- e) Which company does benefit more from issuance of *Accepted Bills-i (AB-i)*, a new-entry or established company, why?
(3 marks)

[Total 25 marks]

Question 2

Documentary Collection-i (DCi) is a form of trade finance in which the Exporter entrusts the collection of payment to their Bank (the Remitting Bank). The Remitting Bank sends the necessary papers and payment instructions to the importer's bank (the Collecting Bank). In return for the documents, the Collecting Bank collects money from the importer and transfer it to the Remitting Bank, which subsequently transfer it to the Exporter.

- a) Explain *Documentary Collection-i*

(3 marks)

- b) Describe **EIGHT (8)** documents and fund flows for *Clean Collection*

(8 marks)

- c) Explain **FOUR (4)** differences between *Documentary Collection-i Against Acceptance (D/A)* and *Documentary Collection-i Against Payment (D/P)*

No.	Area Of Comparison	<i>Documentary Collection-i Against Acceptance (D/A)</i>	<i>Documentary Collection-i Against Payment (D/P)</i>
1			
2			
3			
4			

(8 marks)

- d) Analyze **THREE (3)** advantages and **THREE (3)** disadvantages of *Documentary Collection-i* for the seller

(6 marks)

[Total 25 marks]

Question 3

A *Standby Letter of Credit (SBLC-i)* is often required in International Trade to help a business obtain a contract. Since the parties to the contract do not know each other, the facility promotes the Seller's confidence in the transaction. It is seen as a sign of good faith since it shows the Buyer's credit quality and ability to make payment for goods or services even if an unforeseen event occurs.

- a) Describe appropriateness for application of *Standby Letter of Credit (SBLC-i)*
(3 marks)
- b) How does *Standby Letter of Credit (SBLC-i)* work ?
(4 marks)
- c) Explain flows of usage for *Standby Letter of Credit (SBLC-i)* as guarantee of payment
(6 marks)
- d) Differentiate *Standby Letter of Credit (SBLC-i)* against *Letter of Credit (LC-i)*
(6 marks)
- e) Describe **TWO (2)** reference documents which govern *Standby Letter of Credit (SBLC-i)*
(6 marks)

[Total 25 marks]

Question 4

Trust Receipt i (TR-i) is commonly applied by the business to improve working capital cash flow which involves in the importation of raw materials, stocks and machineries to be used in the production of finished goods. This is one of financial instrument strategies implemented by the business to turn raw materials to finished goods immediately.

- a) Define *Trust Receipt-i (TR-i)* (3 marks)
- b) Explain **SIX (6)** product features of *Trust Receipt-i (TR-i)* (6 marks)
- c) Describe **FOUR (4)** flows of *Trust Receipt-i (TR-i)* (6 marks)
- d) Describe **FOUR (4)** similarities between *Trust Receipt-i (TR-i)* and *Accepted Bills-i (AB-i)* (6 marks)
- e) Calculate Selling Price for *Trust Receipt-i (TR-i)*
- Purchase cost = RM10,000,000
- Period of financing = 90 days
- Profit rate = 5.00 %

(4 marks)

[Total 25 marks]

Question 5

Shariah-compliant companies and Islamic Banks engaged in International Trade have to deal with not only their local business risks but also a number of global financial and non-financial risks. These risks can hinder international business development and as such, the Management initiated a robust and rigorous assessment to identify, monitor and manage the risks accordingly

- a) Explain risk from Shariah perspective
(3 marks)
- b) Describe **THREE (3)** categories of risk in International Trade
(6 marks)
- c) Explain **FOUR (4)** specific risks in International Trade. Which is the most important risk, why?
(8 marks)
- d) How does Murabahah financing expose Islamic banks to the market risk?
(4 marks)
- e) Explain measure to be taken by Islamic Banks in event there is a liquidity risk from issuance of *Accepted Bill I (AB-i)*
(4 marks)

[Total 25 marks]

END OF EXAMINATION PAPER