



UNIVERSITI KUALA LUMPUR BUSINESS SCHOOL

FINAL EXAMINATION
JANUARY 2016 SEMESTER

COURSE CODE : EBB 30603
SUBJECT TITLE : INTERNATIONAL ISLAMIC TRADE FINANCING
LEVEL : BACHELOR
TIME / DURATION : 9.00 AM - 12.00 P.M / 3 HOURS
DATE : 27th MAY 2016

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, For Section B, answer TWO (2) 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 THREE (3) PAGES OF QUESTIONS AND TWO (2) PAGES OF APPENDICES, EXCLUDING THIS PAGE.

SECTION A (TOTAL: 40 MARKS)

INSTRUCTIONS: Answer ALL questions.

Please use the answer booklet provided.

Question 1

- a) There are FOUR (4) type methods of payment for International Trade Financing. Using a Diagram, explain Documentary Collection.

(10 marks)

- b) Describe revolving letter of credit

(10 marks)

Question 2

- a) Calculate the Murabahah Trust Receipt by using this formula

$$SP = FV \left[1 + \frac{(r \times t)}{36500} \right]$$

- i) The invoice value RM 25,000,000, profit rate- 6 month KLIRF 3.5% for the period of 180 days?

(5 marks)

- ii) Face value GBP 85,000, profit rate is COF (2.80% - 0.5%) and tenor is 7 days? Convert to RM.

(5 marks)

- b) Illustrate and explain how Murabahah Trust Receipt works.

(10 marks)

[Total: 40 marks]

SECTION B (TOTAL: 60 MARKS)

INSTRUCTIONS: Answer TWO questions ONLY.

Please use the answer booklet provided.

Question 1

- a) Identify the risk management from the Syariah Parameters and outline the macro risk that involves in International Trading

(20 marks)

- b) Islamic Letter of Credit were using THREE (3) kind of contracts. Relate the credit risk that involves with each contract

(10 marks)

Question 2

- a) Explain the ultimate aims for monetary policy under the dual banking policy.

(20 marks)

- b) What are the main objectives of Export Credit Refinancing-i (ECR- i) and explain the type of ECR-i.

(10 mark)

Question 3

Before the global economic crisis of 2008, developing nations experienced tremendous growth due to an ever-increasing consumer demand in developed nations. With the recession of 2008, it was seen that this reliance on exports to fuel the economies of developing nations was an unstable and unsustainable one, vulnerable to the economic contractions of other nations. Justify and argue Domestic trading versus International Trading.

(30 marks)

Question 4

- a) A shipping guarantee is required by an importer, when the bill of lading, which is required to take delivery of the goods, is not yet available. Describe the type of Kafalah Shipping Guarantee.

(10 marks)

- b) Explain the FOUR (4) pillars in International Trade

(20 marks)

[Total: 60 marks]

END OF QUESTION PAPER

JPY		
JPY LIBOR - overnight	-0.04271%	
JPY LIBOR - 1 week	-0.05229%	
JPY LIBOR - 2 weeks	-	
JPY LIBOR - 1 month	-0.04657%	
JPY LIBOR - 2 months	-0.02514%	
JPY LIBOR - 3 months	0.01000%	
JPY LIBOR - 4 months	-	
JPY LIBOR - 5 months	-	
JPY LIBOR - 6 months	0.00329%	
JPY LIBOR - 7 months	-	
JPY LIBOR - 8 months	-	
JPY LIBOR - 9 months	-	
JPY LIBOR - 10 months	-	
JPY LIBOR - 11 months	-	
JPY LIBOR - 12 months	0.09686%	

EUR		
Euro LIBOR - overnight	-0.28643%	
Euro LIBOR - 1 week	-0.28214%	
Euro LIBOR - 2 weeks	-	
Euro LIBOR - 1 month	-0.28500%	
Euro LIBOR - 2 months	-0.25114%	
Euro LIBOR - 3 months	-0.23011%	
Euro LIBOR - 4 months	-	
Euro LIBOR - 5 months	-	
Euro LIBOR - 6 months	-0.13229%	
Euro LIBOR - 7 months	-	
Euro LIBOR - 8 months	-	
Euro LIBOR - 9 months	-	
Euro LIBOR - 10 months	-	
Euro LIBOR - 11 months	-	
Euro LIBOR - 12 months	-0.02514%	

USD		
USD LIBOR - overnight	0.37200%	
USD LIBOR - 1 week	0.39790%	
USD LIBOR - 2 weeks	-	
USD LIBOR - 1 month	0.43800%	
USD LIBOR - 2 months	0.52350%	
USD LIBOR - 3 months	0.63350%	
USD LIBOR - 4 months	-	
USD LIBOR - 5 months	-	
USD LIBOR - 6 months	0.89205%	
USD LIBOR - 7 months	-	
USD LIBOR - 8 months	-	
USD LIBOR - 9 months	-	
USD LIBOR - 10 months	-	
USD LIBOR - 11 months	-	
USD LIBOR - 12 months	1.19400%	

GBP		
GBP LIBOR - overnight	0.48125%	
GBP LIBOR - 1 week	0.48750%	
GBP LIBOR - 2 weeks	-	
GBP LIBOR - 1 month	0.50788%	
GBP LIBOR - 2 months	0.54750%	
GBP LIBOR - 3 months	0.58844%	
GBP LIBOR - 4 months	-	
GBP LIBOR - 5 months	-	
GBP LIBOR - 6 months	0.73788%	
GBP LIBOR - 7 months	-	
GBP LIBOR - 8 months	-	
GBP LIBOR - 9 months	-	
GBP LIBOR - 10 months	-	
GBP LIBOR - 11 months	-	
GBP LIBOR - 12 months	1.00275%	

KLIRR		
Overnight		3.21%
1 week		3.30%
2 weeks		3.35%
3 weeks		3.39%
1 month		3.53%
2 months		3.66%
3 months		3.72%
6 months		3.81%
9 months		3.86%
1 years		3.91%

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Ringgit Foreign Exchange Rates

Latest exchange rates from the Interbank Foreign Exchange Market in Kuala Lumpur. Rates at 1130 are the best rates quoted for selected currencies by selected commercial banks. Use the **Historical Lookup** function for rates of other dates.

Foreign Currency Units [#1 Malaysian Ringgit]		Trading date: 4 Mar 2016 (Friday)		Time: 1700
		Buying	Selling	Middle rate
1 Australian Dollar	AUD	3.0362	3.0408	3.0385
1 Brunei Dollar	BND	2.9779	2.9836	2.9808
1 Canadian Dollar	CAD	3.0682	3.0728	3.0705
100 Cambodian Riel	KHR	0.1020	0.1033	0.1027
1 Chinese Renminbi	CNY	0.6314	0.6323	0.6318
1 EURO	EUR	4.5033	4.5104	4.5069
100 Hong Kong Dollar	HKD	53.0059	53.0710	53.0384
100 Indonesian Rupiah	IDR	0.0313	0.0314	0.0314
100 Japanese Yen	JPY	3.6191	3.6251	3.6221
100 Korean Won	KRW	0.3411	0.3420	0.3415
100 Philippine Peso	PHP	8.7728	8.7853	8.7790
100 Saudi Arabian Riyal	SAR	109.7590	109.9509	109.8550
1 Singapore Dollar	SGD	2.9789	2.9828	2.9809
1 Swiss Franc	CHF	4.1407	4.1470	4.1438
100 Taiwanese New Dollar	TWD	12.5545	12.5747	12.5646
100 Thai Baht	THB	11.6150	11.6356	11.6253
1 U.K. Pound	GBP	5.8209	5.8305	5.8257
1 U.S. Dollar	USD	4.1175	4.1225	4.1200
100 Vietnamese Dong	VND	0.0185	0.0185	0.0185
1 IMF Special Drawing Right	SDR	-	-	8.6956
1 New Zealand Dollar	NZD	2.7818	2.7860	2.7839
100 Myanmar Kyat	MMK	0.3369	0.3374	0.3374
100 Indian Rupee	INR	6.1188	6.1272	6.1230
100 United Arab Emirates Dirham UAE	AED	112.0927	112.2692	112.1714
100 Pakistan Rupee	PKR	3.9300	3.9374	3.9337
100 Nepalese Rupee	NPR	3.8069	3.8471	3.8270
1 Egyptian Pound	EGP	0.5259	0.5265	0.5262