



UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
OCTOBER 2025 SEMESTER

COURSE CODE : EBB30603
COURSE TITLE : ISLAMIC INTERNATIONAL TRADE FINANCING
PROGRAMME NAME : BACHELOR IN ISLAMIC FINANCE WITH HONOURS
DATE : 03 FEBRUARY 2026
TIME : 9:00AM - 12:00PM
DURATION : 3 HOURS

INSTRUCTIONS TO CANDIDATES

1. Please read the instructions given in the question paper CAREFULLY.
2. This question paper is printed on both sides of the paper.
3. This question paper consist of ONE sections.
4. Section A consist of five questions. Answer FOUR (4) questions only.
5. Please write your answer on the answer booklet provided.
6. Please answer all questions in English only.
7. Refer to the attached Formula/ Appendies. Tick if applicable

THERE ARE 6 PAGES OF QUESTIONS INCLUDING THIS PAGE

SECTION A (Total: 100 marks)

Answer FOUR (4) questions.

Please use the answer booklet provided.

Question 1

Shipping Guarantee-i (SG-i) allows an Importer to collect goods without presenting the original shipping documents, which is useful when goods arrive before the paperwork. The importer applies the facility to the Bank which subsequently a letter of indemnity is issued to the Shipping Company.

- (a) Describe *Shipping Guarantee-i (SG-i)* (4 marks)
- (b) Analyse **FIVE (5)** main features of *Shipping Guarantee-i (SG-i)* (5 marks)
- (c) Identify the risk arisen from issuance of *Shipping Guarantee-i (SG-i)* to the Bank (5 marks)
- (d) Explain **THREE (3)** benefits of *Shipping Guarantee-i (SG-i)* for the Importer (6 marks)
- (e) Discuss main cost saving from application of *Shipping Guarantee-i (SG-i)* to the Importer (5 marks)

Question 2

Bank Guarantee-i (BG-i) guarantees benefit international trade by providing financial security and building trust between parties, mitigating the risk of non-payment or non-performance. They allow businesses to negotiate better trade terms, provide certainty of payment or compensation, and reduce counterparty risk, especially with new or unproven partners or in complex transactions.

- (a) Describe *Bank Guarantee-i (BG-i)* (2 marks)
- (b) Explain Islamic Contract for *Bank Guarantee-i (BG-i)* (4 marks)
- (c) Draw and explain Product Structure for *Bank Guarantee-i (BG-i)* (7 marks)
- (d) Calculate commission for the following *Bank Guarantee-i (BG-i)*
- | | | |
|---------------------------|---|------------------|
| Letter of guarantee value | : | RM 10,000,000.00 |
| Bank's commission | : | 3.00% per annum |
| Period of guarantee | : | 30 days |
- (5 marks)
- (e) Differentiate *Tender Guarantee* against *Sub-Contract Guarantee* (7 marks)

Question 3

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)

Question 4

Standby Letter of Credit (SBLC-i) mitigates risk for the *Exporter* by assuring payment if the *Importer* fails to pay, serves as a sign of the *Importer's* creditworthiness, and is a last-resort payment mechanism used when traditional payment methods are too risky.

- (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)

Question 5

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)* (8 marks)
- (d) Analyze **THREE (3)** advantages and **THREE (3)** disadvantages of *Documentary Collection-i* for the *Seller* (6 marks)

END OF EXAMINATION PAPER