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95527826

UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL

FINAL EXAMINATION
MARCH 2026 SEMESTER

COURSE CODE	:	EBB20503
COURSE TITLE	:	ISLAMIC FINANCIAL PRODUCTS AND SERVICES
PROGRAMME NAME	:	BACHELOR IN ISLAMIC FINANCE WITH HONOURS
DATE	:	25 JUNE 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/ Appendices. ☐ *Tick if applicable*

THERE ARE 5 PAGES OF QUESTIONS INCLUDING THIS PAGE

SECTION A (Total: 100 marks)

Answer FOUR (4) questions.

Please use the answer booklet provided.

Question 1

Interest free financing products are an essential pillar of Islamic finance as they aim to promote social welfare, justice, and financial inclusion. These instruments are designed to support individuals who are financially distressed while also encouraging ethical and welfare-based economic activities. Two important instruments in this regard are Qard Hasan (benevolent loan) and Al-Rahnu (Islamic pawnbroking).

Critically evaluate the role of Qard Hasan and Al-Rahnu in achieving the objectives of social welfare and financial inclusion in Islamic finance.

(25 marks)

Question 2

Business financing and trade financing are essential components in Islamic banking that support business operations, working capital, and international trade activities. Islamic banks provide various Shariah-compliant instruments to facilitate these needs while ensuring adherence to Islamic principles.

Explain the role of business financing and trade financing in Islamic banking, and discuss how these facilities contribute to economic development.

(25 marks)

Question 3

Malaysia has reformed the hire purchase financing calculation method from the Rule of 78 to the reducing balance method to improve transparency and fairness to consumers. Islamic banks offering vehicle financing through Al-Ijarah Thumma Al-Bai' (AITAB) must align their practices with this reform while maintaining Shariah compliance.

(a) Differentiate between Hire Purchase (HP) and Al-Ijarah Thumma Al-Bai' (AITAB) in terms of ownership, risk, and Shariah compliance.

(6 marks)

(b) Aira purchases a car priced at RM280,000. She finances the full amount using the reducing balance method at 4% per annum for 9 years (108 months).

i) Calculate the monthly installment. (5 marks)
ii) After 5 years (60 months), Aira decides to settle the financing early. Calculate the outstanding balance (early settlement amount). (4 marks)
iii) Determine the total profit saved due to early settlement compared to completing full tenure. (2 marks)

(11 marks)

(c) Due to financial difficulty, Aira approaches the bank to revise her payment obligations. Explain the difference between rescheduling and restructuring in Islamic financing and how rescheduling or restructuring can help both the customer and the Islamic bank in managing problem financing.

(8 marks)

Question 4

The Islamic financial system emphasises ethical conduct, transparency, and accountability based on Shariah principles. However, modern banking institutions, including Islamic banks, are not immune to financial crimes such as money laundering, especially through deposit-taking activities. Islamic banks must therefore ensure that their products, particularly deposit products, are structured and managed in a way that upholds ethical standards while complying with regulatory requirements.

(a) Explain how money laundering activities can occur within the banking system, particularly through deposit accounts, and analyse their impact on Islamic banks in terms of reputation, regulatory compliance, and Shariah integrity.

(12 marks)

(b) Briefly explain the differences between savings accounts and investment accounts in Islamic banks.

(8 marks)

(c) As a bank officer, what measures would you take to ensure that deposits received are not involved in money laundering activities?

(5 marks)

Question 5

The adoption of FinTech solutions such as crowdfunding, blockchain, and digital banking is reshaping Islamic finance operations.

(a) Explain THREE (3) major FinTech innovations in Islamic finance.

(9 marks)

(b) Analyse the operational and Shariah risks associated with these technologies.

(8 marks)

(c) Evaluate the role of regulators in managing Islamic FinTech development.

(8 marks)

END OF EXAMINATION PAPER