SYLLABUS
FI513E_0108_25
Islamic Finance

ACADEMIC AREA :	**FINANCE AND GEOPOLITICS**
PROGRAMME :	**MASTER IF / PGTC LEVEL 5 MASTER**
PERIOD :	**FALL**
COORDINATOR :	**Mr. Tipu SULTAN**
INSTRUCTOR(S) :	**Mr. Tipu SULTAN**
CONTACT HOURS :	**24.0 hours**
STUDY TIME :	**null hours (Class preparation, homework and assessments)**
CREDITS :	**4.0 ECTS**
AOL :	**NO**

PRE-REQUISITE MODULES :

Corporate Finance (FI 502) or equivalent.

MODULE DESCRIPTION :

The recent turbulence in the global financial markets has drawn attention to an alternative system of financial intermediation: Islamic banking and finance. This course provides a comprehensive introduction to Islamic banking and finance. It will attempt to differentiate between the conventional financial system and the Islamic counterpart.

CONTRIBUTION TO PROGRAMME LEARNING OBJECTIVES :

- Combine professional expertise with resilience, critical thinking & personal influence to Change mindsets #ChangeMindsets

MODULE INTENDED LEARNING OUTCOMES (ILOs) :

By the end of the sessions, students should be able to: 1) Understand the main principles of Islamic finance. 2) Acquire essential knowledge about the key Islamic financial products and contracts, as used by the industry. 3) Assess the difference between Islamic finance and conventional finance. 4) Develop a critical awareness about the relevance of Islamic finance in avoiding financial crises. 5) Understand how to implement responsible management in the financial industry.

TOPICS COVERED :

• The Basis of Islamic Banking and Finance; • An Introduction to Islamic Banking and Finance; • Islamic Commercial law and Principles of Transactions; • Basic Contracts and Their Treatment; • Islamic Asset Management, Capital Markets and Instruments • Socially Responsible Investing (SRI) • Sukuk Market • Islamic Insurance – Takaful • Financial Reporting Framework for Islamic Financial Institutions

RESEARCH-LED TEACHING :

The course contents will cover case studies and relevant research papers on each element in addition to books and course material to ensure student comprehension.

CSR AND SUSTAINABLE DEVELOPMENT GOALS :

The CSR and relevant development goals with respect to Islamic banking and Islamic ethical principles on responsible and sustainable economic growth and sustainable development will be covered in the courses.

CSR NB HOURS :

10

SUSTAINABLE DEVELOPMENT GOALS COVERED :

- 02 - Zero hunger
- 03 - Good health and well-being
- 12 - Responsible consumption and production
- 16 - Peace, justice and strong institutions

TEACHING METHODS :

Each session is composed of lectures that involve the core concepts. Problem sets and exercises are then used to put the course concepts into the practical and real-world framework. Solutions to exercises and discussion of these solutions are provided at the end.

METHODS OF ASSESSMENT :

Continuous/Final	Group/Individual	Assessment	Weight	Duration	ILOs assessed
Continuous	Individual	Quiz	30%	1 Heure	ILOs 1,2,3
Final	Individual	Final written exam	50%	3 Heures	All ILOs
Continuous	Group	Group project	20%		All ILOs

Assessment 1 details:

A quiz at the end of each session (except for session 1) based on the contents covered in the previous session. Some quizzes will be based on case studies. All information will be made avilable on Moodle. The average of the Quizzes will be the grade for this assessment.

Assessment 2 details:

Final written exam organized by the exams dept (onsite)

Assessment 3 details:

Group Project to be submitted on Moodle in the last session of the term and 20 minutes presentation by each group. Complete guidance on Group Project will be made available on Moodle.

ACADEMIC INTEGRITY :

Academic misconduct encompasses various behaviors or actions that violate the principles of academic integrity, fairness, and honesty, thereby undermining the credibility of academic work, assessments, or research. Examples of academic misconduct include:
· Cheating
· Plagiarism
· Fabrication
· Gaining an unfair advantage
· Assisting others in committing academic misconduct, such as by utilizing generative AI
· Falsification of records or official documents
· Unauthorized access to restricted information or data
· Unauthorized or unethical use of generative AIS

Academic misconduct is a serious offense and can result in consequences such as module failure, research project failure, or even expulsion from the school. To prevent unintentional academic misconduct, it is essential to consult with your instructor to understand the specific rules and instructions pertaining to the use of AI in learning and assessment.

For more comprehensive information on academic integrity rules, principles, and disciplinary procedures, please refer to the Academic Integrity section of the Student Handbook.

BIBLIOGRAPHY :

- Ayub, M. (2008). Understanding Islamic Finance. Wiley. [eBook https://bit.ly/2ZfI11b]
- In addition, complete readings and content for each session will be made available on Moodle

Additional Reading

- Rayner, S.E. 1991, The Theory of Contracts in Islamic Law, Graham and Trotman, London.
- Abdullah, M. R. M., Hassan M. H. & Thani, N. N. 2003, Law and Practice of Islamic Banking and Finance, Thomson Sweet & Maxwell Asia.
- Habib, A. 2006, „Islamic Law, Adaptability and Financial Development, Islamic Economic Studies, Vol 13, Islamic Development Bank and Islamic Research and Training Institute.
- Islamic Development Bank, Islamic Research and Training Institute 2000, Regulation and Supervision of Islamic Banks, Islamic Development Bank.
- Zaman, A. The Role of Financial Markets in Private Sector Development in IDB Member Countries, Islamic Development Bank, Occasional Paper 4.
- Rayner, E. E., The Theory of Contracts in Islamic Law, 1991, Graham & Trotman, UK.
- Saleh, N. Unlawful Gains and Legitimate Profits in Islamic Law, 1992, Graham & Trotman, UK.
- Usmani, M. An introduction to Islamic Finance, 2002, Springer.

Standards, Guidance Notes and Technical Notes:
- AAOIFI Shariah standards 2010.

Accounting and Auditing Organisation for Islamic Financial Institutions, Bahrain;
- AAOIFI Accounting, Auditing and Governance Standards (for Islamic Financial Institutions), 2010. Accounting and Auditing Organisation for Islamic Financial Institutions, Bahrain;
- IFSB-3: Guiding Principles on Corporate Governance for Institutions offering only Islamic Financial Services (Excluding Islamic Insurance (Takaful) Institutions and Islamic Mutual Funds).
- IFSB-4: Disclosures to Promote Transparency and Market Discipline for Institutions offering Islamic Financial Services (excluding Islamic Insurance (Takaful) Institutions and Islamic Mutual Funds).
- IFSB-5: Guidance on Key Elements in the Supervisory Review Process of Institutions offering Islamic Financial Services (excluding Islamic Insurance (Takaful) Institutions and Islamic Mutual Funds).
- IFSB-6: Guiding Principles on Governance for Islamic Collective Investment Schemes.
- Central Bank of Malaysias Shariah Governance Framework for Islamic Financial Institutions

Useful Websites:
- www.aaoifi.com
- www.ifsb.org
- www.isdb.org
- www.bnm.gov.my

MODULE PLAN SESSIONS :

Plan Session 01 :

An Introduction to Islamic Banking and Finance
• Shari'ah compliance
• Sources of Islamic commercial law
• Traditional Islamic contracts and Islamic finance
• Application of Islamic contracts in Islamic finance
• Implementation of Shari'ah standards, policies and rulings in Islamic finance
• CSR and its correlation to Islamic Finance objectives.

Plan Session 02 :

Islamic Commercial law and Principles of Transactions
• Islamic Principles relating to Business
• Riba
• Gharar
• Rules of Transactions
• Sources of Islamic Commercial Law
• Methodology of Interpretation of Islamic Commercial Law
• Salient Features of Islamic Finance
• Formation and Classification of Contracts
• Application of Islamic Contracts in Islamic Finance and Implementation of Shariah Standards, Policies and Rulings in Islamic Finance and CSR objectives.

Plan Session 03 :

Financial Contracts and Techniques Applied by Islamic Banks
• Types of Contracts
• Funds in Islamic Banking
• Wakala
• Mudaraba
• Musharaka
• Murabaha
• Ijara
• Salam
• Istisn'a
• Letters of Credit
• Wa'd and Ah'd
• Arboon

Plan Session 04 :

Islamic Asset Management, Capital Markets and Instruments
• Islamic asset-backed securities
• Islamic equity screening criteria
• Islamic mutual funds/unit trusts: contracts and products
• Islamic Real Estate Investment Trusts
• Islamic-structured products and derivatives
• Principles and contracts underlying Islamic-structured products

Plan Session 05 :

Islamic Banking and Takaful (Islamic Insurance)
• Takaful and settlement system
• Islamic trade finance & treasury products
• Takaful products and services
• Takaful underwriting, deficits, surpluses and Retakaful
• The financial and operational risks of Islamic financial institutions

Plan Session 06 :

Sukuk Market
• Characteristics of Sukuk

- Structuring Sukuk
- Sukuk Regulations
- Capital Market Considerations

Plan Session 07 :

Financial Reporting for Islamic Financial Institutions
- Framework of Financial Reporting of Islamic Financial Institutions and AAOIFI Financial Reporting Standards
- Financial Statements of Islamic Financial Institutions
- Accounting for Investment Accounts and Profit Equalization Reserve
- Accounting for Islamic Financing Contracts

Plan Session 08 :

Financial Reporting for Islamic Financial Institutions (continued)
- Financial statements – balance sheet and statement of restricted investment
- Equity investment accounts and profit distribution policy
- Accounting and reporting – Mudarabah and Musharakah financing
- Accounting and reporting – Murabahah financing
- Accounting and reporting – Ijarah and Ijarah muntahia bi tamleek
- Accounting and reporting – Salam and Istisna' financing

Plan Session 09 :

Q & A session
&
Group presentation by the students.

Plan Session 10 :

N/A