



FINAL EXAMINATION
MARCH 2024

COURSE TITLE	ISLAMIC BANKING OPERATION
COURSE CODE	RFIN3343
DATE/DAY	26 JUNE 2024 / WEDNESDAY
TIME/DURATION	02:00 PM - 04:00 PM / 02 Hour(s) 00 Minute(s)

INSTRUCTIONS TO CANDIDATES:

1. Please read the instruction under each section carefully.
2. Candidates are reminded not to bring into examination hall/room any form of written materials or electronic gadget except for stationery that is permitted by the Invigilator.
3. Students who are caught breaching the Examination Rules and Regulation will be charged with an academic dishonesty and if found guilty of the offence, the maximum penalty is expulsion from the University.

(This Question Paper consists of 2 Printed Pages including front page)

*****DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO*****

This question paper consists of **THREE (3)** questions. Answer **ALL QUESTIONS** in the answer booklet provided. **(100 MARKS)**

QUESTION 1 **(30 Marks)**

- a) Explain the differences between direct security and third-party security in relation to Islamic banking financing facility. **(10 marks)**
- b) Assuming an Islamic bank holds security worth RM200,000 for a customer's financing of RM400,000. The customer is declared bankrupt and it has been agreed that all creditors will receive a payment from the asset of the individual of RM0.50 per RM1.00 of financing. Calculate how much the bank will recover under both direct security and third-party security and explain which type of security is used by the Islamic Bank in practice. **(20 marks)**

QUESTION 2 **(30 Marks)**

Basel accords are a series of recommendations on banking law and regulations issued by the Basel Committee on Banking Supervision (BCBS). Basel II is an international business standard that requires financial institutions to maintain enough cash reserves to cover risks incurred by operations.

- a) Distinguish **THREE (3)** important pillars stated in Basel II and the objective of each pillar to the Islamic financial institutions. **(10 marks)**
- b) Explain the major changes in Basel III from Basel II. **(10 marks)**
- c) Explain the consequence to the financial institution if their capital adequacy ratio falls below the regulatory minimum requirement level of 8%. **(10 marks)**

QUESTION 3 **(40 Marks)**

Explain briefly any **FOUR (4)** of the following products that are used in the Islamic Wealth Management:

- a) *Mudarabah* General Investment Account (MGIA). **(10 marks)**
- b) *Mudarabah* Special Investment Account (MSIA). **(10 marks)**
- c) Exchange Traded Fund (ETF). **(10 marks)**
- d) Islamic Equity Market. **(10 marks)**
- e) Islamic Unit Trust. **(10 marks)**
- f) Gold Investment **(10 marks)**
- g) Islamic Securities. **(10 marks)**

*** END OF QUESTION PAPER ***