

**International Islamic University Chittagong (IIUC)**

Department of Economics & Banking

Mid Term Examination: Spring-2022

Program: BSS(Honors)

Course Code: Islamic Banking & Takaful

Time: 1.30 Minutes

Course Title: BNKG-4810

Full Marks: 30

*Answer any Three of the following questions. All parts of a question must be answered sequentially. Figures in the right margin indicate full marks.*

1. a) "An Islamic bank is a financial institution whose status, rules and procedures expressly state its commitment to the principle of Islamic Shariah"- Justify the statement. 2
- b) "An Islamic bank has several distinctive features as compared to its conventional counterpart"- Interpret the statement with real scenario. 4
- c) "Riba is prohibited under Shari'ah law for a couple of reasons"- Judge the statement explaining the forms of riba. 4
2. a) "The financial resources of the Islamic banks consist of ordinary capital resources"- Classify the sources of fund by Islamic banks. 2
- b) "The bank as trustee preserves and safe keeps the funds deposited"- Identify the deposit account indicated by the statement and interpret the key features of the account. 4
- c) "Mudaraba is a form of business contract where one party supplies money and the other manages the business by investing labor and time"- Compare between different forms of deposit account of Islamic banks related to the statement. 4
3. a) "The most important difference between the Conventional and Islamic bank is that both the banks operate to earn profit but they differ in the way of operation"- Point out the different modes of investment by Islamic banks. 2
- b) "Islamic banks are inclined to use various forms of Shariakt-al-Inan because of its built-in flexibility"- Identify different forms of investment modes by the statement and interpret with examples. 4
- c) "A contract between a buyer and a seller under which the seller sells certain specific goods permissible under Islamic Shariah"- Analyze different modes of investment of Islamic banks by the statement. 4
4. a) "Risks can come from uncertainty in financial markets, project failures, legal liabilities, credit risk, accidents, natural causes and disasters as well as deliberate attacks from an adversary"- Justify the statement 2
- b) "Risk management is about the attitude towards paying off and the strategies in dealing with them and the risks associated with it in relation to modern banking"- Examine the steps related to risk management of Islamic banks. 4
- c) "Islamic banking organizations use different types of contracts of Islamic finance to satisfy the needs of customers for financing amenities. Every product has its own distinct risks that reveal the bank to important return losses for expected returns"- Characterize the different risks faced by Islamic banks. 4