

POLITEKNIK
Jabatan Pengajian Politeknik

EXAMINATION AND EVALUATION DIVISION
DEPARTMENT OF POLYTECHNIC EDUCATION
(MINISTRY OF HIGHER EDUCATION)

COMMERCE DEPARTMENT

FINAL EXAMINATION
JUNE 2012 SESSION

PS303: ISLAMIC BANKING PRODUCTS AND SERVICES

DATE : 21 NOVEMBER 2012 (WEDNESDAY)
DURATION : 2 HOURS (11.15AM – 1.15PM)

This paper consists of **TEN (10)** pages including the front page.
Section A: Objective (25 questions – answer all)
Section B: Essay (3 questions – answer all)

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THE CHIEF INVIGILATOR

(The CLO stated is for lectures reference only)



NOTES

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SECTION A**OBJECTIVES (25 marks)**

Instruction: This section consists of 25 objective questions. Write your answer's in the answer booklet.

1. The terms 'riba' can be defined as _____ [CLO 1 : C1]
 - A. Any increment over the principal invested.
 - B. Any increment over the principal lent out.
 - C. Profit and loss sharing.
 - D. A creditor/borrower relationship is established.
2. Which one of the following is NOT a trading contract? [CLO 1 : C1]
 - A. Al-Ijarah.
 - B. Al-Musyarakah.
 - C. Al-Bai Bithaman Ajil.
 - D. Al-Murabahah
3. The main characteristic of an Islamic Banking that differs from the conventional banking is _____ [CLO 1 : C1]
 - A. Interest-free
 - B. Interest-based
 - C. Gharar-based
 - D. Maisir-based
4. Identify the surplus unit from the following parties _____ [CLO 1 : C1]
 - A. The Bank.
 - B. The Depositor.
 - C. The Entrepreneur.
 - D. The Financial institution.

5. The essential elements of a valid Aqad (contract) are _____ [CLO 1 : C1]
- i. buyer and seller
 - ii. subject matter
 - iii. price
 - iv. offer and acceptance
- A. i and ii only
B. i, ii and iii
C. ii and iii
D. all of the above
6. Wadi'ah current account, Wad'iah savings account and Mudharabah General Investment account are types of _____. [CLO 2 : A1]
- A. Islamic Banking
B. Islamic Deposit
C. Islamic Money Market
D. Islamic Capital Market
7. Which one of following statements is correct regarding profit under the Wadi'ah Yad Dhamanah contract ? [CLO 2 : A1]
- A. The bank on their discretion will give the customers a good/ high hibah
B. The bank need not give any hibah (gift) to customers
C. The bank will give interest to their customers
D. The bank should not give the customer a hibah
8. _____ is defined as the distribution of Takaful products by a bank. [CLO 2 : A1]
- A. Motortakaful
B. Lifetakaful
C. Bancatakaful
D. Bancainsurance

9. A process of cheque payment system between drawer bank and drawee bank is called _____.

[CLO 2 : A1]

- A. Payment system
- B. Transferring system
- C. Clearing system
- D. Monitoring system

10. The account that has not been operated for 1 year and more is known as _____.

[CLO 2 : A1]

- A. Dormant account
- B. Sleeping account
- C. Inactive account
- D. Expired account

11. The importance of Islamic Money market is _____.

[CLO 2 : A1]

- A. to maximize profit with predetermined rate of interest
- B. to shift the risk to the third party who is willing to take on risk for a defined cost
- C. to be a channel for transmission BNM monetary policies
- D. to enhance Rules on Ringgit operations monitoring system

12. The roles of Treasury in Islamic Money Market are as follows EXCEPT

[CLO 2 : A1]

- A. Mobilisation of fund between the banks' branch
- B. Setting of borrowing or lending rate based on market performance
- C. Operation of clearing system for cheques
- D. Money market product development

13. A contract of 'exchange of money for money' is called _____.

[CLO 2 : A1]

- A. Bai al-Sarf
- B. Bai murabahah
- C. Bai Bithaman Ajil
- D. Bai Salam

14. In Malaysia, there are three types of FOREX policies. They are Bank Negara Malaysia's Exchange Control Notices, Rules on Ringgit Operations Monitoring System and _____. [CLO 2 : A1]
- A. Exchange Control Act 1953
 - B. Exchange Control Act 1952
 - C. Exchange Control Act 1951
 - D. Exchange Control Act 1957
15. A Spot Contract is undertaken when you buy currency at the prevailing exchange rate at the time of the transaction and make payment within _____ working days. [CLO 2 : A1]
- A. five
 - B. three
 - C. two
 - D. ten
16. The lessor has the right to repossess the property on a default of the lessee. This statement refers to a contract of _____. CLO 2 : A1
- A. Wadiah
 - B. Hiwalah
 - C. Wakalah
 - D. Ijarah
17. Choose the correct statement which describes Istisna' financing. [CLO 2 : A1]
- A. A form of financing where the seller undertakes to supply some specific goods to the buyer
 - B. An alternative source of financing from the conventional pawning scheme
 - C. A financing whereby the customer pays the selling price in instalments as agreed payment schedule.
 - D. Financial institution and customer contribute to the capital of the project.

18. _____ occurs from the situation when the customer on behalf of a bank buys goods that customer wants then the bank sells back to the customer at a deferred payment basis.

[CLO 2 : A1]

- A. Islamic Acceptance Bills
- B. Islamic Repos
- C. Government investment issues
- D. Bank Negara Negotiable Notes

19. Rahn financing in Islamic Financing concept refers to _____ [CLO 2 : A1]

- A. Method of sale that involves immediate delivery of the item to the buyer but payment is deferred until a set period of time.
- B. Acceptance of debt without condition or promise to repay but gift may be given but this is not a condition or promise.
- C. This is an agreement that payment is made when the deal is signed, but the delivery of the item is deferred for a specified period.
- D. Placement of an item as collateral for loan and can be sold if borrower fails to repay the debt.

20. Which of the following are types of Equity Financing? [CLO 2 : A1]

- i. Mudharabah Financing
- ii. Musharakah Financing
- iii. Musharakah Mutanaqisah Financing
- iv. Murabahah Financing

- A. i only
- B. i and ii
- C. i, ii, and iii
- D. all of the above

21. _____ refers to the ability to execute retail and wholesale banking transaction electronically through a range of different technological devices.

[CLO 3 : P1]

- A. System Banking
- B. Conventional Banking
- C. Islamic Banking
- D. Electronic Banking

22. Which of the following items is NOT a category of Self Service Terminal Banking?

[CLO 3 : P1]

- A. Cheque Deposit Machine
- B. Auto Scanning Machine
- C. Cash Deposit Machine
- D. Automated Teller Machine

23. All of the following statements are true regarding advantages of Electronic Banking, EXCEPT_____.

[CLO 3 : P1]

- A. Electronic Banking is a more convenient way to do banking transactions at our own sweet time
- B. Internet Banking available anywhere as long as there is internet connection
- C. ATM machine always temporary not available or runs out of money
- D. Mobile banking is a new enhancement that enable user to do a banking transaction anywhere at any time

24. Which one of the following is the main purpose of designing Chip-based Cards?

[CLO 3: P1]

- A. card can be easily stolen and reproduced
- B. card is more difficult to be stolen and reproduced
- C. card is permanently missing
- D. card is temporarily missing

25. Which of the following is NOT a challenge of technology in electronic banking?

[CLO 3 : P1]

- A. Chip based card
- B. Securities on the net
- C. Financial process exchange
- D. Telegraphic transfer

SECTION B**ESSAY (75 marks)**

Instruction: This section consists of **(THREE) 3** essay questions. Answer **all** questions.

QUESTION 1

The theoretical work on the concept of Islamic banking has proceeded on the basis that guidance for all institutional developments in an Islamic society should be derived from the principles of Shariah.

- a) Describe 5 (FIVE) advantages of Islamic Banking system.

[CLO1 : C1]

(10 marks)

- b) Describe the roles of the following units in the flow of fund particularly in Islamic banking industry:

[CLO1 : C1]

- i. surplus unit (3 marks)
- ii. intermediary (3 marks)
- iii. deficit unit (3 marks)

- c) State 3 (THREE) differences between Islamic Banking and Conventional Banking.

[CLO1 : C1]

(6 marks)

QUESTION 2

- a) Describe the concept of Islamic Negotiable Instruments of Deposits (INID).

[CLO 2 : A1]

(3 marks)

- b) There are four types of Asset Financing under Islamic Banking Uses of Fund.

Describe each of the following types of Asset Financing.

[CLO 2 : A1]

- i. Bai' Bithaman Ajil (Deferred payment sale) (5 marks)
- ii. Murabahah (Cost Plus Sale) (5 marks)
- iii. Ijarah (Leasing) (5 marks)
- iv. Istisna (Sale by Order) (5 marks)

- c) Define the concept of Qardhui Hasan.

[CLO 2 : A1]

(2 marks)

QUESTION 3

- a) State **(FOUR)** 4 advantages of electronic banking.

[CLO 3 : P1]

(8 marks)

- b) Describe **(FOUR)** 4 types of electronic banking.

[CLO 3 : P1]

(12 marks)

- c) List down **(FIVE)** 5 types of Self- Service Terminals.

[CLO 3 : P1]

