



جامعة السلطان الشريف علي الإسلامية  
UNIVERSITI ISLAM SULTAN SHARIF ALI  
SULTAN SHARIF ALI ISLAMIC UNIVERSITY

**Faculty of Islamic Economics and Finance  
Semester I, 2020/2021 Academic Session**

**Final Examination Question Paper**

**Course Code : BF1203**

**Course Name : Transactions in Islamic Banking & Finance**

**Course Level : Bachelor of Science in Islamic Finance**

**Time : 3 hours**

**Notes:**

This paper consists of 2 sections.

1. Section 1: Compulsory Essay Questions. Answer **All**.
2. Section 2: Essay Questions. Answer **3** questions out of 4.



**SECTION 1: Compulsory Questions. Answer All. (40 Marks)**

1. The fast growth and exposure experienced by Islamic banking and finance have set a stepping stone for financial and banking activities to be more abiding to *Shariah* principles; more exclusively the elimination of *riba*, *gharar* and *maysir*. Based on your understanding on the three principles, explain *riba*, *gharar* and *maysir* concisely in a nutshell. (20 marks)
2. Define liquidity from your understanding in the context of Islamic banking and finance. Suggest a contract that provides liquidity to clients of Islamic banks and provide its illustration as presented in Islamic banks. (20 marks)

**SECTION 2: Answer 3 out of 4 questions. (60 Marks)**

1. Most sales transactions involve payments from the other counterparty signifying the exchange of the price and the subject matter involved. What are the three types of payment terms involved? Define each of the payment terms and present them in their own scenarios using the contract(s) you think appropriate. (20 marks)
2. *Salam* and *istisna'* are two unique contracts where the subject matter is not yet in existence. The use of each of the contract is considered an exception to the important condition for the contract to become valid. Compare and contrast the contracts of *salam* and *istisna'* to appreciate the presence of the two contracts. (20 marks)
3. What is *musharakah mutanaqisah*? What is it usually offered for to clients of Islamic Banks? Illustrate the mechanism of *musharakah mutanaqisah* as how it is being offered to clients of Islamic banks. (20 marks)
4. The concept of *bay' bithaman ajil* (BBA) is not one without controversy. What is *bay' bithaman Ajil*? Why is it controversial for some region while others not? Explain or illustrate the operation of the concept when offered to clients. (20 marks)

بالتوفيق والنجاح