FINAL EXAM
FIRST SEMESTER SESSION 2012/2013

COURSE CODE / NAME : BWBS2013 ISLAMIC BANK OPERATIONS
DATE : 07 JANUARY 2013 (MONDAY)
TIME : 2.30 – 5.00PM (2 ½ HOURS)
VENUE : DSB K. T/WD

INSTRUCTION :

1. This questions booklet contains SIX (6) structure questions in NINE (9) printed pages excluding the cover page.
2. Answer ALL questions in the space provided.

MATRIC NO : ____________________________ (in word)
            ____________________________ (in number)
IDENTIFICATION CARD NO. :
LECTURER : ________________________________
GROUP : [ ] TABLE NO. : __________________

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QUESTION ONE (15 marks)

A. Define Islamic banking business based on the definition provided in the Islamic Banking Act 1983.

(3 marks)

B. Using appropriate diagram, explain the primary role of Islamic bank as financial intermediary?

(12 marks)
QUESTION TWO (20 marks)

A. List THREE (3) applications which Islamic Banking Act (IBA) 1983 prescribes the powers of the Central Bank of Malaysia over the Islamic banks. (6 marks)

B. Islamic banking Act (IBA 1983) and Banking and Financial Institutions Act (BAFIA 1989) are the main legal framework governing Islamic banking operation in Malaysia. Describe the contents of these acts in relation to Islamic bank operations.

i. IBA 1983 (3 marks)

ii. BAFIA 1989 (3 marks)
C. List **FOUR (4)** differences between Islamic and conventional banking. 

(8 marks)

**QUESTION THREE (25 marks)**

A. The relationship between bankers and customers in Islamic banking system is dependent on the principles of syariah used in creating the relationship. Giving **THREE (3)** different principles, describe the relationships exist between the bankers and customers. 

(9 marks)
B. *Wadiyeh yad dhamanah-i* is one of the examples of current account offered by Islamic banks. Using a diagram, describe the mechanism of the *wadiyeh yad-dhamanah* current account-i. 

(8 marks)

C. General Investment Account (GIA) and Special Investment Account (SIA) are the main investment accounts offered by the Islamic banks. Describe **ONE (1)** main similarity and **ONE (1)** main difference between the two accounts. 

(5 marks)
D. Define the concept of hibah.

(3 marks)

QUESTION FOUR (10 marks)

A. Your maid wants to send money to her parents in Jakarta. She has asked you to explain to her TWO (2) approaches of how bank will transfer the money to her parents.

(6 marks)

B. Describe the Islamic concept used by Islamic banks in offering remittances services.

(4 marks)
QUESTION FIVE (15 marks)

A. Explain the following terminologies:

i. Letter of credit

(3 marks)

ii. Trust receipt

(3 marks)

iii. Incoterms

(3 marks)
B. Ahmad recently opened a 6-month fixed deposit account. However, due to unforeseen events, he has to withdraw his money prior to the maturity date. Explain the consequences of such act if the account is offered by an Islamic bank compared to a conventional bank.

(3 marks)

C. Electronic banking has made the banking process more convenient. List THREE (3) examples of electronic banking facilities available in Islamic bank operations.

(3 marks)
QUESTION SIX (15 marks)

A. Describe the concept of types of risk below:

i) Displaced commercial risk  

   (3 marks)

ii) Liquidity risk  

   (3 marks)
B. Like conventional banks, Islamic banks also issue various types of payment cards to their customers which allow them to withdraw money from their accounts or to get credit facility. Describe **THREE (3)** types of payment cards offered by Islamic banks for these purposes.

(9 marks)

*END OF QUESTIONS*