FINAL EXAM
FIRST SEMESTER SESSION 2012/2013

COURSE CODE / NAME : BWFS2043 / ISLAMIC CREDIT MANAGEMENT
DATE : 29 December 2012 (SATURDAY)
TIME : 2.30 – 5.00 PM (2 ½ HOURS)
VENUE : DSB K.TM

INSTRUCTION :
1. This question paper contains FIVE (5) questions in THREE (3) printed pages excluding the cover page.
2. Answer ALL questions in the booklet provided.

MATRIC NO : ________________________________ ( with word )

IDENTIFICATION CARD NO. :

LECTURER :

GROUP : □ TABLE NO. : □ □ □ □

DO NOT OPEN THIS EXAMINATION PAPER UNTIL INSTRUCTED

CONFIDENTIAL
QUESTION ONE (20 MARKS)

1. Discuss in detail the following forms of security (Using appropriate examples):
   i. Pledge (3 marks)
   ii. Charge (3 marks)
   iii. Lien (3 marks)

2. List EIGHT (8) of the 10 documentation and supervision processes. (8 marks)

3. Explain what monetary authority is. (3 marks)

QUESTION TWO (20 MARKS)

1. Miss Nurul Azreen intends to purchase a new double storey terrace house from a developer, ABC Property Bhd, at RM350,000. The profit rate charged by World MAG Islamic Bank is 8.25% throughout the financing period. The financing tenure for this housing financing is 20 years. Annuity factor for 20 years is 0.00788450. As a credit officer, calculate the following and show the steps:
   i. Monthly Instalment (3 marks)
   ii. Bank’s Selling Price (3 marks)
   iii. Profit Margin (3 marks)

2. Explain THREE (3) of 10 information on the collateral that a customer needs to provide when obtaining a housing financing. (9 marks)

3. Define credit. (2 marks)
QUESTION THREE (22 MARKS)

1. Briefly explain the types of securities below:
   i. 1st party charge (3 marks)
   ii. 3rd party charge (3 marks)

2. Differentiate between Non-Landed Property and Landed Property. (6 marks)

3. Identify FOUR (4) types of financing offered by an Islamic bank. (4 marks)

4. List SIX (6) litigation processes. (6 marks)

QUESTION FOUR (18 MARKS)

1. Explain the concept of risk. (3 marks)

2. Briefly explain the types of financing risks below:
   i. Liquidity Risk (2 marks)
   ii. Credit Risk (2 marks)

3. Before the commencement of any foreclosure proceeding by the bank, it is mandatory that either Form 16D or 16E be served on the chargor. This statutory notice is required to enable the chargor to remedy the default under the charge. This statement is true or false? Explain (4 marks)
4. Define title deeds are. (3 marks)

5. List FOUR (4) ratios that can be used to calculate in the financial statements. (4 marks)

QUESTION FIVE (20 MARKS)

1. Apart from the 7 criteria used by conventional banks when making the financing assessment and appraisal, explain FOUR (4) additional criteria which credit officer/bank manager must consider from Islamic perspective: (8 marks)

2. Explain the definition of the following documentations:
   i. Loan Agreement cum Assignment. (2 marks)
   ii. A Loan Agreement and a Deed of Assignment. (2 marks)
   iii. Power of Attorney. (2 marks)

3. With an appropriate example, discuss THREE (3) techniques used in choosing a creditworthy customer. (6 marks)

END OF QUESTIONS