



**IB 724 - Islamic Financial  
Instruments - Designing and  
Pricing**

Program	PhD Islamic Banking and Finance
Course Instructor	<b>Dr Talat Hussain</b>
E-mail	<b>talat.hussain@umt.edu.pk</b>
Credit Hours	<b>03</b>
Duration	<b>15 Weeks</b>
Class Schedule Time	
Contact	<b>Hall # 3S40, Room # 1 Central Building- 2<sup>nd</sup> floor, South Block. UAN# 111-300-200 (Ext: 3413)</b>
Student Hours:	<b>11:00 AM to 6:00 PM (daily-subject to appointment through text message)</b>

## Course Outline

### Learning Objective:

This course will discuss the economic rational of Islamic concepts and Islamic rules in analyzing economic activities. It will discuss and examine how Islam has played its role in several alternative concepts to business and economic strategies in different Muslim countries. Students will have an insight in to how Islam can be considered as a universal system to be applied to economic policies, business strategies and government regulations. Finally, students will gain a unique perspective into how and why Islamic values contribute to a dynamic understanding of the business climate. This subject will also arm students with the skills to understand and apply the elements of Islamic economics to economic.

### Learning Methodology:

Class lectures, home assignments, quizzes, term papers and presentations by students.

### Grade Evaluation Criteria

Following is the criteria for the distribution of marks to evaluate final grade in a semester.

<b>Marks Evaluation</b>	<b>Marks in percentage</b>
Quizzes	10
Assignments	15
Mid Term	20
Term Project	10
Presentations	10
Final exam	35
Total	100

### Recommended Text Books:

- Shariah in the Financial Transaction
- Islamic Economics: Theory and Practice by M.A. Mannan.

## Reference Books:

- Islamic Economic by Abdul Hameed Dar and Mian Muhammad Akram

## Calendar of Course contents to be covered during semester

Week	Course Contents	Reference Chapter(s)
1	<b>Application of Murabaha</b> <ul style="list-style-type: none"><li>• Introduction</li><li>• Types of Murabaha</li><li>• Prohibited Elements</li><li>• Mechanisms</li></ul>	<b>Helping/Extra Material</b>
2	<b>Application of BBA</b> <ul style="list-style-type: none"><li>• Introduction and Definition</li><li>• Legality</li><li>• Practical application of BBA</li><li>• Issues in BBA Financing</li></ul>	Handouts & Research Articles
3	<b>Application of Tawarruq</b> <ul style="list-style-type: none"><li>• Introduction and Definition</li><li>• Legality of Tawarruq</li><li>• Condition for application</li></ul>	Handouts & Research Articles
4	<b>Application of Bay' al – Inah</b> <ul style="list-style-type: none"><li>• Introduction</li><li>• Types of Inah</li><li>• Legitimacy intention to Inah</li><li>• Suitability of Inah in Financing</li></ul>	Handouts & Research Articles
5	<b>Application of Ijarah</b> <ul style="list-style-type: none"><li>• Introduction</li><li>• Source of Law</li><li>• Types and Conditions of Ijarah</li><li>• Mechanism of Ijarah</li></ul> <p style="text-align: center;"><b>Guest Speaker</b></p>	<b>Helping/Extra Material</b>
6	<b>Application of Salam</b> <ul style="list-style-type: none"><li>• Legality of Salam</li><li>• Conclusion of Salam Contracts</li><li>• Termination or revocation of Salam</li></ul>	Handouts & Research Articles

7	<b>Application of Istisna</b> <ul style="list-style-type: none"> <li>• Introduction</li> <li>• Sources of Law</li> <li>• Condition , types and prohibited elements</li> </ul>	Handouts & Research Articles
8	<b>MIDTERM SESSION</b>	
9	<b>Application of Mudarabah</b> <ul style="list-style-type: none"> <li>• Introduction , concept, Types and Legitimacy</li> <li>• Mudarabah and related concepts</li> <li>• Rights and responsibilities of Mudarabah</li> </ul>	Handouts & Research Articles
10	<b>Application of Musharaka</b> <ul style="list-style-type: none"> <li>• Introduction , concept, Types and Legitimacy</li> <li>• Basic rules</li> <li>• Musharaka and Mode of Financing</li> </ul> <p style="text-align: center;"><b>Guest Speaker</b></p>	<b>Helping/Extra Material</b>
11	<b>Application of Rahn</b> <ul style="list-style-type: none"> <li>• Introduction , concept, Types and Legality</li> <li>• Forms</li> <li>• Conditions and Legal effects</li> </ul>	Handouts & Research Articles
12	<b>Application of Kafalah</b> <ul style="list-style-type: none"> <li>• Introduction and Legality of Kafalah</li> <li>• Elements and types of Kafalah</li> <li>• Modes of Kafalah</li> </ul>	Handouts & Research Articles
13	<b>Application of Hawalah</b> <ul style="list-style-type: none"> <li>• Introduction and Legality of Hawalah</li> <li>• Elements and types of Hawalah</li> <li>• Modes of Hawalah</li> </ul>	Handouts & Research Articles
14	<b>Application of Waqalah</b> <ul style="list-style-type: none"> <li>• Introduction and Legality of Waqalah</li> <li>• Elements and types of Waqalah</li> <li>• Agent Principle relationship</li> </ul>	Handouts & Research Articles
15	<b>Group Presentations</b>	



**IB – 736**  
**Current Issues in Islamic**  
**Banking and Finance**

**Fall 2018**

Program	Ph.D Islamic Banking and Finance
Course Instructor	<b>Dr. Talat Hussain</b>
E-mail	<b>talat.hussain@umt.edu.pk</b>
Credit Hours	<b>03</b>
Duration	<b>15 Weeks</b>
Class Schedule Time	
Contact	<b>Hall # 3S40, Room # 1 Central Building- 2<sup>nd</sup> floor, South Block. UAN# 111-300-200 (Ext: 3413)</b>
Student Hours:	<b>11:00 AM to 6:00 PM (daily-subject to appointment through text message)</b>

**University of Management and Technology**

**Course Outline**

Course Code: **IB - 736**  
**Finance**

Course Title: **Current Issues in Islamic Banking and**

Program	PhD Islamic Banking and Finance (MS – IBF)
Credit Hours	03
Duration	15 weeks (15 sessions)
Prerequisites	N/A
Resource Person	DR.TALAT HUSSAIN
Counseling Timing (Room# 3- S-40)	
Contact	

\*The course is divided into 5 modules which are being taught by 5 different resource persons

**Chairman/Director signature.....**

**Dean’s signature.....**

**Date.....**

## **Grade Evaluation Criteria**

Following is the criteria for the distribution of marks to evaluate final grade in a semester.

<b>Marks Evaluation</b>	<b>Marks in percentage</b>
Quizzes	10
Assignments	05
Mid Term	25
Term Project & Presentations	20
Class participation	05
Final exam	35
Total	100

## **Recommended Text Books:**

Books are recommended at the end of each faculty member course outline.

## **Reference Books:**

Reference books are recommended at the end of each faculty member course outline.

## **Course Outline**

<b>Week</b>	<b>Topic</b>	<b>Activities</b>	<b>Helping/Extra Material</b>
1	<b>Islamic Banking and Finance: Philosophical Underpinnings</b>	<ul style="list-style-type: none"><li>• Introduction</li><li>• Shari'ah</li><li>• Monetary and Macro Theory<ul style="list-style-type: none"><li>○ Behaviour of Credit Markets</li><li>○ Risk-Sharing</li><li>○ Equity Considerations</li><li>○ Banking Theory</li></ul></li></ul>	Handouts & Research Articles

2	<p><b>Unresolved Issues in Islamic Banking and Finance: Deposit Mobilization</b></p>	<ul style="list-style-type: none"> <li>• Introduction</li> <li>• Deposits Side of Banking-The Issues</li> <li>• The Conventional (Interest-Based)Deposits Scene</li> <li>• The Islamic Deposits Scene <ul style="list-style-type: none"> <li>○ Demand Deposits</li> <li>○ Investment Deposits</li> <li>○ General Savings</li> <li>○ Investment Deposits with Stable Income flows</li> <li>○ Special Accounts</li> </ul> </li> <li>• Practical Issues in the Management of the Deposits</li> </ul>	<p>Handouts &amp; Research Articles</p>
3	<p><b>Financial Distress and Bank Failure: Relevance for Islamic Banks</b></p>	<ul style="list-style-type: none"> <li>• Introduction</li> <li>• Structural Context of Crisis in Islamic Banking</li> <li>• What Distinguishes an Islamic Bank</li> <li>• What Causes Financial Distress and Crisis in the Banking Sector</li> <li>• Causes of Financial Distress-Policy Oriented Classification</li> </ul>	<p>Handouts &amp; Research Articles</p>
4	<p><b>Islamic Banking in Brunei and The Future Role of Centre for Islamic Banking Finance and Management(CIBFM)</b></p>	<ul style="list-style-type: none"> <li>• Introduction</li> <li>• Brunei’s Banking Industry</li> <li>• The Development of Islamic Banks</li> <li>• Brunei Financial Regulatory Setup</li> <li>• The Centre for Islamic Banking, Finance and Management (CIBFM)</li> </ul>	<p>Handouts &amp; Research Articles</p>
5	<p><b>Equity Fund’s Islamic Screening: Effects on its Financial Performance</b></p>	<ul style="list-style-type: none"> <li>• Introduction</li> <li>• Review of the Empirical Evidence</li> <li>• Research Methodology</li> <li>• Data and Sample Period</li> <li>• Empirical Results</li> <li>• Conclusions</li> </ul>	<p>Handouts &amp; Research Articles</p>
6	<p><b>Making Sense of the Fast-Growing Islamic Finance Market</b></p>	<ul style="list-style-type: none"> <li>• Malaysia Leading the Islamic Finance Market</li> <li>• Overview of Islamic Finance</li> <li>• A Move Toward International Standardization of Islamic Financial Services</li> <li>• UK Keeping Its Eye on Becoming a Gateway to Islamic Finance</li> </ul>	<p>Handouts &amp; Research Articles</p>



7	<b>Islamic Structured Products: Issues and Challenges</b>	<ul style="list-style-type: none"> <li>• Introduction: Definition</li> <li>• Types of Conventional Structured Products</li> <li>• Basic Anatomy of Equity-Linked Islamic SPs</li> <li>• Some Shariah Issues in Islamic SPs</li> </ul>	Handouts & Research Articles
8	<b>Mid-Term</b>		
9	<b>An Introduction to the Laws and Practices of Islamic Trusts and the Distribution of a Trust upon Maturity</b>	<ul style="list-style-type: none"> <li>• Types of Contract in Shariah</li> <li>• Islamic Financing in Contemporary Setting</li> <li>• The Problem of Uncertainty (Gharar)</li> <li>• Commercial Law</li> <li>• Trust Concept in Islam</li> <li>• Islamic Trust Development</li> <li>• Islamic Trust Products</li> </ul>	Handouts & Research Articles
10	<b>Legal Aspects of Islamic Banking-Malaysian Experience</b>	<ul style="list-style-type: none"> <li>• Introduction</li> <li>• Statutory Provisions</li> <li>• Jurisdiction of the Court</li> <li>• Applicable Law <ul style="list-style-type: none"> <li>◦ Valid according to Islamic Laws</li> <li>◦ Compliance with Civil Laws</li> <li>◦ State Law</li> <li>◦ English Common Law</li> </ul> </li> </ul>	Handouts & Research Articles
11	<b>Legal and Regulatory Issues Concerning Islamic Finance's Development in Malaysia</b>	<ul style="list-style-type: none"> <li>• Primary Legal Infrastructure</li> <li>• IBF and ICM Products</li> <li>• Incentives for Islamic Finance</li> <li>• Regulatory Bodies</li> <li>• Framework for the Future</li> <li>• The MIFC Initiative Key Achievements</li> </ul>	Handouts & Research Articles
12	<b>Legal Aspects of Islamic Project Finance and Asset Securitization in Indonesia: A Vehicle for the Development of Islamic</b>	<ul style="list-style-type: none"> <li>• The Importance of Project Finance and Asset Securitization</li> <li>• The Indonesian Present Legal</li> </ul>	Handouts & Research Articles

	<b>Banking</b>	<p>Environment</p> <ul style="list-style-type: none"> <li>• Analysis on Laws related to Islamic Banking Project Finance and Assets Securitization</li> <li>• A Note for Further Development</li> </ul>	
13	<b>Legal and Regulatory Changes to Promote the Development of Islamic Banking and Finance in Singapore</b>	<ul style="list-style-type: none"> <li>• The Legal and Regulatory Framework</li> <li>• Creation of Islamic Finance Products</li> <li>• Asset Management</li> <li>• Islamic Real Estate Investment Trusts(REITS)</li> <li>• Financial and Economic Integration</li> </ul>	Handouts & Research Articles
14	<b>Lessons From Pakistan's Model</b>	<ul style="list-style-type: none"> <li>• Introduction: Pakistan's Capital Market and the Islamization Efforts</li> <li>• The Mudaraba Companies and Mudarbas: The Envisaged Concept</li> <li>• Remodeling the Regulatory Environment for a Shariah-Complaint Financial System</li> <li>• Islamic Finance and Crisis in the Conventional System</li> </ul>	Handouts & Research Articles
15	<b>Islamic Banks: Resilience and Stability-Not Immune from Crisis</b>	<ul style="list-style-type: none"> <li>• Background</li> <li>• Growth and Steady Diversification Persist, but IF is not Immune from Global Crises</li> <li>• Balance Sheet and Off-Balance Sheet (OBS) Risks for IBs</li> <li>• Liquidity Management Risks</li> </ul>	Handouts & Research Articles
16	<b>Short-Selling Replication in Islamic Finance: Innovation and Debate in Malaysia and Beyond</b>	<ul style="list-style-type: none"> <li>• What Is Short-Selling?</li> <li>• Problems with Conventional Short-Selling as Viewed from the Islamic Perspectives</li> <li>• Stock Borrowing and Lending (SBL)</li> <li>• History of Efforts to Construct a Shariah-Complaint Short Sale</li> </ul>	Handouts & Research Articles



**Case Studies and  
Seminars in Islamic  
Banking and Finance  
IB 770-**

**Fall 2018**

Program	PhD in Islamic Banking
Course Instructor	<b>Dr. Mohammad Ayaz</b>
E-mail	<b>Mohammad.ayaz@umt.edu.pk</b>
Credit Hours	<b>03</b>
Duration	<b>15 Weeks</b>
Class Schedule Time	<b>Saturday 3:30PM @ 3S-47</b>
Contact	<b>Hall # 3S40, Room # 1 Central Building- 2<sup>nd</sup> floor, South Block. UAN# 111-300-200 (Ext: 3413)</b>
Student Hours:	<b>11:00 AM to 6:00 PM (daily-subject to appointment through text message)</b>

**COURSE DESCRIPTION**

Case Studies and Seminars in Islamic Banking and Finance is a pioneering resource that provides practical insights into the real world of Islamic financial transactions, and illustrates the complexities of this rapidly growing mode of modern finance. The course is divided into three parts which covers five in depth case studies of five Islamic financial institutions, five seminars (by inviting guest speakers as experts from Islamic finance industry) and five lectures on different topics relating to the subject. Moreover, students will be facilitated to visit industry and have deep insight (practical exposure) of Islamic finance industry.

## Grading Breakup and Policy

\*Home Works/Assignments: 25%

Organizing a seminar: 25%

Mid-term: 25%

Final Exam: 25%

Passing Marks: 60%

## Course Overview

Weeks	Topics	Recommended/ Readings
1	Introduction  Islamic Banking Products: Regulations, Issues and Challenges.  The Case study of Malaysia	<ul style="list-style-type: none"><li>• An Introduction To Islamic Finance by Shaykh Mufti TaqiUsmani</li><li>• An Introduction to Islamic Finance: Theory and Practice, 2nd Edition Zamir Iqbal, Abbas Mirakhor</li><li>• The Foundations Of Islamic Banking by Ariff, M. Iqbal, M</li></ul>
2	Islamic Banking: Interest Rate Free or Interest Rate in Another Name- A study on Islamic Banking	<ul style="list-style-type: none"><li>• Interest Free System in Islam by M. M. Khan , M. H. Syed (Eds.)</li><li>• Understanding Islamic Finance by Muhammad Ayub</li></ul>
3	<b>Case Study 1.</b> The Ijara Contract as a mode of Islamic Finance. <b>Case Study 2.</b> The Musharaka Contract as a mode of Islamic Finance. <b>Case Study 3.</b> The Diminishing Musharaka Contract as a mode of Islamic Finance.	<ul style="list-style-type: none"><li>• Analysis of Growth of Ijara Investment in Pakistan (A case study on Meezan Bank) by Nousheen Abbas Naqvi &amp; Anila Perveen</li><li>• An Introduction To Islamic Finance by Shaykh Mufti TaqiUsmani</li><li>• <a href="https://www.meezanbank.com/bike-ijarah/">https://www.meezanbank.com/bike-ijarah/</a></li></ul>
4	<b>Case Study 4.1.</b> The Mudaraba Contract as a mode of Islamic Finance. <b>Case Study 4.2.</b> The Mudaraba contracts with multiple financing options. <b>Case Study 5.</b> Murabaha, Musharaka, Ijara and Ijara Wa-Iktina.	<ul style="list-style-type: none"><li>• Profit sharing ratios in mudaraba contracts revisited by Zubair Hasan INCEIF: The Global University of Islamic Finance,</li><li>• The International Journal of Banking and Finance, Vol. 7. Number 1: 2010: 1-18</li><li>• Malaysia <a href="http://epublications.bond.edu.au/cgi/viewcontent.cgi?article=1017&amp;context=ijbf">http://epublications.bond.edu.au/cgi/viewcontent.cgi?article=1017&amp;context=ijbf</a></li></ul>

5	<p><b>Case Study 6.</b> Islamic Mortgages for Home Finance.</p> <p><b>Case Study 7.</b> Sources of Finance for Islamic Banks: An Application of Profit and Loss Sharing.</p> <p><b>Case Study 8.</b> Financial Statement Analysis for Islamic Banks</p>	<ul style="list-style-type: none"> <li>• Case Studies in Islamic Banking and Finance Brian B. Kettell ISBN: 978-0-470-97801-6 Paperback 192 pages June 2011</li> <li>• Profit &amp; Loss Sharing By Muhammad Hanif. Createspace Independent Pub, 01-May-2014 - 120</li> </ul>
6	Midterm++	
7	<p><b>Case Study 9.</b> Islamic Investment Prohibitions.</p> <p><b>Case Study 10.</b> Issues involved in creating an Islamic bank within a western regulatory framework: the case of the Islamic Bank of Britain.</p>	<ul style="list-style-type: none"> <li>• Seven prohibited industries in islamic financial investments <a href="http://www.dummies.com/personal-finance/islamic-finance/seven-prohibited-industries-in-islamic-financial-investments/">http://www.dummies.com/personal-finance/islamic-finance/seven-prohibited-industries-in-islamic-financial-investments/</a></li> <li>• Why do Malaysian customers patronise Islamic banks? Asyraf Wajdi Dusuki and Nurdianawati Irwani Abdullah International Islamic University Malaysia, Kuala Lumpur, Malaysia International Journal of Bank Marketing Vol. 25 No. 3, 2007 pp. 142-160 q Emerald Group Publishing Limited 0265-2323</li> <li>• Case Studies in Islamic Banking and Finance Brian B. Kettell ISBN: 978-0-470-97801-6. June 2011</li> </ul>
8	<p><b>Case Study 11.</b> Leverage and Islamic Banking.</p> <p><b>Case Study 12.</b> Impact of Loan Defaults on Islamic and Conventional Banks.</p>	<ul style="list-style-type: none"> <li>• Leveraging islamic finance for small and medium enterprises (smes) world bank islamic development bank islamic research and training institute october, 2015</li> <li>• The Effects of the Global Crisis on Islamic and Conventional Banks: A Comparative Study. IMF Working Paper Monetary and Capital Markets Department &amp; Middle East and Central Asia Department</li> <li>• Causes of loan defaults in pakistani banks: a case study of district d.g. khan. Sci.Int.(Lahore), 27(3), 2593-2597, 2015</li> </ul>

<b>9</b>	<b>A Roundtable or Seminar on</b>  Pool Management & Distribution of Profit and Loss in financial reporting of Islamic Banks	
<b>10</b>	Outcome of the Seminar, Reporting and launching	
<b>11</b>	An empirical study on the effect of bad loans on banks' lending potential and financial performance: the case of SMEs lending in Ghana	<ul style="list-style-type: none"> <li>J. o. asantey&amp; S. tengey. Impact: International journal of research in business management (impact: ijrbrm) issn(e): 2321-886x; issn(p): 2347-4572 vol. 2, issue 11, nov 2014, 1-12 © impact journals</li> </ul>
<b>12</b>	List of Sharia Principles Practiced in Selected Islamic Countries. Bahrain, Bangladesh, Iran, Jordan, Kuwait, Malaysia, Pakistan, Sudan, Tunisia, Turkey, UAE	<ul style="list-style-type: none"> <li>Islamic Banking in Iran - Progress and challenges DR. S.Husain Ashraf , Mr. Ali AlizadehGiashi Kuwait Chapter of Arabian Journal of Business and Management Review Vol. 1, No.2; October 2011</li> </ul>
<b>13</b>	Submission of Research Projects, Presentations.	
<b>14</b>	Submission of Research Projects, Presentations.	
<b>15</b>	Final Exam	

<p><b>Textbook(s)/Supplementary Readings</b></p> <p>Recommended Texts &amp; Readings:</p> <p>Case Studies in Islamic Banking and Finance Brian B. Kettell ISBN: 978-0-470-97801-6 Paperback 192 pages June 2011</p>
<p><b>Consultancy Service</b></p> <p>During this programme consider me as your consultant and Mentor, not only for your academic matters but also for your personal problems and other non-academic matters. You are free to discuss your academic and non-academic problems (if any) with me. However to avoid inconvenience, you are advised to visit the office during prescribed office hours.</p>
<p><b>Plagiarism Policy:</b></p> <p>Plagiarism involves the unacknowledged use of someone else's work, usually in coursework, and passing it off as if it were one's own. Many students who submit apparently plagiarized work</p>

probably do so inadvertently without realizing it because of poorly developed study skills, including note taking, referencing and citations; this is poor academic practice rather than malpractice. However, some students plagiarize deliberately, with the intent to deceive. This intentional malpractice is a conscious, pre-mediated form of cheating and is regarded as a particularly serious breach of the core values of academic integrity. No credit will be given to plagiarized work or copied assignments.

\*Students are encouraged to submit their assignments before the deadline. Late assignments will not be entertained.



**Islamic Economics:  
Theory and Practice  
IB-630**

Program	MS in Islamic Banking
Semester	Fall 2018
Resource Person	Dr. Hassan Shakeel Shah
Credit Hours	03
Counseling Hours	
Course Management System	<a href="http://www.lms.umt.edu.pk">www.lms.umt.edu.pk</a>
Contact	Hassan.shakeel@umt.edu.pk

**Course Outline**

**Learning Objective:**

This course will discuss the economic rational of Islamic concepts and Islamic rules in analyzing economic activities. It will discuss and examine how Islam has played its role in several alternative concepts to business and economic strategies in different Muslim countries. Students will have an insight in to how Islam can be considered as a universal system to be applied to economic policies, business strategies and government regulations. Finally, students will gain a



unique perspective into how and why Islamic values contribute to a dynamic understanding of the business climate. This subject will also arm students with the skills to understand and apply the elements of Islamic economics to economic.

This is the basic course to introduce the basic concepts of Islamic Economics, both at the theoretical as well as practical levels. The course aims at introducing the evolution of economic thought of Muslims and its differences with the Western economic thinking. The course will enable the students analyze the issues both at the theoretical and policy sides of Islamic Economics and their solutions.

### **Learning Methodology:**

Class lectures, home assignments, quizzes, term papers and presentations by students.

### **Grade Evaluation Criteria**

Following is the criteria for the distribution of marks to evaluate final grade in a semester.

<b>Marks Evaluation</b>	<b>Marks in percentage</b>
Quizzes	10
Assignments	10
Mid Term	20
Attendance & Class Participation	05
Term Project	10
Presentations	10
Final exam	35
Total	100

### **Recommended Text Books:**

- Studies in Islamic Economics (Islamic foundation, UK) Edited by Prof. Khurshid Ahmed.
- Monetary and Fiscal Economics of Islam, Edited by Muhammad Arif.
- Islamic Economics: Theory and Practice by M.A. Mannan.

### **Reference Books:**

- Money and Banking is Islamic by Zia ud Din Ahmed, Munawar Iqbal and Fahim Khan.
- Islamic Economic by Abdul Hameed Dar and Mian Muhammad Akram

## Calendar of Course contents to be covered during semester

Course Code: **IB - 620**

Course Title: **Islamic Economics: Theory and Practice**

Week	Course Contents	Reference Chapter(s)
1	<b>Nature of and Need for Islamic Economics</b> <ul style="list-style-type: none"> <li>• Definition of Islamic economics</li> <li>• Sources of Islamic economic concept</li> <li>• Nature and Scope of Islamic economics</li> <li>• Need for Islamic economics</li> </ul>	
2	<b>Moral and Social Institutional Framework</b> <ul style="list-style-type: none"> <li>• Piety</li> <li>• Justice</li> <li>• Benevolence</li> <li>• Brotherhood</li> <li>• Equality</li> <li>• Concept of Halal and Haraam</li> <li>• Cooperation as basis of all economic policies</li> </ul>	
3	<b>Islamic Economy and Other Economic Systems</b> Fundamental features of Islamic economic system compared with capitalism and socialism	
4	<b>Role of Muslim Scholars to the Development of Economics as a Science</b> <ul style="list-style-type: none"> <li>• Contribution of early Muslim scholars with special reference to Imam Abu Ubaid-ul Qasim bin Salam, Ibn-Khaldoon, Ibne-Tamiyyah and Shah Waliullah Dehlvi</li> </ul>	
5	<b>Theory of Consumer Behavior in an Islamic Society</b> <ul style="list-style-type: none"> <li>• Principles about consumption in Islam</li> <li>• Economic significance of the principle of moderation</li> <li>• Behavior of Muslim consumer</li> <li>• Consumers Equilibrium</li> </ul>	
6	<b>Behavior of firm in an Islamic way</b> <ul style="list-style-type: none"> <li>• Islamic approach to production</li> <li>• Private property and its role in Islamic socio-economic order with the limits on private ownership in Islam.</li> </ul>	
7	<b>Behavior of firm in an Islamic way</b> <ul style="list-style-type: none"> <li>• Islamic approach to production</li> <li>• Private property and its role in Islamic socio-economic order with the limits on private ownership in Islam.</li> </ul>	
8	<b>MIDTERM SESSION</b>	
9	<b>Distributive Justice in an Islamic Economy</b> Prohibitive and Corrective measures to bring about equitable distribution of income and wealth	

10	<b>Prohibition of Interest, Banking and Monetary policy in the framework of Islamic Economics</b> <ul style="list-style-type: none"> <li>Economic rationale for prohibition of interest, model of Islamic banking, central banking and monetary policy in an Islamic framework.</li> </ul>	
11	<b>Islamic Modes of Finance</b> <ul style="list-style-type: none"> <li>Mudarabah, Musharakah, Bai, Salam, Murabahah, Istisna, Ijara, and their viability.</li> </ul>	
12	<b>Fiscal Policy of an Islamic State</b> <ul style="list-style-type: none"> <li>Objectives of fiscal policy of an Islamic state, Theory and Taxation in Islam, Principles of Public expenditure, Role of Zakat as an instrument of fiscal policy in an Islamic economy.</li> </ul>	
13	<b>Economic Development in an Islamic Framework</b> <ul style="list-style-type: none"> <li>Islamic concept of economic development</li> <li>Goals and strategy of economic development in Islamic framework</li> </ul>	
14	<b>Economic role of Islamic Welfare State</b>	
15	<b>Group Presentations</b>	



**Selective Studies In  
Arabic Literature  
IB 605**

Program	MS in Islamic Banking
Semester	Fall 2018
Resource Person	Dr. Hassan Shakeel Shah
Credit Hours	03
Counseling Hours	
Course Management System	<a href="http://www.lms.umt.edu.pk">www.lms.umt.edu.pk</a>
Contact	hassan.shakeel@umt.edu.pk

**Course Outline**

**Learning Objective:**

Arabic is the language of Qur'an and Hadith, it is the original source to access the fundamental teachings of Shariah. To learn Arabic literature has opened the doors of creativity and innovation broadly to Muslim Ummah to develop their economic activities in fulfilling their needs in the light of divine guidance. It also enables students to understand the nature of Fiqh discipline, the availability of several opinions of Islamic jurists pertaining to an issue. With this understanding in mind, it can be derived that understanding the Arabic language is imperative in the area of Islamic banking and finance.

The subject shall contribute to the understanding and acceleration of the method of Islamic Economics and Finance from the Shariah perspective, as it is a most imperative tool for the Islamic financial institutions to meet their increasing concern about business scenario.

### **Learning Methodology:**

#### **Class preparation and participation:**

Students are required to read assigned material before coming to class. The instructor will assess student's level of preparation by raising questions on the assigned topics.

#### **Examinations:**

As per the University policy

#### **Assignments and Presentations:**

All assignments for formal evaluation must be typed and submitted by the specified due dates. Topics of assignments would be assigned by the course instructor from the given topics. Each student will be required to make fifteen minutes class presentation on the topic assigned.

#### **Class Attendance:**

Attendance policy of the university would be strictly followed.

### **Grade Evaluation Criteria**

Following is the criteria for the distribution of marks to evaluate final grade in a semester.

<b>Marks Evaluation</b>	<b>Marks in percentage</b>
Quizzes	15
Assignments	15
Mid Term	25
Attendance & Class Participation	10
Term Project	00
Presentations	00
Final exam	35
Total	100

### **Recommended Text Books/Readings:**

1. Course pack will be provided in the class, via email and through Moodle Account

### **Calendar of Course contents to be covered during the semester**

Course Code: **IB - 705**

Course Title: **Selective Studies of Arabic Literature on Islamic Finance**

<b>Week</b>	<b>Course Contents</b>	<b>Reference Chapter(s)</b>
1	Study of Quranic verses on Islamic Finance Grammar (1)	
2	Study of selected Ahadith on Islamic Finance Grammar (2)	
3	Study of selected texts of Fiqh on Islamic Finance Spoken Arabic	
4	Study of Quranic verses on Islamic Finance (2) Grammar (3)	
5	Study of selected Ahadith on Islamic Finance (2) Spoken Arabic (2)	
6	Study of selected texts of Fiqh on Islamic Finance (2) Grammar (4)	
7	Study of Quranic verses on Islamic Finance (3) Grammar (5)	
8	<b>MIDTERM EXAM</b>	
9	Study of selected Ahadith on Islamic Finance (3) Spoken Arabic (3)	
10	Study of selected Legal Maxims of Fiqh on Islamic Finance Grammar (6)	
11	Study of selected Legal Maxims of Fiqh on Islamic Finance (2) Grammar (7)	
12	Study of selected texts of Kitab al Kharaj Grammar (8)	
13	Study of selected texts of Kitab al Amwal Grammar (9)	
14	Study of selected texts of Hidayah Spoken (4)	
15	Study of selected texts of Alfiqh al Islami wa Adillatuhoo Grammar (10) Spoken Arabic (5)	



## **Risk Management in Islamic Banking: IB 665**

Program	MS in Islamic Banking
Semester	Fall 2018
Resource Person	Dr. Hassan Shakeel Shah
Credit Hours	03
Counseling Hours	Tue – Thu, 2:00 PM – 5:00 PM
Course Management System	<a href="http://www.lms.umt.edu.pk">www.lms.umt.edu.pk</a>
Contact	Hassan.shakeel@umt.edu.pk

### **Course Outline**

#### **Learning Objective:**

The important objective of introducing this course is to familiarize students with the inherent risks and challenges in Islamic banking and finance and to keep them aware of the ways for their analysis, management and mitigation. This is a basic course to introduce the crucial concepts of risk analysis in Islamic banking by a better understanding of the role and importance of solid regulatory framework, both at the theoretical as well as practical levels. The course aims at introducing the evolution of Islamic Economics & Finance and its differences with the western thinking. Secondly, reviews the nature of risk in Islamic banks & Islamic Financial instruments and highlights critical roles of sound corporate governance. Finally, it considers the regulatory framework and its specific features for Islamic banks. The course will enable the students to analyze the issues both at the theoretical and policy sides of Islamic risk analysis and their appropriate solutions.

### **Learning Methodology:**

Class lectures, home assignments, quizzes, term papers and presentations by students.

### **Grade Evaluation Criteria**

Following is the criteria for the distribution of marks to evaluate final grade in a semester.

<b>Marks Evaluation</b>	<b>Marks in percentage</b>
Quizzes	10
Assignments	10
Mid Term	20
Attendance & Class Participation	05
Term Project	10
Presentations	10
Final exam	35
Total	100

### **Recommended Text Books:**

- **HENNIE VAN GREUNING AND ZAMIR IQBAL** *Risk Analysis for Islamic Banks*, The World Bank, Washington D.C.

### **Reference Books:**

1. Usmani, Muhammad Taqi. (1998) *An introduction to Islamic finance*, published by Idaratul Ma'arif, Karachi, Pakistan
2. Ayub, Muhammad, (2007) *Understanding Islamic finance* / Muhammad Ayub John Wiley & Sons, Hoboken, N.J
3. Kettel, Brian B. (2011). *An Introduction to Islamic Banking and Finance*/ Brian B Kettell Wiley Finance
4. Tiby, Amr Mohamed El(2011). *Islamic Banking: How to Manage Risk and Improve Profitability*/, Amr Mohamed El Tiby Wiley Finance
5. Kettel, Brian B. (2011). *Case Studies in Islamic Banking and Finance*/ Brian B Kettell Wiley Finance



## Course Outline

Week	Topic	Activities	Helping/Extra Material
1	<b>Introduction &amp; History</b>	<ul style="list-style-type: none"> <li>• History &amp; Development of Islamic Banking</li> <li>• Principles of Islamic Finance</li> <li>• Shari'ah—the Law</li> <li>• Islamic Economic and Financial Systems</li> <li>• Development and Growth of Islamic Finance</li> <li>• Regulatory Agencies for Islamic Financial Services</li> <li>• Recent Trends in Islamic Financial Markets</li> </ul>	Handouts & Research Articles
2	<b>Theory and Practice of Islamic Financial Intermediation</b>	<ul style="list-style-type: none"> <li>• The Inherent risk in Islamic Banking Instruments               <ul style="list-style-type: none"> <li>○ Murabaha</li> <li>○ Salam &amp; Parallel Salam</li> <li>○ Istisna and Parallel Istisna</li> <li>○ Ijarah &amp; Ijarah Muntahia Bittamleek</li> <li>○ Mudarabah</li> <li>○ Musharakah &amp; Diminishing Musharakah</li> </ul> </li> </ul>	Handouts & Research Articles
3	<b>Risks In Islamic Banking</b>	<ul style="list-style-type: none"> <li>• The concept of risk and risk management</li> <li>• The Nature of Risk in Islamic Banking</li> <li>• Banking Risk &amp; Inherent Risk Associated with IIFS</li> <li>• Shariah non-compliance risk</li> </ul>	Handouts & Research Articles
4	<b>Corporate Governance and Risk Management</b>	<ul style="list-style-type: none"> <li>• Supervisory Authorities: Monitoring Risk Management</li> <li>• Supervisory Review Process</li> <li>• The Shareholders: Appointing Risk Policy Makers</li> <li>• The Board of Directors: Ultimate Responsibility for a Bank's Affairs</li> <li>• Management: Responsibility for Bank Operations and the Implementation of Risk Management Policies</li> <li>• The Audit Committee and Internal Auditors: An Assessment of the Board's Risk Management</li> <li>• External Auditors: A Reassessment of the Traditional Approach of Auditing Banks</li> <li>• The Role of the General Public</li> </ul>	Handouts & Research Articles

5	<b>Framework for Risk Analysis</b>	<ul style="list-style-type: none"> <li>• Risk Exposure and Management</li> <li>• Understanding the Risk Environment</li> <li>• Risk-Based Analysis of Banks</li> <li>• Analysis versus Computation</li> <li>• Analytical Tools &amp; Techniques <ul style="list-style-type: none"> <li>○ Capital Adequacy Standard</li> <li>○ Determination of Risk weights</li> </ul> </li> </ul>	Handouts & Research Articles
6	<b>Credit Risk Management</b>	<ul style="list-style-type: none"> <li>• Formal Policies for Managing Credit Risk</li> <li>• Policies to Reduce Credit Risk</li> <li>• Credit Risk Specific to Islamic Banks</li> <li>• Analyzing Credit Risk in the Asset Portfolio</li> <li>• Asset Classification &amp; Loss Provisioning Policies</li> <li>• Review of Risk Management Capacity</li> </ul>	Handouts & Research Articles
7	<b>MID-TERM</b>		
8	<b>ALM, Liquidity, Market and Operational Risks</b>	<ul style="list-style-type: none"> <li>• Asset-Liability Management (ALM)</li> <li>• Liquidity Risk</li> <li>• Market Risk</li> <li>• Market Risk Measurement &amp; Management</li> <li>• Operational Risk</li> <li>• Noncompliance with Shariah Rules and Principles</li> <li>• Fiduciary Risk</li> <li>• Legal Risk</li> <li>• Reputational Risk</li> </ul>	Handouts & Research Articles
9	<b>Structure of Islamic Financial Statements</b>	<ul style="list-style-type: none"> <li>• Balance-Sheet Structure <ul style="list-style-type: none"> <li>○ Composition of Assets</li> <li>○ Composition of Liabilities</li> <li>○ Equity</li> <li>○ Balance-Sheet Growth &amp; Structural Change</li> </ul> </li> <li>• Income Statement Structure <ul style="list-style-type: none"> <li>○ Composition of the Income Statement</li> <li>○ Income Structure &amp; Earnings Quality</li> <li>○ Profitability Indicators &amp; Ratio Analysis</li> </ul> </li> </ul>	Guest Speaker
10	<b>Governance Issues in Islamic Banks/ Shariah Governance and Shariah Non-</b>	<ul style="list-style-type: none"> <li>• Stakeholder-Based Governance Model</li> <li>• Role and Responsibilities of Shariah Boards</li> <li>• Issues in Shariah Governance</li> <li>• Shariah Review Units and Other Structures</li> <li>• Improvement in Shariah Governance</li> </ul>	Handouts & Research Articles

	<b>Compliance Risk Management</b>	<ul style="list-style-type: none"> <li>• Investment Account Holders as Stakeholders</li> <li>• Financial Institutions as Stakeholders</li> <li>• Shariah Risk and its possible implications</li> <li>• Internal and external causes/events of shariah non-compliance risk</li> <li>• Shariah non-compliance risk management</li> </ul>	
11	<b>Transparency and Data Quality</b>	<ul style="list-style-type: none"> <li>• Transparency and Accountability</li> <li>• Limitations of Transparency</li> <li>• Transparency in Financial Statements</li> <li>• Disclosure and Data Quality framework</li> <li>• Deficiencies in Accounting Practices</li> <li>• Applicability of IFRS to Islamic Banks</li> </ul>	Handouts & Research Articles
12	<b>Capital Adequacy and Basel I &amp; II</b>	<ul style="list-style-type: none"> <li>• Significance of Capital in Banking</li> <li>• Islamic Capital Market - Sukuk</li> <li>• Capital Adequacy Regulations</li> <li>• Capital Adequacy Methodology for Islamic Banks</li> <li>• Basel I and Basel II</li> <li>• Pillar 1: Capital Adequacy Requirement</li> <li>• Pillar 2: Supervisory Review</li> <li>• Pillar 3: Market Discipline</li> </ul>	Handouts & Research Articles
13	<b>Relationship between Risk Analysis and Bank Supervision</b>	<ul style="list-style-type: none"> <li>• The Risk Analysis Process</li> <li>• The Supervisory Process</li> <li>• Consolidated Supervision</li> <li>• Supervisory Cooperation with Internal and External Auditors</li> </ul>	Handouts & Research Articles
14	<b>Risk Management in Islamic Banking</b>	<ul style="list-style-type: none"> <li>• Islamic Banking: How to Manage Risk and Improve Profitability</li> </ul>	Guest Speaker
15	<b>Future Challenges</b>	<ul style="list-style-type: none"> <li>• Areas for Improvement</li> <li>• Steps Forward: Some Recommendations</li> <li>• Regulation, Governance, and Transparency</li> </ul>	Handouts & Research Articles



**IB – 610**  
**Islamic Banking and Finance**  
**Fall 2018**

Program	MS Islamic Banking and Finance
Course Instructor	
E-mail	<b>talat.hussain@umt.edu.pk</b>
Credit Hours	<b>03</b>
Duration	<b>15 Weeks</b>
Class Schedule Time	
Contact	<b>Hall # 3S40, Room # 1 Central Building- 2<sup>nd</sup> floor, South Block. UAN# 111-300-200 (Ext: 3413)</b>
Student Hours:	<b>11:00 AM to 6:00 PM (daily-subject to appointment through text message)</b>

**COURSE DESCRIPTION**

This course will discuss Finance which is re-emerging field as a financial system based upon Islamic Ideology. Islamic financial theories are founded in avoidance of concentration of wealth, prohibition of Riba, elimination of income inequality and poverty reduction along with welfare (Falah) objectives i.e. social well being of the society at large. At a macro level, the Central Bank of a country has the overall responsibility to establish institutions and frame such policies which are in accordance with the principles laid down in Sharia, Quran and also in line with Sunnah and teachings of the Prophet (PBUH). The course includes the theories and policies of Islamic Finance including, Investments, Financing, Trade, Commerce and Banking in the Micro/Macro-Economic framework. At a basic level, it covers ethical dimension of Islamic finance; the financing mechanisms used in; and the supervision of Islamic institutions

both by the central banks and by the Shari'ah supervisory boards. A number of case studies will be examined as well as key research studies relating to the most critical issues in Islamic finance. Students will be able to analyze the ethical foundations of Islamic finance and appreciate its place in the wider understanding of Islam and its adherents. The important objective in introducing this course is to familiarize students with the Islamic ideology regarding finance and to keep them aware of this re-emerging field.

## **University of Management and Technology**

### **Course Outline**

Course Code: **IB - 610**

Course Title: **Islamic Banking and Finance**

Program	MS Islamic Banking and Finance (MS – IBF)
Credit Hours	03
Duration	15 weeks (15 sessions)
Prerequisites	N/A
Resource Person	DR.TALAT HUSSAIN
Counseling Timing (Room# 3-S-40)	

Contact	
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\*The course is divided into 5 modules which are being taught by 5 different resource persons

**Chairman/Director signature.....**

**Dean's signature.....**

**Date.....**

**Grade Evaluation Criteria**

Following is the criteria for the distribution of marks to evaluate final grade in a semester.

<b>Marks Evaluation</b>	<b>Marks in percentage</b>
Quizzes	10
Assignments	05
Mid Term	25
Term Project & Presentations	20
Class participation	05
Final exam	35
Total	100

**Recommended Text Books:**

Books are recommended at the end of each faculty member course outline.

**Reference Books:**

Reference books are recommended at the end of each faculty member course outline.

## Course Outline

week	Topic	Activities	Helping/Extra Material
1	<b>Introduction</b>	<ul style="list-style-type: none"> <li>• Foundational Concepts</li> <li>• Islam's Concept of Justice</li> <li>• Shari'ah—the Law</li> <li>• Islamic Economic and Financial Systems</li> <li>• Modern History of Islamic Banking and Financial Services</li> </ul>	Handouts & Research Articles
2	<b>An Introduction to Shari'ah</b>	<ul style="list-style-type: none"> <li>• Brief introduction to Shari`ah , Fiqh and Usul Al-Fiqh</li> <li>• The Qur´an. Characteristics of Qur´anic legislation</li> <li>• Sunnah. Its place in Islamic legislation</li> <li>• Ijtihad. Its Meaning and techniques</li> <li>• Ijma` and other sources</li> <li>• Qiyas</li> </ul>	Handouts & Research Articles
3	<b>Sources of Fiqh:</b>	<p>Textual Sources:</p> <ul style="list-style-type: none"> <li>• The Qur´an. Characteristics of Qur´anic legislation</li> <li>• Sunnah. Its place in Islamic legislation</li> <li>• Ijtihad. Its Meaning and techniques</li> <li>• Ijma` and other sources</li> <li>• Qiyas</li> <li>•</li> </ul>	Handouts & Research Articles
4	<b>Objectives of fiqh</b>	<ul style="list-style-type: none"> <li>• Theory of Maqasid</li> <li>• The aims and purposes of Fiqh and Usul Al-Fiqh</li> </ul>	Handouts & Research Articles

5	<b>Financial Instruments</b>	<ul style="list-style-type: none"> <li>• Transactional Contracts</li> <li>• Financing Contracts</li> <li>• Intermediation Contracts</li> <li>• Appendix B: Islamic Instruments: Historical Background</li> </ul>	Handouts & Research Articles
6	<b>Riba vs. Rate of Return</b>	<ul style="list-style-type: none"> <li>• The Concept of Riba in Islam</li> <li>• Definition of Riba</li> <li>• Rationale for the Prohibition of RIBA</li> <li>• Promoting Profit and Risk Sharing</li> <li>• Lack of Theory of Interest</li> <li>• Appendix A: Usury, Riba and Interest: A Historical Perspective</li> <li>• Islam and Interest</li> </ul>	Handouts & Research Articles
7	<b>The Stability of Islamic Financial System</b>	<ul style="list-style-type: none"> <li>• What is Financial Stability?</li> <li>• Financial Stability of Islamic Finance</li> <li>• Conclusion</li> </ul>	Handouts & Research Articles
8	<b>Mid-Term</b>		
9	<b>Capital Markets</b>	<ul style="list-style-type: none"> <li>• Stock Markets and Islamic Funds</li> <li>• Development of Equity Markets</li> <li>• Securitized Market: Sukuk</li> <li>• Non Bank Financial intermediation</li> </ul>	Handouts & Research Articles
10	<b>Performance of Islamic Financial Services</b>	<ul style="list-style-type: none"> <li>• The Efficiency of Islamic Banks</li> <li>• Performance of Islamic Capital Markets</li> <li>• Corporate Social Responsibility</li> <li>• Performance in Crisis Period</li> <li>• Bank Failures</li> </ul>	Handouts & Research Articles
11	<b>Financial Engineering</b>	<ul style="list-style-type: none"> <li>• Financial Engineering in the Islamic Financial System</li> <li>• Lessons from the Financial Crisis</li> <li>• Challenges for Financial Engineering in Islamic Finance</li> <li>• Conclusion</li> <li>• Appendix C Potential Applications of Financial Engineering</li> <li>• Synthetic Currency Forward Contract</li> <li>• Currency SWAP</li> </ul>	Handouts & Research Articles



		<ul style="list-style-type: none"> <li>• Rate-of-Return Swap</li> <li>• Development of an Islamic Benchmark</li> </ul>	
12	<b>Regulation of Islamic Financial Institutions</b>	<ul style="list-style-type: none"> <li>• Introduction</li> <li>• Distinctive Features of Regulating IFIs</li> <li>• IFIs as Universal Banks</li> <li>• Capital Adequacy Requirement for IFIs</li> <li>• Bank Supervision and Market Discipline</li> <li>• Regulation of IFIs: Looking Forward</li> <li>• Post-Crisis Regulatory Environment and Impact on IFIs</li> </ul>	Handouts & Research Articles
13	<b>Corporate Governance</b>	<ul style="list-style-type: none"> <li>• An Islamic Perspective: Stakeholder-Oriented Governance</li> <li>• The Significance of Trust</li> <li>• Corporate-Governance Issues of IFIs</li> <li>• Lessons from the Current Financial Crisis</li> </ul>	Handouts & Research Articles
14	<b>Globalization and its Challenges/Issues and Challenges</b>	<ul style="list-style-type: none"> <li>• Development of Theoretical Foundation</li> <li>• Development of Economic Institutions</li> <li>• Reluctance to Promote Risk Sharing</li> <li>• Financial System, Architecture and Infrastructure</li> <li>• Limited Market-Based Financial Intermediation</li> <li>• Expanding Scope of Financial Intermediation</li> <li>• Wealth Management</li> <li>• Risk Management Framework</li> <li>• Regulatory and Governance Issues</li> </ul>	Handouts & Research Articles