

Diploma in Islamic Banking Examination, May-2023

Part : I Subject Code: 101

Subject Name: Alternative Financial System

Full Marks: 100 Pass Marks: 45

Time: 3 Hours

(Answer **any 5 (five)** of the following questions. The figures in the right margin indicate full marks.)

1. a) Define the term 'Alternative Financial System'. 5
b) It is often argued, 'Alternative Financial System promotes Ethical Finance' Give your opinion. 7
c) Is there any difference between Interest Free Banking and Islamic Banking? Justify your answer. 8
2. a) Give an overview of historical development of Islamic Banking worldwide. 8
b) What is Sharia'h? How can an Islamic bank ensure Sharia'h compliance in its day to day operations? 6
c) Narrate the role and functions of Sharia'h Supervisory Board (SSB) of an Islamic Commercial Bank. 6
3. a) Define Islamic Banking. 4
b) What are the reasons behind the popularity of Islamic banking in Bangladesh? Justify your opinion. 8
c) What do you mean by AAOIFI? Evaluate its contributions in the progress and development of Islamic finance worldwide. 8
4. a) Explain the major prohibitions in Islamic financial transactions. 6
b) Define the term Takaful. Develop a process flow of an Islamic Insurance operation based on Wakala concept/model. 7
c) What are the risks associated with the transactions based on Musharaka, Murabaha and Ijarah? 7
5. a) Define Riba. Give an example of Riba an-Nasiah. 5
b) Describe the economic and social harms of Riba. 7
c) What do you understand by Liquidity Management? What liquidity management tools do you suggest for Islamic banking operations in Bangladesh? 8
6. a) "Fasten the camel first and then depend on Allah"- this Hadith of Prophet Muhammad (pbuh) is referred to as Fundamental of Islamic Risk Management. Explain. 6
b) What are the implications of Sharia'h non-compliance risk in Islamic banks? Suggest the preventive measures to stop Sharia'h non-compliance in Islamic banks. 8
c) How Asset Backed Sukuk is different from Asset Based Sukuk? To you, which is more sharia'h complaint? 6
7. a) Define Sukuk. What are the types of Sukuk? 4
b) Describe the process flow of Ijarah Sukuk highlighting the different parties to it. 8
c) Explain the major challenges and opportunities for developing a vibrant Sukuk market in Bangladesh. 8
8. Write short notes on **any 5 (Five)** of the following 4 × 5 = 20
 - a. Banking Murabaha
 - b. IFSB, IIFM
 - c. Maisir
 - d. MDB
 - e. Wadeah, Qard
 - f. Musharaka, Mudaraba
 - g. Sukuk al-Murabaha
 - h. Islamic Banks Liquidity Facility (IBLF)