

THE INSTITUTE OF BANKERS PAKISTAN

ISQ Examination (Winter-2011)

Islamic Banking & Finance – Stage-III

Section-I

Multiple Choice Questions

Number of Questions: 30

Marks: 45

Allotted Time: 60 minutes

Section-II

Constructed Response Questions

Number of Questions: 09

Marks: 55

Allotted Time: 120 minutes

- Q.31** Islamic Financial Accounting Standard-1 (IFAS-1) has been adopted by Islamic Banks under which Murabahah is recorded differently from conventional financing. Discuss how IFAS-1 requires Islamic Bank to record the Murabahah Transaction Process flow Recording.
- Q.32** Consider yourself a Relationship Manager of Islamic Consumer Financing Department. How would you explain the differences between Islamic House Finance (under Diminishing Musharakah) and Conventional House Finance to your prospective Customers.
- Q.33** What is Istisna? Describe its basic rules. How Istisna can be used to finance construction of highway between Karachi and Hyderabad on BOT basis?

- Q.34** What do you understand by Diminishing Musharakah? Describe step by step transaction of a house financing agreement drawn on the basis of Diminishing Musharika.
- Q.35** Profit given on Saving Accounts and Fixed Deposits is interest which is forbidden in Islam. State the Shariah compliant mechanism through which customers receive return on their deposits in an Islamic Bank and briefly describe the mechanism.
- Q.36** What are the four basic rules for judging the validity of conditions in a contract as per the Islamic Jurisprudence?
- Q.37** What are the factors of Production in Capitalist, Socialist and Islamic System? How is wealth distributed among the factors of production in each of these systems? Differentiate between the concept of Capital in Capitalist and in Islamic System.
- Q.38** Conventional Insurance is unlawful in Shariah due to the presence of Riba, Maisir and Gharar. Suggest a Shariah compliant alternative to Conventional Insurance and the concept behind how it works.
- Q.39** Consider an Islamic Bank where total Investment of the bank is Rs. 150 million. This amount is raised by both the depositors and shareholders.

Investment by depositors: Rs. 100 Million
Investment by shareholders: Rs. 50 Million

It has been agreed that the shareholders as managing partners will get 1/3 of the profit and the remaining will be distributed equally between depositors and shareholders as per the Modarabah contract.

If the bank has made a profit of Rs. 24 Million.

- A) Allocate the profit between the shareholders and depositors as per Modarabah agreement.**
- B) In what capacity both the shareholders and depositors will receive profit?**
