

2608HUM

Islamic Banking and Finance

Semester 2 2009

Academic Organisation:	School of Humanities
Faculty:	Faculty of Humanities & Social Sciences
Credit point value:	10
Student Contribution Band:	Band 1
Course level:	Undergraduate
Campus/Location/Learning Mode:	Nathan / On Campus / In Person
Convenor/s:	Mr Mahmood Nathie (Nathan)
Enrolment Restrictions:	Nil
This document was last updated:	21 May 2009

BRIEF COURSE DESCRIPTION

This course will introduce students to the nature and foundations of Islamic law and the important role it plays in the economic and financial institutions in the Muslim world. It will explore the growth of Islamic banking from the 1960s onwards into an international multi-billion dollar venture covering both the Islamic and non-Islamic worlds; the relationship between finance and Islamic law; basic principles of Islamic economics; the framework of Islamic finance; the nature of Islamic banking and finance; the concept of money in Islam; the prohibition of interest; the ethical dimension of Islamic banking; the financing mechanisms used in Islamic banking; and the supervision of Islamic banks both by the central banks and by the Shari'ah supervisory boards. A number of case studies of Islamic banks will be examined as well as key contracts and financial statements. Students will also explore how Islamic banking differs from the conventional interest-based banking system.

SECTION A – TEACHING, LEARNING AND ASSESSMENT

COURSE AIMS

The emergence of Islamic Banking & Finance (IB&F) has added a new dimension to the study of finance and economics. This course introduces students to the study of IB&F for the first time. It covers aspects of: the Islamic financial system; its emergence; the underlying principles and concepts on which it is premised; the manner in which Islamic ethics are infused in financial practices and, the financial products and instruments used by banks and institutions in practice. This course is meant for study by finance as well as non-finance students. The course aims:

- To familiarise students with developments in global financial and capital markets in relation to faith-based banking and finance;
- Provide students with an overview of Islamic finance law, regulations and aspects of the Islamic banking system;
- Provide students with an understanding of Islamic banking products and concepts;
- Challenges faced by Islamic banks, and
- Add a new facet to the study of finance

LEARNING OUTCOMES

On completion of this course, students should be able to:

- Acquire a sound understanding of the basic laws and rules applied in Islamic finance
- Comprehend faith-based banking and finance models and products and their practical significance as alternatives to conventional banking and finance
- Be able to analyse the ethical foundations of Islamic finance and appreciate its place in the wider understanding of Islam and its adherents
- Apply knowledge of IB&F through a practical understanding of concepts and principles

CONTENT, ORGANISATION AND TEACHING STRATEGIES

The course content extends over 12 weeks. Each lecture is designed to cover specific topics. Since Islamic finance relies heavily on shariah-based concepts and legal issues, the lectures complement and expand on essential principles, concepts and issues covered in the prescribed text, literary works and journal articles. The tutorials expand on issues discussed in lectures and provide valuable input to students who may experience difficulty in comprehending the workings and mechanics of Islamic financial instruments. Additionally, lab sessions provide practical demonstrations of theory and concepts.

CONTACT SUMMARY

Students are encouraged to partake in classroom discussions and debates. In addition, preference is given to explaining concepts and principles in greater detail during tutorials and lab sessions. However, students are urged to undertake essential readings from texts and other sources in preparation for lectures. Arrangements may be made during lecture, tutorial and lab sessions for private consultations and assistance with assignments.

CONTENT SUMMARY

Week 1

The Islamic financial system: emergence; principles and concepts; framework; place in financial markets; major norms and ethical foundations

This lecture formally introduces the concept of Islamic finance. Two juristic sources underpin the principles, concepts and ethics of Islamic finance namely – the Qur'an and the Sunnah (the prophetic traditions). Laws derived from these sources together with juristic precedents constitute the *shariah* and establishes the bases for and the practices found in contemporary Islamic banking. The concepts of *riba*, *gharar* and *maysir* are dealt with comprehensively for a deeper appreciation of the principles underlying financial transactions. Conventional and Islamic banking and finance principles are contrasted, looking at their principal components. Both systems exhibit a number of ethical commonalities albeit that faith and beliefs constitute the fundamental bases for Islamic finance.

Readings:

Mohammed Obaidullah: *Islamic Financial Services*, Ch. 1 & 2

Further Readings:

Abdullah Saeed: *Islamic Banking and Interest*, selected readings

Haron & Sanmugam: *Islamic Banking System: Concepts and Applications*, Ch. 3 & 4

Khair, Gupta & Shanmugam: *Islamic Banking: A Practical Perspective*, Ch. 2 & 3

Articles:

Al-Suweilem, S. (2000). Towards an Objective Measure of *Gharar* in Exchange. *Islamic Economic Studies*, 7(1&2), 61-102.

El-Gamal, M. A. (2001). An Economic Explication of the Prohibition of *Riba* in Classical Islamic Jurisprudence. Retrieved February 21, 2007, from <http://www.ruf.rice.edu/elgamal>

Rahman, F. (1964). *Riba and Interest*. *Islamic Studies*, 3(1), 1-43.

Week 2

Conventional versus Islamic banking and finance: similarities and differences

We focus on the characteristics of financial systems within conventional and Islamic finance that facilitate the flow of funds between surplus and deficit units. Significant differences characterise the intermediation processes in both systems. Islamic banks and institutions act as trustees (*amanah*) of depositor's funds; for safekeeping through *wadiah* accounts and, for transacting on an agency bases (*wakalah*) on behalf of clients. Fees are charged for services rendered and no money lending on interest is tolerated. Conversely, clients in conventional banks are creditors – banks borrow money from depositors and lend out on interest. While many Islamic finance products may resemble conventional ones, they differ essentially with respect to issues related to interest and in bank/client relationships. For this reason the mechanics of *wadiah* and *mudarabah* deposit instruments are explored as well as the nature of other deposit products.

Readings:

Mohammed Obaidullah: *Islamic Financial Services*, Ch. 3 & 4

Haron & Sanmugam: *Islamic Banking System: Concepts and Applications*, Ch. 5 pp. 91-108

Khair, Gupta & Shanmugam: *Islamic Banking: A Practical Perspective*, Ch. 5 pp. 62-88

Kazarian, E. G. (1993). *Islamic versus Traditional Banking: Financial Innovations in Egypt*. Boulder, Colorado: Westview Press.

Articles:

Ariff, Mohamed., (1998). "Islamic Banking," *Asian-Pacific Economic Literature*, Vol. 2, No. 2 (September), pp. 46–62.

Ahmad, Z. (1994). Islamic Banking: State of the Art. *Islamic Economic Studies*, 2(1), 1-34.

Kahf, Monzer (2005). Islamic Banking and Development: An Alternative Banking Concept? <http://monzer.kahf.com/papers.html>

Week 3

Equity based financing products: *mudarabah* & *musharakah*

Islamic equity-based products fundamentally establish the extent of equity ownership in underlying assets and investments. The intermediation (equity ownership) process involves the use of *mudarabah* and *musharakah* instruments that are often referred to as 'trustee projects' or 'joint venture' financing. Clients and investors using these instruments contract as joint or co-owners with the bank under agreed profit/loss sharing arrangements. Where the bank is the prime initiator of the project, different profit/loss consequences emerge. For this reason risk evaluation has become an important determinant under this financing arrangement and it is not unusual to find that many Islamic banks actually shun these financial practices. However, of all Islamic financing instrumentalities, the *mudarabah* and *musharakah* concepts are held by many shariah scholars to be the purest form of Islamic financing and yet the least practiced by financial institutions. A recent exception to this trend, is the innovative declining *musharakah* (known as the *musharakah mutanaqisah*) instrument that is progressively replacing other home financing models. At its basic, this model involves joint ownership of homes under arrangements whereby the bank's equity in the underlying asset decreases over time with a corresponding increase in the clients' equity.

Readings:

Mohammed Obaidullah: *Islamic Financial Services*, Ch. 5

Khair, Gupta & Shanmugam: *Islamic Banking: A Practical Perspective*, Ch. 5 pp. 157-167

Taqi Usmani: *An Introduction to Islamic Finance*, pages 27-91 selected readings

Securities Commission, M. (2006). *Resolutions of the Securities Commission Shariah Advisory Council* (2 ed.). Kuala Lumpur: Author.

Articles:

Kahf, Monzer (2005). Islamic Finance: Business as Usual. <http://monzer.kahf.com/papers.html>

Week 4

Debt based financing products – Part 1: *BBA*; *murabahah*; *ijarah*

In this lecture we take a closer look at the debt-based mechanisms of *murabahah*; *bai-bithaman-ajil* (*BBA*) and *ijarah*. The common characteristic in all these instruments is the primary function of the bank as principal debt provider. Consequently, from the banks' perspective, risk/return considerations become significant issues in banking practices. This concern is emphasised when considering current debt servicing problems confronting clients and banking institutions, including Islamic banks. This leads to a discussion of asset securitisation and the practices adopted to minimise bank risk exposure. Of the debt-based products, the *BBA* instrument has attracted a lot of (adverse) attention partially because of its legal obscurities and close resemblance to *riba*-based practices. Although widely practiced in Malaysia, *BBA* has been replaced by an equally controversial product in some MENA countries through the practice of *tawarruq*. A further consideration is the wide use of *murabahah* and the *ijarah* contracts as preferred financial instruments among Islamic financial institutions. These two instruments are presently major revenue earners for most Islamic institutions and their widespread use has effectively subsumed reliance on equity-based products as revenue substitutes. A variant of the *ijarah* instrument – in the form of debt-based *sukuk ijara* – is also used extensively in capital markets as debt leveraging instruments by corporations and utility enterprises. We look at why this is so and the preference by banks for debt over equity financing.

Readings:

Mohammed Obaidullah: *Islamic Financial Services*, Ch. 6

Khair, Gupta & Shanmugam: *Islamic Banking: A Practical Perspective*, Ch. 6

Taqi Usmani: *An Introduction to Islamic Finance*, pages 95-151 selected readings

Securities Commission, M. (2006). *Resolutions of the Securities Commission Shariah Advisory Council* (2 ed.). Kuala Lumpur: Author.

Articles:

Kahf, Monzer (2005). Islamic Finance: Business as Usual. <http://monzer.kahf.com/papers.html>

Week 5

Debt based financing products – Part 2: *salam*; *istisna*; *qard hasan*

This lecture focuses on other less well-known and under-utilised debt-based instruments. These include the *salam*; *istisna*; *istijrar* and *qard*. The deferred delivery sale (*salam*) facility dates back many centuries as a mechanism used to tide over farmers in need of working capital during the crop growing season. Thus *salam* is essentially a forward agreement whereby delivery of the commodity occurs at a certain future date for payment made upfront. The very nature of this facility implies price risk for both farmers/traders and institutions. As such we focus on how price and counterparty risk is mitigated through parallel *salam* contracts (for example financing goods destined for export). *Istisna* is a contract to manufacture. This facility is used extensively in infrastructure projects where specific and identifiable goods are financed through tripartite agreements between banks, contractors and manufacturers. We also consider the *istijrar* finance facility in which a buyer purchases commodities, with delivery spread over an extended period. The *qard* facility takes the form of benevolent loans. Strictly, this debt instrument falls outside the scope of banking proper, but is dealt with here as it is often used to provide temporary relief to debt stressed debtors.

Readings:

Mohammed Obaidullah: *Islamic Financial Services*, Ch. 7

Khair, Gupta & Shanmugam: *Islamic Banking: A Practical Perspective*, Ch. 6

Taqi Usmani: *An Introduction to Islamic Finance*, pages 157-198 selected readings

Securities Commission, M. (2006). *Resolutions of the Securities Commission Shariah Advisory Council* (2 ed.). Kuala Lumpur: Author.

Articles:

See power point slide:

www.baft.org/content_folders/4th%20European%20Bank-to-Bank%20Forum/Ahmed.ppt -

Week 6

Debt based financing products – Part 3: *bai-al-inah*; *bai-al-dayn*; *tawarruq*

This lecture covers some of the most controversial Islamic debt-based instruments. Specifically, it focuses on the *bai-al-inah*; *bai-al-dayn* and *tawarruq* instruments. The principles underlying the use of these instruments have elicited intense debate among scholars and practitioners. At issue is the use of cleverly crafted finance instruments used as subterfuge for charging interest. Fiqh scholars have termed such practices as *hiyal* (ruse) that effectively elevates form over substance in financial arrangements. *Bai-al-inah* assumes the form of spot purchase and immediate resale (cost plus) on a deferred basis. As the buyer and seller is the bank, the 'profit' charged is indistinguishable from common interest. *Bai-al-dayn*

involves the sale of debt priced at above, or below par value – both practices being outlawed under classical Islamic jurisprudence. Malaysian Islamic scholars have however, allowed its use based on different fiqh criteria. We discuss the details of this controversy. Finally, the *tawarruq* (tripartite sale) facility is one preferred in some Middle Eastern countries. Designed to overcome the ‘two contracts in one’ fiqh prohibition in contractual arrangements, its form has also been criticised – especially by the Malaysian scholars. It is interesting to observe that all three debt instruments provide the mainstay of debt-based products among Islamic banks and institutions.

Readings:

Mohammed Obaidullah: *Islamic Financial Services*, Ch. 8 & 9

Khair, Gupta & Shanmugam: *Islamic Banking: A Practical Perspective*, Ch. 6

Articles:

See collection of articles on the ISRA website:

http://www.isra.my/index.php?option=com_content&view=article&id=268&Itemid=160

This site has articles on a wide range of issues and concepts on Islamic Finance

Week 7

Project financing: using Islamic financial instruments

It often happens that states, governments and large utility corporations require vast sums of finance to undertake infrastructure, greenfield projects and remedial work. Funding for such requirements is provided through institutional investment, private investment funds and public issues. Islamic financial institutions often underwrite as well as undertake the role of lead managers in meeting this demand. Common reasons for participating in joint venture undertakings include: governments are slow to respond to urgent development/infra-structure needs; there is project urgency dictated by social necessity and urgent need e.g. hospitals; private enterprise possess means and expertise to undertake projects; government do not possess the means of accessing specialist expertise and must rely on private sector and, the ability to fast-track through specialist service provision. The *musharakah*, *ijarah* and *BBA* instruments have been used to great effect in structuring project finance. The Hub River project in Pakistan and the PUTRA light rail system in Kuala Lumpur are two good examples of the effectiveness of these Islamic financial instruments. In this lecture we case study the PUTRA project to see how Islamic financing, fiqh issues and institutional and governmental initiatives come together using the classical *musharakah* model.

Readings:

Mohammed Obaidullah: *Islamic Financial Services*, Ch. 17

Articles:

Maamouri, Hafedh (1999). Issues and Challenges of Structuring & restructuring Islamic Project Finance.

Rashid, Salim (1987). Project Evaluation in an Islamic Framework. *Journal of Islamic Banking & Finance*, Vol., 4 No. 4, pp. 61-69

Week 8

Islamic investment banking

This lecture looks at the role of banks as facilitators as opposed to their role as intermediaries. As facilitators, Islamic banks act as merchant bankers assisting corporations and government to sell new debt and equity issues in primary capital markets. Subsequently, these institutions undertake securities dealing and brokerage over the same instruments in secondary markets. The weight of evidence confirms that Islamic institutions often act in concert with conventional institutions in these roles and in public placings.

This underlines the universality and versatility of modern-day Islamic finance.

We consider two investment banking practices and services: Private placements & Venture Capital (VC) and, Initial Public Offerings (IPOs) and trace the pre-market and post-issue roles of Islamic institutions. Of particular interest is the manner in which acceptable *murabahah*, *BBA* and *ijara* backed debt securities are used as financial instruments. Then we look at the role of speculators and value investors in the securities intermediation process. Finally, this lecture touches on the importance of Islamic avoidance principles; forbidden practices; non-interest backed VC schemes and, shariah compliant stocks.

Readings:

Mohammed Obaidullah: *Islamic Financial Services*, Ch. 12

Article:

Ahmad, A., and Khan, T (eds.), (1998) *Islamic Financial Instruments for Public Sector Resource Mobilization*, Jeddah. Islamic Research & Training Institute (IDB)

Week 9

Corporate investment products: venture capital; sukuks (Islamic bonds)

This lecture follows on from week 8 and takes a critical look at Islamic investment banking products. Three distinct areas are covered namely: venture financing; declining *musharakah* (DM) and Islamic securities. Venture capital finance is the closest to the *musharakah* model since it incorporates the essentials of partnership and profit/loss sharing. We discuss how VC can be applied to projects; the equity form it takes and the role of managerial and technical expertise. Next, we consider declining *musharakah* and its place in commercial enterprise and housing schemes. Here, the DM equity structure may resemble conventional preference share structures with gradual equity drawdown as equity is redeemed. As such, the DM model takes in issues of profit and loss sharing and risk considerations.

The Islamic sukuk securities structure is presently the most dynamic and rapidly developing financial structure in capital markets with current issuance and placings estimated to at over US \$220billion. This is a fascinating area of finance study as new Islamic product innovations are constantly offered in world capital markets. However, a 2008 resolution of the Islamic Fiqh Academy in Jeddah has ruled many of these placings as non-shariah compliant. As a result, many sukuk *al-ijrara* placings have been placed on hold pending structural revisions. We consider these issues through case studies and their impact on debt-based instruments.

Readings:

Mohammed Obaidullah: *Islamic Financial Services*, Ch. 13

Articles:

There are a number of articles in this edited collection by Sohail Jaffar:

IS. Jaffer (Ed.), *Islamic Asset Management*. London: Euromoney Books.

Week 10

Islamic financial engineering

This lecture focuses on ways companies go about mitigating risks. Global commodity markets, currencies, stock and debt instruments (bonds) have witnessed large-scale volatility in the past two decades exposing companies and entities to risks they may not be comfortable with. Risk management is a process of financial engineering that enable companies to share, transfer and avoid partially or fully, "unwanted" risks. The products used are derivatives that allow market participants to avoid undesirable risks. For this reason, we look at the role of forwards, futures and options from an Islamic finance perspective. The first two derivatives are used regularly in Islamic import/export transactions as well as in *salam* and *istisna* contracts, as a means of covering price and currency risks.

The use of options has however, been derided by some scholars as on-shariah compliant on the bases of problems associated with uncertainty, short-selling (prohibition of selling that which you do not possess) and the prevalence of elements of gambling (*qimar and maysir*). The opposing views rely on the application of the *maslahah mursalah* principle for the adoption of options trading in modern finance. This provides the setting for a lively debate on the acceptability/non-acceptability of options trading. The Islamic Fiqh Council has yet to formally endorse options trading in the format in which it is practiced in conventional finance. Kamali (2002) presents an opposing view asserting that options trading is justified on the basis of: the complexity of modern business requiring advance planning; risks arising from fluctuations in prices and rates in commodity and currency markets and other financial assets. We take a brief look at all these issues and their implications in Islamic finance.

Readings:

Mohammed Obaidullah: *Islamic Financial Services*, Ch. 14

Articles:

There are a number of articles in this edited collection by Sohail Jaffar:

IS. Jaffer (Ed.), *Islamic Asset Management*. London: Euromoney Books.

Week 11

Islamic equity funds and fund management

Many students will appreciate that issues concerned with personal wealth management, financial planning and superannuation require careful consideration. After all, wealth wisely invested provides good future income streams as well as some form of certainty. Islamic investors however, are unable to access many investment products on the bases of shariah non-compliance. Furthermore, savings trapped in mandatory superannuation schemes leave little choice as to where retirement savings may be directed without flouting shariah rules. Other reasons for investing in equities include: investors seeking to partake in equity markets for the purpose of retirement; maximizing returns and life-cycle planning. Islamic equity funds (IEFs) allow indirect entry to equity markets.

The problem for Islamic investors in Australia though, is that no IEFs exists to which investors have access. Thus this lecture seeks to explain the mechanics of shariah compliance in stock market dealings and the compliance process. It presents quantitative and empirical evidence of IEF development and participation in Malaysia. The experience of Malaysian IEFs in a dual investment setting underlines the opportunity for similar investment to enter the Australian equity fund market

Readings:

Mohammed Obaidullah: *Islamic Financial Services*, Ch. 15 & 16

Articles:

Wilson, R. (1997). Islamic Finance and Ethical Investment. *International Journal of Social Economics*, 24(11), 1325-1342.

Wilson, R. (2002). The Economics of Mutual Funds: An Islamic Approach. Retrieval from <http://www.sc.com.my/eng/html/iaffairs/ioscoislampdf/IDBMUT.pdf>

Week 12

Retail banking: consumer products and changing banking behaviour

This lecture deals with consumer finance and challenges facing Islamic financial institutions dealing with retail products. There has been a proliferation of Islamic banks in the past decade many of whom are vying to attract custom from established conventional banks. This has posed opportunities for product development and innovation. Additionally, Islamic banks are now benchmarking their products for better

appeal in terms of consumer convenience and demand, pricing and service standards. We look at how these changes have (and continue) to influence the financial market – especially the ethical demands and aspirations of bank customers.

Reading:

DeLorenzo, Y. T. (2006). The Shari'a scholar's view of Islamic consumer finance and retail products. In S. Jaffer (Ed.), *Islamic Retail Banking & Finance* (pp. 5-15). London: Euromoney Books.

Wilson, R. (2006). The growth of Islamic banking and product development among Islamic retail banks. In S. Jaffer (Ed.), *Islamic Retail Banking & Finance* (pp. 18-26). London: Euromoney Books.

Week 13

Course review

This is the final lecture before the examinations. It is intended to provide an overview of the course content; areas of interest; emphasis on critical parts of the course and issues that stand out. Material covered in Weeks 1 to 11 will feature in the discussion. Material covered in the demonstration and lab sessions will also be reviewed. Importantly, the format of the exam will be outlined. This is also the final date for submission of assignment 2 – the group assignment.

TEACHING STRATEGIES

The tuition for this course consists of lectures, tutorials and some lab sessions. It adopts a three-staged approach namely:

1st Hour – Lecture focusing on: theory, concepts and principles

2nd Hour – Tutorial: demonstration

3rd Hour – Application and case study

This approach aims at enhancing students' understanding of the workings and mechanics of shariah-based financial instruments

ASSESSMENT

Assessment Details

There are two main assessment criteria in the form of assignment. Assignment 1 is designed to assess students' understanding of basic Islamic finance concepts, principles and products. This assignment focuses on lecture material covered in weeks 1-5 as well as readings associated with these lectures. Assignment 2 is more broad-based and intensive covering lecture material from weeks 1-10. For this reason students will be assigned in groups of four thereby allowing each member to contribute 25% to the assignment. Each member's contribution will be assessed individually. Assignment 2 is essentially a simple problem-based task in which students are required to express and articulate their understanding of Islamic financial instruments. Care is taken to ensure the questions are not overtly slanted to favour finance students.

Item	Assessment Task	Length	Weighting	Total Marks	Relevant Learning Outcomes	Due Day and Time
Presentation						
1	Presentation	10 minutes	10%		1, 2, 3	Weeks 6-12
Major Assignment						
2A	Progress Report		10%			Week 6
2B	Final Report	4,000 words	30%		1,2,3,4	Week 12
Attendance						
3	Attendance					
3A	Lecture Attendance		5%			Throughout semester
3B	Tutorial Attendance		5%			Throughout semester
Examination						
4	Examination					
			40%			Examination period

Participation

The participation mark recognises that learning occurs through class interactions, and rewards the commitment of students who attend classes and contribute to the creation of a hands-on, interactive learning experience for everyone. Class participation will, of course, also assist you to increase your likelihood of doing well in the other assessment items.

You will receive an attendance credit for a seminar if you are present for the entire duration of the class and participate actively in discussion and other class activities during that time: if you do not fulfil both of these criteria, you will not receive an attendance credit for the seminar. Obviously, in order to participate fully, you must read the set texts in advance of the class each week! Attendance will be calculated on the ten seminars between Weeks 2 and 12 (inclusive) during the semester. The participation mark will be allocated out of 100 in the following way:

- attendance of and active participation in 0-4 seminars: 0
- attendance of and active participation in 5 seminars: 50
- attendance of and active participation in 6 seminars: 60
- attendance of and active participation in 7 seminars: 70
- attendance of and active participation in 8 seminars: 80
- attendance of and active participation in 9 seminars: 90
- attendance of and active participation in 10 seminars: 100

You will **not** be able to gain a participation credit by presenting a medical or work certificate to justify an absence. However, if for some legitimate, documented and very serious reason (e.g. hospitalisation) you are unable to attend tutorials for an extended period of time, then you should contact the Convenor, who may grant alternative assessment such as an additional examination. Indeed, if anything at all (such as illness, lack of access to the library and email because of late payment of fees, difficulty adapting to university life) affects your ability to participate fully in the course and submit assessment on time, you should contact the Convenor and/or your mentor as soon as possible.

Assignment Topics (Questions to be announced in week 2):

Assignment Criteria

General requirements:

- On time submission
- Appropriate length
- Appropriate presentation (font type and size, margins, stapled)
- Free of spelling and grammatical errors
- Address main issues called for in the assignment
- Demonstrate understanding of subject matter

	1	2	3	4	5	
General requirements not met						General requirements completely met
Inadequate introduction, thesis and direction unclear						Captivating introduction, clear thesis and direction
Poorly written paper, incoherent and illogical						Excellently written paper, logical and lucid
Poor structure and organisation						Excellent structure and organisation
Low level critical thought and analysis						High level critical thought and analysis
Insufficiently researched						Thoroughly researched
Low level demonstrated knowledge of Islam/Muslims						High level demonstrated knowledge of Islam/Muslims
Inadequate conclusion						Excellent conclusion, all major points addressed
Insufficient response to topic; question(s) not answered						Paper thoroughly addresses topic/answers question(s)
Inadequate referencing of sources						Complete and accurate referencing of sources

GRADUATE SKILLS

Graduate Skills are assessed pursuant to the Griffith Graduate Statement. This is set out in the table below.

Graduate Skills	Taught	Practised	Assessed
Effective communication (written)	☒	☒	☒

Effective communication (oral)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Effective communication (interpersonal)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Information literacy	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Problem solving	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Critical evaluation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Work autonomously	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Work in teams	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Creativity and innovation	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Ethical behaviour in social / professional / work environments	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Responsible, effective citizenship	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

TEACHING TEAM

Convenors *are required to* provide information about the teaching team. For courses offered at more than one campus, the following table may be copied for each campus, or columns may be added/deleted as required.

Course Convenor & Lecturer

Convenor Details	Nathan
Campus Convenor	Dr Mahmood Nathie
Email	M.Nathie@griffith.edu.au
Office Location	2.06_N16 (Macrossan Building)
Phone	
Fax	
Consultation times	Between 11h00 – 13h00 on non-lecture days

COURSE COMMUNICATIONS

The course lecturer has scheduled the above student consultation hours for this course. Students are strongly advised to use this service.

All course materials, including lecture outlines will be posted on the course website one week before the start of course via the Learning@Griffith website. Students should consult it regularly as a study resource. The current website has a facility for lecturers to arrange mass e-mail contact which can only be directed to students' University e-mail accounts. Accordingly, students need to check their student e-mail service on a regular basis.

Lecturer Contact & E-mail

Individual students and student groups are encouraged to discuss progress, projects and all other course matters during the convenor's normal consultation hours, or by appointment. E-mail is a convenient, fast and efficient way of communication. For security reasons, brought about by the proliferation of worms and viruses from non-university IT providers, we will not accept student e-mails unless they have been generated through the GU student e-mail service. Accordingly, E-mails sent from any non-university source will not be opened. It would be appreciated if you would keep your virus and security systems up-to-date.

TEXTS AND SUPPORTING MATERIALS

Required Reading

This is an e-book and is downloadable free

Usmani, M.T. (1998). *An Introduction to Islamic Finance*, Karachi: Idaratul Ma'arif

Recommended Reading

Abdel Karim, R. A., & Archer, S. (2002). *Introduction to Islamic Finance*. In R. A. Abdel Karim & S. Archer (Eds.), *Islamic Finance: Innovation and Growth*. London: Euromoney Books.

Ahmad, K. (1980). *Studies in Islamic Economics* (1 ed.). London: The Islamic Foundation.

Chapra, U. M. (1985). *Towards a Just Monetary System*. Leicester: The Islamic Foundation.

Haron, S., Shanmugam, B. (1997). *Islamic Banking System: Concepts & Applications*, Kuala Lumpur: Pelanduk Publications

Khair, K., Gupta, L., & Shanmugam, B. (2008). *Islamic Banking – A Practical Perspective*. Kuala Lumpur: Pearson Longman

Lee, M.P., & Datta, I.J. (2007). *Islamic Banking & Finance Law*. Kuala Lumpur: Pearson Longman

Obaidullah, Mohammad (2005). *Islamic Financial Services* (1 ed.)

Rosly, S. A. (2005). *Critical Issues on Islamic Banking and Financial Markets*. Kuala Lumpur: Dinamas Publishing

Saeed, A. (1999). *Islamic Banking and Interest* (2 ed.). Leiden, The Netherlands: Koninklijke Brill NV.

Saleh, N. A. (1986). *Unlawful gain and legitimate profit in Islamic Law: Riba, Gharar and Islamic Banking*. Cambridge: Cambridge University Press.

Usmani, M. T. (2006). *The Text of the Historic Judgement on RIBA by Supreme Court Pakistan*. Washington: Al-Qalam Publishing.

Vogel, F. E., & Hayes, S. L. (1998). *Islamic Law and Finance: Religion, Risk and Return*. The Hague: Kluwer Law International

SECTION B – ADDITIONAL COURSE INFORMATION

Key Dates

9 August	Last date for adding a course for Semester 2
23 August	Census date for Semester 2 – last date to drop a course without being liable for fees
30 Sept	Last date for withdrawal without failure (WF) from Semester 2 courses

Submission of Items

All assessment items should be submitted to Off Campus & Assignment Handling Services (OC&AHS) unless instructed to do otherwise by the Course Convenor. **All assessment items must be presented on or before the due date.** Securely attach an *OC&AHS Assignment Cover Sheet* to the front of your assignment which can be obtained from OC&AHS or via the web (<http://www.gu.edu.au/ins/forms>). Do not submit assessment items in plastic folders, as we cannot guarantee that the folder will be returned to you. **You should also keep a copy of your assessment item in case the original is lost and you are requested to resubmit the item.**

Students who are submit their assignment on campus may do so at the following locations:

Nathan Campus:	Lending Services Counter, Nathan Library, Willet Centre (N53) during library hours only. After hours submission box located outside OC&AHS Office, (N53, 0.02) - opposite the Internet Café.
Gold Coast Campus:	Lending Services Counter, Information Services (G10) during library hours. CMOH – Lending Services Counter (GH1, Level 5) during library hours.
Logan Campus:	Lending Services Counter, Logan Library (L03) during library hours. After hours submission box located outside OC&AHS Office, L03, 2.12.
Mt Gravatt Campus:	Lending Services Counter, Information Services Centre (M13) during library hours only.
South Bank Campus	Lending Services Counter, QCA Library and QCGU Library, during library hours. (S01_1.22)

Late Submission

For students who require an extension of 1-5 days for medical and other legitimate reasons involving family or work problems—

- you do not need to apply to the Convenor/Tutor
- your assignment **MUST** be accompanied by documentary evidence AND a letter explaining the reasons for lateness. The evidence might take the form of a medical or other professional certificate, or a letter from an employer regarding last-minute emergency work.

If you do not provide documentary evidence with your letter you may be penalised. You may lose 5% of your final mark for each day* that the item is late. **A weekend equates to one day.*

Students who require an extension of more than 5 days should make application for deferred assessment on the official form, supplying clear explanation and documentary evidence.

Plagiarism/Academic Misconduct

Students must conduct their studies at the University honestly, ethically and in accordance with accepted standards of academic conduct. Any form of academic conduct which is contrary to these standards is academic misconduct for which the University may penalise a student.

It is YOUR RESPONSIBILITY to be familiar with the University Policy on Academic Misconduct. The misconduct most frequently encountered in the School of Humanities is plagiarism. **Plagiarism is the “knowing” presentation of the work or property of another person as if it were the student’s own.**

Examples of plagiarism include:

- Word for word copying of sentences or paragraphs from Internet sources, books, articles, or another student’s work, without clearly identifying the relevant passages as direct quotations, and disclosing their origin by appropriate referencing
- closely para-phrasing sentences or paragraphs from one or more sources without appropriate acknowledgment in the form of a reference to the original work or works;
- Using another person’s ideas, work or research data without appropriate acknowledgement.

The School regards plagiarism as serious and markers are asked to report all suspected cases. The School of Humanities uses search engines capable of tracing plagiarised material to all parts of the web. For further information, and an indication of the range of severe penalties that plagiarism can attract, all students are advised to refer to the Griffith University Policy on Academic Misconduct at <http://www62.gu.edu.au/policylibrary>

Bibliography & Referencing

All assessment items must be fully and correctly referenced throughout and accompanied by a bibliography. All students should obtain a copy of the School’s *Guide to Referencing*. This guide will be an essential resource for you when writing essays and compiling bibliographies throughout your academic career. Copies of the guide are available from the Reserve section of the Library, and the document will also be available on each course site in Learning@Griffith.

Other guides are available at the Learning Assistance Unit’s Self-Help Resources at

http://www.gu.edu.au/ins/training/study/content_studyresources.html. Go to ‘eStudy Centre –

Allen & Unwin’ under General Study Skills, and ‘MLA style citation of electronic sources’ under Referencing. Consult your lecturers if unsure about appropriate citation and bibliographic conventions for oral and written work in the arts and humanities.

Special Note

Non-discriminatory language

Please consult the University guidelines on the use of non-discriminatory language in the pamphlet provided with your orientation materials and available from Student Administration. It is School policy that students avoid the use of sexist, racist and other discriminatory language in class work and assessment items. However, in certain circumstances where the appropriate use of such language is shown to be necessary it may be permitted.

Grading Scale

The School or Faculty Assessment Board determines the grade cut-off percentages and the grades awarded in this course. The final grade signifies the overall performance of the student in the course.

Grades awarded are as follows:

High Distinction
Distinction
Credit
Pass
Pass Conceded
Fail

SPECIAL NOTE: To be awarded a grade of Pass Conceded or higher, students must have completed 85% or more of the weighted items, with marks above zero.

Description of Standard Grades:

High Distinction (HD) Exceptional performance indicating complete and comprehensive understanding of the subject matter; genuine mastery of relevant skills; demonstration of an extremely high level of interpretative and analytical ability and intellectual initiative; and achievement of all major and minor objectives of the course.

Distinction (D) Excellent performance indicating a very high level of understanding of the subject matter; development of relevant skills to a very high level; demonstration of a very high level of interpretive and analytical ability and intellectual initiative; and achievement of all major and minor objectives of the course.

Credit (C) Good performance indicating a high level of understanding of subject matter; development of relevant skills to a high level; demonstration of a high level of interpretive and analytical ability and achievement of all major objectives of the course; some minor objectives not fully achieved.

Pass (P) Satisfactory performance indicating an adequate understanding of most of the basic subject matter; partial development of relevant skills; adequate interpretive and analytical ability and achievement of all major objectives of the course; failure to achieve some minor objectives.

Non-graded Pass (NGP) Successful completion of a course assessed on a pass/fail basis, indicating satisfactory understanding of subject matter; satisfactory development of relevant skills; satisfactory interpretive and analytical ability and achievement in all major objectives of the course.

Pass Conceded (PC) Limited performance indicating partial understanding of basic subject matter; partial development of relevant skills; some evidence of interpretive and analytical ability; achievement of most major objectives of the course; failure to achieve some minor objectives.

Fail (F) Unsatisfactory performance indicating an inadequate understanding of the basic subject matter; failure to develop relevant skills; insufficient evidence of interpretive and analytical ability; and failure to achieve major and minor objectives of the course.

Other grades which may be awarded are:

Fail, No Submission (FNS) Did not present any work for assessment, to be counted as failure.

Withdrawal with failure (WF)

SECTION C – KEY UNIVERSITY INFORMATION

ACADEMIC MISCONDUCT

Students must conduct their studies at the University honestly, ethically and in accordance with accepted standards of academic conduct. Any form of academic conduct that is contrary to these standards is academic misconduct and is unacceptable.

Some students engage deliberately in academic misconduct, with intent to deceive. This conscious, pre-mediated form of cheating is one of the worst forms of fraudulent academic behaviour, for which the University has zero tolerance and for which penalties, including exclusion from the University, will be applied.

However the University recognises many students commit academic misconduct without intent to deceive. These students may be required to undertake additional educational activities to remediate their behaviour.

Specifically it is academic misconduct for a student to:

- **Cheat in examinations and tests** by communicating, or attempting to communicate, with a fellow individual who is neither an invigilator or member of staff; by copying, or attempting to copy from a fellow candidate; attempting to introduce or consult during the examination, any unauthorised printed or written material, or electronic calculating or information storage device; or mobile phones or other communication device, or impersonates another.

- **Fabricate results** by claiming to have carried out tests, experiments or observations that have not taken place or by presenting results not supported by the evidence with the object of obtaining an unfair advantage.
- **Misrepresent themselves** by presenting an untrue statement or not disclosing where there is a duty to disclose in order to create a false appearance or identity.
- **Plagiarise** by representing the work of another as their own original work, without appropriate acknowledgement of the author or the source. This category of cheating includes the following:
 1. collusion, where a piece of work prepared by a group is represented as if it were the student's own;
 2. acquiring or commissioning a piece of work, which is not his/her own and representing it as if it were, by
 - purchasing a paper from a commercial service, including internet sites, whether pre-written or specially prepared for the student concerned
 - submitting a paper written by another person, either by a fellow student or a person who is not a member of the University;
 3. duplication of the same or almost identical work for more than one assessment item;
 4. copying ideas, concepts, research data, images, sounds or text;
 5. paraphrasing a paper from a source text, whether in manuscript, printed or electronic form, without appropriate acknowledgement;
 6. cutting or pasting statements from multiple sources or piecing together work of others and representing them as original work;
 7. submitting, as one own work, all or part of another student's work, even with the student's knowledge or consent.

A student who willingly assists another student to plagiarise (for example by willingly giving them their own work to copy from) is also breaching academic integrity, and may be subject to disciplinary action.

Visit the following web sites for further details:

[Institutional Framework for Promoting Academic Integrity among Students](#)
[Academic integrity for students](#)

PLAGIARISM DETECTION SOFTWARE

The University uses plagiarism detection software. Students should be aware that your Course Convenor may use this software to check submitted assignments. If this is the case your Course Convenor will provide more detailed information about how the detection software will be used for individual assessment items.

HEALTH AND SAFETY

Griffith University is committed to providing a safe work and study environment, however all students, staff and visitors have an obligation to ensure the safety of themselves and those whose safety may be affected by their actions. Staff in control of learning activities will ensure as far as reasonably practical, that those activities are safe and that all safety obligations are being met. Students are required to comply with all safety instructions and are requested to report safety concerns to the University.

General health and safety information can be obtained from
http://www.griffith.edu.au/hrm/health_and_safety/

Information about Laboratory safety can be obtained from
http://www.griffith.edu.au/ots/secure/health/content_labsafety.html

KEY STUDENT-RELATED POLICIES

All University policy documents are accessible to students via the University's Policy Library website at: www.griffith.edu.au/policylibrary. Links to key policy documents are included below for easy reference:

[Academic Calendar](#)

[Academic Standing, Progression and Exclusion Policy](#)

[Assessment Policy](#)

[Examinations Timetabling Policy and Procedures](#)

[Guideline on Student E-Mail](#)

[Health and Safety Policy](#)

[Institutional Framework for Promoting Academic Integrity Among Students](#)

[Policy on Student Grievances and Appeals](#)

[Student Administration Policy](#)

[Student Charter](#)

UNIVERSITY SUPPORT RESOURCES

The University provides many facilities and support services to assist students in their studies. Links to information about University support resources available to students are included below for easy reference:

[Learning Centres](#) - the University provides access to common use computing facilities for educational purposes. For details visit www.griffith.edu.au/cuse

[Learning@Griffith](#) - there is a dedicated website for this course via the Learning@Griffith student portal.

[Student Services](#) facilitate student access to and success at their academic studies. Student Services includes: Careers and Employment Service; Chaplaincy; Counselling Service; Health Service; Student Equity Services (incorporating the Disabilities Service); and the Welfare Office.

[Learning Services](#) within the Division of Information Services provides learning support in three skill areas: computing skills; library skills; and academic skills. The study skills resources on the website include self-help tasks focusing on critical thinking, exam skills, note taking, preparing presentations, referencing, writing, proof reading, and time management.