



FACULTY OF SYARIAH AND LAW BACHELOR OF SYARIAH AND LAW (HONS)						
1	Name of Course	Islamic Banking, Takaful and Al Rahnu				
2	Course Code	LCA4562				
3	Instructor	DR. ZULKIFLI HASAN				
4	Rational for the Inclusion of the Course in the Programme	To equip the students with the knowledge on Islamic Banking, Takaful and Al Rahnu				
5	Semester and Year offered	Semester 6 (Year 3)				
6	Student Learning Time	Face-to-face			Non Face-to-face	Total time (Guided and Independent Learning)
	L = Lecture T = Tutorial P = Practical O = Others (examination)	L 20	T 20	P 0	O 35+5	80
7	Credit Value	2				
8	Pre-requisite (if any)	None/Nil				
9	Learning outcomes	Upon successful completion of this course, students should have the ability to: <ol style="list-style-type: none"> 1. identify the current issues and problems in the development of Islamic banking, Takaful and al-Rahnu; (LO2-C4); 2. relate the Islamic principles in the application of Islamic Banking, Takaful and Al Rahnu (LO3-P5); 3. study the implementation of Islamic principles in the Islamic Banking, Takaful and al-Rahnu. (LO5-A5). 				
10	Transferable skills	Students should be able to develop good written and interpersonal communication, team work and leadership, problem solving through a process of lectures and tutorials.				

11	Teaching-Learning and Assessment Strategy	<p>Teaching-learning strategy: The course will be taught through a combination of formal lectures, exercises, group work, using authentic materials, informal activities and various textbooks. Practical experience and collaborative teamwork will be fostered throughout the course. The use of examination and internal reporting assessment will assess the student's ability to apply theoretical concepts in context.</p> <p>Assessment strategy:</p> <ul style="list-style-type: none"> • Formative • Summative
12	Synopsis	<p>This course explains the Islamic banking and finance legal framework and practice. It exposes the students to the concepts of Islamic transactions and Islamic banking and financial products among which are saving accounts, current accounts, investments accounts and financing facilities such as home financing, vehicle financing, credit cards, corporate financing and the like. This course will also discuss on the differences between the Islamic and the conventional practice of Islamic banking and finance. The students are also exposed on the concept of takaful, types of takaful and the laws relating to it. The main statutes introduced in this course are Islamic Banking Act 1983 and Takaful Act 1984. Apart from that, this course will deal extensively on the jurisdiction of the courts and the decided cases relating to Islamic banking and finance. As an addition to the content of the course, this course will also expose the students to the concept of al-Rahnu and Islamic capital market and the laws relating to the areas.</p>
13	Mode of Delivery	Lecture, tutorial, class discussion and presentation.
14	Assessment Methods and Types	<ul style="list-style-type: none"> (a) Mid semester exam = 15% (b) Client Counseling = 10% (c) Assignment = 15% (d) Final examination = 60%
15	Mapping of the Course Learning Outcome/Module to the Programme Learning Outcomes	Refer to attachment

16	Content Outline and the SLT per Topic	Lecture	Tutorial	Library	Self-learning	Others	Total
1	Introduction to Islamic Banking and Finance <ul style="list-style-type: none"> • Overview of modern financial management of banking, insurance and capital market. • Theories of Islamic Economic. • History of Islamic banking and finance. The establishment of Islamic banks worldwide both in the Muslim and non-Muslim countries. • Salient features of Islamic banking and finance. 	2	2	2	2	2	10
2	Shari'ah framework and principles in Islamic finance <ul style="list-style-type: none"> • Shari'ah, Ethics and Belief • Islamic law of transaction • Maqasid Shari'ah in Islamic finance • Legal Maxims pertinent to Islamic finance • Roles of Ijtihad • Governance and transparency 	2	2	2	2		8
3	The Basis of the Introduction of Islamic Banking System <ul style="list-style-type: none"> • The Prohibition of Usury, Gharar and Khatar in Islamic Commercial Law. • Mutuality of Risk Sharing 	2	2	2	2		8
3	The Islamic Commercial Contracts <ul style="list-style-type: none"> • Gratuitous Contracts: Hibah, waqf, Qard, Ibra' • Trading Contracts: Ijarah, Murabahah, Istisna' etc; • Investment Contracts: Mudharabah, Musharakah; • Supporting Contracts; Wakalah, Kafalah, Hawalah, Jua'lah, etc. 	4	4	4	4	1	17

4	<p>Application of Islamic Commercial Contracts and Legal Aspects in the Structuring of Islamic Banking and Finance Products</p> <ul style="list-style-type: none"> • Islamic financial Products • Islamic sources of fund- Overview of Islamic banking accounts and instruments. • Saving account, current account and general investment account. • Debt-based financing • Equity-based financing • Services • Structuring of Products (Identifying needs of Clients, Applying and Assimilating the Islamic Commercial Contracts – Contemporary Islamic Banking Products and Instruments (e.g Asset Financing, Credit Card, Factoring, Working Capital, Letter of Credits) • Understanding and Identifying Legal Documentations Relating to Islamic Banking and Finance Products. 	4	4	4	4	2	18
5	<p>Money and Monetary Policy</p> <ul style="list-style-type: none"> • Concept and function of money • The needs for Islamic currency • Malaysia's current monetary legal framework • Shariah Aspect of gold dinar • Legal Aspects of Gold Dinar 	2	2	2	2	1	9
6	<p>Jurisdiction of the Malaysian Courts in Islamic Banking and Finance and Regulatory frameworks</p> <ul style="list-style-type: none"> • Federal Constitution • Cases Decided by the Malaysian Courts on Islamic Banking and Finance • Legal Developments– eg Muamalat Bench, Syariah Community, • The Role of Central Bank of Malaysia. • Islamic Banking Act 1983. • Banking and Financial Institutions Act 1989. • Related Laws on Islamic Banking and Finance 	2	2	2	2	1	9
7	<p>Corporate and Shariah Governance</p> <ul style="list-style-type: none"> • Functions and roles • Roles of the Shari'ah board • Independence, Competency, Confidentiality, Secrecy and etc • Shari'ah Audit and Review • AAOIFI Governance Standards • Shariah Governance Framework of the BNM • IFSB Prudential Standards • Governance Issues 	4	4	4	4	1	17

8	Islamic Insurance (Takaful)	2	2	2	2		8
	<ul style="list-style-type: none"> • The Concept of Takaful • Historical Development • Operational Framework • Model of Takaful • Underlying contracts in Takaful 						
9	Takaful	2	2	2	2		8
	<ul style="list-style-type: none"> • Shari'ah and Regulatory framework • Laws Relating to Takaful – Takaful Act 1984 • Shari'ah and Legal Issues Relating to the Application of Takaful • Re-Takaful 						
10	Al-Rahnu	2	2	2	2		8
	<ul style="list-style-type: none"> • Concept • Development on al Rahnu • Concept: Al-Wadiah, Qardh al-Hasan and Mortgage. • Conditions of al-Rahnu 						
11	Al-Rahnu	2	2	2	2		8
	<ul style="list-style-type: none"> • Laws Relating to Al-Rahnu • Structuring of Al-Rahnu Product • Legal Documentation on Al Rahnu • Shariah and Legal Issues on al Rahnu 						
TOTAL		28	28	28	30	6	120
17	Main references	<p>Bakar, M.D. and Engku Ali, E.R.A.(Ed.s). (2008). <i>Essential Readings in Islamic Finance</i>. Kuala Lumpur: CERT Publication.</p> <p>Dusuki, A.W.D. (Ed). (2011). <i>Islamic Financial System, Principles and Operations</i>. Kuala Lumpur: ISRA Publication</p> <p>Nik Nozrul Thani, Mohamed Ridza and Megat Hizaini. (2003). <i>Law and Practice of Islamic Banking and Finance</i>. Kuala Lumpur: Thomson.</p> <p>Mohd Ma'sum Billah. (2007). <i>Applied Islamic and Modern Insurance</i>. Sweet and Maxwell.</p> <p><i>Ausaf Ahmad</i> . (1993). <i>Instruments of Regulation and Control of Islamic Banks by the Central Banks</i>. IRTI.</p> <p>Hasan al-Amin. (2000). <i>Legal Status (Hukm) of Contemporary Banking Transactions with Interest</i>. IRTI.</p>					

		<p><i>Tariqullah Khan, Mohammad Umar Chapra . (2000). Regulations and Supervision of Islamic Banks. IRTI.</i></p> <p>Abd Ghafar Ismail abd Nurazura Sanusi. Research on A Framework for Regulating Pawnshops: Why Do, What Area and Syariah View. Universiti Kebangsaan Malaysia.</p>
	Statutes	<p>Banking and Financial Institutions Act 1989 (Act 372)</p> <p>Central Bank of Malaysia (Amendment) Act 2003 (Act A1213)</p> <p>Central Bank of Malaysia Act 2009 (Act 701)</p> <p>Federal Constitution 1957</p> <p>Islamic Banking Act 1983 (Act 276)</p> <p>Takaful Act 1984 (Act 312)</p> <p>Securities Commission Act 1993 (Act 498)</p> <p>The Pawn Broking Act 1972.</p>
	Cases	<p>International Arbitral Awards</p> <p><i>Petroleum Development (Trucial Coasts) Ltd v Sheikh of Abu Dhabi</i> [1951] 18 ILR 144</p> <p><i>Ruler of Qatar v International Marine Oil Company Limited</i> [1953] 20 ILR 534</p> <p><i>Saudi Arabia v Arabian American Oil Company</i> [1958] 27 ILR 117</p> <p>Malaysia</p> <p><i>Affin Bank Berhad v Zulkifli Abdullah</i> [2006] 1 CLJ 447</p> <p><i>Arab Malaysian Finance Bhd v Taman Ihsan Jaya Sdn Bhd & Ors (Koperasi Seri Kota Bukit Cheraka Bhd, third party)</i> [2008] 5 MLJ 631</p> <p><i>Arab Malaysian Merchant Bank Berhad v Silver Concept Sdn Bhd</i> [2005] 5 MLJ 210</p> <p><i>Arab-Malaysian Merchant Bank Bhd v Silver Concept Sdn Bhd</i> [2008] 6 MLJ 295</p> <p><i>Dato' Nik Mahmud Bin Daud v Bank Islam Malaysia Berhad</i> [1996] 4 MLJ 295</p> <p><i>Malayan Banking Berhad v Marilyn Ho Siok Lin</i> [2006] 7 MLJ 249, 3 CLJ 796</p> <p><i>Malayan Banking Berhad v Ya'kup bin Oje & Anor</i> [2007] 6 MLJ 389</p> <p><i>Tahan Steel Corporation Sdn Bhd v Bank Islam Malaysia Bhd</i> [2004] 6 CLJ 25</p> <p><i>Tan Sri Khalid Ibrahim v Bank Islam Malaysia Berhad</i> [2009] 6 MLJ 416</p> <p><i>Tinta Press Sdn Bhd v Bank Islam Malaysia Berhad</i> (1987) 1 MLJ 474</p> <p>United Kingdom</p> <p><i>Bank of Credit and Commerce International SA (No 10)</i> [1995] 1 BCLC 362</p> <p><i>Barings Futures (Singapore) Pte Ltd (in liq) v Mattar and others (No 1)</i> [2002] 2 BCLC 364</p> <p><i>Barings plc (in liquidation) v Coopers & Lybrand and others</i> [2000] 3 All ER 910</p> <p><i>Islamic Investment Company of the Gulf (Bahamas) Ltd v Symphony Gems N.V. & Ors</i> [2002] All ER (D) 171 (Feb)</p> <p><i>Re Equitable Life Assurance Society</i> [2002] 2 BCLC 510</p>

		<p><i>Shamil Bank of Bahrain v Beximco Pharmaceuticals Ltd</i> [2004] 1 Lloyd's Rep 1; [2004] EWCA Civ 19, [2004] 1 W.L.R. 1784, [2004] 4 All E.R. 1072, [2004] 2 All E.R. (Comm) 312, [2004] 1 C.L.C. 216, (2004) 101(8) L.S.G. 29 and 2004 WL 62027</p> <p><i>The Investment Dar Company KSCC v Blom Developments Bank Sal</i> (2009) EWHC 3545 (Ch)</p>
	Additional references	<p>Markom, R. Pitchay, S.A. Zainol, Z.A, Abdul Rahim, A. and Merican, A.R. (2011). Adjudication of Islamic banking and finance cases in the civil courts of Malaysia, <i>European Journal of Law and Economic</i>,</p> <p>Abdul Rahman, Y. (2010). <i>The Art of Islamic Banking and Finance</i>. New Jersey: Wiley.</p> <p><i>Islamic Fiqh Academy</i> . (2000). Resolutions and Recommendations of the Council of the Islamic Fiqh Academy 1985-2000. IRTI.</p> <p><i>Mohammad Nejatullah Siddiqi</i> . (2004). Riba, Bank Interest and the Rational of its Prohibition. IRTI.</p> <p>Muhammad Hashim Kamali, (1998). <i>The Principles of Islamic Jurisprudence</i>, 2nd Ed. Kuala Lumpur: Ilmiah Publishers Sdn Bhd..</p> <p>Sudin Haron, Bala Shanmugam, (1997). "<i>Islamic Banking System: Concepts & Applications</i>", Pelanduk: Petaling Jaya.</p> <p>Mohd Ma'sum Billah. (2007). <i>Applied Islamic and Modern Insurance</i>. Sweet and Maxwell.</p> <p>Muhammad Muslehuddin. 1994. <i>Insurance and Islamic Law</i>. Delhi: Adam Publisher and Distributors.</p> <p>Selamah Maamor and Supizan Md. Supian. <i>Research on the Amendment of Pawnbroking Act 1972: Challenges to Al-Rahnu</i>. Universiti Utara Malaysia.</p>
	Special Reference	<p>Hasan, Z. and Asutay, M. (2011). An Analysis of the Courts Decisions on Islamic Finance Disputes, <i>the ISRA International Journal of Islamic Finance</i>, 3 (2): 41-71</p> <p>Hasan, Z. (2011). A Survey of <i>Shari'ah</i> Governance practices in Malaysia, GCC Countries and the UK: Critical Appraisal, <i>International Journal of Islamic and Middle Eastern Finance and Management</i>, 4 (1): 30-51.</p> <p>Hasan, Z. (2010). <i>Shari'ah</i> Governance in Islamic Financial Institutions and the Effect of the Central Bank of Malaysia Act 2009, <i>Journal of International Banking Law and Regulation</i>, Issue 3, 105-108.</p> <p>Hasan, Z. (2010). Regulatory Framework of <i>Shari'ah</i> Governance System in Malaysia, GCC Countries and the UK, <i>Kyoto Bulletin of Islamic Area Studies</i>, 3 (2), 82-115.</p> <p>Hasan, Z. (2011). Corporate Governance in Islamic Financial Institutions, in <i>Islamic Financial System, Principles and Operations</i>, edited by Asyraf Wajdi Dusuki, ISRA Publication, Kuala Lumpur, pp. 681-733.</p>

