

FINC 414 Islamic Banking and Finance

The course aims at providing learners with a solid foundation of the principles of Islamic finance and equipping them with the knowledge to actively engage with both theoretical and practical aspects of Shariah-compliant financial instruments and services. The course also covers financial reporting practices for Islamic financial products across different jurisdictions, comparing how AAOIFI and IFRS affect financial disclosures and compliance. Additionally, the course rigorously evaluates the specific governance issues and risks faced by Islamic banks and provides a detailed comparison between Islamic and conventional fund management, particularly focusing on differences in asset selection, portfolio management, the unique characteristics of sources of funds, income distribution to Profit Sharing Investment Accounts, and current issues including FINTEC in Islamic finance industry. *(Prerequisite: FINC 231)* (3 credits)

Course Learning Outcomes:

By the end of the course, students will be able to:

1. Demonstrate a critical knowledge and understanding of the core principles, concepts, financial instruments, and services within Islamic finance.
2. Compare and synthesize the similarities and differences between conventional and Islamic banking models.
3. Substantiate an understanding of and the ability to apply the pricing for financial instruments of Islamic banks, including the ability to distribute profits among providers of funds, as well as determining the profit and loss distribution among partners in Musharakah and Mudharabah contracts, funds management, etc.,
4. Compare and contrast financial reporting practices, sources and uses of funds, financial position, and performance of conventional and Islamic banks.
5. Effectively communicate the findings from the investigation and analysis of the assigned tasks.
6. Undertake substantial responsibility and play a leadership role in carrying out group assignments, adhering to professional ethical standards and academic integrity.

Textbook & Course Materials:

- *Ross, S., Westerfield, r., Jaffe, J, and Jordan, B. 2023. Essentials of Corporate Finance with Islamic Finance, Custom Edition for MEA (with an access code), New York, McGraw-Hill Publishing..*

Course Content:

1. Overview of Islamic Finance
2. Principles of Islamic Finance
3. Islamic Banks – Sources and uses of Funds
4. Similarities and differences between Financial reporting of conventional & Islamic banks
5. Financial Instruments (Fis) – Murabahah, Murabahah to the purchase order, & commodity Murabahah, Tawarruq, Bay' al-Inah
6. Financial Instruments (Fis) – Mudarabah
7. Financial Instruments (Fis) – Musharakah
8. Financial Instruments (Fis) – Salam and Istisna' & Ijarah and Ju'alah

- 9. Sources of Funds
- 10. Financial Instruments (Fis) – Sukuk: Structure & risk
- 11. Islamic Fund Management
- 12. Governance & Risks Facing