

**Diploma in Islamic Banking Examination, October 2019**

**PART-I**

**101: Alternative Financial System**

**Time: 3 hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the margin indicate full marks.)

1. a) What is 'Alternative Financial System'? Discuss the superiority of it. 10  
b) What is Shariah? "Shariah is the backbone of alternative financial system"- Discuss. 10
2. a) Discuss the objectives and standards of "Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI). 10  
b) Give short description of International Islamic Financial Market (IIFM) and Islamic Financial Service Board (IFSB). 5+5
3. a) What do you mean by shariah compliance in banking? 2  
b) How is shariah compliance ensured in different modes of Islamic finance? 8  
c) Discuss the role of Shariah Supervisory Committee in Islamic banking. 10
4. a) What are the components of 'Islamic Money Market'? 4  
b) What is the Mudaraba Perpetual Bond (MPB)? What is its use in IBBL? 8  
c) What is the treatment of realized compensation in Islamic banking? 8
5. a) How do insurance companies minimize risks of life and assets? 7  
b) Why is conventional insurance not accepted by Islamic financial system? 6  
c) Discuss the challenges and opportunities of Takaful in Bangladesh. 7
6. "Islamic banking is a solution to global financial crises"- Discuss 20
7. a) Discuss the role of Islamic Agent Banking in providing financial services to the rural people. 5  
b) How can the alternative financial system play role in NPI reduction? 5  
c) What are the ADC products of Islamic banks in Bangladesh? How can the ADC products be popularized? 10
8. Write short notes on **any 5 (Five)** of the following: 5x4=20
  - i) Maqasid Al Shariah
  - ii) Sukuk
  - iii) Interest and markup profit
  - iv) BGIIB
  - v) Islamic Capital Market
  - vi) CSR of Islamic banks
  - vii) CRR & SLR

**The End**

**Diploma in Islamic Banking Examination, October 2019**

**PART-I**

**102: Principles of Economics: Conventional & Islamic**

**Time: 3 hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the margin indicate full marks).

- |    |      |  |        |
|----|------|--|--------|
| 1. | a)   | Define economics. Discuss the main features of capitalistic, socialistic and Islamic economics.                              | 10     |
|    | b)   | Define the microeconomics and macroeconomics. Discuss the current situation of macroeconomic indicators of Bangladesh.       | 10     |
| 2. | a)   | What is demand?  | 5      |
|    | b)   | How price is determined in the market under free supply situation? Show it in a graphical presentation.                      | 10     |
|    | c)   | What is price elasticity of demand?  | 5      |
| 3. | a)   | Define utility with an example.  | 5      |
|    | b)   | Distinguish between cardinal and ordinal approaches of utility.  | 5      |
|    | c)   | Define indifference curve.   | 5      |
|    | d)   | What is diminishing marginal utility?  | 5      |
| 4. | a)   | Define money. What are the functions of money in the conventional and Islamic economics?                                     | 5      |
|    | b)   | Discuss the evolution of money.  | 5      |
|    | c)   | Discuss the various methods of measuring GDP. What are the limitations of GDP measurement?                                   | 10     |
| 5. | a)   | What is expenditure? How does it differ from cost?   | 5      |
|    | b)   | Distinguish between total revenue and total cost.  | 5      |
|    | c)   | “Marginal cost and marginal revenue determine the firm’s output level”- Discuss with a graphical presentation.               | 10     |
| 6. | a)   | Discuss the traditional concepts of wage, interest, rent and profit.   | 4      |
|    | b)   | How is markup profit generated in Islamic system?.   | 6      |
|    | c)   | Discuss the socio-economic impact of interest (riba).  | 10     |
| 7. | a)   | What is inflation? Suggest the measures to control inflation in Bangladesh.  | 10     |
|    | b)   | What is wealth concentration? What is its impact on the economy? Does Islamic system prohibit wealth concentration? Discuss. | 10     |
| 8. |      | Write short notes on <b>any 5 (five)</b> of the following:   | 5x4=20 |
|    | i)   | Open market operation.   |        |
|    | ii)  | Loose monetary policy.   |        |
|    | iii) | Fiscal policy.   |        |
|    | iv)  | Trade union.   |        |
|    | v)   | Money market & Capital market.   |        |
|    | vi)  | Balance of trade and balance of payment.   |        |
|    | vii) | Deficit budget and surplus budget.   |        |

**The End**

**Diploma in Islamic Banking Examination, October 2019**

**PART-I**

**103: Principles of Accounting**

**Time: 3 Hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any five** of the questions given below.

The figures in the right margin indicate full marks.)

1. a) What do you mean by the term “Transaction”? Discuss the nature of business transaction with example. 6
- b) What is trial balance? Distinguish between trial balance and balance sheet. 6
- c) Explain different types of errors that usually arise in accounting process. What steps would you take to discover each type of error in case of disagreement of a trial balance? 8
2. a) Outline the scope of Accounting. 2
- b) What is Accounting Information? Mention the salient features of Accounting Information. 3
- c) Dr. Rita, a registered dentist, started her dental care center on September 01, 2019. Following events and transactions occurred during the month:  
September 1: Invested Tk. 10,00,000 cash in her business.  
September 1: Hired a secretary-cum-receptionist at a salary of Tk. 4,000 per week payable monthly.  
September 5: Paid office rent for the month Tk. 20,000.  
September 6: Purchased dental supplies on account from Meditech Co. Tk. 4,80,000.  
September 7: Performed dental services and billed insurance company Tk.18,000.  
September 12: Received Tk. 5,000 cash advance from Ms. Lata for an implant.  
September 15: Received Tk. 40,000 cash for services performed.  
September 30: Paid secretary-cum-receptionist for the month Tk. 16,000.  
September 30: Paid Tk. 40,000 to Meditech Co. for accounts payable due.

**Required:**

- (i) Journalize the transactions. 7
- (ii) Post relevant transactions to the cash account. 3
- (iii) Prepare a trial balance as on September 30, 2019. 5

3. a) What do you mean by bank reconciliation statement? 5
- b) What are the causes of disagreement between bank balance as per Cash Book and Bank Statement? 5
- c) Prepare a bank reconciliation statement of M/S Madina Enterprise as on 31.12.2018 with the following information: 10

i)	Bank Balance as on 31.12.2018 as per Cash Book is Tk. 2,50,000.
ii)	A cheque deposited in the bank amounting to Tk. 23,000 and duly credited in the bank statement but entered in the Cash Book as Tk. 32,000.
iii)	Dividend amounting to Tk. 20,000 directly credited in to the bank had

	not been entered in Cash Book.
iv)	A Cheque deposited on 25 <sup>th</sup> December 2018 but credited by the bank on 3 <sup>rd</sup> January 2019 for Tk. 10,000.
v)	A cheque issued but not presented for payment Tk. 20,000.
vi)	Bank Charge of Tk. 500 was not entered in the Cash Book.
vii)	Bank credited Tk. 2,000 as profit on December 30, 2018 which was not accounted for in the Cash Book up to 31 <sup>st</sup> December 2018.
viii)	Balance as per bank statement is Tk. 2,72,500.

4. a) Sketch a pen picture of AAOIFI stating its objectives and functions. 5
- b) Show the differences between Adjusting Entry and Closing Entry. 5
- c) Before preparing financial statements of M/S Rising Company for the month, following adjustments were noted on December 31, 2018:

1)	Three months' rent paid on November 1, 2018 @ Tk. 8,000 per month.
2)	Unearned revenue was due total Tk. 55,000.
3)	Depreciation on equipment for the month Tk. 2,500.
4)	Expired insurance for the month Tk, 3,000.
5)	Office supplies used during December 2018 Tk. 9,000.
6)	Services provided but unbilled on December 31, 2018 were Tk. 60,000.
7)	Profit on investment accrued at December 31, 2018 Tk.15,000.
8)	Accrued salaries on December 31, 2018 were Tk. 25,000.

**Required:**

- i) Make the adjusting entries at the end of December 2018 and 7
- ii) Make reversing entries, where required, at the beginning of January 2019. 3

5. a) State the key differences between GAAP and IFRS as related to the recording process for fixed assets. 5
- b) Describe different methods of computing depreciation. 5
- c) A company purchased a factory machinery at a cost of Tk. 35,50,000 on July 1, 2015. Salvage value of the machine was Tk. 3,50,000 at the end of its 5- year useful life. The machine was expected to be used total 1,60,000 hours. Actual annual hourly use was 20,000; 60,000; 35,000; 25,000 and 10,000 in 2015, 2016, 2017, 2018 and 2019 respectively.

**Required:** Prepare the depreciation schedule for the machinery under the following methods:

- (i) Straight-Line method; 2
- (ii) Units of Activity method; 4
- (iii) Double- Declining-Balance method. 4

6. a) Why proper valuation of inventory is important? 3
- b) What are the differences between periodic and perpetual inventory systems? 5

- c) M/S Moon Beverage Distribution Ltd. began operations on August 1, 2019 with an inventory of 300 cases of soft drinks having 24 bottles in each case. Cost of each bottle was Tk.10.50. During the first month, the enterprise purchased inventory as follows:

August 2: 150 cases @10.75 each bottle.

August 5: 200 cases @10.25 each bottle.

August 12: 700 cases @10.00 each bottle.

August 18: 400 cases @10.30 each bottle.

The ending inventory consists of 500 cases.

**Required:** Determine the cost of inventory in hand on August 31, 2019 and cost of goods sold following periodic inventory system under-

i) FIFO Method

4

ii) LIFO Method and

4

iii) Average Cost Method

4

7. Write short notes on **any 5 (five)** of the following:

5x4=20

(i) Accounting equation (ii) Matching principle (iii) Accounting cycle

(iv) Accrual basis vs. cash basis accounting (v) Off balance sheet items and non banking assets. (vi) Limitations of balance sheet (vii) CSR expenditure by a banking company (viii) Window dressing.

8. The Best Islamic Bank Ltd. has provided the following Trial Balance and additional information:

The Best Islamic Bank Ltd.  
Trial Balance  
As on December 31, 2018

Account Title	Debit Amount (Tk'000)	Credit Amount (Tk.'000)
Al-Wadeah Current Account		60,000
Mudaraba Savings Deposits		90,000
Mudaraba Term Deposits		70,000
Other Deposits		20,900
Provision		2,000
Commission		1,500
Investment Income		25,200
OBU's Income		2,000
Accrued Expense		260
Other Operating Income		2,000
Statutory Reserve		2,340
General Reserve		1,300
Balance of Profit and Loss A/C		500
Paid up Capital		16,000
Cash in hand	6,300	
Balance with BB	13,000	
Balance with other banks	3,000	

Land and buildings	4,000	
Furniture fixture	1,000	
Other fixed assets	500	
Salaries and allowances	2,400	
Investment in shares	6,000	
Bills purchased	30,000	
Profit paid on deposits	16,000	
Salary & allowances for MD	224	
Loss on Brokerage	100	
Prepaid expenses	30	
SSC fees and expenses	120	
Non-banking assets	180	
General expenses	190	
Legal expenses	30	
Other assets	300	
Director fees	50	
CSR expenses	216	
General investment	210,360	
<b>Total</b>	<b>294,000</b>	<b>294,000</b>

**Additional Information:**

(i) Unpaid utilities bill Tk. 10,000.

(ii) Provide Tk.5,000,000, Tk 4,000,000 and 5,00,000 as provision against Taxes, NPI and others respectively.

**Required:**

a) Prepare a Profit and Loss Account for the year 2018; and

b) Prepare a Balance Sheet as on December 31, 2018.

10

10

**The End**

**Diploma in Islamic Banking Examination, October 2019**

**PART-I**

**104: Principles of Management**

**Time: 3 hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the margin indicate full marks.)

1. a) Explain the nature of management from Islamic perspectives. 6
  - b) “Management concepts, principles and policies can be similarly applied to all organizations irrespective of size and nature”- explain the statement with universalism of management concept. 5
  - c) “A branch manager may be effective but not efficient”- put arguments for or against. 5
  - d) Who are called managers of a bank? Do you think that MD is manager of a bank? Explain with your argument. 4
  2. a) Under what circumstances planning is treated as mother function of any discipline to manage the organization? 6
  - b) How does Total Quality Management (TQM) differ from process Re-engineering? 6
  - c) What is multiplicity of objectives? How the objectives of an Islamic bank may be set? Explain from the hierarchy of objective concept. 8
  3. a) Mention the assumptions of theory X and theory Y. 2
  - b) What are the implications of theory X and theory Y in an Islamic financial institute? 4
  - c) In your opinion which leadership style is applicable in the Islamic banks in Bangladesh? 7
  - d) Explain in short the leadership principles of Prophet Muhammad (SW) which can be applied in the banking industry of Bangladesh facing no obstacle. 7
  4. a) Discuss in brief the ‘Basic Needs Tree’ theory of motivation devised by Imam Ghazali (R) and imam Shatibee (R). 7
  - b) How can you increase the motivation level of executives of Islamic organizations in Bangladesh? 7
  - c) Distinguish between feedback and feed forward control with examples. 6
  5. a) Define manpower planning. What are its benefits? 6
  - b) Why performance appraisal is important? 4
  - c) Do you think that 360-degree method of performance appraisal may be effective for the purpose? Put arguments for your favor. 5
  - d) Name some important methods of imparting training of newly recruited bank managers. 5
  6. a) Explain the concept of formal and informal organization. 6
  - b) Discuss any one theory or model of formal organization. 6
  - c) Mention some principles to be followed for the successful implementation of formal organization. 4
- How informal organization spreads rumor in an organization? Discuss with specific

- d) examples. 4
7. a) What is MIS? How does it help the management in decision making? 7
- b) Point out the important tools and techniques available for system design and improvement. 7
- c) Explain how does operation research helps to enhance productivity of an organization. 6
8. Write short notes on **any 5 (five)** of the following: 5x4=20
- |                          |                         |
|--------------------------|-------------------------|
| a) Scientific Management | b) Innovation           |
| c) Social System Theory  | d) Matrix organization  |
| e) Bounded Rationality   | f) Operational planning |
| g) Departmentation       | h) Job Satisfaction     |

**The End**



**Diploma in Islamic Banking Examination, October 2019**

**PART-I**

**105: Business Communication**

**Time: 3 hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the right margin indicate full marks.)

1. a) Define communication and state its role in business. 8  
b) What skills set do you require to be successful in business communication? 6  
c) Do you think that the automated communication system can have a better impact on the business of your bank? Give arguments in favor of your answer. 6
2. a) Differentiate between internal and external communication. 4  
b) Briefly describe the common forms and modes of internal and external communication. 8  
c) What factors would you consider in selecting an appropriate medium of communication in a given communication situation? Explain briefly. 8
3. a) How does formal communication differ from informal communication? 4  
b) State the situations favoring formal and informal communications. 8  
c) How would you evaluate the communication culture of your bank? Can you identify some drawbacks of the culture? If so, how can such shortcomings be overcome? 8
4. a) 'The quality of assets depends on the quality of communication'- Explain. 7  
b) Draft a letter to a defaulter client to regularize their liability with your branch. 6  
c) Write a press release covering the newly opened branch of your bank. 7
5. a) You have planned to launch a deposit mobilization campaign. Draft a circular in this regard. 7  
b) Write a letter to the Head Master of a school to allow arranging school banking fair in the school premises. 6  
c) Draft a leaf-let for the students on the benefits of a school banking and how they may develop savings for the future. 7
6. a) "Technology has transformed the way we communicate". Explain the statement. 6  
b) What role can multimedia play in enhancing the effectiveness of communication? 7  
c) How does the indiscriminate use of technology affect business communication? 7
7. a) Draft a notice of a Board Meeting of your bank with some hypothesized agenda. 8  
b) Describe 7 C's of effective communication which are applicable to written as well as oral communication. 12
8. Write short notes on **any 5 (five)** of the following: 5x4=20
  - a) Communication by action.
  - b) Voice Mail.
  - c) Social Media.
  - d) Office Memo.
  - e) Pie Chart.
  - f) Feedback in communication.
  - g) Tele conference.

**The End**

**Diploma in Islamic Banking Examination, October 2019**

**PART-I**

**106: Theory and Practice of Banking: Islamic and Conventional**

**Time: 3 hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the right margin indicate full marks.)

1. a) Define Islamic Bank as defined by OIC. 2
- b) What are the basic difference between Islamic banking and conventional banking? 5
- c) Describe the profit and loss sharing/distribution system under Musaraka principles. 6
- d) Is the operating system of Islamic banking superior to the conventional one for the society and economy? If so, justify. 7
2. a) What is green banking? Why is it called green banking? 3
- b) Differentiate between unit banking and branch banking. 4
- c) Define virtual banking. What are the advantages and disadvantages of virtual banking? 6
- d) Differentiate between retail banking and corporate banking. Which of the above two systems is beneficial for a bank and the society. Justify. 7
3. a) Define Central Bank. Describe the roles and functions of a Central Bank. 8
- b) Describe the differences between bank and non bank financial institutions. 5
- c) What is onsite and offsite supervision? Describe the role of offsite supervision in the operation of bank. 5
- d) What is bank rate? 2
4. a) Define endorsement. Briefly describe different types of endorsement. 6
- b) What is meant by holder in due course and payment in due course? 6
- c) Describe the duties and responsibilities of the introducer of an account. 4
- d) What is special crossing? Describe its importance. 4
5. a) Differentiate between Mandate and Nominee. 4
- b) What is the bill of exchange? Is cheque a bill of exchange? Explain. 4
- c) What is deposit mix? How can deposit mix play role in profitability of a commercial bank? 6
- d) Describe the main features of a negotiable instrument. 6
6. a) Describe the role of a capital market for economic development of a country. 6
- b) What is cost of fund and cost of deposit? 4
- c) What are main causes of volatility in capital market? 5
- d) What is Repo and Reverse Repo? Explain briefly. 5
7. a) Describe the role of Asset Liability Management in financing operations. 5
- b) What is residual risk? How can it be mitigated? 5
- c) What is CDD and EDD? Why these are important in banking industry? 6
- d) What is off balance sheet exposure? Give example. 4

8. Write short notes on any 5 (five) of the following:

5x4=20

a) Call money market

b) Booth Banking

c) Predicate offence

d) Stale Bill of Lading

e) Syndicate financing

f) RTGS

g) Efficiency index

h) Eligible security

**The End**

**Diploma in Islamic Banking Examination, October 2019**

**PART-II**

**201: Investment Management**

**Time: 3 hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the margin indicate full marks.)

- 1) a. "Portfolio approach does not necessarily ensure downside protection but reduces risk" Explain. 7
- b. Briefly discuss Islamic financial modes and Islamic financial instruments. 7
- c. What do you understand by risk management and how are risks measured? 6
- 2) a. Discuss the different aspects of appraisal of term investment. 7
- b. The feature of the investment policy of an Islamic bank is to invest on the basis of profit and loss sharing system in accordance with the tenets and principles of Islamic Shariah. Explain. 7
- c. Earning of profit is not the only motive of bank's investment policy rather emphasis is given on attaining social goal and objective for creating employment opportunities. Explain. 6
- 3) a. Describe the basic principles of Capital Budgeting. 5
- b. Compare the NPV and IRR methods while evaluating independent and mutually exclusive projects. Describe the problems associated with each of the evaluation methods. 7
- c. ABC corporation is considering investment in a project that costs Tk. 5,00,000. The estimated salvage value is Tk. 50,000, tax rate 35%. The company uses straight line depreciation method and the proposed project has cash flows before tax (CFBT) as follows: 8

Year	CFBT (Amount in Taka)
1	1,00,000
2	1,50,000
3	2,00,000
4	2,25,000
5	3,00,000

**Determine the followings:**

Year	1	2	3	4	5
PVF at 15%	0.870	0.756	0.658	0.572	0.497

- a. Payback Period
  - b. Net Present Value at 15%
  - c. Profitability Index
  - d. Comment on the basis of the result
- 4) a. As an investment official of a bank, why do you need to understand the working capital requirement of a company before taking decision of investment? 5

- b. The management of XYZ industries has called for a statement showing the working capital needs to finance a level of activity of 3,00,000 units of output for the year. The cost structure of the company's product for the above mentioned activity level is detailed below: 15

Elements of cost	Amount per unit (Tk.)
Raw Material	30
Direct labor	6
Overhead (Including depreciation of Tk. 6 per unit)	<u>18</u>
Total cost	54
Profit	18
Selling price	<u>72</u>

**Additional information**

- Minimum desired cash balance is Tk. 30,000.
- Raw materials are held at stock on an average for 02 (two) months.
- Work in Process (assume 50% completion stage) will approximate to half a month's production.
- Finished goods remain in warehouse, on an average for 01 (one) month.
- Supplies of materials extend 01 (one) month's credit and debtors are provided 02 (two) months credit.
- Cash sales are 25% of total sales.
- There is a time-lag in payment of wages for half a month and 01 (one) month in case of overheads.

**From the above information, prepare a statement showing working capital requirement for the company.**

- What do you understand by asset quality? What sorts of strategies should a bank adopt to upgrade the asset quality? 6
  - What is provisioning? How does it affect the profitability of a bank? 6
  - One of your investment projects with working capital (WC) liability of Tk. 25 million and HPSM liability of Tk. 20 million classified as BL needs to be rescheduled for the first time. State stepwise processing as per BRPD circular No.15 of 2012. 8
- What are the major changes have been brought in the Internal Credit Risk Rating System (ICRRS) in comparison to the Investment/Credit Risk Grading (IRG/CRG)? 7
  - What is ERM? How can you make project finance into Green Finance? 7
  - Describe the importance of client's rating. How does it impact on the Capital Adequacy? 6
- What are the Investment Risk Mitigation strategies? Describe the role of managing investment risk with appropriate Management Information System (MIS). 7
  - How does documentation secure bank's investment? Discuss the procedures. 6
  - What is importance of valuation of mortgage property? Describe the policy of valuation as per Bangladesh Bank Guidelines. 7
- Write short notes on any 05 (five) of the following: 4X5=20
  - Turnkey contract
  - Daisy Chain
  - Residual Risk
  - Syndication and Participation
  - BEP & ERR
  - Early Alert Report
  - Investment amortization
  - Market capitalization.

**The End**

**Diploma in Islamic Banking Examination, October 2019**

**PART-II**

**202: International Trade and Finance**

**Time: 3 hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the margin indicate full marks.)

1. a) What do you mean by UPAS L/C? Briefly narrate the rules and procedures of opening UPAS L/C and settlement thereof. 12
- b) Define EDF and MFCI. What are the procedures for disbursement and realization/settlement of EDF & MFCI? 8
2. a) Explain the advantages of comparative cost advantage theory over absolute cost advantage theory of international trade. 6
- b) Name the international economic transactions which are included in the current A/C and financial A/C of BOP of a country. 6
- c) Distinguish between partial convertibility and full convertibility of currency. What is the overall status of currency convertibility at this moment in Bangladesh? 8
3. a) State the role of banks in international trade. 4
- b) Discuss the following International Trade settlement methods, its advantages and disadvantages for importers and exporters: 16
  - i) Payment in advance.
  - ii) Open Account.
  - iii) Documentary Collection.
  - iv) Documentary Credit.
4. a) State the purposes of “Transport Documents” in a documentary credit operation. State the information which must be contained in a “Bill of Lading”. 7
- b) How do you determine the “Date of Shipment” in case of various transport documents in accordance with UCP-600. 5
- c) Indicate the title of contract of carriage applicable for various transport documents. 4
- d) State the reasons for which the “Date of issuance of transport document” is important. 4
5. a) Explain following terms in light of UCP-600 12
  - i) Negotiation.
  - ii) Honor.
  - iii) Complying presentation.
  - iv) Nominated bank.
  - v) Clean transport document.
  - vi) Transferring bank.
  - vii) Blank back bill of lading.
  - viii) Multimodal transport.
- b) Explain the following “Incoterms” indicating the responsibilities of exporter 8

and importer in relation to cost and risk:

i) DDP ii) CPT iii) FCA iv) CFR.

6. Distinguish between the following pairs of concepts: 5x4=20
- a) Nostro A/C Vs Vostro A/C.
  - b) Bill of Lading Vs Bill of Entry.
  - c) Cash L/C Vs Back to Back L/C.
  - d) Deferred Payment Vs Acceptance.
  - e) Short Position Vs Long Position.
7. a) What is SWAP? 3
- b) Discuss the Direct Quotation and Indirect Quotation with example. 4
- c) A customer intends to sell an export documents for USD10,000 at sight basis. Calculate applicable rate for purchasing the above documents under Bai-as-sarf and total value to be paid the customer under the data: 13
- i) Spot Rate USD/BDT : 83.80-84.80
  - ii) Transit period : 21 days (1 Year 360 days)
  - iii) Collection charge : 0.20 %
  - iv) Bank profit : @ 6% PA
  - v) Postage charge : Tk.0.15 per USD
  - vi) Foreign correspondent charge: Tk.0.10 per USD
8. Write short notes on **any 5 (Five)** of the following: 5x4=20
- a) SWIFT
  - b) Financial engineering
  - c) Future market
  - d) ACU
  - e) Factoring
  - f) Agency arrangements
  - g) Trade based money laundering
  - h) Suppliers credit

**The End**

**Diploma in Islamic Banking Examination, October 2019**

**PART-II**

**203: Ethics in Banking & Legal Environment**

**Time: 3 hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the right margin indicate full marks.)

1. a) What do you mean by Ethics? What is 'Ethical Banking'? 7  
b) Do you find any distinction between "Law and Act"? 5  
c) What is good governance? What are the main characteristics of good governance in a bank company? 8
2. a) Who is a "Customer" as per Negotiable Instrument Act-1881? Who is a "Walk-in Customer"? 6  
b) What do you mean by "Good Faith" and "Without Negligence"? 5  
c) What is KYC remediation? 5  
d) Define payment in due course. 4
3. a) "Contract is an agreement enforceable by law" explain with the elements of a contract. 10  
b) What do you mean by "Free Consent"? 5  
c) Who are competent to enter into a contract? 5
4. a) What are the procedures of filing suit for recovery of bank's dues as per the Artho Rin Adalot Ain-2003? 10  
b) Define with example mortgage, mortgagee, mortgagor and mortgage deed. 6  
c) What do you mean by Collateral Security? 4
5. a) Define money laundering as per money laundering prevention act. 5  
b) Who is a "BAMLCO"? Write down duties and responsibilities of a BAMLCO. 10  
c) What are the "predicate offences"? 5
6. a) Briefly discuss about the advantages and disadvantages of lease financing. 10  
b) Distinguish between fixed charge and floating charge. 5  
c) What do you mean by the Certificate of Incorporation and Certificate for Commencement of Business? 5
7. a) Discuss the Shariah principles of "Mudaraba" and "Musaraka". 6  
b) Do you think Shariah compliance in investment can protect the bank from non-performing investment? 8  
c) "HPSM is a synthesis of three contracts"- explain it. 6
8. Write short notes on any 5 (Five) of the following: 5x4=20  
a) ADC products      b) Virtual banking      c) FATCA      d) Human banking  
e) Booth Banking      f) Residual risk.      g) Good root of title  
h) Endorsement

**The End**



**Diploma in Islamic Banking Examination, October 2019**

**PART-II**

**204: Management Accounting & Financial Management**

**Time: 3 hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any 5 (five)** questions selecting at least **2 (two)** questions from each section. The figures in the right margin indicate full marks. Answer to the question must bear workings, notes, and formula where necessary.)

**Section-I : Management Accounting**

1. a) What is Management Accounting? What are the major differences and similarities between Financial Accounting and Management Accounting? 5
- b) How the following aspects affect the break-even point and P/V ratio of a firm? 5
- i. Increase in fixed cost;
  - ii. Increase in sales;
  - iii. Decrease in variable cost per unit;
  - iv. Expansion of factory building;
  - v. Decreasing in selling price per unit.
- c) XYZ Company sells product X at Tk. 500 per unit. The variable cost per unit is Tk. 200 while fixed cost is Tk. 1,10,000 per month. Based on the above information, calculate the following: 10
- i. Break-even point for a month;
  - ii. Profit/Loss for a month if 500 units are sold;
  - iii. Sales revenue to earn a profit of Tk. 5,000;
  - iv. Margin of safety if 400 units are sold.
2. a) What are the benefits of preparing cash budget? 5
- b) You have been assigned with the responsibility to prepare a cash budget for ABC company to evaluate the cash requirements. The following data are available: 15

Month	Sales	Materials	Wages	Overheads
October, 2018	Tk.1,70,000	Tk.80,000	Tk.10,000	Tk.25,800
November, 2018	1,75,000	83,000	11,000	26,300
December, 2018	1,80,000	85,000	12,000	30,000
January, 2019	1,85,000	90,000	13,000	31,700
February, 2019	1,90,000	95,000	14,000	32,000
March, 2019	2,00,000	1,00,000	15,000	33,900

**Credit terms:**

- i) Period of credit allowed by material supplier-2 months.
- ii) Lag in payment of overheads-1month.
- iii) Lag in payment of wages-1/4 month.

**Other information:**

- i) Plant to be installed in March at a cost of Tk. 50,000 to be paid monthly @ Tk.10,000 from 1 February, 2019. Extensions to research department at a cost of Tk. 10,000 will be completed in January and payment to be made in February.
- ii) Cash sales are estimated at 50% of total sales. 25% of credit sales will be received in the month of following sale and 20% of credit sales in next month while the rest 5% will not be recoverable.
- iii) Payment of Tk. 10,000 is to be made under a hire purchase contract throughout the budgeted period.
- iv. Dividend from the investment of Tk. 50,000 is expected to be received in March, 2019.
- v. Tax of Tk. 1,00,000 is due on 31 March.
- vi. Cash balance on 1 January is Tk. 1,00,000.

**Requirement: Prepare a month-wise cash budget for the quarter ended March, 2019.**

- 3. a) What are the purposes of ratio analysis? 3
- b) How does ratio analysis help a banker in appraising project investment and assessing the risk? 5
- c) Balance sheet as at 31.12.2018 of M/S Khulna Cotton Ltd. is as follows: 12

<b>Capital &amp; Liabilities</b>	<b>Taka</b>	<b>Assets &amp; Property</b>	<b>Taka</b>
Paid up capital	5,00,000	Goodwill	90,000
General Reserve	1,80,000	Land & Building	1,50,000
Revaluation Reserve	75,000	Plant & Machinery	4,40,000
HPSM Bank Investment	80,000	Inventory	1,15,000
Murabaha TR investment	60,000	Accounts Receivable	1,04,000
Accounts Payable	1,12,000	Cash at Bank	40,000
		Cash in Hand	68,000
	<b>10,07,000</b>		<b>10,07,000</b>

**Additional Information:**

Tax rate- 30%, Net profit after tax- Tk. 1,20,000, Sales- Tk. 16,00,000 and Cost of Goods sold Tk. 13,00,000.

**You are required to calculate**

- i) Current Ratio;
- ii) Acid Test Ratio;
- iii) Gross Profit Margin;
- iv) Inventory Turnover Ratio;
- v) Total Asset Turnover and
- vi) Return on Equity.

- 4. **Write short notes on any 5 (five) of the followings:** 5x4=20
  - a) Opportunity cost    b) Margin of safety    c) Return of Asset (ROA)
  - d) Price-earnings ratio    e) Common-size financial statement analysis
  - f) Absorption costing.

**Section-II**  
**(Financial Management)**

5. a) What is meant by the concept Time Value of Money? Does Islamic finance support the concept of time value of money? Explain. 6
- b) What is effective interest rate? Why is it different from nominal rate? 6
- c) You have currently Tk. 1,00,000 to deposit in an Islamic Bank under Murdaraba Term Deposit (MTDR) on auto renewal basis. You have been informed that the provisional rate of profit for 3 months MTDR is 6% followed 6.50% for 6 months and 6.70% for 12 months. 8
- Requirements:**
- i). What would you get at the end three years on each alternative?
- ii). What would be effective rate of return on each alternative and which plan should you choose?
6. a) What are uses of long-term funds? Should seasonal financial needs of a business be financed by long-term funds? Explain. 8
- b) A business requires additional Tk. 2 million cash in the month of July to meet up its seasonal requirements. There are four options available to the business firm for raising the needed funds: 12
- i) To establish a 1 year line of credit for Tk. 2 million with a commercial bank. The commitment fee will be 0.5 percent per year on the unused portion, and the interest charge on the used funds will be 11 percent per annum.
- ii) To forgo the trade discount of 2/10, net 40, on Tk. 2 million of purchases during July.
- iii) To issue Tk. 2 million of 30- day commercial paper at a 9.5 percent per annum interest rate. Total transactions fee, including the cost of backup credit line, on using commercial paper is 0.5 percent of the amount issued.
- iv) To issue Tk. 2 million of 60-day commercial paper at a 9 percent per annum interest rate, plus a transaction fee of 0.5 percent. Since the funds are required for only 30 days, the excess funds (Tk. 2 million) can be invested in 9.4 percent per annum in marketable securities for the month of August. The total transaction cost of purchasing and selling the marketable securities is 0.4 percent of the amount issue.
- **What is the cost of each financing arrangement?**
  - **Which one would be suitable for the firm?**
7. a) Distinguish between Average Rate of Return (ARR) and Internal Rate of Return (IRR) as techniques of capital budgeting decision. 8
- b) ABC company is considering a new product line that will involve cash investment Tk. 500,000 initially. The expected after tax net cash inflows of the project are shown below: 12

End of the year	Net Cash Flow (in Tk.)
1	2,50,000
2	1,75,000
3	1,50,000
4	2,25,000
5	1,95,000

**Requirement: Based on the above information, will the project be accepted if the required rate of return is 15%?**

8. a) Distinguish between Weighted Average Cost (WACC) and Weighted Marginal Cost of Capital (WMCC). 4
- b) Why is the cost of debt calculated on after tax basis? 4
- c) RB Fashion has the following capital structure on 30 June 2019: 12
- |  |               |
|--|---------------|
| Ordinary Share capital (4,00,000 Shares) | Tk. 80,00,000 |
| 10% Preference Shares                    | Tk. 20,00,000 |
| 14% Debenture                            | Tk. 60,00,000 |
- The share of the company sells for Tk. 20. It is expected that the company will pay next year a dividend of Tk. 2.00 per share which will grow at 5% forever. Assume a 40% tax rate.
- You are required to:**
- i) Compute weighted average cost of capital based on the existing capital structure.
- ii) Compute the new weighted average cost of capital if the company raises an additional Tk. 40,00,000 debt by issuing 15% subordinated bond. This would result in increasing the expected dividend to Tk.3.00 and leave the growth rate unchanged, but the price of share will fall to Tk.15.00 per share.

**The End**

**Diploma in Islamic Banking Examination, October 2019**

**PART-II**

**205: E-Banking**

**Time: 3 hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the right margin indicate full marks.)

1. a) Define ICT Risk? How does a bank mitigate the ICT risks? 10  
b) What is self assessment process for ICT risk? Identify the risk points for self assessment of your Branch/Division. 10
2. a) What do you mean by Core Banking Solution (CBS)? What are the advantages of CBS? Name some popular CBS used in banking arena of our country. 8  
b) What is the Routing number in MICR instrument? Describe the specification of Routing number? 6  
c) What are the special features of BACH-II? 3  
d) Define OTP & TPIN. 3
3. Write short notes on any 05 (Five) of the following: 5x4=20  
a) 2FA; b) QR Code; c) AML screening; d) E-commerce; e) PCIDSS; f) Online UPS; g) SMS banking.
4. a) What is POS? How does it work? What functionalities are performed through Branch & Agent POS? 8  
b) What is Green PIN? Describe the advantages of Green PIN over traditional PIN. 4  
c) How can you set your Green PIN through ATM and IVR? 4  
d) What is Dual Interface (DI) card? How does it work? 4
5. a) Describe the basic units of a Computer System with their functionalities. 10  
b) Distinguish between system software and application software with example. 4  
c) What are the functional requirements of DC & DR? 6
6. a) Define NPSB. Describe the functions and services of NPSB. 8  
b) Write short notes on the following: 4x3=12  
i. Mobile Financial Service (MFS); ii. EMV card; iii. Agent Banking; iv. BACH & BEFTN.
7. a) Describe the physical securities of the Data center as per IT policy of the bank. 6  
b) What are the entry control policies for the visitors and guests at your branch and Head office? 10  
c) What is data security? Describe how a bank ensures its customers data security. 4
8. Write Standard Operating Procedure (SOP) for the following (any five): 5x4=20  
i. SWIFT operation; ii. ON us and OFF us transaction in ATM; iii. EOD and BOD; iv. RIT; v. ATM cash loading; vi. SMS banking; vii. Cyber crime.

**The End**

**Diploma in Islamic Banking Examination, October 2019**

**PART-II**

**206: Micro Finance & Rural Banking: Conventional & Islamic**

**Time: 3 hours**

**Full Marks: 100**

**Pass Marks: 45**

(N.B.: Answer **any 5 (five)** of the questions given below.

The figures in the right margin indicate full marks.)

1. a) Distinguish between 'Micro-finance' and 'Micro-credit'. 6  
b) Describe the importance of Micro-finance and Micro-credit operations in a developing country like Bangladesh. 7  
c) Discuss the role of Islamic micro-finance in women's financial inclusion in Bangladesh. 7
2. a) What are the regular and special activities of Microcredit Regulatory Authority? 10  
b) Discuss the role of PKSF in promoting and regulating micro-finance industry in Bangladesh. 10
3. a) Explain 'Integrated Approach' in micro-finance operation. 10  
b) Analyse the risks associated with micro-finance operations both in rural and urban areas in Bangladesh. 10
4. a) Discuss the concept of graduation of MF clients? What is the role of Social Safety Net program of MFIs in graduation process of the client? 10  
b) Discuss the limitations of MFIs while graduating the entrepreneurs from micro to small and medium. 10
5. a) Describe the Islamic modes of investment for micro-financing in both rural and urban Bangladesh. 10  
b) Discuss the problems and prospects of Islamic micro-finance in Bangladesh. 10
6. a) Discuss the effectiveness of linkage programs between banks and MFIs for micro-finance. 10  
b) Do you think that existing rate of interest on micro-credit is good for poverty alleviation in Bangladesh? - Justify. 10
7. a) How would you measure 'Poverty'? "Micro-finance is not that relevant to hardcore poor"-Explain. 10  
b) Discuss the socio-economic and cultural impact of Islamic micro-finance in Bangladesh. 10
8. Write short notes on any 5 (five) of the following: 5x4=20
  - i) Off- firm economic activities
  - ii) Credit Guarantee Scheme
  - iii) Informal Credit
  - iv) Social business
  - v) CDF
  - vi) BARD
  - vii) Sustainable income

**The End**