

SYLLABUS OF THE DIPLOMA IN ISLAMIC BANKING
EXAMINATION, PART-II

Paper – 1

(Marks - 100)

201: Investment Management

1. **Investment Portfolio Management:** Importance of Investment; Different Investment Modes under Islamic Shariah, Different Sectors of Investment & Different Investment Schemes, Different Types of Investment Clients & Investment A/Cs; Impact of Interest Factor on Portfolio Management in Banks..
2. **Investment Policy Guidelines:** Bank Investment Policy, 5 Years Perspective Plan, Investment Manuals, Regulatory Policy Guidelines of Bangladesh Bank; Maqasid al - Shariah; Impact of Government Policy & Regulations.
3. **Investment Proposal Processing & Appraisal:** (a) Selection of Good Investment Client (b) Investment Appraisal: (i) Commercial Investment: Sanction, Disbursement & Recovery Process (ii) Term Investment: Appraisal of Term Investment Cases, Marketing Aspect, Technical Aspect, Financial Aspect, Management of Organizational Aspect, Socio Economic & Shariah Aspect, Economic Rate of Return (ERR), Program Evaluation & Review Technique (PERT), Critical Path Method (CPM), Investment Sanctioning & Recovery Process, IRG, CIB, Induction, RM, Investment Appraisal, NPV, BEP, BCR, IRR, CVP, PBP, FSS, Ratio Analysis etc.
4. **Working Capital Investment:** Requirement – Estimation & Techniques of Funded / Non Funded Working Capital under Islamic principles.
5. **Investment Risk management:** Concepts & techniques – Investment Risk analysis – Investment Selling – Investment Syndication – Ethics in Risk Management of Investment – Bangladesh Bank Guidelines on Investment Risk Management.
6. **Investment Structuring & Pricing:** Mechanisms.
7. **Investment Documentation:** Procedures of Documentation to secure Bank Investment, Creation of Charge on Securities - Concept, Methods & Techniques; Verification & Valuation of Security & Mortgage Properties.
8. **Follow up, Repayment & reporting:** Early alert Signal – Counseling – Motivation - Task Force Activities – Legal action.
9. **Non Performing Investment (NPI):** Concepts, Causes, Impacts on Banking Business, Investment Classification & Provisioning, Rescheduling, Write off, Waiver, Recovery, Disposal Security/ Mortgage Properties.

Books Recommended

1. Morsman, Jr. Edgar M. Commercial Loan Portfolio Management. Robert Morris Associates, U.S.A.
2. Ruth, George E. Commercial Lending. American Bankers Association, U.S.A.
3. Bedi, H.L. and V.K. Hardikar. Practical Banking Advances. Institute of Banking Studies, New Delhi.
4. Signoriello, Vincent J. Commercial Loan Practices and Operations. Bankers Publishing Company, U.S.A.
5. Chandra, Prasanna. Projects: Preparation, Appraisal, Budgeting and Implementation. Tata McGraw Hill, New Delhi.
6. IDB, Principles of Islamic Financing.
7. IDB, Islamic Banking State of the Art.
8. M. Kabir Hassan, Text Book on Islamic Banking, IERB, Dhaka.

SYLLABUS OF THE DIPLOMA IN ISLAMIC BANKING
EXAMINATION, PART-II

Paper – 2

(Marks - 100)

202: International Trade and Finance

1. **Basis of International Trade:** Theories of International Trade, Absolute Advantage & Comparative Advantage, Islamic Approach to International Trade, Balance of Trade & Balance of Payment.
2. **Concept & Sources of International Finance:** International Financial Markets & Instruments, International Monetary & Financial System, Financial Engineering, Financial Derivatives, Islamic Perspective of International Financial System, Off Shore Banking.
3. **International Trade Payment Methods:** Advance Payment, Open A/C, Documentary Collection & Documentary Credit, Consignment Sale, Islamic View point of International Trade Payment Methods, Cross Border Fund Transfer Tools, cheque, TC, Drafts, TT, SWIFT & Other Forms of Electronic Fund Transfer Tools.
4. **Documentary Credits:** Definition, Classification, *Opening, Advising & Operational Procedures, Different Types of Document: Financial, Commercial, Transport, Insurance & Other Documents*, Handling of L/C Documents in Import & Export..
5. **Legal Framework of International Trade Payment:** FER Act - 1947, UCP – 600, Inco Terms - 2010, Guidelines for Foreign Exchange Transactions, Import & Export Policy Order etc.
6. **Foreign Exchange Market:** Exchange Rate, Spot & Forward Rate, Future & Forward Rate Agreements, Option Contracts, Swaps, Exchange Arithmetic, Roll Over Contracts, Arbitrage, Short & Long Position, Dealing Room Operations, Nostro – Vostro – Lorro A/Cs..
7. **Foreign Exchange Risk Management:** Objectives & Strategies, Bangladesh Bank Guidelines..
8. **International Trade Financing Techniques:** Import & Export Finance under Islamic Principles, Pre & Post Shipment Finance, Account Receivables, Factoring, Forfeiting, Islamic View of Foreign Exchange Pricing, Foreign Investment in Bangladesh, EPZ & Export Incentives – Cash Assistance, Duty Draw Back, GSP, EDF..
9. **Foreign Remittance & FC Accounts:** Inward & Outward Remittance, different types of FC A/Cs – Opening & operational Procedures.
10. **International Institutions:** WTO, IMF, World Bank Group, EU, ACU, European Monetary System, IDB & its System of Investment under different Islamic Modes.

Books Recommended

1. Ali, Sayed Ashraf: **“Foreign Exchange and Financing of Foreign Trade”** Dhaka, Bangladesh.
2. Husted, Steven and Michael Melvin: **International Economics**, Harper Collins.
3. Awasthi, G.D.: **Trade Payments**, Academy of Business Studies. Different ICC Publications.
4. Pibeam, Keith. **International Finance**. Macmillan Press Ltd. U.K.
5. Apte, P.G. **International Financial Management**. Tata McGraw-Hill, New Delhi.
6. Walmsley, Julian. **Foreign Exchange and Money Market Guide**. John Wiley & Sons.
7. M. Kabir Hassan, **Text Book on Islamic Banking**, IERB, Dhaka.
8. BB Manual on Foreign Exchange Transaction Guidelines and Foreign Exchange Risk Management Guidelines.
9. L.R. Chowdhury, **A Text Book on Foreign Exchange**, Fair Corporation, 2000.
10. সৈয়দ আশরাফ আলী, ফরেন এক্সচেঞ্জ ও আন্তর্জাতিক বিনিময় অর্থায়ন, মাওলা ব্রাদার্স, ঢাকা।
11. এম, এ, ইউসুফ ও এম, আর সিনহা, বৈদেশিক লেনদেন: রীতি ও পদ্ধতি, পুঁথিপত্র প্রকাশনী, ঢাকা।

SYLLABUS OF THE DIPLOMA IN ISLAMIC BANKING
EXAMINATION, PART-II

Paper - 3

(Marks - 100)

203: Ethics in Banking & Legal Environment

1. **Introduction:** Concepts of Law, Order, Ordinance, Act, Rules, Practice etc; Legal Framework & Laws for Islamic Banking in Bangladesh & different countries.
2. **Ethics in Banking:** Concepts & Nature; Ethics, Religion & law; Principles of Trade, Commerce & Finance; Business Ethics & Corporate Culture.
3. **Financial Institution Related Laws:** Bank Company Act 1991, Bangladesh Bank Order 1972, Artharin Adalat Ain 2003, Financial Institution Act -1993, Public Demand Recovery Act - 1987, Bankers Book Evidence Act 1891.
4. **Financial Instrument Related Laws:** Negotiable Instrument Act 1881, Money Laundering Prevention Act - & Anti Terrorism Act .
5. **Business Related Laws:** Contract Act - 1872, Company Act 1994, Transfer of Property Act 1882, Limitation Act 1908, Stamp Act - 1899, Sale of Goods Act 1930, Bankruptcy Act 1997, Partnership Act 1932, Registration Act 1908, Securities & Exchange Commission Act 1993, Merchant Banking & Port Folio Managers Rules 2001, Customs Act-1969, Shariah Rules regarding different types of Contract – Shariah Rules for Al-Mudarabah and Al-Musharaha Companies.

Books Recommended

1. Bhuiyan, M.A. Bashar. Bangladesh Laws on Banks and Banking. Dhaka.
2. Metzger, Mallor, Barnes, Bowers, Phillips. Business Law and the Regulatory Environment. IRWIN.
2. এম, এ. মান্নান, ব্যংকিং আইন ও নীতিমালা, রয়্যাল লাইব্রেরী, ঢাকা।
3. এ, আর. মাসউদ, ব্যংকিং কোম্পানী আইন, কামরুল বুক হাউস, ঢাকা।

SYLLABUS OF THE DIPLOMA IN ISLAMIC BANKING
EXAMINATION, PART-II

Paper – 4

(Marks - 100)

204: Management Accounting & Financial Management

Management Accounting (Marks- 50)

1. **Introduction:** Definition of Management Accounting; Relationship and distinction between Financial Accounting and Management Accounting; Relationship between Management Accounting and Cost Accounting; Role of Management Accounting, Characteristics of Management Accounting Information; The task of management accountant- Analysis and interpretation of financial statements.
2. **Cost-Volume - Profit Analysis** - Uses of Cost-Volume-Profit (CVP) Analysis; Break-even Analysis and Shut-down Point; Graphical Approach of CVP Analysis in a Multi-product Environment; Assumptions and Limitations of CVP Analysis..
3. **Financial Analysis and Planning** - Sources of Financial Information- Income Statement and Balance Sheet, Statement of Changes in Financial Position- Fund Flow and Cash Flow Statement - Ratio Analysis. Financial Spread Sheet
4. **Absorption and Variable Costing-** Concept of Absorption and Variable Costing, Variable Costing and Absorption Costing Income Statements, Reconciliation of Absorption Costing Income with Variable Costing Income; Advantage and Disadvantages of Absorption Costing and Variable Costing; Variable Costing and the theory of Constraints; Impact of JIT Inventory Methods..
5. **Budgeting For Planning And Control** -Basic Framework of Budgeting, Purposes, Advantages, Planning and Control, Budgeting Process- Committee, Period, Guidelines, Review and Approval. Master Budget Interrelationships - Sales Forecasts, Production-Related Budgets; Marketing and Administrative Budgets, Cash Budgets; Budgeted Income Statement, Budget Statement of Financial Position. Limitations of Performance Evaluation with Static Budgets; Preparation of Flexible Budget.

Financial Management (Marks-50)

1. **Time Value of Money** - Concept and Methods of Time Value of Money - Future and Present Value- Future and Present Value Under Annuity, Perpetuity and Compounding Intervals -Determining the Yield on Investment - Islamic concept of Time Value of Money.
2. **Capital Budgeting** - Method of appraisal - shortcoming of appraisal method- Capital Budgeting Process -- Estimating Cash Flow - Purpose of Capital Budgeting Decision - Asset Expansion, Replacement etc. - Techniques of Capital Budgeting- Traditional: Pay Back Period and Accounting Rate of Return (ARR), Discounted: Net Present Value (NPV), Internal Rate of Return (IRR) and Profitability Index - Ranking of Investment Proposals - Capital Rationing - Risk and Capital Budgeting Decision - importance of capital budgeting to the lending bankers.
3. **Working Capital Management** - Factors Determining Working Capital requirements - Current Asset Management - Determining the Financing. Mix - Methods of financing working capital - Different types of bank investment.
4. **Short Term, Intermediate and Long Term Financing** - Characteristics and Sources of Short Term Financing - Trade financing - Use of Collateral in Short Term Financing - Hedging- Characteristics and Sources of Long Term Financing - Issue of Common and Preferred Stock.
5. **Lease Financing-** Forms of lease financing - Relative merits of leasing finance and Hire Purchase under Shirkatul Melk - Various Types of Ijara Financing.
6. **Cost of Capital-** Different components of Cost of Capital - Cost of Debt- Cost of Preferred Stock and Cost of Common Equity - Weighted Average and Marginal cost of Capital - Concept of cost of capital in Islam.
7. **Dividend Policy and Retained Earnings-** Forms of Dividend - Factors Influencing Dividend Policy - Dividend Stability - Rationale of Low and High Pay-Out Ratio - Irrelevance of Dividend Policy - MM Hypothesis.

Books Recommended

1. Block, Stanley B. & Geoffrey A. Hirt. Foundations of Financial Management. (Eighth Edition), RWIN, USA, 1997.
2. Van Horne, James C. Financial Management and Policy.
3. Syed Hamed Abdul Rahman Alkaff, Does Islam Assign Any Value/Weight to Time Factors in Economic and Financial Transactions?, Islamic Research Academy, Karachi, 1998.
4. ড. এম. এ. মান্নান, ব্যবস্থাপনা হিসাব বিজ্ঞান, প্রকাশ মন্ডল, ঢাকা।
5. ড. মনজুর মোর্শেদ মাহমুদ, এ. আর. খান, ব্যবস্থাপনা হিসাব বিজ্ঞান পরিসিতি, পদ্মা প্রকাশনী, ঢাকা।
6. পি. সি. দত্ত, ব্যবস্থাপনা হিসাব বিজ্ঞান, তারা বুক হাউস, ঢাকা।

SYLLABUS OF THE DIPLOMA IN ISLAMIC BANKING
EXAMINATION, PART-II

Paper – 5

(Marks - 100)

205: E-Banking

1. Introduction

- History and development trends of Computer, Types of Computer
- Computer Hardware: Central Processing Unit (CPU), Main Memory, Computer Peripherals: Peripheral Controllers, Terminal, Printer, Floppy Drive, Disk Drive, Compact Disk, Tape Drive, Cartridge, Tape Drive Graph Plotter, Mark Sense Readers, Etc.
- Computer Software: Definition and Applications of Software, Types of Software: Systems Software (Operating Systems), Application Software: Programming Language, Data Base Management Systems (DBMS) etc.
- Information of Communication Technology (ICT): Concept and Importance of Information and Communication Technology, Role of ICT in Financial and Business World.
- Management Information System (MIS) and role of MIS in Banks and Financial Sectors.
- Concept of Electronic Banking and Electronic Commerce.

2. Database Management System

- Definition of Database, Database Management System
- Distributed and Centralized Database Systems : Advantages and Disadvantages
- Database Application in Banking: Role for recording transaction, Use of Redundant Database System, Disaster Recovery and Data restoring System.

3. Network and Security Issues

- Computer network: Wired and Wireless Network, Fiber Optic, Radio and Satellite Network, Personal Area Network (PAN), Local Area Network (LAN), Metropolitan Area Network (MAN), Wide Area Network (WAN), Intranet, Extranet, The Internet: World Wide Web (WWW), Uniform Resource Locator (URL), Hyper-Text Transfer Protocol (HTTP), Hyper-Text Markup Language (HTML), Extensive Markup Language (XML) and Internet Protocol (IP).
- Email: Definition, importance, advantages and disadvantages, communication and Banking transactions through Email
- Data Security: Secured Data Transfer System, Data Encryption and Decryption, Hacking and Prevention of Hacking, Prevention of Data Stolen and Data Modification
- Internet Security: Virus and Anti-virus, Spy-ware and Anti-Spy-ware, Mal-ware, Disaster Recovery and Data restoring System.

4. Different Approaches to Bank Mechanization

- Stand Alone Computer System, Local Processing with Batch Updates, Online transactions and offline transactions with Shadow Posting, Remote Computing Facility with Batched Input, Online Systems with Mini Computer Networking and with Mainframe Computer, Duplication of Databases at Different Levels.

5. Electronic Payment Systems & Funds Transfer Systems

- ATM: Teller Machines, Cash Dispensers, Stand Alone ATM, ATM with On-Line Inquiry and Update Facilities, Fund Transfer and Payment through ATM
- Internet Banking: Definition, Features, Advantages & Disadvantages, SMS Banking, Phone and Mobile Banking.
- Plain Messages (Data Communication), Structured Messages (SWIFT Etc.), Direct Fund Settlement Systems (CHIPS, Etc.), two Level Funds Transfer Settlement (FEDWIRE, BANKWIRE, Point-of Sale Systems).

6. Instrument Handling Systems, Additional Banking Applications & Other Aspects

- Cheque Sorting and Balancing Systems (MICR, OCR, Etc.), Automated Clearing House, BACH Operation, Document Storage and Retrieval Systems (Microfilming), Document Transmission Systems (FAX).
- Inter-Branch Reconciliation, Foreign Exchange Dealing, Investment Management Systems, Cash Management Systems, Statistical Analysis through e-Banking.
- Personal Identification Numbers and their Use in Conjunction with Magnetic Cards of Both Credit and Debit Types, SMART Cards, Signature Storage and Display by Electronic Means, Cheque Truncation, Point of Sale(POS), Microfiche, Note and Coin Counting Devices.

7. Monitoring Security and Auditing of IT Operations

- Monitoring of IT Security System, IT Auditing System, Advantages of IT Auditing over conventional Auditing System, Effective Managerial Decisions from IT Auditing

8. Risk Management and Legal Framework in ICT

- National ICT Policy: 2002
- ICT Act-2006
- Bangladesh Bank Guidelines
- Cyber Law

References

1. Bajwa K.S. Bank Mechanisation Skylark Publication.
2. Different journals and periodicals on computer.
3. Hunt R. and Shelley J. Computer and Common Sense Prentice-Hall of India Private Limited, Latest Edition.
4. Lipis, Marschall, Linkers Electronics Banking John Wiley and Sons.
5. Rangarajan Committee Report Mechanisation and Automation in the Banking Industry, Reserve Bank of India 1984.
6. Rajgopalan R. Understanding Computer.

SYLLABUS OF THE DIPLOMA IN ISLAMIC BANKING
EXAMINATION, PART-II

Paper – 6

(Marks - 100)

206: Micro Finance and Rural Banking : Conventional & Islamic

A. Conventional Micro Finance:

1. **Introduction:** Historical Development of Micro Credit - Micro Credit and Micro Finance - Micro Financial Institutions and their Objectives - Target Market and Impact Analysis - Micro Credit and Poverty.
2. **Policy and Legal Framework - Micro credit Regulatory Authority ACT 2006** - Government Policy and Legal Framework Regarding Micro Finance in Bangladesh - Role of Government and Central Bank in the provision of Micro Credit
3. **Micro and Rural Financial Products and Services –** Credit - requirements of collateral security - collateral substitutes - savings - compulsory deposit system- Risk Management and Formal and Informal Insurance - Payment services - Social Intermediation - Enterprise development services - Social services of the MFIs.
4. **Micro Financial Institutions (MFIs) -** Formal, Semi-formal and Informal financial institutions- Institutional growth and transformation - Linkages among different types of MFIs and between Banks and MFIs..
5. **Performance Assessment –** Repayment rates - Financial viability – Profitability - Leverage and capital adequacy - Borrowers viability and poverty alleviation.
6. **Monitoring and Supervision of Micro Credit -** Meaning of Supervision – Purpose and Importance of Micro Credit Supervision - Essential Characteristics of Successful Supervision – Prevailing Supervision of Different Micro Credit institution in Bangladesh.
7. **Role of MFIs in Rural Finance and Poverty alleviation in Bangladesh -** BKB, RAKUB, Grameen Bank, BRAC, BARD, ASA, Prashika, BRDB and PKSF as micro / rural financial institutions.

B. Islamic Micro Finance:

8. **Introduction:** Background and Objectives of Islamic Micro Finance – Key Shariah Principles and Prohibitions Relevant to Finance – Shariah Complaint Financing Products and Structure – Different Types of Investment Scheme.
9. **Conventional vs. Islamic Micro Finance:** Goal & Objectives - Fund Mobilization – Modes of Financing – Target Group – Fund Transfer – Liabilities of Investment – Dealing with Defaulters – Social Development Programs.
10. **Role of Islamic Micro Finance in the Society –** AFAUAS (Dinajpur)- NOBLE (Bogra) – ALW (Natore) – Rabita al-alam al-islami- ASEAB(Pabna) – Muslim Aid Bangladesh – AMWAB(Apex body of Islamic Micro Finance Institutes).
11. **Role of IBBL in Rural Banking and Micro Finance –** RDS, SBIS, SME, WEIS etc.

Books Recommended

1. Ledgerwood, Joanna, **Micro Finance Handbook - An Institutional and Financial Perspective**, the World Bank, Washington D.C.
2. Wood, Geoffrey D and Sharif, Iffath A, (Ed) **“Who Needs Credit-Poverty and finance in Bangladesh”**, UPL, Dhaka.
3. M. Kabir Hassan, **Text Book on Islamic Banking**. IERB, Dhaka.
4. **RDS Guidelines/Manuals of IBBL**.
5. <http://www.amwab.org/> (AMWAB)
6. মোজাফফর আহমদ, **ক্ষুদ্র ও গ্রামীণ ব্যবসায় ব্যবস্থাপনা**, ঢাকা ইউনিভার্সিটি, ঢাকা।
7. ড. এ. আর. খান, **পল-নী অর্থব্যবস্থা ও ব্যাংকিং**, মোঃ আইয়ুব আলী, বাংলাবাজার, ঢাকা।