

# Syllabus of Diploma in Islamic Banking, Part-I

## Paper – 1

Marks - 100

### Paper 101: Alternative Financial System

- 1. Introduction to the Alternative Financial System:** Preview – Why Study Islamic Finance? – Shariah as the Bedrock of the Islamic Financial System – What exactly is Shariah? – Value Proposition of the Islamic Financial System – Functions of the Islamic Financial System – Types of Islamic Financial Markets – Debt and Equity Markets – Money and Capital Markets – Islamic Money Markets – Islamic Capital Markets – Primary and Secondary Markets – Organized Exchanged and Over the Counter Markets – Islamic Financial Intermediaries – Types of Islamic Financial Intermediaries – Requisites of Islamic Financial System- Strong Risk Management Practice – Effective Regulation of Islamic Financial Institutions – Sound Corporate and Shariah Governance – A Supportive Legal Framework – Robust Accounting Disclosure and Taxation Regime.
- 2. Development of an Alternative Financial System:** Preview – Historical Overview of Islamic Finance – Modern Day Islamic Finance – Emerging Interest in Islamic Finance in other Jurisdiction today – International Infrastructure Institutions – Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) – International Islamic Financial Market (IIFM) – Islamic Financial Service Board (IFSB) – Islamic International Rating Agency (IIRA) – International Islamic Liquidity Management Corporation (IILMC) – Models of Islamic Finance - Market Driven versus Government Initiatives – Full Fledged versus Dual Banking System – Infrastructure for Development – Appropriate Regulatory and Supervisory Framework – Existence of Strong Corporate Governance – Greater Transparency and Disclosure of Information – Risk Management Framework – Strong and Comprehensive Legal Framework – Development of Vibrant Islamic Financial Markets- Large Number of Players – Wide Range of Financial Products and Instruments – Tax Neutrality – Blue Print of Islamic Finance – Challenges – Adoption of a Robust Domestic Financial System – Availability of a wide range of Instruments – Human Resources Requirements.
- 3. Shari’ah Framework and Principles for the Alternative Financial System:** Preview – Definition of Shari’ah Components of Shari’ah – Sources of Islamic Law: Classification of Sources of Islamic Law – Maqasid Al-Shari’ah vis-à-vis Islamic Finance – Differences (Ikhtialf) of Opinion among Scholars – Role of Ijtihad and Mujtahid in Islamic Banking and Finance - Fundamental Prohibited Elements in Islamic Finance – Prohibition of Riba – Prohibition of Gharar – Prohibition of Gambling (Maysir) – Mutuality of Risk-Sharing – Governance and Transparency – Issues and Challenges.
- 4. Alternative Financial Markets:** Islamic Banking Operations and Instruments- Preview – Introduction – Role of Islamic Bank as an Efficient Financial Intermediary – Balance Sheet of an Islamic Bank – Sources of Funds – Savings Deposit – Current Deposit – Term Deposit – Investment Deposit – Underlying Contracts for Savings and Current Deposit – Uses of Funds – Islamic Retail Financing – Corporate Financing – Working Capital Financing – Islamic Trade Financing Instruments and Practices – Islamic Letter of Credit – Islamic Trust Receipt – Islamic Accepted Bills – Islamic Bank Guarantee – Islamic Shipping Guarantee .
- 5. Alternative Money Market:** Preview - Introduction - Money Markets Participants- Money Market Instruments- Functions of Money Markets – The need for Islamic Money Market – Difference between Islamic and Conventional Money Markets- Components of Islamic Money Markets- Islamic Interbank Market- Trading of Islamic Money Market Instruments.

6. **Sukuk Market:** Preview- Shari'ah Framework of Islamic Securities- Definition of Sukuk- Origin of Sukuk – Role of Shariah Framework in Sukuk Structuring – Sukuk Structure – Sale based Sukuk – Lease Based Sukuk – Equity based Sukuk – Issues, Opportunities, Challenges in Sukuk Market – Debt or Equity Sukuk – Sukuk Trading – Sukuk Pricing – Sukuk Default.
7. **Takaful :** Preview – Insurance and Risk Management – Concept of Insurance – Why Conventional Insurance is Not Accepted by Shari'ah – Islamic to Insurance – Takaful – Historical Development of Takaful – Shari'ah and Regulatory Framework for Takaful – Operational Framework of Takaful – Classification of Takaful Operations – Underlying Contracts in Takaful – Models of Takaful – Takaful Stakeholders- Issues, Opportunities, and Challenges - Shari'ah Issues in Takaful.
8. **Risk Management Principles and Mechanisms for the Alternative Financial System:** Preview – Introduction to Risk and Uncertainty – Islamic Perspective on Risk Management- Types of Risk Exposures – Risks Faced by Financial Institutions – Unique Characteristics of Risks in Islamic Finance – Nature of Risks Faced by Islamic Financial Institutions (IFIs)- Risks in Islamic Modes of Financing – IFSB Guidelines on Risk Management for IFIs - Comprehensive Risk Management and Reporting Process - Managing Specific Risks- Issues, Opportunities, and Challenges – Infrastructure and Risks.
9. **Regulation, Supervision and Governance of the Alternative Financial System:** Preview – Overview of the Regulations of Islamic Finance Institutions – Rationale for the Regulation of Islamic Finance – Arguments For – Protecting the Interest of Depositors and Investment Account Holders (IAHs) of IFIs Ensuring Compliance with Shari'ah – Supporting the Integration of IFIs in the International Financial System Arguments Against – The Unique Characteristics of the Regulation of Islamic Finance – Islamic Banking – Islamic Capital Markets – Rationale for Capital Regulation – Capital Adequacy Framework for IFIs – Regulatory and Supervisory Authorities for Islamic Finance – Malaysia's Experience – Securities Commission's Role – Malaysia's Experience on Securities Commission – Experience in Other Jurisdictions – International Standard-Setting Organizations – Other Infrastructure Institutions – Deposit Insurance – Issues, Opportunities and Challenges
10. **Moving Forward – Opportunities, Issues and Challenges:** Preview – Islamic Finance in Light of the 2007-2009 Global Financial Crisis – Challenges Facing Islamic Finance – Islamic Finance :Between Ideals and Reality– Shari'ah Governance – Standardization – Developing a Comprehensive and Robust Islamic Financial System – Debt versus Equity – A Way Forward – Need For a New Approach – Going Beyond Shari'ah Compliance .

### **Books Recommended:**

1. Dusuki and others, Islamic Financial System: Principals & Operations. International Shari'ah Research Academy for Islamic Finance (ISRA), Lorong Universiti A, Kualalampur.2012.
2. Obaidullah, Mohammad, Islamic Financial Services, King Abdul Aziz University, Jeddah 2005.
3. IBTRA, Journal of Islamic Economics, Banking and Finance available in [www.ibtra.com](http://www.ibtra.com)

**SYLLABUS OF THE DIPLOMA IN ISLAMIC BANKING**  
**EXAMINATION, PART-1**

**Paper-2**

**102: Principles of Economics: Conventional and Islamic**  
**(Marks-100)**

1. **Meaning and Scope Economics** - Definition of economics by Adam Smith, Robbins, Marshall, Cairncross - Positive and Normative Economics - Microeconomics and Macroeconomics - Meaning of Islamic Economics: its basic philosophy, goals and objectives - Comparative Analysis of Market, Command and Islamic Economic Systems.
2. **Demand and Supply Analysis** - Market Equilibrium - Traditional Concepts of Demand and Supply – Laws of Demand and Supply – Changes in Demand and Supply - Shifts in Demand and Supply - Consumption demand in Islamic Economics - Classification of wants and needs- Concepts of Halal, Haram, Mubah and Makruh.
3. **Elasticity of Demand** – Measurement of Price, Income, and cross elasticities.
4. **Theory of Demand** – Utility – Cardinal utility and ordinal utility- Total and marginal utility- marginal utility and Demand- Indifference curve approach to the theory of demand.
5. **Production - Factors of Production:** Land, Labour, Capital, Organization - The Law of Diminishing Returns - Large and Small scale production - Localization of industries – Factors of Production in Islamic Economics
6. **Cost of Production** - Cost in the Short-run - fixed and variable costs - average and marginal cost. Long-run costs - Economies and diseconomies of scale.
7. **Market Structure** – Types of Market and their distinguishing Characteristics - Determination of Price and Output under perfect competition, monopoly, monopolistic competition, duopoly and oligopoly – Market Distortions – Mechanisms to check distortions - Islamic view about Price and Output determination under different market structure.
8. **Distribution** – Traditional Concepts of Wages, interest, rent and profit - concept of Distribution in an Islamic system - Interest vs. Profit - Socio-economic impact of interest (riba)
9. **Analysis of National Income** - Savings and Investment - GDP, GNP and NNP - Measurement of national income – Different Methods - Estimation of National Income in Bangladesh.
10. **Money** – Definition and Functions of Money in Conventional and Islamic Economics - Demand for and Supply of Money - Value of money - Quantity theory – Concept of Value of Money in Islamic Economics - Inflation and Deflation: Causes and Cures – Monetary Policy: instruments and goals under Conventional and Islamic Economic System.
11. **Public Finance:** Principles of taxation, government expenditure, and government borrowing - Fiscal Policy - Islamic approach to fiscal policy: instruments and goals.
12. **Economic Development of Bangladesh** - Causes of underdevelopment and remedies -Development in Islamic Perspective - Poverty Alleviation in Islamic System.

**Books Recommended**

1. Ziauddin Ahmad, Money and Banking in Islam. King Abdul Aziz University, Jeddah & Institute of Policy Studies, Islamabad. 1983.
2. M. Arif. , Monetary and Fiscal Economics of Islam. King Abdul Aziz University, Jeddah. 1982.
3. Dr. Umer Chapra, Towards a Just Monetary System. The Islamic Foundation. UK. 1995.
4. Dr. Umer Chapra, The Future of Economics. The Islamic Foundation. UK.2000.
5. Hyman, David N. Economics, Richard D. Irwin Inc. 1992.
6. Samuelson, Paul A. and William D. Nordhaus. Economics. Tata McGrawhill Publication and Co. N. Delhi.1998.
7. Miller, R.L. & R.W. Pulsinelli. Modern Money and Banking, McGraw-Hill Book Company, Singapore.
8. M.A. Hamid, Islami Orthonity (Bangla). University of Rajshahi, 1999.
9. ডঃ ইউসুফ উদ্দিন, ইসলামের অর্থনৈতিক মতাদর্শ, ইসলামী ফাউন্ডেশন, খন্ড -১, খন্ড -২
10. আনিসুর রহমান, আধুনিক অর্থশাস্ত্র, প্রগতি পাবলিশাস, ঢাকা।
11. হক/রহমান, আধুনিক অর্থনীতি, বাংলাদেশ বুক কর্পোরেশন।
12. মহিউদ্দিন /আব্দুল হাই, মুদ্রাতত্ত্ব, ব্যাংকিং ও আন্তর্জাতিক বাণিজ্য, বাংলা একাডেমী, ঢাকা।

**SYLLABUS OF THE DIPLOMA IN ISLAMIC BANKING**  
**EXAMINATION, PART-1**

**Paper-3**

**(Marks- 100)**

**103: Principles of Accounting**

1. **Basic Concepts-** Definition and Scope of Accounting, Its role and Function, History of Accounting, Purpose Nature, and Users of Accounting Information; Branches of Accounting - Nature of Business organization and Accounting system, Fundamental Concept; Generally Accepted Accounting Principles(GAAP); Assumptions; Accounting Standards and Regulations.
2. **Accounting Process** - Double-Entry Accounting System, Single entry System, Transaction- Golden Rules of Debit and Credit, Analysis of Transaction - Accounting Cycle - Recording of Transaction - Journal Entry - Posting of Transactions to the Ledger - T-Form and Multi-Column Ledger- Preparation of Cash Book : Single Column, Double Column and Triple Column - Preparation of Trial Balance, Suspense Accounts - Rectification of Errors- Adjusting Entries and Closing Entries - Accrued and Deferred Revenue Expenses - Bank Reconciliation.
3. **Financial Statements:** Concept, Purpose, Importance, Limitations , Preparation of Financial Statements, Complete Set of Financial Statement, balance sheet, income statements, Manufacturing Account, statement of changes in equity, cash flow statement, and notes; comprising summary of accounting policies and other explanatory notes, Supplementary Statements/Schedules. Preparation of Financial Statements according to Nature of Business. Preparation of Financial Statements according to Legal Form of Business - Sole-proprietorship, Partnership Firms, Company and other organizations.
4. **Accounting for Fixed and Intangible Assets:** Plant Assets; Determining the Cost of Plant Assets, Land and Land Development, Buildings, Equipment, Depreciation -Factors in Computing Depreciation, Depreciation Methods, Depreciation and Income Taxes, Reversing Periodic Depreciation. Intangible Assets - Patents, Copyrights, Trademarks and Trade Names, Franchise and Licenses, Goodwill.
5. **Measuring and Reporting Inventories:** Recording and measuring inventory, types of inventory, perpetual inventory system, Periodic inventory system, Inventory cost flow assumptions, Methods of determining Inventory cost (FIFO, LIFO, and Average etc), Taking a physical Inventory, Inventory management..
6. **Accounting for Banks and financial institutions:** Accounting for Bank as per Bank companies Act-1991, Statutory requirements, full particulars of book debts, prescribed forms of profit and loss Account and Balance Sheet, and limitations. Preparation of financial statements of banks and compliance of disclosure requirements.
7. **Islamic Accounting System for Banks:** Financial Accounting Standards for Islamic Banks - Accounting and Auditing organization for Islamic Financial Institutions(AAOIFI), Accounting and Auditing Standards for Islamic Financial Institutions.

**Books Recommended**

1. Muinuddin Khan, Advanced Accounting, Ideal Library. Dhaka.1998.
2. Weygandt, Kieso Kell, Accounting Principles. John Wiley and Sons Inc.
3. Harmenson, Edwards, Salmonson. Accounting Principles, Business Publications Inc.1980.
4. M. Zohurul Islam, Accounting: Philosophy Ethics and Principles: The Islamic Perspective, Bangladesh Institute of Islamic Thought, Dhaka, 2000.
4. Development of an Accounting System for Islamic Banking, The Institute of Islamic Banking and Insurance, London, 1994.
5. Accounting and Auditing Organisation for Islamic Financial Institutions, Accounting and Auditing Standards for Islamic Financial Institutions, Bahrain, 2004-2005.
6. Md. Hafizuddin, Accountancy, The Angel publications, Dhaka, 1998.
7. অধ্যাপক হাফিজ উদ্দিন, বেসিক এ্যাকাউন্টিং, ৭ম সংস্করণ দি এ্যানজেল পাবলিকেশন্স, ঢাকা।

**SYLLABUS OF THE DIPLOMA IN ISLAMIC BANKING**  
**EXAMINATION, PART-1**

**Paper-4**

(Marks- 100)

**104: Principles of Management**

1. **Basic Management Concepts** – Management: Definition - Nature - Scope - Importance - Objectives - Functions - Theories - Management Science, Evolution of Management Thought - Patterns of Management Analysis - Systems approach applied to Management.
2. **Islamic Concept of Management** - Scope, Importance, Nature, Objectives - Prophetic Management at Madina - Principles and Process of Islamic Management.
3. **The Environment** – Social Responsibility of Management in Islamic Perspective, Internal Environment, External Environment..
4. **Planning** - Islamic Concept, nature and Objectives - The Nature, Purpose of Planning; Objectives; Strategies and Policies - Decision Making - Case Analysis..
5. **Organizing** - Islamic Viewpoint - the Nature and Purpose of Organizing - Basic Departmentation - Line/Staff - Authority and Decentralization - Committees and Group Decision Making. Models and Limitations of organizational Behavior..
6. **Staffing** - The Nature and Purpose of Staffing – Selection - Performance Appraisal - Change and Organizational Development..
7. **Supervising and Controlling** - Nature - Scope - Span of Supervision - Responsibility of Supervisors in Islamic Perspective. Islamic Meaning of Control - The System and Process of Controlling - Productivity and Operation Management - Overall and Preventive Control - Case Analysis..
8. **Motivation**: Mainsprings of Motivation, Motivating Employees Job satisfaction, Developing a sound Organization Climate..
9. **Leadership**: Islamic Concept of Leadership - Team Building and its Procedures - Leadership Development in Islam - Direction - Communication - Case Analysis..
10. **Human Resources Management** : Organization for Personnel Management - Manpower Planning - Estimation of manpower needs - Manpower Recruitment and Selection - Career Planning - Appraising Personnel Performance - Human Resources Development - stress and conflict management..
11. **Management Information System (MIS)** – Management of branch level productivity, efficiency, profitability - performance evaluation – Special Needs for urban, semi-urban and rural branches.

**Books Recommended**

1. Dr. F.R. Faridi (ed.), Islamic Principles of Business Organisation & Management, New Delhi, Kazi Publishers, 1995.
2. Muhammad Anisuzzaman and Md. Zainul Abedin Majumder, Leadership Western and Islamic: A Conceptual and an Explorative Study, BIIT, 1996.
3. ডঃ এম, আতাউর রহমান, ব্যবস্থাপনা পরিচিতি, বাংলাদেশ এশিয়ান ইউনিভার্সিটি।
4. University of Chittagong, Journal of Islamic Administration, vol. 1, 2, Winter 1995, 1996, No 1.
5. Wehrich, Heinz and Harold, Koontz. Management. McGraw-Hill International Editions.
6. Juicus, M.J. Personnel Management. Richard D. Irwin, Homewood Illinois, USA.
7. অধ্যাপক লতিফুর রহমান, কারবারের ব্যবস্থাপনা, বাংলাদেশ বুক কর্পোরেশন লিঃ ঢাকা।
8. মোঃ আফসার আলী, ব্যবস্থাপনা, ভেনাস প্রকাশনী, ঢাকা।
9. ডঃ এম, এ, মান্নান/ আনোয়ার হোসেন, কারবার পদ্ধতি ও বাণিজ্যিক চিঠিপত্র, রয়্যাল লাইব্রেরী, ঢাকা।

**SYLLABUS OF THE DIPLOMA IN ISLAMIC BANKING**  
**EXAMINATION, PART-1**

**Paper-5**

**(Marks- 100)**

**105: Business Communication**

1. **Introduction** - Meaning, Objectives and Importance of Communication, Business and Banking Communication, Islamic Concept of Communication..
2. **Theory and Process of Communication** - Principles of Business Communication - Process of Effective Communication (Model) - Factors affecting Communication.
3. **Classification and Methods of Communication** - Types of Communication - Downward, Upward, Horizontal, External, Internal, Formal, Informal, Oral and Written, Verbal and non-verbal..
4. **Fundamentals of Business Writing** - Adaptation and Selection of Words - Construction of Clear Sentences and Paragraphs - Writing for Effective Communication.
5. **Patterns of Business Letters** - Directness in Initiating Routine Letters - Answering Routine Letters - Indirectness for Bad News and Persuasion.
6. **Applications to Specific Letter Situations** - Persuasion in Sales Writing, Patterns, Variations in Collections.
7. **Standard and Physical Aspects of Communication** - Graphic Aids to Communication - Physical Presentation of Reports and Letters - Correctness of Communication.
8. **Banking Correspondence** – Business Communication as Applied to Banking.
9. Islamic Style of Business Communication, especially in Banking.
10. **Fundamentals of Report writing**- Preparation of Minutes of Board/Committees; Methods of report writing; Shorter form and longer form, Notice and agenda of meeting, Inquiry report.
11. **Media of modern Communication:** Phone - Fax - Email; Internet, SWIFT, Cell phone, Tele conference, Voice mail, Multimedia.

**Books Recommended**

1. Lesiker, Raymond V. Business Communication, Richard D. Irwin. 1989.
2. Phillips, Bonnie D. Business Communication. Delmar Publisher.
3. ডঃ এম, আতাউর রহমান, কারবার যোগাযোগ ও অফিস কর্ম পদ্ধতি, ডিজিটাল পাবলিকেশনস, ১৯৯৭

**SYLLABUS OF THE DIPLOMA IN ISLAMIC BANKING**  
**EXAMINATION, PART-1**

**Paper-6**

(Marks- 100)

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

**(A) Theory of Banking:**

1. **Concepts of Banks & Banking Systems:** - History of Banking; Functions of Bank; Classifications of Banks– Unit, Branch & Chain Banking; Central ,Commercial, Specialized Banking; Retail & Wholesale Banking; Relationship & Transactional and Virtual Banking; Universal Banking ; Green Banking; Mortgage Banking; Merchant Banking; E - Banking; Non Banking Financial Institutions..
2. **Concepts of Islamic Banking:** Meaning & Objectives, Shariah Concepts & Principles of Islamic Banking, History & Present Status of Islamic Banking in Bangladesh & around the World, Difference & Superiority over the Conventional Banking, Concepts of Profit & Interest (Riba) based Transactions, Distortion in Islamic Banking, Resources Mobilization Principles & Process, Profit Earning & distribution system, Problems of Islamic Banking in dual Banking system & Prospects of Islamic Banking in Bangladesh and Role of Shariah Supervisory Committee, Central Shariah Board, AAOIFI..
3. **Central Banking:** Concepts, Objectives, Functions & Role of Central Bank; Banks Examinations & Supervisions: On Site & Off Site, Banks Performance measuring & evaluation - CAMELS Rating, Credit Control, Bank Rate Policy, Open Market Operation; Regulatory Framework & Regulations by Central Bank, Reforms in Banking & Financial Sectors; Guidelines for Islamic Banking; Central Banking in Islamic Framework.

**(B) Practice of Banking**

4. **Branch Banking Operation:** Different Types of Deposit, Deposit A/Cs / Deposit Products, Deposit A/C Holders; Types, Uses and Handling of Cheques, Cheque Collection Methods ( Clearing, OBC / IBC, Internal Transfer, IBCA / IBDA, Online Transfer); Collecting & Paying Banker; Remittance & Different Ancillary Services; Cash Management; IBG A/C Reconciliation; Customer Services, Banker Customer Relationship;.
5. **Internal Control & Compliance:** Concepts, Functions, Statutory Audit, Preparation & Handling of Audit Report.
6. **Fund Management:** Asset – Liability Management (ALM) Techniques: Demand for & Supply of Bank Liquidity in Conventional & Islamic Banking system, Liquidity Problems – Liquidity Management strategies, Factors determining cash reserves of Banks, Profit Rate Risk, Managing Funds: Deposit & Non Deposit Funds, Off Balance Sheet Sources, Management of Capital under Basel Framework; Deposit- Inv Mix, Deposit - Inv Ratio, CRR, SLR.
7. **Money & Capital Market:** (a)Conventional System: Operation by Bank in Money Market Instruments (like Treasury Bill / Bonds, Commercial Papers, Mutual Funds, Certificate of Deposit, Repo / Reverse Repo etc), Call Money Market, Share Trading & Brokerage House Operations etc. (b) Islami Money Market: Islamic Bonds, Mutual Funds etc.

**Books Recommended**

- (1) Bedi, et. al. **Theory & Practice of Banking**. Jeevandeep Prakashan, Bombay.
- (2) Tannan's **Banking Law & Practice in India**, India Law House, New Delhi.
- (3) Shekhar & Shekhar, **Banking Theory & Practice**, Vikas Publishing, New Delhi.
- (4) M. Kabir Hassan, **Text Book on Islamic Banking**, IERB, Dhaka.
- (5) অধ্যাপক শরীফ হোসাইন, **ইসলামী ব্যাংকিং**, পি.আর.ডি. আইবিবিএল, ঢাকা।
- (6) Umer Chapra, **Towards a Just Monetary System**.
- (7) মোঃ আব্দুল মান্নান, **ইসলামী ব্যাংক ব্যবস্থা**, সেন্ট্রাল শরীয়া বোর্ড ফর ইসলামী ব্যাংকস।
- (8) ইকবাল কবীর মোবন, **ইসলামী অর্থনীতি ও ব্যাংকিং**, প্রিন্সিপাল পাবলিশার্স, ঢাকা
- (9) Md. Mahfuzur Rahman, **Islamic Financial System**, Welfare Publication, Dhaka.
- (10) লতিফুর রহমান, **ব্যাংকিং পদ্ধতি**, আইডিয়াল লাইব্রেরী, ঢাকা।
- (11) এ, এস, এম, হাবিবুর হরমান, **ইসলামী ব্যাংকিং**, প্রকাশক, হেলেনা পারভীন (রীণা) ঢাকা।