

Diploma in Islamic Banking Examination, April 2020

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 right margin indicate full marks.)

1. a) What is meant by Alternative Financial System? What are its features and characteristics? 7
- b) What are the challenges and prospects of Islamic Financial System in Bangladesh? 7
- c) What are the basic differences between Islamic Financial System and Conventional System? 6
2. a) Define Shari'ah and Maqasid-al-Shari'ah. 5
- b) Can Maqasid-al-Shari'ah be achieved through Islamic Banking? Explain. 8
- c) Narrate the role of Ijtihad and Mujtahid in Islamic Banking & Finance. 7
3. a) What is Riba? Why is it prohibited? 10
- b) What is Profit? How do Islamic Banks generate profit rather than interest? 10
4. a) What is Sukuk? 5
- b) How does Sukuk differ from conventional Bonds? 5
- c) Describe lease based Sukuk structure with an example in the context of Bangladesh. 10
5. a) What is an Islamic Money Market? 5
- b) Why Islamic Money Market is essential for Islamic Banks and Financial Institutions? 7
- c) What could be, in your opinion, some Money Market products for Islamic Banks? 8
6. a) What are the legal and regulatory developments witnessed by Islamic Banking in Bangladesh in the recent years. 10
- b) Write an overview on the Shari'ah Standards issued by AAOIFI. 10
7. a) "Islamic Banking cannot flourish without Mudaraba and Musharaka Financing"- do you agree or not? Explain. 7
- b) Describe the prospects of Islamic Capital Market in Bangladesh. 6
- c) Describe the risks associated with Islamic modes of financing. 7
8. Write short notes on **any 5 (Five)** of the following: 5x4=20
 - i) CIBAFI
 - ii) Distributive Justice
 - iii) Wadeeah and Amanah
 - iv) MPB & BGIIB
 - v) Risks in Alternative Financial System
 - vi) Takaful
 - vii) Risk Based Shari'ah Audit
 - viii) Asset Backed Sukuk

The End

Diploma in Islamic Banking Examination, April 2020

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 right margin indicate full marks.)

1. a) What is Economics? Distinguish between Conventional Economics and Islamic Economics. 10
b) “Islamic Economic System ensures social justice and equitable distribution of wealth more efficiently”-Justify. 10
2. a) What is price elasticity? How does it differ from income elasticity of demand? 10
b) “Resources are limited but wants are unlimited”- Explain from both Conventional and Islamic Economics point of views. 10
3. a) What is Market? What do you mean by “Invisible hand” in market economy? 5
b) Distinguish between ‘Monopoly’ and ‘Monopolistic competition’ in the market. 5
c) What is perfect competition? Discuss its main features. 10
4. a) What is role of Money in an economy? 5
b) Distinguish between Narrow Money and Broad Money. 5
c) Discuss the Virtual Currency like Bitcoin, Bitgold and Blockchain as alternatives to cash currency. 10
5. a) Define GDP, GNP and NNP. 5
b) Discuss the various methods of measuring GDP. 5
c) “Bangladesh in 2018 fulfilled all three eligible criteria of graduation from the UN’s LDCs list for the first time and is on track for graduation to middle income status by 2024”- Discuss. 10
6. a) Define the production function. Describe the stages of production function graphically showing the best stage of it. 10
b) Differentiate between Monetary Policy and Fiscal Policy. 5
c) Differentiate between Money Market and Capital Market. 5
7. a) What is tax policy in Islam? Discuss the importance of Islamic Microfinance and Zakat in eradication of poverty. 10
b) Why is Tax-GDP ratio so low in Bangladesh? How can this ratio be improved? 10
8. Write short notes on **any 5 (five)** of the following: 5x4=20
 - i) Trade War;
 - ii) Indifference Curve;
 - iii) Impact of NPL/NPI on economy;
 - iv) Market Syndicate;
 - v) Marginal Cost and Revenue;
 - vi) Balance of Trade and Balance of Payment;
 - vii) Growth and Development;
 - viii) Quantitative Easing.

The End

Diploma in Islamic Banking Examination, April 2020

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) Define Accounting. Why is accounting called the language of business? 7
b) State in brief accounting concepts, conventions and principles. 5
c) Describe the role of accounting in creating values and accountability in modern business. 8
2. a) Define double entry system of book keeping. 4
b) State the advantages and disadvantages of double entry system. 4
c) Discuss how the financial instruments held by a bank are shown in its financial statements. 6
d) What do you understand by the term of Debit and Credit? State the rules of identifying debit and credit with examples. 6
- 3 a) State the Accounting Equation. Analyze the effects of business transactions on the accounting equation. 4
b) What is Accounting Cycle? Draw a diagram of the Accounting Cycle. 4
c) Mr. Abdullah opened a law office on February 1, 2020. As on February 29, 2020 the balance sheet showed cash Tk.75,000; accounts receivable Tk.51,500; supplies Tk.15,000; equipment Tk.65,500; accounts payable Tk.42,000; and owner's capital Tk.165,000. Following transactions occurred during March 2020.
March 5 : Paid Tk.32,000 cash on accounts payable.
March 9 : Collected Tk. 45,000 of accounts receivable.
March 12: Purchased additional office equipment for Tk.75,000 paying Tk.25,000 in cash and the balance on account.
March 15: Earned revenue of Tk.160,000 of which Tk.120,000 was paid in cash and the balance was due in April, 2020.
March 18: Withdrew Tk.60,000 cash for personal use.
March 22: Paid membership fees Tk.5,000; salaries for March 2020 Tk.85,000; and rent for the month Tk.35,000.
March 25 : Incurred utility expenses for the month on account Tk.3,500.
March 30: Received Tk.70,000 from ABC Bank Limited, money borrowed on a note payable.
Required:
 - (i) Prepare tabular analysis for March 2020 considering beginning balances. 6
 - (ii) Prepare an income statement for the March 2020; an owner's equity statement and a balance sheet as on March 31,2020. 6

4. a) What is adjusting entry? What are the accounting principles related to adjusting entries. 5
- b) Prepare a bank reconciliation statement of M/S. DBC Traders as on 31 December, 2019 from the following particulars: 12

i)	Cash balance as per ledger on December 31, 2019 Tk.48,000.
ii)	Bill directly paid by the bank but not recorded in ledger Tk.14,000.
iii)	A Cheque deposited and duly credited in the bank statement Tk.500 but entered in the ledger as Tk.5,000.
iv)	Dividend amounting to Tk.1,200 paid directly into the bank had not been entered in the cash book.
v)	A Cheque deposited on 28 th December, 2019 but credited by the bank on January 2, 2020 of Tk.5,000.
vi)	A Cheque issued but not presented for payment of Tk.4,000.
vii)	Bank charge of Tk.300 was not entered in the cash book.
viii)	Balance as per the bank statement as of December 31, 2019 was Tk.29,400.

You are also required to make necessary journal entries in M/S DBC Traders Book. 3

5. a) State the factors that affect the computation of depreciation. 4
- b) What is Amortization? Show the difference between book value and fair value of an asset. 4
- c) A company purchased a factory machinery at a cost of Tk. 18,00,000 on January 1, 2016. The machine was expected to be used 28,800 hours and have a salvage value of Tk.2,00,000 at the end of 4-year useful life. Actual hourly use was as follows:

Year	Hours
2016	7,000
2017	8,200
2018	6,000
2019	5,500

Required: Prepare depreciation schedules for the machine 4

i) Straight-line- method; 4

ii) Units of activity method and 4

iii) Double declining balance method. 4

6. Write short notes on any **5 (Five)** of the following 5x4=20
- AAOIFI
 - Assumptions in Accounting
 - Sunk Cost
 - Perpetual Inventory System
 - FIFO
 - Closing Entry
 - Contingent Liability
 - Basel III

7. a) Following are the ledger account balances of Takwa Ltd. as on December 31, 2019 before adjustment:

Particulars	Amount in Taka
Cash	7,210
Merchandise Inventory, January 01,2019	26,560
Store Supplies	915
Office Supplies	310
Prepaid Insurance	1,295
Store Equipment	28,950
Accu. Depreciation-Store Equipment	3,170
Office Equipment	7,440
Accu. Depreciation-Office Equipment	985
Accounts Payable	5,000
Paid up Capital	25,000
Retained Earnings	4,045
Sales	2,94,310
Sales Return and Allowance	615
Purchase	1,98,285
Purchase Discount	1,820
Freight-in	2,610
Sales Salaries Expenses	27,560
Rent Expenses (Selling Space)	11,200
Office Salaries Expenses	15,380
Rent Expenses (Office Space)	1,200
Income Tax Expenses	5,800
Share of profit on Deposit	1,000

The following adjustments are necessary:

- Merchandise inventory on December 31, 2019 Tk. 4,945 at cost (Market value Tk.4,745)
- Inventory of supplies on December 31, 2019: Store Tk.200 and Office Tk.100
- Insurance expired during the year Tk.965
- Depreciation for the year on store equipment Tk.2,965 and office equipment Tk.825.
- Additional income tax expense Tk.810

Required : Prepare an Income Statement for the year and a Balance Sheet on December 31, 2019.

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8. The Popular Islamic Bank Ltd. has provided the following Trial Balance and additional information as on 31.12.2019

The Popular Islamic Bank Ltd.
Trial Balance
as on December 31, 2019

Account Title	Debit Amount (Tk.'000)	Credit Amount (Tk.'000)
Cash in hand	25,000	
Balance with Bangladesh Bank	440,000	
Balance with other banks	75,000	
Al Wadeah Current Deposits		500,000
Mudaraba Savings Deposits		1,600,000
Mudaraba Term Deposits		1,500,000
Other Mudaraba Deposits		400,000
General Investment	3,200,000	
Investment in securities	475,000	
Fixed asset	160,000	
Profit paid to depositors	175,000	
Sundry expenses payable		25,000
Investment income		272,500
MD's salary and allowance	30,000	
SSC fees & expenses	7,500	
Brokerage Income		5,000
Bill purchased	100,000	
Salaries and allowances	75,000	
Income from ADC		25,500
OBU's Income		15,000
Commission & Exchange income		6,000
Balance of profit & loss account		15,000
Legal expenses	1,750	
Printing & stationery	2,250	
Statutory reserve		25,000
Director's fee	25,000	
Other assets	7,500	
Other liabilities		10,000
Paid up capital		400,000
Total	4,799,000	4,799,000

Additional Information:

- (i) Proposed dividend Tk.20,000,000.
(ii) Provision for general investment Tk. 21,00,000; Taxes Tk.5,00,000 and others Tk.50,000.

Required:

- a) Prepare a Profit and Loss Account for the year 2019; and
b) Prepare a Balance Sheet as on December 31, 2019.

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The End

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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 right margin indicate full marks.)

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|----|----|--|--------|
| 1. | a) | State the scope of management in Islamic Banks. | 5 |
| | b) | How does management observe social responsibility? | 5 |
| | c) | What are the additional characteristics of Islamic Management? | 6 |
| | d) | “So-called modern management has accepted all basic management concepts from Islam”- do you agree? Put arguments with example at least two. | 4 |
| 2. | a) | Explain the pervasiveness of planning in banks. | 5 |
| | b) | How is corporate plan different from business plan and operational plan in banks? Explain in brief. | 5 |
| | c) | As a Branch Manager of an Islamic Bank, how do you use ‘Decision Tree’ for making an investment disbursement decision? Explain in short. | 5 |
| | d) | Explain some areas by which an officer of a bank can ensure ethics in banking operation. | 5 |
| 3. | a) | “Corporate leaders in banks are not by born rather made”. Do you agree? Explain. | 7 |
| | b) | What is Informal Organization? Give an example. If an informal organization emerges within formal structure of your bank, what benefits will you get and problems will you face? Explain. | 7 |
| | c) | Why Henri Fayol is called the father of modern operational management? | 6 |
| 4. | a) | What is team? Given an example of a team in Islamic Banks. | 3 |
| | b) | Explain the team formation process of a bank in Bangladesh. | 5 |
| | c) | Suppose you are a manager of an Islamic Bank Branch. There are two groups in your branch. Explain how you can transform ‘group member’ to ‘team player’ in your branch for ensuring maximum services to your client. | 12 |
| 5. | a) | What factors you consider in determining the number and kinds of employees required for your bank? | 5 |
| | b) | What is management inventory chart? How is management inventory chart used to determine the available resources in the banks? | 5 |
| | c) | Differentiate between Personnel Management and Human Resource Management. | 5 |
| | d) | What do you mean by Compensation? Discuss the components of compensation system in Islamic Banks. | 5 |
| 6. | a) | Discuss the importance of participative management. | 8 |
| | b) | Diagrammatically explain the programs for participation with its application in the Islamic Banks in Bangladesh. | 8 |
| | c) | For a successful participation of employees, some preconditions are expected to be fulfilled. What are these preconditions? | 4 |
| 7. | a) | Discuss the principles to be followed for an effective leadership in banks. | 6 |
| | b) | Explain LPC theory of leadership given by F.E. Fiedler. | 8 |
| | c) | What are various styles of leadership? Which style is applicable in your bank? | 6 |
| 8. | | Write short notes on any 5 (five) of the following: | 5x4=20 |
| | a) | Omnipotent View of Management | |
| | b) | Triple Bottom Line | |
| | c) | Consultative Management | |
| | d) | Charismatic Leadership | |
| | e) | Delphi Method of HR planning | |
| | f) | Socialization | |
| | g) | Budgetary Control | |
| | h) | Management Information Systems | |

The End

Diploma in Islamic Banking Examination, April 2020

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) What do you mean by 'Business Communication'? How does 'Banking Communication' differ from other 'Business Communication'? 8
b) Why do you think that good communication in an organization improves employee's attitudes and performances? 6
c) Discuss the special features of communication as revealed in Hadith of the Prophet Muhammad (SW) 6
2. a) How can you classify communications? Describe briefly. 8
b) Some say that non-verbal communication has more impact than verbal communication. Do you agree with this statement? Give arguments in support of your view. 6
c) What is communication feedback? Why is it important? 6
3. a) Briefly state the characteristics of a good business letter. 6
b) Define circular letters and discuss the objectives of issuing circular letters by an organization. 7
c) Draft a letter requesting a valued client to open a 'Cash Waqf ' A/C with your branch. 7
4. a) State the situations of using direct and indirect patterns of writing business letters. 6
b) What are 'Goodwill' letters? Why and when should you as Branch Manager write goodwill letters? 6
c) Draft a letter congratulating one of your customers on the occasion of his receiving Export Trophy form EPB. 8
5. a) Write a letter to a firm that intends to open an Agent Banking outlet giving information on how to obtain the license thereof. 10
b) Write a letter to a prospective depositor urging upon him to put more deposits with his account in your branch. 10
6. a) State the principles of writing a good business report. 10
b) Briefly explain the elements of a long analytical report. 10
7. a) What is Teleconferencing? How does it help to minimize costs of an organization? 6
b) Draft the minutes of an Annual General Meeting of your Bank in relation to some common agenda items for such meeting. 8
c) Draft a report on the effectiveness of a Shari'ah awareness program held recently at your Branch. 6
8. Write short notes on **any 5 (five)** of the following: 5x4=20
 - a) Artificial Intelligence
 - b) Horizontal Communication
 - c) Executive Summary
 - d) Miscommunication & Misconception
 - e) Extra-ordinary General Meeting
 - f) Virtual Banking
 - g) Press Release

The End

Diploma in Islamic Banking Examination, April 2020

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) What is Specialized Banking? How does it differ from Commercial Banking? 6
b) What is Green Banking? Describe its importance in banking and in the society. 6
c) Describe the concept of Islamic Banking under the concept of Maqasid-al-Shari'ah . 8
2. a) What is Relationship Management in banking? 5
b) What are the components of Cost of Fund and Cost of Deposit? 5
c) More dependency on Bai-mode instead of Share mode in Islamic Banking operation in our country raises the doubt about the superiority of Islamic Banking over commercial one. - Do you agree? If so, justify. 10
3. a) What is residual risk? 2
b) Why does KYC remediation refer to close attention? 4
c) Briefly discuss about 'Retail deposit' and 'Corporate deposit'. What are the threats that may be associated with the 'Corporate deposit' of a bank? 6
d) Does the importance of banker-customer relationship compromise the profitability over the quality of customer service in a bank? Explain. 8
4. a) How does the "Central on-boarding System" during opening of accounts in bank related with the soundness of banking operation? 6
b) Define post dated and stale Cheque. 4
c) What are lapses of a banker for which asset quality of bank may go down? 6
d) What are the rights and privileges of a Holder in due course? 4
5. a) Why do we require "Customer Acceptance Policy" of a bank? 5
b) What are the obligations to maintain the secrecy of customer's accounts? 7
c) What is risk grading in opening of accounts? 4
d) What are the retail and whole- sale banking? 4
6. a) Define Central Bank. 2
b) The Central Bank is the "Lender of last resort" why and how? Describe briefly. 4
c) What stands for CAMELS? How does CAMELS rating help to improve overall performance of a bank? 6
d) Describe the role of statutory auditors for good governance in banking sector. 8
7. a) What is concentration risk? How can it be mitigated? 6
b) Discuss the asset liability management in a bank. 4
c) What are the causes of liquidity crisis in a bank? 4
d) "Compliance is tool for good governance"- Discuss. 6
8. Write short notes on **any 5 (five)** of the following: 5x4=20
 - a) Syndicate Financing
 - b) Banker's Right off & Set off
 - c) Merchant Banking
 - d) NBFIs
 - e) Repo & Reverse Repo
 - f) CRAR
 - g) Call Money Market
 - h) Fixed and Floating Charge

The End