

**FINAL EXAMINATION****BACHELOR OF BUSINESS ADMINISTRATION (HONOURS)**

COURSE	:	RISK MANAGEMENT IN ISLAMIC FINANCIAL INSTITUTIONS
COURSE CODE	:	IBF3133
DURATION	:	3 HOURS

INSTRUCTIONS TO CANDIDATES:

1. This question paper consists of **TWO (2)** parts : PART A (6 questions)
: PART B (2 questions)
2. Answer ALL questions from PART A and **TWO (2)** questions from PART B in the Answer Booklet provided.
3. Please check to make sure that this examination pack consists of:
 - i. The Question Paper
 - ii. An Answer Booklet
4. Do not bring any material into the examination hall.
5. Please write your answer using permanent ink.

MYKAD/ PASSPORT NO. : _____
ID. NO. : _____
LECTURER : _____
SECTION : _____

DO NOT OPEN THE QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO

This question paper consists of 3 printed pages including the front page

PART A: LONG STRUCTURED

Answer ALL questions.

1. Explain **FOUR (4)** categories of risk in Islamic Financial Institutions. (10 marks)
 2. Describe the followings credit risk in Islamic Bank.
 - a. *Musyarakah* (profit and lost sharing). (5 marks)
 - b. *Salam* (leasing). (5 marks)
 3. *Mudharabah* contracts are contracts that are often used in equity investment instruments. Explain **TWO (2)** types of risks that exist in the *mudharabah* contract. (10 marks)
 4. In a *Musyarakah* contract, investors and the Islamic Financial Institution (IFI) become business partners who share profits and losses according to their capital contributions. Since *Musyarakah* is an equity-based financing arrangement rather than a debt-based one, it involves higher investment risk for all parties. Explain **FOUR (4)** factors or measures that can be implemented to reduce these risks effectively. (10 marks)
 5. Nature of risk is a part of Operational risk in Islamic Financial Institutions (IFI). Describe any **TWO (2)** of internal risk and external in nature of the risk face by IFI. (10 marks)
 6. Explain **FIVE (5)** causes of liquidity risk in Islamic Banking. (10 marks)
- (Total 60 marks)

PART B: LONG ESSAY

Answer ALL questions.

1. Discuss **FOUR (4)** types of risk related to *murabahah* contract.

(20 marks)

2. Discuss **FIVE (5)** types of risk in *istisna'* contract.

(20 marks)

(Total 40 marks)

(TOTAL 100 MARKS)

END OF QUESTION PAPER

