



FACULTY OF SYARIAH AND LAW BACHELOR OF SYARIAH AND LAW (HONS)								
1	Name of Course	Islamic Law of Banking and Takaful						
2	Course Code	LAB3073						
3	Instructor	DR. ZULKIFLI HASAN						
4	Rational for the Inclusion of the Course in the Programme	To equip the students with the knowledge and necessary skills on Islamic law of Banking and Takaful						
5	Semester and Year offered	Semester 6 (Year 3)						
6	Student Learning Time	Face-to-face			Non Face-to-face		Total time (Guided and Independent Learning)	
	L = Lecture T = Tutorial P = Practical O = Others E = Examination	L 28	T 28	P 0	O 12	E 4	48	120
7	Credit Value	3						
8	Objectives	<ol style="list-style-type: none"> To introduce the students to the concept of Islamic law of banking and Takaful and its application; To train and teach the students to identify problems relating to Islamic law of banking and Takaful; and To develop the students' problem solving skills to various issues in Islamic law of banking and Takaful. 						
9	Learning outcomes	Upon successful completion of this course, students should have the ability to: <ol style="list-style-type: none"> understand the concept and operation of Islamic banking and Takaful and relate the Islamic principles in the application of Islamic banking and Takaful (LO3-P5); identify and evaluate the issues and problems relating to Islamic banking, and Takaful particularly on its legal and Shari'ah aspects; (LO2-C4); apply and resolve issues related to Islamic law of banking and Takaful (LO5-A5). 						

10	Transferable skills	Students should be able to develop good written and interpersonal communication, team work and leadership, problem solving through a process of lectures and tutorials.
11	Teaching-Learning and Assessment Strategy	<p>Teaching-learning strategy: The course will be taught through a combination of formal lectures, exercises, group work, using authentic materials, informal activities and various textbooks. Practical experience and collaborative teamwork will be fostered throughout the course. The use of examination and internal reporting assessment will assess the student's ability to apply theoretical concepts in context.</p> <p>Assessment strategy:</p> <ul style="list-style-type: none"> • Formative • Summative
12	Synopsis	This course explains the Islamic banking and finance legal framework and practice. It exposes the students to the concepts of Islamic transactions and Islamic banking and financial products among which are saving accounts, current accounts, investments accounts and financing facilities such as home financing, vehicle financing, credit cards, corporate financing and the like. This course will also discuss on the differences between the Islamic and the conventional practice of Islamic banking and finance. The students are also exposed on the concept of takaful, types of takaful and the laws relating to it. The main statutes introduced in this course are Islamic Banking Act 1983 and Takaful Act 1984. Apart from that, this course will deal extensively on the jurisdiction of the courts and the decided cases relating to Islamic banking and finance. As an addition to the content of the course, this course will also briefly expose the students to the concept of Islamic capital market and the laws relating to the areas.
13	Mode of Delivery	Lecture, tutorial, class discussion and presentation.
14	Assessment Methods and Types	<ul style="list-style-type: none"> (a) Mid semester exam = 15% (b) Client Counseling = 10% (c) Assignment = 15% (d) Final examination = 60%
	Mapping of the Course Learning Outcome/Module to the Programme Learning Outcomes	Refer to attachment

16	Content Outline and the SLT per Topic	Lecture	Tutorial	Library	Self-learning	Others	Total
Week 1	Introduction to Islamic Banking and Finance <ul style="list-style-type: none"> • Overview of modern financial management of banking, insurance and capital market. • Theories of Islamic Economic. • History of Islamic banking and finance. The establishment of Islamic banks worldwide both in the Muslim and non-Muslim countries. • Salient features of Islamic banking and finance. 	2	2	2	1		7
Week 2	The Basis of the Introduction of Islamic Banking System <ul style="list-style-type: none"> • The Prohibition of Usury, Maysir, Gharar and Khatar in Islamic Commercial Law. 	2	2	2	2	1	9
Week 3	The Islamic Commercial Contracts <ul style="list-style-type: none"> • Gratuitous Contracts: Hibah, waqf, Qard, Ibra' • Trading Contracts: Ijarah, Murabahah, Istisna' etc; • Investment Contracts: Mudharabah, Musharakah; • Supporting Contracts; Wakalah, Kafalah, Hawalah, Jua'lah, etc. 	2	2	2	2	1	9
Week 4-5	Application of Islamic Commercial Contracts and Legal Aspects in the Structuring of Islamic Banking and Finance Products <ul style="list-style-type: none"> • Islamic sources of fund- Overview of Islamic banking accounts and instruments, Saving account, current account and general investment account. • Structuring of Products (Identifying needs of Clients, Applying and Assimilating the Islamic Commercial Contracts – Contemporary Islamic Banking Products and Instruments (e.g Asset Financing, Credit Card, Factoring, Working Capital, Letter of Credits) • Understanding and Identifying Legal Documentations Relating to Islamic Banking and Finance Products. 	4	4	4	2	1	15

Week 6	<p>Critical analysis of selected Islamic banking products:-</p> <ul style="list-style-type: none"> • Debt Financing: BBA House financing, Bay Inah, Bay Al-Dayn and Ijarah financing facility. • Equity Financing: Mudharabah and Musyarakah • Trade Financing: Letter of Credit. 	2	2	2	2	1	9
Week 7	<p>Jurisdiction of the Malaysian Courts in Islamic Banking and Finance</p> <ul style="list-style-type: none"> • Federal Constitution • Cases Decided by the Malaysian Courts on Islamic Banking and Finance • Continuing Developments– eg Muamalat Bench, Syariah Community. 	2	2	2	1	1	8
Week 8	<p>Regulations on Islamic Banking and Finance in Malaysia</p> <ul style="list-style-type: none"> • The Role of Central Bank of Malaysia in both Conventional and Islamic Banking. • Important Provisions in Islamic Banking Act 1983. • Important Provisions in Banking and Financial Institutions Act 1989. • Related Laws on Islamic Banking and Finance • Legal Issues 	2	2	2	1	1	8
Week 9	<p>Shariah Supervision</p> <ul style="list-style-type: none"> • Shariah Supervisory Board- Role and Responsibility. • Shariah Compliance Review, Audit and Governance • AAOIFI's Audit and Governance StandardsIFSB Rules and Guidelines 	2	2	2	1	1	8
Week 10	<p>Takaful</p> <ul style="list-style-type: none"> • Concept of Insurance • Concept of Takaful • Why conventional insurance is not accepted by Shari'ah • Shari'ah ruling onTakaful • Riba, gharar, maysir and other prohibited elements. • Differences Between Takaful and Insurance • The Development of Takaful 	2	2	2	2	1	9

Week 11	Shari'ah and Regulatory Framework for Takaful	2	2	2	1	1	8
	<ul style="list-style-type: none"> Local jurisdiction IFSB Standards Laws Relating to Takaful Salient features of Takaful Act 1984 Shari'ah Governance and Supervision 						
Week 12	Takaful Models	2	2	2	2	1	9
	<ul style="list-style-type: none"> Mudharabah Wakalah Hybrid of Wakalah and Mudharabah Hybrid of Wakalah and Waqf 						
Week 13	Takaful Products	2	2	2	2	1	9
	<ul style="list-style-type: none"> Structuring of Takaful Products and Comparison to Conventional Insurance Types of Takaful Products General Takaful Family Takaful Re-Takaful 						
Week 14	Operational Framework of Takaful	2	2	2	1		7
	<ul style="list-style-type: none"> Participant benefits, Utmost good faith, Insurable Interest, Proximate Cause, Indemnity Shari'ah and Legal Issues Relating to the Application of Takaful Issue on aqd al muawadah, wa'd, gharar and al tabarru, underwriting surplus and indemnity. 						
	TOTAL	28	28	28	20	12	116
17	Main references	<p>Bakar, M.D. and Engku Ali, E.R.A.(Ed.s). (2008). <i>Essential Readings in Islamic Finance</i>. Kuala Lumpur: CERT Publication.</p> <p>Dusuki, A.W.D. (Ed). (2011). <i>Islamic Financial System, Principles and Operations</i>. Kuala Lumpur: ISRA Publication</p> <p>Hasan, Z. (2012). <i>Shari'ah Governance in Islamic Banks</i>. Edinburgh: Edinburgh University Press.</p> <p>Nik Nozrul Thani, Mohamed Ridza and Megat Hizaini. (2003). <i>Law and Practice of Islamic Banking and Finance</i>. Kuala Lumpur: Thomson.</p> <p>Mohd Ma'sum Billah. (2007). <i>Applied Islamic and Modern Insurance</i>. Sweet and Maxwell.</p> <p><i>Ausaf Ahmad</i>. (1993). Instruments of Regulation and Control of Islamic Banks by the Central Banks. IRTI.</p> <p>Hasan al-Amin. (2000). Legal Status (Hukm) of Contemporary Banking Transactions with Interest. IRTI.</p>					

		<i>Tariquillah Khan, Mohammad Umar Chapra . (2000). Regulations and Supervision of Islamic Banks. IRTI.</i>
18	Statutes	Banking and Financial Institutions Act 1989 (Act 372) Central Bank of Malaysia Act 2009 (Act 701) Federal Constitution 1957 Islamic Banking Act 1983 (Act 276) Takaful Act 1984 (Act 312)
19	Cases	<p>International Arbitral Awards</p> <p><i>Petroleum Development (Trucial Coasts) Ltd v Sheikh of Abu Dhabi</i> [1951] 18 ILR 144 <i>Ruler of Qatar v International Marine Oil Company Limited</i> [1953] 20 ILR 534 <i>Saudi Arabia v Arabian American Oil Company</i> [1958] 27 ILR 117</p> <p>Malaysia</p> <p><i>Affin Bank Berhad v Zulkifli Abdullah</i> [2006] 1 CLJ 447 <i>Arab Malaysian Finance Bhd v Taman Ihsan Jaya Sdn Bhd & Ors (Koperasi Seri Kota Bukit Cheraka Bhd, third party)</i> [2008] 5 MLJ 631 <i>Arab Malaysian Merchant Bank Berhad v Silver Concept Sdn Bhd</i> [2005] 5 MLJ 210 <i>Arab-Malaysian Merchant Bank Bhd v Silver Concept Sdn Bhd</i> [2008] 6 MLJ 295 <i>Dato' Nik Mahmud Bin Daud v Bank Islam Malaysia Berhad</i> [1996] 4 MLJ 295 <i>Malayan Banking Berhad v Marilyn Ho Siok Lin</i> [2006] 7 MLJ 249, 3 CLJ 796 <i>Malayan Banking Berhad v Ya'kup bin Oje & Anor</i> [2007] 6 MLJ 389 <i>Tahan Steel Corporation Sdn Bhd v Bank Islam Malaysia Bhd</i> [2004] 6 CLJ 25 <i>Tan Sri Khalid Ibrahim v Bank Islam Malaysia Berhad</i> [2009] 6 MLJ 416 <i>Tinta Press Sdn Bhd v Bank Islam Malaysia Berhad</i> (1987) 1 MLJ 474</p> <p>United Kingdom</p> <p><i>Bank of Credit and Commerce International SA (No 10)</i> [1995] 1 BCLC 362 <i>Barings Futures (Singapore) Pte Ltd (in liq) v Mattar and others (No 1)</i> [2002] 2 BCLC 364 <i>Barings plc (in liquidation) v Coopers & Lybrand and others</i> [2000] 3 All ER 910 <i>Islamic Investment Company of the Gulf (Bahamas) Ltd v Symphony Gems N.V. & Ors</i> [2002] All ER (D) 171 (Feb) <i>Re Equitable Life Assurance Society</i> [2002] 2 BCLC 510 <i>Shamil Bank of Bahrain v Beximco Pharmaceuticals Ltd</i> [2004] 1 Lloyd's Rep 1; [2004] EWCA Civ 19, [2004] 1 W.L.R. 1784, [2004] 4 All E.R. 1072, [2004] 2 All E.R. (Comm) 312, [2004] 1 C.L.C. 216, (2004) 101(8) L.S.G. 29 and 2004 WL 62027 <i>The Investment Dar Company KSCC v Blom Developments Bank Sal</i> (2009) EWHC 3545 (Ch)</p>

20	Additional references	<p>Markom, R. Pitchay, S.A. Zainol, Z.A, Abdul Rahim, A. and Merican, A.R. (2011). Adjudication of Islamic banking and finance cases in the civil courts of Malaysia, <i>European Journal of Law and Economic</i>,</p> <p>Abdul Rahman, Y. (2010). <i>The Art of Islamic Banking and Finance</i>. New Jersey: Wiley.</p> <p><i>Islamic Fiqh Academy</i> . (2000). Resolutions and Recommendations of the Council of the Islamic Fiqh Academy 1985-2000. IRTI.</p> <p><i>Mohammad Nejatullah Siddiqi</i> . (2004). <i>Riba, Bank Interest and the Rational of its Prohibition</i>. Jeddah: IRTI.</p> <p>Muhammad Hashim Kamali, (1998). <i>The Principles of Islamic Jurisprudence</i>, 2nd Ed. Kuala Lumpur: Ilmiah Publishers Sdn Bhd..</p> <p>Sudin Haron, Bala Shanmugam, (1997). “<i>Islamic Banking System: Concepts & Applications</i>”, Pelanduk: Petaling Jaya.</p> <p>Mohd Ma’sum Billah. (2007). <i>Applied Islamic and Modern Insurance</i>. Sweet and Maxwell.</p> <p>Muhammad Muslehuddin. (1994). <i>Insurance and Islamic Law</i>. Delhi: Adam Publisher and Distributors.</p>
21	Special Reference	<p>Hasan, Z. and Asutay, M. (2012). "Maslahah-Based Approach In Stakeholder Management". In <i>Handbook of Islamic Auditing and Corporate Governance</i>. R. Haniffa & M. Hudaib. London: Edward Elgar.</p> <p>Hasan, Z. (2012). Corporate Governance in Islamic Financial Institutions: An Ethical Perspective, <i>Journal of Business Administration and Management</i>, 2 (1): 405-411.</p> <p>Hasan, Z. (2012). The Effect of Regulatory Framework to Shari’ah Governance Disclosure Practices, in Engku Rabiah Adawiah and Umar A. Oseni (Ed.s), <i>Essential Readings in Legal and Regulatory Issues in Islamic Finance</i>, Kuala Lumpur: CERT Publications</p> <p>Hasan, Z. and Asutay, M. (2011). An Analysis of the Courts Decisions on Islamic Finance Disputes, <i>the ISRA International Journal of Islamic Finance</i>, 3 (2): 41-71</p> <p>Hasan, Z. (2011). A Survey of Shari’ah Governance practices in Malaysia, GCC Countries and the UK: Critical Appraisal, <i>International Journal of Islamic and Middle Eastern Finance and Management</i>, 4 (1): 30-51.</p> <p>Hasan, Z. (2010). Shari’ah Governance in Islamic Financial Institutions and the Effect of the Central Bank of Malaysia Act 2009, <i>Journal of International Banking Law and Regulation</i>, Issue 3, 105-108.</p> <p>Hasan, Z. (2010). Regulatory Framework of Shari’ah Governance System in Malaysia, GCC Countries and the UK, <i>Kyoto Bulletin of Islamic Area Studies</i>, 3 (2), 82-115.</p> <p>Hasan, Z. (2011). Corporate Governance in Islamic Financial Institutions, in <i>Islamic Financial System, Principles and Operations</i>, edited by Asyraf Wajdi Dusuki, ISRA Publication, Kuala Lumpur, pp. 681-733.</p>

COURSE LEARNING OUTCOMES, DELIVERY AND ASSESSMENT TEMPLATE

Course Learning Outcomes	Compliance to PO									Teaching & Learning Activities (TLAs)	Assessment Tasks (ATs)
	PO 1 LO1	PO 2 LO2	PO 3 LO3	PO 4 LO4	PO 5 LO5	PO 6 LO6	PO7 LO7	PO8 LO8	PO9 LO9		
	K	CTPS		CS	TS	EM	LL	KK	LS		
1-explain the basic principles of Islamic Banking Law and Takaful and also the provisions of the Islamic Banking Act and Takaful Act (LO1-C3);		3								Classroom lecture and discussion Classroom problem solving	Written Assignment Written test
2-apply the Islamic legal Principles to the Islamic banking and takaful issues (LO6-A3);			3							Group presentation	Instructor evaluation of the presentation
3-demonstrate the required skill of finding and reading case law relating to Islamic banking and takaful issues (LO7-P3).					3					Assignment	Instructor evaluation of the assignment

1- Compliance not measurable (slightly)	2- Compliance without assessment (moderately)	3- Compliance and measurable (substantially)
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