**Course Syllabus**

**Spring 2022**

**Dr. Saud Al-Thaqeb**

**FIN 316 – Islamic Finance & Investment**

**Lecture Time and Location:**

**FIN 316/1A** : Sun-Tue-Thu TIME 2:00-2:50 pm Room #  1022-C2

**Contact Information:**

**Location** : Department of Finance & Financial Institutions – 4th Floor

**Email** : [saud.althaqeb@KU.eud.kw](mailto:saud.althaqeb@KU.eud.kw)

**Office Hours** : After class or by appointment

**Social Media** : Teams & MyU – SAlthajeb (This is my preferred form of communication)

**Course Website**: [www.SAlthajeb.com](http://www.SAlthajeb.com)

**Teaching Assistant:**

**Name** : TBA

**Course Description:**

This introductory course on Islamic finance & investment focuses on pillars and instruments of Shari‘ah-compliant transactions. It starts by reviewing the foundations of Islamic finance and its historical development. We will discuss Islamic economic thought and highlights its pertinence for Islamic finance, and explains the significant elements of Islamic law and prohibitions. Addresses the use of contacts in structuring Islamic finance products, and touches on regulatory issues. Analysis Shari‘ah-compliant transactions like Musharaka, Mudarabah, Murabaha, Salam, Istisnaa, Ijara. Review the fundamentals of Islamic Investing and compared with its conventional counterparts. It presents the basic concepts of Corporate Governance for Islamic Financial Institutions. The discussion of these issues involves theoretical concepts, policy implications and why transaction is prohibited or permissible in Islamic commercial jurisprudence. The primary objective of the course is to familiarize the student with the basics of Islamic financial management, including the objectives, tasks, and decisions made by finance managers in Islamic-oriented organizations.

The key aim of this subject is to assist students in understanding the theory and practice of Islamic banking, based on the contemporary situations. The Course offers an opportunity to study the structure of the Islamic banking and finance industry, including its theoretical foundations, products, performance, Islamic financial instruments, corporate governance, and risk management issues. This course has a heavy emphasis on guest lectures on the latest industry trends and best practices by industry experts and Shari‘ah scholars. The course will be a mix of cases and lectures.

**Course Learning Outcomes:**

Upon successful completion of the course, students will be able to:

1. Explain the basic principles, theory & operation of Islamic banking and finance.
2. Explain how Islamic financial transactions (Musharaka, Mudarabah, Murabaha, Salam, Istisnaa, Ijara) are structured.
3. Differentiate between Islamic financing and conventional financing by Identifying the products and evaluate the performance of Islamic banks.
4. Demonstrate how sukuks are structured & explain how they are different for conventional bonds
5. Articulate the link between Islamic banking products and economic development in the light of the Maqasid Al-Shari'ah
6. Analyse current issues and problems faced by Islamic banks
7. Identify the opportunities that IslamicFinance may bring in the financial services  industry & its current and future impact on global financial industries
8. Engage in the process of Islamic Finance innovation
9. Understand the ethical issues that may occur and propose ethical solutions. (LG1)
10. Develop expertise in applying financial theory to the types of problems that arise in Islamic finance. (LG2, LG5)

**Required Material:**

**Textbook** : M. Kabir Hassan, Rasem N. Kayed, and Umar A. Oseni, Introduction to Islamic Banking and Finance: Principles and Practice, Pearson Publications, 2013.

**Additional Material** : Other material, including course Slides are available on my website

**E-Learning System** : Moodle

**Course Website** : [www.SAlthajeb.com](http://www.SAlthajeb.com)

**Course Requirements and Policies:**

**Expectations:** I expect you to attend each class and participate in discussions. I expect you to do your assignments on time and attend the tutorials.

**Participation:** Participation is a major component of this course. Reading the assigned material and coming prepared to class will enable you to effectively contribute to the discussions.

**Case Studies**:  There are a total of 2 case studies. In groups of 2-5 members, you will be required to read, analyze and prepare a professional document to submit for each case the instructor assigns.

**Presentation**: Each student is required to professionally present to the class one of the cases/subjects assigned by the instructor.

**Project (term paper/research paper):** There will be a project done individually or in a group of 2-3. The project involves analyzing and evaluating one concept/ case/ standards in Islamic finance of your choosing.

The project is here to help you understand the material and tie the concepts and expose you to real-world problems and situations.

**Attendance:** Attendance is mandatory. There is a 5% grade towards attendance and participation.Every student in this course must abide by the Kuwait University Policy on Attendance (published in the Student Guide, Chapter 3, Section 13). **However, there is a bonus of 3 points for full attendance**. A copy of the student guide can be accessed online on:

<http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

**Assignments:** There will be various assignments throughout the semester. These assignments are here to help you understand the material and tie the concepts

**Quizzes:** I will give some quizzes throughout the semester, so you should be prepared.

**Exams:** There will be some quizzes and a final; however, the instructor retains the right to change the dates. The dates of the exams are as follows:

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| **Important Dates** | **Event** | **Notes** |
| **14/4/2022** | **Last day to drop a course** |  |
| **2/6/2022** | **Last day of classes** |  |
| **13/6/2022** | **Final (comprehensive)** | 8:00 AM-11:00 AM in a place TBA |

**Grading:** The scores in this course will be the weighted average of the following items:

|  |  |
| --- | --- |
| **Weight** | **Description** |
| 15 % | Quizzes |
| 10 % | Class Participation |
| 5 % | Attendance |
| 5 % | Case Study & Assignments |
| 15 % | Final Term Paper |
| 15 % | Final Presentation |
| 35 % | Final Exam |
| 100% | TOTAL |

**Cheating and Plagiarism:** Every student in this course must abide by the Kuwait University Policy on Cheating and Plagiarism (published in the Student Guide, Chapter 3, Section 2). A copy of the student guide can be accessed online on:

<http://www.kuniv.edu/cs/groups/ku/documents/ku_content/kuw055940.pdf>

Please carefully note all sources and assistance when you turn in your work. Under no circumstances should you take credit for work that is not yours. You should neither receive nor give any unauthorized assistance on any deliverable.

**Writing Style:** Students must refer to MLA or APA writing style for their assignments and report writing. Refer to the English Language Center for help.

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| **Grade Distribution:** | **Range** | | |  | **Grade Distribution:** | | **Range** | |
| A | ≥ 95 | | |  | C+ | | ≥ 77 and < 80 | |
| A- | ≥ 90 and < 95 | | |  | C | | ≥ 73 and < 77 | |
| B+ | ≥ 87 and < 90 | | |  | C- | | ≥ 70 and < 73 | |
| B | ≥ 83 and < 87 | | |  | D+ | | ≥ 65 and < 70 | |
| B- | ≥ 80 and < 83 | | |  | D | | ≥ 60 and < 65 | |
|  |  | |  | | | F | < 60 | |
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| **Title** | | **Course Outline Topics** | | | | | |
| Introduction to Islamic Banking & Finance | | - Basis of Islamic Banking and Finance.  - Origins and Historical Overview of Islamic Banking and Finance.  - How financing rules in Islam are different from conventional finance. | | | | | |
| Introduction to Islamic Banking and Finance | | - Conceptual Arguments for Islamic Banking and Finance.  - The Development of Islamic Banking and Finance Industry.  - Components of Islamic Banking and Finance Industry.  - Operating Structures of Islamic Banking and Finance Industry.  - The Development of Islamic Banking Products.  - The Growth of Islamic Banking and Finance  - Islamic Banking Today: The Size of the Industry.  - The World-wide Spread of Islamic Banking.  - Future of Islamic Finance Industry. | | | | | |
| Islamic Contract Law | | - Business Transactions in Islam. - Islamic Contract Law.  - Nature of Contract and Related Terms.  - Pillars of Sharī‘ah Contracts. - Views of Bank Interest. | | | | | |
| Financial Instruments of Islamic Banking and Finance. | | - Sources and Uses of Funds by Islamic Banks.  - Concept of Exchange-Based Contract.  - Concept of Service-Based Contract.  - Partnership Contracts in Islamic Finance.  - Supporting Contracts. | | | | | |
| Financial Accounting for Islamic Banking Products. | | - The Significance of Accounting in Financial Decision-making.  - Basic Principles of Accounting. - Basic Principles of Islamic Accounting.  - Financial Statements in Islamic Banks and Financial Institutions | | | | | |
| Corporate Governance for Islamic Financial Institutions. | | - Meaning of Corporate Governance.  - Models of Corporate Governance: Stakeholder versus Stockholder.  - Mechanisms of Corporate Governance and Control.  - A Different Approach for Islamic Financial Institutions.  - Corporate Governance for Islamic Insurance. | | | | | |
| Islamic Asset and Fund Management. | | - Review and Fundamentals of Islamic Investing.  - Contractual Terms and Certification by Sharī'ah Experts.  - Structure Islamic Investments Funds.  - Sharī'ah Governance of Islamic Funds.  - Risk Management for Islamic Investment Funds. | | | | | |
| Sukuk (Islamic Bonds) | | - What are Sukuk? - Structuring Islamic Bonds.  - AAOIFI Standards for Islamic Bonds. - Rating of Islamic Bonds.  - How Islamic sukuk differ from their conventional bonds. Also, | | | | | |
| Islamic Insurance (Takaful) | | - Basic Concepts of Takaful. - Models of Takaful. - Main Takaful Products. | | | | | |
| Risk Management in Islamic Finance. | | - Risk Management from an Islamic Perspective.  - Types of Risk Exposure.  - Risk Management Mechanisms in Islamic Banks.  - Mitigation Techniques in Islamic Finance. | | | | | |