



Al-Maktoum College  
of Higher Education

# PROFESSIONAL DIPLOMA IN ISLAMIC BANKING & FINANCE PROGRAMME HANDBOOK

SCQF Level 11



Programme code: GR2D 04

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## 1.1 WELCOME

Welcome to the Professional Diploma in Islamic Banking and Finance Programme. In this programme you will learn the laws and regulations and practices of Islamic banking and finance. The rapid global development of Islamic financial institutions has made it essential that anyone interested in the area of Islamic finance is conversant with the fundamentals, core concepts, and practical operation, control system and regulatory framework of Islamic banking and finance.

The programme will cover the differences between Islamic and western banking and finance models in terms of conceptual framework, governing principles, governance system, business model, and product level differentiation. It will also cover all aspects associated with Islamic banking and finance operation, including the embedding of *Shari'ah* compliance and regulatory frameworks in product development, asset liability management, internal control system, internal and *Shari'ah* audit as an independent assurance process. The programme will explore how Islamic principles have evolved into structures of products, services, control and governance system in Islamic banking and finance industry.

The programme content is split into 5 taught units, that concentrate on different aspects of Islamic moral economy, banking and insurance, accounting and auditing, product development, raising finance, and risk management and 1 research skills unit that aims to improve student skills and understanding on how to undertake, write and complete a short research paper.

Each week you will be expected to engage with the programme contents by studying online materials provided on Moodle and attending class / online live sessions. You will study the online content of the programme at the time of your choice, but it is expected that you complete your tasks / assignments before the scheduled deadlines. Whether in class or through online live sessions, you will further develop your understanding of the concepts covered in the programme. Lectures will be interactive and will cover such activities as discussions, collaborative group work, and questions.

For more detailed information about each individual unit, its learning objectives, content, activities and assessment please read the relevant module guide and information within the assessment area. If you would like to ask a question about anything that is not explained in these documents, or simply comment on anything related to this programme in general, please contact programme coordinator Dr Ata Rahmani at [a.rahmani@almcollege.ac.uk](mailto:a.rahmani@almcollege.ac.uk)

**Dr Ata Rahmani**

Programme Coordinator

Lecturer in Islamic Commercial Law

## 1.2 STAFF

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**Research Skills and Project Report Unit Coordinator: Dr Ata Rahmani**

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**Raising Finance: Islamic Financial Models and Institutions Unit Coordinator: Dr Ata Rahmani**

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**Islamic Accounting and Auditing Unit Coordinator: Dr Alija Avdukic**

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## 1.3 AIMS AND outcomes

The programme will improve students' understanding of concepts, practices and key and current issues regarding Islamic finance and banking. Students will learn the complex structures and principles of Islamic banking and finance and will develop the necessary skills to engage in practical application of such structures and principles. The programme will further enable students to evaluate the origins, concepts, and aims of Islamic economics at micro and macro levels and to consider how they are applied in practice.

The programme is beneficial for those who are seeking to work and advance their professional careers in the Islamic economics, banking and finance industry. This programme provides a strong intellectual basis for Islamic economics, finance, banking, commercial law and financial instruments. Those completing the course will be able to seek employment opportunities or further enhance their skills if they are already employed in the finance and banking sectors including Islamic banking, insurance (Takaful), financial regulation, Islamic capital markets, actuarial fields, and the investment arena, as well as for becoming researchers in the field.

The programme aims to develop students' employability skills that are required at professional and senior positions in the Islamic finance industry in the UK as well as abroad. Graduates of this programme will typically find work in Islamic banks, Islamic microfinance units, Islamic insurance



(Takaful), private, public, and non-profit sectors in a broad range of Islamic economics and finance positions and roles such as in research, teaching, policy analysis and formulation, strategic

leadership, management, consultancy, product development and project planning, delivery and monitoring, and international development.

By learning the constituting modules of this programme, students will:

1. develop the employability skills expected of Masters graduates including critical analysis skills, critical self-reflection, critical evaluation of complex and potentially contradictory arguments, research skills, advanced communication skills both oral and written, resiliency and self-advocacy, integrity, ethics and the ability to manage time effectively.
2. find opportunity to acquire critical knowledge and training in Islamic finance and banking.
3. get appropriate training in Islamic banking and finance to develop as employers/executives and to engage in the Islamic banking, finance, insurance and commerce industries.
4. find opportunity as fresh graduates in relevant disciplines to pursue a Postgraduate Diploma in Islamic Banking & Finance in order to get prepared to engage in the practice of Islamic banking and finance and to enter into the job market in banking and finance with some Arabic language skills and knowledge of Islamic economics and legal systems.

## 1.4 LEARNING HOURS

Each 20-credit unit compromises 200 hours of learning; this is made up of 40 hours of teaching and 160 hours of independent study.

Classes are made up of lectures, seminars and tutorials and you will have 2 hours of contact teaching per week.

## 1.5 UNIT INFORMATION

The programme consists of five taught units, that concentrate on different aspects of Islamic moral economy, banking and insurance, accounting and auditing, product development, raising finance, and risk management and 1 research skills unit that intends to improve student skills and understanding on how to undertake, write and complete a short research paper (mini dissertation). The Compulsory modules are Islamic moral economy and finance, Islamic banking, and insurance (taught modules) and research skills and project report (research module). The research module provides an opportunity for an in-depth research exploration of a specific issue related to Islamic banking and insurance.

The optional (elective) units enable students to develop further in-depth knowledge and understanding in areas that are pertinent to the Islamic banking and finance industry. While four modules are listed as elective, students may take only three out of these four elective units. Elective units will be offered based on student preference and viability of group size. This will be made clear to applicants on the programme from the outset.

### Compulsory

Unit code	Title	SCQF level	Credits
J3RS04	Islamic Moral Economy and Finance	11	20
J3W604	Applied Banking and Insurance	11	20
J3SC04	Research Skills and Project Report	11	20

### Optional

Unit code	Title	SCQF level	Credits
J3W704	Islamic Accounting and Auditing	11	20
J3RT04	Prototyping and Product Development in Islamic Finance	11	20
J3RW04	Raising Finance: Islamic Financial Models and Institutions	11	20
J3RV04	Risk Management in Islamic Finance	11	20

#### Applied Banking and Insurance

This unit covers the differences of Islamic and western banking and insurance models in terms of conceptual framework, governing principles, governance system, business model, and product level differentiation. It explores how Islamic principles have evolved into structures of products, services, control, and governance system in Islamic banking and *takaful* industry.

#### Islamic Moral Economy and Finance

This unit develops a critical understanding of the origin and evolution, concepts and aims of the Islamic moral economy at micro and macro levels, including Islamic finance as a practical tool of Islamic economics. The unit covers a number of themes including: an overview of the foundation of Islamic moral economy and economic analysis of the prevailing theories, Islamic macroeconomic theories and the major structural themes of Islamic economics related to the voluntary sector, prohibitive elements in market transactions, and appraisal of the factors of production from an Islamic perspective.

#### Research Skills and Project Report

This unit provides an opportunity for students to develop further as independent learners through the completion of a supervised study, which can include some elements of research carried out in a fieldwork context. It also explores a range of methods appropriate to a range of disciplines including entrepreneurship, banking and finance, management, and sustainable development and aims to develop students' analytic skills, which are essential aspects of conducting an independent project. At the end of the unit, students will be required to produce a mini dissertation of 6,000 – 8,000 words.

#### Islamic Accounting and Auditing

This unit covers the differences of Islamic and western core concepts, principles, and objective of conventional accounting, and accounting regulatory standards differences for banking and insurance. It also covers accounting for all transactions of Islamic banking, including accounting for sales-based transactions (*murabahah, salam, istisna*); investment-based transactions (*mudharabah, musyarakah*); lease-based transaction (*ijarah*), and socio-objective transactions (*qardh hassan, zakah*). A topic on financial statement analysis will be covered to equip students with the necessary tools to assess performance of Islamic financial institutions.

### **Prototyping and Product Development in Islamic Finance**

This Unit aims to provide a detailed knowledge of the law of Islamic Commerce, together with an overview of the law relating to Islamic banking and insurance. The Unit is part of the Professional Diploma in Islamic Banking and Finance which aims to draw students who wish to pursue a qualification in the field of Islamic banking and finance. The unit is also linked to the Applied Islamic Banking and Insurance Unit and Islamic Accounting and Auditing Unit, so students of those Units can also benefit from this unit, as it provides them with an understanding of the underlying legal / Sharia principles and legal structures which form the foundations of Islamic Banking, Finance, and Insurance.

### **Raising Finance: Islamic Financial Models and Institutions**

This unit examines the concepts, types, frameworks and techniques of Islamic finance available for the community to raise the required funds for embarking on the business enterprise. It explores Islamic financial products, the types of Islamic financial and capital markets, Islamic financial instruments available, the nature of trading, advanced Islamic financial instruments, Islamic finance innovation such as crowd financing, fintech etc. The unit also develops deeper analytical and theoretical insights of regulatory frameworks and instruments of Islamic commercial law used in a range of contexts.

### **Risk Management in Islamic Finance**

Risk management is central in operations of financial institutions, both from business and regulatory perspectives. From a business perspective, profitability and stability of banks depend on how risks associated with financing are managed. On the regulatory side, the Basel regulations focus on the risk-based capital in banks making risk management an integral part of these institutions. Islamic banks face two types of risks, those that are like those faced by traditional financial intermediaries and risks that are unique to them due to their compliance with the Shariah. This unit examines the risks that face the financial institutions in general and Islamic banks in particular from both business and regulatory perspectives.

## **1.6 ASSESSMENT**

In line with the SQA strategy and guideline on assessment and the Al-Maktoum College's Learning, Teaching and Assessment policy, assessments of this programme aim to:

- Measure whether learning outcomes have been achieved;
- enable students to demonstrate achievement in a range of assessment modes;
- offer appropriate academic challenge at professional SQA level 11;
- ensure scope for reasonable adjustment for students with learning difficulties and/or disabilities;
- enable fair and equitable access to assessment tasks for all students.

The learning outcomes are met by the alignment of learning and teaching activities with the assessment activities.

Assessments can take both formative and summative forms and consist of a range of appropriate assessment methods including coursework and examinations requiring critical analysis and reflections, and individual/group presentations. These assessment methods are meant to enhance a range of academic, practical and transferable skills including teamwork, presentation, analysis, reasoning, research, communication and IT skills through essay and report writing, and presentations; critical reflection, analysis and appraisal; synthesising information and theories, subject related problem solving; evaluating statements, evidencing and/or assessing complex and

sometimes contradictory viewpoints and working to deadlines. The assessment criteria for all assessments are pitched at SQA level 11. The group presentation is an exercise that will enable students to develop their presentation and communication skills which are important for

employability in their fields. Formative assessments are employed to provide students with an opportunity to develop relevant knowledge and skills, prior to undertaking summative assessments. Different assessment methods may have equal (e.g. 50-50) or varying marking weight; (e.g. 40-60)

## 1.7 EXTENSIONS

Students who fail a component at the first attempt of an assessment for any unit will have the opportunity to resubmit. Students who are successfully re-assessed will be awarded a mark of no more than 50% (capped). Students may be re-assessed in failed components only once.

Where appropriate extenuating circumstances exist, extensions may be granted. If illness or other exceptional circumstance prevents a student taking or submitting an assessment at the appropriate time, they may apply for an extension and if approved their assessment will be deferred. Extensions are granted only where students have encountered exceptional or unforeseen difficulties or are subject to long-term episodes of illness, or are affected by any relevant impairment, in the period during which they are expected to prepare their written work.

Further rules on extensions are found in the College's Summative Assessment Policy available online: <https://www.almcollege.ac.uk/policies-documents/>

## 1.8 GRADING CRITERIA

Each unit will be assessed individually. You must meet all of the minimum evidence requirements as defined in the learning outcomes. The successful achievements, approved by the Academic Standards Committee, will count in determining progression and contribute to the award.

Under no circumstances shall any candidate be permitted to submit themselves for assessment in any element more than twice. In the case of a candidate failing to complete a prescribed element of assessment on time, permission for a second assessment will only be granted if the failure is on account of illness or other good cause. The result of that assessment will contribute towards progression and award. The passing rate should be not less than 50% of each element of assessments.



## 1.9 READING LISTS

### Islamic Moral Economy and Finance

Ahmed Khurshid, (1992), "Nature and Significance of Islamic Economics", published in Lectures on Islamic Economics, Jeddah: IDB/IRTI, 1992.

Ahmed, A. R. Y. (2002). "Methodological Approach to Islamic economics: Its Philosophy, Theoretical Construction and Applicability". In H. Ahmad (Ed.), *Theoretical Foundations of Islamic Economics*. Jeddah: Islamic Research and Training Institute, Islamic Development Bank.

Arif, M. (1985). "Toward a Definition of Islamic Economics: Some Scientific Considerations", *J. Res. Islamic Econ*, 2(2), pp. 79-93.

Asutay, M. (2012). "Conceptualising and Locating the Social Failure of Islamic Finance: Aspirations of Islamic Moral Economy vs. the Realities of Islamic Finance", *Journal of Asian and African Studies*, 11(2), pp. 93-113.

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### Applied Islamic Banking and Insurance

Ahmed, H. (2011). *Product Development in Islamic Banks*. Edinburgh University Press.

Arbouna, M. B. (2007). *The Combination of Contracts in Shariah: A Possible Mechanism for Product Development in Islamic Banking and Finance*. *Thunderbird International Business Review*, 49, 341-369.

Archer, S. & Karim, R. A. A. (2009). *Profit-Sharing Investment Accounts in Islamic Banks: Regulatory Problems and Possible Solutions*. *Journal of Banking Regulation*, 10, 300-306.

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Ayub, M. (2008). *Understanding Islamic Finance*. Wiley.

### Research Skills and Project Report

Bell, J., (2010) *Doing your Research Project*, Maidenhead, Open University Press

Bryman, A., (2012) *Social Research Methods*, (4th edition) Oxford: OUP

Cox, J., L. (2009) *An Introduction to the Phenomenology of Religion*, London, Continuum Press

Holliday, A., (2002) *Doing and Writing Qualitative Research*, London, Sage Publications

Lofland, J., (2006) *Analysing social settings: a guide to qualitative observation and analysis* London, Wadsworth

### **Islamic Accounting and Auditing**

Abdul Rahman, A. R. (2010). *Introduction to Islamic Accounting Theory and Practice: Cert Publication*. Kuala Lumpur. Malaysia (Code: AR)  
<http://www.kantakji.com/media/9260/introduction-to-islamic-accounting-practice-and-theory.pdf>

Htay, S. N. N., Arif, M., Soualhi, Y., Zaharin, H. R., & Shaugee, I. (2012). *Accounting, Auditing and Governance for Takaful Operations*: Wiley (Code: HSZ)

AAOIFI. (2010). *Accounting, Auditing, and Governance Standard for Islamic financial Institutions*. Bahrain (Code: AAOIFI)

Napier, C. J., & Haniffa, R. (2012). *Islamic Accounting*: Edward Elgar Publishing

Elliott, B., & Elliott, J. (2015). *Financial Accounting and Reporting*. 17th edition. Pearson (Code: EE)

### **Prototyping and Product Development in Islamic Finance**

Muhamad Ayub, "Understanding Islamic Finance", (2007 – John Wiley and Sons Ltd., UK) Part I, pp 21-42 and Part II, pp 78-174

Kamali, M. H. (2008). *Maqasid Al-Shariah Made Simple* (Vol. 13). Iiit. ( pg. 1-15)

Kamali, Mohammad Hashim (2008), *Shari'ah Law: An Introduction*, Oneworld Publications, Oxford, Chapters 2 and 3

Lewis, M. K. Hassan, M. K. "Handbook on Islam and Economic Life", Edward Elgar Publishing, 2015, pp 45-70.

Vogel, Frank E. and Samuel L. Hayes, III (1998), *Islamic Law and Finance: Religion, Risk, and Return*, Kluwer Law International, The Hague

### **Raising Finance: Islamic Financial Models and Institutions**

Gillian Black, "Business Law in Scotland", 3rd edn., (Edinburgh: w. Green, 2015).

Harold J. Laski, "The Early History of the Corporation in England", (1917), *Harv. L. Rev.*, 30: 6, 561, available online on the Jstor website at the following address: <http://www.jstor.org/stable/1326990>.

Mohd Azmi Omar Muhamad Abduh Raditya Sukmana, "Fundamentals of Islamic Money and Capital Markets", John Wiley & Sons Singapore

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Adebayo, R.I. and Kabir, H.M. (2013), "Ethical principles of islamic financial institutions", *Journal of Economic Cooperation and Development*, Vol. 34 No. 1.

## **Risk Management in Islamic Finance**

Ahmed, Habib (2011), *Product Development in Islamic Banks*, Edinburgh University Press, Edinburgh.

Ahmed, Habib (2011), "Risk Management Assessment Systems: An Application to Islamic Banks", *Islamic Economic Studies*, 19 (1), 63-86.

Ahmed, Habib and Tariqullah Khan (2007), "Risk Management in Islamic Banking", in M. Kabir Hassan and Mervyn K. Lewis (Editors), *Handbook on Islamic Banking*, Edward Elgar Publishers, Cheltenham (2007), 144-158.

Ali, Salman Syed (2012), "State of Liquidity Management in Islamic Financial Institutions," IRTI Working Paper Sereis WP# 1433-06, Islamic Research and Training Institute, Jeddah.

Al-Suwailem, Sami Ibrahim (2006), *Hedging in Islamic Finance*, Occasional Paper No. 10, Islamic Research and Training Institute, Islamic Development Bank Group, Jeddah.  
[<http://www.irtipms.org/PubDetE.asp?pub=217>].

Al-Tamimi, Hussein A. Hassan and Faris Mohammed Al-Mazrooei (2007), "Banks' risk management: a comparison study of UAE national and foreign banks", *Journal of Risk Finance*, 8 (4), 394-409.