



ACADEMIC EXCELLENCE REDEFINED
American University of Ras Al Khaimah

Syllabus for IBFN 305
Room No:
Course Class Timings:

I. Instructor Information:

Name:
Office Hours:
Email:

- II. Course:** IBFN 305 – Principles of Islamic Capital Market and Insurance (3:3:0)
Course Credit Hours: 3
Pre-requisites: FNAN 301

III. Course Description:

The course deals with Islamic capital market principles, and explains Takaful and its rationale as an alternative to conventional insurance. It reviews the basic elements and models for Takaful (Insurance) business, and Re-Takaful (Reinsurance).

IV. Course Materials and Basic Resources:

Textbook:

Islamic Capital Markets: Products and Strategies; The Wiley Finance Series; Kabir Hassan & Michael Mahlke (2011); ISBN - 978-0470689578

Other book(s):

Fundamentals of Islamic Money and Capital Markets; Azmi Omar, Muhamad Abduh & Raditya Sukmana (2013); ISBN - 978-1118503997

Islamic Capital Markets and Risk Management; Michael Mahlke (2009)

Islamic Finance: Law, Economics, and Practice, El-Gamal, M. A., Cambridge University Press, United Kingdom

V. Course Goals and Student Learning Outcomes

Goal:

To provide a framework for the description, analysis and evaluation of Islamic Capital Market Instruments and Islamic insurance (Takaful and Re-Takaful models)

Student Learning Outcomes:

At the end of the course the student should be able to:

SLO 1	Explain the purpose and principles of investment in Islam
SLO 2	Describe and evaluate various Islamic capital market instruments
SLO 3	Explain Islamic leasing and Islamic mutual/hedge funds approaches
SLO 4	Describe Takaful and re-Takaful Islamic Insurance models
SLO 5	Evaluate various Takaful operational models, including Mudaraba, Wakala, Waqf and Hybrid models

VI. Weekly Topics and Assignments

Tentative Schedule

Week	Topics/In-Class Activities	Assessment Due Dates	SLO
Week 1	Introduction - Purpose and principles of investment in Islam		1
Week 2	Islamic Assets and Fund Management principles. Islamic perspectives on wealth and purpose of investment in Islam Prohibited industries for investment.	Quiz	1,2

Week 3	The Islamic Stock selection process and the role of the Shariah Supervision Board.		1,2,3
Week 4	Islamic Capital Market Instruments The hierarchy of capital markets for Islamic products ; The Islamic position on conventional stock market trading. Islamic investment purification principles		1,2,3
Week 5	Commodity Murabaha ; Islamic leasing practice	Quiz	1,2,3
Week 6	Islamic Equity Market Funds; Real Estate Investment Trusts under Shariah; Islamic Hedge Funds	Assignment #1 – report evaluating commodity Murabaha products/practices	1,2,3,4
Week 7	Islamic Rating Systems; Islamic Market Indices; Dow Jones Islamic Market index (DJIM) ; FTSE Global Islamic Index Series		2,3
Week 8	Mid-term Exam Review Mid-Term Exam		
Week 9	Securitization for Islamic Banking products; The driving forces behind securitization ; Shariah requirements for securitization		2,3,4,5
Week 10	Islamic Bonds (Sukuk) Evolution Sukuk and ways Sukuk differs from conventional bonds; Sukuk and the private sector ; Rating Sukuk products; Risks associated with Sukuk	Assignment #2 – Comparative evaluation various Islamic market indices	
Week 11	Islamic Insurance – Takaful ; Islamic attitude towards risk; Permitted forms of insurance under Shariah; The nature and structure of Takaful and comparisons with conventional insurance	Quiz	2,3,4,5

Week 12	Additional Takaful System attributes – protection mechanisms, profit sharing, handling management expenses and investment avenues,; Processing refund of contributions and Zakat for Takaful		2,3,4,5
Week13	Shariah inputs into Takaful models, including Tabarru-based Takaful, Mudaraba-based Takaful and Wakala-waqf based Takaful models.	Assignment #3 – Report on local features of Takaful operations in the UAE/GCC	3,4,5
Week` 14	Mechanisms for remunerating Takaful insurance providers; The Shariah governance of Takaful undertakings		2,4,5
Week15	Overview of Re-Takaful attributes and its differences from conventional reinsurance, Re-Takaful contracts and contract management issues		1,2,4,5
Week 16	FINAL EXAM		

VII. Evaluation of Learning

The grade breakdown is as follows:

Methods	Dates	Weights
Class Participation	Continuous assessment throughout the semester	10%
Quiz	Weeks 2, 5 & 11	10%
Assignments	Weeks 6, 10 & 13	30%

Mid Term Exam	Week 8	20%
Final Exam	Week 16	30%

Mapping of Learning outcomes and assessments

Assessment Tool	Grade Weightage	Mapping with Course Learning Outcomes				
		1	2	3	4	5
Assignment #1	10%	x	x	x		
Assignment #2	10%	x	x	x		
Assignment # 3	10%		x	x	x	x
Quiz	10%	x	x	x	x	
Mid Term Exam	20%	x	x	x		
Final Exam	20%	x	x	x	x	x
Class Discussion/ Participation	10%	x	x	x	x	x

VIII. Grading System and Scale

University course work is measured in terms of quantity and quality. A credit normally represents one hour per week of lecture or recitation or not fewer than two hours per week of independent or laboratory work throughout a semester. The number of credits is a measure of quantity. The grade is a measure of quality. The university system for undergraduate grading is as follows:

Grade	Percentage Scores	Grade Points
A	90-100	4.0
B+	85-89	3.5
B	80-84	3.0
C+	75-79	2.5
C	70-74	2.0
D+	65-69	1.5
D	60-64	1.0
F	0-59	0

IX. Methodologies for Teaching and Learning:

Student's performance will be assessed based on Assignments (applying the knowledge gained, and contextualized to the region), Quizzes, Mid-Term and Final Examinations as mentioned in the course calendar. Class participation and doing class assignments is a compulsory part of this course and these will also be used to assess student's performance throughout the course period.

X. Relevant Policies

Relevant policies [Except for the policy on academic misconduct, the inclusion of the following is only suggested and is at the discretion of the instructor].

A. Academic Misconduct. A. Academic Misconduct:

The Honor Code and Honor System

The Honor Code is an integral part of university life. Students are responsible, therefore, for understanding the code's provisions. Cheating and attempted cheating, plagiarism, lying, and stealing of academic work and related materials constitute Honor Code violations. In the spirit of the code, a student's word is a declaration of good faith acceptable as truth in all academic matters. To maintain an academic community according to these standards, students and faculty must report all alleged violations to the Honor Committee.

AURAK expects its students to uphold high standards of academic integrity and conduct. In particular, students are required to:

- Attend classes regularly and punctually.
- Be actively involved in class discussions and other course related classroom activities.
- Complete assignments on time.
- Meet the requirements for course and program completion.
- Abide by high standards of academic integrity, ethics, and honesty.
- Refrain from cheating on homework and examinations, plagiarizing other people's work by submitting it as their own, or any other forms of academic dishonesty.
- Adhere to the published test or examination rules and regulations.
- Make every effort to maintain good academic standing.

Given the internet and easy access to information and knowledge sources, the University is committed to students' learning in an ethical manner. For all academic assignments, project work, and presentations, students need to ensure that due acknowledgement is given to the source of any information which they incorporate in their work. The following are some examples of academic misconduct:

- Cheating/using unfair means in examinations

- Significant paraphrasing in written academic work that is unacknowledged
- Unacknowledged use of information or ideas unless such ideas are commonplace
- Citing sources which student has not read or referred to
- Breaching the word limit of assignments and mentioning wrong word count
- Plagiarism

Plagiarism. Plagiarism is a serious academic offence. Plagiarism is the use of someone else's ideas, words, projects, artwork, phrasing, sentence structure or other work without properly acknowledging the ownership (source) of the property (item). Plagiarism is dishonest because it misrepresents the work of someone else as one's own. It is intellectual theft as it robs others of credit for their work. Plagiarism takes many forms including:

- Using someone else's words without putting those words in quotation marks and providing full information about their source, sufficient information so that another person could easily locate the words that are being quoted, whether it is in an article, a book, or on the web.
- Using unique, original ideas, phrases, sentences, paragraphs, or other materials, etc. from a single source or a variety of sources such as a text, journal, web page, electronic source, design, artwork, etc. in one's work without citing all sources. For a student found plagiarizing, the punishment will be a failing grade in the assignment without the right to redo the assignment up to a failing grade in the course.

Examples of Cheating. Acts of cheating include, but are not limited to, the following:

1. Copying from another student's paper during an exam, or allowing or encouraging another student to copy from your paper during an exam.
2. Having someone else take your exam in your place, or taking an exam for someone else.
3. Obtaining unauthorized access to exams and accepting exams obtained by unauthorized access.

Examples of Plagiarism. Acts of plagiarism include, but are not limited to, the following

1. Handing in as 'original', work prepared by someone else or preparing/completing someone else's work.
2. Copying from a book or other publication without citing sources.
3. Using the same work to satisfy the requirements of two or more courses (during the same or different terms).
4. Having someone else rewrite a rough draft or rewriting a rough draft that is not

your own work.

Violations of plagiarism are subject to evaluation according to the criterion of “reasonable doubt”. The student’s right to appeal and the procedures to be followed in carrying out the appeal of the University’s decision is clearly stated in the *Student Handbook*.

Any violations of the University’s academic rules, regulations or directives are reported to the Deputy Vice Chancellor Academic Affairs and may result in one of the following disciplinary measures.

- Verbal or written warning
- Repeating the term
- Dismissal from the University

Please refer to the relevant section in the *Handbook* and ensure a clear understanding of the provisions of the University honor code and honor system in order to avoid infringement of the policy and attendant penalization.

B. Concerns about grades or other course matters. Students are responsible for their learning experiences. If you are concerned about a class matter, first discuss it with the instructor. If the matter is not resolved, the next step is to meet with the Program Chair. If you still have a concern, meet with the Dean. The matter is likely to be resolved before it reaches that point, but if it is not, then the following positions are next on the organization chart: the Deputy Vice Chancellor for Academic Affairs, and, finally, the Vice Chancellor. Students who decide to “jump to the top” will be referred back to the appropriate next step.

C. Assignments. University policy is that assignments are due on the date assigned. Instructors may refuse to accept late assignments or lower the grade that would be otherwise given.

D. Attendance. University policy is that students are to attend all classes and to arrive on time. Verified emergencies may require an absence or delay, but habitual tardiness or absence affects your learning and disrupts the class. Your presence is important since student contributions are a significant part of classroom activity and absence deprives others of your contributions.

According to current University Regulations for attendance,

Student with 2 absences: receives 5% warning

Student with 3 absences: receives 10% warning

Student with 5 absences: receives 15% and fails the course

E. Mobile Phones:All mobile phones, pagers and/or other communication devices should be turned off before entering the classroom.

F. Diversity and the Use of English. English is the common language of the AURAK campus, the use of which includes everyone. It is the only language to be used in the classroom. AURAK brings together students and faculty from diverse cultural and

linguistic backgrounds, which is one of the strengths of the university. This diversity provides an opportunity to share our different experiences and enlarge our understanding of the world. Classroom discussions and other activities are to be conducted with courtesy and civility and respect for one another and for our differences.