

Course Outline

Course Title: Islamic Finance

Course Objectives:

The objectives of this course are:

- To provide an introduction to the basic concepts of Islamic banking and finance applied locally and globally.
- To simplify and explain the theories and concepts of the Islamic financial instruments used in the Islamic finance industry. This will give a practical exposure to the students on implementation of Islamic finance concepts in real life situations and especially in day to day management of finances for businesses in a Sharia'h compliant way.
- To understand and analyze finance theories and concepts in the light of Islamic philosophy/ Islamic Sharia'h and the mechanism involved in developing financial products.
- To appraise the efforts undertaken in Pakistan and other Islamic countries at the state level as well as in private sector to revamp overall economy on the universal principles of Shariah.
- To outline the challenges faced in transformation of the finance industry as well as the economy from so-called interest based modes to interest free transactions.
- To appraise the efforts made by The State Bank of Pakistan in this direction and of course, what is needed to be done to realize the full impact of Shariah based economy.

Course Contents:

Topic No	Topic	Book
1	<u>Islamic Economic System</u> <u>Islam and the distribution of Wealth</u>	Ch.1 Book 1 Ch,1&2 Book4 Ch.1 Book 3 Ch.7&8 Book4
2	<u>Islam and other Economic Systems</u> <ul style="list-style-type: none">○ Introduction○ Capitalism○ Socialism○ Communism○ Fascism	Ch.3 Book 2 Ch,3 Book4
3	<u>Factors of Production</u> <ul style="list-style-type: none">○ Land as a Factor of Production○ Land Tenure System in Islam○ Place of Capital in Islamic Socio-Economic set-up○ Labour-Capital Relationship and Islam○ Rent and Wages in Islam○ Riba, Interest and Profit	Ch.5 Book 2 Ch.6 Book 2
4	<u>Riba, its Prohibitions and Classifications</u> <ul style="list-style-type: none">○ Riba in Quran○ Riba in Hadith○ Riba and its types○ Commercial Interest and Usury	Ch.4-7 Book 1

5	<p><u>Sources of Islamic Laws</u></p> <ul style="list-style-type: none"> ○ The Holy Qur'an ○ Sunnah & Hadith ○ Ijma ○ Ijtihad/Qiyas 	Ch.2 Book 2
6	<p><u>Islamic Contract</u></p> <ul style="list-style-type: none"> ○ Islamic Contracts ○ Sale ○ Valid Sale 	Ch. 9-11 Book 1
7	<p><u>Islamic Modes of Financing</u></p> <ul style="list-style-type: none"> ○ Musharakah ○ Mudarabah ○ Diminishing Musharaka ○ Murabaha ○ Salam ○ Istisna ○ Istijrar ○ Ijarah & Ijara Wa Iqtina 	Ch.13-21 Book 1
8	<p><u>Applications of Islamic Financing</u></p> <ul style="list-style-type: none"> ○ Project Financing ○ Working Capital Financing ○ Import Financing ○ Export Financing 	Ch.24-27 Book 1
9	<p><u>Banking in Islam</u></p> <ul style="list-style-type: none"> ○ Islam and modern(conventional) banking ○ Usuary, interest and Islam ○ Features of a Conventional Bank ○ Mechanism of Islamic Banking& operations of Islamic banks ○ Musharakah in Bank Deposits ○ The theory of Zakat ○ Takaful vs Insurance 	Ch.9 Book 2 Ch.22,23 Book 1 Ch.1 Book 3 Page 217-231 Book 3
10	Islamization of financial institutions in Pakistan: Achievements, Problems and prospects.	Books of IBP & online sources(SBP)

Recommended Text:

1. Islamic Banking : by Dr. Muhammad Imran Ashraf Usmani (Latest Edition), Darul-Ishaat, Karachi, Pakistan.
2. Islamic Economics, Theory and Practice(Latest Edition), by M.A. Mannan; Sh. Muhammad Ashraf Publisher, Lahore, Pakistan.
3. Managing Finances: A shariah compliant way by Omar Mustafa Ansari, Time management Club Publisher, Karachi.
4. Islamic Economics by Professor Abdul Hameed Dar and Prof. Muhammad Akram, Ilmi kitab Khana, Urdu bazaar, Lahore
5. The publications of The State Bank of Pakistan on the issue.