



**FINAL EXAMINATION**

**COURSE : REGULATIONS IN ISLAMIC BANKING**

**COURSE CODE : PIB3033**

**DURATION : 02 HOURS**

**INSTRUCTIONS TO CANDIDATES :**

1. This question paper consists of **THREE (3) PARTS:**  
PART A (10 questions)  
PART B (26 questions)  
PART C (02 questions)
2. Answer ALL questions from PART A, PART B and PART C.
3. Please check to make sure that this examination pack consists of :
  - i. The Question Paper
  - ii. An Answer Booklet
  - iii. A True/False Answer Sheet
  - iv. An Objective Answer Sheet
4. Do not bring any material into the examination hall unless permission is given by the invigilator.
5. Please write your answer using a ball-point pen.

**MYKAD NO :** \_\_\_\_\_

**ID. NO. :** \_\_\_\_\_

**LECTURER :** \_\_\_\_\_

**SECTION :** \_\_\_\_\_

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**DO NOT OPEN THIS QUESTION PAPER UNTIL YOU ARE TOLD TO DO SO**

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*The question paper consists of 10 printed pages*

**MAR2024/B/PIB3033**

**PART A: TRUE OR FALSE**

*State whether the following statements are TRUE or FALSE.*

1. **(1 point)**  
There are no penalties imposed for the non-compliance of the Statutory Reserve Requirement on banking institutions.
2. **(1 point)**  
Capital adequacy framework is policies regulated by Bank Negara Malaysia to conventinal and islamic banking.
3. **(1 point)**  
The Capital Adequacy Framework aims to maintain the confidence of customers, depositors, creditors and other stakeholders in their dealings with the financial institution.
4. **(1 point)**  
An Islamic financial institution is not required to prepare its financial statements according to the Malaysian Financial Reporting Standards.
5. **(1 point)**  
The parliament of Malaysia has enacted the Financial Services Act 2013 (FSA) and the Islamic Financial Services Act 2013 to complement the corporate governance in takaful.
6. **(1 point)**  
Among the importance of Corporate Governance is to achieve the strategic targets set by ensuring the application of best practices in internal control systems.
7. **(1 point)**  
Among the important provisions that were introduced under the Central Bank of Malaysia Act 2009 is, the acknowledgment that Malaysia will have two financial systems.
8. **(1 point)**  
Board matters is one of the guiding principles under the Guidelines on Corporate Governance for Licensed Institutions (GP1-i) of BNM.
9. **(1 point)**  
Malaysia is one of the countries in the world that implements the hybrid Shariah governance structure.
10. **(1 point)**  
The Shariah committee shall report directly to the board of directors on any non-compliance.

**PART B: MULTIPLE CHOICE**

*Answer ALL questions.*

**1. (1 point)**

The minimum capital fund requirements in the Capital Fund policy document by Bank Negara Malaysia are specified pursuant to section \_\_\_\_\_ of FSA 2013 and IFSA 2013.

- A. 12
- B. 13
- C. 14
- D. 20

**2. (1 point)**

Which of the following is **NOT TRUE** about activities signifies the threat over consumers confidential information?

- A. Unusual frequent viewing of customer information in the FSPs' systems by customer.
- B. Unusual or suspicious downloading activities that involve customer information.
- C. Unauthorised access to customer information.
- D. Unauthorised disclosure of customer information to external parties.

**3. (1 point)**

The 13 council banks of the Association of Bank in Malaysia have also adopted a standardised template for the description of key terms and conditions in respect of housing loans or home financing agreements for individuals involving \_\_\_\_\_ and \_\_\_\_\_.

- A. RM500,500 / below.
- B. RM500,000 / above
- C. RM500,000 / below.
- D. RM500,000 / prison.

**4. (1 point)**

This policy document clarifies and sets minimum expectations for the application of the Malaysian Financial Reporting Standards to a financial institution.

The above statement refers to which policy?

- A. Financial Reporting
- B. Management of Consumer Information and Permitted Disclosure.
- C. Fair Treatment of Financial Consumer
- D. Standardized Documentations in Housing Loan/Home Financing Agreement

5. **(1 point)**

On what date were the Malaysian Financial Reporting Standards (MFRS) and the International Financial Reporting Standards (IFRS) fully converged?

- A. 1 March 2012
- B. 1 February 2012
- C. 31 January 2012
- D. 1 January 2012

6. **(1 point)**

Review and monitor the entire accounting process of the IIFS through close cooperation with the internal and external auditors.

Statement 1

The above statement 1 refers to \_\_\_\_\_.

- A. The Parties
- B. The Audit Committee
- C. The Board of Director
- D. The Bank Negara Malaysia

7. **(1 point)**

Which of the following is **FALSE** regarding the Guidelines on Corporate Governance for Development Financial Institutions of BNM 2013?

- A. The primary objective of the Guidelines is to promote the adoption of effective and high standards of corporate governance practices by development financial institutions (DFIs).
- B. The Guidelines should be read together with DFIA, the Companies Act 2016 and other relevant regulations, guidelines or circulars relating to corporate governance that the Bank may issue from time to time.
- C. The Guidelines are applicable to all institutions prescribed under the Central Bank of Malaysia Act 2009.
- D. The Guidelines set out broad principles and minimum standards as well as specific requirements for sound corporate governance, which are expected of DFIs.

8. **(1 point)**

The Guidelines on Corporate Governance for Development financial Institutions of Bank Negara Malaysia 2013 are formulated based on four guiding principles. Which of the following is the **TRUE** guiding principle?

- A. Responsibility
- B. Disclosure
- C. Regulation
- D. Management

9. (1 point)

Conducting corporate governance in a transparent manner can reinforce sound corporate governance

Statement 2

Statement 2 above refers to \_\_\_\_\_.

- A. principle 11
- B. principle 12
- C. principle 13
- D. principle 6

10. (1 point)

There are \_\_\_\_\_ IFSB principles on governance.

- A. two
- B. three
- C. four
- D. five

11. (1 point)

Choose the **CORRECT** characteristics of the Laissez Faire Shariah Governance structure.

- i. Self-regulated
- ii. Government intervention is necessary
- iii. Practiced mostly by the Gulf Corporation Council
- iv. Institutions must ensure Shariah compliance by themselves

- A. i and ii
- B. ii and iii
- C. i, iii and iv
- D. ii, iii and iv

12. (1 point)

Which of the following is one of the components of Shariah Governance?

- A. Dissemination of information
- B. External Shariah compliance audit
- C. Intervention by the government in areas involving Shariah
- D. Annual financial audit by the government

**13. (1 point)**

Which of the following is **NOT TRUE** regarding the objectives of the BNM's Shariah governance framework?

- A. It provides guidance to the board, Shariah committee, and management of the Islamic financial institutions in discharging their duties in matters relating to Shariah.
- B. It sets out the expectation that all Islamic financial institutions' activities are in accordance with Shariah
- C. It outlines the function relating to Shariah's review, Shariah's audit, Shariah's risk management, and Shariah research
- D. It gives punishment to any Takaful company that fails to comply with Shariah

**14. (1 point)**

What is the function of the Shariah risk management control under the Shariah governance framework for Islamic financial institutions?

- A. To identify, measure, monitor, report, and control any Shariah non-compliance risk
- B. To conduct in-depth Shariah research prior to submission to the Shariah committee
- C. To provide independent assessment and objective assurance designed to improve the IFI's compliance with Shariah.
- D. To review business operations on a regular basis to ensure Shariah compliance

**15. (1 point)**

Who is responsible for the appointment of a Shariah committee in an Islamic financial institution?

- A. The secretary of the institution
- B. The Registrar of company
- C. The board of directors
- D. Any Shariah Scholars

**16. (1 point)**

Based on the following options, choose the **CORRECT** duty of a Shariah Committee.

- A. Advise all financial institutions regarding investment strategies
- B. Involve in the day-to-day management of an Islamic financial institution
- C. Provides overall oversight on Shariah governance structure and Shariah compliance
- D. Advise the Islamic financial institution to consult the Shariah Advisory Council on Shariah matters that could not be resolved

**17. (1 point)**

“Responsible for observing and implementing Shariah’s rulings and decisions made by the Shariah advisory council and the Shariah committee respectively.”

Who are responsible to observe the above duties in an Islamic financial institution?

- A. The board of directors
- B. The management
- C. The shareholders
- D. The Governor of BNM

**18. (1 point)**

Which of the following is **TRUE** regarding the key functions of a Shariah committee in an Islamic financial institution?

- A. advise the board and provide input to the Islamic financial institution on Shariah matters
- B. approve all policies related to Shariah matters
- C. develop a set of fit and proper criteria for the Shariah committee
- D. ensure that Shariah decisions are duly observed and implemented by the Islamic financial institution

**19. (1 point)**

There are \_\_\_\_\_ sections under the approach of BNM Shariah governance framework.

- A. 13
- B. 11
- C. 8
- D. 6

**20. (1 point)**

“This section prescribes the functions of the internal Shariah review, Shariah audit, Shariah management, and Shariah research.”

Which section under the approach of BNM Shariah governance framework states the above summary?

- A. Independence
- B. Competency
- C. Oversight, accountability, and responsibility
- D. Shariah compliance and research functions

**21. (1 point)**

How many guiding principles under the BNM’s Shariah governance framework?

- A. Three
- B. Four
- C. Five
- D. Six

22. (1 point)

Which of the following is **NOT** one of the guiding principles of the BNM's Shariah governance framework?

- A. Independence
- B. Competency
- C. Confidentiality and consistency
- D. Non-compliance and punishment

23. (1 point)

A Shariah \_\_\_\_\_ is a process to identify all possible Shariah non-compliance risks and, where appropriate, remedial measures that need to be taken to reduce the risk.

- A. review
- B. audit
- C. research
- D. risk management

24. (1 point)

What should a Shariah committee do if they identify an issue of non-compliance in an Islamic finance institution?

- A. Report to Bank Negara Malaysia
- B. Report to a specific minister
- C. Report to the audit committee of the institution
- D. Inform the board

25. (1 point)

The following are the responsibilities of Shariah audit **EXCEPT** \_\_\_\_\_.

- A. generate an audit plan
- B. punish the Islamic financial institutions that fail to comply with the Shariah requirement
- C. communicate the result of the audit to the board of directors
- D. establish audit methodology

26. (1 point)

- Serve the Shariah committee.
- coordinate meetings, compiling papers, and disseminating Shariah decisions.

Statement 3

Statement 3 refers to Shariah \_\_\_\_\_

- A. advisory council
- B. research committee
- C. secretariat
- D. audit team

**PART C: STRUCTURED QUESTIONS**

*Answer ALL questions*

**1. (12 points)**

Zai is very interested in making investments provided by Bank BUMI. Zai has met Aminah, a representative from Bank Bumi to get more information on the matter. There are two types of investments offered by Bank Bumi, namely A and B. Zai is interested in taking investment A. Aminah made a mistake by giving investment contract B to Zai. Zai has also voiced his concern regarding his unstable financial status to make the investment. However, Aminah has persuaded and explained that Zai's financial status is not important and that he can still continue investing despite having insufficient savings.

By applying your knowledge in Fair Treatment of Financial Consumers policy by Bank Negara Malaysia, explain on the following:

a) **TWO (2)** circumstances which caused the unfair treatment to Zai.

(6 points)

b) Any **TWO (2)** outcomes under the Fair Treatment of Financial Consumers policy failed to be met by Bank Bumi.

(6 points)

**2. (12 points)**

Dato Azizul has been appointed as one of the members of the board of directors of Bank Kaya Berhad without going through the formal appointment process. Dato Azizul does not have any qualifications to work in the banking sector. He was appointed because of his strong influence as a former politician. In addition, he rarely attends Bank Kaya Berhad's board of directors' meetings.

By applying your knowledge of principles under the Guidelines on Corporate Governance for Licensed Institutions (GP1-i) of BNM, briefly explain the following:

- a. Any **TWO (2)** situations which lead to the violation of principles under the GP1-i of BNM?

(6 points)

- b. What are the **TWO (2)** principles under the Principles of Corporate Governance, Minimum Standards and Specific Requirements for Islamic Banks and Takaful Operators provided by the GP1-i of BNM that has been violated?

(6 points)

**END OF QUESTION PAPER**