

Hong Kong University of Science and Technology
School of Business and Management

Course Syllabus

Course Number: FINA691H
Introduction to Islamic Banking and Finance
Spring 2010
Mondays 19:00 to 22:30

Dr. Felix Y. Kwan
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Dr. Felix Kwan holds a Doctor of Jurisprudence (J.D.) degree from the University of San Diego. Besides graduated from San Diego State University with a Bachelor of Science in Accounting, he has also studies theology at Oxford University. He is a graduate of the Pacific Coast Graduate Banking School at the University of Washington.

Dr. Kwan was appointed Director of Supervision at the Qatar Financial Centre Regulatory Authority from 2005 to 2009 where he was responsible for supervising both conventional and Islamic finance institutions authorized in the Qatar Financial Centre. He was involved in the training of subject matters such as Islamic financial products; Islamic financial institute management and the ways and means Islamic financial institutions could meet the capital requirements of Basel II. Besides working for the Qatar Financial Regulatory Authority, Dr. Kwan has worked for the Hong Kong Monetary Authority, the Hong Kong Securities and Futures Commission and the Federal Home Loan Bank which later became the U.S. Office of Thrift Supervision. Dr. Kwan has also worked for Credit Suisse Hong Kong Branch as its Head of Legal and Compliance and Regional Senior Legal Counsel; Banque Paribas Hong Kong Branch as its Head of Compliance and Ethics; Bay View Federal Bank as its Chief Compliance Officer; Citibank California as its Senior Compliance Officer; Crocker National Bank California as its Credit Review Officer; and Security Pacific national Bank as its Commercial Loan Officer.

Among other professional qualifications, he was appointed a Fellow of the Hong Kong Institute of Bankers, a lifetime member of the Association of Fraud Examiners, a Chartered Bank Auditor, a Certified Regulatory Compliance Officer. He has more than 30 years of both financial industry and supervision experience in the U.S.A., Hong Kong as well and the State of Qatar. Dr. Kwan is an expert in both conventional and Islamic banking and finance.

Dr. Kwan has taught both graduate and undergraduate financial and law related courses at various universities in the U.S.A., Hong Kong and the State of Qatar. He delivered talks at a variety of institutes and conferences in the U.S.A. and Bahrain. Dr. Kwan has also conducted research and published in the area of corporate governance in China.

Text

The course is truly paperless and requires no financial commitment to purchase materials. Books in the market are usually become obsolete as soon as they are published.

You will find relevant information in the following websites:

www.aaofi.com
en.wikipedia.org/wiki/Islamic_banking
www.ifsb.org
www.islamic-finance.com
en.wikipedia.org/wiki/Takaful

Course Description

This course will

- Introduce the basic concepts of Islamic banking and finance.
- Differentiate Islamic financial system and conventional financial system.
- Introduce some fundamental Islamic financial products
- Explain the theories and concepts of the Islamic financial products.

At the end of the course, students should be able to

- Get a comprehensive overview of the Islamic Banking and Finance Industry
- Recognize the fundamental instruments and concepts.
- Understand the differences between Islamic and Conventional financial systems.

Further, this course assumes no previous knowledge of banking or finance. Neither does it assume any previous knowledge of Islam or the concept of Islamic economics. You may find in the course some Arabic terms with which you may not be familiar. Most of them will be defined, or their English equivalent used. A glossary of Arabic terms commonly used in Islamic banking and finance will be distributed. It should be remembered that Islamic banking and finance is still evolving offering the potential of operating as an alternative financial system and new ideas, products and solutions are continually emerging as a result of research conducted by Shari'ah scholars, economists, jurists, bankers and other Islamic professionals engaged in various part of the world.

Assignments

Assignments will be distributed after the weekly lecture. All assignments are due at the beginning of the next lecture. In writing answers to the assignments please keep the following in mind:

Try to be precise and to the point.

Long-winded answers and bullet points are not favored.

Your answers should be written by you and reflect a good understanding of the subject matter

You should not copy text from any published materials included websites

Grading Policy

The course consists of eight meetings - seven lecture meetings and one final examination. An assignment will be distributed at the end of each lecture meeting. All assignments are due at the beginning of the lecture meeting after distribution. You are only required to submit 5 of the 7 assignments. If you submitted more than 5 assignments, only the highest mark 5 assignments

will be use in the calculation of your final grade. You can email me the assignments when you cannot attend class.

Assignments 50%
Final Examination 50%

Class Schedule

The following class schedule is tentative and therefore subject to change

Week 1	Introduction to the Concept of Islamic Economics Divine Guidance for an Islamic Economy Evolution of Islamic Interest-Free-Banking
Week 2	Overview of Conventional and Islamic Banking Islamic Economic System Concept of Riba and its Prohibition in Islam
Week 3	Islamic Law of Contract Financial Techniques Applied by Islamic Banks Financial Statements for Islamic Banks
Week 4	Islamic Corporate Governance Major prohibited Elements in Islamic Economy Fiqh – Ul – Muanlaat Overview of Islamic Modes of Finance
Week 5	Islamic Asset and Fung Management Islamic Bond Market – Sukuk Islamic insurance – Takaful
Week 6	Islamic Financial Instruments Murabaha: A Trade based Product Musharakah – An Equity Based Product Diminishing Musharakah
Week 7	Islamic Financial Instruments Mudarabah – An Equity Based Product Ijarah – A Semi Debt based Product Salam – A Trade Based Product Istisna – A Trade Based Product
Week 8	Final Examination

Student Information

Name (Printed) _____

Student Number _____

Email address _____

What subject in banking and finance is most interest you?

What is your career goal?

Employer name _____

Job title _____