

Department of Economics
University of Toronto
Winter 2011

ECO 356H1S – SS1069
Islamic Banking & Finance
M 6:00-9:00pm

INSTRUCTOR: Dr. Reza Ghaeli & Parvez Daruwalla

Office Hours: 8.00 – 9.00 PM

TEACHING ASSISTANT: Melissa Pogue

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COURSE DESCRIPTION

The course provides an overview of Islamic Economics, Finance and Banking. The students will develop basic understanding and principles governing Islamic Economics & Finance, its history, growth and place in the world economy. The course will cover different modes of financing (debt and equity based) and their unique attributes. It will also cover a comparison between Islamic and conventional Banking, Finance and Insurance).

REQUIRED TEXTBOOKS

- 1) Zamir Iqbal, Abbas Mirakhor (ZIAM), *An Introduction to Islamic Finance: Theory and Practice*, (John Wiley & Sons Pte Ltd, 2007)
- 2) Mohammed Obaidullah (MO), *Islamic Financial Services*. Free electronic version can be found by following the link below:
 - (<http://islamiccenter.kau.edu.sa/english/publications/Obaidullah/ifs/ifs.html>)

SUPPLEMENTARY TEXTBOOKS

- 1) Muhammad Taqi Usmani, *An Introduction to Islamic Finance*, (Maktaba Maariful Quran 2007)
- 2) Tarek El Diwany, *Islamic Banking & Finance: What it is and What it could be* (1st Ethical Charitable Trust)
 - (http://www.theproblemwithinterest.com/fe_order.htm)

READING ASSIGNMENTS

Introduction to Islamic Law, Ethics & Economics

- *ZAIM – Chapters 1 & 2*
- *MO – Chapter 1*

Concept of Riba (interest) & Gharar (Uncertainty)

- *ZAIM – Chapter 3*
- *MO – Chapter 2*
- *Audio/Visual Component*

Contracts of Exchange: Modes of Financing - Debt Based (Murabaha, Bai-el-Einah & Tawarruq)

- *ZAIM – Chapter 4*
- *MO – Chapters 6 & 8*
- *Case Studies*

Contracts of Exchange: Modes of Financing - Debt Based (Ijarah, Salam & Istisna)

- *ZAIM – Chapter 4*
- *MO – Chapter 7*
- *Case Studies*

Sukuk (Islamic Bonds)

- *ZAIM – Chapter 8*
- *MO – Chapter 13*
- *Case Studies*

Contracts of Investment: Modes of Financing - Equity (Musharaka, Mudaraba and Joint Stock Companies)

- *ZAIM – Chapter 5*
- *MO – Chapter 5*
- *Case Studies*

Financial Engineering & Islamic Equity Funds

- *ZAIM – Chapters 8 & 9*
- *MO – Chapters 14 & 15*

Conventional Commercial Banking

- *MO - Chapter 3*

Islamic Banking

- *ZAIM – Chapters 6 & 7*
- *MO – Chapter 4*

Regulation of Islamic Financial Markets, Mutuality and Role of Endowments (Waqf)

- *Notes*
- *Audio/Visual Component*

The Financial Crisis & lessons learnt from Islamic Finance

- *Notes*
- *Audio/Visual Component*

Any changes in coverage and deletions, if applicable, will be pre-announced in class and/or posted on the course website. Handouts and supplementary reading assignments will also be posted on the course website during the term.

Additional topics and discussions will be presented in the lectures from time to time. Students will be tested on these as well as on the reading assignments outlined above.

LECTURES / TUTORIALS / AID CENTRE

Lectures will be held on Mondays from 6:00 to 8:00 PM in room SS1069 (Sydney Smith Hall).

TESTS / EXAMS

The final mark for the course will be based on a mid-term and one final exam. Final exam will be scheduled during the exam period announced by the University. Failure to write the mid-term and final exam must be for compelling reasons such as illness. In these instances, students are required (without exceptions) to submit official documentation within one week of the missed deadline. The University of Toronto Medical Certificate, available through your College registrar, must be used. Medical Certificates must be submitted in person (i.e., not by fax or by e-mail). Students who fail to provide required documentation for missing the exams will receive a grade of zero accordingly.

EVALUATION

The breakdown of the final grade will be 40% for the mid-term and 60% for the final exam.

EMAIL POLICY

Email can be used for course-related inquiries. We will reply to **legitimate** emails within one business day. If you do not receive a reply within this time, please re-submit your inquiry.

When sending emails, please use your UTORmail email account. Each email message must include in the Subject line the course identifier and a concise statement of purpose otherwise it is likely to be deleted along with spam

messages. Please make sure you consult the course outline, handouts and the course website BEFORE submitting inquiries by email.

Emails should NOT be seen as an alternative to meeting your instructors or your TA during the office hours or tutorials. Nor should emails be used as a mechanism to receive private tutorials (especially prior to tests) or to explain material that was covered in lectures you missed.

ACADEMIC HONESTY

Students are expected to be informed about plagiarism and familiar with Faculty Rules and Regulations, Code of Behavior on Academic Matters and Code of Student Conduct (see University of Toronto Calendar 2007/08) which state your rights, your duties and provide all the details on grading regulations at the University of Toronto.

Good Luck.