



**Khwaja Fareed University of
Engineering & Information
Technology, RYK**
Institute of Business Administration

Course Outline

MSCI-4134 - Islamic Finance	
Resource Person	
Email	
Office Address	CSIT Building, KFUEIT
Credit Hours	3
Pre-Requisite	Not Required
Semester	Fall 2025
Theory/Lab	Theory
Total Lectures	32

Course Description
This course will discuss Finance which is re-emerging field as a financial system based upon Islamic Ideology. Islamic financial theories are founded in avoidance of concentration of wealth, prohibition of Riba, elimination of income inequality and poverty reduction along with welfare (Falah) objectives i.e. social well-being of the society at large. At a macro level, the Central Bank of a country has the overall responsibility to establish institutions and frame such policies which are in accordance with the principles laid down in Sharia, Quran and also in line with Sunnah and teachings of the Prophet (PBUH). The course includes the theories and policies of Islamic Finance including, Investments, Financing, Trade, Commerce and Banking in the Micro/Macro- Economic framework. At a basic level, it covers ethical dimension of Islamic finance; the financing mechanisms used in; and the supervision of Islamic institutions both by the central banks and by the Shari'ah supervisory boards. A number of case studies will be examined as well as key research studies relating to the most critical issues in Islamic finance. Students will be able to analyze the ethical foundations of Islamic finance and appreciate its place in the wider understanding of Islam and its adherents. The important objective is introducing this course is to familiarize students with the Islamic ideology regarding finance and to keep them aware of this re-emerging field.

Course Teaching Methodology
1. Interactive Classes 2. Case based teaching 3. Class activities 4. Applied Projects 5. Experiential Learning

Program Educational Objectives (POs)	
PO-1	To develop effective Teamwork and Leadership Skills
PO-2	To inculcate Critical Thinking and effective Decision-Making skills
PO-3	To develop Effective Communication Skills
PO-4	To polish Core Business Knowledge and Competence
PO-5	To expose and inculcate Ethical Behavior and Social Responsibility
PO-6	To provide real-life work experiences.
PO-7	To provide global perspectives.

Program Learning Outcomes (PLOs) After completing this degree program, students shall be able to		
		Mapping the PLOs with POs
PLO-1	Apply and evaluate business plans and strategies in response to changing market conditions and unforeseen challenges.	PO1, PO5, PO6
PLO-2	Apply business theories and principles to real-world business challenges, demonstrating the ability to transfer knowledge into workplace settings.	PO2, PO4, PO6
PLO-3	Apply effective communication skills to convey ideas, proposals, and solutions.	PO2, PO3, PO4, PO5, PO6
PLO-4	Analyze local & global business environments to formulate business strategies.	PO1, PO3, PO6
PLO-5	Apply technology and analyze the impact of digital transformation on business operations and competitiveness.	PO4, PO5, PO6, PO7
PLO-6	Evaluate the ethical and social responsibility implications of business decisions and practices, considering their broader societal impacts.	PO5, PO6
PLO-7	Strategically lead and optimize human capital by utilizing the HR functions through data driven decisions and emerging HR technologies	PO2, PO3, PO6

Course Objectives (COs)	
CO-1	To explain the fundamental principles of Islamic Finance.
CO -2	To know the evolution, growth and development of the Islamic finance in different periods.
CO -3	We will also learn how investment professionals and analysts identify potential opportunities and avoid pitfalls for senior management decision-making.
CO -4	To know the origin, legitimacy, Shariah principles, structure, mechanism and flows of different types of Islamic finance structures.
CO -5	To know the origin, legitimacy, Shariah principles, structure, mechanism and flows of different types of Islamic finance structures.

Course Learning Outcomes (CLOs) After completing this course, students shall be able to		
		Mapping the CLOs with PLOs
CLO-1	UNDERSTAND the salient features of Islamic Financial system.	PLO 2, 7
CLO-2	RECOGNISE and IDENTIFY the differences between Islamic and conventional finance.	PLO 1, 3, 4
CLO-3	APPLY Islamic Finance structures in the monetary and capital institutions of an Islamic state.	PLO 7
CLO-4	To analyze the profitability & return on investments in business.	PLO 1, 3
CLO-5	Practically CALCULATE the financials such as return, profit and installment for each of the Islamic retail products, for Islamic cooperate and investment, treasury product, Sukuk and Takaful.	PLO 2
CLO-6	UNDERSTAND the key features, mechanism, operations and required documentations for Sukuk and Takaful (insurance).	PLO 1, 3, 4

Assurance of Learning and Assessment Items Specify Assessment Items that will assure student learning through application and achieve objectives of specific PLOs / COs / CLOs	
Assessment Item	Application/ Objectives PLO / CO / CLO
Assignments	PLO-3,4,6; CO-1,2,3; CLO-1,2,3,4,5,6
Quizzes	PLO-1,3,4,6; CO-1,3; CLO-2,3,4
Mid Term Exam	Most of stated PLOs, COs, and CLOs
Final Project	PLO-2,3,4,5,6 CO-1,2,3 CLO-2,3,4,5,6
Presentation	PLO-2,3,4,5,6 CO-1,2,3 CLO-2,3,4,5
End Term Exam	Most of stated PLOs, COs, and CLOs

Assessment Structure and Grading Policy*		
Assessment Item	Weight (%)	Execution Plan
Assignments	10%	Biweekly
Quizzes	5%	Biweekly
Final Project/Presentations	10%	15 th and 16 th Week
Mid-term exam	25%	One-time assessment
Final exam	50%	One-time assessment
Total	100	
Notes – Norms and Important Class Policies: <i>(such as submission guidelines, academic honesty, make-up policy, code of conduct)</i> ▪ Be On Time You need to be at class at the assigned time. After 10 minutes past the assigned time, you will be marked absent.		

- **Mobile Policy**
TURN OFF YOUR MOBILE PHONE! It is unprofessional to be texting or otherwise.
- **Class Attendance Policy**
A minimum of 75% attendance is required for a participant to be eligible to sit in the final examination. Being sick and going to weddings are absences and will not be counted as present. You have the opportunity to use 8 absences out of 32 classes. Participants with less than 75% of attendance in a course will be given grade 'F' (Fail) and will not be allowed to take end term exams.
- **Withdraw Policy**
Students may withdraw from a course till the end of the 10th week of the semester. A Student withdrawing after the 10th week shall be automatically awarded "F" grade which shall count in the GPA.
- **LMS**
KFUEIT–LMS is an open-source Course Management System (CMS), also referred to as a Learning Management System (LMS). Students are required to check the LMS regularly, as all assignments and quizzes will be uploaded there. Any assignment or quiz not submitted through the LMS will not be accepted or entertained.

Weekly Sessions Plan			
Week	Topics / Contents	Activity	Application/Objectives PLO / CO / CLO
1	An Introduction to Islamic Finance ▪ Foundational Concepts ▪ Islam's Concept of Justice ▪ Shari'ah—The Law ▪ Islamic Economic and Financial Systems ▪ Modern History of Islamic Banking and Financial Services ▪ Recent Trends in Islamic Financial Markets	Lecture as well as class discussions	CLO1
2	The Economic System ▪ Institutional Perspective of Islamic Economics ▪ Core Economic Institutions in Islam ▪ Economic Justice in Islam ▪ Significance Of Barakah ▪ The Model of Man ▪ Society ▪ The Polity	Lecture Assignment 1	CLO1, CLO2
3	Riba vs. Rate of Return ▪ The Concept of Riba in Islam ▪ Definition Of Riba ▪ Rationale For the Prohibition of Riba ▪ Promoting Profit and Risk Sharing	Lecture Group Discussion Quiz 1	CLO1, CLO2, CLO4

	▪ Lack Of Theory of Interest Usury, Riba and Interest: A Historical Perspective ▪ Judaism And Interest ▪ Christianity And Interest ▪ Islam And Interest ▪ Interest And Modern Economics		
4	Financial Instruments ▪ Transactional Contracts ▪ Financing Contracts ▪ Intermediation Contracts ▪ Islamic Instruments: Historical Background	Lecture Group Discussion Assignment 2	CLO2, CLO3, CLO4
5	Risk Sharing as an Alternative to Debt ▪ Uncertainty And Risk ▪ Islam's Perspective on Risk Sharing ▪ Risk Sharing Embedded in Islamic Instruments ▪ Features of Risk-Sharing Finance ▪ Stability of the Financial System ▪ History of Sharing Risk in Islam	Lecture Group Discussion	CLO3, CLO4
6	The Islamic Financial System ▪ Financial Systems: A Functional View ▪ Components of the Islamic Financial System ▪ Effect On Savings and Intermediation	Lecture Discussion	CLO3, CLO4
7	The Stability of the Islamic Financial System ▪ What is Financial Stability? ▪ Financial Stability of Islamic Finance Islamic Financial Intermediation and Banking ▪ Financial Intermediation by Islamic Banks ▪ Sources And Uses of Funds ▪ Distinctive Features of the Islamic Mode of Intermediation and Banking ▪ Islamic Banking: Theory Vs. Practice	Lecture Discussion Quiz 2	CLO2, CLO3, CLO4
8	Capital Markets ▪ Stock Markets and Islamic Funds ▪ Development of Equity Markets ▪ Securitized Market: Sukuk ▪ Challenges For Developing an Islamic Capital Market	Lecture Discussion Quiz 3 / Assignment 3	CLO1, CLO4, CLO5
Mid-Term Exams			
9	Non - bank Financial Intermediation ▪ Specialized Sector Finance Companies ▪ Islamic Mortgage Companies ▪ Mudarabah Companies ▪ Specialized Leasing Companies ▪ Micro finance Institutions ▪ Takaful (Islamic Insurance)	Lecture Discussion	CLO4, CLO5, CLO6

10	Performance of Islamic Financial Services ▪ The Efficiency of Islamic Banks ▪ Performance of Islamic Capital Markets ▪ Corporate Social Responsibility ▪ Performance in Crisis Period ▪ Bank Failures	Lecture Discussion	CLO2, CLO4, CLO5
11	Financial Engineering ▪ Financial Engineering in the Islamic Financial System ▪ Scope of Financial Engineering ▪ Freedom of Contract ▪ Different Approaches to Financial Engineering ▪ Structuring Tamweel Sukuk ▪ Lessons from the Financial Crisis	Lecture Discussion Video Cases	CLO2, CLO5, CLO6
12	Potential Applications of Financial Engineering ▪ Synthetic Currency Forward Contract ▪ Currency Swap ▪ Rate - of - Return Swap ▪ Development of an Islamic Benchmark ▪	Lecture Discussion Quiz 4	CLO3, CLO4
13	Risk Management ▪ Financial Risks ▪ IFSB Principles of Equity Investment Risk ▪ ALM Risk ▪ Risk Management Framework	Lecture Discussion	CLO2, CLO5
14	Regulation of Islamic Financial Institutions ▪ Introduction ▪ Distinctive Features of Regulating IFIs ▪ IFIs as Universal Banks ▪ Capital Adequacy Requirement for IFIs ▪ Bank Supervision and Market Discipline ▪ Post - Crisis Regulatory Environment and Impact on IFIs	Lecture Group Discussion	ALL CLOs
15	Corporate Governance ▪ An Islamic Perspective: Stakeholder - Oriented Governance ▪ The Significance of Trust ▪ Corporate - Governance Issues of IFIs ▪ Lessons From the Current Financial Crisis	Lecture Group Discussion	ALL CLOs
16	Globalization and its Challenges ▪ Challenges for Islamic Finance ▪ Islamic Banking	Presentations	
Final Term Exams			

Primary Text Book (s)

- **Iqbal, Zamir / Mirakhor, Abbas (2011) An Introduction to Islamic Finance: Theory and Practice, 2nd Edition, Wiley® Finance Publishing)**

Reference / Supplementary Reading (s)

- Usmani, Muhammad Taqi. (1998) An introduction to Islamic finance, published by Idaratul Ma'arif, Karachi, Pakistan
- Ayub, Muhammad, (2007) Understanding Islamic finance / Muhammad Ayub John Wiley & Sons, Hoboken, N.J
- Kettel, Brian B. (2011). An Introduction to Islamic Banking and Finance/ Brian B Kettel Wiley Finance
- Tiby, Amr Mohamed El (2011). Islamic Banking: How to Manage Risk and Improve Profitability/, Amr Mohamed El Tiby Wiley Finance
- Kettel, Brian B. (2011). Case Studies in Islamic Banking and Finance/ Brian B Kettel Wiley Finance.

Useful Online / Web Resources

- <https://www.ifsb.org>
- <https://www.isdb.org>
- <https://www.islamicfinance.com>