Question:

In Wakalah, which of the following is not allowed?

a) Agency Fee.
   b) Profit Sharing.
   c) Any Remuneration.
   d) None of the Above.

Question:

Who bears the loss in Wakalah?

a) Principal.
   b) Wakeel.
   c) Both together.
   d) None of the above.

Question:

In which scenario, loss in Wakalah can be asked to be borne by Wakeel?

a) When loss is very large in amount.
   b) When loss is caused by Wakeel’s negligence.
   c) When Wakeel has financial capacity to bear loss.
   d) None of the above.

Question:

Wakalah can be combined with which other modes of Islamic financing?

a) Murabaha.
   b) Ijarah.
   c) Salam & Istisna.
   d) All of the above.

Question:

In Islamic mutual funds, the relationship between investors and Asset Management Company is based on:

a) Mudarabah.
   b) Musharakah.
   c) Wakalah.
d) None of the above.

Question:

In Wakalah used in Islamic funds investment, the fund management receives its remuneration in which form:

a) Fixed Fee for management.
b) Share in profit.
c) Share in dividends received.
d) None of the above.

Question:

What is the difference between Islamic Wakalah based LC contract and conventional LC?

a) In Islamic banking, fee is higher.
b) In Islamic banking, fee is lower.
c) In Islamic banking, only halal goods can be traded.
d) No difference.

Question:

In Takaful, Wakalah can be used. What will be the role of insurance company managing the pool of funds received through contributions and their subsequent investment and use in settling claims?

a) Agent (Wakeel).
b) Principal.
c) Shareholder.
d) None of the above.

Question:

In Islamic mutual funds, the fund management company is responsible:

a) To place the funds in Shari’ah compliant options.
b) To bear losses on investments.
c) To provide capital protection guarantee to investors.
d) None of the above.

Question:

Which feature in Wakalah makes it different from Mudarabah?
a) No profit sharing.
b) No risk sharing.
c) No remuneration/cost at all.
d) Both a and b.

Question:
Is it allowed for Mudarib to guarantee capital in Mudarabah?

   a) Yes.
   b) No.
   c) No, but third party guarantee is possible.

Question:
Is it allowed to guarantee Sukuk return?

   a) Yes.
   b) No.
   c) No, but third party guarantee is possible.

Question:
What is the difference between Wakalah and Kafalah?

   a) Wakeel not responsible to compensate loss; Kafeel is responsible.
   b) Wakeel responsible to compensate loss; Kafeel is not responsible.
   c) None of the above.

Question:
What is the difference between Wakalah and Kafalah?

   a) Wakeel can get fee; Kafeel usually cannot.
   b) Wakeel cannot get fee; Kafeel gets fee.
   c) None of the above.

Question:
In Murabaha, which sort of guarantee can be taken?

   a) Self-guarantee to fulfil contract stipulations.
   b) Third party guarantee.
   c) Both a and b.
Question:

In Ijarah, which sort of guarantee can be taken?

- a) Self-guarantee to fulfil contract stipulations.
- b) Third party guarantee.
- c) Both a and b.
- d) None of the above.

Question:

If depositors want capital protection, which mode can be used to accept their deposits?

- a) Mudarabah.
- b) Musharakah.
- c) Amanah or Qard.
- d) None of the above.

Question:

If a financial institution is willing to provide capital protection, but also wants to use the funds deposited by customer, which mode is then used?

- a) Mudarabah.
- b) Musharakah.
- c) Amanah.
- d) Qard.

Question:

If Kafalah is used in offering credit cards, how it will work?

- a) Seller will have self-guarantee of card holder for payment.
- b) Seller will have guarantee of bank as third party guarantor for payment.
- c) None of the above.

Question:

Why usually fee/compensation is not allowed in Kafalah?

- a) It is not a pecuniary contract of exchange.
- b) Guarantee does not involve work or any provision of asset. Hence, it will be like bribe which is not allowed.
- c) It can open backdoor to Riba.
d) All of the above.

**Question:**

The type of lease in which the asset is eventually owned by Lessee is known as:

a) Operating Lease.
b) Finance Lease.
c) Both a and b.
d) None of the above.

**Question:**

Finance lease counterpart or alternative in Islamic Finance is:

a) Ijarah Thumma Bai.
b) Ijarah-Bi-Tamleek.
c) Both a and b.
d) None of the above.

**Question:**

Securitization is possible in:

a) Murabaha.
b) Ijarah.
c) Both a and b.
d) None of the above.

**Question:**

In Ijarah, the rental can be:

a) Fixed.
b) Floating.
c) Combination of both.
d) All of the above.

**Question:**

In Ijarah, with regards to rent, which condition must always be fulfilled?

a) Rent must be stipulated for all periods.
b) Rent must be stipulated for no period.
c) Rent must be stipulated for first period at least.

d) None of the above.

Question:

The type of lease in which same asset owned by a client is subsequently leased to the client is known as:

a) Forward lease.
b) Mortgage.
c) Sale and Leaseback.
d) None of the above.

Question:

Which of the following lease is also known as ‘Capital Lease’?

a) Finance Lease.
b) Operating Lease.
c) Forward Lease.
d) None of the above.

Question:

Ijarah can be executed for a non-existing asset

a) Yes.
b) No.
c) Yes, but subsequently. Initially, undertaking to lease is signed.
d) None of the above.

Question:

Can bank make Lessee the agent?

a) Yes.
b) No.
c) Yes, but it will be a distinct relationship & client will be paid agency fee.
d) None of the above.

Question:

When is title of the asset transferred in Ijarah to the client?

a) At the start of lease.
b) At the end of lease automatically.
c) At the end of lease if client purchases and bank sells the asset to client.

d) None of the above.

Question:

In sale and lease back, which is not allowed?

a) Charging rents.
b) Sale and lease to same client.
c) No time gap and asset condition between sale and lease.
d) None of the above.

Question:

If Ijarah is used in offering credit card facility, what is the condition(s) that is to be fulfilled about the subject matter?

a) Asset owned by bank.
b) Asset must be usable not consumable.
c) Asset exists at the time of entering into lease.
d) All of the above.

Question:

Ijarah Sukuk can be used for:

a) Syndicate finance needs.
b) Cleaning the balance sheet.
c) Both a and b.
d) None of the above.

Question:

Security deposit taken from the client is regarded as:

a) Hamish Jiddiyah.
b) Seed capital.
c) Mark-up.
d) None of the above.

Question:

If the leased asset becomes unusable and the repair time takes 3 months, what will be the ruling about rentals for these 3 months?

a) No rentals charged.
b) Rentals booked, but paid later.
c) Rentals booked and charged on normal basis.
d) None of the above.

Question:
Who has the title of the asset in Ijarah lease until it ends?

a) Bank.
b) Client.
c) Both.
d) None of the above.

Question:
Who bears the ownership related costs in Ijarah lease?

a) Bank.
b) Client.
c) Both.
d) None of the above.

Question:
What is the ruling about prepayment in Ijarah?

a) Allowed with no prior stipulation of reduction in dues to the bank.
b) No allowed.
c) Allowed with prior stipulation of reduction in dues to the bank.
d) None of the above.

Question:
Which type of costs can be included in presenting rental schedule to client?

a) Asset related.
b) Documentation related.
c) Regulatory levies related.
d) All of the above.

Question:
If the Ijarah asset owned by Sukuk holders is destroyed due to some reason, who will bear the risk?

a) Lessee.
b) Special Purpose Vehicle.
c) Sukuk Holder.
d) None of the above.

Question:
If Ijarah rentals are not received from the Lessee, will the Sukuk holders be paid by the SPV?

a) Yes.
b) No.
c) None of the above.

Question:
What is the most widely used Islamic mode of financing in asset side operations of Islamic banks?

a) Murabaha.
b) Ijarah.
c) Salam.
d) Diminishing Musharakah.

Question:
In which contract of Islamic modes of financing, it is mandatory to disclose the cost to the client?

a) Murabaha.
b) Musawamah.
c) Ijarah.
d) None of the above.

Question:
Murabaha selling price equals

a) Cost Price.
b) Cost Price + Profit.
c) Principal Amount + Interest.
d) None of the above.
Question:

In Murabaha, the amount over the cost price is called

a) Interest.
b) Usury.
c) Riba
d) Profit on sale.

Question:

In Murabaha, before declaration it is necessary:

a) Not to consume the asset.
b) To pay the bank Murabaha price.
c) For bank to take physical possession.
d) None of the above.

Question:

Possession of the goods is necessary before sale. Possession can be:

a) Real.
b) Constructive.
c) Both a and b.
d) None of the above.

Question:

Murabaha price can include costs like:

a) Asset related costs.
b) Documentary costs.
c) Regulatory levies.
d) All of the above.

Question:

For Murabaha transaction to be Shari’ah compliant, which benchmark can be used?

a) Spot Market Benchmark.
b) General Banking Benchmark.
c) Islamic Benchmark.
d) Any of the above.
Question:
In Murabaha, how we achieve the separation of two contracts?

a) Combining them in one.  
b) Taking unilateral undertaking.  
c) It is not a requirement.  
d) None of the above.

Question:
Islamic rules of sale require for the seller to have:

a) Ownership.  
b) Possession.  
c) Either a or b.  
d) Both a and b.

Question:
Murabaha financing can be used for which type of assets?

a) Consumable raw materials.  
b) Non-consumable movable fixed assets.  
c) Immovable fixed assets.  
d) All of the above.

Question:
Which of the following will make Murabaha invalid?

a) Price not agreed.  
b) Price not fully paid.  
c) Supplier not paid directly by bank.  
d) None of the above.

Question:
Which of the following will make Murabaha invalid?

a) Goods consumed before declaration.  
b) Price agreed but not paid on spot.  
c) Including mark-up over cost price.  
d) None of the above.
Question:

In Murabaha, the payment can be:

a) Spot.
b) Deferred.
c) Both a and b together.
d) Any of the above.

Question:

If late payment penalty is taken from client, it is:

a) Taken to P&L.
b) Paid to Charity immediately.
c) Taken to Charity A/C & paid from time to time.
d) Both b and c.

Question:

Price Rs 1,000 for 1 year deferred payment & Rs 2,000 for 2 year. Which of the following is valid in Murabaha?

a) Client agrees to one of the two.
b) Client agrees to none.
c) Price schedule can not involve time variant price.
d) None of the above.

Question:

Bank can appoint client as Agent. Is it:

a) True with and without agency fee.
b) False.
c) True without agency fee only.
d) None of the above.

Question:

In Import Murabaha, usually the bank is the:

a) Buyer of foreign exporter; seller to local client.
b) Buyer of local client; seller to exporter.
c) Just an agent for client.
d) None of the above.
Question:

Which of the following is not allowed in Murabaha?

a) Automatic Rollover of loans.
b) Re-pricing of asset after sale.
c) Penalty on late payments.
d) None of the above.

Question:

What is the limitation of Murabaha financing?

a) Murabaha receivables cannot be securitized.
b) Murabaha is expensive.
c) Murabaha is difficult to apply.
d) None of the above.

Question:

In Salam,

a) Delivery is deferred, payment is spot.
b) Payment is deferred, delivery is spot.
c) Both are spot.
d) Both are deferred.

Question:

Salam is an exceptional sale along with:

a) Murabaha.
b) Musawamah.
c) Istisna.
d) None of the above.

Question:

Why Salam is considered exceptional sale?

a) Sale executed without existence of asset.
b) Asset exist but not delivered.
c) Both payment and delivery is deferred.
d) None of the above.
Question:

Salam can be used in:

a) Agriculture finance.
b) Currency hedging.
c) Both and b.
d) None of the above.

Question:

In Salam, it is mandatory that the:

a) Goods are clearly specified.
b) Goods exist in market from the date of contract to date of delivery.
c) Payment is spot.
d) All of the above.

Question:

Parallel Salam cannot be done:

a) For same date of delivery of Salam.
b) For same amount of Salam.
c) With same client.
d) None of the above.

Question:

If Salam contract is not fulfilled, parallel Salam will:

a) Be invalid.
b) Still have to be fulfilled.
c) Delayed till Salam contract is fulfilled.
d) None of the above.

Question:

Salam used in currency hedging cannot usually be done in:

a) Different currencies.
b) Same currency in deferred transactions.
c) All Deferred transactions.
d) None of the above.
Question:

Which of the following statements about Murabahah financing is incorrect?

a) The cost of purchase should not be disclosed to the customer.
b) The financing amount cannot be secured by collateral or guarantee.
c) The mode of payment for the purchase can be by instalments or a single payment.
d) None of the above.

Question:

Which one of the following statements about profit equalisation reserves is true?

a) PER is a provision for loss in financing.
b) PER is meant to smooth the profits paid to Investment Account Holders.
c) PER is to mitigate losses to Investment Account Holders.
d) None of the above.

Question:

The ‘income purification’ process removes the ‘prohibited income’ from:

a) Dividends.
b) Capital gains.
c) Interest income.
d) None of the above.

Question:

In principle, an Ijara contract is extended for an asset _____ by the Lessor.

a) Owned.
b) Possessed.
c) Both a and b.
d) None of the above.

Question:

In which of the following conditions, Ijarah cannot be executed.

a) Asset not existing.
b) Asset exists not owned or possessed by Lessor.
c) Asset is not a newly produced one.
d) Both a and b.
Question:

Security deposit may be taken at the time of promise made by the lessee to obtain an asset from the institution on lease. It could be regarded as:

a) Not refundable.
b) Amanah.
c) As application fee.
d) None of the above.

Question:

If the Lessor fails to deliver the asset to the Lessee on the date specified in the Ijarah contract, what will be the ruling about rentals for the period in which asset was not delivered from the time of signing lease contract?

a) No rentals charged.
b) Rentals booked but can be paid later.
c) Half of rental will be charged.
d) None of the above.

Question:

Riba covers not only usury but

a) Any amount over principal amount in credit transaction of money or goods.
b) Any mark-up in credit sale of goods.
c) Receiving any share of profit.
d) None of the above.

Question:

The following is a type of investing instrument

a) Kafalah.
b) Takaful.
c) Musharakah.
d) None of the above.

Question:

Under a Salam contract, goods are

a) Not delivered until payment is made.
b) Purchased for delivery in future.
c) Delivered for payment later.
d) None of the above.

Question:

“The bank accepts deposits from customers who are looking for investment opportunities for their funds. Under this principle, the bank provides the entrepreneurship and the customer acts as the capital provider. All profits are shared in accordance with the pre-agreed profit-sharing ratio. Losses, if any, are borne entirely by the capital provider – i.e. the depositor”.

The above principle relates to:

a) Al Wadiah Yad Dhamanah.
b) Al Mudarabah.
c) Al Murabahah.
d) Al Musharakah.

Question:

The term "Murabahah" is used to describe a sale at a specified mark up over the cost incurred by the seller in acquiring the item that is for sale. What term is used to describe sales in which the seller's cost is not specified to the buyer?

a) Muzabanah.
b) Musawamah.
c) Mudarabah.
d) Muqaradah.
e) Muzayadah.

Question:

Which of the following tests best helps to distinguish between Shirkat-ul-Aqd and Shirkat-ul-Milk?

a) Is the partnership a profit-making venture?
b) Do the partners share capital losses equally?
c) Does the partnership have a defined lifetime?
d) Are the partnership activities restricted in scope?
e) Do partners have the right to take on debts?

Question:

Which of the following types of Islamic bank account is sometimes held "off balance sheet"?

a) Islamic current account.
b) Islamic term deposit.
c) restricted Islamic investment account.
d) unrestricted Islamic investment account.
e) Islamic savings account.

Question:
Which of the following transactions displays riba al-nasia?

a) an exchange of good quality for bad quality dates.
b) an immediate exchange of unequal amounts of copper.
c) an immediate exchange of unequal amounts of gold.
d) calling in a loan when the borrower is in difficulty.
e) exchange of a $100 note now for ten $10 notes later.

Question:
A nut seller offers a large sack of unshelled nuts for sale to a buyer in return for cash on the spot. The buyer suggests that the seller is engaging in gharar, since some of the nuts may be rotten inside. The seller cracks a few nuts from the sack at random and all are in good condition. Nevertheless, the buyer still objects, saying that the proposed sale involves gharar and is therefore invalid under Islamic law. Is he right in this statement?

a) yes, because uncertainty remains as to the other nuts.
b) no, because gharar does not apply to spot sales.
c) no, because the uncertainty involved here is minor.
d) no, because uncertainty does not apply to sales of food.
e) we cannot know for sure until all nuts have been shelled.

Question:
The premium paid in return for insurance cover is permitted by many Islamic scholars on the basis that the premiums can be seen as what?

a) payment for a service by the insurer.
b) payment in return for an indemnity by the insurer.
c) a donation to a mutual fund.
d) a necessity, since insurance cover is essential.
e) an equity investment in the insurance company.

Question:
Contract combination is a technique that is sometimes criticised by Islamic jurists on account of which potential weakness?
a) the excessive fees that it generates for lawyers.
b) causing complexity in Islamic financial transactions.
c) producing prohibited outcomes from permitted contracts.
d) producing permitted outcomes from prohibited contracts.
e) gharar in the resulting cash-flows.

Question:

An Islamic bank operates accounts in which depositors share profits made by the bank on its investment operations, and the bank in turn shares the profits of clients into whom it invests. How might this structure best be described?

a) a two-tier Mudarabah.
b) a reverse credit-default Musharakah-Wakalah hybrid.
c) a reverse Musharakah.
d) bay` al-Salam.
e) bay` Mu'ajjal.

Question:

An oil company wishes to finance an extra drilling well on a site that is already producing oil. It suggests to an Islamic bank that the bank pays the company cash now in return for a specified quantity of oil in one year’s time, at which time the well is expected to be up and running. In principle, is this transaction valid under Islamic law?

a) no, there is gharar since oil may not be produced.
b) no, since the company is in effect short selling oil.
c) no, since oil and money must be exchanged on the spot.
d) yes, if a third party guarantees the delivery of oil.
e) yes, this is a bay` al-Salam contract.

Question:

An investment manager is considering purchasing shares in a company that manufactures farming equipment. Knowing that AAOIFI standards prohibit purchasing shares in a company that uses interest-bearing debt to finance itself, the investment manager investigates the company accounts. What threshold does AAOIFI specify as the maximum permitted amount of interest-bearing debt as a percentage of market capitalisations when undertaking such an investment?

a) Nothing is specified.
b) 5%.
c) 25%.
d) 30%.
e) 49%.
Question:

What kind of contract is used when establishing an Islamic current account deposit, according to the majority of Muslim jurists?

a) a contract of deposit.
b) a loan contract.
c) a trust.
d) an agency.
e) a partnership contract.