

# **Course Syllabus for**

# **Professional Diploma in**

# **Islamic Commercial Law**



**International Institute of Islamic Economics and Finance and**

**Geneva School of Business and Economics**

**JULY 2021**

## **Background**

The Diploma in Islamic Commercial Law is a four weeks online course. This course introduces the basics of Islamic law and Islamic commercial Law. The Islamic financial instruments and contracts have been prepared based on Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) Bahrain Accounting, Auditing and Sharia standards.

## **Admission Eligibility**

To be admitted to the Diploma in Islamic Commercial Law, students must have good knowledge of English language.

## **Duration of the course**

The duration of the course is 16 weeks. (Students can study at their own pace. The course can be completed within 12 months).

## **Medium of Instruction**

Medium of Instruction will be English.

**Mode of study: 100% Distance learning.** Students will be provided access to our learning management system to access E-learning materials.

<b>Course Number</b>		<b>Credit</b>
	Introduction to Islam (Optional)	0
	<b>Stage 1</b>	
ICL 110	Introduction to Islamic Law and Islamic Commercial Law	3
ICL 120	Sources of Islamic Law	3
ICL 130	Contracts in Islamic Commercial Law	3
ICL 140	Islamic finance and basic prohibitions	1
	<b>Stage 2</b>	
ICL210	Contracts used by Islamic financial institutions	2
ICL220	The contract of Sale	3
ICL230	The contract of employment, lease and reward	3
ICL240	The contract of Wakalah (agency)	3
ICL250	The contract of loan	3
ICL260	The contact of Safe keeping	3
ICL270	The Pledge, Mortgage, or Pawn ( al-Rahn )	3
ICL280	The contact of Guarantee ( al-Kafalah )	3
	Total	33

### **ICL 110 Introduction to Islamic Commercial Law and Contracts (3 Credits)**

This module explains the basics of Islamic law and Islamic commercial law. At the end of the lesson you will be able

1. Explain what is Islamic law (Sharia)
2. Describe the Islamic commercial law and its usage

**Assessment : End of chapter questions given by the instructors**

### **ICL120 Sources of Islamic Law (3 Credits)**

After understanding the basic principles Islamic law, this module is discusses about the sources of Islamic law. In this module the students will be

1. Examining the primary and secondary sources of Islamic law
2. Critically examine the importance of these sources within Islamic jurisprudence

**Assessment : Complete the end of the lessons questions**

### **ICL 130 Contracts in Islamic Commercial Law**

This module explains the basic contracts in Islamic commercial law. At the end of the lesson you will be able

1. Explain different types of contracts
2. Describe the Islamic finance contracts and their usage

**Assessment : Complete the MCQ at the end of the lessons**

### **ICL 140 Islamic finance and basic prohibitions (Credit 3)**

The module introduces the world of Islamic finance and basic prohibitions and shows the importance of knowing the Islamic commercial law to work in the Islamic finance industry. At the end of this module you will be able to

- Explain what is Islamic finance and current status of Islamic finance industry
- Describe the prohibitions in Islamic finance industry and link the Islamic commercial law and prohibitions.

**Assessment : Complete the MCQ at the end of the lessons**

### **ICL 210 Contracts used in Islamic finance (3 Credits)**

After understanding the basic principles and law of contract, this module is the application of the basic Islamic contracts in banking industry. End of this course you will be able to understand and describe ;

1. Explain the basic concept of Islamic financial instruments
2. Describe Mudarabah, Musharaka, Ijarah, Salam, Istisna and Murabaha contracts.

**Assessment : Complete the MCQ at the end of the lessons**

### **ICL 220 Contract of Sale**

This module describes the contracts of sale and their classification. The application in the Islamic business and finance industry has been elaborated. At the end of this lesson student will be able

- Explain the two main classifications of a sale contract.
- Understand the various types of trust sales in which the cost price of the sold item is disclosed to the purchaser.
- Understand the deferred sale contract in which the price is postponed or paid by installments.
- Understand how an Islamic bank would enter into a sale contract with a customer and how this sale is different from the interest-bearing loan contract.
- Explain future commodity sale ( salam ), manufacturing sale ( istisna' ), and currency exchange ( sarf ) sale.
- Distinguish between salam and istisna' contracts and between salam and future and forward contracts.
- Understand how an Islamic bank may enter into salam and istisna' contracts with their clients.

**Assessments : End of chapter questions**

**Reference book : Islamic Commercial Law (Muhammed Yusuf Salem) Chapter 1**

### **ICL 230 The contract of employment , Lease and reward**

Islamic finance and business uses the employment contract to lease the assets, enable borrowings and give reward for effort. This module discusses about Ijarah, Jaa'h and I'arah.

At the end of the modules students will be able to

1. Define and understand the contacts of Ijarah, I'arah and Ja'alah
2. Identify the main constituent pillars and important conditions of these contracts
3. Understand the various types of Ijarah contracts and their different uses.
- 4 .Compare and contact the Ijarah contract with the I'arah and Ja'alah contracts

**Assessments : End of chapter questions**

**Reference book : Islamic Commercial Law (Muhammed Yusuf Salem) Chapter 3**

### **ICL 240 Contract of Wakalah**

Wakalah is the popular principle-agent relationship contract in Islamic finance. This module describe all the conditions regarding a principle and agent relationships. At the end of the module, the students will be able to ;

- Identify the main constituent pillars and important conditions of the contract.
- Explain the types of wakalah contract and their different uses.
- Understand issues related to the agency in sale and agency in purchase.
- Differentiate between agency and other types of legal relationship.

**Assessments : End of chapter questions**

**Reference book : Islamic Commercial Law (Muhammed Yusuf Salem) Chapter 4**

### **ICL 250 The contract of Loan**

Interest and usury has been prohibited in Islamic law. This module how a loan contract can be made in Islamic commercial law without involving interest. At the end of the module, the students will be able;

- Understand qard contract and its gratuitous and charitable nature
- Identify the main constituent pillars and important conditions of the contract.
- Explain the differences between qard, dayn and l'arah.
- Understand the debate on the prohibitions of conditional benefits that a lender may stipulate in qard contracts.

**Reference book : Islamic Commercial Law (Muhammed Yusuf Salem) Chapter 5 and AAOIFI STANDARD 19**

**Assessments : End of chapter questions**

### **ICL 260 The contract of Safe Keeping (Al Waidah)**

Wadiah is not a common contract used in Islamic financial institution. Some of the Islamic bank use this contract when accepting their current account. At the end of this chapter, you should be able to:

- Explain the main pillars and conditions of a wadi'ah contract.
- Understand the nature of relationship between a depositor and a depository and circumstances in which a depository is held liable for any damage to the deposited property.
- Understand the application of the wadi'ah contract by Islamic banks.
- Compare and contrast deposit and loan contracts and to see the differences between gift ( hibah ) and interest.

**Assessment : End of chapter questions given by the instructors**

### **ICL 270 The Pledge, Mortgage, or Pawn ( al-Rahn )**

The Islamic financial institutions used to ask for mortgage when the customer is given financing facilities such Murabaha or Salam or other contract to mitigate the capital default risks. Therefore Islamic banks use the contract called Al Rahn when they providing financing facility or accept gold for pawning purposes.

At the end of this module, students should be able to:

- Define the pillars and important conditions of the rahn contract.
- Understand the status and position of the pledgor and the pledgee together with their rights and obligations.
- Explain issues related to the use of the pledged property by the pledgee.

**Assessment : End of chapter questions given by the instructors**

### **ICL 280 The contract of Guarantee ( al-Kafalah )**

Kafalah contract is used in various places in Islamic finance and commercial agreements. This contract is very useful specially for Islamic bank to structure their products. At the end of this module, you should be able to:

- Define the pillars and conditions of the kafalah contract.
- Understand the types of kafalah contracts and their different applications.
- Explain the rulings related to the charging of a fee for the service of guarantee and its implications.
- Distinguish a letter of guarantee (LG) issued by banks from the kafalah contract.
- Explain the situations under which a kafalah contract would be terminated.

**Assessment : End of chapter questions given by the instructors**