**The Ohio State University**

**College of Arts and Sciences**

**Islamic Banking and Finance**

**Econ 4797.02**

**Instructor**: Dr. Ida A. Mirzaie

**Office**: 423 Arps Hall

**Class Meetings:** TBA

**Location:** TBA

**Office Hours:** TBA

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**Course webpage**: <https://carmen.osu.edu/>

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**Course Objectives and Outcomes:**

The course will cover Islamic banking and finance in theory and practice. This course is about (1) To understand the relation between culture/religion and the economy. How culture and religion have shaped financial institutions. Explain how financial decisions are based in cultural and religious beliefs. A successful student will be able to work in a financial institution which serves diverse clients. (2) To get a better understanding of Islamic finance compared to conventional finance. A successful student will be able to describe advantages and disadvantage of Islamic banking relative to conventional banking system. (3) Identify how cultural and religious values are present in public finance. Compare and contrast policy making in Islamic countries compare to others. (4) To learn how Islamic finance works in practice. A successful student will be able to understand how Islamic finance work in practice and its challenges in practice. The course includes a study abroad component that gives students the opportunity to experience firsthand how Islamic banking and finance are applied in practice.

**PRE-REQUISITES:**

Economics 2001 or 2002 is required, while preferences will be given to students who have taken both Economics 2001 and 2002.

**TEACHING METHODS**

The course is designed to encourage your active participation in and outside classroom. You are expected to come to class prepared to engage in class discussions. Teaching methods will include lecture, readings, discussions, and students’ presentations. We will also use the discussion section of Carmen to discuss current events.

The course is divided to two sections. Before the Spring Break, we will cover the text book and conclude the segment with an exam. After the Break and our trip to Malaysia, we will focus on application and Islamic banking in practice.

**Required Text**

Islamic Finance, Principles and Practice, Second Edition

Hans Visser, Professor Emeritus of Money and Banking and International Economics, Faculty of Economics and Business Administration, VU University, Amsterdam, the Netherlands

**Other Readings**

Scholarly articles and case studies on Islamic banking and finance from variety of sources

Apart from readings posted on the course page, it is essential to keep up with current development in Islamic banking.

**STUDY ABROAD**

During the spring break, we will travel to Malaysia, one of the countries that practices Islamic banking and finance. The trip will not only include visits to financial hubs, but also an exposure to Malaysian culture in order to get a deeper understanding of its Islamic roots.

Activities during the trip will include visiting:

\_\_Central Bank

\_\_Islamic Financial Services Board

\_\_University visit (Islamic Banking and/or Finance departments; campus tour)

\_\_ Visit to a bank that works with Islamic banking; meet branch manager

\_Historical and cultural sites like Pavillion KLCC, Jalan Alor, Batu Cave, and Putrajaya

**Grading policy**

Attendance and informed participation in each class: 20 percent

In class quizzes using TopHat, class discussions and short individual and group reflection papers

Group Presentation & individual report: 40 percent

Two Exams: 40 percent

Total 100

**GROUP PROJECT: 400 points, 40 percent of the grade**

The purpose of this project is to apply our learning in practice and to investigate how Islamic finance is done in real life and how it is compared and contrasted to other countries.

You are expected to work in groups of 3-5 students for this project. Each group will choose a topic related to Islamic banking to investigate. The topic will be applied to Malaysia and other countries of your choice. In order to get an in depth understanding of the topic. Other countries of the interests are the ones who practice Islamic banking completely or partially. Then, you should compare them with conventional banking practiced in the same county/countries or other countries of your choice.

Each group member will choose a sub-topic either divided by countries or sub-product of your topic. By week 5, all sub-topic should be assigned.

We will have 15 minutes for group meetings during every lecture until presentations begin after returning from Malaysia. All group members should attend these group meetings. If you are encountering unforeseen circumstances and are not able to attend the meetings continuously, you should discuss your situation with me ASAP.  Each group should post a brief summary of their meetings on Carmen. The report should summarize the highlight of the group discussion and a progress report. Each group member should take turn in taking notes and posting the report. (50 points)

The presentation grade will be assigned based on **overall coverage, organization, and flow of information.** Credit will be given based on the content and **the clarity of presentations, and the ability to hold audience’s attention.** You should use a Power Point presentation and any features of Power Point that you find appropriate for your work. **Each group member should cover their own sub-topic** while making sure that the coverage is **not repetitive and has a logical order in covering the information.** Each group will have 40 – 50 minutes for this presentation. (200 points)

Every group should prepare a handout for the class.  The handout should highlight the important information covered in the presentation. (50 points)

Each group will provide feedback to presentations of other groups. The feedback should evaluate each presenter and the group presentation as a whole based on above criteria.  (100 points).

**Grading Scheme**

When assigning the letter grades for the course, the OSU standard grading scheme will be your minimum guaranteed grades.

**ACADEMIC INTEGRITY (ACADEMIC MISCONDUCT)**

Academic integrity is essential to maintaining an environment that fosters excellence in teaching, research, and other educational and scholarly activities. Thus, The Ohio State University and the Committee on Academic Misconduct (COAM) expect that all students have read and understand the University’s *Code of Student Conduct*, and that all students will complete all academic and scholarly assignments with fairness and honesty. Students must recognize that failure to follow the rules and guidelines established in the University’s *Code of Student Conduct* and this syllabus may constitute “Academic Misconduct.”

If I suspect that a student has committed academic misconduct in this course, I am obligated by University Rules to report my suspicions to the Committee on Academic Misconduct. If COAM determines that you have violated the University’s *Code of Student Conduct* (i.e., committed academic misconduct), the sanctions for the misconduct could include a failing grade in this course and suspension or dismissal from the University.

If you have any questions about the above policy or what constitutes academic misconduct in this course, please contact me.

**Disability Statement**

**The University strives to make all learning experiences as accessible as possible. If you anticipate or experience academic barriers based on your disability (including mental health, chronic or temporary medical conditions), please let me know immediately so that we can privately discuss options.  To establish reasonable accommodations, I may request that you register with Student Life Disability Services.  After registration, make arrangements with me as soon as possible to discuss your accommodations so that they may be implemented in a timely fashion. SLDS contact information:** [**slds@osu.edu**](mailto:slds@osu.edu)**; 614-292-3307;** [**slds.osu.edu**](http://www.ods.ohio-state.edu/)**; 098 Baker Hall, 113 W. 12th Avenue.**

## **Caution:** This course requires more than the memorization of a few facts and definitions. More importantly, it requires time and reflection.

## ***Welcome to the class, and remember that nothing is beyond the reach of determination and hard work!***

***I wish you all the best!***

**Topics and Approximate Date of Coverage**

**Week One, Week of January 6**

Introduction to the course

Chapter 1: Why Islamic Finance? Why Malaysia?

**Week Two, Week of January 13**

Chapter 2: Sources of Islamic Law

Primary and secondary sources, law schools and Sharia law

**Week Three, Week of January 20**

Chapter 3: The Islamic Economy

*Zakat, Riba,Gharar Maysir*, and the Islamic economic order

**Week Four, Week of January 27**

Chapter 4: Forms of Islamic Finance

PLS and non-PLS finance, and legal issues

**Week Five, Week of February 3**

Chapter 5: Islamic Banks

The liabilities of Islamic banks, problems with Islamic assets, and the practice of Islamic banking

**Week Six, Week of February 10**

Chapter 6: Special Sectors

Insurance, home finance, and investment

**Week Seven, Week of February 17**

Chapter 7: Public Finance and the Monetary Authorities

Public finance, monetary policy, and supervision of the financial sector

**Week Eight, Week of February 24**

Chapter 8: Islamic Finance: A Tentative Verdict

Pros and cons in comparison with conventional finance

**Midterm Exam, Chapters 1 - 8**

**Week Nine, Week of March 2**

Preparing for the trip

Understanding the other culture: dress codes for sightseeing and visits, what to prepare in advance, cultural considerations and what to expect

Group work in collecting information \_ 10 minutes’ power point presentation per group

**Spring Break, March 9-13, Study abroad, trip to Malaysia**

**Week Ten, Week of March 16**

Trip Reflections

Presentations begin

**Week Eleven, Week of March 23**

Presentations

Country specific application

**Week Twelve, Week of March 30**

Presentations

Country specific application

**Week Thirteen, Week of April 6**

Presentations

Country specific application

**Week Fourteen, Week of April 13**

Presentations

Country specific application

**Week Fifteen, April 20**

Last day of class, wrap up

**Final Exam, Comprehensive Exam**