



Learning
Resource Network



QUALIFICATION SPECIFICATION

LRN Level 5 Certificate In Islamic Banking

Qualification Accreditation Number: 601/8373/1

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BACKGROUND TO LRN

Learning Resource Network (LRN) is an awarding organisation that offers qualifications to candidates, educational institutes, training providers, schools and employers who can access qualifications either through registered educational institutions. In producing its qualifications the project team drew upon the experience and expertise of academics, professionals working in the pertinent industries and colleagues with a wealth of practice and knowledge of validation, verification, delivery and assessment.

A full list of LRN qualifications can be found on the register **of regulated qualifications**.

LRN London head office is supported by a team of representatives around the world.

LRN can be contacted in the following ways:

Tel: +44 (0) 207 859 4223

enquiries@lrnglobal.org

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INTRODUCTION

This specification provides an overview to the LRN Level 5 Certificate in Islamic Banking for candidates, centres, administrators, employers, teachers and examiners. The specification outlines the key features and administrative procedures required for this qualification.

OBJECTIVE

The LRN Level 5 Certificate in Islamic Banking is designed to help candidates by further enhancing their knowledge and increasing their level of understanding in the Islamic financial sector.

CANDIDATE CATEGORY

Candidates for the LRN Level 5 Certificate in Islamic banking will include those who:

1. have a comprehensive knowledge of how the Islamic financial system works;
2. create awareness of the variation between Islamic financial principles and practice;
3. have a range of transferable skills that will be of value in employment and self-employment within the Islamic banking sector.

ENTRY REQUIREMENTS

Candidates should have:

- ☐ Two GCE (A to C grade, or equivalent) qualifications;
- ☐ Advanced GNVQ with a specific grade or equivalent;
- ☐ Level 4 qualification (or equivalent – HNC) in Islamic Banking

Candidates should also have a speaking, listening, reading and writing ability which is commensurate to CEFR Level B1 (or equivalent). This to ensure they meet the communication requirements for this qualification. Candidates should be familiar with the Islamic banking sector or at least have an interest in furthering their career within this sector.

MODE OF DELIVERY

This qualification has been constructed to be delivered within centres, either by classroom based delivery or via centres offering distance learning. Centres will need to demonstrate to LRN, through the centre recognition processes, that they have the resources, facilities and competence to deliver through either method. Centres may apply to offer through both means if so desired. However, centres must be able to demonstrate, in line with LRN's criteria, that they have the means, capability, capacity and resources (including suitably qualified centre staff) to deliver by the method chosen by the centre.

PROGRESSION

LRN Level 5 Certificate in Islamic banking has been designed to reflect the wide variation in candidates' origins, levels of education and career aims. Progression opportunities may, therefore, take a variety of paths. Depending on the level of qualification achieved, it may be appropriate for the candidate to progress to:

- Other higher level qualifications in Islamic Banking
- A higher level of any qualification – E .g. Degree
- Vocational qualifications

RECOGNITION OF PRIOR LEARNING

Please refer to LRN's policy on the Recognition of Prior Learning to determine whether previously achieved qualifications meet LRN's policy on possible exemptions

LANGUAGE OF ASSESSMENT

LRN aims to use English that is plain, clear, free from bias and appropriate to all candidates. LRN will ensure the assessment materials, stimuli and the assessment itself is carried out in English.

QUALIFICATION OVERVIEW

The qualification covers the knowledge and understanding required by candidates who wish to either progress their career in Islamic Banking or increase their level of knowledge and understanding of the Islamic in banking sector.

There are two mandatory units for this qualification; they are as follows:

Unit	Title	Level	Credit	GLH	Exam format
1	Knowledge and understanding of Islamic Banking	4	15	60	Assignment
2	Essentials of Islamic Banking and Finance	5	15	60	Assignment

The qualification has a credit value of 30.

QUALIFICATION FEATURES

1		KNOWLEDGE AND UNDERSTANDING OF ISLAMIC BANKING			
Unit Aim					
The aim of the unit is designed to enable candidates to demonstrate the required level of knowledge and understanding in the field of Islamic Banking.					
UNIT LEVEL		4	CREDIT VALUE	15	UNIT REFERENCE NUMBER H/508/0749
GLH	60	UNIT GRADING STRUCTURE		FAIL/PASS	
Assessment Guidance		Assessment is externally set and externally marked by LRN.			
Learning Outcomes - The learner will:				Assessment Criteria - The learner can:	
1. Understand Islamic finance and the fundamental principles of Islamic banking.			1.1	Define the principles on which Islamic finance is based especially major prohibitions in Islam (Riba and Gharar).	
			1.2	Describe the notion of Islamic finance and its ethical foundations	
			1.3	Differentiate between the Islamic and conventional banking systems.	
			1.4	Differentiate between the key Islamic regulatory bodies.	
2. Understand the sources of Fiqh (Islamic Law).			2.1	Explore the two main sources of Islamic law	
			2.2	Differentiate between primary & secondary sources of Islamic law	
			2.3	Compare the branches of Islamic Law.	
			2.4	Explain the principles of Maqasid Shariah/Islamic Law.	
3. Understand the Islamic law of contract.			3.1	Describe the Islamic law of contract.	
			3.2	Define a sales contract and types of sales based on validity.	
			3.3	Describe the elements of sale contracts.	
			3.4	Examine the elements of sale contracts.	

QUALIFICATION FEATURES

4. Understand how Islamic financial instruments are applied.	4.1	Explain how Islamic banks operate and manage their funds.
	4.2	Analyse different Islamic instruments towards the Liability Side.
	4.3	Analyse different Islamic instruments towards the Asset side.
	4.4	Analyse how Islamic Instruments are used by Islamic banks.
5. Understand the function of Sukuk.	5.1	Explain the purpose of a Sukuk.
	5.1	Examine the differences between a Sukuk and other conventional bonds
	5.2	Explain how to structure a Sukuk by using different financial instruments.
	5.3	Examine the Murabaha and Ijarah Sukuk models.
	5.3	Explain why a Sukuk is used by Islamic Banks

QUALIFICATION FEATURES

2		ESSENTIALS OF ISLAMIC FINANCE AND BANKING			
Unit Aim					
The aim of this unit is to understand the principles, practices and challenges of Islamic finance and banking					
UNIT LEVEL		4	CREDIT VALUE	15	UNIT REFERENCE NUMBER H/508/0749
GLH	60	UNIT GRADING STRUCTURE		FAIL/PASS	
Assessment Guidance		Assessment is externally set and externally marked by LRN.			
Learning Outcomes - The learner will:				Assessment Criteria - The learner can:	
1. Understand how to calculate and distribute profit to depositors and pool management			1.1	Explain the process of calculating profit from Islamic banks to their depositors.	
			1.2	Compare the mechanism of profit payment to depositors in relation to the mechanism of Interest payments to the account holder.	
			1.3	Analyse how displaced commercial risk is mitigated by Islamic banks.	
			1.4	Analyse the applicability of depositor insurance schemes.	
			1.5	Define the historical rate sheet of profit distribution within Islamic Banks	
2. Understand risk and liquidity management within Islamic finance			2.1	Compare the types of risks which are common to Islamic banks.	
			2.2	Evaluate the risk management technique challenges and processes used by Islamic banks	
			2.3	Explain how to manage those risks associated with respective Islamic Financial Instruments.	
			2.4	Describe the liquidity managing tools available within Islamic banks	
			2.5	Explain how Islamic Banks can manage liquidity risk with liquidity management tools.	

QUALIFICATION FEATURES

3. Understand Islamic Fund management and investment in shares	3.1	Investigate the dynamics of Islamic fund management.
	3.2	Analyse different types of Islamic funds.
	3.3	Examine the investment strategy of Islamic equity funds.
	3.4	Critically compare Shariah compliant shares and screening criteria for stocks.
	3.4	Define the Dow Jones Islamic stocks index.
4. Understand the role of corporate governance in Islamic financial institutions	4.1	Explain why corporate governance is important for Islamic financial institutions.
	4.2	Analyse the corporate governance of Islamic financial institutions
	4.3	Explain corporate governance challenges faced by Islamic financial institutions
	4.4	Explain the role of the IFSB in corporate governance.
5. Understand the principles and models of Islamic	5.1	Investigate the notion and ethical foundations of Islamic insurance
	5.2	Examine the prohibited elements in Islamic insurance.
	5.3	Critically evaluate different types of Takaful models.
	5.4	Examine the key Takaful products
	5.5	Analyse the objectives and processes of re-Takaful

ASSESSMENT

The assessment consists of written assignments externally set and marked by LRN. The marking of assignments will be carried out in accordance with the marking criteria listed in the assignments and within the accompanying mark scheme. To ensure a rigorous quality assurance model is applied, each of the marked assignments will be moderated. Candidate must pass both units in order to achieve the qualification.

TOTAL QUALIFICATION TIME (TQT)

Guided learning hours (GLH)	120	
Self-study (SS)	50	
Formative Assessment	3 hours	Total Assessment Time (TAT) 7 hours
Summative Assessment	4 hours	
Total Qualification Time	177 Hours (GLH+SS+TAT)	

Please note the timescales above are indicative and should not be considered representative for the duration each candidate will take to achieve the qualification.

GRADING

Results are reported as pass or fail grades.

RESULTS

The timescales in which LRN will issue its results is up to 6 weeks.

SAMPLE ASSIGNMENTS

LRN will provide a range of sample assessment material to its approved centre through the centre portal.

ENDORSEMENT

The LRN Level 5 Certificate in Banking is endorsed by the Financial Skills Partnership (FSP). The FSP is an organisation with a single goal: to proactively support the development of a skilled workforce in the UK's financial, finance and accountancy sectors. FSP partners include HSBC, RBS, KPMG, PWC, Barclays and BPP Professional Education