



Islamic Banking and the Future of Global Finance and Trade

ECON 3030 (3 Credits /45 hours)

SIT Study Abroad Program:
Malaysia and China: International Relations and New Economies

PLEASE NOTE: This syllabus represents a recent term. Because courses develop and change over time to take advantage of unique learning opportunities, actual course content varies from term to term.

Course Description

This course is designed to bring into focus the critical role money and capital play in the global economy today and what new financial instruments and forms of regulation may mean for future economic and financial governance – including trade, currency markets, finance policy, and the New Silk Road (aka One Belt, One Road) policy – that are transnational in nature.

Starting with a global view of money and finance, including the rapid capitalization of the global economy at multiple scales, this course builds from a global view and adds still more complexity by bringing regional and national economic systems, and new forms of capital management, into conversation. Students enrolled in this course gain insight to key course themes from a range of experiences inside and outside of the formal classroom, including conversations with financial sector experts and practitioners in Malaysia, Singapore, and China, who help tie institutional, national, regional, and global scales of financial operations and regulation together.

At the program base in Kuala Lumpur, Malaysia, students immerse themselves in the Malaysian model of Islamic banking and its expanding role in global finance. Long a leader in Islamic banking, Malaysia continues to play a defining role in this global financial sector. Malaysia's Islamic banking model is based on a specific set of ethical standards and regulations that help students understand more deeply the ethics of banking and finance in general. The juxtaposition of positions and perspectives guides students to understand technical financial instruments but also the tensions inherent in the management of money and financial systems from the perspectives of a range of stakeholders at the local, regional, and global scales. Supplementing the Islamic banking and finance content of this course is the corollary introduction of Malaysia's dynamic role in the expansion of halal management practices in the regional and global economy.

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Learning Outcomes

At the conclusion of this course, it is expected that students will be able to:

- Describe the factors involved in the Asian Financial Crisis and its legacies for Malaysia's financial markets and regulatory frameworks;
- Debate the relative challenges and implications of financial regulatory instruments from national (Malaysia), regional (ASEAN), and global scales;
- Compare and contrast currency market management and regulation from the perspectives of the Malaysian Ringgit, Chinese Yuan, and US Dollar;
- Explain key differences between Islamic banking and finance and preponderant financial practices in the global economy;
- Articulate the role of ethics in Islamic banking and finance in relation to global finance and trade;
- Define halal management and articulate the role of halal management in finance and trade in the global context today and prospects for the future;
- Define key challenges posed by and assess relative merits of digital currency markets and digital credit/risk markets for the future of trust, risk, and credit access in capital markets.

Course Requirements

Course Schedule

Typical schedule of 1.5 hours per session includes discussion and is supported by readings.

Module 1: Money and Capital in the 21st Century

Topics:

- Money, Ethics, and Capitalization of the Global Economy
- The Global Financial Crisis: As seen from Malaysia
- Asian Financial Crisis and Its Legacies
- New Capital Regulation: Regional Perspectives
- Positioning Malaysian Capital: ASEAN and the New Silk Road

Tasks:

- Pre-departure assignment is completed before students arrive in Malaysia (TBA)

Readings:

- Azura Othman; Norhanim Mat Sari; Syed Othman Alhabshi. (2017). Macroeconomic Policy and Islamic Finance in Malaysia. Palgrave Macmillan US.
- Chacko, George, Carolyn L. Evans, Hans Gunawan, and Anders Sjomon. 2011. The Global Economic System: How Liquidity Shocks Affect Financial Institutions and Lead to Economic Crises. USA: Pearson Education

Module Two: Islamic Finance and Banking Workshop

This week-long workshop is comprised of a combination academic lectures and discussions, site visits, and discussions on the Malaysian model of Islamic banking and finance, with an introduction to the dynamic field of halal management in Malaysia, which serves as a halal management training center for entrepreneurs from throughout the region and world. The purpose of the workshop is to build a deeper understanding of Islamic banking, finance, and management in the context of a global finance and management practices, from a Malaysian perspective.

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Topics:

- Values, Ethics, and Identity in Financial Regulation
- Islamic Banking and Finance Theory and Practice: The Malaysia Model
 - Malaysia's Financial Industry and National Development Strategies: Historical Context
 - Islamic Finance Theory and Practice: Global Context
 - Managing Risk in Islamic Banking and Finance
- Beyond Banking: Halal Management in Theory and Practice
Halal management forms a growing field of research and training in Malaysia, both for Malaysian entrepreneurs and for international entrepreneurs seeking to engage in trade and investment in Muslim majority economies. This session includes an introduction to Halal management theory is supplemented by site visits to large- and small-scale companies and discussions with students of Halal management programs from Malaysia and from other parts of the world.
- Islamic Banking: An Alternative Model for Capital Markets and Investment?

Tasks:

- Student-Led Discussion with Malaysian student peers: Islamic Finance and Banking in Global Context
- Islamic Banking and Finance Essay #1 due
- Islamic Banking and Finance Essay #2 due

Readings:

- Iqbal, M., & Molyneux, P. (2016). Thirty years of Islamic banking: History, performance and prospects. Springer.
- Rizvi, S. A. R., & Saba, I. (Eds.). (2017). Developments in Islamic Finance: Challenges and Initiatives. Springer.
- Iqbal, Z., & Mirakhor, A. (2017). Ethical Dimensions of Islamic Finance: Theory and Practice. Springer.
- Abdul Karim Aldohni. (2011). The Legal and Regulatory Aspects of Islamic Banking: A Comparative Look at the United Kingdom and Malaysia. Routledge.

Module Three: Investment Capital, Entrepreneurship, and the Role of Banks in the Future of Southeast Asian Economies

Topics introduced in Malaysia and Singapore:

- Currencies and Regional Financial Regulation: ASEAN Perspectives (in Singapore)
- The Role of China's Commercial Banks in Malaysia
- The Role of China's development bank in Malaysia and ASEAN (in Singapore)
- Site visit and discussions with entrepreneurs in Malaysia

Tasks:

- Student-led discussion: Implications of the New Silk Road for Southeast Asia's Money, Capital Markets, and Investment
- Student-led Singapore excursion briefing

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Topics introduced during two-week excursion in China:

- China's development bank and investment in Malaysia: Opportunities and Challenges for Malaysia
- The Role of the Local State and community banks in Global Trade and Investment
- China's Cashless Economy: Theory and Practice
Conducted during the excursion to China, and in collaboration with university student peers in China, this session includes both theoretical introduction, practical experience with Chinese student peers during the week-long residency in Xiamen, China, as well as discussion at the conclusion of the week of Xiamen
- Small-Scale Entrepreneurship in a Digital Financial World
- Site visit and discussions with entrepreneurs in China with commercial ties to Malaysia and ASEAN

Tasks:

- Student-led China excursion briefing
- Student-led discussion, with student peers in China: Implications of the New Silk Road for Southeast Asia's Money, Capital Markets, and Investment
- Banking, Finance, and Ethics Paper Due

Readings:

- Chacko, George, Carolyn L. Evans, Hans Gunawan, and Anders Sjöman. 2011. *The Global Economic System: How Liquidity Shocks Affect Financial Institutions and Lead to Economic Crises*. USA: Pearson Education
- Additional journal articles relevant to the specific semester
- Current events readings in local media supplement published books and articles

Module Five: What's Next in Money and Capital Markets: Questions, Challenges, Strategies (3 hours)

Topics:

- Challenges and Constraints in Global and Regional Finance
- Cryptocurrencies and the Future of Global Finance

Task:

- Final Issues Paper due, followed by Discussion of Course Issues and Themes

Reference Texts

Iqbal, M., & Molyneux, P. (2016). *Thirty years of Islamic banking: History, performance and prospects*. Springer.

Rizvi, S. A. R., & Saba, I. (Eds.). (2017). *Developments in Islamic Finance: Challenges and Initiatives*. Springer.

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Evaluation and Grading Criteria

Assessment Tasks:

Participation & Effort **10%**

Attendance for all lectures and seminars is compulsory. Active participation includes: note taking and active participation in discussions. Engaging lecturers, asking questions, excursion briefings, and expressing evidence-based positions during class discussions or debates are essential parts of participation. The pre-departure assignment is assessed as part of participation and effort.

Islamic Banking and Finance Essays **30%**

Two analytical writing exercises [500-750 words] ask students to show the depth of understanding of the nuances of Islamic banking and finance at two different levels of analysis. The following prompts are guidelines and should not limit expression or creativity.

Essay 1: Islamic Banking and Finance Concept Paper: Compare and contrast Islamic banking and finance and preponderant financial practices in global finance, citing specific examples from course lectures, readings, and site visits to illustrate your points.

Essay 2: Reflect on the challenges and strengths of facing Islamic banking and finance in a global financial environment and in the context of global economic integration, citing the relative strengths and weaknesses of Islamic banking and finance in Malaysia and another regulator environment, such as Malaysia and Singapore, Malaysia and China, Malaysia and the US. Your essay must draw on course readings, lectures, and site visits to illustrate your points.

Banking, Finance, and Ethics Paper **20%** **20%**

Read and reflect on the role of ethics in banking and finance in a global context and the challenges associated with the maintenance of local or regional practices and expectations in banking and financial relationships as money and capital instruments become ever more transnational and digital in nature. Positioning and problematizing global and local perspectives on ethical engagement in the banking and financial sectors, supported by the citation of specific examples drawn from course materials, personal interviews, and site visits, are expected.

Group Discussion **20%** **30%**

Group Presentation **20%**

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This culminating group presentation focuses on a contemporary banking and finance issue impacting Malaysia's economy and/or Malaysian communities today. Present the issue, its context, relevance to learning in this courses, and how the issues is being addressed. This research can also provide background information for the ISP. At least five secondary sources including printed materials, texts, and academic internet article must be used.

Assessment:

Participation & Effort	10%
Islamic Banking Finance Essays	30%
Ethics Paper	20%
Group Discussion	20%
Group Presentation	20%

Grading Scale

94-100%	A
90-93%	A-
87-89%	B+
84-86%	B
80-83%	B-
77-79%	C+
74-76%	C
70-73%	C-
67-69%	D+
64-66%	D
below 64	F

Expectations and Policies

- Attend and Participate: Students are expected to attend all class sessions, participate in all sessions, and keep careful notes.
- Ask questions in class and engage the lecturers: Ask at least one question per lecture and make evaluative comments about each lecture.
- Comply with academic integrity policies. No plagiarism or cheating.
- Complete assignments on time according to requirements.
- Respect the opinions of classmates, lectures and local constituents.

Please refer to the SIT Study Abroad handbook for policies on academic integrity, ethics, warning and probation, diversity and disability, sexual harassment and the academic appeals process. Also, refer to the specific information available in the program handbook given to you at Orientation, particularly the code of conduct, the policy on blogging and taking photographs, and the grading policy.

Disability Services: For information about and support from Disability Services (DS) to facilitate an accessible educational experience, please contact disabilityservices@sit.edu or +1-802-258-3390. Additional information regarding SIT Disability Services can be found on the DS website at: <http://studyabroad.sit.edu/disabilityservices>.

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