

SIMPLY
SHARIA
human capital

THE HUMAN CAPITAL CHALLENGE: SHAPING THE FUTURE

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DISCLAIMER

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Sharia Scholars

The Human Capital Imperative



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International Islamic University Malaysia (IIUM) aims to be a leading international centre of educational excellence which seeks to restore the dynamic and progressive role of the Muslim 'Ummah' in all branches of knowledge and intellectual discourse. The university offers bachelors, masters degree and PhD courses across its 13 faculties and is considered one of the most prominent universities in Malaysia with affiliations across the academic world.

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BACKGROUND

It is not an overstatement to suggest that Sharia scholars are the backbone of Islamic finance. Their presence and effective functioning confer the needed validation and credibility to Islamic financial practices, ensuring that they stay true to their label and original *raison d'être*.

In the early days of Islamic finance, there were admittedly only a handful of Sharia scholars who were active in the field. They were the pioneers in terms of Sharia advisory and research in Islamic finance. They literally grew together with the young industry, guiding it through obstacles and challenges; putting their heads together with the industry players to come out with solutions to meet the diverse needs and challenging demands of the market. The interaction between the Sharia minds and the market players has always been very dynamic though at times difficult, but eventually satisfying and productive. We see the evidence of this through the many 'firsts' in the market in terms of product breakthroughs and innovations. There were admittedly a lot of success stories and some pitfalls in these groundbreaking efforts. Ultimately, we cannot but commend the hard work and tireless efforts by these pioneers, without whom, Islamic finance would not be where it is now.

CHALLENGES FACING SHARIA SCHOLARS IN ISLAMIC FINANCE

As Islamic finance continues to grow and mature, we continue to hear complaints about scarcity of Sharia scholars especially with the increased demand and complexity of the Islamic financial market. This is despite the rapid churning out of new Sharia graduates with Islamic finance specialisations through various universities and colleges in recent times. In terms of numbers, Zawya keeps a database of over 400 Sharia advisors¹, with only 20 of them serving 55% of the industry². This leads to the realisation that it is not just about the number of Sharia-qualified persons and graduates, but more of how they are able to meet the levels of expertise and competency expected by the market. Islamic finance has advanced tremendously in the past decades. The technical diversity and sophistication of product offerings may be quite intimidating to new entrants, despite them having the necessary Sharia qualifications. The market players have also gained substantial experience and know-how that naturally raise their expectations on the level of competency, seniority and experience of the Sharia advisors whom they would like to work with.

Hence, whether we like it or not, there is a rising standard expected from Sharia scholars before they are able to give independent Sharia advisory or supervisory services to IFIs. Sharia scholarship is a must, but it is not the only requirement. Sharp and inquisitive minds that can quickly grasp technical aspects of finance and to some extent legal nuances are always the preferred traits. Past exposures to similar financing structures and transactions are always a bonus. The ability to keep track with new developments and market up-dates is another valued trait in a Sharia scholar.

Given the current approach towards Sharia education and training, it may require a few good years of experience before a new Sharia graduate can achieve the required stature to qualify to sit on Sharia boards of Islamic Finance Institutes (IFIs).

NURTURING NEW TALENTS

Nonetheless, the good news is, nowadays Sharia scholarship is not limited to Sharia boards only. As time passes and the market grows far and wide, we realise that the pattern of need for Sharia trained individuals has diversified. In the past, Sharia scholarship was needed mainly in the advisory or supervisory capacity, which is independent and external from the IFI's workforce. However, with the expansion of Islamic finance, IFIs start to recruit Sharia trained personnel directly into their workforce to meet internal needs as well as regulatory requirements. For example, when the Central Bank of Malaysia introduced the Sharia governance framework (SGF) of 2011, the recruitment of Sharia trained personnel became necessary to fill in the tasks required by the four functions under the SGF, i.e.: Sharia review; Sharia audit; Sharia risk management and Sharia research functions. In addition, we also see Sharia trained persons being engaged directly in various departments within the IFIs, such as, product development and structuring teams.

Thus, fresh Sharia graduates can look forward to a promising career in IFIs, where they can get brilliant exposures and opportunities to build-up their expertise and know-hows. Being Sharia qualified personnel within the IFIs, they will be the main link between the IFIs and their Sharia boards. The regular interactions between the young Sharia executives and the senior and more experienced Sharia board members serve as valuable 'mentoring' that will nurture the young executives into second and third generation scholars of the future.

Universities and education providers can also speed up the pace of talent development through provision of good programmes and modules that not only impart the basic knowledge and skill sets, but also blend in elements of analytical thinking and problem solving skills in their curricular. Industry linkages and internship programmes would definitely help in minimising the gaps between the industry and academia. In addition to that, the inculcation of positive attitude, resilience and stimulation of the inquisitive minds in these graduates will work wonders in getting the right aptitude and propensity that is much valued by the market.

CONTINUOUS DEVELOPMENT AND ENHANCED PROFESSIONALISM

Additionally, the continuous development of veteran scholars in the field should not be neglected. They must also build up their talent, knowledge and professionalism through continuous learning and re-training so as to remain relevant in the fast growing industry. In Malaysia, the Association of Sharia Advisors in Islamic Finance (ASAS) is the first industry-based body established with the main objective to be a global entity to ensure professionalism among Sharia advisors and experts of Islamic finance. ASAS was officially registered on 12 April 2011 and had since worked hard towards promoting itself as the body responsible for enhancing qualification and professionalism of Sharia advisors, locally and internationally. This is to be achieved through training and Continuous Professional Development (CPD) as well as the fostering of professional relationship and establishment of a strong social web for Islamic finance practitioners.

“The continuous development of veteran scholars in the field should not be neglected. They must also build up their talent, knowledge and professionalism through continuous learning and re-training so as to remain relevant in the fast growing industry”

FEMALE PARTICIPATION IN SHARIA SCHOLARSHIP IN ISLAMIC FINANCE

Sharia scholarship is never the exclusive right of one gender to the exclusion of the other. The history of Islam is evidence of this fact. Islamic civilization of all ages had their fair share of female scholars who had contributed well, became renowned teachers and whose views were referred to throughout the Muslim world. Thus, gender should never be a hindrance in advancing in this sphere. Equal opportunities should be given to all, regardless of gender. If any discrimination is observed, it is more of culture or convenience, rather than religion. If this does happen, efforts must be made to overcome the problem. At the end of the day, Sharia scholarship in Islamic finance should be purely based on merit and professional qualifications, not gender.

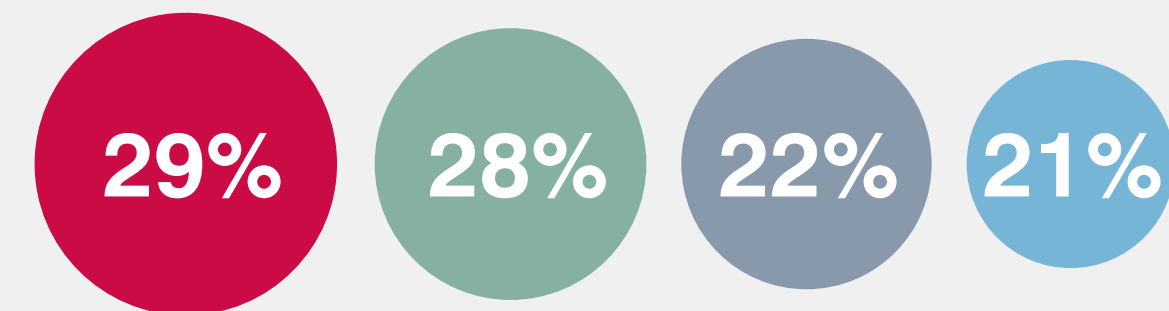
Islamic Finance Human Capital

Talent Development Goals

Human capital is the greatest driver of success and innovation for an organisation. Islamic finance must look to preserve, maintain and develop this critical resource and in doing so build a more productive, nimble and innovative industry. Simply Sharia Human Capital (SSHC) hopes our survey will be a step closer to achieving that objective

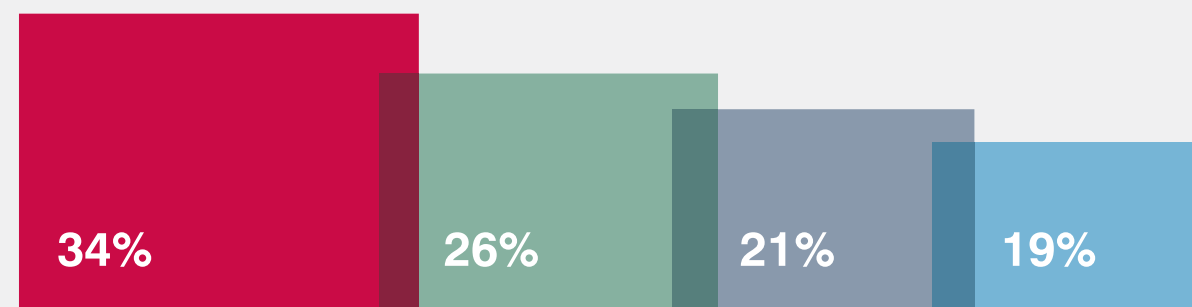
through the setting of goals. Our online survey was created through the ideas and support of industry stakeholders, practitioners and educators invested in the future of human capital in Islamic finance and the Islamic economy. This survey was conducted among these practitioners across the board in the IF space.

1. Please rank each of the following objectives in order of importance with #1 being the most important objective to #4 being the least important objective for the area of **EDUCATION** in Islamic Finance



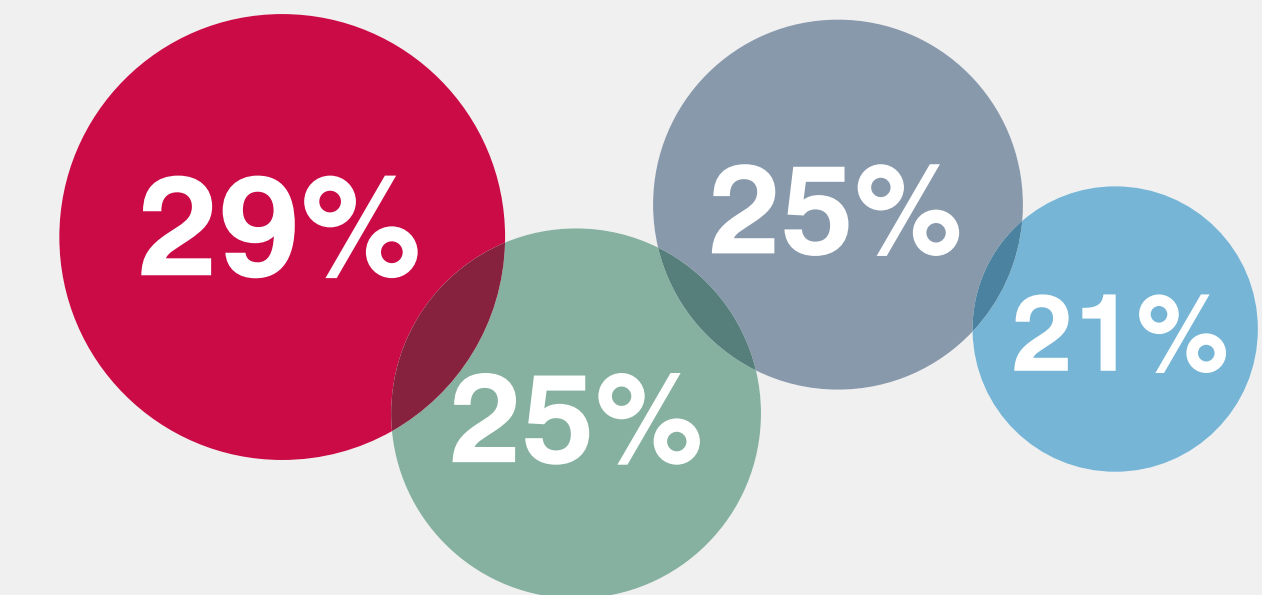
- 1. A Need for Benchmarking /Standardisation of Global Islamic Finance Education
- 2. Developing Talent & Leadership Programmes
- 3. Establish Expert & Professionally Recognised Open Source IF Knowledge
- 4. Establish Professionally recognised/required certified CPD Programmes in Islamic finance

2. Please rank each of the following objectives in order of importance with #1 being the most important objective to #4 being the least important objective for the area of **CAREER PATHWAYS** in Islamic Finance



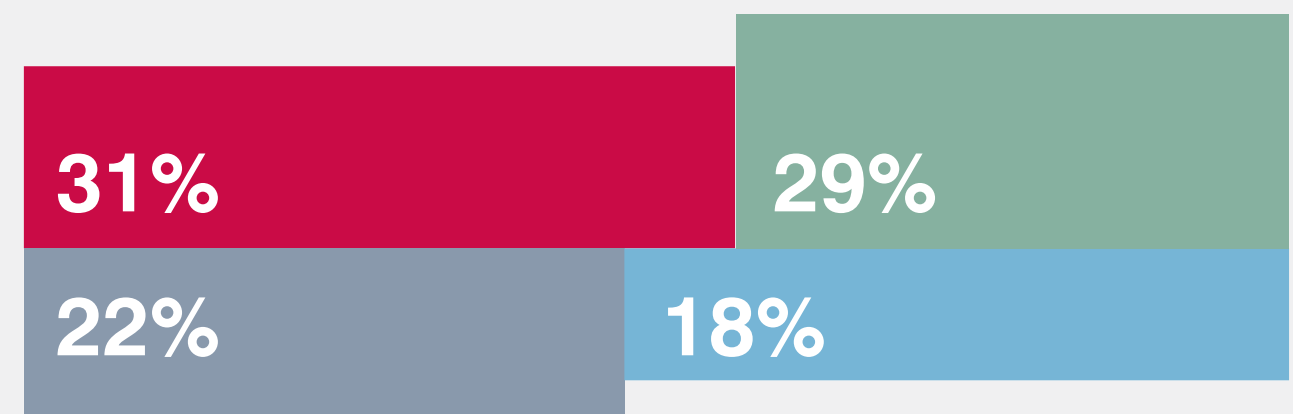
- 1. Create Graduate Schemes & Internships
- 2. Creating Sharia Scholar Programmes (offering technical/financial/digital competences)
- 3. Islamic Finance to Provide Clear Channels of Support to Entrepreneurs
- 4. Marketing of IF careers as a compelling career choice within financial services sector

3. Please rank each of the following objectives in order of importance with #1 being the most important objective to #4 being the least important objective for the area of **STRATEGIC BUSINESS NEEDS** in Islamic Finance



- 1. Industry-wide Investment in Marketing, PR & Education of Islamic Finance
- 2. Female Participation & Empowerment in Islamic Finance (and through Islamic Finance)
- 3. Data Creation/Data Sharing for Better Analytics & Metrics Across IF
- 4. Create Digital Strategy Across IF While Attracting a Global Digital Generation

4. Please rank each of the following objectives in order of importance with #1 being the most important objective to #4 being the least important objective for the area of **HUMAN RESOURCES** in Islamic Finance



- 1. Employee Training & Skills Development Programmes
- 2. Establish A Blueprint Human Resource Rethink for IF Institutions
- 3. Employee Engagement and Retention Programmes
- 4. Succession Planning

These percentages measure the weighted importance of the categories according to respondent preferences.

ISLAMIC FINANCE TALENT DEVELOPMENT GOALS (IF –TDGs)

BENCHMARKING GLOBAL ISLAMIC FINANCE EDUCATION

- Form a global network of industry associations to develop and agree on professional standards
- Create a quality code with set criteria to maintain IF education standards; defining (a) the conceptual framework for the academic subject; (b) the curriculum, assessment, consistency and delivery of the programme; and (c) the competencies and skills graduates are expected to gain against the 'real' needs and skills gaps of the industry
- Every IF course should commit to signing up to at least five criteria benchmarks by 2020

1

TALENT & LEADERSHIP PROGRAMMES

- Commit to Talent Development, making it a part of the company culture, HR strategy; aligning it to the workforce skills gap, training support, mentoring and succession plans
- Create Pilot Leadership Programmes with an 'open call' to employees looking for fast track leadership pathways. Include training and orientation, increased awareness of structures and processes, strategic input/direction and knowledge and understanding of the key issues confronting the organisation and surrounding business landscape
- Collaborate to create Internship/Industrial Placement Programmes of varying durations (3 months, 6 months, 1 year) which allow rotation between institutions – for instance in the UK, 15-20 interns could rotate among the six fully-fledged Islamic banks working across functions and departments from retail, treasury, asset management, corporate banking/financing, legal, compliance, operations, Sharia etc
- Pool funds to create a 'Graduate Programme'- similar to the Waqf Fund created by Central Bank of Bahrain (CBB) as an initiative to sponsor, nurture and train graduates; partnering with top universities and selecting candidates through a rigorous process

2

MARKETING, PR & EDUCATION

- Make marketing and branding a key function of your business
- Build Islamic finance perception; raising awareness of the sector through its business and shared DNA; create an industry narrative inclusive of Islamic attributes, highlight crucial values of responsibility and be creative
- Create and promote a framework consistent with internationally recognised best practice in the overall global finance industry; promoting transparency, governance, openness etc
- Educate consumers about 'brand Islamic finance' through the underlying principles of the proposition; use technology and innovative platforms and channels: blogs, social media, events, media, corporate social responsibility (CSR), training; create brand ambassadors, thought-leaders; motivate staff, potential employees and Millennials

5

FEMALE PARTICIPATION IN ISLAMIC FINANCE

- Make female inclusion in the workplace a strategic priority at all levels
- Commit to supporting female business owners through Sharia-compliant funding, start-up surgeries, mentoring, specialist relationship managers and dedicated networking events
- Build inclusive workplace policies for women including incentivising female entrants through internships, offer flexible hours, identify and remove obstacles to female inclusion in the workplace, train women employees to harness female business owners and create career pathways to leadership
- Set and monitor annual targets that increase the number of women at all levels of the organisation

6

SHARIA SCHOLAR DEVELOPMENT

- Collaborate with international Sharia regulators and industry bodies to create a framework offering CPD training to all Sharia scholars
- Create a pre-requisite for Sharia scholars to take a set number of CPD hours a year
- By 2020 make it mandatory for Sharia scholars on boards and working in their individual capacity to be up-to-date on industry developments. Furthermore, Central Banks and regulators of local economies to 'screen' Sharia Supervisory Board's (SSB) and individual scholars with a set criteria of minimum financial qualifications covering the relevant industries and/or sectors in which they are seeking to serve; ensuring scholars are aware of the latest industry developments and trends
- By 2020 central regulators for Sharia scholars to have all potential scholars registered at their platform and set a quota for local Islamic Finance Institutes (IFIs) to have their Sharia Supervisory Board (SSB) to mentor the junior scholars over a two year period

3

ISLAMIC FINANCE DATA BUILDING

- Create strategy, policy and governance to breakdown data in different areas within HR functions relating to human capital: skills shortage, capacity, recruitment projections, means of recruitment, salary guide according to job specificity and scale, dedicated hiring managers, interview application process, interview process etc
- IBF institutions should commit to sharing data for research and development purposes via their websites, annual reports or through a collective forum for Islamic finance human capital for example, creating a cross-border intranet portal to share information. Relevant data can be compiled and uploaded onto this portal for greater accessibility through utilisation of NDA and/or domestic patent rules to prevent intellectual theft. This in-house/cross-border R&D data sharing is exceptionally important for banks to meet the growing threat from fintech
- Create Data driven marketing strategies. Market research is pertinent to measure and assess consumer needs and preferences across segments given change and digitalisation of the global landscape. Market research needs to be based on a sampling frame for greater accuracy that can only be in existence if there exists relevant transparent data

4

HUMAN RESOURCE BLUEPRINT

- Make HR visible, aligned and proactive as a strategic partner in the business needs of IF institutes
- Identify and establish employee development needs, training shortcomings, performance gaps and an annual development process for employees
- Translate HR activity into a detailed process: having the right number and level of people, in the right structure and location, supported by the right data and technology

7

SUPPORTING ENTREPRENEURSHIP

- Commit to start-up hubs, mentorship schemes for entrepreneurs; allocate dedicated advisors within institutes to help develop ideas, finance scholarships for entrepreneurs and nurture entrepreneurship and social enterprise as a part of CSR
- Banks and other Islamic institutes must be proactive in sponsoring incubators for entrepreneurs, digital innovations across fintech and workshops to help entrepreneurs in developing and bringing ideas to market
- Work with Government to pool funds specifically for the purpose of encouraging, supporting and nurturing Islamic entrepreneurship

8

SIMPLY SHARIA HUMAN CAPITAL

Nurturing and connecting talent for the Islamic finance industry

Simply Sharia Human Capital (SSHC) is a recruitment portal solely dedicated to Islamic finance jobs and knowledge; connecting the global jobseeker with Islamic finance employers and educators on one online site.

We offer an 'end-to-end' solution; engaging employers with candidates and enabling site users to enhance their knowledge, seek career advice and connect with jobs directly. Our aim is to nurture and develop the global IF industry through collaborations, training, outreach, thought-leadership and international talent development.

SSHC is led by Faizal Karbani and Nyra Mahmood, who together impart commercial awareness, Islamic finance knowledge proficiency, marketing, brand awareness and strategic thinking.

Core Services

Recruitment

Our goal is to facilitate the right match between candidate and employer, creating opportunities through a job vacancy platform dedicated to Islamic finance, where the employer can directly connect with the jobseeker.

SSHC Training

We offer in-house training programmes for both the Islamic Finance Qualification (IFQ) and Bespoke Programmes, seminars and workshops, which are tailor-made for both individual and company needs.

Global Islamic Finance Education

We have built an international roadmap of educators offering training and degree courses from across the globe. This directory of courses will allow users to pick the relevant learning opportunity from anywhere in the world. Our database is a work in progress and continuously growing.



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