

## Islamic finance calls for more talents

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Islamic finance has witnessed, over the last few years, a remarkable growth at 15 to 20 per cent Compounded Annual Growth Rate (CAGR), emerging as one of the fastest growing financial sectors in the world.

The total assets of the Islamic financial industry in 2015 was around US\$2 trillion (RM8.3 trillion) and estimated to surpass US\$4 trillion by 2020. This industry's rapid growth undoubtedly creates a huge demand for new expertise.

The Human Capital Development Report (2014) revealed that the global Islamic financial services industry requires more than 50,000 new, talented personnel who are well-exposed and trained in syariah finance.

Malaysia, being home to the world's largest sukuk issuance; the third largest Islamic banking asset holder after Saudi Arabia and Iran; and home to almost two thirds (71 per cent) of takaful market share within the Asean region, also needs a significant boost of Islamic finance talents. Based on Bank Negara Malaysia's Financial Sector Blueprint 2011-2020, the financial sector would require an additional 56,000 employees of whom 22,400 are specifically needed to support the Islamic sector by 2020.

The existing pool of Islamic finance practitioners also fall short of meeting the current industry's needs.

This finding is based on a survey by the Finance Accreditation Agency (FAA) in cooperation with the Islamic Finance News (IFN), which revealed that almost 80 per cent of the respondent countries believed that the available Islamic finance talents do not satisfy industry needs.

Some 74 per cent of the respondents were of the view that practitioners with no formal Islamic finance qualifications are less capable. The survey further revealed that 60 per cent of Islamic finance professionals require more training and skill development.

Apart from the paucity of Islamic finance practitioners, the Islamic finance industry encounters a dire shortage of qualified syariah advisors.

As a result, one scholar would serve on numerous syariah advisory committees. In most jurisdictions, financial authorities do not impose any restriction on scholars to sit in a number of advisory boards. Funds@Work, an investment industry consultant based in Germany, discovered that three top syariah scholars assumed 20.9 per cent of the world's total syariah board positions while the 10 top syariah scholars occupied 39.44 per cent of global board positions.

The lack of qualified syariah advisors would inevitably raise a concern on the integrity of their syariah-related decisions, which may sequentially become a basis for legal suits before the courts.

It also raises questions about the effectiveness and credibility of the advisory works. Based on the survey by Pricewaterhouse Coopers Malaysia on 15 Malaysian-based Islamic financial institutions (IFIs), 70 per cent of the respondents claimed that their syariah committees (SCs) were not involved in the auditing process.

Some 50 per cent of them admitted that their SCs did not review the audit report and did not follow up with the queries to their management.

Human capital is a key determinant of the competitiveness and sustainability of the Islamic finance industry. Islamic finance talents should ideally be equipped with sound syariah understanding and technical finance competencies alongside the ability to cater to the dynamic needs of the industry and to chart the future direction of the industry with cutting-edge ideas.

Islam advocates the importance of selecting and appointing competent persons in all tasks. The Prophet (peace be upon him) turned down the request of a companion who asked for a position as a government official because he was not the right man for the job.

“Abu Dharr reported: The Messenger of Allah (peace be upon him) said to me, ‘O Abu Dharr, I see that you are weak and I like for you what I like for myself. Do not rule over (even) two persons, and do not manage an orphan’s property.’”

The question naturally is how do we nurture the existing and new pool of high calibre Islamic finance practitioners and syariah advisors with the above specialised set of skills?

The report of the Capital Market Regulators Forum of the Standing Committee for Economic and Commercial Cooperation of the Organisation of the Islamic Cooperation (2013) suggested the need for a strong link and partnership between the academia, training consultants and Islamic financial institutions (IFIs) in order to reduce Islamic finance talents mismatch, both in number and competency.

Malaysia has taken the lead to foster high-calibre Islamic finance professionals and syariah advisors by introducing several initiatives, notably the establishment of three institutions: The Islamic Banking and Finance Institute Malaysia (IBFIM), a training centre devoted to supply a pool of Islamic finance professional; the International Centre for Education in Islamic Finance (INCEIF), the world’s first and only university dedicated to Islamic finance; and the International Syariah Research Academy for Islamic Finance (ISRA), a research centre established to promote applied Syariah researches in Islamic finance.

On Nov 8, the Association of Syariah Advisors in Islamic Finance (ASAS) launched the Certified Syariah Advisor (CSA) as an initiative to ensure that members of the Syariah boards of Islamic financial institutions maintain a high level of professionalism in the conduct of their advisory works.

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