

## **Preliminary Study on Talent Enhancement Programme for Building Capacities and Talent in Islamic Finance**

Muhammad Ridhwan Ab. Aziz, Mohd Shukor Harun and Mohd Nazri Mohd Noor  
Faculty of Economics and Muamalat, Universiti Sains Islam Malaysia, Nilai, Malaysia

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**Abstract:** Talent development in the Islamic financial industry is very pivotal in promoting a well-functioning financial sector. The increasing challenges in the Islamic financial environment now a days has placed talent enhancement programme and capacity building as a high priority to achieve a sustainable development in the Islamic finance industry. The financial needs of the market participants continue to grow which has led to a demand for greater human capital creativity and innovation in the Islamic financial sector. The aim of this study is to analyze all the talent enhancement programmes in Islamic finance provided by various institutions in Malaysia to be a bridge to connect the requirements of the industry with the talents produced by institutions of higher learning. The methodology of research in this study is through qualitative research based on document analysis on various literatures and information pertaining to various talent enhancement programmes in Islamic finance provided by various institutions in this country. The general finding in this study shows that with the right talent enhancement programme and training able to strengthen graduate skills for a brighter career development in Islamic finance industry.

**Key words:** Talent enhancement programme, building capacities and talent, Islamic financial service industry, Islamic finance, skills, country

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### **INTRODUCTION**

The global Islamic finance industry is steadily embedding into the world's financial system as an alternative transaction, offering Shariah compliant financial solutions to various stakeholders. Islamic financial services refer as financial transactions and products that are in accordance with the principles of Shariah and now is a booming industry with total funds of approximately US \$1 trillion. To date, there are over 300 financial institutions spread in over 60 countries involved in Islamic financial services. These include, Islamic banks, takaful, Islamic wealth management, Islamic mutual funds, Islamic money and capital markets instruments (Natt *et al.*, 2009). Alongside this rapid industry growth, there is also a high demand for skilled human capital, for the industry to continue to develop.

The surge challenges in Islamic financial environment recently has made talent enhancement programme and capacity building as a high priority for sustainable development in the Islamic finance industry. With this critical necessity, a number of market players and other stakeholders have started with mutual collaborations to fill up the human capital shortage in the Islamic finance

industry. The growing relationship between stakeholders combined with market practitioners is important in enabling the Islamic finance industry to build comprehensive competencies in solving the issue of human capital development (Anonymous, 2014). In this study, various aspects pertaining to the talent enhancement programme in Islamic finance in Malaysia will be explored, to address the talent shortage and capacity building challenges in the Islamic finance industry.

**Literature review:** In the competitive business environment, people play an important role in the survival of any organizations (Morrow, 2001). Giving less attention to this issue will bring disaster to the organization. Thus, human capital can be considered as the most valuable asset of any organization. Skills, knowledge, commitment and motivation are the main components that require enhancements for human capital. In this regard, they need to be developed and continuous training plays a paramount role for talent development (Vermeulen and Crous, 2000).

Human capital is defined as people and people are assets whose value can be enhanced through investment. The goal of any investment is to maximize value while

managing risk. Investment in people is not limited to provide training and development but encompass rewards offered to employees (GOA., 2002). From the human capital perspective, employees are viewed as capital resource that requires investment. Ariff (2006) defined human capital as incorporation of human intellect, labor, workforce and human strengths in the form of employees, customers, business partners and competitors. Quality human capital provides for competent workforce that ensure competency of the employee.

The current global competitiveness requires a creation of new knowledge for ease communication with employees. Improving product and service quality may require empowerment of responsibility to lower levels employees (Horwitz, 1999). According to Reed and Vakola (2006), organization's abilities to change are paramount for survival. The capacity of change is associated with organizational learning, since, organizations have to learn from past experiences (Berge *et al.*, 2002).

## **MATERIALS AND METHODS**

The present study utilized the qualitative method based on document analysis on various literatures and information pertaining to various talent enhancement programmes in Islamic finance provided by various institutions in Malaysia.

## **RESULTS AND DISCUSSION**

**Islamic finance education in Malaysia:** The economic reality now a days is putting greater emphasis on establishing a larger pool of talent in Islamic finance industry to match the growing market share of the Islamic Financial Services Industry (IFSI). Presently, Islamic finance contributes about 11% of total employment to the IFSI worldwide with an estimation of 1 million professionals required by 2020 (Anonymous, 2013a).

In Malaysia, the growing momentum of IFSI shows that a significant portion of the remaining workforce, around 56,000 to be employed by the Financial Services Industry (FSI) by 2020 inclusive Islamic finance professionals (Bank Negara Malaysia, Financial Sector Blueprint 2011-2020). Through the Economic Transformation Programme (ETP), student enrolment in Islamic finance programme is expected to increase from 6,000 students to 54,000 (Anonymous, 2013b).

Various attempts have been made to professionalise the talent in Islamic finance for instance, through the establishment of the Association of Chartered Islamic Finance Professionals (ACIFP). ACIFP serves as a

professional membership body that aims to provide Continuous Professional Development programmes for its members (The Association of Chartered Islamic Finance Professionals, <http://ciif-global.org/web/>, 27/4/2017).

### **Challenges in developing talent in Islamic finance:**

Although, a variety of attempts have been done on Islamic finance education and training, there remains numerous challenges to be addressed, particularly in fulfilling the requirements of the IFSI as well as streamlining the standards between academic and training programmes. Programme Standards for Muamalat and Islamic finance has been developed through the Malaysian Qualifications Agency (MQA) for academic programmes. However, this is not the case for professional-based learning and certification programmes. While professional-based and certification programmes enjoy a larger industry participation and respond, academic programmes have a larger audience for future talents. This creates a gap in terms of fulfilling the competency requirements of the IFSI. This requires closer collaboration between the academia and IFSI in order to bridge this gap.

Despite many countries have their own quality assurance agencies in higher education (the MQA for Malaysia), the absence of a subject-specific and professional accreditation body for Islamic finance does not allow quality assurance and standardisation of Islamic finance programmes across jurisdictions to be made possible.

**Talent enhancement programmes in Islamic finance:** It is acknowledged that the role of learning of higher institutions is essential to develop talent with higher skill sets. The industry also has an important role to play in ensuring effective use of graduates as they enter the market. The number of graduates in Islamic finance is increasing at a rapid rate every year. Nonetheless, the reality is that the industry still struggling with the shortage of the right talent that can lead and energise innovation. One of the solution is to match the expectation gaps of the industry and graduates. Talent enhancement program is one area where it can pursue to produce the best of student talent. Enhancement programmes in areas beyond Shariah such as leadership training at the early stage of recruitment would provide them with the required exposure to understand the business environment and market (Ibrahim, 2016).

Among the talent programmes are Financial Sector Talent Enrichment Programme (FSTEP) provided by Bank Negara Malaysia, the Model Regulator Programme

provided by the Securities Commission Malaysia as well as various programmes in Islamic banking, takaful, Islamic capital market and Islamic wealth management provided by IBFIM. These programmes have contributed towards the sustainable development of talents and expertise in the Islamic finance industry.

Bank Negara Malaysia (BNM), for many years, have embarked on various strategies to strengthen talent enhancement programme in the Islamic financial services sector. Started in 2007, FSTEP is the brainchild of former BNM Governor Tan Sri Dr. Zeti Akhtar Aziz and is managed by the Asian Banking School (ABS) in collaboration with BNM. It is entrusted with equipping talents with the right skills and knowledge for their transition and new start into the Islamic financial services industry (GOA., 2002).

The aim of FSTEP is to match the needs of the industry with the talents produced by institutions of higher learning. FSTEP provides a 3 month comprehensive training that has been specifically designed to equip graduates of age 30 and below from all majors of study with the technical, personal and leadership skills and knowledge needed to succeed in the Islamic financial services industry. Meanwhile, ABS is the industry provider of professional certification and capability development programmes which dedicated to develop talent in professional banking and finance sector (Anonymous, 2007).

In addition, for Model Regulator Programme, the Securities Commission Malaysia (SC) offers a comprehensive 2 years programme for fresh graduates who are looking for sustainable professional development programme. This golden opportunity makes great contributions to the economic stability of Malaysia and has a positive impact on investors. The Model Regulator Programme (MORE@SC) is a platform to gain practical experience in multi aspects of the capital market and enhance the technical skills, competencies and management as well as leadership abilities to become a model regulator. It aims to become one of the top graduate programmes in Malaysia and make capital market regulation as the career of choice (Securities Commission Malaysia, <https://www.sc.com.my/careers/moresc-graduate-programme/>, 26.4.2017).

Through this programme, the participant will face attractive and challenges and be inspired to develop the technical knowledge, leadership values and interpersonal skills through exciting and hands-on experiences. The SC's emphasis on corporate social responsibility and investor outreach by providing opportunities for taking on cross-functional roles and giving the participant invaluable experience. At the end of the programme,

the participant will be absorbed permanently into a department as a senior executive. The academic requirement for joining this programme is an excellent first degree with minimum of upper second-class honours or a CGPA of 3.0 or equivalent. The applicant also is expected to have solid analytical and problem-solving skills. This programme is open to all graduates in various field of studies such as accounting, actuarial science, business studies, economics, engineering, finance, information technology, Islamic finance and banking, languages, law, mathematics, philosophy, science and statistics. Those with relevant professional qualifications are also encouraged to apply and participate in this programme. Besides, the applicant needs to have excellent verbal and written proficiency in English and Bahasa Malaysia, good interpersonal and leadership skills as well as a strong understanding of the capital market (Securities Commission Malaysia, <https://www.sc.com.my/careers/moresc-graduate-programme/>, 26.4.2017).

Besides, the Model Regulator, the SC also offers the capital market placement programme in support of the Ministry of Higher Education (MOHE) and local universities. The objective of this programme is to nurture human capital and is particularly designed for students who require practical experience and training as part of their university compulsory course.

The duration for this placement is 3 months. Students will be placed to a department of their preference and relevant to their course, skills and experience. Students will assist the SC officers under their supervisor's guidance on research, analysis work and operational duties. At the end of the programme, students are required to showcase their work and internship experience to their university and industry supervisors (Securities Commission Malaysia, <https://www.sc.com.my/careers/moresc-graduate-programme/>, 26.4.2017).

In addition, IBFIM also provides a variety of programmes to enhance the future talents. IBFIM programmes cover Islamic banking, Takaful, Islamic capital market and Islamic wealth management. Based on the industry needs, the programmes are designed to be based on practical aspects. All of the programmes are designed by the practitioners in order to ensure quality of all the programmes (IBFIM, <http://www.ibfim.com/?p=tpd&c=index>, 27.4.2017).

## **CONCLUSION**

It can be concluded that Islamic financial organizations are enlarging their involvement in solving the human capital shortage of the global Islamic finance industry. A number of strategic collaborations and

partnerships are being formed by diverse market players and training institutions in order to bridge the gap between the institutions of higher learning and the industry's requirements. These partnership enables development of modules and curriculum that train student and participant on the right competencies as required in the Islamic finance industry. Indeed, more talent enhancement programme and course are needed to be introduced in the market to further enhance the talents in this industry.

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