



معهد البحرين للدراسات المصرفية والمالية

Developing expertise and talent in Islamic financial Institutions

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Islamic Finance: A Modern Footprint

- ❖ Islamic banking and finance might be the only area widely recognized to have a broad, modern footprint in our contemporary time.
- ❖ In its current or prevailing praxis, the conventional global financial powerhouses have embraced it primarily in the Muslim world and primarily targeting the Muslim customers.
- ❖ Non-Muslim-majority countries are attempting to tap into the capital market in the Muslim world.
- ❖ Even the main street – the Wall Street – has embraced it by introducing Dow Jones Islamic Market Index.

Remarkable achievement

- ❖ Even half a century earlier, Islam appeared to be a nostalgia of a community of believers, mostly thriving in books, pamphlets, magazines and orations.
- ❖ Even though the 20th century did not turn out to be the “century of Islam” as some ardent believers proclaimed – and, BTW, some recent scholars have pushed back and hailed this century as the “century of Islam”* – notable progresses were made in 20th century.
- ❖ One area where such progress is manifest is Islamic banking and finance.

*Prof. Akbar Ahmed. *Islam Under Siege: Living Dangerously in a Post-Honor World*, Polity Press, 2003. The author is the Ibn Khaldun Chair of Islamic Studies, American University, Washington, DC.

Contributions of so many ...

- ❖ Before delving into the issues about talent and expertise development, it is worth noting that the current Islamic banking and finance industry is the result of a broad movement contributed pivotally by so many during the 20th century.
 - ✓ **Intellectuals**
 - ✓ **Scholars**
 - ✓ **Academics**
 - ✓ **Experts and professionals** (many of whom had brought their accumulated expertise – whatever they had – and then develop themselves on the go).
 - ✓ **Staff/personnel** who had such deep commitment to Islam that they even made sacrifices to be part of such new institutions
 - ✓ **Customers/people** who were looking for Islamic alternatives in the unavoidable area of banking and finance.

Contemporary Modern World

- ❖ Charting a new path in an uncharted territory in terms of the period we live in, the whole venture was undoubtedly a momentous challenge.
- ❖ Understanding the contemporary modern world is a must to better cope with it, as this world has evolved as : **HIGHLY**
 - ❑ Complex
 - ❑ Dynamic and sophisticated
 - ❑ Interconnected and interdependent
 - ❑ System-oriented
 - ❑ Knowledge-based

Contending with TWO worlds - 1

❖ Internal: The Muslim world

For centuries we have not been in charge of ourselves.

- ❑ **Under the yoke of colonialism**, which has not only shaped our institutions and structures, but also our mind and culture to a great extent, **we have become fundamentally dependent** on the western – the dominant – world, in virtually all areas.
- ❑ This is notwithstanding the fact: (a) that Muslims worldwide are **deeply connected with their religious/spiritual root**, and simultaneously (b) that they are **also mired in confusion and skepticism**.
- ❑ Parallel to throwing away the formal burden of colonialism, we became also deeply estranged from our own heritage, legacy as well as vision and mandate from Islam.

Contending with TWO worlds - 2

❖ External: The western/dominant world

The western world is overwhelmingly and fundamentally dominant.

- ❑ Without being normative (judging as good or bad), today's complexity, sophistication, dynamism, interconnectedness/interdependence and system-orientation are all shaped by the dominant world.
- ❑ The total experience of this dominant world is neither altogether good or altogether bad.
- ❑ Today any quest of the Muslim world – until things change/shift fundamentally – has to contend for its place within this reality.

Charting our future

- ❖ The achievements so far are **partly** planned and coordinated.
 - ❖ Example: Institutional development
IDB/IRTI, AAOIFI, IIFM, IFSB, LMC, IIRA, IIUM, BIBF Centre for Islamic Finance, INCEIF
- ❖ However, the industry is still largely handicapped:
 - ❖ Financial institutions are part of a larger financial system.
 - ❖ Financial system is part of a larger economic system.
 - ❖ Economic system is part of a larger social system.
- ❖ Thus, in a historical perspective, we are in a quest for bridging the past, while building a new and better future and in a contemporary perspective we need to have greater synergy, clearer vision and more credible and socially-embraced benchmarks of achievements.

Education in the Muslim world

- ❖ At one time, Muslim world led the rest of the world in education and in virtually every other field.
- ❖ The past two centuries saw (a) the ebb reverse its course, and (b) talents and expertise in the Muslim world grow.
- ❖ Yet, there is hardly any world-class university or research institution in the Muslim world.
- ❖ The encouraging reality is that in some Muslim-majority countries, such as Malaysia, education in its standard and competitiveness is reaching new threshold.

- ❖ Muslim world has no lack of talents. Rather, talents abound.

- ❖ However, talents grow in a
 - Nurtured
 - engaging and demanding environment where
 - **mind-building** is duly emphasized and thoroughly and rigorously incorporated into curriculum of education and training.

Indiscipline and Interdiscipline

- ❖ Modern knowledge system has become **highly specialized and indiscipline** – to some extreme to the extent that, for example, economics as one of the prestige disciplines (the only one in the Nobel Prize category) is now badly disconnected with the reality.
- ❖ While modern knowledge is highly indiscipline and thus fragmented both in terms of knowledge and its connection with life, knowledge and life previously have been treated as interdisciplinary or, even as holistic.
- ❖ Developing talents and expertise thus requires benefiting from the strength of the modern knowledge repository, but at the same time Muslims need to be cautious and judicious in utilizing this repository and making their contribution to knowledge and life.

The conventional footprint

- ❖ Too much influence of the conventional perspective.
- ❖ Unfortunately, success of the industry also critically depends on those who know the conventional system well.
 - ❑ The system is conventional in original.
 - ❑ The global system is essentially and dominantly conventional and national systems are often dual at best within which Islamic finance industry operates.
- ❖ Also, not only that every aspect of a structure and system is not religious by nature, but also skills and expertise with the modern, conventional system and structure are important.
- ❖ But what are the implications for HRD for Islamic finance industry?

Human Resource Development - 1

❖ Attracting and retaining talent

- Changing markets
- Stiff competition
- Flatter organization
- Smaller product cycle
- Tighter job market

❖ The challenge is more than attracting and retaining. Indeed, Islamic finance industry being something of a modern fusion, it needs, not only to attract and retain, but also to DEVELOP talent and expertise.

Human Resource Development - 2

- ❖ Developing, changing and improving:
 1. Skills
 2. Knowledge
 3. Aptitudes
 4. Abilities
 5. Values
 6. Special commitment

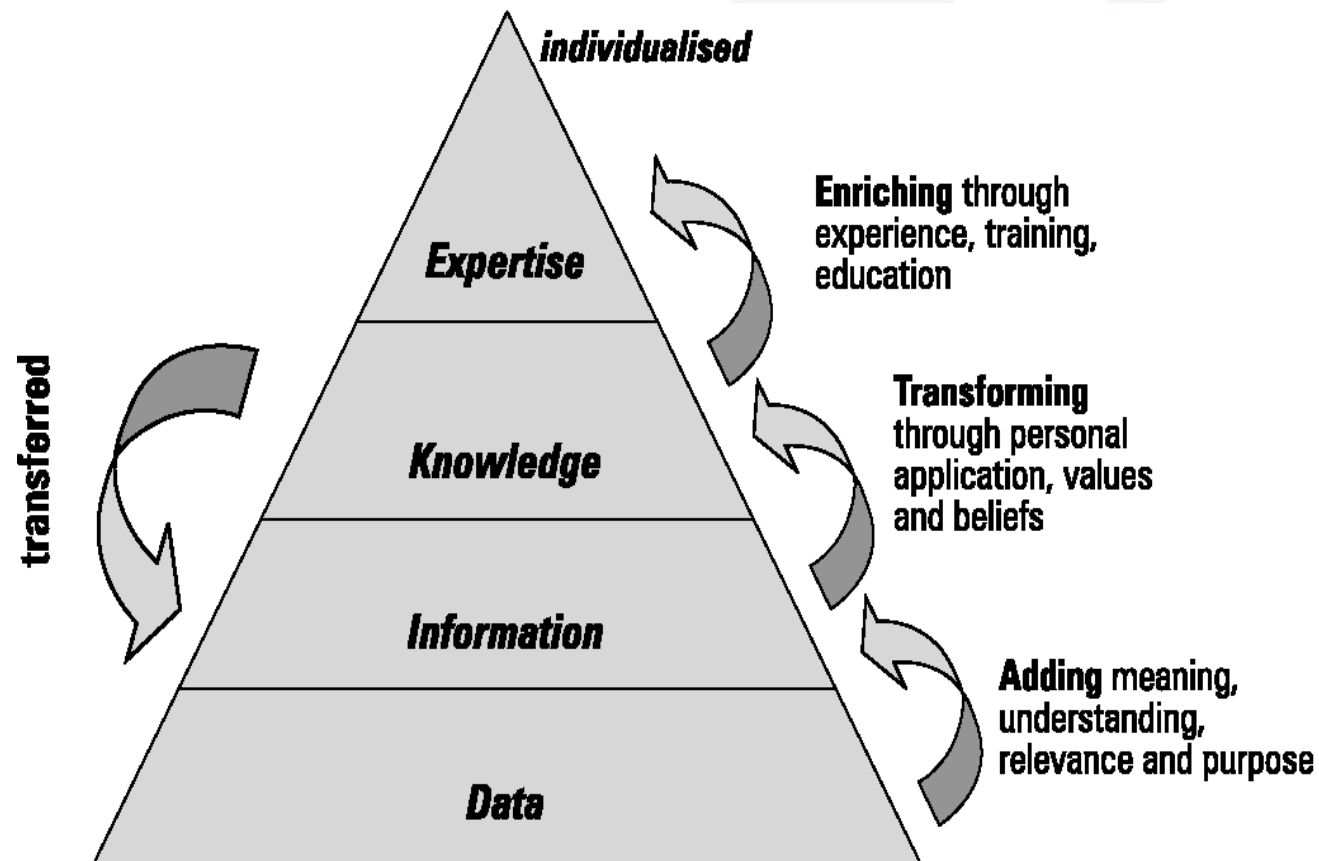
- ❖ All of the above aspects are important in **varying degree** to the entire range of human resources.

- ❖ #1-4 are important to everyone in a competitive context, where effectiveness and capability are valued.

Human Resource Development - 2.a

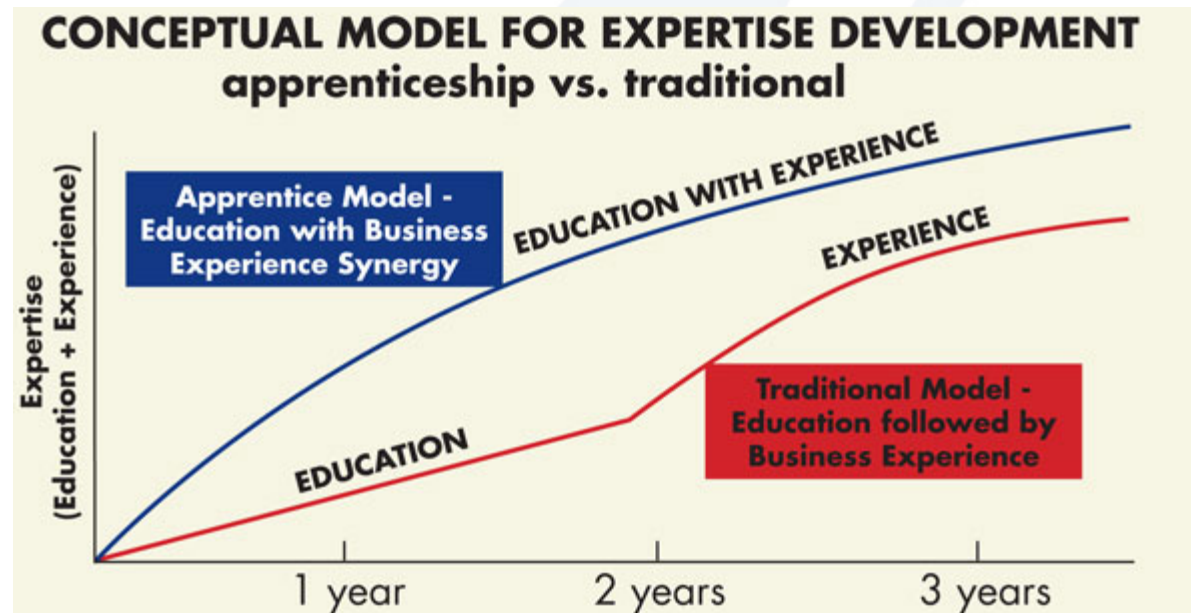
- ❖ #5 – Values - is important to everyone, but in conventional context it has become INSTRUMENTALISTIC, while in Islamic context it is fundamental with consequences reaching the life hereafter. However, the actual impact is dependent on the seriousness of purpose.
- ❖ #6 – Commitment - is particularly important in Islamic context because it represents one's faith/belief.

Expertise development dynamics - 1



- Courtesy: http://www.emeraldinsight.com/content_images/fig/2300040204001.png

Expertise development dynamics – 2



- Courtesy: <http://www.kansasapprenticeship.org/jobseekers/Pages/default.aspx>

Focus areas – 1

- ❖ Staff levels:
 - General employees
 - Supervisors
 - Management
 - Top Executives

- ❖ Some skills and competence are universally needed and at each of the respective (abovementioned) levels.

- ❖ Some talents and expertise are related to specific Islamic fields:
 - Law and jurisprudence
 - Auditing and accounting
 - Financial analysis/modeling
 - Research capability

Focus areas – 2

- ❖ General staff needs to:
 - ✓ be **competitive** in **Competency**:
 - Technical
 - Technological
 - Professional
 - ✓ Excel and distinguish in
 - **Customer service/care**

Focus areas – 3

- ❖ At progressively higher level, the following areas needs to be emphasized.
 - ✓ **Quality:**
The pursuit of excellence with a competitive spirit
 - ✓ **Management:**
Management models and practices that meet the best practices of the conventional world, but at the same time rooted in and guided by Islamic principles. Significant progress and innovation are needed/desired.

Focus areas – 4

- ❖ At progressively higher level, the following areas needs to be emphasized. ...
 - ✓ **Strategic vision and approach:**
Long term orientation (**profit pursuit**, while paying attention to *maqasid*: sustainability, equity – intragenerational and intergenerational)
 - ✓ **World class education:**
Partnership/Patronage in fostering world class education that is anchored in Islam and emphasizes:
 - Ethical values
 - Humanity-orientation
 - Problem-solving perspective
 - Critical and Creative thinking.

Stewardship of the current experts

- ❖ Current experts have accumulated knowledge and expertise, which need dissemination in this generation and to the future generation.
- ❖ Industry experts and professionals can make valuable and much needed contribution.

Quest: Individual and collective

وَلِكُلِّ وِجْهَةٌ هُوَ مُوَلِّيٰهَا
فَاسْتَبِقُوا الْخَيْرَاتِ
أَيْنَ مَا تَكُونُوا يَأْتِ بِكُمْ اللَّهُ جَمِيعًا
إِنَّ اللَّهَ عَلَىٰ كُلِّ شَيْءٍ قَدِيرٌ

To each is a goal to which Allah turns him;
then strive together (as in a race) towards all that is good.
Wheresoever you are, Allah will bring you Together.
For Allah Has power over all things.

[Al Qur'an: 2/Al-Baqara/148; Trans. A. Yusuf Ali]

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