



Talent Development Survey 2014

In collaboration with Islamic Finance news



CEO'S FOREWORD:

The Finance Accreditation Agency (FAA) places considerable emphasis on assuring quality of human capital in the financial services industry with the objective of establishing a competent talent pool of trained professionals to increase the market share of the financial sector. The global growth of the industry, in particular Islamic finance, continues its healthy trajectory in 2014 and we can expect the Islamic finance industry to have classic imbalance between supply and demand. It remains a demand-driven segment, with limited supply hampered by a lack of talent to fuel and sustain growth in the industry globally.

The FAA Talent Development Survey 2014, in collaboration with Islamic Finance news (IFN), provides an overview of key statistics on issues relating to talent shortage in the Islamic finance services industry and the issues in current training programmes offered by different training providers. With increasing importance attributed to the quality of learning programmes, data and standards on learning programmes for Islamic finance professionals are published so that necessary enhancements can be made and strategies taken to achieve a balanced equation.

Further long-term standardisation between training providers and programmes offered is likely to shape learning programmes for professionals as our findings show a strong support for high quality learning programmes for employees. New entrants are largely sourcing their learning programmes from accredited training providers to acquire in-demand skill sets that are fundamental to the Islamic finance industry.

It is our aim that policymakers and Islamic finance professionals will derive useful insights from the findings to support the agenda of creating the talent pool to advance the Islamic finance industry. To this end, FAA would like to thank IFN from which data were secured, industry practitioners from across the globe and all major Islamic finance markets for participating in the survey and making this publication possible.

As always, we welcome your feedback on our research and insights.

Dr Amat Taap Manshor
Chief Executive Officer
Finance Accreditation Agency



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INTRODUCTION



Finance Accreditation Agency (FAA) Talent Development Survey 2014

In collaboration with Islamic Finance news

Introduction

In recent years, the Islamic finance industry has seen unparalleled growth in terms of industry size and value, as well as in the number of banking and financial institutions in operation that now use Shariah compliant policies and procedures. Neither has this rapid growth been limited to a particular country or region, but has taken place on an unprecedented global scale with its influence now reaching into the very mainstream of the wider conventional finance industry.

One of the key factors needed to help sustain the ongoing and successful development of the industry (and one that is a widely debated topic among both current and future practitioners) is the need for an urgent investment in human capital.

INTRODUCTION

For the industry to maintain its current growth levels and develop further into more sophisticated products, sectors and markets, it requires professionals not only with an understanding of Shariah and of finance, but with the skills and capability to integrate this ideology and knowledge to ensure that the Islamic finance industry continues to remain Shariah compliant, while assisting in directing and encouraging its growth path.

It has been suggested that to ensure continued growth and meet the projected demands of the industry, over 50,000 individuals will be required globally to join the Islamic finance workforce over the next decade. Yet there is concern amongst industry practitioners and academics that reaching this number may prove to be a struggle.

Report scope

With the assistance of both leading industry practitioners and current training programme providers, Islamic Finance *news* in collaboration with FAA conducted a comprehensive survey to establish the current provision and future requirements for the development of human capital within the Islamic finance industry.

The survey addresses a number of areas and topics: including existing issues with the current pool of talent available to the industry; educational and training possibilities and prospects for potential practitioners; global accreditation opportunities for Islamic finance educational courses and training; as well as suggestions for how to overcome these issues.

Report objectives

- To provide an in-depth analysis of the current and future human capital requirements of the Islamic finance industry
- To analyse market sentiment and identify the industry's views, concerns and suggestions
- To establish the key issues regarding quality and standards in the current learning programmes available within the Islamic finance industry
- To evaluate the potential role of accreditation in overcoming these issues

Methodology

The survey covers a wide range of industry practitioners and training providers from across the globe and from all major Islamic finance markets. The target market covers the Islamic finance, training and academic industries, with participants involved in human development aspects across the industry, including:

- Heads of learning & growth in (Islamic) financial institutions
- Chief Executive Officers (CEOs) and senior management of training providers
- Senior practitioners
- Trainers
- Representatives from academic institutions

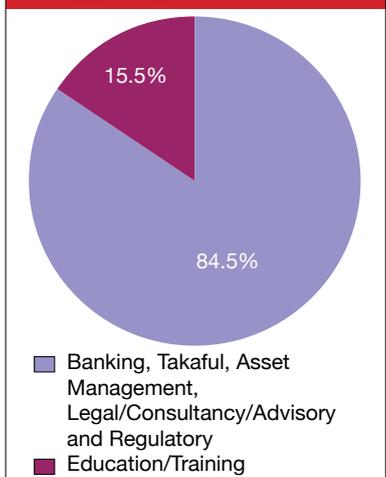
“For the industry to maintain its current growth levels and develop further into more sophisticated products, sectors and markets, it requires professionals not only with an understanding of Shariah and of finance, but with the skills and capability to integrate this ideology and knowledge.”

For an accurate understanding, the survey parameters were set, i.e. 250 responses with a geographical percentage breakdown as follows: 35% Southeast Asia, 35% Middle East & North Africa (MENA), 10% Europe, 10% Southern Asia and 10% others.

The additional 47 survey responses, over and above the required 250, were required to ensure each region reached its percentage quota accordingly.

Out of a total of 297 participants, 84.5% came from the practising sector of the industry (banking, Takaful, asset management, legal/consultancy/advisory and regulatory) while 15.5% came from the education and training provider sector.

Figure 1: Industry breakdown of survey participants



EXECUTIVE SUMMARY

Executive summary

Section 1: Industry Overview

- 79% believe the number of people currently working in the Islamic finance industry is insufficient to meet the needs of the industry.
- 69% believe their organisation does possess satisfactory competence levels: but Shariah expertise, Islamic finance knowledge and practical experience are highlighted as important gaps.
- 51% believe that the technical knowledge of the management is only 'average'.
- 72% think that conventional bankers need specific training before they can perform an Islamic finance-related role.
- 74% believe that practitioners without a formal Islamic finance qualification are less capable of doing their job.

Section 2: Current Islamic Finance Training Programmes

- 78% think that current training programmes add value.
- 79% think that current trainers are proficient in their respective areas.
- 84% would like to see more industry-based case studies.
- 52% prefer classroom training while only 8% prefer online programmes and 61% believe that current online programmes are of a poor standard.

Section 3: Islamic Finance Training Programme Standards (practitioner perspective)

- 66% agree that there are no industry-wide standards for Islamic finance training programmes.
- Colleagues and in-house providers are the most frequent sources for learning programme standards.
- 45% believe that current training programmes do not meet their requirements.
- Cost, reputation and programme content are the most important factors when choosing a training programme.

Section 4: Islamic Finance Training Programme Development (provider perspective)

- Islamic banking, Takaful and Shariah compliance are the biggest growth areas for Islamic finance training.
- Learning needs to be transferred more efficiently to the workplace.
- Periodic reviews and experienced facilitators are the most important factors in ensuring relevance of training programmes.

Section 5: Islamic Finance Training Programme Usage

- Over 50% of organisations surveyed employ fewer than 200 people.
- In-house training is a popular option.
- International Centre for Education in Islamic Finance (INCEIF) is one of the most popular providers of professional qualifications.
- Instructor experience, practical training and sector specialisation are some of the most important features that need improvement.
- Accreditation is not a major factor and 71% would choose a programme even if unaccredited.

Section 6: Accreditation Analysis

- 80% think that accreditation will ensure a high quality learning programme.
- 61% believe their learning programme structure assists with career progression.
- 84% believe that international professional recognition (through accreditation) would help meet expectations.
- 69% believe accreditation guarantees quality.
- 50% think an accredited qualification adds value to a professional resume.
- 81% agree that they would be more likely to send delegates to a training programme if it was accredited.

Section 7: Accreditation Opportunities

- 69% of providers already accredit their learning programmes.
- 94% would consider accrediting their learning programmes in the future.
- Reputation, experience and international exposure are the biggest factors in the choice of an accreditation agency.
- Benefits of accreditation include credibility, industry recognition, international exposure and marketability.

SECTION 1

Industry Overview

Summary

- 79% believe the number of people currently working in the Islamic finance industry is insufficient to meet the needs of the industry.
- 69% believe their organisation does possess satisfactory competence levels: but Shariah expertise, Islamic finance knowledge and practical experience are highlighted as important gaps.
- 51% believe that the technical knowledge of the management is only 'average'.
- 72% think that conventional bankers need specific training before they can perform an Islamic finance-related role.
- 74% believe that practitioners without a formal Islamic finance qualification are less capable of doing their job.

Figure 2: Do you think the number of people working in the Islamic finance industry is sufficient to meet the needs of the industry?

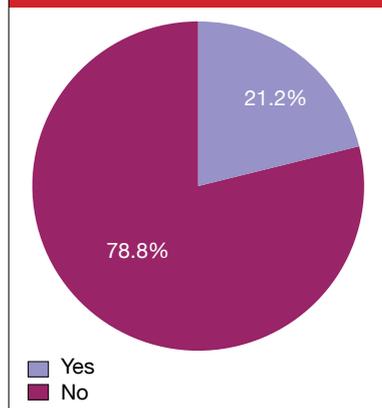


Figure 3: Do you think the number of people working in your organisation is sufficient to meet your needs?

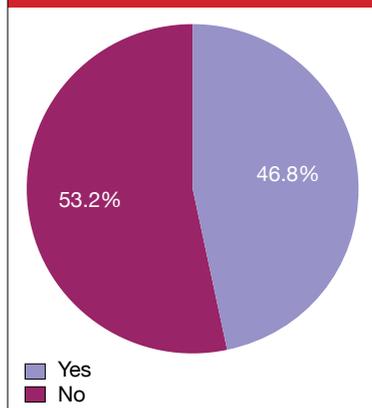
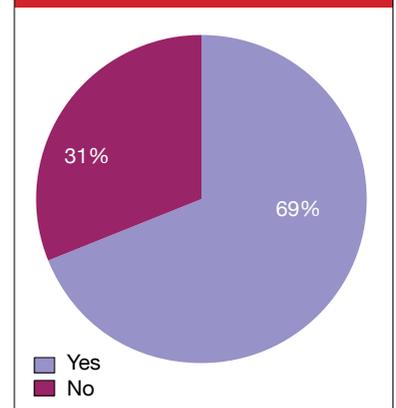


Figure 4: Do the Islamic finance practitioners in your organisation possess the required competencies for their current roles?



Insufficient talent pool for the Islamic finance industry

There is a definitive opinion within the industry that the limited human capital pool is a significant issue that is holding back development. Almost 80% of the respondents to the FAA survey believe that the number of people currently working in Islamic finance is insufficient to meet the needs of the industry. While 21.2% feel that the current talent pool is sufficient, 78.8% confirmed that they recognised a problem.

However, interestingly this majority assumption only extends to the wider industry. When asked specifically about their own institution, the balance swung back to the centre with almost half of survey participants believing that while in general the current human resources pool may be limited, the number of people working in their own organisation is in fact sufficient to meet their needs. Although a slight majority (53.2%) still felt there a talent gap, overall this suggests that individual organisations are more satisfied with their current provisions than they are with the existing industry-wide situation.

Current competency levels generally accepted

This satisfaction also extends to the current competency levels in the institutions represented in the survey. Over two-thirds believe that while there may be a general talent shortage, the existing Islamic finance practitioners within their own organisation possess the required competencies for their roles.

However, when asked to evaluate further, a number of concerns emerged with respondents identifying a wide range of areas in which they felt that Islamic finance practitioners could be stronger. The most frequently raised issue was that of Shariah compliance, and of all the respondents who elaborated on the question (24% of the total) almost a third (28%) highlighted the lack of a “clear understanding of the foundations and principles of Islamic finance,” as a core concern.

“We still need to fall back on Shariah advisors, which we currently outsource,” explained a Malaysia-based senior executive of human capital and administration.

SECTION 1

However, the attitude and principles behind this Shariah expertise are also important. Although “a deep and real appreciation of the fundamentals of Islamic finance” is needed, respondents are demanding “more Shariah experts, not just Islamic finance experts”, with others identifying “Shariah principles”, “a strong belief in Islamic finance,” and “relevant Shariah qualifications” as being critical.

A further 28.4% highlighted the need for specific technical Islamic finance knowledge: including “Islamic finance contracts,” “Fiqh Muamalat science,” and “additional practical experience.” There is also an issue of general education, with 4.3% identifying academic qualifications as currently lacking, and noting that they seek employees who “have graduated from the appropriate field of study”.

However, Shariah principles and qualifications are not the only tools needed by Islamic finance practitioners. Regulatory, legal and compliance skills are also important and in particular, many participants raised the issue of the Basel III and regulatory requirements. “The lack of general awareness of Basel III regulations specific to Islamic banks is a concern in Qatar,” said one the chief financial officer of a leading Gulf Cooperation Council (GCC) bank; while several highlighted the importance of documentation, legal and risk knowledge.

Product innovation and development is another key issue and 11.4% of respondents believe this is a weak area, the director of Islamic banking at one Asian bank noting that: “Not all my colleagues have the competence to develop innovative, original Shariah-based products (not structures),” and the head of risk management at another Middle Eastern institution complaining that they do not understand “the product features and related risks”.

The ability to think strategically and plan ahead is crucial and participants also noted that an understanding of the wider industry and the sectors within it would be helpful. “More development of capital market products,” was highlighted by the managing director of a GCC asset manager, as was “familiarisation between Middle East Islamic contracts versus local Islamic contracts,” by the head of investment for a leading Takaful firm.

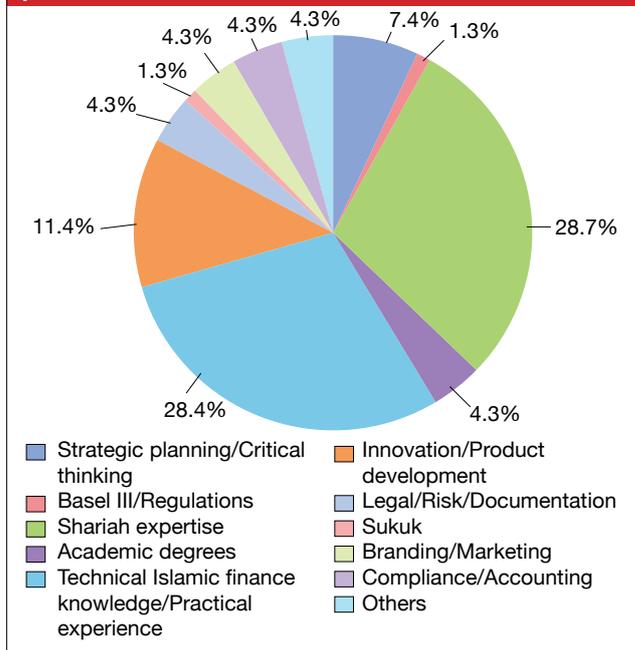
In addition, several participants also noted the importance of “continuous training requirements to uplift their belief in Islamic banking”.

Technical knowledge of the management only ‘average’

Although some participants noted a lack of technical understanding within their organisation, when asked specifically about the technical knowledge of management level practitioners working in the Islamic finance industry over 90% were generally satisfied with the current level of expertise.

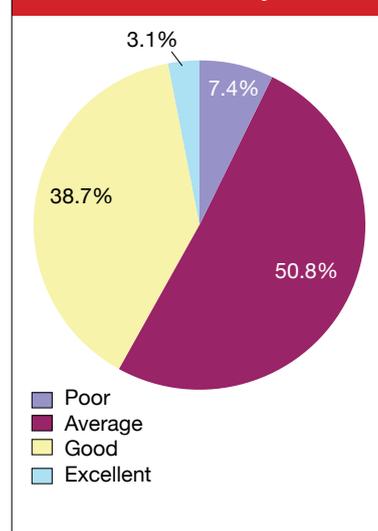
However there is clearly room for improvement, with only 3.1% believing that current knowledge levels are excellent and 38.7% that they are good. The majority (50.8%) identified technical expertise among their management as ‘average’ while 7.4% thought it was poor.

Figure 5: Current gaps in competencies for Islamic finance practitioners



“The ability to think strategically and plan ahead is crucial and participants noted that an understanding of the wider industry and the sectors within it would be helpful.”

Figure 6: What is your opinion regarding the technical knowledge of management level practitioners working in the Islamic finance industry?



SECTION 1

Conventional practitioners need formal Islamic finance training

The vast majority of respondents agree that conventional bankers require specific training, with only 27.6% believing that a practitioner could perform an Islamic finance-related role without formal training.

Without training, explained one director of Islamic banking: “They cannot appreciate the utility and value proposition of Islamic finance,” and this can have serious consequences and lead to “negative reputations for the industry.”

“Islamic finance knowledge is technical in nature, and practitioners need to be exposed to fundamental level knowledge before they can carry out the role,” said an associate with a Malaysian bank. While training is important, a key point is also the attitude that practitioners bring to their role. “Some kind of formal Islamic training and basic knowledge of Shariah principles is a must: but above all conviction towards Islam is of utmost importance, without which a conventional banker might (intentionally or unintentionally) treat an Islamic transaction as a conventional deal,” said the head of Shariah audit and quality assurance for an Islamic bank.

“Islamic finance knowledge is technical in nature, and practitioners need to be exposed to fundamental level knowledge before they can carry out the role.”

Another participant noted that even current Islamic finance practitioners need training to help them avoid slipping into bad habits. “Ultimately, any practitioner in Islamic finance needs to assimilate the Islamic finance perspective and the fact that relationships with counterparties are based on ethics and standards that translate into profit sharing/sales and lease transactions, etc... and no lending or borrowing (except on a zero interest basis) and no debt/credit pushing as happens with a lot of consumer finance products, even at Islamic banks. Rather, the practitioner should wear the hat of a trader or fund manager/investor and strive to help consumers manage their finances in a Shariah compliant way without excesses or over-indulgence,” said the managing director of an Islamic institution.

Figure 7: Can a conventional banking practitioner manage an Islamic finance-related role without any formal Islamic finance training?

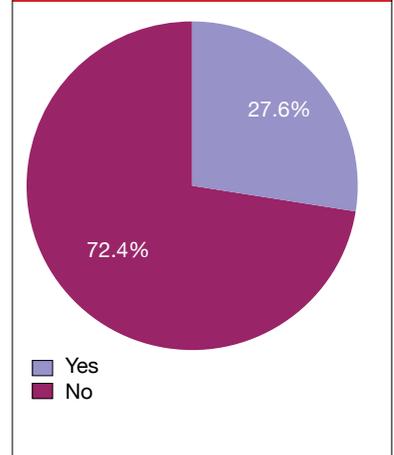


Table 1: In your opinion, what is the percentage of practitioners who are capable of carrying out Islamic finance-related jobs despite not having formal qualifications in Islamic finance?

Answer Options	Response %
0-25%	38%
26-50%	36%
51-75%	19.3%
76-100%	6.7%

Qualifications are of key importance

Based on these assumptions, the industry is united in believing that formal training in Islamic finance is of vital importance. Seventy-four percent of the respondents believe that over 50% of the practitioners without formal qualifications in Islamic finance are incapable of carrying out Islamic finance-related jobs. In fact, 38% of the respondents believe that fewer than 25% of the current workers without qualifications are able to carry out their job competently.

Conclusions

Overall, the industry believes that there is a significant lack of qualified talent. Although current competency levels are good, there is a clear need for training with over 50% identifying the technical expertise at management level as only average.

The majority of respondents also highlight formal Islamic finance qualifications as important, believing that practitioners without this training are less capable of performing an Islamic finance-related role. Shariah expertise, technical knowledge, strategic thinking and practical experience are all core skills that are currently lacking; while training and qualifications for conventional bankers participating in Islamic finance transactions are of key importance.

SECTION 2

Current Training Programmes

Summary

- 78% think that current training programmes add value.
- 79% think that current trainers are proficient in their respective areas.
- 84% would like to see more industry-based case studies.
- 52% prefer classroom training while only 8% prefer online programmes.
- 61% believe that current online programmes are of a poor standard.

Figure 8: Do current training programmes have practical applications that add value to your company?

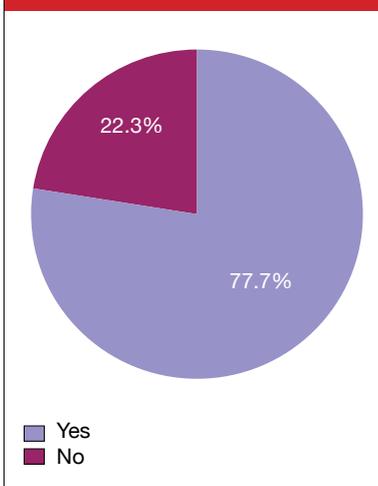


Figure 9: Are training programmes being delivered by proficient trainers in their respective areas?

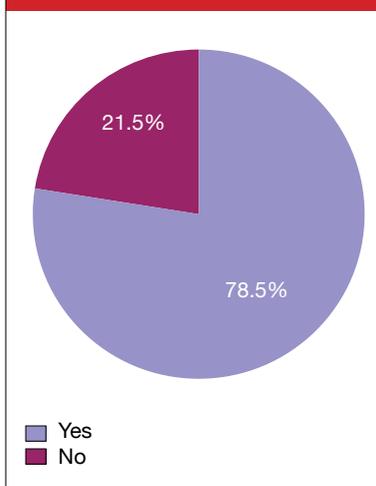
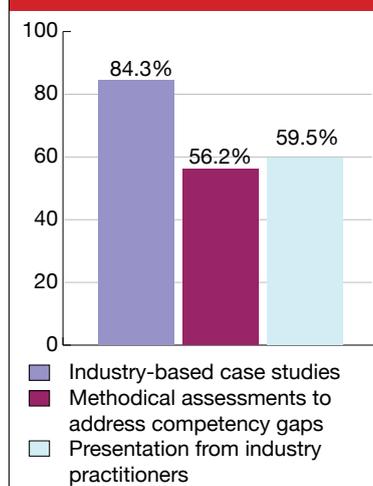


Figure 10: What features would you like training programmes to include?



General approval of current training programmes

Overall, survey respondents seem happy with their training programmes. Over three-quarters (77.7%) believe that their current training programmes have practical applications that add value to their organisation compared to only 22.3% who think a larger practical component is needed.

They are also generally happy with the standard of training, with 78.5% believing that their current trainers are proficient in their respective areas.

However, there are a number of areas where participants agreed more work is needed, including a variety of features that training programmes should include. The vast majority (84.3%) think that programmes need to cover industry-based case studies, while 56.2% also think methodical assessments to address competency gaps are important 59.5% would also like to see presentations from industry practitioners. This highlights a key trend that industry players would like to see more practical features in training programmes, including a greater role from practitioners as opposed to academics.

Dissatisfaction with online training programmes

There is a clear preference for classroom training, with only 8% preferring online training compared to 52.2% who prefer classroom training. While 39.8% think that both methods could be equally as beneficial, there is also a feeling of general dissatisfaction with current online training programmes, which is a likely contributing factor to this preference.

When asked if the standard of online training programmes met their expectations, almost two-thirds (60.6%) of respondents noted that they were not happy with the current quality provided.

Around a third of the respondents also commented that they had no experience of online training, which suggests

“Industry players would like to see more practical features in training programmes, including a greater role from practitioners as opposed to academics.”

SECTION 2

a gap in the current training provision and support tools for Islamic finance practitioners. However, of those who did comment the general feeling appears to be that online training should function as a supporting tool rather than a central feature. "Online training should be applicable as a support after the completion of classroom training. A blended approach can help here." said a learning and development advisor for a United Arab Emirates (UAE) bank. A customer manager with an African bank agreed that: "The ideal situation is a combination of online and classroom training. Online is good for factual product knowledge and the classroom is good for the theory of Islamic banking to allow for questions and discussions."

Figure 11: Online training versus classroom training: Which do you prefer?

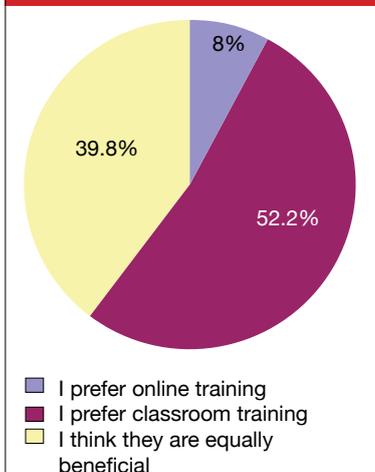
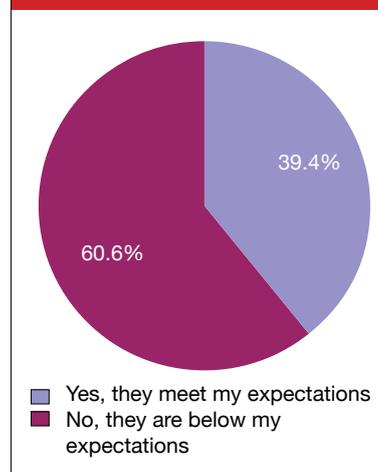


Figure 12: Does the standard of online training programmes meet your expectations?



However, it remains a question of personal preference. "It's all about commitment. Some people can extract maximum benefit from an online programme, but for someone like myself classroom programmes serve better. Besides, there are limitations in any online programme," said a senior executive with a leading GCC institution.

One issue is that there are a limited number of providers who offer high quality online options. "There are general online training programmes available but these are short and most of the time they are not focused on training needs," said the CEO of a leading Islamic bank. "We have found at least one excellent source for on-line learning (FSI Connect) that fully meets our expectations. There aren't many out there that do though," commented the employee development manager of a regulatory authority in the Middle East.

"Around a third of respondents commented that they had no experience of online training yet, which suggests a gap in the current training provision and support tools for Islamic finance practitioners."

Conclusions

While people are generally happy with their current training programmes and overall believe that the standard and quality of their trainers is acceptable, there is a significant gap in terms of practical components and applications, with the majority highlighting tools such as case studies and outside practitioner presentations as important. There is also a strong preference for classroom training as opposed to online programmes – although this could in part be due to the limited number of online options available, and the general perception of these as lower quality compared to the classroom-based programmes.



SECTION 3

Training Programme Standards

(Practitioner perspective)

Summary

- 66% agree that there are no industry-wide standards for Islamic finance training programmes.
- Colleagues and in-house providers are the most frequent sources for learning programme standards.
- 45% believe that current training programmes do not meet their requirements.
- Cost, reputation and programme content are the most important factors when choosing a training programme.

The need for industry-wide standards

One of the biggest current issues in the field of Islamic finance training is the absence of industry-wide standards for providers, with two-thirds (66.3%) of users highlighting this gap. This allows for a wide range of fluctuating quality and makes choice and comparison more challenging when choosing a training programme provider.

A lack of organised and formal learning sources

This issue becomes clear when participants attempted to identify their source of learning programme standards. Of the 66.3% practicing participants who responded to the question, a significant number were either unsure of who they should refer to for training standards, or admitted that they did not have a source of learning standards at all. Interestingly, the highest number of respondents used in-house teams or referred to colleagues, suggesting that there is an element of informality or a lack of provision in the current training opportunities at many organisations.

Of the institutions identified by respondents as learning sources, it is also of interest that many of these are not specific training programme providers, but include wider industry organisations such as central banks (several respondents identified Bank Negara Malaysia Guidelines, the Association of Islamic Banks Malaysia, the Bahrain Institute of Banking and Finance, and more generally “Islamic finance practitioners” as sources of learning standards). Standard-setting bodies such as Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and the Islamic Financial Services Board (IFSB) are also popular.

Figure 13: In your opinion, are there currently industry-wide standards for Islamic finance training programmes?

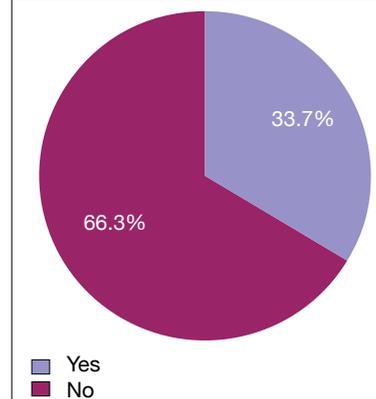
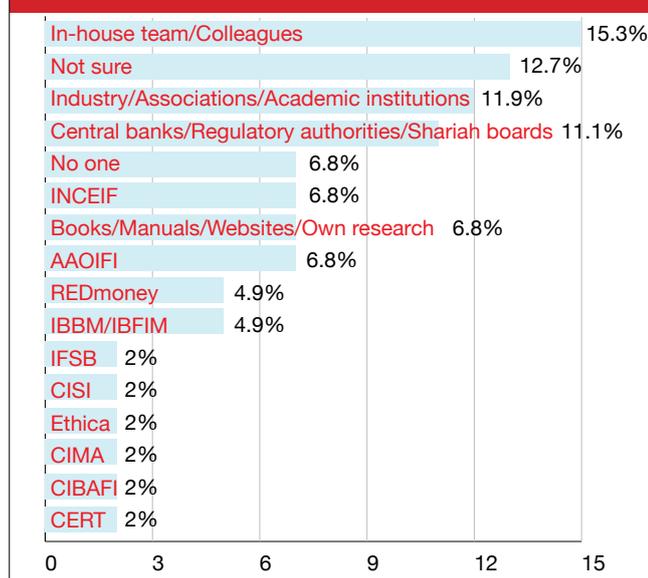


Figure 14: Who do you refer to for learning programme standards in Islamic finance?



Qualifying bodies such as the UK’s Chartered Institute for Securities and Investment (CISI) and Centre for Research and Training (CERT) are used, as well as academic institutions such as INCEIF and targeted training programme providers such as Ethica and REDmoney. However worryingly, a significant number of respondents claim to rely on their own research from articles, books and websites – suggesting

“Worryingly, a significant number of respondents claim to rely on their own research from articles, books and websites – suggesting that there is a dearth of formal and organised Islamic finance learning provision across many organisations.”

SECTION 3

that there is a dearth of formal and organised Islamic finance learning provision in many organisations.

Room for improvement in the standards of training providers

This concern appears to have been noted by industry practitioners at a management level, and there is recognition by many that current training programmes are not meeting their requirements. Participants were relatively evenly split in their opinion, with around 55.5% satisfied with current provision and 44.5% believing that their current programme provider needs improvement.

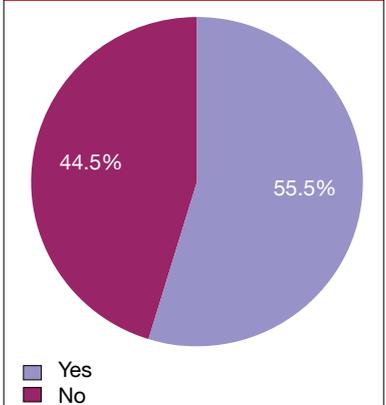
However when it comes to choosing a training provider, it is notable that accreditation comes relatively low on the list with only 30.9% of users identifying it as one of their three top criteria. The most important factor is unsurprisingly programme content, while cost and reputation are also important.

Interestingly, previous experience with the training provider is also crucial, with 37.8% of participants highlighting it as a key factor, suggesting a high level of loyalty and customer retention. Other factors highlighted included “unbiased training” while another respondent noted that an important consideration was “which industry practitioners are conducting the training” – again illustrating the importance of industry involvement and practical assistance in learning.

Conclusions

Although most users are in general satisfied with their providers, there are a number of concerns raised from the survey including the absence of industry-wide standards and limited access to formal and organised learning resources and a need for improvement. The marketplace for learning programme providers is crowded, and competition is high. Although customers tend to stay with their provider there is a clear indication that quality needs to be improved across the board, as almost half of survey participants believe their current provider does not meet their requirements.

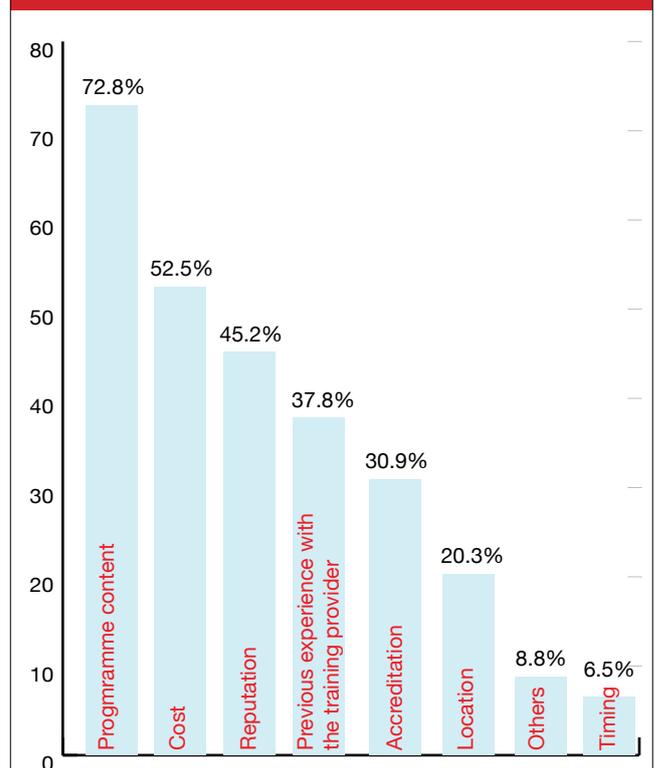
Figure 15: Do the training programmes offered by training providers meet your requirements?



“There is a clear indication that quality needs to be improved across the board, as almost half of survey participants believe their current provider does not meet their requirements.”



Figure 16: What are the most important criteria in choosing a training provider?



SECTION 4

Training Programme Development

(Provider perspective)

Summary

- Providers identify Islamic banking, Takaful and Shariah compliance as the three biggest areas for Islamic finance training.
- Most providers do not see learning being transferred to the workplace.
- Periodic reviews and experienced facilitators are the most important factors in ensuring relevance of training programmes.

Islamic banking training is seeing the biggest increase in interest

Seventy-seven percent of training programme providers highlighted Islamic banking as the biggest area of growth in Islamic finance training programmes, with Islamic insurance and Takaful a close second at 59%. Shariah compliance (56.4%) and wealth planning (53.8%) are also important, suggesting that client relationships and retail sectors are the biggest growth areas. In comparison, Islamic capital markets (41%), asset management (43.6%) and structuring (25.6%) were less popular – perhaps because practitioners working in these areas are already more highly trained due to the complex nature of their roles.

Training providers also identified Islamic economics, documentation and Islamic microfinance as up-and-coming areas of interest.

A more efficient transfer of learning to the workplace is needed

The issue of knowledge transfer is vital, as this is the core purpose of training programmes. Level 3 Evaluations track behavioural change assessment, and as such are a valuable tool for evaluating how well the classroom training corresponds to a practical work setting.

Currently this appears to be an issue for many providers, with almost half (46%) noting that less than half of their learning programmes currently include Level 3 Evaluations. However, reassuringly around 18% confirm that between 76-100% of their programmes carry this assessment.

Periodical reviews are important to ensure relevance

Of course one of the most important features of an Islamic finance training programme is its relevance to the wider industry, and the FAA Survey questioned providers on what procedures they undertake to ensure that the content of their programmes is relevant.

Of the answers, the majority identified periodical reviews of content (71.8%) and qualified and experienced facilitators (76.9%). Adherence to industry competency frameworks is also important (48.7%) while curriculum committees (59%) were also highlighted. However, only 43.6% identified industry input – one of the lowest on the list, which is a concern given the clear overall feeling that greater industry participation and practical content is needed to improve current training programmes.

Figure 17: What is the percentage of your learning programmes that possess the level 3 evaluation (behavioural change assessment)?

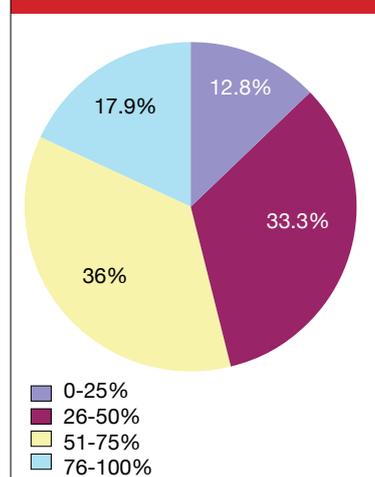


Table 2: As a training provider, which areas in Islamic finance training are you seeing an increased interest in?

Answer Options	Response %
Islamic banking	76.9%
Islamic insurance/Takaful	59.0%
Islamic capital markets	41.0%
Islamic asset management	43.6%
Structuring	25.6%
Regulation	33.3%
Wealth planning	53.8%
Shariah	56.4%
Others	7.7%

“Training providers also identified Islamic economics, documentation and Islamic microfinance as up-and-coming areas of interest.”

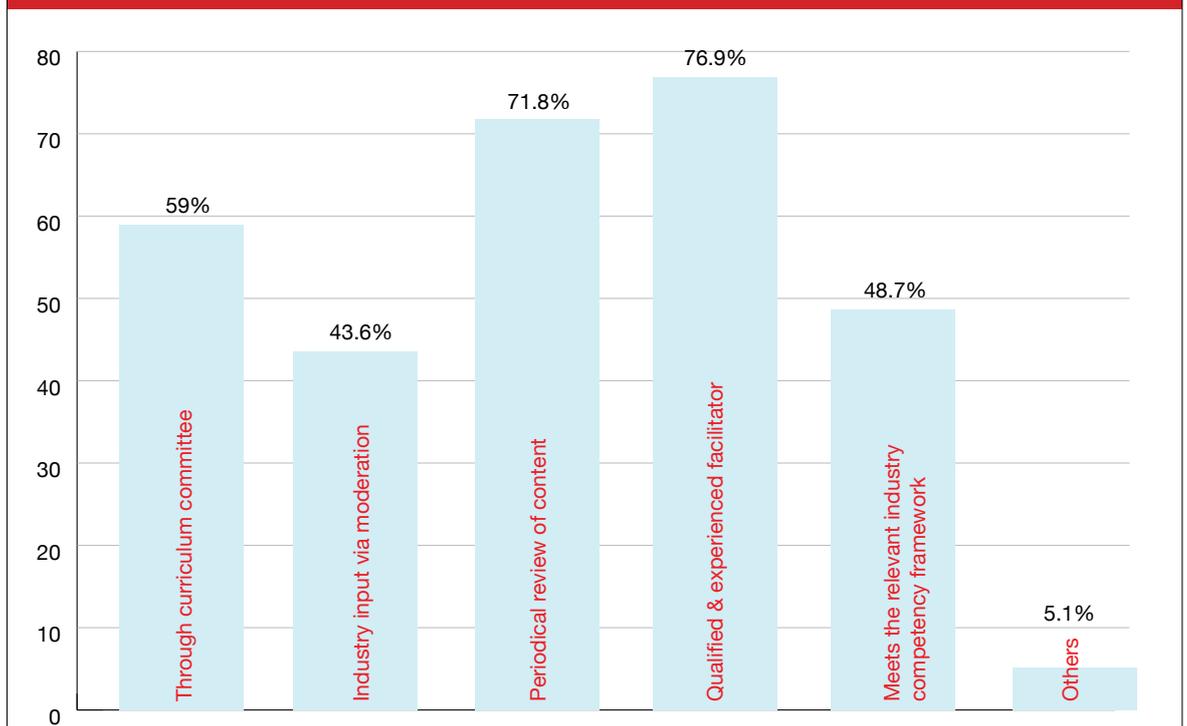
SECTION 4

Conclusions

There is a broad coverage of sectors within current training programmes and providers have a good understanding of what is needed. However, greater industry input is vital, while it is important that providers also make a greater effort to track the impact of their training in the workplace and use this to improve and upgrade their programme content.

“Greater industry input is vital, while it is important that providers also make a greater effort to track the impact of their training in the workplace.”

Figure18: What procedures do you take to assure that content of learning programmes is relevant?



SECTION 5

Training Programme Usage

Summary

- Over 50% of surveyed organisations employ fewer than 200 people.
- In-house training is a popular option.
- INCEIF is one of the most popular providers of professional qualifications.
- Instructor experience, practical training and sector specialisation are some of the most important features that need improvement.
- Accreditation is not identified as a major factor - 71% would choose a programme even if unaccredited.

Many Islamic finance firms are small to medium-sized

Of the surveyed organisations, 50.9% employed fewer than 200 people with the highest number (28%) employing less than 50 – suggesting that while Islamic finance training is important, resources may be limited and value is an important factor. However on the other hand, a quarter of participating firms (25.7%) employed over 1,000 people, highlighting the urgent need for efficient, appropriate and specific Islamic finance training across the organisation.

Some firms do not plan to send employees for training this year

However, many firms have limited plans for providing training to their staff. Over three quarters of respondents (75.8%) plan to send between 0-50 employees for training this year. While this could be a factor of company size (the majority of responding firms employed fewer than 50 people) it is notable that compared to the 49.1% of firms which employ over 200 people, just 10.3% of firms plan to send 200 or more people for external training – a significant gap.

However, organisations want to employ external training providers for in-house training, indicating a significant opportunity for training providers.

In-house training is a popular option

Although firms may have limited plans for external training, internal training is another option. Over half of respondents plan to send up to 50 employees for internal training, while 30.7% plan to send between 51-500 and a further 16.5% expect up to 1,000 to undertake in-house learning programmes.

“When asked to state their preferred training provider for professional qualifications in Islamic finance, almost a fifth (18%) claimed that they had no formal provider while a further 18% were unsure or unaware.”

Figure 19: Approximately how many people are currently employed in your company?

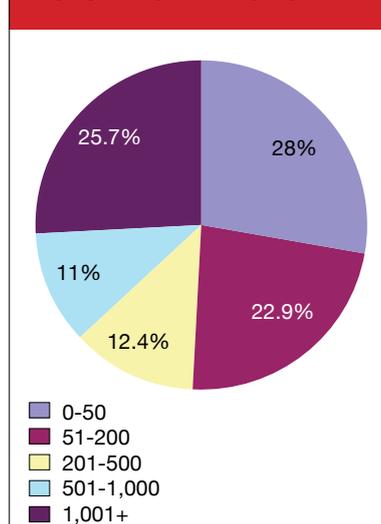


Figure 20: How many employees do you expect to send for external training in the next 12 months?

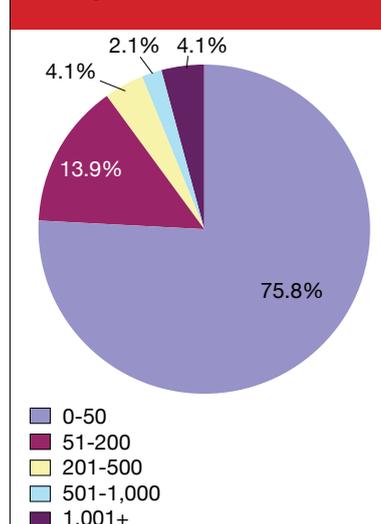
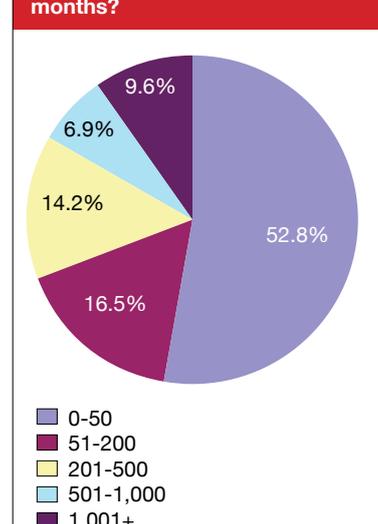


Figure 21: How many employees do you expect to undertake internal training in the next 12 months?



SECTION 5

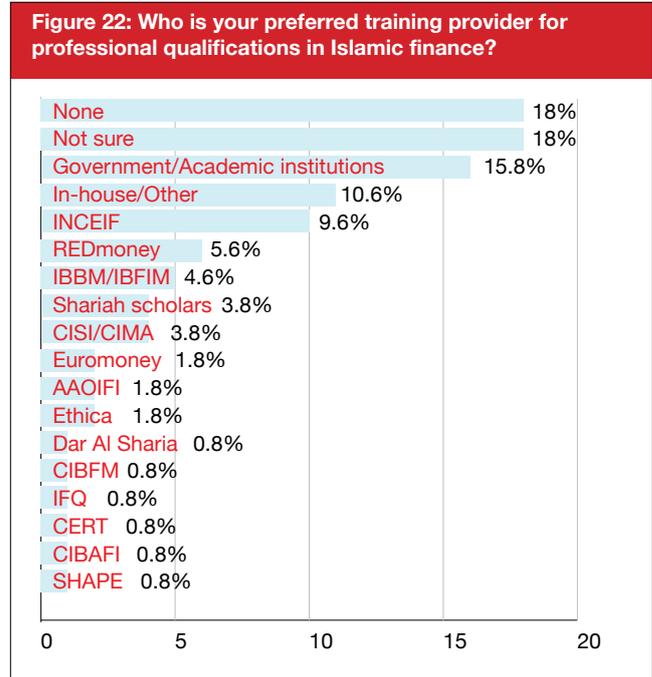
Uncertainties exist over training provision (or lack of)

In-house training is a popular option, with 10.6% of respondents identifying it as their preferred option. However, there appears to be some confusion as to other opportunities available. When asked to state their preferred training provider for professional qualifications in Islamic finance, almost a fifth (18%) claimed that they had no formal provider while a further 18% were unsure or unaware.

Of the other responses, 15.8% identified government or national institutions such as the National Institute of Banking and Finance Islamabad and Bank Negara Malaysia.

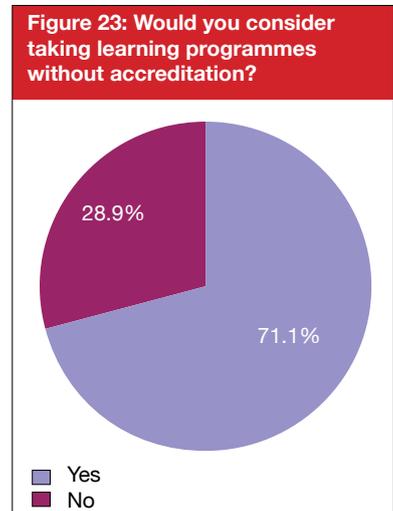
Others suggested standard-setting bodies such as AAOIFI and Shariah advisory firms such as Dar al Sharia, which do not in fact offer formal Islamic finance qualifications.

However, of the specified qualification providers INCEIF was the most popular, used by 9.6% of participants; followed by REDmoney (5.6%) and Institute of Bankers Malaysia (IBBM)/Islamic Banking and Finance Institute Malaysia (IBFIM) (4.6%).



Accreditation not a major decision factor

Interestingly, when asked whether they would consider taking a programme without accreditation, 71.1% of participants agreed that they would consider this with only 28.9% identifying it as a deciding factor. However, this is more likely to be due to a willingness to learn rather than organisational preference, with respondents highlighting that they would consider taking any training programme whether accredited or otherwise. The majority recognise accreditation as important, with a senior executive for a Malaysian institution highlighting the need for: “An accredited professional course with flexibility for staff to attend part-time, similar to the CFA. It should be just as tough if the industry is serious about producing quality.”



Instructor skill is the most important element when choosing a programme

When asked what suggestions they might have to improve learning programmes to suit their requirements, the survey participants responded with an overwhelming number of contributions and suggestions. Instructor skill, knowledge and experience came top of the list, with 17% identifying it as important. “Actually have real experienced Islamic bankers teaching the courses, rather than people who only have theoretical training, but have never actually

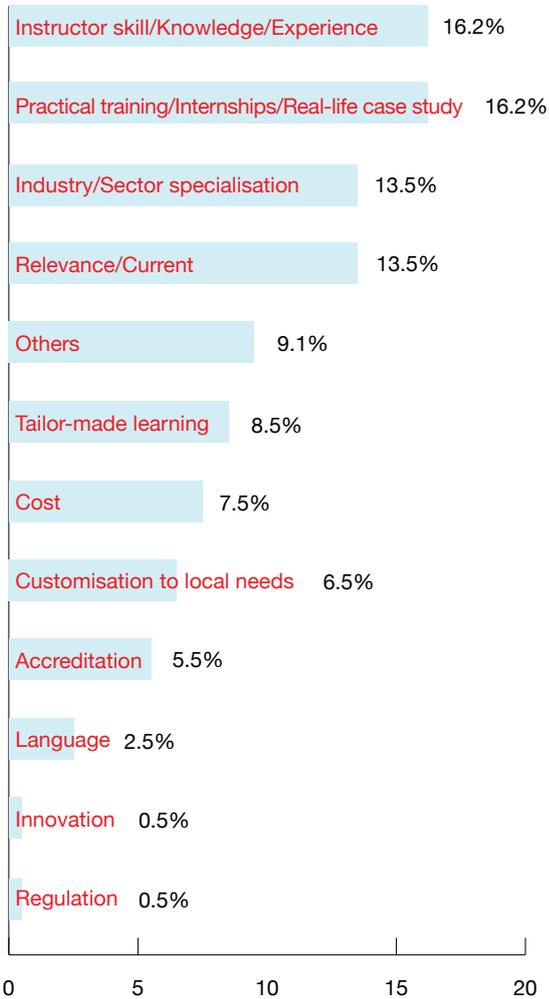
closed deals,” begged one anonymous contributor from Europe. Practical training, internships and case studies were all also highlighted as important.

“Have real experienced Islamic bankers teaching the courses, rather than people who only have theoretical training, but have never actually closed deals.”

Cost was an obvious factor, but many participants also asked for more tailor-made and individual options. “Learning programmes must meet the organisations needs. In other terms, it is more appropriate to build learning programmes with the organisations rather than offering them standard programmes,” said a partner with an Islamic financial services provider. Innovation is another key element: “I think what is lacking in Malaysia is innovation and thinking out of the box in coming up with new investments, raising capital and other

SECTION 5

Figure 24: Key factors that would influence/improve learning programmes



“There is currently a high level of dissatisfaction with the provision of training, and a need for improvement especially in terms of practical components.”

opportunities. Even the unit trust industry is lacking any creativity, with the same vanilla fund types,” said a senior securities executive with a major global bank.

Specific areas are also in need of improvement. “Education on the regulatory side is lacking, as well as industry-wide risk management, policy and regulator programmes,” noted the director of a financial regulatory authority in one Asian country. “Sukuk is a growing asset class and we are seeing lots of Sukuk funds and portfolios in the market. We need to see programmes on Sukuk fund management and Sukuk portfolio management strategies, as well as programmes on Islamic treasury products,” suggested a senior GCC-based executive.

Conclusions

The current approach to training programme usage is worryingly haphazard and disorganised. Although accreditation is not at the top of the list for all practitioners, it would provide an important element of reassurance and standardisation. There is currently a high level of dissatisfaction with the provision of training, and a need for improvement especially in terms of practical components, a more user-specific approach customised to local and sector needs, as well as an increased focus on regulation and innovation.



SECTION 6

Accreditation Analysis

Summary

- 80% think that accreditation will ensure a high quality learning programme
- 61% believe their learning programme structure helps with career progression.
- 84% believe that international professional recognition (through accreditation) would help meet expectations.
- 69% believe accreditation guarantees quality.
- 50% think an accredited qualification adds value to a professional resume.
- 81% agree that they would be more likely to send delegates to a training programme if it was accredited.

Majority believe that accreditation ensures quality

While accreditation may not be a leading decision factor, there is no denying its importance as a tool for reassurance, quality and accepted standards – and the vast majority (79.8%) of survey participants believe that accreditation of a training programme ensures high quality.

This may seem to contradict the earlier results which suggested that 71.1% would take a programme without accreditation. However, the results demonstrate that while accreditation is not considered necessary, majority of the participants would prefer to take an accredited programme due to its recognised benefits.

“International professional recognition through an accredited course is viewed as a key career tool, with 83.6% of the practitioners surveyed agreeing that it would help them to meet the expectations of their organisation.”

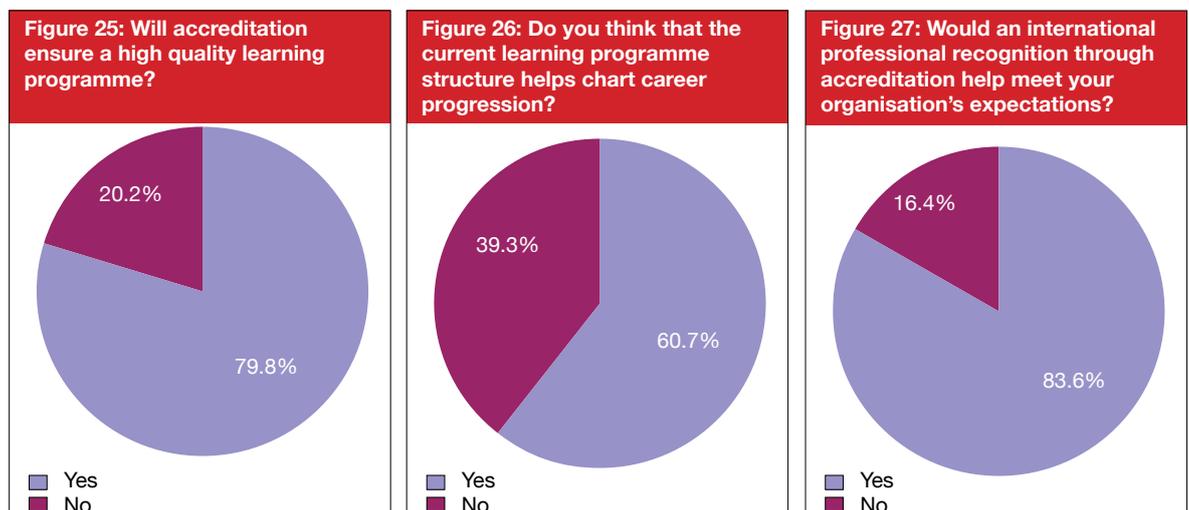
Training programmes assist in career progression

This is significant because most practitioners also believe that training and qualifications are important elements that assist in career progression and advancement. Around two-thirds (60.7%) of participants think that their current learning programme helps to chart career progression, suggesting that an accredited programme (guaranteeing quality) would go even further.

In fact, international professional recognition through an accredited course is viewed as a key career tool, with 83.6% of the practitioners surveyed agreeing that it would help them to meet the expectations of their organisation.

There is an industry-wide assumption that an accredited course guarantees quality, and over 50.4% specifically noted that an accredited qualification would add value to a resume. Only 7.6% believe that an accredited course carried no additional benefits.

“Accreditation in the long-run ensures scrutiny of the programmes themselves and adds more credibility to the organisation,” said the managing director of an Islamic institution. “It provides recognition from both the



SECTION 6

Figure 28: What benefits does an accredited course provide?

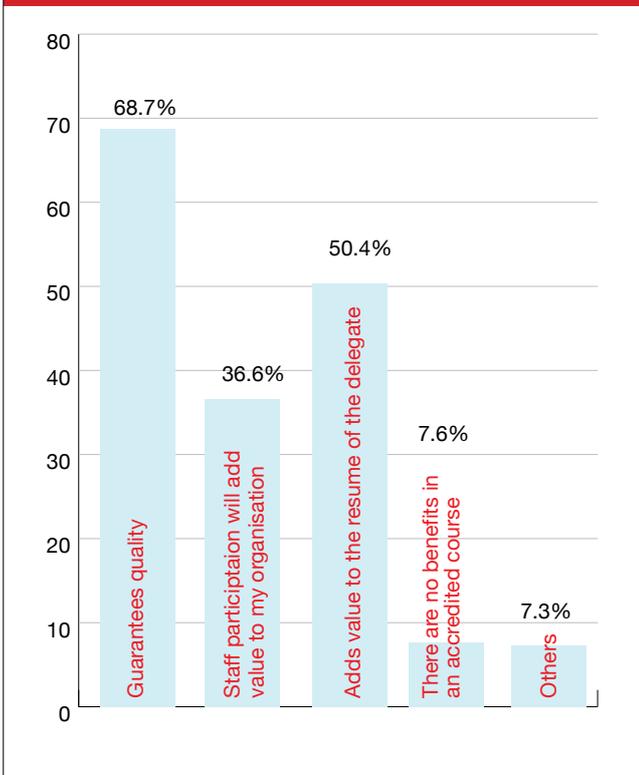
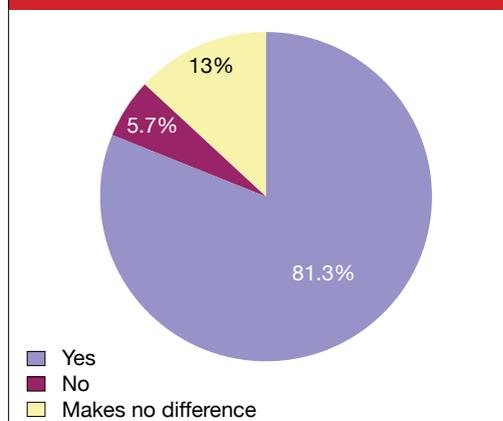


Figure 29: Would the accreditation of a training course influence your decision in sending delegates?



industry and the public,” said a senior manager with a Malaysian bank; as well as “motivation for delegates to attend,” according to another participant.

Accreditation is in fact a significant factor for practitioners when choosing training programmes, and 81.3% also confirmed that accreditation would influence their choice of course.

Conclusions

The survey responses clearly show that accreditation is a key factor for industry players, and offers distinct and valuable benefits both for the organisation (in terms of quality and recognition) and the delegates themselves (in terms of career progression and advancement).



“Over 50.4% specifically noted that an accredited qualification would add value to a resume.”

SECTION 7

Accreditation Opportunities

Summary

- Around two-thirds (69%) of the providers surveyed already accredit their learning programmes.
- 95% would consider accrediting their learning programmes in the future.
- Reputation, experience and international exposure are the biggest factors in the choice of accreditation agency.
- Benefits of accreditation include credibility, industry recognition, international exposure and marketability.

Accreditation already a widespread preference

Many providers have already recognised the importance of accreditation, and 69.2% already accredit their learning programmes. Of those who do not yet accredit their programmes, many are currently in the process of doing so. “We are accrediting all our programmes,” confirmed the chief academic officer of one institution. “All our programmes are under review,” said a professor with a leading GCC academic institution, while a third academic explained that: “We are just looking for the right accreditation body.”

In fact, the vast majority (94.4%) of providers would consider accrediting their programmes, affirming that the value of accreditation.

Figure 30: Do you currently accredit your learning programme(s)?

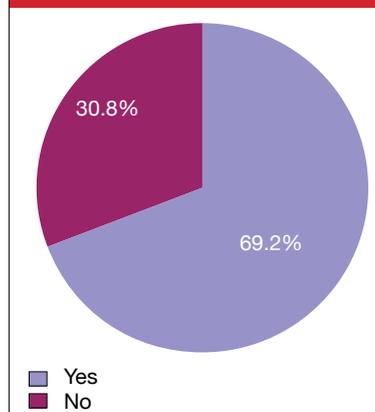
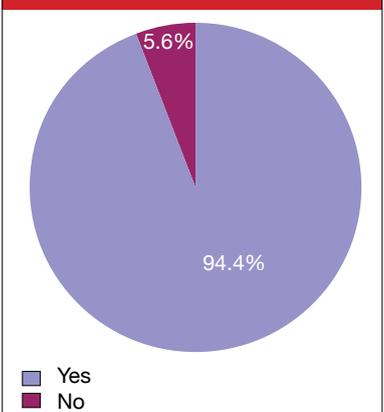


Figure 31: Would you consider accrediting your learning programme(s)?

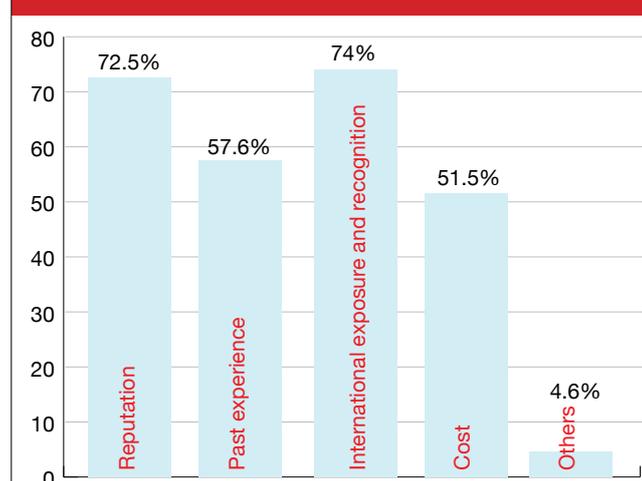


Some providers are still sitting on the fence

However, some believe that not all programmes actually require accreditation: “Only our longer-term training is accredited, we do not do it for short-term training,” said a Malaysian academic.

Others are sitting on the fence or waiting a while before jumping in. “We may consider it in another two years,” said the dean of the faculty of economics at an Asian institution. “We do not feel it is very essential,” said the dean of another highly respected organisation, while other participants claim that accreditation is “not available” or “irrelevant” in their jurisdiction.

Figure 32: What factors would you take into consideration when choosing an accreditation agency for Islamic finance training courses?



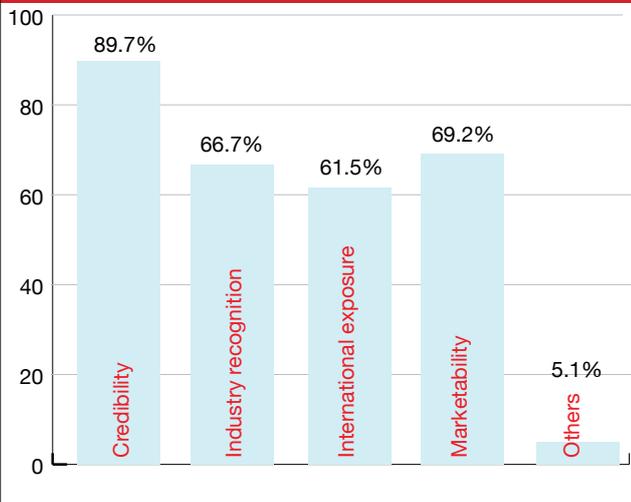
International recognition is the most important criterion for an accreditation agency

While some providers may be unsure of the benefits that accreditation confers. When asked what factor they would take into consideration when choosing an accreditation agency, the most important aspect was international recognition and exposure, which was highlighted by 74% of participants as a key issue. Reputation is another driver (72.5%) as is past experience (57.6%).

Interestingly cost appears to be less important than quality, with only 51.5% identifying it as a deciding factor when choosing an accreditation agency.

SECTION 7

Figure 33: What value would accreditation give to your learning programmes?



Respondents also commented on additional factors that might influence their decision, including: “The content and format of the programme and how rooted it is in the real Islamic finance day-to-day world,” according to one managing director. Another anonymous participant agreed that “adherence to Islamic ethos and fundamentals” was a core issue.

Credibility is the biggest benefit to accreditation

Adherence to the Shariah is of crucial importance, as 89.7% of participants agree that credibility is the single biggest benefit to accreditation. Additional value is derived from industry recognition (66.7%), international exposure (61.5%) and increased marketability (69.2%), while respondents also identified “benchmarking” and “quality and reputation” as key factors.

Conclusions

There is no doubt that accreditation adds considerable value to a training programme. International exposure, credibility, increased marketability and global recognition are all core values that an accreditation brings to a provider, which it can then pass on to its clients. Improving the accreditation levels of Islamic finance training programmes across the world and encouraging their standardisation and use by all Islamic finance practitioners will have a significant impact on the direction and development of the industry; ensuring that it moves forward in the right direction supported by high quality content and driven by top level performance.

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About FAA

Finance Accreditation Agency (FAA) is an international and independent quality assurance and accreditation body supported by *Bank Negara Malaysia* (Central Bank of Malaysia) and Securities Commission Malaysia.

FAA is responsible for quality assurance and promotion of learning initiatives within the financial services industry through learning programme, institutional and individual accreditation, as well as the promotion of future learning practices in the financial services industry through the development of an FAA Qualification Structure (FQS), FAA Learning Standards (FLS) and FAA Recognition of Learning (FRL).

Through these initiatives, FAA aims to contribute towards promoting the highest standards in the development of talent for the financial services industry.

About REDmoney

Launched in March 2004 in Kuala Lumpur Malaysia, REDmoney is a financial based media company focusing on the global Islamic financial markets. With offices in Kuala Lumpur, Malaysia and Dubai, United Arab Emirates and registered in Labuan, Malaysia, the company has three main divisions: events; publishing and training.

Over the past 10 years, REDmoney has become synonymous with Islamic finance and is the market leader in all three business divisions. It counts almost every regulator and financial institution globally with Islamic finance operations or aspirations as its clients.



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