

## **Zeti Akhtar Aziz: Developing a robust competency framework for the Malaysian banking industry**

Opening speech by Dr Zeti Akhtar Aziz, Governor of the Central Bank of Malaysia, at the Industry Competency Framework Study Focus Group Discussion, Kuala Lumpur, 6 December 2005.

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Saya berasa amat bangga kerana diberi peluang untuk menyampaikan sepatah dua kata dan seterusnya merasmikan Sesi Wacana Institut Bank-Bank Malaysia. Saya ingin mengucapkan terima kasih atas penyertaan anda dalam temu ramah eksekutif yang merupakan input yang amat bernilai dalam pembentukan rangka kerja kompetensi industri yang akan dibincangkan hari ini.

The banking sector will remain the pillar of our financial system, as it evolves to offer more innovative financial solutions to meet the changing needs of the economy. The industry however, needs to be well positioned in a financial landscape that is continuously being redefined. While new opportunities have emerged, there are also new challenges on the horizon. Foremost amongst these is intensified competitive pressures, spurred by financial liberalisation and technological revolution. Other challenges include the growing demands of customers for differentiated product offerings and value-added services at more competitive prices, excellent service quality, and superior level of efficiency. Strategic opportunities also arise from new growth areas and a larger marketplace as economic integration regionally and globally gather pace, driven by increasing regional and global trades and investment flows. Banking institutions must be ready for the challenges and be well equipped with distinct capabilities to take advantage of the opportunities that the new environment accords.

Banking is a knowledge-intensive, skills-based and relationship-rich industry. In an increasingly complex and a more liberalised environment, the competitiveness of banking institutions will depend critically on the quality of human intellectual capital and the extent to which the industry is able to leverage on these talents. To compete effectively, banking institutions need professionals with the requisite skills and expertise not only at the strategic and management level, but also at the technical and operational level. Successful institutions will be the ones which accord high priority to effective placements, rewards, retention and most importantly, lifelong learning and the continuous enhancement of human capital. Lifelong learning is becoming increasingly important in this knowledge-based economy where knowledge and skills need to be continuously updated and upgraded. At the macro-level, the breadth and depth of skills of the entire financial services workforce will increasingly be the defining factor in determining the success in building a more efficient, effective and dynamic financial sector. The availability of appropriately trained and competent human resources is a critical factor key to support the performance of the industry. In essence, continuous strengthening of intellectual resources and capabilities must be made to create a larger pool of talents and high calibre professionals in the banking and finance industry.

Competence and skills development have always been an area of focus, but it will be even more important as we prepare our workforce for a more challenging environment, one that is more competitive and more complex. The first step is to build the skills required at the tertiary level to ensure that the curriculum at our universities and colleges equip graduates with the relevant knowledge and skills that meet the needs of the industry. In this respect, closer cooperation between the industry's training institute and the academia will help to develop a new breed of graduates who will be much better prepared to enter the workplace. At the post-employment stage, we need incentives for continuous learning and upgrading of skills and an infrastructure that delivers the appropriate training. For the development of banking sector workforce, the International Centre for Leadership in Finance (ICLIF) was established to pave the way for the development of future leaders in the industry, while Institut Bank-Bank Malaysia (IBBM) provides the avenue for competency building among the various levels of staff.

With the onset of financial liberalisation, the traditional lines of business are likely to expand into new areas and new business models. As a consequence, the skills requirements have also evolved with the growing diversity and complexity of businesses in which banks are engaged, the increasingly sophisticated customer needs, technological innovation, and the expectations for sound risk management. In this context, there is a need to analyse the essential competencies for current job functions and to anticipate future skills requirements, with a view to building a competency framework for banking and finance that is relevant to the changing financial landscape.

The development of an industry competency framework seeks to elevate the level of professionalism and competence in the banking industry through appropriate training and certification programmes. For banking institutions, the competency framework will serve as a source of reference and impetus in sharpening competencies of staff and enhancing organisational capabilities to meet future challenges. The framework could also provide a benchmark for performance measurement and recognition for skills improvement. The competency framework will provide the foundation to guide IBBM in designing and offering relevant management and technical programmes to meet the current and future needs of the banking industry. In addition, the framework would assist academic institutions in aligning their curriculum to meet the industry's needs and to ensure a steady supply of graduates in new growth areas. Competency standards set for certification programmes could also serve as a basis for evaluating and accrediting training providers to ensure the provision of top quality training. For the banking workforce, the framework provides a platform for self-assessment to be aware of their competency gaps, and to engage in continuous learning so as to further their careers and keep in tandem with the new demands.

The quality of human capital will increasingly become the cutting edge of competitiveness. Having competent staff to deliver high quality products and services is critical to building customer confidence and goodwill, driving customer satisfaction, enhancing reputation, and ultimately realising your corporate vision and strategic goals. It is therefore, in the banking institutions' interests to ensure that the competence and professionalism of staff in their industry is further strengthened.

The success in developing a robust industry competency framework requires collaborative endeavours among all the parties involved, based on a common vision of an industry which embraces the values of continuous learning and development. The industry competency framework is being developed through a participatory process involving strategic insights and feedback from industry leaders in the country and the region. Detailed work is already underway, following the executive interviews which you have participated. Your continued strong support, commitment and contributions will be instrumental in ensuring the success of the industry competency framework.

With rapid changes taking place in the financial landscape, we need a new generation of professional bankers who are more customer-centric, technology-savvy, more highly qualified, flexible and agile with skill sets that are now more comprehensive than previously. As we prepare ourselves for a more challenging environment, the need to build a competent human capital base with high integrity, right attitudes and work ethics, as well as to maintain a learning environment could not be overemphasised. In realising the goals of a progressive and dynamic financial sector, greater efforts must be directed to building human intellectual capital in a continuous cycle of competency development and enhancement.

Let me conclude on this note and wish you a most productive discussion session.

Thank you.