

Zeti Akhtar Aziz: The International Centre for Education in Islamic Finance

Governor's luncheon address by Dr Zeti Akhtar Aziz, Governor of the Central Bank of Malaysia, at the launching of The International Centre For Education In Islamic Finance (INCEIF), Kuala Lumpur, 23 March 2006.

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It is my great pleasure and honour to welcome you to this luncheon in conjunction with the Meeting of the 1440 Hijrah Vision Commission of the Islamic Development Bank (IDB) and the Launch of the Vision Document that has taken place this morning for the transformation of the Islamic Development Bank to become the premier catalyst for greater shared prosperity and development among the ummah. We are most honoured today by the presence of Yang Amat Berhormat Dato Seri Abdullah Ahmad Badawi. I would like to take this opportunity to congratulate the IDB for the successful launch of the IDB 1440 Hijrah Vision. The Vision Document would serve as an important blue print for the transformation of the IDB into a dynamic Development Bank that will contribute to the "comprehensive human development", and thereby achieving prosperity for the ummah. We are also honoured today by the presence of His Excellency Tun Dr. Mahathir bin Mohamad, Chairman of the Commission, and His Excellency Dr. Ahmad Mohamed Ali, President of the Islamic Development Bank Group.

Today, we are also taking the opportunity of this very auspicious occasion, with the grace of Allah, to lay the foundations for another initiative, the launch of the International Centre for Education in Islamic Finance, INCEIF.

The Islamic banking and financial services industry has experienced profound growth in this recent decade. This growth is expected to accelerate further global expansion in demand for Shariah-compliant financial products and services intensify. To sustain and support the future growth of the industry, an important prerequisite is the development of the talent and expertise that is needed to drive innovation and to raise the performance of the industry to greater heights.

The establishment of the International Centre for Education in Islamic Finance (INCEIF) represents an investment in human capital to support the global development of the Islamic financial services industry. Human intellectual capital plays a pivotal role in driving the performance and market competitiveness of the industry. Going forward, it will be the defining factor. The fast pace of innovation in global financial services in general and in the Islamic financial services sector in particular, will demand new expertise and skills. Indeed, there will be an increase in demand for adequately qualified professionals. In this environment, the creation of a substantial pool of talent and expertise is thus indispensable for the future growth of Islamic finance. Strengthening research and development capabilities is also important for enhancing the capacity for innovation to meet the diverse requirements of the rapidly changing global economy.

The establishment of the International Centre for Education in Islamic Finance thus comes from the recognition of this need to invest in human capital to advance the industry forward to greater heights. Bank Negara Malaysia has allocated an endowment fund of RM500 million for this purpose. The income from the endowment fund will be utilised to finance the operations of INCEIF. The objective of INCEIF is to produce high-calibre practitioners and professionals in Islamic finance as well as specialists and researchers in the disciplines of Islamic finance. INCEIF will leverage on the wealth of experience of the Islamic finance industry, both in Malaysia and abroad, to provide its graduates with value added insights and perspectives, in particular for their research programmes. Malaysia's experience in Islamic finance for over more than two decades will also provide a training environment, including for internships for developing Islamic finance professionals.

The required skill set in Islamic finance is unique. It needs to have the right blend of knowledge of finance with the understanding of the Shariah as being central. The Shariah principles must be embedded in every operational aspect of the Islamic financial institution, including in the design of financial products and financing structures, financial contracts and their execution, liquidity and balance sheet management, risk management as well as asset and wealth management. The upholding of the Shariah principles must permeate from the highest level, including at the broad and senior management levels. Sound policies and practices premised on Shariah principles will evolve the Islamic financial system into a financial system that is distinctively ethical and that which promotes economic justice.

In meeting this objective of providing a total talent management solution for the Islamic financial services industry, INCEIF will offer the world's first certification on Islamic finance, the Certified Islamic Finance Professional (CIFP) programme. The CIFP modules to be offered has been designed by renowned experts of their respective fields and have been developed in full consultation with local and international industry players in order to ensure their relevance to the requirements of the industry. Following the launch of the INCEIF today, the programme will be open for registration. Classes for the first enrolment will commence in June 2006. INCEIF also offers post-graduate programmes in Islamic finance that will include specialised Masters and Ph.D. programmes in the various Islamic finance disciplines.

INCEIF will be governed by the INCEIF Governing Council and the Professional Development Panel. The INCEIF Governing Council, comprising eminent local and international professors from the academia and industry practitioners, will set the strategic direction and provide visionary global insights on the learning needs of the Islamic financial services industry. The Professional Development Panel, with vast experience in the Islamic finance industry and academia well represent the authority in academic matters and will have the responsibility for establishing the academic policies of INCEIF as well as the quality assurance of the CIFP and post-graduate programme modules. The academic faculty will include permanent as well as regular visiting professors and scholars-in-residence.

INCEIF will also form strategic alliances with leading local and international learning institutions to complement our pursuit to provide world-class knowledge for the benefit of the industry in particular, and the ummah in general. It is our vision that INCEIF will one day be an international nucleus for tertiary education in Islamic finance, training and research and provide a strong support in the development of Islamic financial infrastructure.

With the grace of Allah, and with the support of the international Islamic financial community, it is our hope that INCEIF will make a meaningful contribution to the future development of Islamic finance for the benefit of the ummah.

In closing, once again, I would like to express our deepest appreciation to the Yang Amat Berhormat, Dato' Seri Abdullah Haji Ahmad Badawi, Prime Minister of Malaysia for gracing this occasion and for accepting to officiate the launch of INCEIF.