

Zeti Akhtar Aziz: Focus on human capital development in Malaysia

Welcoming remarks by Dr Zeti Akhtar Aziz, Governor of the Central Bank of Malaysia, at the INCEIF Strategic Partnership 2006, Kuala Lumpur, 14 December 2006.

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Yang Berhormat, Dato' Mustapa Mohamed, Minister of Higher Education, Distinguished Guests, Ladies and Gentlemen,

It is my great pleasure and honour to welcome you to INCEIF Strategic Partnership in conjunction with the signing of Memorandum of Understanding between INCEIF and nine institutions of higher learning in Malaysia. This occasion is of particular significance as, on this day, with the grace of Allah, we are laying the foundation for the promotion of collaborative efforts in human capital development which will benefit the Islamic financial services industry.

Against an environment of a rapidly evolving Islamic financial industry and the growing significance of Islamic financial institutions globally, human intellectual capital has become the defining factor in sustaining the performance and competitiveness of the Islamic financial industry. Indeed, the fast pace of innovation in global financial services in general and in the Islamic financial services sector in particular, demands new expertise and skills. In this environment, the creation of a substantial pool of talent is indispensable for the future growth of Islamic finance. In this regard, Malaysia has placed strong focus on human capital development through training and education.

Ladies and Gentlemen,

The establishment of the International Centre for Education in Islamic Finance (INCEIF) reflects Malaysia's continuous effort and commitment towards development of a progressive Islamic financial industry by developing and enhancing human intellectual capital in Islamic finance. These efforts will also reinforce the efforts to position Malaysia as an international Islamic financial centre (MIFC).

Since its establishment in March this year, INCEIF has made significant progress. To date, I am pleased to announce that INCEIF has now more than 600 registered students with 26 per cent of them coming from 21 countries. As a move to develop and encourage research in Islamic Finance, INCEIF is offering research grants for ongoing as well as new research projects. Grants are available on a competitive basis and I am pleased to note that the research grant to be awarded today covers a broad range of areas ranging from Islamic financing, product innovation, risk management and governance.

In establishing a world class centre for education and training in Islamic finance, of importance, is the combined collaborative efforts among industry players, researchers, academicians and Shariah scholars. The critical shortage of available technical talent in the Islamic financial industry can be addressed if all the relevant participants to the Islamic financial sector - the industry, the regulators, the market participants and the academia are willing to forge their efforts together on a continuous basis to elevate the performance level of Islamic finance. Today, we are paving the way for closer collaboration between INCEIF and the institutions of higher learning in Malaysia to realise our common objective of developing the pool of expertise in Islamic finance. This collaborative move, would establish a network of mutual co-operation and collaboration that would strengthen the efforts between the institutions of higher learning in the areas of curriculum development, research, training, exchange of ideas and information, and resources in Islamic finance. This partnership in connecting the knowledge communities in Malaysia needs to be developed and maintained on a long-term basis.

Entering into strategic alliances with institutions of higher learning, Islamic financial institutions and other organisations would create greater synergy, which may bring about new approaches, new technologies and new areas of specialization. Collaborative efforts between INCEIF and institutions of higher learning in particular, would strengthen the ability to leverage on the respective institutions' expertise in research. The introduction of new research findings in Islamic financial engineering could pave the way for increased innovation of new products. This would contribute towards broadening and deepening Islamic financial markets and thus strengthen the overall development of the Islamic financial industry. In addition, active collaboration between academic researchers and the practitioners will enable the practical application of research findings.

One of the strategic steps that INCEIF has initiated is the forging into strategic alliances with the five takaful operators to collaborate in promoting and undertaking research, development, training and education in Islamic finance. In the international arena, INCEIF has also established strategic alliances with the Islamic Research and Training Institute (IRTI) of the Islamic Development Bank, Lembaga Pengembangan Perbankan Indonesia (LPPI) of Bank Indonesia, National Institute of Banking and Finance (NIBAF) of State Bank of Pakistan and Ceylinco Sussex Business School, Sri Lanka, among others. INCEIF is also in the midst of finalising its collaborative efforts with organisations in the United Arab Emirates, Kuwait, Bahrain and Qatar.

Initiatives have also been taken to enhance the pool of talent in the field of Shariah. This has been done by awarding research grants and scholarships to deserving outstanding candidates. This initiative will be funded by the Shariah Endowment Fund which was announced in August this year. The applications for the Shariah Scholarship Award and the Shariah Research Grant for 2006 are still open to qualified candidates until the end of the year.

Apart from this, many other initiatives have been taken by the relevant bodies in Malaysia to strengthen talent development at all levels in Islamic finance. At the strategic leadership level, Malaysia has established the International Centre for Leadership in Finance or ICLIF as part of an effort to spearhead the development of a new generation of world class leaders in the financial services sector including Islamic finance towards high performance and excellence. In the development of technical expertise, the Islamic Banking and Finance Institute Malaysia (IBFIM), the industry training arm, has played an active role in producing well-trained and high calibre individuals with the necessary skills in Islamic finance. IBFIM offers advisory, training and consultancy services on Islamic banking and finance and organise seminars, workshops and conferences to create awareness and training to meet specific requirements of the industry. The programmes on offer include the fundamental aspects of Shariah, Islamic banking and takaful and risk management in Islamic financing. IBFIM has been working closely with the industry to ensure that their training and education programmes are tailored to meet the changing needs of the industry.

Ladies and Gentlemen,

In conclusion, the future success of Islamic finance will depend on the co-ordinated and concerted collaborative efforts of all stakeholders, namely the Islamic finance practitioners, educators and researchers. In this regard, all parties should put in relentless efforts to continuously promote the development of Islamic finance into one which is progressive, dynamic, responsive and sustainable. While the increasingly more competitive prevailing environment raises the pressures to produce immediate-term results, it is the investment in human capital and in research and development that will secure the long-term sustainability of the industry.

With the grace of Allah, and with the support of all those involved in Islamic finance, 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 Berhormat Dato' Mustapa Mohamed, Minister of Higher Education for gracing this occasion and for accepting to witness INCEIF partnership with nine institutions of higher learning.

Thank you.