



ISLAMIC FINANCE TASK FORCE

CAPACITY BUILDING FOR SHARĪ'AH SCHOLARS



Presentation at 5th COMCEC Capital Markets Regulators Forum Meeting
Istanbul, Turkey

27 October 2016

AGENDA

- ISLAMIC FINANCE TASK FORCE – Past & Current Initiatives
- CAPACITY BUILDING FOR SHARĪ‘AH SCHOLARS
 - ✓ Survey Questionnaires
 - ✓ Survey Findings
- KEY FINDINGS AND PROPOSED SOLUTIONS
- WHAT’S NEXT?

ISLAMIC FINANCE TASK FORCE

- Past & Current Initiatives

2013 - 2014

Islamic Finance Task Force published a report on **“Enhancing Infrastructure for Islamic Capital Market”** covering:

- Legal, Regulatory & Tax Framework;
- Shari’ah Governance;
- Products & Services; and
- Talent Development.

The report highlighted **six (6) recommendations.**

May/June 2015

Organised the Islamic Capital Market Capacity Building Programme in Dubai. The Programme had covered part of the six recommendations.

2016 onwards

Following the completion of Dubai’s Programme, the **remaining recommendation is Shariah Governance** i.e. Promoting continuous professional development for Shari’ah Advisers



CAPACITY BUILDING FOR SHARĪ'AH SCHOLARS

The focus of the Islamic Finance Task Force for 2016 onwards is on Sharī'ah governance, with **main objective to promote continuous professional development for Sharī'ah Advisers**, which is one of the six identified recommendations.

The key objectives under this initiative are to:

- Provide a platform to meet the country's needs for capacity building programme for Sharī'ah scholars;
- Share experiences on Sharī'ah scholars' training initiatives in their respective jurisdictions; and
- Identify appropriate training programmes on Islamic finance for Sharī'ah scholars.

Survey questionnaires were prepared and circulated to COMCEC member countries to gather feedback.

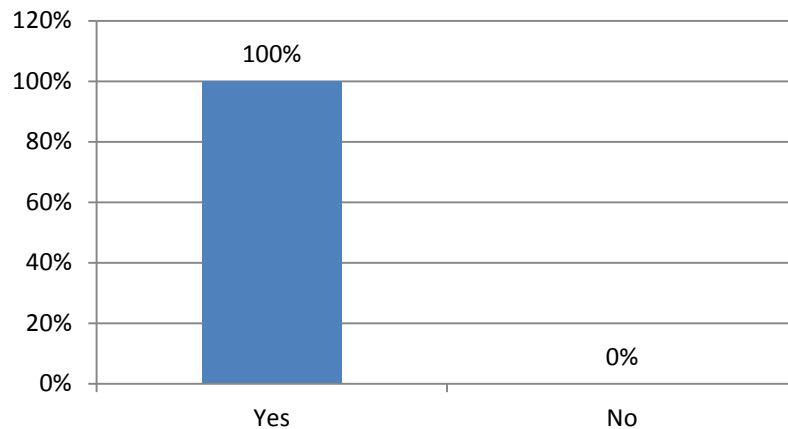
Respondents		
No	Member Authorities & Organization	Country
1.	Autoriti Monetari Brunei Darussalam	Brunei
2.	Autorité Marocaine du Marché des Capitaux	Morocco
3.	Capital Market Authority	Kuwait
4.	Capital Markets Board	Turkey
5.	Central Bank of Sudan	Sudan
6.	Development Bank of Turkey	Turkey
7.	National Council of Credit	Cameroon
8.	Palestine Capital Market Authority	Palestine
9.	Securities Commission Malaysia	Malaysia
10.	Securities & Exchange Commission of Pakistan	Pakistan
11.	Securities and Exchange Organization	Iran

SURVEY FINDINGS

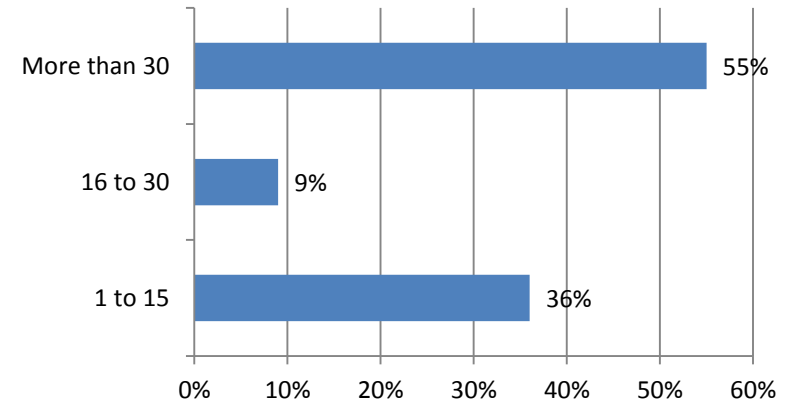
SURVEY FINDINGS

PART 1: GENERAL INFORMATION OF THE COUNTRY'S SHARĪ'AH SCHOLARS IN ISLAMIC FINANCE

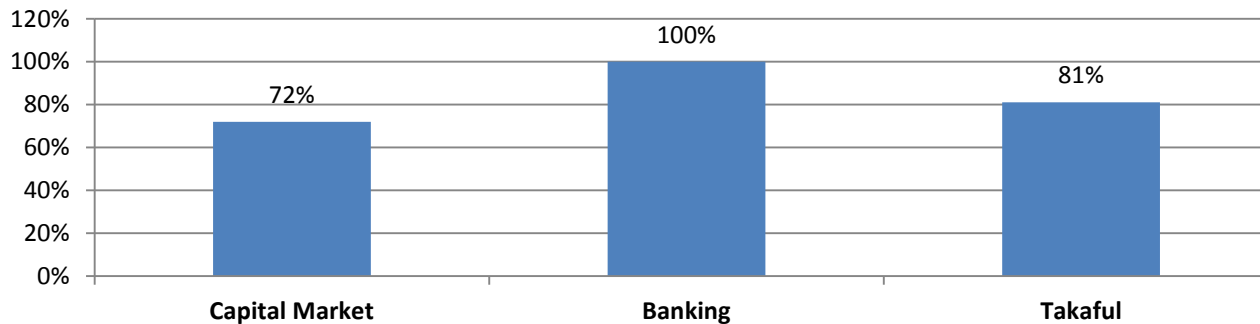
1. Does your country have Sharī'ah scholars for Islamic finance?



2. The number of existing Sharī'ah scholars for Islamic finance in your country?

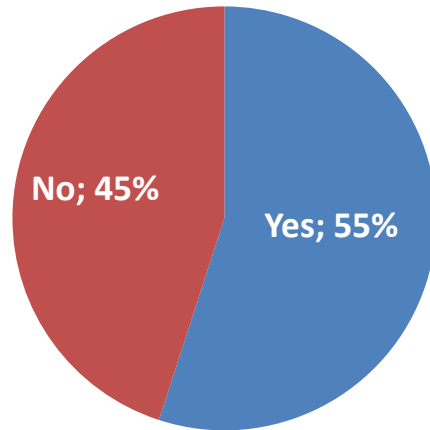


3. In which area of Islamic finance does your Sharī'ah scholars involve?

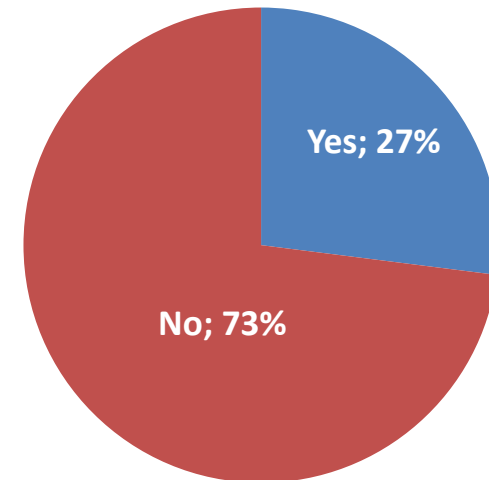


SURVEY FINDINGS – Part 1

4. Is the requirement to appoint Shari'ah scholars in Islamic finance part of your regulatory framework?

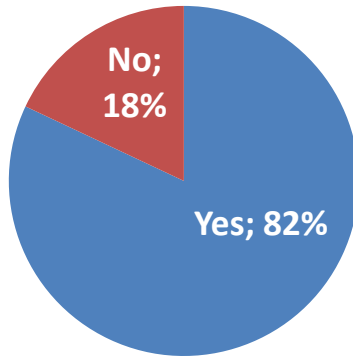


5. Do you register/license individual Shari'ah scholar/Shari'ah advisory firms in Islamic finance to structure/advise on the ICM products?

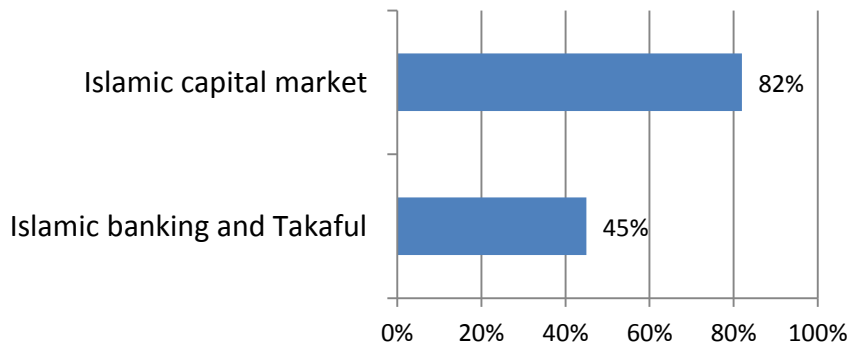


SURVEY FINDINGS – Part 1

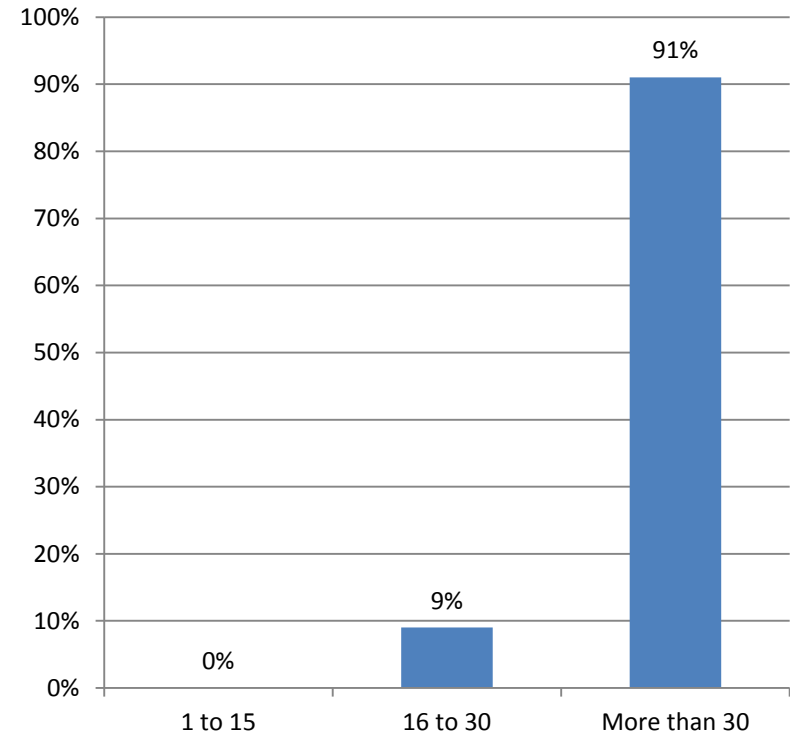
6. Does your country experience shortage of Shari'ah scholars in Islamic finance industry?



If "Yes", which area is affected most?

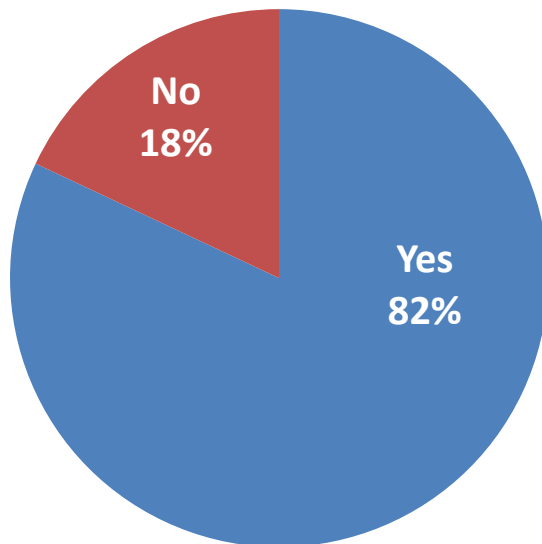


7. What is the estimated number of Shari'ah scholars needed by your country in the next 5 years to cope with the development/expansion of Islamic finance industry?



SURVEY FINDINGS – Part 1

8. Are there initiatives to train Shari'ah scholars specialising in Islamic finance in your country?



If your answer is “Yes”, please rank (1 to 3) the following initiatives/programmes that being pursued the most in your country?

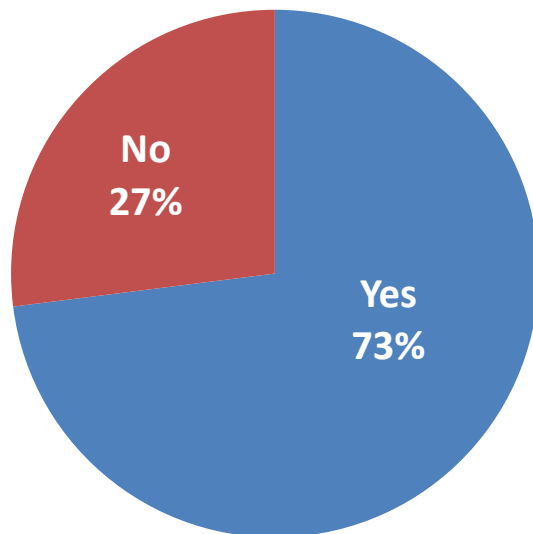
1. Continuous training on Islamic finance (on the job training, attend seminar or workshop on Islamic finance , etc)

2. Tertiary education in Islamic finance

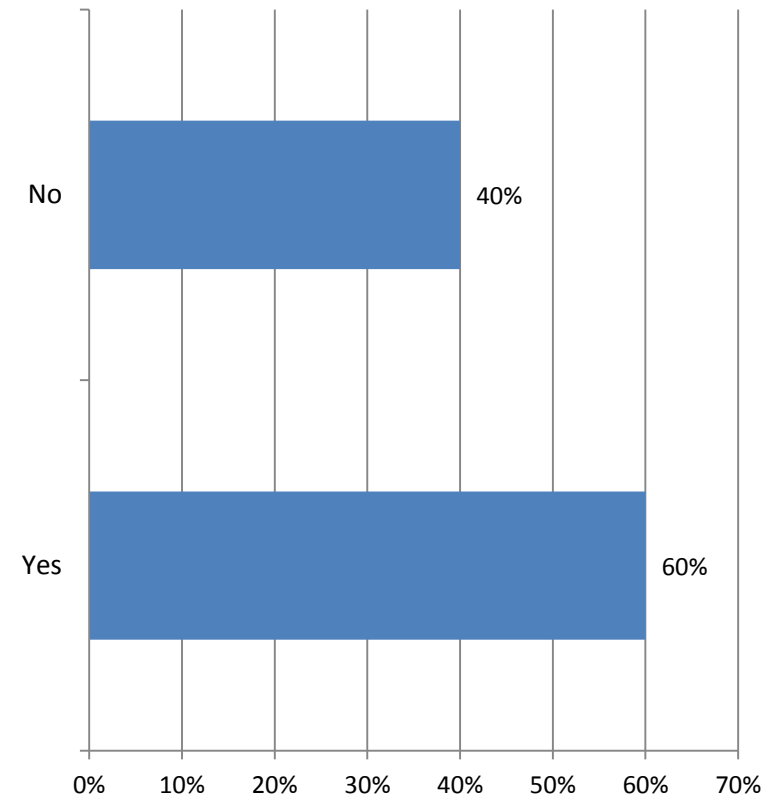
3. Sponsorship/financial assistance to undertake Islamic finance studies (e.g. employer to sponsor staff to acquire knowledge on Islamic finance)

SURVEY FINDINGS – Part 1

9. Are there existing collaborations between the local industry, academia and regulators with external parties outside your country in ensuring sustainable supply of qualified and skilled Sharī'ah scholars in Islamic finance?



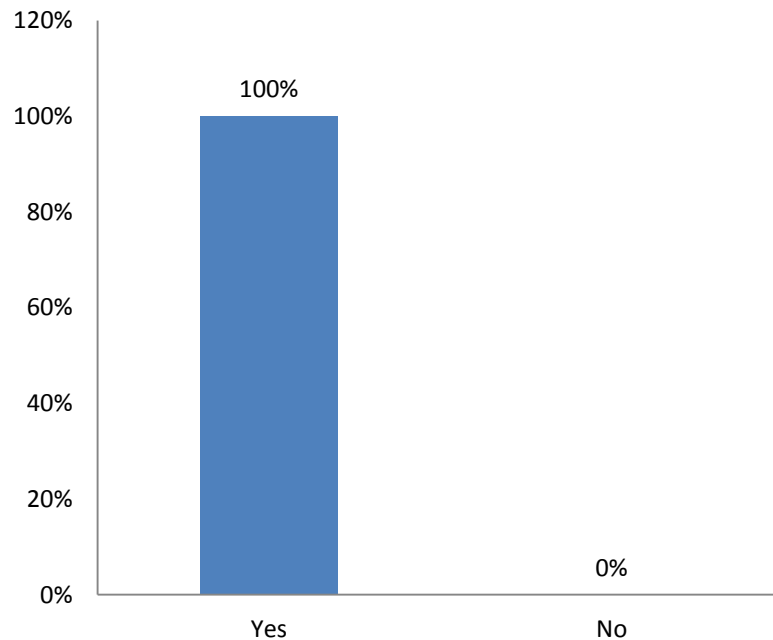
If 'No', are there plans for such collaborations in the near future?



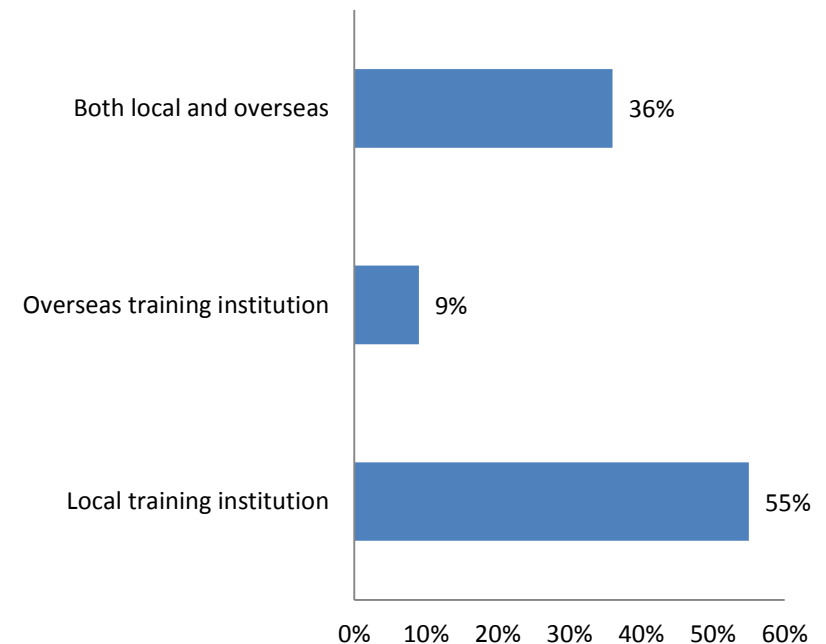
SURVEY FINDINGS

PART 2: THE IMPORTANCE OF DEVELOPING CAPACITY BUILDING PROGRAMME FOR SHARĪ'AH SCHOLARS IN ISLAMIC FINANCE

1. Do you think that it is necessary to develop skills of Sharī'ah scholars in Islamic finance through the structured training programmes?

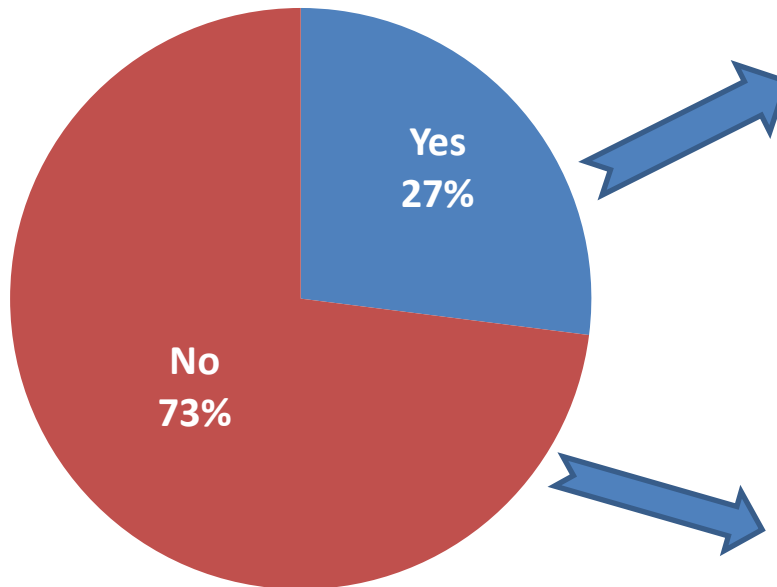


2. Where did most of your Sharī'ah scholars undergo their training programmes in Islamic finance?



SURVEY FINDINGS – Part 2

3. Does your country have regular training programmes specialized in ICM for Shari'ah scholars?



List of Training Programmes	Country
• The Participation Banks Association of Turkey Training Programmes	Turkey
• Imam Sadiq University in Tehran, Mofid University in Qom – licensing requirements to pass ICM educational courses	Iran
• Shariah Professionals Programme, Shariah Advisers Programme	Malaysia

These 3 countries rated the effectiveness of their own programmes as 'Very Effective'

Reasons:

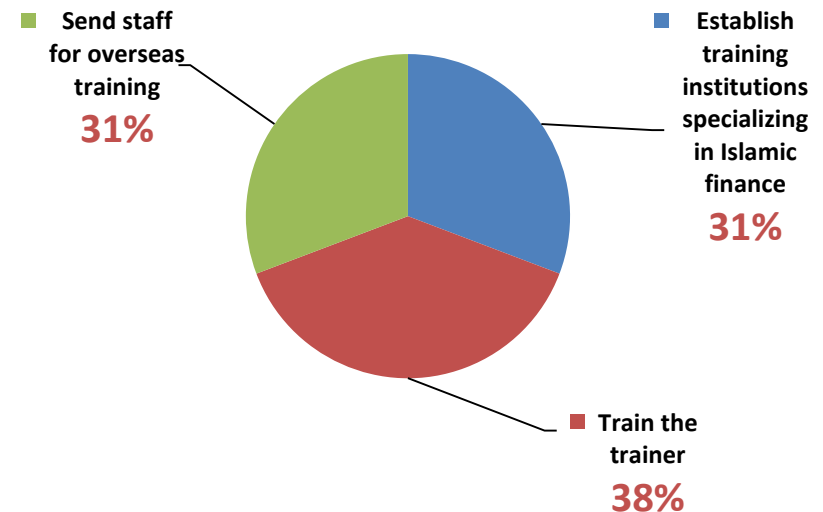
- Lack of information on such programme
- No demand
- Budget constraint

SURVEY FINDINGS – Part 2

4. If you have attended external training programmes for Shari'ah scholars in Islamic finance, what are the main issues relating to effectiveness? Please rank (1 to 5) the following issues in order of importance.

1. Topics lacked in applied issues – inability to apply knowledge to practice
2. Content of the programme lack coverage of important topics
3. Lack of interactive discussion and case studies
4. Language barrier
5. Ineffective trainers

5. What are your country's immediate plans to develop Shari'ah scholars on Islamic finance?

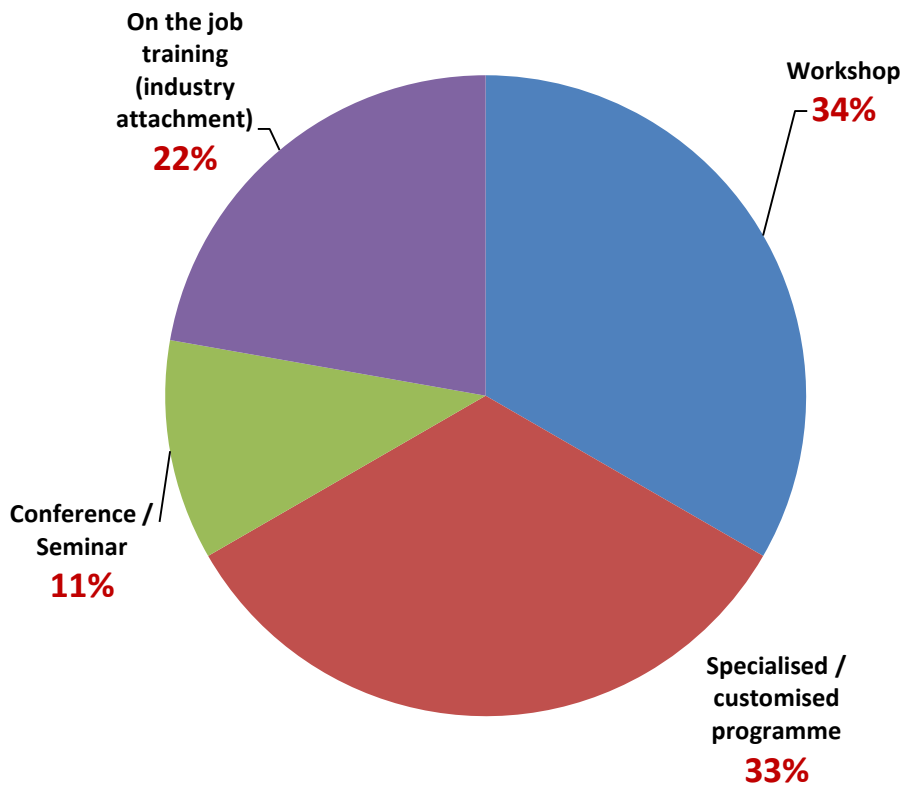


Other plans:

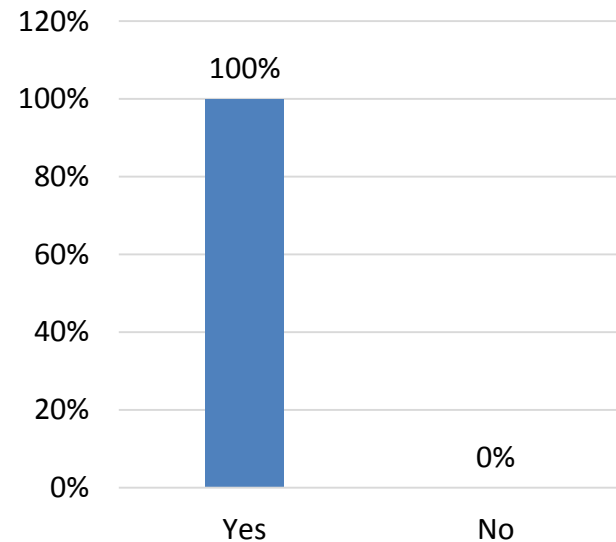
- To draw expertise from the established centres of excellence in the country
- Providing more interactions with practitioners

SURVEY FINDINGS – Part 2

6. What type of capacity building programme do you prefer for Shari'ah scholars?



7. Do you agree that there should be collaboration among OIC member countries to organise training programmes for Shari'ah scholars in Islamic finance?



SURVEY FINDINGS – Part 2

8. Please identify the importance of the following ICM areas for developing skills of Shari'ah scholars?

Areas	Critical	Very Important	Fairly Important	Not Very Important
Shari'ah principles and contracts	30%	70%	-	-
Contemporary Shari'ah issues and challenges	20%	80%	-	-
Shari'ah governance	10%	50%	40%	-
Regulatory requirements and legal documentation	30%	50%	20%	-
Tax and accounting	20%	40%	30%	10%
Islamic equity market	20%	40%	40%	-
Sukuk market	30%	60%	10%	-
Risk Management	20%	50%	30%	-
Strategy and policy	20%	30%	40%	10%

KEY FINDINGS AND PROPOSAL SOLUTIONS

Key Findings

- Shortage of Shariah scholars in ICM
- No regular training programmes specialized in ICM for Shari'ah scholars
- Important to develop skills of Shariah scholars in the relevant areas of ICM e. g. lacking in applied issues (inability to apply knowledge to practice)
- Lack of information on professional programme for Shariah scholars
- Budget constraint

Proposed Solutions

- Collaboration among OIC member countries to organise specialised training programmes for Shari'ah scholars in Islamic finance e.g.
 - Through COMCEC Project Funding
 - Multilateral or bilateral arrangement among training institutions, international regulators, and / or industry
- Leverage on the existing training programmes available in the market
- Engage with experts from the established centres
- Provide more interactive discussion with practitioners

Example of Capacity Building for Sharī'ah Scholars

- Securities Commission Malaysia's Shariah Professional Programmes



The Shariah Professionals Programme for Islamic Capital Market (ICM) is one of the initiatives by the Securities Commission Malaysia to provide continuous professional development in the area of Shariah Advisory relating to the ICM. The programme is exclusively developed with an objective to define key issues and challenges available in the market. It also aims to equip the ICM practitioners in becoming more innovative and hands-on in addressing the issues.

Programme Objective

- Exclusively developed to provide continuous professional development relating to ICM.
- Define key issues and challenges in the market.
- Equip ICM practitioners in becoming more innovative to address the issues.
- Integrates theoretical and practical aspects of industry knowledge.

Target audience

- Shariah advisors for a financial institution
- Academicians
- Legal practitioners in Islamic capital market
- Accounting practitioners in Islamic capital market
- A new ICM entrant

Programme modules

- Comprises 5 modules :
- Fundamentals of Shariah Rulings
 - Regulatory Requirements and Legal Documentation in ICM
 - Accounting, Auditing and Taxation in ICM
 - Islamic Equity Market
 - Islamic Derivatives and Sukuk Market.

ISLAMIC FINANCE TASK FORCE

- *WHAT'S NEXT*



For discussion

- Recommendation on proposed solutions
- Funding model