

Enhancing Intellectual Capital Development

A significant milestone that took place during the year has been in the area of promotion human capital development with the establishment of the International Centre for Education in Islamic Finance (INCEIF) that will commence operations in 2006. The establishment of INCEIF serves as a catalyst in creating a large pool of world-class experts and high calibre professionals in Islamic banking and finance, to meet the talent requirements of the industry both domestically and internationally.

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The International Centre for Education in Islamic Finance

Building skills talent is one of the key pre-requisites in supporting the progressive developments of Islamic finance. Human intellectual capital is a critical asset that is much needed to drive innovation and sustain market competitiveness to meet challenges in the Islamic financial industry. With the rapid growth of the Islamic financial system, Bank Negara Malaysia has taken a strategic move to establish an international education centre in Islamic finance to produce the needed pool of professionals and specialists in Islamic finance for the domestic and global markets. The establishment of the International Centre for Education in Islamic Finance (INCEIF) will promote greater linkages between the domestic and international Islamic financial system and make Malaysia as a leading centre of education in Islamic finance.

The establishment of INCEIF was announced by the Prime Minister of Malaysia at the 3rd ASEAN Business and Investment Summit in December 2005. Extensive pre-operating work is underway for INCEIF to commence operations in the second quarter of 2006. Bank Negara Malaysia has set up an endowment fund of RM500 million to support this initiative.

INCEIF is to be a leading international centre for educational excellence in Islamic finance with the objectives of:

- facilitating the coordination, planning and implementation of human capital initiatives for the global Islamic financial industry;
- developing superior talents for the global Islamic financial system;
- offering internationally recognised professional certification and postgraduate programmes; and
- supplying talented researchers and educators in Islamic finance.

Programmes

INCEIF programmes are designed to provide the latest onsite and online teaching techniques with unique value elements. INCEIF will also form strategic alliances with renowned local and international institutions of higher learning to provide joint education programme through visiting professor and scholar-in-residence schemes.

INCEIF programmes are categorised into three main areas:

1. Professional certification programme

INCEIF will award professional certification, namely, Certified Islamic Finance Professional to qualified Islamic finance practitioners. The certification programme, which will commence in June 2006, consists of three parts:

- *Part I: Building knowledge*
Candidates will acquire the necessary knowledge in Islamic finance from theory and ethics to wealth planning and management. Validations are done through examinations, written case studies and project papers before candidates are conferred as Associate Members.

- *Part II: Building skills*
Candidates will obtain the required skills in handling operational issues and Islamic financial transactions such as structuring corporate financing and issuing Islamic securities. Candidates have the option of specialising in specific areas of Islamic banking and/or takaful. To be conferred as Proficient Members, candidates have to pass examinations, undertake project papers, develop new products and prepare transactional documentations.
- *Part III: Building competency and experience*
This final part is designed to provide articleship programmes where various activities will be designed to provide candidates with practical experience in the Islamic financial services industry. These include a mentor-mentee programme at pre-approved participating Islamic financial institutions and running a simulation bank via financial laboratory. Candidates will have to go through validation processes such as solving problems, restructuring exercises, simulation and management games, product conversion exercises, Shariah and audit compliance, and interviews in order to be conferred as Practising Members.

2. Postgraduate programmes

INCEIF will embark on its own Masters and Ph.D. programmes to produce graduates with strong foundation in Islamic finance, coupled with strong research and development capabilities. The Masters programme of INCEIF will be on a highly specialised field of Islamic finance such as Islamic Wealth Management. Candidates will also participate in internship programmes. The programme will commence latest by end 2006.

3. Research and publication programmes

INCEIF will set up a world-class resource centre and will intensively engage in research and development projects in Islamic finance as well as publication of books, journals and working paper series. The certification and postgraduate programmes will facilitate and enhance this programme by supplying the relevant research materials and publications for academic references. INCEIF Educational Colloquium to be held in April 2006 will also serve as a platform for INCEIF to assess research materials relevant for its research programmes. INCEIF will also develop a comprehensive domestic and international financial database.

Governance

INCEIF will be headed by a Chief Executive Officer who reports to the Board of Directors (BOD). The INCEIF Governing Council, comprising prominent local and international personalities, has been established to advise the BOD on INCEIF strategic directions and provide visionary global insights on the learning needs of the Islamic financial services industry that will enhance the prominence of INCEIF. The Professional Development Panel has also been set up as the highest authority in academic matters that is responsible for reviewing and approving the certification and postgraduate module programmes and to ensure INCEIF offers the highest quality of module content and standards for all its programmes.

The establishment of INCEIF completes the talent development infrastructure in Malaysia's Islamic financial industry. The industry-owned Islamic Banking and Finance Institute of Malaysia (IBFIM) and the Securities Industry Development Centre (SIDC) focus their training programmes to meet the industry needs at the technical level whilst INCEIF will provide intermediate and advanced knowledge and skills in Islamic finance. The International Centre for Leadership in Finance (ICLIF) provides leadership programmes to top management that include top management of Islamic financial institutions. This allows Malaysia to offer a full range of Islamic finance talent development programme for the global needs of the Islamic financial services industry.

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. It is envisaged that the establishment of INCEIF would contribute towards supporting the growth and development of the global Islamic financial system.