INCEIF Endowment Fund (IEF) Launch Dinner
Islamic Arts Museum
Kuala Lumpur, 4 November 2015

Opening Address by

Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz
Governor, Bank Negara Malaysia

In conjunction with INCEIF's 10th Anniversary we are most honoured to be graced by the presence of His Majesty the Sultan of Perak Darul Ridzuan Kebawah Duli Yang Maha Mulia Paduka Seri Sultan Nazrin Muizzuddin Shah to celebrate the occasion. His Highness will also graciously officiate the launch of the INCEIF Endowment Fund, an initiative by INCEIF to strengthen its potential to serve the Islamic finance industry in the global financial system. In the decade since its establishment, INCEIF has achieved several milestones not only in producing talent for the industry but in research that has pushed the frontiers in the development of Islamic finance. The success of INCEIF is indeed a celebration and a reason for us to pay tribute to INCEIF and to the industry that has provided its undivided support to INCEIF.

Islamic finance has continued to experience profound growth amidst a highly challenging global economic and financial environment. Additionally it has evolved as a sustainable form of financial intermediation that is now widely accepted and operationalised in many parts of the world. In Malaysia, the Islamic financial system has become a competitive component of our overall financial system, complementing the conventional financial system and supporting our economic growth and development. The growing market share of Islamic banking assets from only 7 percent in the year 2000, to now about 26 percent of the total banking system signifies the growing significance of the industry. The takaful industry has also been on a positive growth trajectory with market share of takaful assets increasing by more than twofold from the year 2000 to now 10 percent.

Talent development has been at the heart of our development strategy for Islamic finance from the very beginning. We recognised at the outset that quality talent and expertise was an important prerequisite in driving, sustaining and supporting the growth of the industry. Intellectual capital is pivotal in driving performance and market competitiveness. It was articulated in our vision in our ten year Financial Sector Master Plan (FSMP) which was launched in 2001, that the aspiration was for the industry to achieve a target of 20 percent share by 2010 for the Islamic banking and takaful sector. In achieving this envisaged growth, a key recommendation was to enhance knowledge and expertise in the industry through human capital development, and thereby enhancing the institutional capacity of the industry.

The commitment from the Central Bank is not only to develop the Islamic financial infrastructure - the intermediaries - the markets, the legislation, the regulatory, supervisory and Shariah framework but also to ensure that it would be supported by knowledgeable and competent talent. This agenda began with the setting up of a dedicated department for Islamic Finance in the Bank in the year 2001 to drive its development. It was during that year that discussions began on the establishment of a dedicated higher learning institution for Islamic finance.

The aspiration of the founders of INCEIF was to establish a post graduate learning institution in Islamic finance that would be at the forefront of producing high-calibre practitioners and professionals for the industry, as well as specialists and researchers in the disciplines of Islamic finance. A decade later, from the establishment of INCEIF in 2005 and the conferment of university status in 2006, INCEIF has built a solid international reputation as a leading knowledge leader in Islamic finance, charting its achievements in providing a comprehensive talent management solution for

the Islamic financial services industry. Various awards and recognitions received both locally and internationally, as well as recognition from the Government as a 'Project of National Interest' in March 2010 has provided greater impetus for INCEIF to enhance its capability in serving the substantive talent and knowledge requirements of the industry.

The strategic direction reinforced by the visionary global insights of the learning needs of the Islamic finance industry provided by the eminent Governing Council members of INCEIF has been instrumental in positioning INCEIF towards its success. Its profound growth in the number and global composition of students signifies the international acceptance and recognition of INCEIF. The number of registered students in INCEIF has increased by more than threefold from about 600 students from 21 countries in 2006; to currently more than 80 countries. From the first graduation that I attended in 2009, there were only 32 CIFP graduates. It then increased to 74 CIFP graduates and 7 Masters graduates in just than a year later. There are now more than one thousand graduates since 2006 from more than 70 countries. This year's convocation has had the largest number of graduates that INCEIF has produced, with a total of 248 graduates comprising 100 CIFP graduates, 136 Masters graduates and 12 PhD graduates. INCEIF now has a strong alumni with graduates employed in various industries, particularly in finance and placed in senior management positions of financial institutions.

Of equal importance in the development of talent is the development of Shariah experts to uphold the sanctity of Shariah and to ensure Shariah compliance in Islamic finance activities. Driven by this need, the International Shari'ah Research Academy for Islamic Finance (ISRA) was established in 2008 to be part of INCEIF, and dedicated to conduct in-depth and applied research on Shariah. Within seven years, ISRA has had a global impact. A recent study cited that an estimated 11 percent of global Islamic finance research has been contributed by ISRA and INCEIF. Recognised a leading Global Premier Research Academy in Islamic finance and Shariah matters, the wide-ranging contributions by ISRA include over 200 Shariah research and a number of publications that includes textbooks, journals and research papers that have been referred to internationally. ISRA's distinct expertise in Shariah research is also leveraged upon by the Central Bank, industry players and various local and international institutions. The intellectual discourses on current Shariah and Islamic finance development organised by ISRA at both regional and international levels have been valuable platforms for Shariah scholars to keep abreast with current issues in the industry and for facilitating greater convergence in diverse Shariah interpretations and views. The i-Fikr Portal is also gaining its popularity as a one-stop online Shariah knowledge repository for research and development in Islamic finance.

The milestones and achievements of INCEIF is a culmination of the collective wisdoms that have charted the path of INCEIF. In a decade, INCEIF has had the opportunity to have experienced individuals ranging from prominent academicians, industry practitioners and subject matter experts as members of its Governing Council. INCEIF has also leveraged on the vast wealth of experience of its academic faculty members, with the largest pool of Islamic finance experts under one roof. It is also an honour for INCEIF to have Dr. Abbas Mirakhor, the former Executive Director of the International Monetary Fund and a renowned Islamic economist as the First Holder of INCEIF Chair of Islamic Finance. With a faculty of such strength, INCEIF has been able to provide its students and graduates with value added insights and perspectives, in particular for their research programmes. The strategy taken by INCEIF to foster close collaboration with various institutions of higher learning has also strengthened efforts in the areas of curriculum development, research, exchange of ideas and information as well as resources in Islamic finance. More practical application of research findings has also been made possible through strategic alliances formed between INCEIF and industry and policy makers. With over 30 Memorandums of Understanding and Memorandums of Agreements signed with various academic institutions around the world, INCEIF has also formed wide ranging global partnerships and strategic alliances which

complement its pursuit to provide world-class knowledge for the benefit of the industry.

Taking inspiration from the accomplishments of INCEIF thus far, there is a need to look ahead with a continued focus on how the dynamism of INCEIF can be sustained, taking into account not only the current changing requirements of talent developments, but also that of the future. Moving forward, we can expect greater challenges ahead for INCEIF as a premier graduate school in Islamic finance. The Central Bank will continue to be committed to support its growth and development and to enhance its potential in providing Islamic finance education and research.

As we move forward to the next frontier of talent development for the industry, a new approach is required in which industry players need to have a greater role. The industry therefore needs to come on board to provide greater support to lead and drive INCEIF to greater heights. Of importance is for the industry to also support the development of the required infrastructure to develop human capital for the industry. Alongside the industry, support from the corporate sector would also assist INCEIF to expand its operations in attracting global students. INCEIF is now able to provide a platform for the development of a network for engagement among the talent and expertise in the industry from emerging and developing countries.

The IEF that will be launched today is structured to be a modern and accessible avenue for members of the industry and the corporate sector to become a part of INCEIF's future. It is envisaged to create a wider ownership of INCEIF, similar to that of other global premier educational institutions. Being part of INCEIF's talent development, regular progress updates will be provided on the applied research and its other offerings and on the learning experience for its students.

In our quest and shared aspirations for Islamic finance, INCEIF has had a key role in shaping the talent development landscape in both the local and global Islamic financial industry, with a decade of achievements that have provided a solid structure for generating quality talent, underpinned with academic innovation and excellence. Let me once again congratulate INCEIF on its 10th Anniversary. With the collective support from the industry and corporate sector, it would enhance its potential for becoming a reputed knowledge leader in Islamic finance that would be best able to effectively manage its journey ahead to realise this noble vision.

Chartered Banker Conferment Ceremony
Kuala Lumpur, 6 November 2015

Opening Address by

Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz
Governor, Bank Negara Malaysia

I wish to thank the Asian Institute of Chartered Bankers for this Life Member Award. As a central banker and policy maker for more than three decades, it has been my privilege to be given the opportunity to contribute to the development of the financial system in Malaysia and to the financial and macroeconomic stability in our country. It has been a most rewarding experience as the overall progress and advancement of our financial system and financial services industry continues to be accompanied by growth and stability.

With these advancements and progress, it is important for the financial industry to meet the highest standards of professionalism. In an industry that is fast evolving, the financial services sector needs to be at the frontier of international best practices. It has to be a key factor underpinning our efforts to promote growth, stability and integrity of the financial system. I have been associated with the Institute since the 1980s and recognise its long standing commitment to promoting high standards of professional conduct, and with it the values of professional integrity. It is through the consistent demonstration of such standards and values that the financial industry will be able to build and maintain the trust and confidence of the public.

Given the industry's wide and far reaching impact on most segments of the economy, there is a renewed impetus for high standards of governance, professionalism and ethical conduct in the financial services sector. While we place a premium on high performing talent, it is equally important to maintain the values of integrity and ethical conduct as these will contribute to sustaining public trust and confidence and thus the potential to contribute to the economy.

On its part, Bank Negara Malaysia has not only continued to invest in the development of a sustainable talent pipeline for the financial industry but also in ensuring strong regulatory and supervisory oversight of financial institutions. We expect financial institutions to observe financial and business practices that are sound, responsible and that comply with rules and regulations. Indeed, the regulatory landscape is becoming more complex and this is to be expected given the evolution and maturity of our financial system and its interconnectedness with the rest of the world. Financial institutions therefore need to ensure that they have the necessary systems, processes and most importantly, the right talent at all levels of the organisation to respond to these developments.

The repositioning from IBBM to the Asian Institute of Chartered Bankers as a professional body for professionals in the banking industry marks yet another milestone in the strategic efforts to meet the increased demands for high quality talent for the banking industry. While attention is being focused on equipping the industry workforce with the core banking skills and competencies, it is equally important to channel efforts to improve the awareness and understanding of the broader inter-linkages within the financial services sector amidst the continued blurring of boundaries between banking, insurance and the securities industry. It is no longer feasible to work in a compartmentalised manner in a highly interconnected financial system.

A further milestone are the two initiatives introduced in 2014 that is, the establishment of the Financial Services Talent Council and the establishment of the Financial Services Professional Board (FSPB), both of which

are aimed at increasing the supply of high quality talent for the financial industry, and to drive the development and advocacy of professional standards and ethical behaviour in the financial services workforce. Effective training opportunities to equip practitioners with in-demand skills have also been initiated with the establishment of the Asian Institute of Finance (AIF) to enhance human capital development and talent management across the financial services industry in Asia. Practical training to about 1500 graduates has also been undertaken under the Financial Sector Talent Enrichment Programme (FSTEP) for new entrants to the industry.

While the financial world and its surrounding environment has changed considerably, the strength and sustainability of the financial services industry will be anchored on a foundation of trust. A high degree of commitment from the wider group of stakeholders is important to ensure that the quality of talent in the industry is up to the task. Equally important is to nurture values that are consistent with the industry's role in the service to the real economy and its people.

The Council of the Asian Institute of Chartered Bankers has an immense task ahead in driving the agenda of professional education and ethical standards. I take note of the advancement in the strategic partnership with the Chartered Banker Institute, United Kingdom. This will be an important alliance to support this agenda. In conclusion, let me take this opportunity to congratulate the 45 recipients for their successful completion of the Chartered Banker Executive Conversion Programme and to wish the Asian Institute of Chartered Banker every success in taking its agenda forward.

Iclif Leadership Energy Asia Summit 2015
Kuala Lumpur, 1 December 2015

Speech by

Tan Sri Dato' Sri Dr. Zeti Akhtar Aziz
Governor, Bank Negara Malaysia

Welcome to this year's Leadership Energy Summit Asia organised by the Iclif Leadership and Governance Centre. This is our third summit in the series on leadership energy. The focus on leadership energy reflects its importance for today's leadership. The contemporary environment we are living in has become increasingly more challenging – frequently characterised by highly destabilising and tumultuous events. Not only are we living in a world that has become highly unpredictable and unstable but that is also being frequently subjected to extreme conditions in which we are tested to the limit. How do we survive against the odds manifested in such an environment? It is all about having the ability to endure and prevail and being able to succeed in such an environment. It is about being resilient. Resilience is key to surviving in this environment.

Today we are privileged to hear and be inspired from the experience of personalities who not only survived against such great odds but who have also achieved great success. Let me take this opportunity to express our gratitude to our distinguished speakers who have come from different parts of the world to share their knowledge and experience on this subject. It is about their perseverance and resilience and how they have defied all expectations. The issue before us is the source of their energy to persevere and their courage to stay the course when it all appears to be hopeless.

In the business of central banking we are increasingly being confronted by such extreme conditions. Building resilience is therefore key. I have described central banking as being an unfinished business because there are always new challenges on the horizon, endless demands emerging from an ever changing and more complex environment and great expectations that the Central Bank will provide the solutions to resolve the financial and economic problems that confront us. The Central Bank is also at the forefront in the management of any financial and economic crisis – a phenomenon that continues to plague the world with increasing frequency.

The Central Bank can be described as a high impact organisation. Its decisions or indecision, its action or inaction will have major and far reaching repercussions and consequences on the economic well-being of the public at large and the entire spectrum of businesses. The responsibility and accountability is therefore immense. Our business is about bringing value and benefits to our citizens. In an environment of greater transparency and enhanced communication there is also greater awareness of the prevailing circumstances. This has produced higher expectations for the delivery of results. Energy is derived from this very sense of responsibility. It is the drive to making the difference to the economic well-being of our citizens.

Fiercely knowing this responsibility and accountability is the very source of the intense energy necessary to perform the function of central banking. Knowing the high costs that destabilising developments can have on the people and businesses and its potential damage to the nation is a major prompt of the perseverance to press on, to survive and to succeed. Often we need to just confront the realities and produce a solution when it seems hopeless. Courage is also needed to stay the course. Knowing the stakes are high, knowing that you are being counted upon spurs the unwavering determination.

From my experience as a lifelong career central banker, such extreme conditions that test us to the limit have become increasingly frequent. While there have been many great successes that have been achieved, there have also been those moments that have been most trying and devastating. During such times, developments set you back to a much worse situation than even your original position. Those times have arisen from external shocks that are beyond our control, from ambitious agendas that have been met with violent resistance and from domestic stress brought on by actions that are not consistent with the Bank's mandate or from political tensions.

The ability to endure, to persevere, to be resilient in the face of such extreme odds is about having a great sense of purpose of what needs to be achieved and the motivation of why it needs to be achieved. The sheer responsibility and the awareness of the accountability that comes with it is the very driver of such perseverance. It is also from knowing the far-reaching and damaging consequences from failure to achieve the right outcomes. This is reinforced with the values and the discipline to stay the course to do what is right and to do what is in the interest of the people. This discipline is also important so that the Central Bank is consistent in its behaviour in managing the challenging conditions or in its aspirations to push the frontiers and create value for the country.

During such times, having great clarity in the vision and of the objective of what is to be achieved becomes paramount. This has to be the starting point if it is to draw on the energies of the entire organisation. Articulating it with great clarity throughout the organisation allows the collective alignment to the goals. This also avoids being diverted by distractions when we are confronted with destabilising times. It is also imperative when we are ambitious with bringing about change and transformation. Knowing clearly the outcomes and the benefits it brings increases the potential of building a consensus within diverse groups including across countries towards achieving a common goal.

Another aspect that needs to be mentioned is about being paranoid that the worst could happen. This is sometimes referred to as productive paranoia. Central bankers need to excel as risk managers – knowing what could go wrong and prepare for the worst that maybe yet to come. In part it involves building the resilience and the buffers to prepare for the unexpected events before they happen. When I am asked the question about how we are going to manage 'the lift off' – the normalisation of interest rates by the Federal Reserve in the United States – my response is that it is not what we will do now but what we have done before it happens that will see us through this period. It is not only the buffers that have been built but also the capability that has been developed that will better allow us to intermediate and absorb such shocks to our financial system and to our economy. This will enable us to withstand the volatile financial flows that are already occurring in anticipation of this eventuality.

Sometimes there are also the Black Swan events. These are defined as those developments that have a low probability of happening and that is difficult to predict and anticipate. Being paranoid and building the resilience against such shocks will contain its damaging effects. Therefore continuous rigour needs to be applied all the time, during the good times and the challenging times. Vigilance, detecting developments that could signal danger, early recognition of risks are all important. Also knowing how your risk profile changes over time will increase the probability of avoiding being taken by surprise.

Central banking is therefore not for the faint of heart. It not only demands the high levels of energy – not just the physical energy, but that of the emotional, spiritual and the mind. When tested to the limit, it is from these sources of energy from which the strength is derived. Investing in these sources of energy will avoid its depletion. Such energy should not be taken for granted. Then there is also the courage that is needed. It is derived from your convictions and values that you hold, reinforced by your sense of purpose and what motivates you.

At the Leadership Energy Summit Asia in 2014, I spoke of having the ability to generate and ride on the positive cycle of leadership energy. In mobilising energies in the organisation to be aligned to achieving an outcome, it generates a second round of energy burst from others in the organisation. The continuous positive energy loop provides continuous motivation and momentum in a two way direction and intensifies the energy in the organisation. It is a mutually reinforcing phenomenon that I have time and again experienced in the Bank.

Let me conclude my remarks. The demands on leadership is immense. In the current international and domestic environment, it therefore requires leadership energy that is sustainable. This Leadership Energy Summit will hear from the experience of successful individuals on the source of their energy in generating outcomes and results that have made a difference. We will also learn about other sources of energy from which we can tap on and strengthen. This is the challenge of the new generation of leaders if they are to be truly able to make lasting and meaningful changes in their environment.