

Bridging the Supply Gap in Islamic Finance Education: Current Landscape and Future Marketability of Talents*

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Abstract

Consistent with the government's effort to further promote Malaysia as the International Islamic Finance Education Hub, this article highlights the supply gap in Islamic finance education and identifies issues for future marketability of Islamic Finance Talents. Specifically, this article focuses the number, nature and nomenclature of programs offered by existing public and private universities in Malaysia and assesses whether the graduates meet the demand of the industry players. This study covers eleven (11) public universities and three (3) private institutions which offer MIF programs both at undergraduate and graduate levels. Based on the survey on existing programs and student enrolment in Muamalat and Islamic Finance (MIF) programs offered by these institutions, the findings reveal that there are 89 Islamic finance programs offered at the various Malaysian institutions. Out of these, 21 are PhD, 36 Masters, 27 Bachelors and 5 Diploma programs. The survey also found that programs with banking and finance focus are the majority constituting at least 37%. These are followed by Muamalat (Shariah and Law) focused programs to the tune of 25%. Others are Islamic economics (20%), Islamic Management (15%) and Islamic accounting (3%). The analysis was also done to critically re-define Islamic Finance education into five domains that is Muamalat (Shariah and Law), Islamic Finance, Islamic Economics, Islamic Accounting and Islamic management and abbreviated as MIF. The study further recommends that Ministry of Education and MQA need to facilitate the approval of new programs in Islamic accounting, Islamic economics and Islamic management. Universities that offer MIF programs should also diversify their programs based on the five domains. Hence, there is a dire need for policy ramifications to include a balance of students' enrolments in all the five domains to achieve the government target of 54,000 Islamic Finance talents in 2020.

Keywords: Muamalat and Islamic Finance, Islamic Economics, Islamic Management, Shariah and Law, program offered

1.0 Introduction

Islamic finance education remains an important agenda incorporated in the 10th Malaysia Plan in an effort towards making Malaysia as an International Islamic financial education hub. As at 2013, Malaysia is the second largest Islamic finance education provider in the world and ranked the first in terms of providing trainings and professional courses in Islamic Finance (Yurizk Academy, 2013). Hence, a more comprehensive analysis was done to critically re-define Islamic Finance education into five domains that

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is Muamalat (Shariah and Law), Islamic Finance, Islamic Economics, Islamic Accounting and Islamic management and abbreviated as Muamalat and Islamic Finance (MIF).

The Islamic banking industry has recorded a compound annual growth rate (CAGR) of 38.5% between 2004 and 2011. This commendable growth however is hindered by inadequate supply of human capital where the demand for capital in the industry surpasses the supply of the required human capital. This accentuates the role of academic institutions in developing human capital to meet the market demand.

In Malaysia, there are several academic institutions that provide academic programs in Muamalat, Islamic economics, Islamic finance, Islamic accounting, and Islamic management in order to meet the demand in Islamic financial services industry. According to Al-Zaquan (2013), Malaysia is among the largest Islamic finance education centres in the world with an estimated 50 academic centres and 18 universities offering Islamic finance programs. In terms of publication, the country's academic institutions have published more than 169 research papers on Islamic finance from 2010-2013 (Thompson Reuters).

However, to date, there is no comprehensive study conducted on the nature of the Islamic finance education programs offered in Malaysia and whether these programs are suitable for the market demand. Global Islamic Finance Education Special Report (2013) provides critical insight to gauge the current status of global Islamic finance education, the future outlook and critical challenges facing the harmonious and long term growth of this flourishing economic sector. However, the report provides limited information on Malaysia Islamic finance education. Despite Malaysia being among the largest Islamic finance education providers in the world, there are limited information in the report on the programs offered, students' enrolments and market demand for graduates (Yurizk, 2013). The authors of the report, Yurizk, cannot guarantee data accuracy and comprehensiveness at the time of publication of the report due to unavailability of published data. The gap in information on Islamic finance education in Malaysia as well as reliable data on the program and supply of graduates in this field are the main motivations to provide a report on Malaysia Islamic Finance Report (MIFER).

Based on Malaysian Qualifications Agency (MQA), Malaysian Qualifications Framework (MQF), and National Economic Council (NEC) report, there are 44 programs offered by Islamic finance education providers in Malaysia, including private colleges at various levels, from diploma to PhD. It is also projected that by 2020, the global total market demand for Islamic finance professionals will be more than 200,000 and Malaysia aspires to contribute MIF talents to this manpower requirements (MIFC, 2015). Presently, more academic institutions in Malaysia are offering programs in Islamic economics and finance, more students are enrolled in these programs and these institutions are complying MQA and ICIFE domains (Shariah and Law, Islamic Finance, Islamic Economics, Islamic Accounting, and Islamic Management).

In line with this, Islamic Finance also targeted to contribute 11% of total employment to the Islamic Financial Services Industry (FSI) worldwide, with an estimation of one (1) million professionals by 2020 (MIFC, 2013). All these targets are to fulfil the demand for Muslim countries which have a total Muslim population of 1.6 billion (Global Religious Landscape, 2012).

According to BNM Financial Sector Blue-print 2011-2020, Malaysian Islamic financial industry would need a total of 56,000 competent talents by 2020. Similarly, Indonesia estimated that it would need 17,000 additional practitioners within the next three years, while the United Arab Emirates (UAE) projected about 8,000 new employees will be needed for 2015 just for Dubai alone, as it moves forward to establish itself as the world's leading Islamic economic hub (Islamic Finance News, 2015).

The shortage of talents in the Islamic finance industry lies in the fact that the industry is dominated by practitioners who are 90% trained and experienced in conventional finance industry with only a 10% knowledge of Islamic finance (Islamic Finance News, 2015). Islamic financial professionals need to have the necessary employability skills as there are market requirements for the jobs in area of MIF.

This study focuses on programs offered (only for diploma, bachelor degree, master and PhD) and market orientation of the programs and students enrolment. The novelty of this study is the identification of the strengths and the weakness of MIF education programs in Malaysia. This will assist Malaysia to build its competitive edge in MIF education and attract pool of students across the globe to Malaysia. Specifically, the objectives of this study is to analyse the programs offered, students' intake, students graduated by programs as well based on ICIFE domains and by universities over 2010-2014 periods.

2.0 Research Methodology

The report is based on a combination of quantitative and qualitative method, where the data has been collected from both the primary and secondary sources. Subjective judgments and best estimations are used wherever data is not complete or unavailable. Quantitative data has been collected from survey and publicly available sources. Secondary data is collected through representatives from each participating institution. Some other data and information were collected through web based search such as from institutions' websites, news and information services, directories, press releases, and published interviews to achieve the research objectives. The representatives were guided to collect all information related to MIF programs offered in their institution by providing them with a special template to be filled in. The information needed to gather includes the institution's programs, students' enrolment and graduates as well as list of alumni.

Data analysis is based on the ICIFE 5 domains and the programs offered by Islamic Finance Education and Knowledge Services Providers (IFEKSP). The ICIFE 5 domains consists of Shariah and Law (Muamalat), Islamic Finance, Islamic Economics, Islamic Accounting and Islamic Management. For the purpose of this research, IFEKSP is defined as institutions which provide one or more programs in 'Muamalat and Islamic Finance (MIF)' relating to these 5 domains. The programs in this study refer to diploma, bachelors, masters, and PhD programs.

To further substantiate the findings of this study, researchers have also conducted a focus group discussion involving program providers and stakeholders. The focus group discussion (FGD) was held on 3rd December 2015 at TH Hotel & Convention Centre, Alor Setar. This FGD was conducted to gather information and opinions expressed directly by industry players and alumni of MIF graduates. The list of panellists is shown in Table 1.

Table 1: List of MIFER-FGD panelists

NO.	REPRESENTATIVE/PARTICIPANT
1	Internal Audit Committee, Koperasi Bank Persatuan Malaysia Berhad
2	Banking Service Manager, Bank Islam Malaysia Berhad
3	Branch Manager, Bank Rakyat
4	Deputy Head, MCRC Northern Region (Kedah/Perlis)
5	Deputy Secretary, Department of Zakat Kedah
6	Assistant Auditor, Kedah Islamic Religious Council
7	Alumni UUM
8	Alumni UiTM

2.0 Findings and Discussion

This section elaborates the findings on the MIF programs offered in Malaysia. The results are shown in diagrams and tables for better understanding. All information and data are gathered from representatives of each institution. In Malaysia, programs offered can be categorized into two major categories which are undergraduate (UG) programs (diploma and bachelor degree) and postgraduate (PG) program (Master and PhD levels).

The findings suggest that, there are 32 UG programs which are offered by 10 public universities and 2 private higher education institutions (KUIS and KUIN). KUIS and UiTM offer the highest number (5) of UG program as shown in Figure 1. This present study also covers (5) diploma level programs and (27) programs at bachelor level. For instance, Bachelor of Muamalat (Hons) is categorised as stand-alone program while Bachelor of Business Administration is categorised as a specialization program. Meanwhile, for programs offered by USIM, such as Bachelor of Accounting (Hons), despite not carrying the title “Islamic”, they are categorised as MIF programs because the programs offered at USIM are all considered to be Shariah based programs.

Figure 1: Number of UG Programs offered by Institutions

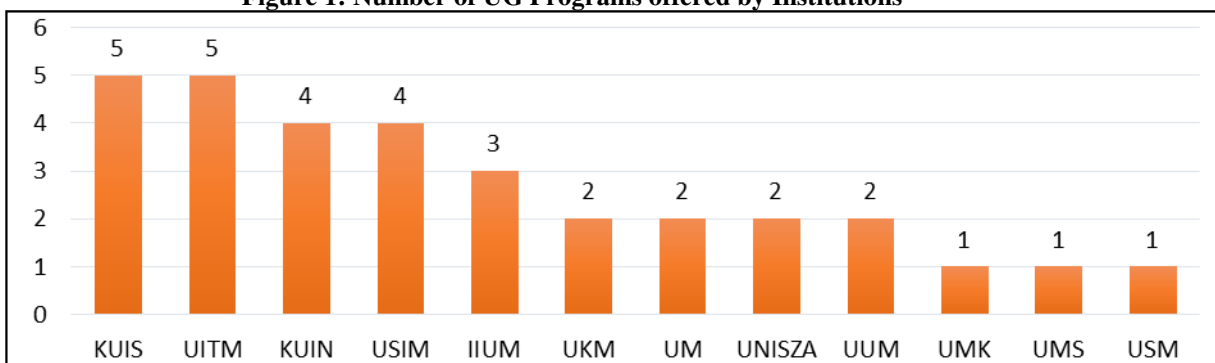
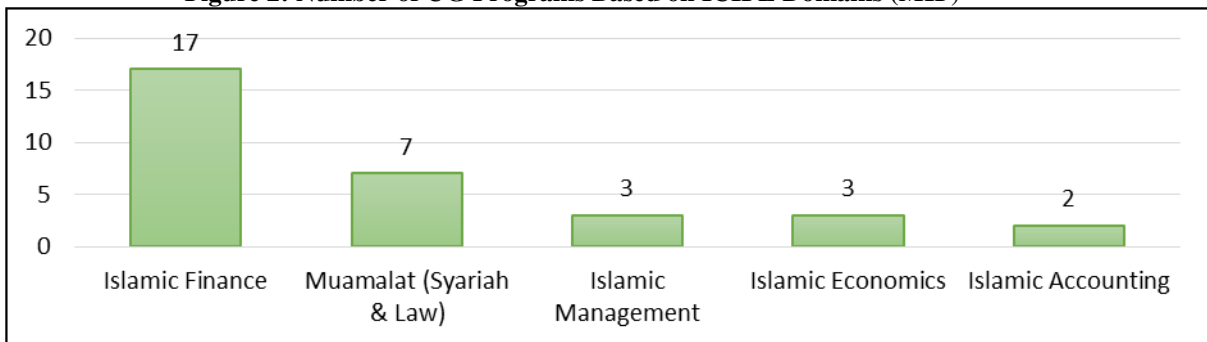


Figure 2: Number of UG Programs Based on ICIFE Domains (MIF)



Based on Figure 2, the Islamic finance domain has the highest number of programs (17), followed by Muamalat (Shariah & Law) (7). As evidenced in Table 2, the majority of the institutions offer undergraduate MIF programs as stand-alone approach (18) and specialization approach (14). In terms of the approach adopted, Muamalat (5) and Islamic finance (9) offer the highest number of programs with

stand-alone approach. Table 3 also indicates that, Islamic finance and Muamalat domains are mostly offered at the undergraduate level.

Table 2: ICIFE Domains Based on Approaches

DOMAIN	STAND-ALONE APPROACH	SPECIALISATION APPROACH	TOTAL
MUAMALAT (SHARIAH & LAW)	5	2	7
ISLAMIC FINANCE	9	8	17
ISLAMIC ECONOMICS	0	3	3
ISLAMIC ACCOUNTING	1	1	2
ISLAMIC MANAGEMENT	3	0	3
TOTAL	18	14	32

Table 3: Levels of Program based on ICIFE Domains

DOMAIN	DIPLOMA	DEGREE	TOTAL
MUAMALAT (SHARIAH & LAW)	1	6	7
ISLAMIC FINANCE	3	14	17
ISLAMIC ECONOMICS	0	3	3
ISLAMIC ACCOUNTING	0	2	2
ISLAMIC MANAGEMENT	1	2	3
TOTAL	5	27	32

In terms of postgraduate programs and specializations, there are 57 PG programs which are offered by 9 public universities and 2 private higher education institutions (INCEIF and KUIN). UM offers the highest number (13) of PG Specialization. This study also covers 35 areas of specialization at master level (19 Master by coursework, 16 Master by research) and 21 areas of specialization at PhD level. As for the domain, Islamic Finance specialization ranks the highest (16) followed by Muamalat (Shariah & Law) and Islamic Economics (15 for each domain).

Figure 3: Number of PG Programs (Specialization) by Institutions

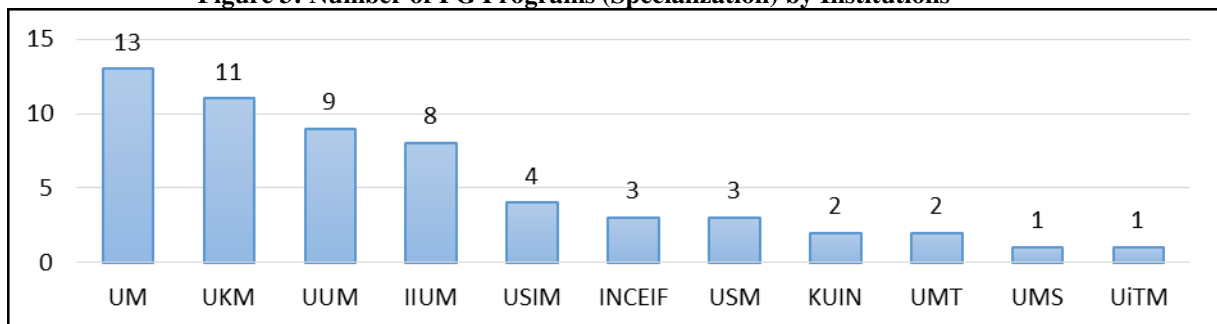
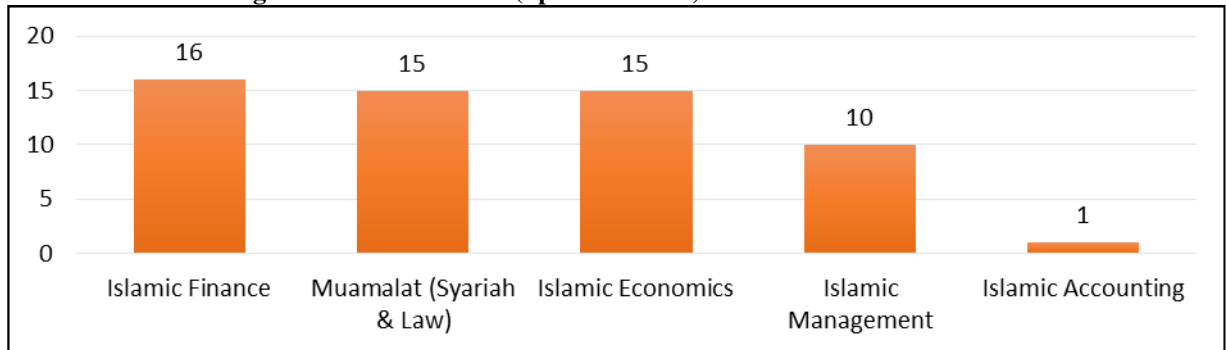


Figure 4: Number of PG (Specializations) Based on Domains

As illustrated in Table 4, at Master (By Coursework and Mixed Mode) level, Islamic finance seems to be the most preferred compared to other domains. While, at Master by research level and PhD level, Islamic economics seems to be the most offered domain by the institutions.

Table 4: ICIFE Domains Based on Level

DOMAIN	MASTER (COURSEWORK OR MIXED MODES)		MASTER (RESEARCH)	PH.D	TOTAL
	5	4			
MUAMALAT (SHARIAH & LAW)	5	4	6		15
ISLAMIC FINANCE	8	4	4		16
ISLAMIC ECONOMICS	3	5	7		15
ISLAMIC ACCOUNTING	1	0	0		1
ISLAMIC MANAGEMENT	2	4	4		10

The following section presents findings on students' enrolment and graduates. The data covers over 16,900 students enrolled at the diploma and bachelor levels in MIF programs from all public universities and three private higher education institutions until 2014. Based on offering institutions, USIM has the highest number of students enrolled (2,968) in the MIF programs at undergraduate level followed by UiTM (2,927 students). It is interesting to note that Islamic finance program has the largest number of undergraduate students (9,951) as depicted in Figure 6. These results however, need to be interpreted with caution as most of the institutions in the analysis could only provide the most recent reports starting only from the year 1999 and in fact, some of the institutions can only provide data starting from 2012 until 2014.

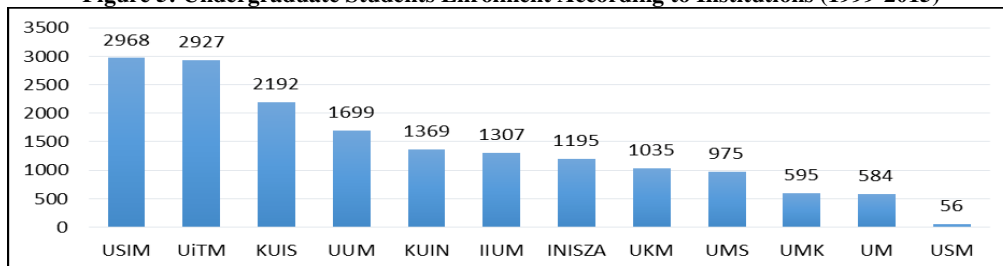
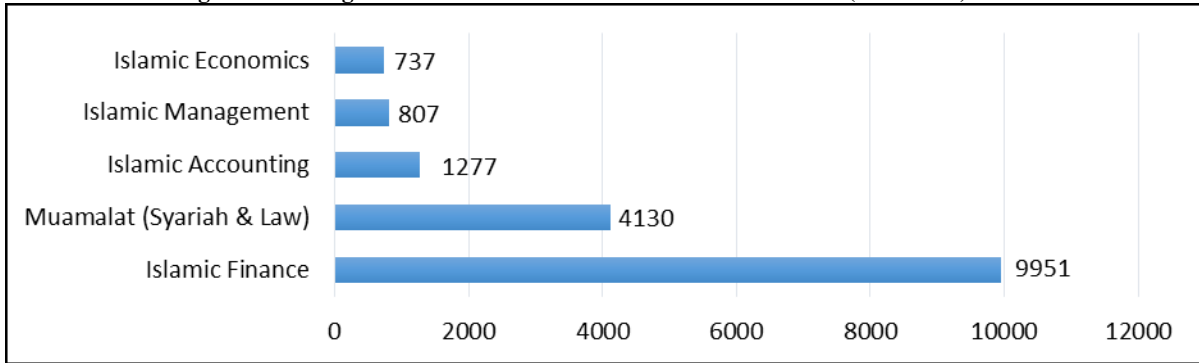
Figure 5: Undergraduate Students Enrolment According to Institutions (1999-2015)

Figure 6: Undergraduate Students Enrolment Based on Domains (1999-2015)



As evidenced in Figure 7, over 7,600 students graduated at diploma and bachelor level from MIF programs with Islamic Finance program ranking the highest. It is interesting to note that Islamic finance domain produces the largest number of graduates (2,982). This implies that universities have been able to supply talents in Islamic finance domain to industry as well as other relevant agencies.

In terms of the number of talents supplied to the Islamic Finance industry by public university, as depicted in Figure 8, USIM has the highest number of students graduated (1,520) from MIF programs at undergraduate level followed by UiTM (1,359 students). These results need to be interpreted with caution as most institutions in the analysis can only provide the most recent report starting only from the year 1999 and in fact, some of the institutions can only provide data starting from 2012.

Figure 7: MIF Graduates Graduated Based on Domains (1999 -2015)

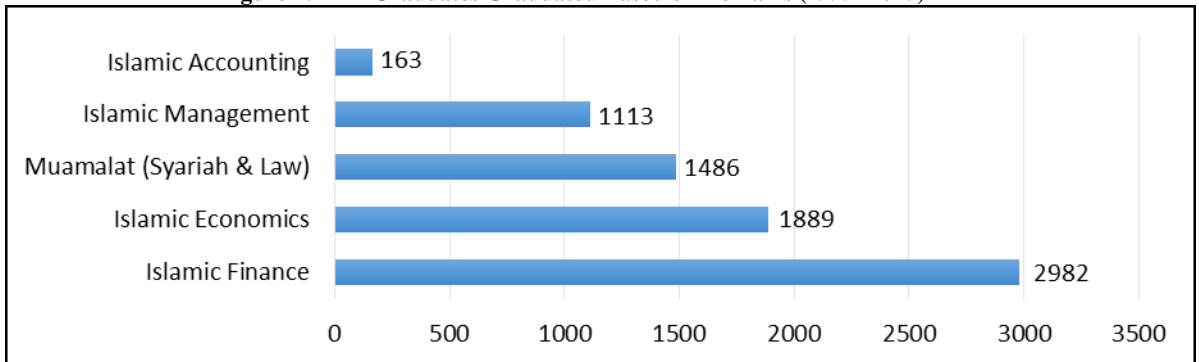


Figure 8: MIF Graduates According to Institutions (2000-2014)

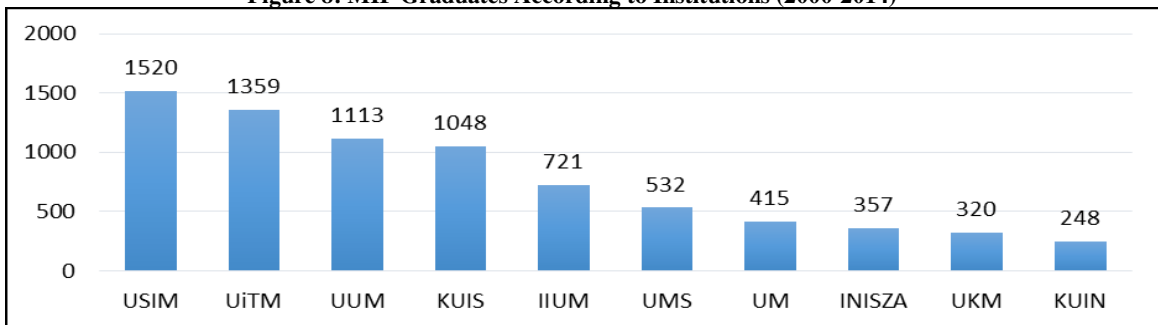
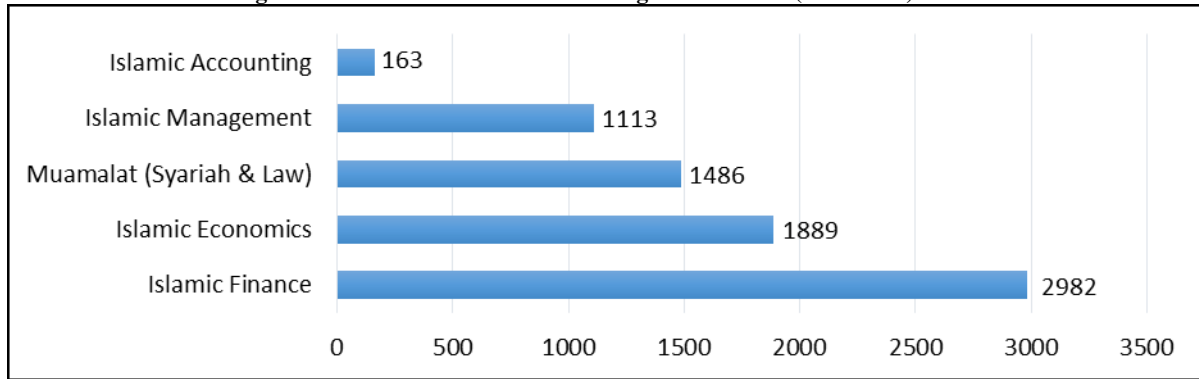


Figure 9: MIF Graduates Based on Program Domains (1999-2015)

Note: Accounting graduates refer to data collected from USIM only.

For the year 2015, the students' enrolment and graduates of MIF programs stands at 20,446. This represents only 38% from the 54,000 target in 2020. The finding further implies that public and private universities should increase their students' intake capacity for MIF programs in the next 5 years (2016 - 2020) to achieve the Malaysian government's target. A more coordinated students' intake planning system at the national level is needful in line with the capacity and capability of the resources and support sciences of each university offering MIF programs.

In summary, Islamic Finance Education Knowledge Services Providers in Malaysia is already supplying 9,910 graduates in 2014. This surpasses the number of new jobs expected to be created in Islamic banks in 2020, which is 4,300 jobs (BNM, 2015). New job opportunities are indicated to be in other financial services areas such as Takaful, Islamic asset and wealth management, entrepreneurship and business. The findings further underscore that the highest number of MIF enrolment is in Islamic finance compared to the other four domains, i.e. Shariah and law, Islamic economics, Islamic accounting, and Islamic management. This implies that there should be more MIF students' intake in the other four domains to cater for broader based labour markets. This is also to prevent a possible oversupply of students' intakes and graduates in Islamic finance. Furthermore, the analysis shows the gap in the programs offered whereby only Islamic finance has the most number of programs (33) compared to Islamic economics and Islamic accounting with only 15 programs and 2 programs respectively.

The gap between Islamic finance program and the programs in the four domains is resonating from nine out of 14 universities having their domain focussing in Islamic finance program, two universities focussing in Islamic economics which are UKM and UMT, and two universities in Shariah and Law which are UM and USIM, while only one university focuses on Islamic management which is USM. Hence, universities need to offer more programs in order to increase the number MIF graduates in the areas identified lacking notably in Islamic accounting, Islamic economics and Islamic management.

3.0 Conclusion and Future Marketability of IF Talents

Based on the finding and discussion, it is recommended that Ministry of Education and MQA facilitate the approval of new programs in Islamic accounting, Islamic economics and Islamic management. Universities that offer MIF programs need to also diversify their programs based on the five domains. Policy ramifications are needed to ensure that students' enrolments are balanced in all the five domains to achieve the government target of 54,000 MIF students in 2020. The time is now right for universities to create their niche areas based on the five domains where they will strengthen their profiles as an authority

and source of reference in a selected domain based program to be recognized nationally as well as at the international level.

The findings imply some introduction of new policies with respect to Muamalat and Islamic finance education;

(i) The heavy concentration in Islamic finance programs should be balanced with greater intakes in much needed man power in Islamic accounting, Islamic economics and Islamic management domains. It is recommended that Ministry of Education and MQA to have a policy to facilitate approval of new programs in these three identified domains. Therefore, public universities which are trusted as suitable MIF program providers should take this opportunity and be given priority to manage the programs in the most holistic way in line with Shariah principles.

(ii) Relevant ministry and universities need to have a policy on student intake into the MIF programs especially in Islamic finance domain which currently is adequate to meet the industry demand. Further increase in intakes into this program might cause over supply of graduates and thus creates employability problems. Conversely, the ministry needs to increase the allocation quota for other domains in MIF programs to support government's target of achieving 54,000 students by 2020.

(iii) Currently there are three approaches namely stand-alone approach, specialization approach and combination approach. It is recommended that the relevant ministry encourage MIF program in specialization approach and combination approach which is currently are a few in number. This is to promote faster growth of establishing new programs since stand-alone approach takes a longer time to develop. Innovative approaches should be incorporated in terms of industry participation in the teaching and learning method of delivery. More community based assignments and marketing inputs are essential in curriculum design. These approaches will enrich and create value added in learning outcomes for MIF students.

(iv) Since there are eleven public universities which are MIF program providers, it is suggested by the expert group that each university should champion one niche area which could lead to a certain type of branding. This branding could be an effective marketing tool for promotion of MIF programs worldwide.

Overall, the growth of Islamic finance market is expected to outperform the conventional market due to its profit and loss sharing principles and ethical investment guided by Shariah rules. There is also an increase in the application of Islamic financial instruments which provide cushion against volatilities in conventional financial markets. In line with this future growth, the need for MIF talents is expected to be higher locally and globally. Therefore, the quest for high quality MIF programs, graduates and up to date curriculum design is an on-going process. It is recommended that study on MIF education should be a continuous and periodic to provide all stakeholders of Islamic finance education the valuable and accurate information for future strategic decision.

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