

Preface

In the Name of Allah, the Most Beneficent, the Most Merciful

The industry has to speak in one voice, but one voice appears to be a fleeting aspiration. The industry has been sufficiently convinced that the ongoing quest for efficiency and profitability lies in competition. One cannot argue against this notion given the success of the conventional financial system, yet should this be emblematic of the "Islamic" financial industry? Wreaths of paper could be used to debate this question, and GIFR 2014 does not intend to offer an opinion. Rather, the report speaks with one voice with each contributor articulating the issues confronting one particular aspect of the industry. Together, it creates a crescendo and a convergence to that single proposition that Islamic banking and finance (IBF) has the tools and substance to tackle the malignant aspects of the global financial sector. Indeed, IBF is primarily about principles that diffuse through the products and services on offer. Failing to articulate and convey these lofty principles will result in pure mimicry and a diminishment of the potential of IBF. The next generation of IBF practitioners are convinced by its principles, its goals and its ambitions- otherwise why join? The problem, however, is that once within do they have the skills, the knowledge and the belief to continue the task of building the industry? Romanticism still afflicts the industry; many convinced that the impressive growth rate the industry has witnessed is a sign of greater fortune around the corner. But there are challenges that still need to be addressed and, more importantly, higher numbers of individuals have to be sufficiently convinced about the value of IBF in order to increase demand. This takes time.

Crucially it requires a body of sufficiently talented, highly skilled, highly motivated practitioners to take the industry forward, regardless of whether the practitioner is in retail banking, or the capital markets, microfinance or in academia. To be the best in the field will dictate the progress

of the industry. Each sector has its successes, its challenges and its problems. Engaging with the issues, wholeheartedly, will result in change and improvement, first in the sector in question and then in the overall industry.

GIFR 2014 speaks with one voice, prying through the issues facing the various sectors. This year's report takes a deeper look into human resource challenges. It is surprising that an industry that is growing robustly should also be suffering a talent shortage, but this is the reality. A common reason is a lack of skills. Graduates hungry to enter the industry are shut out thereby creating the age old labour conundrum: how can an applicant build his or her skills if the employer does not employ because the candidate does not have the right skills?

Hardly an easy question to answer, although conventional financial institutions, with their comprehensive graduate schemes, have been quite successful in training graduates. Islamic financial institutions are only starting to explore this method. But part of the problem is the market is not big enough. There are few dedicated financial services firms for the IBF industry indicating a lack of a consistent and constant stream of projects.

It is not all doom because we know the industry is escalating at a rapid rate. As it gets bigger, the need for the right talent becomes ever more important. The infrastructure for developing talent has to be implemented now, and without delay.

GIFR annual reports started in 2010; this being the 5th issue. In that time, the reports have addressed all the sectors in the industry and highlighted the changes. The industry will continue to evolve, and GIFR will evolve with it. GIFR speaks with one voice and it is a voice that echoes the ongoing progress of this fine industry.