

## **Human Requirements for the Success of the Islamization of Conventional Banks**

**Marai A.D. Abdalla<sup>1</sup>, Muhammad Ridhwan Bin AB. Aziz<sup>2</sup>  
Fuadah Binti Johari<sup>3</sup>, Ali Ramadan Musbah<sup>4</sup>**

University Science Islamic of Malaysia (USIM), MALAYSIA.

<sup>1</sup>Nosaa2003@yahoo.com, <sup>2</sup>ridhwan.aziz@usim.edu.my

### **ABSTRACT**

*This study has addressed the quality of human resources required to be available for engaging in Islamic banks, as the Islamic banking industry is characterized by many of the characteristics that make them different from other conventional banks. This distinction is an Islamic-based entity to abide by the principles and the rules of the Islamic Sharia. This in turn requires specifications and knowledge that must be available among the personnel of the Islamic banks. All this can only come through the development and qualification of human resources commensurating with the nature and specificity of the Islamic banking business activities. The availability of appropriate quality of human resources is the basic guarantee for the success of Islamization of the conventional Banks. Therefore, this paper is aimed at identifying the theoretical specifications required to be available in the personnel at Islamic banks while outlining areas of its development and rehabilitation. This paper also concluded that the qualified human resources is one of the most important success factors towards Islamization of conventional banks. It also concluded that workers traditional banks are not qualified to work directly Islamic banks.*

**Keywords:** Human resources, Islamic banks, training and rehabilitation

### **INTRODUCTION**

The Islamic banks derives elements of existence from the principles of Islamic economics, it collects funds and carries out banking services within the scope of Islamic law in order to achieve an adequate return for their client investors and achieve social and symbiotic objectives and goals for the service to the Muslim community. (Derbali, 2013).

What distinguishes the Islamic banking is an Islamic entity, since it requires a commitment to the principles and provisions of Islamic law based on the triplex of religion, morality and jurisprudence (Abu Ghuda, 2006). Such triplex must be reflected in the actions of the employees in Islamic banks. The Islamic business has privacy and foundations that differ from those which the traditional banking system is based upon, such as prohibition of handling banking interest and the principle of participation in the profit and loss, in addition to economic and social development goal of the community. Therefore, the orientation must be on this basis so that the Islamic banks must be careful hard to ensure the availability of knowledge with Sharia controls and its understanding by the human resources operating therein. This is what makes us say that development of capabilities and skills of those human resource should be taken into account within the framework of Islamic banking message.

As the Islamic banking is no longer only limited to Islamic banks but bypassed it to be introduced by some traditional banks, so this was a transformation phenomenon of the latter towards the Islamic banking activity, whether in whole or in part. This phenomenon witnessed widespread from the Arab region to banks around the world. Whatever the motive behind the attraction of traditional banks towards the Islamic banking, but the process

requires study and effort to succeed and achieve their objectives. One of the challenges that are faced by the transformation process is how to train staff and develop and motivate them towards Islamic banking (Abraham, 2006), therefore, it has become imperative upon commercial banks to seek effectively to invest in the human resource and its development and keeping it up to enhance its strength and its competitiveness, i.e., to build for itself an asset of renewable ideas, human knowledge and intellectual assets in general and to take care in what nurtures the spirit of creativity and innovation and raises the performance of their employees, while the Islamic banks are, of course, not exempted from this. Here comes addressing of this through the following key themes.

### **The Theoretical Specifications of Human Resources in Islamic Banks**

The human element is the backbone to the success of any economic institution depending on its activities. Thus, the success of the Islamic banks in achieving their objectives and purposes for which they are found depends on the availability of legitimate qualified human element banking wise. The nature of the work of the Islamic banks is very different from the nature of the work of traditional banks. Therefore the human element must be up to the level of Islamic banks requirements.( Al-Kilani, 2013) On the other hand, the nature of the investments made by the Islamic banks are a source of risk that they face due to the fact that these investments are characterized by a special nature that require the availability of a distinctive quality of human resources capable to study and evaluate the business of the investor and determine the extent of its validity and its suitability for participation therein by the Islamic bank. Therefore, it makes it imperative for the Islamic bank to provide the human element, which is characterized by the skill, adequate expertise, ability to create and to innovate in the field of Islamic banking.( Al-Aqoul, 2011)

The financial banking business whether it is Islamic or traditional is not tackled without the human element. The funds do not generate itself without a driver, so it should be given serious attention until the objectives are achieved and banking operations are accomplished. The Islamic banks whatever their activity may be \_ financing, investment or service\_ is based essentially on the principles and legitimacy (Sharia) rules of the jurisprudence of Islamic transactions. Therefore, the knowledge of those rules must provided and facilitation working out thereof on the basis of construction of labor who is aware of that and recognize it well and respect privacy of knowledge and thought adopted in Islamic banking performance, and not a labor that is concerned of collecting the money, even in any way, otherwise it does not differ from traditional banks' labor.( Derbali, 2013)

The availability of appropriate human resources quality, represents a basic guarantee for the success of the Islamic bank in its work and if it fails in that, or its available human resources were not eligible, it will face risks in investing and financing activities. It may be represented in one or more of the following risks:

- A. Risks of inability to study and select the appropriate investment operations.
- B. Risks of lack of human resource capacity to pursue the investment activities.
- C. Risks of inability to invent solutions for problems secreted by the reality of Islamic banking and its practical application. ( Gharbi, 2008)

So, it is self-evident and recognized that this Islamic banking industry is characterized by many of the characteristics that make them different from other traditional banks and this excellence is centered in the entity Islamization as it requires a commitment to the principles and provisions of Islamic law based on the triplex of religion, morality and jurisprudence.( Ghuda, 2006) Therefore, the human resources must have at the knowledge/expertise of the following know-how.

## **First: The Knowledge Required From the Islamic Banks' Personnel**

### ***The Sharia Knowledge.***

It means the principles and rules of Sharia for the jurisprudence of the Islamic transactions which investment and service activity funding is relied upon in Islamic banks. They serve as Sharia operatives that control this activity, and falls beneath them the absorbance of funding formulas and legitimate (Sharia) investment from Murabaha, selling on credit, Salam and Istisna'a sales or contracts, Leasing and speculation and participations, because Islamic banking business is based on functions based on those contracts, so there should available knowledge thereof and their understanding in a manner easily applied on the ground.

### ***Banking or Technical Knowledge.***

It relates to the rules of the traditional banking business with the exclusion of what it has to do with the benefits of usury.( Ashraf,2014) This means that the employee is able to provide financial and banking services to customers, and well aware of all the foundations and mechanisms adopted for their performance and aware of various quality and performance standards that the bank ought to provide information about them and make them accessible to service providers. Among the required technical knowledge, we find the ability to evaluate investment projects and conduct their own feasibility studies to make it easier for the bank to take the appropriate decision, as well as follow-up their relevant operations, in addition to all that is natural to understand how daily work goes on and which the performance is not performed without them i.e. how information is transmitted and the use of devices and technologies, ways to provide services and study of the needs of customers and other knowledge necessary to perform the work.

### ***The Administrative Knowledge:***

It is a part of the work in the bank system. The staff should be aware of everything related to the management of the bank and how the process is done by identifying the objectives and plans of the bank, the administrative procedures and what is related with decisions at all levels, in addition that the legitimate (Sharia) banking operations oversight mechanism must be of its well known responsibility and basis and the usefulness of this type of knowledge so that the work parameters would be clear for the employee and thus he knows with whom he is dealing and to whom should he address if he is confronted with a problem or inquiry about a fatwa (advisory opinion), or any particular financial product. It is very important that the employee understands the organizational culture and the entire values and customs prevailing in the bank.( Mohammed, 2007)

### ***Ethical and Behavioral Knowledge:***

The Islamic banking business is part of a distinct contractual, legislative, dealings and moral system.( Derbali,2013) Therefore, care should be taken to instill moral values and install them among employees at the bank, as Dr. Abdul Hamid Ba'li says that morality is the conduct and behavior standards and hence the ethics of professional business activity can generally be seen as expressing of the organization orientation and its attitude toward employees and its clients and the actions of employees and their behavior toward the organization and its customers.( Jaffer, 2009) Among the ethics and behaviors required in the banking business, we find the good example and what follows of reflection of Islam image in word and deed, fulfillment of the contracts, mastery of work and dedication in it, honesty in performance of work, smile and face fluency, consultation and spirit of cooperation between the team and other virtues required for the conduct of good and successful work towards Islamic banking ( Abed, 2014).

The process of development and rehabilitation of human resources and keeping it as an asset that has strategy dimensions requires imparting knowledge tincture on the performance and activities of the bank -that is the cornerstone – However, it is not a new language or a term alien to Islamic banks, but at the same time it is not a tasty morsel and easy to adopt, its instilling for the time of its harvest requires faith and recognition of its value first and then requires efforts to crystallize its landmarks on the ground. If we look at the status of the Islamic banks, we find that the knowledge and all the attendant terms of skills, competencies, knowledge, expertise and systems do already exist, yet they should be placed in its proper place and used effectively and properly to perform its role and take its place such as it has become in the major organizations in the world (Sharia Review House, 2005).

## **Second: Reasons and Justifications for the Rehabilitation of Human Resources in Islamic Banks**

The Islamic banks, same like traditional banks, even every production institution of whatever nature it might be, need to train and develop the staff skills, in other words, the deliberate investment in human resources. Even the Islamic banks may need more than others for training and rehabilitation as a result of their privacy.( Derbali,2013) Perhaps the development and rehabilitation of privacy in the Islamic banks and its importance, comes from a variety of reasons some of which relates to developments witnessed by the recent Islamic banking industry and others are relevant to the gap between the training philosophy that should be adopted by these banks by restraint of the privacy of their products, and the reality of the status of training therein. Laila Mohammed believes that such Privacy which the training acquires in Islamic banks, stems from the following aspects:( Mukhtar, 2009)

### **1. The nature of the work and philosophy of Islamic banks.**

Since the financing, investment and service activities in the Islamic banks are tackled in the light of Sharia principles and controls derived from the jurisprudence of transactions in Islamic law, and therefore, these banks represent a new banking system that has its specificity. And thus, they require special specifications in terms of skills and capabilities that must be available in their employees.

### **2. The reality of human resources in Islamic banks.**

### **3. As the Islamic banks have suffered since its beginnings from the lack of availability of qualified human resources which suit its specific nature for the following reasons:**

- A. Weakness of qualification and professional development available to staff and poor training programs in these banks.
- B. Absence of disciplines within the university structures concerned with teaching of the Islamic banking industry.
- C. Reliance on labor coming from traditional banks without paying attention to their rehabilitation and training.

Based on the foregoing, any plans placed or programs designed for the development and rehabilitation of human resources must take care to Islamic banking privacy and start in the islamization of the entity this institution where visualize is formulate for rehabilitation of human resources in the light of the Sharia requirements necessitated by the Islamic banks ( Badran, 2010).

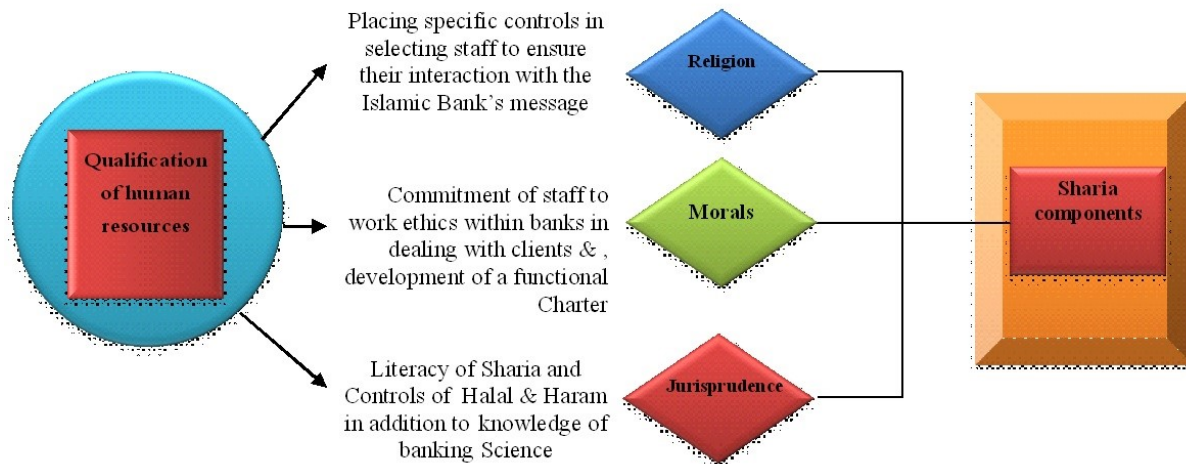


Figure 1: Liala Mohammed Badran, (2010) The role of the development and training of human resources in the investigation of the competitive advantage to business organizations, "Master Thesis, University of Damascus, Syria, S49- p. 50.

### Development and Qualification of Human Resources for Working in Islamic Banks

The strategy of development and rehabilitation of effective human resources is one of the functions of Human Resources' Management in any Organization or institution whether it is economic or social, as it provide and meet the needs of other Departments forming the Organization from the appropriate, trained and qualified and well motivated human resources, through training programs and strategic plans it places to raise and develop the capacity of human resources and through which will every Department - or function - within the Organization would achieve its strategic objectives.( Gharbi,2005) The Human Resources Management also plays a key role in constructing the Organization's strategy as a whole, by contributing to an integrated perspective and future vision for the human resources. Therefore, the human resources is one the most important components for the development and implementation of any Strategy belonging to any organization.( Issa, 2007)

Accordingly, the Strategy of composition of human resources consists of a planned set of ongoing training and development programs that aim to develop and improve the performance of everybody working in the Organization and teaching everything new, in addition to the formation of an infrastructure of human skills that the organization needs in the present and the future.( Khatab, 2003)

Based on the foregoing, it falls on Human Resources Management in the Islamic financial institutions the process of developing training and rehabilitation plans in line with the philosophy and the nature of Islamic banking and to take into account the Sharia aspect that distinguishes the business of the Islamic banks, besides technical qualification like any other traditional bank.

### First: The Concept of Development and Rehabilitation of Human Resources in Islamic Banks

It is intended with rehabilitation or development or practice another meaning other than education, as the education is giving the knowledge to the person. But the training is the ability to take advantage of what the man has already learnt. Therefore, what is intended of qualification is to make the person qualified to practice what he has learnt. (Owhaiba, 2012) The Islamic banks and finance institutions are characterized from others by comprehensive training, as is not limited to banking technical aspects but such training is also associated with

Sharia aspects, which is not an improvement matter but they go together. Even the Sharia prequalification is regarded more important than the technical aspect as it realizes to the Islamic Bank its specificity for which it was originally established. (Abu Ghuda, 2005)

Accordingly, the personnel working at the Islamic Bank and Islamic financial Institutions do need to multi-aspect preparation and prequalification, unlike employees of traditional banks and financial institutions. Such differences between these two systems can be clarified in the following observations: (Halawi, 2005)

- The employees at Traditional banks their jobs/functions are limited other than banking services in the management of usurious loans, and it is hardly limited to preparing of employees therein on credit studies and guarantees.
- However, the employees at Islamic banks, preparing them requires the following:

### ***Technical Training***

Includes the same traditional banking business, while excluding what is consequent therefrom of usurious interest.

### ***The Sharia Rehabilitation***

It accommodates Sharia financing formulas and Sharia investment consisting of Murabaha, sale on credit, Salam Contracts, Istisna'a, leasing, speculation and partnerships/participations, as the banking business is based on functions resting on those contracts.

### ***Moral Professional Rehabilitation***

It comprises the Personal Code of Conduct affecting the job performance and the rules of behavior with equity holders in the bank and the investment account holders and its staff, besides the rules of behavior with the bank's clients and other related parties.

Several researches and studies also addressed identification of training needs and qualification areas of human resources at the Islamic banks. Many of them have agreed unanimously that the human element is one of the key elements for the success of Islamic financial institutions and that the areas of rehabilitation of human resources must include the technical aspect for the traditional banking business without the use of interest rates in addition to the Sharia aspect. (Gharbi, 2005)

### **Second: The Rehabilitation of the Areas of Human Resources in Islamic Banks.**

It is one of the most important areas of the rehabilitation to human resources at the Islamic financial institutions as follows (Abu Zeid, 2005)

### ***Sharia Aspects of the Banking Business***

The study Sharia aspects, which include the Sharia rules and controls deriving from jurisprudence of transactions is one of the most important areas that must be familiar with by all employees of the Islamic banks because it is the base from which all transactions of Islamic banks start. Therefore training programs in contracts and Sharia controls governing the banking transactions and Sharia steps for application of banking products and services must be set up.

### ***Financing Formulas***

The Financing formulas of Murabaha and partnerships, speculation, Istisna'a, leasing and other funding/financing formulas are regarded one of the elements that characterize the Islamic banks from the traditional banks, but the concepts and legitimacy (Sharia) controls to those formulas require specialized skills in their application and their marketing. Thus,

specialized programs for employees that include the study of investment opportunities, modern methods for the preparation of feasibility studies, types of funding formulas and its Sharia controls and their accounting standards must be set up.

#### ***Products' Development.***

The products promotion and the Islamic financial tools are one of the most important areas that need employees rehabilitation technically in order to meet the challenges that correspond to the Islamic banking industry. This requires the self-development preparation for the employees and programs of financial engineering for the development of Islamic banking products and services.

#### ***Banking Services.***

the quality of the Islamic banking services provided to customers and employees perceiving to the difference between them and the traditional banking services is one of the important aspects that the staff of the Islamic banks should master. Such importance is due to that Islamic banking is the first thing that meets the client at the Islamic bank, and it is the transit gate to other activities of the bank.

#### ***The Administrative Aspects.***

Attention must be paid to management development programs for the employees and equipping them with the ability to manage work teams and management by objectives and the development of capacity for innovation, creativity and skill development of character skills.

#### ***The Marketing Aspects.***

The marketing aspects is one of the areas that need to be addressed in terms of equipping personnel with modern marketing skills, the ability to sell products and effective communication skills by organizing many specialized training programs in this field.

#### ***Ethical Aspects.***

The ethical aspects are one of the most important areas that must be instilled in employees of Islamic banks through taking interest in training programs that encourage employees to pay attention to good treatment and mastery of work and commitment to the teachings of Islam.

#### ***The Knowledge of International Regulations And Instructions.***

The Islamic banks are operating in international markets that are governed by many of the standards, regulations and banking practices which must be mastered by all employees of Islamic banks and one of those standards is the Basel Committee standards.

### **Third: Areas of Human Resource Development in Islamic Banks.**

The following are the most important areas of human resources' development in the Islamic banking industry:

#### ***Training Programs:***

The Islamic banks should prepare training programs based on the general rules of the Islamic Economics and the jurisprudence of transactions and knowledge of the fundamental differences between Islamic and conventional systems and knowledge of the basics of the purposes of Islamic law (Islamic Sharia), taking care of the Arabic language and to encourage employees to develop and improve their Arabic language.( El-Beltaja, 2010)

**Programs of Professional Diplomas:**

The Islamic banking industry market needs to specialists in various banking activities, including specialists in Islamic banking credit, which it is the aspect that can be prepare through it professional diplomas specializing in all Islamic banking activities aiming at rehabilitation of specialists in all aspects of banking and finance to Islamic Financial Institutions.

**Seminars and Conferences:**

The seminars and conferences is one of the activities that contribute to the dissemination of knowledge about the Islamic banking industry, of what they contain of provisions of research and recent studies prepared by specialists in Islamic banking business whom the employees and traders with the Islamic banking sector do benefit thereof and thus helping to educate employees and customers of the Islamic banking sector. (recommendations of the seminar, "the rationalization process of Islamic banks, Dubai, September 2005).

**Researches and Studies:**

One of the factors that lead to the development of human resources in the Islamic banking industry is to encourage scientific research through the development of researches and studies on the banking and financial business for Islamic financial institutions, with the aim of participation of employees with those institutions to develop their knowledge and information base and familiarity of the latest scientific and applied developments on Islamic financial institutions. (Ahmed Kurd, 2010).

The following shape illustrates the general strategy for the development and rehabilitation of personnel in Islamic banks:

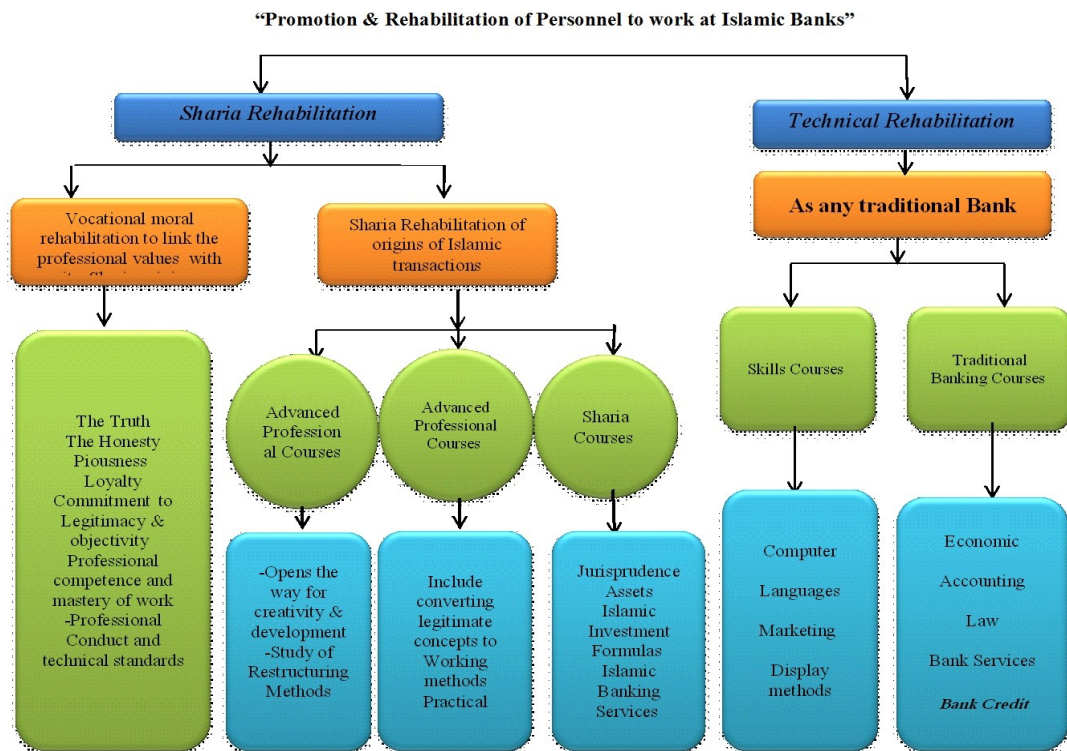


Figure 2: (Dahlouli,, 2005) Integrated rehabilitation for personnel in the Islamic financial institutions and the role of the Sharia bodies & institutes in training them legally. Paper presented to the 5th Conference of the Sharia bodies for Islamic Financial Institutions, held in Bahrain, corresponding to 19 to 20 November, p. 17 (Adapted).



## CONCLUSION

The availability of appropriate Human element represents one of the most important reasons for the success of any economic institution, and the Islamic Banks are not an exception, since its success in its mission will depend on the extent of their success in providing highly qualified and trained staff for working technically and with legitimacy. It has obvious to us that Islamic banks need to strengthen investment in its human asset as follows:

1. The human resources are one of the most important elements of success at Islamic financial institutions.
2. The personnel of the traditional banks are not qualified to work directly in Islamic financial institutions before obtaining training programs in Islamic banking.
3. The Islamic banks represent a new banking system that has its privacy and thus requires special skills in terms of human capacity and specifications.
4. The development of the Islamic banking industry requires scientifically and practically preparation and development of qualified human resources to correspond with the nature of the industry.

## REFERENCES

- [1]. Al-Kilani, A. A.(2013). *It highlights the obstacles and challenges facing the process of transformation from traditional banking to Islamic banking*, newspaper publications Union of Arab Banks, No. 395, p. 64.
- [2]. Al-Aqoul, Md. A. (2011). *the obstacles and challenges facing Islamic banks*, the introduction of the first international conference, Al Al-Bayt University, Jordan, during the period April 5 to 6, p. 7 scientific papers.
- [3]. Derbali, S., et al. (2013). *intellectual capital (The actual need of Islamic banks in the light of knowledge economy)*, paper presented to the Ninth Conference of the economy, Islamic finance, Istanbul, Turkey, during the period September 9 to 10, p. 10, p.18, p.20
- [4]. Gharbi, A. H.(2008). *Human Resources in Islamic banks between theory & practice*, *The Researcher magazine*, University of Qassidy Mirah Ouargla, Algeria, Issue 6, p.49-50
- [5]. Abu Ghuda, A. S. (2006). *Islamic banking: Its characteristics, its mechanisms, & its development*, a research paper submitted to the 1st Conference of Islamic banks and financial institutions, Syria, p. 4.
- [6]. Ashraf, M. (2014). *Assessment of human resources at Islamic banks*, browsing history:01/12/2014, available at the following website: <http://www.islamonline.net/arabic/economics/2006/01/article06.shtml>
- [7]. Mohammed, N. A.(2007). *Rehabilitation of Human cadres for Islamic Financial Institutions*, a research paper presented to the Conference of Islamic banks between hope and reality, the Department of Islamic Affairs and Charitable Activities in Dubai. May 31-June 3, p. 17.
- [8]. Jaffer, J. A. K. (2009). *Islamic banking business under the prevailing laws*, a research paper presented to the Conference of Islamic banks between hope and reality the

- Department of Islamic Affairs and Charitable Activities in Dubai. May 31-June 3, p. 38.
- [9]. Ba'li, A. H. (2014). *Ethics of banking business, browsing history: 07/03/2014* Mmtoffer at the following website: [http://sharea.gov.kw/topics/current/index.php?cat\\_id=38](http://sharea.gov.kw/topics/current/index.php?cat_id=38)
- [10]. House, S. R. (2005). *Integrated rehabilitation for workers in the Islamic financial institutions and the role of the legitimate tools bodies and training institutes in legitimate*, Fifth Conference of the bodies of legitimacy for Islamic Financial Institutions, held in the Kingdom of Bahrain, corresponding to 19 to 20 November, p 10.
- [11]. Al Mukhtar, A. b. M. (2009). *training in Islamic banks*, newspaper of the General Council for Islamic Banks and Financial Institutions Publications, No. 1, p.14
- [12]. Badran, L. M. (2010). *The role of the development and training of human resources in the investigation of the competitive advantage to business organizations*, "Master Thesis, University of Damascus, Syria, S49- p. 50.
- [13]. Issa, M. H. (2007). *Human resource management strategy & its role in achievement of the organization's strategy*, available at the following website: <http://www.alukah.net/culture/0/913/#ixzz2zGpYVO2e>
- [14]. Khatab, A. S.(2003). *The strategic management of human resources*, Dar Al-Hariri Printing Co., Cairo, p. 16
- [15]. Owhaiba, S.(2012). *Human Resources Development as an input to improve performance in a sustainable economic enterprise strategy*, Master Thesis, Ferhat Abbas University of Setif, Algeria, S29-30.
- [16]. Ghuda, A. S. A. (2005). *Research in Islamic banking transactions & methods*, 6<sup>th</sup> Edition, Dallah Albaraka Group, p. 316, P.50.
- [17]. Halawi, Y. M. (2005). *Integrated rehabilitation for staff in the Islamic financial institutions and the role of the Sharia bodies & institutes in training Sharia*, paper presented to 5<sup>th</sup> Conference of the Sharia bodies for Islamic Financial Institutions, held at November 19 to 20, the Kingdom of Bahrain, p. 9.
- [18]. Zeid, M. a. (2005). *Risks facing the Islamic banking institutions, investments*, a working paper submitted to Sharjah conference entitled "The Role of Islamic banking institutions in investment and development, University of Sharjah, p.18.
- [19]. El-Beltaja, M. (2010) *Human resources development in the Islamic financial institutions*, working paper submitted to the Conference of the Islamic Financial Services II, Tripoli, Libya, p. 12, p. 13.
- [20]. From the recommendations of the seminar, "*the rationalization process of Islamic banks*, Dubai, September 2005.