

Global Islamic Bankers' Survey

JUNE 2023



Talent Management Dynamics

Current Practices, Challenges, and Prospects

EXECUTIVE HIGHLIGHTS

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Jeera III Tower, Office 71, Building No. 657, Road No. 2811, Block No. 428, Manama,
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About the General Council for Islamic Banks and Financial Institutions (CIBAFI)

CIBAFI is an international organisation established in 2001 and headquartered in the Kingdom of Bahrain. CIBAFI is affiliated with the Organisation of Islamic Cooperation (OIC).

CIBAFI represents the Islamic financial services industry (IFSI) globally, defending and promoting its role, consolidating co-operation among its members, and with other institutions with similar interests and objectives.

With over 130 members from more than 30 jurisdictions, representing market players, international intergovernmental organisations, professional firms, and industry associations, CIBAFI is recognised as a key piece in the international architecture of Islamic finance.

In its mission to support the IFSI's growth by providing specific activities and initiatives that leverage current opportunities while preserving the value proposition of Islamic finance, CIBAFI is guided by its Strategic Objectives, which are:

- 1) Advocacy of Islamic Finance Values and Related Policies & Regulations;
- 2) Sustainability and Innovation Integration;
- 3) Industry Research and Analysis; and
- 4) Professional Development.

Statement by the Secretary General

It is with great pleasure that I present to you the eighth edition of the CIBAFI Global Islamic Bankers' Survey (GIBS) Report. Over several editions, the GIBS Report has consistently provided valuable insights into the Islamic banking industry's main concerns, practices, and emerging trends through the eyes of its leaders. Each report features a distinct theme, illuminating crucial aspects of the industry's evolution and progress.

This year's GIBS edition underscores the vital role of talent management in the Islamic banking sector. Three years after the onset of the COVID-19 pandemic, the world is gradually recovering economically, yet continues to grapple with multiple economic and geopolitical conditions. Amid these uncertain times, an organization's adaptability and performance will be the cornerstone of business continuity. The theme of "Talent Management Dynamics: Current Practices, Challenges, and Prospects" delves into the talent landscape and management practices within the Islamic banking industry, allowing banks to comprehend talent availability, identify areas with skill shortages, and recognize the key trends that influence the industry's required skill sets.

The insights gathered this year are particularly noteworthy, given the backdrop of numerous challenges faced by the global economy. Despite mounting concerns, survey responses convey cautious optimism, an awareness of key risks, and an appreciation of the significance of talent management in ensuring the Islamic banking industry's ongoing growth and resilience. Implementing effective talent management strategies is essential for attracting, developing, and retaining exceptional talent, which will enable Islamic banks to adjust to rapidly changing market conditions and maintain a competitive advantage.

We hope that the current report offers a comprehensive view of the talent management landscape within the Islamic banking industry and acts as a valuable reference for understanding the challenges and opportunities that lie ahead. Our aim is to equip industry leaders with the knowledge and insights necessary to navigate the complexities of the contemporary global economic environment and make informed decisions for a prosperous future.

Dr. Abdelilah Belatik
Secretary General

Acknowledgements

The Secretariat would like to extend its deepest gratitude to all the member and non-member banks and financial institutions who took the time to participate in the survey and share their valuable insights.

We would also like to express our sincere appreciation to the individuals who have played an instrumental role in the success of this report. Our sincere thanks go to the CIBAFI Secretariat, and Mr. Peter Casey, CIBAFI Consultant, for their efforts in the different phases of this report's production. We would also like to extend our gratitude to Mr. Abdulkareem Sukkari, Islamic International Arab Bank, Mr. Imad Al Sadi, Palestine Islamic Bank, Prof. Dr. Mohamad Akram Laldin, International Shari'ah Research Academy for Islamic Finance, Mr. Mohammed Imam, Jordan Islamic Bank, Ms. Stella Cox, DDCAP Group, Mr. Suhail Tohami, Al Baraka Group, and Mr. Şehada Mouzahem, Albaraka Türk Participation Bank for their invaluable feedback and comments throughout the report's preparation.



In addition, CIBAFI would like to express its sincere appreciation to its Supporting Partners, DDCAP Group TM and Kuwait International Bank, for their unwavering financial support and contribution to the report's development. We would also like to acknowledge the support of Komite Nasional Ekonomi dan Keuangan Syariah (KNEKS) in the collection of survey responses from Indonesia.

We are hopeful that the report will provide valuable insights on the prospects for the Islamic banking industry as we strive together for its development and growth.

Dr. Abdelilah Belatik
Secretary General

Overview of the GIBS 2023 Report

Through its seven editions, the Global Islamic Bankers' Survey (GIBS) Report has offered a point of reference on the sentiment of Islamic banking executives towards the industry's prospects over the years. It covered various trends shaping the Islamic banking industry, including sustainability, financial technology, regulations, and women's empowerment, offering key recommendations of high relevance for the industry's development.



As the world faces several important challenges today, including geopolitical tensions, inflationary pressures, and tightening monetary conditions, organisational performance will be a dictating force for business continuity. The workforce is the lifeblood of any organisation, and nurturing the right talents will be key to success amid uncertain market conditions.

This year's GIBS edition focuses on the theme of "Talent Management Dynamics: Current Practices, Challenges, and Prospects". It presents a deep view into the practices and challenges of talent management in the Islamic banking industry to offer timely recommendations for Islamic banks to leverage talents for growth.

The report is structured around three sections, as in previous editions. The first two sections monitor Islamic banks' optimism levels, key concerns, and risks. The third section covers the theme of the report, looking into two key areas: the talent landscape in the Islamic banking industry and Islamic banks' talent management practices.

The thematic section of the report explores Islamic banks' views on talent availability to the industry, contemporary challenges, and future trends shaping talent needs. It also sheds light on the practices and challenges of Islamic banks in managing talent within their institutions amid shifting market dynamics.

This year's report findings reflect views we received from 103 Islamic banking executives from 30 countries, as outlined in the table below.

Table 1: Respondents by Regions and Countries

Group	Region	Countries of respondents	Number of respondents in this group
Group 1	GCC	Bahrain, Kuwait, Oman, Saudi Arabia, UAE	18
Group 2	Middle East ex-GCC	Egypt, Iraq, Jordan, Palestine, Syria, Yemen	25
Group 3	Southeast Asia	Indonesia, Malaysia	10
Group 4	West, Central, and South Asia	Afghanistan, Bangladesh, Pakistan, Sri Lanka	14
Group 5	North Africa	Algeria, Libya, Morocco, Sudan, Tunisia	23
Group 6	Sub-Saharan Africa	Djibouti, Kenya, Mauritania, Nigeria, Somalia, South Africa	7
Group 7	Europe and Türkiye	Bosnia Herzegovina, Türkiye	6
Total number of countries and respondents		30 Countries	103 Islamic Banks/Financial Institutions

It is our hope that this report will shed light through its various sections on the perspectives of Islamic banking executives towards the future of the industry, specifically on the practices and emerging trends of talent management.

PART I:

CIBAFI

**Islamic Banking
Confidence Index**



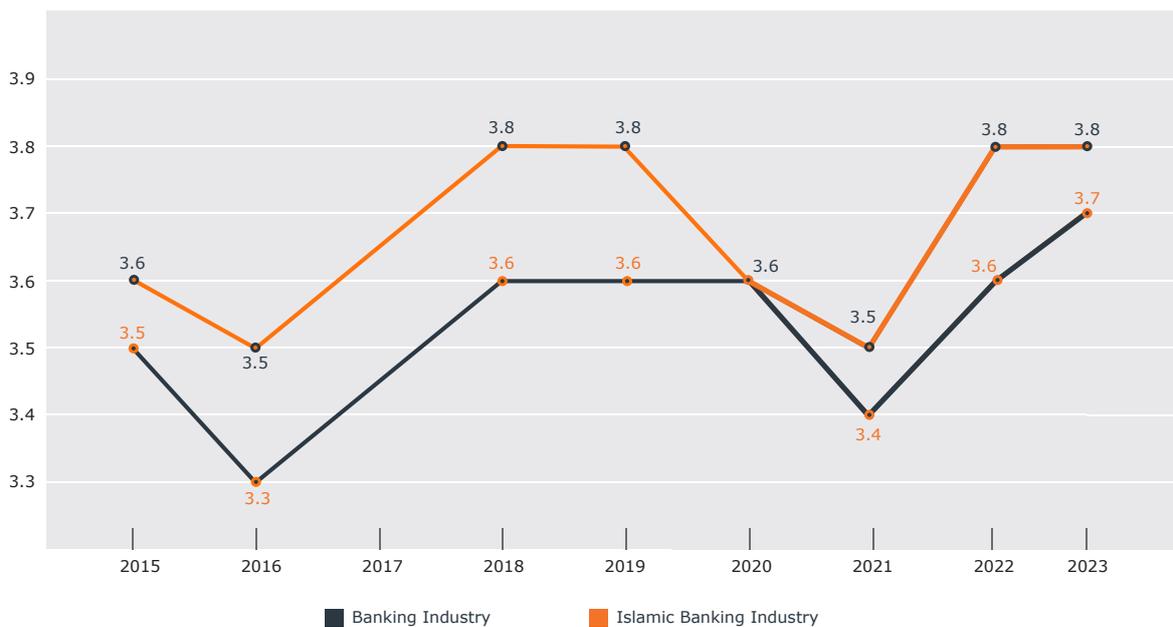
PART I.

CIBAFI Islamic Banking Confidence Index

The CIBAFI Islamic Banking Confidence Index assesses the level of confidence of Islamic bankers in the future of the industry on a yearly basis. It determines the key concerns facing Islamic banks in upcoming years and the strategic initiatives taken in response.

This year's findings indicate an overall stable level of optimism towards the future of banking and Islamic banking, with Islamic banking executives remaining positive but also aware of global uncertainties that could weigh on growth.

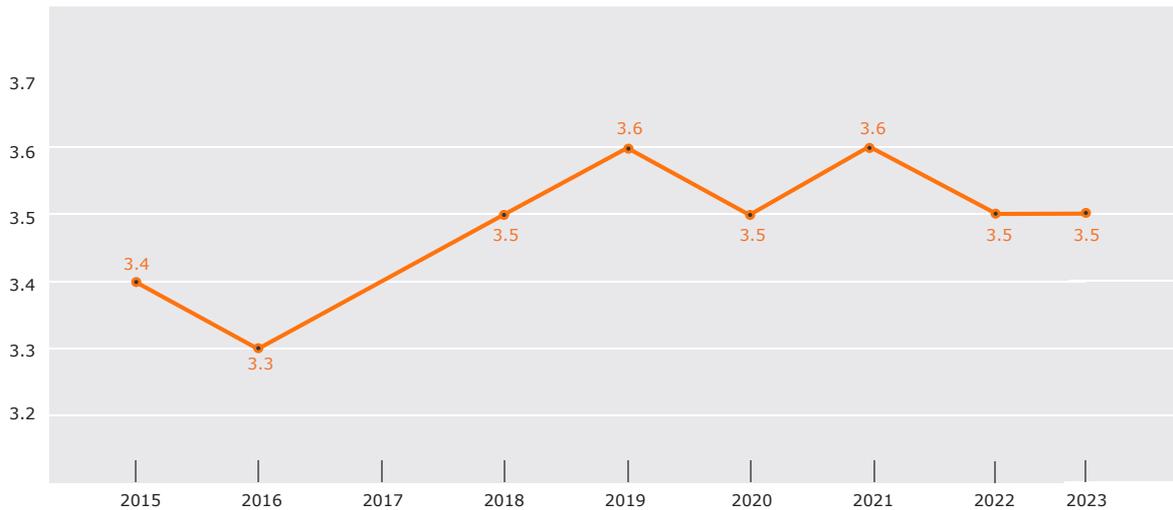
Figure 1: Overall Global Banking and Islamic Banking Optimism Levels



1: Extremely pessimistic; 2: Pessimistic; 3: Fairly optimistic; 4: Very optimistic; 5: Extremely optimistic

The outlook for Islamic banks' revenue growth also remained steady this year, with respondents ranking their revenue growth expectations fairly similar to their conventional counterparts.

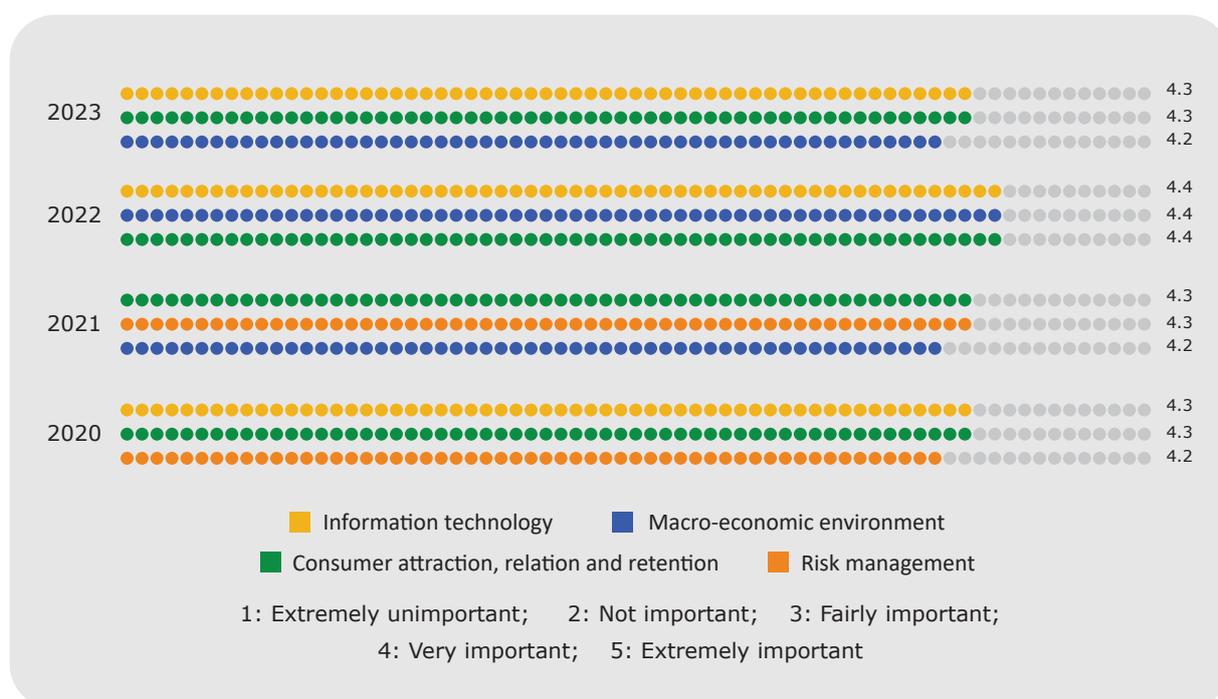
Figure 2: Expectations of Global Islamic Banking Revenue Growth Compared to Conventional Banking



1: Extremely underperform; 2: Underperform; 3: Fairly similar; 4: Outperform; 5: Extremely outperform

This year's results feature many of the same concerns reported in the previous year, although with most concerns declining in severity. Information technology remained the top concern for Islamic banks, along with customer attraction, relation, and retention. The uncertain economic outlook and its related challenges also made concerns over the macro-economic environment and risk management maintain their position at the top of Islamic banking executives' worries, as in previous years.

Figure 3: Top Three Concerns of Islamic Banks for the Next 1-3 Years



Islamic banks reported adopting various strategies to address their top concerns. These included investing in digital transformation, offering unique services to customers that leverage technology for competitive advantage, diversifying portfolios and developing flexible strategies, and investing in staff development and enhancing risk governance and oversight.

PART II:
CIBAFI
Islamic Banking
Risk Dashboard



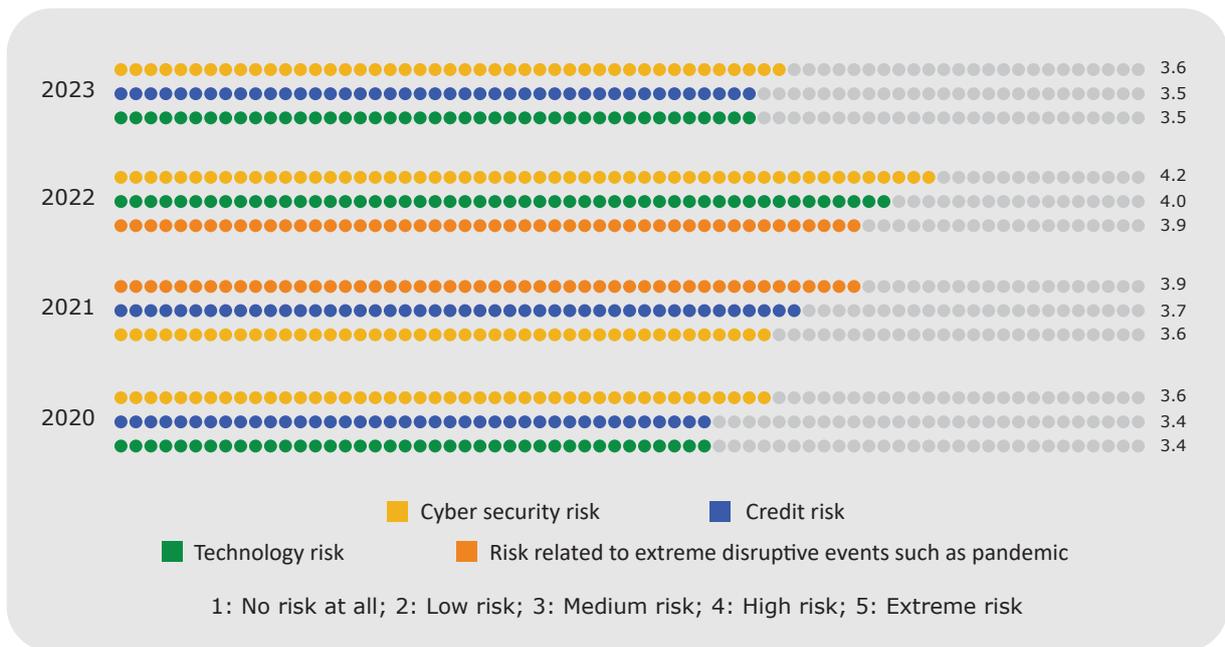
PART II.

CIBAFI Islamic Banking Risk Dashboard

The CIBAFI Islamic Banking Risk Dashboard provides a yearly overview of the potential risks that Islamic banks may face over the next one to three years based on 22 types of risks.

Technology-related risks, including technology and cybersecurity risks, maintained their position at the top of the dashboard this year given the acceleration in banks' digitalization efforts and the rapid technological advancements. Credit risk also returned as a top concerning risk for Islamic banks this year with the looming threat of a global recession / economic slowdown, political instability in some regions, and rising inflation rates.

Figure 4: Top Three Risks Faced by Islamic Banks in the Next 1-3 Years



Other risks were also highly ranked this year, including liquidity risk and foreign exchange risks, in line with uncertain economic conditions, while the risk related to extreme disruptive events, such as the COVID-19 pandemic, experienced a sharp decrease with the pandemic coming to an end and the world gradually returning to normalcy.

However, it is important to note that this year's responses reflect a strong confidence of Islamic banks in dealing with their faced risks, with an overall decrease in the severity of most reported risks, on both a global and regional level.

PART III:

Talent Management in the Islamic Banking Industry



PART III.

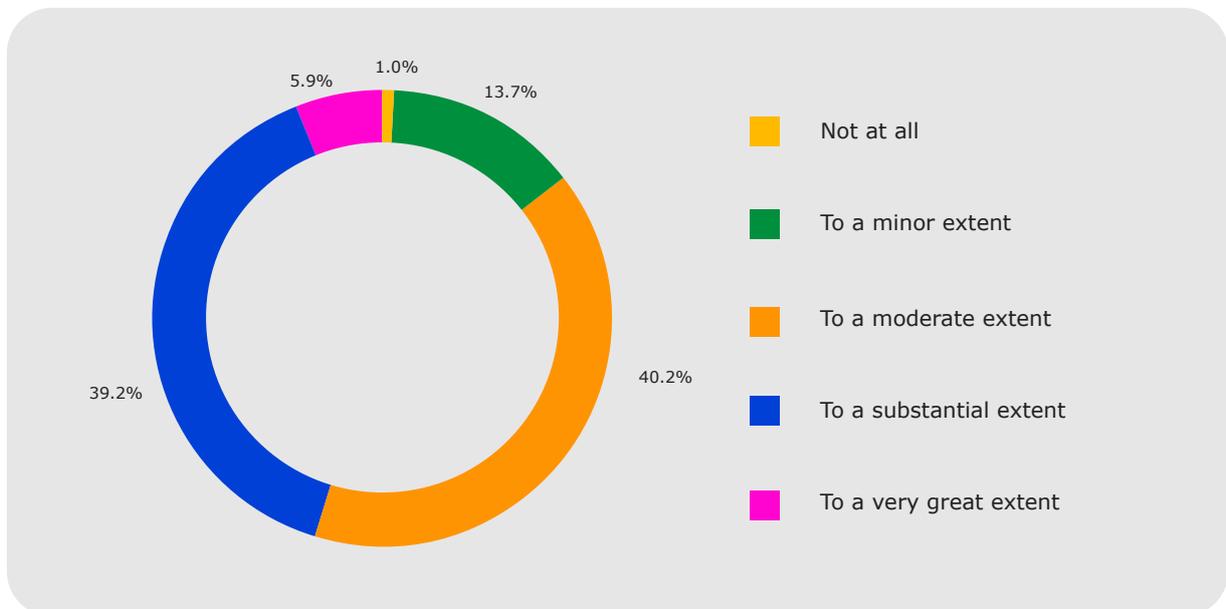
Talent Management in the Islamic Banking Industry

The thematic part of this year's survey presents insights on talent management in Islamic banking. It looks at the talent landscape in the Islamic banking industry and explores the practices of Islamic banks in managing talent in their institutions. In general, Islamic banks recognised the importance of possessing qualified human capital, especially in areas unique to Islamic finance, and the need for effective talent management practices.

Section A: Talent Landscape in the Islamic Banking Industry

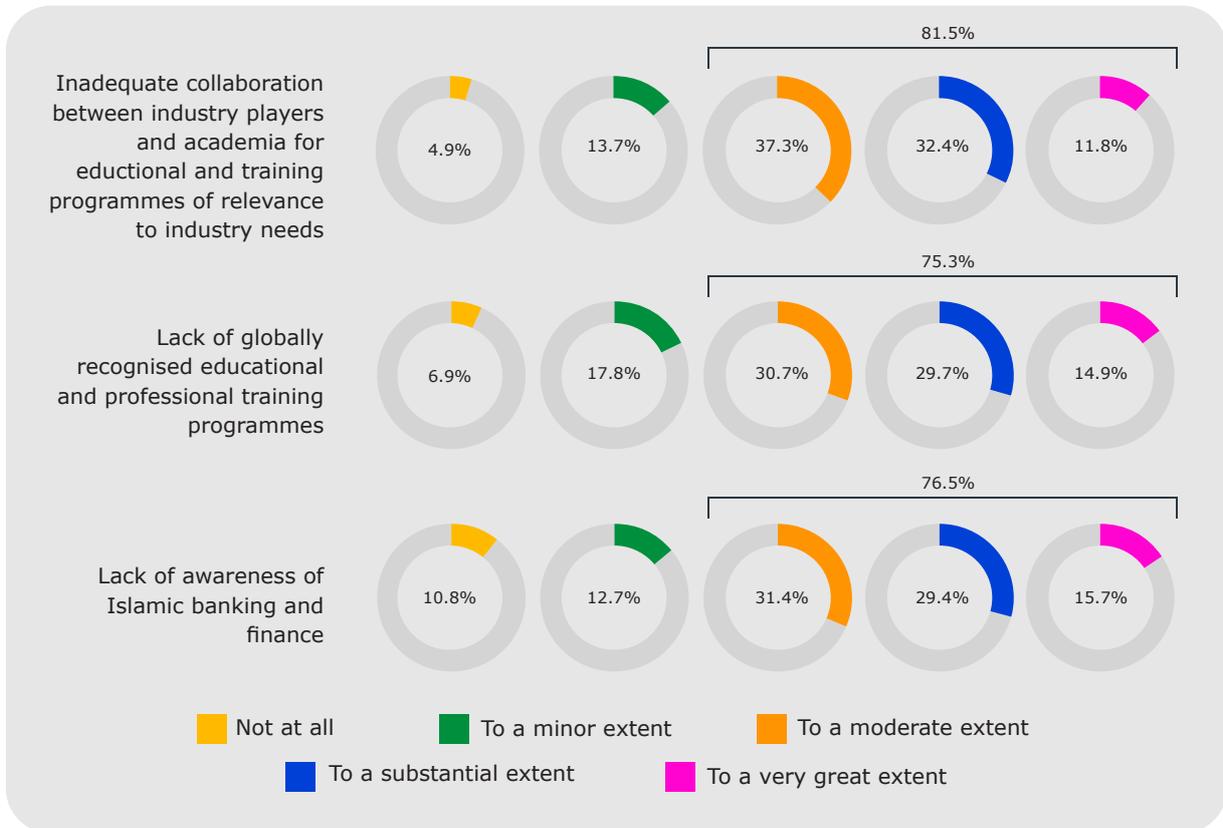
The results show an overall hopeful view of the potential skill and educational level of available talent, although with recognised areas of deficiency that should be fulfilled.

Figure 5: Talent Availability to the Islamic Finance Industry



Several challenges were ranked high as to hindering talent availability, including insufficient collaboration between industry players and academia, limited globally recognised educational and professional programmes, and the lack of awareness of Islamic banking and finance.

Figure 6: Key Challenges to the Availability of Talent in Islamic Finance



There was a general recognition by Islamic banks that industry trends are changing the recruitment needs and requiring a different skill set from talents. Respondents rated various trends quite high, although technology and digitalization, sustainability, and the competitive financial landscape featured as key trends leading changes in talent and skill needs.

Figure 7: Top Trends Impacting the Talent and Skill Needs in the Islamic Banking Industry



Following up with a question on the specific skills that will be in demand by Islamic banks in the next 3 – 5 years, Islamic banks recognised the importance of skills in technology areas, including possessing technical skills in information technology and cybersecurity and developing high digital literacy. Creativity and innovation were also ranked as the top personal traits for talents to possess in the future which likely goes together with the skill of digital literacy.

Figure 8: Personality Traits Mostly in Demand by Islamic Banks in the Next 3 – 5 years

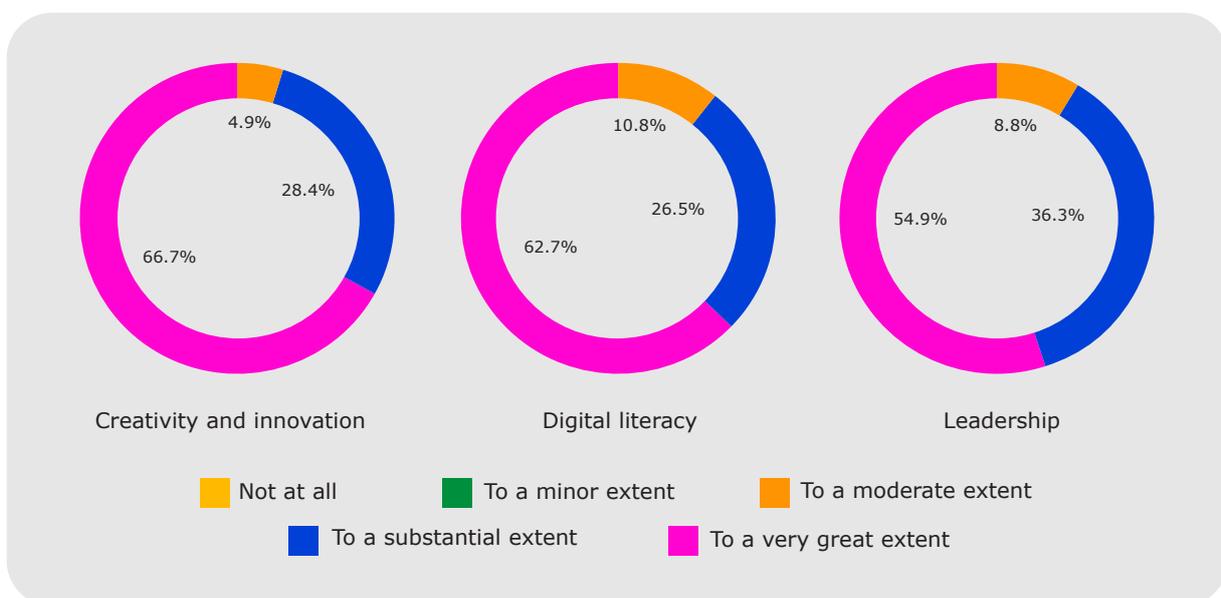
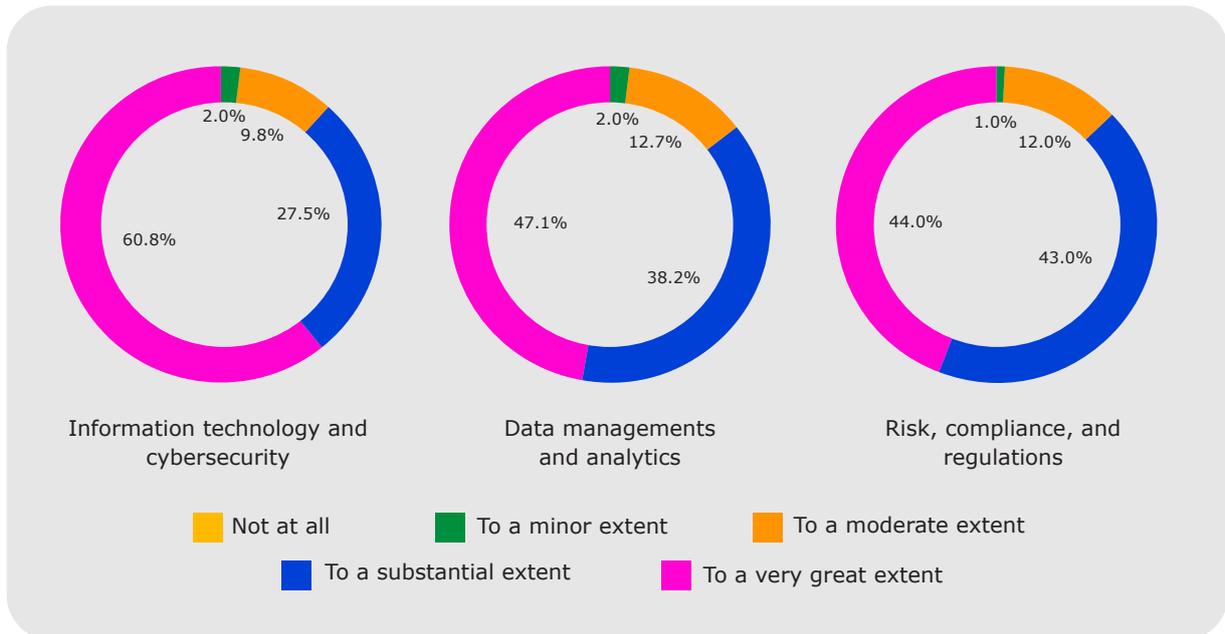


Figure 9: Technical Skills Mostly in Demand by Islamic Banks in the Next 3 – 5 years

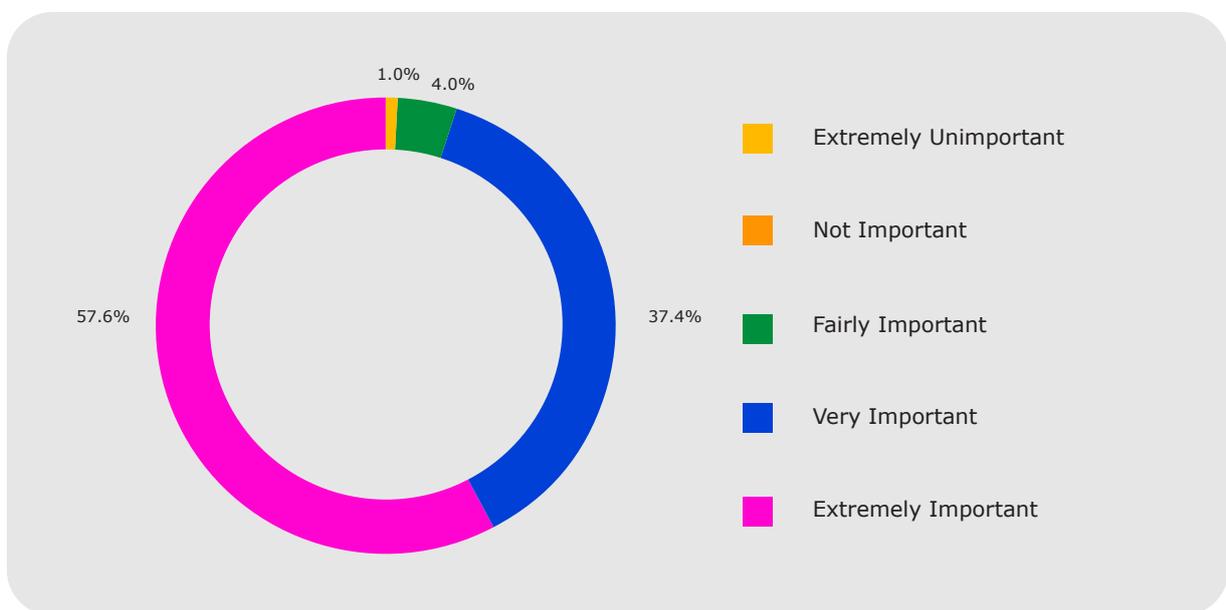


Several actions were highlighted by responses to develop and support talent in the Islamic banking industry in the coming years. These include a focus on providing comprehensive training, fostering effective talent management practices, and encouraging collaboration between industry leaders and academia. At a country level, Islamic banks also recognised the need for establishing training centres, incubators, talent pools, and financial assistance programs, as well as updating academic curricula and developing Islamic finance professional qualification and certification programs.

Section B: Talent Management Practices in Islamic Banks

When asked about talent management practices within their institutions, the majority of Islamic banks recognised the importance of attracting, developing, and retaining the right talents, with larger banks placing particular emphasis on specialised talent acquisition.

Figure 10: Islamic Banks' Views on the Importance of Attracting, Developing, and Retaining the Right Talents for Performance



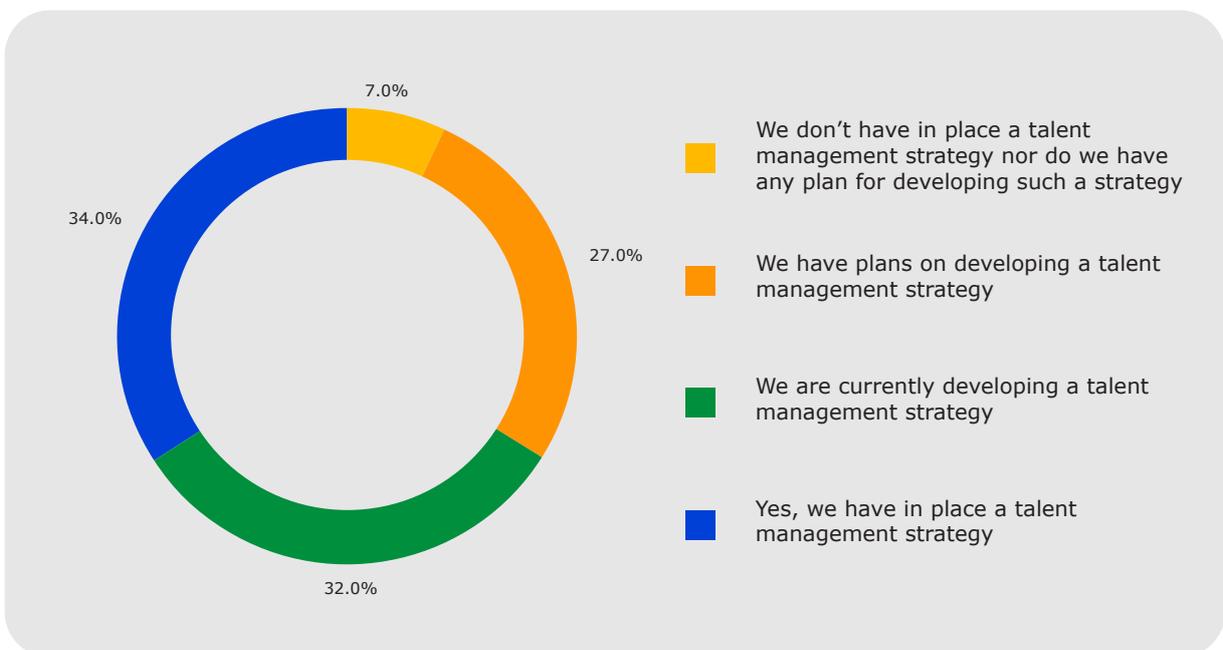
The two key prioritisations of Islamic banks in their talent management practices were investing in employee learning and development and building a strong employer brand to attract talent. Responses showed a lower prioritisation for the use of employee data, technology, and knowledge management, suggesting a reliance on more conventional means for talent management.

Figure 11: Key Priorities of Talent Management in Islamic Banks



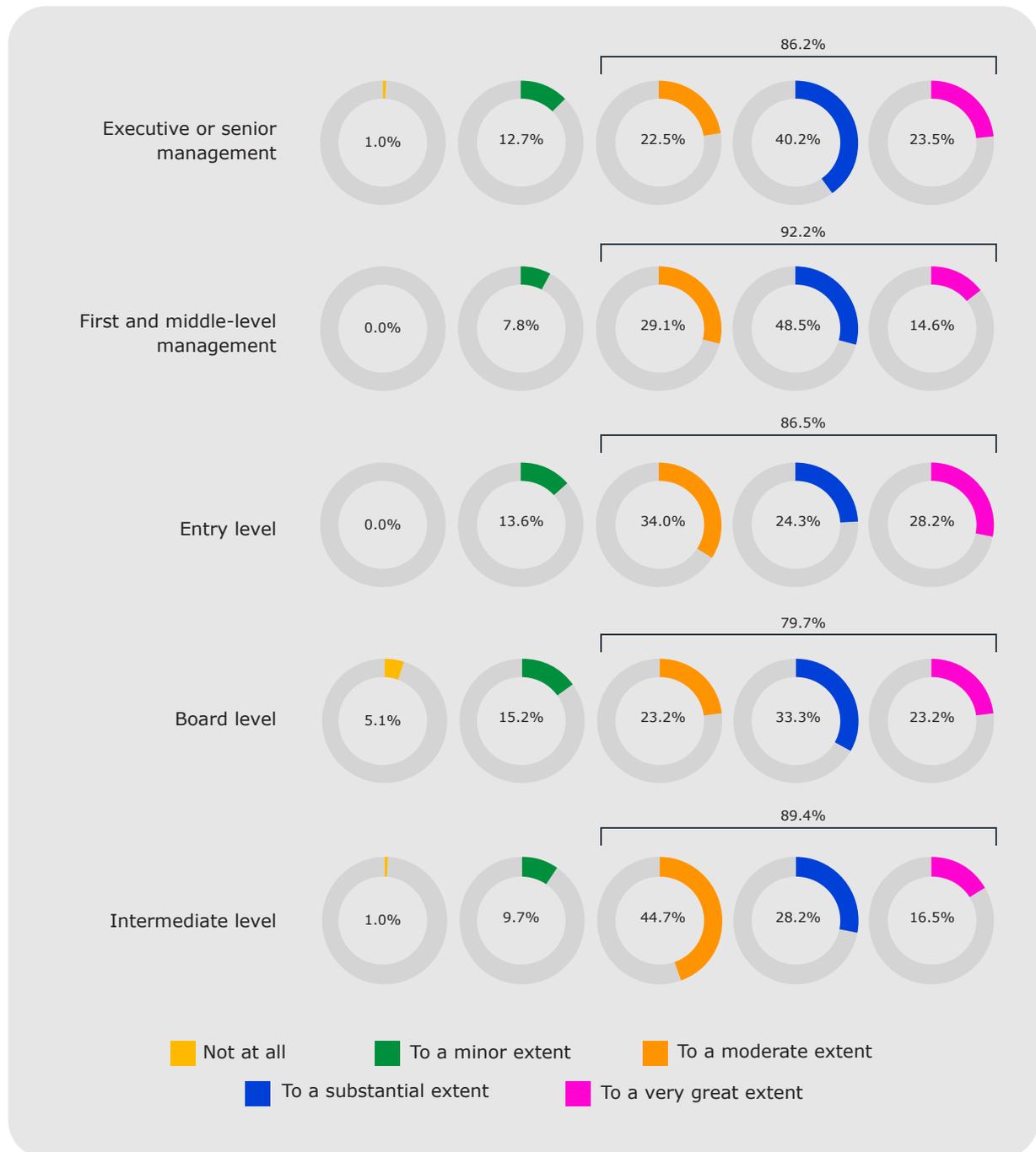
For implementing talent management, a high recognition of the importance of a formulated strategy that articulates with the overall business strategy was projected by responses. A significant portion of Islamic banks reported either implementing or being in the process of implementing a talent management strategy.

Figure 12: Stage of Implementation of a Formulated Strategy Articulating Talent Management with Business Goals



We asked Islamic banks which job levels were targeted most when it comes to talent attraction, development, and retention within their institutions. The results showed that a variety of positions were considered, although with a slight increased focus on managerial positions.

Figure 13: Job Levels Targeted in Talent Attraction, Development, and Retention



Islamic banks also elaborated on the challenges they were facing in managing talent. These included high competition for talent especially in technology areas, scarcity of talent in the field of Islamic banking, and economic and political instability in some regions challenging talent attraction and retention.

As the COVID-19 pandemic had undeniable impacts on organisations, specifically in areas of workforce planning and management, we also asked Islamic banks about the aspects that the pandemic made more important for talent attraction and retention within their institution. Multiple areas were gaining importance, although compensation and well-being featured as the top important factors.

Figure 14: Key Aspects Important for Attracting and Retaining Talents in Islamic Banks Post COVID-19

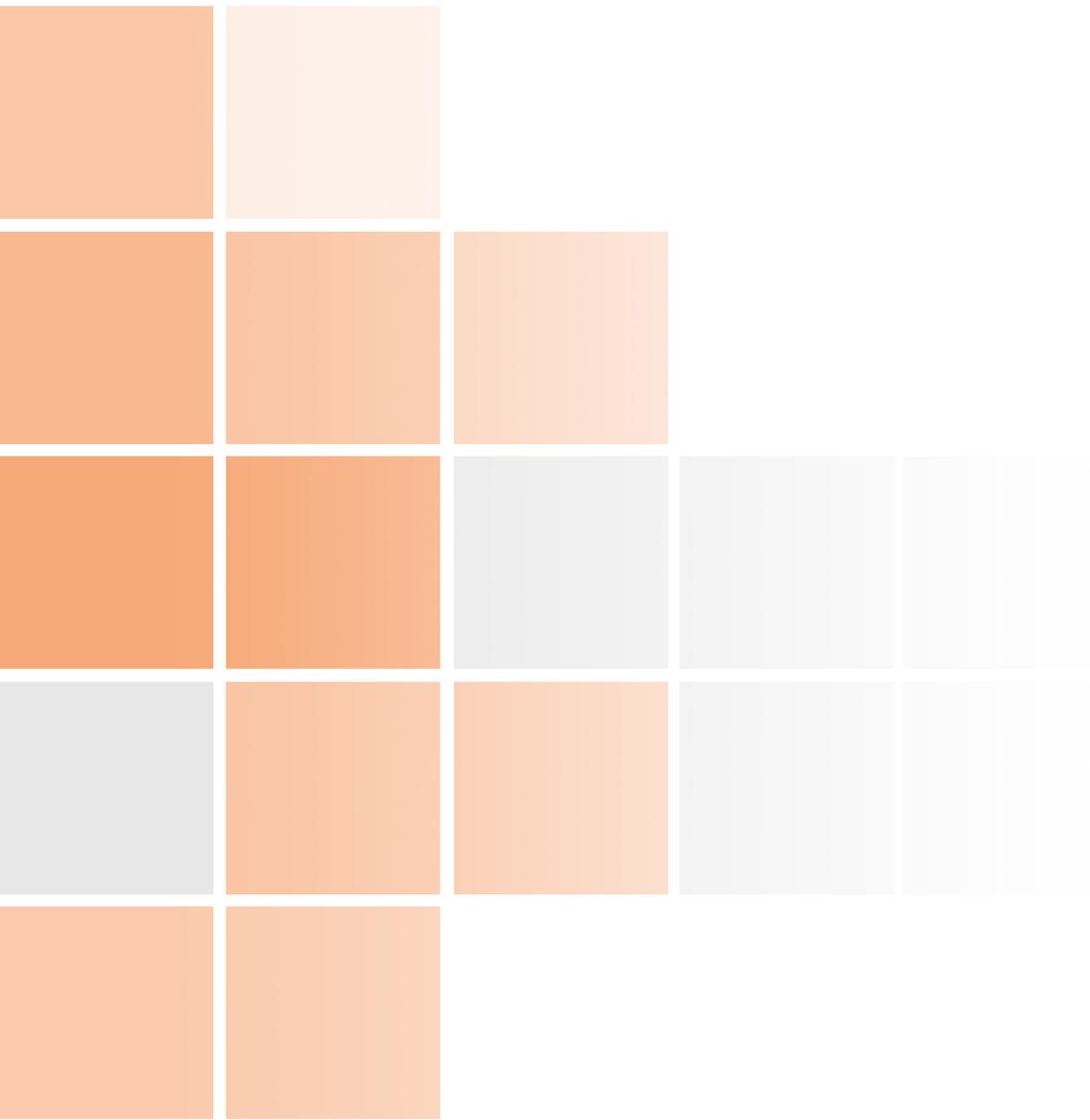


Conclusion and Recommendations

This year's GIBS report offers a distinctive reference point for readers to monitor the Islamic banking industry's progress and pinpoint primary concerns and risks that could impact its growth in the coming years. The report also provides exclusive insights into talent management dynamics in Islamic banking by examining the industry's talent landscape and talent management practices in Islamic banks, including their main challenges and strategic methods. In general, the results show that the unstable global economic outlook and rapid market developments will require Islamic banks to take strategic steps to navigate seamlessly through looming concerns and risks in the coming years, including leveraging talent for organisational performance and business continuity.

The report recommends that Islamic banks should:

- Ensure talent management strategies remain adaptable to the changing landscape and industry shifts.
- Leverage employee data and technology to refine and optimize talent management practices.
- Foster a positive work environment and adhere to labour laws and policies to attract and retain talent.
- Develop specialized training and educational programs that address talent shortage areas.
- Foster partnerships with academic institutions and governments to create a supportive ecosystem for the growth of Islamic finance talent.
- Promote cross-border collaboration to align efforts and skills development.



General Council for Islamic
Banks and Financial Institutions



المجلس العام للبنوك
والمؤسسات المالية الإسلامية

 +973 - 1735 7300

 cibafi@cibafi.org

 www.cibafi.org