

## ***Training Islamic Bank Staff to be Sharia Compliant***

By Dr. Linda Eagle

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While financial institutions around the world continue to suffer from the economic turmoil brought on by the global recession, there is one sector of the financial industry that has managed to prevail despite these difficult financial times. As the fastest growing segment of the financial industry, Islamic banking has quickly become a more widely recognized and confident banking sector. A \$180 billion per day industry, Islamic banking now accounts for about 1 percent of the global market, with even higher numbers predicted for the future.

With more than 1.61 billion Muslims worldwide, the Islamic banking sector is now a highly competitive marketplace. It is a tall order to attract new customers and retain existing ones while remaining compliant with both traditional and Sharia polices and procedures. To accomplish all of this, Islamic financial institutions must put programs in place to document their policies and train their personnel to serve the growing Islamic banking population.

### **Documentation**

The first step an Islamic financial institution can take to become compliant with traditional and Islamic banking principles is documentation. Policies and procedures can't work effectively unless they can be quickly referenced by all bank staff. By providing clearly-written, readily-available policies and procedures, financial institutions can provide proof that they are remaining compliant with general banking principles and the laws of Sharia.

Documentation is an especially important tool for a financial institution's Islamic Council. The Board of Sharia experts and scholars can use documentation to record their established guidelines for the policies and procedures with which the Islamic bank must comply. Through proper documentation, the Board can more effectively advise and audit the Islamic financial institution on matters related to Sharia.

Documentation can also act as a resource for employees at the bank. By providing documentation, the policies and procedures will be more easily accessible to bank employees, helping them to quickly find answers to their questions about how to go about their jobs.

## **Training**

After properly documenting all policies and procedures, Islamic financial institutions must educate their personnel to understand the tenets of Islamic law. However, training for employees on both general and Islamic banking principles does not have to be a costly or timely expenditure. ELearning is a cost-effective way to educate employees on general banking principles, as well as Islamic banking law. By providing eLearning training to its employees, a financial institution will eliminate the need for costly and time-consuming in-house training. ELearning eliminates or greatly reduces the cost of travel, instructor time, materials and lost work days. And eLearning gives you a program that can be used for refresher training and new-hire training.

Training will not only help bank employees to become familiar with general banking principles, it will also teach them about the complex regulations that apply to Islamic products and services. Through these training programs, employees will gain the knowledge and tools needed to benefit the customer-banking relationship.

By providing training for employees on the policies and procedures of conventional and Islamic banking, banks will experience the following benefits:

### **Standardization**

Training for all employees will guarantee that standard procedure is being taught and practiced across the bank. Unlike classroom training, each eLearning session is identical, creating consistency in the training. Additionally, standardization will ensure that all Islamic banking customers receive a consistent standard of personalized customer service each time they enter the bank.

### **Increased Employee Confidence**

By receiving proper training, associates will learn about conventional and Islamic banking principles in a self-paced, safe and non-threatening learning environment. Through the use of motivating, challenging and interactive content and activities, employees will be more confident when applying the complex Sharia regulations. They will be more knowledgeable about Islamic products and services and will be better prepared to serve their customers.

### **Reduced Risk**

Training for employees on the principles of general and Islamic banking will help financial institutions reduce risk to their bank. By creating a more knowledgeable and confident group of employees, fewer mistakes and costly errors will occur.

### **Excellent Customer Service**

Banks that train their employees on the principles of Islamic banking will be more prepared to deliver excellent customer service and provide the most up-to-date products and services to their banking clients. Having an educated, knowledgeable staff at an Islamic financial institution will help customers feel reassured and satisfied with their banking experience, keeping them coming back to the bank. Through excellent customer service, Islamic banks will also be able to attract new clients.

### **Certification**

Through training, Islamic financial institutions can objectively assess the individual progress of each employee and his/her understanding of policies and procedures. Upon completion of the training program, each student will be awarded with ongoing certification to attest of his/her mastery of the content. Financial institutions can use these certifications as a reference for compliance officers and customers to demonstrate their adherence with general banking principles and the requirements of Islamic banking.

### **Final Word**

As the Islamic banking sector of the financial industry continues to grow, it is becoming increasingly important for banks to ensure that their employees receive the training and resources to follow both Sharia principles and traditional compliance laws. Banks must act now to provide documentation and training for employees. It is only with a knowledgeable, educated staff that Islamic financial institutions.



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