

## **ENHANCED TRAINING & CAPACITY BUILDING MEASURES FOR ISLAMIC BANKING INSTITUTIONS (IBIs)**

1. IBIs are required to develop a comprehensive Islamic banking training and development policy, which should cover, inter alia, scope, coverage, training needs assessment, training calendar, training budget, training man days, training infrastructure, stakeholders and their responsibilities, selection of training personnel etc. The policy shall be approved by Shariah Board and Board of Directors (BoD) of the IBI.
2. The overall training and development policy/strategy of a conventional bank having Islamic banking branches (IBBs) shall have a separate comprehensive section for Islamic banking covering above elements.
3. As per Shariah Governance Framework, IBIs shall develop annual plan for Islamic banking training for their BoD, executive management and staff / employees covering aspects of what, who, how, where and when. It shall also meticulously follow the regulatory guidelines for training and development of their Islamic banking employees at strategic, functional and operational levels, as prescribed by SBP from time to time.
4. Shariah Compliance Department (SCD), in coordination with Human Resource Department shall be responsible for ensuring the implementation of training and development policy and annual training plan for Islamic banking.
5. The plan shall cover regular training and capacity building programs for all staff/employees designated at the Head Office including credit, risk management, audit, compliance, treasury, operations, marketing, regional / area offices and at the branch level including branch managers, operation managers, and relationship managers etc. The plan shall also specify training requirements for third party / contract staff and the officials of conventional bank responsible for providing support functions to their Islamic banking division.
6. IBIs shall take measures for ongoing development of banking & finance expertise of their Shariah Board members, particularly Resident Shariah Board Member.
7. The contents of training programs may cover, among others, Shariah principles, Islamic banking fundamentals, product features and procedures, product structuring, pool management and profit distribution framework, treasury management, risk management, Shariah Governance Framework, Shariah standards, Shariah non-compliance risks and controls, overall regulatory framework on Islamic banking, IBI's internal policy framework, handling consumer queries and addressing misconceptions on Islamic banking etc.
8. IBIs shall ensure that the in-house trainers undergo Training of Trainers (ToT) / Master Trainer Programs to build their skills required for effective delivery of trainings and help in their advanced professional development.

9. IBIs may include SBP Frequently Asked Questions (FAQs) on Islamic banking and other knowledge material available on SBP website as a regular feature of its training programs. It shall also ensure to make the same available at all its Islamic banking branches and Islamic banking windows.
10. IBIs shall arrange specific sessions for effective dissemination and understanding of guidelines or instructions on Islamic banking, issued by SBP from time to time.
11. IBIs shall arrange awareness programs / seminars / workshops to keep employees/staff abreast with local and global developments in the field of Islamic banking and finance.
12. For the staff designated at any Islamic banking branch / window, the bank shall arrange a minimum of 8-10 man days training on Islamic banking per year in addition to other soft skills trainings as per overall training and development policy.
13. IBIs shall intensify their efforts to collaborate with National Institute of Banking and Finance (NIBAF), Centers for Excellence in Islamic Finance Education (CEIFEs) and/or any other renowned local and international training institution to achieve the training targets for their BoDs, Shariah board members, key executives and all other staff/employees on an ongoing basis.
14. In addition to above, IBIs are encouraged to develop e-learning platform to ensure that relevant training / knowledge material is accessible to all employees through intranet for learning and reference purpose.
15. IBIs shall develop and use effective assessment tools to ensure active participation and learning of the participants. Those participants not meeting the minimum criteria shall be required to undergo the training again.
16. IBIs shall encourage employees to obtain professional certifications relevant to their job requirements and may provide monetary or non-monetary incentives.
17. SCD shall make random visits to Islamic banking branches / windows to assess the understanding of staff as well as observe their interaction with customers to gauge customer satisfaction. SCF shall prepare a six monthly review report on its observations and provide suggestions therein. The same shall be reviewed by Shariah Board. This will help SCD in identifying weaknesses and facilitate in designing appropriate training programs.
18. For oversight purpose, the six-monthly review report and data on training & capacity building measures undertaken by the IBI shall be presented to the BoD or relevant Sub-committee of the BoD.

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