

OBSERVATION OF MORALITY AND SPRITUALITY AS RECRUITMENT CRITERIA FOR SHARIA OFFICERS OF ISLAMIC BANKING INDUSTRY, MALAYSIA

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Abstract: *Fundamentally, the criteria requirement and general quality for appointing and recruiting Sharia officers of Islamic bank (SOs) is being Muslim in accordance with Sharia Governance Policy Document (SGPD) 2019 of Bank Negara Malaysia (BNM). While according to Imam Al- Nawawy, most important criteria is morality and spirituality. This research is conducted to investigate whether the morality and spirituality observed as recruitment criteria in the SGPD 2019 as well as in practice or not? and how to suggest and propose new good enough criteria in recruiting SOs. The paper will discuss on recruitment criteria of SOs on observation of morality and spirituality beside being Muslim in improving the level of Sharia compliance mechanism. In order to achieve this purpose, the paper has two objectives. First, to identify morality and spirituality according to Imam Al- Nawawy. Secondly, to analyze the observation of morality and spirituality for recruitment of SOs in Islamic banking industry. This paper used the documentary review of existing literatures together with interviewed data from experts of Islamic banking to present a sound legal theory of successful SOs and their practices, the obtainable interviewed data from experts of Islamic banking suggest in improving of Sharia compliance standard to inspire the level of Sharia compliance from the current level to the best after acquiring such attitudes. This paper proposes the best method for obtaining morality and spirituality toward not only SOs of Islamic banks, but also Sharia division members as part of their recruitment and appointment criteria, allowing them to cooperate morally and spiritually before making any decisions. The paper proves that the use of morality and spirituality attitudes as recruitment and appointment criteria of SOs would provides one of the best forms of uplifting the Sharia compliance to the better level.*

Keywords: *Islamic Attitudes, Moral and Spiritual, Recruitment Criteria, Sharia Officers.*

Introduction

Sharia officers are the officers with *Sharia* background qualification who work in Islamic financial institution and specifically under Takaful and Islamic bank, including of *Sharia* committee or *Sharia* board. Therefore, they oversee on all the matters related to transactional jurisprudence, *Fatwa*/product issuance, meeting secretariat of Islamic financial business in the banking sector, they are not only to connect and intermediate between *Sharia* board members at the bank, but also to engage all the documents of *Sharia* related issues of Islamic banks to ensure its fully compliance of *Sharia* Islamic law (Ullah, et al., 2016). The fundamental criteria requirement and general quality for appointing and recruiting *Sharia* officers of Islamic bank (SOs) is being Muslim individual in accordance with *Sharia* Governance Policy Document (SGPD) 2019 of Bank Negara Malaysia (BNM). While, according to Imam Al-Nawawy, the most important criteria to be observed as a *Sharia* officer are those of morality and spirituality in human development. This paper would study whether the morality and spirituality are observed as recruitment criteria in the SGPD 2019 as well as its availability in the practical recruitment exercises and how to incorporate such Islamic attitudes into recruitment criteria under governance framework for the betterment of *Sharia* compliance. This study is aimed to achieve its main objective of identification of morality and spirituality according to Imam Al- Nawawy as well as analyzing the observation of morality and spirituality for recruitment of SOs in Islamic banking industry.

However, in order to achieve the above-mentioned objectives, a documentary review of existing literatures, as well as interviews with Islamic banking experts, would be used to present a sound legal theory of successful SOs and their practises. Thus, the available interview data from Islamic banking experts appears to suggest improving *Sharia* compliance standards in order to inspire *Sharia* compliance from the current level to the best after acquiring such attitudes, the data is been supported by secondary data such as articles, classical and contemporary jurisprudence references as well as website information for the analysis part.

Islamic Sprituality and Morality as An Element of Recruitment

The Islamic spiritual and moral qualities are the qualities that have been recognized upon every individual and collective Muslim toward the commencement of any act as an act of *Ibadat*. The main Islamic qualities before the commencement of any act is Integrity and good intention (*Anniya Assaliha /Ikhlās*), it was reported on the authority of Umar Bin Kaddab in Prophetic Hadith that (*Actions are judge according to intentions*) as outlined by Imam Al Nawawy a prominent *Shafi* scholar (Lock, 2013). Besides Integrity, *Attaqwa* and *Muraqaba* are also among the most important element that are to be considered in the process of recruiting and appointing *Sharia* officers, and to be incorporated the Islamic values with the recruitment criteria under governance framework as it was initiated for the classical Islamic *Fatwa* (Akbar, et al., 2015).

Furthermore, the Islamic moral values as distinctive framework for moral education, was studied by Halstead, (2007) in United Kingdom. The author examines the implications of the close link between morality and religion in Islamic thinking throughout his article. The implications of the close link between morality and religion in Islamic thinking as a way out of the absence of an ethical discipline in Islam are discussed in the first half of the research. Though the author's attempt was based on an educational research background, it is still applicable to Muslims believers at various institutions, particularly *Sharia* officers of IBs who

face critical challenges to their task (Ulla, et al., 2016). The author fundamentally asserts that moral education is about inner change, which is a spiritual matter brought about by internalization of universal Islamic values. Throughout his research, he also mentioned the existence of morality in Islam in the verses of the Qur'an that refer in the same breath to 'those who believe' and 'those who do good deeds' (Ibn Kathir, 2000; Salisu and Hassan, 2020).

Religious and moral values in Islam are granted upon every Muslims, most importantly Islamic scholars or *Muftis* who are the role model of the entire *Ummah*. So, *Sharia* officers of IBs are in high position to acquire Islamic spiritual qualities in order to possess better *Sharia* compliance as well as observing *Sharia* objectives which would be established thoroughly, this will result from their observation of Allah's awareness in all the tasks assigned to them, because actions are judged based on intentions (Halstead, 2007; Kamaruddin, et al., 2020). The classification of the Quranic verses in the following table indicates the aspects of Islamic manners and spiritual qualities which would be analyzed and incorporated with current recruitment criteria as an element under the then Islamic *Fatwa* framework.

Table 1: Islamic Spirituality and Morality According to Quranic Verses

S/N	Quranic Verses	Number of the verses	Aspects of Islamic
01	<i>And fear the day when ye shall be brought back to God. Then shall every soul be paid what it earned, and none shall be dealt with unjustly”.</i>	Surah Albaqara 2, Verse 281;	<i>Muraqaba</i>
02	<i>“And establish the evidence (As) before God. Such Is the admonition given to him who believes In God and the Last Day. And for those who fear God, He (ever) prepares A way out.” “And He provides for him from (sources) he never Could imagine. And if Anyone puts his trust In God, sufficient is (God) For him. For God will Surely accomplish His purpose: Verily for all things Has God appointed A due proportion”.</i> <i>“And for those who Fear God, He will Make their path easy”.</i>	Surah Al Dalaq 65, Verses 2 – 4;	<i>Ikhlas/Sincerity</i>
03	<i>“But verily over you (Are appointed angels) To protect you, Kind and honorable, writing down (your deeds): They know (and understand) All that ye do”.</i>	Surah Al'infitar 82, Verses 10 – 12;	<i>Muraqaba</i>
04	<i>“Behold, two (guardian angels) Appointed to learn (his doings) Learn (and note them), One sitting on the right and one on the left. Not a word does he Utter but there is A sentinel by him, Ready (to note it)”.</i>	Surah Qaaf 50, Verses 17 – 18;	<i>Muraqaba</i>
05	<i>“And they have been commanded No more than this: To worship God, Offering Him sincere devotion, being True (in faith); To establish regular Prayer; And to practice regular Charity; And that is the Religion Right and Straight”.</i>	Surah Al Bayyinah 98, Verse 5	<i>Attaqwa/wara'</i>

Table 1 is the text of Quranic verses as well as the aspects of Islamic spiritual and moral qualities contained through the context of Quranic verses.

The Quranic context was used to identify the Islamic spiritual and moral attitudes of *Attaqwa/wara'*, *Muraqaba*, and *Ikhlās/Sincerity*, which were then analyzed and incorporated with current recruitment criteria as an element under the then Islamic *Fatwa* framework. The aspect of *Attaqwa/wara'* would cause the SO to fear Allah SWT in all of his tasks because his concern is not only worldly but also hereafter, leading him to the second attitude *Muraqaba*, which would cause the SO to observe and account for his activities as a *Sharia* officer before Allah SWT's general accountability. Furthermore, establishing both attitudes will justify acquiring the last attitude *Ikhlās/Sincerity* because actions are judged based on intentions (Lock, 2012).

Methodology

This paper chooses the method of documentary review data of existing literatures and available interview data from Islamic banking experts which appears to suggest improving *Sharia* compliance standards in order to inspire *Sharia* compliance from the current level to the better after acquiring such attitudes, and the data is supported by secondary data such as articles, classical and contemporary jurisprudence references, i.e. Al- Nawawy's book and other prominent Jurisprudence scholars as well as website information for the analysis part. At the end of the study, the method would justify having good enough aspects to propose a new criteria recruitment for SOs.

Fit and Proper Recruitment Criteria of *Sharia* Officers of IBs base on the SGPD

Bank Negara Malaysia has issued the policy document on *Sharia* Governance for Islamic financial institutions. This policy document aims to further strengthen the effectiveness of *Sharia* governance implementation and reinforce a closer integration of *Sharia* considerations in the business and risk strategies of the Islamic financial institutions and was issued on 20th September 2019 and taken effect from 1st April 2020. This SGPD sets out the Bank's proposed regulatory requirements on *Sharia* governance for Islamic Financial Institutions.

SGPD draft, which was Issued on 20th September 2019 BNM/RH/PD 028-100 consists of 7 parts from A to G and divided into 22 sections include appendixes through 22 pages. The draft as manifestation plan is strictly applicable to the following sectors as mentioned in the front page:

“Licensed Islamic banks 2. Licensed takaful operators including professional re takaful operators 3. Licensed banks and licensed investment banks approved to carry on Islamic banking business 4. Prescribed development financial institutions approved to carry on Islamic financial business 5. Shariah committee member” and *Sharia* officer by extension.

The specific subject matter of this study in the (SGPD Draft, 2019) is the section 12 which reads as follows: 12 Appointment, cessation and disqualification.

*“Subject to section 31 of the IFSA, an IFI shall only appoint or reappoint a person to be its Shariah committee member if the following are fulfilled: (a) the person is a Muslim individual; (b) the person has been assessed to have met the requirements specified in the policy document on **Fit and Proper Criteria** on a continuous basis; and (c) the person is either– (i) a Shariah qualified person; or*

(ii) *an expert who possesses skills, knowledge and experience relevant to support the roles and responsibilities of the Shariah committee*". (SGPD Draft 2019).

While being Muslim individual is what have been mention in SGPD 2019 as criteria requirement of *Sharia* committee member as well as *Sharia* officer by extension. The document earlier stated that the person has been assessed to have met the requirements specified in the policy document on Fit and Proper Criteria on a continuous basis which was mention in Part B of Fit and Proper criteria, policies and procedures read as follows: Conditions for Assessment and Appointment

"S 6.1 Any person to be appointed as key responsible persons or a FAR must not be disqualified and have been assessed to have met all the fit and proper criteria based on, at minimum, the factors set out in Part C of this policy document, relating to: (a) probity, personal integrity and reputation; (b) competency and capability; and (c) financial integrity" (Fit and Proper, 2018).

According to the context of the above documents, only some of the morality where been mentioned in Fit and Proper document (F&P) such as but not limited to probity, personal integrity and reputation. The Islamic spiritual manners as has been used and assessed in classical level, would be in better position to be adopted and incorporated with the then criteria requirement under governance framework for the SOs recruitment exercise.

In the meantime, the framework of Islamic *Fatwa* has regarded the aspect of morality and spirituality to be observed and assess for an intended Islamic *Mufti* candidate, these aspects are to be found in many verses and prophetic traditions as well as within the classical jurisprudence books, which is the idea suggested by this paper and supported by targeted informants and expert of IBs to be adopted and considered upon SOs recruitment and appointment in Islamic banks to carry the industrial activities successfully, the aspects include but not limited to the following Integrity, Sincerity, Truthfulness and Good intention (God fearing/ *Attaqwa/Ikhlas/Anniya Assaliha*) *Eternal accountability and supervision (The Supreme Muraqaba)*.The figure below identifies the criteria requirement for appointing Islamic *Mufti* and SBM/SO base on SGPD/F&P and the context of Quranic verses as well as Al- Nawawy thought which would be influenced in improving the qualities of SOs (Salisu, Saniff, and Hassan, 2021).

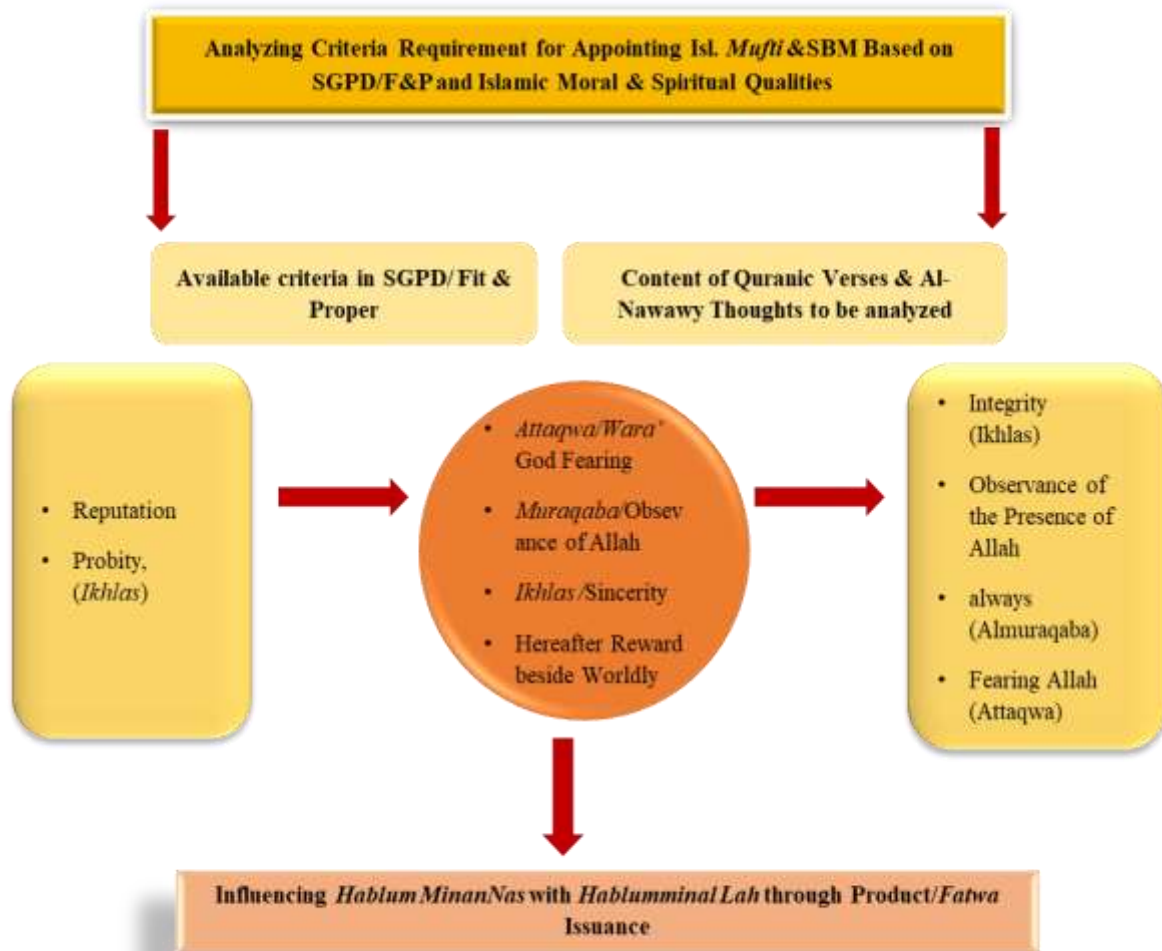


Figure 1: The Criteria Requirement of Appointing Muftis & SOs base on SGPD/F&P and Islamic Thoughts

The figure above identifies the criteria requirement for appointing Islamic *Mufti* and SBM/SO base on SGPD/F&P and the context of Quranic verses as well as Al- Nawawy thought which would be influenced in improving the qualities of SOs.

Discussion and Findings

According to the responses of the interviewed experts of this research paper, almost all informants have overwhelmingly assured the significance behind the using of Islamic spirituality as recruitment criteria of *Sharia* officers of Islamic banks and highlighted with different words but referred to the same meaning. This is in line with Islamic fundamental qualities that every individual Muslim is expected to acquire as outlined by Imam Al-Nawawy and other Islamic scholars in theoretical part of this paper. Thus, the industrial and institutional application of acquiring these Islamic attitudes might defer from this system to other. Islamic *Fatwa* institution has been incorporated the morality and spirituality through the process of recruitment and appointment of Islamic *Mufti* in contemporarily level. However, through the above-mentioned responses of interviewed informants, which emphasizes on the importance of the said Islamic attitudes and technical way of incorporating them to the current Islamic banking framework in recruitment and appointment exercises in

order to achieve the objectives of this paper. (Confidential, 2021a), have said in his affirmation of incorporating of morality and spirituality in Fit and Proper criteria document:

“I agree, and it has been incorporated in the Fit and Proper Criteria BNM. And the process appointing SC also give very important consideration on this aspect where the candidate must undergo an interview with the head of Sharia and CEO of the Islamic Bank, then Board of Directors and finally at the BNM level. During this interview spiritual and moral aspects are given due consideration”.

Beside this, some few informants have suggested the using of negative phrase as criteria requirement on assessment process:

“Actually, we can put bad Suma’a, controversial attitude, bad Muru’a as general criteria to be negatively used for the assessment of SBM before been recruited and appointed” stated by Confidential, 2021b.

So, the assessment will be duly carried out without further complicatedness of measurement and assessment of one attitude. Since the attitudes will bring *Sharia* compliance in the industry to the better quality because Islamic spiritual quality has much impact to the Muslim individual.

“Meanwhile, we don’t know much about their moral in the interview session, we can only see their behavior but that does not mean to represent their total package of morality and spirituality” (Confidential, 2021c),

Again, Confidential, 2021d emphasized on customers behavior/feeling which will be dealt properly with an officer who possess these qualities, he also suggested of having morality and spirituality by not only *Sharia* officers but also *Sharia* division members of the Islamic bank at large he said:

“Moral and spiritual when we are dealing with banking matters among the issues that we are taking in to consideration customers behavior/feeling, so for SBM who have moral and spiritual qualities will give additional impact to them in issuing their Fatwa and giving their opinion” and further said *“Also purchasing product that deal with Haram like alcohol, one should have moral and spiritual qualities in order to face these challenges, not only SOs but also all the staff/officers under Sharia division in particular and all the staff of IFIs at large”.*

The submission of Confidential, 2021e, would be the conclusion of all the interviewee responses of this sub theme, he added that

“Yes, I agree that moral and spiritual qualities are important for the assessment and measurement, but the question is how the instrument or mechanism of assessment will be? because our current environment looking at moral and spiritual qualities as not part of our current assessment criteria.

For instance, a candidate referees in the job application through curriculum vitea can be contacted to measure the person’s moral attitudes, so the referee will be the one who will tell more about all those moral and spiritual qualities related to the candidate, but to have formal assessment it is something that is not in practice widely in the current recruitment exercises, it is very important to have it but how do you assess it and how do you develop an instrument that can properly assess this? Also, beside moral and spiritual qualities, people are assessing now, and it is becoming increasingly important and critical. So, the current recruitment

process need improvement from this aspect, the aspect of ethics (*Aklaaq*) Confidential, 2021a explained.

As a result, in order to improve the aspect of ethics of Islamic banking industry through recruitment exercises, Islamic Spirituality and Morality should be incorporated within the criteria requirement of *Sharia* Officers in (future SGPD and/or F&P) and observed practically in the exercises of the recruitment and appointment exercises.

Conclusion

Finally, after the theoretical part of this paper have been drawn, which includes Imam Al-Nawawy thoughts supported by the Quranic content, the paper suggested the best way of observing the spirituality and morality attitudes toward SOs recruitment, which ends with implementing of using of negative phrase as criteria requirement on assessment process as well as candidate referees to be contacted before been interviewed and the lastly, post interview assessment as well as continuous assessment training after recruitment. To summarize, incorporating of morality and spirituality aspects and governance framework of the industry as suggested by the paper and supported by interviewed findings from informants would be the conclusion remark of this paper since all informants have testified with its extreme importance and its influence in straightening *HablumminNas* with *HablumminalLah* through all the commitment of *Sharia* officers. Also, the obtainable interviewed data from experts of Islamic banking seems to suggest improving of *Sharia* compliance standard from the current level to the better after acquiring such attitudes.

To this end, this paper suggest the best way through which obtaining morality and spirituality towards not only SOs of Islamic bank but also the whole *Sharia* division members as part of their recruitment and appointment criteria which will enable them to cooperate morally and spiritually before taking every decision in to account. This paper proves that the use of morality and spirituality attitudes as recruitment and appointment criteria of SOs would provides one of the best forms of uplifting the *Sharia* compliance to the better level.

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