OIKOS : Jurnal Ekonomi, Manajemen, dan Bisnis
P-ISSN : 1979-4770

Bridging the Human Capital Gap in Indonesia's Islamic Finance Sector

Moh. Mahbub
Faculty of Sharia and Law, UIN Sunan Gunung Djati Bandung, Indonesia
mohmahbub@uinsgd.ac.id

Abstract

This article examines the persistent human resource challenges within Indonesia's Islamic finance sector. Despite the sector's growth, a significant gap exists between labor market needs and the competencies of available professionals. Drawing on human capital theory, stakeholder theory, and competency-based education models, the study analyzes structural, institutional, and strategic obstacles through qualitative document analysis. Findings reveal fragmented curricula, regulatory disconnects, and limited academic-industry alignment as core constraints. The study identifies opportunities for systemic reform, including the adoption of national competency frameworks, centralized certification, and digital finance integration. By proposing an ecosystem-based model for talent development, this research contributes to a more cohesive and forward-looking strategy for enhancing professional capacity in Islamic finance. The findings carry practical implications for universities, regulators, and financial institutions aiming to create a skilled, *sharia*-compliant workforce that aligns with Indonesia's economic goals.

Keywords

Islamic finance; human capital; *sharia* compliance; competency-based education

Introduction

The Islamic finance industry in Indonesia has emerged as a significant component of the national financial system, underpinned by increasing demand for *sharia*-compliant financial services and robust regulatory support. However, the sector's rapid expansion has not been matched by the availability of qualified human resources, leading to a talent gap that threatens sustainable growth (Iqbal & Mirakhor, 2007). While Indonesia boasts the largest Muslim population globally, the alignment between this demographic advantage and the availability of competent professionals in Islamic finance remains insufficient (Obaidullah, 2005, p. 73). The human capital deficit in Islamic finance is not merely a supply issue but a structural challenge involving education, training, and institutional readiness.

Global experiences suggest that a mature Islamic finance ecosystem requires a dedicated workforce equipped with both conventional financial skills and a nuanced understanding of *sharia* jurisprudence (El-Gamal, 2006). In Indonesia, the absence of standardized curricula and certification mechanisms exacerbates the skill mismatch between educational outputs and industry needs (Kuran, 2004). Institutions of higher learning often offer fragmented or outdated programs that fail to instill competencies necessary for Islamic financial operations (Chapra, 2000). Consequently, the industry resorts to training existing employees on the job, resulting in uneven performance standards across institutions (Warde, 2000). This disconnect is a recurring concern among financial regulators and industry leaders.

From a theoretical standpoint, human capital theory underscores the importance of investing in education and training to enhance labor productivity (Becker, 1993, p. 44). In the context of Islamic finance, this investment must encompass both technical and ethical dimensions, requiring a distinctive pedagogical approach. Empirically, studies in other Muslim-majority countries such as Malaysia and the UAE highlight the efficacy of structured certification programs and institutional partnerships in developing competent Islamic finance professionals (Iqbal & Llewellyn, 2002). Indonesia, however, has yet to fully institutionalize these practices, leaving a substantial capability gap in workforce readiness.

Furthermore, institutional inertia and fragmented governance structures impede collaborative efforts across ministries, universities, and industry bodies. Despite the establishment of *sharia* financial institutions and the issuance of national roadmaps for Islamic finance, human resources development remains under-prioritized in policy agendas (Siddiqi, 2006). There is also a lack of empirical data and policy analysis evaluating the effectiveness of existing training programs. As a result, talent cultivation in this sector is reactive rather than strategic, further distancing Indonesia from its regional peers in Islamic finance excellence (Zaman & Asutay, 2009).

This research addresses these concerns by exploring the structural and strategic dimensions of human resources development in Indonesia's Islamic finance sector. The central research questions are: (1) What are the key structural challenges impeding human resources development in Islamic finance in Indonesia? (2) How do academic institutions and industry actors contribute to or hinder this process? (3) What integrative strategies can be implemented to bridge the human capital gap in the sector? The study aims to provide a comprehensive understanding of the human resource ecosystem in Islamic finance and propose actionable recommendations for its enhancement. These questions are answered thematically through a multidisciplinary analysis of literature, theoretical models, and expert insights.

Literature Review

The discourse on Islamic finance human capital has evolved considerably over the past few decades, driven by the global expansion of *sharia*-compliant financial systems. Central to this literature is the recognition that human resource capacity is not only a technical requirement but a core determinant of industry integrity and sustainability (Iqbal & Mirakhor, 2007). Researchers have consistently highlighted the duality of skills required—combining conventional financial knowledge with a profound understanding of Islamic jurisprudence (*fiqh al-muamalat*)—to effectively operate in this specialized domain (El-Gamal, 2006). This duality has placed unique demands on educational institutions, prompting a reevaluation of curriculum standards and pedagogical approaches (Chapra, 2000).

Several key frameworks have emerged to address these challenges. Human capital theory, as conceptualized by Becker (1993, p. 29), suggests that targeted investments in education and vocational training lead to increased productivity and economic returns. Within Islamic finance, this translates to the development of certification bodies, standardized training, and academic programs that mirror industry needs (Obaidullah, 2005, p. 82). However, literature also reveals discrepancies in implementation. In many Muslim-majority countries, including Indonesia, there remains a lack of synergy between academic institutions and financial industries (Kuran, 2004). These disconnects manifest in mismatched competencies and limited employment readiness among graduates entering the Islamic finance job market.

Other contributions emphasize institutional support and cross-sector partnerships as prerequisites for successful human resource development. For instance, studies by Siddiqi (2006) and Warde (2000) stress the importance of regulatory bodies in setting clear benchmarks for professional qualifications in Islamic finance. Moreover, Zaman and Asutay (2009) argue for an integrative approach where universities, certification boards, and financial institutions co-create learning ecosystems. Despite these recommendations, Indonesia's progress has been uneven, hindered by policy fragmentation and limited empirical assessments of educational efficacy. Thus, the literature substantiates both the need for and the absence of a cohesive strategy for human capital development in Indonesia's Islamic finance sector.

Theoretical Framework

Human capital theory serves as the foundational framework for analyzing the challenges in Indonesia's Islamic finance human resources. Rooted in the work of Becker (1993, p. 17), this theory posits that investments in education, skills training, and personal development lead to improved productivity and economic value. In the context of Islamic finance, the theory is expanded to include not only technical proficiency but also moral and ethical acumen, as practitioners must operate within the bounds of *sharia* principles (Chapra, 2000). This dual competence—both functional and ethical—necessitates a unique form of human capital investment that traditional models may not fully capture.

A critical extension of this theory is the incorporation of *fiqh*-based knowledge as a core component of professional capability. Islamic economics scholars argue that financial literacy in this domain is incomplete without understanding the jurisprudential roots of transactions (Obaidullah, 2005, p. 61). Therefore, effective human resource strategies must account for both secular and religious education. El-Gamal (2006) supports this by emphasizing the integration of Islamic legal norms with conventional finance education, thereby crafting a comprehensive professional profile suitable for Islamic financial institutions.

Another relevant theoretical model is institutional theory, which explains how organizational norms and structures influence behavior and practices. According to Scott (2001, p. 48), institutions adopt certain practices not only for their efficiency but also to conform to societal expectations and gain legitimacy. In Indonesia, the formalization of Islamic finance through banking regulations and educational mandates has shaped institutional behavior, yet inconsistencies remain. The lack of a unified accreditation system for Islamic finance professionals reflects weak institutional isomorphism—where actors fail to mirror best practices seen in mature Islamic finance markets like Malaysia (Warde, 2000).

The competency-based education and training (CBET) framework also informs this study. CBET emphasizes the alignment of training programs with industry-defined competencies rather than academic abstraction (Zaman & Asutay, 2009). In Islamic finance, this model offers practical relevance by focusing on applied skills, such as *sharia* audit procedures or Islamic risk management techniques. However, its adoption in Indonesian institutions is limited, often hindered by traditional academic structures and inadequate feedback mechanisms from the industry (Iqbal & Llewellyn, 2002).

Lastly, the stakeholder theory underscores the necessity for multi-actor involvement in shaping educational outcomes. Freeman (1984, p. 56) posits that businesses, educators, and regulators share joint responsibility in developing human capital. In Indonesia’s Islamic finance landscape, this implies coordinated efforts among ministries, universities, professional boards, and financial institutions to co-design human resource policies. Current fragmentation across these actors weakens the collective capability to nurture talent systematically. Hence, this research leverages stakeholder theory to advocate a collaborative and ecosystem-based approach to address the talent gap in Islamic finance.

Previous Research

One of the earliest relevant studies is by Chapra (2000), who examined the conceptual foundations of Islamic economics and the institutional requirements for an Islamic financial system. His work emphasized the necessity of integrating ethical and jurisprudential knowledge into the financial workforce. Chapra argued that without robust educational institutions supporting these goals, Islamic finance would remain underdeveloped in both structure and spirit. This perspective laid the groundwork for later empirical studies focused on human resource formation.

Obaidullah (2005, p. 68) contributed significantly by evaluating the competency levels of Islamic banking professionals in South Asia, including Indonesia. He found a recurring gap between theoretical knowledge and practical implementation, particularly in *sharia* auditing and Islamic risk assessment. His study emphasized the need for a standardized certification model that bridges academic qualifications and workplace demands, highlighting systemic educational deficiencies as a primary constraint.

El-Gamal (2006) approached the issue from a pedagogical perspective, critiquing conventional economics curricula for their inability to embed *sharia* values effectively. His comparative study of institutions in the Middle East and Southeast Asia revealed that Indonesia lagged in integrating interdisciplinary learning frameworks. This lack of curricular integration led to inconsistencies in skill development and hampered professional competence in Islamic finance operations.

In 2007, Iqbal and Mirakhor advanced the debate by proposing an institutional strategy for Islamic financial development. Their framework included collaborative efforts between central banks, educational institutions, and industry actors to formulate human resource roadmaps. Although their model has been effectively implemented in countries like Malaysia, Indonesia has struggled with fragmented implementation and weak institutional linkages.

Zaman and Asutay (2009) furthered the analysis by examining policy responses to human capital challenges in Islamic finance. Their study underscored the role of public-private partnerships in Malaysia and recommended a similar approach for Indonesia. However, they noted the absence of national human resource development plans tailored to Islamic finance, which has led to disjointed policy efforts and underutilized educational infrastructure.

Finally, Kuran (2004) offered a broader critique of Islamic finance education, arguing that it often lacks methodological rigor and remains isolated from mainstream economics. While his analysis focused largely on ideological and epistemological issues, it nonetheless highlighted the need for a more integrative approach to human resource development that combines both Islamic and conventional perspectives.

Collectively, these studies establish a strong foundation for the current research. However, a clear gap persists in the contextual analysis of Indonesia's human resource ecosystem for Islamic finance. Existing literature often generalizes across Muslim-majority countries without addressing Indonesia's unique institutional, educational, and regulatory conditions. This research aims to fill that gap by providing a localized, strategic examination of the human capital challenges and offering integrative solutions specific to the Indonesian context.

Research Methods

This study employs a qualitative, document-based research design rooted in interpretive analysis. The type of data used is conceptual and textual in nature, comprising scholarly publications, regulatory documents, and academic literature that discuss human resource development in Islamic finance. This approach is suitable for exploring complex institutional dynamics and contextual variables that influence the state of human capital in Indonesia's Islamic finance sector (Becker, 1993, p. 21). The use of qualitative data allows for a deeper understanding of both the theoretical and applied dimensions of human resource challenges in this field (El-Gamal, 2006).

The data source includes international books and journal articles published before 2009, ensuring historical consistency and theoretical robustness. Key texts include foundational works on Islamic finance, human capital theory, and institutional frameworks (Chapra, 2000; Obaidullah, 2005, p. 77). Government reports, publications from international financial institutions such as the IMF and World Bank, and policy documents from Islamic financial regulatory bodies are also utilized to enrich the dataset. These sources offer insight into both normative frameworks and empirical findings relevant to the research questions.

Data collection is conducted through systematic literature review and document analysis. Sources are selected based on their relevance, credibility, and theoretical alignment with the research framework. Literature searches were conducted using academic databases and library archives, prioritizing peer-reviewed journals, recognized academic publishers, and institutional publications. Thematic relevance, publication date, and methodological clarity were used as selection criteria to ensure the quality and relevance of the data (Iqbal & Llewellyn, 2002).

The data analysis technique employed is interpretive thematic analysis. This method involves coding the data into thematic categories aligned with the research questions—structural challenges, institutional roles, and strategic solutions. Interpretive analysis allows for identifying patterns, contradictions, and underlying assumptions in the literature (Siddiqi, 2006). It also facilitates the linking of theoretical frameworks to empirical realities, thus enhancing the analytical depth of the findings (Zaman & Asutay, 2009).

Finally, conclusion drawing is conducted through thematic synthesis. This process involves cross-comparing themes, identifying interconnections, and drawing conclusions that address the research questions. The conclusions are not only descriptive but also prescriptive, offering strategic recommendations for improving human resource systems in Islamic finance. The interpretive method ensures that the findings are context-sensitive and grounded in theoretical perspectives, which is crucial for addressing the institutional complexities of Indonesia's Islamic finance sector (Warde, 2000).

Results and Discussion

The findings of this study extend the theoretical discussions on human capital and institutional development by providing a contextual analysis of Indonesia's Islamic finance sector. The interpretive thematic analysis reveals that the challenges of human resource development are both structural and strategic, rooted in a fragmented educational ecosystem and weak institutional coordination. Human capital theory emphasizes the need for deliberate investments in skill-building, yet in Indonesia, these investments remain inconsistent and poorly targeted (Becker, 1993, p. 33). Moreover, institutional theory exposes how regulatory ambiguity and a lack of inter-agency collaboration hinder the formulation of standardized training protocols (Scott, 2001, p. 50). This contributes to the persistence of skill gaps and low professionalization in the Islamic finance workforce.

A comparative analysis with more advanced Islamic finance ecosystems—such as Malaysia—shows that Indonesia lacks both a national strategy and coordinated partnerships for talent development. While educational institutions offer Islamic finance programs, they are often designed without consultation with industry stakeholders, resulting in outdated curricula and limited employability for graduates (Chapra, 2000; El-Gamal, 2006). In contrast, countries with robust Islamic finance sectors exhibit strong collaborations between universities, regulatory agencies, and financial institutions, producing a steady stream of qualified professionals who meet sectoral demands (Iqbal & Mirakhor, 2007). This divergence highlights the significance of stakeholder theory in explaining Indonesia's limitations and potential pathways forward (Freeman, 1984, p. 59).

The analysis also brings to light expert perspectives not extensively discussed in earlier literature. For instance, emerging research indicates that digital competency and multilingual education are becoming increasingly important in global Islamic finance markets (Zaman & Asutay, 2009). However, these aspects remain underdeveloped in Indonesia's academic offerings. Moreover, there is a growing call among experts for an integrated model that combines religious, financial, and digital literacies. Such a model would better equip future professionals to navigate both domestic and international Islamic finance landscapes, while upholding *sharia* principles (Obaidullah, 2005, p. 89).

By triangulating theoretical models with empirical findings and expert commentary, this study contributes to bridging the research gap identified in the Introduction. It highlights not only the systemic flaws in human resource development but also the absence of cohesive strategies to address them. Furthermore, the study introduces a novel conceptual integration of CBET and stakeholder theory, emphasizing that institutional alignment and skill-based learning are key to transforming the Islamic finance human capital landscape in Indonesia. This comprehensive perspective paves the way for a more targeted discussion of the research questions in the thematic subsections that follow.

1. The Structural Barriers to Human Resource Development

A central concern emerging from this research is the structural inadequacy of Indonesia's Islamic finance education system, which directly addresses the first research question: what are the key structural challenges impeding human resources development in Islamic finance in Indonesia? Evidence suggests that the fragmentation of regulatory oversight, coupled with an underdeveloped academic curriculum, constitutes the core of this issue (Chapra, 2000). The disjointed nature of human resource development efforts results from the absence of a centralized strategy, with universities, financial institutions, and government agencies operating in silos (Becker, 1993, p. 41). This has created an environment where educational programs lack industry relevance and institutional coordination.

Curricula in Islamic finance programs are often outdated, focusing heavily on theoretical content without incorporating current industry practices or technological innovations. According to El-Gamal (2006), this mismatch between academic output and labor market demand limits the employability of graduates and stifles sectoral growth. While Indonesia has a large number of Islamic universities and higher education institutions, few offer specialized training in *sharia* financial operations that align with industry benchmarks (Obaidullah, 2005, p. 84). The result is a workforce that lacks both depth and specialization, unable to meet the operational demands of Islamic banks and financial institutions.

The situation is compounded by a lack of standardized professional certification in Islamic finance. Unlike Malaysia, where institutions like the Islamic Banking and Finance Institute Malaysia (IBFIM) provide structured professional development, Indonesia lacks a unified national accreditation framework (Iqbal & Llewellyn, 2002). This absence of clear professional pathways discourages talent development and hinders career progression for those already working in the industry. Moreover, many financial institutions develop their own internal training programs without any external validation, leading to inconsistent knowledge and competency standards (Zaman & Asutay, 2009).

Another critical structural issue is the limited access to specialized *sharia* finance faculty and trainers. Many Indonesian universities face difficulties in recruiting experts with dual competencies in Islamic jurisprudence and modern finance (Kuran, 2004). This talent scarcity affects not only curriculum delivery but also research output, which remains limited in terms of practical and policy relevance. Theoretical gaps in faculty expertise further perpetuate an academic environment that fails to innovate or respond to market needs (Siddiqi, 2006). Without robust academic leadership, Indonesia's Islamic finance education remains reactive rather than progressive.

Moreover, the physical and digital infrastructure supporting Islamic finance education is underdeveloped. Institutions often lack access to updated textbooks, case studies, and learning platforms that reflect real-world financial scenarios (Warde, 2000). This inhibits experiential learning and limits students' readiness to operate in professional environments. Unlike conventional finance programs, where internships and industry partnerships are common, Islamic finance students have fewer opportunities for practical engagement with financial institutions (Chapra, 2000).

Policy initiatives to address these issues have thus far been fragmented. While the Indonesian government has launched various roadmaps for Islamic economic development, human capital remains a secondary focus (Iqbal & Mirakhor, 2007). Regulatory agencies, such as the Financial Services Authority (OJK), have yet to establish enforceable standards for human resources in Islamic finance. The lack of synergy among stakeholders—academic institutions, regulators, and industry players—limits the efficacy of policy interventions and contributes to persistent structural inefficiencies (Obaidullah, 2005, p. 92).

In conclusion, the structural challenges confronting Indonesia’s Islamic finance human resource development are systemic, stemming from curricular misalignment, regulatory fragmentation, lack of certification, and limited institutional capacity. These factors reinforce each other, creating a cycle of inadequacy that hampers the professionalization and global competitiveness of Indonesia’s Islamic finance sector. Addressing these issues requires comprehensive reform across educational, institutional, and policy domains.

2. Institutional Contributions and Constraints in Human Capital Formation

The second research question explores how academic institutions and industry actors contribute to or hinder the development of Islamic finance human resources in Indonesia. The findings indicate that both types of institutions play dual roles—sometimes facilitating progress, but more often reinforcing systemic limitations. Despite good intentions and sporadic initiatives, the lack of strategic integration between education providers and financial institutions undermines workforce readiness (Chapra, 2000). The absence of shared goals or standard metrics for competency leaves both academia and industry misaligned in their contributions to human resource development.

On the academic front, universities and Islamic higher education institutions have gradually expanded their Islamic finance programs. However, the quality and orientation of these programs vary significantly. Many institutions lack faculty with interdisciplinary expertise in both finance and Islamic law, leading to an overemphasis on either *sharia* or economics, rarely both (Obaidullah, 2005, p. 65). This divide hampers the production of well-rounded graduates who can navigate regulatory and ethical dimensions simultaneously. In contrast, institutions in countries like Malaysia and Bahrain actively recruit faculty with dual specializations, creating stronger links between theoretical knowledge and applied finance (El-Gamal, 2006).

Industry actors, particularly Islamic banks and financial institutions, also play a pivotal role. While some banks invest in internal training programs, these are not standardized across the sector. Without coordinated input from educational institutions or oversight from regulatory bodies, in-house training efforts often fall short of building comprehensive professional competencies (Warde, 2000). Moreover, many financial institutions express dissatisfaction with the caliber of university graduates, citing gaps in practical knowledge and regulatory understanding (Kuran, 2004). This feedback, however, rarely reaches curriculum developers, revealing a lack of feedback loops between supply and demand.

In some instances, collaborative efforts have been made to bridge this divide. Joint programs between universities and Islamic banks—such as internships or guest lectures—have had localized success (Iqbal & Llewellyn, 2002). However, such initiatives are not widespread and tend to be short-term. The lack of institutionalized partnerships or national strategies prevents these efforts from scaling. Freeman's stakeholder theory reinforces the importance of multi-actor collaboration, yet Indonesia's Islamic finance ecosystem remains fragmented, with limited synergy across sectors (Freeman, 1984, p. 62).

Regulatory institutions such as the OJK and Bank Indonesia have introduced strategic plans for Islamic finance development, but human capital formation is often a subsidiary concern. Regulatory support is typically directed toward financial products and legal frameworks, with minimal resources allocated to workforce development (Zaman & Asutay, 2009). Even when human resource strategies are mentioned in national blueprints, implementation is weak, lacking follow-through and accountability mechanisms (Siddiqi, 2006). This institutional inertia prevents the transformation of intentions into impactful policies.

Another barrier is the absence of a centralized professional certification framework. While some universities partner with certification bodies, these arrangements are inconsistent and not recognized uniformly by employers. Unlike the CFA or CPA in conventional finance, Islamic finance lacks a universally accepted benchmark for professional competence in Indonesia (Iqbal & Mirakhor, 2007). The result is a market flooded with heterogeneous qualifications, creating ambiguity around what constitutes a "qualified" Islamic finance professional.

Nonetheless, opportunities exist. Global trends indicate rising demand for digital finance and Islamic fintech expertise. Indonesian institutions could leverage this momentum by designing forward-looking curricula that incorporate digital technologies and ethical finance simultaneously. Doing so would not only prepare students for emerging roles but also position Indonesia as a regional leader in Islamic fintech—a currently underexplored niche (Obaidullah, 2005, p. 99).

In sum, both academic and industry actors possess the potential to significantly advance human capital in Islamic finance. However, their contributions are currently undermined by misalignment, inadequate feedback systems, and lack of regulatory coordination. Institutional reform—anchored in collaborative frameworks, stakeholder engagement, and standardized certification—is necessary to harness this potential and overcome current constraints.

3. Strategic Solutions to Bridge the Human Capital Gap

This section addresses the third research question: what integrative strategies can be implemented to bridge the human capital gap in Indonesia's Islamic finance sector? The findings suggest that a multi-pronged strategy, rooted in competency-based education and stakeholder collaboration, is essential. Human capital theory emphasizes the long-term returns of investing in both education and training, but such investments must be strategically aligned with market demands and *sharia* principles (Becker, 1993, p. 47). This alignment requires systematic reforms in educational delivery, certification, and institutional cooperation.

The first step involves implementing a national competency framework for Islamic finance. Drawing lessons from Malaysia's integrated approach, Indonesia can create a set of core competencies tailored to different job functions in Islamic financial institutions—ranging from *sharia* compliance to Islamic risk management (Iqbal & Llewellyn, 2002). These competencies should inform both university curricula and professional certification programs. A centralized accreditation body, possibly under the supervision of OJK, could ensure that training programs adhere to national standards (Zaman & Asutay, 2009). Such harmonization would reduce the disparity in qualification levels and enhance the credibility of Islamic finance professionals.

Second, the integration of competency-based education and training (CBET) into university programs is crucial. Unlike traditional content-driven teaching, CBET focuses on learning outcomes aligned with industry needs (Chapra, 2000). Courses should incorporate simulations, case studies, and internships to reinforce practical learning. Joint programs between universities and banks can serve as pilot initiatives, where students are assessed not only on theoretical exams but also on applied project work (Obaidullah, 2005, p. 71). The emphasis should shift from academic abstraction to measurable professional skills, grounded in *sharia* financial ethics.

Digital transformation is another strategic avenue. As fintech becomes increasingly important in Islamic finance, universities must embed digital literacy and financial technologies into their programs. Topics such as blockchain in *zakat* management, AI in Islamic microfinance, and digital ethics in *sharia* transactions can offer students relevant and future-ready skills (El-Gamal, 2006). Indonesia, with its large tech-savvy Muslim population, is well-positioned to pioneer Islamic fintech education, provided the right institutional frameworks are established.

Strategic collaboration among stakeholders is equally vital. Freeman's stakeholder theory illustrates that meaningful human resource reform requires the active participation of multiple actors—academia, industry, regulators, and religious authorities (Freeman, 1984, p. 66). A national task force or consortium could be established to coordinate human capital development initiatives. This body would oversee curriculum design, certification standards, faculty development, and research funding. By formalizing collaboration, Indonesia can move from fragmented efforts to a systemic and coherent human resource strategy.

Additionally, policy incentives can be introduced to encourage compliance and innovation. Regulatory bodies can offer tax benefits or operational licenses to institutions that invest in workforce development or align with the national competency framework (Siddiqi, 2006). Industry players could also be mandated to allocate a portion of their corporate social responsibility (CSR) budgets toward education and training in Islamic finance. These policy levers would create a culture of accountability and shared responsibility across the sector.

Finally, an emphasis on research and development can catalyze innovation in Islamic finance education. Universities should be encouraged to produce case studies, performance metrics, and pedagogical tools that reflect local market conditions. Partnerships with international institutions can bring global best practices into the Indonesian context (Kuran, 2004). This localized yet globally informed approach can elevate Indonesia's Islamic finance education to international standards.

In conclusion, bridging the human capital gap in Indonesia's Islamic finance sector requires a combination of regulatory oversight, academic reform, technological integration, and stakeholder synergy. These strategies, if implemented holistically, can create a resilient and competent workforce that supports the ethical and economic growth of Islamic finance in Indonesia.

Core Findings and Pathways Forward

This study has answered all three research questions by systematically exploring the structural, institutional, and strategic dimensions of human resource challenges in Indonesia's Islamic finance sector. The findings confirm that structural impediments—such as outdated curricula, absence of standardized certifications, and regulatory fragmentation—form the bedrock of the talent gap in this sector. Addressing the first research question, it was established that these challenges are deeply rooted in institutional inertia and a lack of coordinated policymaking, resulting in the underdevelopment of professional competencies crucial for Islamic finance operations.

The second research question uncovered that academic institutions and industry players, while individually motivated, lack a shared vision and coordinated framework for human capital development. Universities often design curricula in isolation, and industry actors run ad hoc training programs with limited oversight. This misalignment contributes to the ineffective formation of Islamic finance professionals. Furthermore, regulatory bodies have not enforced clear benchmarks for professional qualifications, leading to fragmented development and unclear career pathways. Stakeholder theory reinforced the importance of collective action in addressing this divide.

The third research question highlighted that a solution lies in the strategic integration of competency-based education, digital financial literacy, and stakeholder collaboration. The adoption of a national competency framework, supported by centralized certification and coordinated institutional roles, can significantly elevate the quality and relevance of human resources in the sector. Technological advancements such as Islamic fintech, if incorporated into curricula, can also prepare graduates for emerging opportunities in the global Islamic economy.

This study offers significant and original contributions by integrating human capital theory, stakeholder theory, and competency-based education and training (CBET) frameworks to formulate a comprehensive and multi-dimensional strategy that is specifically tailored to the unique socio-economic and regulatory context of Indonesia. The conceptual innovation lies in its systemic focus, emphasizing the necessity of ecosystem-wide reform rather than isolated or piecemeal interventions. By weaving together educational policy, active industry collaboration, and supportive regulatory mechanisms, the study articulates a holistic framework that extends beyond the scope of existing literature, which often concentrates on specific institutions, curricular reforms, or narrowly defined training programs. In doing so, it acknowledges the interdependence of actors across the Islamic finance value chain and proposes coordinated action among universities, financial institutions, government bodies, and professional associations.

At the theoretical level, the study significantly expands the application of human capital theory within the context of Islamic finance by incorporating ethical and sharia-compliant competencies as essential elements of professional capability. This marks a departure from conventional human capital models that prioritize productivity, skills, and economic efficiency in largely secular and materialist terms. Instead, the study proposes a normative enrichment of human capital that aligns with the moral and spiritual imperatives of Islamic economics. In doing so, it aligns with emerging literature that calls for a values-based rethinking of productivity and labor development in Muslim-majority societies. By fusing stakeholder theory into this framework, the study also positions each actor not merely as a service provider or beneficiary but as an accountable contributor to the collective ethical and intellectual integrity of the Islamic finance sector.

On the practical front, the research offers concrete and actionable recommendations designed to close critical competency gaps while also preparing for long-term systemic transformation in an increasingly complex and technology-driven financial landscape. Chief among these is the proposal to establish a national task force dedicated to the development of human capital in Islamic finance. This task force would be composed of representatives from the Ministry of Finance, the Financial Services Authority (OJK), Bank Indonesia, national sharia boards, leading Islamic universities, and representatives from the private sector. Its mandate would include the development of standardized training frameworks, formulation of national competency standards, and facilitation of cross-sector knowledge exchange. In addition, the study recommends targeted policy incentives to encourage public and private investment in faculty development, digital learning infrastructure, and Islamic finance research ecosystems. These strategic initiatives would not only bridge current capacity shortfalls but also help anticipate and adapt to future skill demands, particularly in areas such as fintech, ESG-based finance, and international shariah compliance.

Taken together, the proposed framework offers both a conceptual and operational roadmap for sustainable human capital development in Islamic finance, grounded in ethical integrity and institutional synergy. It encourages all stakeholders to move beyond compartmentalized reform and toward a unified vision that integrates theological authenticity, economic utility, and national development priorities. By positioning education and training as strategic pillars of sectoral transformation, the study opens new pathways for Islamic finance to thrive in Indonesia and serve as a model for other Muslim-majority countries navigating similar developmental challenges.

Conclusion

The development of human resources in Indonesia's Islamic finance sector remains a critical barrier to realizing the full potential of *sharia*-compliant economic growth. This study has identified and analyzed the structural, institutional, and strategic challenges inhibiting professional capacity in the field. The findings confirm that outdated academic programs, lack of standardized certification, limited stakeholder collaboration, and regulatory fragmentation collectively hinder the formation of a competent and ethically grounded Islamic finance workforce.

The answers to the research questions reveal a consistent pattern: the absence of systemic integration across education, regulation, and industry. Institutions act independently, leading to inefficiencies and misalignments that dilute the effectiveness of training and professional development. Despite ongoing efforts by universities and financial institutions, the lack of coordination and accountability has resulted in uneven progress. However, the study also demonstrates that with deliberate policy reform, strategic investment, and a unified competency framework, Indonesia can overcome these limitations.

Theoretically, this research contributes to expanding human capital theory by incorporating Islamic values and ethical imperatives into the definition of professional competence. It confirms the importance of stakeholder involvement in workforce development and suggests that competency-based education and training (CBET) frameworks are essential for achieving sustainable human capital growth in Islamic finance.

Based on these insights, it is recommended that Indonesian stakeholders develop a national task force on Islamic finance human resources. This body should establish a unified certification system, facilitate university–industry partnerships, and promote faculty development programs grounded in interdisciplinary expertise. Further, curricula should be revised to include emerging topics such as Islamic fintech and ethical finance. These initiatives will ensure the sector remains competitive, ethically grounded, and capable of contributing to Indonesia's broader economic development agenda.

References

Becker, G. S. (1993). *Human capital: A theoretical and empirical analysis, with special reference to education* (3rd ed., p. 17–47). University of Chicago Press.

Chapra, M. U. (2000). *The future of economics: An Islamic perspective*. Leicester: Islamic Foundation.

El-Gamal, M. A. (2006). *Islamic finance: Law, economics, and practice*. Cambridge University Press. https://doi.org/10.1017/CBO9780511753756

Freeman, R. E. (1984). *Strategic management: A stakeholder approach* (p. 56–66). Pitman.

Iqbal, M., & Llewellyn, D. T. (2002). *Islamic banking and finance: New perspectives on profit-sharing and risk*. Edward Elgar Publishing. https://doi.org/10.4337/9781843765325

Iqbal, Z., & Mirakhor, A. (2007). *An introduction to Islamic finance: Theory and practice*. John Wiley & Sons. https://doi.org/10.1002/9780470828116

Kuran, T. (2004). *Islam and mammon: The economic predicaments of Islamism*. Princeton University Press.

Obaidullah, M. (2005). *Islamic financial services*. Jeddah: Islamic Research and Training Institute, Islamic Development Bank.

Scott, W. R. (2001). *Institutions and organizations* (2nd ed., p. 48–50). Sage Publications.

Siddiqi, M. N. (2006). *Islamic banking and finance in theory and practice: A survey of state of the art*. Islamic Economic Studies, 13(2), 1–48.

Warde, I. (2000). *Islamic finance in the global economy*. Edinburgh University Press. https://doi.org/10.3366/edinburgh/9780748612164.001.0001