



BRITISH ACCREDITATION COUNCIL INSPECTION REPORT

RANDOM SPOT CHECK INSPECTION (Online, Distance & Blended Learning)

ORGANISATION: Institute of Islamic Banking and insurance

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HEAD OF ORGANISATION: Mr Mohammad Ali Qayyum

Accreditation status: Accredited

Date of inspection: 15 March 2016

ACCREDITATION COMMITTEE DECISION AND DATE: 14 April 2016

1. Background to the organisation

The Institute of Islamic Banking and Insurance (the Institute, or IIBI) was founded around 1990 when its chairman established the International Centre of Islamic Studies (ICIS) in London. In 1994, this was superseded by the Islamic Teaching Institute, a company limited by guarantee, and in September 2009 the company name was formally changed to the Institute of Islamic Banking and Insurance, with charitable status being obtained. It has three directors and a Board of Trustees. Currently, the directors and the trustees are currently the same people.

The Institute's mission is to develop a wider understanding of the principles and practice of Islamic finance, to promote a greater understanding and interaction between Islamic and Western financial systems, and to create a strong moral code to underpin banking, finance and insurance transactions. This mission drives all the Institute's operations.

The Institute was the first independent organisation dedicated to the promotion of Islamic financial education and training, the first to launch a distance learning course in Islamic banking and insurance in 1994, and the first to publish a monthly magazine with global perspectives on Islamic finance. At that time, it was a pioneer in its field. The Institute offers a small suite of distance learning qualifications (the focus of the BAC accreditation), and runs an annual programme of seminars, conferences, lectures and training workshops, and publishes books and a specialist global magazine on Islamic finance, 'New Horizon'.

IIBI currently employs three permanent members of administrative staff, two part-time tutors on long-term contracts plus additional self-employed part-time tutors. Over the past four years there has been a considerable downward trend in enrolment, due largely to more competition from local providers around the world. A third of current students are from the UK. Most students aim to gain qualifications for career and business purposes ('vocational') rather than academic. Courses are open to all faiths, and a significant proportion of non-Muslim students are enrolled on current courses. The Institute sees future growth in terms of increasing understanding of Islamic banking and finance through its broad seminar, conference and publications rather than the educational qualifications for which it is specifically accredited.

2. Brief description of current provision

The Institute continues to offer two internal awards, a diploma in Islamic banking at level 5 and a postgraduate diploma in Islamic banking and insurance at level 7, both delivered on a distance-learning basis through the Institute's Virtual Learning Environment (VLE). Students on the diploma course and the postgraduate diploma course are expected to study for 15 hours and 20 hours a week respectively, and to complete their courses in nine months and 12 months from the date of enrolment. They can make a formal request to extend their period of study and, if accepted, have to pay an additional fee. This is clearly explained on the website. Two certificate level courses at level 3 – a certificate in Islamic banking and a certificate in Takaful (Insurance) – have been discontinued since the interim inspection in November 2014 because of low demand.

At the time of the 2014 interim inspection there were 500 students enrolled on the Institute's courses, of which 86 students had been enrolled in the previous 12 months. At the time of this spot check, the total of enrolled students had fallen to 478, with only 32 new diploma and postgraduate diploma students enrolling in the period 1 April 2015 to 15 March 2016. In the same period, 40 students had completed their courses. Factors affecting completion are the continuous enrolment pattern, part-time nature of courses, students' work commitments and the high standards required by the Institute.

Although there is no formal external course accreditation, both Durham University UK and the Markfield Institute for Higher Education (MIHE) in Leicester recognise the IIBI postgraduate diploma as an entry qualification for their Master's programmes in Islamic finance. Some module exemptions are given by MIHE for its MA degree in Islamic Banking, Finance and Management, awarded by the Newman University, Birmingham. At Durham University, the Durham Islamic Finance Programme (DIFP) recognises the Institute's postgraduate diploma as an entry qualification but applicants will also have to fulfil the specific entry qualifications of each specialist degree programme. Only a few students take these progression pathways.

3. Inspection process

This random spot check took place without any prior warning. The inspector met the Director General of IIBI, the Course Co-ordinator and, briefly, the Administrator. After explaining the random spot check rationale and procedure, he discussed developments at the Institute with the Director General and Course Co-ordinator and scrutinised various documents that they presented.

4 Inspection history

Full inspection:	26 and 30 July 2013
Interim inspection:	18 November 2014

5. Significant changes since the last inspection

The decline in applications for the Institute's courses, which was noted in the Interim Inspection report, has continued. Overseas financial institutions, and to a lesser extent those in the UK, are increasingly carrying out their own work-based training programmes, and for Islamic banks London does not have the same status that it did in the past. There are now only three staff employed by the Institute, including the Director General. The certificate level courses have been discontinued. The Institute's directors/trustees and the Director General are therefore conducting a review of the IIBI's provision of courses and its other activities in order to set a plan for the future. The stated aim of this review process is to complete a plan for the Institute's future by the end of 2016.

6. Response to action points in last report

Four actions were required of the Institute by the inspector at the Interim Inspection.

- I. It should formalise monitoring of operations, including minuting meetings.

Some progress has been made although, in view of the decline in activity, this has been limited. The inspector was shown minutes of Trustee meetings of December 2014, February 2015 and March 2015. The Director General explained that most communications with the three trustees (or their proxies) were often conducted on the telephone. He was also given a copy of the *Trustees' report and accounts* to end March 2014 and end March 2015, and told that the report for 2016 would be available this summer.

- II. It should provide documentary evidence of moderating its processes using external expert practitioners.

No progress has been made here. The website states that “Currently there are no examinations or minimum pass marks for the courses. With the introduction of further courses this is likely to change.” At present students are required to submit formal assignments, but these are marked and given grades internally, by tutors and overseen by the Director General.

- III. It should produce an annual audit report to evaluate operations and identify trends.

To some extent this requirement is covered by the production of the *Trustees report and accounts*, but these provide an overall picture of the Institute’s activities and progress rather than an explicit evaluation of operations.

- IV. It should form an advisory board to oversee academic operations.

In April 2015, Professor Iqbal Asari, a member of the IIBI Takaful (Islamic insurance) Advisory Group, agreed to chair a new IIBI Education Advisory Committee comprising himself, the chief executive of an independent company Delphi Risk Management and the Director General of IIBI. The new committee’s stated task was to manage and monitor academic operations, and its creation was ratified by the IIBI board at its meeting of 2 May. However, there have been no formal meeting of the committee since its creation.

7. Conclusion including any action points and/or recommendations

Student enrolments, the provision of courses and the Institute’s other activities such as lectures and publications have continued to decline. Some of the action points specified in the November 2014 interim report have been partially addressed but the moderation of the Institute’s processes by external expert practitioners remains an area of concern. In addition, there is no evidence, as far as this inspector could judge, that the Institute’s diploma and postgraduate diploma qualifications have been objectively validated against the QCF levels claimed for them, nor that there is a system of regularly removing from the Institute’s roll those students who fail to complete their courses within the timeframes set, or to formally extend their courses. The Director General explained that a general review and removal of non-participants occurred only about once every five years.