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Why Meezan Bank Stands out as the Best Bank in Pakistan

Ehsanullah Agha

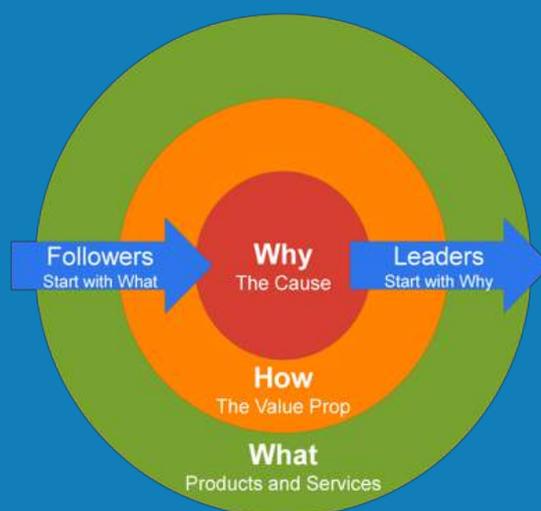
“The Shariah board of Meezan bank is happy and proud to learn that Meezan bank has won the Best Bank for 2018 in the Institute of Bankers Pakistan (IBP) 3rd Pakistan Banking Awards. This is not only a great achievement for the shareholders, management and customers of Meezan Bank but also for the global Islamic banking industry that an Islamic bank has been awarded the best bank.” These remarks were expressed in a recent Shariah board meeting by Sheikh Taqi Usmani, chairman of Meezan Bank Shariah board. Meezan Bank has a history of exemplary achievements and received awards at the national and international levels such as the Pakistan Stock Exchange Limited Award 2017, Asian Banking and Finance Corporate & Investment Banking Award for Syndicated Loan of the Year-Pakistan 2018, Employers Federation of Pakistan’s Employer of the Year Award 2016 and 2017, ICAP and ICMAP Awards 2010 to 2018, World Islamic Banking Conference Award 2017, Global Islamic Finance Award 2015, 2017 and 2018, International Finance Award 2018, and Islamic Finance Forum of South Asian (IFFSA) Awards 2016 and 2017.

These accolades recognise the degree of success enjoyed by Pakistan’s first and largest dedicated Islamic bank and one of the fastest growing financial institutions in the banking sector of the country. However, one may wonder why Meezan bank stands out the best among Islamic and conventional banks in the country? What makes it the most authentic Shariah compliant bank for it to receive the Shariah Authenticity Award in 2015, 2017 and 2018 from the Global Islamic Finance Awards (GIFA)? Several reasons can be counted for its success such as having the best Shariah minds on board, committed shareholders, keen investors, loyal customers, qualified management, professional staff, etc.

However, these are minor factors as all banks operate on a level playing field as they can hire the best talent available. What is the real reason that distinguishes Meezan from other banks and continuously drives its success? This article is an attempt to explore why Meezan stands out as the best bank in Pakistan in the light of Simon Sinek’s theory on leadership.

Simon Sinek, an American leadership and marketing expert proposed the ‘Golden Circle’ theory to explain why some leaders and organisations, in particular, are able to inspire others and differentiate themselves successfully. According to Simon, all inspirational leaders and organisation think, act and communicate in a pattern elaborated in the Golden Circle concept: Why, How, and What.

Figure 1: Visualisation of the Golden Circle Concept



WHAT: It is relatively easy for any leader and organisation to articulate WHAT they do. This can be expressed as the products a company sells such as financial products and services offered by a bank. WHAT is often communicated in the mission statement of a company.

HOW: Some companies and people know HOW they do WHAT they do. HOW refers to an organisation’s strengths or values they believe differentiate themselves from the competition. Some call them ‘differentiating value proposition’, ‘proprietary process’ or ‘unique selling proposition’. HOW is usually translated in the mission statement of a company.

WHY: Simon believes that very few people and companies can clearly articulate WHY they do WHAT they do. WHY does not refer to profit maximisation and money, which is a result, not a purpose. WHY is the raison d’etre behind WHAT an organisation does and why it exists in the first place? Hence, WHY is probably the most important message that an organisation or an individual can communicate as this is what inspires others to action. The clearer the WHY, the more successful a company will be. In other words, WHY differentiates between those who merely exist and those who inspire others to lead.

This innovative theory is also supported by neuroscience that humans respond best when messages communicate with those parts of their brain that control emotions, behaviour and decision-making. Simon argues that his proposed theory makes sense since the elements of the Golden Circle corresponds with the human brain in the following manner:

Neocortex: This is an outer level of the brain that corresponds with the WHAT level of the Golden Circle. The neocortex is responsible for our rational and analytical thought and figures. However, it does not drive behaviour. This is why we become confused when it comes to choosing a specific product among others with similar features.

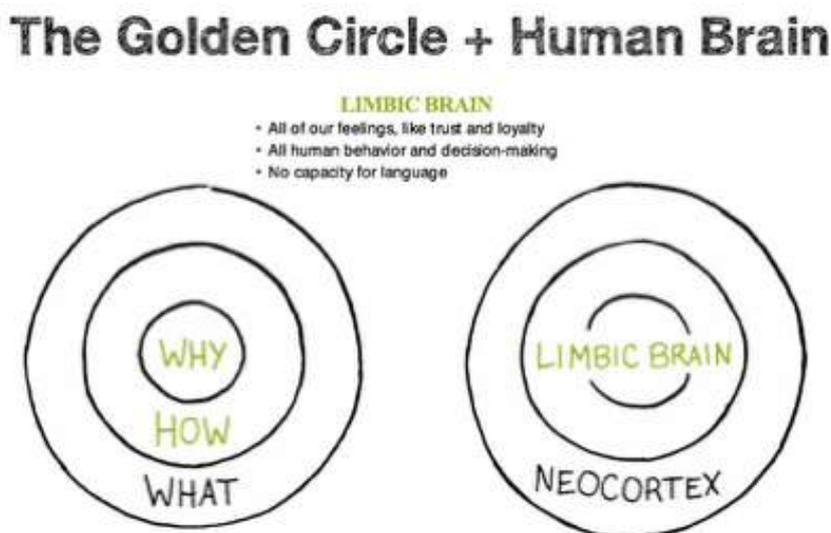
Limbic Brain: It comprises the middle two sections and is responsible for all our feelings, such as trust and loyalty. It makes decisions and drives human behaviour. This area of the brain corresponds with HOW and WHY level of the Golden Circle.

According to Sinek’s theory, the secret behind the success of inspirational leaders and successful organisations is that they communicate their WHY effectively, targeting the limbic brain of their followers and customers. They do so by thinking, acting and communicating from the inside out (WHY, HOW and WHAT), and not the other way around (WHAT, HOW and WHY).

By analysing the success of Meezan bank in light of the Golden Circle theory, it appears that its WHY is very inspiring and appealing compared to other banks in the country. The bank is driven by the following inspirational vision:

“ Establish Islamic banking as banking of first choice to facilitate the implementation of an equitable economic system, providing a strong foundation for establishing a fair and just society for mankind.”

Figure 2: Elements of the Golden Circle and the Human Brain



The superiority of Meezan’s WHY can be seen by comparing it with WHYs of other full-fledged Islamic banks.

Islamic Banks	WHYs
Dubai Islamic Bank Pakistan	To become the most progressive Islamic financial institution in the world.
BankIslami Pakistan	To be recognised as the leading Authentic Islamic Bank.
Al Baraka Bank Pakistan	The society needs a fair and equitable financial system which rewards efforts and contributes to the development of the community.
MCB Islamic Bank Pakistan	To be the leading provider of Shariah compliant innovative financial products with a focus on service quality and providing superior value for our customers, shareholders, employees and the community.
Al Rajihi Bank Saudi	To be a trusted leader delivering innovative financial solutions to enhance the quality of life everywhere.
Bank Islam Malaysia	To be the global leader in Islamic banking.
Bank Muamalat Malaysia	To become the preferred Islamic financial service provider.
Islamic Development Bank	To be a world class development bank inspired by Islamic principles. We will transform the landscape of human development in Muslim and non-Muslim world, and help restore the human dignity.
Abu Dhabi Islamic Bank UAE	To become a top-tier regional bank.

Breaking down the WHY of Meezan Bank

A comparative analysis of the WHYs of various local and international Islamic banks reveals that Meezan bank is driven by a WHY that is cause-oriented, universal and inclusive by nature.

1. Cause-oriented: The vision statement of Meezan banks starts with *“Establish Islamic banking as banking of first choice...”*. It demonstrates the bank’s *raison d’etre*, i.e. to pave the way for prioritising Shariah compliant banking and financial services instead of aspiring to become a global leader. This is in clear contrast with self-centred visions of other

Islamic banks as evidenced by their ‘to be’ statements. This noble cause-orientation of Meezan inspires all those who believe in the same cause.

- 2) Universal:** The second part states *“...to facilitate the implementation of an equitable economic system...”*. This indicates the bank’s ambition to be part of the global movement that strives to promote a just, fair and transparent economic system. In other words, Meezan believes that the ultimate goal of banking is not mere profit maximising, rather financial intermediation shall be used as a means to facilitate economic activities so that wealth is ‘equitably’ circulated in order to actualise human welfare (*falāh*).
- 3) Inclusive:** The statement ends with *“... establishing a fair and just society for mankind”*, which envisages a comprehensive and holistic image of WHY Meezan does WHAT it does. Meezan aspires to provide financial and banking services to every human being without any discrimination of belief, race and colour or culture.

Does the WHY really matter?

One may question the above analysis that illustrates the WHY of Meezan Bank as the most inspiring. Theoretically, it is due to its cause-orientation, universality and inclusiveness, but in reality, does it really matter since customers and investors of the bank are not aware of WHY Meezan does WHAT it does? They are aware of the WHAT of the bank, i.e. offering banking products and services and the HOW of the bank, i.e. Shariah-compliance, integrity professionalism, etc. The answer to whether the WHY really matters is a simple ‘yes’. They may not know the exact wording of Meezan’s WHY, but they can see the tangible proof of Meezan’s WHY in the distinctiveness of their WHAT and HOW in comparison to other Islamic banks. The customers’ loyalty to Meezan’s products and services is a tangible representation of this.

The cause-orientation, universality and inclusiveness are evident in Meezan’s non-organizational endeavours. To name a few, the establishment

of Ihsan Trust, a cash *waqf* fund to finance needy students, lobbying for interest-free banking system in the country, drafting of riba abolishing bill for the Senate, collaborating with universities for Islamic finance education, providing trainings to lawyers, judges, academicians, imams, journalists, and conducting Islamic finance seminars for public awareness. In addition, Meezan has produced some of the best Islamic banking professionals who are now leading the industry at the local and international level.

Conclusion

Meezan Bank, unlike its competitors, has defined itself by WHY, not WHAT and HOW it does Islamic banking. It is not a traditional bank. It aspires to *“establish Islamic banking as banking of first choice to facilitate the implementation of an equitable economic system, providing a strong foundation for establishing a fair and just society for mankind.”* According to the Golden Circle theory, Meezan Bank’s success stems from its powerful WHY that inspires others who believe in the same cause, universality and inclusiveness.

Banks usually try to sell WHAT they offer based on HOW they structure them, communicating from the outside of the Golden Circle. However, Meezan does it the opposite way by thinking, acting and communicating from the inside out. This approach makes the WHY as the reason to buy and the WHAT serve as the tangible proof of that belief. As Simon pointed out, “people don’t buy WHAT and HOW you do it, they buy WHY you do it”. Therefore, Meezan does not merely sell to people who need what Meezan can offer; their goal is to sell to people who also believe in what Meezan believes. This is what makes Meezan a unique, outstanding Islamic bank according to the Golden Circle theory. WHY is not the only way to be successful, but it is the only way to maintain lasting success and to have a greater blend of innovation and flexibility.

“It aspires to *“establish Islamic banking as banking of first choice to facilitate the implementation of an equitable economic system, providing a strong foundation for establishing a fair and just society for mankind.”*”

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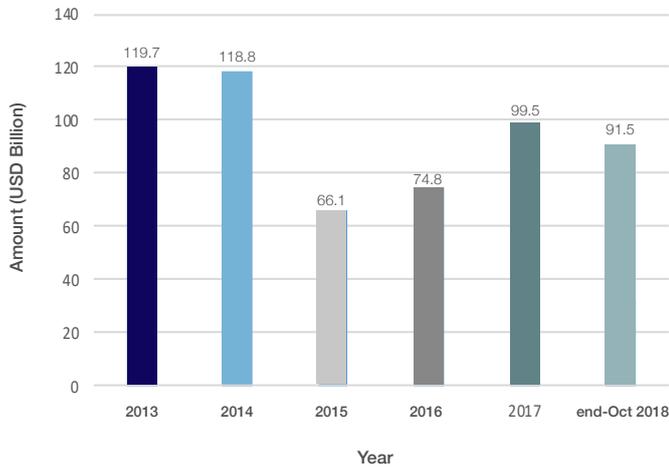
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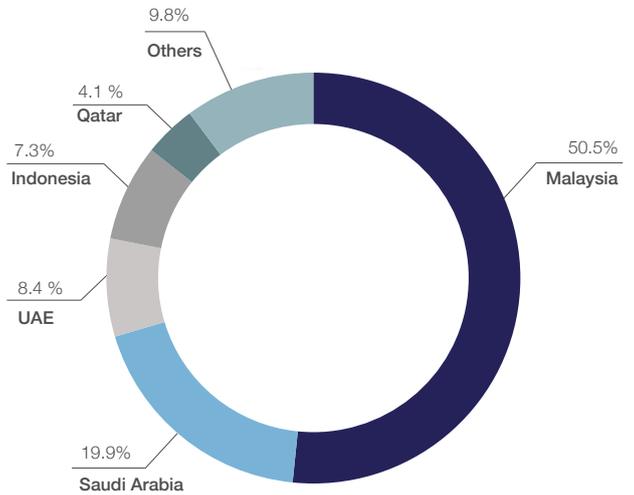
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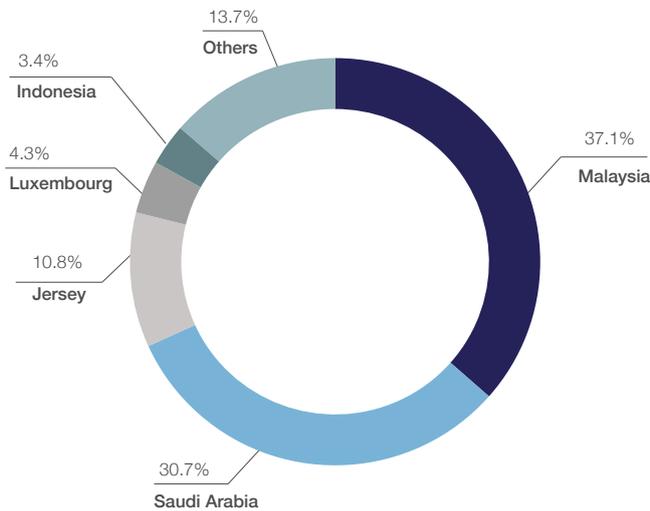
Global Sukuk Issuance as at end-Oct 2018



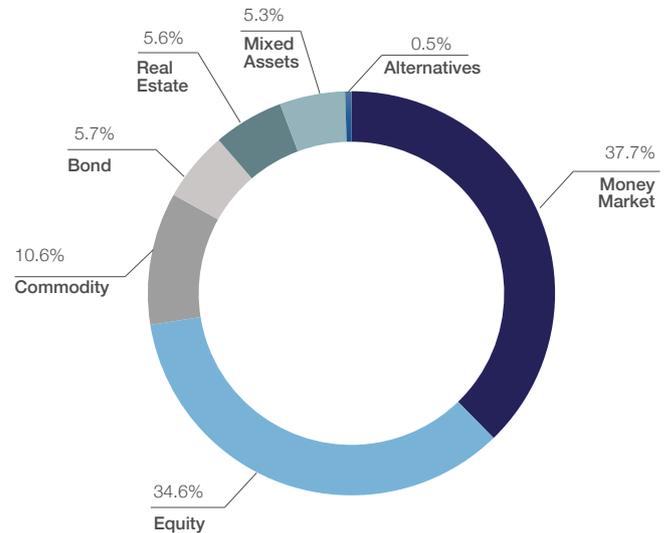
Global Sukuk Outstanding by Domicile as at end-Oct 2018



Global Islamic Funds AuM by Domicile as at end-Oct 2018



Global Islamic Funds AuM by Asset Class as at end-Oct 2018



Source: MIFC estimates