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Country on right track to meet sustainable investment needs

PETALING JAYA: Malaysia is on the right track to meet the financial community's sustainable investment needs given the opportunities that lie within the convergence of syariah and environmental, social and governance (ESG) funds.

In a statement yesterday, RHB Banking Group chief executive officer and group managing director Khairussaleh Ramli said there is a more pronounced shift in mindset, bringing into focus the various opportunities that lie within the convergence of syariah and ESG funds.

"In recent years, we have witnessed syariah as well as ESG funds growing and gaining prominence translating into tremendous growth in assets under management (AUM).

"We believe that this makes it an opportune time for us to facilitate deeper engagement between relevant stakeholders – regulators, practitioners and investors in bringing to light how Malaysia can leverage in capturing the strong growth potential for ESG-I and help them navigate towards the most optimal

risk-rewards decisions," he added.

In the first half of this year, RHB Banking Group launched three 'ESG SRI Funds' with total AUM of RM812mil and the issuance of Malaysia's first sustainability sukuk for Development Financial Institution amounting RM500mil, further driving the syariah and ESG convergence agenda.

Notably, global ESG assets are on track to exceed US\$53 trillion (RM220 trillion) by 2025, representing more than a third of the US\$140.5 trillion (RM583 trillion) in projected total AUM, said the group.

Whereas in the Islamic finance industry, it added that syariah mutual funds are a key growth driver in the fund management industry in South-East Asia, posting a compounded annual growth rate of 12.4% between 2016 and 2020 with overall expectation of syariah funds growing beyond the current 20% of total mutual fund AUM.

Moving forward, RHB Banking Group said it continues to take an active role in driving ESG across its business and operations.