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FINANCE

Meeting E and S goals by helping SMEs

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Jeffrey Ng Eow Oo, managing director of group community banking at RHB Bank Bhd, believes that micro, small and medium enterprises (MSMEs) should be given the chance to adopt renewable energy (RE) in their operations.

This would address the "E" in ESG for clients and the bank, which is also fulfilling its "S" obligations by helping the underserved segment.

"As a financial institution focusing on SMEs, we have a social obligation to help those wanting a change in their operations and also to scale their business," he says.

Last year, RHB came up with the JomBiz programme to meet this goal. The RHB JomBiz is an online boot camp-style entrepreneurship course designed to help micro entrepreneurs remain resilient in uncertain economic situations. Participants learn how to enhance their business knowledge and improve their social well-being.

"We have trained about 100 to 150 micro entrepreneurs. We put them through a very structured two-month programme where they are trained in all aspects of managing their business. They learn financial management, marketing and general management skills," says Ng.

The bank also launched a green financing scheme to help MSMEs that are looking to transition to RE.

"ESG is going to stay and change our business landscape moving forward. One of the things that we saw is that awareness among SMEs is not high. Not many of them realise that social and environmental costs will very likely affect their business in the future [and] we want to be able to champion some of these causes with them," he says.

The bank invested RM600 million in its green financing scheme, which is offered under retail banking and SME banking. Under the umbrella of retail banking, it provides corporations and businesses with financing for hybrid or electric vehicles and solar panels.

Meanwhile, SMEs are offered four financing schemes, including for green-certified building construction, solar panel financing, working capital financing and capex (capital expenditure) financing for eco-friendly businesses.

"Solar energy is the most sought-after RE and a lot of people perceive it as the easiest and most straightforward form of RE. But we also focus on other areas of green financing," says Ng.

"We will also finance other viable options for RE, including biomass and geothermal energy, if they are feasible."

He has seen companies benefit from the bank's green financing. "For example, companies were embarking on a waste reduction programme and an energy-efficient manufacturing line. They know this will ultimately reduce their operating costs," he says. ■



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