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RHB pioneers programme to propel SMEs towards sustainable practices

SMALL and medium enterprises (SMEs), often dubbed the “backbone” of the economy, make up 97% of the business community in Malaysia. Their aggregated impact on resource utilisation, employment and innovation is immense, and they contribute substantially to national gross domestic product (GDP).

Recognising the pivotal role that SMEs play as key drivers of the economy, and their potential collective impact on the environment, RHB Banking Group has embarked on several sustainability initiatives and programmes that focuses on advancing and supporting SMEs towards sustainable business practices.

RHB Banking Group (RHB) group managing director and group chief executive officer Mohd Rashid Mohamad said, “Embracing sustainable practices isn’t merely about being compliant; it’s about economic foresight, competitive advantage, resilience, and most importantly, our moral obligation to the planet and future generations.

“In this rapidly evolving market, consumers, investors, and stakeholders at large prioritise sustainability like never before. It is therefore crucial for SMEs, as key economic drivers, to look beyond profit alone, as to remain competitive in the longer term,” he added.

Banks are in a unique position within the economic ecosystem to significantly influence growth and innovation. By supporting SMEs in their transition to greener practices,

RHB not only fosters sustainable development, but also creates a resilient financial system. In this respect, RHB strives to be an active partner to its SME customers — facilitating sustainable growth.

To this end, RHB’s key sustainability programmes and their notable achievements include:

> Group Climate Action Programme (GCAP)

“The climate crisis necessitates a paradigm shift in the way all businesses and banks operate,” said Rashid.

Recognising this, RHB commenced Phase 2 of GCAP in November of 2022, aimed at embedding climate considerations into our core business strategy, focusing on decarbonisation, climate risk management, and identifying commercial opportunities related to climate adaptation and mitigation. Engaging with customers particularly the SMEs, especially those with high climate risks and impacts, is also essential to understand our customers’ sustainability journeys, and provide the tailored support they require to navigate their transition.”

> Sustainable financial services

Providing tailored sustainable financial services for SME customers, with attractive terms, primarily through the Sustainable Financing Programme aids SMEs looking to invest in green technologies and

energy-efficient solutions. The SME financing packages comprise Green Renewable Energy Financing, Green Construction Financing, Green Commercial Property Financing, Green Working Capital Financing and Green CAPEX Financing.

As of June 2023, RHB has approved over RM900mil in SME Sustainable Financing, of which approximately RM102mil being mobilised through Bank Negara Malaysia’s Low Carbon Transition Facility (LCTF).

“RHB has committed to mobilising RM20bil in sustainable financial services by 2026, of which RM3.3bil has been earmarked for SMEs. As of June 2023, RHB has achieved 85% of our 2026 target,” said Rashid.

“Given this encouraging progress, RHB is currently revising its sustainable financial services commitment upwards, to have a greater impact in supporting our customers in their sustainability transition journey.”

He emphasised that “the bank will focus not only on traditional sustainable finance, which primarily focuses on already green or sustainable projects, but will also explore opportunities in transition finance, which caters to sectors and industries that have yet to adopt sustainable practices, but have a clear roadmap towards achieving such an ambition.”

> Sustainable finance sector specialists

Key to RHB’s sustainability trans-

formation is the appointment of dedicated sustainable finance sector specialists, whose expertise cover industries including renewable energy, oil palm, healthcare and property.

Their in-depth knowledge of these specific industries equips RHB with targeted insights, facilitating informed decision-making and strategy formulation, to support our customers.

> Strategic partnerships

The bank has also been collaborating with industry leaders, green technology firms, and technical and sustainability experts, to help SMEs identify sustainability opportunities in their operations. RHB has been advising its clients on implementing eco-friendly technologies, provide access to the latest sustainable solutions, as well as guiding them to integrate sustainable practices into their daily operations.

The Group has thus far collaborated with trade associations like the Malaysian Retail Chain Association (MRCA), The Electrical and Electronics Association of Malaysia (TEEAM), and the Federation of Malaysian Manufacturers (FMM) to organise and co-host a series of ESG roadshows tailored for SMEs.

In August this year, RHB pioneered a ground-breaking partnership with Tenaga Nasional Berhad (TNB), becoming Malaysia’s first financial services provider to collab-



RHB group managing director and group CEO Mohd Rashid Mohamad emphasised RHB’s dedication to guiding SMEs in adopting environmentally friendly practices, ensuring they are well-prepared for success and can stay competitive in a market that is increasingly environmentally conscious.

orate with the national power provider. This strategic alliance empowers the Group to deliver renewable energy and energy efficiency solutions to retail and SME customers, accelerating the adoption of sustainable practices.

Targeting to commence this November, RHB and TNB will jointly organise its first SME roadshow across major Malaysian cities to spark awareness of sustainable business practices, introduce energy-efficient solutions, and offer advisory services and green financing solutions that bolster SMEs’ transition journeys.

“RHB is committed to facilitate the transition of SMEs to greener practices, ensuring that they are position for success and remain competitive in an increasingly eco-conscious market landscape,” Rashid noted.