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HSBC: New policies, reforms needed to catalyse economic growth

KUALA LUMPUR: As Malaysia emerges from the aftermath of COVID-19 pandemic, a different set of policies as well as institutional reforms will be required to improve economic growth in the future, said HSBC Bank Malaysia Bhd.

Chief executive officer Stuart Milne said Malaysia is a trade-dependent economy and is at its best when it is open, hence the Government needs to create favourable conditions for trade and investment.

"For the upcoming budget, we would like to see the government optimising the development budget to build the ecosystem and administration essential to attract more foreign direct investments (FDI) into preferred sectors such as infrastructure and technology.

"Importantly, this will be critical for the creation of jobs in the country, develop the country's talent pool, and also spur the growth of Malaysia as a regional investment hub in specialised fields," he told Bernama.

He noted that banks such as HSBC are uniquely positioned to partner with clients as they look to establish and grow their presence both into and within Malaysia and to help build stronger and more connected trade and investment flows.

"This will be crucial to the development of the banking sector and will fuel economic recovery on the whole," he shared.

Milne said the bank also hoped to see the Government continuing to prioritise digitalisation and adopt a lower carbon approach in Budget 2022 to be tabled on October 29.

Moving to digital and transitioning to lower carbon are both essential to build the overall economic resilience, he said, adding that measures that encourage individuals and businesses, particularly small and medium enterprises (SMEs), to enhance their adoption of technology will be hugely beneficial.

"This can be achieved by allocating funds to create stronger sector ecosystems, elevate an industry's digital standards and practices, and improve the way industries respond and adapt to changing payment systems.

"The future of banking itself is about digital enablement. The accelerated move to digital will urge the banking sector to create new digital products and introduce digital capabilities that will improve financial inclusion," he opined.

In the area of sustainability or environmental, social, and corporate governance (ESG), he said creating the right policy environment and introducing incentives can galvanise the private sector to reduce the carbon footprint.

This can be carried out through numerous ways including providing tax rebates or discounts on stamp duties for companies that take strides in reducing their carbon footprint or by introducing carbon credits that companies can buy and sell as a way to offset their emissions, he shared.

Additionally, Milne said the allocation of funds to hasten the adoption of renewable power, among both businesses and consumers, could also help the country to achieve its climate ambition.

"Being at the centre of financing, an increased focus on sustainability provides banks with an opportunity to support customers in the country on their ESG journey. This includes helping high-impact ESG sectors to be more sustainable," he viewed.

In helping SMEs get back to work, he said the government needs to continue to provide assistance to support the recovery of this economic bedrock.

"Some sectors may find the recovery more challenging than others and a specific, targeted approach may also be selectively required.

"Banks have a key role to play as a channel for working capital support for SMEs backed by 100 per cent government guarantee. This will be critical to getting the SMEs up and running again, post-pandemic," he added. — Bernama