

2022 MALAYSIAN BANKING AND FINANCE SUMMIT:
“BANKS, ECONOMIC RECOVERY AND SUSTAINABILITY”

29 MARCH 2022

Tan Sri Michael Yeoh, President of KSI Strategic Institute for Asia-Pacific,
Tan Sri Abdul Wahid Omar, Chairman of Bursa Malaysia,
Datuk Sri Mohd Iqbal Rawther, Chairman of the Economic Club of Kuala Lumpur,
Ladies and gentlemen,

Assalamualaikum Warahmatullahi Wabarakatuh, and a very good morning.

1. I would like to thank Tan Sri Michael Yeoh, and the KSI Strategic Institute for Asia Pacific, for inviting me to speak at the 2022 Malaysian Banking and Finance Summit.
2. Congratulations on putting together another impactful event, on the future of Malaysia’s financial industry. Over the course of this summit, I hope all the participants here today, will freely and frankly discuss, the issues facing the financial industry.
3. This is my third time speaking at this summit, and for the Keynote Address, I have been asked to talk about “Banks, Economic Recovery and Sustainability.”

Ladies and gentlemen,

4. We are entering the third year of this pandemic.
5. COVID-19 has upended the status quo, by changing the way we work and live. Many are of the opinion, that some of these changes will be long-lasting or perhaps permanent, even when we transition to the endemic stage come April 1st.
6. The Government responded to the pandemic by taking proactive measures through eight economic stimulus packages.

7. Besides the stimulus packages, Budgets 2021 and 2022 have been unprecedented, with significant allocations earmarked to ensure that the *rakyat's* lives and livelihoods are safeguarded.
8. The successful implementation of the National COVID-19 Immunization Programme has seen most of the Malaysian population fully vaccinated. According to the latest numbers, about 98% of adults have been fully vaccinated, while 66% have been boosted.
9. According to the Bloomberg Covid Resilience Ranking, Malaysia stands proudly at number 19 – ahead of many other developed nations.
10. *Alhamdulillah*, our efforts are bearing fruit. Our GDP grew by about 3% in 2021, and our unemployment rate for January 2022 has decreased to 4.2%.
11. Recent economic indicators suggest that our growth will be driven by robust external trade and a net inflow of foreign investments, as well as more resilient private consumption growth.
12. Although this bodes well for Malaysia, particularly as we head towards the reopening of international borders – there may be some pushback arising from the economic impact of the war between Russia and Ukraine. The sharp increase in the prices of a number of commodities such as wheat, oil, and corn come to mind.
13. That being said, we remain confident in achieving the Government's projected GDP growth of 5.5 to 6.5%.

Ladies and gentlemen,

14. The financial system facilitates transactions between lenders and borrowers, providing access to the capital necessary in spurring economic growth. The role of banks in supporting economic recovery is vital.
15. The Government and the banking industry took bold measures at the height of the COVID-19 outbreak – notably, the deferment of all loan repayment for a period of 6 months.

16. It is thus my hope that banks will again work hand-in-hand with the Government to spur economic recovery. I hope financial institutions will do their best to facilitate access to funding for businesses, especially those in hard-hit industries such as aviation, tourism and hospitality.

Ladies and gentlemen,

17. 2022 is not only a pivotal year for economic recovery. 2022 is also an opportunity to reform the nation's economy.

18. Our aim is to be a high income nation by 2025 – and in order to do this, we must change the way we do things.

19. Among other things, we must:

- Increase investments in human capital and talent;
- Upskill and reskill our workforce;
- Enhance our competitiveness and innovation;
- Reform and strengthen our institutions;
- Widen and deepen our social safety net; and
- Ensure a more equitable distribution of income.

20. The worst of COVID-19 is now over.

21. It is time for us to steer the course of reform and change in transforming Malaysia to become a high-income nation by 2025.

22. In the case of the financial sector, the Financial Sector Blueprint 2022-2026 shows us the way forward.

23. The Blueprint outlines Bank Negara's priorities for the years ahead, and complements the 12th Malaysia Plan in:

- Accelerating digitalisation;

- Providing choices and access to consumers while strengthening the funding ecosystem; and
 - Advancing green financing.
24. The entry of digital banks and insurers are welcome as they offer innovative financial products and increase efficiency.

Ladies and gentlemen,

25. The financial sector must continue to play an important role in the sustainability agenda. The recent floods have shown how vulnerable Malaysia – and the world – is to climate change. We must accelerate our transition to a greener economy.
26. Already, 270 banks representing 45% of banking assets worldwide have committed to the United Nations Environment Programme Finance Initiative's Principles for Responsible Banking in aligning their strategic road maps and sustainability targets to the Paris Climate Agreement and SDGs.
27. Therefore, there is a need for financial institutions in Malaysia to follow suit with their global counterparts.
28. I applaud the efforts of Tan Sri Abdul Wahid Omar in pushing public listed companies on Bursa Malaysia to adopt and improve their Environmental, Social, and Governance (ESG) reporting.
29. I am informed that over 900 public listed companies are disclosing their annual sustainability statements and reports – that's a remarkable achievement.
30. What is clear is that business as usual will no longer cut it. As a mobiliser of capital, the banking industry plays a crucial role in supporting the transition of companies towards a low-carbon economy through sustainable financing and investment.

Ladies and gentlemen,

31. A number of our banking institutions are blessed with world class talent.

32. The CEOs of these institutions have been successful in navigating the perilous waters of COVID-19. They have led our banks to embrace change, transformation, and innovation as we move towards the endemic stage.
33. If it is any industry in this country that can make the leap towards reforming and adapting the way they do business – it is the financial sector.
34. We have come a long way over the past two years, but we must not let our guard down as we enter the endemic phase. We must continue marching forward. Only then can we achieve the aspiration to become a high income nation by 2025!
35. In concluding my remarks, please allow me to congratulate the KSI Strategic Institute for Asia Pacific and the Economic Club of Kuala Lumpur for organising today's Malaysian Banking and Finance Summit.
36. Have a fruitful and productive discussion ahead.

Wassalamualaikum Warahmatullahi Wabarakatuh.

Thank you, and all the best.