

Malaysia shares experience in Islamic finance to develop sustainable ecosystem at COP27

By [Asila Jalil](#) - November 14, 2022 @ 1:21pm



This was highlighted through Capital Markets Malaysia (CMM), an affiliate of the Securities Commission (SC), during side events at COP27.

KUALA LUMPUR: Malaysia has shared its experience in leveraging its Islamic capital market leadership to create innovative climate finance solutions at the 2022 United Nations Conference of the Parties (COP27) in Sharm El Sheikh, Egypt.

This was highlighted through Capital Markets Malaysia (CMM), an affiliate of the Securities Commission (SC), during side events at COP27.

CMM organised engagements at the Malaysia Pavilion, hosted by the Ministry of Environment and Water Malaysia, as well as the UNDP Pavilion hosted by the United Nations Development Programme.

Senior representatives from the SC and Bank Negara Malaysia, financial sector leaders from Bursa Malaysia, CIMB Investment Bank Bhd, Maybank Investment Bank Bhd and HSBC Amanah Malaysia as well as subject matter experts from the Sustainable Finance Institute Asia and Global Compact Network Malaysia and Brunei came together to showcase Malaysia's experience in harnessing Islamic finance to develop sustainable finance ecosystem.

"The global Islamic finance industry, with total assets of US\$3.06 trillion (as of 2021), has the potential to contribute significantly towards the existing funding gap in meeting the UN sustainable development goals (SDGs).

"The synergies between Islamic finance and sustainable finance can be leveraged to foster a more sustainable and responsible capital market ecosystem and advance the global sustainability agenda," CMM said in a statement.

It noted that the SC had launched the Sustainable and Responsible Investment linked (SRI-linked) Sukuk Framework this year to facilitate businesses in financing their transition towards achieving their sustainability targets.

The framework also expands the suite of SRI products offered through the Malaysian capital market, which is in line with growing global demand for sustainability-themed instruments such as sustainability-linked bonds.

"By the end of the year, Bursa Malaysia will be launching the Voluntary Carbon Market (VCM) exchange.

"The Shariah-compliant VCM will enable Malaysian companies to purchase voluntary carbon credits to offset their carbon emission footprint and to support financing for projects and solutions that reduce, remove or avoid greenhouse gas emissions.

"The presence of enabling regulatory structures and private sector initiatives, particularly for Islamic Sustainable and Responsible Investments, has allowed the SRI segment to flourish in the country," it said.

CMM said it would continue to engage with key financial sector stakeholders in supporting the development of an Islamic sustainable finance and investment ecosystem.