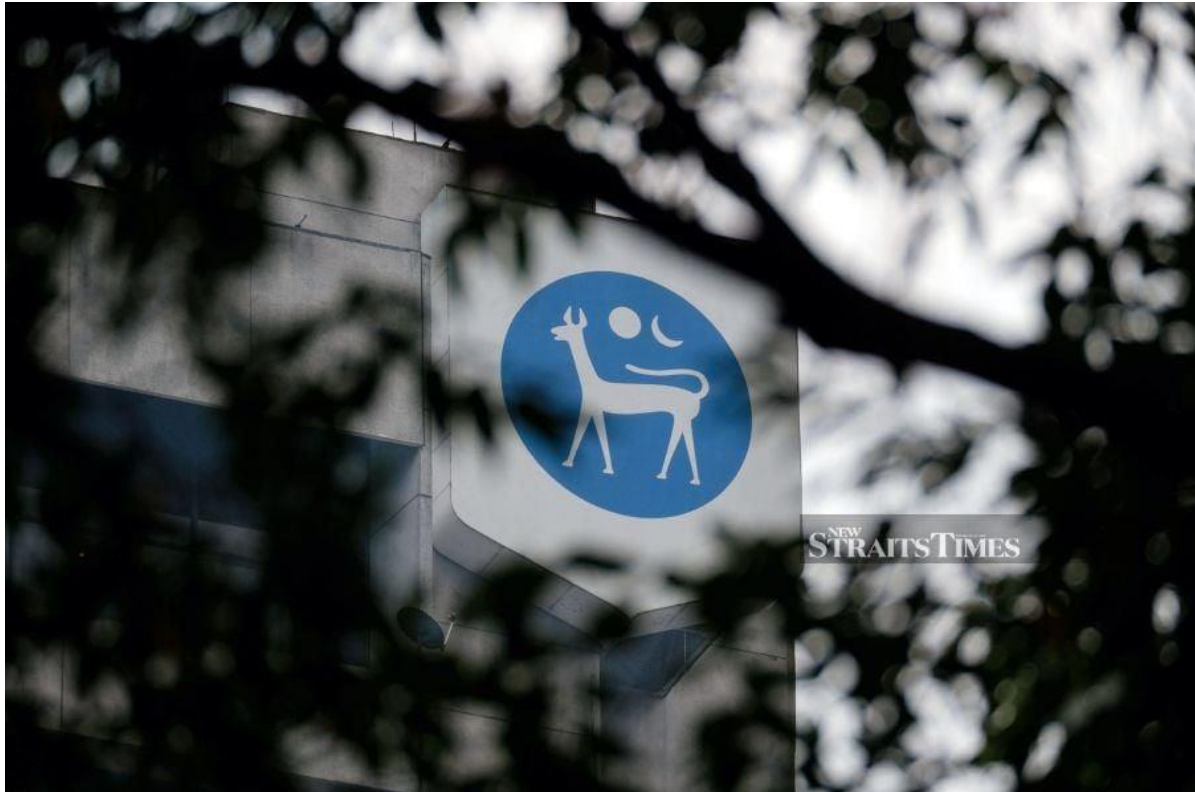


# BNM expects at least half of new financing to be "green" by 2026

By **Bernama** - October 23, 2023 @ 2:48pm



Signage for the Bank Negara Malaysia is displayed at the central bank's headquarters in Kuala Lumpur, Malaysia, on Friday, Aug. 17, 2018. Central bank Governor Nor Shamsiah Mohd Yunus, who announced the GDP numbers at her first media briefing since being named to the post in June, said the economy will probably expand about 5 percent this year, lower than the previous government's projection of 5.5 percent to 6 percent. Photographer: Samsul Said/Bloomberg

**KUALA LUMPUR:** Bank Negara Malaysia (BNM) expects at least half of new financing by banks to be aligned with climate-supporting or energy transitioning activities, as set in the Malaysia Financial Sector Blueprint (FSB) 2022-2026, said governor Datuk Abdul Rasheed Abdul Ghaffour.

He said that at the same time, the central bank will also continue to provide a facilitative policy environment for the industry to advance financial innovations and explore novel financial structures needed to meet the significant financing needs for climate risk mitigation and adaptation.

"BNM has begun undertaking a comprehensive review of our regulations to ensure climate risk is appropriately accounted for and well-integrated into our regulatory

framework," he said in his keynote address at the biannual JC3 Journey to Zero Conference here today.

He added that this is to ensure that the industry remains climate resilient while being able to effectively support the economy's transition.

"We recognise the challenges that financial institutions may face in balancing these outcomes. Concentration risks could, for example, increase from green and transition funding, and financial institutions need to properly understand and manage such risks," he added.

Abdul Ghaffour acknowledged that any adjustments to prudential standards would need to carefully consider necessary safeguards to ensure the attendant risks continue to be adequately managed.

"As financial institutions take more concrete steps in climate action, managing the trade-offs inherent in crafting credible transition plans and allocating capital that aligns with a net-zero trajectory will be all-important.

"The bank is working to develop guidance on transition plans to promote alignment between financial institutions' business and risk strategies, their public commitments to climate goals, and national plans, while safeguarding against the risk of greenwashing," he said.