



Joint Committee  
on Climate Change

BANK ISLAM

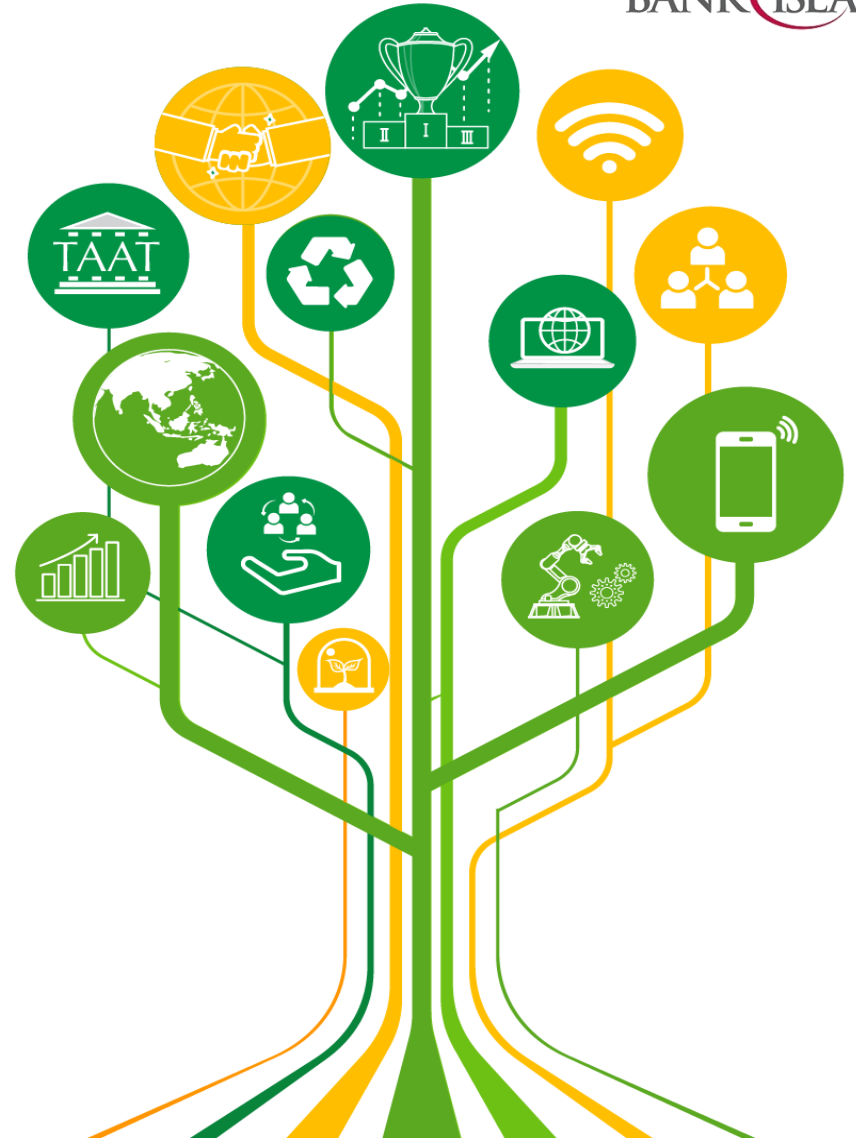
JC3 FLAGSHIP CONFERENCE

# LEVERAGING SUSTAINABILITY FROM ISLAMIC BANKING

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23 June 2021



# SHIFTING PERCEPTIONS AWAY FROM MERE COMPLIANCE

## DELIVERING THE INTENDED OUTCOMES OF SHARIAH INLINE WITH SUSTAINABILITY AGENDA

What people tend to see



**Shariah-compliant**

**Prohibition**

- Interest
- Speculation
- Ambiguity

**INTEREST-FREE BANKING**

### ISLAMIC BANKING

Products, Services & Operations



**Shariah-based**

**Preservation**

- Faith
- Life
- Lineage
- Intellect
- Wealth

**SUSTAINABLE BANKING**

What people don't see

*... it's imperative to surface the full potential of Islamic Banking as a model for sustainable banking having inherent considerations of being ethical, sustainable, responsible, transparent, green & equitable*

# EMBRACING VALUE-BASED INTERMEDIATION (VBI)

## GENERATING SUSTAINABLE POSITIVE IMPACT FROM BANKING ACTIVITIES

*VBI serves as a catalyst for Islamic Banks to integrate sustainability agenda in a comprehensive & structured way ...*



Introduced in 2017 by Bank Negara Malaysia, VBI is an intermediation function that aims to deliver the intended outcomes of Shariah through practices, conduct and offerings that generate positive and sustainable impact to the economy, community and environment, consistent with the shareholders' sustainable returns and long-term interests

### VBI UNDERPINNING THRUSTS

- Entrepreneurial Mindset
- Community Empowerment
- Self Governance
- Best Conduct

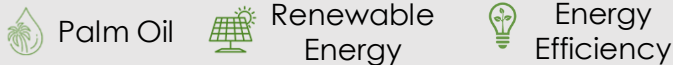
*... evident by the tremendous progress & contributions made by the VBI Community of Practitioners*

#### 1 Formulate & Issue

### VBI Financing and Investment Impact Assessment Framework (VBIAF) Sectoral Guide

to assist incorporation of environmental, social & governance (ESG) risk considerations in decision making process of Islamic banks

#### 1st Cohort



#### 2nd Cohort



#### 2 Measure & Publish

### Inaugural Islamic Banking Industry VBI Preview Report 2017-2020: Intermediating Beyond Profits

to highlight impact & achievements of VBI initiatives introduced by the VBI Community of Practitioners, consisting of 13 Islamic banks.



Visit [www.aibim.com/value-based-intermediation](http://www.aibim.com/value-based-intermediation) to for the VBIAF Sectoral Guides & VBI Preview Report

### 3. How does Bank Islam Malaysia Berhad realise our sustainability agenda?

# ADVANCING SUSTAINABLE BANKING

## EMBRACING VBI AT THE HEART OF OUR BUSINESS MODEL

Redefining Our Vision, Mission and Promise for effective realisation of VBI...

**OUR VISION** The Bank that Advances Prosperity for All

**OUR MISSION** To Provide Solutions that Deliver Value

**OUR PROMISE** Assuring Trust. Delivering Value.

... by integrating our pursuits for sustainability into how we do things ...

1 Incorporating **Climate Change Risk** into the Bank's Risk Management Framework



2 Driving **Sustainable Investment** via BMB Investment in partnership with Arabesque S-Ray® technology



3 Proliferating **Green Financing** products to spur sustainable practices & lifestyles



4 Championing **Social Finance** through our Sadaqah House platform and Centre of Social Finance



5 Innovating **Financial Solutions** that harness the potential of waqf to empower the economy & society



6 Enabling **Upward Social Mobility** with our BangKIT & iTEKAD microfinance to encourage entrepreneurship



... and by harnessing the full potential of Islamic Finance



a benevolent loan with zero-profit charged by combining the concept of sadaqah (donation) and qardhul hassan (interest-free loan) to nurture micro-entrepreneurs to be bankable, by building their credit records and providing business mentoring via our change-makers.

# KEY TAKEAWAY

## Islamic banking principles are aligned with sustainability agenda

- ✓ Islamic banking is, by nature, a form of faith-based finance – banking in accordance with the principles of Shariah
- ✓ Shariah is essentially a set of values based on the Al-Quran and Sunnah, which among others, includes being ethical, sustainable, responsible, transparent, green and equitable
- ✓ Consistent with the Islamic teachings that human are the Khalifah (guardian) on the earth, Islamic banking must generate positive and sustainable impact which, aside from pursuing profit, ensuring that the people and planet are not jeopardized

## Islamic banking is not starting from zero in its pursuits for sustainability

- ✓ Value-based Intermediation is a catalyst for Islamic banks to subscribe to banking practices that generate sustainable and positive impact

# THANK YOU

**BANK ISLAM**

Assuring Trust. Delivering Value.

BIMB INVESTMENT

BIMB SECURITIES

