



06 APR, 2024

RHB eyes bigger slice of SME market

The Star, Malaysia



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RHB Banking Group is eyeing several key industries to enlarge its market share in the small and medium enterprise (SME) segment.

Currently, the fourth-largest financial services group in Malaysia commands close to 8% of the local SME market and targets to improve it further within the next three years.

Its managing director of group community banking, Jeffrey Ng Eow Oo, tells *StarBizWeek* the SME segment represents one of the crucial portfolios within the group, contributing 18% to total income in the financial year 2023.

He says the segment experienced solid revenue growth over two consecutive years, with a 20% increase in 2022 and a further 10% increase in 2023. In 2023, loans to businesses for the SME and commercial segments grew to RM35.5bil.

"Based on the positive momentum and the plans we have for this segment, the group anticipates to improve its SME market share within the next three years," Ng adds.

"RHB has several targeted strategies to bolster its presence in the SME sector.

"Our focus lies in key industries such as agrofood, hi-tech and manufacturing, particularly in the electrical and electronics (E&E) sector, providing environmental, social and governance (ESG) support, and facilitating government-funded schemes to SMEs.

"These efforts align closely with Malaysia's New Industrial Master Plan 2030 and the National Energy Transition Roadmap, with the objective of creating high-quality, well-paying jobs, enhancing our global competitiveness as an investment destination, and advancing toward a more climate-resilient and environmentally sustainable economy," he explains.

Additionally, he says the group has several key initiatives aimed at providing unparalleled support and tailored solutions to SME customers that distinguishes RHB from its competitors.

"Our focus is to be the leading bank in helping SMEs transition to be sustainable, and adopt low-carbon practices in their business.

"For one, we leverage Bank Negara's funding and government guarantee schemes to provide comprehensive and holistic financing facilities such as the low-carbon transition facility (LCTF), high tech and green facility and agro fund, among others.

"At the same time, we customise credit

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Segment represents key portfolio within the group



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solutions to cater to specific sectors such as agro, E&E, hi-tech and provide sustainable financing.

"This ensures that our SME customers receive financing options that are optimised for their unique needs and circumstances.

"In 2023, we achieved a cumulative mobilisation of over RM23.8bil in sustainable financial services, surpassing our RM20bil target three years ahead of our five-year sustainable strategy goals.

"For the SME segment in particular, we are one of the top providers of Bank Negara's LCTF," Ng points out.

Furthermore, he says the group has enhanced the capabilities of its sales team through initiatives such as ESG training programmes, playbooks and sales tools to better serve SME clients.

This strategic upskilling ensures that RHB's team is equipped with the knowledge and tools necessary to deliver exceptional service and value to clients, he adds.

Ng says the group also collaborates with industry leaders, including the Malaysian Retail Chain Association and the Federation of Malaysian Manufacturers, green technology firms, and technical and sustaina-

bility experts, to help SMEs identify sustainability opportunities in their operations.

In August 2023, RHB pioneered a ground-breaking partnership with Tenaga Nasional Bhd, becoming Malaysia's first financial services provider to collaborate with the national power provider to facilitate SMEs' energy transition through renewable energy and energy efficiency solutions, supported by RHB's sustainable financing programme.

This programme is aimed at accelerating the adoption of sustainable practices among SME customers.

Together with TNB, the group held the first nationwide engagement session in November 2023, attended by over 200 SMEs from the Klang Valley. Similar programmes will take place in the southern and northern regions by the second quarter of 2024.

On a different note, Ng says SMEs face significant challenges amid the ongoing macroeconomic uncertainty. Although global inflation appears to be stabilising, he says cost escalation has inevitably affected business profitability.

"SMEs, with their comparatively smaller

balance sheets, find it challenging to adapt to the new operating environment.

"However, the decision by the central bank to keep the overnight policy rate unchanged demonstrates a bold effort to stabilise borrowing cost, thus mitigating the impact of cost escalation to some extent.

"This measure provides a degree of stability for SMEs, albeit amid ongoing challenges," he says.

Ng says this year, RHB has several initiatives including innovative products and services pertaining to innovation, sustainability, and empowering SMEs for success in the evolving business landscape.

On the digitalisation front, he says by year-end, RHB aims to launch a fully automated approval for SME online financing, and application programming interface integration with partners.

Ng says this initiative will drastically reduce approval turnaround time to within minutes, streamlining the financing process and providing SMEs with rapid access to the capital they need to attain business growth.

He says SMEs can look forward to the RHB SME sustainability portal that will be unveiled by the second quarter of 2024.

This is a comprehensive platform dedicated to raising awareness and knowledge on climate change, its associated risks, and impacts, he adds.

This portal will not only provide valuable insights but also offer support and guidance to SMEs through RHB's suite of services and product offerings, empowering them to adopt sustainable practices and thrive in a rapidly changing environment.

Ng says: "As part of our commitment to sustainability, we will roll out structured training and upskilling programmes aimed at enabling SME frontliners to provide ESG advisory services. Additionally, we will facilitate connections between SMEs and subject matter experts to support their ESG transition journey.

"Through these initiatives, we aim to equip SMEs with the knowledge and resources needed to embrace sustainability and drive long-term success."