Professorial Lecture UiTM
Prof. Dr. Sharifah Faigah Binti Syed Alwi

"Islamic Finance and ESG: The Role of Islamic Banks in Navigating Global Financial Storms"

dan
Ustaz Mohd Zamerey Bin Abdul Razak

"Mengarusperdanakan Kewangan Sosial Islam Berimpak dan Inklusif: Peranan Institusi Kewangan Islam"

Program

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Masjid Al Wathiqu Billah Tuanku Mizan Zainal Abidin

11 November 2025 (Selasa), Jam 9.30 pagi

Nama	Prof. Dr. Sharifah Faigah Binti Syed Alwi & Ustaz Mohd Zamerey Bin Abdul Razak
Tajuk	"Islamic Finance and ESG: The Role of Islamic Banks in Navigating Global Financial Storms" & "Mengarusperdanakan Kewangan Sosial Islam Berimpak dan Inklusif: Peranan Institusi Kewangan Islam"
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Transkrip:

58:41 : Bismillahirrahmanirrahim Assalamualaikum warahmatullahi wabarakatuh. Thank you so much I want the spirit to be here with me. Bismillahirrahmanirrahim. So first of all I would like to thank Puan Pengerusi Majlis, Dr. Amira. and we have with us today The Pengarah Program Dr. Muhammad Syahrul Deen Ahmad Rosli, The program Here today is International Conference of Islamic Finance Entrepreneurship and Social Development. So I'm here today actually to welcome you all to attend this Conference, International Conference. And I was tasked to give A lecture actually with regard to the topic that given to me regarding Islamic Finance and ESG, The role of Islamic banks in navigating the global financial storm.

1:00:03 : So today insya Allah I'm going to talk about Islamic Bank and also ESG. So when we are talking about ES, Islamic Finance. no doubt is very close to you because you are the students of Muamalat and also Halal Industry. So I don't have to ask you regarding what is Islamic Finance, because it's already in your mind. It's your expertise even right. You listen to Ustaz Zamiri presentation just now right? He was telling you that if you were to attend interview, in banking nowadays. You have to be prepared. You have to master your knowledge right? You must be able to answer every question related to Islamic Finance, Muamalat, Halal Industry. Everything must be within you. Apart from being the Lecturer in AAGBS. I'm also the Syariah Committee of Maybank Islamic and also ETIQA and I know what's going on in industry, and what is actually expected from the students. So obviously you definitely have to prepare yourself.

1:02:49 : We welcome if you want. I'm not sure whether in ACIS, I believe you are learning in English right? Yes. That is actually the most important requirement that we have in Industry nowadays. I'm telling you being the Syariah Committee, Syariah background okay, I have Syariah degree from UM and when I was Interviewed to become the Syariah Committee, Everything is in English. So the high expectation for you to master other than the knowledge of Islamic Finance, Halal Industry, Muamalat. You must be well versed in English. It's a compulsory thing. So better you start from now. To have such expectation okay. coming back to you I can see very innocent faces here.

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: Different faces, ACIS students and Business students. So coming back to my slides. Actually I prepared so many slides today but of course. Okay but of course Ustaz Dr. Shahrul will share with you the slides that are prepared Inshallah you can refer to that slide because being a lecturer normally. We prepare notes for students. So that you can benefit from the slides even though I'm not, I'm not going to talk about everything there.

1:04:20 : This is about, because the topic is about Navigating Global Financial Storms. So of course here we are talking about how Islamic Bank is going to face the challenges of Navigating storm, the crisis that we have especially the financial crisis in the world nowadays. But of course because we are talking about ESG, So we want to see from the perspective of Islamic Finance and also the ESG how we handle those challenges. So the next slide, okay. So this is not something that I'm going to discuss with you because I know that you already know. What is Islamic Finance at a glance. Where you know that of course In Islamic Finance. we don't have what Riba, Gharar, Maysir and what. What's the other one? You are very familiar with Riba. No Riba right, no Gharar right, no Maysir right? What about the other one. Another one Anybody?

1:05:27 : Okay let's see. Okay anyone another one, another important criteria of Islamic Finance that you cannot have in Islamic Finance Industry. No Riba, no Gharar, no Maysir. That's very common to you right, but the other one The most important one gentleman. Anyone? Halal? Okay halal, yes because you are from halal, okay good another one Halal, what Halal, what Halal goods and services. So everything that you do must involve halal goods and services, you cannot involve with Haram goods and services. That's the four things that you must know about Islamic Finance. Other than maqasid syariah, fairness, Transparency, those are the things that you are very common with. okay now What is ESG? We have the slides with you here right, what is ESG?, if somebody ask you what is the difference between ESG and SDG. SDG pulak ESG, SDG. Come on class tadi kan Ustaz Zamiri mentioned that okay you are going to be invited for interviews right? Other than he will ask you

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1:07:03 : The contracts that you have learnt like Tawaruk, like what Ijarah, Al-Muntahya bitamlik. Whatever that you have learnt. But of course they will ask you regarding ESG, SDG. Obviously, that's why the organiser for this conference asked you to talk about ESG, basically actually to expose you to this notice of ESG and SDG. Okay, that's the main Intention right? Okay, anyone? Anyone of you trying to tell me what is ESG and SDG and what is actually the importance of having ESG and SDG now. In a company for example I'm trying to tell you about the reality nowadays. Okay, let's say for example in the case of Maybank Group, you know what is Maybank Group? Why I'm telling you Maybank Group instead of Maybank Islamic Bank. What's the difference? Maybank Group. What's the difference between Maybank Group and Maybank Islamic Bank? Come on, Maybank Group is the financial holding, Under the financial holding we have subsidiaries like Maybank Islamic Berhad, Etiqa, Takaful, Maybank Investment Berhad but if you are looking at the ESG report.

1:08:37 : Normally it is actually issued by the Maybank Group. Maybank Group will discuss about the Sustainability report, Impact report, ESG report. So those are the thing. Why do you think that they are putting it that way? They are having such report. No, you have to understand Industry, when they are doing things, itu bukan sahaja-sahaja. There must be a reason behind that. Why they are coming out with those report and you must remember they are the commercial entities, not the welfare organisation. So why they are putting they are having such report? It's meant for whom? Siapa nak baca report itu? Who is going to read the report? Students like you? Yes lah juga. You cannot say no because you have to know. You have to know what Maybank Group has been doing regarding ESG. But the most important thing is siapa? Who? If you read, If you read this, the whole thing is that the report, the sustainability report, the ESG report, the impact report Is meant for whom? Siapa? Anybody? Gentlemen, anyone? How old are you actually? 19 tahun? Yes, you know what mean me 19. So you must be 18. Stop. All stop. That's why you are still young.

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1:10:31 : Okay ada jawapan kat situ. You can see the answer there. Customer. Who is the customer? The potential investor. The potential Investor. The potential buyers. The potential customers because nowadays you have to understand that the trend of the buyers, the investors. They are really into what Sustainability. If you have a company but you don't follow the ESG requirement, So some of the investors might not invest in your company. You are not being preferred by those investors. So that's why you can see that it is important for those companies to issue. The report to show that, hello everybody we are doing this, we are really attempt to achieve the ESG objective okay. So now this is very like you have to read. Framework the ESG is Environmental social governance. Framework of criteria used to evaluate a company's performance. There you go, a company's performance beyond its financial result and of course assess company impact on the environmental and society and how it is governed Internally, and of course you can see that the last sentence there. Is actually factors to Investors to decide mission making of the investors.

1:12:02 : Okay, so you can see that In terms of the ESG pillars there are three right? Environmental, Social and Governance. so if you look at the first one environmental, it means that you can see how the company is supporting What? Supporting what? How you preserve your Environment? Pernah dengar tak greenhouse gas emission tu? Net zero semua dengar kan? If you are talking about the sustainability environmental so of course those are the thing that you have and in fact Malaysia. We also have the carbon taxes going to be issued next year. I'm not going to go in detail and then of course social in terms of what? How you run your company in terms of how you treat your staff for example, how you treat your staff whether you aregGiving them a fair salary or not, and then in terms of the Governance. In terms of how transparent you are, in terms of your business. How you are telling others about what you have been doing. Sebab itulah tadi when you listen to Ustaz Zamiri's presentation just now, when he was talking about Wakaf. It falls under ESG social. Okay good and then what is actually the difference between ESG and SDG? Okay So here we go what's the difference?

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1:13:37 : Now I believe that you are very familiar with SDG. Sustainable, Development, Goal. the 17 goals issued by UN. You are very familiar with that but maybe you are not familiar with ESG. Tapi if you go to bank they issued. They issued the ESG report. Okay so what's the difference between the two? So I want you to read this and try to tell me what you understand. What you understand? The difference between when we are talking about ESG then and we are talking about SDG? So what's the difference actually? Huh you don't know you have to read. You have to read and then you'll know. Okay and Just to share with you a little bit before you go for an interview and yeah of course. Later on you are going to go for interview looking for a job. You must be very like prepared. You must do your homework. You must do your homework because sometimes I can see that students need to be interviewed. Tak baca pun you want to apply job dekat Bank Rakyat but you never read about Bank Rakyat. Memang lah kena dasar.

1:14:50 : That's why you have to prepare. So you don't tell me that you don't know. Okay don't give that answer to the interviewer. So what's the difference? Ni semua student pandai ni kan? What's the difference? Tak tahu nama, in my class I memorize my student's name, 40 student in the class, 40 I memorize. So I know who to call for the answer. Tunjuk je, tunjuk je. Okay you are ready that I can appoint someone to answer my question. Okay gentleman yang number 3 tu. A very handsome gentleman. What's the difference? Yes, Yes very good so that's the difference. So that's why you know that when we are talking about I told you earlier kan. So it was issued by the companies. It's issued by the companies, But of course the goal tu. Of course we go in detail lah because it's very like general for the United Nations. It can be anything. So the next slide. So I believe this is something that you are very familiar with betul tak? You have 17 UN SDE Code kan. Betul? Biasa dengar kan? Biasa tengok kan? Don't tell me you tak pernah tengok pun benda ni. Nanti something wrong with that. So of course we have 17. That's why nanti insya Allah when you pursue your study for Masters degree ke PhD level insya Allah one fine day eh. When you write a thesis eh.

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1:16:33 : The intention of your thesis tu you must relate with this. Kalau you nak capai, you do the intention of your thesis itu, you want to do something relating to social finance. So which SDG that you are trying to achieve It's your requirement MPA now. Okay and then. Okay, so this is something if you are talking about Islamic finance and ESG kan It's actually about having a common ground eh. Whatever that you learn under Islamic finance In terms of being ethical, It's actually the same with ESG. It's just that coming back to the SDG now, There is one from the 17 SDG, from the 17 SDG here. Which one do you think that being Muslim. We have certain things that we cannot fully agree with from the 17 SDG. No poverty, Zero hunger, which one that you think that being a Muslim Maybe we have different perspective? Anyone? Siapa volunteer? Siapa jawab nanti nak minta kerja kat Maybank I recommend dia. Anyone? Which one? Which one being a Muslim. We have different perspectives. Gentleman. Siapa itu? Yes, very good. Why? In terms of what? The way we look at it Is different from the way SDG is looking at it. Yes give me the answer. Jawab anyone. A beautiful young lady because woman very special in our religion. Louder please, because woman is very special in our religion. Ok we are special of course.

1:19:18 : Yes, but how deeper is it. From the perspective of the non-Muslim? Yes special but why, how is it different? Adam? Thank you Tasha. Adam? Workload. Okay. How you can actually explain that? Are you saying that between men and women in terms of equal payroll. We are not supposed to get equal payroll. What difference in payroll? In payroll is that so. Definitely no, Adam no. We are supposed to be treated the same. Right when you are talking about loading you cannot expect that if you are treating the gentleman. You must treat the ladies the same in terms of you mentioned about loading right now right. So loading of course you cannot expect women to what? To do what? What lift him, what angkat berat. Angkat berat of course. But the women in the western, they are actually saying that they can do whatever men can do right? Betul. Because you can say that they are the same like that man.

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: So whatever men can get they also can do, can get right. But we are not like that. Because we are actually treating women differently. Supposedly Okay. So defining okay, defining global financial storm, financial crisis. So when we are talking about financial storm, Financial crisis of course you are, the example that I can give you is actually during pandemic right? During pandemic what happened to our society during that time? What happened to the financial system during that time? What happened to entrepreneurs? Most of the entrepreneurs in Malaysia during that time? What happened? Closed down of what? Closed down of many, many what? Many businesses.

1:22:21 : So they are not able to oay back the financial, financing or loan, from the bank. So that's why you can see that's what happening during that time. And of course, Resilience Islamic bank during crisis. So this is mainly to tell you what happened during pandemic. So as you can see that during this time if you compare the Conventional bank and Islamic bank during this time. What happened? We are performing better. We are performing better. This is based on the research study that we have conducted. This is proven so it means that they are having like in terms of the ROA and ROE they are better. They are better than conventional bank and of course as you can see. The second sentence or second statement that, come here because we are talking about Islamic banking The resilience I like the word resilience. Resilience mean what this is actually the criteria that all students must have. You must be resilient. So what does it mean Resilient? Tahan apa? Tahan banting. Tahan banting eh? It means that whatever comes to you, you are able to survive. So that's what happening to Malaysian Islamic banks during that time In terms of the financial performance. During that time from the Islamic Bank that we have in Malaysia. They are maintaining the strong liquidity solvency and operational efficiency throughout the pandemic so we have the greater resilience and of course what is actually the factors contributing to that.

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1:24:12 : So this is what we have. The criteria of the Islamic banks that we have. So that we can withstand the Global financial crisis. So the first one I believe you are very familiar with this. The first one prohibition of excessive risk and speculation. We are not involving with the speculative activities, we don't have that. So that's why we are strong and then we have also asset-backed financing. So for me the thing that I have listed here you must know and you must understand because sometimes people will ask you this. Why Islamic banks can withstand the global financial storm or crisis. Because this is the criteria that we have, asset-backed financing. What does it mean No? Asset-backed financing, what does it mean Asset-backed financing? What does it mean when you go to conventional banks, when you want to get, let's say for example you want to buy a house. What is actually the contract that you have with the conventional bank. Yes, very good contract of loan, they just give you loan and that's it, they charge you interest but if you go to Islamic banks, what is the contract that you have? Tawaruk. Okay, tawaruk. Let's say for example you want to buy a house, what else, tawaruk. What else you have that right? What else? Ijarah, yes, if you go to a bank, they offer you ijarah. Ijarah the rent to own Ijarah and then Murabahah, no we don't offer.

1:26:09 : Home financing using murabaha. Unless you can see murabaha is actually embedded inside tawaruk. What else Mudarabha? no no no very high risk, we don't give mudarabha for home financing. Musyarakah Mutanakisah, very good Musyarakah Mutanakisah. So those are the thing that you have. The contract that you have with the bank. Okay, so that's what I meant by asset bank because when you buy, when you go to Islamic bank, they are buying something for you and they sell something to you right? So it's actually asset bank unlike the conventional that they don't have the asset with them. Okay, they just give you loan and then they charge you interest. So that's the thing, because they are treating the money as the commodity. They are treating the money as the commodity but we don't do that. We have asset that we sell to the customer, so that's why when you, when somebody ask you regard to the dalil. The dalil permissibility of buying, the prohibition of riba, where's the dalil? So clearly you can see that Allah has permitted sale and forbidden riba.

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: That's why if you go to Islamic bank, they are offering you sale contract because that's what is being allowed by Allah SWT. But why riba? because riba you have to understand If you learn about Ukudul Akad in Islam Principles, syariah principles contracts in Islam you know there are 7 types of contract right.

1:28:00 : The first one is Ukudul muawadat right. Contract of exchange right. The sale, sale comes from there but then of course when you learn about Kordun, which type of sale, which type of contract is that Kord, pinjaman, loan. It falls under what? Can anybody tell me Ukudu,l tabaruan, Kord falls under Ukudul tabaruan which is, what does it mean? Contract of charity. So because it is contract of charity, that's why you cannot charge interest because you are supposed to help. You are not supposed to gain profit from the kord that you have given. Sebab tu riba itu haram because it comes from the contract of kord. But sale is allowed because if you are doing sale you can take benefit right? So that's the difference sometimes people don't understand. What's the meaning of those ayatul quran and then of course profit and loss sharing. You know this is what we have In the summit banking we have and then we also have the higher quality, higher liquidity and capital buffers. So because we are dealing with asset just now. So that's why you can stand the challenges during the crisis. Okay, now ESG investing resilience. Okay, so in the case of ESG why it become resilient? Because as you can see that the pillars of ESG that we have learned just now of course you can see that with strong ESG performance. Of course you have the strong resilience during market crisis. So the reason why they are being very resilient because of risk mitigation. Risk mitigation. What do you understand about risk mitigation. If you go to banks because we are talking about banks, If you go to banks we have one specific department called risk department. Risk department is very, very important because risk from the perspective of risk. The risk department personnel, they will look at the potential risk that might occur to the company so they will try to avoid those things to happen.

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1:30:15 : Okay so this is what we have learned in terms of the pillars just now and then of course investor preference and loyalty also makes the ESG company. Base companies very strong because you have to understand that investors nowadays, they are very choosy. They are very choosy for those companies who does not embed the ESG, they will not support. They will not invest in that particular company and for your information. This is very, very serious nowadays and then we also have the Financing constraint alleviation. Of course strong performance adds a positive signal to stakeholders. Especially to the investors and banks because then you can attract institutional investment. So what do you understand about institutional investment? Do you understand? Institutional investment. Do you understand? Institutional investment is the strong, strong company who invest in one company for example, we have the PNB, KWAP, LHDN and KWSP. So those companies are known as institutional investment and then habis dah masa. Boleh habiskan? So the next slide you will look at the next slide is more into the ESG related product issued by Islamic Bank. Here you can see the two example of bank. Islamic Bank in Malaysia that support ESG. Where they do have the product that very much having the supporting the ESG. So we have public Islamic, I don't put Maybank there so that's why I put the other bank. Okay the next slide. Okay and then microfinance via Zakat Fund. okay I'm not going to tell you this detail because masa pun dah habis. It's just that this is more Into like social ESG, where you actually supporting the microfinance using Zakat Fund but the first Islamic Bank in Malaysia that has done this is Alliance Islamic Bank. Tahu kan Alliance Bank dah tahu? Tahu lah, that's one of the Potential company that you may send your resume later.

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1:32:32 : So this is also something very successful that they have done. The first in Malaysia using Zakat Money. They give microfinancing to Asnaf. Okay so I think the rest you can read it yourself. Very like common things that you know lah. Okay so I think that's about all for today and I really hope that you know If somebody ask you after this. What is ESG? What is SDG? This is something that you know because we are actually moving towards that. Kalau you tak tau maknanya you are going to be left behind. Especially during interviews eh. Somebody ask you, you don't know so that's it. Habis eh because something very like everybody must know. Okay and then even I told you earlier company that doesn't embrace SDG, the SD. They are going to be left behind also. So that's why every company now they are actually trying to become or embed the SDG okay. That's all for today so I wish you all the best eh students. Okay all the best, thank you so much.