

# New institute to groom talent in green finance

It will offer undergrad and postgrad courses, and continuing and professional education

Prisca Ang

A new institute here will conduct research and train professionals to become talent in green finance, an area of banking and investment supporting projects that take into consideration climate change and other environmental concerns.

The Singapore Green Finance Centre (SGFC) will tap the strengths of Imperial College Business School and the Lee Kong Chian School of Business at Singapore Management University (SMU) in climate science, financial economics and sustainable investing.

When ready, the centre will offer undergraduate and postgraduate courses, as well as continuing and professional education.

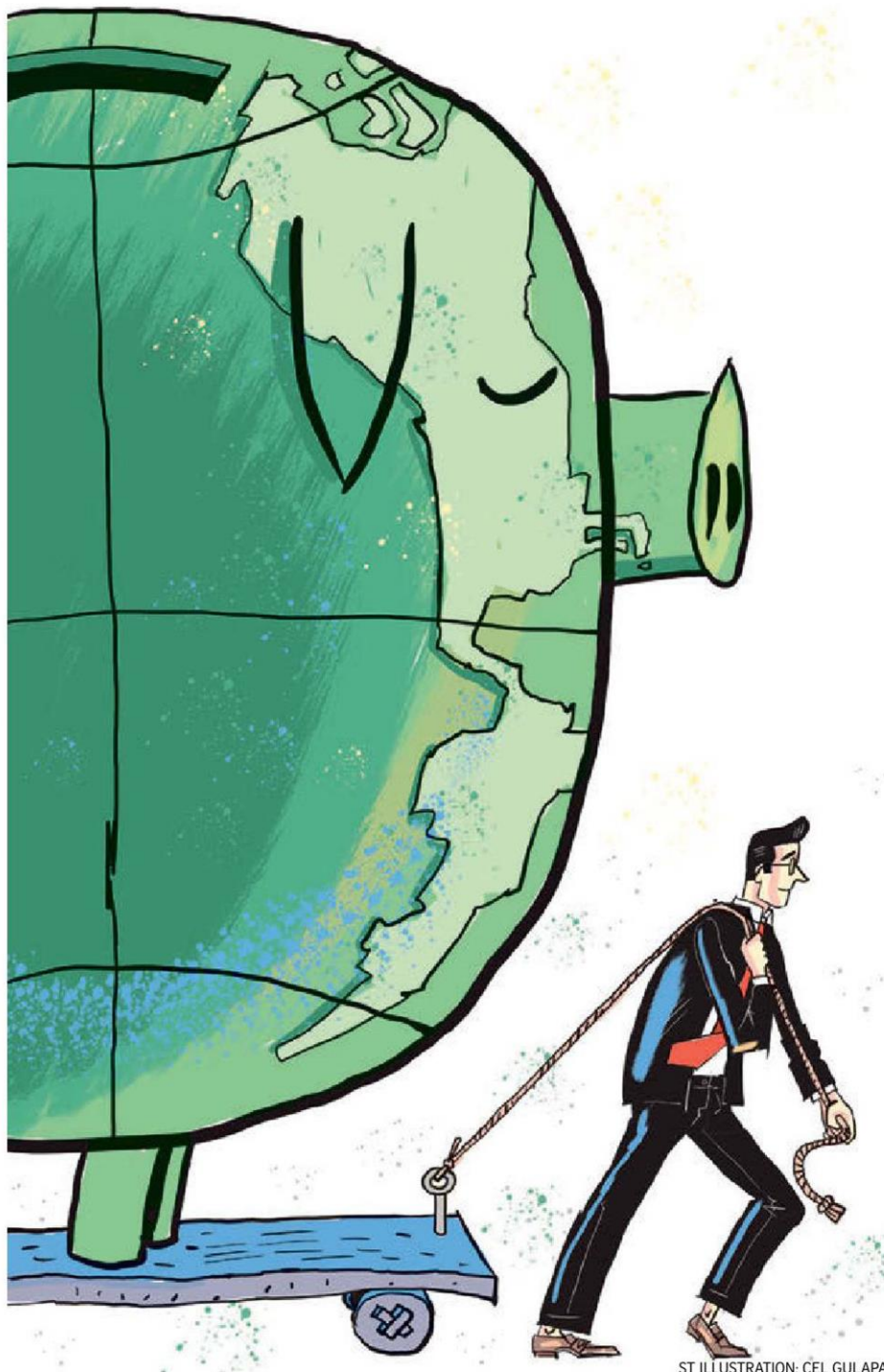
The Straits Times understands that the centre, which will have a physical presence in Imperial College Business School in London and SMU, will offer a mix of online classes and in-person programmes. The centre's first programme starts in June next year.

The launch of SGFC was announced yesterday at the virtual Financial Times Investing for Good Asia conference. The centre is supported by the Monetary Authority of Singapore (MAS) and nine founding partners: Bank of China, BNP Paribas, Fullerton Fund Management, Goldman Sachs, HSBC, Schroders, Standard Chartered Bank, Sumitomo Mitsui Banking Corporation and UBS Group.

In a joint statement, the two academic institutions and MAS said SGFC's multidisciplinary research and training will enable financial institutions, corporates and policymakers to improve the management of environmental risks, develop financial solutions to promote environmental sustainability, and design policies for a sustainable future.

SGFC aims to equip professionals with skills in climate finance and applied knowledge in Asian markets.

"This will develop a strong pipeline of green finance talent which financial institutions and service providers can tap as they expand



ST ILLUSTRATION: CEL GULAPA

teams and deepen green finance capabilities to serve the growing needs of Singapore and the region," the statement said.

The centre will be jointly led by Professor David Fernandez, director of SMU's Sim Kee Boon Institute for Financial Economics, and Dr Charles Donovan, professor of practice and executive director of Imperial College Business School's Centre for Climate Finance and Investment.

An advisory board, comprising MAS, both academic institutions and the nine founding partners, will provide guidance on the centre's strategic direction.

MAS managing director Ravi Menon said MAS is committed to

developing a vibrant green finance research and talent ecosystem in Singapore to support Asia's transition to a low carbon future.

"The SGFC will be an important part of this ecosystem, bringing together two leading academic institutions in environmental science and financial economics."

In a statement, Standard Chartered Singapore chief executive Patrick Lee noted that the Asia-Pacific region needs investments of up to US\$1.5 trillion (S\$2 trillion) a year to achieve the United Nations Sustainable Development Goals by 2030. "This is an area where Singapore, as a key global financial centre, can make a difference," he said, adding that climate change is

redefining the way business is done and risks managed.

Mr Desmond Kuek, divisional vice-chairman for UBS Global Wealth Management, said the bank believes that a 100 per cent sustainable investment portfolio can deliver similar or potentially higher returns compared with traditional portfolios.

He said: "More of our clients are seeing sustainability as an integral part of their business strategy and value system, and that it offers strong diversification to help weather the economic uncertainty and market volatility that will likely persist in the decade ahead."

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## Sustainable financing holding up well

Sustainable financing and investment flows have held up well in the first half of this year, despite the Covid-19 pandemic and general climate of economic weakness.

Monetary Authority of Singapore (MAS) managing director Ravi Menon noted that Singapore is Asean's largest green finance market, accounting for close to half of cumulative Asean green bond and loan issuances.

At the virtual Financial Times Investing for Good Asia conference yesterday, he said Singapore is steadily developing financial solutions to address climate risks.

For example, the MAS' Insurance-linked Securities Grant Scheme has seen strong take-up since its launch in 2018. The scheme funds up to 100 per cent of the upfront costs incurred in issuing catastrophe bonds out of Singapore. These are basically assets that pay insurers if they suffer catastrophic losses.

Mr Menon noted that within two years, there have been nine catastrophe bond issuances in Singapore. "This includes the first Asian sovereign and catastrophe bond covering earthquake and typhoon risks in the Philippines," he said.

More than \$8 billion in green, social and sustainability bonds have also been issued in Singapore since the introduction of the MAS' Sustainable Bond Grant Scheme in 2017, supporting the development of renewable energy projects, improving the energy efficiency of buildings, and financing social enterprises aimed at helping lower-income women, among other things.

By the year end, the MAS will launch a similar grant to support sustainability-linked loans, as companies in Asia rely more on bank loans than bonds.

Mr Menon said the grant will fund the costs of conducting external reviews and ratings for green and sustainability-linked loans, and promote the development of sustainable lending frameworks that provide simplified processes and standardised criteria for borrowers. This will reduce the cost of green borrowing and encourage more small and medium-sized enterprises to tap such loans, he added.

At a separate event on Monday, Mr Menon noted that there is greater consciousness about sustainability.

"The pandemic has made us all a lot more sensitive and aware of how vulnerable we are to the forces of nature."

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