

Madelena Mohamed: A LEAP for nature: advancing nature-related financial risk and opportunity assessment in Malaysia

Keynote address by Ms Madelena Mohamed, Assistant Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the launch of the report "A LEAP for nature: advancing nature-related financial risk and opportunity assessment in Malaysia", Kuala Lumpur, 11 June 2026.

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Let me begin with a simple but important reality: **Nature underpins all economic activities**. It provides the resources, services and systems that economies depend on to function and grow.

Yet today, nature remains largely invisible in our economic and financial decision-making, treated as if it is limitless, external and optional. And this must change!

Preservation of nature is not only about conservation; it is about building and sustaining resilience, longevity, and long-term prosperity of our people, economy and financial system.

Nature as a source of value creation

For the financial sector, your instinct is often to begin with risk. It is always about risk, risk and risk. But today, I'd like to begin with opportunity.

The economic potential of the nature-positive transition is significant. In Asia-Pacific alone, nature-positive business opportunities could generate up to USD4.3 trillion in annual value and create 232 million jobs by 2030¹. Across Malaysia and the globe, we are already seeing this taking shape. Let me share three examples.

- First, sustainable agriculture and forestry management improves soil health, enhances biodiversity and boosts yields. This reduces reliance on synthetic fertilisers, delivering financial and competitive advantages while strengthening food security. At a time where geopolitical developments in the Middle East are having disruptive effects on the supply of energy and fertiliser, such resilience is becoming not only an environmental imperative, but also an economic and financial one.
- Second, eco-tourism, a strategic economic driver for Malaysia, supports the preservation of natural capital while stimulating local businesses and green jobs. Under the Visit Malaysia 2026 campaign, the country aims to generate RM329 billion in tourism receipts.
- Third, nature-based solutions, such as mangrove restoration and reforestation, are increasingly recognised not just for conservation, but for coastal protection and climate resilience, reserve preservation, thus reducing long-term costs for infrastructure and insurance.

These are not isolated examples. They reflect a broader shift in how nature is being integrated into value creation and adaptation as a means of business continuity.

Malaysia is uniquely positioned to benefit. As one of the world's 17 megadiverse countries, which together harbour more than 70% of the world's biodiversity, our natural capital – our forests, rivers, and oceans, are not just environmental endowments. They are economic assets. They regulate rainfall and water supply, support industries, sustain livelihoods, and underpin the well-being of our communities. In other words, when we talk about growth, resilience and competitiveness, we are ultimately talking about nature.

Real and growing risks

Alongside opportunity, there are also real and growing risks. The inextricable relationship between nature and the economy that allows us to derive value, is also a source of vulnerability. These risks are increasingly evident in tandem with the growing tension between economic development and nature preservation. Rapid urbanisation is driving land-use change and biodiversity loss, while ongoing overfishing threatens marine ecosystems and coastal resources.

From a business perspective, dependencies on nature create real physical risks when ecosystem services are degraded. We have already seen this in tangible ways: water supply disruptions affecting manufacturing and construction, more frequent flooding causing significant financial and asset losses, and declining fish stocks affecting financial resilience of coastal communities in Malaysia.

At the same time, business activities also have impacts on nature, which give rise to transition risks. As policies, technologies, and market expectations evolve to address nature loss, businesses with significant negative impacts may face increasing financial pressures. So for example, new regulations restricting activities in protected areas, tighter controls on commodities linked to deforestation, or higher compliance costs and penalties for biodiversity impacts.

For financial institutions, these dependencies and impacts translate directly into financial risk. They can lead to higher credit and potentially liquidity risks, affect portfolio valuations, surge in insurance claims as well as increase liability and reputational exposures. Conversely, institutions that act responsibly early will be strategically positioned to build resilient portfolios and capitalise on a nature-positive transition.

Role of financial institutions and firms

This brings me to the role of financial institutions and firms. Our research covering commercial banks in Malaysia found that 54% of bank loans were directed to sectors with high or very high dependencies on ecosystem services, while 36% of bank loans were to sectors with high or very high impacts on nature. As this link between nature and the economy becomes more evident, there is growing urgency to consider nature more systematically in decision-making processes – across strategy, risk management, and capital allocation. Financial institutions and firms therefore can start by building a strong and deep understanding in three areas:

- your dependence on nature,
- your impacts on nature, and

- the potential risks and opportunities arising from both.

This is foundational. Because **what is not measured is not monitored and is not managed – and increasingly, what is not managed becomes a source of risk.**

Importantly, this must not solely be the responsibility of the sustainability teams. It requires coordinated action across the organisation, driven by strong tone from the top and active leadership from the board and senior management. Effective implementation stems from a change in the DNA of financial institutions, to embed nature considerations within mindsets and processes, across business lines and risk functions.

Role of Bank Negara Malaysia

As for Bank Negara Malaysia (BNM), we recognise that integrating nature into financial decision-making is not straightforward. Unlike climate mitigation, which can be measured using a single metric of carbon emissions, nature is multi-dimensional, location-specific, and harder, much harder to quantify.

This complexity is the motivation behind the study we are releasing today. It builds on our 2022 study, which provided a foundational understanding of the Malaysian financial sector's exposure to nature-related risks. We wanted to take this a step further, to understand the current state of nature-related risk assessments amongst Malaysian financial institutions and firms, and provide practical guidance and recommendations to accelerate progress.

Moving forward, BNM will continue to partner with the financial institutions in integrating nature-related considerations into risk management, through building capacity, improving data availability and quality, as well as developing suitable tools.

Let me conclude with a simple message: Progress does not require perfection. It requires a start. Let's take the first step. The choices we make today will determine whether nature becomes a source of sustained resilience and opportunity, or a source of risk and instability.

Before I end, I would like to take this opportunity to thank our collaborators, the World Bank Group and UNDP Biodiversity Finance Initiative (BIOFIN) for your contribution and commitment throughout this period. I would also like to extend my appreciation to all the entities that participated in the pilot implementation of the TNFD Locate, Evaluate, Assess and Prepare (LEAP) Approach which was central to many of the key findings. I would also like to thank the TNFD for their invaluable inputs throughout this process. Finally, I would also like to acknowledge the dedicated team within BNM whose efforts made this work possible

On that note, it is my pleasure to officially launch the report entitled 'A LEAP for Nature: Advancing Nature-related Financial Risk and Opportunity Assessment in Malaysia'.

¹ [New Nature Economy: Asia's Next Wave. Risks, Opportunities and Financing for a Nature-Positive Economy. Temasek, in collaboration with World Economy Forum and AlphaBeta \(2021\)](#)

