

AI Policy and Regulations of Malaysia







Comprehensive Report



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Introduction

Malaysia is a Southeast Asian country comprising two distinct regions: Peninsular Malaysia and East Malaysia (Sabah and Sarawak), separated by the South China Sea. It is a multi-ethnic and multi-religious federation consisting of 13 states and three federal territories, with Kuala Lumpur as its capital. As of 2020, Malaysia's population was estimated at 32.7 million, with 29.7 million citizens and 2.96 million non-citizens.

As a culturally diverse society, more than 69 percent of the population is Bumiputera, including Malays, Orang Asli, and Sabah and Sarawak natives. In such a context, one of the most pressing risks of AI is its proven ability to reinforce bias and discrimination through opaque algorithms. The use of AI systems in decision-making processes, especially in sectors such as education and healthcare, introduces the risk of algorithmic bias. In Malaysia's multicultural structure, this could lead to discriminatory outcomes between ethnic or religious groups. Therefore, ensuring that AI applications are inclusive and fair is vital to maintaining social harmony.

Malaysia boasts one of South East Asia's most vibrant economies, benefiting from decades of industrial growth and political stability. The economy is primarily service-driven, and Malaysia is transitioning toward becoming digitally driven, with a focus on emerging technologies like artificial intelligence (AI).



1. Recent Legal Regulations (2020-2025)

As of 2025, Malaysia has not enacted specific legislation that directly regulates artificial intelligence. Instead, the country governs AI through a combination of voluntary frameworks, indirect regulations, and sector-specific measures. In September 2024, Malaysia introduced the National Guidelines on AI Governance and Ethics through the Ministry of Science, Technology, and Innovation (MOSTI). These guidelines provide a foundational framework to ensure AI technologies are developed and deployed in alignment with ethical principles.

The AI Guidelines support the National Artificial Intelligence Roadmap (AI-Roadmap) 2021-2025 and urge AI developers and deployers to embrace seven non-binding principles as industry best practices. The guidelines provide customized recommendations for three main stakeholder groups: end users, policymakers and government organizations, and developers and designers.

In June 2024, Malaysia amended the Personal Data Protection Act (PDPA), expanding its scope and obligations. The amendment requires entities to appoint a data protection officer, introduces the right to data portability, increases penalties for data breaches, and redefines "data processors" with direct obligations. Biometric data is now classified as sensitive personal data.

In August 2024, Malaysia implemented the Cyber Security Act, establishing the National Cyber Security Committee. This Act sets standards for cybersecurity service providers, mandates licensing, and provides a centralized cyber control system. Also in August, a regulation was adopted requiring social media and messaging platforms with over 8 million users to obtain a license and comply with moderation rules under the Communications and Multimedia Act. In April 2024, the Malaysian Communications and Multimedia Commission (MCMC) asked platforms like TikTok and Meta to strengthen content moderation, especially for race, religion, and royalty-related topics.



2. Government AI Action Plan

Malaysia's AI strategy is anchored in the National Artificial Intelligence Roadmap 2021–2025 (AI-Rmap), which aims to create a thriving AI ecosystem. In December 2024, Malaysia established the National Artificial Intelligence Office (NAIO) to lead national AI initiatives under the MyDIGITAL Corporation. The government allocated RM10 million for NAIO in Budget 2025.

The AI Technology Action Plan 2026–2030, a key NAIO deliverable, will focus on ethical AI development, talent cultivation, research, and adoption across agriculture, transport, public services, and healthcare. Malaysia's AI Roadmap rests on six strategic objectives: AI governance, R&D advancement, digital infrastructure, talent development, AI awareness, and national innovation ecosystem building.

As ASEAN chair in 2025, Malaysia will lead the ASEAN AI Safety Network initiative with support from the Malaysia Centre for the Fourth Industrial Revolution.



3. Intellectual Property & Data Usage

Malaysia has a comprehensive intellectual property (IP) legal framework aligned with international standards. The IP system is managed by the Intellectual Property Corporation of Malaysia (MyIPO) and includes protection for patents, trademarks, copyrights, industrial designs, and trade secrets. Malaysia is a member of WIPO and a signatory to the Paris and Berne Conventions and TRIPS.

While the framework is broad, for the purposes of AI, the most relevant protections are:

- **Patents:** Governed by the Patents Act 1983, protecting novel, inventive, and industrially applicable inventions for 20 years.
- **Copyrights:** Protected under the Copyright Act 1987, covering literary, artistic, and musical works. Protection is granted to natural persons as authors.
- **Trade Secrets:** Protected through contracts and common law, covering confidential business information including AI source code and algorithms.

Other IP types such as geographical indications, plant varieties, and layout designs of integrated circuits are less relevant to AI governance and are therefore not detailed here.

The PDPA amendments in 2024 also impact data governance. Cross-border data transfers are allowed to jurisdictions with adequate protection or based on consent or necessity, with new obligations on data processors to prevent violations.



4. AI Outputs & IP Protections

Malaysia currently lacks specific legislation addressing AI-generated outputs. Under existing IP laws, inventors and authors must be natural persons. As such, AI-generated content does not qualify for protection under current patent or copyright statutes. Section 26(1) of the Copyright Act 1987 defines the author as a human creator, leaving AI outputs outside formal protection.

This legal ambiguity poses challenges for businesses using AI for content creation. Questions also remain on whether training AI on copyrighted works constitutes infringement. In February 2024, the MyIPO Chairman acknowledged that training and/or use of AI programs may lead to copyright issues, though no formal position has been legislated.

This gap in the law calls for clearer guidelines and legislation to address authorship, ownership, and infringement risks for AI-generated works.



5. AI Investments & Computing Power

Malaysia is emerging as a regional data center hub, with its market valued at US\$4.04 billion in 2024 and expected to grow to US\$13.57 billion by 2030. In just the first 10 months of 2024, over US\$31.5 billion in investments were made, more than triple the amount from 2023.

Key investments include:

- **Microsoft:** US\$2.2 billion for cloud and AI infrastructure, skilling 200,000 individuals, and establishing a national AI Centre of Excellence.
- **Oracle:** Over US\$6.5 billion to open a public cloud region.
- **ByteDance:** US\$2.1 billion for AI development.
- **Nvidia-YTL Power:** US\$4.3 billion in AI supercomputing.
- Other firms like Google and Nvidia have also committed billions.

Johor Bahru is a key location due to its availability of space, energy, and supportive government policies like the 2023 Green Lane Pathway. It is expected to overtake Singapore as Southeast Asia's largest data center market.

However, this surge raises concerns over energy and water usage. Demand from data centers is projected to reach 5 GW by 2035. Officials warn of potential strain on local resources, urging balance between investment and sustainability.



6. Judicial Decisions on AI

Malaysia has piloted AI use in court sentencing, particularly in Sabah and Sarawak. In 2020, a Sabah court used AI to recommend sentencing in a drug case. The AI system considers parameters like age, employment status, and prior offenses, offering non-binding recommendations to judges. About one-third of judges followed the AI's suggestions.

Judges can deviate from the AI's outputs based on case-specific factors, preserving discretion. This approach has saved time and improved consistency. Expansion plans include civil cases like traffic accidents and support for self-represented individuals.

The Sultan of Malaysia also supports AI use in Shariah courts to ease case backlogs. These initiatives show how Malaysia balances efficiency and fairness in judicial innovation.

In January 2025, the Ministry of Communications launched AIFA (Sebenarnya.my Chatbot) to combat misinformation. AIFA allows users to verify unconfirmed news online, similar to chatbot initiatives seen in other countries.



Conclusion

Malaysia is positioning itself as a Southeast Asian leader in AI through proactive policy, infrastructure, and legal development. While gaps remain—especially in IP protection for AI outputs—initiatives like the National AI Office and investment-friendly strategies highlight strong commitment.

The country must continue addressing legal uncertainties and ensuring ethical, inclusive AI deployment in a multicultural society. As AI continues to evolve, Malaysia’s collaborative and balanced governance approach sets a promising foundation for sustainable and responsible innovation.



Country AI Policies, Regulations and Strategies Report

