

# Malaysia's 2025 ASEAN/ASEAN+3 Chairmanship: Advancing Inclusive and Sustainable Economic Growth for ASEAN and Malaysia

ASEAN and ASEAN+3 serve as key regional platforms for cooperation, enabling countries to work together to foster shared economic prosperity and enhance collective resilience against external shocks. For Malaysia and for Bank Negara Malaysia (BNM), these platforms are important in strengthening economic and financial ties with our regional partners.

ASEAN Chairmanship rotates annually among the 11 ASEAN Member States (AMS). As Chair, a country sets the region's priorities for the year – setting the agenda, convening and chairing ASEAN meetings, and driving cooperation initiatives across the ASEAN tracks and pillars.

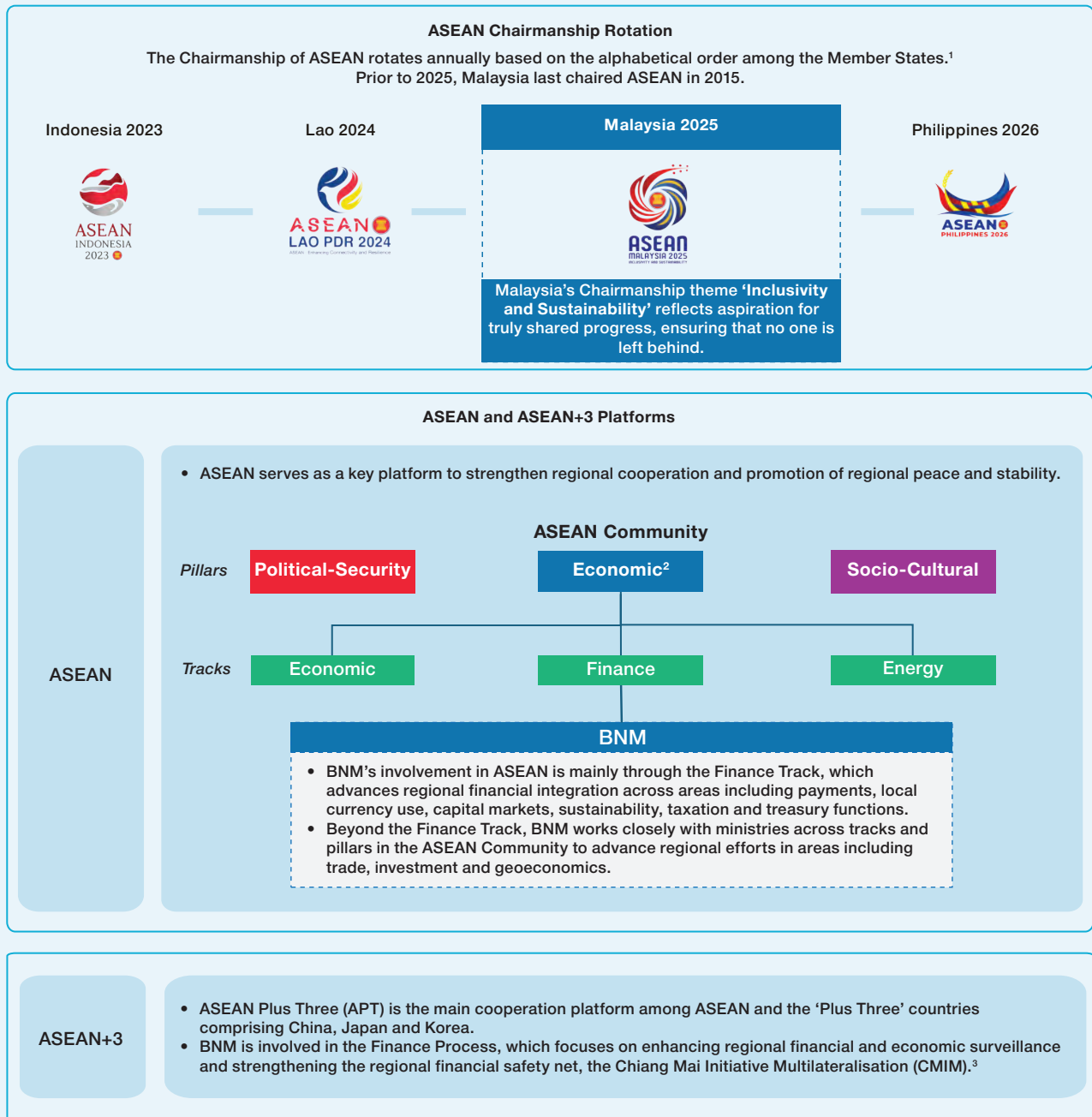
Malaysia's ASEAN and ASEAN+3 Chairmanship (Diagram 1) coincided with a period of heightened global fragmentation. In an environment marked by rising trade tensions and geopolitical uncertainty, the task of reinforcing regional economic and financial integration, trade facilitation, and investment cooperation becomes important. Against this backdrop, BNM worked closely with the Ministry of Finance to advance practical initiatives under the ASEAN Finance Track.<sup>1</sup> Our aim was to bring tangible benefits to households and businesses in Malaysia and across the region.

For its ASEAN Chairmanship, Malaysia chose the theme 'Inclusivity and Sustainability'. This theme reflects the country's commitment to narrow development gaps, improve living standards and mitigate climate-related risks in an increasingly fragmented and uncertain global environment. Drawing from this theme, BNM's efforts focused on advancing sustainable finance, strengthening payment connectivity across ASEAN, and enhancing the regional financial safety net. Additionally, Malaysia's Chairmanship sought to strengthen the ASEAN platform by fostering deeper policy dialogues aimed at driving tangible, impactful outcomes for the region.

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<sup>1</sup> The ASEAN Finance Track actively pursues cooperation in various areas covering efforts to enhance financial integration and resilience, further develop capital markets, and advance cooperation in taxation and treasury functions.

Diagram 1: ASEAN Chairmanship and BNM’s Involvement

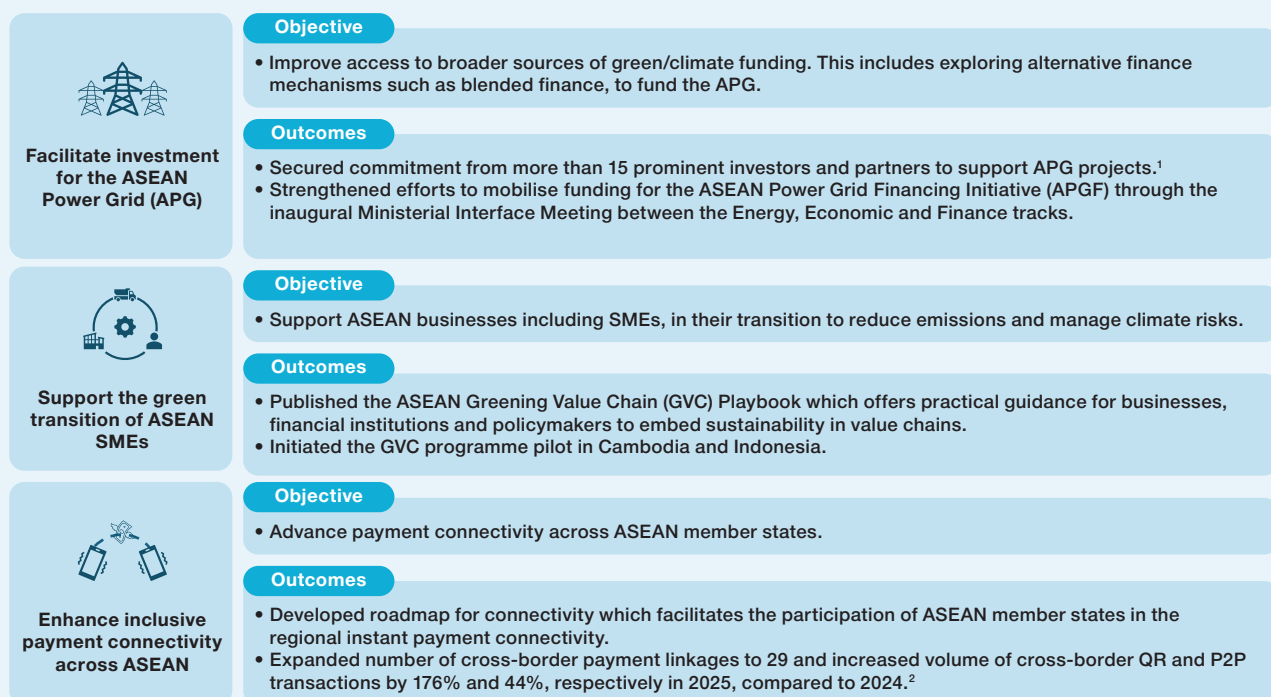


ASEAN’s growth priorities include increased demand for cleaner, more reliable and resilient energy supply. This requires ASEAN to upgrade its grid infrastructure and invest in renewable energy. In this regard, we focused efforts on developing avenues to finance the ASEAN Power Grid (APG).<sup>3</sup> Given the scale and the early stage of the projects involved, we gathered the public, private and philanthropic capital funders to discuss funding solutions for the APG. Following its launch, the ASEAN Power Grid Financing Initiative (APGF)<sup>4</sup> serves as a catalytic platform offering early-stage, non-debt funding to help APG projects take off. This helps de-risk investments and strengthen the financial viability of the APG projects in their initial stage, paving the way for greater private-sector participation as the projects mature.

BNM also took its domestic experience to the regional scene. Along with United Nations Development Programme (UNDP) and the Asian Development Bank (ADB), we launched the ASEAN Greening Value Chain (GVC) Playbook.<sup>5</sup> The Playbook provides practical guidance for firms in the region to remain competitive as global markets transition towards low carbon standards. This also supports access to new markets and financing opportunities and creates more resilient jobs for the future. Two AMS have since initiated the GVC programme with the release of the Playbook, with two more expressing interest.

In the payments area, BNM worked on inclusive payment connectivity across ASEAN. This aims to make cross-border transactions simpler, faster and affordable. With increased regional payment linkages, individuals, micro-entrepreneurs and businesses are now able to send and receive money across borders with greater ease and at a lower cost. This, in turn, supports trade, tourism, remittances and everyday transactions. By end-2025, ASEAN has formed 29 bilateral payment connectivity arrangements, from 18 in January 2025.

Diagram 2: BNM’s ASEAN Finance Track PEDs



<sup>1</sup> This includes the Asian Development Bank (ADB), Asian Infrastructure Investment Bank (AIIB), Bank Pembangunan Malaysia Berhad (BPMB), CIMB Islamic, HSBC Amanah, HSBC Bank Singapore, Islamic Development Bank, Japan Bank for International Cooperation, Khazanah Nasional Berhad, Kumpulan Wang Persaraan (KWAP), Mizuho Bank (Malaysia) Berhad, MUFG Singapore, Standard Chartered Singapore, The Rockefeller Foundation and Private Infrastructure Development Group (PIDG).

<sup>2</sup> For more information on cross-border payment linkages, please refer to chapter on ‘Promoting Safe and Efficient Payment and Remittance Services’.

Source: Bank Negara Malaysia

<sup>3</sup> The ASEAN Power Grid (APG) is the shared vision of ASEAN Member States (AMS) for a fully integrated grid operations in Southeast Asia by 2045. The APG holds great promise for promoting regional economic integration and growth, enhancing energy security and accelerating clean energy transition.

<sup>4</sup> Led by ADB and World Bank in cooperation with the ASEAN Secretariat and the ASEAN Centre for Energy (ACE).

<sup>5</sup> The playbook draws insights from Malaysia’s Greening Value Chain (GVC) pilot programme by the Joint Committee on Climate Change (JC3).

Beyond the PEDs, through ASEAN Working Committees, we worked to strengthen regional financial stability and make cross-border payments work better for people and businesses. By spearheading the Model Operating Guidelines for the Local Currency Transaction Framework, BNM helped expand the use of local currencies in regional trade. This helps to reduce foreign-exchange costs and volatility for businesses, particularly SMEs.

BNM also led the review of the ASEAN Banking Integration Framework (ABIF) Guidelines, providing clearer and more consistent regulatory rules for ASEAN banks operating across borders. This supports a more competitive banking environment, improving access to financing for businesses and households across the region.

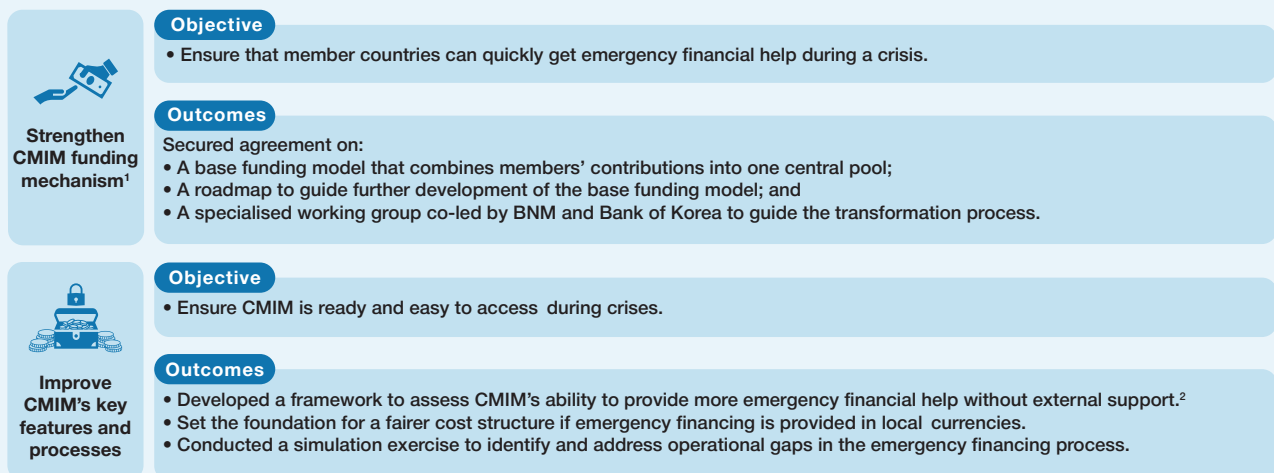
To strengthen crisis preparedness, BNM played a central role in efforts to re-establish the ASEAN Swap Arrangement (ASA). The ASA provides short-term foreign-exchange liquidity support to member countries facing balance-of-payments pressures. This regional safety net helps reduce the risk of sudden financial disruptions that could spill over to jobs, incomes and everyday economic activity.

In facing the rising digital risks, we continued our regional collaboration through the ASEAN Cyber Security Resilience and Information Sharing Platform (CRISP). By promoting the sharing of cyberthreat intelligence and technical expertise, these efforts helped protect payment systems and financial services that people and businesses rely on daily. In turn, aside from strengthening trust, this also promotes resilience in the region's financial system.

As co-chairs, alongside the People's Bank of China, BNM led the efforts to enhance the Chiang Mai Initiative Multilateralisation (CMIM), the region's safety net, which has a total size of USD240 billion. A major milestone in 2025 was the formation of the Rapid Financing Facility. This mechanism provides ASEAN+3 member countries with quick access to emergency funds in the event of sudden financial pressures arising from extreme events such as natural disasters.

BNM also worked closely with our counterparts to upgrade the CMIM's funding mechanism into a paid-in capital structure. This means countries contribute funds upfront, making the CMIM more readily usable. This is intended to speed up the release of support and access to the funds during crises. Specifically, we made progress through the adoption of a centralised base funding model for the paid-in capital structure. This was also supported by a clear implementation roadmap. In parallel, work to strengthen CMIM's operational framework also progressed. This aims to improve accessibility, cost efficiency and response time to crisis. Together, these efforts ensure that ASEAN+3 including Malaysia has the tools and resources to cushion the impact of global economic shocks.

### Diagram 3: BNM's ASEAN+3 Deliverables



<sup>1</sup> This refers to CMIM's transition from a structure where members individually commit to providing funds only when requested, to a more predictable and transparent funding structure where funds are centralised into the liquidity facility before any requests.

<sup>2</sup> A portion of CMIM resources can only be accessed through a joint funding arrangement with the International Monetary Fund (IMF), which adds additional procedures that may delay emergency funding disbursement.

Source: Bank Negara Malaysia

## Strengthening ASEAN Collective Voice

BNM worked with AMS and strategic partners, including financial institutions, businesses and international organisations, to address shared challenges and priorities. This included aligning views and coordinating actions on issues such as US tariffs, fraud and scams, improving cross-border payments, promoting sustainable finance and digital innovation.

As the region faces heightened geopolitical uncertainty, regional challenges and growing geoeconomic fragmentation, such efforts helped ASEAN converge on clearer and coordinated regional positions and action plans at a defining moment.

As part of these efforts, BNM supported the initiation of an independent study on structural barriers to intra-ASEAN trade. This led to ASEAN+3 Macroeconomic Research Office's (AMRO) in-depth analysis on intra-regional trade and investment. The study comes at a pivotal moment, offering strategic recommendations to unlock further growth potential for Malaysia and ASEAN. We also recommended for the IMF to provide perspectives on shifting trade patterns and its implications for regional integration.<sup>6</sup>



Prime Minister of Malaysia, Yang Amat Berhormat Datuk Seri Anwar Ibrahim with Finance Minister II Yang Berhormat Datuk Seri Amir Hamzah Azizan, Governor Abdul Rasheed Ghaffour and other ASEAN Finance Ministers and Governors at the ASEAN Finance Ministers and Governors Meeting (AFMGM) on 10 April 2025, in Kuala Lumpur



Finance Minister II Yang Berhormat Datuk Seri Amir Hamzah Azizan and Governor Abdul Rasheed Ghaffour alongside China co-chairs, Finance Minister Lan Fo'an and Governor Pan Gongsheng of the People's Bank of China, at the ASEAN+3 Finance Ministers and Governors Meeting (AFMGM+3) Press Conference on 4 May 2025, in Milan



Deputy Governor Marzunisham Omar co-chairing the ASEAN Finance and Central Bank Deputies Meeting (AFCDM) on 7 April 2025, in Kuala Lumpur



Deputy Governor Marzunisham Omar and other ASEAN representatives at the ASEAN Senior Level Committee on Financial Integration Meeting (SLC) on 13 March 2025, in Kota Kinabalu

<sup>6</sup> IMF presented its study on ASEAN Integration in a Shifting Global Landscape during the IMF-ASEAN Roundtable in October 2025.

## Enhancing Outreach Through ASEAN Finance Track Side Events and Exhibitions

Aside from policy engagements, BNM organised side events to raise awareness of Malaysia's Chairmanship initiatives and deepen stakeholder engagement. These events brought together policymakers, industry participants and international partners to engage in dialogues and collaborate across areas such as sustainable finance, financial well-being, local currency transactions and regional integration.

A key event was the Malaysia Open House Exhibition, jointly organised by BNM and the Ministry of Finance. The exhibition attracted a diverse range of visitors, from financial institutions to ASEAN SMEs, and showcased practical financial innovations with real world applications. One of the highlights was a live demonstration of cross-border QR payments, now available in several ASEAN countries. These solutions enable merchants and consumers to make instant mobile payments across borders without complex processes or high fees. For small businesses, travellers and everyday users, these make cross-border payments as seamless as domestic transactions.

**Diagram 4: Side Events Organised by BNM on the Sidelines of the ASEAN Finance Track Meeting**



Pitching Session on ASEAN Green Projects



Pantas Climate Solutions showcasing its green project to investors and attendees at the ASEAN Pitch for Planet

Summary

- Showcased six Malaysian-based and four ASEAN-based climate and sustainability-focused projects.
- Facilitated meaningful engagements among investors and project owners to mobilise funding.

Outcomes

- Connected project owners with interested investors to explore further collaboration opportunities.

Panel Session on Catalysing Trade and Investment



Assistant Governor Mohamad Ali Iqbal Abdul Khalid with the speakers of the panel session on Advancing ASEAN Financial Integration: Catalysing Trade and Investment

Summary

- Gathered more than 400 participants to discuss the role of local currency transactions and call for greater adoption and collaboration.

Outcomes

- Strengthened visibility of the Local Currency Transaction Framework and generated interest from other ASEAN member states and private sector to explore its adoption.
- Kickstarted similar panel discussions in other ASEAN member states.

Local Currency Initiatives in ASEAN Exhibition



Governor Abdul Rasheed Ghaffour with the Governor of the National Bank of Cambodia, H.E. Dr. Chea Serey visiting the Local Currency Initiatives Exhibition at the sidelines of the AFMGM

Summary

- Six Appointed Cross-Currency Dealers (ACCDs) representing Malaysia, Thailand and Indonesia participated in showcasing local currency initiatives across the ASEAN region.

Outcomes

- Enhanced visibility of the Local Currency Transaction Framework (LCTF), generating interest from both ASEAN Member States and private-sector participants to explore its adoption.
- Stimulated interest from additional parties seeking to participate in the LCTF, helping to further expand its reach and potential market impact.

Source: Bank Negara Malaysia

## Promoting Cross-Pillar Collaboration

Beyond the Finance Track, we also worked closely with ministries<sup>7</sup> across other tracks and pillars in the ASEAN Community. Specifically, BNM facilitated the formation of a Ministerial Interface platform across the Energy, Economic and Finance Tracks. This platform provides a coordinated approach to mobilising investments for the APG, strengthening alignment across policy areas.

In parallel, through the ASEAN Goeconomics Task Force (AGTF),<sup>8</sup> BNM helped to identify key policies for ASEAN to respond to rising geopolitical uncertainties. BNM further supported AGTF's efforts to promote cross-pillar collaboration on goeconomic issues. This led to the first ASEAN Joint Foreign and Economic Ministers' (AMM–AEM) Meeting, which bridged the gap between the ASEAN's Political-Security and Economic pillars. The engagement reflected the growing intersection of security and economic issues, alongside the need for a more coherent and coordinated regional response.



Assistant Governor Fraziali Ismail with Former Minister of Investment, Trade and Industry Yang Mulia Tengku Datuk Seri Zafrul Abdul Aziz, Former Deputy Minister of Investment, Trade and Industry Yang Berhormat Liew Chin Tong, and other AGTF members at the Fifth Meeting of the AGTF on 22 September 2025, in Kuala Lumpur

Malaysia's Chairmanship initiatives at both the ASEAN and ASEAN+3 strengthened ties with member countries, regional bodies and strategic partners. By aligning regional positions and acting together, ASEAN elevates its capacity to tackle economic shocks, trade disruptions and emerging global risks. These outcomes bolstered collective resilience and delivered tangible benefits for Malaysia, supporting jobs, keeping trade and payments smooth, and safeguarding incomes and livelihoods amid global uncertainty.

<sup>7</sup> This includes the Ministry of Investment, Trade and Industry and Ministry of Foreign Affairs.

<sup>8</sup> The AGTF is an ad-hoc, specialised, high-level advisory body under the Economic Track – set up in early 2025 to provide coordinated, strategic, and region wide analysis and actionable policy recommendations to support ASEAN Sectoral Bodies in addressing the current geopolitical and goeconomic challenges. The AGTF published the first goeconomics report in November 2025.