

Promoting Safe and Efficient Payment and Remittance Services

BNM remains steadfast in ensuring payment and remittance transactions are safe, reliable and affordable.

Making payment and money services¹ safe, efficient and reliable for everyone

In 2025, Bank Negara Malaysia (BNM) continued to focus on making payment services safe, efficient and reliable for everyone. Our efforts are centred on three fronts:

- Expand electronic payments (e-payment) so that transactions are easier and more inclusive, while maintaining user confidence.
- Strengthen infrastructure and oversight arrangements while keeping payment systems resilient and regulations relevant as the ecosystem evolves.
- Explore new technologies to futureproof Malaysia's payment ecosystem so that consumers and businesses can transact in a safe and efficient manner.

Sustaining greater digitalisation of payment and money services

E-payment transactions grew by 25% to 18.4 billion (2024: 14.7 billion) in 2025, as more people chose fast, convenient and secure payments for daily transactions.

On average, each Malaysian made 538 e-payments in 2025, a 25% increase from 432 in 2024² (Diagram 1). Between 2022 and 2025, e-payment transactions rose by an annual average rate (CAGR) of 17%. With this, Malaysia

has consistently surpassed the Financial Sector Blueprint 2022-2026 target of at least 15% CAGR in average e-payment transactions per capita. The growth in 2025 was supported by steady consumption activity. This was evident from higher retail e-payment transactions³ by 19% for the year to RM831 billion (2024: RM698.2 billion).

More businesses, especially smaller ones, are increasingly using e-payments, broadening adoption across the economy.

Key developments include:

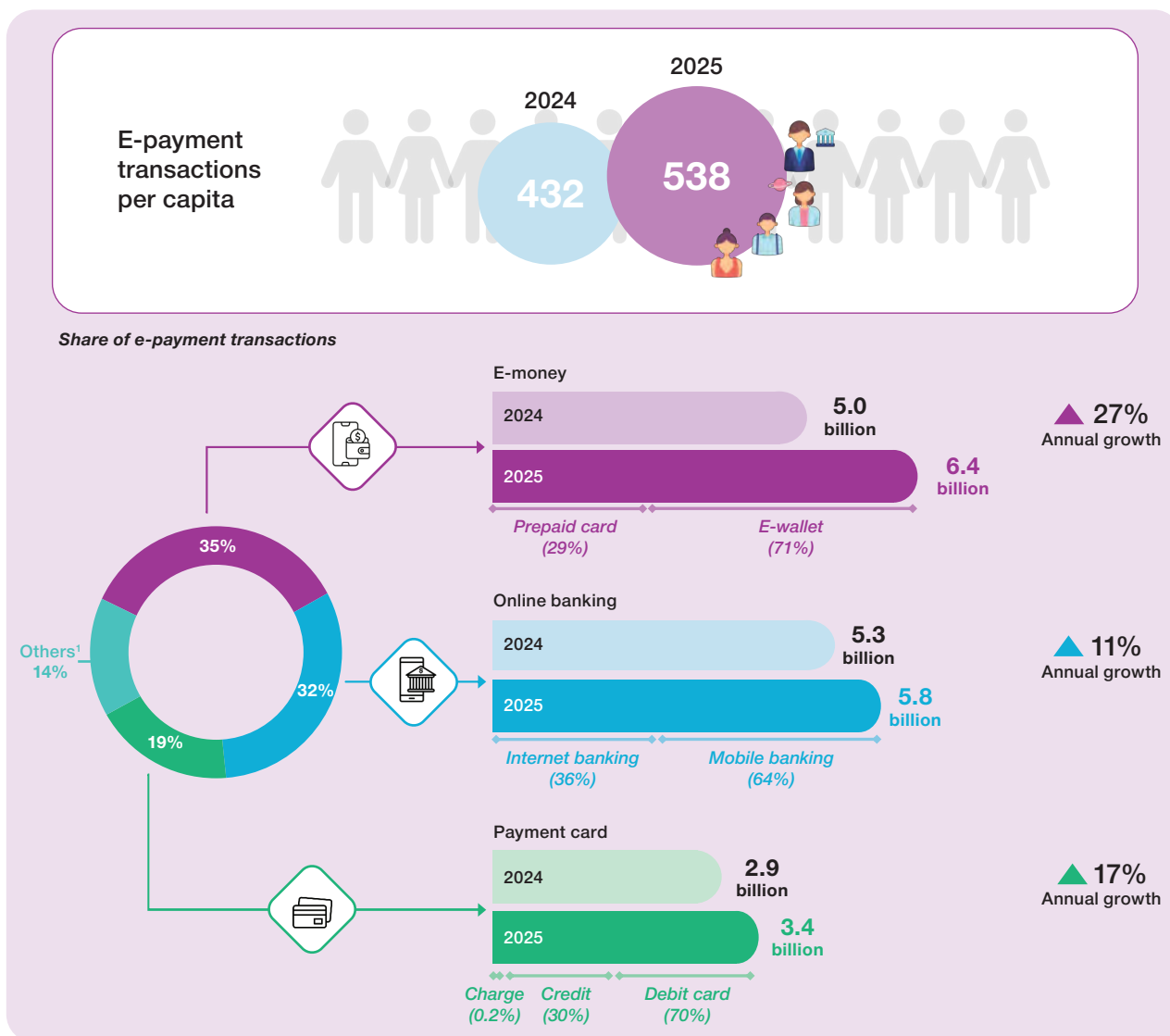
- **Wider use of e-money.** The higher average e-money transaction size of RM43 (2024: RM33) reflects growing user confidence, not just for daily spending such as transport, food and beverages, but also for higher-value payments. These include payments for financial services such as micro-financing, money-market fund investment and micro-insurance/takaful.
- **Steady growth in online banking.** As the preferred online banking channel with a 64% market share, mobile banking continued to outpace internet banking as high smartphone penetration enables seamless and on-the-go transactions. Active mobile banking users grew by 8.7% to 25 million, while active internet banking users fell by 3.1% to 21 million compared to 2024.
- **Sustained card usage.** Card payments continued to be important and recorded a healthy growth. While debit card transactions' growth almost doubled the pace of credit card transactions (20.5% versus 10.9%), the average debit card ticket size was lower by 11.5% (2025: RM69; 2024: RM78). This indicates greater acceptance of debit card for everyday lower-value purchases against cash and other payment channels. Contactless payments also gained traction, growing by 20.3% (2025: 2 billion; 2024: 1.7 billion transactions), driven by ease and speed of use.

¹ Namely remittance, currency exchange and wholesale currency services. Wholesale currency refers to the buying and selling of foreign currency with licensed commercial banks, Islamic banks, investment banks or licensed money services business (MSB) operators, as well as the import and export of foreign currency notes.

² E-payment transactions per capita for 2024 have been revised from the number published in BNM's Annual Report 2024 due to an update in the population data used in the computation.

³ Refers to e-payment transactions made via payment cards, e-money purchase transactions, Financial Process Exchange (FPX) and DuitNow Online Banking/Wallets (OBW) transactions. FPX and DuitNow OBW is commonly used for e-commerce purchases.

Diagram 1: Snapshot of E-Payment



¹ Refers to direct debit transactions, ATM e-payment transactions and RENTAS (third-party payment) transactions.

Source: Bank Negara Malaysia

The acceleration in domestic e-payment adoption was also driven by greater preference for QR payments in daily transactions. DuitNow QR transaction⁴ volume doubled to three billion in 2025 (2024: 1.5 billion) mainly due to its convenience and wide merchant acceptance. As at end-2025, there are almost three million registered DuitNow QR touchpoints across Malaysia (2024: 2.6 million). A majority are small businesses who also benefit from DuitNow QR's

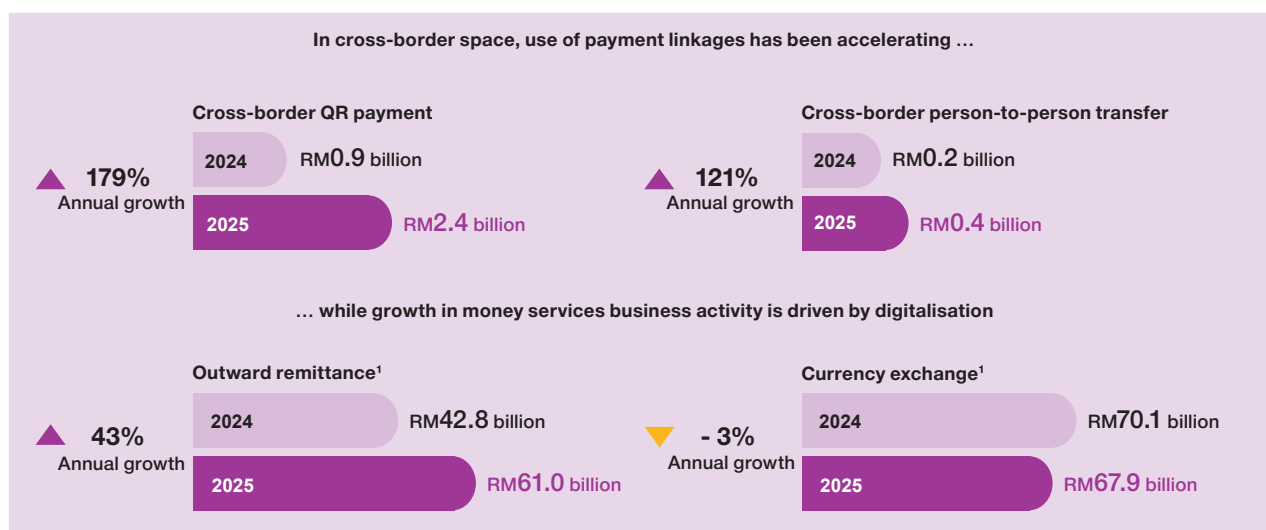
lower acceptance costs. Aside from lowering business costs, QR payments also increase digital access for the underserved and deliver a seamless payment experience for consumers.⁵

With rapid e-payment adoption, use of cheques reduced further including by small businesses. In 2025, only 31.4 million cheques were issued, 21.3% lower compared to 40 million issued in 2024.

⁴ This includes DuitNow QR transactions conducted by individuals and merchants, encompassing both banks and non-bank financial institutions.

⁵ Refer to feature article on DuitNow QR: Fostering Inclusive Digital Payments (https://www.bnm.gov.my/documents/20124/12142010/ar2023_en_box6.pdf) in Annual Report 2023 for more details on the cost-effective setup of DuitNow QR.

Diagram 2: Snapshot of Cross-Border Payment and Money Services Business



¹ Refers to transactions conducted by non-bank service providers.

Source: Bank Negara Malaysia

There is now a growing demand for similar convenience when paying for goods overseas or receiving money from abroad. This explained the higher cross-border e-payment transactions seen through our payment linkages, by both banks and non-banks (Diagram 2). This trend is also supported by more payment players offering cross-border payment services alongside intensified promotional efforts⁶ driving greater familiarity among consumers. This, in turn, facilitates cross-border trade, including for smaller businesses.

Digitalisation is also driving growth trends in money services business segments.

- Digital services are driving strong growth in remittances.** E-remittance services by licensed remittance service providers surged by 70.1% reaching RM31.6 billion in 2025. This represents 51.8% of outward remittances. Bangladesh, Indonesia and Myanmar are the top recipient corridors for remittances in line with the large presence of migrant workers from these countries.
- Currency exchange services being supported by digital solutions.** Despite the negative overall growth, currency exchange transactions undertaken by non-bank currency exchangers through digital means, rose by 29.1% to RM7.6 billion (2024: RM5.9 billion). This is due to more offering of digital solutions, including through e-payment acceptance and multi-currency prepaid cards.

⁶ This refers to social media and on-the-ground awareness campaigns carried out by PayNet together with banks, e-money issuers and acquirers.

Priorities in 2025

Our efforts in 2025 were directed towards three themes – expand, preserve and futureproof Malaysia’s payment ecosystem (Diagram 3).

Expand the Reach of E-payments for a More Inclusive Economy

Balancing innovation with inclusivity and affordability

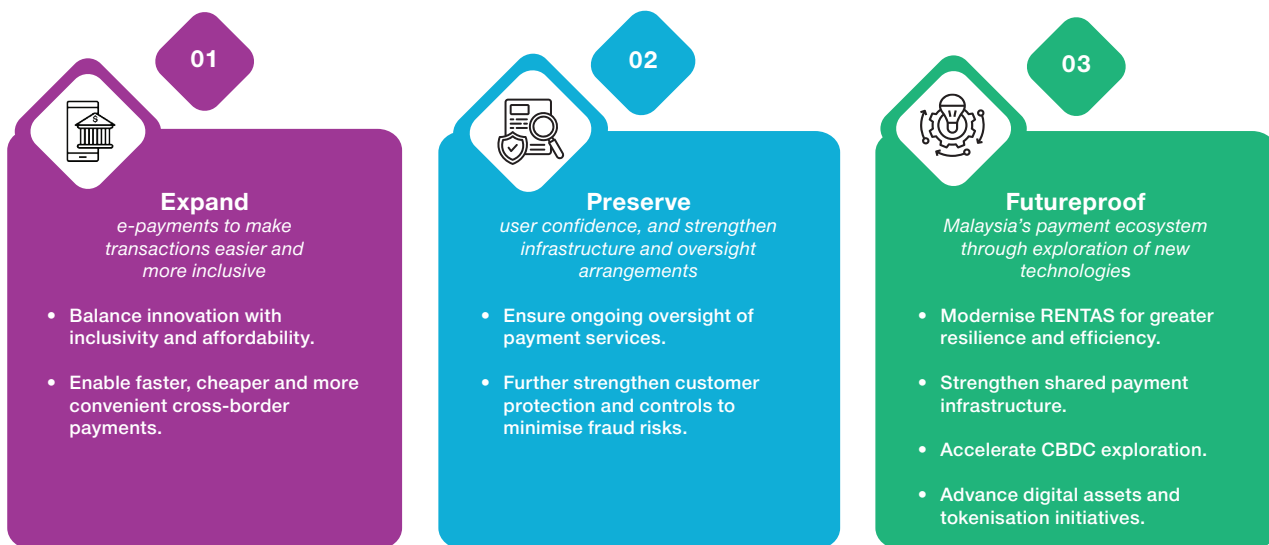
E-payments support broader business participation across the economy. For small enterprises in particular, faster settlement cycles and lower acceptance costs improve cash flow management. Meanwhile, lower cash handling mitigates operational and security risks.

To make these services more accessible, we updated the interchange fee⁷ (IF) framework for debit card in 2025. The IF is a key component of the merchant discount rate (MDR). It serves as an important cost factor for businesses when deciding whether to accept digital payments using mobile wallets.⁸ The revised framework allows them to accept such payments at a lower cost. We also require card issuers to now enable the lowest-cost network option for co-badged debit cards, including via mobile wallets. Together, these measures give businesses more flexibility

⁷ An interchange fee is a charge between banks for processing card payments, which influences the cost for merchants to accept card payments.

⁸ Examples of mobile wallets include Apple Pay, Samsung Pay and Google Pay.

Diagram 3: Key Payment-Related Priorities in 2025



Source: Bank Negara Malaysia

to route transactions through their preferred payment network and avoid costly payment methods. As for consumers, it means more choices on how they pay, including through a mobile wallet option which is more convenient.

In addition, the Government exempts service tax on fees and commissions for basic banking services, including fund transfers via DuitNow, and issuance of payment cards. This allows financial institutions to better manage transaction costs and keep digital payments affordable for consumers and businesses.

Collectively, these initiatives promote inclusivity and help accelerate Malaysia’s journey towards a modern digital economy that is less reliant on cash.

Faster, cheaper and more convenient cross-border payments

Cross-border digital payments are becoming more common for many Malaysians, whether for travel, shopping or business. In 2025, we therefore intensified regional efforts to enhance access, speed and affordability of these payments under Malaysia’s ASEAN chairmanship⁹ and

BNM’s co-chairmanship¹⁰ of the ASEAN Working Committee on Payment and Settlement Systems (WC-PSS). The Priority Economic Deliverables (PEDs) (Diagram 4) led by BNM, sought to make paying across ASEAN as seamless as domestic transactions. It also aims to reduce costs and delays that often come with cross-border payments. Currently, there are 29 live instant payment linkages in the region (Diagram 5), reflecting growing demand for more convenient cross-border options.

During the year, phase 2 of the Malaysia-Cambodia payment linkage went live, building on existing operationally resilient and secure domestic systems. Malaysians can now pay Cambodian merchants by scanning the KHQR¹¹ simply using Malaysian banking applications. This complements Phase 1, which took effect in September 2024, enabling Cambodian visitors to just use their Bakong¹² or selected Cambodian banking applications to scan DuitNow QR in Malaysia. Spending abroad is much easier for travellers with access to QR payments at over seven million businesses across the two countries. These businesses, particularly smaller merchants, also

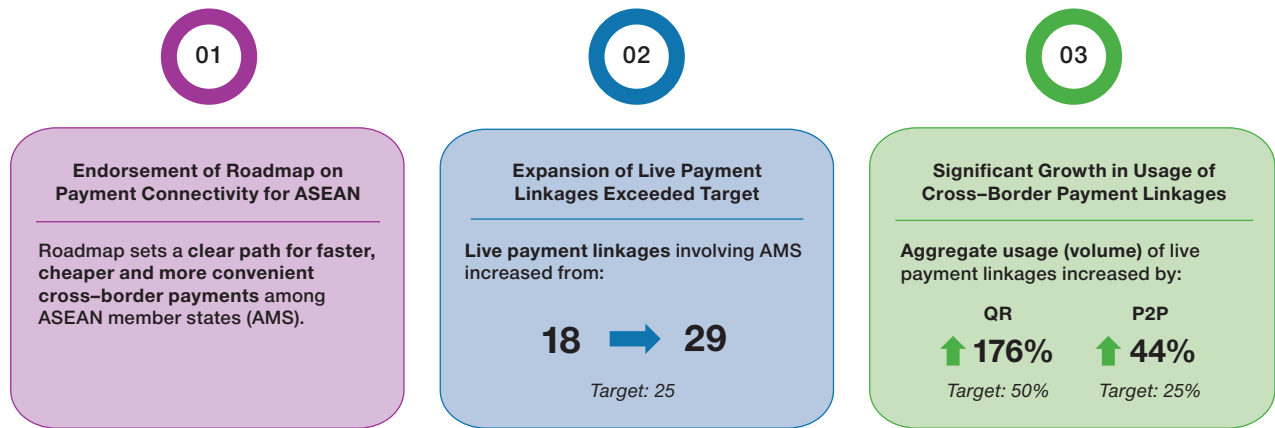
⁹ Please refer to the feature article titled ‘Malaysia’s 2025 ASEAN/ASEAN+3 Chairmanship: Advancing Inclusive and Sustainable Economic Growth for ASEAN and Malaysia’.

¹⁰ Together with Brunei Darussalam Central Bank as co-chairperson for WC-PSS.

¹¹ Khmer QR (KHQR) is a standardised QR code payment system in Cambodia, designed to facilitate cashless transactions and enhance interoperability among different banks and payment service providers.

¹² Bakong is Cambodia’s all-in-one mobile payment and banking app, launched by the National Bank of Cambodia. It allows users to make payments, transfer money and access various financial services through a single platform.

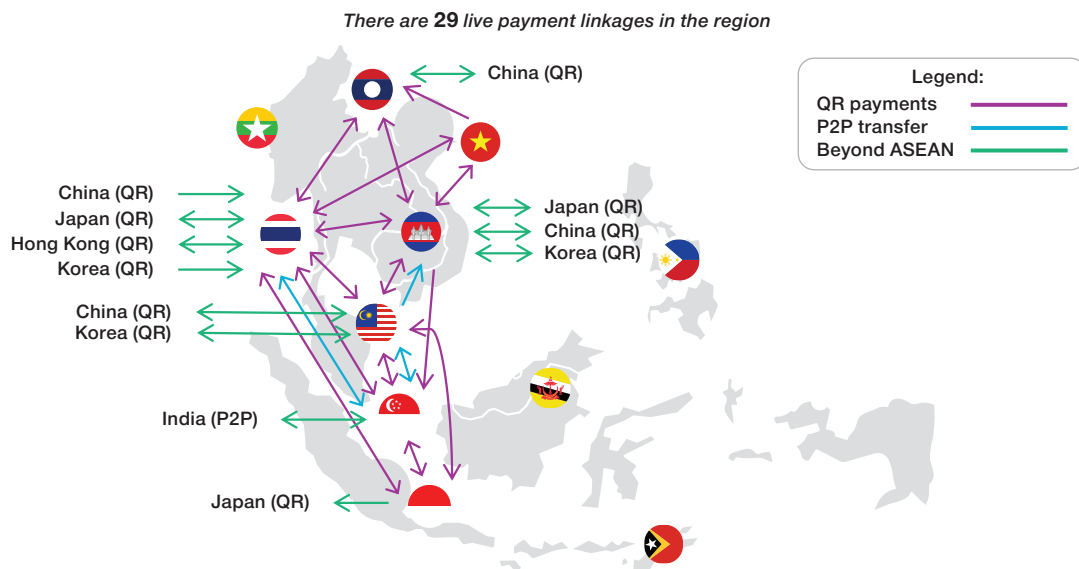
Diagram 4: Key Achievements under the PEDs



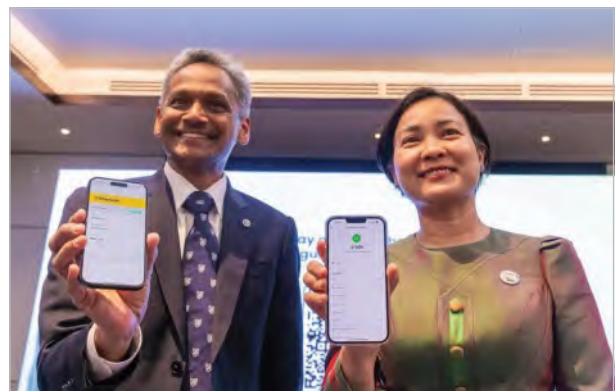
With this, Malaysians can now pay and get paid across ASEAN (and beyond) more easily, supporting tourism, trade and financial inclusion. Businesses benefit from wider customer base, cheaper acceptance cost and faster settlement, while consumers enjoy greater convenience when travelling.

Source: AMS Survey Conducted by Bank Negara Malaysia in January 2026

Diagram 5: Live Payment Linkages Across AMS



Source: AMS Survey Conducted by Bank Negara Malaysia in January 2026



Governor Abdul Rasheed Ghaffour and Governor Chea Serey (National Bank of Cambodia) showcasing successful transactions during launch of the Phase 2 cross-border QR payment linkage between the two countries

benefit from the higher customer flows through the convenient and low-cost QR payment channels.

Drawing from the lessons and benefits of linking instant payment systems (IPS) bilaterally, the region is coming together to develop a common global bridge through Project Nexus. Nexus intends to link IPS from India, Malaysia, the Philippines, Singapore and Thailand via a single connection, creating a network of networks that delivers faster and more affordable cross-border payments. This approach simplifies country expansion and reduces integration costs for IPS and payment service providers. In 2025, Nexus Global Payments (NGP) was set up as the scheme owner to govern the Nexus platform and prepare for its live rollout. Industry readiness also continued to be built through engagements led by BNM and PayNet, the operator of Malaysia's IPS, the Real-time Retail Payments Platform (RPP).¹³ This includes gathering feedback on the proposed scheme rules and commercial arrangements.

For customers to enjoy a familiar and seamless experience, more financial institutions connected to the RPP will be able to support cross-border payments through the existing bilateral linkages and participation in Nexus. This approach will broaden user access to regional payment options and support Malaysia's wider economic priorities by making it easier for individuals, businesses and travellers to transact across borders.

Preserving Public Confidence in the Use of Payment Services

As digital payments usage continues to rise in Malaysia, robust safeguards are essential for services to remain reliable. Safeguards also serve to maintain public trust and protect users from digital fraud in the payment ecosystem. In 2025, efforts focused on keeping high service availability, strengthening fraud security and achieving fair treatment of fraud victims.

Ongoing oversight of payment services

Throughout 2025, RENTAS and major retail payment platforms maintained high systems availability. This ensured that payments worked when people and businesses need them. In the

isolated cases where issues arose, measures such as timely switch to back-up sites and system fixes were swiftly deployed to resolve and avoid recurring events. We also did a supervisory review on the RPP to identify further system and operational enhancements to preserve resilience, reliability and security.

To reinforce system integrity, we also did targeted reviews on the adequacy of fraud controls, information technology risk management and cybersecurity. We then took enforcement actions¹⁴ to address significant lapses found. These steps led to better efficiency, compliance and reduced operational risks among payment system operators and service providers. With lower risk of payment failure for customers, this means businesses face fewer interruptions at checkout and benefit from more efficient fund settlement.

We also began to use supervisory technology (SupTech) to improve detection of emerging risks and enhance work efficiency (Diagram 6). Timely insights and enhanced analytics have helped supervisors identify potential risks earlier and pre-emptively intervene before issues affect a wider group of people. This has ensured that oversight stays responsive in a more digitalised payment landscape.

Policy responses to strengthen customer protection and minimise fraud risks

During the year, we extended security standards already in place for online banking to payment cards. This raised the bar for safer card payments, thus strengthening consumer protection and reducing fraud risks. This includes shifting away from SMS-based one-time password (OTP) towards stronger authentication methods.¹⁵ That said, SMS OTP is still available for a limited group of users as a fallback option to manage potential exclusion risk. This means users who rely on basic or older devices can still make secure online card payments. Cardholders can also now choose their own security settings. These include the ability to disable online payment¹⁶ function and activate the 'kill switch', for instant blocking when they detect suspicious activity.

For e-money issuers (EMIs), BNM also introduced proportionate security standards to reflect their varied business models. Effective

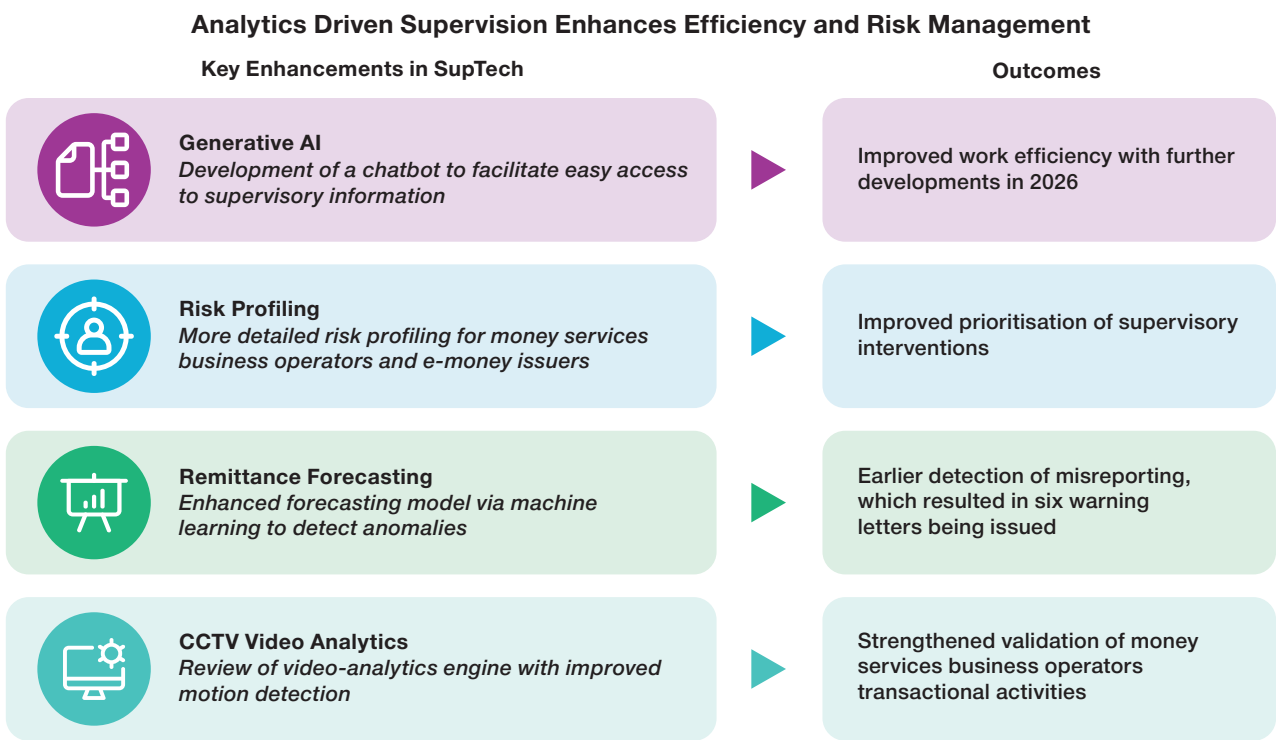
¹³ RPP is the shared payment infrastructure developed and established by PayNet which facilitates instant payments and collections using easily remembered proxies or by account numbers.

¹⁴ Refer to chapter on 'Promoting Financial Stability' in BNM's Annual Report 2025 for more details on enforcement actions taken.

¹⁵ This is to address SMS-based vulnerabilities such as exposure to SIM-swap, malware and interception risks.

¹⁶ Also refers to card-not-present transactions.

Diagram 6: Key Enhancements in SupTech



Source: Bank Negara Malaysia

January 2025, eligible EMIs¹⁷ must adopt controls similar to banks. These include multi-factor authentication, single secure device authentication and the provision of a ‘kill switch’. EMIs that choose not to adopt these measures must fully bear the cost of fraud losses. This creates a strong incentive to implement enhanced controls and protects users from bearing the cost of weaker security.

To strengthen protection for fraud victims, BNM also closely looked at how banks applied the compensation framework introduced in October 2024 under the Policy Document on Ensuring Fair Treatment for Victims of Unauthorised e-Banking Transactions (SEFT). Our review focused on case management practices and the allocation of losses for such transactions, to ensure that customers did not bear losses caused by gaps in banks’ fraud controls.¹⁸

Futureproofing Key Payment Infrastructure

Malaysia’s payment systems sit behind almost every transaction we make. As the economy becomes more digitalised, the infrastructure supporting these payments must stay secure, resilient and ready for future innovation. In 2025, BNM advanced several initiatives to modernise our core payment infrastructure and explore emerging technologies (Diagram 7). The aim is for consumers and businesses to continue enjoying fast, safe and efficient payment services.

Modernising RENTAS for greater resilience and efficiency

RENTAS+¹⁹ went live on 29 September 2025, enabling near real-time settlement (NRTS) for RPP transactions. With RENTAS+, these

¹⁷ EMIs are grouped into eligible EMIs and standard EMIs. Eligible EMIs are those that meet BNM’s criteria for significant market presence and are subject to stronger safeguards. All others are considered standard EMIs.

¹⁸ Refer to feature article titled ‘Fraud Resolution: Building Trust through Shared Accountability’ in BNM’s Annual Report 2025 for more details on the implementation.

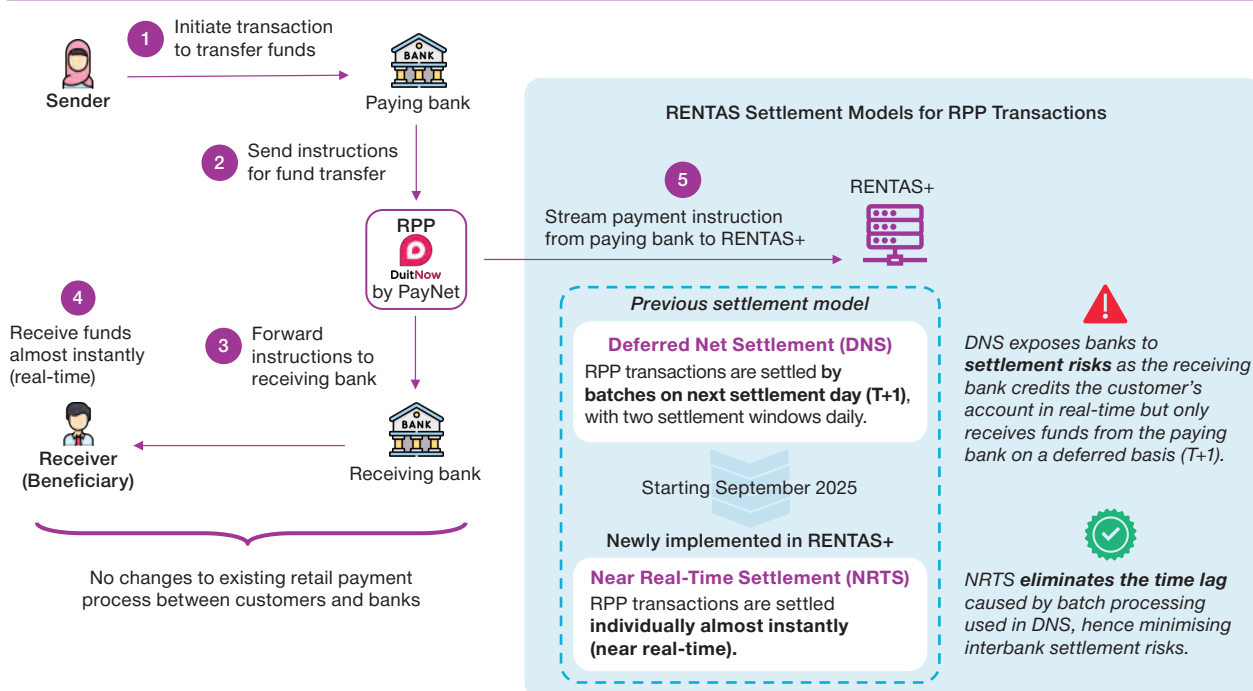
¹⁹ RENTAS+ builds on the existing RENTAS infrastructure using modern cloud technology. It enables interbank fund transfer and settlement in RENTAS on a 24 by 7 basis throughout the year. To support round the clock settlement, financial institutions have access to a newly-introduced 24/7 automatic liquidity facility using repurchase agreements (repo) and sell and buy back agreements (SBBA).

Diagram 7: Key Initiatives to Modernise Malaysia’s Payment Infrastructure



Source: Bank Negara Malaysia

Diagram 8: Comparison of Settlement Models for RPP Transactions in RENTAS



Source: Bank Negara Malaysia

transactions are settled almost instantly, shifting from the deferred net settlement²⁰ (DNS) model (Diagram 8). For the public, the payment experience stays the same. However, back-end settlement is now faster and more reliable, increasing confidence that payments will settle on time. This helps reduce credit and liquidity risks for financial institutions.

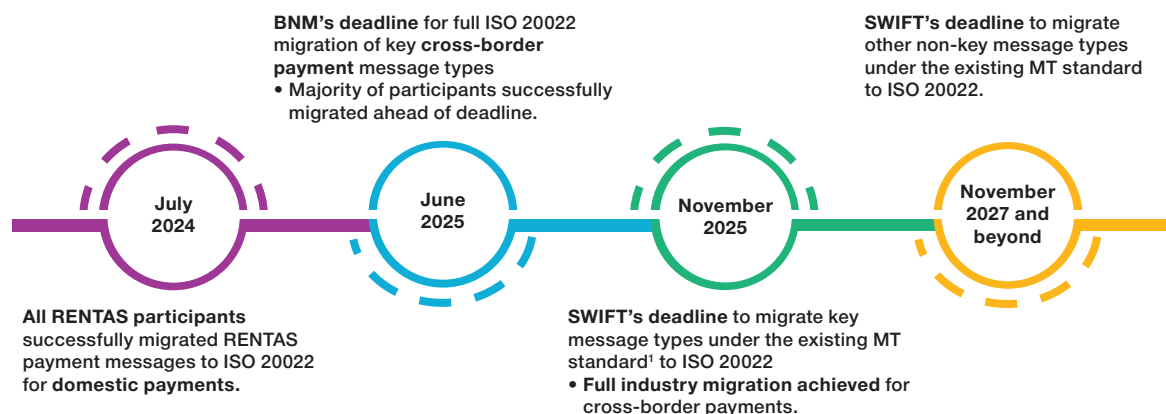
It is important for our key payment infrastructure to also keep pace with global standards to support

efficient cross-border payments. In 2025, Malaysia became the first country to achieve full adoption of the ISO 20022²¹ messaging standard for cross-border payments. This reflects our industry’s strong commitment to supporting the transition (Diagram 9). ISO 20022 improves payment network interoperability, hence enabling faster, more transparent and cheaper cross-border payments. For businesses, the richer structured data reduces errors and eases reconciliation, reducing manual rework and leading to better customer service.

²⁰ RENTAS+ settles each retail payment transaction individually in real time. Meanwhile, the DNS model groups multiple transactions over a pre-determined period and calculates each participant’s net settlement position. At the end of each settlement cycle, only the net amount is settled.

²¹ ISO 20022 is an international messaging standard for the financial industry with enhanced data content and structured messaging formats. For more information, please refer to BNM’s Annual Report 2020 and the introductory video at (<https://www.iso20022.org/about-iso-20022>).

Diagram 9: ISO 2022 Migration Milestones



¹ Refers to ISO 15022.

Source: Bank Negara Malaysia

Malaysia has fully adopted the ISO 2022 standard for cross-border payment transactions, ahead of the global compliance deadline set by SWIFT.

Strengthening shared payment infrastructure²²

To advance Malaysia's payment ecosystem, access to shared payment infrastructure such as the RPP needs to remain inclusive with appropriate safeguards in place. This prevents market fragmentation, drives efficiency and innovation, and strengthens public confidence amid rising cybersecurity threats. To this end, BNM initiated a review on the Interoperable Fund Transfer Framework, which supports instant fund transfer across different financial institutions. As part of this review, BNM plans to require domestic QR code schemes²³ to be interoperable with the national QR code standard. This would remove the display of operator-specific QR codes, ensuring a more seamless payment experience for consumers across Malaysia.

Accelerating Central Bank Digital Currency (CBDC) exploration

BNM is committed to driving future payment innovations in Malaysia. In 2025, Project Mata Wang Ringgit, also known as Project Mawar, made notable progress in assessing how wholesale CBDC (wCBDC) and distributed ledger technology (DLT) can make settlement more efficient (Diagram 10). Key upsides include faster and more reliable interbank settlements with fewer intermediary banks involved and more efficient processing. The project examined use cases in greater detail, which will guide future efforts to modernise RENTAS, such as enabling 24/7 operations. Banks taking part in the project have contributed by identifying viable use cases based on current pain points. This project has also supported capacity building on emerging technologies, ensuring industry readiness for any potential future adoption of CBDC.

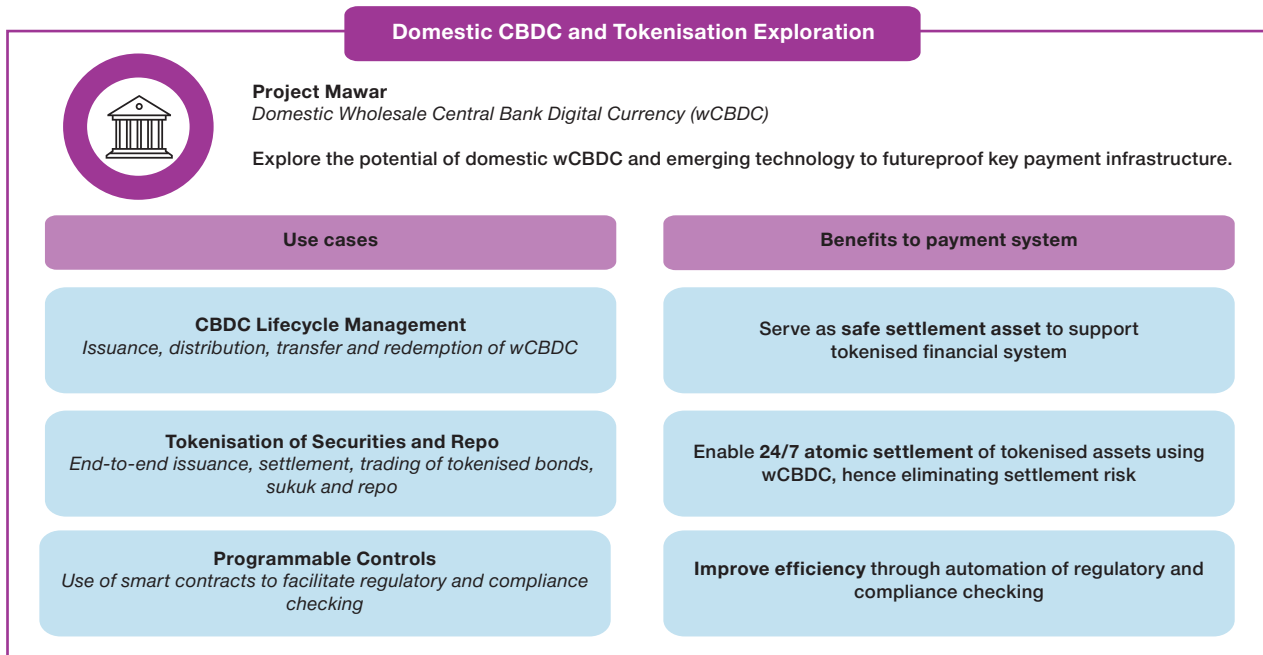
BNM also continues to work with the Bank for International Settlements Innovation Hub (BISIH) and other central banks on global initiatives²⁴ (Diagram 11). All these efforts ensure Malaysia is well-positioned to take advantage of new payment innovations and transition exploratory initiatives into live implementation in the future.

²² Shared payment infrastructure serves as an interoperable network connecting bank accounts and non-bank e-money accounts for both account-to-account fund transfers as well as payments to merchants. It has enabled the industry to collaborate by pooling resources and sharing costs, while competing at the product level at the same time to better serve end-users, such as consumers and merchants.

²³ This requirement will only be applicable to banks and eligible EMIs.

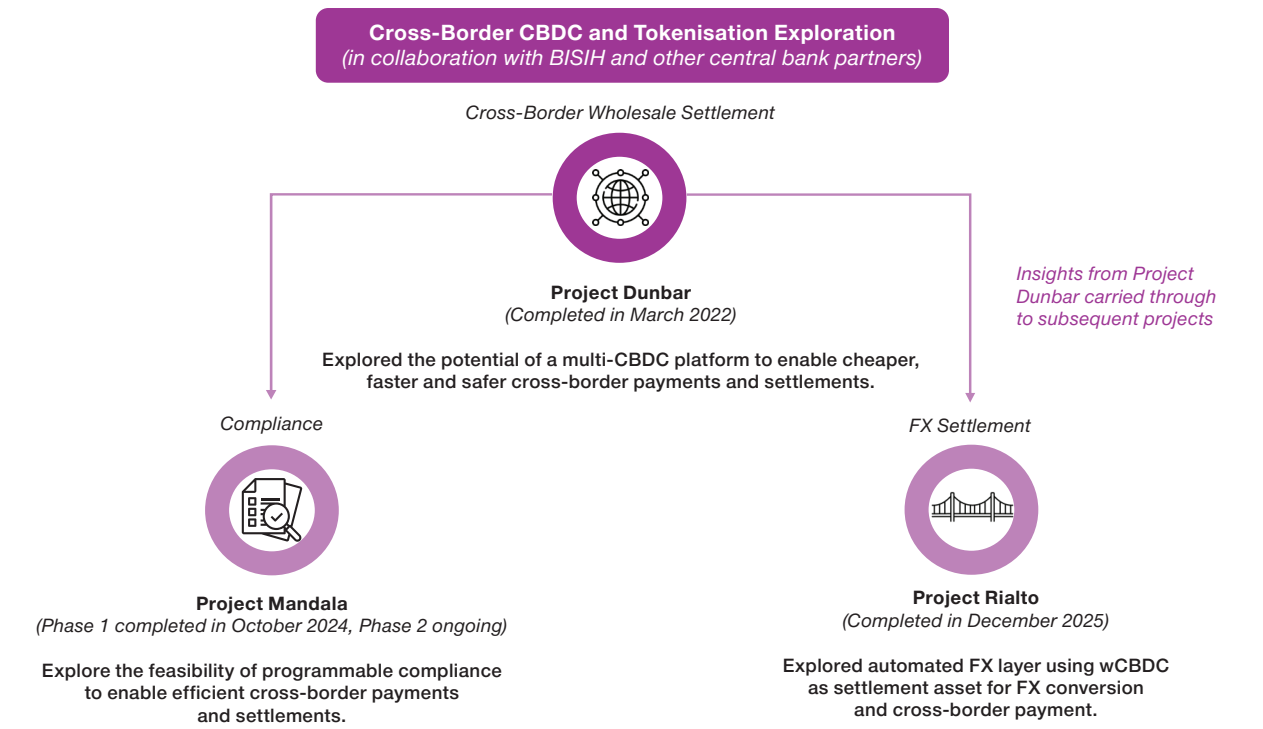
²⁴ Project Rialto was the most recently completed project with the BISIH Eurosystem and Singapore Centres. Four central banks namely Banque de France, the Bank of Italy, the Monetary Authority of Singapore and BNM participated in this project. The Project Rialto technical report was released on 10 December 2025 and is accessible via (<https://www.bis.org/publ/othp106.htm>).

Diagram 10: Advancing Malaysia’s Exploratory Work into CBDCs: Domestic Payments



Source: Bank Negara Malaysia

Diagram 11: Advancing Malaysia’s Exploratory Work into CBDCs: Cross-Border Payments



Source: Bank Negara Malaysia



A panel session during Sasana Symposium discussing the future of digital assets, followed by the launch of Digital Asset Innovation Hub

Advancing digital assets and tokenisation initiatives

Digital assets and emerging technology like DLT, have drawn strong public interest. They have the potential to transform how money is stored, transferred and used across the financial system domestically and across borders. To enable safe testing of credible use cases, we created the Digital Asset Innovation Hub (DAIH)²⁵ as a platform for industry players to test digital asset solutions. As of first quarter of 2026, several major institutions have been

onboarded to develop use cases for tokenised money under the umbrella of DAIH. The strong industry momentum signals the growing need for regulations to also adapt in this space.

In addition, we also issued a Discussion Paper on Asset Tokenisation, outlining high level principles and priority use cases to guide industry focus areas. This is supported by a dedicated industry working group (IWG) for structured dialogue.

BNM recognises that building a sustainable digital asset ecosystem requires strong partnership between public and private sectors. To achieve this, we also worked closely with the Securities Commission Malaysia²⁶ and other agencies to align policies, including through the Digital Assets and Artificial Intelligence Advisory Council chaired by the Prime Minister. In addition, BNM brought together financial institutions and digital asset players for structured dialogue, to ensure mutual understanding on risk management practices and build trust.

These steps will help Malaysia build a digital economy that is safe, vibrant and supports responsible innovation while maintaining monetary and financial stability.²⁷



Prime Minister chairing the Digital Assets and Artificial Intelligence Advisory Council meeting involving BNM and various ministries and agencies



²⁵ Launched by BNM's Digital Currency Hub, DAIH has received strong interest since its launch in June 2025. The hub has engaged a wide variety of players including domestic and international players across the financial, fintech and non-financial sectors. Admission of participants into DAIH will be guided by the principle of responsible innovation, which includes credible value proposition and track record of sound governance and risk management, among others.

²⁶ The Securities Commission Malaysia regulates the issuance, trading and custody of digital assets in Malaysia through the 2019 Prescription Order and additional guidelines covering Digital Asset Exchanges (DAX), Initial Exchange Offerings (IEO) and Digital Asset Custodians.

²⁷ Digital asset innovation, when accompanied by sound risk controls and an appropriate regulatory framework, can be scaled safely to minimise any foreign currency pressures and contagion risks while ensuring that payment arrangements remain resilient.

Going Forward

In 2026, BNM will continue to pursue efforts that ensure payment and money services are secure and reliable for consumers and businesses. Efforts to expand digital payment adoption across all segments of society will be intensified. At the same time, strengthening oversight and fraud prevention to protect users will remain a priority. This includes closer cross-sector collaboration and enhanced cross-border safeguards to counter increasingly sophisticated scams. These measures will ensure users can transact securely and support confidence in Malaysia's digital economy.

In line with growing global interest towards a tokenised economy, BNM will continue to advance work on asset tokenisation and digital money including CBDC, tokenised deposits and Ringgit stablecoins. This work will be undertaken with the intention to establish a clear regulatory framework. This approach provides industry certainty while safeguarding financial stability and consumer protection. Together, these efforts will position Malaysia as a trusted and forward-looking nation for responsible digital finance innovation. Ultimately, this will translate into real economic gains and support Malaysia's broader economic transformation.

Fraud Resolution: Building Trust through Shared Accountability

Globally, consumers lost about USD442 billion to scams¹ in 2024. In Malaysia, the reported impact amounted to RM2.8 billion in 2025.² In these statistics, there are stories of real people suffering misfortune – a retiree who lost his entire life savings or a family whose emergency funds disappeared overnight.

This raises an important question: *When fraud happens, who should take responsibility and bear the losses? Is it the financial institution, the consumer, or should responsibility be shared more broadly across the digital ecosystem?*

This question touches on the aspect of trust within the financial system. Amid increasingly sophisticated fraud tactics, we need to ensure that digital payments remain safe and accessible, and that public confidence is upheld. Financial institutions must continue investing in technology to shore up their defences against fraud. At the same time, consumers need to be equipped with better tools and awareness to keep digital banking secure. But when fraud does happen, fairness must be upheld for both the consumer and financial institution. This should be supported by a robust investigation process to help justify a reasonable outcome for all parties. Ultimately, preventing fraud is a shared accountability. This accountability should also be reviewed over time as the role of other key digital players beyond the financial ecosystem become more prominent, reflective of the broader digital ecosystem.

Regulators worldwide recognise that ensuring fraud victims are treated fairly is just as important as strong prevention. Many countries are exploring compensation frameworks for victims alongside tighter security controls. However, developing this framework is not an easy task. It requires striking a balance between fairness, legal limits and ease of implementation. Even so, only a few countries have taken the step of introducing compensation frameworks. These frameworks are tailored to fit their respective fraud landscapes and regulatory environments (Table 1).

For Malaysia, BNM introduced a compensation framework in 2024 through the Policy Document on Ensuring Fair Treatment for Victims of Unauthorised e-Banking Transactions (SEFT). The policy currently focuses on unauthorised transactions.³ SEFT promotes a shared approach to accountability between banks and their customers (Diagram 1). This is done without compromising the need for ongoing customer vigilance. While SEFT provides a basis for considering compensation, it does not guarantee compensation to victims in all cases. The policy recognises that, in some cases, liability should be shared and not rest with just one party.

SEFT provides a clear and transparent framework for assessing cases, ensuring customers are aware of their rights. The framework also clarifies the respective roles of both the banks and customers in preventing fraud. For instance, customers are expected to avoid risky actions, such as clicking on unknown links which could lead to the unintentional sharing of their passwords. At the same time, banks remain accountable for failing to detect and prevent suspicious transactions that occur outside customers' normal behaviour. There are also cases where the victim is held fully responsible for the fraud and therefore should not be eligible to any compensation. For example, when a victim refuses to cooperate with the bank during the investigation or proceeds to download harmful mobile applications despite prior warnings from the bank of its risks. Through this approach, SEFT reinforces the principle of shared accountability. It emphasises that both banks and customers play an active role in safeguarding the integrity of digital payments.

¹ Global State of Scams 2025 Report by Global Anti-Scam Alliance (GASA).

² As per data by Polis Diraja Malaysia (PDRM) that includes telecommunication scam, e-commerce scam, loan scam, investment scam, love scam as well as malware and phishing.

³ These refer to transactions made by fraudsters without the victim's knowledge. Fraudsters use methods like malware and phishing to obtain personal credentials of their victims. Once compromised, fraudsters use these credentials to perform unauthorised transactions. This excludes cases where customers initiate transactions themselves, including those made under coercion or undue influence, such as love or investment scams.

Table 1: Comparable Frameworks At a Glance

	Malaysia ¹	United Kingdom ²	Singapore ³	Thailand ⁴
Scope	Unauthorised transactions	Authorised push-payment fraud (APP)	Phishing-linked unauthorised transactions	Authorised and unauthorised payment fraud
Effective date	October 2024	October 2024	December 2024	April 2025
Parties involved	1. Banks 2. Customers	1. Banks and payment service providers 2. Customers	1. Banks and payment service providers 2. Telecommunication providers (Telcos) 3. Customers	1. Banks and payment service providers 2. Digital asset operators 3. Telcos 4. Social media platform providers 5. Customers
Core principle	Clear and timely case management process; shared accountability between banks and customers, accounting for their respective obligations	Mandatory reimbursement, with sending and receiving institutions equally sharing the loss, unless customer was found to be acting with gross negligence	Shared responsibility with loss to be fully borne by a party that fails to meet its obligations, based on a clearly defined hierarchy: bank or payment service provider → telco → customer	Shared responsibility with parties breaching duties paying the loss

¹ The policy document can be found here: (https://www.bnm.gov.my/documents/20124/938039/Ensuring_Fair_Treatment_for_Victims_of_Unauthorised_eBanking-Transactions.pdf).

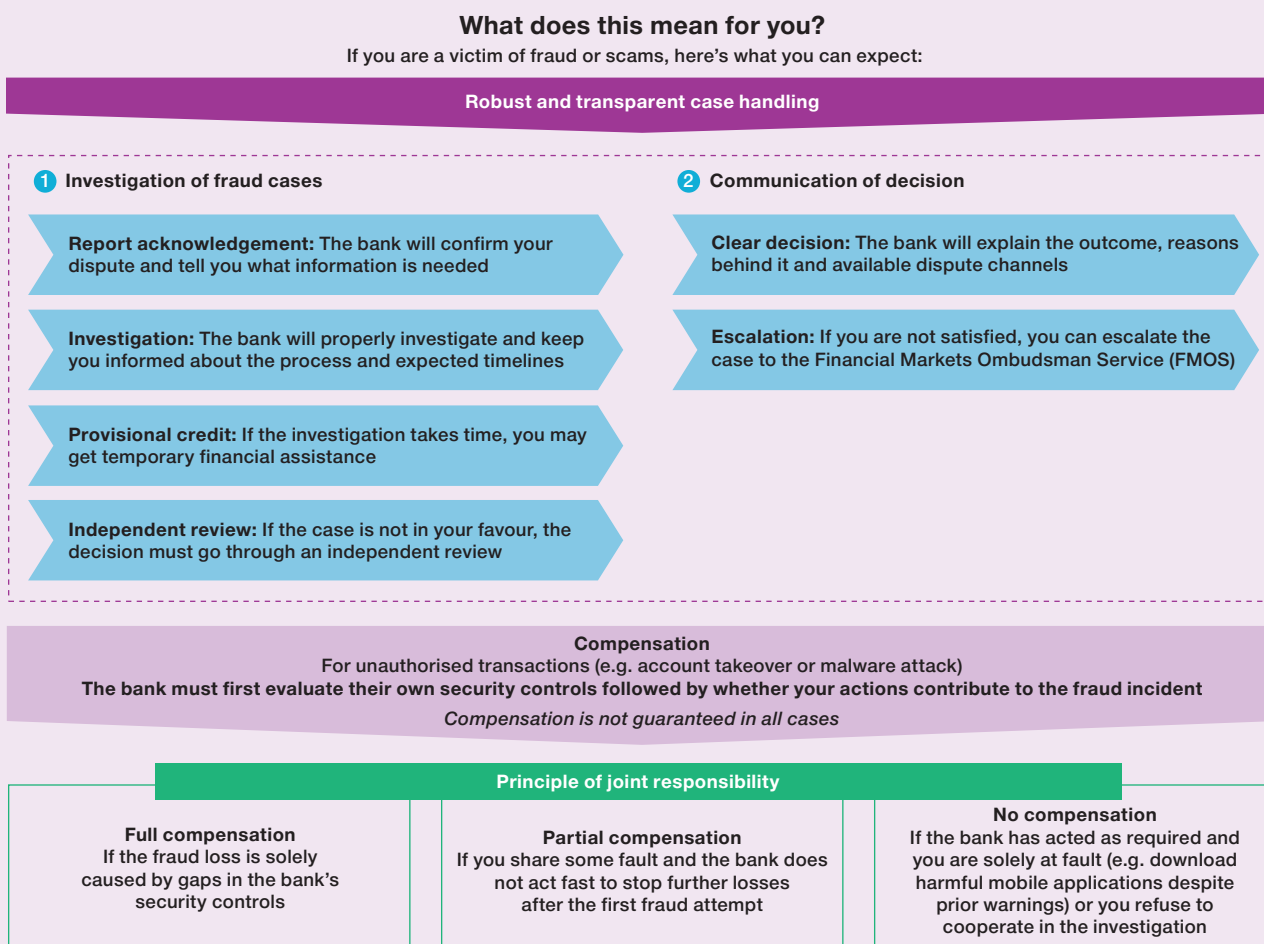
² UK’s APP scams reimbursement requirement (<https://www.psr.org.uk/publications/policy-statements/ps255-app-scams-reimbursement-requirement/>).

³ Singapore’s Guidelines on Shared Responsibility Framework (<https://www.mas.gov.sg/regulation/guidelines/guidelines-on-shared-responsibility-framework>).

⁴ Thailand’s Emergency Decree on Measures for the Prevention and Suppression of Technological Crime (No. 2) (2025) (<https://www.bot.or.th/th/news-and-media/news/news-20250428.html>).

Source: Bank Negara Malaysia

Diagram 1: Understanding the Key Principles of SEFT



Source: Bank Negara Malaysia

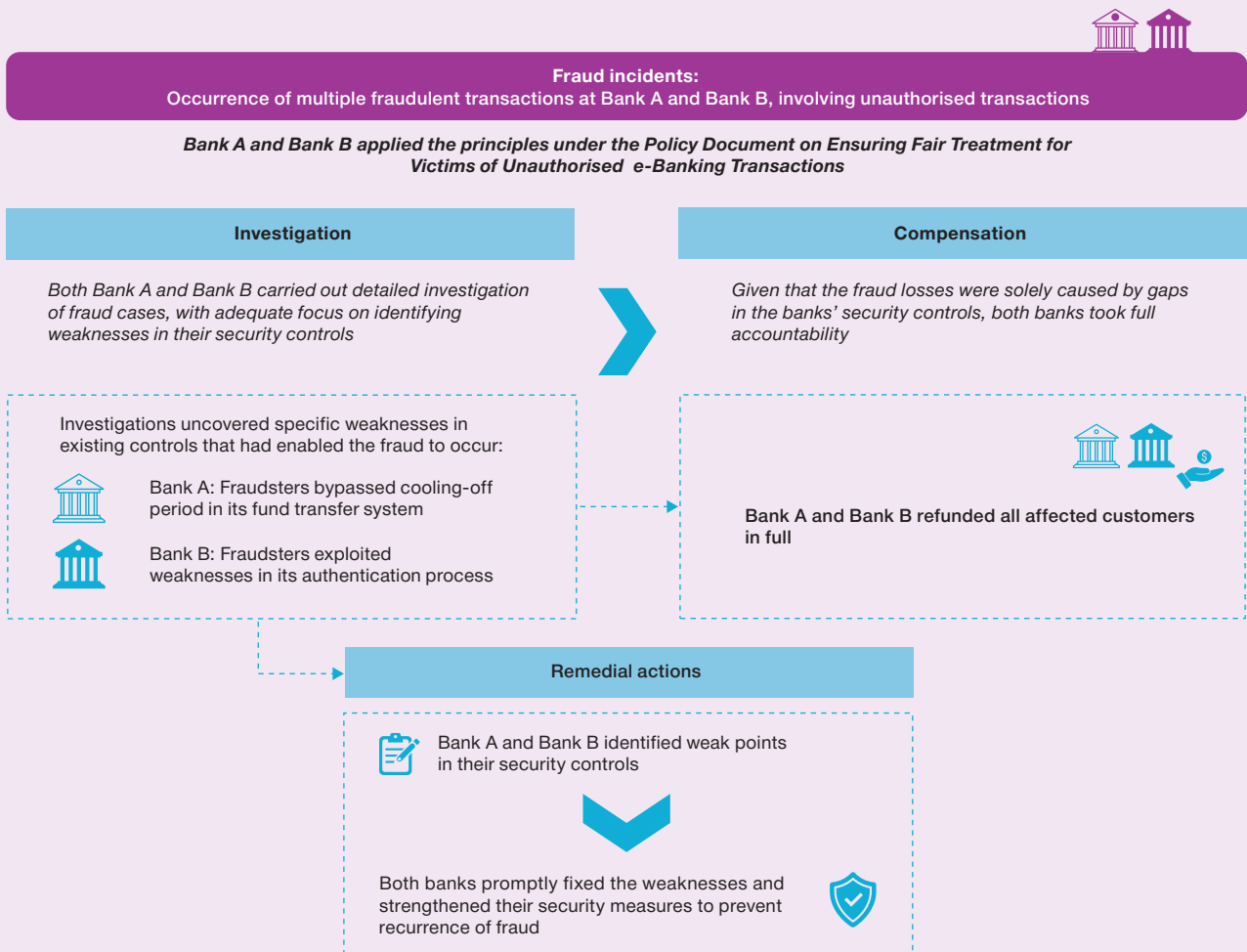
From Policy to Practice: One Year On

SEFT came into effect in October 2024. Since then, BNM has been closely monitoring banks' implementation. The initial focus has been on how banks manage fraud cases and allocate fraud losses. *So, has SEFT really made a difference?*

We have begun to see encouraging signs (Diagram 2). Initial findings show that SEFT has made banks more accountable and transparent in carrying out investigations. This is validated by an increase in the number of victims receiving either full or partial compensation in 2025 by about 26% compared to the previous year. Banks have also taken proactive steps to strengthen malware defences, with some reporting zero malware cases in 2025. This pre-emptively prevents unauthorised transactions, thereby reducing the need for reactive compensation. Some improvements attributed to SEFT implementation include:

- **Greater accountability in investigation:** Banks check for weaknesses in their systems first before placing any accountability on customers. In several cases, banks fully absorbed losses upon identifying system weakness.
- **Greater transparency around customer rights:** Banks inform victims upfront of their rights during the investigation process. Banks are showing greater consistency in completing investigations within the expected 14-day timeline. This reflects timelier case management, while maintaining the rigour of the process. For cases that take longer, banks are offering temporary financial assistance to help victims with daily needs.
- **Faster system fixes:** Compensation decisions push banks to address system weaknesses more quickly.

Diagram 2: An Illustration of the Impact of SEFT



Source: Bank Negara Malaysia

These developments not only safeguarded consumers' interests but also paved the way for quicker fixing of control gaps. In turn, these led to further strengthening of security and trust in the overall banking system.

Where We Need to Raise the Bar

While progress is clear, further areas for improvement include:

- **Navigating shared accountability amid evolving fraud risks:** Fraud cases are becoming more complex as tactics continue to evolve. It is much harder to distinguish between genuine and fraudulent interactions and attribute culpability. This adds to the challenges in implementing a fair compensation framework.

Recognising this, SEFT offers a structured approach to assigning accountability, fostering clarity and consistency in how cases are assessed. Under SEFT, banks must first assess the effectiveness of their own controls before considering customer actions. This ensures case reviews are balanced and support the reasoning behind case outcomes, even in complex situations. As implementation of SEFT matures, BNM expects increased consistency in how shared accountability is implemented. Such consistency will be key in maintaining trust in resolution outcomes.

- **Access to alternative dispute resolution channels:** Compensation offered by a bank is not the end of the process. Many customers remain unaware of their rights and channels available if they are not happy with compensation offered by the bank.

Customers can dispute the bank's decision by bringing their case to the Financial Markets Ombudsman Service (FMOS).⁴ Banks must make this channel known to customers and remind them of its availability. This ensures that consumers can exercise their rights with confidence.

Looking Ahead

The first year of SEFT shows early alignment with the principles of fair treatment and shared accountability. However, the fight against fraud is far from over. In fact, it is an ongoing process. Further efforts to strengthen prevention, enforcement and recovery, as well as consumer protection continue to be pursued.

As knowledge is the most effective shield against scams and helps build a more vigilant society, efforts on consumer education are also being accelerated. This is especially important as about 95% of online fraud cases in Malaysia are authorised transactions.⁵ Diagram 3 outlines the key habits consumers must adopt to better protect themselves from scams.

BNM will also explore stronger protection for vulnerable consumers. This includes assessing whether expanding SEFT's scope would help address the risks faced by this group, while accounting for the level of digital financial literacy and fraud landscape in Malaysia. At the same time, BNM recognises that potential behavioural changes from this expansion could unintentionally compromise customer vigilance. This initiative forms part of multi-pronged efforts to combat fraud and preserve trust in our financial system.

The approach taken in other countries where telecommunication service providers and digital platforms are covered in their compensation frameworks also gives us additional frontiers to consider. Given the critical role of these players in the digital ecosystem, there is merit for Malaysia to consider broadening participation in fraud compensation to further strengthen consumer protection and uphold accountability across all parties.

⁴ Affected customers may reach FMOS via their portal here: (<https://complaint.fmos.org.my/index.php>).

⁵ These refer to cases where victims are deceived into transferring money to fraudsters under false pretences. Here, fraudsters use social engineering tactics to exploit emotions like greed, fear, or love, making individuals vulnerable to fraud.

Diagram 3: Protecting Oneself from Scams



Source: Bank Negara Malaysia