

# Maintaining Financial Integrity

Malaysia's upgrade in the latest mutual evaluation by the Financial Action Task Force affirms the strengthened effectiveness of the country's AML/CFT/CPF regime. It also reinforces global confidence in the integrity of our financial system. This milestone reflects sustained reforms, credible enforcement and strong whole-of-nation collaboration in combatting ML/TF/PF.

## BNM's Role

BNM is the competent authority that oversees and administers the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (AMLA 2001). As the competent authority, we act as the country's financial intelligence unit (FIU). We also supervise reporting institutions on matters relating to money laundering, terrorism financing and proliferation financing (ML/TF/PF).<sup>1</sup> To promote a whole-of-government approach, BNM acts as the Chair and Secretariat of the National Coordination Committee to Counter Money Laundering (NCC). The NCC brings together 19 ministries and agencies.<sup>2</sup> It serves as the national inter-agency platform that formulates, coordinates, implements and monitors Malaysia's anti-money laundering, countering

financing of terrorism and countering proliferation financing (AML/CFT/CPF) strategic direction and initiatives. This ensures a robust national AML/CFT/CPF framework which is in alignment with international standards and best practices.

### Diagram 1: Notable Achievements in 2025



Malaysia's upgrade to the highest tier category in the Mutual Evaluation (ME)



Strengthened regional and industry cooperation through capacity-building programmes, conferences, forums and ASEAN-driven initiatives



Enhanced scam prevention, with the National Scam Response Centre (NSRC) recording more than double mule account disruptions and funds frozen

Source: Bank Negara Malaysia

In 2025, national efforts were intensified towards the preparation for the ME. The ME assesses a country's effectiveness and compliance with the Financial Action Task Force's (FATF) standards. Preparations were extensive to ensure the country is ready for the assessment. These include on-site interviews and reviews of the draft ME report ahead of its discussion and decision at the FATF Plenary. Assessment is done on a peer review basis covering a wide range of areas. These include risk management, international cooperation, supervision, preventive measures, financial intelligence and enforcement. The results can impact a country's reputation, investor confidence, ease of doing business and compliance costs.

<sup>1</sup> Reporting institutions are defined in the First Schedule of AMLA 2001 and includes the financial institutions, non-bank financial institutions and designated non-financial businesses and professions.

<sup>2</sup> These include the Attorney General's Chambers, Companies Commission of Malaysia, Immigration Department of Malaysia, Inland Revenue Board of Malaysia, Labuan Financial Services Authority, Malaysian Anti-Corruption Commission, Ministry of Domestic Trade and Cost of Living, Ministry of Finance, Ministry of Foreign Affairs, Ministry of Home Affairs, Ministry of Investment, Trade and Industry, National Anti-Financial Crime Centre, Registrar of Societies, Royal Malaysia Police, Royal Malaysian Customs Department, Securities Commission Malaysia, Legal Affairs Division of Prime Minister's Department (as an observer), Department of Wildlife and National Parks Peninsular Malaysia (as an observer) and BNM.

As the national coordinator as well as the Chair and Secretariat of the NCC, we organised preparatory sessions including mock assessments ahead of the on-site ME visit in February 2025. These efforts strengthened coordination across agencies and showcased Malaysia’s whole-of-nation approach. As a result, Malaysia’s ME report was successfully adopted at the FATF Plenary in October 2025. Malaysia’s upgrade to the highest follow-up category reflects significant enhancements in the country’s AML/CFT/CPF regime since the 2015 evaluation.<sup>3</sup> This places Malaysia among a small group of FATF member countries<sup>4</sup> in the regular follow-up process.<sup>5</sup> It also underscores stronger technical compliance and a more effective AML/CFT/CPF framework. Diagram 2 highlights the outcomes of ME report.

The NCC also monitors the implementation of the NCC Roadmap 2024–26, which outlines Malaysia’s national priorities and actions to strengthen its AML/CFT/CPF regime. The aim is such that AML/CFT/CPF efforts stay agile, effective and fit-for-

purpose to address Malaysia’s risk exposures amid national, regional and global developments. This includes taking into account key recommended actions in the ME report.<sup>6</sup>

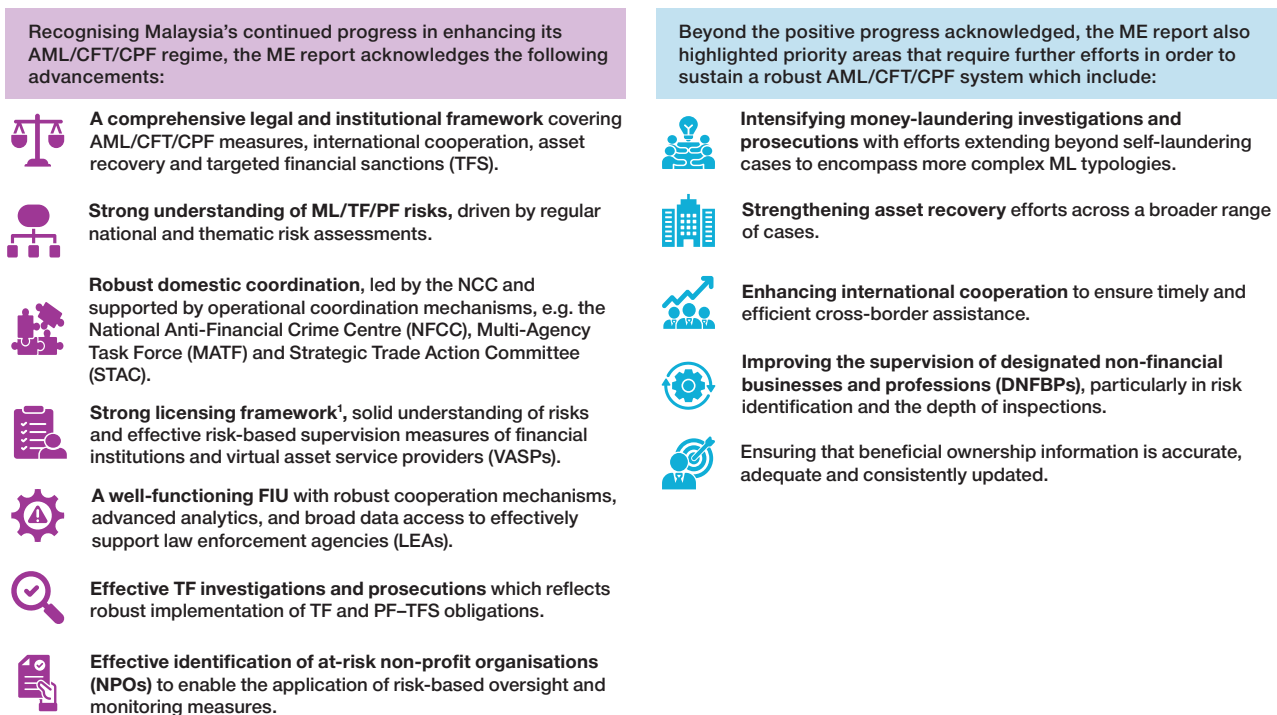
## Strengthening AML/CFT/CPF Measures through Coordinated National and Regional Efforts

Recognising these areas of improvement, Malaysia will recalibrate the NCC Roadmap 2024–26 to align with the key recommended actions in the ME report.

## Reinforcing the Nation’s AML/CFT/CPF Regime

During the year, the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities (Amendment) Act 2025 received royal assent and was gazetted.

Diagram 2: Outcomes of FATF’s Mutual Evaluation



<sup>1</sup> This includes usage of sanction mechanisms by supervisors, and financial institutions and VASPs understanding their AML/CFT/CPF obligations and ML/TF/PF risks. This is demonstrated by the implementation of appropriate mitigating measures, including customer due diligence process, compliance programme and reporting of suspicious transaction reports.

Source: Bank Negara Malaysia

<sup>3</sup> Previously in 2015 ME, Malaysia was placed in the ‘Enhanced Follow-up category’.  
<sup>4</sup> These include FATF member countries that have gone through the previous rounds of ME.  
<sup>5</sup> There are three tiers of follow-up categories i.e. ‘Regular Follow-up’, ‘Enhanced Follow-up’ and ‘Referral to the International Cooperation Review Group (ICRG)’.

<sup>6</sup> Further details can be found in the ME report (see Malaysia’s measures to counter money laundering, terrorist financing and proliferation financing).



Adoption of Malaysia's ME report at the October 2025 FATF Plenary

The amendments have come into effect as of 1 March 2026. This brought greater alignment with the latest FATF standards and methodology. The amendments also addressed operational challenges in relation to the freezing, seizure and forfeiture of illicit proceeds. These amendments would among others, enable more effective investigation and prosecution efforts, as well as improve clarity on compliance by reporting institutions.

### Enhancing Collaboration Efforts on AML/CFT/CPF Measures

As the 2025 ASEAN Chair, Malaysia led efforts to foster greater common understanding of ML/TF/PF threats, vulnerabilities and emerging risks amongst member states. This enabled Malaysia to shape regional priorities to combat financial crimes and promote sustainable development through transparent and resilient financial systems.

BNM lent support to the Ministry of Home Affairs at the ASEAN Senior Officials Meeting on Transnational Crime (SOMTC). The meeting achieved two major milestones. First, the SOMTC set up the Working Group on Money Laundering (WG on ML). Secondly, the meeting paved the way for the issuance of the first ASEAN Leaders' Declaration on Combating Money Laundering. The SOMTC WG on ML will further strengthen regional cooperation through sharing of information and best practices as well as elevating ASEAN's AML/CFT/CPF strategies to be in line with international standards.

BNM also hosted the inaugural ASEAN DNFBPs Supervisor Forum, with 120 participants from across ASEAN. At the forum, participants shared best practices in combating ML/TF/PF risks and in addressing supervisory gaps. The forum also explored potential joint supervision, shared cross-border risks and showcased supervisory technology (SupTech) initiatives that can help elevate supervisory effectiveness.

Additionally, BNM partners with our counterparts here and abroad to enhance crime detection and intelligence. We also advance regional and industry cooperation through capacity building initiatives, conferences, and forums (Diagram 3). These platforms allow us to deepen coordination with domestic LEAs and the private sector. They also improve efforts on early identification of red flags, emerging threats, and the character vetting process. These collective efforts allow the country to better respond to potential financial crimes and reinforce the resilience and integrity of the financial system.

Diagram 3: Snapshot of Regional and Industry Collaboration Initiatives

<p>International Conference on Financial Crime and Counter Terrorism Financing (IFCTF)</p>	<ul style="list-style-type: none"> <li>• Hosted by The Asian Institute of Chartered Bankers (AICB) and Compliance Officers' Networking Group (CONG), and supported by BNM, Securities Commission Malaysia and Labuan Financial Services Authority.</li> <li>• The theme focused on the fight against financial crime and technology-driven compliance. The event drew one of the largest crowds in recent years, with over 1,300 participants.</li> <li>• The three-day conference strengthened shared capabilities. It also gathered an extensive range of public and private sector experts, from both international organisations (e.g. The Egmont Group, Australian Transaction Reports and Analysis Centre (AUSTRAC) and the Singapore Police Force) as well as domestic LEAs, ministries and supervisory authorities.</li> <li>• The IFCTF explored a wide range of critical topics. These include enhanced due diligence processes, global financial crime risks, emerging fraud typologies and revisions to the AML/CFT/CPF and TFS requirements. The conference also featured AI-driven compliance enhancements and fraud detections through real-time analytics and behavioural monitoring.</li> </ul> <div style="display: flex; justify-content: space-around;">   </div> <p style="text-align: center;">15th International Conference on Financial Crime and Counter Terrorism Financing</p>
<p>Asia / Pacific Group on Money Laundering (APG) Typologies Workshop</p>	<ul style="list-style-type: none"> <li>• Together with public and private sector representatives, BNM participated in the APG Typologies Workshop. The workshop focused on emerging ML/TF/PF risks, including cyber scam hubs.</li> <li>• We presented Malaysia's multi-pronged approach to financial scams, including through the FIU, the National Fraud Portal (NFP), public-private partnerships and initiatives under the National Scam Response Centre (NSRC).</li> </ul> <div style="text-align: center;">  <p>2025 APG Typologies Workshop</p> </div>
<p>Financial Intelligence Analyst Course (FIAC)</p>	<ul style="list-style-type: none"> <li>• Co-hosted by BNM and AUSTRAC with participants from relevant agencies including BNM, Royal Malaysia Police (RMP), Malaysian Anti-Corruption Commission and Royal Malaysian Customs Department.</li> <li>• The course strengthened participants' capabilities to detect and respond to ML/TF risks, while deepening their understanding of criminal methods linked to organised crime, corruption and drug offences.</li> </ul> <div style="text-align: center;">  <p>2025 Financial Intelligence Analyst Course</p> </div>
<p>Supervisory College</p>	<ul style="list-style-type: none"> <li>• BNM hosted the Supervisory College for regional supervisors of a banking group. This brought together representatives from regional supervisory authorities including Otoritas Jasa Keuangan Indonesia, Monetary Authority of Singapore and the Bank of Thailand.</li> <li>• This platform facilitates timely sharing of ML/TF/PF emerging risks and vulnerabilities in the region and cross-border cooperation and coordination among supervisors in multiple jurisdictions.</li> <li>• It helps strengthen safeguards against cross-border risks and vulnerabilities that criminals seek to exploit, thereby advancing global efforts to combat financial crime.</li> </ul>

Source: Bank Negara Malaysia

## Sharing of Financial Intelligence and Supporting Law Enforcement

BNM is committed to sharing financial intelligence through its FIU. The FIU works closely with domestic LEAs and foreign FIUs to support ML/TF/PF investigations.

In 2025, the FIU held six industry-wide sharing sessions with banks, non-bank e-money issuers, money services businesses, capital market intermediaries and Labuan entities. These sessions clarified expectations and provided guidance on submitting quality suspicious transaction reports (STRs). Additionally, the FIU also shared several red flags and typologies reports with reporting institutions. These initiatives helped to improve awareness. This led to better articulation and detection of evolving crimes and more comprehensive analysis in STR submissions. In 2025, we received over 430,000 STRs compared to about 342,000 STRs the year earlier. Money laundering was the highest reported suspected offence, accounting for 47% of the total STRs, followed by fraud, tax offences and corruption. The FIU uses advanced data analytic tools such as network visualisation to identify links between STRs, entities and accounts. This helps focus investigations on higher risk cases and supports case reviews. To remain effective against evolving financial crimes, the FIU regularly updates its analytical methods and works closely with reporting institutions to improve the quality and usefulness of STRs submitted.

The FIU works closely with domestic LEAs to support investigations into crimes such as money laundering, fraud, corruption, smuggling and organised crime. Through joint taskforces such as those coordinated by the NFCC and the MATF, this collaboration led to more than 65 arrests and the seizure, freezing and recovery of criminal assets worth over RM400 million – more than double the 2024 amount. Shared intelligence also aided surveillance and investigations relating to national security<sup>7</sup> matters.

Besides domestic LEAs, the FIU actively shared financial intelligence<sup>8</sup> with more than 25 foreign FIUs in 2025, as part of international cooperation efforts. In some cases, such sharing also led to investigations by foreign authorities. About 25% of disclosures made by the FIU was to foreign FIUs. Overall, about 70% of total disclosures made to domestic LEAs and foreign FIUs relate

to high-risk crimes<sup>9</sup> and national security matters (Chart 1). Stakeholders do acknowledge FIU’s support in efforts to combat crimes within their respective jurisdictions, both within Malaysia and internationally.

**Chart 1: Financial Intelligence Disclosures by Serious Offences in 2025**



Note: ‘Other offences’ include offences related to sexual exploitation, human trafficking, illegal remittance etc.

Source: Bank Negara Malaysia

## Measures to Elevate and Coordinate Fraud Response

Fraud has consistently ranked among the higher-risk crimes in all five iterations of the National Risk Assessment (NRA) on ML/TF since 2013. The NSRC remains the first responder to financial scams, continuing to deliver swift tracing of stolen funds and responses to online financial fraud. The NSRC now operates as a 24-hour, seven-day-a-week hub for scam response through the NSRC hotline (997). Since July 2025, the NSRC is managed by the RMP’s Commercial Crime Investigation Department. This gives the NSRC direct powers to investigate as well as to act quickly and efficiently. Diagram 4 highlights the NSRC’s key outcomes in 2025.

Scam tactics continue to evolve. This raises the need for timely access to comprehensive and high-quality data to facilitate effective fund tracing and fraud detection. It also requires a more coordinated and robust industry-wide response. BNM regularly reviews measures implemented under the NFP<sup>10</sup> with Payments Network Malaysia Sdn. Bhd. (PayNet) and industry players. These have strengthened the NFP, broadening coverage to more entities and data sets, making it easier to trace illicit funds. The industry has also rolled out a standard protocol for e-money issuers to handle mule accounts and improve information quality and integrity, aligning

<sup>7</sup> National security covers terrorism/terrorism financing and proliferation financing.

<sup>8</sup> The sharing of financial intelligence to support law enforcement investigations into financial crimes.

<sup>9</sup> High-risk crimes include fraud, corruption, organised crimes, smuggling and drugs trafficking, as identified under the NRA 2023.

<sup>10</sup> The NFP is an integrated platform to strengthen the operational capabilities of the NSRC. It automates the end-to-end process of handling scam reports and tracing of stolen funds by the NSRC.

Diagram 4: NSRC’s Key Outcomes in 2025

NSRC’s Key Outcomes in 2025
Opened <b>24,013</b> investigation papers involving cheating and issued freezing orders on targeted collection accounts amounting to <b>RM19 million</b> .
Identified and stopped <b>162,642</b> suspected mule accounts, making it harder for criminals to move and hide stolen funds.
Attended to <b>138,953</b> calls on online financial scams from the public, of which <b>83,232</b> calls were from scammed victims.

Source: NSRC

with the measures adopted by banks in 2024. New features currently being explored such as tampered identity card detection and advanced fraud analytics will further help to spot fraudulent activities faster. Collectively, these upgrades improve fraud response and accountability in the financial system.

Amendments to the Penal Code and Criminal Procedure Code which came into effect in October 2024 have led to higher enforcement against mule accounts. In 2025, 969 convictions were secured against mule account holders. These multi-pronged actions underscore the whole-of-government approach to dismantle mule account networks.

### Promoting Sustainable AML/CFT/CPF Compliance of Financial Institutions and DNFBPs

BNM continues to strengthen its role in ensuring a robust AML/CFT/CPF compliance culture across the financial and DNFBP sectors. Our supervisory approach stressed on sustainability, accountability and adaptability to evolving risks. To achieve this, we continue to employ a range of supervisory tools and strengthen our risk-based supervisory activities. This includes leveraging SupTech for efficiency and effectiveness.

In addition to ongoing focus of supervision on ML/TF/PF risk and controls in financial institutions we regulate, we did a thematic review across the banking industry. The review assessed the adequacy and effectiveness of transaction monitoring and sanctions screening systems. We will inform the banking sector on the findings to elevate industry standards and shape industry best practices.

For DNFBPs, we continued our focus of on-site supervision across higher-risk sectors

(i.e. lawyers, dealers in precious metals or precious stones, and registered estate agents). BNM also supported Companies Commission of Malaysia and the Malaysian Institute of Accountants in their supervision of their respective sectors. This has led to stronger AML/CFT/CPF oversight and sector-specific risk understanding, resulting in improved implementation of AML/CFT/CPF policies.

BNM maintained its commitment to enforcement as a deterrent against non-compliance. In 2025, we took several enforcement actions such as issuing warning letters, directive orders, administrative monetary penalty and compound. These actions signal our expectation for reporting institutions to strictly comply with AML/CFT/CPF obligations.<sup>11</sup>

We continue to work with the industry to build a strong compliance culture. We do this through regular engagements and forums, like with the CONG, to hear insights on the current issues, challenges and possible solutions. This helps improve understanding of financial crimes and emerging threats, thereby enabling faster detection and quicker response. BNM also complements these engagements with regular publications on regulatory expectations and developments to financial institutions and DNFBPs.

### Going Forward

In 2026, BNM will continue to strengthen the implementation of AML/CFT/CPF standards. Our focus lies on addressing the areas highlighted in the ME report and in implementing the strategies in the NCC Roadmap. These include working better with LEAs, supervisory authorities, and the private sector. At the same time, we intend to continue leveraging technology to address evolving ML/TF/PF risks – including cross-border threats. Malaysia’s current standing provides a solid foundation and calls for sustained effort and further improvements to uphold global standards and safeguard the nation’s financial integrity.

<sup>11</sup> More information on enforcement actions taken can be found in the ‘Promoting Financial Stability’ chapter.