SULIT

Sidang Akhbar

Laporan Tahunan BNM 2025
Tinjauan Ekonomi & Monetari 2025
Tinjauan Kestabilan Kewangan Separuh Kedua 2025

31 Mac 2026

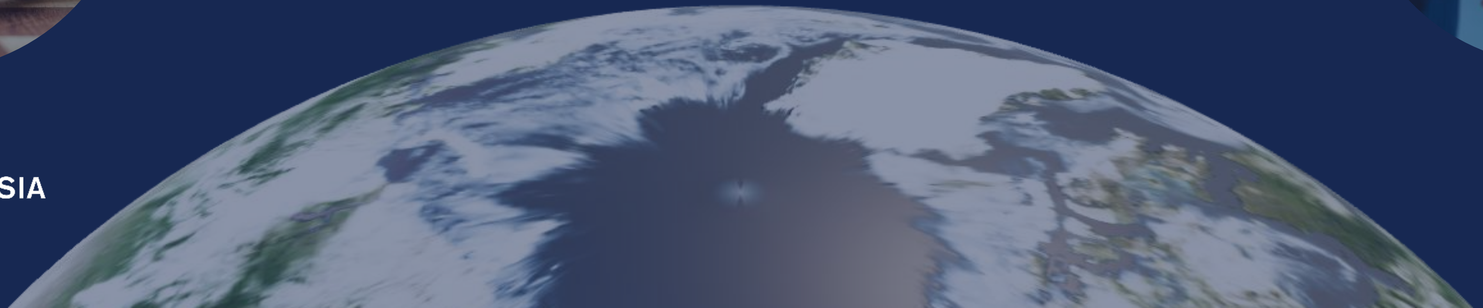
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

The global economy is being shaped by major shifts

Model of trade and rules of engagement changing rapidly

Geopolitics drive economic outcomes

Economic decisions shaped by geo-strategic alignments



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

SULIT

Fragmented global landscape marked by uncertainties

Geopolitical Risk Index

Index (1985-2019=100, 30-day Moving Average)

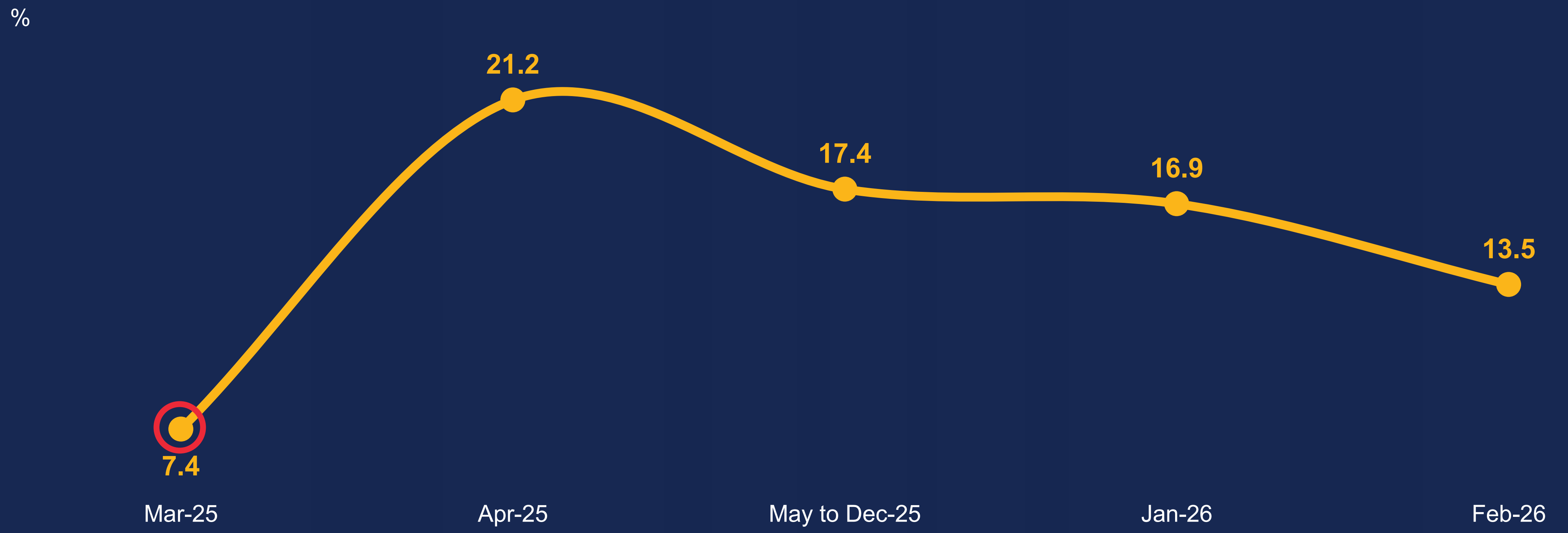
Shocks are transmitted more quickly in this environment

Data as at 23 March 2026

Source: Dario Caldara and Matteo Iacoviello

The rise of tariffs was less severe than feared but remains a drag

Trade-weighted Average Tariff Rate on US Imports

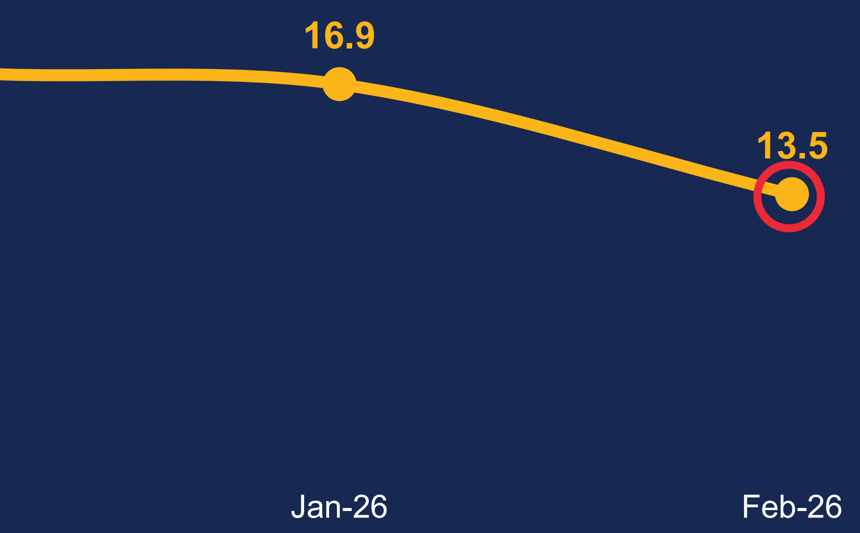


Source: World Trade Organization (WTO)

Tariffs embedded in global policy landscape

Trade-weighted Average Tariff Rate on US Imports

%



Investments under persistent trade-policy uncertainty

Supply chains redesigned for resilience and alignments

Source: World Trade Organization (WTO)

Energy risk amplified through **geopolitical flashpoints**

Middle East conflict impact depends on several factors

- → Conflict **duration**
- → Infrastructure **damages**
- → Supply chain **disruptions**

Middle East Conflict

Transmission channels of Middle East conflict to world economy

- Higher **inflationary pressures**
- Disrupted **flows of trade**
- Tighter **financial conditions**

Supply factors help mitigate impact from Middle East conflict

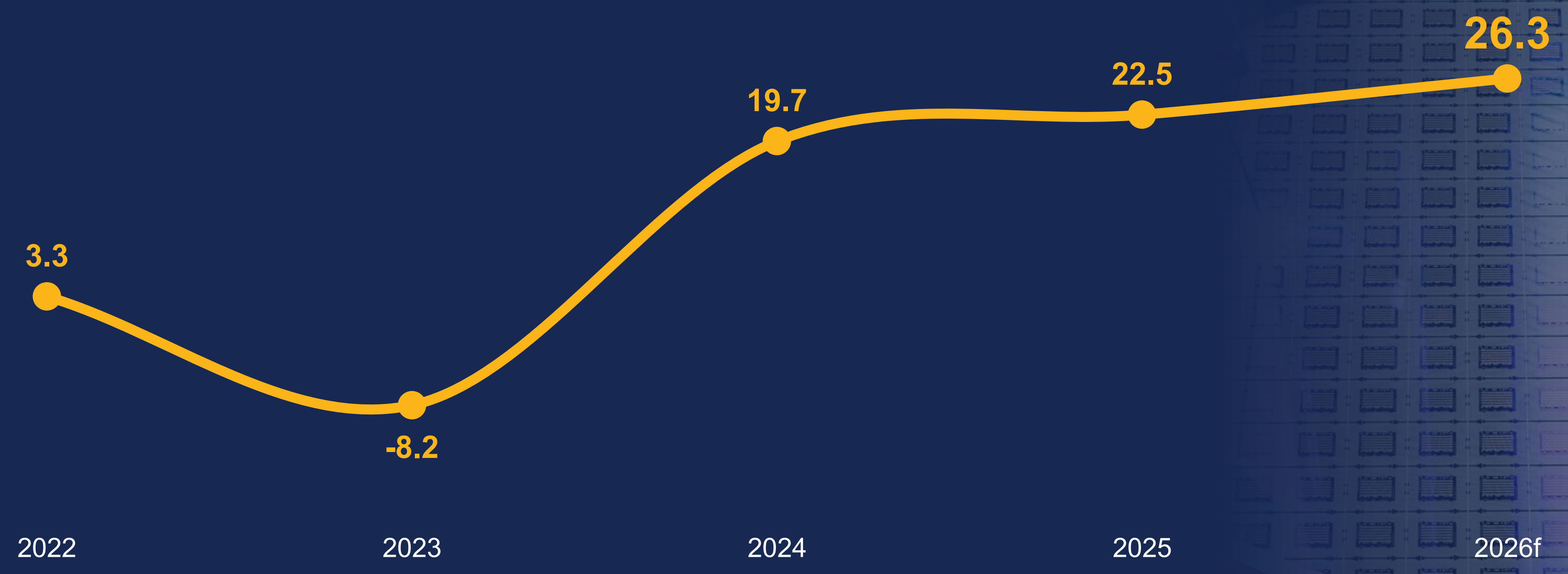
- **More alternative sources of energy**
- **Prevalence of strategic reserves**

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Strong tech investments support growing E&E demand

WSTS Global Semiconductor Sales

Annual change (%)



Source: World Semiconductor Trade Statistics (WSTS)

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Global Growth

2.7 - 3.2%

2026 forecast

- ↗ Sustained domestic demand
- ↗ Supportive macro policies
- ↗ Robust tech investments
- ↘ Drag from tariffs
- ↘ Geopolitical uncertainties

Global outlook highly uncertain given risks

- Higher tariff rates
- Geopolitical escalations
- Market corrections
- Stronger tech spending
- Larger policy support

Challenging global landscape yet Malaysia navigated 2025 well

Malaysia in 2025

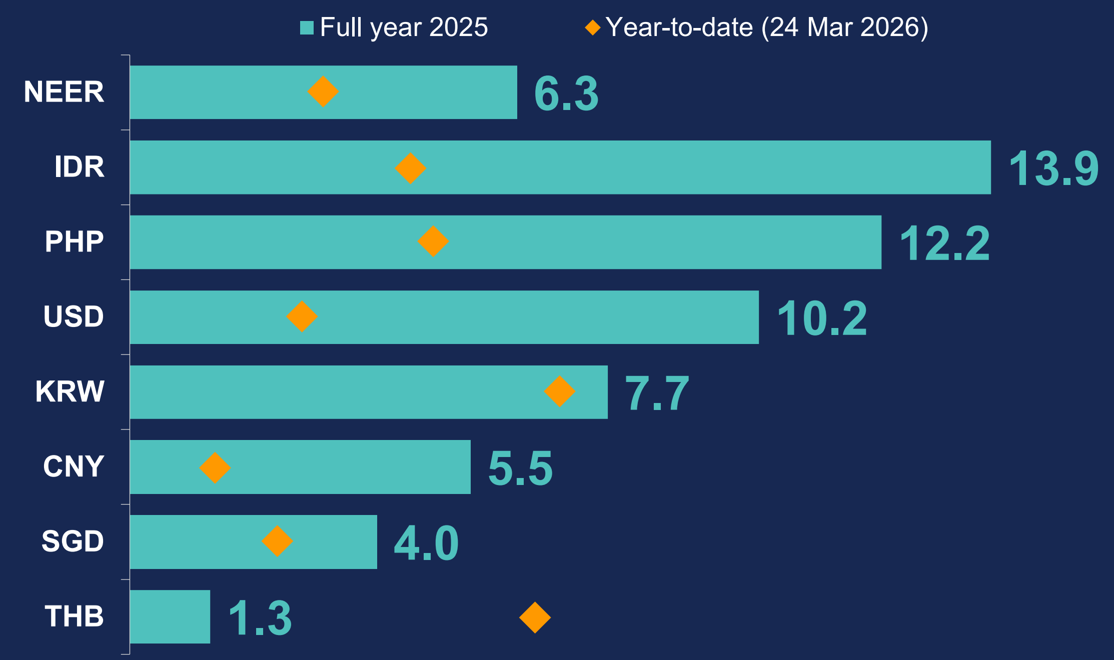
- Strong GDP Growth of 5.2%
  Low Inflation at 1.4%
- Robust domestic demand growth of 6.3%
- Resilient real export growth of 3.1%
- Credit Growth of 5.4%
  SME Financing Growth of 5.9%
- Ringgit appreciated by 6.3% (NEER basis)

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

The ringgit performed well in 2025, positive trajectory continues in 2026 thus far

Performance of the Ringgit Against Other Selected Major Currencies

Annual change (%)



Drivers of ringgit in 2026

- Positive economic prospects
- Solid domestic fundamentals
- Global uncertainties
- Shifts in US monetary policy path

Note: Positive indicates ringgit's appreciation against other currencies. NEER refers to the ringgit nominal effective exchange rate.
Source: Bank Negara Malaysia and Bloomberg. Exchange rates are derived from the daily noon rates.

Malaysia enters 2026 from a position of strength

Diversified growth drivers

Healthy balance sheets

Sufficient policy space

Supportive financial sector

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

2026 Growth Drivers

- Resilient household spending
- Further investment realisations
- Continued export growth
- Steady tourism performance

Malaysia's GDP Growth

4.0 - 5.0%

2026 forecast

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Resilient household spending

Income prospects remain positive

Nominal COE[1] Growth

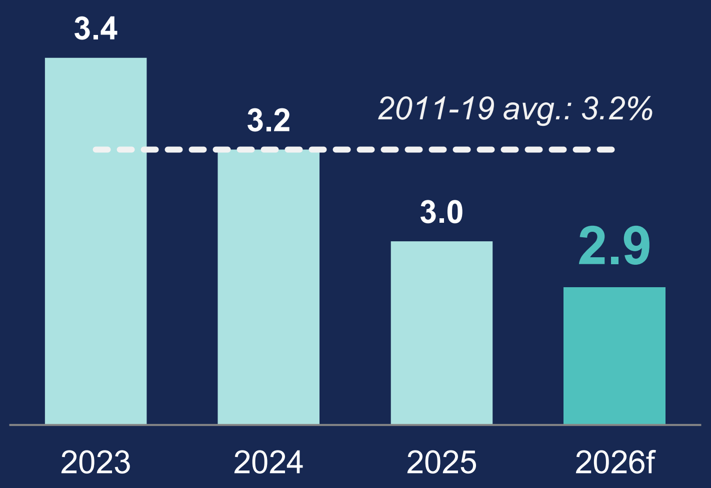
5.4 - 6.4%

2026 forecast

Stable labour market conditions

Unemployment Rate

Annual change (%)



Targeted policy support

- **Sumbangan Tunai Rahmah (STR)**
- **BUDI95**
- **Civil Servant Salary Revision (Phase 2)**

[1]COE: Compensation of employees comprises employees' remuneration in cash such as salary and bonuses or in-kind including staff accommodation and social contribution paid by employers.

Source: Department of Statistics, Malaysia and Bank Negara estimates

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

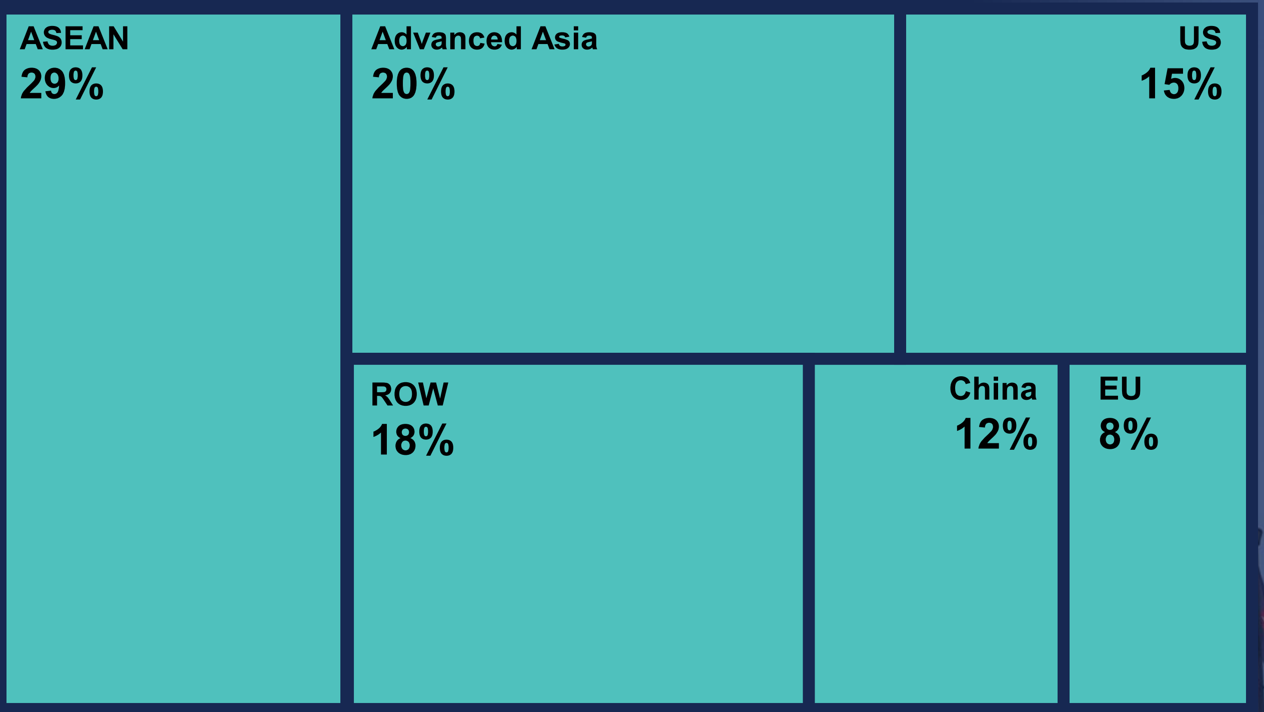
Further investment realisations

Selected Investment Projects

Note: Map of Malaysia is for illustrative purposes only, and not to actual scale.
Source: Industrial engagements

Continued export growth

Diversified export base across markets



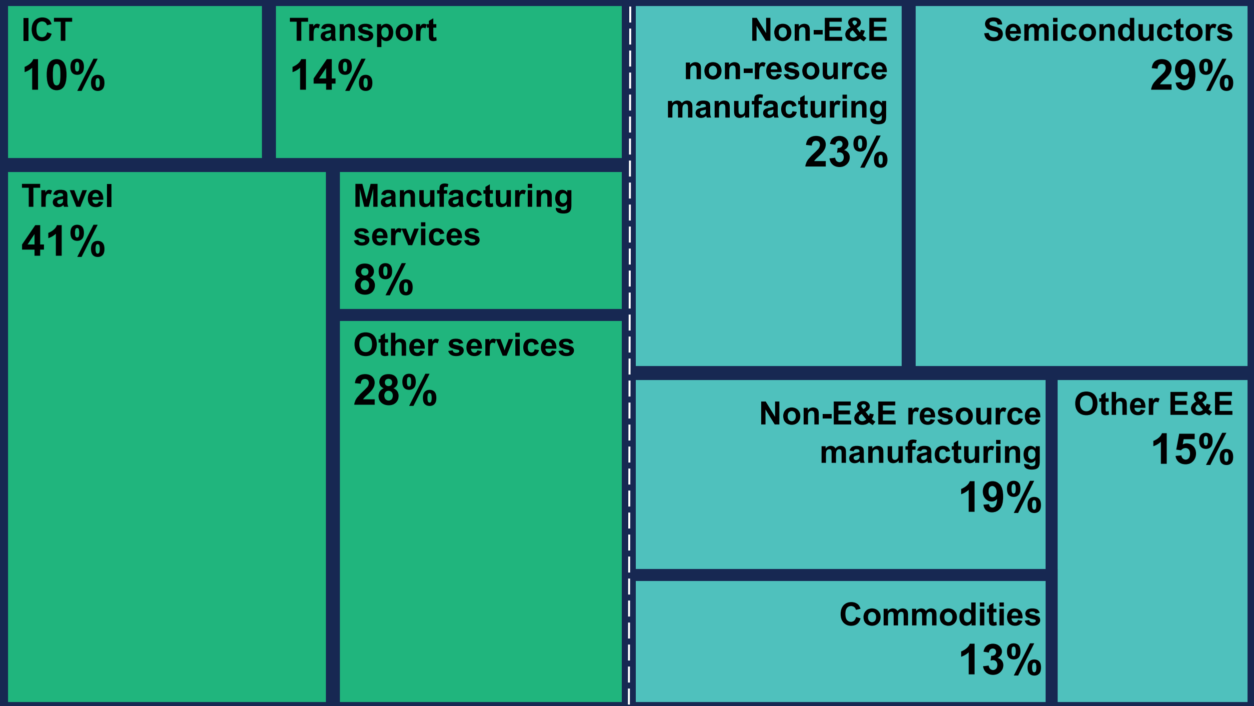
Exports of Goods by Country

% share of total goods exports (2025)

Note: Figures may not necessarily add up due to rounding.
Source: Department of Statistics, Malaysia

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Continued export growth



Exports of Services
% share of total services exports (2025)

Exports of Goods
% share of total goods exports (2025)

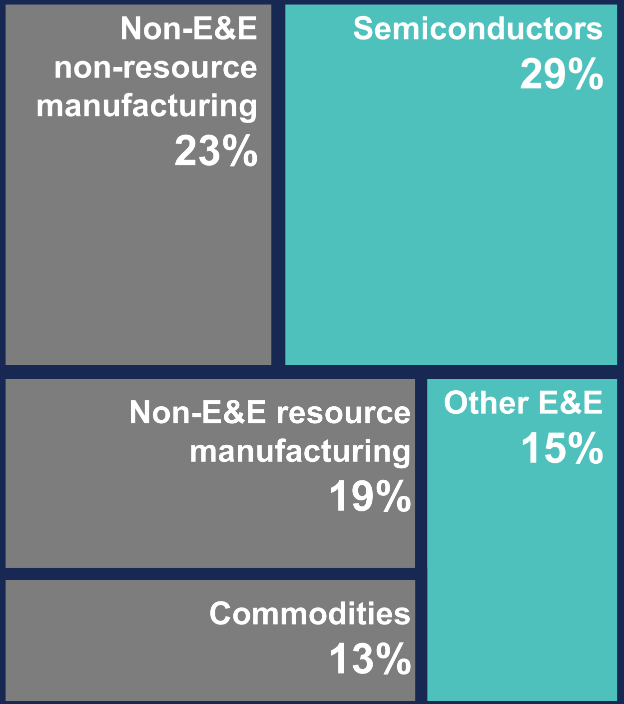
Note: Figures may not necessarily add up due to rounding.
Source: Department of Statistics, Malaysia

- ▶ **Diversified export base across products**
- ▶ **Data centre investments generating economic returns**
- ▶ **E&E sector to benefit from global tech investment cycle**

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Continued export growth

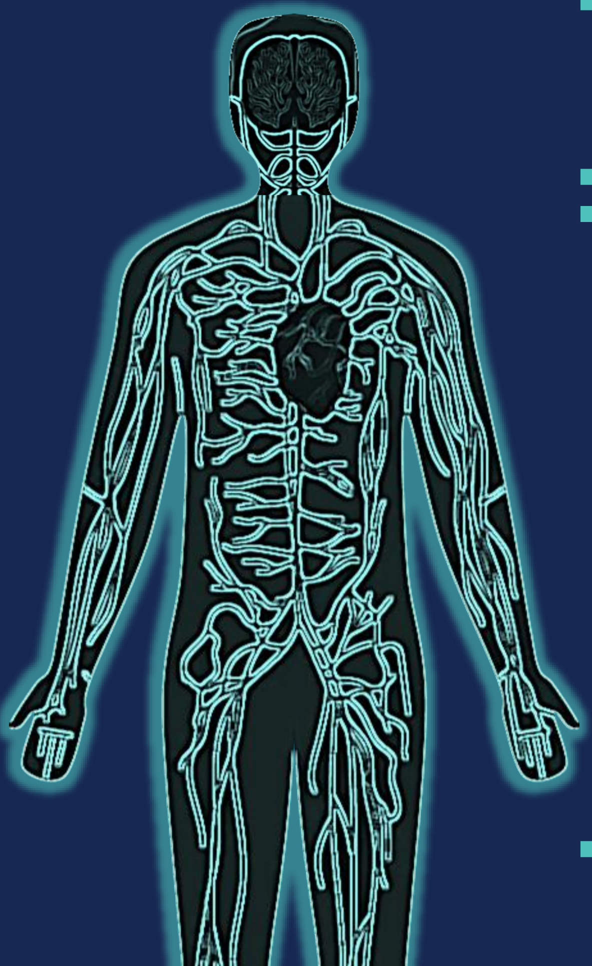
E&E to advance further



Exports of Goods

% share of total goods exports (2025)

Note: Figures may not necessarily add up due to rounding.
Source: Department of Statistics, Malaysia



GPU is the "brain" for AI

Malaysia supplies "the nervous system and other vital organs" i.e. critical components

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Steady tourism performance

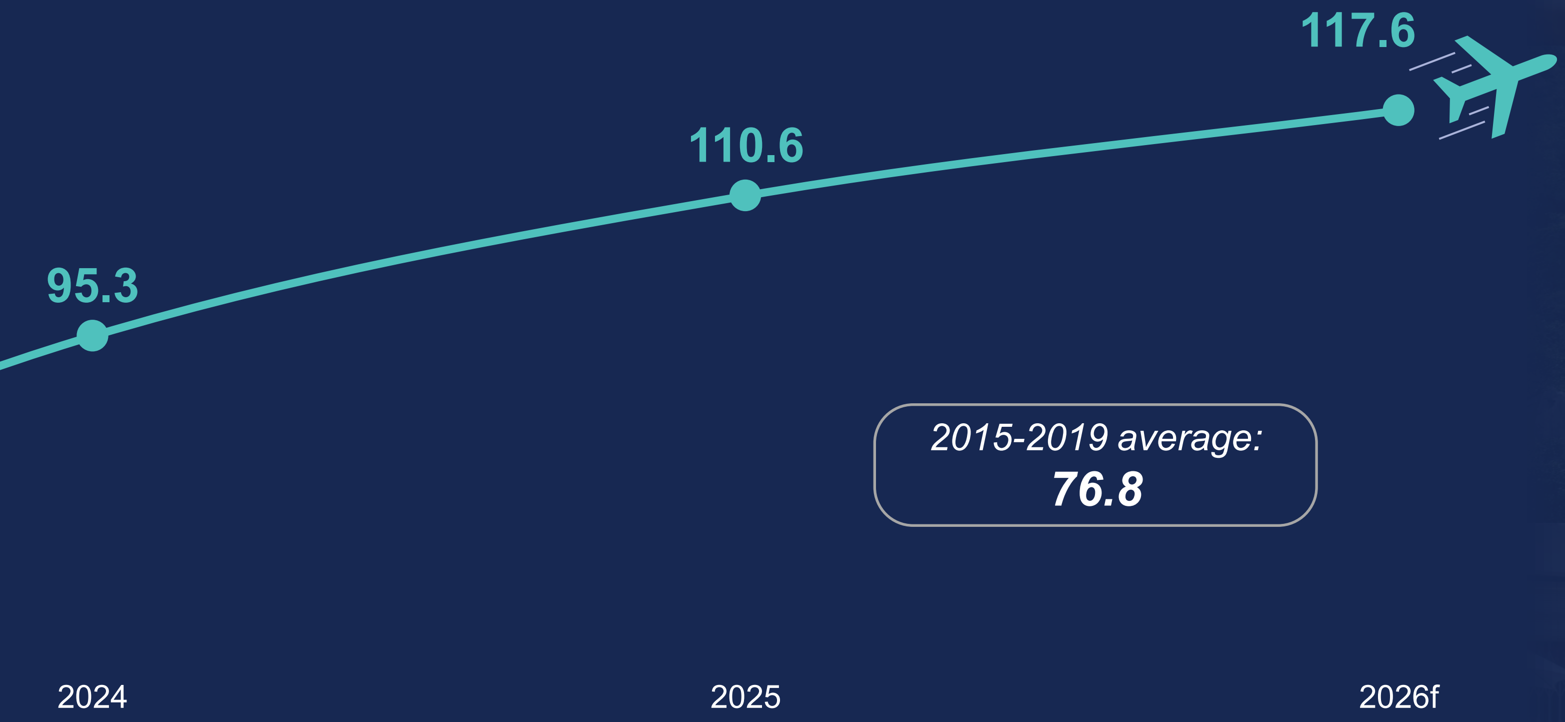
Tourism strength overturned services deficit into surplus

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Steady tourism performance

Travel receipts

RM billion



Source: Department of Statistics, Malaysia and Ministry of Tourism, Arts and Culture

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Malaysia's Headline Inflation

1.5 - 2.5%

2026 forecast

- Absence of excessive demand pressures
- Domestic policies limit pass-through of global costs
- Supportive exchange rate conditions

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Outlook remains subject to uncertainties, notably external ones

Upside Risks

Risks to Growth	Risks to Inflation
Better-than-expected global growth	Elevated global commodity prices
Stronger E&E demand	Higher input cost pressures
More robust tourism growth	

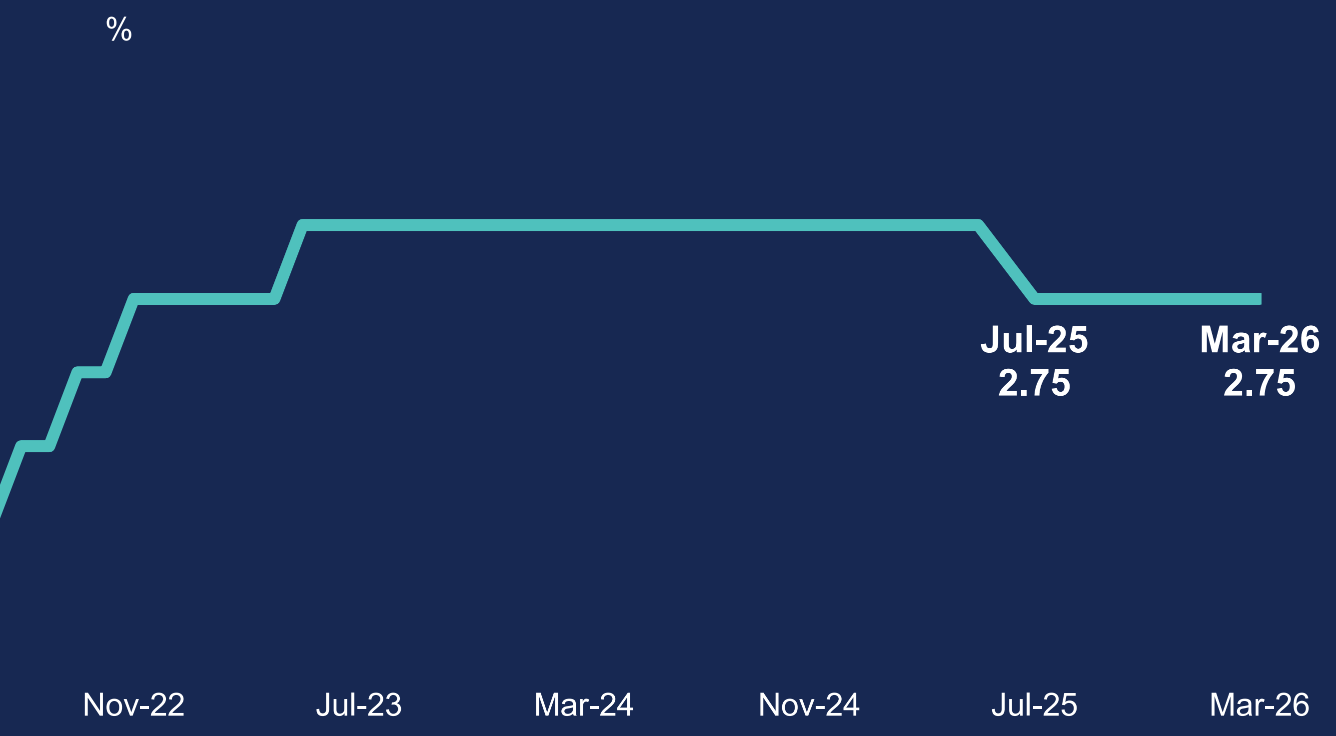
Downside Risks

Risks to Growth	Risks to Inflation
Slower global trade	Weaker global demand weighing on domestic activity
Oil price shocks	Easing imported cost pressures
Lower commodity output	

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

MP focuses on price stability to support sustainable growth

Overnight Policy Rate (OPR)



Source: Bank Negara Malaysia

- Maintain vigilance to emerging risks
- Decisions guided by assessment on the economy

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Malaysia’s financial system supports the economy despite uncertainties

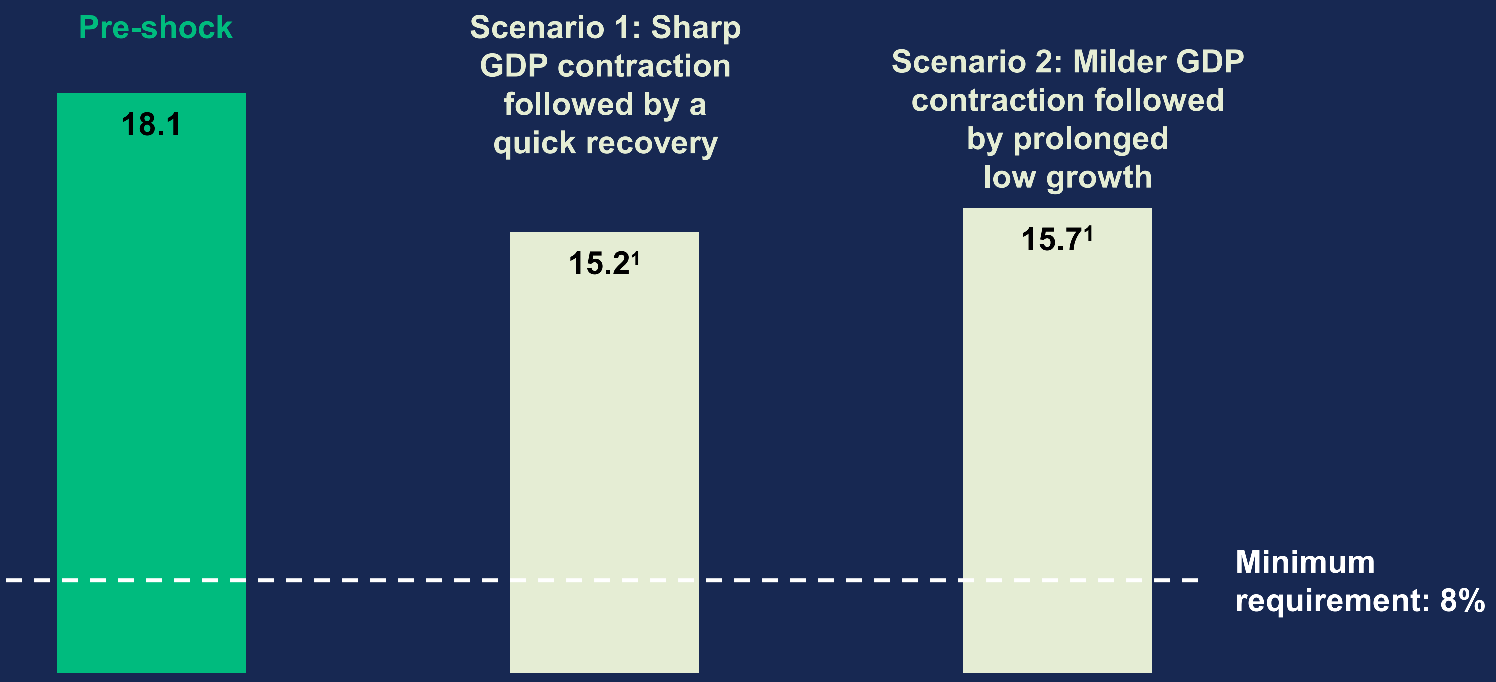
- **Malaysia’s financial system stays resilient in the face of shocks**
- **Malaysia’s financial sector steps up to meet challenges**

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Banking system with healthy buffers

Total Capital Ratio under Macro Stress Test

%



[1]The lowest level of total capital ratio across the 3-year stress test horizon.

Source: Bank Negara Malaysia estimates

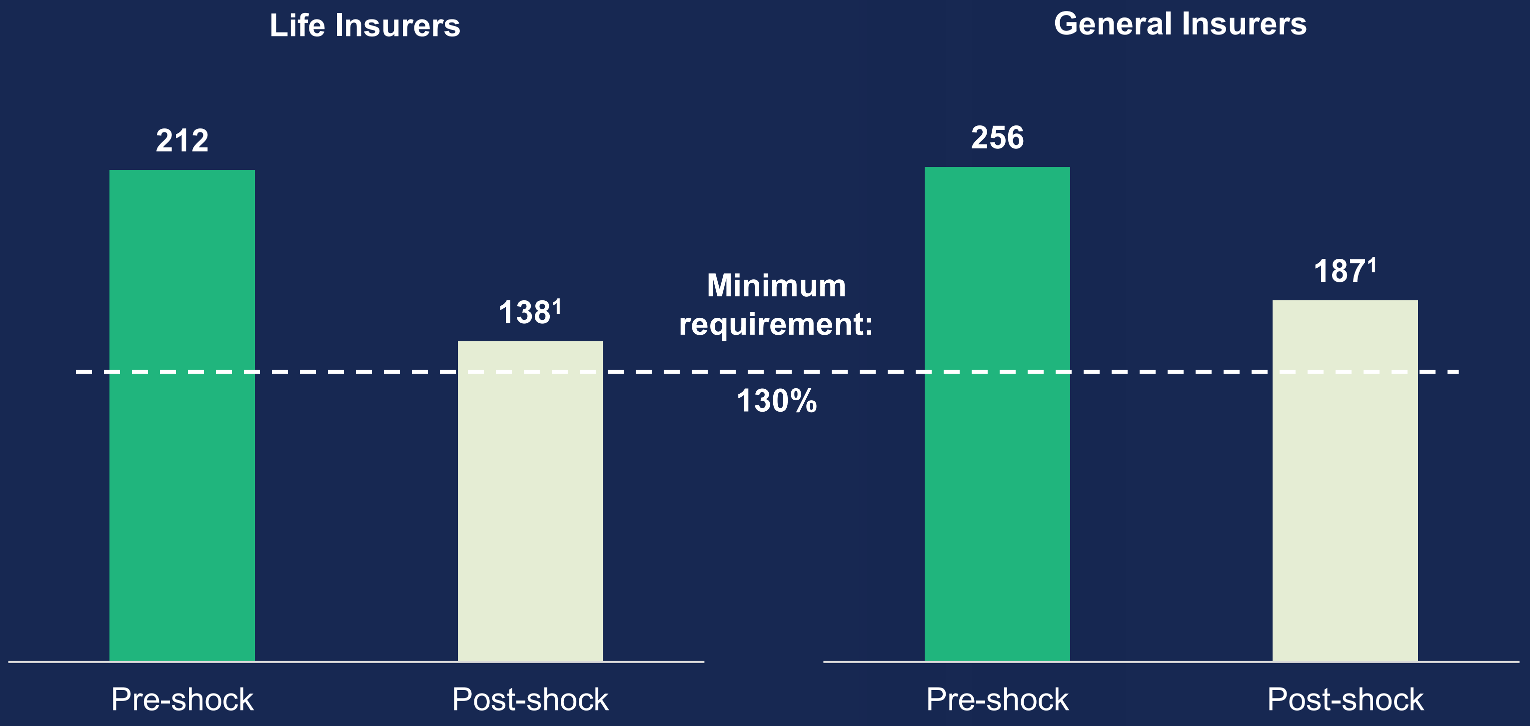
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

SULIT

Insurance sector with strong capital position

Insurance Sector: Capital Adequacy Ratio under Adverse Scenario 1

%



[1]The lowest level of capital adequacy ratio across the 3-year stress test horizon.

Source: Bank Negara Malaysia estimates

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

SULIT

Borrowers with sound repayment capacity

Low share of risky[1] and impaired loans

Businesses

13.4%

% of total businesses loans

Risky: **10.7%**

Impaired: **2.8%**

Households

5.6%

% of total household loans

Risky: **4.5%**

Impaired: **1.0%**

[1]In this context, risky loans refer to loans classified as Stage 2, i.e exposures that have exhibited a significant increase in credit risk, for which banks are required to set aside provisions based on lifetime expected credit losses under Malaysian Financial Reporting Standards 9.

Note: Figures may not necessarily add up due to rounding.

Source: Bank Negara Malaysia

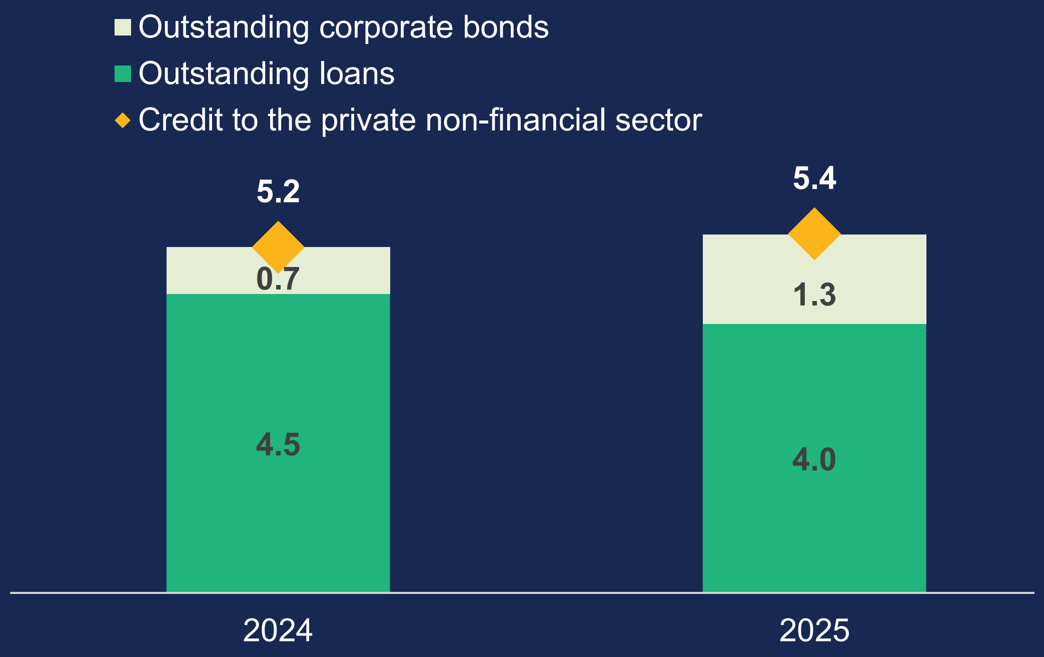
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

SULIT

Continued financing to fuel a resilient economy

Credit to private non-financial sector

Annual change (%)



Note: Figures may not necessarily add up due to rounding.
Source: Bank Negara Malaysia

Financial sector is stepping up to confront challenges, today and the future

- Risk Protection Reforms
- Value-based Finance
- Inclusive Payments
- Financial Integrity

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

SULIT

RESET to tackle structural drivers of healthcare costs

Key Priorities for RESET in 2026

1. Implementation of pilot base MHIT plan
2. Unlocking the market for more affordable access to healthcare
3. More transparent hospital billing practices
4. Digitalising for greater connectivity

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Motor Insurance: Focus now shifts from delivery to adoption

1. Accelerating digitalisation and modernising claims process
2. Advancing market liberalisation and ecosystem development

SULIT

Today's finance for tomorrow's sustainable and inclusive growth

Supporting Businesses

RM187b

New loans/ financing to support MSMEs[1]

Social Finance

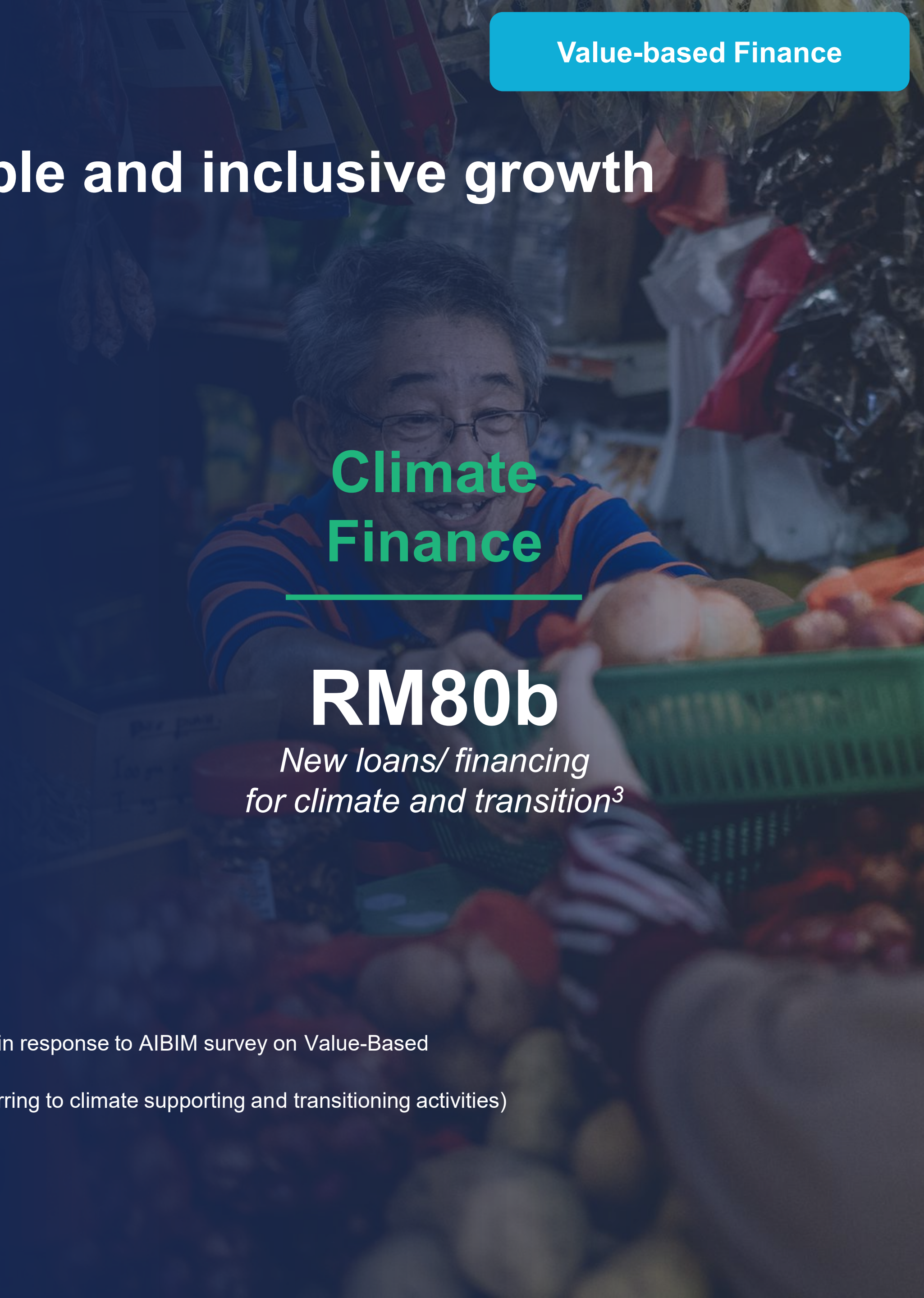
RM229m

Social finance activities undertaken[2]

Climate Finance

RM80b

New loans/ financing for climate and transition[3]



[1] Source: Bank Negara Malaysia (based on 2025 data)

[2] Source: AIBIM's Value-Based Intermediation Report 2024 (based on 2024 data provided by Islamic banks in response to AIBIM survey on Value-Based Intermediation (VBI)-aligned initiatives)

[3] Source: Bank Negara Malaysia (based on 2025 Climate Change and Principle-based Taxonomy data, referring to climate supporting and transitioning activities)

Today's finance for tomorrow's sustainable and inclusive growth

Key initiatives to catalyse innovation

i-CITA

Matching fund to spur risk sharing instruments in economic areas e.g. food security

Greening Halal Businesses

Halal businesses to adopt sustainable practices

iTEKAD

Blended structure for microentrepreneurs

Climate Finance Innovation Lab

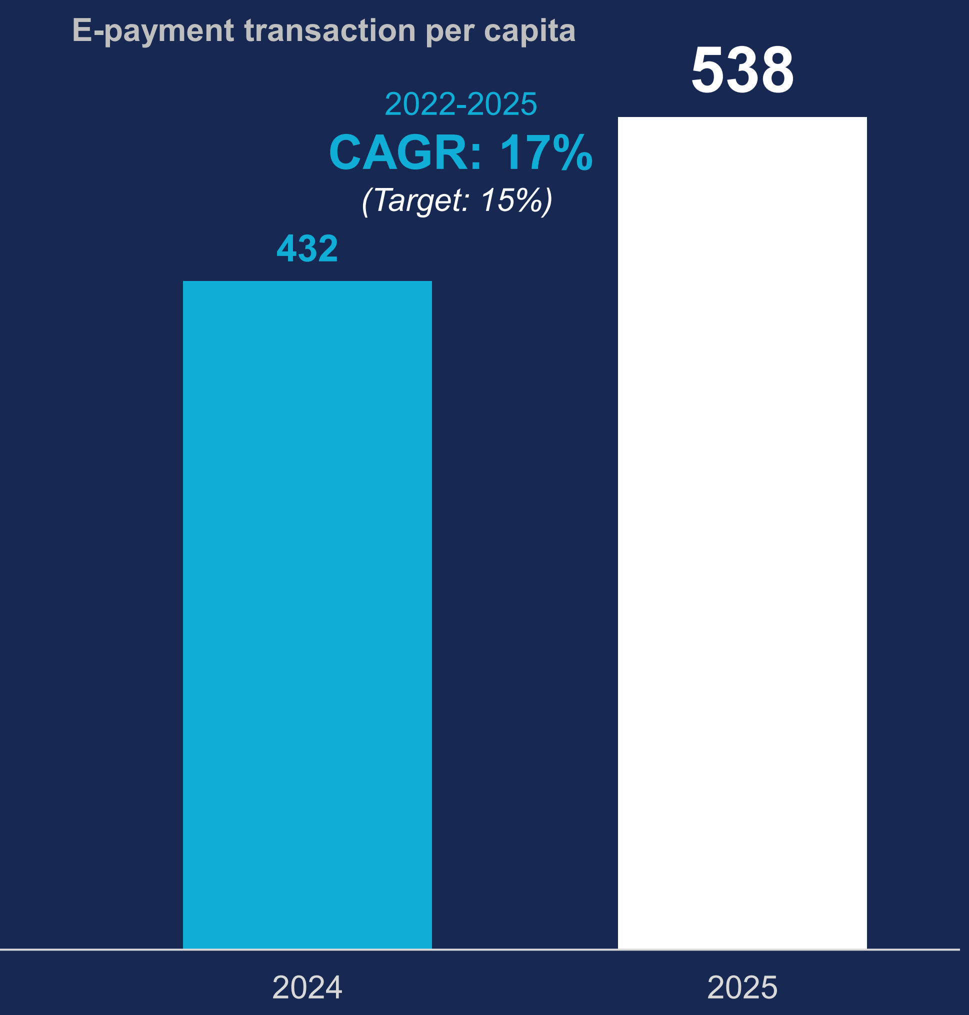
Supporting marginally bankable climate-related projects

BNM's Fund for SMEs:

Relief and Adaptation Facility (RAFt)

Promoting flood preparedness and business resilience among SMEs

E-payment adoption exceeded the 2022-2026 Financial Sector Blueprint's target



Top 5 countries in use of QR codes

1. China
2. **Malaysia**
3. Thailand
4. Argentina
5. Brazil

Source: DataReportal (Digital 2025: Global Overview Report)

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Inclusive Payments

Continued efforts to modernise payment infrastructure

Ongoing initiatives

1. **RENTAS+ Launch**
2. **Full adoption of ISO 20022**
3. **Cross-border connectivity expansion: Project Nexus**
4. **Digital Asset Innovation Hub**
   to test stablecoins and tokenised deposits

Fraud prevention and strengthened safeguards against illicit activities are showing results

Fraud prevention measures

- Advanced fraud detection
- Strengthening of malware defences

Outcome:

RM 1.2 billion

fraud losses averted in 2025

Supported by fraud response and advanced analytics through …

NSRC 997 NATIONAL SCAM RESPONSE CENTRE

NFP

Fraud prevention and strengthened safeguards against illicit activities are showing results

FATF's Mutual Evaluation Upgrade

Enhanced Follow-Up
(2015)

❯

Regular Follow-Up
(2025)

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Next FSBP: A more focused strategy for a more complex future

1. **Catalyse sustainable economic growth**
   Household resilience | Labour mobility | Business dynamism

2. **Strengthen foundations for coming decade**
   Digital ecosystem | Future-ready capabilities | Climate resilience

3. **Provide policy clarity on strategic outcomes**
   Clearer pathways | Responsible innovation | Proportionate safeguards

Structural Reform Priorities

1 | **Building External Resilience**

2 | **Labour Market Reforms**

3 | **Advancing Social Protection**

4 | **Financing New Growth Sectors**

7 analytical box and feature articles across our publications

Economics

Beyond the Headline: Inflation through the Eyes of Households

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

Disentangling Malaysia Value Chains in the Age of Trade Turbulence

Sustaining the Engine: The Evolving Drivers Behind Malaysia's Private Consumption Growth

Financial Sector

Fraud Resolution: Building Trust through Shared Accountability

Bridging the Gap: The Path to Affordable and Accessible Basic Banking Services

The Rise of Islamic Finance in ASEAN: Unlocking its Growth Potential

Visit www.bnm.gov.my/publications/ar2025 for more information

2026: Malaysia

GDP Growth

4.0 - 5.0%

Headline Inflation

1.5 - 2.5%

Amid global uncertainties, Malaysia will navigate the challenges by…

1. **Sustaining domestic demand**
2. **Delivering investments and reforms**
3. **Ensuring a resilient and inclusive financial system**

Additional Information

2026: GDP is expected to grow between 4.0 and 5.0%

Supply GDP:
Expansion in most economic sectors

GDP Growth by Economic Activity (Annual Change, %)	% Share (2025p)	2024	2025p	2026f
Real GDP	100.0[1]	**5.1**	**5.2**	**4.0 - 5.0**
Services	59.6	**5.3**	**5.5**	**5.2**
Manufacturing	23.0	**4.2**	**4.5**	**4.3**
Agriculture	6.1	**3.1**	**2.2**	**-1.0**
Mining & Quarrying	5.7	**0.9**	**0.7**	**-1.2**
Construction	4.3	**17.5**	**12.2**	**9.1**

Demand GDP:
Domestic demand to remain the main driver of growth

GDP Growth by Expenditure Components (Annual Change, %)	%Share (2025p)	2024	2025p	2026f
Real GDP	100.0[1]	**5.1**	**5.2**	**4.0 – 5.0**
Domestic Demand	**96.3**	**6.5**	**6.3**	**5.5**
Private Consumption	60.6	5.1	5.2	5.0
Private Investment	17.2	12.3	9.4	7.5
Public Consumption	13.4	4.7	6.6	4.9
Public Investment	5.1	11.1	10.3	7.3
Net Exports of Goods and Services	**3.3**	**9.2**	**-19.3**	**-26.4**
Exports	66.8	8.3	3.1	2.8
Imports	63.5	8.2	4.6	4.3

1 Figures may not necessarily add up due to rounding and exclusion of stocks
p preliminary, f forecast
Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

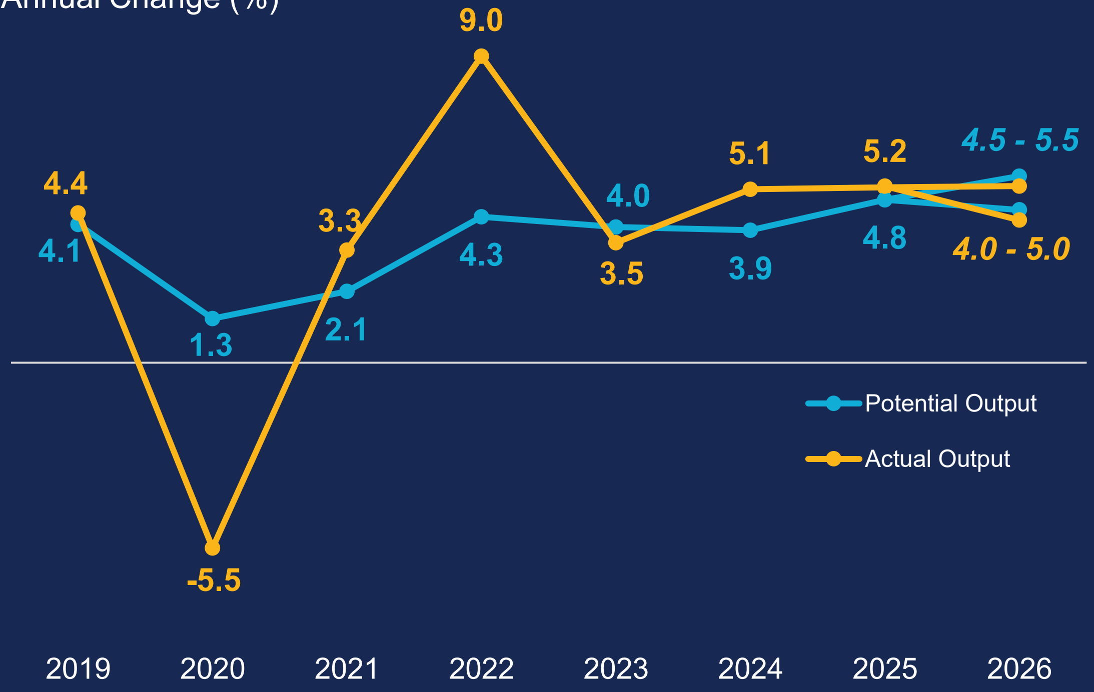
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Output gap is expected to remain positive in 2026

Continued growth in potential output supported by expansion in labour, capital and productivity

Actual Output and Potential Output Growth

Annual Change (%)



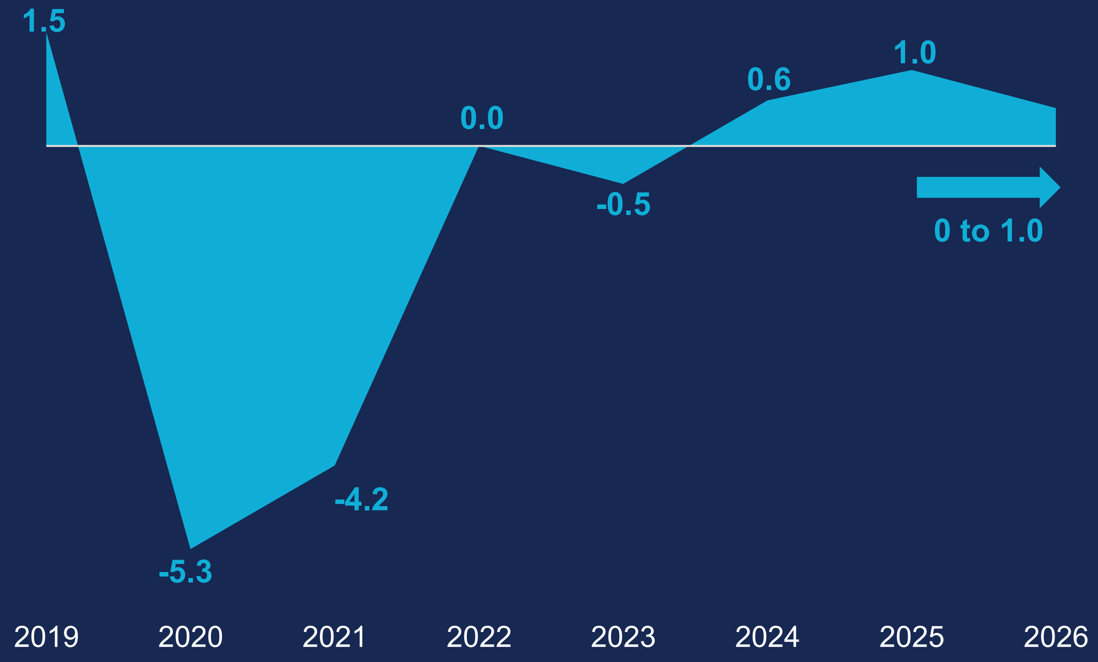
ᵉ estimate, ᶠ forecast

Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

Positive output gap in 2026 as actual output is expected to be higher than potential output

Output Gap

% potential output

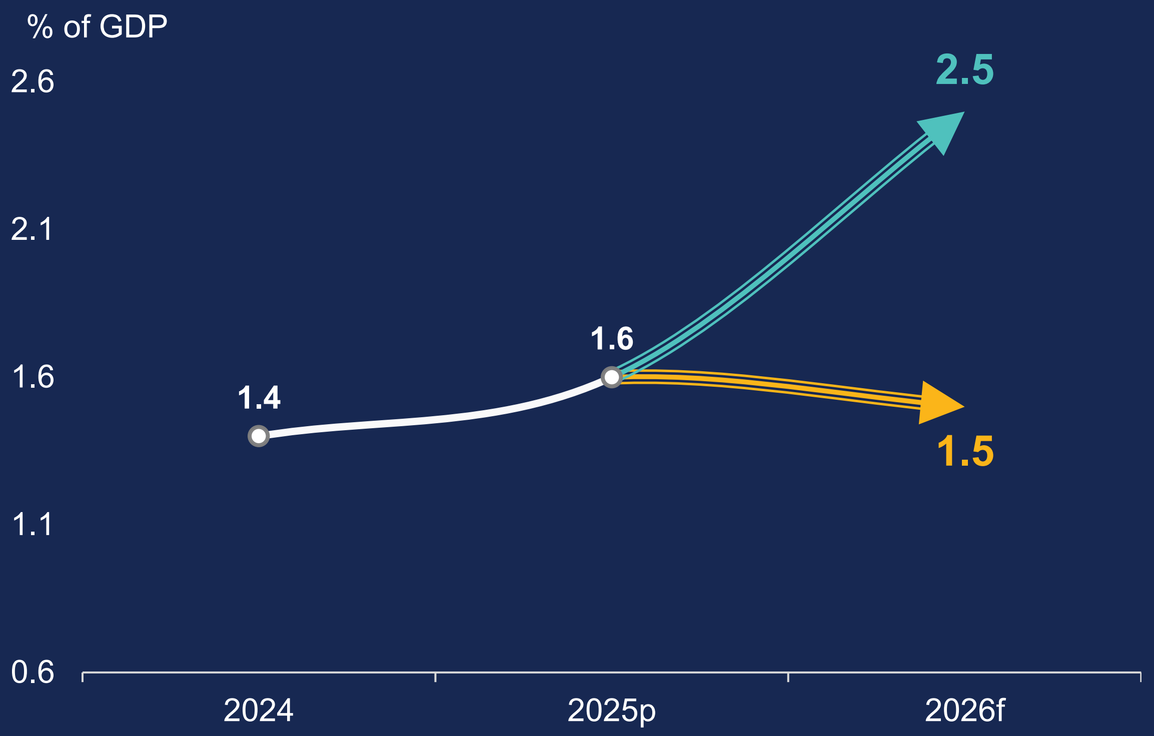


BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Current account surplus to range between 1.5% - 2.5% of GDP in 2026

Support mainly from continued goods surplus and sustained improvements in the services account

Current Account Balance



p preliminary f forecast
Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

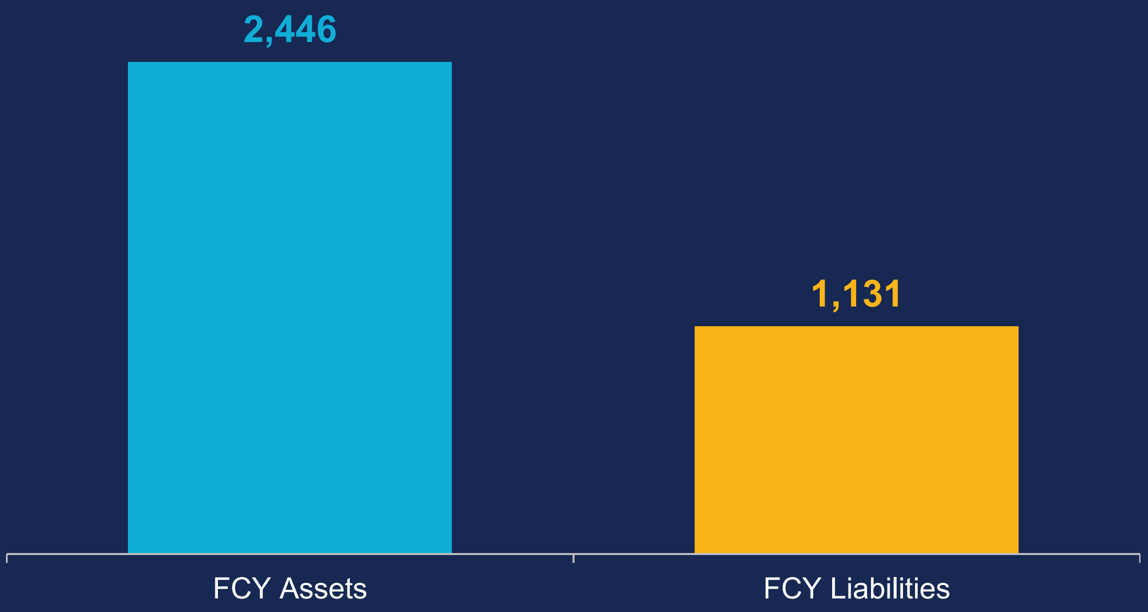
Key factors affecting the current account balance (CAB) in 2026

- ▲ Strong E&E exports
- ▲ Higher nominal commodity export earnings
- ▲ Continued inbound tourism
- ▲ Data centre rollout
- ▼ Continued imports demand
- ▼ Uncertainties from tariffs and geopolitical conflicts
- ▼ Subdued other non-E&E exports
- ▼ Continued income payments

Adequate buffers to weather external shocks

FCY-Denominated External Assets & Liabilities(End-2025)

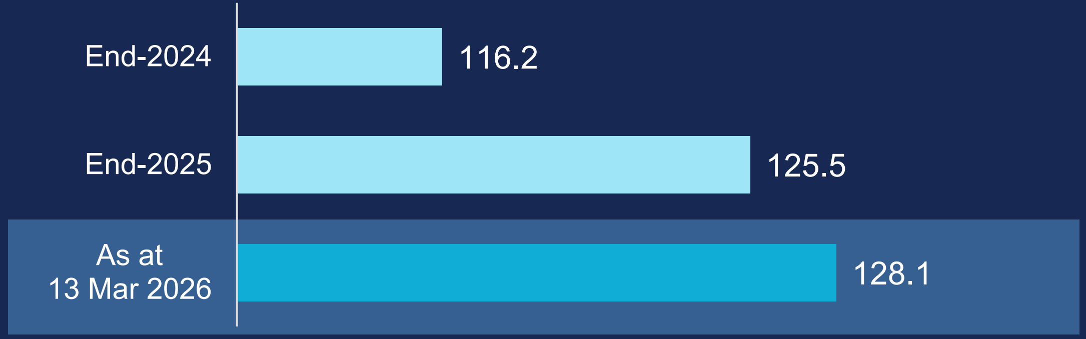
RM billion



Source: Department of Statistics, Malaysia and Bank Negara Malaysia

Gross International Reserves

USD billion



Factors supporting reserves adequacy

1. **Sizeable external assets**
2. **Favourable external debt profile**
3. **Imports are for productive purposes**

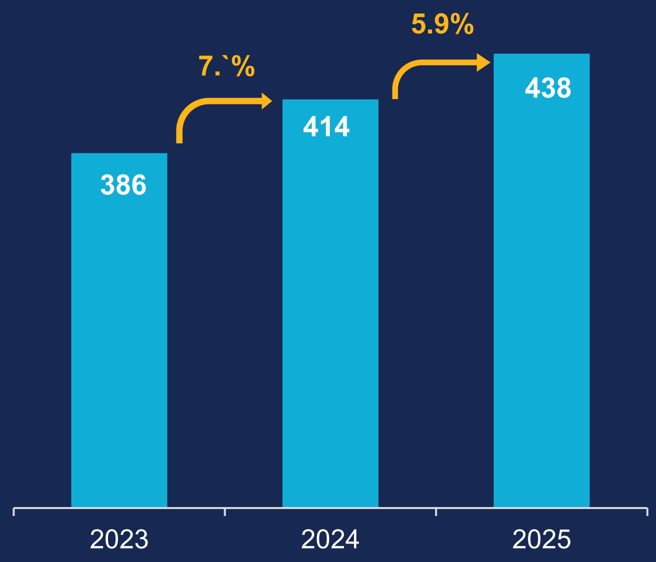
BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Banks and DFIs continued to support SMEs

Continued growth of SME financing outstanding

SME Financing: Outstanding

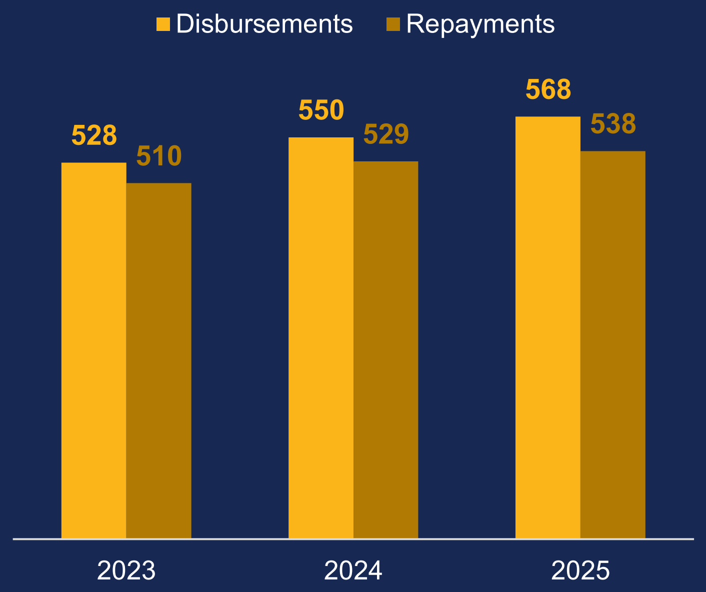
RM billion, Annual Change (%)



Sustained disbursements and repayments

SME Financing: Disbursements & Repayments

RM billion



Stable approvals reflect ongoing SME access to financing

78.3% *(2024: 81.0%)* **SME Approval Rates**

SME Approval Amount by Sector

RM186.7 billion
(2024: RM193.4 billion)

Services
120.8
(2024: 126.0)

Construction
37.2
(2024: 36.5)

Manufacturing
23.3
(2024: 24.7)

Agriculture
3.8
(2024: 4.0)

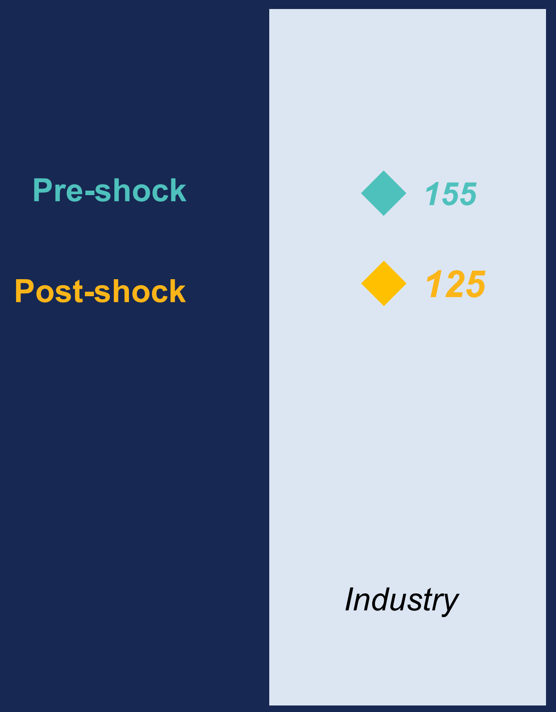
Mining & Quarrying
1.0
(2024: 1.6)

Note: Reflects loan/financing from the banking system and development financial institutions (DFIs)
Source: Bank Negara Malaysia

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Most banks have sufficient high-quality liquid assets (HQLA) to withstand the simulated stress outflows

Stress Test:
Projected liquidity coverage ratio post-liquidity shock



Key parameters

1. High quality liquid assets devaluation
2. Deposit outflows by residents & non-residents
3. Mark-to-market derivatives losses
4. Additional deposit outflows based on global distressed banks' experience[1]

1/ Stressed outflows applied on the deposits of each bank are assumed to be at least 16% based on benchmarking of recent global distressed banks' experience.

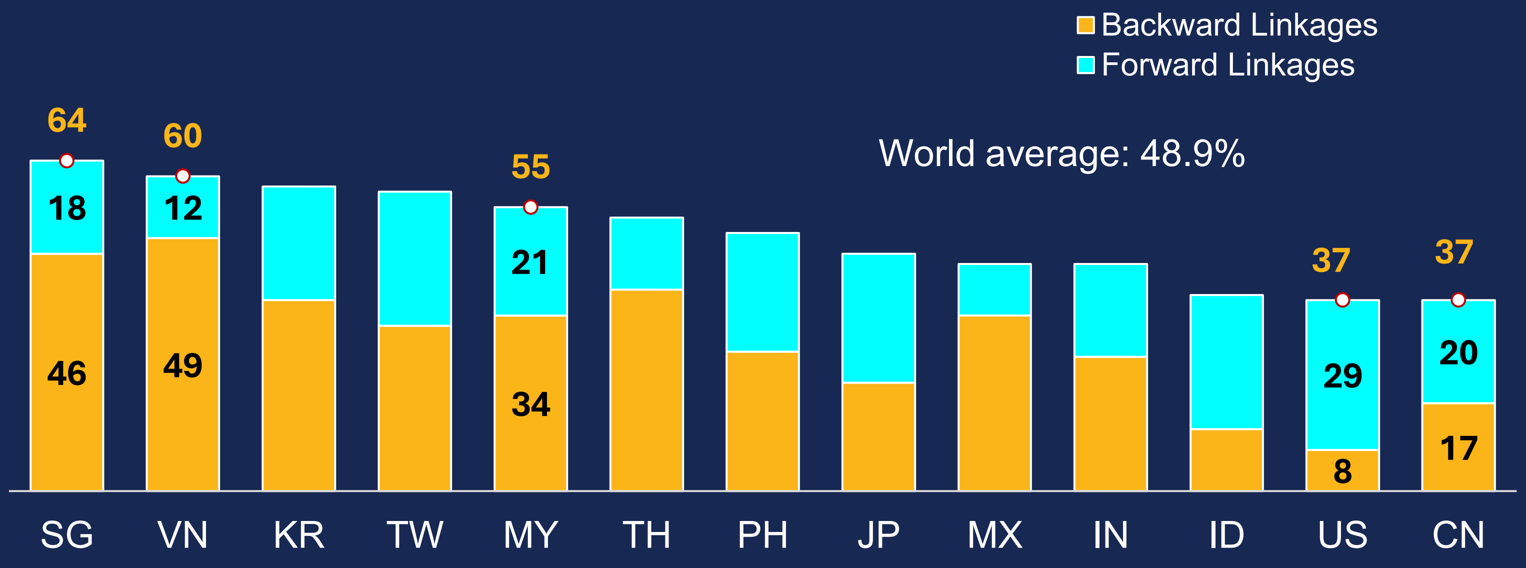
Source: Bank Negara Malaysia

Malaysia's edge in a fragmented world lies in becoming an "indispensable middle"

Malaysia's global value chain participation is above average

Forward and Backward GVC Linkages by Country

Share of gross exports in 2022 (%)



1 **Drive structural reforms**

2 **Deepen collaboration within ASEAN**

3 **Diversify trading partners**

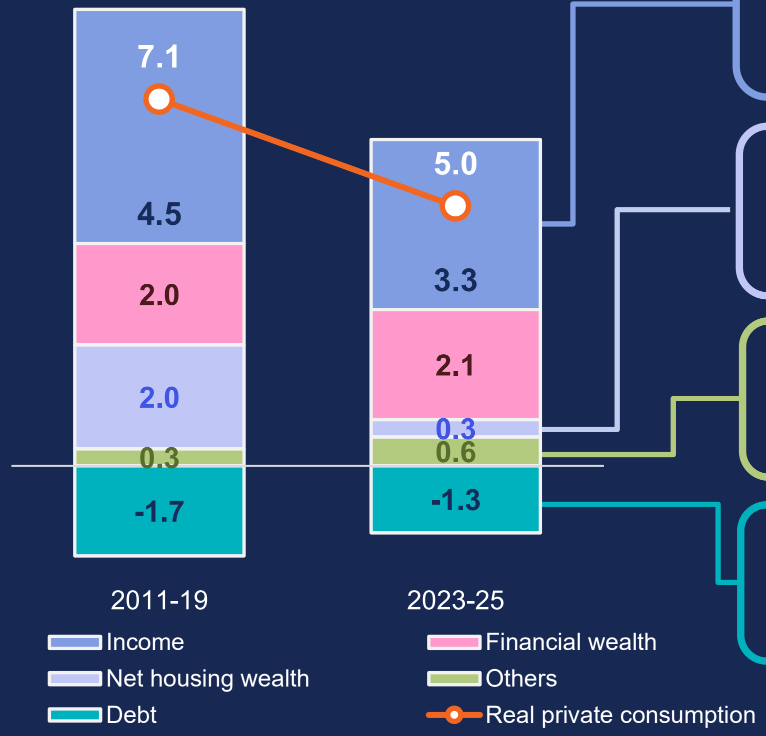
Source: OECD Trade in Value Added database 2025 edition and Bank Negara Malaysia estimates

Higher income and stable inflation are key to support private consumption

Household spending growth slowed amid softer expansion in income and wealth, shifts in employment trends and high household debt..

Drivers of PC Growth

ppt contribution



Source: Bank Negara Malaysia estimates

Diminishing sociodemographic dividends and structural labour market issues weighed on wage growth

Slower housing wealth gains amid milder growth in house prices

Greater role of gig economy and government cash transfers in supporting consumption

Elevated household debt levels

..which necessitates policies to sustain household spending

Policy Imperatives to Support PC Sustainability

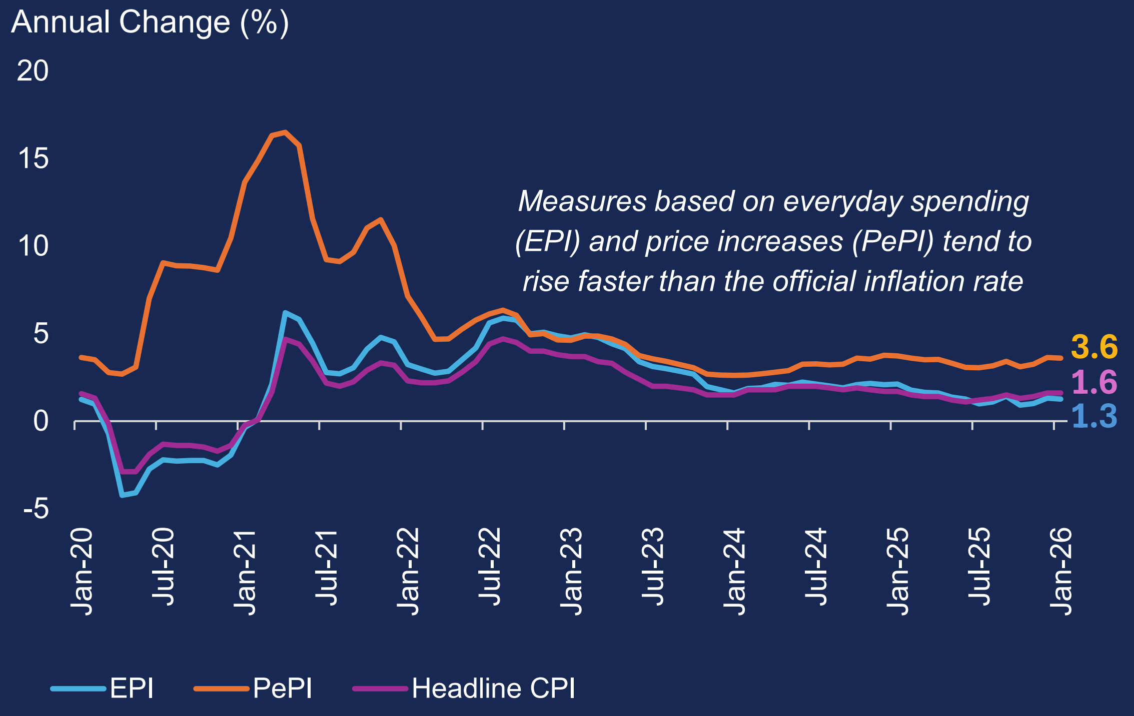
1. **Raise Income**
   - *Create high-paying jobs*
   - *Strengthen wage institutions*
2. **Maintain Low & Stable Inflation**
   - *Time-bound & targeted food subsidies*
   - *Policies to boost supply*
3. **Harness the Second Demographic Dividend**
   - *Enhance social support systems*
   - *Increase investment in productive sectors*

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Why Inflation Feels Higher Than the Official Rate

Perceptions are shaped by everyday spending, noticeable price increases, and slower income growth

Official Inflation vs Perceived Price Increases



Note: The Everyday Price Index (EPI) gives more weight to frequently purchased items in the Consumer Price Index (CPI) basket. The Perceived Price Index (PePI) is based on the same basket as EPI, but includes only items with price increases, while excluding those with price declines.

Source: Department of Statistics, Malaysia and Bank Negara Malaysia estimates

1 Everyday items matter more

Prices we see often, like food and transport, shape how inflation feels

2 Price increases are more noticeable

People remember price increases more than price declines

3 Prices have risen faster than incomes

When income growth lags behind prices, the cost of living feels higher

From 2019-2024, consumer prices outpaced wages

Source: Department of Statistics, Malaysia

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

SULIT

Achieved meaningful outcomes in advancing sustainable finance, strengthening payment connectivity, and enhancing regional financial safety net

ASEAN

- **Financing the ASEAN Power Grid (APG)**
- **Published ASEAN Greening Value Chain (GVC) Playbook**
- **Enhance Regional Payment Connectivity**

ASEAN+3

- **Enhancing the Chiang Mai Initiative Multilateralisation (CMIM)**
- **Strengthening Crisis Preparedness**

ASEAN MALAYSIA 2025 INCLUSIVITY AND SUSTAINABILITY

Source: Bank Negara Malaysia

Banks are demonstrating greater accountability and transparency in fraud investigations

Victims receiving full or partial compensation have increased since implementation

▲26%

… reflecting enhanced practices, but room for improvement remains

Observations

1 **Greater accountability by banks in investigations**
- *Banks assessing their own controls first and fully absorbing losses where weaknesses are identified*

2 **Greater transparency on customer rights**
- *Clearer communication and improved consistency in meeting the 14-day investigation timeline*

3 **Faster system fixes**
- *Compensation decisions incentivise prompt remediation of identified control gaps.*

Where the bar needed to be raised?

1 **Navigating shared accountability amid evolving fraud risks**

Industry to ensure greater consistency in how shared accountability is implemented

2 **Visibility on alternative dispute resolution channels**

Enhance awareness of victims' rights and available avenues for redress if they are dissatisfied with outcome of investigation

Ensuring affordable and inclusive access to Basic Banking Services (BBS) amid innovation in financial services

1

Targeted eligibility of BBS to accelerate financial inclusion

- Offer BBS accounts to eligible consumers, e.g. senior citizens, students, persons with disabilities
- Microenterprises to also be offered with Basic Savings Accounts (BSA)

2

Empower unserved segments with affordable banking solutions

- Lower minimum initial deposit for Basic Current Account (BCA)
- No service fee for BSA, capped RM10 (half-yearly) fee for BCA
- No annual fee for debit cards

3

Balance digital innovation and needs of the unserved and underserved

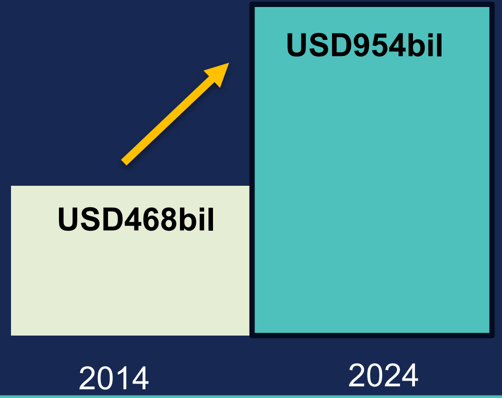
- Free access to online banking services, whilst providing free over-the-counter (OTC) transactions
- Free debit cards to enable cash withdrawals and to conduct retail payments

Advancing Islamic Finance in ASEAN for a more dynamic regional financial system

Islamic finance as a catalyst for inclusive and sustainable growth in ASEAN

1. **Funding for infrastructure development (roads, healthcare facilities, green projects)**
2. **Financial inclusion for underserved groups**
3. **Inclusive wealth distribution through social finance, supporting vulnerable communities**

Islamic financial assets in ASEAN have more than doubled ….



Realising potential of Islamic finance requires industry players to actively tap on regional opportunities

Inclusive growth

Expand Shariah-compliant solutions for MSMEs, underserved communities and climate-vulnerable sectors

Catalysing regional halal value chain

Boost halal businesses through halal trade and investment facilitation, supply chain integration and risk protection solutions

Digitalising Islamic financial services

Stronger digital ecosystem through fintech collaboration and embedded finance to widen outreach

Source: London Stock Exchange Group

BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA