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ASEAN AI Governance Roundtable #2: Kuala Lumpur, Malaysia

Malaysia's Advancing AI Governance: Driving Contextual AI Innovation Amid Trade-offs and Opportunities

How is Malaysia approaching the challenges and opportunities presented by Artificial Intelligence (AI)? How can Malaysia address misuse while avoiding missed uses of AI? What is the right balance between centralisation and decentralisation in AI governance? How can global standards be harmonised with local contextualisation to suit Malaysia's needs?

This is the second in a series of regional [roundtables](#) convened by AI Singapore for representatives from industry, government, and academia to discuss responsible AI within ASEAN. Such discussions are typically too narrow and too broad. Too narrow in that a few voices dominate the discussion—notably those in the United States and Europe, with China sometimes included. Too broad in that discussion is often limited to generalities and principles. This project aims to address both aspects of this problem, involving a wider set of stakeholders—in particular those from Southeast Asia—in more focused discussions of specific challenges in the application of Responsible AI to particular questions.

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Executive Summary

On 22 November 2024, the Kuala Lumpur Regional Roundtable on AI Governance convened representatives from government, academia, civil society, and industry to understand the current state of AI governance in the country while also exploring pathways for the future of AI governance in Malaysia. Centred on the theme of **AI Governance in Malaysia and the Question of Developing AI to Suit Local Contexts**, the discussions highlighted the importance of tailoring AI strategies to Malaysia's unique cultural, societal, and economic realities. By focusing on these dimensions, the roundtable sought to ensure that AI solutions address national challenges and unlock meaningful opportunities for progress.

Jointly organised by AI Singapore with Malaysia's Ministry of Digital and the Malaysia Centre for the Fourth Industrial Revolution hosted by MyDIGITAL Corporation, this roundtable

formed part of a broader regional series of roundtables aimed at addressing region-specific challenges and opportunities in AI governance across Southeast Asia and beyond. The event provided a platform for participants to engage in discussions on how Malaysia can navigate global trends in AI while encouraging innovation that aligns with national priorities.

Global discussions on AI governance frequently contend with two limitations: the dominance of major economies and a tendency to remain abstract, focusing on principles rather than actionable strategies. The Kuala Lumpur roundtable aimed to bridge existing gaps by anchoring discussions in Malaysia's cultural, societal, and economic realities while drawing inspiration from global best practices. Over two interactive sessions, participants explored Malaysia's progress in AI governance, the complexities of adapting frameworks to local needs, and the potential for deeper regional collaboration. The discussions, conducted under the Chatham House Rule, fostered an open environment for participants to exchange ideas freely and candidly.

Five core themes emerged from the discussions, encapsulating Malaysia's current AI governance landscape and aspirations for the future:

1. AI Governance in Malaysia – A Living Framework Guided by Principles

Malaysia's AI governance approach is principles-driven, emphasising fairness, accountability, inclusivity, and adaptability, with the important consideration being that Malaysia's AI Ethics and Governance Guidelines are not currently implemented as a hard law. The roundtable underscored the importance of a living framework that evolves with technological and societal changes. Key insights included the need to operationalise abstract high-level principles into actionable, sector-specific guidelines, align global standards with local values, and engender trust through broad stakeholder engagement. Iterative feedback loops were identified as essential for refining governance strategies in response to emerging challenges and real-world applications.

2. Navigating Centralisation and Decentralisation – A Productive Tension for Effective AI Governance

Malaysia's governance strategy aims to balance centralised oversight with decentralised contextualised implementation, seeking coherence across sectors while addressing specific local needs. Establishing the National AI Office, tasked with policy coordination, resource allocation, and capacity building, was highlighted as a cornerstone of centralised governance. Simultaneously, localised adaptations were recognised as critical for fostering innovation and ensuring relevance in diverse sectors such as healthcare, education, and agriculture. Inclusive decentralisation was identified as a key enabler of collaboration and trust.

3. Advancing Malaysia's Data and Sovereign AI Infrastructure

Achieving Sovereign AI infrastructure requires a robust data ecosystem and scalable computational resources. Participants emphasised the importance of data sovereignty, high-quality datasets, and a comprehensive computing strategy akin to stockpiling critical resources. Collaboration between the public and private sectors was deemed vital for unlocking high-value datasets and overcoming data silos. Malaysia's efforts to curate culturally reflective and inclusive datasets were

highlighted as essential for developing AI systems that align with the nation's societal needs.

4. **Recognising the Dual Mandate of AI Governance – Addressing Misuse While Avoiding Missed Use**

Effective AI governance must balance mitigating risks of misuse with fostering innovation to avoid missed opportunities. Establishing sector-specific frameworks was highlighted as a pathway for addressing unique challenges across healthcare, finance, and education domains. Participants stressed the need for risk-based regulatory frameworks, real-world pilot projects, and grassroots initiatives to enable inclusive innovation while maintaining accountability and ethical standards.

Centralised AI Governance can also provide a holistic perspective across sectors, allowing effective solutions and best practices to be shared and adapted across various domains. This centralised coordination facilitates the replication of successful interventions, allowing lessons learned in sectors like healthcare or finance to inform governance strategies in other areas. By transferring solutions across domains, governance enhances coherence, promotes innovation, and ensures that AI frameworks are robust and adaptable to diverse challenges.

5. **The ASEAN Potential – Malaysia's Regional Role in AI Governance**

Malaysia's leadership potential in AI Governance within ASEAN was a central theme, particularly in light of the upcoming ASEAN Chairmanship. Discussions emphasised regional collaboration's importance in addressing shared challenges such as cross-border data governance and ethical AI practices. By integrating global standards with local realities and advancing capacity-building across member states, Malaysia can enhance ASEAN's collective voice in global AI governance while endeavouring to ensure equitable development across the region.

Pathways Forward

Throughout the discussions, participants proposed several actionable recommendations:

1. **Continue Strengthening the National AI Office to Enable Coordinated and Decentralised Governance**
 - **Facilitate Inter-Agency Collaboration:** Expand the National AI Office's role as a hub for integrating sector-specific insights into cohesive strategies to balance centralisation and decentralisation.
 - **Enable Localised Governance:** Empower local stakeholders to tailor AI governance to sector-specific needs while aligning with national principles.
 - **Build Trust Through Inclusive Engagement:** Cultivate trust through regular engagement with government, industry, academia, and civil society to create collective ownership of governance measures.
 - **Leverage Real-World Use Cases for Governance Insights:** Utilise pilot projects and real-world applications to refine governance strategies based on practical insights and emerging risks.
2. **Facilitate Transformative National Initiatives**

- **Launch National AI Flagship Projects:** Prioritise high-impact initiatives, such as Education GPT, to address societal challenges and demonstrate AI's potential while piloting governance frameworks.
- **Implement a Compute Strategy for Sovereign AI:** Treat compute infrastructure as critical, ensuring accessibility and transparency to bolster AI competitiveness and independence.
- **Incentivise Talent Development:** Build a robust pipeline of AI professionals through public-private partnerships and inclusive training programs to ensure no group is left behind.

3. Advance Malaysia-Centric Data Ecosystems and Sovereign AI Infrastructure

- **Accelerate High-Quality Dataset Creation:** Unlock and enrich localised datasets while ensuring secure data handling to build stakeholder trust.
- **Develop Multilingual and Multicultural Benchmarks that cater to Malaysia's Diversity:** Partner with academia and industry to create benchmarks reflecting Malaysia's linguistic and cultural diversity.
- **Drive Incentive Mechanisms for Data Sharing:** Establish frameworks such as royalty models or shared ownership agreements to encourage transparent and collaborative data sharing.
- **Strengthen Data Governance Policies:** Develop robust, adaptive policies addressing data silos and aligning with fairness, accountability, and inclusivity principles.

4. Navigate AI Frontiers While Guarding Against Misuse

- **Design Sector-Specific Regulations for High-Risk AI Applications:** Develop flexible regulations tailored to sector-specific risks in domains like healthcare and finance.
- **Foster Emergent Governance Through Real-World Pilots:** Utilize practical use cases and sandbox environments to adapt governance frameworks dynamically.
- **Reduce Knowledge Gaps Between Stakeholders:** Establish clear communication channels to inform policymakers and provide education programs for end-users on AI opportunities and risks.
- **Scale Good Practices and Solutions for Misuses Through Central Coordination:** Leverage the National AI Office as a hub to document, share, and adapt successful solutions across sectors.

Conclusion

The roundtable discussions envisioned a future where Malaysia's AI ecosystem thrives on inclusivity, innovation, and cultural relevance. Central to this vision is aligning governance frameworks with societal values and the contextualised implementation of AI to meet local needs. Participants highlighted the importance of cultivating trust, supporting education initiatives, and enabling informed decision-making to ensure AI's benefits are both equitable and sustainable.

By strengthening the National AI Office as a central coordinator, launching transformative flagship projects, advancing localised data ecosystems, and addressing sector-specific risks through adaptive governance, Malaysia is taking meaningful steps toward a robust AI ecosystem. These efforts, coupled with encouraging targeted stakeholder engagement and

leveraging the ASEAN Chairmanship, position Malaysia to champion ethical and effective AI governance across the region.

The Kuala Lumpur Regional Roundtable on AI Governance reaffirmed Malaysia's commitment to driving contextual AI innovation while navigating trade-offs and opportunities. By addressing misuse, avoiding missed opportunities, and enabling collaboration, Malaysia can contribute to a regional AI governance framework that not only addresses national challenges but also strengthens ASEAN's collective voice on the global stage. With an inclusive and strategic approach, Malaysia is well-positioned to play a key role in the region toward a future where AI serves as a catalyst for equitable and sustainable development.

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The Kuala Lumpur Regional Roundtable on AI Governance



Context and Significance

The Kuala Lumpur Regional Roundtable on AI Governance, convened on 22 November 2024, was jointly organised by AI Singapore with Malaysia's Ministry of Digital and the Malaysia Centre for the Fourth Industrial Revolution hosted by MyDIGITAL Corporation. This event is part of a broader series of roundtables exploring region-specific challenges and opportunities in AI governance across Southeast Asia.

Global discussions on AI governance often face two limitations: they are either narrowly dominated by perspectives from major economies or remain overly abstract, focusing on broad principles rather than actionable strategies. This roundtable sought to address these gaps by fostering a dialogue grounded in Malaysia's unique cultural, societal, and economic contexts while drawing lessons from international frameworks and practices.

Objectives and Participants

The roundtable aimed to provide a platform for discussing Malaysia's approach to AI governance as well as efforts to develop AI solutions tailored to local needs. Specifically, the discussions were designed to:

1. Examine the current state of AI governance in Malaysia, highlighting its key features and areas of focus.
2. Explore opportunities and challenges in contextualising AI governance frameworks to suit Malaysia's unique environment.

Participants included approximately 30-40 representatives from government, industry, academia, and civil society, offering a diverse array of perspectives. Notable contributors included representatives from the Malaysian Ministry of Digital, AI Singapore, and local stakeholders such as members of academia, representatives from prominent tech companies, and start-ups actively shaping AI governance in Malaysia.

Format and Guiding Questions

The roundtable was structured into two interactive sessions designed to encourage insightful discussions and actionable outcomes:

- **Session One: Progress and Priorities in AI Governance** This session reviewed Malaysia's journey in AI governance, emphasising achievements, addressing systemic challenges, and setting priorities to strengthen governance frameworks. Key questions included:
 - What are the key characteristics that describe the current landscape of AI governance in Malaysia?
 - How have regulations, along with international, government, or industry-issued guidelines, influenced AI governance in Malaysia, especially regarding their roles and practical application?
 - What challenges are stakeholders facing in implementing AI governance measures, as well as ensuring progress at an appropriate pace?
 - What key domains or aspects should Malaysia focus on to strengthen AI governance for the future?
 - What global trends or risks in AI could pose significant challenges to local stakeholders in the near future?
- **Session Two: Contextualising AI for Malaysia** This session explored the development of tailored AI systems, balancing global AI integration with localised innovation while addressing risks and opportunities. Key questions included:
 - How can Malaysia ensure that AI systems comply with existing laws and adapt to evolving legal requirements?
 - How should Malaysia define and enforce appropriate limits for generative AI to align with social, cultural, and political values?
 - How can AI governance measures be tailored and implemented within organisations using both technical and non-technical approaches to fit Malaysia's contextual needs?
 - When considering approaches for AI development, how could Malaysia balance adopting solutions from external sources with implementing home-grown or sovereign AI models?

To encourage open and meaningful exchanges, all discussions were conducted under the Chatham House Rule.

This roundtable offered AI Singapore a chance to deepen its understanding of regional approaches to AI governance and collaborate with stakeholders on shared challenges and opportunities in Southeast Asia. The discussions focused on:

- Enhancing understanding of the landscape of AI governance in Malaysia, focusing on the experience of developing localised AI and its governance, including practical challenges and opportunities.
- Learning from Malaysia's best practices to inform policy and operational frameworks for AI governance across the region.
- Strengthening partnerships between key stakeholders across government, industry, and academia to support AI governance initiatives.

While the discussions primarily reflected Malaysia's national priorities, they also underscored the broader significance of regional collaboration in addressing shared challenges, such as cross-border data governance and ethical AI practices. These insights offer a valuable contribution to Malaysia's journey towards advancing an AI ecosystem that is inclusive, contextualised, and aligned with national values.

Discussion Themes: Driving Contextual AI Amid Trade-offs and Opportunities

The discussions at the Kuala Lumpur Roundtable on AI Governance revolved around five key themes that capture the diverse challenges, insights, and opportunities explored by participants. These themes reflect the current state of AI governance in Malaysia as well as future aspirations, balancing local priorities with regional and global considerations.

Each theme highlights critical insights stakeholders share, focusing on actionable strategies and pathways for advancing AI governance. The following sections delve into these themes, providing a comprehensive overview of the discussions and the perspectives shared during the roundtable.

Theme 1: AI Governance in Malaysia – A Living Framework Guided by Principles

Malaysia's approach to AI governance demonstrates a commitment to adaptability and inclusivity. Recognising the rapid evolution of AI technologies and the nation's unique cultural context, Malaysia has adopted a principles-driven governance model. This approach is grounded in principles such as fairness, accountability, inclusiveness, and the pursuit of human benefit and happiness, among others.

Participants at the roundtable underscored the importance of a living framework—one that evolves with changing technological, societal, and regulatory landscapes. [Malaysia's National AI Ethics and Governance Guidelines](#) provide a foundation for this adaptability, integrating global frameworks from organisations such as UNESCO and the OECD while embedding local cultural and societal values. It is also important to note that Malaysia's AI Ethics and Governance Guidelines are not currently enforced as hard law.

Key Insights

1. AI Governance as a Living Framework for Evolving Needs

Malaysia's AI governance framework prioritises adaptability, ensuring continued relevance amidst rapid technological advancements. Participants emphasised the value of iterative updates based on ongoing consultation with stakeholders, as well as insights gained from implementing AI governance measures on the ground and learning from real-world applications as challenges and opportunities emerge.

2. Global Standards, Local Values - Principles in Practice

Principles encapsulated in the National AI Ethics and Governance Guidelines mentioned above form the ethical foundation of Malaysia's governance framework, establishing a cohesive principles-driven approach. The roundtable discussions highlighted the importance of building on these ideals by translating them into actionable, sector-specific guidelines. This ensures stakeholders can implement the framework consistently across diverse sectors, maintaining alignment and coherence with the overarching governance model and its ethical foundations.

In addition, Malaysia's governance model draws insights from international frameworks, such as those from UNESCO and OECD, to ensure credibility and consistency with global best practices. Participants highlighted that these standards are not adopted wholesale

but are adapted to align with Malaysia's unique cultural, societal, and economic context. This dual approach enhances the model's relevance and applicability both locally and globally, reflecting Malaysia's commitment to balancing global relevance with local resonance.

A critical priority identified during the discussions was translating overarching principles into clear, actionable guidelines. By drilling into context-specific concerns, especially at the sectoral level, Malaysia can empower stakeholders to implement governance measures tailored to their unique realities effectively.

3. Building Trust Through Inclusivity

Participants emphasised the need for broad-based stakeholder engagement, including input from civil society, academia, industry, and government agencies. The Malaysian approach to AI governance *intentionally* involves diverse voices to ensure representation and inclusivity.

4. Harnessing Ground-Level Feedback to Drive Adaptability

Malaysia's AI governance emphasises iterative feedback loops, allowing for continuous learning from the ground as policies and frameworks are implemented. By leveraging real-world applications and stakeholders' experiences, governance strategies can be refined to address emerging challenges and opportunities effectively.

Theme 2: Navigating Centralisation and Decentralisation – A Productive Tension for Effective AI Governance

The discussions acknowledged a key tension in Malaysia's AI governance strategy: balancing centralised oversight with decentralised implementation. Far from contradictory, this dynamic tension was recognised as critical to advancing innovation while maintaining coherence across sectors. Centralisation, through mechanisms like the National AI Office, ensures unified policy coordination, resource allocation, and alignment with global standards. At the same time, decentralised implementation empowers local and sector-specific stakeholders to adapt governance frameworks to unique contexts and priorities.

Participants emphasised that this tension is not a challenge to be resolved but rather a balancing act to be managed. By creating feedback loops between top-down frameworks and bottom-up insights, for example, through a "learning by doing" approach, Malaysia can ensure that AI governance strategies remain adaptable, inclusive, and grounded in real-world applications. This dual approach enables Malaysia to leverage the strengths of both centralisation and decentralisation, ensuring that AI governance supports both innovation and accountability.

Key Insights

1. The National AI Office as a Pillar of AI Governance

The establishment of the National AI Office is a cornerstone of Malaysia's centralised governance framework. As a unifying entity, the National AI Office oversees the coordination and alignment of policies across multiple sectors and stakeholders. Its

primary goal is to ensure that AI-related initiatives operate under a cohesive national strategy that reflects Malaysia's priorities while aligning with global standards.

Participants highlighted the critical functions of the National AI office, including policy development, regulatory oversight, and resource allocation. The office is pivotal in bridging national goals with sector-specific demands, promoting ethical standards, and promoting collaboration between government agencies and private enterprises. By centralising these efforts, the National AI Office minimises duplication, improves efficiency, and ensures that resources are directed toward high-priority initiatives.

The National AI Office supports capacity-building efforts by engaging with local and international experts. Through partnerships and consultations, the office helps to establish a governance framework that is not only effective but also dynamic enough to respond to emerging technologies and challenges.

2. Decentralised Implementation of National Frameworks for Local Contextualisation and Alignment

While centralisation provides a strong foundation, decentralised implementation is equally critical for addressing the unique challenges and opportunities faced by various sectors and regions. Participants emphasised the need for flexible frameworks that allow localised adaptations of national policies, ensuring that governance measures remain relevant and actionable at the ground level.

Tailoring AI governance to sector-specific realities enables industries such as healthcare, education, and agriculture to address their unique priorities effectively. For example, regional governments and industry leaders can adapt AI regulations for local infrastructure, cultural considerations, and economic conditions, enhancing innovation without compromising the overarching governance framework.

3. Driving Collaborative Data Ecosystems Through Inclusive Decentralisation

Inclusivity emerged as a cornerstone of Malaysia's governance strategy as the vital link between centralised oversight and decentralised implementation. The roundtable discussions underscored the significance of public consultations, which engaged over 3,000 stakeholders from government, industry, academia, and civil society. By involving a broad range of stakeholders, Malaysia can tap into diverse expertise and experiences, driving the development of AI technologies that are not only effective but also equitable and socially responsible. This collaborative approach ensures that governance policies reflect diverse perspectives and remain deeply grounded in societal needs, facilitating shared ownership and inclusivity at all levels.

Inclusive decentralisation empowers local stakeholders by giving them a meaningful voice in the governance process. While it may seem contradictory for decentralisation to coexist alongside centralisation, this bottom-up approach to AI governance strengthens centralised strategies by creating a feedback loop that grounds national policies in real-world insights. This exemplifies how bottom-up engagement strengthens top-down frameworks, thereby ensuring that centralised policies remain grounded in real-world needs. In addition, participants also stressed that managing the balance between centralisation and decentralisation is an ongoing process that requires regular evaluation and refinement.

4. Centralisation as a Key Enabler of Sovereign AI

Centralised infrastructure is critical to establishing sovereign AI capabilities in Malaysia. Participants emphasised the importance of a comprehensive compute strategy akin to the strategic stockpiling of critical resources. This ensures Malaysia's AI projects have reliable access to high-performance compute resources. Centralisation enables:

- **Interoperability and Shared Infrastructure:** A unified pool of resources supports the development of AI models while reducing duplication of effort. For example, a shared rendering farm model could allow local businesses and sectors to access compute infrastructure without needing individual, high-cost investments.
- **Collaboration Across Sectors:** Centralised governance facilitates collaboration between industries, government agencies, and academia, ensuring alignment with national priorities while addressing sector-specific needs.

Moreover, a robust data ecosystem is vital to Malaysia's AI governance. Centralised leadership, such as the National AI Office, can streamline data-sharing initiatives and address gaps in data access across sectors. Participants highlighted:

- **Forestalling Misuse:** Governance strategies must address potential technology misuses that manifest differently across sectors while sharing underlying technical vulnerabilities.
- **Localised Expressions of Global Challenges:** While the misuse of technology may share global characteristics, its impacts and manifestations differ in localised contexts. A centralised governance approach ensures unified standards while allowing flexibility to mitigate specific regional challenges.
- **Unlocking Data for Sovereign AI:** Efforts to unlock high-value data from key organisations are essential. Such initiatives demonstrate the role of centralised governance in facilitating transparency and interoperability across datasets, supporting sovereign AI development.

By addressing the concerns of underrepresented groups, Malaysia's inclusive strategy minimises disparities and ensures that AI governance benefits all segments of society.

Theme 3: Advancing Malaysia's Data and Sovereign AI Infrastructure

Malaysia's approach to advancing data and sovereign AI infrastructure centres on building national capacity for AI capabilities while addressing specific challenges such as limited access to diverse, high-quality data and the need for scalable computational resources. Locally, Malaysia faces the challenge of ensuring equitable AI adoption across Malaysia's diverse communities, including underrepresented groups, while promoting the proliferation of AI technology across the nation's industries and mitigating risks like data silos and misuse. On a global scale, the country must navigate a competitive AI landscape dominated

by major economies, ensuring that AI frameworks and innovations remain relevant and competitive while promoting collaboration within ASEAN and beyond. By prioritising high-quality datasets and compute strategies, Malaysia aims to create a robust foundation for AI development that reflects the unique cultural, societal, and economic landscape.

Key Insights

1. Data Sovereignty as a National Asset

Localised data efforts are central to Malaysia's vision for AI sovereignty. By ensuring that AI solutions are built on data derived within the country, Malaysia can better safeguard local AI resources and provide relevance to local contexts. Participants emphasised the importance of securing high-value datasets from key national agencies, such as RTM and Dewan Bahasa, to build culturally reflective AI systems. These efforts align with global trends that treat data as a critical national asset, reinforcing the importance of safeguarding local resources while leveraging them for innovation. Additionally, there is an emphasis on expanding datasets to cover underrepresented communities, such as aboriginal groups, which reflects Malaysia's commitment to inclusivity and diversity in AI initiatives.

2. Recognising Compute Resources as a Pressing Strategic Need

A comprehensive compute strategy is essential for underpinning sovereign AI initiatives. Participants likened this strategy to stockpiling critical resources, such as medicine or energy, to ensure competitiveness in AI development. Centralised compute infrastructure enables Malaysia to support diverse AI applications, advancing scalability and interoperability across sectors. By providing shared access to high-performance compute resources, the strategy facilitates collaboration between industries, government, and academia.

While centralisation forms the backbone of the compute strategy, localised hubs enhance accessibility for regional and sectoral innovation. This hybrid approach ensures that sectors such as healthcare and agriculture can leverage advanced computing power to address their unique challenges. The concept of shared AI compute infrastructure exemplifies how small and medium enterprises can access advanced computational resources affordably. By creating centralised resources that are shared across sectors, Malaysia can democratise access to high-performance computing, inculcating broader participation in AI development and innovation.

3. Embracing the Value of High-Quality Data

Data quality is critical for effective AI solutions. Participants highlighted that prioritising high-quality datasets, such as those from RTM and Dewan Bahasa, over sheer volume enhances model adaptability and relevance. Diverse and representative datasets are essential to ensure that AI systems align with Malaysia's societal needs, including multilingual and multicultural contexts. For example, benchmarks and testing frameworks that reflect local nuances—such as cultural sensitivities or linguistic diversity—play a key role in improving AI model performance.

4. Overcoming Data Silos Through Collaboration

Breaking down data silos was identified as a critical challenge. Many high-value datasets are locked within government agencies or private organisations due to privacy concerns or proprietary restrictions. Collaborative efforts between these entities are essential for unlocking and sharing datasets that are not publicly accessible. Examples such as datasets from RTM and Dewan Bahasa illustrate the potential for innovation in areas like education, media, and cultural preservation when barriers to data access are removed.

To address the challenge of data silos, collaboration between the public and private sectors was identified as a vital mechanism for curating high-value datasets. By aligning efforts to collect and share data across different industries, Malaysia can create robust datasets tailored to specific applications. This cooperative approach not only enhances the quality of available data but also ensures that AI development remains inclusive and contextually appropriate.

Centralised leadership, particularly through the National AI Office, is therefore pivotal in enabling these collaborations. By promoting interoperability and standardisation, Malaysia ensures that data-sharing initiatives align with national priorities while addressing privacy and security concerns overseen by relevant government agencies.

Theme 4: Recognising The Dual Mandate of AI Governance – Addressing Misuse While Avoiding Missed Use

The fourth theme of the Kuala Lumpur roundtable on AI governance emphasised the crucial balancing act necessary for governing AI technologies. This theme embodies the necessity of creating AI frameworks that not only address risks from misuse but also promote innovation. Like the other themes, the discussions highlighted the complex nature of this dual mandate and reiterated the ongoing need for sector-specific, adaptable governance systems that facilitate progress.

Key Insights

1. Targeting Sector-Specific Risks to Mitigate Misuse

AI risks are not uniform; they manifest differently across domains such as healthcare, finance, education, and public administration. As highlighted during the roundtable, addressing these risks requires a tailored approach that considers the specific vulnerabilities of each sector.

Participants noted that both Singapore and Malaysia have adopted a sector-by-sector approach, focusing on identifying specific harms and determining the areas where laws need modification. This sentiment underscores the importance of moving beyond generic governance models to develop domain-specific frameworks that can precisely address unique challenges.

In healthcare, for example, ensuring data privacy is paramount, given the sensitive nature of patient information. The sector-specific focus enables regulators to design precise measures, such as advanced encryption standards for patient records or strict guidelines for AI-based diagnostic tools. Similarly, in financial services, trust mechanisms like fraud detection algorithms and transparent credit scoring systems need to be robustly governed to ensure fairness and accountability.

Malaysia's approach of leveraging sector-specific frameworks was highlighted as a path forward for aligning regulations with practical use cases. Participants noted that this ensures each domain's unique requirements are met without imposing undue restrictions that might hinder progress.

2. A Sector-Specific Focus on Governance Avoids Missed Uses

Broad, generic regulations often fail to account for the unique opportunities within specific fields, potentially suppressing innovation. Discussions at the roundtable highlighted the importance of operating at the right level of abstraction—focusing on domain-specific use cases to advance innovation while effectively mitigating risks.

Broad regulations might suppress sector-specific innovation by failing to account for unique opportunities in fields like healthcare, finance, or education. Participants emphasised how overregulation could discourage the development of customised solutions, such as localised AI models for public services or educational tools for underserved communities.

Education serves as an illustrative example. Generic governance frameworks might overlook the transformative potential of AI in addressing challenges such as overcrowded classrooms or personalised learning for underserved communities. By focusing governance efforts on enabling the development of localised AI models—specifically those designed for particular cultural or linguistic contexts—regulators can ensure that the education sector reaps the full benefits of AI while managing associated risks. Similarly, in the public sector, governance that facilitates AI adoption in localised contexts ensures services are more inclusive and effective.

Trust emerged as a recurring theme in discussions, with participants emphasising the need for governance to cultivate trust without stifling innovation. Sector-specific frameworks can ensure that governance aligns with the expectations and needs of stakeholders, fostering trust and innovation in tandem.

3. Forestalling Underlying Risk Through Bridging Centralised and Decentralised AI Governance

Centralised AI governance plays a crucial role in addressing technology misuses that may vary across contexts but share underlying vulnerabilities.

A centralised framework enables Malaysia to address these risks consistently while maintaining interoperability. Governance mechanisms should take into account cultural biases and toxicity that can occur across all AI implementations. This necessitates thorough testing and alignment with local norms to ensure inclusivity and equity within AI systems.

Adaptability is another cornerstone of Malaysia's governance approach. Emerging risks and the evolving nature of technology demand frameworks that balance consistent standards with the flexibility to address unknown challenges. Unified governance frameworks in Malaysia are designed to evolve dynamically, incorporating real-time feedback and ensuring that regulatory measures remain relevant and effective in a fast-changing AI landscape.

AI governance that bridges the gap between centralisation and decentralisation thus serves as a coordinating body across the AI ecosystem, aligning efforts to address public concerns about safety, ethical use, and accountability.

4. AI Governance as an Enabler of Innovation

Rather than only serving as a barrier, AI governance should act as a foundation that promotes innovation as well. This dual role requires a nuanced approach where regulations enable compliance without being overly restrictive. The roundtable highlighted several examples of governance mechanisms that exemplify this balance.

Singapore's AI Verify tool was cited as an example of a governance mechanism that prioritises enabling compliance rather than enforcement. Participants mentioned that, it has encouraged innovation by guiding organisations toward compliance with voluntary principles rather than imposing punitive measures.

Malaysia's sector-specific frameworks, such as the proposed AI Code of Ethics for communications and media, further demonstrate how governance can align regulations with practical use cases. Participants highlighted that by supporting innovation through adaptive and flexible frameworks, Malaysia's governance approach ensures that industries are not hindered by unnecessarily rigid regulations.

The importance of collaboration between public and private sectors was also a key point of discussion. Initiatives like education AI grants, which encourage grassroots solutions, were cited as examples of how governance can cultivate inclusive innovation. Participants emphasised that involving diverse stakeholders and facilitating collaborative efforts can create a more equitable and innovative ecosystem.

5. Balancing Risk Mitigation and Innovation – The Path Forward

Recognising the dual mandate of AI governance requires a comprehensive and balanced approach. By targeting sector-specific risks, avoiding generic overregulation, and fostering innovation, governance frameworks can address misuse while enabling valuable applications of AI. Malaysia's efforts to develop sector-specific frameworks and encourage collaboration between stakeholders illustrate the potential for adaptive governance to support both innovation and accountability.

Theme 5: The ASEAN Potential – Malaysia's Regional Role in AI Governance

With the ASEAN Chairmanship, Malaysia is uniquely positioned to significantly contribute to collaborative frameworks, bridge global standards with regional realities, and enable capacity-building across diverse member states. These efforts will not only enhance ASEAN's collective voice in AI governance but also ensure that the region's development is equitable and reflective of local contexts.

Key Insights

1. Championing Regional Collaboration

As Malaysia takes on the responsibility of advancing ASEAN's AI governance discussions, advancing regional collaboration becomes paramount. The fragmented nature of AI development across ASEAN, with its varying levels of technological maturity, necessitates a concerted effort to unify these diverse approaches.

Collaboration is vital to addressing gaps in AI governance across smaller and medium-sized countries, as emphasised during the roundtable discussions, highlighting the need for shared platforms to unify diverse approaches and encourage mutual learning. By facilitating platforms where member states can share best practices, Malaysia enables the region to address global challenges while staying sensitive to local contexts collectively. For instance, initiatives like the ASEAN Smart Cities Network (ASCN) aim to build capacity across member states, empowering them to form local chapters and forge international partnerships.

Moreover, while Malaysia's natural resources, such as energy reserves, provide certain advantages, their role in positioning the country as a hub for sovereign AI development requires further substantiation in practical applications. By leveraging these assets, Malaysia can develop an ecosystem where regional players can innovate. Such collaboration is essential not only for advancing AI governance but also for strengthening ASEAN's collective ability to compete with more established global players.

2. Bridging Global Standards and Local Realities

Malaysia's approach to AI governance involves adhering to global standards while addressing local contexts and needs, as evidenced by discussions on integrating international best practices with culturally and economically relevant policies. By adopting inclusive policymaking practices and sector-specific strategies, Malaysia provides a blueprint from which others can draw inspiration. This dual focus ensures that AI governance frameworks remain globally aligned while being practical and relevant to the region's cultural and socio-economic contexts.

More specifically, developing multilingual and multicultural data sets is another crucial aspect of this effort. Ensuring that AI models understand regional languages and cultural nuances is vital for their successful deployment. Malaysia's contributions to creating such benchmarks and collaborating with academia, industry, and think tanks demonstrate efforts to bridge these global-local divides. This approach not only enhances the applicability of AI within the region but also ensures that AI governance frameworks are inclusive and reflective of ASEAN's diverse identities.

3. Facilitating Capacity-Building Across ASEAN

One of Malaysia's potential contributions to the ASEAN AI ecosystem is expertise in managing diversity—cultural, linguistic, or sectoral. This experience positions Malaysia to contribute significantly to capacity-building efforts within the region. By sharing governance approaches and best practices, Malaysia empowers less-resourced member states to develop their AI ecosystems in a way that aligns with regional and global standards.

Capacity-building efforts must address the digital divide within ASEAN, as highlighted in discussions on the importance of bridging technological disparities and ensuring

access to AI resources for less-resourced member states. Malaysia's initiatives, such as promoting access to AI technologies and tools, are instrumental in bridging this gap. By providing smaller enterprises and individuals with access to the necessary resources, Malaysia promotes a more equitable AI landscape.

Additionally, Malaysia's focus on talent development is crucial for sustaining long-term growth in AI governance. By importing expertise and encouraging knowledge transfer through collaborations with global tech companies, Malaysia ensures that the region remains competitive. Furthermore, by encouraging grassroots innovation, Malaysia helps build a robust ecosystem where regional players can thrive.

4. Malaysia's Vision for ASEAN AI Governance

Malaysia's role in advancing AI governance is reflected in efforts to promote collaboration, adapt global standards to local realities, and build regional capacity—key themes discussed during the roundtable sessions. These initiatives aim to support technological progress while ensuring that AI contributes to economic development, social equity, and cultural preservation.

By prioritising collaboration, Malaysia strengthens ASEAN's collective voice in the global AI discourse, underscored by discussions on regional partnerships and shared governance strategies during the roundtable. Malaysia's efforts to bridge global standards with local realities ensure that governance frameworks are practical and relevant.

Malaysia's experience showcases how nations in this region can leverage their unique strengths to make a significant impact on the global stage.

Strengthening AI Governance in Malaysia: Pathways Forward

The recommendations presented in this section build on both reflective insights and forward-looking strategies discussed during the roundtable. Participants examined the current state of AI governance while envisioning pathways to address challenges and seize opportunities. Central to the discussions was the need for actionable steps, such as implementing sector-specific pilot projects, promoting regional collaboration, and adopting adaptive or “living” governance frameworks. These deliberations set the stage for evolving Malaysia’s AI ecosystem into a model of innovation and inclusivity, driving contextualised AI innovation.

1. Continue Strengthening the National AI Office to Advance Coordinated and Decentralised Governance

- **Facilitate Inter-Agency Collaboration:** Participants emphasised the need for the National AI Office to expand its role as a hub for inter-agency collaboration. This would ensure that sector-specific insights, particularly those from AI implementations, are integrated into cohesive national strategies. This would help manage the productive tension between centralisation and decentralisation, creating a governance ecosystem that adapts dynamically to Malaysia's evolving needs.
- **Enable Localized AI Governance:** Stakeholders highlighted the importance of empowering local actors to contextualise AI governance measures while aligning with national principles. Tailored approaches were identified as critical for addressing specific sectoral needs, particularly in areas such as healthcare, education, and agriculture.
- **Build Trust Through Inclusive Engagement:** Participants stressed the need for regular and meaningful engagement with government agencies, industry leaders, civil society, and academia as a cornerstone of the National AI Office's operations. This inclusive approach would ensure that governance measures reflect diverse perspectives, cultivating trust and collective ownership.
- **Leverage Real-World Use Cases for Governance Insights:** Participants advocated for pilot projects and real-world AI implementations as critical tools for refining governance frameworks. These projects would generate practical insights and identify emerging risks, ensuring that governance strategies remain grounded in real-world applications.

2. Facilitate Transformative National Initiatives

- **Launch National AI Flagship Projects:** Participants emphasised the importance of bridging adoption and governance through real-world applications. Malaysia should prioritise high-impact AI initiatives that can solve national issues. An example highlighted was Education GPT, which addresses adjacent societal challenges like overcrowded classrooms and limited educational resources. Flagship projects could also provide opportunities to pilot and refine governance frameworks while showcasing the potential of AI-driven solutions tailored to Malaysia’s cultural and linguistic diversity.
- **Implement a Compute Strategy for Sovereign AI:** Participants underscored the need for robust data and compute infrastructure as critical enablers of AI sovereignty. A compute strategy, akin to stockpiling essential resources, should be treated as critical infrastructure to strengthen Malaysia’s AI competitiveness and independence. This approach also includes trust-building mechanisms to manage compute resources transparently and ensure accessibility and security for all stakeholders.

- **Incentivize Talent Development:** Roundtable discussions highlighted the importance of nurturing a robust pipeline of AI professionals through public-private partnerships. By integrating AI-specific training programs in academic institutions and industries, Malaysia can equip stakeholders with the skills to navigate evolving AI technologies effectively. This effort should also prioritise inclusivity, ensuring no group is left behind as Malaysia scales the AI ecosystem.

3. Advance Malaysia-Centric Data Ecosystems and Sovereign AI Infrastructure

- **Accelerate High-Quality Dataset Creation:** Participants emphasised that Malaysia's diverse linguistic and cultural landscape demands localised, high-quality datasets. Efforts should prioritise unlocking local non-public datasets, such as Dewan Bahasa and RTM archives, and enriching them with metadata to ensure usability. Building trust is key to encouraging data sharing. Initiatives to address privacy concerns and ensure secure data handling will be critical to unlocking these valuable datasets.
- **Develop Multilingual and Multicultural Benchmarks:** Creating benchmarks that reflect Malaysia's cultural and linguistic diversity is essential for ensuring inclusivity in AI solutions. Participants suggested partnerships with academia and industry to co-develop benchmarks, ensuring AI models align with local needs and values while addressing gaps in representation.
- **Develop Local Economies of Information – Drive Incentive Mechanisms for Data Sharing:** Participants highlighted the potential of collaborative platforms to facilitate secure and transparent data sharing. Malaysia could establish frameworks that incentivise data sharing among stakeholders, including features such as royalty models, shared ownership agreements, or data exchange platforms to ensure mutual benefits, transparency, and trust.
- **Strengthen Data Governance Policies:** Robust policies that address data silos and ensure ethical, legal, and cultural compliance are necessary. Participants emphasised the importance of iterative feedback loops in refining governance policies. Regular consultation with stakeholders can ensure that policies remain relevant and adaptable to emerging challenges. These policies should align with the principles of fairness, accountability, and inclusivity.

4. Navigate AI Frontiers While Guarding Against Misuse

- **Design Sector-Specific Regulations for High-Risk AI Applications:** Tailor regulations to sector-specific risks, such as in healthcare and finance, to balance innovation and oversight effectively. Participants stressed the importance of flexible frameworks prioritising high-impact risks while accommodating emerging AI technologies and avoiding overregulation.
- **Develop Emergent AI Governance Through Real-World Pilots:** Leverage practical use cases to shape AI governance frameworks that remain adaptive and grounded in real-world insights. Participants highlighted the value of collaborative partnerships with SMEs, start-ups, and academia in developing actionable solutions. Pilot projects and sandbox environments were identified as critical for addressing sector-specific challenges.
- **Reduce Knowledge Gaps Between Stakeholders:** Clear communication channels are essential to inform stakeholders about AI advancements and their implications. Roundtable discussions emphasised routine dialogues with policymakers to highlight developments and inform decisions with on-the-ground realities. Simultaneously, end-user education programs should address opportunities and risks, equipping them to navigate AI's challenges responsibly and effectively.

- **Scale Good Practices and Solutions for Misuses Through Central Coordination:** Participants emphasised the National AI Office’s potential as a central hub for scaling effective AI practices and mitigating misuse. By documenting successful implementations and sharing solutions across sectors, the Office can encourage cross-sector learning and ensure governance approaches are proactive, consistent, and adaptable to diverse needs.

By integrating these recommendations into actionable strategies, Malaysia can play a stronger role in promoting ethical and effective AI governance, as well as supporting innovation while ensuring inclusivity, cultural relevance, and regional competitiveness.

Conclusion

The Kuala Lumpur Regional Roundtable on AI Governance, jointly organised by AI Singapore with Malaysia’s Ministry of Digital and the Malaysia Centre for the Fourth Industrial Revolution hosted by MyDIGITAL Corporation, served as a platform for advancing discussions on AI governance tailored to Malaysia’s unique cultural, societal, and economic contexts. Under the overarching theme of **AI Governance in Malaysia and the Question of Developing AI to Suit Local Contexts**, the roundtable sought to explore critical questions on developing AI solutions that remain aligned with local values and cultural contexts while also addressing how Malaysia can balance the adoption of external AI solutions with advancing localized innovation

The discussions revolved around five key themes, offering a holistic view of Malaysia’s AI governance landscape:

1. **AI Governance in Malaysia – A Living Framework Guided by Principles:** Highlighting Malaysia’s principles-driven approach to governance.
2. **Navigating Centralisation and Decentralisation in AI Governance:** Balancing a cohesive national framework with decentralised, sector-specific implementations to enhance innovation and ensure local relevance.
3. **Advancing Malaysia’s Data and Sovereign AI Infrastructure:** Addressing the critical importance of data sovereignty, high-quality datasets, and robust compute strategies to support AI innovation.
4. **Recognising The Dual Mandate of AI Governance:** Ensuring AI frameworks mitigate risks of misuse while avoiding overregulation that stifles innovation and causes missed uses.
5. **Malaysia’s Regional Role in AI Governance:** By integrating global standards with local contexts and advancing capacity-building across ASEAN, Malaysia can enhance ASEAN’s collective voice in global AI governance while endeavouring to ensure equitable development across the region.

Participants proposed actionable recommendations that included strengthening the National AI Office to enhance coordination and governance, launching transformative national initiatives such as flagship AI projects, advancing Malaysia-centric data ecosystems, adopting risk-based regulatory frameworks, and advancing informed dialogues with policymakers alongside education programs for end-users. These recommendations reflect a commitment to enabling innovation while ensuring ethical, inclusive, and adaptable AI practices aligned with Malaysia’s unique needs.

As Malaysia takes on the ASEAN Chairmanship in 2025, the roundtable underscored Malaysia's unique position to contribute significantly to regional AI governance. With a strong foundation of inclusivity, collaboration, and innovation, Malaysia is poised to address the dual challenges of mitigating AI misuse and unlocking untapped opportunities, avoiding missed uses. By harmonising national strategies with regional aspirations, Malaysia can play a pivotal role in shaping a unified approach to ASEAN's collective AI governance. This vision aspires not only to drive progress but also to ensure the equitable distribution of AI's benefits across Southeast Asia, heralding a future where AI becomes a catalyst for sustainable and inclusive development.

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