

## Marzunisham Omar: Asia in an increasingly fragmented world

Closing remarks by Mr Marzunisham Omar, Deputy Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at the SEACEN Policy Summit, Kuala Lumpur, 6 February 2026.

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Over the last one and half days, we have explored how the international monetary system is evolving under the weight of profound structural change. We reflected on enduring features of the system, such as the role of the U.S. dollar, global demand for safe assets, and the dynamics of the global financial cycle, alongside emerging shifts in trade and financial linkages in a more fragmented world.

We also looked ahead. Our exchanges considered how artificial intelligence, stablecoins, and broader technological change may shape the next generation of monetary and financial systems, bringing both new opportunities and new uncertainties. And this morning's policy roundtable grounded these global deliberations in the perspectives of SEACEN members, underscoring the importance of policy coordination, resilience, and regional cooperation in navigating an increasingly complex and uncertain global environment.

Thank you to the speakers and colleagues for enriching the discussion with your experience and knowledge.

As we come to the close of the Summit, allow me to reflect and frame the discussions which we have had in the context of the world that is increasingly defined by uncertainty, fragmentation and transformation. Today, two fundamental forces are reshaping the global economic and financial landscape.

**The first is the intensification of economic fragmentation.** For several decades, globalisation and trade liberalisation were the dominant drivers of the global economy, bringing efficiency gains and real economic progress. Today, this paradigm is under strain. Fragmentation is no longer episodic. It is increasingly intentional and policy driven. Policy choices are consciously made in pursuit of security, resilience, and sovereignty.

**The second force is the rapid technological revolution, led by AI.** These advances are transforming how businesses operate, how economies grow, how risks are managed, and how financial systems function. They hold the promise of significant productivity gains and broader inclusion, yet they strain existing regulatory frameworks, reshape labour markets, and challenge the foundations of financial system stability.

These forces, in my view, are not transitory. They are likely to be permanent features of the global economy. Their effects are complex and unpredictable, introducing persistent uncertainty into the global economy and international financial system.

Asia, which is deeply integrated into global trade, supply chains and capital flows, is already experiencing this first hand – from supply chain reconfiguration to volatile financial markets. The key question is how economies should navigate this environment

of heightened uncertainty. The answer I would argue lies on a combination of strong national policies and deeper regional cooperation.

Let me briefly share Malaysia's experience in navigating the highly uncertain global environment in the past one year. Despite global headwinds, Malaysia's economic growth exceeded earlier expectations, supported by strong domestic demand and resilient global economy. This strong growth momentum is expected to be sustained in 2026, underpinned by strong domestic demand. Favourable income prospects and labour market conditions will support private consumption, while a strong investment pipeline will continue to sustain private investment. Meanwhile, a resilient global economy and increased spending in technology-related activities will drive export growth.

In this highly uncertain and more fragmented world, at the individual country level, the priority of many central banks in the region is to preserve stability and enhance resilience. For BNM, this means keeping inflation low, strengthening financial stability and maintaining the orderly function of financial markets. Like many central banks in the region, our ability to achieve this is greatly strengthened by the availability of a comprehensive set of policy instruments, including monetary policy, macroprudential measures, foreign exchange intervention and clear, effective communication.

While individual country's efforts to manage risks and safeguard stability remain essential, this alone is not sufficient. Fragmentation by its nature crosses borders. Capital flows, financial stress and technological disruption do not respect national boundaries. This brings me to the importance of regional cooperation.

We in Asia have always understood the value of regional cooperation. Today, however, regional cooperation has become not just important, but urgent. Asia cannot simply adapt to the profound changes we are observing. We must help influence its direction.

Asia's response to the changing international monetary landscape must be deliberate, coordinated and forward looking. We should aim to expand our choices. We must pursue credible alternatives and prevent excessive dependency. Our strategy should be guided by the principle of diversification.

Let me share three areas where we are making great progress at the regional level.

First, one critical pillar of this collective strength lies in our regional financial safety net. Over the past 35 years, we have come a long way. Through steady and incremental reforms, we have strengthened and improved CMIM's accessibility. The size of CMIM has doubled, from USD120 billion to USD240 billion by 2014. The IMF De-linked Portion (IDL) was also increased from 20% to 40%, enabling greater regional ownership for crisis resolution. And recently, the introduction of a new facility- the Rapid Financing Facility (RFF), has enabled CMIM to assist countries facing unprecedented exogenous shocks. Today, CMIM is transitioning from a pledge-based swap towards a paid-in capital structure. This marks a significant milestone and I have no doubt that my ASEAN+3 colleagues are committed to realising the PIC structure in CMIM as this will significantly strengthen our regional safety net.

Second, regional cooperation is also about enabling growth that is inclusive and sustainable. Under Malaysia's ASEAN Chairmanship, payment connectivity was a core pillar of our financial cooperation agenda. A key initiative was, the expansion of cross-border payment linkages, now covering 28 ASEAN corridors. Today, more than 50 million merchant touchpoints across ASEAN can accept cross-border QR payments, creating a vast ecosystem that supports trade, tourism, and inclusive growth. We must continue to build on this momentum by further reducing frictions in cross border payments and strengthening regional payment connectivity.

Third, a key priority is the more effective recycling of Asia's savings into productive investment within the region. According to the ADB, there are about USD4.4 trillion in pension funds and USD5.1 trillion with insurers in the region. At the same time, ASEAN economies are estimated to require investments of at least USD3.1 trillion from 2023 – 2030 particularly in infrastructure, digital connectivity and energy transition. The challenge, therefore, is not a lack of capital, but the effective mobilisation of this capital.

Turning regional savings into productive investment requires us to strengthen the channels through which capital flows within our region, including through deeper financial integration, improving cross-border intermediation, expanding the use of local currencies, and deepening domestic capital markets. Continued progress under the Asian Bond Markets Initiative will be essential in this regard. In tandem, advancing innovative financing approaches, including blended finance, can mobilise long-term capital and reinforce investor confidence. An example of blended finance in action is the ASEAN Power Grid Financing Initiative, which has already attracted interest from over 15 major investors and MDBs, with around USD13 billion committed to date. By expanding such platforms that derisk projects and crowd in private capital, the region's financial architecture can become a more effective conduit for recycling surplus savings, strengthening resilience while catalysing new growth opportunities.

We are confronting the world that is more fragmented, technologically advanced and highly uncertain. Asia has time and again demonstrated our capacity to adapt and to cooperate, and ultimately develop further.

Finally, let us seize this moment of global "rupture" as Prime Minister Carney aptly put it, not as a vulnerability but as a wake-up call, a catalyst to accelerate financial integration in the region. As the famous saying goes: "Never let a crisis go to waste".

Before I end, in conjunction with the year Visit Malaysia 2026, I would like to take this opportunity to invite you to take a bit of time to explore the beauty of Kuala Lumpur.