

Abdul Rasheed Ghaffour: Defining moments - shaping the future story

Keynote speech by Mr Abdul Rasheed Ghaffour, Governor of the Central Bank of Malaysia (Bank Negara Malaysia), at MO-MENTS 2026, Kuala Lumpur, 29 April 2026.

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Selamat datang and a warm welcome to Malaysia. It is a pleasure to welcome you to Kuala Lumpur – a city where rich traditions and a fast-evolving digital economy sit side-by-side.

Let me begin by thanking Ant International for inviting me and for providing this platform for us to reflect on the future of digital payments.

The theme "**Defining Moments – Shaping the Future Story**" is particularly fitting. Across many economies, especially in Asia, digital payments have moved firmly into the mainstream. For many of us, cash transactions are now the exception rather than the norm.

As digital payments become foundational to economic activity, the choices we – as policymakers as well as the industry make today – will shape more than convenience and efficiency. They will shape financial well-being, trust, and innovation in the financial system. This brings me to three defining questions.

First, are the gains from digitalisation translating into meaningful improvements in livelihoods across our society?

Second, as payments become faster and more seamless, are our systems sufficiently robust to sustain trust at scale?

And third, how do we continue to advance innovation, while preserving confidence in an increasingly interconnected financial system?

These are not abstract questions. How we respond will shape the next phase of our financial system.

Meaningful Adoption

Adoption alone is not the end goal. The real test lies in whether digital payments deliver tangible outcomes – improving livelihoods, expanding economic opportunity, and doing so in a manner that is inclusive, sustainable, and scalable.

Across many jurisdictions, digital payments have scaled rapidly. In Malaysia, individuals now make, on average, more than one digital payment a day – up from just once per week a decade ago. This reflects not only wider usage, but growing accessibility and confidence in the system. More importantly, we are seeing how digital payments is delivering real economic value.

One clear example of this is our collaboration with the industry and the state government back in 2018 – to promote digital payments on Pulau Redang – an island

on the east coast of Peninsular Malaysia. We revisited this tourist hotspot in 2024 to evaluate the outcomes. Today, over 90% of businesses on the island, mostly small and micro merchants, accept digital payments. Nearly half of these merchants have also recorded more than a 50% increase in sales revenue, alongside better operational efficiency and record keeping. This demonstrates how access to digital payment can unlock greater participation of small businesses in the economy and deliver meaningful improvements to society.

The challenge now is how to scale this impact. Meaningful adoption cannot be episodic – it must be sustained and broadened over time. Affordability therefore matters greatly. We know that industry players must be able to generate sufficient returns to continue innovating and investing in efficient, secure and resilient payment infrastructure. However, cost cannot become a barrier, particularly for smaller merchants. What is needed is a balanced commercial strategy, one that advances inclusive access while preserving long-term sustainability.

In Malaysia, we have adopted a measured approach to lowering cost, enabling smaller merchants to accept digital payment. This includes the offering of low or zero merchant discount rates for smaller merchants using QR payment channels. To date, with more than three million DuitNow QR touchpoints in Malaysia and growing, this demonstrates that well-designed targeted interventions can widen adoption that is both meaningful and sustainable.

Now, the focus of the financial industry has also broadened from affordability to connectivity beyond the domestic market. This is particularly significant in ASEAN where over 70 million MSMEs form the backbone of regional economies. For many of these businesses, the binding constraint is not the ability to trade, but rather frictions at the point of payment.

This is why cross-border payment connectivity has become a strategic priority. Cognisant of this, Malaysia together with many partners in this room today – have been strengthening payment connectivity across ASEAN and beyond – laying the foundation for faster, more seamless interoperable cross-border payment. As of end 2025, there are 29 payment linkages across ASEAN with entities such as PayNet, and Alipay+ being central to these developments. Use of these linkages have continued to accelerate digital payments and regional trade. But, as connectivity deepens, a key question remains, are the 70 million MSMEs truly benefitting from our efforts?

Infrastructure alone is not enough. Realising this potential will require collective commitment from industry players to widen reach and deepen impact of cross-border payments. This is being realised through participation in initiatives such as Project Nexus and the bilateral payment linkages. By doing so, we can accelerate interoperability, expand reach and ensure that cross-border payment networks are not only efficient but also widely accessible.

Speed with trust

Let me now turn to the second question – how do we sustain trust as payments become faster?

We are witnessing a clear acceleration in the adoption of instant payments, reflecting a broader shift towards a faster and more seamless payment experience. In Malaysia, the uptake in e-money usage, has been particularly strong – outpacing the growth trajectory of payment cards in 2025 by 10%. This represents a notable shift in consumer and merchant preferences.

QR payment has emerged as a preferred option among Malaysians. Transaction volumes of DuitNow QR more than doubled in 2025 to three billion transactions (2024: 1.5 billion) – underscoring both the scale and velocity of adoption. This rapid growth is driven by the convenience, cost effectiveness and ease of use – making it widely accepted by merchants.

Yet speed comes with a double-edged sword. Payments must not only be fast, but consistently reliable, safe and secure. Sustaining this expectation calls for continued investment to maintain high system availability and robust business continuity arrangements – in line with BNM's supervisory expectations on technology risk and operational resilience. At the same time, the industry must act promptly to feedback and complaints – to prevent negative experiences from undermining confidence in the payment system.

The rapid pace at the front end also demands for equally efficient capabilities for back-end settlement. Recognising this – last year in October – Malaysia introduced near real-time settlement for transactions in the retail payments platform or RPP operated by PayNet. RENTAS+ is a first of its kind infrastructure which provides around the clock, seven days a week settlement – significantly reducing settlement lag and credit risk exposure among financial institutions.

In parallel – where billions of transactions move instantly in a real time environment – fraud risks can materialise and propagate within seconds. This can amplify both the impact and the complexity of containment. It is no longer sufficient to respond after the fact. Fraud prevention must be proactive, predictive, and embedded within the payment system itself.

Malaysia has benefitted from automated, real time fraud response capabilities through the National Fraud Portal or NFP – a collaborative effort between the Bank, PayNet and the payments industry. As we speak, the NFP is being enhanced with predictive analytics capabilities – to help the industry detect and disrupt threats before they materialise. But technology alone is not enough. Consumer education and awareness must also be further strengthened – as users remain the first line of defence against fraud. Our fight against fraud will therefore require a concerted effort – leveraging advanced analytics, proactive sharing of intelligence and informed users – so that emerging threats can be identified and addressed swiftly and effectively.

This brings me to the fundamental point: **Trust is the bedrock of digital payment.** As we continue to push the boundaries of speed and seamlessness – faster payments must be underpinned by foundational infrastructure – that is secure, resilient and well-functioning.

Responsible Innovation

This leads me to the third and final defining question: how do we advance innovation while preserving stability and trust in a highly interconnected and fast-paced environment?

Digital payment is where it is today because of the innovations made by many of the players here today – who continue to drive greater efficiency, security, and access to financial services. Across the payments value chain – new technologies are reshaping – how transactions are initiated, processed and settled. This momentum is both necessary and positive.

But innovation, if left unchecked, can also introduce new forms of risk – especially as systems become more complex, interconnected and automated. For innovation to deliver its full potential – it must be developed within an environment that allows for ideas to be safely tested and responsibly scaled. Appropriate safeguards, therefore, are not meant to be a restraint on innovation – rather they provide the foundation for innovation to scale and sustain over time – thereby building credibility, promoting confidence, and preserving financial stability.

This is why Malaysia has adopted a structured approach to support responsible innovation. The Bank's regulatory sandbox – provides a controlled setting for new solutions to be tested, refined and assessed before wider deployment. This approach allows innovation to progress, while ensuring implications for consumers, institutions, and the broader system – are well-understood and managed appropriately.

This philosophy underpins the establishment of the Digital Asset Innovation Hub (DAIH) launched last year. Through the Innovation Hub, the Bank has onboarded participants to test real-world applications of digital money, including ringgit-denominated stablecoins and tokenised deposits. These initiatives are designed to deepen our understanding of how emerging forms of money could potentially operate within a tokenised financial system. Looking ahead, our focus will be on clarifying the Bank's direction on stablecoins, tokenised deposits and the role of central bank digital currency- guided by practical experience from experimentation and risk-based assessments.

Open finance is another important frontier of innovation for Malaysia. Through secure and permissioned data sharing – open finance can enable more consumer-centric and personalised financial services, promote increased competition, and empower users with greater choice and control over their financial data. In doing so, this requires strong governance, clear accountability and robust safeguards – to ensure data is used responsibly and shared securely within the ecosystem.

Governance and accountability are also central when we talk about artificial intelligence. AI is gaining traction across the globe, with financial institutions increasingly deploying them – to enhance customer analytics, improve operational efficiency, and strengthen risk management. As AI, and increasingly agentic AI, becomes embedded in financial decision-making – issues of transparency, accountability and oversight will become more pronounced. As systems become more autonomous, responsibility cannot become more diffused – as trust in digital finance will ultimately depend on whether AI is governed as rigorously as how it is being deployed.

Achieving this requires a shared commitment among policymakers, financial institutions and technology providers – to uphold sound governance, clear accountability and strong oversight. Those leading the development and deployment of AI-driven payments – must also lead in setting standards, shaping norms and building confidence in how these systems operate at scale.

Taken together, these efforts reflect a clear objective shared across jurisdictions: to harness emerging payment innovations while safeguarding monetary and financial stability. As innovation increasingly shapes how value is created and transferred – maintaining this balance becomes essential – to sustain trust and ensure that innovation remains a source of strength for the global financial system.

Conclusion

The considerations I have outlined today reflect a deliberate and balanced approach – to further the development of digital payments – one that advances meaningful adoption, preserves trust and promotes responsible innovation.

The decisions we make today will define not only how far and how fast payments evolve – but also how meaningful their benefits are shared. If we get this right, we will not only build faster and more innovative payment systems – we will build one that is trusted, inclusive and delivers real impact where it matters most.

Before I end, I can share our commitment – that Bank Negara Malaysia will continue to engage closely with the industry – to ensure that progress in payments – strengthens, rather than tests, the very foundation of trust and stability in our financial system.