New AI laws to arrest deepfakes

Bill will give both Malaysian and foreign firms greater trust to invest

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PETALING JAYA: From fake videos of Prime Minister Datuk Seri Anwar Ibrahim promoting dubious investment schemes to clips of singer Datuk Seri Siti Nurhaliza Tarudin asking for donations, fraudulent content including deepfakes is now flooding Malaysia's online space.

Even His Majesty Sultan Ibrahim, King of Malaysia, has not been spared with deepfakes being made using the King's image.

From 2022 to last year, close to 225,000 deepfake, fraudulent and scam content were removed from cyberspace upon request from the Malaysian Communications and Multimedia Commission (MCMC).

Across 2023 to 2025, some RM5.62bil has been lost to online and financial scams, with the highest figures recorded last year at RM2.77bil.

The amount involved phone and love scams, e-commerce crimes, e-financing scams, as well as non-existent loans and investments, according to the Home Ministry.

Against this worrying backdrop, the upcoming AI Governance Bill aims to form a coherent national framework that addresses safeguards in artificial intelligence (AI) production.

"It aims to consider the responsibilities of actors across the lifecycle of AI systems. This includes the need to take proportionate precautionary steps to prevent the misalignment of AI systems with ethical principles that may lead to harm," Digital Minister Gobind Singh Deo (*pic*) said in an interview with *The Star*.

He said the framework also aims to support responsible innovation by setting common expectations for safe practice, strengthening public confidence and supporting sustainable adoption.

"A key governance challenge is ensuring that AI use remains safe, reliable, and aligned with the public interest as systems evolve and are adopted across sectors," said the minister.

On cybersecurity threats and deepfakes, Gobind described such generative AI as "increasingly serious", noting how the threat profile shifts from purely technical intrusion to trust exploitation aimed at manipulating victims into transferring funds or disclosing sensitive information.

He also referenced how the Securities Commission (SC) has cautioned the public about deepfake videos being used to mimic prominent personalities and reputable companies to make fraudulent investment schemes appear genuine.

"This is a clear, recent example of how deepfakes are being operationalised as a direct fraud mechanism rather than as mere misinformation or satire.

"These developments reinforce why governance and ecosystem measures must treat safety and trust as prerequisites for responsible innovation."

He said there are already existing laws and regulations in place to deal with outputs of AI systems.

He cited the MCMC's position stating that AI misuse, especially the digital manipulation of images to produce obscene, highly offensive or harmful content constitutes an offence.

"Scamming can also be considered a crime under the Section 415 and 420 of the Penal Code regardless of AI use," he added.

According to Gobind, the Penal Code has also been strengthened to address the financials of scam operations through Section 424.

Elaborating on the Bill, he said the ministry is also of the view that it can attract both local investment and foreign direct investment (FDI) by providing legal clarity, predictable compliance expectations and a trusted environment for responsible AI deployment.

"For investors, the key issue is not regulation itself, but uncertainty.

"By establishing a clear baseline for governance such as accountability, transparency and risk management, the Bill intends to reduce ambiguity and lowers the cost of compliance for businesses," he added.

This, he said, gives both Malaysian and foreign firms greater confidence to invest, scale and deploy AI solutions in Malaysia.

"Ultimately, the Bill signals that Malaysia is building an AI ecosystem that is not only innovation-friendly, but also trusted, predictable, and investment-ready conditions that are increasingly important for both domestic capital formation and FDI," he said.