# ARTIFICIAL INTELLIGENCE GOVERNANCE IN MALAYSIA: FROM EXISTING LEGAL PROTECTIONS TO FUTURE REGULATORY OBLIGATIONS

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Artificial intelligence technologies are rapidly transforming economic activities, social interactions, and governance structures across jurisdictions worldwide. Generative artificial intelligence systems capable of producing realistic text, images, audio, and video outputs have introduced unprecedented opportunities for innovation while simultaneously raising complex legal and ethical concerns. Issues relating to misinformation, intellectual property infringement, data protection, consumer deception, and accountability have prompted governments to consider whether existing legal frameworks remain adequate to address emerging risks associated with artificial intelligence deployment.

Malaysia is presently navigating a transitional phase in artificial intelligence regulation. Unlike certain jurisdictions that have enacted dedicated artificial intelligence legislation, Malaysia has thus far relied on a combination of existing sectoral laws and policy driven governance instruments to regulate artificial intelligence related activities. The establishment of the National Artificial Intelligence Office (NAIO) further reflects Malaysia's commitment to advancing artificial intelligence adoption while strengthening governance coordination at the national level. Against this backdrop, the proposed Artificial Intelligence Governance Bill represents a significant step towards establishing a comprehensive statutory framework governing artificial intelligence across its lifecycle.

Against this evolving regulatory landscape, there are questions arising with regard to the scope of future obligations that may be imposed on artificial intelligence developers, and even users. One of the issues receiving increasing attention is whether mandatory labelling of artificial intelligence generated content should be introduced to enhance transparency and accountability. This article discusses the Malaysia's current legal framework applicable to artificial intelligence, considers the anticipated role of the proposed Artificial Intelligence Governance Bill, and evaluates the potential incorporation of mandatory labelling obligations within Malaysia's emerging artificial intelligence regulatory regime.

## Existing Legal Framework Applicable To Artificial Intelligence In Malaysia

At present, Malaysia does not have a single consolidated statute specifically regulating artificial intelligence technologies. Nevertheless, various existing laws already apply to activities involving artificial intelligence systems depending on the nature of the conduct and the risks involved. These laws collectively form a foundational regulatory framework governing artificial intelligence deployment.

Intellectual property laws remain particularly relevant in the context of artificial intelligence development and use. The Copyright Act 1987 governs the protection of literary, artistic, musical, and other works, including content that may be used as training data for artificial intelligence models. Concerns have arisen globally regarding the use of copyrighted materials without authorisation in training datasets, as well as ownership of outputs generated by artificial intelligence systems. In Malaysia, enforcement of copyright rights is primarily undertaken by the Ministry of Domestic Trade and Cost of Living (KPDN) pursuant to the Copyright Act 1987, while the Intellectual Property Corporation of Malaysia (MYIPO) performs administrative and registration functions. Existing intellectual property legislation therefore remains applicable regardless of technological context.

Data protection law also plays an important role in regulating artificial intelligence applications involving personal data. The Personal Data Protection Act 2010 imposes obligations relating to consent, disclosure, security, and data processing practices. Artificial intelligence systems that collect or process personal data must therefore comply with statutory requirements governing lawful data usage. Similarly, cybersecurity and communications laws may apply where artificial intelligence technologies are deployed in digital platforms or network environments.

Consumer protection legislation further provides safeguards against misleading or deceptive conduct arising from artificial intelligence generated outputs in commercial contexts. The Consumer Protection Act 1999 prohibits false representations and unfair practices, which may encompass circumstances where artificial intelligence generated content is presented in a manner that misleads consumers regarding authenticity or origin.

These existing legal frameworks demonstrate that artificial intelligence activities are not entirely unregulated within Malaysia. However, reliance on sector specific laws may create fragmentation and uncertainty, particularly where risks arise across multiple domains simultaneously. Artificial intelligence technologies often involve interconnected issues relating to data, intellectual property, consumer protection, and ethics, thereby highlighting the need for a more cohesive governance approach. Policy Based Artificial Intelligence Governance Initiatives

Recognising the importance of artificial intelligence for national development, Malaysia has introduced policy initiatives to guide responsible artificial intelligence adoption. The National Artificial Intelligence Roadmap 2021 to 2025 outlines strategic priorities aimed at strengthening infrastructure, promoting adoption across sectors, and developing talent. Complementing the roadmap, the Ministry

of Science, Technology and Innovation issued the National Guidelines on Artificial Intelligence Governance and Ethics to encourage responsible artificial intelligence development and deployment.

The Guidelines articulate principles including fairness, reliability, safety, privacy, inclusiveness, transparency, accountability, and the pursuit of human benefit. They emphasise stakeholder responsibilities encompassing policymakers, developers, deployers, and end users. Notably, these Guidelines are not legally binding and operate primarily as soft law instruments intended to encourage voluntary compliance while fostering innovation.

The reliance on voluntary governance reflects Malaysia's recognition that artificial intelligence remains an evolving technological field. A flexible approach allows industry experimentation while governance frameworks mature. However, as artificial intelligence adoption expands, and associated risks become more visible, voluntary principles alone may prove insufficient to address complex legal and ethical challenges.

## Emergence Of The Artificial Intelligence Governance Bill

The proposed Artificial Intelligence Governance Bill represents Malaysia's first attempt to establish a comprehensive statutory framework regulating artificial intelligence across its lifecycle. Government statements indicate that the Bill will introduce obligations relating to risk assessment, transparency requirements, compliance measures, and audits to ensure responsible artificial intelligence development and deployment.

Importantly, the Bill is expected to adopt a risk-based classification framework, whereby regulatory obligations correspond to the level of risk associated with particular artificial intelligence applications. Such an approach reflects international regulatory trends that distinguish between low risk, moderate risk, and high-risk artificial intelligence uses.

The legislation is also intended to address legal and ethical concerns associated with artificial intelligence training processes, including the use of copyrighted data without authorisation. While the Bill does not replace existing intellectual property laws, it serves as an overarching governance framework to ensure accountability throughout the artificial intelligence system lifecycle.

Statements by government officials further indicate that the Bill will incorporate mechanisms relating to incident reporting, ethical oversight, and protection of citizens' rights. The legislation is currently in its early drafting stage and is anticipated to undergo stakeholder consultation and parliamentary review prior to enactment, with reports suggesting that progress towards tabling may occur by around mid-2026. Nevertheless, its development signals Malaysia's intention to transition from policy driven governance towards enforceable statutory obligations.

## Regulatory Drivers And The Need For Comprehensive Governance

Recent developments worldwide illustrate the challenges faced by regulators in managing risks associated with artificial intelligence deployment. Instances involving misuse of generative artificial intelligence tools, including the creation of harmful or unlawful content, have prompted regulatory intervention by authorities. In parallel, significant litigation has emerged in other jurisdictions concerning intellectual property and authorship issues arising from artificial intelligence systems. Cases such as *Bartz et al. v. Anthropic PBC*, which concerns allegations relating to the use of copyrighted works in training artificial intelligence models, *Thaler v. Perlmutter*, which addressed the question of copyright protection for works generated without human authorship, and more demonstrate the growing legal uncertainty surrounding artificial intelligence technologies. Such disputes highlight limitations in relying solely on reactive enforcement under existing laws and underscore the need for clearer governance frameworks capable of addressing risks across the artificial intelligence lifecycle.

Artificial intelligence systems possess the capacity to generate outputs at scale and with increasing realism, thereby amplifying potential harm. Without proactive governance mechanisms, enforcement may occur only after damage has already occurred. Consequently, comprehensive governance frameworks are necessary to address risks systematically across the artificial intelligence lifecycle.

## Mandatory Labelling Of Artificial Intelligence Generated Content

Within the broader context of artificial intelligence regulation, mandatory labelling of artificial intelligence generated content has gained attention as a potential transparency mechanism. Labelling refers to the requirement that content created or materially altered using artificial intelligence systems be clearly disclosed to users. Disclosure mechanisms may include visible notices, metadata indicators, or embedded technical markers. Several jurisdictions have begun implementing such transparency obligations, including platform-based labelling requirements in China, disclosure provisions under the European Union Artificial Intelligence Act, and emerging state level regulations in the United States requiring identification of artificial intelligence generated or manipulated content in specific contexts.

The rationale for mandatory labelling rests upon several considerations. Transparency enables individuals to assess credibility and authenticity when interacting with digital content. Disclosure reduces the risk of deception in commercial transactions and informational environments. Labelling may also support enforcement by enabling identification of artificial intelligence involvement in harmful outputs.

From a legal perspective, mandatory disclosure may complement existing consumer protection and intellectual property frameworks. Where artificial intelligence generated content is used in advertising or commercial representations, failure to

disclose may create misleading impressions regarding authorship or authenticity. Transparency obligations could therefore enhance consumer rights without fundamentally altering existing legal doctrines.

However, mandatory labelling also presents challenges. Enforcement difficulties arise where artificial intelligence generated content originates from foreign jurisdictions or where detection technologies remain imperfect. Compliance burdens may affect smaller organisations with limited resources. Additionally, overbroad regulatory requirements may risk stifling innovation if obligations are imposed indiscriminately across low-risk applications.

## Integrating Labelling Within Malaysia's Artificial Intelligence Governance Framework

If Malaysia were to introduce mandatory labelling obligations, integration within the proposed Artificial Intelligence Governance Bill would provide a coherent regulatory approach. A risk-based framework may allow disclosure requirements to focus on contexts involving higher potential for harm, such as political communications, news dissemination, or commercial advertising, while lower risk applications may warrant lighter regulatory intervention.

To ensure effectiveness, non-compliance with mandatory labelling obligations should be treated as a regulatory offence, subject to appropriate penalties. The introduction of enforcement consequences would serve both deterrent and signalling functions, demonstrating that transparency obligations are not merely advisory but form part of the broader accountability framework governing artificial intelligence deployment.

Clear designation of regulatory oversight would also be necessary. In particular, oversight of online content related obligations could fall within the purview of the Malaysian Communications and Multimedia Commission (MCMC), given its existing regulatory mandate over digital communications and internet service providers. Coordination with other relevant authorities may nevertheless be required where sector specific issues arise, including consumer protection or intellectual property concerns.

In addition, technical standards would be necessary to ensure consistency and interoperability across platforms. Collaboration between government agencies, industry stakeholders, and technology providers would be essential in developing feasible implementation mechanisms. Transitional measures and guidance could assist small and medium enterprises in achieving compliance without undue burden.

A public reporting mechanism may further strengthen enforcement by allowing individuals to notify regulators of suspected non-compliant artificial intelligence generated content. Such mechanisms would support regulatory monitoring while promoting community participation in maintaining a trustworthy digital environment.

## Conclusion

Malaysia's approach to artificial intelligence regulation is evolving from reliance on existing sectoral laws and voluntary policy frameworks towards the development of a comprehensive statutory governance regime. The proposed Artificial Intelligence Governance Bill represents a significant milestone in establishing accountability obligations across the artificial intelligence lifecycle while preserving the applicability of existing laws.

Mandatory labelling of artificial intelligence generated content should be considered within this broader regulatory context rather than as an isolated intervention. Transparency obligations may enhance public trust, support responsible innovation, and complement existing legal protections. Nevertheless, careful design is required to balance regulatory objectives with practical feasibility and innovation considerations.

As artificial intelligence technologies continue to advance, Malaysia has the opportunity to develop a regulatory framework that integrates legal certainty, ethical responsibility, and technological progress. A coherent governance approach that incorporates transparency mechanisms alongside risk-based regulation may position Malaysia as a regional leader in responsible artificial intelligence adoption.

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