MINISTRY OF DIGITAL

BELANJAWAN 2026

Digital Economy Snapshot

OCTOBER 2025

BELANJAWAN MADANI KEEMPAT: BELANJAWAN RAKYAT

Published by:

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YAB Dato' Seri Anwar Ibrahim
Prime Minister

"Malaysia cannot afford to remain as end-consumers. We must become creators – producing our own goods and services and leading in technology and digitalisation. The Fourth MADANI Budget drives the creation of homegrown innovations and positions 'Made by Malaysia' products for export."

YB Gobind Singh Deo
Minister of Digital

"Belanjawan 2026 outlines key initiatives that will further strengthen Malaysia's digital ecosystem and accelerate our transformation into a digitally driven, innovation-led economy. These measures together reinforce the Government's commitment to a digital economy that is secure, inclusive, and progressive. It is now time for us to harness these opportunities and translate them into meaningful outcomes — ensuring that no Malaysian is left behind as we move closer to realising our shared vision of making Malaysia an AI Nation by 2030."

Anuar Fariz Fadzil
CEO, MDEC

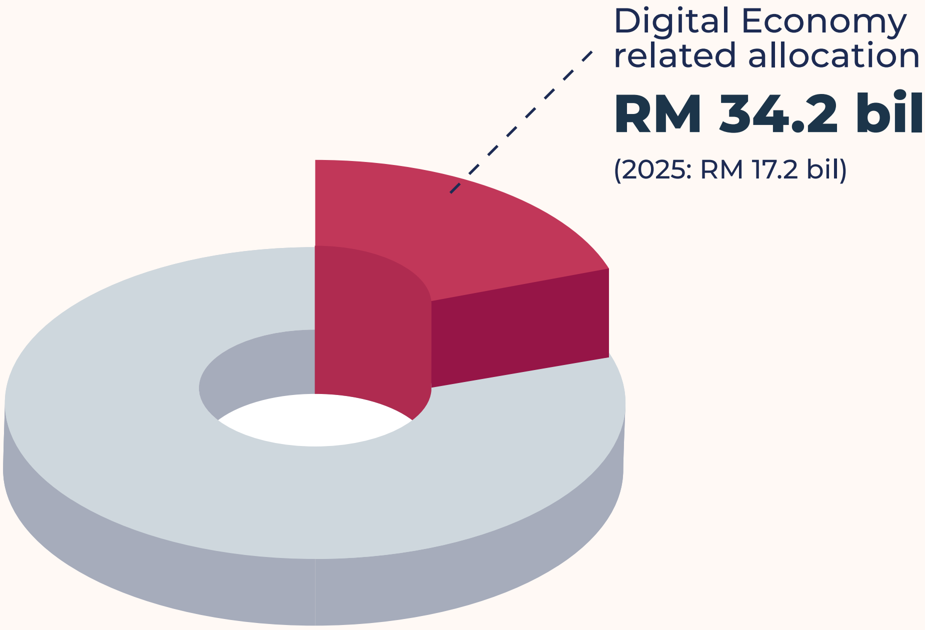
"At MDEC, we are steadfast in our mission to build bridges between policy and tangible progress. The recent Belanjawan MADANI 2026 allocations attest to this, to further accelerate our digital ecosystem.

We are empowering innovators through the Malaysia Digital Acceleration Grant (MDAG) and fueling creativity in our local animation sector. More than mere funding; it's a "strategic whole-of-nation catalyst" to align technology, talent, and innovation with our national priorities."

BELANJAWAN 2026

2026 Allocation: RM 470 billion

DIGITAL ECONOMY ALLOCATION	EST. RM 34.2 B



RM 12.9 bil	RM 10.1 bil	RM 11.2 bil
Business	Investor	Rakyat

BUSINESS

Digital Economy Allocation: RM 12.9 billion

Belanjawan 2026 demonstrates a strong commitment to enhancing the nation's economic competitiveness by allocating RM 12.9 billion for digital-related initiatives aimed at businesses. This substantial investment is critical for realising Ministry of Digital's objective to accelerate the digitalisation of businesses across Malaysia and serves as a catalyst for the nation's aspiration to become an AI Nation by 2030. The allocation is strategically distributed across four primary focus areas to bolster the business ecosystem:

ACCELERATING BUSINESS DIGITALISATION & TECH ADOPTION
Encouraging the integration of digital technologies in business operations

CATALYSING NEXTGEN TECH TOWARDS AN AI NATION
Fostering innovation and adoption of advanced technologies such as AI, advanced computing, IoT, and robotics

STIMULATING BUSINESS FUNDING
Providing financial support and incentives for growth and digitalisation

DRIVING SECTORAL DIGITAL ECOSYSTEMS
Promoting digital transformation across strategic industries

A significant portion of the budget is directed towards "Catalysing NextGen Tech towards an AI Nation", led by RM 5.8 billion cross-ministerial allocation specifically allocated for research, development, commercialisation, and innovation (RDCI) activities. This aligns perfectly with Malaysia's national AI strategy, that is to strengthen our RDCI activities and signals a concerted effort to position Malaysia at the forefront of the artificial intelligence revolution.

Furthermore, a large part of the allocation comes in the form of financial stimulation and incentives. Funds such as the NIMP Industry Development Fund (NIDF), Dana Pemacu (KWAP), and the Strategic Co-Investment Fund are designed to strengthen the Malaysian MSME ecosystem and provide the necessary capital for small and medium-sized enterprises to digitalise their operations effectively.

Notably, RM 53 million has been channelled into MDEC's Malaysia Digital Acceleration Grant (MDAG). This grant is specifically aimed at accelerating the adoption and growth of emerging technologies like blockchain, AI, and quantum computing. This initiative directly supports the Ministry of Digital's drive to integrate NextGen Tech into Malaysia's future digital agenda, fostering a culture of innovation and technological advancement in areas such as AI, advanced computing, IoT, and robotics to drive transformative and efficient solutions toward building smarter, highly connected, and sustainable ecosystems.

It is encouraging to see that the allocations for digital initiatives under Belanjawan 2026 provide a comprehensive framework to accelerate tech adoption, stimulate innovation, and deliver essential financial support towards empowering Malaysian businesses to thrive in the global digital economy.

ACCELERATING BUSINESS DIGITALISATION & TECH ADOPTION

e-Invoicing	RM 2 mil	RM 350 mil	50% income tax deduction	RM 20 mil
e-Invoicing Full implementation beginning 2026	**Maju Usahawan MADANI 2.0 Programme** Programmes include e-invoicing, digitalisation, technologies for micro entrepreneurs, youth, women and rural areas	**NADI Centres empowerment** The focus includes mentoring rural entrepreneurs in online business	**Tax Deduction for SME Trainings** Related to expenditure on AI and cyber security trainings	**MADANI Hawker Digital Financial Literacy Programme** Grant by BSN to improve digital and financial literacy among hawkers

At present, over 60% of Malaysian businesses remain at a basic level of digitalisation, indicating a substantial readiness gap particularly among MSMEs and rural entrepreneurs. This highlights the need for sustained interventions that address both capability and accessibility challenges in digital transformation.

To bridge this gap, the government has expanded allocations for NADI digital centres, complemented by programmes such as Maju Usahawan MADANI 2.0 and targeted tax incentives for SMEs' expenditure on AI and cyber security training. Together, these measures are designed to extend access to digital tools, skills, and market connectivity to underserved segments, empowering micro-sellers, SMEs and local entrepreneurs.

In parallel, the government will continue implementing e-invoicing in phases, targeting full adoption by 2026. This national initiative forms a key pillar of the broader SME digitalisation agenda, aimed at modernising business operations and promoting greater efficiency. By aligning with international standards such as Peppol, it also enhances Malaysia's cross-border trade readiness and digital interoperability across different systems.

CATALYSING NEXTGEN TECH TOWARDS AN AI NATION

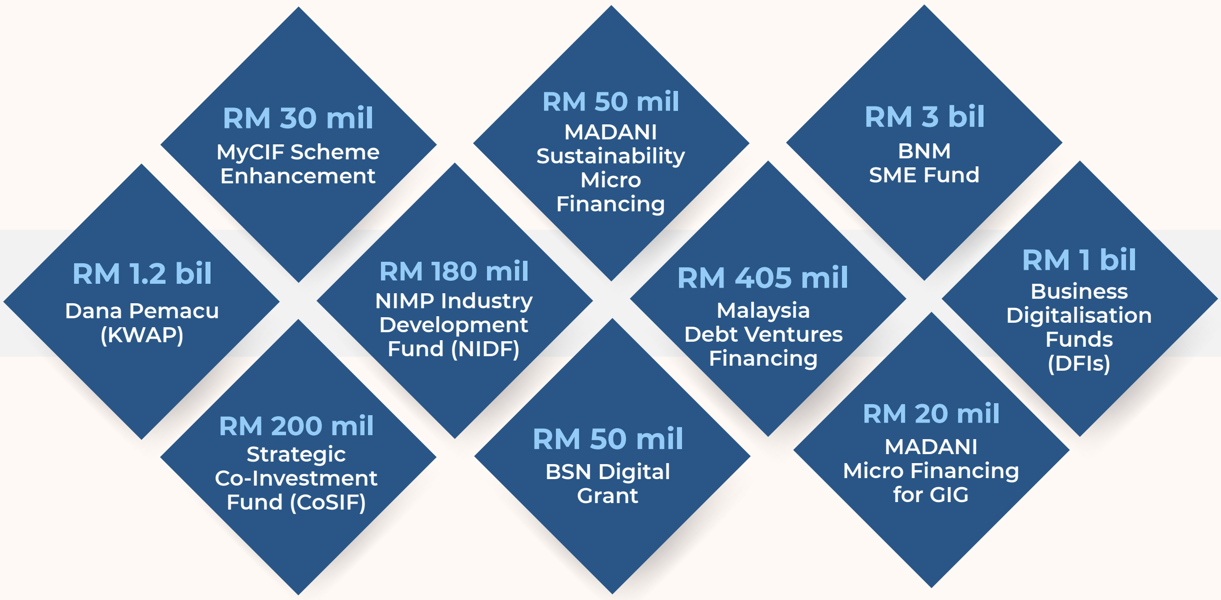
- **RM 20 mil** Agropreneur NextGen Programme
- **RM 7 mil** Blockchain Development & Deepfake Detection
- Establishment of Centre of Excellence in Ethics for Emerging Technologies
- Establishment of Cyber Security & Cryptology Development Centre
- **RM 30 mil** Securing digital automation & developing cyptographic security
- **RM 18 mil** Empowering National AI Office
- **RM 53 mil** Malaysia Digital Acceleration Grant
- **RM 5.8 bil** Research, Development, Commercial & Innovation
- **RM 105 mil** Bumiputera HGHV Strategic Investment Fund Programme
- **RM 30 mil** Technology Accelerator & Commercialisation Scheme
- **RM 54.8 mil** Cradle Fund for tech startup ecosystem

Malaysia's aspiration to become an AI Nation by 2030 brings to light the need to invest in the digital foundations that will drive future growth. Recognising that nextgen technologies are reshaping national competitiveness and enabling higher-value creation, Belanjawan 2026 places greater emphasis on strategic investments across these frontier domains. Key allocations include the Malaysia Digital Acceleration Grant (MDAG) by MDEC, empowerment of the National AI Office (NAIO), cryptographic security services under Cyber Security Malaysia, as well as blockchain and deepfake detection innovation under MIMOS.

The MDAG allocation, in particular, plays a pivotal role in accelerating the adoption and growth of emerging technologies such as blockchain, AI, and quantum computing, thereby driving the next wave of digital transformation. Such strategic funding will further empower Malaysia Digital (MD) companies, particularly those in their commercialisation and expansion phases, to scale as significant regional and global players in the digital economy.

Reinforcing this theme, RDCI serves as a strategic lever to fortify Malaysia's innovation pipeline. This allocation signals a concerted effort to position Malaysia as a regional innovation hub; one that nurtures nextgen technologies, strengthens public-private collaboration, and drives the commercialisation of "Made by Malaysia" innovations into globally competitive solutions.

STIMULATING BUSINESS FUNDING



The Government aims to optimise business financing sources, leveraging private participation to stimulate investment in high-impact and emerging areas such as AI and digitalisation. Funding allocations through KWAP's Dana Pemacu, the Strategic Co-Investment Fund (CoSIF), and the expanded Malaysia CoInvestment Fund (MyCIF) scheme reflect a deliberate shift toward a blended financing strategy that crowds in private capital to scale national growth priorities.

Complementing these are targeted funding mechanisms for MSMEs and mid-tier companies or ICT projects. These including BNM's SME Fund, Development Financial Institution (DFI) financing for automation and digitalisation, Malaysia Debt Venture Financing for digital transformation, ICT services and infrastructure, VentureTECH's Bumiputera High-Growth High-Value Fund, and BSN's SME Digital Matching Grant and Microfinancing Schemes for rural entrepreneurs and gig workers. Collectively, these measures broaden access to growth capital, accelerate digital transformation, and reinforce Malaysia's trajectory toward a more inclusive and innovation-driven economy.

DRIVING SECTORAL DIGITAL ECOSYSTEMS

RM 20 mil
Digital Creative Ecosystem
Ecosystem support for local animation and digital game developers

Global Sukuk Tokenisation Initiative & Climate Sukuk
Initiatives by Labuan IBFC aim to position the centre as a Digital Islamic Finance Hub

RM 7.5 mil
Promotion of e-commerce activities
Cross-Border E-Commerce Development Programme (EBIZLINK) and MARA's Business Digitalisation Programme

RM 300 mil
Tokenised Cash Waqf Sukuk
Introduction of sukuk to finance critical social needs

Malaysia’s e-commerce sector remains a key driver of digital economic growth, contributing RM 258.2 billion or 13.4% of GDP in 2024, according to Department of Statistics Malaysia (DOSM)'s recent ICT Satellite Account (ICTSA) findings. To continue with strong momentum and enhance export competitiveness, Belanjawan 2026 allocates targeted funding to the Cross-Border E-Commerce Development Programme (EBIZLINK) and the MARA’s Business Digitalisation Programme, which aim to accelerate the participation of mid-tier companies and SMEs in global digital trade.

The Orange Economy (creative economy) is emerging as a strategic growth pillar within Malaysia’s digital economy, projected to contribute RM 32 billion to GDP by 2030. Building on the momentum from Level Up KL 2025 and internationally recognised successes such as Upin & Ipin Universe, Malaysia is strengthening its position as a regional hub for digital content creation through deeper investment in intellectual property (IP) development and creative exports. **Under the Belanjawan 2026, a RM 20 million allocation has been introduced to further develop the Digital Creative Ecosystem, with a focus on nurturing local animation and digital game creators. Spearheaded by MDEC, this initiative aims to enhance local IP ownership, expand export opportunities, and integrate AI tools across creative production workflows thereby driving productivity, innovation, and global competitiveness in Malaysia’s creative digital sector.**

Malaysia is also cementing its leadership in digital Islamic finance through the introduction of innovative instruments under Belanjawan 2026. The Tokenised Cash Waqf Sukuk, for instance, enables investors to endow either principal or returns toward social initiatives such as special education, autism support, and palliative care facilities. Complementing this, the Global Sukuk Tokenisation initiative enhances transparency and facilitates retail participation via digital exchanges in Labuan IBFC. Collectively, these initiatives exemplify how Malaysia integrates technology with Islamic finance to strengthen financial inclusivity, amplify social impact, and position Labuan IBFC as a regional Digital Islamic Finance Hub.

BUSINESS
(Total est. budget: RM 12.9 billion)

Summary of related allocation for Business *(Total est. budget: RM 12.9 billion)*

ACCELERATING BUSINESS DIGITALISATION & TECH ADOPTION (RM 372 million)

- **RM 350 million:** Community programmes enhancement at all Information Dissemination Centre (NADI) by the Malaysian Communications and Multimedia (MCMC), including mentoring rural entrepreneurs to increase their income through online business.
- **E-invoicing** full implementation starting 2026.
- **RM 2 million:** Allocation to SME Bank for Maju Usahawan MADANI 2.0 (MUM 2.0) Programme to provide training on skills like e-invoicing and digitalisation, latest technologies for micro entrepreneurs, youth, women and those in rural areas.
- **RM 20 million:** MADANI Hawker Digital Financial Literacy Programme under BSN grant.
- **50% income tax deduction:** SMEs' expenditure on AI and cyber security training certified by MyMahir National AI Council for Industry (NAICI).

DRIVING SECTORAL DIGITAL ECOSYSTEMS (RM 327.5 million)

- **RM 300 million:** Introduction of the Tokenised Cash Waqf Sukuk to finance critical social needs.
- **RM 20 million:** Digital Creative Ecosystem support by MDEC, targeting local animation and digital game creators.
- **RM 7.5 million:** Promotion of e-commerce activities: Cross-Border E-Commerce Development Programme (EBIZLINK) by MATRADE and Business Digitalisation Programme by MARA.
- **Global Sukuk Tokenisation** initiative to digitise sukuk for retail trading via digital exchanges in Labuan International Business and Financial Centre (IBFC).

STIMULATING BUSINESS FUNDING (RM 6.1 billion)

- **RM 3 billion:** BNM SME Fund focusing on segments of the society with limited access to financing, as well as high-impact activities including digitalisation and automation.
- **RM 1.2 billion:** Dana Pemacu by KWAP to finance emerging companies or markets in sectors such as energy transition, food security and the digital economy.
- **Close to RM 1 billion:** Development Financial Institutions (DFIs) financing support to MSME for automation of processes and digitalisation of business operations.
- **RM 405 million:** Project financing by Malaysia Debt Ventures (MDV) which includes ICT (Services and Infrastructure, Digital Transformation).
- **RM 200 million:** Strategic Co-Investment Fund (CoSIF) provides matching grants to SMEs and mid-tier companies through Security Commision (SC)'s

BUSINESS
(Total est. budget: RM 12.9 billion)

Summary of related allocation for Business *(Total est. budget: RM 12.9 billion)*

approved Equity Crowdfunding (ECF) and Peer-to-Peer (P2P) financing platforms to catalyse investments in high-value sectors, including ICT.

- **RM 180 million:** NIMP Industry Development Fund (NIDF) targeting SMEs and mid-tier firms to finance industry development programmes in high-impact sectors such as pharmaceutical, semiconductor, AI, digitalisation and sustainability.
- **RM 50 million:** SME Digital matching grant by Bank Simpanan Nasional (BSN) for telco, technology providers and hawkers.
- **RM 50 million:** MADANI Sustainability Micro Financing for entrepreneurs in rural industries, green financing, recycling, and business digitalisation by BSN.
- **RM 20 million:** MADANI Micro Financing by BSN for gig workers operating through digital platforms.
- **RM 30 million:** MyCIF Scheme enhancement by Security Commission (SC) to finance agritech, agetech, regional expansion of mid-tier companies among others.

CATALYSING NEXTGEN TECH TOWARDS AN AI NATION (RM 6.1 billion)

- **RM 5.8 billion:** Allocation for cross-ministerial RDCI activities.
- **RM 53 million:** Malaysia Digital Acceleration Grant (MDAG) by MDEC to accelerate the growth and adoption of new technologies such as blockchain, AI and quantum computing.
- **RM 54.8 million:** Strengthening the tech startup ecosystem with initiatives like the CIP SPARK Grant Financing Programme, CIP SPRINT Grant Financing Programme and Startup Ecosystem Accelerator Programme by Cradle Fund.
- **RM 30 million:** Technology Accelerator and Commercialisation Scheme (TACT) by MDV, targeting innovative, technology start-up companies.
- **RM 20 million:** Provision of start-up and project expansion grants for agricultural projects through the Agropreneur NextGen Programme.
- **RM 18 million:** Allocation for National Artificial Intelligence Office (NAIO) to focus on developing highly skilled talent, strengthening digital infrastructure & creating an efficient AI governance ecosystem.
- **RM 7 million:** Allocation for MIMOS to develop blockchain technology and deepfake detection.
- **RM 30 million:** Allocation for Cyber Security Malaysia, including the development of cryptographic security services.
- **Cyber Security and Cryptology Development Centre (CSCDC)** to be established by National Cyber Security Agency (NACSA).
- **Centre of Excellence in Ethics for Emerging Technologies** to be established to advance ethical AI research and develop culture centric AI environment.
- **RM 105 million:** Bumiputera HGHV Strategic Investment Fund Programme by VentureTECH, including funding for emerging digital technology investments.

INVESTOR

Digital Economy Allocation: RM 10.1 billion

Belanjawan 2026 clearly underscores the government's strategic focus on creating a resilient and attractive environment for investors, allocating RM 10.1 billion towards digital initiatives designed to bolster national sovereignty and expand economic opportunities across borders. This forward-looking budget acknowledges global developments, such as reciprocal tariffs and the increasing vulnerability of national data, positioning Malaysia as a secure and stable investment hub. Two key areas for investors covered by this year's budget are:

CHAMPIONING NATIONAL DIGITAL SOVEREIGNTY
Securing Malaysia's digital infrastructure and data integrity

GROWING CROSS-BORDER ECONOMIES
Enhancing regional integration and trade, particularly within ASEAN

In the budget, RM 4 billion is dedicated to championing national sovereignty through strategic digital infrastructure projects. Key initiatives include the proposed establishment of a Sovereign AI Cloud under MCMC, aimed at safeguarding national data, and the development of the MADANI Subsea Cable Link (SALAM). This 3,190-kilometre cable will connect Johor to Sabah and Sarawak, significantly enhancing domestic connectivity and reducing reliance on foreign infrastructure.

In parallel, the budget emphasises growing cross-border economies with a distinct ASEAN-centric approach. A notable proposal is the introduction of the ASEAN Business Entity (ABE) Status, which will facilitate the seamless movement of skilled talent across the region, supporting the regional expansion of Malaysian companies. Furthermore, the budget allocates funds for the continued infrastructure development of the Johor-Singapore Special Economic Zone (JS-SEZ) and Delapan Project at Bukit Kayu Hitam Special Border Economic Zone.

Collectively, these initiatives reinforce Malaysia's sovereignty, broaden cross-border economic opportunities and create new avenues for growth, making Malaysia an increasingly compelling destination for both domestic and international capital.

CHAMPIONING NATIONAL DIGITAL SOVEREIGNTY

RM 2 bil
MADANI Subsea Cable Link (SALAM)
Development spanning from Johor to Sarawak and Sabah

RM 2 bil
Sovereign AI Cloud
An establishment aimed at creating a secure and efficient data infrastructure

In an era of intensifying geopolitical competition over data, compute, and AI capabilities, Malaysia's pursuit of digital sovereignty has become both an economic necessity and a national security imperative. Initiatives such as the MADANI Subsea Cable (SALAM) and the Sovereign AI Cloud reflect intentional moves to reduce reliance on external networks and hyperscale cloud providers. The SALAM cable enhances digital resilience by strengthening connectivity between Peninsular and East Malaysia and improving control over domestic data routing. Complementing this effort, the Sovereign AI Cloud establishes a secure, locally governed AI infrastructure to support sensitive data processing, critical services, and AI model training, thereby reinforcing Malaysia's capacity for independent digital development. Such initiative will strengthen Malaysia's digital sovereignty, retain AI-generated value within its borders, and create new opportunities for local tech players.

GROWING CROSS-BORDER ECONOMIES

1
ASEAN Business Entity (ABE)
Enabling seamless talent mobility to support Malaysian companies' regional growth

2
RM 2.7 bil
Delapan Project (Northern Region)
Developing Bukit Kayu Hitam as a key hub linking ASEAN supply chains and digital ecosystem

3
RM 3.4 bil
JS-SEZ Infrastrcuture Development (Southern Region)
Developments include broadband and flood mitigation system

Anchored on the principle of ASEAN centrality, Malaysia continues to advance regional integration and cross-border economic cooperation. To facilitate regional expansion, the Government will introduce the ASEAN Business Entity (ABE) Status, enabling smoother movement of skilled talent and reducing operational friction for companies to scale across ASEAN. The initiative targets public-listed firms with established regional presence and mid-sized enterprises with strong potential to expand, thereby allowing positioning Malaysia as a preferred base for ASEAN headquarters and operations.

The Government's commitment to cross-border economies is also reflected in the development of northern and southern growth corridors. Investments in digital infrastructure, including high-speed broadband and flood mitigation systems within the Johor–Singapore Special Economic Zone (JS-SEZ), will help foster a conducive environment for digital-driven industries. At the northern border, the Delapan Project at Bukit Kayu Hitam Special Border Economic Zone will enhance ASEAN supply chain connectivity and digital ecosystems, reinforcing Malaysia's position as a strategic hub within the regional value chain.

INVESTOR
(Total est. budget: RM 10.1 billion)

Summary of related allocation for Investor *(Total est. budget: RM 10.1 billion)*

CHAMPIONING NATIONAL DIGITAL SOVEREIGNTY (RM 4 billion)

- **RM 2 billion:** Allocation for MCMC to establish a Sovereign AI Cloud.
- **RM 2 billion:** Allocation for MCMC to develop the MADANI Subsea Cable Link (SALAM) spanning from Johor to Sarawak and Sabah.

GROWING CROSS-BORDER ECONOMIES (RM 6.1 billion)

- **RM 3.4 billion:** Infrastructure development of JS-SEZ including digital investments (broadband and flood mitigation system) among others.
- **RM 2.7 billion:** Delapan Project at Bukit Kayu Hitam Special Border Economic Zone, linking ASEAN's supply chain and digital ecosystems.
- **ASEAN Business Entity (ABE) Status** to facilitate movement of skilled talent, thereby supporting regional expansion of Malaysia companies within ASEAN.

RAKYAT

Digital Economy Allocation: **RM 11.2 billion**

Considering Belanjawan 2026 was presented with the theme of "The Rakyat's Budget," the Government rightfully allocated a substantial RM 11.2 billion towards digital-related initiatives for the people of Malaysia, signalling a decisive commitment to placing the rakyat at the heart of the nation's digital transformation agenda.

This significant allocation is strategically aligned with the core objectives of Ministry of Digital to foster an inclusive and progressive digital society. In our analysis, the budget allocation of digital-related initiatives for the rakyat can be channelled into four key focus areas designed to empower Malaysians from all walks of life:

NURTURING DIGITAL SKILLS & TALENTS
Preparing a future-ready workforce

IMPROVING DIGITAL ACCESSIBILITY & CONNECTIVITY
Expanding and enhancing the nation's digital infrastructure to benefit the rakyat

ENHANCING PUBLIC SERVICE DELIVERY
Streamlining government services through digitalisation for the public with greater efficiency

ENABLING DIGITAL INCLUSION
Ensuring no one is left behind in the digital era

At RM 7.9 billion, the largest portion of the allocation is dedicated towards nurturing digital skills and talents, primarily through the strengthening of Malaysia's Technical and Vocational Education and Training (TVET) ecosystem. This underscores the government's strategy to build a robust talent pipeline equipped with high-demand digital skills, which is a cornerstone of Ministry of Digital's mission to drive the digital economy.

An allocation of approximately RM 1.7 billion is set to improve digital accessibility and connectivity. This funding will accelerate critical infrastructure projects, including the expansion of Malaysia's National Digital Network Plan through JENDELA 2, Point of Presence (PoP) Phase 2, and the nationwide 5G dual network rollout. These initiatives are vital for bridging the urban-rural digital divide and providing reliable, high-speed internet access to all Malaysians, thereby creating a solid foundation for digital economic growth and enhanced public service delivery.

Belanjawan 2026 provides a strong framework and the necessary resources to accelerate Malaysia's digital maturity, ensuring that the benefits of digitalisation are distributed equitably across society and directly empowering the rakyat.

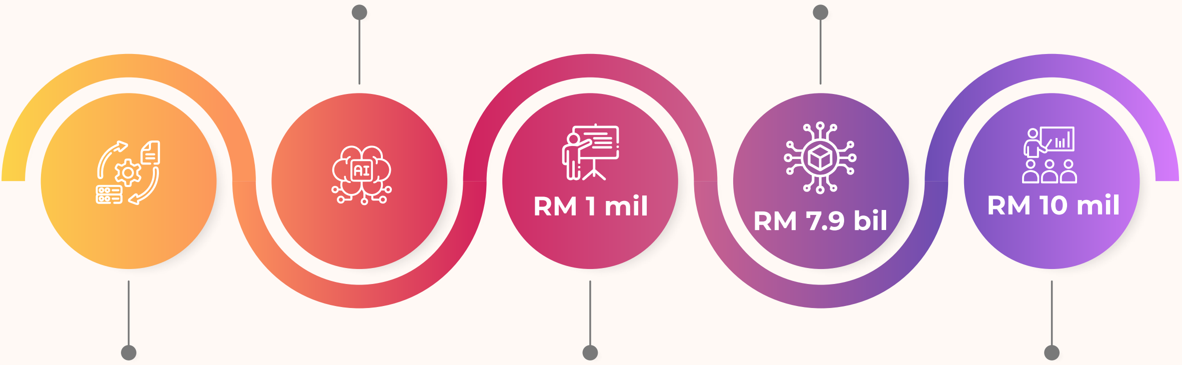
NURTURING DIGITAL SKILLS & TALENTS

MCMC-Microsoft AI Teach Programme

To develop foundational AI training, Gen AI and ethical use of AI

TVET Ecosystem Development

Education, training, financing, lifelong learning, industry-aligned programmes



Establishment of AI Transformation Centre

Nurturing AI talent

NCII Training

Cybersecurity training

TVET Training-GIATMARA

TVET training for 13,800 school leavers and youth

Belanjawan 2026 champions Malaysia's digital talent pipeline by allocating a significant RM 7.9 billion to Technical and Vocational Education and Training (TVET). This is more than 5% increase from the previous Belanjawan, which is a perfect response to the positive demand, as over half of 2024 school leavers chose TVET, and its graduates achieved an impressive 95.6% employment rate. The funding, aims to strengthen the TVET ecosystem, encompassing National TVET Council Programmes, TVET Programmes under MARA, TVET education support for 79,000 students, allocation to HRD Corp to offer 3 million training opportunities and lifelong learning programmes by community colleges for target communities. This strategic focus coupled with TVET training by GIATMARA reinforces Malaysia’s goal to build a technically skilled and innovation-ready workforce that can enhance economic complexity and produce more high-value "Made in Malaysia" goods and services.

Beyond broad vocational training, the budget strategically targets high-demand digital skills essential for the future economy. It provides for the establishment of an AI Transformation Centre (AIX) and implementation of foundational AI training, Generative AI and ethical use of AI by MCMC to cultivate local innovation in artificial intelligence. To safeguard the nation's digital backbone, a further RM 1 million is allocated for specialised cybersecurity training for personnel managing critical national infrastructure under the NCII. These focused initiatives are crucial for building a resilient, competitive, and secure digital Malaysia, aligning perfectly with the long-term goals of national strategies like the MyDIGITAL blueprint.

IMPROVING DIGITAL ACCESSIBILITY & CONNECTIVITY

5G dual network rollout	RM 780 mil JENDELA 2 broadband expansion	RM 770 mil Point of Presence (PoP) Phase 2	RM 84.6 mil DIGITAL FIRST Higher Education initiative	RM 75 mil Malaysia Research & Education Network (MYREN) project
High-speed internet for rakyat and businesses	Expansion of broadband coverage to 2,700 new locations	Near industrial areas and selected schools in rural and remote areas	Driving digital campuses through e-learning, cloud adoption, and upgraded connectivity	Broadband capacity upgrade at public universities, polytechnics and community colleges

Belanjawan 2026 significantly bolsters Malaysia's digital inclusivity by committing over RM 1.7 billion to expand high-speed internet infrastructure, particularly in underserved regions. As at 31 July 2025, the internet and communications coverage in Malaysia's populated areas has reached an impressive 98.82%. Building on the success of JENDELA Phase 1, which is on track for full completion by end 2025, the RM 780 million for JENDELA 2 will connect 2,700 new locations. This is complemented by a RM 770 million allocation for Phase 2 of the Point of Presence (PoP) project, which extends fibre connectivity to rural schools and surrounding communities, effectively bridging the urban-rural digital divide.

On the 5G front, DNB has successfully expanded the network to cover 82.4% of populated areas, deploying a total of 7,489 transmitter sites. The strategic push highlighted in Belanjawan 2026 towards a dual-network 5G model, aiming for 80% coverage by 2026, will further enhance mobile broadband speed and reliability, ensuring more Malaysians have affordable, high-quality access.

To future-proof higher education, the Government will continue broadband capacity upgrades under the Malaysia Research and Education Network (MYREN) project, extending coverage to public universities, polytechnics, and community colleges. Complementing this, the DIGITAL FIRST Higher Education initiative aims to advance cloud computing adoption and upgrade ageing campus networks, fostering a more connected and resilient digital education ecosystem.

ENHANCING PUBLIC SERVICE DELIVERY

RM 210 mil	**Early Warning System (EWS) for disaster and crisis** (Enhancing capabilities for disaster and crisis preparedness)
RM 10 mil	**AI-enabled 'Smart Traffic Lights'** (Deployments at intersections nationwide)
RM 20 mil	**Establishment of GovTech Malaysia Unit** (Focus on developing government digital applications)
RM 650 mil	**Future Healthcare initiative** (Initiative to strengthen internet connectivity in healthcare institutions)
RM 191.7 mil	**Sistem Keselamatan Elektronik Bersepadu (SKEB) at prison institutions** (Focus includes development of integrated electronic security system)
RM 20 mil	**Sexual, Women and Child Investigation Division empowerment** (Focus includes modernising systems and digital forensic expertise)
RM 102.4 mil	**Smart Classrooms & smart televisions** (Technology-enhanced learning environments in preschools and schools nationwide)
RM 25 mil	**Special Task Force on Agency Reform (STAR) digitisation initiatives** (Focus on public services digitalisation, infrastructure acceleration and Innovation development)
RM 12 mil	**Strengthening of National Scam Response Centre (NSRC)** (Focus on combating cybercrime and enhancing the nation's digital security ecosystem)
	Safe Internet Campaign (Campaign to curb online threats among school students)
	MyDigital ID expansion (Focus on key sectors, including finance, telecommunications, e-commerce and healthcare)
	Cybercrime Bill (To strengthen national cybersecurity)

Belanjawan 2026 commits a significant RM 1.2 billion to fundamentally enhance public services and social safety. Key allocations are directed toward frontline services: RM 650 million channelled to the Future Healthcare initiative, focusing on strengthening internet connectivity in medical institutions, while RM 102.4 million allocated to the provision of technology-enhanced learning environments and Smart Classrooms across public schools nationwide. Crucially, the establishment of the RM 20 million GovTech Malaysia Unit will act as a centralised delivery engine to accelerate the development of user-centric government digital applications.

On the social safety front, focus is placed on empowering Sexual, Women and Child Investigation Division, strengthening of National Scam Response Centre (NSRC), developing Integrated Electronic Security System for Prison Institutions, drafting the Cybercrime Bill, implementing Safe Internet Campaign among school students and developing an Early Warning System (EWS) for enhanced disaster and crisis management.

To ensure effective and trustworthy digital delivery, the Belanjawan strengthens foundational governance and security frameworks. These include allocations to the Special Task Force on Agency Reform (STAR) to drive comprehensive digitalisation and public service reforms; and the expansion of MyDigital ID adoption across finance, healthcare, and e-commerce will standardise and secure citizen identity verification, creating the unified, trusted foundation essential for all future digital government services and solidifying JDN's "whole-of-government" digitalisation vision.

ENABLING DIGITAL INCLUSION

1 **RM 118.4 mil** **Government Mobile Services** (Enhancing mobile services for rural and remote community access to government services)	**2** **RM 15 mil** **Nurturing Science, Technology & Creativity among youth** (Through programmes such as Malaysia Techlympics, STEM Camp, STI 100³ and STI MADANI)
3 **RM 6.4 mil** **Rural Community Centre Initiative** (Continued initiative to bridge digital divide in rural areas)	**4** **RM 200 mil** **K-Youth Programme & TVET training** (On-the-job training in strategic sectors including digital and technology)

Belanjawan 2026 demonstrates a clear commitment to digital inclusion, allocating RM 339.8 million to bridge the digital divide, especially in remote areas and among youth, priority areas under Ministry of Digital's aspirations. To build a more digitally competent and future-ready workforce, the MADANI Government has allocated RM 215 million specifically for youth development. This includes the K-Youth Programme and TVET training by Khazanah, which will provide on-the-job training for 11,000 non-graduate youth in strategic sectors such as digital technology, alongside programmes aimed at nurturing a culture of science, technology, and creativity among young Malaysians.

In addition, RM 118.4 million is dedicated to Government Mobile Services for rural and remote communities, directly addressing connectivity and access gaps. This is complemented by RM 6.4 million for Rural Community Centres to provide resources and digital literacy training. All these fully aligns and supports a recent partnership between MyDigital Corporation and the United Nations Development Programme (UNDP) to advance the country's digital inclusivity agenda through the development of Digital Inclusivity Index Malaysia initiative.

RAKYAT
(Total est. budget: RM 11.2 billion)

Summary of related allocation for Rakyat *(Total est. budget: RM 11.2 billion)*

NURTURING DIGITAL SKILLS & TALENTS (RM 7.9 billion)

- **RM 7.9 billion:** Allocation to strengthen TVET ecosystem via National TVET Council, focusing on opportunities for TVET education and training particularly those that support high-priority sectors.
- **RM 10 million:** Allocation for TVET training through GIATMARA centres for 13,800 school leavers and youth.
- **RM 1 million:** Cybersecurity training for National Critical Information Infrastructure (NCII) entity.
- **AI Transformation Centre (AIX)** established with MMU to nurture skilled AI talent.
- **MCMC-Microsoft AI Teach Programme,** involving development of foundational AI training, Gen AI and ethical use of AI.

IMPROVING DIGITAL ACCESSIBILITY & CONNECTIVITY (RM 1.7 billion)

- **RM 780 million:** Allocation to MCMC to implement JENDELA 2 broadband expansion to 2,700 new locations.
- **RM 770 million:** Allocation to continue Point of Presence (PoP) Project Phase 2 in rural areas.
- **RM 84.6 million:** DIGITAL FIRST Higher Education initiative, involving digitalisation of teaching and learning in public universities, the adoption of cloud computing as well as the upgrading and expansion of outdated campus LAN and Wi-Fi infrastructure.
- **RM 75 million:** Malaysia Research and Education Network (MYREN) project at public universities, polytechnics and community colleges to upgrade broadband capacity.
- **Dual-network 5G networks** to achieve 80% coverage by 2026.

ENABLING DIGITAL INCLUSION (RM 339.8 million)

- **RM 200 million:** K-Youth Programme and TVET training by Khazanah to provide on-the-job training to 11,000 non-graduate youth in strategic sectors including digital.
- **RM 118.4 million**: Allocation for Government Mobile Services to rural and remote communities.
- **RM 15 million:** Allocation to programmes aimed to nurture the culture of the science, technology and creativity among the youth such as Malaysia Techlympics, National Science Week, Rehlah Sains, Science on Wheels, STEM Camp, STI 100^3 and STI MADANI.
- **RM 6.4 million:** Allocation for Rural Community Centre initiative including efforts to bridge the digital divide in rural areas.

RAKYAT
(Total est. budget: RM 11.2 billion)

Summary of related allocation for Rakyat *(Total est. budget: RM 11.2 billion)*

ENHANCING PUBLIC SERVICE DELIVERY (RM 1.2 billion)

- **RM 650 million:** Allocation to MCMC to implement the Future Healthcare initiative, including strengthening internet connectivity in healthcare institutions.
- **RM 210 million:** Allocation for MCMC to develop the Early Warning System (EWS) to enhance capabilities of early warning system for disaster and crisis.
- **RM 191.7 million:** Development allocation for prisons, including development of the Sistem Keselamatan Elektronik Bersepadu (SKEB) in prison institutions.
- **RM 102.4 million:** Allocation for implementing Smart Classrooms or provisioning smart televisions in pre-schools and educational institutions nationwide, including rural areas.
- **RM 25 million:** Allocation for the Special Task Force on Agency Reform (STAR) to support comprehensive digitalisation of public service delivery and public-private collaboration through Pelan Induk Kerjasama Awam Swasta (PIKAS) 2030 as well as to ensure public service reforms are on par with, and surpass, international standards.
- **RM 20 million:** Establishment of GovTech Malaysia Unit to develop more government digital applications.
- **RM 20 million:** Empowering the Sexual, Women and Child Investigation Division (D11) of the Polis Diraja Malaysia (PDRM) with advanced technology and establishing a Behavioural Science Unit to analyse behavioural patterns and criminal profiling.
- **MyDigital ID** adoption will be expanded to key sectors including finance, telecommunications, e-commerce, and healthcare.
- **Cyber Crime Bill** will be formulated to strengthen national cybersecurity and ensure that domestic laws are aligned with international conventions.
- **Safe Internet Campaign** by MCMC to raise the level of cyber awareness among school students.
- **RM 10 million:** Upgrade existing traffic lights to AI-enabled 'Smart Traffic Lights' with intelligent cameras.
- **RM 12 million:** Strengthening of National Scam Response Centre (NSRC) with focus on combating cybercrime and enhancing the nation's digital security ecosystem.
- **Kiosk MADANI:** Deployment of digital kiosks across all states in stages.

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