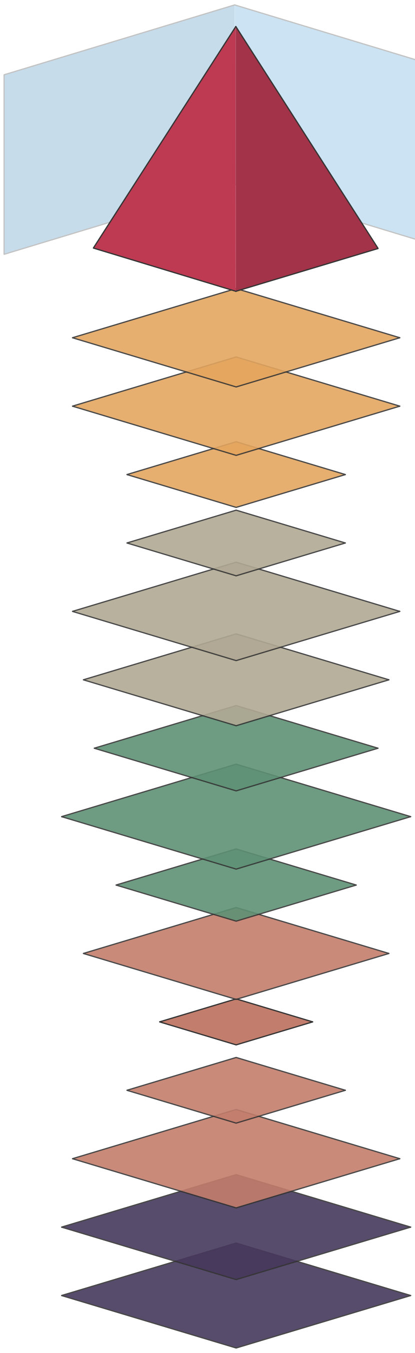
GLOBAL ORGANIZED CRIME INDEX

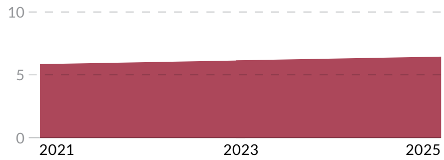
GLOBAL INITIATIVE AGAINST TRANSNATIONAL ORGANIZED CRIME

MALAYSIA



6.53 ↗0.30
CRIMINALITY SCORE

35th of 193 countries ↗3
14th of 46 Asian countries ↗2
6th of 11 South-Eastern Asian countries -



CRIMINAL MARKETS	6.57	↘0.10
HUMAN TRAFFICKING	7.50	0.00
HUMAN SMUGGLING	7.50	0.00
EXTORTION & PROTECTION RACKETEERING	5.00	↘0.50
ARMS TRAFFICKING	5.00	↘0.50
TRADE IN COUNTERFEIT GOODS	7.50	0.00
ILLICIT TRADE IN EXCISABLE GOODS	7.00	0.00
FLORA CRIMES	6.50	0.00
FAUNA CRIMES	8.00	0.00
NON-RENEWABLE RESOURCE CRIMES	5.50	0.00
HEROIN TRADE	7.00	0.00
COCAINE TRADE	3.50	↘0.50
CANNABIS TRADE	5.00	0.00
SYNTHETIC DRUG TRADE	7.50	0.00
CYBER-DEPENDENT CRIMES	8.00	0.00
FINANCIAL CRIMES	8.00	0.00

CRIMINAL ACTORS	6.50	↗0.70
MAFIA-STYLE GROUPS	5.50	↗1.00
CRIMINAL NETWORKS	6.00	↗0.50
STATE-EMBEDDED ACTORS	7.00	↗1.00
FOREIGN ACTORS	7.00	0.00
PRIVATE SECTOR ACTORS	7.00	↗1.00

This project was funded in part by a grant from the United States Department of State.

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Funded by the European Union

ENACT is funded by the European Union and implemented by the Institute for Security Studies and INTERPOL, in affiliation with the Global Initiative Against Transnational Organized Crime.

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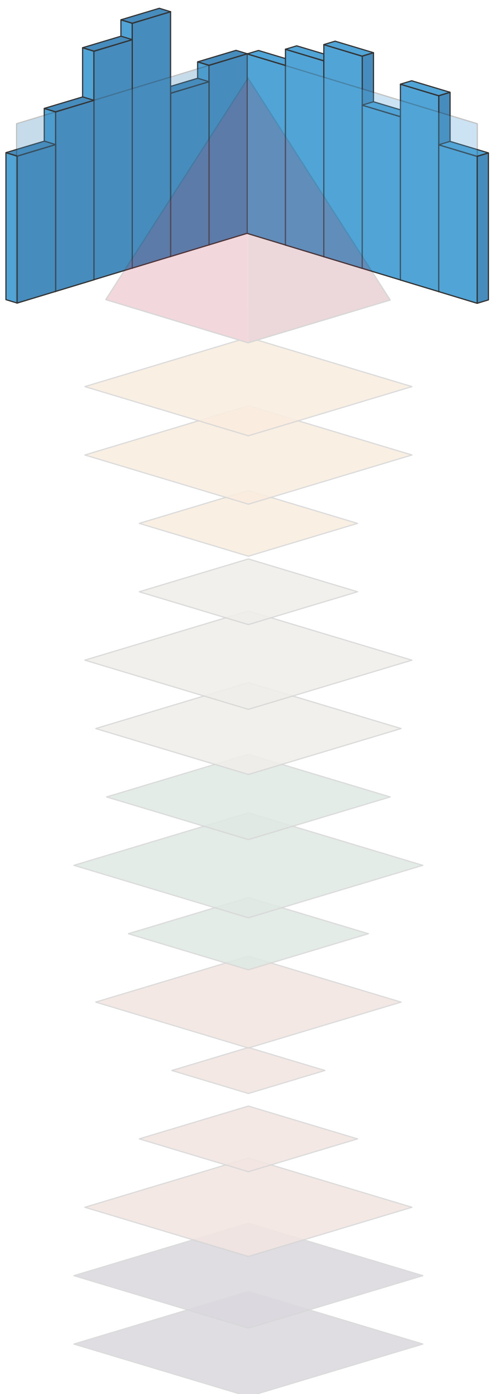
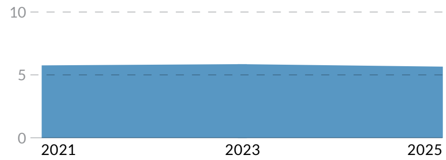
MALAYSIA



5.71 ↘0.21

RESILIENCE SCORE

43rd of 193 countries ↘3
4th of 46 Asian countries ↗1
2nd of 11 South-Eastern Asian countries -



POLITICAL LEADERSHIP AND GOVERNANCE	4.50	0.00
GOVERNMENT TRANSPARENCY AND ACCOUNTABILITY	5.50	0.00
INTERNATIONAL COOPERATION	7.00	0.00
NATIONAL POLICIES AND LAWS	7.50	0.00
JUDICIAL SYSTEM AND DETENTION	5.00	↘0.50
LAW ENFORCEMENT	5.50	0.00
TERRITORIAL INTEGRITY	5.50	0.00
ANTI-MONEY LAUNDERING	6.00	0.00
ECONOMIC REGULATORY CAPACITY	6.50	↘0.50
VICTIM AND WITNESS SUPPORT	5.00	↘1.00
PREVENTION	6.00	↘0.50
NON-STATE ACTORS	4.50	0.00

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CRIMINALITY

CRIMINAL MARKETS

PEOPLE

Malaysia faces human trafficking challenges due to its geographic location, dependence on foreign labour and regional migration dynamics. The country is a source, transit point and destination for human trafficking, with victims originating from across Asia and Africa. Malaysia's economy relies heavily on foreign workers, and the high cost of work permits has created a market for criminal groups to traffic people for cheap labour, especially in construction and domestic work. Victims include vulnerable populations such as Rohingya refugees in Indonesia and Bangladesh, as well as children. Malaysians are also vulnerable to forced labour. Cases of this have been reported in the palm oil and sex industries. Malaysians are also trafficked abroad, having been lured by fake job offers, only to be forced into low-paid work or exploited for forced criminal activities – particularly in cyber scam centres in Cambodia and Myanmar.

Malaysia is a transit, destination and source country for human smuggling. Migrants arrive from Thailand, the Philippines, Indonesia, Bangladesh, Nepal and other parts of Asia. Some Malaysian nationals also use smuggling networks to seek work abroad. High migration costs and complex legal processes push migrants to rely on smugglers, often with the help of corrupt officials who accept bribes at border checkpoints and airports. The smuggling market is driven by demand for cheap labour in industries such as construction and domestic work, as well as the profitability of the sex trade. Many refugees, including Rohingya fleeing refugee camps, violence and persecution, have also been smuggled into Malaysia.

Extortion and protection racketeering remain sporadic, with fewer organized cases than in the past. Criminal gangs target small businesses and public projects, demanding payments to prevent disruptions. Loan sharks continue to exploit financial vulnerabilities by offering illegal high-interest loans. However, a lack of comprehensive data on this market makes it difficult to assess its true scale and impact.

TRADE

Malaysia remains a limited but strategic trans-shipment point for arms trafficking, with sporadic cases reported. Weapons are often smuggled alongside drugs and counterfeit goods, primarily through the Thai and Borneo borders and by boats from Indonesia. Small arms, including craft-made weapons, are trafficked and commonly used in organized criminal activities. Although Malaysia was previously linked to arms trafficking networks in South Asia, there is no recent evidence of such connections.

Malaysia is also a key hub for the production and distribution of counterfeit goods, with imports originating from China and Bangladesh. Common counterfeit items include luxury apparel, electronics and pharmaceuticals. Local demand is high, driven by consumers seeking cheaper alternatives and tourists buying counterfeit souvenirs. These products are widely available in physical markets and online, including through e-commerce sites and social media platforms.

The illicit trade in excisable goods – particularly alcohol and tobacco – remains entrenched in Malaysia, driven by high excise taxes and rising living costs. The country has one of the highest rates of the illicit cigarette trade, with most products supplied from Vietnam and Indonesia. Although recent data suggests a slight decline in illegal cigarette sales, the reduction is marginal. Smuggling routes include the Malaysia–Thailand border and shipping lanes in the South China Sea. Local criminal networks, foreign nationals and some state-embedded actors are involved. The trade is linked to other criminal markets and results in significant tax revenue losses.

ENVIRONMENT

The illicit flora trade in Malaysia is well-established, and the country is considered high risk for illegal deforestation. Trafficked species include Merbau wood, agarwood used in perfumes and rare orchids. Despite enforcement claims, illegal logging persists – particularly in Sabah and Sarawak, where deforestation has increased in recent years. The private sector, especially palm oil and timber companies, plays a significant role. In Sabah, logging companies have created numerous informal roads, making it easier for illegal loggers to transport timber. Malaysia is also a destination country for illegally harvested timber products. Foreign nationals have been documented harvesting agarwood, and state-embedded actors have allegedly enabled illegal logging operations.

Malaysia's illicit fauna trade is well-organized, involving local and foreign poachers, middlemen and criminal syndicates. Trafficked wildlife includes pangolins, porcupines, tigers and helmeted hornbills. Illegal, unreported and unregulated fishing is also a concern. Wildlife is trafficked into Malaysia from South Africa, as well as from Malaysia to Hong Kong. The Sulu-Celebes Sea serves as a key trafficking route, with Malaysia acting as both a source and transit hub. Online wildlife trafficking has been documented, particularly in Sarawak, and legal loopholes continue to enable the laundering of illicit wildlife.

The illicit trade in non-renewable resources includes petroleum products and rare earth elements (REEs). Reports suggest a possible emerging illicit economy for REEs, with foreign nationals arrested for unauthorized mining. Investigations into bribery among officials highlight corruption risks in the mining sector. Petroleum smuggling is also a concern, with trans-shipment operations allegedly using Malaysia's coastline to bypass international sanctions. Authorities have detained ships conducting illegal ship-to-ship oil transfers off the coast, though the origins of the ships remain unclear. Covert domestic sales of liquefied natural gas and petroleum persist, with authorities seizing illegal stockpiles.

DRUGS

Malaysia functions as a key transit hub for heroin trafficking, with organized crime syndicates controlling distribution networks. Although the country is not a producer, its proximity to the Golden Triangle Special Economic Zone facilitates heroin smuggling, primarily through border regions. Heroin seizures have increased slightly in recent years, and international cases have linked shipments from Malaysia to Australia and Singapore. Heroin is also among the most commonly used drugs domestically. While the full scale of the market remains unclear, Malaysia continues to play a significant role in regional heroin trafficking. The cocaine trade is less established than that of heroin, largely due to Malaysia's distance from major cocaine-producing regions. Seizure data shows a decline in cocaine interceptions in recent years. The trade is primarily transnational, with routes connecting to South America and large shipments often concealed in items like seafood and beans. Local consumption exists but is limited, and is mainly concentrated among wealthier social groups. Criminal networks – including foreign actors – control the trade, and in some cases, human trafficking victims have been exploited as drug mules.

The cannabis trade in Malaysia is primarily driven by organized criminal networks involved in cultivation, distribution and smuggling. Although domestic cannabis seizures have declined in recent years, the trade remains active. Cannabis is smuggled from neighbouring countries and sold locally, particularly among youth. The market is widespread and partly influenced by cannabis legalization in Thailand. While significant, the cannabis market in Malaysia is smaller than that for synthetic drugs. However, the full size and value of the market remains unclear due to limited data. Malaysia's synthetic drug trade involves sophisticated transnational syndicates, with methamphetamine being the primary drug trafficked – mostly from Myanmar. Malaysia functions as both a source and a transit country, with trafficking routes to Australia, Japan and the Philippines. Seizures have generally increased in recent years. Large ecstasy shipments suggest that Malaysia is increasingly being used as a transit hub for substantial drug flows originating in Europe. Although local production of methamphetamine and ketamine has declined, domestic demand remains high. Overall, the synthetic drug market appears to be growing, raising concerns about public health.

CYBER-DEPENDENT CRIMES

Cyber-dependent crimes in Malaysia have expanded and evolved alongside technological advances and increased digitalization. The country ranks high globally for the number of data breaches, with cybersecurity firms blocking thousands of attacks daily. Common crimes include malware attacks, ransomware, phishing and data breaches targeting both businesses and individuals. Highly skilled hackers often sell stolen data on social media platforms and dark web forums. Annual financial losses from cybercrimes are in the tens of millions of dollars, though many victims do not report incidents.

FINANCIAL CRIMES

Financial crimes are widespread in Malaysia, including tax evasion, embezzlement and financial fraud, all of which contribute to significant tax revenue losses. Key actors include government officials and private-sector actors. Government contracts and procurement processes are exploited, with officials awarding lucrative contracts to favoured companies, resulting in substantial losses of public funds. In recent years, there has been a sharp rise in online fraud, particularly credit card and investment scams.

CRIMINAL ACTORS

Mafia-style groups, often referred to as 'secret societies' due to their covert nature, remain prevalent in Malaysia. They maintain a significant social presence and are known within local communities, particularly lower social classes. Some groups have reportedly formed alliances with one another, though leadership structures are not always clearly defined – individual leaders often operate independently. Gang membership is sometimes identifiable through symbols like tattoos or clothing. Violence levels vary among groups. Some rely on intimidation and low-level violence, while others regularly engage in extreme violence. These gangs also exert transnational influence, with activities that extend beyond Malaysia's borders. Despite limited law enforcement data, their effect on local communities and broader societal structures remains substantial.

Malaysia also hosts more fluid criminal networks that are involved in a range of illicit markets, including drug and human trafficking, cybercrimes and wildlife trafficking. The synthetic drug trade, in particular, is run by sophisticated criminal networks with ties to organized crime groups across East and South East Asia, as well as Australia and New Zealand. Malaysian nationals play key roles in these networks, with connections extending to countries such as Thailand and Laos. Wildlife trafficking similarly links Malaysia to South Africa and Hong Kong. While there is limited evidence of direct political influence by these groups, their strong local presence and transnational connections make them a major criminal force in the region.

State-embedded actors in Malaysia engage in illicit markets both directly and as facilitators. Corrupt officials, including police officers, enable human smuggling and trafficking through bribery and the issuance of falsified documents. Corruption further exacerbates the recruitment and exploitation of migrant workers, with civil servants involved in extortion, abduction and abuse – perpetuating systemic exploitation. Civil servants have also been involved in illegal logging, mining and money laundering through corrupt practices. Meanwhile, financial crimes such as embezzlement and tax evasion have involved individuals at the highest levels of government, including former prime ministers and officials within state-owned enterprises.

Transnational criminal networks involving foreign actors play a significant role in Malaysia's organized crime landscape, using the country as both a destination and transit point for various illicit activities. These include oil smuggling, illegal mining and wildlife trafficking, with foreign nationals from Cambodia, Vietnam and Thailand participating. Additionally, human trafficking and smuggling operations often involve coordination between foreign agents and local criminals. Drug trafficking is also a major concern, with producers and traffickers from Myanmar, Africa, Europe and South America moving drugs in and out of Malaysia, affecting both domestic and regional drug markets.

Private-sector actors are also influential in Malaysia's organized crime landscape, particularly in financial crimes, natural resource exploitation and human trafficking. Collusion between the private sector and state actors is common, especially in sectors like mining, where bribery and abuse of power are widespread. Bribery alone is estimated to be worth billions of dollars. Criminal groups also launder money through casinos and online gambling platforms, taking advantage of the lack of regulation. In industries reliant on migrant labour, forced labour and exploitation occur. Illegal logging, particularly involving palm oil and timber, is facilitated by private-sector involvement.

RESILIENCE

LEADERSHIP AND GOVERNANCE

The Malaysian government has taken a strong stance against organized crime and implemented laws to combat it. However, concerns remain about the enforcement of these laws, particularly regarding the prosecution of officials implicated in criminal activities. While overall crime has declined, organized crime – especially human trafficking, drug smuggling and cybercrimes – continues to rise. Although Malaysia has passed anti-corruption legal frameworks, challenges persist in areas like corruption and accountability. The independent Malaysian Anti-Corruption Commission has faced criticism over its effectiveness, with several investigations failing to lead to convictions. While public trust in the government has been weakened by high-profile corruption scandals, recent anti-corruption efforts and increased public reporting have resulted in modest improvements. Notably, progress has been made in enhancing public access to budget and procurement data, with the goal of boosting transparency.

Malaysia actively participates in regional and international efforts to combat transnational organized crime, including drug, wildlife, timber and arms trafficking. The country has ratified several major UN conventions, such as the UN Convention against Transnational Organized Crime and the UN Convention against Corruption. However, it has yet to sign specific protocols on migrant smuggling and firearms trafficking. Malaysia maintains extradition treaties with multiple countries and has strengthened law enforcement cooperation, particularly with Australia and neighbouring South East Asian nations. It also works with regional organizations such as the Association of Southeast Asian Nations (ASEAN) and the Asia Pacific Group on Money Laundering to address challenges related to border security and organized crime.

Domestically, Malaysia has a comprehensive legal framework to address organized crime, targeting activities such as human and drug trafficking, cybercrime and wildlife crime. While laws like the Anti-Trafficking in Persons Act and anti-poaching regulations exist, enforcement remains inconsistent, with challenges in identifying trafficking victims and curbing illegal fishing. New measures are being implemented to strengthen efforts against smuggling, counterfeit goods and cybercrime, including stricter regulations on alcohol and tobacco. Malaysia's National Anti-Financial Crime Centre combats financial crimes, and while anti-drug laws are strict, there have been recent moves to reduce the use of mandatory death penalties. Still, gaps remain, particularly in the regulation of online gambling, data protection and arms trafficking enforcement.

CRIMINAL JUSTICE AND SECURITY

Malaysia's judiciary lacks a dedicated unit for organized crime, and specialized expertise in related laws is limited. Only a few judges are trained in anti-trafficking law. Judicial independence has historically been compromised by executive influence, and issues such as prolonged detention without judicial review – especially for migrants – persist. The prison system faces challenges including overcrowding, abuse and criminal gang activity. However, gangs do not control the facilities. While high-profile corruption convictions have strengthened public trust in the judiciary, subsequent case dismissals have undermined confidence in the integrity of the legal system.

The Royal Malaysian Police once managed specialized units focused on organized crime, but they have since disbanded. There is currently no comprehensive body responsible for combating crime, though there are proposals to re-establish such units. The government has allocated substantial funds to improve public order and security, but coordination between law enforcement bodies remains inconsistent. Malaysia has taken steps to curb the trade in counterfeit goods, including stricter enforcement of intellectual property laws and police raids. However, limited resources and counterfeiters' sophisticated tactics hamper enforcement. In 2024, law enforcement intensified its efforts to combat smuggling, leading to significant confiscations of drugs, firearms and other contraband. This crackdown reflects Malaysia's commitment to tackling illegal activity at both national and border levels. Despite international intelligence sharing, public trust in law enforcement is low, with concerns about corruption, misconduct and human rights violations. The country continues to address human trafficking through dedicated agencies, though enforcement challenges persist.

Malaysia faces significant challenges in securing its borders, particularly along its land and maritime boundaries with Brunei, Indonesia and Thailand. These areas are hotspots for transnational crimes such as smuggling and human and drug trafficking. Remote, forested areas complicate surveillance efforts, and corruption among immigration officers remains a concern. In response, the country has pursued infrastructure improvements, including by installing closed-circuit television systems and electric fences, while increasing regional collaboration with neighbouring countries through joint patrols and information sharing. Despite these efforts, weak security and ineffective law enforcement persist, particularly along the Malaysia–Thailand border. Malaysia has also proposed building a border wall and reintroducing special border zones to address smuggling and illegal trade. On cybersecurity, Malaysia has implemented a national cybersecurity strategy, but the country continues to experience a high volume of cyberattacks in the region.

ECONOMIC AND FINANCIAL ENVIRONMENT

While Malaysia is not a regional hub for money laundering, it faces risks due to its porous borders, strategic location and developed financial system. The government has made progress in combating anti-money laundering through the implementation of legal frameworks targeting illicit financial flows. However, concerns persist, particularly with the increased use of casinos, financial institutions and cryptocurrency, as well as a rise in suspicious transactions linked to online gambling.

The country is working to strengthen its regulatory framework, including with reforms to ensure that public procurement is transparent and subsidies are competitive. Still, issues like corruption, the close ties between politics and business and a large informal economy remain. Financial crimes with loan sharks and online scams have proliferated, although the government has been cracking down on these.

CIVIL SOCIETY AND SOCIAL PROTECTION

Malaysia's efforts to protect victims of organized crime have yielded mixed results. Progress has been made in identifying human trafficking victims, providing services and allowing mobility. However, some victims of forced labour are deported without proper identification. While there are certain legal frameworks that provide some safeguards for witnesses, systemic weaknesses, such as the requirement for whistle-blowers to disclose personal information, remain. Efforts to address cybercrime and decriminalize drug use are ongoing, but social stigma persists towards drug users and victims of gender-based violence. Malaysia maintains a strict, punitive approach to drug use and trafficking, including imprisonment, fines, mandatory caning for male offenders and the death penalty for trafficking large quantities. Recent reforms have introduced judicial discretion in capital cases, reflecting a gradual shift towards rehabilitation, though penalties for simple use remain severe.

Malaysia has made notable strides in crime prevention through initiatives like the Malaysian Crime Prevention Foundation and community policing programmes. It has adopted the ASEAN Plan of Action to combat transnational crime and improve anti-trafficking measures. Malaysia has also implemented wildlife crime training and introduced mandatory rehabilitation for drug users. Even so, the country faces constraints in addressing transnational and organized crime. Efforts to improve governance, such as whistle-blower protections and anti-corruption initiatives, face criticism due to confidentiality concerns and implementation gaps.

Civil society remains active but faces limitations due to government control over NGOs, which leads to self-censorship. Activists and government critics – particularly those addressing sensitive issues like organized crime – have faced criminal charges, intimidation and police interference. Although Malaysia has laws restricting freedom of expression, which can carry long prison sentences, the country has made progress in safeguarding media freedom in recent years. While media outlets are diverse, state media continue to dominate. The right to assembly is protected but can be restricted for security reasons.

This summary was funded in part by a grant from the United States Department of State. The opinions, findings and conclusions stated herein are those of the authors and do not necessarily reflect those of the United States Department of State.