

ARTIFICIAL INTELLIGENCE IN ASIA'S FINANCIAL SECTOR

A REVIEW OF COUNTRY POLICIES

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This report presents an analysis of AI adoption in Asia's financial sector and policy frameworks governing the use of AI in finance across 19 Asian jurisdictions, drawing on insights from the OECD Survey on Asian policies for AI in Finance conducted in early 2025.

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Abbreviations and acronyms

AI	Artificial Intelligence
AIFI	All India Financial Institutions
AML	Anti-Money Laundering
ASEAN	Association of Southeast Asian Nations
BNM	Bank Negara Malaysia
BOT	The Bank of Thailand
BSP	Bangko Sentral ng Pilipinas
CFT	Counter Financing of Terrorism
DTI	Law on Digital Technology Industry
DLTs	Distributed Ledger Technologies
DSE	Dhaka Stock Exchange Plc.
ETDA	Electronic Transactions Development Agency
EU	European Union
FDUA	Financial Data Utilizing Association
FEAT	Principles of Fairness, Ethics, Accountability, and Transparency
FinTech	Financial Technology
FSB	Financial Stability Board
GenAI	Generative Artificial Intelligence
GPT	Generative Pre-trained Transformer
HFT	High Frequency Trading
HKMA	Hong Kong Monetary Authority
ICT	Information and Communication Technology
IMDA	Infocomm Media Development Authority

IOSCO	International Organisation of Securities Commissions
IRB models	Internal Ratings-Based models
IT	Information Technology
JFSA	Japanese Financial Services Authority
KYC	Know Your Customer
LLMs	Large Language Models
MAS	Monetary Authority of Singapore
ML	Machine Learning
MSMEs	Micro, Small and Medium-Sized Enterprises
NBFCs	Non-Banking Financial Companies
NBFIs	Non-Bank Financial Institutions
NLP	Natural Language Processing
OJK	Otoritas Jasa Keuangan
PIPC	Personal Information Protection Commission
PoC	Proof of Concept
Regtech	Regulatory Technology
SBP	State Bank of Pakistan
SCBs	Scheduled Commercial Banks
SEBI	Securities and Exchange Board of India
SERC	Securities and Exchange Regulator of Cambodia
SFC	Securities and Futures Commission Hong Kong (China)
SMEs	Small and Medium-sized Enterprises
SupTech	Supervisory Technology

Executive summary

The adoption and experimentation of artificial intelligence (AI) are advancing rapidly across all sectors of economic activity, including in the financial industry. Predictive AI technologies, notably Machine Learning (ML), have long been embedded in financial operations. The emergence of advanced Generative AI (GenAI) models is now accelerating the development and deployment of AI innovation in finance.

The OECD estimates that projected productivity gains from AI adoption in the financial sector are among the highest across all industries, at approximately 12% under the high adaption scenario in G7 economies over the next decade (OECD, 2025^[1]). Beyond efficiency gains, AI adoption in financial markets is set to deliver significant competitive advantages across the full spectrum of financial activities in terms of operational streamlining, cost reduction and productivity enhancement at both market infrastructure and institutional levels, alongside improvements in the quality and sophistication of financial products and services.

Regulators and policymakers in Asia increasingly recognise the strategic importance of AI for the competitiveness of their domestic financial sectors. This report examines trends in the adoption of AI by financial sector participants in 19 Asian economies, use cases, and the benefits and risks identified by authorities based on an OECD survey.¹ The report then analyses policy frameworks adopted or planned by Asian policymakers, aiming to provide a foundation for the safe adoption of AI in region's financial sector, foster innovation, and outline pathways for responsible AI governance.

AI integration across Asia's financial sector accelerates, though adoption intensity and maturity remain uneven.

In a vast majority of Asian jurisdictions participating in the OECD survey, financial sector entities are actively engaged in the experimentation, development and deployment of AI tools within domestic markets, albeit with varying degrees of adoption. Across most jurisdictions, AI integration spans multiple segments of financial activity, led by the banking sector but also extending to securities firms, asset managers, non-bank financial institutions (NBFIs), insurance companies and FinTech providers.

AI-driven innovation in Asia underpins a broad range of financial products and services, with lending emerging as the most frequently used application, followed closely by client onboarding and mobile banking functionalities. This trend reflects the central role of banking in the region's financial architecture, the widespread uptake of mobile banking and digital financial services, particularly across ASEAN economies, and the enabling conditions fostered by Asia's dynamic digital ecosystem.

Increased adoption of AI systems in lending activity: balancing opportunities while managing associated risks.

The integration of AI into credit decision-making and loan management processes holds significant potential to enhance efficiency and promote inclusion, notably in emerging markets and for thin-file clients such as SMEs. However, these applications also entail material risks, including the potential introduction or perpetuation of bias and discrimination, which may lead to potential disparate lending outcomes (OECD, 2021^[2]). Given the critical implications of such decisions for prospective borrowers, robust governance and policy frameworks are essential to safeguard fairness, transparency and accountability in high-risk AI use cases with significant impact on end-customers. Asian policymakers have accordingly identified a broad array of AI-related risks underpinning their monitoring efforts and policy initiatives, for example through risks assessments conducted in Japan and Korea. AI-related vulnerabilities reported in Asian jurisdictions also include cyber-risks and market manipulation risks as high concerns, corroborating with earlier OECD analysis.

The AI policy landscape across Asian jurisdictions is diverse and heterogeneous, reflecting different stages of policy development and distinct market dynamics.

The policy landscape governing AI in financial services is characterised by significant heterogeneity and rapid evolution. Across Asia, jurisdictions have adopted markedly diverse approaches, ranging from binding, cross-sectoral legislation to national strategies and principles-based guidelines that are tailored to financial services, or self-regulatory initiatives. Asian economies are at varying stages of policy development: some remain in the early phases of deliberation and planning, while others have implemented highly comprehensive and sophisticated frameworks. This divergence largely reflects varying degrees of maturity and adoption of AI innovation across the region's financial services industries, and underscores both the diversity of regulatory approaches and the dynamic pace financial sector innovation in Asia.

Whole-of-government national strategies and sector-specific AI guidelines are the most prevalent policy instruments explicitly introduced by Asian jurisdictions, such as in Indonesia and Hong Kong (China). Several economies, including Japan, Singapore and Thailand, have adopted cross-sectoral non-binding principles or guidance that extend to financial services, while others rely on codes of conduct and self-regulatory mechanisms that promote accountability, while allowing flexibility. A smaller subset of jurisdictions has enacted legislation governing AI development across multiple sectors, whereas only three Asian countries considered in the report (i.e. Chinese Taipei, Thailand, Viet Nam), plan to introduce binding, AI-specific legislation with a focus on supporting AI innovation. Innovation facilitators, such as regulatory sandboxes and innovation hubs, are also playing an increasingly important role in enabling experimentation with AI-driven solutions in the region.

Technology-neutral financial regulation remains applicable to AI technologies, while emerging policy frameworks complement existing rules with aligned objectives.

A broad spectrum of frameworks has emerged or is under development across the Asian region. However, existing regulatory and legal frameworks for financial activity also remain applicable in most Asian jurisdictions, owing to their technology-neutral approach to financial regulation. Similarly, existing compliance requirements continue to apply consistently, regardless of whether decisions are generated

by AI models, traditional analytical tools, or human judgment. Technological innovation, including AI, does not exempt financial firms from adhering to standards of safety, soundness and compliance, all of which remain fully binding.

The various policies in force, newly introduced or under development, within individual jurisdictions should not be regarded as mutually exclusive. Rather, they operate in a complementary and mutually reinforcing manner, contributing to the coherence of the broader policy framework. This layered approach enables Asian jurisdictions to integrate innovative regulatory measures without undermining established safeguards, thereby fostering resilience and adaptability in the face of rapid technological change.

While policy approaches in Asian jurisdictions vary in scope and maturity, the underlying issues and objectives of the different policy initiatives converge on the same key priorities: balancing AI innovation with market integrity, operational resilience and financial stability, while ensuring investor and consumer protection. Responsible and ethical AI governance remains central to all policy frameworks, particularly to those explicitly addressing AI adoption in finance, and includes transparency, accountability, and human oversight considerations, in line with the prescriptions of the OECD AI Principles.

Data and information gaps on AI adoption persist, highlighting the importance of continued monitoring and assessment

Despite the widespread adoption of AI across financial services, most Asian regulatory and supervisory authorities still lack comprehensive visibility into the precise scope and modalities of its deployment in the finance sector. To address such information gaps, Asian policymakers (i.e. India, Japan, Malaysia) are conducting market surveys targeting the use of AI by supervised entities.

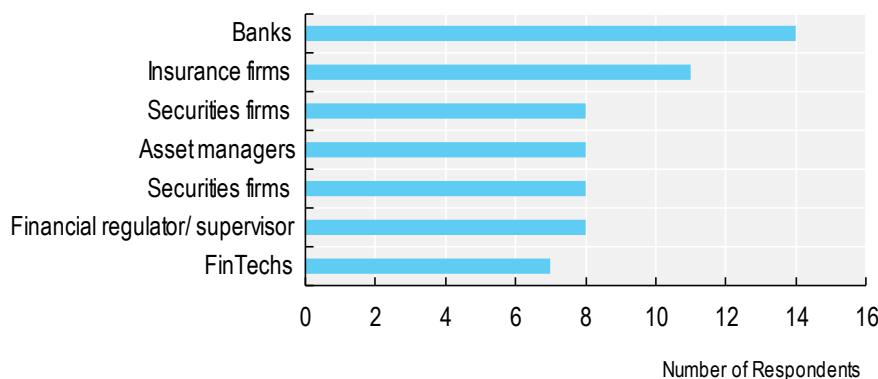
In light of the rapid evolution of AI innovation, financial authorities must engage in continuous monitoring to better assess whether existing policy frameworks remain fit for purpose or require adjustment. For jurisdictions developing AI-related policy frameworks for the financial sector, internationally agreed standards such as the OECD AI Principles can offer valuable guidance for the design of policies that strike the right balance between fostering AI innovation and safeguarding users and markets. As authorities navigate the dual imperative of fostering AI innovation while preserving stability, the formulation of clear, enforceable, and adaptive policy frameworks will be essential.

1

Use cases of AI in finance, data gaps and definitions

In most Asian jurisdictions participating in the OECD survey; financial sector entities are actively engaged in the experimentation, development, and deployment of Artificial Intelligence (AI) tools in their domestic markets, although adoption levels vary. Except for Bangladesh and Lao People's Democratic Republic, in all jurisdictions the adoption of AI spans across sectors of financial activity, primarily by the banking sector but also by securities firms and asset managers, non-bank financial institutions (NBFIs) and insurance firms (Figure 1). Financial Technology (FinTech) firms are also important deployers of AI innovation in countries such as Indonesia and Pakistan. Notably, AI technologies are also being adopted within Asian regulatory and supervisory institutions themselves, with financial authorities exploring and deploying AI-driven Supervisory Technology (SupTech) tools to enhance supervisory efficiency, improve risk detection, optimise cost efficiency and resource allocation, and support data-driven policymaking.

Figure 1. AI adoption across sectors of financial activity in Asia



Note: Based on a total of 19 jurisdictions. Non-exhaustive list.

Source: 2025 OECD Survey on Asian policies for AI in Finance.

1.1. Use cases of AI in finance in Asia and intended purposes

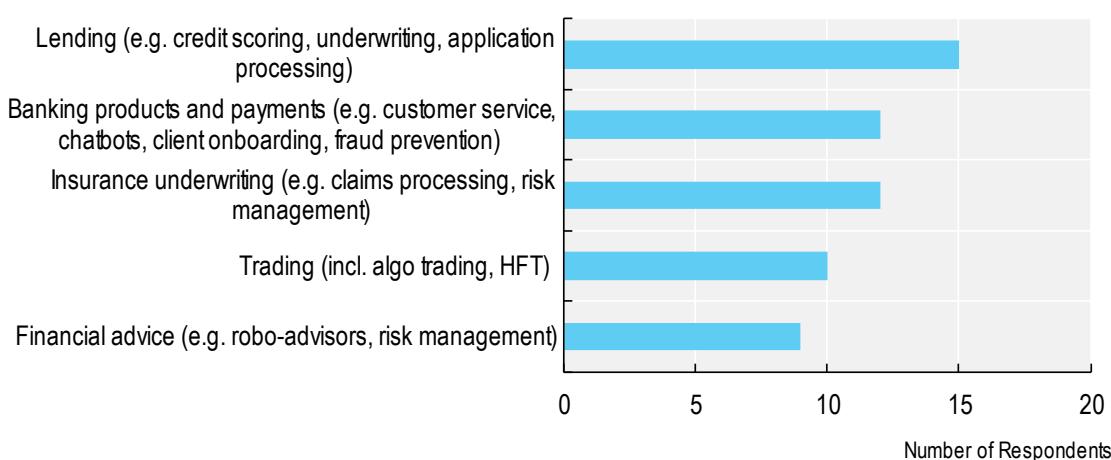
AI innovation is used in a variety of financial products and services, with lending the prominent area in Asia, while client onboarding and other applications in mobile banking also rank highly (Figure 2). This is not surprising given the foundational role of banking in the region's financial architecture, the widespread adoption of mobile banking and digital financial services (particularly among ASEAN member states), and the region's enabling digital ecosystem. Contributing factors include high smartphone penetration, applications with embedded financial services, extensive digital footprints and alternative data sources (e.g. mobile transactions), as well as a predominantly young population, all of which collectively foster a

conducive environment for financial innovation and digital financial services. From a technical standpoint, both lending and other mobile banking processes generate large amounts of customer data, where AI systems and automation can contribute to productivity enhancements, cost reductions, and enhanced customer experience. The prominence of these activities may also indicate a focus on underbanked or unbanked segments of the population, thereby supporting financial inclusion objectives.

Across several Asian jurisdictions, financial institutions are increasingly leveraging AI to support the onboarding of clients, processing of credit applications, and credit underwriting processes, ultimately broadening access to credit. In Hong Kong (China), remote client onboarding was identified as one of the top 5 applications of AI in retail banking, in a survey conducted in 2019 (HKMA, 2020^[3]). In Cambodia, AI-based client-onboarding systems automatically extract and verify applicant data and provide self-service identity checks, alongside internal tools. In particular, AI is used to extract and verify information from Cambodian ID cards by parsing text and cross-checking it against submitted data. Facial recognition and ‘liveness’ detection modules matches selfies with ID photos, while the system also interfaces with the official government registries for real-time identity confirmation. ‘Liveliness’ checks based on AI are also used in the Philippines. In Malaysia and the Philippines, AI is used in e-KYC compliance monitoring tools, while in Thailand, AI-powered facial recognition technologies are also being applied in e-KYC processes.

AI can also create efficiencies in data processing for the assessment of creditworthiness of prospective borrowers, enhance the underwriting decision-making process and improve loan portfolio management. This is particularly important for the real economy, as it can allow for the provision of credit scoring to ‘thin file’ clients with limited credit history or tangible collateral, supporting the financing of Micro, Small and Medium-Sized Enterprises (MSMEs) and potentially promoting financial inclusion of underbanked populations (OECD, 2021^[2]). AI-facilitated credit scoring is a key use case in Indonesia, Mongolia, Pakistan, Chinese Taipei, Thailand and markets with a previous lack of a credit information infrastructure and/or given the significant burden faced by banks, online lending platforms and other credit providers in conducting scoring and monitoring-related processes (e.g. Hong Kong, China (HKMA, 2021^[4])). In Bangladesh, FinTech companies use alternative data (e.g. transaction behaviour, social media activity) to offer micro-loans to underserved populations, enhancing financial inclusion (Lightcastle Partners, 2024^[5]). In more advanced markets, such as Japan, Korea and Singapore, AI is also assisting the management of loan portfolios, for example in the forecasting of delinquencies.

Figure 2. Examples of financial products and services involving the use of AI in Asia



Note: Based on a total of 19 jurisdictions. Non-exhaustive list.

Source: 2025 OECD Survey on Asian policies for AI in Finance.

Although the embedding of AI in lending decision and management processes has great potential to promote more efficient and more inclusive credit extension, particularly in emerging markets, it also involves important risks of introducing or perpetuating bias and discrimination, as well as the potential for disparate lending outcomes (OECD, 2021^[6]). Given the critical importance of such decisions on prospective borrowers, robust governance and policy frameworks are warranted to ensure fairness, transparency and accountability in the use of AI innovation in higher-risk use cases.

The use of AI in Anti-Money Laundering (AML) and fraud detection has transformed financial crime checks in G20 economies, leading to more targeted identification of financial crimes and a reduction in false positives and faster intervention (OECD-FSB, 2024^[7]). In Asia, financial institutions are deploying AI innovation for fraud monitoring and detection (e.g. Korea, Mongolia, the Philippines), including for credit/debit card transactions (e.g. Japan), and embed AI innovation in broader AML/ Counter Financing of Terrorism (CFT) processes (e.g., Thailand). In Nepal, AI-driven fraud detection and monitoring systems are embedded within the new National Payment System (NPS) architecture, the unified and fully interoperable digital payment infrastructure, for real-time threat detection (Fiscal Nepal, 2025^[8]). The Bank of Indonesia uses AI in assisting decision-making regarding supervisory policy (e.g. around liquidity & credit risks).

Customer service is another important area of deployment of AI innovation in Asia, mainly through customer service chatbots. These are used, for example, in Indonesia, Korea, Mongolia, Pakistan, Chinese Taipei and Thailand. In Sri Lanka, despite overall low levels of AI adoption, the banking sector has started launching multilingual AI-powered chatbots to assist customers. AI virtual assistants can be used for customer inquiries, improving response times and reducing call-centre reliance, but also for balance checks, payments, and loan queries, improving overall service availability and customer satisfaction. AI is also increasingly used for marketing purposes.

AI applications in Asian financial markets also extend to insurance pricing, underwriting and claims processing (for instance, in Japan, Korea, and Mongolia). AI is also explored and used for market forecasting and investment advice (e.g. Korea, Singapore), including through the use of robo-advisors. Such usage was reported, for instance, in Japan, Korea, Mongolia and Singapore, where financial market participants use AI to analyse customer data and offer tailored product recommendations. Adoption of AI tools for trading is observed only in more advanced economies with leading financial centres in the region, where AI innovation is deployed or developed for algorithmic trading or high-frequency trading (e.g. India, Japan, Singapore).

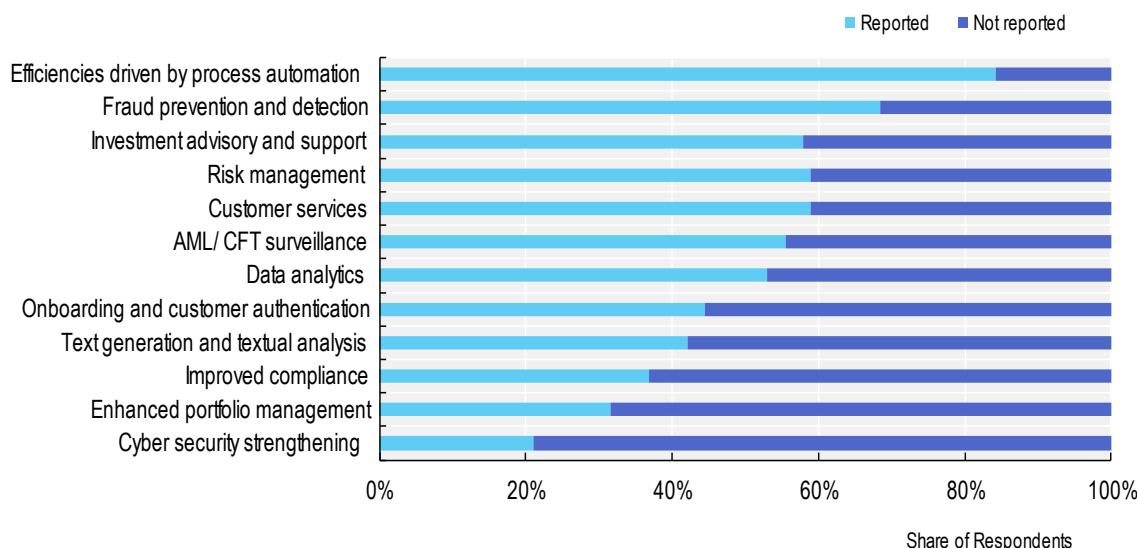
In the future, the use of AI could expand to countries with smaller financial markets, given the current experimentation taking place in emerging markets. This is the case of Bangladesh, where the Dhaka Stock Exchange Plc. (DSE) is exploring the use of AI algorithms for real-time monitoring of trading activities, helping to detect unusual patterns, insider trading attempts, and market manipulation more effectively. Machine learning (ML) models are being explored to analyse large volumes of trading data, assisting in predicting market trends and investor behaviour by the exchange. The DSE is also studying the use of AI tools to automate routine internal processes such as document handling, data validation, and reporting.

Although adoption levels of AI in finance in Asia vary across economies, the primary purpose of AI deployment in the region is to enhance productivity and improve efficiency, mainly through process automation (Figure 3). Closely related, data analytics, text analysis, and text generation through Generative AI (GenAI) tools are also common purposes of AI usage across the range of financial products and services. Similar to the experience of OECD economies, GenAI tools are mainly used to support financial service provision, providing potential efficiency gains through operational streamlining, cost reduction, and productivity enhancement, as well as by enhancing the quality of the products and services offered. GenAI-based assistants are used as supportive tools for knowledge workers of the financial sector in multiple jurisdictions in Asia (e.g. India, Korea and the Philippines). Other common purposes include fraud detection and prevention, including for example real-time payment fraud prevention and mobile

banking security, as well as AML/CFT surveillance, reducing errors due to subjectivity or manual processes.

More advanced financial markets deploy or develop AI tools for market analysis, portfolio management and risk management, as well as to strengthen cyber security. In India, for example, the financial services sector has witnessed the gradual integration of AI into core business functions such as risk management, fraud detection, and customer service.

Figure 3. Indicative purposes underlying AI adoption in Asia



Note: Based on a total of 19 jurisdictions. Non-exhaustive list.

Source: 2025 OECD Survey on Asian policies for AI in Finance.

Financial supervisors are increasingly adopting AI technologies for supervisory purposes. For example, the Bangko Sentral ng Pilipinas (BSP) uses the “ASTERisC” platform for cyber-risk monitoring, while MAS and HKMA deploy AI for off-site monitoring and anomaly detection. Additionally, a number of innovation sandboxes and hubs focusing on AI innovation are being developed by Asian authorities (e.g. Hong Kong (China)), enabling banks and FinTechs to test new AI-based business models in a safe environment (OECD, 2025^[9]) (Box 2).

1.2. Data and information gaps

Despite widespread adoption of AI, regulatory and supervisory authorities generally lack full visibility into the exact scope and nature of AI usage within the financial sector (OECD, 2024^[10]). Such limited visibility is *inter alia* attributable to the absence of formal legal or regulatory requirements obliging supervised entities to disclose their AI-related activities, including pilot initiatives and operational implementations. This, in turn, poses a challenge for supervisory authorities in carrying out their monitoring and oversight mandates and identifying emerging vulnerabilities (OECD, Forthcoming^[11]).

Asian jurisdictions are also implementing AI-related innovation facilitators, which may be defined as initiatives by or involving financial authorities that are designed to support innovation while limiting risks and safeguarding the financial systems, playing an important role in addressing data gaps (Box 1).

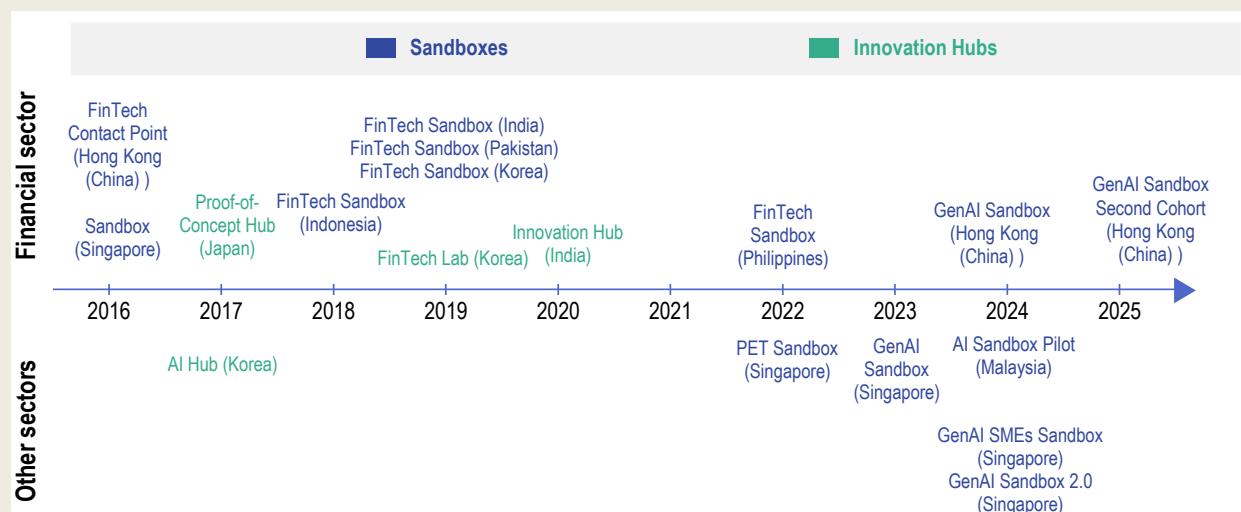
Box 1. AI-related innovation facilitators in Asian jurisdictions

Innovation facilitators can play an important role in supporting a responsible and safe integration of AI innovations in financial markets, consistent with the OECD AI Principles. They foster closer collaboration between market participants and authorities, helping to address regulatory barriers or gaps and sending a positive signal about the commitment to responsible innovation.

In Asia, innovation facilitators are playing a growing role in fostering AI experimentation. Hong Kong (China) has introduced an innovation facilitator focused on promoting AI innovation in the financial sector, and the Korean Innovation Hub is providing AI-ready datasets to train models. In the rest of Asia, another 11 facilitators have either demonstrated use cases of AI in finance or explicitly include AI within their scope. Six more Asian facilitators are focused on AI innovations beyond the financial sector. Beyond these facilitators with AI features, there are 20 general-purpose FinTech facilitators in Asia.

A growing number of FinTech innovation facilitators in the Asia-Pacific region are integrating AI-related features, though most remain general in scope. Some jurisdictions such as Singapore, Malaysia, Japan, Korea, and Indonesia have incorporated AI use cases or datasets within broader FinTech or technology frameworks. Several facilitators include AI among eligible technologies, conduct AI-related projects, or provide tools to counter illicit finance. Some also offer tailored resources such as structured datasets and AI-compatible computing power. Overall, these developments indicate a gradual but significant shift towards structured experimentation with AI and GenAI in financial innovation across the region.

Figure 4. AI-focused innovation facilitators in Asia



Note: Only innovation facilitators with explicit AI aspects are included in this figure.

Source: OECD (2025^[9]), Asia Capital Markets Report 2025, <https://doi.org/10.1787/02172cdc-en>

To address such data gaps, Asian policymakers are conducting market surveys targeting the use of AI (and/or other digital finance innovations, such as DLTs) by supervised entities. For example, the Japanese Financial Services Authority has conducted a comprehensive survey on the use of AI in the financial sector (JFSA, 2025^[12]). The Monetary Authority of Hong Kong (China) conducted a survey on AI applications in 2019 to collect information on AI adoption and associated risk management put in place by banks in Hong Kong (China) (HKMA, 2020^[3]). Similarly, in 2021, the Bank of Thailand published a consultation paper describing the stages of Artificial Intelligence/ Machine Learning (AI/ML) development in the Thai banking

sector. This paper provided data on AI adoption in the banking sector, as well as inherent risks related to AI, and suggestions on AI/ML development in the future (Bank of Thailand, 2021^[13]). In 2025, Bank Negara Malaysia (BNM) published a discussion paper on the development and adoption of AI in the Malaysian financial sector, informed by the findings from a 2024 finance industry-wide AI survey (Bank Negara Malaysia, 2025^[14]). In India, two targeted surveys were carried out, covering Scheduled Commercial Banks (SCBs), Non-Banking Financial Companies (NBFCs), All India Financial Institutions (AIFI) and FinTechs. The Reserve Bank of India has conducted two surveys seeking information on the current state of adoption of AI in the financial sector. In a report released in August 2025 by the FREE-AI Committee, unified vision is established across 6 strategic pillars that address the dimensions of innovation enablement as well as risk mitigation, based on surveys and other stakeholder engagements (RBI, 2025^[15]).

Surveys are also useful in better understanding future trends and expected future levels of AI diffusion in the financial sector. In particular, further expansion of AI and GenAI usage can be expected in advanced economy markets where experimentation with GenAI has been ongoing following the advent of publicly available large language models (LLMs). In Japan, the results of the FY2025 Bank of Japan Survey show that the use of GenAI has been expanding rapidly: about 50% of the surveyed financial institutions were already using GenAI, with this figure rising to over 70% when those currently undertaking trials were included, and to over 90% when those considering trials or use were included (Bank of Japan, 2025^[16]).

Going forward, many Asian financial authorities plan to launch or enhance their AI-related data collection initiatives. Regulatory authorities and international standard-setting bodies are encouraged to maintain active oversight of AI adoption levels within the financial sector and address existing data and information gaps. Such efforts are essential to advancing a comprehensive, evidence-based visibility and understanding of AI adoption, ensuring that policy responses remain informed, adaptive, and proportionate to emerging risks and opportunities. Recent analysis by the Financial Stability Board (FSB) provides approaches to support these efforts, such as simplifying surveys, fostering data sharing across domestic authorities, and using indicators identified in this report to improve monitoring efforts (FSB, 2025^[17]).

1.3. Risks related to the use of AI in finance in Asia

Alongside their transformative potential for financial activity, AI applications in finance may create or intensify financial and non-financial risks, potentially giving rise to investor protection considerations (e.g. with regards to data management), as well as market integrity risks (e.g. market manipulation, disinformation or deception, governance-related challenges) (OECD, 2024^[10]; OECD, 2023^[18]). At the systemic level, the use of similar AI models by a large part of the market could lead to procyclicality and herding behaviour, with potential systemic implications (OECD, 2021^[6]; FSB, 2024^[19]). AI-related risks are exacerbated in the case of advanced AI models, such as GenAI, particularly given the absence of explainability and the lack of transparency of third-party proprietary models that financial sector participants also use and increasingly rely upon (OECD, 2023^[18]). In addition, the lack of explainability of AI models and processes could create possible incompatibilities with existing supervision and internal governance frameworks, possibly challenging financial supervisors overseeing domestic AI activity (OECD, forthcoming).

Policymakers in more advanced Asian economies have identified a broad array of risks that are underlying their monitoring efforts and policy initiatives (Figure 5). Japan and Korea have acknowledged in their risk assessments potential risks related to data management and governance (e.g. data quality, privacy, adequacy); the risk of bias and the importance of ensuring fairness in model outcomes; as well as the heightened risks of fraud and cybersecurity vulnerabilities. These jurisdictions underscore the need for continuous monitoring of AI use to identify and address any emerging risks promptly.

The Monetary Authority of Singapore has a notably granular approach when it comes to the identification of potential risks, categorising them into financial (such as losses from flawed AI-driven decision-making

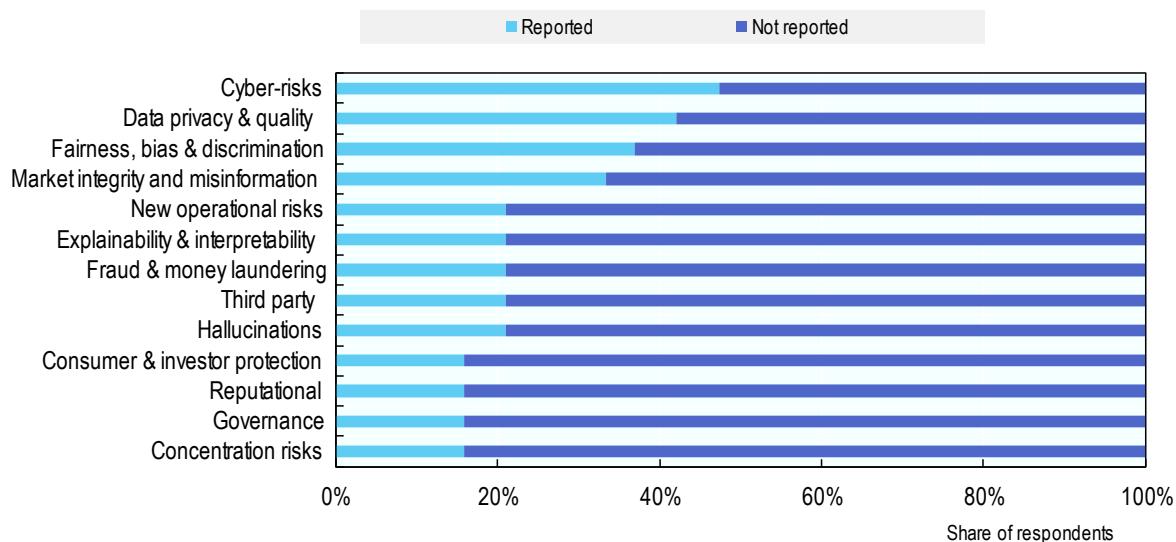
or poor risk management based on AI model outputs); operational and technology (such as failures in critical financial services that depend on AI models); and regulatory and reputational (such as non-compliance with applicable laws and/or regulations, or adverse news arising from AI model use). This typology reflects a growing recognition that potential AI risks are multifaceted, and the fact that potential non-financial risks can have spillover effects into market functioning and consumer trust.

The Hong Kong Monetary Authority (HKMA) has identified governance, explainability, data protection, fairness and transparency as common risks associated with the use of AI. The HKMA has highlighted that the use of GenAI may amplify these risk areas, introducing issues such as hallucination, the inherent black-box risks of the models, and the cybersecurity vulnerabilities associated with the use of GenAI systems. Ethical questions and related risks have also been reported by several countries, including Malaysia and the Philippines.

Responses to the OECD survey on Asian policies for AI in finance corroborate with earlier OECD analysis and rank cyber-risks as the most frequent AI-related concern, as well as related market manipulation risks. The proliferation of GenAI has intensified these vulnerabilities, as it can enable sophisticated threats such as deepfakes, adversarial attacks, and personalised fraud. Asian jurisdictions also identify model risk and governance, as well as data-related risks, as some of the most common risks. Moreover, the survey highlights the challenge related to increased third-party reliance and possible future dependencies, as well as market concentration and the operational vulnerabilities related to that. This is in line with FSB analysis of systemic risks stemming from third-party dependencies and service provider concentration (FSB, 2024^[19]).

It should be highlighted, however, that a number of Asian jurisdictions have yet to formally identify AI-related risks (e.g. Indonesia, Mongolia), illustrating the uneven maturity of AI usage in financial markets (and possibly of corresponding policy frameworks to cover AI adoption in finance) across the region. Such heterogeneity underscores the importance of international coordination and knowledge exchange, particularly given the speed and borderless nature of both AI innovation and financial markets.

Figure 5. Reported risks of AI in finance in Asia



Note: Based on a total of 19 jurisdictions. Non-exhaustive list.

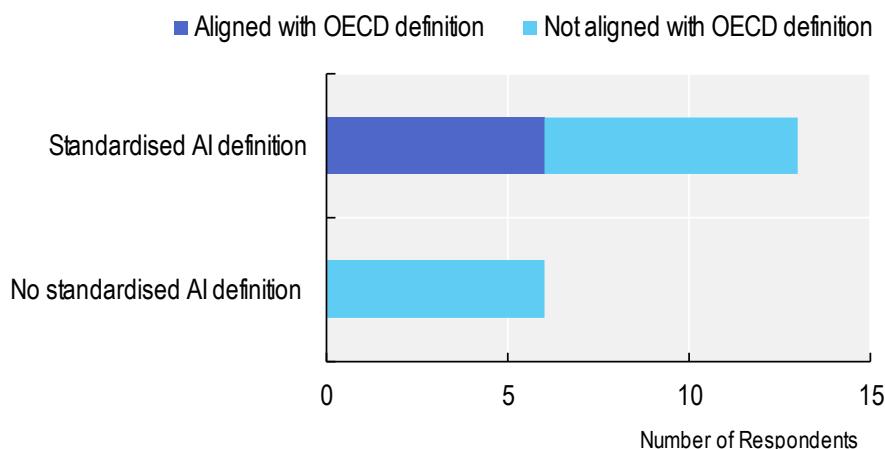
Source: 2025 OECD Survey on Asian policies for AI in Finance.

1.4. Defining AI

Establishing a shared understanding of what constitutes AI is a foundational step for meaningful dialogue on policy frameworks across industries. Given the rapid pace of AI innovation and its evolving capabilities, defining AI in a manner that remains relevant over time presents a significant challenge. Moreover, the inherently cross-sectoral nature of AI often leads to divergent interpretations and terminologies across regulatory and institutional contexts. In this regard, promoting a degree of consistency in how AI is described, such as through the updated OECD definition (OECD, 2024^[20]), can support more coherent, effective and internationally aligned approaches to the regulation and supervision of AI-enabled financial activities.

The OECD's definition of an AI system underpins the OECD AI Principles: “*An AI system is a machine-based system that, for explicit or implicit objectives, infers, from the input it receives, how to generate outputs such as predictions, content, recommendations, or decisions that can influence physical or virtual environments. Different AI systems vary in their levels of autonomy and adaptiveness after deployment*” (OECD, 2024^[20]). Other standard setters' definitions include the one provided by IOSCO (IOSCO, 2021^[21]) and regional approaches include the European Union (EU) regulatory AI definition framed under the AI Act (EU, 2024^[22]) and based on the OECD updated definition. Most Asian financial authorities covered in this report have introduced a standardised AI definition for regulatory or broader policy purposes, although jurisdictions differ in how they formally define AI systems. Some of them align with the OECD definition, such as Korea, Indonesia, Pakistan, the Philippines, Singapore and Viet Nam (Figure 6).

Figure 6. AI definitions in Asian financial policies



Note: Based on a total of 19 jurisdictions.

Source: 2025 OECD Survey on Asian policies for AI in Finance.

Formal definitions of AI systems are found in national AI strategies, laws and regulatory guidelines, and aim at providing clarity on the scope of innovative technologies covered. Table 1 highlights definitions or descriptions used in several Asian jurisdictions.

Table 1. AI definitions not fully aligned with the OECD AI definition

Jurisdiction	Policy/ regulation	AI definition
Cambodia	Cambodia FinTech Development Policy 2023-2028	AI: The technology allowing computers to learn, think, analyse, and understand specific issues through the emulation of the human brain (Royal Government of Cambodia, 2023 ^[23]).
India	SEBI regulations No. SEBI/LAD-NRO/GN/2025/226	AI and ML tools and techniques are defined as any application or software programme or executable system or combination thereof, offered by the person regulated by the board to investors/stakeholders or used internally by it to facilitate investing and trading or to disseminate investment strategies and advice or to carry out its activities, including compliance requirements and the same are portrayed as part of the products offered to the public or under usage for compliance or management or other business purposes (SEBI, 2025 ^[24]).
Japan	Act on Promotion of Research, Development, and Utilization of Artificial Intelligence-Related Technologies	"AI related technology" means technology necessary to realise functions that artificially substitute for human intellectual abilities related to cognition, reasoning, and judgment, as well as technology related to information processing systems that realise functions that use such technology to process input information and output the results (Gov Japan, 2025 ^[25]).
Malaysia	Artificial Intelligence Roadmap 2021-2025	AI as a suite of technologies that enable machines to demonstrate intelligence, the ability to adapt with new circumstances, and used to amplify human ingenuity and intellectual capabilities through collective intelligence across a broad range of challenges (MOSTI, 2021 ^[26]).
Sri Lanka	AI Sri Lanka 2028: Sri Lanka's National Strategy on AI	AI: A field of computer science dedicated to creating systems that can perform tasks that would normally require human intelligence. These tasks include decision-making, speech recognition, visual perception, and language translation (MOT, 2024 ^[27]).
Chinese Taipei	Guidelines for Artificial Intelligence (AI) AI systems: Applications in the Financial Industry	AI systems: They refer to systems that simulate human learning, thinking, and response patterns by learning vast amounts of data and using ML or related modelling algorithms for perception, prediction, decision-making, planning, reasoning, and communication (FSC, 2024 ^[28]).
Thailand	ETDA AI Governance Guideline for Executive	AI is a technology developed to enable computers to have characteristics or behaviours similar to humans, such as learning, perceiving and responding to the environment, reasoning, and solving problems, etc., according to human-defined objectives (ETDA, 2024 ^[29]).

Note: Definitions outlined as appearing in policy or regulatory instruments adopted by the countries, which may not necessarily constitute the official national definitions of AI systems.

Source: 2025 OECD Survey on Asian policies for AI in Finance.

2 Policy approaches to AI in finance in Asia

2.1. Mapping of different policy approaches to AI in finance

The policy landscape governing AI in financial services across Asia is characterised by considerable heterogeneity and a dynamic, rapidly evolving nature. This reflects to a large extent the varying degrees of maturity and adoption of AI innovation within the region's financial services industry, underscoring both the diversity of regulatory approaches and the pace of innovation shaping the financial sector across Asian economies.

A diverse array of frameworks is established or planned in different jurisdictions in the region, ranging from binding regulations explicitly addressing AI innovation to non-binding rules aiming at supporting AI innovation, principles-based guidance and national strategies that are either finance sector-specific or cross-sectorial, as well as self-regulatory mechanisms. Existing regulatory and legal frameworks for financial activity also remain applicable in many Asian jurisdictions, given their technology-neutral approach to financial regulation.

The different policies, whether already in force, newly introduced, or under development within a given jurisdiction, should not be regarded as mutually exclusive. They rather operate in a complementary manner, collectively reinforcing the overarching policy framework.

Despite heterogeneity and different degrees of preparedness by Asian jurisdictions, all initiatives highlighted in the following sections converge on the same key priorities. Preservation of market integrity and stability of financial markets, clear focus and priority to investor and consumer protection, particularly in light of risks involved in GenAI models, while operational resilience and cyber-resilience are embedded in most frameworks, reflecting both systemic and consumer concerns. Responsible and ethical governance remains central to all policy frameworks, particularly to those explicitly addressing AI adoption in finance, and includes transparency, accountability, and human oversight considerations.

The coexistence of national strategies, sectoral guidelines, and soft-law instruments illustrates that these policies are complementary rather than mutually exclusive, collectively reinforcing regulatory coherence. This layered approach enables jurisdictions to integrate innovative measures without undermining established safeguards contained within the existing legislation, thereby fostering resilience and regulatory adaptability in the face of rapid technological change.

2.2. Existing financial regulations and laws applicable to the use of AI in finance

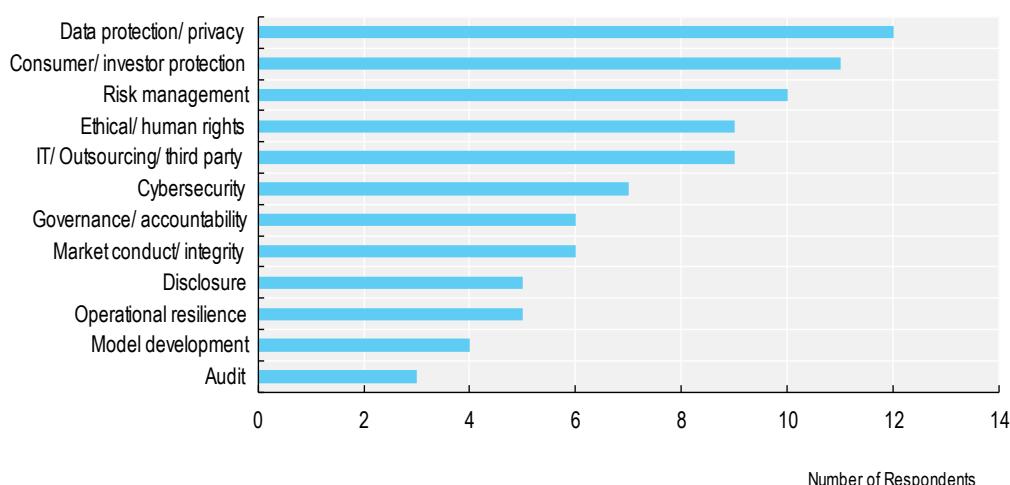
While some Asian jurisdictions have issued explicit AI-related policies, many also rely on existing regulatory instruments that remain applicable to financial activity irrespective of the technology used. Existing financial regulation, laws and guidance often apply to financial activities, regardless of the technology used, given the technology-neutral approach to financial regulation that some Asian jurisdictions apply. As such, existing regulations around consumer and investor protection, overarching

prudent business conduct rules, fairness provisions, and rules for model and third-party risk management or operational resilience frameworks continue to apply even if AI is not specifically referenced. This is also the case for handbooks related to IT governance and cyber-security, and overarching ethical and fairness laws that continue to apply across all aspects of economic activity (Figure 7).

In particular, Japan, Korea and Singapore leverage their existing regulatory and legal architecture given the technology-neutral regulatory posture, whereby existing rules and guidance apply to AI-based decisions in the same manner as traditional or human-led processes. This ensures consistency in regulatory expectations across different technological modalities. Japan adopts a functional approach, applying existing regulatory and supervisory guidance to AI depending on its application. This includes frameworks related to, among others, model risk management, IT governance, cybersecurity, and consumer/investor protection, thereby embedding AI oversight within established regulatory domains. Korea similarly leverages its existing legal architecture, including the Personal Information Protection Act, Credit Information Act, and Financial Consumer Protection Act, among other rules, to regulate AI use in financial services. These instruments are applied contextually, ensuring that AI deployment aligns with broader data protection and consumer rights obligations. Korea's Personal Information Protection Commission (PIPC) is actively monitoring the need to update and issue new guidelines, as illustrated by the enactment of the Guidelines for Personal Data Processing for the Development and Utilization of Generative AI in August 2025, providing timely guidance for the development and deployment of GenAI (PIPC, 2025^[30]).

Similarly, in Hong Kong (China), both HKMA and the SFC employ a principles-based technology-neutral approach to regulation and supervision, applied to all financial technology activity (HKMA, 2016^[31]). In Malaysia, Bank Negara Malaysia has recognised the need for regulations to be neutral and provide sufficient flexibility to enable novel ways of achieving an outcome. BNM pursues a technology-neutral approach, open to the use of different technological tools, systems, and approaches (Bank Negara Malaysia, 2019^[32]). Chinese Taipei is following a similar tech-neutral approach, aiming to encourage the use of technologies to enhance operational efficiency and performance, create an environment for fair competition, increase financial consumer benefits, and enhance the competitiveness of the financial industry, as described in the FinTech development roadmap of the country's Financial Supervisory Commission (Financial Supervisory Commission, 2020^[33]).

Figure 7. Examples of areas covered by existing financial sector rules in Asian jurisdictions



Note: Based on a total of 19 jurisdictions.

Source: 2025 OECD Survey on Asian policies for AI in Finance.

The Philippines has not issued AI-specific regulations, however, Bangko Sentral ng Pilipinas requires financial institutions to implement robust risk management policies covering cybersecurity, consumer protection, and anti-money laundering/combating the financing of terrorism (AML/CFT) based on existing financial rules and regulations. These policies are expected to apply across all AI use cases without explicit reference being made to the use of AI systems. In a similar vein, Mongolia currently lacks formal AI regulations in the financial sector. That said, financial institutions are permitted to use AI under their internal procedures, with no prohibitions in place, with the authorities aiming for a permissive regulatory environment.

Similarly, Pakistan has not issued any specific AI regulations, and entities regulated by the State Bank of Pakistan (SBP) are subject to obligations concerning equal banking access, privacy protection, third-party due diligence, and service reliability. All pre-existing principles applicable to financial activity implicitly extend to AI use cases. In Cambodia, financial intermediaries are required to obtain prior approval from the Securities and Exchange Regulator of Cambodia (SERC) before deploying new IT systems for core business operations. This pre-approval mechanism serves as a gatekeeping function to ensure regulatory oversight of technological innovations, which also includes AI systems.

2.3. Introduction of policy frameworks explicitly targeting the use of AI in finance in Asian jurisdictions

Increasing adoption of AI systems by the financial sector and in the broader economy prompted diverse policy responses across Asian economies explicitly targeting AI systems (Figure 8). While approaches vary in scope and maturity, the underlying issues and objectives of the different policy initiatives are common: emphasis is placed on balancing innovation with market integrity, operational resilience and stability of the markets, investor and consumer protection, and ethical governance.

2.3.1. National-level, cross-sectorial policies

Several Asian jurisdictions have adopted national strategies for AI, with a broad economy-wide scope and applicable also to the finance sector. For example, Indonesia launched the National AI Strategy in 2020, including guidance by several subject matter experts from ministries, national institutions, universities, associations and the broader AI community. This was supplemented with the Ministry of Communications and Informatics Circular Letter No. 9/2023 on AI Ethics, providing a non-binding regulation that focuses on AI ethics. AI Governance Guidelines for commercial banks have also been introduced, emphasising accountability, transparency, and human oversight. Indonesia's multi-layered approach integrates its national strategy with sector-specific codes to ensure fairness, transparency, and robustness. Strategic approaches further encompass advisory functions aimed at informing high-level policy decisions, as illustrated by the enactment of the National AI Strategy Committee chaired by the President of Korea, tasked with directing and coordinating AI strategies, policies, and initiatives across government ministries (MSIT, 2025^[34]).

Other countries with national strategies for AI in Asia include Bangladesh and Nepal, with the latter marking a milestone in the country's digital transformation with the approval of its National AI Policy 2082 in August 2025, aimed at fostering ethical, transparent and inclusive AI development and deployment across various sectors of the economy and society in Nepal. Other examples of AI strategies in the region include: The National AI Strategy Roadmap 2.0 of the Philippines; the AI Strategy and Action Plan of Thailand; the National Strategy for Artificial Intelligence Research, Development and Application through 2030 of Viet Nam; the AI Sri Lanka 2028 national strategy; and Pakistan's Artificial Intelligence Policy 2025.

Singapore has national-level guidance issued by the Ministry of Communications. The Model AI Governance Framework was issued in 2019 and updated in 2020 by the Infocomm Media Development

Authority (IMDA).² In 2024, the AI Verify Foundation and IMDA proposed a Model AI Governance Framework for Generative AI, which builds on and expands the existing framework (IMDA AI Verify Foundation, 2024^[35]). In Japan, AI Guidelines for Business have been developed to present unified guiding principles on AI governance to promote safe and secure use of AI. The Guidelines are soft law without any legally binding force (MIC&METI, 2025^[36]). In Thailand, the Electronic Transactions Development Agency (ETDA) has released overarching ethical guidelines that also apply to financial market participants (ETDA, 2024^[29]).

Other Asian jurisdictions have enacted legislation covering the entire digital technology sector, including AI. In Korea, cross-sector regulatory framework, the Basic Act on the Development of Artificial Intelligence and the Establishment of Foundation for Trustworthiness Artificial Intelligence ("AI Basic Act"), is expected to be enforced in 2026, while subordinate regulations and guidelines are currently being prepared. This Act is designed to establish a national governance framework for AI, foster the AI industry, and address potential AI-related risks (MSIT, 2024^[37]). Chinese Taipei is currently in the process of drafting the AI Fundamental Act to serve as a guide for the development and promotion of artificial intelligence applications in various institutions, including the financial industry. On 14 June 2025, Viet Nam's National Assembly introduced the Law on Digital Technology Industry (DTI), in addition to its Core Principles for AI legislation. The Law marks Viet Nam's first comprehensive legal framework dedicated to the digital technology sector, and covers key areas such as semiconductors, AI, and digital assets.

2.3.2. Finance-specific non-binding guidance

Sector-specific or broader guidelines for the use of AI systems are common across Asian jurisdictions. Indeed, the majority of Asian financial regulators responding to the OECD survey have issued targeted guidance to ensure responsible AI adoption in finance. Korea has issued a number of financial sector-specific guidelines since 2021 - Financial Sector AI Guideline (July 2021), Financial Sector AI Development and Utilization Guide (August 2022), and Financial Sector AI Security Guideline (April 2023) -, culminating in the enactment of the Framework Act on Artificial Intelligence in 2024, which will come into force in 2026. This legislation establishes overarching principles for AI governance, reinforcing Korea's commitment to ethical and responsible AI deployment across financial institutions.

India has articulated a comprehensive framework through its Guidelines for Responsible Usage of AI/ML in Securities Markets (July 2025), assigning full accountability to regulated entities for data privacy, security, and integrity of AI outputs and applying to stock exchanges, clearing corporations, depositories, intermediaries and mutual funds. In Indonesia, the AI Governance Guidelines for Banks emphasise strategic planning, ethical values, risk management, and audit mechanisms, structured around core principles such as reliability, accountability, and human oversight. In 2025, OJK has issued the Artificial Intelligence Governance framework to provide guidance for Indonesian banks, setting out clear principles, roles, and responsibilities for responsible AI development and implementation (OJK, 2025^[38]).

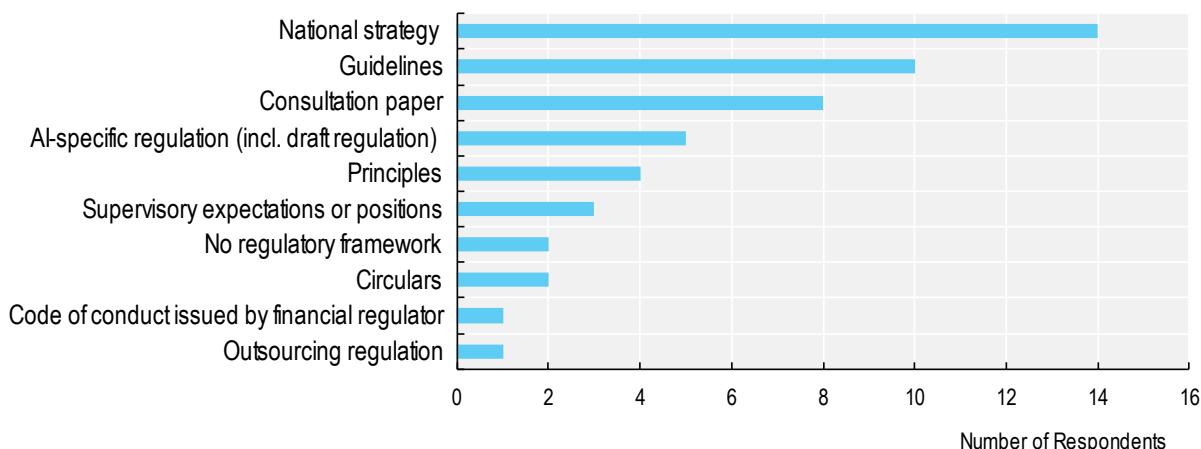
Several Asian financial authorities have issued non-binding principles for the use of AI in finance. In Hong Kong (China), HKMA issued a circular on "Consumer Protection in respect of Use of Big Data Analytics and Artificial Intelligence by Authorized Institutions" in 2019, setting out some guiding principles on consumer protection aspects in respect of the use of big data analytics and AI. Given the new risk environment brought about by GenAI, the HKMA issued a follow-up circular on "Consumer Protection in respect of Use of Generative AI" in 2024, setting out additional principles to ensure appropriate safeguards are in place for consumer protection when adopting GenAI in customer-facing applications (HKMA, 2024^[39]). Such guidance aims to encourage institutions to leverage AI for enhanced consumer protection.

In Malaysia, the Guidelines on Technology Risk Management set guiding principles for AI and ML adoption with a focus on mitigating risks related to such adoption. The guidance is tailored to all capital market entities regulated under the Malaysian Securities Commission. Chinese Taipei has promulgated outsourcing regulations³ and released Core Principles and Policies for AI Applications in 2023 and

Guidelines for AI Applications in the Financial Industry in 2024. When financial institutions outsource operations involving business functions or customer data through the use of emerging technologies, the Guidelines advise firms to assess the level of risk, materiality, and potential impact on operations and customer rights and implement appropriate control measures in a risk-based manner.

In September 2025, the Bank of Thailand (BOT) published the AI Risk Management Guidelines for Financial Service Providers, based on the pillars of ensuring governance of AI system implementation and system development and security controls, throughout the AI lifecycle (Bank of Thailand, 2025^[40]).

Figure 8. Introduction of policies explicitly targeting AI in Asian jurisdictions



Note: Based on a total of 19 jurisdictions. “National strategies” category includes national policies and strategies related to AI, applicable across sectors, including the finance sector.

Source: 2025 OECD Survey on Asian policies for AI in Finance.

2.3.3. Other types of non-binding rules: clarifications, supervisory expectations, governance frameworks

A smaller number of Asian jurisdictions have enacted legislation to guide AI development across sectors of the economy. Japan introduced the AI Act which came into full effect in September 2025 to promote AI innovation and development while mitigating associated risks. The AI Act is a law designed to support the development and use of AI and not to restrict it. The AI Act provides for the establishment of an Artificial Intelligence Strategic Headquarters chaired by the Prime Minister and with all Cabinet ministers serving as members and requires the formulation of an Artificial Intelligence Basic Plan which will set out the government's basic AI policy.

Clarifications around the implementation of frameworks applicable to the use of AI in finance and supervisory expectations have only been issued by a very small number of Asian jurisdictions. The Financial Services Agency of Japan (FSA) is exploring potential clarification of regulatory and supervisory expectations on the use of AI as needed to encourage healthy adaptation of AI in the financial industry. To address these issues, the FSA published an AI Discussion Paper (version 1.0) in March 2025 based on an industry survey and identified some challenges facing financial institutions, such as data protection, cybersecurity, third-party risk management, and hallucinations (JFSA, 2025^[12]).

Some Asian authorities have issued guidance frameworks for the governance of AI adoption by financial sector participants. A prominent example is Singapore’s Model AI Governance Framework. This framework provides practical guidance for financial firms on implementing responsible AI practices across areas such as transparency, accountability, and human-centric design. It serves as a reference point for the

development and deployment of AI systems by articulating clear governance principles and implementation measures for trustworthy and responsible AI governance.

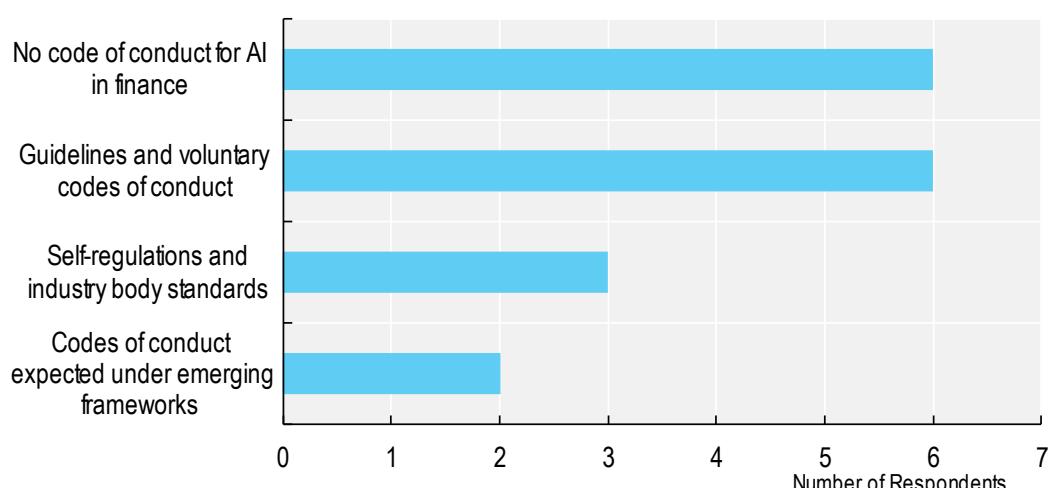
Other types of non-binding policy frameworks include consultation papers and development policy papers. For instance, the Cambodia FinTech Development Policy 2023 - 2028 mandates that financial regulators foster an enabling environment for private-sector actors to leverage AI and explore its potential applications in supervisory functions. Cambodia's policies for the financial sector includes cooperation with other relevant ministries as part of the implementation. Thailand, while lacking formal binding rules or provisions, issued a consultation paper in 2021. The Bank of Thailand published Stages of AI/ML Development in the Thai Banking Sector, which delineates the progressive phases of AI adoption within the banking industry, identifies associated risks, and proposes strategic pathways for future AI/ML development.

2.4. Codes of conduct and self-regulation initiatives

In some Asian economies, policy frameworks for the use of AI in financial services (and beyond) rely on a combination of formal binding regulation or soft law and codes of conduct or industry-led self-regulatory mechanisms, ensuring flexibility and accountability (Figure 9). For instance, Chinese Taipei has embraced a hybrid governance model, integrating formal regulatory oversight with self-regulatory initiatives. The Financial Supervisory Commission (FSC) has directed industry associations to develop self-regulations emphasising customer data protection and risk control in AI applications. Additional guidance has been issued for robo-advisory services and other emerging technologies. Furthermore, financial industry associations and the national stock exchange have established relevant self-regulatory standards, reinforcing sectoral accountability.

Indonesia has introduced a comprehensive set of policies aiming at the ethical use of AI in finance. The Financial Services Authority (OJK) has issued a Code of Conduct for Responsible and Trustworthy AI in the Financial Technology Industry (AI Code of Conduct), applicable to all members of FinTech associations. Guidelines of AI Governance for Indonesian Banking (AI Governance Guidelines for Banks) have also been issued, in addition to the Circular Letter No. 9/2023 on AI Ethics, mentioned above. These frameworks collectively guide both FinTech firms and traditional financial institutions in developing and deploying AI applications that uphold ethical standards.

Figure 9. Codes of conduct and self-regulation for AI adoption in Asian jurisdictions



Note: Based on a total of 19 jurisdictions.

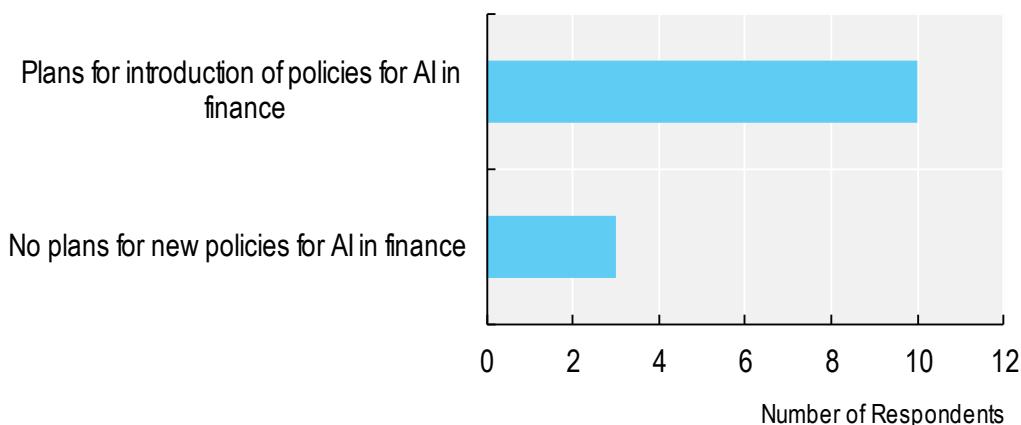
Source: 2025 OECD Survey on Asian policies for AI in Finance.

Korea's financial sector industry has incorporated self-regulation, complementing formal oversight, by incorporating AI ethics principles within the existing guidelines and strengthening the internal AI ethical codes and governance systems. In Japan, industry-led governance is provided by the Financial Data Utilizing Association (FDUA) guideline and handbook, published in August 2024 to steer the responsible use of Generative AI in the financial sector. Singapore has developed ethical principles through the Monetary Authority of Singapore (MAS)' leadership of the Veritas consortium. The consortium developed a Veritas Fairness, Ethics, Accountability, and Transparency (FEAT) assessment methodology, enabling financial institutions to evaluate their AI and data analytics solutions against the FEAT principles introduced by the MAS in 2018 (MAS, 2018^[41]).

2.5. Plans for AI governance in finance

The regulatory landscape for AI in financial services across Asia is evolving in a dynamic manner, with most Asian jurisdictions responding to the OECD survey, planning to adopt or adjust policies for AI in finance (Figure 10). While some economies have established comprehensive frameworks and are planning to adjust existing frameworks in response to the evolution of AI innovation and its risks, others are only starting to introduce policies and are in the process of developing cross-sectoral rules and principles or sector-specific guidelines tailored to the financial sector.

Figure 10. Strengthening or expanding the policy framework for AI in finance in Asia



Note: Based on a total of 19 jurisdictions.

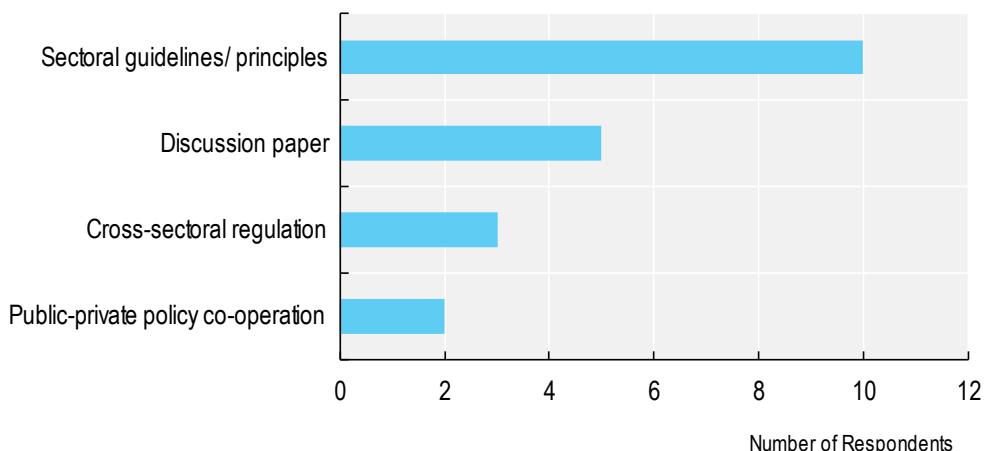
Source: 2025 OECD Survey on Asian policies for AI in Finance.

Only three Asian economies involved in the OECD survey have reported plans to establish binding legislation for AI: Chinese Taipei, Viet Nam and Thailand (Figure 11). Chinese Taipei is preparing a cross-sectoral AI Fundamental Act, designed to serve as a guiding framework for the development and promotion of AI applications across multiple industries, including financial services. This initiative reflects a proactive approach to harmonising sectoral practices under a unified governance structure. In Viet Nam, the Ministry of Science and Technology made public in September 2025 a draft Law on Artificial Intelligence. This draft law is a dedicated framework for AI, aiming at creating a comprehensive, standalone regime that protects rights, ensures security and boosts competitiveness, while addressing gaps in existing laws (Ministry of Science and Technology of Viet Nam, 2025^[42]). Thailand's Electronic Transactions Development Agency (ETDA) is in the process of advancing its efforts towards establishing the principles of the Artificial Intelligence Act, after closing a round of public consultations on the draft in June 2025. The Principles merge two draft AI instruments: the Royal Decree on Business Operations Using AI Systems and the Draft

Act on the Promotion and Support for National AI Innovation. The Principles feature a risk-based approach towards AI system classification and emphasise the protection of individual rights, while also introducing policies focused on incentivising innovation (ETDA, 2025^[43]).

Other Asian jurisdictions that are in the earlier stages of developing their policies for AI in finance are enriching their frameworks primarily with non-binding rules, guidelines and national strategies. Pakistan is in the process of formulating Guidelines on Responsible Use of AI in Financial Services, intended to provide supervisory guidance for SBP-regulated entities. These guidelines aim to ensure that AI applications in financial services adhere to principles of accountability, fairness, and transparency. Mongolia remains in the formative stages of AI governance, with the government working to develop a national AI strategy and conducting public consultations to ensure inclusive and transparent policy formulation. In Singapore, work is underway in areas related to GenAI as well as around model risk management frameworks.

Figure 11. Types of new policies planned by Asian policymakers



Note: Based on a total of 19 jurisdictions.

Source: 2025 OECD Survey on Asian policies for AI in Finance.

Asian jurisdictions with more elaborate policy frameworks in place are planning to strengthen their frameworks with a particular focus on promoting the responsible development and deployment of AI innovation. In response to evolving risks, the Hong Kong Monetary Authority (HKMA) has issued high-level principles and is considering additional guidance to address threats associated with advanced AI technologies, including generative AI. This reflects HKMA's adaptive regulatory posture in safeguarding consumer interests. Japan's Financial Services Agency (FSA) launched the FSA's AI Public-Private Forum in June 2025. This initiative seeks to refine supervisory expectations and facilitate dialogue between regulators and industry stakeholders on emerging AI-related challenges.

In the ASEAN, Indonesia also continues to strengthen its governance architecture. An update to the AI Code of Conduct is scheduled for December 2025, aimed at addressing emerging challenges posed by GenAI and ensuring that ethical standards remain robust amid technological advancements. In the Philippines, the Bangko Sentral ng Pilipinas (BSP) is actively developing principles and guidelines for the ethical and responsible use of AI in the financial sector. In addition to drafting soft or non-binding regulations, BSP has released a draft Model Risk Management Framework for public consultation. This

framework explicitly addresses the governance of AI and machine learning models, signalling a comprehensive approach to risk oversight.

2.6. Policy considerations

Where AI is deployed in domains already subject to existing regulatory or supervisory frameworks, as is the case for financial activity, such requirements should continue to apply consistently, regardless of whether decisions originate from AI systems, conventional models, or human judgment. Equally, AI or other technological advancements do not preclude established standards of safety, soundness, or compliance, all of which remain applicable irrespective of the technological medium employed. As such, compliance obligations of supervised financial sector firms are not negated by technological advancements or the use of AI, and established standards and obligations for safety, soundness and compliance continue to apply (e.g. disclosure obligations, IT governance requirements).

Importantly, in light of the rapid evolution of AI innovation, financial authorities need to perform ongoing monitoring and investigation to better assess whether policy frameworks in place remain fit for purpose or whether there is a need to strengthen or expand existing policy frameworks applicable to AI in finance. While jurisdictions at all stages of policy development can benefit from internationally agreed standards, such as the OECD AI Principles, these frameworks may be particularly useful for countries in the early phases of policymaking, providing guidance for designing policies that carefully balance AI innovation with the protection of users and markets (Box 2).

Box 2. OECD AI Principles

The OECD was one of the earliest players in developing AI governance standards, with the adoption of the OECD Recommendation on Artificial Intelligence (AI) in 2019, the first intergovernmental standard on AI. The Recommendation was revised in 2024 to reflect the advances in AI technology, such as the emergence of GenAI, and to address new safety concerns.

The Recommendation on AI contains ten AI principles used as guidelines by policymakers and AI practitioners for the development and use of trustworthy AI. They aim to shape the development of AI systems and maximise the benefits societies derive from AI. The Principles are composed of two sections covering values-based principles and recommendations for policymakers (Figure 12).

The Recommendation on AI also sets out a definition of an AI system and lifecycle, which has been adopted as a reference in policy, legislative and regulatory frameworks globally. As of October 2025, the Recommendation has 48 Adherents, including the 38 OECD member countries, 9 partner economies and the EU.

Figure 12. The OECD AI Principles

5 values-based principles for trustworthy, human-centric AI	5 recommendations for national policies, for AI ecosystems to benefit societies
 Inclusive growth, sustainable development and well-being	 Investing in AI research and development
 Respect for the rule of law, human rights and democratic values, including fairness and privacy	 Fostering an inclusive AI-enabling ecosystem
 Transparency and Explainability	 Shaping an enabling interoperable governance and policy environment for AI
 Robustness, Security, and Safety	 Building human capacity and preparing for labour market transformation
 Accountability	 International co-operation for trustworthy AI

Source: OECD (2025[44]), OECD AI Principles, <https://oecd.ai/en/ai-principles>.

There are ongoing or planned policy initiatives by Asian jurisdictions to enrich their policy toolkits on top of pre-existing financial regulations. These initiatives allow them to integrate innovative measures and adjust their existing frameworks without compromising the integrity of established norms and regulations applicable to the financial sector. The existence of comprehensive multi-layered frameworks for AI, combining existing financial regulation with guidance and self-regulatory initiatives tailored to AI adoption by the financial sector, can be instrumental in managing the complex risk landscape associated with AI deployment in financial services while also supporting AI innovation in finance and other sectors.

At the same time different policy layers within the same jurisdiction should be aligned, to ensure coherence and prevent any regulatory inconsistencies or gaps, and to effectively address emerging risks without stifling innovation (OECD, forthcoming). Conversely, the absence of such alignment can undermine supervisory objectives while creating unnecessary uncertainty for market participants. To ensure

consistent support of AI innovation across financial and non-financial markets, cross-sectoral policies also ought to be aligned.

Further initiatives could be pursued to promote greater convergence in the interpretation and application of existing regulatory frameworks at the regional and international level. Enhanced coordination, systematic information exchange, and stronger alignment between domestic and global supervisory authorities are essential to anticipate and mitigate emerging risks and reduce fragmentation in the policy landscape. Importantly, such co-operation can effectively promote AI innovation in finance by fostering a more predictable environment for cross-border financial innovation. In addition, consistency in policy approaches can strengthen market integrity and build resilience against possible systemic vulnerabilities.

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Notes

¹ The report presents insights from 19 Asian jurisdictions. It is based on 15 responses to the 2025 OECD Survey on Asian policies for AI in Finance by 2 OECD countries (i.e. Japan, Korea), 2 accession candidates to the OECD (i.e. Indonesia, Thailand) and 11 other jurisdictions (i.e. Bangladesh, Cambodia, Hong Kong (China), India, Lao People's Democratic Republic, Malaysia, Mongolia, Pakistan, Philippines, Singapore, Chinese Taipei), as well as on desktop research for 4 non-OECD jurisdictions (i.e. Fiji, Nepal, Sri Lanka, Viet Nam). The Survey was conducted in H1 2025.

² Falling under the Ministry of Communications and Information of Singapore.

³ Regulations Governing Internal Operating Systems and Procedures for the Outsourcing of Financial Institution Operations.