# Value in Motion:

## Charting Malaysia's new growth story

October 2025

# Table of contents

# The great reconfiguration

**For the first time in modern economic history, Malaysia's prosperity could hinge less on what it extracts, grows or builds—and more on how it reconfigures traditional industries into entirely new forms of value.**

Historically, Malaysia's economic growth was driven by its abundant natural resources, a strong manufacturing sector, and a rapidly growing services industry. However, as global industrial reconfiguration gathers pace—driven by megatrends like technology, climate change and fracturing geopolitics—a different kind of resource is emerging as the key to the nation's long-term prosperity: the ability to reimagine industries as we know them into new forms of value.

US$7.1 trillion

**could be unlocked in 2025 globally** as megatrends force global economies to shift

We believe the winners of tomorrow won't be defined by how well they compete within the boundaries of their industry, but by how boldly they transcend industry lines to meet evolving human needs, such as how we move, make and build things; how we feed and care for ourselves; and how we fuel society.

This reconfiguration of industries is where we see the next wave of growth. Our new research, Value in Motion, reveals that more than US$ 7.1 trillion (~RM30 trillion) in global value could be unlocked in 2025 alone as megatrends force global economies to shift from legacy industry models to fluid, interconnected value chains organised around human needs—what we call 'domains of growth'.

Malaysia has started laying the groundwork for this shift. The 13th Malaysia Plan (13MP) sets a bold ambition to reshape development by focusing on high-value industries, digital transformation, and sustainable growth—while Budget 2026 backs it up with targeted investments in AI, semiconductors, green energy, and human capital, alongside reforms in incentives, subsidies, and public service.

## Navigating the global economic shift

Corporate Malaysia faces the risk of stagnation, as evidenced by the performance of the FBM KLCI. Over the past decade, the index has seen a downward trend, declining from 1,783 points in January 2018 to 1,575 points in August 2025. This stagnation highlights the potential challenges facing businesses and underscores the urgent need to revitalise growth and competitiveness across the corporate landscape.

**Bursa Malaysia FBM KLCI index, 2018-2025**


Source: S&P Capital IQ

**15%**

**projected GDP boost** over the next decade from AI adoption

The pace and trajectory of the global economy's reconfiguration—and the resultant uncertainties and growth opportunities for Corporate Malaysia—will be shaped by how decisively businesses embrace AI and accelerate decarbonisation.

Our analysis shows that rapid and responsible AI deployment could supercharge productivity, boosting global economic output by up to 15 percentage points over the next decade. Conversely, if progress stalls, the risk of a productivity slowdown—or even a net economic contraction—becomes real, particularly for resource-dependent and trade-oriented economies such as Malaysia.

For Malaysia, this poses an existential question. Can we—a country whose wealth was built on extraction, exports, and traditional finance—shift fast enough to compete in an economy where value is increasingly intangible? Or will we be outpaced by others that turn sustainability and digital intelligence into the next great industrial engines, effectively ushering in a new Intelligence Age?

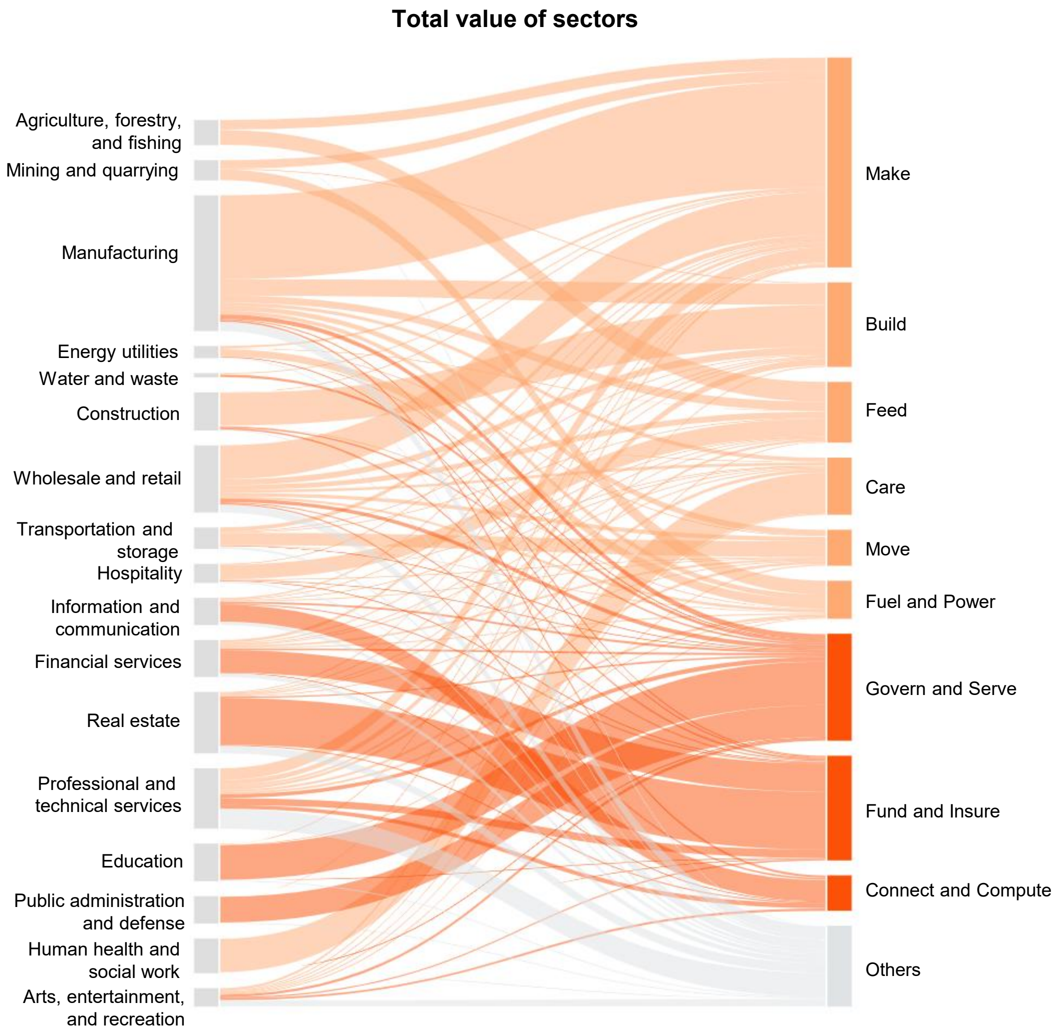
# The new rules of value and impact–is Malaysia ready?

A seismic shift is underway—a reconfiguration of the global industrial system into broader, deeper value pools. Innovative technology combinations are now creating products and services focused on emerging human needs. Businesses now are defined not by what they produce, but by the human problems they solve. This revolution is already here, reshaping how we think about value and impact.

### As industries reconfigure, new domains of growth are emerging

**Industries and sectors, 2023**
Total value of sectors
**US$105.28tn**

**Domains, 2035**
Total value of domains
**US$132.54tn**



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In Malaysia, the great reconfiguration is already visible in several domains:

### How we fund and insure

- The financial services sector is evolving, with companies embedding their offerings into broader digital ecosystems.
- Embedded finance is rewriting the rules by integrating financial products into non-financial platforms.
- Non-bank credit services are also surging: 'Buy Now, Pay Later' (BNPL) transactions saw a 31% growth, climbing from RM7.1 billion in late 2024 to RM9.3 billion in early 2025[1]. This rise prompted the government to pass the Consumer Credit Act 2025.

### How we fuel and power

- Traditional oil and gas companies are investing in clean energy to decarbonise production, while automation and AI are transforming exploration. For instance, a Malaysia-based multinational oil and gas company plans to allocate 20% of its five-year capex to energy transition activities [2].
- Meanwhile, land-rich planters are converting their land into solar farms to meet the growing demand for data centres. This shift is unsurprising, as large-scale solar ventures can enable palm oil producers to earn up to 54 times more operating profits per hectare compared to oil palm[3].

### How we connect and compute

- Telcos are moving beyond traditional service bundles to provide cross-sector subscriptions in areas such as entertainment, insurance, and digital health.
- Energy, tech, and construction companies are partnering to construct data centres as part of the AI value chain. Malaysia's data centre market is set to expand significantly, with a development pipeline of 1.2GW planned, marking a 600% growth over the next five years [4].

## 55%

**CEOs do not believe their organisations will be viable in a decade** if they continue on their current path

Despite these pockets of change, the bulk of our business landscape is still shaped by traditional sector lines. But change is happening rapidly. More than half (55%) of CEOs in Malaysia do not believe their organisations will be viable in a decade if they continue on their current path[5]. 42% of CEOs have also reported that their companies have ventured into at least one new sector over the past five years[6].

Our analysis shows that the pressure for businesses to reinvent is at or near a 25-year high, putting into context the US$7.1 trillion in revenues slated to shift between companies in 2025. So, the question for companies in Malaysia is this: Are we ready to seize the value that's in motion right now?

[1] Consumer Credit Oversight Board, 2025.

[2] The Edge, 'Petronas to channel 20% of capex to decarbonisation projects over next five years', 2025.

[3] Maybank, 'The magnifying power of solar is a game changer for earnings', 2024.

[4] Juwai IQI, as cited in The Edge, 'Malaysia poised to become Asia's third-biggest data centre market', 2024.

[5] PwC 28th Annual Global CEO Survey – Malaysia, 2025.

Ibid.

# Redrawing the economy: Three potential scenarios

At the heart of PwC's research are three possible global economic growth trajectories through 2035, driven by the pace and success of AI adoption and global decarbonisation efforts.

The outcome for Asia Pacific is significant: a potential 13-percentage-point gap in regional GDP between the best and worst cases.

## Three scenarios for growth for Asia Pacific

### Optimistic scenario

- AI is deployed at scale and governed responsibly, unlocking productivity and innovation. Industries most exposed to AI are already seeing three times faster growth in revenue per employee, according to PwC 2025 Global AI Jobs Barometer.
- Concurrently, decarbonisation is pursued aggressively, supported by coordinated investment, public trust, and international cooperation.
- To capitalise on this opportunity, Malaysia must take a proactive approach: advancing ethical principles, regulatory frameworks, and AI legislation already in progress, while accelerating climate action by embedding sustainability into every aspect of business operations.

### Mid-case scenario

- AI adoption occurs with uneven impact, and decarbonisation continues but falls short of global climate goals. While productivity gains materialise slowly and economic growth is sustained, the window for transformational change narrows.
- This scenario would reinforce existing inequalities in Malaysia between fast-moving and lagging firms—a major risk given that only about 10% of corporate directors are confident in their own and their management's GenAI skills.[2]
- Consequently, Malaysia would remain off target to hit its 45% carbon intensity reduction by 2030, despite the clear need for action.

### Pessimistic scenario

- In the pessimistic scenario, trust in AI collapses—due to misuse or mistrust—severely limiting its impact. Climate action falters, worsening physical and financial risks globally. Productivity stalls, and the world economy could experience a net contraction by 2035.
- For Malaysia, this outcome is particularly severe: reliance on traditional exports and carbon-intensive industries becomes a significant liability, exposing the nation to demand shocks and geopolitical instability.
- With minimal trust in AI and continued falling productivity, the combined effect of economic stagnation and unchecked physical climate risks cascades, severely degrading Malaysia's overall standard of living.

[1] New Straits Times, 'Malaysia's first AI bill to be tabled by mid-2026', 2025.

[2] PwC Malaysia Corporate Directors Survey, "Navigating the AI dilemma: A leadership imperative for boards", 2025.

# Capturing the region's emerging value pools

Despite rising uncertainties, Asia Pacific continues to offer immense potential for growth. Our research suggests that by harnessing AI-driven productivity and decarbonisation, the region's economy could grow by 12% by 2035. This shift is expected to trigger an industrial reconfiguration worth US$4.7 trillion. Its appeal lies in the following:

**Asia Pacific's economy could be up to**

55%

**larger by 2035**
if it catches an AI-fuelled productivity wave and decarbonisation opportunities

**An expanding middle class**

>80%

of the 113 million people joining the global middle class in 2024 come from Asia Pacific.[1]

**A magnet for investments**

41%

of global inward FDI in 2024 flowed into Asia.[2]

**An AI frontrunner**

US$110 billion

in AI-related investments is expected by 2028, (CAGR of 24%, 2023-2028).[3]

Due to its strong economic performance, Malaysia plays an increasingly influential regional role. This is underscored by its involvement in major trade agreements, such as the Regional Comprehensive Economic Partnership (RCEP), which unites 15 countries and accounts for about 30% of global GDP.[4]

[1] World Data Lab.

[2] United Nations Conference on Trade and Development, 2025.

[3] International Data Corporation, 2024.

[4] ASEAN, 'Regional Comprehensive Economic Partnership', 2024.

## Emerging sectors, new opportunities

With regional trade strengthening and industry lines blurring, new opportunities are emerging for Malaysian businesses in sectors such as:

### Digital banking and e-commerce

ASEAN hosts over 25 digital banks, with fewer than half backed by traditional banks. [1]

In Malaysia, DuitNow QR transactions in 2023 amounted to RM14.6 billion[2], and e-commerce income rose to RM1.15 trillion, nearly 30% higher than in 2020.[3]

### Energy transition

ASEAN's growing energy demand—expected to rise 60% by 2040 and requiring over US$3 trillion in investments by 2050[4]—sets the stage for opportunity.

Malaysia is positioning itself to capitalise: its National Energy Transition Roadmap (NETR) estimates the transition will uplift GDP from RM25 billion in 2023 to RM220 billion and generate 310,000 jobs by 2050.[5]

### An expanding AI value chain

With ASEAN supplying 20% of the world's chips and global demand expected to grow rapidly,[6] Malaysia is accelerating its strategy.

The 13MP lays out the goal to climb the global AI value chain, moving beyond chip assembly and testing toward advanced design and fabrication for AI applications.

[1] HSBC, 'How businesses can profit from ASEAN's digital banking boom', 2024.

[2] Bank Negara Malaysia, 'Annual Report 2023', 2024.

[3] HSBC, 'Malaysia's strengthening ASEAN trade ties', 2024

[4] Bernama, 'ASEAN needs over US$3 Trillion investment for energy transition by 2050,' 2025.

[5] National Energy Transition Roadmap, 2024.

[6] Ministry of International Trade and Industry, 2025.

## Build momentum. Recognise how to hedge your bets.

Capturing this era of value reconfiguration requires every organisation to act with urgency to secure future success. We propose three crucial pillars for building a roadmap to capture this momentum:

### Forge your space in the new value economy

- With industrial boundaries dissolving, smart organisations can boldly forge new business models to transform value creation and redefine core purpose beyond incremental change.
- Start by collaboratively re-evaluating markets to identify unmet human needs. Anchor your strategy here to turn AI and digitalisation into your competitive edge.
- Critically re-examine business, operating, and energy model—the areas most ripe for high-impact change.

### Tap ecosystems to power performance

- Pursuing new value models exposes capability gaps—whether in talent, technology, or market access. Addressing these is a crucial priority, yet top performers share one core lesson: Don't attempt this alone.
- Success demands that organisations become proficient collaborators as well as competitors. With top-performing firms generating over 60% of their revenues via business ecosystems[1], the path is clear.
- Define your partnership strategy, identify complementary skills, and seek opportunities through a long-term, societal lens to cement your position as an indispensable leader.

### Turn obstacles into enablers

- Viewing taxes and regulation solely as compliance costs ignores their power for innovation and advantage. Climate regulation is a vital spur; strategically aligning tax incentives can directly fund corporate reinvention.
- New national strategies, such as the 13MP, NETR, and the National Industrial Master Plan 2030 (NIMP) are a clear mandate to rethink strategy and capital spending.
- Leverage mandatory sustainability disclosures to drive efficiency and unlock growth. By viewing this through a forward perspective, businesses can transform compliance into an engine for sustainability and decisive competitive advantage.

[1] PwC, 'Tapping ecosystems to power performance", 2023.

At PwC, we draw on the collective skills and experience of more than 370,000 people across our network of firms in 149 countries to help build trust in society and solve important problems. We believe the opportunities of tomorrow require action today. Speak to us and explore how your business can strategically position itself to drive value and growth.

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