

**Joint media statement by The Association of Banks in Malaysia (ABM),
Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) and
Malaysian Investment Banking Association (MIBA)**

For Immediate Release

Everyday Banking Services Remain Unaffected by Service Tax Expansion

Kuala Lumpur, Thursday, 26 June 2025 – The Association of Banks in Malaysia (ABM), Association of Islamic Banking and Financial Institutions Malaysia (AIBIM), and Malaysian Investment Banking Association (MIBA) wish to reassure the public that the upcoming expansion of the service tax scope, effective 1 July 2025, will not affect basic banking services commonly used by the general public.

Unaffected Financial Services

Basic banking services that involve fees or commissions—such as those related to current accounts (cheque accounts), savings accounts, or similar accounts, including e-wallets—are not subject to service tax. These services include:

- Fees imposed on cash deposits, withdrawals, payments, or local fund transfers;
- Issuance of debit cards and subsequent annual fees;
- Basic transactions done at bank branches or ATMs (e.g. bill payments, printing of current or savings account statements);

These are considered essential banking services and remain out of scope for service tax purposes.

In addition, annual fee imposed on credit/charge card will also be excluded from service tax. Interest/profit and penalties or other punitive charges will not be subject to service tax.

The above exclusions are intended to ensure that day-to-day banking activities for individual consumers remain unaffected by the service tax expansion.

Affected financial services

The expanded service tax scope for financial services will generally apply to fund management, investment and merchant banking related services, and trade financing related services. Under Phase 1 of the expanded service tax scope which comes into effect on 1 July 2025, service tax will apply only to **selected treasury, corporate and investment banking services** as set out in *Appendix A of the Service Tax Guide on Financial Services*.

All banks under ABM, AIBIM and MIBA are committed to being transparent. Where service tax applies, charges will be clearly shown, and customers will be **clearly informed**.

If customers are unsure **on impact of this expanded tax scope and need further clarification**, please contact your bank directly. Customer service teams are ready to provide the **requisite explanations and support where needed**.

We appreciate the public's attention to this matter, and we remain committed to open communication with customers. The banking industry will continue working with relevant authorities to ensure this transition is handled clearly and responsibly.

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About The Association of Banks in Malaysia

Since its establishment in 1973, The Association of Banks in Malaysia (ABM) has been dedicated to fostering a robust, and customer-centric banking industry while advancing the interests of its 26 member banks. ABM collaborates with regulators and stakeholders to uphold ethical banking practices and to cultivate a resilient banking environment in Malaysia.

In line with evolving industry needs, ABM champions initiatives to integrate sustainable banking practices aligned with Environmental, Social, and Governance (ESG) principles, drives digital transformation, and strengthens consumer protection measures. These efforts reinforce its role as a vital intermediary between the banking sector and the public, ensuring a well-balanced and progressive financial ecosystem.

Further, ABM continues to promote financial literacy among Malaysians, aiming to empower consumers with the knowledge to make informed financial decisions. For more information, please visit: www.abm.org.my.

About Association of Islamic Banking and Financial Institutions Malaysia

Established in 1995 as the Association of Interest-free Banking Institutions Malaysia, the association was rebranded in May 2018 to the Association of Islamic Banking and Financial Institutions Malaysia (AIBIM). Over the past three decades, AIBIM has grown into a dynamic, visible, and responsive association, championing the advancement of Islamic finance in Malaysia and beyond.

AIBIM advocates for a Shariah-based, ethical, and socially responsible financial system aligned with both national priorities and global aspirations. In fulfilling its mandate, AIBIM provides strategic advisory and support to its members, fosters industry-wide collaboration, strengthens human capital development, and promotes greater public understanding of Islamic finance.

Driven by its renewed aspiration, AIBIM aims to be the foremost voice in driving Shariah-based values financing and leading transformation, sustainable growth, and ethical practices in the financial industry.

As of today, AIBIM comprises 25 member banks, including 11 domestic Islamic banks, 3 development financial institutions, 10 locally incorporated foreign Islamic banks, and 1 Islamic digital bank. For more information, please visit: www.aibim.com.

About Malaysian Investment Banking Association

Since its establishment on 9 September 1975, the Malaysian Investment Banking Association (MIBA) has served as the leading industry organization shaping Malaysia's investment banking sector, fostering a dynamic, resilient, and globally competitive capital market. Through strategic collaboration, active advocacy, and engagement with industry regulators and stakeholders, MIBA plays a pivotal role in strengthening Malaysia's financial ecosystem by initiating and advancing forward-thinking efforts that:

- Boost investor confidence, reinforcing trust and stability in the financial market.
- Foster a vibrant and efficient capital market, enabling issuers to access cost-effective fundraising avenues while offering investors a wide array of investment opportunities.
- Facilitate Malaysia's integration into the global financial system, enhancing international relevance and long-term growth.
- Support government economic policies, promoting financial resilience and fostering domestic demand for sustainable development.
- Expand market accessibility, encouraging broader participation and strengthening Malaysia's position as a key financial hub.

In an ever-evolving financial landscape, MIBA remains steadfast in its commitment to industry excellence, and continues to proactively drive efforts towards navigating emerging challenges, advancing digitalization and integrating principles of Environmental, Social, and Governance, to ensure long-term economic resilience for capital market participants and the broader Malaysian financial market.

For more information, visit www.miba.com.my