



Data Without Borders: Harmonising ASEAN's Digital Regulations for Growth

August 2025

Table of Contents

Chapter 1

Setting the Stage: Data Is the
Lifeblood of ASEAN's Digital
Economy

06

Chapter 2

The Growing Roadblock: How
Cross-Border Data Restrictions
Are Holding ASEAN Back

12

Chapter 3

The Consequences: Missed
Opportunities for ASEAN's
Growth and Innovation

17

Chapter 4

The Role of DEFA
in Enabling Data
Connectivity

21

Chapter 5

The Path Forward: A
Proactive Approach to Data
Connectivity

25

Data Without Borders: Harmonising ASEAN's Digital Regulations for Growth

ASEAN's digital economy is growing rapidly. Fintech, e-commerce, and real-time payments are thriving across the region, fuelled by a young, mobile-first population. In 2022, digital payments in the six largest ASEAN economies exceeded USD 806 billion. But behind this growth lies a simple truth: data powers everything.

Every digital transaction, customer interaction, and financial service relies on the secure and seamless movement of data. Today, however, businesses are facing growing friction. Cross-border data restrictions and inconsistent national regulations are making it harder to innovate, expand, and stay competitive.

To understand how companies are navigating this evolving landscape, the Singapore Fintech Association surveyed 109 organisations across ASEAN. The message from the private sector is clear: fragmented data rules are undermining both compliance and growth.



\$806B

Digital payments in 2022

73%

of respondents said that cross-border data transfer restrictions could limit their access to essential global tech tools, and expect their operational costs to increase and productivity to decrease due to such rules.



73%

of respondents expect stringent data transfer rules to impact cost and productivity.

109

 organisations surveyed

61%



of respondents expect revenues to be negatively impacted due to stringent data transfer rules.

70%



of respondents reported that these restrictions would negatively impact their ability to enter new markets.

Executive Summary

73%

of respondents reported that these restrictions would negatively impact their ability to operate in a market which introduces such restrictions, with significant negative impacts on crucial operational activities:

Product development

70%

Cybersecurity/fraud prevention

67%

Consolidated/aggregated reporting

71%

Risk management

63%

Customer support

74%

There are also implications on the use of innovative AI technologies.

70%



of respondents said that these restrictions would have a negative impact on their creation and use of Gen-AI.

58%



A majority of respondents (**58%**) disagreed that data localisation improved data security.

Despite these challenges, businesses remain committed to responsible data practices. What they want is consistency. A majority of respondents believe that a regional framework, such as a robust ASEAN Digital Economy Framework Agreement (DEFA), would be transformative. They are calling for clear, harmonised rules that allow trusted data to move securely across borders.

This report outlines a practical path forward: finalise a high-standard DEFA, align national privacy laws, and limit data localisation to clearly justified cases. It also calls for greater promotion and use of tools and mechanisms like the ASEAN Model Contractual Clauses and the Global Cross Border Privacy Rules System, alongside support for innovation through regulatory sandboxes and modern data-sharing models. Above all, it urges ASEAN to work together, with urgency and clarity, to build a more connected, competitive digital future.

ASEAN has the opportunity to lead. With the right approach, data can shift from being a barrier to becoming one of the region's greatest competitive advantages. The opportunity is here. The time to act is now.

Acknowledgements

This report was produced by the Singapore Fintech Association (SFA) as part of its ongoing efforts to advance digital policy dialogue and promote trusted data connectivity across ASEAN. The initiative was supported by regional stakeholders committed to strengthening the region's digital economy through greater regulatory harmonisation and industry collaboration.

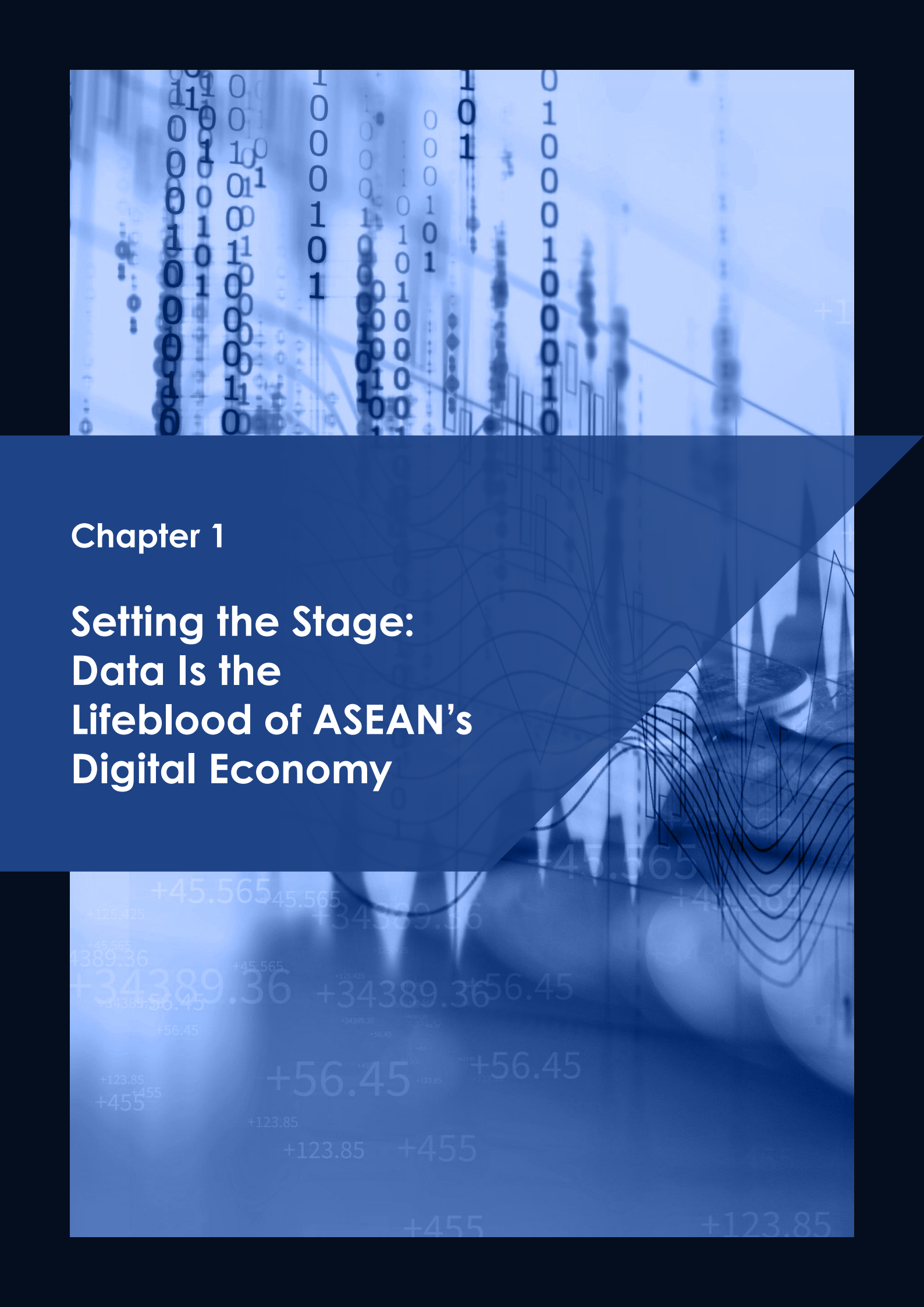
SFA would like to thank Derek Ho, Assistant General Counsel, Privacy and Data Protection, Mastercard, whose guidance was instrumental in shaping the direction of this report. We are also grateful to Valerie Tan, Jason Puah, and Doug Campbell Pitt for their contributions to the research and drafting process.

We also thank the national banking associations of the ASEAN Bankers Association, and in particular Paul Gwee, Secretary General, for their support and collaboration. Their involvement helped ensure strong regional representation and relevance across the financial sector.

We further acknowledge the support of SFA's partner associations across the region, whose participation helped amplify outreach and engagement, and whose insights helped to ensure this report reflects the realities and perspectives of a broad spectrum of industry stakeholders.

The 109 fintechs and financial institutions that responded to the regional survey provided invaluable, ground-level insights into how cross-border data regulations are affecting business.

This publication also benefited from input and review by contributors and peer reviewers from across the ASEAN digital and policy ecosystem.



Chapter 1

Setting the Stage: Data Is the Lifeblood of ASEAN's Digital Economy



Southeast Asia is in the midst of a digital transformation. Across the ASEAN region, fintech and digital payments are thriving, driven by rapid e-commerce adoption, the rise of digital banking, and a young, mobile-first population.

In 2022 alone, digital payments in the six largest [ASEAN economies reached USD 806 billion, up 14% from the previous year](#). Mobile wallets, real-time transfers, and super-apps are now embedded in everyday life, advancing financial inclusion and opening new economic opportunities across the region.

At the heart of this growth? **Data.**

Every e-wallet payment, online purchase or cross-border transfer generates data. The ability to move that data securely and efficiently across borders is what powers fintech innovation as well as the broader ecosystem. Without strong data connectivity, a payment app in Singapore would not be able to verify a bank account in Thailand, nor would a Vietnamese e-commerce platform be able to tap into cloud analytics hosted in Indonesia. Seamless data flows allow ASEAN businesses to collaborate, innovate, and scale - regionally and globally.



Digital payments

\$806

billion in 2022

+14%

growth from 2021

Yet, businesses face challenges when it comes to data transfers. Existing studies and research on the impact of cross-border data transfer regulations have identified macro-level impacts (e.g., on GDP, job creation, productivity, prices) in many countries. For example:

- An [ITIF study](#) highlights that such measures can reduce trade, slow productivity, and increase prices for industries that rely heavily on data.
- The [OECD-WTO Business Survey](#) suggests that local storage requirements coupled with data flow restrictions could lead to increases in data management costs of around 16 to 55%.
- Another example is a report commissioned by the [UK Department for Digital, Culture, Media and Sport](#) which analysed the extent and impacts of data localisation measures implemented around the world. The report contained economic modelling of the impacts of data localisation on international trade and on both large and small firms in the UK.
- An [ICRIER paper](#) explored the regulatory burden of data localisation measures on MSMEs in India which could result in 10 to 15% additional costs for the MSME.



These reports however, do not provide detailed insights into how and the extent to which firms in the financial sector within the ASEAN region are affected. There are limited studies which specifically focus on the impact at the firm level within the ASEAN region. For example, a [relevant study](#) explored the benefits of digital technology for MSMEs exporters in the Asia-Pacific region, and found that digital tools can lower market barriers and stimulate economic growth by significantly reducing the time and cost of exporting for MSMEs.

To better understand how businesses in the financial industry are being impacted and are navigating this evolving and complex landscape, the Singapore Fintech Association (SFA) in collaboration with partners and other stakeholders conducted a regional survey between November 2024 and March 2025. The goal: to explore how organisations in ASEAN perceive the impacts of cross-border data transfer regulations. The survey sought to understand the firm-level impacts on revenue, productivity, costs, ability to operate in and enter markets, and ability to conduct key activities such as cybersecurity, fraud detection, artificial intelligence, and day-to-day operations. The survey also captured how companies manage cross-border data flows, and what they believe needs to change.

In total, 109 organisations participated. Of these, 88% are incorporated or have their main business location in an ASEAN member state, with 65% representing large organisations (200+ employees), and 35% mainly comprising smaller firms and MSMEs. Financial institutions and fintechs comprised most respondents, accounting for 82% of the sample.

Fig 1. Survey Respondents' Country of Incorporation

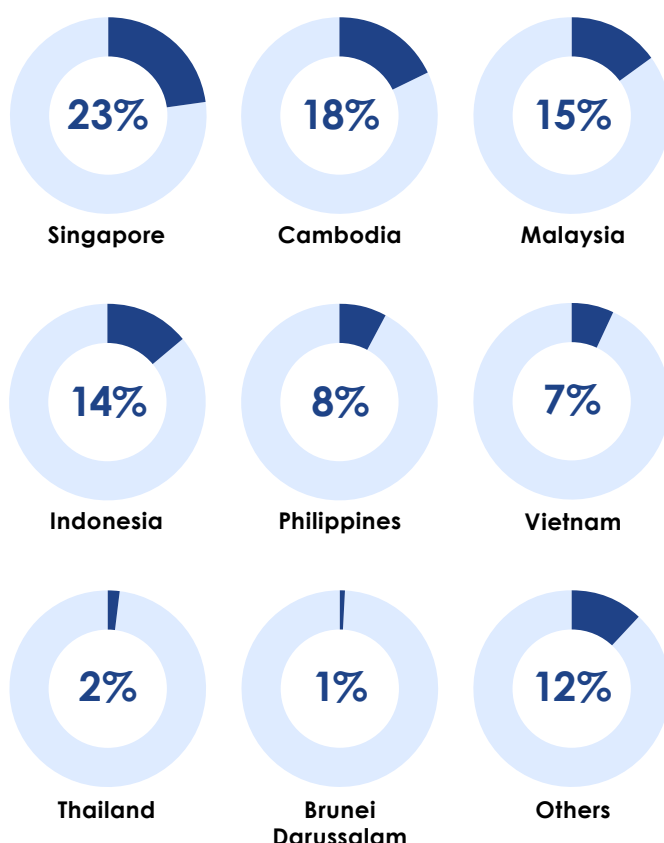
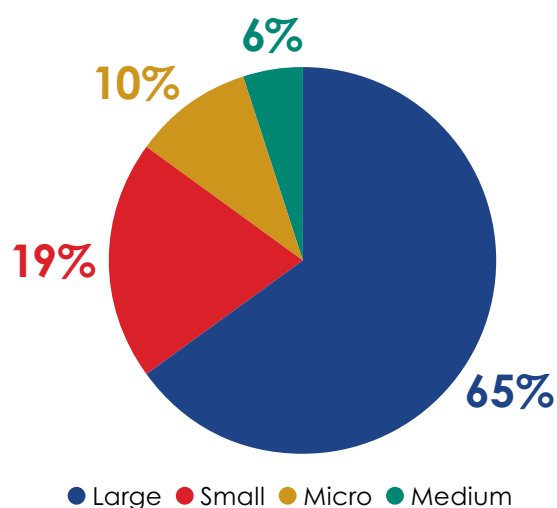


Fig 2. Survey Respondents' Organisation Size¹



¹ Categorisation of MSMEs is based on the number of employees adopted by ASEAN member states sourced from this page: [Definitions of MSMEs Across ASEAN](#). Categorisation based on asset turnover and revenue was not considered as data was not available.

What Did We Learn? Key Patterns Across the Region

Several insights emerged from the survey:



Regional Data Processing

83% of respondents reported processing data within Asia, and **61%** specifically within ASEAN. This underscores the growing integration of the region's digital economy. Data routinely moves across borders as companies tap into regional infrastructure to reach and serve customers throughout Southeast Asia.



Handling Sensitive Data

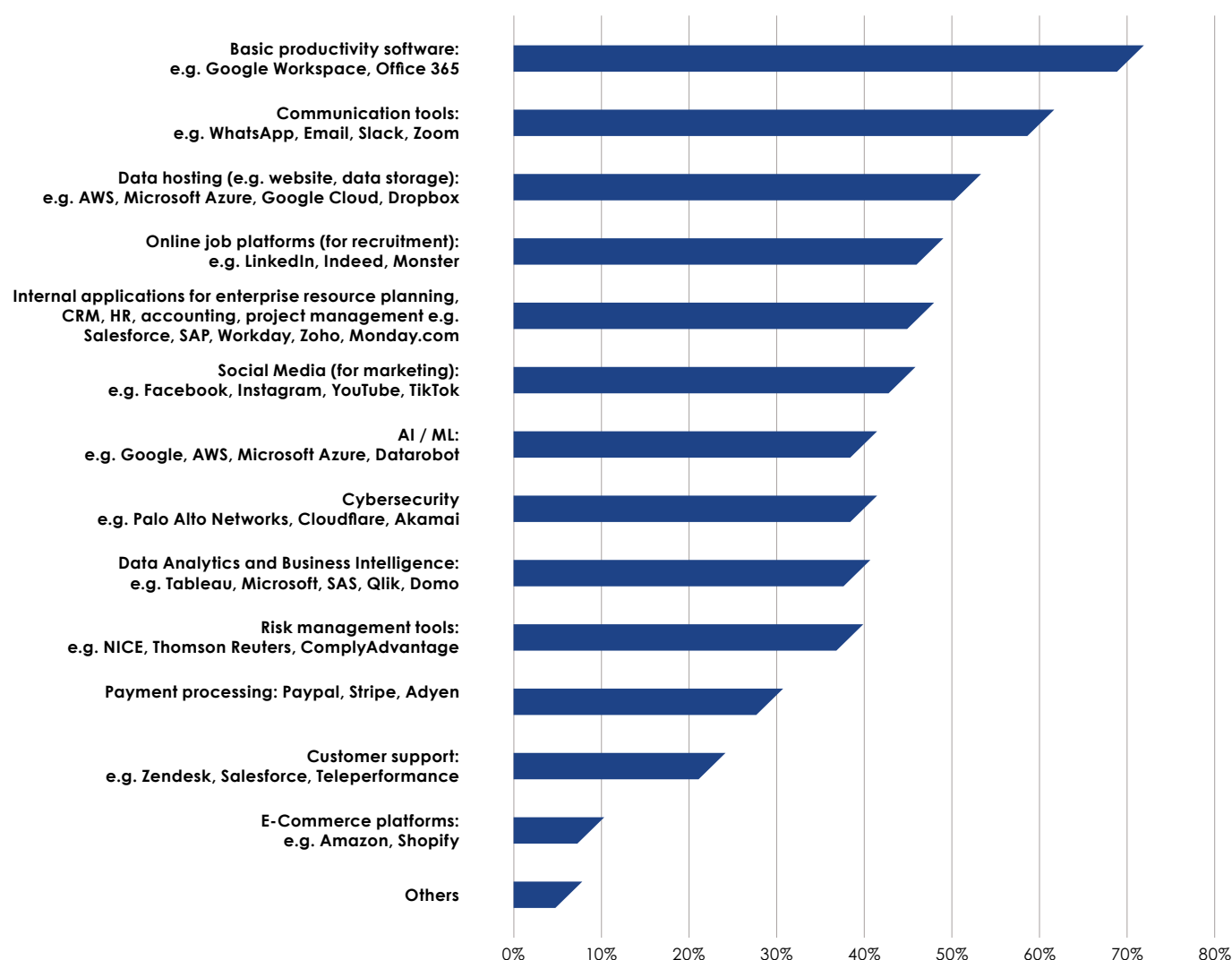
More than **70%** of respondents manage personal data, including customer information, financial records, and employee data. At the same time, many rely on cross-border data flows to deliver core services and to support their business operations, highlighting the need for robust data protection and privacy frameworks that can accommodate a range of data types, including personal data.



Global Tech Dependence

Every respondent reported being connected to global technology platforms such as enterprise resource management systems, communication tools, data hosting, and analytics tools that require seamless cross-border data access. In today's digital economy, no business is or can be truly self-contained; data connectivity is essential for competitiveness, innovation, and daily operations.

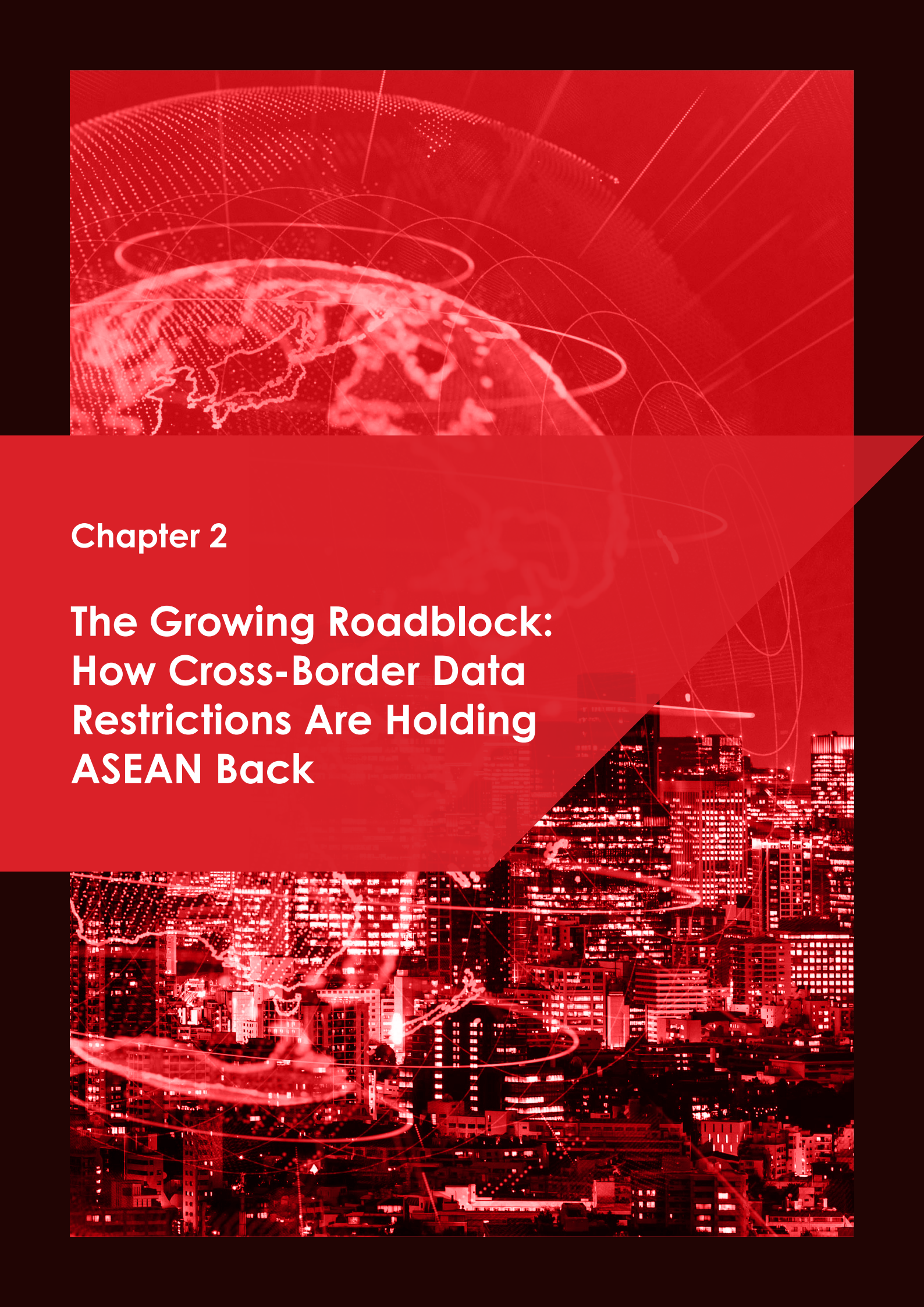
Fig 3. Use of Global Technology Tools by Respondents



The Promise, and Pressure, of Data Connectivity

Data connectivity fuels ASEAN's digital innovation, from real-time payments to cross-border financial services. But as the digital economy scales, the [region's regulatory foundation it relies on is coming under strain](#). Across the region, businesses face an increasingly fragmented patchwork of data regulations, and an increasing number of data transfer restrictions. Safeguards are essential, yet many firms are raising concerns that [inconsistent data rules create friction and drive up compliance costs](#).

In the chapters ahead, we examine how these challenges are unfolding on the ground, how businesses are adapting, and why regulatory harmonisation is a necessity rather than an optional feature for ASEAN to harness its full potential. We also explore global models ASEAN can draw from, and why now is a critical window for alignment, before fragmentation stifles the ambitions of businesses in ASEAN, and undermines the region's digital momentum.



Chapter 2

The Growing Roadblock: How Cross-Border Data Restrictions Are Holding ASEAN Back

ASEAN's digital economy is full of potential, but many businesses face a significant challenge: restrictive and inconsistent cross-border data regulations. As data rules diverge from country to country, companies are finding it harder to operate efficiently and seamlessly across the region.

A Fragmented Landscape

Data governance across ASEAN is anything but consistent. While some countries champion open data flows and regional integration, others emphasise data sovereignty, introducing localisation requirements to address legitimate national security and privacy considerations. The result is a fragmented regulatory landscape that many businesses describe as complex, costly, and constraining.

Even everyday scenarios highlight the growing friction:

- A fintech company in Cambodia may be legally required to store customer data within national borders, limiting access to cloud-based CRM tools hosted in another country.
- An Indonesian payments firm expanding to Thailand may need to duplicate infrastructure, segregate user data, and navigate separate approval processes in each country, raising costs and delaying entry.

These obstacles affect both startups and established players (though it has been highlighted that smaller firms with more limited resources would feel the pain more). With resources tied up in compliance and duplicative systems, many firms are forced to maintain data silos in every market, undermining the scale, efficiency, and agility that ASEAN's digital economy is meant to deliver. These challenges drain resources and slow growth.



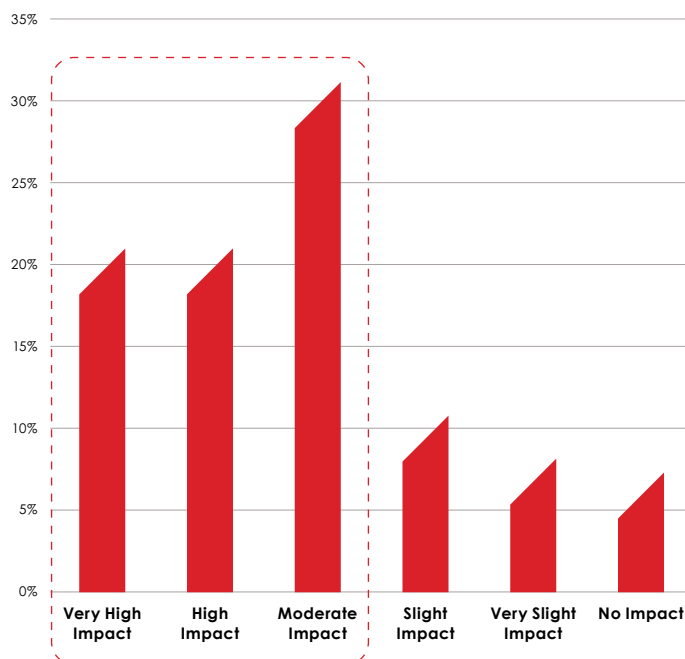
Business Concerns Are Growing

The survey findings make one clear: a fragmented regulatory environment that puts up barriers will create real challenges for businesses across ASEAN.

Access to Global Tools at Risk

73% of respondents say stricter cross-border data transfer regulations could limit their access to essential global tech tools such as cloud platforms, development software, and APIs, all of which are crucial to staying competitive (see Fig. 4).

Fig 4. Impact of Cross Border Data Restrictions on Access to Global Technology



Rising Costs, Falling Revenues

Another **73%** expect operational costs to increase under stringent data rules (see Fig. 5). Additionally, **73%** indicated a negative impact on productivity, while **61%** anticipate a direct negative impact on revenues (see Fig. 6). From duplicating systems to hiring additional compliance staff, businesses will pay a high price.

Fig 5. Impact of Cross-Border Data Restrictions on Cost

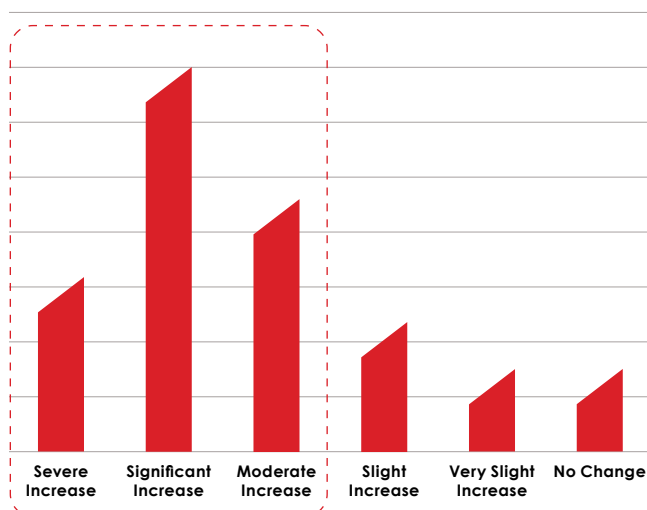
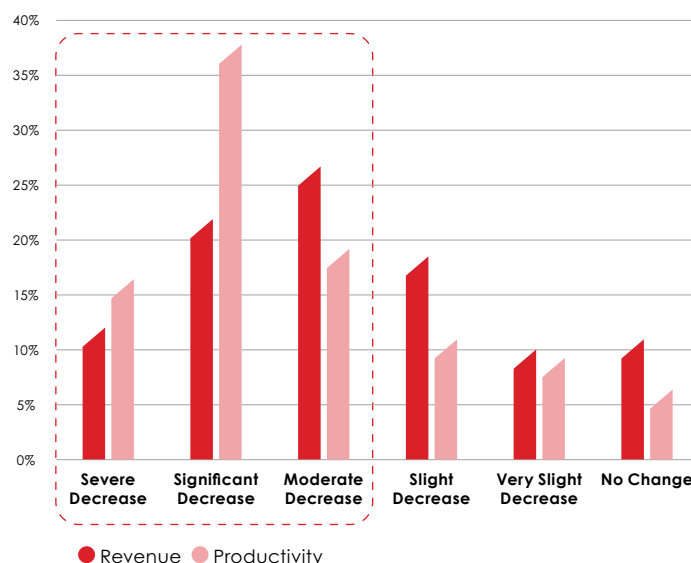


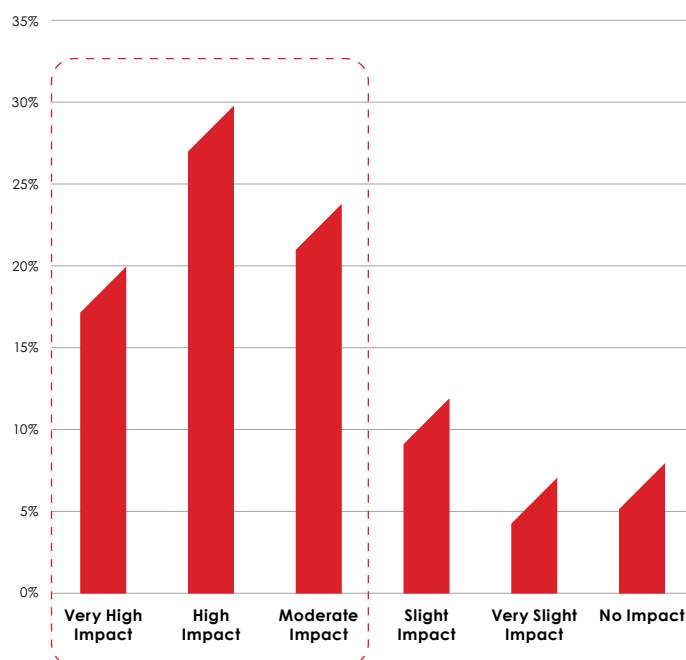
Fig 6. Impact of Cross-Border Data Restrictions on Revenue and Productivity



Operations and Innovation Disrupted

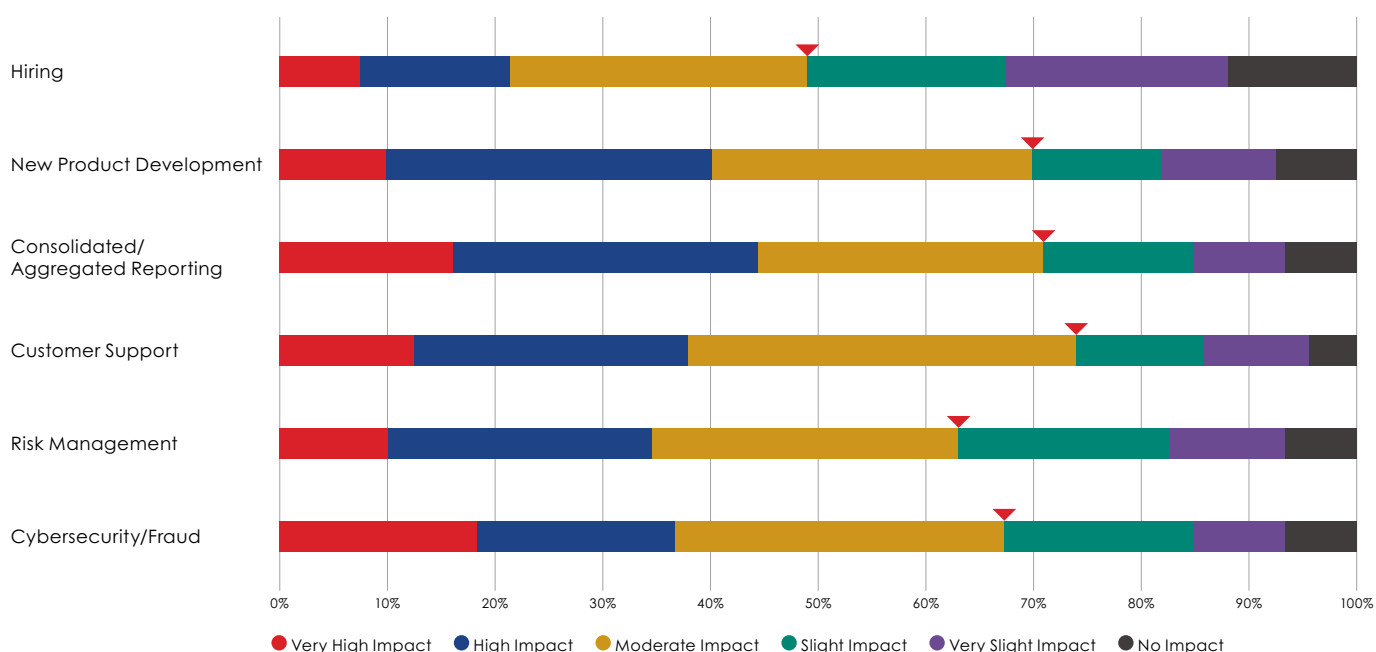
Perhaps most concerning is how cross-border data restrictions have an adverse impact on day-to-day operations: **73%** of respondents report that cross-border data transfer restrictions are likely to negatively impact their ability to operate in a market which introduces cross border data transfer restrictions (see Fig. 7).

Fig 7. Impact of Cross-Border Data Restrictions on Ability to Operate in a Market



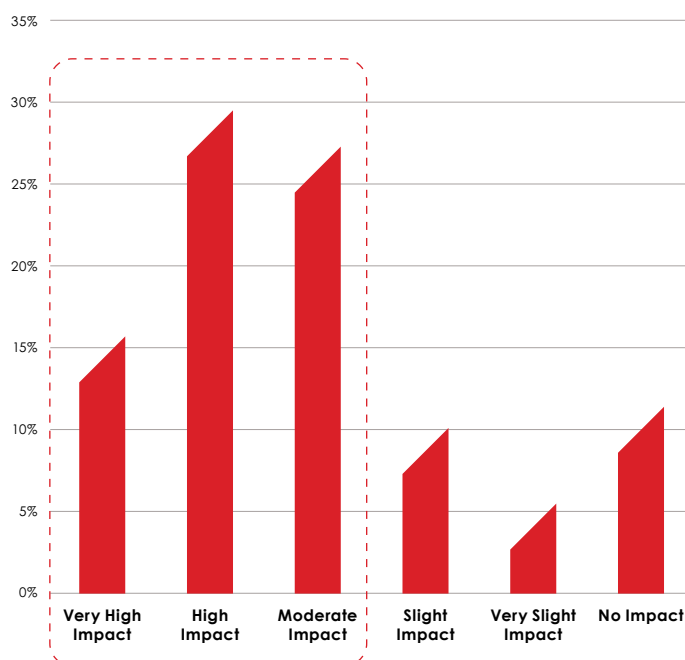
A significant majority of respondents also indicated that specific areas in their operations would be negatively affected: new product development (**70%**), consolidated/aggregated reporting (**71%**), customer support (**74%**), cybersecurity/fraud prevention (**67%**), and risk management (**63%**) (see Fig. 8). These results validate what other research has described as the negative impact of data localisation and cross border data transfer restrictions on firms' operations, including in areas of resilience and cybersecurity.

Fig 8. Impact of Cross-Border Data Restrictions on Specific Use Cases



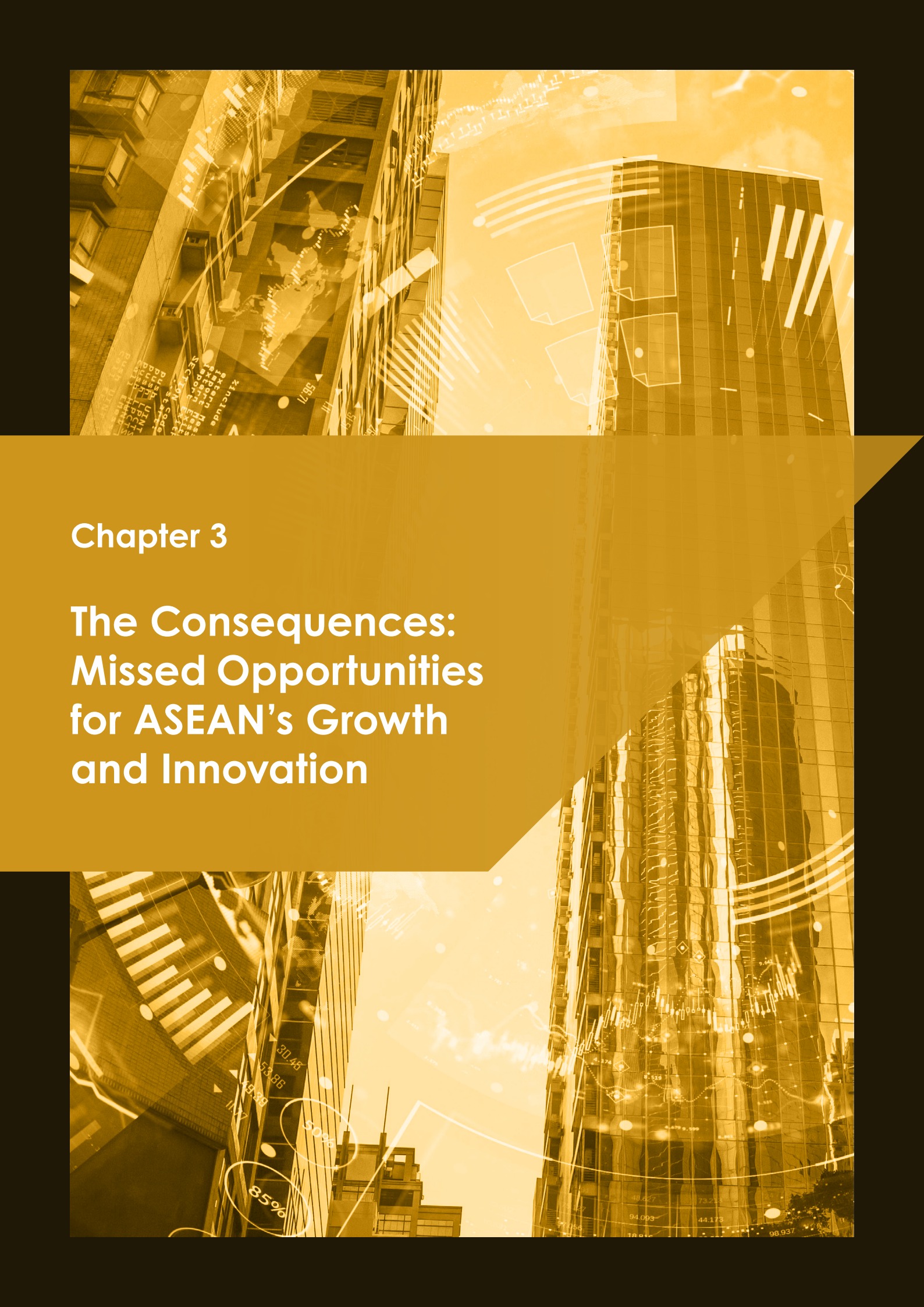
Of equal concern is the real potential for cross-border data transfer restrictions to limit ASEAN firms' access to, and use and development of innovative AI technologies. **70%** of respondents said that cross-border data transfer restrictions would have a negative impact on Gen-AI creation and use in their organisation (see Fig. 9). This is because good quality data in sufficiently large volume is essential for AI model training. Restricting the access to such data could affect the adoption and development of new technologies, and ultimately limit the growth and productivity of ASEAN firms and economies as others power ahead.

Fig 9. Impact of Cross-Border Data Restrictions on Gen-AI creation and use



Cross-border data transfer restrictions are likely to hinder operations, delay product launches, increase risk, slow innovation, or force inefficient workarounds. These are not future risks; they are current realities, especially for smaller firms that lack the resources to adapt.

The message is clear: ASEAN's firms and digital economy, fueled by data, are at risk of losing momentum under the weight of fragmented regulations and data transfer restrictions. Without a coordinated regional approach, the path to growth will remain obstructed by costly inefficiencies.



Chapter 3

The Consequences: Missed Opportunities for ASEAN's Growth and Innovation

If ASEAN fails to act on cross-border data harmonisation, the consequences would not be limited to compliance headaches; they will be economic, strategic, and far-reaching. Businesses are already facing the impact. Here is what is at risk:

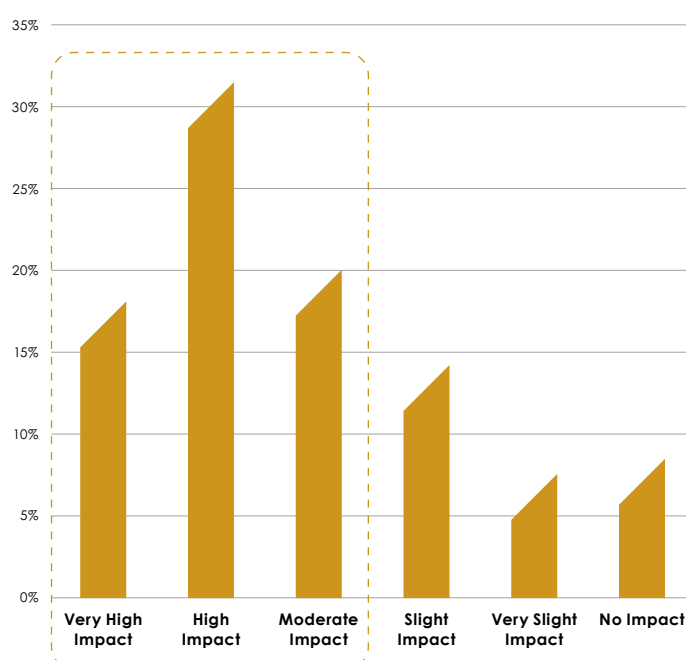
1 Slower Economic Growth and Payments Innovation

Data restrictions create friction in the digital economy. Without seamless data flows, fintechs struggle to scale, services take longer to launch, and digital payments risk stagnation. ASEAN's shift toward a cash-lite economy, crucial for financial inclusion and economic efficiency, could falter if companies are forced to silo systems or limit data analysis across borders. Innovation in AI, credit scoring, and regional Buy Now, Pay Later (BNPL) offerings depend on access to data. When data is constrained, so is progress.

2 Reduced Foreign Investment

Investors seek clarity and scale. Yet **70%** of respondents say that restrictive data rules make it harder to enter new ASEAN markets (see Fig. 10). If companies must replicate infrastructure and build separate teams (e.g. compliance, technology teams) in each country, many will scale back or opt-out entirely due to the high compliance costs involved. Without harmonisation, ASEAN risks losing vital technology investments to more integrated digital economies.

Fig 10. Impact of Cross-Border Data Restrictions on Ability to Enter a New Market



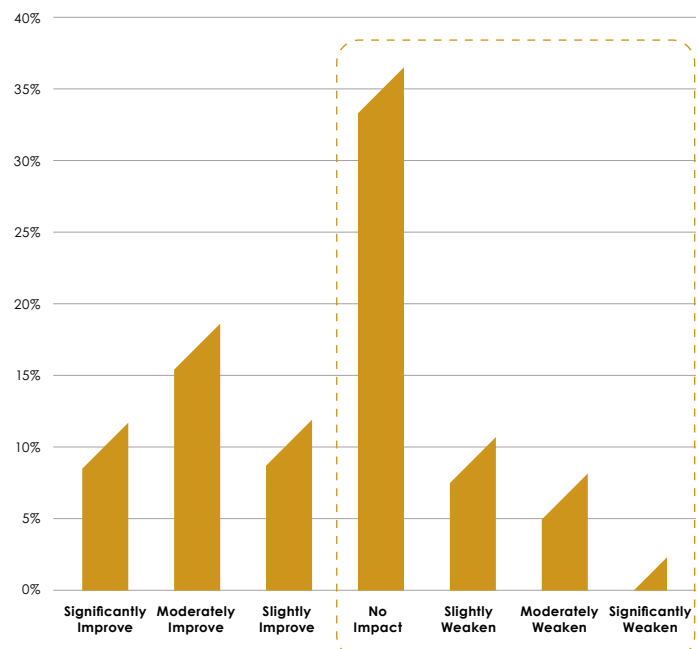
3 Stifled Innovation and Talent Drain

Fragmented data rules limit cross-border R&D and slow the pace of innovation. Whether in AI, healthcare, or fintech, modern breakthroughs increasingly depend on collaborative, regional datasets. When innovators are not able to share data freely across borders, development stalls, or shifts to more open markets. Over time, top talent may follow, choosing jurisdictions with clearer, more innovation-friendly environments. The result: a potential brain drain that not only stifles local innovation but also erodes ASEAN's long-term digital competitiveness.

4 Weaker Security and Privacy Outcomes

Data localisation is often promoted as a security measure, but **58%** of surveyed businesses disagree that such measures improve data security (see Fig. 11). In reality, localised data silos can negatively impact tactics that organisations use to defend themselves including threat hunting, privilege escalation attacks, and pen testing and other red teaming, and restrict access to global cybersecurity tools and threat intelligence which ultimately weakens the firm's cybersecurity. Effective fraud detection and cyber resilience increasingly rely on cross-border coordination - something rigid data restrictions actively undermine. Data is more protected by how it is stored rather than where it is stored, and data localisation is more likely to result in weaker protection for organisations.

Fig 11. Impact of Cross-Border Data Restrictions on Cybersecurity



5 Fragmentation of the ASEAN Digital Market

ASEAN's vision of an integrated economic community is at risk. Without coordinated action, the region could fracture into disconnected digital markets, each governed by its own rules. This fragmentation makes it harder for ASEAN startups to scale across borders and less appealing for global firms to establish regional hubs.



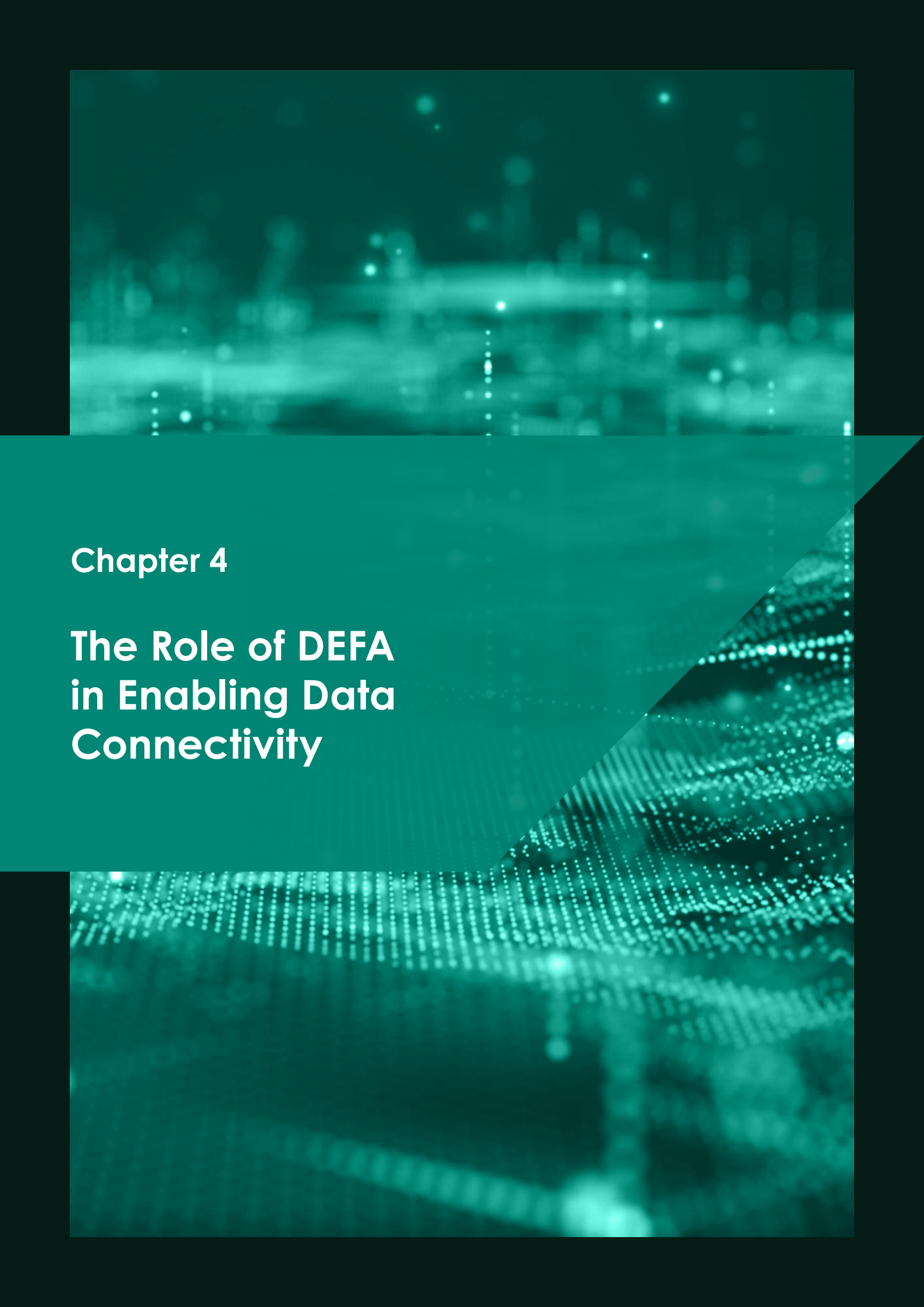
A missed policy opportunity becomes a missed market opportunity

Consider an ASEAN-wide platform built to connect data systems across member states. Without harmonised data rules, that platform faces fragmented regulations, soaring compliance costs, and limited regional reach. Consumers miss out. But with a unified framework, the same platform could scale quickly, become a homegrown success story, and showcase ASEAN's digital leadership.

The bottom line: Data restrictions are already slowing growth, inflating costs, and deterring investment. By one estimate, this means missing out on [an opportunity to increase GDP value across ASEAN by USD 1 trillion](#). Left unaddressed, they could blunt ASEAN's fintech momentum, drive talent elsewhere, and stall digital progress, without delivering meaningful gains in privacy or security.

The good news? These outcomes are not inevitable. ASEAN has a narrow but crucial window to act. With the right policy tools, ASEAN can turn data governance into a competitive strength. One of the most promising levers? A region-wide **Digital Economy Framework Agreement (DEFA)** to reduce unnecessary frictions when it comes to data transfers, and encourage the adoption of mechanisms which enable seamless cross-border connectivity.

In the next chapter, we explore how a DEFA could chart a path forward and what lessons the ASEAN region can learn from global models that have tried to bridge the data divide.



Chapter 4

The Role of DEFA in Enabling Data Connectivity

To unlock ASEAN's full digital potential, the region needs a coordinated approach - one that enables seamless data flows while respecting national priorities. A promising solution? A **Digital Economy Framework Agreement (DEFA)** is a regional pact designed to harmonise digital regulations and reduce barriers to cross-border data movement.

What is a DEFA?

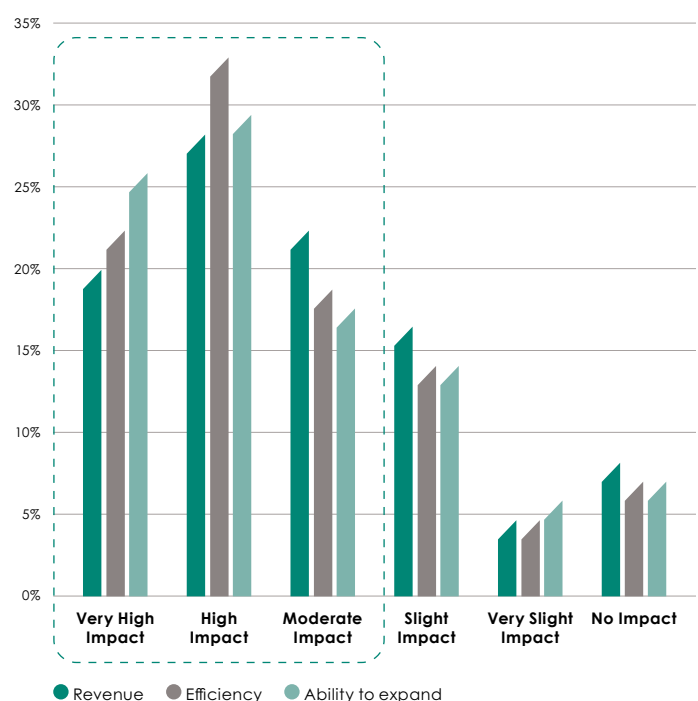
[A DEFA serves as a digital blueprint](#). It establishes standards on data flows, privacy, cybersecurity, and digital trade across member states. Through a high-standard and commercially enabling agreement, ASEAN businesses would be able to simplify compliance, reduce costs, and accelerate regional integration, allowing them to more effectively operate and lead in the global digital economy.

With aligned policies and approaches, companies can move data with confidence, avoid the negative costs and consequences of abrupt localisation mandates, and shift their focus from navigating red tape to driving innovation and growth.

Business Endorsement for DEFA

The private sector isn't just recommending harmonisation - it is calling for it. **71%** of respondents believe a high-quality DEFA would be a game-changer when it comes to revenue, efficiency and ability to grow their business (see Fig. 12). Businesses are ready to invest and innovate, but they need consistent, predictable and enabling rules across borders to do so with confidence.

Fig 12. The Positive Benefits to ASEAN firms of a High Quality DEFA



What organisations are asking for is not deregulation, but clarity and consistency. Conflicting or ambiguous rules disrupt cross-border planning more than firm ones do. Businesses across the region have made their position clear: they are ready to comply with robust data standards, so long as those rules contain the crucial elements of enabling cross-border data transfers, clarity, and regional consistency. With coordinated action and meaningful collaboration, ASEAN can transform data connectivity from a regulatory hurdle into a long-term strategic advantage.



What Could Success Look Like? Global Examples to Learn From

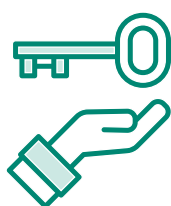
- **Digital Economy Partnership Agreement (DEPA)**
Signed by Singapore, Chile, and New Zealand in 2020, [DEPA establishes shared rules on data flows, privacy, and digital trade](#). It enables smooth collaboration by establishing rules which prevent restrictions on cross-border data transfers unless it is required to achieve legitimate policy objectives, and adds a set of commitments for the development of legal frameworks for protecting personal data which promote interoperability and compatibility. The DEPA has also attracted interest from countries like [Canada and South Korea](#).
- **United States-Mexico-Canada Agreement (USMCA)**
The USMCA requires the removal of barriers to cross-border data flows. The agreement also specifically mentions the APEC Cross Border Privacy Rules system as a “valid mechanism to facilitate cross-border information transfers while protecting personal information”.
- **ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)**
The upgraded AANZFTA includes rules that support the free flow of data across borders and prevents unjustified data localisation requirements, while maintaining appropriate regulatory space in certain areas, including for the protection of privacy.

These global examples show that well-structured agreements can preserve essential safeguards while promoting open digital trade. For ASEAN, a DEFA could offer the same - empowering businesses, protecting consumers, and fostering a region-wide digital ecosystem.

ASEAN's Opportunity: A Regional DEFA

ASEAN ministers are already in discussions to develop a regional Digital Economy Framework Agreement (DEFA), with an agreement targeted to be concluded by the end of 2025. If done right, this agreement could transform ASEAN into a unified digital market of more than 700 million people.

A well-designed DEFA could include key elements on data transfers and protection such as:



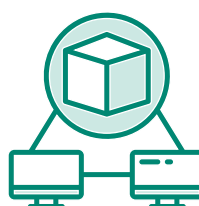
Guarantees for Cross-border Data Flow

Ensure that business-critical data can move freely across ASEAN member states regardless of industry sector.



Limits on Data Localisation

Restrict mandatory local data storage where absolutely needed for specific, clearly defined and legitimate public policy objectives, avoiding blanket requirements for local storage.



Shared Privacy and Security Standards

Establish common data protection frameworks and strengthen trust through mutual recognition, adopting international privacy frameworks like the Global / APEC Cross-Border Privacy Rules System, and cybersecurity collaboration.

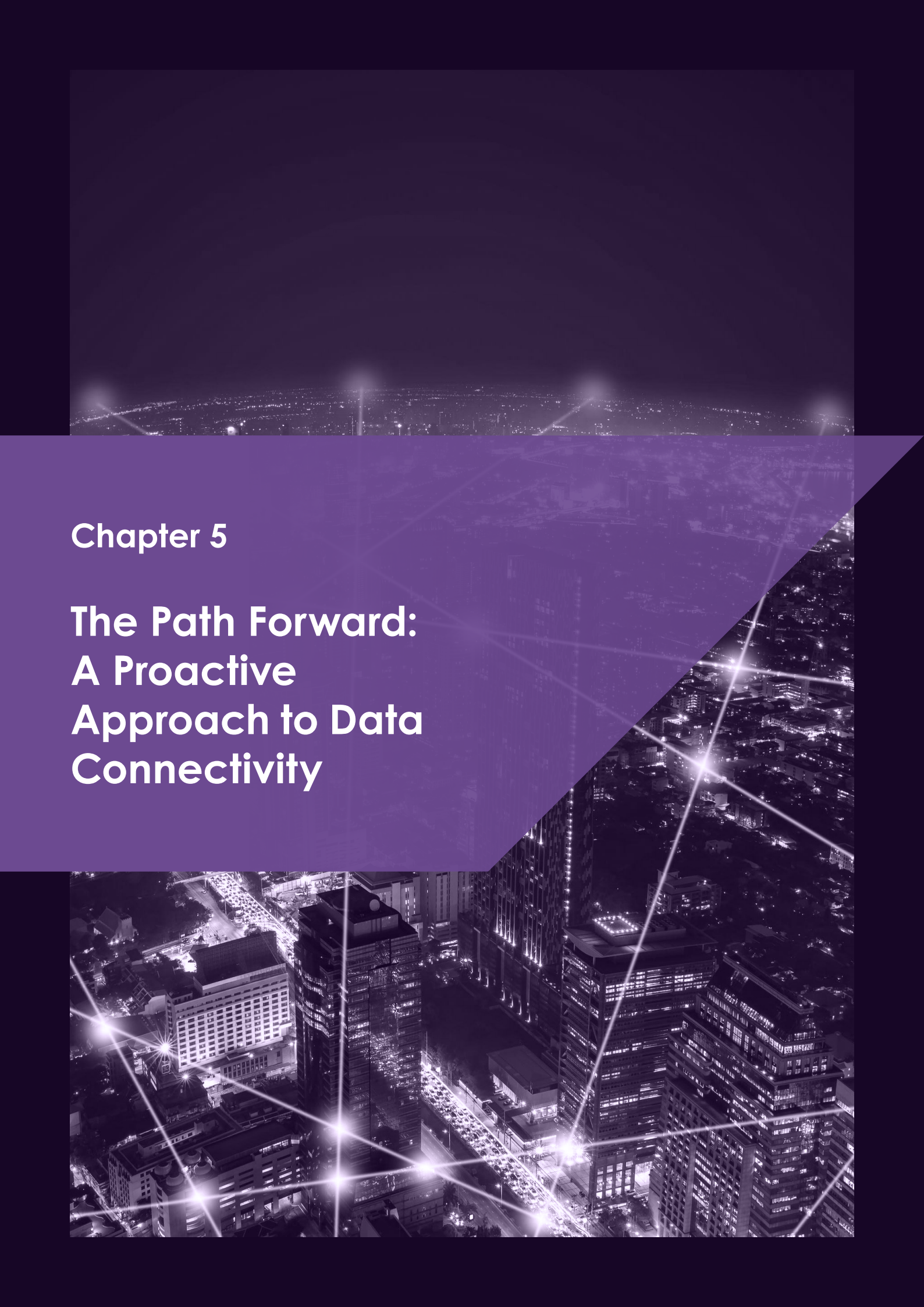


Legal Interoperability

Enable the recognition of digital signatures, e-documents, and streamline dispute resolution processes and rule updates with proper safeguards.

A regional DEFA would reduce operational friction, improve scalability, and attract more digital investment into ASEAN. By harmonising digital regulations, the region can position itself as a global leader in digital trade, turning alignment into a long-term competitive edge.

The DEFA would of course not stand alone. It will be one of the many other tools and strategies which the region will need to bring to bear to build a solid foundation for responsible and inclusive growth. The next and final chapter describes how all this can tie together.

An aerial night view of a city, likely New York City, with glowing light trails from traffic and buildings. A large purple triangular overlay covers the right side of the image, containing the chapter title. The text is white and bold.

Chapter 5

The Path Forward: A Proactive Approach to Data Connectivity

ASEAN's digital economy stands at a pivotal moment. Businesses across the region are calling for a coordinated, forward-looking approach to cross-border data regulation - one that supports innovation while protecting users. The way forward will require a high-quality DEFA, collaboration, smarter policy tools, and a foundation of public trust.



Finalise a High-Quality DEFA

A robust ASEAN Digital Economy Framework Agreement should serve as the foundation for this transformation, enabling trusted cross-border data flows, establishing clear rules, and embedding shared protections. A strong DEFA will signal to the world that ASEAN is united, open for business, and future-ready.

Harmonise and Simplify Regulations

Inconsistent data rules are a recurring challenge for firms operating in ASEAN. Many must dedicate significant resources just to interpret and comply with varying legal requirements across markets. A harmonised framework enabled through a regional DEFA would reduce regulatory friction and support faster, more cost-effective scaling.

This drive to increased consistency can be achieved through leveraging existing flexible and international data protection certification frameworks such as the APEC / Global Cross-Border Privacy Rules system (which is referenced in both the US-Mexico-Canada Agreement, and the Australia-Singapore Digital Economy Agreement as a valid mechanism to facilitate cross-border data transfers while protecting personal data). The DEFA should refer to the CBPR framework as a valid cross border data transfer mechanism. Utilising an existing and established flexible framework like CBPR, underpinned by regional regulatory cooperation, will quicken the pace of harmonisation and enable seamless data flows without compromising national sovereignty.

Consistency and much-needed clarity can also be aided by ASEAN member states adopting standardised definitions (e.g., "personal data", "sensitive data") and establishing multiple legal mechanisms for cross-border transfers.

Roll Back Unnecessary Data Localisation

Data localisation should only be applied when clearly justified and proportionate. Blanket restrictions increase costs, reduce opportunities and introduce considerable risks for ASEAN businesses as evidenced by our survey results. Instead, to avoid disrupting the growth trajectory of firms in ASEAN, localisation should be implemented only for the most sensitive data types (e.g., national security or government data).

The Role of Trust and Data Governance

Public trust is essential to any regional framework. Harmonisation should raise, not dilute, standards. Strong, enforceable privacy and cybersecurity laws across all ASEAN member states will benefit both consumers and businesses.

It is important to communicate that the free flow of data and strong data protection are not mutually exclusive. In fact, they go hand in hand. Frameworks like the APEC / Global Cross-Border Privacy Rules system can offer additional credibility and reinforce that commitment to shared standards.



The Role of Technology and Policy Innovations

Privacy Enhancing Technologies and Sandboxes. As technology advances, there will be a role for technology innovations to play to address sovereignty concerns. For example, privacy enhancing technologies (while not a silver bullet) could be used to extract the value and insights from the data without the data leaving the country (e.g. federated learning). However, before deploying these technologies and incurring the associated costs, organisations will need to be confident that policy makers and regulators view these technologies as satisfying the regulatory concerns. Towards that end, ASEAN policy makers and regulators can encourage the establishment of cross-border and cross-sector regulatory sandboxes for the testing of privacy enhancing technologies together with private sector participants. The insights and findings from the sandbox can then be used to gain confidence in the technologies, and create ASEAN-led standards for the use of these technologies.

Data Embassies, Data Corridors. Where data protection and access to data are concerns, rather than focusing on the location of data in another country, explore arrangements which would enable effective and responsive access to the data when needed by a law enforcement agency from an ASEAN member state. These arrangements could include concepts such as "[data embassies](#)", "[data corridors](#)", "[free data zones](#)" or other similar constructs.

Leverage Existing Tools like ASEAN MCCs

[ASEAN's Model Contractual Clauses \(MCCs\)](#), introduced in 2021, offer a pre-approved, ready-to-use legal mechanism for cross-border data transfers. But uptake has been limited - only **13%** of our survey respondents currently use them, despite **58%** relying on contracts to enable their cross-border data transfers.

This gap suggests an opportunity: with greater awareness, streamlined implementation, and government endorsement, ASEAN MCCs could serve as a practical interim solution while broader harmonisation efforts continue.

Governments can help drive adoption of ASEAN's Model Contractual Clauses (MCCs) by:

- Formally endorsing MCCs and officially recognising them as valid transfer mechanisms
- Providing implementation toolkits, particularly tailored to the needs of SMEs
- Showcasing successful use cases from across ASEAN member states.

When used widely, MCCs can establish a consistent, region-wide baseline for trusted data transfers - well before harmonisation is in place.



Speak with One Voice Globally

ASEAN can serve as a digital bridge between developed and developing economies. By engaging global forums with a unified position grounded in trust, interoperability, and inclusion, ASEAN can help shape the future of digital governance on the world stage.

Who Needs to Act

Policymakers must lead with vision, guided by business realities and regional ambition. Harmonisation is not a loss of sovereignty. It is a strategic alignment that amplifies each nation's voice and strengthens ASEAN's collective digital infrastructure. Regional platforms should be used to fast-track alignment, not just discussion.

Businesses play a critical role by speaking up, sharing real-world experiences, and adopting practical tools like the ASEAN MCCs. By demonstrating leadership in compliance, privacy, and security, the private sector builds the trust necessary for more flexible and future-ready regulation.

International Partners can support this journey through technical assistance, capacity building, and interoperable agreements. Global firms operating in ASEAN also have a role to play - sharing insights and advocating for balanced frameworks that work across diverse markets.



The bottom line:

ASEAN has the scale, talent, and momentum to lead the next chapter of global digital trade. But the window for action is narrow. Without bold and coordinated steps, the region risks being left behind, or at worst, scoring an own goal.

By acting now - together - ASEAN can shape a digital economy where data flows securely, innovation flourishes, and opportunity is shared. One where all ten nations move forward as one.

It is time to move beyond borders - toward a connected, competitive, and confident digital ASEAN.

