

CAG ASEAN in Practice Podcast Series Episode 18

Denis: Good day, and welcome to the latest episode of the ASEAN in Practice podcast series. I am your host, Denis Hew, Senior Research Fellow at the Centre on Asia and Globalisation at the Lee Kuan Yew School of Public Policy, National University of Singapore. In this episode, we turn to a potentially transformative development for the region, the ASEAN Digital Economy Framework Agreement or DEFA for short. With negotiations now concluded last May at the second ASEAN Senior Officials meeting in Manila and the agreement expected to be signed later in November during the ASEAN Summit, DEFA could mark a defining step in ASEAN's digital integration agenda.

But what will DEFA actually deliver in practice? Will it function primarily as a digital trade agreement, a framework for regulatory cooperation, or a broader platform for building a more connected and integrated ASEAN digital economy? What will it mean for small and medium-sized enterprises, cross-border data flow, cybersecurity, and digital trust? And how can it strengthen the region's resilience and capacity to respond to emerging technologies such as Artificial Intelligence (AI)?

To help us unpack these issues, I am delighted to be joined by Keith Detros, Program Manager at the Tech for Good Institute, where he works on policy research relating to the digital economy, technology policy, and cyber resilience. The Singapore-based Tech for Good Institute is an independent non-profit policy research institute focusing on harnessing technology and the digital economy to advance inclusive and sustainable growth in Southeast Asia.

Keith, it is a pleasure to have you today join us. Let me just start off with this issue. ASEAN has now substantially concluded its negotiation, as I mentioned on DEFA, and it is expected to be signed later this year. But in practical terms, what actually is DEFA?

Keith: Thank you, Denis. It is a pleasure to be here and thank you for the generous introduction. As you have noted, the Tech for Good Institute is a non-profit policy think tank, and we are focused on advancing technology for inclusive and sustainable growth in Southeast Asia. And delighted to join the Centre on Asia and Globalisation for this discussion.

On your point on DEFA, the way I look at it actually is more than a digital trade agreement. It is really ASEAN's blueprint for a more integrated digital economy. What is historic about DEFA is that it is the world's first binding regional digital economy agreement. But as we were discussing it early in 2023 with a few stakeholders, it stands out not only as a traditional free trade agreement, because it does not only just talk about trade, but it also covers building blocks for the digital economy, cross-

border data flows, digital identity, and increasingly, emerging technologies such as, AI governance. And one thing that stood out is that it brings together what work ASEAN has already been doing, for years. Actually, in 2023, the Tech for Good Institute partnered with ASEAN Secretariat during the 10th ASEAN Economic Community dialogue to socialise the start of the negotiations, and it was highlighted that this agreement should build on progress [made].

Therefore, items that are already agreed upon, such as the ASEAN e-Commerce Agreement, the Bandar Seri Begawan Roadmap, creates that single regional commitment for these efforts to flow together. So back to your question, right? If you are asking me whether it is a digital trade agreement or a regulatory cooperation framework, I would say it is a bit of both. Though we can only accurately say that to assess once the text is fully out, because by then we can go provision to provision and understand the entire framework agreement on its own. Although at its heart, DEFA is our region's attempt to make ASEAN's digital economy more integrated, more competitive, and more inclusive.

Denis: Now, you talked about the text as well. I think in the original text, there are a couple of areas that they cover. But what do you see as the most sort of crucial elements, and what should ASEAN member states, think tanks like the Tech for Good Institute, and also the private sector, what should they be watching most closely as we move ahead?

Keith: [There are essentially nine areas], for example, that they had at the start, right? And I think, from the conversations with representatives and stakeholders that are privy to those negotiations, for example, those nine priority areas are more or less still the same. But from the Tech for Good Institute, for example, there are three things that we are watching. Actually, when it was first noted that it was substantially concluded in November last year, I wrote a short op-ed that says, "Substantial Conclusion means Substantial Work", because substantially concluding is one thing while actual signing is another. And we think that there are three things to watch here.

First is getting it over the line, right? The expectation is that DEFA will be signed in Manila under the Philippine chairmanship this year. But signing is only just one of the milestones. Each member state will most likely need—no definitely need—to ratify [the agreement]. So, the pace of implementation will depend on how quickly countries move from signature to entry into force. So that is one, just get it signed by November.

Second, making it implementable. DEFA is the primary agreement, but the real work comes afterwards, through those protocols, annexes, implementation guidelines that might translate into broad commitments and into practical action. Essentially, those that translate broad commitment to practical action. We were actually looking as well at past framework agreements, and some of them

took more than several years, I would say a decade or so, to have the annexes as well as the protocols and packages signed right after. And that is what businesses and governments will ultimately rely on. The devil is in the details. What would those details be, in terms of operationalisation?

But the third one is on keeping it fit-for-purpose. DEFA is in a challenging space as well because it tries to also govern technology, and as we know, technology moves so fast. What we are looking at is that DEFA should not be so static. It needs to stay adaptable, supported by evidence and regular monitoring. So, I am thinking, while DEFA is ongoing, there should also be regular monitoring, and evaluation so that data and research should back up whether what we are talking about still is relevant -- maybe two to three years down the line.

So, these are the three things I am closely watching. Getting it signed, which is most likely by November. Making it implementable is the very crux for businesses really. And keeping it relevant over time, which I think would be very crucial to keep DEFA fit-for-purpose.

Denis: Yeah, I think as you and I know, implementation is always a challenge, as well as having robust monitoring evaluations. One of the central promises of DEFA is to help smaller firms, right, micro, small, medium enterprises, to gain access to regional and global markets. So, what are the important ways in DEFA that can actually help these smaller firms? And what are the barriers as well?

Keith: I think the first thing to recognise is that simply getting the Micro, Small and Medium Enterprises (MSMEs) online is not enough. No, the real goal is helping them participate meaningfully in the digital economy and compete across borders. But for me, I think one of the biggest building blocks is trusted digital identity. If a business can prove who it is reliably, everything else becomes a little bit easier—including opening bank accounts, accessing finance, and trading cross-border. We are making good progress on personal digital identities across ASEAN. But with business identity, there is still work to be done. That is why I am encouraged by ASEAN's work on the Unified Business Identification Number or UBIN. Singapore chaired the inaugural meeting last week for the ASEAN UBIN Implementation Committee, and this is a great milestone. It has potential to give businesses a trusted identity that is recognized across the region, making cross-border transactions a little bit simpler. So, I view digital identity as public infrastructure.

But of course, identity is not the only challenge MSMEs will also face. Small, medium, and even nano enterprises will face high compliance costs and even access to finance and differing rules across markets. If DEFA can reduce those barriers while creating trusted regional infrastructure, it would

make it easier for smaller businesses to grow beyond their home market. But a good starting point is [to build] trusted digital identities.

Denis: Okay, let us turn to a very topical issue right now. You have worked on cyber resilience and digital trust, and I think you have written and spoken about, also about the kind of the scams that have been happening across the region. So maybe a couple of sub-questions here as well. First, why is digital trust so important for ASEAN's digital economy? Second, what are the key concerns when it comes to scams, online fraud, phishing, and deepfakes? I think many of us have all encountered these concerns and fallen to some of these possible phishing and scams, right? And third, what makes these threats so hard to deal with, and what are governments already doing to strengthen cyber resilience?

Keith: Sure. And I think I will take a crack at the first one, on why digital trust is so important for ASEAN's digital economy. I would actually go further by saying that trust is a precondition for the digital economy. It comes before any online transactions and not alongside it. Take a very ordinary example. For me, I just recently bought a Montessori activity book for my six-month-old using my phone. So, I browsed through, I paid for it with my digital wallet, and I closed the app, and I expect it to arrive in a few days.

Now, think about how much trust I actually put into that one simple purchase, for example. I trusted that my personal data was protected, I trusted that my payment would go through securely, and I trusted that the seller would actually deliver it on my home. And I did not stop thinking about any of it, and that is exactly the point, because I trusted this platform now. And that is what allows the digital transaction to flow effortlessly and smoothly.

Now, on the converse of that, imagine, if you remove trust in any single of those stages. If I do not believe that my payment is secure, if I do not believe, I am not confident that the product will arrive, or I do not believe that I am protected from scams and fraud, for example, I probably will not complete that purchase. And that's why digital trust matters so much in ASEAN's digital economy. It does not fall in isolation; it actually cascades. If we lose trust in one transaction, it can become a loss of trust in the entire system. So, I do not see trust as a nice-to-have. It is necessarily a precondition, and it is important for ASEAN's digital economy.

You mentioned the second point about the key concerns of scams and fraud online, right? The Tech for Good Institute actually released a few research reports on this. One is a Singapore-based study with Bamboo Builders and Google.org, and another is a region-based study, where we looked at how do we build resilience across scams and fraud, including phishing and deepfakes, in the region. And

we describe the real challenge of these scams on three S's, which is a matter of speed, scale, and sophistication.

So first, on speed. Generative AI, for example, lets scammers create highly convincing messages almost instantly now, right? And that gives people much less time to pause, verify, or question what they are seeing because it is complete sentences. It looks real enough. Second, scale. The thing is: scams are no longer one-to-one. One scammer is no longer targeting one victim. They are becoming industrialised, where a single campaign can target multiple households, even thousands of households with one click of a button. And sometimes it becomes very personalised at little cost because, again, of AI. And third is sophistication. The warning signs that we used to rely on—poor grammar, awkward wording obvious mistakes—are slowly disappearing because AI can generate convincing emails, clone voices, and even create realistic videos that feel entirely credible. So, speed, scale, and sophistication really, are pushing these key concerns for scams and online fraud.

Denis: I think a third question too—is there any sort of collective effort among the ASEAN member states to address cyber security? Is it a national issue, are they working at the regional level on this to strengthen cyber resilience?

Keith: In a few ways. There are a few things here that you just mentioned because there are two blind spots that we identified actually in strengthening this or in trying to address these issues. The blind spots are across sectors and across borders.

Blind spot one is on across sectors. It is because the entire scam journey cuts across different players. For example, you can start off from a text message, and then the scammers will move you to a digital platform. You buy something on an e-commerce platform, because of what they ask you to do, and even you end up in a bank. So, no one sector actually sees the entire journey.

Same with across borders. This is because many scammers can be in one country and they are targeting a different person in another country, asking for the money to be sent to a third country, and then they withdraw it in a fourth country. And if you ask if there are regional ways where different stakeholders are thinking about how to address this - yes, there are. For example, the ASEAN Working Group on Anti-Online Scams have been convened several times. This is for the region to have a more unified approach towards scams. On the private sector side, there is also the Global Signals Exchange where several key technology companies, even banks and financial institutions, are sharing information around the threats that they are seeing.

On the national level, governments are also looking at it, because they are recognising no single organisation can solve this alone. A good example is Singapore's Shared Responsibility Framework (SRF). So rather than asking who is to blame, they assign clear responsibilities across the ecosystem.

Just a last point on this. I often compare this to road safety. Safe roads do not exist because the drivers are perfect. They exist because there were engineers who built better roads. There are governments who set traffic rules. There are manufacturers who improve vehicle safety. And then we still teach people how to drive and even cross the road these days. And digital resilience works in the same way. It needs multiple layers working together. It can be for prevention, detection, response, recovery, and continuous adaptation.

Denis: Going beyond scams, and I think you have touched a little bit on online safety as well. But there are wider risks as well when we look at the digital economy, and certainly with DEFA, we expect the digital economy to continue to grow. But some of these risks would probably include things like platform accountability, gig work, and others. What else can the governments do, or what are they doing about that?

Keith: Yes. So, one of the clearest findings from our latest Evolution of Tech Governance report is that ASEAN has reached a turning point, where governments are moving from frameworks to implementation. And we see them in a few areas. This is because as people spend their lives online, they are not just shopping, but also learning, working, and socialising.

Governments are recognising that protecting users means looking well beyond the scams, including the broader concerns around what you had just touched on - online safety. [This means] greater attention to platform accountability and protecting vulnerable users, especially children. Indonesia has its PP Tunas regulation, and Malaysia has started restricting on minors' access to social media. And that is one part of it, though both of these regulations are still in the grace period.

Second, digital commerce and fraud. Building on our earlier point, governments are embedding shared responsibility across banks, telcos, digital platforms, and recognising that protecting users is a collective effort.

And third is on platform work. And as more people earn their livelihoods on digital platforms, governments are updating labour protections, so that workers are not left behind. Malaysia and Singapore have both moved into this gig worker protection [regulations].

The broader direction is clear. Governments are no longer just looking to grow the digital economy but also looking at ensuring that it is safe and trusted for people who live and definitely work in it as well.

Denis: Let us talk about another hot topic, AI, artificial intelligence, and all these emerging technologies. Some would argue that with, with the emergence of AI adoption and technologies, it is supercharging some of these scams, right? And also reshaping how the digital economy is being shaped, because we have been talking about digital economy for years, but with adoption of AI, things are changing and maybe being reconfigured. From where you sit, what are the defining AI governance debates playing on, playing out across the region and also globally?

Keith: So, we recently finished six roundtables across Southeast Asia, again, as part of our evolution of tech governance work. And from those, I see three debates shaping AI governance in the region. I call them the three S's [too].

First is safety. Governments are increasingly seeing safety as a foundation for AI adoption and the direction of travel is towards proportionate, risk-based, and outcome-based governance.

Second is sovereignty. The debate is moving beyond who owns technology, but who has the capacity to govern it effectively. And increasingly, countries recognise that sovereignty and interoperability are complementary to each other.

And the third is skills. AI adoption is ultimately dependent on people who have the capabilities to use it, including businesses as well. [Skills include] businesses being able to deploy it and governments having the expertise to regulate it. So those are the three defining debates that we are seeing across Southeast Asia: safety, sovereignty, and skills.

Denis: Beyond those three S's, when we talk about artificial intelligence as well, it is touch on the DEFA agreement, but it is not standalone, right? In a way, should AI governance be its own standalone regime, or should it be embedded across different areas from data governance, cybersecurity, consumer protection, or competition policy? What do you think?

Keith: There is a related debate here, and it is an active one across the region. Do we really need an entirely new AI law, or should we build on frameworks that we already have? My own view leans towards a more coherent regulatory environment because AI does not exist in a vacuum. It touches on areas where we already regulate, like data protection, cybersecurity, consumer protection, competition. Rather than starting from scratch, governments are starting to ask first whether those

existing frameworks can be updated to account for AI. And only when AI creates genuinely new risks or gaps should we consider new AI-specific rules.

So, what does that mean? For example, there have been questions across the region on—*Hey, are our cybersecurity policies updated for the AI world?* If not, maybe we should update that first before thinking of new AI regulations. Same goes for your data governance, consumer protection, and competition policy. And that is a more sustainable approach where it avoids overlapping and inconsistent rules. It gives more clarity as well about what key laws and regulations should be updated.

So, the sequence here matters. Maybe it is also looking back first of what rules currently apply because we have also heard that in absence of a comprehensive AI law, governments in the region actually rely on existing laws to regulate artificial governance use. And therefore, once those laws are updated, then we think about our own [new] AI rule book so that we do not create more overlapping laws. In one country, they said that they do not think we need more laws. [We] think we have enough laws. And whether implementation should be a key area here should be discussed.

Denis: That is true. I also want to touch on digital divide because I have written a little bit about that because one of the big challenges in ASEAN has this persistent wide economic divide, and the digital divide is, in a way, mirrors that, right? And some would argue that it might even exacerbate that wide economic divide that exists among the ASEAN member states. So how can ASEAN ensure that AI adoption supports inclusion and trust rather than widening these gaps, not just between member states but also between large firms and small firms, and those who are digitally ready and those who are less digitally ready?

Keith: Yes. This is one of the defining challenges for ASEAN over the next decade. We have spent years talking about digital divide. Increasingly, we also need to talk about the AI divide. Those able to adopt AI—whether businesses, workers, or governments—will become more significantly productive than those who cannot. And if we are not careful, we will be creating a two-speed digital economy, both within our own domestic markets but also across member states.

So, the inclusion must be intentional. As we have discussed throughout, it starts with trust and people need confidence that AI is being used responsibly and safely before they embrace it. But trust alone is not enough, so MSMEs also need capabilities to adopt AI. It is not just financing, but also the skills, technical support, and digital foundations to make that adoption possible. And because this is ASEAN, inclusion also has to happen at the regional level. The benefits of AI should not just

concentrate on the most digitally advanced economies. And this is where regional cooperation should ensure that every member state has the opportunity to participate and even benefit from it.

Denis: All right. I guess implementation, as we both have talked about, some of the challenges of implementation is that once DEFA is signed, the question now is how we translate that into concrete actions and results, particularly at a national level. What do you think? Once DEFA is signed, what should the region prioritise first, say, one to two years?

Keith: As you said earlier, I think I have hit it on the implementation point a bit, and maybe the answer here as well is on the same thing, which is capability development. Of course, there will be legal and technical work right after signing and implementation plans will need to be developed, and there will be domestic processes and all that. But that should not crowd out the work of preparing people and businesses to actually benefit from it. So that starts with meaningful inclusion, not just getting people online but also ensuring reliable and affordable access.

It is also about capability, helping governments implement DEFA, helping MSMEs seize new opportunities, and equipping workers with the new skills to thrive. So, while the implementation of DEFA will still be ongoing and will still progress, I think our AI literacy, digital literacy, and financial literacy efforts should continue. [This is] so when implementation hits the ground, the people who would benefit from it actually are ready to seize those new opportunities that would open up for them.

Denis: And what do you think about some of the barriers as well? We have talked about it even in APEC, in other forums about data localisation, trying to facilitate cross-border data flows. How optimistic are you that ASEAN will be able to address all these?

Keith: From this point, it starts with like-minded states within ASEAN of thinking about cross-border data flows. One thing we can look at is trusted cross-border data corridors, and whether that helps spread and cascade across the region. It takes one or two countries first to think about how we can start [standards for trusted] cross-border data flows. From a regional perspective, maybe we focus on the things we agree on, such as standards, and then we move on into the more contentious bits. But I am fairly optimistic that it can start with standards first between one or two countries. It does not need to be the whole of ASEAN at the start. It can be a modular thing. Just how digital economy agreements are, where we start with policy areas we can agree on first, and then move on to other parts of the digital economy.

Denis: I am not sure whether you are familiar with them, I think it is called DEPA, right? The Digital Economy Partnership Agreement that was signed by a few countries, including Singapore. So once DEFA is signed, how do you compare these two agreements, or do you think there is a lot of alignment between DEFA with DEPA?

Keith: Yes. I do see a lot of alignments. I think, at my time at ACI, I did work on these DEAs [Digital Economy Agreements]. I think one of the key things that can be implemented within or aligned with the DEFA agreement is this phased approach of what are the foundational things that we can agree on first between countries, before moving into the emerging or frontier technologies.

I can see an alignment where we can start off with things that countries with similar standards or who are similar in terms of capacity and readiness can agree on certain items. And then it can spread across the region. So, I see a lot of alignment between DEPA and the DEFA. At least DEAs, for one, is also bilateral in scope, sometimes multilateral but not regional. So, DEFA is the broader framework, DEAs can slot into.

Denis: Which is more comprehensive? It is hard to tell because we have not seen the DEFA agreement yet. We have not seen the text. Looking further beyond 2030, what would success look like, assuming that we got DEFA signed, and we got an implementation on the way. What would success look like for the region?

Keith: From the Tech for Good Institute, we are also of the view that there are a lot of studies around the digital economy as a whole. But we need to start talking about the digital society as well. So, for us, success is not simply a larger digital economy, but we are also a more confident digital society.

And what do we mean by that? [This is] where people are not just connected to the internet, but also genuinely empowered by it or empowered by technology, [have] meaningful access to digital services, have the skills to participate confidently, and have the opportunities to be productive and resilient to navigate the increasingly digital world.

So, by 2030, I do not think success should be only measured by the size of the digital economy or how many AI models we have deployed, but it should be measured whether people in businesses across 11 member states have actually benefited. That is why I pushed also for that fit-for-purpose side right, where there is monitoring and evaluation not only on the numbers of the economy, but also from a societal perspective as well. The monitoring evaluation, the research, and data should accompany DEFA implementation, where we are also monitoring how society is benefiting.

Questions should include: Are we closing the gap on the divide? And whether we are actually hitting our inclusion goals from a technology perspective.

Denis: Also looking at the bigger picture right now, we see geopolitical tensions, geoeconomic fragmentation, which includes trade and possibly digital. We also got that technological competition, particularly between US and China. So, can DEFA help ASEAN strengthen its collective voice, particularly in global digital governance? In a way, I am trying to say is the whole world looking at us and saying, hey, this is really fantastic, and it is really revolutionary, or are we just being very insular about this whole thing?

Keith: So, when we look at DEFA, we can look at it more from an economic lens, right? But there are strategic contributions to it, and throughout our conversations, I think we have come back to a few ideas: trust, implementation, AI governance, even interoperability. And DEFA brings those strands together in a common regional framework. In doing so, I think ASEAN has a chance to speak with a clearer, more unified voice on digital governance. That matters in today's geopolitical environment. ASEAN does not have to—hopefully—choose between competing technology ecosystems. And what gives me optimism, at least, in Southeast Asia, is that the region is one of the most diverse digital regions in the world. And if you can build a governance framework that can bridge those differences, I think the usefulness of that is not only within the region but goes beyond ASEAN as well. The region can be a living laboratory on practical, inclusive, or fit-for-purpose digital governance, if we can make it work, right?

Hopefully, this contributes to having a more confident ASEAN voice in global conversations and say, *hey, we have 11 various markets here, but we agreed on this digital governance bit through the DEFA. Maybe there are elements in DEFA that can also bridge differences in different markets in technology governance.* I hope it strengthens resilience because it boils down into domestic capability while staying interoperable with multiple partners. Bridging these differences can help us become a little bit more resilient and help set the future digital agenda as well.

Denis: That is very promising and perhaps it might also strengthen our strategic agency within ASEAN, especially when we are dealing with the major powers.

Keith, thank you so much for joining us and for sharing your insights on DEFA and the future of ASEAN's digital economy. As we have discussed today, DEFA may be a framework agreement, but its significance goes far beyond a legal text. It has the potential to shape how ASEAN builds into a more connected, trusted, and inclusive digital region.

To our listeners, thank you for tuning in to this episode of ASEAN in Practice. Do join us again for more conversations with thought leaders, practitioners, and experts working on Southeast Asia and the wider region. Stay tuned, thank you.

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