

Executive Summary

Effective Reporting and Disclosure of Political Finance: Guidelines, Best Practices, Challenges and Lessons for Malaysia

- Transparency in political financing is a critical component of democratic accountability and a key measure against corruption, as highlighted by the United Nations Convention Against Corruption (UNCAC).
- While Malaysia has existing reporting requirements for election candidates and political parties, these reports are not publicly accessible and the regulator lacks the mandate to ensure compliance, limiting oversight and accountability. As Malaysia considers introducing political donation legislation, transparency — which includes meticulous bookkeeping, accurate reporting, and public disclosure — should be one of key elements of this legislation.
- This paper presents international norms, global practices of transparency including best examples from different countries, and key elements to consider in political finance transparency. The insights from this paper hopefully would provide policymakers and stakeholders ideas on how to design feasible and effective transparency mechanisms for political finance in Malaysia, including to address concerns over the victimisation of donors and recipients as a result of transparency measures.
- A well-regulated political finance system must address key questions about who should report, what should be disclosed, when reporting should take place, how reports should be submitted, and where financial data should be published. In some countries, reporting obligations extend beyond political parties and candidates to include third-party contributors, donors, and service providers. Best practices indicate that financial reports should be submitted digitally, following standardized templates, and made available through public databases. The UK, Latvia, and Canada have developed transparency models that balance disclosure requirements with privacy protections, offering useful lessons for Malaysia.
- While transparency mechanisms should be comprehensive, this paper recognises that a phased approach to implementing transparency measures can help manage the transition while engaging political actors and civil society in shaping an effective regulatory framework. By adopting international best practices, Malaysia can strengthen financial transparency, reduce corruption risks, and enhance public trust in the political system. Unlike in Malaysia, the vote on account in the United Kingdom is used not only during political transitions, but as a regular part of the fiscal cycle. The regular use of the vote on account provides time for the budget to undergo scrutiny and deliberation.