



e-Conomyth SEA 2025

From Digital Decade to AI Reality:
Accelerating the future in ASEAN



Reference

e-Conomy SEA is a multi-year research programme launched by Google and Temasek in 2016. Bain & Company joined the programme as lead research partner in 2019. The research leverages Temasek insights, Bain analysis, Google Trends, data from research partners, expert interviews, and industry sources to shed light on the digital economy in Southeast Asia (SEA). The information included in this report is sourced as 'Google, Temasek, and Bain, e-Conomy SEA 2025', unless otherwise specified.



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10th edition of e-Economy SEA by Google, Temasek, Bain: Southeast Asia's digital economy research programme

2016

Unlocking the
\$200B opportunity
in SEA

2017

Unprecedented
growth for SEA's \$50B
internet economy

2018

SEA's internet
economy hits an
inflection point

2019

Swipe up and to the
right: SEA's \$100B
internet economy

2020

At full velocity:
Resilient and
racing ahead

2021

Roaring '20s:
The SEA Digital
Decade

2022

Through the
waves, towards a
sea of opportunity

2023

Reaching new
heights: Navigating
the path to
profitable growth

2024

Profits on the rise,
harnessing SEA's
advantage

2025

From Digital Decade to
AI Reality: Accelerating
the future in ASEAN

e-Economy SEA research methodology

Temasek insights



Bain analysis



Google Trends



Research partners¹



Expert interviews²
and industry sources



Research partners



With contributions from

500



ALPHA JWC
VENTURES

January
Capital

East Ventures



GraniteAsia

JUNGLE



OPENSOURCE
CAPITAL

vertex



Notes: All dollar amounts are in USD. 1) Data provided by third-party research partners. 2) Bain and Temasek conducted interviews and a quantitative survey with SEA-focused venture capital investors from July 2025 to September 2025.

This edition marks the expansion of coverage beyond SEA-6 to ASEAN-10

SEA-6

614M

total population
across these
countries



Indonesia



Malaysia



Philippines



Singapore



Thailand



Vietnam

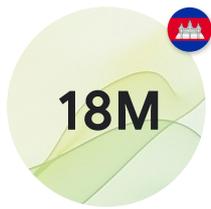
ASEAN-4

+81M

total population
across these
countries



Brunei



Cambodia



Laos



Myanmar

Unless otherwise stated, all mentions of 'SEA-6' in this report refer to these six markets: Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam. 'ASEAN-4' refers to Brunei, Cambodia, Laos, and Myanmar. 'ASEAN-10' refers to all 10 aforementioned countries.

We continue our focus on six leading sectors in the digital economy

1

Ecommerce

Marketplaces
Direct-to-consumer
Groceries
Video commerce



2

Food delivery



3

Transport



4

Online travel

Flights
Hotels
Vacation rentals



5

Online media

Advertising
Gaming
Video-on-demand
Music-on-demand



6

Financial services

Payments
Lending
Wealth
Insurance



Notes: Ecommerce does not include informal commerce due to the lack of reliable data. Financial services are excluded from market sizing estimates due to differences in units of measurement compared to other leading sectors.

Content

01

Keeping growth momentum steady

- Ecommerce
- Food delivery
- Transport
- Online travel
- Online media
- Payments
- Lending
- Wealth
- Insurance

02

Rekindling investor interest

- Landscape
- AI natives

03

Advancing into an intelligent economy

- Experience redefinition
- Enterprise transformation
- Ecosystem enablement

04

Mapping the AI transformation

- Enablers
- Dependencies
- Outlook

Executive summary (1/2)



Keeping growth momentum steady

SEA sustains its growth momentum across core metrics

SEA's digital economy is **on track to surpass \$300B in GMV: 1.5X our inaugural forecast 10 years ago**. Both GMV and revenue are seeing steady growth of ~15% YoY, driven by deepening digital participation and new monetisation strategies, which include higher pricing, tiered offerings, and diversified revenue streams across key sectors.

Video reinvigorates ecommerce; food delivery is almost profitable

Leading ecommerce players are delivering a significant GMV and revenue growth premium in a consolidating market. **Video commerce now accounts for 25% of total ecommerce GMV**. Food delivery is on the cusp of profitability as players look to raise AOV and expand into restaurant dining.

Retail media surge as content boundaries blur

An ecosystem-wide monetisation push is lifting retail media to rapidly gain momentum towards \$3B. Entertainment formats are blurring, and **short drama is a fast-emerging format on which Chinese and local players are betting** to compete with global powerhouses.

The digital financial services (DFS) ecosystem strengthens

Ten countries in SEA now have national QR systems, and are seeing extremely strong adoption. **Eight markets now offer cross-border QR interoperability**. Lending businesses are managing risks by using transaction data for underwriting, while digital wealth platforms are starting to reach scale.



Rekindling investor interest

A cautious uptick in private funding

Private funding grew 15% in the last 12 months from \$6.8B to \$7.7B. A tilt towards late-stage funding (~80% of total funding in Series C to E+ vs ~70% in the year before) reflects shifting investor priorities. **DFS continues to garner the lion's share of funding** (45-50%, up from ~30% in the year before).

Investors turn their focus to AI

There are now **~700 active AI startups in SEA; ~30% of private funding in the last 12 months has gone towards AI**. 50% of VCs surveyed indicated that more than a quarter of their overall portfolio have AI as their core product, and this is anticipated to grow to 71% in the next 12 months.

Positive signs of exits are emerging around the world

Learning from the past, more companies are now focusing on profitability from an early stage. Positive signs of public market exits are emerging globally and in APAC, as the volume of IPOs has risen across exchanges from NASDAQ to HKEX, SSE Star, and others. **There is a robust pipeline of over 150 IPO candidates across Indonesia, Malaysia, and Singapore**, despite the region trailing global markets in the first half of 2025.

Executive summary (2/2)



Advancing into an intelligent economy

Capitalising on SEA's enthusiasm for AI

Fuelled by interest that exceeds the global average, SEA's digitally savvy consumers are rapidly adopting AI. **To capitalise on this potential, businesses must navigate the region's unique challenges**, including fragmented regulations, low-cost labour, and the critical need to earn consumer confidence for decisions that go beyond daily conveniences.

Redefining consumer journeys from search to discovery

AI is reshaping the path to purchase, replacing traditional linear searches with a dynamic, AI-powered discovery process. **Consumers are increasingly using tools like AI-powered search and multimodal inputs to answer more complex queries**, requiring businesses to adapt their strategies for guiding consumers on their journeys from initial curiosity to final purchase.

Fostering consumer trust for AI-assisted decisions

The full commercial potential of AI can only be realised by fostering consumer trust. **Despite their enthusiastic adoption of AI, users remain cautious** about delegating more significant decisions due to concerns around privacy, data security, and reliability. To deepen confidence, businesses must build trustworthy AI systems that prioritise transparency and control.

Nuanced regulatory and financial barriers

A fragmented regulatory environment across SEA poses challenges to AI integration by creating uncertainty and raising compliance costs. Relatively low labour costs in the region mean that businesses need to consider local conditions when making their case for AI investments.



Mapping the AI transformation

Commemorating 10 years of unprecedented growth

The SEA digital economy has grown from ~\$40B GMV a decade ago to over \$300B in 2025. However, what is more significant is the decisive shift to monetisation in 2024 that is forecast to **propel revenue to \$135B: an 11.2X increase in a decade**, overcoming challenges like COVID-19 and inflation.

Transformational milestones over the past decade

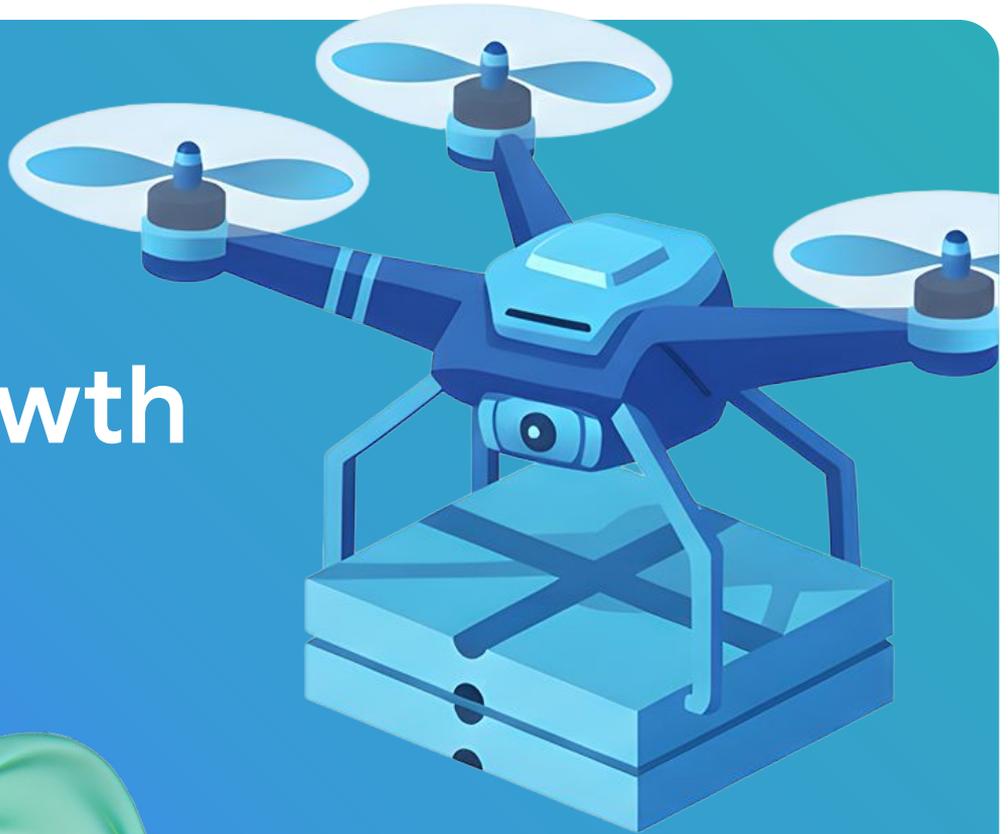
SEA's digital economy has undergone a monumental transformation, beginning with an incredible wave of 200M new users coming online. In doing so, they went beyond passive scrolling to fully embracing digital life, leading to a fundamental shift in regional commerce where **3 in 5 people now shop online and over 60% of all transactions are digital**.

Looking ahead: the next decade holds both promise and uncertainty

The decade ahead will be defined by the balance between powerful catalysts and significant hurdles. Growth will be driven by the acceleration of AI, the revival of capital markets, and greater cooperation among SEA nations. This momentum, however, faces a major headwind from global uncertainty. The decisive factor will be the wild card of regulatory choices, which can either unlock or inhibit the region's immense potential in this next phase.

01

Keeping growth
momentum
steady

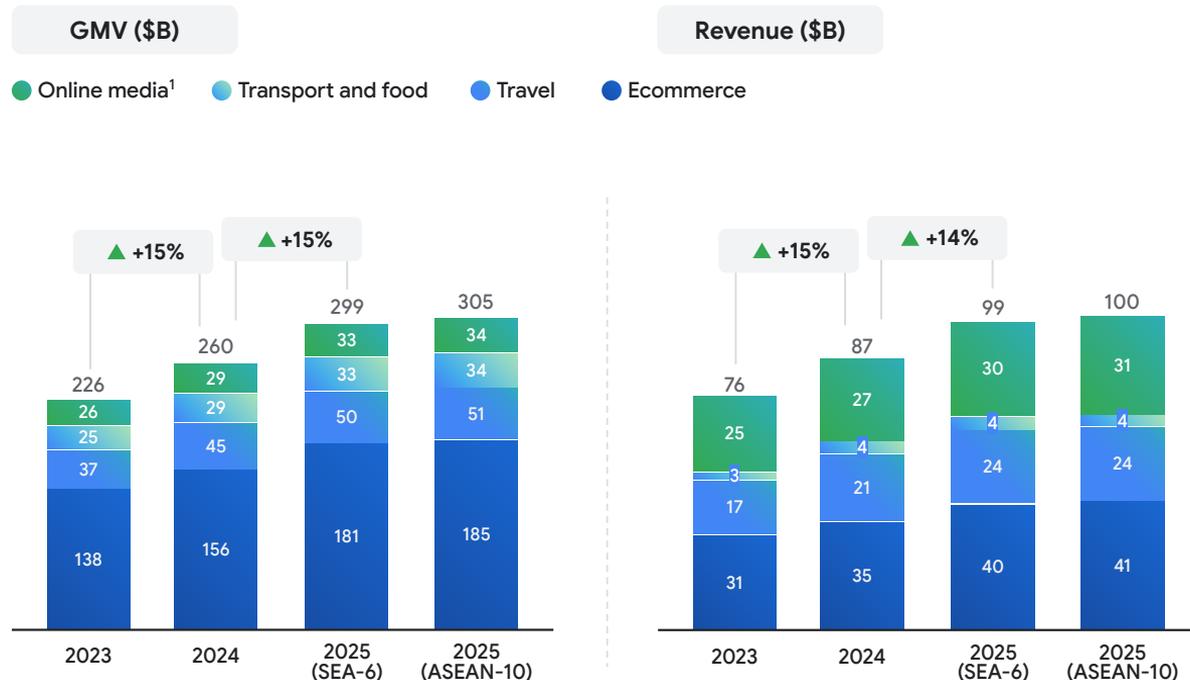




SEA's digital economy is on a strong trajectory to surpass \$300B in GMV.

Sustained digital adoption and effective monetisation strategies have resulted in a resurgent ecommerce sector, the food delivery model approaching profitability, the rise of retail media, and blurred lines across entertainment formats.

SEA continues to deliver double-digit growth in GMV and revenue



Sustained growth momentum in 2025

GMV and revenue demonstrate sustained double-digit growth despite continued macroeconomic pressures. Brunei, Cambodia, Laos, and Myanmar are now included in our analysis, collectively accounting for ~2% of total GMV.

Revenue growth remains in line with GMV growth

Revenue growth is keeping pace with, if not outpacing, GMV growth across all sectors, underscoring the monetisation discipline consistently observed over the past two years.

Note: 1) To avoid double-counting, revenue for online media excludes retail media networks.

Source: Bain analysis

Digital businesses derive revenue through direct sales or by functioning as an intermediary platform

Key revenue definitions in the digital economy



Ecommerce



Travel



Food delivery



Transport



Online media



Digital financial services (DFS)

Direct (1P) revenue model

Seller ► Consumer

Revenue is the price of the goods or services sold, or the underlying instrument

Third party (3P) platform model

Seller ► Platform ► Consumer

Revenue to third party (3P) intermediary platforms is a portion of the price of goods or services sold, or the underlying instrument



Brand.com channels



Airline / hotels' own channels



Food.com channels

N/A



Online / game publishers



Insurance, etc.



Ecommerce marketplaces



OTA platforms



Food delivery platforms



Transport platforms



Media platforms



Payments, etc.

Includes advertising

As the market consolidates, ecommerce GMV and revenue growth pick up again

The market is consolidating as large players scale

Several domestic players have exited the market, which is consolidating around a smaller number of larger regional companies. These leading platforms are leveraging significant economies of scale, which create distinct competitive advantages.

Video commerce increases its contribution to GMV

Video commerce continues its rapid growth, now driving approximately 25% of total GMV. This expansion is fuelled by a high volume of lower-value transactions, trusted local creator recommendations, and seamless social-e-commerce integrations that convert attention into sales with minimal friction.

AI's growing influence on conversion

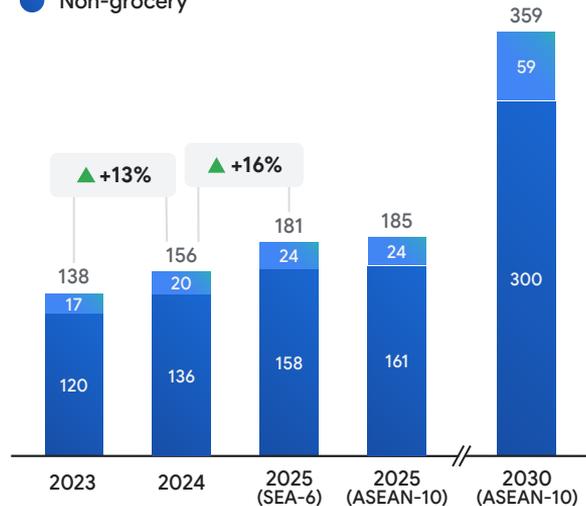
AI has become a core part of the shopping journey: users turn to AI for help with research and decision-making, while ecommerce platforms use AI to power product recommendations. Sixty-two percent of SEA consumers say AI-powered features, such as hyper-personalised product recommendations, have influenced their purchase decisions.¹ This is creating a new competitive frontier for platforms.

The creator economy becomes more diverse

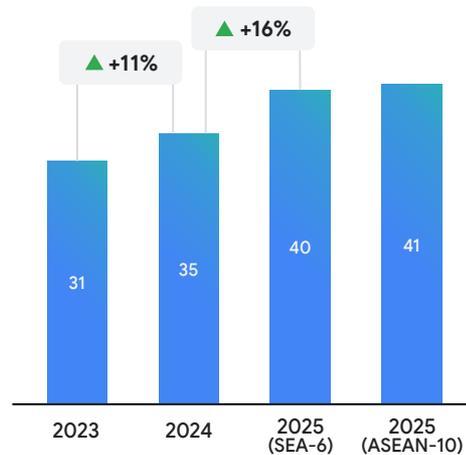
As the creator population skyrockets, trust becomes a critical differential, as consumers prefer authentic recommendations. Once dominated by top creators, the ecosystem is now diversifying, with niche and micro-influencers emerging as the new drivers of meaningful transactions.

GMV (\$B)

- Grocery
- Non-grocery



Revenue (\$B)



Note: 2025 estimates are based on annualised results from H1 2025.

Sources: Bain analysis; 1) Google/Millieu, The Impact of AI on the Digital Consumer in ASEAN, ASEAN-10, September 2025, n=7,200 consumers

A high volume of low-cost purchases has propelled video commerce to 2.5X GMV in two years

Video commerce GMV (\$B)

Percentage of ecommerce GMV

<5%

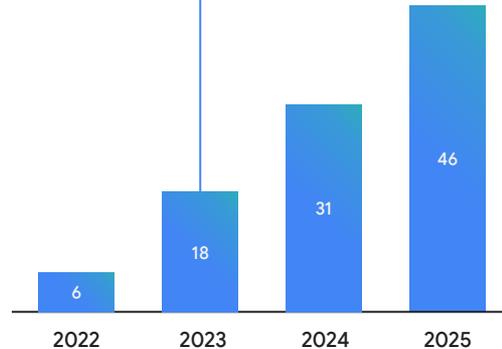
13%

20%

25%

2.5X

GMV growth since 2023



Video commerce in SEA-6

Average order value (AOV)



Sellers and stores using video

3M+

80% YoY

Transaction volume

6.5B+

50% YoY

Shoppertainment takes off

Video commerce has evolved from a niche channel into a mainstream force that is projected to capture 25% of all ecommerce GMV by 2025, up from less than 5% in 2022. The explosive growth is fuelled by 'shoppertainment', a fusion of content and commerce often led by creators, that transforms online shopping into an immersive and entertaining social experience.

Digital reach diversifies

The number of sellers and stores using video has surged by 80% YoY to over 3M. With the right recipe for success, businesses can reach consumers in a cost-effective way. It provides a dynamic stage to showcase products or collaborate with skilled creators who can amplify brand messages and drive sales through trusted, engaging content.

Volume over value in driving growth

The growth in video commerce GMV is powered not by higher prices, but by a 50% YoY surge in transaction volume. The low AOV for video commerce has pulled overall AOV down from last year's average. This signals a broader market shift towards a trust-based, entertainment-led model where persuasive creators convert audience excitement directly into purchases, defining a new norm of frequent, smaller transactions.

Top sellers, products, and creators propel the video commerce ecosystem



Sellers

Brands and merchants who make up the commercial engine of the ecosystem. They are responsible for sourcing products, managing inventory, and fulfilling orders.



Products

The items being sold. In video commerce, they are the focal point of the content, with their value demonstrated through live video, tutorials, and reviews.



Creators

Personalities and influencers who serve as the bridge to consumers. They build community trust and authentically demonstrate products while driving engagement.

Hero products take the spotlight

While the ecosystem features a long tail of sellers and stores, video commerce is dominated by a small pool of top sellers and best-selling products. Success is intrinsically linked to the live format: 80% of these top-performing products are featured in livestreams. The ability to build authenticity and trust through real-time interaction makes it the key channel for creating viral demand and establishing products as bestsellers.

Percentage of GMV captured by top performers

The top 10 sellers per category drive

20%

of total category transactions in their respective country

The top 1,000 products per country drive

25%

of the country's total GMV



80% were featured in live videos

The top 1,000 creators produce a median of

30+

monthly live videos

Creator scale is built on trust

Top creators operate at remarkable scale, broadcasting a median of more than 30 monthly livestreams. Their constant presence is essential for maintaining a direct and authentic connection with their audience, a factor that underpins their success. Even as they achieve mega-creator status, preserving this relatability is critical, as trust is the foundational currency of the creator economy. It is this trust that makes them powerful partners for amplifying sales of new and existing products.

Ecommerce video creator niches



Lousse Scarlett Family
Shopping and retail



Pimryprie
Mixed categories



Rosmar
Beauty



Win William
Phones and electronics



Quỳnh Leo
Mixed categories



Kohcun
Phones and electronics

Video commerce expands beyond beauty and fashion into a full spectrum of everyday retail categories

Video commerce categories and products

Percentage of GMV	Category	Examples of top products	
9%	Other	Labubus	Car oil
7%	Food and beverage	Same-day durians	3-in-1 coffee
7%	Everyday supplies	Washing detergents	Pet food
7%	Health and baby	Gut supplements	Baby formula
10%	Home and tools	Bed mattresses	Storage and packaging
12%	Phones and electronics	Smartphones and tablets	Headphones
21%	Beauty and personal care	Sunscreen Body lotion and creams	Foundation makeup Waterproof lipstick
27%	Fashion and accessories	Women's underwear Wide-leg pants	Rings and earrings Invisible socks

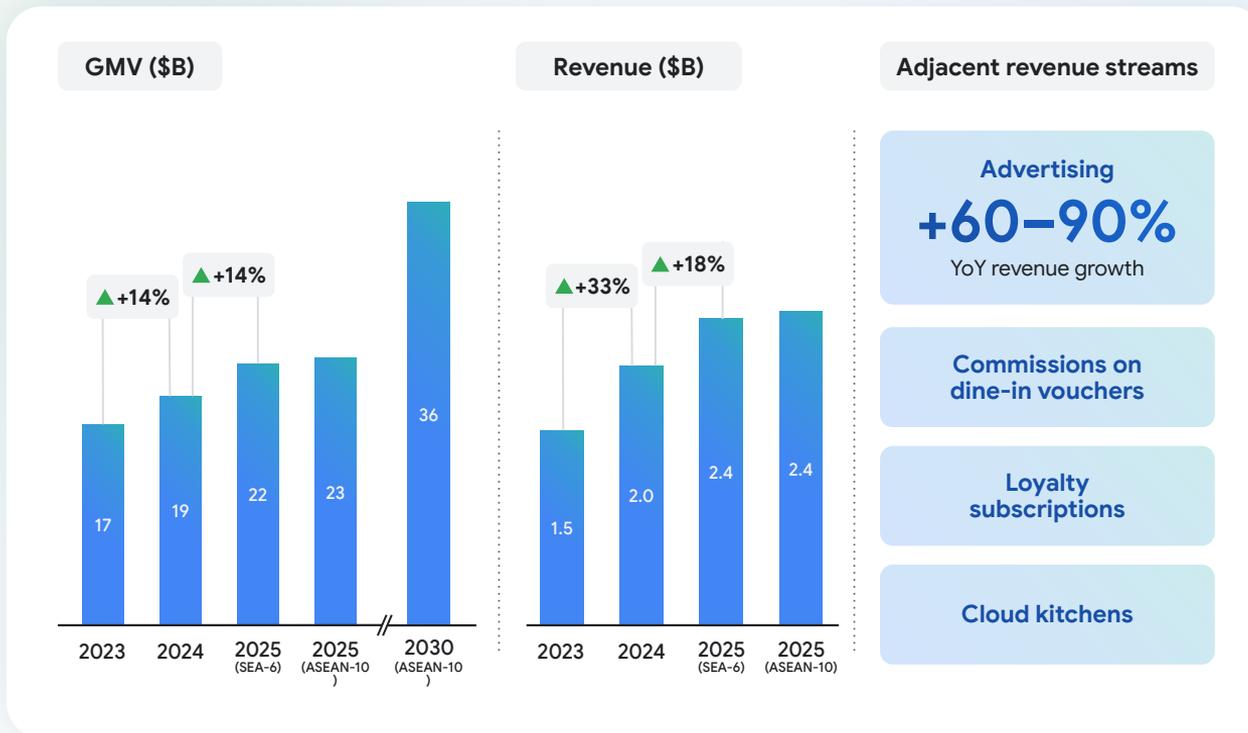
A distinct category mix

Video commerce is forging a category mix that sets it apart from traditional ecommerce. One standout is the beauty vertical, which captures a larger share of the pie in this format due to the power of demonstration. Another key trend is the popularity of everyday staples like home and tools, and groceries. In contrast, categories such as phones and electronics are growing but trail their share in the broader ecommerce market, signalling potential for future expansion.

The 'show, don't tell' advantage

An analysis of top-selling products reveals that success in video commerce is closely tied to the products' suitability for a live, interactive format. Examples of goods that do well in this environment include: 1) cosmetics, which need to be seen in action; 2) supplements, for which live Q&As help build consumer confidence in their safety and efficacy; and 3) limited-edition items, including collectibles and flash-sale gadgets, that leverage community excitement to drive impulse buys.

Steady GMV growth reflects food delivery's shift from luxury to routine



A shift towards everyday affordability

Despite macroeconomic challenges, demand for food delivery has remained buoyant. Platforms are increasingly targeting segments that value affordability by introducing new products and diverse menu options, shifting the service from a discretionary luxury to a more accessible option for a broader consumer base. In some markets, average order values have increased, driven by cross-selling tactics like free delivery for add-on orders and group orders.

Next step: profitability

Platforms have been actively building more sustainable business models. They have made significant progress in reducing their cost to serve through optimised logistics and streamlined operations in key metro areas. Most are now profitable or are soon approaching profitability.

Smaller businesses get into the advertising game

Major platforms are reporting high double-digit growth in advertising revenue. Long-tail vendors are following in the footsteps of their larger competitors by adopting sophisticated advertising solutions offered by the platforms to drive awareness and conversions. As platforms become a primary advertising channel for these businesses, their willingness to pay is increasing.

Notes: 2025 estimates are based on annualised results from H1 2025. Previously reported numbers for 2023 have been revised.

Source: Bain analysis

Platforms are moving beyond delivery to capture value from in-restaurant dining

Total market size for food services (2025)



Ecosystem benefits from expansion into dining in



Consumers

Savings

Exclusive discounts of 10-30% on total bills

Convenience

A single app for discovery, transport, and payment

Discovery

Curated lists and ratings to find trusted restaurants



Merchants

Growth

A low-cost marketing channel to acquire customers and increase foot traffic

Profitability

A high-margin alternative to expensive (20-25% commission) delivery services

Partnership

A marketing partner helping to drive their core dine-in business, beyond just a logistics provider



Platforms

Engagement

Increased app usage and user stickiness, reducing churn

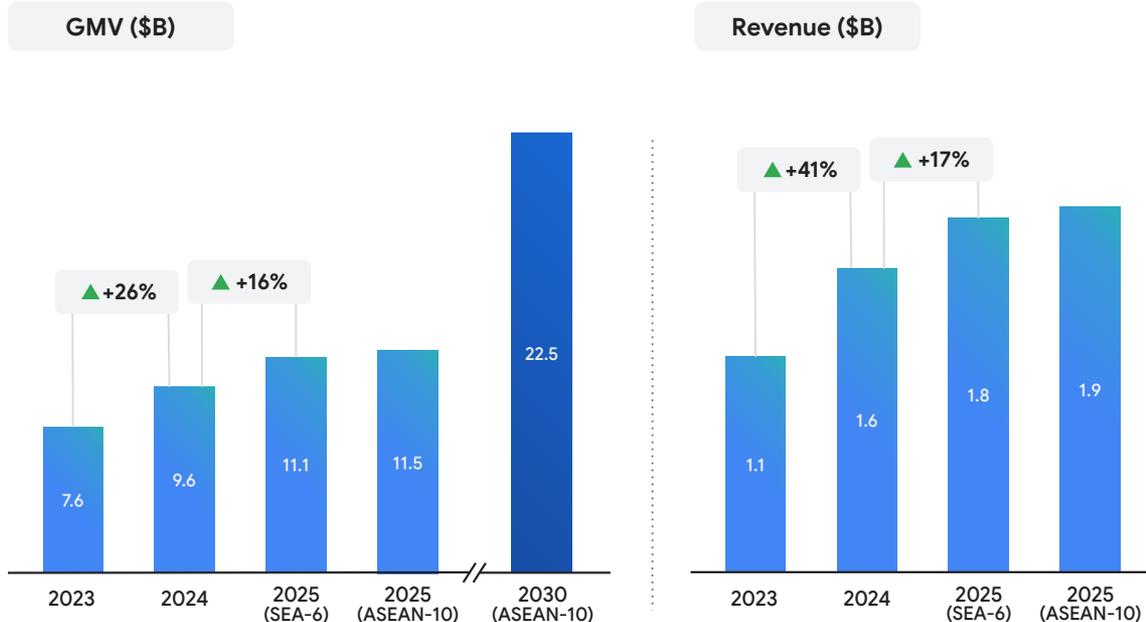
Monetisation

Expanded share of wallet and customer lifetime value, plus additional revenue streams from wallets, ads, commissions, etc.

Data

Visibility into offline consumer spending patterns

Transport GMV and revenue continue to grow as players diversify offerings



Note: 2025 estimates are based on annualised results from H1 2025.

Source: Bain analysis

Diversified strategies to enhance profitability

Players have implemented a tiered approach to appeal to both mass and high-value users. Subscription bundles drive frequency, while in-app ads provide an additional revenue stream. Along with these strategies, the reduction of consumer incentives is also directly contributing to profitability.

Public and private sectors fuel EV adoption

Electric vehicle (EV) adoption is accelerating across SEA, propelled by government incentives and demand from transport platforms, with momentum particularly strong in markets like Vietnam. Supportive policies include subsidies for 20,000 two-wheeler conversions in Ho Chi Minh City and a forthcoming ban on fossil-fuel models in Hanoi's central business district from July 2026. Indonesia is likewise encouraging the shift with incentives for electric two-wheelers and local EV production.

Autonomous vehicle disruption on the horizon

Ongoing autonomous vehicle (AV) pilots signal a disruptive opportunity in SEA. Mobility players are getting ahead of the game by participating in pilots and working on ownership and economic models for the deployment of AVs.

Four key factors shape the trajectory of AV adoption

AV economics

The economics of robotaxis have the potential to outperform human drivers within three to five years. This shift is possible due to reduced manufacturing costs in China, advanced Level 4 capabilities allowing remote operators to oversee larger fleets, and improved vehicle utilisation.

~\$35-40K¹

AVs from China are on the rise

Consumer acceptance

While current acceptance is low, consumer awareness and curiosity are growing. Building a robust safety and trust track record over the next few years will be critical for widespread adoption.

Technological maturity

Multiple pilots are underway across SEA, although none have yet been validated in open, uncontrolled traffic conditions. The deployment of AV models, trained in countries where traffic patterns are different from SEA, has only been proven in fenced, low-speed zones.

6 countries

are already piloting AVs

Regulatory readiness

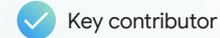
Regulators are cautious, acknowledging the significant role that transport platforms play in employment in the region. Consequently, most governments are focused on developing policies and incentives that balance technological advancement with socio-economic stability.

Singapore

is the only country to have regulations on AVs

AV-mobility platform partnerships can help address go-to-market challenges

Legend



Key contributor



Partial contributor

Key dimensions

Technology

Local context

Operating model

Financing

Customer trust

AV companies



Provide the core autonomous driving stack (e.g., perception, decision-making, and vehicle control systems) as well as the sensors and computing hardware essential for self-driving capability

May lack the local market data and insights needed to train country-specific models and deploy services locally

Risk low utilisation of a fleet that comes with high fixed costs. A fully autonomous model will also face regulatory pushback over job displacement



Can offer flexible leasing or revenue-sharing terms to lower upfront costs for local mobility platforms

Would need to build trust in the safety and reliability of their AV technology

Local mobility platforms



Are already equipped with digital infrastructure (e.g., apps, dynamic routing, pricing, fleet dispatch, payment systems, etc.) that can be leveraged to support AV deployment



Have a deep understanding of local markets, including map data, demand patterns, and regulatory environments



May implement a combination of AV and human drivers to handle complex trips and peak demand, allowing for operational flexibility while complying with labour regulations



Could face financing difficulties due to the high upfront costs and uncertain residual values of AVs, though most are well-capitalised

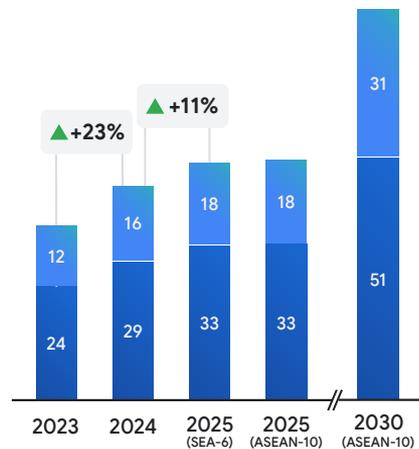


May leverage their existing customer base and relationships to introduce AV services

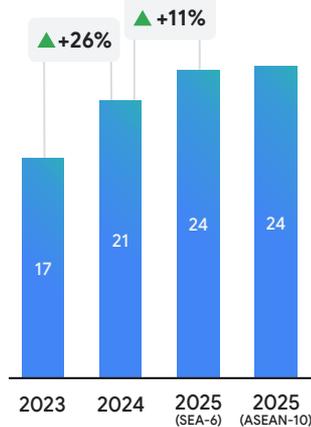
Online travel GMV grows in tandem with prices as travel volume continues its recovery

GMV (\$B)

- Accommodation
- Flights



Revenue (\$B)



2024 vs 2019 comparison

Foreign visitors **87%**
of the 2019 total¹

Outbound passengers **91%**
of the 2019 total²

Airfares **115%**
of 2019's average³

Hotel occupancy **100%**
of 2019's average⁴

Hotel room rates **120-125%**
of 2019's average⁵

Higher airfares fuel GMV growth

Travel GMV growth is primarily due to sustained higher airfares. Although passenger numbers have yet to fully return to pre-pandemic levels, the steady climb of passenger volumes in both foreign arrivals and outbound travel has kept pricing power strong.

Accommodation gets a rate boost

The accommodation sector is experiencing similar strong growth, underpinned by a sharp increase in hotel room rates across the region. Hoteliers, particularly in high-demand markets like Singapore and Malaysia, have successfully raised average rates by over 20%, leading to healthier profit margins and contributing significantly to the sector's overall value.

Visa policies and tourism campaigns shape trajectories

Indonesia, Malaysia, and Vietnam have revived arrivals from China and India by expanding their visa-free or e-visa schemes. Total arrivals across these countries are seeing double-digit growth in the first half of 2025. In contrast, arrivals to the Philippines have been muted by visa policies. Similarly, Thailand is experiencing a delayed recovery in tourism from major inbound markets as competition from Japan and Vietnam intensifies.

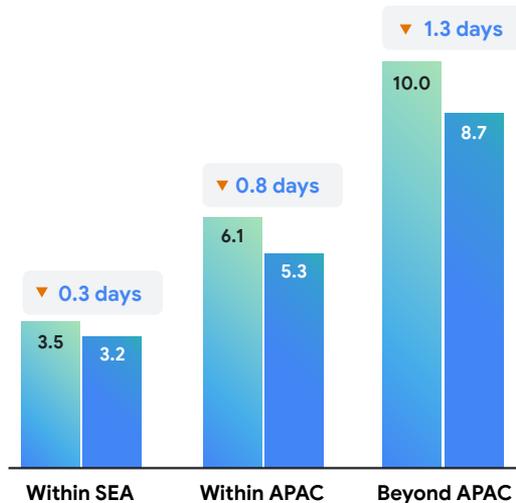
Note: 2025 estimates are based on annualised results from H1 2025.

Sources: 1) Government publications, includes all ASEAN-10 countries; 2) IATA, includes all ASEAN-10 countries, based on total passengers departing the country; 3) IATA, includes all ASEAN-10 countries, calculated as total revenue divided by total passengers for all inbound and outbound flights to and from the country; 4) BMI, includes all SEA-6 countries, based on weighted average occupancy rate; 5) Government publications and lit. search, Malaysia and Singapore, calculated based on available average room rates; Bain analysis

Consumers are prioritising shorter regional trips due to cost pressures and macroeconomic uncertainty

Average trip length (days)

● 2024 ● 2025



Top destination countries

by share of consumer engagement and YoY change



Consumers pivot to shorter, regional travel

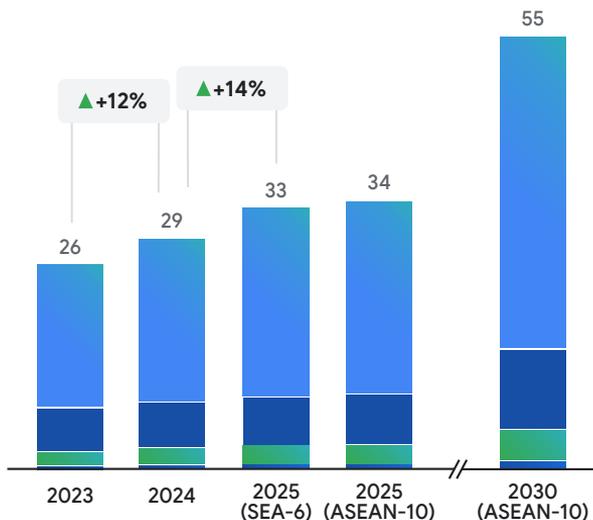
The average duration of long-haul trips to destinations beyond APAC has declined by 1.3 days. In contrast, regional and domestic travel is less impacted by this trend.

Japan remains on top, China gains ground

Japan has solidified its position as the top destination for SEA travellers due to favourable exchange rates and its diverse and captivating experiences. Meanwhile, China is emerging as a key growth destination as its share increases by two percentage points. This rise is supported by newly introduced visa-free policies for several ASEAN nations and a significant increase in flight connectivity.

Advertising and gaming growth remain steady, while video and music see a slowdown

Online media GMV¹ (\$B)



YoY growth %

	2023-24	2024-25
Ads	14%	16%
Gaming	5%	6%
Video	18%	15%
Music	21%	14%

Ads

The expansion of retail media networks, deeper penetration of video commerce, and increasing ad depth are contributing to rapid growth. AI is improving ad performance, and also changing the ways in which users are viewing and engaging with ads.

Gaming

An expanding user base, particularly in Indonesia, is driving moderated GMV growth. Major IP games are achieving record engagement from loyal SEA gamers and communities. However, player retention is becoming more challenging as games compete for attention against a diverse range of digital entertainment options.

Music

Bangkok, Jakarta, and Manila are influential hubs where local adoption often leads global trends. A strong fandom culture and local music tastes continue to drive user appeal. The lines between entertainment formats blur as music apps integrate video features, such as music videos and video podcasts, to deepen artist-fan engagement.

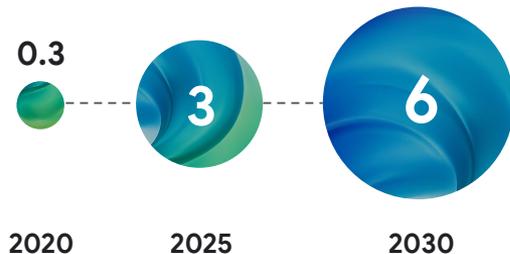
Video

GMV has increased in spite of price increases across markets this year and a slowdown in user growth. This is in part due to the crackdown on account sharing and in part due to consumers' increasing acceptance of price hikes in exchange for premium and exclusive content. As video apps adapt to local preferences while managing production costs, they are likely to focus more on local content, short-form dramas, and semi-production-grade content.

Notes: 1) For online media, GMV is equal to revenue. 2025 estimates are based on annualised results from H1 2025. Previously reported numbers for gaming have been revised. Ads numbers include retail media network advertising. Source: Bain analysis

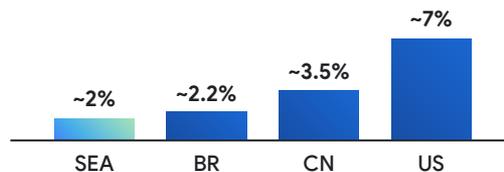
Retail media thrive on dominant marketplaces and the ecosystem-wide focus on monetisation

Market size of SEA retail media networks (\$B)



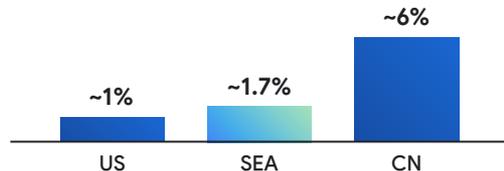
Marketplaces ad depth benchmarks (2025)

Ads percentage of marketplace GMV



Superapp ad depth benchmarks (2025)

Ads percentage of superapps GMV



A unique first-party data advantage

The growth of retail media networks (RMNs) is built on the ascending value of first-party data. In a privacy-first digital landscape, RMNs allow brands to directly engage high-intent audiences at the final, critical stage of their buying journey. This enables a strategic shift in marketing focus from broad awareness to imminent conversion.

Brand and trade marketing converge

RMNs enable brands to build equity directly at the digital point of sale and simultaneously impact both long-term awareness and immediate sales. This marks a break from the past, in which these objectives had historically been siloed in traditional marketing organisational structures.

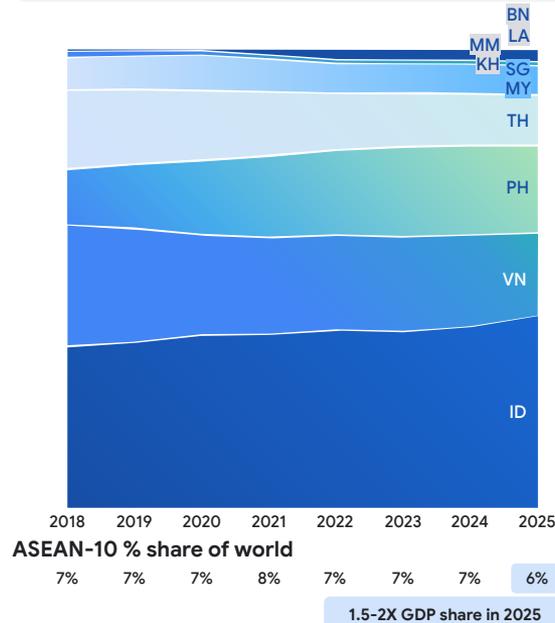
Buttressing the strength of SEA's marketplaces

RMNs create a lucrative, high-margin revenue stream that extends beyond product sales. This model is uniquely powerful in SEA, where the dominance of marketplaces provides a rich data environment to enhance targeting precision and overall media effectiveness.

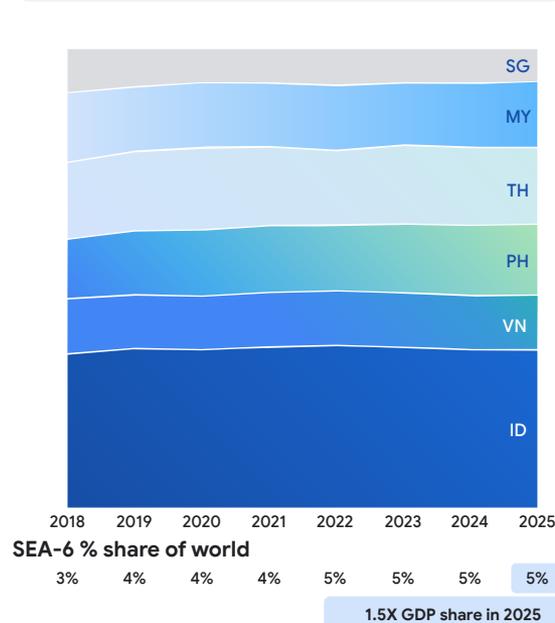
Notes: Marketplace benchmarks include leading ecommerce and video commerce players in the respective markets; superapp benchmarks include leading transport and food delivery players in the respective markets.
Source: Bain analysis

Highly engaged youth gamers position SEA as a prime region for new and established games

Share of mobile game downloads¹



Share of mobile game revenue²



Indonesian and gamers fuel a rebound

Following a contraction in 2023, average weekly playtime has rebounded, growing 53% year-on-year. Indonesia continues to lead the region in mobile gaming downloads and revenue, representing roughly 40% of downloads and a significant portion of revenue.

Three archetypes driving gaming success

Player engagement with established games such as *Dota 2* and *Garena Free Fire* continues to soar. Three game archetypes drive the highest monetisation: premium, story-driven titles with high production values like *Black Myth: Wukong*; free-to-play multiplayer games supported by microtransactions such as *Mobile Legends*; and hyper-monetised, pay-to-win mini-games akin to *Last War: Survival*.

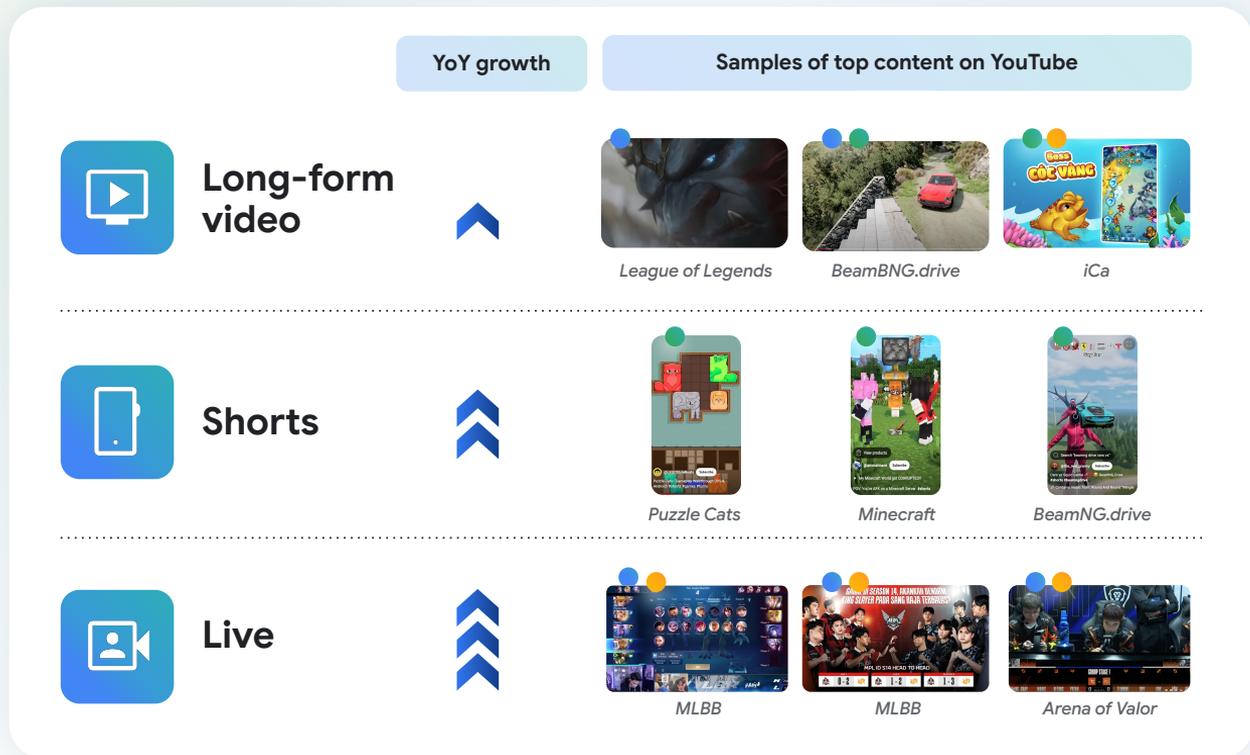
SEA developers take the global stage

SEA-based publishers collectively ranked first worldwide for mobile game downloads, accomplishing 5.8B installs in 2024. Vietnam is a key source of strength, boasting three developers among the global top 15 by downloads.

Notes: GDP = gross domestic product. 1) Country tagging is based on user downloads; data are unified across Android and iOS. 2) Country tagging is based on user spend and includes paid downloads and in-game spending on all stores, including third-party stores and direct downloads.

Sources: Sensor Tower; Bain analysis

User-generated content and popular APAC-origin mobile esports continue to drive significant consumption of gaming content



Creators reshape gaming content

User-generated content is driving significant growth in gaming video content from SEA. This growth is particularly pronounced in short and live video formats, which are more casual in style and can be produced at lower cost. This signals a clear audience preference for authentic, easily consumed content: a niche that individual creators are uniquely positioned to fill and that larger brands often struggle to replicate. This dynamic builds a genuine sense of community around creators, marking a critical shift in influence away from publishers.

Regional developers dominate through localisation

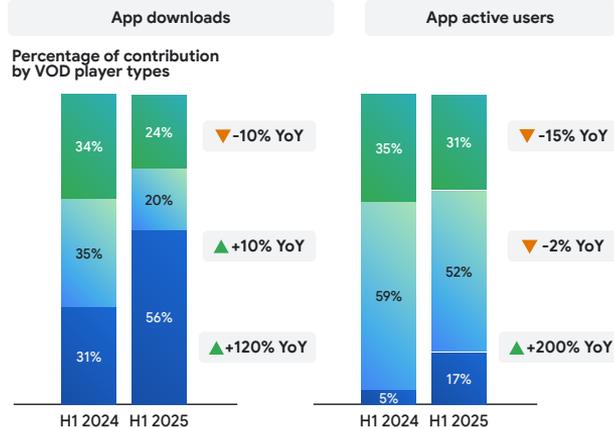
There is a clear preference in SEA for regional developers. Their success stems from hyper-localised strategies: skill-based player-vs-player gameplay catering to the region's appetite for competition; technical compatibility with low- to mid-range smartphones; and cultural resonance in game content, from hero designs to in-game events.

Lines are blurring between content formats and platforms as new engagement and monetisation models emerge

Convergence of entertainment formats



Rise of short drama apps



Key industry players

- Short drama apps
- SVOD offering long dramas only
- SVOD offering both long and short dramas

Streaming expands across formats and dayparts

Streaming platforms are looking beyond device reach to engage consumers throughout the day with a variety of formats. Short-form content continues to grow among the region's mobile-first users, while long-form content is diversifying across scripted and unscripted productions from both studios and individual creators.

A new format driving competition

Short drama is an emerging format used by Chinese and local players to compete more cost-effectively with global powerhouses. It takes advantage of lower content production costs and shorter consumer attention spans. Barriers to access are lowered for users, in the form of ad-supported, token-based, and flexible payment models.

From pockets to the living room

Although SEA is a mobile-first region, media consumption is expanding to television (TV) screens. Logged-in viewers in Indonesia and Vietnam spend an average of over four hours a day watching YouTube on TV screens.¹

Notes: SVOD = subscription video-on-demand; AVOD = ad-supported video-on-demand.

Sources: Sensor Tower, SEA-6, H1 2025 vs H1 2024; industry news; 1) YouTube internal data, Indonesia and Vietnam, June 2024



The digital financial services (DFS) sector in SEA is strengthening beyond payments. Embedded lending solutions targeting underserved segments are doing well, and multiple digital wealth platforms have surpassed \$1B in assets under management.

However, in a fragmented landscape where consumers trust traditional banks more and the competition for loyalty is fierce, future success depends on building deep, value-driven relationships.



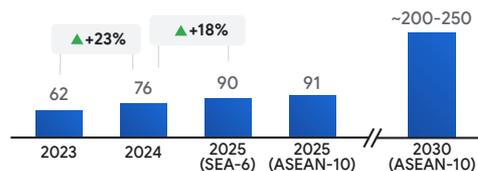
Integrated offerings catering to financially mature consumers sustain adoption

Digital payments GTV¹ (\$B)

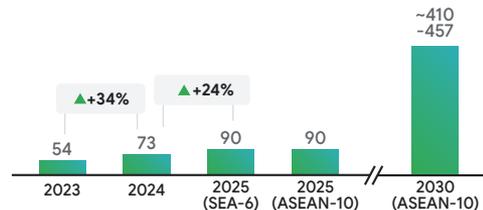
Digital / Total GTV



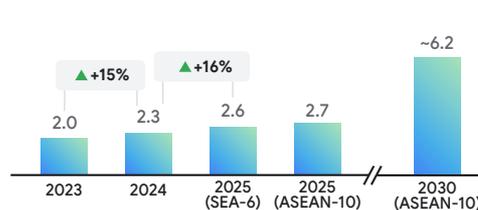
Digital lending Loan book balance² (\$B)



Digital wealth AUM³ (\$B)



Digital insurance APE & GWP⁴ (\$B)



Payments The digital payments ecosystem is reaching maturity. All ASEAN countries have adopted national unified QR systems, and a majority have also expanded regional cross-border payment interoperability. The Regional Payment Connectivity (RPC) initiative welcomed the National Bank of Cambodia this year as its ninth central bank signatory.

Lending Digital lending continues its steady growth, particularly among underserved communities with limited access to traditional financial services. Embedded loans, bundled into ecommerce and ewallet services, support monetisation on these platforms. In markets experiencing softer consumer demand, such as Thailand and Indonesia, credit rates have begun to fall.

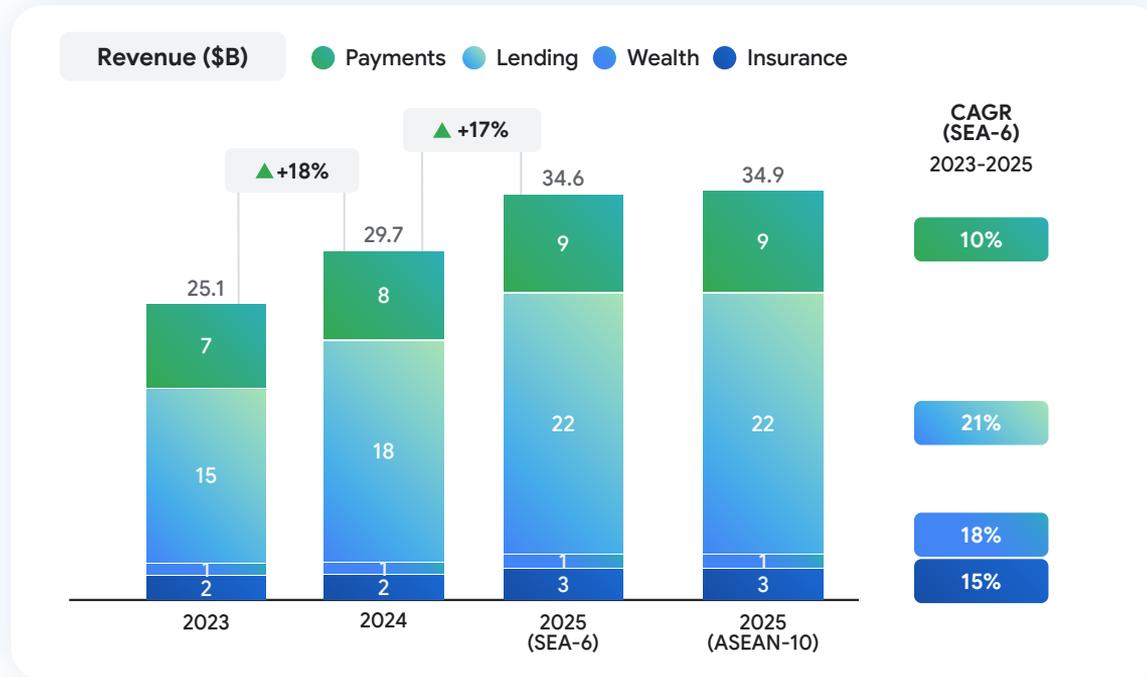
Wealth Digital wealth platforms are reaching scale, with several exceeding \$1B in AUM. People in underserved communities are progressing up the financial maturity curve from simple deposits to micro-investment products, which are increasingly offered by ewallet providers.

Insurance Digital insurance distribution is shifting gradually – from agents, to apps, to embedded cover in other digital services across ecommerce, transport, and travel. Superapps are reporting higher opt-in rates for embedded micro-insurance products compared to conversion rates on standalone offerings.

Notes: 1) Gross transaction value (GTV) for digital payments includes the value of credit, debit, prepaid card, account-to-account (A2A), and ewallet transactions. 2) Loan book balance for digital lending includes end-of-year balance for consumer loans (excluding credit card and mortgage) and small/medium enterprise (SME) loans. The previously reported number in 2023 has been revised. 3) Assets under management (AUM) for digital wealth includes end-of-year mutual fund AUM balance. The previously reported number for 2023 has been revised. 4) Annual premium equivalent (APE) and gross written premium (GWP) for digital insurance includes APE for life insurance and health under life insurance policies and GWP for non-life insurance. The previously reported number for 2023 has been revised.

Source: Bain analysis

Lending retains the lion's share of DFS revenue



Payments A general shift towards cheaper payment methods such as QR codes and ewallets is leading to a drop in merchant discount rates (MDRs). With competition intensifying between banks and ewallet providers, any non-zero MDR comes with the expectation of value-added services.

Lending Lending remains the largest contributor to DFS revenue. However, projected revenue growth for 2025 is expected to moderate slightly compared to 2024 as consumer lending slows amid softer macroeconomic conditions and tighter regulations.

Wealth Surging consumer interest in mutual funds and increased digital penetration are propelling revenue growth. Digital-native platforms are aggressively acquiring customers by offering lower fees than traditional banks.

Insurance Agencies and bancassurance continue to act as the primary sales channels, particularly for life insurance, where consumers prefer human interaction. However, digital penetration continues to expand, especially in non-life insurance products.

Notes: Revenue is measured using different metrics for each DFS sector. For payments: merchant fees (based on merchant discount rates); for lending: average effective interest rates plus servicing fees; for wealth: annual management fees and platform fees; for insurance: annual premium equivalent for life insurance and gross written premium for non-life insurance. Previously reported numbers for 2023 have been revised for lending (following amendments to fintech consumer and SME lending rates), wealth, and insurance.

Source: Bain analysis

Embedded finance has reached critical mass across sectors but faces challenges when it comes to trust and loyalty

Customers engage with embedded finance across sectors along their journey



Ecommerce

Ewallet payments

Pay later and instalments

Co-branded credit cards

Product insurance



Food delivery

Ewallet payments

Pay later and instalments

-

-



Travel

Ewallet payments

Pay later and instalments

Co-branded credit cards

Travel insurance

Adoption has become widespread

Consumer usage of embedded finance in SEA¹



embedded payments



embedded lending



embedded insurance

However, trust and loyalty are key challenges for digital finance players²



do not trust digital finance players as much as traditional banks



use multiple ewallet providers

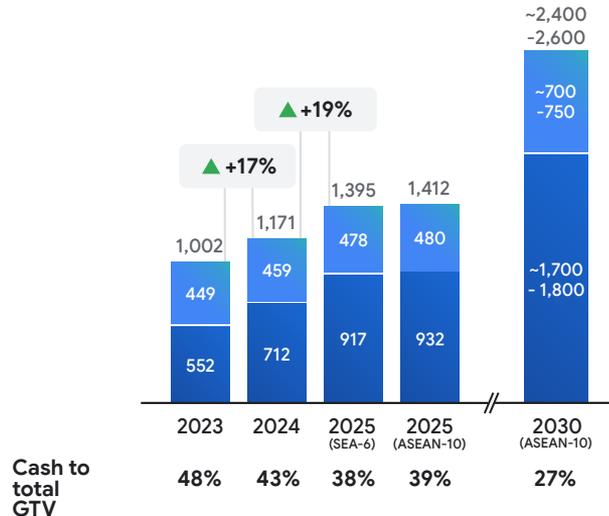


say their ewallet provider is not their first choice for credit needs

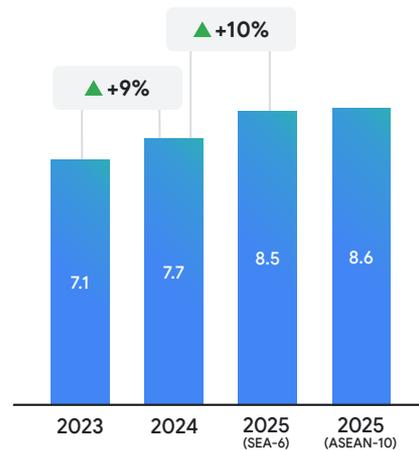
QR payments become commonplace, eroding cash, while cards remain resilient

GTV (\$B)

- Cards
- Account-to-account and ewallet



Revenue (\$B)



QR payments are now ubiquitous

The continued adoption of QR code payments is displacing the use of cash. With the launch of Myanmar's MMQR and Brunei's taruQR in 2025, 10 SEA countries now have national unified QR systems.

Credit card stickiness persists

Despite the growth of QR and ewallet payments, credit cards are maintaining high consumer retention across markets, supported by entrenched habits and robust rewards ecosystems.

Cross-border QR payments expand across ASEAN nations

Regional payment interoperability has advanced significantly, with eight national QR systems now connected.¹ Originally established by five central banks, the Regional Payment Connectivity (RPC) initiative has expanded to include Vietnam (2023), Brunei and Laos (2024), and Cambodia (2025), bringing the total to nine signatories.

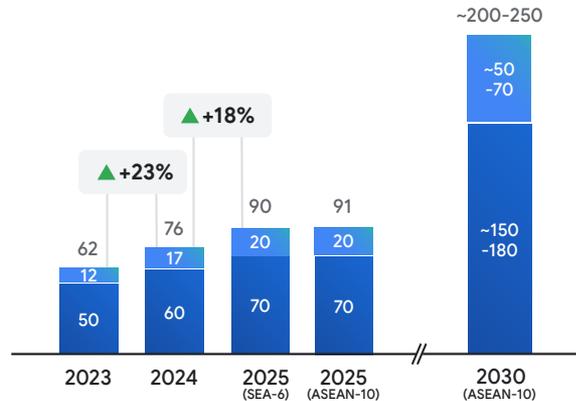
Cheaper alternatives drive MDRs down

As consumers shift to cheaper payment methods like QR codes and ewallets, weighted average MDRs are declining by 0.05 percentage points annually.

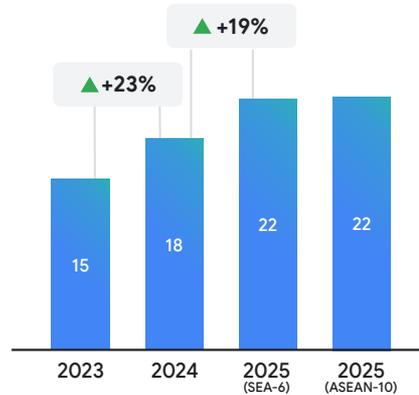
Loan book and revenue continue to grow, albeit at a slightly slower pace

Digital loan book balance (\$B)

- SME
- Consumer



Revenue (\$B)



Regulatory tightening reshapes digital lending

Having previously introduced interest rate caps, Indonesia's Financial Services Authority (OJK) has now imposed an equity floor for P2P lenders. Some have exited the market, while others have merged or sought new investment to comply, with the result being fewer and better-capitalised players.

Ecosystem partnerships fuel digital bank lending

Digital banks across the region are recording strong double-digit growth in their loan books. They are achieving this through ecosystem partnerships that provide access to in-app data (e.g., payments, transport rides, chat) for the purpose of underwriting.

Lenders maintain focus on SME credit

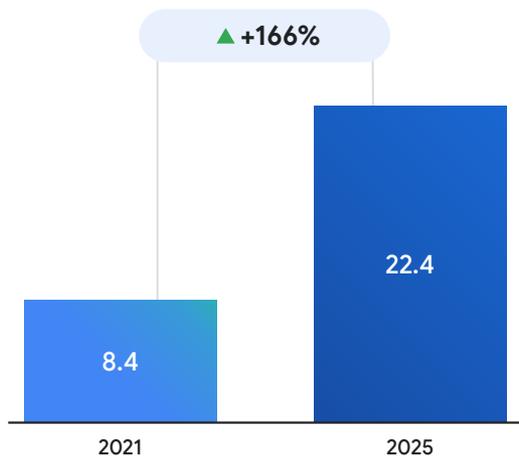
Platforms are embedding working capital loans for merchants and drivers at the point of need. Digital banks also continue to target this niche, with newly-licensed virtual banks in Thailand and Malaysia announcing plans to prioritise micro-SME working capital loans.

Notes: P2P = peer-to-peer. The previously reported loan book balance in 2023 has been revised. Previously reported lending revenue numbers for 2023 have been revised following amendments to fintech consumer and SME lending rates. Source: Bain analysis

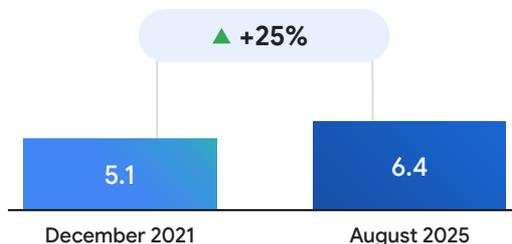
Digital wealth startups are gaining traction



Cumulative downloads (M)



Revenue (\$B)



Platforms have built a customer base on price and convenience

Users are drawn by a compelling value proposition: lower fees, a fully digital and seamless onboarding experience, and simple, well-articulated products. A common strategy is to acquire customers with high-yield cash management products before upselling them to higher-risk investment portfolios as their account balances grow.

Evolving to cater to niches underserved by banks

To enhance user value and encourage deeper investment, platforms are differentiating themselves with offerings such as fractional shares, curated thematic portfolios, automatic macro-driven rebalancing, multi-country presence, and other unique products.

Reaching scale and profitability

Several platforms are starting to turn profitable or have significantly narrowed their losses. Multiple digital wealth startups have surpassed \$1B in AUM,¹ largely through upselling existing customers on new product innovations.

Notes: Numbers include fund marketplaces or robo-advisor apps that enable retail users to invest in mutual funds and/or collective investment schemes. They exclude bank apps, fund house apps, broker and super-broker apps, and wallet superapps. The Philippines is excluded as app data is unavailable for monthly active users; ASEAN-4 are excluded as there are no digital wealth startups focused on mutual fund and/or collective investment scheme investing as of the time of writing. Cumulative downloads span 01/2021-08/2025. 1) Based on information publicly available as of the time of writing, aggregated across geographies where the app operates, using assets under management or assets under administration.

Sources: Sensor Tower; Lit. search

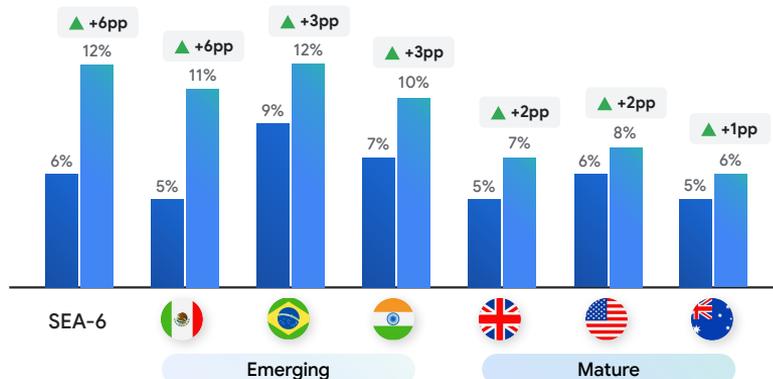
SEA outpaces the rest of the world in finance app adoption, but the landscape of top apps is less competitive compared to peers

SEA leads in finance app downloads

The finance sector is spearheading digital adoption in SEA, reflecting a burgeoning fintech ecosystem and growing consumer trust in digital platforms.

Finance app share of total app downloads¹

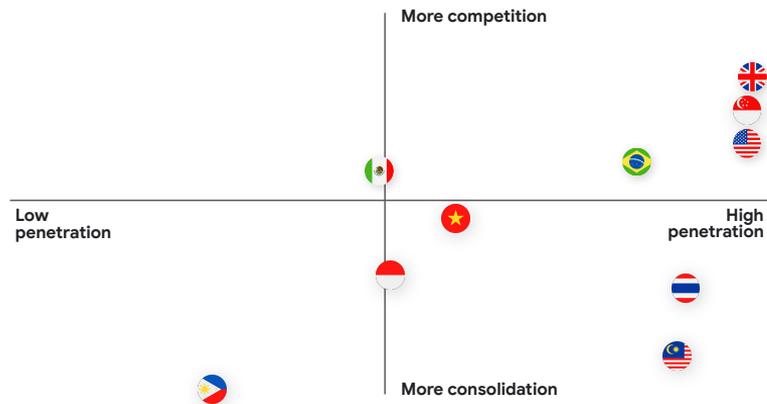
● 2019 ● 2025



Competition between apps varies by financial maturity

Singapore's financial market reflects other mature economies. In the rest of SEA where banked penetration is lower, markets are dominated by a few large players – a stark contrast to the more competitive markets in Latin American countries at a comparable stage of financial maturity.

Industry concentration² by banked penetration³



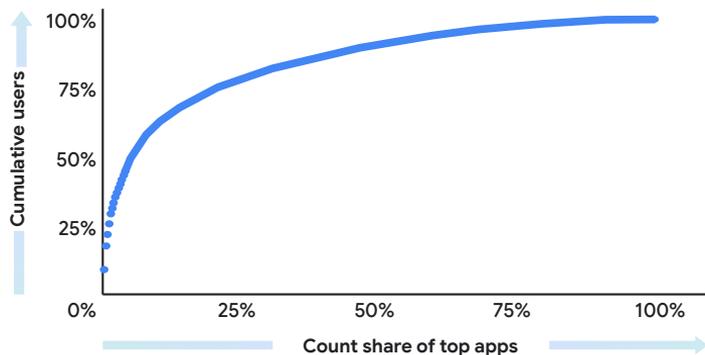
Sources: 1) Sensor Tower, downloads of apps in the 'Finance' category as a share of all app downloads; 2) Sensor Tower, coefficient of variation of active user bases of top finance apps; 3) World Bank Global Findex Database, percentage of population that is underbanked

Small-scale micro-lenders chase the underbanked, while foreign apps battle for the affluent

Market dynamics are polarised

The lending landscape is highly concentrated, with the top 5% of apps capturing 50% of users. A long tail of smaller, aggressive apps persists in markets like Indonesia, the Philippines, and Thailand, where demand is high for fast credit. This segment of apps is volatile, with a 50% closure rate¹ over two years, as their short-term, high-margin models often fail to overcome regulatory enforcement and scaling constraints.

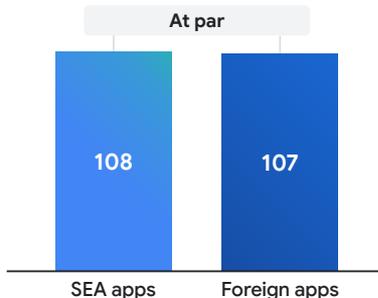
Top lending apps² cumulative share of users, SEA-6



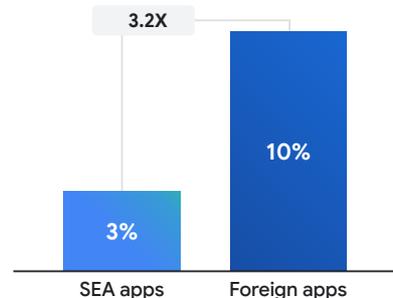
Foreign investing and crypto apps seize their chance

Foreign finance and crypto firms are accelerating their expansion into SEA, drawn by favourable market conditions. Youthful, digitally savvy consumers display a strong appetite for risk and a propensity for self-directed finance, establishing SEA as a critical hub for the adoption and scaling of innovative digital asset products.

Number of top apps in the investing, budgeting, and crypto category³



Active user growth (YoY) for top apps in the investing, budgeting, and crypto category³

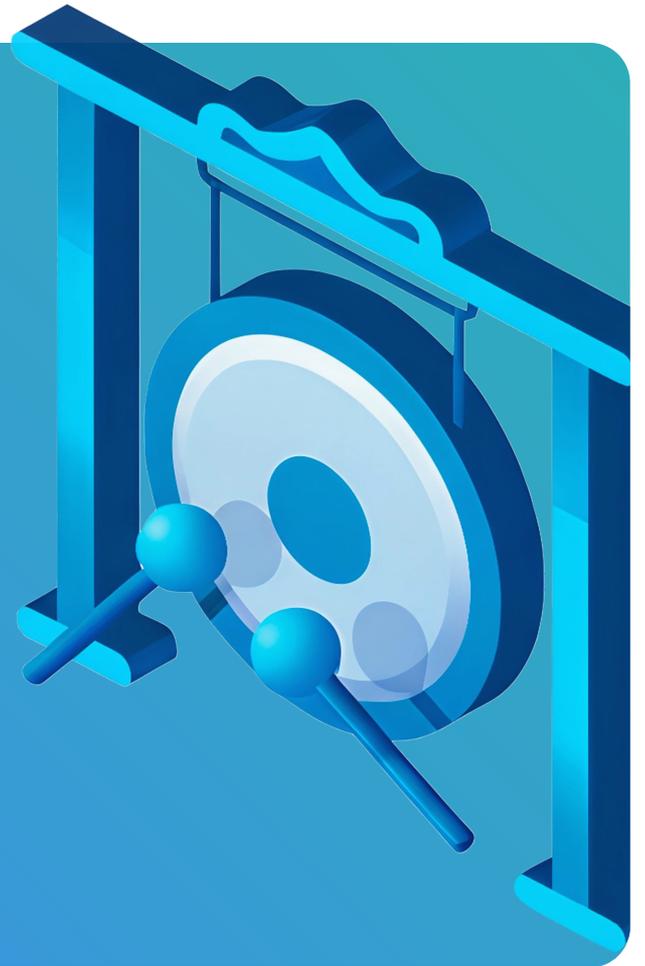


Notes: 1) Derived from the number of apps in the 'personal loans' category with at least 20,000 active users in SEA-6 markets as of H1 2023 which are no longer in the top 1,000 apps as of H1 2025. 2) Top lending apps are apps in the 'personal loans' category with at least 20,000 active users in SEA-6 markets as of H1 2025. 3) SEA top apps are apps with at least 20,000 active users in SEA markets as of H1 2025 and belong to parent companies headquartered in SEA. Foreign top apps belong to parent companies headquartered outside of SEA.

Source: Sensor Tower

02

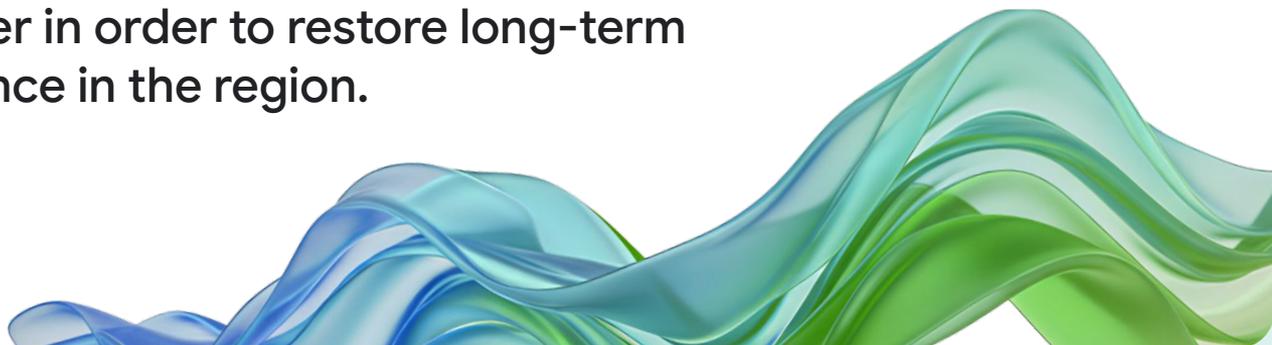
Rekindling investor interest



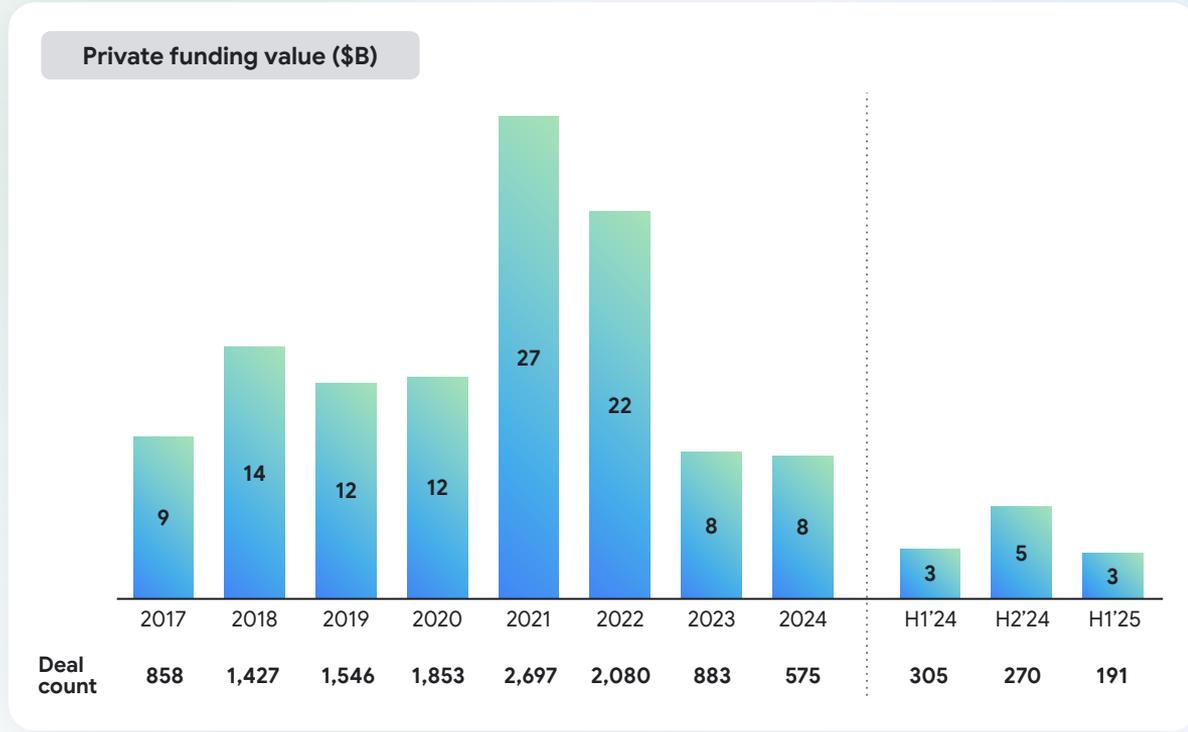


A cautious uptick is underway, with interest focused on late-stage deals and the DFS sector.

While rising profitability and strong exchange pipelines are encouraging, exit pathways still need to become clearer in order to restore long-term investor confidence in the region.



Private funding sees a cautious uptick as interest narrows on late-stage deals and DFS



Note: Private funding value covers digital economy-related sectors and excludes public financing deals (e.g., PIPE, IPO, ICO).
Source: Bain analysis

A measured uptick in private funding

Private funding rose 15% to \$7.7B in the last 12 months compared to the prior period, a modest turnaround that remains about 70% below 2021's record high. This recovery lags the global trend of PE/VC investments growing 25% over the same period.

Deals shift towards later stages

Investments are presently concentrated in late-stage rounds, with the funding share for seed to Series B deals declining from ~30% to ~20% in the last 12 months compared to the prior period. With this shift to later-stage activity, deal sizes have increased, but the total deal volume is down by ~25%.

Market maturity attracts private equity

Deal archetypes are becoming more diverse. For example, they now include buyout deals by private equity firms, such as EQT's acquisition of property marketplace PropertyGuru. As technology companies in the region mature, private equity participation is likely to further increase.

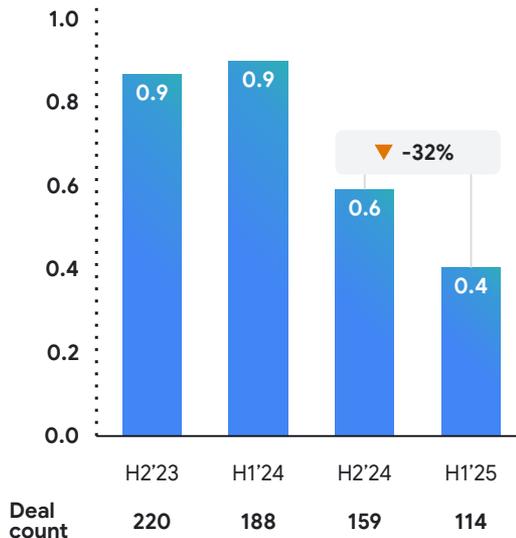
Digital finance attracts the largest funding share

Investors are now focusing primarily on digital financial services, attracting 45–50% of total deal value in the last 12 months, up significantly from ~30% in the prior period.

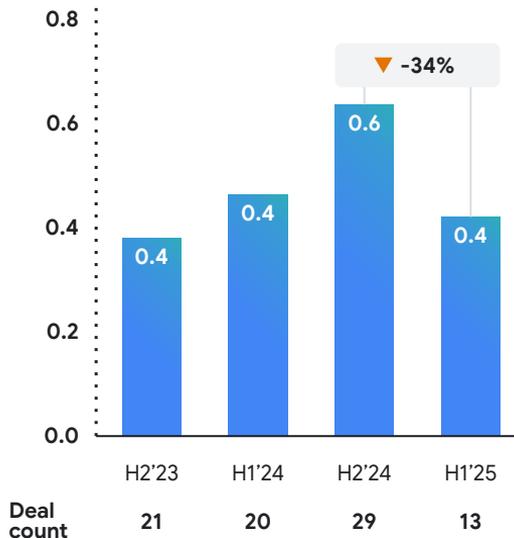
Late stage rebounds, while growth stage stabilises and early stage contracts

Private funding value (\$B)

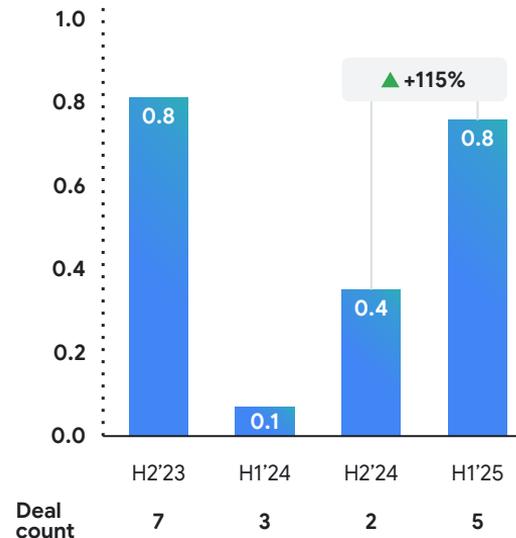
Early stage: Seed & Series A



Growth stage: Series B & C



Late stage: Series D & E+

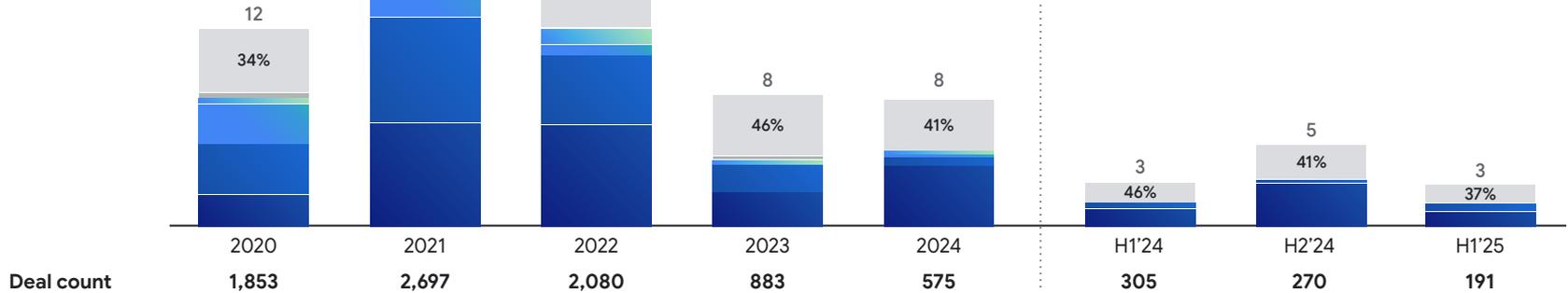


Notes: Private funding value covers digital economy-related sectors, and excludes public financing deals (e.g., PIPE, IPO, ICO). Excludes undisclosed, growth, secondary, and private equity deals.
Source: Bain analysis

Digital financial services solidifies its position as the top sector for investment

Private funding value (\$B)

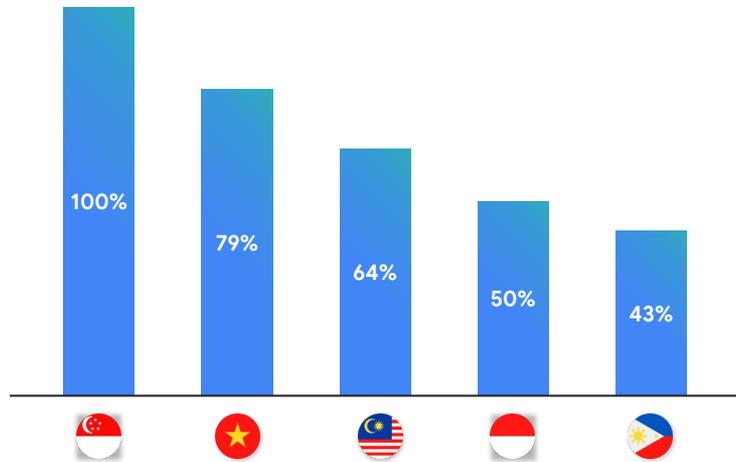
- Nascent sectors¹
- Travel
- Online media
- Transport and food
- Ecommerce
- DFS



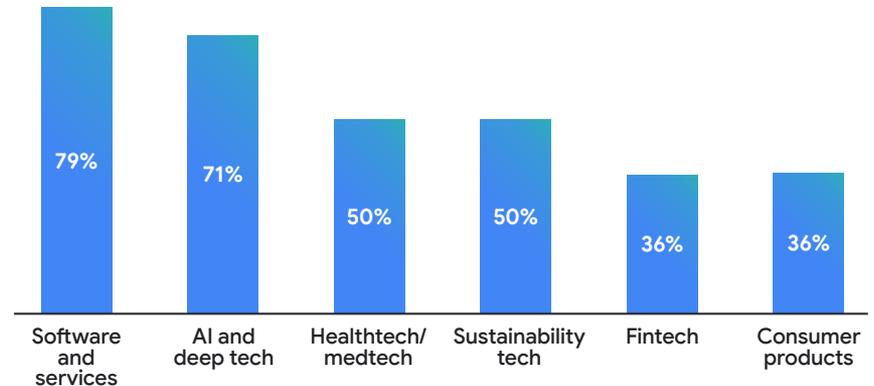
Note: 1) Nascent sectors include new, emerging digital economy sectors such as software and services, sustainability technology, Web3, and others.
 Source: Bain analysis

A majority of investors expect funding to increase in Singapore, Vietnam, and Malaysia, with an emphasis on software and services, as well as AI and deep tech

Percentage of investors who expect in-country funding activity to increase in the long term (2025-2030)



Percentage of investors who expect to spend more time on the sector

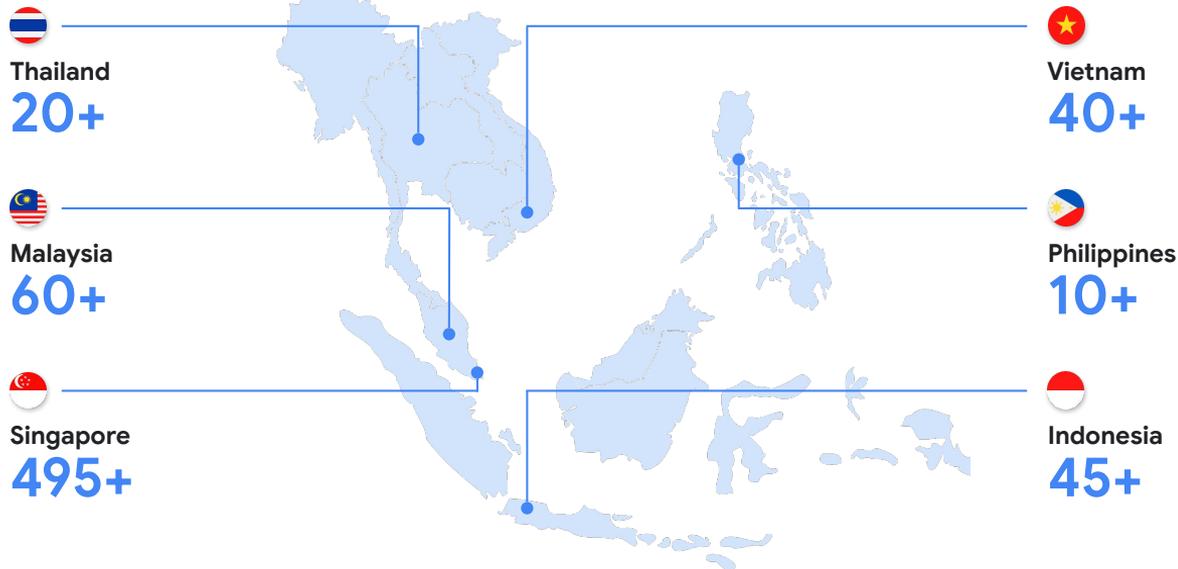


Note: Only top sectors are shown.

Source: Bain SEA Venture Capital Investors Survey, Q3 2025

AI is a bright spot for SEA investors

Active AI startups



Notes: 1) AI startups are defined as companies developing technologies that enable computers to autonomously learn, deduce, and act, through utilisation of large data sets. These include select data centres. The number includes companies founded in 2020 or later that have active operations as of H1 2025. 2) Investment value over the past 12 months. This includes private funding into AI infrastructure, models, platforms, and AI-as-a-core-product and AI-as-a-feature offerings, and excludes data centres. AI-as-a-core-product is when AI is the primary offering, while AI-as-a-feature is when the primary offering or operational efficiency is enhanced with AI. 3) Cumulative capital invested in AI or machine learning companies founded since 2020. Sources: Bain analysis; PitchBook; 4) IHS Markit, nominal GDP

680+

AI startups in SEA¹



Singapore is the region's AI hub, where the majority of startups operate. Most of the AI startups that have earned VC attention were established with a global focus from day one.

>\$2.3B

invested in AI-related startups²

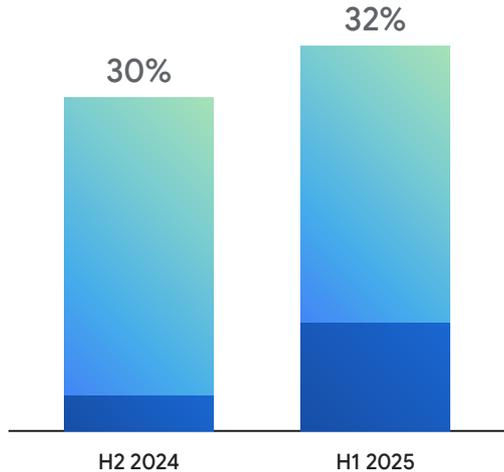


SEA is emerging as a hotspot where large AI players are investing in cloud services and data centres. However, the region accounts for only ~2% of global cumulative capital going into AI startups,³ which is disproportionate to its ~4% share of global GDP.⁴

AI startups capture over 30% of funding, with most offering AI as a feature

Percentage of private funding value in AI-related investments¹

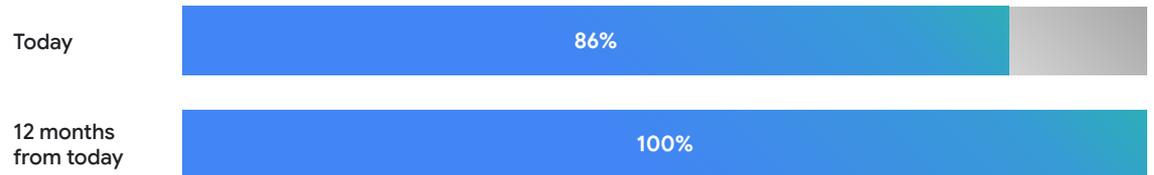
- AI as a feature²
- AI as a core product²



Percentage of investors with more than a quarter of their portfolio in AI as a core product²



Percentage of investors with more than a quarter of their portfolio in AI as a feature²



Notes: 1) Includes AI infrastructure, models, platforms, and AI-as-a-core-product and AI-as-a-feature offerings, and excludes data centres.

2) AI-as-a-core-product is when AI is the primary offering, while AI-as-a-feature is when the primary offering or operational efficiency is enhanced with AI.

Sources: Bain analysis; Bain SEA Venture Capital Investors Survey, Q3 2025; Lit. search

AI has had an immediate impact on cost, ahead of revenue and pricing growth

Percentage of investor portfolios which have realised benefits as a result of AI¹



realised cost savings

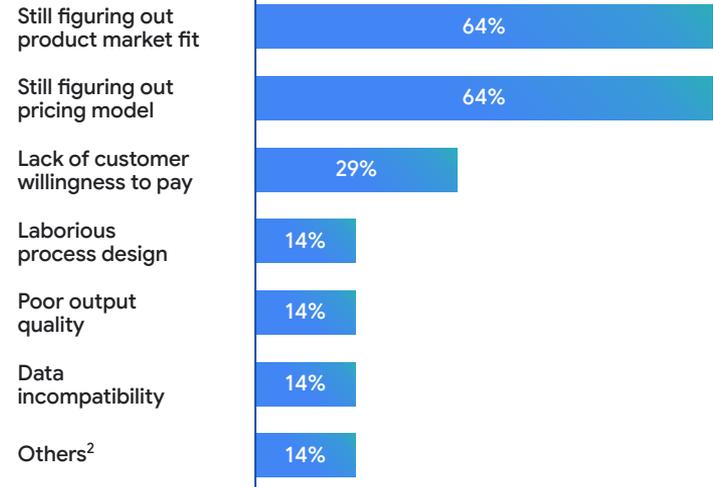


achieved higher revenue growth



were able to set higher prices for their offerings

Percentage of investors citing respective reasons for not yet realising material value from AI



Notes: 1) An investor is defined to have realised economic benefits from AI if more than a quarter of the portfolio that has incorporated AI has either realised cost savings, achieved higher revenue growth, or priced higher due to AI products or features. 2) Others include 'lack of market understanding on how to utilise the tool' and 'lack of management commitment'.

Source: Bain SEA Venture Capital Investors Survey, Q3 2025

Three enablers have begun to shape the funding landscape, with a fourth gaining traction in 2025

Realistic entry valuations



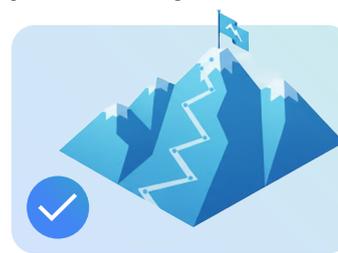
The consensus among investors continues to be that valuations have largely settled at more sustainable levels and are expected to remain stable into 2026.

Proven monetisation model



Revenue growth is keeping pace with GMV, signalling increasingly viable monetisation pathways and the potential for businesses to maintain positive unit economics while scaling up.

Clear path to profitability



Established digital players continue to deliver profits or narrow losses with no signs of losing momentum. Early-stage investors are seeing more of their portfolios reach profitability.

Data view next

Dependable exit pathways

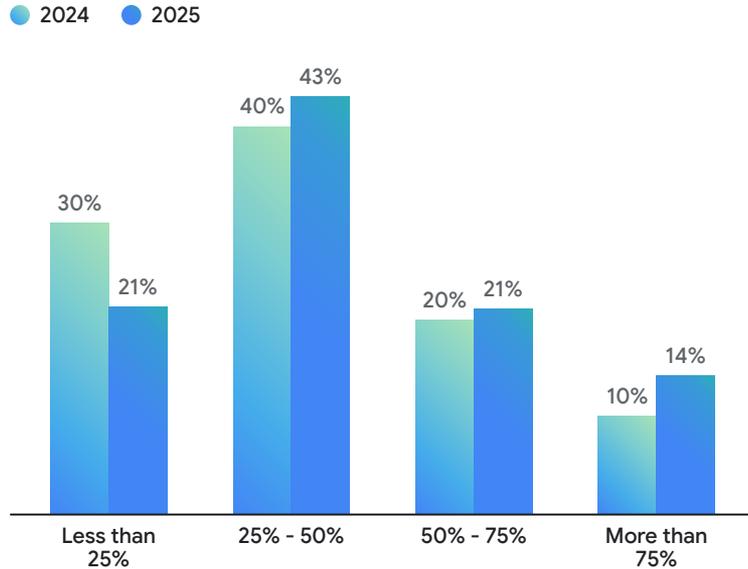


Early momentum in global public market exits, coupled with large cash reserves amassed by local digital leaders, signals the increasing viability of both global and local exit pathways, and is raising investor hopes that SEA will follow suit.

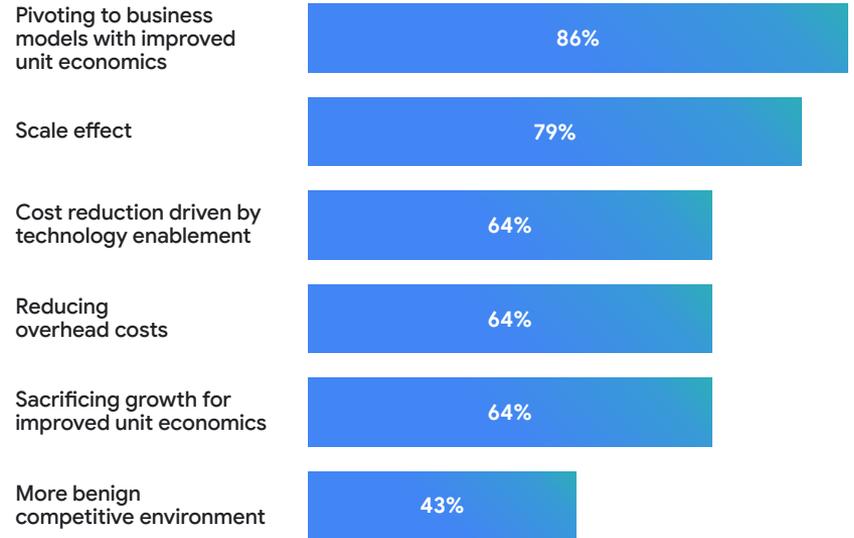
Data view next

80% of early-stage investors say that the majority of their portfolio is profitable

Percentage of portfolio that is currently profitable or expected to be profitable in the next 12 months



Percentage of investors who agree that the respective factor contributes to profitability



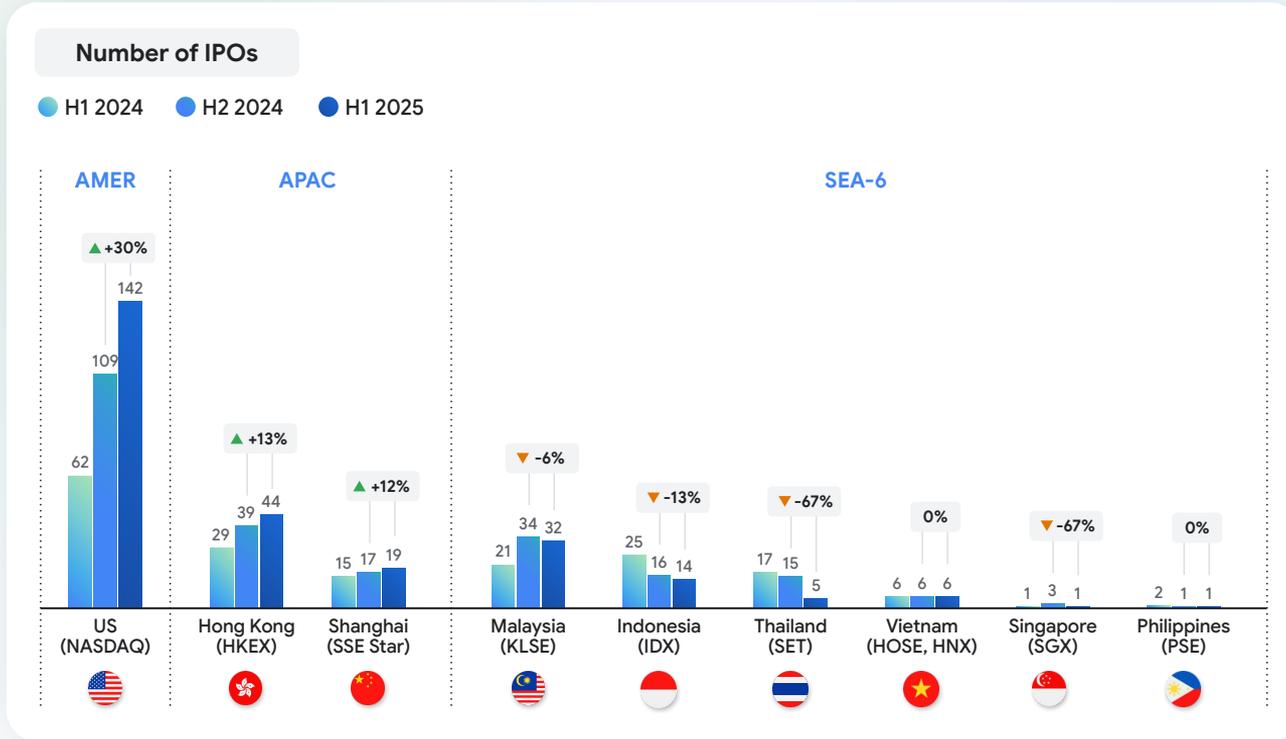
Positive signs of public market exits are emerging globally

SEA IPOs trail globally with signs of emerging recovery

H1 2025 saw an increase in global IPO activity. The number of IPOs in the Americas and the Europe, Middle East, and Africa regions rose by 11% and 3% respectively against H2 2024, while SEA saw a 21% decline.¹ Nevertheless, SEA's digital leaders remain active: exchanges in Indonesia and Malaysia are working towards a goal of 66 and 60 listings respectively this year. Together, they represent approximately 70% of the region's IPO volume over the last 12 months. In Singapore, there are 30 IPOs in the preparatory phase.

Integration and policies are shaping SEA's IPO landscape

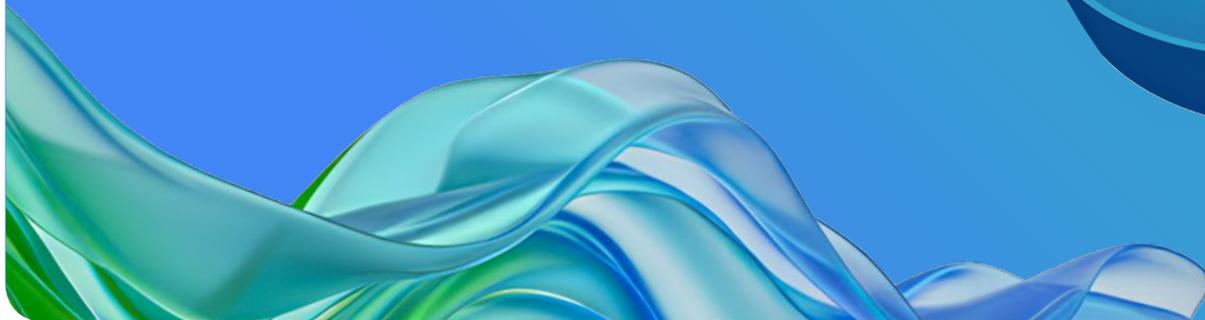
Across SEA, exchanges are pursuing deeper integration through initiatives such as harmonised rules, dual listings, and depository receipts, which enable companies to tap multiple markets without full primary listings. In parallel, many exchanges are introducing tax rebates and other incentives to reduce IPO costs. Liquidity measures are also being implemented: for example, Singapore's S\$5B EQDP is designed to strengthen trading activity and support SGX-listed equities.



Sources: 1) World Federation of Exchanges; respective exchanges' websites; Bain analysis

03

Advancing into an intelligent economy





SEA's massive digitally engaged population leads globally when it comes to interest in AI, rapidly adopting AI for daily tasks.

To unlock this potential, businesses must navigate unique complexities, from fragmented regulations to the availability of low-cost labour, and foster consumer confidence in AI to handle more complex decisions.



SEA's massive internet population and its keen interest in AI make the region ripe for transformation

Interest in AI is growing quickly among the ~500M internet users in SEA – 10% of the global online population



Across SEA, consumer interest in AI topics is higher than the global average

3X

general AI interest¹

1.7X

multimodal AI interest²

1.6X

net positivity towards AI¹
(interest in benefits vs risks)

Five SEA markets rank among the global top 20 for interest in multimodal AI²



Sources: Euromonitor, Internet Users by Country, SEA, 01/2025-08/2025;

1) Google internal data, SEA, 01/2025-08/2025; 2) Google Trends, 01/2025-09/2025

SEA's unique convergence of accelerators and complexities will shape AI adoption



Accelerators

Digitally engaged population

A massive and receptive user base is primed for adoption and innovation.

SEA-6 spends

1.3X

as long on social media weekly as the global average¹

Superapp ecosystem

As integrated ecosystems offering a wide range of digital services, top superapps are unparalleled as distribution channels to scale AI offerings.

Robust mobile connectivity

The ubiquity of mobile coverage in SEA is accelerating digital transformation and establishing strong foundations on which to roll out innovative, AI-driven services.

Complexities

Multicultural diversity

Success requires deep hyper-localisation and nuance to cater to language and ethnic diversity.

>1,200

living languages in ASEAN-10 countries, with **>700** in Indonesia alone²

350

distinct ethnic minorities² (up to 3X more than the EU)

Fragmented regulations

There is a fragmented, evolving patchwork of data privacy and usage laws to navigate, with countries taking different approaches to AI governance.

Low-cost labour

The immediate business case for AI may lean more towards augmenting worker effectiveness rather than full automation and replacement.

Note: The map is simplified for illustrative purposes and is not representative of administrative borders.

Sources: 1) GWI; 2) Seasia Stats; Children of Mekong

The transition into an intelligent economy unfolds across three layers

AI developmental layers



Experience redefinition

How consumers interact with the digital world is fundamentally changing



Enterprise transformation

How businesses operate and compete is being reinvented



Ecosystem enablement

How new foundations are required to scale and sustain growth

Core AI dynamics

AI is reshaping the entire consumer journey, from multimodal discovery to agentic AI-driven purchases. This shift is compelling digital platforms to innovate rapidly or risk obsolescence.

Businesses are harnessing AI to unlock new value, meet evolving consumer expectations, and boost efficiency. This requires a strategic evolution of the workforce to a new human-AI operational model.

The digital ecosystem is maturing through critical investments in AI infrastructure and the urgent development of robust governance frameworks to build and maintain consumer trust.

❖ 2025 report spotlights

Evolution of search

AI-assisted discovery

Consumer trust

Agentic transactions

Operational efficiencies

Reshaped workforce

AI infrastructure

AI regulation

Search engines are evolving to meet more sophisticated expectations

How is search evolving?

Multimodality

Users are engaging with search in **new ways** beyond text

Complexity

Queries are becoming **longer** and **more complex**

Speed

Users are getting relevant and high-quality answers **faster**

Present

🔍 Text

🔍 Best ebike

🔍 ebike range

🔍 ebike uphill?



Future

Tt



Best mode of transport for a 5km commute with hills



Commercial opportunity

New **multimodal intent** that unlocks new understanding



Visual search is one of the fastest-growing query types, growing at **70% YoY**¹

Indirect commercial intent that was previously not addressable



Users are asking much longer queries – **2-3X the length** of traditional searches²

More **valuable and qualified traffic** to websites



Users are more likely to **stay longer** on the pages they click into, compared to last year³

AI-assisted discovery across traditional search, recommendation engines, and conversational tools is reshaping the consumer journey

Expansive exploration



Consumer signals

AI as the new frontier for exploration

75%

say **AI-powered chatbots, translators, and image search** have helped them discover content and made tasks easier

74%

say **smart recommendations and personalised feeds** have been helpful

30%

say they **discover more new brands and products** they would have otherwise missed

Business implication

Brands must be discoverable across the evolving landscape, optimising for an entire ecosystem of AI-powered discovery – from conversational AI to recommendation engines and multimodal experiences.

AI as the intelligent reductive filter

45%

say **saving time on research and comparisons** is the main motivation for using AI features

45%

say **they expect to make decisions faster with less mental effort** when relying on AI

33%

say they prefer services that **narrow down the best 2-3 options**, simplifying their choice

Reductive selection



Brands must have a structured and clear unique value proposition so AI-powered systems can effectively understand and surface it. In an era of AI-driven summaries and comparisons, brands that clearly articulate their key attributes will be favoured in recommendations.

Beyond convenience: building AI trust for higher stakes decisions

Most users still want to be the **ultimate decision makers...**



1 in 5

users say they trust AI to make the best decision or to provide a recommendation that they can follow directly



3 in 5

users prefer final human confirmation or use AI as one of several sources for decisions

**From smart assistant to trusted partner:
building user confidence in AI**



Cite sources clearly

Allow users to easily view and click into external sources referenced in answers



Put the user in charge

Give users a sense of agency over the output with adjustable settings



Display pricing and data use

Be upfront about the costs involved and the use of personal data

Orchestrating agentic transactions is, for now, an untapped opportunity in SEA

Identity management

What needs to happen

AI agents must be able to verify and present user identity securely across multiple services, leveraging verifiable digital IDs to eliminate repeated Know Your Customer (KYC) checks.

Interoperability

AI agents must be able to operate across platforms without interruption. This requires standard APIs and shared infrastructure across domains.

Payment infrastructure

AI agents should be able to initiate, verify, and reconcile payments seamlessly and invisibly in real time using cross-border QR payment rails or a similar solution.

Fraud detection and response

AI agents should be able to collaborate in real time to identify and challenge suspicious transactions, using federated learning and shared behavioural signals.

Boundaries of agency/delegation

The actions of AI agents must be clearly defined by user-set preferences, regulatory guardrails, and the need for full auditability.

Examples

An AI agent uses a government-verified digital ID, such as Singapore's Singpass, to log in to various services seamlessly.

An AI agent completes a purchase on Shopee and pays via MY eWallet without the user needing to re-enter login or payment details.

An AI agent uses an ewallet from the Philippines to pay a merchant in Thailand who accepts QR code payments.

Digital banks and platforms share anonymised insights, allowing AI agents to aggregate learned parameters – not raw data – to detect fraudulent transactions.

An AI agent, authorised to book flights under \$100, must seek approval before making payments above the ceiling or for any other purpose.

Potential complications

Digital ID coverage is uneven across SEA nations, though it is improving rapidly.

Conflicting national data privacy and localisation laws across SEA create significant compliance risks and operational friction for cross-border AI agents.

SEA markets remain dependent on non-card digital payments, in a world where payments innovation is driven by global card networks.

Non-human identities are expected to proliferate, increasing complexity for fraud detection systems.

Regulations are fragmented and new policies may be formed without a full understanding of agentic capabilities and impact.

As global payments players gear up for agentic payments, local innovation is required to serve the SEA context

VISA



Visa Intelligence Commerce

An initiative focused on empowering AI agents to offer personalised and secure shopping experiences at scale



Visa's Agent APIs are designed to enable **secure and seamless payments** through tokenisation, authentication, and transaction controls. They also allow AI agents to deliver personalised recommendations by leveraging opt-in purchase history.



Visa is **orchestrating agentic commerce** by integrating its vast network – consisting of over 4.8B payment credentials, 150M merchant locations, and more than 14,500 financial institutions – with its 'Visa-as-a-Service' stack of APIs and capabilities

Percentage of total payments GTV represented by cards



Singapore

70-80%



Malaysia,
Brunei

30-40%



Vietnam,
Thailand,
Philippines

20-30%



Indonesia,
Cambodia,
Myanmar, Laos

<10%

While global card networks are accelerating their efforts to enable agentic payments, SEA is not a card-driven market and relies primarily on ewallets and interoperable QR codes. This points to an opportunity for businesses in SEA to take the lead in shaping agentic-ready infrastructure. By leveraging national digital ID systems and local regulatory frameworks, they can build solutions specifically tailored to the region's needs.

As with any transformative technology, AI presents new challenges alongside its benefits, making trust and security paramount

Fake listings and reviews on ecommerce and online travel platforms

Deepfake videos and audio to scam users or to pass verification checks

Bot farming of in-game currency and items for illegal resale

Bot testing of stolen card details at scale



Shop Safe with Shopee is a consumer protection initiative that includes the Shopee Guarantee, (where payments to sellers are only released upon buyer confirmation), ShopeeMall badges for authentic brands, etc.

GrabDefence

GrabDefence is a suite of solutions used by leading platforms, including GXS Bank and Momo, to manage fraud, verify identity, and monitor transactions.

traveloka

Traveloka uses machine learning models to detect payment abuse and account takeovers, leading to lower fraud as well as higher false positives which diminish customer experience when legitimate orders are rejected. It has since improved its model accuracy to accept more legitimate orders that would have previously been blocked, while keeping real fraud at bay.

AI is already commonly used to improve operational efficiency



Value
creation



Cost savings or
productivity gains

Examples of where AI has been used to drive efficiency (not an exhaustive list)

Front office

Sales and
conversion

Customer
engagement
and marketing

Middle office

Product development
Portfolio management
Market research
Customer service
Operations

Back office

Financial
reporting
Employee
data
management



**\$1B projected
economic value**

from AI use cases in 2025;
reported \$370M in cost
savings and value creation
from AI initiatives in 2023



**1,500 AI models
across >370 use cases**

have been implemented,
delivering tangible business
benefits and driving measurable
impact across its operations



**6M+ merchant
queries**

via Grab Merchant
assistant in May 2025

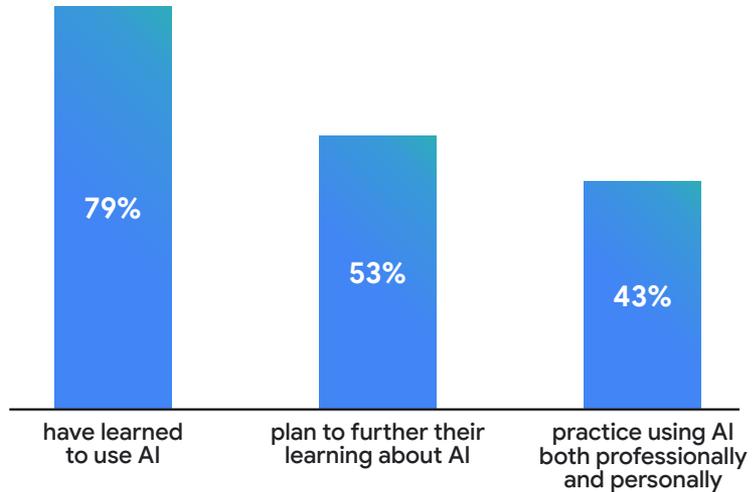


250,000+ drivers

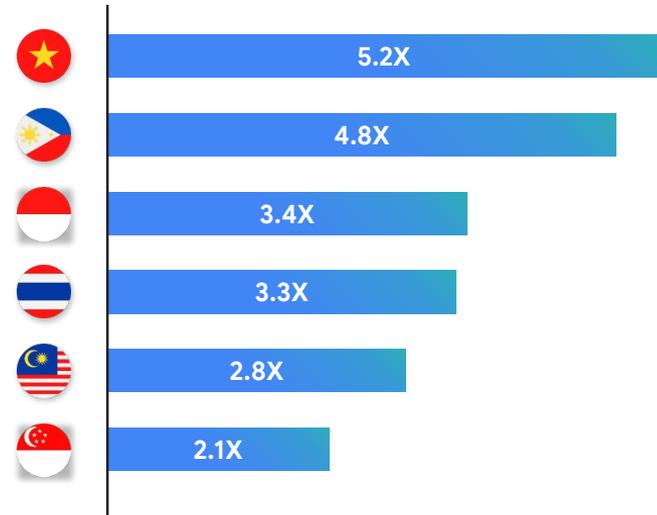
use AI Driver Companion on a
weekly basis, boosting daily
earnings by up to 10-20%

The workforce is actively developing AI skills

Percentage of workers¹



Enrolment growth in generative AI training courses²

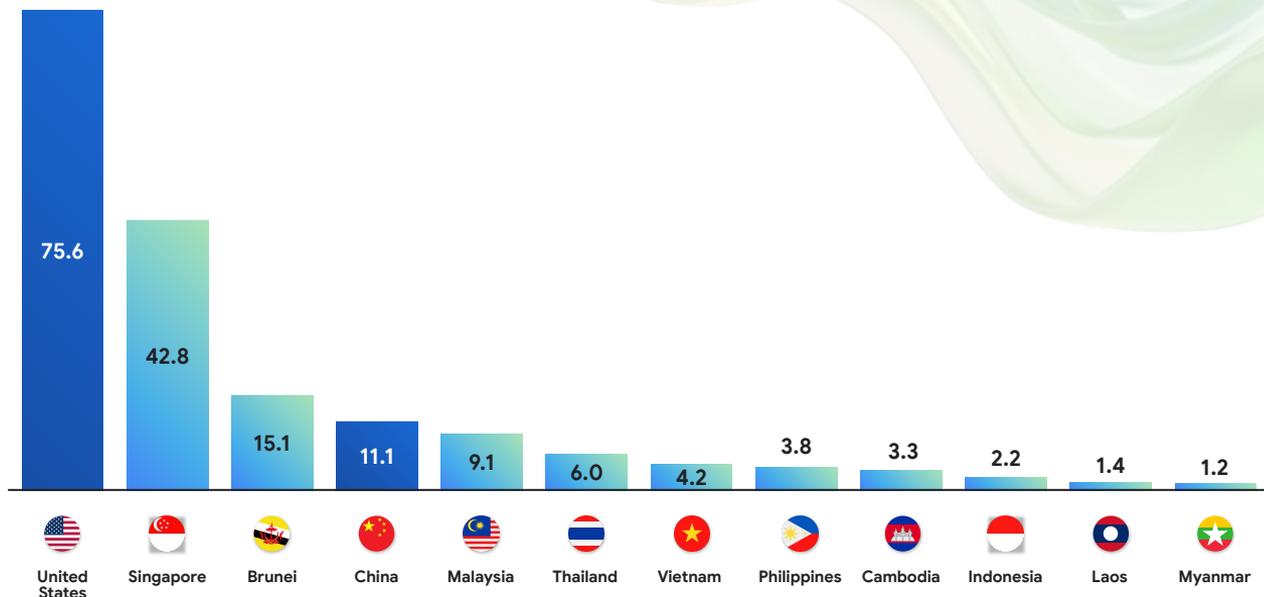


Sources: 1) Google/Milieu, The Impact of AI on the Digital Consumer in ASEAN, ASEAN-10, September 2025, n=7,200 consumers;

2) Coursera Global Skills Report 2025, YoY growth in enrolment from March 2024 to February 2025 in SEA-6

Business adoption of AI hinges on affordability relative to labour

Average annual wages in 2024 (\$K)



AI investments in SEA need to consider local economics

Average wages in SEA are just 5% that of the US and 36% that of China respectively. This fundamentally changes the business case for AI, requiring enterprises to select solutions that take local conditions into account.

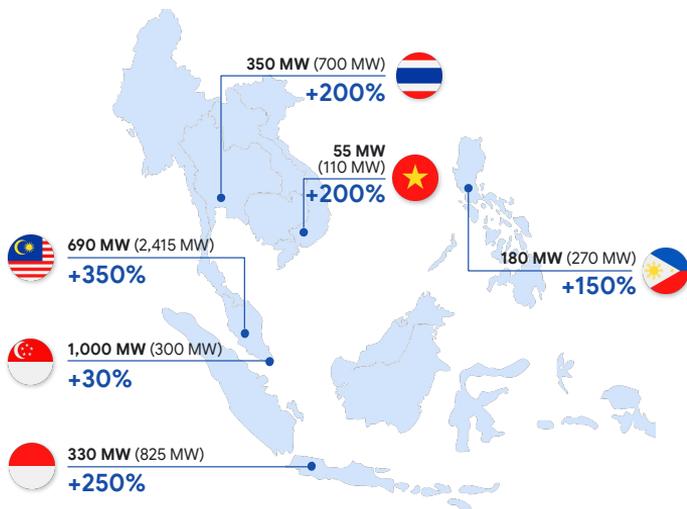
AI solutions are becoming more cost-effective

The democratisation of AI, through open-source models and tiered pricing for commercial APIs, is making powerful tools more accessible. This shift enables SEA businesses to match AI solutions to task value, making the ROI calculus work without waiting for regional models to reach commercial-grade performance.

Note: The weighted average wage in SEA is calculated using the average annual wages shown in the chart weighted by employed population in 2024.
Sources: BMI and government statistics, average annual wages; Euromonitor, employed population in 2024; Bain analysis

SEA leads APAC in data centre capacity growth – one of the most critical enablers for AI infrastructure

Data centre capacity (Planned additional capacity)



SEA's data centre capacity growth is set to lead APAC

With 4,620 MW of planned capacity in the works,¹ the total capacity in SEA is projected to grow by around 180%, faster than the 120% growth projected for the rest of APAC. As Singapore reaches its energy consumption ceiling, cloud providers are turning their focus to neighbouring nations, notably Malaysia.

Accessibility improves across the AI stack

The region's hardware capabilities are advancing with expanding 5G coverage, improving grid reliability, and growing cloud availability. At the same time, the software ecosystem is maturing, supported by a growing pool of engineering talent, the development of localised foundation models, and the growing adoption of AI applications by local businesses, both as core offerings and integrated features.

Data localisation laws drive in-market demand

Policies in Indonesia and Thailand requiring certain 'high-impact data' to be stored in-country are accelerating domestic data centre development. However, such policies limit cross-border data flows, which are the lifeblood of AI development, potentially slowing AI investment and innovation in the long run.

Viability is tied to utility infrastructure

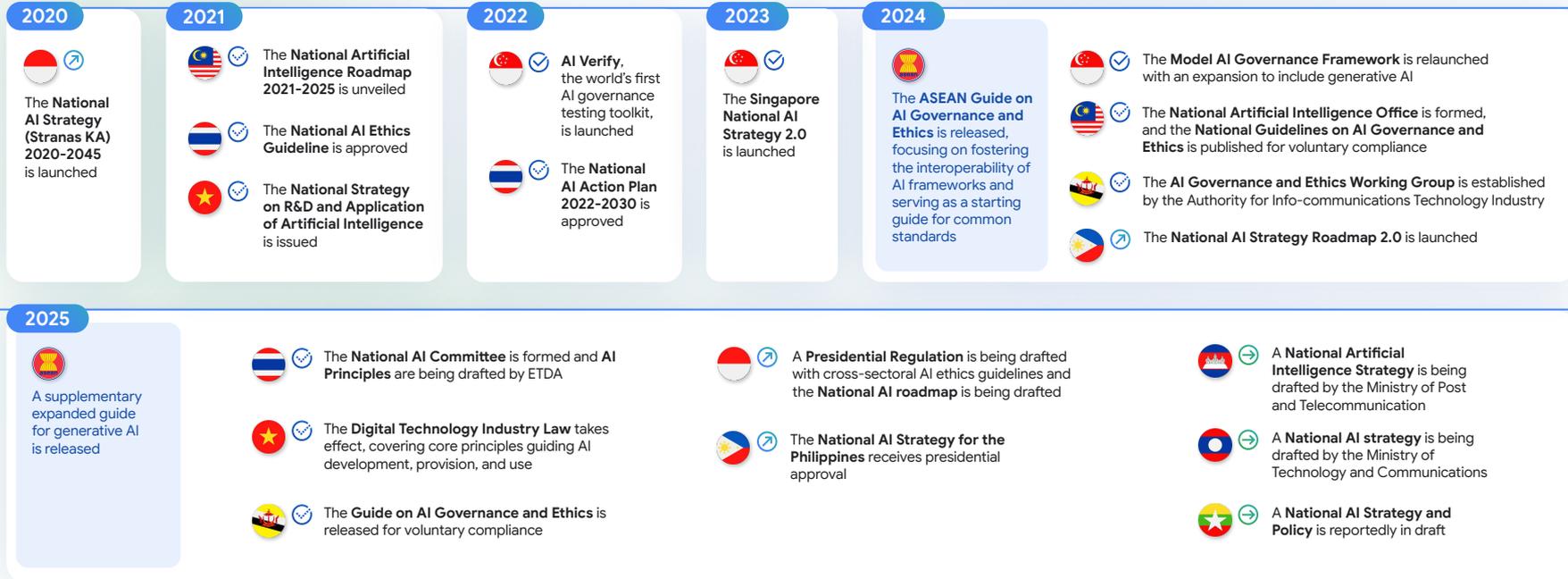
The long-term viability of the AI boom is contingent on a massive build-out of sustainable utilities. This involves three core complexities: sourcing sufficient new power, ideally renewable; ensuring grid reliability to distribute that power effectively; and securing reliable access to water for essential cooling.

Notes: Analysis is based on publicly reported announcements as of H1 2025. Simplified illustrative maps are not representative of administrative borders. 1) Planned capacity includes under construction, committed, and early-stage announcements.

Sources: Cushman & Wakefield Asia Pacific Data Centre Q2 2025 Key Indicators; Inquirer.net; Tech in Asia; Bain analysis

The fragmentation of AI governance across the region today presents an opportunity to shape its future

→ Exploratory ↗ Emerging ⏸ Early operational ✓ Operational



Notes: Operational means that guidelines on AI governance and ethics are in place, with an ecosystem to support compliance. Early operational means that guidelines on AI governance and ethics have been published. Emerging means that guidelines on AI governance and regulation are in development. Exploratory means that the focus is more on national AI strategy rather than governance and ethics.

Source: Lit. search

An action plan to realise the intelligent SEA digital economy

Quick wins (12-18 months)
Strategic builds (18-36 months)
Systemic transformations (3+ years)



The speed of AI integration and intelligent adaptation is a competitive advantage for businesses



The consumer mandate

SEA consumers are already actively using AI to reshape their daily digital lives, creating a powerful pull for businesses to innovate or be left behind.



The operational imperative

The availability of low-cost labour changes the ROI calculation compared to Western markets, demanding a strategic – not blanket – approach to automation and workforce augmentation.



The trust imperative

While consumers have eagerly adopted AI for daily conveniences, it has yet to earn their trust for complex decisions. Fostering confidence requires transparency, control, and verifiability.



Businesses that move swiftly to integrate AI, adapt to the region's unique complexities, and build a foundation of trust will lead the next wave of growth.

Early adopters are realising business value beyond productivity boosts and cost savings

60%

report business growth from generative AI¹

60%

report >3X ROI from agentic AI²

04

Mapping the AI transformation





The SEA digital economy concludes its first decade of transformative growth, having risen above significant adversity.

Its future success now rests on a new set of dynamics.
Can powerful catalysts like AI overcome the headwinds of global uncertainty and regulatory changes?



SEA has weathered multiple challenges over the past decade



Foundational barriers

- Lack of widespread internet access and connectivity
- Low consumer trust and unfamiliarity with digital services
- 'Cash is king' mindset and fragmented payment systems



Crisis barriers

- Disruption from lockdown and the pause on transport and travel
- Talent shortage
- Unsustainable 'growth at all costs' strategies without a clear path to profitability



Investment barriers

- Slowed growth in mature sectors like ecommerce
- Subdued private funding in the absence of dependable exit pathways

2016

2017

2018

2019

2020

2021

2022

2023

2024

2025

The region has successfully navigated these challenges to deliver unprecedented growth and breakthrough achievements

Key milestones in the past decade



\$120B
in private funding
from 2016-2025



+200M
new internet users
from 2016-2025



7.4X
GMV growth
from 2016-2025



11.2X
revenue growth
from 2016-2025



3 in 5
users have purchased
something online

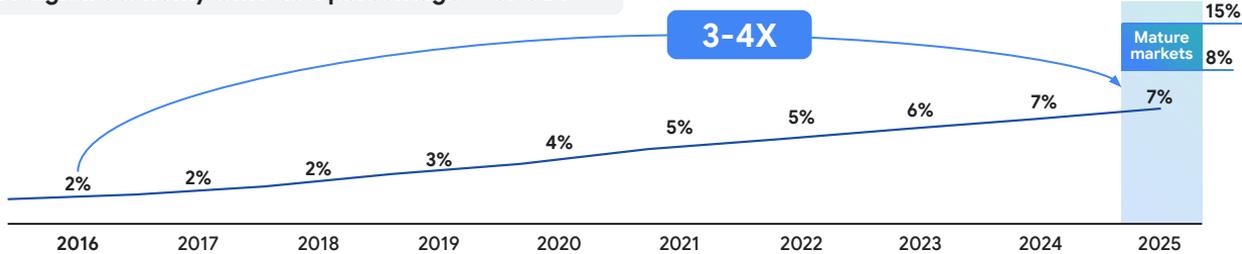


>60%
of all transactions
are now digital
(vs >60% cash in 2019)

Notes: GMV includes only ecommerce, food delivery, transport, online travel, and online media, while revenue includes digital financial services in addition to GMV sectors. Figures for 2016-2024 cover SEA-6 markets, while 2025 figures include the rest of ASEAN-10 and are based on annualised results from H1 2025. The number of internet users spans ASEAN-10. Sources: eMarketer, SEA-6 internet penetration; World Bank, ASEAN-4 internet penetration; World Bank, population data; Bain analysis; Google, Temasek, and Bain, e-Economy SEA 2016-2024

While SEA's digital economy has significantly outpaced GDP growth, there is substantial potential to close the gap with mature markets

SEA digital economy GMV as a percentage % of GDP



Internet penetration (%)

US	83%	84%	85%	87%	89%	89%	90%	91%	92%	92%
China	53%	55%	59%	62%	68%	71%	73%	74%	76%	77%
SEA	45%	48%	51%	54%	59%	63%	66%	68%	69%	71%

Consumer expenditure per capita (\$K)

US	38.2	39.6	41.2	42.5	41.5	47.2	51.2	54.1	56.3	59.0
China	3.1	3.4	3.8	4.0	4.0	4.8	4.7	4.9	5.0	5.3
SEA	2.3	2.4	2.6	2.7	2.6	2.7	2.8	3.0	3.2	3.4



Growth lever 1: Internet penetration

There remains significant headroom for SEA to catch up to the levels of internet penetration seen in the US and China.



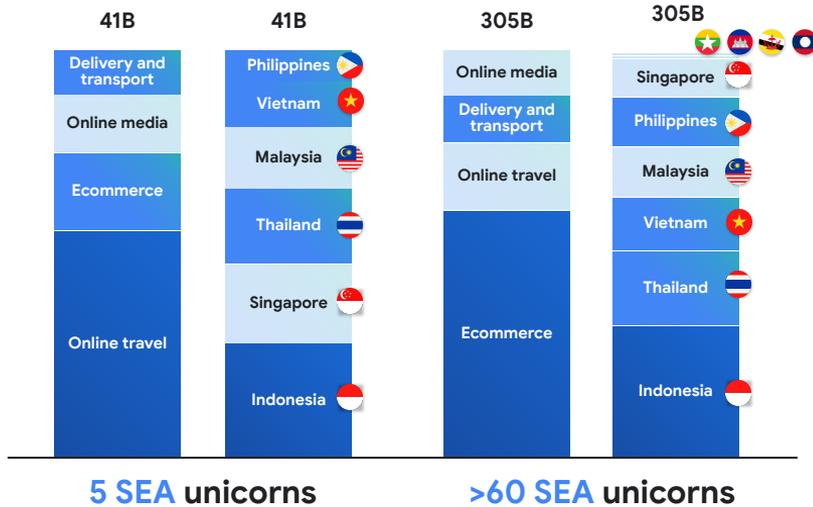
Growth lever 2: Transaction value

Rising disposable incomes are expected to drive a convergence in spending patterns with those of consumers in mature markets.

Notes: Digital economy GMV includes ecommerce, food delivery, transport, online travel, and online media. Figures for 2016-2024 cover SEA-6 markets, while 2025 figures include the rest of ASEAN-10. Source: Bain analysis

Following a transformative decade, a blueprint is emerging for the next phase of growth

Digital economy GMV (\$B)



AI will be indispensable to realising our 2030 ambition:

Deepening customer value:
Harnessing AI to drive hyper-personalisation and engagement in core digital sectors (ecommerce, online media, etc.)

Driving concrete outcomes:
Converting AI interest into tangible business value, sustainable economics, and operational efficiency

Powering new breakthroughs:
Fostering AI-native startups that create new value and drive disruption in other key industries (healthcare, education, etc.)

Future market leadership may be determined by:

- Maintaining a balance between growth and profitability
- Delivering clear consumer value while building sustainable economics through merchant monetisation and advertising, all while harnessing the pace of AI development
- Integrating with the region's shared infrastructure, from payment rails to data standards, regulatory frameworks, and talent networks

2016

2025

2030

2035

Note: A unicorn company is a privately held startup valued at more than \$1B.
Source: Bain analysis

We are cautiously optimistic about SEA's trajectory in the next 10 years

▼ Catalysts of the next decade

AI acceleration



Emerging technologies like multimodal AI, agentic AI, and autonomous vehicles are beginning to penetrate the region. SEA has already attracted substantial AI infrastructure commitments, with hyper-scalers and governments catalysing the development of data centres and talent. These are fundamentally changing the dynamics across all sectors of the digital economy.

Investment renewal



With many digital businesses now profitable, investment exits will start ramping up. In addition, there is plenty of funding available for investment following a period of subdued activity. Both these factors point to an imminent revival of the capital market.

Regional cooperation



Deeper connectivity across payments, trade, and data is emerging as a key driver for growth. Initiatives such as bilateral QR and instant P2P payment linkages, the ASEAN Guide on AI Governance and Ethics, the Digital Economy Framework Agreement, and shared data and AI frameworks are helping to overcome fragmentation, unlock economies of scale, and enable the cross-pollination of knowledge.

▲▲ Potential hurdles

Global dynamics



While continued economic growth is not guaranteed amid global and regional uncertainties, the region still compares favourably to other major regions when it comes to GDP growth. Its significant exposure to global trade and foreign direct investment is a vulnerability, but also empowers ASEAN to influence external tides.

★ Wild cards

Regulatory choices



Regulatory support and openness to change are essential for sustaining technological progress. As the digital economy grows to a meaningful share of GDP and indirectly supports nearly 30M jobs, it has become a priority for regulators. Effective frameworks must be developed to manage the potential socioeconomic impacts of automation and AI while enabling continued advancement.

05

Country spotlights





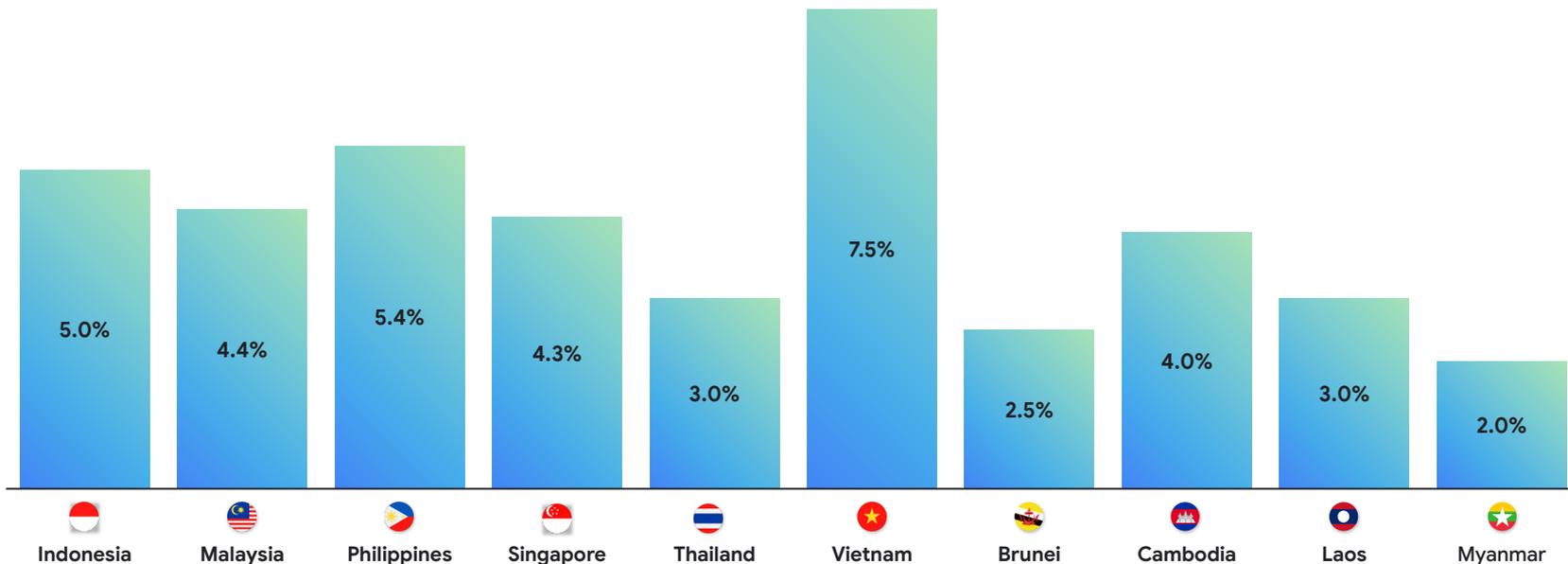
Uncertainty over US tariffs is tempering strong growth across SEA, particularly for export-oriented economies such as Vietnam and Cambodia.

Even with these downward revisions, the region's growth outlook remains cautiously optimistic.



Growth was resilient in H1 amid global macroeconomic and regional geopolitical uncertainties

Real GDP growth (% YoY)



Note: 1) H1 2025 vs H1 2024 for SEA-6, and 2025F vs 2024 for ASEAN-4.

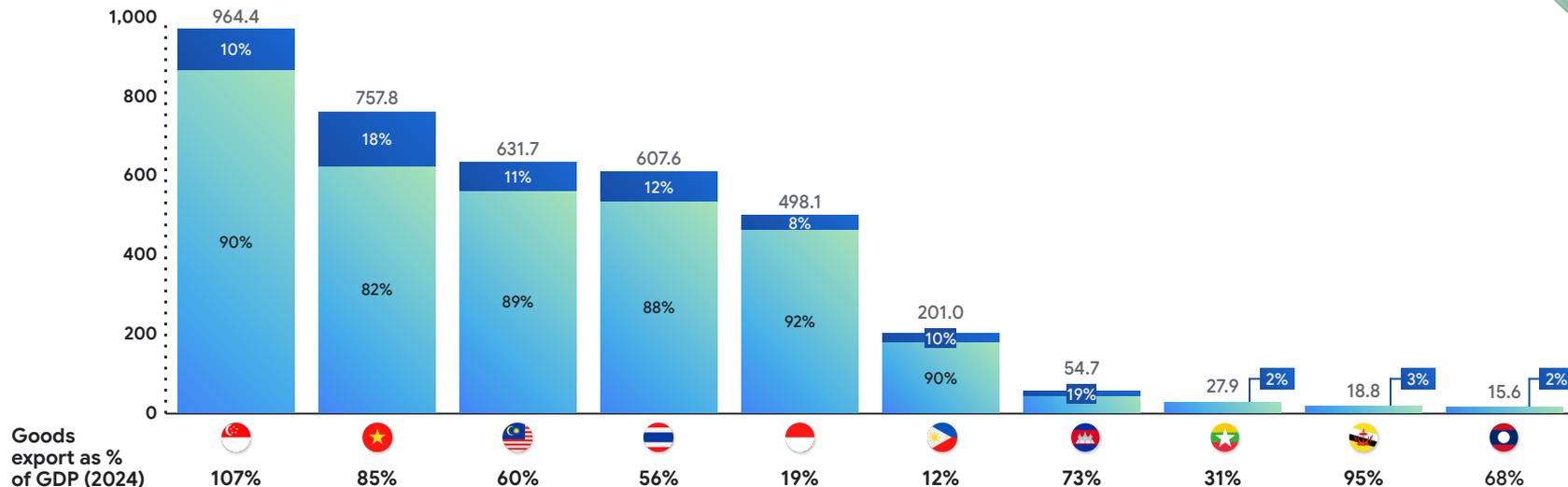
Sources: S&P Global Market Intelligence (real GDP growth in 2024); relevant national statistics agencies (real GDP growth in H1 2025 for SEA-6); IMF (forecast for ASEAN-4 as of April 2025); Bain analysis

Exposure to US trade varies across ASEAN-10 economies; Vietnam and Cambodia are the most vulnerable



Total bilateral trade in 2024 (\$B)

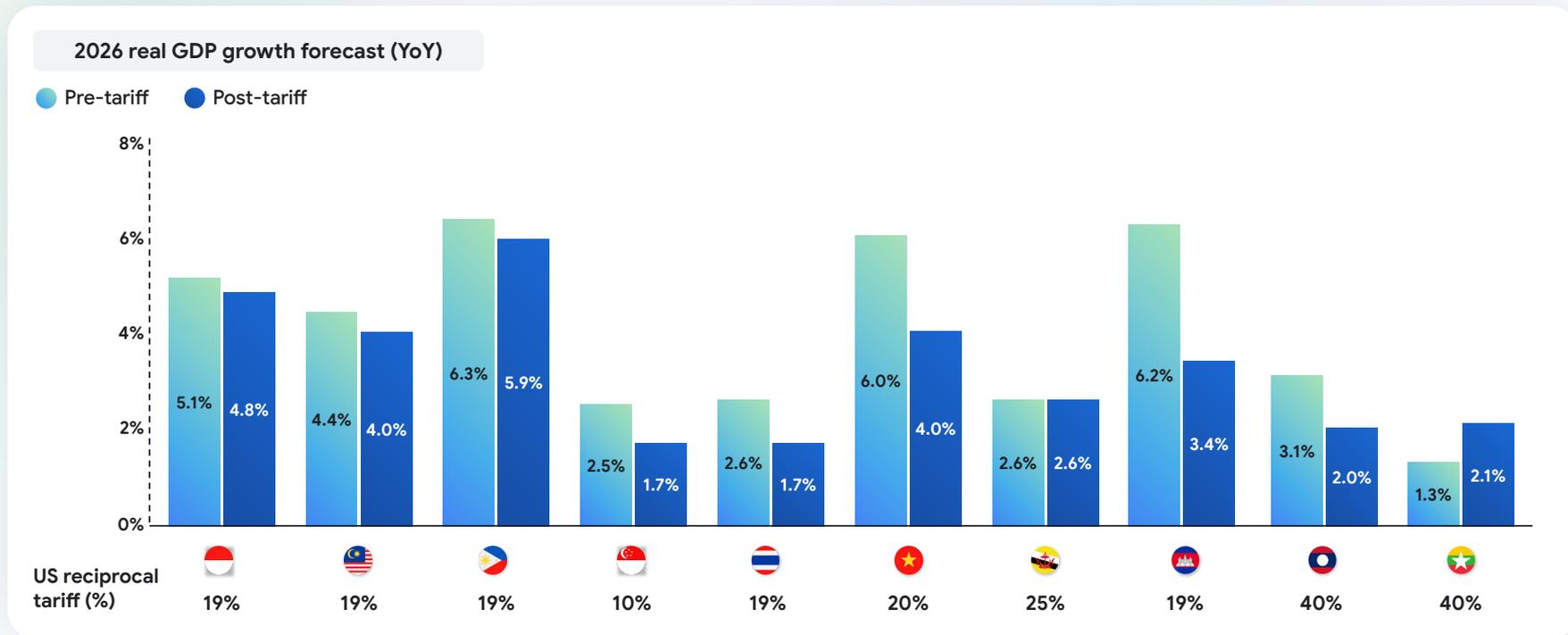
● US ● Rest of world



Notes: Total bilateral trade = exports + imports (goods only). Figures are reported from the exporting country's perspective.

Sources: IMF; BMI

The announcement of new tariffs by the US in early April has led to a revision of GDP growth forecasts

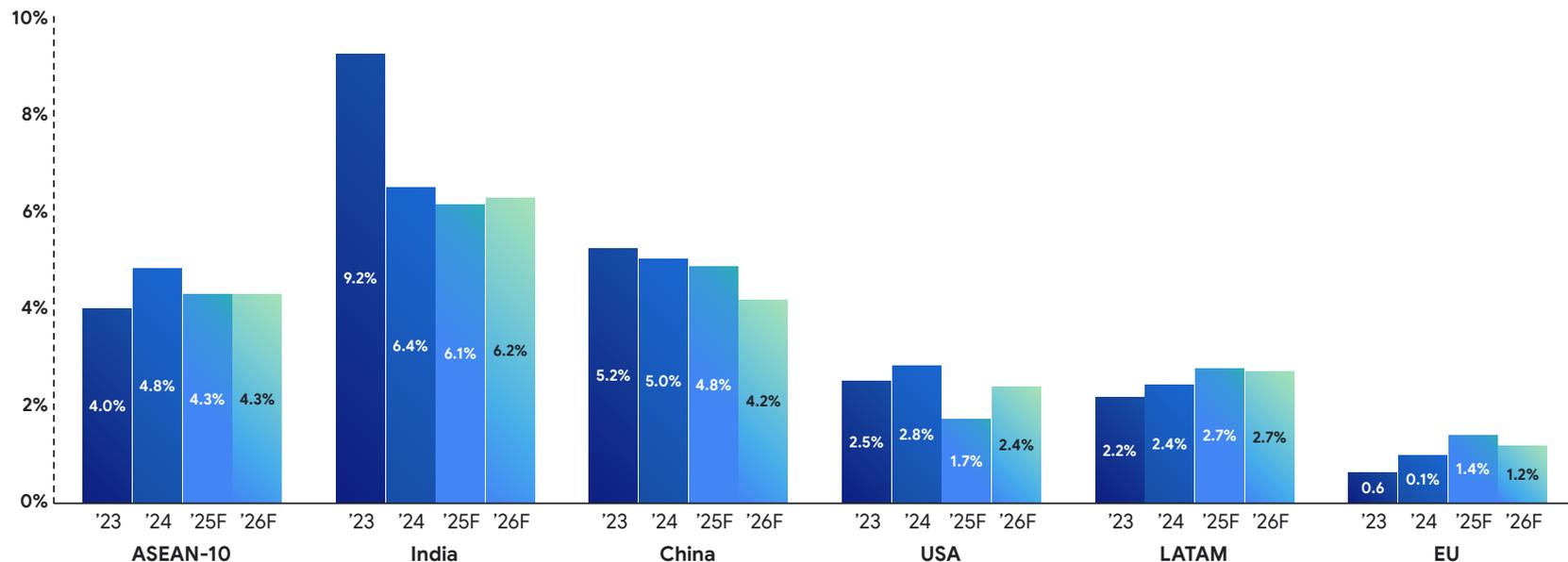


Note: Tariff rates are as of the time of writing and are effective from 5 April 2025 for Singapore and 7 August 2025 for all other countries.

Sources: World Economic Outlook, 2026 real GDP growth forecast pre-tariffs, published October 2024; IMF, 2026 real GDP growth forecast post-tariffs as of July 2025 for Indonesia, Malaysia, the Philippines, Singapore, and Thailand, and as of April 2025 for all other countries; GlobalData; Lit. search

Amid turbulence, the growth outlook remains positive for ASEAN-10

Real GDP growth (YoY)



Note: Numbers for ASEAN-10, LATAM, and EU are aggregate figures reported in S&P Global Market Intelligence.
Sources: S&P Global Market Intelligence; Bain analysis



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