e-Conomy SEA 2026

Building the intelligent economy



Google TEMASEK BAIN & COMPANY

Overview



e-Conomy SEA research methodology

Temasek insights



Bain analysis



Google Trends



Research partners[1]



Expert interviews and industry sources



Research partners

YouGov

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Notes: Unless otherwise specified, all dollar amounts in this report are in USD. 1) Data provided by third-party research partners.

This report covers five leading sectors in the digital economy

01 Ecommerce

- Marketplaces
- Direct-to-consumer
- Groceries
- Video commerce



02 Online travel

- Flights
- Hotels
- Vacation rentals



03 Mobility and food



04 Online media

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



05 Digital financial services

- Payments
- Lending
- Insurance
- Wealth

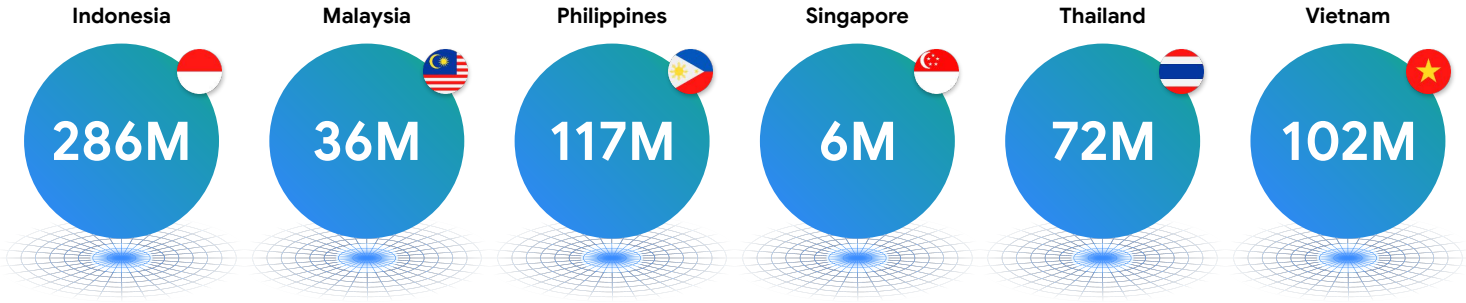


Notes: Ecommerce does not include informal commerce due to the lack of reliable data. Financial services are excluded from market sizing estimates due to differences in units of measurement compared to other leading sectors.

And 10 countries across Southeast Asia

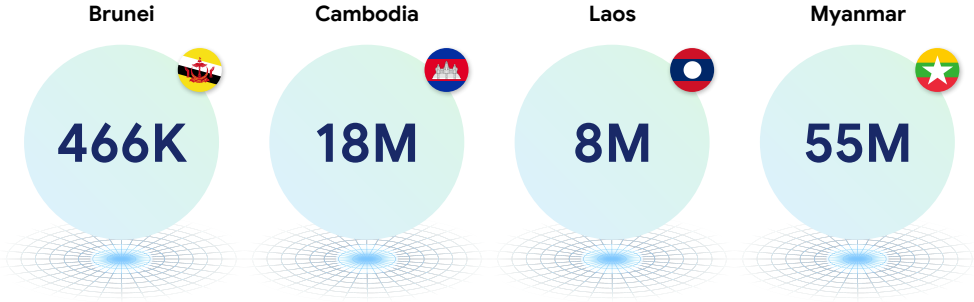
SEA-6

619M
total population across these countries



SEA-4

81M
total population across these countries



All mentions of '**SEA-6**' in this report include these six markets: Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam.

'**SEA-10**' refers to Brunei, Cambodia, Laos, and Myanmar, in addition to the SEA-6.

Notes: M = million. Population numbers are for 2025 from World Bank World Development Indicators, last updated 1 July 2026.
Timor-Leste is excluded from the report analysis due to limited data availability and quality constraints across digital economy and AI-related metrics.
Source: World Bank

In this edition, the scope widens to capture the emerging AI economy

Understanding the AI economy

AI usage

Quantifying regional AI usage

Estimated AI user growth and usage depth across SEA markets and use cases

AI consumer behaviour

Assessing consumer transformation

How AI is reshaping consumer behaviour, digital user journeys, and business opportunities

AI commercialisation

Evaluating paths to monetisation

Analysis of revenue models, pricing strategies, and value capture across digital sectors

Defining AI users

Users are categorised based on the nature of their AI interactions in the last month

Embedded AI

AI-powered capabilities seamlessly integrated into digital platforms to enhance user flows and utility, e.g. AI-powered overviews in search, in-app chatbots, and personalised social feeds

GenAI platforms

Dedicated general, productivity, or niche platforms where the core user experience is the interaction with GenAI[1]



'AI users' use any kind of AI, including passive usage of embedded AI

'GenAI users' actively use standalone GenAI platforms

Notes: AI = artificial intelligence; GenAI = generative AI. 1) Examples of GenAI platforms include ChatGPT, Gemini, Dola, and Claude.

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- Wealth

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- AI infrastructure investments

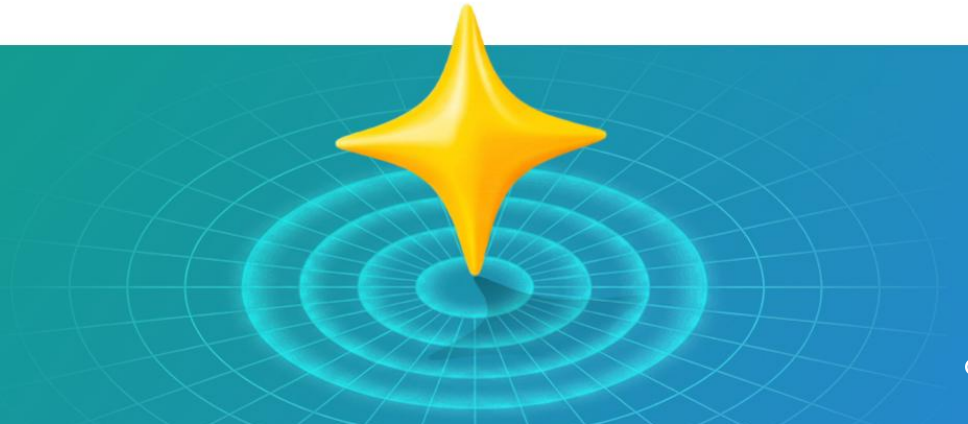
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Country spotlights



Executive summary (1/2)

Building the AI economy



SEA-6 users have made GenAI mainstream in under three years

243M people in SEA-6 – 58% of the working population – have adopted GenAI in less than three years, as the technology approaches the scale of the internet as a whole. Among GenAI users, half consult it weekly, while almost a fifth leverage it daily. AI has become an everyday companion spanning work, study, and multiple consumer use cases.

Though many already use GenAI, there remains immense potential for deepened usage

Quantified on a per capita basis, Southeast Asians use AI relatively little compared to their peers in developed markets: ~10% of US levels. This gap highlights the consumer-led, mobile-first nature of current AI activity, with substantial room for both consumers and enterprises to deepen their use of AI.

Consumers initiate AI usage for the most part, but enterprises lead in mature markets

Across SEA-6, consumer use cases account for ~60% of regional AI usage. Users in Thailand and Vietnam are not far behind Malaysia in their AI usage, while Indonesia and the Philippines have the most headroom for future user growth. In Singapore and Malaysia, the two most AI-mature markets in SEA, enterprise workloads form the bulk of usage.

AI monetisation is nascent in SEA, with most users on free tiers and ads on the way

There is significant headroom for paid adoption to grow. Only around 1-2% of the SEA-6 population are currently paying to use GenAI, compared to 3% of US households. In addition, the rollout of ads on standalone GenAI platforms is just beginning, but this is expected to scale up in the near future.

Strong growth through headwinds



Sustained double-digit growth puts SEA on track for $1T GMV despite headwinds

SEA's digital economy is expected to post strong GMV growth of 17% this year, even as geopolitical and macroeconomic uncertainties loom. AI will continue its role as a key contributor to SEA's trajectory in the long term, as growth dynamics are now firmly rooted in the value AI brings to interactions between businesses and consumers.

Competition remains vibrant even as markets scale and consolidate

While core sectors consolidate around established platforms, emerging models based on quick commerce, commerce ads, and electric vehicles in mobility continue to open new competitive fronts. At the same time, AI gives consumers new ways to discover, research, and evaluate, creating opportunities for businesses to further innovate.

Consumers now count on AI assistance in their purchase journeys

Across sectors, consumers turn to AI to save time and get personalised support. 69% of SEA-6 consumers use AI to compare product options, and 93% trust the recommendations they get from AI. Many users take further action on recommendations by seeking out more information from search engines, reviews on shopping platforms, and social media.

AI creates new pathways for businesses to engage customers and monetise

On the front end, AI is supporting multimodal discovery, in-app conversational assistance, and hyper-personalised recommendations – delivering uplifts as large as 75% in order volume. Concurrently, players are deepening monetisation by leveraging AI for commerce ads, conversion enhancement, seller tools, and more.

Notes: US = United States; GMV = gross merchandise value. GMV includes ecommerce, online travel, online media revenue, and mobility and food.

Executive summary (2/2)

Funding the AI decade



Corporate and infrastructure investments drive scale alongside private capital

Beyond traditional venture capital and private equity investments in the digital economy, balance sheet allocations from established digital champions and private investment into AI infrastructure have shifted the funding landscape.

Digital economy funding stabilises; late-stage deals shape regional activity

Digital economy deals landed at $8B, matching three-year run rates. AI-focused companies captured 80% of private deployment in the last six months, up from 30% in H2 2024. Most regional activity is happening in the late stage; this includes secondary transactions that provide early-stage investors with exit pathways.

Infrastructure investments underpin further funding growth

Investments in digital infrastructure reached $20B over the last 12 months, led by the $11B acquisition of ST Telemedia Global Data Centres. Despite capacity additions exceeding 52% per year, vacancy in third-party operated data centres remains low, with robust demand from regional and global players alike.

Public listing proceeds rebound, headlined by infrastructure

Initial public offering proceeds rebounded past $8.5B in the last 12 months, led by Singapore and Malaysia, across sectors including digital infrastructure, digital applications, and healthcare. Looking ahead, SEA's public pipeline reflects a balanced representation of companies across sectors.

Trusted intelligence for all



SEA users display pragmatic optimism about AI's helpfulness

Trust in AI is rising, with 62% of SEA consumers saying that they now trust AI tools more than they did a year ago. This is due to increased usage and familiarity, better outputs, and stronger track records. SEA users view agentic capabilities with pragmatic optimism, indicating openness to trying them on condition of transparency, safeguards, and reversibility.

User familiarity with automation precedes a strong appetite for agentic commerce

More than two-thirds of SEA users are already relying on everyday automations like price alerts or automatic payments. 75% are open to allowing AI agents to take action on their behalf by looking for the best price and making the purchase. This openness positions ecommerce as a suitable testing ground for autonomous workflows.

Consumer confidence is built on top of privacy protections and first-hand experience

While consumers are open to delegating tasks to AI, they remain conscious of the associated risks. Privacy safeguards are essential table stakes, but it is first-hand experience of product utility that will convince them to make the leap. When users have clear visibility into AI capabilities, provided by brands that they already trust, they will be more likely to embrace autonomous execution.

By 2030, people across SEA could be using AI up to 60X as much as they are today

There is significant potential for AI usage to multiply rapidly in SEA as more people adopt the technology, use it more frequently, and perform more complex tasks. The acceleration of agentic adoption, improved inference efficiency, scaled AI infrastructure, and sustainable unit economics are key prerequisites for unlocking this scale.

Note: B = billion

Building the AI economy

01



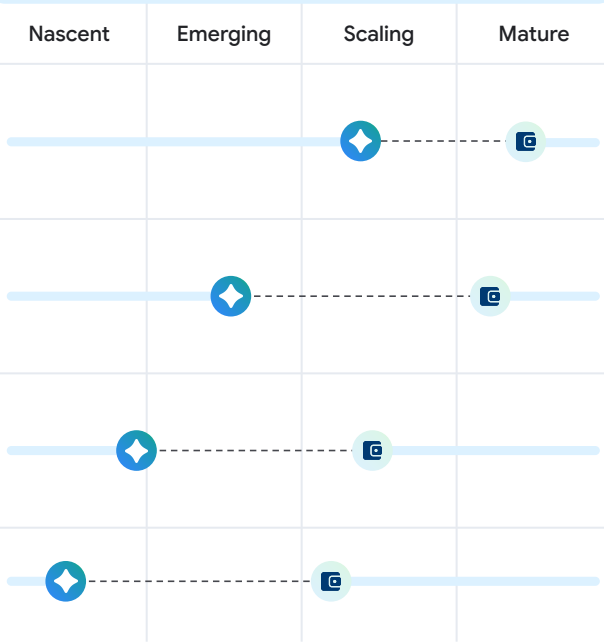
Around 243 million people across SEA-6 – 58% of the working population – now use GenAI.

While the internet took over a decade to reach this milestone, GenAI got there in three years with its low barriers to trial.

The opportunity now is to grow usage frequency and depth, as well as to expand commercialisation.

Advancements in the AI economy follow the path of the digital economy: adoption is ramping up, while commercialisation is still nascent

Building blocks of the digital and AI economies	AI economy 2023 - present	Relative maturity today →	Digital economy 2010 - present
Infrastructure	Expansion of compute and data centres (DC) **~4 gigawatts of live DC capacity**[1]		Internet connectivity becomes ubiquitous **98% 4G coverage**
User growth	Free tiers and local language expansion attract new adopters **243M GenAI users**		Affordable data plans and devices put the internet in every pocket **446M internet users**
Usage depth	Occasional queries turn into daily conversations; use cases evolve from basic tasks to complex problems **~2 AI sessions/week**[2]		SEA-6 usage deepens from minutes to hours daily across many activities **39 hrs/week online**
Commercialisation	Usage monetised via subscriptions, ads, and agent-executed transactions		Engagement boosts digital economy GMV in core sectors **~$368B GMV**

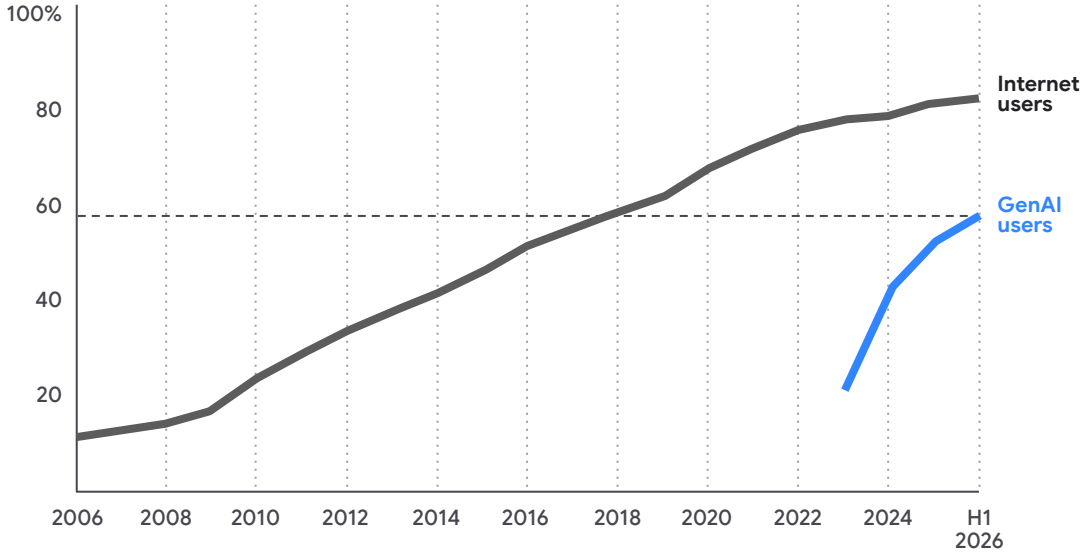


Notes: 1) Data centre capacity in 2025 excludes commissioned capacity that was still in development at the time. 2) Excludes work-, study-, and health-related use cases.
Sources: ITU; Datareportal; Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users; Bain analysis

User growth | Usage depth | Commercialisation

In less than three years, 58% of Southeast Asia's working population has started using GenAI

Percentage of working population in SEA-6



Rapid ramp-up

GenAI has amassed 243M users across SEA in the three years since it became widely available to the public; the internet took over 10 years to achieve similar penetration. Unlike other digital services that scaled within distinct verticals, GenAI addresses multiple needs within a single interface, accelerating adoption across consumer segments.

Low barriers to trial

The speedy adoption of GenAI is largely due to its ease of access. With free or freemium tiers and minimal onboarding requirements, GenAI tools deliver immediate value across everyday tasks from work and study to entertainment.

Notes: GenAI users are internet users who self-reported using a standalone GenAI platform (a dedicated app or website with GenAI as its core functionality) within the 30 days preceding fieldwork. Embedded GenAI capabilities within broader services, such as AI Overviews in Google Search or AI features within ecommerce and messaging apps, are excluded.
Source: Bain analysis

AI usage per capita in SEA-6 is ~10% compared to the US, as rapid adoption has yet to translate into deeper usage

Tokens are a metric of AI activity (equivalent to GMV for the digital economy)

What is a token?

The basic unit of AI usage, equivalent to roughly three-quarters of a word.

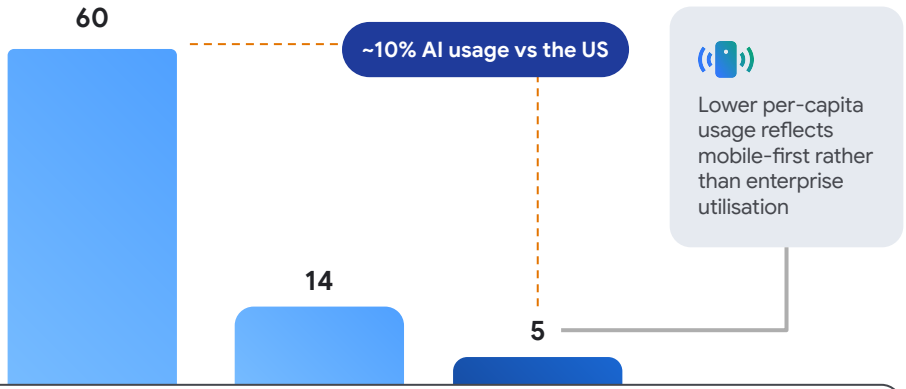
Counts input and output

During an AI interaction, tokens are consumed twice: in processing the user prompt, and in generating the response.

Volume drivers

Token volume correlates directly with the number of users and their frequency and duration of use, and varies by language, input formats, and model complexity.

AI usage per capita (tokens, M)

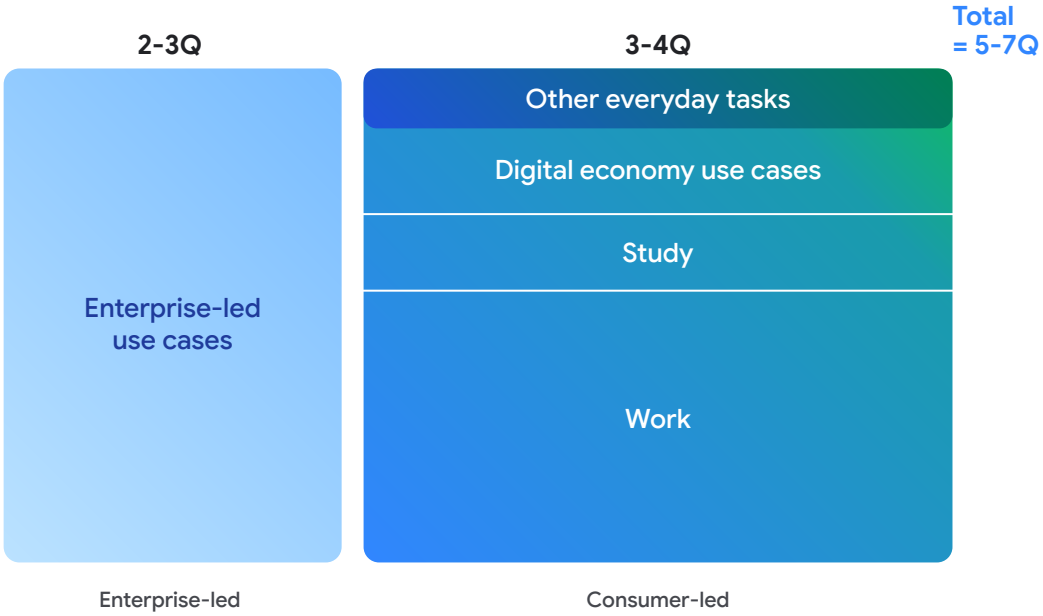


	US	Europe	SEA-6
AI usage (tokens)	15-25Q	10-15Q	5-7Q
GDP (2026, T)	33	31	4

Notes: Q = quadrillion; GDP = gross domestic product; T = trillion
Sources: S&P Global Market Intelligence; Bain analysis

AI utilisation is largely consumer-led in SEA-6 today; enterprise utilisation has significant headroom to scale

AI usage in SEA-6 by use case (tokens)



Consumer-led adoption anchors volume

Consumer use cases account for ~60% of regional AI usage, underpinned by broad GenAI penetration (58% of the working population) and increasing frequency (51% of users are weekly active users).

Work and study drive usage

~70% of consumer-led usage spans tasks like drafting, editing, research, analysis, coding, and administrative work – fuelled by freelancers, solopreneurs, content creators, corporate employees operating on personal accounts – and, to a smaller extent, students.

Digital economic adoption is just getting started

The use of AI for commerce and other online services already accounts for a meaningful share, while still having significant potential to grow even more.

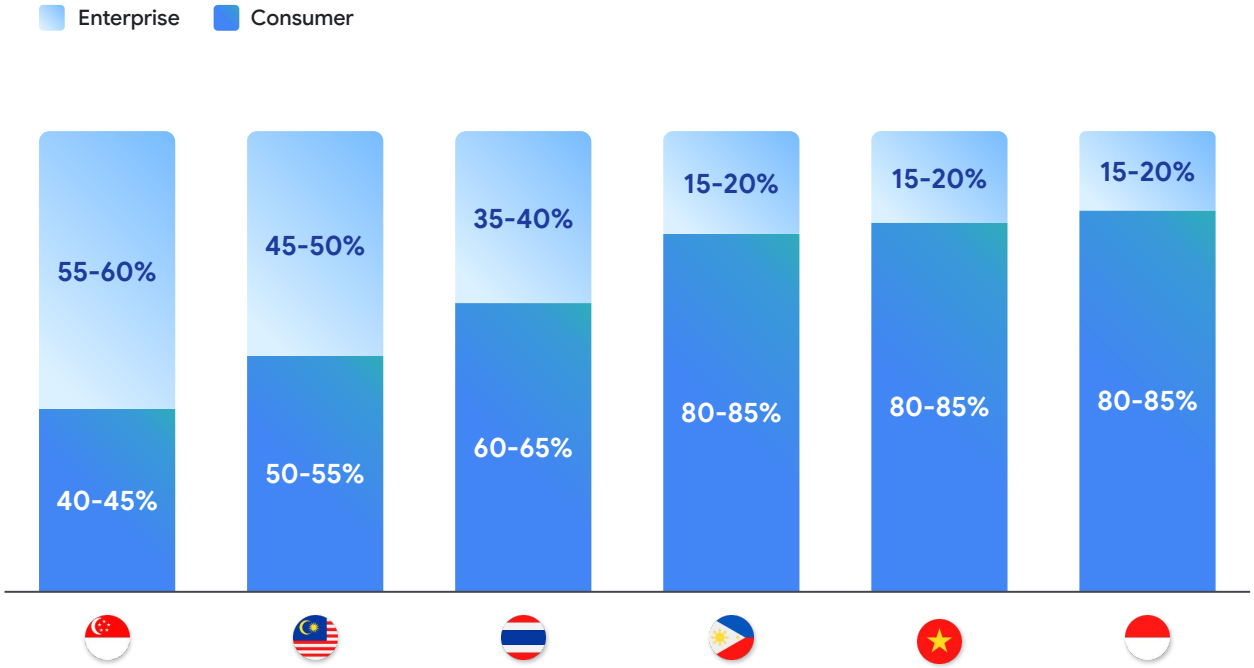
Everyday utility completes the mix

General search and personal administrative tasks account for the remaining share.

Note: "Enterprise-led" refers to AI usage purchased, deployed, or managed by organisations.
Source: Bain analysis

Enterprise workloads form the bulk of AI use in mature markets

AI usage by country and type (percentage of tokens)



Singapore and Malaysia lead in enterprise adoption

Enterprise workloads drive roughly 45-60% of token utilisation, powered by deeper integration across software development, cloud infrastructure, productivity tools, and customer-facing solutions.

Consumer usage dominates elsewhere

Consumer applications account for ~80% of AI usage in Indonesia, the Philippines, and Vietnam, where AI is widely used for work, study, healthcare, and digital platform interactions.

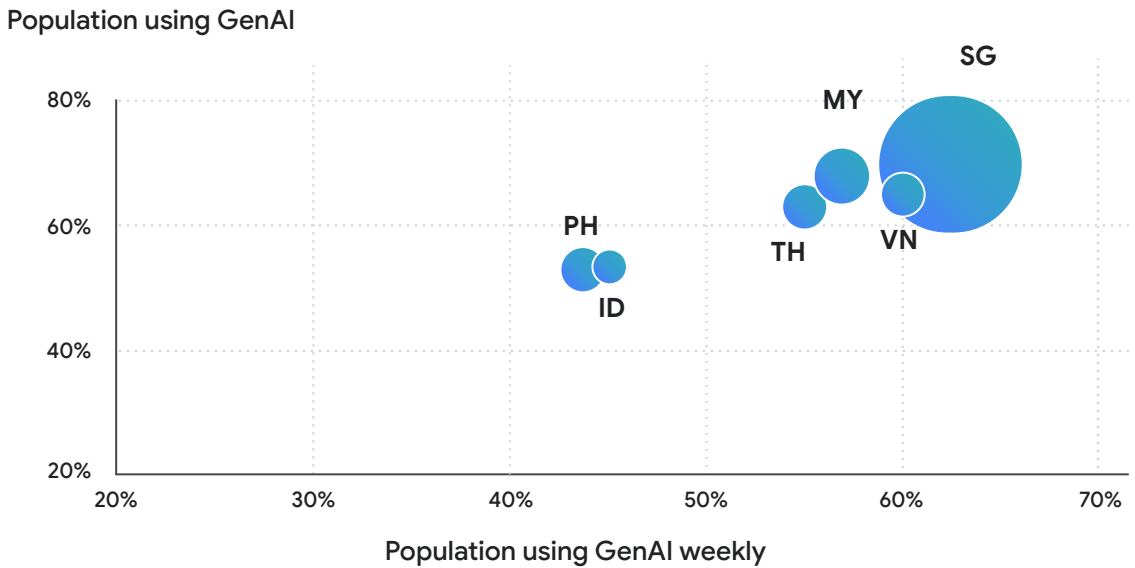
Source: Bain analysis

User growth | Usage depth | Commercialisation

Singapore leads in GenAI adoption and usage depth, while other markets form two distinct clusters

Percentage of population using GenAI

Consumer tokens per GenAI user



Marked variations in GenAI usage across SEA

Singapore leads on all fronts, with Malaysia, Thailand, and Vietnam not far behind. Indonesia and the Philippines remain in the earlier stages of adoption.

Vietnam shows active engagement

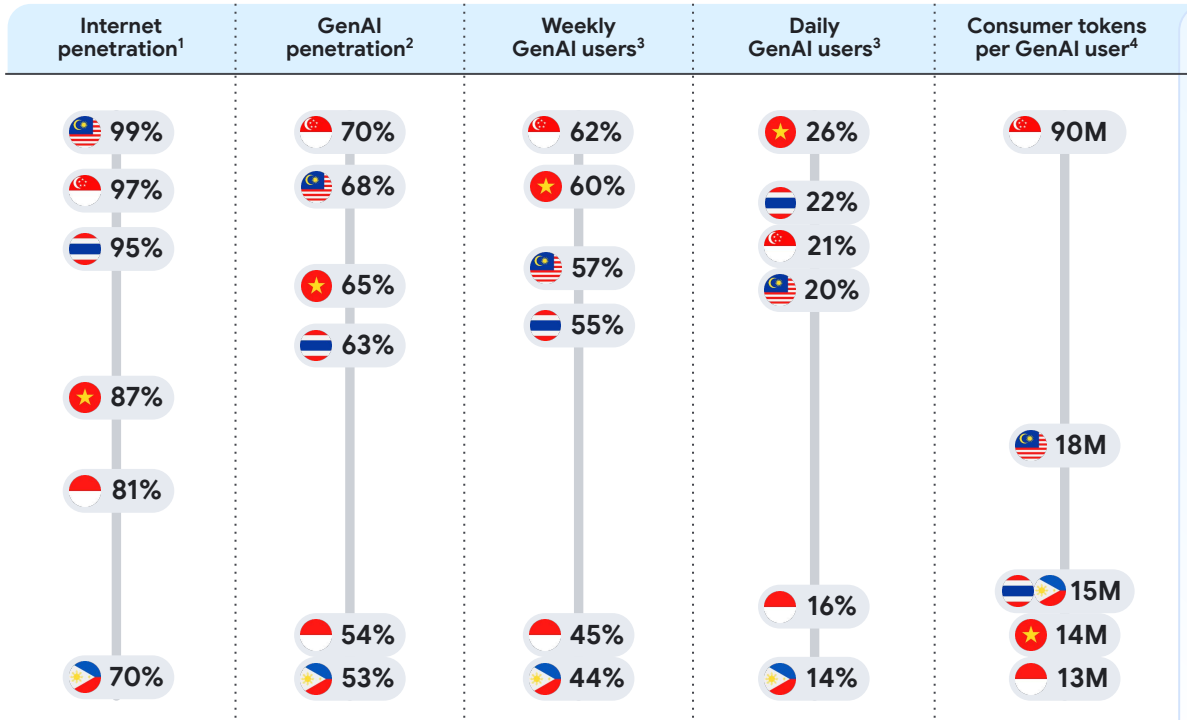
While it ranks third in penetration, Vietnam has the second highest percentage of weekly users, behind Singapore.

Regional disparities call for tailored strategies

Markets with high GenAI penetration are primed for differentiated, higher-value use cases that deepen engagement. Others still require broader awareness, localised language experiences, and clear everyday utility in order for non-users to get on board.

Source: Bain analysis

SEA-6 displays a diverse spectrum of GenAI usage behaviours



Country highlights

Deepest engagement in SEA, averaging 10 daily prompts per user on Gemini – mostly for productive use cases such as professional work, academia, and coding.

Heaviest use of image generation in SEA, with one in five users requesting it on Gemini.

AI skews towards leisure and discovery with one in three prompts dedicated to lifestyle queries such as home decor and recipes.

Academic journeys stand out as Vietnam ranks first in SEA with 17% of Gemini prompts relating to study, led by mathematics (5%) and coding (4%).

Creative outputs lead. 32% of Gemini queries involve image generation – amounting to a SEA high of 9M images generated daily.

Creative and professional uses dominate. Gemini prompts for customer support content is nearly 3X the SEA average.

Notes: 1) Internet penetration counts internet users as a percentage of the working population. 2) GenAI penetration counts internet users who self-reported using a standalone GenAI platform within the 30 days preceding fieldwork, as a percentage of the working population. 3) Weekly and daily users count GenAI users as a percentage of the working population. 4) Tokens utilised by paid personal accounts; excludes enterprise usage.
Sources: EMARKETER; Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users; Google Gemini Report Southeast Asia 2026; Bain analysis

Model-centric platforms boasting powerful capabilities are converging with experience-led apps designed to serve everyday use cases



Model-centric platforms

For complex and demanding tasks

User interface

Unstructured blank canvas interfaces provide advanced users with broad latitude for complex prompting

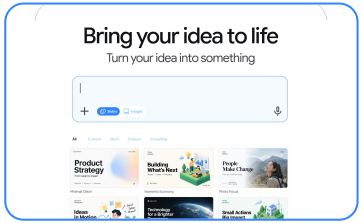
Use cases

Differentiated by their ability to perform advanced reasoning, coding, deep research, and agentic execution

A convergence is under way

Introducing more template-based functionalities to simplify daily workflows

Strengthening model capabilities to support more sophisticated tasks



Experience-led apps

For high-frequency consumer habits

Prescribed prompt templates, examples, and visual cues give casual users a frictionless starting point

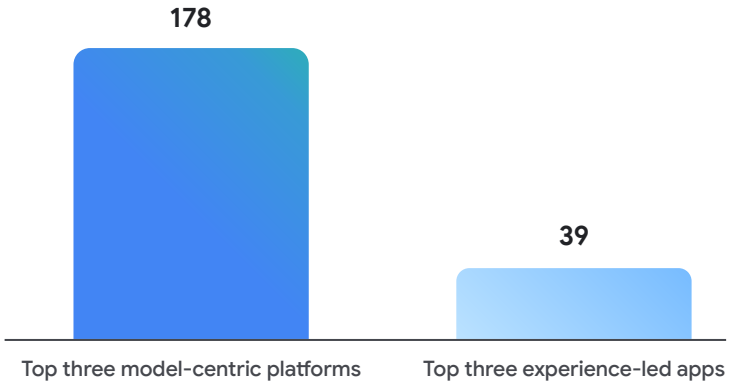
Designed to serve everyday consumer use cases reflecting cultural trends – spanning entertainment, lifestyle, and social content

Sources: Lit. search; Bain analysis

While model-centric platforms spearheaded early GenAI adoption, the explosive growth of experience-led apps expands choice and innovation

Model-centric platforms see ~4X monthly active users compared to experience-led apps

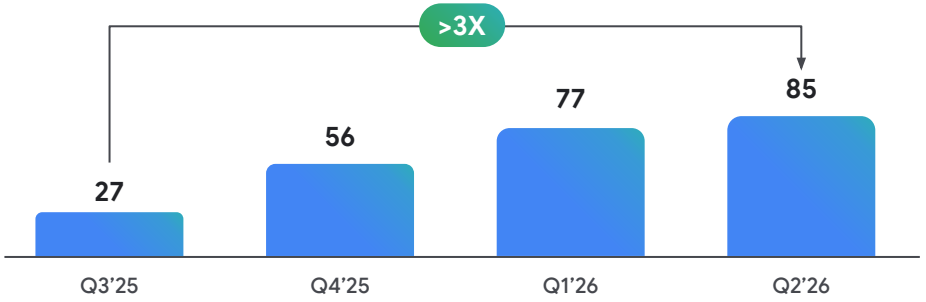
Total monthly active users (M, last six months)



Downloads of experience-led apps grew 3X in nine months

Total downloads of experience-led apps (M)

Cost competitiveness fuels momentum:
The average price per 1M tokens[1] runs **3-3.5X** more for model-centric platforms than experience-led apps

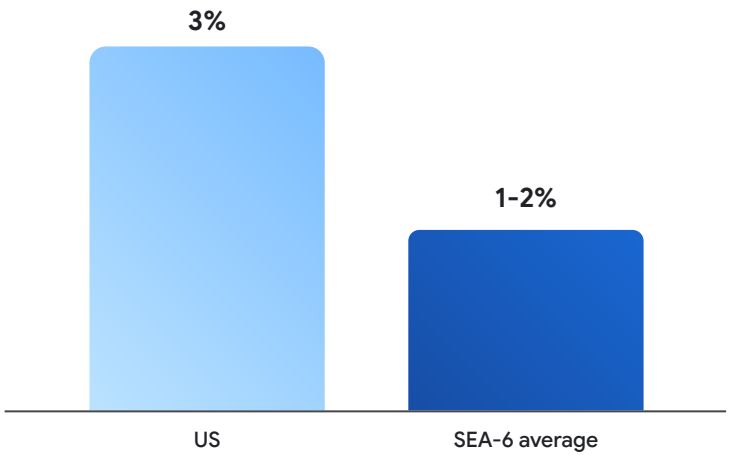


Note: 1) Average price of uncached input tokens for the lowest-cost tier across selected model-centric platforms (ChatGPT, Claude, Gemini) and experience-led apps (Dola, Kimi, Doubao), sampled in August 2026 based on data availability.
Sources: SensorTower; Bain analysis

GenAI commercialisation remains nascent in SEA compared to the US; most users are on free tiers

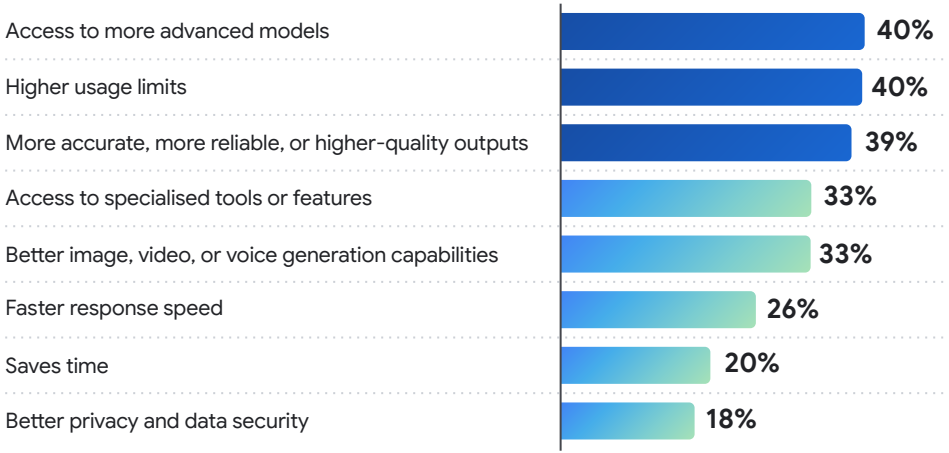
Significant headroom for paid adoption to grow in SEA-6, compared to the US

Percentage of population[1] with paid personal accounts



More advanced models, higher usage limits, and more accurate outputs induce users to pay for upgrades

Reasons consumers upgrade to paid subscriptions



Notes: 1) The US figure reflects household penetration, whereas the SEA metric is based on total population.
Paid users were derived from survey results and usage data from leading AI platforms.
Sources: Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users; Bank of America Institute; Bain analysis

Strong growth through headwinds

02

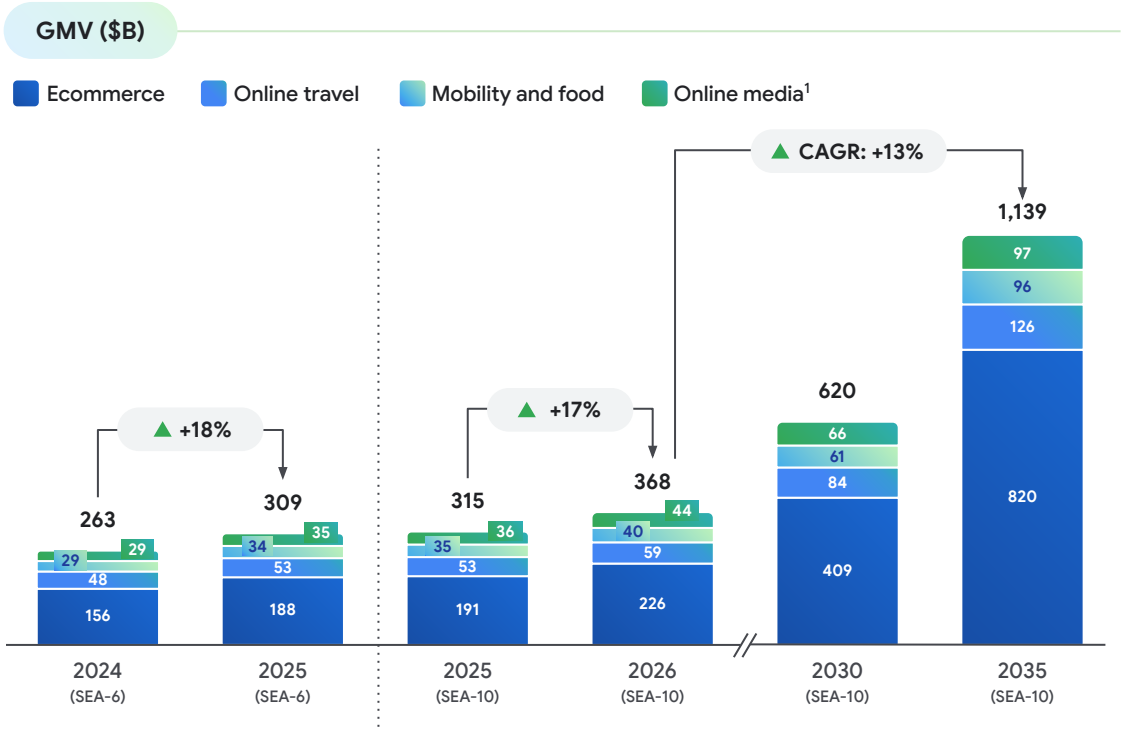


In the face of global challenges, SEA's digital economy shows resilience – growing 17% in 2026 towards $1T in GMV by 2035.

Continued user expansion and deeper monetisation tell only part of the story.

Across sectors, the underlying growth dynamics have shifted markedly from prior years. With AI now embedded across customer journeys, competitive advantage no longer comes from sheer scale and assortment, but from relevance, personalisation, and the quality of the AI-assisted customer experience.

SEA's digital economy sustains its growth trajectory, showing resilience against geopolitical and macroeconomic challenges



Strong growth observed across sectors

Growth trends for individual sectors are either holding steady in the high double digits, or, in the case of online media, accelerating further.

Substantial headroom remains

Digital penetration still trails developed markets, offering a long runway bolstered by rising incomes, the expansion of digital payments, and deepening connectivity across secondary cities.

AI unlocks the next wave of growth

In mature markets where user acquisition has plateaued, AI enhances monetisation through improved discovery and higher conversion. Across developing markets, AI accelerates digital adoption and onboards new consumer cohorts.

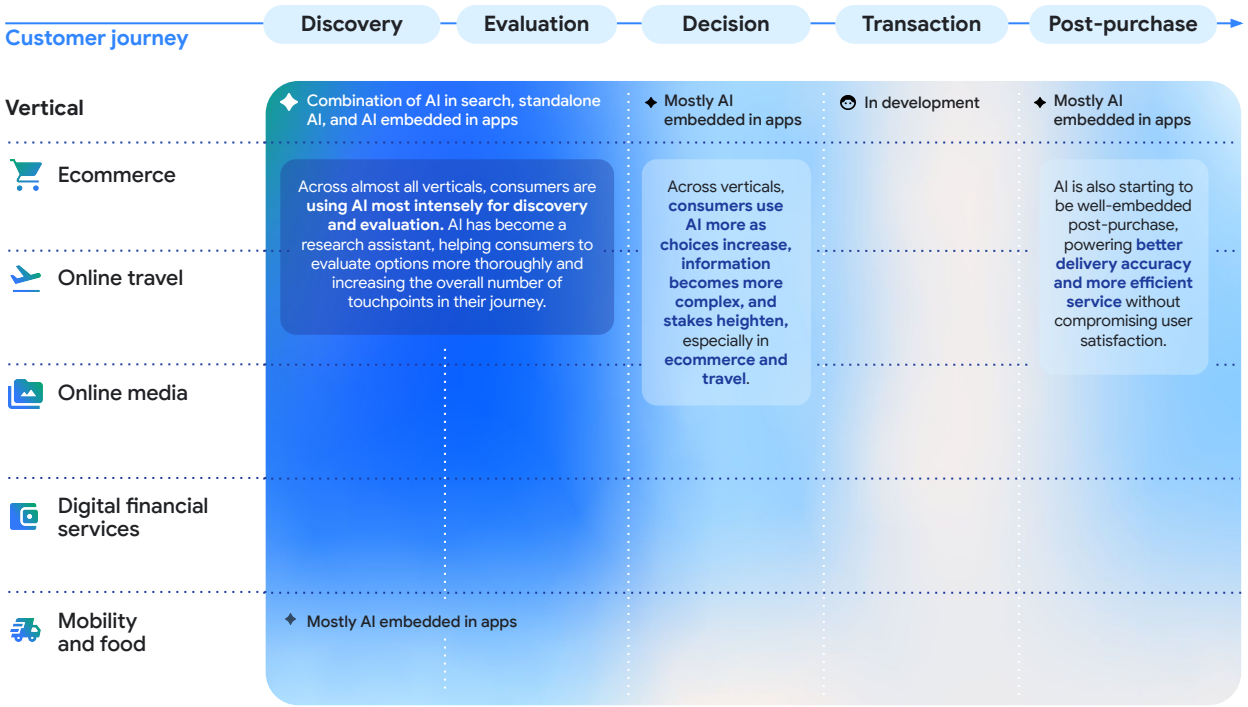
Note: 1) GMV for online media is revenue. To avoid double-counting, revenue for online media excludes retail media networks.
Sources: Lit. search; Bain analysis

Most SEA digital markets are led by two to three scaled players; however, new business models continuously ignite competition

Sector	Market trend	Commentary
Ecommerce	Following consolidation, market leaders face challenges from content-led commerce	**SEA ecommerce is concentrated on major platforms.** Shopee is deepening engagement with improved logistics and loyalty rewards; TikTok Shop is expanding beyond impulse-driven purchases into a full-scale marketplace; and Lazada is pivoting to higher-value, brand-led commerce.
Online travel	Regional and global OTAs coexist alongside direct hotel and flight booking channels	**Regional OTAs coexist with global players,** as well as direct supplier portals, catering to a diverse range of travel motivations. This equilibrium reflects distinct strengths in supplier integration, inventory depth, and understanding the SEA traveller.
Online media	New entrants reshape the landscape and expand the pie	**Google, Meta, and TikTok are deploying AI to lift ad performance** and deliver improved targeting and traffic for advertisers. Simultaneously, fast-growing retail media networks across major ecommerce platforms are opening up new ad inventory closer to the point of purchase.
Mobility and food	Mobility: A consolidated landscape is facing disruption by EV-based models	**New players with owned EV fleets are challenging Grab's established position** in SEA, starting in Vietnam. This demonstrates that alternative operating models can shake up even mature sectors.
	Food: Consolidating among a few scaled players as smaller players exit	**Competition is easing as the market consolidates around fewer scaled ecosystems,** driven by acquisitions and market withdrawals (such as Deliveroo's exit from Singapore in March 2026).
Digital financial services	Structurally fragmented and fiercely contested within national borders	**Digital players backed by established platform ecosystems scale rapidly** on the back of platform advantages. However, cross-border expansion remains constrained by regulatory regimes and differing market conditions.

Notes: OTA = online travel aggregator; EV = electric vehicles
Source: Bain analysis

Consumers rely on AI for discovery across sectors, but decision complexity determines usage throughout the rest of the journey



AI is ubiquitous for discovery

Across all five sectors, consumers delegate early research to AI but reclaim manual control at the point where money changes hands.

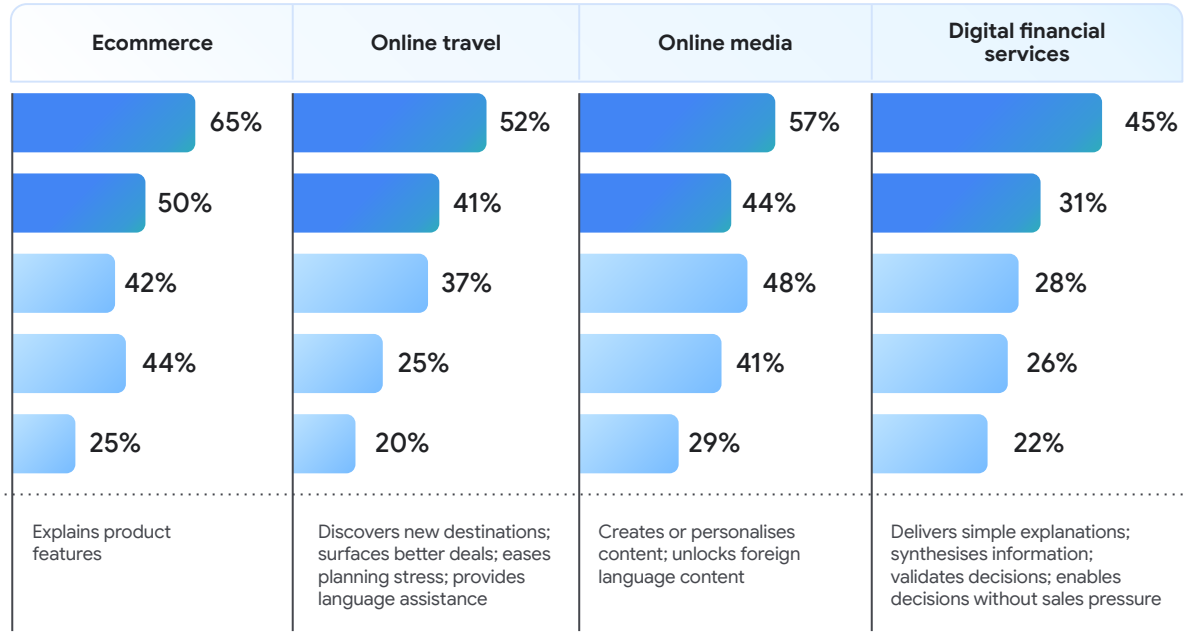
AI engagement deepens with decision complexity

In sectors requiring extensive comparisons, the use of AI advances into evaluation and decision. In contrast, AI has a limited role to play in low-stakes or routine tasks like ordering food or booking rides.

Sources: Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users; Bain analysis

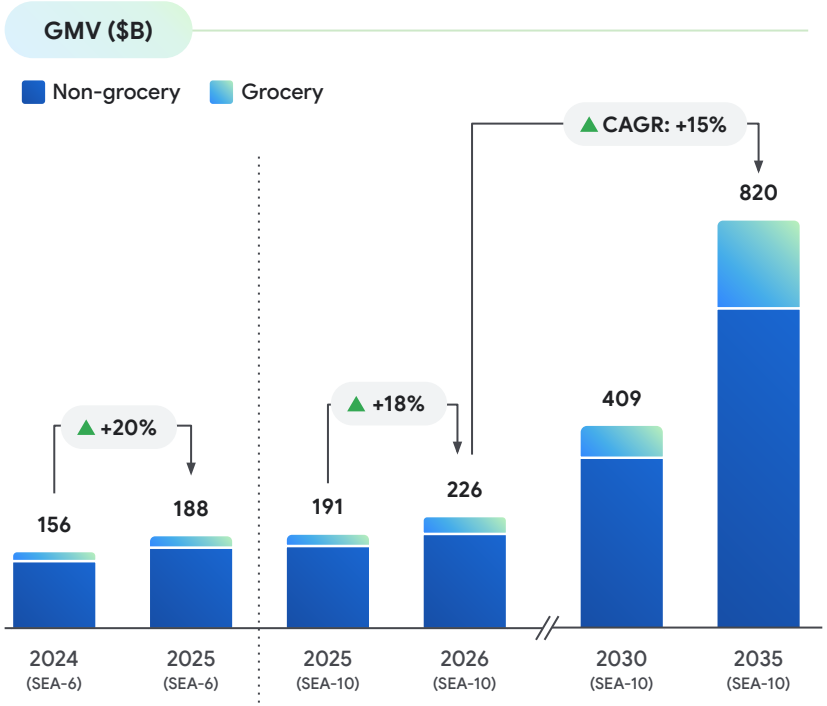
Across sectors, consumers turn to AI primarily for time savings and personalised assistance; saving money is not yet as important

Top reasons consumers use AI by vertical



Sources: Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users; Bain analysis

Ecommerce GMV reaches $226B in 2026, underpinned by deeper engagement, faster fulfilment, and higher basket values



Strengthened engagement and penetration gains deliver growth

In more mature markets (e.g., SG, MY, TH), enhanced loyalty schemes, free shipping thresholds, and broader assortments of branded products are boosting spend and purchase frequency. Online share of retail sales has reached ~16% in SG, SEA's most mature market. In other markets, penetration gains and expanding logistics coverage continue to support growth. Major platforms are expanding capabilities for faster fulfilment – including same-day options, two-hour windows, and quick commerce – unlocking a new channel for daily impulse buys and premium consumption which is poised to drive GMV growth in 2027 and beyond.

Platforms offer enhanced experiences while boosting monetisation

Social commerce players compete through entertainment and creator-led discovery, while established marketplaces offer brand trust, authenticity, and better shopping experiences – including loyalty incentives and faster fulfilment. Video commerce continues its ascent, primarily through livestreams and short-form video. In parallel, platforms are increasing take rates with AI-powered advertising and premium seller services.

AI bags conversions by improving discovery and recommendations

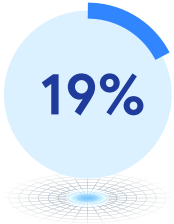
Searches are shifting towards multimodal inputs, as consumers increasingly discover products through visual queries and conversational prompts. Recommendation engines have become context-aware, matching a personalised understanding of intent and behaviour with product attributes to surface options and speed up evaluation. A major player saw a 14% year-over-year improvement in conversions as a result of AI enhancements.

Sources: Singapore Department of Statistics; company reports; lit. search; Bain analysis

Ecommerce | Online travel | Online media | Mobility & food | Digital financial services

AI is already reshaping ecommerce discovery and evaluation, as shopping journeys are becoming AI-led and multimodal

By platform

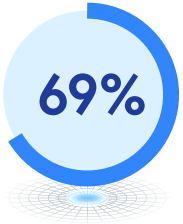


of consumers start online shopping journeys with **standalone AI apps**

Standalone AI apps are emerging as a meaningful discovery channel where 19% of shopping journeys begin.

Even so, **social media and search engines remain in the lead**, each originating approximately 25% of shopper journeys. AI embedded in these platforms, such as Google's AI Overviews, serve as a primary anchor.

By use case

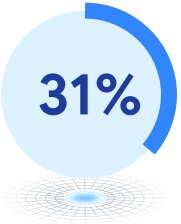


of consumers use AI to **compare product options**

Product comparisons are the leading use case for AI in ecommerce, offering users a tailored path through an overwhelming volume of product options and details.

Use cases also extend across the broader purchasing lifecycle: deals and promotions (60%), initial product discovery (50%), and post-purchase customer support and returns (30%).

By search format



of consumers search for merchandise with **images, video, or voice**

Shopper queries have become increasingly multimodal. Consequently, high-resolution imagery and structured metadata serve as core ecommerce infrastructure, enabling AI algorithms to evaluate visual appeal, pricing, and product specifications against user context to surface relevant results.

Sources: Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users; Bain analysis

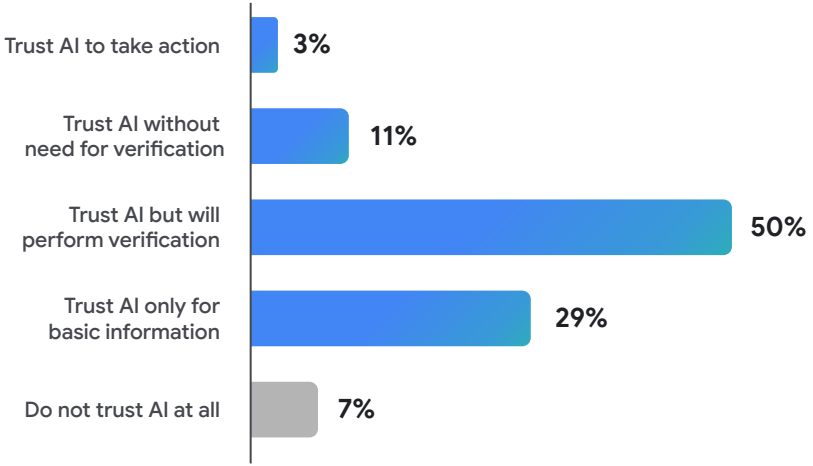
Ecommerce | Online travel | Online media | Mobility & food | Digital financial services

While 93% of SEA users trust AI as a shopper assistant, almost all continue with further research to validate recommendations

SEA consumers trust AI for shopping

A vast majority trust AI-powered assistance, though most will also verify recommendations

Trust level in AI for online shopping



AI catalyses deeper evaluation and intent

More than 90% of users conduct further research or consult reviews following an AI recommendation

Top actions following an AI recommendation

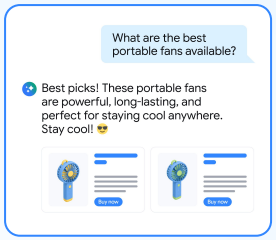
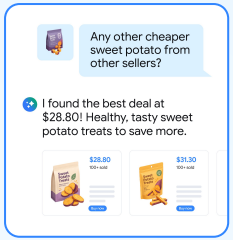
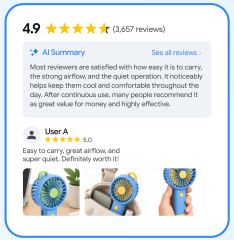
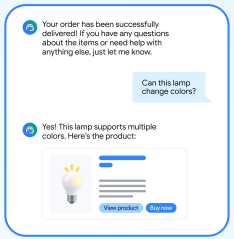
55% search for more information online

54% read or watch customer reviews on the shopping platform

44% review social media content or recommendations

Sources: Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users; Bain analysis

Ecommerce platforms are deploying AI agents across discovery, support, and seller operations, raising conversions while reducing service costs

	Discovery	Evaluation	Decision	Transaction	Post-Purchase
Consumer side	AI-led **In-app AI shopping assistants** Lazada's AI Lazzie reached ~3M daily active users during their 6.6 campaign; guided orders saw a ~75% higher average order value			Human-led **AI-led transactions remain nascent,** with agentic checkout still in development	AI-led **Customer support AI agents** Shopee's AI chatbots now manage ~80% of queries, reducing cost-per-contact by 30% YoY while maintaining satisfaction levels
	 AI interprets conversational prompts to surface relevant products and initiate the shopping journey	 AI compares product options and highlights key differences to streamline evaluation	 AI synthesises customer reviews into concise takeaways to accelerate purchase decisions		 AI support agents answer post-purchase questions and help resolve customer issues in real time
Seller side	**AI content and listing generation** More than 95% of sellers use Lazada's AI Smart Listing	**Seller AI optimiser tools** Shopee's Product AI Optimiser, video AI tools, and virtual fitting rooms and showrooms drove a 10% YoY increase in conversions			**Seller AI agents** Shopee's Chat AI assistant helps sellers answer customer support questions

Note: YoY = year-over-year
Sources: Lit. search; Bain analysis

Looking to the future: How might AI evolve in ecommerce?

Sellers | Platforms | Shoppers

Platforms have driven AI adoption to date; seller-led AI marks the next frontier

Today, sellers primarily use AI solutions built and embedded by ecommerce platforms to facilitate actions like managing listings, ad bidding, and customer service.

Looking ahead, sellers will start to mix in more self-led AI solutions tailored to maximise margins, as well as to optimise for ad spend and promotional depth.

>80%
of sellers plan to use AI more in the next 12 months

Top three AI use cases for sellers today

- **60%** Pre- and post-sales customer support
- **50%** Performance and competitor analytics
- **50%** Listing creation and product content optimisation

High-stakes categories define AI's role in shopping journeys

Consumers find AI most useful when they are considering big-ticket purchases, across categories where feature specifications are important as well as categories where visual trends influence consideration.

In specifications-led categories like electronics and infant care, consumers already lean on AI to navigate vast amounts of information and find the best option.

Moving forward, even in trend-led categories like furniture and luxury where creator content currently shapes demand, shoppers will increasingly turn to AI as well to validate those decisions.

Percentage of shoppers who use AI, by category

Specifications-led

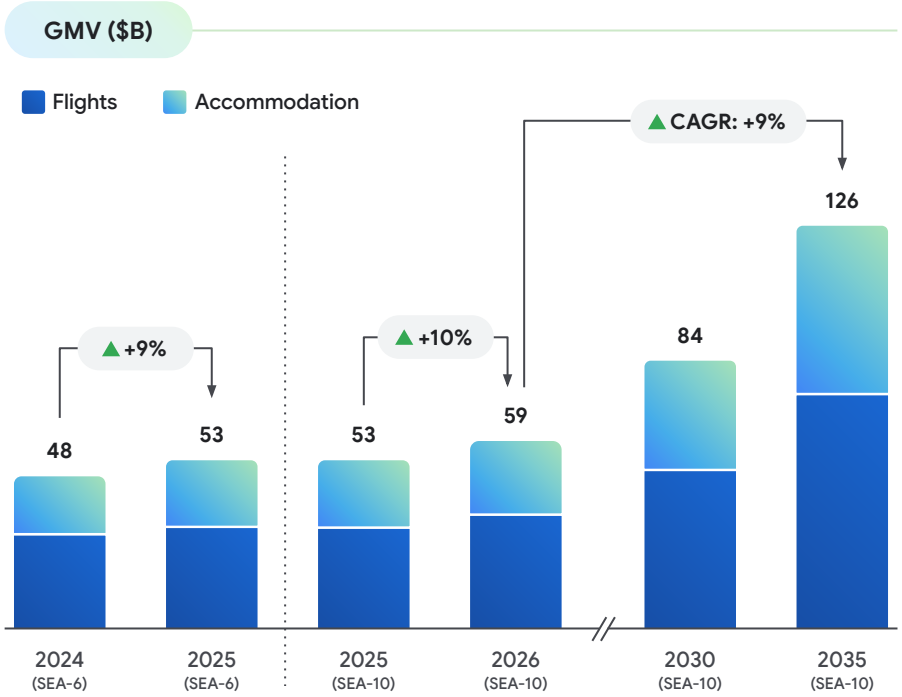
- **70%** Infant care
- **65%** Consumer electronics

Trend-led

- **45%** Furniture
- **35%** Luxury and jewellery

Sources: Cube research studies (seller AI usage survey, n=40, SEA, 2026; Shopee seller panel, n=90, SEA, 2026; interviews with 10+ Cube clients; general shopper behaviour surveys, n=6,000, SEA, 2025 and 2026; shopper AI usage survey, n=45, SEA, 2026)

Online travel GMV cruises to $59B in 2026, continuing its double-digit growth despite geopolitical headwinds disrupting travel corridors



AI reroutes travel discovery and planning

Travel is at the forefront of AI-driven transformation. AI has become an essential tool for travellers to discover destinations and plan trips. The use of AI is also extending into the trip itself, from live itinerary adjustments to destination suggestions and bookings. By reducing friction across the full journey, AI can lift conversion, bring more travellers online, and unlock incremental GMV.

Geopolitical disruptions ground near-term flight GMV

Flight GMV growth in H1 2026 was primarily fare-led, as oil shocks pushed up ticket prices. These fare increases more than offset the concurrent reduction in seat capacity. Capacity is expected to return to normal by year-end. In the longer term, online flight GMV stands to benefit from structural growth in tourism, the digitalisation of business travel, and the expansion of low-cost carriers.

Premium rates get upgraded, while OTAs organise supply

Accommodation GMV growth is keeping pace, supported by rising room rates (the average daily rate in Singapore is up ~3% YoY) and the continued expansion of both domestic and international tourism. Rate gains reflect an ongoing mix shift toward higher-end and luxury properties. In parallel, OTAs are accelerating digital penetration by aggregating fragmented and informal accommodation inventory.

Note: The number previously reported for 2024 has been revised.
Sources: SingStat; lit. search; Bain analysis

Search engines have evolved into AI-powered travel planning tools, while AI overtakes social media as the secondary discovery channel

SEA travellers' starting point for trip planning

Search engines

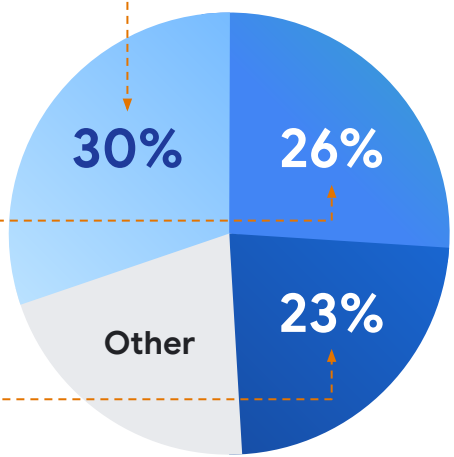
In addition to traditional search results, many users also look at generative overviews, which consolidate websites, maps, reviews, and dynamic comparisons to deliver instant summaries. Some also utilise contextual search modes which draw on individual user history to provide specific recommendations.

Standalone GenAI platform

Enables hyper-personalised, conversational trip discovery with detailed itinerary building as well as alterations to plans during the trip. Planning adapts to preferences, budget, and traveller profile.

Social media

Inspires discovery through visual and emotional connection. Relatable creator content and peer validation build trust and anticipation, securing booking intent.



GenAI overtakes social media

The emergence of standalone GenAI platforms as the preferred secondary channel for high-consideration trip planning is driven by the ability to evaluate multiple options and generate structured, custom itineraries.

Fluid, multi-touchpoint journeys

Rather than using channels in isolation, SEA travellers draw on the distinct strengths of each, typically interacting with more than 20 digital touchpoints prior to booking.

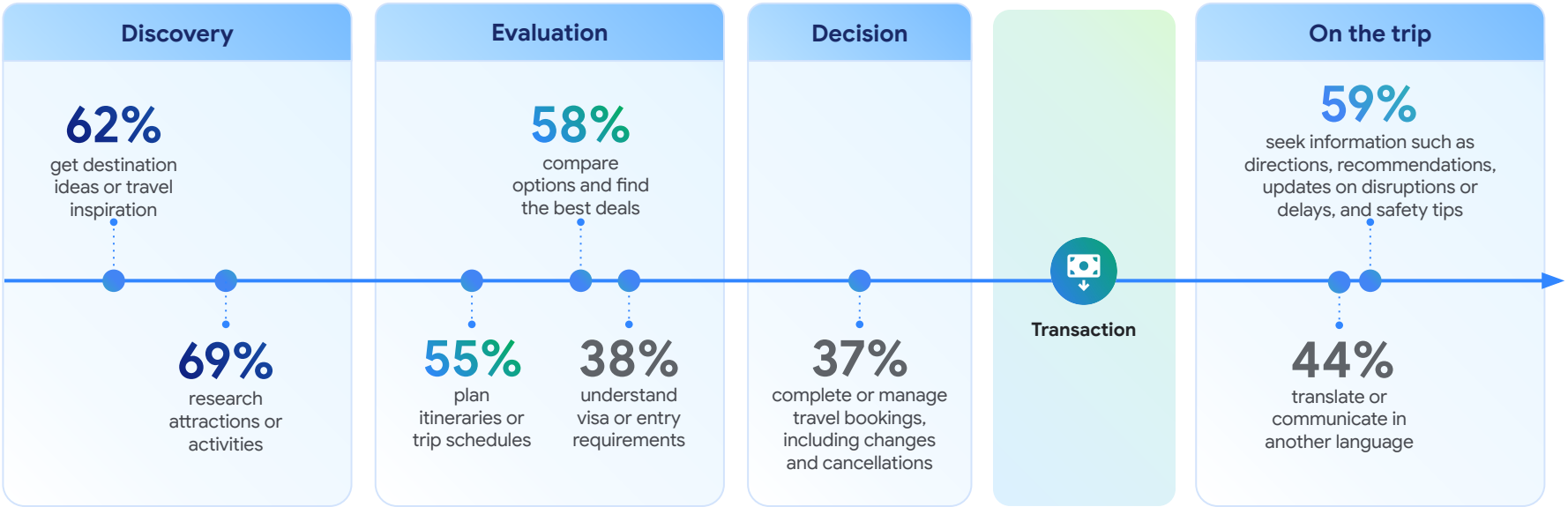
Sources: Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users; Google/Ipsos, Vertical Consumer Journeys, July 2025, online survey, n=700 purchasers of travel (flight, car rental, or accommodation) in the past month per market, 18+ PH, 20+ TH, 21+ ID; Bain analysis

Ecommerce | **Online travel** | Online media | Mobility & food | Digital financial services

AI has strong traction in discovery, evaluation, and in-trip decisions, though its use in finalising and managing bookings is nascent

Percentage of SEA travellers who use AI for travel planning tasks

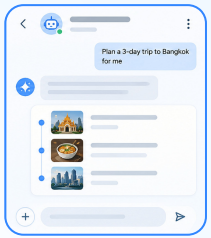
AI usage: High Medium Low



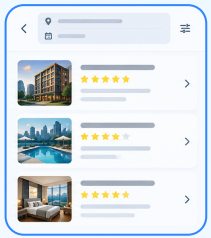
Sources: Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users; Bain analysis

OTAs are establishing themselves as end-to-end travel hubs by embedding AI throughout the consumer journey

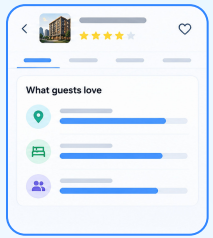
	Discovery	Evaluation	Decision	Transaction	Post-Purchase
	AI-led			Human-led	AI-led
Consumer behaviour	Travellers are increasingly turning to AI for **inspiration, itinerary planning, and comparison** to navigate the plethora of destination, property, and activity options, fully customised to their traveller profiles, preferences and budgets.			Given high basket values and low tolerance for errors, consumers continue to execute final transactions with OTAs manually.	Travellers expect prompt and customised troubleshooting if they encounter issues during their trip.
OTA response	To **capture early discovery** and minimise platform drop-off, OTAs offer LLM search within their platforms.			OTAs are aligning live hotel availability and rates with AI responses to reinforce traveller confidence in the accuracy of AI recommendations. Leading OTAs are starting to pilot bookings within standalone GenAI platforms, while still owning the final transaction.	Enhanced AI chatbot capabilities service soft changes, and are also increasingly assisting with hard changes.



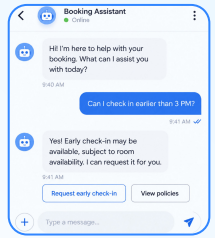
OTAs capture discovery by integrating LLM itinerary planning in their platforms



Personalisation engines match hotel recommendations to user history and preferences



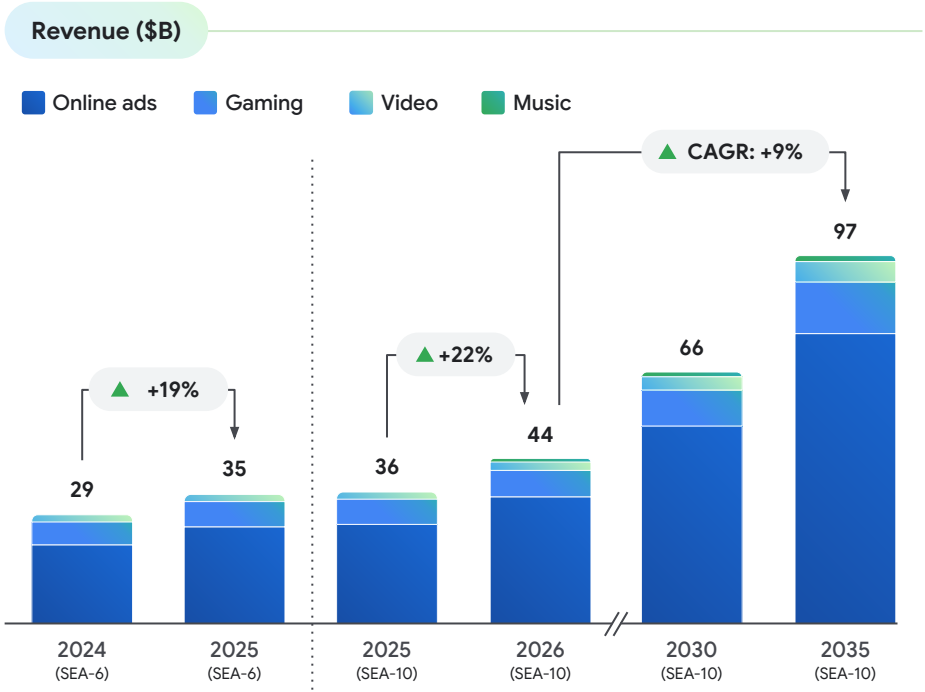
AI synthesises amenity-led property overviews and generates summaries of hotel offerings and user reviews



AI concierges are on standby around the clock to provide support and take action on selected customer service cases

Note: LLM = large language model
Sources: Company reports; lit. search; Bain analysis

Online media revenue reached $44B in 2026; online ads remain the biggest contributor, as growth accelerates for a fourth straight year



Ad dollars grow with AI-powered improvements and the expansion of commerce media

Digital advertising continues its expansion as AI unlocks incremental value by sharpening campaign efficiency, targeting, and creative relevance. Competition remains robust as commerce networks open up more avenues for advertisers to reach SEA users.

Short-form video innovation and AI boost content picks

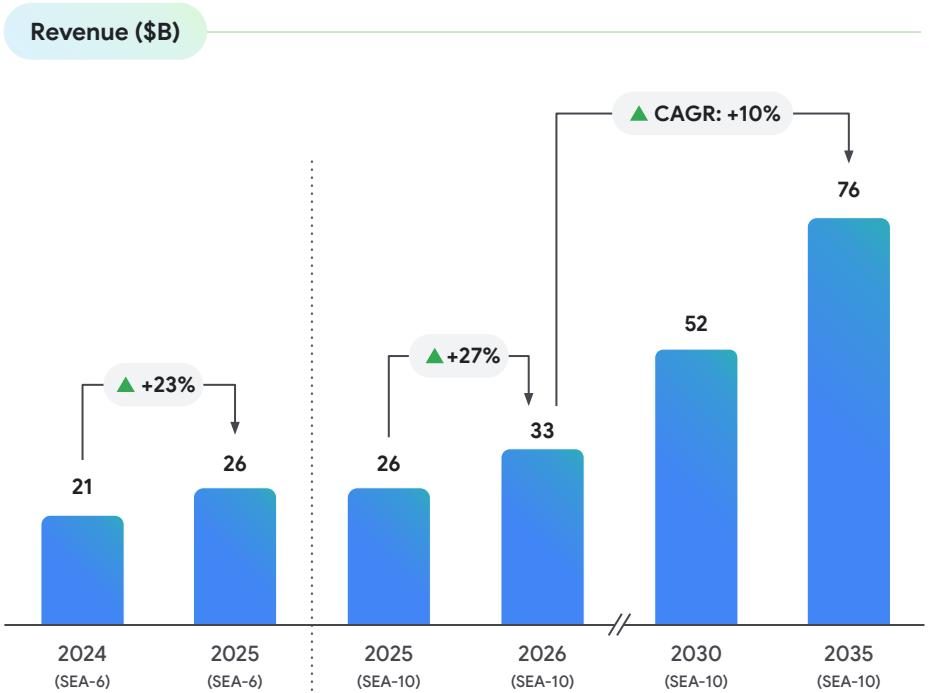
AI lowers content creation barriers and accelerates production cycles, fuelling the explosive growth of short-form dramas. Major streaming platforms have stayed cautious about the use of AI for production, and are focusing on premium, long-form assets to anchor engagement and subscriber loyalty. AI's most significant impact comes from personalisation: enhancing discovery and localisation for regional audiences.

Gaming players level up with hybrid strategies and live operations

Hybrid monetisation combining ad format innovation (such as rewarded and playable ad units) with in-app purchases underpins revenue growth across genres. Both online and offline live operations remain essential to sustaining engagement. Even as AI unlocks production efficiencies and elevates gameplay, player loyalty proves harder to maintain against content proliferation and declining user retention.

Sources: Company reports; lit. search; Bain analysis

The SEA online ads market enters its fourth year of acceleration, as video, AI, and competition deepen monetisation



Video and new digital-first sectors drive growth
Video leads growth as it broadens from brand to performance formats, including shoppable and clickable formats. Online video also continues to gain share from TV, particularly via connected TV. Emerging sectors like cloud gaming and digital banking are driving fresh ad demand through aggressive user acquisition.

AI deepens monetisation for incumbents
Across major platforms, AI is improving campaign efficiency, targeting, and monetisation. AI-powered campaign tools are now widely available, as adoption comes with measurable uplifts of 10-20% in click quality, while retaining human controls.

Commerce media reshapes the landscape
Competition is intensifying as ecommerce, travel, and superapps monetise their user traffic, creating a ~$4B SEA ad market in five years. There remains significant headroom with ads at only 1-3% of their GMV, compared to 9-10% for Amazon in the US.

Ads on standalone AI platforms remain nascent
Advertising on standalone AI platforms is still small. While they are expected to scale over the next two to three years, this process will likely be gradual due to limited inventory, uncertainty around ad effectiveness, and divergent platform strategies.

Source: Bain analysis

SEA users have embraced GenAI for creative expression

Images

>5B

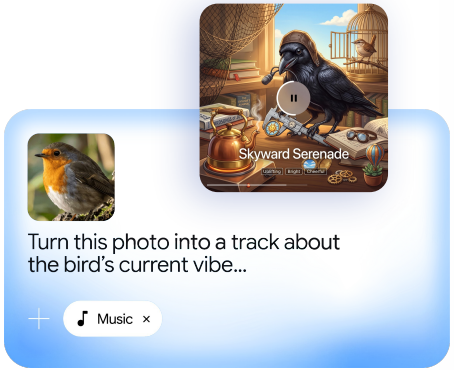
images generated via Nano Banana[1]



Music

1M

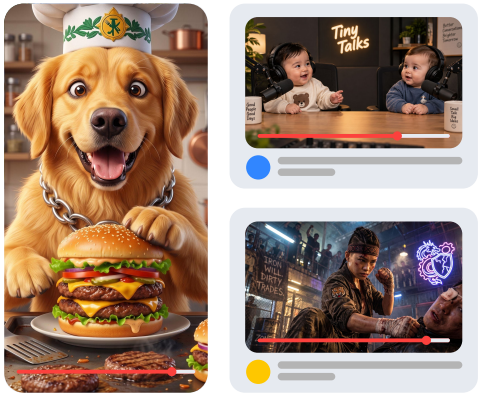
songs produced on Lyria in March 2026 alone following its launch[1]



Video

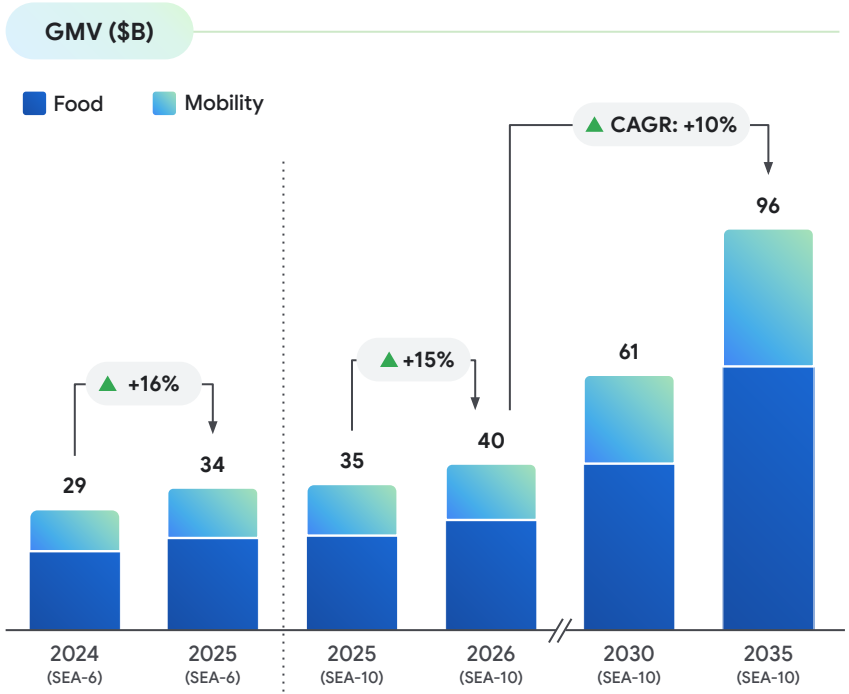
25M

AI-generated videos created per month across various AI tools[2]



Notes: 1) Period covered: March 2025 to March 2026; 2) Period covered: H1 2026
Sources: Google Gemini Southeast Asia Report 2026; Bain analysis

Transaction volumes and AI features drive growth, as new entrants and evolving rules shift sector economics



More transactions fuel GMV growth as new offerings boost orders

Platforms continue onboarding new users, while existing users are ordering and commuting more frequently. In Q2 2026, Grab reported a 28% YoY surge in mobility transactions. New offerings focus on affordable ride tiers to unlock latent demand from cost-sensitive customers. Food delivery is being propelled by tiered delivery options, group orders, and post-checkout prompts to add items from neighbouring outlets (such as dessert or groceries).

AI switches lanes from back-end dispatch to product features

AI is going beyond back-end dispatch and recommendations to enable new product features. These include: home-screen suggestions leveraging past orders and time of day; fixed-price meal plans and pooled subscriptions for recurring commutes to serve routine use cases; and voice-assisted bookings, which are currently being tested as a way to scalably extend access to underserved segments such as elderly users and persons with disabilities.

New business models and regulatory guardrails shift unit economics

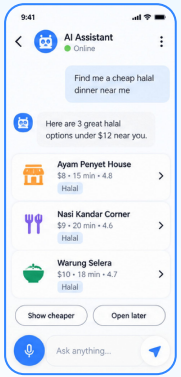
Regional platforms are adjusting their business models as new transport setups and regulatory interventions enter the scene. Electric vehicle fleets are gaining strong traction in Vietnam; Indonesia instituted an 8% cap on commissions alongside mandatory insurance; Malaysia introduced formal contracts and social security requirements for 1.6M gig workers; and Thailand reclassified digital platforms as accountable service providers. These developments are impacting profit models and forcing platforms to rethink incentives and promotional budgets.

Note: The number previously reported for 2024 has been revised.
Sources: Company reports; lit. search; Bain analysis

AI enhances the existing user journey on food and transport platforms for consumers, merchants, and drivers

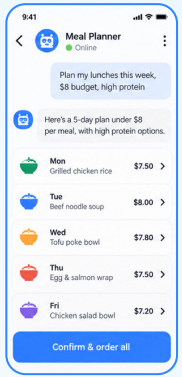
Consumer-facing

Voice-enabled search and support



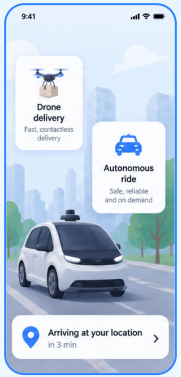
Improves accessibility for the elderly and less tech-savvy users

Demand pooling and meal planning



Aggregates routine use cases like student pick-ups and regular meals curated around budgets and preferences

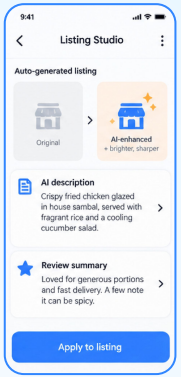
Autonomous rides and drone deliveries



Enables autonomous rides on demand; **pilots drone delivery** in congested areas and where ground delivery is constrained

Merchant-facing

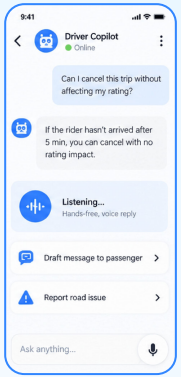
Listing optimisation and content generation



Generates menu descriptions from item names and imagery; **supports customer decision-making** with enhanced food photography and review summaries

Driver-facing

In-app driver guidance



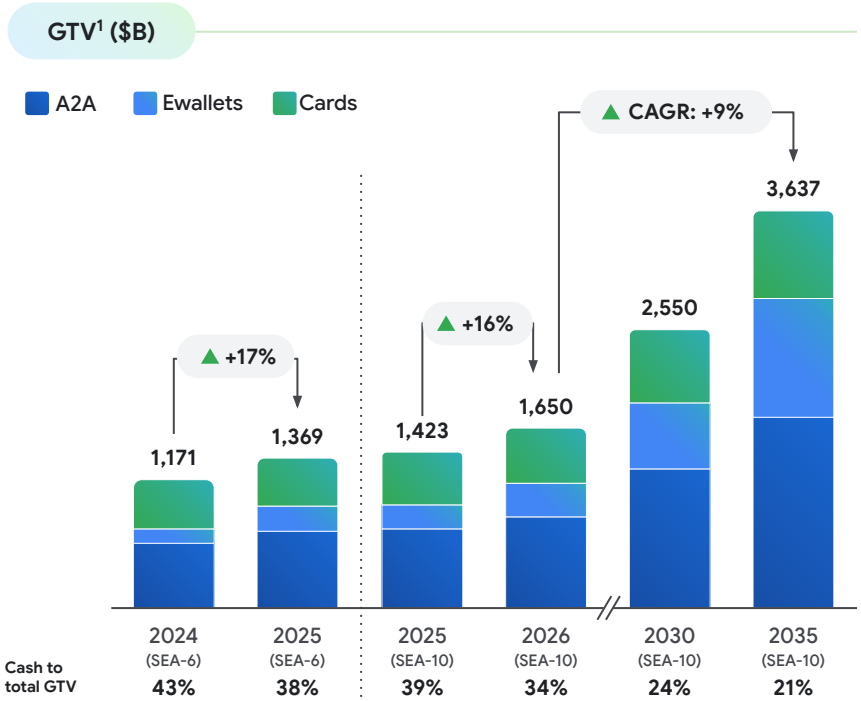
Delivers spoken answers around platform policies and earnings; **drafts messages to passengers**; converts spoken road reports into operational data

Source: Bain analysis

Digital financial services in SEA are shifting their focus from widening access to deepening everyday usage and monetisation. QR payments are embedded in daily commerce, while digital banks are harnessing transaction data for underwriting, cross-selling, and customer retention.

In response, traditional banks are introducing new digital offerings to defend their low-cost deposit bases and convert them into high-value relationships.

A2A and ewallets boost digital payments to 16% YoY, tracking towards $3.6T by 2035, as digital payment IDs make progress



A2A and ewallets lead the charge on growing volume

A2A transfers and ewallets are the primary growth rails as QR payments become more ubiquitous for everyday spending. Together, they are projected to command 77% of SEA's digital payments GTV by 2035, up from 64% today. Momentum is concentrated across Indonesia, the Philippines, Thailand, and Vietnam, where mobile-first youth and rising incomes are lifting online spend.

Adoption and interoperability advance, to the credit of policymakers

Policymakers are playing an important role in driving growth. Central banks foster adoption by minimising the cost of transactions, promoting unified QR frameworks, and connecting domestic rails to ASEAN's Regional Payment Connectivity initiative. The merger of the Philippines' BancNet and PCHC created a single operator across key payment rails, further streamlining infrastructure and interoperability.

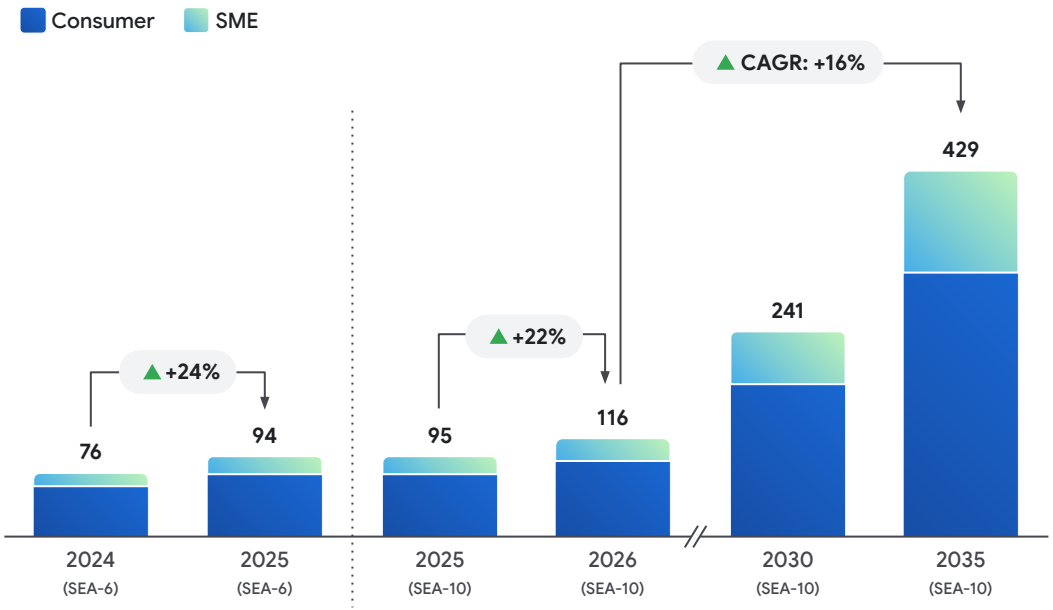
Digital IDs check out, but agent identity remains a gap

Consumer digital IDs are maturing across SEA, with Vietnam, the Philippines, and Thailand scaling national systems to verify personal identities online. However, for agentic transactions to scale, a "Know Your Agent" layer needs to be integrated atop the existing rails. An early effort is Singapore's Safeguards for AI Agents in Finance (SAFR) framework.

Notes: A2A = Account-to-account (transfers). 1) Gross transaction value (GTV) for digital payments includes the value of credit, debit, prepaid card, A2A, and ewallet transactions. PCHC = Philippine Clearing House Corporation
Sources: Company reports; lit. search; Bain analysis

Digital lending continues its rapid growth, but macro headwinds and tightened regulations bring renewed prudence to disbursements

Digital loan book balance[1] ($B)



Consumer credit sees sustained benefits from last year's rate cuts and tailwinds; uncertainty returns in H2 2026

2025 was a monetary-easing year as the central banks of Indonesia, Malaysia, the Philippines, and Thailand all cut rates. In addition, regulators actively drove digital financial inclusion: Thailand granted three virtual bank licences last year, explicitly targeting underserved retail and SME segments. Concurrently, digital adoption momentum enabled lenders to grow loan books and widen market reach by expanding propositions to longer-tenor products and hybrid/offline distribution.

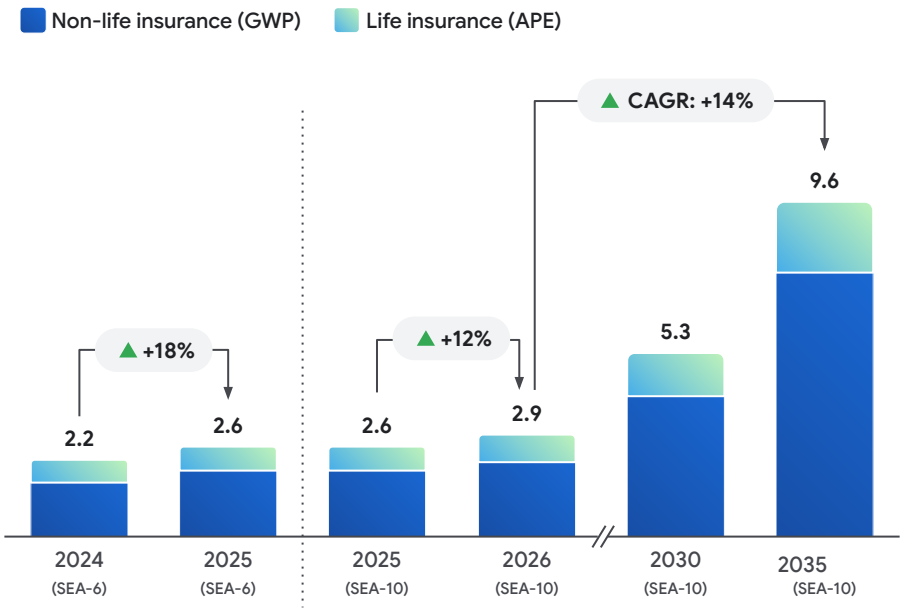
Stricter lending rules cap the conditions behind 2025's run

Indonesia has introduced mandatory income checks, while Malaysia, the Philippines, and Vietnam are placing non-bank lenders under closer scrutiny. The combination of stricter product parameters and heavier compliance overheads, with the rate hikes of 2026, threatens the unit economics of short-tenor lending models favoured by many fintechs.

Notes: SME = small/medium enterprise. 1) Loan book balance for digital lending includes end-of-year balance for consumer loans (excluding credit card and mortgage) and SME loans.
Sources: Company reports; lit. search; Bain analysis

Digital insurance approaches $2.9B in 2026, largely underwritten by non-life insurance, and is on track for $9.6B in 2035

APE & GWP[1] ($B)



Non-life claims the top share of digital insurance

Non-life lines command roughly four of every five digital insurance dollars and digitalise at twice the pace of life products. Motor, travel, and personal accident policies are standardised, low-ticket, and renewed annually, enabling instant underwriting that integrates naturally into ewallet and checkout flows.

Government policies back digital channels amid heavy regulations

Malaysia opened a two-year application window for dedicated digital insurer and takaful licences, lifting its earlier five-licence cap. Indonesia's POJK 8/2024 legitimised digital policies and eliminated physical certificate requirements for claims. Meanwhile, Thailand now requires electronic issuance for compulsory motor policies, anchoring digital adoption for the nation's most significant insurance line.

High-touch complexity leaves life policies trailing behind

Due to its high-ticket nature, time horizon, and complexity, life insurance continues to favour in-person advisory. 64% of young adults surveyed in seven Asian markets prefer human consultations for life and health coverage; 70% for complex plans. In Singapore, financial advisers remain the dominant channel as online sales declined over the past five years.

Notes: 1) 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 number previously reported for 2024 has been revised. POJK = Financial Services Authority Regulation
Sources: Company reports; lit. search; Bain analysis

Introducing a new app engagement metric to capture the true breadth and depth of SEA's digital wealth market



Diversified asset classes

SEA consumers are allocating wealth online across a broader range of asset classes – from equities and fixed income to cash management solutions and alternative assets such as cryptocurrency. They are also using a wider channel mix to address discrete financial goals and investment needs.

Looking beyond mutual funds

Mutual fund AUM reflects only a fraction of the market, systematically excluding consumers who use alternative products, maintain smaller balances, or invest across multiple digital platforms.

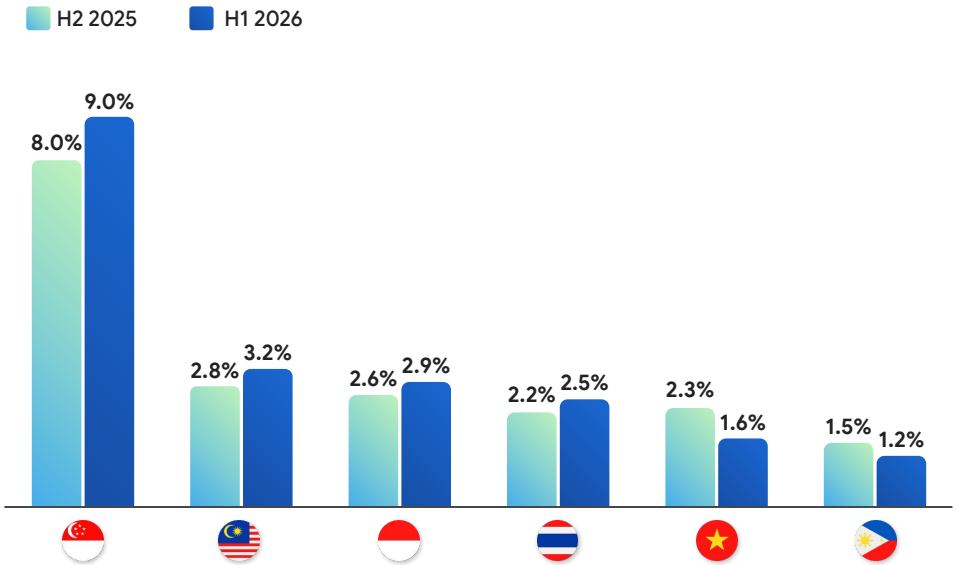
Shift to app engagement

Our new metric to capture the true scale and breadth of market participation is monthly active users of apps. These numbers provide direct visibility into user reach, platform traction, and evolving investor behaviour across markets, platforms and asset classes.

Note: AUM = assets under management
Source: Bain analysis

Singapore leads in digital wealth platform adoption, while other SEA markets see uneven growth

Percentage of internet users who are monthly active users of leading digital wealth platforms



Specialised portals trade on affluent users and retirement assets

Digital wealth apps such as Endowus and Dime!, whose primary proposition centres on investing in or trading across asset classes, have entered a new growth phase. Momentum is underpinned by greater fee transparency, a mobile-native affluent demographic, and the ongoing migration of retirement assets onto digital rails.

Singapore banks on its regional wealth hub advantage

Singapore remains the region's wealth hub, where leading platforms are now used by 9% of internet users – nearly three times the proportion of the next-ranked market. Its affluent and financially literate consumer base, deep capital markets, and mature digital financial ecosystem provide prime ground for digital investing.

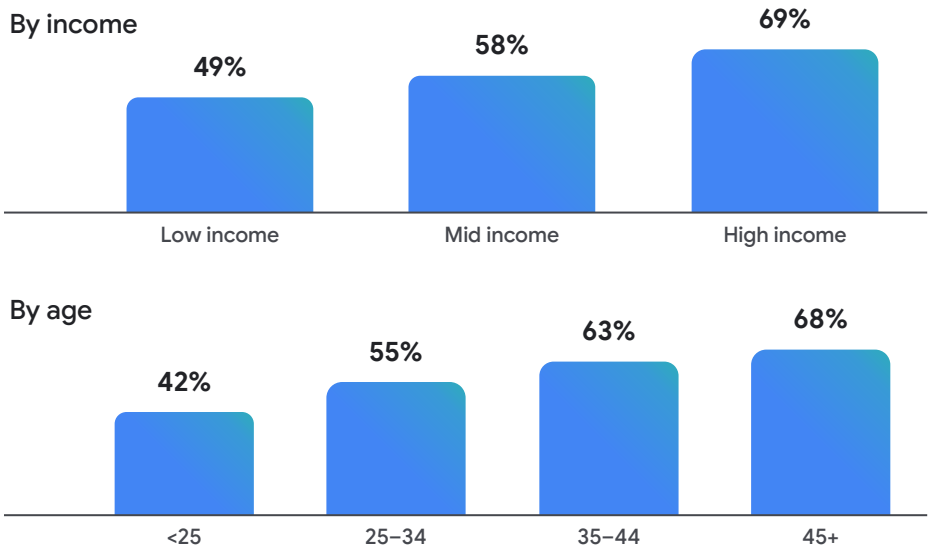
Regionally, platforms see mixed dividends across fragmented markets

Outside Singapore, digital wealth is still in the early stages of fragmented development. Malaysia, Indonesia, and Thailand posted modest gains in the past year. Platform penetration in Vietnam and the Philippines dipped in H1 2026, but against a small base, it is likely that the decline reflects a short-term shift in user engagement rather than a structural retreat from digital investing.

Note: Digital wealth platforms are online-first investment or trading platforms; numbers exclude traditional bank apps or ewallet apps with embedded investment and trading features.
Sources: EMARKETER; SensorTower; S&P Global Market Intelligence; Bain analysis

While trust in AI appreciates with income and age, human advisers retain their edge

Percentage of respondents who believe AI can recommend investment products as well as or better than humans



Affluent cohorts value AI, but not without validation

Trust in AI advisory correlates with income and age. Seasoned, higher-income investors value objective, quantitative analyses generated by AI. However, only 10% would act on an AI recommendation without validation, underscoring the role of AI as a complement, rather than a replacement, for human judgement.

Platforms leverage AI to augment advisory and service

AI powers research, operations, and meeting preparation, while resolving routine inquiries to free up human capacity for bespoke advisory. For example, AI handles ~30% of support tickets at Endowus, lifting client satisfaction with quicker resolutions while investment recommendations remain human-led.

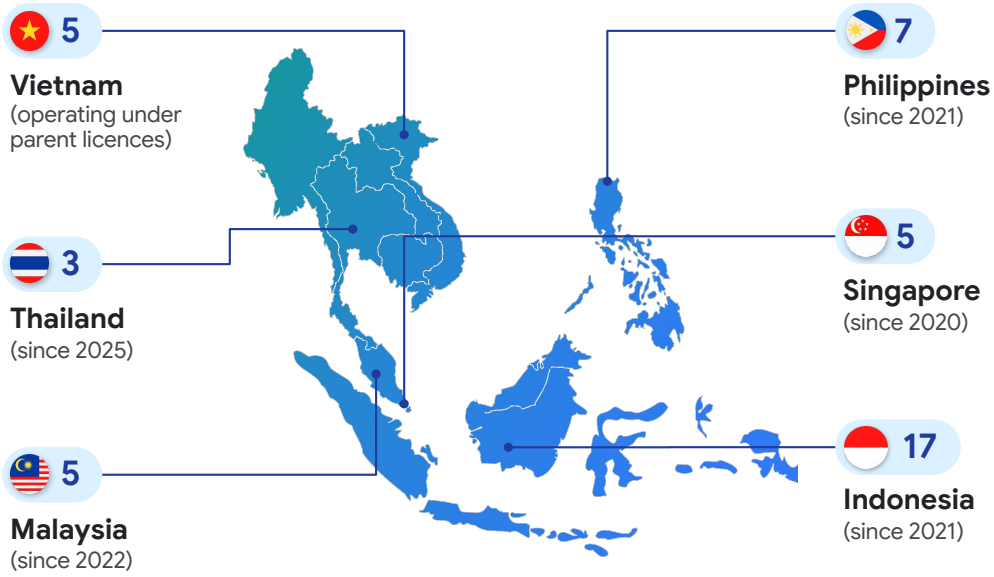
Front-end AI reduces friction in the wealth planning journey

Since its launch in June, EndowusAI has driven measurable increases in users creating financial goals on the platform and setting up recurring contributions, as a result of user-initiated chats around planning for key life milestones. These interactions show how conversational AI can pull forward actions that consumers would otherwise defer.

Sources: Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users; Bain analysis

Digital banking takes divergent paths across SEA, shaped by regulation, incumbent participation, and platform ecosystems

Number of digital banks and inception of licensing



Singapore and Malaysia set the benchmark for maturity

Both markets have fully operational digital banks; regulators are focused on adoption, inclusion, resilience, and sustainable economics.

Indonesia: the largest field of digital banks

Indonesia boasts 17 digital banks, heavily anchored by digital platforms and superapps.

Thailand establishes a formal market

The central bank started issuing digital bank licences in 2025. Three are currently in operation.

Regulators in the Philippines proceed with caution

Licence applications were opened and subsequently paused, leading players to enter by acquiring rural banks. This is now facing heightened central bank scrutiny, as competition from regional players intensifies.

Vietnam remains the domain of traditional banks

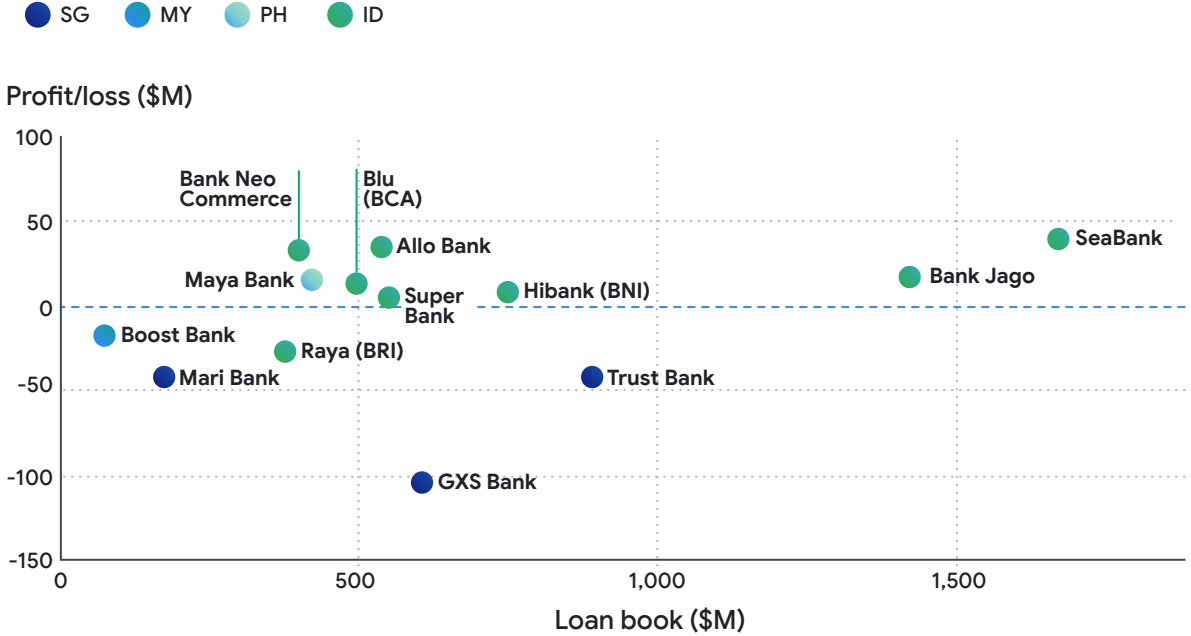
In Vietnam, digital banks do not exist independently but are backed by parent commercial banks.

Sources: Government and national bank reports; lit. search; Bain analysis

Ecommerce | Online travel | Online media | Mobility & food | **Digital financial services** | **Digital banks**

Indonesia's digital banks are cashing in, while regional peers face longer paths to breakeven

Loan books and profitability of selected digital banks[1]



Ecosystem scale delivers profitability

Many of SEA's profitable digital banks are in Indonesia, where leading players have successfully acquired millions of existing users on native parent platforms at very low acquisition costs. They also leverage powerful first-party data alternatives to credit histories, like ecommerce purchases and ride-hailing behaviour, to keep NPLs low.

Mature markets see a longer path to profitability

Trust Bank spent its first quarter in the red, even though it posted a profitable month in March. GXS is working towards breakeven in late 2026. As Singapore and Malaysia feature entrenched incumbents and a high baseline of financial inclusion, digital banks in those markets face hurdles of establishing themselves in crowded environments.

Notes: 1) Only selected digital banks with publicly available data are represented in the graphic. Numbers reflect FY2025. Foreign exchange rate is as of 31 July 2026. NPL = non-performing loan
Sources: S&P Global Market Intelligence; company reports; lit. search; Bain analysis

AI is already lowering costs while beginning to deepen customer relationships; agentic banking remains a longer-term opportunity

	Proven today	Emerging next	Longer term
Front-end benefits	**Lowering costs of customer acquisition and servicing** AI-generated creative, automated onboarding, improved underwriting, and conversational customer care and collections are lowering the cost of winning and maintaining relationships.	**Deepening relationships and shaping discovery** Personalised recommendations are steering users towards products, and providers are publishing product information online optimised towards how AI assistants rank and shortlist financial products.	**Delegating financial decisions and transactions to agents** Autonomous agents remain in development; their viability is contingent on clear standards for identity, authority, consent, liability, and transaction limits.
Back-end benefits	**Improving productivity across functions** Coding assistants speed up the process of researching and writing code, while AI-enabled operations are helping businesses scale without proportional increases in cost. In one example, a business doubled in size while maintaining the same operational headcount over three years.	**Orchestrating end-to-end workflows** Providers are automating processes across verification, decisioning, and servicing and collections, materially compressing cycle times. For instance, one company reduced credit model parameter update turnarounds from between three and six months to just two days.	**Executing processes via agents within firm guardrails** Multi-step agent execution requires audit trails, model risk governance, and defined escalation points, before human checkpoints can be phased out.

Sources: Lit. search; Bain analysis

Funding the AI decade

03



As AI drives growth across SEA, investment is increasingly flowing into infrastructure.

Private capital funding for the digital economy has stabilised and is now largely routed towards AI-centric ventures.

In parallel, established champions of SEA's digital economy are maintaining steady capital commitments across the region.

We are expanding the scope of our investment lens to capture total capital flows in the digital and AI economies

Scope of e-Conomy SEA 2026

Scope of previous editions



Private funding in digital companies

Venture capital and private equity deal flows targeting businesses operating in established and nascent digital economy sectors



Private funding in compute and infrastructure

Private investment rounds backing the hardware and infrastructure layers powering the digital economy and AI

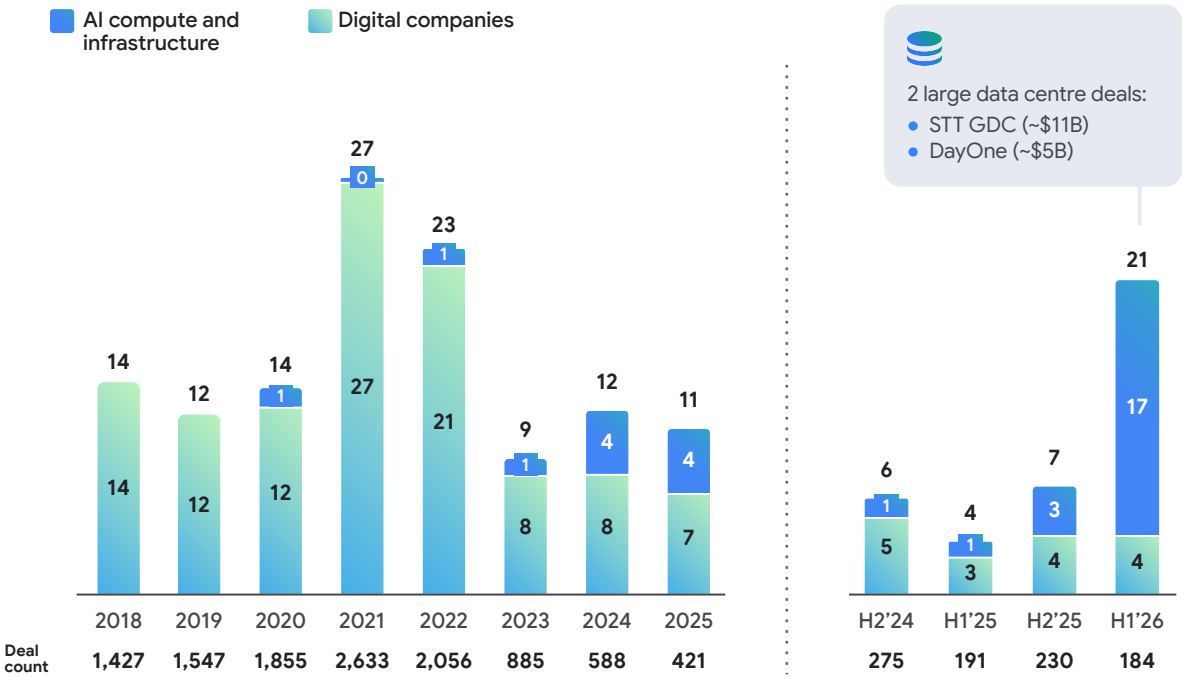


Corporate capital allocation

Capital deployment by established digital economy players into areas such as capital expenditure and research and development

AI infrastructure and digital champions are driving investment growth

Private funding value ($B)



Digital economy funding remains stable

Over the past three years, funding towards digital companies has stabilised at ~$8B. This number has remained consistent in the last 12 months, with capital mostly going towards late-stage financing rounds.

Funding is focused on AI-powered applications

Within the digital economy, capital allocation is now heavily concentrated in companies with AI in their core products. These captured ~80% of deal value in the last six months, up from ~30% in H2 2024.

Investment in AI compute and infrastructure increases

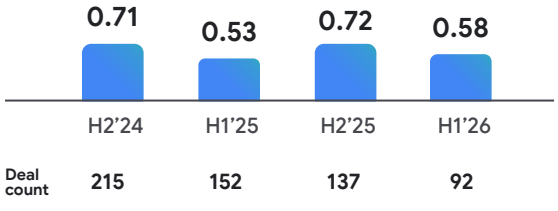
The ~$11B acquisition of ST Telemedia Global Data Centres contributed to a broader recovery in investment activity, with AI compute and infrastructure attracting a total of $20B over the last 12 months. Investments in the sector are expected to hold steady as capacity expands to meet growing demand.

Notes: Private funding value excludes public financing deals (e.g., PIPE, IPO, ICO). Digital companies include companies in established sectors covered in Chapter 2, as well as nascent sectors such as software and services, sustainability technology, Web3, and others.
Source: Bain analysis

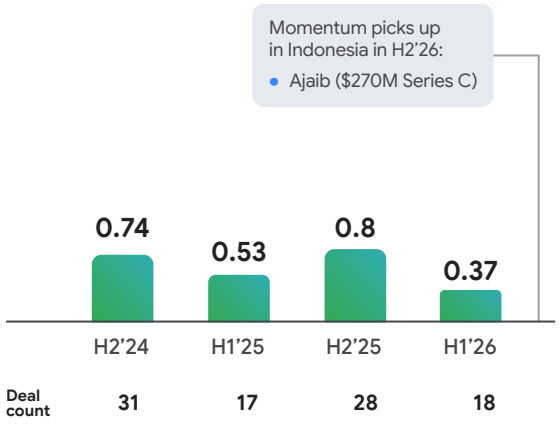
The digital economy funding landscape remains stable, with late-stage funding continuing to drive the majority share

Private funding value for digital companies ($B)

Early stage: Seed & Series A

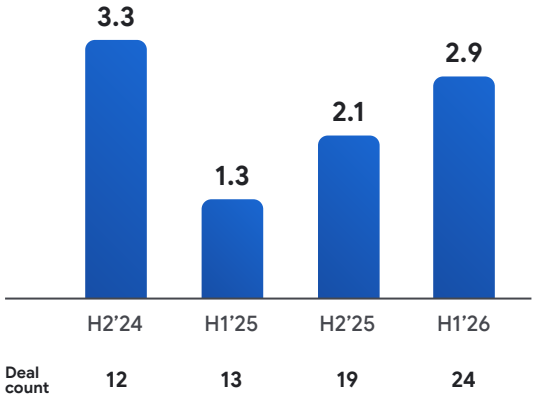


Growth stage: Series B & C



Late stage: Series D & beyond

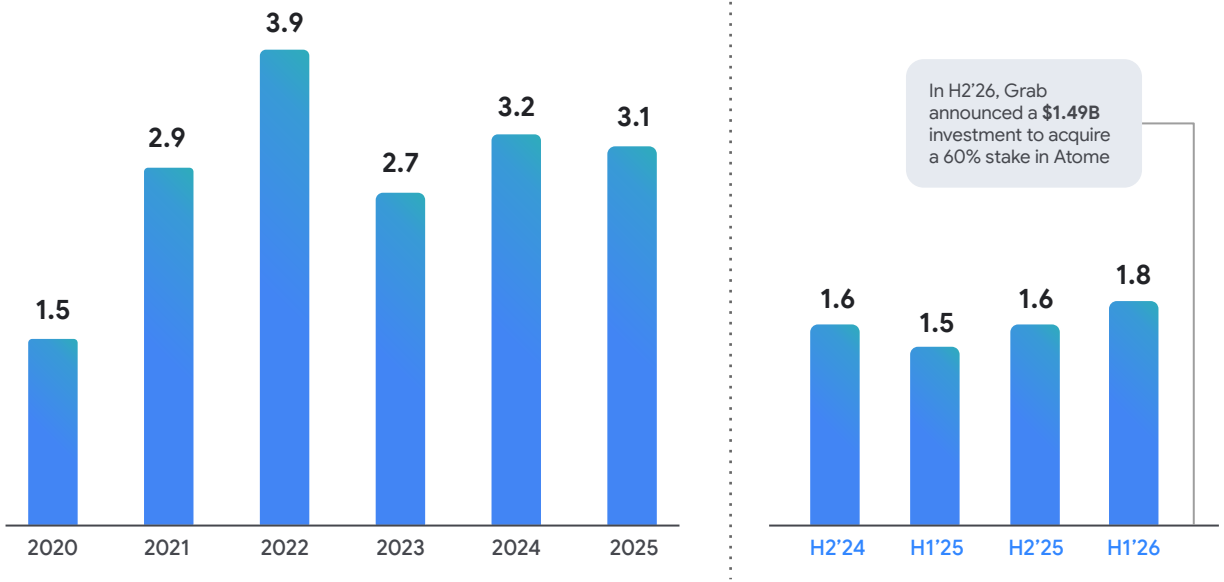
Includes transactions undertaken by private equity funds and corporates providing partial liquidity to early-stage players



Note: Private funding value covers digital economy-related sectors, and excludes semiconductors and data centres, as well as public financing deals, e.g. PIPE, IPO, ICO.
Source: Bain analysis

Corporate investment in the digital economy remains robust

Corporate investment ($B)



Note: Corporate investment includes capital expenditure, purchases of intangible assets, and research and development costs incurred by Grab, Sea Limited and other leading SEA enterprises.
Sources: Capital IQ; company reports

Corporate investment in SEA has been meaningful and sustained

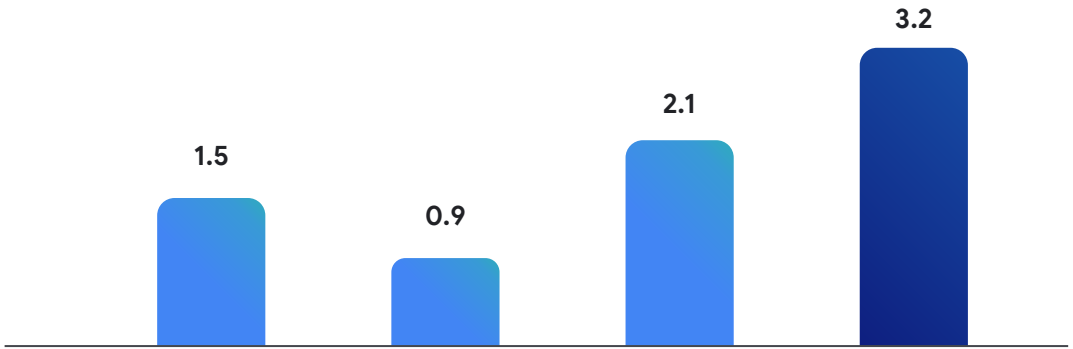
As SEA's digital economy matures, scaled enterprises are increasingly funding growth and innovation through their own balance sheets. Across leading SEA enterprises like Grab and Sea Limited, annual capital expenditure, intangibles, and research and development costs have consistently hovered around $3-4B in total since 2021.

Spending focused on AI and automation

$1.8B was invested in H1 2026, the highest half-year total in two years. The key areas attracting investment are AI (embedding AI features and deploying enterprise LLMs), logistics automation, delivery network expansion, and cloud infrastructure.

AI applications captured ~80% of overall private funding in the last six months, up from ~30% in H2 2024

Private funding for AI applications ($B)[1]



	H2'24	H1'25	H2'25	H1'26
Deal count	91	72	126	101
AI share of private funding	30%	32%	53%	80%

Continued robust growth in funding for AI applications

AI funding increased by ~50% from H2 2025 to H1 2026, with capital deployed across the funding lifecycle. By deal count, seed and Series A transactions represented more than 50% of activity, underscoring sustained early-stage deal flow alongside larger, later-stage rounds.

Investors back applications that embed AI in workflows

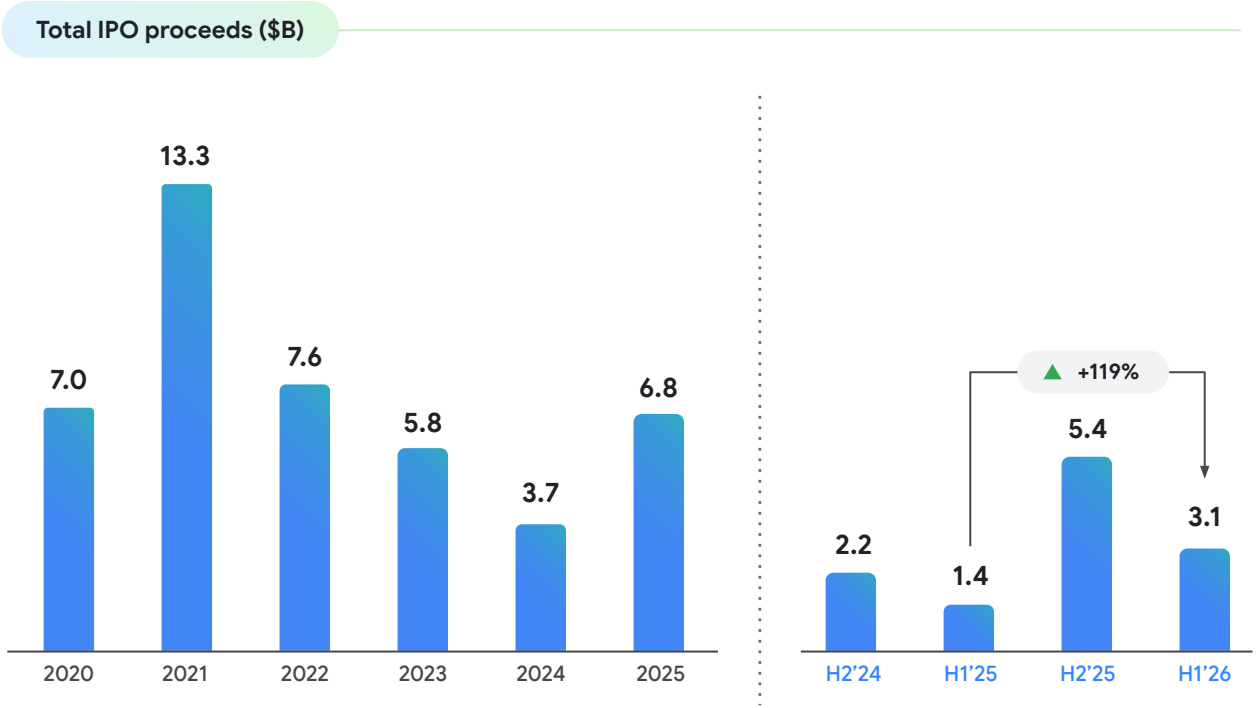
Capital is tilting heavily towards enterprises that have embedded AI into existing workflows and products to unlock new revenue pools and deepen customer engagement, particularly in digital financial services and software and services.

Software, services, and finance are the main recipients

Digital financial services, alongside software and services, continue to lead funding activity, capturing ~80% of H1 2026 funding value. This underscores strong investor conviction in use cases with proven monetisation pathways towards economic value.

Note: 1) Includes AI development tools, models, and AI-native or AI-as-a-feature offerings, and excludes data centres, semiconductors, and physical AI companies.
Source: Bain analysis

Proceeds from IPOs rebound as digital champions across infrastructure and applications tap public markets



Total IPO proceeds rebound

Total IPO proceeds climbed to $8.5B over the last 12 months, more than doubling from $3.6B in the prior period. This upswing was propelled by listing activity in Singapore and Malaysia.

Application and infrastructure players tap public capital

The region's largest IPO in the past year was anchored by digital infrastructure players, while scaled application companies also went public in Indonesia and Singapore.

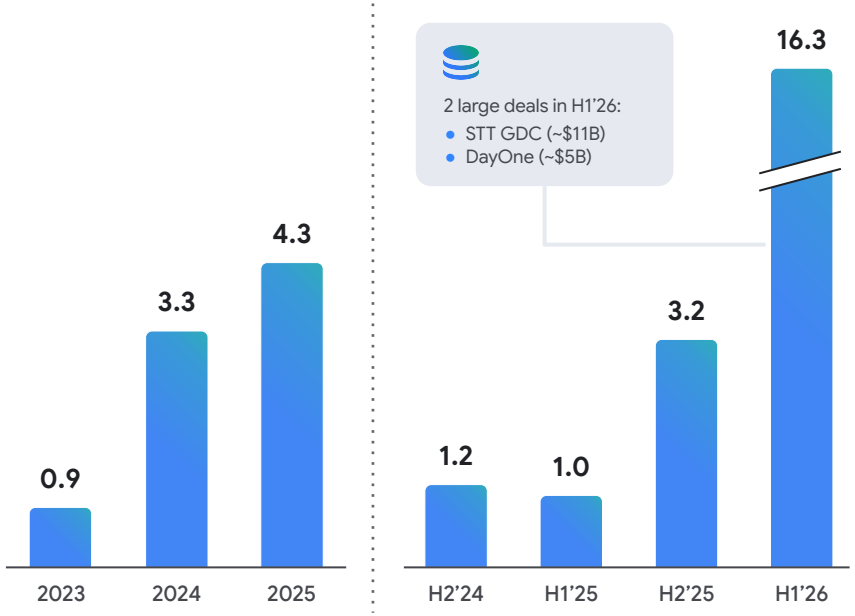
Healthy pipeline of IPO prospects

Maturing venture-funded leaders in digital financial services, digital infrastructure, and consumer brands form a healthy pipeline of prospective listings going forward.

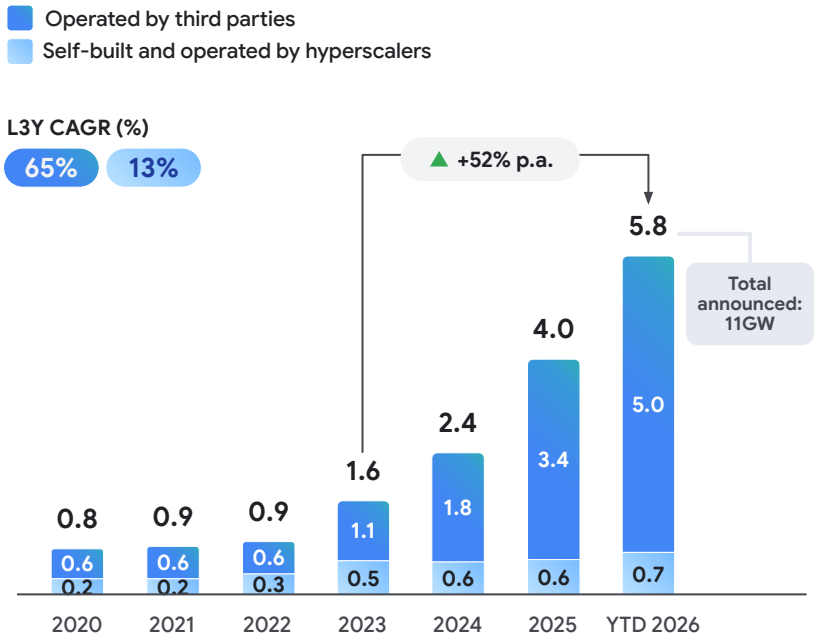
Note: IPO = initial public offering
Sources: Respective SEA stock exchange disclosures

Private funding fuels data centre capacity expansion, underpinned by rapidly growing demand from hyperscalers and enterprises

Private funding value for data centres ($B)



Built data centre capacity (GW)



Notes: Private funding value refers to the transaction value of completed private funding transactions and excludes corporate investments and announced capital expenditure commitments. GW = gigawatts
Sources: Bain analysis; datacenterHawk

To power SEA's AI economy, hyperscalers invest to meet compute demand, while infrastructure operators expand regional capacity

Technology players and data centre operators have committed billions in long-term capital to build infrastructure supporting their respective business models, laying the groundwork for sustained AI ecosystem growth, as regional usage demand projections far exceed existing supply

Key AI-related infrastructure investment announcements in 2026, year to date

January 2026

- **Digital Edge** announced a **$4.5B** investment to build a 500MW hyperscale AI data centre

March 2026

- AIC signed an MOU with the Ho Chi Minh City Department of Science and Technology, partnering with **KBC** to build a **$2B**, 200MW AI data centre, with the initial phase targeted to launch by late 2027

April 2026

- **DayOne** announced a commitment to invest **~$7B** by the end of 2026 as part of its plans to scale Malaysia into its largest global operational footprint
- **Microsoft** announced a plan to invest **$5.5B** in Singapore from 2025 through 2029 to expand cloud and AI infrastructure and support local operations
- **Digital Realty** announced a **$5.5B** investment target for data centre expansion, workforce growth, and innovation

May 2026

- **Equator Gate System Batam** announced plans for a **$5B** high-density AI data centre in Batam
- **AWS** announced planned investments in cloud and AI infrastructure totalling over **$33B** by 2039
- **TikTok** announced a **~$25B** project to install additional servers and expand data storage and processing infrastructure in Bangkok, as well as in Samut Prakan and Chachoengsao provinces

June 2026

- **NVIDIA-backed Firmus** announced a 360MW AI campus in Batam to house ~170,000 GPUs, projected to generate **$25-30B** in customer agreements over its first six years

September 2026

- Neocloud platform **Zankore** secured a **$3.1B** loan facility to fund the build-out of a 1GW NVIDIA DSX AI Factory, targeting **200MW** of initial capacity in H1 2027
- AI cloud provider **Aolani** is partnering with **NVIDIA** to deploy **22,000** GPUs across Malaysia and the Philippines in early 2027, expanding total capacity beyond **100MW**

Notes: MW = megawatts; MOU = memorandum of understanding; GPU = graphics processing unit
Source: Lit. search

Trusted intelligence for all

04



SEA's agentic future is taking shape, as optimism around AI makes users receptive to the idea of delegating complex decisions within guardrails.

This shift could unlock unprecedented convenience, but product accessibility must be balanced with transparent privacy protections for mass adoption to become a reality.

Realising this potential requires concerted effort. Alongside the expansion of AI infrastructure, governments are modernising frameworks and investing in the future workforce. At this pivotal juncture, innovation must be matched with responsible stewardship.

Users in SEA are

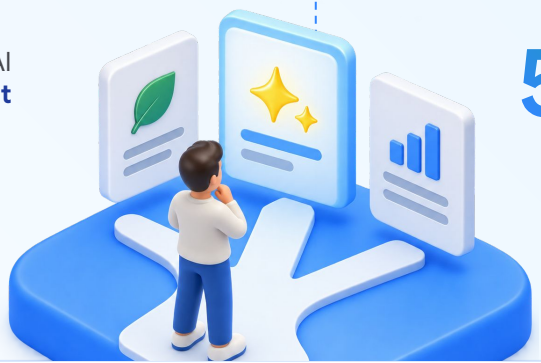
more optimistic towards AI

compared to users in the US and EMEA[1]

1.6X more likely to feel that AI **improves their daily lives**

1.6X more likely to trust that AI **can be developed ethically**

1.9X more likely to view AI as a **societal benefit**



Users in SEA view

AI as a trusted partner

for critical decisions[2]

62% are **more confident in AI** now than they were last year

56% recognise AI's **proven track record** in tasks or decisions

53% report improved **accuracy** and **quality** of AI outputs

Notes: 1) Responses to the question, "The following statements are related to Artificial Intelligence (AI). Which do you feel describes you?" 2) Responses to the question, "Compared to a year ago, do you trust AI more, less, or about the same for important decisions?"
Sources: 1) GWI Core, H1 2026 (Q1-Q2 2026), SEA (Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam) vs. US and EMEA (France, Germany, Italy, Spain, UK), internet users aged 16-64; 2) Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users

Everyday automation is already mainstream for 72% of AI users, laying the groundwork for agentic AI

72%

use automation today

Most users experience at least one form of automation today, establishing a high baseline for entering the agentic era

48% experience more than three forms of automation

Top use case for each vertical

Ecommerce
44%
Price tracking and alerts

Travel
36%
Price drop alerts

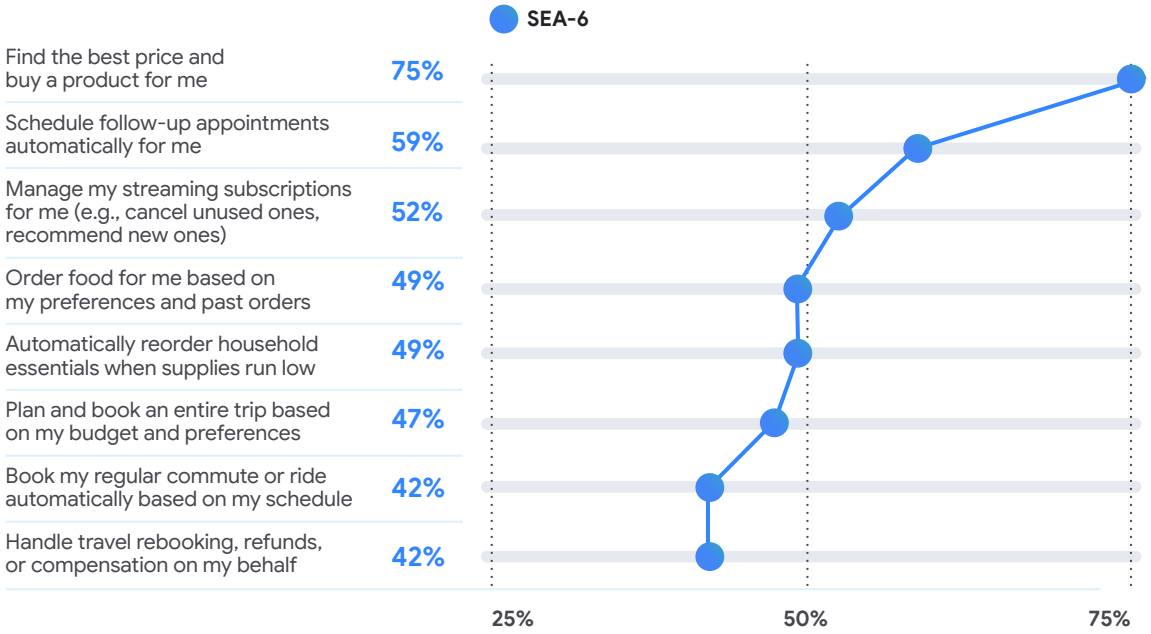
Health
29%
Wearable reading alerts

Finance
24%
Portfolio management

Source: Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users

Consumers show openness towards greater AI autonomy, with agentic commerce emerging as the leading use case

Percentage of AI users willing to enable agentic capabilities[1]



Commerce is the top prospective use case in most of SEA

While agentic commerce has yet to become a mainstream reality in SEA, consumer appetite and perceived utility are high across markets.

There are distinct cross-country variations in agentic willingness

While Thais lead the region in overall openness, particularly regarding the delegation of complex travel tasks, Singaporeans prefer maintaining control over high-stakes commercial decisions – while leading the region when it comes to delegating routine utility tasks.

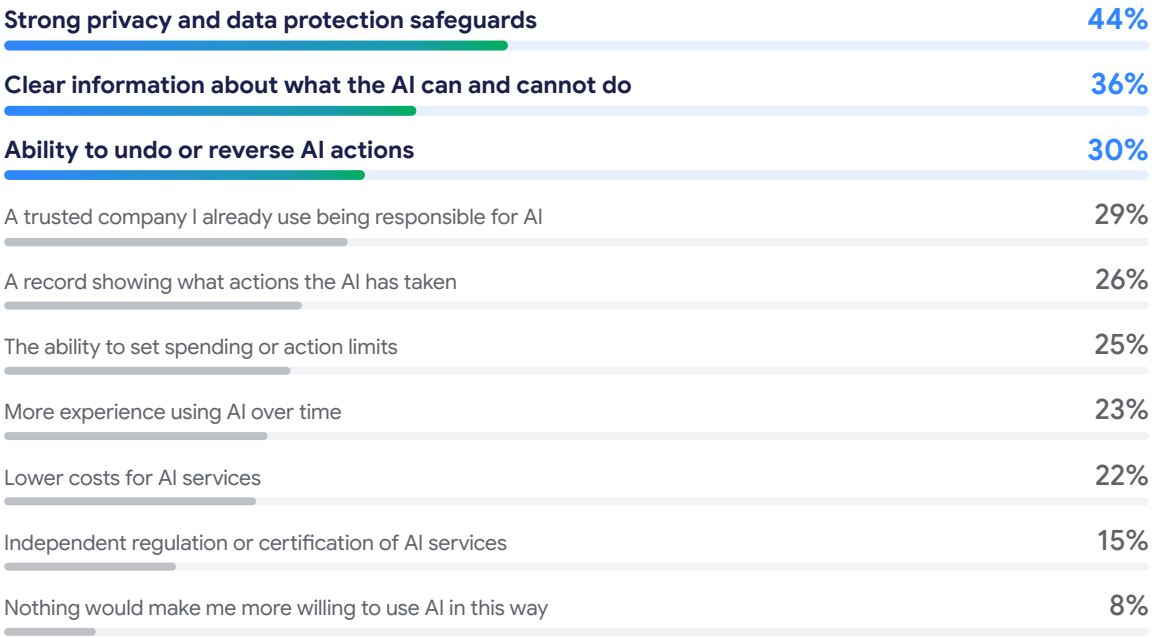
Consumers warm to agent delegation

Nearly half (45%) of AI users are open to delegating purchase decisions to agents within specifications and guardrails; about 50% of these users would authorise AI agents to make transactions exceeding $10.[2]

Notes: 1) Responses to the question, "Assuming the AI assistant is generally reliable, for each task below, would you actually be comfortable allowing AI to do it on your behalf?", n=9,006. 2) Responses to the question, "What is the highest spending limit you would be comfortable allowing AI to make decisions for without your approval?", n=9,006.
Source: Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users

Privacy safeguards and experience with the product can instil confidence to delegate tasks to AI

Percentage of AI users who would delegate tasks to AI given the feature



While robust privacy protections remain essential table stakes, the primary catalysts for agentic commerce are product-driven

Product experience is the primary catalyst

Consumers are receptive to the idea of autonomous assistance, but remain cautious about unknown variables. Crossing the final threshold to true delegation requires experiencing product utility first-hand.

Information and control can assuage users

Adoption can be further accelerated if platforms provide clear in-app visibility into capabilities, and are operated by a trusted company whose products they already use.

Note: 1) Responses to the question, "What would make you more willing to let AI act on your behalf?", n=9,006.
Source: Google/YouGov, Uncovering AI Adoption, Trust, and Autonomy in SEA, SEA-6, July 2026, n=9,006 AI users

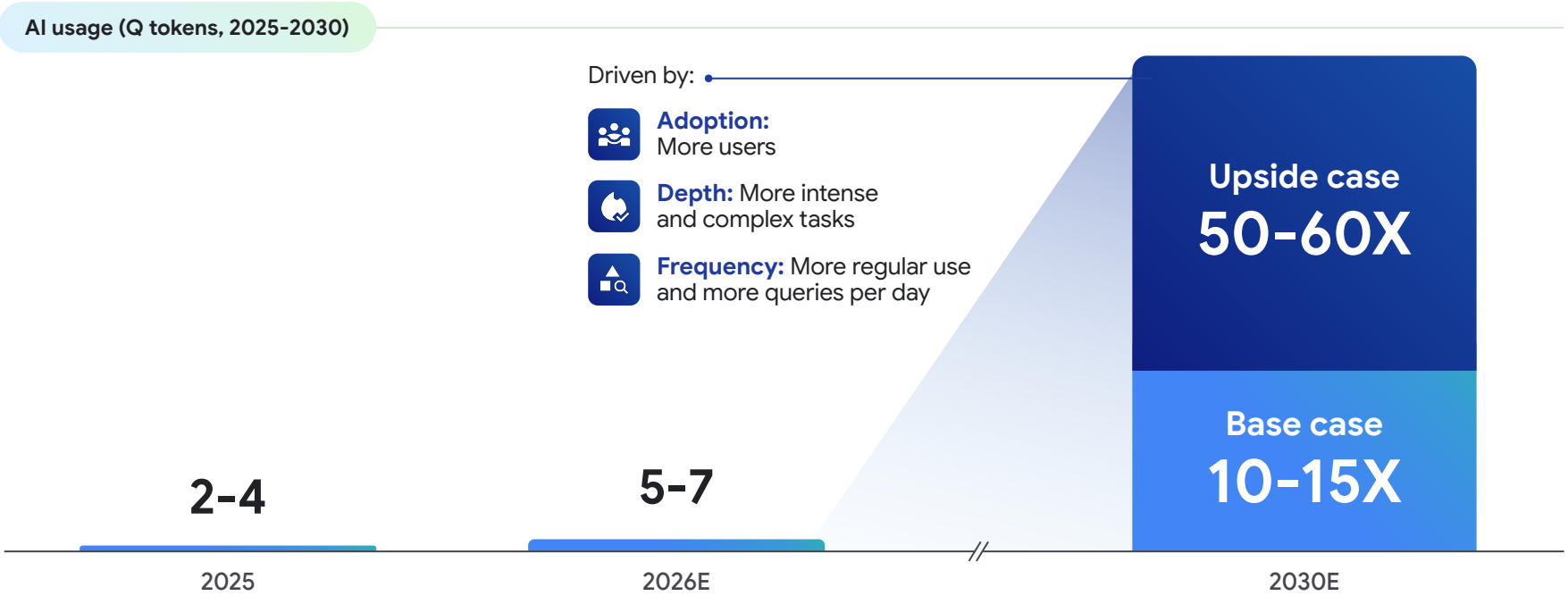
Good progress has been made on key AI policy pillars; widened adoption of robust frameworks can unlock sustainable growth

	01 Adoption of frameworks on technical standards and interoperability	02 Upskilling and training	03 Infrastructure facilitation
What it is	**Open technical standards** to minimise fragmentation and boost consumer confidence Aligned national strategies on **regional interoperability** to facilitate cross-border data flows and sandboxes	**Upskilling programmes** to develop an AI-ready workforce Regulatory, technical, and financial assistance to drive technological maturity among MSMEs and startups	Adoption of a broader "infrastructure facilitation" model to support **scaling AI and clean energy**
Key progress	**Singapore's Model AI governance framework** encourages the use of standardised protocols, and notes the rapidly developing space to standardise agent interactions, especially in agentic commerce A landmark **ASEAN Digital Economy Framework Agreement** will be signed in November 2026, marking the world's first region-wide, comprehensive agreement dedicated exclusively to digital trade	100K individuals and 10K enterprises to be trained under the **National AI Impact Programme** 100K individuals to be trained through **AI for Rakyat**, covering AI, cybersecurity, and cloud technology Komdigi launched the **AI Talent Factory** to develop 100K digital talents annually Passed **Resolution 57** to drive widespread AI literacy The ASEAN Foundation aims to **train 100K MSMEs** to use AI to improve their businesses by 2027	The 2.5GW **Large Scale Solar** programme aims to attract **~$3.7B** in investment, create ~20K jobs, and offset 2.6M tonnes of carbon dioxide annually The **Direct Power Purchase Agreement** is expanding direct access to renewable resources, with the first grid-connected transaction in June 2026, a 49MWp solar plant supplying SEVT A $30B-$50B initiative aims to export **3.4GW of low-carbon power to Singapore by 2035**, advancing the ASEAN Power Grid
What is still needed	**The adoption of common technical standards** (such as the IETF's) by industry leaders, so that agents can securely collaborate across platforms and verify legitimacy **The alignment of national AI frameworks with regional standards** (such as ASEAN's 2025 Guide on AI Governance and Ethics – Generative AI), scaling of ASEAN's cross-border data flow mechanisms, and regulatory sandboxes for emerging products	Continued workforce preparation based on the latest data-backed learnings for **emerging specialised roles**, including the **integration of hands-on AI literacy** into curricula, support for **reskilling programmes,** and **public-private sector upskilling collaborations**	The enablement of **green energy procurement pathways**, the use of **renewable energy sources**, and **streamlined infrastructure policies** – such as permission for subsea cables and mandates for data localisation – to meet doubled data centre electricity demand by 2030, as projected by ASEAN

Notes: MSME = micro, small, and medium enterprises; K = thousand; MWp = megawatt-peak; ASEAN = Association of Southeast Asian Nations; IETF = Internet Engineering Task Force; DTI = Department of Trade and Industry; SEVT = Samsung Electronics Vietnam Thai Nguyen
Source: Lit. search

The widespread adoption of agentic AI could drive a 60X surge in regional AI usage, as multi-step automation transforms productivity

SEA AI usage



Source: Bain analysis

Achieving AI adoption at scale relies on infrastructure, efficiency, and economics

Four conditions underpin the 2030 outlook

Accelerated agentic adoption

The largest productivity gains will stem from the transition from single-turn assistance to persistent, multi-step agentic workflows, especially across enterprises. Stronger model reliability, robust security and privacy protections, and supportive governance frameworks will make these benefits a reality.



Improved inference efficiency

Continued model and chip breakthroughs could lift AI inference efficiency by ~50% by 2030, optimising the utilisation of existing infrastructure.



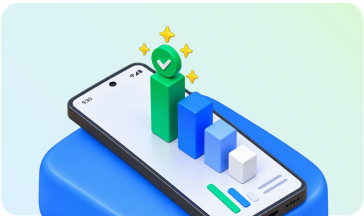
Scaled AI infrastructure

Even with efficiency gains, meeting projected demand requires a ~3X expansion in data centre capacity over the next five years, alongside sustainable utility and supply chain scaling. As inference demand grows, AI workloads will command an increasing share of total data centre capacity relative to traditional cloud compute, storage, enterprise applications, databases, and networking.



Sustainable AI economics

Inference costs must continue to fall as adoption deepens. Favourable economics and demonstrable returns on investment remain paramount to scaling productivity gains across the region.



Source: Bain analysis

Country spotlights

05

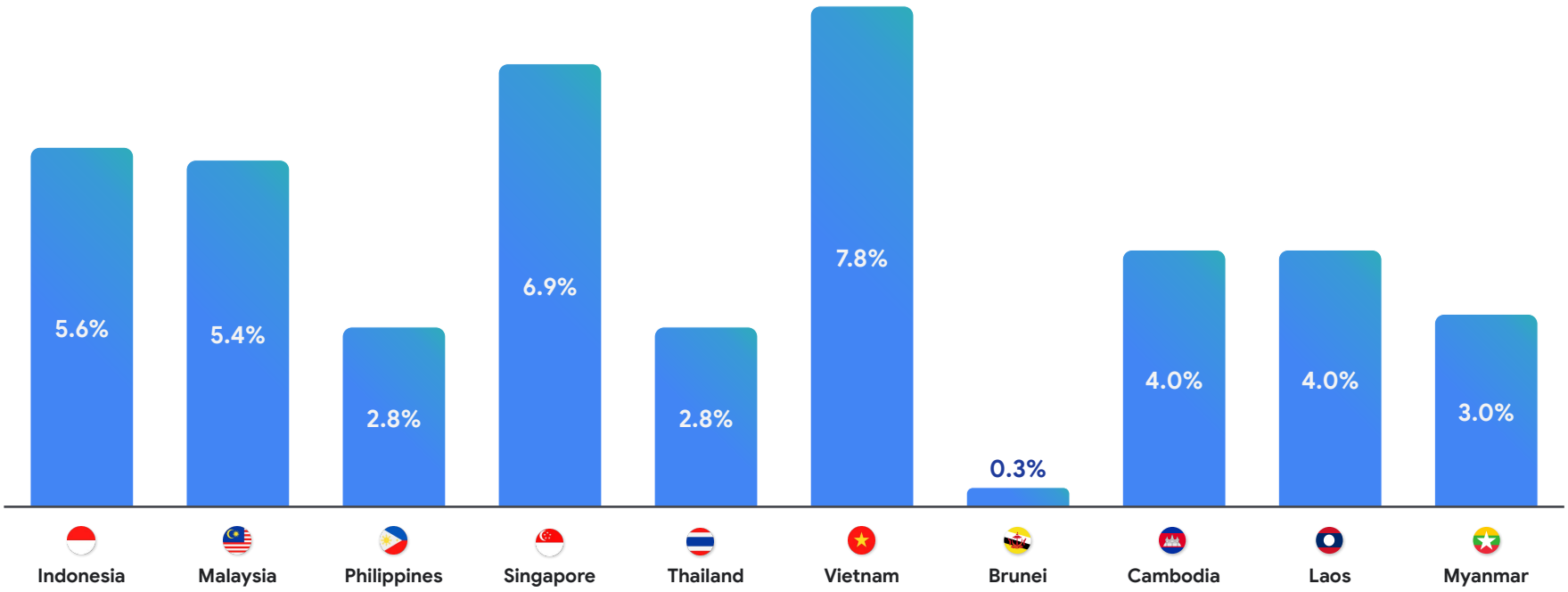


SEA demonstrated resilient growth in H1 2026 and is poised to continue outpacing advanced economies – bolstered by strong domestic consumption, steady investment, and supportive policies. Robust foreign direct investment inflows further reinforce the region's long-term fundamentals.

Nevertheless, inflationary pressures are heightening uncertainty, particularly in the Philippines.

GDP growth was resilient in Q1 across most of SEA

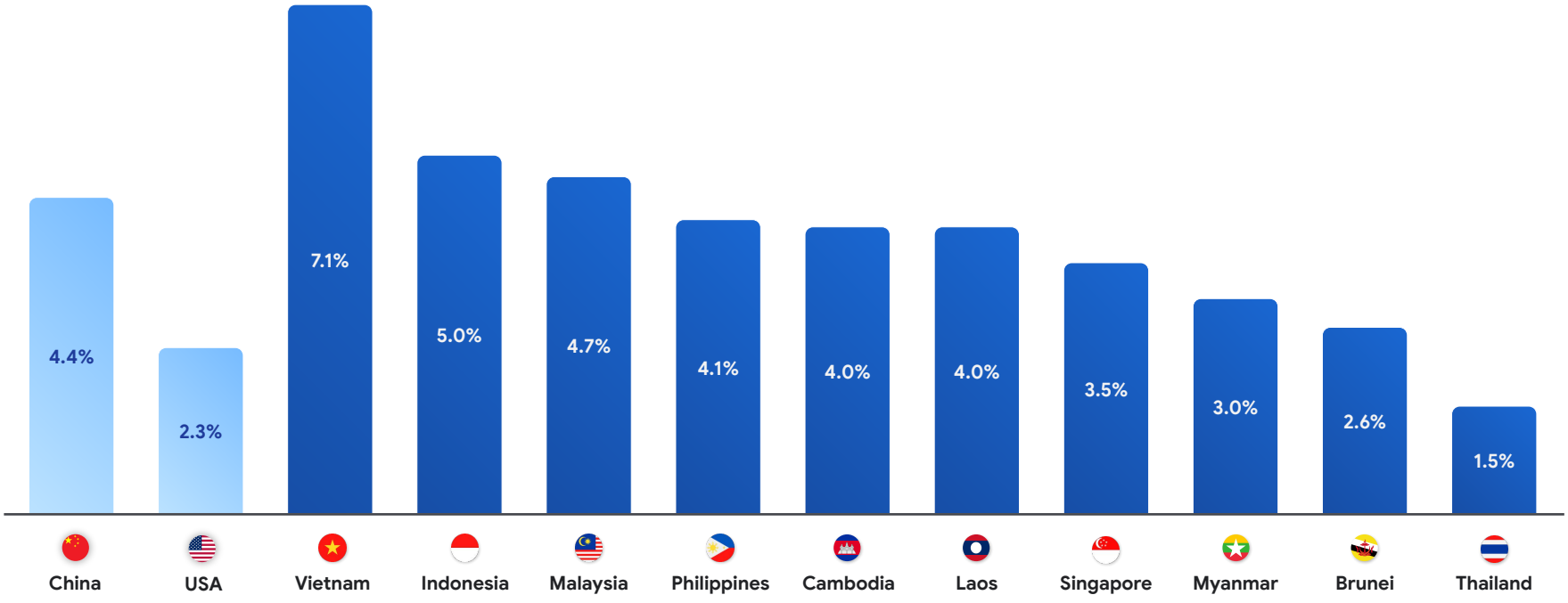
Real GDP growth[1]



Notes: 1) YoY GDP growth for 2026 vs 2025 for Cambodia, Laos, and Myanmar; Q1 2026 vs Q1 2025 for all other economies.
Sources: IMF (Cambodia, Laos, and Myanmar); relevant national statistics agencies (all other economies); Bain analysis

GDP growth in SEA is expected to remain strong in 2026

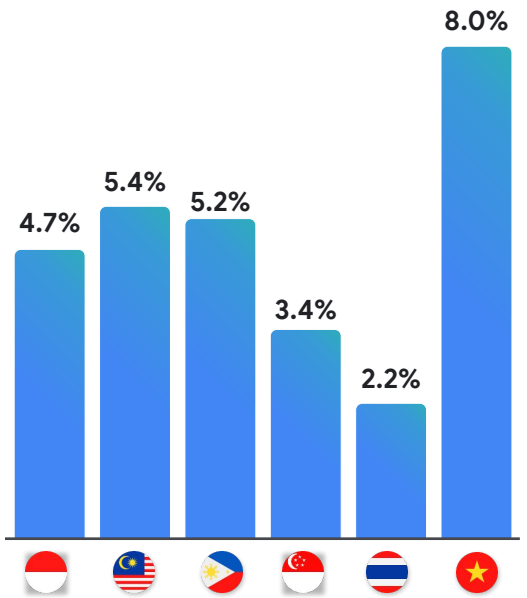
Real GDP growth[1]



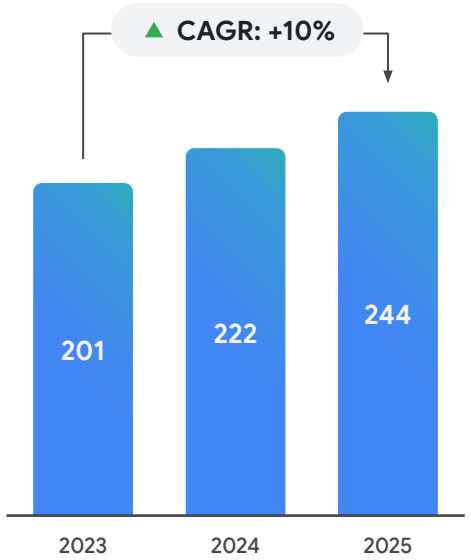
Note: 1) Projected YoY GDP growth for 2026 vs 2025.
Sources: IMF; Bain analysis

Growth is underpinned by rising consumption expenditure, inflows of foreign direct investment, and accommodative policies

YoY growth in final consumption expenditure



Foreign direct investment in SEA ($B)



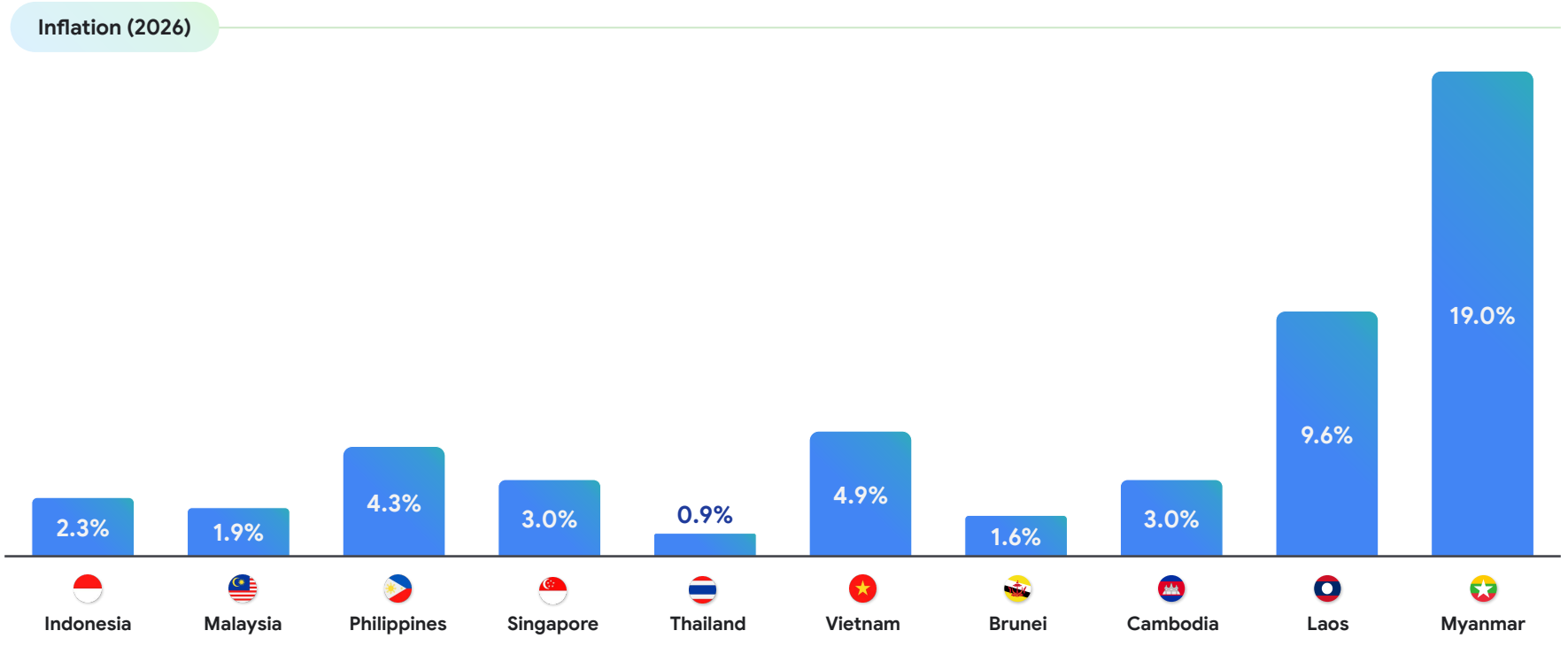
Government policies

Governments sustained domestic demand through infrastructure spending, household relief, and targeted business support.

- Eased macroprudential policy, lifting the liquidity incentive threshold from 5.5% to 6.0% of third-party funds
- Expanded support packages for households and SMEs
- $12B of emergency borrowing for cost-of-living and energy support
- Record $41B public investment plan for 2026
- Sustained spending across development and transport infrastructure

Sources: World Bank; UNCTAD; national banks; lit. search; Bain analysis

Inflation is anticipated in the Philippines and Vietnam; country-specific macroeconomic conditions elevate readings in Laos and Myanmar



Sources: IMF; Bain analysis

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