Country spotlight: Singapore

Singapore

Country overview

Low but steady growth, with the digital economy in the front seat

Weaker domestic demand and higher costs of living have squeezed discretionary income. Nonetheless, the country has managed to avoid recession, with both the consumer and tourism sectors expected to pick up. In the long term, the ageing population and relatively developed economy is expected to maintain course. The digital economy will continue to drive a growth premium versus GDP.

High penetration across digital economy sectors

Singapore is home to the highest digital penetration in SEA, across multiple digital economy sectors. Given the country's 100% urban rate, internet saturation, and well-developed physical infrastructure, its consumers boast the highest e-commerce penetration and willingness to spend on other digital services, including online media.

Reaffirming status as a regional hub with international travel recovery

Singapore's star status as a business and transit hub set the pace for its strong travel recovery. Of all SEA economies, Singapore saw the swiftest bounce back in travel. The country has also established itself as a hub for major concerts, events and business conferences, all which play a key role in attracting tourists into the region.

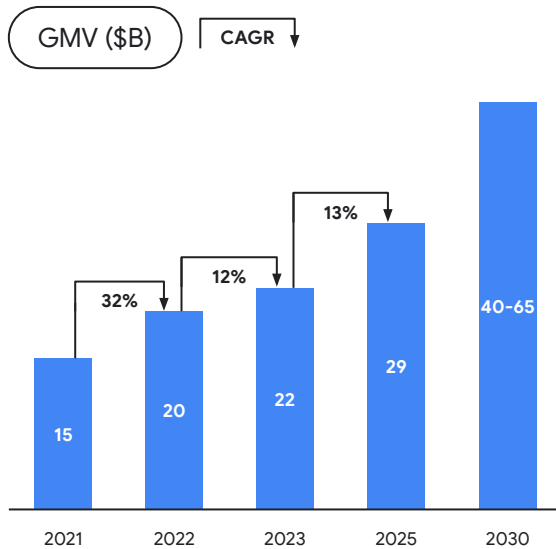## Room for growth across digital wealth and insurance

Digital payments in Singapore are relatively mature: 90% of consumer payments happen via digital channels. Other financial services, like wealth and insurance, however, remain ripe for growth. The rapid digitalisation of wealth offerings and the increasing availability of embedded insurance products are expected to further fuel growth.
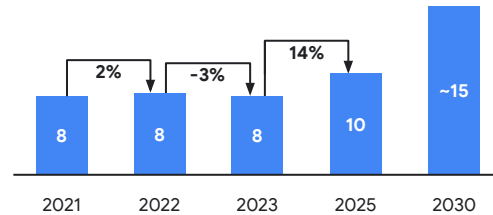
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Travel is now the second largest sector in the digital economy, e-commerce acceleration required to hit ~$30B by 2025
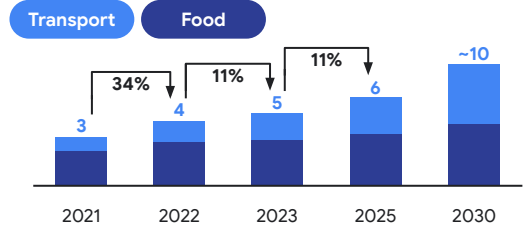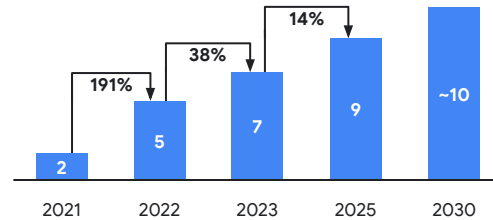

Overall digital economy

GMV ($B) | CAGR

- 2021: 15
- 2022: 20 (32%)
- 2023: 22 (12%)
- 2025: 29 (13%)
- 2030: 40-65

E-commerce

- 2021: 8
- 2022: 8 (2%)
- 2023: 8 (-3%)
- 2025: 10 (14%)
- 2030: ~15

Transport & food

Transport | Food

- 2021: 3
- 2022: 4 (34%)
- 2023: 5 (11%)
- 2025: 6 (11%)
- 2030: ~10

Online travel

- 2021: 2
- 2022: 5 (191%)
- 2023: 7 (38%)
- 2025: 9 (14%)
- 2030: ~10

Online media

- 2021: 2
- 2022: 2 (12%)
- 2023: 3 (11%)
- 2025: 4 (14%)
- 2030: ~5

Source: Bain analysis
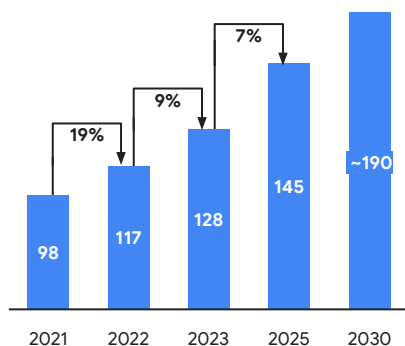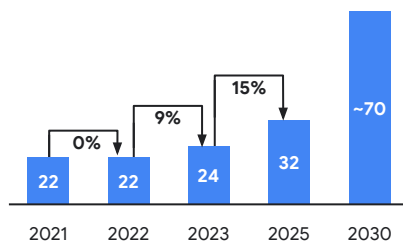
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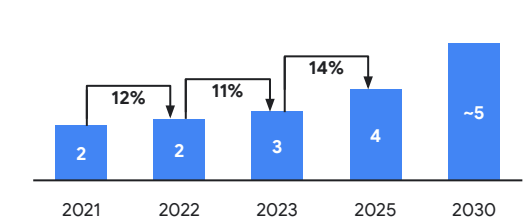
Singapore

Significant headroom remains as traditional financial institutions continue to grow digital offerings
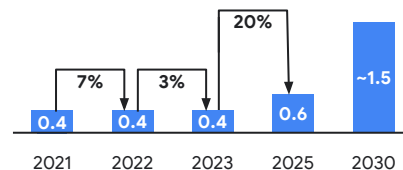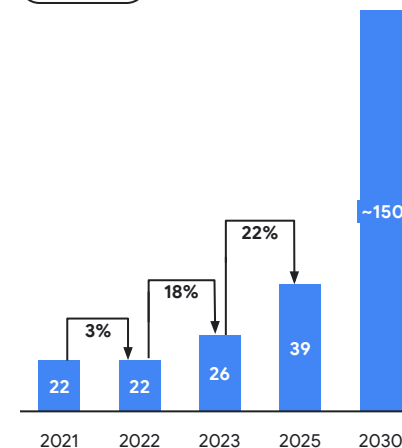
CAGR ↓

Digital payments

GTV[1] ($B)

2021	2022	2023	2025	2030
98	117	128	145	~190

19% → 9% → 7%

Digital lending

Loan book balance[2] ($B)

2021	2022	2023	2025	2030
22	22	24	32	~70

0% → 9% → 15%

Digital insurance

APE & GWP[3] ($B)

2021	2022	2023	2025	2030
0.4	0.4	0.4	0.6	~1.5

7% → 3% → 20%

Digital wealth

AUM[4] ($B)

2021	2022	2023	2025	2030
22	22	26	39	~150

3% → 18% → 22%

Notes: (1) Gross transaction value (GTV) for digital payments includes the value of credit, debit, prepaid card, account-to-account (A2A), and e-wallet transactions; (2) Loan book balance for digital lending includes end-of-year balance for consumer loans (excluding credit card and mortgage) and SME loans; (3) APE & GWP for digital insurance includes APE for life insurance and health under life insurance policies and GWP for non-life insurance; (4) Assets under management (AUM) for digital wealth includes end-of-year mutual fund AUM balance. Source: Bain analysis
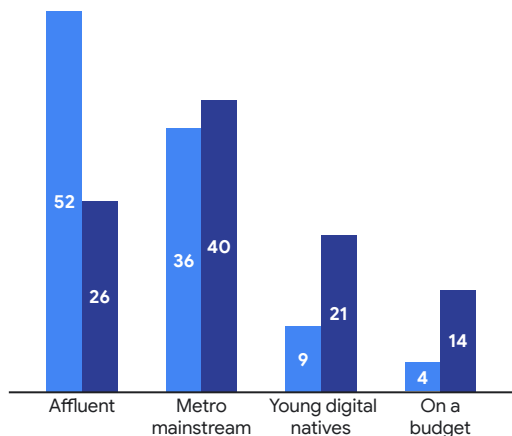
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HVUs spend 8.4X vs non-HVUs: the highest multiple in SEA

HVU **Non-HVU**

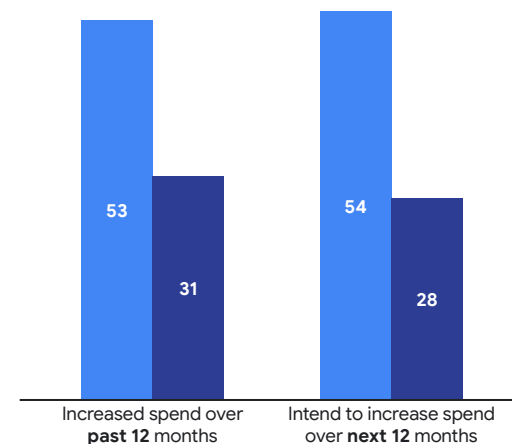### HVU composition[1] by demographic[2] (%)

Based on total online spend[3] per user

Affluent	52 / 26
Metro mainstream	36 / 40
Young digital natives	9 / 21
On a budget	4 / 14

HVU vs non-HVU online spend

Based on average online vertical spend per user

Gaming	18.4X
Streaming	13.0X
Transport	11.3X
Groceries	8.4X
Food delivery	8.0X
E-commerce	6.7X
Travel	5.9X

8.4X
weighted average[4]
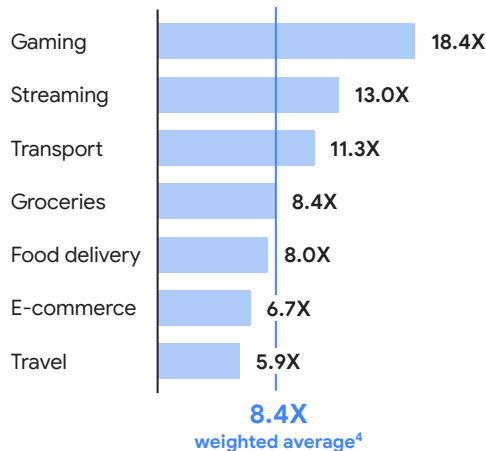
Change in spend (%)

Averaged across verticals[3] per user

Increased spend over **past 12 months**	53 / 31
Intend to increase spend over **next 12 months**	54 / 28

Notes: HVU = high value users. (1) Average composition across SEA; (2) Affluent = High income; Metro mainstream = Age 30 and above & medium income; Young digital natives = Age 18-29 & medium income; On budget = low income; (3) Excludes digital financial services (DFS). (4) Based on aggregate HVU user spend / aggregate non-HVU user spend, across all 7 categories.
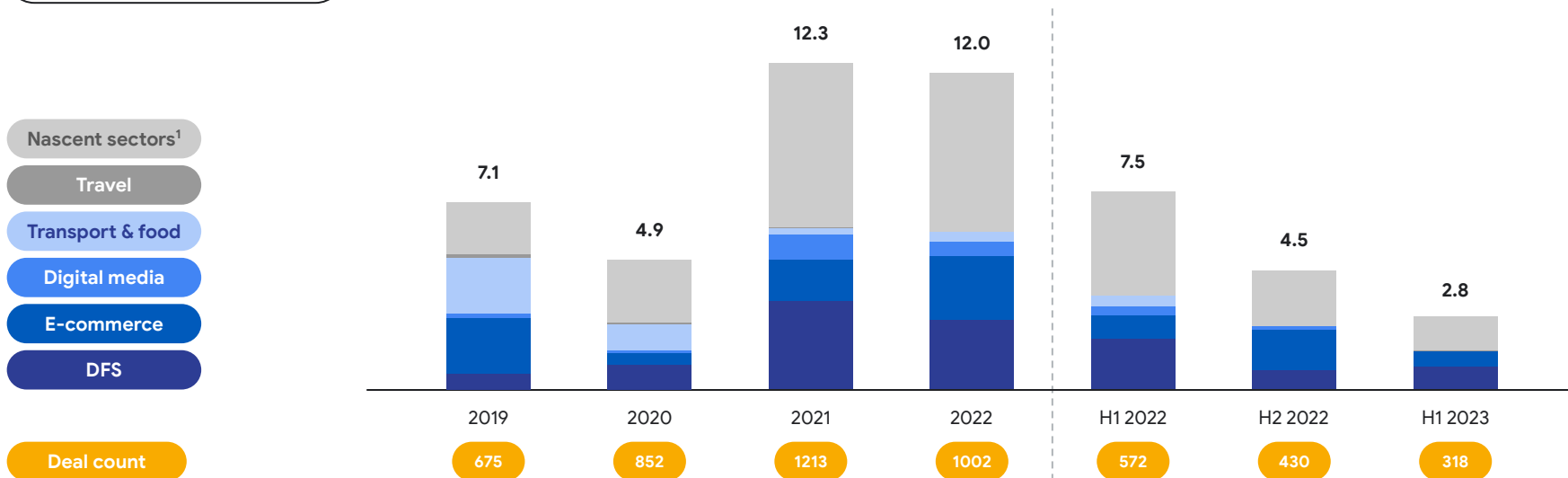Source: Google-commissioned Kantar e-Conomy SEA consumer survey, ID, MY, PH, SG, TH, VN, 2023, online survey among 18-64 internet users and digital economy spenders, 10/08/2023 - 01/09/2023 (n=1,303 Singapore) Question S7, S3, A2, A5, A7: "Which of the following best describes your regular monthly household income situation before tax?" "In what region / area do you live?" "Please estimate how much you think you spend online in an average month across the below digital activities." "Comparing this year to the previous year, how has your spend for the following digital behaviours changed?" "Thinking about the upcoming year, how do you think your spend for the following digital behaviours will change?"

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Funding continues a steady decline in 2023, setting the tone for the wider SEA region

Private funding value ($B)

Nascent sectors[1]

Travel

Transport & food

Digital media

E-commerce

DFS

Year	Value
2019	7.1
2020	4.9
2021	12.3
2022	12.0
H1 2022	7.5
H2 2022	4.5
H1 2023	2.8

Deal count

Year	Deal count
2019	675
2020	852
2021	1213
2022	1002
H1 2022	572
H2 2022	430
H1 2023	318

Note: (1) Nascent sectors include categories that are still relatively nascent in SEA such as enterprise, healthtech, edtech, deeptech/AI, Web3/crypto, property, automotive, etc.
Source: Bain analysis

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