

# How e-commerce and the gig economy is transforming Southeast Asia

Reuben Lai, senior managing director of Grab Financial, discusses the impact of the ridesharing industry, gig economy, and mega demographic trends on the economies of Southeast Asia.



**With a population** larger than that of the United States and an economy that is growing faster than that of China, Southeast Asia has a huge amount of opportunity to succeed—both in Asia and on the world stage. This success is dependent on governments and businesses joining forces to answer the call for significant investment in physical and financial infrastructure to deal with growing demands on its cities and populations.

Reuben Lai aims to help solve some of these mega challenges. In his role as senior managing director and cohead of Grab Financial, he oversees the company's payments and financial-services work in Southeast Asia, outside of Indonesia, to drive financial inclusion for the middle economy. He leads Grab Financial's open-ecosystem strategy, product-road-map development, and expansion across the region. Additionally, as the head of new business at Grab, Lai is constantly scouting out new and exciting growth opportunities for the company.

As part of our Future of Asia research project, Lai shared his insights on these challenges. An edited version of his remarks follows.

**Kate Hegarty:** With a lens to 2030, share with us what you see as the top three big demographic changes facing Southeast Asia and how they will affect the industry that you're in with Grab.

**Reuben Lai:** Absolutely. And I can do four instead of three. I'm going to break it down into four different factors. One is the economy. Second is the infrastructure of this economy, and that's broken up by the physical as well as the financial infrastructure. Finally, it's all about people—so the population.

On the economy, with a population larger than the US's, and an economy that's growing faster than China's, we've got a huge amount of opportunity in Southeast Asia. It's going to be the fourth-largest economy in the world by 2030, so there are massive opportunities there.

The second is whether we have the infrastructure to support the growth of this economy. I think there's a lot that needs to be done in terms of investing and expanding the physical infrastructure. Anybody who's spent time in Southeast Asia would appreciate the massive jams that we face on a daily basis. This is an area we can transform with technology.

The third is financial infrastructure. Seventy percent of people are underbanked in Southeast Asia. In our lifetime, there's an opportunity to bring 400 million people—that's larger than the size of the US—into the financial-infrastructure ecosystem. How do we serve these people with new techniques?

Finally, it's all about people. We've got a massively young population. Three-fifths of the population is under 30. They are tech savvy. These are people who are looking to leapfrog technology, to embrace new technology to make lives more efficient and better for themselves and for Southeast Asia.

Those are the big four trends that I strongly believe will allow any company—any economy—that embraces them to unlock tremendous opportunities for themselves.

**Kate Hegarty:** How do you think CEOs and policy makers—decision makers—should respond to these things you just mentioned?

**Reuben Lai:** First of all, I'm super excited to be in this part of the world. I think that it's a tremendous privilege and a blessing. I believe that we are here for a reason. CEOs who are in the midst of this action have their work cut out for them. For us, it's about how we solve these big, mega challenges. They are mega for a reason.

The first thing is, we believe strongly that it has to be done in a focused way. If companies' CEOs can look at these big problems and focus their energies, their resources, on solving these

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problems alongside with government, I think that would be fantastic.

That brings me to my next point, which is that we can't do this alone. We believe in this African proverb: "If you want to go fast, go alone. If you want to go far, go together." We believe that, as an ecosystem, we have to join forces to solve these big challenges. That's what we've done at Grab: take a partnership-led approach, bringing the best of breeds globally and regionally to solve these problems together.

Finally, it has to be about technology. It cannot be same old, same old. It has to be, How do we leapfrog? For example, in Southeast Asia, we bypassed the PC era, going straight to mobile technologies. That has enabled us to unlock a lot of opportunities—such as banking, for example, done

on a mobile phone. What is the next big technology trend that we should ride? At Grab, we believe strongly that it's AI [artificial intelligence]. It's AI led.

We've taken an AI-first approach in everything that we've done. I'll use the example of credit scoring. Banks have underserved 70 percent of the population, because of a lack of access to data and the ability to crunch huge amounts of data and then make sense of it. What we've done is flip it around by using our ability to have insights on our customers, applying machine-learning techniques on the data, and being able to score and assess customers' willingness to pay and ability to pay, which translates to creditworthiness of customers. Using that, we're able to lend money to a lot more customers faster—and lowering our risk along the way as well.

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