

AP 2026 Economic Outlook



Travel, trade and AI shaping Asia Pacific's economies

Asia Pacific entered 2026 with resilient consumer spending, expanding online commerce and deeper cross-border integration, despite external challenges. Visa's data, drawing on billions of anonymized transactions, shows three key trends: a spending shift from services to goods; travel as the hottest regional purchase; and AI hotspots and trade re-routing altering pricing and payments.

Asia Pacific has long been the world's fastest growing region by GDP. The drivers of growth differ markedly by country, but common fundamentals across the emerging markets are urbanization, business-friendly policy reforms, solid infrastructure and quality education. For advanced economies, commanding positions in technology, trade and natural resources maintain living standards. While growth is resilient, it is slowing as rising trade barriers, a higher cost of capital, rapidly aging populations and structural change in China reduce the effectiveness of traditional export-oriented manufacturing-led growth.

Visa's Spending Momentum Index captured a strong rebound in spending in Australia and New Zealand as households reacted to falling interest rates. Meanwhile, spending in emerging Asia was resilient, as strong growth fundamentals and localized AI booms were offset by slower job creation and weakening performance in the traditional foreign direct investment (FDI) - and export-led engines of growth. Advanced Asia faced more headwinds, with declining real incomes in Japan (as inflation hit) and above-trend unemployment in Hong Kong, which encouraged more precautionary saving.

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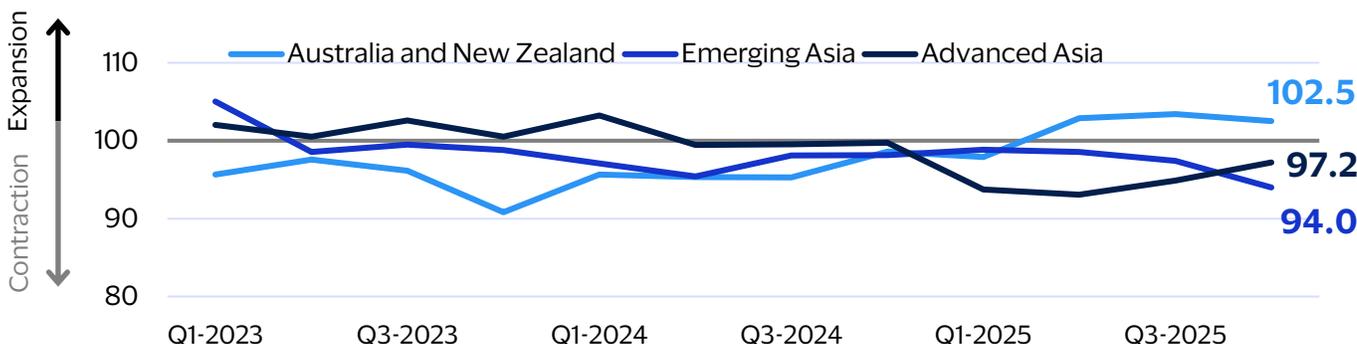
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Key Points:

- Asia Pacific spending was resilient in 2025, especially in e-commerce and cross-border
- Travel is the hottest regional category, but there are also signs of a shift back toward cheaper goods
- AI and trade developments are changing what people buy

Fig 1: Spending Momentum Index

(Not seasonally adjusted; *≥100 = expansion, <100 = contraction. Last actual: Q4-2025)



Note: Regional aggregates are nominal private consumption-weighted averages. Advanced Asia includes Japan, Hong Kong, and Singapore. Emerging Asia includes India, Indonesia, Malaysia, Philippines, Vietnam and Thailand. Source: Visa Business and Economic Insights. *The Visa SMI measures the current quarter relative to the same quarter last year. Both national and regional readings of the index are based on year-over-year changes in consumer spending with Visa bankcards.



Mixed momentum and outlook

As 2025 came to a close, Visa’s models suggested that spending would continue to improve in Australia and NZ in early 2026 and stabilize in advanced Asia. Northeast Asia is shaping up to be a tale of two halves, with parts of the economy exposed to the AI hardware boom performing strongly, while the rest remains mostly lackluster.

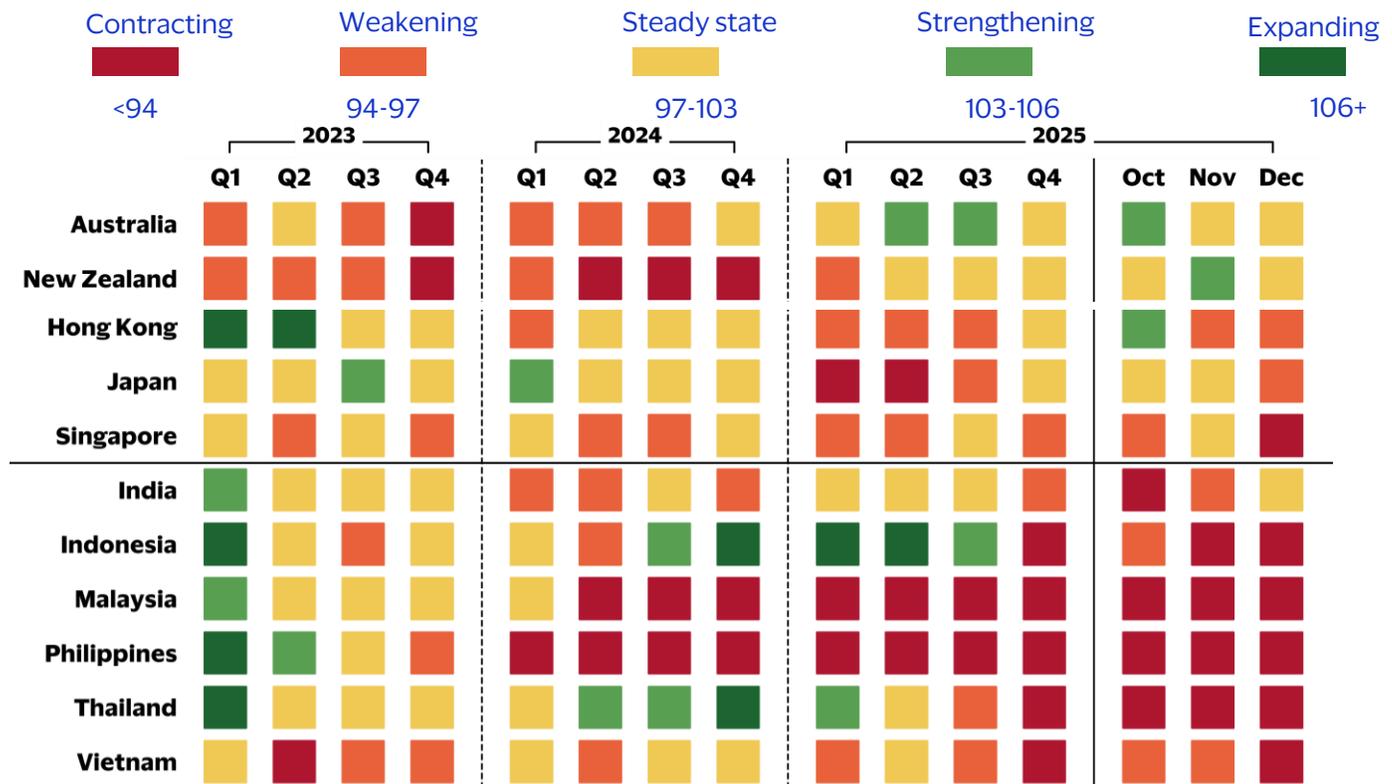
Things are more challenging for emerging Asia, where we expect a growing divide. An emerging round of reforms in India will gradually give a boost to job creation, even as AI provides both opportunities and risks to its services sector. The trade powerhouse of Southeast Asia faces a hangover as inventory run-down in the United States will likely sap export demand, and policymakers in the U.S. look to take a tougher stance on trans-shipment of goods from Mainland China. As firms adjust to a more settled trade environment, we can expect further shifts in investment and employment.

Markets where governments are focused on growing domestic demand and continuing to improve the business environment, such as Vietnam, will be able to partially offset this and do well. By contrast, markets that have a shallower record of recent reforms, like Thailand and Indonesia, are more likely to see the tougher global backdrop reflected in weaker growth outcomes.

China’s economy showed resilience in 2025, as fiscal support and an AI boom held up growth. In 2026, ongoing headwinds from a stagnant property market and dampened job creation are expected to sustain the medium-term trend of moderating growth, though the world’s most powerful manufacturing base and further upside from technology should place a floor on growth.

Fig 2: Spending Momentum Index for Asia Pacific markets

(Not seasonally adjusted; *≥100 = expansion, <100 = contraction. Last actual: Q4-2025)



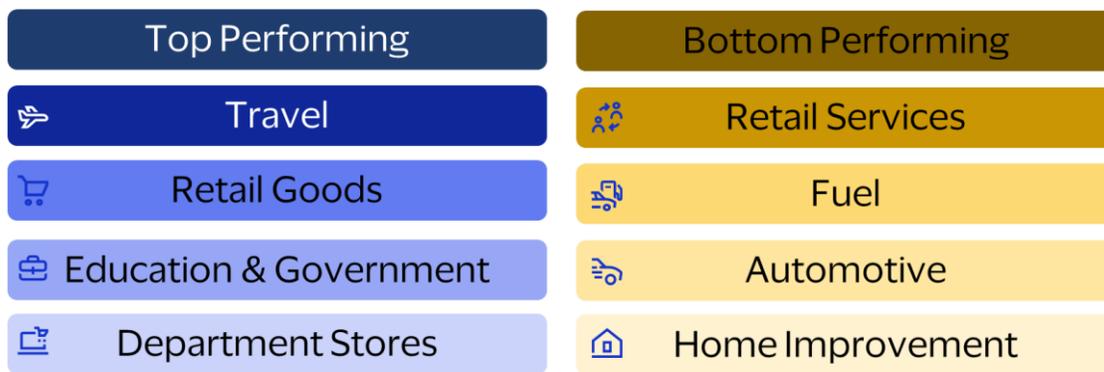
Source: Visa Business and Economic insights

Notes: In this article, spending is defined as e-commerce if the card or token is not physically present at the merchant at the time of the transaction. A cross-border transaction is defined as one where the market of card issuance and registered location of the merchant is different. Where the card is present in a cross-border transaction, it is considered tourism spend. Segment definitions are based on Visa’s aggregated merchant category codes. All data is sourced from VisaNet, unless otherwise specified. Comparisons are full year 2025 as compared to full year 2024, unless otherwise specified, based on purchase date.

From travel boom to goods repricing

Three forces shaped category performance in 2025: further expansion of travel, rising affordability of goods as compared to services and rapid digitalization of public services. Travel was the standout. Spend at travel merchants grew around 2.5 times as fast as overall spending, even before taking into account what people buy in other categories, such as dining and entertainment, while traveling. Retail goods and department stores also accelerated as consumers—fatigued from high services inflation—were drawn to cheap prices on offer for many goods categories. Falling wholesale prices, especially from Chinese manufacturers seeking new buyers, was also a factor behind weak home improvement spend, alongside a cyclical effect from projects that were brought forward during the pandemic. Fuel and automotive were muted, reflecting lower global oil prices and downward pressure on vehicle prices from heightened competition from Chinese manufacturers. The regional shift toward formalization of the economy and digital transformation of public services increased education and government spend, especially in India, Bangladesh, Indonesia, Philippines and Malaysia.

Fig 3: Category spend performance in 2025 across Asia Pacific
(ranked by year-on-year percentage growth rate in total USD equivalent spend)

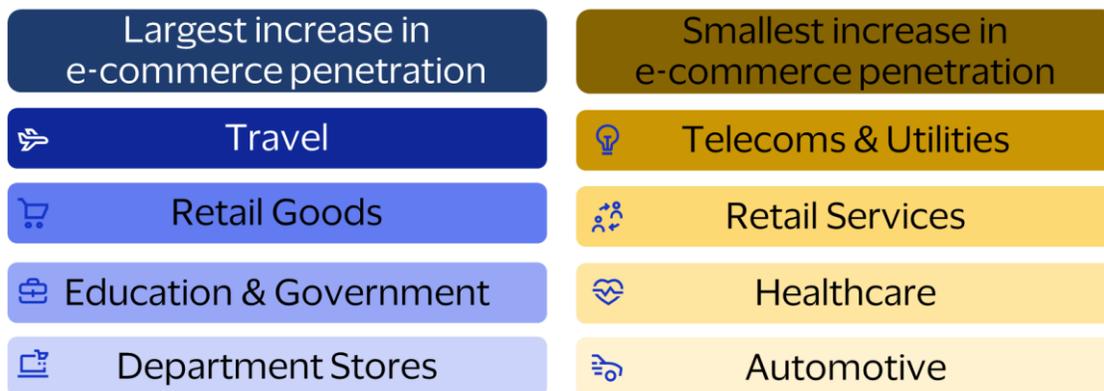


Source: VisaNet

Online, all the time

Asia Pacific has long been a leader in e-commerce, with online payments penetration continuing to rise by slightly more than one percentage point in 2025. Signs of maturation are emerging, and in some categories, such as retail services, people are shifting back to in-person purchases. Online spend rose but relatively less so in healthcare, automotive, restaurants and entertainment. The online market was especially hot in 2025 across three areas: Online travel agents gained share, even as agentic commerce raised the possibility of major structural shifts in buyer-seller relationships; goods retailers pivoted strongly online, with e-commerce growth accounting for 90 percent of the total increase; and e-government adoption also advanced. It is no coincidence that the categories that did best overall were also those that had the most dynamic online businesses. Department stores and apparel reached a symbolic milestone, with more than half of all sales now occurring online.

Fig 4: Penetration of e-commerce in Asia Pacific
(ranked by percentage point change in share of card not present payments)



Source: VisaNet

Cross-border growth outpaces domestic

Cross-border transactions made by Asia Pacific cards grew at more than double the rate of domestic ones, with particularly strong growth in travel, healthcare, food and drug, retail goods and restaurants. International e-commerce was particularly important for goods retail and home improvement. On the other hand, in-person tourism drove growth in retail services and healthcare. Department stores and apparel stood out as a rare segment that saw faster growth in domestic transactions. Total inbound B2B spend fell, as ongoing integration of regional supply chains was not enough to offset the reduced spend coming from B2B customers located outside of Asia Pacific.

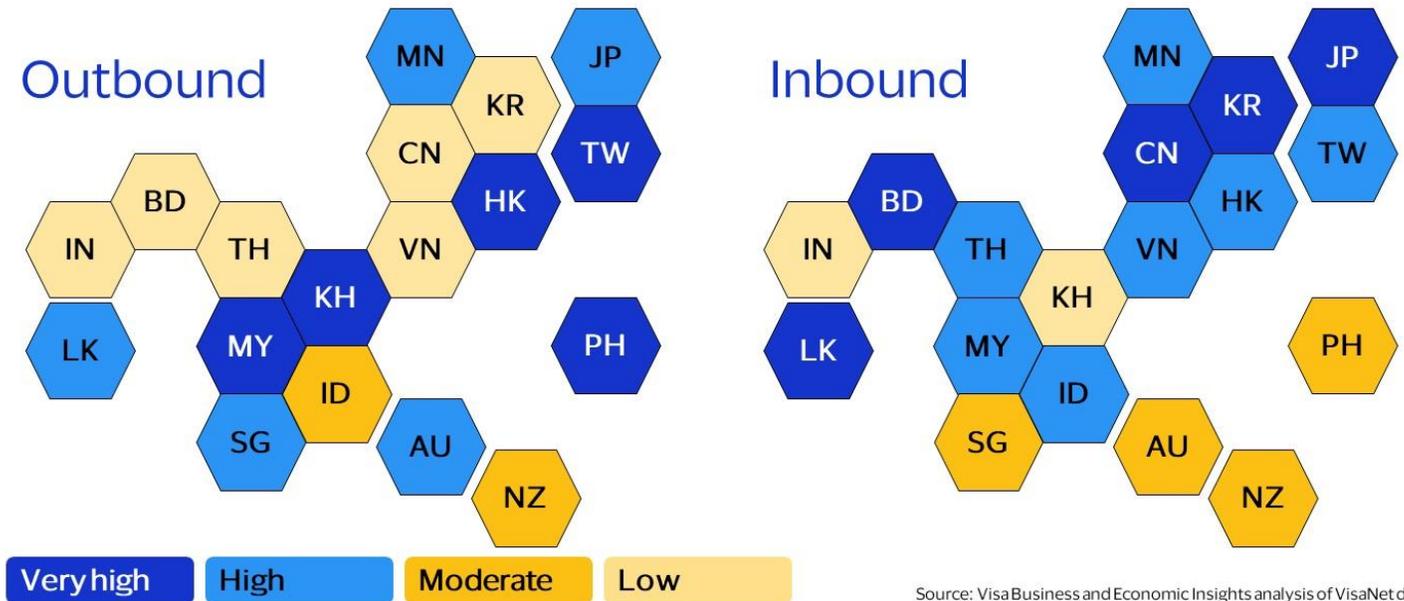
According to our analysis of Visa card spend, AP tourism grew by around 10 percent, with no major inbound market registering a decline in spend, while outbound spending again grew faster than nominal GDP across the region, albeit with more uneven performance. Cultural tourism loomed large: South Korea, with its ubiquitous pop stars, movies and cosmetics, leap-frogged Australia and Thailand to become the number two destination in the region, while the cultural pull of Mainland China supported its position as the fastest-growing inbound market. Japan remains the tourism giant; attracting more than double the spend of any other destination while also growing by more than 25 percent.

The profile of Asia Pacific’s most frequent travelers continues to evolve, with three trends standing out. First, economic growth does not always translate into increased travel. For many years, growing middle classes in Asia’s three giants of Mainland China, India and Indonesia translated into new visitors for everyone else, but this slowed in 2025 with factors such as rising unemployment and inequality affecting consumer confidence. Second, economies exposed to the AI investment boom generally saw more cashed-up tourists heading overseas; the Philippines, Taiwan, Malaysia and Singapore all saw robust increases. Finally, the sweet spot for attracting visitor spend lies in markets with a large base of affluent consumers, even if growth rates are moderate. More than three-quarters of new tourism spending by Asia Pacific cardholders came from residents living in Australia, Japan, Hong Kong, Singapore and Taiwan.

Fig 5: Hopping between hotspots

Outbound payment volume growth (USD, %, 2025 vs 2024)

Inbound payment volume growth (USD, %, 2025 vs 2024)



Source: VisaBusiness and Economic Insights analysis of VisaNet data

Consumer hopes, affluent reality

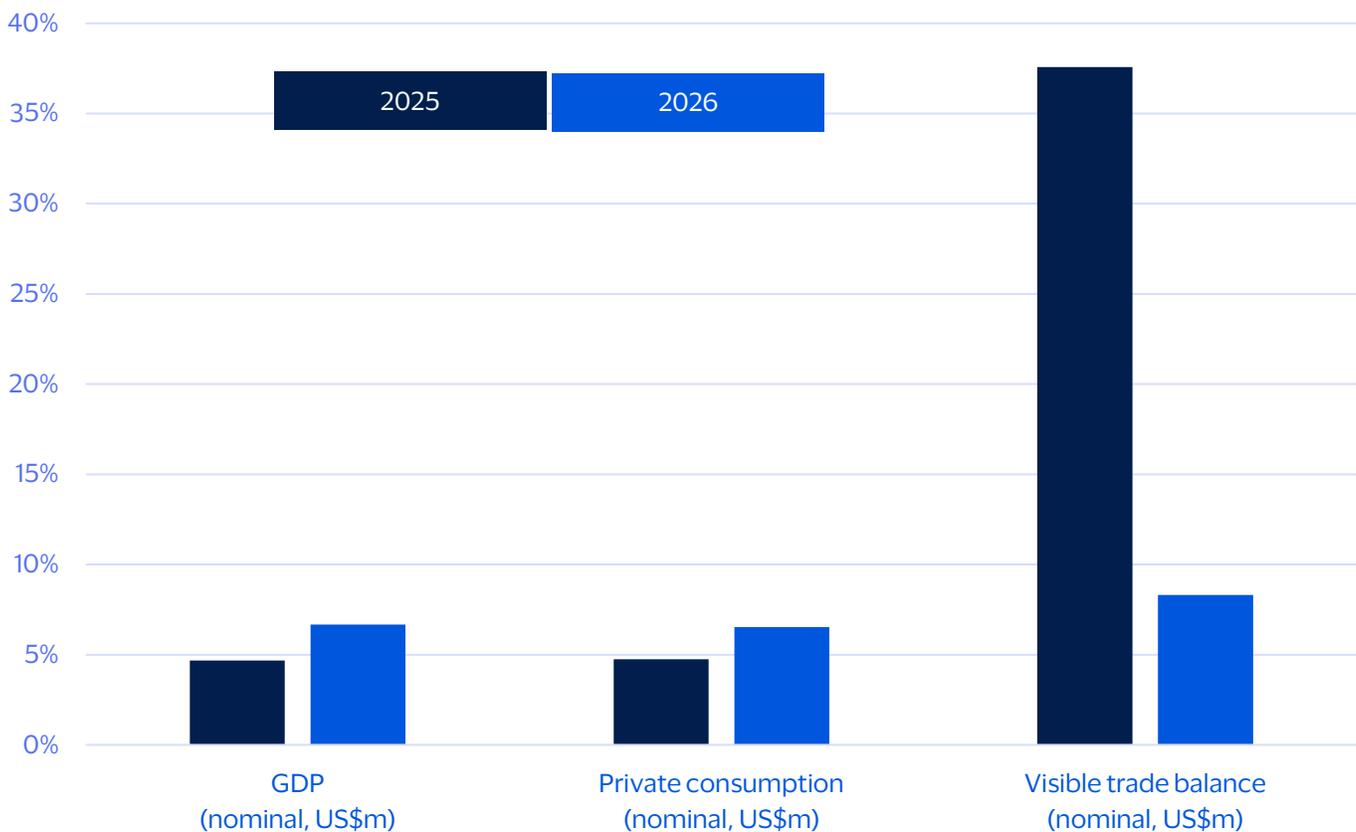
Long dependent on export-oriented manufacturing and trade for growth, Asia-Pacific economies faced a period of heightened anxiety among policymakers in early 2026 as trade policy upheavals intensified. Trade held up better than expected with some economies, notably Mainland China, generating record trade surpluses, and many exporters were initially reluctant to raise prices when faced with tariffs. New investments were put on hold until the regulatory environment settled. Meanwhile, some corridors of trade growth likely represented re-routing via third markets rather than new sources of growth. These factors will cause more B2B adjustment in 2026.

Many economies in the region will be looking to the consumer to offset any decline in net trade earnings. Ongoing urbanization and growing populations provide good fundamentals for emerging markets around the region, while the more developed economies are mostly well-positioned to continue to benefit from investments in AI. However, these fundamentals, particularly in the emerging markets, will now need to be matched by stronger domestic policymaking as external tailwinds weaken.

While the middle classes in some of the larger emerging economies are struggling, spending is still rising as buoyant asset markets support wealthier households. Affluent consumers—those holding premium Visa consumer cards—accounted for a disproportionate share of new spend in 2025, according to our analysis of anonymized VisaNet data. Their spending rose around three times faster in percentage terms than the non-affluent, contributing close to three-quarters of all new spending. Travel, entertainment and retail goods were the biggest beneficiaries. For some sectors that struggled overall, such as home improvement, automotive and fuel, affluent cards accounted for all the spending growth that did occur.

Looking ahead, Visa’s indicators point to continued improvement in Australia and New Zealand, stabilization across advanced Asia and a more mixed outlook in emerging Asia. Consumers are increasingly value-conscious and remain sensitive to interest-rate changes and job creation, but they continue to prioritize travel spend. For merchants, strong e-commerce and cross-border strategies are essential to capitalizing on the region’s future growth.

Fig. 6: Asia Pacific’s GDP growth relied on trade in 2025, but private consumption will need to lift more in 2026
Year-on-year growth rates for a weighted aggregate of 24 Asia Pacific economies



Source: Visa Business and Economics Insights Analysis of Oxford Economics data

Accessibility notes

Fig. 1: A line chart with three lines showing the quarterly Spending Momentum Index from Q1-2023 to Q4-2025 for Australia and New Zealand, Emerging Asia and Advanced Asia. The Australia and New Zealand line begins at 95.7 in Q1-2023, dips to its lowest point of 90.8 in Q4-2023, rises gradually through 2024, crosses above 100 at 102.9 in Q2-2025, reaches a high of 103.4 in Q3-2025, and ends at 102.5 in Q4-2025. The Emerging Asia line starts at 105.0 in Q1-2023, declines below 100 in Q2-2023, moves within the 95–99 range for most of 2024 and 2025, and ends at 94.0 in Q4-2025, which is its lowest point. The Advanced Asia line begins at 102.0 in Q1-2023, fluctuates around 100 throughout 2023 and 2024, drops to its lowest value of 93.1 in Q2-2025, and then rises to 97.2 in Q4-2025.

Fig. 2: A color-coded grid showing Asia Pacific markets and their quarterly Spending Momentum Index ranges for 2023-2025 as well as monthly October, November and December 2025, including dark red indicating SMI readings below 94, red indicating SMI readings ranging 94–97, yellow for ranges 97–103, green for ranges 103–106, and dark green for SMI readings above 106. An SMI above 100 indicates expansion while readings below 100 indicate a contraction. Both Australia and New Zealand had December and Q4 readings in yellow; both Japan and Hong Kong's readings were red and yellow respectively; Singapore's readings were dark red and red respectively; India's readings were yellow and red respectively; and Indonesia, Malaysia, the Philippines, Thailand, and Vietnam all had readings in dark red and dark red respectively.

Fig. 3: A bar chart ranking spending categories across Asia Pacific in 2025 by their year-on-year percentage growth in total U.S. dollar-equivalent spend. The bars are ordered from the highest to the lowest growth rate. Travel shows the darkest bar, indicating the strongest growth. Retail goods and department stores have moderately dark bars. Categories such as home improvement, fuel and automotive have lighter bars. The chart does not include numbers but visually conveys the relative rankings of each category.

Fig. 4: A horizontal bar chart showing the change in the share of card-not-present (online) payments in 2025 for Asia Pacific markets, ranked from the largest to the smallest increase in online penetration. Each bar represents a market and is positioned to reflect its percentage-point change ranking. Markets with the largest increases (including travel, retail goods, education and government, and department stores) are higher on the left-hand side, while those with the lowest increase (including telecoms and utilities, retail services, healthcare, and automotive) are highest on the right-hand side. The chart displays only the relative ranking; no numeric labels are provided.

Fig. 5: A map-based infographic illustrating the relative travel flows between major Asia Pacific destinations. Hexagons are colored based on the relative growth rate of inbound or outbound spending. Japan is shown with the largest inbound flow. Mainland China and South Korea are highlighted with strong inbound or outbound links. Additional hexagons show destinations such as Australia, Thailand, Singapore, Taiwan and the Philippines. The graphic shows directional movement only and does not provide numerical values.

Fig. 6: A bar chart showing year over year growth rates for a weighted aggregate of 24 Asia Pacific economies, including GDP growth of 4.7 percent in 2025 and 6.7 percent in 2026, private consumption growth of 4.7 percent and 6.5 percent, respectively, and visible trade balance growth of 37.6 percent in 2025 and 8.3 percent in 2026.

Forward-Looking Statements

This report may contain forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are generally identified by words such as “outlook,” “forecast,” “projected,” “could,” “expects,” “will” and other similar expressions. Examples of such forward-looking statements include, but are not limited to, statements we make about Visa’s business, economic outlooks, population expansion and analyses. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our filings with the SEC. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

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