



# EMERGED MARKETS? A NEW ERA OF GROWTH



# A LESSON IN TENACITY

Emerging markets are no longer chasing the developed markets. They are setting new benchmarks for innovation and reshaping global growth narratives with well-earned confidence. From Asia Pacific to Latin America, Africa to Eastern Europe, these regions are bypassing traditional stages of economic growth. Technology, talent, and tenacity are driving transformation at a pace that many developed markets can't match.

But what makes a market "emerging"? It's not just geography, it's momentum. These economies are growing at rates that far outpace advanced markets, powered by a rising middle class and surging domestic consumption. They're investing heavily in infrastructure and technology, leapfrogging legacy systems to build mobile-first, cloud-enabled economies. Regulatory frameworks are aligning with international best practice, creating transparency and investor confidence. And perhaps most importantly, these markets are home to youthful, digitally connected populations who are not only consuming but innovating, driving entrepreneurship and shaping new financial ecosystems.

This combination of agility, ambition, and structural reform positions emerging markets as engines of global growth. The shift isn't just about numbers, though the numbers are persuasive. It's about the rise of new financial ecosystems and the appetite for sophisticated

tools and services, underpinned by local innovation and global opportunity.

Emerging markets are expected to contribute over 60% of global GDP growth in 2025, driven by infrastructure, technology, and energy investments. Growth rates in these markets are significantly outpacing advanced economies: 4.1% vs. 1.5%. The traditional economic lens used to chart growth won't be sufficient for these emerging markets. To assess performance and future growth a multi-dimensional perspective is needed, one that captures their hyper-connectivity, their resilience in the face of volatility, and the relentless innovation that is redefining global norms.

Digital transformation, regulatory sophistication, talent and infrastructure investment together represent a series of interconnected themes, feeding into a broader story of agility and opportunity. And, while challenges remain with geopolitical volatility, ongoing inflationary pressures and uncertain policy frameworks, the trajectory remains strong.

This report examines the forces driving this evolution under the banner of growth dynamics, detailing the opportunities and challenges it presents, and what the future holds for businesses operating in these dynamic regions.



# GROWTH DYNAMICS IN EMERGING MARKETS



The emerging markets are no longer chasing developed market economy. In fact, several of the incumbent countries are now experiencing growth the 'developed' markets haven't enjoyed for some time. Africa is on course for average growth of around **4.1%**, with nearly half of its economies exceeding **5%**. Asia-Pacific has sustained strong momentum at approximately **4.7%**. Meanwhile, Latin America and the Caribbean have expanded by about **2.1%**, and Eastern Europe's growth has averaged around **2.8–3.5%**, driven by private consumption and resilient regional dynamics.

Southeast Asia's internet economy is projected to reach **\$600 billion** by 2030, while Africa's fintech ecosystems are powering small business growth.

A history of resilience and tenacity has created a bedrock of innovation in these markets with cutting-edge technologies and evolving economic models. This culture of innovation is supported by flexible thinking and a willingness to experiment. Startups are developing solutions tailored to local challenges, from agricultural technology to logistics platforms. Public and private sectors are investing in innovation ecosystems with incubators, accelerators, and research hubs. This creates a dynamic environment where new ideas can scale quickly, bypassing legacy infrastructure through mobile, fintech, and e-commerce platforms. Cities like Hangzhou, Bogotá, Nairobi, and Kuala Lumpur are emerging as innovation hubs.

Emerging markets are accelerating through a phase of deep structural change to a greater or lesser degree. Investment in infrastructure, diversification of traditional industries, and rising domestic uptake are all reshaping economic foundations. Urban centres are expanding, middle-income populations are growing, and entrepreneurial ecosystems are gaining traction. In the leading examples, governments are prioritising transport networks, digital infrastructure, and energy access to support long-term development. These shifts are creating new opportunities for businesses and investors who understand the local context.

These structural shifts are not only reshaping local economies but also influencing global investor sentiment. As infrastructure expands and innovation ecosystems mature, capital flows into emerging markets are strengthening. Inflationary pressures are easing and central banks are adopting more relaxed policies, prompting a rebound in equity and debt markets. Improved liquidity and renewed appetite for risk position these economies as attractive destinations for global capital.

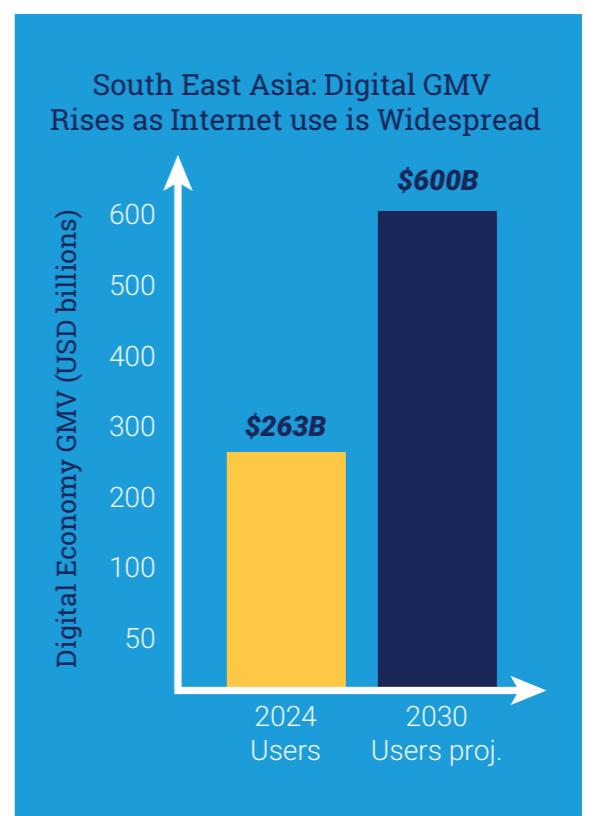
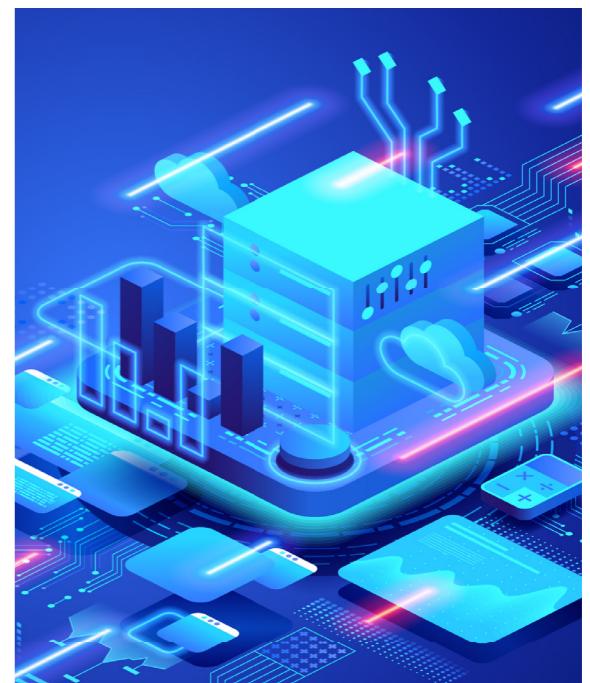


Figure 1 – Southeast Asia: Digital economy GMV vs widespread internet use

Sources: Google/Temasek/Bain, e-Cconomy SEA 202



## Digital transformation

So, what's driving this growth? One of the key features of the transformation is digital. The growing access to technology is providing increased financial literacy and demand for financial tools and platforms.

Cloud adoption, AI-driven workflows, automation, blockchain and mobile connectivity are now the backbone of competitive advantage in emerging markets. These technologies are reshaping business models by enabling scalability, efficiency, and trust in environments where legacy infrastructure is limited or absent.

Cloud adoption has the benefit of allowing firms to bypass costly on-premise systems, speeding up the time-to-market and enabling real-time collaboration across borders. AI and automation are transforming operational processes, from predictive analytics in supply chains to AI-assisted audits in professional services, freeing human talent for higher-value judgment work. Blockchain is emerging as a critical enabler of transparency and security, particularly in financial services and trade, where trust and compliance are paramount.

This evolution is pulling entire economies into more digitally based banked systems.

Not only does the rise of a digitally connected demographic drive e-commerce growth, mobile technology enhances access to education, healthcare, and entrepreneurship. It enables micro-businesses to scale through social commerce and digital payments, creating new income streams and accelerating urban and rural economic integration.

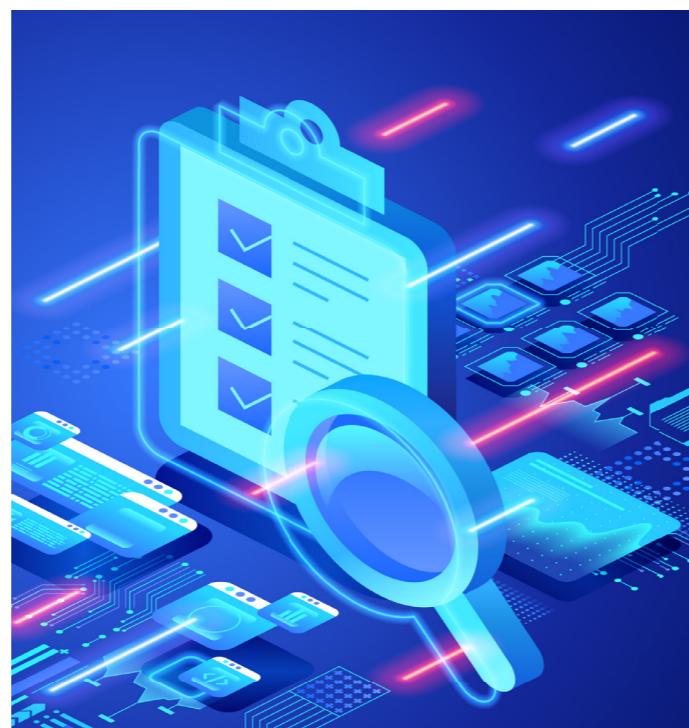
For businesses, this transformation is about connection beyond the technology. Digital platforms are enabling new forms of collaboration, from fintech partnerships in Africa to e-commerce ecosystems in Latin America. Firms that embrace these technologies early are gaining a structural advantage, positioning themselves as trusted advisors in markets where agility and compliance are critical.

## Regulatory alignment

Governments in emerging markets are updating regulatory frameworks improving monetary effectiveness, reserve buffers, and external positions, making them less vulnerable to financial shocks enabling innovation and attracting investment.

Equity and debt markets are regaining momentum as inflation eases and central banks adopt more lenient policies.

At the same time tax systems are being modernised, data protection laws are being introduced, and financial reporting standards are aligning with international norms. In Eastern Europe, EU-aligned regulations are shaping compliance practices. Latin American countries are digitising tax administration and streamlining business registration. These developments are creating more transparent and predictable environments for firms operating across borders.



## Talent and capability

Emerging markets are predominantly home to large, youthful populations with increasing access to education and digital skills. An estimated 66% of the global youth workforce will be located in emerging economies by 2030.

ESG expertise remains an area of critical focus prompting firms to embed sustainability principles into hiring and training strategies alongside technical skills.

Digital platforms and remote work models are making it easier to access talent across geographies. Solutions to scale hiring in emerging markets are enabling compliant hiring across borders, reducing onboarding time from months to days. For example, Employer Of Record providers can act as the legal employer on your behalf, allowing you to onboard full-time employees in other countries without needing your own legal presence there.

Shared service centres in Eastern Europe are supporting global operations, while freelance platforms in Africa are connecting professionals with international clients. Firms can now build flexible teams that combine local insight with global expertise. This approach supports cost-effective service delivery and faster response times.

## Infrastructure and sustainability investment

Investments are not only digital but also physical, spanning data centres, transport corridors, and renewable energy projects. Mobile-first solutions continue to complement these efforts, enabling financial inclusion and expanding access to essential services across Africa and Southeast Asia.

Indonesia clearly illustrates this shift. Its digital economy is forecast to reach \$360 billion by 2030, and the country is fast becoming Southeast Asia's data centre hub. Hyperscale providers are investing heavily in new facilities, driven by regulations that require sensitive data to remain within national borders. These data centres are physical assets, but they underpin the digital frameworks that enable cloud services and secure connectivity. Similar patterns are emerging elsewhere, as governments channel resources into connectivity, cybersecurity and digital infrastructure to support innovation and economic resilience.

# BUILDING INDONESIA'S DIGITAL BACKBONE:

*How Praxity firms empower investors*



Indonesia's digital economy is scaling at pace, with Gross Merchandise Value (GMV) surging year on year as e-commerce and online services become mainstream. This rapid growth signals a structural shift that demands robust digital infrastructure. At the heart of this transformation are data centres, the physical backbone enabling cloud adoption, secure connectivity, and the scalability required to support this GMV explosion. (Figure 2)

*"Research is showing that Indonesia's fast-growing digital economy is reflected in the surge of investments in the data centre sector and AI infrastructure",*

says Moores Rowland Indonesia IT Director, Frans Sampelobo.

*"Investment trends are leaning away from the over-supplied office market to data centres and alternative segments such as logistics, education, healthcare, and hospitality."*



Figure 2 - Source: Google/Temasek/Bain, e-Economy SEA 2023/2024 – Indonesia GMV

The reality of establishing these data centres is not without its complexity. Setting up and operating a data centre in Indonesia involves navigating multi-layered regulatory frameworks, environmental obligations, and corporate compliance requirements. For investors, these challenges can slow progress and increase risk. This is where Praxity firms, such as Moores Rowland Indonesia, play a pivotal role not as transactional service providers, but as strategic partners enabling autonomy and sustainable growth.

Whatever way investors choose to enter the data centre market there will be implications for tax, liability, and operational flexibility. Praxity firms guide clients through these decisions, aligning structure with long-term objectives and ensuring compliance with Indonesia's foreign investment rules. This strategic groundwork is essential for building a resilient presence in a fast-evolving market.

Data centres are classified as high-energy, high-resource infrastructure, making compliance a critical and complex task. Investors must secure company registration, construction permits, and environmental impact assessments (AMDAL), all while meeting

the basic national and regional regulations. Missteps can cause delay and increased cost.

Firms within the Alliance bring deep local knowledge and multidisciplinary expertise to streamline these processes, reducing friction and ensuring legal adherence. Their role is not just an administrative box ticking exercise, it's about creating clarity in complexity so the investor can focus on the growth and not get lost in the weeds of compliance. As the carbon impact of critical infrastructure increases, sustainability has become a defining factor in data centre investment. Indonesia's government now actively encourages renewable energy integration and energy-efficient construction. Praxity firms support clients in embedding ESG principles into their projects fostering client confidence in a time when sustainability measures are becoming non-negotiable.

Praxity firms enable clients to operate with independence while still ensuring compliance. As Indonesia cements its status as Southeast Asia's digital powerhouse, investors want to enter the market responsibly, efficiently, and sustainably. With Praxity firms as trusted advisors, this journey can be about growth and not complexity.

# SPOTLIGHT ON SOUTH AFRICA



Africa is often described as the next frontier for growth, but the reality is far more complex and compelling. It is a continent of contrasts, where structural challenges coexist with rapid innovation and opportunity. South Africa offers a telling perspective into these dynamics, illustrating how resilience and creativity are shaping markets in ways that cannot be reduced to simple categorisation.

High mobile penetration and a generation of digital-first consumers are reshaping financial behaviour. Demand for convenience and cash-lite transactions is surging, supported by a compliance uplift that makes cross-border operations more viable. This creates space for scaled platforms in payments, lending, and online marketplaces, where agility and local knowledge are critical to success.

The continent's chronic power challenges have catalysed innovation. Corporate and municipal investment in distributed generation, solar PV, and backup systems is accelerating, alongside

grid modernisation and efficiency services. These are not short-term fixes, they represent multi-year growth arenas for engineering, advisory, and financing solutions.

Of course, minerals and agri-commodities continue to attract capital, but the real upside lies beyond extraction. Opportunities cluster around services, compliance, traceability, and local processing areas where mid-market advisors can deliver high-value expertise. Firms that enable transparency and ESG alignment will be well positioned as global supply chains demand verifiable standards.

Africa defies one-line summaries. It is 52 sovereign markets with different currencies, regulators, and stages of development closer to a continent of portfolios than a single "region." Any credible view needs to hold two truths at once: significant structural challenges and compelling, often under-served opportunities. Transformation is happening, but not uniformly.

*"You can't talk about Africa as a homogeneous market... even within South Africa you'll find first-world and third-world realities side by side."*



Bob Borrill, partner Nwanda & Praxity regional chair

South Africa, Nigeria and Kenya anchor formal services and finance, while resource-rich states continue to attract investment in mining and energy. There are two relevant dynamics for cross-border clients:

1. Reliability of infrastructure is improving from a low base. South Africa's chronic power shortages have eased as business has self-provisioned (rooftop solar, backup generators) and national supply stabilises. This bottom-up resilience reduces operational risk for corporates without obscuring ongoing grid fragility.
2. The formalisation of consumer access through digital channels is pulling more of the economy into banked, trackable channels.

This widens the potential customer base for e-commerce, digital payments, and financial services, while also increasing the compliance requirements for businesses operating in these areas.

Regulation is getting tougher where it needs to. South Africa's recent removal from the FATF grey list followed extensive material upgrades in AML/CTF controls, with KYC, UBO transparency and governance stepped up across financial and corporate services. The picture hasn't uniformly improved, and Bob is frank about inconsistent state enforcement and corruption risk, but the court system and professional oversight in South Africa are regarded as strong, giving international clients clearer guardrails than in many neighbouring markets.

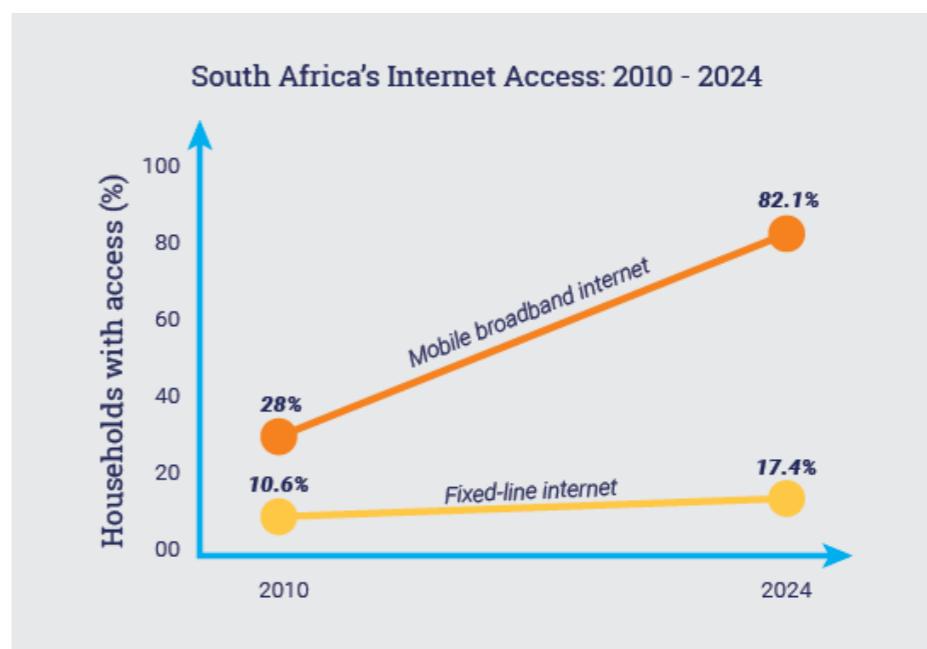


Figure 3 - South Africa's Internet Access: 2010 - 2024

Source: General Household Survey, 2024 STAS SA Chart: Visual Data Insights

For Praxity firms, this is a space where local knowledge is risk management. Market-by-market exceptions on licensing, data handling, exchange controls and reporting standards determines both speed to operate and cost to comply.

South Africa produces high-calibre accountants and auditors, but a chronic shortage of talent in accounting, engineering and IT remains. This is exacerbated by global demand poaching top performers. Locally, firms can offset people gaps to a degree with process automation, cloud platforms and AI. For Praxity member firms, secondments across Alliance are attractive in theory, but the global nature of the shortage within the profession limits spare capacity. The differentiator for mid-market firms is the broad exposure given to younger professionals who see "everything" early, accelerating their development.

#### Challenges (that matter for cross-border operators):



**Infrastructure & logistics:** Power reliability is better but not a solved problem outside those financially resilient business hubs like Johannesburg. Public transport is fragmented at best; last-mile delivery models must be localised.



**Policy volatility & geopolitics:** Changes to trade preferences and tariffs can impact sector economics quickly.



**Labour market:** High unemployment coexists with skills shortages, complicating workforce strategies and wage inflation in scarce roles.



**Market differences:** Divergent tax regimes, standards adoption (e.g., IFRS), and regulator maturity mean operating models must be modular with the ability to redesign at pace.



# THE FUTURE FOR EMERGING MARKETS

Over the next decade, emerging markets will consolidate their position as global centres of innovation and sustainability. Technology will remain a cornerstone of this transformation, but the next wave of growth will be equally defined by the green transition. Governments and businesses are accelerating investment in renewable energy from solar and wind to green hydrogen, driven by climate commitments and the overriding need for energy independence and security. ESG compliance is no longer optional; it is becoming a prerequisite for attracting capital. Investors are demanding verifiable sustainability credentials, and regulatory frameworks are tightening to enforce transparency on carbon reporting, supply chain ethics, and governance standards.

This shift is creating new growth channels. Infrastructure projects increasingly integrate renewable energy and circular economy principles, while financial markets are seeing a surge in green bonds and sustainability-linked loans. Advisory firms will play a critical role in helping businesses navigate these requirements, embedding ESG into strategy, operations, and reporting.

Foreign Direct Investment (FDI) flows are rebounding strongly, with emerging markets capturing a growing share of global capital as supply chains diversify and nearshoring gains traction. Asia and Africa are leading destinations, supported by demographic advantages and regulatory reforms that reduce entry

barriers. Private equity (PE) interest is also intensifying, particularly in sectors aligned with long-term resilience; renewable energy, digital infrastructure, healthcare, and fintech. Funds are increasingly prioritising impact-driven investments, blending profitability with measurable social and environmental outcomes.

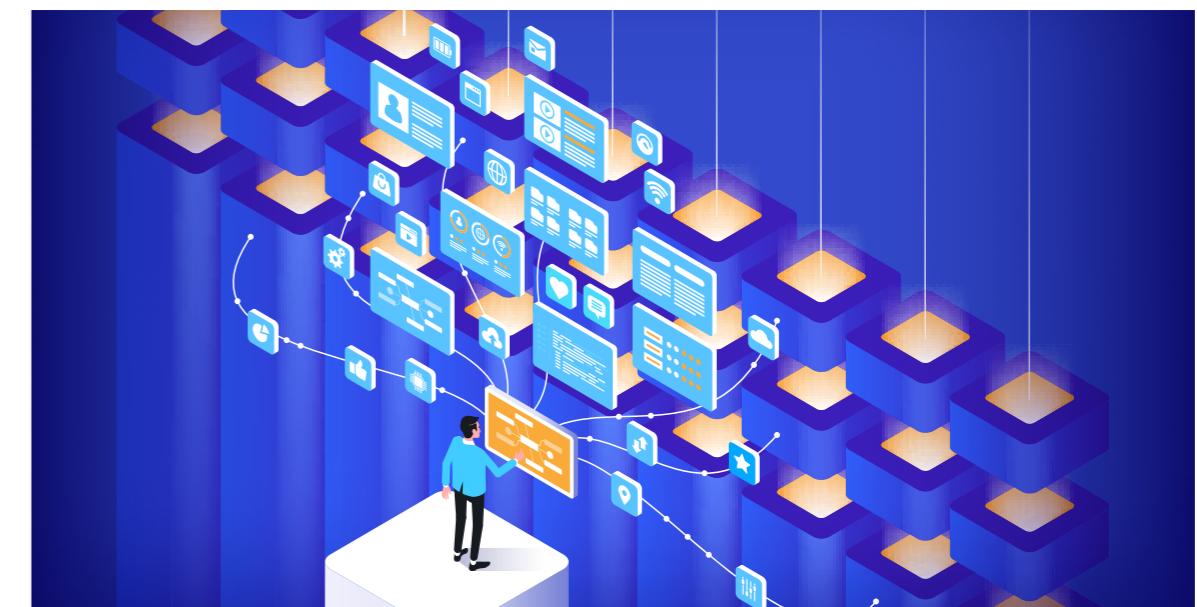
Digital transformation will continue to underpin this evolution. Cloud-based infrastructure, AI-driven analytics, and blockchain-enabled transparency will remain critical enablers of efficiency, and increasingly, trust. These technologies will intersect with sustainability demands, powering smart grids, optimising resource use, and enabling real-time ESG reporting.

Regulation will no doubt continue to tighten for financial, environmental, and data privacy domains, demanding proactive compliance strategies. Real-time audit capabilities, uniform standards, and cybersecurity resilience will become the norm. For businesses, the challenge is navigating complexity without losing momentum.

This is where Praxity firms make the difference: combining deep local insight with global expertise to turn ambition into sustainable reality. From ESG integration and renewable energy compliance to digital transformation and cross-border structuring, our member firms help clients move with confidence in markets that reward agility, foresight, and responsibility.

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\* International Accounting Bulletin World Survey 2024

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