
Is AI bubble true or false? Early observation from investors in Cambodia, Singapore, China and Malaysia

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1. Introduction

Artificial Intelligence (AI) is swiftly transforming the global tech landscape, positioning itself as one of the most impactful innovations of the modern era. Its influence spans multiple sectors - including healthcare, finance, logistics, and education - where it is driving progress, streamlining operations, and enabling new business approaches. Across Asia, nations such as Cambodia, China, Malaysia, and Singapore are actively integrating AI into their national strategies to boost economic growth and global competitiveness. These governments are channeling resources into AI development, fostering startup ecosystems, and attracting substantial foreign investment. This wave of enthusiasm reflects a widespread belief that AI will play a pivotal role in shaping future economies. Yet, this rapid expansion has also sparked concerns that the current investment boom may be fueled more by speculative excitement than by solid technological foundations. Observers are drawing parallels to past financial bubbles, notably the dot-com era, where exaggerated expectations led to significant market downturns. With AI company valuations climbing and media coverage amplifying the hype, questions are emerging about whether this growth is truly sustainable or vulnerable to collapse. This case study explores whether the current surge in AI investment across Asia is indicative of authentic economic advancement or a potential bubble. By examining investor perspectives and market trends in Cambodia, China, Malaysia, and Singapore, the study seeks to clarify the risks and opportunities that lie ahead in the region's AI journey.

II. Problem Statement

In the contemporary era, society is experiencing rapid technological advancement characterized by the continuous evolution of intelligent systems designed to enhance human convenience and efficiency - commonly referred to as artificial intelligence as AI technologies become increasingly integrated into daily life, a growing number of individuals and organizations have begun to place significant trust in their potential. With this perception, the current period of rapid progression in artificial intelligence (AI), often termed the AI boom, has profoundly impacted the broader economy and simultaneously fueled the theory of an ongoing stock market bubble. The market exhibits several classic indicators associated with asset inflation, where stock prices are pushed significantly higher by investor excitement and momentum rather than being anchored firmly to current intrinsic value or demonstrable fundamentals. This exuberance has resulted in a marked concentration of market capitalization among a limited number of firms. In the matter of fact - if artificial intelligence is in a bubble because an inflated perception of its value can lead to serious economic, social, and technological consequences when the large amount of money, attention, and trust are poured into AI projects that are not yet sustainable or fully understood, it creates unrealistic expectations about what the technology can actually achieve. Additionally, companies may invest billions of dollars chasing quick profits or following hype rather than focusing on genuine innovation or long-term impact, when the bubble eventually bursts - like previous tech bubbles, it could cause widespread financial losses, massive layoffs in the technology sector and a sudden drop in investor confidence. This could slow down meaningful AI research and development while it will make it harder for truly valuable and ethical AI projects to

get funding or public support. Beyond the financial risks, an AI bubble can also mislead governments, businesses, and society into over-relying on AI systems that may not be as reliable, safe, or fair as claimed. When the hype fades, the disappointment and mistrust that follow can harm the reputation of the entire field, delaying the responsible integration of AI into areas where it could genuinely improve lives, such as healthcare, education, and environmental management.

III. Literature Review

The global surge in artificial intelligence (AI) investment has sparked intense debate over whether this momentum reflects a sustainable technological transformation or an emerging speculative bubble. Recent analyses underscore both the tangible economic impact of AI and growing concerns about overvaluation and systemic risk. According to De Vynck (2025), major U.S. technology firms such as Google, Meta, Amazon, and Microsoft are projected to collectively invest more than USD 350 billion in AI data centers in 2025 alone - an unprecedented scale of spending in the technology sector. Economists estimate that this wave of capital expenditure could add up to 0.7 percent to U.S. GDP growth, suggesting that AI-driven investment is already reshaping macroeconomic performance. However, analysts caution that the U.S. economy's increasing reliance on a small number of dominant firms introduces systemic vulnerabilities should the AI boom decelerate. Critics draw parallels with previous speculative episodes, particularly the dot-com bubble, arguing that future profitability in AI remains uncertain as service prices fall and competition intensifies.

A similar concern resonates across Asia, where investor enthusiasm is fueling soaring AI start-up valuations. Ngui (2025) notes that according to GIC Chief Investment Officer Bryan Yeo, any start-up branded with "AI" is now being valued at extremely high multiples, often disproportionate to actual revenue or technological capability. While such exuberance underscores optimism about AI's transformative potential, it also signals a risk of speculative excess in emerging Asian markets such as Singapore, Malaysia, and Cambodia, where global hype may outpace sustainable fundamentals. Echoing this caution, former Intel CEO Pat Gelsinger (2025) acknowledged that the current AI-driven market already

exhibits bubble characteristics, though he expects it to persist for several years before any correction occurs. He argues that genuine breakthroughs and profitability from AI technologies will materialize later in the decade, suggesting that the bubble phase may coexist with long-term technological maturation. Similarly, Reuters (2025) reports a sharp divide among experts: while the Bank of England and tech leaders like Jeff Bezos and Bryan Yeo warn of overfunding in unproven ventures, others, including Goldman Sachs economist Joseph Briggs, contend that the spending remains grounded in sound business fundamentals. Despite this polarization, investor confidence remains remarkably high - over 90 percent of investors continue to channel funds into AI initiatives. Empirical research adds nuance to this debate. Using econometric tools such as the Generalized Supremum Augmented Dickey-Fuller (GSADF) and Markov-Switching GARCH (MS-GARCH) models, Jung and Cho (2025) found that only a limited subset of companies - most notably NVIDIA and Tesla - displayed bubble-like price dynamics. In contrast, other major AI-related firms like Meta and Palantir did not exhibit the same speculative patterns, implying that while exuberance exists, it is not pervasive across the sector. Supporting this interpretation, Koundinya (2025) argues that unlike the late-1990s dot-com bubble, today's AI market remains anchored in measurable productivity gains and strong cash flows. Nonetheless, some analysts warn that inflated expectations and slowing earnings growth could threaten sustainability. Reports indicate that since the launch of ChatGPT, AI-related stocks have dominated S&P 500 returns and contributed significantly to GDP growth - adding approximately 1.1 percent in early 2025. Yet, experts such as David Siegel and MIT researchers suggest that many AI Page 2

systems are less capable than public perception implies, and firms have yet to realize consistent returns on investment (Yale School of Management, 2025). This raises questions about whether market enthusiasm exceeds actual technological readiness. At the regional level, Cambodia's AI development presents a contrasting narrative. Unlike the speculative tendencies observed in major economies, Cambodia's AI landscape is in its formative stage, focusing on sustainable and inclusive growth. Reports from Chhem, S. (2024, June 20) and Ministry of Industry, Science, Technology & Innovation. (2023) describe government-led initiatives centered on

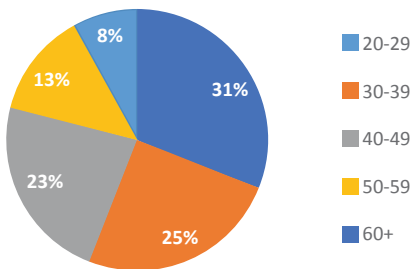
ethical governance, skill development, and international cooperation. The draft National AI Strategy 2025–2030 emphasizes human-centered and equitable AI adoption, aligning with UNESCO’s global readiness framework. This strategic orientation positions Cambodia to pursue long-term digital transformation while mitigating the risks of speculative overinvestment seen elsewhere.

In sum, the literature reveals a complex picture. While global AI investment is driving genuine economic growth and innovation, it also displays hallmarks of speculative behavior - particularly in inflated valuations and concentrated market power. The evidence suggests that AI’s expansion is real but fragile: an engine of productivity underpinned by transformative potential yet shadowed by the cyclical tendencies of financial exuberance. The challenge for policymakers and investors lies in distinguishing sustainable technological advancement from speculative excess to ensure that the AI revolution delivers lasting, inclusive prosperity.

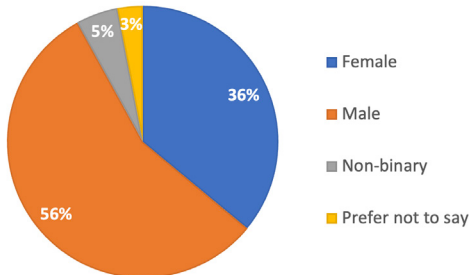
IV. Data Collection (Survey)

The survey of 39 investors from Cambodia, China, Singapore and Malaysia has shown the result as follows.

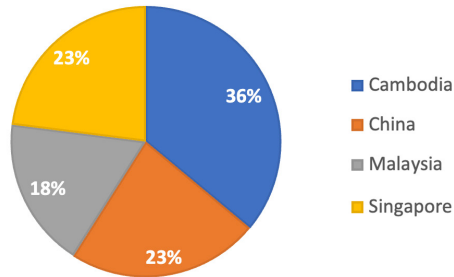
1. Age:



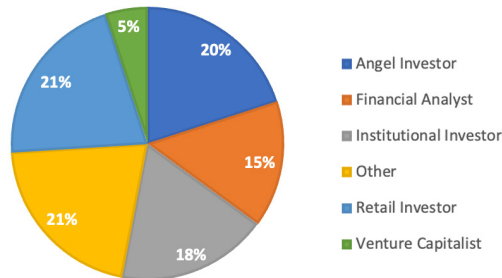
2. Gender:



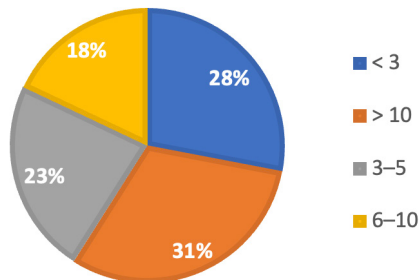
3. Country/Region of Residence:



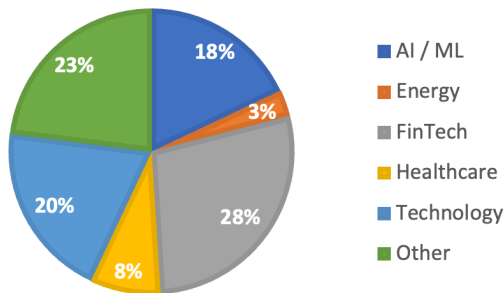
4. Primary role:



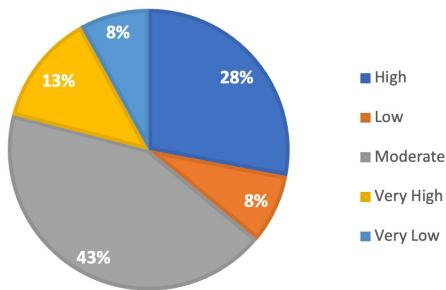
5. Years of Investment Experience:



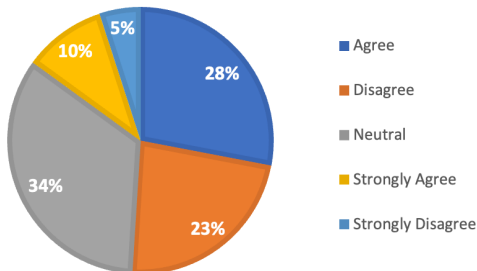
6. Main Sector of Investment:



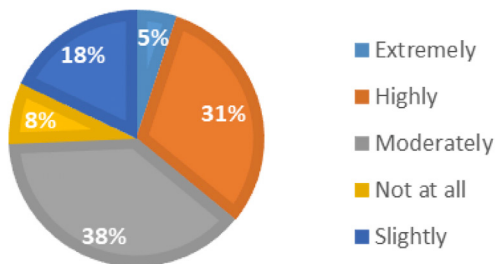
7. How would you rate your overall knowledge about AI technologies?



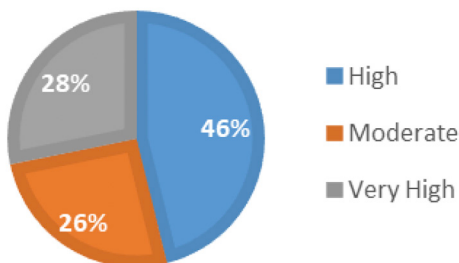
8. Do you believe current valuations of AI-related companies reflect their true long-term potential?



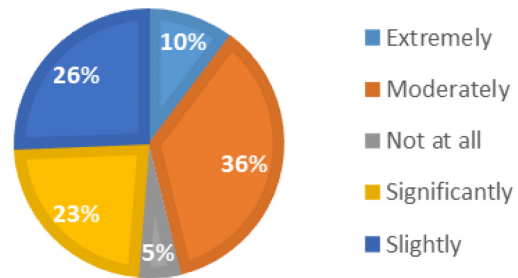
9. Compared to other tech sectors, how overheated do you perceive the AI investment market to be?



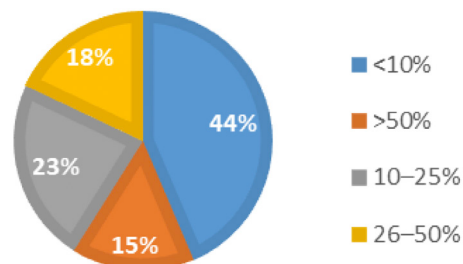
10. To what extent do you believe AI represents a long-term transformation rather than a short-term trend?



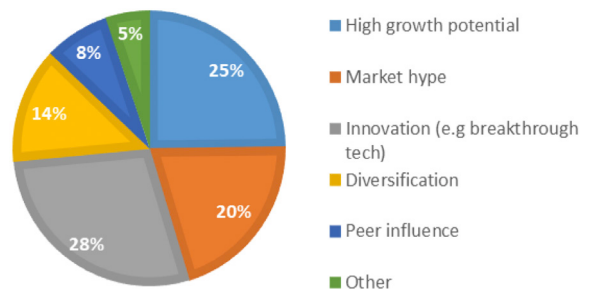
11. How has media coverage influenced your perception of AI investment opportunities?



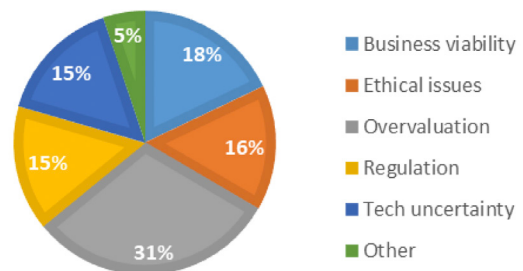
12. What percentage of your portfolio is AI-related?



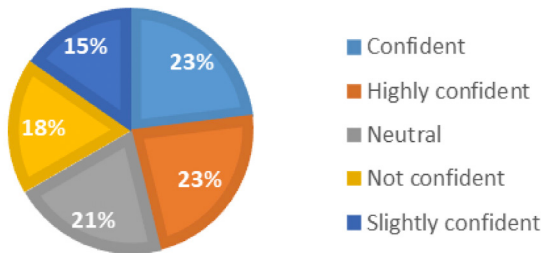
13. Main motivations for AI investments:



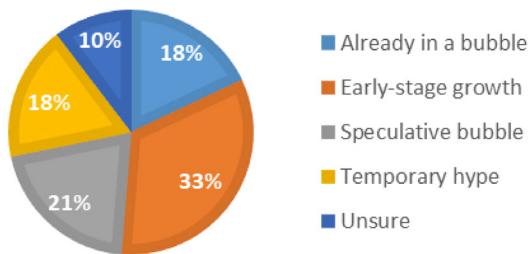
14. Main concerns about AI investments:



15. Confidence in sustainable AI investment returns:



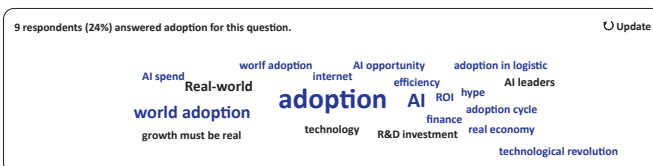
16. How would you describe the current state of the AI investment market?



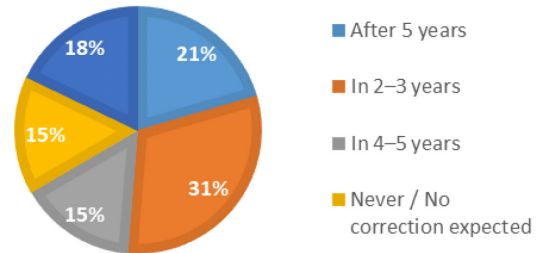
17. If you see the AI market as a bubble, please describe the specific indicators or behaviors that suggest a bubble. (e.g., excessive valuations, rapid funding cycles, lack of product market fit)



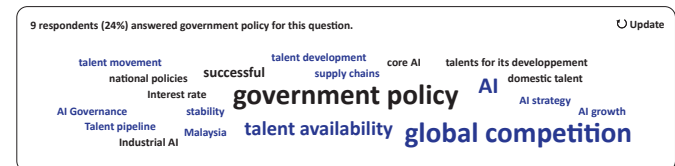
18. If you see the AI market as NOT a bubble, please describe the evidence or trends that suggest that AI is a sustainable, transformative technology. (e.g., real-world adoption, profitability, long-term R&D investments)



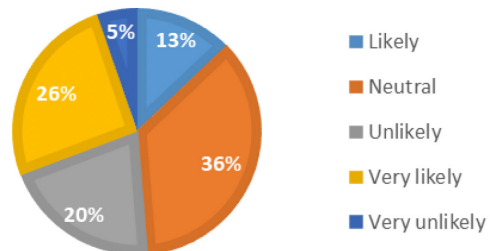
19. When do you expect a potential correction or stabilization in the AI market?



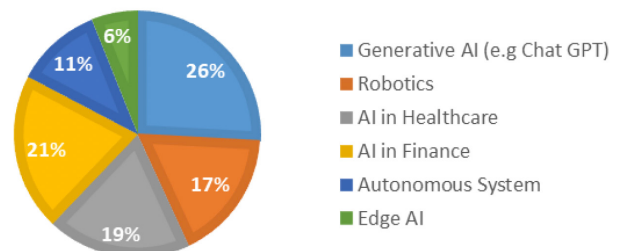
20. What external factors could influence the sustainability of AI growth? (e.g. government policy, talent availability, infrastructure, global competition)



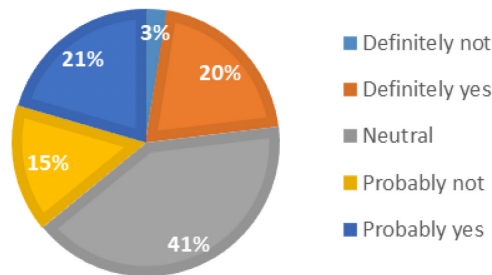
21. How likely are you to increase AI investments in the next 12 months?



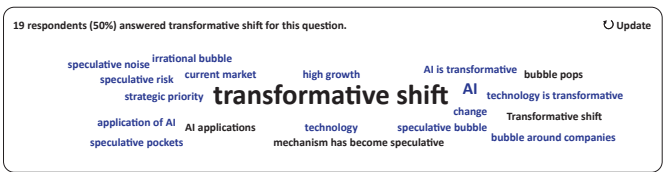
22. Which AI subfields have the highest long-term potential?



23. Would you recommend AI investments at this time?



24. Final thoughts: In your opinion, is AI a speculative bubble or a transformative shift? Please elaborate.



V. Finding and Analysis

The survey on investor perceptions of AI investments in Cambodia, Singapore, Malaysia, and China through 39 participants have revealed a clear divide between those viewing AI as a speculative bubble and those seeing it as a transformative shift. These findings highlight the contrasting mix of optimism and caution shaping early-stage investor sentiment across both emerging and developed Asian markets.

Younger investors aged 20–29 make up the largest group (31%), reflecting strong youth-driven interest in AI. Retail and angel investors dominate, suggesting capital flows are largely speculative. Investment experience is split between newcomers and veterans, combining optimism with caution. Most investors have only moderate knowledge, indicating limited understanding of AI’s technical and economic aspects. Survey and report findings have also revealed a 50/50 split in investor sentiment. Half view AI as a transformative shift—a lasting technological revolution with tangible adoption in manufacturing, logistics, and finance. The other half perceive a speculative bubble, warning of “irrational exuberance” and inflated valuations. This duality reflects a transitional phase where genuine innovation coexists with overvaluation, positioning AI as a hybrid phenomenon: a real transformation magnified by short-term hype.

Survey data indicate strong investor engagement: 39% plan to increase investments, and 40% would recommend AI opportunities. Motivations include growth potential, innovation, and market momentum, while concerns center on overvaluation and regulation. Despite recognizing bubble risks, investors remain bullish—demonstrating momentum-driven behavior typical of speculative markets, yet tempered by strategic optimism toward long-term transformation.

Generative AI dominates investor interest, followed by AI in finance and healthcare. This mirrors global funding trends but also heightens systemic risk if generative AI valuations falter. Encouraging diversification into applied AI sectors such as logistics, manufacturing, and education could reduce volatility and foster sustainable growth.

Overall, AI represents both a bubble and a transformation. Hype accelerates adoption but distorts valuations, while sustainable growth depends on sound policy, talent development, and balanced media narratives. The region’s AI future will hinge on its ability to distinguish genuine innovation from speculative excess, supported by regulatory foresight and cross-border collaboration.

VI. Conclusion

This study examined whether the AI investment surge in Cambodia, China, Malaysia, and Singapore reflects genuine technological progress or speculative excess. The literature review highlighted two contrasting perspectives: AI is driving measurable productivity gains and policy-backed innovation, yet inflated valuations and concentrated capital resemble patterns of past bubbles. Global and regional analyses warned of systemic risks, particularly in generative AI, while noting that sustainable growth depends on governance and diversification. The survey findings mirror this duality. Investor sentiment was evenly split—half view AI as a transformative force with adoption in finance, healthcare, and manufacturing; the other half see signs of overvaluation and hype. Younger retail investors dominate across all four countries, often with moderate technical knowledge, which may amplify momentum-driven behavior. Generative AI emerged as the most favored investment area, but its popularity heightens volatility risks. Despite these concerns, many investors remain optimistic, with a significant portion planning to increase AI investments.

In conclusion, the AI bubble is partially true. Certain sectors, particularly generative AI start-ups, exhibit speculative valuations that exceed their current technological maturity, yet the broader AI market in Asia remains anchored in tangible progress, practical applications, and policy-driven support. To sustain growth and mitigate bubble characteristics, stakeholders should prioritize responsible innovation, diversify portfolios, invest in talent development, and enforce robust regulatory frameworks. Balancing enthusiasm with prudence will be critical to ensuring AI delivers inclusive and sustainable economic benefits across the region.

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