

UOB: People first for Singapore SMEs as job protection schemes top their Budget 2021 wishlist

Smaller businesses also look for direct short-term financial support while larger SMEs seek longer-term industry collaboration for business growth

Singapore, 10 February 2021 – Small- and medium-sized enterprises (SMEs) in Singapore want continued financial support from the Budget 2021 to help them to retain their employees while they continue to build back their businesses, according to the *UOB SME Outlook 2021 Study*¹.

More than half of SMEs want the Job Support Scheme (JSS) and the Wage Credit Scheme (WCS) to be extended in 2021 (59 per cent and 53 per cent for JSS and WCS respectively). The study also found that close to a third of Singapore SMEs polled said they applied for the JSS (30 per cent) and the WCS (27 per cent) in 2020.

Priorities differ as SMEs embark on their road to recovery in 2021

As businesses gear up for the road to recovery, the need for financial support to ease cash flow in the short term is most keenly felt by small businesses². Tax incentives (38 per cent), easier access to funding and grants (37 per cent) and assistance to apply for these grants and schemes (36 per cent) also topped the Budget 2021 wishlist for small businesses.

Meanwhile, larger SMEs³ seem to have a longer-term horizon view for their Budget 2021 wishlist, such as how they can access financing and partnership ecosystems to grow or to transform their businesses. This comes as close to three in five of larger SMEs polled also said that they have a positive outlook of their business in 2021. In comparison, only half of small businesses surveyed said the same.

Larger SMEs surveyed said they want more opportunities for public and private collaborations (34 per cent) and collateral-free loans for business transformation (31 per cent).

¹ The survey was conducted from late November 2020 to early December 2020 among 782 local SMEs with revenue less than S\$100 million to understand the impact of macroeconomic situation (particularly COVID-19), expected outlook and key expectations among SMEs in Singapore.

² Small businesses are defined as those with turnover of less than S\$10 million

³ Larger SMEs refer to businesses with turnover of between S\$10 million and S\$100 million

Mr Eric Tham, Head of Group Commercial Banking, UOB, said, “Given the pressures on revenue that many SMEs in Singapore faced during Singapore’s Circuit Breaker period and subsequent gradual re-opening of the economy, it is not surprising that they are seeking support to ease the pressures on their margins. The *UOB SME Outlook Study 2021* shows that there is a continued need to support these businesses, which form the backbone of our economy, in their road to recovery. This will help them to retain their people, to boost their long-term resiliency and to capture growth opportunities along the way.”

“In 2020, the number of our SME customers whom we have helped to access government assistance schemes increased by more than three times year on year. The COVID-19 pandemic has also emphasised for many businesses that we are all connected as part of a global ecosystem and the role that their companies can play as a corporate citizen. Given that UOB is a leader in sustainable financing, we also saw an increase in queries on how businesses can tap green loans in the past year as more companies prioritise sustainability considerations.”

Preferred areas of support

Small businesses (<S\$10 million turnover)

1. Tax incentives (38 per cent)
2. Easier access to funding/ grants to ease cash flow (37 per cent)
3. Assistance in applying for government grants/schemes (36 per cent)

Larger SMEs (S\$10 million – S\$100 million turnover)

1. Collaboration with industry bodies/government (34 per cent)
2. Easier access to funding/ grants to ease cash flow (33 per cent)
3. Collateral-free loans for business transformation (31 per cent)

Industries hit hard by pandemic most keen on financial assistance to retain jobs

The need for government assistance to protect jobs through the likes of the JSS is seen most heavily among SMEs in sectors that continue to be impacted by the COVID-19 pandemic⁴. These include the wholesale trade (48 per cent) as well as the real estate and hospitality sectors (54 per cent). In contrast,

⁴ According to Ministry of Trade and Industry’s (MTI) data on Singapore’s economic performance in the first quarter of 2020. Source: “[Impact of the COVID-19 Pandemic on the Singapore Economy](#)”, *Economic Survey of Singapore First Quarter 2020*, MTI, May 2020.

SMEs in sectors, such as manufacturing and professional services⁵, which are already posting growth display stronger preferences for industry partnerships.

Within the manufacturing and engineering sectors, 43 per cent of SMEs prefer opportunities to collaborate with industry bodies, government-linked companies or large businesses. Meanwhile, 45 per cent of professional services firms want to be part of partnership ecosystems to learn and to adopt best practices.

Mr Lawrence Loh, Head of Group Business Banking, UOB, said, “The study findings reflect how small businesses are focusing on overcoming their immediate cash flow challenges, which will in turn help them to protect jobs. At UOB, we assisted more than 20,000 small businesses to apply for government reliefs, grants and funding last year, helping them to meet their cash flow and digitalisation needs amid the pandemic. We also saw the number of small business loans provided increase by more than one and a half times year on year.

“At the same time, we continue to work with our ecosystem partners including Google, Shopmatic and Getz to help small businesses enhance their operational efficiencies and boost their online revenue growth through digital solutions such as UOB BizSmart⁶. Since the pandemic last year, we have supported more than 10,000 small businesses in setting up their business online quickly and conveniently, so that they can tap new sales opportunities from local and overseas customers. Through our collaboration with PingAn OneConnect and the Infocomm Media Development Authority on the OneSME ecosystem, we have since September last year connected more than 250 business-to-business SMEs to trade opportunities in China. With the green shoots of economic recovery growing stronger in the year ahead, it is important that SMEs be part of industry ecosystems so that they can have immediate access to current and future business opportunities.”

– Ends –

⁵ According to MTI’s advance estimates for the fourth quarter of 2020. Source: [“Singapore’s GDP Contracted by 3.8 per cent in the Fourth Quarter of 2020”](#), MTI, 4 January 2021.

⁶ UOB BizSmart is a suite of cloud-based solutions that help small businesses digitalise their processes in areas including e-commerce, human resources, accounting and procurement.

About UOB

United Overseas Bank Limited (UOB) is a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Since its incorporation in 1935, UOB has grown organically and through a series of strategic acquisitions. UOB is rated among the world's top banks: Aa1 by Moody's Investors Service and AA- by both S&P Global Ratings and Fitch Ratings. In Asia, UOB operates through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, as well as branches and representative offices across the region.

Over more than eight decades, generations of UOB employees have carried through the entrepreneurial spirit, the focus on long-term value creation and an unwavering commitment to do what is right for our customers and our colleagues.

We believe in being a responsible financial services provider and we are committed to making a difference in the lives of our stakeholders and in the communities in which we operate. Just as we are dedicated to helping our customers manage their finances wisely and to grow their businesses, UOB is steadfast in our support of social development, particularly in the areas of art, children and education.

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