

Concerns over economic downturn persist in ASEAN amid inflationary environment while digital banking and payment channels usage showed encouraging trajectory based on latest UOB Consumer Sentiment Study

Singapore, 21 August 2023 – UOB’s flagship ASEAN Consumer Sentiment Study (ACSS) 2023 has found that rising inflation and increased expenses fuelled fears of an economic downturn in ASEAN, while adoption and usage of digital banking and payment channels saw ebullient growth.

Over 70 per cent of respondents of UOB’s ACSS 2023 said they expect their country to experience an economic downturn in the next year¹, putting a lid on recovery hopes as the downcast sentiment remains relatively unchanged from last year. The study also revealed an increasing preference for digital banking modes such as mobile banking apps, as well as newer payment modes like e-wallets/QR code-based payments, e-commerce payment platforms and mobile wallet debit or credit cards.

In its fourth year, UOB’s ACSS study was conducted from 1 to 26 June 2023 and surveyed 3,400 respondents online from Singapore, Indonesia, Malaysia, Thailand and Vietnam. This was also the first time UOB partnered with global management consulting firm Boston Consulting Group on the study.

“While UOB’s ACSS 2023 shows that ASEAN consumers have a cautionary view on outlook as inflation in Singapore and other developed markets remain high, we are happy to see that the enthusiasm on the push for digitalisation and receptiveness to the new tech era is not losing steam. As a barometer of regional sentiment towards the economy as well as pertinent areas of interest such as spending and financial behaviour and technology, the findings from UOB ACSS 2023 offer valuable insights for consumers and businesses, to adapt and poise themselves to navigate the current uncertain economic environment,” said Ms Jacquelyn Tan, Head, Group Personal Financial Services, UOB.

¹ Next year refers to the next 12 months, starting from July 2023.



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“As a financial institution, the trends and insights highlighted by the study relating to consumers key concerns, savings, financial and digital behaviour and preferences will help us better understand our customers across the region. This allows us to cater to their needs and strengthen our engagement efforts, to support our customers in adapting to the new banking and digital landscape and capturing opportunities in the current economic environment to advance towards their financial ambitions.”

Inflation dampens economic recovery hopes, but optimism remains

Rising inflation is a key area of concern in ASEAN with 63 per cent of respondents expressing worry about it, while 57 per cent fret about increased household expenses. Singaporeans are the most concerned with these two, with 71 per cent and 64 per cent of respondents worrying about rising inflation and increased household expenses respectively. The top three financial concerns for the region are the ability to set aside money for saving (37 per cent), ability to afford essential items (31 per cent) and the ability to maintain current lifestyles (28 per cent). Utility bills (42 per cent) and household groceries (34 per cent) are the top two items that consumers have spent more on, followed by food delivery/takeaway and child education at joint third (31 per cent). For discretionary spending, most people cut back spending on jewellery (38 per cent) and dining (34 per cent), followed by homeware and furniture (32 per cent).

That said, optimism picks up as three in five within the region expect themselves to be financially better off by June next year, with Vietnam (76 per cent) leading the pack followed by Indonesia (74 per cent) and Thailand (68 per cent). This resonates with UOB's outlook for the second half 2023, that sentiment will set to improve as regional interest rates stabilise and economic growth holds steady.

In Singapore, the top two most worrying financial situations are the ability to set aside money for saving (42 per cent) and the ability to plan ahead for retirement (37 per cent), with the ability to afford essential items and ability to maintain current lifestyles at joint third (31 per cent). 43 per cent of consumers surveyed indicated they had spent more on utility bills in the past year, with 34 per cent reporting an increase in household groceries expenses and 32 per cent shelling out more for their daily commutes. More than a quarter of Singaporeans are also budgeting more for their expenses, a growth of six per cent from last year. Consequently, consumers are setting aside less



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for savings, with 23 per cent declaring as such. Gen Z² is the most conservative demographic with 48 per cent planning to save more this year compared with the national average of 35 per cent, while Gen Y³ prioritises investments with 30 per cent putting their money to work versus the national average of 24 per cent.

Regardless of economic sentiment, UOB prioritises a long-term view in relation to wealth planning, with prudence and risk management as key foundations. At any point of an economic cycle, UOB will advise customers to establish a sound financial plan, catering for necessary expenses, protection and also building up their wealth. For example, young investors should take small but steady steps to reach their financial goals, building up their savings while reaping the benefits of investing early. One way they can do this is via UOB SimpleInvest, a digital investing platform built around customers' goals and risk appetites that offers four actively managed investment solutions, two of which tap on insights from UOB Private Bank's Chief Investment Office. With solutions and products catering to different life stages, UOB has a proposition for every demographic to ensure their financial needs are adequately met.

Adoption of digital banking and payment channels gathering pace

ASEAN consumers are increasingly banking on their mobiles to serve their financial needs, and are more receptive to technologies such as consolidated platforms for their financial data. Almost 55 per cent of respondents had increased usage of their mobile banking app over the past year, with Internet banking via web browser coming in second at 35 per cent. Separately, consolidated financial data platforms clocked a 20 per cent increase in usage regionwide. Thailand and Vietnam are the most enthusiastic adopters across the region, while in Singapore, one in five Gen Ys have increased usage of platforms such as SGFinDex, which provides a consolidated view of users' financial information. UOB customers can not only access SGFinDex via the UOB TMRW app, the Bank is also the first to integrate the platform with its Portfolio Advisory Tools, enabling client advisors to more holistically monitor, manage and optimise customers' wealth portfolios.

Another notable data point is that bank branches saw a 17 per cent rise in usage regionwide, an indication that consumers still valued face-to-face interaction as a complement to the multitude of

² Generation Z refers to those who are 18 to 24 years old.

³ Generation Y refers to those who are 25 to 40 years old.



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digital channels available. In Singapore, more than half prefer to use digital platforms for simple services such as applying for credit and debit cards and checking rewards statuses, but prefer an offline or a combination of channels for more complex transactions such as high-value transactions, applying and refinancing their bank loans as well as purchasing insurance. This reconciles perfectly with UOB's omni-channel approach⁴ where the Bank offers a seamless online-to-offline engagement model with its customers. The effectiveness of omni-channel is evident as these customers are the most engaged with the Bank, holding and transacting up to 20 times more than traditional customers⁵.

In the payments space, ASEAN consumers have shown to be savvy adopters of the latest technologies. E-wallets/QR code-based payments topped regional payment modes, with 56 per cent of respondents using it in the past year. E-commerce payment platforms was second at 49 per cent, with mobile wallet credit or debit cards coming in third at 48 per cent. The latter is the payment mode that consumers are most interested in trying out, with 22 per cent expressing a desire to do so in the next year.

In Singapore, consumers still preferred to pay via bank platforms rather than third-party ones, with physical credit and debit cards the top preferred payment mode at 62 per cent. Mobile wallet credit and debit cards and Peer-to-Peer payment services ranked joint-second at 50 per cent. Like their regional counterparts, Singaporeans are most keen in trying out mobile wallet credit or debit card payment in the coming year, with 20 per cent indicating that they would do so.

With the largest footprint in ASEAN, UOB is well-positioned to serve the cross-border needs of customers in the region. UOB's unique regional cards proposition, where all cardholders enjoy the same rewards and privileges at partner merchants across ASEAN, coupled with the Bank's expansion of its cross-border payment and funds transfer solutions to key markets such as Malaysia and Thailand, places it en-route to be the retail bank of choice for consumers in the region. UOB's participation in these government-led cross-border payment linkages will also reinforce

⁴ Omni-channel customers are customers who use a combination of physical and digital channels, including online banking and mobile banking apps. Traditional customers are customers who use only physical channels such as branches and call centres.

⁵ For calendar year 2022.



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mindshare and adoption of the Bank in ASEAN, in addition to providing more convenience to customers across the region.

Banking on Personalisation

A significant majority of ASEAN consumers are open to sharing their financial data with banks, and are in favour of their information being used to curate products and services personalised to their needs and wants. Over 70 per cent of respondents are comfortable sharing financial data to be consolidated by banks in one platform, with 83 per cent preferring to do so via banking apps versus other app service providers like e-commerce/shopping apps and multi-service apps. Of these respondents, more than 90 per cent expressed a preference for receiving personalised product and service offerings in their banking apps. The strong demand for personalisation is also consistent across all age groups, income levels and genders surveyed.

Personalisation is a key pillar of UOB. From deals and rewards offered to customers based on their past purchases, to insight cards delivered via UOB TMRW app based on spending behaviours, and prompts triggered when thresholds for higher savings account interest rates are about to be met, UOB is committed to doing right by customers by celebrating them for who they are.

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About UOB

UOB is a leading bank in Asia. Operating through its head office in Singapore and banking subsidiaries in China, Indonesia, Malaysia, Thailand and Vietnam, UOB has a global network of around 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. Today, 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.

For nearly nine decades, UOB has adopted a customer-centric approach to create long-term value by staying relevant through its enterprising spirit and doing right by its customers. UOB is focused on building the future of ASEAN – for the people and businesses within, and connecting with, ASEAN.

The Bank connects businesses to opportunities in the region with its unparalleled regional footprint and leverages data and insights to innovate and create personalised banking experiences and solutions catering to each customer's unique needs and evolving preferences. UOB is also committed to help businesses forge a sustainable future, by fostering social inclusiveness, creating positive environmental impact and pursuing economic progress.





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UOB believes in being a responsible financial services provider and is steadfast in its support of art, social development of children and education, doing right by its communities and stakeholders.

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