

News Release

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Four in five regional businesses want to expand overseas but face challenges: UOB Study

6 in 10 businesses have had their supply chains affected

Singapore, 9 May 2023 - With the economy recovering from a global pandemic, more small and medium-sized enterprises (SMEs) and large enterprises in the ASEAN and Greater China regions are looking to expand internationally in a bid to grow revenue and profits.

The UOB Business Outlook Study 2023 (SME & Large Enterprises) surveyed more than 4,000 businesses in Asia. For the first time, the survey was expanded beyond Singapore to also survey companies in the Bank's other key markets in Indonesia, Malaysia, Thailand, Vietnam, Mainland China and Hong Kong SAR.

The survey found that 83 per cent of businesses are keen to expand overseas, and this desire is most pronounced in Indonesian, Chinese, Thai and Vietnamese companies. Companies in Hong Kong, Malaysia and Singapore are the most hesitant. About 4 in 5 companies value having a cross-border digital trade platform for their overseas expansion. However, some challenges holding businesses back include:

- difficulties in finding the right partners to work with
- lack of in-house talent
- lack of legal and regulatory compliance and tax support.

Most cited needing more support to venture overseas including connecting with overseas partners or clients and tax incentives.

ASEAN and China are the top two markets which businesses want to expand to. Only 1 in 4 companies want to expand beyond Asia. Within ASEAN, Singapore is seen as the most important country for businesses to venture into, followed by Thailand and Malaysia.

Mr Eric Lian, Head of Group Commercial Banking, UOB, said, "We understand the opportunities and challenges of doing businesses within ASEAN and with Greater China. Our





network, solutions and people are geared towards building the future of ASEAN. We stand ready to help SMEs build resilience and embark on their next stage of growth.”

Supply chain concerns

Around 60 per cent of SMEs surveyed highlighted that their supply chains have been affected by the ongoing geopolitical tensions.

Companies are feeling the heat from the impact of global inflation on their cost of supplies and the challenges in procuring suppliers. About 3 in 10 are now trying to diversify their supply chain, investing in building stronger relationships with their suppliers, and also tapping on data analytics to help decision making.

SMEs also said they would like more support for tax incentives, training programmes to reskill and upskill employees, easier access to funding/grants and connections to the right technology and solution providers to help ease their supply chain woes.

Implementation of sustainability practices not widespread among businesses

The study also found that around 90 per cent of businesses believe that sustainability is important, however, only 45 per cent have implemented sustainability practices. More than 50 per cent of SMEs in Thailand and Vietnam have adopted sustainability practices, while only 38 per cent of SMEs in Singapore have these practices in place.

When implementing sustainability practices, businesses cited that they are most concerned about the increase in costs to customers, and the impact it will have on their profits and revenue. Businesses in ASEAN said they want more tax incentives and sustainable financing options, while businesses in Greater China want connections to industry peers and access to business analytics and insights.

Mr Lian added, “Regulators, industry leaders and corporates are becoming more rigorous and disciplined in achieving sustainability standards within their supply chains. Businesses that are slow to embrace ESG may lose out on business opportunities. The study found that less than half of businesses have incorporated sustainability practices.”

“As a leading bank in Southeast Asia, it is our responsibility to engage our stakeholders across the region and to step up our efforts to help companies in their transition to sustainability. We encourage businesses to tap UOB’s Sustainability Compass, an industry-first tool which was





developed to support companies in overcoming these barriers and kickstarting their sustainability journeys. We will also continue to simplify the access to sustainable financing for companies looking to strengthen their ESG capabilities and to grow their business.”

The UOB Business Outlook Study 2023 (SME & Large Enterprises) aims to understand the business outlook and key expectations among SMEs and large enterprises across seven markets in ASEAN and Greater China - Singapore, Indonesia, Malaysia, Thailand, Vietnam, Mainland China and Hong Kong SAR. Since 2020, the study has been conducted annually in Singapore. This year, the scope of the study has been extended to include the ASEAN and Greater China markets.

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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. 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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