

UOB Business Outlook Study 2025



(SMEs & Large Enterprises)

The UOB Business Outlook Study 2025, now in its sixth year, offers a comprehensive snapshot of the business landscape in Indonesia. Conducted in January 2025, this annual survey encompasses Small and Medium Enterprises, providing valuable insights into the current economic climate and future expectations among business decision-makers.

The study delves into several key areas crucial for business growth and adaptation in the evolving economic environment. These include Sustainability Adoption, Digitalisation, FinTech Adoption, Supply Chain Management, Overseas Expansion and Workforce Management. A notable addition to this year's study is the focus on the needs and preferences of Women in Business and Next Gen Leaders in Indonesia.

This new perspective offers insights into the future direction of businesses and the evolving priorities of emerging business leaders. By capturing robust insights across various sectors and business sizes, the UOB Business Outlook Study 2025 serves as a valuable resource for companies looking to understand the current business environment, plan for future opportunities, and address potential challenges in Indonesia's dynamic economy.



 **Indonesia**

WHAT



Total of 535 interviews, 15-minute online survey, conducted in January 2025



Total of 111 interviews, 10-minute online survey, conducted in April 2025 after the US tariffs were announced

WHO



Covers both Small and Medium Enterprises across key industry verticals



Owners/C-suite/Management level who are involved with business decision-making



Classification of businesses:
Small Enterprises - annual turnover IDR 6b to < 110b
Medium Enterprises - annual turnover IDR 110b to < 3t

INDUSTRIES



60
Consumer Goods



54
Manufacturing & Engineering



54
Business Services



53
Construction & Infrastructure



52
Wholesale Trade



50
Tech, Media & Telecom



50
Community & Personal Services



45
Real Estate & Hospitality



45
Healthcare & Medical Services



42
Professional Services



30
Industrials, Oil & Gas

Business sentiment has declined sharply after the recent US tariffs



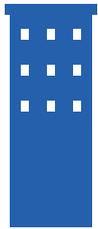
However, **1 in 2** businesses say the business sentiment is positive after the recent US tariffs

93%



Positive in 2023

90%



Positive in 2024

50%



Positive in 2025 after US tariffs

Business outlook has dropped sharply after the recent US tariffs



However, over **1 in 2** businesses say the business outlook is positive after the recent US tariffs

92%



2024

88%



2025

54%



2025 after US tariffs

A growing priority for businesses is finding a new customer base



Find a new customer base



Digitalise to achieve business efficiencies



Review business strategy to differentiate from our competitors



Find new business partnerships for collaboration



Develop new sources of revenue

■ 2024 ■ Change vs. 2023

Sustainability adoption has stabilised, with the Consumer Goods sector taking the lead



About **1 in 2** businesses have started implementing some sustainability practices

Started implementing in 2023



Started implementing in 2024



Sectors where sustainability is most implemented



Cities where sustainability is most implemented



Differences by business size



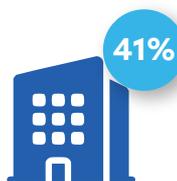
Businesses see sustainability as a way to attract investors, boost reputation, and partner with multinationals



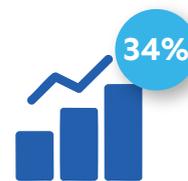
Helps to attract investors



Improved reputation or better branding of the company



Easier to work with MNCs which are increasingly establishing their sustainability goals



Gives a competitive edge



Customers prefer or demand it

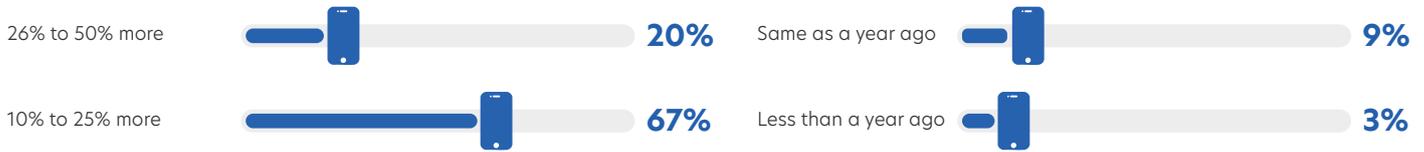
Digitalisation has led to better data protection and data security compared to a year ago

Top impact areas from digitalisation



With positive outcomes clearly visible, businesses are planning to invest more in their digital efforts in 2025

Digital spending in 2025 vs. 2024

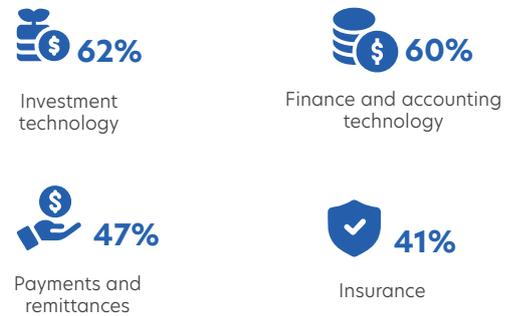


FinTech solutions for investment, finance, and accounting are driving overall FinTech adoption

Over **9 in 10** businesses have adopted or planned to adopt FinTech



FinTech Solutions Adopted/Plan to Adopt



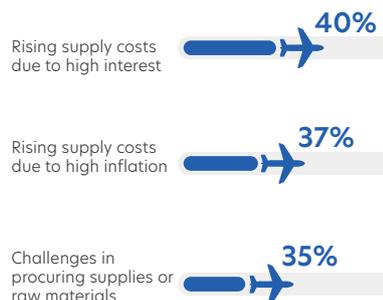
Supply chain disruptions continue to impact businesses and are expected to intensify after the recent US tariffs

39% of businesses expect supply chain disruptions to increase a lot after the recent US tariffs

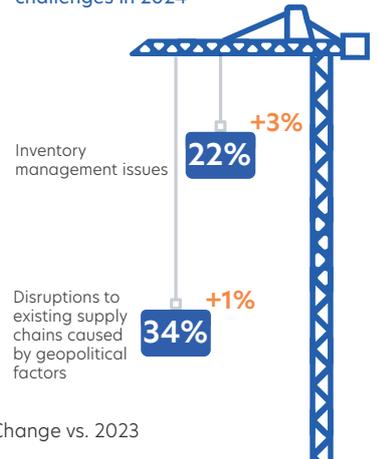


Beyond rising costs led by high interest rates and inflation and procurement challenges, businesses also face inventory management issues

Top 3 challenges in supply chain management



Emerging supply chain challenges in 2024



Interest in overseas expansion remains high, especially among the Healthcare & Medical Services and Wholesale Trade sector and Medium Enterprises

Nearly 9 in 10 businesses are interested in expanding overseas in the next three years



Very interested

Slightly interested

Total **89%**

Most interested sectors



Differences by size



Revenue growth, profitability, and international reputation are key drivers for overseas expansion

Top 3 motivators for expansion



Revenue growth



Improved profitability



International reputation

Reducing business risk is also creating greater interest in expansion

Reducing business risk by diversifying into other markets, 2023



Reducing business risk by diversifying into other markets, 2024



Workforce challenges have impacted many businesses

8 in 10 businesses are affected by workforce or manpower related issues

33%



Extremely affected

47%



Very affected

80%



Total

Most affected sectors



Most affected city

92% Bandung

Higher employee expectations, along with retention and attraction, are top workforce challenges

Top internal challenges in workforce management



Business sentiment has declined sharply after the recent US tariffs



However, **1 in 2** businesses say the business sentiment is positive after the recent US tariffs



Positive in 2023



Positive in 2024



Positive in 2025 after US tariffs

Business outlook has dropped sharply after the recent US tariffs



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2024



2025



2025 after US tariffs

Businesses face challenges with high levels of inflation and rising business costs, which are set to increase after the recent US tariffs



High levels of inflation



Rising operational costs (raw materials, rental, etc)



51% of businesses expect the level of inflation to increase a lot after the recent US tariffs



Higher interest rates



Changes made by the government in laws/regulations



Rise in consumption/spending



52% of businesses expect raw material and production costs to increase a lot after the recent US tariffs

A growing priority for businesses is finding a new customer base



Find a new customer base



Digitalise to achieve business efficiencies



Review business strategy to differentiate from our competitors



Find new business partnerships for collaboration



Develop new sources of revenue

■ 2024 ■ Change vs. 2023

Businesses are looking for financial support measures that can provide immediate relief from the adverse impact of the recent US tariffs

Support needed after the US tariffs were announced



Financial products support/assistance



Financial aid to tackle loss or revenue/rising cost of doing business



Subsidies or tax exemption for certain sectors most hit by tariffs



Bilateral trade agreements with key markets



Advisory, legal/administrative support on how to navigate the tariffs

Sustainability adoption was stable in 2024, with the pace of adoption expected to increase after US tariffs

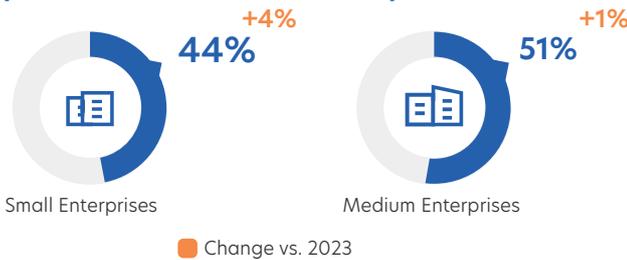
About 1 in 2 businesses have started implementing sustainability practices



61% of businesses expect an increase in the pace of sustainability adoption after the recent US tariffs



Sustainability adoption is gaining more importance for Small Enterprises



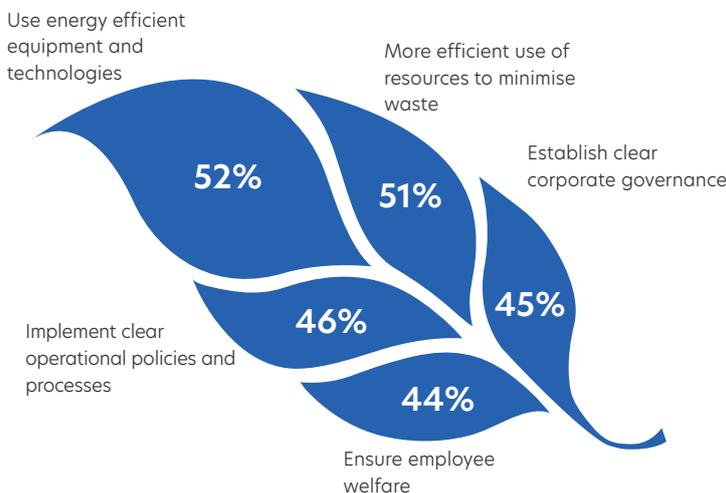
The higher adoption in the Consumer Goods sector is likely to be driven by end consumers demanding more sustainable products.

Medium Enterprises have higher sustainability adoption as they are set to gain the most in terms of brand reputation, talent retention, and complying with regulators.

Businesses increasingly see sustainability as a way to attract investors and improve company's reputation



Initiatives with a tangible impact such as saving energy and minimising waste are prioritised

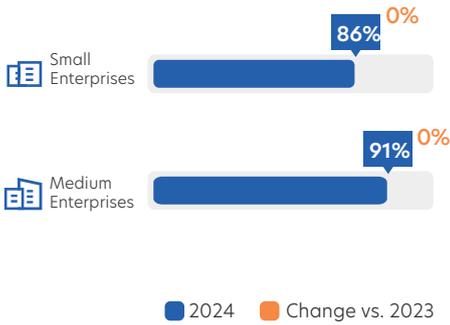


Rising costs to customers is a growing challenge in sustainability adoption



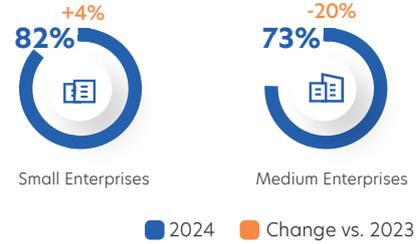
More Medium Enterprises have adopted digitalisation, with adoption expected to accelerate due to US tariffs

Digitalised at least one department



61% of businesses expect an increase in the pace of digital adoption after the recent US tariffs

Success with digitalisation



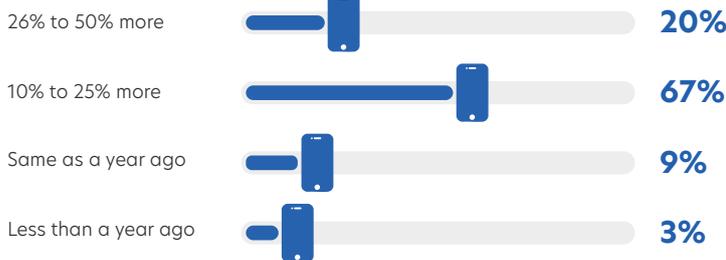
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Top impact areas from digitalisation



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Digital spending in 2025 vs. 2024

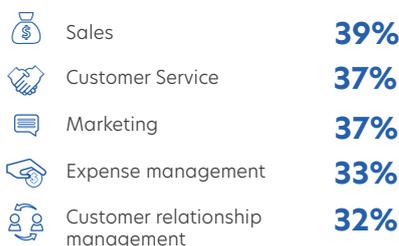


Our sales force is enabled with WhatsApp orders and we are also selling through other online market platforms that are there. And we basically want to try everything.
- CEO, Consumer Goods sector



Having digitalised customer facing functions, future digital investments will focus on inventory and partner relationship management processes

Current processes digitalised (Top 5)



Future processes digitalised (Top 5)



FinTech solutions for investment, finance and accounting are driving overall FinTech adoption

 Over **9 in 10** businesses have adopted or planned to adopt FinTech

Adopted/Plan to adopt in 2023
 **91%**

Adopted/Plan to adopt in 2024
 **94%**

Cities with highest FinTech adoption

98% Bandung
94% Rest of Indonesia

FinTech Solutions Adopted/Plan to Adopt

 **62%**

Investment technology

 **60%**

Finance and accounting technology

 **47%**

Payments and remittances

 **41%**

Insurance



Medium Enterprises favour investment and insurance while Small Enterprises prefer finance, accounting, and payments technology

FinTech Solutions Adopted

 **62%**
 Small Enterprises: 54%
 Medium Enterprises: 68%

Investment technology

 **60%**
 Small Enterprises: 63%
 Medium Enterprises: 59%

Finance and accounting technology

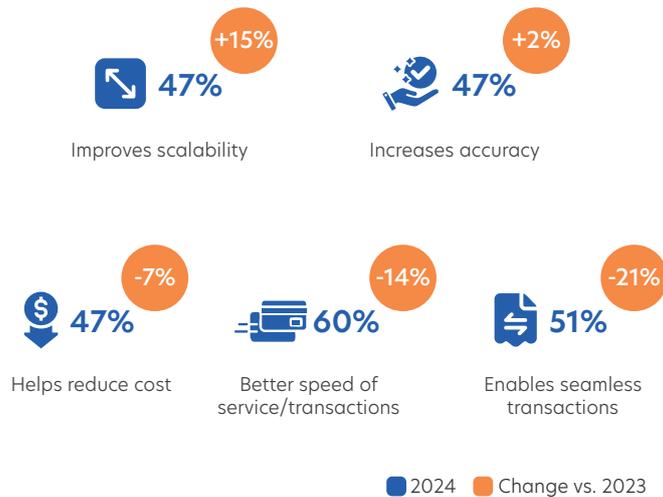
 **47%**
 Small Enterprises: 49%
 Medium Enterprises: 45%

Payments and remittances

 **41%**
 Small Enterprises: 36%
 Medium Enterprises: 46%

Insurance

Businesses are increasingly adopting digital payments for scalability



Sectors where scalability is more important

54% Wholesale Trade
52% Tech, Media & Telecom

Cities where scalability is more important

53% Semarang
49% Jakarta

Businesses are more worried about cost and security concerns for FinTech adoption



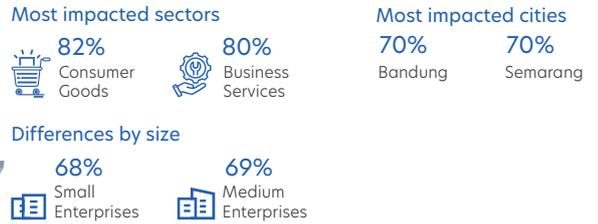
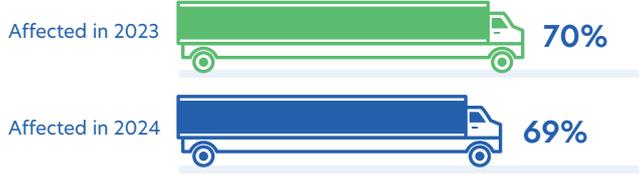
Sectors where cost is a greater concern

73% Wholesale Trade
67% Manufacturing & Engineering

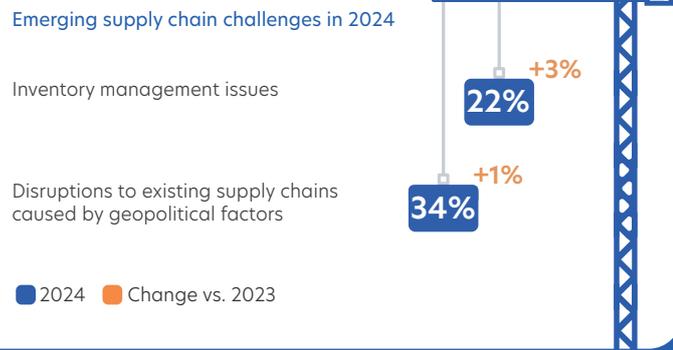
Cities where cost is a greater concern

73% Semarang
66% Bandung

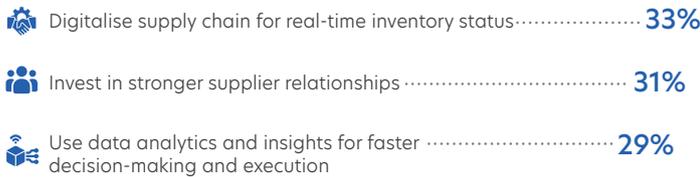
Supply chain disruptions continue to impact businesses and are expected to intensify after the recent US tariffs



Beyond rising costs led by high interest rates and inflation and procurement challenges, businesses also face inventory management issues



To stabilise supply chains, businesses are optimising inventory and supplier relationships



Localisation and diversification are additional strategies to enhance supply chain stability



With diversification, future sourcing is set to expand into ASEAN and rest of North Asia



Businesses seek opportunities for collaboration and connections for supply chain stability

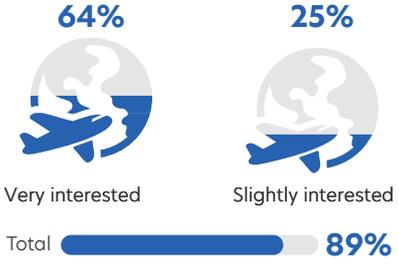


Interest in overseas expansion remains high after US tariffs, with intra-ASEAN trade expected to grow

Nearly 9 in 10 businesses are interested in expanding overseas in the next three years

54% of businesses expect an increase in the pace of overseas expansion after the recent US tariffs

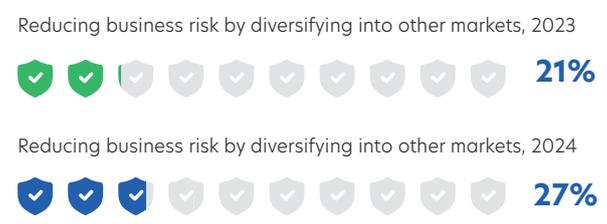
66% of businesses expect an increase in the level of intra-ASEAN trade after the recent US tariffs



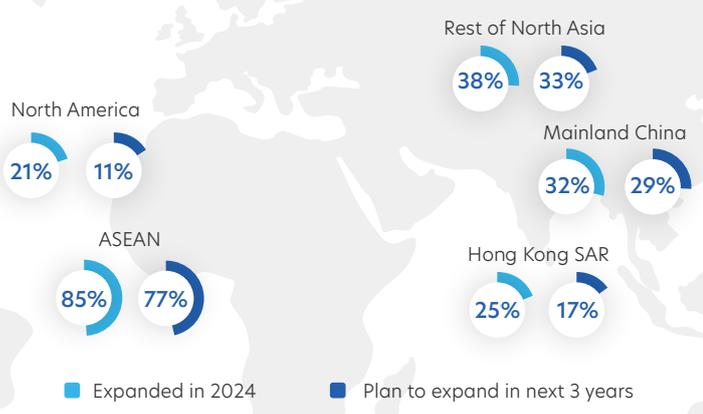
Revenue growth, profitability and international reputation are key drivers for overseas expansion



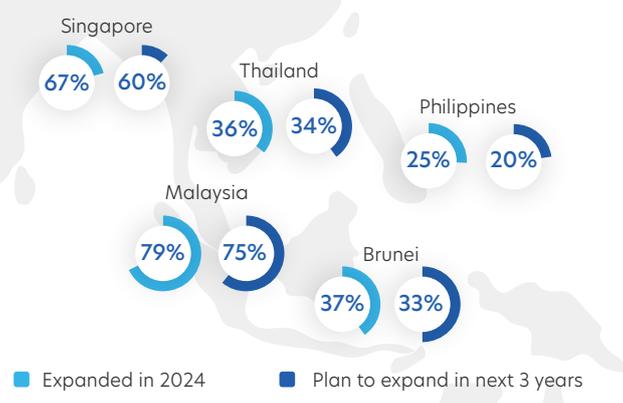
Risk reduction by diversification is leading to higher interest in overseas expansion



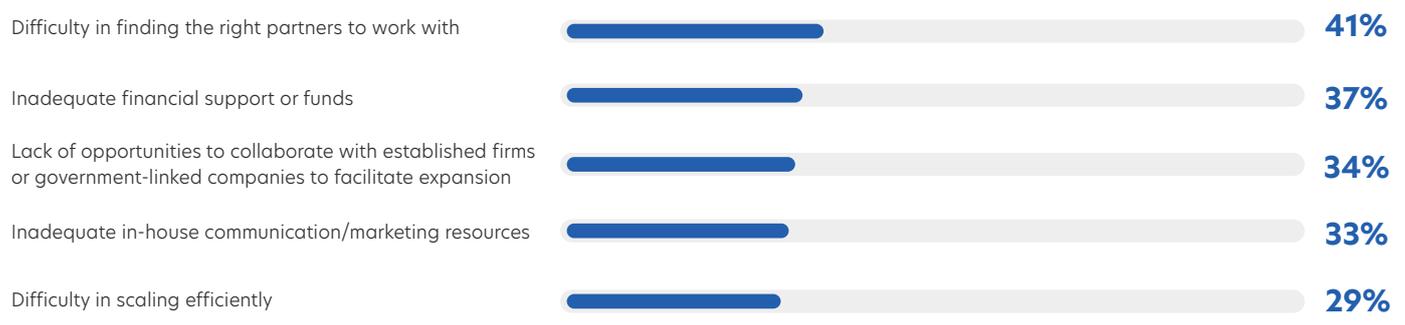
ASEAN and rest of North Asia continue to be the focus for current and future expansion efforts



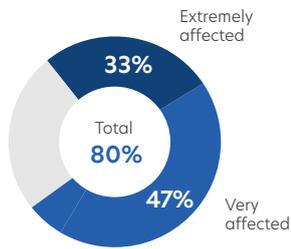
Within ASEAN, Malaysia and Singapore are key priority markets



Difficulty in finding the right partners, inadequate funding, and limited opportunities are key barriers to overseas expansion



Businesses are experiencing workforce challenges, which are expected to escalate after US tariffs



Most affected sectors



By business type

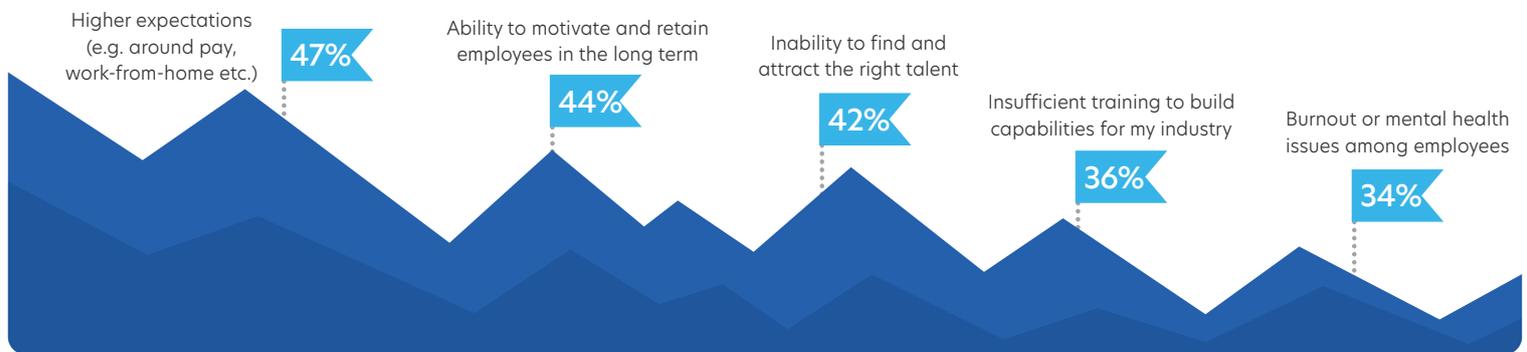


By city



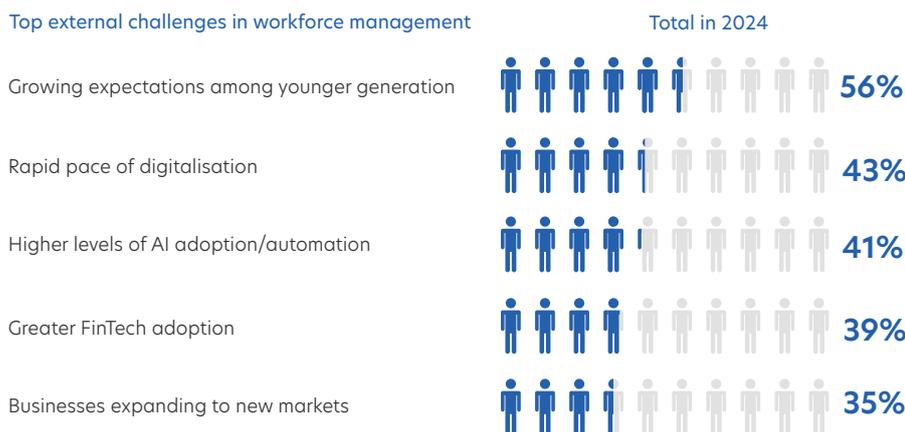
Higher expectations, talent attraction, and retention are the top workforce challenges

Top internal challenges in workforce management



External factors such as growing expectations among the younger generation and rapid AI/technological advances intensified workforce challenges

Top external challenges in workforce management



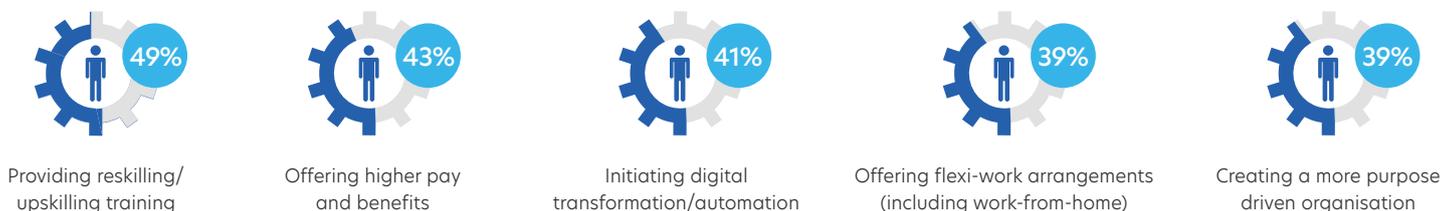
“It’s a competition between technology and people, and the gap is too wide. The workforce’s education level and ability to adapt to technological advancements create challenges in implementation. For job seekers and individuals, it is a constant struggle to compete with the technology businesses are adopting.”

- Director, Oil, Gas & Chemicals sector



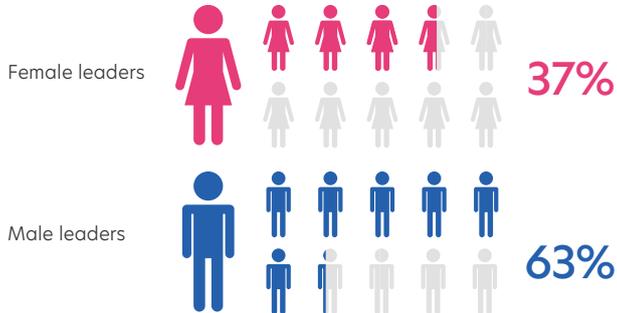
Businesses are addressing workforce challenges through skill development, better pay, and digital transformation

Top actions to address workforce challenges



Close to 2 in 5 of all business leaders are women, with a stronger presence in the Real Estate & Hospitality sector

Nearly **3 in 5** women in leadership roles within the business world are leading Medium Enterprises



Spread by sectors



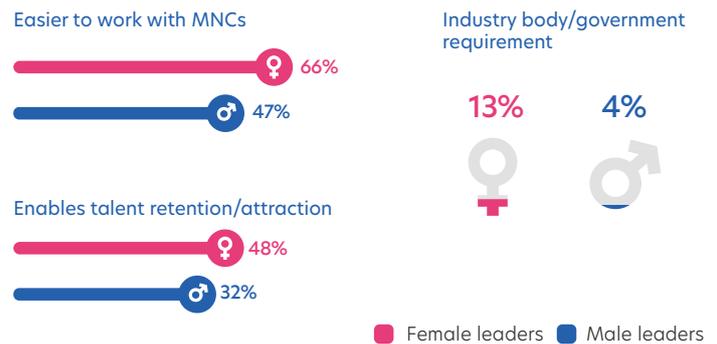
Spread by business size



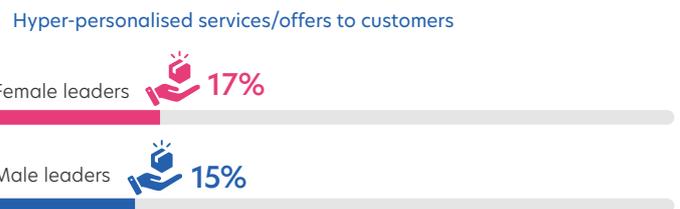
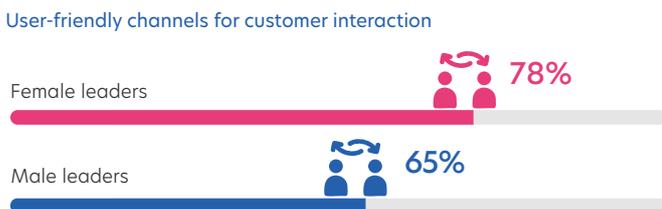
Women in business are ready to boost well-being and reach new customers but need support to reduce carbon emissions



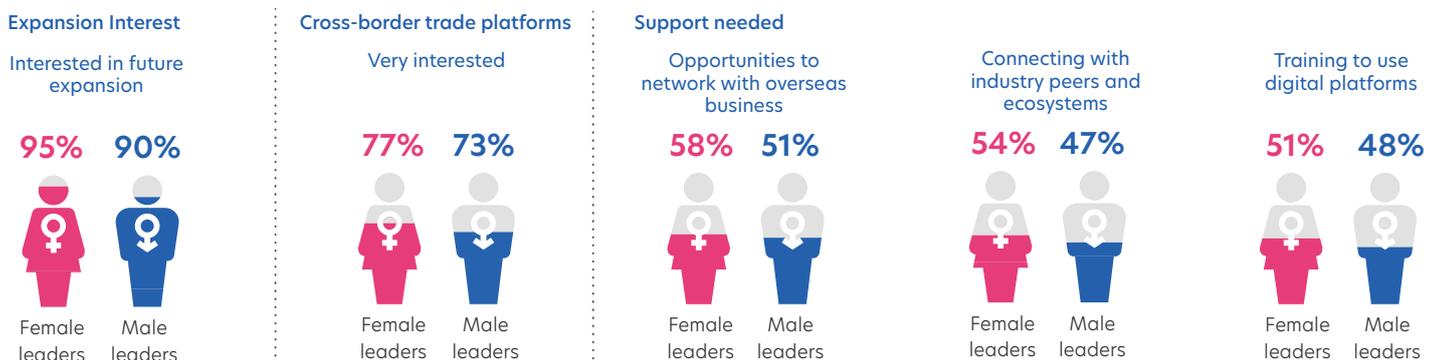
Women leaders prioritise sustainability to ease MNC collaboration, retain talent, and ensure regulatory compliance



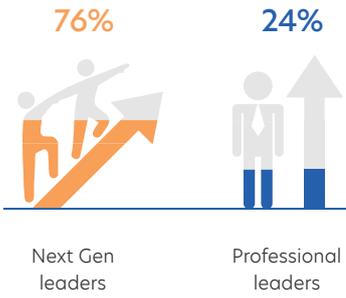
Women leaders show a strong commitment to advancing customer-centric capabilities to meet evolving expectations



With a clear focus on overseas expansion, women leaders are engaging with cross-border trade platforms and require support through training and networking resources



Over 3 in 4 of all business leaders are Next Gen, with a stronger presence in the Wholesale Trade sector and Small Enterprises



Spread by sectors



Spread by business size



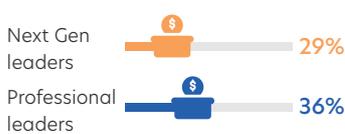
Next Gen leaders prioritise strategic challenges like high interest rates and business uncertainties over short-term concerns

Short term concerns

High levels of inflation

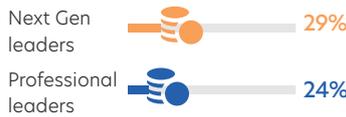


Rising operational cost



Strategic concerns

High interest rates



Uncertain economic outlook in ASEAN/Greater China markets



To navigate an uncertain economic outlook, Next Gen leaders turn to local sourcing, import financing solutions, and digital platforms

Finding local suppliers within my market



Apply for import financing facilities



Place orders online



Next Gen leaders practice sustainability by giving back to the community and support mental

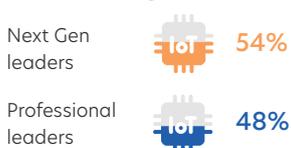
Sustainability practices



Next Gen leaders are at the forefront of tech adoption

Technologies used

Internet of Things



Cloud Computing



Machine Learning



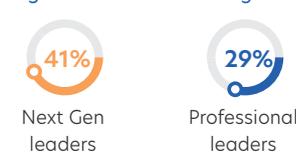
Blockchain



Next Gen leaders practice sustainability by giving back to the community and support mental wellness

Areas of deployment

Digitalisation of marketing



Digitalisation of inventory management



Digitalisation of Customer Relationship Management



Electronic payments for payables and receivables

