

UOB Business Outlook Study 2024 (SMEs & Large Enterprises)



Regional Report



Singapore



Thailand



Indonesia



Malaysia



China



Hong Kong



Vietnam

Foreword

In 2023, while uncertainties such as geopolitical tensions persist and global economic activity moderated on the back of slower demand, changing macroeconomic factors still brought about opportunities for businesses to adapt to the changing market dynamics.

Closer to home, ASEAN economies have remained resilient and continue to evolve in the global economy with strong foundations driven by growing consumer markets, a young and dynamic workforce, increased interconnectivity and foreign direct investments.

We are well-positioned to operate in this sweet spot of more than 650 million people in partnering businesses to leverage growth levers to strengthen supply chain management, accelerate digitalisation and progress towards net zero.

The UOB Business Outlook Study 2024 (SME and Large Enterprises) surveys over 4,000 companies across industries and 7 markets, to capture current business sentiments and to understand how we can continue to support their needs, to develop resilience and build growth.

Insights from this Study cover three key areas:

1. The trends that are shaping the growth of businesses, in the areas of Sustainability, Digitalisation, Supply Chain Management, Overseas Expansion;
2. How companies are adapting to a changing business landscape and adopting growth strategies;
3. How UOB and industry partners can continue to support businesses with their growth ambitions

In a region that holds rich potential for business opportunities, SMEs need strategic partners with the ambition and capability to unlock the region's potential and build the future of ASEAN. This is especially critical for companies that are looking to expand their business networks and grow beyond domestic markets.

As the One Bank for ASEAN, we are committed to realise the potential of businesses and facilitate economic flows within and with ASEAN for long-term growth. We connect businesses to opportunities in the region with our industry insights and strong sector expertise. Together with our extensive regional footprint, as well as deep local market knowledge, we enable businesses to navigate market complexities and seize growth opportunities in ASEAN and the rest of the world.

We look forward to connecting you to new growth opportunities across the region and beyond.

Eric Lian

Head, Group Commercial Banking
Group Wholesale Banking

Kavita Bedi

Head, Group Business Banking
Group Wholesale Banking

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Background & Methodology

UOB conducted a Business Outlook Study in seven markets covering ASEAN and Greater China. This regional study, now in its second year, covered over 4,000 business owners and key executives from SMEs and Large Enterprises.

The Business Outlook Study provides a comprehensive understanding of the current business sentiment, inflation impact and outlook among businesses across various sectors in the ASEAN and Greater China regions.

By capturing robust insights around key themes such as Sustainability, Digitalisation, FinTech Adoption, Overseas Expansion and Supply Chain Management this study can help businesses across the region better understand the current environment they are operating in and plan for future opportunities and challenges.

▶ WHAT

-  15-minute online survey
-  Data collection:
End-Dec 2023 - mid-Jan 2024
-  Total of **4,050** interviews

▶ WHO








-  Businesses in seven markets across the ASEAN and Greater China regions
-  Covers both SMEs and Large Enterprises across key industry verticals
-  Owners/C-suite/Management level who are involved with business decision making




▶ WHERE

Markets
(Sample)



Business classification

	Total	Small Enterprise	Medium Enterprise	Large Enterprise
Total:		1603	2034	413
 Mainland China	600	-	66%	34%
 Hong Kong SAR	550	-	62%	38%
 Indonesia	525	47%	53%	-
 Malaysia	525	62%	38%	-
 Singapore	800	50%	50%	-
 Thailand	525	61%	39%	-
 Vietnam	525	59%	41%	-

Definitions	Small Enterprises	Medium Enterprises	Large Enterprises
 Mainland China	-	RMB 100m to <RMB 4b	> RMB 4b
 Hong Kong SAR	-	HKD 100m to <RMB 4b	> HKD 4b
 Indonesia	IDR 6b to <110b	IDR 110b to <IDR 3t	-
 Malaysia	<MYR 30m	MYR 30m to <MYR 900m	-
 Singapore	<SGD 10m	SGD10m to <SGD 300m	-
 Thailand	THB 30m to <400m	THB 400m to <THB7.5b	-
 Vietnam	<VND 180b	VND 180b to <VND 5.5t	-

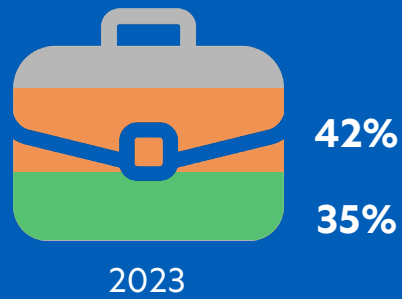


Business sentiment and outlook

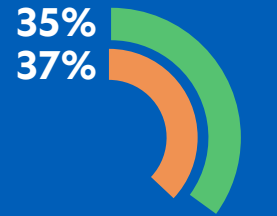


Around 4 in 10 businesses in the region believe the current environment is very positive.

► Current business environment in 2023



Very positive
Somewhat positive



Business environment in 2023 has declined vs. 2022

2022
2023



B1. How do you perceive the current business environment in your country?
Base: Total, 2023 (4050), 2022 (4061)

But businesses have been impacted by high inflation, rising operational cost and economic slowdown.

► Factors impacting businesses in 2023

Over 3 in 10 businesses in the region are impacted by high levels of inflation.

Around 3 in 10 businesses in the region are impacted by rising operational and manpower cost.



32%
High levels of inflation



32%
Rising operational cost (raw materials, rentals etc.)



27%
Recovering from overall economic slowdown



24%
High manpower (labour) costs

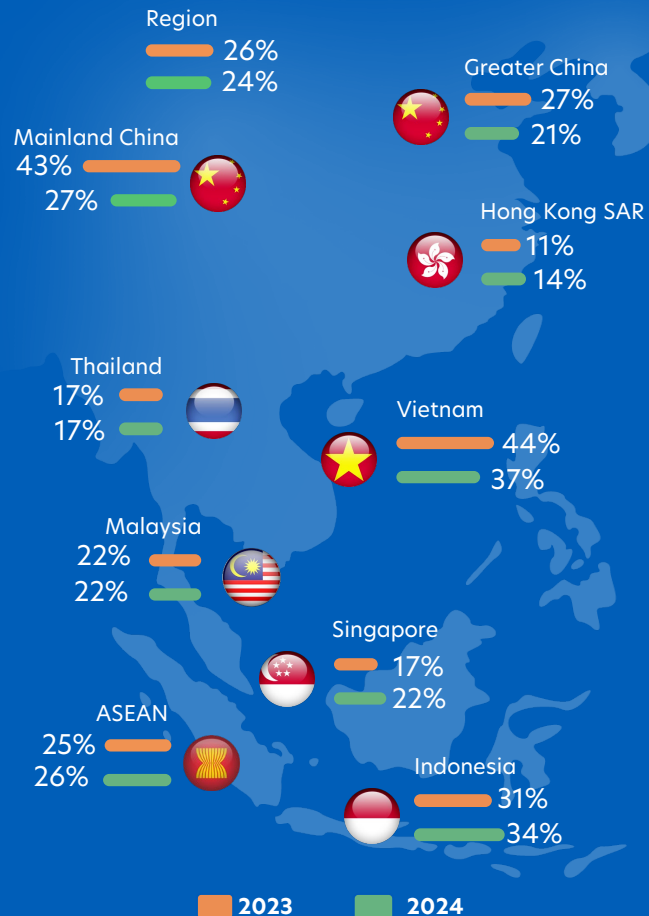


23%
Rising interest rates

B4. Which of the factors below had the biggest impact on your business in 2023? Select up to 5.
Base: Total, 2023 (4050)

Around 1 in 4 businesses in the region expect a vastly improved business performance in 2024. Cost-reduction will be the top priority for a third.

► Future outlook 2024



► Business priorities for the next 1-3 years



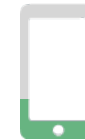
30%

Reduce costs



26%

Source for new customer base



26%

Digitalise the business to achieve business efficiencies



25%

Develop new sources of revenue



23%

Find new business partnerships for collaboration

Future priorities reflect the current market reality of high inflation and rising operational cost. Businesses plan a prudent mix of short-term measures like reducing cost and long-term measures like sourcing new customers and digitalising their business.

Customer experience and automation are key to driving future growth. Businesses are looking to automate and leverage new technologies or AI tools to enhance customer interactions.

Plans to achieve business priorities



Focus on customer service and experience

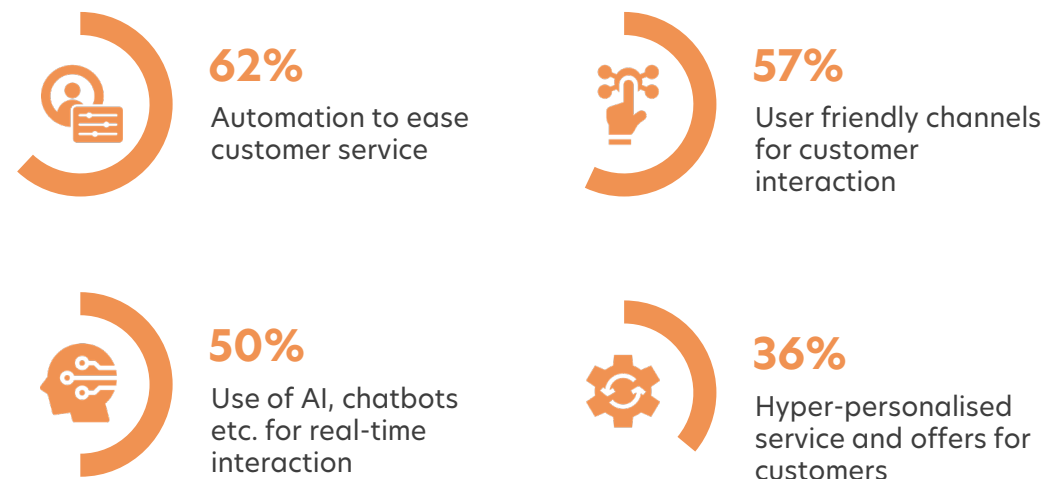
High focus markets



Higher focus sectors



Key capabilities to improve



Automation to ease customer service

High focus markets



Higher focus sectors



B10B. What are the key channels/capabilities that your business needs to improve, to handle this change in customer engagement expectations?

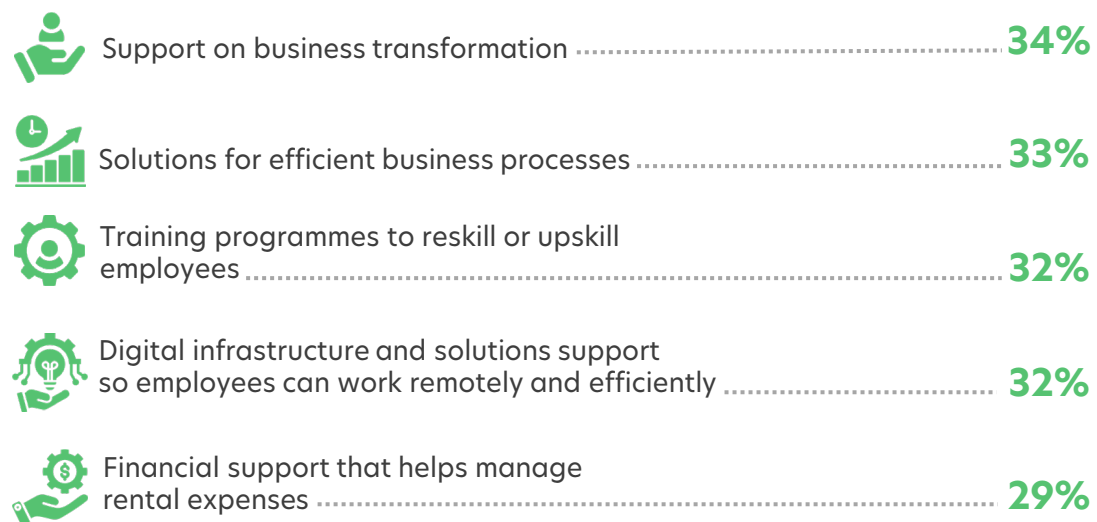
Base: Total, 2023 (4050)

B9. How do you plan to achieve these priorities?

Base: Total, 2023 (4050)

Business transformation and business efficiency solutions are the need of the hour for businesses across the region.

► Support for future business success



► Top support areas

Support on business transformation

Most needed markets



Most needed sectors



Solutions for efficient business processes

Most needed markets



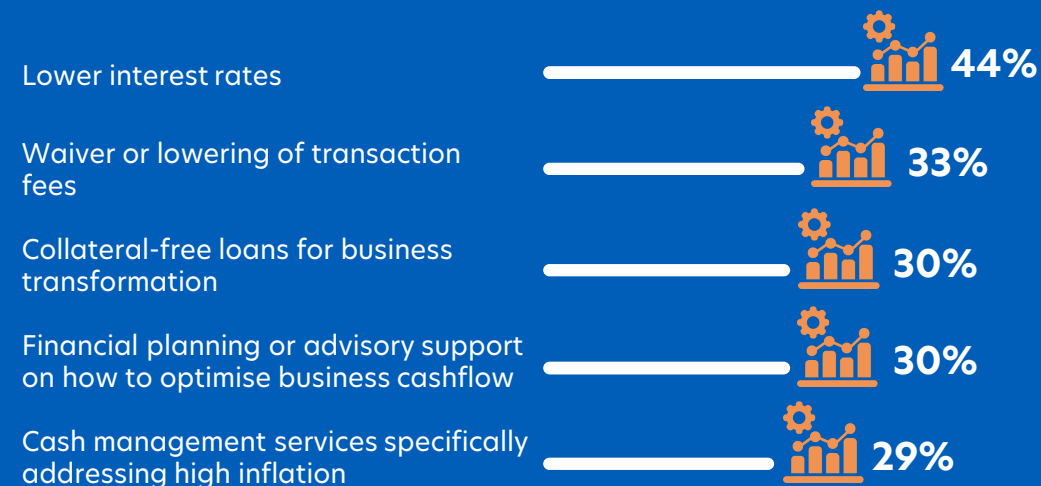
Most needed sectors



B11. What type of support would help your company towards business success in 2024 and beyond? This support could be from government, industry bodies etc.

Base: Total, 2023 (4050)

► What can banks and Financial Institutions do?



Providing the right financial support is critical for future business success.

Collateral-free loans can drive business transformation while cash management services can help address inflation concerns.

B12. Going forward, what support can banks and financial institutions offer to help companies with business growth through 2024 and beyond?

Base: Total, 2023 (4050)

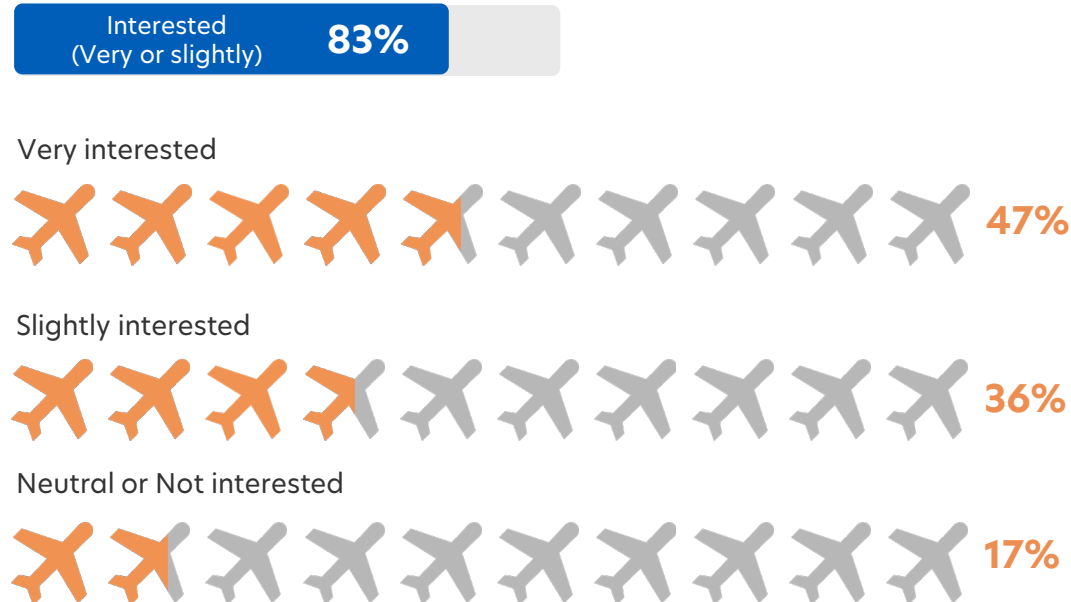


Overseas expansion



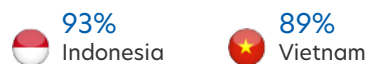
A desire to improve profitability and grow revenue is fuelling interest in overseas expansion among 8 in 10 businesses in the region.

► Level of interest in overseas expansion

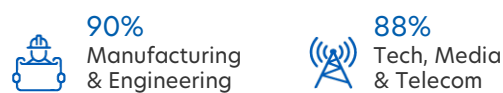


► Most expansion interest

Most interested markets



Most interested sectors



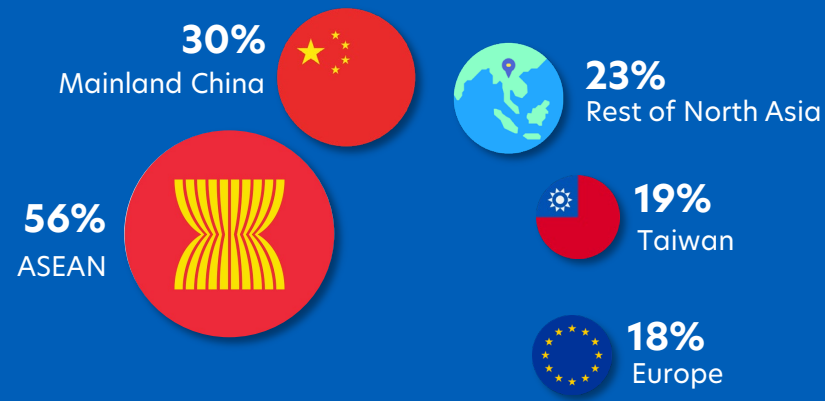
► Motivation for overseas expansion



Cross-border digital trade platforms are a popular means of overseas expansion with over 8 in 10 businesses showing interest in using them.

ASEAN and Mainland China are key markets for future expansion. Within ASEAN, Malaysia, Singapore and Thailand are among the top.

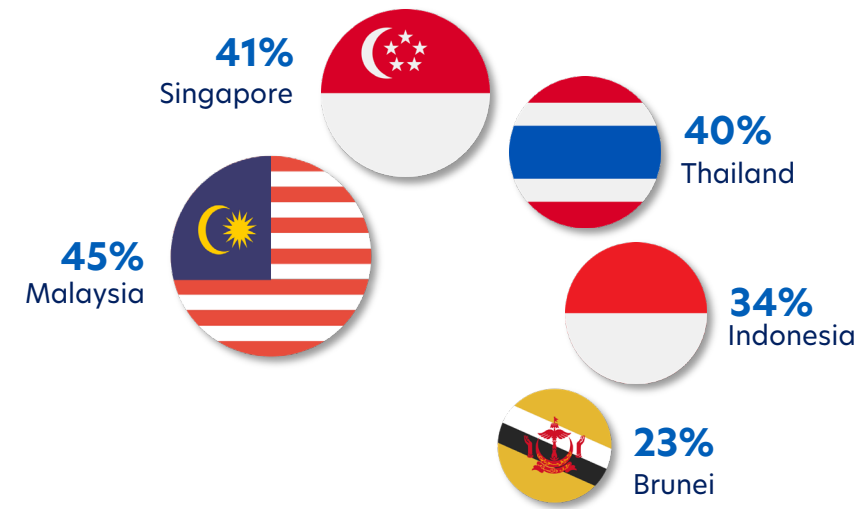
▶ Top locations seeking to enter



▶ Top locations by region

	Businesses in Greater China	Businesses in ASEAN
ASEAN		
Mainland China		
Rest of North Asia		
Taiwan		
Hong Kong SAR		

▶ Top ASEAN locations seeking to enter



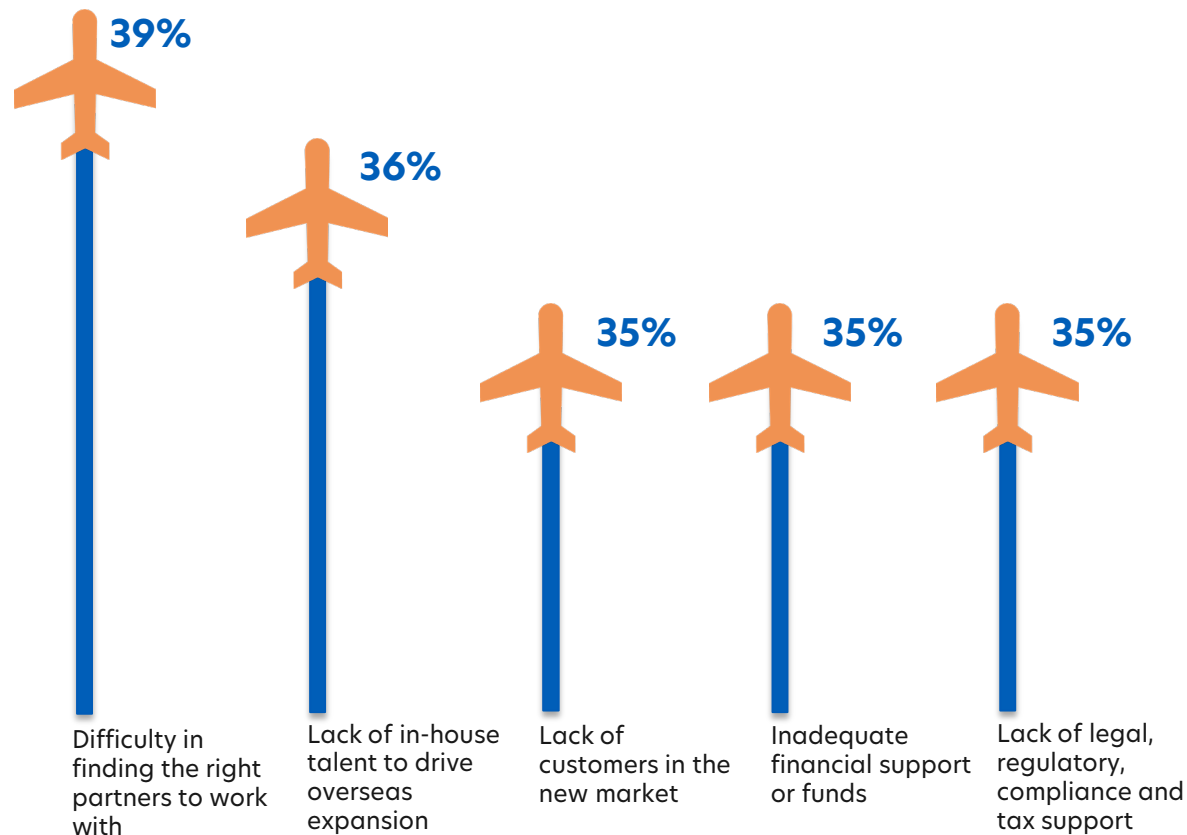
▶ Top ASEAN locations by region

	Businesses in Greater China	Businesses in ASEAN
Malaysia		
Singapore		
Thailand		
Indonesia		

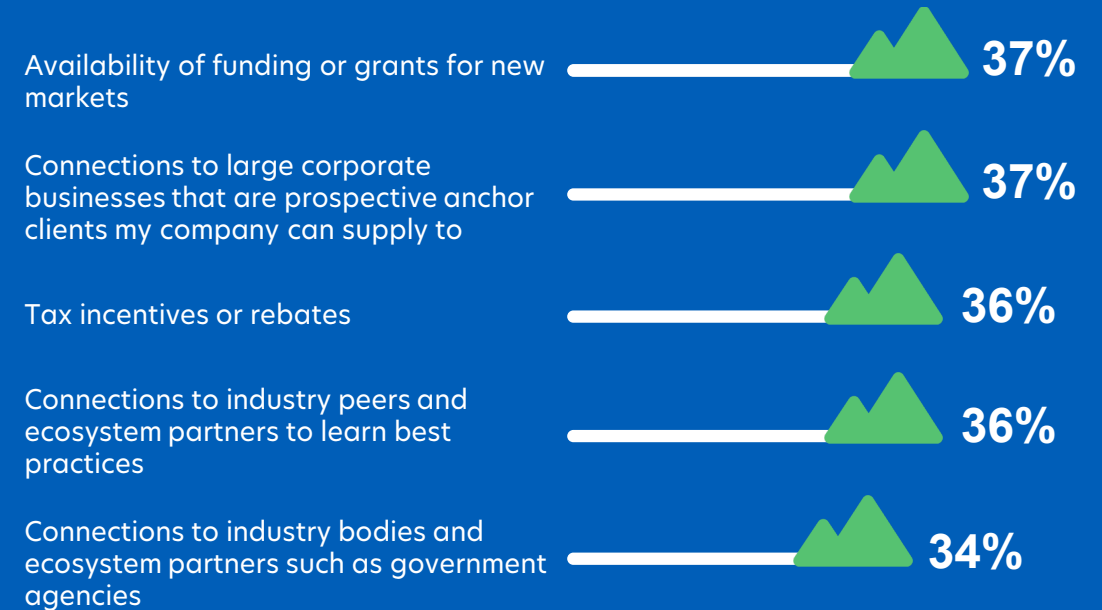
OV2B_2. Please select the most important countries (up to 3) in ASEAN that your company is intending to venture into within the next 3 years (by 2026).
Base: Interested in expanding within ASEAN 2023 (1896)

Overseas expansion is challenging due to inability to find the right local partners to work with, lack of in-house talent and inadequate financial support.

► Top barriers for overseas expansion



► Expected support measures



Financial support is the key to encouraging businesses to expand overseas. Businesses can also benefit from connections to large corporates as anchor clients and connections to industry peers to learn from their best practices.

OV5: What support does your business require to expand overseas? This support could be from government, banks, industry bodies etc.
Base: Interested in overseas expansion (3457)

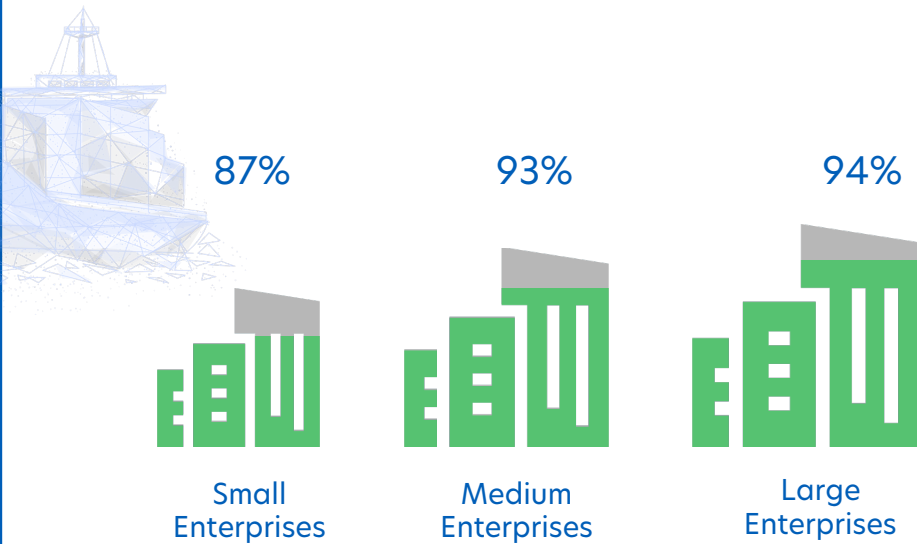
OV3: What are the key barriers in your effort for overseas expansion?
Base Total (4050)



Supply Chain Management (SCM)

SCM is important to most businesses, and more so to Medium and Large Enterprises.

► Importance of SCM



Markets where SCM is most important



Sectors where SCM is most important

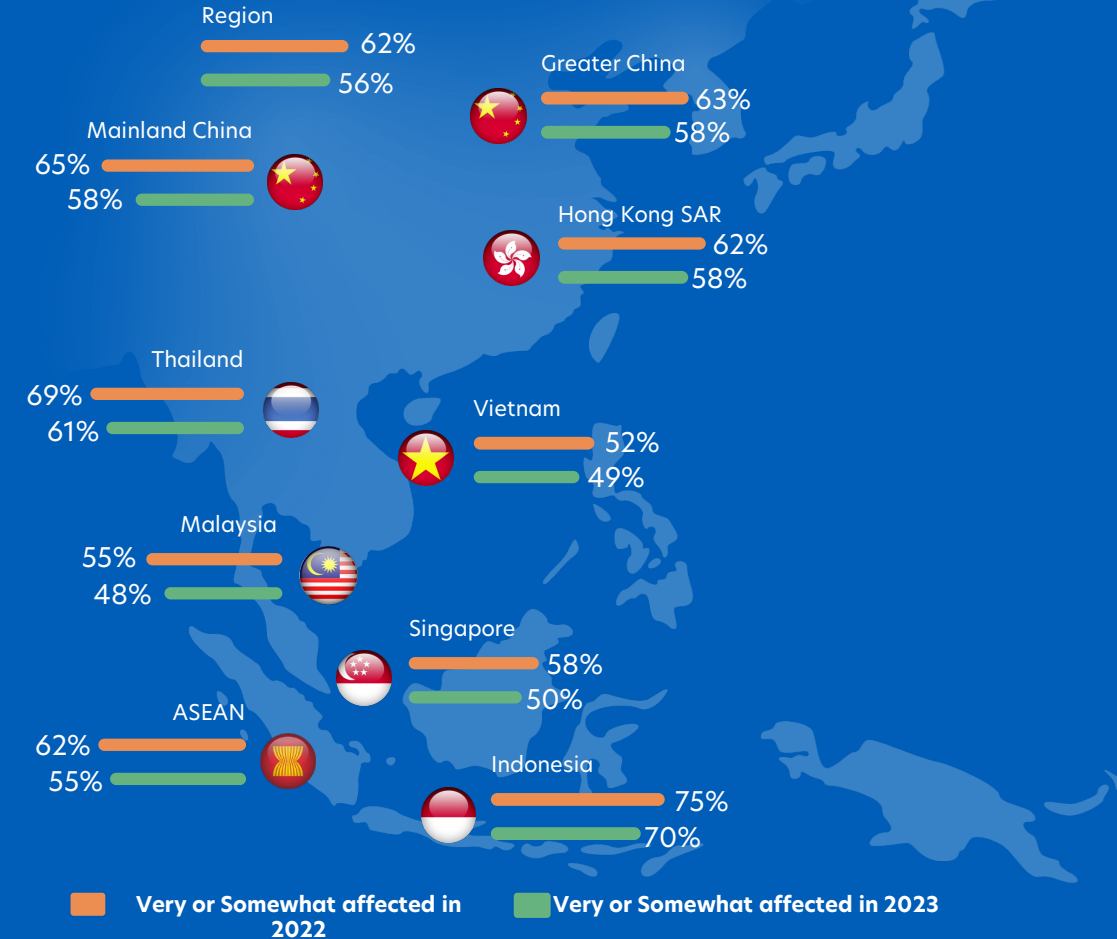


SC1. How important is supply chain management to your business?

Base: Total 2023 (4050), Small Enterprises (1603), Medium Enterprises (2034), Large Enterprises (413)

Geopolitical tensions continue to impact supply chains, but fewer businesses are impacted now compared to 2022.

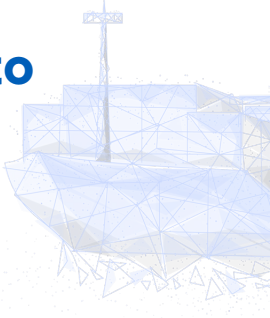
► Impact of geopolitical tensions on supply chain



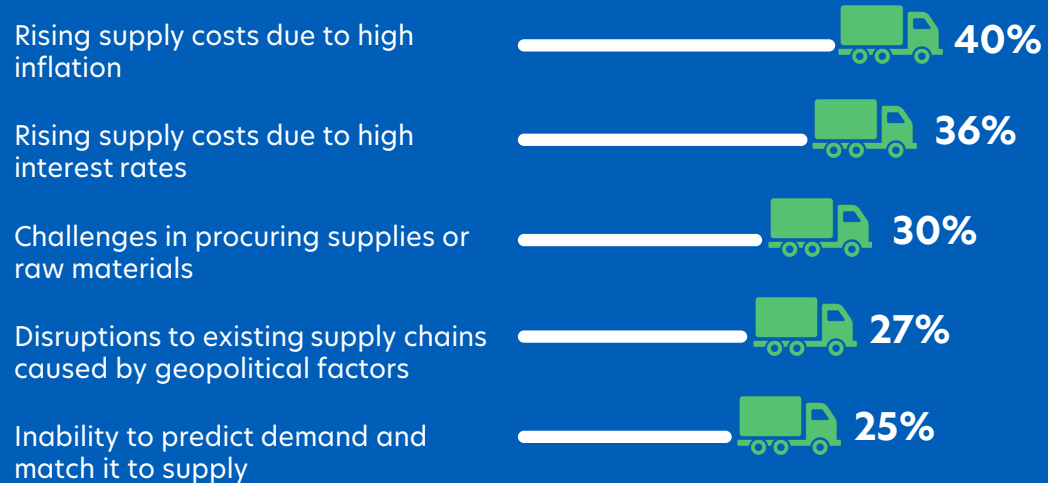
SC2. To what extent has your company's supply chain been affected by geopolitical tensions such as US-China trade tensions, Russia-Ukraine conflict, Israel-Hamas conflict etc.?

Base: Total 2023 (4050), 2022 (4061)

Rising supply costs and procuring supplies are key challenges. Businesses are looking to adapt by diversifying suppliers and better inventory management.



Top challenges in SCM



Top challenges by markets and sectors

Rising supply cost due to high inflation

Most affected markets



Most affected sectors



Challenges in procuring supplies

Most affected markets



Most affected sectors



SC3. What are the current challenges faced by the business in supply chain management?
Base: Total 2023 (4050)

Actions to stabilise supply chain







Diversifying suppliers is good strategy that businesses have adopted, particularly in Indonesia and Vietnam, to help manage supply costs by reducing the risk of supply chain disruptions and procuring supplies at competitive prices.

SC4. What steps, if any, have you taken or are planning to take to ensure a stable supply chain in the future?
Base: Total 2023 (4050)

Businesses seek collaboration opportunities and connections to stabilise their supply chains.

► Preferred support for supply chain stability

	Top support areas			
	Total	Small Enterprises	Medium Enterprises	Large Enterprises
Tax incentives or rebates	41%			
Opportunities to collaborate with industry bodies, government-linked companies or large businesses	40%			
Easier access to funding or grants	40%			
Connections to the right technology and solution providers	39%			
Connections to industry peers and ecosystem partners to learn best practices	36%			

SC5: What support in your opinion should be available to businesses to ensure supply chain stability? This support could be from government, banks, industry bodies etc..
Base: Total 2023 (4050)

Import services, trade credit insurance and export services are the top trading needs among businesses.

► Trading needs among businesses



SC6: What trade services do you think your financial partner should provide to support your trading needs?
Base: Total 2023 (4050)



State of digital adoption

Over 8 in 10 businesses have adopted digitalisation in at least one department.

► Current state of digital adoption

Adopted
(one or more departments) **85%**

14%



Adopted - one
department

41%



Adopted -
multiple
departments

29%



Adopted - entire
business

► Most digitalised (one or more departments) - markets and sectors

Most digitalised markets



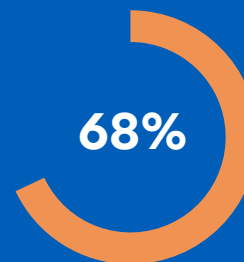
Most digitalised sectors



Over 6 in 10 businesses have succeeded with digitalisation, but the number has declined from the previous year.

► Success with digitalisation

68%



Success in 2022

62%



Success in 2023

► Most success with digitalisation

Most successful markets



Most successful sectors



In future, businesses plan to digitalise more customer-oriented functions like customer service, marketing and sales.

Currently digitalised processes



Processes for future digitalisation

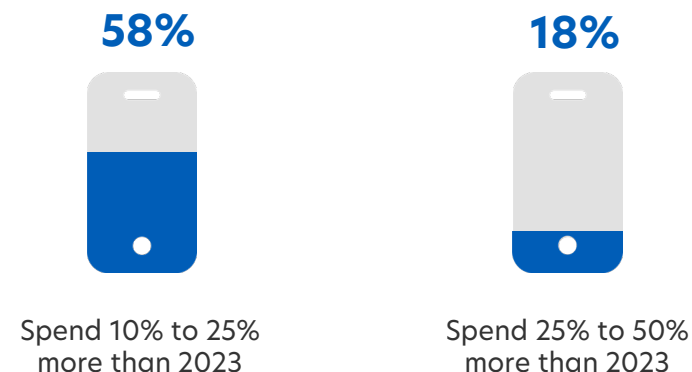


D4A: Which of these processes did your company digitalise specifically to help your business perform better in 2023?
Base: Those currently trialling or adopted digitalisation in at least one department (3837)

D4B: What business process/es are you looking to digitalise in 2024 to drive business success?
Base: Total, 2023 (4050)

Digitalisation spending in 2024

3 in 4 businesses in the region are **planning to spend more** on their digitalisation efforts in 2024, with most budgeting an **increase of 10% to 25%**



Most digitalisation spending in 2024

Most spending markets



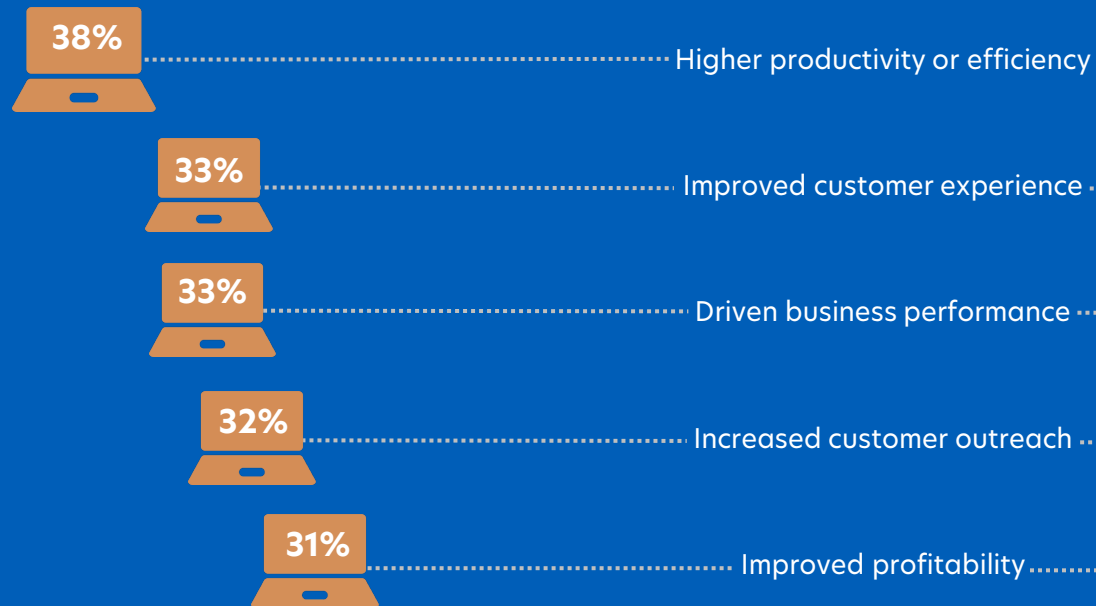
Most spending sectors



D4C: Do you foresee spending more on digital solutions and/or technology in 2024 compared with 2023?
Base: Total 2023 (4050)

The improved productivity and customer experience benefits from digitalisation efforts are widely acknowledged by businesses.

Digitalisation impact experienced (Among adopters)



Digitalisation impact expected (Among non-adopters)



Sectors that are more labour-intensive or process-oriented, like Manufacturing & Engineering and Real Estate & Hospitality, have benefitted the most from digitalisation through higher productivity and improved customer experience.

Top impact areas

Higher productivity or efficiency

Most impacted markets



Most impacted sectors



Improved customer experience

Most impacted markets



Most impacted sectors



Security concerns, implementation cost and inadequate skillsets are major constraints in digitalisation efforts.

► Top challenges for digitalisation



36%

Concerns over cybersecurity issues



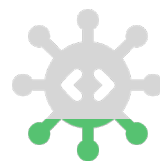
33%

Expensive to implement



32%

Lack of digital skillset among employees



31%

Increased risks of data breach or cybersecurity threats



28%

Incompatibility between old and new systems

► Top challenges by markets and sectors

Concerns over cybersecurity issues

Most impacted markets

48%
Vietnam

47%
Indonesia

Most impacted sectors

42%
Wholesale Trade

38%
Manufacturing & Engineering

Expensive to implement

Most impacted markets

39%
Thailand

35%
Malaysia

Most impacted sectors

40%
Consumer Goods

39%
Manufacturing & Engineering

► Top support needed for digitalisation

2022		2023
38%	Training programmes to reskill or upskill employees	41%
38%	Connections to the right technology and solution providers	40%
37%	Tax incentives or rebates	40%
35%	Access to knowledge and expertise in the area	38%
36%	Easier access to funding or grants	36%

Compared to 2022, more businesses are looking for training programmes, connections to the right technology partners and tax incentives to address digitalisation challenges. This will address concerns around inadequate digital skillsets, cybersecurity concerns and cost of implementation.

D6A: What support measures should be available to businesses in their digital adoption journey?
This support could be from government, banks, industry bodies etc.
Base: Total, 2023 (4050), 2022 (4061)

D5: What challenges have you faced or expect to face in your digital adoption journey?
Base: Total, 2023 (4050)



Fintech adoption

The figure displays a bar chart and a line graph on a blue background. The bar chart consists of 20 bars of varying heights, each labeled with a percentage value. The line graph shows a curve with three specific data points highlighted by callouts.

Bar Index	Percentage Value
1	+12%
2	+6.0%
3	-5.2%
4	-4.3%
5	-7.1%
6	-7.1%
7	-8.3%
8	-3.9%
9	-5.3%
10	-11%
11	-11%
12	+5.2%
13	+7.1%
14	-5.2%
15	+8.3%
16	+11%
17	-3.9%
18	-5.3%
19	-3.9%
20	-5.3%

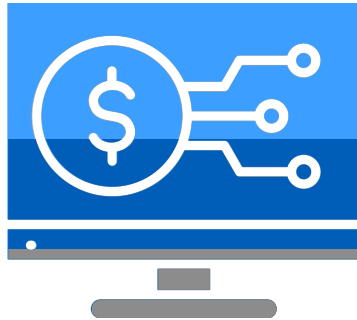
Line Graph Data Points:

Point Index	Value
1	1020.04
2	1340.04
3	2140.03

There is high FinTech adoption in the region driven by solutions for payments, remittances, finance and accounting technology.

► Status of FinTech adoption

Net Adopted or Plan to adopt **88%**



45% ■ Adopted

43% ■ Not adopted, but plan to

12% ■ No plans to adopt

► Higher adopted or plan to adopt - markets and sectors

Most adopted/planned markets

 **95%**
Vietnam

 **95%**
China

Most adopted/planned sectors

 **93%**
Tech, Media & Telecom

 **91%**
Business Services

► Top FinTech solutions adopted or planned

Payments and remittances



Finance and accounting technology



Investment technology



Insurance



Blockchain and Web3



Manufacturing & Engineering businesses are adopting FinTech most for payments, remittances, finance and accounting solutions. Tech, Media & Telecom sector are leveraging FinTech solutions for investments. Construction & Infrastructure businesses are adopting more insurance solutions than other sectors.

Most businesses believe that FinTech adoption will impact their skill requirements. But only 6 in 10 have invested in training or hiring new staff.

► Impact of FinTech on skills requirement



19%

81%

- Unsure or it does not impact
- Yes, it impacts our skill requirements

Most impacted markets

90%
Indonesia

89%
Vietnam

Most impacted sectors

88%
Manufacturing
& Engineering

86%
Tech, Media &
Telecom

► What are businesses doing about it



2%

Not doing anything



35%

Plan to invest to train or hire new staff



63%

Invested in training or hiring new staff

There is a need to bridge the investment gap in training or hiring new staff to harness the value of FinTech solutions, particularly among less prepared markets like Hong Kong and Malaysia and less prepared sectors like Consumer Goods and Community & Personal Services sectors.

Most prepared markets

72%
China

68%
Thailand

Most prepared sectors

75%
Industrials,
Oil
& Gas

73%
Tech, Media
& Telecom

Least prepared markets

54%
Hong Kong

51%
Malaysia

Least prepared sectors

57%
Consumer
Goods

56%
Community
& Personal

FinTech solutions are widely seen to be fast and cost-effective, particularly in Indonesia and Mainland China.

Top differentiators for FinTech solutions



Top differentiators by markets and sectors

Better speed of service or transactions

Most differentiated markets



Most differentiated sectors

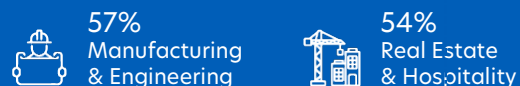


Cost effective solutions

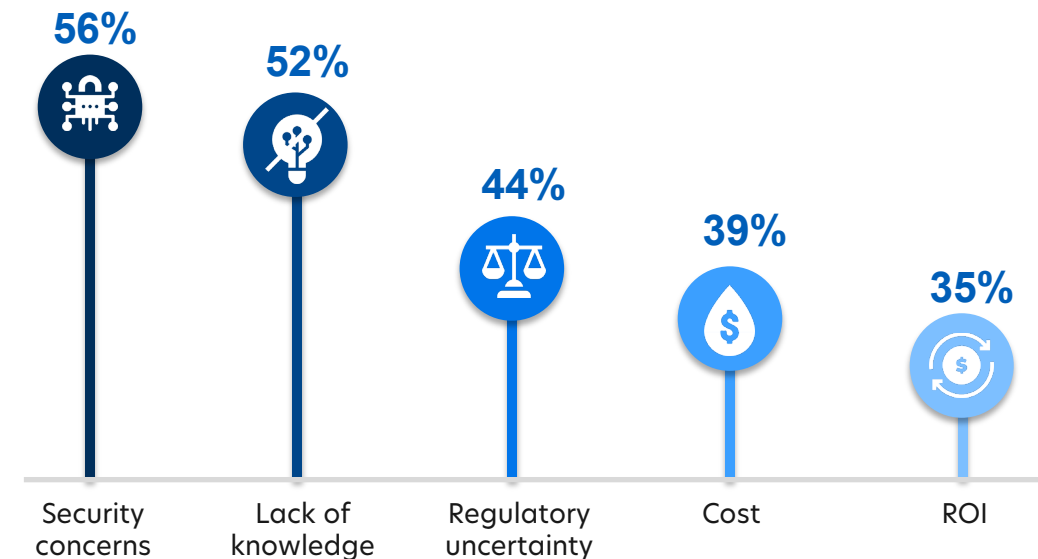
Most differentiated markets



Most differentiated sectors



Top challenges of FinTech solutions



But there are concerns around security, knowledge and regulatory uncertainty that can hamper wider adoption.

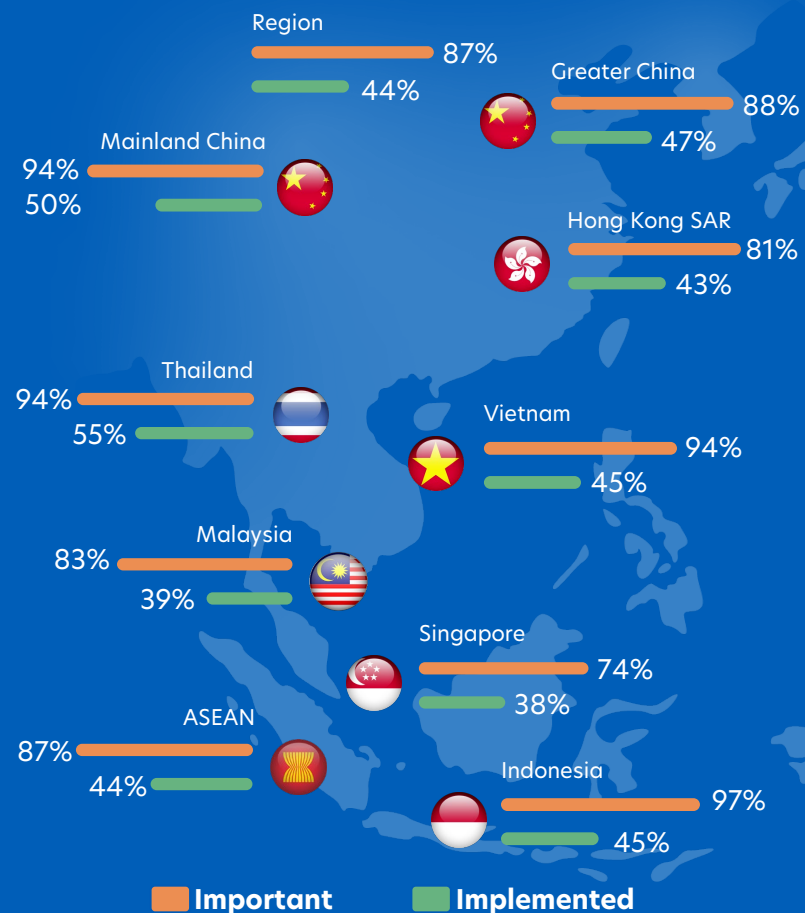


Sustainable business



There is a disconnect among businesses on importance of sustainability and actual adoption.

► Current state of sustainability



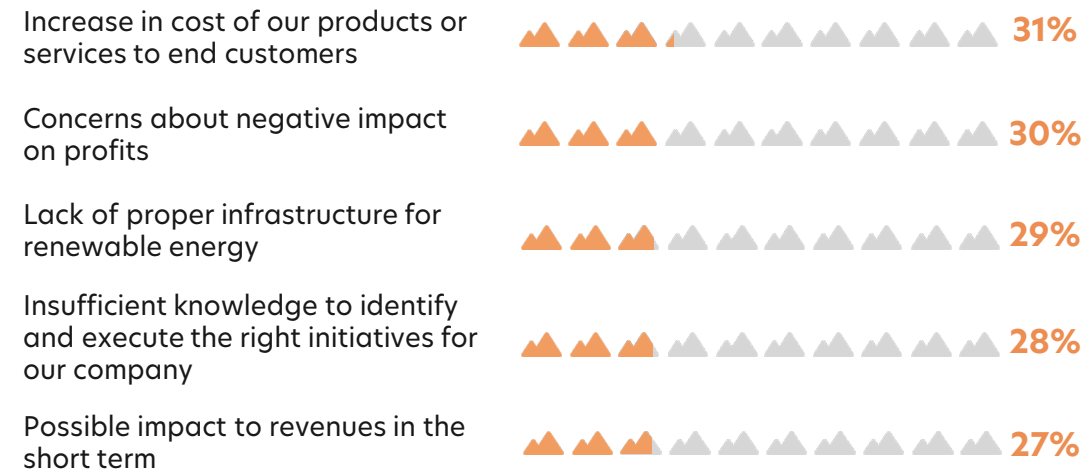
SB1A. How important is sustainability (Environmental, Social and Governance considerations) to your business?

SB1C. What stage is your company at today in the adoption of sustainability practices?

Base: Total, 2023 (4050)

Higher customer costs, impact on profits and lack of infrastructure are holding back sustainability adoption.

► Key barriers to sustainability



Concerns about negative impact on profits

Most concerned markets

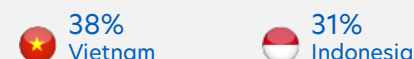


Most concerned sectors

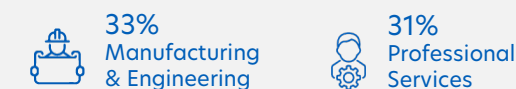


Lack of renewable energy infrastructure

Most concerned markets



Most concerned sectors



SB4. What are the major barriers to implementing sustainability practices in your company?

Base: Total, 2023 (4050)

Sustainability adoption helps businesses improve their reputation. Over 4 in 10 businesses say adopting sustainability attracts investors and makes it easier to work with MNCs.

► The motivators for sustainability adoption



► Motivators by markets and sectors

Improved reputation and better branding

Markets most important in

61%
Indonesia

61%
China

Sectors most important for

63%
Manufacturing & Engineering

62%
Industrials, Oil & Gas

Helps attract investors

Markets most important in

56%
Indonesia

54%
Vietnam

Sectors most important for

48%
Manufacturing & Engineering

48%
Tech, Media & Telecom

Easier to work with MNCs

Markets most important in

47%
China

45%
Vietnam

Sectors most important for

48%
Manufacturing & Engineering

46%
Real Estate & Hospitality

Sustainable practices leading to efficient use of resources or energy are prioritised by businesses for cost savings.

► Current vs future sustainable practices



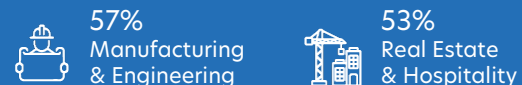
► Most incorporated markets and sectors

More efficient use of resources to minimise waste

Most incorporate markets



Most incorporated sectors



► Most planned markets and sectors

More efficient use of resources to minimise waste

Most planned markets



Most planned sectors



SB3A . What sustainable practices (based on the ESG considerations) have you already incorporated within your business at present?

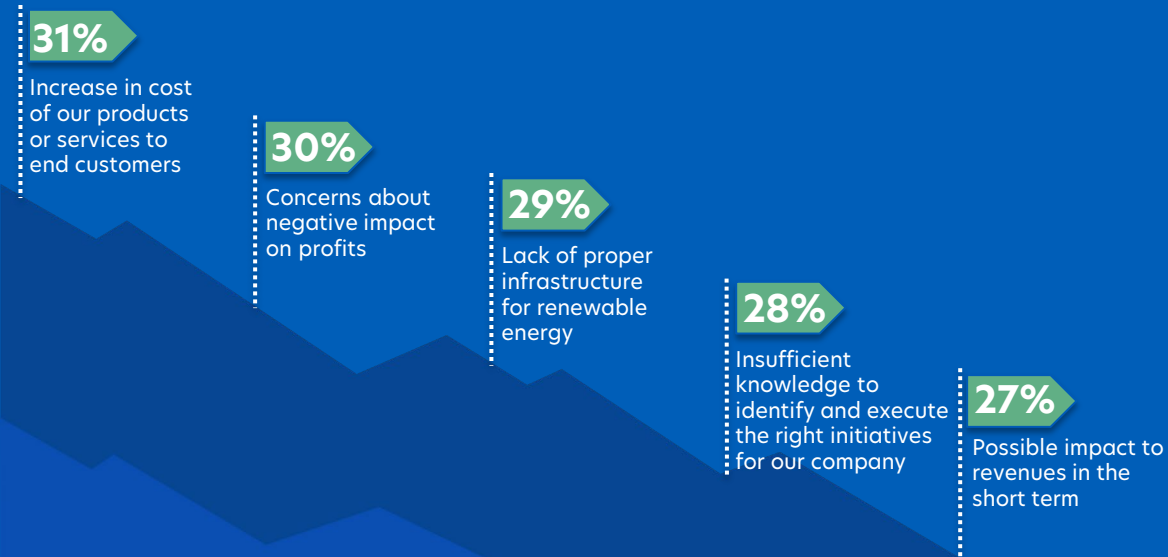
Base: Those who have implemented sustainability practices (1801)

SB3B . What sustainable practices (based on the ESG considerations) do you plan to incorporate within your business in future?

Base: Those who have not implemented sustainability practices (2249)

Businesses are concerned about impact of sustainability on their costs and profits. Financial measures like tax incentives and sustainable financing can help allay these fears.

Top sustainability challenges



Biggest challenges by markets and sectors

Concerns about negative impact on profits

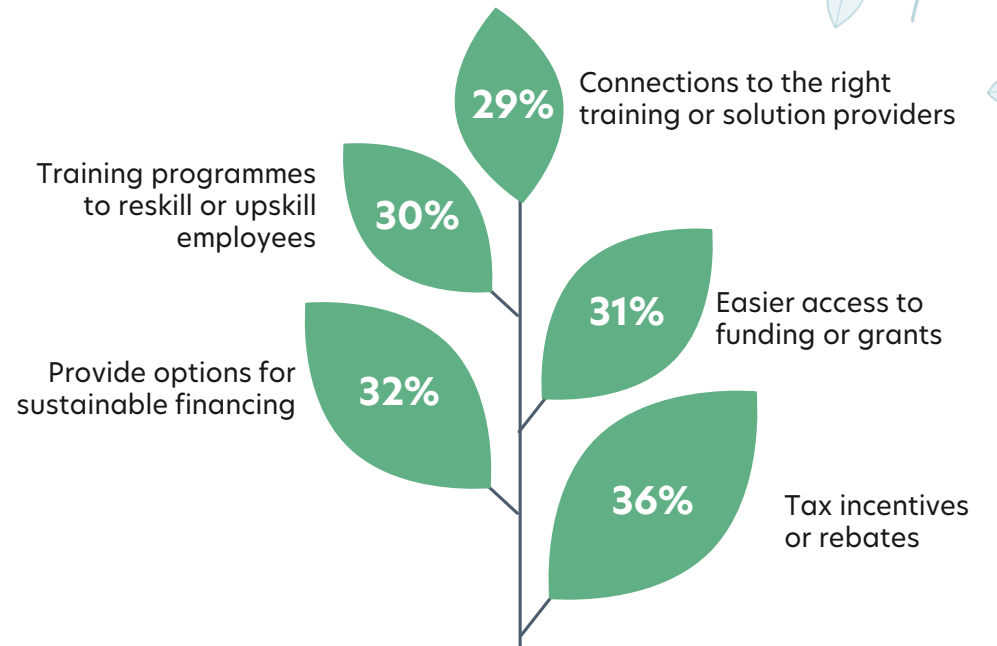
Most concerned markets



Most concerned sectors



Top support areas for sustainability



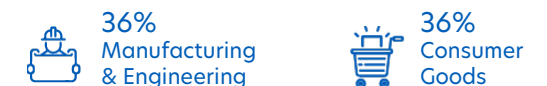
Biggest support by markets and sectors

Options for sustainable financing

Most required markets



Most required sectors





Right By You

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