

UOB Business Outlook Study 2026

(SMEs & Large Enterprises)

H1 2026



Introduction

The UOB Business Outlook Study, now in its seventh year, provides a comprehensive view of the business landscape in ASEAN and Greater China, covering both SMEs and Large Enterprises.


From 2026 onwards, the survey is being conducted every six months to better capture rapid geopolitical and economic shifts and provide timely insights for decision-makers.

This H1 2026 report features core and pulse topics. Core topics include Business Sentiment, Sustainability, Digitalisation, Supply Chain Management, and Overseas Expansion, which are tracked over time to gauge evolving conditions and how businesses respond to them.


Pulse topics such as AI Adoption, Energy Management, and Supply Chain Resilience focus on emerging areas that are expected to grow in significance for businesses. They offer a forward-looking view, helping firms anticipate their needs and better equip themselves in the future.


By examining these areas, the study aims to equip businesses with the insights needed to navigate challenges and seize opportunities in the years ahead.

What

 Total of 2047 interviews, 15 mins online interviews conducted in January'2026

Who

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

 Small Enterprises, Medium Enterprises, Large Enterprises

Classification

	 Singapore	 Malaysia	 Indonesia	 Thailand	 China	 Hong Kong	 Vietnam
 Small Enterprises	< SGD 30m	< MYR 30m	IDR 6b to < 110b	THB 30m to < 400m			
 Medium Enterprises	SGD 30m to <100m	MYR 30m to < 900m	IDR 110b to < 3t	THB 400m to < 7.5b	RMB 100m to < 4b	HKD 100m to < 4b	VND 200b to < 5t
 Large Enterprises	> SGD 100m				> RMB 4b	> HKD 4b	> VND 5t

Coverage



341
Manufacturing, Engineering & Industrials



390
Construction & Real Estate



314
Professional & Business Services



398
Consumer Goods & Wholesale Trade



339
Health, Community & Personal Services



265
Tech, Media & Telecom



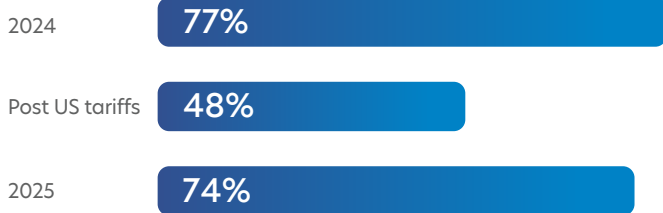
“Businesses are operating in an increasingly challenging environment, with geopolitical tensions and rising costs intensifying since 2024 and with outlooks softening, companies are looking beyond short-term cost pressures. The growing demand for digitalisation and sustainability capabilities signals clear intent by business to build resilience and position for sustainable growth amid continued uncertainty.”

Eric Lian

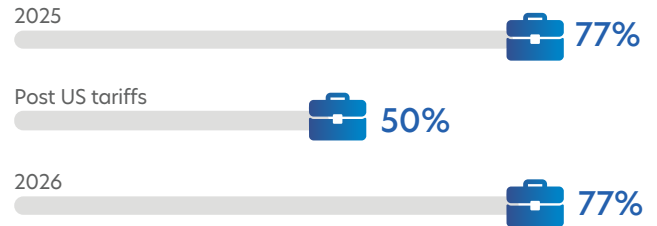
Head, Group Commercial Banking, UOB

Business outlook recovers to last year's levels, however, business sentiment remains weaker than it was a year ago

Positive about current business environment



Positive about business outlook



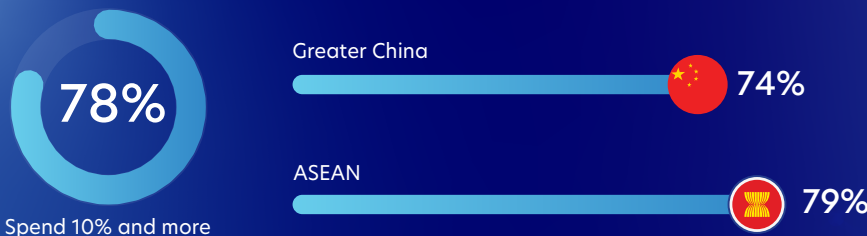
Businesses are responding by prioritising sustainability, digitalisation, and the development of new growth levers

Top business priorities in next 1-3 years



Digital spending is expected to grow in 2026, with stronger momentum in ASEAN driven by Indonesia and Vietnam

Future expenditure on digital solutions in 2026 vs. 2025



Top spenders



Bottom spenders



Steady rise in adoption across the region since 2023 reflects a longer-term commitment to sustainability practices

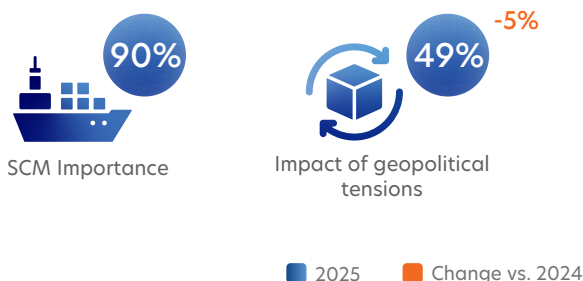
Sustainability implementation



Top adopters

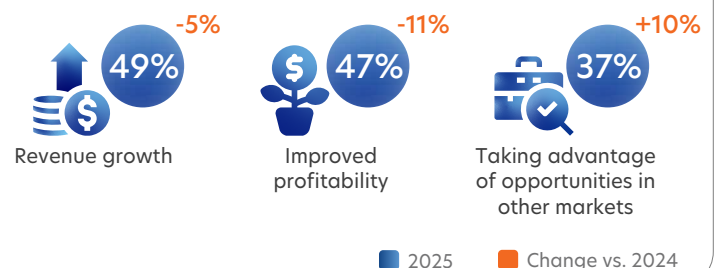


Geopolitical pressures have eased, but supply chain management remains a strategic priority



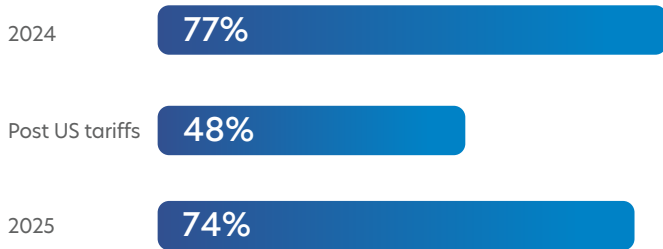
Diversification by seeking opportunities in other markets is driving businesses to expand

Top drivers for overseas expansion

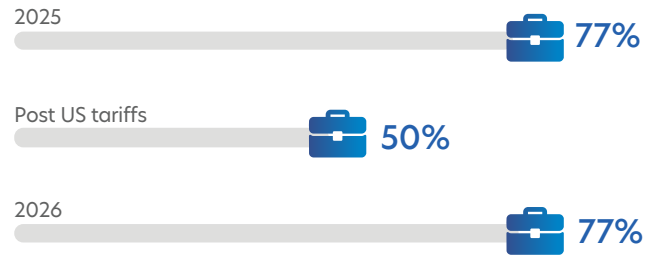


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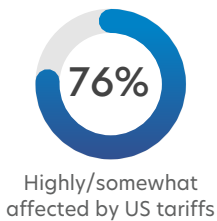
Positive about current business environment



Positive about business outlook



US tariffs have impacted 3 in 4 businesses in 2025, primarily through higher costs and pressure on profit margins



Impact from the US tariffs



Businesses are responding by prioritising sustainability, digitalisation, and the development of new growth levers

Top business priorities in next 1-3 years



Hence, a major need emerges for business efficiency solutions and business transformation across the region

Support sought for business success in 2026 and beyond

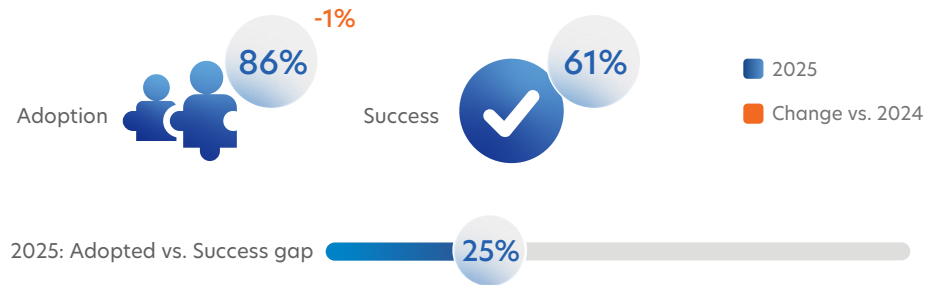


While adoption is steady, the next lever of value will be from productivity gains, cost optimisation, AI integration, and deeper ecosystem. The focus is shifting from “going digital” to “making digital deliver”



Digitalisation holds steady in the region, but success is limited, with a wide gap between adoption and success

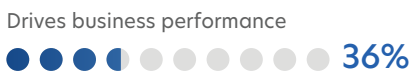
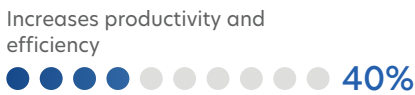
Digital adoption



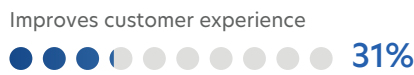
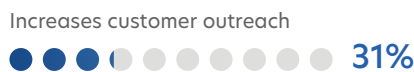
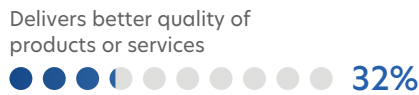
Digitalisation is driving impact across both internal and external metrics, higher gains for performance and reach

Impact of digitalisation

Internal



External



“Digital adoption has stabilised, though larger firms continue to lead and many businesses are still early in translating investments into real outcomes. Today, companies are already using digital tools in at least one part of their operations, and nearly eight in 10 plan to do more to lift productivity and develop new offerings. Digitalisation is increasingly being used as a strategic lever to lower costs in the longer term by achieving operational efficiency and raising productivity. Beyond banking, we invest in practical digital solutions so SMEs can strengthen their day-to-day operations, improve efficiency, and build resilience — making it easier for them to access capabilities and growth opportunities.”

Kavita Bedi

Head, Group SME Banking, UOB

Digital spending is expected to grow in 2026, with stronger momentum in ASEAN driven by Indonesia and Vietnam

Future expenditure on digital solutions in 2026 vs. 2025



Top spenders



Bottom spenders



Strong momentum seen for early AI adoption across the region, with more advanced adoption in some ASEAN markets

AI adoption



49%

Early adoption



15%

Advanced adoption



65%

Total adoption

Higher in

Total adoption



81%
Vietnam



74%
Indonesia



71%
Thailand

AI adoption is being driven by direct and hands-on leadership by top management in the region

Top management involvement

38%



Hands-on involvement

28%



Direct leadership

27%



Strategic oversight only

6%



Minimal involvement



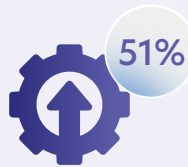
“AI is no longer a future capability but a current imperative. Organisations that embed AI into their operations will be better positioned to enhance decision-making, strengthen resilience, and stay competitive in an increasingly digital economy. Realising these outcomes anchors on critical elements, including leadership that walks the talk – aligning mindset and commitment, sustaining investment in infrastructure, and executing with discipline.”

Alvin Eng

Head of Enterprise AI, UOB

As a result, 1 in 2 businesses across the region expect AI to drive productivity gains and cost efficiencies

Expected ROI from AI deployment



51%

Productivity gains



49%

Cost reduction

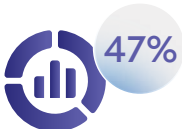


44%

Improved customer satisfaction and customer engagement

Overcoming data and system readiness issues, and funding constraints will be essential to sustain AI momentum in the years ahead

Key challenges in AI adoption



47%

Data and System Readiness Issues



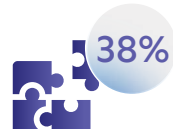
47%

Cost & Financial Constraints



39%

Talent & Capability Gaps



38%

AI solution providers or ecosystem partners Issues



37%

Regulatory & Compliance Concerns

Steady rise in adoption across the region since 2023 reflects a longer-term commitment to sustainability practices

Sustainability implementation



Top adopters



■ 2025 ■ Change vs. 2023

Increase in sustainability adoption in China is more structurally driven through tighter regulation and greater access to green financing



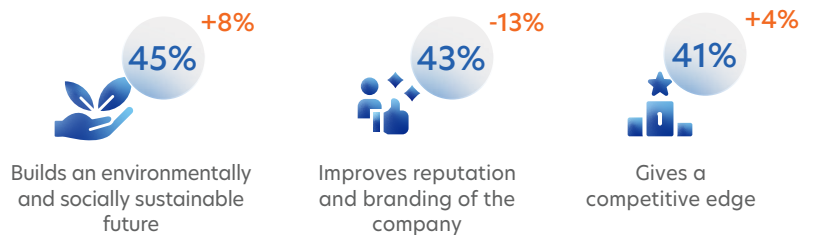
"Sustainability remains firmly on the agenda, even as momentum moderates amid macro uncertainty and concerns over energy and resource security. Many ASEAN businesses are recalibrating their approach, shifting focus from ambition to business impact, with energy efficiency emerging as a practical starting point to manage costs, strengthen energy resilience and stay competitive. We partner businesses with practical, fit-for-purpose sustainable finance approaches that help them understand, unlock and sustain the economic value of sustainability through cycles, supporting steady and credible long-term growth."

Adrian Ow

Head, ESG Strategy, UOB

Sustainability is now less about reputation and more about a longer-term impact

Top reasons for sustainability importance



■ 2025 ■ Change vs. 2024

Energy efficiency practices are a key anchor for sustainability strategies in the region

Sustainable practices incorporated



More efficient use of resources to minimise waste



Use energy efficient equipment and technologies



Implement clear operational policies and processes

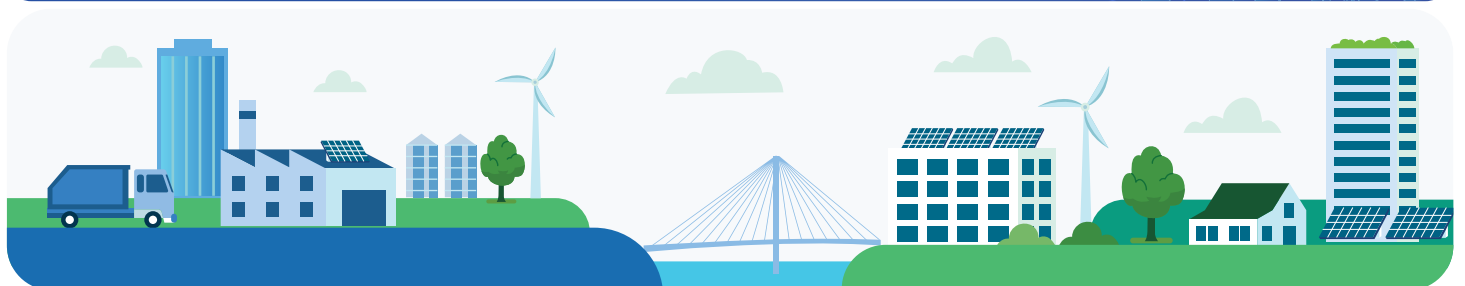
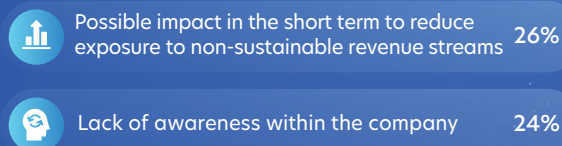
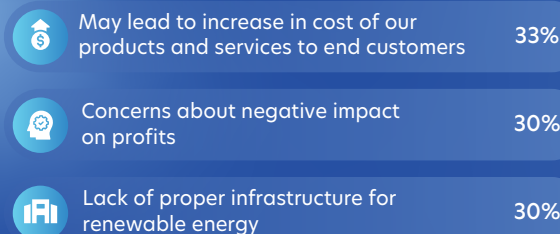
"We have elevated sustainability and risk management, integrating them into finance and operations. For example, carbon and energy metrics are now part of plant scorecards and influence capex approvals."

Regional CFO

Manufacturing, Hong Kong

Financial pressures and infrastructure gaps are key constraints on sustainability progress

Top barriers



Energy management remains a core pillar of sustainability, with stronger emphasis in Vietnam, Indonesia, and Thailand

Very or somewhat important



Higher importance

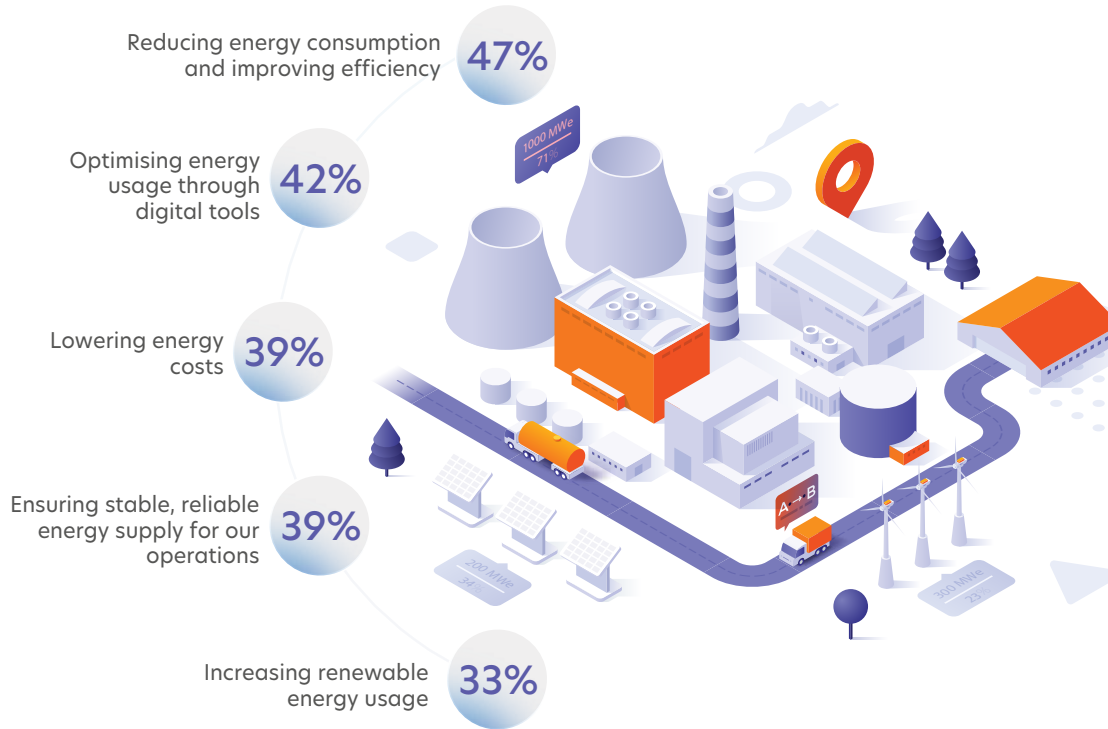
By markets



Reducing energy consumption and optimisation through digital platforms are emerging as key priorities

Top interest areas

ASEAN markets seek energy stability (42%) and reduction in carbon footprint (30%) while, GC markets are more interested in lowering energy consumption by increasing efficiency (50%) and using digital tool (46%)



Effective energy management is constrained by cost, capability, and resource limitations

Top barriers

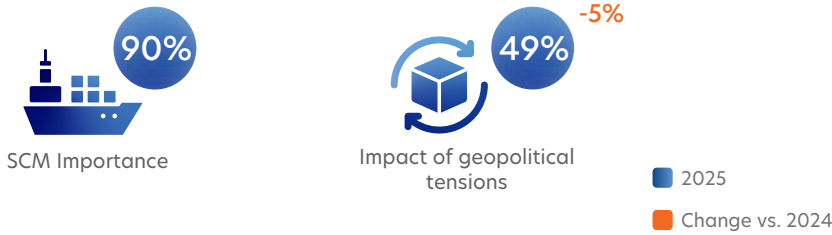


Technologies that are affordable and accessible have the biggest impact on energy management goals

Top support areas



Geopolitical pressures have eased, but supply chain management remains a strategic priority for businesses



Procurement constraints and geopolitical tensions are the leading supply chain management challenges

Top challenges in supply chain management



"Businesses are seeing fewer immediate supply chain disruptions, reflecting efforts to diversify suppliers, regionalise sourcing and manage inventory shocks. However, rising regulatory complexity around local content and country-of-origin rules is creating new friction.

Today's supply chain must be agile, digitally enabled, sustainable and fit-for-purpose in a complex and volatile environment. This is where we partner business to strengthen their supply chain ecosystem through our digital systems and structured advisory, enhancing efficiency across their working capital financing cycle to build resilient supply chains across the region."

Ng Poh Yee

Head, Trade/ Financial Supply Chain Management Sales, UOB

Supplier diversification and flexible raw material sourcing have stabilised supply chain disruptions

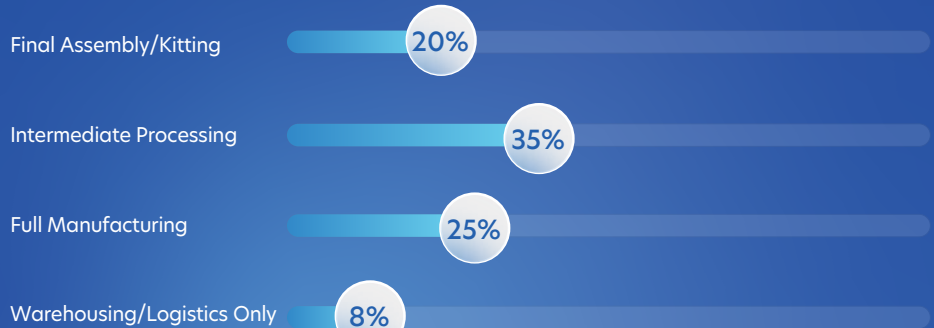
Steps to stabilise supply chain management



China+1 strategy is still in its infancy



Manufacturing businesses are leveraging China+1 strategy to mitigate supply chain disruptions



Nearshoring drives supplier as well as manufacturing expansion strategy

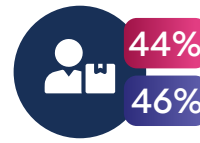
Supplier diversification plans



Manufacturing expansion



Primary goal of expansion



More within the ASEAN region



More within the country

Suppliers Manufacturing

Access to new markets and cost optimisation are the primary reasons for supply chain expansion

Market access is the key driver of expansion in Thailand and Vietnam, while cost optimisation and resilience drives Indonesian businesses to look for more suppliers

Reasons for supply chain expansion

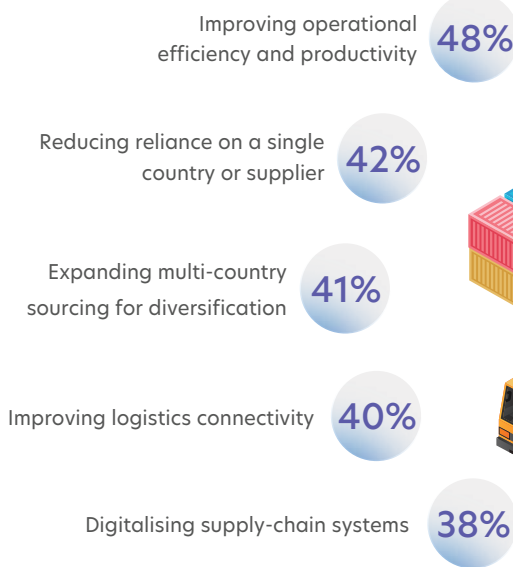


Higher in



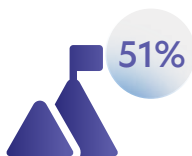
Hence, supply chain resilience efforts focus on operational efficiency, as well as broadening supplier bases and diversification across countries

Top supply chain resilience strategies



Technological integration is the biggest challenge in building supply chain resilience

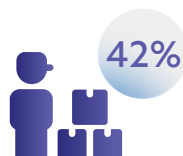
Top challenges in building supply chain resilience



Technology integration challenges



High operational costs



Supplier reliability issues



Shortage of skilled workforce



Policy or regulatory uncertainty

Interest in overseas expansion remains high across the region

Interest in overseas expansion in next 3 years



Higher in



Markets intended to venture into



Diversification by seeking opportunities in other markets is driving businesses to expand

Top drivers for overseas expansion



“ASEAN is firmly in the spotlight as businesses prioritise the region as their primary growth market. This study notes that expansion across ASEAN is being driven by the pursuit of topline growth, closer access to customers and the need to de-risk supply chains. As this region emerges as a key FDI destination, businesses are committing significant capital as they position themselves closer to demand and build more diversified, resilient operating models.”

Sam Cheong
Head, Group FDI Advisory, UOB

FDI appetite is robust overall, with Indonesia, Thailand, and Vietnam leading the trend

FDI plans



Higher in



Markets for FDI investment



USD 21 Mn
Average FDI investment

FDI plans are driven by a need to diversify with a China+1 strategy

Reasons for FDI



Supply chain de-risking and China+1 strategy
Trade access



Pro-business policy incentives and tax holidays



Lower operating cost base



Access to finance and local capital markets



Proximity to customers and demand growth

