

News Release

Technology investments among Indonesian SMEs' top priorities to boost business competitiveness

Jakarta, 12 October 2018 – Small- and medium-sized enterprises (SMEs) in Indonesia see technology investments as one of their top priorities this year to boost their business competitiveness. These are the findings of *ASEAN SMEs: Are you transforming for the future?*¹, a study by United Overseas Bank (UOB), EY and Dun & Bradstreet.

The study found that almost one in two (48 per cent) Indonesian SMEs recognises the importance of investing more in technology to drive business performance. In addition, 58 per cent of the Indonesian SMEs surveyed said that they would manage their costs by raising productivity, while only 15 per cent would choose to reduce or to freeze wages. Raising productivity could be done through staff training, automation, greater use of technology and simplified business processes.

Mr Paul Kan, Country Head of Business Banking, PT Bank UOB Indonesia (UOB Indonesia), said, "Indonesian SMEs are placing greater emphasis on technology investments and are using digitalisation as a means to increase productivity. The improved cost-efficiency will in turn help to drive business growth.

"UOB Indonesia is committed to helping SMEs grow their businesses. To that end, we are focused on providing our SME customers with the right solutions that can help them meet their needs, overcome challenges and deepen their capabilities. For example, our UOB Business Internet Banking Plus (BIBPlus) enables our SME customers to manage their banking needs and to perform online transactions using their mobile devices. The convenience UOB BIBPlus provides helps our customers to save time and be more efficient in running their business."

¹This study focuses on SMEs with annual revenues of between US\$1 million and US\$20 million to capture general characteristics of these enterprises but excludes micro or larger enterprises that might present other unique sets of opportunities and challenges.

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Positive growth expectations

According to the study, Indonesian SMEs ranked second in terms of growth outlook with almost two-thirds of them (63 per cent) anticipating revenue growth in 2018 despite global economic headwinds and challenges such as rising costs and slowing productivity. Vietnam SMEs (67 per cent) were the most confident of revenue growth.

Mr Krisantus Veni Calix, Director of Dun & Bradstreet Indonesia, said the optimism of Indonesian SMEs could arise from the country's increasingly conducive business environment.

"SMEs can reap further efficiencies from the government's 16 economic reform packages already implemented and from initiatives to encourage innovation such as the 'Start-up Incubator Programme'². These various measures provide Indonesian SMEs with streamlined business license application processes, tax incentives, greater access to credit and global supply chains as well as larger business growth opportunities. In addition, Indonesia's stable private consumption and decrease in bankruptcies³ are expected to stabilise the credit environment, which will be beneficial to the country's business landscape," Mr Calix said.

As the backbone of Indonesia's economy, SMEs account for more than 50 per cent of the country's Gross Domestic Product⁴ and form one of the most strategic sectors supported strongly by the government.

The *ASEAN SMEs: Are you transforming for the future?* study was conducted in late 2017 with more than 1,200 SMEs across the six largest ASEAN countries – Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam – to understand how ASEAN SMEs are positioning themselves to participate in the region's growth and to adapt to the changes ahead.

To access the report, please visit www.uob.co.id/business-banking.

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² The Start-up Incubator Programme was launched by the Ministry of Cooperative and SMEs of the Republic of Indonesia. It focuses on the telecommunication and technology industry.

³ Source: *Global Bankruptcy Report 2017*, Dun & Bradstreet Worldwide Network

⁴ Source: *ASEAN SMEs: Are you transforming for the future?*⁴, UOB, EY and Dun & Bradstreet

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About PT Bank UOB Indonesia

PT Bank UOB Indonesia (UOB Indonesia) was established in 1956. The bank's service network comprises 41 branch offices, 137 sub-branch offices and 173 ATMs across 32 cities in 18 provinces in Indonesia. UOB Indonesia's banking services are accessible through its regional ATM network, the ATM Prima and Bersama networks and the Visa network.

UOB Indonesia is a subsidiary of United Overseas Bank Limited, a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America.

UOB Indonesia is committed to providing quality products and excellent customer services. UOB Indonesia offers various banking products and services categorised into personal financial services, business banking, commercial banking, corporate banking, global markets and investment management.

The bank has a strong retail customer base through its wide range of saving products, mortgage services and credit card. UOB Indonesia banking services are also accessible in Indonesia, Singapore, Malaysia, and Thailand through hundreds of UOB ATMs.

With its full suite of corporate/commercial and personal banking products, UOB Indonesia offer customers a range of treasury and cash management products and services. UOB Indonesia has also been increasingly focused on helping companies with their expansion plans. It has facilitated many enterprises from industries such as construction, mining, real estate and the services sector expanding into Indonesia. UOB Indonesia is rated AAA (idn) by Fitch Ratings.

UOB Indonesia plays an active role in the community, focusing on art, education and children. Since 2010, UOB Indonesia has held the annual art competition, UOB Painting of the Year. UOB Indonesia also encourages its employees to be involved in its regular volunteer activities. These include the annual UOB Heartbeat Run and book donation activities.

For further details on UOB Indonesia, please visit www.uob.co.id

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