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UOB Study: Over 9 in 10 businesses in Indonesia are optimistic despite global challenges

Digitalisation, supply chain and overseas expansion remain key variables in business operations and future growth

Jakarta, 12 August 2024 – Indonesian SMEs and large companies are optimistic on the current business environment despite high inflation and global economic challenges affecting their operating costs and supply chain.

According to the UOB Business Outlook Study 2024 (SMEs and Large Enterprises)¹, more than nine in 10 businesses were impacted by high inflation in 2023. However, Indonesian businesses were the most optimistic on the future compared to businesses in the other countries surveyed. To overcome these challenges, companies are taking several measures, such as improving productivity to achieve efficiencies, implementing digitalisation processes to drive cost savings and being more active to negotiate prices with suppliers or vendors.

Mr Harapman Kasan, Wholesale Banking Director, UOB Indonesia, said, “Indonesian businesses have shown extraordinary resilience and optimism in the face of economic challenges. The UOB Business Outlook Study 2024 highlights their aspirations and positive outlook on the country’s business environment, and provides insights on measures that can be taken to overcome issues they are facing going forward. UOB Indonesia is dedicated to supporting their growth journey by offering necessary financial solutions and advisory services to help them thrive in an increasingly digital and interconnected world.”

Digitalisation adoption deemed important for future growth

Indonesia’s SMEs and large corporations believe that they must adopt digitalisation to achieve higher productivity, increase customers outreach and improve business performance. As a result, nearly nine in 10 businesses in Indonesia have digitalised one or more departments

¹ The study surveyed 525 companies across key industry verticals in Indonesia, covering SMEs and large enterprises with annual turnover of IDR6 billion to IDR3 trillion.



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such as those in the Professional Services and Manufacturing and Engineering. Among those adopting digitalisation, they experienced improvements in customer experience and profitability. However, businesses face several challenges in their digitalisation journey. Nearly half of the business are concerned about cybersecurity (47%) and close to a third face increased risks from data breaches (36%) or struggle with implementation costs (31%) as they find it hard to justify the value of the investment.

Resilient supply chain solutions to navigate current economic landscape

Supply chain management remains crucial for 98 per cent of businesses including the Manufacturing and Engineering and Tech, Media and Telecom sectors. However, more than seven in 10 businesses say that geopolitical tensions have significantly impacted supply chains particularly in Manufacturing and Engineering and Business Services.

Rising supply costs due to inflation and interest rates, coupled with the shift to just-in-case supply strategies to mitigate risks of shortages, are among the top three challenges businesses face. Key trading needs for these businesses include export services, invoice financing, and import services, highlighting the necessity of efficient and resilient supply chain solutions to navigate the current economic landscape.

Overseas expansion to ASEAN offers opportunities for business improvements

Businesses in Indonesia (93% of respondents) show a strong desire to improve profitability and grow revenue through overseas expansion, especially those in Manufacturing and Engineering and Business Services sectors. Companies are motivated to expand their market internationally to build their reputation, leverage their regional or global network and take advantage of opportunities for their products and services.

The interest for overseas expansion is largely towards ASEAN (78%) and the rest of North Asia (31%), with Malaysia and Singapore being the main destinations within ASEAN. However, 48 per cent of businesses still struggle to find the right partner to work with in the overseas market. More than four in 10 businesses still have inadequate financial support or funds. Several support measures were expected to help them tackle those issues, such as building



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connections to large corporate businesses that are prospective buyers for their clients' products and carrying out training programmes to reskill or upskill employees. Additionally, most businesses show interest in using cross-border digital trade platforms to achieving overseas expansion.

For more information on UOB Business Outlook Study 2024 (SMEs and Large Enterprises) Indonesia, please visit <https://www.uobgroup.com/asean-insights/articles/uob-business-outlook-study-2024-indonesia.page>.

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About UOB Indonesia

UOB Indonesia is a subsidiary of UOB, a leading bank in Asia with a global network of around 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Established in 1956 through PT Bank Buana Indonesia, PT Bank UOB Indonesia was formed after a merger with PT Bank UOB Buana, which marked the existence of UOB Indonesia for more than a decade in Indonesia.

UOB Indonesia's service network comprises 42 branch offices, 82 sub-branch offices and 140 ATMs across 44 cities in 16 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 committed to providing quality products and excellent customer service. The Bank offers various banking products and services categorised into digital bank, personal financial services, business banking, commercial banking, corporate banking, global markets and investment management. UOB Indonesia is rated AAA (idn) by Fitch Ratings.

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

UOB's award-winning digital bank, TMRW, serves Indonesia's generation of enterprising and digitally-savvy customers by providing a better, personalised banking experience through the use of data and customer feedback.



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Through TMRW, the Bank is committed to helping customers meet their financial goals as they build a better tomorrow.

UOB Indonesia also offers a full suite of corporate/commercial products, including a range of treasury and cash management products and services. UOB Indonesia is focused on helping companies with their expansion plans and has supported many enterprises from industries such as construction, mining, real estate and the services sector in their expansion into Indonesia.

UOB Indonesia believes in being a responsible financial services provider and is committed to making a difference in the lives of its stakeholders and in the communities in which it operates. Just as the Bank is dedicated to helping customers manage their finances wisely and to grow their businesses, UOB Indonesia is steadfast in its support of social development, particularly in the areas of art, children and education.

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

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