

News Release

Indonesian companies have a positive outlook for 2023 despite economic challenges

Digitalisation, sustainability adoption and overseas expansion continue to be the key growth factors for businesses in Indonesia, according to the UOB Business Outlook Study 2023

Jakarta, 12 September 2023 – UOB Indonesia has released the UOB Business Outlook Study 2023 for small- and medium-sized enterprises (SMEs) and Large Enterprises. The report showed a positive business outlook for 2023 despite high inflation and global economic challenges. The study included 530 companies from various sectors across key cities in Indonesia.

Business owners remain confident despite a changing economic environment

Ninety per cent of Indonesia's SMEs and Large Enterprises are largely optimistic about their businesses for 2023 even though many report facing changes and external pressures on their operations in the past year. The positive business outlook sentiment is mostly seen among sectors such as Community and Personal Services and Industrials, Oil and Gas, as well as Manufacturing and Engineering.

Looking forward, the majority of businesses are taking steps to ensure they are prepared to navigate the changing economic environment. Adopting digital solutions to automate processes and improving customer experience are their top actions to drive growth.

Additionally, in the next three years, businesses are prioritising to digitalise their business to raise efficiency (43 per cent), tap into new customer base (40 per cent), develop new sources of revenue (36 per cent), reduce cost (34 per cent) and re-skill or up-skill existing talent (27 per cent). Businesses in sectors such as Tech, Media and Telecom and Professional Services are at the forefront in digitalising their business model to drive growth.

High inflation impacts business operations and supply chains



Despite the positive business outlook, businesses are experiencing the impact of high inflation in which can lead to higher production costs. According to the study, over nine in 10 businesses in Indonesia have been affected by high inflation, which makes it difficult for them to compete and can lead to lower profits. Because of this, nearly one in two businesses in Indonesia are focused on cost cutting on company activities to tackle inflation.

In addition, global inflation has also impacted the supply chain. More than seven in 10 businesses say their supply chains have been impacted by geo-political issues, causing rising supply costs in the procurement of raw materials.

The study highlights that nearly two in five businesses in Indonesia are looking to build stronger supplier relationships to manage their supply chains better. Meanwhile, a cost-competitive digital supply chain can help businesses in mitigating the impact of shocks caused by inflation. Sectors such as Industrials, Oil and Gas as well as Manufacturing and Engineering will benefit more from the right tech solutions.

Sustainability practices and digital transformation are top priorities for growth

The pandemic has accelerated the growth of digital adoption. Technological adoption and sustainability hold immense potential for driving positive environmental and social impact to ensure the long-term viability of businesses.

Indonesia, along with other Southeast Asian countries, face a pressing need for sustainable adoption, but the study reveals that only 47 per cent of businesses have implemented sustainability practices in their business. Increased interest in sustainability is driven by how it helps companies attract investors, improve their reputations and improve collaboration with larger corporations. In order to accelerate sustainability adoption, businesses are looking for more options in sustainable financing to support their sustainability plans.

Given the rapid adoption of digital technology, businesses must be agile to set key priorities to drive business growth. Digital adoption for businesses has led to better performance, higher productivity and increased customer outreach. However, digitalisation comes with challenges that need to be addressed, including concerns over cyber security issues and the increased risks of data breaches.

Southeast Asian countries, the most attractive destination for market expansion





Businesses in Indonesia show strong interest in overseas expansion, especially among companies in Real Estate/Hospitality and Consumer Goods. Nearly seven in 10 businesses are motivated to expand overseas to generate more revenue growth. Meanwhile, over eight in 10 businesses in Indonesia are looking to expand overseas in the next three years. Southeast Asia – especially Singapore, Malaysia, and Thailand – is the top market destination for businesses, followed by North Asia. However, one in two businesses cite a difficulty in finding the right partners to work with and inadequate financial support or funding, particularly those in the Wholesale Trade and Business Services sectors.

Mr Harapman Kasan, Wholesale Banking Director, UOB Indonesia, said, “Being one of Southeast Asia’s economic powerhouses, Indonesia offers numerous economic opportunities for businesses to grow. Through the UOB Business Outlook Study that aims to gather insights from businesses in Indonesia and across the region, UOB is committed to helping businesses navigate the dynamic landscape of the ASEAN region to unlock their full potential. Tapping on our industry knowledge and market expertise in Indonesia, we are well-positioned to serve the cross-border needs of businesses, as well as to offer green financing and other tailored financial solutions.”

The UOB Business Outlook Study has been conducted annually in Singapore since 2020. For the first time, the survey has been expanded to seven key markets¹ in Asia. It engaged more than 4,000 SMEs and large enterprises from December 2022 to January 2023².

For more information on UOB Business Outlook Study 2023 (Indonesia), please visit <https://www.uob.com.sg/asean-insights/articles/uob-business-outlook-study-2023-indonesia.page>

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About UOB Indonesia

UOB Indonesia is a subsidiary of United Overseas Bank Limited, a leading bank in Asia with a global network of 500 offices in 19 countries and territories in Asia Pacific, Europe, and North America. UOB Indonesia is established in 1956 with service network comprising 122 branch offices and 124 ATMs across 42 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 Visa Network.

¹ The seven markets included Indonesia, Malaysia, Singapore Thailand, Vietnam, Mainland China and Hong Kong Special Administrative Region.

² The Indonesian companies participated in the survey are SMES with revenues between IDR6 billion to less than IDR110 billion and large enterprises with annual turnover IDR110 billion to less than IDR3 trillion.





UOB Indonesia is committed to providing quality products and excellent customer service. The Bank offers various banking products and services categorized 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. Through TMRW, the Bank is committed to helping customers meet their financial goals as they build a better tomorrow.

UOB Indonesia is also 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 it 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

For more information, please contact:

Fatma Tri Hapsari

Strategic Communications

Email: fatmatri.hapsari@uob.co.id

Maya Rizano

Head of Strategic Communications and Brand

Email: maya.rizano@uob.co.id

