

# Hong Kong SMEs: *In Search of Business Resilience*

## Underprepared for cyber risks amid digital surge

**53%** of SMEs have accelerated digitalisation due to Covid-19, but



**3 in 4** are not fully informed of possible cyber risks  
**1 in 4** don't have any relevant protection

### Top cyber risk concerns

**61%**  
Theft/Loss of customer data



**53%**  
Hacking by third parties



**50%**  
Online criminal activities



Only **28%** of small businesses would consider buying cyber-security insurance as the cost may be too high to be worth the investment

## Cutting costs and downsizing as recession looms

Only **23%** of SMEs expect a favourable economic outlook in the coming 12 months, due to

**70%** Deteriorating investor/consumer confidence

**53%** Reduction in tourism

**49%** Decline in local demand

**39%** Decline in overseas demand up from 23% in 2019

To weather worsening economic conditions, SMEs are looking at

**70%**  
Cost control

**40%**  
Downsizing/Streamlining organisation structure

**35%**  
Diversification of business/customer base

Over half (**53%**) of those already internationalised consider scaling down their overseas presence



## Inadequate protection despite growing risk concerns

**71%** experienced at least one business issue in 2020 up from 66% in 2019



While **90%** have some form of insurance protection, key risks concerns tend not to be covered

### Top risk concerns

**65%**  
Equipment breakdown

**61%**  
Damage to business property

**59%**  
Loss of key staff

Have relevant insurance coverage

**24%**

**31%**

**10%**

## Insurance: essential to business continuity

**Price** is the most important concern for

**57%** of SMEs when choosing insurance, while



**39%** rely more on the advice of other people

**38%** think business insurance is too complex to understand

### Tip

Insurance is essential to improving business continuity and resilience over the long term.

SMEs should focus on the types of insurance that are best suited to their specific needs. It is important to look beyond the price, carefully review areas of genuine concerns and seek professional advice.

### About the Research Study

The "Hong Kong SMEs: In Search of Business Resilience" research study was conducted by ENGINE on behalf of QBE Hong Kong. The study drew on an online survey of 410 Hong Kong SMEs completed in October 2020. Among the SMEs surveyed, 80% were in the service industry offering wholesale/retail, health, arts and creation, IT, finance, education, real estate, professional services, transport, F&B, accommodation and more. The remaining 20% came from the non-service industry, mainly manufacturing, construction and engineering. The SMEs in manufacturing sector employ up to 99 employees, while the non-manufacturing ones have up to 49 employees.

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