



Businesses see a significant rise in cyber-attacks year-on-year, while AI is viewed as a productivity enabler, finds QBE Hong Kong SME survey

- Almost one in three (30%) SMEs have experienced a cyber-attack at one point or another, a 6% increase on the 24% of businesses who said so last year. Awareness of cyber threats has grown from 36% to 48% over the past 12 months as well.
- 55% of SME executives said that artificial intelligence (AI) had impacted productivity, with just 21% of survey respondents expecting AI to eventually replace or take over jobs in their company.
- 94% of respondents cited mental health as being somewhat important within the workplace safety and health paradigm, with 90% of SMEs effectively communicating insurance coverage and benefits to their staff, and 86% implementing return-to-work processes.

Hong Kong, 23 April 2024 – The proportion of local small- and medium-sized businesses (SMEs) that experienced cyber events has significantly increased annually, from 24% in 2023 to 30% in 2024, according to the latest edition of QBE Hong Kong’s SME Survey.

616 SMEs were surveyed between December 2023 and January 2024*, whereby business leaders of Hong Kong-based SMEs shared their views on operational risks that most affect SMEs, covering the areas of cybersecurity, AI, and workplace safety and health (WSH).

While the increase in cyber events may be cause for concern among business owners in Hong Kong, awareness of and protection against cyber risks are on the rise. 48% of survey respondents said they are fully informed of possible cyber threats versus 36% last year, an improvement of 12%. Furthermore, while 16% of SMEs said last year that they had no process nor protection against cyber risks; this year that has dropped to 11%. The top risks cited by respondents include data breaches (39%), phishing and smishing (35%), and malware (35%).

Mr. Andex Fung, Head of SME Segment, Asia, commented, “The increased number of cyber events experienced by Hong Kong SMEs underscores the size and scale of the challenge – that no company is fully immune from such threats, with perpetrators now targeting businesses of all sizes and from across all sectors.”

Of those with some form of protection, 62% of SMEs utilised software solutions, followed by having dedicated staff to handle cyber security (45%), policies for handling potential cyber risks (45%) and staff training (43%). While only 42% of SMEs have purchased insurance for cyber security risks, 71% of respondents are open to purchasing cybersecurity insurance this year, compared to just 49% last year.

“The increase in awareness of cyber risks is encouraging, so too is the increase in the proportion of businesses that have put in place measures to protect themselves from these risks. Nonetheless, Hong Kong SMEs should continue to be vigilant and keep themselves up to date on the latest trends in this area, which QBE is well positioned to support,” added Mr. Fung.

AI is not a job displacer, but a productivity enabler

While much has been said of the potential of artificial intelligence to replace human workers across swathes of Hong Kong’s labour force, most survey respondents do not share this view. Just 21% of survey respondents expect AI to eventually replace or take over jobs in their company.

Interviewees did, however, show some apprehension about the negative potential of AI as 31% of Hong Kong SMEs said that AI was a threat to business activity. 18% were concerned with data leakages

brought about by the advanced technology; 16% concerned over privacy issues and identity breaches caused by AI; and 13% were concerned about an AI-instigated cyberattack.

Survey respondents noted the potential of AI to increase workplace productivity, with 55% of those polled expressing that AI has had or will have an impact on their business, helping to improve functions such as human resources (6%), automated responses (5%) and sales and marketing (5%). Overall, 71% of Hong Kong SMEs do not expect AI to take over or replace jobs in companies.

Employers boosting their support for staff well-being, particularly mental health

Fire safety emerged as the primary workplace safety and health (WSH) action adopted by SMEs, with 65% having reported no workplace safety incidents in the past year.

94% of respondents felt mental health to be a key issue: 50% of SMEs cited mental health as being very important within the WSH paradigm, with an additional 44% recognising it as somewhat important. Key measures taken to ensure employee mental and physical well-being include offering flexible working hours (39%), providing health and wellness benefits (35%), and distributing care packages (35%). These numbers were 31%, 26% and 27% last year, reflecting an increased level of support from employers this year.

Apart from providing wellness programmes and benefits that support employee wellbeing, having a comprehensive Employee Compensation Insurance (ECI) plan can help businesses protect themselves and provide affected staff with medical care in the event of accidents or incidents. ECI is a legal requirement for all employers in Hong Kong and survey responses showed that 76% of SMEs are fully informed of the types of ECI coverage they are required to provide, up from 55% last year. An impressive 90% of SMEs now effectively communicate insurance coverage and benefits to their employees, with 86% implementing return-to-work processes. In 2024, when purchasing employees' compensation insurance, the most critical factor is the reputation of the company, followed closely by coverage. Positive experience with the insurance brand and an easy application process rank third and fourth.

Ms. Lei Yu, CEO for North Asia, said, "At QBE, we firmly believe that employees are a company's most valuable asset. Their well-being is not just a priority but a cornerstone of sustainable success. That is why we are dedicated to supporting SMEs in safeguarding their workforce. In addition to providing affordable SME ECI coverage, QBE has experienced claims specialists dedicated to helping Hong Kong SMEs implement robust workplace injury management programmes. Our team of specialists advise business owners on how to prevent work-related injuries, including physical and mental wellness, while at the same time, enable QBE to realise our purpose of building a resilient future for local SMEs, and ensure that these businesses thrive through healthy and productive workplace environments."

For results of the same survey conducted with Singapore SMEs, please visit this [link](#).

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***Notes to editors:**

This is the second update of a two-part survey results. A first analysis on Hong Kong SMEs focused on the topics of business outlook, risk management (from an insurance coverage perspective) and online-offline/omnichannel purchasing preferences was released on 6 March 2024 and the release can be found [here](#).

Singapore-Hong Kong SME survey: Operational risks summary

2024 vs. 2023 results	Singapore	Hong Kong
Artificial Intelligence (2024)(New section)	<p>Impact of AI on productivity</p> <ul style="list-style-type: none"> Impact (49%) Neither/nor (36%) No impact (15%) <p>Threat of AI to business activity</p> <ul style="list-style-type: none"> Threat (30%) Neither/nor (39%) No threat (30%) 	<p>Impact of AI on productivity</p> <ul style="list-style-type: none"> Impact (55%) Neither/nor (26%) No impact (20%) <p>Threat of AI to business activity</p> <ul style="list-style-type: none"> Threat (31%) Neither/nor (31%) No threat (38%)
Cyber Risks (2024:2023)	<p>Awareness of cyber risks</p> <ul style="list-style-type: none"> Fully informed (47%:57%) Somewhat aware (48%:40%) Not aware (5%:3%) <p>Cyber risk concerns (Top 3)</p> <ol style="list-style-type: none"> Hacking by people (55%) Online criminal activities (54%) Theft/loss of customer data (51%) 	<p>Awareness of cyber risks</p> <ul style="list-style-type: none"> Fully informed (48%:36%) Somewhat aware (41%:53%) Not aware (11%:11%) <p>Cyber risk concerns (Top 3)</p> <ol style="list-style-type: none"> Theft/loss of customer data (53%) Online criminal activities (51%) Hacking by people (51%)
Workplace Safety and Health (2024:2023)	<p>Awareness of Work Injury Compensation Insurance</p> <ul style="list-style-type: none"> Fully informed (70%:71%) Not fully informed but know where to get the information from (25%:27%) Not aware of what coverage is needed and not sure where to get the information from (5%:2%) <p>Steps Taken to Ensure Employee Mental and Physical Wellbeing (Top 3)</p> <ol style="list-style-type: none"> Offer flexible working hours (44%) Offer working from home (35%) Offer health and wellness benefits (28%) <p><i>Note: No previous year figure available for Singapore for comparison.</i></p>	<p>Awareness of Work Injury Compensation Insurance</p> <ul style="list-style-type: none"> Fully informed (76%:55%) Not fully informed but know where to get the information from (23%:36%) Not aware of what coverage is needed and not sure where to get the information from (2%:9%) <p>Steps Taken to Ensure Employee Mental and Physical Wellbeing (Top 3)</p> <ol style="list-style-type: none"> Offer flexible working hours (39%:31%) Offer health and wellness benefits (35%:26%) Offer care packages (35%:27%)

About QBE Hong Kong

QBE has been serving Hong Kong for more than a century. Today, QBE Hong Kong operations include QBE Hongkong & Shanghai Insurance Limited, QBE General Insurance (Hong Kong) Limited, and QBE Mortgage Insurance (Asia) Limited. As a leading general insurer, QBE Hong Kong provides a comprehensive range of non-life insurance solutions for both business and personal customers. QBE Hong Kong operates through an extensive network of professional insurance agents and brokers and has an exclusive distribution partnership with Manulife. QBE Hong Kong is part of the QBE Insurance Group, a general insurance and reinsurance company. To learn more about QBE Hong Kong, please visit www.qbe.com/hk

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