

QBE SME Survey: Singapore SMEs strike optimistic note for 2023 but majority show concern around upcoming GST hike among other issues

- 55% of small and medium-sized enterprises (SMEs) reported having increased sales in 2022, with 58% expecting further increases in 2023
- 59% think the economy improved in 2022, with 59% expecting improvement in economic conditions for 2023
- The upcoming GST hike (63% of SMEs) was polled as one of the top factors expected to affect economic and business growth, along with rising inflation (75% of SMEs) and increasing operating costs (65% of SMEs).

Singapore, 31 January 2023 – The majority of SMEs in Singapore hold a positive sentiment towards the economy but are still cautious of factors that could cause growth to stumble and are increasingly looking to the government for support to tackle worsening economic conditions. This is according to the eighth edition of QBE Insurance's annual research survey of Singaporean SMEs. The survey was conducted in Q4 2022 and surveyed 416 SME decision-makers in Singapore.

Many SMEs in Singapore are optimistic about the current economy, with 59% of SMEs polled saying that the economy improved in 2022 and 59% expecting economic conditions to improve for the upcoming year. Additionally, 55% of SMEs reported having an increase in their business' overall sales in 2022, with 58% expecting further increases in their business in 2023.

This positivity in the economic outlook extends to SMEs' views on their own business growth, as 41% of SMEs expect to increase their overall size of business. Following the expectation of expanding businesses, many SMEs are also prepared to increase their expenditure in the next 12 months, across capital, staff training and staff strength, while still focusing on cost control and streamlining their business.

Zooming in on some of these costs, 47% of SMEs expect to spend more on capital, while 42% expect to hire more staff in the upcoming year. This is a marked increase over 2021, where only 36% were expecting to spend more on capital, and 29% expecting to increase staff strength.

Global inflation, rising energy prices, and the GST hike are keeping SMEs wary – with many still looking to the government for support and relief

However, the survey findings also revealed that while SMEs are positive on the economy and their businesses, they remain wary of factors that could stymie growth.

The top concern that was shared by more than three quarters (76%) of the SMEs was rising global inflation, which they surmise might negatively affect economic conditions further. Aside from global inflation, rising energy prices (64%) and the GST increase (63%) were also top on the list of concerns SMEs hold towards their outlook on the economy over the next year.

In looking to mitigate these possible economic effects, more SMEs are looking to the government for support and relief, with 43% of them indicating this – an 11% increase over 2021. 73% of the SMEs polled said that they would resort to cost control measures to mitigate worsening economic conditions, with 44% also ready to downsize or streamline as a countermeasure.

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“Our yearly survey is conducted to ensure we have our finger on the pulse of our local SMEs at all times. We are heartened to see that SMEs are largely feeling positive heading into 2023 and are ready to shift into expansionary mindsets for their businesses, especially as we head into yearly budget debates where policies concerning them are being discussed. We will continue to be on hand to support their growth plans with sound risk management strategies and policies,” said Ronak Shah, CEO of QBE Insurance Singapore.

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QBE helps businesses build resilience through risk management and insurance. It has been represented in Singapore since 1891, and as an industry leader with more than 130 years of proven performance, QBE's success is built on the strength of our partnerships with professional insurance intermediaries.

QBE Singapore is part of QBE Insurance Group, one of the world's leading international insurers and reinsurers and Standard & Poor's A+ rated. Listed on the Australian Securities Exchange, QBE's gross written premium for the year ended 31 December 2021 was US\$18.5 billion.

As a business insurance specialist, QBE Singapore offers a range of insurance products from the standard suite of property and casualty to the specialist financial lines, marine and construction. All are tailored to the individual needs of our small, medium and large customer base.

We understand the crucial role that effective risk management plays in all organisations and work hard to understand our customers' businesses so that we offer insurance solutions that meet their needs – from complex programmes to simpler e-trading solutions – and support them in minimising their risk exposures. Our focus is on helping customers improve their risk management so that they may benefit from a reduction in claims frequency and costs.

About the research

This SME research was the eighth iteration of a survey designed and conducted in Q4 2022 by Creative Way Consultants on behalf of QBE, in an effort to better understand SMEs' behaviours and business challenges. Interviews were conducted with 416 SMEs across various industries in Singapore.

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