

press release

SMEs seek greater regional financing capabilities to facilitate expansion

20 January 2016, Singapore – Almost half of Singapore’s Small and Medium-Sized Enterprises (SMEs) expect revenue growth to be driven by overseas expansion and many seek to overcome challenges in meeting their regional financing needs, according to the inaugural SME Growth and Financing Survey 2016 by Singapore Business Federation and Standard Chartered Bank.

The survey polled more than 300 executives from SMEs on their outlook for growth, business aspirations and financing needs to expand abroad.

Increased overseas business activities set to drive confidence in revenue

Close to half of respondents (45%) expect an increase in revenue in 2016, with almost 60%¹ saying more business activities outside of Singapore will drive growth. This suggests a shift towards efforts to expand the consumer base as SMEs explore neighbouring economies for opportunities.

SMEs’ Asia expansion focuses on India, Indonesia, Cambodia, China

In 2016, more than 40% of respondents are inclined to expand their business activities in these four economies to take advantage of their geographic proximity to available resources and large domestic markets. About a fifth of executives say they plan to seek new consumer segments (19%) and strive for greater market adaptability (17%) to boost growth.

Banks with regional financing capabilities are in demand but few meet businesses’ needs

Respondents face challenges when spreading their footprint overseas, with seven in 10 saying that access to funds without a proven track record in the host country is difficult. More than half believe that their existing banking partners do not have the capabilities to establish relationships with banks in the host country (56%)², find the right overseas partners (55%)³ or understand the foreign markets (58%)⁴. SMEs’ limited access to in-country funds and expertise are seen as an impediment to their overseas expansion plans.

SMEs see banks’ local expertise as key to success for business expansion

To conduct business more effectively in foreign markets, 42%⁵ of respondents say they will engage other banking partners in the host country while 32%⁵ plan to work with banks in Singapore with cross-border financing solutions. As SMEs spread their investments abroad, on-the-ground banking capabilities are increasingly a business priority.

Ms. Vanessa Leung, Head of Commercial Banking, Standard Chartered Bank Singapore said, "When venturing overseas, SMEs' lack of proven track record in a foreign country often makes access to banking facilities and funding difficult. It is therefore critical for SMEs to find the right banking partner which can support their growth strategy. A bank that understands the SME in its home market and also has a strong regional presence will be able to provide a holistic approach to the SME's financing needs across geographies; and at the same time offer deep local insights into foreign markets. Such banks would typically have cross-border solutions that enable SMEs to maintain full control of all their banking transactions and financing needs from their home market."

Higher awareness of Asean Economic Community (AEC) and Trans-Pacific Partnership (TPP) is needed to take advantage of potential opportunities

While a majority of respondents have heard of the ASEAN Economic Community (63%) and the Trans-Pacific Partnership (58%), few are aware of what these agreements or collaborations are about or what they aim to achieve. At least four in 10 respondents also do not know if these regional initiatives will have an impact on their business growth (47% for AEC and 43% for TPP).

"Initiatives such as the Trans-Pacific Partnership and the ASEAN Economic Community offer new and rich opportunities for Singapore businesses as they look to overseas for expansion. By making the most of these platforms and constantly upgrading their capabilities, companies can remain competitive and position themselves well for the next phase of growth and development. We strongly encourage SMEs to leverage on the strong Singapore brand to regionalise their business." said Mr Koh Tat Liang, Assistant Executive Director for Capacity Building at Singapore Business Federation.

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Note to Editors

About Standard Chartered Bank

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Standard Chartered has a history of 156 years in Singapore, opening its first branch here in 1859 and in October 1999 was among the first international banks to receive a Qualifying Full Bank (QFB) license, an endorsement of the Group's long-standing commitment to its businesses in the country.

The Bank transferred its Singapore Retail and SME business to a locally-incorporated subsidiary, Standard Chartered Bank (Singapore) Limited on 7 October 2013.

The Bank in Singapore serves both retail and corporate customers. It provides credit cards, personal loans, auto loans, mortgages, deposit taking and wealth management services to individuals and small to medium sized enterprises. The Bank also provides corporate and institutional clients with services in trade finance, cash management, lending, securities services, foreign exchange, debt capital markets and corporate finance.

The Bank's global business is managed from Singapore, as is its global Technology & Operations function.

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About Singapore Business Federation (新加坡工商联合总会)

As the apex business chamber, the Singapore Business Federation (SBF) champions the interests of the business community in Singapore in trade, investment and industrial relations. Nationally, SBF acts as the bridge between businesses and government in Singapore to create a conducive business environment. Internationally, SBF represents the business community in bilateral, regional and multilateral fora for the purpose of trade expansion and business networking. For more information, please visit our website: www.sbf.org.sg

Survey Methodology

Carried out by Singapore Business Federation and Standard Chartered Bank, the SME Growth and Financing Survey 2016 polled 304 executives from Singapore's Small and Medium-Sized Enterprises (SMEs) in November and December 2015.

Footnotes

¹ Number of respondents: 137

² Number of respondents: 98

³ Number of respondents: 84

⁴ Number of respondents: 64

⁵ Number of respondents: 240