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**News Release****Nearly 9 in 10 businesses in Vietnam are looking to expand overseas in the next 3 years: UOB study**

**Ho Chi Minh City, Vietnam – July 31, 2023** – With the economy recovering from a global pandemic, more small and medium-sized enterprises (SMEs) and large enterprises in Vietnam are positive about the economic outlook and having plans to expand overseas.

The UOB Business Outlook Study 2023 (SME & Large Enterprises) surveyed more than 4,000 businesses in Asia in December 2022 to January 2023. For the first time, the survey was expanded beyond Singapore to also survey companies in the Bank's other key markets in Indonesia, Malaysia, Thailand, Vietnam, Mainland China and Hong Kong SAR. In Vietnam, the study surveyed 505 businesses across the country and mostly located in Ho Chi Minh City and Ha Noi City.

The study shows that 89% of businesses surveyed in Vietnam said that the business environment in Vietnam was positive in 2022. This percentage is the highest result in ASEAN region. Positive business sentiment is driven by strong revenue growth in 2022 as 91% of businesses in Vietnam have seen an increase in their revenue in 2022. The survey also found that 87% of businesses in Vietnam have positive outlook for 2023.

**Challenges faced from inflation, supply chain management**

While remaining positive on 2023 outlook, top priorities for companies surveyed are reducing cost, tapping new customer base, diversifying supply chains, re-skilling/up-skilling existing talent and developing source of revenue. Reducing cost is top priority as high inflation has been affected 94% of business surveyed in 2022 for both large (VND 180b to <5.5t) and smaller businesses (VND <180b turnover). The study shows



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that 57% of businesses surveyed have seen an increase in cost of materials and 56% of businesses have seen an increase in cost of operations. To mitigate inflation, over 1 in 2 businesses in Vietnam focus on improving productivity and 45% of businesses surveyed said that they apply cost cutting on company activities.

Majority of businesses in Vietnam have seen an impact to their supply chains. More than a half of business said that their supply chain has been impacted by geo-political issues and find rising supply cost as the main challenge in managing their supply chain. The study also shows that top support measures for supply chain management include tax incentives or rebates, easier access to funding or grant, and opportunities to collaborate with industry, government-linked or large businesses.

### **Digitalisation can play a key role in helping business improve productivity to mitigate the impact of inflation on their business**

The study finds that nearly 9 in 10 businesses in Vietnam have adopted digitalisation in at least one department. 86% of businesses foresee spending more on digitalisation in 2023. Digitalisation creates better impact for business by improving productivity to mitigate the impact of inflation on their business, helping businesses become more customer centric by enabling their customer outreach efforts and improving customer experience.

“A key challenge for digitalisation will be encouraging businesses who have just started their journey to continue with digitalisation, expanding it from one or a few departments into the entire business. We understand the challenges faced by Vietnamese businesses in embracing digital technologies and staying competitive in the digital era. As a leading bank in the region, our role is to provide comprehensive support to our business client not only providing digital financial solution but also



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equipping them with the tools, knowledge and resources needed to succeed in the digital marketplace.”, said, Ms Pham Nhu Anh, Head of Wholesale Banking, UOB Vietnam.

### **Interest in overseas expansion and sustainability adoption but face challenges**

Nearly 9 in 10 businesses in Vietnam are looking to expand overseas in the next 3 years. The interest in overseas expansion is leading to higher interest in cross-border digital trade platforms. Over 6 in 10 businesses are ‘Very interested’ in using such platforms. More than a half of business surveyed said that they are motivated to expand overseas to grow their revenue, improve profitability and build reputation as an international business. 72% of businesses in Vietnam have their eyes on Southeast Asia for their future expansion plans and Thailand, Singapore and Malaysia are the preferred Southeast Asia destinations for businesses in Vietnam.

However, some challenges holding businesses back include:

- Lack of customers in the new market(s)
- Difficulty in finding the right partners to work with
- Lack of in-house talent/expertise to drive overseas expansion

Ms Nhu Anh said, “We believe in the growth potential of Vietnamese businesses, and we are dedicated to helping them succeed in oversea expansion. By leveraging our extensive ASEAN network, we provide tailored solutions and opportunities for growth. We understand the unique challenges faced by Vietnamese business venturing abroad and work closely with them to mitigate risks and navigate regulatory complexities. With a wide range of resources including trade financing, cash management solutions, and digital platform, we offer a solid foundation for business to expand overseas.”



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Sustainability is considered important by 94% of the business surveyed. 1 in 2 businesses said that they have started implementing sustainability practices. More than a half of businesses consider sustainability important as it improves their company's reputation and helps them to attract investors. However, there are some barriers in sustainability adaptation such as the concerns of increasing cost of products/services to end customer, negative impact on profits, and lack of good options for sustainable financing.

“First and foremost, sustainability is not a fad, it is a necessary goal. The additional costs incurred from pursuing sustainability can have an immediate impact on a business's bottom line and thus make it less attractive. However, if we look at it from a long-term perspective, companies will see strategic values to start their sustainability journey early.”, shared, Ms Nhu Anh.

The UOB Business Outlook Study 2023 (SME & Large Enterprises) aims to understand the business outlook and key expectations among SMEs and large enterprises across seven markets in ASEAN and Greater China - Singapore, Indonesia, Malaysia, Thailand, Vietnam, Mainland China and Hong Kong SAR. Since 2020, the study has been conducted annually in Singapore. This year, the scope of the study has been extended to include the ASEAN and Greater China markets.

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### **About United Overseas Bank Vietnam**

United Overseas Bank (Vietnam) Limited (UOB Vietnam) commenced operations officially on 2<sup>nd</sup> July 2018. It is a wholly-owned subsidiary of United Overseas Bank Limited (UOB), a leading bank in Asia with a global network of around 500 offices in 19 countries and territories in Asia Pacific, Europe and North America.

UOB established its presence in Vietnam with the opening of a representative office in 1993 and was the first Singapore bank to launch a branch in the country in 1995. Today, UOB Vietnam offers a range of personal and institutional financial services to both Vietnamese and overseas customers across the country backed by the





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seamless connectivity offered through UOB's regional network. In 2019, UOB Vietnam expanded into northern Vietnam with a branch in Hanoi.

For nearly nine decades, UOB has adopted a customer-centric approach to create long-term value by staying relevant through its enterprising spirit and doing right by its customers. UOB is focused on building the future of ASEAN – for the people and businesses within, and connecting with, ASEAN.

The Bank connects businesses to opportunities in the region with its unparalleled regional footprint and leverages data and insights to innovate and create personalised banking experiences and solutions catering to each customer's unique needs and evolving preferences. UOB is also committed to help businesses forge a sustainable future, by fostering social inclusiveness, creating positive environmental impact and pursuing economic progress. UOB believes in being a responsible financial services provider and is steadfast in its support of art, social development of children and education, doing right by its communities and stakeholders.

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