

# press release

## **Standard Chartered survey shows SMEs seek greater regional financing capabilities to facilitate expansion**

**5 April 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% 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%), find the right overseas partners (55%) or understand the foreign markets (58%). 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% of respondents say they will engage other banking partners in the host country while 32% 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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