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## **Technology and innovation is top priority for Malaysian Businesses in the next five years: HSBC survey**

Given the challenging 6 months and the impact of COVID-19 globally, Malaysian businesses were resilient, planning for contingencies and actively looking out for new business opportunities. In order to remain resilient, Malaysian businesses shared that technology and innovation played a key role and was top priority in this changed and challenged world.

This was the key finding from the **HSBC Navigator “Resilience: Building Back Better”**, a survey that measures the pulse of businesses as they adapt to current challenges and highlights the steps they have taken to be resilient in the future. The report surveyed 2,604 companies across 14 markets globally including 200 firms from Malaysia.

During this period, more than twice as many Malaysian businesses spent their time focussing on short-term (58%) rather than long-term planning. Of local businesses surveyed, a quarter spent more time on long-term planning, which is the highest proportion seen in any market – just ahead of mainland China (24%). Currently, Malaysian businesses are actively looking for new prospects (63% vs. 62% all markets) and will focus on implementing contingency plans (59% vs. 64% all markets).

### **Technology and innovation: Top priority in the next 5 years**

Investing in technology and innovation is the biggest measure Malaysian businesses plan to take in the next 5 years (68% vs. 63% all markets) and it is one of their key priorities for development (21%).

“Malaysian businesses see technology as a major enabler for future success. Over the past 6 months, Malaysian businesses have felt the advantages of technology in their ability to innovate more than companies in the rest of the world. Their ability to be agile, and better deal with their customers and their workforce has set them apart from other markets,” said **Andrew Sill, Country Head of Commercial Banking, HSBC Malaysia.**

The survey revealed that nearly half (47%) of Malaysian businesses strongly agree and nearly all (95%) of them agree that times of adversity showcase how businesses can leverage technology to enhance or improve how they work.

“Supporting our clients’ needs has always been HSBC’s top priority. Since the outbreak of COVID-19, our customers adoption and usage of digital solutions has increased. A digital solution that we have recently launched which is a testament to HSBC leading the way in financial technology is Omni Channel a “one-stop” collections solution designed to simplify and streamline the way businesses collect payments,” Andrew said.

“We continue to invest in digitising and simplifying our processes, enabling us to revolutionise payments and make banking simpler and better for customers. During the height of the COVID-19 pandemic, HSBC put in place a DuitNow QR solution in 24 hours – a process that would normally take two weeks, for KPJ hospitals, which led KPJ to become the first healthcare service provider in Malaysia to offer DuitNow QR. This contactless payment option is quick and stress-free, allowing patients to skip queues at hospital counters thereby reducing the stress and anxiety of waiting in a crowded hospital,” added Andrew.

### **Building resilience - Technology and innovation a main focus**

In line with all the other markets, Malaysian businesses felt that resilience is built on four main factors – customers, employees, agility and a strong balance sheet, indicating that it is not limited to the business’ balance sheet alone but to the things which contribute to a strong balance sheet. Having a strong balance sheet was the top priority for just short of a fifth (18%) of Malaysian businesses, the highest proportion of any market, just ahead of mainland China (17%).

The survey found that over the past two years Malaysian businesses have taken three main actions to build resilience and these reflect their views on the characteristics of a resilient business. Investments in technology and innovation were the main focus across Malaysian businesses (69%) followed by diversifying their business (55%) and consolidating their financial position (54%).

“Malaysian businesses are attuned to disruption, and know innovation is fundamental to future success. By investing in new technologies and innovations, Malaysian businesses can ensure that they are future ready while contributing to the positive outlook and growth of the economy,” said Andrew.

### **Reshaping supply chains**

The two key changes Malaysian businesses surveyed are planning to make to their supply chains in the next 1 – 2 years are the same as those planned across all markets – to increase their supply chain security (70% vs. 67% all markets) followed by increasing transparency in the supply chain (57% vs. 44% all markets).

Other top changes that are reshaping supply chains include diversifying the supply chain to work with more suppliers (41% vs. 29% all markets), creating a more traceable supply chain (37% vs. 26% all markets) and increasing transparency in how their suppliers work and who their supply chain is (36% vs. 27% all markets).

“HSBC Malaysia recently partnered with Proton Holdings Berhad (Proton) to provide support to Proton’s suppliers, mainly local Small to Medium Enterprises (SME), via the HSBC Supply Chain Finance (SCF) programme. This digital programme allows Proton’s suppliers to obtain early payment of the proceeds from their sales to Proton and not only helps suppliers accelerate cash flow, but also provides them with the access to working capital at a cost typically lower than their traditional source of financing by leveraging on Proton’s stronger credit profile,” said Andrew.

“We have also put together a simplified supplier onboarding process to extend support to more suppliers within a short period of time. This would result in increased sustainability, and lowered cost along the supply chain. This HSBC-Proton partnership is an example of how we are improving the efficiency of the supply chain for the Malaysian automotive industry and how we are helping Malaysian businesses like Proton work with more suppliers thereby also helping more local SMEs,” Andrew concluded.

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**Note to editors:****HSBC Navigator**

The Navigator survey is conducted on behalf of HSBC by Kantar. It is compiled from responses by decision-makers at 2,604 businesses, ranging from small and mid-market firms to large corporations, across a broad range of sectors. The respondents hold influence over their company's strategic direction and represent a broad range of roles: including c-suite, finance, procurement, supply chain, sales and marketing. A total of 14 markets were surveyed between 28 April and 12 May 2020.

- Americas: Canada, Mexico, USA
- Asia Pacific: Australia, Hong Kong, India, Indonesia, Mainland China, Malaysia, Singapore
- Europe: France, Germany, UK
- MENA: UAE

Results have been weighted to be representative of each market's international trade volume (World Trade Organisation data for 2017-2018).

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**HSBC Bank Malaysia Berhad**

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