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## **HSBC Survey: Malaysia a primary focus for international firms to expand in Southeast Asia**

Findings from “HSBC Global Connections”, a new survey commissioned by HSBC shows that Malaysia is a primary focus for international businesses looking to expand their footprint in ASEAN, with one in four international firms planning to expand into Malaysia over the next 2 years, while 27% of those who already have operations in Malaysia planning to prioritise growth over the same period.

Malaysia’s skilled workforce, rising consumer prosperity, and its network of free trade agreements are tied as the primary attractions for international firms doing business in market, with 28% respectively selecting these features of the market as making it attractive in business expansion.

Nonetheless, staffing quality, financial stability – including currency volatility, inflation, and interest rates – and the challenge of adapting to fast-moving regulatory and policy changes top the list of challenges (all tied at 31%) for international businesses operating in Malaysia.

“These findings confirm what we have been seeing from our own customers: that businesses around the world are increasingly confident about scaling up in Southeast Asia,” said **Amanda Murphy, Head of Commercial Banking for South and Southeast Asia at HSBC**. “We are as excited as our clients about Southeast Asia and focused on connecting international businesses from across our global network with opportunities in this dynamic region.”

**Karel Doshi, Head of Commercial Banking, HSBC Malaysia**, added, “Malaysia is leading the way in the ASEAN region and we see international businesses being increasingly optimistic about their growth prospects in Malaysia. For businesses, expanding their operations to Malaysia can unlock some incredible growth opportunities, but it does come with some challenges. Therefore, it is important to find an experienced partner with deep knowledge both on international and local to help them overcome these challenges.”

International connectivity remains a competitive advantage for the country and HSBC Malaysia continues to strengthen its position as the only international bank that offers a full suite of products and services to government, companies and retail customers, connecting them to international opportunities, and connecting international businesses to opportunities in Malaysia.

Given that HSBC’s presence in Malaysia spans nearly 140 years, the bank’s experience in the Malaysian market and its extensive footprint makes it well-placed to be a guide for foreign investors looking to expand their business in the country while supporting local businesses in realising their growth ambitions.

HSBC was also recognised as **The Best International Bank in Malaysia by Asiamoney** for its strong commitment to supporting customers in transitioning to net zero, as well as its capabilities and innovation.

### **ASEAN attractions**

The expected annual organic growth rate of companies surveyed rose from 20% in 2022 to 23% YoY, highlighting growing confidence in ASEAN on the part of international businesses.

Moreover, the survey found that businesses from countries closer to Southeast Asia have a greater advanced presence in ASEAN and are more bullish when it comes to regional expansion than their peers from other regions.

International businesses continue to see ASEAN primarily in terms of its supply chain connectivity rather than as a consumer market, even though Gross Domestic Product (GDP) per Capita for Southeast Asia has grown from USD1,250 in 2000 to USD5,800 in 2023, according to the International Monetary Fund.

The region's skilled workforce (27%), growing digital economy (26%) and competitive wages (25%) are the top three attractions, while the growing middle class ranks ninth in terms of importance (24%). Meanwhile, the cost of training (36%) and lack of skilled personnel to drive implementation (also 36%) were identified as top challenges for businesses seeking to digitise their operations in ASEAN.

Businesses cited e-commerce (31%) and digital payments (28%) as the technologies in which ASEAN is leading the way, reflecting the widespread adoption of digital platforms and mobile wallets across many countries in the region.

"Southeast Asia is clearly an attractive manufacturing base, with increasingly advanced supply chains and a highly skilled workforce attracting global firms to the region," **said Amanda Murphy**. "But the consumer story is also one to watch for international businesses as digital adoption and domestic spending power grow."

HSBC Malaysia continues to invest in its digital capabilities as part of its journey to become a "Digital-first bank" both for our corporate and retail customers. We have leveraged on its global reach and network to offer HSBC Global Wallet, a game changing international payments and multi-currency accounts solution, Omni Collect, a digital payment collection solution platform that supports both in-store and eCommerce needs, and a range of solutions to empower SMEs including HSBC Business Go.

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### **Methodology**

HSBC commissioned an online survey of 3,509 businesses based in nine markets: China, India, UK, France, Germany, US, Australia, Hong Kong, and GCC countries (United Arab Emirates, Saudi Arabia, Bahrain, Qatar, Oman and Kuwait). Survey respondents were key decision-makers from companies with annual turnover of at least USD5 million who are already doing business in Southeast Asia or considering doing so. The survey ran from July 25 to August 2, 2023.

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**HSBC Malaysia**

HSBC's presence in Malaysia dates back to 1884 when the Hongkong and Shanghai Banking Corporation Limited established its first office in the country on the island of Penang, with the permission to issue currency notes. HSBC Bank Malaysia Berhad was locally incorporated in 1984 and is a wholly-owned subsidiary of The Hongkong and Shanghai Banking Corporation Limited, founding member of the HSBC Group. In 2007, HSBC Bank Malaysia was the first foreign bank to be awarded an Islamic banking subsidiary licence in Malaysia, namely HSBC Amanah Malaysia Berhad. HSBC Malaysia offers a comprehensive range of banking and financial services including Islamic financial solutions. HSBC Malaysia has also led innovation in Malaysia by introducing Malaysia's first ATM and Electronic Touch Banking in the early 1980s. Today, HSBC Malaysia has launched innovative solutions such as HSBCnet for secure banking for businesses, Trade Transaction Tracker and Facial Recognition on supported mobile phones.

**The Hongkong and Shanghai Banking Corporation Limited**

The Hongkong and Shanghai Banking Corporation Limited is the founding member of the HSBC Group. HSBC serves customers worldwide from offices in 62 countries and territories. With assets of US\$3,041bn at 30 June 2023, HSBC is one of the world's largest banking and financial services organisations.