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92% of Malaysian businesses feel confident about growing international trade over the next 2 years: HSBC Survey

Malaysian business optimism has improved over the past six months, reflecting a more confident outlook on the long-term impact of tariffs and trade uncertainty. This insight comes from HSBC's Global Trade Pulse survey, which includes feedback from 6,750 decision-makers across 17 markets including Malaysia.

The country stands out as a clear beneficiary of the current dynamic trade environment, with 51% of firms reporting a positive impact from tariffs and trade uncertainty to date; an 8-percentage point increase from six months ago. Looking ahead, expectations for the next two years are even more promising rising to 69%. This growing sense of certainty is crucial for firms, enabling them to make informed decisions and plan effectively for the future.

Malaysian businesses are among the most confident globally. Of the 250 Malaysian-based companies that were surveyed, 92% feel confident about their ability to grow international trade over the next two years, surpassing the global average of 87%. Additionally, 90% feel either well prepared or are actively preparing for changing trade regulations and tariffs.

Furthermore, businesses in Malaysia are increasingly adapting their trade strategies by embracing regional trade corridors. Notably, 64% of Malaysian firms are more likely to strengthen their reliance on Southeast Asia, significantly higher than the global average of 34%. Additionally, 47% of these firms plan to increase their reliance on East and North Asia, while 42% aim to enhance their connections with South Asia. This trend underscores a growing focus on intra-Asian trade as firms prioritise regional partnerships and opportunities alongside other global trade corridors.

Shreyas Krishna, Head of Global Trade Solutions, HSBC Malaysia said, "Malaysian businesses are showing higher-than-average optimism, preparedness, and certainty regarding trade growth and policy after successfully navigating a time of high inflation and elevated interest rates. This trend shows that businesses are continuously adjusting to an evolving trade and tariff landscape. Companies now have a major opportunity to reinvent themselves and amplify their growth potential thanks to the immense possibilities offered by international trade."

Diverse coping strategies and trade corridors drive resilience

Companies are implementing a broad range of strategies to address trade risks, ensure long-term competitiveness, and adapt to an unpredictable trade environment. 49% of Malaysian businesses are revising their pricing strategies, 47% are developing risk management plans and 43% are diversifying revenue streams.

The survey also indicates that 48% of businesses are engaging in inventory buffering to manage supply disruptions by increasing stock levels while 42% are diversifying their suppliers to expand their network across different regions. Investment in supply chain visibility tools is also a priority,

with 44% of companies having already made such investments and another 45% planning to do so. Moreover, 68% of business have reported changes in working capital requirements since 2024, largely due to trade and tariff uncertainty.

Exposure to market forces and the need for external support

Although Malaysian companies are taking proactive steps to strengthen resilience, they face significant exposure to external market forces. 67% report that changes in revenue are linked to tariff adjustments. 53% attribute revenue changes to pricing changes and 52% cite exchange rate fluctuations as a factor in revenue changes.

Malaysian businesses are increasingly seeking external support to navigate trade uncertainty, reflecting a strong demand for strategic advice in several key areas. 66% are looking for guidance on expansion or supply chain realignment. 51% require crisis planning and resilience support. 48% need assistance with compliance, tariffs, and regulations.

Krishna added, “Corporates are re-evaluating their traditional supply chain patterns, focusing on market diversification and working capital strategies to foster sustained growth and resilience in the competitive global marketplace. In this evolving landscape, banks are taking on a more pivotal role in corporate decision-making. A significant 94% of Malaysian firms acknowledge that the importance of banks has increased as cross-border complexity continues to rise. Establishing strong partnerships with banks, such as HSBC, will be crucial for unlocking greater opportunities and laying a solid foundation for sustainable development”.

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About 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 Berhad was the first foreign bank to be awarded an Islamic banking subsidiary licence in Malaysia, and HSBC Amanah Malaysia Berhad was subsequently established. 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.