

## **HSBC Survey: Indonesia is a leading target for international businesses looking to expand in ASEAN**

**Jakarta, 18 September 2023** – New research “HSBC Global Connection” commissioned by HSBC Commercial Banking shows that international businesses from a selection of major global economies are increasingly optimistic about their growth prospects in Indonesia. Currently the world’s 16th largest economy with more than US\$1 trillion of GDP<sup>1</sup>, Indonesia is a leading target for international businesses looking to expand in ASEAN.

The survey shows that 25% of firms plan to expand into Indonesia over the next 2 years, while those that already have operations there, 68% are planning to prioritize growth over this time period. Australian businesses are especially positive, with 31% prioritising growth, followed by mainland Chinese firms (28%).

With 273 million of population (2021) and a home for 64 million of middle affluent class<sup>2</sup>, Indonesia has a huge potential in its domestic market. Which is why, according to the survey, 29% of international businesses operating in Indonesia are attracted by its increasing domestic consumer income. Other notably attractive features include its political stability, a supportive government and regulatory environment, and the optimistic outlook for the Indonesian economy, with 27% of respondents respectively selecting each of these features.

Nonetheless, staffing and sustainability top the list of challenges for international businesses operating in Indonesia. Finding the right talent is an issue for 32% of respondents, tied with the impact of rules and regulations on carbon reduction.

**Riko Tasmaya, Managing Director and Head of Wholesale Banking HSBC Indonesia**, said, "Indonesia is leading the way in the ASEAN region. For businesses, expanding their operations to Indonesia can unlock some incredible growth opportunities, but it does come with some challenges. The market complexity in terms of geographical, market characteristics and cultural contexts can be challenging. Therefore, it is important to find an

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<sup>1</sup> <https://www.bkpm.go.id/id/mengapa-indonesia/prospek-investasi/demografi>

<sup>2</sup> <https://www.bkpm.go.id/id/mengapa-indonesia/prospek-investasi/demografi>



experienced partner with deep knowledge both on international and local to help them overcome these challenges."

International connectivity remains the competitive advantage and HSBC Indonesia 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 Indonesia, with around c.5% of FDI to Indonesia was facilitated by HSBC Indonesia.

With its extensive footprint in Indonesia, HSBC Indonesia has contributed directly to the growth of the Indonesian economy, connecting customers to opportunities through its expanded capabilities and geographical reach, both locally and globally. The bank has nearly 140 years of experience in the Indonesian market, making it well-placed to be a guide for foreign investors looking to expand their business in Indonesia.

HSBC Indonesia has been recognized as **The Best International Bank in Indonesia from Asia Money** for two consecutive years since 2022. This recognition is attributed to HSBC Indonesia's strong commitment to supporting its customers in transitioning to net zero, as well as its capabilities and innovation.

### **ASEAN attractions**

The expected annual organic growth rate of companies surveyed in both time periods rose from 17.1% in 2022 to 23.2% in this year's survey, highlighting growing confidence in ASEAN on the part of international companies surveyed, which have an annual turnover of at least USD5 million and are either doing business in the region or considering doing so.

Moreover, the survey also found that businesses from countries closer to Southeast Asia have a more advanced presence in ASEAN and a greater degree of ambition when it comes to regional expansion than their peers from Europe and the United States.

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%). However, businesses identified talent as a challenge as well as a draw: 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.

When asked which technologies ASEAN is leading the way in, the highest number of respondents (31%) identified e-commerce and digital platforms and this was particularly so for those firm in Indonesia (37%).

HSBC Indonesia continue to invest in its digital capabilities as part of its journey to become a "Digital-first bank" both for our corporate and retail customers. Since its inception in 2021, Omni Collect, a digital payment collection solution platform, and DART, accounts receivables reconciliation tool, continues to gain traction and adoption rate amongst corporate customers.

Moreover, in 2022, HSBC Indonesia launched **UniTransact**, a digital platform that simplifies cross border payment and FX transaction for corporate clients. In addition, entering 2023, HSBC Indonesia launched Trade Working Capital (TWC) which is a digitized and simplified trade working capital solution - a single loan covering the client's full working capital gap, financing just in time when supplier payments are due.

## **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). The number with operations in Indonesia was 1,039. 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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## **About PT Bank HSBC Indonesia**

PT Bank HSBC Indonesia has been operating in Indonesia since 1884 and currently serves customers throughout Indonesia. PT Bank HSBC Indonesia is a member of the HSBC Group which offers Commercial Banking and Global Banking services for Corporate and Institutional customers, Global Markets for Treasury and Capital Market management as well as Wealth and Personal Banking

PT Bank HSBC Indonesia is licensed and supervised by the Financial Authority of The Republic of Indonesia.

PT Bank HSBC Indonesia is a member of the Indonesian Deposit Insurance Corporation.

## **About 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 in its geographical regions: Europe, Asia, North America, Latin America, and Middle East and North Africa. With assets of US\$3,041bn at 30 June 2023, HSBC is one of the world's largest banking and financial services organisations