

QBE SME Survey: Singapore SMEs not digitalising at full potential, also ignoring threats to their cybersecurity

- Top three barriers to digitalisation among SMEs: High cost of investment/operating, lack of financing, lack of skills among staff
- Despite high awareness of government support available to help businesses digitalise only 50% of SMEs applied for it in 2022
- 38% of SMEs polled have been affected by cyber events, however, 9% still do not have any processes or protection against cyber risk

Singapore, 20 March 2023 – Singapore's SMEs are continuing to believe and invest in digital technologies, as the eighth edition of QBE Insurance's annual research survey of SMEs finds. However, these businesses are not tapping into support available to them, and not supplementing their digitalisation strategies with adequate protection measures. The survey was conducted in Q4 2022 and surveyed 416 SME decision-makers in Singapore.

As businesses look to adapt to changing customer needs, QBE's survey findings revealed that close to two thirds (66%) of SMEs have digitalised further over the past year. SMEs continue to invest in digital technologies as they believe that it helps them reach more customers (34%), helps their business grow (32%), and makes their business more productive (32%).

SMEs report growth in barriers to further digitalisation, yet not tapping into government support

Unfortunately, with the push and recognition of importance for digitalisation, SMEs have also reported a growth in barriers for further digitalisation. The survey found that over time, the top three barriers, namely high cost of investment (29%), lack of financing (27%) and lack of digital skills (24%) remain unchanged since 2017.

SMEs also indicated possible disruption to their business during implementation (23%), ensuring protection and security of data (21%) and finding digital technologies too complicated (21%) as further barriers to digitalisation.

Interestingly, government support packages and initiatives are available for SMEs to tap into, to help them overcome these specific barriers. The survey finds however, that SMEs are not taking advantage of these initiatives as much as they should – 89% indicate being aware of these support measures, but only 50% went on to apply for them in the past year.

Among the companies that applied for support this year, most indicated that the support they need from the government is for enterprise development programmes (46%), and financial support (45%).

SMEs show desire to further digitalise, but are not prepared for untoward cyber events, even as an increasing number report to have been affected by them

38% of SMEs reported to have been affected by cyber events in 2022, a significant increase from 26% in 2021. This despite 97% of them polling being either somewhat aware or fully informed of possible cyber

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risk to their businesses, and 21% of them being concerned about data protection and security. Despite this awareness, concern and incidence of cyber events, 9% of SMEs continue to operate without any process or protection against cyber risk.

39% of SMEs either would not consider or are on the fence about protection against cyber risk – an alarming statistic given the rate of digitalisation they are currently going through. The top two reasons for SMEs not to consider cybersecurity protection were the fact that they do not store personal/sensitive data online (54%) and they believe they are unlikely to encounter cybersecurity and/or cybercrime issues (50%).

“Digitalisation continues to be one of the main strategies for growth among Singapore SMEs. While we are fully onboard with their digitalisation journeys, we would also implore SMEs to consider their cyber risk exposures as they continue to plan for growth,” said Ronak Shah, CEO of QBE Insurance Singapore.

“While the business environment is poised to bring SMEs growth in the short-to-mid term, more awareness and education around adequate risk management and mitigation is needed to ensure growth is not just accelerated, but sustainable as well,” added Mr Shah.

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About QBE Insurance (Singapore) Pte Ltd

QBE helps businesses build resilience through risk management and insurance. It has been represented in Singapore since 1891, and as an industry leader with more than 130 years of proven performance, QBE’s success is built on the strength of our partnerships with professional insurance intermediaries.

QBE Singapore is part of QBE Insurance Group, one of the world’s leading international insurers and reinsurers and Standard & Poor’s A+ rated. Listed on the Australian Securities Exchange, QBE’s gross written premium for the year ended 31 December 2022 was US\$20 billion.

As a business insurance specialist, QBE Singapore offers a range of insurance products from the standard suite of property and casualty to the specialist financial lines, marine and construction. All are tailored to the individual needs of our small, medium and large customer base.

We understand the crucial role that effective risk management plays in all organisations and work hard to understand our customers’ businesses so that we offer insurance solutions that meet their needs – from complex programmes to simpler e-trading solutions – and support them in minimising their risk

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exposures. Our focus is on helping customers improve their risk management so that they may benefit from a reduction in claims frequency and costs.

About the research

This SME research was the eight iteration of a survey designed and conducted in Q4 2022 by Creative Way Consultants on behalf of QBE, in an effort to better understand SMEs' behaviours and business challenges. Interviews were conducted with 416 SMEs across various industries in Singapore.

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SMEs not digitalising at full potential despite threats to their cybersecurity



However, many continue to operate without adequate or any protection

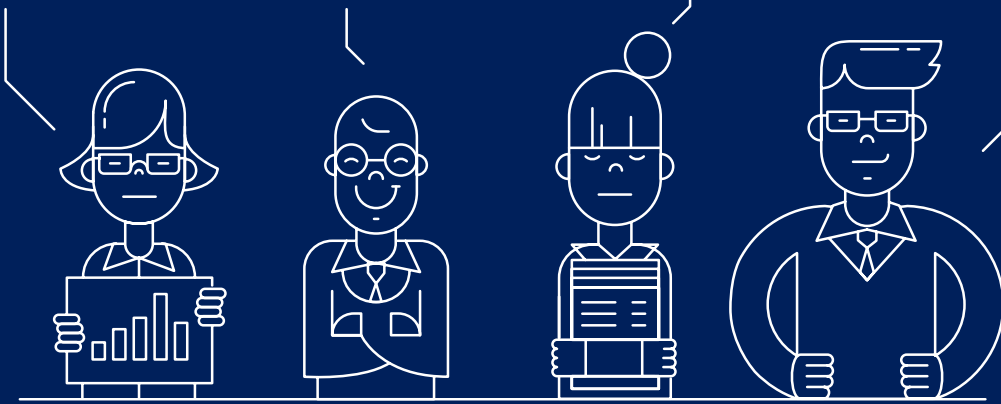
39%
would not consider or are on the fence about protection against cyber risk

9%
continue to operate without any processes or protection against cyber risk

Reasons for not considering cyber protection:

54%
do not store personal / sensitive data online

50%
believe they are unlikely to encounter related issues



Overall, SMEs continue to value and invest in digital technologies despite potential cyber issues because they believe:



They're able to reach more customers
34%



It helps their business grow
32%



It makes their businesses more productive
32%

Despite appetite for digitalisation, SMEs are hampered by these perceived obstacles.

These have remained the top 3 concerns since 2017

29%
High cost of investment

27%
Lack of financing

24%
Lack of digital skills

Additional barriers to digitalisation

23%
Possible disruption to their business during implementation

21%
Difficulties in ensuring protection and security of data

21%
Finding digital technologies too complicated