



Less than half of SMEs fully aware of cyber risks, while the number without protection grows, finds QBE Singapore annual SME survey

- Proportion of SME executives fully aware of possible cyber risks falls significantly from 57% last year, to 47% this year; and the percentage of businesses that don't have any processes or protection against cyber risks rises to 19% this year, from 9% last year.
- 49% of SMEs said that artificial intelligence (AI) had an impact on productivity, while one-third (32%) of survey respondents expect AI to eventually replace or take over jobs in their company.
- Survey results suggest that SMEs have improved in addressing workplace safety and health issues, but attention on mental health has waned slightly, with the proportion of companies placing importance on this issue falling from 94% to 89% year-on-year.

Singapore, 23 April 2024 – Awareness of today's vast and complex cyber risk landscape is in decline among local small- and medium-sized enterprises (SMEs), this year's QBE SME Survey for Singapore reveals.

605 SMEs were surveyed between December 2023 and January 2024*, whereby Singaporean SME business leaders were polled for their views on operational risks that most affect SMEs – covering the areas of cybersecurity, AI, and workplace safety and health (WSH).

47% of respondents said that they were fully informed of possible cyber risks, 10% less than the 57% recorded last year. As 2024 saw a smaller number of SMEs (25%) affected by cyber events (38% in 2023), this likely resulted in a decrease in awareness of possible cyber risks. That said, the number of executives who felt they were somewhat aware of cyber risks rose, from 40% last year to 48% this year, suggesting an acknowledgement of new risks that they may not yet know of. The top three risks cited by survey respondents include malware (43%), data breaches (43%), and phishing and smishing (39%).

The survey also found that the proportion of SMEs that don't have any processes or protection against cyber risks also rose dramatically, from 9% last year to 19% this year. Mr. Shun Quan Goh, Head, Underwriting, Retail & SME, QBE Singapore, said, "This number shows how vulnerable SMEs may be to cyber risks, and underscores the need for companies to educate, upskill and protect themselves in this area. Businesses cannot afford to be complacent about cyber security, it really is a matter of when, and not if, a cyber breach happens."

Of those with some form of protection, 59% of SMEs cited software solutions as the main form of protection for cyber security, followed by staff training (46%), dedicated staff to handle cyber security (44%) and policies for handling potential cyber risks (43%). Of note, just 38% of SMEs have insurance for cyber security risks, but over half (55%) of respondents have cited an openness to purchase cybersecurity insurance this year.

Mr. Goh added, "The cyber risk landscape evolves quickly, and it can be hard to keep up. This is reflected in our survey, with the majority of SME executives saying they don't fully understand the threat domain. This is where insurance comes to the fore: not only can we help businesses manage and transfer the risk, we can help them stay ahead of emerging trends."

AI is not a job displacer, but a productivity enabler

While much has been said of the potential of AI to replace human workers across swathes of the labour force, most survey respondents do not share this view. One-third (32%) of survey respondents expect AI to eventually replace or take over jobs in their company.

About a third of SMEs (30%) said that AI was a threat to business activity, but interviewees were mostly unconcerned about the nefarious potential of AI, with only 15% concerned about an AI-instigated cyber-attack; 10% concerned over privacy issues and identity breaches caused by AI; and a mere 6% concerned with data leakages brought about by the advanced technology.

Overall, almost half (49%) said that AI has had and/or will have an impact on their business productivity, particularly a positive one the data suggests, in the areas of automated response (6%), routine manual work/tasks (6%) and finance/accounting/audit functions (4%). Mr. Goh commented, "AI certainly has the potential to be a great enabler of better productivity, and I would urge SMEs not to lose sight of the risks as they embrace this technology and all the benefits that can come with it."

Workplace safety incidents decreasing, with mental health slightly taking a backseat

Action taken by SMEs in the last 12 months have improved health and safety overall, with 63% reporting no workplace safety incidents this year, compared to 55% last year. The top three actions taken by SMEs to ensure worker safety were fire safety (44%), electrical safety (37%) and general workplace training (37%). Comparatively, the top three actions that were taken the year prior were fire safety (54%), electrical safety (47%), and machinery, plant and equipment safety (40%), indicating a safer physical working environment.¹

At the same time, the proportion of SMEs that find mental health either very important or somewhat important fell slightly from 94% last year to 89% this year.

Nonetheless, 51% of SMEs feel that mental health is very important within the WSH paradigm, while 89% overall feel it's important. The steps taken by these businesses to ensure mental and physical wellbeing include offering flexible work hours (44%), work-from-home arrangements (35%), and health and wellness benefits (28%). In addition to offering wellness programmes and benefits to support employee wellbeing, implementing a comprehensive Employee Compensation Insurance (ECI) plan can aid businesses in safeguarding themselves.

Mr. Ronak Shah, CEO of QBE Singapore said, "At QBE, we actively support SMEs in their efforts to prioritise employee well-being within their workplaces. Our aim is to empower SMEs to create positive organisational cultures while ensuring the security and support of their valued workforce. By taking proactive steps to address employee well-being and risk management, SMEs can strengthen their resilience and pave the way for sustained success in today's competitive talent market."

For results of the same survey conducted with Hong Kong SMEs, please visit this [link](#).

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***Notes to editors:**

This is the second update of a two-part survey results. A first analysis on Singapore SMEs focused on the topics of business outlook, risk management (from an insurance coverage perspective) and online-offline/omnichannel purchasing preferences was released on 6 March 2024 and the release can be found [here](#).

¹ [Workplace Fatal and Major Injury Rates for 2023 at Record Low, Matching Best in Class Standards: MOM](#)

Singapore-Hong Kong SME survey: Operational risks summary

2024 vs. 2023 results	Singapore	Hong Kong
Artificial Intelligence (2024)(New section)	<p>Impact of AI on productivity</p> <ul style="list-style-type: none"> Impact (49%) Neither/nor (36%) No impact (15%) <p>Threat of AI to business activity</p> <ul style="list-style-type: none"> Threat (30%) Neither/nor (39%) No threat (30%) 	<p>Impact of AI on productivity</p> <ul style="list-style-type: none"> Impact (55%) Neither/nor (26%) No impact (20%) <p>Threat of AI to business activity</p> <ul style="list-style-type: none"> Threat (31%) Neither/nor (31%) No threat (38%)
Cyber Risks (2024:2023)	<p>Awareness of cyber risks</p> <ul style="list-style-type: none"> Fully informed (47%:57%) Somewhat aware (48%:40%) Not aware (5%:3%) <p>Cyber risk concerns (Top 3)</p> <ol style="list-style-type: none"> Hacking by people (55%) Online criminal activities (54%) Theft/loss of customer data (51%) 	<p>Awareness of cyber risks</p> <ul style="list-style-type: none"> Fully informed (48%:36%) Somewhat aware (41%:53%) Not aware (11%:11%) <p>Cyber risk concerns (Top 3)</p> <ol style="list-style-type: none"> Theft/loss of customer data (53%) Online criminal activities (51%) Hacking by people (51%)
Workplace Safety and Health (2024:2023)	<p>Awareness of Work Injury Compensation Insurance</p> <ul style="list-style-type: none"> Fully informed (70%:71%) Not fully informed but know where to get the information from (25%:27%) Not aware of what coverage is needed and not sure where to get the information from (5%:2%) <p>Steps Taken to Ensure Employee Mental and Physical Wellbeing (Top 3)</p> <ol style="list-style-type: none"> Offer flexible working hours (44%) Offer working from home (35%) Offer health and wellness benefits (28%) <p><i>Note: No previous year figure available for Singapore for comparison.</i></p>	<p>Awareness of Work Injury Compensation Insurance</p> <ul style="list-style-type: none"> Fully informed (76%:55%) Not fully informed but know where to get the information from (23%:36%) Not aware of what coverage is needed and not sure where to get the information from (2%:9%) <p>Steps Taken to Ensure Employee Mental and Physical Wellbeing (Top 3)</p> <ol style="list-style-type: none"> Offer flexible working hours (39%:31%) Offer health and wellness benefits (35%:26%) Offer care packages (35%:27%)

About QBE Singapore

Established in 1891, QBE Singapore is a trusted provider of specialist expertise and professional insurance services. 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 its small, medium and large customer base.

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Singapore SME Survey 2024



Awareness of cyber risks has fallen dramatically since last year:

47%

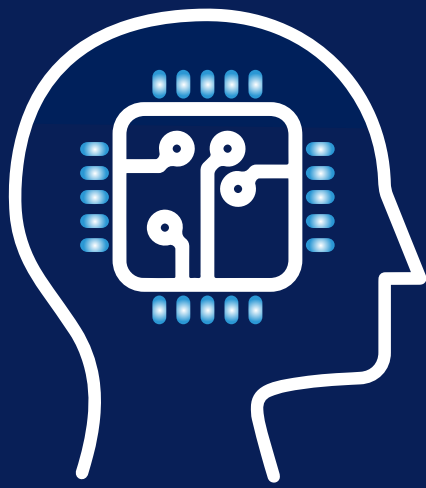
of respondents said that they were fully informed of possible cyber risks – 10% less than last year.

25%

of SMEs experienced a cyber event during 2023, down from 38% last year.

19%

don't have any processes or protection against online threats, up from 9% last year, including insurance.



The impact of AI on small businesses is mostly positive

49%

said that AI has had and/or will have a impact on **business productivity**

32%

of survey respondents expect AI to eventually **replace or take over jobs** in their company

30%

said they believed AI was an **overall threat** to their business activities

Interviewees were mostly unconcerned about the nefarious potential of AI, with only:



15%

concerned about an AI-instigated cyber-attack



10%

concerned over privacy issues and identity breaches caused by AI



6%

concerned with data leakages brought about by advanced technology

Workplace health and safety is improving, yet attention to mental health is waning



• 63% reported no workplace safety incidents this year, up from 55% last year.

• However, the proportion of SMEs that find mental health either very important or somewhat important fell slightly – from 94% last year to 89% this year.

• 51% of SMEs feel that mental health is very important within the WSH paradigm, while 89% overall feel it's important.

The steps taken by these businesses to ensure mental and physical wellbeing include:

44%

Flexible work hours



35%

Work-from-home arrangements

28%

Health and wellness benefits

Speak to a QBE agent or broker about your insurance and risk management needs today.

Visit us at qbe.com/sg or contact us at info.sing@qbe.com

Source: 2024 SME market research commissioned by QBE Singapore