

PIVOTAL

Taiwan spotlight 2024



New research by DBS reveals the growing strategic influence that treasury and finance teams have on the long-term future of the business. Their guidance is vital as digital technology enables new forms of trade and value creation, as demand grows for sustainable business models, and as economic power is rebalanced across emerging markets as part of a new era of globalisation.

Here we look at what this means for businesses in Taiwan.

1. The business and economic climate

- Taiwan's status as a global centre for semiconductor manufacturing puts it in a perfect position to capitalise on the AI boom ^[1]
- The economy grew faster than at any point since 2021 in Q1 2024, driven by exports of AI-related tech ^[2]

^[1] <https://www.scmp.com/economy/global-economy/article/3265799/ai-computing-pushes-taiwans-geopolitics-weary-tech-sector-party-mode>

^[2] <https://www.bloomberg.com/news/articles/2024-04-30/taiwan-economy-grows-at-fastest-pace-since-2021-on-chip-boom>

- But economic worries and geopolitical issues are feeding uncertainty around expansion and diversification in Taiwan
- Talent is also an issue, with competition for qualified workers remaining fierce, especially in the thriving tech industry ^[3]

Strategic priorities for businesses in Taiwan

The top strategic priorities of organisations in Taiwan for the next two years are:

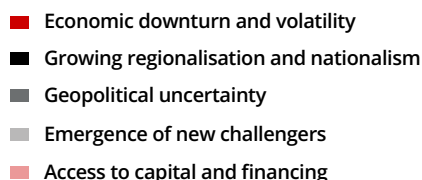
1. Enhancing customer satisfaction and retention (90% say this is a priority)
2. Building topline growth in Asia (70% say this is a priority)
3. Improving productivity and operational performance (70% say this is a priority)
4. Securing new skills and talent (70% say this is a priority)

Barriers to growth: economic volatility

When asked about the main barriers to doing business in Asia today, the top answer for organisations in Taiwan is economic downturn and volatility (40%), followed by sociopolitical trends of growing regionalisation and nationalism at 37%, which again suggests heightened sensitivity around broader geopolitical trends.

Figure 1. Economic downturn and volatility is the biggest barrier for Taiwanese businesses

What are the main barriers that your business faces in Asia today?



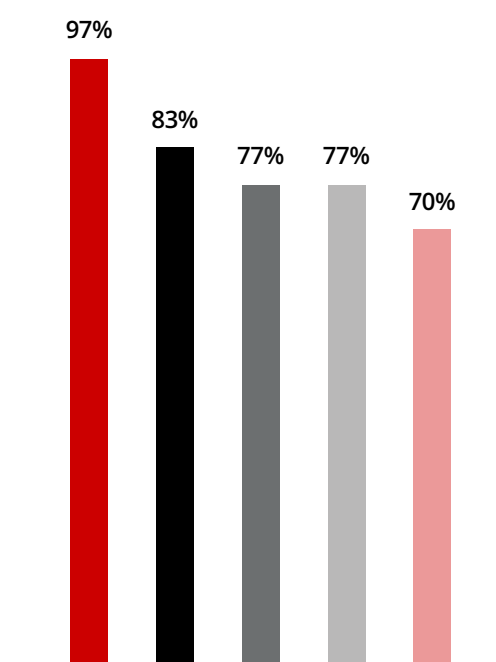
^[3] <https://restofworld.org/2024/taiwan-semiconductor-jobs-tech-workers/>



Figure 2. Treasury and finance teams are closely involved in corporate strategy

In which strategic initiatives is the treasury and finance team closely involved?

- Corporate strategy
- Procurement and supply chain
- Digital transformation
- Innovation and new product development
- Sustainability and decarbonisation



2. The strategic power of treasury and finance teams

Treasury and finance teams in Taiwan help guide business strategy

The strategic initiative that Taiwan treasury and finance teams are most likely to be involved in is corporate strategy, followed by procurement and supply chain. This is in line with the broader findings of DBS' survey, which suggest that treasury and finance teams are exerting a stronger influence on their organisations' strategic direction than in the past.

Regulatory compliance is less of a concern for treasury and finance in Taiwan than it is for their peers in other markets. On average across markets, 65% of treasury and finance respondents support this initiative, but just 53% support it in Taiwan. This may be a result of greater existing maturity in this area among businesses in Taiwan, in line with the essential requirements of an export-oriented economy.



3. What comes next for treasury and finance teams in Taiwan?

One in two executives in Taiwan believe that treasury and finance teams will be integral to business success in the new era. For many treasury and finance leaders within Taiwan, the question will be how they can consolidate their position and demonstrate that they can exert greater strategic influence as a trusted, insightful business partner.

Taiwanese businesses say that the areas where their treasury and finance teams are **strongest** are:

1. Strategic alignment with wider business direction (70% say their team is capable)
2. Accessing consistent and reliable data (60%)
3. Talent and skills (57%)
4. Process innovation and flexibility (57%)

They are **weakest** in the following areas:

1. Securing favourable financing for diversification initiatives (40% say their team has room for improvement)
2. Perspective on new and evolving risk (37%)
3. Preparedness to challenge strategy/development teams and offer solutions (30%)

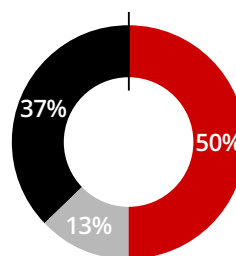
Against this backdrop, executives in Taiwan are focusing on a wide range of challenges and priorities:

- 70% say that securing financing for new strategic initiatives in Asia is becoming more important
- 63% say that finance, procurement and strategy teams must collaborate effectively to ensure they have clarity around a set of common goals
- 53% say that the CFO/Treasurer is closely involved in strategic objectives, but the rest of the finance function is primarily still focused on operational tasks
- Perhaps driven by growing pressure to bridge skills gaps, 50% say generative AI is helping them overcome long-term talent shortages and related challenges within the treasury and finance organisation

Figure 3. One in two Taiwan respondents see treasury and finance as key to success in the new era of globalisation

Do you agree that treasury and finance teams will be integral to business success in the new wave of globalisation?

- Agree
- Neutral
- Disagree



The outlook for treasury and finance teams in Taiwan is full of promise. Nonetheless, our research suggests that some companies in the economy are not yet seeing the teams' full potential as strategic partners to the business.

Looking forward, Taiwan's treasury and finance executives should focus on providing guidance around their geopolitical concerns while increasing their ability to secure financing for new initiatives in Asia. While executives in Taiwan say that they are already collaborating with corporate strategy functions effectively, and their strength in talent and skills gives them a firm base on which to grow for the future, the importance of building robust, trust-based relationships cannot be underestimated.

At DBS, we are committed to providing guidance and support to help treasury and finance teams navigate the path ahead.

[Please click here to read the full *Pivotal* report](#)



“ In the new era of globalisation, Asia has emerged as the epicentre of growth, with businesses flocking to the region’s emerging economies in search of new consumer markets and manufacturing opportunities. Within companies in Taiwan, we find executives focusing their efforts on enhancing customer satisfaction and retention while preparing their businesses for regional expansion by securing new talent and enhancing productivity.

Tony Luo

Head of Institutional Banking Group
DBS Taiwan



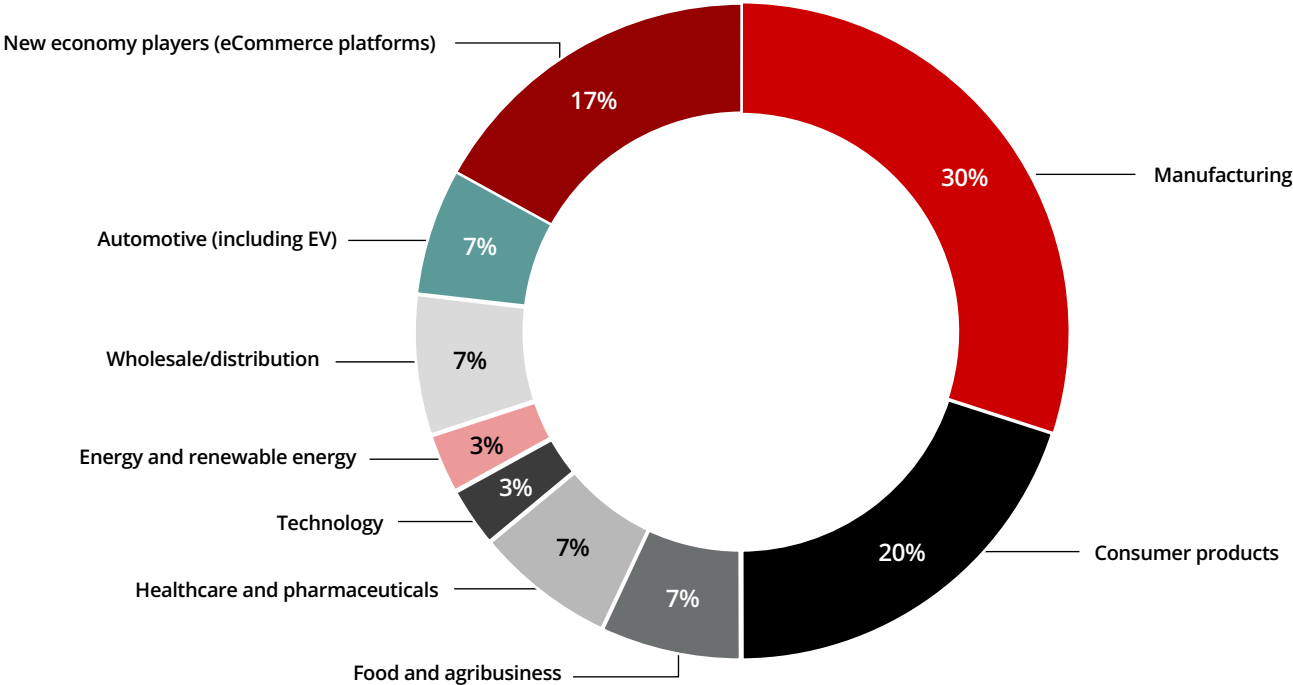
“ The ability to influence sustainable success in businesses increasingly lies with treasury and finance teams. In Taiwan, they are almost overwhelmingly involved in shaping the broader corporate strategy. At the same time, the teams are supporting efforts to upgrade procurement and supply chain while supporting innovation and digital transformation. Looking forward, they should look to further develop their strategic responsibilities, such as by providing broader guidance around risk in a time of economic and geopolitical uncertainty.

Sylvia Tao

Head of Global Transaction Services
DBS Taiwan

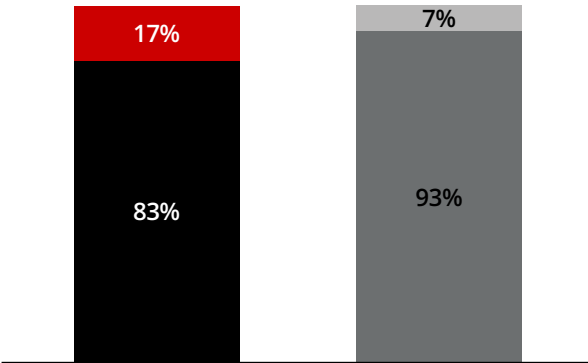
Taiwan: Demographic breakdown of survey respondents

Industry



Function and seniority

- Strategy
- Finance
- C-level (executive leadership/board member)
- C-1 (senior management reporting into executive leadership)



Role

