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FOR IMMEDIATE RELEASE

**Local commercial payment resiliency weakens further amid
 lacklustre economic growth in Q2**

-Singapore Commercial Credit Bureau

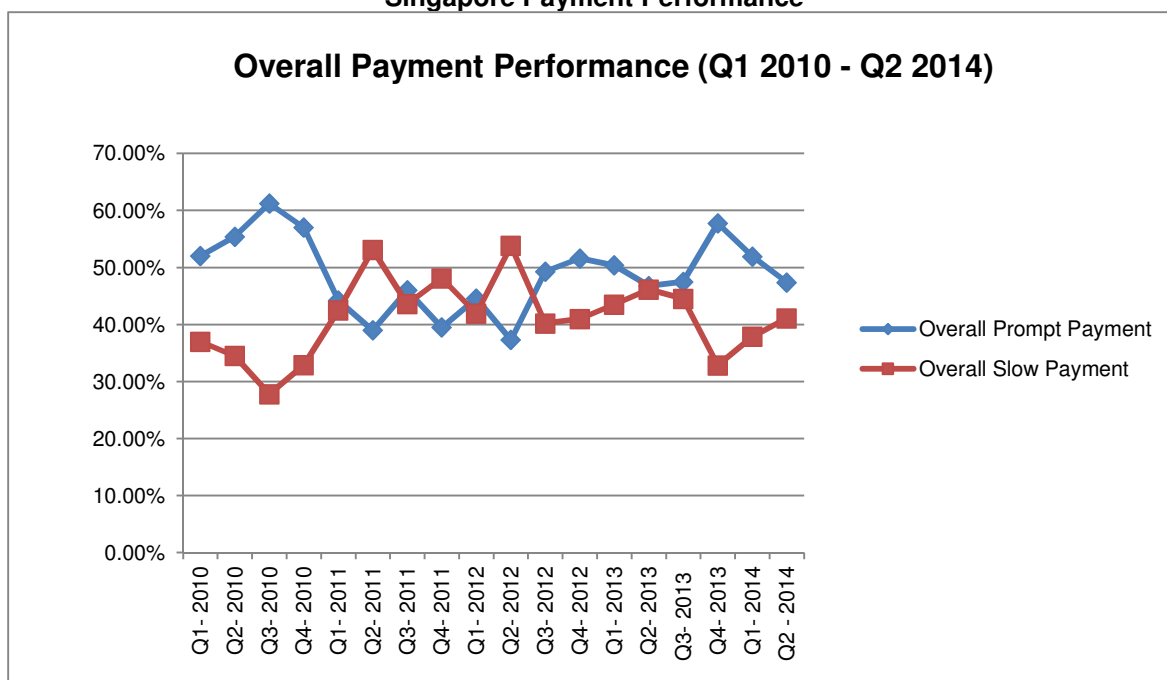
Singapore, 19 August 2014 – Local payment performance has deteriorated further after slow payments increased moderately in Q1 2014. The weaker showing comes on the back of lackluster local economic growth in Q2. For the first time since Q3 2013, overall payment promptness of local firms has fallen sharply below the 50 per cent mark. The latest payment statistics from Singapore Commercial Credit Bureau (SCCB) also revealed that overall slow payments have crossed the 40 per cent mark. The Ministry of Trade and Industry (MTI) has recently revised GDP growth estimates for 2014 to be between 2.5 and 3.5 per cent.

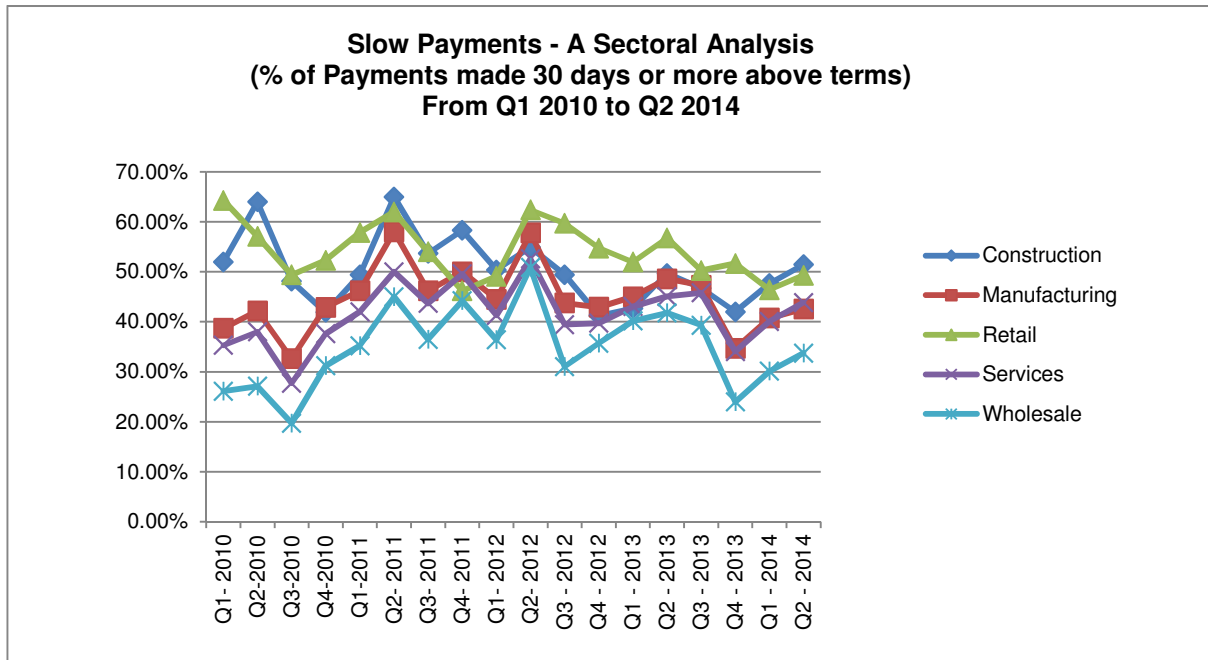
According to Singapore Commercial Credit Bureau (SCCB)'s proprietary payment statistics, overall prompt payments have worsened further quarter-on-quarter (q-o-q) as it fell moderately by 4.54 percentage points from 51.92 per cent to 47.38 per cent. Payment promptness have improved slightly as a year-on-year (y-o-y) analysis revealed that it has inched slightly upwards by 0.61 percentage points from 46.77 per cent to 47.38 per cent.

Meanwhile, overall slow payments have increased markedly by 3.22 percentage points from 37.88 per cent to 41.1 per cent q-o-q. However, like prompt payments, overall slow payments have also experienced an on-year dip by 5.04 per cent from 46.14 per cent in the same quarter last year.

Partial payments have experienced a marginal increase q-o-q by 1.32 percentage points from 10.2 per cent to 11.52 per cent. This marked six consecutive quarters of increase in partial payments by local firms since Q1 2013. Partial payments have also increased by 4.43 percentage points from 7.09 per cent in Q2 2013.

Singapore Payment Performance





From a sectoral perspective, slow payments have evidently deteriorated further with all five industries experiencing payment delays in Q2 2014. This stands in some contrast to Q1 2014 when slow payments were seen across 4 of five industries. However, payment performance has improved slightly on a y-o-y basis, with payment delays decreasing across 4 of five industries. According to SCCB, the construction sector is the only industry experiencing an on-year marginal increase in Q2 2014.

For two consecutive quarters since Q1 2014, the construction sector experienced the highest number of slow payments. Payment delays within the sector rose notably by 3.78 percentage points from 47.66 per cent in Q1 2014 to 51.44 per cent in Q2 2014. This was attributed mainly to a sharp increase in slow payments by special trade contractors as payment delays increased by 5.26 percentage points to 52.07 per cent. This also marks the first time in two years since payment delays within the sector have hit above the 50 per cent mark. According to SCCB, payment delays within the construction sector last crossed the halfway mark in Q2 2012, registering 54.9 per cent. On a y-o-y basis, payment delays within the construction sector inched up marginally by 1.74 percentage points, a slight improvement from Q1 when y-o-y change in payment delays increased by 4.98 percentage points.

Due to a slowdown in growth in business services and weaker expansion in the accommodation segment, the services sector experienced the sharpest increase in payment delays by 3.79 percentage points from 40.06 per cent in Q1 to 43.85 per cent in Q2. SCCB notes that health services, hotels and accommodation services and business services accounted for the largest increases in payment delays within the services industry, registering 51.08 per cent, 46.67 per cent and 44.10 per cent respectively. Spurred by growth within the education sector, payment delays within the sub-sector experienced the largest decrease, slipping by 17.38 percentage points from 48.51 per cent to 31.13 per cent. The financial services industry also experienced a slight decrease in payment delays, falling 0.68 percentage points to 26.1 per cent, buoyed by growth within sentiment-sensitive clusters. On the overall, payment delays have inched downwards slightly by 1.23 percentage points on a y-o-y basis.

Despite being the best paymaster, the wholesale sector experienced the third largest increase in slow payments as it increased by 3.61 percentage points from 30.11 per cent to 33.72 per cent. SCCB revealed that both wholesale trade in durable and non-durable goods have increased moderately to 34.38 per cent and 31.32 per cent respectively. The weaker showing was attributed to overall weaker growth in the wholesale trade sector and a moderation in non-oil re-exports growth. On a y-o-y basis, payment delays in wholesale trade have decreased by 8.05 percentage points from 41.77 per cent in Q2 2013.

Meanwhile, slow payments within the manufacturing sector have also inched upwards by 1.82 percentage points from 40.74 per cent in Q1 2014 to 42.56 per cent in Q2 2014 due to a sharp slowdown within the sector. Manufacturers of transportation equipment accounted for the largest proportion of payment delays, registering

52.28 per cent due to slower growth within the transport engineering sector. According to SCCB, manufacturers of lumber and wood products and furniture and fittings also accounted for the second and third highest proportion of payment delays, registering 52.17 percent and 52.0 per cent respectively. The sharpest increase in payment delays within the sector was also experienced by manufacturers of furniture and fittings and lumber and wood products by 20.27 percentage points and 16.07 percentage points respectively. SCCB further revealed that manufacturers of apparels and textiles experienced the third largest increase in payment delays by 7.2 percentage points to 28.51 per cent last quarter.

Owing to a drop in tourist arrivals and slower sales for retailers, payment delays within the retail sector have also deteriorated last quarter, increasing 2.87 percentage points from 46.42 per cent in Q1 2014 to 49.29 per cent in Q2 2014. The furniture and home furnishing stores, retailers of building materials and garden supplies, and automotive dealers experienced the largest increase in slow payments, registering 13.56 percentage points, 8.92 percentage points and 4.16 percentage points respectively. However, on a y-o-y basis, slow payments within the sector dropped sharply by 7.46 percentage points.

Commenting on the deterioration in local payment performance, Ms. Audrey Chia, D&B Singapore's Chief Executive Officer said, "The downward trend in payment performance clearly reflects how slower economic growth last quarter has impacted the ability of firms in meeting their debt obligations. The deterioration in payment performance was most evident in the construction and services sectors as growth within these sectors have been lackluster and have slowed down considerably. Only slightly more than two-fifths of the payment transactions within these sectors are prompt."

"Interestingly, we see a rising phenomenon of partial payments being made over the past year. The statistics seem to suggest that firms are placing greater emphasis on remaining creditworthy in the eyes of their creditors. As global uncertainties continue to prevail, firms will have to exercise greater flexibility in adapting their cashflows and credit management policies according to volatilities of the macroeconomic environment. Partial payments may be the most viable option for cash-strapped firms." added Ms. Chia.

According to SCCB, partial payments rose for six consecutive quarters after hitting an all-time low in Q1 2013 at 6.12 per cent.

Commentary

D&B Singapore compiles the figures by monitoring more than 1.5 million payment transactions of firms operating through its Singapore Commercial Credit Bureau (SCCB). Payment data is contributed to the Bureau by local firms. Prompt payment is classified as when at least 90% of total bills are paid within the agreed payment terms while slow payment is classified as when more than 50% of total bills are paid later than the agreed credit terms.

About Singapore Commercial Credit Bureau

Established in 2005, Singapore Commercial Credit Bureau (SCCB) operates a database of local enterprises and their credit history to provide clients with the insight needed to build trust and improve the quality of business relationships with their customers, suppliers and business partners. SCCB operates under D&B Singapore.

About D&B

D&B is the world's leading provider of business-to-business credit, marketing and purchasing information and receivables management services. D&B manages the world's most valuable commercial database with information on more than 235 million companies. D&B has a database of 100 million tradelines on a global basis and 26 million within the Asia Pacific region.

Information is gathered in over 220 countries, in 95 languages or dialects, covering 186 monetary currencies. The database is refreshed more than one million times daily as part of D&B's commitment to provide accurate, comprehensive information for its customers around the world.

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