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FOR IMMEDIATE RELEASE

Local payment delays worsen in Q3 2016
Y-o-y increase in slow payments within the construction sector
hits an all-time high
-Singapore Commercial Credit Bureau

Singapore, 03 October 2016 – Payment performance of local firms deteriorated strongly year-on-year (y-o-y) in Q3 2016 compared to the same quarter in 2015. Prompt payments which accounted for slightly more than half of total payment transactions in Q3 2015 tumbled to slightly over two-fifths of payment transactions in Q3 2016. Slow payments have also risen markedly, accounting for more than two-fifths of payment transactions in Q3 2016.

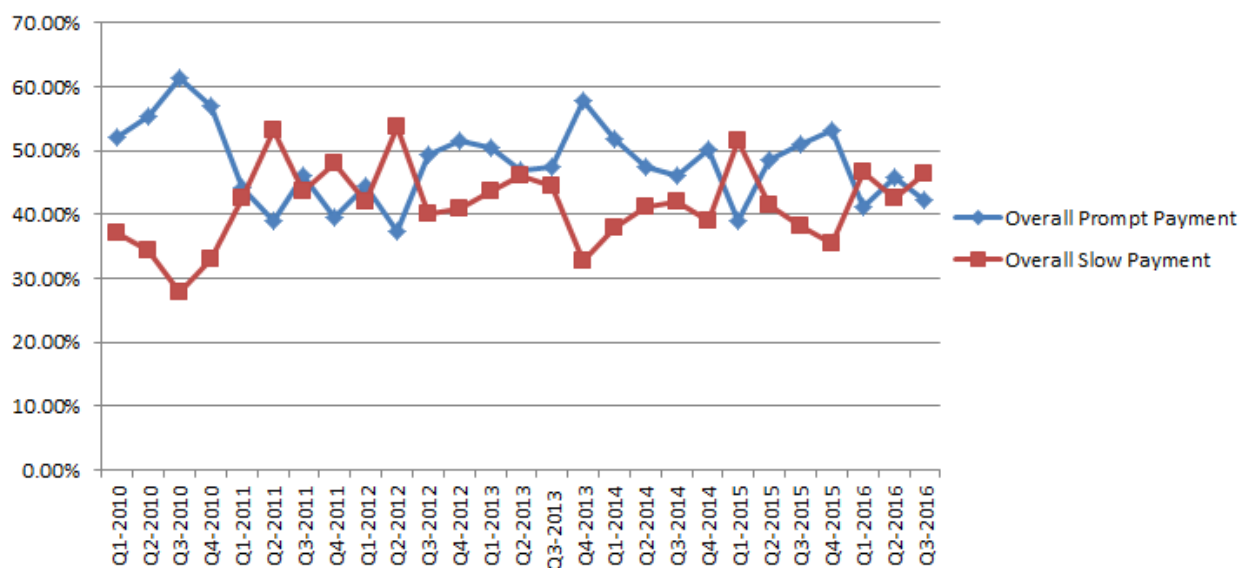
According to Singapore Commercial Credit Bureau (SCCB)'s latest payment statistics, prompt payments deteriorated strongly by 8.87 percentage points from 51.05 per cent in Q3 2015 to 42.18 per cent in Q3 2016. Y-o-y slow payments have also deteriorated similarly by 8.06 percentage points from 38.31 per cent in Q3 2015 to 46.37 per cent in Q3 2016.

On a quarter-on-quarter (q-o-q) basis, prompt payments dipped by 3.74 percentage points from 45.92 per cent in Q2 2016 to 42.18 per cent in Q3 2016. Slow payments inched upwards by 3.76 percentage points from 42.61 per cent in Q2 2016 to 46.37 per cent in Q3 2016.

Meanwhile, y-o-y partial payments edged up by 0.80 percentage points from 10.65 per cent in Q3 2015 to 11.45 per cent in Q3 2016. On a q-o-q basis, partial payments slipped slightly by 0.03 percentage points from 11.48 per cent in Q2 2016 to 11.45 per cent in Q3 2016.

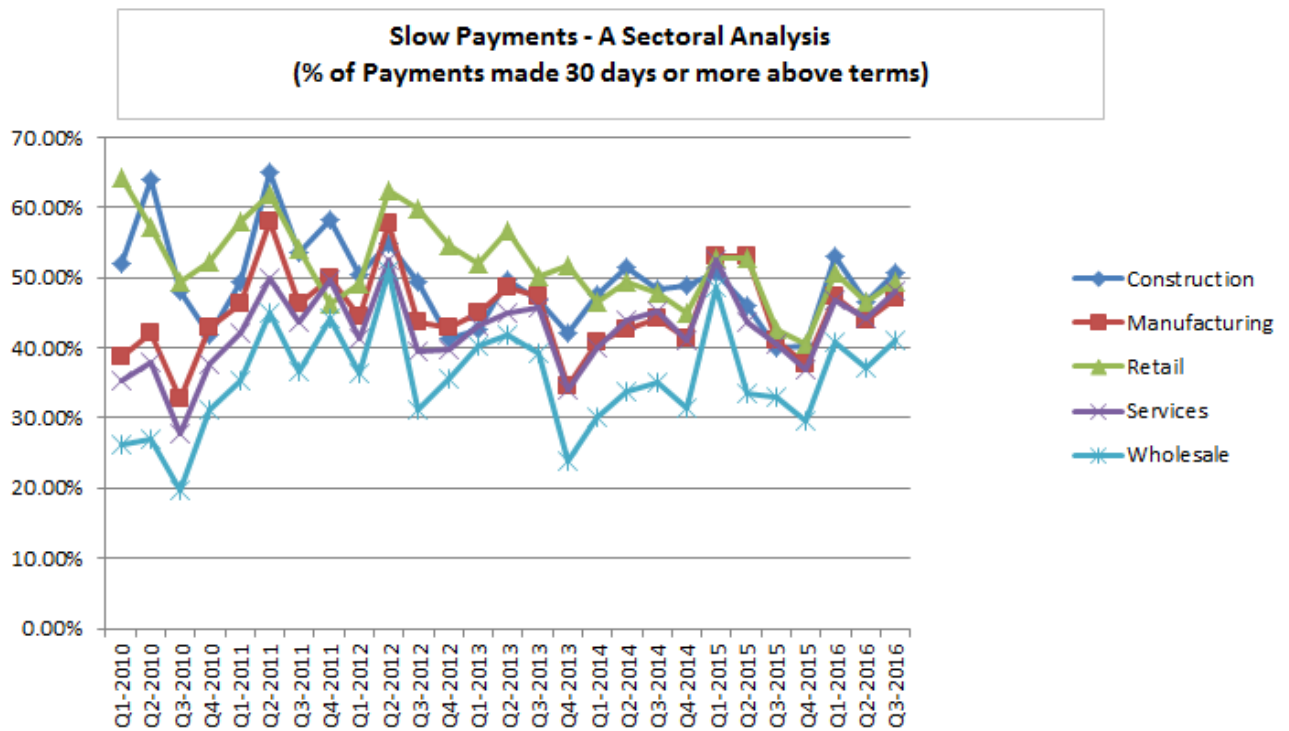
Singapore Payment Performance

Overall Payment Performance (Q1 2010 to Q3 2016)



From a sectoral perspective, q-o-q slow payments have deteriorated across all five industries. This stands in contrast to Q2 2016 when improvements in slow payments were visible across all 5 industries. Y-o-y payment delays have also jumped markedly for all 5 industries.

Sector	% of Slow Payments			Percentage-Point Change	
	Q3 2016	Q2 2016	Q3 2015	Q-o-q	Y-o-y
Construction	50.82	46.60	39.98	+4.22	+10.84
Manufacturing	47.13	43.88	41.05	+3.25	+6.08
Retail	49.35	46.45	42.54	+2.90	+6.81
Services	48.01	44.14	40.58	+3.87	+7.43
Wholesale	41.16	37.13	32.91	+4.03	+8.25



Construction

As with Q2 2016, the construction sector registered the highest proportion of slow payments for the third consecutive quarter. SCCB also notes that the sector experienced the steepest increase in slow payments both q-o-q and y-o-y. This was largely due to a weaker payment performance by special trade contractors.

- Payment delays accounted for more than half of all payment transactions within the sector. According to SCCB, q-o-q payment delays jumped by 4.22 percentage points from 46.60 per cent in Q2 2016 to 50.82 per cent in Q3 2016.
- Slow payments among special trade contractors experienced the sharpest increase by 5.85 percentage points from 43.04 per cent in Q2 2016 to 48.89 per cent in Q3 2016. As with Q2 2016, the heavy construction sector accounted for the highest proportion of slow payments, inching upwards slightly by 1.87 percentage points from 50.81 per cent in Q2 2016 to 52.68 per cent in Q3 2016. Slow payments

within the building construction sector climbed by 4.0 percentage points from 47.98 per cent in Q2 2016 to 51.98 per cent in Q3 2016.

- On a y-o-y basis, payment delays within the construction sector increased significantly by 10.84 percentage points from 39.98 per cent in Q3 2015 to 50.82 per cent in Q3 2016.

Wholesale Trade

The wholesale trade sector continued to experience one of the highest q-o-q and y-o-y increase in payment delays due to a deceleration in both local and foreign wholesale trade.

- According to SCCB, slow payments climbed by 4.03 percentage points from 37.13 per cent in Q2 2016 to 41.16 per cent in Q3 2016, accounting for more than two-fifths of payment transactions within the sector.
- The wholesale trade of durable goods experienced a slightly higher proportion of payment delays compared to non-durable goods. Slow payments by wholesalers of durable goods jumped by 4.48 percentage points from 36.90 per cent in Q2 2016 to 41.38 per cent in Q3 2016. Payment delays by wholesalers of non-durable goods rose by 2.48 percentage points from 37.93 per cent in Q2 2016 to 40.41 per cent in Q3 2016.
- On a y-o-y basis, the wholesale sector registered the second highest increase in slow payments, jumping moderately by 8.25 percentage points from 32.91 per cent in Q3 2015 to 41.16 per cent in Q3 2016.

Services

Owing to a downturn within the business services segment and a fall in tourist arrivals in recent months, slow payments within the services sector deteriorated in Q3 2016.

- According to SCCB, q-o-q payment delays climbed by 3.87 percentage points from 44.14 per cent in Q2 2016 to 48.01 per cent in Q3 2016.
- Payment delays by firms offering membership services registered the largest increase by 10.64 percentage points from 33.90 per cent in Q2 2016 to 44.54 per cent in Q3 2016. This is followed by education services which saw a rise in slow payments by 7.77 percentage points from 44.25 per cent in Q2 2016 to 52.02 per cent in Q3 2016. The engineering and management services sector accounted for the third largest increase in slow payments by 6.95 percentage points from 43.17 per cent in Q2 2016 to 50.12 per cent in Q3 2016.
- On a y-o-y basis, slow payments jumped by 7.43 percentage points from 40.58 per cent in Q3 2015 to 48.01 per cent in Q3 2016.

Manufacturing

Meanwhile, payment delays within the manufacturing sector fell markedly due to a slowdown in general manufacturing and pharmaceuticals production.

- According to SCCB, slow payments inched up by 3.25 percentage points from 43.88 per cent in Q2 2016 to 47.13 per cent in Q3 2016.
- Manufacturers of tobacco experienced the largest increase in slow payments by 16.60 percentage points from 46.67 per cent in Q2 2016 to 63.27 per cent in Q3 2016. This is followed by apparel and textile manufacturers which registered the second largest increase in slow payments by 8.61 percentage points from 36.46 per cent in Q2 2016 to 45.07 per cent in Q3 2016. Manufacturers of stone clay and glass products accounted for the third largest increase as payment delays rose by 7.91 percentage points from 44.04 per cent in Q2 2016 to 51.95 per cent in Q3 2016.

- On a y-o-y basis, slow payments have increased markedly by 6.08 percentage points from 41.05 per cent in Q3 2015 to 47.13 per cent in Q3 2016.

Retail

Following a marked q-o-q deterioration in slow payments in Q2 2016, the retail sector registered the smallest increase in payment delays in Q3 2016. The increase in payment delays was largely attributed to overall weaker retail sales in the recent months.

- According to SCCB, slow payments edged upwards q-o-q by 2.90 percentage points from 46.45 per cent in Q2 2016 to 49.35 per cent in Q3 2016.
- Retailers of building materials and garden supplies accounted for the highest increase in slow payments by 8.09 percentage points from 53.12 per cent in Q2 2016 to 61.21 per cent in Q3 2016. This is followed by retailers of general merchandise, which saw a rise in slow payments by 6.82 percentage points from 40.37 per cent in Q2 2016 to 47.19 per cent in Q3 2016. The automobile sector saw the third sharpest increase in slow payments by 6.26 percentage points from 37.43 per cent in Q2 2016 to 43.69 per cent in Q3 2016.
- On a y-o-y basis, slow payments rose by 6.81 percentage points from 42.54 per cent in Q3 2015 to 49.35 per cent in Q3 2016.

“The weaker payment performance in Q3 is a clear indication that firms here are feeling the impact of a credit crunch. The construction sector has, in particular, experienced one of the highest proportions of payment delays in two years since Q3 2014. Managing cashflows has always been a major concern this sector given its complexity, involving multiple suppliers and special trade contractors who undertake specialized works. The main challenge for construction firms would be to exercise control over cashflow planning and to compress their cashflow cycles into the shortest period possible.” commented Ms. Audrey Chia, D&B Singapore’s Chief Executive Officer.

“Firms could adopt alternative measures which provide some relief to their cashflow problems as the enforcement of payment terms could potentially pose potential challenges to maintaining business relationships. This may involve performing a highly rigorous evaluation in the form of credit checks on customers as well as a diversification of funding through non-traditional financing institutions as a means to tide through cashflow issues.” added Ms. Chia.

Commentary

D&B Singapore compiles the figures by monitoring more than 1.6 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.

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