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FOR IMMEDIATE RELEASE

Local payment performance rebounds in Q3 as retail payment delays hit 15-month low
- Singapore Commercial Credit Bureau

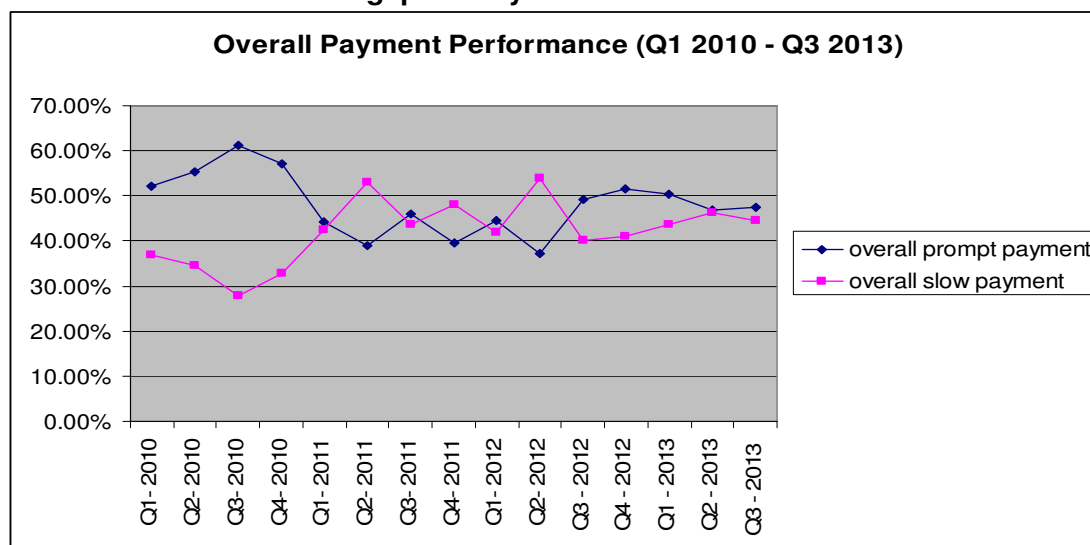
Singapore, 11 Nov 2013 – Despite the fog of economic uncertainty hanging over the global economy, payment performance of local firms took a turn for the better after moderate declines since Q4 2012. Prompt payments in particular have improved marginally after hitting a one-year low. The better showing comes amid economic predictions of an improved economic outlook. MTI has recently raised Singapore’s expected GDP growth forecast to be between 2.5 to 3.5 percent this year.

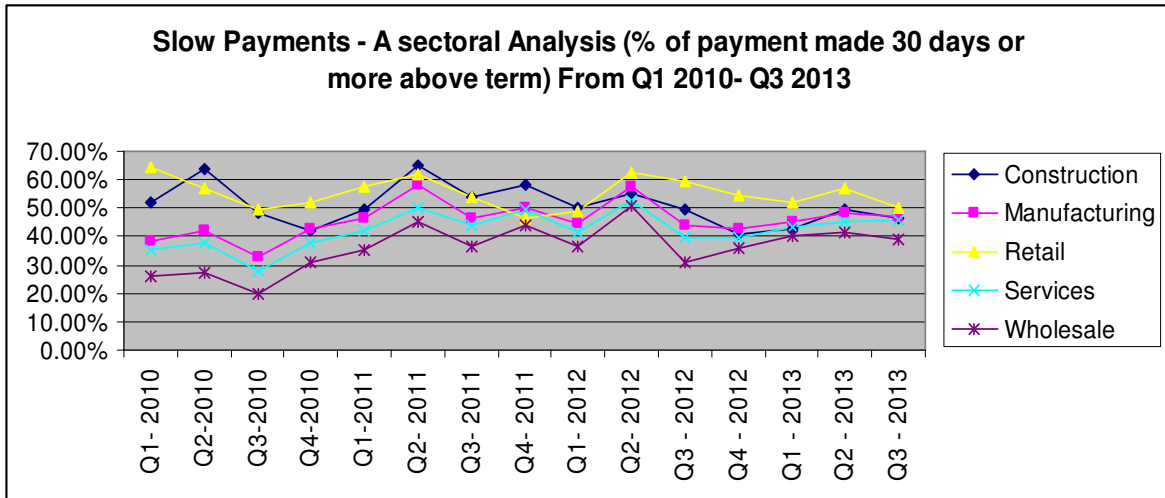
According to Singapore Commercial Credit Bureau (SCCB)’s latest payment trend analysis, prompt payments edged upwards slightly by 0.73 percentage points quarter-on-quarter (q-o-q) from 46.77 per cent to 47.5 per cent points. The slight uptick in prompt payments follows two consecutive quarters of moderate decline. Compared to a year ago, prompt payments have however slid by 1.8 percentage points from 49.3 per cent.

The improved showing is also evident in the decline in proportion of slow payments made by local firms last quarter. Slow payments have been on rise for three consecutive quarters since hitting its 12-month low in Q3 last year. This quarter, payment delays fell modestly by 1.62 percentage points from 46.14 per cent to 44.52 per cent. On a year-on-year (y-o-y) basis, slow payments increased sharply by 4.32 percentage points from its previous low of 40.2 per cent.

Meanwhile, the proportion of partial payments made by local firms continues to increase as more firms are clearing their outstanding debts partially. According to SCCB, partial payments inched up 0.89 percentage points to 7.98 percentage points, its second highest showing over the past 12 months. On a y-o-y basis, partial payments dipped by 2.52 percentage points from the previous 12-month peak at 10.50 per cent.

Singapore Payment Performance





A sectoral analysis revealed that payment delays have declined across 4 of five industry verticals. This stands in sharp contrast to the previous quarter when payment delays increased for all five industries on a q-o-q basis. However, on a y-o-y basis, 3 of five sectors have experienced an increase in slow payments.

Despite emerging as the slowest paymaster among all industries, the retail sector experienced the sharpest decline in payment delays. According to SCCB, slow payments fell by 6.48 percentage points from 56.75 per cent to 50.27 per cent q-o-q. This is attributed to stronger business receipts in apparels and accessories as well as eating and drinking retail stores here. According to SCCB, retailers of apparels and accessories have experienced the lowest payment delays at 37.33 per cent despite a marginal increase by 0.91 percentage points from 36.42 per cent q-o-q. Food and beverage retailers have registered the steepest decline by 12.21 percentage points from 69.97 per cent to 57.75 per cent q-o-q. A y-o-y analysis further revealed that payment defaults within the retail sector took a tumble by 9.44 percentage points. This also marks the lowest proportion of payment delays by the retail sector in 15 months. Payment delays within the sector hit a previous low of 49.10 per cent in Q1 2012.

On the other end of the spectrum, the wholesale sector ranks as the best paymaster as payment defaults fell moderately by 2.46 percentage points from 41.77 per cent to 39.31 per cent. The slightly better showing comes on the back of a steady increase in electronic re-exports. However, the sector remains vulnerable to global headwinds as y-o-y slow payments rose steeply by 8.21 percentage points.

Reversing the upward trend experienced since Q4 2012, the construction sector saw a moderate decline in payment delays as slow payments fell by 2.97 percentage points q-o-q from 49.70 per cent to 46.73 per cent. On a y-o-y basis, slow payments fell 2.7 percentage points. This is largely due to a strong pipeline of building projects in the private sector which underpinned growth within the industry.

Meanwhile, payment delays of manufacturers slipped by 1.29 percentage points from 48.61 per cent to 47.32 per cent q-o-q. On a y-o-y basis, payments delays have increased by 3.55 percentage points from 43.77 per cent. The slight decrease in payment delays within the sector is attributed to moderate growth in September, which has offset the contractions experienced in the months of July and August. Growth in the manufacturing sector is mainly supported by biomedical manufacturing and the electronics clusters. According to SCCB, manufacturers of textile mill products and apparels have experienced the most prompt payments at 60.0 per cent last quarter. The biggest improvement was however experienced by manufacturers of furniture which saw prompt payments rise by 13.36 percentage points from 43.08 per cent to 56.45 per cent. The electronics sector, which experienced an increase in output last quarter, experienced a relatively modest increase by 1.43 percentage points in prompt payments from 46 per cent to 47.43 per cent.

Despite higher business revenue particularly in accommodation, food and beverage, transport and storage services, payment performance of firms in the service industry has declined. The service sector is the only industry experiencing an increase in slow payment. On a q-o-q basis, payment delays have increased marginally by 0.74 percentage points from 45.08 per cent to 45.82 per cent. Moving in a similar direction, slow payments rose sharply by 6.38 percentage points from its two-year low of 39.44 per cent in the same quarter last year.

"In line with the gradual recovery of the global economy, the growth outlook for local companies looks set to improve for the rest of the year. The slight uptick in payment performance last quarter is a reflection of a better performing domestic sector over the past three months." said Ms. Audrey Chia, D&B Singapore's Chief Executive Officer.

"However, downside risks will continue to prevail as it is unclear how well markets around the world will adjust to the tapering of the US quantitative easing programme. Local companies should therefore exercise prudence in risk management and remain vigilant in ensuring smoother cashflows during such volatile times." added Ms. Chia.

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 225 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.

For more information, please visit www.dnb.com.sg.

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