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FOR IMMEDIATE RELEASE

Payment performance deteriorates for the first time in three quarters in Q1 2016

More firms deferring payment partially as partial payments hit near 4-year peak
-Singapore Commercial Credit Bureau

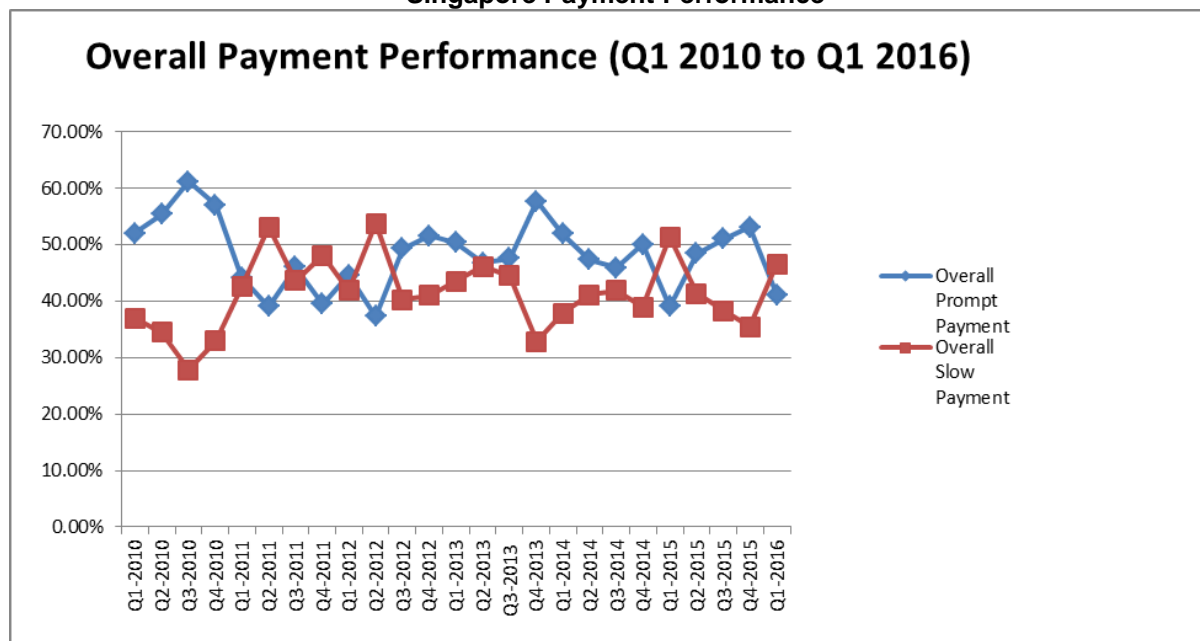
Singapore, 04 April 2016 – Payment performance has displayed strong signs of weakening after three consecutive quarters of improvements for the first quarter of 2016. Prompt payments accounted for less than half of all payment transactions while slow payments made up more than two-fifths of all payment transactions for the first time since Q3 2015.

According to Singapore Commercial Credit Bureau (SCCB)'S latest payment statistics, overall prompt payments fell to its second lowest reading in one year when prompt payments registered 39.04 per cent in the same quarter last year. On a quarter-on-quarter (q-o-q) basis, overall prompt payments tumbled significantly by 11.99 percentage points from 53.10 per cent in Q4 2015 to 41.11 per cent in Q1 2016. However, prompt payments saw slight improvements on a year-on-year (y-o-y) basis, inching upwards by 2.07 percentage points from 39.04 per cent in Q1 2015 to 41.11 per cent in Q1 2016.

Slow payments have similarly deteriorated to its second highest reading in one year. On a q-o-q basis, slow payments jumped by 11.15 percentage points from 35.43 per cent in Q4 2015 to 46.58 per cent in Q1 2016. Compared to a year ago, slow payments slipped by 4.83 percentage points from 51.41 per cent in Q1 2015 to 46.58 per cent in Q1 2016.

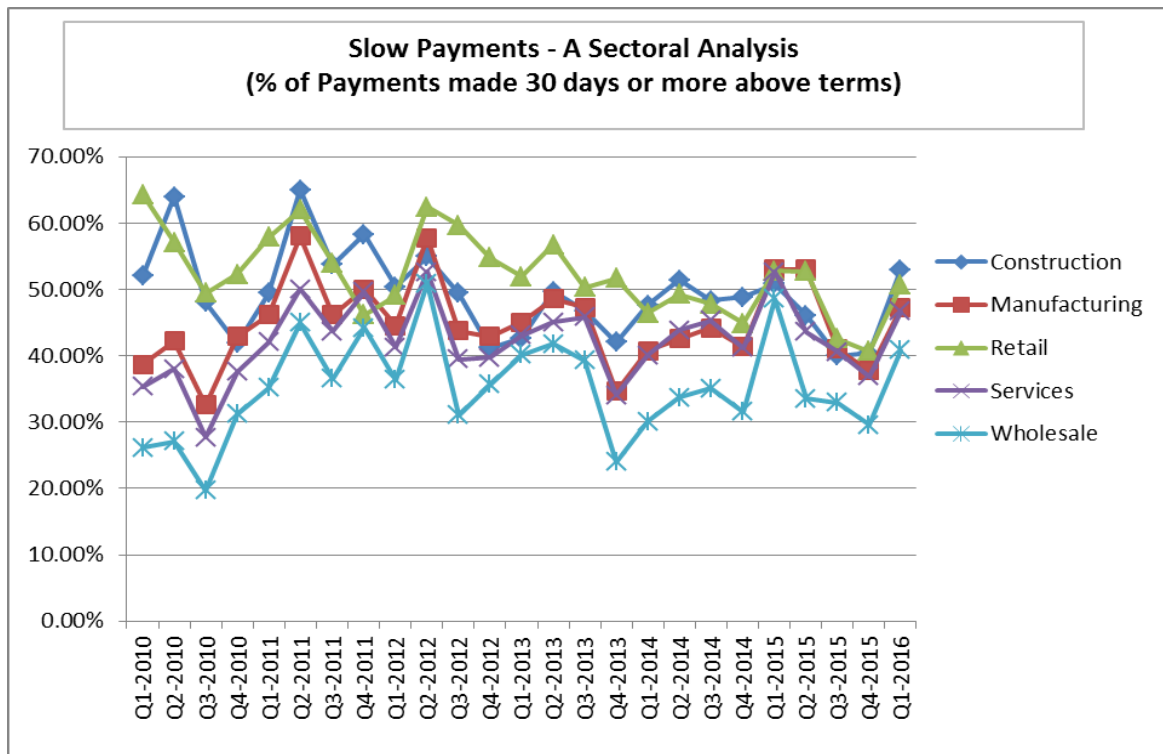
Meanwhile, partial payments rose by 0.84 percentage points q-o-q for the fourth consecutive quarter from 11.47 per cent in Q4 2015 to 12.31 per cent in Q1 2016. Y-o-y, partial payments edged upwards by 2.76 percentage points from 9.55 per cent in Q1 2015 to 12.31 per cent in Q1 2016.

Singapore Payment Performance



From a sectoral perspective, q-o-q slow payments have deteriorated across all five industries. This stands in contrast to Q4 2015 when only 1 of five industries experienced an increase in slow payments. On a y-o-y basis, payment delays have improved across 4 of five sectors in Q1 2016. The construction sector is the only sector which has experienced an increase in y-o-y slow payments.

Sector	% of Slow Payments			Percentage-Point Change	
	Q1 2016	Q4 2015	Q1 2015	Q-o-q	Y-o-y
Construction	52.98	40.37	50.78	12.61	2.20
Manufacturing	47.20	37.73	53.06	9.47	-5.86
Retail	50.65	40.64	52.82	10.01	-2.17
Services	46.72	36.84	52.64	9.88	-5.92
Wholesale	40.85	29.61	48.56	11.24	-7.71



Construction

Following a slight deterioration in payment performance in Q4 2015, payment delays within the construction sector continued to worsen, accounting for the highest proportion as well as largest increase in payment delays among all the sectors in Q1 2016. The increase in payment delays was largely due to a tapering of both private and public building activities.

- According to SCCB, q-o-q payment delays jumped by 12.61 percentage points from 40.37 per cent in Q4 2015 to 52.98 per cent in Q1 2016.
- Slow payments saw the sharpest increase among special trade contractors, which rose 14.25 percentage points from 36.50 per cent in Q4 2015 to 50.75 per cent in Q1 2016. Meanwhile, payment delays within the building construction sector increased by 11.90 percentage points from 41.80 per cent

in Q4 2015 to 53.70 per cent in Q1 2016; while that of the heavy construction sector rose by 10.41 percentage points 45.11 per cent in Q4 2015 to 55.52 per cent in Q1 2016.

- On a y-o-y basis, payment delays within the construction sector increased marginally by 2.20 percentage points from 50.78 per cent in Q1 2015 to 52.98 per cent in Q1 2016.

Wholesale Trade

Despite being the best paymaster across all sectors, the wholesale trade sector experienced the second largest increase in payment delays owing to the sustained decline in oil-related wholesale activity and the pullback on sea cargo volumes.

- According to SCCB, payment delays increased sharply by 11.24 percentage points from 29.61 per cent in Q4 2015 to 40.85 per cent in Q1 2016 due largely to deterioration within the wholesale trade of nondurable goods.
- Slow payments by the wholesale trade of non-durable goods increased markedly by 15.45 percentage points from 27.65 per cent in Q4 2015 to 43.10 per cent in Q1 2016. Meanwhile, payment delays by the wholesale trade of durable goods rose moderately by 4.48 percentage points from 35.74 per cent in Q4 2015 to 40.22 per cent in Q1 2016.
- On a y-o-y basis, slow payments within the wholesale trade sector fell moderately by 7.71 percentage points from 48.56 per cent in Q1 2015 to 40.85 per cent in Q1 2016.

Retail

The retail sector registered the second highest proportion of payment delays in Q1 2016 due to the negative spillovers of a recent decline in tourist arrivals which have weighed on the domestic retail sector.

- According to SCCB, slow payments increased q-o-q by 10.01 percentage points from 40.64 per cent in Q4 2015 to 50.65 per cent in Q1 2016.
- Retailers of furniture and home furnishing stores experienced the sharpest increase in payment delays, rising by 13.25 percentage points from 36.40 per cent in Q4 2015 to 49.65 per cent in Q1 2016. This is followed by retailers of food and drinking places which saw slow payments increased by 10.96 percentage points from 41.05 per cent in Q4 2015 to 52.01 per cent in Q1 2016. Meanwhile, slow payments by retailers of apparel and accessory stores increased by 9.89 percentage points from 38.45 per cent in Q4 2015 to 48.34 per cent in Q1 2016.
- On a y-o-y basis, slow payments fell slightly by 2.17 percentage points from 52.82 percentage points in Q1 2015 to 50.65 percentage points in Q1 2016.

Manufacturing

As manufacturing activity continues to shrink, slow payments within the sector rose significantly for the first time since Q2 2015.

- According to SCCB, slow payments climbed q-o-q by 9.47 percentage points from 37.73 per cent in Q4 2015 to 47.20 per cent in Q1 2016.
- Food manufacturers experienced the highest q-o-q increase in payment delays by 17.66 percentage points from 37.19 per cent in Q4 2015 to 54.85 per cent in Q1 2016. Slow payments within the general manufacturing industry registered the second highest q-o-q increase by 14.34 percentage points from 32.90 per cent in Q4 2015 to 47.24 per cent in Q1 2016. This is followed by manufacturers of transportation equipment, where slow payments increased by 14.29 percentage points from 48.39 per cent in Q4 2015 to 62.68 per cent in Q1 2016.

- For Q1 2016, manufacturers of transportation equipment, food, lumber and wood products recorded the highest proportion of payment delays at 62.68 per cent, 54.85 per cent and 54.13 per cent respectively.
- On a y-o-y basis, payment delays have fallen by 5.86 percentage points from 53.06 per cent in Q1 2015 to 47.20 per cent in Q1 2016.

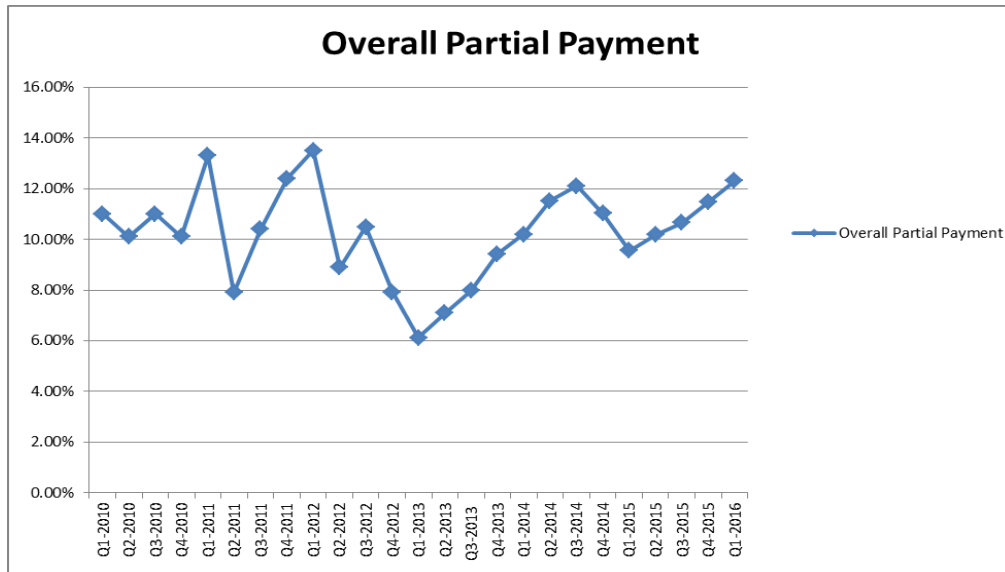
Services

Slow payments within the services sector has also increased markedly in Q1 2016 as sectoral growth softened in the recent months.

- According to SCCB, q-o-q payment delays rose by 9.88 percentage points from 36.84 per cent in Q4 2015 to 46.72 per cent in Q1 2016.
- This was attributed mainly by an increase in slow payments across the hotels and accommodation, automobile repair and maintenance services and engineering and management services sub segments. SCCB notes that payment delays within the hotels and accommodation segment rose by 13.81 percentage points from 38.69 per cent in Q4 2015 to 52.50 per cent in Q1 2016. This was followed by the automobile repair and maintenance services, which saw a marked increase by 12.90 percentage points from 30.19 per cent in Q4 2015 to 43.09 per cent in Q1 2016. The engineering and management services sub-segment accounted for the third largest increase in payment delays by 10.72 percentage points from 36.36 per cent in Q4 2015 to 47.08 per cent in Q1 2016.
- Hotels and accommodation accounted for the highest proportion of slow payments at 52.50 per cent. The consumer-facing services sector continues to experience a downtrend as payment delays accounted for the second highest proportion of all payment transactions at 50.82 per cent. Health services accounted for the third highest proportion payment delays at 50.0 per cent.
- On a y-o-y basis, slow payments decreased by 5.92 percentage points from 52.64 per cent in Q1 2015 to 46.72 per cent in Q1 2016.

“The deterioration in payment performance should come as no surprise with the strong deceleration in payment delays which we have seen at the end of 2015. Last quarter also marks the very first time when slow payments across all sectors have risen in one year. Interestingly, we have seen a rising trend of partial payments being made over the recent quarters. In times of economic uncertainties, a partial deferment of payment may offer a viable alternative for firms to circumvent cashflow issues.” commented Ms. Audrey Chia, D&B Singapore’s Chief Executive Officer.

According to SCCB, partial payments rose to its second highest peak in 4 years, registering 12.31 per cent in Q1 2016. It reached its previous peak in Q1 2012 at 13.50 per cent.



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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