



Contact:
 Eugene Zachariah, Marcom & Product Development
 eugene.tan@dnb.com.sg
 +65 6439 6670
 +65 9478 5568

FOR IMMEDIATE RELEASE

Payment performance moderates downwards in Q1 amid global economic gridlock
- Singapore Commercial Credit Bureau

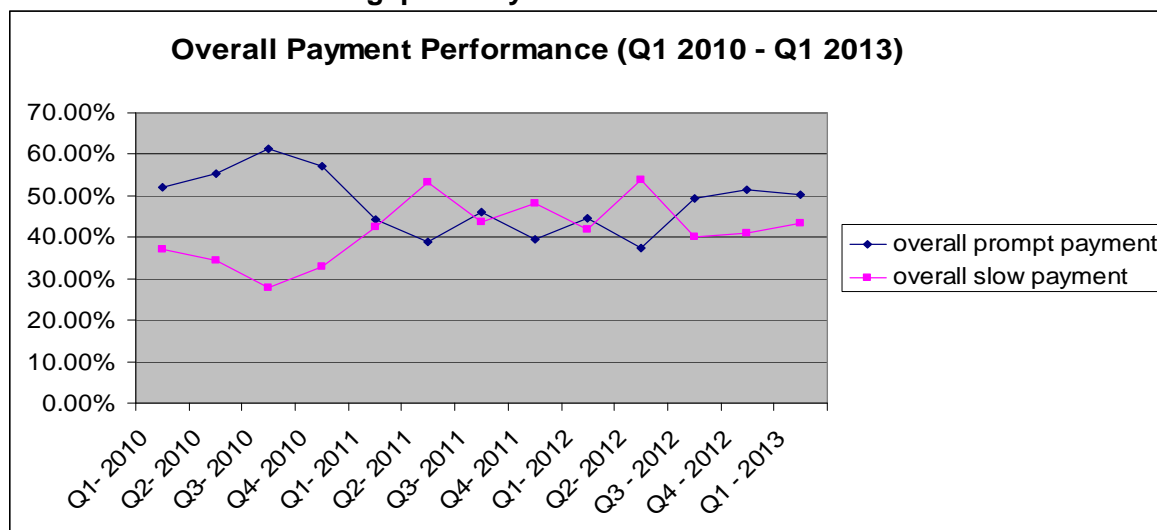
Singapore, 01 Apr 2013 – Within the context of challenging economic conditions and the promise of a decisive recovery still remaining a low possibility, payment performance has moderated downwards for the first quarter of 2013, following two consecutive quarters of marked improvements. Last quarter, payment defaults have increased slightly reaching its new peak within the past year. While overall payment promptness has held steady above the 50 per cent mark, the downward trend has become more evident and visible in the first quarter.

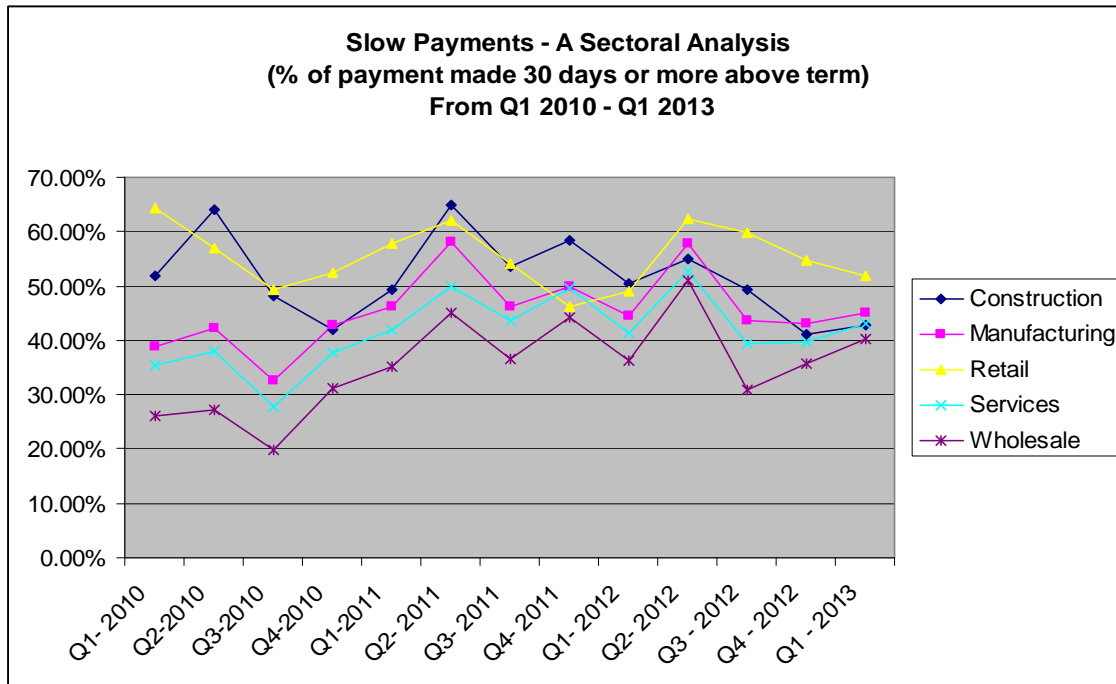
According to Singapore Commercial Credit Bureau (SCCB)'s latest payment trend analysis, payment promptness has declined marginally by 1.21 percentage points quarter-on-quarter (q-o-q) from 51.59 per cent to 50.38 per cent. However, the proportion of prompt payments was still better compared to a year ago for the very same quarter. A year-on-year (y-o-y) analysis revealed a substantial 5.82 percentage point increase from 44.56 percentage points to 50.38 percentage points.

Meanwhile, payment delays continued on the path of increase as slow payments rose by 2.51 percentage points q-o-q, from 40.99 percentage points to 43.50 percentage points. This stands in some level of contrast compared to Q4 2012 when payment defaults increased by a mere 0.79 percentage points. Reaching its new peak over the past year, slow payments have increased by 1.58 percentage points from 41.92 percentage points y-o-y.

The downward trend in payment promptness is also being reflected in the proportion of partial payments made in the last quarter. According to SCCB, partial payments have declined by 1.8 percentage points from 7.92 per cent to 6.12 per cent. This marks the lowest proportion of partial payments made in the history of SCCB's payment analysis.

Singapore Payment Performance





Compared to Q4 2012, payment performance has declined last quarter with four of five sectors experiencing varying levels of increase in the proportion of slow payments made. With the exception of the retail industry, payment delinquency has risen in the remaining industries.

The sharpest increase in proportion of payment delays was most evident in the wholesale sector. Last quarter, the sector registered a 4.45 percentage-point increase from 35.71 per cent to 40.16 per cent q-o-q. A y-o-y analysis also revealed a 3.76 percentage point increase in payment defaults. The decline is likely a result of modest external-oriented wholesale trade activities in Q1. However, the wholesale sector has nevertheless maintained its reputation as the best paymaster.

After two consecutive quarters of decline, both construction and manufacturing sectors have seen their payment defaults increased for the first time since Q2. Slow payments increased by 1.49 percentage points from 41.19 per cent to 42.68 per cent for the construction sector. On the other hand, payment defaults in the manufacturing sector have increased by 2.07 percentage points from 42.94 per cent to 45.01 per cent. The construction sector has however performed relatively well year-on-year as slow payments declined sharply by 7.72 percentage points. Significant expansion and elevated activities are expected within the sector with a strong pipeline of projects being awarded to construction firms in the recent years. On the other hand, y-o-y slow payments have increased for the manufacturing sector as it jumps 0.51 percentage points from the previous year. The weaker showing is indicative of the volatility within the sector, which continues to struggle amid inflation, labour shortages and declining demand.

Payment performance still remains positive for the retail sector as the proportion of slow payments declined by 2.76 percentage points from 54.73 percentage points to 51.97 percentage points. The downward trend in payment defaults within the sector since the third quarter of 2012 is likely attributable to higher sales turnover from the Lunar New Year festive season. The Monetary Authority of Singapore (MAS) reported an increase in consumer spending on the back of buoyant business receipts from consumer durables and electronic gadgets.

Following a marginal 0.29 percentage point increase in slow payments in Q4, the services sector experienced a more pronounced 3.33 percentage point increase in payment defaults from 39.73 percentage points to 43.06 percentage points. According to SCCB, the services sector ranks third in terms of slow payments made, a notch up from Q4 2012.

“Market sentiments over the past quarter have remained relatively upbeat compared to the same quarter about a year ago. However, businesses should be mindful of the challenges which lie ahead as expected growth is likely to be slower than predicted. This is reflected in the slight downturn in payment performance over the past quarter. Last year, overall payment performance of firms was relatively better with three better-performing quarters than the year 2011. It will be interesting to see whether a downward or upward trend will take hold for the rest of 2013.” said Ms. Audrey Chia, Dun & Bradstreet (D&B) Singapore’s Chief Executive Officer.

“At SCCB, we recognize the need for cross-border due diligence as regional trading activities have increased substantially and will significantly impact the credit management practices and processes here in the long-term.” added Ms. Chia.

Earlier in January 2013, SCCB has launched its first ever Malaysia Credit Search service on its online access bureau platform. Against the background of strong economic relations and high levels of trading activities between Singapore and Malaysia, this new service caters specifically to the growing demand in due diligence for Singapore companies doing searches on their Malaysian business partners.

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 145 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 200 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.

Contact Information

Eugene Z.

Marcum & Product Development

DID: +65 6439 6670

HP: +65 9478 5568

Email: Eugene.tan@dnb.com.sg