



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

FOR IMMEDIATE RELEASE

Payment performance rebounds in Q4 2014 but deteriorates year-on-year -Singapore Commercial Credit Bureau

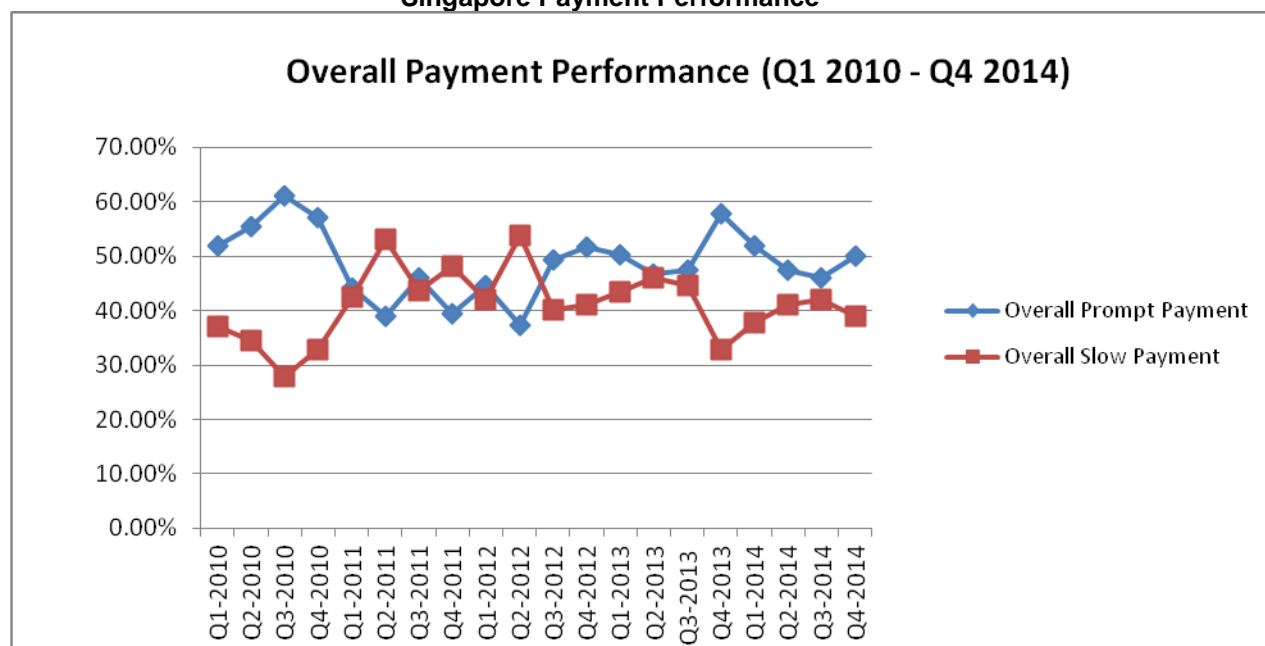
Singapore, 10 February 2015 – Payment performance rebounded for the first time after three consecutive quarters of sustained decline. Approximately half of the payment transactions were made on time as the proportion of prompt payments sprung back to the 50 per cent mark since Q4 2013, when prompt payments hit an all-time peak of 57.73 per cent. The proportion of payment delays also fell below the 40 per cent mark in Q4 2014, as compared to Q3 2014 when more than two-fifths of payment transactions were overdue.

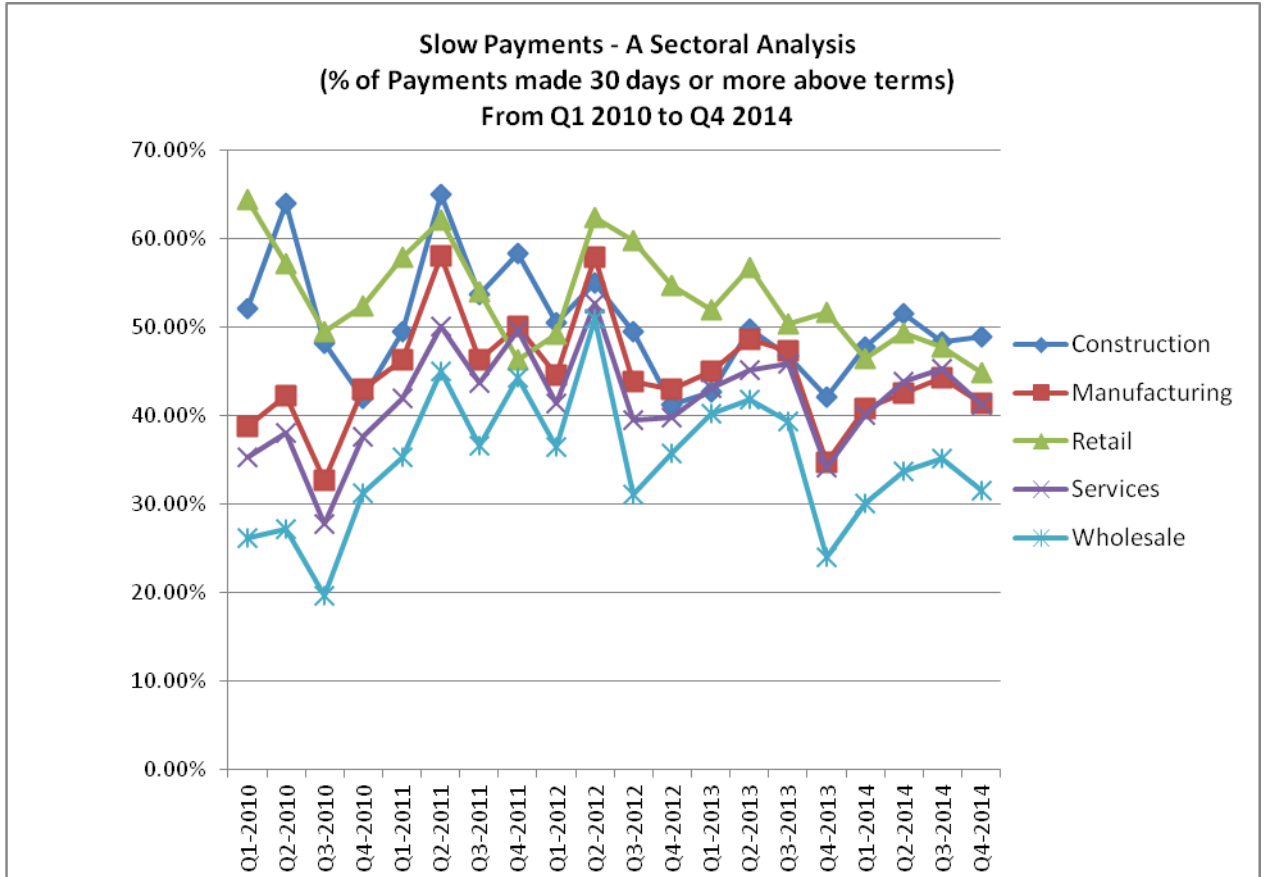
According to Singapore Commercial Credit Bureau (SCCB)'s latest payment statistics, overall prompt payments jumped by 4.10 percentage points from 45.97 per cent in Q3 2014 to 50.07 per cent Q4 2014. The improvement in overall prompt payments marked a reverse in downtrend which was seen since Q1 2014. However, year-on-year (y-o-y) prompt payments moved in the opposite direction as they declined by 7.66 percentage points, from 57.73 per cent in Q4 2013 to 50.07 per cent in Q4 2014.

Slow payments have also taken a turn for the better as it slipped moderately by 3.03 percentage points from 41.92 per cent in Q3 2014 to 38.89 per cent in Q4 2014. This also marks the first time that the uptrend in payment delays has been overturned since Q4 2013. However, SCCB notes a deterioration in y-o-y slow payments as it climbed by 6.05 percentage points from 32.84 per cent in Q4 2013 to 38.89 per cent in Q4 2014.

Meanwhile, partial payments decreased for the first time after eight consecutive quarters of increase, slipping marginally by 0.73 percentage points from 12.11 per cent in Q3 2014 to 11.03 per cent in Q4 2014. On a y-o-y basis, partial payments edged upwards by 1.60 percentage points from 9.43 per cent in Q4 2013 to 11.03 per cent in Q4 2014.

Singapore Payment Performance





From a sectoral perspective, payment performance has improved in Q4 2014 with 4 of five industries experiencing a fall in proportion of slow payments q-o-q. The better showing stands in contrast to Q3 2014 when only 2 of five industries experienced a decrease in payment delays. For Q4 2014, the construction industry was the only industry which experienced an increase in q-o-q payment delays. Y-o-y, overall payment delays have worsened with 4 of five industries experiencing a rise in proportion of slow payments. According to SCCB, the retail sector was the only industry which experienced a fall in y-o-y payment delays in Q4 2014.

Buoyed by robust activity in food, accommodation and business services, the service sector experienced the steepest decline in slow payments q-o-q, slipping by 4.13 percentage points from 45.28 per cent in Q3 2014 to 41.15 per cent in Q4 2014. The largest fall in slow payments was seen in the business services sub-sector as payment delays fell by 6.99 percentage points from 47.41 per cent in Q3 2014 to 40.42 per cent in Q4 2014. The sentiment-sensitive cluster also experienced slight improvements in payment behaviour as slow payments by credit agencies and insurance services fell moderately by 6.92 percentage points to 44.10 per cent and 3.38 percentage points to 23.99 per cent respectively. SCCB notes that the hotels and accommodation services accounted for the largest proportion of slow payments at 51.72 per cent, followed by health and educational services at 50.36 per cent and 46.46 per cent respectively. On a y-o-y basis, payment delays within the services sector rose sharply by 7.11 percentage points from 34.04 per cent in Q4 2013.

Following three consecutive quarters of increase in slow payments, payment delays within the wholesale sector slipped by 3.58 percentage points from 35.11 per cent in Q3 2014 to 31.53 per cent in Q4 2014. This is largely due to an improvement in the wholesale trade of durable goods, as payment delays fell by 3.40 percentage points from 35.21 per cent in Q3 2014 to 31.81 per cent in Q4 2014. However, the payment performance of the wholesale trade of non-durable goods has deteriorated slightly, increasing by 1.54 percentage points from 28.97 per cent in Q3 2014 to 30.51 per cent in Q4 2014. Y-o-y, overall payment performance of the wholesale sector has also weakened significantly as the proportion of slow payments surged by 7.57 percentage points from 23.96 per cent in Q4 2013 to 31.53 per cent in Q4 2014.

Meanwhile, the payment behaviour of the manufacturing sector improved marginally owing to a slight pickup in overall manufacturing activity in October and November last year. According to SCCB, slow payments within the sector recorded 41.37 per cent, which marked a fall of 2.82 percentage points from 44.19 per cent in the preceding quarter. Manufacturers of transportation equipment, primary metals and tobacco emerged as the sub-sectors with the highest proportion of payment delays at 50.62 per cent, 50.46 per cent and 50.0 per cent respectively. SCCB notes further that manufacturers of furniture and fittings, lumber and wood products, apparels and textiles accounted for the largest decline in payment delays in Q4 2014. On a y-o-y basis, payment delays surged by 6.71 percentage points from 34.66 per cent in Q4 2013 to 41.37 per cent in Q4 2014. According to the Singapore Institute of Purchasing & Materials Management (SIPMM), Singapore's Purchasing Managers' Index (PMI) reached an all-time peak of 51.9 in October 2014.

The retail sector has emerged as the only sector with improvements in both q-o-q and y-o-y slow payments. While the sector posted the second highest proportion of slow payments, payment delays within the sector fell moderately by 2.93 percentage points from 47.79 per cent in Q3 2014 to 44.86 per cent in Q4 2014. According to SCCB, furniture and home furnishing stores, apparel and accessory stores and automotive dealers saw the largest decrease in payment delays. However, food and beverage retailers experienced a significant increase in slow payments, up 11.47 percentage points to 60.67 per cent last quarter. On a y-o-y basis, overall payment delays fell sharply by 6.81 percentage points from 51.67 per cent in Q4 2013 to 44.86 per cent in Q4 2014. The positive showing is likely to be driven by the year-end festive sales.

Owing to a prolonged slowdown in private sector projects, the construction industry continues to be the slowest paymaster for the fourth consecutive quarter, as payment delays increased marginally by 0.54 percentage points from 48.28 per cent in Q3 2014 to 48.82 per cent in Q4 2014. The heavy construction sub-sector accounted for the highest proportion of payment delays, increasing by 2.57 percentage points from 48.01 per cent in Q3 2014 to 50.58 per cent in Q4 2014. Payment performance of special trade contractors also deteriorated slightly as slow payments inched up by 0.39 percentage points from 47.27 per cent in Q3 2014 to 47.66 per cent in Q4 2014. While payment delays within the building construction sub-sector improved slightly, falling marginally by 0.72 percentage points to 49.07 per cent last quarter, the fall has been offset by the increases seen in the heavy construction sub-sector and special trade contractors. On a y-o-y basis, payment delays jumped by 6.81 percentage points from 42.01 per cent in Q4 2013 to 48.82 per cent last quarter. This marks the fourth consecutive y-o-y increase in payment delays within the construction sector since Q4 2013.

"While the rebound in last quarter's payment performance is a positive sign, it would be too early to tell if the improvements would sustain in the coming quarters. Compared to a year earlier, the payment behaviour of local firms has worsened markedly across all industries except the retail sector which received a boost from the year-end festive sales." commented Ms. Audrey Chia, D&B Singapore's Chief Executive Officer.

"Over the past year, local firms have had to contend with various business challenges domestically, particularly rising manpower and rental costs. The cash woes of these local firms were further compounded by the ongoing global uncertainties. Hence, it is ever more important for firms to continuously enhance, review and align their credit risk policies in a manner that would help them manage and survive any cashflow shortfalls in the long-term." 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 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.

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

Contact Information

Eugene Z.

Marcom & Product Development

DID: +65 6439 6670

HP: +65 9478 5568

Email: Eugene.tan@dnb.com.sg