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**Payment promptness rises for third consecutive quarter
 in Q4 2015**

Q-o-q decrease in slow payments experiences strong deceleration
-Singapore Commercial Credit Bureau

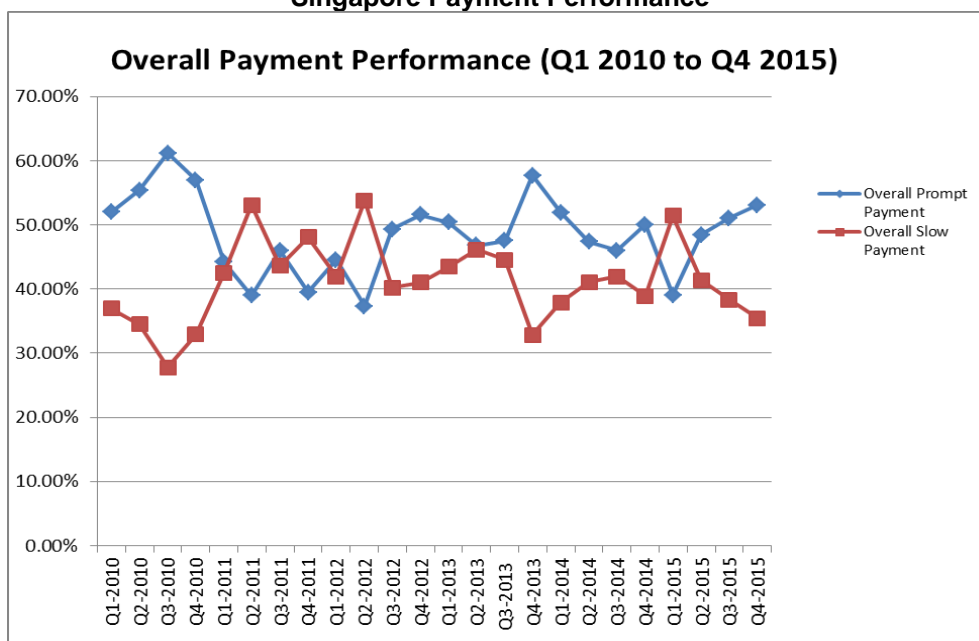
Singapore, 04 January 2016 – Payment performance of local firms continue to improve for the third consecutive quarter in Q4 2015. More than half of all payment transactions were prompt while slightly more than one-third of payment transactions were delayed for the final quarter of 2015.

According to Singapore Commercial Credit Bureau (SCCB)'s latest payment statistics, overall prompt payments rose to a near two-year high. On a quarter-on-quarter (q-o-q) basis, overall prompt payments inched up slightly by 2.05 percentage points from 51.05 per cent in Q3 2015 to 53.10 per cent in Q4 2015. On a year-on-year (y-o-y) basis, prompt payments climbed slightly higher by 3.03 percentage points from 50.07 per cent in Q4 2014 to 53.10 per cent in Q4 2015. This marks the second highest reading in nearly two years when prompt payments registered a previous high of 57.73 per cent in Q4 2013.

Similar improvements were also seen in slow payments by local firms. On a q-o-q basis, slow payments dipped by 2.88 percentage points from 38.31 per cent in Q3 2015 to 35.43 per cent in Q4 2015. Compared to a year ago, slow payments fell markedly by 3.46 percentage points from 38.89 per cent in Q4 2014 to 35.43 per cent in Q4 2015. As with prompt payments, the latest reading in slow payments mark the second lowest in nearly two years when slow payments registered 32.84 per cent in Q4 2013.

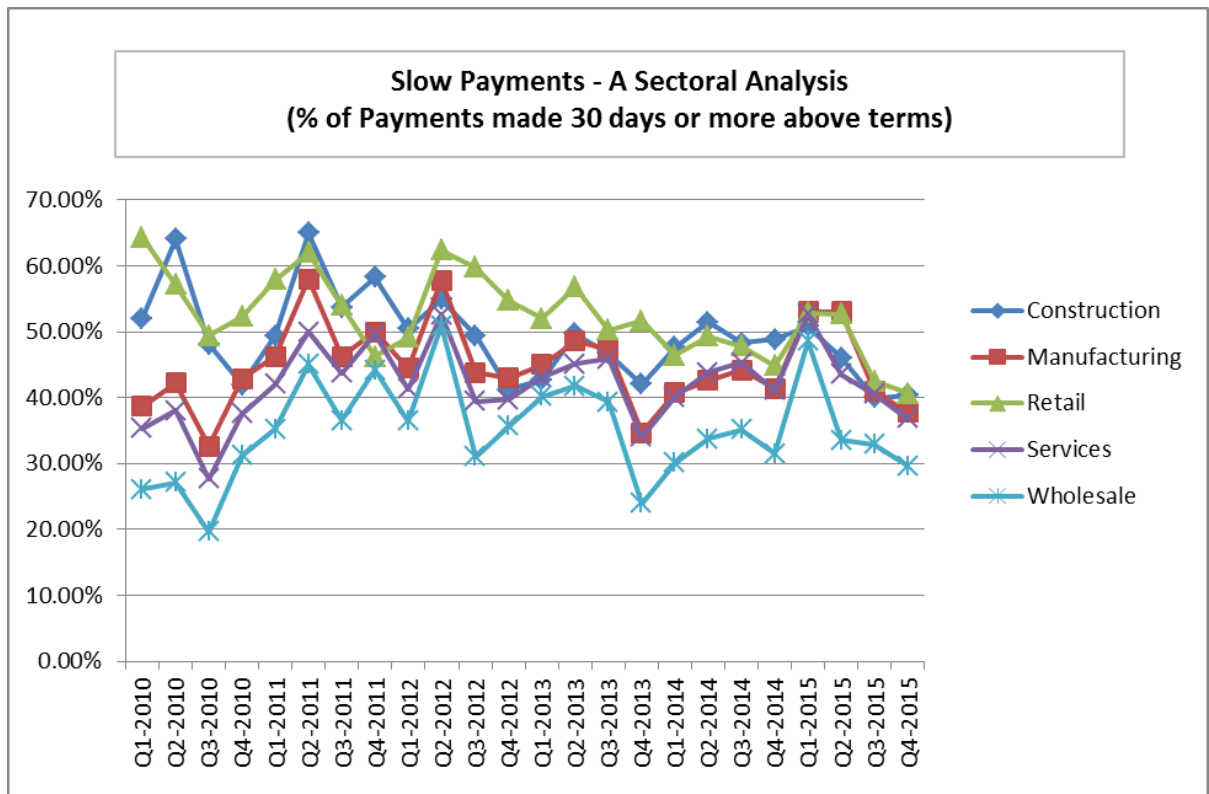
Meanwhile, partial payments rose marginally for the third consecutive quarter q-o-q by 0.82 percentage points from 10.65 per cent in Q3 2015 to 11.47 per cent in Q4 2015. Y-o-y, partial payments climbed slightly by 0.44 percentage points from 11.03 per cent in Q4 2014 to 11.47 per cent in Q4 2015.

Singapore Payment Performance



From a sectoral perspective, payment performance experienced q-o-q marginal decreases across the majority of the industries. With the exception of the construction industry, the remaining industries experienced a q-o-q fall in slow payments. This stands in contrast to Q3 2015 when all five industries experienced a fall in slow payments. Y-o-y payment delays have improved across all five industries for Q4 2015.

Sector	% of Slow Payments			Percentage-Point Change	
	Q4 2015	Q3 2015	Q4 2014	Q-o-q	Y-o-y
Construction	40.37	39.98	48.82	0.39	-8.45
Manufacturing	37.73	41.05	41.37	-3.32	-3.64
Retail	40.64	42.54	44.86	-1.90	-4.22
Services	36.84	40.58	41.15	-3.74	-4.31
Wholesale	29.61	32.91	31.53	-3.30	-1.92



Retail

Following a significant improvement in payment delays in Q3 2015, the retail sector saw further improvements as slow payments accounted for less than half of payment transactions made in Q4 2015. The improvement in payment delays is attributed to an uptick in tourist arrivals which created positive spillovers into the retail sector.

- According to SCCB, slow payments slipped q-o-q by 1.90 percentage points from 42.54 per cent in Q3 2015 to 40.64 per cent in Q4 2015.
- Retailers of luxury goods saw the most significant improvement as payment delays fell markedly by 5.07 percentage points from 39.85 per cent in Q3 2015 to 34.78 per cent in Q4 2015. This is followed by retailers of furniture and home furnishing stores which saw slow payments fall by 2.90 percentage points from 39.30 per cent in Q3 2015 to 36.40 per cent in Q4 2015. Meanwhile, retailers of food and

beverage also saw improvements in slow payments, falling marginally by 1.41 percentage points from 42.46 per cent in Q3 2015 to 41.05 per cent in Q4 2015.

- On a y-o-y basis, slow payments fell markedly by 4.22 percentage points from 44.86 per cent in Q4 2014 to 40.64 per cent in Q4 2015.

Construction

The construction sector saw a slight deterioration in payment delays for the first time in two consecutive quarters, accounting for the second largest proportion of payment delays in Q4 2015. The increase in payment delays is due to muted public building activities across the residential, non-residential and civil engineering segments. The construction sector is the only industry which experienced a q-o-q increase in slow payments in Q4 2015.

- According to SCCB, q-o-q payment delays rose slightly by 0.39 percentage points from 39.98 per cent in Q3 2015 to 40.37 per cent in Q4 2015.
- Slow payments within the building construction sector inched up by 0.69 percentage points from 41.11 per cent in Q3 2015 to 41.80 per cent in Q4 2015. Meanwhile, slow payments within the heavy construction sector rose markedly by 3.24 percentage points from 38.56 per cent in Q3 2015 to 41.80 per cent in Q4 2015. Payment delays within the special trade sector decreased slightly by 1.48 percentage points from 37.98 per cent in Q3 2015 to 36.50 per cent in Q4 2015.
- On a y-o-y basis, payment delays within the construction sector made the largest decline by 8.45 percentage points from 48.82 per cent in Q4 2014 to 40.37 per cent in Q4 2015.

Manufacturing

Meanwhile, slow payments within the manufacturing sector continue to dip further following a slightly better payment performance in Q3 2015. However, the improvement in payment performance is largely attributed to the steep decline in slow payments by manufacturers of tobacco and chemicals and chemical products. Payment delays across most sub-sectors within manufacturing experienced marginal or no changes from Q3 2015.

- According to SCCB, slow payments fell moderately by 3.32 percentage points q-o-q from 41.05 per cent in Q3 2015 to 37.73 per cent in Q4 2015.
- Manufacturers of tobacco registered the steepest fall in slow payments, down by 11.67 percentage points from 66.67 per cent in Q3 2015 to 55.0 per cent in Q4 2015 while manufacturers of chemicals and chemical products registered the steepest fall in slow payments, down by 4.01 percentage points from 39.83 per cent in Q3 2015 to 35.82 per cent in Q4 2015.
- For Q4 2015, manufacturers of tobacco, transportation equipment and paper and allied products recorded the highest proportion of payment delays at 55.0 per cent, 48.39 per cent and 42.82 per cent respectively.
- On a y-o-y basis, payment delays have similarly fallen by 3.64 percentage points from 41.37 per cent in Q4 2014 to 37.73 per cent in Q4 2015.

Services

Overall slow payments within the services sector decreased in Q4 2015 on the back of resilient demand for corporate-facing service and information and communications sub-sectors.

- According to SCCB, q-o-q payment delays fell visibly by 3.74 percentage points from 40.58 per cent in Q3 2015 to 36.84 per cent in Q4 2015.
- This was driven mainly by a substantial fall in slow payments across the professional and public services sub-sectors. According to SCCB, the automobile repair and maintenance services experienced the steepest fall in slow payments from 38.73 per cent in Q3 2015 to 30.19 per cent in Q4 2015. This was

followed by the educational services sub-sector, where payment delays dropped by 7.58 percentage points from 43.70 per cent in Q3 2015 to 36.12 per cent in Q4 2015.

- Meanwhile, the business services sub-sector also saw a moderate decrease in slow payments by 3.19 percentage points from 41.27 per cent in Q3 2015 to 38.08 per cent in Q4 2015, on the back of resilient corporate demand for professional services.
- Reversing the uptrend seen in the previous quarter, the consumer-facing personal service sector experienced a marginal increase in slow payments by 0.97 percentage points from 35.06 per cent in Q3 2015 to 36.03 per cent in Q4 2015.
- On a y-o-y basis, payment delays within the services sector decreased markedly by 4.31 percentage points from 41.15 per cent in Q4 2014 to 36.84 per cent in Q4 2015.

Wholesale Trade

The wholesale sector remains the best paymaster across all sectors on the back of healthy gains in cargo volumes and oil exports.

- According to SCCB, payment delays within the wholesale trade sector slipped by fell by 3.30 percentage points from 32.91 per cent in Q3 2015 to 29.61 per cent in Q4 2015.
- The better performance is due to a moderate decrease in payment delays by the wholesale trade of non-durable goods, falling by 4.02 percentage points from 31.67 per cent in Q3 2015 to 27.65 per cent in Q4 2015. Meanwhile, slow payments by the wholesale trade of durable goods increased marginally by 2.47 percentage points from 33.27 per cent in Q3 2015 to 35.74 per cent in Q4 2015.
- On a y-o-y basis, slow payments within the wholesale trade sector dropped marginally by 1.92 percentage points from 31.53 per cent in Q4 2014 to 29.61 per cent in Q4 2015.

“The improvements in overall payment performance could be a cyclical uptick, especially for both retail and services sectors which have raked in better sales and profit margin during the festive season, as compared to the preceding quarters. However, a closer examination of the payment performance reveals that the improvement in payment performance has decelerated for the final quarter of 2015. The fall in slow payments was relatively marginal compared to Q3 2015 when the improvements were more substantial. Given the multitude of challenges such as manpower constraints, higher office leasing costs and a muted external environment, local firms will have to contend with margin pressures and manage their cashflows accordingly.” commented Ms. Audrey Chia, D&B Singapore’s Chief Executive Officer.

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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