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## Strong rebound in payment promptness of local firms from 2011's two-year record low

- Singapore Commercial Credit Bureau

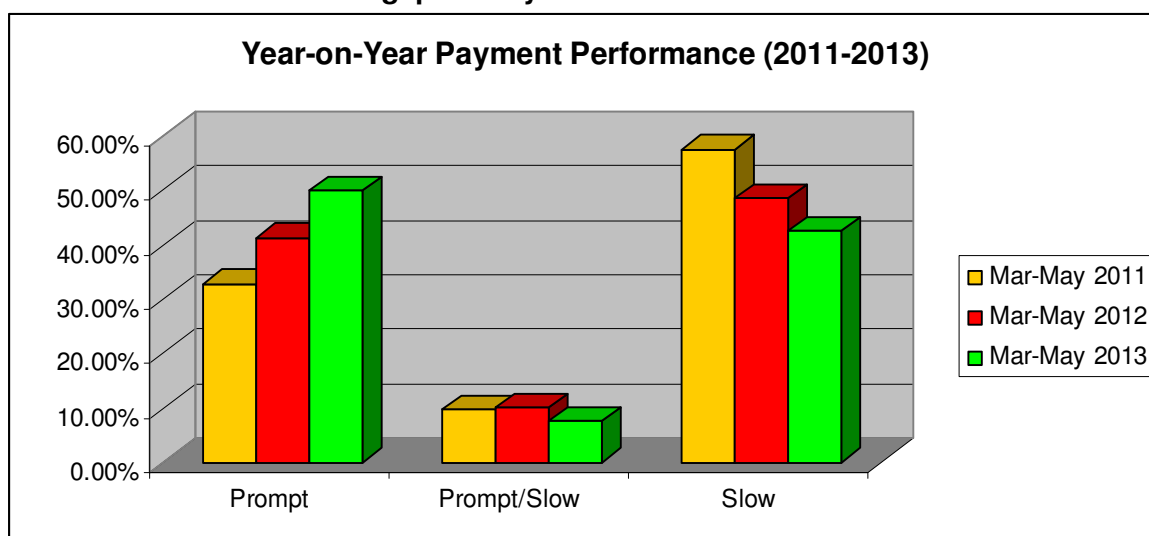
**Singapore, 20 June 2013** – Following a nascent turnaround of the Singapore economy, payment performance of firms have made healthy improvements over the past two years. Fuelled by a surprise expansion earlier this year, the local economy is expected to tread on the path of modest recovery despite speculations of tepid growth for the rest of the year. Payment promptness of local firms has been on the rise over the past two years, with almost close to half of commercial transactions being fulfilled within the payment terms agreed between corporate creditors and borrowers in Singapore.

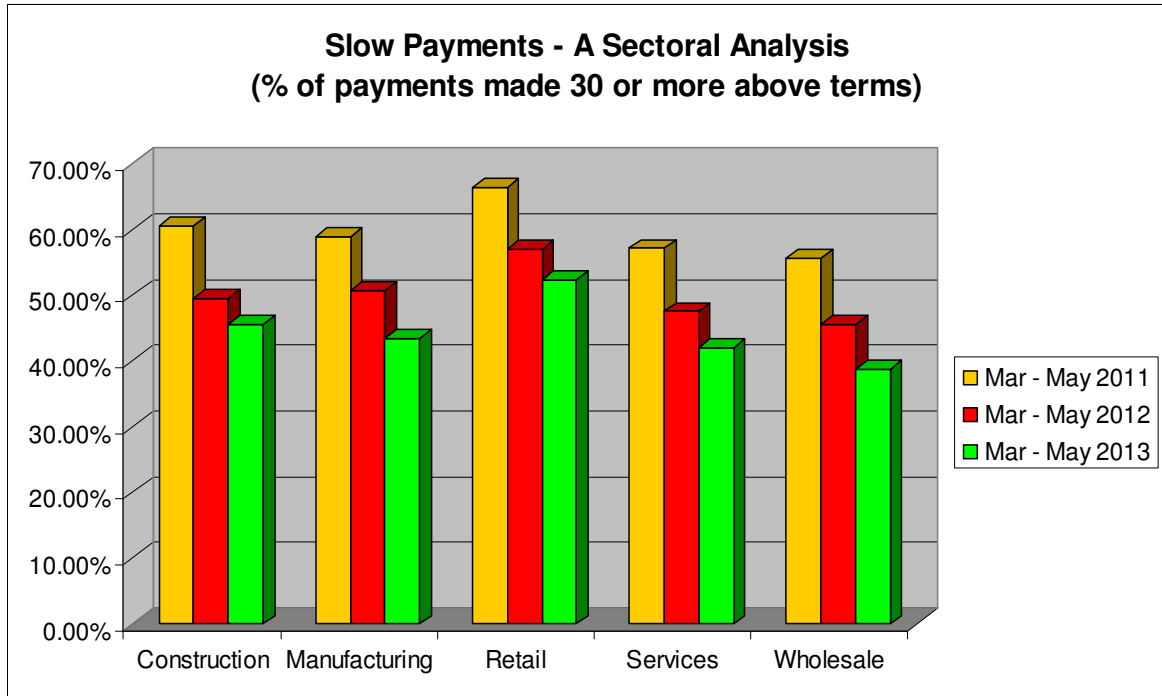
After taking an unprecedented dive to a two-year low of 32.79 per cent in 2011, payment promptness has risen sharply by 17.03 percentage points from 32.79 per cent in 2011 to 49.82 per cent in 2013. According to Singapore Commercial Credit Bureau (SCCB)'s latest payment analysis, the proportion of prompt payments has experienced a steady increase year-on-year (y-o-y) by 8.5 percentage points between 2011 and 2012 and 8.54 percentage points between 2012 and 2013.

A visible improvement was similarly reflected in the proportion of slow payments being made. According to SCCB's two-year analysis, payment delays have fallen sharply by 15.05 percentage points from 57.56 per cent in 2011 to 42.51 per cent in 2013. On a y-o-y basis, the decrease in payment delays has decelerated slightly from 8.95 percentage points between 2011 and 2012 to 6.11 percentage points between 2012 and 2013.

With a greater proportion of prompt payments being made over the past two years, partial payments have also decreased marginally by 1.98 percentage points from 9.65 per cent in 2011 to 7.67 per cent in 2013. On a year-on-year basis, partial payments have fallen by 2.43 percentage points between 2012 and 2013 following a slight increase by 0.45 percentage points between 2011 and 2012.

### Singapore Payment Performance





From a sectoral perspective, all five sectors have experienced marked improvements in payment performance as payment delays declined across the board over the past two years. The stronger showing in 2013 stands in contrast to 2011 when all five sectors had more than half of its payment transactions delayed. The payment performance improved the following year in 2012 when only two of five sectors had more than 50 per cent payment delays.

Despite a recent contraction in domestic wholesale trade, the wholesale sector remains the best paymaster over the past two years with the largest decline among the five sectors. Slow payments have declined sharply by 16.89 percentage points from 55.66 per cent in 2011 to 38.77 per cent in 2013. On a y-o-y basis, payment delays fell by 6.72 percentage points from 45.48 per cent in 2012 to 38.77 per cent this year.

Ranked second in the biggest decline in payment delays, the manufacturing sector experienced a decline in slow payments by 15.54 percentage points from 58.9 per cent in 2011 to 43.36 per cent in 2013. The better showing follows a stronger-than-expected increase in industrial production, particularly in electronics and pharmaceuticals. Last month, the Singapore Institute of Purchasing and Materials Management (SIPMM) reported an increase in the Purchasing Managers' Index (PMI). On a y-o-y basis, the PMI rose to 51.1, up 1.1 points from the same period last year.

Buoyed by a surge in the financial sector and tourist arrivals, payment delays in the services industry have fallen by 15.14 percentage points from 57.13 per cent in 2011 to 41.99 per cent in 2013. Robust growth in the sentiment-driven financial services, real estate and business services is likely to have contributed to the decline over the past year.

Meanwhile, payment delays in the construction sector continued to edge downwards by 15.07 percentage points from 60.52 per cent to 45.45 per cent. Despite speculations of a slowing construction industry in the coming months, a strong rebound in private sector building activities and a healthy pipeline of infrastructure investments have helped improve the payment performance of construction firms.

Registering the highest proportion of slow payments at 52.43 per cent, the retail sector ranks atop the list as the only sector with more than half of its commercial transactions being delayed between March and May this year. Slow payments have declined by 13.96 percentage points from 66.39 per cent to 52.43 per cent, the smallest

decrease among all sectors. On a y-o-y basis, payment delays fell by relatively smaller 4.53 percentage points between 2012 and 2013, compared to the bigger decrease of 9.43 percentage points between 2011 and 2012.

The small decrease in payment delays is attributed to moderated growth in retail sales over the past few months, offset by rising business and manpower costs.

Commenting on the improvement in local payment performance, Ms. Audrey Chia, Dun & Bradstreet (D&B) Singapore's Chief Executive Officer said, "An uptrend in prompt payments is evident based on the numbers we are seeing over the past two years. Payment decline has accelerated between 2011 and 2013 across all industries. However, we are cautiously optimistic about the payment behaviour of firms here in the coming months."

"Local firms will still have to contend with the volatilities of the global economy as well as external risks which will continue to impact on their cashflows and overall business strategy for the rest of the year. Hence, thinking lean and keeping a tight rein on costs becomes increasingly crucial in creating positive cashflows and ensuring firms remain competitive in the long run." 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)**

D&B is the world's leading source of commercial information and insight on businesses, enabling companies to Decide with Confidence® for 171 years. D&B's global commercial database contains more than 225 million business records. The database is enhanced by D&B's proprietary DUNSRight® Quality Process, which provides our customers with quality business information. This quality information is the foundation of our global solutions that customers rely on to make critical business decisions.

D&B provides two solution sets that meet a diverse set of customer needs globally. Customers use D&B Risk Management Solutions™ to mitigate credit and supplier risk, increase cash flow and drive increased profitability, and D&B Sales & Marketing Solutions™ to provide data management capabilities that provide effective and cost efficient marketing solutions and to convert prospects into clients by enabling business professionals to research companies, executives and industries.

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