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FOR IMMEDIATE RELEASE

Payment performance rebounds moderately in Q2 2016
Q-o-q payment delays improves across all 5 sectors
-Singapore Commercial Credit Bureau

Singapore, 04 July 2016 – Local payment performance took a turn for the better following a strong deterioration in Q1 2016. Prompt payments accounted for more than two-fifths of all payment transactions while slow payments made up slightly less than half of all payment transactions.

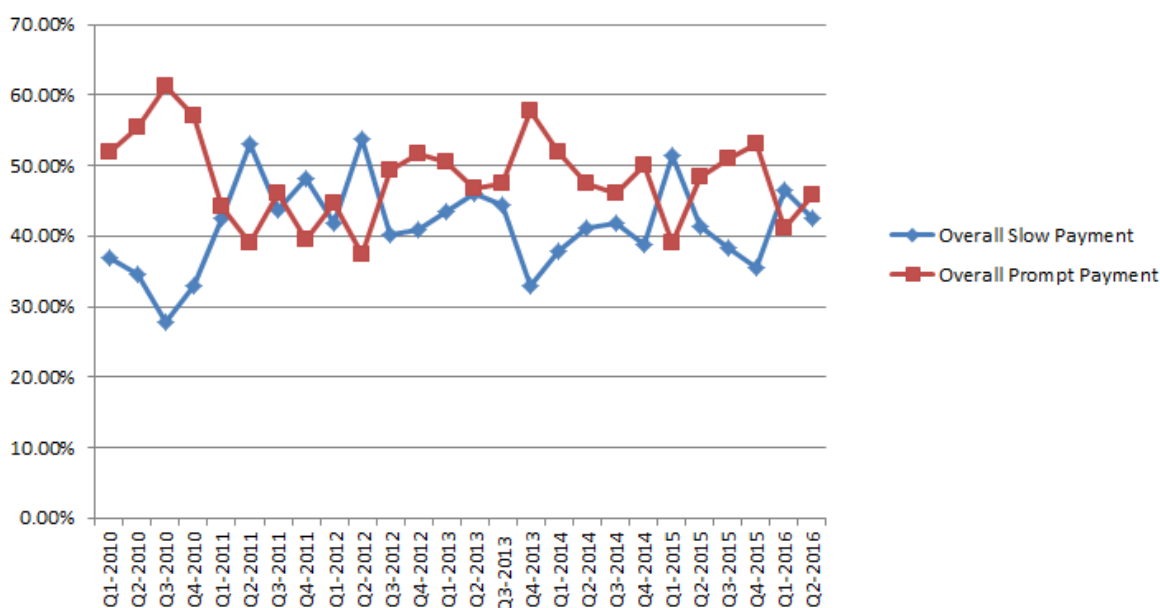
According to Singapore Commercial Credit Bureau (SCCB)'S latest payment statistics, overall prompt payments rose moderately by 4.81 percentage points from 41.11 per cent in Q1 2016 to 45.92 per cent in Q2 2016 on a quarter-on-quarter (q-o-q) basis. Year-on-year (y-o-y), prompt payments fell by 2.55 percentage points from 48.47 per cent in Q2 2015 to 45.92 per cent in Q2 2016.

Slow payments have made similar improvements after deteriorating to its second highest reading since Q1 2015. On a q-o-q basis, slow payments slipped by 3.97 percentage points from 46.58 per cent in Q1 2016 to 42.61 per cent in Q2 2016. However, on a y-o-y basis, slow payments inched up by 1.26 percentage points from 41.35 per cent in Q2 2015 to 42.61 per cent in Q2 2016.

Meanwhile, partial payments dipped by 0.83 percentage points from 12.31 per cent in Q1 2016 to 11.48 per cent in Q2 2016. Y-o-y, partial payments edged upwards by 1.30 percentage points from 10.18 per cent in Q2 2015 to 11.48 per cent in Q2 2016.

Singapore Payment Performance

Overall Payment Performance (Q1 2010 to Q2 2016)

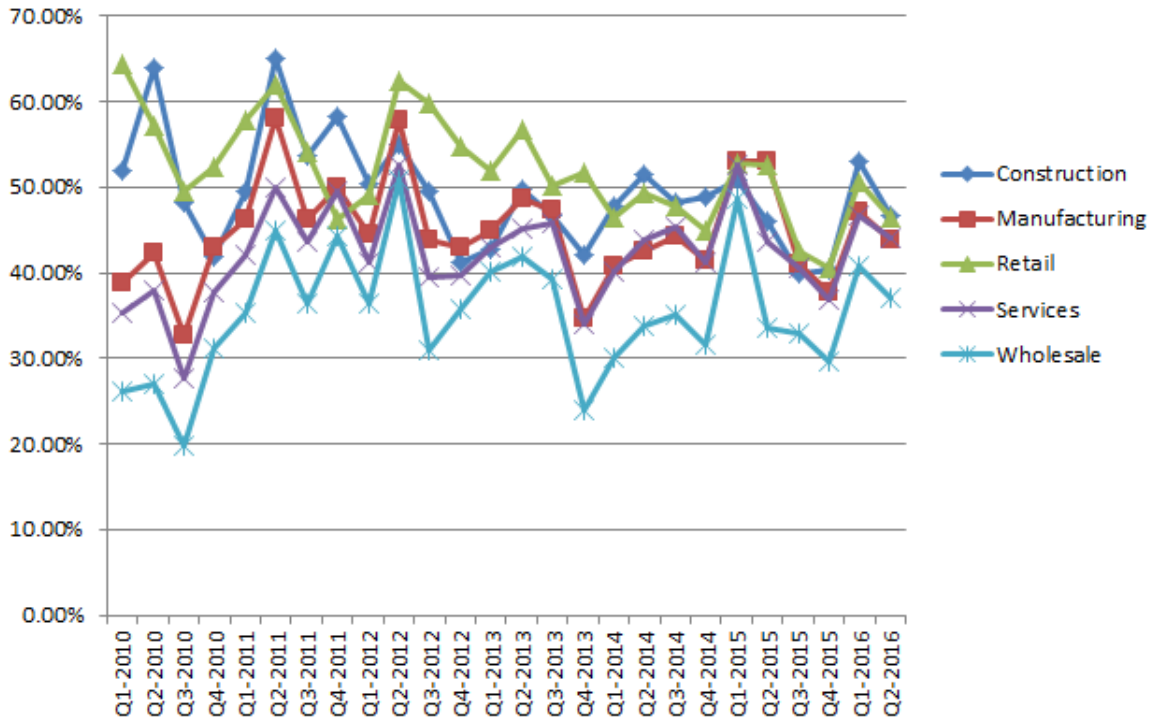


PRESS RELEASE

From a sectoral perspective, q-o-q slow payments have improved across all five industries. This stands in contrast to Q1 2016 when all 5 industries experienced a deterioration in slow payments. However, on a y-o-y basis, payment delays have increased moderately in 3 of five industries, compared to 1 of five industries in Q1 2016.

Sector	% of Slow Payments			Percentage-Point Change	
	Q2 2016	Q1 2016	Q2 2015	Q-o-q	Y-o-y
Construction	46.60	52.98	46.07	-6.38	0.53
Manufacturing	43.88	47.20	53.05	-3.32	-9.17
Retail	46.45	50.65	52.67	-4.20	-6.22
Services	44.14	46.72	43.56	-2.58	0.58
Wholesale	37.13	40.85	33.53	-3.72	3.60

Slow Payments - A Sectoral Analysis
 (% of Payments made 30 days or more above terms)



Construction

The construction sector accounted for the largest proportion of payment delays for the second consecutive quarter in Q2 2016. While slow payments within the sector fell moderately, it still accounted for the second highest reading y-o-y since Q2 2015.

- According to SCCB, q-o-q payment delays dropped by 6.38 percentage points from 52.98 per cent in Q1 2016 to 46.60 per cent in Q2 2016.
- Slow payments among special trade contractors saw the sharpest decrease by 7.71 percentage points from 50.75 per cent in Q1 2016 to 43.04 per cent in Q2 2016. Meanwhile, the heavy construction sector accounted for the highest proportion of payment delays, decreasing by 4.71 percentage points from 55.52 per cent in Q1 2016 to 50.81 per cent in Q2 2016. Payment delays within the building construction sector decreased by 5.72 percentage points from 53.70 per cent in Q1 2016 to 47.98 per cent in Q2 2016.
- On a y-o-y basis, payment delays within the construction sector inched up by 0.53 percentage points from 46.07 per cent in Q2 2015 to 46.60 per cent in Q2 2016.

Retail

The retail sector recorded the second largest decline in payment delays in Q2 2016 owing to a marginal uptick in retail sales towards the second half of Q2 2016.

- According to SCCB, slow payments decreased q-o-q by 4.20 percentage points from 50.65 per cent in Q1 2016 to 46.45 per cent in Q2 2016.
- Retailers of general merchandise registered the highest proportion of slow payments, declining by 9.63 percentage points from 50.0 per cent in Q1 2016 to 40.37 per cent in Q2 2016. This is followed by retailers of furniture and home furnishing stores, falling by 7.76 percentage points from 49.65 per cent in Q1 2016 to 41.89 per cent in Q2 2016. Meanwhile, slow payments within automobile sector fell by 7.52 percentage points from 44.95 per cent in Q1 2016 to 37.43 per cent in Q2 2016.
- On a y-o-y basis, slow payments fell steeply by 6.22 percentage points from 52.67 per cent in Q2 2015 to 46.45 per cent in Q2 2016.

Wholesale Trade

Following a sharp increase in payment delays in the previous quarter, the wholesale trade sector experienced a moderate q-o-q decline in slow payments owing largely to a marked decline by the wholesale trade of non-durable goods.

- According to SCCB, payment delays decreased moderately by 3.72 percentage points from 40.85 per cent in Q1 2016 to 37.13 per cent in Q2 2016.
- Slow payments by the wholesale trade of non-durable goods decreased visibly by 5.17 percentage points from 43.10 per cent in Q1 2016 to 37.93 per cent in Q2 2016. Meanwhile, payment delays by the wholesale trade of durable goods have also similarly decreased by 3.32 percentage points from 40.22 per cent in Q1 2016 to 36.90 per cent in Q2 2016.
- On a y-o-y basis, the wholesale sector registered the highest increase in slow payments, rising visibly by 3.60 percentage points from 33.53 per cent in Q2 2015 to 37.13 per cent in Q2 2016.

Manufacturing

Slow payments among manufacturers slipped moderately following a marked deterioration in Q1 2016. This is largely due to a fall in slow payments by manufacturers of leather, food and transportation equipment.

- According to SCCB, slow payments fell q-o-q by 3.32 percentage points from 47.20 per cent in Q1 2016 to 43.88 per cent in Q2 2016.
- Manufacturers of leather products experienced the sharpest decrease in payment delays by 10 percentage points from 50.0 per cent in Q1 2016 to 40.0 per cent in Q2 2016. Slow payments by food and kindred products recorded the second largest decrease by 9.94 percentage points from 54.85 per cent in Q1 2016 to 44.91 per cent in Q2 2016. Manufacturers of transportation equipment registered the third highest decline in payment delays by 8.83 percentage points from 62.68 per cent in Q1 2016 to 53.85 per cent in Q2 2016.
- For Q2 2016, manufacturers of transportation equipment, lumber and wood products, and furniture registered the highest proportion of payment delays at 53.85 per cent, 50.23 per cent and 49.93 per cent respectively.
- On a y-o-y basis, payment delays have taken a dive by 9.17 percentage points from 53.05 per cent in Q2 2015 to 43.88 per cent in Q2 2016.

Services

The services sector registered the third highest proportion of payment delays as due largely to a seasonal uptick in consumer, amusement and recreational services sub-sectors.

- According to SCCB, q-o-q payment delays slid by 2.58 percentage points from 46.72 per cent in Q1 2016 to 44.14 per cent in Q2 2016.
- The amusement and recreational services sector registered the steepest decline in slow payments by 7.67 percentage points from 53.04 per cent in Q1 2016 to 45.37 per cent in Q2 2016. This is followed by personal services, falling by 6.40 percentage points from 50.82 percentage points in Q1 2016 to 44.42 percentage points in Q2 2016. Meanwhile the engineering and management services sector registered the third largest decrease in slow payments, dropping by 3.91 percentage points from 47.08 per cent in Q1 2016 to 43.17 per cent in Q2 2016.
- On a y-o-y basis, slow payments edged upwards by 0.58 percentage points from 43.56 per cent in Q2 2015 to 44.14 per cent in Q2 2016.

“We have seen marked improvements in the payment delays of local firms particularly in both retail and manufacturing. This is due largely to the spillover effects of an increase in tourist arrivals, mainly from China in the first half of the year as well as a reversal in certain segments of the manufacturing sector such as pharmaceuticals and electronics clusters.” commented Ms. Audrey Chia, D&B Singapore’s Chief Executive Officer.

According to SCCB, both manufacturing and retail sector experienced the largest y-o-y declines in slow payments by 9.17 percentage points and 6.22 percentage points respectively.

“However, due to a prolonged weakness in external trade and a softening in the business services sector, q-o-q improvements in payment performance for both wholesale and services sectors were relatively marginal compared to the other sectors. Hence, firms will have to continue to exercise credit vigilance before extending credit terms to their business partners.” added Ms. Chia.

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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