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FOR IMMEDIATE RELEASE

Slow payments hit new 1-year low in Q2 2017
Retail firms clock the lowest proportion of payment delays
for two consecutive quarters
 - Singapore Commercial Credit Bureau

Singapore, 03 July 2017 – Payment performance of Singapore firms has hit a new peak in one year for the second quarter of 2017, with retail and wholesale sectors registering the lowest proportion of slow payments. According to Singapore Commercial Credit Bureau (SCCB), slow payments have accounted for slightly less than two-fifths of total payment transactions while prompt payments accounted slightly more than half of the payment transactions.

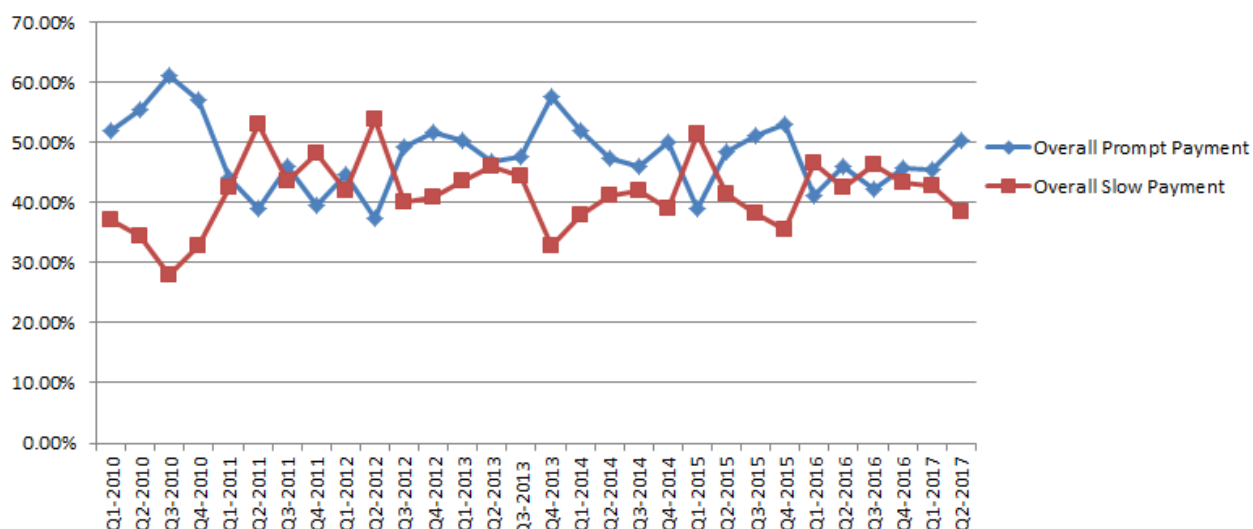
On a quarter-on-quarter (q-o-q) basis, slow payments have fallen moderately by 4.34 percentage points from 42.81 per cent in Q1 2017 to 38.47 per cent in Q2 2017. Year-on-year (Y-o-y) slow payments have similarly improved, slipping by 4.14 percentage points from 42.61 per cent in Q2 2016 to 38.47 per cent in Q2 2017.

Prompt payments have climbed by 4.87 percentage points from 45.44 per cent in Q1 2017 to 50.31 per cent in Q2 2017 on a q-o-q basis. Y-o-y, prompt payments jumped by 4.39 percentage points from 45.92 per cent in Q2 2016 to 50.31 per cent in Q2 2017.

As with Q1 2017, partial payments have accounted for more than one-tenth of total payment transactions, moderating downwards slightly by 0.53 percentage points from 11.75 per cent in Q1 2017 to 11.22 per cent in Q2 2017. Y-o-y partial payments fell marginally by 0.26 percentage points from 11.48 per cent in Q2 2016 to 11.22 per cent in Q2 2017.

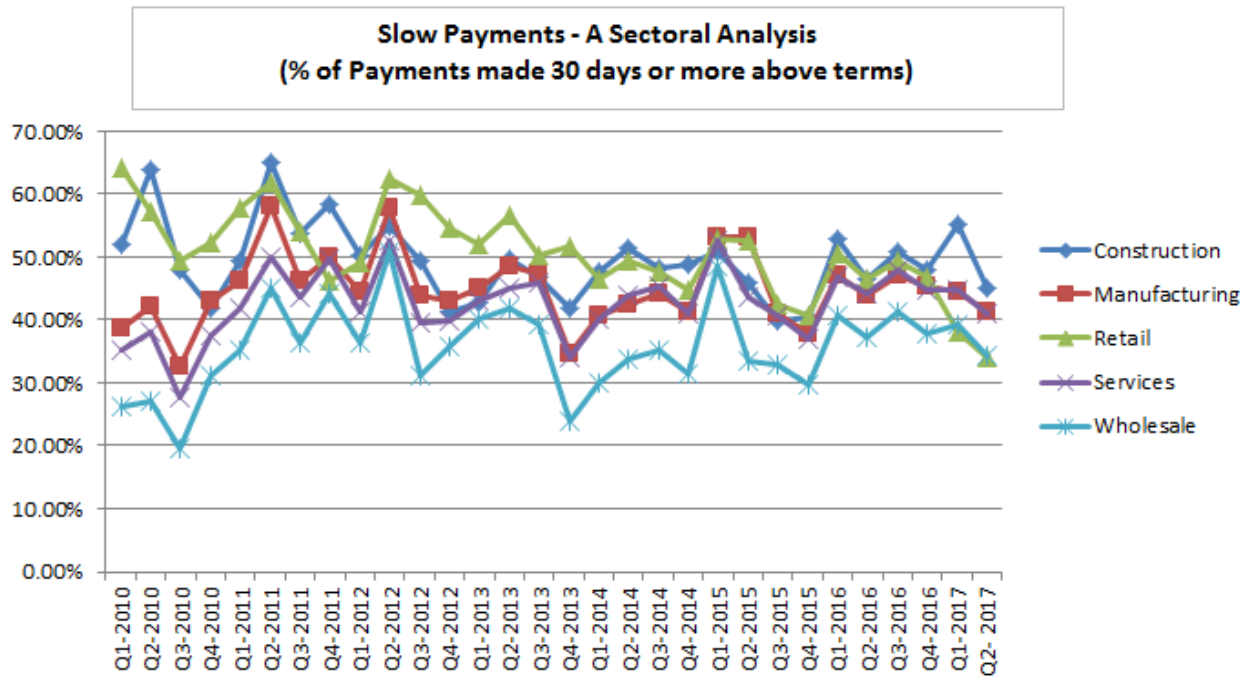
Singapore Payment Performance

Overall Payment Performance (Q1 2010 to Q2 2017)



From a sectoral perspective, q-o-q slow payments have improved across all five industries. This stands in contrast to Q1 2017 when only 2 of five industries experienced slight improvements in slow payments. Y-o-y slow payments have improved across all five industries.

Sector	% of Slow Payments			Percentage-Point Change	
	Q2 2017	Q1 2017	Q2 2016	Q-o-q	Y-o-y
Construction	45.16	55.22	46.60	-10.06	-1.44
Manufacturing	41.37	44.50	43.88	-3.13	-2.51
Retail	33.94	38.08	46.45	-4.14	-12.51
Services	41.01	44.81	44.14	-3.80	-3.13
Wholesale	34.41	39.22	37.13	-4.81	-2.72



Construction

The construction sector recorded the highest proportion of payment delays for the sixth consecutive quarter since Q1 2016, accounting for more than two-fifths of payment transactions in Q2 2017. However, SCCB notes that slow payments within the construction sector have improved slightly due to an increase in public residential and non-residential projects.

- ❖ Q-o-q slow payments fell markedly by 10.06 percentage points from 55.22 per cent in Q1 2017 to 45.16 per cent in Q2 2017.
- ❖ Payment delays within the heavy construction sector continued to increase by 1.29 percentage points from 44.67 per cent in Q2 2017 to 45.96 per cent in Q3 2017. The building construction sector accounted for the highest proportion of slow payments at 47.74 per cent while slow payments experienced by special trade contractors account for 42.76 per cent of payment transactions within the sub-sector in Q2 2017.
- ❖ On a y-o-y basis, slow payments slipped marginally by 1.44 percentage points from 46.60 per cent in Q2 2016 to 45.16 per cent in Q2 2017.

Manufacturing

The manufacturing sector registered the second highest proportion of payment delays attributed largely to dampened activities within the trade-related services sector.

- ❖ According to SCCB, payment delays decreased marginally by 3.13 percentage points from 44.50 per cent in Q2 2017 to 41.37 per cent in Q3 2017.
- ❖ Manufacturers of furniture and fittings have registered the steepest decrease in slow payments, down by 16.98 percentage points from 57.20 per cent in Q1 2017 to 40.22 per cent in Q2 2017. Manufacturers of transportation equipment accounted for the highest proportion of payment delays for the third consecutive quarter since Q4 2016, down by 5.98 percentage points from 58.26 per cent in Q1 2017 to 52.28 per cent in Q2 2017. This is followed by manufacturers of petroleum and coal, printing and publishing which accounted for 48.59 per cent and 47.50 per cent in Q2 2017 respectively.
- ❖ On a y-o-y basis, slow payments slipped by 2.51 percentage points from 43.88 per cent in Q2 2016 to 41.37 per cent in Q2 2017.

Services

The services sector registered the third highest proportion of payment delays for Q2 2017.

- ❖ Q-o-q slow payments slipped by 3.80 percentage points from 44.81 per cent in Q1 2017 to 41.01 per cent in Q2 2017.
- ❖ As with Q1 2017, the health services sector registered the highest proportion of slow payments, down by 0.52 percentage points from 49.82 per cent in Q1 2017 to 49.30 per cent in Q2 2017. This is followed by the corporate services sector where slow payments have decreased by 4.80 percentage points from 47.44 per cent in Q1 2017 to 42.64 per cent in Q2 2017. Meanwhile, slow payments within the hotels and accommodation sub-sector accounted for the third highest proportion of payment delays, up by 1.31 percentage points from 41.10 per cent in Q1 2017 to 42.41 per cent in Q2 2017.
- ❖ On a y-o-y basis, slow payments fell by 3.13 percentage points from 44.14 per cent in Q2 2016 to 41.01 per cent in Q2 2017.

Retail

Slow payments within the retail sector have improved marginally due to strong growth in retailers of luxury goods despite the weakness experienced by retailers of food and beverage.

- ❖ Payment delays slipped by 4.14 percentage points from 38.08 per cent in Q1 2017 to 33.94 per cent in Q2 2017 on a q-o-q basis.
- ❖ Retailers of fashion apparels and accessories registered the highest proportion of payment delays, down by 3.38 percentage points from 46.44 per cent in Q1 2017 to 43.06 per cent in Q2 2017. This is followed by retailers of furniture and fittings and automotive dealers which registered 39.39 per cent and 37.0 per cent of payment delays respectively.
- ❖ On a y-o-y basis, slow payments fell steeply by 12.51 percentage points from 46.45 per cent in Q2 2016 to 33.94 per cent in Q2 2017.

Wholesale Trade

The wholesale trade sector experienced the second largest fall in payment delays due primarily to decrease in slow payments by wholesalers of durable goods.

- ❖ Slow payments decreased visibly by 4.81 percentage points from 39.22 per cent in Q1 2017 to 34.41 per cent in Q2 2017 on a q-o-q basis.
- ❖ Payment delays by wholesalers of durable goods fell by 5.43 percentage points from 39.68 per cent in Q1 2017 to 34.25 per cent in Q2 2017. Slow payments by wholesalers of non-durable goods have also decreased by 2.81 percentage points from 37.72 per cent in Q1 2017 to 34.91 per cent in Q2 2017.
- ❖ On a y-o-y basis, slow payments within the wholesale trade sector decreased marginally by 2.72 percentage points from 37.13 per cent in Q2 2016 to 34.41 per cent in Q2 2017.

“We are definitely seeing visible signs of improvement in payment performance for Q2 2017 due mainly to green shoots within certain sectors. The retail sector has remained the best paymaster for two consecutive quarters on the back of stronger growth in luxury retail. While the severity of payment delays within the construction sector has been reversed, it would be premature to determine if the improvements can be sustained for the rest of 2017. Our findings show that the construction sector has recorded the highest proportion of payment delays for six straight quarters.” said 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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