

Contact:
 Matthias Chen, Marcom & Product Development
 matthias.chen@dnb.com.sg
 +65 6439 6670/+65 9478 5568

FOR IMMEDIATE RELEASE

Payment performance dips slightly in Q2 2018
Wholesale trade recorded largest increase in slow payments
 - Singapore Commercial Credit Bureau

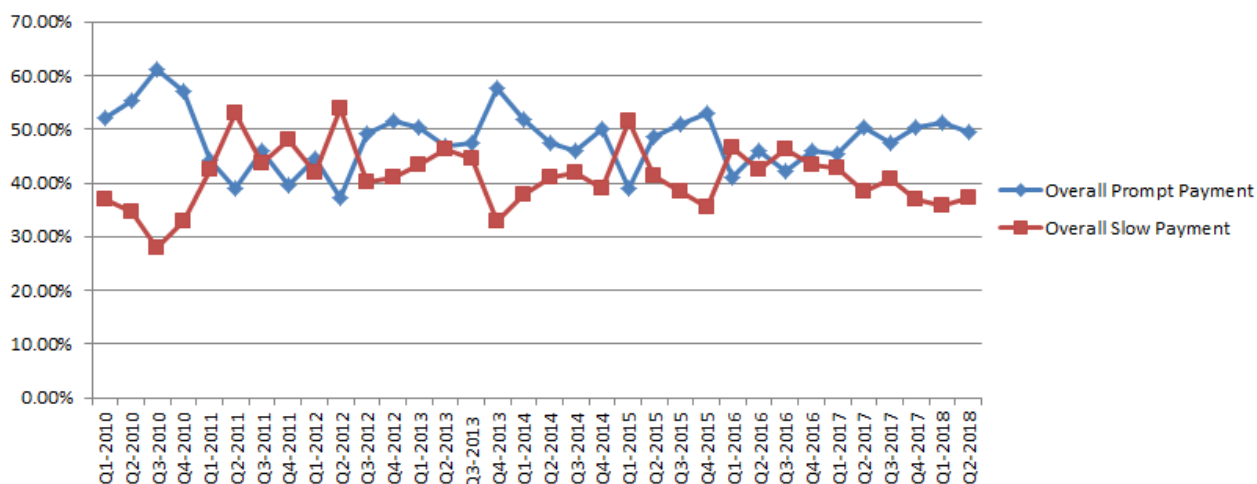
Singapore, 03 July 2018 – Payment performance of local firms has weakened slightly in Q2 2018 after two consecutive quarters of improvements. According to Singapore Commercial Credit Bureau (SCCB), prompt payment inched lower marginally below half of total payment transactions while slow payments accounted for more than one-third of total payment transactions.

On a quarter-on-quarter (q-o-q) basis, prompt payments fell slightly by 1.65 percentage points from 51.20 per cent in Q1 2018 to 49.55 per cent in Q2 2018. Year-on-year (Y-o-y), prompt payments fell by 0.76 percentage points from 50.31 per cent in Q2 2017 to 49.55 per cent in Q2 2018.

Slow payments rose slightly by 1.44 percentage points from 35.74 per cent in Q1 2018 to 37.18 per cent in Q2 2018 on a q-o-q basis. Y-o-y, slow payments dropped by 1.29 percentage points from 38.47 per cent in Q2 2017 to 37.18 per cent in Q2 2018.

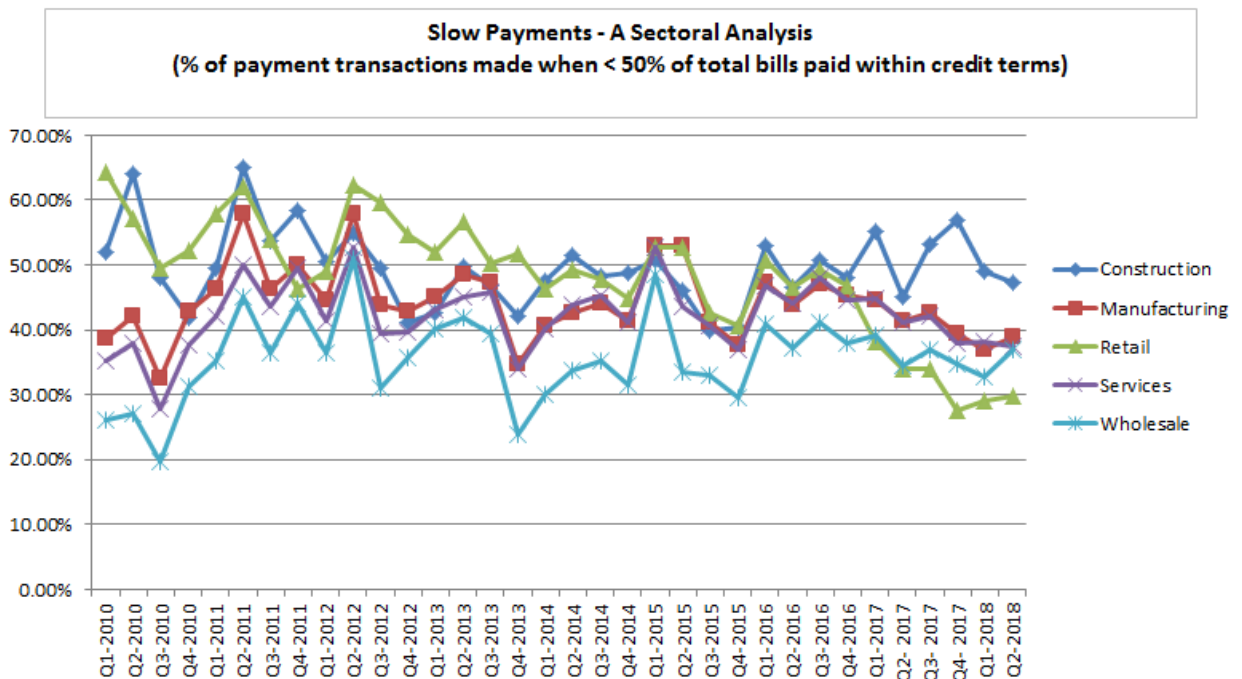
Meanwhile, partial payments inched upwards by 0.21 percentage points from 13.06 per cent in Q1 2018 to 13.27 per cent in Q2 2018. Y-o-y, partial payments rose slightly by 2.05 percentage points from 11.22 per cent in Q2 2017 to 13.27 per cent in Q2 2018 on a y-o-y basis.

Overall Payment Performance (Q1 2010 to Q2 2018)



From a sectoral perspective, q-o-q slow payments have improved across 2 industries. As with Q1 2018, slow payments deteriorated across three industries in Q2 2018.

Sector	% of Slow Payments			Percentage-Point Change	
	Q2 2018	Q1 2018	Q2 2017	Q-o-q	Y-o-y
Construction	47.33	49.14	45.16	-1.81	+2.17
Manufacturing	39.00	36.88	41.37	+2.12	-2.37
Retail	29.84	28.98	33.94	+0.86	-4.10
Services	37.54	38.19	41.01	-0.65	-3.47
Wholesale	36.94	32.78	34.41	+4.16	+2.53



Construction

Despite registering the highest proportion of payment delays for the tenth consecutive quarter since Q1 2016, payment performance within the construction sector continued to improve for the second consecutive quarter.

- ❖ Q-o-q slow payments fell moderately by 1.81 percentage points from 49.14 per cent in Q1 2018 to 47.33 per cent in Q2 2018.
- ❖ The building construction sector saw the largest decrease in slow payments by 10.5 percentage points which fell visibly from 58.04 per cent in Q1 2018 to 47.54 per cent in Q2 2018. Payment delays by special trade contractors fell by 1.63 percentage points from 49.41 per cent in Q1 2018 to 47.78 per cent in Q2 2018. Meanwhile, the heavy construction sector fell marginally by 0.87 percentage points from 47.22 per cent in Q1 2018 to 46.35 per cent in Q2 2018.
- ❖ On a y-o-y basis, slow payments increased by 2.17 percentage points from 45.16 per cent in Q2 2017 to 47.33 per cent in Q2 2018.

Manufacturing

Slow payments within the manufacturing sector deteriorated due to an increase in payment delays by manufacturers of apparels and other textile, tobacco and rubber.

- ❖ Slow payments rose by 2.12 percentage points from 36.88 per cent in Q1 2018 to 39.0 per cent in Q2 2018.
- ❖ Manufacturers of apparels and other textile experienced the largest increase in payment delays, up by 11.02 percentage points from 32.14 per cent in Q1 2018 to 43.16 per cent in Q2 2018. This is followed by manufacturers of tobacco, up by 10.12 percentage points from 37.50 per cent in Q1 2018 to 47.62 per cent in Q2 2018. Slow payments by manufacturers of rubber increased by 6.16 percentage points from 32.96 per cent in Q1 2018 to 39.12 per cent in Q2 2018.
- ❖ On a y-o-y basis, slow payments dropped by 2.37 percentage points from 41.37 per cent in Q2 2017 to 39.0 per cent in Q2 2018.

Retail

The retail sector recorded the lowest proportion of slow payments. However, payment delays have increased slightly among retailers of apparel and accessories, building materials, furniture and home furnishings.

- ❖ Slow payments inched upwards by 0.86 percentage points from 28.98 per cent in Q1 2018 to 29.84 per cent in Q2 2018.
- ❖ Retailers of apparel and accessories recorded the highest increase in slow payments, up by 7.94 percentage points from 29.36 per cent in Q1 2018 to 37.30 per cent in Q2 2018. This is followed by retailers of building materials, up 2.57 percentage points from 45.39 per cent in Q1 2018 to 47.96 per cent in Q2 2018. Payment delays by retailers of furniture and home furnishing increased by 2.53 percentage points from 40.78 per cent in Q1 2018 to 43.31 per cent in Q2 2018.
- ❖ On a y-o-y basis, slow payments fell visibly by 4.10 percentage points from 33.94 per cent in Q2 2017 to 29.84 per cent in Q2 2018.

Services

Following a slight deterioration in payment delays in Q1 2018, slow payments within the services sector improved marginally in Q2 2018.

- ❖ Q-o-q slow payments inched down by 0.65 percentage points from 38.19 per cent in Q1 2018 to 37.54 per cent in Q2 2018.
- ❖ The automobile services sub-sector recorded the largest decrease in slow payments, down 10.31 percentage points from 55.63 percentage points in Q1 2018 to 45.32 percentage points in Q2 2018. This is followed by consumer services, down 7.19 percentage points from 39.89 per cent in Q1 2018 to 32.70 per cent in Q2 2018. Slow payment by legal services sub-sector fell by 5.0 percentage points from 28.78 per cent in Q1 2018 to 23.78 per cent in Q2 2018.
- ❖ On a y-o-y basis, slow payments dropped by 3.47 percentage points from 41.01 per cent in Q2 2017 to 37.54 per cent in Q2 2018.

Wholesale Trade

The wholesale trade sector recorded the largest increase in payment delays due largely to a rise in slow payments within the wholesale trade of durable goods.

- ❖ Q-o-q payment delays rose visibly from +32.78 per cent in Q1 2018 to +36.94 per cent in Q2 2018.
- ❖ Slow payments by wholesalers of durable goods rose moderately by 4.33 percentage points from 33.26 per cent in Q1 2018 to 37.59 per cent in Q2 2018. Meanwhile, payment delays by wholesalers of non-durable goods dropped moderately by 3.37 percentage points from 38.27 per cent in Q1 2018 to 34.90 per cent in Q2 2018.
- ❖ On a y-o-y basis, slow payments within the wholesale trade sector increased +34.41 per cent in Q2 2017 to +36.94 per cent in Q2 2018.

“On the overall, payment performance has remained at relatively healthy levels despite the slight increase in slow payments from the previous quarter. We have also seen a spike in partial payments within the manufacturing and wholesale trade sectors over the past quarter which is a positive sign as well. From a year-on-year perspective, both partial payments and slow payments have improved on the back of growth within the manufacturing, retail and services compared to a year ago.” said Ms. Audrey Chia, D&B Singapore’s Chief Executive Officer.

According to SCCB, partial payments by manufacturing and wholesale trade sectors have increased to 14.25 per cent and 14.03 per cent respectively in Q2 2018.

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 refers to when 90% or more of total bills are paid within the agreed payment terms. Slow payment refers to when less than 50% of total bills are paid within the agreed terms. Partial payment refers to when between 50% and 90% of total bills are paid within the agreed payment 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.

Contact Information

Matthias Chen

Marcom & Product Development

DID: +65 6439 6670

HP: +65 9478 5568

Email: Matthias.chen@dnb.com.sg