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**FOR IMMEDIATE RELEASE**

**Partial payments hit new high amid decline in payment performance in Q2 2020**

*Retail and Services sectors recorded the highest quarter-on-quarter increase in slow payments*

*- Singapore Commercial Credit Bureau*

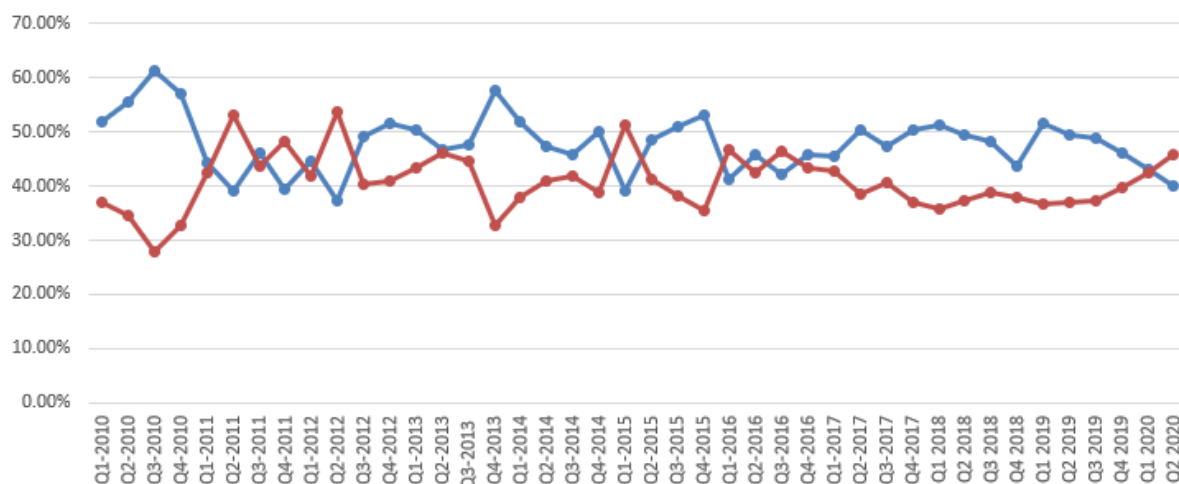
**Singapore, 01 July 2020** – Payment performance of local firms has declined further for the second quarter of 2020 after hitting a near 3-year low in Q1 2020. According to Singapore Commercial Credit Bureau (SCCB), both prompt and slow payments each accounted for approximately two-fifths of total payment transactions.

On a quarter-on-quarter (q-o-q) basis, prompt payments have fallen by 3.11 percentage points from 43.20 per cent in Q1 2020 to 40.09 per cent in Q2 2020. Year-on-year (Y-o-y), prompt payment dropped significantly by 9.35 percentage points from 49.44 per cent in Q2 2019 to 40.09 per cent in Q2 2020.

Slow payments increased by 3.20 percentage points from 42.58 per cent in Q1 2020 to 45.78 per cent in Q2 2020. Y-o-y, slow payments rose visibly, up by 8.68 percentage points from 37.10 per cent in Q2 2019 to 45.78 per cent in Q2 2020.

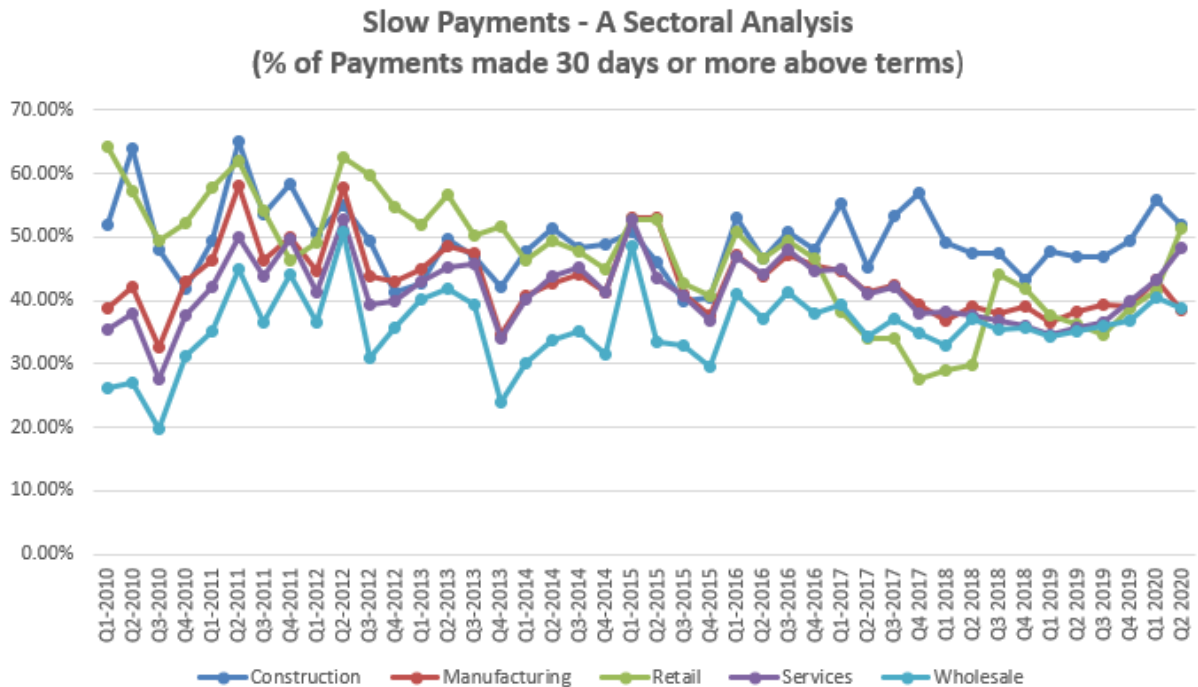
Meanwhile, partial payments inched up to a historical high by 3.13 percentage points from 11.0 per cent in Q1 2020 to 14.13 per cent in Q2 2020. Y-o-y, partial payments climbed marginally by 0.68 percentage points from 13.45 per cent in Q2 2019 to 14.13 per cent in Q2 2020.

**Overall Payment Performance (Q1 2010 to Q2 2020)**



From a sectoral perspective, q-o-q slow payments have deteriorated across 2 out of five industries. The retail and services sectors saw the largest q-o-q increases in payment delays.

Sector	% of Slow Payments			Percentage-Point Change	
	Q2 2020	Q1 2020	Q2 2019	Q-o-q	Y-o-y
Construction	51.97	55.90	46.90	-3.93	+5.07
Manufacturing	38.52	43.15	38.08	-4.63	+0.44
Retail	51.22	41.50	36.19	+9.72	+15.03
Services	48.35	43.32	35.77	+5.03	+12.58
Wholesale	38.83	40.38	35.22	-1.55	+3.61



**Construction**

Payment delays within the construction sector fell slightly in Q2 2020, reversing the uptrend for two consecutive quarters.

- ❖ Q-o-q slow payments fell by 3.93 percentage points from 55.90 per cent in Q1 2020 to 51.97 per cent in Q2 2020.
- ❖ The building construction sector saw an increase in slow payments, decreasing by 2.17 percentage points from 54.20 per cent in Q1 2020 to 52.03 per cent in Q2 2020. Slow payments within the heavy construction sector fell by 3.66 percentage points from 54.72 per cent in Q1 2020 to 51.06 per cent in Q2 2020. Payment delays within the special trade sector dropped marginally by 1.50 percentage points from 50.15 per cent in Q1 2020 to 48.65 per cent in Q2 2020.
- ❖ On a y-o-y basis, slow payments jumped by 5.07 percentage points from 46.90 per cent in Q2 2019 to 51.97 per cent in Q2 2020.

**Manufacturing**

Slow payments within the manufacturing sector has also fallen visibly owing to a fall in payment delays by manufacturers of textiles, petroleum and coal as well as rubber and plastic products.

- ❖ Slow payments dropped by 4.63 percentage points from 43.15 per cent in Q1 2020 to 38.52 per cent in Q2 2020.
- ❖ Payment delays by general manufacturers fell by 4.72 percentage points from 46.08 per cent in Q1 2020 to 41.36 per cent in Q2 2020. This is followed by manufacturers of petroleum and coal which saw slow payments falling by 2.86 percentage points from 42.46 per cent in Q1 2020 to 39.60 per cent in Q2 2020. Payment delays by manufacturers of rubber and plastic products dropped by 2.20 percentage points from 39.96 per cent in Q1 2020 to 37.76 per cent in Q2 2020.
- ❖ On a y-o-y basis, slow payments inched up by 0.44 percentage points from 38.08 per cent in Q2 2019 to 38.52 per cent in Q2 2020.

**Retail**

The retail sector saw a significant spike in payment delays due to a surge in slow payments by retailers of general merchandise, food and beverage as well as building materials and supplies.

- ❖ Slow payments jumped by 9.72 percentage points from 41.50 per cent in Q1 2020 to 51.22 per cent in Q2 2020.
- ❖ Retailers of general merchandise saw the largest increase in slow payments, up by 18.58 percentage points from 38.36 per cent in Q1 2020 to 56.94 per cent in Q2 2020. This is followed by retailers of food and beverage, up by 17.91 percentage points from 35.26 per cent in Q1 2020 to 53.17 per cent in Q2 2020. Retailers of building materials and garden supplies saw a visible increase in slow payments, up by 5.05 percentage points from 50.16 per cent in Q1 2020 to 55.21 per cent in Q2 2020.
- ❖ On a y-o-y basis, slow payments rose visibly by 15.03 percentage points from 36.19 per cent in Q2 2019 to 51.22 per cent in Q2 2020.

**Services**

Slow payments within the services sector also experienced a significant increase due to a rise in payment delays by recreational services, educational services and hotels and accommodation.

- ❖ Q-o-q slow payments climbed upwards by 5.03 percentage points from 43.32 per cent in Q1 2020 to 48.35 per cent in Q2 2020.
- ❖ The engineering services sub-sector saw the highest increase in payment delays, up by 35.61 percentage points from 14.23 per cent in Q1 2020 to 49.84 per cent in Q2 2020. This is followed by the educational services sub-sector, up by 16.95 percentage points from 37.21 per cent in Q1 2020 to 54.16 per cent in Q2 2020. The hotels and accommodation sub-sector saw the third highest increase in slow payments by 11.28 percentage points, from 34.43 per cent in Q1 2020 to 45.71 per cent in Q2 2020.
- ❖ On a y-o-y basis, slow payments jumped by 12.58 percentage points from 35.77 per cent in Q2 2019 to 48.35 per cent in Q2 2020.

**Wholesale Trade**

The wholesale trade sector saw a slight decrease in payment delays primarily due to improvements in slow payments by wholesalers of both durable and non-durable goods.

- ❖ Q-o-q payment delays fell by 1.55 percentage points from 40.38 per cent in Q1 2020 to 38.83 per cent in Q2 2020.

- ❖ Slow payments by wholesalers of durable goods fell significantly by 8.76 percentage points from 47.54 per cent in Q1 2020 to 38.78 per cent in Q2 2020 while payment delays by wholesalers of non-durable goods decreased by 1.09 percentage points from 39.99 per cent in Q1 2020 to 38.90 per cent in Q2 2020.
- ❖ On a y-o-y basis, slow payments within the wholesale trade sector climbed by 3.61 percentage points from 35.22 per cent in Q2 2019 to 38.83 per cent in Q2 2020.

“The deterioration in payment performance should come as no surprise as the economy came to a virtual standstill for the most of Q2 2020. The retail and services sectors have in particular registered the highest jumps in payment delays historically. We are also seeing more partial payments in the form of staggered payment plans being made during this period.” commented Ms. Audrey Chia, D&B Singapore’s Chief Executive Officer.

“However, it is still premature to determine if we can see improvements in the near-term even with the gradual resumption of economic activities. The cashflow situation for most firms is likely to remain tight. Hence, we would caution firms to continue exercising vigilance and prudence in their credit policies.” 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 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.

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