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FOR IMMEDIATE RELEASE

Payment performance hit an all-time low in 2020
Slight improvements in quarter-on-quarter prompt and slow payments for Q4 2020
 - Singapore Commercial Credit Bureau

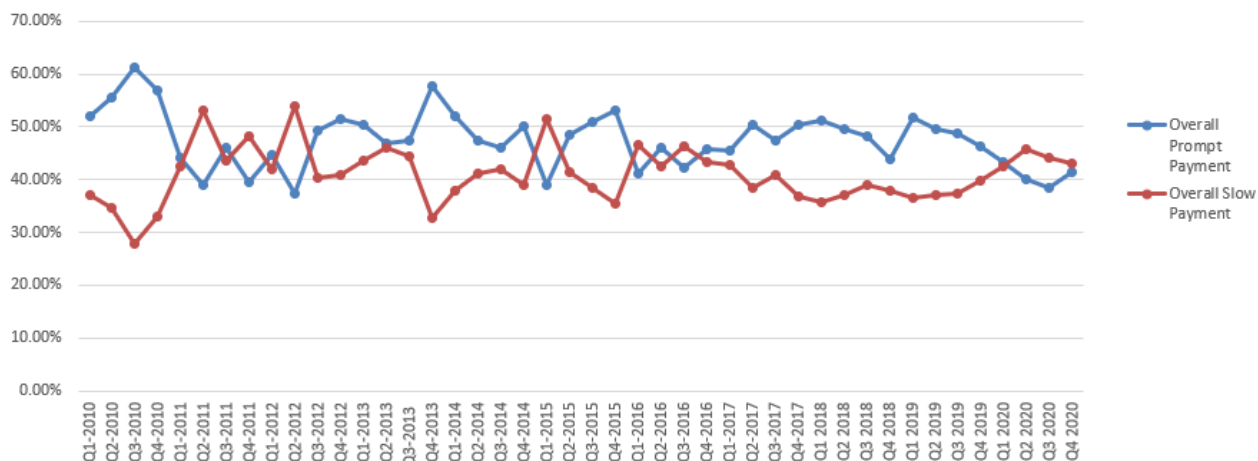
Singapore, 05 January 2021 – Payment performance of local firms has shown signs of slight improvement in Q4 2020, rebounding from several consecutive quarters of decline. According to Singapore Commercial Credit Bureau (SCCB), both prompt and slow payments each accounted for more than two-fifths of payment transactions.

On a quarter-on-quarter (q-o-q) basis, prompt payments inched up by 2.90 percentage points from 38.39 per cent in Q3 2020 to 41.29 per cent in Q4 2020. Year-on-year (y-o-y), prompt payments have decreased by 4.94 percentage points from 46.23 per cent in Q4 2019 to 41.29 per cent in Q4 2020.

Slow payments fell by 1.01 percentage points from 44.16 per cent in Q3 2020 to 43.15 per cent in Q4 2020. Y-o-y, slow payment increased by 3.40 percentage points from 39.75 per cent in Q4 2019 to 43.15 per cent in Q4 2020.

Meanwhile, partial payments dipped slightly by 1.89 percentage points from 17.45 per cent in Q3 2020 to 15.56 per cent in Q4 2020. Y-o-y partial payments rose by 1.54 percentage points from 14.02 per cent in Q4 2019 to 15.56 per cent in Q4 2020.

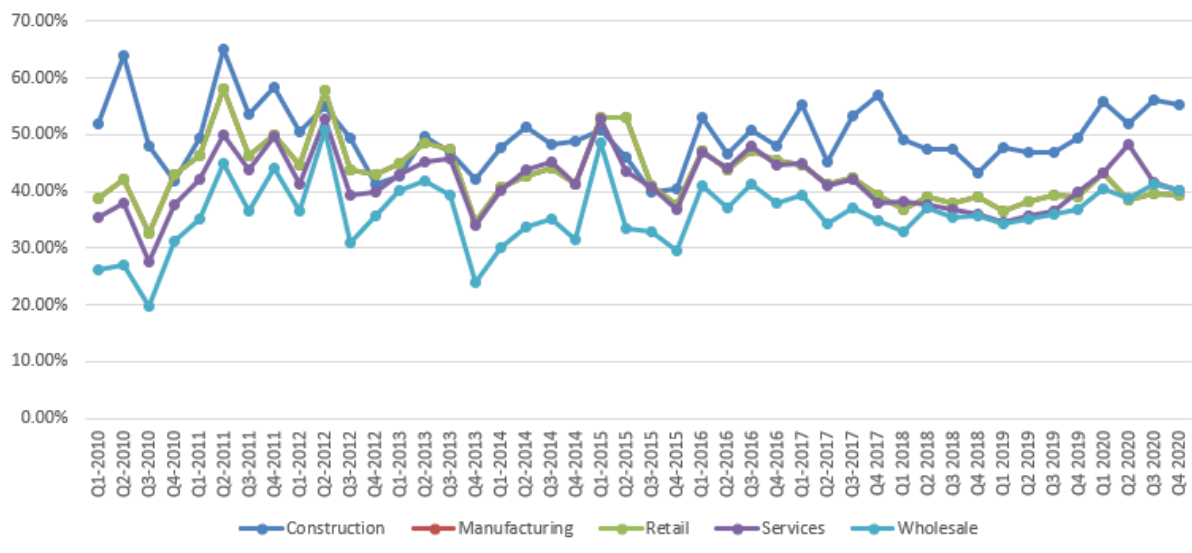
Overall Payment Performance (Q1 2010 to Q4 2020)



From a sectoral perspective, q-o-q slow payments have improved slightly across all five industries. However, y-o-y slow payments has deteriorated across all industries.

Sector	% of Slow Payments			Percentage-Point Change	
	Q4 2020	Q3 2020	Q4 2019	Q-o-q	Y-o-y
Construction	55.12	56.00	49.42	-0.88	+5.70
Manufacturing	39.20	39.55	39.13	-0.35	+0.07
Retail	41.15	42.30	38.80	-1.15	+2.35
Services	40.23	41.64	39.91	-1.41	+0.32
Wholesale	40.07	41.29	36.79	-1.22	+3.28

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



Construction

The construction sector registered the highest proportion of slow payments, accounting for more than half of payment transactions in Q4 2020.

- ❖ Q-o-q slow payments dipped by 0.88 percentage points from 56.0 per cent in Q3 2020 to 55.12 per cent in Q4 2020.
- ❖ Special trade contractors saw a relatively larger decrease in slow payments, down by 1.49 percentage points from 56.15 per cent in Q3 2020 to 54.66 per cent in Q4 2020. Slow payments within the building construction sector dipped by 0.65 percentage points from 56.65 per cent in Q3 2020 to 56.0 per cent in Q4 2020. Payment delays within the heavy construction sector fell by 0.50 percentage points from 55.20 per cent in Q3 2020 to 54.66 per cent in Q4 2020.
- ❖ On a y-o-y basis, slow payments jumped visibly by 5.70 percentage points from 49.42 per cent in Q4 2019 to 55.12 per cent in Q4 2020.

Manufacturing

Slow payments within the manufacturing sector fell slightly due to a fall in payment delays by manufacturers of leather products, glass products and primary metals.

- ❖ Slow payments fell by 0.35 percentage points from 39.55 per cent in Q3 2020 to 39.20 per cent in Q4 2020.
- ❖ Payment delays by manufacturers of leather products decreased visibly, down by 6.91 percentage points from 35.76 per cent in Q3 2020 to 28.85 per cent in Q4 2020. This is followed by manufacturers of glass products, which saw a fall in slow payments by 4.58 percentage points, down from 49.25 per cent in Q3 2020 to 44.67 per cent in Q4 2020. Payment delays by manufacturers of primary metals fell by 2.05 percentage points from 46.66 per cent in Q3 2020 to 44.61 per cent in Q4 2020.
- ❖ On a y-o-y basis, slow payments increased marginally by 0.07 percentage points from 39.13 per cent in Q4 2019 to 39.20 per cent in Q4 2020.

Retail

Payment delays in the retail sector improved for the second consecutive quarter in Q4 2020. This is largely due to a fall in slow payments by retailers of general merchandise, food and beverages.

- ❖ Slow payments fell by 1.15 percentage points from 42.30 per cent in Q3 2020 to 41.15 per cent in Q4 2020.
- ❖ Retailers of general merchandise experienced the largest drop in slow payments for the second consecutive quarter, down by 14.54 percentage points from 47.50 per cent in Q3 2020 to 32.96 per cent in Q4 2020. Payment delays by retailers of food and beverage decreased marginally by 0.60 percentage points from 45.80 per cent in Q3 2020 to 45.20 per cent in Q4 2020.
- ❖ On a y-o-y basis, slow payments rose moderately by 2.35 percentage points from 38.80 per cent in Q4 2019 to 41.15 per cent in Q4 2020.

Services

Slow payments within the services sector has also improved for the second consecutive quarter due to a fall in payment delays by educational, health and legal services.

- ❖ Q-o-q slow payments fell by 1.41 percentage points from 41.64 per cent in Q3 2020 to 40.23 per cent in Q4 2020.
- ❖ The educational services sub-sector saw the largest decline in payment delays, down by 11.28 percentage points from 47.71 per cent in Q3 2020 to 36.43 per cent in Q4 2020. This is followed by health services, down by 6.95 percentage points from 43.33 per cent in Q3 2020 to 36.38 per cent in Q4 2020. The legal services sub-sector saw the third largest decrease in slow payments, down by 3.32 percentage points from 42.46 per cent in Q3 2020 to 39.14 per cent in Q4 2020.
- ❖ On a y-o-y basis, slow payments inched up by 0.32 percentage points from 39.91 per cent in Q4 2019 to 40.23 per cent in Q4 2020.

Wholesale Trade

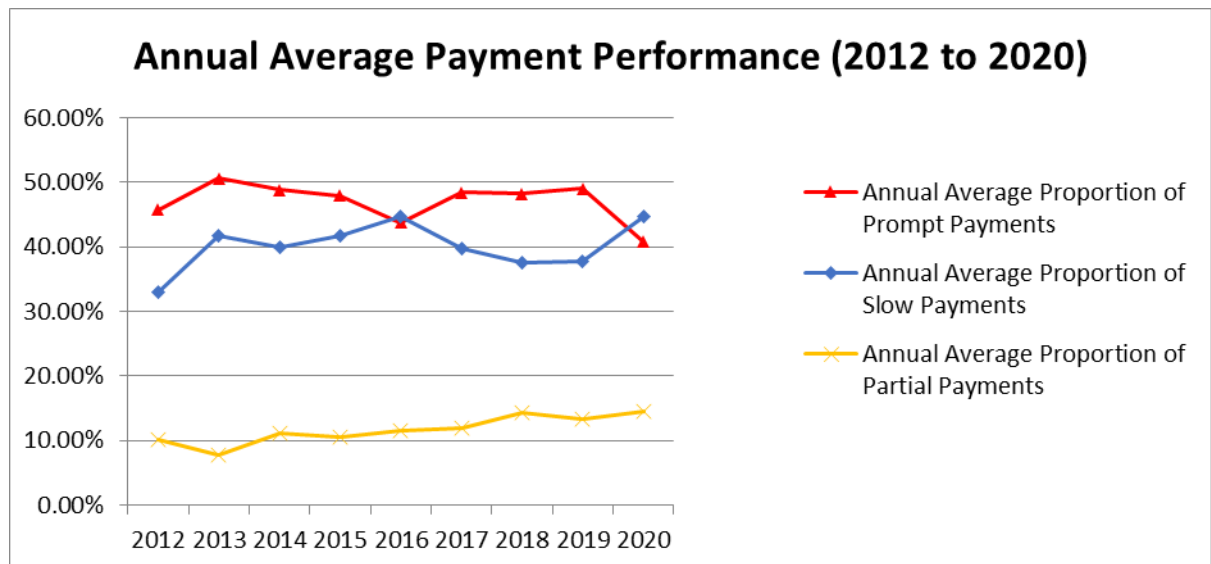
The wholesale trade sector saw a slight decrease in payment delays primarily due to a fall in slow payments by wholesalers of both durable and non-durable goods.

- ❖ Q-o-q payment delays dropped by 1.22 percentage points from 41.29 per cent in Q3 2020 to 40.07 per cent in Q4 2020.

- ❖ Slow payments by wholesalers of durable goods fell by 1.84 percentage points from 41.80 per cent in Q3 2020 to 39.96 per cent in Q4 2020 while payment delays by wholesalers of non-durable goods dipped by 0.61 percentage points from 40.78 per cent in Q3 2020 to 40.17 per cent in Q4 2020.
- ❖ On a y-o-y basis, slow payments fell by 3.28 percentage points from 36.79 per cent in Q3 2020 to 40.07 per cent in Q4 2020.

“We are seeing more visible improvements in the payment performance of local firms in the final quarter of 2020. This is largely due to a fall in slow payments from the services and wholesale industries. Although the Singapore economy is expected to return to growth this year, we anticipate the continuing trend of improvement in payment performance to be gradual after hitting an all-time low in 2020.” commented Ms. Audrey Chia, D&B Singapore’s Chief Executive Officer.

Overall payment performance of local firms has hit an all-time low in 2020. According to Singapore Commercial Credit Bureau (SCCB), the annual average proportion of prompt payments has fallen to less than half of total payment transactions from 49.05 per cent in 2019 to 40.74 per cent in 2020 while the average proportion of slow payments has increased from 37.68 per cent in 2019 to 44.72 per cent in 2020. Partial payments have also hit an all-time high in 2020, up from 13.27 per cent in 2019 to 14.54 per cent in 2020.



Commentary

D&B Singapore compiles the figures by monitoring more than 2.4 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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