

Contact:
 Matthias Chen – Marketing, Strategy & Innovation
 matthias.chen@dnb.com.sg
 +65 6439 6670/+65 9478 5568

FOR IMMEDIATE RELEASE

Payment performance nosedives to near 3-year low
Construction and Services sectors experienced the highest year-on-year increase in slow payments amid Covid-19 pandemic
 - Singapore Commercial Credit Bureau

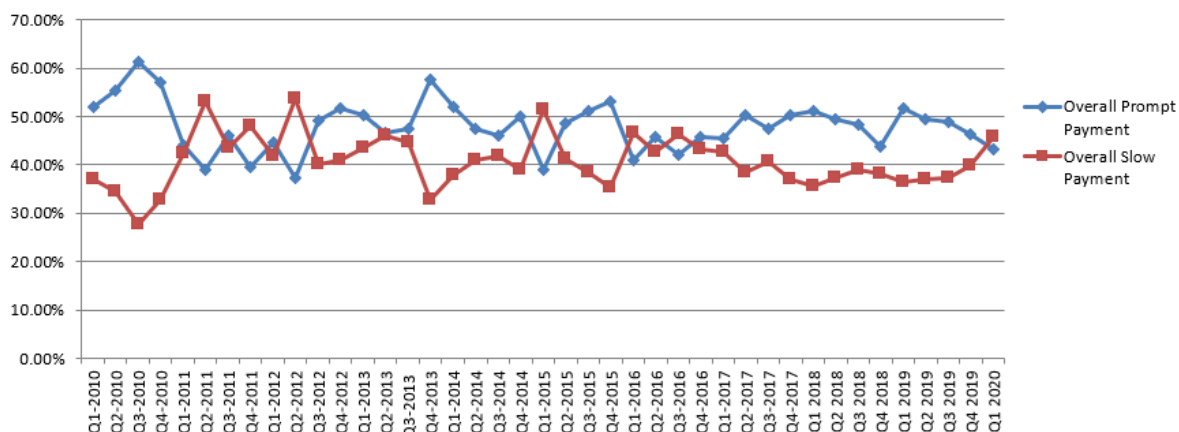
Singapore, 06 April 2020 – Payment performance of local firms has nosedived to a near 3-year low for the first quarter of 2020. According to Singapore Commercial Credit Bureau (SCCB), prompt payments accounted for less than half of total payment transactions while slow payments accounted for more than two-fifths of total payment transactions. Prompt payments hit a previous low of 42.18 per cent in Q3 2016.

On a quarter-on-quarter (q-o-q) basis, prompt payments have fallen by 3.03 points from 46.23 per cent in Q4 2019 to 43.20 per cent in Q1 2020. Year-on-year (Y-o-y), prompt payments plunged by 8.5 percentage points, from 51.70 per cent in Q1 2019 to 43.20 per cent in Q1 2020.

Slow payments jumped by a visible 6.05 percentage points from 39.75 per cent in Q4 2019 to 45.80 per cent for Q1 2020 on a q-o-q basis. Y-o-y, slow payments has seen a significant spike, up by 9.21 percentage points from 36.59 per cent in Q1 2019 to 45.80 per cent in Q1 2020.

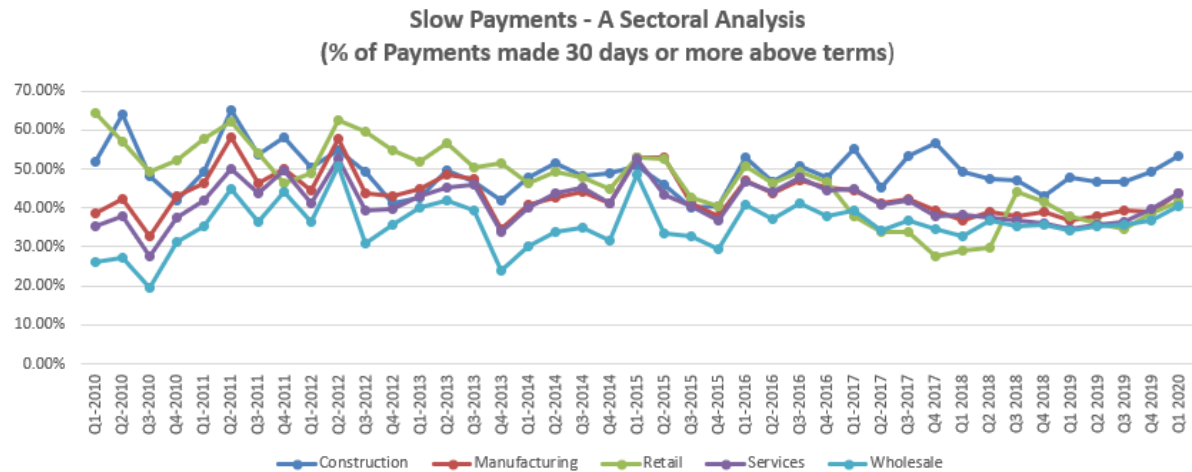
Meanwhile, partial payments fell by 3.02 percentage points from 14.02 per cent in Q4 2019 to 11.0 per cent in Q1 2020. Y-o-y, partial payments dropped by 0.71 percentage points from 11.71 per cent in Q1 2019 to 11.0 per cent in Q1 2020.

Overall Payment Performance (Q1 2010 to Q1 2020)



From a sectoral perspective, q-o-q slow payments have deteriorated across all 5 industries. The manufacturing and services sectors saw the largest y-o-y increases.

Sector	% of Slow Payments			Percentage-Point Change	
	Q1 2020	Q4 2019	Q1 2019	Q-o-q	Y-o-y
Construction	53.50	49.42	47.72	+4.08	+5.78
Manufacturing	43.80	39.13	36.65	+4.67	+7.15
Retail	41.60	38.80	37.73	+2.80	+3.87
Services	43.68	39.91	34.49	+3.77	+9.19
Wholesale	40.58	36.79	34.25	+3.79	+6.33



Construction

Payment delays within the construction sector jumped significantly in Q1 2020 due to a rise in payment delays across all sub-sectors.

- ❖ Q-o-q slow payments climbed by 4.08 percentage points from 49.42 per cent in Q3 2019 to 53.50 per cent in Q4 2019.
- ❖ The building construction sector saw an increase in slow payments, rising by 2.70 percentage points from 51.50 per cent in Q4 2019 to 54.20 per cent in Q1 2020. Slow payments within the heavy construction sector rose by 5.72 percentage points from 49.0 per cent in Q4 2019 to 54.72 per cent in Q2 2020. Payment delays within the special trade sector increased by 3.15 percentage points from 47.0 per cent in Q4 2019 to 50.15 per cent in Q1 2020.
- ❖ On a y-o-y basis, slow payments climbed by 5.78 percentage points from 47.72 per cent in Q1 2019 to 53.50 per cent in Q1 2020.

Manufacturing

The manufacturing sector saw an increase in slow payments owing to a rise in payment delays by manufacturers of petroleum, chemicals and lumber and wood.

- ❖ Slow payments increased by 4.67 percentage points from 39.13 per cent in Q4 2019 to 43.80 per cent in Q1 2020.
- ❖ Manufacturers of petroleum and coal jumped by 9.46 percentage points from 33.0 per cent in Q4 2019 to 42.46 per cent in Q1 2020. This is followed by manufacturers of chemical products, up by 6.13 percentage points from 31.50 per cent in Q4 2019 to 37.63 per cent in Q1 2020. Payment delays by manufacturers of lumber and wood products rose by 5.59 percentage points from 34.0 per cent in Q4 2019 to 39.59 per cent in Q1 2020.
- ❖ On a y-o-y basis, slow payments rose by 7.15 percentage points from 36.65 per cent in Q1 2019 to 43.80 per cent in Q1 2020.

Retail

Payment delays within the retail sector increased moderately due largely to a rise in payment delays by retailers of apparels and automobiles.

- ❖ Slow payments rose by 2.80 percentage points from 38.80 per cent in Q4 2019 to 41.60 per cent in Q1 2020.
- ❖ Retailers of automobiles saw the largest increase in slow payments, up by 6.51 percentage points from 44.0 per cent in Q4 2019 to 50.51 per cent in Q1 2020. This is followed by retailers of apparels, up by 4.90 percentage points from 36.50 per cent in Q4 2019 to 41.40 per cent in Q1 2020.
- ❖ On a y-o-y basis, slow payments jumped by 3.87 percentage points from 37.73 per cent in Q1 2019 to 41.60 per cent in Q1 2020.

Services

Slow payments within the services sector experienced the largest y-o-y increase owing to a jump in payment delays within the recreational, hotels and accommodation and social services sub-segments.

- ❖ Q-o-q slow payments climbed upwards by 3.77 percentage points from 39.91 per cent in Q4 2019 to 43.68 per cent in Q1 2020.
- ❖ The recreational services sub-sector registered the highest increase in slow payments, up by 13.60 percentage points from 38.50 per cent in Q4 2019 to 52.10 per cent in Q1 2020. This is followed by the hotels and accommodation sub-sector, which saw an increase in slow payments by 4.93 percentage points, from 29.50 per cent in Q4 2019 to 34.43 per cent in Q1 2020. The social services sub-sector saw an increase in slow payments by 4.77 percentage points from 52.0 per cent in Q4 2019 to 56.77 per cent in Q1 2020.
- ❖ On a y-o-y basis, slow payments increased by 9.19 percentage points from 34.49 per cent in Q1 2019 to 43.68 per cent in Q1 2020.

Wholesale Trade

The wholesale trade sector saw a moderate increase in payment delays primarily due to the rise in slow payments by wholesalers of both durable and non-durable goods.

- ❖ Q-o-q payment delays moderately increased by 3.79 percentage points from 36.79 per cent in Q4 2019 to 40.58 per cent in Q1 2020.
- ❖ Slow payments by wholesalers of durable goods rose by 5.65 percentage points from 36.50 per cent in Q4 2019 to 42.15 per cent in Q1 2020 while payment delays by wholesalers of non-durable goods increased by 3.95 percentage points from 35.50 per cent in Q4 2019 to 39.45 per cent in Q1 2020.

- ❖ On a y-o-y basis, slow payments within the wholesale trade sector climbed by 6.33 percentage points from 34.25 per cent in Q1 2019 to 40.58 per cent in Q1 2020.

“The marked deterioration in payment performance is a clear sign that firms are struggling to meet their debt obligations with creditors. The services, manufacturing and construction companies have in particular been the hardest hit. We are expecting the downtrend in payment performance to continue as firms are exposed to a higher risk of payment delinquency in the months to come.” commented 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 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

Marketing, Strategy & Innovation

DID: +65 6439 6670

HP: +65 9478 5568

Email: Matthias.chen@dnb.com.sg