

October 2017



# Atradius Payment Practices Barometer

International survey of B2B payment behaviour  
Singapore – key survey results



## Singapore – key survey results

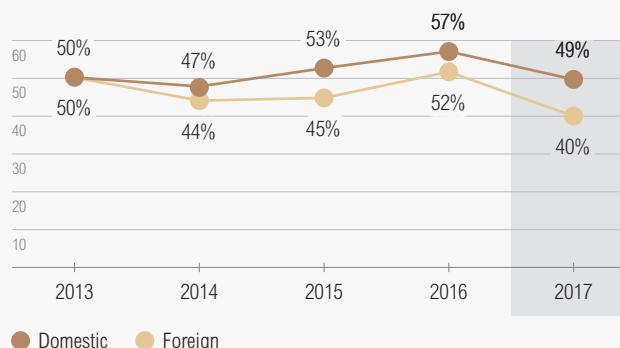
The openness of Singapore's economy exposes it to the slowdown in China in 2018. Despite the uncertain business environment most respondents in Singapore said that they do not intend to make any changes in their current use of credit management practices in the face of developments such as Brexit, US protectionism and the slowdown in Asia.

### Sales on credit terms

In 2016, Singapore had the highest average percentage of transactions on credit with 54.5%. This changed in 2017, when the average total value of sales made on credit terms dropped to 44.5%. This was also the biggest decrease registered in the Asia Pacific region.

- The average percentage of domestic B2B sales on credit made by respondents in Singapore decreased from 56.6% in 2016 to 48.6% this year.
- A more significant decline was observed in respect to foreign B2B sales. The percentage of B2B sales on credit to foreign B2B customers declined from 52.4% in 2016 to 40.4% this year.
- Similarly to their peers in Asia Pacific, respondents in Singapore are more likely to use credit terms in domestic B2B transactions than in foreign B2B transactions.
- Compared to the regional averages (domestic: 49.5%; foreign: 42.2%), respondents in Singapore are slightly less likely to sell on credit terms to both their domestic and foreign B2B customers.

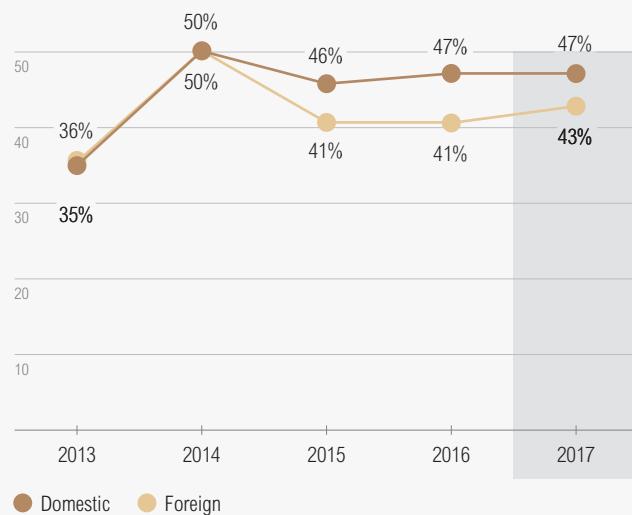
### B2B sales on credit in Singapore (%)



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – October 2017

More information in the [Statistical appendix](#)

### Past due B2B receivables in Singapore (avg. %)



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – October 2017

More information in the [Statistical appendix](#)

### Overdue B2B invoices (%)

In 2017, late payments from domestic and foreign B2B customers were reported more frequently by respondents in Singapore than by respondents in Asia Pacific overall.

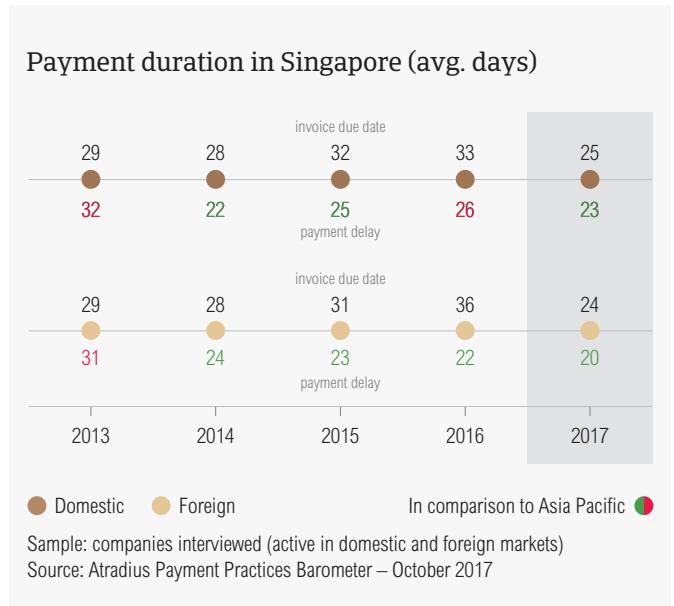
- On average, 94.0% of respondents in Singapore reported late payments from their domestic B2B customers. About half of respondents' B2B invoices (47.1%, on average) extended past due.
- The percentage of respondents in Singapore who reported late payment from their foreign B2B customers is 93.1%. The average percentage of foreign B2B invoices which went overdue (42.7%) is lower than that of domestic invoices. However, compared to one year ago, when the average percentage of foreign B2B invoices stood at 40.9%, there was a minor increase.
- The average Days Sales Outstanding (DSO) figure in Singapore decreased from 46 days in 2016 to 41 days this year. This is almost in line with the average DSO of 40 days reported for Asia Pacific overall.
- Looking ahead, most respondents in Singapore (48.0%) do not expect a change in their average DSO over the next 12 months. Unlike most of their peers in Asia Pacific (with the exception of those in China and India), a high percentage of respondents (31.3%) expect a slight increase in their average DSO over the same time frame.



## Payment duration (average days)

Payment duration in Singapore improved from an average of 59 days in 2016 to 47 days in 2017. Together with their peers in Australia (46 days), respondents in Singapore seem to cash on invoices the quickest.

- 2017 survey respondents in Singapore asked their domestic and foreign B2B customers to settle their invoices much faster than one year ago. Domestic B2B customers had, on average, 25 days and foreign B2B customers had, on average, 24 days to fulfil their payment obligations. The average payment terms in 2016 stood at 33 days for domestic B2B customers and 36 days for foreign B2B customers.
- The average payment terms in Singapore are much shorter than the regional averages of 29 days for domestic B2B customers and 30 days for foreign B2B customers.
- Payment delays also decreased in Singapore in 2017. Domestic B2B customers of survey respondents delayed payments by 23 days on average (2016: 26 days) while foreign B2B customers delayed payments, on average, by 20 days (2016: 22 days).
- With a payment duration of 47 days, on average, respondents in Singapore turn B2B receivables into cash much quicker than their peers in Asia Pacific (who take 55 days, on average).



More information in the [Statistical appendix](#)

**34.7%**

of respondents in Singapore said that **due to payment delays** they needed to take additional measures to correct cash flow.

## Key payment delay factors

The most frequently reported reason for domestic payment delays in Singapore is insufficient availability of funds. Foreign delays occurred primarily because of the complexity of the payment procedure.

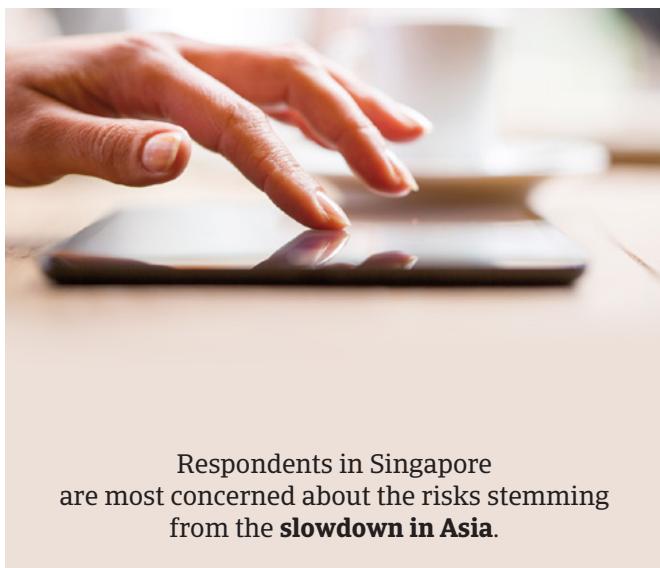
- 36.8% of respondents in Singapore cited insufficient availability of funds as the main reason for domestic payment delays. The second most frequently cited reason for domestic payment delays was disputes over the quality of goods delivered and services provided (30.7% of respondents). At regional level, 43.8% of suppliers reported insufficient availability of funds and 27.4% the complexity of the payment procedure.
- The top two reasons for foreign payment delays in Singapore are the complexity of the payment procedure (stated by 32.9% of respondents) and buyers using outstanding invoices as a form of financing (stated by 30.1% of respondents). At regional level, the most frequently reported reason for foreign payment delays was the complexity of the payment procedure (reported by 34.9% of respondents), followed by insufficient availability of funds (33.3% of respondents).
- Overdue B2B invoices seem to have impacted most businesses in Singapore; only 26.1% of respondents said that late payments have not caused any changes for their businesses. Of those that reported changes, 34.7% said that they needed to take specific measures to correct cash flow and 29.0% said that they needed to postpone payments to their own suppliers.



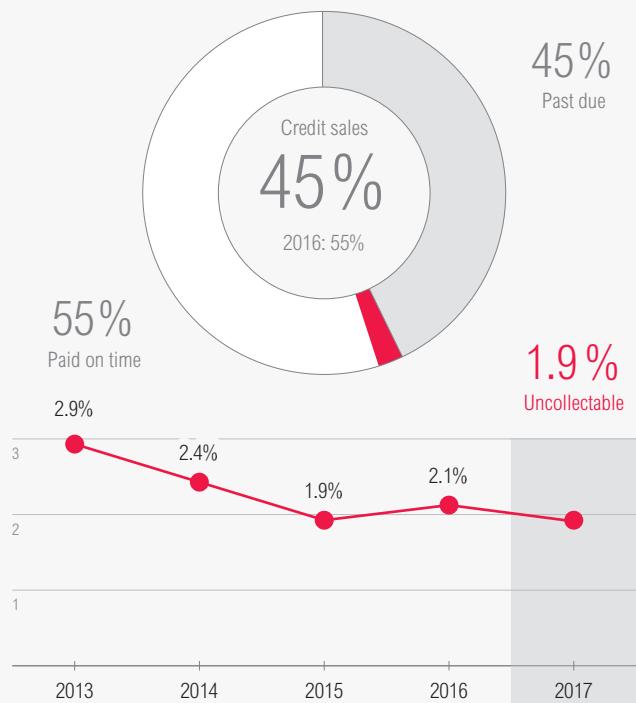
## Protection of business profitability

Despite the potential risks stemming from Brexit, US protectionism and the slowdown in Asia, only 25.2% of respondents in Singapore said that they are likely to do more to protect their businesses.

- The percentage of respondents in Singapore (25.2%) who stated that they are likely to increase their use of credit management practices in the face of the above-mentioned developments is lower than that registered in Asia Pacific overall (30.3%).
- Should suppliers in Singapore adjust their credit management practices, the preferred tools are the same as those stated in Asia Pacific overall: checks on buyers' creditworthiness (stated by 32.4% of respondents) and monitoring of buyers' credit risk (30.4%). The percentages for Asia Pacific are higher: increasing checks on buyers' creditworthiness (36.1%) and increasing monitoring of buyers' credit risk (34.0%).
- With China as a main trading partner, respondents in Singapore seem to be most concerned about risks stemming from the slowdown in Asia. 37.9% of respondents stated that they will increase creditworthiness checks on their buyers and 34.3% that they will increase monitoring of their buyers' credit risk.
- Against the risks stemming from Brexit, 28.4% of respondents said that they intend to increase their monitoring of buyers' credit risk and 27.1% that they will increase bad debt reserves.
- To manage potential risks caused by US protectionism, 34.2% of respondents in Singapore are likely to increase creditworthiness checks and 28.4% to increase monitoring of buyers' credit risk.



Uncollectable B2B receivables in Singapore  
(% of total value of B2B receivables)



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – October 2017

More information in the [Statistical appendix](#)

## Uncollectable receivables

The total value of B2B receivables written off as uncollectable in Singapore decreased from 2.1% in 2016 to 1.9% this year and is below the regional average (2.1%).

- Similarly to what was observed in previous surveys, in 2017, domestic receivables were written off as uncollectable more often than foreign ones (domestic: 1.3%; foreign: 0.6%). Compared to the year before, there were no major changes (domestic: 1.3%; foreign: 0.8%).
- The total value of uncollectable receivables in Singapore is slightly lower than the average for Asia Pacific overall (domestic: 1.5% and foreign 0.6%).
- Uncollectable receivables in Singapore originated most often from B2B customers in the electronics, construction, consumer durables and business services sectors.
- 48.5% of respondents in Singapore reported that the main reason why B2B receivables were written off as uncollectable was the customer going bankrupt or out of business. Other reasons why B2B receivables were uncollectable were the inability to locate the customer (reported by 42.3% of respondents) and the old age of the debt (according to 33.9% of respondents).

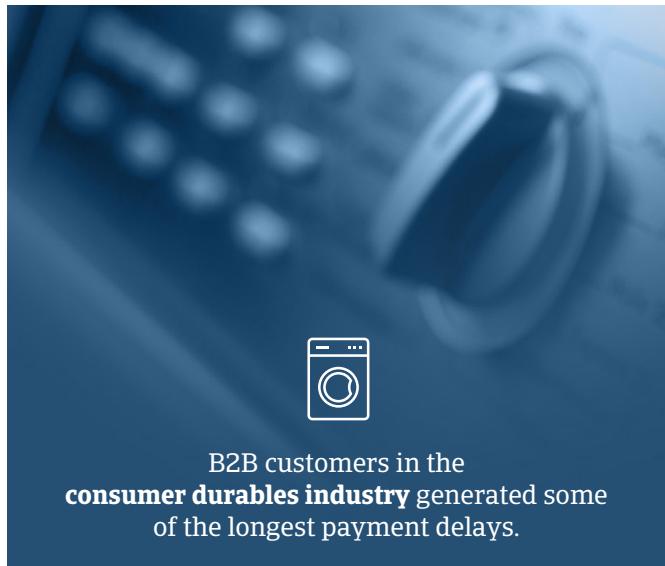
Read more in the Global Collections Review by Atradius Collections available on 24th October.



## Payment practices by industry

Looking ahead, more respondents in Singapore seem to expect a slight deterioration than an improvement in the payment behaviour of their B2B customers over the coming 12 months.

- B2B customers in the machines industry and those in the chemicals sector enjoyed longer payment terms (on average, 36 days and 31 days respectively) than the average registered in Singapore overall (25 days).
- B2B customers in construction materials and those in the paper sector were asked to pay their invoices the fastest (on average, 14 and 16 days respectively).
- Suppliers in Singapore reported that customers in the construction sector and those in consumer durables generated some of the longest payment delays. B2B customers in these sectors, paid on average 41 and 32 days late respectively.
- The main reasons for payment delays in the construction sector were the same as those reported in the country overall: insufficient availability of funds and disputes over the quality of goods delivered and services provided (each reason cited by 37.0% of respondents).
- Similarly, 36.0% of respondents in the consumer durables sector reported late payments due to insufficient availability of funds while disputes over the quality of goods delivered and services provided was cited by 31.0% of respondents.





## Statistical appendix

Statistical appendix to this report is part of the October 2017 Payment Practices Barometer of Atradius (survey results for Asia Pacific) available at [www.atradius.com/publications](http://www.atradius.com/publications)

[Download in PDF format](#) (English only).

## Survey design

For more information about the Atradius Payment Practices survey objectives and scopes, please see [Survey Design](#).



## Disclaimer

This report is provided for information purposes only and is not intended as a recommendation as to particular transactions, investments or strategies in any way to any reader. Readers must make their own independent decisions, commercial or otherwise, regarding the information provided. While we have made every attempt to ensure that the information contained in this report has been obtained from reliable sources, Atradius is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information in this report is provided 'as is'; with no guarantee of completeness, accuracy, timeliness or of the results obtained from its use, and without warranty of any kind, express or implied. In no event will Atradius, its related partnerships or corporations, or the partners, agents or employees thereof, be liable to you or anyone else for any decision made or action taken in reliance on the information in this report or for any consequential, special or similar damages, even if advised of the possibility of such damages.

## Copyright Atradius N.V. 2017

If after reading this report you would like **more information about protecting your receivables against payment default** by your customers you can visit the [Atradius website](#) or if you have more specific questions, please [leave a message](#) and a product specialist will call you back. In the Publications section you'll find many more Atradius publications focusing on the global economy, including country reports, industry analyses, advice on credit management and essays on current business issues.

[Subscribe](#) to notifications of our Publications and receive weekly emails to alert you when a new report is published.

For more **insights into the B2B receivables collection practices** in Singapore and worldwide, please see the Global Collections Review by Atradius Collections (free download after registration), available from October 2017 on [www.atradiuscollections.com](http://www.atradiuscollections.com)

Connect with Atradius on Social Media



On Twitter? Follow [@Atradius](#) or search [#atradiusppb](#)

# Don't overcomplicate your decision about whether to use credit insurance

## SHOULD I INSURE MY RECEIVABLES?

