



Atradius Payment Practices Barometer

International survey of B2B payment behaviour
Survey results for Singapore

Survey design for Asia Pacific

Survey objectives

For internationally active companies, it is vital to have good knowledge of the payment practices of potential customers in countries they do or plan to do business with, as miscalculation may result in serious cashflow problems. This applies to big as well as small companies. Big companies are particularly hit by poor payment behaviour due to the volume of their international transactions. Smaller companies often learn the hard way early in their international endeavours that they have incorrectly estimated the payment practices of their international business partners.

Atradius is conducting regular reviews of corporate payment practices through a survey called the “Atradius Payment Practices Barometer”. Using the questionnaire Conclusr conducted a netto of 1,692 interviews in Asia and the Pacific. The interviews were all conducted exclusively for Atradius and there was no combination of topics.

Survey scope

- Basic population: companies from 8 countries were monitored (Australia, China, Hong Kong, India, Indonesia, Japan, Singapore and Taiwan). The appropriate contacts for accounts receivable management were interviewed.
- Selection process:
Internet survey: companies were selected and contacted by use of an international Internet panel. A screening for the appropriate contact and for quota control was conducted at the beginning of the interview.
- Sample: N=1,692 people were interviewed in total (approximately n=200 people per country). In each country, a quota was maintained according to three classes of company size.
- Interview: Web-assisted personal interviews (WAPI) of approximately 12 minutes duration.

Sample overview – Total interviews = 1,692

Country	n	%
Australia	213	12.6
China	219	12.9
Hong Kong	220	12.9
India	208	12.3
Indonesia	207	12.3
Japan	208	12.3
Singapore	208	12.3
Taiwan	209	12.4
Industry	n	%
Manufacturing	605	35.8
Wholesale / Retail / Distribution	490	29.0
Services	597	35.2
Business size	n	%
Micro-enterprises	572	33.8
SMEs (Small/Medium enterprises)	857	50.7
Large enterprises	263	15.5

It may occur that the results are a percent more or less than 100% when calculating the results. This is the consequence of rounding off the results. Rather than adjusting the outcome so that it totalled 100%, we have chosen to leave the individual results as they were to allow for the most accurate representation possible.

Survey results for Singapore

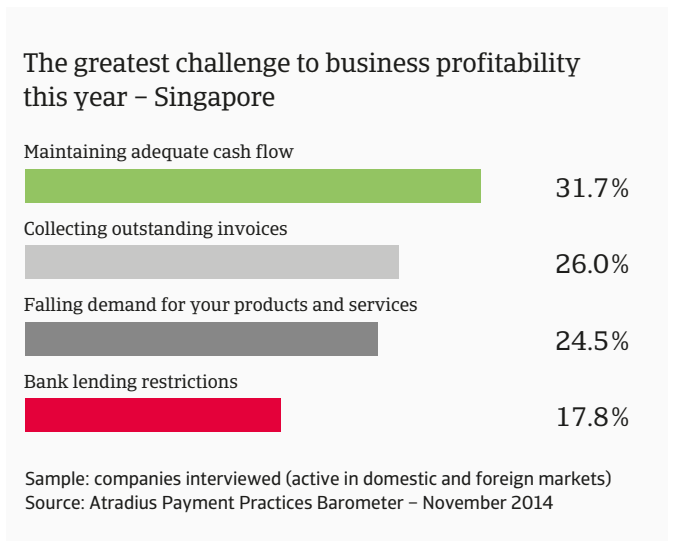
The greatest challenge to business profitability this year

Singapore is the world's fourth leading financial centre, and has a heavily import and export led economic focus. Indeed it is currently the 14th largest exporter and the 15th largest importer in the world, with exports to India, Vietnam and China continuing to grow. Economic growth is expected to be about 5% this year and next, back to the levels seen pre financial crisis.

Against this moderately healthy economic backdrop, the main challenge to profitability cited by our survey respondents in Singapore was "maintaining adequate cash flow", at 31.7%, although this was the second lowest response rate of all the Asia Pacific countries surveyed.

"Collection of outstanding invoices" was the second biggest challenge for Singapore's respondents, though at 26% this was the highest response rate of the countries surveyed, suggesting that it is more of a problem for Singapore than other countries. It is possible that this is attributable to Singapore's close trading relationship with China, which has notoriously hostile collections regulations and legislation preventing foreign businesses from pursuing Chinese debts.

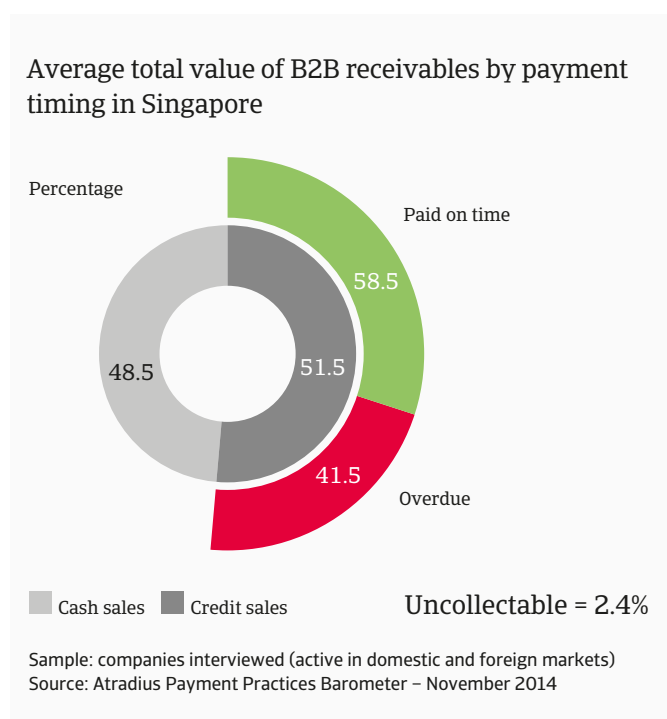
"Falling demand for products and services" was third most frequently cited challenge, noted by 24.5% of respondents in Singapore compared to 32.3% for the Asia Pacific region overall. Although, "bank lending restrictions", which was the fourth most frequently noted challenge, cited by 17.8% of Singaporean respondents, still represented an above average risk compared to the regional average of 14%. In July 2014, Moody's gave Singapore's banks a negative outlook for the coming 12-18 months. Banks had grown both domestic and cross border loans in recent years and along with rising interest rates, this outlook could cause problems. This seems likely to be the cause of the strained lending environment.



More information in the [Statistical appendix](#)

Past due and uncollectable receivables

Being unable to collect monies owed can be, at best, frustrating and at worst terminal for businesses. Both extremes were a part of life for many business during the global economic crisis. Overall, late payment seems to be less of a problem for businesses in Asia Pacific with 36.2% of invoices unpaid at their due date, than it is for their counterparts in the Americas where 38.4% extended past due date. Singapore, however, at 41.5%, has the highest percentage of overdue receivables of the Asia Pacific countries surveyed suggesting that collecting outstanding invoices poses a greater challenge in Singapore. This was reinforced by the above regional average percentage of receivables over 90 days past due (5.7%) and uncollectable (2.4%). In both cases Singapore had the third highest percentages.



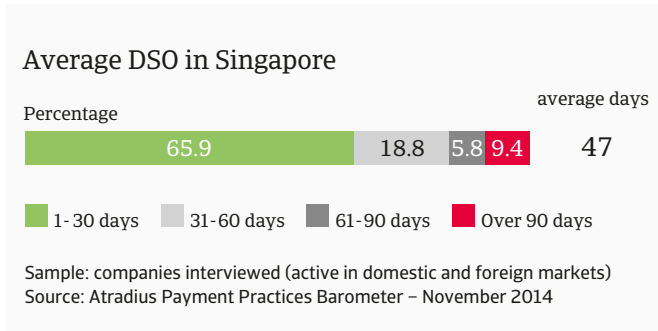
More information in the [Statistical appendix](#)

Days Sales Outstanding – DSO

The average DSO of respondents from Singapore was 47 days, the same as that of the USA, but 7 days less than the 54 day average of the Asia Pacific region. Nonetheless, against an average overall payment term of 34 days, there is a significant time-lag between invoicing and actually getting paid, creating strain on cash flow. In closer detail, 65.9% of those surveyed indicated a DSO of 0 to 30 days; 18.8% 31-60 days; 5.8% 61-90 days and the remaining 9.4% over 90 days. 71.9% of respondents said that they become concerned about the sustainability of the business when DSO exceeds the average payment term by 31 days.

Also of note, by comparing the percentage of receivables that remained outstanding after 90 days past due, to that of the uncollectable receivables, we can conclude that on average, businesses in Singapore lose 42.1% of the receivables which are unpaid at 90 days. By country, this is the second lowest figure for the Asia

Pacific region, with only Japan lower, at 20%. At 64.1%, China's rate of uncollectable receivables to receivables 90 days past due was the highest.



More information in the [Statistical appendix](#)

Main reasons for late payment from B2B customers

41.94% of respondents in Singapore experienced late payment of domestic receivables due to insufficient availability of funds, in line with most other countries in the region, and slightly below the Asia Pacific average of 47.25%.

In terms of international trade the figures were not dissimilar, with 36.42% of respondents citing it as the main reason for non-payment, versus an average of 34.52%.

This lack of liquidity is perhaps the most critical piece of information to understand in any trading partner. Work done to understand the cash flow pressure points of a trading partner, prior to any contracted commitments taking place, can often improve payment experience and keep a business safe.

Other top reasons given by respondents from Singapore for late domestic payments included 31.2% citing disputes over the quality of goods or services and 30.7% flagging complexity of payment, when trading internationally. 34.4% said that inefficiencies of the banking system held things up, followed by 33.8% citing incorrect information on the invoice.

Credit management policies used by respondents

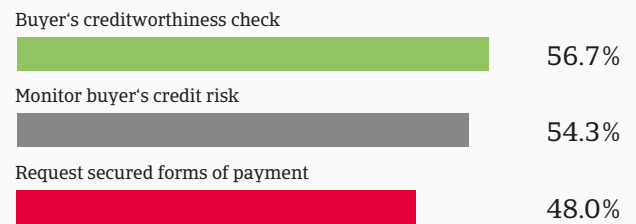
For a nation with a strong, established, international trading record, it was surprising to note that of all the Asia Pacific nations surveyed, respondents from Singapore were the second least likely to use any form of credit management. As the average for Asia Pacific came in at 72.15% - albeit pulled downwards by Japan which came in at 45.86% - Singapore's response came in at 67.19%. The Americas, by contrast came in significantly higher, at 81.48% and Europe lower at 58.3%

Of the credit management measures taken by respondents in Singapore, 56.69% check their buyers' creditworthiness, and 54.33% request secured forms of payment. Both figures are higher than the averages for Asia Pacific, at 51.93%, and the Americas at 50.23%. Checking buyers' creditworthiness was the most popular in most nations surveyed.

In terms of actually getting paid, respondents from Singapore were most likely to use electronic transfers at 78%, followed by cheques at 60% and then cash at 54%. These figures were not only in line with other findings in the Asia Pacific region, but aligned also with results from the Americas. Of note however, Europe leads the way in electronic transfers as a preference, at 83.81%, whilst cheque use in Europe is in decline, and sits at just 29.79%. This is the result of actions by the banking sector to reduce cheque fraud and coupled with the increasing ease of online banking, is being adopted by an increasing number of businesses. Indeed, even developed markets such as the USA do not yet have the infrastructure in place to offer such a service on a comprehensive basis.

Finally, respondents commented on the future of the various types of payment. The greatest changes were that 50% expect to see an increase in the use of PayPal – which corresponds with the continuing increase in online transactions. Conversely, the largest drop is foreseen in the use of cash where respondents anticipated a 30% decrease.

Most often used credit management policies in Singapore



Sample: companies interviewed (active in domestic and foreign markets)
 Source: Atradius Payment Practices Barometer – November 2014

More information in the [Statistical appendix](#)

Survey results by country, industry and business size

The findings related to each of the countries surveyed across Asia Pacific are presented in the Statistical Appendix which also features results by industry and business size. The latter, at an overall survey level, are displayed next to the related tables in the Statistical Appendix to this report. The regional report of this edition of the Atradius Payment Practices Barometer, as well as its Statistical Appendix, are available for free and downloadable on the atradius.com website.

If 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.

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The [Statistical appendix](#) to this report is part of the November 2014 Payment Practices Barometer of Atradius (survey results for Asia Pacific) available at www.atradius.com/Publications/Payment Practices Barometer. This appendix is available for download in PDF format (English only).

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