



B2B payment practices trends Singapore

How companies manage B2B payment risk
and its impact on cash flow



About the Atradius Payment Practices Barometer

The Atradius Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world.

Our survey provides us with the opportunity to hear directly from companies polled about how they are coping with the impact of the current challenging economic and trading environment on the payment behaviour of their B2B customers. This can give valuable insights into how businesses are paid by their B2B customers, and how they tackle the pain points caused by poor payment practices.

The findings about what measures are undertaken to fund a sudden need for cash, and what credit management tools they use to mitigate the risk of long-term cash flow problems, may also be valuable information in helping understand how companies respond to the crucial issue of late or non-payment in the current uncertain times.

However, the survey also has a strong focus on the challenges and risks that companies polled believe they will encounter during the coming months, and their expectations for future business growth.

The results of our survey can supply useful insights into the current dynamics of corporate payment behaviour in B2B trade, and identify emerging trends that may shape its future. This can be extremely useful to companies doing business, or planning to do so, in the markets polled.

In this report, you will find the survey results for Singapore.

Interview period: Q3 2024. The findings should therefore be viewed with this in mind.



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Singapore

B2B payment risk management

Steady payment patterns hide credit risk challenges for Singapore companies

Our survey finds a cross-section of experiences among companies in Singapore about the current state of B2B customer payment behaviour. For most businesses, particularly in the chemicals sector, payment practices have remained consistent during the past year. However, this apparent stability masks deeper issues because many companies are dealing with persistent late payments, and indicates that underlying issues need to be addressed. Alongside this, a notable deterioration in customer payment behaviour is reported in the electronics/ICT industry. The overall payment landscape is further complicated by more companies experiencing longer payment cycles than shorter ones. These findings indicate a troubling trend in the business environment.

It is clear that late payments are increasingly becoming a major concern across different industries in Singapore. They now impact an average 54% of credit sales to B2B customers, putting a strain on cashflow and financial stability for many companies. This worrying trend is exacerbated by survey findings that reveal bad debts written off as uncollectable now stand at an average 4% of all B2B credit invoices. These bad debts result not only in lost revenue, they also limit funds for operations and production, as well as increasing fixed costs. All of this can significantly strain the overall financial health of a business.

Slow payments from B2B customers means it now takes companies in Singapore an average of one month beyond the due date to convert invoices into cash. The delays are even more problematic in the construction sector, adding significant financial strain. Most businesses, particularly in the construction industry, tell us they have had to postpone investments to manage temporary liquidity issues. Chemicals companies also say they are facing increased legal and collection costs. While Days Sales Outstanding (DSO) has remained steady for 60% of Singapore companies, this indicates that receivables are not being converted into cash quickly enough. Many businesses respond to these cashflow gaps by seeking external finance, through invoice discounting, bank loans and trading on credit.

There is a notable shift towards a more open approach to trading on credit among Singapore businesses. This is evident in our survey finding that an average 47% of B2B sales are now being transacted on credit, an increase on the previous year. Despite this, payment terms remain largely

Key survey findings

- There is a mixed picture of B2B customer payment behaviour reported by companies in Singapore. The majority say it has remained consistent during the past year, although this appears to mask deeper issues. Many electronics/ICT businesses tell us payment practices have worsened, and only a minority see improvement.
- Late payments are an increasing concern for Singapore businesses across all sectors. They currently affect an average 54% of all B2B credit sales, putting a strain on cashflow and financial stability. Bad debts written off as uncollectable now stand at an average 4% of all B2B invoices.
- The main reasons cited for late payments by companies in Singapore are inefficient customer payment processes and cashflow limitations. It now takes an average of one month beyond the due date to turn invoices into cash, and in the construction sector delays are even more problematic.
- To manage cashflow gaps many Singapore businesses look to external financing, including invoice discounting, bank loans, and trading on credit. Days Sales Outstanding (DSO) has remained steady for 60% of companies, which indicates that receivables are not being converted into cash quickly enough.
- Our survey finds a notable increase in credit sales among companies in Singapore, with an average 47% of B2B sales now transacted on credit. Despite this increase in credit volume, payment terms remain largely unchanged, currently set an average 40 days from invoicing.
- A variety of methods are used by Singapore businesses to manage customer credit risk arising from B2B trade on credit. Electronics/ICT companies say they often opt for a combination of in-house retention and transferring customer credit risk to an insurance company. Letters of credit are also popular.

unchanged, currently at an average 40 days from invoicing. Companies are carefully balancing their strategies, which is also clear from their approach to credit risk management as they use a variety of methods. Electronics/ICT businesses, for example, say they often opt for a combination of in-house retention of customer credit risk and transferring the issue to an insurance company. Letters of credit are popular to protect export B2B sales on credit.

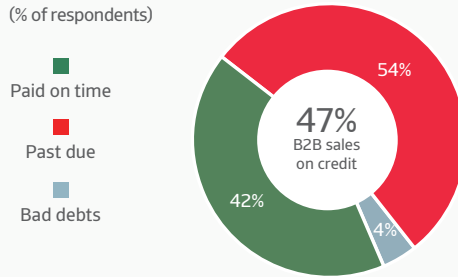
Key figures and charts on the following pages



Singapore

B2B payment practices trends in Singapore

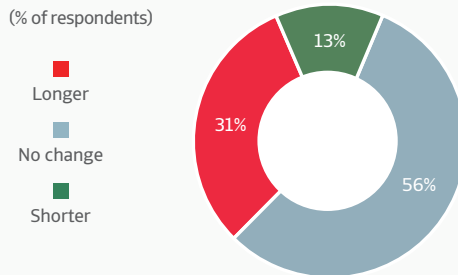
% of B2B invoices paid on time, past due and bad debts



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Singapore – 2024

B2B payment practices trends in Singapore

% of respondents reporting changes in payment duration* over the past 12 months

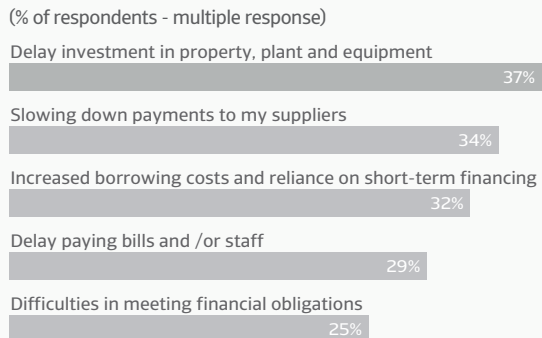


*average amount of time to get paid from B2B credit customers

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Singapore – 2024

B2B payment practices trends in Singapore

Over the past 12 months, have late payments from your B2B customers led your company to experience any of the following situations?



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Singapore – 2024

B2B payment practices trends in Singapore

What are the main sources of financing that your company used during the past 12 months?

- 58% Invoice financing
- 49% Trade credit
- 44% Bank loans
- 38% Internal funds

(% of respondents - multiple response)

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Singapore – 2024

Singapore

Looking ahead

Pessimism about insolvency risk among Singapore companies

Our survey finds a mixed mood about prospects for many indicators among companies in Singapore. For example, 38% of businesses expect B2B customer payment behaviour to show no significant change in the year ahead, while an almost equal number anticipate an improvement in payment practices. However, many in the construction believe there is likely to be a deterioration in payment behaviour. They also fear a worsening of Days Sales Outstanding (DSO) during the coming months, which could strain cashflow and financial stability. In contrast, most electronics/ICT companies foresee an improvement in debt collection efficiency, while many others expect stable DSO as they focus on effective management of customer credit risk.

Given the wide variety of opinion among businesses in Singapore it is no surprise they are also divided on the outlook for insolvency risk in the local market. 51% of companies, particularly in the construction sector, tell us they expect business insolvencies among their customers to worsen in the year ahead. In contrast, the chemicals industry is more optimistic, saying they anticipate a positive trend of insolvency risk. 61% of companies expect increasing demand for their output, notably in the construction sector, with the rest foreseeing no change. 53% of businesses believe there will be an improvement in profitability, with the electronics/ICT industry especially positive.

The impact of changing domestic and global economic conditions on the business environment is the major concern looking ahead for companies in Singapore. One in three businesses, particularly in the construction sector, express anxiety about a range of factors such as rising costs, supply chain disruptions and market volatility. They are worried these could undermine their ability to capitalise on increasing demand, reflecting the tension between positive sales outlooks and the risks posed by an uncertain economic landscape. The chemicals industry in Singapore is also concerned about facing operational challenges which include inefficient processes, insufficient production capacity, and supply chain disruptions.

Several other concerns are preoccupying companies in Singapore, among them the crucial issue of cybersecurity risks such as data breaches. This could lead to operational disruptions and a severe impact on cashflow, with implications for credit risk. Market saturation in highly competitive industries also poses a significant challenge, with companies struggling to maintain profitability, resulting in cashflow shortages. This again can increase the exposure to credit risk

Key figures and charts on the following pages

Key survey findings

- A wide range of opinion on prospects for B2B customer payment behaviour is found among companies in Singapore. 38% expect no significant change in the year ahead, and an almost equal number anticipate improvement. However, many construction businesses foresee a deterioration in payment practices.
- The outlook for Days Sales Outstanding (DSO) also brings a mixed verdict from Singapore businesses. Many believe DSO will remain steady in the coming months, but the electronics/ICT sector anticipates an improvement in debt collection efficiency. The construction industry, in contrast, expects a worsening of DSO.
- There is a divided mood as well about the trends for insolvency risk in the year ahead. 51% of companies in Singapore, especially in the construction sector, anticipate business insolvencies among their customers to worsen. Other industries such as chemicals, however, are more optimistic and anticipate a positive trend.
- 61% of Singapore businesses, notably in the construction industry, say they are positive about the outlook for demand for their output, with most others expecting no change. 53% of companies express confidence in achieving higher profitability, with the electronics/ICT sector most optimistic.
- Uncertainty about the impact of shifting domestic and global economic conditions is the major concern looking ahead for companies in Singapore. The construction sector has particular anxiety about rising costs, supply chain disruptions and market volatility. The chemicals industry is worried about insufficient production capacity.
- Additional concerns for Singapore businesses include cybersecurity risks, customer acquisition challenges, the impact of regulatory changes, and market saturation amid intense competition. All these issues increase exposure to credit risk and emphasise the importance of approaching customer credit risk management strategically.

for businesses offering credit. Additional worries are customer acquisition challenges and the growing burden of regulatory compliance. Our survey reveals that all these factors lead companies in Singapore to acknowledge the importance of a strategic approach to customer credit risk management to protect their cashflow and operations.

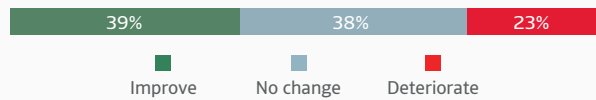


Singapore

B2B payment practices trends in Singapore

Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?

(% of respondents)

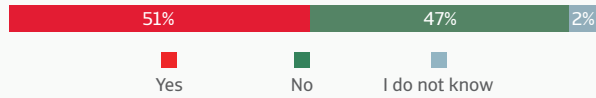


Sample: all survey respondents
Source: Atradius Payment Practices Barometer Singapore – 2024

B2B payment practices trends in Singapore

Do you see an increased insolvency risk for your customers in the next 12 months?

(% of respondents)

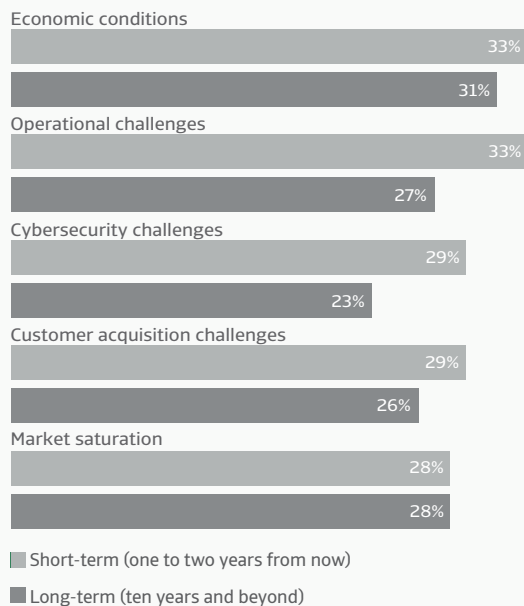


Sample: all survey respondents
Source: Atradius Payment Practices Barometer Singapore – 2024

B2B payment practices trends in Singapore

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Singapore – 2024

B2B payment practices trends in Singapore

How do you expect your average DSO to change over the next 12 months?

- 35% Improve
- 52% No change
- 13% Deteriorate

(% of respondents)

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Singapore – 2024

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Singapore are the focus of this report, which forms part of the 2024 edition of the Atradius Payment Practices Barometer. A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 252 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Singapore were surveyed, and the appropriate contacts for accounts receivable management were interviewed
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us to compare data referring to a specific sector crossed by each of the economies surveyed.
- **Selection process:** 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:** 252 people were interviewed in total. A quota was maintained according to four classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: Q3 2024. The findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 252

| Business sector | Interviews | % |
|---------------------------|------------|------------|
| Manufacturing | 126 | 50 |
| Wholesale trade | 13 | 5 |
| Retail trade/Distribution | 67 | 27 |
| Services | 46 | 18 |
| TOTAL | 252 | 100 |
| Business size | Interviews | % |
| SME: Small enterprises | 24 | 10 |
| SME: Medium enterprises | 65 | 26 |
| Medium Large enterprises | 84 | 33 |
| Large enterprises | 79 | 31 |
| TOTAL | 252 | 100 |
| Industries | Interviews | % |
| Chemicals | 118 | 47 |
| Construction | 50 | 20 |
| Electronics/ICT | 84 | 33 |
| TOTAL | 252 | 100 |

Methodological note

Last year different industries were included in the survey for Singapore. This makes year-on-year comparisons unfeasible for certain topics for the current year. For a detailed overview of last year's survey results for Singapore please refer to the specific report available on the [Atradius website](#).

Interested in finding out more?

Please visit the [Atradius](#) website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

Follow us to stay up to date with our latest releases by [subscribing](#) to notifications of our Publications, and receive weekly emails with alerts to when new reports are published.

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