



# Payment Practices Barometer

International survey of B2B payment behaviour  
Asia Pacific – key survey results

## Survey design for Asia Pacific

### Survey objectives

We conduct annual reviews of international corporate payment practices through a survey called the “Payment Practices Barometer”. In this report focusing on Asia Pacific, which is part of the 2017 edition of the Payment Practices Barometer, companies from eight countries (Australia, China, Hong Kong, India, Indonesia, Japan, Singapore and Taiwan) have been surveyed.

Using a questionnaire, Conclusr Research conducted a net of 1,707 interviews. All interviews were conducted exclusively for us, without any combination of topics.

### Survey scope

- Basic population: companies from eight countries (Australia, China, Hong Kong, India, Indonesia, Japan, Singapore and Taiwan) were monitored. 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=1,707 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 15 minutes duration. Interview period: Q2 of 2017.

### Sample overview – Total interviews = 1,707

Country	n	%
Australia	209	12.2%
China	217	12.7%
Hong Kong	211	12.4%
India	223	13.1%
Indonesia	223	13.1%
Japan	209	12.2%
Singapore	207	12.1%
Taiwan	208	12.2%

Industry	n	%
Manufacturing	620	36.3%
Wholesale trade/ Retail trade / Distribution	449	26.3%
Services	638	37.4%

Business size	n	%
Micro enterprises	526	30.8%
SME (Small/Medium enterprises)	908	53.2%
Large enterprises	273	16.0%

It may occur that the results are a percent more or less than 100%. 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.

## Asia Pacific – key survey results

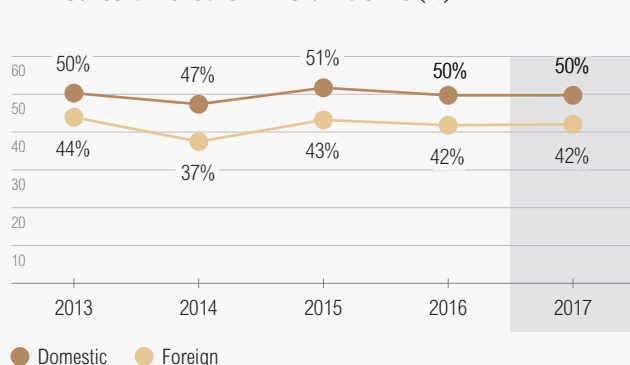
Emerging Asia remains the fastest growing economic region in the world with expected growth rates of 5.8% in 2017 and 5.6% in 2018. However, China's economic growth will slow down in the medium term and several economies in the Asia Pacific region are sensitive to this development. A high percentage of respondents in the region stated their intention to increase credit management practices to better protect their businesses against the potential impact of slower growth.

### Sales on credit terms

With an average of 45.9% of B2B sales on credit terms, there hasn't been a meaningful change in the propensity of respondents in Asia Pacific to use this method of payment compared to 2016 (46.2%). Credit sales continue to account for a higher proportion of B2B sales than that seen in Europe (40.0%) and in the Americas (45.5%).

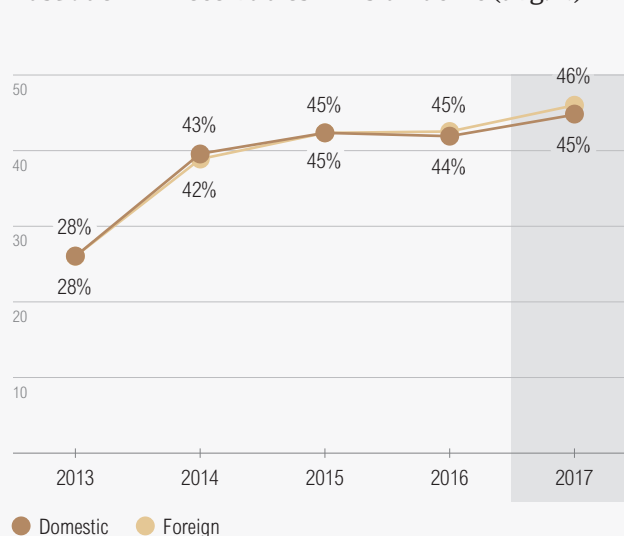
- As shown in previous surveys, respondents in Asia Pacific are more likely to sell on credit to domestic B2B customers (49.5%) than to foreign B2B customers (42.2%). This seems to be a common preference among respondents in the Asia Pacific countries surveyed.
- Respondents in Japan (53.7%) seem to be the most inclined to offer credit terms to their domestic and foreign B2B customers. The country has also seen an increase compared to 2016 (52.0%), when credit sales were already more commonly than cash terms.
- In contrast, and despite an increase observed in 2017, respondents in China (40.7%) have shown the least credit friendly stance of the Asia Pacific countries surveyed.

B2B sales on credit in Asia Pacific (%)



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

Past due B2B receivables in Asia Pacific (avg. %)



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

### Overdue B2B invoices (%)

After a minor decrease from 45.0% in 2015 to 44.3% in 2016, the percentage of overdue B2B invoices in Asia Pacific increased again this year to 45.4%.

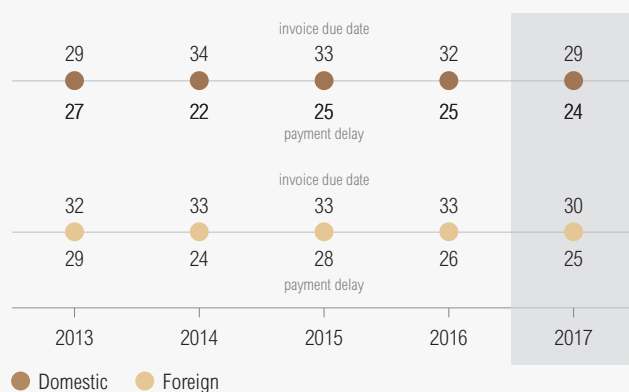
- 89.6% of respondents in Asia Pacific reported late payments from their domestic B2B customers. This percentage increased slightly from the 88.3% registered in 2016. On average, 44.6% of their domestic invoices, remained unpaid at the due date.
- 88.8% of respondents reported that they experienced late payments from foreign B2B customers, the same percentage as in 2016. However, the proportion of foreign invoices that remained unpaid at the due date increased slightly from 44.6% in 2016 to 46.1% in 2017.
- The average frequency of late payments was the highest in China (domestic 93.9%, foreign 96.0%) and the lowest in Japan (domestic 67.3%, foreign 74.7%).
- Similarly to what was observed one year ago, India seems to be the country most impacted by late payment of invoices: 56.4% of the total value of domestic and 50.3% of the total value of foreign invoices were paid late. This is also reflected in the country's DSO figure, which averaged 49 days and is higher than the regional average of 40 days.
- The percentage of overdue B2B invoices in Asia Pacific (45.4%) is lower than that registered in the Americas (48.8%) but slightly higher than that in Europe (41.1%).

## Payment duration (average days)

The average payment duration for Asia Pacific decreased from 59 days in 2016 to 55 days this year. This follows a shortening of payment terms and fewer payment delays than in 2016.

- In 2017, payment terms granted by respondents in Asia Pacific averaged 30 days (2016: 33 days).
- Average payment terms in Japan (44 days), Taiwan (43 days) and Hong Kong (31 days) are longer than the regional average.
- Similarly to what was observed one year ago, Japan offered the most lenient payment terms in the region. The average payment term given to domestic B2B customers was 45 days (45 days in 2016), while foreign B2B customers needed to settle their invoices, on average, within 42 days (43 days in 2016).
- With the exception of Australia and Taiwan, all countries surveyed in the Asia Pacific region saw a decrease in domestic payment delays. Respondents in Indonesia reported no changes in domestic payment delays.
- In respect to their foreign B2B customers, respondents in Taiwan and Indonesia reported an increase in payment delays in 2017.
- Respondents in Australia have the shortest average invoice to cash turnaround (around 44 days), and respondents in Taiwan the longest (71 days).

Payment duration in Asia Pacific (avg. days)



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



## Key payment delay factors

Despite a decrease in the percentage of respondents citing insufficient availability of funds in 2017 (38.6% vs. 40.2% in 2016), this remains the most often cited reason for payment delays in the Asia Pacific region.

- Respondents in the Asia Pacific countries surveyed reported that their domestic buyers delayed payments most often due to insufficient availability of funds (43.8%), and the complexity of the payment procedure (27.4%).
- Insufficient availability of funds: 33.3%, and complexity of the payment procedure: 34.9% were also the primary payment delay factors of the foreign B2B customers of respondents in Asia Pacific.
- In addition to the Asia Pacific region, insufficient availability of funds was the main reason for domestic and foreign payment delays in the Americas (domestic: 41.8%; foreign: 28.3%) and Europe (domestic: 55.5%; foreign: 34.1%).
- India (51.5%) and Indonesia (50.5%) are the countries most impacted by late payments due to domestic customers' insufficient funds. Foreign payment delays driven by the same reason were reported to occur most often in Hong Kong (38.4%), Indonesia and China (both with 34.9%).



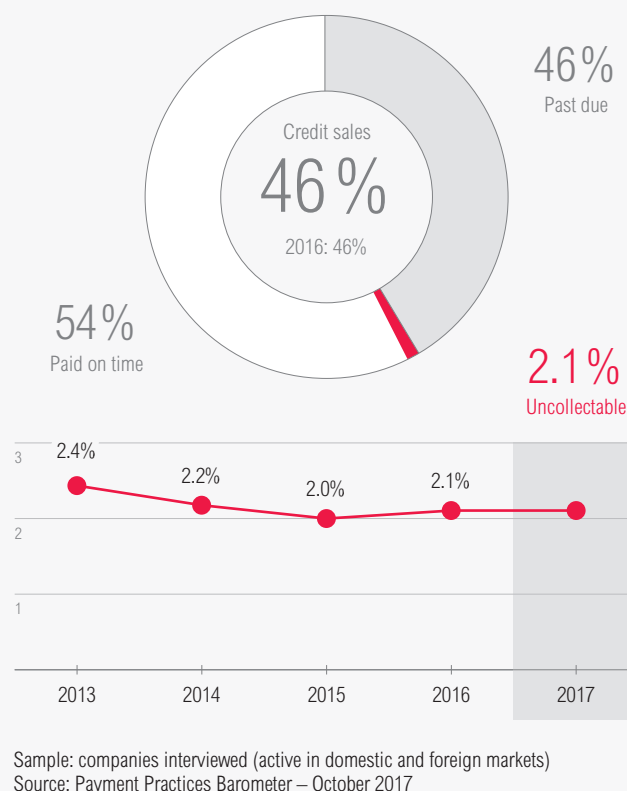
## Protection of business profitability

30.3% of respondents in Asia Pacific plan to do more to protect their businesses from the impact of Brexit, the slowdown in Asia and US protectionism. This is a significantly higher percentage than those registered in the Americas (25.9%) and in Europe (15.5%) and may highlight the respondents' perception that they are more exposed to risk than their peers in other regions surveyed.

- 39.8% of respondents in Asia Pacific said that they do not intend to make changes in their current mix of credit management tools. This is the lowest percentage of the regions surveyed (the Americas: 41.7%; Europe: 50.8%).
- The two credit management tools preferred by respondents in Asia Pacific are checks on buyers' creditworthiness (reported by an average of 36.1%) and monitoring buyers' credit risk (34.0%). These were also the two most preferred credit management tools in the Americas and Europe.
- Although most worried about the slowdown in Asia, respondents in Asia Pacific seem to opt for the same management tools to protect themselves against potential risks stemming from all three developments. More specifically: Brexit (increasing creditworthiness checks: 31.2%; increasing credit risk monitoring: 31.9%), US protectionism (increasing creditworthiness checks: 35.6%; increasing credit risk monitoring: 33.4%) and the slowdown in Asia (increasing creditworthiness checks: 41.4%; increasing credit risk monitoring: 36.7%).



## Uncollectable B2B receivables in Asia Pacific (% of total value of B2B receivables)



## Uncollectable receivables

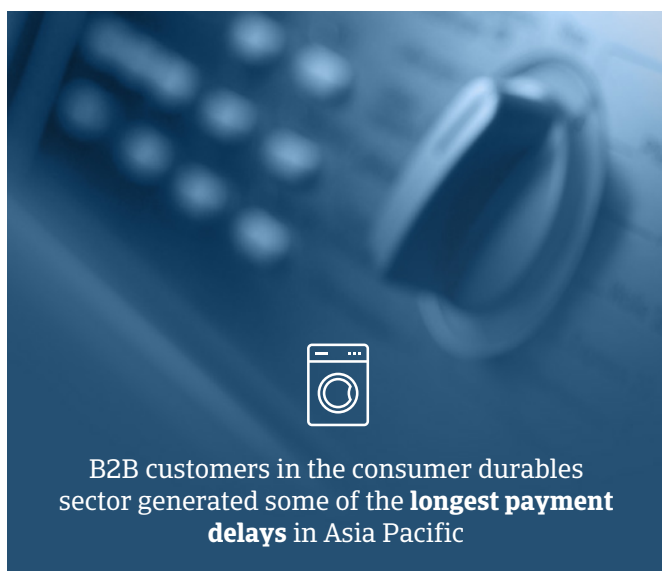
The proportion of B2B receivables reported by respondents in Asia Pacific as uncollectable is 2.1%, the same level as that registered in 2016. Moreover, it is higher than the proportion of uncollectable receivables reported in Europe in 2017 (1.2%) and matching that reported in the Americas (2.1%).

- Domestic receivables were written off as uncollectable more often than foreign receivables (domestic: 1.5%; foreign: 0.6%).
- With the exception of Australia (1.6%), in 2017 all countries surveyed in the Asia Pacific region reported an average percentage of uncollectable receivables around or slightly above the 2.1% regional average.
- Similarly to what was observed in 2016, India reported the highest proportion of uncollectable receivables (domestic: 1.8%; foreign: 0.8%).
- Uncollectable domestic receivables in Asia Pacific originated most often from the consumer durables, construction, electronics and business services sectors.
- B2B receivables were reported to be uncollectable mainly because the customer went bankrupt or out of business (47.4%), the old age of the debt (36.2%) and the inability to locate the customer (35.4%).

## Payment practices by industry

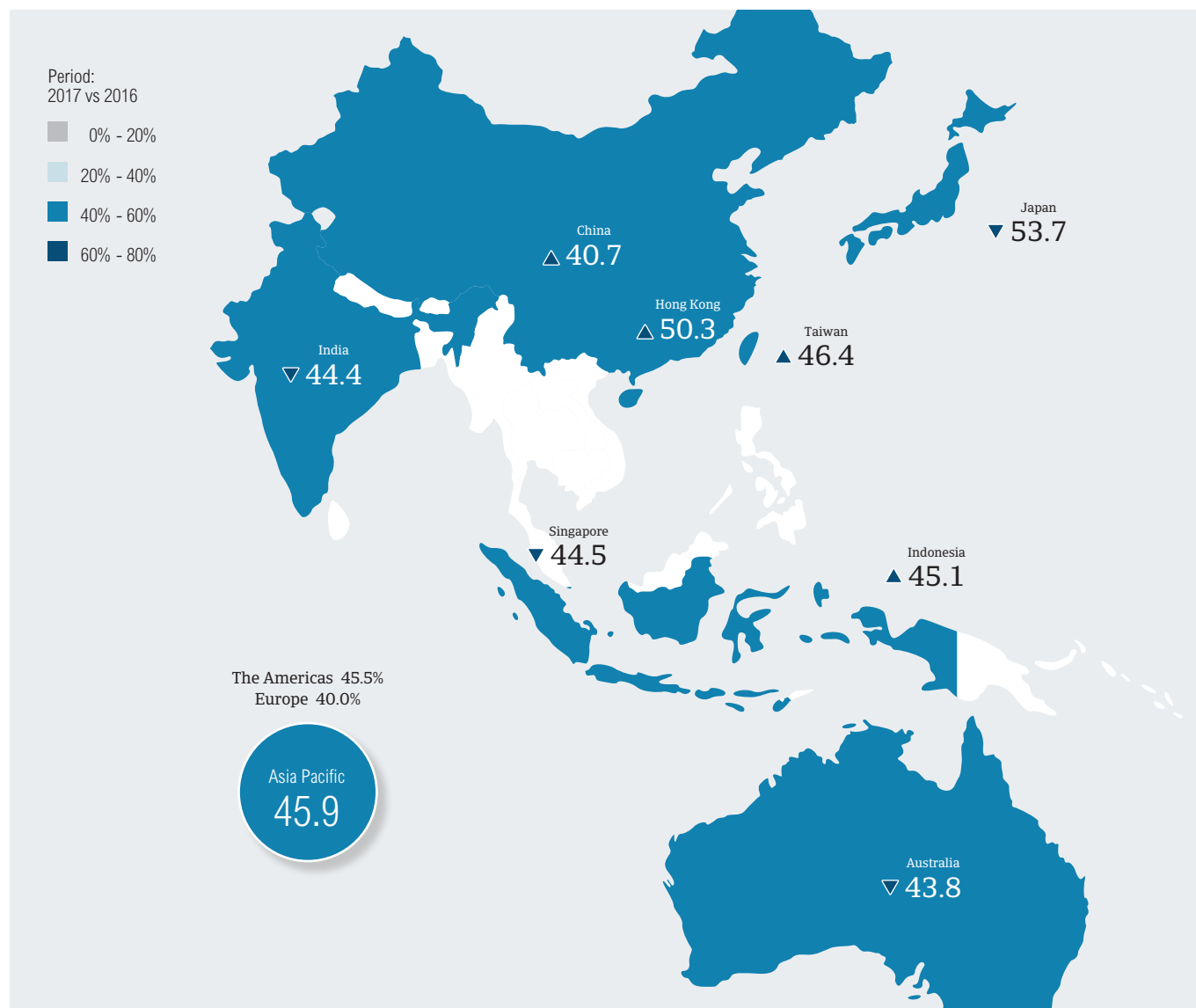
Looking ahead, more respondents in Asia Pacific expect a slight deterioration than an improvement in the payment behaviour of their B2B customers over the coming 12 months.

- Respondents in the countries surveyed in Asia Pacific extended the most lenient payment terms to B2B customers in the metals and paper (40 days from the invoice date), machines (35 days) and chemicals (34 days) sectors. The shortest payment terms were granted to B2B customers in the consumer durables (27 days) and financial services (28 days) sectors.
- Customers in the construction and consumer durables sectors generated some of the longest delays. B2B customers in these sectors, paid on average 31 days and 33 days late respectively.
- The most frequently cited reason for late payment of invoices was insufficient availability of funds, reported by 43.0% of respondents in the construction sector and by 51.0% of respondents in consumer durables.
- 32.0% of respondents in the construction industry cited the complexity of the payment procedure as one of the main reasons for payment delay. Customers in the consumer durables sector cited the formal insolvency of the buyer and that the goods delivered or services provided did not correspond to what was agreed in the contract (36.0% for each of the two reasons) as reasons for payment delay.



## Statistical appendix

## Asia Pacific: proportion of total B2B sales made on credit (domestic and foreign)



Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017

## By industry / by business size

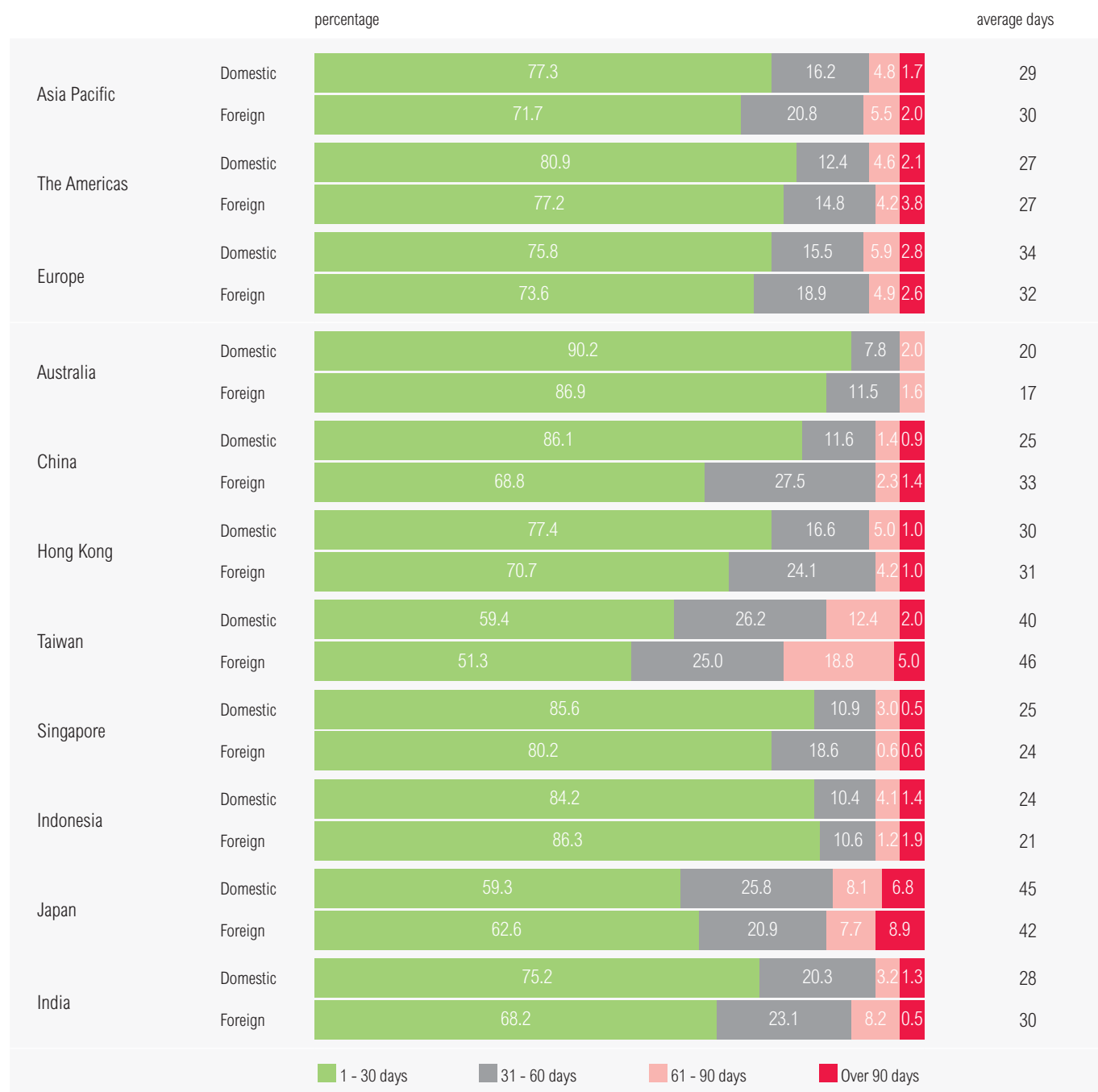
	Industry			Business size		
	Manufacturing	Wholesale / Retail / Distribution	Services	Micro-enterprises	SMEs	Large enterprises
Asia Pacific						
Domestic	50.0	52.0	47.0	48.0	50.0	51.0
Foreign	45.0	41.0	39.0	38.0	43.0	43.0

Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017



## Average payment term recorded in Asia Pacific (average days – domestic and foreign)



Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017

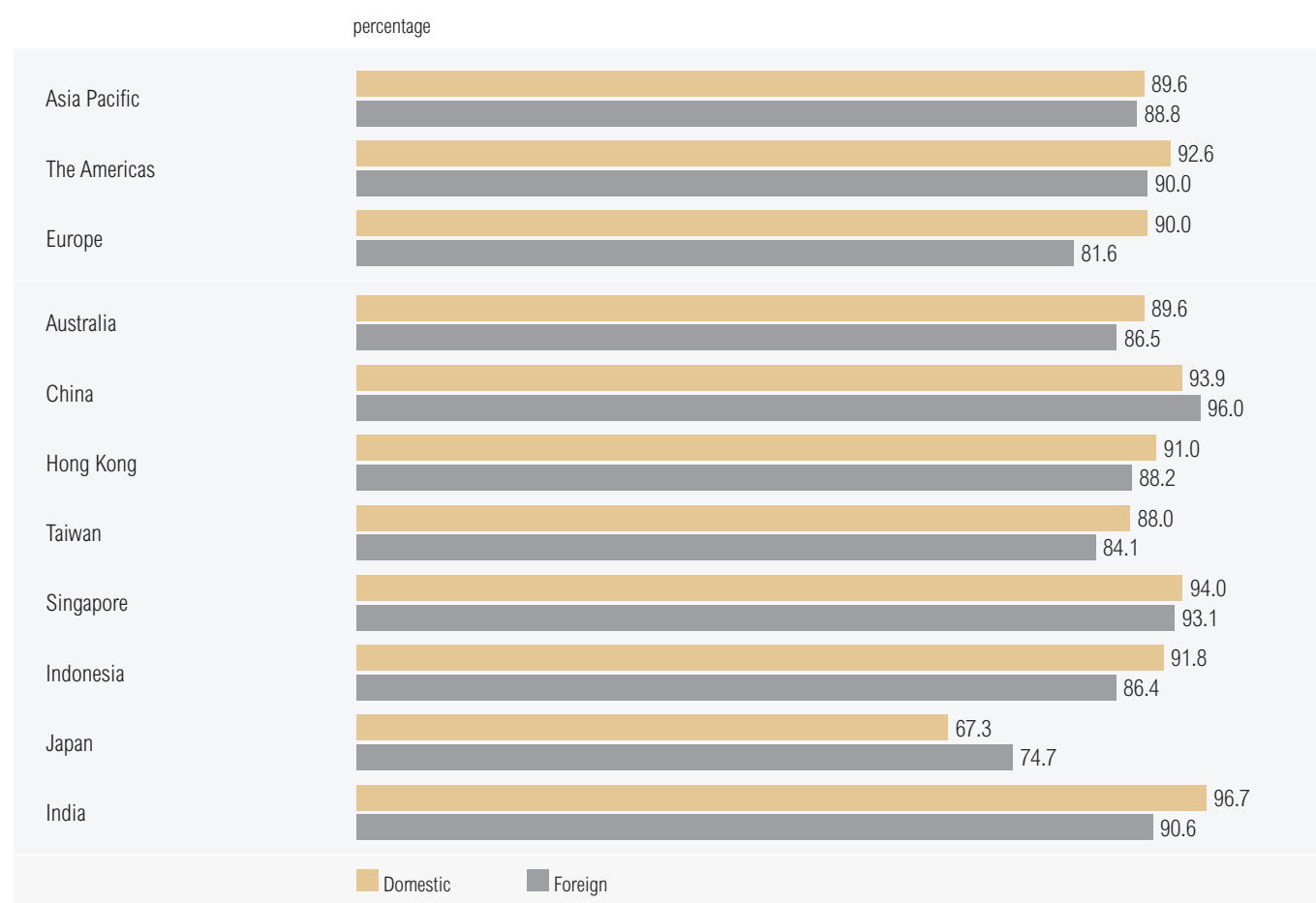
## By industry / by business size (average days)

	Industry			Business size		
	Manufacturing	Wholesale / Retail / Distribution	Services	Micro-enterprises	SMEs	Large enterprises
Domestic	34	27	27	27	30	31
Foreign	36	27	25	27	30	32

Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017

## Asia Pacific: percentage of respondents reporting late payment by B2B customers (domestic and foreign)



Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017

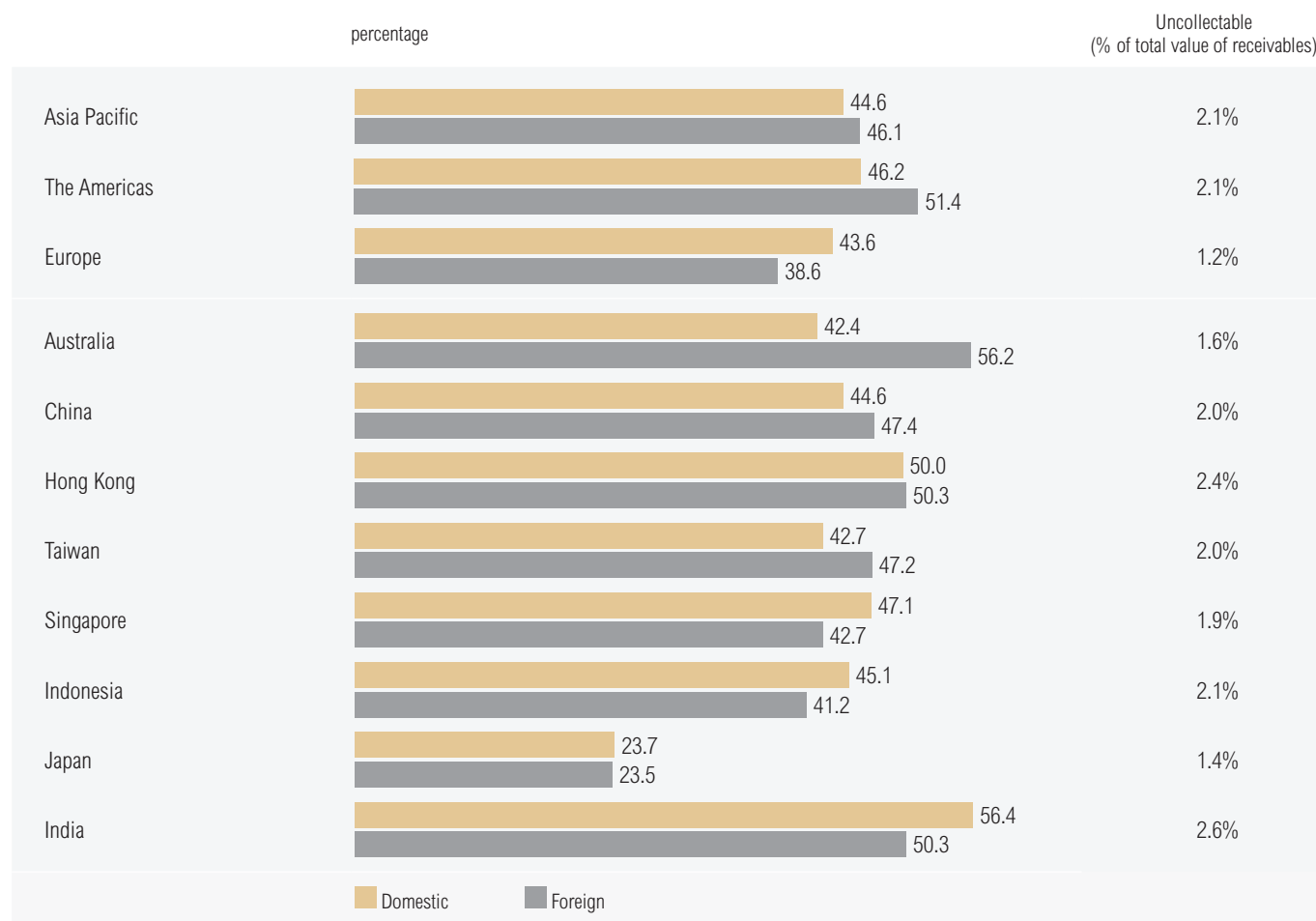
## By industry / by business size:

	Industry			Business size		
	Manufacturing	Wholesale / Retail / Distribution	Services	Micro-enterprises	SMEs	Large enterprises
Paid on time	53.5%	55.4%	55.5%	56.1%	53.6%	55.3%
Paid late	46.5%	44.6%	44.5%	43.9%	46.4%	44.7%

Sample: companies with customers on credit

Source: Payment Practices Barometer – October 2017

## Asia Pacific: proportion of domestic and foreign past due B2B invoices



Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017

## By industry / by business size

	Industry			Business size		
	Manufacturing	Wholesale / Retail / Distribution	Services	Micro-enterprises	SMEs	Large enterprises
Domestic overdue	46.3%	43.1%	43.9%	40.1%	46.3%	46.0%
Foreign overdue	46.8%	46.2%	45.2%	47.7%	46.5%	43.5%
Uncollectable (domestic + foreign)	4.5%	4.6%	4.1%	4.1%	4.4%	4.8%

Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017

## Asia Pacific: main reasons for payment delays by domestic B2B customers

	Insufficient availability of funds	Dispute over quality of goods delivered or service provided	Goods delivered or services provided do not correspond to what was agreed in the contract	Complexity of the payment procedure	Inefficiencies of the banking system	Incorrect information on invoice	Buyer using outstanding debts / invoices as a form of financing	Formal insolvency of the buyer (example: liquidation, receivership, bankruptcy)	Invoice was sent to wrong person
Asia Pacific	43.8%	25.7%	21.4%	27.4%	23.9%	18.7%	25.3%	20.8%	13.6%
The Americas	41.8%	18.8%	21.9%	21.3%	18.7%	23.4%	28.2%	23.3%	21.8%
Europe	55.5%	13.7%	11.2%	15.8%	12.0%	11.0%	30.3%	16.5%	6.5%
Australia	32.9%	13.9%	22.6%	17.5%	14.6%	11.0%	34.3%	19.0%	13.1%
China	41.5%	34.5%	19.5%	33.5%	39.0%	15.5%	11.5%	12.5%	12.5%
Hong Kong	47.2%	23.3%	16.6%	33.7%	21.5%	17.8%	17.8%	23.3%	16.6%
Taiwan	46.8%	34.8%	19.0%	31.7%	20.3%	24.7%	19.0%	22.8%	13.9%
Singapore	36.8%	30.7%	29.5%	17.5%	19.3%	13.9%	29.5%	14.5%	12.1%
Indonesia	50.5%	24.5%	19.7%	36.2%	27.7%	24.5%	27.7%	32.5%	14.4%
Japan	35.9%	13.0%	14.1%	21.7%	17.4%	16.3%	25.0%	17.4%	6.5%
India	51.5%	22.3%	26.2%	22.3%	23.3%	22.8%	38.6%	22.3%	16.3%

### Industry

Manufacturing	45.0%	31.4%	23.0%	25.9%	26.1%	20.3%	24.0%	21.3%	10.9%
Wholesale/ Retail / Distribution	45.7%	19.6%	18.7%	25.5%	22.6%	16.3%	26.7%	22.0%	15.1%
Services	41.0%	23.7%	21.5%	30.5%	22.4%	18.6%	25.9%	19.3%	15.6%

### Business size

Micro enterprise	46.2%	17.1%	14.6%	30.1%	19.6%	15.8%	23.1%	18.4%	10.8%
SMEs	43.1%	27.1%	23.2%	24.8%	24.1%	19.3%	27.4%	21.9%	13.9%
Large enterprise	42.7%	32.6%	24.7%	32.6%	29.1%	20.7%	21.6%	20.3%	16.7%

Sample: all interviewed companies (active in domestic markets)

Source: Payment Practices Barometer – October 2017

## Asia Pacific: main reasons for payment delays by foreign B2B customers

	Insufficient availability of funds	Dispute over quality of goods delivered or service provided	Goods delivered or services provided do not correspond to what was agreed in the contract	Complexity of the payment procedure	Inefficiencies of the banking system	Incorrect information on invoice	Buyer using outstanding debts / invoices as a form of financing	Formal insolvency of the buyer (example: liquidation, receivership, bankruptcy)	Invoice was sent to wrong person
Asia Pacific	33.3%	27.2%	22.0%	34.9%	29.0%	19.8%	23.2%	20.2%	17.2%
The Americas	28.3%	24.2%	25.5%	29.7%	24.2%	21.2%	24.9%	25.3%	18.6%
Europe	34.1%	17.0%	14.4%	28.2%	21.1%	13.9%	25.9%	10.6%	8.0%
Australia	26.4%	22.0%	20.9%	22.0%	19.8%	12.1%	27.5%	25.3%	17.6%
China	34.9%	33.8%	19.2%	35.9%	41.9%	17.7%	16.7%	8.6%	16.2%
Hong Kong	38.4%	21.3%	14.0%	34.8%	28.7%	24.4%	17.7%	18.3%	14.0%
Taiwan	33.8%	30.8%	25.6%	39.1%	35.3%	15.0%	19.6%	20.3%	18.8%
Singapore	29.4%	28.7%	22.4%	32.9%	18.9%	20.3%	30.1%	23.8%	17.5%
Indonesia	34.9%	32.6%	24.2%	40.2%	34.1%	18.9%	25.8%	28.0%	22.0%
Japan	31.7%	18.3%	18.3%	33.3%	21.7%	18.3%	16.7%	8.3%	11.7%
India	32.8%	23.0%	29.9%	35.6%	21.8%	26.4%	31.0%	27.6%	17.8%

### Industry

Manufacturing	36.0%	32.0%	24.7%	35.2%	31.4%	20.3%	19.7%	18.0%	17.4%
Wholesale/ Retail / Distribution	32.0%	23.1%	20.5%	34.6%	29.0%	20.1%	25.7%	23.1%	16.4%
Services	30.8%	23.9%	19.5%	34.8%	25.9%	19.0%	26.2%	21.0%	17.5%

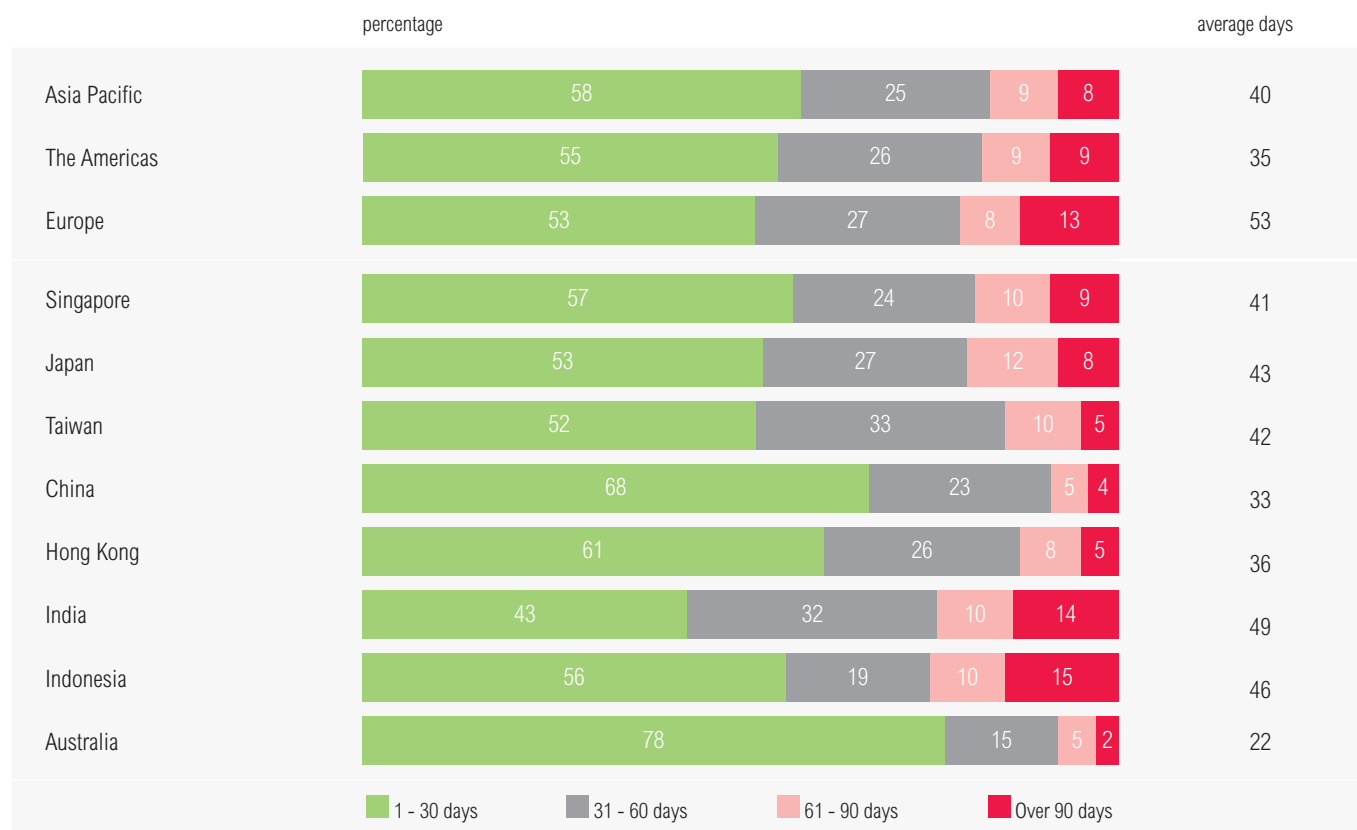
### Business size

Micro enterprise	30.6%	18.7%	14.8%	33.5%	22.5%	15.8%	21.5%	19.6%	16.3%
SMEs	34.2%	28.3%	22.8%	35.4%	28.5%	19.2%	24.4%	21.3%	17.1%
Large enterprise	33.3%	32.0%	26.5%	34.7%	37.0%	25.6%	21.0%	17.4%	18.3%

Sample: all interviewed companies (active in foreign markets)

Source: Payment Practices Barometer – October 2017

## Average DSO recorded in Asia Pacific



Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017

## By industry / by business size

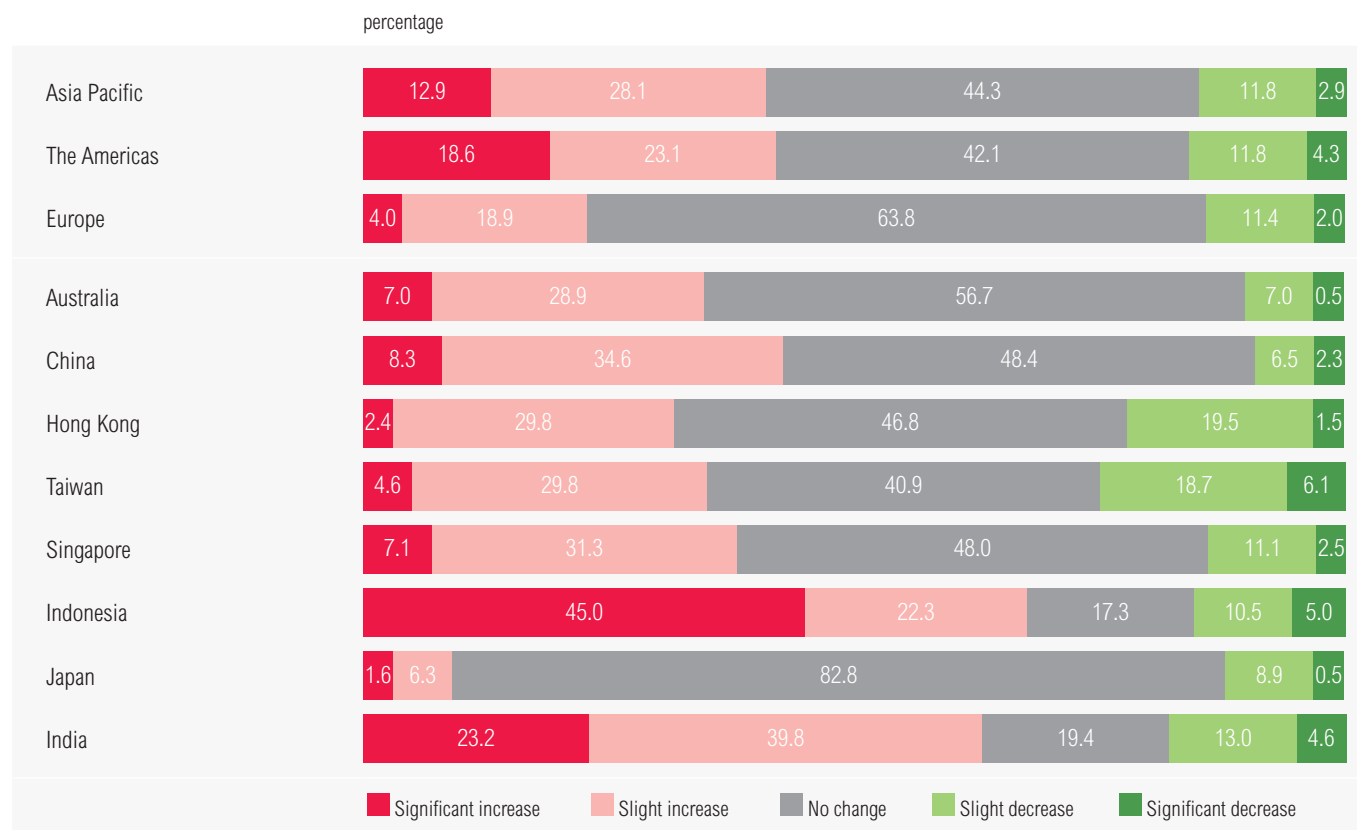
Industry			Business size		
Manufacturing	Wholesale / Retail / Distribution	Services	Micro-enterprises	SMEs	Large enterprises
45	39	35	37	42	38

Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017



## Asia Pacific: expected DSO trend over the next 12 months



Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017

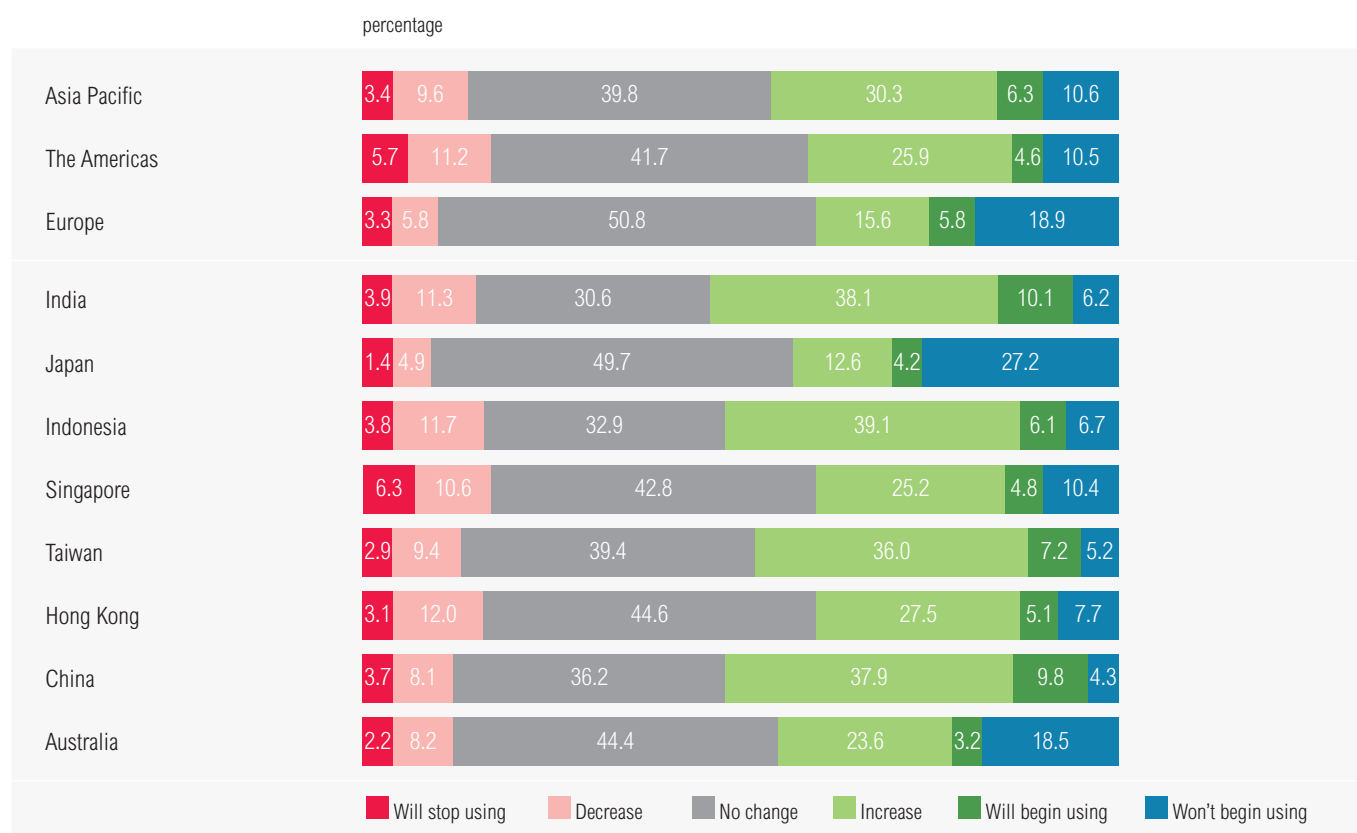
## By industry / by business size

	Industry			Business size		
	Manufacturing	Wholesale / Retail / Distribution	Services	Micro-enterprises	SMEs	Large enterprises
Significant increase	12.1%	14.3%	12.7%	11.0%	12.7%	16.9%
Slight increase	31.0%	26.3%	26.3%	18.5%	32.7%	30.0%
No change	41.6%	42.0%	48.7%	56.0%	40.0%	37.1%
Slight decrease	11.7%	14.8%	9.9%	12.2%	11.1%	13.5%
Significant decrease	3.6%	2.5%	2.5%	2.2%	3.4%	2.6%

Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017

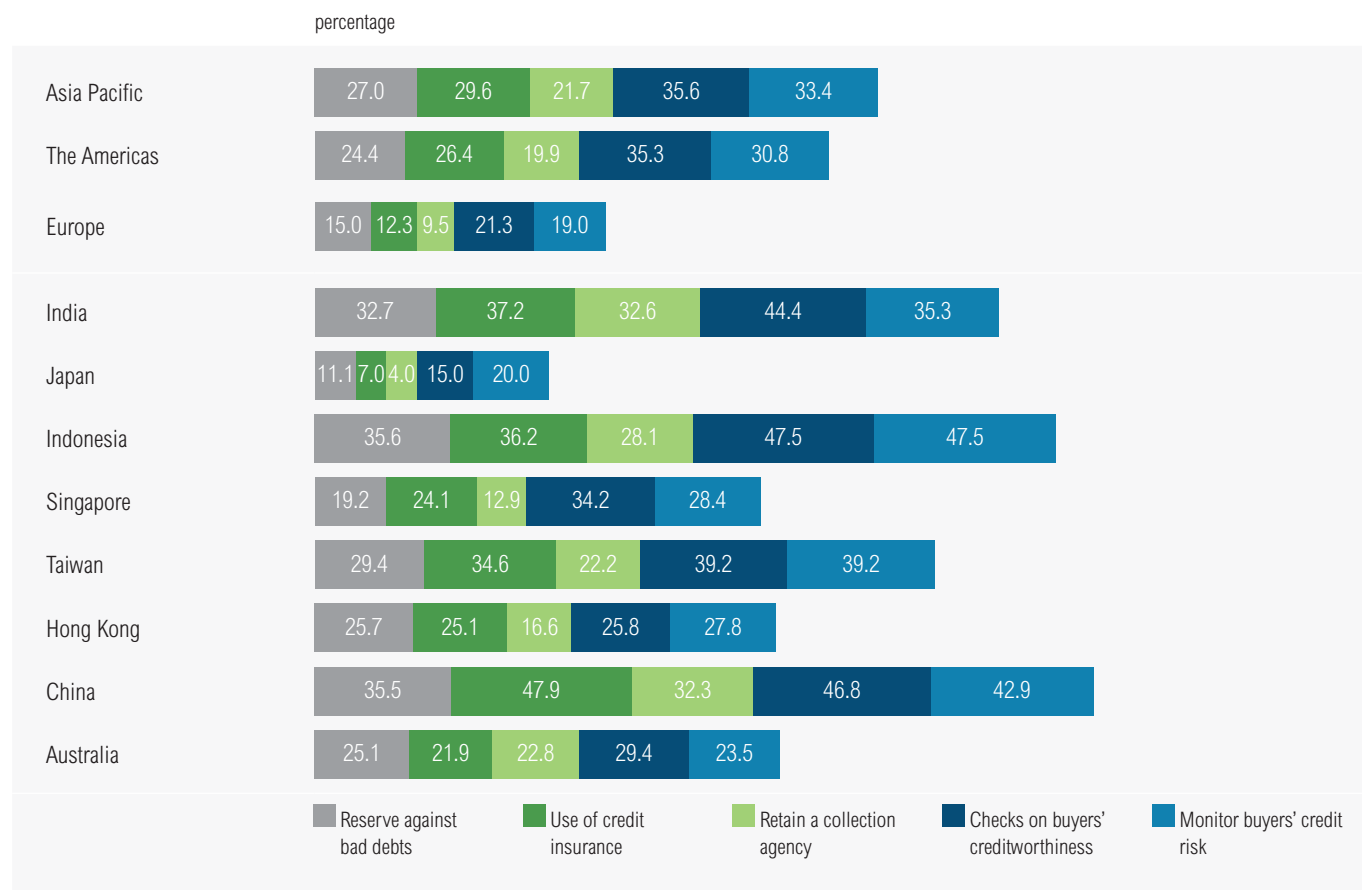
## Asia Pacific: Intention to adjust credit management practices against the potential impact of Brexit, the slowdown in Asia and US protectionism



Sample: all interviewed companies

Source: Payment Practices Barometer – October 2017

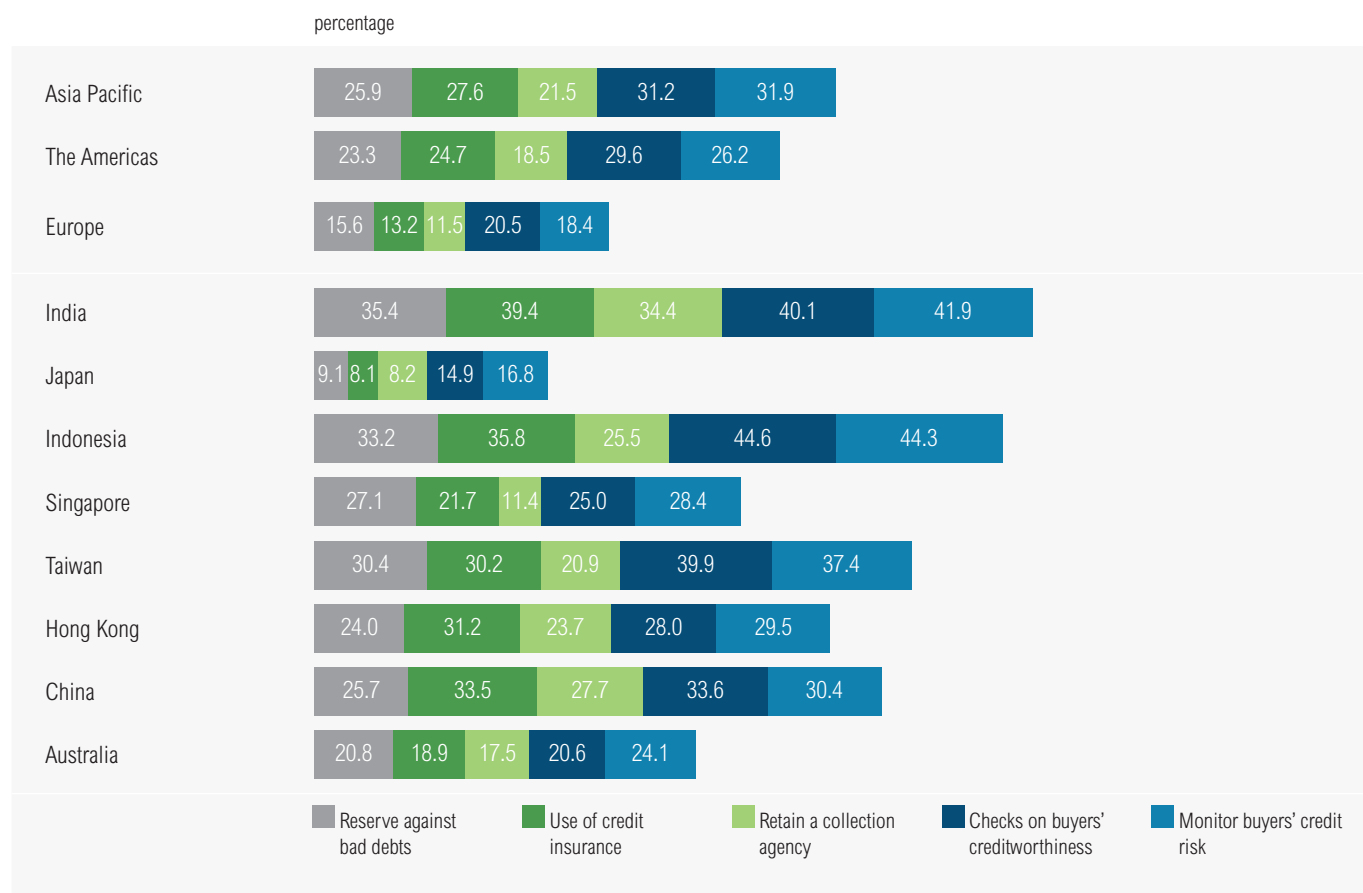
## Asia Pacific: respondents reporting intention to increase their use of credit management tools to protect themselves against the potential impact of US protectionism



Sample: all interviewed companies (active in domestic and foreign markets)

Source: Payment Practices Barometer – October 2017

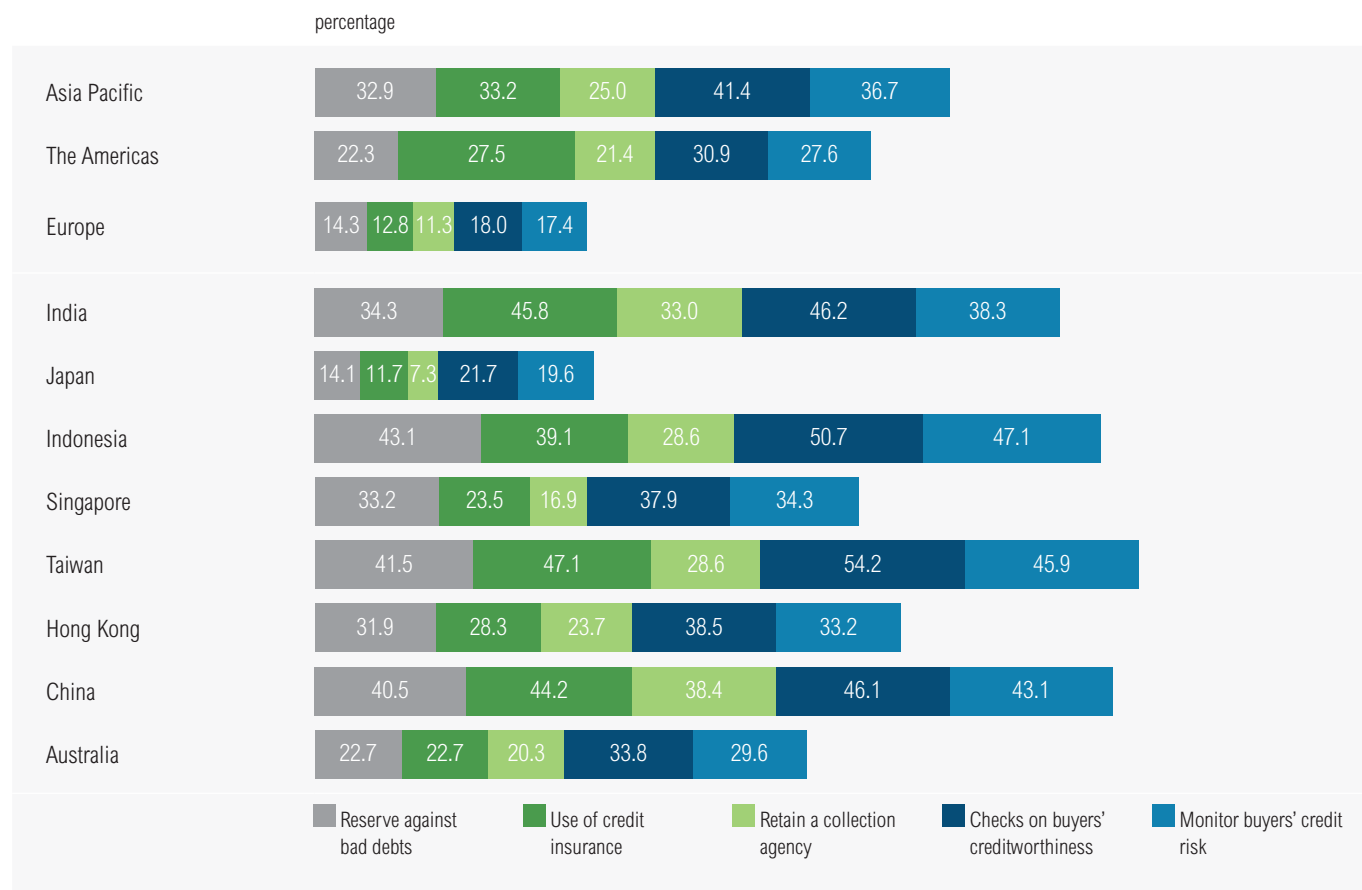
## Asia Pacific: respondents reporting intention to increase their use of credit management tools to protect themselves against the potential impact of Brexit



Sample: all interviewed companies (active in domestic and foreign markets)

Source: Payment Practices Barometer – October 2017

## Asia Pacific: respondents reporting intention to increase their use of credit management tools to protect themselves against the potential impact of the slowdown in Asia



Sample: all interviewed companies (active in domestic and foreign markets)

Source: Payment Practices Barometer – October 2017

## 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.

