COFACE ECONOMIC PUBLICATIONS

PAYMENT SURVEY

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Asia Payment Survey 2024: Overall improvement but worsening payment behaviour in textile and construction

The year 2023 was one of normalisation from the pandemic, but the economic landscape had its share of challenges in the form of an elevated inflationary and interest rate environment amid persistent geopolitical risks. The latest Coface Asia Payment Survey reflected these economic dilemmas, revealing that even as more businesses provided credit sales, they were also shortening payment terms to manage credit and cash-flow risks. The constraint of increasingly difficult operating conditions on Asian corporate payment behaviour was evident from other findings. More payment delays were reported but some improvements were observed as well. Confidence varied across regions and sectors, with some witnessing recovery while others experienced deteriorating payment behaviour.

While 60% of companies reported payment delays in 2023, rising from 57% in 2022, only China and Japan led this increase, driven by shorter payment terms. All other surveyed economies reported fewer payment delays. Sector-wise, textile and construction faced the most significant increases in reported payment delays.

On late payments, only China, Taiwan, and Thailand saw shorter payment delays. The other six surveyed markets experienced longer overdue, with Australia leading. Six out of thirteen sectors saw an increase in the length of payment delays, with the largest rises in textile and agri-food.

The survey also found a rise in Ultra Long Payment Delays (ULPDs, over 180 days) exceeding 2% of annual revenue, from 26% in 2022 to 29% in 2023, indicating credit deterioration. The textile sector in particular saw a significant increase from 14% to 40%, becoming the sector with the highest proportion of ULPDs. One bright spot was that despite challenges, 30% of companies anticipate payment trends to improve in 2024, and just over half foresee no significant changes.

In 2023, the Asia Pacific economy experienced a post-Covid normalization phase, marked by slower inflation growth and fewer interest rate increases, which provided relief to business conditions. Nearly half of the respondents indicated an improvement in business activity in 2023 compared to 2022 while only one-fifth reported a deterioration. India and Thailand reported the most improved business conditions while Taiwan experienced the least improvement due to a global electronics downturn. In 2024, more companies are buoyant about business activity prospects. Nevertheless, they highlighted major risks to their operations, with slowing demand and over-competitive pressures as the most pertinent. Specific concerns varied by market, such as higher input costs in Japan and higher labour costs in Australia.
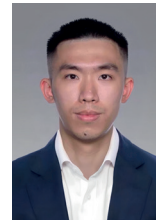
The Coface 2024 Asia Corporate Payment Survey was conducted between December 2023 and March 2024. It covered over 2,400 companies from nine markets and across thirteen sectors located in the Asia Pacific region.

Coface
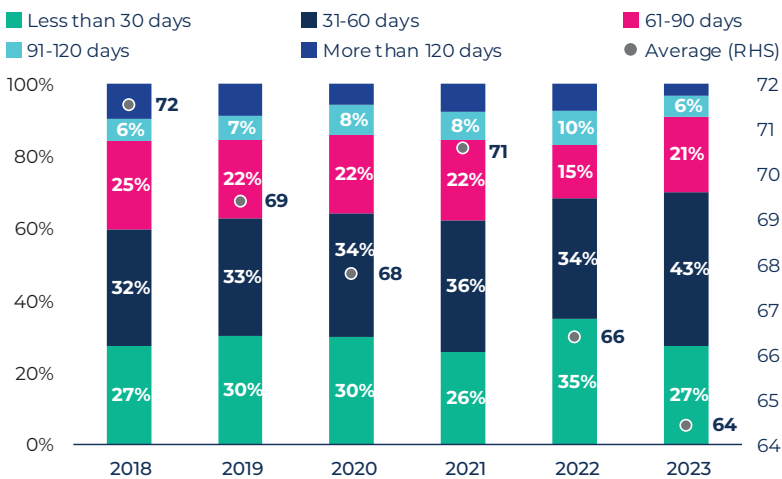FOR TRADE

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PAYMENT TERMS[1]:
MORE OFFERED CREDIT SALES BUT TIGHTER PAYMENT TERMS

Chart 1:
Payment terms in Asia Pacific

Legend: Less than 30 days · 31-60 days · 61-90 days · 91-120 days · More than 120 days · Average (RHS)

Year	Less than 30 days	31-60 days	61-90 days	91-120 days	More than 120 days	Average
2018	27%	32%	25%	6%		72
2019	30%	33%	22%	7%		69
2020	30%	34%	22%	8%		68
2021	26%	36%	22%	8%		71
2022	35%	34%	15%	10%		66
2023	27%	43%	21%	6%		64

Source: Coface Payment Survey

Chart 2:
Payment terms by region

Legend: 0-30 days · 31-60 days · 61-90 days · 91-120 days · >120 days · 2022 Average (RHS) · 2023 Average (RHS)

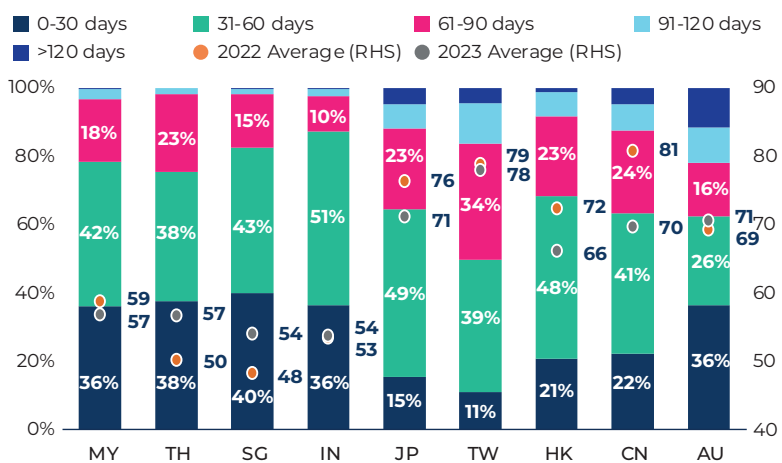| Region	0-30 days	31-60 days	61-90 days	91-120 days	>120 days	2022 Avg	2023 Avg
MY	36%	42%	18%			59	57
TH	38%	38%	23%			50	57
SG	40%	43%	15%			48	54
IN	36%	51%	10%			53	54
JP	15%	49%	23%			71	76
TW	11%	39%	34%			78	79
HK	21%	48%	23%			66	72
CN	22%	41%	24%			81	70
AU	36%	26%	16%			69	71

Source : Coface Payment Survey

- The share of businesses offering payment terms increased from 73% in 2022 to 84% in 2023, reaching the highest level since Coface began its survey in 2016. Chinese firms primarily drove this surge, with 79% offering payment terms in 2023, up from 50% in 2022. Most economies saw little change, apart from Thailand and Hong Kong, where payment terms decreased significantly. Market practices and market competition were the main reasons for offering payment terms.

- Despite more businesses giving payment terms, most of them tightened conditions by reducing payment terms for a second consecutive year, dropping to an average of 64 days in 2023, from 66 in 2022 **(Chart 1)**. The proportion of businesses offering payment terms below 90 days increased to 91% in 2023, while those above 90 days decreased to 9%.

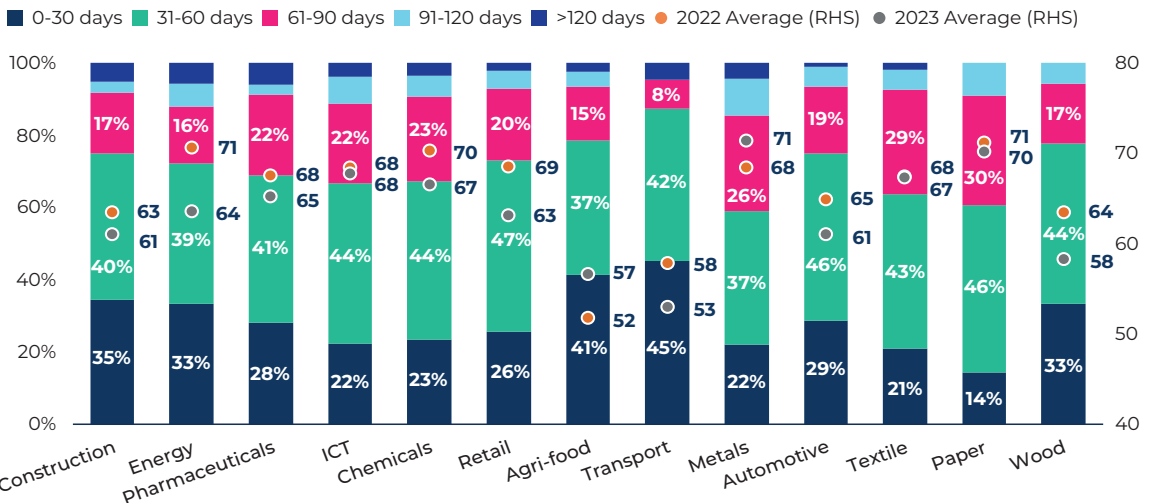- Across the region, most markets tightened credit conditions, with China, Hong Kong, and Japan leading the decrease in payment terms by 11, 6, and 5 days, respectively. Conversely, Thailand and Singapore saw increases by 7 and 6 days, respectively **(Chart 2)**. While tight liquidity from customers is the third most common factor cited for offering payment terms in the region, it is the first in Thailand and the second in Singapore. This suggests that tight liquidity conditions in Thailand and Singapore were a larger constraint on their firms' ability to extend payment terms.

1 Payment term – the time-frame between when a customer purchase a product or service, and when the payment is due.

Chart 3:
Payment terms by sector

■ 0-30 days ■ 31-60 days ■ 61-90 days ■ 91-120 days ■ >120 days ● 2022 Average (RHS) ● 2023 Average (RHS)
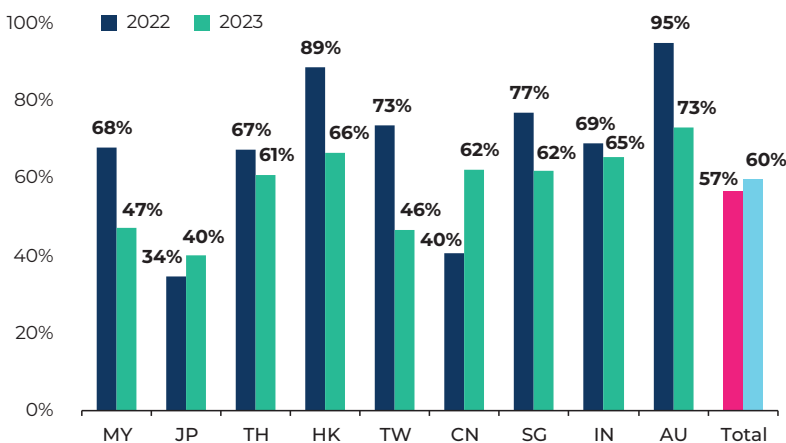

Source : Coface Payment Survey

- Nearly all the thirteen sectors covered by Coface reduced their payment terms, with energy leading by a reduction of 6 days, followed by retail, transport, and wood, all decreasing by 5 days **(Chart 3)**. Only the metals sector increased payment terms by 3 days, possibly due to its correlation with construction, where tight liquidity persists in China and Hong Kong, affecting customers' payment ability.

- Looking ahead, a greater share of companies anticipates an increase (28%) in payment terms while only 6% expects a decrease. This results in a diffusion index (difference between respondents expecting an increase vs. decrease) of +22. By market, Japan stands out, where more respondents expect a decrease in payment terms, yielding a diffusion index of -10.

2 PAYMENT DELAYS²:
SIGNIFICANT LATE PAYMENT ROSE IN TEXTILE AND CONSTRUCTION

Chart 4:
Share of companies reporting payment delays

■ 2022 ■ 2023

Source : Coface Payment Survey

- The proportion of companies reporting payment delays in their sales increased to 60% in 2023 (vs. 57% in 2022), with only China and Japan driving the rise, largely due to their tighter payment terms **(Chart 4)**. Notably, China experienced a surge from 40% in 2022 to 62% in 2023, while Japan's payment delays increased from 34% to 40%. However, it remains the country with the least payment delays in the region. Meanwhile, other economies saw improvements. Usually, there is an inverse relationship between payment term duration and the proportion of payment delays reported. However, while Hong Kong, Taiwan, and Malaysia shortened their payment delays, payment delays decreased significantly compared to 2022 (respectively by 22, 27, and 21 percentage points), suggesting improved financial stability among payers.
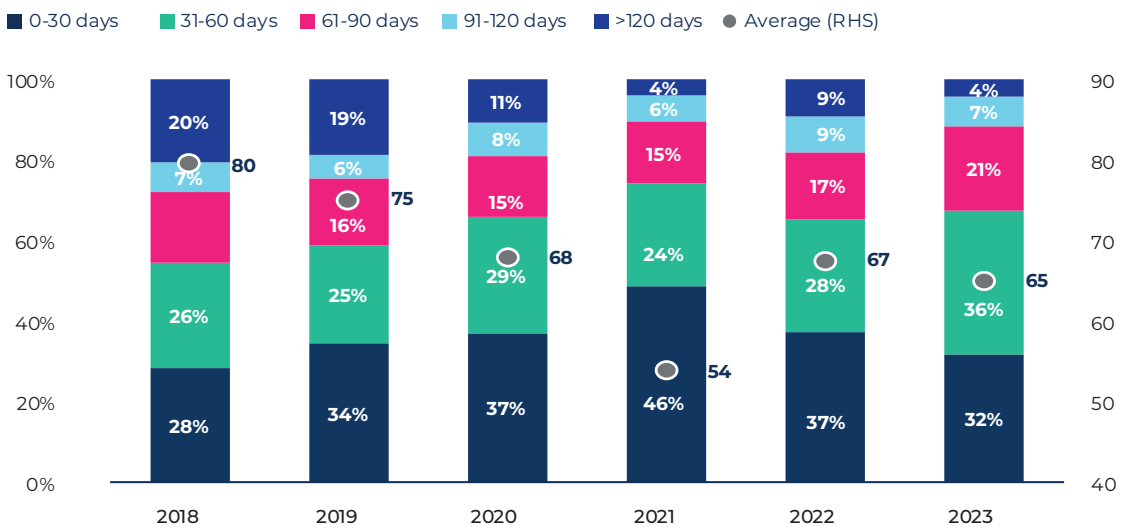
2 Payment delay refers to the period between the payment due date and the date the payment is made, as reported by our respondents on average.

· Sector-wise, textile and construction faced the most significant increases in payment delays. In 2023, the textile sector faced a decline in demand and rising production costs, while construction suffered from a sluggish Chinese property sector and a high interest rate environment in most countries. Too much competition, slowing demand, the slowdown in cash flow and customers' payment defaults were common reasons mentioned by respondents for payment delays accounts in the region.
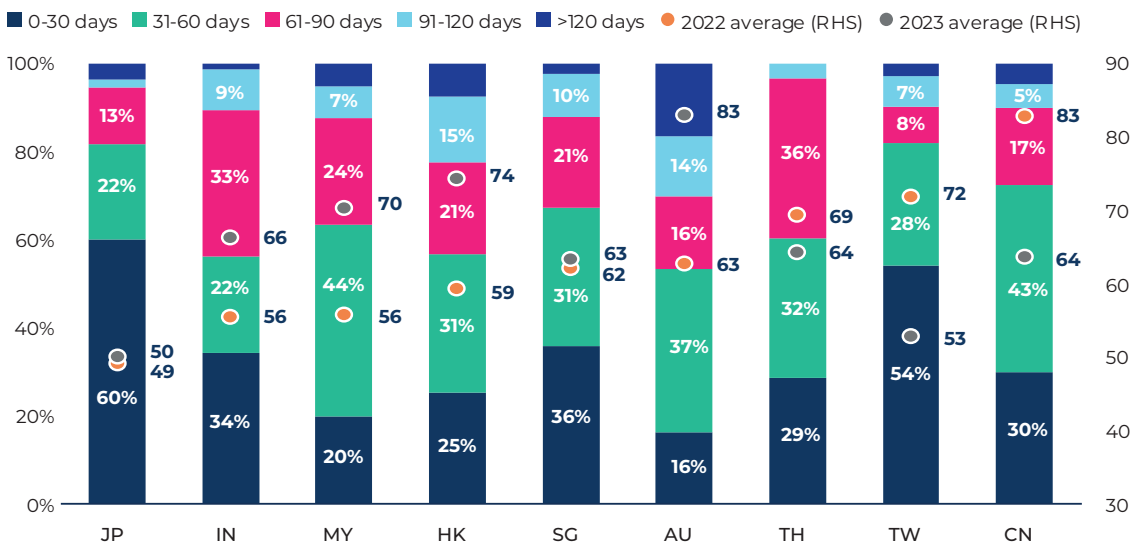
· On average, payment delays dropped from 67 days in 2022 to 65 days in 2023 **(Chart 5)**, indicating better cash flow management. Most markets saw an increase with Australia, Hong Kong, and Malaysia ahead, while China, Taiwan, and Thailand were the only ones with a reduction in the duration of payment delays. Japan had the shortest average payment delay at 50 days, and Australia had the highest at 83 days **(Chart 6)**.

Chart 5:
Payment delays in Asia Pacific

■ 0-30 days   ■ 31-60 days   ■ 61-90 days   ■ 91-120 days   ■ >120 days   ● Average (RHS)

	2018	2019	2020	2021	2022	2023
>120 days	20%	19%	11%	4%	9%	4%
91-120 days	7%	6%	8%	6%	9%	7%
61-90 days		16%	15%	15%	17%	21%
31-60 days	26%	25%	29%	24%	28%	36%
0-30 days	28%	34%	37%	46%	37%	32%
Average	80	75	68	54	67	65

Source : Coface Payment Survey

Chart 6:
Payment delays by region

■ 0-30 days   ■ 31-60 days   ■ 61-90 days   ■ 91-120 days   ■ >120 days   ● 2022 average (RHS)   ● 2023 average (RHS)

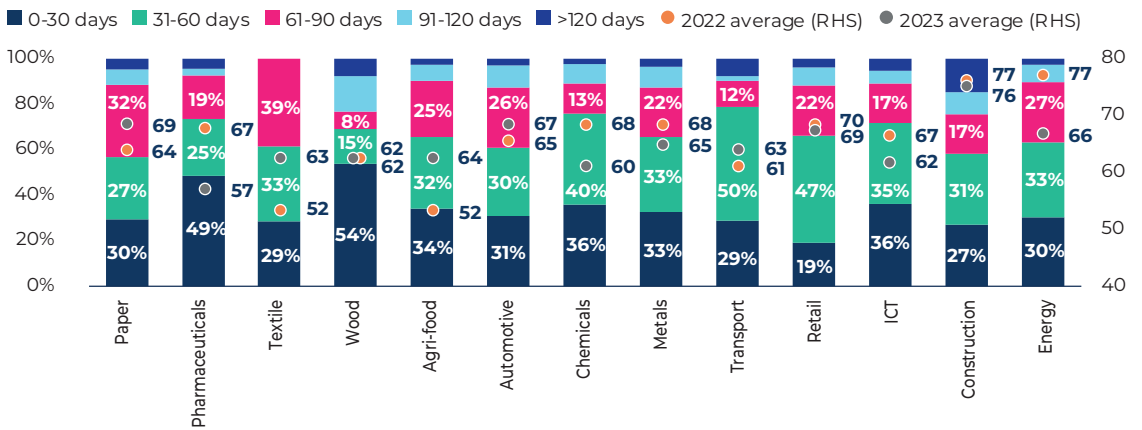|	JP	IN	MY	HK	SG	AU	TH	TW	CN
91-120 days / >120 days	13%	9%	7%	15%	10%	14%		7%	5%
61-90 days		33%	24%	21%	21%	16%	36%	8%	17%
31-60 days	22%	22%	44%	31%	31%	37%	32%	28%	43%
0-30 days	60%	34%	20%	25%	36%	16%	29%	54%	30%
2022 average	49	56	56	59	62	63	69	72	83
2023 average	50	66	70	74	63	83	64	53	64

Source : Coface Payment Survey

- Across sectors, six out of thirteen experienced increased payment delays, with textile and agri-food experiencing the largest rise, both increasing by 11 days on average **(Chart 7)**. Meanwhile, energy and pharmaceutical witnessed the largest decreases by 11 and 10 days respectively. Pharmaceutical had the lowest average payment delays (57) while construction had the highest (76).

- Days Sales Outstanding (DSO), the sum of average payment terms and payment delays, is a metric to understand cash flow conditions. DSO for China,

Taiwan, and Japan decreased in 2023, with China seeing the most significant decline from 164 days to 133. The other six markets reported an increase, with Australia's DSO rising from 132 days in 2022 to 154. Although it increased in Singapore, the country maintained the lowest DSO in the region at 117 **(Chart 8)**. The energy and pharmaceutical sectors led the reduction in DSO, while agri-food and textile saw increases **(Chart 9)**.
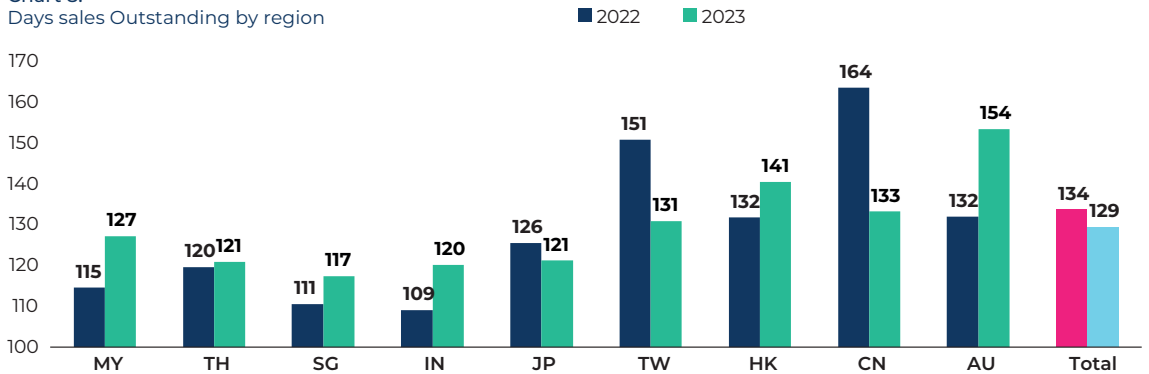
- The proportion of respondents experiencing ultra-long payment delays (ULPDs) over 2% of their
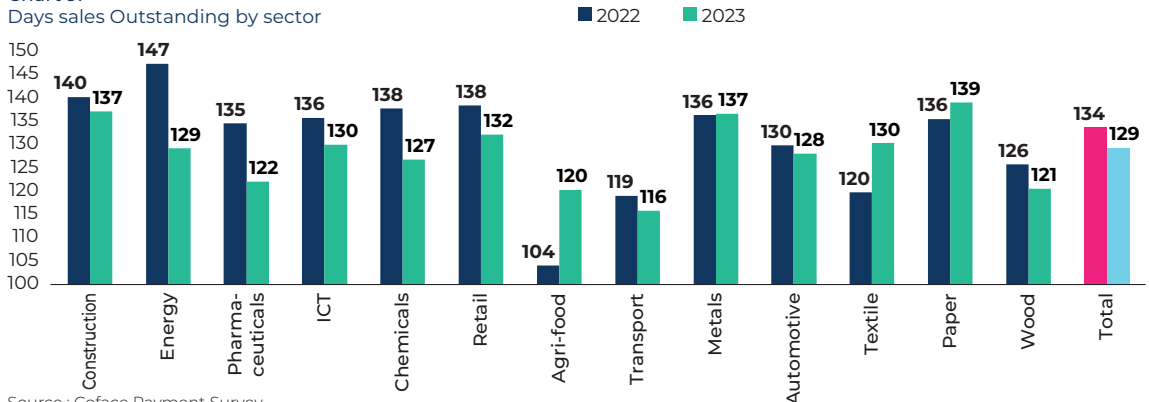
Chart 7:
Payment delays by sector

Legend: ■ 0-30 days ■ 31-60 days ■ 61-90 days ■ 91-120 days ■ >120 days ● 2022 average (RHS) ● 2023 average (RHS)

Source : Coface Payment Survey

Chart 8:
Days sales Outstanding by region

Legend: ■ 2022 ■ 2023

Source : Coface Payment Survey

Chart 9:
Days sales Outstanding by sector

Legend: ■ 2022 ■ 2023
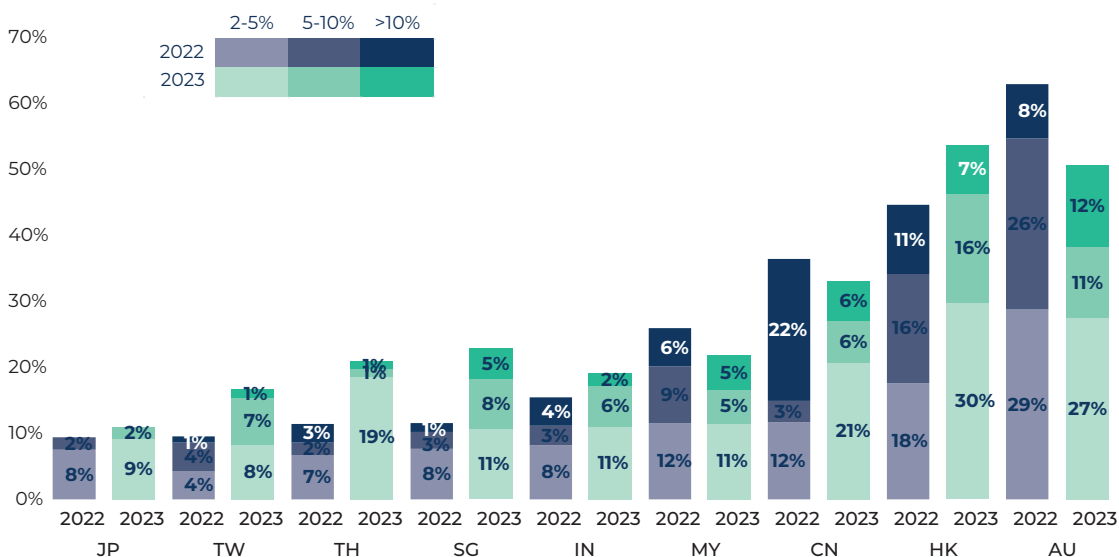
Source : Coface Payment Survey

annual sales has risen from 26% in 2022 to 29% in 2023. This 2% threshold represents a very high risk of non-payment, given that 80% of these delays have never been paid, according to Coface's experience. Singapore, Thailand, and Hong Kong led the increase in the proportion of ULPDs, with 11, 10, and 9 percentage points respectively above 2022 levels. Meanwhile, only three saw a decrease in ULPDs: Australia (-12 percentage points), Malaysia (-4) and China (-3). Hong Kong had the highest proportion of respondents with ULPDs and Japan the lowest **(Chart 10)**. Among the thirteen sectors, nine experienced increased ULPDs, with textile rising from 14% in 2022 to 40% in 2023, making it the sector with the highest proportion of ULPDs. Conversely, wood saw a

reduction from 15% to 8% in 2023 and became the sector with the lowest share of ULPDs among respondents **(Chart 11)**.

- On the outlook for late payment trends, more companies expected an improvement (30%) rather than a deterioration (18%), although the majority expected no change (52%). This resulted in a diffusion index of +12, meaning that companies are generally optimistic towards future payment behaviour. Only companies in textile and retail were pessimistic, with a diffusion index of -23 and -1 respectively. Country-wise, Japan was the only pessimistic with a diffusion index of -20.
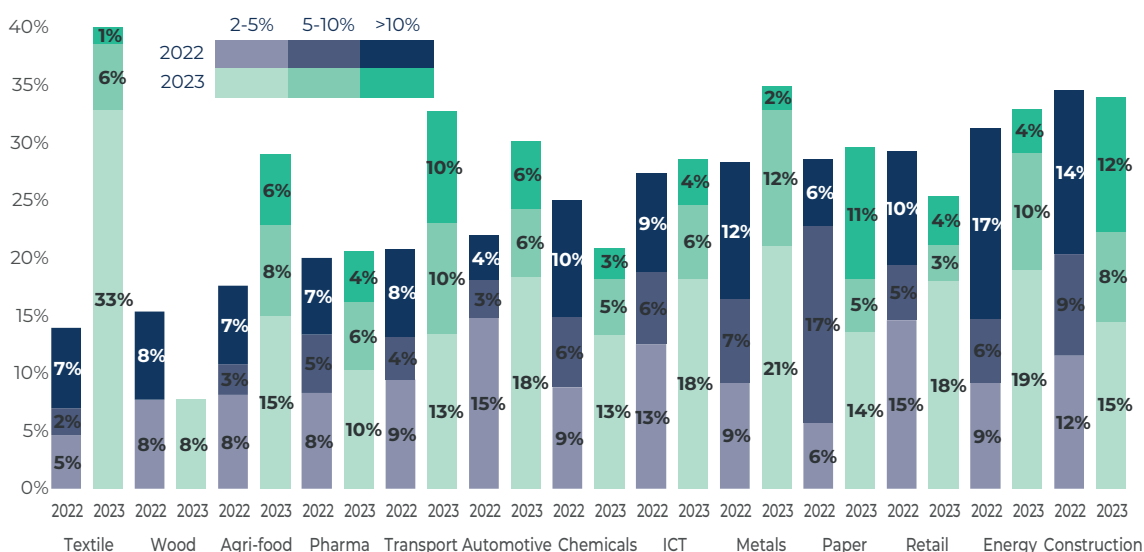
Chart 10:
ULPDs of annual turnover by region

Source : Coface Payment Survey   *ULPDs : Ultra Long Payment Delays

Chart 11:
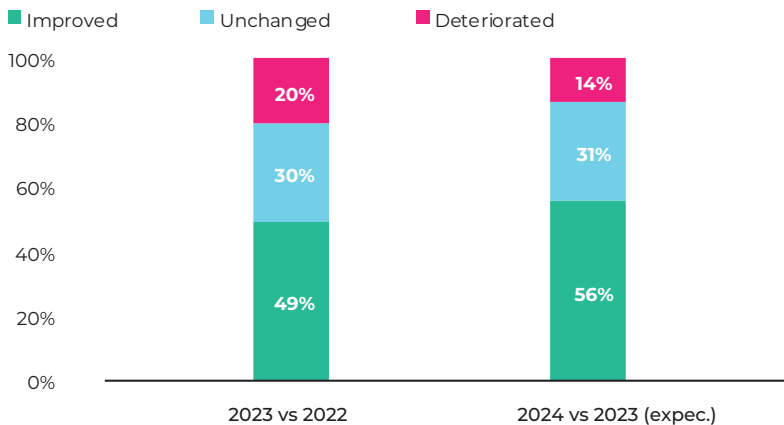ULPDs of annual turnover by sector

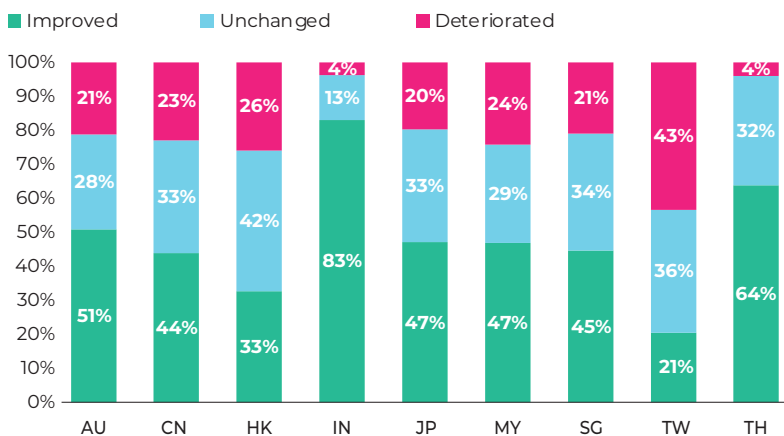Source : Coface Payment Survey   *ULPDs : Ultra Long Payment Delays

3 ECONOMIC EXPECTATIONS: GROWING OPTIMISM DESPITE DEMAND RISKS
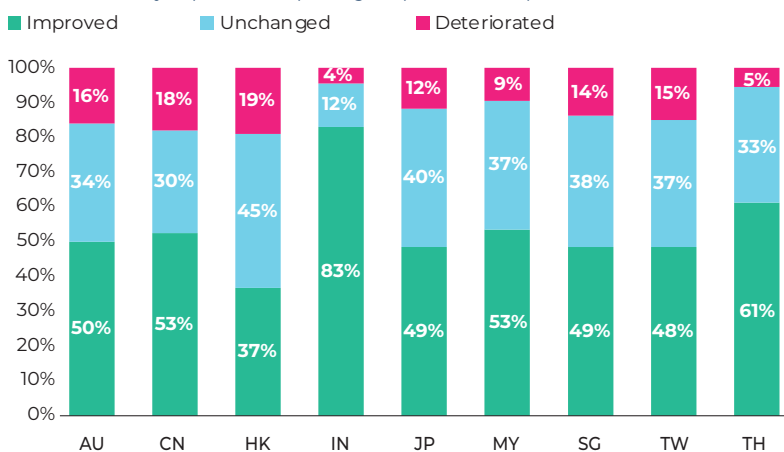
Chart 12:
Business activity assessment

Improved Unchanged Deteriorated

	2023 vs 2022	2024 vs 2023 (expec.)
Deteriorated	20%	14%
Unchanged	30%	31%
Improved	49%	56%

Source : Coface Payment Survey

Chart 13:
Business activity assessment per region (2023 vs 2022)

Improved Unchanged Deteriorated

	AU	CN	HK	IN	JP	MY	SG	TW	TH
Deteriorated	21%	23%	26%	4%	20%	24%	21%	43%	4%
Unchanged	28%	33%	42%	13%	33%	29%	34%	36%	32%
Improved	51%	44%	33%	83%	47%	47%	45%	21%	64%

Source : Coface Payment Survey

Chart 14:
Business activity expectations per region (2024 vs 2023)

Improved Unchanged Deteriorated

	AU	CN	HK	IN	JP	MY	SG	TW	TH
Deteriorated	16%	18%	19%	4%	12%	9%	14%	15%	5%
Unchanged	34%	30%	45%	12%	40%	37%	38%	37%	33%
Improved	50%	53%	37%	83%	49%	53%	49%	48%	61%

Source : Coface Payment Survey

- After the geopolitical and economic turmoil of 2022, the Asia Pacific economy entered a post-Covid normalisation phase in 2023, with China reopening its borders and exiting its strict zero-Covid regime. Inflation growth across the region was slower and policy interest rate increases were fewer compared to 2022. Asia Pacific consumer prices increased by an annual rate of 3.9% in 2023, down from 4.9% in 2022. Global disinflation and the Fed's much slower tightening saw regional central banks, on average, adding 73 basis points (bps) worth of interest rate hikes, compared to 200 bps in 2022. Improving economic conditions contributed to the Asia Pacific economy expanding at a faster rate in 2023.

- Faster GDP growth last year coincided with nearly half of the respondents indicating an improvement in business activity while only one-fifth reported a deterioration **(Chart 12)**. India and Thailand have the most improvement, with 83% and 64% of respective respondents indicating improved business activity in 2023 compared to 2022 **(Chart 13)**. In India, business activity in construction and energy sectors were the most improved. In Thailand, it was energy and chemicals.

- The least improvement was seen in Taiwan (21%) amid an electronics downturn given its dominant role in the global electronics value chain. During 2023, Taiwan's average manufacturing purchasing manager's index (PMI) fell to its lowest in 16 years, since the global financial crisis in 2008. Reflecting a challenging economic environment, Taiwan has the highest share of respondents (43%) who reported worsened business activity.
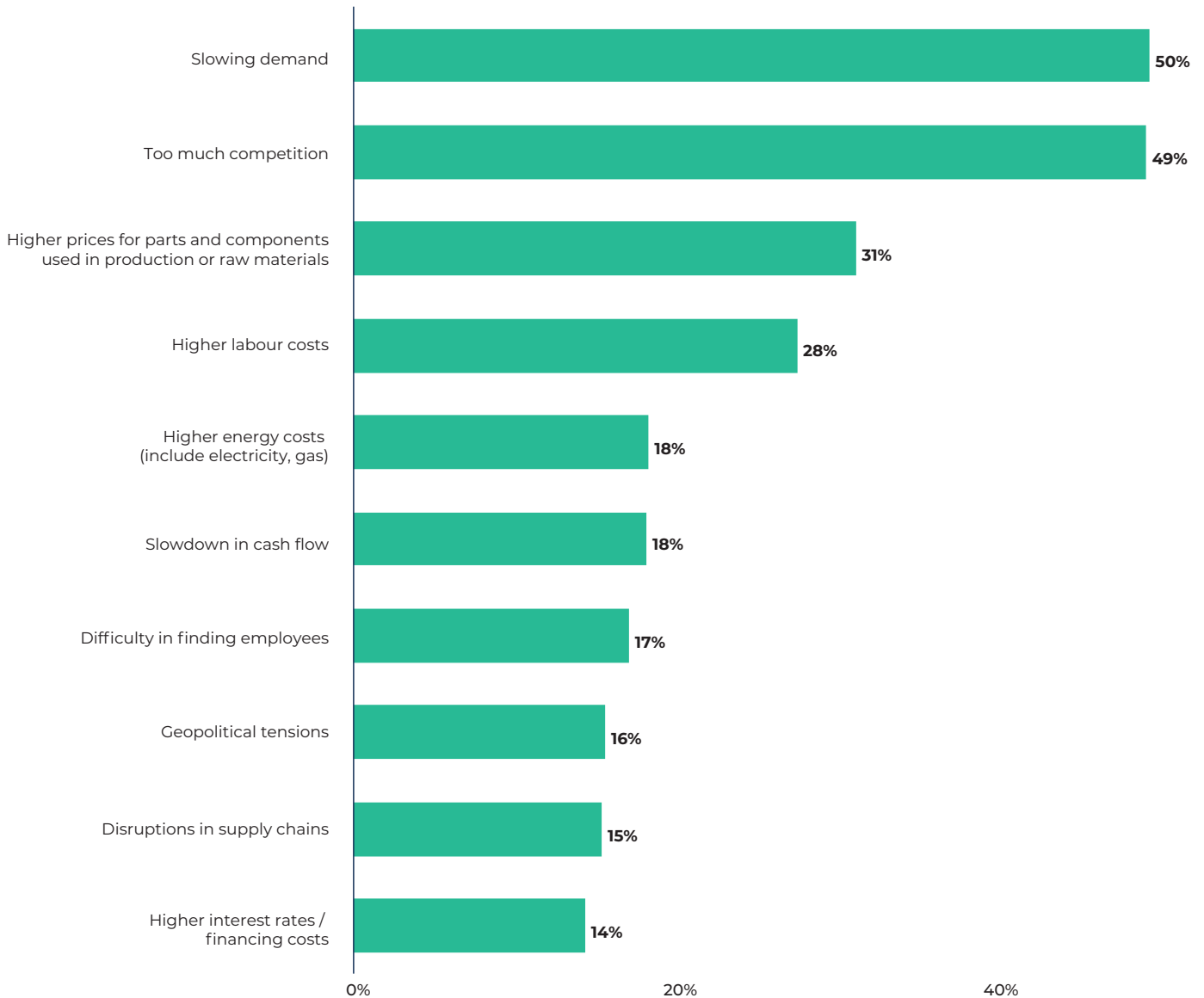
- Coface forecasts economic growth in Asia Pacific to remain at over 4% in 2024, with the region still the fastest growing in the world. This is consistent with improved expectations about business activity for 2024. The share of respondents expecting business activity to improve in 2024 compared to 2023 rose to 56%. India and Thailand were the most optimistic economies with 83% and 61% of respondents anticipating higher growth. More companies in Taiwan (48%) expressed confidence in improved business activity in 2024 considering the global electronics recovery **(Chart 14)**.

· Confidence in the year's business activity was the greatest for wood (69%), automotive (66%), pharmaceutical (66%) and agri-food (64%). By contrast, companies in the retail sector (42%) were the least optimistic. In fact, retail (20%) and textile (23%) had the highest share of respondents anticipating a worsening of business activity in 2024, which was consistent with their expectations of deteriorating payment delay trends.

· Asked about the main risks to their company's operations in 2024, about half of respondents cited slowing demand and over-competitive pressures. Nearly a third (31%) highlighted

higher prices for inputs and raw materials as a key operational risk, while higher labour costs (28%) were also noted. Less than one-fifth of respondents cited higher financing costs, supply chain disruptions and geopolitical tensions as major risk factors **(Chart 15)**. But there are nuances in the top risks across the region. For example, over half of Japanese firms noted slowing demand and higher input costs as the main risks. In Australia, demand slowdown and higher labour costs are the major risk concerns. In China, India, and Singapore, too much competition is the top-cited risk factor.

Chart 15:
Percentage of respondents citing the factor as a risk to their company's operations in 2024

Factor	%
Slowing demand	50%
Too much competition	49%
Higher prices for parts and components used in production or raw materials	31%
Higher labour costs	28%
Higher energy costs (include electricity, gas)	18%
Slowdown in cash flow	18%
Difficulty in finding employees	17%
Geopolitical tensions	16%
Disruptions in supply chains	15%
Higher interest rates / financing costs	14%

Source : Coface Payment Survey

Payment Survey Results
By Economy

Australia

					COFACE ASSESSMENT: A2		
	2019	2020	2021	2022	2023	2023 vs. 2022	vs. APAC
Payment terms							
% of respondents offering payment terms	63.6%	74.8%	77.0%	80.5%	77,0%	↘	Below
Average payment terms (days)	36	81	82	69	71,0%	↗	Above
Payment delays							
Experienced payment delays	66.7%	90.7%	93.4%	94.8%	73,0%	↘	Above
Average payment delays of more than 90 days	9.1%	20.4%	19.9%	24.7%	30,1%	↗	Above
Ultra long payment delays > 2% of turnover	20.5%	53.3%	56.1%	63.0%	51,0%	↘	Above
Overall						↘	**Above**

China

					COFACE ASSESSMENT: B		
	2019	2020	2021	2022	2023	2023 vs. 2022	vs. APAC
Payment terms							
% of respondents offering payment terms	66.2%	67.4%	66.6%	50.3%	79,0%	↗	Below
Average payment terms (days)	79	77	77	81	70	↘	Above
Payment delays							
Experienced payment delays	66.0%	56.8%	52.5%	40.4%	62,2%	↗	Above
Average payment delays of more than 90 days	41.0%	29.5%	35.2%	31.4%	10,1%	↘	Below
Ultra long payment delays > 2% of turnover	52.5%	47.6%	63.8%	36.4%	33,1%	↘	Below
Overall						↘	**Below**

Hong Kong

					COFACE ASSESSMENT: A3		
	2019	2020	2021	2022	2023	2023 vs. 2022	vs. APAC
Payment terms							
% of respondents offering payment terms	87.1%	88.6%	87.4%	90.6%	81,2%	↘	Below
Average payment terms (days)	63	81	75	72	66,0%	↘	Above
Payment delays							
Experienced payment delays	85.1%	95.5%	93.9%	88.5%	66,3%	↘	Above
Average payment delays of more than 90 days	10.5%	32.3%	17.7%	16.5%	22,4%	↗	Above
Ultra long payment delays > 2% of turnover	18.6%	66.1%	65.6%	44.7%	53,7%	↗	Above
Overall						↘	**Above**

India

					COFACE ASSESSMENT: B		
	2019	2020	2021	2022	2023	2023 vs. 2022	vs. APAC
Payment terms							
% of respondents offering payment terms	97.5%	95.7%	97.1%	96.3%	96,6%	↗	Above
Average payment terms (days)	42	60	59	53	54	↗	Below
Payment delays							
Experienced payment delays	86.3%	83.3%	69.8%	68.8%	65,4%	↘	Above
Average payment delays of more than 90 days	2.4%	7.2%	6.9%	7.2%	10,5%	↗	Below
Ultra long payment delays > 2% of turnover	11.4%	9.2%	17.9%	15.5%	19,0%	↗	Below
Overall						↗	**Below**

BUSINESS
DEFAULT
RISK

A1 Very Low

A2 Low

A3 Satisfactory

A4 Reasonable

B Fairly High

C High

D Very High

E Extreme

Japan

						COFACE ASSESSMENT: A2	
	2019	2020	2021	2022	2023	2023 vs. 2022	vs. APAC
Payment terms							
% of respondents offering payment terms	87.5%	87.5%	90.2%	88.3%	89,9%	↗	Above
Average payment terms (days)	88	80	82	76	71,0%	↘	Above
Payment delays							
Experienced payment delays	41.7%	41.9%	40.2%	34.4%	39,9%	↗	Below
Average payment delays of more than 90 days	4.3%	4.5%	3.3%	3.8%	5,5%	↗	Below
Ultra long overdue amounts > 2% of turnover	8.6%	6.0%	8.0%	9.4%	10,9%	↗	Below
Overall						↗	**Below**

Malaysia

						COFACE ASSESSMENT: A4	
	2019	2020	2021	2022	2023	2023 vs. 2022	vs. APAC
Payment terms							
% of respondents offering payment terms	92,0%	91,5%	70,5%	88,8%	85,8%	↘	Above
Average payment terms (days)	64	51	59	59	57	↘	Below
Payment delays							
Experienced payment delays	66,5%	69,2%	99,1%	67,8%	47,1%	↘	Below
Average payment delays of more than 90 days	29,3%	10,1%	2,3%	20,1%	12,5%	↘	Above
Ultra long overdue amounts > 2% of turnover	33,1%	11,5%	0,0%	25,9%	21,9%	↘	Below
Overall						↘	**Below**

Singapore

						COFACE ASSESSMENT: A2	
	2019	2020	2021	2022	2023	2023 vs. 2022	vs. APAC
Payment terms							
% of respondents offering payment terms	86,4%	89,3%	85,2%	93,6%	92,0%	↘	Above
Average payment terms (days)	54	50	53	48	54	↗	Below
Payment delays							
Experienced payment delays	65,0%	59,5%	71,0%	76,8%	61,8%	↘	Above
Average overdue times of more than 90 days	18,7%	14,7%	4,7%	7,7%	12,2%	↗	Above
Ultra long overdue amounts > 2% of turnover	21,6%	22,0%	14,8%	11,5%	22,9%	↗	Below
Overall						↗	**Above**

Taiwan

						COFACE ASSESSMENT: A2	
	2019	2020	2021	2022	2023	2023 vs. 2022	vs. APAC
Payment terms							
% of respondents offering payment terms	85,7%	84,7%	69,9%	86,7%	87,1%	↗	Above
Average payment terms (days)	71	75	78	79	78	↘	Above
Payment delays							
Experienced payment delays	55,4%	50,5%	49,0%	73,4%	46,5%	↘	Below
Average payment delays of more than 90 days	18,8%	17,3%	10,1%	17,0%	9,7%	↘	Below
Ultra long payment delays > 2% of turnover	7,0%	10,5%	7,7%	9,6%	16,7%	↗	Below
Overall						↘	**Below**

Thailand

						COFACE ASSESSMENT: A4	
	2019	2020	2021	2022	2023	2023 vs. 2022	vs. APAC
Payment terms							
% of respondents offering payment terms	90,1%	89,3%	82,9%	84,0%	72,7%	↘	Below
Average payment terms (days)	53	53	56	50	57	↗	Below
Payment delays							
Experienced payment delays	55,3%	58,7%	65,1%	67,3%	60,7%	↘	Above
Average payment delays of more than 90 days	17,6%	14,4%	5,9%	4,8%	3,3%	↘	Below
Ultra long overdue amounts > 2% of turnover	24,7%	16,9%	13,9%	11,4%	20,9%	↗	Below
Overall						↘	**Below**

**BUSINESS
DEFAULT
RISK**

A1 Very Low
A2 Low
A3 Satisfactory
A4 Reasonable
B Fairly High
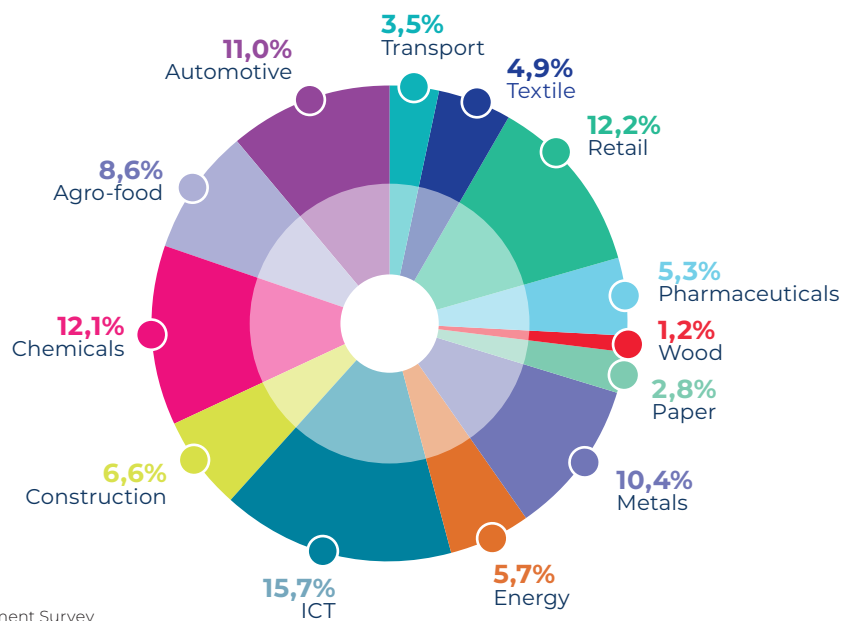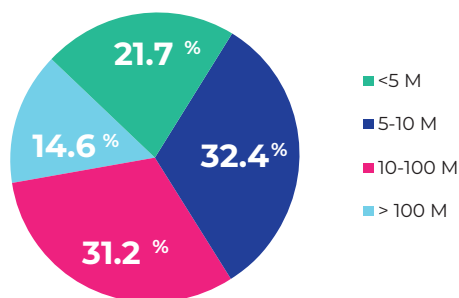**C** High
D Very High
E Extreme

APPENDIX

A TOTAL OF

2,401

COMPANIES PARTICIPATED
IN THE PAYMENT SURVEY

Which of the following best describes your company's industry?

3,5%
Transport

11,0%
Automotive

4,9%
Textile

8,6%
Agro-food

12,2%
Retail

12,1%
Chemicals

5,3%
Pharmaceuticals

1,2%
Wood

2,8%
Paper

6,6%
Construction

10,4%
Metals

15,7%
ICT

5,7%
Energy

Source: Coface Payment Survey

Size by turnover (euros)

21.7 %

32.4 %

14.6 %

31.2 %

- ■ <5 M
- ■ 5-10 M
- ■ 10-100 M
- ■ > 100 M

Source: Coface Payment Survey

What is the main source of sales for your business?

Business to government

5.4%

94.6%

Business to business

Source: Coface Payment Survey
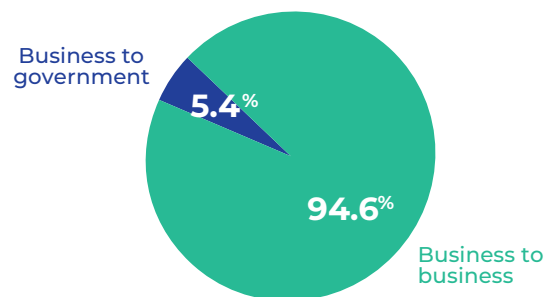
GLOSSARY

PAYMENT TERM
The time frame between when a customer purchases a product or service and when the payment is due.

PAYMENT DELAY
The period between the payment due date and the date the payment is made.

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FOR TRADE