



Decide with Confidence

The background of the slide features a historical map of the Pacific Ocean region, showing islands like New Guinea, the Philippines, and New Zealand. Overlaid on the map is a New Zealand dollar bill, specifically a 5 dollar note, which is partially visible. The text 'NEW ZEALAND' and the number '5' are prominent on the bill. The title 'Trade Payments Analysis' is centered over the image in a large, dark blue font.

# Trade Payments Analysis

September Quarter 2011

Dun & Bradstreet (New Zealand) Pty Ltd  
November 2011

# Key findings



Decide with Confidence

- Kiwi businesses took on average 44 days to pay their bills during the September quarter of 2011.
- This was an improvement of more than four days since the onset of the Global Financial Crisis.
- Payment terms have improved by nearly two days since the start of 2011, indicating a steady recovery in the post-crisis period.
- Kiwi firms outperformed Australian firms, with the number of firms paying bills more than 90 days overdue dropping 24 percent in the past 12 months.
- This was in comparison to the Australian figure which increased by 15 percent over the same period of time.
- The number of payments more than 90 days overdue also fell by 32 percent since the June quarter 2011 and the number of payments 61-90 days overdue dropped by five percent in the past 12 months.



# Key findings



Decide with Confidence

## Industry

- The slowest paying industries were the Communications and Electric, Gas & Sanitary Services with average payment terms of 50 days each.
- The fastest paying industries were Forestry and Mining at 39 days each.
- The most significant deteriorations occurred in the Communications (4 days) and the Finance, Insurance & Real Estate sectors (2 days).
- Of the firms that were 60+ days late with payments: 24 percent of them were in the Services sector, 19 percent were in Retail and 15 percent were in the Manufacturing sector.

## Business Size

- Large corporations experienced the worst deterioration in the September quarter
- Firms with 50 – 500 staff took 44 days to pay their bills, down from 47 days in the June quarter 2011.
- Firms with more than 500 employees averaged a payment time of 47 days, up from 46 days a year ago
- Smaller firms (6 - 50 employees) were the fastest payers at 42 days, on par with payment terms a year ago
- Firms with one to five employees improved their payment time by three days since the previous quarter.

# Key findings



Decide with Confidence

## Location

- South Island firms were faster payers at 43 days, as compared to North Island firms at 45 days.
- All three major cities experienced an improvement in payment terms since the June quarter but all experienced a slight deterioration since the Q3 2010.
- Christchurch businesses were the worst performers with average payment terms of 46 days, down one day since Q1 2011 (Canterbury earthquakes)
- However, payment terms for Christchurch firms were up 3.2 days in the past 12 months.
- Auckland businesses took 46 days to pay their bills while Wellington businesses were the best payers at 45 days.

## Public | Private

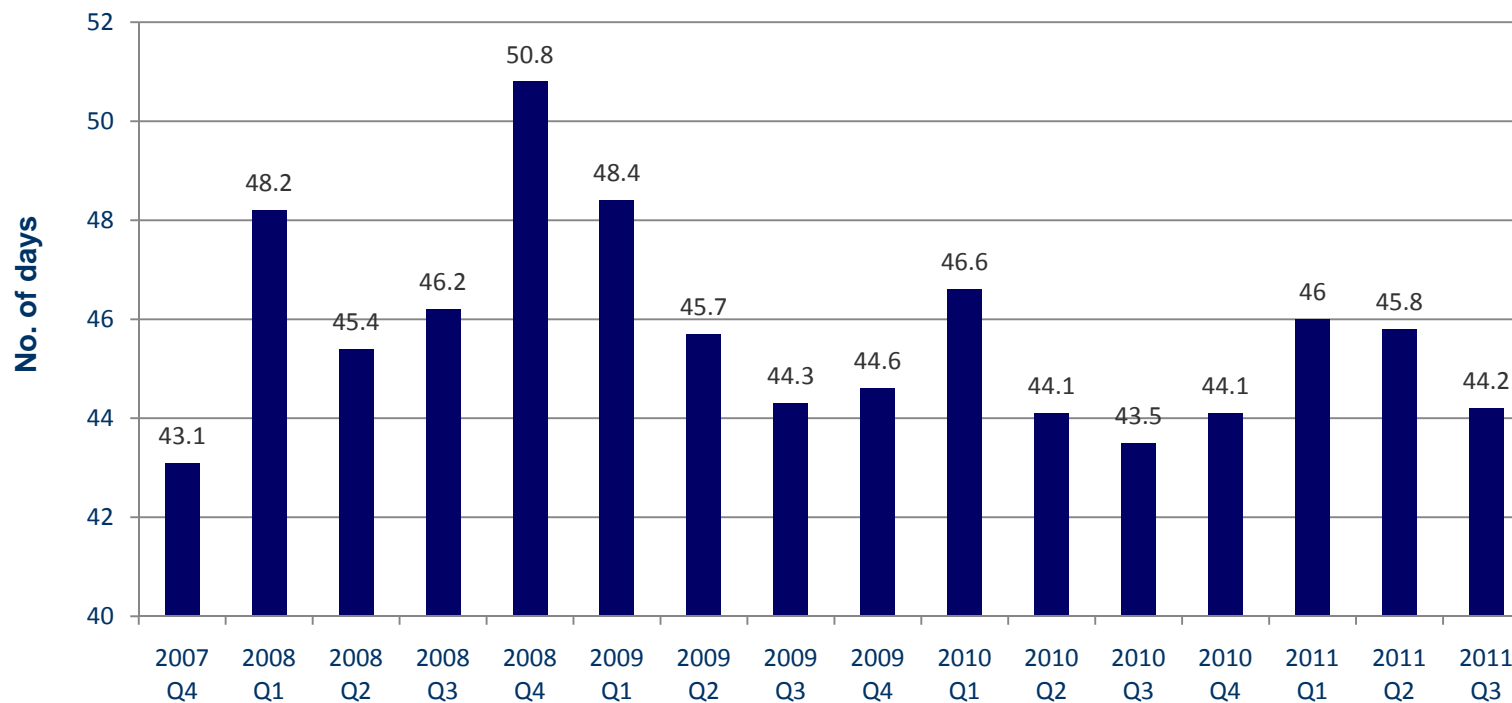
- Public companies took 49 days on average to pay their bills, up four days in the past year
- Private companies took 44 days on average to pay their bills, up one day in the past year.

Businesses are taking four days less to pay their bills since the start of the GFC in 2008



Decide with Confidence

## Average Quarterly Payment Terms



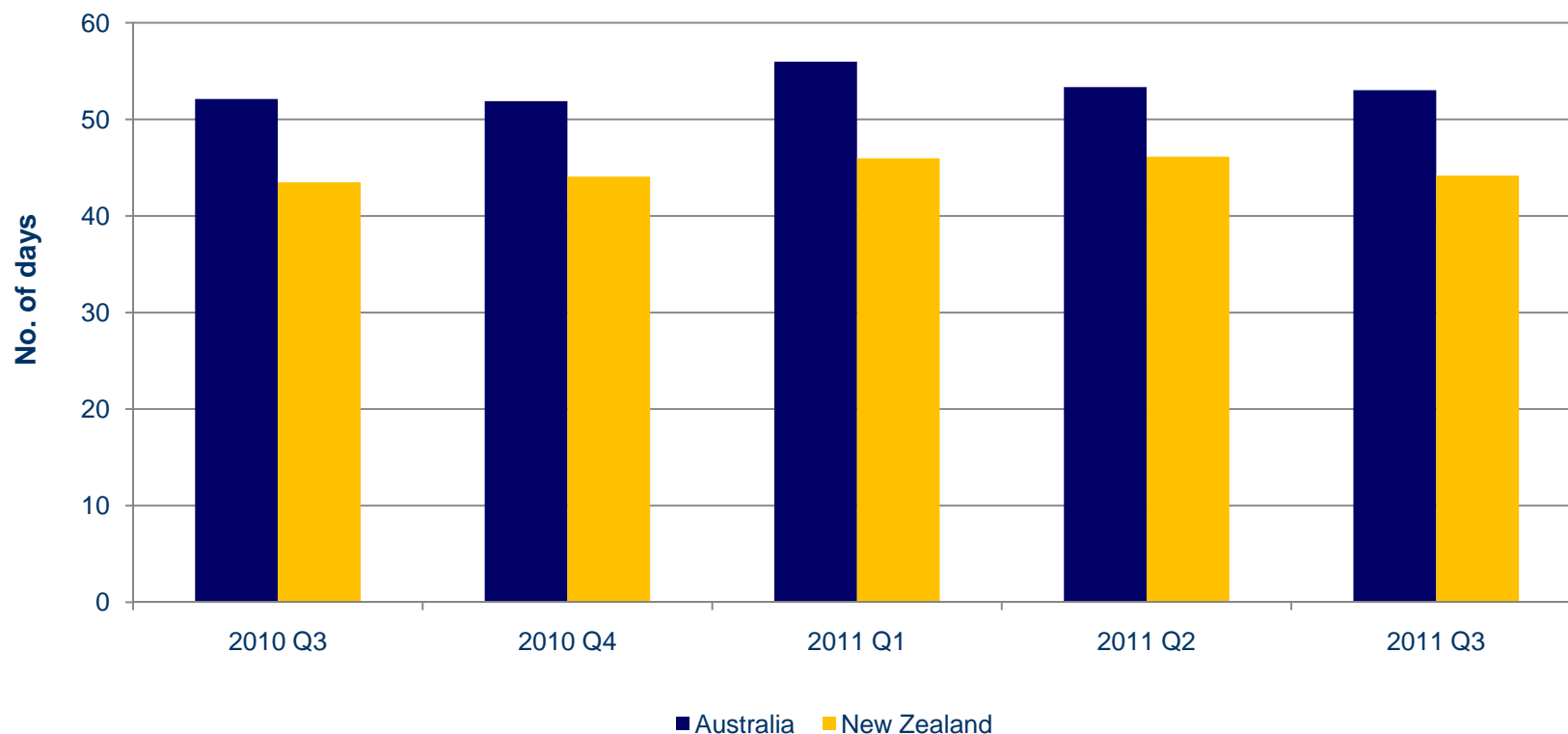
# Kiwi businesses took nine days less to pay their bills than their Australian counterparts



Decide with Confidence

Average Payment Term: 30 days

## Payment terms for Australian and NZ firms, 2010 Q3 - 2011 Q3





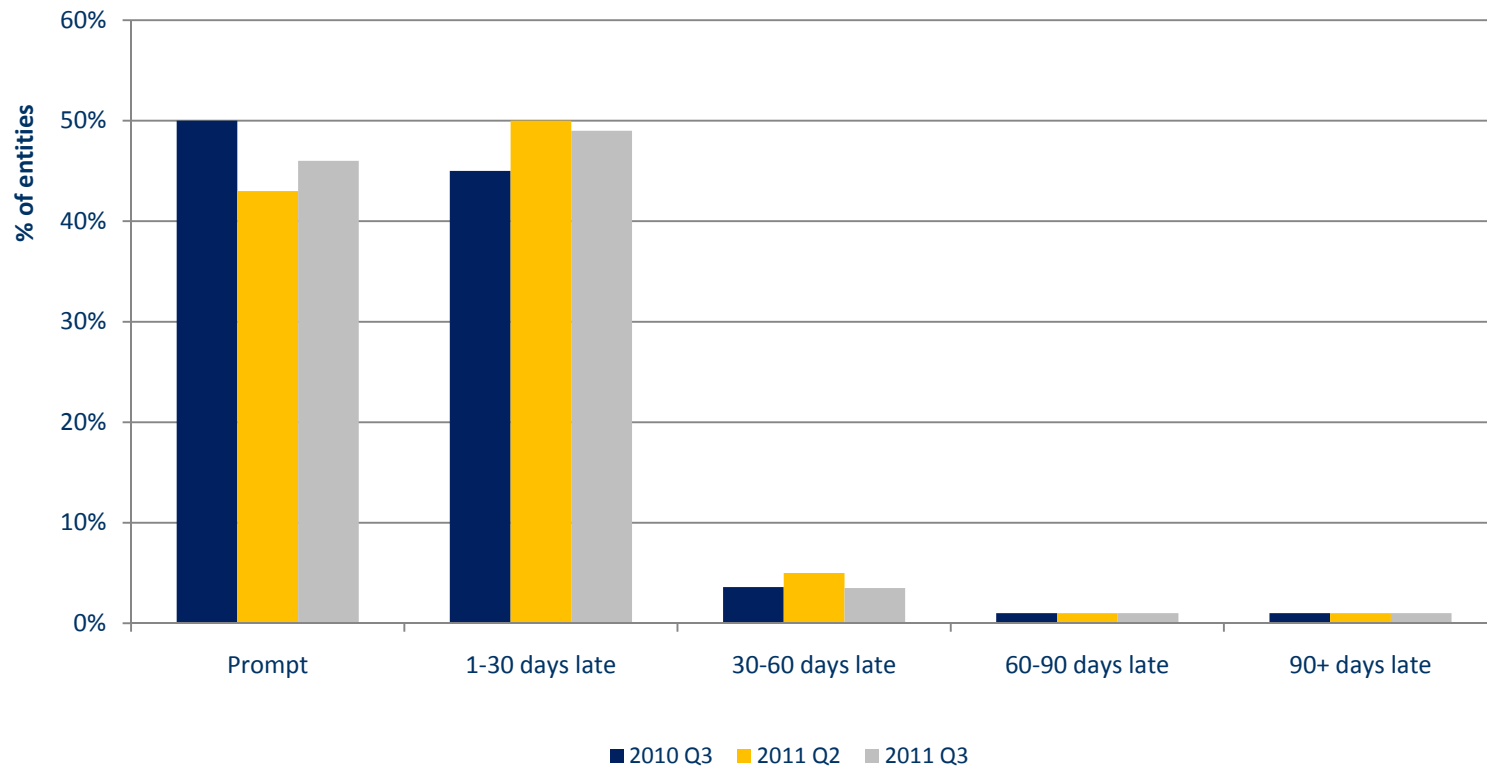
# 55 percent of New Zealand firms took longer than 30 days to pay their bills



Decide with Confidence

Average Payment Term: 30 days

## Payments made in September quarter 2011



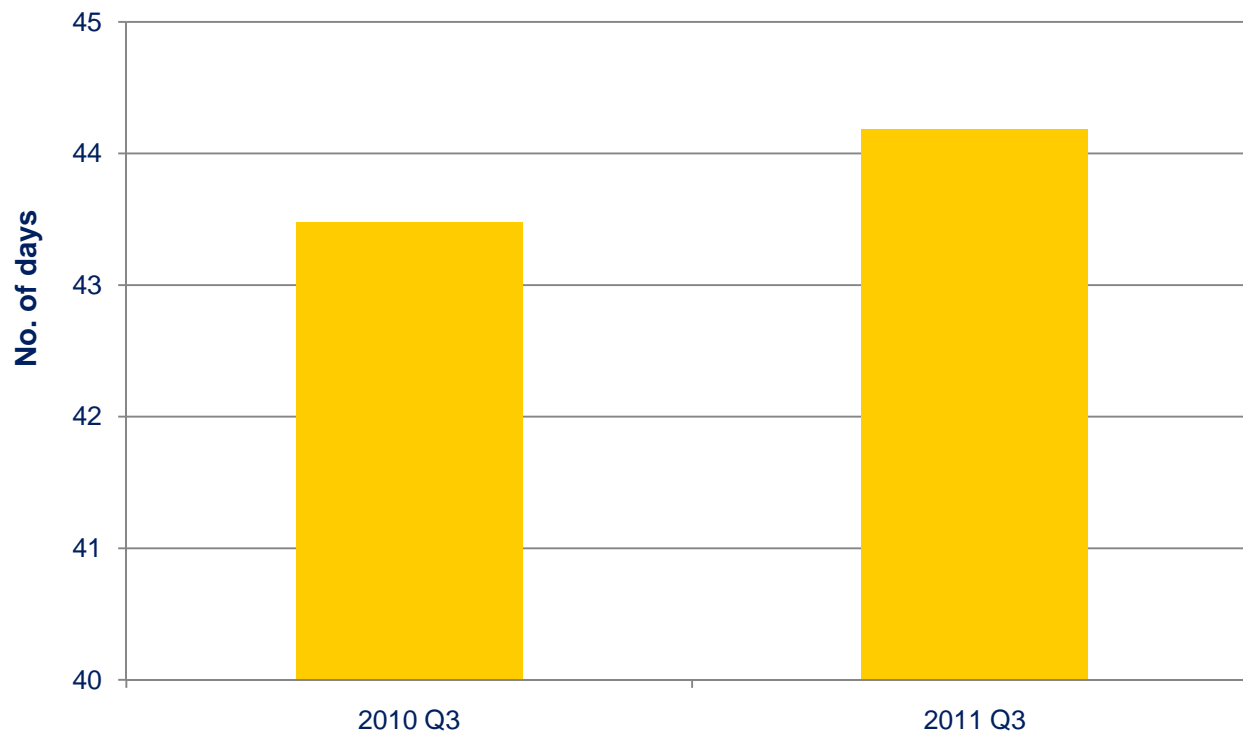
# Businesses took a day longer to pay their bills than 12 months ago



Decide with Confidence

Average Payment Term: 30 days

## Payment terms, 2010 Q3 and 2011 Q3



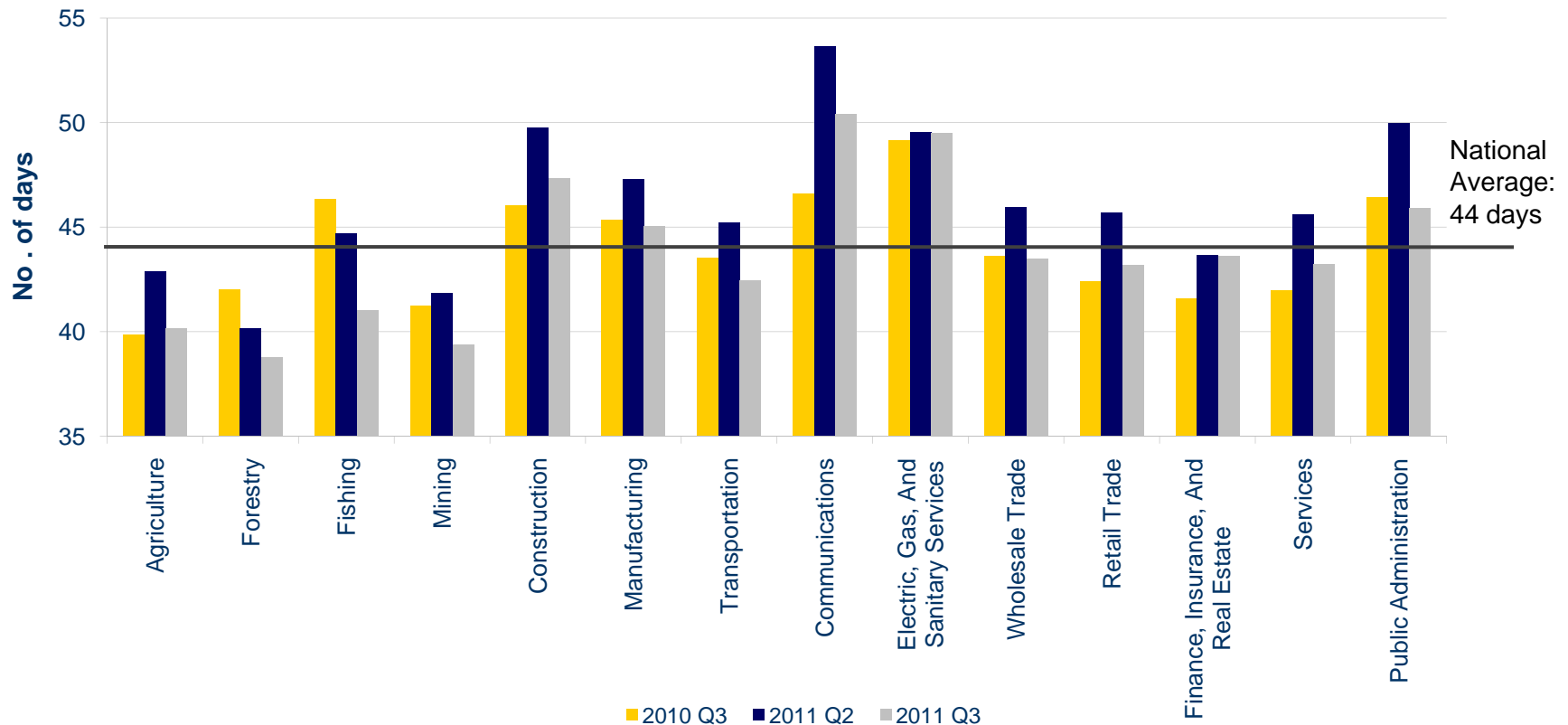


# A number of industries took longer than the national average payment term of 44 days



Decide with Confidence

## Average payment terms by industry, 2010 Q3 – 2011 Q3

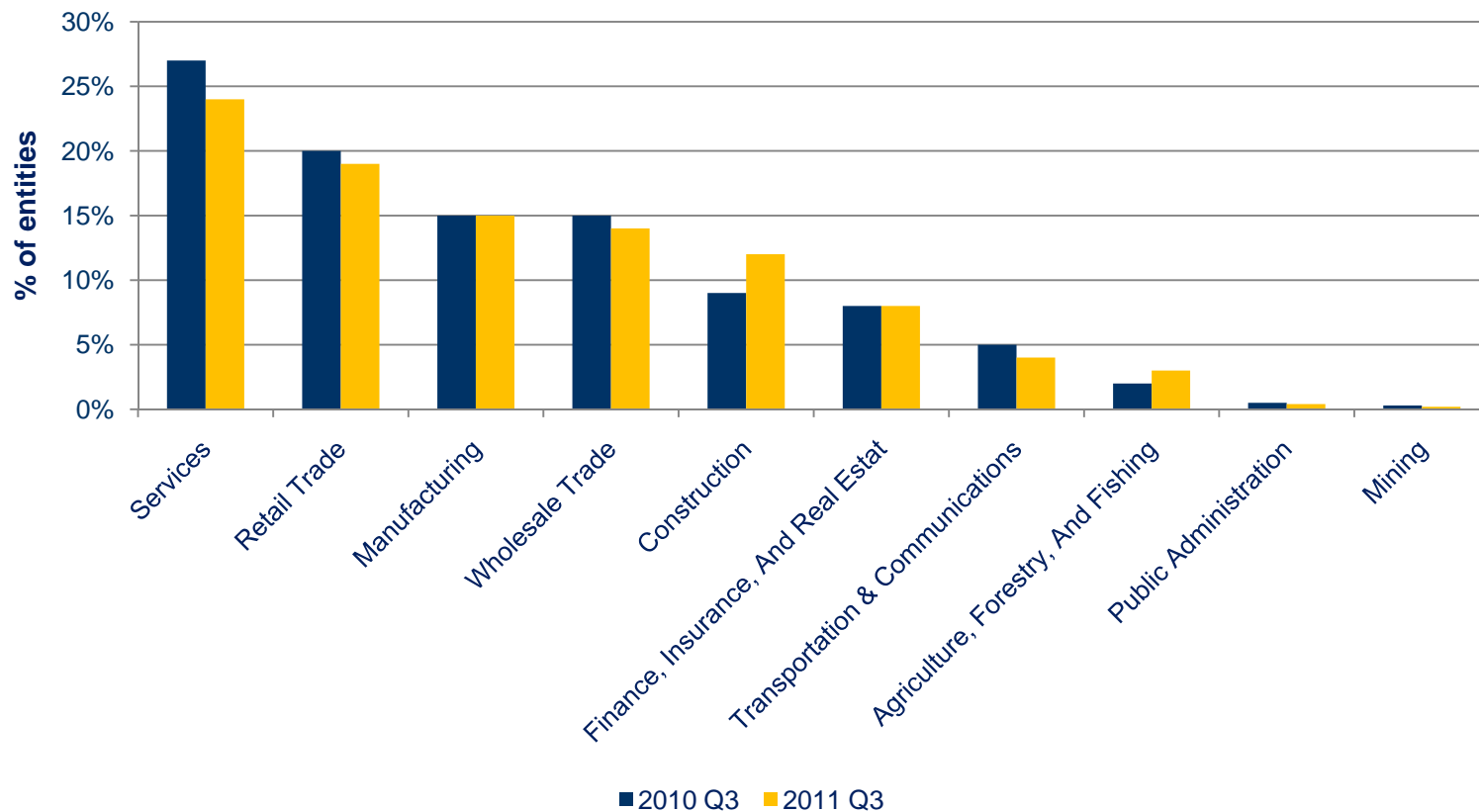


Of the firms 60+ days late with payments,  
24 percent were in the services sector



Decide with Confidence

## Firms paying 60+ days late by industry

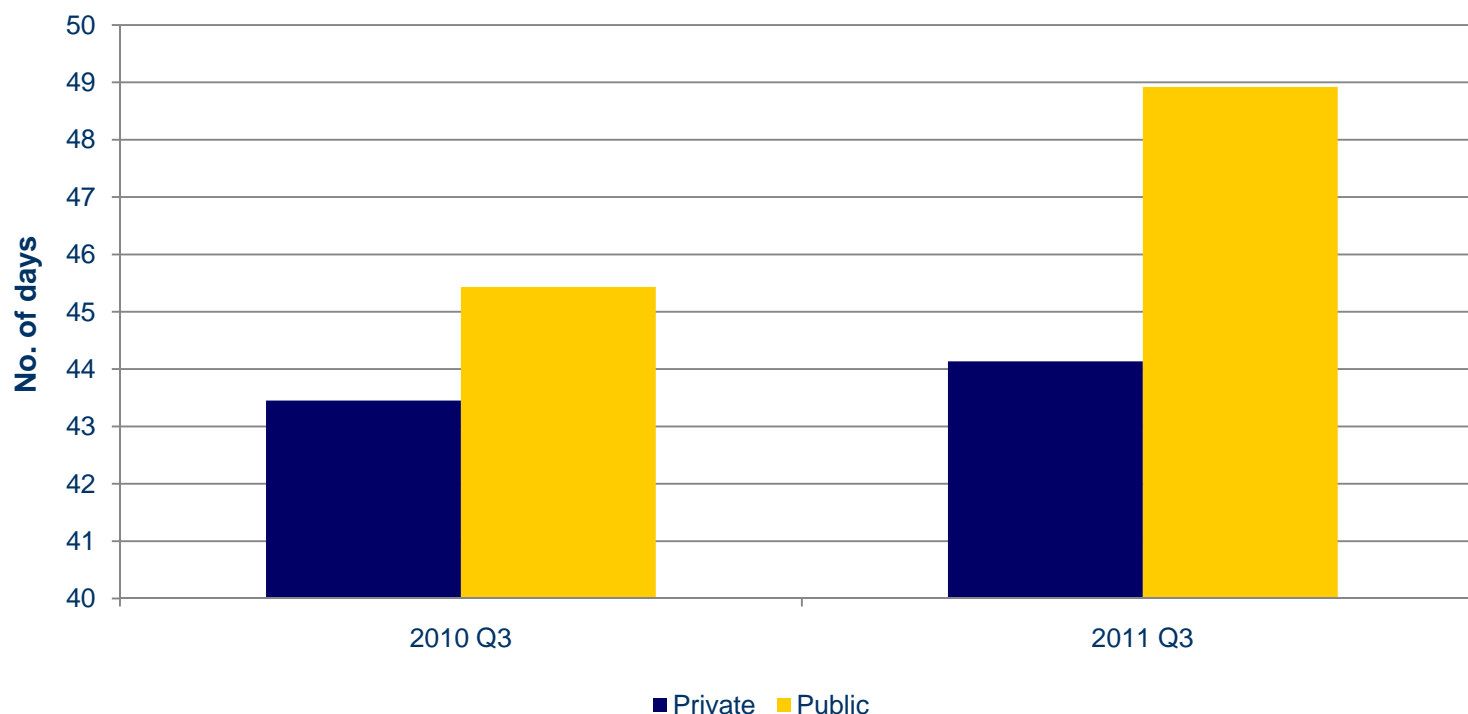


# Private firms were faster payers than publicly-listed firms



Decide with Confidence

## Payment terms for public and private firms



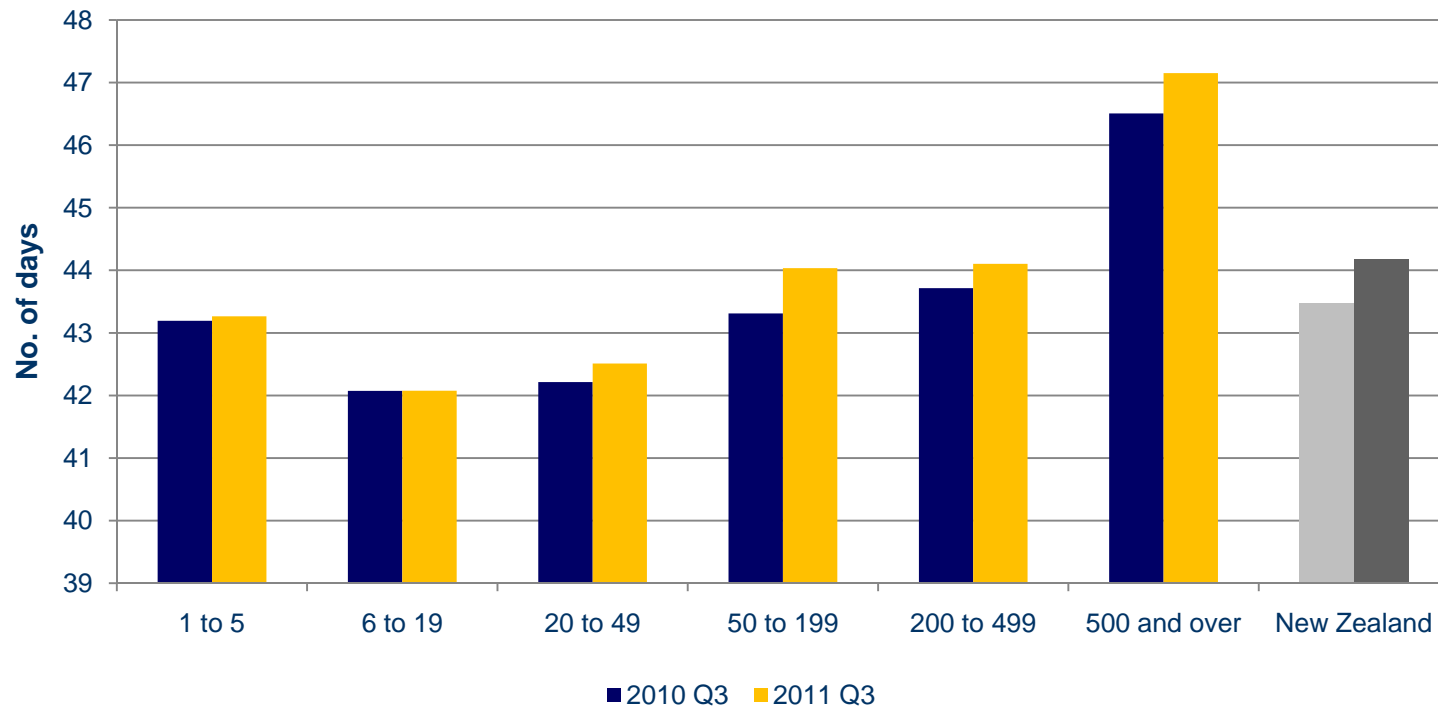


# Larger firms were worse payers than smaller firms and recorded payment terms of 47 days



Decide with Confidence

## Payment terms by employee size

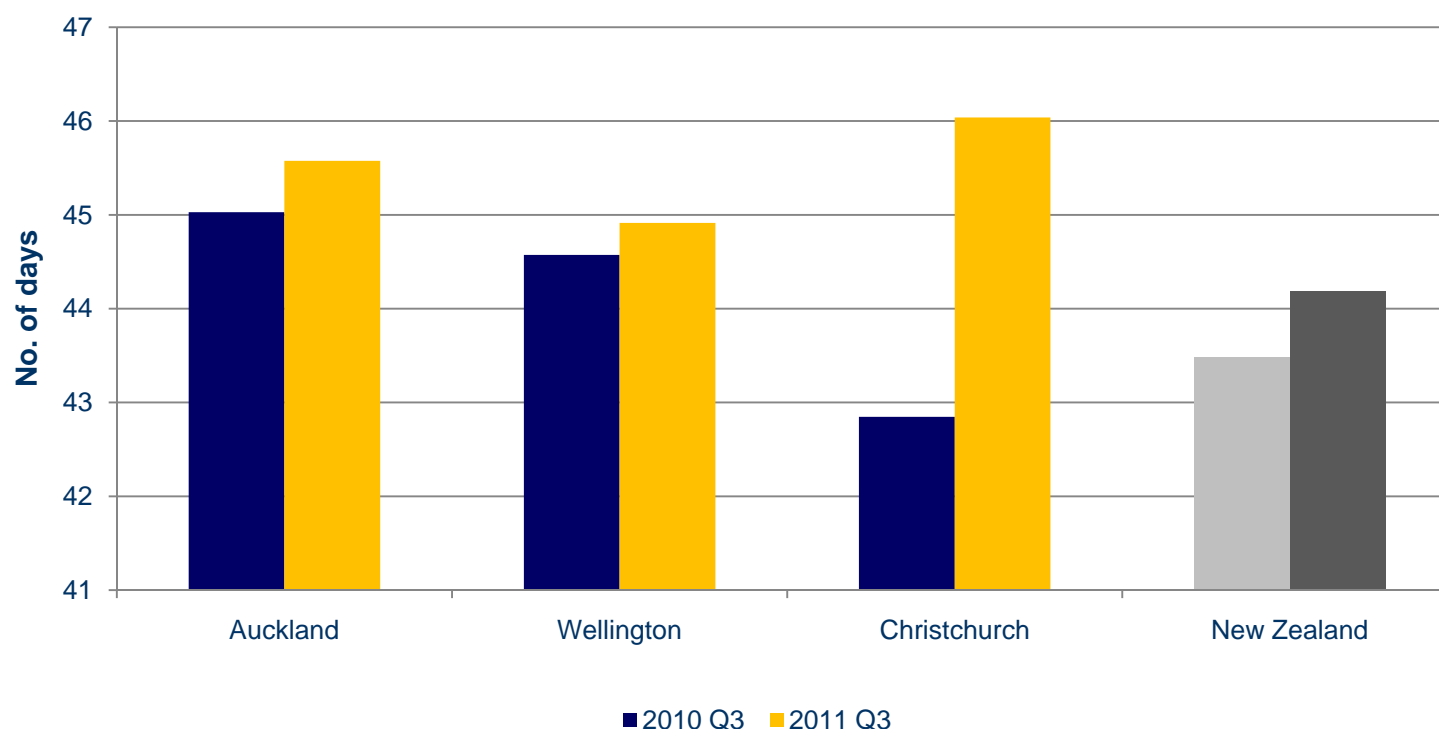


# Christchurch firms took the longest to pay at 46 days



Decide with Confidence

## Payment terms by location



# The predictive power of trade data

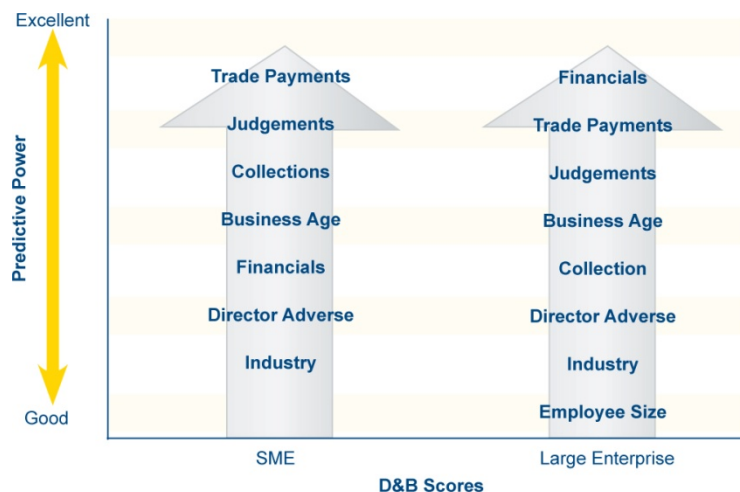


Decide with Confidence

Business-to-business payment information is a highly predictive data set and a critical element in credit risk scores and business failures forecasting.

The distinct advantage of trade information over other forms of company data is its ability to provide insight into current performance. Company financials, which are considered to be critical to effective decision making, are reported relatively infrequently and as a consequence, organisations may be required to make decisions using data that is up to 12 months old. Conversely, because trade information is reported monthly, it reveals how an organisation is paying its existing obligation.

Trade data is also effective across all business sizes, being the most predictive element in SME scores and the second most predictive (behind financials) in other credit scores.



The predictive power of trade data in credit scores

The predictive nature of trade data combined with its timely availability enables businesses to properly assess credit risk. This includes the identification of both high and low risk customers, thereby enabling firms to minimise the risk of late payments and bad debts and identify the good credit accounts that will create long-term, profitable credit relationships.



# About D&B



Decide with Confidence

Dun & Bradstreet is the world's leading provider of credit, marketing and purchasing information and receivables management services.

D&B manages the world's most valuable commercial database with information on more than 195 million companies, including 3 million in Australia, and millions of consumers.

Information is gathered in 193 countries, in 95 languages or dialects, covering 186 monetary currencies. The database is refreshed more than 5 million times daily as part of D&B's commitment to provide accurate, comprehensive information for its more than 150,000 customers.

D&B's data provides insights which improve business decision-making and outcomes.