

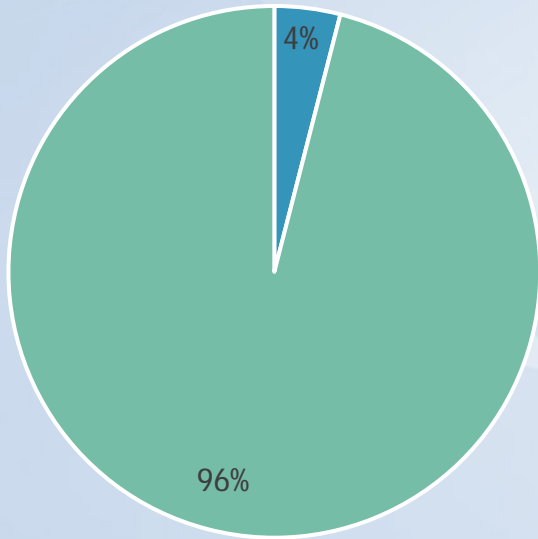
August 2022

FCIB Credit & Collections Survey

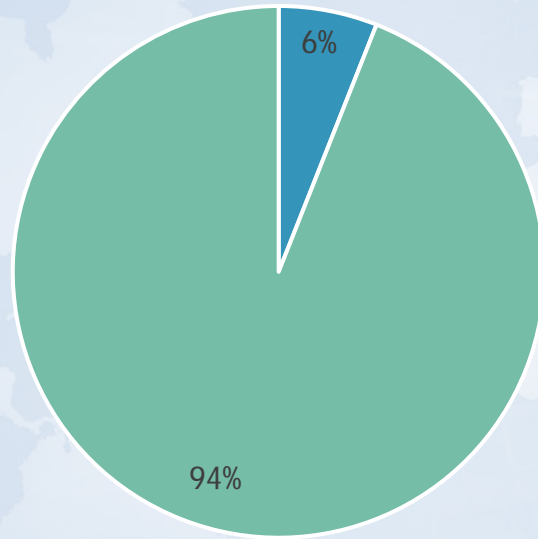
China, Philippines, South Korea, Thailand

Are your sales primarily to **new** or **existing** customers?

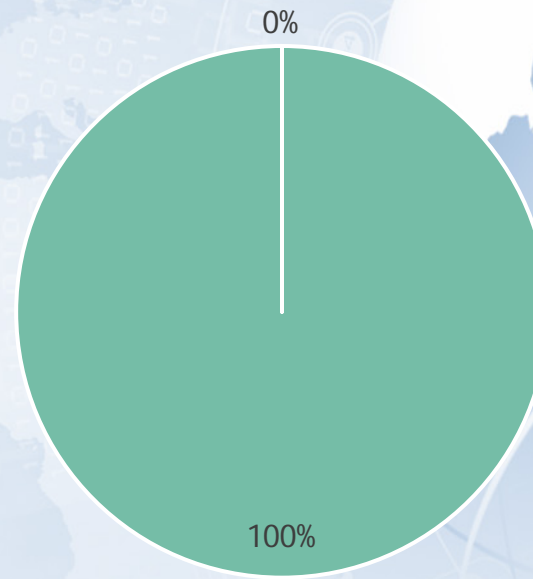
China



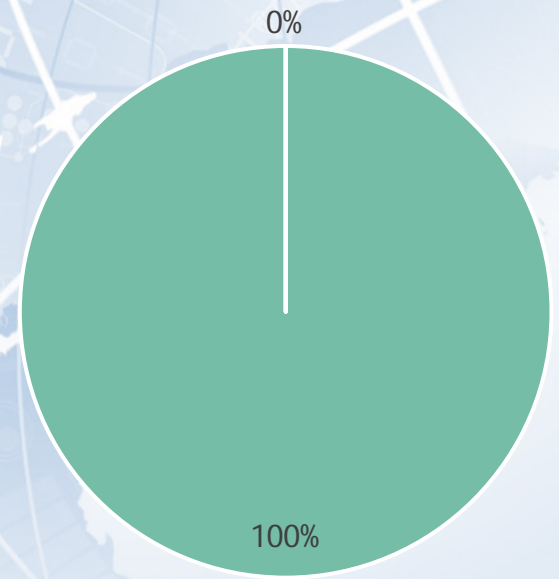
Philippines



South Korea

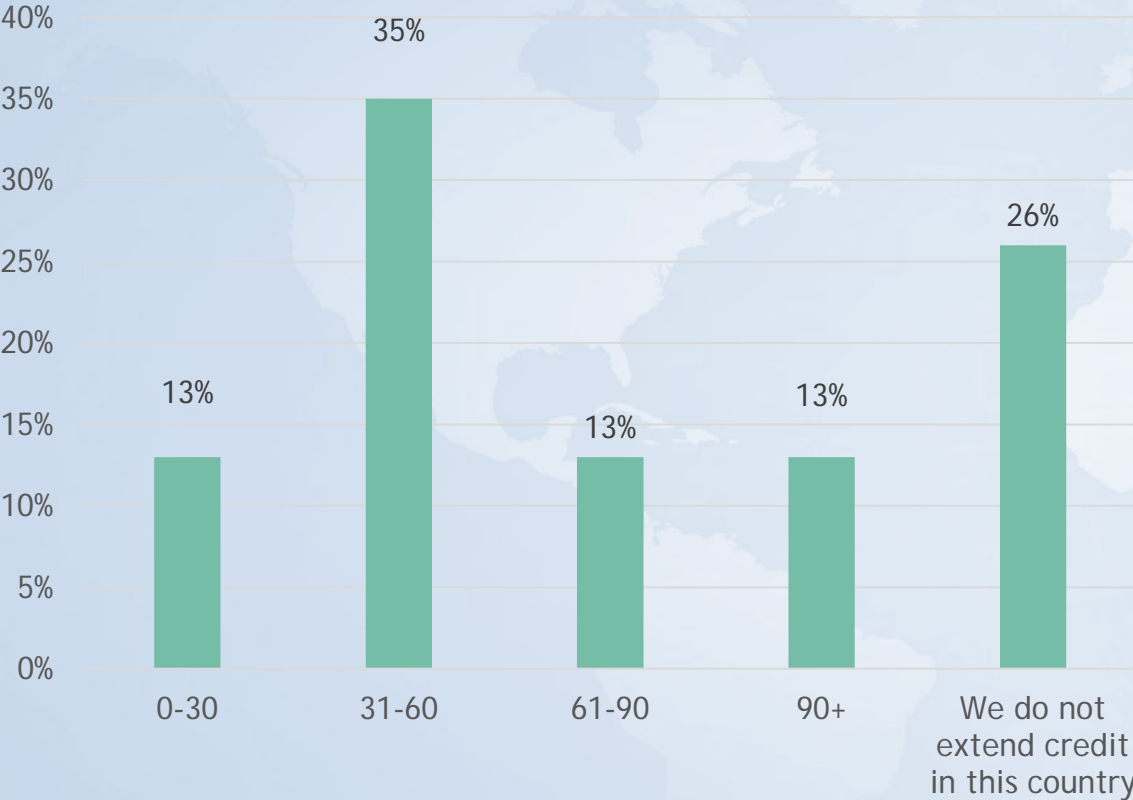


Thailand

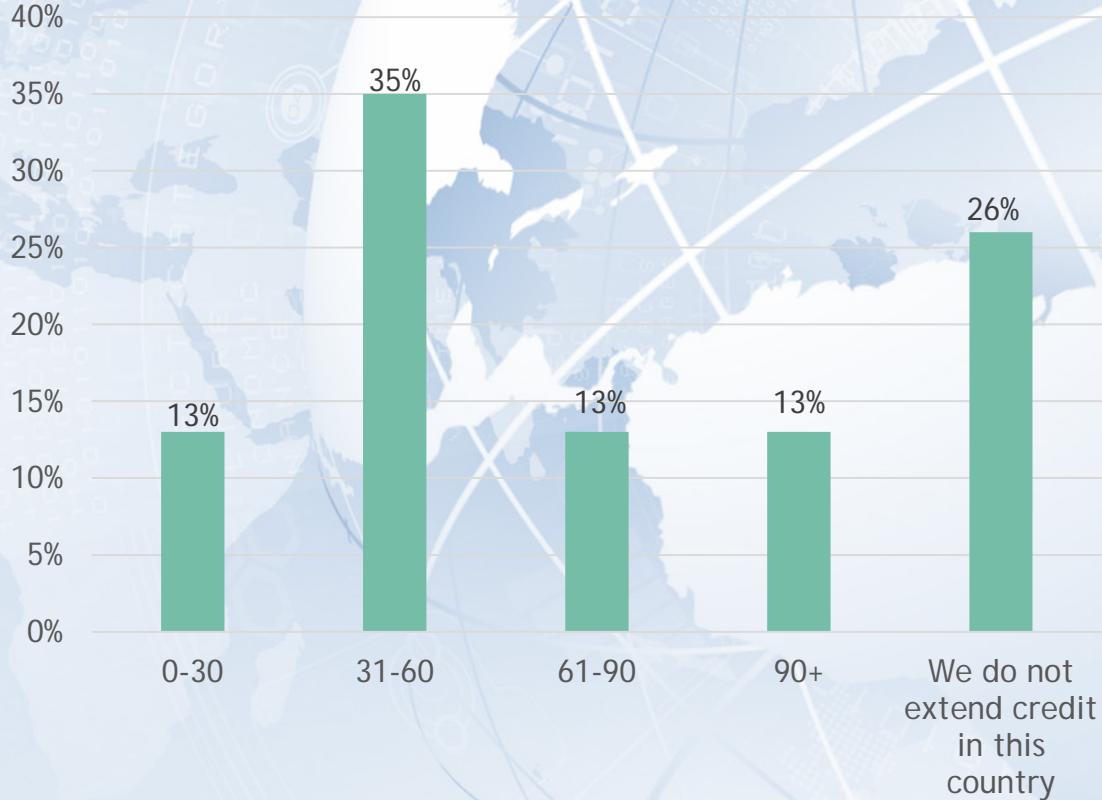


On average, what payment terms are you granting?

China

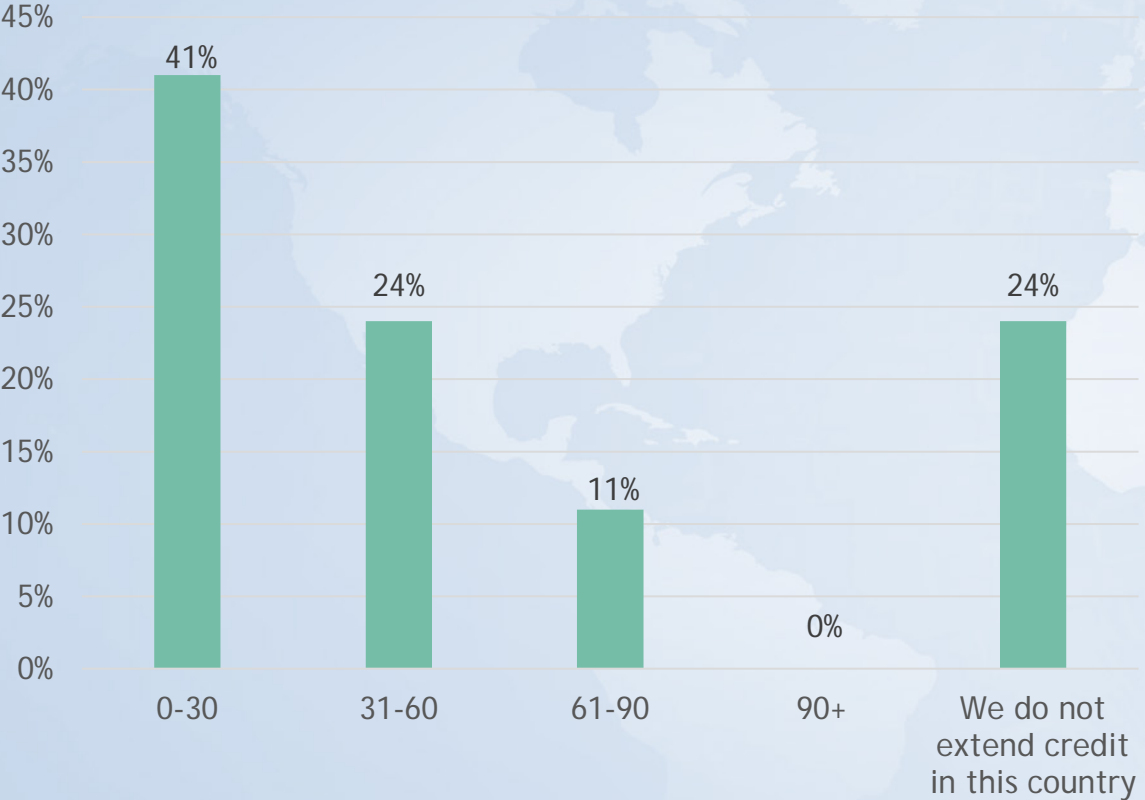


Philippines

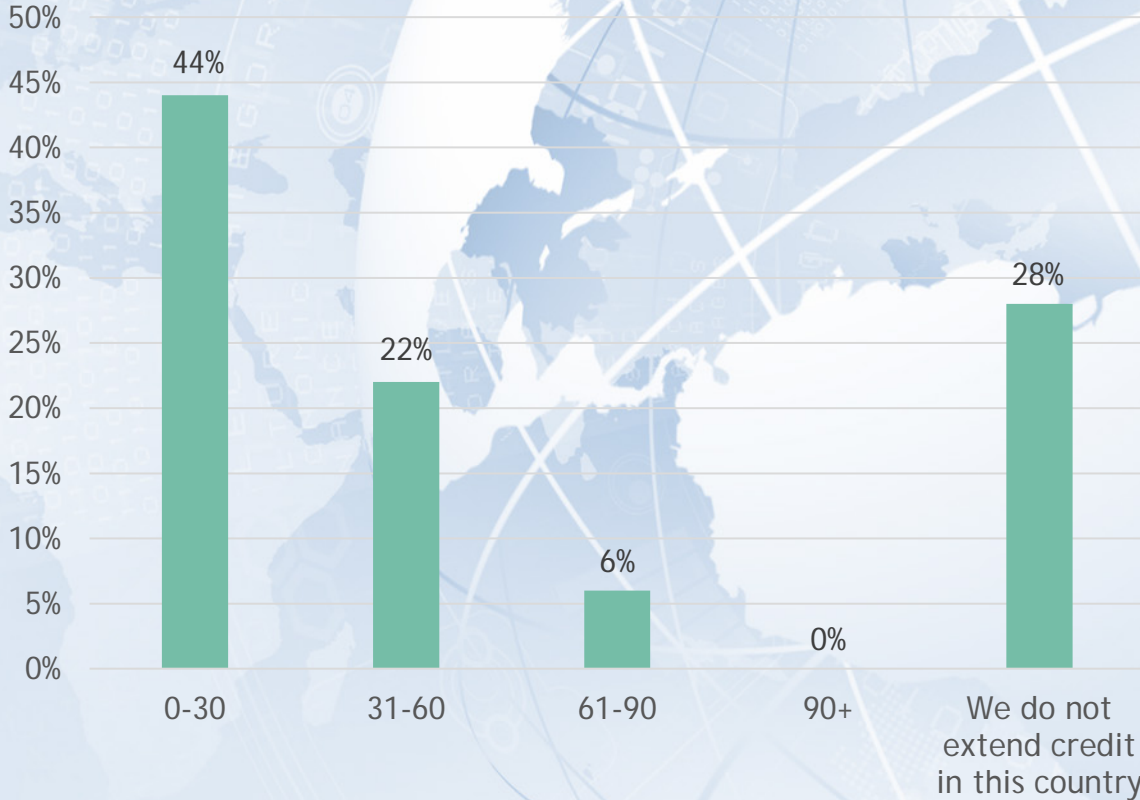


On average, what payment terms are you granting?

South Korea



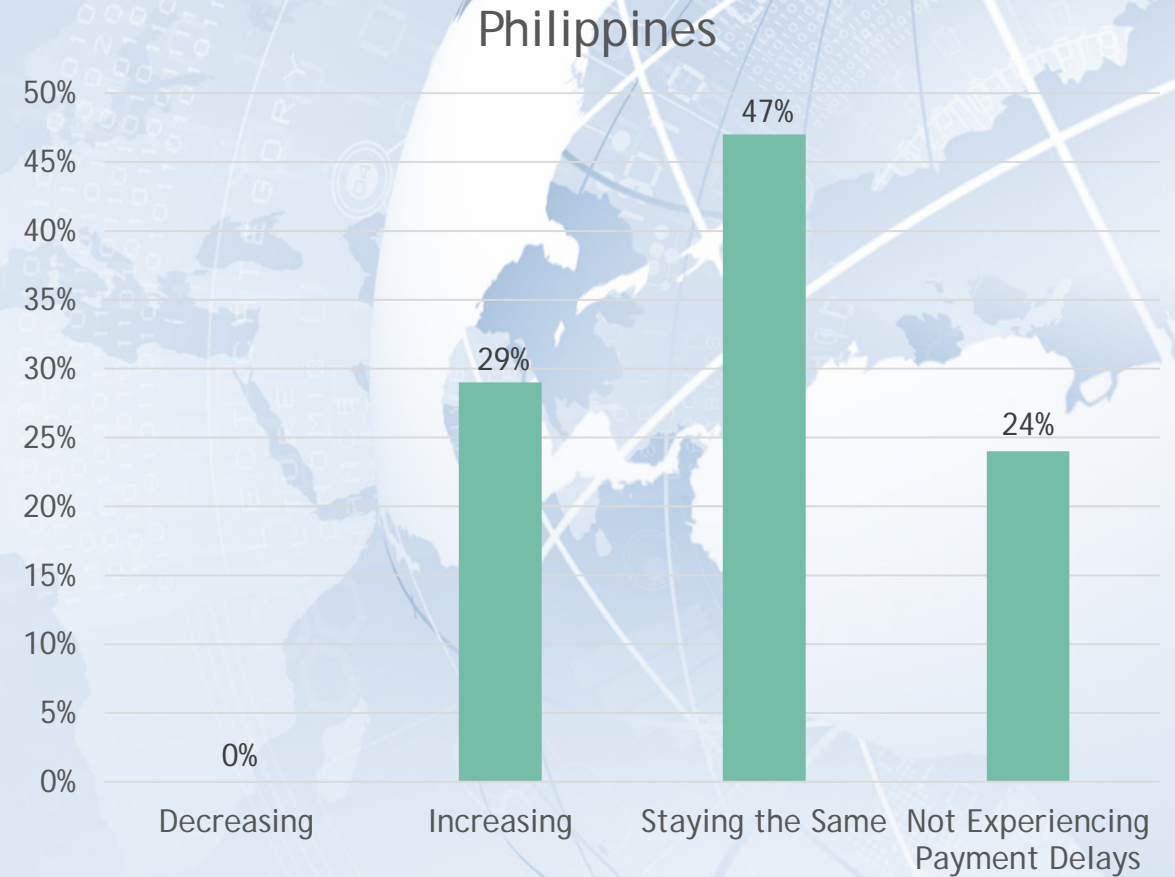
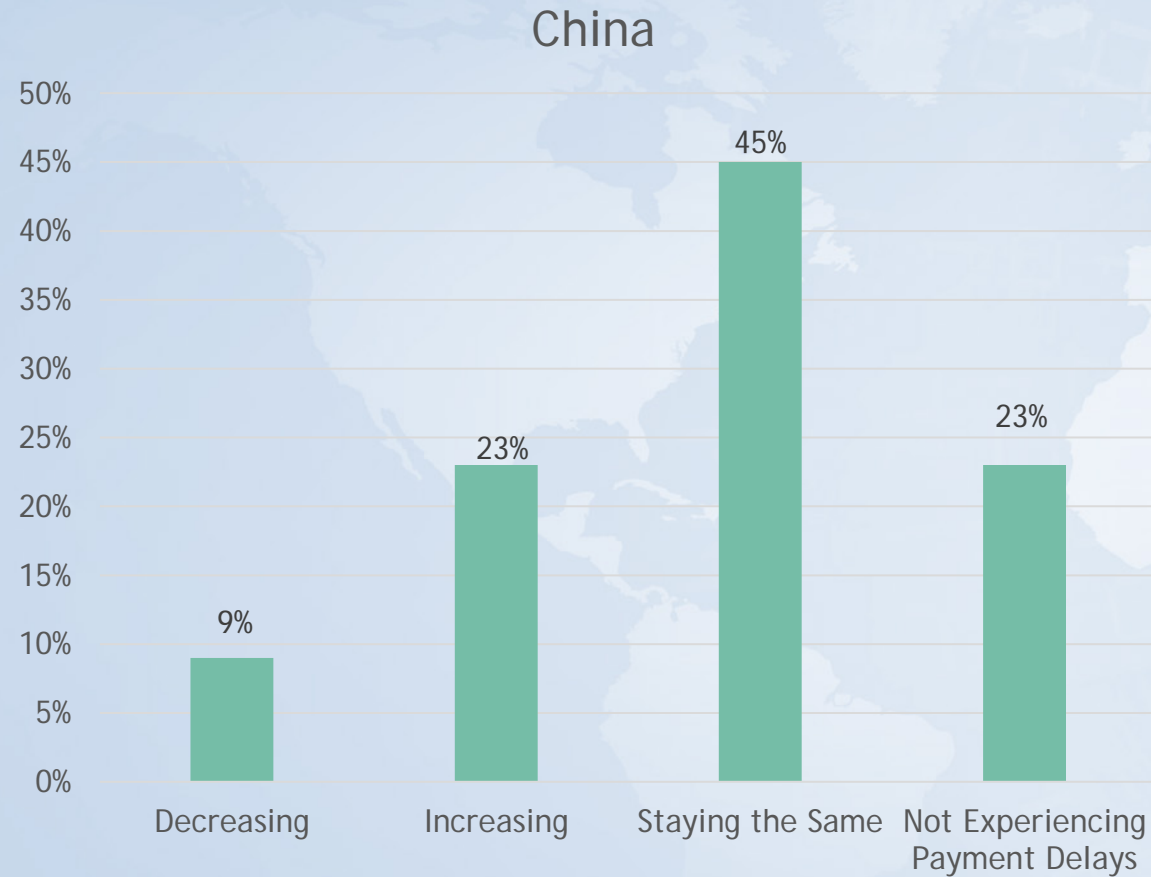
Thailand



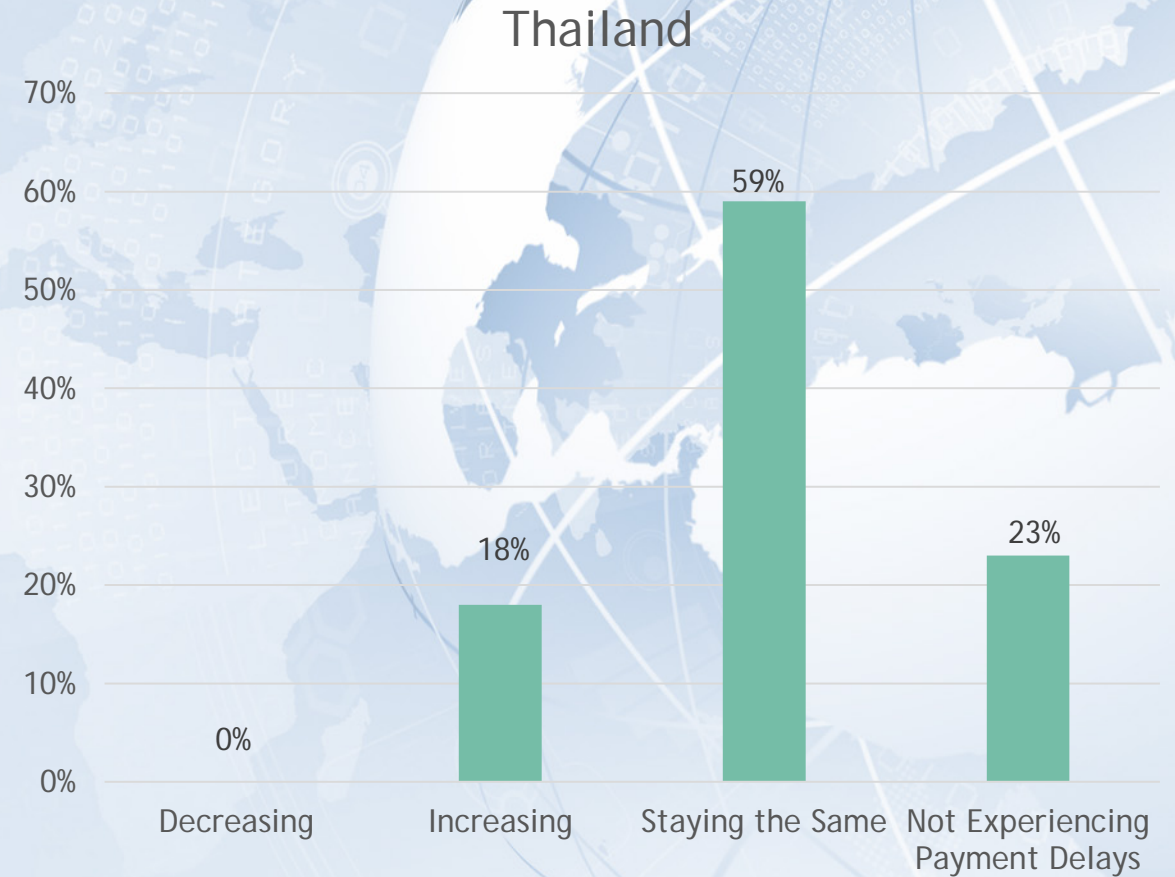
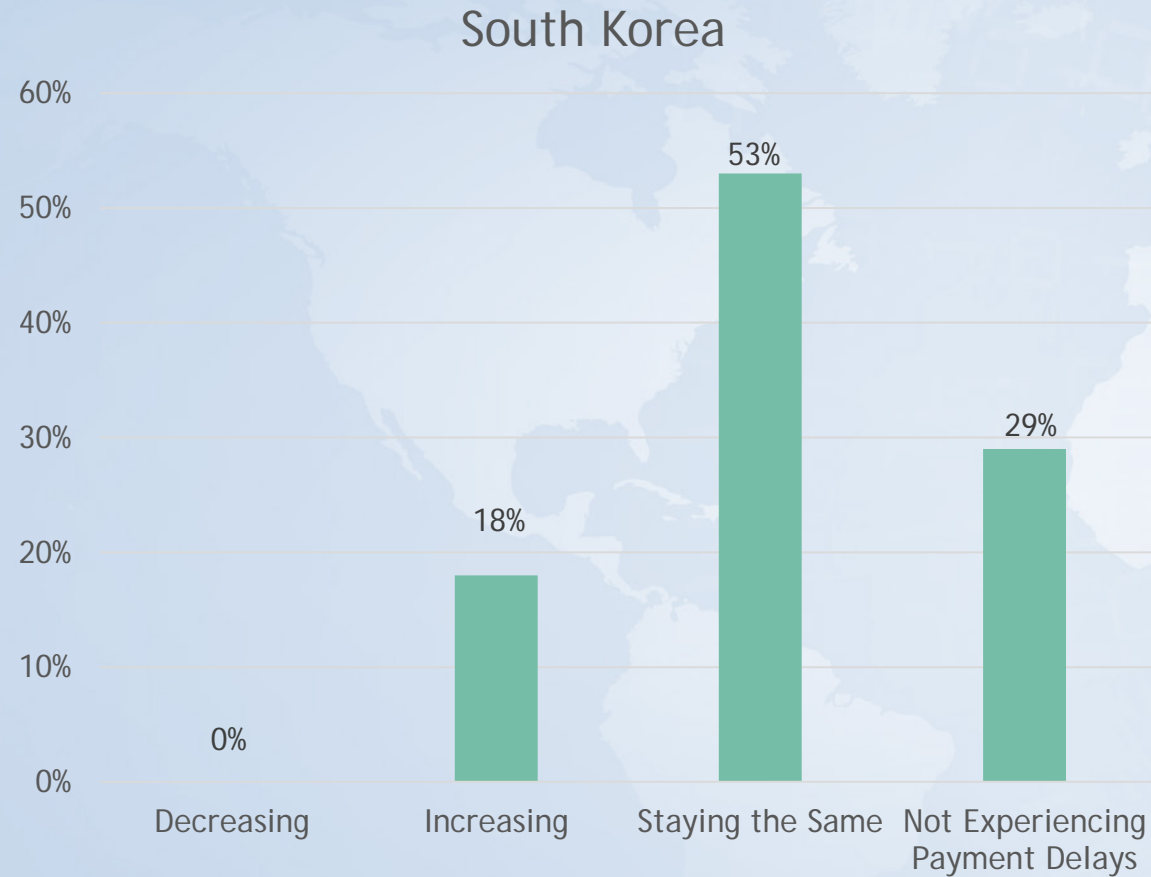
What is the average number of days beyond terms in these countries?



Are payment delays increasing, decreasing, or staying the same?



Are payment delays increasing, decreasing, or staying the same?

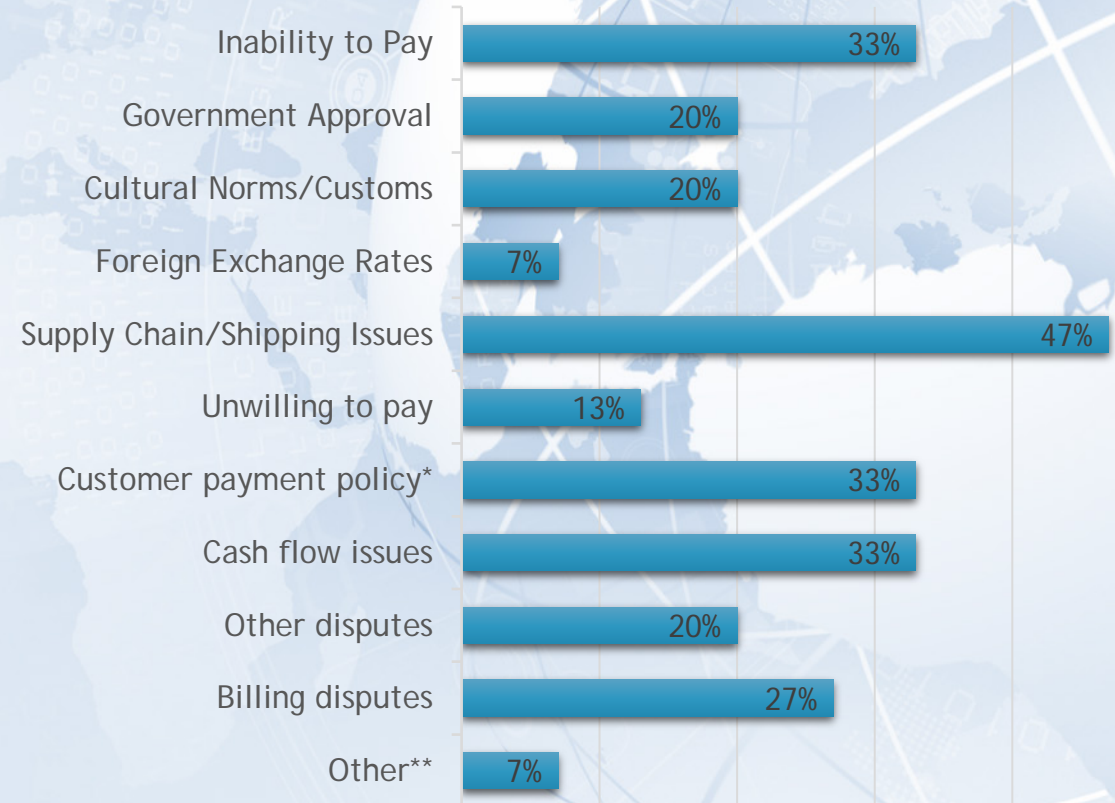


The most common causes of payment delays

China



Philippines



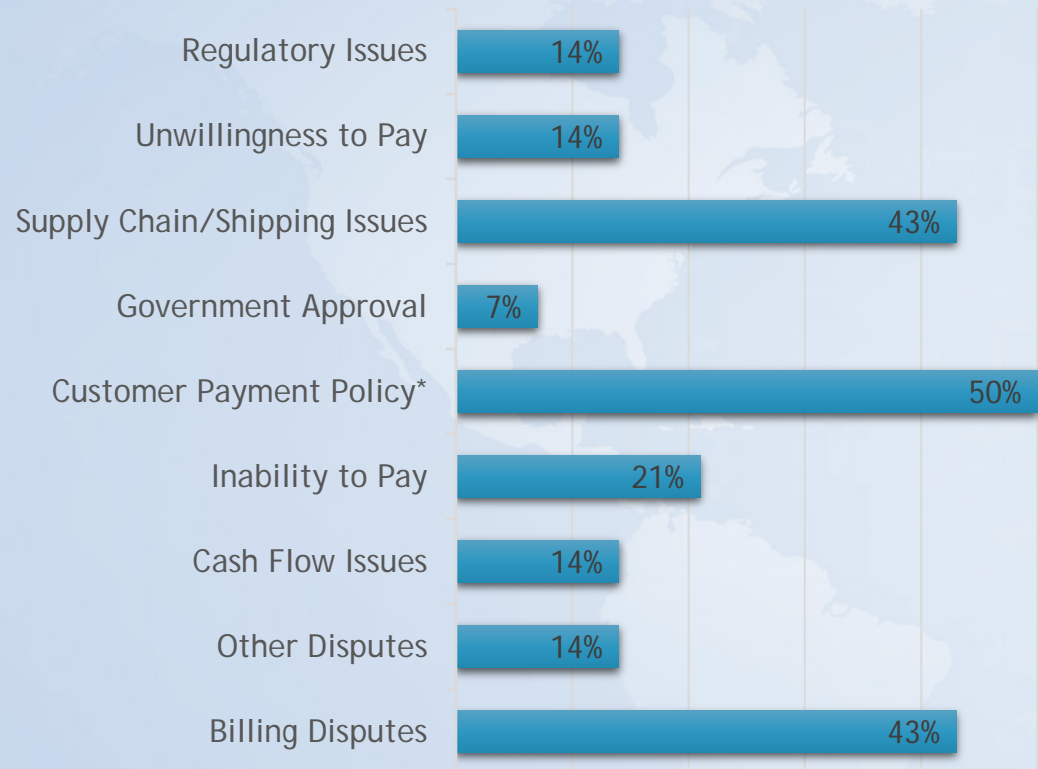
**Machine Commissioning

*(i.e. customer only pays on a set day of the month)

**Undisclosed/Unknown Causes

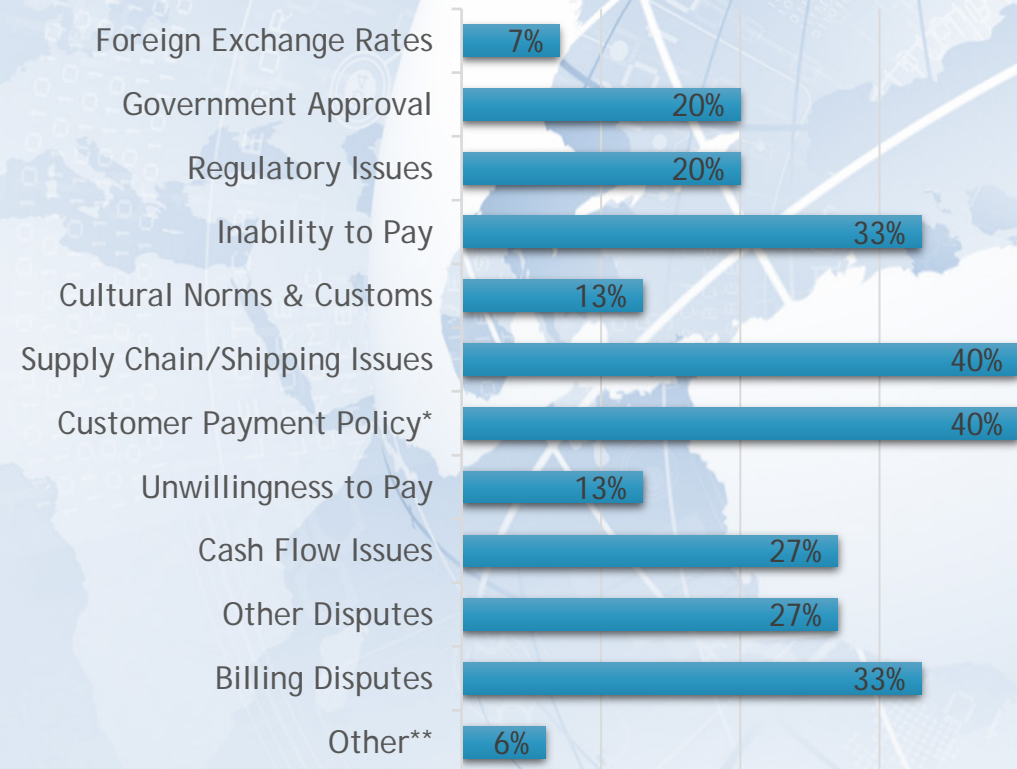
The most common causes of payment delays

South Korea



*(i.e. customer only pays on a set day of the month)

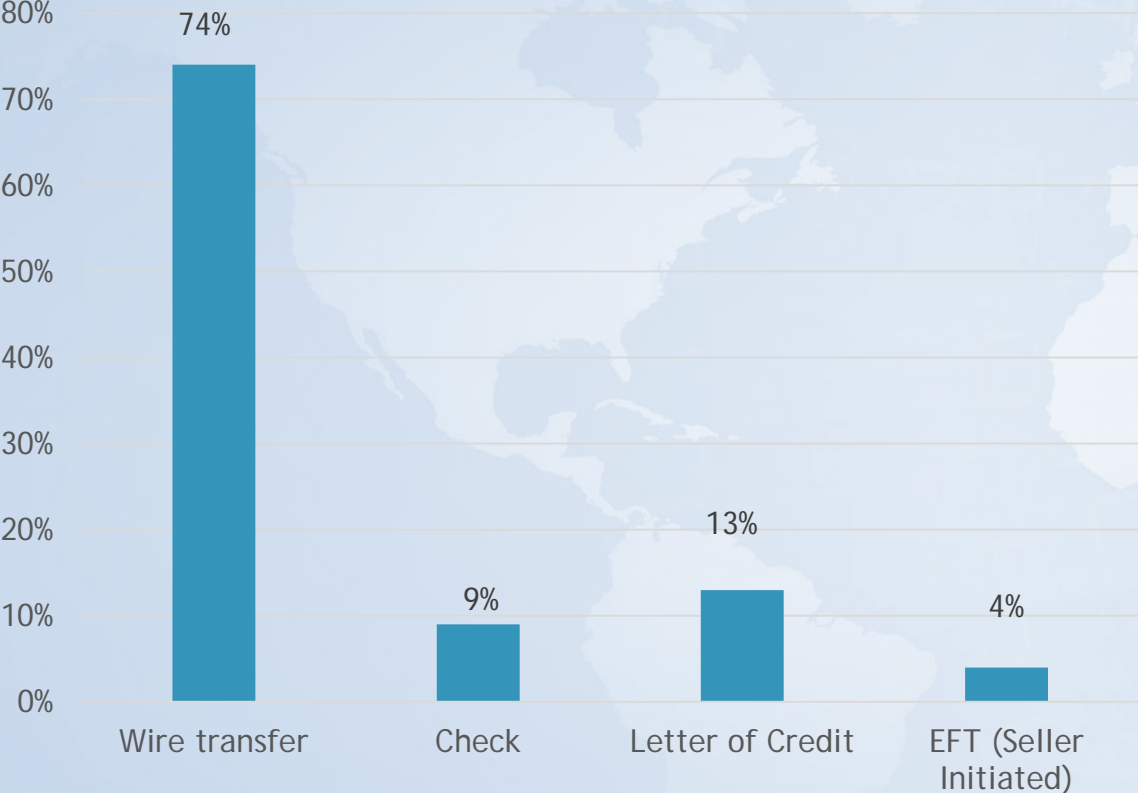
Thailand



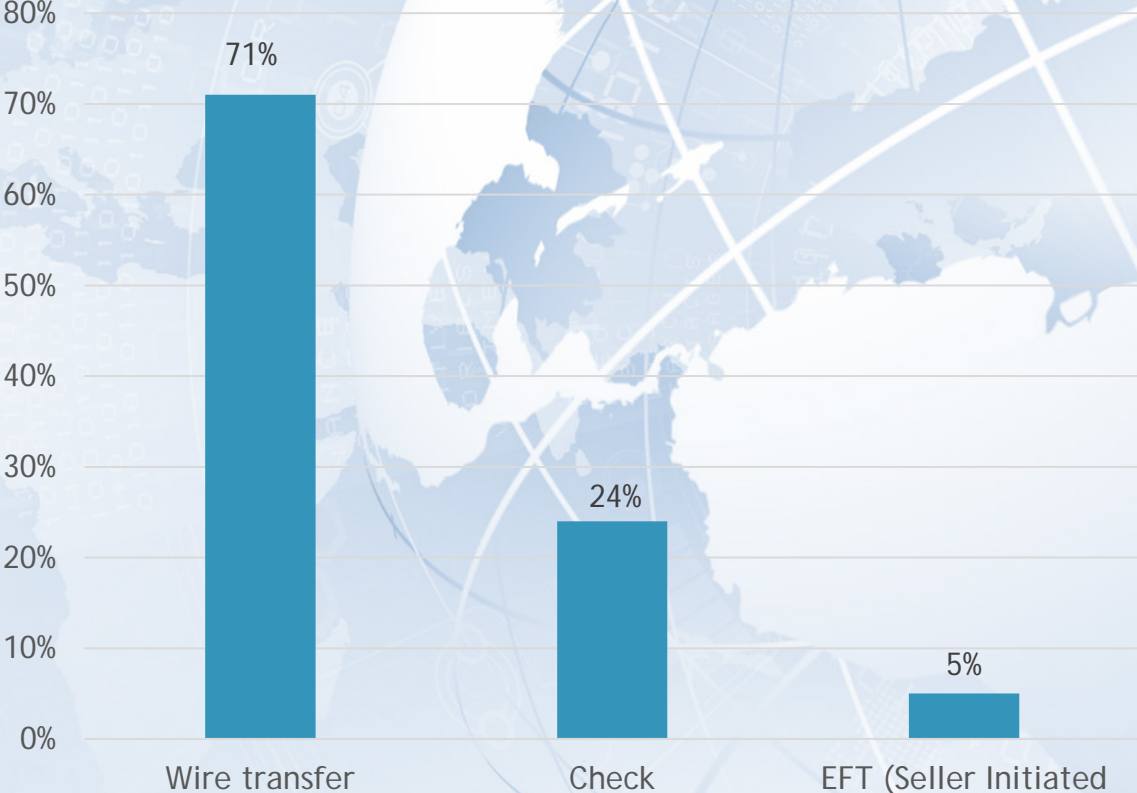
**Missing bill placement cycle

Methods used to secure payment

China

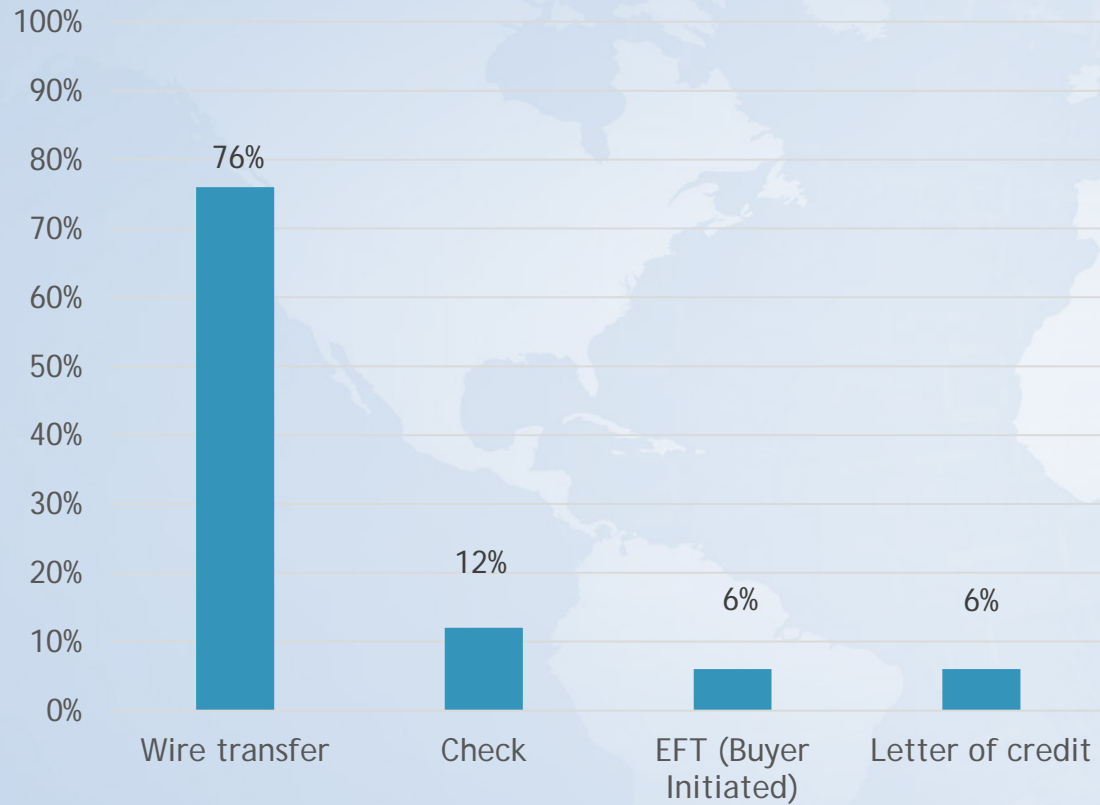


Philippines

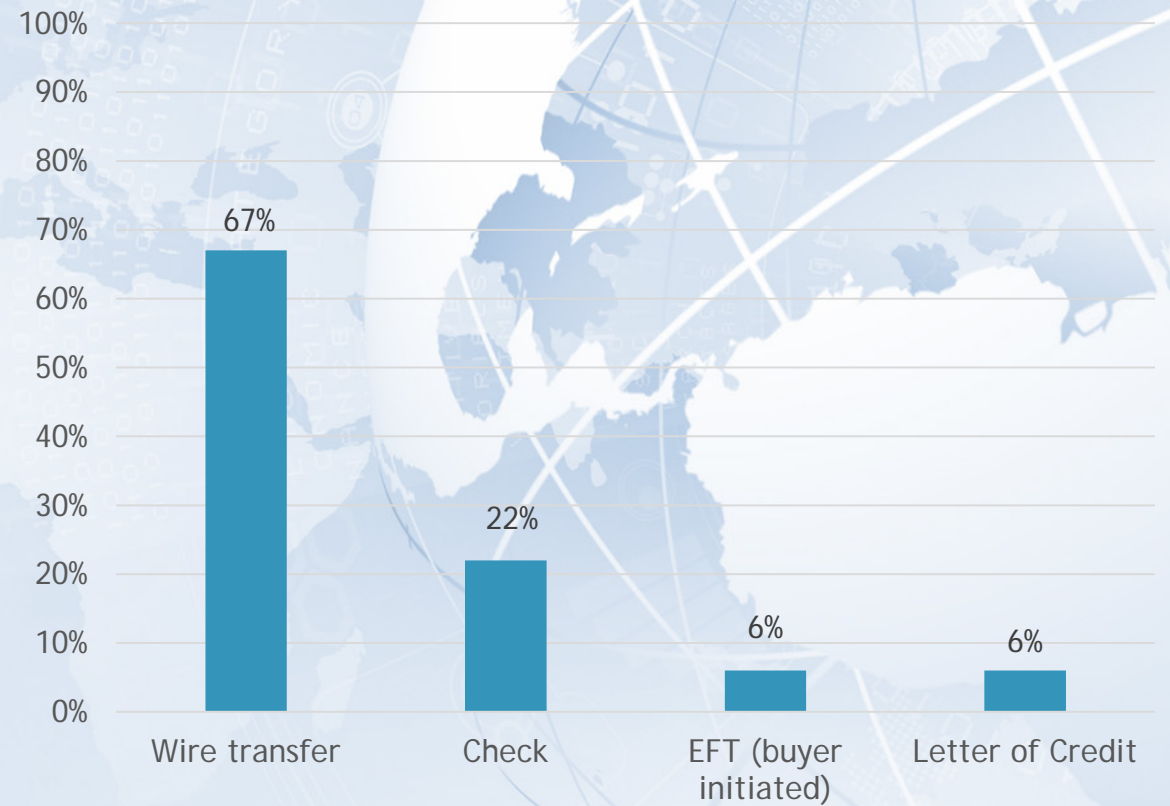


Methods used to secure payment

South Korea



Thailand



Insights from Credit Professionals

China

- Understand that the supply chain issues are slowing things down.
- Having a sales team there is a big advantage. They do all the customer communications about past dues, etc.
- Obtain credit insurance if granting terms/Don't grant terms.
- Need to understand the golden tax rules, bank draft (common payment in China similar as cheque payment) and China's State Administration Of Foreign Exchange.
- Understand their payment regulations if there is any limit set on foreign currency funds transfers. Find out if any other form of documents is needed apart from tax invoices and are there any limitations to get one. Also VAT declarations and taxes.
- Double-check for the various bank holidays that could cause payment delays.

Philippines

- Usually clients in Philippines requires an apostille of your bank details, so get that sorted out early.
- Follow your shipments - get proof of delivery.
- Secure credit line if possible with LOC.

Insights from Credit Professionals

South Korea

- Great accounts, the govt will rescue companies that are large enough so the risk is less. But overall very good customers to deal with.
- Customer is prepaid cash in advance of shipping.
- Foreign Exchange Transaction Control.

Thailand

- Many companies have their own bill placement (submitting billings to their Accounting dept.) cycle that will be caused delay payment if missing the process.

Insights from Credit Professionals

Non-country-specific Advice from the survey.

- Know your real customer, not the Trade/Banner name but the True Legal Entity (5 C's of Credit).
- Start early building a relationship with your customer, and include your salesperson - you'll make a team and teams work together.
- Follow up with the customer's Procurement Dept and Finance Dept as many times as necessary.
- Obtain updated credit information Look for owner and addresses verification, as changes are often not communicated by the customer. Know all you can about the customer. Pull a credit report for payment history and legal status and name verification.
- Do due diligence for all prospect customers especially to those small/medium privately held companies with no Financials, credit report, etc. Check the profile and validate like business address, company domain e-mail address, etc. and start with small, reasonable credit line and reasonable payment terms.
- It is important to know customer's payment process to avoid misunderstandings or delays due to administrative issues.
- Markets change fast, so it's best to get paid upfront.