

China Sees Highest Level Of Corporate Overdue Payments Since 2010

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Coface's survey of corporate credit risk management in China carried out in the fourth quarter of 2013, revealed that 8 out of 10 companies in China experienced overdue payments in 2013.

The chemical, industrial machinery and household electronic appliances sectors are at higher risk.

Since credit facilities will remain tight in 2014, deterioration in corporate payments could lead to a significant ripple effect in China's shadow banking market.

"The deterioration of payments in China serves as an alert. Traditionally speaking, smaller companies in China do not necessarily have access to enough credit facilities from the regular banking system and this is the main driver of the growth in the shadow banking system. While we expect costs of funds to increase in 2014, the interest rate in the shadow-banking system is already high. The increasing trend in overdue payments exacerbates the liquidity issues of different stakeholders in the supply chain, and this vicious cycle could lead to a significant ripple effect," says Rocky Tung, Economist of the Asia Pacific Region at Coface.

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About Coface:

The Coface Group, a worldwide leader in credit insurance, offers companies around the globe solutions to protect them against the risk of financial default of their clients, both on the domestic market and for export. In 2013, the Group posted a consolidated turnover of €1.44 billion. 4,440 staff in 66 countries provide a local service worldwide. Each quarter, Coface publishes its assessments of country risk for 160 countries, based on its unique knowledge of companies' payment behaviour and on the expertise of its 350 underwriters located close to clients and their debtors.

Coface is a subsidiary of Natixis, corporate, investment management and specialised financial services arm of Group BPCE.

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In the UK and Republic of Ireland Coface has been a leading provider of credit management services since 1993 - its objective being to enable businesses to trade securely at home and overseas. Operating from offices in London, Dublin, Watford, Birmingham, Manchester and Cardiff allows Coface to provide a local service.

The company's credit insurance offer integrates credit assessment, collection services and cover for unpaid debts. Multinational businesses can protect their worldwide subsidiaries through Coface's international network.

The company also provides access to domestic and international business information and a collection network at home and overseas. Coface is also a recognised operator in the London political risk market.

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