Coface APAC Payment Survey 2026: Longer payment terms do not shield Chinese firms from payment delays

Hong Kong S.A.R, 13th August 2026 - Chinese firms are giving customers more time to pay than their regional peers, yet overdue invoices are taking longer to settle and payment conditions are worsening, according to Coface's APAC Payment Survey 2026.

Average payment term offered by organisations reached 81 days in mainland China, 11 days longer than the APAC average. Despite this additional flexibility, 86% of firms experienced late payments, slightly below the regional average of 91%, while the average delay reached 73 days – five days longer than the regional average.

The prevalence of payment delays has also risen sharply over the past year: 35% of respondents reported more frequent payment delays, compared with 26% reporting an improvement. Similarly, 33% said payment delays had become more severe, versus 27% reporting a decrease in severity. The deterioration follows a year marked by trade and tariff uncertainty, persistently soft domestic demand and intense price competition across several Chinese industries. Since the survey closed in April, escalating tensions in the Middle East have added further cost pressures, reinforcing concerns about the payment outlook.

These findings point to continued pressure on working capital and are consistent with slower corporate cash conversion across the broader economy. Official data for China's industrial enterprises showed accounts receivable rising 8.1% year on year at the end of June 2026, while the average collection period lengthened to 71.7 days from 70.9 days a year ago.

"Intense competition is pushing Chinese suppliers to offer longer payment terms to secure business. Yet they then wait significantly longer than regional peers for overdue settlements. This is putting increasing pressure on working capital, with payment delays becoming both more frequent and more severe. While payment delay and default rates remain relatively low, the real challenge lies in the lengthening cash conversion cycle." said Junyu Tan, Regional Economist for North Asia at Coface. "With domestic demand remaining weak and external cost pressures mounting, suppliers are likely to face growing cashflow strains which may make it harder for them to continue offering generous payment terms."

Defaults occur less often, but their consequences are severe

Customer defaults remain relatively less common in China, with only 16% of firms reporting at least one default over the past 12 months, compared with an APAC average of 45%. However, the severity of defaults is notable. Defaulted receivables represent 11.2% of total accounts receivable among Chinese suppliers, exceeding the regional average of 10%. The impact is especially acute in the wood and chemicals industries, where roughly 20% of receivables have been written off as defaults.

Risks diverge across sectors

Automotive suppliers appeared to have benefitted from industry-wide efforts to protect supplier cashflow, particularly the commitments by 17 major automakers to keep supplier payment terms within 60 days. This contributed to both lower incidence of payment delays and defaults: 29% of respondents experienced late payments and only 5% experienced a customer default, well below the APAC automotive default rate of 48%. However, the sector remains highly competitive, and margin pressure has not disappeared. Moreover, the headline improvement may partly reflect the increasing use of non-cash settlement methods, which can mask underlying cashflow strains.

At the other end of the spectrum, all surveyed respondents in construction and real estate and agriculture and food production experienced late payments. Continued weakness in China's property market and the long payment chains common in construction are likely to be contributing to pressure in the sector.

The chemical sector recorded both the longest payment terms and the longest delays. Coface analysis points to fragile final demand, spare capacity and higher input costs as key pressures across the industry, particularly for smaller firms with less ability to pass on rising costs. These conditions can lead buyers to seek more generous credit and take longer to settle invoices. In contrast, information and communications technology (ICT) and pharmaceuticals showed both shorter payment terms and delays.

Relationship-led decisions may delay risk recognition

Commercial relationships remain central to decision-making in mainland China. Some 63% of firms said long-standing relationships influence their tolerance of late payments, while 83% said relationship considerations can sometimes outweigh financial warning signs.

This matters because customer financial health and creditworthiness were among the leading factors contributing to late payments. Greater flexibility may be appropriate for strategically important customers, but it can also allow emerging financial problems to go unaddressed for longer.

Mark Qian, Country Manager and CEO of Coface China, said: "Longer payment cycles remain a real cost for many local businesses, particularly as demand, margins and liquidity conditions continue to vary significantly between sectors and companies. Long-standing relationships are an important part of doing business in China, but they should be supported by timely financial information, clear credit limits and agreed escalation triggers. The aim is not to withdraw credit indiscriminately, but to identify weakening customers earlier so companies can protect cash flow while continuing to pursue growth."

Turning financial information into earlier action

Financial information influences customer payment-risk assessments to at least a moderate extent among 72% of Chinese firms, below the APAC average of 78%. More than a third (37%) still rely on informal or only limited data-driven approaches, broadly in line with the regional average of 36%.

Reporting lag is a particular concern in mainland China, cited by 55% of respondents as a leading limitation of the financial information available to them, compared with 41% across APAC. Lack of transparency and limited SME reporting quality were each cited by 43%.

In an increasingly uncertain trading environment, businesses need to look beyond historical financial statements and monitor more timely warning signs, including changes in payment behaviour, credit requests, disputes and collection patterns. Combining these indicators with robust credit-risk analysis can help companies identify emerging problems earlier, make more informed credit decisions and protect cash flow.

ABOUT COFACE APAC PAYMENT SURVEY 2026

Coface has conducted annual surveys of business payment experience in China since 2003, expanding the research to selected Asia-Pacific markets in 2011. The 16th edition of the Coface APAC Payment Survey, conducted in March and April 2026, gathered insights from 2,800 finance professionals across multiple sectors and 10 APAC markets, including 522 respondents in mainland China. The survey examines evolving payment behaviours, liquidity pressures, customer defaults and early warning indicators, while evaluating the governance, analytics, escalation frameworks and customer-engagement practices that strengthen organisational resilience to payment risk.

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