



Malaysia State of Credit

Trade Bureau Insight Report

2025 Report (April 2025 Update)



Executive summary

Over the past two years, Malaysia's economy has shown resilience and steady growth despite global uncertainties. In 2023, the GDP grew by 3.6%, recovering to 5.1% in 2024, driven by robust domestic consumption and strategic investments. The construction sector, in particular, experienced significant growth, with a 14.6% increase in the first half of 2024 and a projected 13.7% in the second half, fueled by public infrastructure projects and private investments. This sector's contribution to GDP has been substantial, with a year-on-year growth of 17% in Q2 2024.

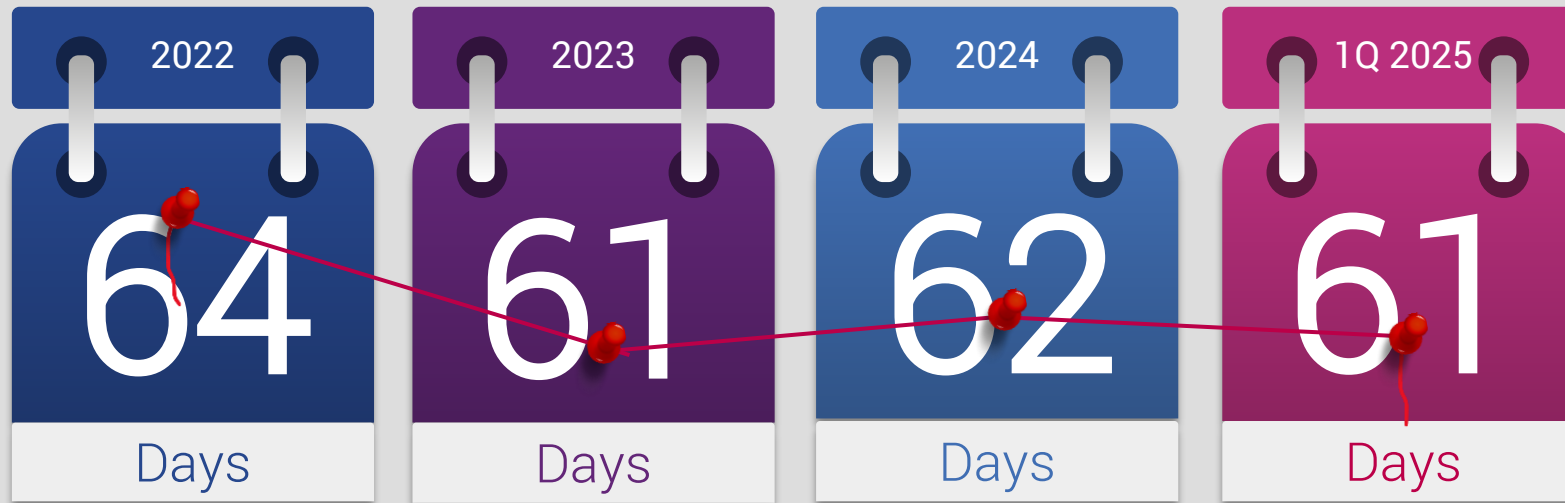
Payment delays have seen moderate improvements across Malaysian enterprises over the past four years. The average delay decreased by 3 days, from 64 days to 61 days. SMEs have shown a more pronounced improvement, reducing delays by 5 days, from 69 days in 2022 to 64 days in early 2025. Large corporations have remained stable, with payment days averaging 58 days over the last three years and improving by 1 day in the first quarter of 2025. Despite these improvements, SMEs still take longer to pay their invoices compared to larger corporations, although the gap is closing.

The construction sector has seen notable improvements in payment practices, with delays decreasing from 87 days in Q1 2024 to 76 days by the end of the year. Both large companies and SMEs in this sector have managed their cash flow better, supported by improved business sentiment and increased investments. However, the rapid growth and high levels of investment have raised concerns about potential overheating, which could lead to increased costs and resource constraints.

In the hospitality and F&B sectors, SMEs have faced cash flow pressures due to rising operational and material costs. Payment delays increased to 73 days in Q3 2024, up from 55 days in Q1 2023. However, there has been steady improvement over the last two quarters, driven by a surge in tourism in 2024. The manufacturing sector also saw an increase in payment delays, from 52 days in Q1 2024 to 58 days by the end of the year, but signs of improvement emerged in early 2025. Overall, Malaysia's economic sectors are navigating through challenges with strategic financial management and support mechanisms to sustain growth and improve payment practices.

Despite the overall improvements in payment practices, both corporations and SMEs are **likely to tighten their cash flow** in the coming months due to **increasing global economic uncertainty**. This uncertainty is exacerbated by a deepening trade war and the implementation of new and potential tariffs. These factors could lead to more cautious **financial management**, impacting the timeliness of payments and overall liquidity within various sectors. The construction sector, while showing robust growth, must remain vigilant to avoid potential overheating, which could further **strain cash flow** and operational efficiency. Similarly, the hospitality and F&B sectors need to **navigate rising costs** and maintain the positive momentum gained from the recent surge in tourism.

Payment delays moderating



Over the past four years, Malaysian enterprises have made moderate progress in reducing payment delays. The average delay has decreased by 3 days, from 64 days to 61 days. This improvement is more pronounced among SMEs, which have seen a reduction of 5 days, from 69 days in 2022 to 64 days in the first quarter of 2025. Large corporations have remained stable, with payment days averaging 58 days over the last three years and improving by 1 day in the first quarter of this year. On average, Malaysian SMEs still take longer to pay their invoices compared to larger corporations, although the gap is closing. Both corporations and SMEs are likely to tighten their cash flow in the coming months due to increasing global economic uncertainty, exacerbated by a deepening trade war and the implementation of new and potential tariffs.

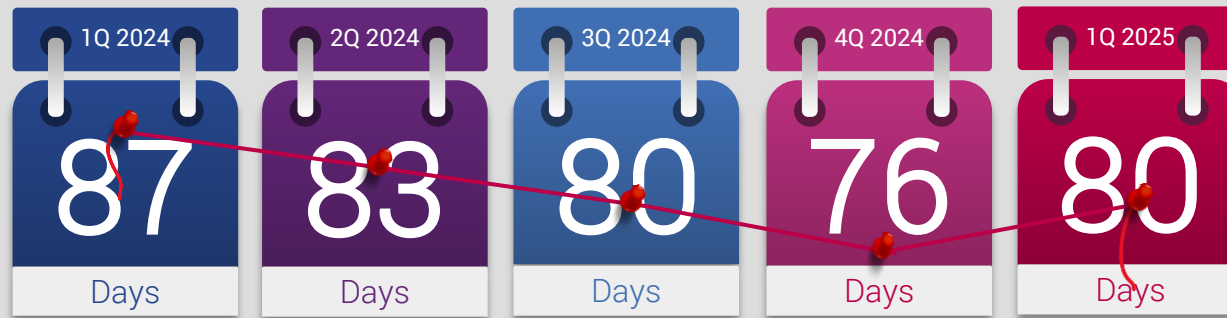


Corporations



SMEs

Sector Highlight – Construction



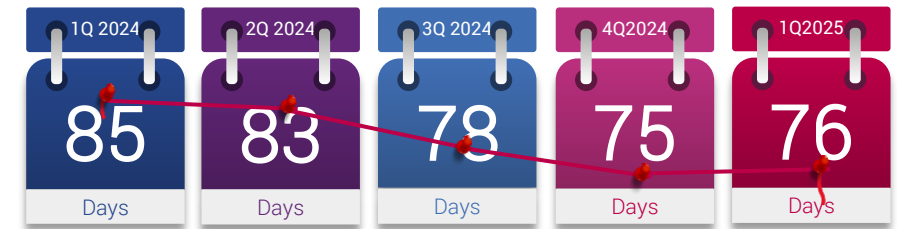
In 2024, Malaysia construction firms have seen an improvement in payments, with the average delay decreasing from 87 days in the first quarter to 76 days in the last quarter of the year. Both larger construction companies and SMEs appear to be managing their cash flow better, supported by improved business sentiment.

The construction sector has been experiencing robust growth, with a projected increase of 13.7% in the second half of 2024, following a significant growth of 14.6% in the first half. This growth is driven by increased public infrastructure projects and private investments. Total approved private investments reached a record-breaking RM330 billion in 2023, and the government allocated RM90 billion to development expenditure in 2024.

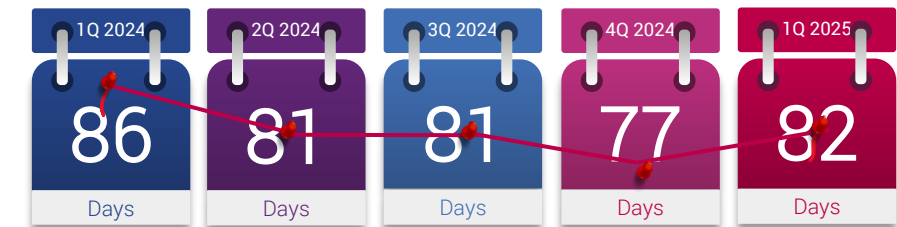
The sector's contribution to Malaysia's GDP has been steadily increasing, with a year-on-year growth of 17% in Q2 2024. The ongoing demand for data centres, advanced manufacturing facilities, and infrastructure projects has fueled this growth. Additionally, the Bursa Malaysia Construction Index has reached a four-year high, reflecting the industry's positive sentiment and overall health 2.

However, there are concerns about the potential for overheating in the construction sector. The rapid growth and high levels of investment could lead to increased costs and resource constraints, potentially impacting project timelines and profitability. Businesses should remain vigilant and adopt risk mitigation strategies, such as diversifying supply chains, embracing technology, and forming strategic partnerships to navigate these challenges.

Overall, the construction sector is expected to continue its positive trajectory, contributing significantly to Malaysia's economic development and supporting improved payment practices within the industry.

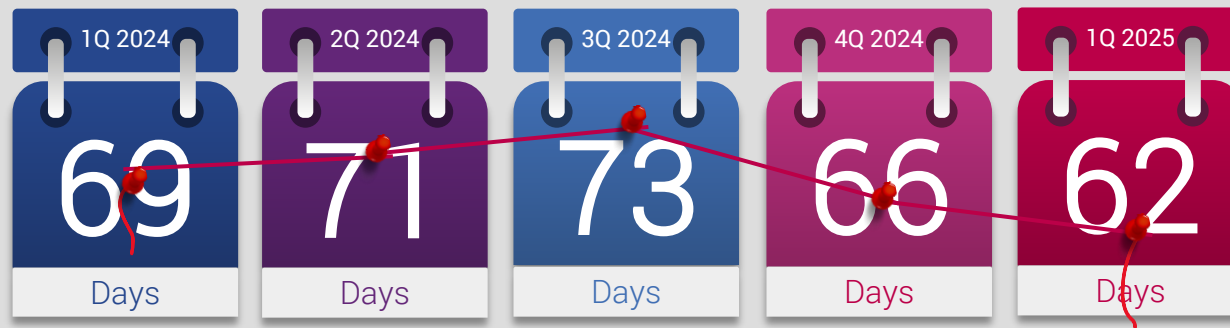


Corporations



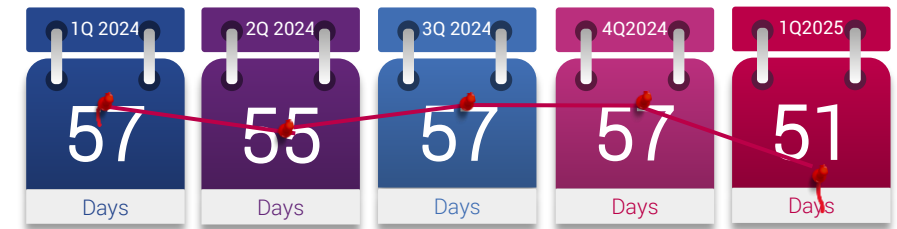
SMEs

Sector Highlight – Hospitality / Food & Beverage

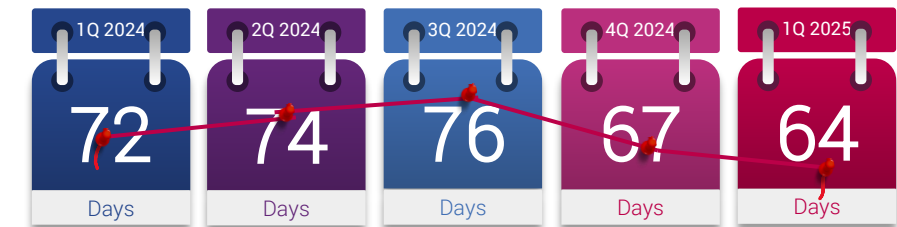


The Hospitality and Food & Beverage sector in Malaysia has been facing cash flow pressures due to rising operational and material costs. The average payment delay increased to 73 days in the third quarter of 2024, up from 55 days in the first quarter of 2023. However, there has been steady improvement over the last two quarters for both corporations and SMEs, driven by a surge in tourism in 2024.

Malaysia experienced a remarkable recovery in tourism in 2024, with visitor arrivals increasing by 8.3%, reaching nearly 38 million compared to the same period in 2019. Additionally, Malaysia saw a significant increase in Chinese visitors, with nearly 900,000 tourists arriving in April 2025 alone. This influx is expected to bolster confidence in the sector and related industries. The hospitality industry is expected to be a key contributor to Malaysia's economic growth, particularly in support of the upcoming Visit Malaysia 2026 campaign.

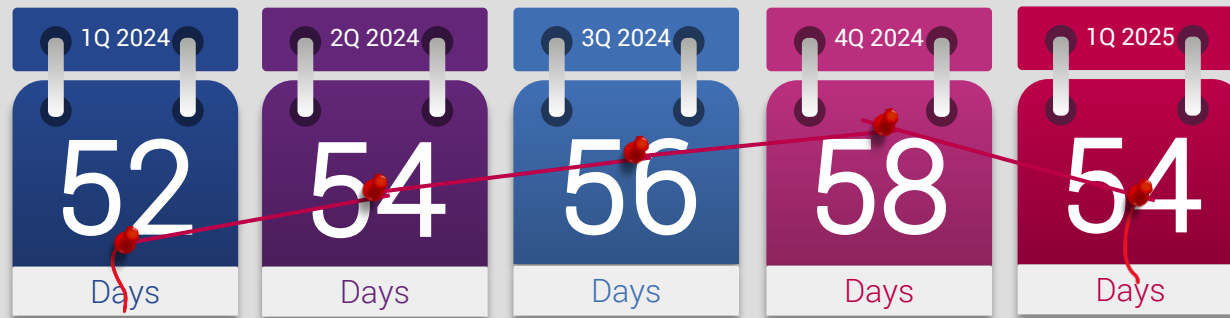


Corporations



SMEs

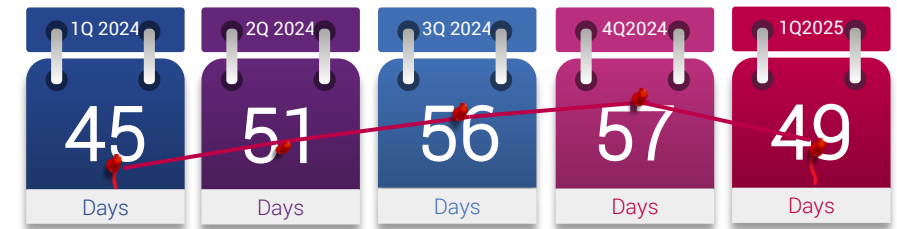
Sector Highlight – Manufacturing



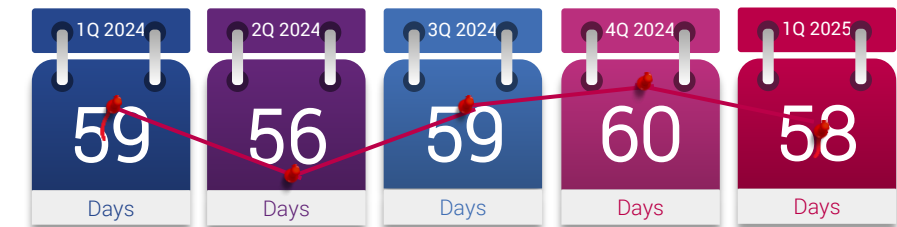
Overall, Malaysia manufacturers increased their payment delays by 6 days, from 52 days in the first quarter of 2024 to 58 days in the last quarter of the same year. However, there are signs of improvement for both corporations and SMEs coming into the first quarter of 2025, with the average delay reducing to 54 days. This improvement is occurring despite rising input costs and increased competition, which remain significant concerns for the sector. The Federation of Malaysian Manufacturers (FMM) reported that the sector sustained its momentum in the second half of 2024, with strong business conditions, sales, and production levels.

Revenue growth is anticipated by 56% of manufacturers in 2025, while 24% expect stable performance. Malaysia's trade performance has been robust, with exports reaching record highs. In March 2025, exports increased by 6.8% year-on-year, driven by higher demand for manufactured goods, particularly electrical and electronic products.

Manufacturers are focusing on efficiency and resilience, prioritizing cost management and strategic planning to navigate external economic risks. This approach is expected to help mitigate the effects of global economic uncertainties and support continued growth in the sector.

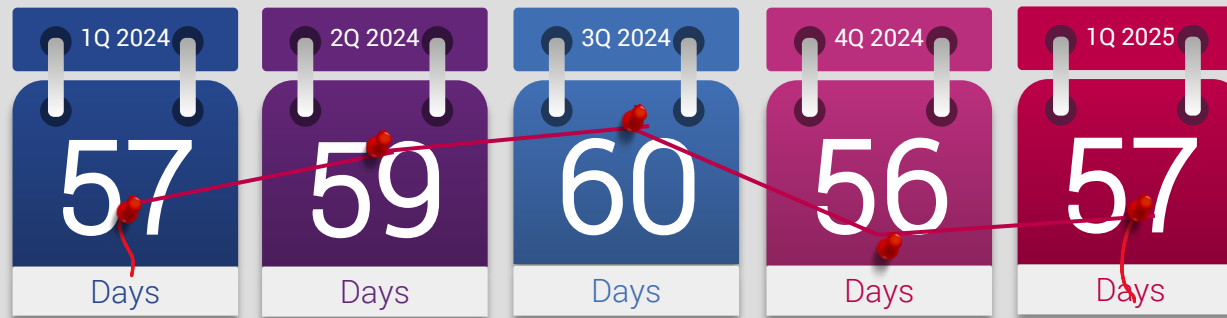


Corporations



SMEs

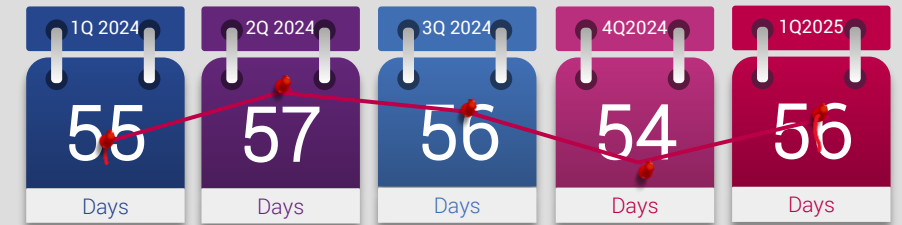
Sector Highlight – Retail



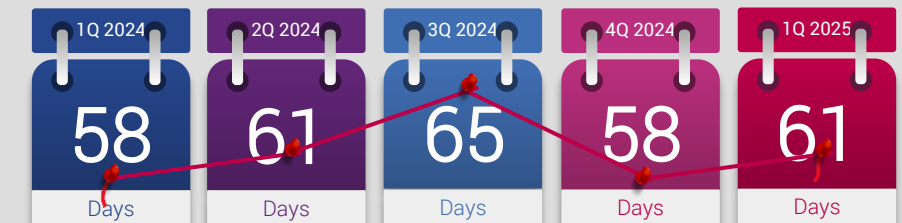
The retail sector in Malaysia has shown strong performance recently. In January 2025, retail trade growth surged to an 8-month high, expanding by 8.2% year-on-year. This growth was driven by long holidays, the Lunar New Year and Hari Raya celebrations. Overall, Malaysia's Wholesale & Retail Trade sector started 2025 on a positive note, with total sales expanding by 4.6% year-on-year.

On average, both large and small retailers are paying at an average of 57 days, which has held steady from the first quarter of 2025 to the same quarter of last year. Smaller and mid-sized retailers are averaging 61 days in payment, tracked at the first quarter of 2025. In contrast, their larger counterparts are paying at 56 days for the same quarter.

Looking ahead, the retail industry is forecasted to expand by 4% in 2025. Additionally, Malaysia's tourism sector is set for robust expansion, driven by rising leisure, medical, and business travel. The Malaysian retail market size is estimated to reach USD 94.99 billion in 2025 and is expected to grow at a CAGR of 5.94% to USD 126.75 billion by 2030.

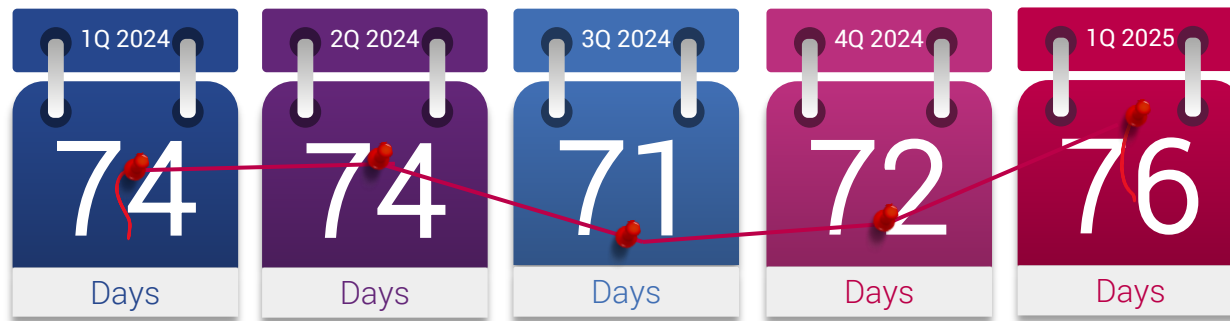


Corporations



SMEs

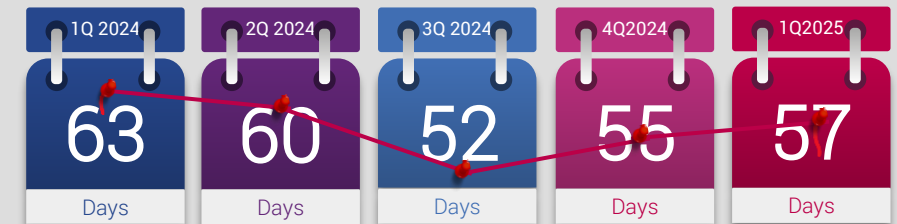
Sector Highlight – Transport & Logistics



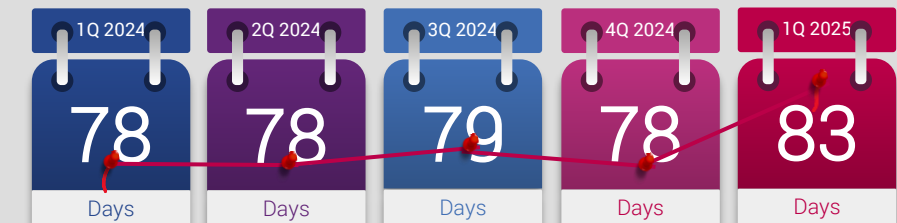
The transport and storage sector in Malaysia has shown remarkable resilience and growth recently. In 2024, the sector recorded an 11% growth, slightly lower than the 12.8% growth seen in Q4 2023. The Malaysian freight and logistics market reached approximately RM131.5 billion (USD 28.88 billion) by the end of 2024.

Despite these positive developments, payment delays in the sector have been trending upwards over the last three rolling 3-month periods. Starting at 71 days in the third quarter of 2024, delays have steadily risen to an average of 76 days over the most recent three months. This trend is evident across both large corporations and SMEs, with corporations seeing their payment delays increase by 5 days and SMEs experiencing a rise of 4 days. This indicates a growing challenge in managing timely payments within the sector.

The increasing payment delays have several implications. Extended payment delays can strain the cash flow of businesses, particularly SMEs, making it challenging to cover operational costs and invest in growth opportunities. Prolonged delays may increase credit risk, as suppliers might become hesitant to extend credit terms, potentially leading to higher borrowing costs or stricter credit conditions. Payment delays can also disrupt supply chains, causing delays in procurement and delivery of goods and services, which can impact overall operational efficiency.

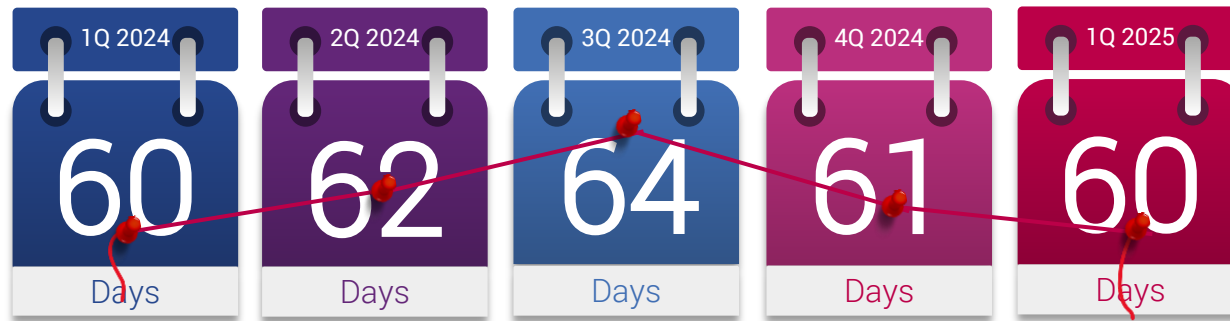


Corporations



SMEs

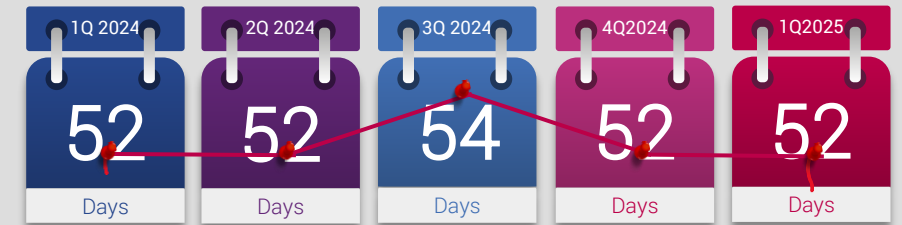
Sector Highlight – Wholesale



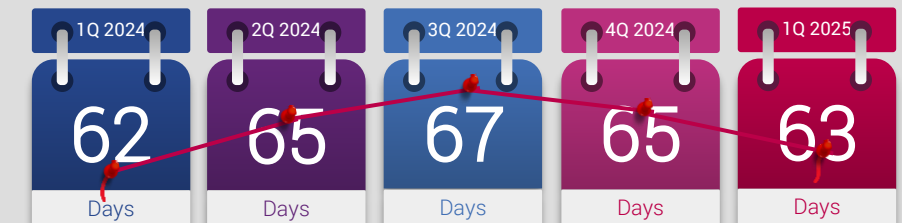
The Malaysian wholesale sector has maintained average payment days at 60 days quarter-on-quarter, with larger corporations paying at an average of 52 days and smaller counterparts at 63 days. The wholesale sector in Malaysia has shown strong performance recently. In 2024, the sector recorded a 5.5% increase in annual sales, reaching RM1.77 trillion. However, the sector faces several key challenges that require strategic planning and adaptability in the coming months.

Firstly, adapting to digital transformations is crucial. As the business landscape evolves, wholesalers must adopt new technologies and restructure traditional business models to align with the digital era. Resistance to this change can result in lost opportunities and diminished competitiveness.

Additionally, managing supply chain disruptions remains a significant challenge. The global supply chain is volatile due to unforeseen events like pandemics and geopolitical tensions, impacting delayed shipments, increased costs, and unpredictable inventory levels. Developing resilient supply chain strategies, such as diversifying suppliers and leveraging technology for better visibility, is critical.



Corporations



SMEs

About Experian Trade Bureau

Experian Malaysia established a neutral collaborative platform in 2004 for non-banking industry players to share their customers' payment information, both positive and negative, to better recover delinquent debts and reduce credit risks.

It covers a wide range of industries including retail and credit financing, construction, logistics, fast moving consumer goods and telecommunications.

About this report

This State of Credit report reflects Industry Debts Turned Cash (iDTC) which measures credit repayment data between entities, shown in days.

The study examines 7 core industries with significant contribution towards the Malaysian economy. These include the construction, manufacturing, services, hospitality/F&B, transportation & storage, retail and wholesale sectors.



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