KPMG

# Navigating the future of payments:

## market perspectives and emerging trends



October 2026

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KPMG Australia

**Australian organisations are navigating an increasingly complex supply chain climate shaped by economic uncertainty, geopolitical disruption and elevated funding costs. Australia has become one of the most regulated supplier payment environments globally since the Payment Terms Reporting Act (PTRA) regime was introduced in 2021. These factors reinforce the importance of resilient supplier networks and disciplined cash management.**

Our anonymised payment terms index developed with more than 25,000 supplier terms, provides insights into how Australian businesses have contracted with domestics and overseas suppliers across sectors, as well as how they have responded to the economic headwinds and tighter supplier regulations.

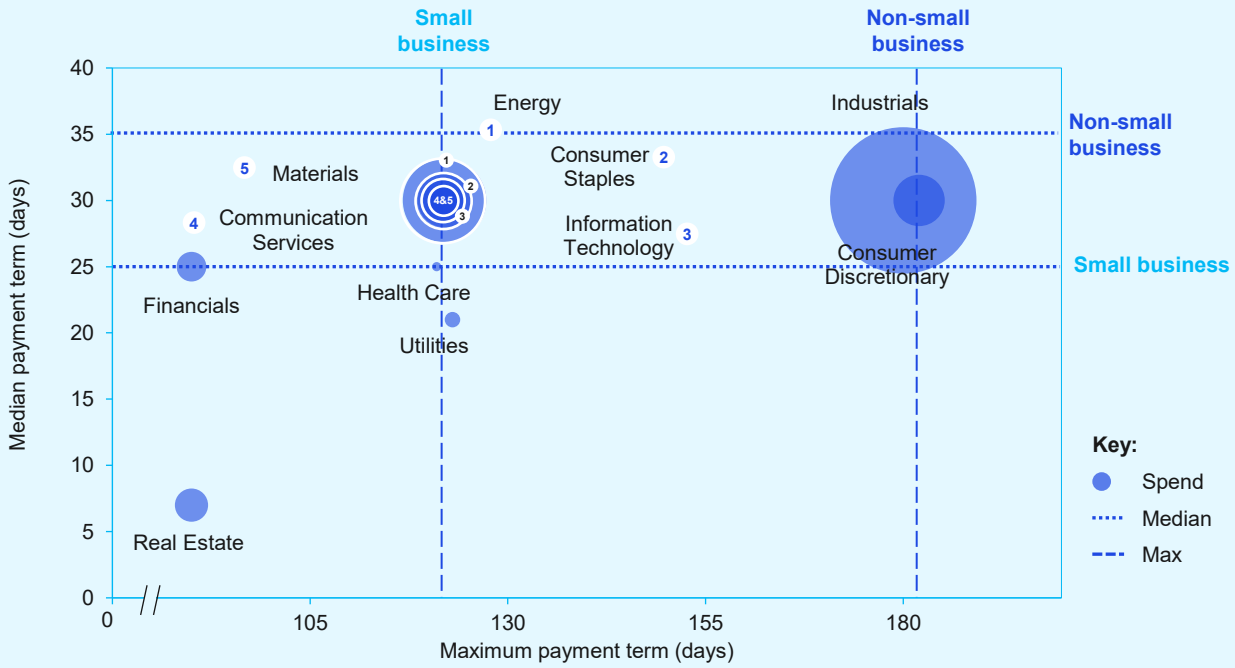
## CY25 WAT

**35 days** — ***Non-small business***

**35 days** — ***Small business[1]***

**25 days**

## Term distribution – January to December 2025




## Supplier payment term overview and Distribution

The weighted average supplier terms (WAT) for the 12-month period January to December 2025 (CY25) was 35 days, with non-small business suppliers weighted average terms of 35 days and small businesses on 25 days.

Maximum payment terms vary significantly between supplier groups, with small business suppliers generally capped at 122 days and non-small business suppliers extending to 182 days. Despite these differences, median payment terms are relatively consistent across sectors, typically ranging from 25 to 35 days, suggesting that long contractual terms apply to only a subset of suppliers. Industrials represents the largest spend category and combines high spend with long payment terms. Real Estate, Financials and Utilities have the shortest payment profiles, with lower median and maximum payment terms than the remaining sectors.

Note:[1] Small businesses are defined as business with <AU$10 million annual revenue.

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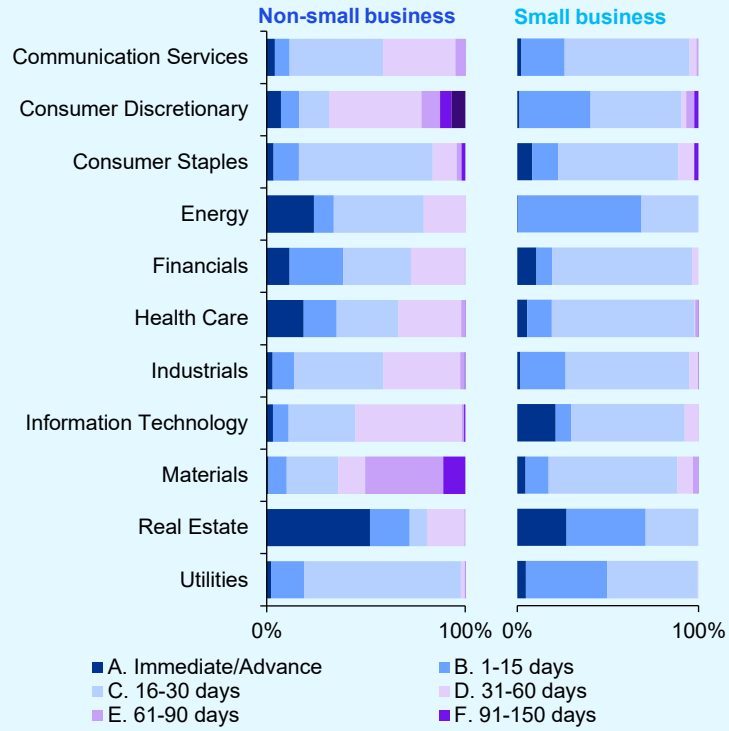
# Sector term distribution

For the 12-month period January to December 2025, payment terms across sectors are largely concentrated between 16 - 30 day range for both small and non-small business suppliers. Non-small businesses generally have a higher percentage of Immediate/Advance term, particularly in Real Estate, Energy and Health Care, while small businesses are more concentrated between 1 – 30 day ranges. Terms exceeding 90 days are relatively uncommon across all sectors, indicating that extended terms are the exception rather than standard practice. Consumer Discretionary, Consumer Staples, and Materials show a relatively higher share of longer-term arrangements, while Real Estate exhibits the shortest payment profile.

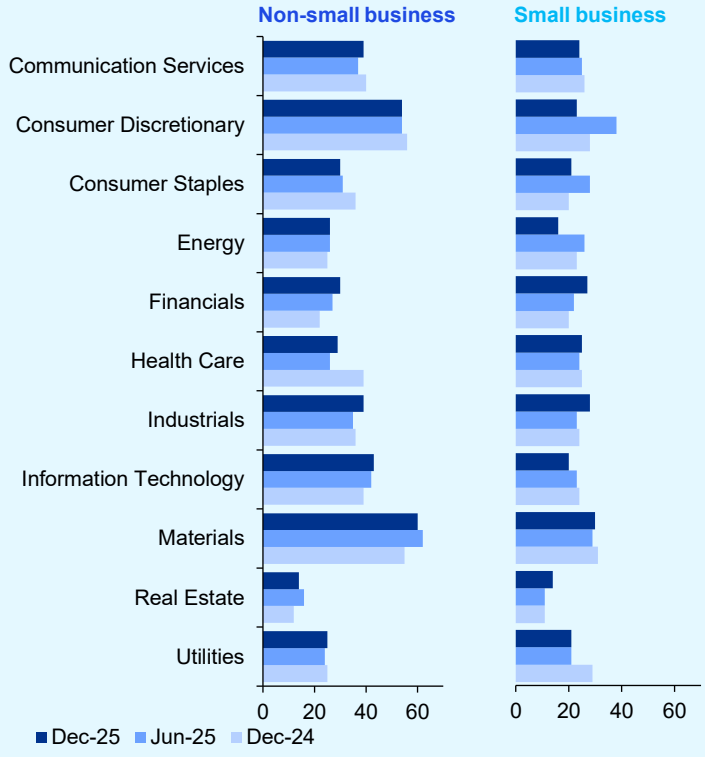
## Term composition in CY25 by sector, %




# Sector term trend

Payment terms remained relatively stable across most sectors over the three six-month periods ending December 2024 to December 2025. For non-small businesses, Consumer Discretionary, Consumer Staples and Health Care showed more notable downward trends, while Financials, Industrials and Information Technology trends suggest terms increased. Materials continued to have the longest payment terms with an increasing trend across the period. For small businesses, average payment terms reduced or were stable for most sectors, with the exceptions of Financials, Industrials and Real Estate. Comparing supplier groups, small businesses maintained shorter terms than non-small businesses in most sectors, although the data indicated there was no material difference across Energy, Financials and Real Estate sectors.

## Term trend Dec-24 to Dec-25, days

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**Effective supplier payment strategies do more than manage cash. They help strengthen supplier relationships, ensure continuity of supply and support sustainable business performance – critical attributes of a resilient organisation to help navigate the current turbulence in the market."**

# How KPMG can help...

KPMG works with organisations to develop cash flow resilience and improve working capital performance in a practical, sustainable way. Our approach combines analytical insight with hands-on support to help clients translate opportunity into measurable outcomes.

### Our services include:

**01**

#### Working capital diagnostics

Providing rapid, data-driven insight into performance gaps and potential sources of cash.

**02**

#### Implementation support

Helping to design and embed practical changes across order-to-cash, procure-to-pay and inventory management processes, often on self-funded engagements.

**03**

#### Enhancing cash culture and discipline

We help improve visibility through reporting, KPIs, training and the development of reliable short- and medium-term cash flow forecasts.

**04**

#### Payment Times Reporting support

Supporting with end-to-end metrics preparations, review of logic and calculations and strategies to improve PTR payment performance.

**To explore how KPMG can help you on your cash and working capital improvement journey, contact us today for a confidential discussion.**

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