

Atradius Payment Practices Barometer 2024

B2B payment practices trends Asia

How companies manage B2B payment risk
and its impact on cash flow



About the Atradius Payment Practices Barometer

The Atradius Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world.

Our survey provides us with the opportunity to hear directly from companies polled about how they are coping with the impact of the current challenging economic and trading environment on the payment behaviour of their B2B customers. This can give valuable insights into how businesses are paid by their B2B customers, and how they tackle the pain points caused by poor payment practices.

The findings about what measures are undertaken to fund a sudden need for cash, and what credit management tools they use to mitigate the risk of long-term cash flow problems, may also be valuable information in helping understand how companies respond to the crucial issue of late or non-payment in the current uncertain times.

However, the survey also has a strong focus on the challenges and risks that companies polled believe they will encounter during the coming months, and their expectations for future business growth.

The results of our survey can supply useful insights into the current dynamics of corporate payment behaviour in B2B trade, and identify emerging trends that may shape its future. This can be extremely useful to companies doing business, or planning to do so, in the markets polled.

In this report, you will find the survey results for Asia.

Interview period: Q3 2024. The findings should therefore be viewed with this in mind.



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Asia

B2B payment risk management

B2B late payments present profitability challenges for Asian companies

A complex picture on late payments emerges from our survey of companies in Asia. Although nearly half of businesses report consistent B2B customer payment behaviour compared to the previous year, this masks deeper issues. The rest are almost evenly split between companies who say payment practices are worsening and those who see an improvement. The overall impact is that an average 46% of all B2B credit sales are affected by payment delays, with Taiwan, Singapore and Hong Kong hardest hit. There is a troubling trend with persistent late payments which indicate underlying issues that need to be addressed. Bad debts now stand at an average 4% of all B2B invoices, with Japanese companies especially affected by the additional financial strain being caused.

The main cause of late payments suffered by companies across Asia is cashflow problems among their B2B customers. 42% of businesses report this, notably in India, and it is a significant concern because a single payment default could trigger broader credit issues throughout the supply chain, amplifying systemic risk. Inefficient payment processes are another major factor, especially in Taiwan. It now takes Asian companies an average of one month beyond the due date to convert invoices into cash, causing serious financial strain. Many businesses, particularly in Indonesia, respond by slowing down payments to suppliers, while those in Vietnam and India tend to postpone investments. This highlights how late payments not only impact immediate cashflow, but also long-term growth and strategic planning.

Many companies in Asia tell us they face increased legal and collection costs as well as cashflow issues due to late payments, which can quickly deplete financial resources and erode profitability. This is acutely felt in Vietnam. Most businesses in our survey of Asia say they bridge liquidity gaps by looking to external finance, with 60% requesting supplier credit, particularly in Vietnam and Indonesia. Companies in India tend to seek bank loans, while others use invoice discounting. All of these approaches need careful managing. The preferred long-term strategy is to try to stabilise Days Sales Outstanding (DSO) with improved collection efficiency. DSO has remained steady for around half of Asian companies in the past year, while many others have seen an improvement.

Our survey finds that Asian companies are carefully balancing their commercial strategies to try to protect financial health. This is highlighted by an average 50% of B2B sales being transacted on credit, almost unchanged from the previous year. Payment terms offered to B2B customers are also largely stable in a desire to keep cashflow under control, although a significant number of businesses, especially in India, are offering more relaxed payment

Key survey findings

- Payment behaviour from B2B credit customers has stayed consistent during the past 12 months for nearly half of businesses surveyed across Asia, although this masks deeper issues. The remainder are almost evenly split between companies who have seen payment practices worsen and those seeing an improvement.
- Late payments are still a major issue for Asian companies, currently affecting an average 46% of B2B credit sales. Businesses in Taiwan, Singapore and Hong Kong are the hardest hit. Bad debts now stand at an average 4% of all B2B invoices, creating additional financial strain, especially for companies in Japan.
- Cashflow problems are cited by 42% of businesses in Asia as the reason for late payments, notably in India. Inefficient payment processes among B2B customers is another major factor. Invoices now take an average one month beyond due to be cashed, and many companies respond by slowing down payments to suppliers.
- To bridge liquidity gaps most companies in Asia look to external finance, with 60% of businesses requesting supplier credit, especially in Vietnam and Indonesia. Bank loans and invoice discounting are also used. In the long-term there is a significant focus on Days Sales Outstanding (DSO) to bring improvements in cashflow.
- An average 50% of all B2B sales are currently transacted on credit by Asian businesses, a figure unchanged from the previous year. Payment terms offered to B2B customers have also remained largely stable, although many companies, notably in India, are offering longer terms, set at an average 43 days from invoicing.
- 78% of companies in Asia tell us they opt for a combination of retaining credit risk management in-house and transferring the issue to an insurance company. This is particularly reported by Indonesian businesses. Letters of credit are also widely used to protect export B2B transactions on credit.

terms, set at an average 43 days from invoicing. A flexible approach is also evident in management of customer credit risk. 78% of companies across Asia say they often opt for a combination of retaining the issue in-house and transferring credit risk to an insurance company. This is particularly prevalent in Indonesia. Letters of credit are widely used to protect export B2B transactions on credit.

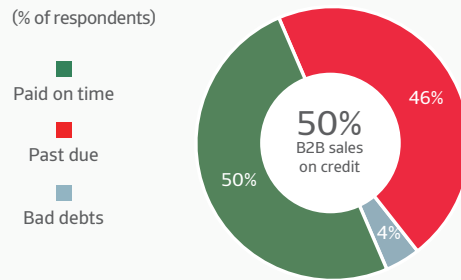
Key figures and charts on the following pages



Asia

B2B payment practices trends in Asia

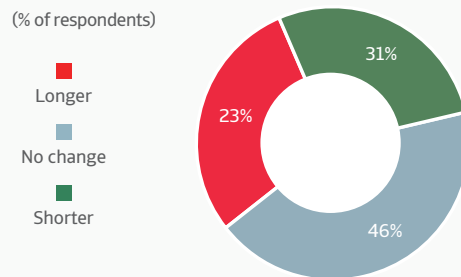
% of B2B invoices paid on time, past due and bad debts



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Asia – 2024

B2B payment practices trends in Asia

% of respondents reporting changes in payment duration* over the past 12 months

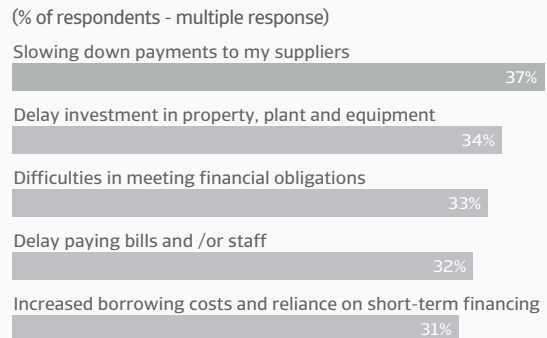


*average amount of time to get paid from B2B customers

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Asia – 2024

B2B payment practices trends in Asia

Over the past 12 months, have late payments from your B2B customers led your company to experience any of the following situations?



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Asia – 2024

B2B payment practices trends in Asia

What are the main sources of financing that your company used during the past 12 months?

- 60% Trade credit
- 60% Bank loans
- 53% Invoice financing
- 45% Internal funds

(% of respondents - multiple response)

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Asia – 2024

Asia

Looking ahead

Asian companies split over insolvency risk outlook in the months ahead

The prevailing mood among companies in Asia is that payment behaviour of their B2B customers will improve during the year ahead. This was reported by 58% of businesses, indicating relative optimism across the many industries in our survey. Most of the remainder anticipate little or no change in payment practices, and only a minority say they foresee a deterioration. Similar positivity is found about the outlook for Days Sales Outstanding (DSO). Nearly half of Asian companies expect this to improve as they focus on effective management of customer credit risk that will help smooth business operations. Caution is found among the rest, who anticipate either no change or a worsening of DSO which could further strain cashflow.

Our survey finds that businesses in Asia are split almost down the middle about the prospects for insolvency risk during the next 12 months. Ongoing late payments and credit risk challenges probably explain why 49% of companies tell us they expect insolvencies among their B2B customers to worsen in the coming year. This mood is particularly notable in India. In contrast, there is more optimism in many companies who anticipate a positive trend of insolvency risk. There is a buoyant mood about demand, with 72% of Asian businesses expecting increased sales in the year ahead. 63% of companies also express confidence in gaining higher profits, although there is a note of pessimism from Japan.

Uncertainty about the impact of an ever-shifting domestic and global economic landscape is the main concern looking forward for businesses across Asia. 35% of companies, particularly in Indonesia, express anxiety that challenging economic conditions could significantly affect their business prospects in both the short-term and long-term. Companies remain wary of factors such as rising costs, supply chain disruptions and market volatility that could undermine their ability to capitalize on increasing demand. Concern is also evident in our survey about customer acquisition challenges such as ineffective sales efforts and problems in expanding their customer base. This not only limits growth opportunities, but also increases their exposure to credit risk.

Several additional worries are particularly prominent in our survey of companies in Asia, issues that not only threaten their own financial stability but also have a significant impact on the credit risk of their B2B customers. Operational challenges such as outdated processes and insufficient production capacity can hinder productivity and increase costs. Cybersecurity risks, including threats to data integrity and confidentiality, can disrupt business operations and erode customer trust. Another pressing

Key survey findings

- There is a generally optimistic outlook for B2B customer payment behaviour among companies in Asia. 58% of businesses tell us they expect an improvement in payment during the year ahead. The majority of the rest anticipate unchanged payment practices and only a minority fear a worsening.
- Days Sales Outstanding (DSO) is anticipated to improve in the coming 12 months by nearly half of Asian companies in our survey as they focus efforts to manage customer credit risk effectively. Other businesses in Asia are more cautious, anticipating either no change or a worsening of DSO, which could strain cashflow.
- Caution is also evident in concern about ongoing credit risk challenges. This is highlighted by a divided outlook for insolvency risk among businesses across Asia. 49% of companies, especially in India, expect insolvencies among B2B customers to worsen in the coming year, but others anticipate a positive trend.
- A surge in demand for their products and services during the year ahead is expected by 72% of Asian companies, and only a minority foresee any decrease. 63% of businesses express confidence in achieving higher profitability, although there is more pessimism among Japanese companies.
- The main concern looking ahead for Asian companies is the impact of uncertain domestic and global economic conditions, with 35% of companies anxious that it could significantly affect business prospects. Many companies are also increasingly worried they will face major customer acquisition challenges.
- Several other worries are expressed by businesses across Asia. These include operational challenges, cybersecurity risks, market saturation, and financial constraints. These interconnected issues create a complex environment, making it crucial for businesses to adopt robust strategies to mitigate risk and ensure long-term sustainability.

concern is market saturation, which makes it harder for businesses to expand and maintain profitability. Financial constraints such as lack of capital and insufficient cashflow can severely limit potential for investment. All these interconnected challenges make it crucial for businesses to adopt robust strategies to mitigate risk and ensure long-term sustainability.

Key figures and charts on the following pages

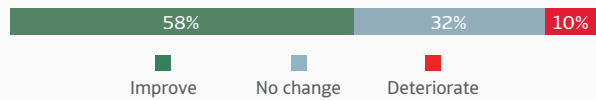


Asia

B2B payment practices trends in Asia

Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?

(% of respondents)

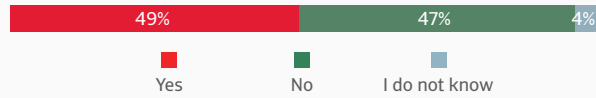


Sample: all survey respondents
Source: Atradius Payment Practices Barometer Asia – 2024

B2B payment practices trends in Asia

Do you see an increased insolvency risk for your customers in the next 12 months?

(% of respondents)

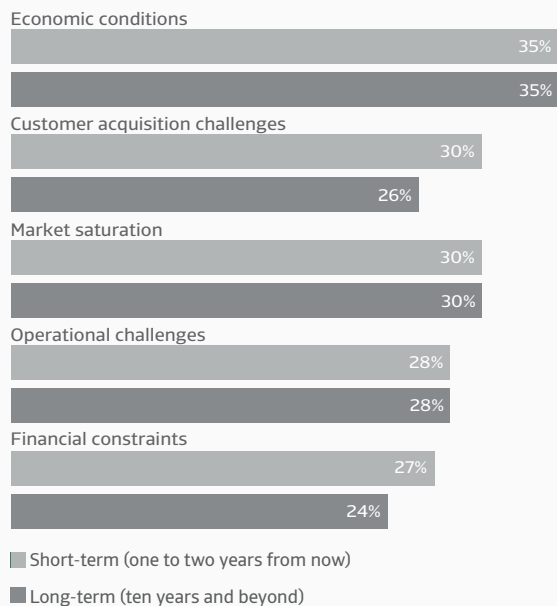


Sample: all survey respondents
Source: Atradius Payment Practices Barometer Asia – 2024

B2B payment practices trends in Asia

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Asia – 2024

B2B payment practices trends in Asia

How do you expect your average DSO to change over the next 12 months?

- 49% Improve
- 38% No change
- 13% Deteriorate

(% of respondents)

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Asia – 2024

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Asia are the focus of this report, which forms part of the 2024 edition of the Atradius Payment Practices Barometer. The markets covered in this report are China, Hong Kong, India, Indonesia, Japan, Singapore, Taiwan and Vietnam.

A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 2,154 interviews in total.

All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Asia were surveyed, and the appropriate contacts for accounts receivable management were interviewed
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us to compare data referring to a specific sector crossed by each of the economies surveyed.
- **Selection process:** Companies were selected and contacted by use of an international Internet panel. A screening for the appropriate contact, and for quota control, was conducted at the beginning of the interview.
- **Sample:** 2,154 people were interviewed in total. A quota was maintained according to four classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: Q3 2024. The findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 2,154

| Business sector | Interviews | % |
|------------------------------|--------------|------------|
| Manufacturing | 1191 | 55 |
| Wholesale trade | 286 | 13 |
| Retail trade/Distribution | 486 | 23 |
| Services | 191 | 9 |
| TOTAL | 2,154 | 100 |
| Business size | Interviews | % |
| SME: Small enterprises | 230 | 11 |
| SME: Medium enterprises | 605 | 28 |
| Medium Large enterprises | 826 | 38 |
| Large enterprises | 493 | 23 |
| TOTAL | 2,154 | 100 |
| Industries | Interviews | % |
| Agriculture + Food | 185 | 9 |
| Chemicals/Pharma/Energy Fuel | 677 | 31 |
| Construction | 50 | 2 |
| Consumer durables | 221 | 10 |
| Electronics/ICT | 372 | 17 |
| Steel/metals | 152 | 7 |
| Textiles/clothing | 198 | 9 |
| Transport/Automotive | 299 | 15 |
| TOTAL | 2,154 | 100 |

Methodological note

Last year different industries were included in the survey for Asia. This makes year-on-year comparisons unfeasible for certain topics for the current year. For a detailed overview of last year's survey results for Asia please refer to the specific report available on the [Atradius website](#).

Interested in finding out more?

Please visit the [Atradius](#) website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

Follow us to stay up to date with our latest releases by [subscribing](#) to notifications of our Publications, and receive weekly emails with alerts to when new reports are published.

To find out more about B2B receivables collection practices in Asia and worldwide, please visit atradiuscollections.com.

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Atradius

Atradius
David Ricardostraat 1 · 1066 JS Amsterdam
Postbus 8982 · 1006 JD Amsterdam
The Netherlands
Phone: +31 20 553 9111

info@atradius.com
atradius.com