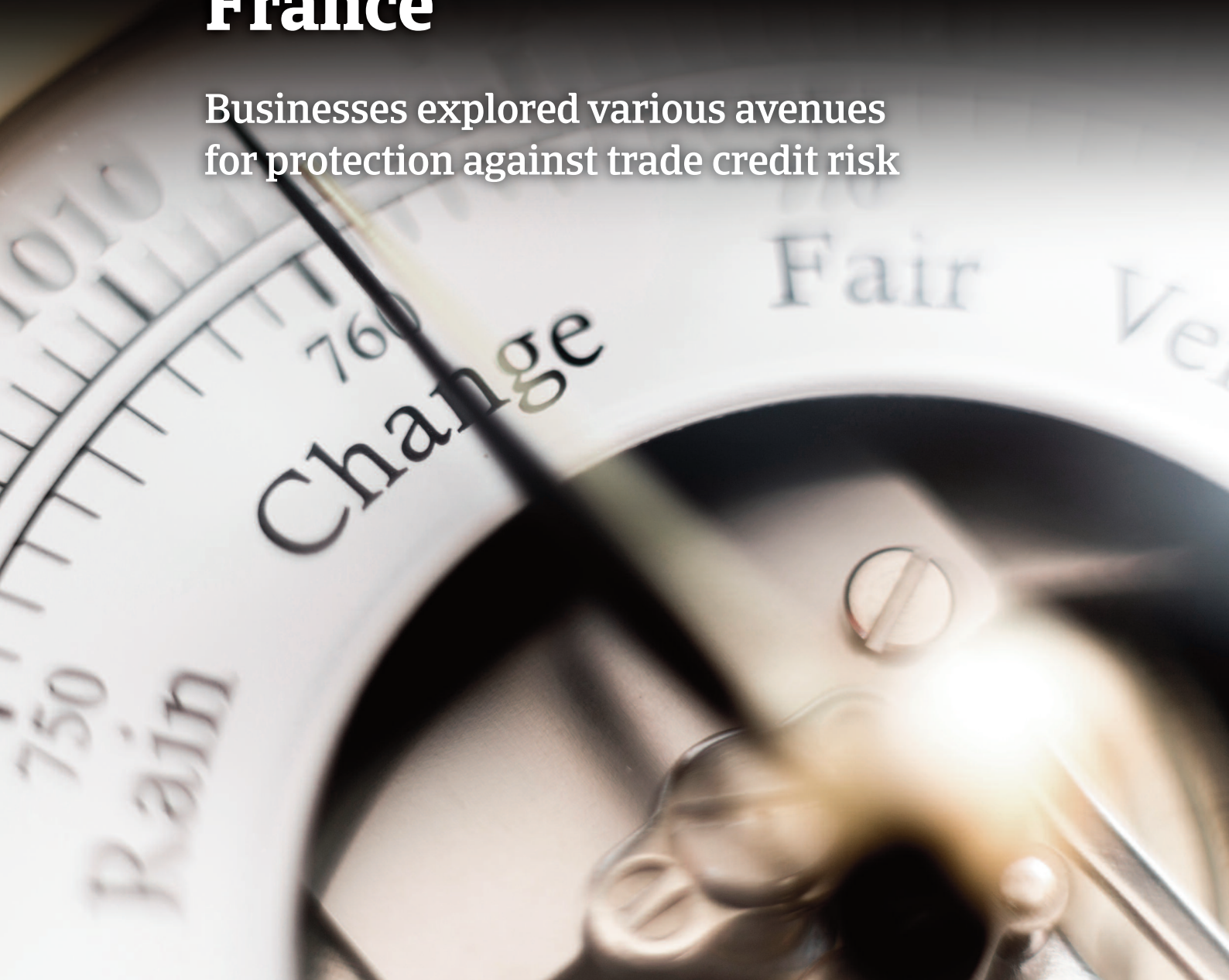




Key trends for B2B payments and cash flow

# France

Businesses explored various avenues  
for protection against trade credit risk



## 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 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 France.

The survey was conducted between the end of Q1 and the beginning of Q2 2023, and findings should therefore be viewed with this in mind.



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## B2B payment trends and cash flow

### Businesses explored various avenues for protection against trade credit risk

Sales that companies polled in France transacted on credit with B2B customers showed a sharp downward trend during the past 12 months, perhaps reflecting weak domestic and foreign demand. Sales on credit now average 40% of all B2B sales, although the food sector bucked the trend with a more dynamic approach. Payment terms granted to B2B customers by companies polled in France stand at an average of 53 days, slightly longer than last year. The cost of capital due to higher interest rates, and the availability of capital due to tighter bank lending standards, were the main factors considered when setting payment terms in B2B trade, along with the terms received from suppliers.

Many companies polled told us they also introduced stronger internal credit control processes during the last 12 months, and these contributed to an improvement in Days-Sales-Outstanding (DSO). This was particularly true for businesses in the chemicals sector and helped to maintain liquidity and reduce the need to seek external financing. Another option, mainly used by consumer durables companies, was to protect cashflow by delaying the payment of bills and staff. The most common way for companies polled in France to attain short-term liquidity was by requests for trade credit from suppliers, an especially valuable avenue for the food sector, where they received the full amount requested.

When dealing with the management of customer credit risk, our survey found a clear preference across all sectors polled in France for retaining and managing the issue in-house. 75% of companies told us they opted for this policy which involves setting aside funds to cover potential credit losses. There was also a strong desire reported by businesses polled to cover single transactions through letters of credit or to use techniques such as selling receivables to fill cash flow gaps through factoring. Lower attention was given to the strategic tool of insuring accounts receivable, even though there was acknowledgment among businesses across various sectors of its value-added benefits in the current volatile and extremely unpredictable economic environment.

The widespread approach to customer credit risk by French companies of relying on in-house retention and management of customer credit risk is most likely a reaction to the steady level of payment delays and bad debts during the past 12 months. These remained almost unchanged, with payment delays affecting 45% of all invoiced sales to B2B customers and bad debts standing at 5% of all sales. However, crucial questions remain about the preference for in-house management of customer credit risk, such as whether companies can save enough cash to absorb the hit of a large and unexpected write-off. And is it good practice to have a large cash reserve doing nothing when it could be used in the business?

**Key figures and charts on the following pages**

### Key survey findings

- 75% of companies said they opted for in-house retention and management of customer credit risk. There was also a marked preference for using letters of credit. A small increase in companies turned to credit insurance.
- Payment delays remained stable at an average of 45% of all invoiced B2B sales, although the figure was higher in the consumer durables sector. Bad debts stand at 5% of all sales.
- There was a 53-day average for payment terms, slightly longer than last year. The cost and availability of capital were the main factors for companies polled in setting payment terms.
- The introduction of stronger credit control procedures contributed to an improvement of Days-Sales-Outstanding (DSO), particularly for businesses in the French chemicals sector.
- Sales on credit now average 40% of all transactions with B2B customers, a decrease from last year. The food sector in France bucked this downward trend with a more dynamic approach.
- Trade credit was the most popular method of sourcing short-term liquidity among companies polled in France. This was particularly so for the food sector, which received all the amount requested.

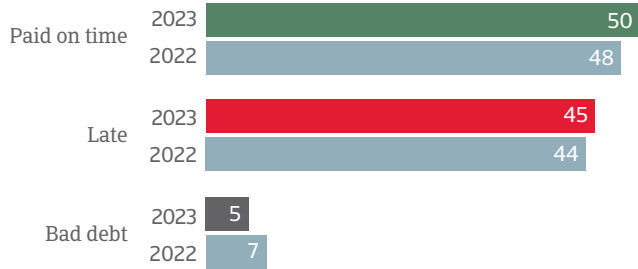




# France

## France

% of the total value of B2B invoices paid on time, overdue and bad debt (2023/2022)

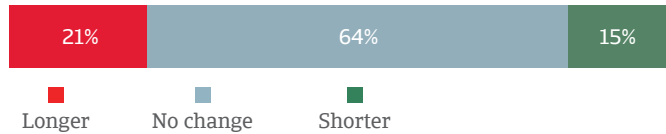


Sample: all survey respondents

Source: Atradius Payment Practices Barometer France – 2023

## France

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



\*average amount of time to get paid from B2B customers

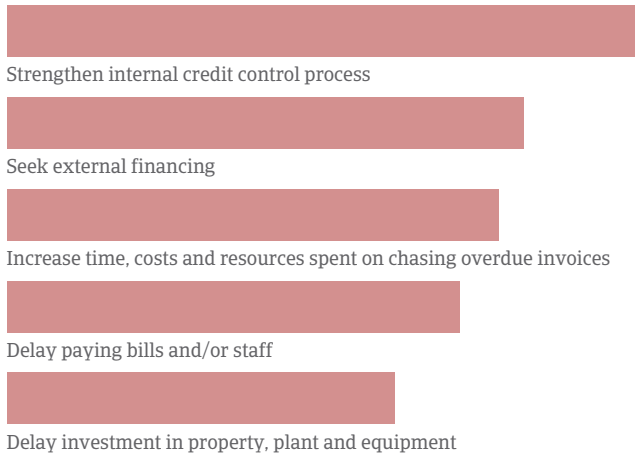
Sample: all survey respondents

Source: Atradius Payment Practices Barometer France – 2023

## France

Measures put in place to minimise cash flow problems due to payment default of B2B customers

(% of respondents - multiple response question)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer France – 2023

### Survey question

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

- 41% Trade credit
- 40% Equity capital
- 36% Debt securities issued
- 25% Bank loans

\*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer France – 2023

# Looking ahead

## Stubborn inflation a major worry amid some signs of optimism

Although inflation will keep easing this year, chiefly due to easing energy inflation, the threat of persistent inflationary pressure is the major concern looking ahead for companies polled in France. This is a particular anxiety for businesses in the food sector where consumers are worried by surging prices. Another strong widespread concern surrounds energy costs. Even though energy inflation is expected to ease, businesses fear that a delay in the pass-through of lower energy prices will continue to be felt in the market. Companies in the chemicals sector expressed acute concern about still ongoing supply chain disruptions as well as about the price of commodities. Anxiety about liquidity shortfalls was reported across all sectors.

Although there was a wide range of concerns the year ahead among French companies, our survey found an overall degree of optimism about business outlook. 70% of businesses polled said they anticipate an increase in demand during the coming months, with large manufacturers in the chemicals sector especially hopeful of improved sales. 48% of companies told us they expect an increase in profit margins in the year ahead. This was reported particularly by medium-sized wholesalers in the food sector, probably expecting an easing of inflationary pressures.

Concerning the payment behaviour of B2B customers in the year ahead, a variety of different views were expressed by companies polled in France. Pessimism about the likely trend of payment practices was reported by businesses across the food sector, but much more optimism was found among companies in the consumer durables sector. There was a more unified degree of positivity for the coming months about Days-Sales-Outstanding (DSO). 40% of businesses told us they expect to see improvement, while 15% said they believe DSO will worsen.

Around 60% of companies polled in France said that in dealing with customer credit risk they will continue to retain and manage the issue in-house, blocking up cash reserves to cover potential losses caused by B2B customer payment defaults. Businesses in the consumer durables sector also told us that they will continue to prefer to cover single transactions with letters of credit, while chemicals companies will resort to factoring. Despite this, our survey found slightly growing enthusiasm for a more strategic approach to credit management involving the benefits of credit insurance, which offers protection against unpredictable events.

**Key figures and charts on the following pages**

## Key survey findings

- The major concerns looking ahead for companies in France are inflation, energy costs and liquidity shortfalls.
- Concern was also expressed about commodity prices and supply chain disruptions, particularly by businesses in the chemicals sector.
- Rising demand is anticipated by more 70% of companies polled in France, while 48% of businesses expect an increase in profit margins.
- Improvement in Days-Sales-Outstanding (DSO) is expected by 40% of businesses polled, although 16% said they anticipate a worsening.
- The food sector in France believes that B2B payment behaviour will deteriorate in the year ahead, but companies in the consumer durables industry are optimistic about an improvement.
- 60% of businesses polled said they would continue to retain and manage customer credit risk in-house, while many companies expect to use letters of credit.





# France

## France

Looking ahead to the next 12 months, how do you expect your sales and profit margins to change?

(% of respondents)

Sales



Profit margins



■ Improve    
 ■ No change    
 ■ Deteriorate

Sample: all survey respondents

Source: Atradius Payment Practices Barometer France - 2023

## France

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

(% of respondents)



■ Improve    
 ■ No change    
 ■ Deteriorate

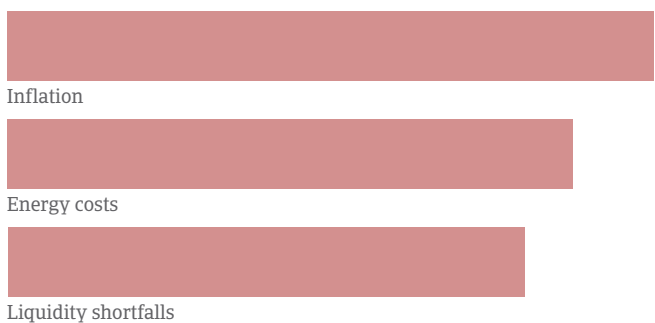
Sample: all survey respondents

Source: Atradius Payment Practices Barometer France - 2023

## France

Looking ahead to the next 12 months: top 3 concerns expressed by businesses polled

(% of respondents - multiple response question)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer France - 2023

### Survey question

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

(% of respondents)

**40%** Improve  
**44%** No change  
**16%** Deteriorate

Sample: all survey respondents

Source: Atradius Payment Practices Barometer France - 2023

## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in France are the focus of this report, which forms part of the 2023 edition of the Atradius Payment Practices Barometer. 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 210 interviews in total. All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from France 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:** N=214 people were interviewed in total. A quota was maintained according to three classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: The survey was conducted between the end of Q1 and the beginning of Q2 2023.

### Sample overview – Total interviews = 210

Business sector	Interviews	%
Manufacturing	56	27
Wholesale trade	62	30
Retail trade/Distribution	39	19
Services	53	24
<b>TOTAL</b>	<b>210</b>	<b>100</b>

Business size	Interviews	%
SME: Small enterprises	40	19
SME: Medium enterprises	70	33
Medium Large enterprises	70	33
Large enterprises	30	14
<b>TOTAL</b>	<b>210</b>	<b>100</b>

Agri/Food	70	33
Chemicals	66	31
Consumer Durables	74	36
<b>TOTAL</b>	<b>210</b>	<b>100</b>

## Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2023 Payment Practices Barometer of Atradius, available at [www.atradius.com/publications](http://www.atradius.com/publications) [Download in PDF format](#) (English only).

## Interested in finding out more?

Please visit the [Atradius](http://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 **France and worldwide**, please visit [atradiuscollections.com](http://atradiuscollections.com).

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