



Key trends for B2B payments and cash flow

Finland

Safety-first approach to trade credit
amid bank squeeze



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 Finland.

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

Safety-first approach to trade credit amid bank squeeze

Our survey found a highly cautious approach to trading on credit among companies polled in Finland, with an average of just 46% of all B2B sales transacted on credit. The corollary is that 54% of sales were made on a cash basis, and thus free from risk of payment default. The cautious mood was reinforced by the fact that nearly 40% of businesses in Finland who applied for trade credit from their suppliers said their requests were rejected. SMEs in the construction sector did buck this wary trend, however, telling us that 61% of their sales were made on credit.

Based on responses by companies polled in Finland, payment terms they granted to B2B customers did not change markedly during the past 12 months, currently averaging 53 days from invoicing. SMEs in the construction sector were again the outliers, telling us they offered significantly longer credit terms during the past 12 months. This industry is facing particularly strong headwinds, which explains a more liberal payments policy targeted at allowing financially distressed construction companies more time to settle invoices. The key factor in setting payment terms for businesses polled in Finland is the cost of seeking external finance, which has become far less affordable in a period of soaring interest rates and tighter bank lending standards.

In line with the general cautious approach found in Finland, the trend of trade credit risk remained steady during the past 12 months. Late payments affected 42% of B2B invoices, while the level of bad debts stands at just 2% of all B2B sales. Companies polled in Finland said insolvency was the key reason for payment delays, particularly in the energy-intensive steel-metals sector, while 36% cited invoice disputes. The main response of businesses in Finland to late payments was to use their stock of savings and equity finance to smooth out changes in liquidity levels. Days-Sales-Outstanding (DSO) remained unchanged for 71% of companies.

Finnish companies who reported improvement in DSO told us this was due to implementing stronger credit control processes and offering discounts for early payment of invoices to avoid seeking costly external financing. 77% of businesses polled in Finland opted to manage customer credit risk by managing the issue in-house. This self-insurance strategy was complemented by using letters of credit for international B2B transactions, and by securitization. In contrast, the benefits of reducing uncertainty by outsourcing the management of customer credit risk to a credit insurer was acknowledged by large companies polled in Finland's manufacturing sector.

Key survey findings

- 46% of B2B sales were transacted on credit by companies polled in Finland, indicating a cautious attitude towards trade credit. Almost 40% of businesses who applied for trade credit had their requests rejected.
- The average payment term stands at 53 days from invoicing, and our survey showed that payment terms did not change markedly. The key factor determining length of payment terms was the cost of seeking external finance.
- Late payments by B2B customers stand at an average of 42% of invoices in the Finnish market. The level of bad debts written off as uncollectable stands at 2% of all B2B sales.
- Companies polled in Finland reported that insolvency was the reason for 48% of late payments by B2B customers, while 36% of businesses cited invoice disputes. A key response was resorting to stocks of savings and equity finance to smooth changes in liquidity levels.
- Days-Sales-Outstanding (DSO) was unchanged for 71% of companies in Finland. Stronger credit control processes delivered some improvements in DSO, along with discounts for early payments.
- 77% of businesses in Finland said they opted for in-house retention and management of customer credit risk. Other tools used with securitization and letters of credit. Large companies in the manufacturing sector said they looked to credit insurance.



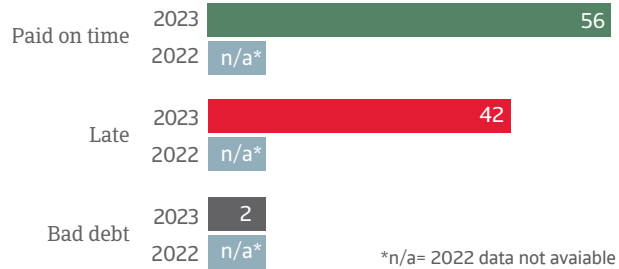
Key figures and charts on the following pages



Finland

Finland

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

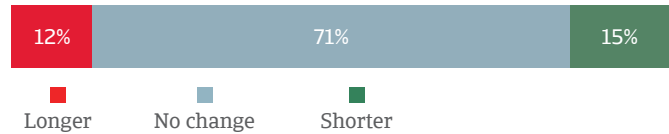


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Finland – 2023

Finland

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



*average amount of time to get paid from B2B customers

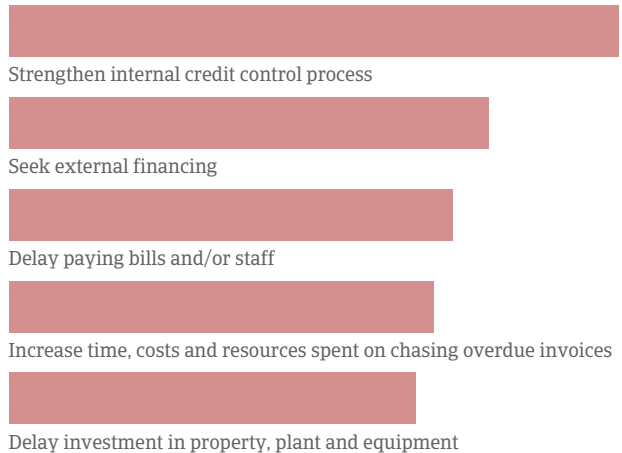
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Finland – 2023

Finland

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 Finland – 2023

Survey question

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

- 37% Equity capital
- 34% Internal funds
- 30% Debt securities issued
- 23% Trade credit

*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer Finland – 2023

Looking ahead

Increasing switch towards strategic credit management as inflation bites

The coming 12 months are expected to remain challenging for businesses across various sectors in Finland, with persistent inflation the primary concern given its effect on the purchasing power of households. Rising interest rates, tighter credit conditions and increased commodity prices are also expected to have a negative effect on both domestic and foreign demand. The global economy downturn is a key worry for Finland's open economy, which is heavily dependent on exports. Geopolitical issues, with the country's proximity to Russia, are seen as another long-term issue to be faced, along with energy costs.

Despite these widespread concerns, companies polled in Finland expressed cautious optimism about some growth in sales during the year ahead. 70% of businesses told us they expect to see an increase in demand across various sectors. The strong exception was the construction industry, where a contraction of output is anticipated, mainly due to higher interest costs on mortgages hurting demand. 49% of companies polled said they expect an increase of profit margins during the coming months. However, pessimism was again reported by the construction sector.

A similar split of opinion was expressed about the trend for payment behaviour from B2B customers in the year ahead. Once more, the construction sector in Finland has a negative outlook, expecting payment practices to deteriorate in 2023. Across companies in the other sectors polled in Finland there was agreement that no change was anticipated in B2B customer payment behaviour. 50% of businesses polled also believe that Days-Sales-Outstanding (DSO) will remain unchanged, while 36% of companies expect an improvement. A relatively mild growth in insolvencies among Finnish companies is anticipated during the coming months.

Our survey found clear evidence of a switch towards using strategic management of customer credit risk. 33% of companies polled in Finland told us they anticipated taking up the benefits of credit insurance, offering protection against unpredictable events in these volatile economic times as well as access to international risk data. It is acknowledgement of the crucial importance of managing customer credit risk. 61% of businesses said they were likely to continue with a policy of in-house retention and management of the issue, setting aside cash reserves to cope with payment defaults, even though this was then money that could not be put to use in the business.

Key survey findings

- Inflation remains the major concern looking ahead for companies in Finland. Its volatile nature weighs on household spending and the worry is that this will weaken domestic demand.
- Businesses in Finland expect the global economy downturn to continue to affect foreign demand. This is a key anxiety for many industries heavily dependent on exports.
- 70% of companies polled anticipate an increase in demand, while 49% of businesses believe profit margins will rise in the year ahead. The exception in both areas is the construction sector.
- An improvement in Days-Sales-Outstanding (DSO) is expected by 36% of businesses across the various sectors in Finland. However, 50% of companies anticipate that DSO will remain unaltered.
- Businesses polled in Finland said they expect little or no change in the payment behaviour of B2B customers in the year ahead, although there is pessimism in the construction sector.
- 61% of companies said they will continue with in-house retention and management of customer credit risk. 33% of businesses anticipate taking up the benefits of credit insurance during the coming months.



Key figures and charts on the following pages



Finland

Finland

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 Finland - 2023

Finland

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 Finland - 2023

Finland

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

(% of respondents - multiple response question)



* Due to the interplay among higher energy and commodity prices, persistent inflation and ongoing geopolitical tensions

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Finland - 2023

Survey question

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

(% of respondents)

36% Improve
50% No change
14% Deteriorate

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Finland - 2023

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Finland 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 Finland 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=210 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	59	28
Wholesale trade	87	41
Retail trade/Distribution	23	11
Services	41	20
TOTAL	210	100
Business size	Interviews	%
SME: Small enterprises	40	19
SME: Medium enterprises	70	33
Medium Large enterprises	71	34
Large enterprises	29	14
TOTAL	210	100
Construction	70	33
Machines	71	34
Steel/metals	70	33
TOTAL	210	100

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 [Download in PDF format](#) (English only).

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

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