



# Atradius Payment Practices Barometer

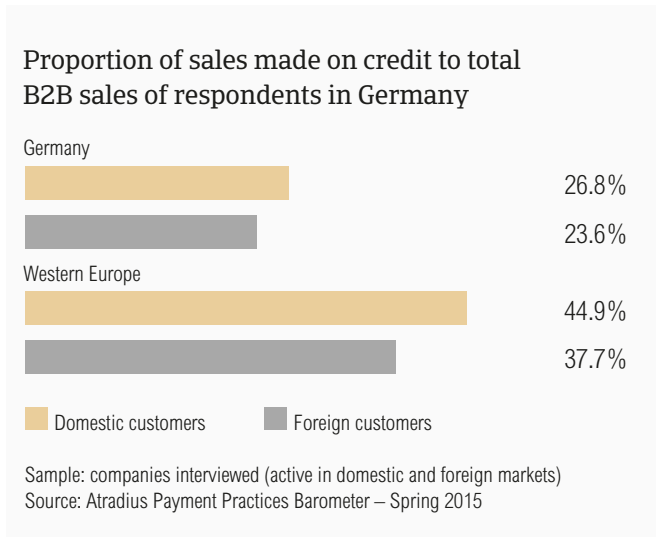
International survey of B2B payment behaviour  
Survey results for Germany

## Survey results for Germany

### Sales on credit terms

An average of 26.8% of the value of domestic B2B sales in Germany is transacted on credit terms (the average for Western Europe stands at 44.9%). This percentage, which fell sharply (around 17 percentage points) over the past two years, is close to those observed in Austria (26.2%), Switzerland (27.1%) and France (29.6%).

Foreign credit-based sales of German respondents average 23.6% of the total value of their B2B sales abroad (the average for Western Europe is 37.7%). This percentage decreased notably (14 percentage points) at the beginning of 2014, recovering slightly this year. Furthermore, this percentage does not differ much from those indicated by respondents in Austria (22.4%) and Switzerland (26.5%).



More information in the [Statistical appendix](#)

Taken together, these findings indicate a conservative approach to the use of trade credit in B2B transactions, which Germany seems to have in common particularly with Austria and Switzerland. This is likely to be a reflection of the similarities in their business cultures. However, the risk averse approach to trade credit observed in Germany may be explained by an increase

in domestic and foreign overdue payment levels over the past two years, which led German respondents to tighten payment terms.

### Average payment term

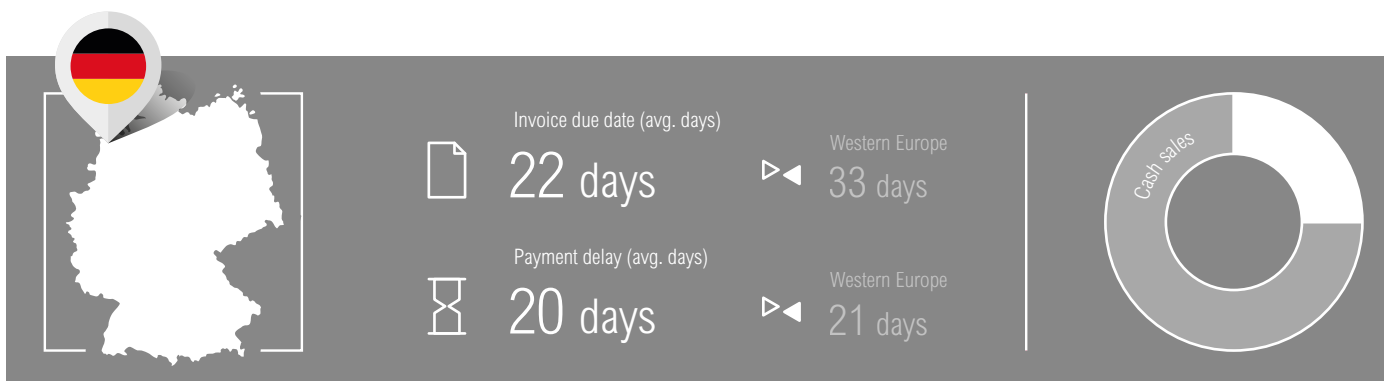
Domestic B2B customers of respondents in Germany are given an average of 20 days from the invoice date to pay invoices. This term, which decreased around five days over the past two years, is 14 days shorter than the average for Western Europe (34 days). It is the shortest payment term observed across the countries surveyed, enhancing the perception of a very strong payment morality in the German domestic market. This is a characteristic that Germany appears to have in common with Austria where domestic payment terms average 22 days.

Foreign B2B customers of German respondents are, on average, granted a little more time to pay invoices, 25 days (two days less than two years ago). This average term is seven days shorter than the average for Western Europe (32 days), and does not differ from those observed in Austria, Great Britain and the Netherlands.

### Overdue B2B invoices

An average of 41.6% of the total value of the domestic B2B sales on credit in Germany was paid late. This percentage is the same as the average recorded in Austria, and appears to be almost in line with the 40.2% average recorded in Western Europe. The proportion of foreign overdue invoices was slightly lower than the domestic one (39.2%, compared to a 35.4% average for Western Europe).

Over the past two years, the domestic overdue levels in Germany increased 16.3 percentage points notably more than the foreign overdue levels which increased 5.7 percentage points. It is worth noting that the domestic increase is the highest across the countries surveyed. Two years ago, it was the lowest across the countries surveyed, and now it is almost in line with that of most of the other countries. The foreign late payment rate is among the lowest in Western Europe, and appears to be close to those of Denmark and France.



Invoice late payment (domestic and foreign) is reflected in the Days Sales Outstanding (DSO) figure posted by German respondents, averaging 30 days (eight days longer than two years ago). However, this is markedly below the 48 days average for Western Europe. This may reflect a higher efficiency in collection of long outstanding invoices of high value than in Western Europe.

domestic B2B invoices around one week earlier, and on foreign invoices around nine days earlier, than two years ago.

Invoice late payment, and the cost of carrying trade debts, can have a negative impact on the company profitability. This may be the reason why cost containment is regarded by most of the German respondents (27.6%, versus an average 24.0% for Western Europe) as one of the biggest challenges to business profitability they will be facing in 2015.

**Key payment delay factors**

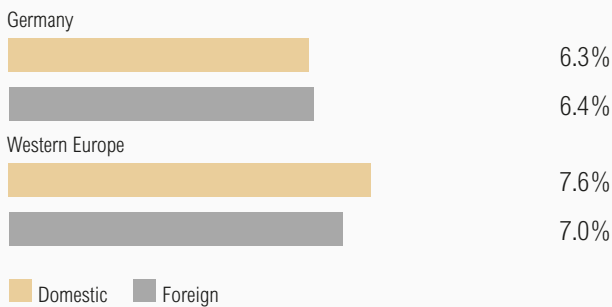
Nearly 55% of the companies surveyed in Germany (51.4% in Western Europe) reported that domestic late payment is most often a consequence of B2B customers' liquidity constraints. For 39.5% of respondents (37.0% in Western Europe), this is the most frequent reason for foreign payment delays as well. The percentage of German respondents reporting late invoice payment due to financial difficulties of B2B customers fell sharply at the beginning of 2014, and increased again this year, particularly on the domestic market.

In Germany, the second most often cited reason for invoice payment delay is the perception that B2B customers use outstanding invoices as a form of financing. This is in line with observations in Western Europe. Domestically, this was reported by 48.0% of respondents, which is the highest percentage across the countries surveyed, and well above the survey average of 34%. More respondents in Germany (36.0%) than in Western Europe (29.4%) attributed this reason to foreign payment delays. Furthermore, three out of ten respondents ascribe foreign payment delays to the complexity of the payment procedure (survey average 28.1%).

**Uncollectable accounts**

The proportion of B2B receivables reported by German respondents as uncollectable (0.7%) is notably lower than the 1.2% average for Western Europe. Domestic write-offs outweigh foreign ones. Uncollectable domestic B2B receivables originate most often from the business services, services, construction and consumer durables sectors.

**Average proportion of B2B invoices unpaid 90+ days after due date**



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – Spring 2015

More information in the [Statistical appendix](#)

**Average payment delay**

Domestic and foreign B2B customers of respondents in Germany pay their overdue invoices, on average, 20 days after the due date. This is in line with the survey average. This means that, on average, domestic payment duration in Germany is around 40 days (survey average: 56 days), and foreign payment duration around 45 days, from the invoice date (survey average: 52 days). It is worth mentioning that the domestic payment duration is the third shortest across the countries surveyed in Western Europe, after those recorded in Sweden (35 days) and Denmark (37 days).

Over the past two years, the German domestic market saw a considerable fluctuation of the average payment delay. The foreign average payment delay followed the same pattern. However, the result is that now respondents in Germany receive payment on



Foreign B2B write-offs occurred mainly in the business services, consumer durables, construction and chemicals sectors. For a markedly higher percentage of respondents in Germany (73.3%) than in Western Europe (66.4%), B2B receivables were mainly due to the customer being bankrupt or out of business.

For more insights into the B2B receivables collections practices in Germany, please see the Global Collections Review by Atradius Collections (free download after registration), available from April 21st 2015 on [www.atradiuscollections.com](http://www.atradiuscollections.com).

#### Top challenge to business profitability in 2015: cost containment



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – Spring 2015

More information in the [Statistical appendix](#)

#### Payment practices by industry

Survey respondents in Germany reported granting trade credit terms mainly to B2B customers belonging to the following sectors: chemicals, construction, consumer durables, financial services, machines, metals, business services and services. Above-average (for the country) invoice payment terms are extended to B2B customers in the construction (averaging 23 days domestic and 27 days foreign), consumer durables (22 days domestic and 26 days foreign) and chemicals sectors (22 days domestic and 29 days foreign).

The construction sector generates an above-average (for the country) proportion of overdue invoices (around 43% of the sectors' credit sales value is past due), due to insufficient availability of funds (68% of respondents in respect to domestic sales and 62% to foreign sales). Domestic and foreign payment delays in the construction sector are the longest, averaging 26 days.

Over the coming 12 months, nearly one in three respondents in Germany expect the payment behaviour of domestic B2B customers in the chemicals sector to improve slightly. One in four respondents anticipate a worsening of domestic payment practices in the construction sector, consumer durables and business services sectors. In regards to foreign customers, around one quarter of the respondents expect a slight deterioration in payment behaviour in the chemicals and construction sectors. No change is anticipated in the payment practices of other sectors.

To learn more about the Survey design of the Atradius Payment Practices Barometer, please see the [report for the region](#).

If after reading this report you would like **more information about protecting your receivables against payment default** by your customers you can visit the [Atradius website](#) or if you have more specific questions, please [leave a message](#) and a product specialist will call you back.

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The [Statistical appendix](#) to this report is part of the Spring 2015 Payment Practices Barometer of Atradius (survey results for Western Europe) available at [www.atradius.com/Publications/Payment Practices Barometer](http://www.atradius.com/Publications/Payment Practices Barometer). This appendix is available for download in PDF format (English only).

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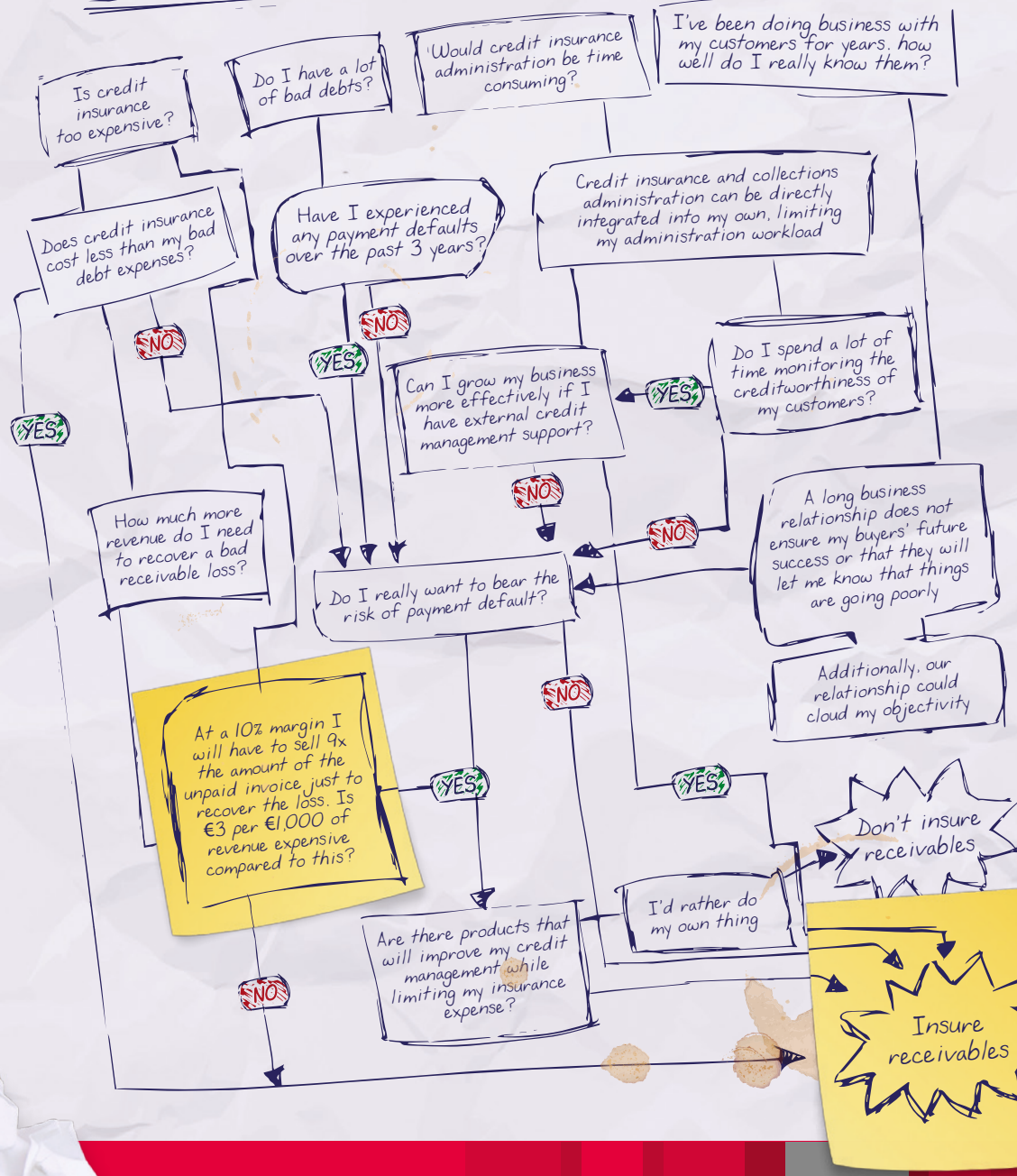
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