



# Western Europe: an increase in past due B2B invoices

Atradius Payment Practices Barometer

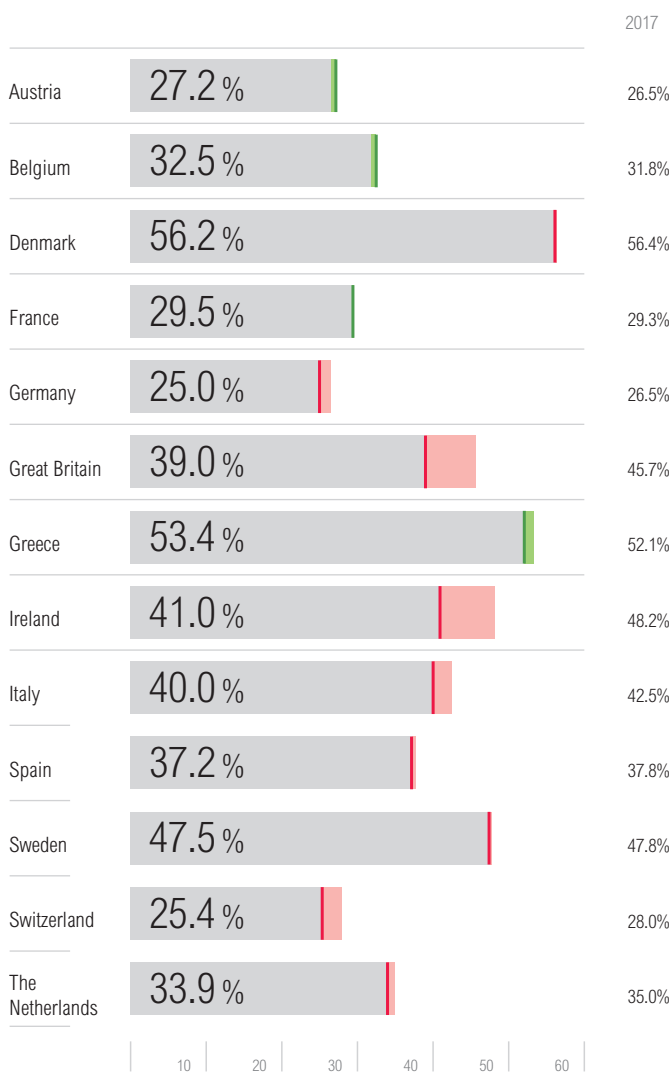


In 2018, Atradius Payment Practices Barometer survey respondents from Western Europe reported an increase in past due B2B invoices. The majority of respondents (57.9%) said that they felt the impact of payment delays having to postpone their own payments to suppliers and even losing revenue. Like in 2017, the main reason for payment delays was insufficient availability of funds. The proportion of uncollectable B2B receivables remained stable at 1.3% and most respondents in the region declared that the customer going bankrupt was the main reason for write-offs.

## Loyal customers are often granted credit terms

The proportion of B2B credit sales in Western Europe decreased from an average of 38.8% in 2017 to 37.4% this year. This was mainly due to steep decreases in Ireland (by 7.2%) and Great Britain (by 6.7%). With an average of 56.2% of B2B sales transacted on credit terms, respondents in Denmark remain the most inclined to offer credit terms. In contrast, with an average of 25.0%, respondents in Germany are the least inclined (even less inclined to offer credit terms than in 2017, when the average proportion of B2B sales on credit stood at 26.5%).

## Proportion of total B2B sales made on credit



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – October 2018

## Many B2B customers request credit terms

Respondents in the Western European countries surveyed are more likely to sell on credit terms to their domestic B2B customers than to their B2B customers abroad. Domestic credit terms seem to be granted mainly to repeat B2B customers to reward long-standing business relationships but also because this is the customers' preference. There is also a shared belief that selling on credit can stimulate local expansion by attracting new customers. 32.3% of respondents said refusing to grant credit terms is mainly due to the poor payment behaviour of their domestic B2B customers and 20.0% said that it is due to the financial weakness of the customer.

» *We trade on credit with regular customers, with whom we have built long-term partnerships and whom we trust. New customers are granted trade credit only if we believe that the business relationship will last longer.*«

Survey respondent · Machines sector

Businesses in Western Europe seem to grant trade credit to foreign B2B customers mainly for the same reasons, to nurture already established relationships and to attract new customers. Respondents said that credit sales provide flexibility and it's much easier to use this method of payment. 33.9% of Western European respondents said that they refuse to grant credit terms to their B2B customers abroad if they lack information on their customer's business or payment performance. Other main reasons for refusing credit sales are high economic or political risk in the customer's country (mentioned by 26.7% of respondents) and poor payment behaviour (22.1% of respondents).

» *We trade on credit because we would like to increase foreign trade and because we believe that this is very profitable and easy.*«

Survey respondent · Business services sector



## Overdue B2B invoices continuing their upward trend in 2018

87.6% of respondents in Western Europe reported frequent late payments by their B2B customers compared to 87.8% in 2017. Late payments seemed to occur significantly more frequently with domestic B2B customers than with B2B customers abroad. The percentages of respondents who cited late payments by their B2B customers increased significantly in Sweden and Greece.

After a minor increase from 39.0% in 2016 to 40.7% in 2017, the proportion of past due B2B receivables in Western Europe increased again this year and stands at 41.8%. The regional increase occurred after all countries with the exception of Germany, Ireland and Great Britain reported higher proportions of past due B2B invoices. The average proportion of foreign past due B2B invoices is slightly higher than that of domestic past due B2B invoices.

In 2018, the average Days Sales Outstanding (DSO) figure recorded in Western Europe is stable at 44 days, showing no change compared to 2017. 62.8% of respondents in the region said that they do not foresee changes in their company's DSO over the next 12 months. 21.0% of respondents mentioned that they expect an increase while 16.1% foresee a decrease.

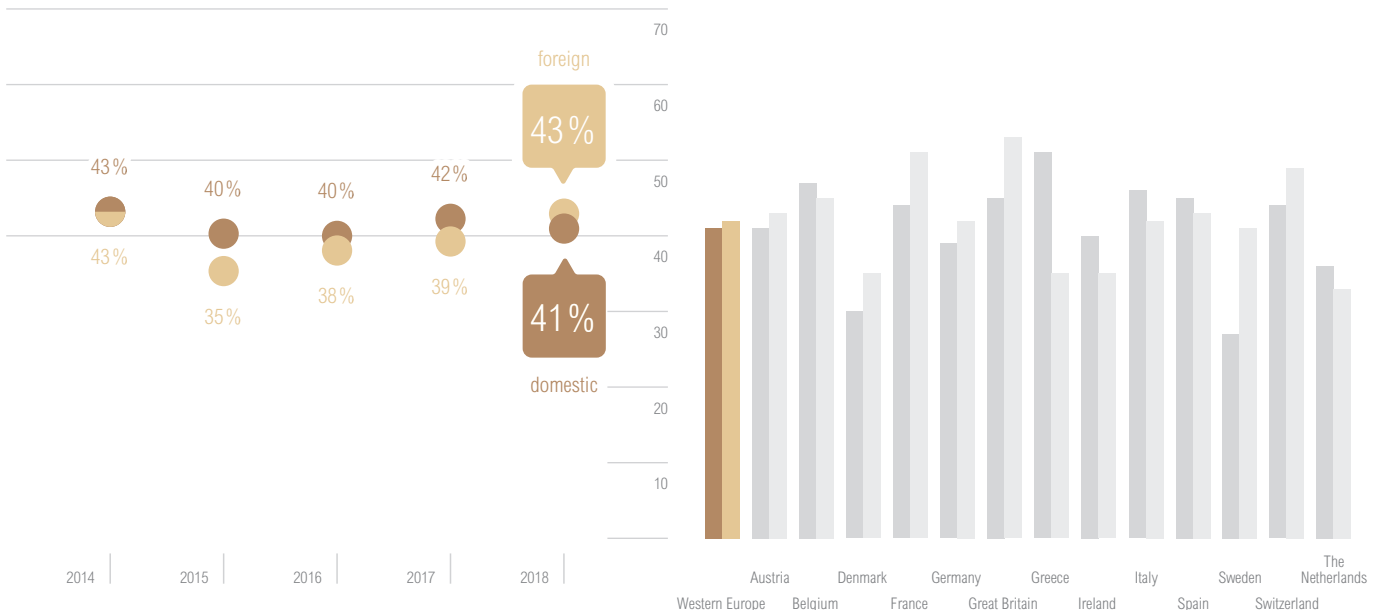
## Most respondents reporting late payments in Austria, highest proportion of overdue invoices in Great Britain

In Western Europe, late payments were most frequently reported in Austria (95% of respondents). This included all survey respondents (100%) regarding their domestic B2B customers. As a result, the percentage of late payments for the country increased from 91.5% in 2017. Switzerland and Belgium follow with 92.5% of respondents citing payment delays. In contrast, respondents in Greece were the least likely to report late payments (on average, 72.0% of respondents).

In 2018, Great Britain continues to be the country with the highest proportion of domestic and foreign past due B2B invoices. The proportion of overdue B2B invoices is stable at 48.7% after 48.8% in 2017. The country also reported an increase of four days in DSO. After Great Britain, the country with the highest percentage of past due B2B invoices is France (on average, 47.5%).

## Past due B2B receivables in Western Europe

(avg. %)



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – October 2018



*In 2018, Great Britain (48.7%) remains the country with the highest proportion of past due B2B invoices in Western Europe.*

## Shorter payment terms for B2B customers in Western Europe

Domestic B2B customers have, on average, 34 days to fulfil their payment obligations (33 days in 2017). Foreign B2B customers are given, on average, 29 days (31 days in 2017). The average payment terms in most countries surveyed remained largely stable. Italy is the exception, where there was a five days decrease for domestic B2B customers and an eight days decrease for B2B customers abroad.

Greece remains the country that offers the most lenient payment terms in the region (on average, 75 days and 29 days respectively). Respondents in Germany set the shortest payment terms (on average, 20 days and 23 days respectively).

When asked if their companies differentiate payment terms between domestic and foreign B2B customers, respondents in the Netherlands, Great Britain and Germany are the least likely to differentiate and those in Italy, Spain and Greece are the most likely to differentiate payment terms. The main reasons for differentiation mentioned in all countries surveyed are internal policies and local industry practices. Other noteworthy reasons are that the economic situation in the export country is poor (mentioned mostly in Great Britain, Spain and Ireland), the financial risk related to the export transaction is high (mentioned in Greece, Ireland and Spain) and domestic payment terms dictated by law (mentioned in Great Britain, Spain and France).

## 57.9% of Western European respondents reported having felt the impact of payment delays

Domestic and foreign B2B customers of respondents in Western Europe delay payments, on average by 24 days. This compares to 26 days for domestic and 22 days for foreign B2B customers in 2017. In 2018, the longest payment delays occurred in Great Britain, where respondents received payments on average, 34 days late. Despite a minor increase this year, respondents in the Netherlands experienced the shortest payment delays (on average, 16 days). Sweden reported increases in payment delays by both domestic and foreign B2B customers (from an average of 12 days in 2017 to 19 days this year) while Ireland reported significant decreases (from an average of 27 days in 2017 to 19 days this year).

In 2018, domestic payment delays in Western Europe occurred mainly because of insufficient availability of funds (47.3%), buyers using outstanding invoices as a form of financing (30.9%) and because the goods delivered and services provided did not correspond with what was agreed in the contract (20.0%). There was a significant increase in the percentage of respondents reporting this last payment delay factor (from 13.3% in 2017).

31.7% of respondents stated insufficient availability of funds by foreign B2B customers (34.6% in 2017). The second most frequently cited reason for payment delays by B2B customers abroad was the complexity of the payment procedure, stated by 27.3% of survey respondents; a slight decrease compared to 2017 when it was 30.7%.



*An increased percentage of respondents reported that payment delays occurred because the goods delivered or services provided did not correspond to the terms agreed in the contract.*

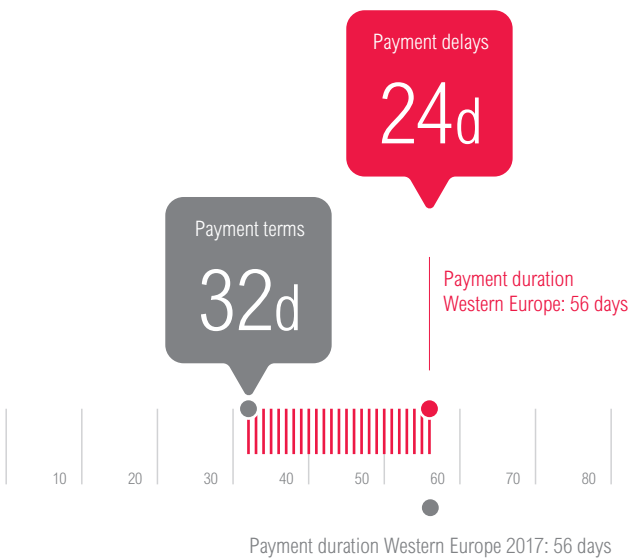
The majority of respondents in Western Europe (57.9%) said that payment delays affected their businesses. Of these, 18.0% had to take specific measures to correct cash flow, 16.8% reported that they lost revenue and 15.9% that they had to postpone payments to their own suppliers. 42.1% of Western European respondents said that overdue B2B invoices did not have a significant impact on their businesses.

## Invoices paid quicker when sent online

67.4% of respondents in Western Europe said that they are already invoicing their B2B customers electronically (e-invoicing). By country, e-invoicing appears to be most broadly used in Denmark (79.3% of respondents), Ireland (78.9%) and Sweden (75.1%). At the other end of the scale, with a percentage of 43.0%, respondents in Greece are the least likely to invoice online. Italy, where 63.0% of respondents are currently invoicing online, had the highest percentage of respondents (23.2%) who stated their willingness to adopt e-invoicing in 2018.

53.8% of respondents in the region said that e-invoicing has resulted in quicker payment from their B2B customers. 41.0% said that e-invoicing had no noteworthy effect and a low 5.2% said that it caused a slowdown in payment.

## Payment duration in Western Europe



d=average days

Sample: companies interviewed (active in domestic and foreign markets)

Source: Atradius Payment Practices Barometer – October 2018

## The fastest/slowest invoice to cash turnaround in Western Europe

Based on the changes in payment terms and payment delays, the average payment duration in Western Europe is stable at 56 days. With an average of 76 days, Greece still has the longest payment duration in Western Europe despite this year's decrease of eight days. In contrast, the payment duration of Germany and the Netherlands averages 42 days and is the shortest in the region. In 2018, the payment duration recorded in France and Sweden deteriorated (6 days increase in France and 5 days increase in Sweden).



*In 2018, B2B customers in the consumer durables sector were some of the slowest payers.*

## US protectionism turning into a trade war – the most feared potential risk to global growth

The outlook for almost all Western European countries is positive. However, there are a number of potential threats to global growth. Survey respondents ranked four of the most notable risks to global economic growth: US protectionism escalating into a trade war, US Fed policy, a 'hard landing' in China and geopolitical risk. 44.8% said that US protectionism turning into a trade war is the most likely to dampen economic growth in the upcoming six months. 25.4% of respondents in the region believe that US protectionism is a significant risk but is not the most significant one. Only 14.5% of respondents believe this is the least significant risk. By country, the highest percentage of respondents believing that US protectionism may trigger a global trade war that hampers global growth was recorded in Denmark (59.6%).

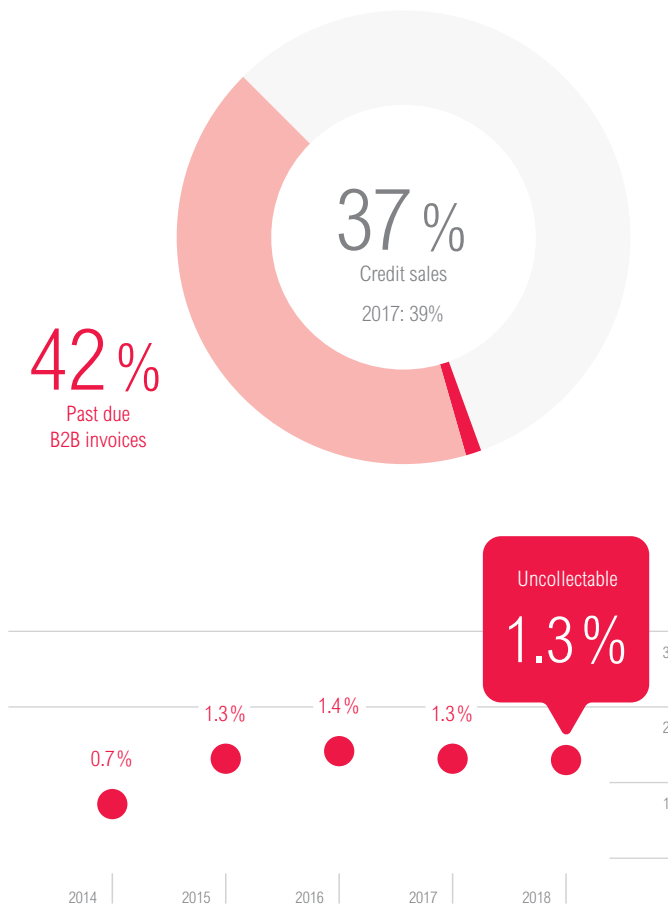
According to our survey findings, the second most significant risk to global growth is geopolitical risk (19.6% of respondents mentioned this). Businesses trading internationally do not seem as concerned about the US Fed policy or a potential 'hard landing' in China. These were considered to be the most significant risks to global economic growth by 19.3% and 16.3% of respondents respectively.

## Bankruptcy – once again the main reason for write-offs

The average proportion of uncollectable B2B receivables in Western Europe is stable at 1.3% (no change in 2018). With the exception of Greece and Denmark uncollectable B2B receivables in the region averaged between 0.7% and 1.5%. Germany and the Netherlands had the lowest percentages of uncollectable B2B receivables (on average, 0.7% and 0.8% respectively). Greece continues to be the country with the highest percentage of uncollectable B2B receivables. Moreover, the country also experienced a small increase, from an average of 2.5% in 2017 to 2.8% this year.

## Uncollectable B2B receivables in Western Europe

(% of total value of B2B receivables)



Sample: companies interviewed (active in domestic and foreign markets)  
 Source: Atradius Payment Practices Barometer – October 2018

Uncollectable receivables in Western Europe originated most often from the construction, consumer durables, business services and services sectors. B2B receivables were reported to be uncollectable mainly because the customer went bankrupt or out of business. This view was shared by the majority of respondents in Western Europe (57.1%, slightly down from 58.3% in 2017). Secondary reasons were the failure of collection attempts (cited by 28.4% of respondents) and the additional, high costs to pursue the debtors (cited by 27.8% of respondents).

## Payment practices by industry

In 2018, respondents in Western Europe gave their customers 27 days, on average, to pay invoices. By sector, B2B customers of respondents in the paper (on average, 50 days) and textiles sectors (42 days on average) were given the most lenient payment terms. In contrast, B2B customers in the business services sector had the shortest time to fulfil their payment obligations (on average, 26 days).

B2B customers of respondents in the construction materials and consumer durables sectors seem to take the longest to pay. Domestic and foreign B2B customers in these sectors paid, on average, 31 and 27 days late. Similarly to what was stated for the region overall, the main reasons for payment delays were insufficient availability of funds and buyers using outstanding invoices as a form of financing.

Looking at changes over the coming 12 months, 38.0% of respondents in construction materials do not expect any changes in the payment behaviour of their B2B customers. A slightly lower percentage, 34.0% expect deterioration. Most respondents in the consumer durables (54.0%) sector do not foresee changes while 25.0% foresee deterioration.



## Survey design for Western Europe

### Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the “Atradius Payment Practices Barometer”. In this report focusing on Western Europe, which is part of the 2018 edition of the Atradius Payment Practices Barometer, companies from 13 countries (Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Ireland, Italy, Spain, Sweden, Switzerland and the Netherlands) have been surveyed.

Using a questionnaire, Ilisia Research conducted a net of 2,770 interviews. All interviews were conducted exclusively for Atradius, without any combination of topics.

### Survey scope

- Basic population: companies from 13 countries (Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Ireland, Italy, Spain, Sweden, Switzerland and the Netherlands) were monitored. The appropriate contacts for accounts receivable management were interviewed.
- Selection process – Internet survey: 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=2,770 people were interviewed in total (approximately n=200 people per country). In each country a quota was maintained according to four classes of company size.
- Interview: Web-assisted personal interviews (WAPI) of approximately 15 minutes duration. Interview period: Q2 of 2018.

### Sample overview – Total interviews = 2,770

Country	n	%
Austria	218	7.9%
Belgium	208	7.5%
Denmark	213	7.7%
France	215	7.8%
Germany	213	7.7%
Great Britain	215	7.8%
Greece	200	7.2%
Ireland	229	8.3%
Italy	214	7.7%
Spain	212	7.7%
Sweden	214	7.7%
Switzerland	213	7.7%
The Netherlands	206	7.4%
Business size	n	%
Micro-enterprises	915	33.0%
SMEs (Small/Medium enterprises)	1,533	55.3%
Large enterprises	322	11.6%
Industry	n	%
Manufacturing	797	28.8%
Wholesale / Retail / Distribution	855	30.9%
Services	1,118	40.4%

It may occur that the results are a percent more or less than 100%. This is the consequence of rounding off the results. Rather than adjusting the outcome so that it totalled 100%, we have chosen to leave the individual results as they were to allow for the most accurate representation possible.



## Statistical appendix

Find detailed charts and figures in the Statistical Appendix for Western Europe. This is part of the October 2018 Payment Practices Barometer of Atradius, available at

[www.atradius.com/publications](http://www.atradius.com/publications)

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



### Disclaimer

This report is provided for information purposes only and is not intended as a recommendation as to particular transactions, investments or strategies in any way to any reader. Readers must make their own independent decisions, commercial or otherwise, regarding the information provided. While we have made every attempt to ensure that the information contained in this report has been obtained from reliable sources, Atradius is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information in this report is provided 'as is', with no guarantee of completeness, accuracy, timeliness or of the results obtained from its use, and without warranty of any kind, express or implied. In no event will Atradius, its related partnerships or corporations, or the partners, agents or employees thereof, be liable to you or anyone else for any decision made or action taken in reliance on the information in this report or for any consequential, special or similar damages, even if advised of the possibility of such damages.

### Copyright [Atradius N.V.](#) 2018

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. In the Publications section you'll find many more Atradius publications focusing on the global economy, including country reports, industry analyses, advice on credit management and essays on current business issues.

[Subscribe](#) to notifications of our Publications and receive weekly emails to alert you when a new report is published.

For more **insights into the B2B receivables collection practices** in Western Europe and worldwide, please see the Global Collections Review by Atradius Collections (free download after registration), available on [www.atradius-collections.com](http://www.atradius-collections.com)

Connect with Atradius on Social Media



On Twitter? Follow [@Atradius](#) or search [#atradiusppb](#)

**Atradius N.V.**

David Ricardostraat 1 · 1066 JS Amsterdam

Postbus 8982 · 1006 JD Amsterdam

The Netherlands

Phone: +31 20 553 9111

[info@atradius.com](mailto:info@atradius.com)

[www.atradius.com](http://www.atradius.com)