



Atradius Payment Practices Barometer 2024

B2B payment practices trends

Western Europe

Strategic credit management crucial
as bad debts and DSO worsen





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.

We believe 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 Western Europe. Markets surveyed: **Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Netherlands, Spain, Sweden, Switzerland and the United Kingdom.**

Insights into topics by country and local sectors can be found in the country reports that form the 2024 edition of the survey for Western Europe.

The survey was conducted between the end of Q1 and the beginning of Q2 2024. Findings should therefore be viewed with this in mind.



In this report

B2B payment practices trends Strategic credit management crucial as bad debts and DSO worsen	4
Key figures and charts	6
<hr/>	
Looking ahead Rising insolvency risk tops complex range of concerns	7
Key figures and charts	9
<hr/>	
Survey design	10

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Western Europe

B2B payment practices trends

Strategic credit management crucial as bad debts and DSO worsen

Trading on credit in B2B sales continues to play a significant role for businesses across the spectrum in Western Europe. This is evident in our survey finding that half of all B2B sales are currently being transacted on credit in the region, which is a consistent trend from the previous year. Naturally, there are differences between the 14 markets which feature in the survey, highlighting the diverse approaches being adopted by companies depending on their specific circumstances and industry dynamics. The most open approach to offering trade credit in sales strategy with B2B customers is among businesses in Spain and The Netherlands, with an average of 67% and 64% of sales now being conducted on credit, respectively. Austria is the least inclined country with only 38% of B2B sales on credit. Through the industries in our survey the agri-food sector is most likely to sell on credit in B2B trade, while the machinery industry is most cautious. Companies in Western Europe report several key reasons for trading on credit with B2B customers: to boost sales, to maintain a competitive advantage, and to foster long-term relationships with B2B customers, which is particularly the case in France.

This desire for increased sales, strong customer relations and keeping a competitive business edge explains a change in strategic approach to payment policies by companies across Western Europe. There is a clear relaxation of payment terms being offered to B2B customers, which currently average 52 days from invoicing compared to 41 days a year earlier. This trend is occurring despite the risk it carries of delayed or non-payments from B2B customers on credit, which could impact on cashflow and liquidity if not managed effectively amid the current challenging economic climate. Again, there are variations of approach across the region. Finland has the most lenient payment terms at 71 days from invoicing, while Greece has the strictest terms at just 32 days. Among industries the machinery sector is the most accommodating with payment terms at an average 64 days from invoicing, while the electronics/ICT sector is the most stringent at 43 days. This may stem from the fast-paced nature of technology markets and a need to maintain liquidity for rapid product development.

A consequence of the cautious payment policies among electronics/ICT companies is that they report the lowest levels of late payments by B2B customers in the region. By

Key survey findings

- The significance of trading on credit in B2B sales for companies in Western Europe is clearly shown in our survey. Overall, nearly half of all B2B sales are currently being transacted on credit, a consistent trend from the previous year. Spain has the highest level at 67% of all sales, whereas in Austria it is only 38% of sales. Key reasons for offering trade credit are to boost sales and to foster long-term customer relationships.
- This desire for strong customer relations and increased sales is evident in the trend of longer payment terms being offered by businesses in Western Europe. These now average 52 days from invoicing, up from 41 days a year before. Finland has the most lenient payment terms at 71 days, and Greece the strictest at just 32 days. The machines industry is offering the most generous terms among sectors at 64 days.
- Nearly half of all B2B sales among companies in Western Europe are currently being affected by late payments. This is a relatively consistent trend from a year earlier. Bad debts are also steady at 8% of all B2B sales. The hardest hit country is Ireland, while the machinery industry is the sector being most affected by late payments at 58% of all B2B sales. The primary cause of late payments is liquidity issues among B2B customers.

contrast, the machinery industry, which offers the most lenient payment terms, is being heavily impacted by customer credit risk, with an upward trend in late payments which now affect 58% of all B2B sales. They also have the highest levels of bad debts. The credit risk landscape across Western Europe reflects companies' varied experiences during these challenging economic times. 46% of businesses in our survey say they have experienced no significant change in the payment practices of their B2B customers during the past 12 months. Evidence of this is that nearly half of all B2B sales are currently being affected by late payments, which is a consistent trend from a year earlier. However, around one third of businesses report a notable worsening of B2B customers' payment patterns, prompting a surge in bad debts which now impact 8% of all B2B sales in the region, up from last year's 6%. Ireland is the country hardest hit by bad debts, and most of the markets surveyed in Western Europe are also seeing higher levels of bad debts compared to a year earlier, leading to financial strain.

Key figures and charts on the following pages

(continued on page 5)

Western Europe

The primary reason for deteriorating payment patterns is liquidity issues among B2B customers, while the most usual response to customer credit risk is slowing down payments to suppliers, with the potential for a ripple effect through various industries. This is especially the case in Denmark, and across sectors most notably in the chemicals industry. Delaying investment is another option, underscoring the negative impact late payments can have on business expansion, and highlighting the importance of strategic credit management.

The strains being caused by the rise in bad debts are also clearly signalled by a significant worsening in Days-Sales-Outstanding (DSO) among businesses across Western Europe. The average DSO is now 30% longer than a year earlier, and there are twice as many companies in the region experiencing a deterioration in debt collection efficiency compared to a year ago. This can lead to cashflow challenges, affecting working capital management and overall financial health. The electronics/ICT sector has the highest DSO at more than 100 days, despite having the lowest incidence of late payments, which is probably the result of industry-specific factors such as invoice size and sales cycle complexity. Austria has the highest DSO among the countries in our survey, while the United Kingdom has the lowest. Companies in Austria, as well as Germany, are the most inclined to seek bank credit as a primary source of financing to address liquidity gaps resulting from late payments. Bank credit is the most popular option through the region, but 44% of businesses tell us they rely on trade credit as a primary source of financing their operations. This underlines the importance of B2B trading on credit for companies across

- A common response to late payments among Western European businesses is slowing down payments to their own suppliers, with the risk of a domino effect through various industries. This is particularly notable in Denmark, and in the machinery and chemicals sectors. Another popular strategic response is delaying investment in the business, seen especially in Switzerland and in the steel/metals industry.

- To address potential liquidity gaps arising from late payments, companies in Western Europe look mostly to bank credit, notably in Germany and Austria, and in the consumer durables sector. 44% of businesses rely on trade credit as a primary source of financing, particularly in Spain and Switzerland. Invoice financing is a supplementary measure for 40% of companies.

- Our survey finds a deterioration in Days-Sales-Outstanding (DSO), now 30% longer on average than the previous year. Significantly, twice as many companies in Western Europe as last year are experiencing a worsening in debt collection efficiency. The electronics/ICT sector has the highest DSO at more than 100 days from invoicing.

Western Europe. However, for suppliers extending credit to finance B2B customers, it is essential to implement strategic cashflow management practices to minimise the disruptive impact that late or non-payment from customers may have on business operations and financial stability.

Key figures and charts on the following pages

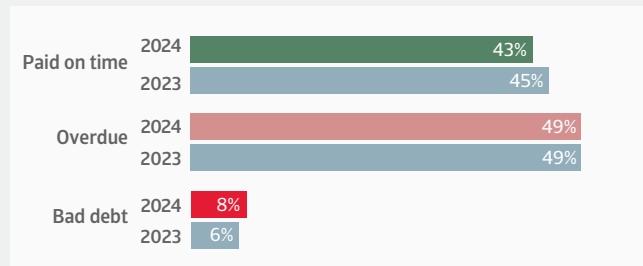




Western Europe

Western Europe

% of the total value of B2B invoices paid on time, overdue and bad debt (2024/2023)

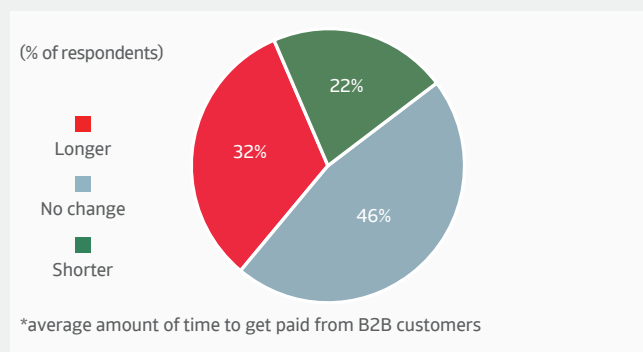


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Western Europe – 2024

Western Europe

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

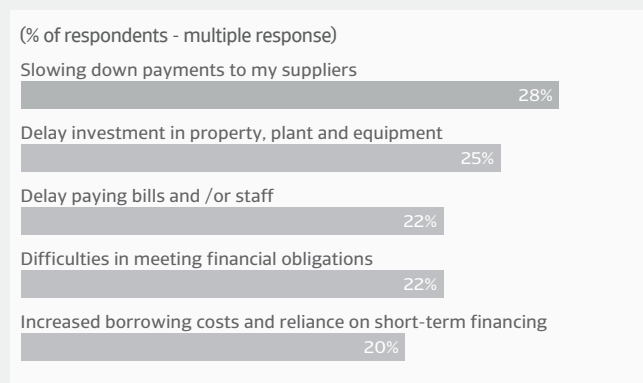


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Western Europe – 2024

Western Europe

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 Western Europe – 2024

Western Europe

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

- 49% Bank loans
- 44% Trade credit
- 40% Invoice financing
- 25% Internal funds

(% of respondents - multiple response)

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Western Europe – 2024

Western Europe

Looking ahead

Rising insolvency risk tops complex range of concerns

A cautious mood of optimism about the prospects for both B2B customer payment behaviour and Days-Sales-Outstanding (DSO) is evident in our survey of companies across 14 markets in Western Europe. 40% of businesses tell us they anticipate an improvement in customer payment practices during the year ahead, while the majority of the rest envisage no significant change. Improved debt collection efficiency is expected by 36% of companies through the region, leading to better cashflow and an increased potential for future investment. Many other businesses say they envisage no change in DSO, and only a minority expect a deterioration. Most optimism about both indicators is found among companies in Ireland, while the greatest pessimism is expressed by businesses in France and Austria. Across the industries in our survey there is a high degree of positivity about B2B customer payment behaviour and DSO in the agri-food sector, while particular concern for the year ahead is reported across the transport sector due to industry-specific challenges affecting logistics and B2B trade flows.

Despite these expectations of an improved outlook for B2B payment practices and DSO during the year ahead, companies in Western Europe remain wary about the broader economic landscape. Market volatility, ongoing geopolitical tensions, as well as lingering financial vulnerabilities, have the potential to cause an increased risk of insolvency in the coming months. This would pose challenges to business sustainability and financial health, which is why companies across the region remain vigilant about problems on the horizon. The mood of concern is highlighted by our survey

Key survey findings

- 40% of companies across Western Europe anticipate an improvement in B2B customer payment behaviour during the year ahead. Businesses in Ireland report the highest level of optimism, whereas there is a mostly negative outlook in France. The agri-food industry is the most positive through the region, but the transport sector expresses anxiety about future payment practices.
- A very similar mood is found among businesses in Western Europe about the prospects for Days-Sales-Outstanding (DSO). 34% of companies say they expect improved debt collection efficiency, while the majority of the rest envisage no significant change. Ireland is again the most optimistic, with France and Austria the most pessimistic.
- More than 60% of companies in Western Europe anticipate an increased risk of insolvencies in the year ahead. Businesses in Austria, Switzerland and Germany expect a rise of insolvencies among their B2B customers. Across the industries in our survey, the machinery and chemicals sectors report concern about future insolvency rates.

finding that a surge in insolvencies is feared by almost two out of three businesses. A significant rise in insolvency rates among B2B customers is anticipated particularly by companies in Austria, Switzerland and Germany, and across both the machinery and chemicals industries. More optimism about the outlook for insolvency rates is reported in Ireland, The Netherlands and Spain.

Key figures and charts on the following pages

(continued on page 8)



Western Europe

The predominant future concern for companies across all the industries of our survey in Western Europe is the state of domestic economy in each country. This is felt in both the short-term and long-term outlook, with worries about ongoing inflation, restrictive monetary policies and potential supply chain disruptions. There is particularly deep anxiety about the economic landscape reported by all sectors of the survey in the United Kingdom. In the eurozone it is Spanish companies who stand out for their high level of concern about the domestic economy, where low consumer confidence is a specific challenge. Among the various industries in our survey, the agri-food sector across the region is especially worried about the impact of domestic economic conditions on business prospects. The persistence of tight credit policies compounded by inflationary pressures are likely to cast a shadow over consumer confidence throughout the year ahead.

Several other major worries for the year ahead are evident in a complex picture for companies across Western Europe. There is widespread concern for both the short-term and long-term about the pressures being faced by the increasing emphasis on sustainable business practices, along with the potential impact of environmental regulations on the cost structure of companies. This is felt particularly in the Netherlands where businesses in the construction and transport sectors report deep anxiety about how they will be affected by sustainability regulations. The transport industry across the region in general has significant apprehension about the substantial costs associated with regulatory compliance that could affect their operations and their competitiveness in the market. Ongoing

- By far the main worry for the year ahead among companies across all countries in our survey of Western Europe is the state of their domestic economies. This anxiety is felt in both the short-term and long-term, with especially deep concern in the United Kingdom and Spain, as well as the agri-food sector in general.
- Another widespread anxiety through the region is about sustainable business practices and the potential impact of environmental regulations on company operations. Holland is particularly apprehensive in this area, along with the entire transport sector in Western Europe due to the substantial costs involved in regulatory compliance.
- There are a range of other concerns for the year ahead evident in our survey. These include geopolitical tensions that could cause supply chain disruptions, cybersecurity threats, and recruitment difficulties such as skill shortages. It all contributes to a complex set of worries for businesses across Western Europe.

geopolitical tensions, which could cause supply chain disruptions are a further worry, as well as recruitment difficulties, including skill shortages and talent retention issues. There is also anxiety throughout the region about cybersecurity threats, especially in the electronic/ICT sector. All these factors collectively contribute to a complex landscape of concerns for businesses operating in Western Europe.

Key figures and charts on the following pages

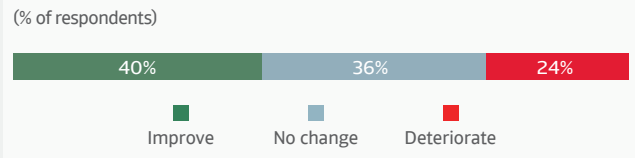




Western Europe

Western Europe

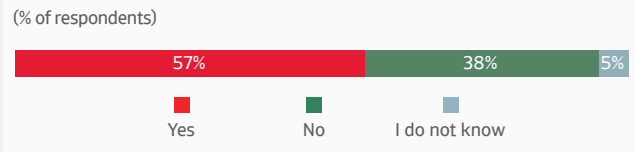
Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?



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

Western Europe

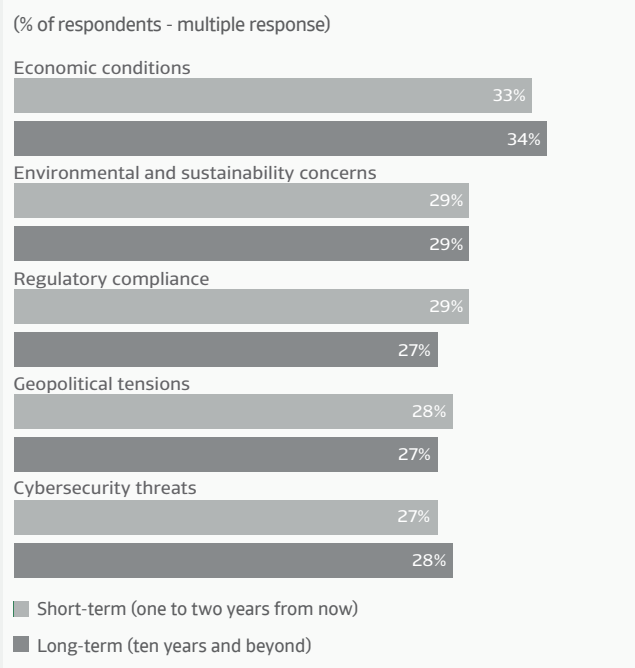
Do you see an increased insolvency risk for your customers in the next 12 months?



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

Western Europe

Looking ahead: top 5 concerns expressed by businesses polled



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

Western Europe

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

- 36% Improve
- 40% No change
- 24% Deteriorate

(% of respondents)

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

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Western Europe are the focus of this report, which forms part of the 2024 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 2,977 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Western Europe 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=2,977 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: The survey was conducted between the end of Q1 and the beginning of Q2 2024, and findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 2,977

Country		
Austria	Germany	Spain
Belgium	Greece	Sweden
Denmark	Ireland	Switzerland
France	Italy	United Kingdom
Finland	Netherlands	

Sector		
Agri-Food	Consumer Durables	Steel-Metals
Chemicals	Electronics/ICT	Transport
Construction	Machines	

Business sector	Interviews	%
Manufacturing	1,260	42
Wholesale	628	21
Retail / Distribution	785	27
Services	304	10
TOTAL	2,977	100

Business size	Interviews	%
SME: Small enterprises	574	19
SME: Medium enterprises	1,027	34
Medium Large enterprises	968	33
Large enterprise	408	14
TOTAL	2,977	100

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 Western Europe and worldwide, please visit [atradiuscollections.com](https://group.atradius.com/publications/results).

All reports highlighting country-specific findings of the May 2024 edition of the Atradius Payment Practices Barometer for Western Europe are available for download from the Atradius website <https://group.atradius.com/publications/results>

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