

Atradius Payment Practices Barometer 2023

Key trends for B2B payments and cash flow

# Western Europe

Working capital management top priority  
amid investment delays



## 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 2023 edition of the survey for Western Europe.

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.





## In this report

B2B payment trends and cash flow	4
<b>Working capital management top priority amid investment delays</b>	
Key figures and charts	5
Looking ahead	6
<b>Positive outlook amid concern about long-term challenges</b>	
Key figures and charts	7
Survey design	8

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# B2B payment trends and cash flow

## Working capital management top priority amid investment delays

The most striking finding of our survey among businesses in Western Europe was the widespread policy of delaying or halting investment plans. This was a clear indication of financial distress as many companies responded to the uncertain economic landscape by holding onto cash while struggling to continue operations and meet payment deadlines. Businesses polled in Western Europe said they were strongly affected by a combination of persistent record inflation, higher borrowing costs and heightened geopolitical tensions impacting supply chains, as well as the phasing out of pandemic fiscal support measures. Many companies reported decreasing profits amid subdued demand and growth, which severely reduced the availability of internal funds and prompted the decisions to postpone or halt investment while strengthening focus on working capital management.

These negative investment decisions, which could threaten economic growth, were taken in a bid to cushion the impact on liquidity levels caused by poorer payment behaviour from financially distressed B2B customers. Our survey found an average 20% increase in the volume of late payments during the past 12 months, with payment delays now affecting an average 49% of all B2B sales transacted on credit. Companies across various markets in Western Europe had to wait on average one week longer than last year to be paid, prompting a range of measures to ease pressure on liquidity.

Businesses polled said that when they sought external finance they preferred to borrow through supplier credit rather than relying on more costly bank loans. However, our survey found a lower appetite from suppliers to accept trade credit requests, with many companies saying their requests were not fully met.

Another feature of the more stringent trade credit policy used by companies in Western Europe was opting to keep B2B payment terms steady during the past 12 months. This helped businesses offering trade credit to B2B customers to mitigate the impact of a deteriorated credit landscape. The level of bad debts written off as uncollectable was maintained at an average of 6% of all invoiced B2B sales. However, many companies polled said they suffered large swings of Days-Sales-Outstanding (DSO) due to lower efficiency in debt collection. This caused anxiety about the financial health of their business, and to minimise the damage of B2B late payments and to protect profitability, companies in Western Europe told us they put a greater focus on credit management.

In-house retention and management of trade credit risk was the preferred option for 68% of companies polled in Western Europe, but our survey also found an increasing appetite for a more strategic approach to credit management. This was signalled by a 15% rise during the past year in businesses who opted for insuring receivables arising from B2B trade.

## Key survey findings

- High inflation, geopolitical tensions and rising borrowing costs created a tough year for businesses polled in Western Europe. The result was decreasing profits, financial distress and a widespread response of companies delaying or stopping their investment plans.
- There was a significant deterioration in B2B customer payment behaviour, with a larger volume of unpaid invoices. Late payments increased and now average 49% of all B2B sales, with a 73-day average wait to collect payment. The level of bad debts remained a concern at 6% of all B2B invoiced sales.
- Businesses responded by holding on to cash to avoid liquidity problems. 46% of companies polled delayed or stopped investment plans, a huge risk in a period of major challenges such as climate change regulations and cyber fraud.
- Another widespread measure to ease liquidity problems among companies in Western Europe was seeking external finance through supplier credit rather than costly bank loans.
- The difficult economic landscape prompted a tighter trade credit policy among businesses polled. This was reflected in a markedly lower appetite to accept credit requests. No significant change in payment terms was reported, these terms set mostly in light of the cost of obtaining working capital.
- While 68% of companies polled in Western Europe opted for in-house retention and management of customer credit risk, our survey found a growing appreciation of the benefits of credit insurance, which liberates liquidity to be put to use in the business. 54% of companies said they used credit insurance, a 15% rise on last year.

Companies told us this had the benefit of liberating liquidity for use in investment during a period when they face immense challenges and risks. As well as dealing with customer payment defaults, these include complying with climate change targets and withstanding the threat of cyber fraud.

For insights into topics by country and local sectors please go to the country specific reports that form part of the 2023 edition of the Atradius Payment Practices Barometer for Western Europe. Free for download at [www.atradius.com](http://www.atradius.com) (Publications).

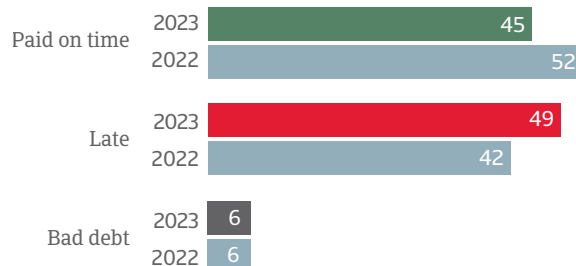
**Key figures and charts on the following pages**



# Western Europe

## Western Europe

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

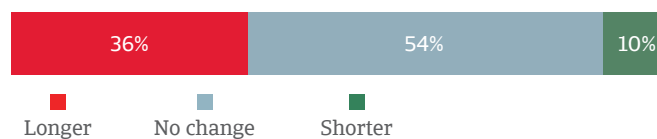


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Western Europe – 2023

## Western Europe

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



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

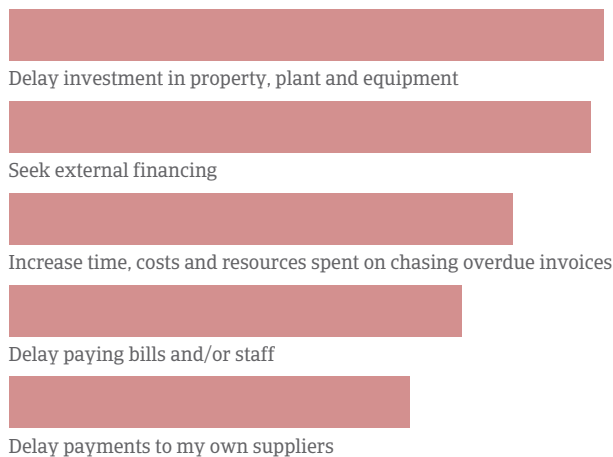
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Western Europe – 2023

## Western Europe

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 Western Europe – 2023

### Survey question

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

- 47% Trade credit
- 44% Equity capital
- 36% Bank loans
- 35% Debt securities issued

\*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer Western Europe – 2023



# Looking ahead

## Positive outlook amid concern about long-term challenges

Our survey found a range of strong concerns about the outlook for the months ahead among companies polled in Western Europe. The major worry across all sectors of business was the potential impact of persistent inflationary pressures that could cloud prospects for the rest of the year. High borrowing costs amid tighter monetary policy, supply chain disruptions and high commodities prices were other anxieties expressed by businesses polled, along with the possibility that heightened geopolitical tensions will impact on the global economy. A consistent feature, also, was concern about the length of time these factors would impact during recovery from the pandemic.

The fast-changing nature of the global business environment was also reflected in other findings from our survey. Many companies polled in Western Europe expressed concerns about the uncertainties involved in such important emerging issues such as carbon footprint limitations, clean energy storage, the growing volume of e-commerce and the fragmentation of global trade. Among issues that will require rigorous long-term investment plans there was anxiety reported the availability of skilled staff and the need to keep fighting against the risk of cyber fraud.

Despite this kaleidoscope of worries, a mood of optimism was evident among businesses polled in Western Europe about prospects for growth in the year ahead. 63% of companies expect a strong improvement in demand, while similar positivity was expressed about the outlook for profit margins because businesses are confident they will be able to pass through higher costs by putting up prices to consumers. The verdict on Days-Sales-Outstanding (DSO) and B2B customer payment behaviour was a little more mixed. 43% of businesses across all sectors polled expect DSO to improve in the year ahead, with 41% anticipating no change. Almost identical figures were reported about prospects for payment behaviour.

A clear trend was found in our survey about a switch of approach towards customer credit risk. While 52% of companies polled in Western Europe told us they would continue with in-house retention and management of the issue, many businesses said they were considering a more strategic approach. There was a 15% increase in companies polled who strongly acknowledged the benefits of having a credit insurance in place. They told us these included improved risk mitigation and access to vital international business intelligence as well as viewing credit insurance as a tool which facilitates trade growth.

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

## Key survey findings

- The main concerns looking ahead for companies polled in Western Europe continue to be issues such as persistent inflation, energy costs in a time of geopolitical tension, higher borrowing costs and commodity prices. There is worry about how long-lasting the impact of all these factors will be during recovery from the pandemic.
- Widespread anxiety is also expressed about more uncertain and unpredictable factors like carbon footprint limitations, cyber fraud risk, clean energy storage and the availability of skilled staff, all of which will require strong future investment.
- A strong level of optimism is reported by businesses polled in Western Europe about the prospects for demand in the year ahead. 63% of companies say they expect demand to increase and thus boost sales. There is also positivity about profit margins, anticipating an ability to pass through higher production costs to the market.
- 43% of companies polled across Western Europe say they believe that Days-Sales-Outstanding (DSO) will improve during the coming months. This leading to improvement in the financial health of the business.
- 45% of businesses tell us they expect an improvement in B2B customers' payment practices during the coming 12 months.
- 52% companies polled in Western Europe will continue to retain and manage customer credit risk in-house retention and during the year ahead. 15% more companies than last year acknowledge the benefits of outsourcing credit management involving credit insurance.





# Western Europe

## Western Europe

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 Western Europe - 2023

## Western Europe

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

(% of respondents)



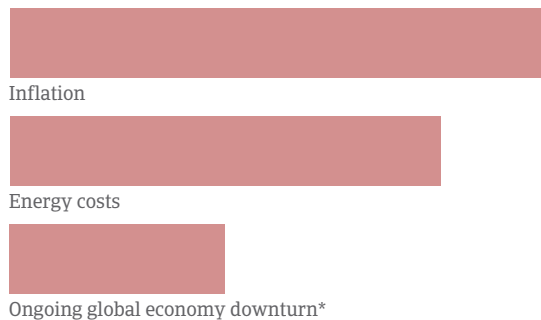
■ Improve   
 ■ No change   
 ■ Deteriorate

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

## Western Europe

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 Western Europe - 2023

### Survey question

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

(% of respondents)

**43%** Improve  
**41%** No change  
**16%** Deteriorate

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

## 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 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 3,007 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=3,007 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 = 3,007

Business sector	Interviews	%
Manufacturing	1,370	46
Wholesale	804	27
Retail / Distribution	422	14
Services	411	14
<b>TOTAL</b>	<b>3,007</b>	<b>100</b>
Business size	Interviews	%
SME: Small enterprises	555	18
SME: Medium enterprises	1,007	33
Medium Large enterprises	1,007	33
Large enterprise	438	15
<b>TOTAL</b>	<b>3,007</b>	<b>100</b>
Agri/Food	369	12
Chemicals	417	14
Construction	329	11
Consumer durables	363	12
Electronics/ICT	207	7
Machines	418	14
Steel/metals	499	17
Transport	405	13
<b>TOTAL</b>	<b>3,007</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?

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