



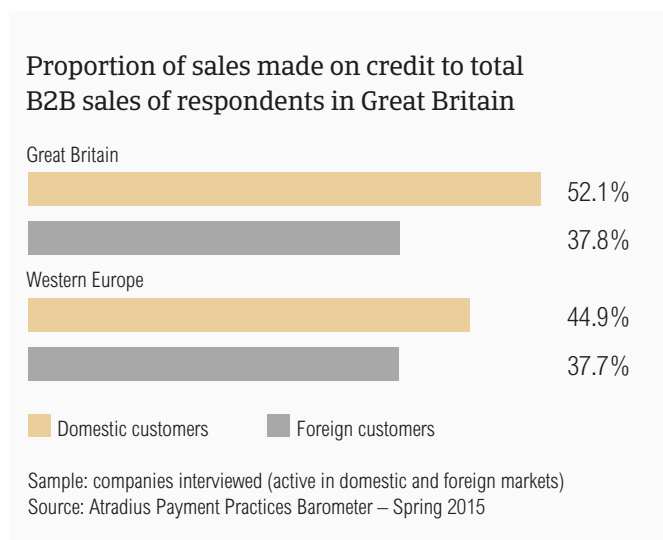
# Atradius Payment Practices Barometer

International survey of B2B payment behaviour  
Survey results for Great Britain

## Survey results for Great Britain

### Sales on credit terms

According to responses in Great Britain, 52% of the value of domestic B2B sales is made on credit. This proportion is well above the survey average of 44.9%, and it is very close to those recorded in Sweden (53%) and Ireland (54%). Over the past two years, the (proportion of) domestic B2B sales made on credit in Great Britain increased slightly (around 4 percentage points). This minor improvement is in line with the increase recorded in Western Europe over the same time frame (3 percentage points).



More information in the [Statistical appendix](#)

British respondents appear to be more inclined to sell on credit terms domestically than abroad. Their foreign credit-based sales amount to an average of 38% (of the value of their international trade), while the survey average stands at 37.7%. The percentage of foreign credit-based sales recorded a constant decrease over the past two years. While in 2014, the decrease was in line with the overall trend in Western Europe, this year it is inconsistent, showing an increased use of trade credit in the region. It is worth mentioning that British respondents appear to share the tendency to practice stronger risk aversion when selling on credit internationally with respondents in Southern Europe (Italy, Greece and Spain). This is a completely different scenario than two years ago.

### Average payment term

Domestic B2B customers of respondents in Great Britain are given, on average, 27 days from the invoice date to pay. Over the past two years, this term increased by an average of seven days (more than the survey average of two days). This is now aligned with the domestic average payment term recorded in Sweden and Switzerland, and is below the average in Western Europe (34 days).

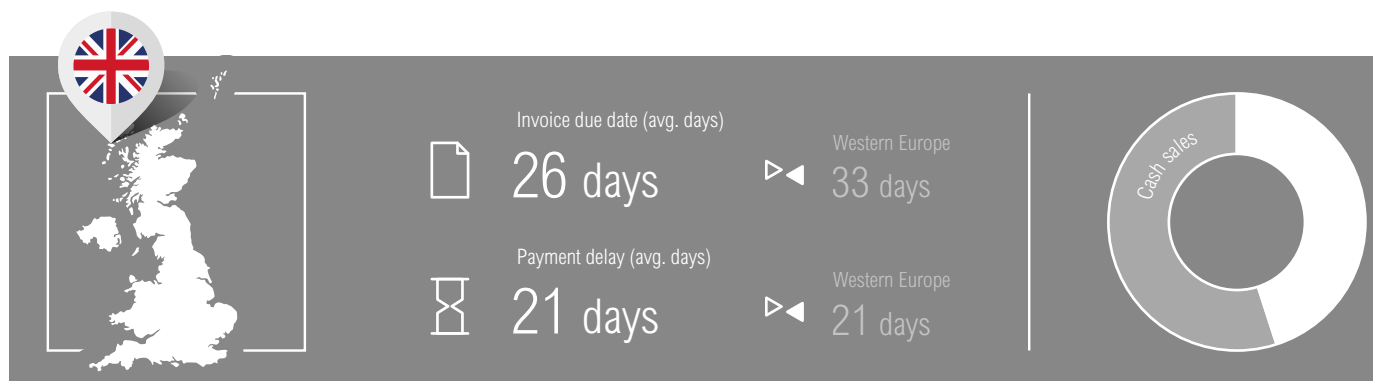
Foreign customers are granted an average of 25 days to settle their trade debts. This payment term is markedly below the average for Western Europe (32 days), and is in line with those observed in Germany, Austria and the Netherlands. Over the past two years, the average payment terms granted to foreign customers increased by two days.

### Overdue B2B invoices

On average, just over two fifths of the total value of domestic and foreign B2B invoices in Great Britain remained unpaid after the due date. The percentage of domestic overdue invoices (40.4%) is consistent with the average for Western Europe (40.2%), and is as high as those recorded in Switzerland and the Netherlands. On the other hand, the percentage of foreign overdue invoices (42.4%) is above the survey average (35.4%), and in line with that recorded in Switzerland.

Over the past two years, the increase in the level of foreign overdue invoices in Great Britain markedly outweighed the domestic one. The rate of foreign overdue invoices increased by 13 percentage points, and the rate of domestic overdue invoices by 10 percentage points respectively. The increase in the rate of foreign overdue invoices is twice as high as that for Western Europe. This finding must be read in conjunction with the rate of foreign delinquency recorded in Great Britain (invoices unpaid 90+ days after due date), which is twice as high (9.4%) as that recorded on the domestic market (4.5%), and well above that in Western Europe (7%).

This would suggest that businesses in Great Britain get paid on time by their foreign B2B customers more often than their peers in Western Europe do.



As late payment of invoices reduces cash flow, which is the lifeblood of a business, unsurprisingly most of the respondents in the country (around three in ten) reported that maintaining adequate cash flow is one of the biggest challenges they will be facing in 2015. However, the payment default environment observed in Great Britain suggests businesses are making a strong effort to manage their receivables portfolios more efficiently to improve business profitability. This is reflected in the Days Sales Outstanding (DSO) figure posted by respondents in Great Britain, which averages 41 days (two days shorter than two years ago) and is below the 48 days average in Western Europe.

This compares to the 56 days survey average for domestic payment duration. This payment term goes up to 50 days for foreign payments, two days shorter than the survey average of 52 days.

Over the past two years, the average domestic payment delay decreased steadily, falling from an average of 27 days in 2013 to the current 17 days. The average payment delay recorded on foreign invoices was more volatile, with a marked decrease of 18 days in 2014, followed by an increase of 10 days this year. As a result of these oscillations, the average payment duration (domestic and foreign) is now six days shorter than two years ago.

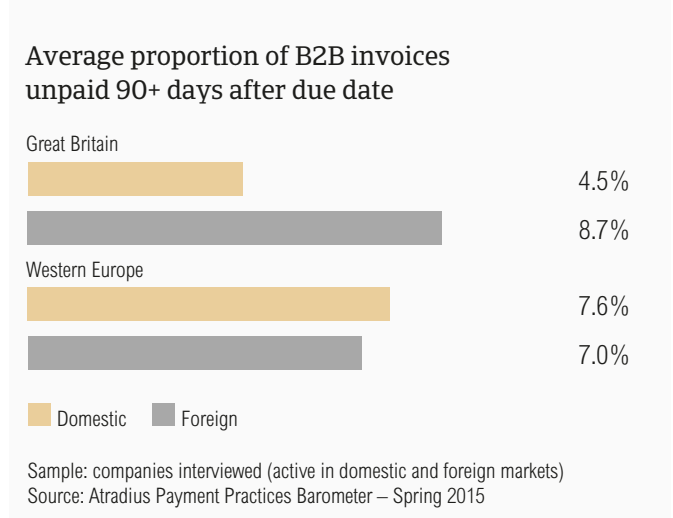
**Key payment delay factors**

43.6% of respondents in Great Britain cited insufficient availability of funds as the most frequent reason for payment delays from domestic customers. While most of the British respondents chose this as a key payment delay factor, this reason was stated by even more respondents in Western Europe (51.4%). However, the percentage for Great Britain decreased notably (15 percentage points) in 2014 compared to one year earlier, and almost returned to 2013 levels this year. Moreover, 35% of British respondents attributed foreign payment delay to customers' insufficient availability of funds (versus 37% in Western Europe). After having decreased by around 10 percentage points in 2014, compared to in 2013, the percentage of respondents citing customers' insufficient availability of funds increased again this year.

Consistent with the survey pattern, the second most often cited reason for payment delays of domestic and foreign invoices is the perception that B2B customers use outstanding invoices as a form of financing.. This is the opinion of 35.6% of respondents in relation to domestic payment delays and of nearly 27% of respondents in relation to late payments from customers abroad. Similarly, late payment of foreign invoices is attributed to the complexity of the payment procedure by nearly 27% of respondents.

**Uncollectable accounts**

Based on responses in Great Britain, 1.2% of the total value of B2B receivables was uncollectable, equalling the average for



More information in the [Statistical appendix](#)

**Average payment delay**

Domestic B2B customers of British respondents, settle their overdue trade debts, on average, 17 days after the invoice due date (survey average is 22 days). Only domestic B2B customers of Swedish and Danish respondents pay overdue invoices quicker; on average, nine days and 12 days past due respectively. The average time it takes foreign B2B customers of British respondents to make their late payments is 24 days (survey average is 20 days). This means that respondents in Great Britain receive domestic payments, on average, within 44 days after invoicing.





Western Europe. In line with the survey pattern, the proportion of domestic write-offs is larger than that of foreign ones, which may very well depend on the relatively higher proportion of sales made on credit domestically than abroad or a natural tendency to pay closer attention to foreign receivables than to domestic ones.

Domestic uncollectable B2B receivables are most often reported on sales to the construction and consumer durables sectors. Foreign B2B receivables write-offs are most frequently attributable to customers in the construction, consumer durables and machines sectors. For 56.8% of the respondents in Great Britain, compared to 66.4% in Western Europe, B2B receivables were mainly uncollectable because the customer went bankrupt or out of business. More British respondents (31.6%) than respondents in Western Europe (21%) reported that B2B receivables were uncollectable because the customer could not be located.

For more insights into the B2B receivables collections practices in Great Britain, 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: maintaining adequate cash flow



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

Respondents in Great Britain reported extending trade credit mainly to B2B customers belonging to the following sectors: construction, consumer durables, electronics, business services, financial services, services and transport.

Foreign B2B customers in the electronics and financial services sectors receive invoice payment terms averaging 30 days from the invoice date. This is five days longer than the 25 day average for the country. All other sectors are granted payment terms around or below the country average.

Domestic B2B customers in the construction sector generate the highest levels of overdue payments (around 37% of the value of the sectors' credit sales is past due). The consumer durables sector produced the highest level of foreign overdue payments (39%). Payment delays due to liquidity constraints of B2B customers are reported more often in relation to the transport sector (on average 65% of respondents).

Over the coming 12 months, around one in five respondents in Great Britain expect a slight deterioration in the payment behaviour of domestic customers; mainly in the electronics sector. Almost the same percentage of respondents expect a slight deterioration in their foreign customers' payment behaviour in the consumer durables sector.

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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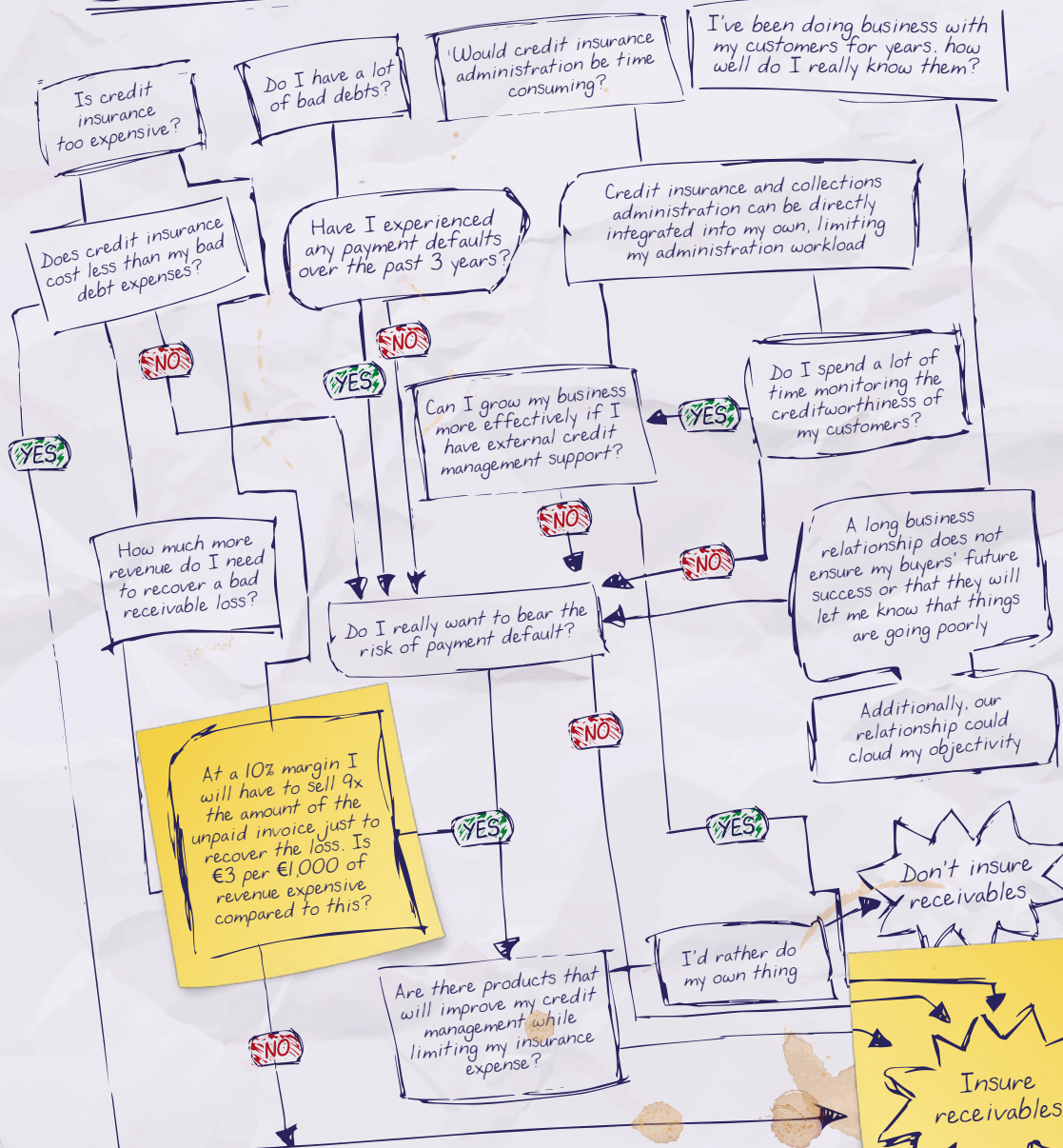
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