



Atradius Payment Practices Barometer

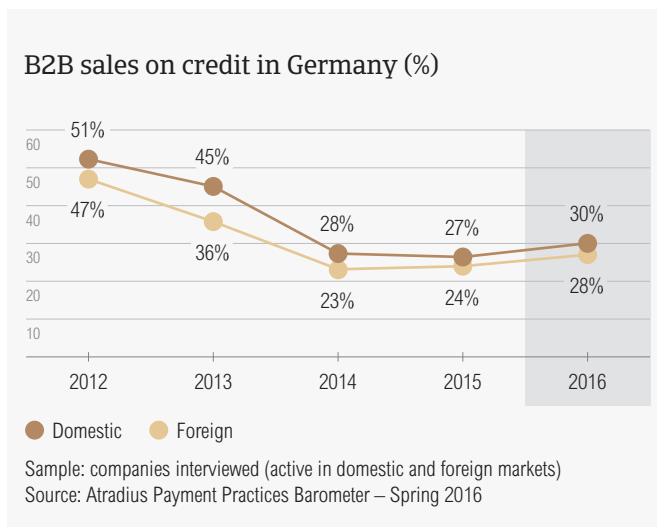
International survey of B2B payment behaviour
Germany – key survey results



Germany – key survey results

Sales on credit terms

Survey respondents in Germany display a quite strong aversion to granting trade credit to business-to-business (B2B) customers. On average, 28.9% of the total value of respondents' B2B sales were transacted on credit terms (average for Western Europe: 41.2%). This does not differ significantly from what was observed last year, and is similar to the practices of respondents in Austria, Switzerland, Belgium and France. Respondents in these countries reported an average of 30% or less of their B2B sales value made on credit over the past year.



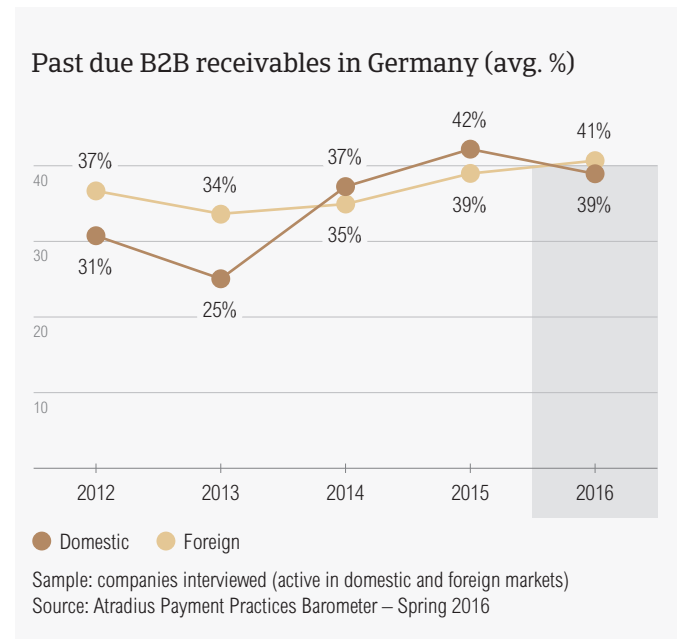
More information in the [Statistical appendix](#)

German respondents seem to be almost equally likely to grant trade credit to domestic or foreign B2B customers. 29.9% and 25.6% of the total value of domestic and foreign B2B sales respectively were made on credit terms (survey averages: 44.8% domestic and 37.7% foreign). This reflects an almost uniform perception of payment risk arising from either domestic or foreign B2B trade.



Overdue B2B invoices (%)

An average of 40% of the total value of the B2B invoices issued by respondents in Germany remained unpaid at the due date. This is in line with the survey average. Over the past year, late payment of invoices has not changed significantly. In addition, they occur almost equally often with domestic and foreign customers.



More information in the [Statistical appendix](#)

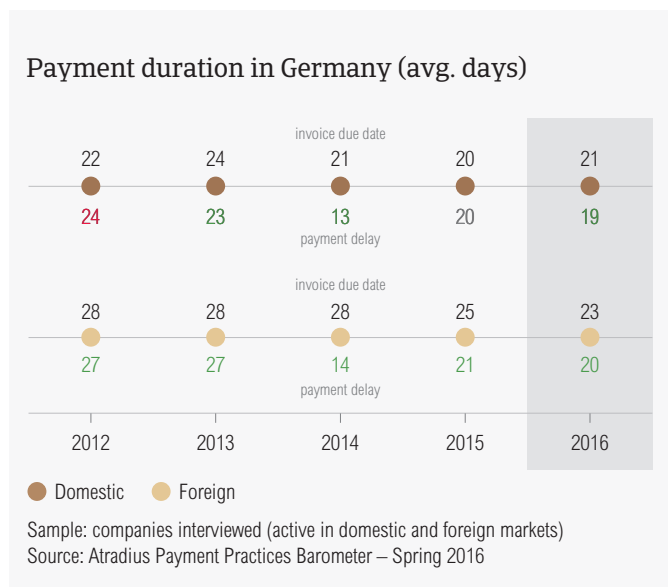
Invoice late payment (domestic and foreign) is reflected in the Days Sales Outstanding (DSO) figure posted by German respondents. This averages 33 days (three days longer than last year), the second lowest in Western Europe (after that of Denmark), and is markedly below the 48 days average of Western Europe. This may reflect greater efficiency in collecting high value long outstanding invoices than in most other Western European markets. 63.8% of respondents in Germany (in line with the response rate in Western Europe) expect no change, and a sizeable 25.8% expect an increase in DSO over the next 12 months.

This may explain why more respondents in Germany (13.4%) than in Western Europe (11.9%) consider collection of outstanding invoices to be the biggest challenge to profitability in 2016. This, along with cost containment (27.3% of respondents compared to 23.4% for Western Europe) concerns respondents the most.



Payment duration (average days)

Payment terms extended to B2B customers by respondents in Germany are the shortest observed in Western Europe. They average around 20 days from the invoice date, for both domestic and foreign customers (survey average: 31 days). Compared to last year, these payment terms did not vary significantly. Similarly to in Austria, this reflects a payment culture that places a very strong emphasis on swift invoice payment.



More information in the [Statistical appendix](#)

Despite very strict payment terms, a staggering percentage of respondents in Germany (93.0%) experienced late payment of invoices by B2B customers over the past year. This compares to 88.5% of respondents in Western Europe. Although payment terms did not vary significantly year-on-year, German respondents had to wait an average of three weeks past the invoice due date for overdue invoices to be paid. This is in line with the survey average. [[→ Statistical appendix, p 8](#)]

This means that it takes German respondents an average of 40 days from invoicing to convert overdue B2B receivables into cash (survey average: 53 days). This is in line with what was recorded in Austria, Sweden, Denmark and the Netherlands.

Key payment delay factors

Liquidity issues of the customer is the reason for late payment of domestic and foreign B2B invoices most often reported by German respondents. More respondents (45.6%) than last year (39.5%) reported this in respect to late payment from foreign customers. Late payment of domestic invoices due to the same reason in contrast, was reported less often than one year ago (50.5% of respondents compared to 55.0% last year).

Customers' intentional use of outstanding invoices for financial advantage is the second most frequently cited reason for late payment by respondents in Germany (around 30.0%). Payment delays due to this reason, however, appear to occur significantly less often than one year ago.

Regardless of the reason for late payment, as a result of it, many of the survey respondents had to postpone their payments to their own suppliers (nearly 23.0% of respondents) and experienced a loss of revenues (20% of respondents). This is in line with the average response rate in Western Europe.

To protect business profitability against payment default arising from B2B trade on credit, 40.0% of the respondents will check their customers' creditworthiness and review track records more often over the next 12 months. Around 35.0% will increase monitoring of their customers' credit risk. This is in line with the average responses in Western Europe.

40%

of the total value of domestic and foreign B2B invoices in Germany remains **unpaid past the due date**



Uncollectable receivables

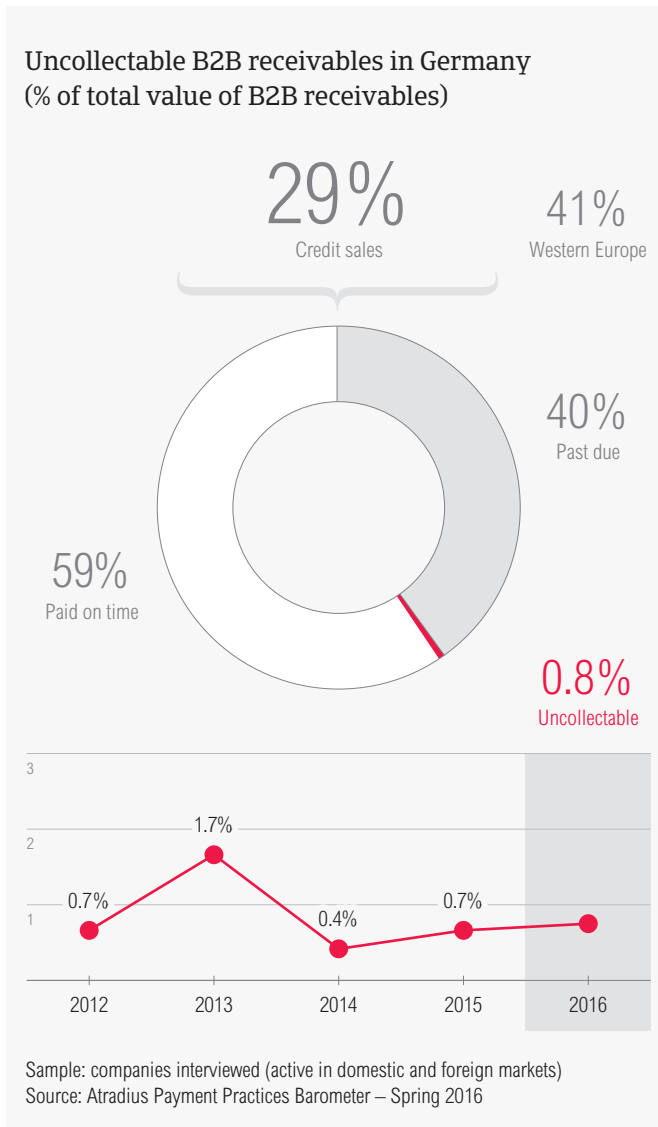
The proportion of B2B receivables reported by German respondents as uncollectable (0.8%) is notably lower than the 1.3% average for Western Europe. Domestic uncollectable receivables were written off almost as often as foreign ones. Uncollectable domestic B2B receivables originate most often from the chemicals, construction, consumer durables and business services sectors.

For most of the respondents in Germany (61.5% compared to 59.3% in Western Europe), B2B receivables were uncollectable mainly due to the customer being bankrupt or out of business. 26.5% of respondents reported that write-offs were due to the failure of the collections attempts, as well as the high cost of pursuing the trade debtors.

For more insights into the B2B receivables collections practices worldwide, please see the Global Collections Review by Atradius Collections (free download after registration), available from October 2016 on www.atradiuscollections.com

Payment practices by industry

Survey respondents in Germany reported granting trade credit terms mainly to B2B customers belonging to the consumer durables, chemicals, construction, financial services, machines, metals, business services and services industries. Notably longer than average (for the country) invoice payment terms are extended to B2B customers in the machines industry (averaging 33 days from invoicing). [[-> Statistical appendix, p 4](#)]



More information in the [Statistical appendix](#)

The construction industry generated an above average (for the country) proportion of overdue invoices. According to most of the respondents (58%) this is likely to be chiefly due to B2B customers from this industry deliberately using outstanding invoices for financial advantage. A higher than country average level of overdue invoices was also recorded in the machines sector. This was mainly due to B2B customers claiming insufficient availability of funds (reported by 45% of respondents in Germany).

Around 30% of the respondents in Germany expect payment practices of B2B customers in the chemicals, construction and metals industries to deteriorate slightly over the coming months. No significant change is anticipated in the payment practices of other industries.

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.



On Twitter? Follow [@Atradius](#) or search [#atradiusppb](#) to stay up to date with the latest edition.

Statistical appendix

The Statistical appendix to this report is part of the Spring 2016 Payment Practices Barometer of Atradius (survey results for Western Europe) available at www.atradius.com

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



Disclaimer

This report is provided for information purposes only and is not intended as a recommendation or advice 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 **AtradiusN.V.** 2016

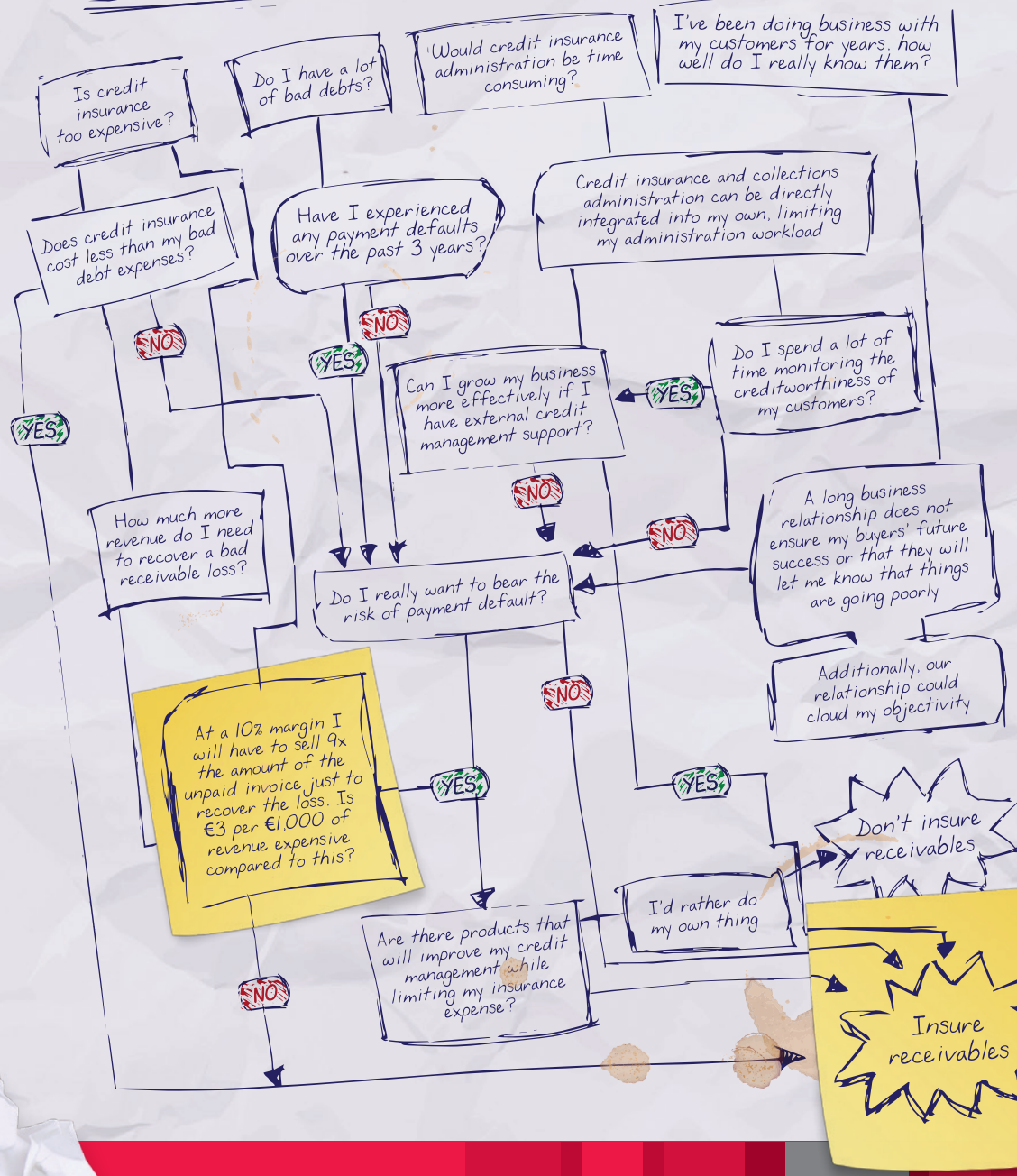
If you've found this report useful, why not visit our website www.atradius.com, where you'll find many more Atradius publications focusing on the global economy, including country reports, industry analysis, advice on credit management and essays on current business issues.

Connect with Atradius
on Social Media



Don't overcomplicate your decision about whether to use credit insurance

SHOULD I INSURE MY RECEIVABLES?



credit insurance | debt collection | business information

Atradius N.V.
 David Ricardostraat 1 · 1066 JS Amsterdam
 Postbus 8982 · 1006 JD Amsterdam
 The Netherlands
 Phone: +31 20 553 9111

info@atradius.com
 www.atradius.com