



Atradius Payment Practices Barometer

International survey of B2B payment behaviour
Survey results for Sweden

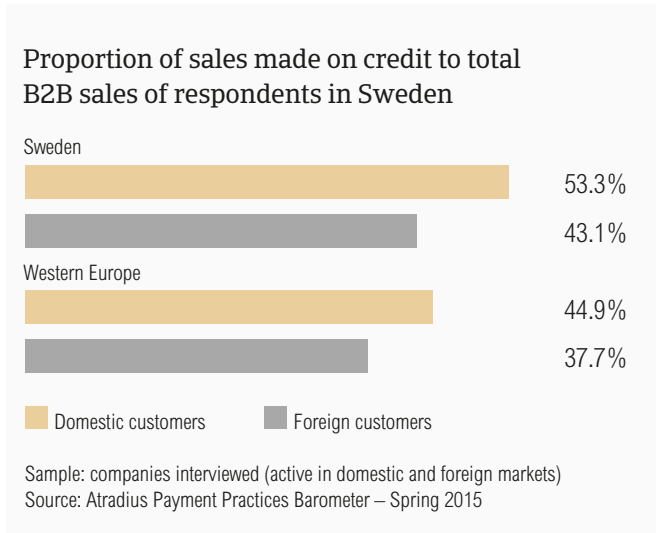


Survey results for Sweden

Sales on credit terms

Respondents in Sweden reported that an average of 53.3% of the value of their domestic B2B sales is made on credit. This percentage, which is well above the average for Western Europe (44.9%), is very close to those recorded in Great Britain (52.1%) and Ireland (54%). Over the past two years, the value of domestic credit-based sales in Sweden increased by 4.3%. This improvement is above the 3.1% average increase in Western Europe.

Consistent with the overall survey pattern, respondents in Sweden seem to be more inclined to sell on credit domestically than to customers abroad. 43.1% of the value of foreign B2B sales is transacted on credit terms, which is slightly above the 37.7% survey average. The sharp decrease in the proportion of foreign credit sales observed in Sweden in 2014, has been followed by a 6% increase this year. This increase is almost twice the 3.3% average increase for the survey overall.



More information in the [Statistical appendix](#)

Average payment term

Domestic B2B customers of respondents in Sweden are given an average of 26 days from the invoice date to pay invoices. This is now aligned with the domestic average payment term recorded in the Netherlands (24 days) and Denmark (25 days), and is notably below the average in Western Europe (34 days). The payment terms given to foreign B2B customers to pay invoices are slightly longer averaging 28 days.

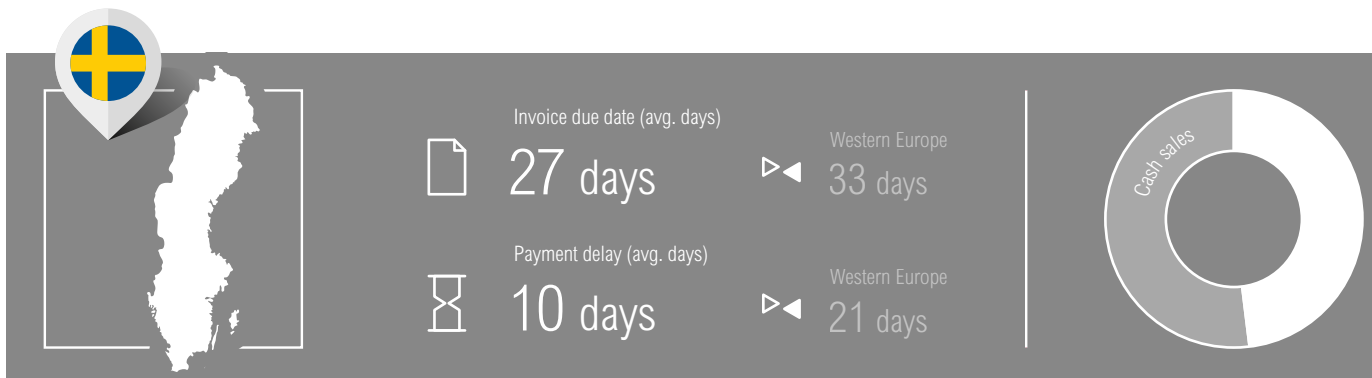
However, this is notably shorter than the average term for Western Europe (32 days) and similar to that in Denmark and Switzerland (27 days each). Over the past two years, the average payment terms (domestic and foreign) remained substantially steady. Taken together, these findings reflect the strong emphasis given to prompt payment by Swedish companies trading both domestically and internationally.

Overdue B2B invoices

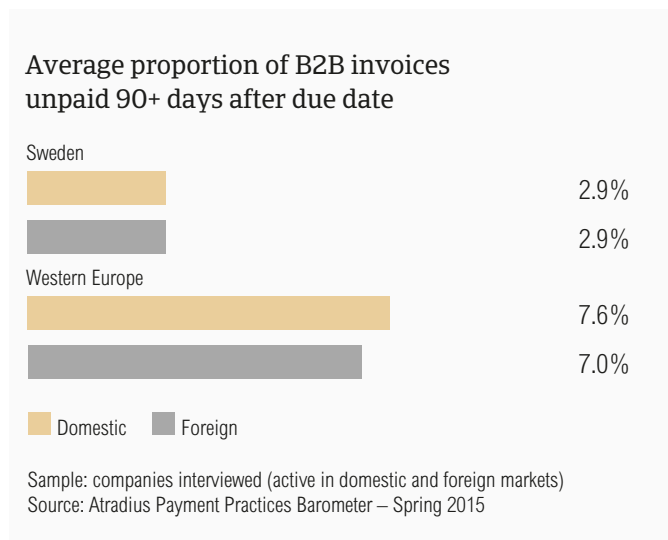
The proportion of domestic B2B invoices reported by Swedish respondents as past due (20%) is half of the survey average (40.2%). At the same time, it is the lowest percentage of all the countries surveyed in Western Europe. Over the past two years, Sweden saw a fall of around 5 percentage points in the rate of domestic overdue payments, which is in contrast with the sharp increase by over 10 percentage points recorded in Western Europe over the same time frame.

Likewise, the proportion of foreign overdue invoices in Sweden (25.3%) is significantly below the survey average (35.4%), and is the lowest of all the countries surveyed. This proportion decreased over the past two years by around 4 percentage points, which opposes the average increase of over 6 percentage points recorded in Western Europe. Against this insolvency landscape, it comes as no surprise that the delinquency rate (invoices unpaid 90+ days after due date) of nearly 3% recorded in Sweden is well below the 7% average delinquency rate in Western Europe.

The above mentioned findings are consistent with the Days Sales Outstanding (DSO) figure posted by Swedish respondents, which averages 36 days. This is consistent with the DSO figure in Denmark (35 days) and is 11 days shorter than the survey average. In



2014, the average DSO figure in Sweden increased by nearly six days, reflecting a less positive insolvency environment than this year, when DSO has returned to 2013 levels.



More information in the [Statistical appendix](#)

Average payment delay

Past due trade debts are settled by domestic and foreign B2B customers of Swedish respondents, on average, 10 days after the invoice due date. The survey average is 22 days for domestic customers and 20 days for foreign customers. This means that, on average, Swedish respondents receive domestic payments 35 days after invoicing compared to the survey average of 56 days. In terms of foreign payments, these are settled 39 days after invoicing versus the survey average of 52 days. Both figures are the lowest of all the countries surveyed in Western Europe.

Over the past two years, both domestic and foreign B2B customers of Swedish respondents have paid past due invoices much quicker. More specifically, B2B invoices are paid around 10 days earlier compared to two years ago. The notable shortening of time to convert accounts receivables into cash highlights the financial health of companies.

This may explain why, in contrast with the survey pattern (where the primary concern for 2015 is cost containment), 33% of respondents in Sweden consider a fall in demand for their products and services as one of the greatest challenges to business profitability in 2015. This is the highest percentage of all the countries surveyed to choose this reason, and compares to 20% of respondents in Western Europe.

Key payment delay factors

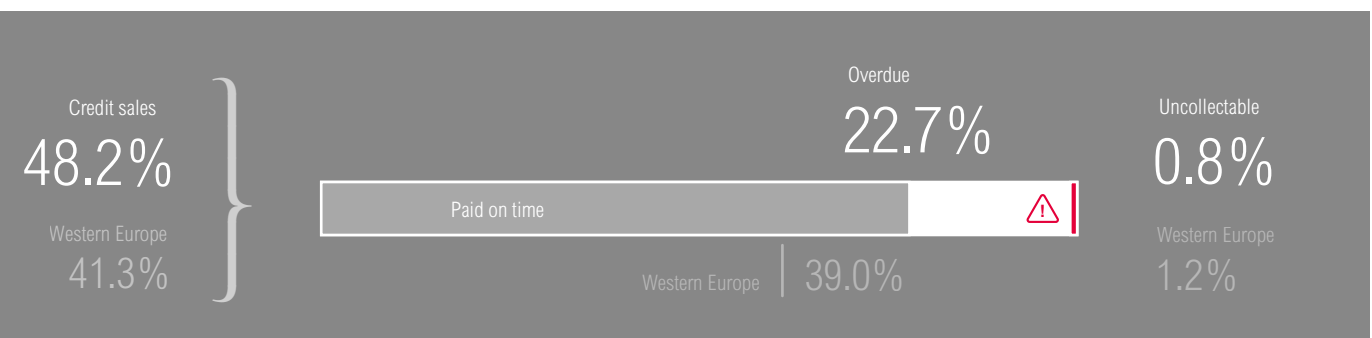
Given the risk of trading on credit terms, it does not surprise that far fewer respondents in the country (39.5%) than in Western Europe (51.4%) reported that domestic payment delay is most often due to insufficient availability of funds. Conversely, a few more Swedish respondents (36%) than respondents in Western Europe (34%) said that domestic customers use outstanding invoices as a form of financing.

This is the most frequent reason for foreign payment delays according to the majority of the respondents in Sweden (43%), compared to 29.4% in Western Europe. This finding would indicate that Swedish respondents are more convinced than their peers in Western Europe that B2B customers hide their use of outstanding invoices behind the claim of liquidity constraints.

Uncollectable accounts

Swedish respondents reported that 0.8% of the value of their B2B receivables was uncollectable. This percentage is the same as that observed in the Netherlands, and is well below the 1.2% average for Western Europe. In line with the survey pattern, the proportion of domestic write-offs is larger than that of foreign ones. This may very well be related to the relatively higher proportion of sales made on credit domestically than abroad.

Uncollectable domestic B2B receivables are most often reported on sales to the construction, consumer durables, and electronics sectors. Foreign B2B write-offs are most frequently attributable to B2B customers in the construction, consumer durables, electronics and machines sectors. For most of the respondents in Sweden (58.5%), compared to 66.4% in Western Europe, domestic and foreign B2B receivables were mainly

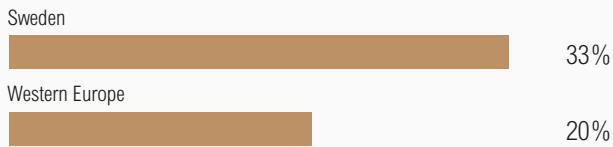




uncollectable because the customer went bankrupt or out of business.

For more insights into the B2B receivables collections practices in Sweden, please see the Global Collections Review by Atradius Collections (free download after registration), available from April 21st 2015 on www.atradiuscollections.com.

Top challenge to business profitability in 2015: falling demand of products and services



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

Survey respondents in Sweden reported granting trade credit terms mainly to B2B customers belonging to the following sectors: construction, consumer durables, electronics, business services, financial services, transport and services.

B2B customers in the electronics sector are given the longest payment terms, averaging 28 days for domestic customers and 36 days for foreign customers. Despite this, foreign B2B customers in the electronics sector appear to be the slowest payers, generating the highest levels of overdue payment (around 25% of the value of the sectors' credit sales). They are joined in this designation by foreign B2B customers in the consumer durables and transport sector.

Payment delays due to liquidity constraints of B2B customers are reported more often in relation to the construction sector (on average three in five respondents). However, according to the majority of Swedish respondents (around 65%), customers in the transport sector delay payments most often because they use outstanding invoices as a form of financing.

Over the coming 12 months, 24% of the respondents in Sweden expect a slight deterioration in the payment behaviour of domestic customers in the electronics sector. Nearly 30% of the respondents expect a slight improvement in payment behaviour of foreign customers in the construction and consumer durables sectors over the same time frame.

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. This appendix is available for download in PDF format (English only).

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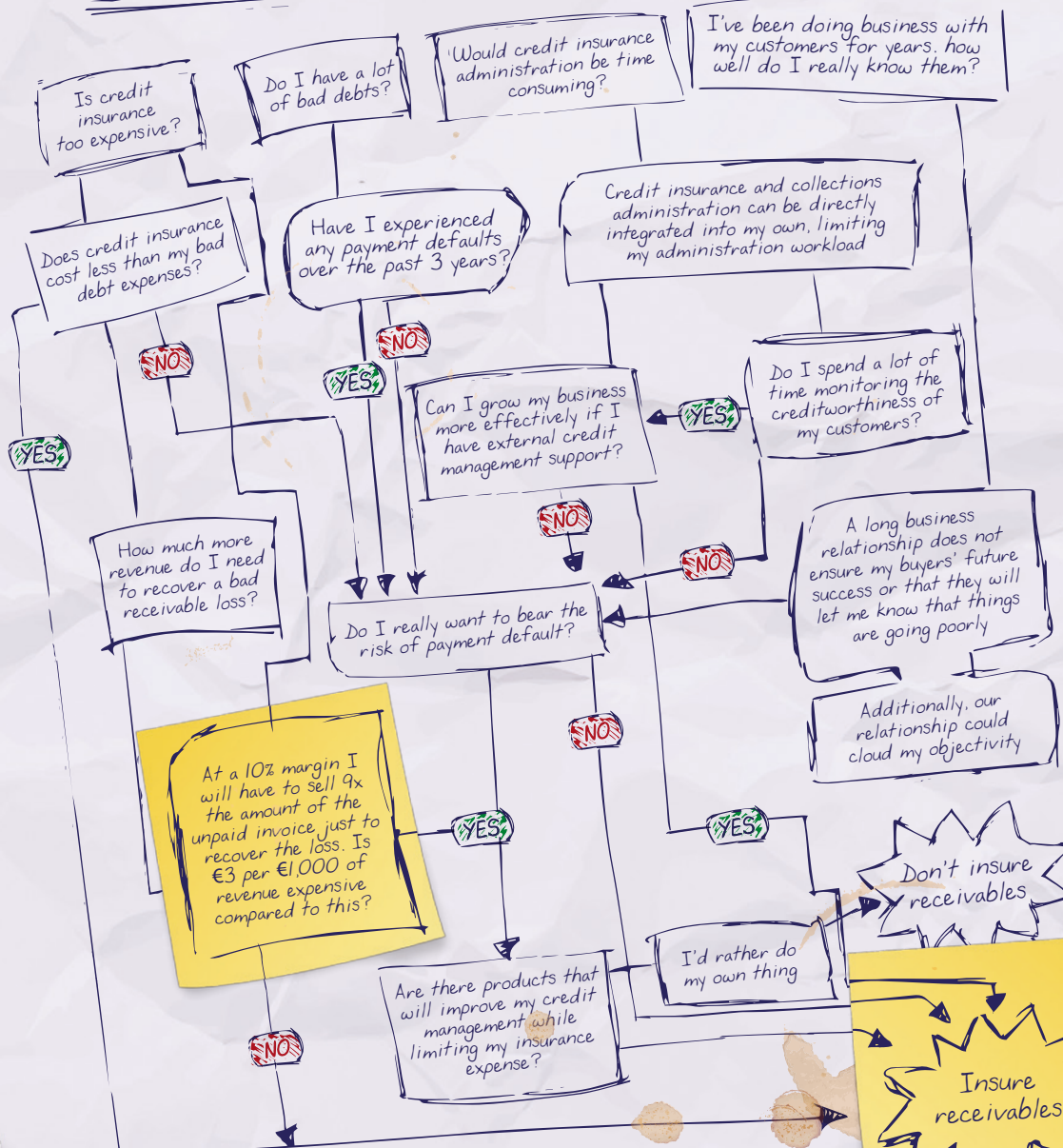
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SHOULD I INSURE MY RECEIVABLES?



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