



Austria: as economic expansion decelerates, insolvencies are expected to increase

Atradius Payment Practices Barometer



trading partners

Top 5

- Germany
- United States
- Italy
- Switzerland
- Slovakia

Source: WTEEx

imports

Top 5

- Machinery including computers
- Electrical machinery, equipment
- Vehicles
- Pharmaceuticals
- Plastics, plastic articles

Source: WTEEx

exports

Top 5

- Machinery including computers
- Electrical machinery, equipment
- Vehicles
- Mineral fuels including oil
- Plastics, plastic articles

Source: WTEEx

This year, Austria's economic expansion is expected to decelerate to around 1.5%, due to weaker exports, decreasing investment and lower industrial production growth. In line with a more modest GDP expansion, business failures are expected to increase slightly.



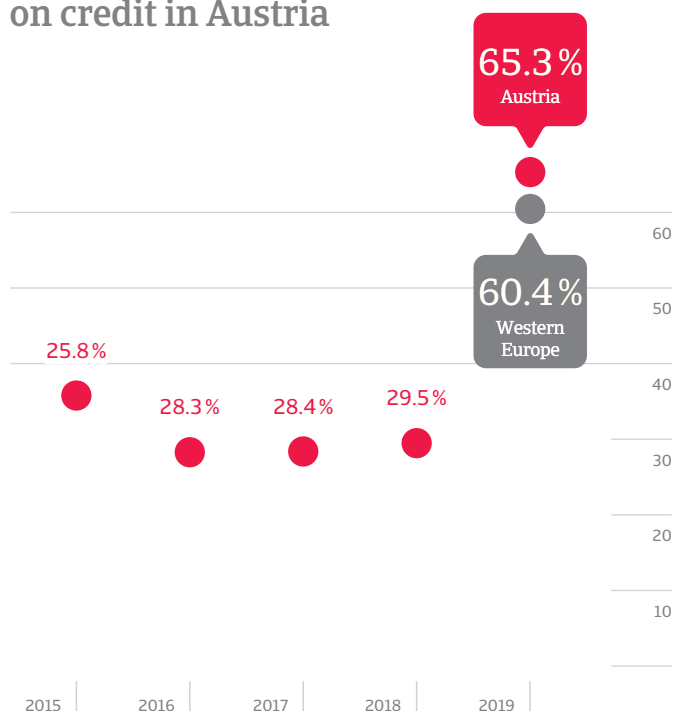
Franz Maier, Managing Director Austria, Hungary and Southeastern Europe of Atradius

“
Austrian economy appears to be fairly resilient, with GDP projected to grow 1.4% next year. Domestic demand is robust, mainly due to elevated consumer confidence, while exports decelerated consistent with the uncertainties related to the international trade environment.
However, many downside risks are on the horizon: the trade dispute between the US and China, the uncertain outcome of Brexit and the global trade slowdown that continues to weigh on Germany’s export prospects. The latter is, in particular, affecting Austria given the close economic ties between the two countries.
 ”

Survey respondents in Austria offer B2B credit more often than last year

There was a marked increase in the proportion of sales made on credit to B2B customers by survey respondents in Austria. These amount to 65.3% of the total value of respondents’ B2B sales (up from 29.5% last year) and compare to a 60.4% average in Western Europe. This increase ranks second among the countries surveyed in Western Europe, after Switzerland (65.6%, up from 28.1% last year) and Germany (59.3% up from 24.7% one year ago). The increased use of B2B trade credit by Austrian survey respondents might be a reflection of strong export growth, which is expected to decelerate over the coming months because of the slowdown of Austria’s main export destinations. Domestic demand, in contrast, is forecast to remain firm over the coming months, and to keep on being the main driver of the economic growth of the country.

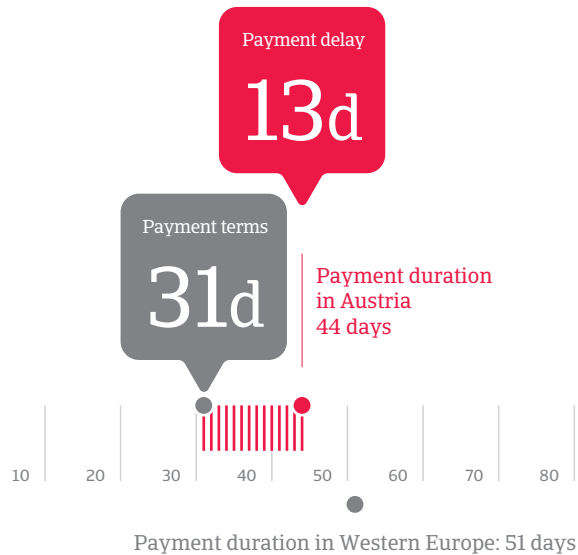
Proportion of total B2B sales made on credit in Austria



Sample: companies interviewed (active in domestic and foreign markets)
 Source: Atradius Payment Practices Barometer – October 2019



Payment duration in Austria



d = average days

Sample: companies interviewed (active in domestic and foreign markets)

Source: Atradius Payment Practices Barometer – October 2019

Austrian businesses are less efficient at collecting on overdue invoices than last year

28.4% of the total value of B2B invoices issued by Austrian respondents over the past year remained outstanding past the due date. This compares to the 28.9% average for Western Europe. Despite a notable increase in timely payments from B2B customers (68.0% of invoices paid on time compared to 59.1% one year ago), respondents in Austria do not cash in overdue invoices earlier than last year (on average within 44 days from invoicing, which is similar to one year ago). This does not mirror observations for the region overall, where over the past year payment duration decreased on average to 51 days down from 57 days last year. However, far more respondents in Austria (54%) than in Western Europe (45%) reported no significant impact on business arising from late payments. This could be a reflection of the importance the Austrian respondents give to credit control. 21% of respondents (compared to 26% in Western Europe) needed to take specific measures to correct cash shortfalls. A standout survey finding in Austria, however, is the significant increase in the proportion of write-offs of uncollectable accounts, currently averaging 2.4% of the total value of B2B receivables (up from less than 1% last year). This compares to a 2.2% average for Western Europe.

B2B customers in Austria enjoy far more relaxed credit terms than last year

Despite the current challenging business environment (ongoing global trade disputes and uncertainties regarding Brexit), survey respondents in Austria offer significantly more relaxed payment terms than last year. Average payment terms recorded in Austria stand at 31 days from invoicing (23 days last year). These compare to a 34 days average for the region.

Respondents in Austria assess the credit quality of their buyers more often than their peers in Western Europe

Significantly more respondents in Austria (41%) than in Western Europe (35%) assess their customers' creditworthiness before selling on credit. Likewise, notably more survey respondents in Austria (39%), than in Western Europe (28%) engage in dunning activities (outstanding invoice reminders) once the payment of the invoice is overdue. 31% of Austrian respondents (notably more than the 23% in Western Europe) either reserve against bad debts, or retain a collections agency to improve efficiency in the collection of long-term overdue accounts.





53 days

Austrian respondents from the construction sector extended the longest payment terms to their B2B customers (averaging 53 days from invoicing)

Atradius Payment Practices Barometer – October 2019

More respondents in Austria than in Western Europe will delay business investment in response to tighter bank financing

52% of Austrian survey respondents believe their B2B customers' payment practices will not change significantly over the coming months. 55% of respondents in Western Europe share the same opinion. However, more Austrian respondents expect B2B customers' payment practices to deteriorate over the coming months (26%), than those expecting an improvement (22%). In particular, 34% of respondents in Austria (36% in Western Europe) expect late payments to increase significantly over the coming months. To better protect their receivables from the risk of payment default, 36% of Austrian survey respondents will either perform customer credit quality checks more often, or will undertake dunning activities. For 43% of Austrian respondents (40% in Western Europe), financial conditions will not be tighter over the coming months. However, should access to bank financing be more troublesome over the same period, 42% of respondents in Austria (compared to 33% in Western Europe) will delay business investment.



Franz Maier, Managing Director Austria, Hungary and Southeastern Europe of Atradius

“

Survey findings show that, despite challenging economic times, Austrian businesses have a more liberal trade credit policy than last year, supported by more relaxed payment terms. This is possibly because of their sharp focus on credit management and proactive approach to safeguarding cash flow, ensuring business growth domestically and abroad. Despite this, businesses in Austria do have some areas of weakness as proven by the loss of efficiency in collection of long-term overdue invoices compared to last year.

”



Overview of payment practices in Austria

By business sector

B2B customers in the Austrian construction sector are given the longest payment terms

Austrian respondents from the construction sector extended the longest payment terms to their B2B customers (averaging 53 days from invoicing). Average payment terms across the other sectors surveyed in Austria range from 33 days in the agri-food sector, to 23 days in the consumer durables sector.

Trade credit risk has significantly deteriorated in the Austrian ICT/electronics sector

Over the past year trade credit risk in Austria has significantly worsened in the ICT/electronics sector, where 31% of the total value of invoices remained unpaid at the due date. The Austrian metals sector recorded the greatest improvement in customers' payment speed over the past year. Across all other sectors surveyed in Austria, the proportion of overdue B2B receivables ranges from a high of 29% in both the consumer durables and machines sectors to a low of 18% in the metals sector.

Proportion of receivables written off as uncollectable is highest in the agri-food sector

The agri-food sector in Austria recorded the highest proportion of B2B receivables written off as uncollectable (3.4% up from 1.4% last year). Across all other sectors surveyed in Austria, the proportion of overdue B2B written off as uncollectable ranges from 2.6% in both the consumer durables and machines sectors to 2.1% in the services sector. At the lower end of the scale, the metals sector recorded an average of 1.2% of receivables written off as uncollectable (up from less than 1% last year).

Atradius · Key Findings

42%
of respondents in Austria
(compared to 33% in Western
Europe) will delay business
investment should access to
bank financing tighten over
the coming months

Atradius Payment Practices Barometer – October 2019

The graphic features a blue-tinted background image of two men in business attire talking. A white circle with a red 'Y' logo is in the top left. The text is white and bold, with the percentage '42%' being the largest element.

Overview of payment practices in Austria

By business size

Austrian large enterprises granted the longest average payment terms for B2B customers

Respondents from large enterprises in Austria extended the longest payment terms to B2B customers, averaging 37 days from invoicing. In contrast, both SMEs and micro enterprises offered shorter average payment terms to B2B customers (averaging 32 days and 28 days from the invoice date respectively).

Austrian micro enterprises cash in overdue invoices later than one year ago

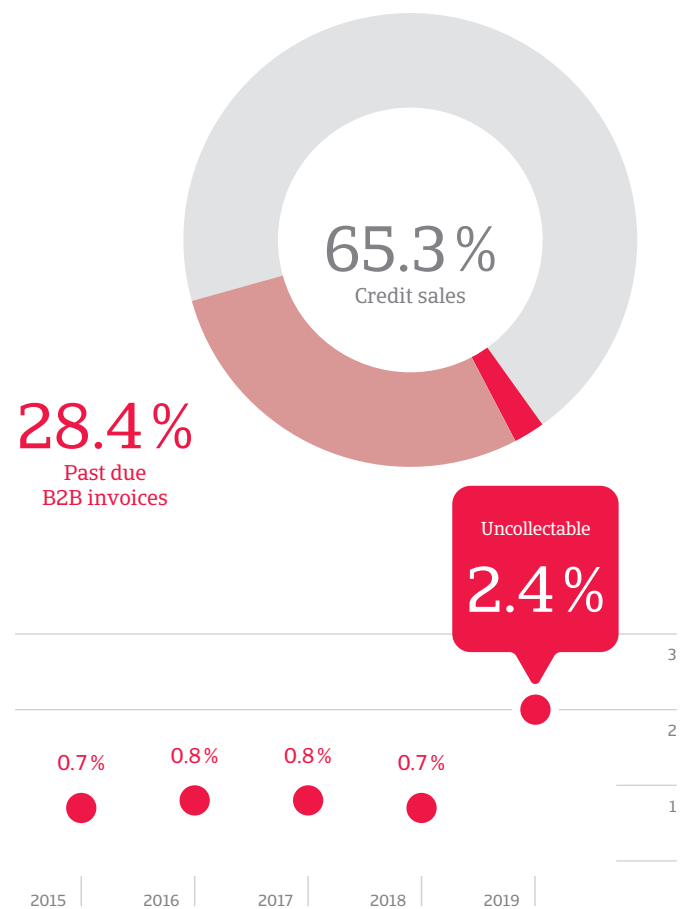
Austrian micro enterprises cash in past due payments notably later than one year ago (on average with 40 days from invoicing, up from 34 days last year), recording 26% of past due payments. In contrast, over the past year the payment behaviour of B2B customers of Austrian large enterprises improved markedly. The proportion of invoices paid on time increased to 70% from 58% one year ago. Due to this improvement, Austrian large enterprises collect payment of past due invoices earlier than last year (on average within 50 days from invoicing, down from 54 last year). Likewise, SMEs display a shorter invoice-to-cash turnaround than last year (on average within 45 days from invoicing, down from 48 last year). This is highly likely to have been triggered by an increase in timely payments (66% of the total value of B2B invoices, up from 58% last year).

Austrian SMEs recorded the highest rate of receivables written off as uncollectable

With 2.6% of B2B invoices written off as uncollectable (up from 1% last year), Austrian SMEs display notably much lower efficiency than last year when it comes to collecting long-term overdue payments. The average for large enterprises is 2.5% (up from 1.7% last year) and nearly 2% for micro enterprises (up from less than 1% last year).

Uncollectable B2B receivables in Austria

(% of total value of B2B receivables)



Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – October 2019



Survey design for Western Europe

Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the 'Atradius Payment Practices Barometer'. In this report focusing on Western Europe, which is part of the 2019 edition of the Atradius Payment Practices Barometer, companies from thirteen countries (Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Ireland, Italy, Spain, Sweden, Switzerland and the Netherlands) have been surveyed. Due to a change in research methodology for this survey, for some of the current results, no year-on-year comparison is feasible.

Using a questionnaire, Conclusr Research conducted a net of 2.770 interviews. All interviews were conducted exclusively for Atradius, without any combination of topics.

Survey scope

- **Basic population:** companies from thirteen countries (Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Ireland, Italy, Spain, Sweden, Switzerland and the Netherlands) were monitored. The appropriate contacts for accounts receivable management were interviewed.
- **Selection process – Internet survey:** 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=2.770 people were interviewed in total (approximately n=200 people per country). In each country, a quota was maintained according to three classes of company size.
- **Interview:** Web-assisted personal interviews (WAPI) of approximately 15 minutes duration. Interview period: Q3 of 2019.

Sample overview – Total interviews = 2.770

Country	n	%
Austria	221	8.0%
Belgium	216	7.8%
Denmark	200	7.2%
France	209	7.6%
Germany	210	7.6%
Great Britain	223	8.0%
Greece	200	7.2%
Ireland	204	7.3%
Italy	225	8.1%
Spain	229	8.3%
Sweden	214	7.7%
Switzerland	209	7.7%
The Netherlands	210	7.6%
Industry	n	%
Manufacturing	945	34.1%
Wholesale trade/ Retail trade / Distribution	1,526	55.1%
Services	299	10.8%
Business size	n	%
Micro enterprises	936	33.8%
SME (Small/Medium enterprises)	946	34.8%
Large enterprises	945	31.4%

It may occur that the results are a percent more or less than 100%. This is the consequence of rounding off the results. Rather than adjusting the outcome so that it totalled 100%, we have chosen to leave the individual results as they were to allow for the most accurate representation possible.

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.

Statistical appendix

Find detailed charts and figures in the Statistical Appendix for Western Europe. This is part of the October 2019 Payment Practices Barometer of Atradius, available at www.atradius.com/publications

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



SURVEY RESULTS

STATISTICAL APPENDIX

Copyright [Atradius N.V.](#) 2019

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. In the Publications section you'll find many more Atradius publications focusing on the global economy, including country reports, industry analyses, advice on credit management and essays on current business issues.

[Subscribe](#) to notifications of our Publications and receive weekly emails to alert you when a new report is published.

For more **insights into the B2B receivables collection practices in Austria** and worldwide, please see the International Debt Collections Handbook by Atradius Collections (free download after registration), available on www.atradiuscollections.com

Connect with Atradius on Social Media



On Twitter? Follow [@Atradius](#) or search [#atradiusppb](#)

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

info@atradius.com
www.atradius.com