



# Atradius Payment Practices Barometer

International survey of B2B payment behaviour  
Survey results for Australia

## Survey design for Asia Pacific

### Survey objectives

For internationally active companies, it is vital to have good knowledge of the payment practices of potential customers in countries they do or plan to do business with, as miscalculation may result in serious cashflow problems. This applies to big as well as small companies. Big companies are particularly hit by poor payment behaviour due to the volume of their international transactions. Smaller companies often learn the hard way early in their international endeavours that they have incorrectly estimated the payment practices of their international business partners.

Atradius is conducting regular reviews of corporate payment practices through a survey called the “Atradius Payment Practices Barometer”. Using the questionnaire Conclusr conducted a netto of 1,692 interviews in Asia and the Pacific. The interviews were all conducted exclusively for Atradius and there was no combination of topics.

### Survey scope

- Basic population: companies from 8 countries were monitored (Australia, China, Hong Kong, India, Indonesia, Japan, Singapore and Taiwan). 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=1,692 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 12 minutes duration.

### Sample overview – Total interviews = 1,692

Country	n	%
Australia	213	12.6
China	219	12.9
Hong Kong	220	12.9
India	208	12.3
Indonesia	207	12.3
Japan	208	12.3
Singapore	208	12.3
Taiwan	209	12.4
Industry	n	%
Manufacturing	605	35.8
Wholesale / Retail / Distribution	490	29.0
Services	597	35.2
Business size	n	%
Micro-enterprises	572	33.8
SMEs (Small/Medium enterprises)	857	50.7
Large enterprises	263	15.5

It may occur that the results are a percent more or less than 100% when calculating the results. 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.

## Survey results for Australia

### The greatest challenge to business profitability this year

Australia's most important trading partner is China, accounting for more than a third of its exports. But as China's demand for iron ore, coal and other minerals has slowed alongside its construction industry, recent months have seen a 4% decrease in Australian export trade with China. Of further note, the slump in demand has caused a 12% drop in Australian commodities prices. So Australia's businesses, which escaped the global financial crisis relatively unscathed, now face harder times.

When questioned about the biggest challenges to their business profitability this year, 36.2% of Australians responded that maintaining adequate cash flow was their key challenge, more or less in line with the Asia Pacific regional average of 35.6%

This was followed by falling demand for products and services, at 29.6%, understandable in the face of the Chinese slowdown. However, this figure was aligned with those of other Asia Pacific participants which suggests that the Chinese slowdown is impacting many of its neighbouring trade partners. This seems to be more of an issue for Asia Pacific at 32.3% and Europe at 32.2%, than the Americas where only 26.5% of respondents cited this as a big challenge.

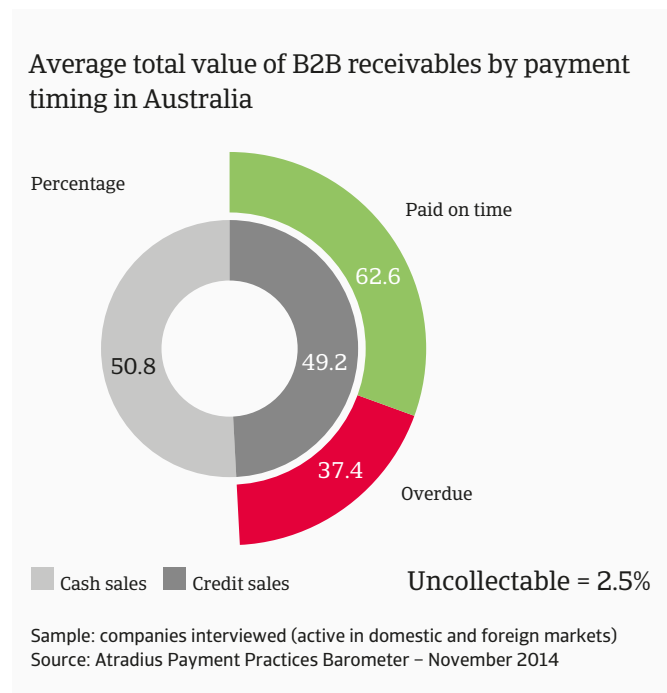


More information in the [Statistical appendix](#)

### Past due receivables and uncollectables

Australian respondents were slightly more impacted by past due receivables and uncollectable invoices than average, which affects businesses negatively not just in terms of time, but also cash flow. In Australia, 37.4% of respondents receivables extended past due. This compared an average of 36.2% for the region overall. With 5.6% of the overdue money extending past 90 days overdue and 2.5% uncollectable Australians experience an above average rate of very late and unpaid receivables. The averages for the region are 4.4% more than 90 days overdue and 2.2% uncollectable. Whilst Australian businesses can ill afford to have money tied up in the face of slowing export trade to China, improving payment success could be critical to success for many of these businesses.

Also of note, by comparing the percentage of receivables that remained outstanding after 90 days past due, to that of the uncollectable receivables, we can conclude that on average, businesses in Australia lose 44.6% of their receivables unpaid at 90 days. By country, this is the third lowest of the Asia Pacific nations surveyed, with China leading at 64.1%.

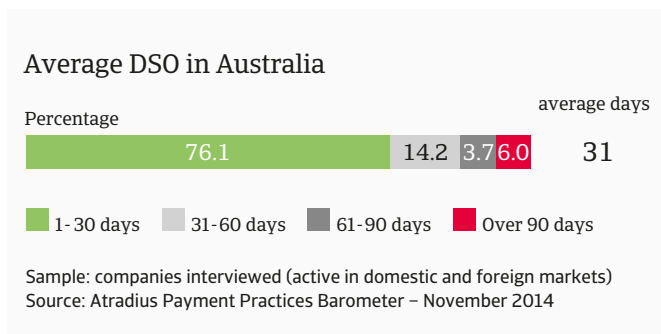


More information in the [Statistical appendix](#)

## Days Sales Outstanding – DSO

Australian respondents were amongst the most relaxed when questioned about the point at which their DSO becomes a problem for the sustainability of their business. 69% of respondents said it became an issue after thirty days, versus a high from China of 78.9% - attributable to their attitude towards trading on credit, something relatively new to them – and at the other end of the spectrum, 61.2% of respondents from Japan, were relatively unconcerned.

However, Australian respondents also had one of the lowest DSOs, at 31 days, well below the 54 day average for the region and shorter, even, than the average payment term for Asia Pacific. According to Australian respondents 76.1% of monies owed were paid within 0 to 30 days, the highest of all the countries we surveyed. Hong Kong had the second lowest DSO, at 69.5%. Overall, DSO seemed less troubling to Australia's respondents than in most other nations and regions we surveyed, perhaps attributable in part to China's careful attitude towards trading on credit, which could work in the Australian's favour.



More information in the [Statistical appendix](#)

## Main reasons for late payment from B2B customers

Insufficient availability of funds was the most common reason given for late domestic payments across all nations surveyed in Asia Pacific, with the exception of Japan. 43.26% of Australian respondents stated that this was the main issue they faced, with inefficiencies of the banking system second at 28.09%, and the buyer using outstanding debts or invoices as a form of financing at 25.84%.

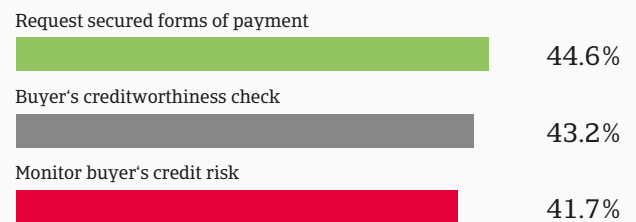
The story was fairly similar in the case of late payments from overseas customers, with 31.48% citing lack of available funds, 29.63% attributing it to the buyer using outstanding debts or invoices as a means of financing. Somewhat surprisingly 28.7% of respondents cited the invoice being sent to the wrong person as the reason for late payment, the highest amongst all nations surveyed with the exception of India at 29.89%, and compared to a regional average of 22.15%. This may be due to something as simple as having Asian trading partners who are using a different language or alphabet.

## Credit management policies used by respondents

71% of Australian business respondents said that they took measures to mitigate the risk of payment defaults by their buyers. Of these, the most common measure taken was to request for secured forms of payment, at 44.6%. Despite this, they were some way down the ranks for doing so, with only Hong Kong at 37.5% and Japan at 25% beneath them. In line with the responses of the businesses we surveyed in Asia Pacific, however, checking a buyer's creditworthiness and monitoring their buyer's credit risks were the other two measures chiefly taken.

Amongst the different methods of payment, Australian respondents expected to see the biggest increase in the use of Pay Pal as a means of payment. 45.07% of respondents thought it would increase in popularity, whilst the greatest predicted drop was in the use of cheques at 45.37%. This is illustrative of the general trend across the region, where online purchasing continues to increase in line with the rest of the world and the most secure means of payment hold significant appeal.

### Most often used credit management policies in Australia



More information in the [Statistical appendix](#)

### Survey results by country, industry and business size

The findings related to each of the countries surveyed across Asia Pacific are presented in the Statistical Appendix which also features results by industry and business size. The latter, at an overall survey level, are displayed next to the related tables in the Statistical Appendix to this report. The regional report of this edition of the Atradius Payment Practices Barometer, as well as its Statistical Appendix, are available for free and downloadable on the [atradius.com](http://atradius.com) website.

If 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 November 2014 Payment Practices Barometer of Atradius (survey results for Asia Pacific) 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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