



Atradius Payment Practices Barometer

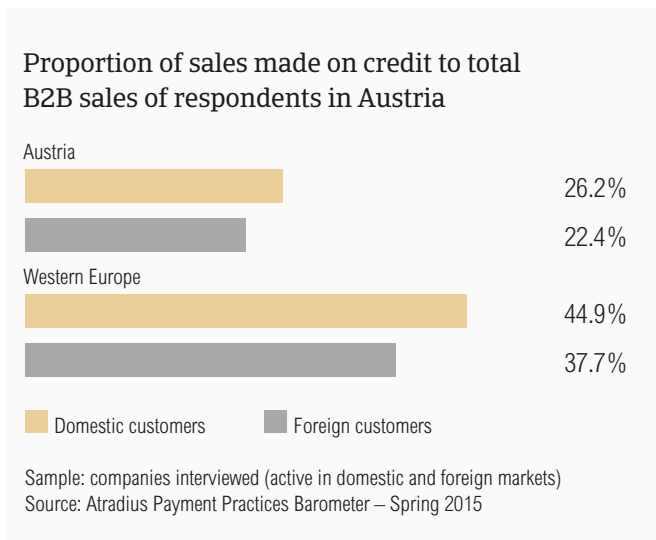
International survey of B2B payment behaviour
Survey results for Austria

Survey results for Austria

Sales on credit terms

On average, 26.2% of the value of the domestic and 22.4% of the value of the foreign B2B sales of respondents in Austria are made on credit. These proportions, which do not differ substantially from those observed in Germany (26.8% domestic and 23.6% foreign) and Switzerland (27.1% domestic and 26.5% foreign), point to a conservative approach to the use of trade credit in B2B transactions. The commonality of their approaches to using trade credit may be a reflection of the similarities in their business cultures.

Austrian respondents, however, appear to have gradually become more risk averse in respect to using trade credit. Since 2013, the value of domestic and foreign B2B credit-based sales in Austria has declined sharply (around 14 percentage points) reaching the current levels. The aversion to selling on credit was more focused on foreign than on domestic transactions. This tendency may be explained by a sizeable upswing in the rate of foreign delinquencies.



More information in the [Statistical appendix](#)

Average payment term

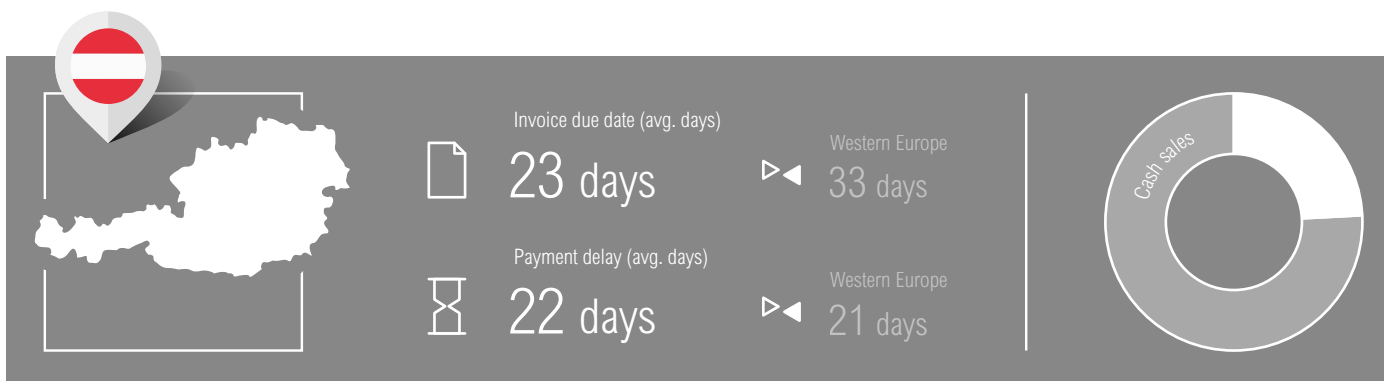
Domestic B2B customers of respondents in Austria are extended an average of 22 days from the invoice date to pay invoices. Over the past two years, this term remained steady in general. It is now aligned with the average domestic payment term given in Germany (20 days), and is well below the average for Western Europe (34 days).

The payment terms given to foreign B2B customers to pay invoices average 25 days. This is notably shorter than the average term for Western Europe (32 days) and is consistent with the foreign invoice payment terms observed in Germany, Great Britain and the Netherlands. Over the past two years, the average payment terms for foreign customers did not change notably.

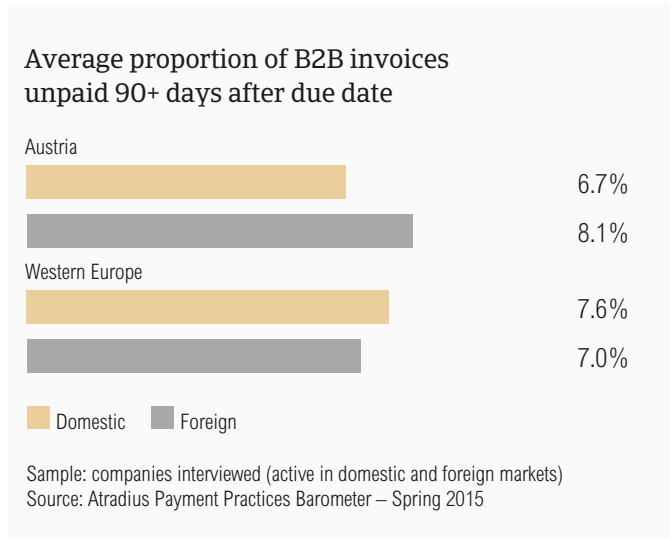
Overdue B2B invoices

An average of two fifths of the total value of domestic and foreign B2B invoices in Austria remained outstanding past the due date. The domestic percentage (41.6%) is slightly above the average for Western Europe (40.2%), and it is as high as those recorded in Germany and Belgium. The foreign proportion (39.6%) is above the survey average (35.4%), and in line with that recorded in Germany and Belgium. Over the past two years, the domestic overdue levels in Austria increased by around 11 percentage points (the same as in France), notably more than the foreign overdue levels, which increased by 7 percentage points (almost the same as in Germany).

The delinquency figure recorded in Austria (invoices unpaid 90+ days after due date) is relatively sizeable. 8.1% of foreign, and 6.7% of domestic B2B invoices became delinquent, and are likely to turn into collections cases. The rate of foreign overdue invoices is above the 7% survey average, while the rate of domestic overdue payment is below the 7.6% survey average. Late payment of B2B invoices (domestic and foreign) in Austria is reflected in the Days Sales Outstanding (DSO) figure posted by Austrian respondents, which averages 38 days, and is around seven days shorter than two years ago. This would suggest that Austrian respondents have a stronger focus on collecting high-value long-outstanding B2B invoices, a focus most likely prompted by the sharp increase in the (above mentioned) rate of delin-



quency. However, the DSO figure in Austria is 10 days shorter than the average recorded in Western Europe.



More information in the [Statistical appendix](#)

Average payment delay

Domestic B2B customers of Austrian respondents settle their past due trade debts, on average, 21 days after the invoice due date (survey average is 22 days). The average time for foreign B2B customers to make their late payments is 23 days (survey average is 20 days). This means that, on average, Austrian respondents receive domestic payments 43 days after invoicing. In terms of foreign payments, these are received around 48 days after invoicing.

Over the past two years, the average domestic payment delay has fluctuated significantly. An average decrease of 10 days occurred two years ago, followed by an increase of around four days in 2015. This is in contrast to an average decrease of nearly seven days for the survey overall. At the same time, the average payment delay for foreign invoices decreased seven days, less than the average decrease of nine days for the survey overall. As a result of these oscillations, Austrian respondents have to wait longer to receive payment on invoices from B2B customers. More

specifically, they need to wait around eight days longer to receive payment from foreign customers, and five days longer from domestic customers.

As late payment can have a serious impact on a company's financial health, most of the respondents in Austria (24%) reported their concern about maintaining sufficient cash flow levels. They consider this as one of the greatest challenges to business profitability in 2015, more than respondents in Western Europe do (18%).

Key payment delay factors

43.4% of respondents in Austria, compared to 51.4% in Western Europe, said that insufficient availability of funds is the most frequent reason for domestic payment delay. Last year, the percentage of respondents reporting domestic late payment due to this reason fell sharply, increasing again in 2015. 47.5% of Austrian respondents, markedly above the 37% in Western Europe, cited insufficient availability of funds as the primary reason for foreign payment delay. This finding would suggest that respondents in Austria experience issues with foreign invoice payment more than their peers in Western Europe.

After a marked decrease in 2014, the percentage of respondents reporting foreign late payment due to customers' liquidity constraints increased again. In line with the survey pattern, the second most often cited reason for domestic invoice payment delay is the use of outstanding invoices as a form of financing. 54.2% of Austrian respondents communicated this in relation to domestic customers (survey average is 34%) and 49.2% in relation to foreign customers (survey average is 29.4%). Interestingly, both figures for Austria are the highest of all the countries surveyed in Western Europe.

Uncollectable accounts

Austrian respondents reported that 0.7% of their B2B receivables was uncollectable. This 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 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, consumer durables, business and services sectors. Foreign B2B write-offs are most frequently attributable to B2B customers in the construction, consumer durables and services sectors.

For a higher percentage of respondents in Austria (72%) than in Western Europe (66.4%), B2B receivables were mainly uncollectable because the customer went bankrupt or out of business. Around 24% of Austrian respondents (survey average 21%) also stated that B2B receivables were uncollectable because the customer could not be located. For more insights into the B2B receivables collections practices in Austria, 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: cost containment



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 Austria reported granting trade credit terms mainly to B2B customers belonging to the construction, consumer durables, business services and services sectors. With an average of 33 days from the invoice date to pay, foreign B2B customers in the construction sector enjoy the longest payment terms. Despite this advantage, the construction sector ranks first in terms of overdue domestic and foreign payment levels, showing also the longest average payment delay (50 days). This is markedly above the 24 day average for the country.

Domestic payment delays due to liquidity constraints of B2B customers are reported, on average, by half of the respondents in relation to the services sector. The same issue is indicated for foreign payment delays in the business services sector by three in five respondents.

Over the coming 12 months, around one quarter of the respondents in Austria expect a slight deterioration in their domestic customers' payment behaviour in the construction sector. In relation to foreign B2B customers, nearly the same percentage of respondents expect a slight deterioration in their customers' payment behaviour in the construction, consumer durables and business services sectors..

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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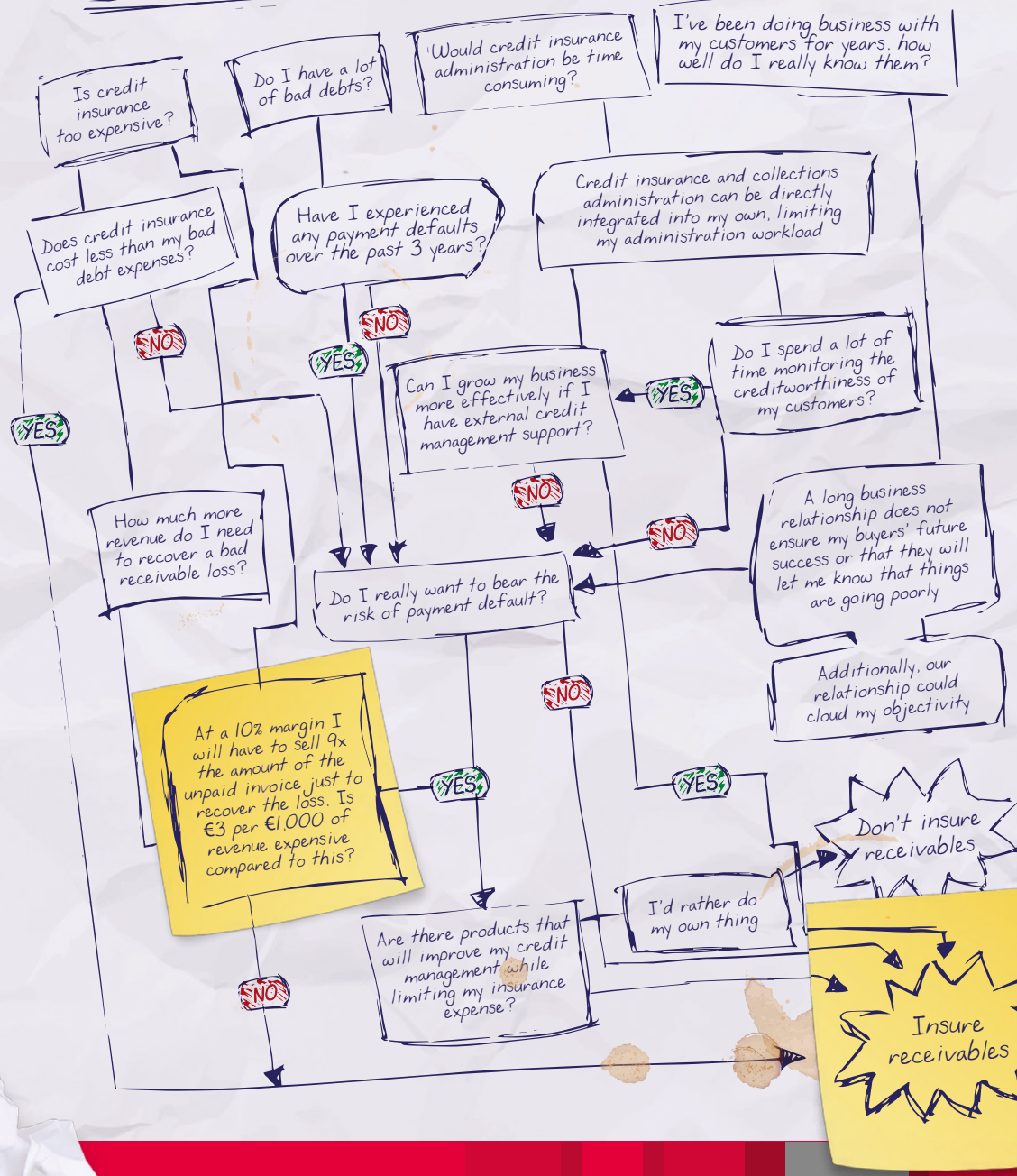
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SHOULD I INSURE MY RECEIVABLES?



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