

Payment Study 2012

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CRIBIS D&B AND THE DUNTRADE® PROGRAM

CRIBIS D&B

CRIBIS D&B is a highly specialized company with advanced business information skills. It was set up with the aim of providing both the Italian market and D&B's global clients with the highest standards of quality in terms of business coverage, the depth and accuracy of information, the technological capacity and flexibility to respond quickly to market demands, as well as in the provision of decisional systems, and scoring models.

DATA SOURCES: D&B PAYDEX AND PAYMENT EXPERIENCES

The data presented in this study come from the information held in DUNTRADE® PROGRAM and are elaborated by CRIBIS D&B.

In particular, payment assessment is based on the analysis of those companies for which a D&B Paydex value is available, where D&B Paydex is a statistical indicator that assesses the historical performance of payments to suppliers, and provides a reliable profile of a company in terms of whether or not it is a good payer.

The D&B Paydex score is only generated if there are at least three trade experiences from three different suppliers.

This is because it is an indicator that enables the average payment practices of clients to be assessed, and requires the identification of a trend and homogeneous observations, guaranteed by the use of a clear and correct definition of payment experiences.

Payment experiences are generated by the combined analysis of all commercial transactions (invoices, payments, overdue payments etc.) between a client company and its supplier over the course of the previous 12 months. The score is a moving weighted average because:

- it comes from the analysis of 12 months of data
- it depends on the credit being analyzed, i.e. on the credit amounts that are on time or late every month
- it is updated every month

THE DUNTRADE® PROGRAM

Payment experiences come from DUNTRADE®, the program used by D&B Partners and participating companies aimed at collecting **data, analyses and assessments of the payment practices of companies** in Italy and around the world.

Some data relating to **DUNTRADE®** are presented below:

WORLDWIDE

- Active on a worldwide level since 1972
- Data collected on more than 5 billion transactions
- Payment experiences available for more than 27 million companies in relation to their suppliers.

ITALY

- 45 years of experience in information systems
- Data on over 140 million transactions collected in Italy
- Payment experiences available for more than 1 million companies in relation to their suppliers
- The Paydex indicator is available for 65% of requests.

Sharing information within a system such as DUNTRADE® PROGRAM means having access to an objective information source managed by a "neutral" party, i.e. not influenced by conflicts of interests or strictly sector-based trends. In this way, the output information is an objective profile of a company as a payer of B2B transactions.

DUNTRADE® enables the user to:

- Access information which is objective, consistent and easy-to-use
- Compare the performance of a company with sector performance and that of its portfolio
- Analyze performance patterns for a company over time
- Effectively monitor variations in payment behavior of a client
- Have an overview of risk distribution as a function of its exposure
- Analyze the client portfolio as a whole, or segmented based on criteria such as geographical location, sector and risk level
- Quickly manage critical situations and estimate potential losses.

INTRODUCTION, METHODOLOGY AND LEGEND

This study, published with data up to 31 December 2011 for all countries except for Italy, for which data is included up to 31 March 2012, is aimed at outlining the international picture of payment practices, with particular focus on Italy and Europe.

Furthermore, thanks to CRIBIS D&B being part of the D&B Worldwide Network, it was possible to collect and analyze payment data from Taiwan, Hong Kong, Mexico, the USA, Canada, Belgium, the Netherlands, Germany, France, the UK, Spain, Portugal, Poland and Switzerland. In this edition of the study, there is additional information relating to China, Slovenia, Hungary and Austria. For each country the patterns of commercial transactions are analyzed in detail, paying attention to any changes compared with previous years.

The main sources of information used in this study were payment data from the CRIBIS iTRADE Program and the D&B Paydex Score for Italy, and from the D&B Worldwide Network DUNTRADE program for other countries.

The following information is given for clarity:

Analysis Legend by type of company

ITALY

Micro (Turnover ≤ 2 million € or ≤ 10 employees)
Small (Turnover ≤ 10 million € or ≤ 50 employees)
Medium (Turnover ≤ 50 million € or ≤ 250 employees)
Large (Turnover > 50 million € or > 250 employees)

CHINA, TAIWAN, HONG KONG, MEXICO, USA, CANADA and EUROPEAN COUNTRIES

Micro (≤ 5 employees)
Small (> 5 and ≤ 50 employees)
Medium (> 50 and ≤ 260 employees)
Large (> 260 employees)

Analysis Legend for geographical regions in Italy

North East (Emilia Romagna, Friuli-Venezia Giulia, Trentino-Alto Adige and Veneto)
North West (Liguria, Lombardy, Piedmont and Aosta Valley)
Center (Lazio, Marche, Tuscany and Umbria)
South and the Islands (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily)

Notes

AUSTRIA AND CHINA

Payment practices for 2011 were analyzed for these two countries due to the recent establishment of programs for sharing payment information.

TAIWAN and HONG KONG

Agriculture, and Mining and Quarrying were excluded from the analysis of payment practices by macro-sector in these countries, as they are not significant.

1. CHINA

Below is the opinion of **Jessie Liu, Product Development & DunTrade Manager at Huaxia Dun & Bradstreet China**, on the economic scenario and payment situation in China.

"With the "4 Trillion Investment Project" slowly coming to an end and the tight monetary policy in 2011, lots of companies currently have liquidity problems.

Due to the slowing growth of overseas markets and inflated costs in China, the export market has shrunk and many Chinese small and medium-sized enterprises were facing the serious market risk during the second half of 2011. On the other hand, the previously tight monetary policy has worked well (the overall yearly CPI growth rate was 5.4% for the whole of 2011, although this rate had already dropped to 4.1% in December, 2011), so the government may not insist on such a tight monetary policy for the following year. In fact, the reserve requirement ratio had already dropped 0.5% in December 2011, and looser monetary actions could be expected next year.

In 2011, a number of Chinese businesses were bankrupt, while others were struggling to survive. They turned more and more parts of their business to the domestic market, shut down old plants and developed product and technology innovation. Meanwhile, a liberal economic environment could be expected, and the government may promote a plan for further stimulation. Hence, surviving businesses should be healthier and more competitive.

In such a scenario, we can expect a more liberal economic environment, and suppliers may be granted longer payment terms in 2012.

The most common payment terms in China are still 30 to 60 days credit. From the study of payments in the five key industries (Electronic & Electrical, Medical Distribution, Machinery Manufacturing, Logistics and Plastic Manufacturing), 30-60 days credit is used in over 60% of cases in four of the five key sectors, while the Medicine Distribution sector generally adopts 60-90 days credit.

According to our PAYDEX data, more companies paid within agreed terms in December 2011 compared with the percentage in August 2011. This could be explained by the loose monetary policy and better economic environment resulting from stimulation actions.

There are discernible differences across industries and different sized businesses. At the end of 2011, compared with an average of 32.5% of prompt payments, as always the worst were large sized businesses (25.9% of prompt payments in December, 2011); while micro (44.4% prompt payments in December, 2011) and small (39.5% prompt payments in December, 2011) businesses were much better. Since in China large companies usually already dominate at least the regional market, this situation enhances their capability to negotiate payment terms, and also gives them the power to lengthen their actual payment terms. However, this in turn adds to the pressure on the cash-flow of smaller suppliers and makes them more cautious about the payment terms of their own businesses, even in what will be a more generous credit environment next year.

In China, the industries that consistently pay on time are Trade (38.8% punctual payments in December, 2011) and Manufacturing (33.0% punctual payments in December, 2011) section. The relatively worse sectors are Transportation and Energy (23.2% punctual payments in December, 2011) and the Finance sector (25.3% punctual payments in December, 2011). This situation may be caused by the extended global recession. The shrinking global market and economic slowdown around the world makes investment behavior more cautious. What's more,

the traditional payment habits of buyers and credit management skills in different sectors are also affecting payment performance.

Most large sized enterprises do not have a serious problem in terms of liquidity, but the small and medium enterprises may need to pay more attention to their credit management procedures due to the market recession and tight monetary policy in 2011. They may need to adjust their credit policies, offer more cash discounts and avoid granting long payment terms. In this way, they could avoid facing severe liquidity risk and prepare for the potentially worse economic environment."

Payment analysis

Graph 1.1 shows the payment practices of Chinese companies in detail, through the analysis of the distribution of companies by payment class.

In 2011, the percentage of punctual payers was only 33.1% of the total, meanwhile, the majority of companies tended to pay commercial transactions on average between 1 and 30 days late (50.3%).

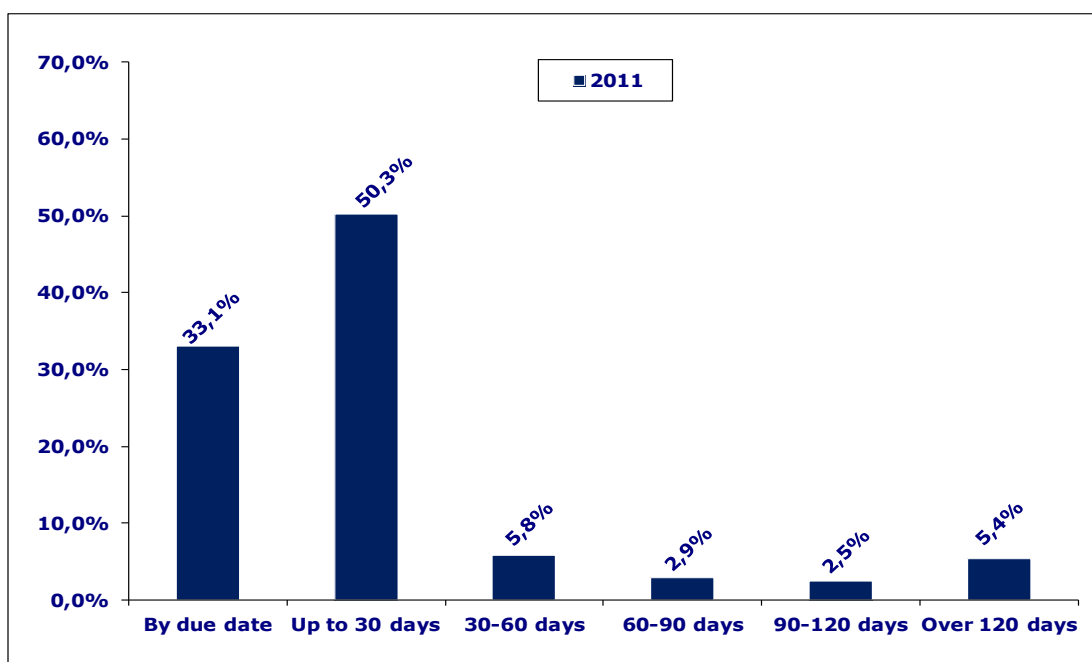
Intermediate late payment classes ("30-60 days" and "60-90 days") account for 8.7%, whereas "bad payers" (more than 90 days late on average) account for 7.9% of the sample analyzed.

Finally, it can be seen that 5.4% of Chinese companies pay their suppliers on average more than 120 days beyond agreed payment terms.

The high concentration of serious late payments and contained level of punctual payments makes the payment situation in China one of the worst among the countries analyzed in this edition of the study.

GRAPH 1.1 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN CHINA BY PAYMENT CLASS, 2011



Using Graph 1.2, it is possible to analyze the payment practices of Chinese companies in detail in relation to company size.

Micro-companies show the most balanced payment behavior with 44.4% of the total for payments within agreed terms (+11.3 percentage points compared with the national average). Next, are small companies, where the percentage reaches 39.5%.

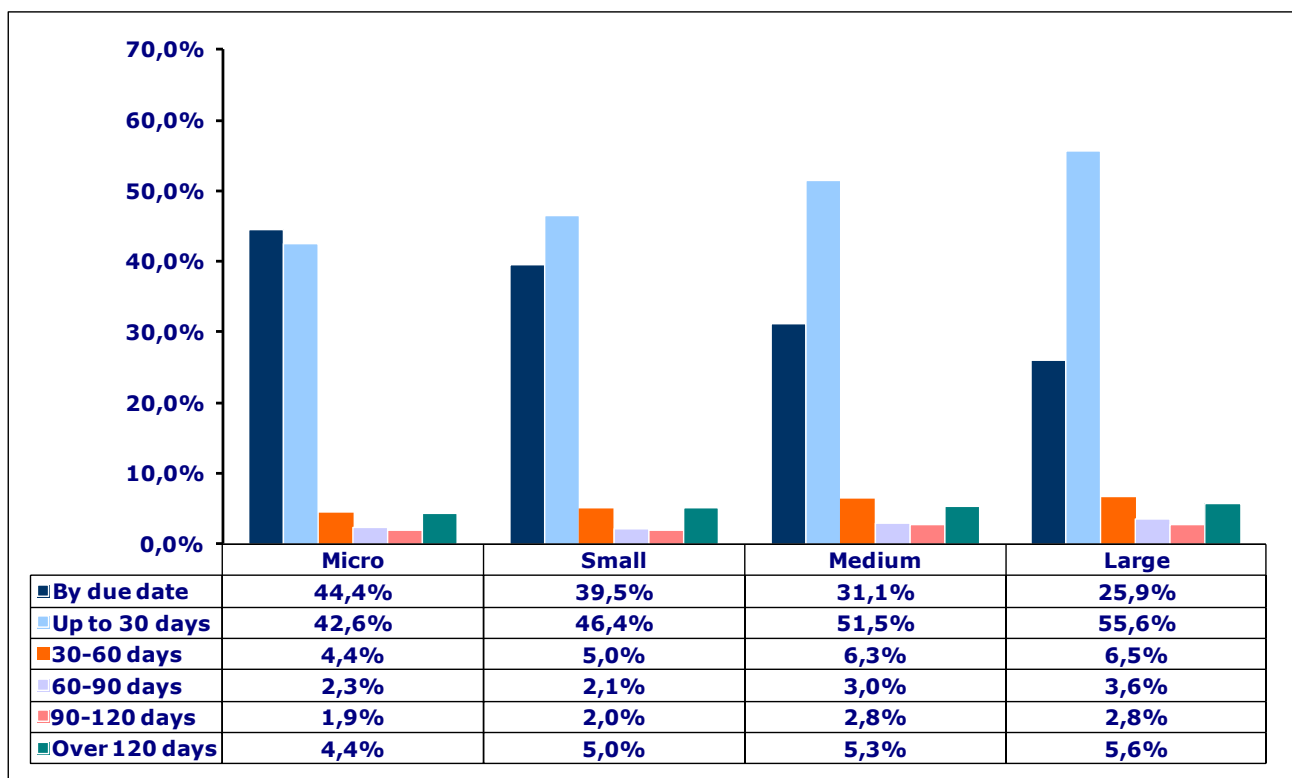
For large companies, on the other hand, there is a decisively more problematic situation, where only a quarter of companies (25.9%) manage to respect agreed payment terms, with a concentration of 55.6% in the "Up to 30 days late" class.

Average late payments of between 30 and 90 days are highest in the medium and large categories, with 9.3% and 10.1% of the total in this class, respectively.

In terms of serious late payments, the worst performance is once again seen for large companies: 8.4% exceed an average of 90 days beyond agreed payment terms.

GRAPH 1.2 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN CHINA BY TYPE OF COMPANY, 2011



Graph 1.3 focuses on the payment practices of Chinese companies according to the different macro-sectors in 2011.

A somewhat heterogeneous context emerges from sector-based analysis, with rather differing performances between the various sectors considered.

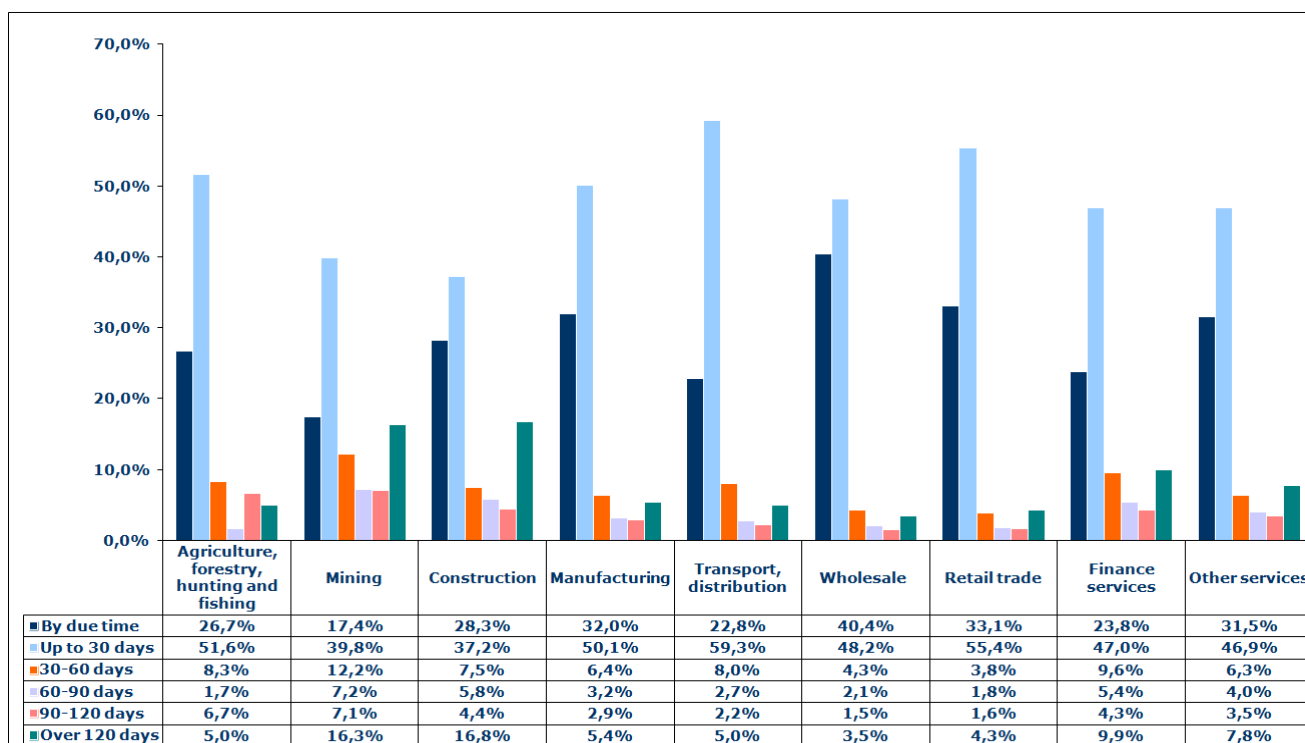
The sector which stands out as having a more balanced behavior is Wholesale: in fact in this case, companies pay within agreed terms in more than 40% of the cases analyzed, whereas in other sectors this figure does not exceed 33.1%.

Late payments are concentrated in the "Up to 30 days" class, with the highest percentages for Transport and Distribution (59.3%) and Retail Trade (55.4%), whereas the highest concentration for the intermediate payment classes (between 30 and 90 days over payment terms) was seen for the Mining sector with 19.4% of the total.

Finally, more serious late payments (on average over 90 days late) are seen to a greater degree for the Mining sector, with 23.4% in this class (+15.5% compared with the national average) and the Construction sector, with 21.2% (+13.3% compared with the national average).

GRAPH 1.3 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN CHINA BY PRODUCT SECTOR, 2011



Tables 1.4 and 1.5 show a classification of the best and worst payment records in China in 2011 according to micro-sector.

The top position in the classification of best payers is held by Apparel and Other Textile Products with 51.4% of companies paying within agreed payment terms. In second and third positions are Wholesale Trade – Nondurable Goods (51%) and Social Services (48.5%).

The area of Health Services, on the other hand, is the sector with the worst payment record in China, with 34.3% of companies paying seriously late (more than 90 days on average), which is 26.4 percentage points above the national average.

Among the other sectors in the top positions in the classification are General Building Contractors (24.7%) and Heavy Contractors, Except Building (24.3%).

TABLE 1.4 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN CHINA, 2011

Sector	Ranking 2011
APPAREL AND OTHER TEXTILE PRODUCTS	1
WHOLESALE TRADE - NONDURABLE GOODS	2
SOCIAL SERVICES	3
BUILDING MATERIALS & GARDEN SUPPLIES	4
SERVICES	5
MISCELLANEOUS RETAIL	6
AMUSEMENT & RECREATION SERVICES	7
MISCELLANEOUS REPAIR SERVICES	8
EDUCATIONAL SERVICES	9
PRINTING AND PUBLISHING	10

TABLE 1.5 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN CHINA, 2011

Sector	Ranking 2011
HEALTH SERVICES	53
GENERAL BUILDING CONTRACTORS	52
HEAVY CONSTRUCTION, EXCEPT BUILDING	51
REAL ESTATE	50
ADMINISTRATION OF ECONOMIC PROGRAMS	49
EXECUTIVE, LEGISLATIVE AND GENERAL	48
SPECIAL TRADE CONTRACTORS	47
ELECTRICAL, GAS AND SANITARY SERVICES	46
STONE, CLAY AND GLASS PRODUCTS	45
COMMUNICATIONS	44

The payment situation in 2011 in China is complex, with less than satisfactory performances (particularly in some sectors).

In fact, only a third of Chinese companies manage their commercial transactions within established payment terms (33.1%), whereas 7.9% of the total pay on average over 90 days late, putting China below the average on an international level.

The sector-based analysis shows rather differing payment behavior between the sectors analyzed.

In particular, the most critical situations were seen in the Mining and Construction sectors, which show percentages of "bad payers" above the national average (more than 21%).

2. TAIWAN

Below is the opinion of **Kelly Lu, DUNSRight team leader at Dun & Bradstreet Taiwan**, on the economic scenario and payment situation in Taiwan.

"Companies have adopted more conservative terms for dealing with downward economic trends. As many as 52% of Taiwan's businesses are granted on average 0-30 day open accounts. This is followed by the 31-90 day terms, accounting for 42% on average over 2011. The Paydex score for all companies available in the D&B Taiwan database was on average 75 in 2011, an increase from the average of 74 in 2010. This increasing trend was similar to the yearly % growth in Taiwan's export shipments of 7.23% in 2011, with a full year dollar value of USD 463.13 billion, up by USD 29.41 billion from 2010.

Overall, the nationwide out of business (OOB) rate declined to 4.66% in 2011 from 5.08% in the previous year. As Taiwan's GDP forecast for 2012 is around 3.85%, down approximately 0.2% from 4.04% in 2011, companies have frequently been using conservative payment terms of 0-30 days at the beginning of 2012. In the meantime, Taiwan's SMEs (small- and medium-sized enterprises) are expected to be able to respond quicker to economic recovery. For example, in terms of inventory-to-current asset-ratio, SMEs improved by 232 basis points to 15.57% from 17.89% the previous year, whereas large companies deteriorated by 144 basis points to 7.19% from 5.75% the previous year.

SMEs also showed better performance than large companies in terms of the current asset-to-total asset-ratio across industries from manufacturing, transport and distribution, wholesale, and retail trade to financial services and other services. Compared with the previous year, this ratio of SMEs improved by 62 basis points to 50.38% from 49.76%, while the value for large companies fell by 180 basis points to 60.54% from 62.34%.

Entering 2012, the outlook is becoming more optimistic quarter by quarter. In particular, the forecast for Taiwan's export shipments is to increase by 4.9% year-on-year (y-o-y) starting from the second quarter as predicted by the Ministry of Economic Affairs. The top three export products are (i) information & communication devices, (ii) electronic devices and (iii) precision instruments, with exporting primarily to Mainland China, continental U.S.A. and continental Europe."

Payment analysis

Before starting a detailed analysis of payment practices in Taiwan in 2011, we start with the trends in companies paying on time and those with late payments of over 90 days (Tables 2.1 and 2.2).

In terms of punctual payments, there has been a positive trend in recent years, with 69.3% of Taiwanese companies in 2011, making it one of the best performers amongst the countries in this study.

Also in terms of the percentage of companies that pay on average over 90 days late, the data are very positive, with only 1% of the total.

In order to better understand the changes in recent years, it is necessary to look at the variations in terms of the distribution of companies by payment class, as reported in Table 2.3. Compared with 2010, there has been an improvement of around 2 percentage points in the punctual payment class, counterbalanced by a reduction of 2.2% in the "Up to 90 days" bracket. The most significant changes are seen in the comparison with 2008 data. In fact, compared to four years ago, the number of "good payers" has increased by 10.7 percentage points, going from 58.6% in 2008 (record low) to 69.3% in 2011. Over the same time period, the intermediate late payment class (up to 90 days on average) decreased by 8.8%.

In terms of serious late payments, on the other hand, there is a rather stable distribution over time, with a maximum variation of -2.3% when compared with 2007 data.

TABLE 2.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN TAIWAN WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
Taiwan	64.7%	58.6%	60.6%	67.4%	69.3%

TABLE 2.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN TAIWAN WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
Taiwan	3.3%	2.9%	2.1%	0.7%	1.0%

TABLE 2.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN TAIWAN, 2007-2011

	Variation 2007/2011	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	4.6%	10.7%	8.7%	1.9%
Up to 90 days	-2.3%	-8.8%	-7.6%	-2.2%
Over 90 days	-2.3%	-1.9%	-1.1%	0.3%

Graph 2.4 allows detailed analysis of payment habits in Taiwan by payment class through analysis of the 2007-2011 trend.

Taiwanese companies have shown a continuous growth in punctual payments in the last four years, and in 2011 there was a record high with a percentage of more than 69% of the total. Late payments tend to be concentrated in the "Up to 30 days" class, with a concentration of 27.1% of the total.

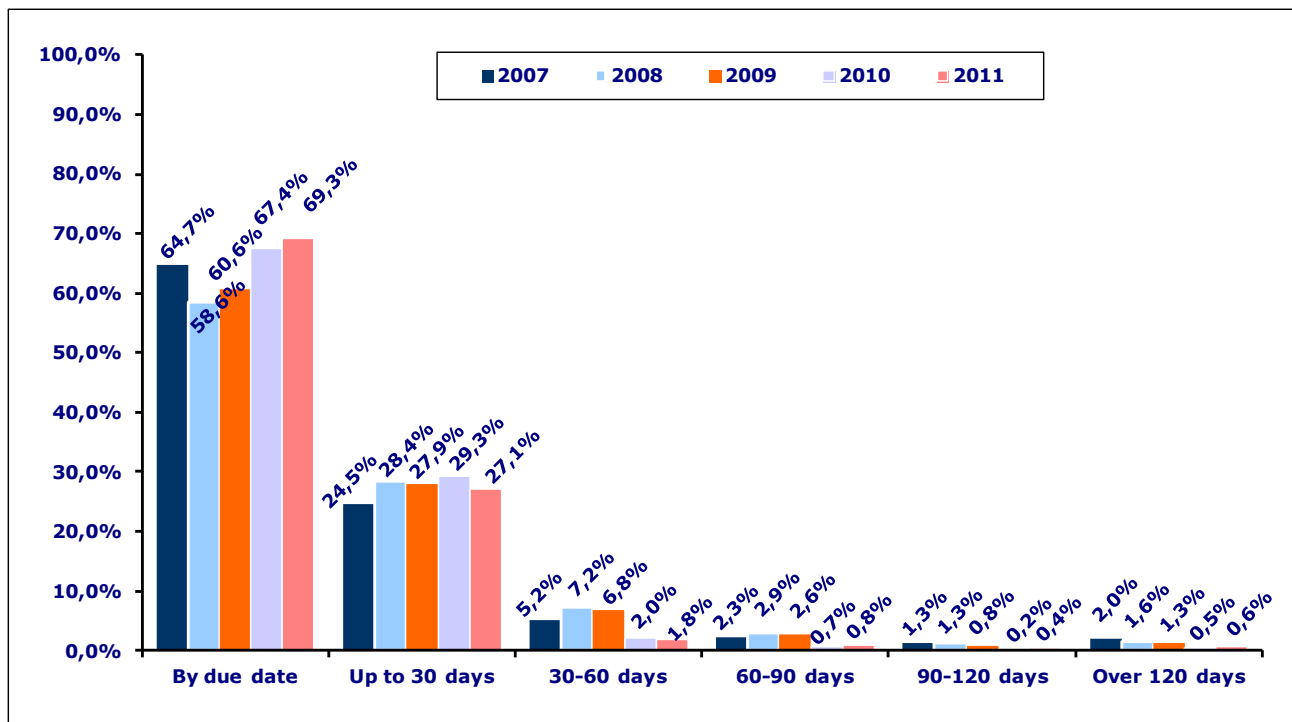
In addition, it can be seen that over 96% of Taiwanese companies are within the punctual or moderate (less than 30 days) late payment classes, highlighting the excellent payment performance of this country.

2.6% of companies still show an average late payment of between 30 and 90 days, which differs by 7.5 percentage points from the highest value of 10.1% seen in 2008.

Finally, "bad payers" account for 1% of the sample, which is 2.3 percentage points lower than in 2007.

GRAPH 2.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN TAIWAN BY PAYMENT CLASS, 2007-2011



Using Graph 2.5, it is possible to analyze payment practices in detail, subdivided by company size, and to therefore see the differences between the four types under consideration.

Micro, small and medium enterprises stand out for their more balanced payment behavior, with percentages of punctual payments of more than 65% for all three categories (73% for small businesses).

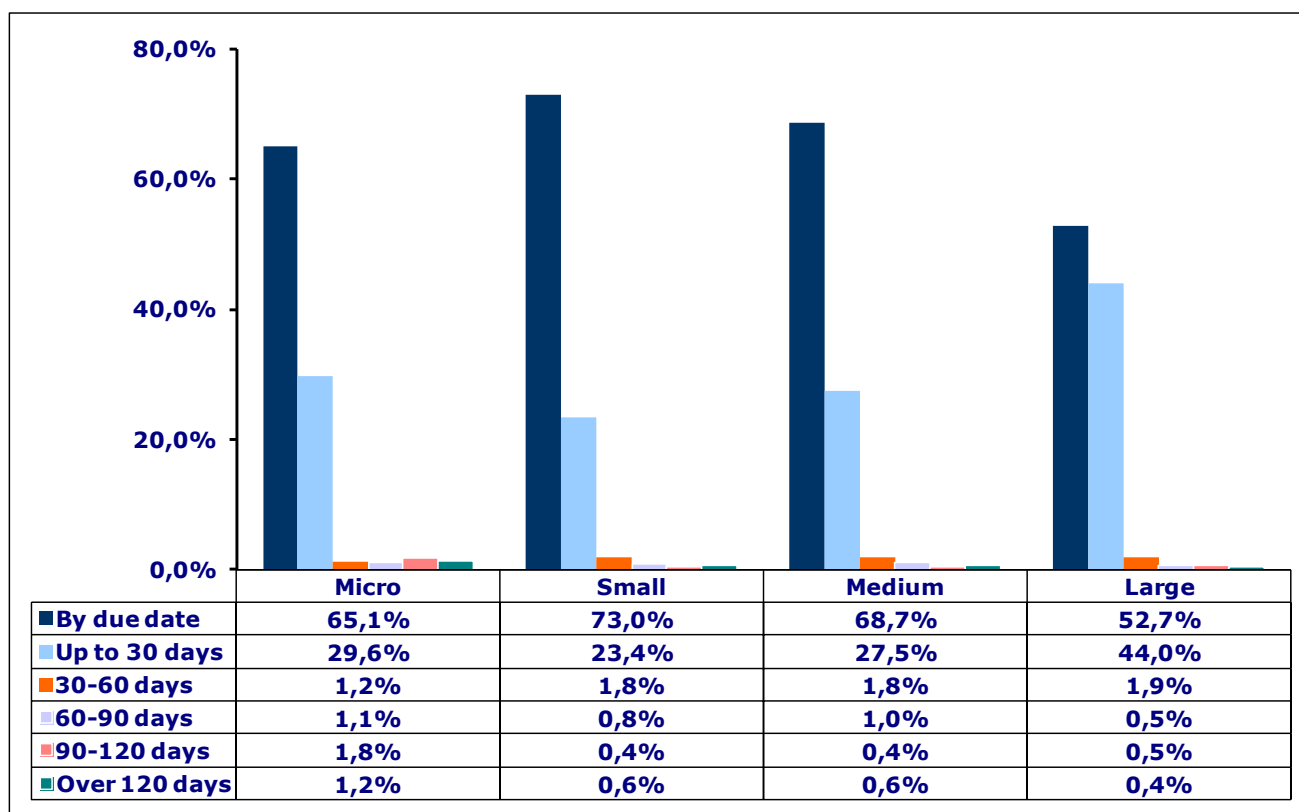
There is a more problematic situation for large companies, who manage commercial transactions within payment terms in 52.7% of the cases analyzed, and which have a concentration of 44% of the total number of companies in the moderate late payment bracket ("Up to 30 days").

For the intermediate late payment classes (between 30 and 90 days late), there are similar figures for all company types, with a percentage that fluctuates between 2.3% for micro-companies and 2.8% for medium-sized companies.

Finally, micro-companies have a higher concentration in the serious late payment bracket (over 90 days late), with a value of 3%, whereas the value does not exceed 1% of the total in the other cases.

GRAPH 2.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN TAIWAN BY TYPE OF COMPANY, 2011



In reference to payments in the various macro-sectors, a more or less homogeneous pattern of behavior can be seen in Graph 2.6.

Good performance within the payment information system in Taiwan is also confirmed from a sector point of view.

In fact, all sectors show a higher percentage of companies that pay on time, with values of over 67% (up to 79% in the Financial Services sector).

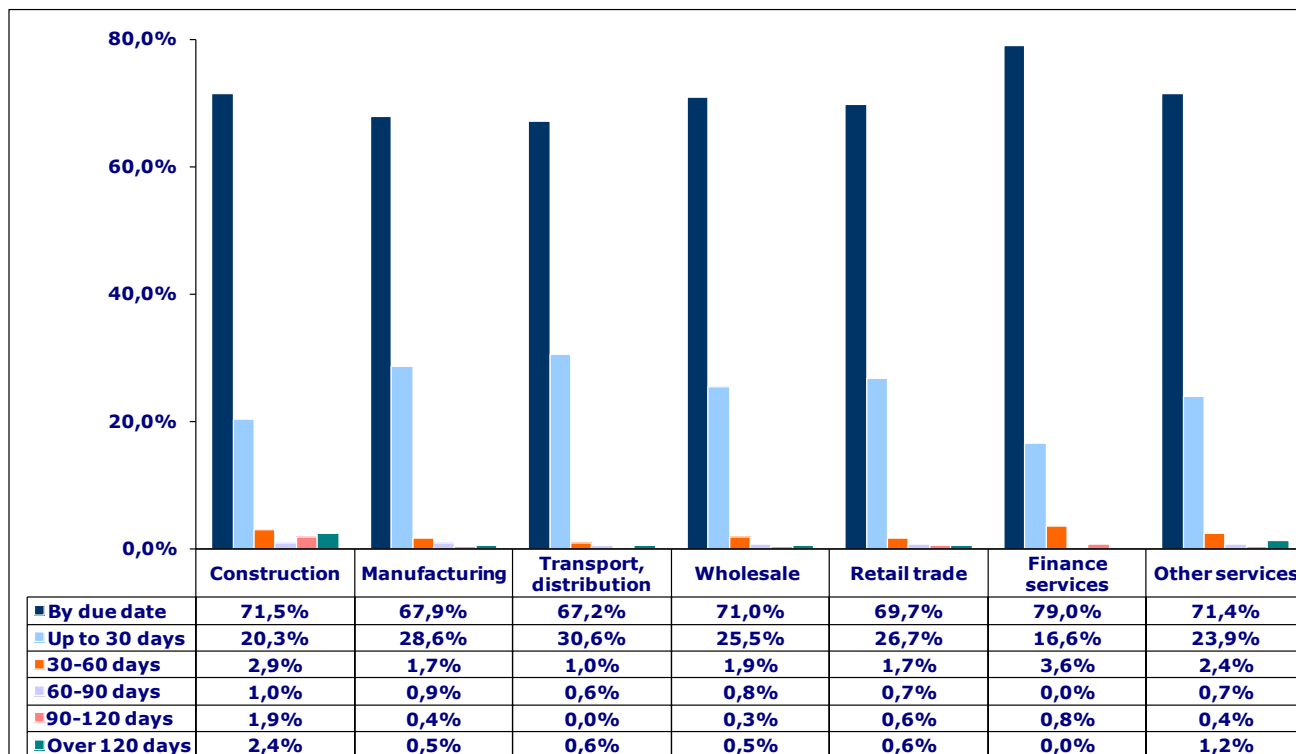
The highest concentrations of companies that pay on average between 1 and 30 days late are seen in the Transport and Distribution, and Manufacturing sectors, with percentages of 30.6% and 28.6%, respectively.

The highest level of intermediate late payments ("30-60 days" and "60-90 days") is seen in the Construction sector (3.9% of the total).

Similarly, for companies that pay on average more than 90 days late, the Construction sector has the worst performance with 4.3% (3.3 percentage points above the national average).

GRAPH 2.6 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN TAIWAN BY PRODUCT SECTOR, 2011



The above analysis confirms once again the excellent state of health of the payment system in Taiwan in 2011, with one of the best results for the different payment classes on an international level.

The percentage of companies paying on time is 69.3% (the highest value since 2007), and is the second highest amongst all the countries in the study, exceeded only by the percentage of punctual payments in Germany (74.7%).

There was also an excellent performance in terms of late payments of more than 90 days for which there was only 1% of the total, which is more or less stable compared to values for previous years.

On a sector level, there is a certain homogeneity and widespread improvement, with on time payments of greater than 67% of the total for all sectors. The performance was less positive for the Construction sector, which showed percentages above the national average both in the intermediate and serious late payment classes.

3. HONG KONG

Below is the opinion of **Dun & Bradstreet (HK) Ltd** on the economic scenario and payment situation in Hong Kong.

"Market fears and concerns about the European sovereign debt crisis prevailed in 2011. Confidence in European markets was lost due to the fear of default in debt repayment. European Union members were urged to deploy effective measures to tackle the challenge of high levels of national debt. Protests and strikes against the measures in certain countries will be another challenge for governments.

According to the data collected from the DUNTrade program, more than half the participants registered an increase in the number of credit records for daily business activities. The total number of payment experiences increased by 10% compared with 2010. During 2011, businesses had intended to loosen their credit policies by offering more credit sales to new customers in order to expand their businesses. However, DUNTrade participants generally anticipate a weaker demand from European and US markets in 2012, where their major trading partners are located. They are not optimistic about economic recovery in the short term.

They have a stronger preference to re-implement prudent credit policies this year to minimize their credit risk until the economic recovery is on the right track. On the one hand, they plan to lower the value of credit granted to customers. On the other hand, they will tighten the terms offered to new customers or customers with a short history of business relationships so as to ensure credit quality. Another reason for shortening terms and cash sales is that they will be able to improve cash flow conditions.

Preventive measures in relation to their daily credit management activities are also important. Reviewing credit reports provided by credit agencies and buying insurance are common measures. In addition, they will actively monitor customer payment behavior so that prompt action can be taken when payment delays occur in their portfolio."

Payment analysis

Table 3.1 shows the 2007-2011 trends in the percentage of Hong Kong companies that paid their suppliers on time, respecting agreed payment terms.

Again in 2011, Hong Kong has shown a relatively poor payment behavior with a concentration of 34.5% of the total number of companies in the "By due date" class.

Table 3.2 shows that serious late payments ("Over 90 days") involve only 2.1% of the companies (the same percentage as 2010).

We can also see changes in terms of the distribution of companies by payment class compared with previous years by looking at Table 3.3.

Compared with 2007, the share of companies paying on time increased by 5.4%, whereas there was a reduction in the serious late payment bracket of 4.7 percentage points.

The most significant change in the intermediate late payment class of "Up to 90 days" was observed in the comparison with 2009. In fact, in this case the concentration increased by 4.5%. On the other hand, the variation compared with 2010 values was minimal, with fluctuations of no greater than 0.3%.

TABLE 3.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN HONG KONG WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
Hong Kong	29.1%	31.1%	35.8%	34.8%	34.5%

TABLE 3.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN HONG KONG WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
Hong Kong	6.8%	6.0%	5.3%	2.1%	2.1%

TABLE 3.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN HONG KONG, 2007-2011

	Variation 2007/2011	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	5.4%	3.4%	-1.3%	-0.3%
Up to 90 days	-0.7%	0.5%	4.5%	0.3%
Over 90 days	-4.7%	-3.9%	-3.2%	0.0%

It is possible to analyze in detail the 2011 payment situation in Hong Kong using Graph 3.4, which subdivides companies into payment classes, and compares their payment performances with those of previous years.

As already seen in previous analyses, payment methods have remained more or less unchanged compared with 2010, and the greatest variation (+1.4%) is seen in the intermediate late payment class (between 30 and 90 days on average).

Hong Kong companies are concentrated mainly in the moderate late payment class ("Up to 30 days"), with a percentage of 52.8% in 2011 and an increase of 19 percentage points compared with 2009.

The remaining late payment classes show more contained concentrations. In particular, 7.6% of companies tend to pay suppliers on average between 30 and 60 days late, 3% in the "60-90 days late" bracket, and 2.1% more than 90 days late.

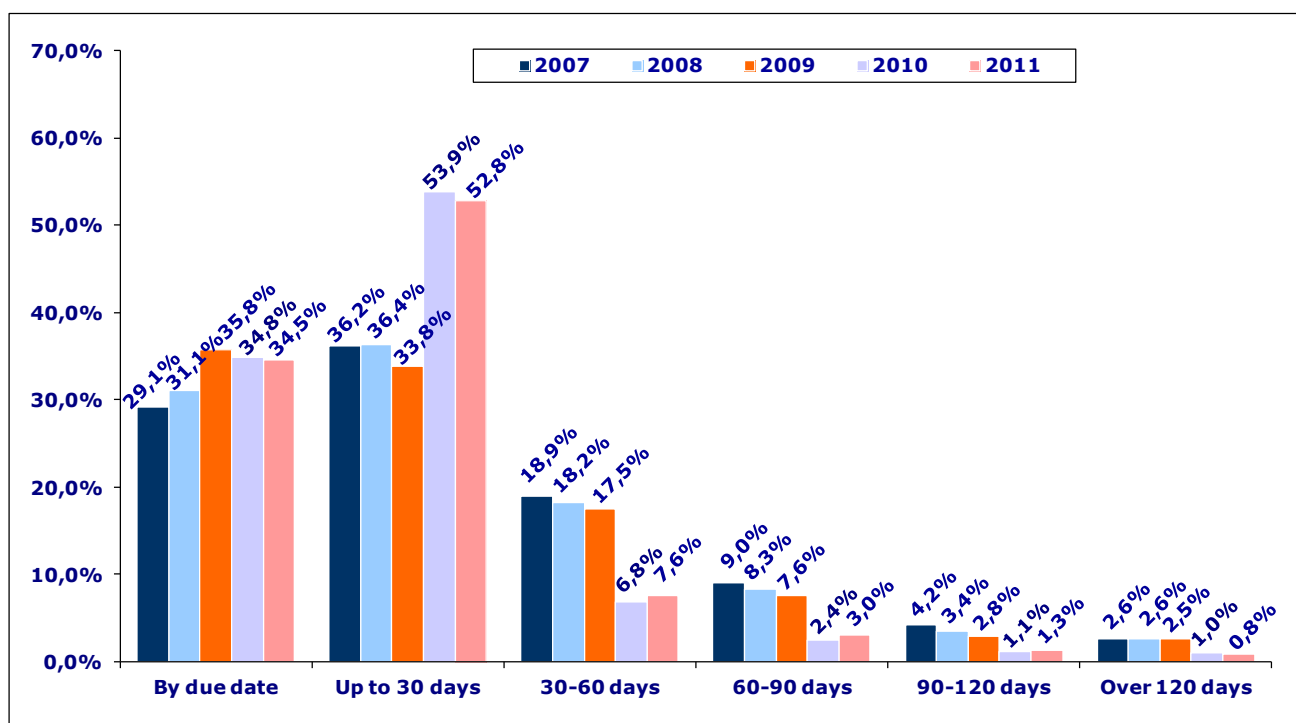
Intermediate late payments ("30-60 days" and "60-90 days") have notably reduced compared with five years ago (-17%), and this decrease has to a large extent been counterbalanced by a growth in moderate late payments.

Finally, the percentage of punctual payments in 2011 was 34.5% of the total and confirms the performance already observed over the course of the previous two years (-0.3% vs. 2010 and -1.3% vs. 2009).

However, it is important to highlight the increase of 5.4 percentage points for this class compared with 2007.

GRAPH 3.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN HONG KONG BY PAYMENT CLASS, 2007-2011



Using Graph 3.5, it is possible to analyze payment practices by company size and see the differences between the various classes under consideration.

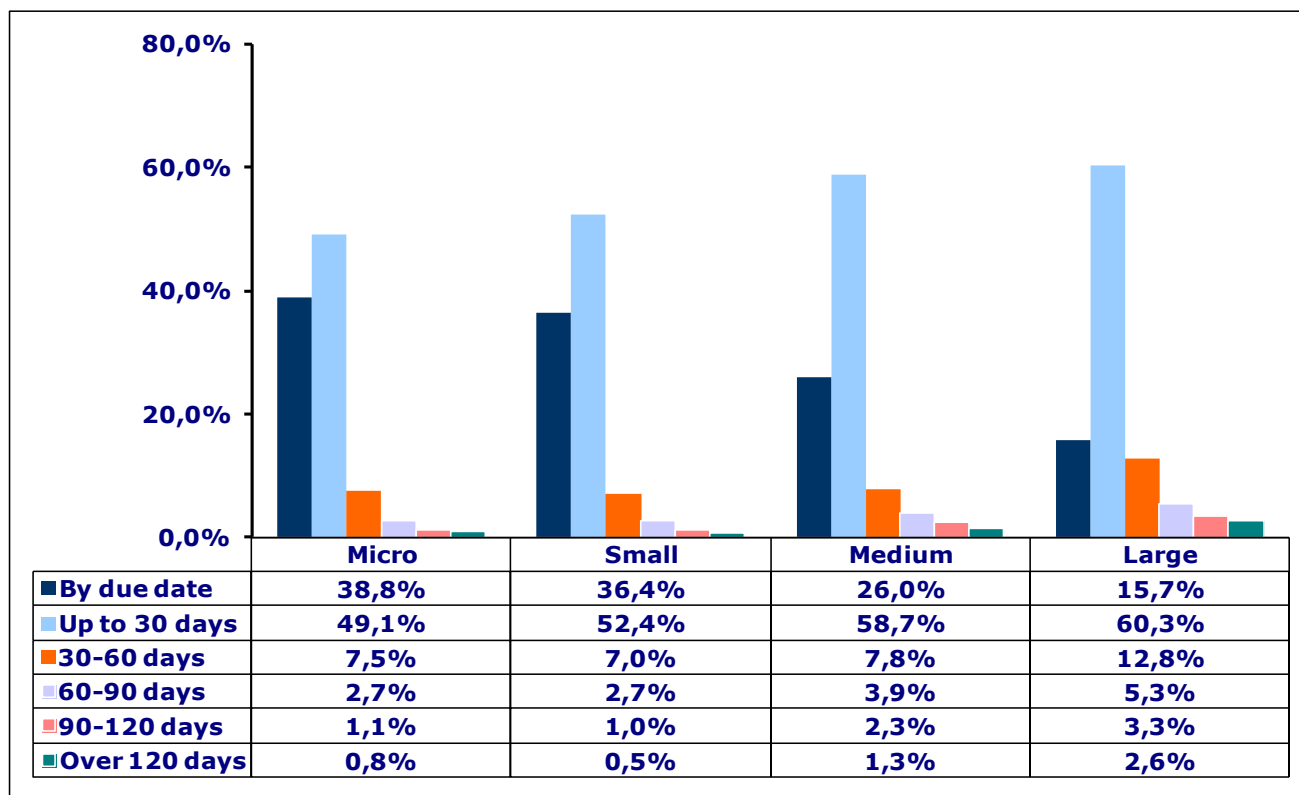
Also by examining the situation in terms of company size, there is a widespread tendency for Hong Kong companies to manage commercial transactions on average between 1 and 30 days late. The highest percentage in this late payment class belongs to large companies, with 60.3% of the total, followed by medium-sized companies with 58.7%.

Micro and small companies, on the other hand, show more balanced behavior with 38.8% and 36.4% of companies paying trading partners within agreed time limits (only 15.7% of large companies).

Finally, large companies have a problematic situation in terms of the more serious late payments. In fact, more than 18% pay their suppliers on average between 30 and 60 days late, whereas 5.9% exceed 90 days on average (+3.8 percentage points higher than the national average).

GRAPH 3.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN HONG KONG BY TYPE OF COMPANY, 2011



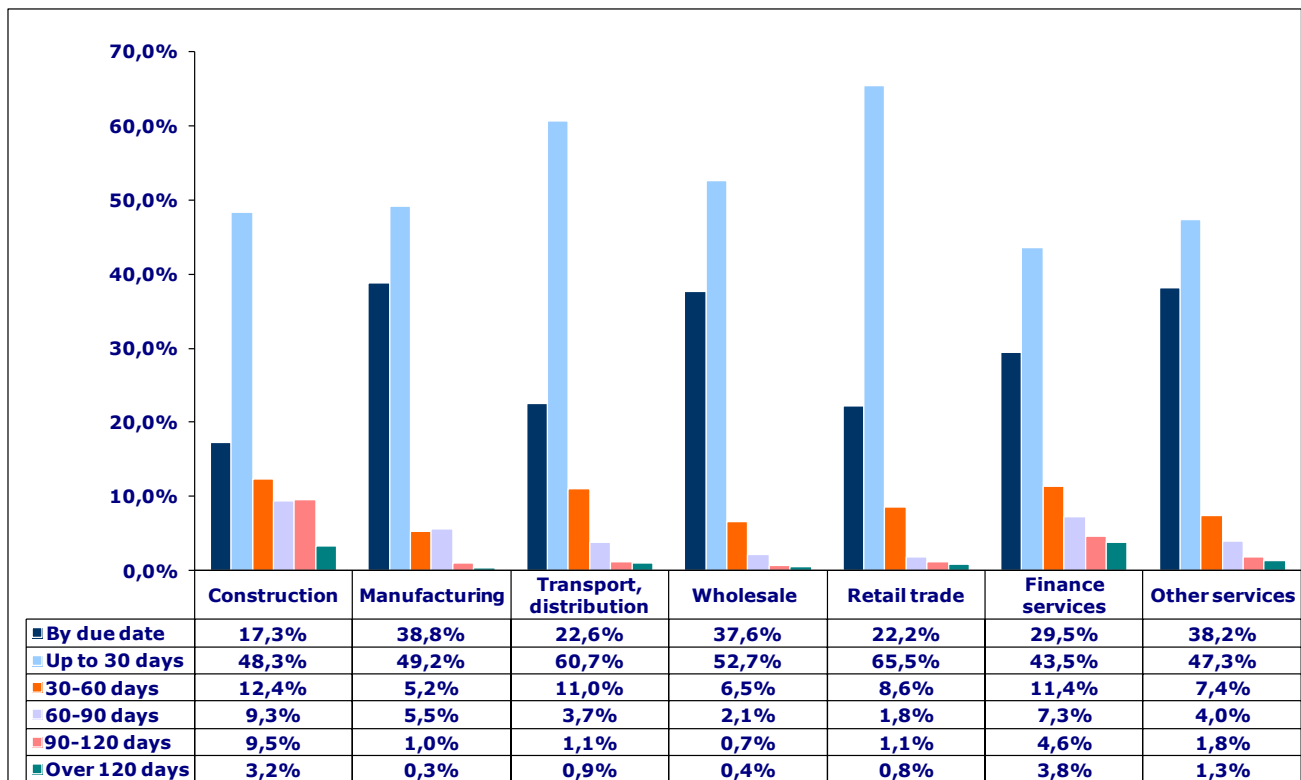
Graph 3.6 shows the payment practices of Hong Kong companies by payment class, taking the macro-sector into consideration.

All sectors show a higher percentage of companies in the moderate late payment class of up to 30 days, with values greater than 60% in the case of the Retail Trade, and Transport and Distribution sectors.

The best performance in the punctual payment class, on the other hand, can be seen for the Manufacturing sector with 38.8% in this class, followed by the Other Services sector with 38.2%. In relation to intermediate late payments of between 30 and 90 days, the Construction and Financial Services sectors stand out for the relatively high percentage of companies in this class, with more than 18% of the total.

In addition, both sectors have higher values in relation to serious late payments with 12.7% and 8.4% of companies paying on average more than 90 days late, respectively (+10.6% and +6.3% compared with the national average).

PAYMENT PRACTICES IN HONG KONG BY PRODUCT SECTOR, 2011



The payment situation in Hong Kong does not show any significant changes compared to recent editions of the study.

The percentage of companies that manage commercial payments within agreed terms is in fact unchanged, and not particularly high (34.5% in 2011).

Serious late payments (over 90 days on average) remain unchanged at a more or less contained level (2.1%) after the decrease observed in 2010.

Within a heterogeneous context in terms of sector, more problematic situations are seen in the Construction and Financial Services sectors, where concentrations of intermediate and serious late payments are higher than the national average.

In conclusion, Hong Kong companies do not show signs of instability compared with the recent past, and continue to demonstrate a more problematic payment behavior compared with average levels in the countries analyzed in this study.

4. MEXICO

Below is the opinion of **Gerardo Sosa, IT Manager at Dun & Bradstreet Mexico**, on the economic scenario and payment situation in Mexico.

"In Mexico in 2011, companies reacted to difficulties arising from the financial crisis by taking risk decisions not only based on the financial situation, but also considering other issues such as trade tape, suits, and business references. The macro-economic situation in Mexico is in very good health and this reduces the impact.

The payment terms granted by Mexican companies are 30–45 days, and these haven't increased a lot in recent years.

Among the most important causes of payment delays are bad and insufficient information, and inadequate credit processes. These could be an issue in certain sectors such as construction.

To improve their DSO and Working Capital, companies are trying to analyze the credit process in detail, following the collection per week, and working with sales departments in order to solve the problems.

Estimates show that the Mexican economy continued to grow in the third quarter of 2011 by approximately 1%, very similar to the previous quarter. In addition, inflation remains more or less stable with a quarterly average of 3.4%. Although Mexico is far from the uncertainty in Europe, negative effects on the Mexican economy should not be discounted - if European risk has an impact on the USA, US demand for goods from other countries will reduce.

Episodes of global volatility that may depreciate the Peso should also not be discounted, but as long as these events are not too far from the positive growth forecasts for Mexico and the commitment to reduce the deficit and public debt is not at risk, it would be reasonable to assume that the exchange rate will remain close to 12.0 – 12.5 Pesos per Dollar on average for the coming quarters.

This outlook gives some certainty for business in Mexico, without any significant problems in 2012."

Payment analysis

Table 4.1 reports the trend in the percentage of Mexican companies paying within pre-established terms in the last two years.

In 2011, the percentage of punctual payment reached 59.3% of the total, confirming the excellent performance already seen in the previous edition of the study.

On the other hand, companies that tend to pay more than 90 days late represent only 0.9% of the cases analyzed (Table 4.2).

Table 4.3 shows the variations recorded in the last 12 months in more detail in relation to the distribution of Mexican companies with respect to payment classes.

Compared with the previous year, there was a net decrease in punctual payers ("By due date" class). In detail, the percentage in question reduces by around 11 percentage points, going from 70% in 2010 to 59.3% in 2011.

There was a significant increase in the concentration of companies in the 1 to 90 day late payment class (+10.6% compared with 2010) to the detriment of punctual payments, whereas the concentration in the serious late payment classes remained more or less unchanged.

TABLE 4.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN MEXICO WITH ON TIME PAYMENTS, 2010-2011

	2010	2011
Mexico	70.0%	59.3%

TABLE 4.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN MEXICO WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2010-2011

	2010	2011
Mexico	0.8%	0.9%

TABLE 4.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN MEXICO, 2010-2011

	Variation 2010/2011
By due date	-10.7%
Up to 90 days	10.6%
Over 90 days	0.1%

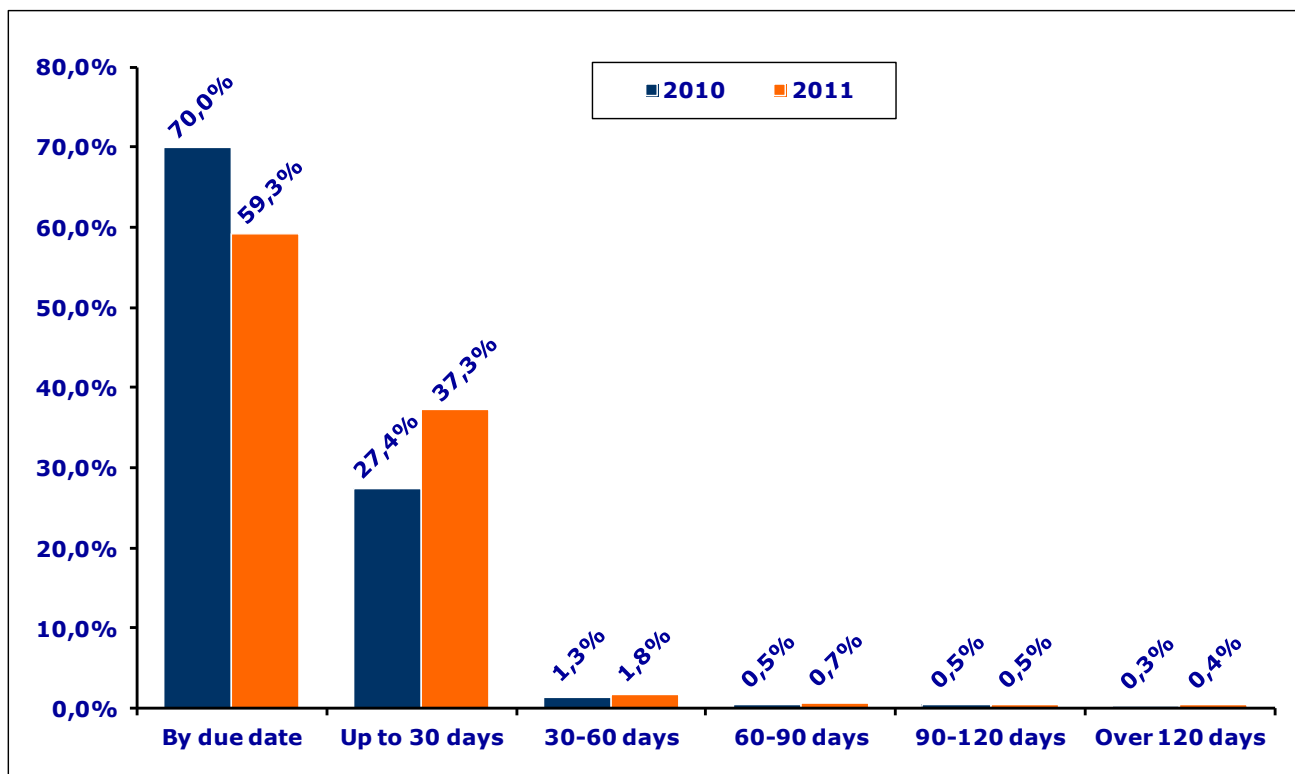
The section below considers the payment situation in Mexico by payment class in 2011, comparing it with 2010 (Graph 4.4).

There has been a significant increase in the concentration of Mexican companies in the "Up to 30 days" class with a percentage of 37.3%, an increase of 10 percentage points compared with 2010.

For punctual payments, on the other hand, there has been a reduction of 10.7 percentage points compared with the previous year.

Percentages in the intermediate ("30-60 days" and "60-90 days") and serious (over 90 days on average) late payment classes are more or less stable compared with 2010, with an overall increase of 0.8%.

PAYMENT PRACTICES IN MEXICO BY PAYMENT CLASS, 2010-2011



Graph 4.5 shows a detailed analysis of the payment practices of companies in Mexico by type of company.

Small companies exhibit a more balanced payment behavior with 67.2% of the total paying suppliers within agreed terms. Large companies, on the other hand, show a more problematic situation, with 48.2% of cases analyzed managing commercial transactions within agreed terms (-11.1% compared with the national average). However, this value is reasonably elevated if compared with the performance of large-scale companies in most other countries analyzed in the Payment Study.

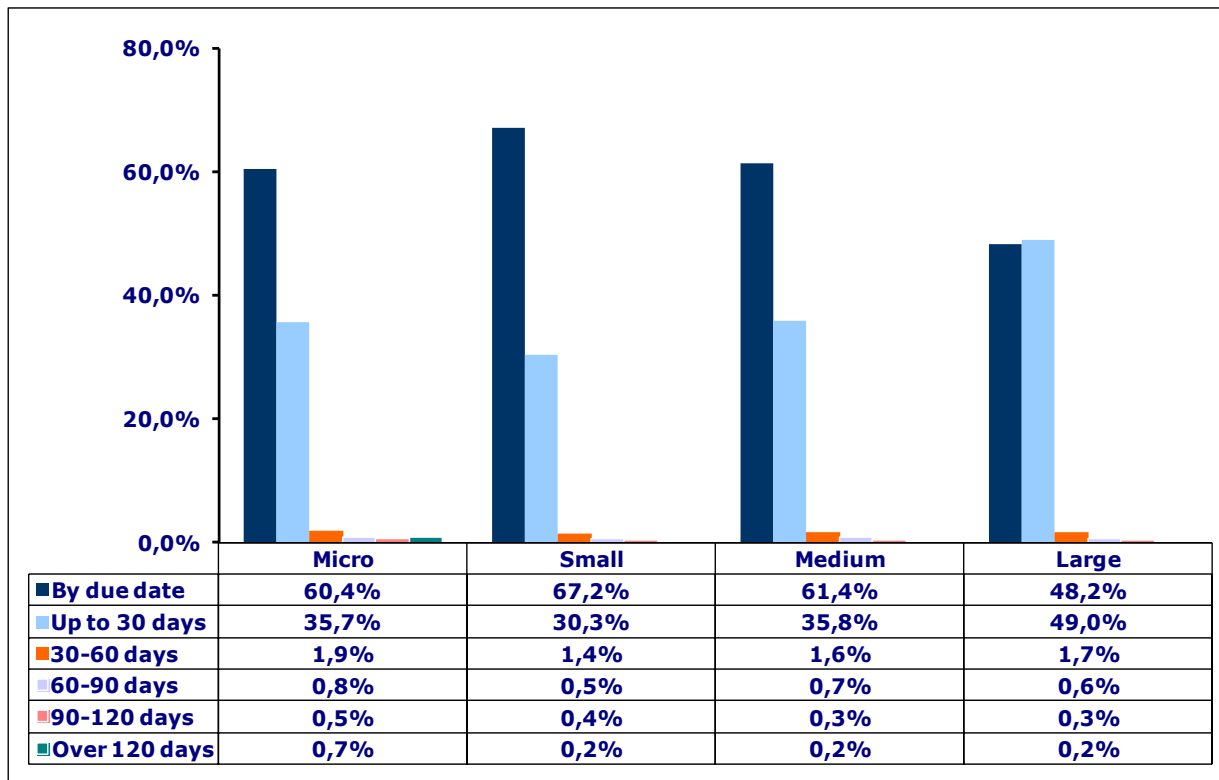
In terms of late payments, there is a higher concentration in the "Up to 30 days" class, whereas the values are relatively low in the more serious late payment classes.

In fact, around 50% of large companies pay on average between 1 and 30 days late, with a difference of around 12 percentage points above the aggregate value for Mexico.

The differences are much more contained between the four size categories in relation to the intermediate late payment classes ("30-60 days" and "60-90 days"), with percentages fluctuating between 1.9% for small companies and 2.7% for micro-companies.

Finally, for all company types, the share of companies in the most serious payment class remained contained, with values below 1.2%.

PAYMENT PRACTICES IN MEXICO BY TYPE OF COMPANY, 2011



In reference to payments in the various Mexican macro-sectors, a somewhat heterogeneous pattern of behavior can be seen in Graph 4.6.

The best payment performances are seen in the Construction and Agriculture, Forestry, Hunting and Fishing sectors, with 77.4% and 76.5% of punctual payers, respectively.

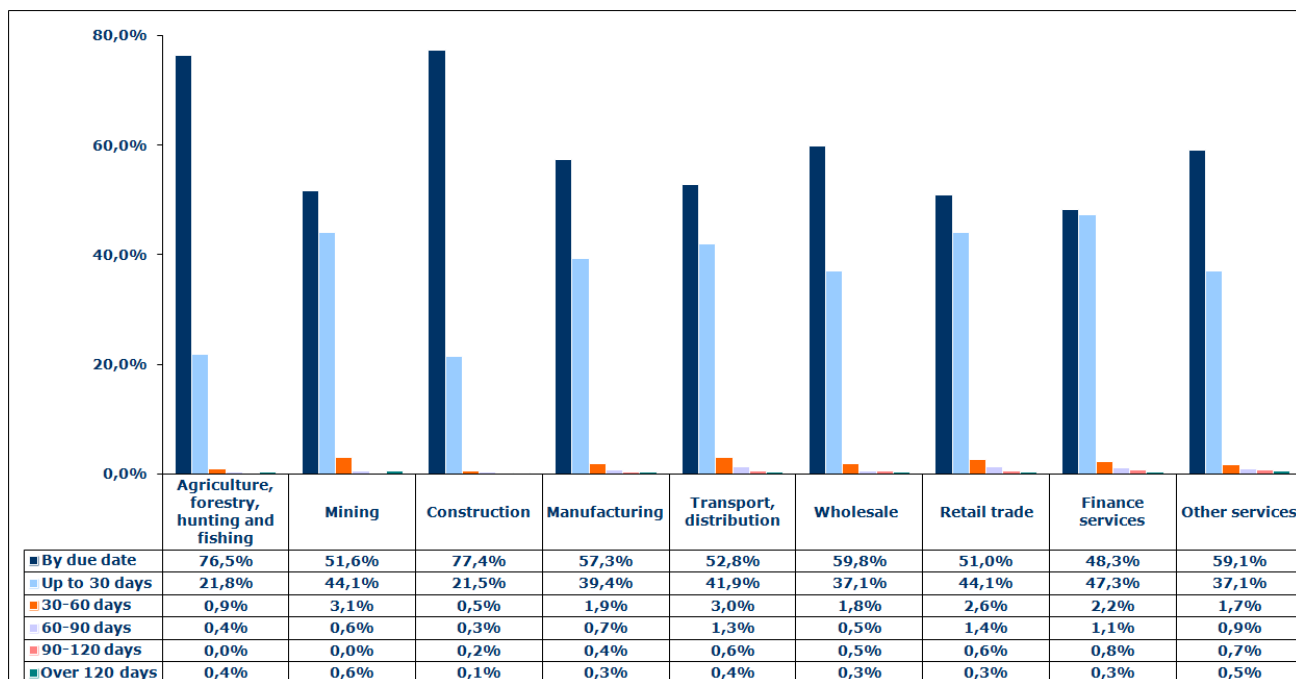
The situation for Financial Services and Retail Trade is less positive, as seen by the lower percentages of companies paying on time (not more than 51%).

Consequently, both these sectors have the highest values in the moderate late payment class ("Up to 30 days") with concentrations of 47.3% and 44.1%.

In relation to intermediate late payments (between 30 and 90 days late), there was a higher concentration in the Transport and Distribution sector with 4.3% of the total, followed by Retail Trade at 4%.

Finally, in terms of "bad payers" (average late payment over 90 days), the pattern seen on a national level is replicated, with contained values in all the sectors examined.

PAYMENT PRACTICES IN MEXICO BY PRODUCT SECTOR, 2011



Tables 4.7 and 4.8 show the best and worst micro-sectors in terms of payment performance in Mexico in 2011.

In first place in the classification of best payers is Agricultural Production - Crops, with 81.3% of companies respecting the payment terms agreed with trading partners. In second and third positions are General Building Contractors with 78.2% of punctual payers and Special Trade Contractors with 77.1%.

The highest percentage of late payers, on the other hand, is seen in the Legal Services sector, where 4.2% of the companies examined pay on average more than 90 days late. Second and third places in terms of "bad payers" go to the micro-sectors Executive, Legislative and General (2.7%) and Social Services (2.2%).

TABLE 4.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN MEXICO, 2011

Sector	Ranking 2011
AGRICULTURAL PRODUCTION - CROPS	1
GENERAL BUILDING CONTRACTORS	2
SPECIAL TRADE CONTRACTORS	3
MISCELLANEOUS REPAIR SERVICES	4
PERSONAL SERVICES	5
HEAVY CONSTRUCTION, EXCEPT BUILDING	6
PAPER AND ALLIED PRODUCTS	7
ENGINEERING & MANAGEMENT SERVICES	8
BUSINESS SERVICES	9
SERVICES	10

TABLE 4.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN MEXICO, 2011

Sector	Ranking 2011
LEGAL SERVICES	50
EXECUTIVE, LEGISLATIVE AND GENERAL	49
SOCIAL SERVICES	48
EATING AND DRINKING PLACES	47
MEMBERSHIP ORGANIZATIONS	46
APPAREL AND ACCESSORY STORES	45
STONE, CLAY AND GLASS PRODUCTS	44
AMUSEMENT & RECREATION SERVICES	43
ELECTRONIC & OTHER ELECTRICAL EQUIPMENT	42
TRUCKING AND WAREHOUSING	41

The payment situation in Mexico in 2011 has worsened in terms of the percentage of companies that manage commercial transactions within agreed time limits. In fact, punctual payments have fallen by 10.7 percentage points compared with 2010 to 59.3% of the total.

Despite this, Mexican companies have the third highest percentage of punctual payers among all the countries covered in the study, beaten only by Germany (74.7%) and Taiwan (69.3%).

The concentration in the serious late payment classes is very contained at only 0.9% of the total, making it one of the lowest amongst all the countries analyzed.

On a sector level, there was a general reduction in the share of payments made before the due date, but the percentages continue to exceed 50% in almost all sectors.

The best results can be seen for Agriculture, Forestry, Hunting and Fishing, and Construction, with more than 76.5% of companies within these groups paying suppliers within the agreed due date (around 17 percentage points above the national average).

In 2011, Mexico continues to show amongst the best performance compared to averages on an international level (both in terms of on-time and serious late payments), but the significant drop in punctual payments means that more careful monitoring of the situation should be made in the coming years.

5. UNITED STATES

Below is the opinion of **Dun & Bradstreet Inc. United States of America** on the economic scenario in the United States.

"D&B's latest data (as reported in the February 2012 US Business Trends Report) shows that that overall business failures decreased by 9.5% year on year in the 12 months to September 2011. In that same time period, all major industries experienced double-digit decreases in failure rates. The top three industries with the highest failure rates include Construction, Transportation, and Automotive industries. While these industries registered decreases in their failure rates of 17%, 27%, and 14% respectively, they were still significantly higher than other industries. These industries are coping with very weak demand as the country's quarterly personal income registers a sluggish upturn. Nevada, California, and Washington were the states with the highest failure rates with Nevada significantly higher than any other state.

Also in its February 2012 US Business Trends Report, D&B shows that overall business delinquency rates decreased by 5% year on year in the 12 months to September 2011. Manufacturing, Construction, and Transportation industries have the highest delinquency rates, while Natural resources, Real Estate, and Insurance have the lowest delinquency rates. This pattern reflects the unevenness of the U.S. economic recovery and severe impact the Great Recession had on key sectors of the U.S. economy. However, overall delinquency levels are considerably lower than the beginning of 2010, suggesting the worst of the storm has clearly abated.

In aggregate both business failures and business delinquency is decreasing. With that said, the current economic cycle in the U.S. has been the most unique in recent history due to the severe imbalances that preceded the downturn and drove the severity of the contraction. History has shown that the process of correcting for extreme imbalances usually takes time and is not a linear journey. With 2012 also being a Presidential election year, the U.S. economy will continue to slowly heal and the impending recovery is estimated to take another 3 - 5 years until pre-crisis levels are attained. It is expected that after the election, lawmakers will make significant policy changes heading into 2013 that will improve the U.S fiscal stability. March 2012 unemployment figures are at approx. 8.2% which are the lowest levels since January, 2009. Consumer confidence is slowly gaining momentum while the housing sector also shows signs of improvement. The Fed will continue to support the economy with quantitative easing policies to keep interest rates low however inflation cautions particularly from oil and gasoline price increases could negatively impact the overall recovery. Overall caution with slow improvement is the 2012 trend for the U.S. economy".

Payment analysis

Table 5.1 reports the trend in the percentage of companies that paid their suppliers on time in the USA, giving important initial information on the extent of companies that have shown good payment performance in recent years.

In 2011, 51% of the total number of companies were "good payers", the highest value in the last five years and one of the highest levels among the countries examined in this study.

There is a more problematic situation in relation to the more serious late payment classes (on average over 90 days) where 6.6% of US companies fall into this class (Table 5.2).

Table 5.3 gives a better view of the changes to payments in 2011 compared with previous years, and variations in the distribution of companies by payment class can be assessed.

Compared with 2007, there has been a net improvement in punctual payments ("By due date" class), with an increase of 7.5 percentage points in this class.

In the same time period there has been a significant decrease in the "Up to 90 days" bracket (-9.2%) and a slight increase in the serious late payment class (+1.7%).

Finally, compared with 2010, variations have been more contained, and do not exceed 1.1% in any of the classes examined.

TABLE 5.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN THE USA WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
United States	43.5%	45.9%	47.3%	50.0%	51.0%

TABLE 5.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN THE USA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
United States	4.9%	6.2%	7.8%	6.5%	6.6%

TABLE 5.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN THE USA, 2007-2011

	Variation 2007/2011	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	7.5%	5.1%	3.7%	1.0%
Up to 90 days	-9.2%	-5.5%	-2.5%	-1.1%
Over 90 days	1.7%	0.4%	-1.2%	0.1%

Looking at payment classes and comparisons with previous years in more detail, Graph 5.4 provides a more complete analysis of the trends in payment habits in the United States over the course of 2011.

From the available data it can be seen that the majority of US companies pay on time with 51% of the total, and that there has been an increase of one percentage point compared with the previous year.

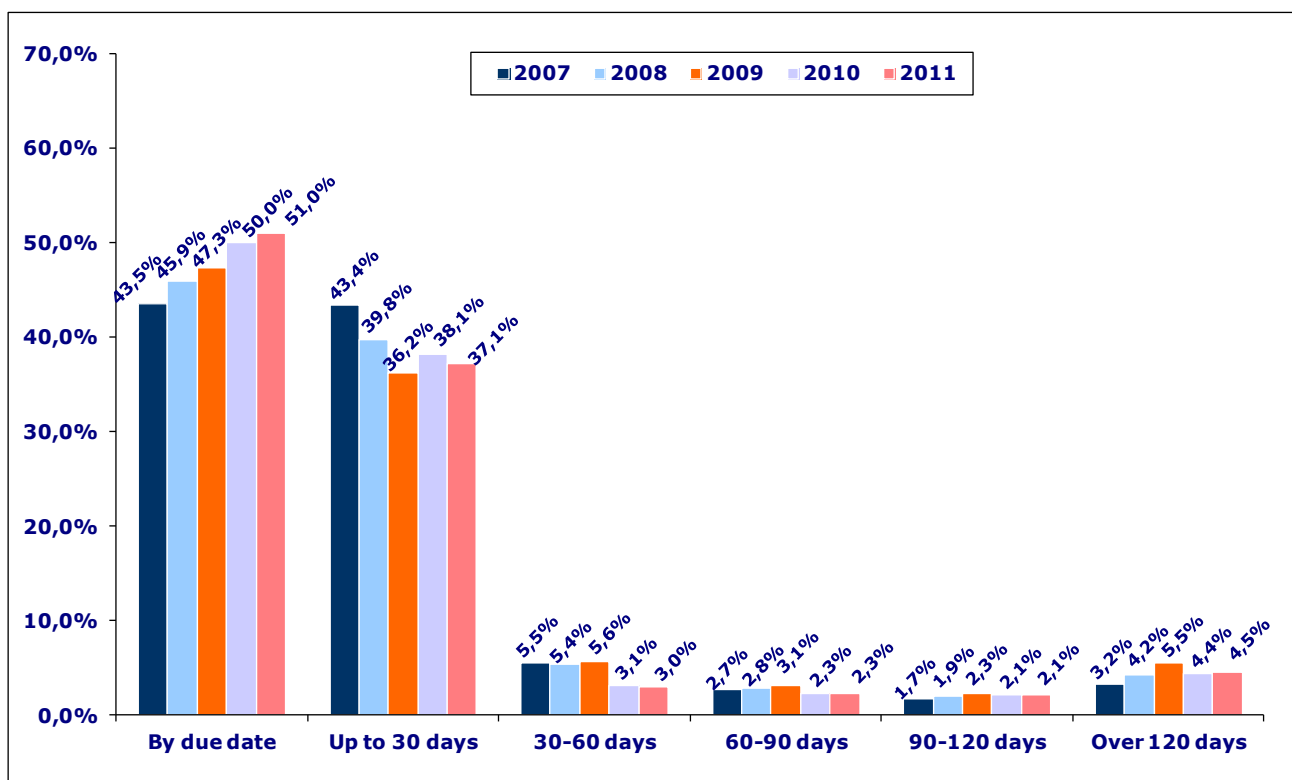
37.1% of companies are in the moderate late payment class ("Up to 30 days"), with a 6.3 percentage point decrease compared with 2007.

The share of companies that pay on average between 30 and 90 days late is more stable over time, and in 2011 comprised 5.3% of the US sample (-3.5% compared with 2009).

Finally, more serious late payments have not changed compared with the previous year. In fact, 6.6% of the total pay more than 90 days late on average compared with 6.5% in 2010.

GRAPH 5.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN THE USA BY PAYMENT CLASS, 2007-2011



Let's now look at the ability of US companies to manage commercial transactions within agreed terms, taking the size of the company into consideration (Graph 5.5).

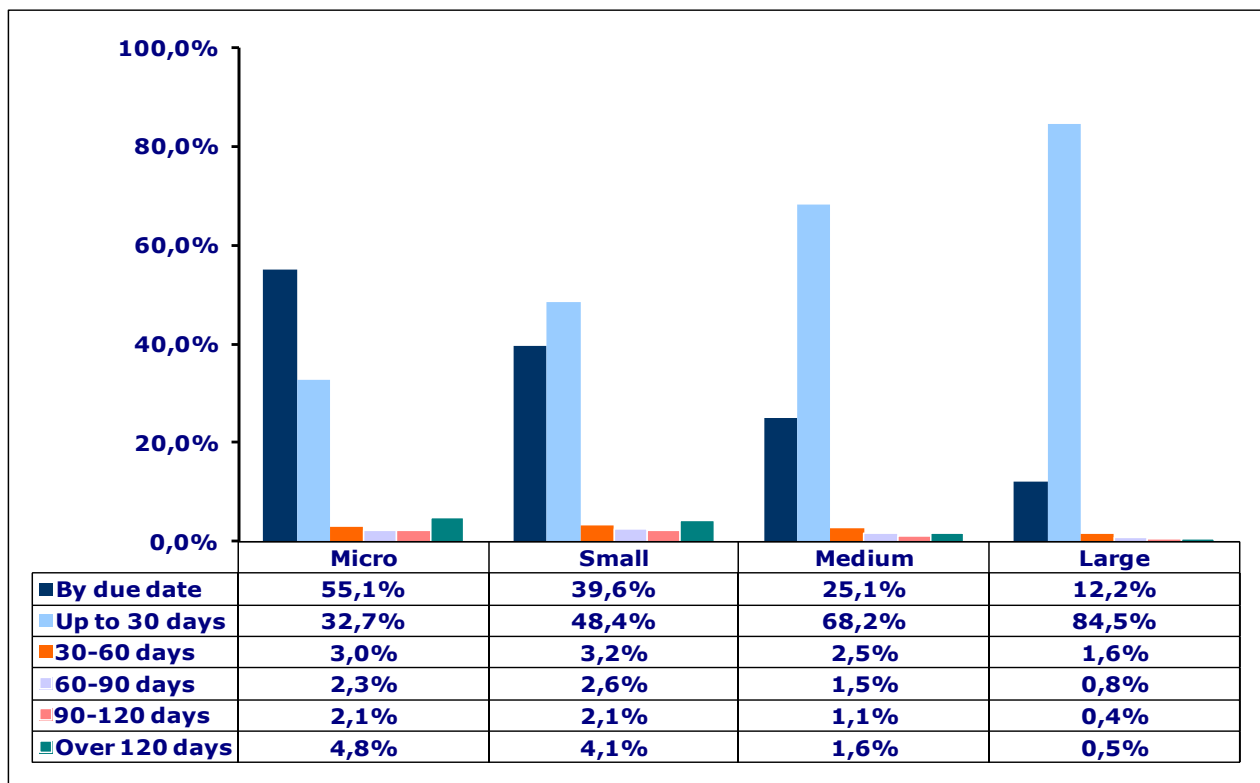
Micro-companies have the most balanced payment habits, with 55.1% of companies paying on time (the only category that has seen a positive change compared with 2010). The situation for medium and large companies is more critical with only 25.1% (half the national average) and 12.2% (quarter the national average) of companies paying on time, respectively.

Except for micro-companies, the other types of company show higher concentrations in the moderate late payment class ("Up to 30 days") with percentages starting from 68.2% for large companies.

Furthermore, in terms of serious late payments (over 90 days on average), there are two distinct situations. On the one hand, micro and small companies have a concentration of "bad payers" of over 6%, and on the other, medium and large companies have 2.7% and 0.9% of companies in this class, respectively.

GRAPH 5.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN THE USA BY TYPE OF COMPANY, 2011



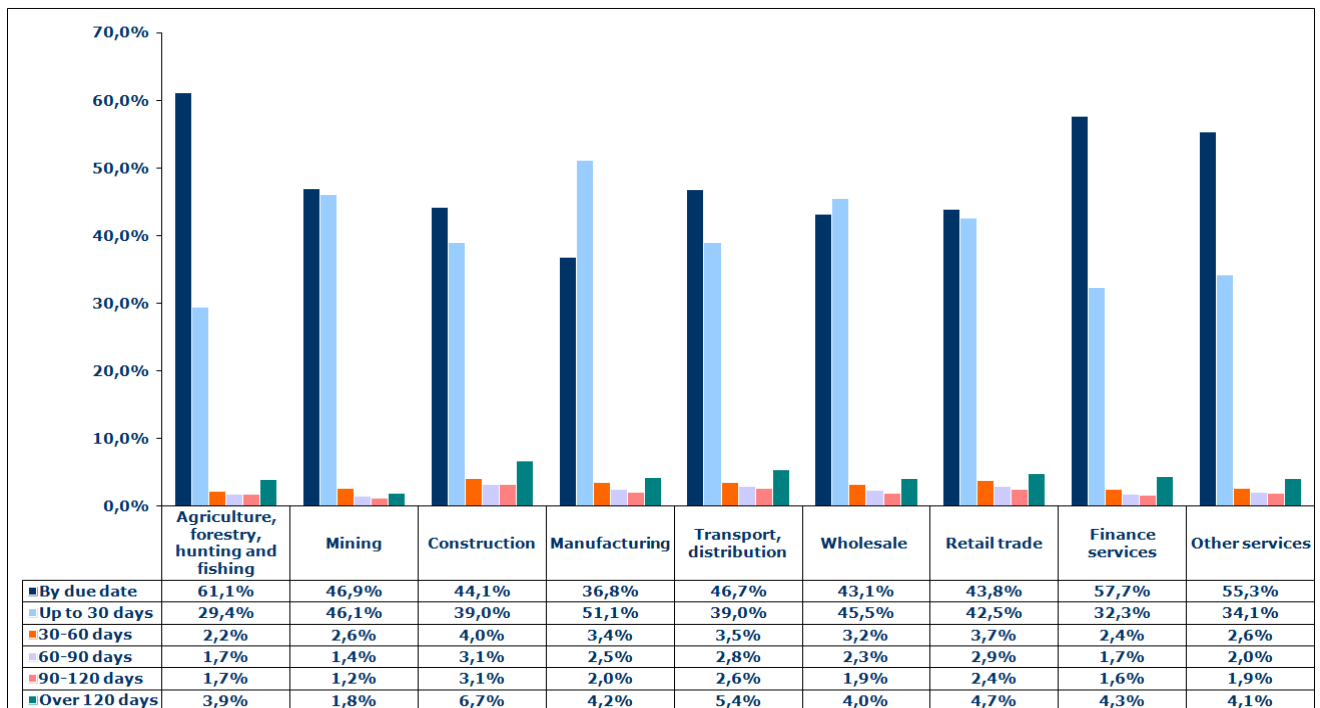
Looking at payment habits of US companies in terms of macro-sectors, rather different patterns can be seen. By analyzing Graph 5.6, the management of commercial transactions shows differing behavior between the various sectors being examined.

The best performance can be seen in the Agriculture, Forestry, Hunting and Fishing, and Financial Services sectors, with 61.1% and 57.7% of punctual payers, respectively.

Late payments, on the other hand, are concentrated in the "Up to 30 days" class. The sectors with the highest percentage in this late payment class are Manufacturing and Mining, with 51.1% and 46.1% of the total, respectively.

On the contrary, the Construction sector has the highest percentages for both the intermediate late payment brackets ("30-60 days" and "60-90 days") with over 7% of the total, and the serious late payment class (over 90 days on average) with 9.8% (+3.2% compared with the national average).

PAYMENT PRACTICES IN THE USA BY PRODUCT SECTOR, 2011



Tables 5.7 and 5.8 show the classifications of micro-sectors that had the best and worst payment performance in the United States in 2011.

The first three positions in the classification of the best sectors have remained unchanged in the last three years and are: Agricultural Production - Crops, Agricultural Production – Livestock and U.S. Postal service, with percentages of punctual payers of over 70%.

The worst payment performance, on the other hand, was seen for the Non-depository Institutions sector with 16.7% of "bad payers", followed by Local Interurban Passenger Transit (14%) and Auto Repair, Services and Parking (10.9%).

TABLE 5.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN THE USA, 2011

Sector	Ranking 2011
AGRICULTURAL PRODUCTION - CROPS	1
AGRICULTURAL PRODUCTION - LIVESTOCK	2
U.S. POSTAL SERVICE	3
HOLDING AND OTHER INVESTMENT OFFICES	4
FORESTRY	5
FISHING, HUNTING AND TRAPPING	6
BUSINESS SERVICES	7
ENGINEERING & MANAGEMENT SERVICES	8
SECURITY AND COMMODITY BROKERS	9
INSURANCE AGENTS, BROKERS & SERVICES	10

TABLE 5.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN THE USA, 2011

Sector	Ranking 2011
NONDEPOSITORY INSTITUTIONS	82
LOCAL AND INTERURBAN PASSENGER TRANSIT	81
AUTO REPAIR, SERVICES AND PARKING	80
FURNITURE AND HOME FURNISHING STORES	79
MISCELLANEOUS REPAIR SERVICES	78
SPECIAL TRADE CONTRACTORS	77
PERSONAL SERVICES	76
TRANSPORTATION SERVICES	75
GENERAL BUILDING CONTRACTORS	74
FURNITURE AND FIXTURES	73

The payment situation in the United States in 2011 is essentially unchanged compared with the previous year, confirming good performance in terms of punctual payments and some problems in terms of serious late payments (above all in certain sectors).

The percentage of companies paying on time was 51% (highest in the last five years), with an increase of 7.5 percentage points compared with the 2007 value.

The concentration in the more serious late payment class (over 90 days on average) in 2011 was 6.6%, putting US companies in an intermediate position within the international context.

On a sector level, there is significant heterogeneity between the sectors analyzed, with very different payment behavior from one to the other.

The least positive performance was seen for the Construction and Manufacturing sectors: in the former, 9.8% of companies are within the most serious late payment class (over 90 days on average), and in the latter only 36.8% of companies managed their commercial transactions within agreed time limits.

In conclusion, the positive trend seen in recent years in the United States has suffered a slight slowdown, but overall the results are sufficient in terms of the percentage of companies that manage their commercial transactions within agreed terms.

6. CANADA

Below is the opinion of **Dun & Bradstreet Inc. Canada** on the economic scenario in the Canada.

"Since the global financial crisis and recession of 2009, the Canadian economy has fared reasonably well by global standards. This good performance has been underpinned by strong global commodity prices (commodities account for over 50% of exports), a strong, stable financial sector and the government's relatively favorable fiscal position. By early 2011, the country had already recouped all the jobs lost during the 2009 recession. Nevertheless, economic growth has steadily slowed from the early phase of the recovery. In 2012, growth will slow yet further. Households are beginning to strain under high levels of indebtedness, while manufacturers continue to struggle from the strong currency.

With domestic borrowing costs at record lows since early 2009, households have continued to ratchet up their overall debt levels. By Q3 2011, household indebtedness reached a new high (153% of disposable income) and now represents the largest short-term domestic threat to the Canadian economy. Although D&B does not expect a sharp spike in delinquencies or consumer bankruptcies, we do expect a process of deleveraging to begin in 2012. Consequently, private consumption, typically the main driver of Canadian GDP growth, will slow. This process will be triggered by softer labor and housing markets. Job growth stagnated in late 2011 and got off to a poor start in 2012. In January the economy created just 2,300 jobs, and with the labor force continuing to expand, the unemployment rate rose for the third time in four months to 7.6% after hitting a near-term low of 7.2% in September 2011. The Canadian manufacturing sector, traditionally a key source of well-paid jobs, will continue to struggle in 2012. Downside risks are considerable. Renewed uncertainty and financial market volatility stemming from the unresolved Euro-zone debt crisis could create significant headwinds. Given this, alongside the economy's increased domestic sluggishness, the government has already eased its fiscal consolidation plans and could implement further targeted stimulus measures if the economy deteriorates more rapidly than expected. Meanwhile, the Canadian central bank will refrain from raising interest rates before 2013; this will help to avoid putting any significant upward pressure on consumer debt servicing costs and limit further appreciation of the already strong currency.

Inward investments for resource sector projects and robust commodity export earnings will continue to support the strong Canadian dollar. However, it is likely to see continued volatility in 2012 in line with global financial market activity as a result of ongoing euro-zone debt problems. Volatility could undermine the ability of some firms to service their liabilities in a timely manner. D&B recommends open account terms for the majority of transactions with Canadian customers. However, extra vigilance is required, especially when trading with firms in those sectors prone to delinquencies and failures. In the 12 months to October 2011, firms in the construction (17.0% of all bankruptcies), retail trade (13.6%), accommodation and food services (13.1%) and manufacturing (11.2%) sectors registered the largest numbers of bankruptcies. While overall business insolvencies fell by 9.4% year on year (y/y) in October 2011, they rose rapidly in the manufacturing (up by 46.7% y/y), construction (25.4%) and accommodation and food services (39.0%) sectors. Firms that are exposed to the heavily indebted consumer sector will also face increased risks throughout 2012."

Payment analysis

Table 6.1 provides initial information on the ability of Canadian companies to pay suppliers within agreed timescales through analysis of the 2007-2011 trends in this payment class.

In 2011, the percentage of punctual payments reached 44.9% of the total, confirming the positive trend already seen in previous years.

In addition, in relation to the most serious late payments, Canada continues to perform well. In fact, only 1% of the total make commercial transactions on average over 90 days late, which is one of the lowest values identified amongst all the countries analyzed in the study (Table 6.2).

More details on the changes occurring over the last five years are shown in Table 6.3, in which variations in the distribution of companies are shown according to payment class.

Compared with 2007, there has been a clear improvement in terms of "good payers" ("By due date" class) of 6.4 percentage points, with a corresponding significant decrease in the intermediate class of "Up to 90 days" (-4.1%), and a lower reduction in the "Over 90 days" class (-2.3%). Comparing the 2011 data with those of the previous year, more moderate changes can be seen of less than 2 percentage points for all the classes considered.

TABLE 6.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN CANADA WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
Canada	38.5%	38.7%	41.0%	43.3%	44.9%

TABLE 6.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN CANADA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
Canada	3.3%	2.7%	2.7%	1.0%	1.0%

TABLE 6.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN CANADA, 2007-2011

	Variation 2007/2011	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	6.4%	6.2%	3.9%	1.6%
Up to 90 days	-4.1%	-4.5%	-2.2%	-1.6%
Over 90 days	-2.3%	-1.7%	-1.7%	0.0%

Now let's look in more detail at Canadian payments using Graph 6.4, in which the payment practices of companies are reported by payment class.

With an increase in good payers from 43.3% in 2010 to 44.9% in 2011, there has been a decline in the number of moderate late payments (between 1 and 30 days late on average) to a value of 48.8% (down -1.3% on 2010).

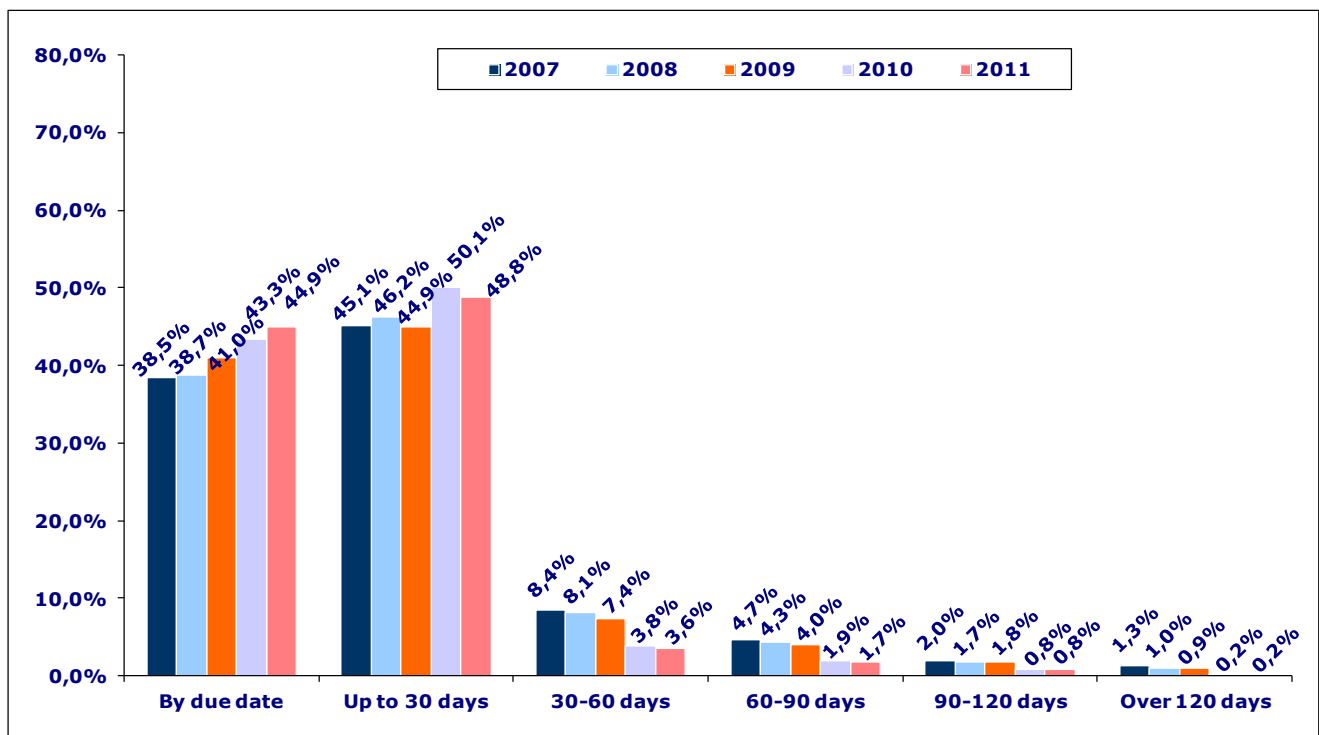
In particular, the gap between the two classes has notably decreased in relation to the peak seen in 2008 (7.5 percentage points compared with 3.9 in 2011).

The percentage of companies paying on average between 30 and 90 days late has decreased, and in 2011 reached the lowest level of the last five years (5.3%), decreasing by around 8 percentage points compared with the concentration recorded in this class in 2007 (13.1%).

The concentration in the serious late payment class (over 90 days on average) remains unchanged compared with 2010, with 1% of the total, which is relatively low value if compared with those of the other countries examined in this study.

GRAPH 6.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN CANADA BY PAYMENT CLASS, 2007-2011



Graph 6.5 shows the overall view of Canadian payments through a detailed analysis of the distribution of payment habits by type of company.

The Canadian situation stands out because of the significant heterogeneity, with very different values between the four categories analyzed.

Micro-companies are the only ones to record a percentage of punctual payers above 50%. In 2011, companies with less than 6 employees reached a level of 52.6% of prompt payers, with an increase of 4.5 percentage points compared with the previous year.

As size increases, the concentration of companies that pay on time falls significantly down to the lowest value of 8.3% for large companies.

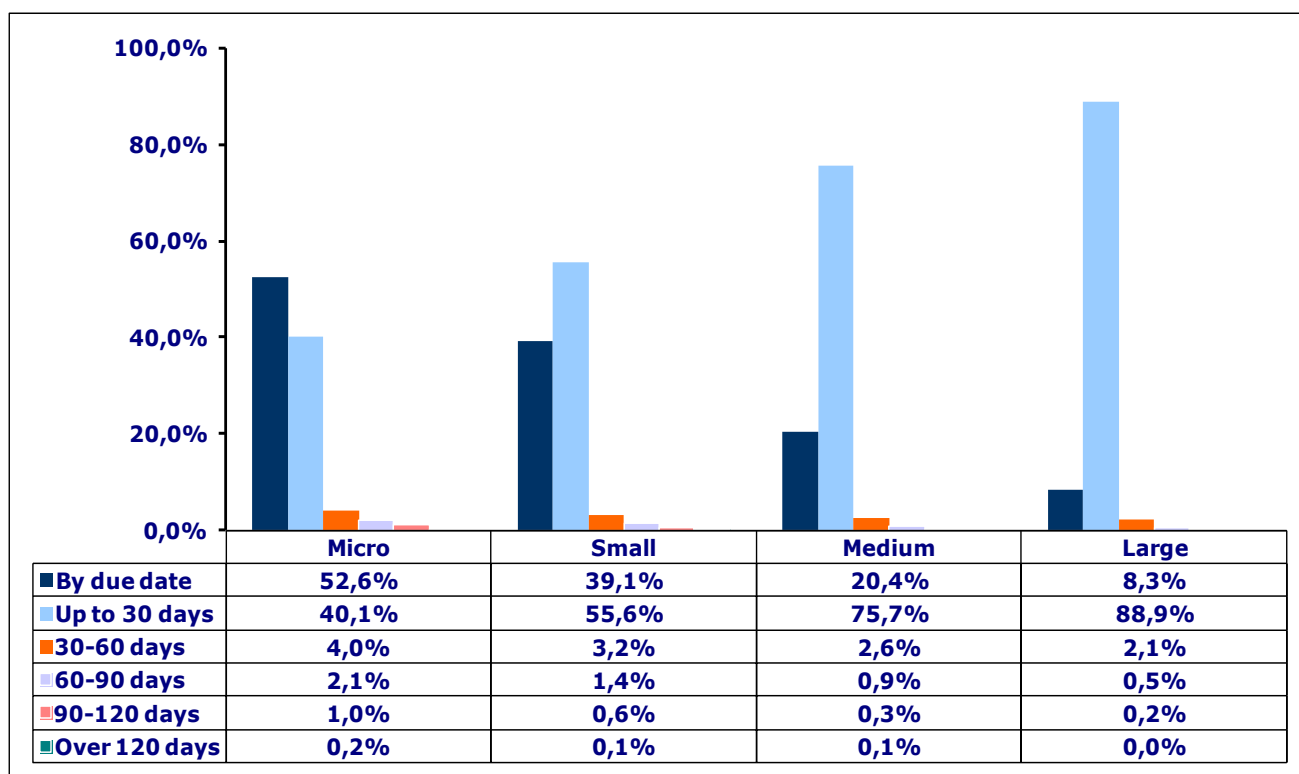
Late payments, on the other hand, are concentrated in the "Up to 30 days" class, with percentages of 75.7% for medium companies and 88.9% for large.

In terms of intermediate late payments (between 30 and 90 days late on average), the highest value is seen for micro companies, with a percentage of 6.1% of the total.

Finally, there are reduced levels in all four categories in the most serious late payment class (over 90 days on average), with values no higher than 1.2% (only 0.2% for large companies).

GRAPH 6.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN CANADA BY TYPE OF COMPANY, 2011



This heterogeneous payment performance in Canada is also seen when looking at the distribution of companies by payment class and by macro-sector (Graph 6.6).

The best payment performances are seen in the Agriculture, Forestry, Hunting and Fishing, and Financial Services sectors, with 58.9% and 53.8% of punctual payers, respectively.

The worst figures are seen in the Manufacturing sector, where companies pay within agreed terms in only 25.8% of cases (-19% compared with the national average).

Most sectors tend to manage their commercial relationships by paying between 1 and 30 days late, and the concentration in this class exceeds 63% for the Wholesale and Manufacturing sectors.

Again, it is the Manufacturing sector that has the highest percentage in the intermediate late payment class (between 30 and 90 days late) with 6.7% of companies, followed by Mining with 6.4%.

Finally, there were reasonably contained levels of the most serious late payments for all sectors. In particular, the best performance was seen in the Construction, and Agriculture, Forestry, Hunting and Fishing sectors with only 0.7% of companies paying more than 90 days late.

GRAPH 6.6 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN CANADA BY PRODUCT SECTOR, 2011

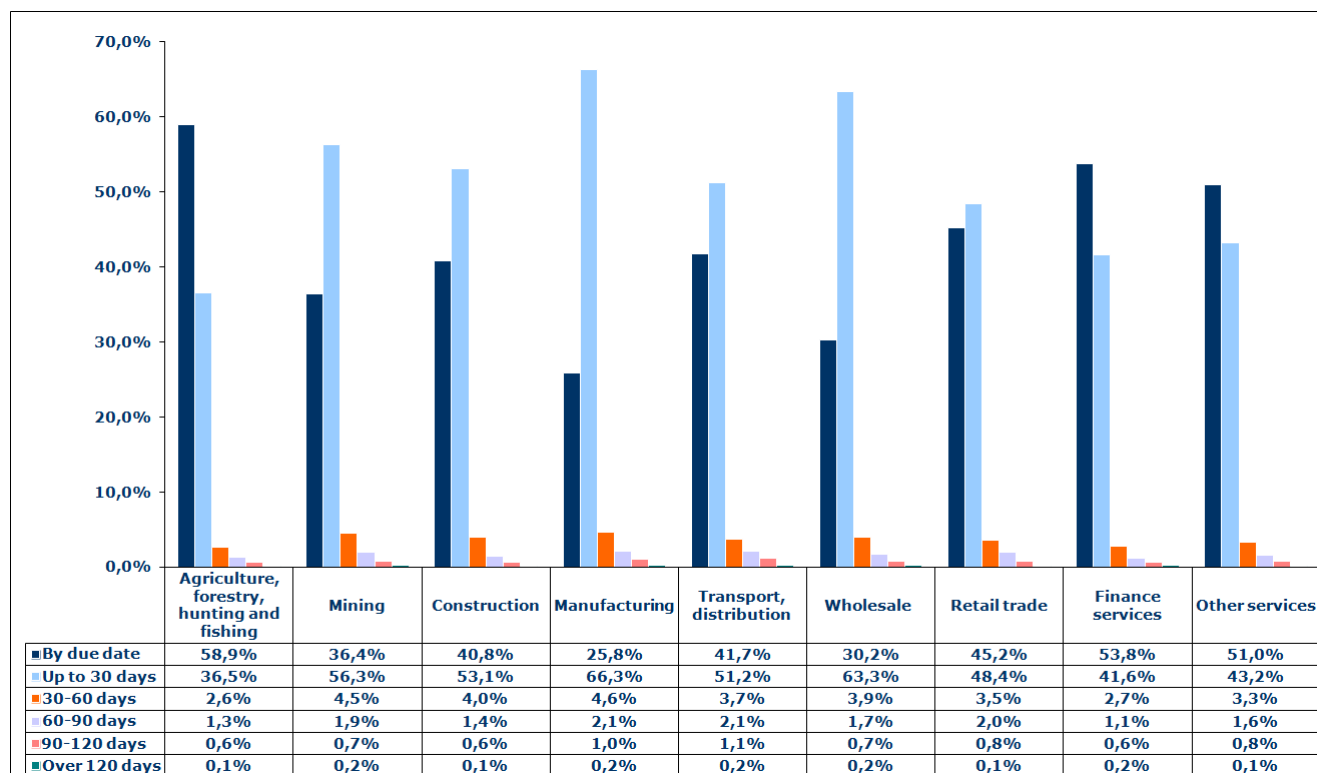


Table 6.7 shows the classification of micro-sectors with the most punctual payments in Canada over the course of 2011.

The top three in the classification are: Insurance Agents, Brokers & Services (66% pay on time), Agricultural Production – Livestock (64.2%) and Agricultural Production – Crops (62.6%).

Table 6.8, on the other hand, identifies the sectors which had greater problems in managing commercial transactions with suppliers. The worst sector was the Leather and Leather Products sector with 5.3% of companies paying on average more than 90 days late, followed by Printing and Publishing (5.2%) and Apparel and Accessory Stores (4.8%).

TABLE 6.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN CANADA, 2011

Sector	Ranking 2011
INSURANCE AGENTS, BROKERS & SERVICES	1
AGRICULTURAL PRODUCTION - LIVESTOCK	2
AGRICULTURAL PRODUCTION - CROPS	3
BUSINESS SERVICES	4
LEGAL SERVICES	5
ENGINEERING & MANAGEMENT SERVICES	6
EDUCATIONAL SERVICES	7
MUSEUMS, BOTANICAL, ZOOLOGICAL GARDENS	8
AGRICULTURAL SERVICES	9
RAILROAD TRANSPORTATION	10

TABLE 6.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN CANADA, 2011

Sector	Ranking 2011
LEATHER AND LEATHER PRODUCTS	72
PRINTING AND PUBLISHING	71
APPAREL AND ACCESSORY STORES	70
COMMUNICATIONS	69
APPAREL AND OTHER TEXTILE PRODUCTS	68
MISCELLANEOUS MANUFACTURING INDUSTRIES	67
DEPOSITORY INSTITUTIONS	66
TRANSPORTATION SERVICES	65
BUSINESS SERVICES	64
EATING AND DRINKING PLACES	63

The positive trend in the payment practices of Canadian companies seen in previous editions of the study was confirmed in the 2011 edition.

The situation that emerges from the analysis is that of a moderate level of punctual payments, with 44.9% of Canadian companies managing commercial transactions within agreed terms.

The percentage of payments on average over 90 days late has remained stable at relatively low levels (1%).

Within a very heterogeneous context in terms of sectors, higher than average problematic behavior is seen in the Manufacturing and Wholesale sectors, with percentages of punctual payments of no more than 30.2% for both sectors.

In conclusion, Canada continues to be in an intermediate position within an international context, with payment performance slightly, but continuously improving.

7. EUROPE

Payment analysis

The 2012 edition of the Payment Study has been widened to include China and three new European countries: Austria, Slovenia and Hungary.

This year, 13 European countries have been compared, analyzing payment trends over recent years, including in relation to company size and the main sectors.

Using Graphs 7.1 and 7.2 it is possible to carry out a detailed analysis of the payment behavior of these European countries in 2011.

On an aggregate European level there is a percentage of 37.8% in relation to punctual payments, meanwhile, the largest concentration can be found in the moderate late payment class ("Up to 30 days") with a value of 53.2%.

The most serious late payments (over 90 days on average), on the other hand, accounted for only 3.1% of companies, with 1.8% exceeding 120 days.

In this edition, the best performer is Germany, which reached a 74.7% share of punctual payers, with a net improvement compared with 2010 (+14.2%).

Completing the top three performers in terms of payments was Switzerland (the best in 2010) with 55.3% of its companies in this class, and the Netherlands with 46.7%.

In 45.7% of cases analyzed, Italian companies manage their commercial transactions within agreed terms, which is above the European average by around 8 percentage points and shows a marked improvement from the previous year (+8.2%).

On the other hand, the UK and Portugal have the lowest percentages of "good payers" with only 26.3% and 21.8% of the total.

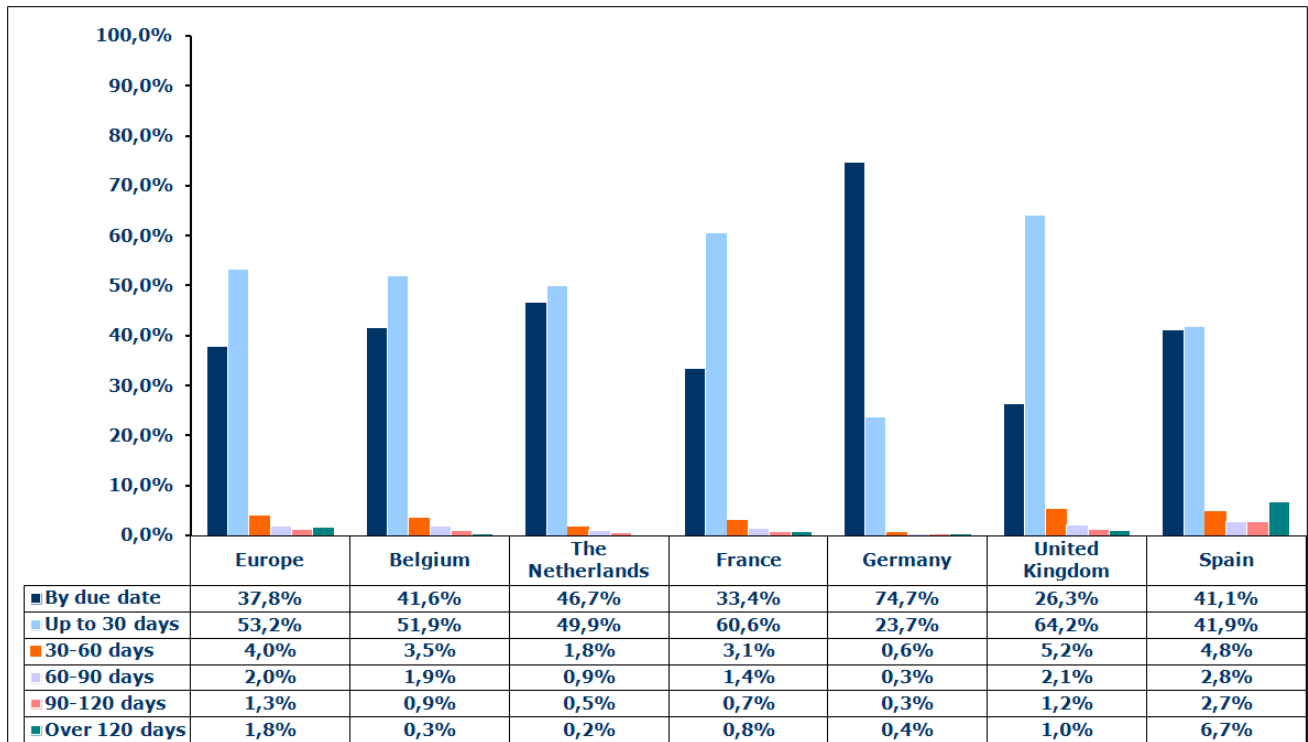
In relation to late payments of on average between 1 and 30 days, the UK, Austria and France have levels above the European average (53.2%) with values above 60% in all three countries.

For the intermediate late payment classes ("30-60 days" and "60-90 days"), Portugal and Slovenia have values higher than the European average (6%) with 11.4% and 7.9% in this bracket, respectively.

Finally, for payments on average over 90 days late, it is possible to identify two distinct groups. On the one hand, there are countries with very contained levels of serious late payments (below 1% of the total) such as the Netherlands, Germany, Switzerland and Italy, and on the other there are European countries (Poland, Spain and Portugal) for which the number of "bad payers" exceeds 9.2%, more than 6 percentage points off the European average.

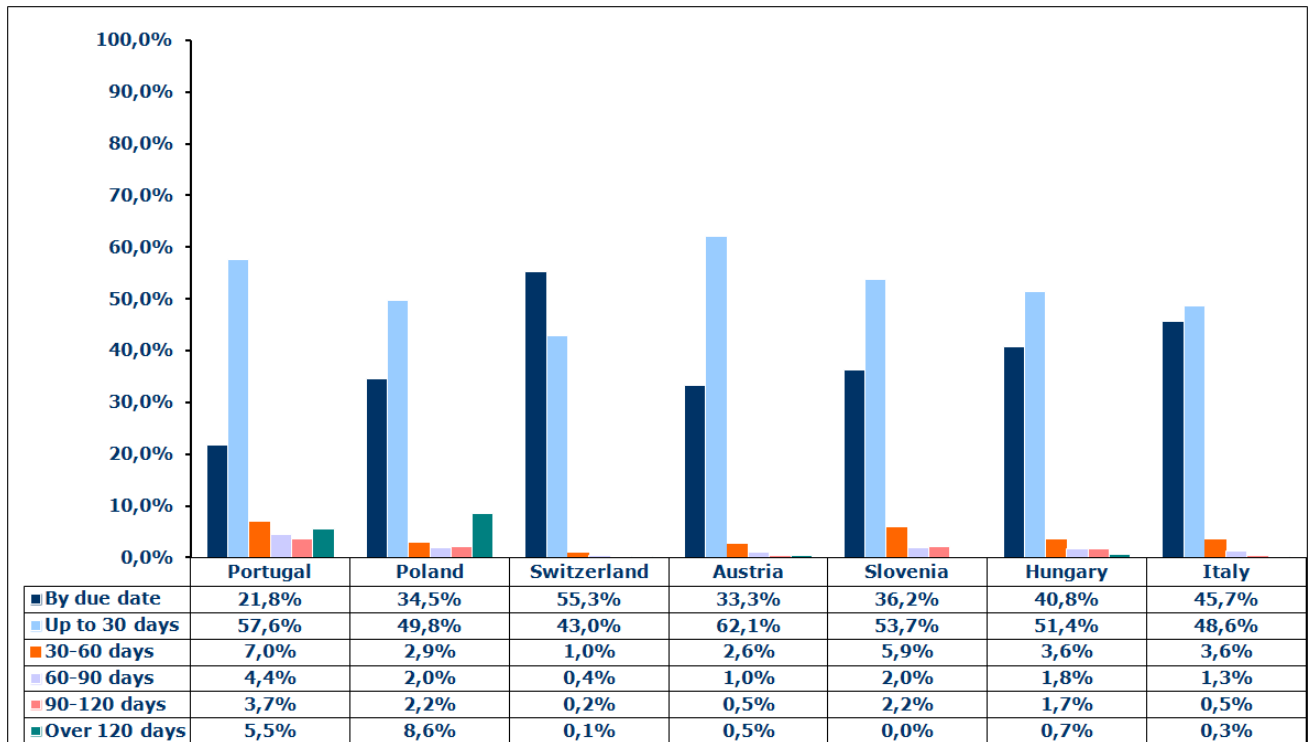
GRAPH 7.1 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN EUROPE BY PAYMENT CLASS, 2011



GRAPH 7.2 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN EUROPE BY PAYMENT CLASS, 2011



A more detailed analysis of the European payment situation in 2011 can be made using Graph 7.3 by looking at national performances in terms of punctual payments and serious late payments of more than 90 days on average.

In Europe, the percentage of companies that demonstrated good payment performance, i.e. respecting the terms agreed with suppliers, was 37.8% of the total, and seven out of the thirteen countries analyzed had a percentage above the European average.

The highest share of punctual payers is found in Germany, which exceeds Switzerland by 16.4 percentage points, the top performer in the previous edition.

These are followed by the Netherlands (46.7%) and Italy (45.7%) with values above the European average by around 8 points, whereas Belgium (41.6%), Spain (41.1%) and Hungary (40.8%) are slightly above the European average.

For Slovenia, Poland, France and Austria, the values are more in line with the European average, varying between 33.3% of the total and 36.2%.

The situation is very different for the UK and Portugal: these two countries continue to show the most difficulty in managing commercial transactions with their trading partners, with a difference of more than 11.5 percentage points below the European average.

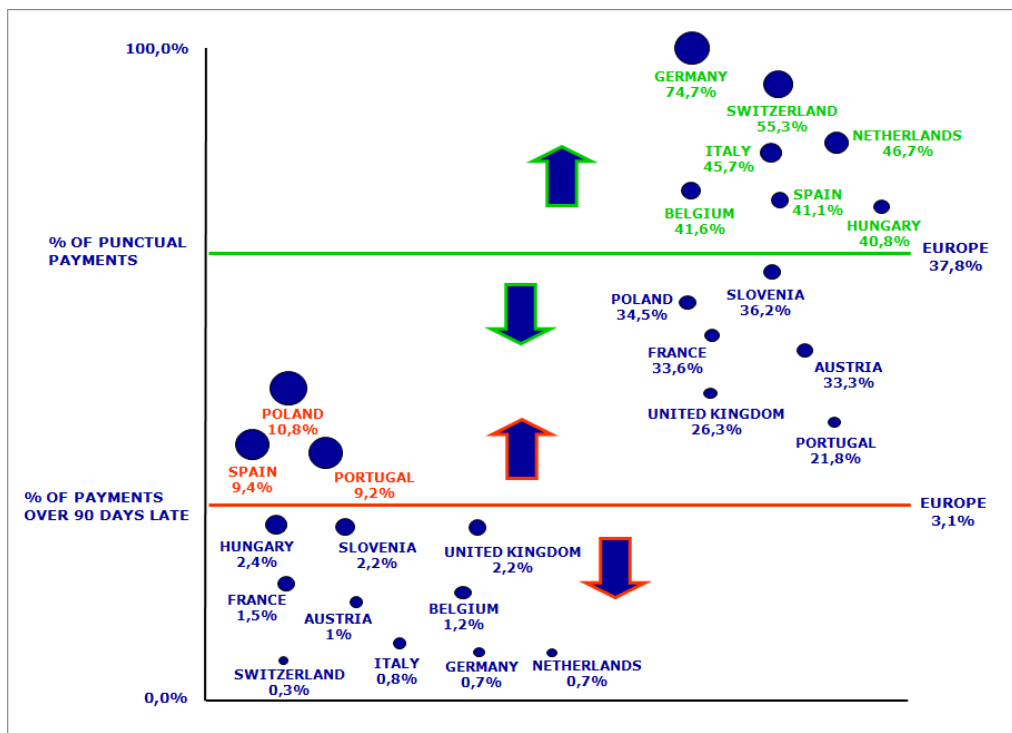
Now looking at payments over 90 days late, two distinct scenarios can be identified.

Poland (10.8%), Spain (9.4%) and Portugal (9.2%) have values above the European average (3.1%). These three countries continue to show a particularly critical state of health in terms of this late payment class, with no signs of significant recovery.

The remaining countries, on the other hand, have values below the European average with significantly reduced percentages of less than 1% in the case of Italy, Germany, the Netherlands and Switzerland.

GRAPH 7.3 SOURCE: CRIBIS D&B

COMPARISON BETWEEN ON TIME PAYMENTS AND PAYMENTS OVER 90 DAYS LATE FOR EUROPEAN COUNTRIES, 2011



Graph 7.4 shows the changes in payment habits in Europe over the last four years. A comparison between the 2011 and 2008 data show somewhat different patterns between the European countries considered in the study.

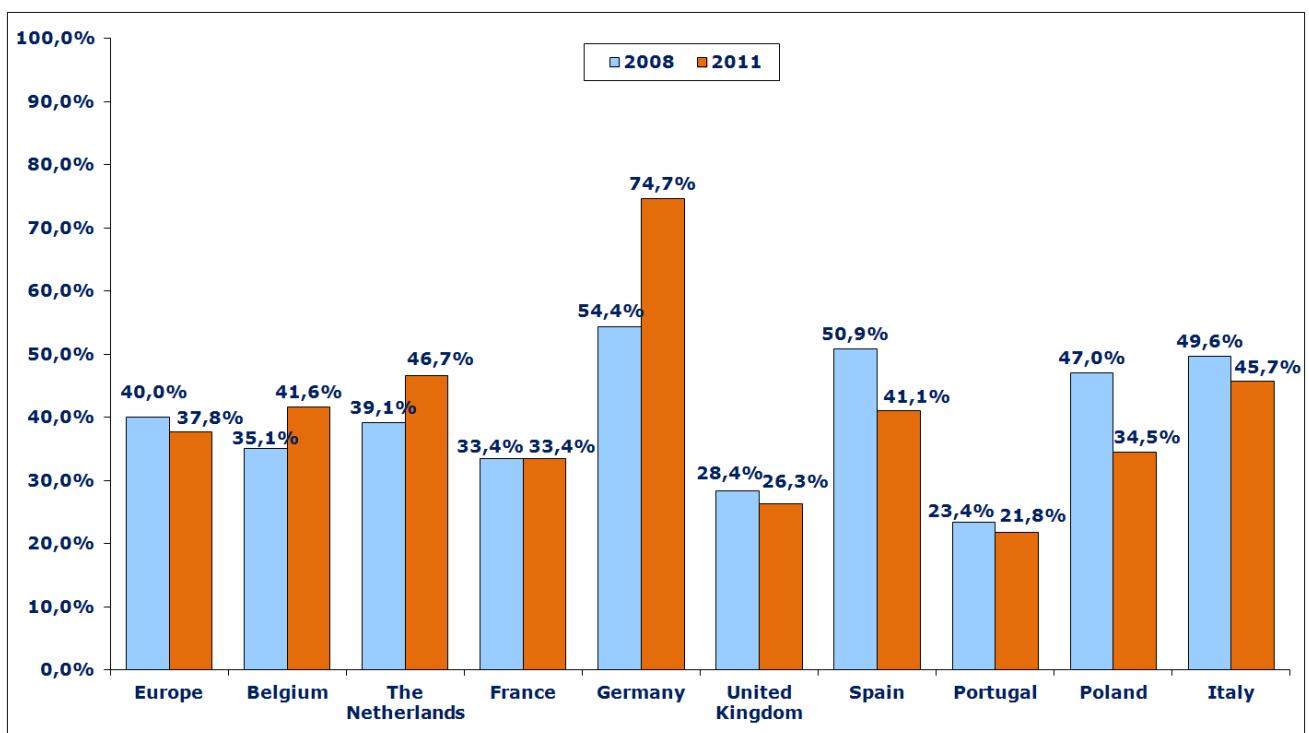
The country that has shown the most improvement in performance compared with four years ago is Germany. In fact, the concentration of German companies in the "By due date" payment bracket has increased by 20.3 percentage points, increasing from 54.4% in 2008 to 74.7% in 2011. There have also been notable improvements in Belgium (41.6% punctual payers in 2011) and in the Netherlands (46.7%), which have shown an increase of 6.5 points over this period.

Poland, on the other hand, has seen the most significant reduction in "good payers". In fact, punctual payments concern 34.5% of Polish companies in 2011, a decrease of 12.5% compared with 2008.

There was also a negative performance for Spain, where there was a 9.8 point decrease in the percentage of companies respecting contractual agreements with their suppliers within agreed time limits. Lastly, in Italy there was a decrease of around 4 percentage points (from 49.6% in 2008 to 45.7% in 2011).

GRAPH 7.4 SOURCE: CRIBIS D&B

VARIATION IN ON TIME PAYMENTS IN EUROPE, 2008-2011



Graph 7.5 shows the 2010-2011 trend in various European countries of the percentage of companies that demonstrate a positive payment performance (payments made by the due date). On a European level, there has been a worsening in the percentage of "good payers", which in 2011 reached its lowest level of recent years with a value of 37.8%. This is a reduction of 2.6% compared with 2010, and 3.2% compared with five years ago (the figure was 41% in 2007).

On a national level, however, there are very different trends between the thirteen European countries examined in the study.

Germany has seen a net improvement in payment performance with an increase of 14.2 percentage points, reaching one of the highest levels with 74.7% of the total.

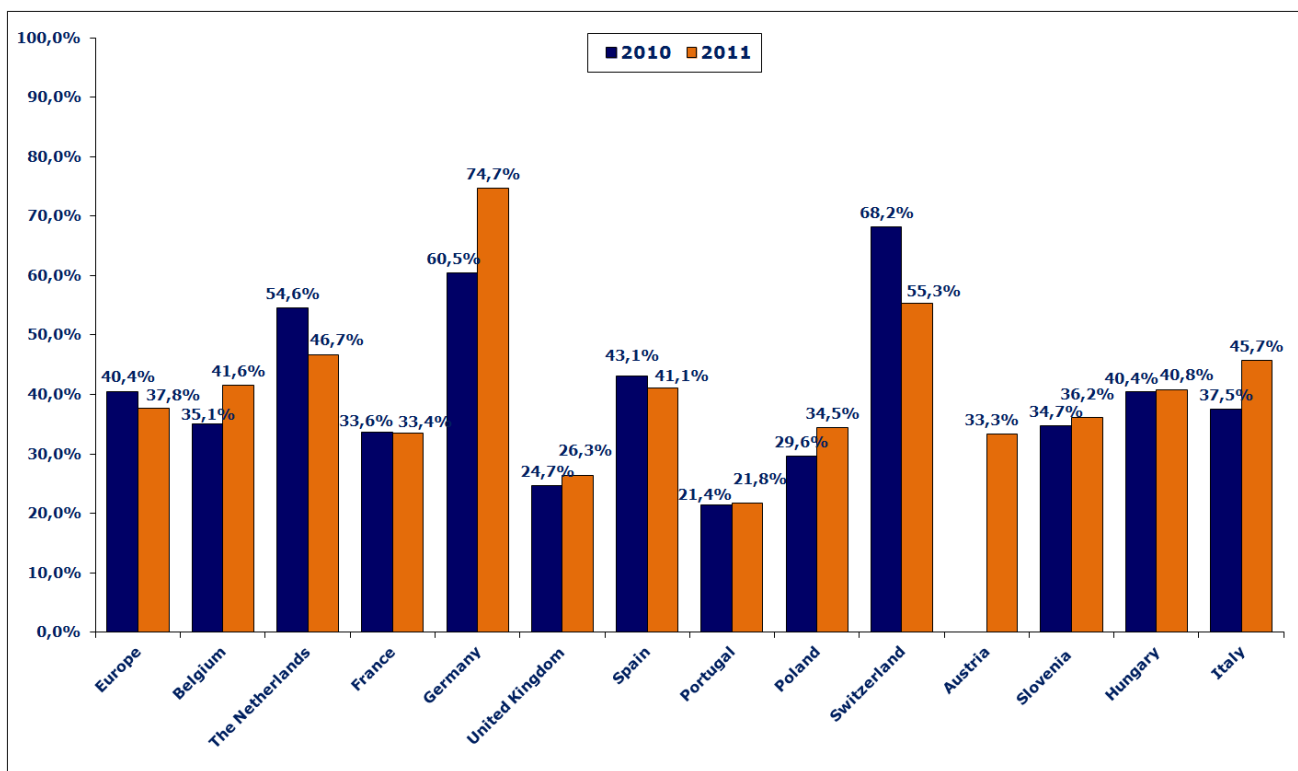
The second most significant change was seen in Italy (+8.2%), with a 45.7% share of punctual payers in 2011. The percentage of punctual payers has also increased in Belgium and Poland, with increases of more than 4.9% compared with the previous year.

On the contrary, companies in Switzerland and the Netherlands have shown a significant decrease in the concentration of on time payments in the previous 12 months, falling by 9.9 and 7.9 percentage points compared with 2010.

The situation was more or less stable for the other countries analyzed: the share of companies showing good payment performance has not undergone notable changes in these cases (maximum fluctuation of 2%).

GRAPH 7.5 SOURCE: CRIBIS D&B

TRENDS IN ON TIME PAYMENTS IN EUROPE, 2010-2011



Using Graph 7.6 it is possible to analyze how the concentrations in the most serious late payment class (over 90 days on average) have changed between 2008 and 2011 in the European countries examined.

The European average in this category of late payments has shown a clear improvement compared with the value four years ago, with a decrease of around 3 percentage points (3.1% in 2011).

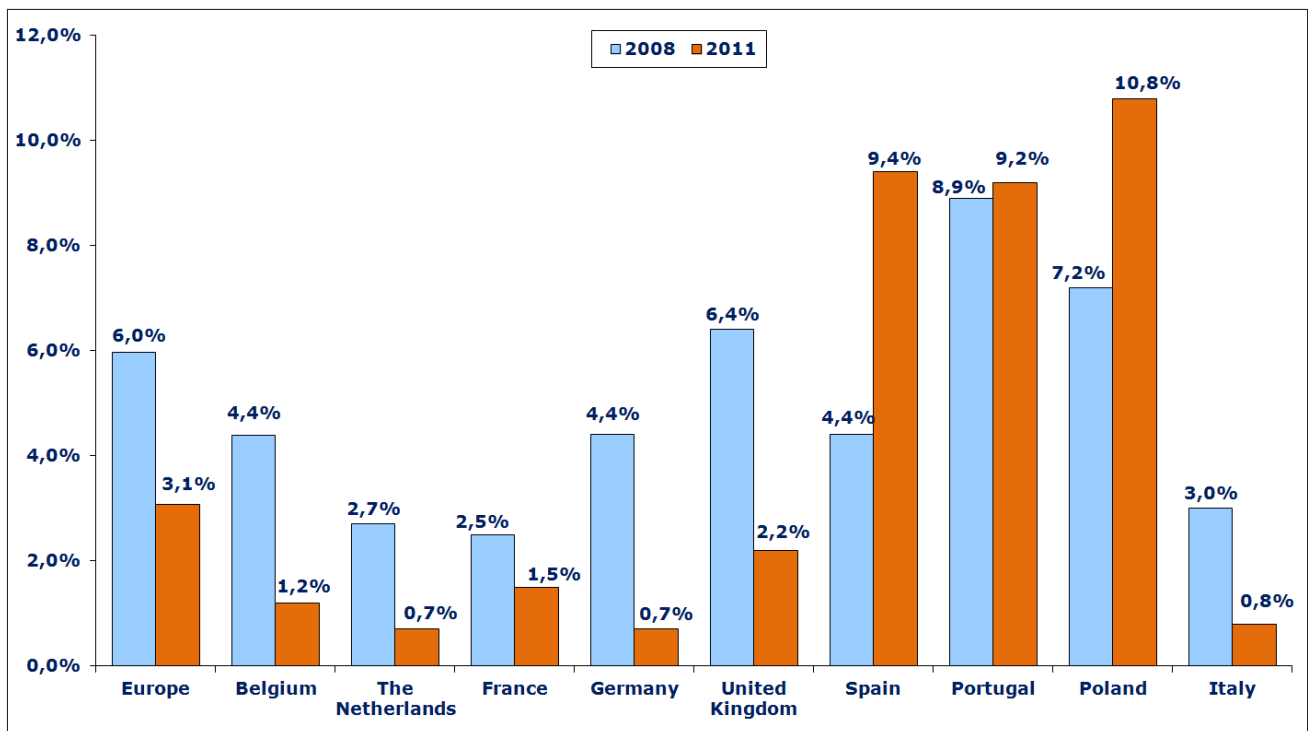
The most significant positive changes were seen for companies in the UK: the percentage of "bad payers" has changed from 6.4% to 2.2%, a decrease of 4.2 percentage points in four years. Significant improvements were also seen in Germany and Belgium, where there was a decrease in this category of 3.7 and 3.2 percentage points, respectively.

In Spain, however, the trend was negative, where the concentration of serious late payments grew by 5 points (4.4% in 2008 compared with 9.4% in 2011).

The situation is similar in Poland where there has been an increase of around 4 percentage points compared with four years ago, and in this edition of the study Poland had the worst percentage in this band of late payments (10.8%).

GRAPH 7.6 SOURCE: CRIBIS D&B

VARIATION OF LATE PAYMENTS OF MORE THAN 90 DAYS IN EUROPE, 2008-2011

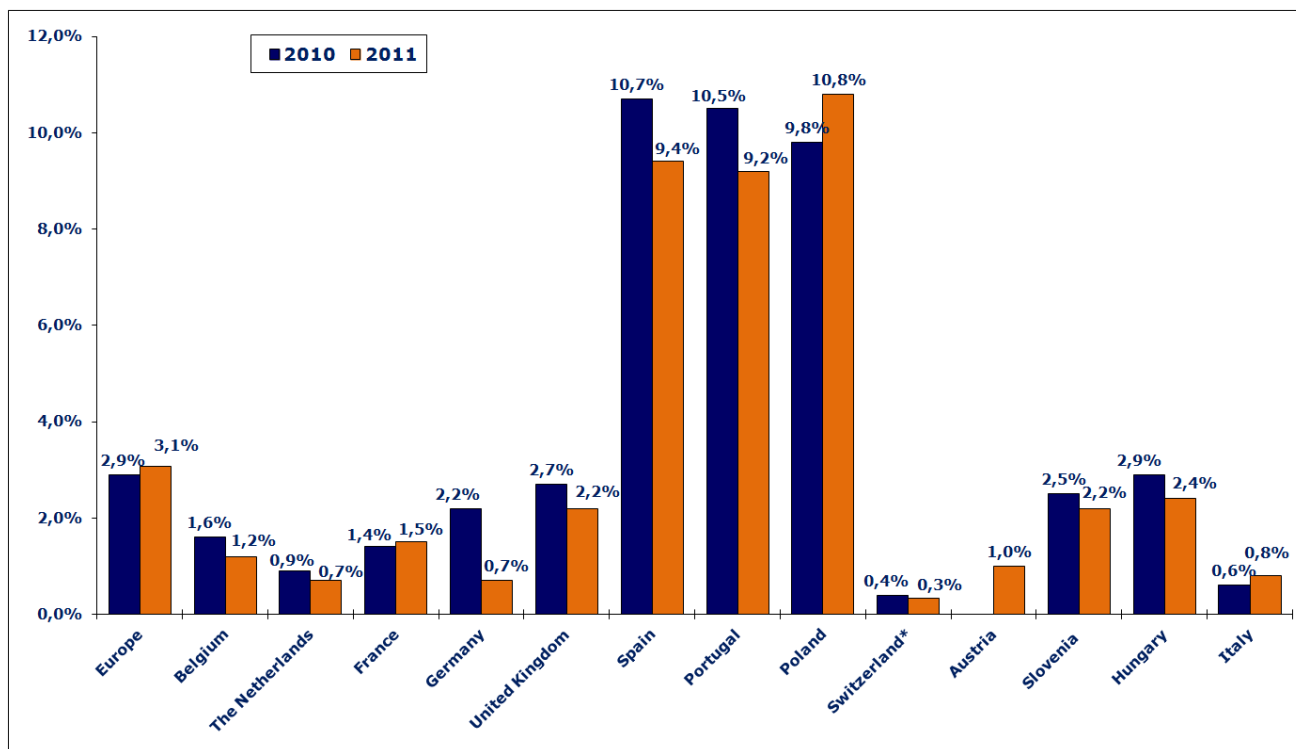


Graph 7.7 shows the 2010-2011 trend in the percentage of companies with negative payment performance (payments late by over 90 days on average) in relation to the thirteen European countries analyzed in the study.

On an aggregate European level, the percentage of "bad payers" has remained stable, going from 2.9% in 2010 to 3.1% in 2011.

Considering the individual countries, there are no notable changes compared with the previous year, with a range of variations in this class of between +1% for Poland and -1.5% for Germany. There are still clear differences in the group made up of Poland, Spain and Portugal compared to the other European countries, where these former countries showed percentages of over 10%, whereas the latter group had significantly lower values (with 4 countries below 1%).

TRENDS IN LATE PAYMENTS OF MORE THAN 90 DAYS IN EUROPE, 2010-2011



This section looks at the payment situation in Europe in terms of sector, through the distribution in payment practices in 2011 subdivided by payment class and product group (Graph 7.8).

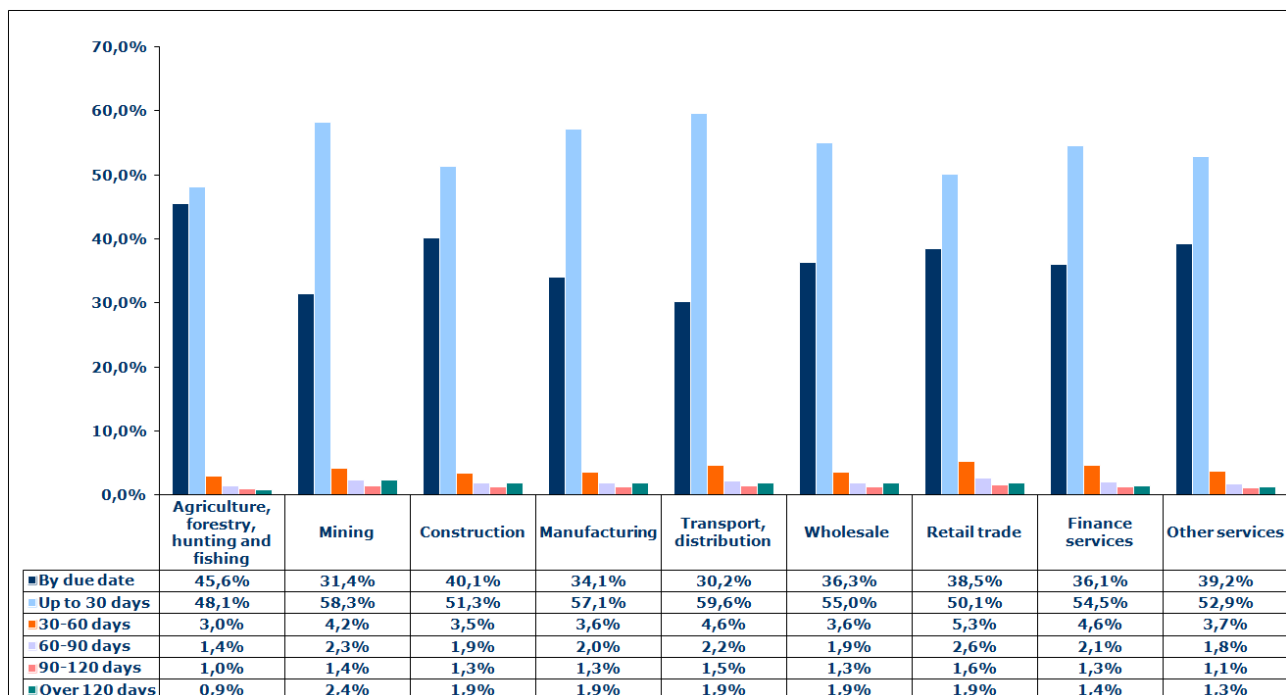
Agriculture, Forestry, Hunting and Fishing, and Construction have percentages of punctual payers above 40%, whereas the situation is more problematic for companies in the Transport and Distribution sector, with only 30.2% of the total in this class.

In general, for all sectors there is a widespread tendency to pay commercial transactions on average between 1 and 30 days beyond agreed terms, with the highest values in relation to Transport and Distribution (59.6%) and Mining (58.3%).

For the intermediate late payment classes ("30-60 days" and "60-90 days") the value for the Retail Trade sector is above the European average with an overall concentration in the classes in question of close to 8% of the total.

Companies in the Retail Trade sector recorded the second worst performance for serious late payments (over 90 days on average), exceeded only by the Mining sector, which reached a percentage of 3.8% in 2011. Levels in the other sectors are more or less homogeneous and not particularly high (only 1.9% for Agriculture, Forestry, Hunting and Fishing).

PAYMENT PRACTICES IN EUROPE BY PRODUCT SECTOR, 2011



In conclusion, on the basis of the results of the above analysis, the following key points can be identified in relation to the payment situation in Europe in 2011:

- Once again this year there was a somewhat heterogeneous picture of payment behavior across the thirteen European countries.
Analyzing the patterns in punctual payments it is possible to subdivide these European countries into four distinct groups:
 - Germany and Switzerland have the highest number of companies that manage to pay their partners within agreed contractual conditions, with 74.7% and 55.3% of the total, respectively. It is important to highlight the significant improvement in punctual payments in Germany compared with 2010 (+14.2%) and the significant reduction in terms of Swiss companies (-9.9%).
 - Performances in the Netherlands, Italy, Belgium, Spain and Hungary are above the European average in relation to payments made by the due date. In this case, however, the concentrations are more moderate, varying between 40.8% and 46.7%. In terms of changes compared with the previous year, there was a negative performance for the Netherlands (-7.9%), and improvements in Italy (+8.2%) and Belgium (+6.5%).
 - Percentages were slightly below the European average for Slovenia, Poland, France and Austria, which also exhibit a more or less stable picture of payments compared with the recent past.
 - The fourth and final group comprises the UK and Portugal. Both countries continue to show difficulties in managing commercial transactions and have percentages which are more than 11.5 points below the aggregate European value.

- A clear scenario between the European countries analyzed emerges from the analysis of the percentage of companies that pay seriously late (over 90 days on average). Companies in Poland, Spain and Portugal present the most critical situation with percentages of between 9.2% and 10.8%.

Spain and Portugal have reduced the concentration in this category by 1.3%. The situation in Poland, on the other hand, has worsened (+1%), becoming the worst payers in this category.

The percentages for the remaining ten countries are stable and more contained, with values fluctuating between 2.4% for Hungary and 0.3% for Switzerland. Changes from 2010 are all below one percentage point except for German companies where there was a 1.5% decrease in the concentration in this late payment class.

- On a sector level, there was general homogeneity in terms of payment performance between the various sectors analyzed.

The sectors with the highest concentrations of punctual payments are Agriculture, Forestry, Hunting and Fishing, Construction, and Other Services (at least 39.2%), whereas Transport and Distribution, and Mining have concentrations of less than 31.4% in this category.

In terms of the most serious late payments, on the other hand, all sectors show similar levels, with percentages slightly above the European average for Mining and Retail Trade.

In 2011, European companies showed a worsening in the management of on time payments , with a value of 37.8% of the total (lowest level since 2007), and with a decrease of around 3 percentage points compared with the previous year.

Again this year, there continues to be very different patterns and trends between one country and another.

The widespread instability that marks the international situation and the financial difficulties that companies and countries will have to deal with again in 2012 require greater emphasis on the payment behavior of their trading partners and appropriate monitoring of the more critical situations.

8. BELGIUM

Below is the opinion of **Jan Vernailen, Marketing Manager** at **D&B Belgium & Luxembourg**, on the economic scenario and payment situation in Belgium.

"Belgium companies have reacted to the crisis in a defensive way. Negotiations about payments terms will be consider to be extended. They are conducting a more in-depth research before a prospect is accepted as a customer. Companies want a better and more thorough follow-up of existing customer portfolio and finally increasing the number of warranties before delivery.

Belgium will go through difficult times (not as bad as the PIIGS countries), but economy will eventually recover. We believe that domestic demand will become the main driver of GDP growth over 2012: private demand will be the leading contributor, supported by business investment. We base these forecasts on the indicators for consumer and business sentiment. Stronger private consumption will also see import demand increase.

Most common payment terms in Belgium are between 30-60 days. Increase was noticeable during last years, but at own risk because of stringent Belgian legislation putting the risk of non-payment when other conditions are negotiated partly with the creditor.

The main reason why there's a delay in payments it's because the economic crisis has led to an increase in cash problems as well as working capital problems.

The delay in payments has mainly increase the number of warranties. More requirements of payment terms are being discussed, and finally some companies have consider payment before delivery.

Mainly the Belgium companies have integrated the credit data into their ERP and as far as the working capital problem, companies are doing a more thorough follow-up of their customers portfolio."

Payment analysis

Analysis of trends in the percentage of companies in the extreme payment classes (punctual payments and late payments greater then 90 days on average) enables any significant improvements in the payment situation in Belgium to be identified (Table 8.1 and Table 8.2).

In fact, the percentage of Belgian companies that pay their suppliers on time reached 41.6% of the total in 2011, exceeding the European average for the first time since 2007.

Whereas five years ago Belgium was 10.5% below the European average, in 2011 the difference was positive (3.8%).

On the other hand, companies that tend to pay more than 90 days beyond agreed terms account for only 1.2% of the total, which is around 2 percentage points better than the European average (in 2010 the difference was 1.3%).

The improvements seen in the Belgian payment situation are also confirmed in Table 8.3, which reports the variations in the distribution of companies between 2007 and 2011 in terms of payment classes.

The share of “good payers” (“By due date” class) increased by 6.5% compared with 2010, and by more than 11 percentage points compared with 2007.

With this increase comes a reduction in the share in the other payment classes. In particular, in 2011 companies paying on average less than 90 days late decreased by over 6% compared with five years ago, whereas the decrease in the “Over 90 days” class was more contained and reached a maximum value (-3.2%) when compared with 2008.

TABLE 8.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN BELGIUM WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
Belgium	30.5%	35.1%	35.8%	35.1%	41.6%
Europe	41.0%	40.0%	39.4%	40.4%	37.8%

TABLE 8.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN BELGIUM WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
Belgium	2.9%	4.4%	4.3%	1.6%	1.2%
Europe	4.1%	6.0%	5.8%	2.9%	3.1%

TABLE 8.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN BELGIUM, 2007-2011

	Variation 2007/2011	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	11.1%	6.5%	5.8%	6.5%
Up to 90 days	-9.4%	-3.3%	-2.7%	-6.1%
Over 90 days	-1.7%	-3.2%	-3.1%	-0.4%

Now let’s look in more detail at Belgian payments with Graph 8.4 in which the payments practices of companies are reported by payment class.

There has been a significant improvement in punctual payments, with a percentage of 41.6% in 2011, reaching the highest value since 2007 (+11.1 percentage points).

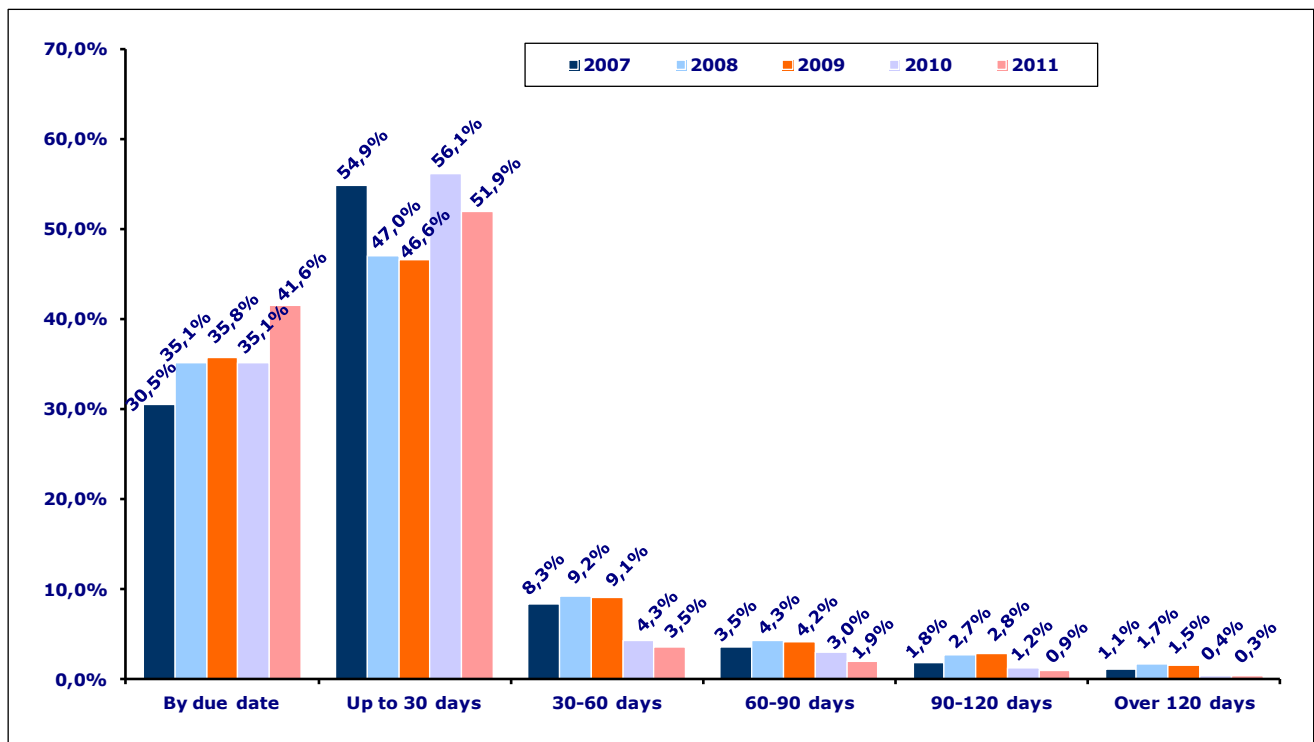
However, there has been a reduction in the concentration in the "Up to 30 days" late payment class, going from 56.1% in 2010 (the highest level in this period) to 51.9% in 2011.

The intermediate late payment classes ("30-60 days" and "60-90 days") account for 5.4% of the total, losing around 2 percentage points compared with the previous year and 6.4 compared with the 2007 figure.

Finally, the most serious late payments (over 90 days on average) accounted for only 1.2% of the companies in Belgium, which is the lowest value recorded for all the countries evaluated in the study.

GRAPH 8.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN BELGIUM BY PAYMENT CLASS, 2007-2011



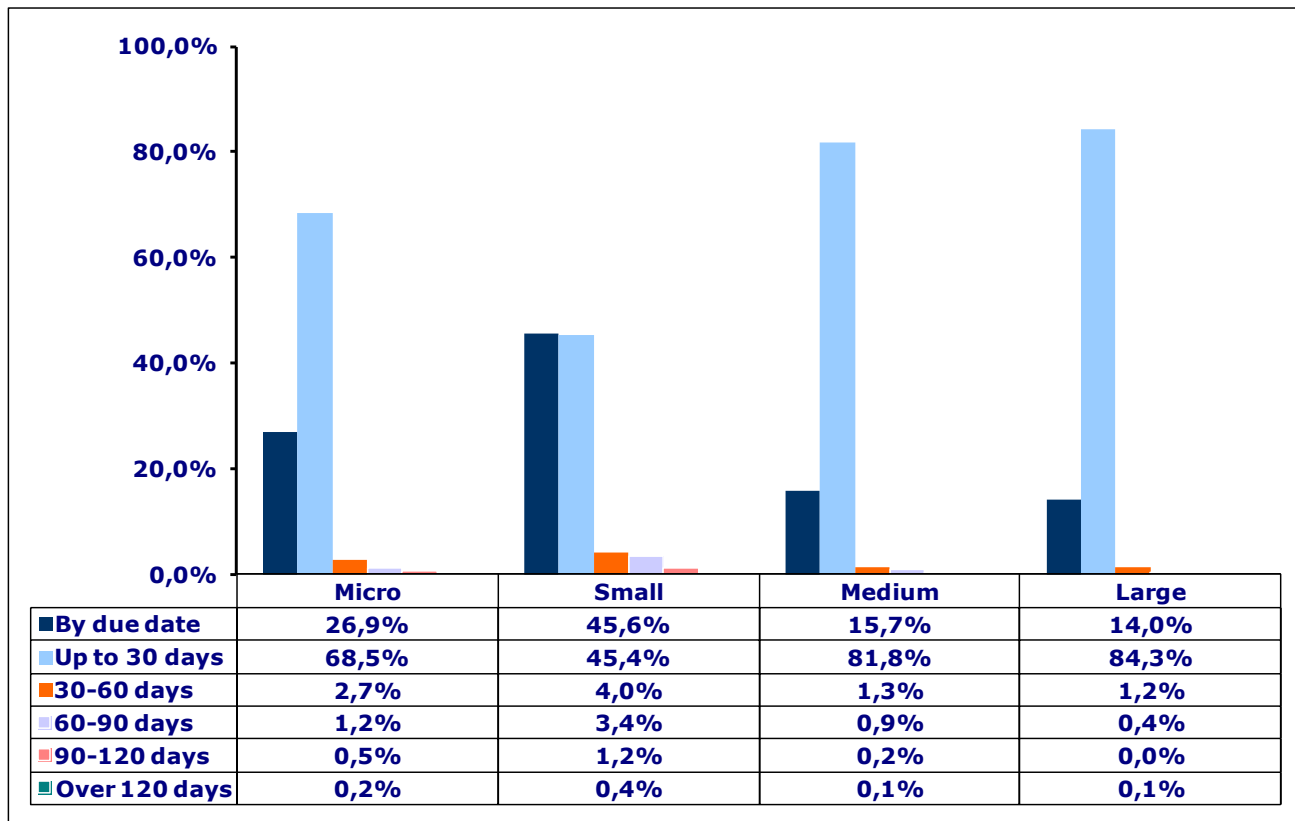
Using Graph 8.5, it is possible to analyze payment practices by company size and payment class. The most balanced behavior in Belgium is seen for small companies with 45.6% of the total paying their suppliers within agreed terms, meanwhile the lowest percentage is found for large enterprises with a level of 14%.

For companies belonging to the Medium and Large categories, late payments are concentrated in the "Up to 30 days" category with 81.8% and 84.3% of the total, respectively.

In the intermediate late payment class (between 30 and 90 days late on average), the largest share is seen for small companies with a percentage of 7.4%, 2 percentage points above the national average.

For all types of company, the share of companies in the most serious late payment class (over 90 days on average) remained contained, with values below 1.6% of the total (only 0.1% for large companies).

PAYMENT PRACTICES IN BELGIUM BY TYPE OF COMPANY, 2011



The following section focuses on the payment practices of Belgian companies in 2011 by macro-sector (Graph 8.6).

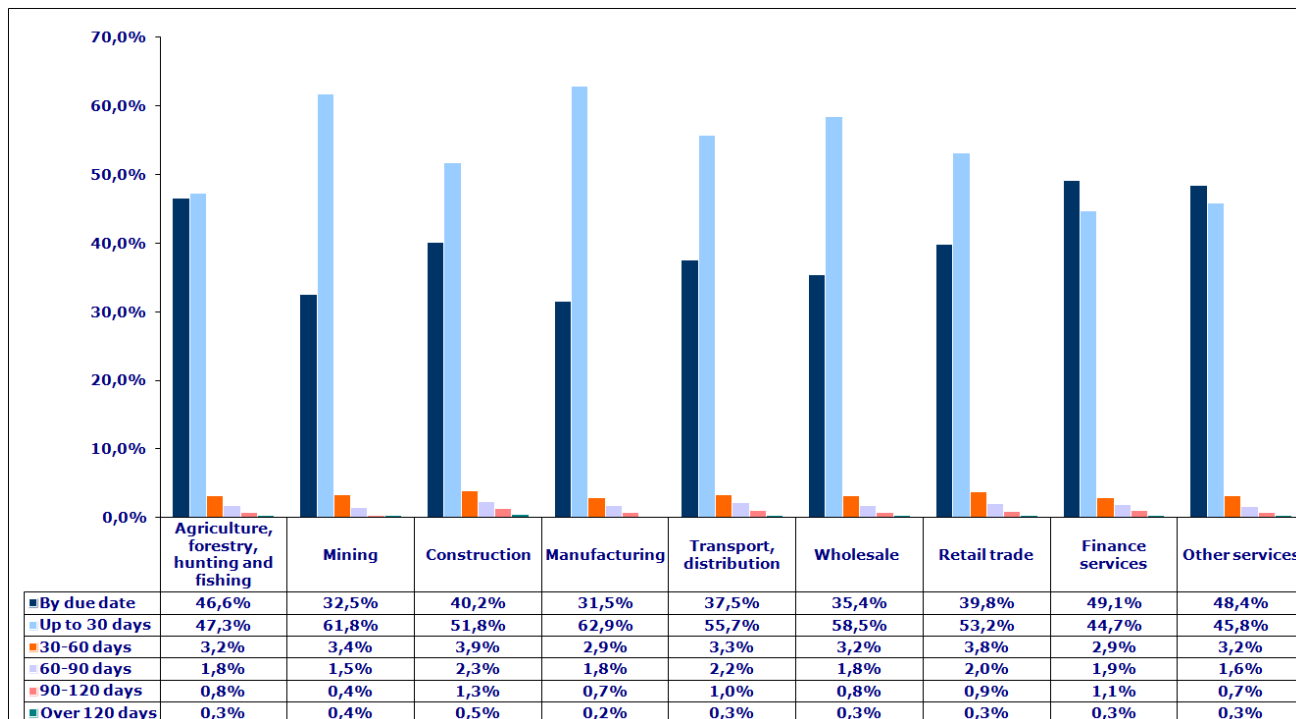
The Financial Services sector exhibits the best payment performance, where companies pay within agreed terms in 49.1% of cases (more than 9 percentage points up compared with the previous year). This is followed by the Other Services category with 48.4% of punctual payers, and Agriculture, Forestry, Hunting and Fishing with 46.6%.

Late payments are concentrated in the "Up to 30 days" class, and the highest percentages were identified in the Mining and Manufacturing sectors with 61.8% and 62.9% of the total, respectively.

The highest concentration in the intermediate late payment class relates to the Construction sector in which 6.2% of companies tend to pay on average between 30 and 90 days late.

Finally, the most serious late payment class (over 90 days on average) relates only to a small part of Belgian companies. In fact, in the sector-based analysis, the percentages in this class vary between 0.8% and 1.8%.

PAYMENT PRACTICES IN BELGIUM BY PRODUCT SECTOR, 2011



Tables 8.7 and 8.8 show the classification of the best and worst payment records in Belgium in 2011 according to micro-sector.

The top position in the classification of best payers is held by Legal Services with 64.8% of companies paying within agreed payment terms. In second and third positions are Insurance Agents, Brokers & Services (64%) and Health Services (59.9%).

The Communications sector stands out as the worst in terms of payments in Belgium in the last 12 months, with a percentage of serious late payers (over 90 days on average) of 3.3%, 2.1 points above the national average.

Completing the top positions in the classification are Miscellaneous Manufacturing Industries (1.9%) and Transportation Equipment (1.9%).

TABLE 8.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN BELGIUM, 2011

Sector	Ranking 2011
LEGAL SERVICES	1
INSURANCE AGENTS, BROKERS & SERVICES	2
HEALTH SERVICES	3
SERVICES	4
DEPOSITORY INSTITUTIONS	5
SECURITY AND COMMODITY BROKERS	6
NONDEPOSITORY INSTITUTIONS	7
INSURANCE CARRIERS	8
MEMBERSHIP ORGANIZATIONS	9
AGRICULTURAL PRODUCTION - LIVESTOCK	10

TABLE 8.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN BELGIUM, 2011

Sector	Ranking 2011
COMMUNICATIONS	64
MISCELLANEOUS MANUFACTURING INDUSTRIES	63
TRANSPORTATION EQUIPMENT	62
GENERAL BUILDING CONTRACTORS	61
SPECIAL TRADE CONTRACTORS	60
REAL ESTATE	59
HOLDING AND OTHER INVESTMENT OFFICES	58
BUILDING MATERIALS & GARDEN SUPPLIES	57
ELECTRICAL, GAS AND SANITARY SERVICES	56
LOCAL AND INTERURBAN PASSENGER TRANSIT	55

After three years in which punctual payments remained more or less stable and struggled to grow, Belgium has improved its performance significantly in 2011.

In fact, in the last 12 months, the percentage of companies paying on time has increased by 6.5 percentage points, reaching the highest point in the last five years (41.6%) and exceeding the European average for the first time.

There have also been positive results in relation to the serious late payment classes. The share of companies that tend to pay over 90 days late on average is one of the lowest in all the countries examined in the study, with a value of 1.2% in 2011 (around 2 percentage points below the European average).

On a sector level, the best performance relates to the Financial Services sector, with more than 49% of punctual payers, meanwhile the Manufacturing, Mining, and Construction sectors

demonstrate the most critical situations in terms of the management of commercial transactions within agreed terms.

Therefore, the overall picture in Belgium shows positive developments compared with previous years, including in relation to the European average, and could improve further in the coming years.

9. THE NETHERLANDS

Below is the opinion of **Sabine Besselink, Marketing Manager at D&B Netherlands**, on the economic scenario and payment situation in the Netherlands.

"In response to the crisis many Dutch companies have reduced credit lines to customers. More stringent controls on acceptance of new customers and closer follow up in case of overdue invoices. Some companies have reduced export activity to countries like Greece. A slow recovery of the crisis is expected in the second half of 2012 with small growth numbers for 2013. As a strong exporting country the Netherlands is very dependent on global economic recovery of countries.

30 days are the usual terms agreed between companies in the Netherlands. Companies are indeed experiencing requests for extended terms, especially from SME customers. Lack of cash has resulted in slower payments. Of course this is the result of the economic crisis. More and more companies are experiencing financial stress, with negative sales growth numbers: Q1 has seen a strong increase in bankruptcies versus 2011. The real strong trend we see is automation and integration. More and more companies are moving over to automated decisioning and to credit management software to professionalise collections".

Payment analysis

Table 9.1 reports the trends in recent years in the percentage of companies that pay their suppliers within agreed payment terms in the Netherlands.

Over the course of 2011, punctual payments in the Netherlands accounted for 46.7% of the total, above the European average by 8.9%, continuing to show a larger quantity of companies with a balanced payment behavior.

However, it should be pointed out that the gap between Dutch and European punctual payers has decreased by 5.3 percentage points compared with 2010, mainly due to the significant reduction prompt payments by Dutch companies.

The percentage of companies with payments on average over 90 days late is improving. In 2011, the percentage of "bad payers" in the Netherlands was only 0.7% of the total, with a difference of 2.4% below the European average (Table 9.2).

Table 9.3 shows the variations recorded in recent years in more detail in relation to the distribution of companies by payment classes.

Compared with the previous year, there was a net decrease in punctual payers ("By due date" class). In detail, the percentage in question has reduced by around 8 percentage points, going from 54.6% in 2010 to 46.7% in 2011. However, the difference compared with the 2008 value remains significant (39.1%).

There was a significant increase in the concentration of companies in the 1 to 90 day late payment class (+8.1% compared with 2010) to the detriment of punctual payments.

Finally, there has been a systematic reduction in the share of Dutch companies in the serious late payment class ("Over 90 days") from 2008 to the present. In particular, the lowest value was

reached at the end of 2011 with a percentage of 0.7% and a decrease of 2% compared with three years ago.

TABLE 9.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN THE NETHERLANDS WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
The Netherlands	39.8%	39.1%	45.1%	54.6%	46.7%
Europe	41.0%	40.0%	39.4%	40.4%	37.8%

TABLE 9.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN THE NETHERLANDS WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
The Netherlands	2.5%	2.7%	2.2%	0.9%	0.7%
Europe	4.1%	6.0%	5.8%	2.9%	3.1%

TABLE 9.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN THE NETHERLANDS, 2007-2011

	Variation 2007/2011	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	6.9%	7.6%	1.6%	-7.9%
Up to 90 days	-5.1%	-5.6%	-0.1%	8.1%
Over 90 days	-1.8%	-2.0%	-1.5%	-0.2%

From Graph 9.4 it is possible to analyze the payment situation in the Netherlands in 2011 by payment class, and compare the results with previous years.

In contrast to the results for the three preceding years, in 2011 there was a higher concentration of companies in the "Up to 30 days" late payment class, with an increase of 8.2 percentage points compared with 2010. Specifically, in 2011 the share of companies in the moderate late payment class of 49.9% represents the highest level reached since 2007.

The percentage of Dutch companies that pay within the due date has reduced considerably, with a value of 46.7% of the total.

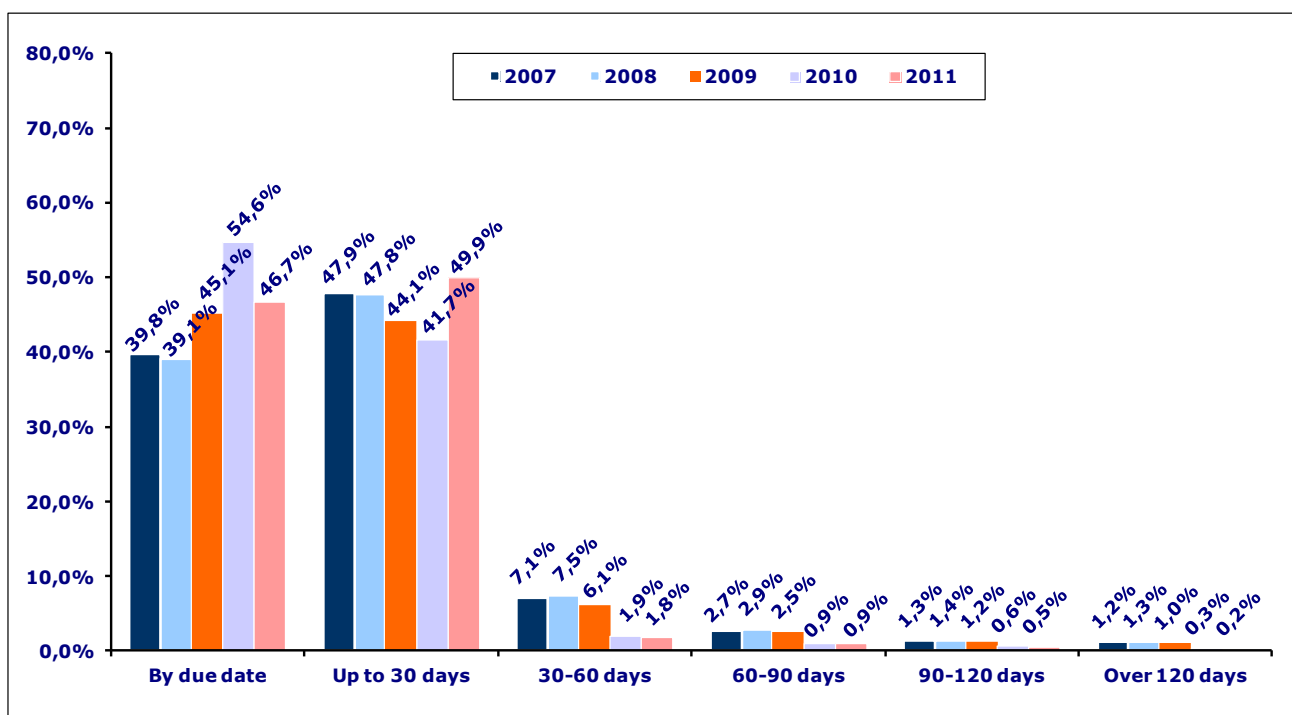
Despite the obvious reduction in punctual payments, which have returned to 2009 levels, the value seen in the Netherlands is the third highest in Europe, behind only Germany and Switzerland.

Percentages in the intermediate and serious late payment classes, on the other hand, are stable compared with the previous year and have fallen overall by 0.3%.

Finally, the most serious late payments (over 90 days on average) account for only 0.7% of the companies in the Netherlands, which is one of the lowest values amongst all the countries evaluated in the study.

GRAPH 9.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN THE NETHERLANDS BY PAYMENT CLASS, 2007-2011



Let's now look at payment practices in the Netherlands by company size and payment class (Graph 9.5).

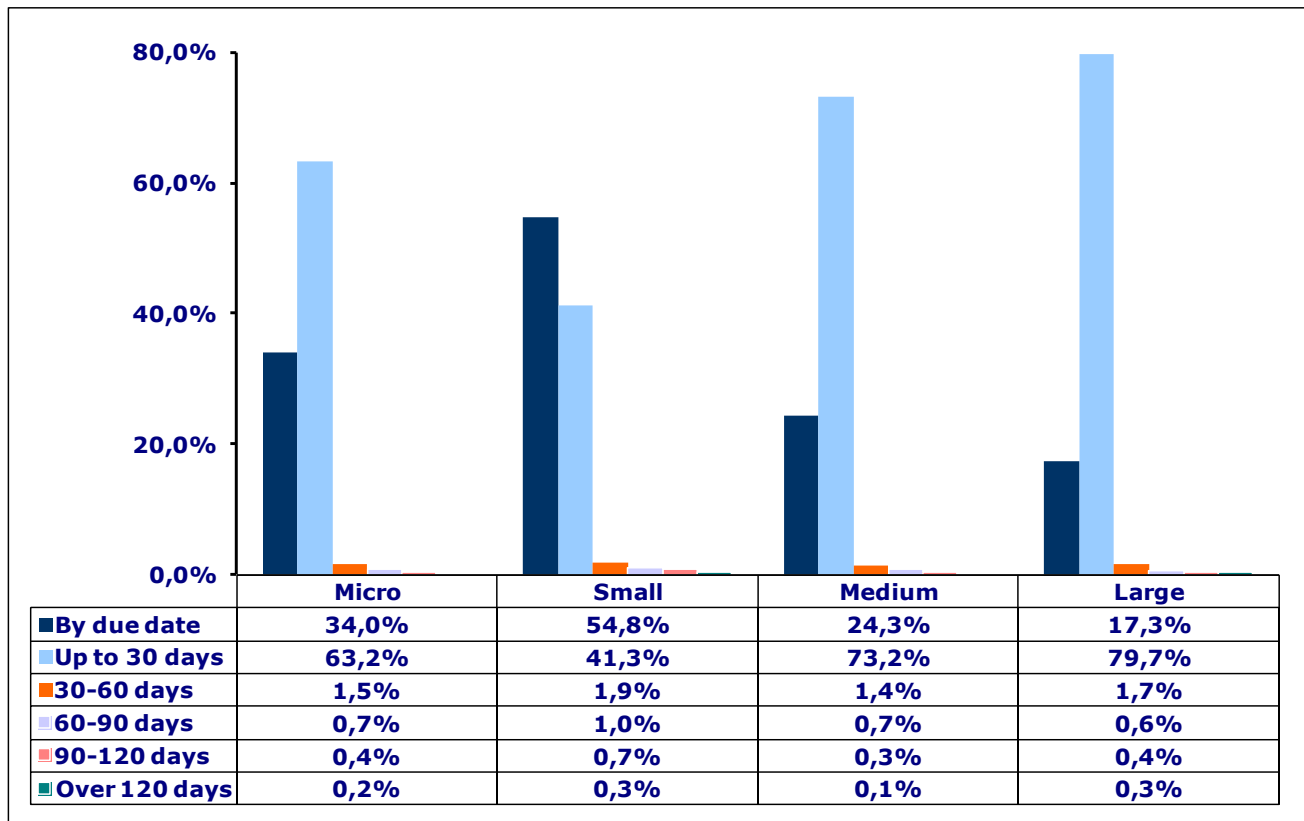
Small companies are the only ones to demonstrate a behavior of punctual payments in more than half of the cases analyzed. 54.8% of companies belonging to this category manage to pay within terms agreed with trading partners (percentage increase of 11.8 points compared with 2010). The lowest value, on the other hand, was seen for larger sized companies, with only 17.3% of punctual payers.

In terms of payment class, there is a greater tendency to pay on average between 1 and 30 days late (at least 41.3% of the total), and over 73% of medium to large companies exhibit this type of behavior.

In the late payment classes of over 30 days, there are similar patterns, although lower, in all four of the categories examined, with values fluctuating between 2.5% for medium companies and 3.9% for small.

GRAPH 9.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN THE NETHERLANDS BY TYPE OF COMPANY, 2011

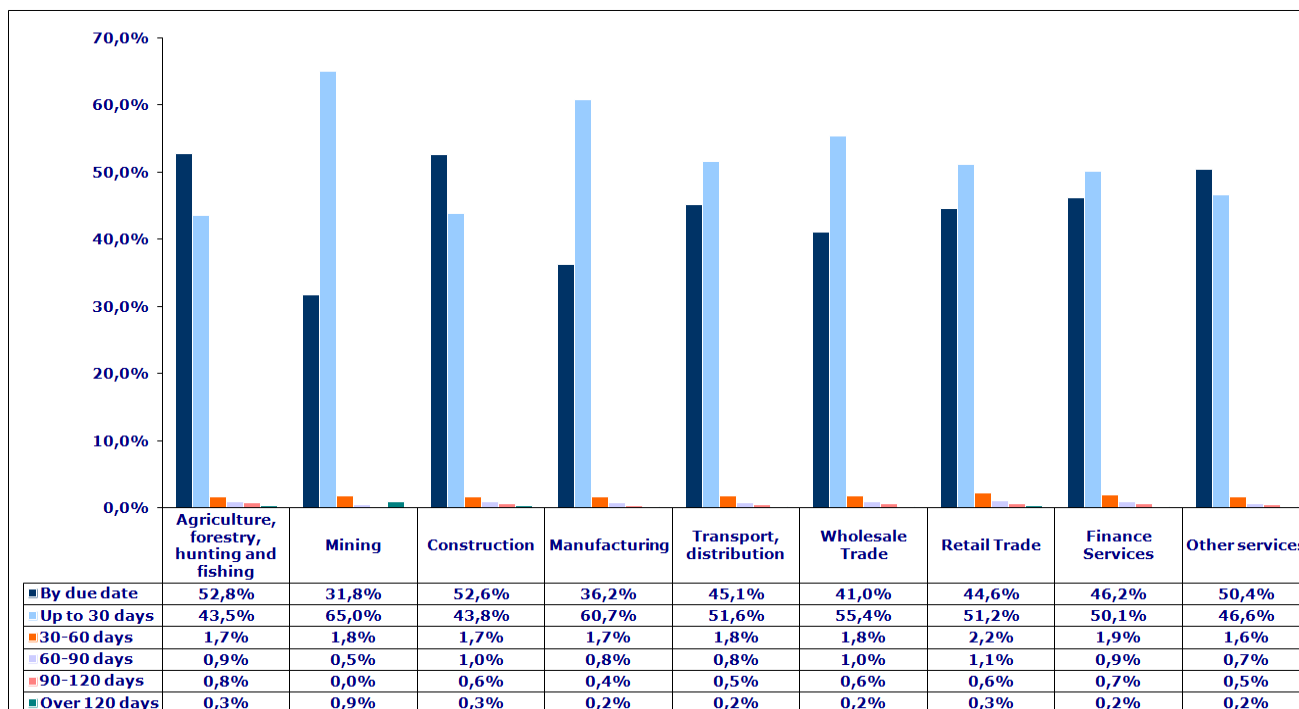


Graph 9.6 shows a detailed analysis of the payment practices of Dutch companies by macro-sector.

The two sectors that show the best payment performance are Agriculture, Forestry, Hunting and Fishing, and Construction, with percentages of punctual payments of more than 52% (around 6 percentage points more than the national average).

The remaining sectors (excluding Other Services) have the highest concentrations in the intermediate late payment class of between 1 and 30 days on average. In particular, the highest values in this category are seen for the Mining (65%) and Manufacturing (60.7%) sectors. The Retail Trade sector, on the other hand, has the highest increase in relation to this category (+15.3% compared with 2010).

Finally, "bad payers" (payments over 90 days late on average) reflect the national patterns and are moderate in all the different groups analyzed, with percentages ranging from 0.6% in the Manufacturing sector to 1.1% in the Agriculture, Forestry, Hunting and Fishing sector.

PAYMENT PRACTICES IN THE NETHERLANDS BY PRODUCT SECTOR, 2011

Tables 9.7 and 9.8 show the best and worst micro-sectors in terms of payment performance in the Netherlands in 2011.

In the classification of the best sectors in terms of payment, Personal Services is in first position with 56.9% of companies paying within the due date, followed by Agricultural Production - Crops with 54.8% of punctual payers.

The group with the worst performance in terms of serious late payments is Non-depository Institutions. In this group, 37.3% of the companies examined pay on average more than 90 days late. The micro-sectors with the next highest percentages of problematic payments are Non-Metallic Minerals, Except Fuels, and Agricultural Production – Livestock.

TABLE 9.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN THE NETHERLANDS, 2011

Sector	Ranking 2011
PERSONAL SERVICES	1
AGRICULTURAL PRODUCTION - CROPS	2
MISCELLANEOUS REPAIR SERVICES	3
BUSINESS SERVICES	4
SPECIAL TRADE CONTRACTORS	5
AGRICULTURAL SERVICES	6
LEGAL SERVICES	7
MOTION PICTURES	8
HEALTH SERVICES	9
TRUCKING AND WAREHOUSING	10

TABLE 9.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN THE NETHERLANDS, 2011

Sector	Ranking 2011
NONDEPOSITORY INSTITUTIONS	66
NONMETALLIC MINERALS, EXCEPT FUELS	65
AGRICULTURAL PRODUCTION - LIVESTOCK	64
FISHING, HUNTING AND TRAPPING	63
TRANSPORTATION BY AIR	62
WATER TRANSPORTATION	61
APPAREL AND ACCESSORY STORES	60
ELECTRICAL, GAS AND SANITARY SERVICES	59
SECURITY AND COMMODITY BROKERS	58
HEAVY CONSTRUCTION, EXCEPT BUILDING	57

The payment system in the Netherlands in 2011 has worsened in terms of the percentage of companies that manage commercial transactions within agreed terms. Punctual payments have in fact returned to 2009 levels, with 46.7% of the total number of companies respecting due dates, canceling out the significant improvement seen in 2010 (-7.9 percentage points).

Despite this, Dutch companies have maintained a good payment performance, exceeding the European average and in third position in the classification of countries with the best payment performance. The gap between the Netherlands and the best performer in 2011 (Germany) is, however, still significant at 28 percentage points.

The concentration in the serious late payment classes is very contained at only 0.7% of the total, making it one of the lowest amongst all the countries analyzed in the study.

On a sector level, the best payment performances relate to Agriculture, Forestry, Hunting and Fishing, and Construction, with percentages of punctual payments of more than 52% (around 6 percentage points more than the national average).

Consequently, in 2011 Dutch companies continue to show payment performances above the European average (particularly in the serious late payment class), but the significant fall in punctual payments highlights a situation which is far from stable.

10. FRANCE

Below is the opinion of **Thierry Millon, Head of Research at Altares**, on the economic scenario and payment situation in France.

"The strength of the financial crisis in 2009 and above all in 2009 has struck many businesses, with 63,000 bankruptcies declared in France. A record!

The slow and uneven recovery in 2010 made it possible, although with some difficulty, to reduce bankruptcies to below the 60,000 mark. In 2011, the issue of sovereign debt led businesses to stay in "crisis management" mode. Again in 2011, recruitment frozen, investments put off ... 60,000 companies before the courts due to lack of liquidity.

As in 2010, over 68% of judgments were compulsory liquidations, evidence that companies continue to come before the courts with nothing left in the tank. And not only small businesses. Higher numbers of SMEs with more than 50 employees failed than in 2010. 409 companies of over 50 employees filed for bankruptcy in 2011. With the exception of 2009, we have to go back to 2004 to find a higher figure.

However, if during the crisis the sudden disappearance of 30% to 50% of order books accounted for the sudden failure of SMEs, in 2011 these companies are more likely to be companies that have just run out of steam, having experienced problems for many months or even years. Recurring losses, publication of irregular or absent accounts, and late payments to suppliers are some of the signs confirming their vulnerability. These SMEs are not paying their suppliers on time.

Today, the use of business credit remains the common and even preferred alternative to liquidity problems, despite the efforts of professional organizations or regulations. The amount of trade receivables is around 600 billion euro, and is the primary means of short-term funding of businesses before the use of short-term bank loans. A company that accepts late payment acts as a bank for its clients without properly assessing solvency, thus exposing themselves to a serious risk of default.

However, the question still remains - how to find cash when access to finance is very complicated? Fewer loans, a number of new constraints, with lower amounts and higher rates! This is true for private companies but also public administrations and local authorities.

Delaying supplier payments in the hope of making cash, however, is obviously not a solution. It should be remembered that one bankruptcy in every four is due to late payments. Late payments increase the liquidity problems of companies rather than relieve them.

Getting paid by customers, finding sustainable suppliers, and doing business transparently are simple and very effective ways of getting back on the path to profitable growth. They use good cash management practices, allowing decision makers to be in a position to make the right decisions at the right time."

Payment analysis

Before analyzing the payments practices of French companies in 2011 in detail, let's look at the trends in punctual payments and the more serious late payment classes in the last five years (Tables 10.1 and 10.2).

In France, the percentage of companies that managed to fulfill their payment obligations within agreed time limits was 33.4% in 2011. This figure has remained stable over the time period under consideration, with a difference between 2007 and 2011 of only one percentage point.

The difference compared with the European average of punctual payments is at its lowest point for five years, with a value of 4.4 percentage points. However, this reduction is primarily due to the worsening in the European average, which has lost 2.6 percentage points compared with a year ago.

On the other hand, looking at the share of serious late payments (over 90 days on average), in 2011 France once again finds itself in a better position compared with the European average. In detail, the concentration of "bad payers" reached only 1.5%, around half the European average (3.1%).

Table 10.3 shows the variations recorded in recent years in relation to the distribution of French companies with respect to the different payment classes.

As seen previously, the changes are very contained in all the classes under consideration. The biggest difference was seen in the "Over 90 days" category in which the concentration has reduced by 1.1% between 2007 and 2011.

TABLE 10.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN FRANCE WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
France	32.4%	33.4%	33.2%	33.6%	33.4%
Europe	41.0%	40.0%	39.4%	40.4%	37.8%

TABLE 10.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN FRANCE WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
France	2.6%	2.5%	2.7%	1.4%	1.5%
Europe	4.1%	6.0%	5.8%	2.9%	3.1%

TABLE 10.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN FRANCE, 2007-2011

	Variation 2007/2011	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	1.0%	0.0%	0.2%	-0.2%
Up to 90 days	0.1%	1.0%	1.0%	0.1%
Over 90 days	-1.1%	-1.0%	-1.2%	0.1%

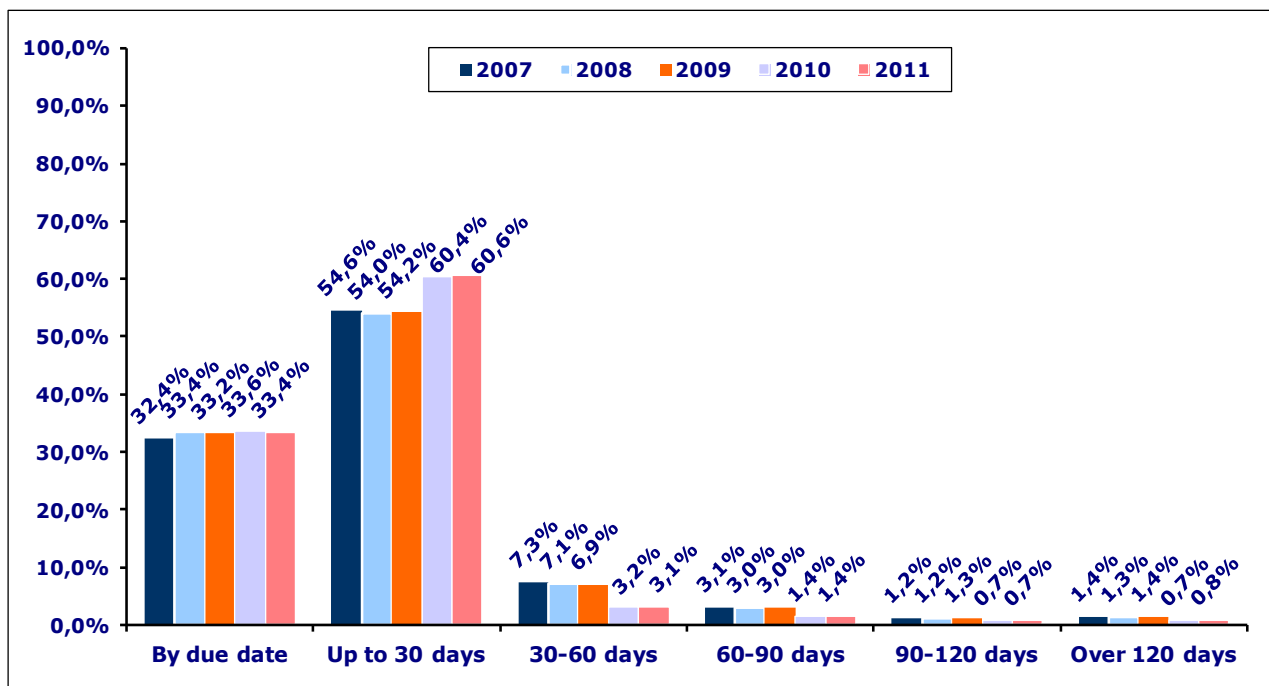
The payment situation in France over the course of 2011 remains stable, including from the detailed analysis of payment habits according to the different payment classes (Graph 10.4).

There was a greater concentration of payments on average between 1 and 30 days late ("Up to 30 days"), with 60.6% of the total compared with a not particularly high level of punctual payments (33.4%).

The percentages in the intermediate late payment classes remain unchanged compared with the previous year, whereas there are more significant variations when compared to the preceding years. The "30-60 days" and "60-90 days" categories included 4.5% of French companies overall in 2011, with a decrease of around 6 percentage points compared with the 2007 value (10.4%).

In addition, the more serious late payment classes contain similar levels to 2010, with an overall share of 1.5%. Despite the the significant reduction in the range of variations, the tendency in the last five years is still positive, with a 1.1 percentage point reduction compared with the 2007 figure (2.6%).

GRAPH 10.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN FRANCE BY PAYMENT CLASS, 2007-2011

Graph 10.5 shows a detailed analysis of the payment practices of companies in France by company size, and helps identify the most significant differences in the behavior of the different types under consideration.

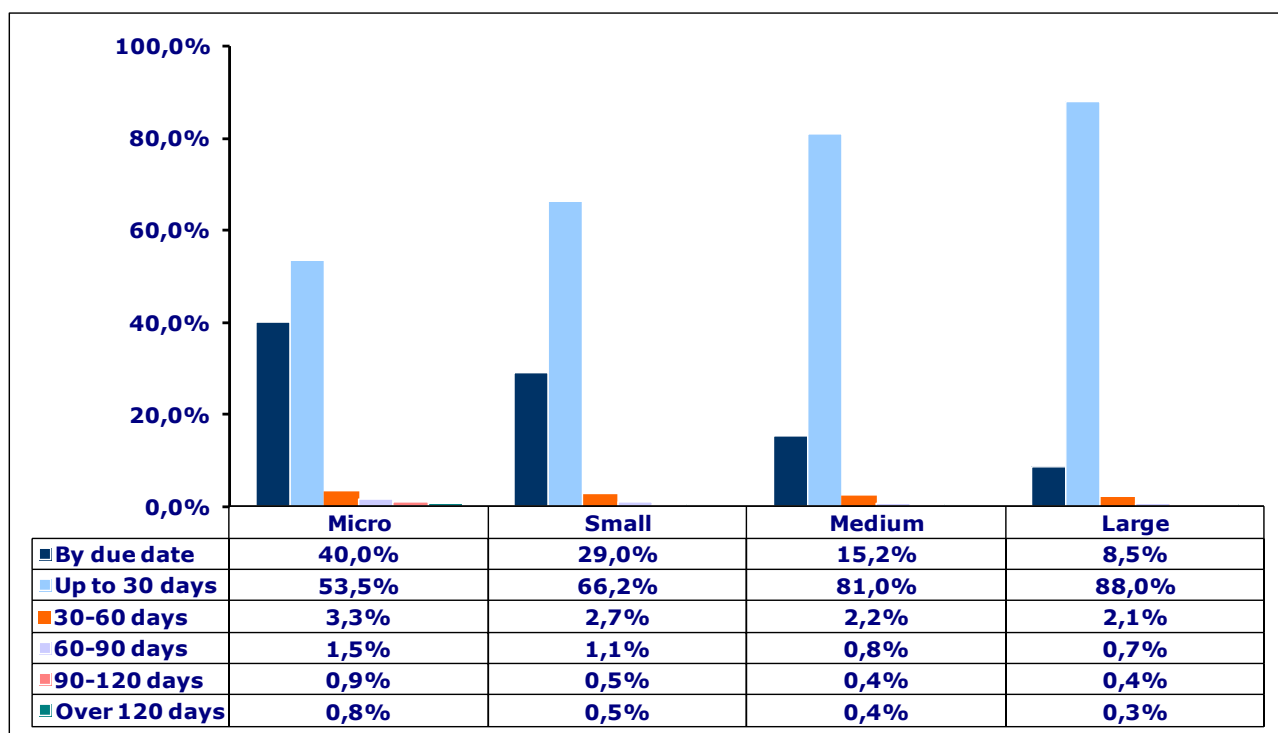
Micro companies exhibit the best payment behavior with 40% of the total paying suppliers within agreed terms (+6.6% above the national average). As size increases, the percentage of punctual payers drops, reaching the lowest value of 8.5% for large companies. The largest drop in the share of punctual payers is seen for medium sized companies, with a net decrease of 3 percentage points compared with the level seen in 2010 (18.2%).

For companies belonging to the Medium and Large categories, late payments are concentrated in most cases in the "Up to 30 days" category with 81% and 88% of the total, respectively.

The share of companies that pay between 30 and 90 days late is the highest for micro companies with a value of 4.8% of the total, as for the more serious late payments (more than 90 days) which relates to 1.7% of companies with less than 6 employees.

GRAPH 10.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN FRANCE BY TYPE OF COMPANY, 2011



Using Graph 10.6, it is possible to analyze the payment practices of French companies in relation to macro-sectors.

Almost all the sectors in the study tend to manage their commercial transactions on average between 1 and 30 days late. In all sectors, excluding Construction, there is a concentration of companies in the "Up to 30 days" class of more than 55%.

As in 2010, the Construction sector is the best performer in terms of punctual payments, with a 46.4% share of punctual payers. Significantly lower values are found in the Transport and Distribution sector (20.1%) and the Financial Services sector (26.8%).

The latter two sectors stand out due to above average concentrations in both the intermediate late payment classes ("30-60 days" and "60-90 days") and in the serious late payment class (over 90 days on average). 2.2% of the total number of companies in the Financial Services sector fall within the "90-120 days" and "Over 120 days" categories, followed by the Transport and Distribution, and Retail Trade sectors, both with levels of 1.7%.

GRAPH 10.6 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN FRANCE BY PRODUCT SECTOR, 2011

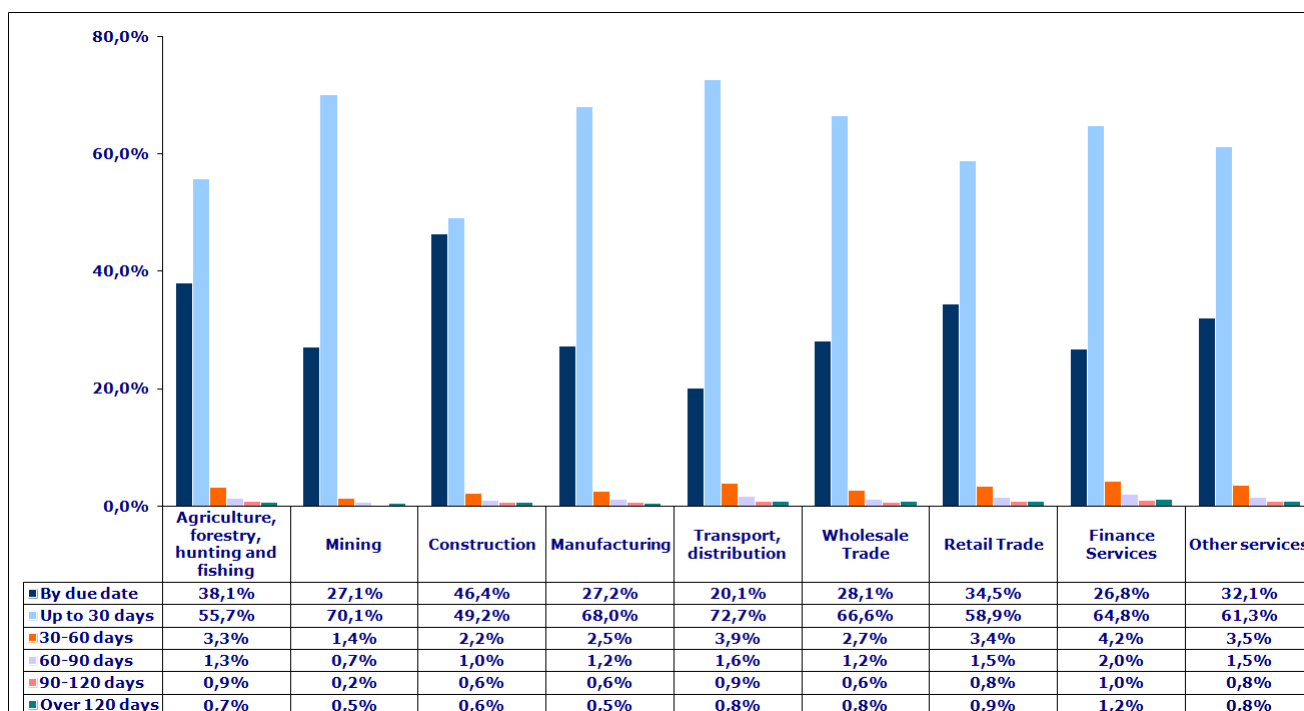


Table 10.7 shows the classification of the 10 sectors with the most punctual payments in France over the course of 2011.

In first place in the classification of French micro-sectors with the best payment performance is the Special Trade Contractors group, with 48% of companies paying within agreed contractual conditions. In second and third places are the Miscellaneous Repair Services and Executive, Legislative and General sectors.

Table 10.8 also contains a classification, this time of the sectors with the least punctual payments.

The most negative result is seen for the Forestry sector with 3.5% of companies paying seriously late (over 90 days on average), 2 percentage points above the national average (1.5%). The top three "bad payers" is completed by the Communications sector (3.2%) and the Eating and Drinking Places sector (2.9%).

TABLE 10.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN FRANCE, 2011

Sector	Ranking 2011
SPECIAL TRADE CONTRACTORS	1
MISCELLANEOUS REPAIR SERVICES	2
EXECUTIVE, LEGISLATIVE AND GENERAL	3
MISCELLANEOUS RETAIL	4
AGRICULTURAL PRODUCTION - LIVESTOCK	5
FISHING, HUNTING AND TRAPPING	6
AGRICULTURAL PRODUCTION - CROPS	7
AUTO REPAIR, SERVICES AND PARKING	8
FURNITURE AND FIXTURES	9
BUILDING MATERIALS & GARDEN SUPPLIES	10

TABLE 10.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN FRANCE, 2011

Sector	Ranking 2011
FORESTRY	72
COMMUNICATIONS	71
EATING AND DRINKING PLACES	70
REAL ESTATE	69
MOTION PICTURES	68
FOOD STORES	67
INSURANCE AGENTS, BROKERS & SERVICES	66
LEGAL SERVICES	64
PERSONAL SERVICES	63
HEALTH SERVICES	62

In 2011, the payment system in France shows an extremely stable situation compared with the previous year in all the payment classes analyzed.

The percentage of companies paying on time remained more or less unchanged with a value of 33.4% of the total.

After an improvement in 2010, the concentration of French companies in the serious late payment class (over 90 days on average) did not change significantly either, with 1.5% of the total, below the European average (3.1%).

Within a homogeneous situation in terms of payment habits, the sector-based analysis shows the best performance in the Construction sector with 46.4% of punctual payers, meanwhile there are below average values for the Financial Services and Transport and Distribution sectors, in particular in relation to late payments of more than 90 days on average.

In conclusion, in 2011 France continues to be placed in an intermediate position in terms of payment performance compared with other countries analyzed in the study.

11. GERMANY

Below is the opinion of **Markus Gottschlich, DunTrade Product Manager at Dun & Bradstreet Germany**, on the economic scenario and payment situation in Germany.

"Germany lies in the center of Europe. As the most populous country and largest economy in Western Europe, Germany is a key member of the EU.

Germany has an advanced economy; its elevated standard of living is underpinned by high levels of productivity and a world-class capital stock, including public infrastructure. Although services account for over two-thirds of output, the economy is driven by the export-oriented manufacturing sector, which specializes in high-tech capital goods. The global financial crisis has profoundly affected Germany, although the economy has not been driven by debt or a housing boom. Its position as the world's second largest merchandise exporter has made the country vulnerable to fluctuations in global demand.

D&B's proprietary payment trend data show that the payment performance of German firms remains favorable despite the global slowdown and uncertainty about the Euro zone debt crisis. According to Germany's D&B Payment Index, the domestic payment performance of German firms improved steadily in 2011, with just one set back in August. In December, the D&B Payment Index had a value of 87.75 points, which is a new all time high. Nearly 9 out of 10 German companies pay their invoices on time, making use of cash incentives for early payment or net payment within the usual period of 30 days . The reason for this is the ongoing strong domestic growth.

Meanwhile, credit constraints for German industry and trade increased slightly in September, but remained at a very low level according to the Ifo Credit Constraint Indicator. Hence, despite uncertainty about financial stability in the wake of the Euro zone debt crisis, the payment performance of companies is still supported by favorable bank lending conditions."

Payment analysis

Before analyzing German payment habits in 2011 in detail, let's look at the key patterns that have marked out Germany in the last 5 years.

Table 11.1 shows the trends in the percentage of companies that paid their suppliers on time, respecting agreed terms.

In 2011, Germany made a further leap forward in terms of the percentage of companies that manage to respect established payment terms, significantly improving the already excellent performance seen in recent years. In fact, 74.7% of companies fall within this category, a figure which is almost double the European average, which in 2011 was 37.8%.

Germany has become the best performer in Europe in terms of punctual payments, far outpacing all the other countries considered in the analysis. Switzerland, the second country in the European classification of punctual payers, reached a level of 55.3%, with a gap of 19.4 compared to the German figure.

In addition, the percentage of companies with late payments over 90 days is improving. In 2011, the percentage of "bad payers" in Germany was only 0.7% of the total compared with 2.2% in 2010, a difference of 2.4% from the European average (Table 11.2).

Looking at Table 11.3 it is possible to see the variations in the distribution of companies by payment class in relation to previous years.

Compared with 2010, the percentage of "good payers" has increased by over 14 percentage points ("By due date" class), meanwhile the concentration in the "Up to 90 days" class has reduced by 12.7% and in the "Over 90 days" class by 1.5% percentage points.

The changes are even more significant when the previous years are considered. In particular, there has been an increase of 20.8 percentage points in the proportion of companies that pay on time compared with 2007, and a reduction of 18.3% for the intermediate class of "Up to 90 days".

For the most serious late payments (over 90 days on average), the greatest change was seen between 2011 and 2008 (-3.7%).

TABLE 11.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN GERMANY WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
Germany	53.9%	54.4%	55.2%	60.5%	74.7%
Europe	41.0%	40.0%	39.4%	40.4%	37.8%

TABLE 11.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN GERMANY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
Germany	3.2%	4.4%	3.1%	2.2%	0.7%
Europe	4.1%	6.0%	5.8%	2.9%	3.1%

TABLE 11.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN GERMANY, 2007-2011

	Variation 2007/2011	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	20.8%	20.3%	19.5%	14.2%
Up to 90 days	-18.3%	-16.6%	-17.1%	-12.7%
Over 90 days	-2.5%	-3.7%	-2.4%	-1.5%

Improvements in the payment situation in Germany over the course of 2011 are also confirmed by the data in Graph 11.4 in which a detailed analysis of payment practices by payment class is shown.

The positive trend in punctual payers in Germany seen in previous years continues. In 2011, the share of companies in this payment class reached 74.7% of the total (the highest value recorded since 2007).

The growth in punctual payments started in 2007 and continued to the present, but the change seen in the last 12 months (14.2%) is the most significant compared with variations in the past, where the highest value was 5.3% (corresponding to the comparison between 2009 and 2010).

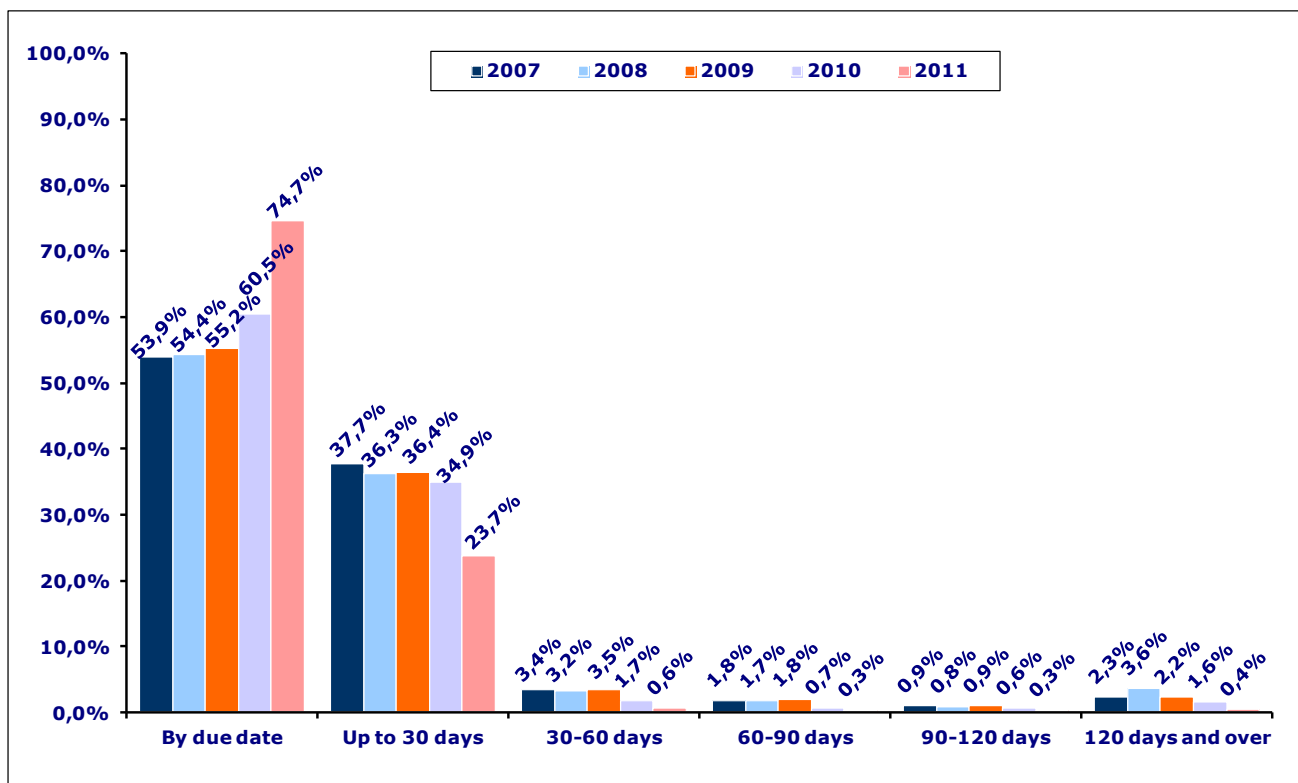
On the other hand, all the late payment classes show a decrease in the number of companies. The most significant reduction is seen in the "Up to 30 days" category (11.2 percentage points compared with 2010).

In relation to late payments of more than 30 days on average there has been an overall reduction of 3.0%.

For late payments of more than 60 days on average, the most significant decrease is seen in relation to the comparison between 2011 and 2008. In fact, the sum of the three classes ("60-90 days", "90-120 days" and "Over 120 days") four years ago was 6.1%, whereas in December 2011 the same sum reached only 1%.

GRAPH 11.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN GERMANY BY PAYMENT CLASS, 2007-2011



Using Graph 11.5, it is possible to analyze payment practices in detail in relation to the type of company.

In Germany, companies belonging to the different size categories continue to show excellent payment performance, and all have improved since the previous year.

Micro companies have the highest level in terms of punctual payments, and in 2011 the level reached 77.2% of the total. This is followed by small companies with 75.4%, medium companies with 70.9%, and finally large companies with 62.6%.

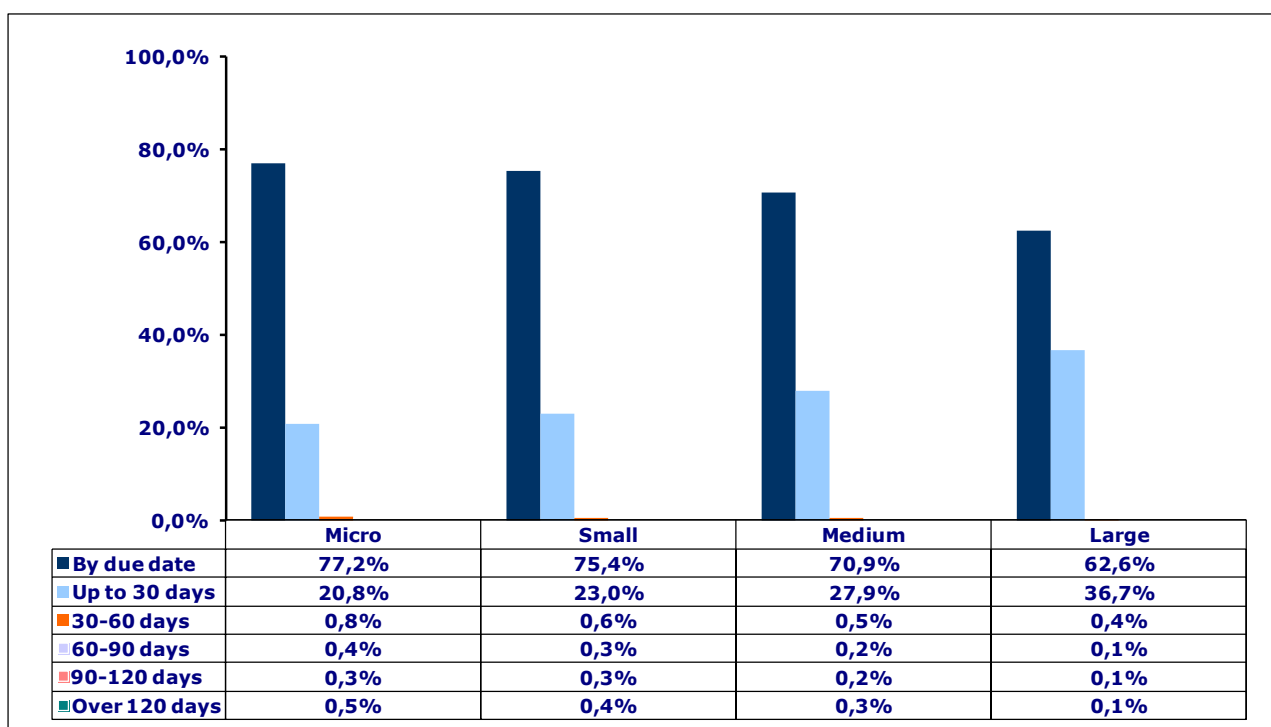
Specifically, large sized companies show the biggest increase compared with 2010, with a rise in punctual payers of 7.1 percentage points.

Late payments are concentrated mainly in the "Up to 30 days" category. Percentages in this late payment class range from 20.8% for micro companies and 36.7% for large.

The concentration in the most serious late payment class is somewhat contained, with similar values between the different size categories. The percentage of companies paying between 60 and 90 days late varies between 0.1% and 0.4%, whereas the percentage paying more than 90 days late varies between 0.2% and 0.8%.

GRAPH 11.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN GERMANY BY TYPE OF COMPANY, 2011



Using Graph 11.6, it is possible to analyze the payment practices of German companies according to macro-sector.

In all the sectors analyzed, the percentage of companies that manage to respect agreed terms in the management of commercial transactions reaches and exceeds 68.0%. The best results are seen in the Agriculture, Forestry, Hunting and Fishing sector (81.8%), Construction (79.7%) and in the Retail Trade sector (78.5%). At the bottom of the classification is the Financial Services

sector, with 68.0% of punctual payers, which is 6.7 percentage points below the national average (74.7%).

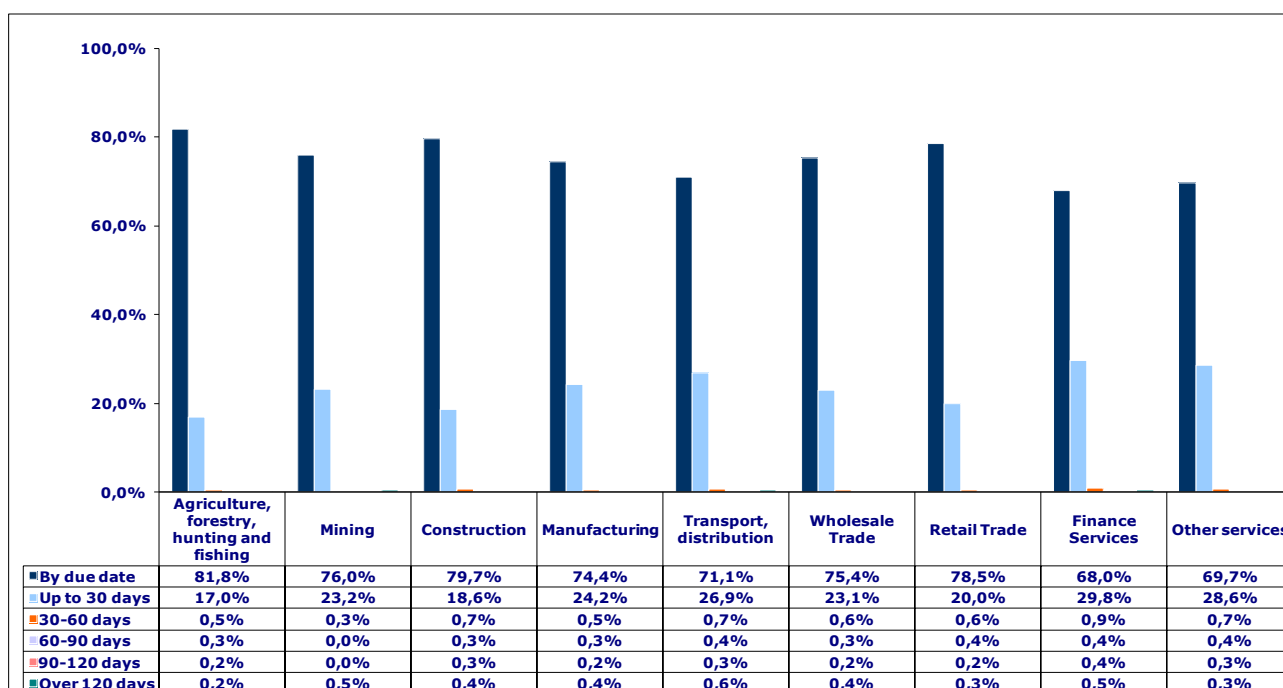
The most significant change in the percentage of punctual payers is seen in the Transport and Distribution sector, where the percentage changed from 45.1% in 2010 to 71.1% in 2011 (+26 percentage points).

In this case too, late payments tend to be concentrated in the "Up to 30 days" class, with values fluctuating between 17.0% for the Agriculture, Forestry, Hunting and Fishing sector and 29.8% for Financial Services.

In all the sectors looked at in the study, the three most serious late payment classes ("60-90 days", "90-120 days" and "Over 120 days" overall show very contained concentrations, with substantial improvements compared with 2010. The highest value is seen in the Transport and Distribution, and Financial Services sectors with 1.3% of the total.

GRAPH 11.6 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN GERMANY BY PRODUCT SECTOR, 2011



Tables 11.7 and 11.8 show a classification of the 10 best and worst payment records in Germany in 2011 according to micro-sector.

As in 2010, the top position in the classification of best payers in Germany is held by Justice, Public Order and Safety with 87.2% of companies paying within agreed payment terms. In second and third positions are Forestry, and Trucking and Warehousing. For both groups there has been a notable improvement compared with previous years.

The Security and Commodity Brokers, Apparel and Accessory Stores, and Transportation Services sectors have the highest percentages in the serious late payment classes. All three groups were included in the ranking of the worst sectors in 2010, although in the last 12 months the share of companies paying more than 90 days late has significantly decreased.

TABLE 11.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN GERMANY, 2011

Sector	Ranking 2011
JUSTICE, PUBLIC ORDER AND SAFETY	1
FORESTRY	2
TRUCKING AND WAREHOUSING	3
MISCELLANEOUS RETAIL	4
AGRICULTURAL SERVICES	5
GENERAL BUILDING CONTRACTORS	6
AGRICULTURAL PRODUCTION - CROPS	7
FURNITURE AND HOME FURNISHING STORES	8
EXECUTIVE, LEGISLATIVE AND GENERAL	9
SPECIAL TRADE CONTRACTORS	10

TABLE 11.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN GERMANY, 2011

Sector	Ranking 2011
SECURITY AND COMMODITY BROKERS	73
APPAREL AND ACCESSORY STORES	72
TRANSPORTATION SERVICES	71
APPAREL AND OTHER TEXTILE PRODUCTS	70
TRUCKING AND WAREHOUSING	69
FURNITURE AND FIXTURES	68
REAL ESTATE	67
AUTO REPAIR, SERVICES AND PARKING	66
EATING AND DRINKING PLACES	65
PRIMARY METAL INDUSTRIES	64

In 2011, Germany moved to the top of the European leadership board in terms of payment performance, taking over from Switzerland (best performer 2010) and reinforcing its position amongst the top performers on an international level.

Despite the financial instability and growing credit crisis that has hit the Euro zone, the payment performance of German companies is characterized by a notable improvement both in terms of punctual payments and serious late payment classes.

In fact, the percentage of companies paying by the due date has increased by 14.2 percentage points, and in 2011 reached the highest level in the last five years with a value of 74.7%.

Trends for late payments were also positive - in 2011 only 0.7% of companies tended to pay more than 90 days late compared with an average of 2.4% for Europe as a whole.

The analyses carried out confirm the solidity of the German payment system, and unlike other European and international countries, Germany does not seem to be affected by the global economic situation.

12. UNITED KINGDOM

Below is the opinion of **Kate Davies, Customer Operations Leader of Dun & Bradstreet**, on the economic scenario and payment situation in the UK.

"Payment terms showed some improvement in the UK over the course of 2011, with late payments declining slightly and prompt payments (i.e. payment within an agreed term) increasing. By the end of 2011, 25.2% of payments were prompt, up from 22.9% at the start of the year; while late payments correspondingly declined from 76.9% at the start of the year to 74.8% by the end. In terms of payments 30 or more days overdue, these declined from 9.8% in January 2011 to 8.2% by December.

While these improvements are welcome, the payment environment remains harsh compared with pre-crisis levels, when prompt payments typically accounted for around 30% of payments. Moreover, there is little prospect for improvement going forward, given the weakening outlook for the economy: the UK struggled in 2011, with real GDP estimated to have grown by less than 1%, and is expected to continue to suffer in 2012, with real GDP forecast to grow by just 0.4% and a very real possibility of recession or at least one quarter of contraction occurring during the year.

The only positive note is around inflation, which is expected to slow somewhat (from an estimated 4.5% in 2011 to a forecast 2.8%), partly due to the January 2011 increase in VAT (to 20%) falling out of the year-on-year figures. If this is borne out, companies will face less upward pressure on input prices. This will benefit some companies, but is unlikely to offset the effect of weak consumer demand for domestically facing companies reliant on consumers. Payment statistics for 2011 reflect the pressure that such industries have been under: less than 19% of payments by the consumer manufacturing sector were paid promptly in 2011; while eating and drinking places paid just 21% of payments promptly – a sector that is typically being paid in cash.

The statistics also show that larger businesses continued to pay their bills in a much slower manner than their smaller counterparts. This places a huge burden on small businesses and while the government continues to promote the 'prompt payment code', introduced in 2009, there appears to be little evidence that this is being subscribed to by larger businesses.

For cross-border payments, D&B recommends the use of Sight Drafts, with Open Account as minimum terms. Credit periods are usually set at 30-60 days, and there are negligible banking, currency or regulatory delays."

Payment analysis

Before analyzing payment habits in the UK in 2011 in detail, we'll look at the trend in the percentage of companies paying on time, comparing this with the European context (Table 12.1). Over the last year, the concentration of British companies in the "By due date" payment class was 26.3%, which is over 11 percentage points below the European average. The difference from the European average has fallen by 4.6 points compared with 2010, in part due to a slight

improvement in the British data and partly due to a reduction in the European average of punctual payments (-2.6%).

Table 12.2, on the other hand, reports the 2007-2011 trends in terms of serious late payments (over 90 days on average). In 2011, the UK improved its payment performance with only 2.2% of the total in this late payment class (-0.9% compared with the European average).

Table 12.3 provides more details on the changes that have taken place in the last five years through an analysis of the variations in the distribution of British companies by late payment class.

By comparing the data with those of the previous year, positive results emerge in relation to punctual payments and also in the serious late payment class. The proportion of "good payers" has grown in the last 12 months by 1.6 percentage points, but the difference from the level of punctual payments in 2007 is still significant (more than 6 percentage points).

The percentage of companies paying on average more than 90 days late, on the other hand, has decreased by 0.5%, and in 2011 the value was the lowest it has been for the last five years (2.2%).

The biggest change seen over this time period is in the intermediate late payment class. Between 2007 and 2011, the share of companies paying on average less than 90 days late has increased by over 9 percentage points, which has corresponded with a reduction in punctual payments of 6.3% and serious late payments of 3.1%.

TABLE 12.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN THE UK WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
United Kingdom	32.6%	28.4%	24.3%	24.7%	26.3%
Europe	41.0%	40.0%	39.4%	40.4%	37.8%

TABLE 12.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN THE UK WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
United Kingdom	5.3%	6.4%	7.5%	2.7%	2.2%
Europe	4.1%	6.0%	5.8%	2.9%	3.1%

TABLE 12.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN THE UK, 2007-2011

	Variation 2007/2011	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	-6.3%	-2.1%	2.0%	1.6%
Up to 90 days	9.4%	6.3%	3.3%	-1.1%
Over 90 days	-3.1%	-4.2%	-5.3%	-0.5%

Now let's look in more detail at UK payment habits with a detailed analysis of the distribution of companies by late payment class.

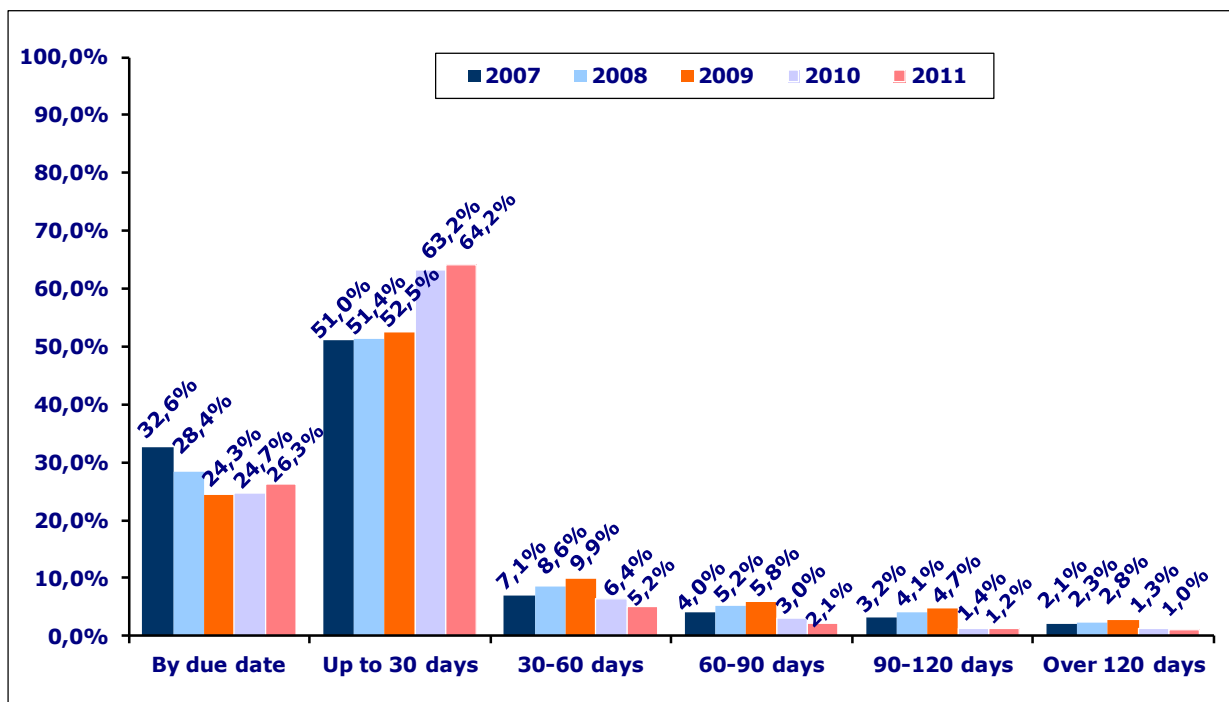
As seen in Graph 12.4, there is a general stability in payment performance compared with 2010, with changes of less than 2%.

The comparison becomes more significant when the previous years are considered, and in particular 2007.

In fact, on the one hand the concentration of companies in the late payment class "Up to 30 days" has increased by over 13 percentage points (64.2% in 2011), while on the other, intermediate late payments ("30-60 days" and "60-90 days") and serious late payments (over 90 days on average) have undergone reductions of more than 3 percentage points to values of 7.3% and 2.2%, respectively (the lowest value in the last five years).

Finally, punctual payments ("By due date") have reached 26.3% of the total, seeing an improvement of 1.6% compared with 2010, but continue to be one of the lowest values identified among the countries analyzed in the study.

GRAPH 12.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN THE UK BY PAYMENT CLASS, 2007-2011

Graph 12.5 shows the picture of payments in 2011 by British companies by late payment class and company size.

All companies in the UK tend to manage commercial transactions with an average payment of between 1 and 30 days late. In particular, the highest concentrations are seen for medium and large companies with 79.6% and 85.1% of the total, respectively (over 15 percentage points above the national average).

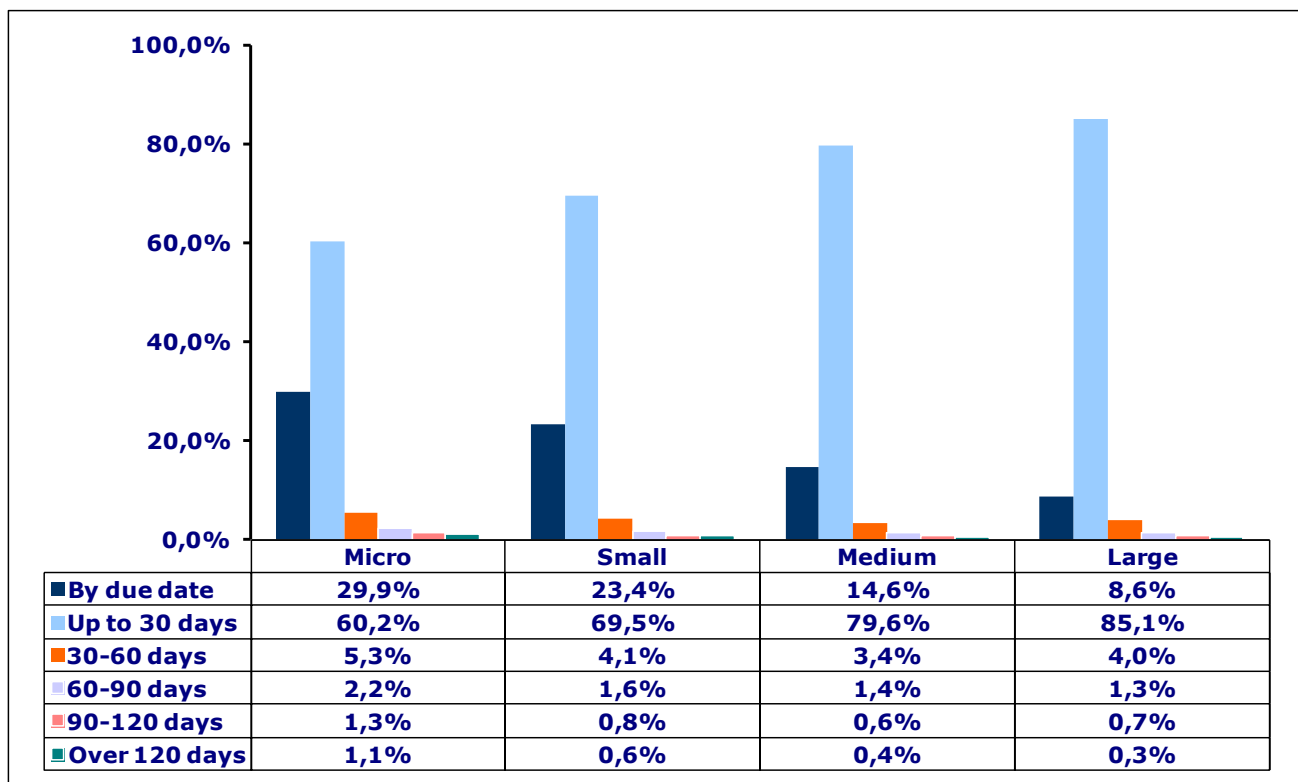
Micro companies, on the other hand, are marked out by a more balanced management of payments with around 30% of punctual payers and a growth of about 3 points compared with the level reached in 2010. It is important to underline, however, that these are somewhat low values if compared with the other countries analyzed.

The situation for larger companies is more complex, where only 8.6% of the total are in the "By due date" class.

In terms of the intermediate late payment classes ("30-60 days" and "60-90 days") and serious late payments (over 90 days on average), the highest values are seen for micro companies. Specifically, the share of companies with less than 6 employees that pay on average more than 90 days late is 2.4% of the total, which is a difference of over 1 percentage point compared with the other three company types.

GRAPH 12.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN THE UK BY TYPE OF COMPANY, 2011



Using Graph 12.6, it is possible to analyze in more detail the payment practices of UK companies in 2011 in relation to sector.

There is a homogeneous distribution of punctual payments in almost all the sectors analyzed, with somewhat contained values. The only exception is the Agriculture, Forestry, Hunting and Fishing sector: in this case, the percentage of companies that on average pay within agreed terms reaches 41.1% (+14.8 points compared with the national average).

In the remaining sectors, on the other hand, punctual payments vary between 19.4% for Manufacturing and 28.5% for Other Services.

The widespread tendency of British companies to make payments on average between 1 and 30 days late is also seen by examining the sectors in detail, with values of more than 54% in all sectors, and a maximum of 73.3% for the Manufacturing sector.

In relation to intermediate late payments (between 30 and 90 days late), there was a higher concentration in the Retail Sale sector with 13.6%, and Financial Services with 9.7% of the total.

These two sectors also have the worst payment performance in relation to the most serious late payments with 3% and 2.6% of companies paying on average more than 90 days late, respectively.

Furthermore, the Transport and Distribution group also shows a higher concentration in this late payment class (2.6%), but shows an improvement of one percentage point compared with 2010.

GRAPH 12.6 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN THE UK BY PRODUCT SECTOR, 2011

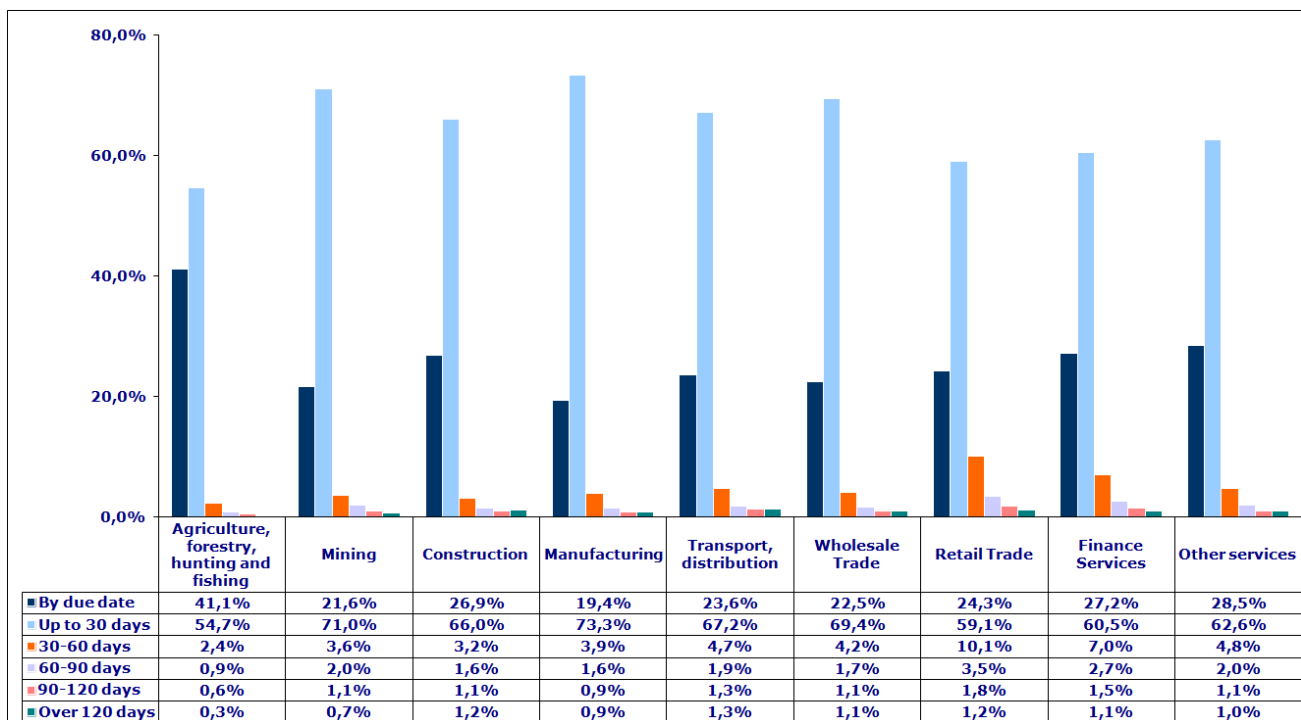


Table 12.7 shows the classification of micro-sectors with the most punctual payments in the UK over the course of 2011.

As already seen in 2010, the top places in the classification are filled by the two main agricultural sectors. In particular, 45.4% of companies belonging to the Agricultural Production - Crops group pay their obligations to trading partners within agreed time limits. In third position is the Membership Organizations group, which has significantly improved the percentage of punctual payments in 2011 to 38.3% of the total.

Table 12.8, on the other hand, identifies the sectors which demonstrated less balanced behavior in the management of commercial transactions.

In this case, top in the ranking of sectors is Eating and Drinking Places with 4% of companies paying on average more than 90 days late, followed by Apparel and Accessory Stores (3.9%) and Depository Institutions (3.4%).

TABLE 12.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN THE UK, 2011

Sector	Ranking 2011
AGRICULTURAL PRODUCTION - CROPS	1
AGRICULTURAL PRODUCTION - LIVESTOCK	2
MEMBERSHIP ORGANIZATIONS	3
AGRICULTURAL SERVICES	4
PRIVATE HOUSEHOLDS	5
HEALTH SERVICES	6
EDUCATIONAL SERVICES	7
NATIONAL SECURITY AND INTL.AFFAIRS	8
NONDEPOSITORY INSTITUTIONS	9
FORESTRY	10

TABLE 12.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN THE UK, 2011

Sector	Ranking 2011
EATING AND DRINKING PLACES	73
APPAREL AND ACCESSORY STORES	72
DEPOSITORY INSTITUTIONS	71
FOOD STORES	70
TRUCKING AND WAREHOUSING	69
GENERAL MERCHANDISE STORES	68
BUSINESS SERVICES	67
REAL ESTATE	66
RAILROAD TRANSPORTATION	65
LOCAL AND INTERURBAN PASSENGER TRANSIT	64

There are some weak signs of improvement from the analysis of the payment situation in the UK in 2011. The percentage of companies paying promptly has reached 26.4%, a 1.6 percentage point increase from the previous year, whereas the concentration of companies in the most serious late payment class (over 90 days on average) has reduced by half a point, and stands at 2.2% (the lowest level in the last 5 years).

Looking at macro-sectors in more detail, the most critical situations are seen in the Retail Trade and Financial Services groups, confirming the negative trend of previous years, and with high percentages in the serious late payment classes, above the national average.

Despite slight improvements shown by UK companies in 2011, the difference in the level of punctual payments compared with 2007 (32.6%) remains high. So, the gap between the UK and the European average and some European countries is still considerable.

In particular, the UK differs from Germany by around 50 percentage points, where Germany is the best European performer with over 74% of punctual payers.

In conclusion, the UK continues to be placed low down in the European context and to show difficulties in managing payments on time.

13. SPAIN

Below is the opinion of **Nathalie Gianese and José Antonio Teijelo, Quality and Analysis Director and International & Corporate Development Director at INFORMA D&B**, on the economic scenario and payment situation in Spain.

"By the end of 2010, it seemed that the worst part of the crisis had been left behind except for some countries which, like Spain, had indebtedness problems. Nevertheless, the events of 2011 have damaged growth and taken the country back to the initial scene of the economic crisis that began back in 2008, entering into a new phase of recession.

After some moderate but positive growth in the second half of 2010 and in 2011, it was from the fourth quarter of 2011 that the growth rate slowed down again. Even in those countries such as Germany and France that had the first early signs of recovery with increased activity, signs of growth have begun to weaken. This slowdown in growth has also taken place in other peripheral countries such as Spain, even if in this case they were already below their potential.

The main cause of this slowdown in growth in Spain is the debt crisis that has been influencing private and public sector funding conditions since March, even though to a lesser extent than in other economies in the peripheral Euro area. Doubts over the possible effects of the crisis mainly on the European financial system and the gradual predicted deterioration, extended the crisis to stronger countries that earlier seemed to have started to recover.

This extension of the slowdown in growth to other countries such as Germany and France has undoubtedly affected growth rates in Spain, as all throughout 2011 the export sector represented the source of all the observed growth in the Spanish economy. In fact, it even compensated for the slight negative growth experienced in domestic demand. This contribution was mainly due to an increase in exports, as imports decreased throughout the year. The increase in international business resulted in positive behavior in the export sector. Exports of goods increased by around 11%, while imports stayed at similar levels to the previous year. Tourist services also increased considerably, mainly during the summer months. Incoming tourist figures and overnight hotel stays have recovered considerably and have reached levels very similar to the ones observed before the financial crisis.

In relation to the payment behavior of Spanish companies, by 31 December 2011, the average payment delay of Spanish companies was 102.47 days. This figure comes from the average of the agreed payment terms in Spain, which was 80.22 days in 2011, and the average number of days beyond payment terms, which was of 22.25 days.

This figure is an improvement of 1.64 days in comparison with that of the third quarter, mainly due to the decrease in the average days negotiated, resulting from Law 15/2010 against payment defaults.

Looking at both private companies and the public sector, we can see that the average payment conditions for private companies was 80.41 days, while the law requires 75 days. Even if it does not comply with the law, the delay reduced from the third quarter by 2.85 days.

On the contrary, the average payment delay beyond negotiated terms in Spain was 22.25 days. This indicates a deterioration of 1.26 days compared with the same data of the third quarter 2011, which was 20.99 days. It is also the worst data observed since the fourth quarter 2010, when the payment behavior study began. Therefore, the improvement in payment delays in the last quarter of 2011 is due to the decrease in negotiated times, in the public as well as the private sector, while delays in these negotiated terms have increased in both categories. It

seems to show a tendency for businesses to comply with the legislation, but not to meet their financial commitments.”

Payment analysis

Table 13.1 reports the trend in the percentage of Spanish companies that paid within agreed terms in the last five years.

Over the course of 2011, the percentage of punctual payments was 41.1% of the total, which is 3 percentage points above the European average. This figure shows, as in the previous edition of the study, a more balanced payment behavior by Spanish companies compared with the average European value.

The situation is more problematic in relation to the more serious late payment classes (over 90 days on average): in Spain, the value is 9.4%, with a difference of 6.3 points above the European aggregate value (Table 13.2).

Table 13.3 shows the variations recorded in recent years in more detail in relation to the distribution of Spanish companies with respect to payment classes.

In Spain between 2008 and 2011, the share of companies that managed to respect agreed contractual conditions decreased consistently. The overall reduction in the last four years was 9.8 percentage points, and in 2011 the value was at its lowest since 2007 (41.1%).

The percentage of "bad payers" (over 90 days on average) shows a slight improvement compared with the previous year, and has decreased by 1.3 percentage points. However, the difference compared with 2007 and 2008 is still significant and over 5 percentage points, highlighting the critical situation in relation to serious late payments.

TABLE 13.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN SPAIN WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
Spain	49.4%	50.9%	46.6%	43.1%	41.1%
Europe	41.0%	40.0%	39.4%	40.4%	37.8%

TABLE 13.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN SPAIN WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
Spain	4.0%	4.4%	9.6%	10.7%	9.4%
Europe	4.1%	6.0%	5.8%	2.9%	3.1%

TABLE 13.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN SPAIN, 2007-2011

	Variation 2007/2011	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	-8.3%	-9.8%	-5.5%	-2.0%
Up to 90 days	2.9%	4.8%	5.7%	3.3%
Over 90 days	5.4%	5.0%	-0.2%	-1.3%

The section below considers the payment situation in Spain in detail by payment class, comparing it with recent years (Graph 13.4).

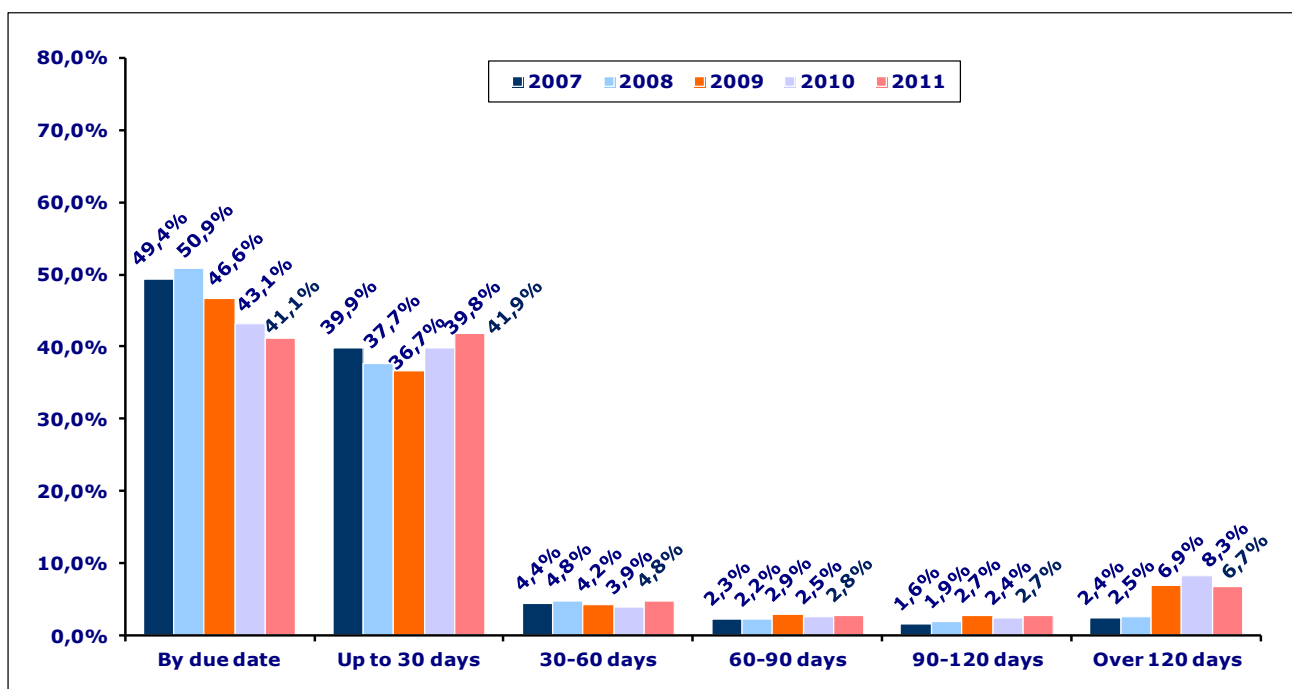
In 2011, the percentage of Spanish companies in the "Up to 30 days" late payment class reached and exceeded, for the first time, that of punctual payers ("By due date" class). In fact, 41.9% of the total number of companies manage commercial transactions between 1 and 30 days late, whereas only 41.1% pay within the agreed due date.

Intermediate late payment classes ("30-60 days" and "60-90 days") have been more or less stable in the last 12 months, going from 6.4% in 2010 to 7.6% in 2011.

Furthermore, there has been a slight improvement in relation to the share of companies paying on average more than 120 days late. Whereas in 2010, 8.3% of companies were in this category, in 2011 the share had reduced by 1.6 percentage points, with a value that was also below that of 2009.

However, the number of "bad payers" continues to be far from both the best performers in Europe and pre-crisis values in Spain (2.4% in 2007 and 2.5% in 2008).

GRAPH 13.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN SPAIN BY PAYMENT CLASS, 2007-2011

Graph 13.5 shows a detailed analysis of the payment practices of companies in Spain by type of company.

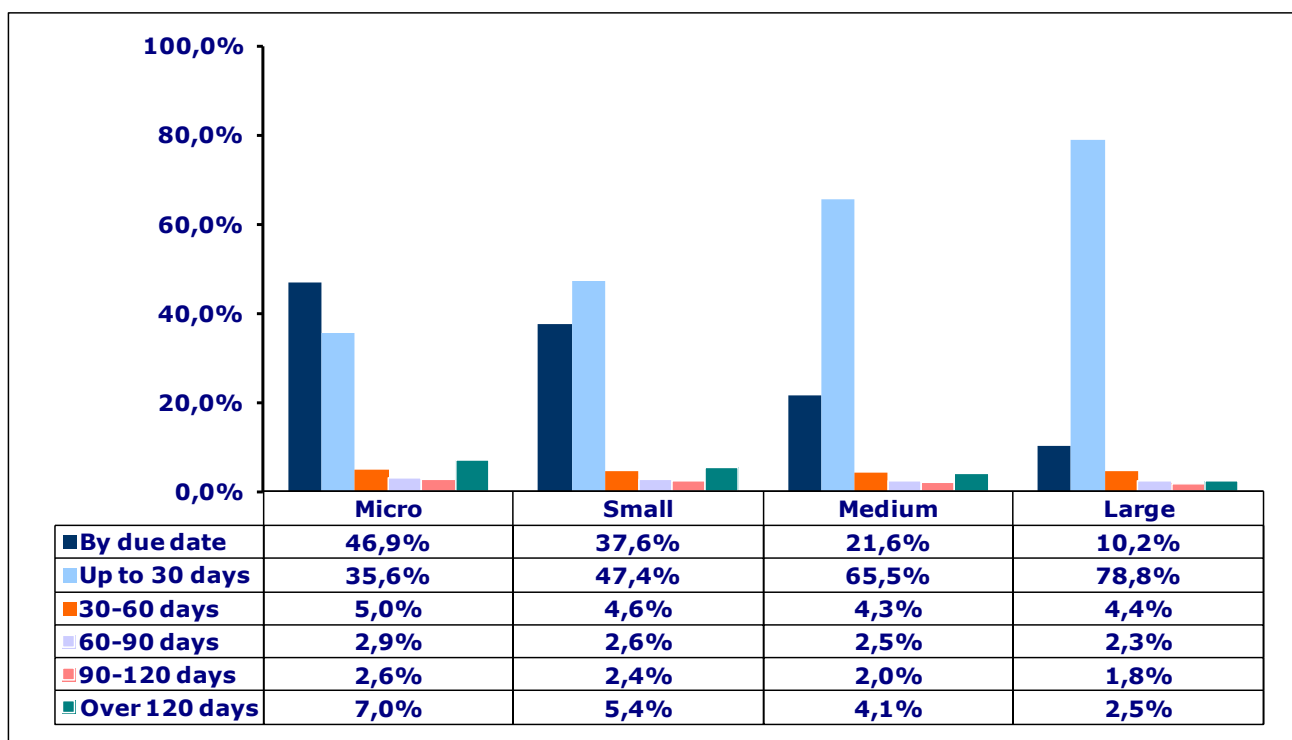
Micro companies exhibit the most balanced payment behavior with 46.9% of the total paying suppliers within agreed terms (+5.8% above the national average), followed by small companies with a percentage of 37.6%. However, the two company types have suffered a net decrease in the percentage of punctual payments compared with 2010, with a difference of more than 6.5 percentage points in both cases.

For companies belonging to the Medium and Large categories, late payments are concentrated in the "Up to 30 days" class with 65.5% and 78.8% of the total, respectively.

The share of companies that pay between 30 and 90 days late is the highest for micro companies with a value of 7.9% of the total, as is the case for the more serious late payments (more than 90 days). In fact, 10% of companies with less than 6 employees pay on average more than 90 days late, whereas the figure is more contained for large-scale companies (4.3% of the total).

GRAPH 13.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN SPAIN BY TYPE OF COMPANY, 2011



Graph 13.6 shows payment practices in Spain in 2011 by macro-sector.

The sectors covered in the study show differing payment performances. The leading position for punctual payments belongs to the Retail Trade sector, with over half the companies respecting agreed payment terms (52.2%). The Wholesale sector also shows good performance in relation to punctual payments, with a percentage of 44.5%. The worst performance, on the other hand was seen for the Transport and Distribution group, in which less than a third of companies pay within agreed time limits (27.8%).

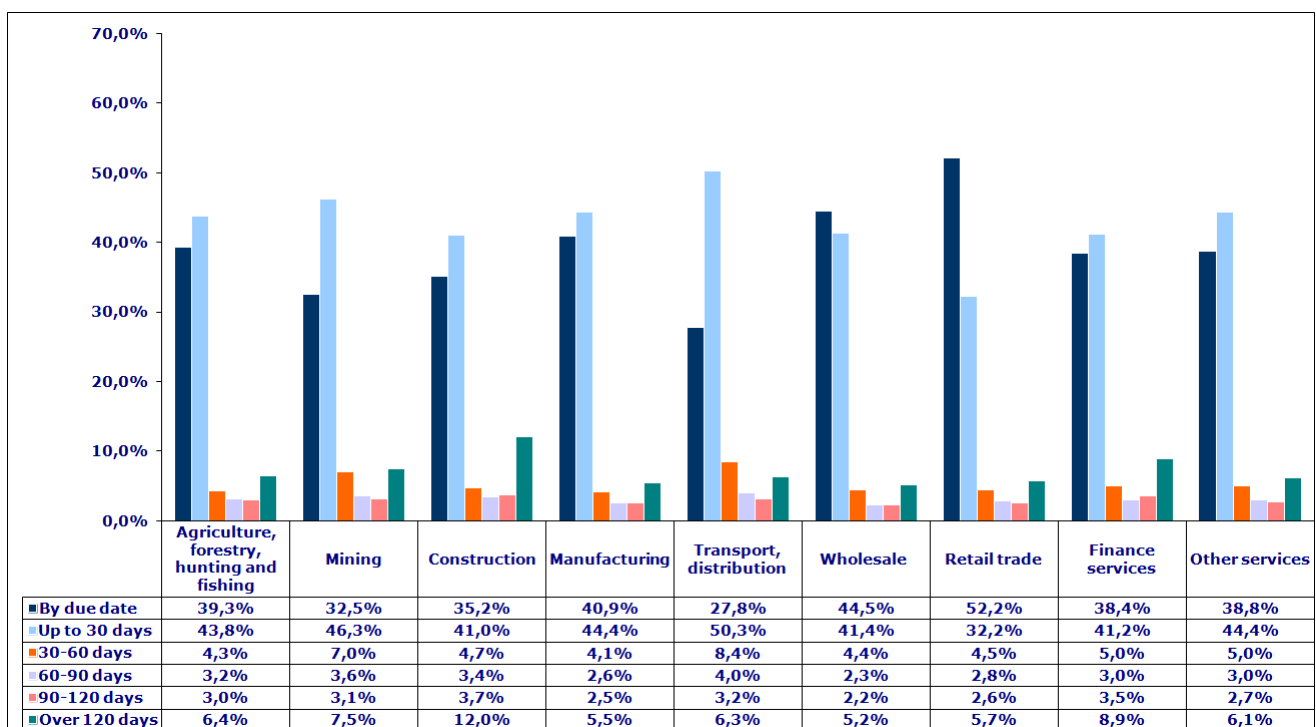
Except for Retail Trade, there was a widespread tendency for payments to be late by between 1 and 30 days, with values varying between 41.0% for Construction and 50.3% for Transport and Distribution.

In the intermediate late payment classes ("30-60 days" and "60-90 days"), the values for the Transport and Distribution, and Mining sectors are higher than the national average (7.6%). The values for these two sectors are 12.4% and 10.6%, respectively.

Finally, the worst performances in terms of the more serious late payments are seen in the Construction and Financial Services sectors. In the former case, a percentage of 15.7% of companies tend to pay their commercial transactions on average more than 90 days late, meanwhile in the Financial Services sector, the share is 12.4% of the total.

GRAPH 13.6 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN SPAIN BY PRODUCT SECTOR, 2011



Tables 13.7 and 13.8 show the micro-sectors with the best and worst payment performances in Spain in 2011.

In the top position of the best sectors is the Miscellaneous Retail group in which companies pay within agreed payment terms in 66.5% of cases. This is followed by Miscellaneous Repair Services (54.4% of punctual payers) and Leather and Leather Products (53.2%). In all other sectors, late payments exceed 50% of the total.

The highest percentage of late payments was seen in the General Building Contractors sector with 20.4% of companies paying on average more than 90 days late. In second position in the classification of Spanish micro-sectors that have difficulty in respecting agreed terms is the Executive, Legislative and General group (16.3%) followed by Real Estate (15.5%).

TABLE 13.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN SPAIN, 2011

Sector	Ranking 2011
MISCELLANEOUS RETAIL	1
MISCELLANEOUS REPAIR SERVICES	2
LEATHER AND LEATHER PRODUCTS	3
FURNITURE AND HOME FURNISHING STORES	4
INSTRUMENTS AND RELATED PRODUCTS	5
LEGAL SERVICES	6
BUILDING MATERIALS & GARDEN SUPPLIES	7
GENERAL MERCHANDISE STORES	8
CHEMICALS AND ALLIED PRODUCTS	9
WHOLESALE TRADE - NONDURABLE GOODS	10

TABLE 13.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN SPAIN, 2011

Sector	Ranking 2011
GENERAL BUILDING CONTRACTORS	62
EXECUTIVE, LEGISLATIVE AND GENERAL	61
REAL ESTATE	60
EATING AND DRINKING PLACES	59
FORESTRY	58
MOTION PICTURES	57
TRUCKING AND WAREHOUSING	56
SPECIAL TRADE CONTRACTORS	55
APPAREL AND ACCESSORY STORES	54
TRANSPORTATION BY AIR	53

In conclusion, 2011 was another difficult year for the Spanish payment system. In fact, there was a negative trend in punctual payments, which in 2011 accounted for 41.1% of the total, with a drop of 2 percentage points compared with the previous year and 9.8 compared with 2008.

A slight improvement was seen in the percentage of companies paying on average more than 90 days late. In this class there was a reduction of 1.3 percentage points compared with 2010, but the difference with the European average is still significant.

In addition, the percentage identified for Spain in relation to this late payment class (9.4%) continues to be among the highest for the countries examined in the study.

On a sector level, the lowest share of punctual payments was seen in the Transport and Distribution, and Mining sectors, in which more significant problems are seen compared with the

national average. In terms of more serious late payments, as in 2010, the most critical situations are seen in the Construction and Financial Services sectors.

In general, the Spanish situation identified on the basis of 2011 payment analysis does not show any signs of recovery, and the situation remains amongst one of the most delicate in an international context, particularly in the serious late payment classes.

14. PORTUGAL

Below is the opinion of **Teresa Lima and Maria do Carmo Prates, Project Director and Communication Director at Informa D&B**, on the economic scenario and payment situation in Portugal.

"The public sector is the main culprit in the extension of average payment timescales in Portugal. The poor payment rate in Portugal is mainly explained by the behavior of the public sector, where the average payment period is significantly higher.

Regarding the high volume of commercial transactions between businesses and public entities, and therefore the effect of the behavior of public authorities on the rest of the economy, a number of initiatives have been implemented by the Portuguese authorities to reduce the payment time to suppliers for goods and services by public entities. The "Paying on Time" program was created in 2008, with a long-term goal and an average payment term from 30 to 40 days, which resulted in a decline in the average number of days of payment in 2009 and the creation of a "Special Program for the debts of the State" (comprising a set of mechanisms to facilitate the payment of debts and the consequent reduction in payment times.

It is getting very difficult to access bank credit, and SMEs are the most affected. Along with the deterioration in terms of the receipt of payments and the increasing difficulties in accessing capital, there has been a sharp increase in the number of insolvencies. There was an increase of 14.4% in the number of insolvent companies from 2010 to 2011, and 119% when comparing 2007 with 2011.

The high number of insolvencies, especially in small and medium enterprises, continues to occur because companies do not pay 'between' themselves, transferring the problem from one to the other.

Corporate culture focuses on maintaining the relationship with the debtor; it is not usual to charge customers interest on late payments. Late payments create a vicious circle and a receipt of overdue customers, the main cause of late payments to suppliers.

The recommendation of the Troika is for payment periods not exceeding 60 days (can be extended to state authorities) in order to begin a new cycle in payment culture. The adoption of the Directive on late payments in commercial transactions (2011/7/EC) sees a substantial change to the legal deadline for payments which will be, in most cases, between 30 and 60 days (even in relation to healthcare). It must be transposed into national legislation by March 2013."

Payment analysis

Table 14.1 provides initial information on the ability of Portuguese companies to pay suppliers within agreed timescales through analysis of 2007-2011 trends in this payment class.

In Portugal, the percentage of punctual companies in 2011 was 21.8%, which is stable compared with the previous year.

Again, the figure for Portugal is below the European average, with a gap of 16 percentage points. What's more, the difference from the European average has decreased by 3 points compared with 2010, mainly due to the worsening of the European figure.

In addition, the share of companies tending to manage commercial transactions more than 90 days over the agreed terms confirms the poor performance of Portuguese companies (Table 14.2). The level of serious late payments is 9.2% of the total, which is 6.1 above the European average.

Table 14.3 shows the variations recorded in the last five years in more detail in relation to the distribution of Portuguese companies with respect to payment classes.

Variations in the last 12 months are less than a percentage point both in terms of the category of punctual payers and intermediate late payments. "Bad payers", on the other hand, have reduced by 1.3% in 2011 with the lowest level of the last three years (9.2%).

The most significant reduction in the level of "good payers" is seen in the comparison of the 2011 percentage with that of 2009. In fact, the percentage has worsened by 3.5%, going from 25.3% in 2009 to 21.8% in 2011.

TABLE 14.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN PORTUGAL WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
Portugal	21.7%	23.4%	25.3%	21.4%	21.8%
Europe	41.0%	40.0%	39.4%	40.4%	37.8%

TABLE 14.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN PORTUGAL WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
Portugal	9.4%	8.9%	10.6%	10.5%	9.2%
Europe	4.1%	6.0%	5.8%	2.9%	3.1%

TABLE 14.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN PORTUGAL, 2007-2011

	Variation 2007/2011	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	0.1%	-1.6%	-3.5%	0.4%
Up to 90 days	0.1%	1.3%	4.9%	0.9%
Over 90 days	-0.2%	0.3%	-1.4%	-1.3%

Now let's look in more detail at Portuguese payments with Graph 14.4 in which it is possible to see the distribution of Portuguese companies by payment class.

After a substantial increase in the percentage in the "Up to 30 days" class in 2010 (+11.4% compared with the previous year), in 2011 the values are stable for all categories.

The only change of more than one percentage point was seen for the very late payment class ("Over 120 days"). In this category, in fact, there was a slight improvement in the performance in Portugal, with a value of 5.5% of the total at the end of 2011 compared with 6.8% the previous year.

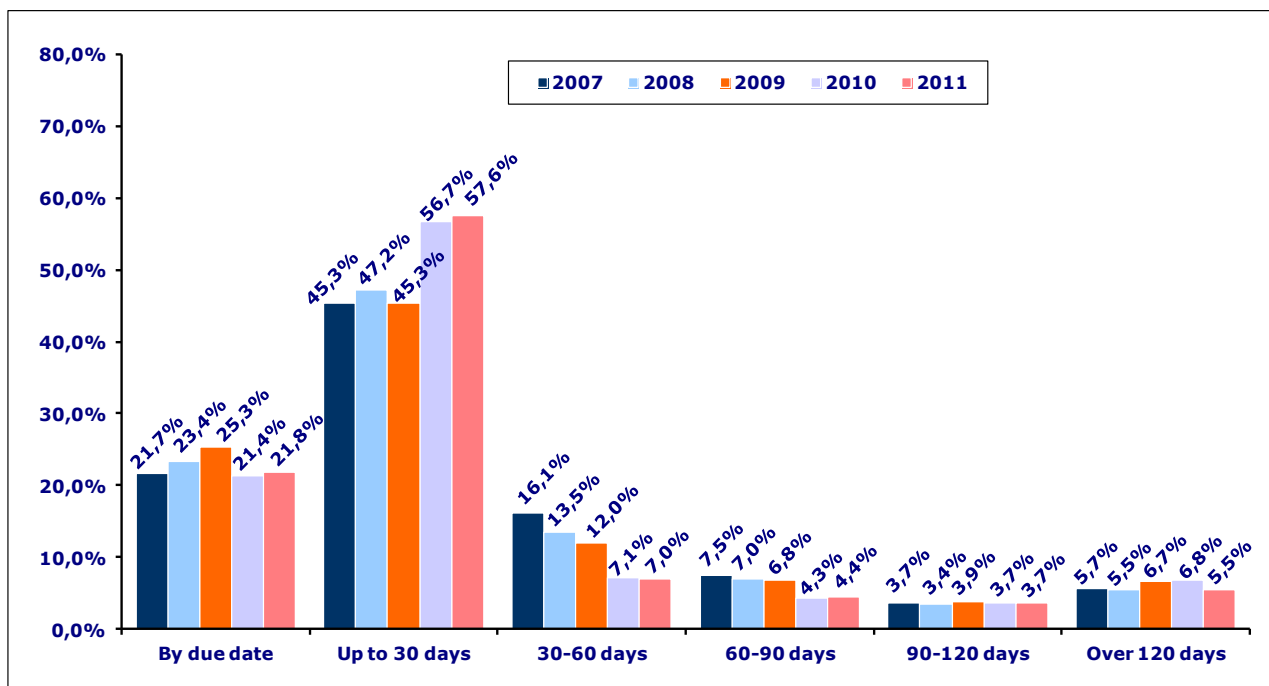
It is important to underline that this value is still somewhat elevated if compared with the other countries in the study.

If we look in more detail at the Portuguese payment performance and compare it with that of five years ago, there has been a clear decrease in intermediate late payments: the share of companies that tend to pay on average between 30 and 90 days late has decreased from 23.6% in 2007 to 11.4% in 2011.

This reduction was almost completely absorbed by the lower late payment class ("Up to 30 days"), which increased by 12.3 percentage points in the same period.

GRAPH 14.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN PORTUGAL BY PAYMENT CLASS, 2007-2011



Graph 14.5 shows a detailed analysis of the payment practices of companies in Portugal by company size, and identifies a somewhat heterogeneous behavior among the four types.

The highest level of on time payments is seen for micro companies, with a level of 29.4% in 2011 (+7.6 points compared with the national average). In addition, companies with less than 6 employees are the only category for which there was an improvement in "good payers" compared with the previous year, with an increase of 3.4 percentage points.

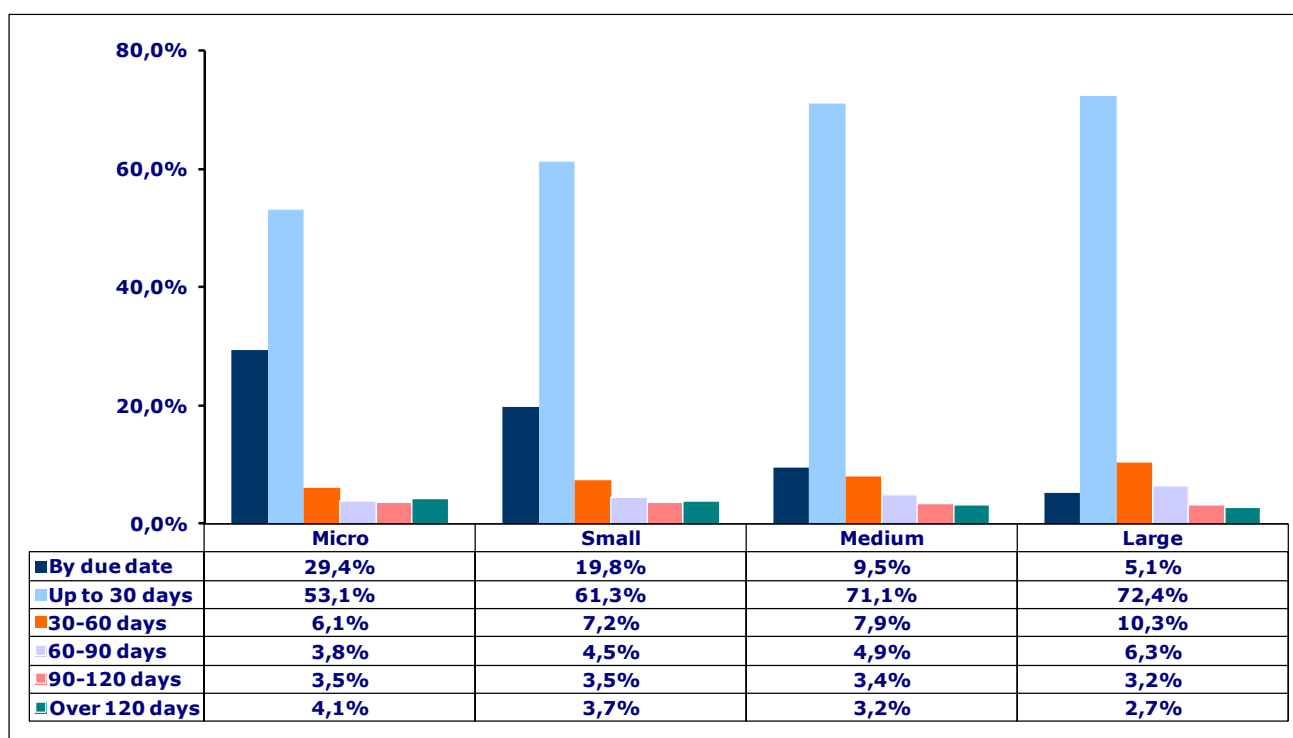
The worst performance was seen for large companies with only 5.1% of the total paying punctually, compared with the national average of 21.8%.

All the company size categories show a widespread tendency to pay on average between 1 and 30 days late. In particular, the figure for the "Up to 30 days" class is over 71% for medium and large companies.

The share of those paying between 30 and 90 days late is the highest for large companies, with 16.6% of the total, whereas for the most serious late payments (over 90 days on average), the highest percentage is seen for micro companies with 7.6% of the total (compared with 5.9% for large companies).

GRAPH 14.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN PORTUGAL BY TYPE OF COMPANY, 2011



By analyzing Graph 14.6, it is possible to see trends in 2011 payments in Portugal in relation to product macro-sectors.

The less than positive payment situation in Portugal is also confirmed by the sector-based analysis, although there are varying performances between the sectors covered.

Payment conditions are the most critical in the Mining and Construction sectors, in which only 7.0% and 11.7% of companies respect agreed terms (more than 10 percentage points less than the national average). The most significant drop is seen in the Retail Trade sector, where punctual payments go from 26.9% in 2010 to 21.9% in 2011, a decrease of 5%.

In general, for all product groups there is a widespread tendency to manage commercial transactions with late payments of between 1 and 30 days late: the share of companies in this category is over 52% in each of the sectors analyzed and reaches the highest value (63.4%) in the case of Manufacturing.

In the intermediate late payment classes ("30-60 days" and "60-90 days") there was a concentration of at least 9.4% for the whole sample, and again in this case the worst performance relates to Mining (19.5%) and Construction (18%).

Furthermore, in the class of companies paying on average more than 90 days late, the only sector with a percentage below 7% was Agriculture, Forestry, Hunting and Fishing. The highest level of "bad payers", on the other hand, is seen in the Construction sector, which reaches 17.4% of the total, a difference of 8.2 percentage points from the Portuguese average.

GRAPH 14.6 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN PORTUGAL BY PRODUCT SECTOR, 2011

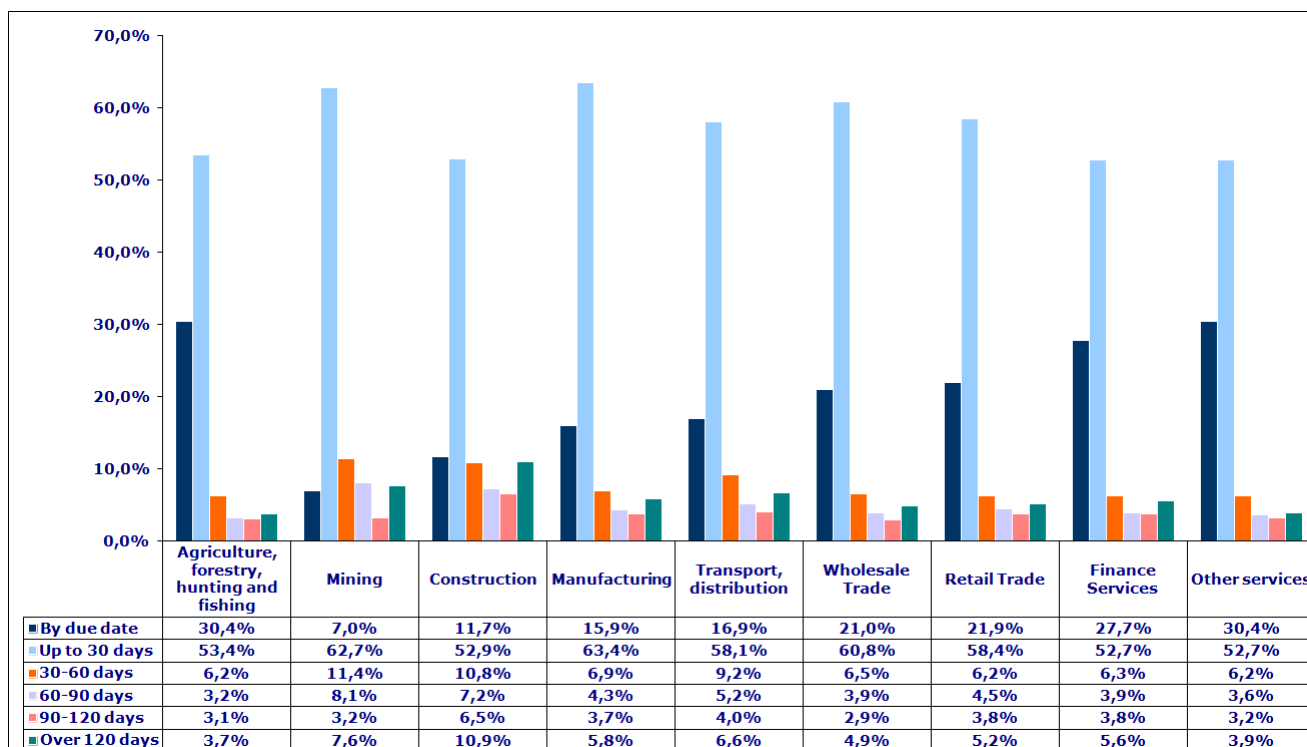


Table 14.7 shows the classification of the 10 micro-sectors with the most punctual payments in Portugal over the course of 2011.

As already seen in 2010, the best Portuguese performance is in the Legal Services sector, where in 53.7% of cases, companies pay their trading partners within agreed terms. In second place is Personal Services with 44.5% of punctual payments.

On the other side, Table 14.8 shows the micro-sectors that have the most problematic payment behavior. The sector with the most problems is General Building Contractors for which more than 22% of companies seriously late (over 90 days on average). Completing the top three "bad payers" are Heavy Construction, except building (18.1%) and Trucking and Warehousing (16.6%).

TABLE 14.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN PORTUGAL, 2011

Sector	Ranking 2011
LEGAL SERVICES	1
PERSONAL SERVICES	2
SERVICES	3
INSURANCE AGENTS, BROKERS & SERVICES	4
HEALTH SERVICES	5
NONDEPOSITORY INSTITUTIONS	6
AGRICULTURAL SERVICES	7
AGRICULTURAL PRODUCTION - LIVESTOCK	8
MEMBERSHIP ORGANIZATIONS	9
MOTION PICTURES	10

TABLE 14.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN PORTUGAL, 2011

Sector	Ranking 2011
GENERAL BUILDING CONTRACTORS	57
HEAVY CONSTRUCTION, EXCEPT BUILDING	56
TRUCKING AND WAREHOUSING	55
SPECIAL TRADE CONTRACTORS	54
HOTELS AND OTHER LODGING PLACES	53
EATING AND DRINKING PLACES	52
APPAREL AND OTHER TEXTILE PRODUCTS	52
STONE, CLAY AND GLASS PRODUCTS	51
REAL ESTATE	50
FOOD STORES	49

The problems in the Portuguese payment system seen in previous editions of the study are once again confirmed in 2011.

The share of Portuguese companies that manage their commercial transactions within agreed time limits remains stable compared with 2010 (21.8%, the lowest value in Europe), and so the gap with the best European performers continues to be substantial.

In fact, the difference from the European average for punctual payments is 16 percentage points, meanwhile the concentration in the serious late payment bracket (over 90 days on average) is showing slight improvement. Despite this, the percentage of Portuguese companies that pay their trading partners on average more than 90 days late continues to be amongst the worst in Europe with 9.4% of the total (surpassed only by Poland and Spain).

On a sector level, the worst performances are seen for the Mining and Construction sectors, which have percentages of late payments above the national average for all the classes under consideration.

In conclusion, the Portuguese payment situation in 2011 continues to stand out due to the great difficulty of companies in maintaining prompt payment behavior or with moderate levels of late payment.

15. SWITZERLAND

Below is the opinion of **Christian Wanner, Public Relations Manager of Dun & Bradstreet (Schweiz) AG**, on the economic scenario and payment situation in Switzerland.

"In 2011, the Swiss economy was strongly affected by the strong Franc and uncertainties in the Euro zone. The gross national product increased by a mere 1.9 per cent, which is a 0.8 per cent drop compared with 2010. Company insolvencies rose by 3 per cent to 4379 cases. D&B anticipates that economic activity will pick up in the coming year, particularly during the second half, as a result of increasing domestic demand. However, growth remains threatened by uncertainties in the global economic climate and by the strength of the currency, since exports are an important pillar of the Swiss economy. Thorough credit checks of both customers and suppliers are crucial, especially for companies which themselves operate in the field of export, or which work with exporters.

It is customary in Switzerland to invoice with a 30-day payment deadline. Within major companies which follow a "working capital" approach, and in particular industry sectors, payment deadlines ranging from 45 to 60 days are possible.

We see two main reasons in Switzerland. On the one hand, of course, this may be down to a lack of liquidity; invoices are paid as late as possible as the funds are simply not available. However, on the other hand, it is possible that invoices are paid late for accounting reasons, either intentionally, in order to take advantage of supplier credit, or simply due to unprofessional conduct. In any case, companies which have to wait too long for payment, have less liquidity at their disposal.

Switzerland has a large number of small and medium-sized enterprises that do not follow a "working capital" approach. Often discounts are employed to try and encourage debtors to pay invoices quickly. In addition, we are noticing that invoicing is increasingly outsourced to specialist companies."

Payment analysis

Table 15.1 reports the trends over the last two years in the percentage of companies that pay their suppliers within agreed payment terms in Switzerland. Over the course of 2011, punctual payments accounted for 55.3% of the total, which is 17.5 percentage points above the European average, which shows that a large proportion of companies in Switzerland continue to have a balanced behavior when it comes to payments.

However, it should be pointed out that the gap between punctual payers in Switzerland and the European average has decreased by over 10 percentage points compared with 2010, and that this is mainly due to the strong reduction seen for Swiss companies, which have lost the top position in Europe to Germany.

The percentage of companies with late payments over 90 days continues to be among the best on an international level: the percentage of "bad payers" in Switzerland in 2011 was only 0.3% of the total, with a difference of 2.8% below the European average (Table 15.2).

Table 15.3 shows the variations recorded in the last 12 months in more detail in relation to the distribution of companies with respect to payment classes.

Compared with the previous year, there was a net decrease in punctual payers ("By due date" class). In detail, the percentage in question has reduced by around 13 percentage points, going from 68.2% in 2010 to 55.3% in 2011.

There was a significant increase in the concentration of companies in the 1 to 90 day late payment class (+13% compared with 2010) to the detriment of punctual payments, whereas the percentage in the serious late payment classes remains more or less unchanged compared with the previous year (-0.1%).

TABLE 15.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN SWITZERLAND WITH ON TIME PAYMENTS, 2010-2011

	2010	2011
Switzerland	68.2%	55.3%
Europe	40.4%	37.8%

TABLE 15.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN SWITZERLAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2010-2011

	2010	2011
Switzerland	0.4%	0.3%
Europe	2.9%	3.1%

TABLE 15.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN SWITZERLAND, 2010-2011

	Variation 2010/2011
By due date	-12.9%
Up to 90 days	13.0%
Over 90 days	-0.1%

From Graph 15.4 it is possible to analyze the 2011 payment situation in Switzerland by payment class, and compare the results with the previous year.

Analysis of the graph shows how the reduction in "good payers" (total of 55.3% in 2011) was almost completely absorbed by the moderate late payment class ("Up to 30 days"), which has suffered an increase of 13.1 percentage points, going from 29.9% in 2010 to 43% in 2011.

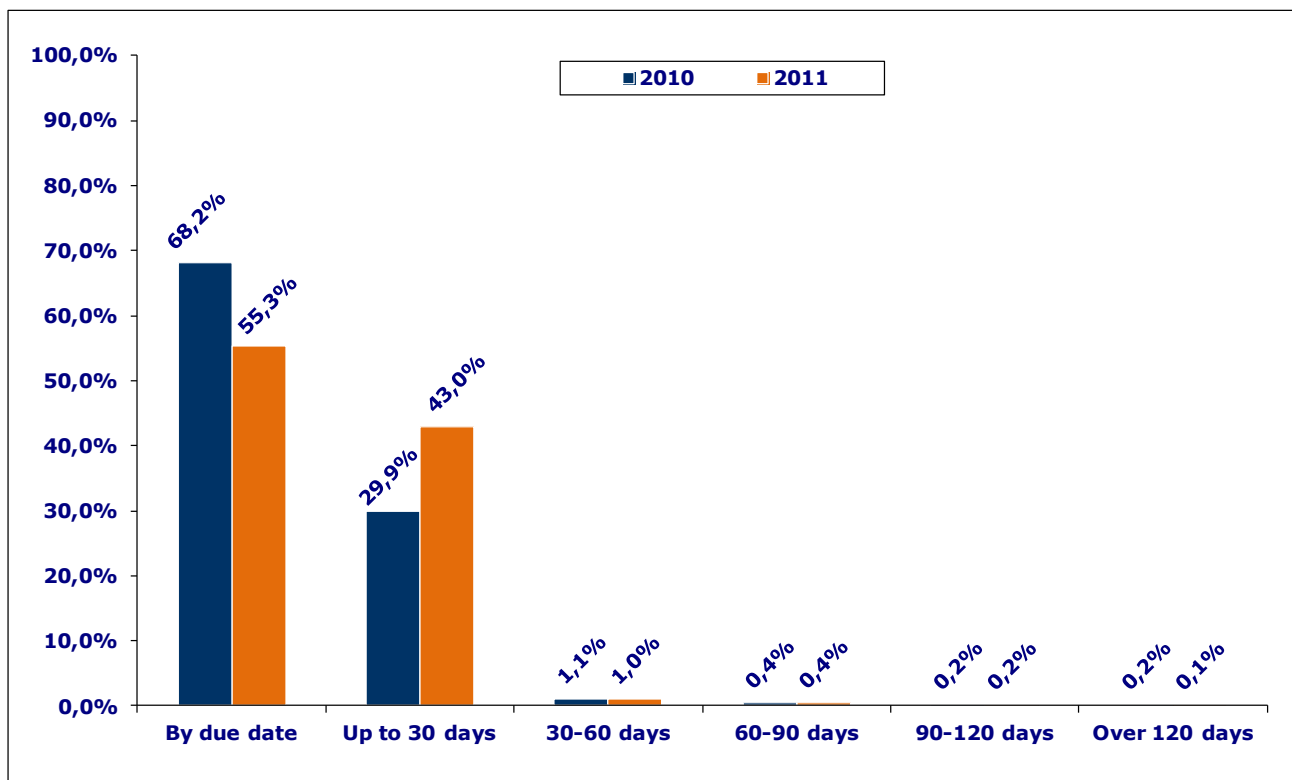
These two payment classes comprise almost all companies (98.3%), confirming the better performance of Switzerland compared to both the European and non-European countries analyzed in this study. On a European level, Swiss companies have the second highest percentage of punctual payments, surpassed only by Germany.

Percentages in the intermediate and serious late payment classes, on the other hand, are stable compared with the previous year and have fallen overall by 0.1%.

Finally, the most serious late payments (over 90 days on average) account for only 0.3% of Swiss companies, which is the lowest value amongst all the countries evaluated in the study.

GRAPH 15.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN SWITZERLAND BY PAYMENT CLASS, 2010-2011



Let's now look at the payment practices in Switzerland by company size and payment class (Graph 15.5). The types of company examined have very similar percentages, which are not very different from average national levels.

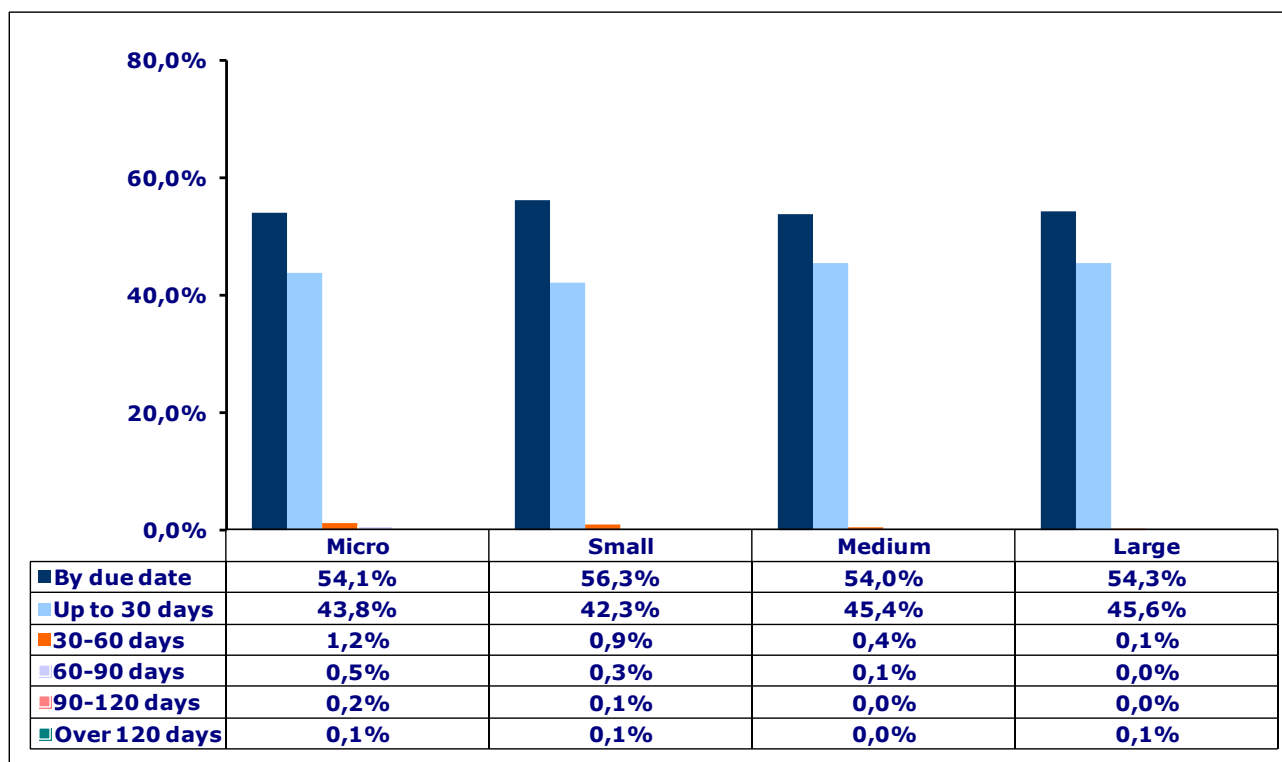
Small companies have the most balanced payment behavior with 56.3% of companies paying trading partners within agreed terms. The lowest value, on the other hand, was seen for medium-sized companies, with 54% of punctual payers.

In terms of payment class, there is a greater tendency to pay on average between 1 and 30 days late (at least 42.3% of the total), and over 45% of medium to large companies exhibit this type of behavior.

In the late payment classes of over 30 days, there are similar patterns, although lower, in all four of the categories examined, with values of not more than 2% of the total (only 0.2% for large companies).

GRAPH 15.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN SWITZERLAND BY TYPE OF COMPANY, 2011



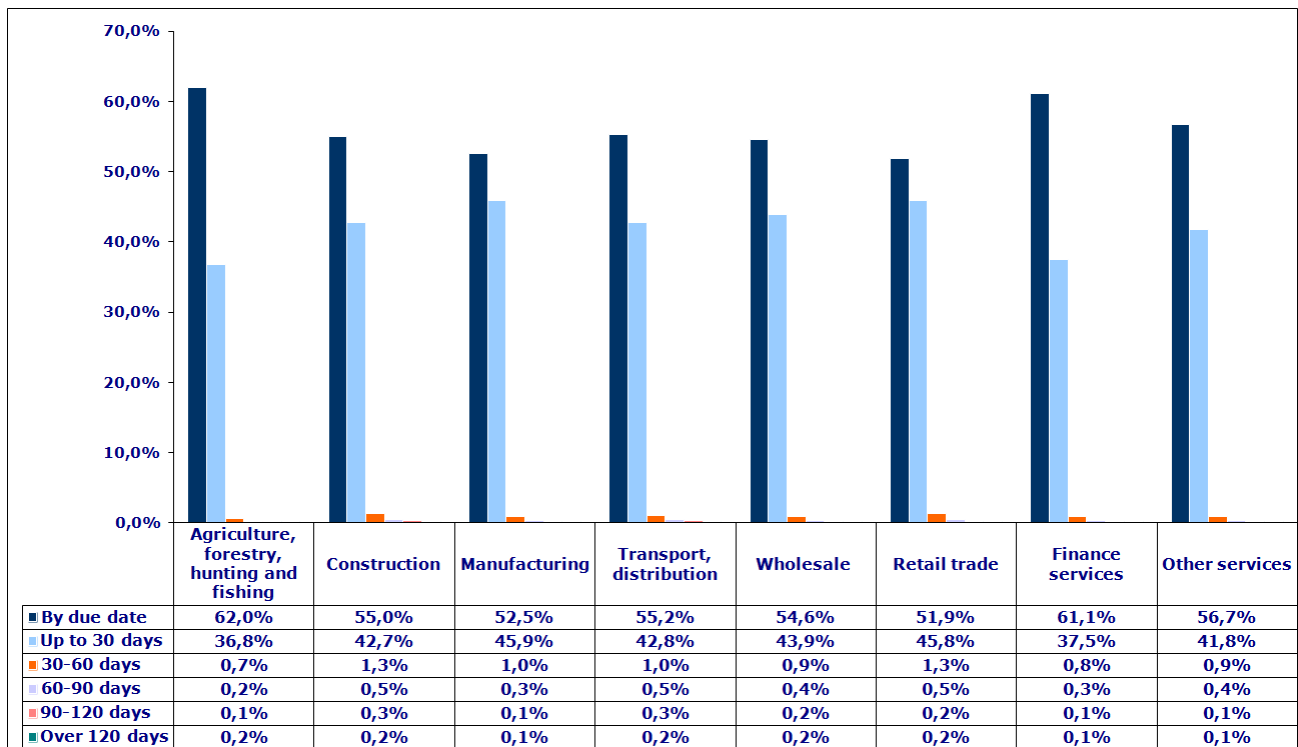
Graph 15.6 shows a detailed analysis of the payment practices of companies in Switzerland by macro-sector.

The two sectors that show the best payment performance are Agriculture, Forestry, Hunting and Fishing, and Financial Services, with percentages of punctual payments of more than 61% (around 5 percentage points more than the national average).

The sectors with the highest concentrations in the moderate late payment class ("Up to 30 days") are, on the other hand, Manufacturing and Retail Trade, with 45.9% and 45.8% of cases in this category, respectively (around 3 percentage points above the national average).

Finally, payments over 30 days late on average reflect national patterns and are moderate in all the different groups analyzed, with percentages ranging from 2.3% in the Construction sector to 1.2% in the Agriculture, Forestry, Hunting and Fishing sector.

PAYMENT PRACTICES IN SWITZERLAND BY PRODUCT SECTOR, 2011



Tables 15.7 and 15.8 show the best and worst micro-sectors in terms of payment performance in Switzerland in 2011 (Tables 15.7 and 15.8).

In the classification of the best sectors in terms of payment, Banking is in first position with 80.2% of companies paying within the due date, followed by Security, Comm. Brokers, Dealers, and Exchange Services with 74.8% of punctual payers.

The sector with the highest share of serious late payments is Insurance Agents, Brokers & Services, although the levels are somewhat contained. In fact, in this group companies pay on average more than 90 days late in 1.6% of the cases studied.

Second and third places in the classification of worst payers are Apparel and Other Finished Fabric Product Manufacturers (1.1%) and Transportation Equipment Manufacturers (1%).

TABLE 15.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN SWITZERLAND, 2011

Sector	Ranking 2011
BANKING	1
SECURITY, COMM. BROKERS, DEALERS, EXCHANGE SERVICES	2
LEGAL SERVICES	3
EXECUTIVE, LEGISLATIVE, GEN. GOVERNMENT, EXCL. FINANCE	4
INSURANCE	5
INSURANCE AGENTS, BROKERS AND SERVICES	6
MUSEUMS, ART GALLERIES, BOTAN. & ZOOLOG. GARDENS	7
SOCIAL SERVICES	8
LIVESTOCK FARMERS	9
MEMBERSHIP ORGANIZATIONS	10

TABLE 15.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN SWITZERLAND, 2011

Sector	Ranking 2011
INSURANCE AGENTS, BROKERS AND SERVICES	64
APPAREL AND OTHER FINISHED FABRIC PRODUCT MANUFACTURERS	63
TRANSPORTATION EQUIPMENT MANUFACTURERS	62
ROAD FREIGHT TRANSP. AND WAREHOUSING	61
TRANSPORTATION SERVICES	60
BUILDING MATERIALS, GARDEN SUPPLY, MOBLIE HOME DEALERS	59
AIR TRANSPORTATION	58
EATING AND DRINKING PLACES	57
COMBINATION REAL ESTATE, INSURANCE, LOANS, LAW OFFICES	56
GENERAL MERCHANDISE RETAILERS	55

The payment situation in Switzerland in 2011 shows a net worsening in terms of the percentage of companies that manage commercial transactions within agreed terms. In fact, punctual payments account for 55.3% of the total number of companies (-12.9% compared with 2010).

Swiss companies, however, continue to be in a very good position in a European context, exceeding the European average by 17.5 percentage points, and positioned in second place among the best performers. Despite this, the gap compared to Germany (best European performer in 2011) is substantial, with a difference of 20 points.

The concentration in the serious late payment class (over 90 days on average) has remained at very contained levels for Switzerland (0.3%) and is the lowest amongst all the countries examined in the study.

On a sector level, the best payment performances relate to Agriculture, Forestry, Hunting and Fishing, and Financial Services, with percentages of punctual payments of more than 61% (around 5 percentage points more than the national average).

In conclusion, Swiss companies in 2011 continue to perform better compared with the European averages (particularly in the case of serious late payments). However, the significant decrease in punctual payments invites close monitoring of the payment situation in the coming years.

16. POLAND

Below is the opinion of **Tomasz Starzyk, PR Manager at Dun & Bradstreet Poland**, on the economic scenario and payment situation in Mexico.

"Polish companies are doing well, improving their financial standing since last year. In Poland, the most dynamic companies of the crisis came from small and medium sized businesses. Improvement could be seen primarily in company flexibility, a rapid response to change, good management decisions and a good macroeconomic environment in the country itself. All indications are that large Polish companies have coped well with the recession in the market. Financial data show that companies have for several years been systematically putting funds in their savings accounts. Saving while trying to wait out tough times, unfortunately, has been at the expense of investment and innovation in new technologies and products, and quite often has also involved looking for additional savings in employee salaries. A striking fact is that Polish businesses have managed to maintain existing employment levels, and unemployment has not grown as dramatically as in other European countries.

Payment terms granted in Poland vary, especially in terms of individual industries and geographical area. However, the most common payment terms are beyond 30 days, less 21 days. Using this approach allows payment to be made on a monthly basis. Payment terms are a key part of business credit negotiations. Longer terms are subject to the functioning of the market. From a lender perspective, however, it is most important to ensure that repayment terms are met, which in turn will help maintain liquidity.

It is true that many Polish businesses do not pay invoices consciously, and in this way fund their activities. They are basically getting free loans from their contractors. What's more, this situation of backing up payments can even earn money by placing the money that should be used to pay bills in an interest-bearing account.

Many Polish businesses have begun to use business intelligence, monitoring the financial status of their customers. Closely related to this is the growing awareness of business intelligence services as well as insurance and factoring. Unfortunately, still too many businesses in Poland are not paying their contractors, defending themselves against loss of liquidity caused by the congestion payment of weapons."

Payment analysis

Table 16.1 reports the 2008-2011 trends in the percentage of punctual payers in Poland.

In 2011, the percentage of punctual payments reached 34.5% of the total, marking a strong improvement already seen the previous year.

However, Poland continues to see a share of punctual payments below the European average, even if the gap has significantly reduced, going from 10.8% in 2010 to its current level of 3.3%.

The performance in relation to serious late payments, however, (over 90 days on average) has worsened. In fact, in 2011, "bad payers" represented 10.8% of the total, with a difference of almost 8 percentage points compared with the European average (Table 16.2).

Table 10.3 gives a better view of the changes to payments in recent years, and variations in the distribution of companies by payment class can be assessed.

Compared with 2009, there has been an improvement in punctual payments of 6.7 percentage points. Despite this, the percentage of companies paying on time is still a long way from the 2008 level (47%), with a loss of 12.5%.

Late payments of over 90 days are 3.6 percentage points up compared with what was seen four years ago (7.2%), meanwhile the concentration in the intermediate late payment class ("Up to 90 days") has increased by 8.9%.

TABLE 16.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN POLAND WITH ON TIME PAYMENTS, 2008-2011

	2008	2009	2010	2011
Poland	47.0%	27.8%	29.6%	34.5%
Europe	40.0%	39.4%	40.4%	37.8%

TABLE 16.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN POLAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2008-2011

	2008	2009	2010	2011
Poland	7.2%	11.8%	9.8%	10.8%
Europe	6.0%	5.8%	2.9%	3.1%

TABLE 16.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN POLAND, 2008-2011

	Variation 2008/2011	Variation 2009/2011	Variation 2010/2011
By due date	-12.5%	6.7%	4.9%
Up to 90 days	8.9%	-5.7%	-5.9%
Over 90 days	3.6%	-1.0%	1.0%

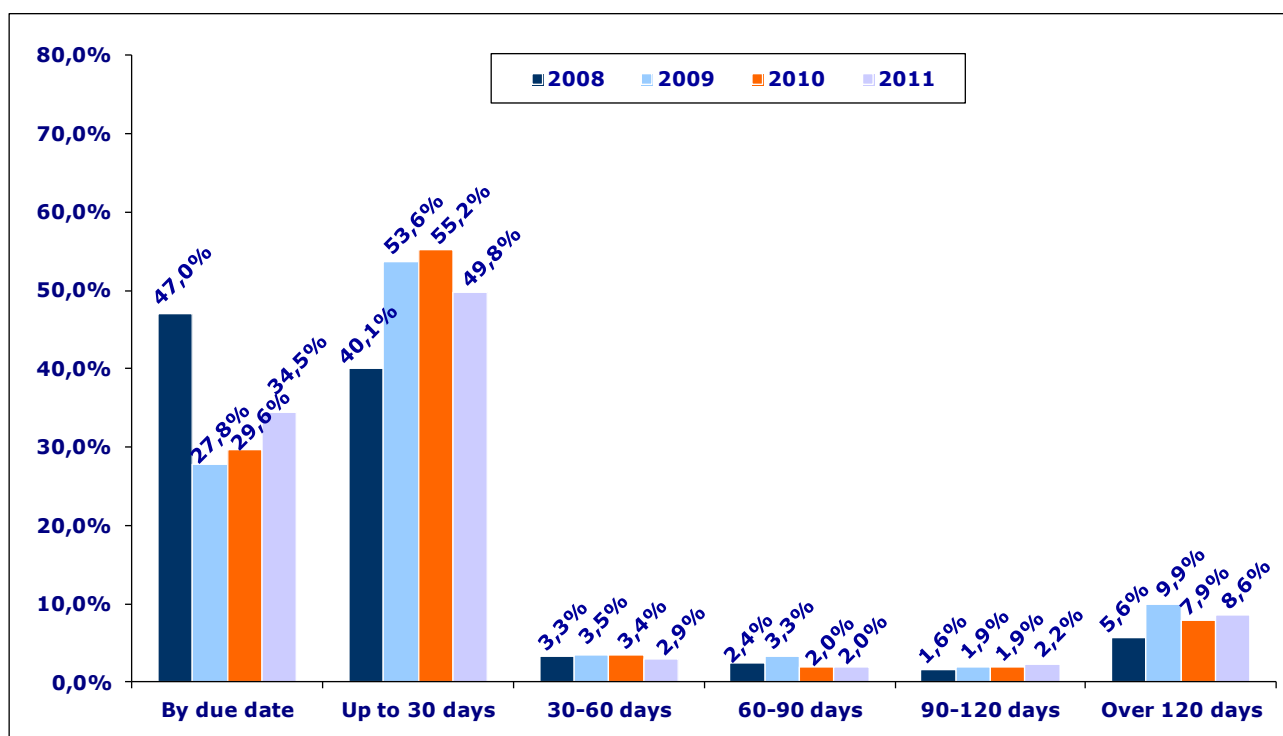
Looking at Graph 16.4 it is possible to analyze the payment practices of Polish companies in relation to the distribution of payment classes, comparing the latest results with previous years. The percentage of punctual payments reaches 34.5% of the total in 2011, with an increase of 4.9 percentage points compared with 2010. At the same time, the share of companies paying on average between 1 and 30 days late has seen a reduction of 5.4% to a level of 49.8% (the lowest level since 2009).

Intermediate late payments, on the other hand, (between 30 and 90 days on average) account for 4.9% of the sample and have seen a 2 percentage point decrease compared with the highest level seen three years ago (6.8% in 2009).

Finally, there has been a worsening in the very serious late payments: in 2011, 8.6% of the total tended to pay on average more than 120 days late, compared with 5.6% in 2008.

GRAPH 16.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN POLAND BY PAYMENT CLASS, 2008-2011



Let's now look at the ability of Polish companies to manage commercial transactions within agreed terms, taking the size of the company into consideration (Graph 16.5).

The four categories analyzed show very homogeneous levels of punctual payments, with percentages of between 33% for micro companies and 36.6% for small companies. The latter also show the most positive trend compared with 2010, with an increase of 7.6 percentage points.

The highest concentrations are seen in the "Up to 30 days" class, with percentages above 48% of the total, reaching 60.5% for large companies (+10.7% compared with the national average).

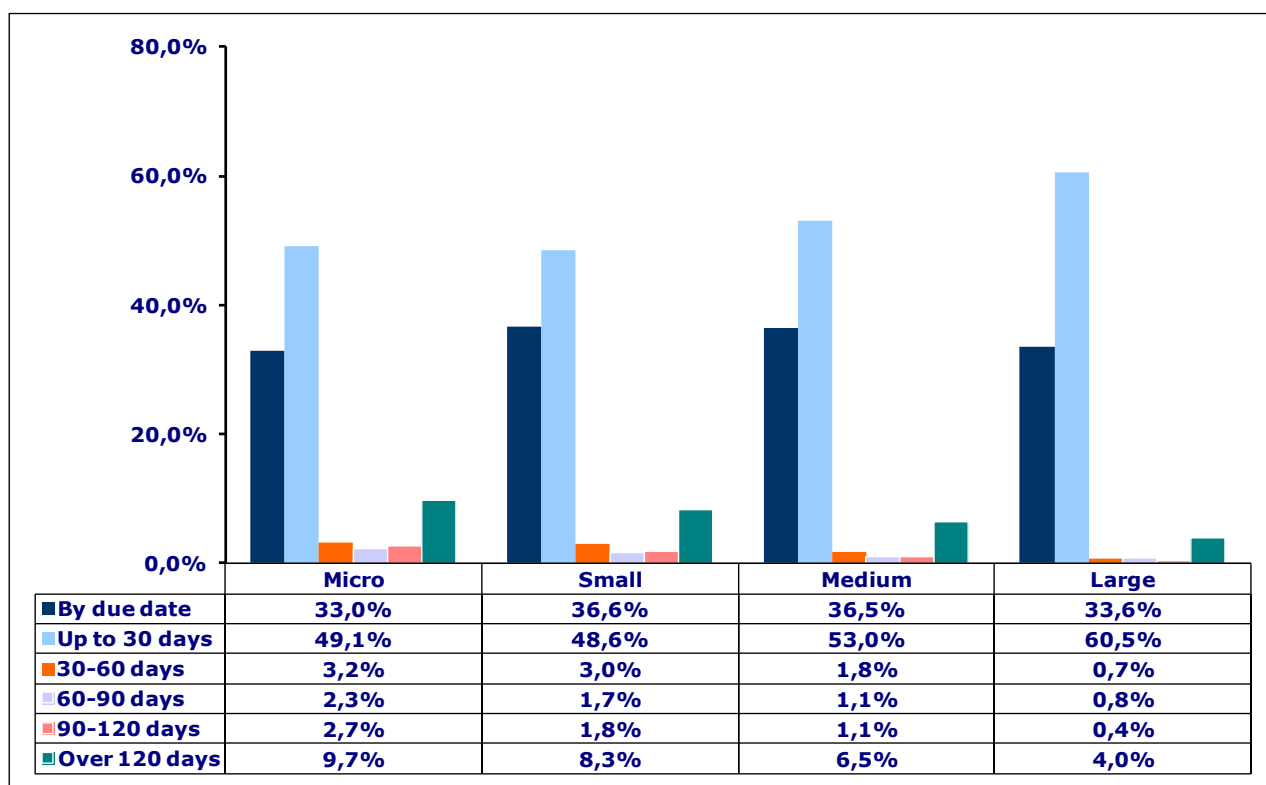
Micro companies still exhibit problems in relation to the intermediate late payment classes ("30-60 days" and "60-90 days") and serious late payment class.

In fact, for companies with less than 6 employees, late payments of between 30 and 90 days on average account for 5.5% of the total, meanwhile late payments of over 90 days are 12.4% of the total (+2.8% compared with 2010).

Large companies perform better, with 4.4% "bad payers" compared with the national average of 10.8%.

GRAPH 16.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN POLAND BY TYPE OF COMPANY, 2011



Graph 16.6 shows 2011 payment practices in Poland in more detail according to product macro-sector.

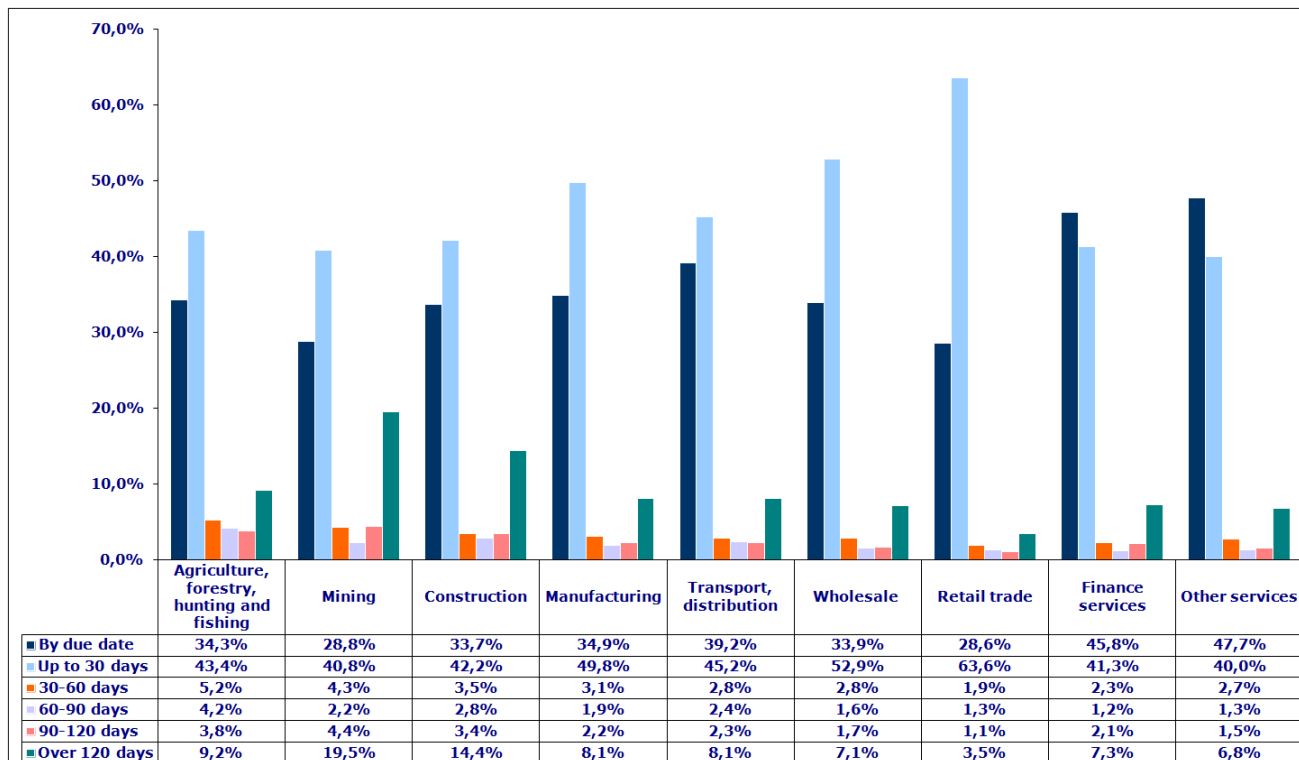
The sector-based analysis shows a widespread tendency for payments to be late by between 1 and 30 days compared with agreed payment terms. The highest percentages in this late payment class are seen in the Retail Trade and Wholesale sectors, with 63.6% and 52.9% of the total.

Financial Services and Other Services stand out for their more balanced payment behavior, with percentages of punctual payments of over 45%. In particular, in the case of the former, there has been a significant improvement compared with 2010, with a 20% increase in punctual payers.

In relation to the intermediate late payment classes (between 30 and 90 days late on average), the highest value was seen for the Agriculture, Forestry, Hunting and Fishing sector with 9.4% of the total (+4.5% compared with the national average).

Finally, the worst performances in the serious late payment classes (over 90 days on average) were seen in the Mining and Construction sectors, with levels of 17.8% and over in this bracket.

PAYMENT PRACTICES IN POLAND BY PRODUCT SECTOR, 2011



Tables 16.7 and 16.8 show the best and worst micro-sectors in terms of payment performance in Poland in 2011.

The top three positions in the classification of best payers are Educational Services, Engineering & Management and Communications. All three sectors manage commercial transactions within agreed terms in over 53.8% of cases.

The highest level of late payments, on the other hand, relate to the Oil and Gas Extraction sector, with 27.7% of companies paying more than 90 days late. Second and third positions in the classification of "bad payers" are held by the General Building Contractors (25.8%) and Special Trade Contractors (15.6%) sectors.

TABLE 16.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN POLAND, 2011

Sector	Ranking 2011
EDUCATIONAL SERVICES	1
ENGINEERING & MANAGEMENT SERVICES	2
INSTRUMENTS AND RELATED PRODUCTS	3
COMMUNICATIONS	4
SERVICES	5
ELECTRICAL, GAS AND SANITARY SERVICES	6
WATER TRANSPORTATION	7
HEALTH SERVICES	8
BUSINESS SERVICES	9
HOTELS AND OTHER LODGING PLACES	10

TABLE 16.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN POLAND, 2011

Sector	Ranking 2011
OIL AND GAS EXTRACTION	52
GENERAL BUILDING CONTRACTORS	51
SPECIAL TRADE CONTRACTORS	50
MISCELLANEOUS MANUFACTURING INDUSTRIES	49
FURNITURE AND FIXTURES	48
LUMBER AND WOOD PRODUCTS	47
FABRICATED METAL PRODUCTS	46
LOCAL AND INTERURBAN PASSENGER TRANSIT	45
AGRICULTURAL PRODUCTION - CROPS	44
AMUSEMENT & RECREATION SERVICES	43

Analysis of payment habits in Poland in 2011 shows an improving situation, marked by a significant increase in the percentage of punctual payments (4.5 percentage points up on 2010 and 6.7 on 2009).

Despite this positive result, the difference from the level of punctual payments seen in 2008 (47%) remains significant, and as such, the gap between Poland and the best performer in Europe (Germany) is around 40 percentage points.

The situation in the late payment classes of over 90 days continues to be problematic: in 2011, 10.8% of Polish companies tended to pay this late, leaving the country in a position which is a long way from average European levels (the gap has reached around 8%).

In terms of sectors, the most delicate situations are seen in the Retail Trade and Mining sectors in which less than 29% of companies manage commercial transactions within the terms agreed with their trading partners.

The 2011 payment situation in Poland, therefore, shows some signs of improvement in relation to prompt payments, but the condition of companies in the more serious late payment classes is amongst one of the most problematic on an international level.

17. SLOVENIA

Below is the opinion of **Neli Trošič, Head of Analytics at Bonitetna hiša I**, on the economic scenario and payment situation in Slovenia.

"The financial crisis has led to a sort of "clean-up" in Slovenia. There were some large, well-known companies that were not able to adapt to the new environment and who inevitably went bankrupt. At the beginning of the crisis it was clear that Slovenian insolvency legislation was not working - procedures were too slow. In October 2008, a new law was passed dealing with financial operations, insolvency procedures and compulsory liquidations. Since then, it has been continuously upgraded.

According to the Statistics Office of the Republic of Slovenia, annual inflation in 2011 was 2.0% (in the previous year it was 1.9%). Eurostat published the latest data in November when the annual rate in the entire Euro zone stood at 3.0%.

In 2012, GDP growth is expected to be 2.0% in 2013 and 2.5% in 2013. Further critical situations in some Euro zone countries due to the debt crisis pose a threat to their economic activity and consequently also for economic activity in Slovenia.

In the past, especially last year, payment terms exceeding 90 to 180 days became standard in the construction sector. Cases where payments exceeded one year were far from being the exception, with payers suffering no penalties. By lengthening payment periods, delays resulted in company liquidity problems, affecting stability and the reliability of cash flow that would help any further planning of operations.

Data show significantly longer delays in payments to small companies compared to larger ones. The payment cycle is consequently longer, and the smaller the company the longer the delay. On October 20th, 2010, the European Parliament adopted a new directive to protect small and medium-sized businesses from liquidity problems due to poor payment discipline. On the basis of data concerning payment deadlines on March 16th, 2011, two new important laws were passed relating to payment deadlines: one law to prevent payment delays and a law amending Value Added Tax. The first prevented terms exceeding 60 days, with exceptions up to 120 days (if agreed in writing), and the payment term between subjects and public authorities must not be longer than 30 days. The law forces late paying companies to enter into initial mandatory multilateral reconciliation. Multilateral reconciliation was launched by AJPES (Slovenian Agency for Public Legal Records and Related Services) following rules accepted in April 2011.

Strict payment discipline affects liquidity and solvency in Slovenia, which seems to have a positive impact on the overall economy in the country.

There are many reasons for this, but in the end we always come to the same conclusion: "A chain is only as strong as the weakest link." One of the worst outcomes is when companies cannot pay their suppliers, thus making them their financiers. With the outbreak of the financial crisis, survival is often the primary goal, while payment morals worsen significantly under such conditions. Under these circumstances, companies continue to make orders, even if they are aware that they are not capable of meeting their obligations - they are already insolvent. Increasing the deficit of financial assets has only increased insolvency. Long-term business activities of companies have been reduced, which can lead to an unfortunate outcome. Things generally begin to break down for smaller companies, which are more sensitive to change, as they directly affect their business.

In addition, due to stricter policies in Slovenia, companies have begun to monitor their partners. It is safe to say that the level of precaution has increased significantly. The resulting situation has forced numerous companies to operate a system of 100% prepayment. They do not increase debts this way, but they need cash inflow in order to survive.

On the other hand, banks dictate different business operations: today's loans are more expensive, and the approval process also takes longer compared to the past. This directly affects the control of working capital of the company. Today companies only make investments with a high chance of success. Everything is well considered and financing is not left to chance."

Payment analysis

Before analyzing the payment situation in Slovenia in 2011, Table 17.1 shows how the share of companies paying on time according to terms agreed with their suppliers has changed in recent years.

The percentage of companies paying on time in Slovenia was 36.2% in 2011, compared with 34.7% the year before. The percentage of "good payers" is more or less in line with the European average, with a gap that has reduced by 5.1 points since 2010.

The share of companies paying on average more than 90 days late remains stable at 2.2% compared with a European average of 3.1%.

Table 17.3, on the other hand, shows the variations recorded in recent years in relation to the distribution of Slovenian companies with respect to payment classes.

The percentage of companies that manage commercial transactions within established time limits ("By due date" class) has risen by 3 percentage points compared with 2009, and 1.5 points compared with 2010.

Variations in the number of "bad payers" ("Over 90 days") in the last three years have been more or less contained, with a maximum difference compared with 2009 (0.8%).

Finally, the share of companies paying with an intermediate degree of lateness (between 1 and 90 days) in 2011 decreased by 2.2% compared with three years ago.

TABLE 17.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN SLOVENIA WITH ON TIME PAYMENTS, 2009-2011

	2009	2010	2011
Slovenia	33.2%	34.7%	36.2%
Europe	39.4%	40.4%	37.8%

TABLE 17.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN SLOVENIA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2009-2011

	2009	2010	2011
Slovenia	3.0%	2.5%	2.2%
Europe	5.8%	2.9%	3.1%

TABLE 17.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN SLOVENIA, 2009-2011

	Variation 2009/2011	Variation 2010/2011
By due date	3.0%	1.5%
Up to 90 days	-2.2%	-1.2%
Over 90 days	-0.8%	-0.3%

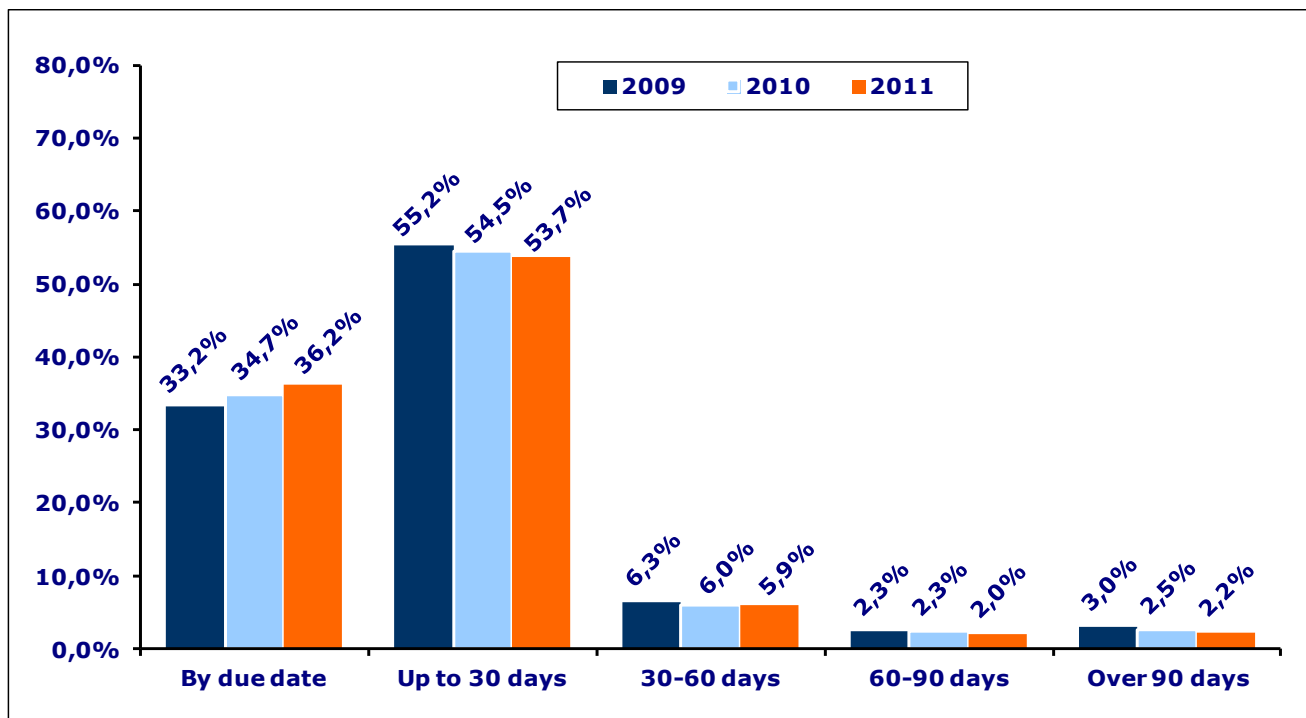
Now let's look at the payment situation in Slovenia in more detail, analyzing the distribution of companies by payment class.

Graph 17.4 shows a slight increase in punctual payments (+1.5%), together with a reduction in moderate late payments ("Up to 30 days" class) with 53.7% of the total in 2011 (the lowest level since 2009).

Intermediate late payment classes (between 30 and 90 days) account for 7.9% of the cases analyzed, with a decrease of less than 1 percentage point compared with previous years.

Finally, there has been an improvement, if somewhat contained, in more serious late payments: in 2011, 2.2% of the total number of companies tended to pay on average more than 90 days late, compared with 2.5% in 2010 and 3% in 2009.

PAYMENT PRACTICES IN SLOVENIA BY PAYMENT CLASS, 2009-2011



Graph 17.5 shows in detail the ability of Slovenian companies to manage commercial transactions within agreed terms, taking the size of the company into consideration.

The most balanced payment behavior was shown by micro companies, with a share of 38.7% in the "By Due Date" payment class.

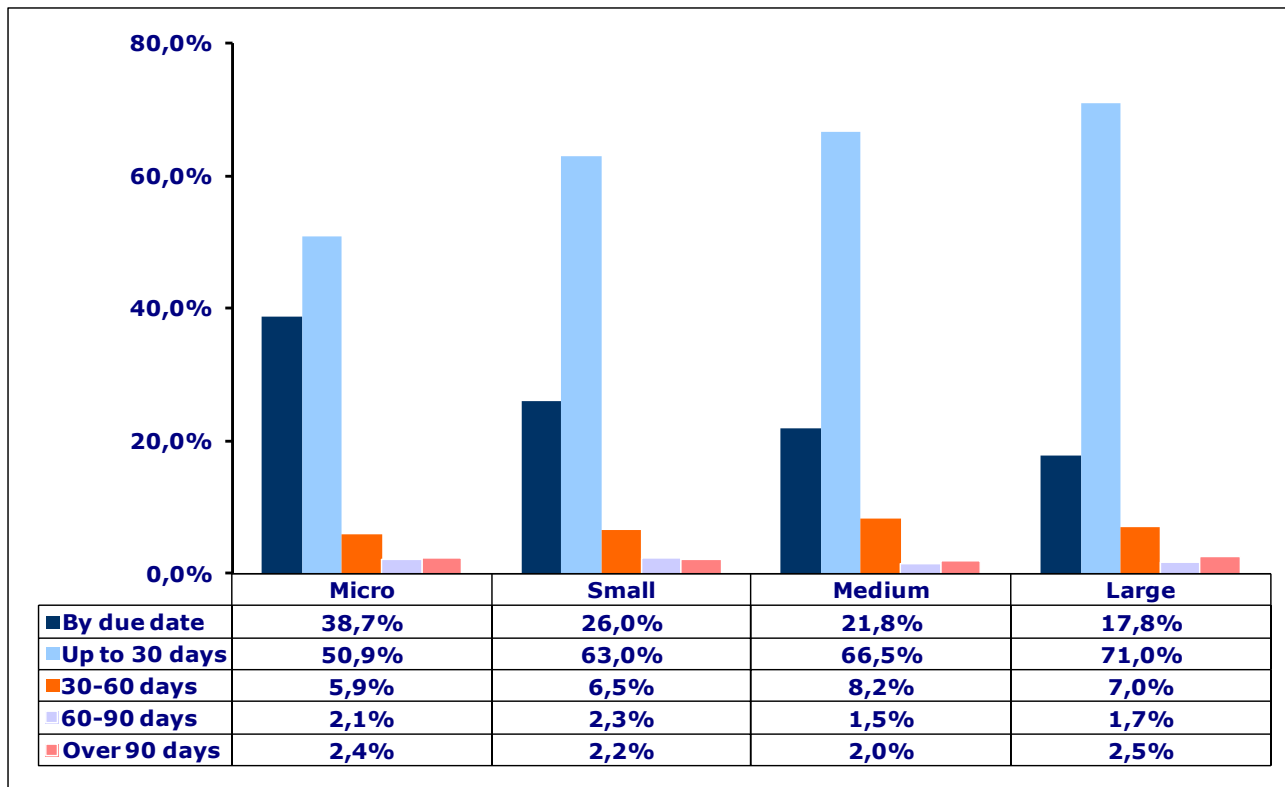
The situation is different for medium and large companies. More than 66% of medium-sized companies fall within the 1 to 30 day payment class, and 71% of large companies (+17.3% compared with the national average).

The high levels of late payments in the "Up to 30 days" class for these two categories negatively influence punctual payments, which have significantly reduced, above all for large companies (only 17.8%).

In the intermediate late payment classes ("30-60 days" and "60-90 days"), there is a higher concentration for medium companies, with around 10% of companies in this class.

Serious late payments (over 90 days on average) are more or less homogeneous between the size classes in this study, and vary between 2% and 2.5%.

PAYMENT PRACTICES IN SLOVENIA BY TYPE OF COMPANY, 2011



Using Graph 17.6 it is possible to analyze the trends in payment practices of Slovenian companies in 2011 in terms of payment class and sector.

It is possible to see that the behavior of the various groups in terms of payments was more or less homogeneous.

In fact, all the sectors considered show a greater propensity to pay suppliers on average between 1 and 30 days late, with percentages varying between 48.2% for Mining and 57.4% for Transport and Distribution.

In particular, Financial Services and Other Services show the best payment performance with 40.8% and 40.5% of punctual payers, respectively.

The Mining group, on the other hand, has the lowest share of punctual payments (30.4%), differing by 5.8 from the national average.

The most delayed payments have reduced percentages in a large part of the sectors. Specifically, the most critical performance is seen in the Construction sector with 3.2% of companies paying more than 90 days late.

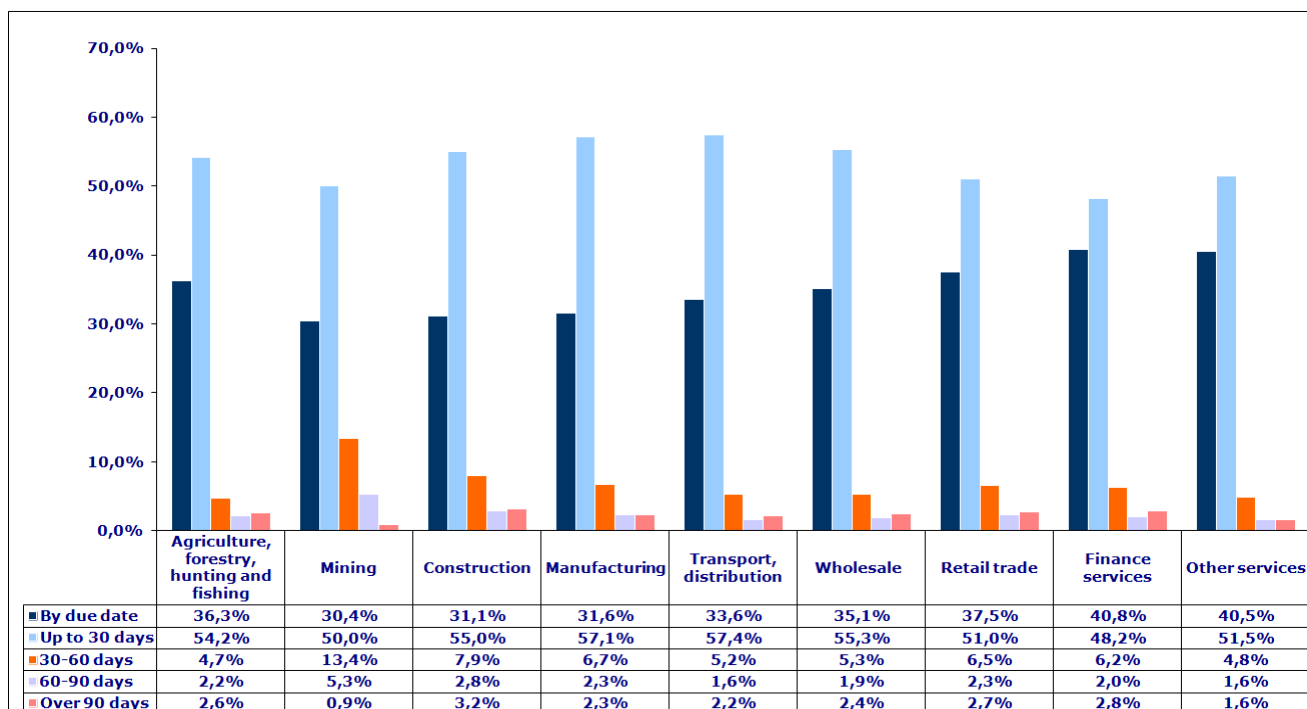
PAYMENT PRACTICES IN SLOVENIA BY PRODUCT SECTOR, 2011

Table 17.7 shows the classification of the 10 sectors with the most punctual payments in Slovenia over the course of 2011.

The sectors managing commercial transactions in the most balanced way are Health Services (with 48.9% of punctual payers), Insurance Agents, Brokers & Services (48.2%) and Membership Organizations (45.8%).

On the other hand, in first place in the classification of worst payers is General Merchandise Stores, followed by Apparel and Other Textile Products, and General Building Contractors (Table 17.8). These product groups show greater difficulties in managing commercial transactions, and the percentage of late payments over 90 days exceeds 4.5% in the cases analyzed.

TABLE 17.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN SLOVENIA, 2011

Sector	Ranking 2011
HEALTH SERVICES	1
INSURANCE AGENTS, BROKERS & SERVICES	2
MEMBERSHIP ORGANIZATIONS	3
DEPOSITORY INSTITUTIONS	4
ENGINEERING & MANAGEMENT SERVICES	5
PERSONAL SERVICES	6
BUSINESS SERVICES	7
EATING AND DRINKING PLACES	8
TRANSPORTATION EQUIPMENT	9
AGRICULTURAL SERVICES	10

TABLE 17.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN SLOVENIA, 2011

Sector	Ranking 2011
GENERAL MERCHANDISE STORES	55
APPAREL AND OTHER TEXTILE PRODUCTS	54
GENERAL BUILDING CONTRACTORS	53
TRUCKING AND WAREHOUSING	52
FURNITURE AND FIXTURES	51
HEAVY CONSTRUCTION, EXCEPT BUILDING	50
FOOD STORES	49
PAPER AND ALLIED PRODUCTS	48
AGRICULTURAL PRODUCTION - CROPS	47
LUMBER AND WOOD PRODUCTS	46

The 2011 payment situation identified in Slovenia, analyzed for the first time in the Payment Study, shows a distribution of companies according to payment classes which is in line with the averages observed in a European context.

In particular, punctual payers have increased by 1.5 percentage points compared with the previous year and reached 36.4%, the highest level since 2009.

The difference from the European average is only 1.7 percentage points, but the percentage of punctual payments is a long way off the best European performers (Germany and Switzerland).

In relation to the most serious late payments, there was a reduction in companies that pay on average more than 90 days late. The percentage in this category was 2.2%, which is slightly below the European average (3.1%).

On a sector level, the least positive performance was in the Mining sector, with only 30.4% of companies paying on time, followed by Construction, with a concentration of 31.1% of the total. In conclusion, Slovenian companies are in an intermediate position in terms of payments compared to the other European and non-European countries in the study.

18. HUNGARY

Below is the opinion of **László Várdai, Head of Sales at Dun & Bradstreet Hungária Kft**, on the economic scenario and payment situation in Hungary.

"The outlook for Hungary in 2012 is clear, but not very positive. Although the world economy is unlikely to enter into recession in 2012, the outlook remains very uncertain, especially given the sharp deterioration in Europe's risk outlook (Hungary depends strongly on EU performance), which is likely to take the Euro area as a whole into recession in Q1 or Q2 2012 amid further troubles for the region's financial sector, and a recent deluge of sovereign risk rating downgrades.

In 2011, an increase in payment terms was seen. In the first half of 2011, the average payment term was 31 days, and by Q3 it had decreased to 28 days. This change was not due to the improvement in companies' payment behavior, but to the fact that regulations became stricter. Looking in more detail, the actual DSO in certain sectors (paper, printing, construction...etc.) changed to 70 days due to the reasons detailed in part 3. According to statistics, the average delay in payments changed from 17 days in 2010 to 25 days by Q3 2011.

Since the 2008 global recession, breakout companies have struggled to raise money from the financial markets. In order to keep operating and have adequate liquidity, businesses tend to delay payments and are willing to accept a 'bad classification' in terms of payment performance. These circumstances have an effect on the number of businesses (especially businesses with low capital) that can continue to operate, and force some business operations to cease. As per the statistics, 3.18% of businesses declared bankruptcy in 2010, although the number of insolvent companies kept increasing in 2011 and reached 3.43%.

So as to improve DSO and Working Capital, companies started doing business only with those partners that have proper qualification. In addition to signing a contract with companies in certain sectors, prompt payment or payment in advance is required. By sustaining such a process, signs of DSO improvements can be seen."

Payment analysis

Table 18.1 reports the recent trend in the percentage of companies in Hungary that are able to pay within agreed terms.

Over the course of 2011, punctual payments accounted for 40.8% of the total, which is 3 percentage points above the European average, showing that a large percentage of Hungarian companies have a balanced behavior when it comes to payments.

On the other hand, companies that tend to pay more than 90 days beyond agreed terms account for only 2.4% of the total, which is around half a percentage point better than the European average (Table 18.2).

Table 18.3 shows the variations recorded in recent years in more detail in relation to the distribution of Hungarian companies with respect to payment classes.

Compared with 2009, there has been a clear increase in "good payers" ("By due date" class) of 4.5 percentage points, and at the same time a 4.7% reduction in companies making moderately late payments ("Up to 90 days").

Serious late payments ("Over 90 days") over the last three years have been more or less stable, with a slight improvement (-0.5%) in 2011 compared with 2010.

TABLE 18.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN HUNGARY WITH ON TIME PAYMENTS, 2009-2011

	2009	2010	2011
Hungary	36.3%	40.4%	40.8%
Europe	39.4%	40.4%	37.8%

TABLE 18.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN HUNGARY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2009-2011

	2009	2010	2011
Hungary	2.2%	2.9%	2.4%
Europe	5.8%	2.9%	3.1%

TABLE 18.3 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN HUNGARY, 2009-2011

	Variation 2009/2011	Variation 2010/2011
By due date	4.5%	0.4%
Up to 90 days	-4.7%	0.1%
Over 90 days	0.2%	-0.5%

The section below considers the payment situation in Hungary by payment class in 2011, comparing it with previous years (Graph 18.4).

In line with 2010 figures, there is a higher concentration of Hungarian companies in the "Up to 30 days" class, with 51.4% of the total (-4.1% vs. 2009).

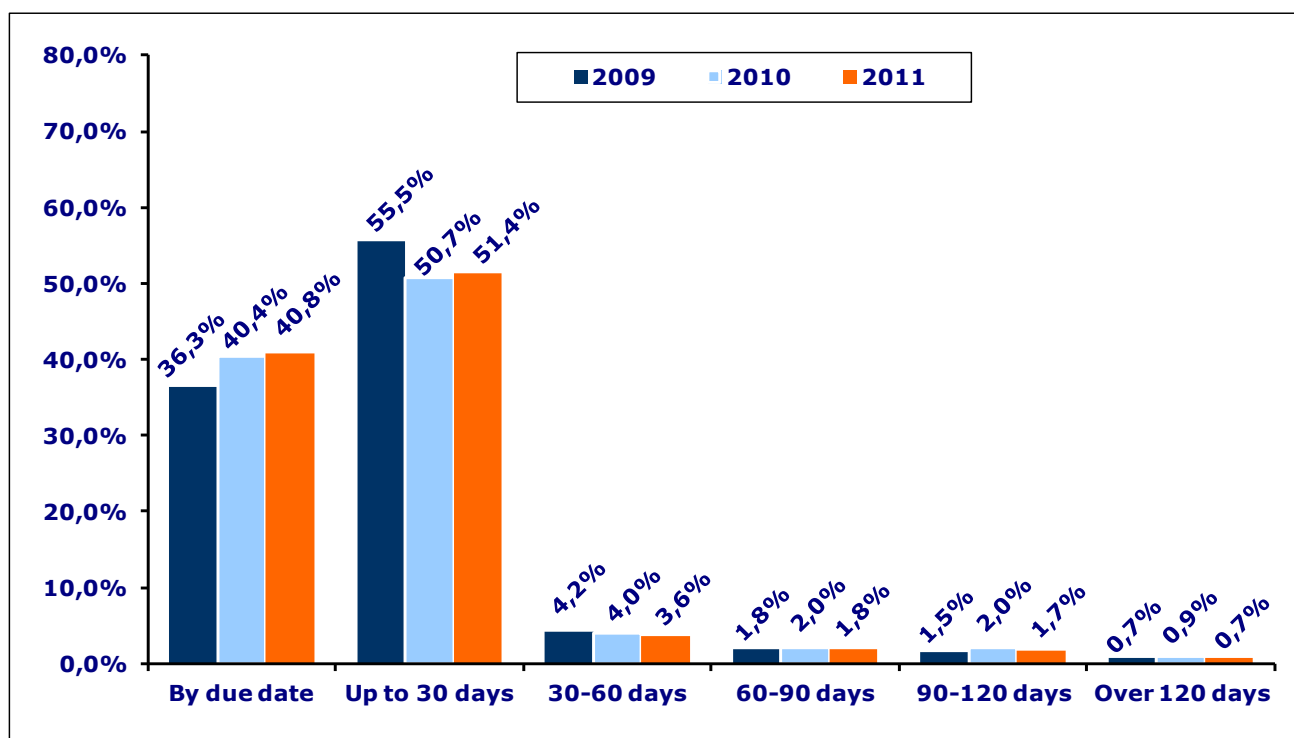
In terms of punctual payments, on the other hand, there has been an increase of 4.5 percentage points compared with 2009, reaching the highest level of the last three years in 2011 with 40.8% of the total.

Variations in the intermediate late payment class is somewhat contained. There has been a slight reduction (-0.6%) in late payments of between 30 and 90 days, to 5.4%.

Finally, 2.4% of Hungarian companies in 2011 paid on average more than 90 days late, down half a percentage point from 2010.

GRAPH 18.4 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN HUNGARY BY PAYMENT CLASS, 2009-2011



Graph 18.5 shows a detailed analysis of the payment practices of companies in Hungary by type of company.

Micro companies exhibit a more balanced payment behavior with 46.2% of the total paying suppliers within agreed terms. Medium companies, on the other hand, show a more problematic situation with less than 30% of punctual payers, and a difference of more than 10 percentage points from the national average.

In the other late payment classes, there were more contained differences between the four categories analyzed, in contrast to what was seen for the other countries in the study.

In particular, there are higher concentrations in the "Up to 30 days" class, meanwhile, the values associated with the more serious late payment class are relatively low.

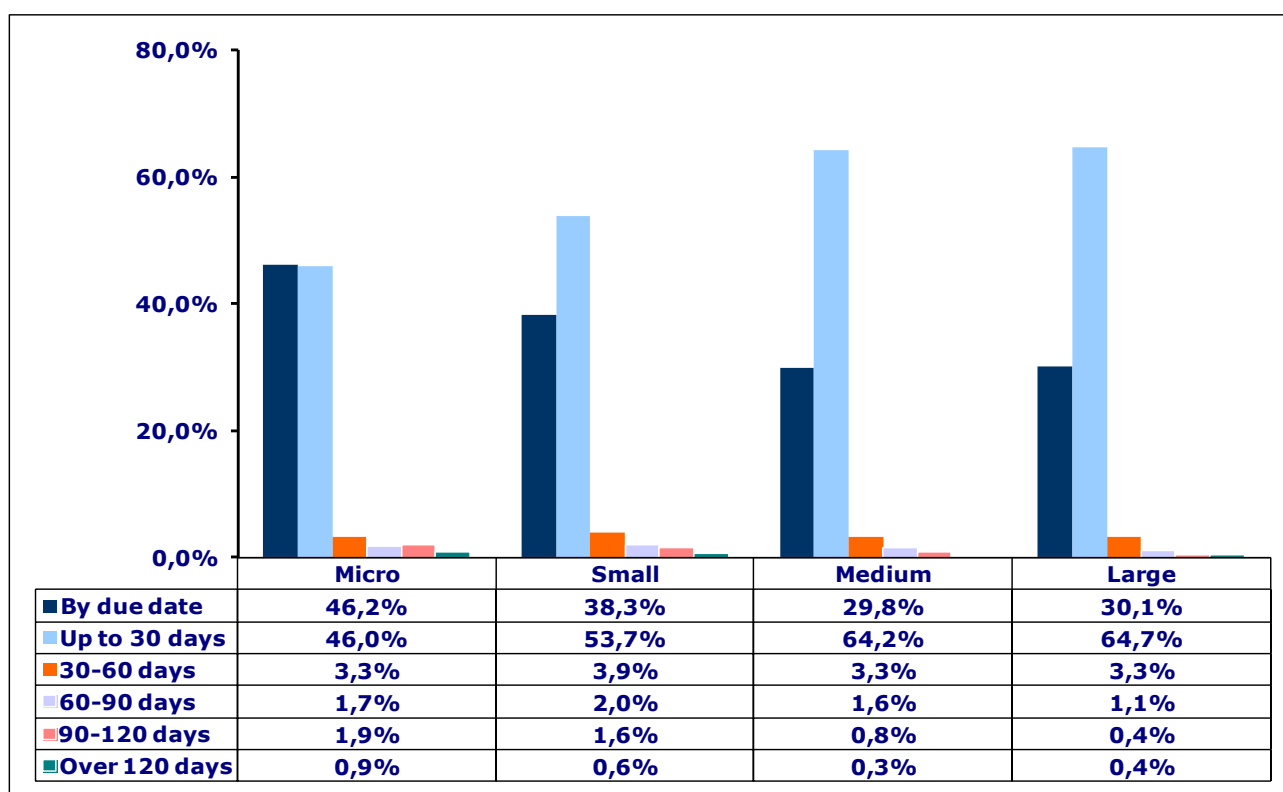
In medium and large companies, late payments of between 1 and 30 days on average account for more than 64% of the cases examined, meanwhile the value is 46% of the total for smaller companies.

In the intermediate late payment class ("30-60 days" and "60-90 days"), values fluctuate between 4.4% of large companies and 5.9% of small companies.

Finally, all sizes of companies have moderate percentages in the most serious late payment classes (over 90 days on average), with values of no more than 2.8% (only 0.8% for large companies).

GRAPH 18.5 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN HUNGARY BY TYPE OF COMPANY, 2011



In reference to payments in the various Hungarian macro-sectors, a more or less homogeneous pattern of behavior can be seen in Graph 18.6.

For all sectors there was a widespread tendency for payments to be late by between 1 and 30 days, with values varying between 47.1% for Other Services and 58.3% for Manufacturing.

The best payment performances, i.e. with the highest concentrations of prompt payments, were seen in the Other Services (45.6%) and Retail Trade (43.5%) sectors.

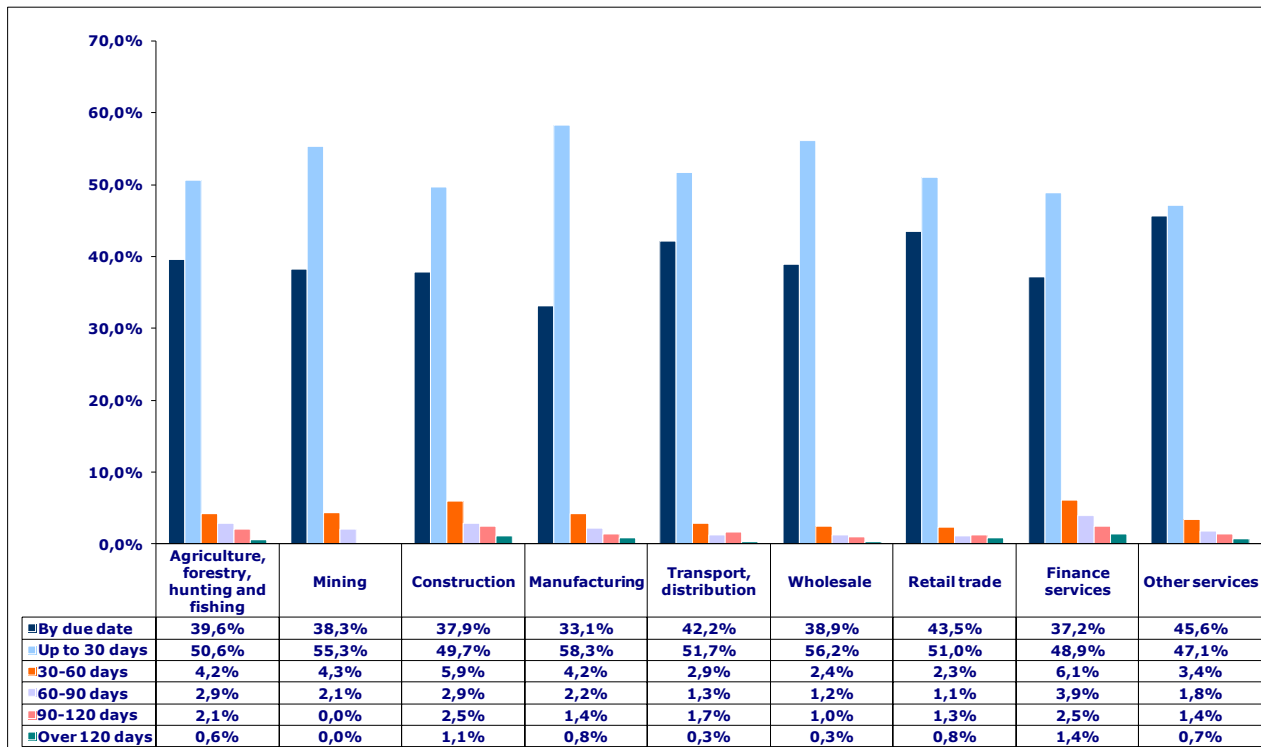
The results were less positive for Manufacturing and Financial Services with 33.1% and 37.2% of companies in this class, respectively.

In relation to intermediate late payments (between 30 and 90 days late), there was a higher concentration in the Construction sector with 8.8% of the total and Financial Services with 10%.

In addition, both sectors show greater problems in relation to more serious late payments (over 90 days on average) with percentages reaching and exceeding 3.6% in this class.

GRAPH 18.6 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN HUNGARY BY PRODUCT SECTOR, 2011



Tables 18.7 and 18.8 show the best and worst micro-sectors in terms of payment performance in Hungary in 2011.

In first place in the classification of best payers is Health Services, with 60.1% of companies respecting the payment terms agreed with trading partners. In second and third places are Auto Repair, Services and Parking with 55.6% of punctual payments and Food Stores with 50.8%.

The highest percentage of late payers, on the other hand, is seen in the General Building Contractors sector, where 5.9% of the companies examined paid on average more than 90 days late. In second and third places in terms of "bad payers" are Agricultural Production - Livestock (5.1%) and Hotels and Other Lodging Places (4.9%).

TABLE 18.7 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN HUNGARY, 2011

Sector	Ranking 2011
HEALTH SERVICES	1
AUTO REPAIR, SERVICES AND PARKING	2
FOOD STORES	3
ENGINEERING & MANAGEMENT SERVICES	4
HEAVY CONSTRUCTION, EXCEPT BUILDING	5
GENERAL MERCHANDISE STORES	6
AGRICULTURAL SERVICES	7
EATING AND DRINKING PLACES	8
COMMUNICATIONS	9
LUMBER AND WOOD PRODUCTS	10

TABLE 18.8 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN HUNGARY, 2011

Sector	Ranking 2011
GENERAL BUILDING CONTRACTORS	41
AGRICULTURAL PRODUCTION - LIVESTOCK	40
HOTELS AND OTHER LODGING PLACES	39
PRINTING AND PUBLISHING	38
BUILDING MATERIALS & GARDEN SUPPLIES	37
REAL ESTATE	36
SPECIAL TRADE CONTRACTORS	35
AGRICULTURAL PRODUCTION - CROPS	34
TRUCKING AND WAREHOUSING	33
APPAREL AND ACCESSORY STORES	32

The payment scenario for Hungarian companies is more or less in line with the European scenario with some positive signs in terms of punctual payments.

Specifically, the percentage of companies paying on time is more or less stable compared with 2010 with a value of 40.8%, which is 3% above the European average.

A positive situation is also seen in relation to payments which are on average more than 90 days late. In fact in 2011, Hungary had 2.4% of the total in this class, which is 0.7 below the European average.

On a sector level, the most problematic situation is seen in the Financial Services and Construction sectors in which there are the lowest percentages of punctual payments and the highest concentrations of serious late payments.

In conclusion, the payment system in Hungary in 2011 is in an intermediate position within Europe, with slight improvements compared with previous years.

19. AUSTRIA

Payment analysis

Graph 19.1 shows the payment practices of Austrian companies in detail, divided into payment classes.

In 2011, the share of punctual payments in Austria accounted for a third of companies (33.3%). This figure is below the European average (37.8%), with a difference of 4.5 percentage points.

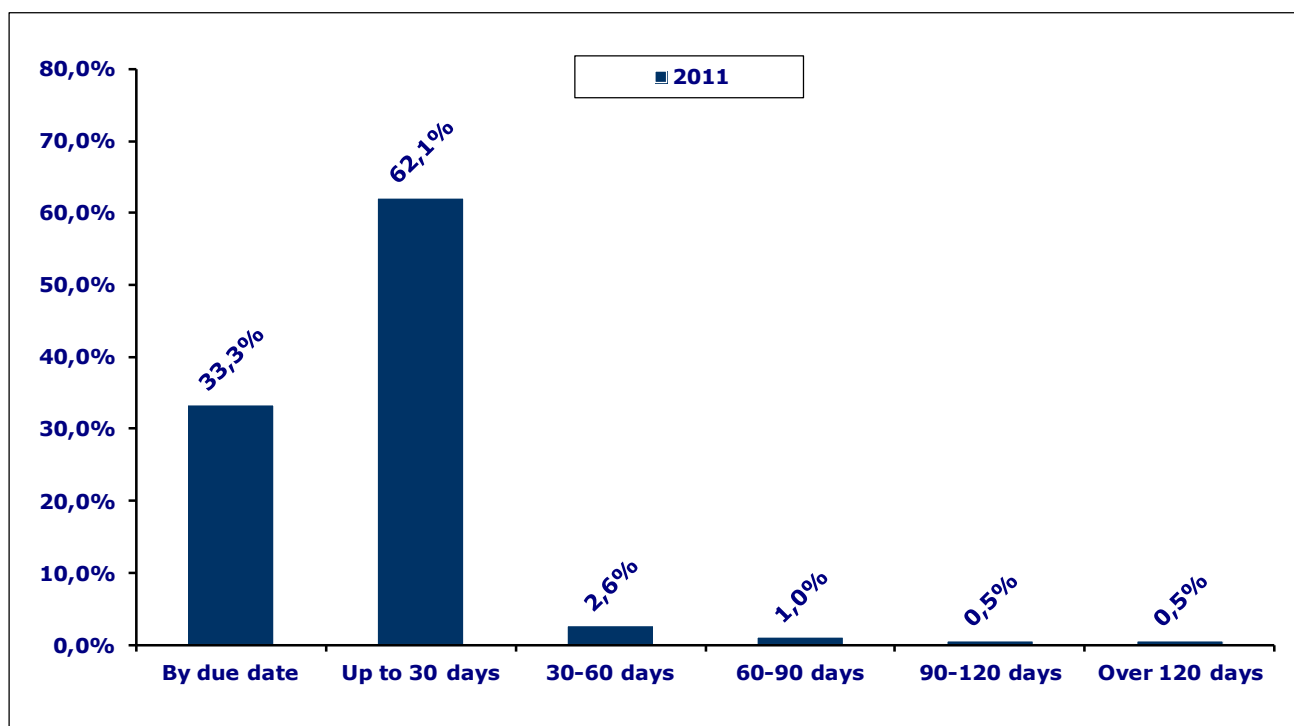
Moderate late payments ("Up to 30 days"), on the other hand, relate to the large part of companies, with a percentage of 62.1% of the total.

Concentrations are more contained in the intermediate late payment classes (between 30 and 90 days on average), which overall include only 3.6% of the cases analyzed.

Finally, the share of companies that tend to pay on average more than 90 days late is only 1% of the total, which is around 2 percentage points below the European average.

GRAPH 19.1 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN AUSTRIA BY PAYMENT CLASS, 2011



Using Graph 19.2, it is possible to analyze the payment practices of Austrian companies in detail in relation to company size.

In contrast to what is seen for many of the other countries in the study, in Austria the levels for the various company sizes are very homogeneous.

In fact, the percentage of punctual payments ranges from 30.9% for medium companies to 34.1% for small companies.

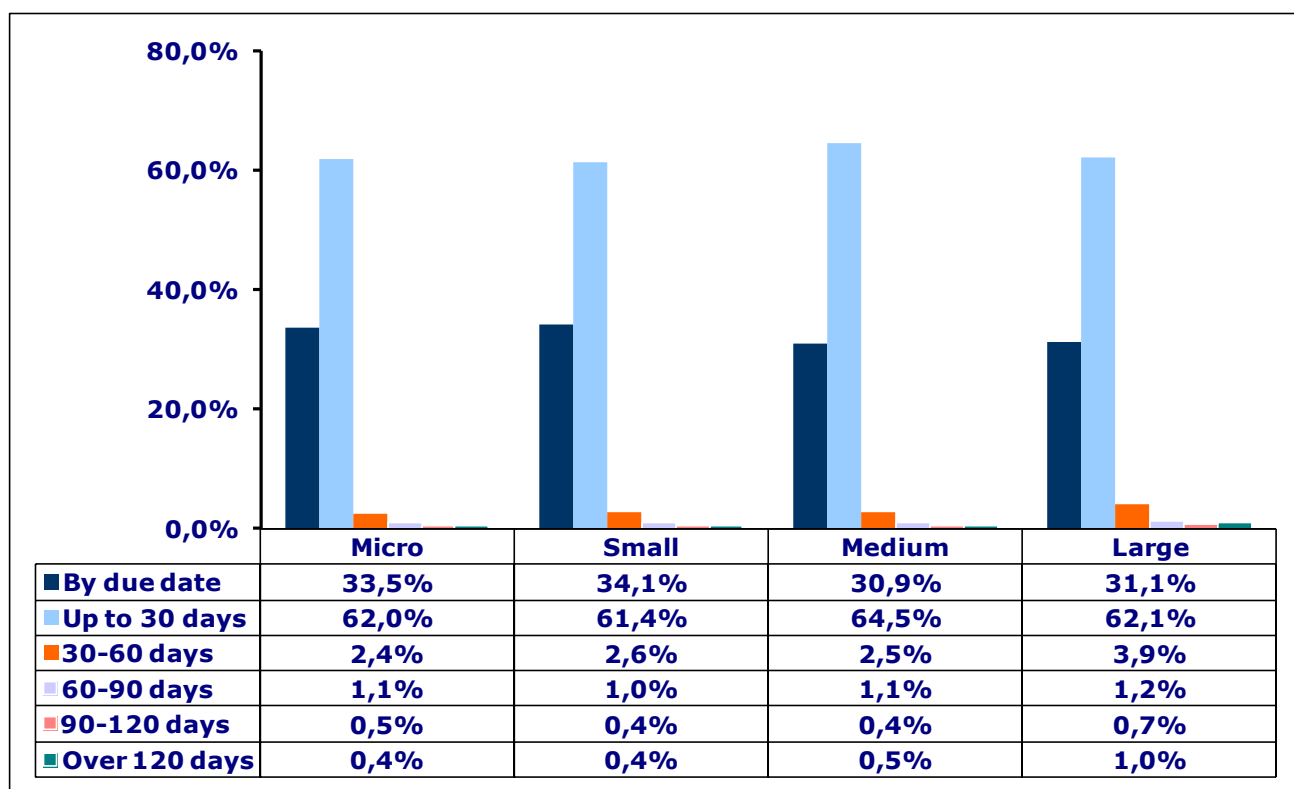
In addition, for late payments of less than 30 days, the levels are similar for all the types under consideration, and is the class with the highest percentages (above 61%).

In the intermediate late payment classes ("30-60 days" and "60-90 days"), larger companies have the highest level (5.1% of the total).

Percentages in the "bad payer" classes are more contained (more than 90 days on average) with values of no more than 1.7%.

GRAPH 19.2 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN AUSTRIA BY TYPE OF COMPANY, 2011



Graph 19.3 focuses on the payment practices of Austrian companies according to the different product macro-sectors in 2011.

The sectors examined have very similar percentages, and are not very different from average national levels.

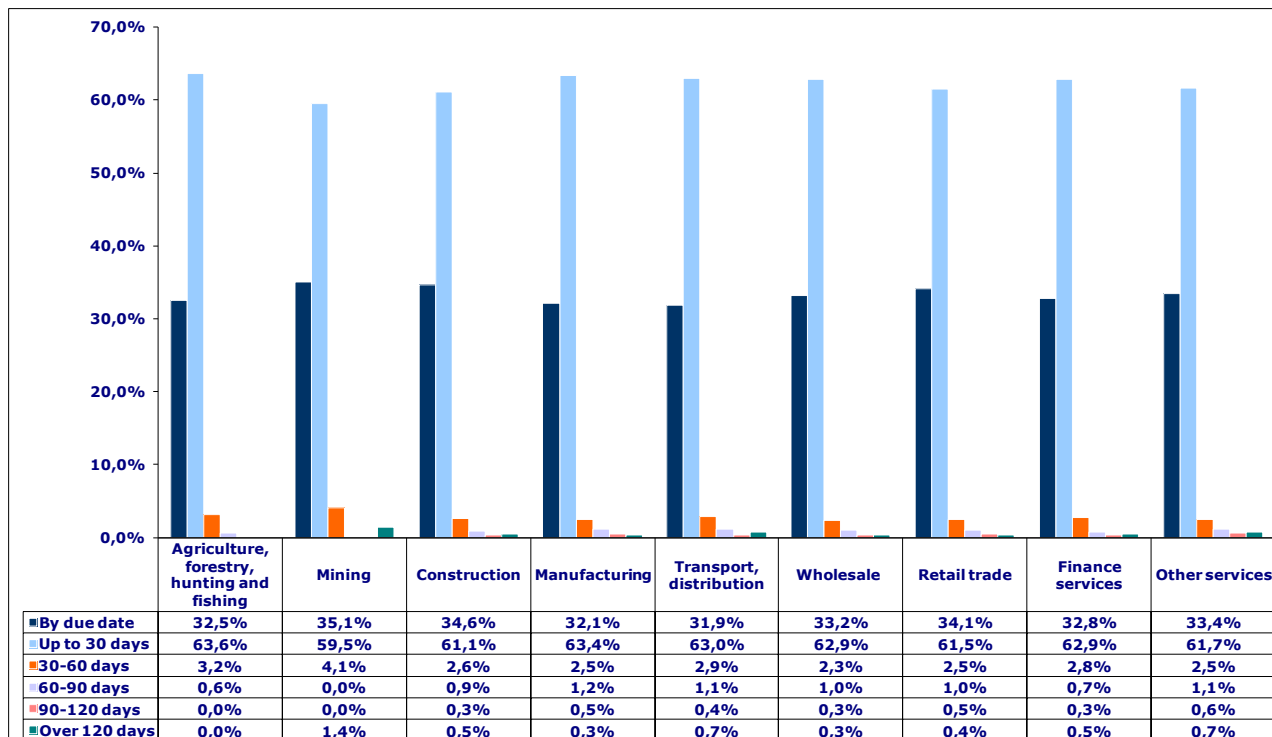
Late payments are concentrated in the "Up to 30 days" class with percentages of between 59.5% in the Mining sector to 63.6% in the Agriculture, Forestry, Hunting and Fishing group.

Slightly above average payment performances are seen in the Construction and Mining sectors, with 34.6% and 35.1% of punctual payers, respectively.

In contrast, the lowest percentage of companies that pay transactions within agreed timescales is found in the Transport and Distribution sector (31.9%).

Serious late payments (over 90 days on average) account for only a small part of Austrian companies, and the most significant value is seen in the Mining sector (1.4%).

PAYMENT PRACTICES IN AUSTRIA BY PRODUCT SECTOR, 2011



Tables 19.4 and 19.5 show a classification of the best and worst payment records in Austria in 2011 according to micro-sector.

The top position in the classification of best payers is held by Personal Services with 38.8% of companies paying within agreed payment terms. In second and third positions are Transportation Services (37.5%) and General Merchandise Stores (36.9%).

The Primary Metal Industries group stands out as the worst in Austria over the last 12 months. Serious late payments (over 90 days on average) represent 2.9% and exceed the national average by 1.9 percentage points. Completing the top positions in this classification are the Amusement & Recreation services (2.6%) and Social Services (2.5%) sectors.

TABLE 19.4 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN AUSTRIA, 2011

Sector	Ranking 2011
PERSONAL SERVICES	1
TRANSPORTATION SERVICES	2
GENERAL MERCHANDISE STORES	3
GENERAL BUILDING CONTRACTORS	4
MISCELLANEOUS REPAIR SERVICES	5
STONE, CLAY AND GLASS PRODUCTS	6
MISCELLANEOUS RETAIL	7
TRUCKING AND WAREHOUSING	8
EATING AND DRINKING PLACES	9
AUTO REPAIR, SERVICES AND PARKING	10

TABLE 19.5 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN AUSTRIA, 2011

Sector	Ranking 2011
PRIMARY METAL INDUSTRIES	48
AMUSEMENT & RECREATION SERVICES	47
SOCIAL SERVICES	46
FOOD STORES	45
CHEMICALS AND ALLIED PRODUCTS	44
TRUCKING AND WAREHOUSING	43
EXECUTIVE, LEGISLATIVE AND GENERAL	42
HOTELS AND OTHER LODGING PLACES	41
INSTRUMENTS AND RELATED PRODUCTS	40
APPAREL AND ACCESSORY STORES	39

The results described above do not show a particularly positive payment situation for Austria in 2011.

The percentage of companies with punctual commercial transactions is 33.3%, which is 4.5 points below the European average.

On the other hand, Austrian companies stand out for their good performance in the serious late payment classes, with only 1% of the cases analyzed with payments over 90 days late on average.

Detailed analysis both in terms of sector and company size show somewhat homogeneous payment performance between the various categories examined.

In conclusion, despite the fact that late payments are generally contained (the highest concentrations are seen in the "Up to 30 days" class), the payment system in Austria exhibits some problems, particularly related to the punctual management of commercial transactions.

20. ITALY

Below is the opinion of **Marco Preti, CEO of CRIBIS D&B**, on the economic scenario and payment situation in Italy.

"Payment behavior in 2011 shows an improvement compared with 2010. Punctual payments reached 45.7%, compared with a figure of 37.5% in 2010. This improvement has not been enough to bring us close to levels seen before the financial crisis in 2007, where companies paying on time exceeded 50%, and we need to read between the lines to correctly understand the underlying trends, which unfortunately are not always positive."

First of all, a part of this improvement is due to the fact that late payment is "institutionalized", in that it has been incorporated into contractually defined payment terms. A qualitative survey carried out by CRIBIS D&B in March 2012 of more than 500 Italian credit managers showed that 90% of those interviewed had received requests to increase payment terms, and 62% of those interviewed cited these requests to increase payment terms as one of the biggest problems their companies have had to face over the last year. This "institutionalization" of late payments is serious if you consider that it will be difficult for suppliers to go back to shorter terms once longer payment terms have been agreed to."

The second aspect, on the other hand, regards the heterogeneity between the types of behavior. For instance, rather different conditions are observed based on company size. Micro companies (the most common in Italy) account for the highest concentration in the punctual payment class, with 48.3% in this category. The opposite is true for large companies (less common but with higher supply volumes), which in only 13% of the cases analyzed respected contractual arrangements with their suppliers in terms of agreed time limits. The situation is similar on a sector-based level, where in the Agriculture and Financial Services sectors, prompt payments were seen in over 52.5% of cases, meanwhile other sectors, such as Large Retailers, where acquisition volumes are huge, companies pay on time in less than 22% of cases."

Finally, alongside these negative aspects there is surely also a positive element, which is the greater attention paid by companies to the management of payments, business credit, and more in general, working capital. In recent years, companies have in fact invested much in procedures and tools which allow weak signs of worsening in the reliability of a company to be quickly intercepted, as well as to keep a close eye on the capacity of the client portfolio to generate revenues, to intervene quickly with preventive actions and actions that limit risk, and above all, to predict cash flow. The cost to companies may not be insignificant, but we believe it will bring benefits, even once the financial crisis is over. To find confirmation of this greater attention, it is worth considering that participants in our Dun Trade system - the first information sharing solution in Italy on payment behavior and the widest source of information on commercial payments - have grown exponentially since the start of the financial crisis, more than doubling the number of payment experiences within our system.

In this context of payment behavior, our contribution is in the first place to support companies with tools and information for the management of the customer portfolio and commercial payments, but in a broader sense, our role is also one of contributing to making the market more transparent. Solutions such as Dun Trade, which share payment information in order to identify

the profile of a company as a payer as well as providing analysis and monitoring tools, can make the market more transparent by providing references for companies with good payment behavior and identifying those whose behavior is not so good. Transparency is a key element to market and economic growth, and we don't believe that it's just a coincidence that a country such as Germany, which has a similar industrial structure to our own but where almost 75% of companies pay promptly, is expected to see much greater GDP growth than in Italy. For this reason, we have invested significantly in Dun Trade, and we will be launching a new version before the end of the year."

20.1 Payment terms

In this first section analyzing the trends in the payment performance of Italian companies, the most common contractual payment terms in the various areas of Italy are examined.

In 2011, the trend in contractual conditions remains in line with previous years. The preferred payment terms of between 30 and 60 days from contract stipulation is still the most commonly used by Italian companies.

TABLE 20.1.1 SOURCE: CRIBIS D&B

PAYMENT TERMS IN ITALY, 2007-2011

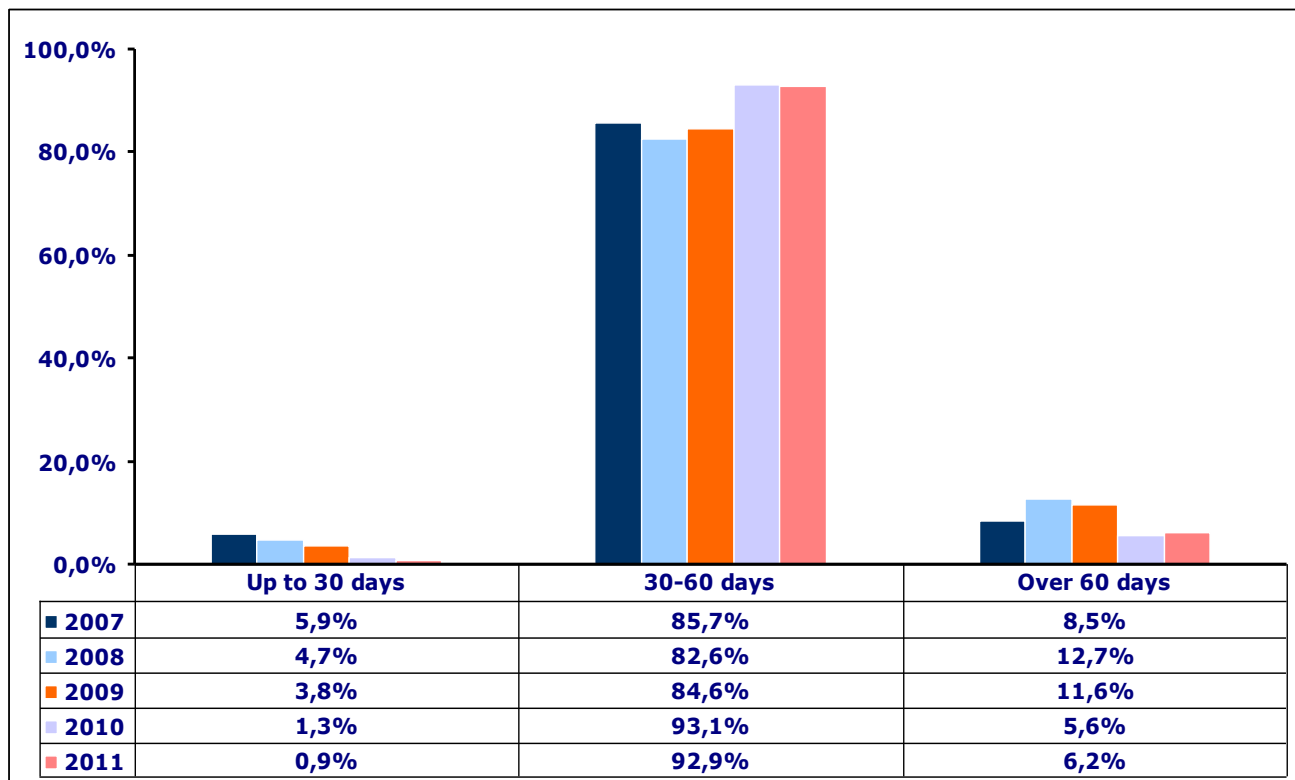
	Up to 30 days	30-60 days	Over 60 days
ITALY - TOTAL			
	2007	5.9%	85.7%
	2008	4.7%	82.6%
	2009	3.8%	84.6%
	2010	1.3%	93.2%
	2011	0.9%	92.9%
Northwest			
	2007	4.6%	88.4%
	2008	3.9%	86.2%
	2009	2.7%	85.5%
	2010	0.8%	93.4%
	2011	0.6%	93.5%
Northeast			
	2007	9.8%	81.5%
	2008	8.5%	80.6%
	2009	3.4%	84.3%
	2010	0.9%	92.3%
	2011	0.6%	92.4%

	Up to 30 days	30-60 days	Over 60 days
Center			
2007	4.9%	86.2%	8.9%
2008	3.9%	85.0%	11.2%
2009	4.3%	84.5%	11.2%
2010	1.3%	93.6%	5.1%
2011	1.1%	93.2%	5.7%
South			
2007	6.2%	86.1%	7.7%
2008	4.7%	83.5%	11.8%
2009	5.2%	84.1%	10.7%
2010	2.7%	92.8%	4.5%
2011	2.4%	91.4%	6.2%
Islands			
2007	4.7%	83.1%	12.2%
2008	2.2%	83.4%	14.4%
2009	4.7%	83.8%	11.5%
2010	1.4%	94.7%	3.9%
2011	1.1%	93.5%	5.4%

Looking at the national situation in more detail, (Graph 20.1.2), it is possible to see an essentially stable situation since 2010. In fact, there was a decrease of 0.4 percentage points in the share of companies preferring terms of less than 30 days, and 0.2 percentage points for terms of between 30 and 60 days, meanwhile there was an increase of 0.6% in the percentage of companies using more than 60 days as payment terms.

Once again there was a greater tendency of Italian companies to use contractual terms of between 30 and 60 days, related both to increasing liquidity problems which companies that previously chose contractual conditions of less than 30 days have had to adjust to, and to the increasing need to protect themselves and to collect payments more quickly in the case of those who were using terms of over 60 days.

PAYMENT TERMS IN ITALY, 2007-2011 TRENDS



Graph 20.1.3 shows the distribution of payment terms in Italy in relation to the different geographical areas.

The results are the same as the overall national picture - independently of geographical area, Italian companies prefer contractual payment terms of between 30 and 60 days (above 91%).

The northeast of Italy is the area which has the highest number of companies choosing contractual conditions above 60 days (7%), whereas the figure is only 5.4% for the islands.

In relation to payment terms of less than 30 days, there is a higher concentration in the south with 2.4% of the total, whereas in the north the figure is 0.6%.

Compared with 2010, the changes are more obvious for Southern Italy. In terms of contractual payment terms over 60 days, the figure has increased by 1.7 percentage points, whereas the concentration in the "30-60 days" class has decreased by 1.4%.

The variations are more significant if the 2011 results are compared with those of 2009. The difference for the intermediate terms ("30-60 days") is more than 7% for all the geographical areas, meanwhile for the islands, there has been a reduction of 6 percentage points for the later payment terms ("Over 60 days").

Companies within the other geographical areas show greater stability in the two extreme categories.

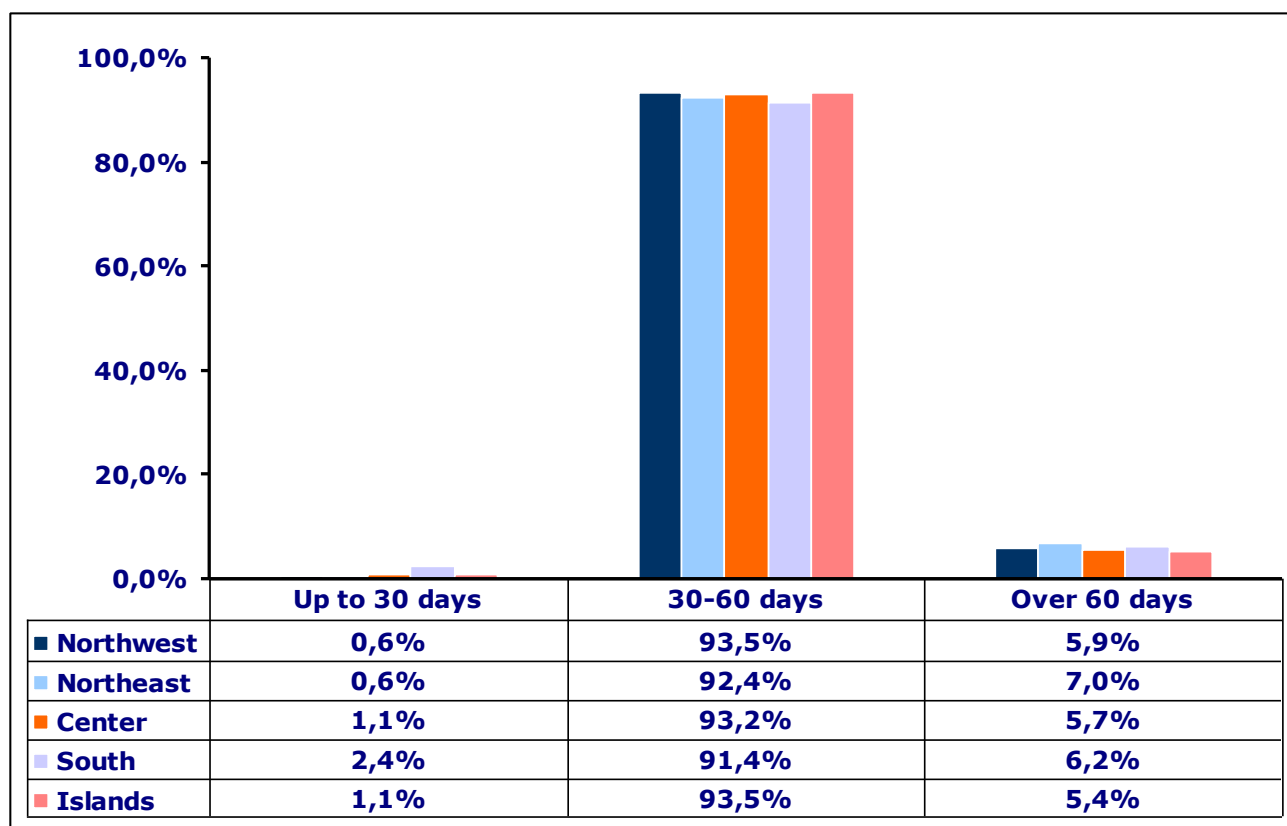
PAYMENT TERMS IN ITALY BY GEOGRAPHICAL AREA, 2011**20.2 Payment analysis**

Table 20.2.1 provides initial information on the capacity of Italian companies to meet their financial commitments within agreed payment terms, reporting the percentage of companies paying on time in 2011 and in previous years.

In terms of prompt payments, it is possible to see a reversal in the trend compared with previous years. In fact, the share of "good payers" reached 45.7% of the total, with an increase of 8.2% compared with 2010 and 2% compared with 2009.

However, the percentage of punctual payers is still less than the values seen before the economic and financial crisis (50.8% in 2007 and 49.6% in 2008).

Furthermore, Italy differs from the European trend with a decidedly positive performance. In fact in 2011, the difference in punctual payments compared with the European average increased by 7.9% for Italian companies, whereas in 2010, the gap with the rest of Europe was 2.9 below the average.

Changes in relation to the percentage of companies paying on average more than 90 days late are less evident (Table 20.2.2).

In fact, in this case it is possible to see a generally stable situation over the last two years with 0.8% of the total in 2011, which is an increase of only 0.2 percentage points compared with 2010.

The variations are greater if the previous years are considered. In fact, companies belonging to this late payment class fell by 2.2% compared with 2008 and 2.5% compared with 2009.

Italy has maintained its favorable position over recent years compared with the European average, with 2.3% fewer serious bad payers.

In 2010, the gap was 2.3% below the European average, in 2009 it was 2.5%, and in 2008 it was 3%.

TABLE 20.2.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN ITALY WITH ON TIME PAYMENTS, 2007-2011

	2007	2008	2009	2010	2011
Italy	50.8%	49.6%	43.7%	37.5%	45.7%
Europe	41.0%	40.0%	39.4%	40.4%	37.8%

TABLE 20.2.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN ITALY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2011

	2007	2008	2009	2010	2011
Italy	2.3%	3.0%	3.3%	0.6%	0.8%
Europe	4.1%	6.0%	5.8%	2.9%	3.1%

Now let's look in more detail at Italian payments with Graph 20.2.3 in which the payments practices of companies are reported by payment class.

In 2011 there was a significant growth in the share of punctual payers along with a reduction in late payers, above all in the late payment class of between 1 and 30 days.

In fact, prompt payments have improved by 8.2 percentage points compared with 2010, with a value of 45.7% of the total in 2011.

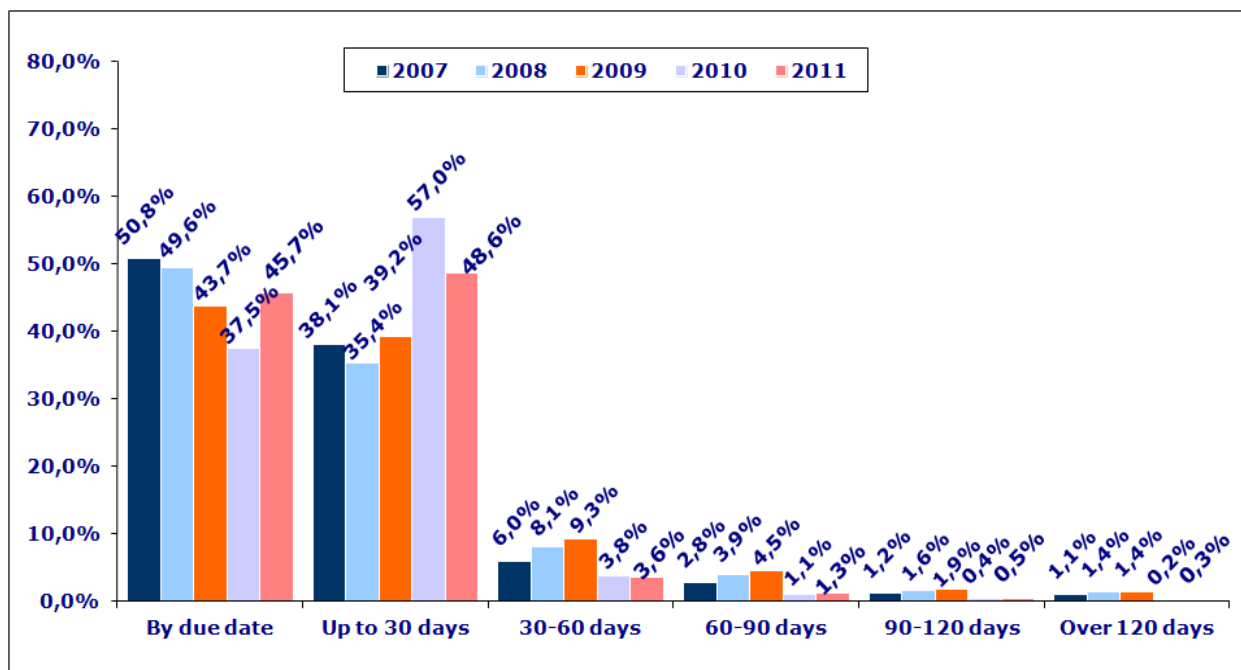
However, the share of "good payers" is still far from the values seen in 2007 (50.8%) and 2008 (49.6%).

The concentration in the "Up to 30 days" late payment class, on the other hand, decreased by 8.4% to 48.6%.

In the other late payment classes there was general stability compared with 2010. Companies paying on average between 30 and 90 days late remain at 4.9%, whereas 0.8% (-0.2%) pay more than 90 days late on average.

It is worth underlining the improvement seen in the most serious late payment class (over 90 days on average) which decreased by 2.5% compared with 2009.

PAYMENT PRACTICES IN ITALY BY PAYMENT CLASS, 2007-2011



Graph 20.2.4 shows the trends in punctual payments and the most serious late payments (over 90 days on average) in Italy, and gives more detail on the trends in the last year thanks to a breakdown of the 2011 data into quarters, and data from the first quarter of 2012.

There was a positive trend in punctual payments. For the whole of 2011, there continued to be an increase in the percentage of companies paying on time, reaching 45.7% of the total in the last three months of 2011, and then 46.6% in the first quarter of 2012.

This improvement, however, has not brought us close to pre-crisis levels where prompt payments exceeded 49 percentage points.

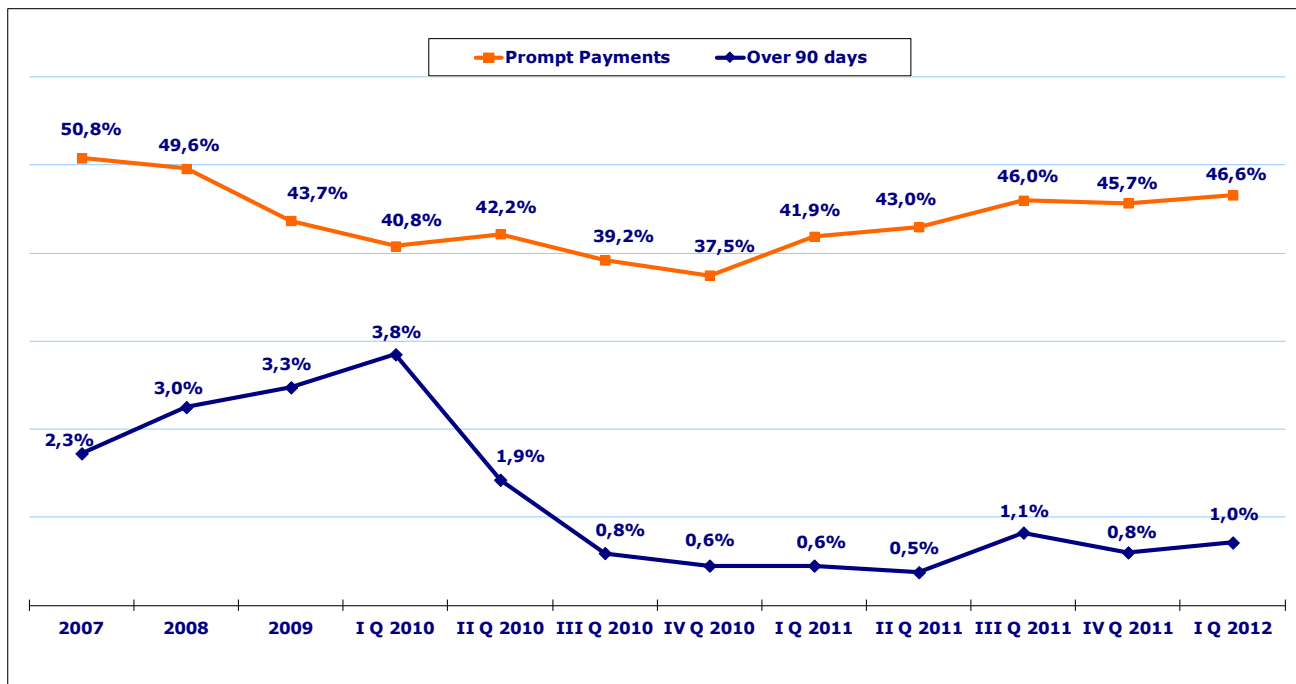
The reduction in the share of punctual payers was in part "absorbed" by a decrease in the "Up to 30 days" late payment class, which went from 57% in the fourth quarter of 2010 to 47.6% in the first quarter of 2012.

In terms of serious late payments, there was general stability over the last year with values of no more than 1.1% (Q3 2011).

It should be noted that there was a reduction in the concentration in this late payment class compared with 2009 and previous years of more than two percentage points.

One of the reasons for this reduction, as already highlighted earlier, is the constant increase over recent years in the percentage of companies choosing contractual terms of between 30 and 60 days. Among the factors that have contributed positively to the Italian payment performance is certainly the greater attention paid by companies to their liquidity level and improvements in the "formalizing" of more extended payment terms.

TRENDS IN PUNCTUAL PAYMENTS AND PAYMENTS OVER 90 DAYS LATE, 2007-2012



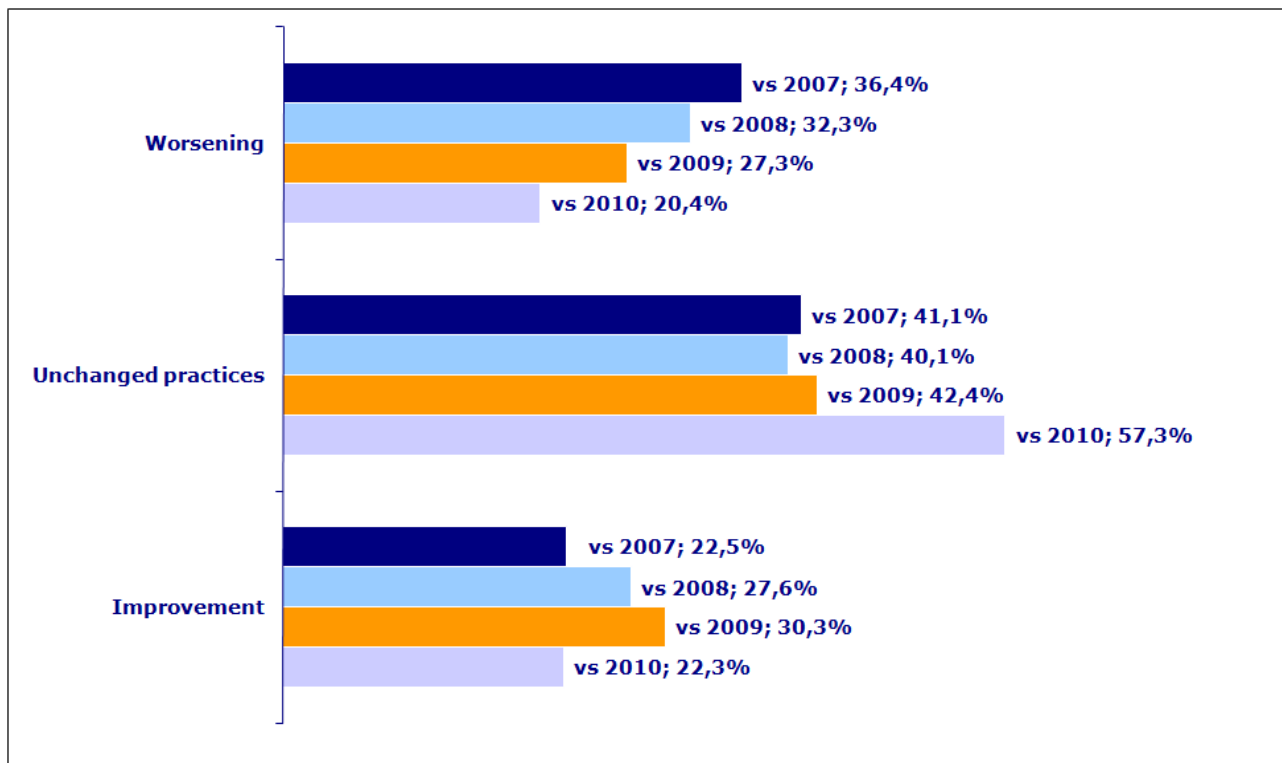
Graph 20.2.5 shows how the performances of Italian companies have varied in the last five years.

Compared with 2010, the average behavior deteriorated for 20.4% of companies, meanwhile the situation for 57.3% of companies remained unchanged, and for 22.3% it improved.

Considering 2009, it is possible to see a trend similar to the one just discussed. In this case, the large part of companies have not varied in their payment behavior compared with 2009 (42.4%), but the percentage of companies that have improved is higher (30.3%).

Compared with 2007, Italian companies have not generally changed their payment habits in 41.1% of the cases analyzed. 36.4% have a worse payment performance and only 22.5% have improved.

VARIATIONS IN PAYMENT PRACTICES IN ITALY, 2007-2011



The trends in payment practices seen in previous years in Italy were confirmed in 2011 in relation to company size (Graph 20.2.6).

In fact, micro companies (a large part of the Italian market) continue to stand out as having a more balanced behavior in the management of commercial transactions within agreed payment terms.

The percentage of companies in this category was 48.3%, which is 2.6 percentage points above the national average, whereas late payments were concentrated in the "Up to 30 days" class (45.4%) and the "30-60 days" class (3.8%).

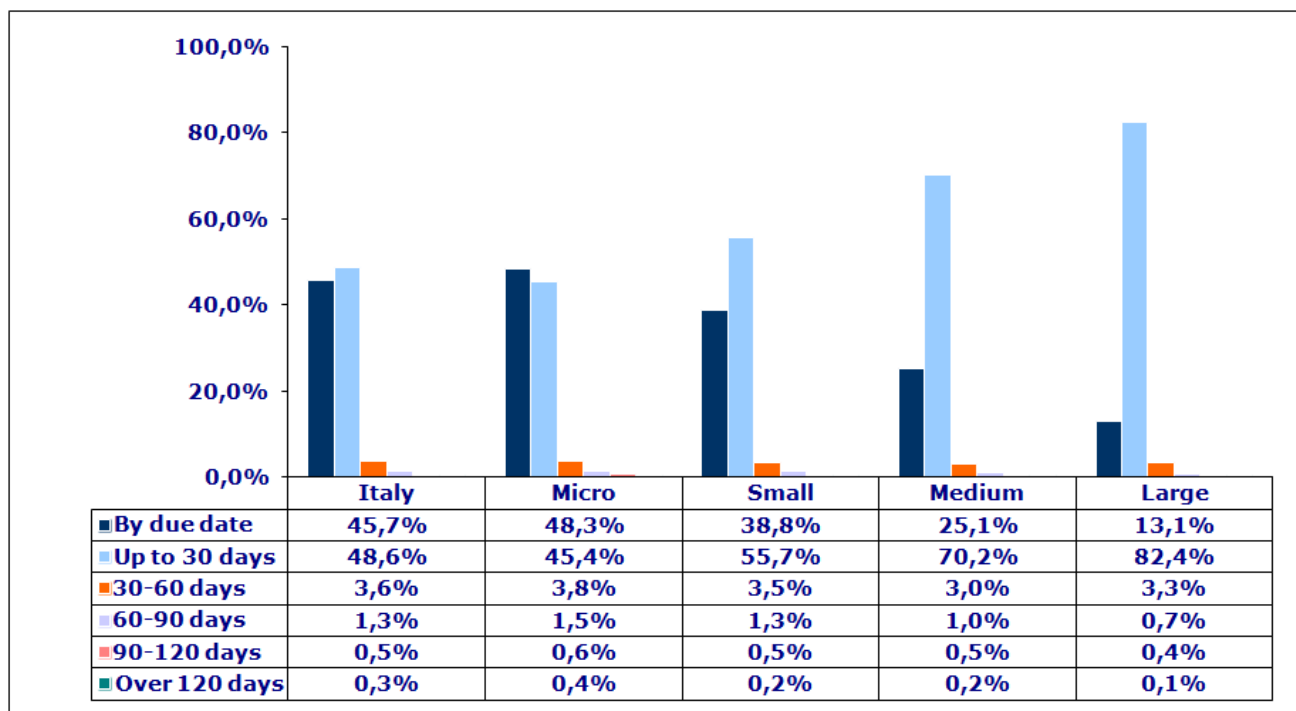
Small companies, on the other hand, tend to pay on average between 1 and 30 days beyond agreed terms (55.7%), to the detriment of punctual payments with a percentage of 38.8%.

Medium and large companies, meanwhile, have a very different payment behavior compared to the two smaller classes of companies.

On time payments reduce significantly (25.1% for medium companies and 13.1% for large companies), compared to a percentage of late payments of less than 30 days of more than 70%.

In addition, only 0.5% of large companies pay more than 90 days late on average, compared with the national average of 0.8% and the 1% for micro companies.

PAYMENT PRACTICES IN ITALY BY TYPE OF COMPANY, 2011



Graph 20.2.7 shows in detail how the average payment habits of Italian companies have changed over the last five years in relation to company size.

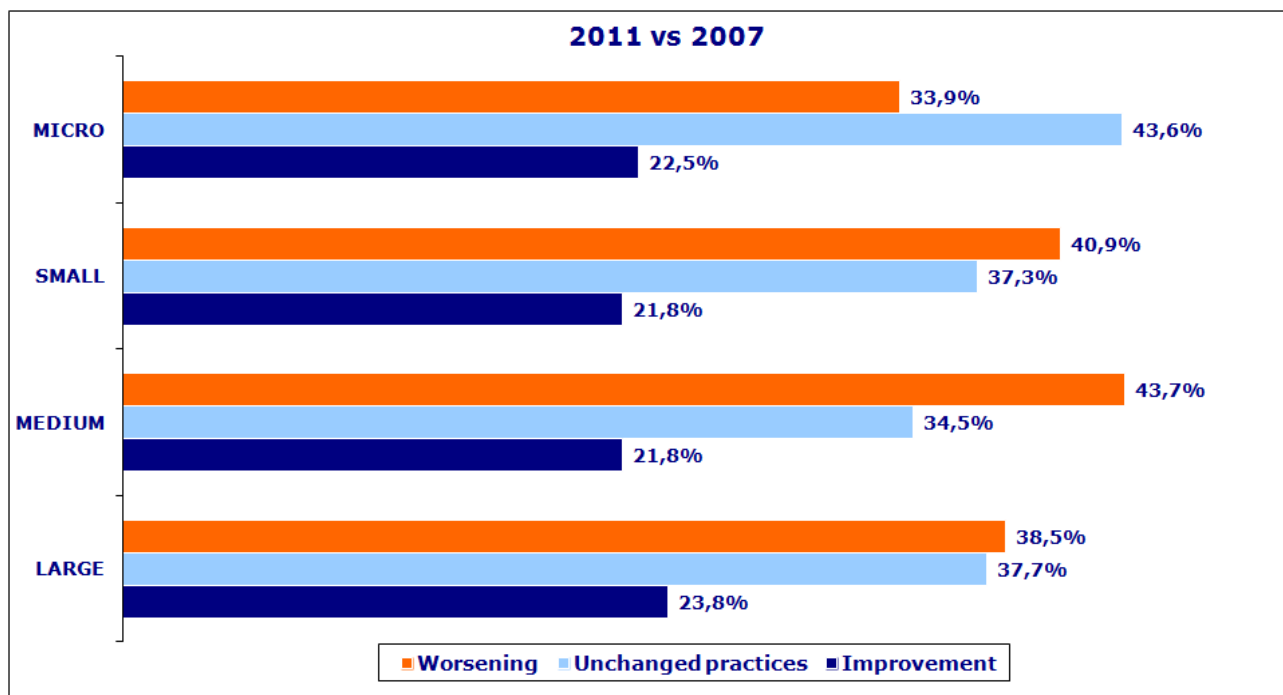
A comparison of payment practices between 2011 and 2007 shows a widespread increase in the worsening of payment practices for all types of company, exceeding the percentage of unchanged payment practices in the case of small, medium and large companies.

In particular, medium-sized companies show a higher concentration of cases in which payment practices have worsened (43.7%).

In the micro category, we see a higher level of companies that have not changed their payment habits, with a percentage of 43.6% of the total.

Finally, the share of companies exhibiting an improved performance compared with five years ago remains more or less unchanged for all four of the size categories examined, with concentrations varying between 21.8% (small and medium) and 23.8% (large).

PAYMENT PRACTICES IN ITALY BY TYPE OF COMPANY, 2011 vs. 2007



Let's proceed with the analysis of average payment practices for Italian companies according to region.

The aggregated level for Italy, as analyzed previously in Graph 20.2.3, shows a percentage of 45.7% of companies which on average pay within the agreed payment terms, and 0.8% which pay more than 90 days late. From Table 20.2.8 it is possible to see these late payment classes in reference to the difference zones and regions of Italy.

Considering the broad geographical areas, the northeast has a lower than average share of companies paying more than 90 days late compared with the Italian average (0.5% compared to 0.8%) and shows a good performance in relation to punctual payments. In fact, for the whole sample, there is a concentration of over 49% of companies that manage to pay their commercial transactions on time.

There was also a positive situation for the northwest, where the share of punctual payments was 48.3% of the total (49.1% for Lombardy and 49.5% for Aosta Valley).

In relation to Central Italy, companies that pay on time remain above the national average, with the exception of Lazio, where 36.3% of companies are in this class.

The situation is more problematic in southern Italy and on the islands, where the large part of regions had a lower share of companies paying on time than the national average. For Campania, Sardinia and Sicily the concentrations in this category were below 34%.

In addition, in relation to serious late payments (over 90 days) the worst performance is seen in Campania, with 1.7% of companies and a difference of around 1% from the Italian average.

Only Basilicata stands out for its above average performance compared with the other southern regions and islands. On time payments accounted for 43.3% of companies, whereas late payments of over 90 days accounted for 0.9%.

TABLE 20.2.8 SOURCE: CRIBIS D&B

PAYMENTS SITUATION IN ITALIAN REGIONS, 2011

Payments in Italian Regions	2011	
AREA	By due date	Payments made 90 days over terms
Northeast	51.9%	0.5%
EMILIA ROMAGNA	54.5%	0.4%
FRIULI	49.9%	0.6%
TRENTINO	51.2%	0.3%
VENETO	50.5%	0.3%
Northwest	48.3%	0.6%
LIGURIA	42.6%	0.8%
LOMBARDY	49.1%	0.6%
PIEDMONT	48.4%	0.7%
AOSTA VALLEY	49.5%	0.5%
Center	43.4%	1.0%
LAZIO	36.3%	1.3%
MARCHE	49.8%	0.8%
TUSCANY	45.9%	1.1%
UMBRIA	50.9%	0.8%
South and Islands	36.6%	1.4%
ABRUZZO	43.1%	1.2%
BASILICATA	43.3%	0.9%
CALABRIA	35.0%	1.6%
CAMPANIA	33.9%	1.7%
MOLISE	39.8%	1.1%
PUGLIA	41.6%	1.3%
SARDINIA	33.9%	1.5%
SICILY	33.6%	1.4%
ITALY	45.7%	0.8%

Graph 20.2.9 reports payment details in Italy by payment class and geographical area.

As seen in previous years, the management of commercial transactions in southern Italy and in the other macro-areas considered appears to be rather different.

In fact, while companies in the North and Central Italy show a greater tendency to respect agreed payment terms and to contain late payments to within 30 days, payments in Southern Italy and on the islands are less punctual and late payments tend to be later.

The percentage of punctual payments in the south and islands was 36.6%, more than 6 percentage points below the national average, whereas 53.9% of the total were concentrated in the "Up to 30 days" class (5.8%) and 6.6% in the "30-60 days" class.

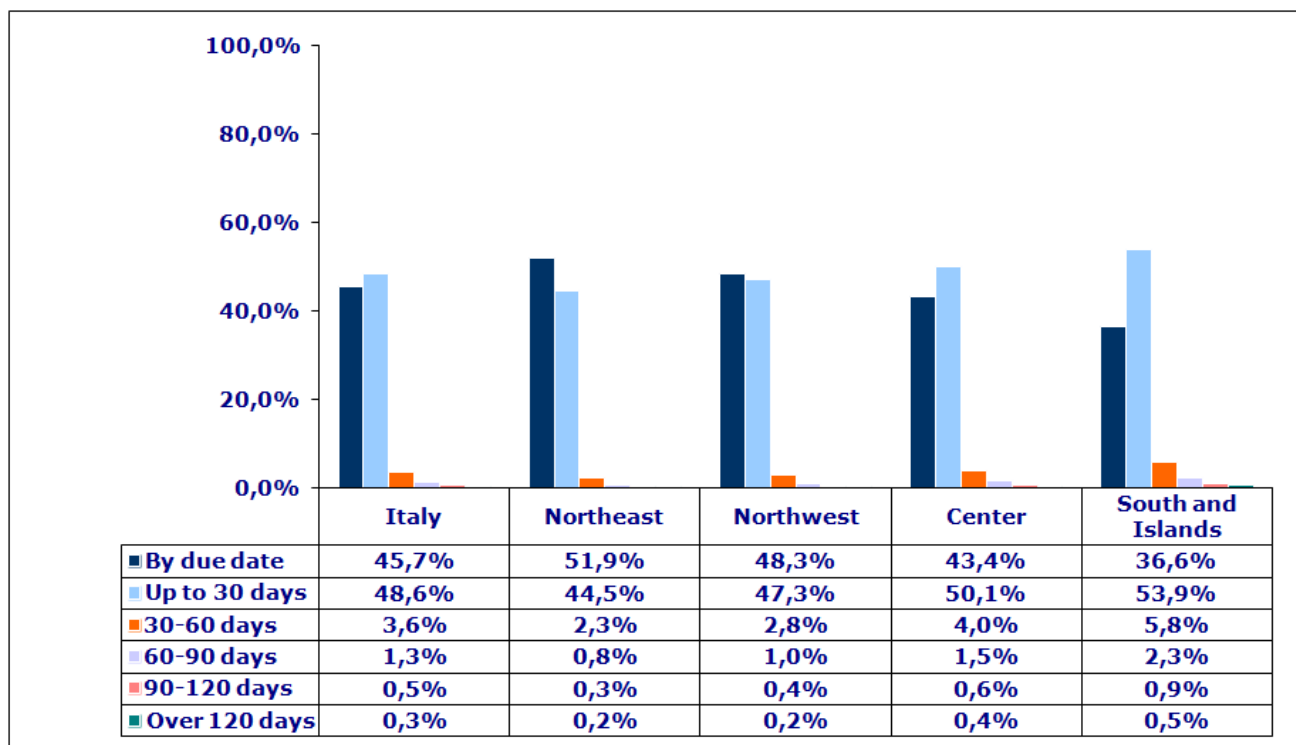
The most serious late payments (over 60 days), on the other hand, accounted for 3.7% of companies in the south and islands (1.4% exceeding 90 days).

In the north, good payment performance is seen by the better percentages of punctual payments (51.9% for the northeast and 48.3% for the northwest) and the contained number of cases in which late payment exceeds 60 days (not more than 1.6%).

Finally, the center is in an intermediate position with 43.4% of companies paying within agreed payment terms, and 1% paying seriously late (over 90 days).

GRAPH 20.2.9 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN ITALY BY GEOGRAPHICAL AREA, 2011



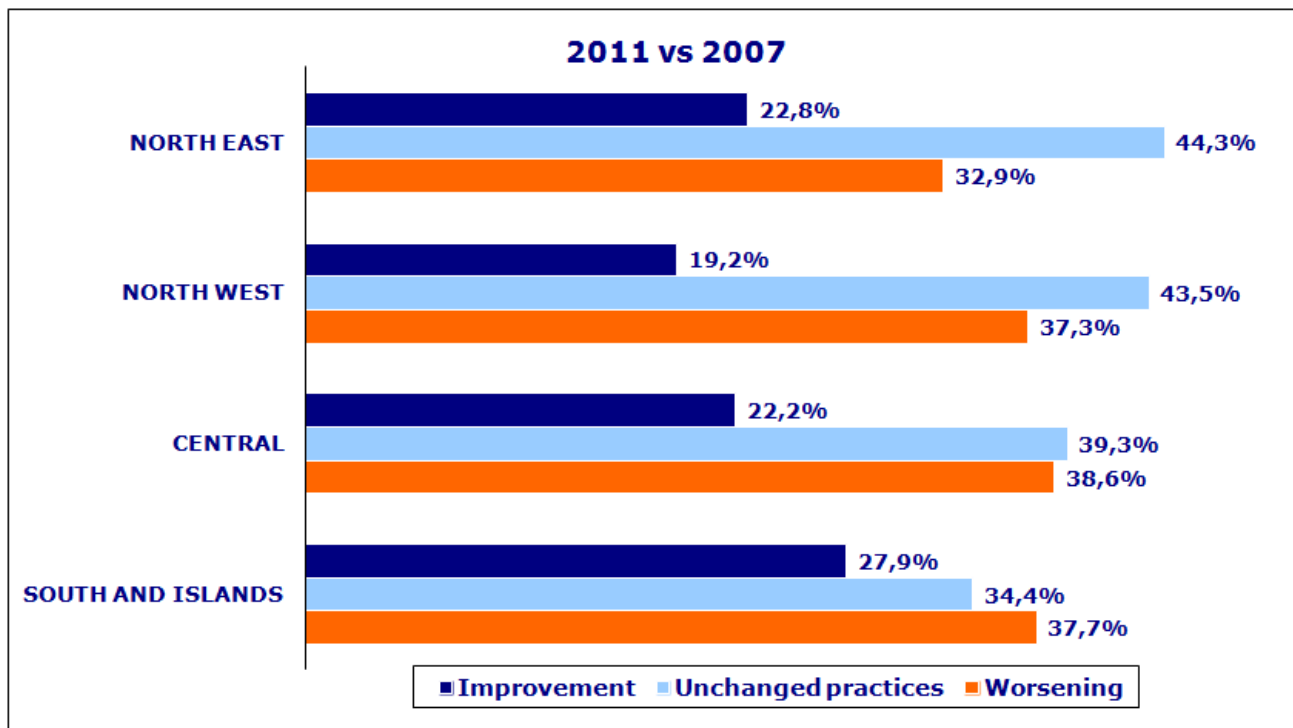
Graph 20.2.10 shows how the average payment practices of Italian companies have changed since 2007 in relation to geographical area.

Compared with five years ago, the northeast and northwest have seen a higher percentage of companies that have remained unchanged in terms of payment behavior, with 44.3% and 43.5%, respectively.

In Central Italy, the concentration of companies in the "worsening" category is very similar to that observed for the "unchanged practices" category, with a difference of only 0.7 percentage points (38.6% vs. 39.3%).

Furthermore, the south and islands area has a higher number of companies that have changed their payment habits. The share of companies in the "improvement" category is 27.9% of the total, whereas in the "worsening" class this is 37.7%.

VARIATIONS IN PAYMENT PRACTICES IN ITALY BY GEOGRAPHICAL AREA, 2011 vs. 2007



Using Graph 20.2.11, it is possible to analyze the payment practices of Italian companies in relation to macro-sectors.

The best payment performances relate to Agriculture, Financial Services and Other Services, with concentrations of punctual payers of at least 52.3%.

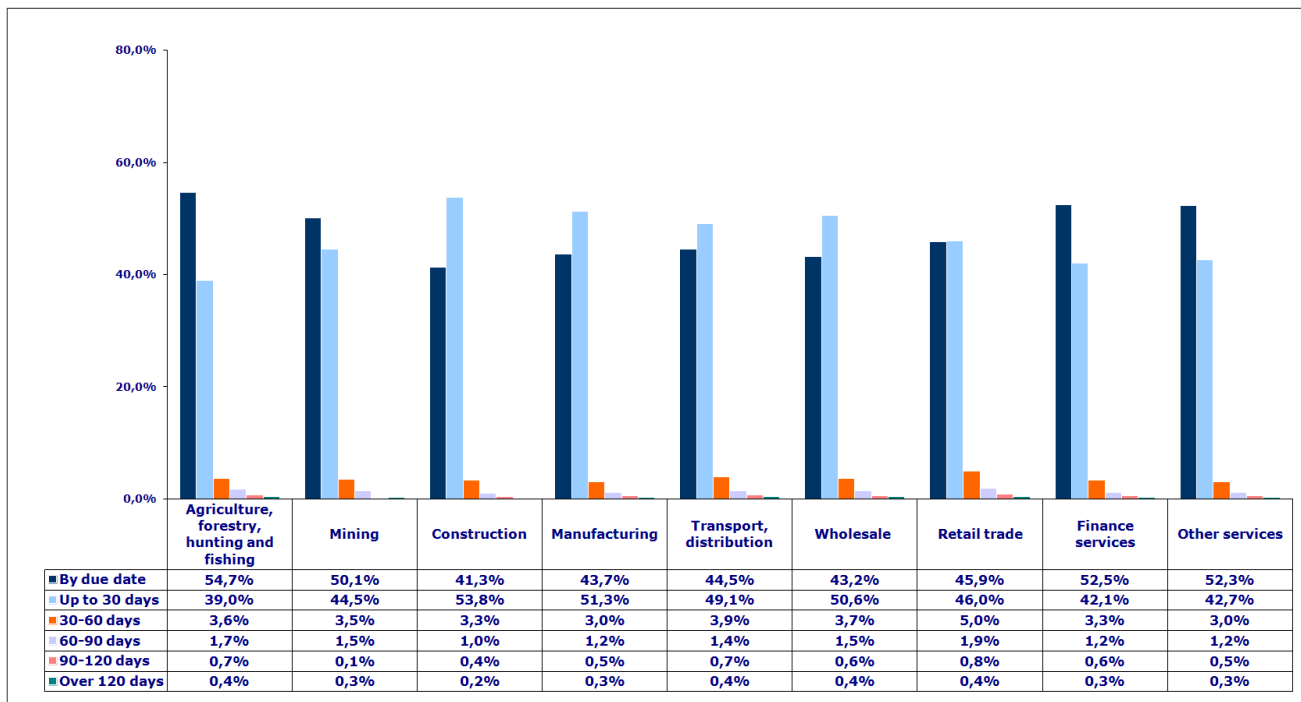
Construction, Industry and Manufacturing, Wholesale, and Transport, on the other hand, had a lower share of companies paying on time compared with the national average (45.7%).

There is a tendency to manage commercial transactions with late payments of on average between 1 and 30 days beyond agreed terms. All sectors have at least 39% of companies in the "1 to 30 days" class, with values of above 51% for Construction, and Industry and Manufacturing.

The largest share of companies paying on average between 30 and 90 days late was seen in the Retail Trade sector (6.9%) followed by Agriculture and Transport (5.3%).

Finally, in relation to more seriously late payments, the worst performance was reported for the Retail Trade sector with 1.2% of companies paying more than 90 days late, whereas Mining and Quarrying registered only 0.8% of the total.

PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR, 2011



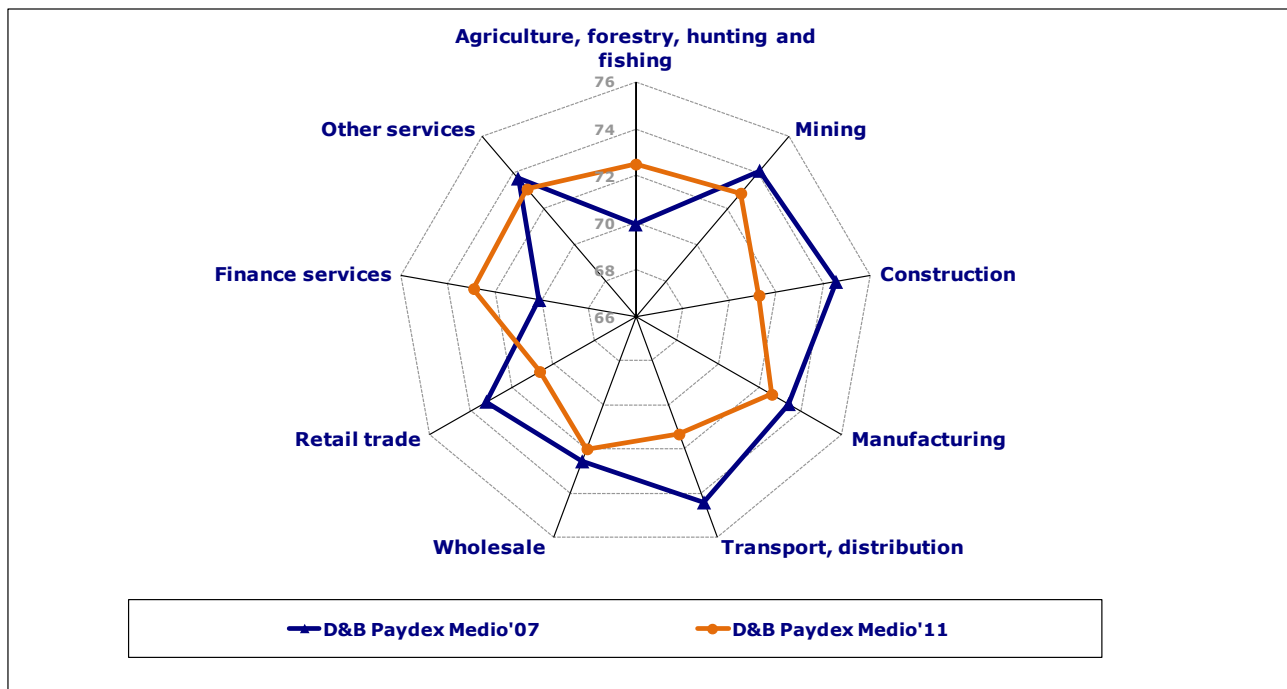
Graph 20.2.12 shows the changes in payment practices in the Italian macro-sectors in recent years in terms of changes to the statistical indicator D&B Paydex.

The most evident changes emerging from a comparison between 2007 and 2011 data are seen in the Construction and Transport sectors. In both sectors there has been a more than 3 point reduction in the index.

In third place among the sectors that have shown the greatest worsening in terms of payment performance is Retail Trade, which has the lowest level among all the sectors analyzed of 70.7, with a decrease of 2.6 points compared with five years ago.

On the other hand, the groups with the best performances in terms of an increase in the D&B Paydex are Financial Services (+2.8 points) and Agriculture (+2.6 points).

VARIATIONS IN PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR, 2011 vs. 2007



From the analysis of Graph 20.2.13, we can see the payment performance of Italian companies in 2011 in relation to their size and macro-sector, and in terms of the average D&B Paydex score.

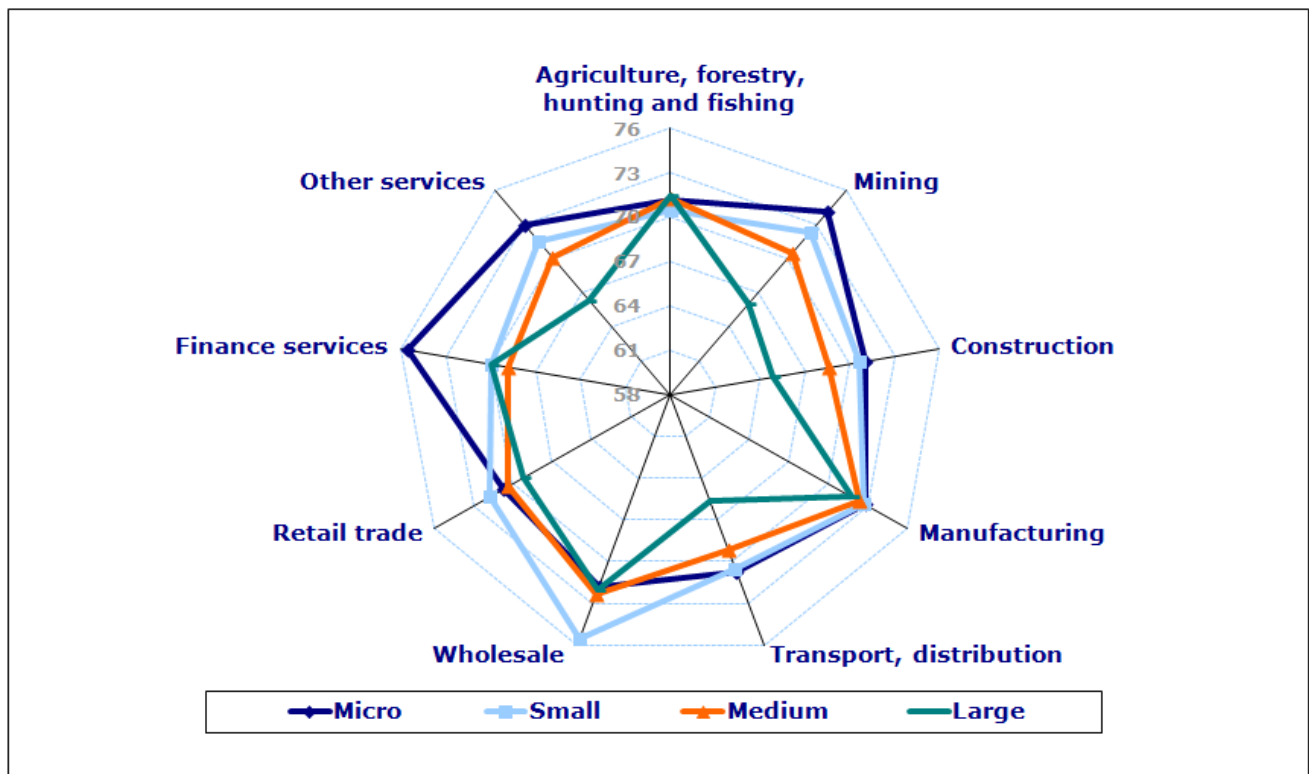
Apart from the Trade sectors, micro companies showed the best performance for all the sectors analyzed, with some significant differences in the average D&B Paydex values compared to other categories.

In fact, in relation to large companies, there was a difference of 8.1 points for Mining and Quarrying, and over 6 points in the case of Other Services and Construction.

The worst performance was in relation to large companies, which had an average index value of more than 72 only for Wholesale, significantly different from the other categories.

There was an intermediate position for small and medium-sized companies, which had similar index values for almost all the sectors with the exception of Wholesale, which had a more balanced behavior (small companies had an average D&B Paydex value of 75.5 points).

PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR AND TYPE OF COMPANY, 2011



Tables 20.2.14 and 20.2.15 show the classification of micro-sectors with the most punctual and least punctual payments in Italy over the course of 2011 compared with that of previous years.

In particular, Insurance Agencies, Retail Trade of Hardware and Construction Materials, and Insurance Companies once again show excellent payment performance, standing out because of low levels of late payment.

The worst payment performance, on the other hand, relates to Air Transport, followed by Large Retailers and Retail Trade of Foodstuffs.

The negative trend seen for these sectors indicates that they are not able to reduce the average late payment and to improve conditions.

TABLE 20.2.14 SOURCE: CRIBIS D&B

SECTORS WITH THE FEWEST LATE PAYMENTS IN ITALY, 2011

Sector	Ranking 2011
INSURANCE AGENTS, BROKERS & SERVICES	1
BUILDING MATERIALS & GARDEN SUPPLIES	2
INSURANCE CARRIERS	3
AUTO REPAIR, SERVICES AND PARKING	4
PAPER AND ALLIED PRODUCTS	5
FURNITURE AND FIXTURES	6
AUTOMOTIVE DEALERS & SERVICE STATIONS	7
MISCELLANEOUS RETAIL	8
AGRICULTURAL PRODUCTION - LIVESTOCK	9
PERSONAL SERVICES	10

TABLE 20.2.15 SOURCE: CRIBIS D&B

SECTORS WITH THE MOST LATE PAYMENTS IN ITALY, 2011

Sector	Ranking 2011
TRANSPORTATION BY AIR	68
GENERAL MERCHANDISE STORES	67
FOOD STORES	66
EXECUTIVE, LEGISLATIVE AND GENERAL	65
EATING AND DRINKING PLACES	64
POSTAL SERVICES	63
WATER TRANSPORTATION	62
MOTION PICTURES	61
COMMUNICATIONS	60
HEAVY CONSTRUCTION, EXCEPT BUILDING	59

1ST QUARTER 2012

In this section, there is a brief analysis of the payment practices of Italian companies on the basis of data relating to the first quarter of 2012.

The following graphs and tables allow us to have a look at some advance information so as to have the most up to date picture of the ability of companies to pay suppliers within agreed payment terms, and an estimate of the key variations in their behavior compared with the previous quarter.

In particular, Graph 20.2.16 shows the payment practices of Italian companies in detail, divided into payment classes.

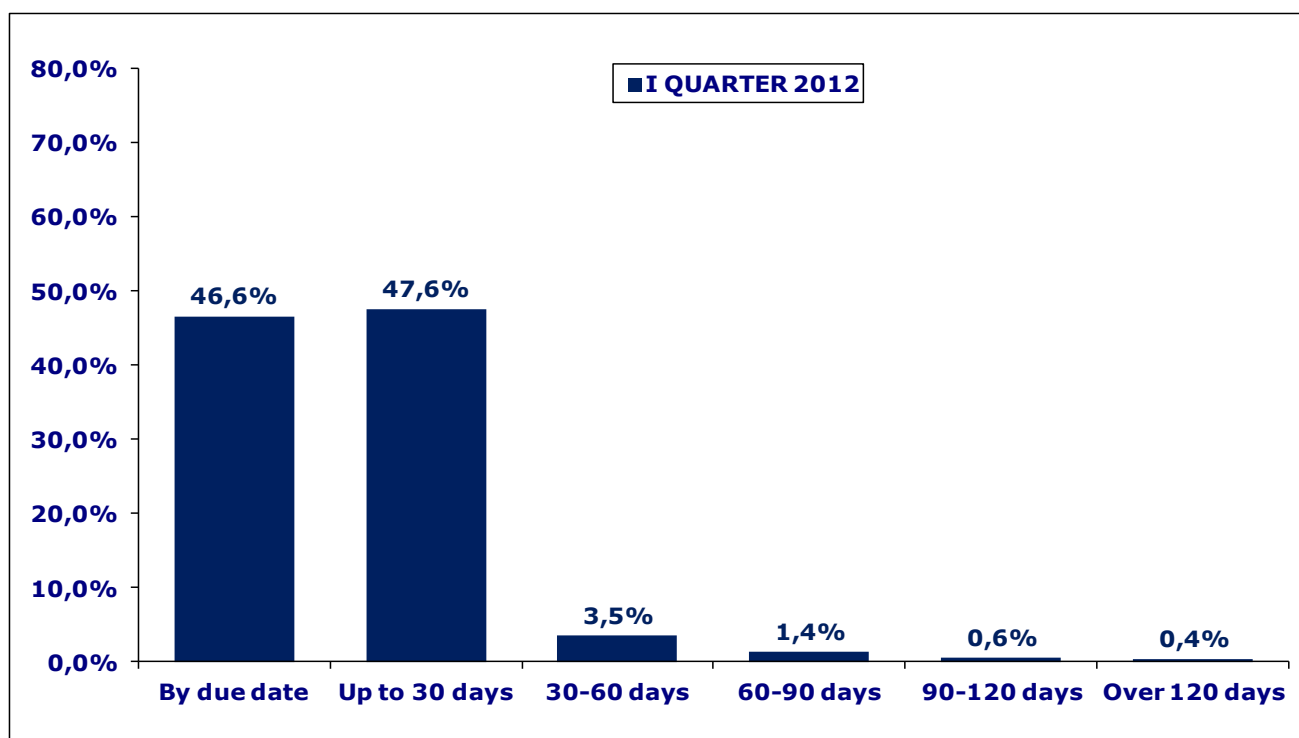
At the beginning of 2012, the gap between the percentages in the moderate late payment and punctual payment classes was continuing to decrease, with 47.6% and 46.6% of the total, respectively. The difference between the two classes in the same period of the previous year was 11.2 percentage points.

On the other hand, there were 4.9% of companies in the intermediate payment class (late payment of between 30 and 90 days).

Furthermore, serious late payments (over 90 days on average) continue to account for a very contained percentage of Italian companies with a percentage of 1% of the total.

GRAPH 20.2.16 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN ITALY BY PAYMENT CLASS, 1ST QUARTER 2012



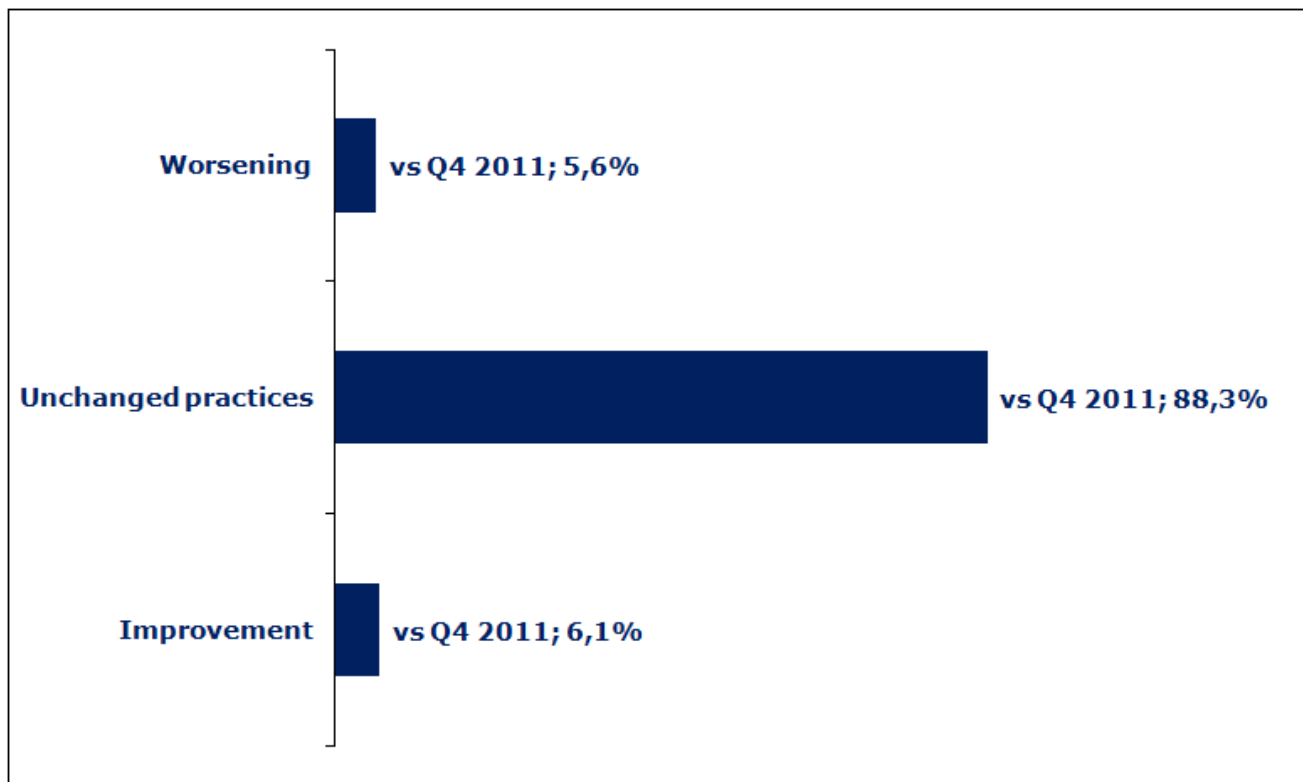
Graph 20.2.17 shows how the payment performance of Italian companies changed between the 4th quarter of 2011 and the 1st quarter of 2012.

The large part of the sample being examined did not show any changes to payment habits in the time period under consideration. In fact, more than 88% of companies did not register any changes in relation to their management of commercial transactions.

The remaining companies improved their payment performance in 6.1% of the cases analyzed, meanwhile 5.6% showed worse habits compared with the last quarter of 2011.

Graph 20.2.4 shows the trends in punctual payments and the most serious late payments (more than 90 days over agreed terms) compared with previous quarters.

VARIATIONS IN PAYMENT PRACTICES IN ITALY, 4TH QUARTER 2011-1ST QUARTER 2012



The concentration in the "By Due Date" payment class this year was 45.7% of the total, showing an increase of 8.2 percentage points compared with the 2010 value. The data in relation to serious late payments were also positive, with a value of only 0.8% of companies.

What's more, Italy is in a better position compared with the average results seen across Europe, making it the fourth country in the classification of the top European countries, surpassed only by Germany, Switzerland and the Netherlands.

On a sector level, the most contained percentages of punctual payments were seen in the Construction and Wholesale sectors, with concentrations below the national average in this class. On the other hand, the sectors with the most balanced payment behavior are Agriculture and Financial Services, which percentages of more than 52.5% in this class.

From the data for the 1st quarter of 2012, it is possible to predict that the concentration of companies in the punctual payment class, which is currently below the "Up to 30 days" class, will continue to account for a greater number of companies, in part due to the increasing attention being paid by Italian companies to the management of commercial transactions. However, the economic situation in Italy and international trends do not point to a very good situation in the coming months, and it will be necessary to continue to carefully monitor the state of financial health of trading partners.

CONCLUSIONS

The 2012 Payment Study has been further enhanced by the analyses and comments on the payment situations in four new countries (China, Austria, Slovenia and Hungary), bringing the number of countries in the study to 19.

A somewhat heterogeneous picture of payment behavior is seen on an international level, on both a continental and national level, with differing patterns between the countries examined, which have reacted differently to the increasing economic difficulties and the persistent credit crunch that has hit economic systems around the world.

In particular, payment performance in 13 European countries was analyzed, and once again this year the trends between one country and another are very different.

The European average in the punctual payment class has worsened compared with 2010, with 37.8% of the total (record low since 2007), with a drop of almost 3 percentage points compared with the previous year. However, the percentage of companies paying on average more than 90 days beyond agreed terms has remained stable, with a European average of 3.1%.

The best performance was seen for Germany, which reached a percentage of 74.7% of punctual payers, with a significant increase in the last 12 months (+14.2%). The situation is reversed in Switzerland and the Netherlands (in second and third positions in the classification of the top European countries), which although perform better than the European average, have suffered a net drop in the percentage of companies paying commercial transactions within agreed terms.

Belgium, Spain and Hungary also had percentages of punctual payments above the European average. In this case, however, the concentrations are lower and vary between 40.8% (Hungary) and 41.6% (Belgium). Compared with 2010, there has been an improvement in punctual payers in Belgium, with an increase of 6.5 percentage points.

Companies in France and the United Kingdom, on the other hand, have greater difficulty in respecting agreed commercial agreements, with 33.4% and 26.3% in this payment class, respectively. The worst data, as in the previous edition, comes from Portuguese companies, which manage to pay within due dates in only 21.8% of the cases analyzed.

An analysis of performance in the more serious late payment classes (over 90 days on average) also shows differing situation between the European countries analyzed. Companies in Poland, Spain and Portugal present the most problematic situation, with percentages of between 9.2% and 10.8%, and differences from the European average of more than 6 percentage points. Of the remaining countries, the percentages remain stable and contained (percentages vary between 2.4% in Hungary and 0.3% in Switzerland).

Six non-European countries were considered in the 2012 edition of the study: the United States, Canada, Mexico, China, Hong Kong and Taiwan.

The situations in Taiwan and Mexico were positive, with percentages of punctual payments of 69.3% and 59.3%, respectively. These two countries show the best payment performance in 2011, surpassed only by Germany.

However, it is important to note the significant worsening over the last 12 months in the payment habits in Mexico, with a loss of over 10 percentage points in the punctual payment class compared with 2010.

The situation in North America has not changed significantly in the last year. In the United States, the percentage of punctual payers is 51%, and in Canada the figure is 44.9%.

In 2011, Chinese companies stand out for a less that efficient payment behavior. Over the period studied, only 33.1% of companies managed commercial transactions with their trading partners

within established contractual arrangements. A similar figure was observed for Hong Kong, with 34.5% of companies paying promptly.

Furthermore, it is important to underline that China and the United States have high percentages in the serious late payment classes. In China, companies that pay on average more than 90 days later than agreed terms account for 7.9% of the total, meanwhile in the United States, the concentration in this bracket reaches 6.6 percentage points.

The payment situation in Italy in 2011 has shown a reversal in the trend of the previous 4 years in which the concentration of companies in the punctual payment class continuously decreased, reaching a record low in 2010 with a value of 37.5%.

In fact, "good payers" represented 45.7% of the total at the end of 2011, with an increase of 8.2 percentage points compared with the figure for the previous year. Serious late payments continue to account for a small portion of Italian companies, with one of the lowest values among the countries analyzed in the study at 0.8%.

Despite this, these improvements hide somewhat heterogeneous states of health among the different sectors. In particular, the Construction, Wholesale, and Industry and Manufacturing sectors have the most problematic payment behavior, with percentages of punctual payers below the national average.

As already seen in previous editions of the study, very different payment scenarios were seen between the countries analyzed in 2011. International events, specific domestic patterns, industrial characteristics and business culture in each country, mean that the scenarios and trends in the different countries vary very much, and in some cases patterns have changed course compared with previous years.

Economic forecasts for the current year predict a critical period for countries and companies, which mean they will have to carry out increasingly more careful research and assessments of commercial information on trading partners in order to sufficiently safeguard their cash flow and quickly manage breaches in contract and late payments by customers and suppliers.

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