



# **Payment Study 2018**

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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

- 50 years of experience in information systems
- Data on over 530 million transactions collected in Italy
- Payment experiences available for 1,6 million companies in relation to their suppliers
- Payment data are available for 81% of requests
- The CRIBIS D&B Paydex indicator is available for 73% of requests
- 4 million € invested in the program in the last 3 years.

# INTRODUCTION, METHODOLOGY AND LEGEND

The Payment Study, published with data up to 31 December 2017 for all countries except for Italy, for which data is included up to 31 March 2018, is aimed at outlining the international picture of payment practices, with particular focus on Italy and Europe.

Thanks to CRIBIS D&B being part of the D&B Worldwide Network, it was possible to collect and analyze payment data from China, Taiwan, Hong Kong, Philippines, Singapore, Thailand, India, Israel, Mexico, the USA, Canada, Singapore, Belgium, the Netherlands, Germany, France, the UK, Spain, Portugal, Ireland, Slovenia, Poland, Czech Republic, Finland, Denmark, Russia, Turkey, Greece, Bulgaria, Lithuania and Romania. In this edition of the study, there is additional information relating to Serbia, Croatia, Sweden, Luxembourg and UAE. 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 D&B Worldwide Network DUNTRADE program.

The following information is given for clarity:

## **Analysis Legend by type of company**

### **ITALY**

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

### **OTHER COUNTRIES**

Micro ( $\leq 5$  employees)  
Small ( $> 5$  and  $\leq 50$  employees)  
Medium ( $> 50$  and  $\leq 260$  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**

### **TAIWAN, HONG KONG, PHILIPPINES AND LUXEMBOURG**

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

In addition, the classifications of the best and worst micro-sectors in terms of payment were not included.

### **SINGAPORE**

Chapter and data related to this country have been written by Matthias Chen, Marcom & Product Development at Dun & Bradstreet (Singapore) Pte Ltd.

### **IRELAND**

The classifications of the best and worst micro-sectors in terms of payment were not included.

### **LITHUANIA**

The score used for these countries has been estimated using the company's performance in the payment of statutory debt as a major component (this includes payment delays, amount of payment delayed and frequency of delays). The data has been then combined with other proprietary data and company indicators indicative of the payment dynamic and company reliability.

### **FINLAND, TURKEY, SLOVENIA, DENMARK, INDIA, SERBIA, CROATIA AND SWEDEN**

A different classification was used for the definition of sectors for this country in the section on payment habit analysis by macro-sector.

In addition, for the last five countries the classifications of the best and worst micro-sectors in terms of payment were not included.

### **RUSSIA**

Chapter and data related to this country have been written by Igor Volosov, Deputy General Director at Interfax - Corporate News Agency.

### **GREECE AND BULGARIA**

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

In addition, the classifications of the best and worst micro-sectors in terms of payment were not included.

## **THAILAND, ISRAEL AND CZECH REPUBLIC**

Mining was excluded from the analysis of payment practices by macro-sector in these countries, as it is not significant.

## **ROMANIA**

The analysis of payment practices by macro-sector and the classifications of the best and worst micro-sectors in terms of payment were not included.

## **UAE**

Only Manufacturing, Transport, distribution, Wholesale and Services were included in the analysis of payment practices by macro-sector.



# 1. CHINA

Below is the opinion of **Louie LU, Consultant of Product Development & Solution Team at Huaxia Dun & Bradstreet China**, on the economic scenario in China.

*"With the further pace of structural adjustment in 2017, China economy achieved its first rebound in growth rate after the speed dropping to below 10% in 2011. The Gross Domestic Product achieved a year-on-year growth of 6.9%, slightly increased by 0.2 percentage point from that in 2016. Among the key dynamics that drive the economy, the total import/export volume turned back from the negative growth (-0.9%) in 2016 and increased by 14.2%, with the import amount growing by 18.7% (0.6% in 2016) and export 10.8% (-1.9% in 2016). The total investment increased by 7.0%, down 0.9 percentage point year-on-year while the total consumption increased by 10.2%, up 0.6 percentage point.*

*One of the highlights of the China economy in 2017 was the recovery and further growth of the manufacturing sector. Thanks to the innovation-encouraging policies and the rebounded export, the growth rate of revenue and profit of the sector reached 11.2% (4.9% in 2016) and 21.0% (8.5% in 2016) respectively, which was much higher than that during the downturn in 2015 (0.8% and -2.3%). The total industrial electricity consumption, one of the key indicators that reflects the usage of productivity, also increased by 5.5% (2.9% in 2016 and -1.4% in 2015), indicating a further recovery of the manufacturing sector.*

*With the implementation of local emission-cutting and environment-protecting policies, it is observed that the production of many small and medium enterprises in heavy industry field has been ceased by local authorities. The eliminating of small players not only helped to control the pollutions, but also led to relieving of over-competition conditions in some low-tech areas (e.g. iron/steel, non-ferrous metal, cement, etc.), which also indirectly enhanced the profit growth of the survivors in the same industries.*

*In terms of the business environment for the local companies, the number of newly-established businesses has been largely boosted thanks to the innovation-encouraging policies and the technology improvement in the fields including internet, data transformation and artificial intelligence. On the other side, the emerging of new-tech companies has also lead to the enormous failure cases due to the lack of investment rationality and the fierce competition driven by the market and local capitals.*

*Together with the rebound of the economy, the payment performance of local companies also gained certain growth from the downturn. The prompt ratio of trade records collected from China companies increased to 56.8% in 2017, 2.4 percentage points higher than that of last year. Considering the overall ratio is still lower than the average level before 2015, local companies should still pay close attention to the debt collection and credit risk management."*

## Payment analysis

In 2017, the Chinese payment system, after the worsening of 2016, return to improve.

The percentage of punctual payers in China was 27,1% of the total (+1,1% compared to 2016) and the majority of companies tended to pay commercial transactions on average between 1 and 30 days late (50%).

Intermediate late payment classes ("30-60 days" and "60-90 days") account for 14,2% whereas "bad payers" (more than 90 days late on average) account for 8,7% of the sample analyzed.

Compared to previous year, we can observe a little improvement of payment performances. In fact, the punctual payments increased, but there was also a growth of payers that fall within the "Over 90 days" class, increased by 1,4 percentage points.

Small companies show the most balanced payment behavior with 29,7% of the total for payments within agreed terms. These are followed by Micro companies, for which the percentage in question reaches 28,8%.

For Large companies, on the other hand, there is a more problematic situation, where only 24,3% of companies manage to respect agreed payment terms, with a concentration of 56,8% in the "Up to 30 days late" class.

Average late payments of between 30 and 90 days are highest in the Micro companies (16%), but also all others categories exceed 11% of the total.

In terms of serious late payments, the worst performance is once again seen for Micro companies: 10,2% exceed an average of 90 days beyond agreed payment terms.

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 Transport, distribution: in fact in this case, companies pay within agreed terms in 34,7% of the cases analyzed, while, in the others cases, the behavior is not so "virtuous".

In fact Agriculture, forestry, hunting and fishing sector pay on-time only 17,4% of the cases and Mining, Manufacturing, Retail trade and Services sectors don't reach 25% of the total.

Late payments are concentrated in the "Up to 30 days" class, with the highest percentages for Retail trade (55,6%) and Manufacturing (53,2%).

Finally, the most critical situation for the serious late payment class (over 90 days on average) is seen in the Mining, with a share of 22% in this class (+13,3% compared to the Chinese average).

The top position in the classification of best payers is held by Water Transportation with 46,1% of companies paying within agreed payment terms. In second and third positions are Insurance carriers (42,8%) and Miscellaneous repair services (39,9%).

The Oil and gas extraction sector, on the other hand, has the worst payment record in China, with 28,9% of companies paying seriously late (more than 90 days on average). Second and third places in the classification of micro-sectors with more problematic payment behavior are held by Agricultural production - Livestock (23,4%) and Health services (21,6%).

TABLE 1.1 SOURCE: HUAXIA D&B CHINA

**PERCENTAGE OF COMPANIES IN CHINA WITH ON TIME PAYMENTS, 2011-2017**

|              | <b>2011</b>  | <b>2016</b>  | <b>2017</b>  |
|--------------|--------------|--------------|--------------|
| <b>China</b> | <b>33,1%</b> | <b>26,0%</b> | <b>27,1%</b> |

TABLE 1.2 SOURCE: HUAXIA D&B CHINA

**PERCENTAGE OF COMPANIES IN CHINA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2011-2017**

|              | <b>2011</b> | <b>2016</b> | <b>2017</b> |
|--------------|-------------|-------------|-------------|
| <b>China</b> | <b>7,9%</b> | <b>7,3%</b> | <b>8,7%</b> |

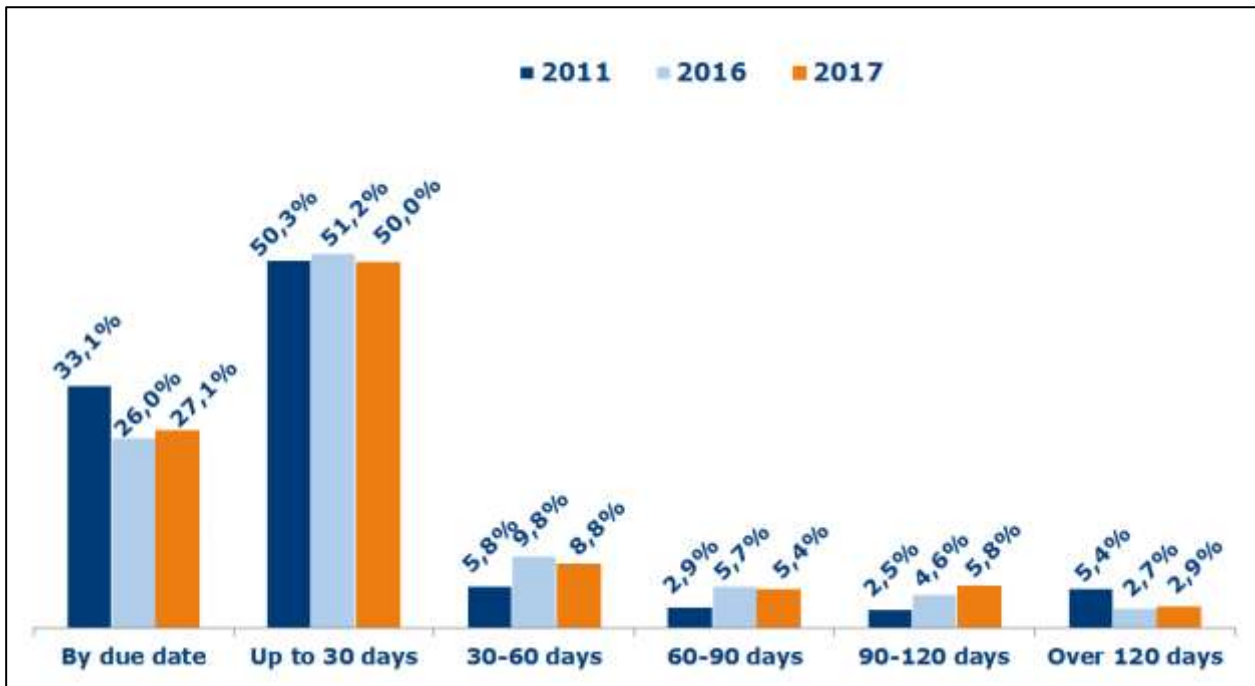
TABLE 1.3 SOURCE: HUAXIA D&B CHINA

**VARIATIONS IN PAYMENT PRACTICES IN CHINA, 2011-2017**

|                      | <b>Variation<br/>2011/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>-6,0%</b>                   | <b>1,1%</b>                    |
| <b>Up to 90 days</b> | <b>5,2%</b>                    | <b>-2,5%</b>                   |
| <b>Over 90 days</b>  | <b>0,8%</b>                    | <b>1,4%</b>                    |

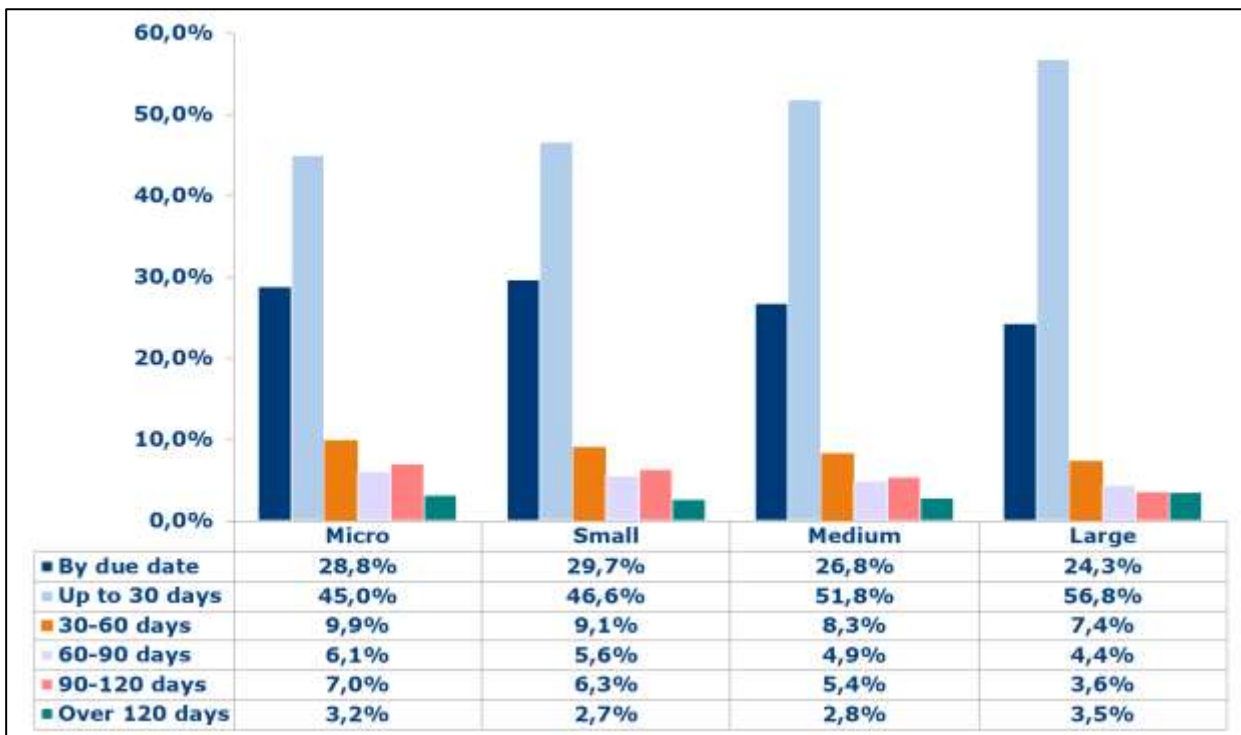
GRAPH 1.4 SOURCE: HUAXIA D&B CHINA

#### PAYMENT PRACTICES IN CHINA BY PAYMENT CLASS, 2011-2017



GRAPH 1.5 SOURCE: HUAXIA D&B CHINA

#### PAYMENT PRACTICES IN CHINA BY TYPE OF COMPANY, 2017



**PAYMENT PRACTICES IN CHINA BY PRODUCT SECTOR, 2017**

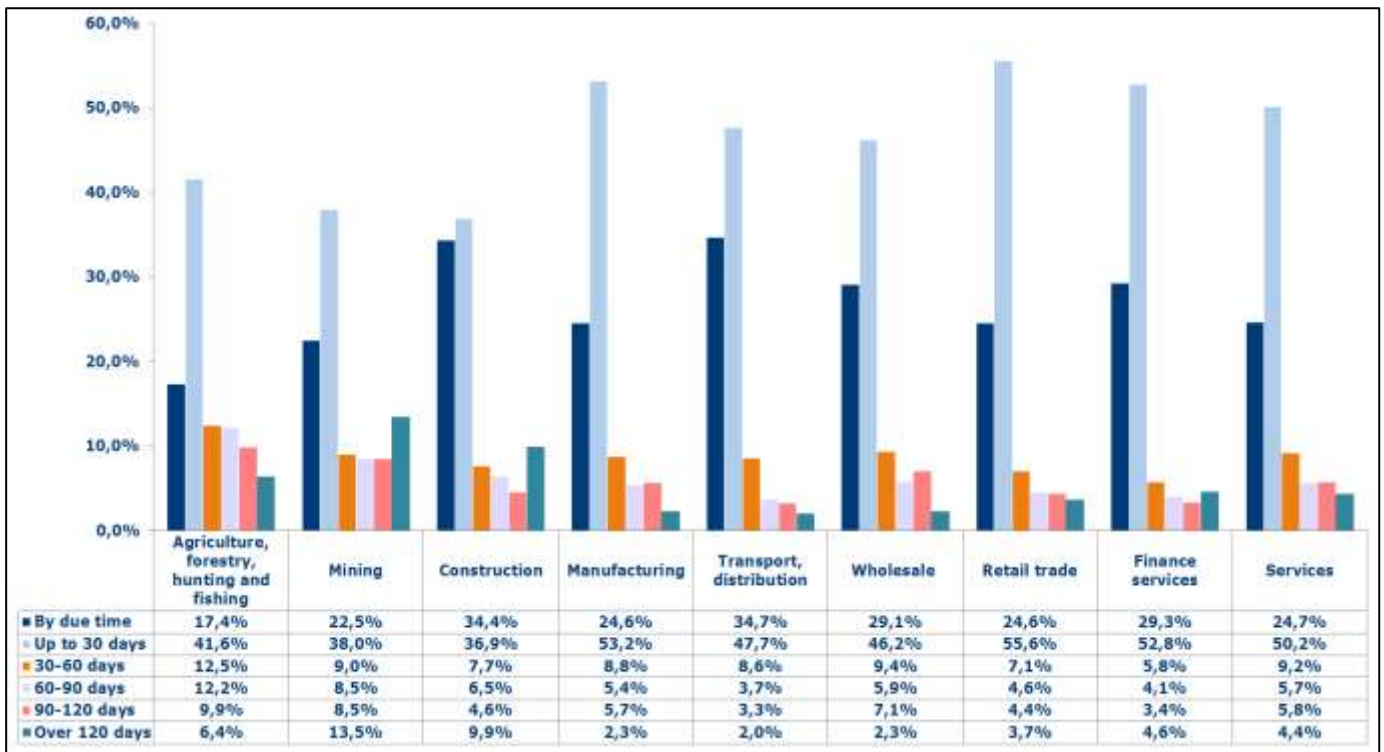


TABLE 1.7 SOURCE: HUAXIA D&B CHINA

**SECTORS WITH THE BEST PAYMENT RECORDS IN CHINA, 2017**

| Sector  | Ranking 2017 |
|---|--------------|
| <b>WATER TRANSPORTATION</b>                   | <b>1</b>     |
| <b>INSURANCE CARRIERS</b>                     | <b>2</b>     |
| <b>MISCELLANEOUS REPAIR SERVICES</b>          | <b>3</b>     |
| <b>GENERAL BUILDING CONTRACTORS</b>           | <b>4</b>     |
| <b>BUILDING MATERIALS AND GARDEN SUPPLIES</b> | <b>5</b>     |
| <b>FURNITURE AND HOMEFURNISHINGS STORES</b>   | <b>6</b>     |
| <b>TRANSPORTATION SERVICES</b>                | <b>7</b>     |
| <b>AUTO REPAIR, SERVICES AND PARKING</b>      | <b>8</b>     |
| <b>SOCIAL SERVICES</b>                        | <b>9</b>     |
| <b>WHOLESALE TRADE - DURABLE GOODS</b>        | <b>10</b>    |

TABLE 1.8 SOURCE: HUAXIA D&B CHINA

**SECTORS WITH THE WORST PAYMENT RECORDS IN CHINA, 2017**

| <b>Sector</b>                                  | <b>Ranking 2017</b> |
|--|---------------------|
| <b>OIL AND GAS EXTRACTION</b>                  | <b>59</b>           |
| <b>AGRICULTURAL PRODUCTION - LIVESTOCK</b>     | <b>58</b>           |
| <b>HEALTH SERVICES</b>                         | <b>57</b>           |
| <b>COMMUNICATIONS</b>                          | <b>56</b>           |
| <b>PETROLEUM AND COAL PRODUCTS</b>             | <b>55</b>           |
| <b>REAL ESTATE</b>                             | <b>54</b>           |
| <b>SERVICES</b>                                | <b>53</b>           |
| <b>HEAVY CONSTRUCTION, EXCEPT BUILDING</b>     | <b>52</b>           |
| <b>AUTOMOTIVE DEALERS AND SERVICE STATIONS</b> | <b>51</b>           |
| <b>SPECIAL TRADE CONTRACTORS</b>               | <b>50</b>           |

## 2. TAIWAN

### Payment analysis

In 2017 there was a slight drop in the punctual payments. In fact, punctual payments interest 69% of Taiwanese companies, while in 2016 they were 72,2% of the total (-3,2% vs 2016).

The drop in punctual payments was followed by a slight increase of payments in the class "Up to 30 days" (27,8%, +2,7% compared to 2016).

The share of companies that pay seriously late (over 90 days), on the other hand, is stable and less than 1% of the total.

Micro companies paid better with 74,2% of the punctual payments, while Large companies are ones that paid worst with 61,6%.

The most part of late payment is concentrated in the "Up to 30 days" class and they vary between 21,7% of the Micro companies and 36,4% of the Large companies.

In the intermediate classes ("30-60 days" and "60-90 days") there is a more or less uniform payment behavior, with values of between 1,6% and 3,2%.

In the serious late payment bracket (over 90 days on average), all companies' types have a slow percentage, with less than 1% of the total.

The good payment performance of companies in Taiwan is also confirmed in payment habits divided by payment class and macro-sector.

All sectors show the largest percentage in the "By due date" class, with values varying between 65,9% (Manufacturing) and 78,3% (Transport, distribution).

Manufacturing has the highest share of companies that pay on average between 1 and 30 days late (31,2%).

The serious late payments range between 0,1% (Transport, distribution) and 1,2% (Construction and Services).

TABLE 2.1 SOURCE: DUN & BRADSTREET TAIWAN

#### PERCENTAGE OF COMPANIES IN TAIWAN WITH ON TIME PAYMENTS, 2007-2017

|        | 2007  | 2016  | 2017  |
|--------|-------|-------|-------|
| Taiwan | 64,7% | 72,2% | 69,0% |

TABLE 2.2 SOURCE: DUN & BRADSTREET TAIWAN

# PERCENTAGE OF COMPANIES IN TAIWAN WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017

|        | 2007 | 2016 | 2017 |
|--------|------|------|------|
| Taiwan | 3,3% | 0,6% | 0,7% |

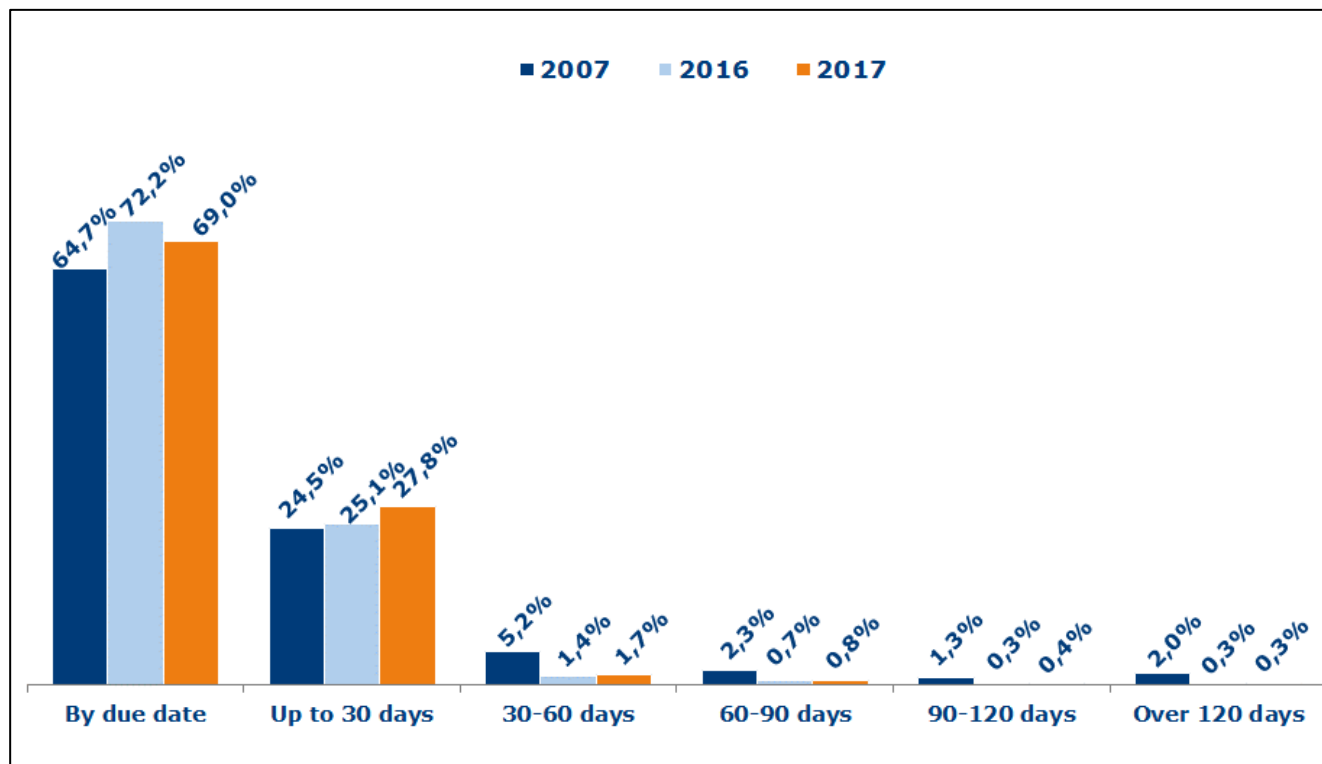
TABLE 2.3 SOURCE: DUN & BRADSTREET TAIWAN

## VARIATIONS IN PAYMENT PRACTICES IN TAIWAN, 2007-2017

|               | Variation 2007/2017 | Variation 2016/2017 |
|---------------|---------------------|---------------------|
| By due date   | 4,3%                | -3,2%               |
| Up to 90 days | -1,7%               | 3,1%                |
| Over 90 days  | -2,6%               | 0,1%                |

GRAPH 2.4 SOURCE: DUN & BRADSTREET TAIWAN

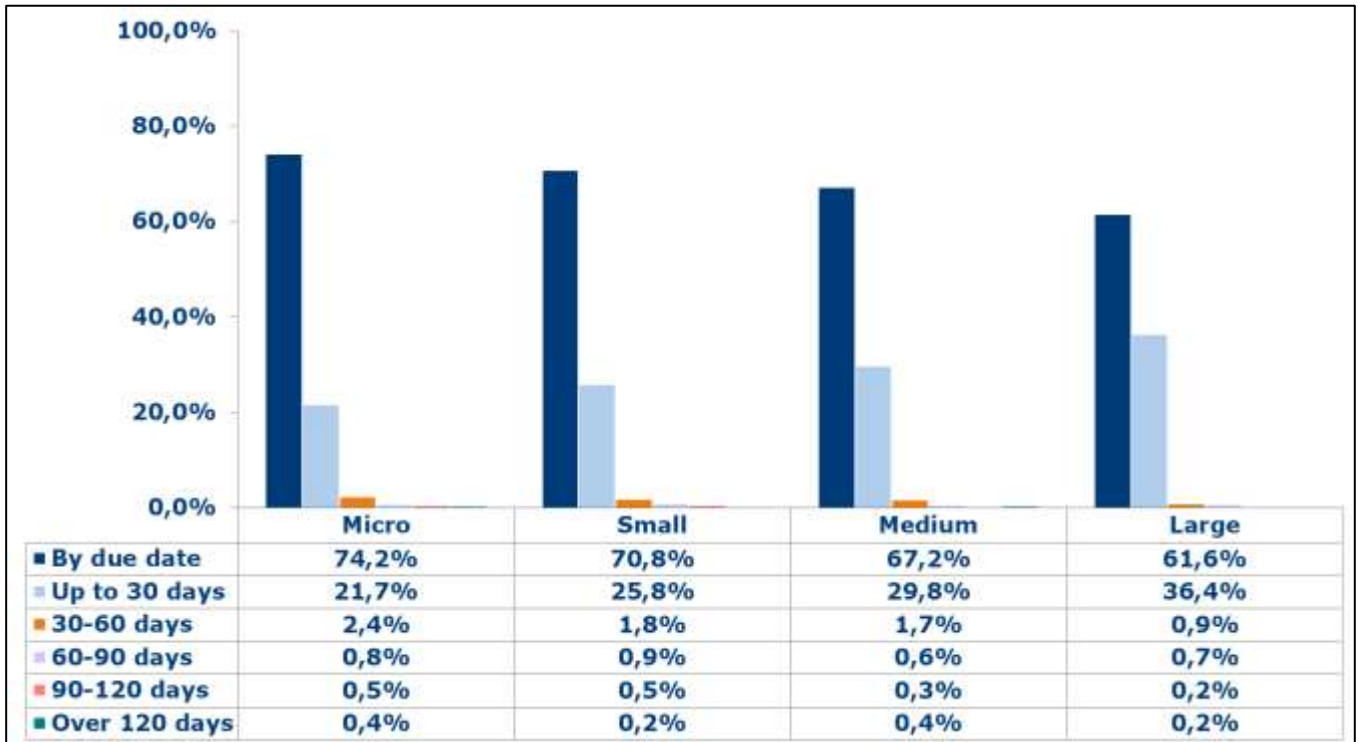
## PAYMENT PRACTICES IN TAIWAN BY PAYMENT CLASS, 2007-2017



GRAPH 2.5 SOURCE: DUN & BRADSTREET TAIWAN

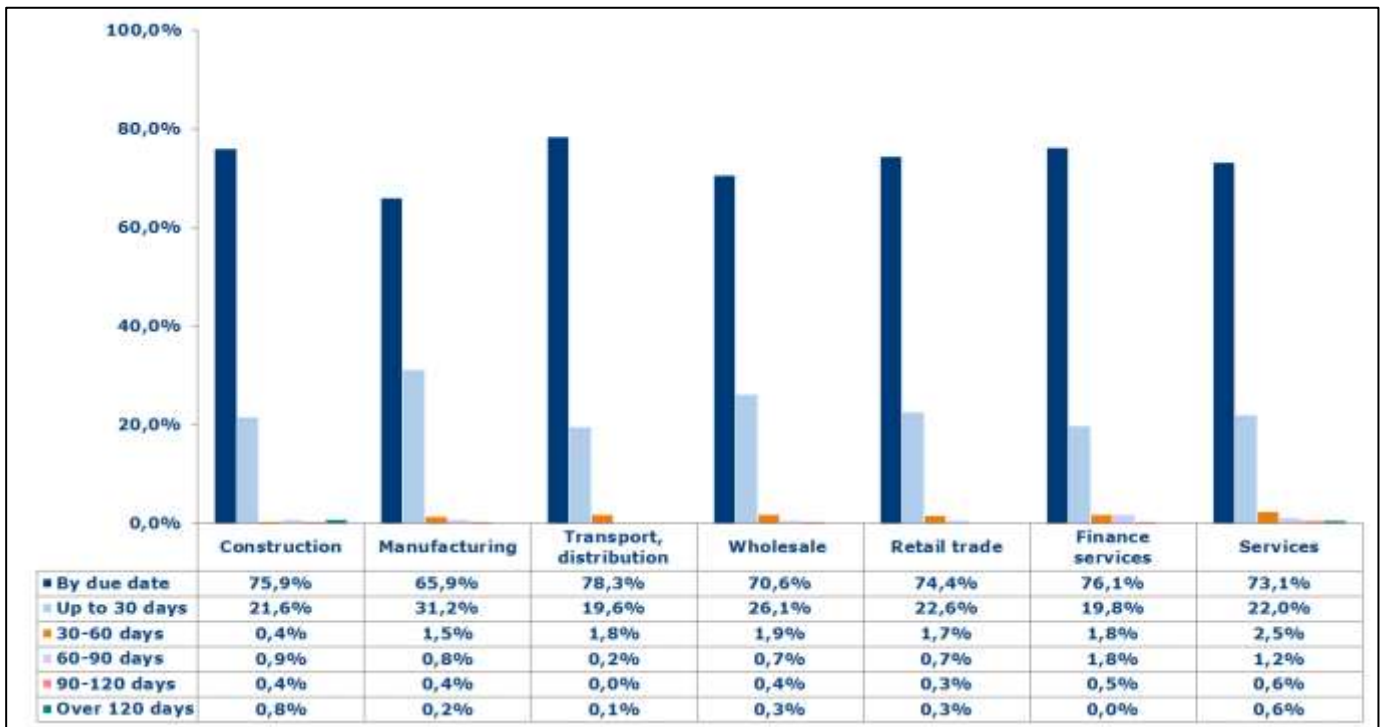


## PAYMENT PRACTICES IN TAIWAN BY TYPE OF COMPANY, 2017



GRAPH 2.6 SOURCE: DUN & BRADSTREET TAIWAN

## PAYMENT PRACTICES IN TAIWAN BY PRODUCT SECTOR, 2017



### 3. HONG KONG

Below is the opinion of **Hugo Ng, Leader of Asia Trade Acquisition at Dun & Bradstreet**, on the economic scenario and payment situation in Hong Kong.

*"According to the Census and Statistics Department in Hong Kong, the year-on-year % change of the GDP at current market prices was 6.9% in 2017, compared to only 3.9% in 2016. The year-on-year % change in chained (2015) dollars was 3.8% in 2017, while it was 2.1% in 2016. The government forecasts Hong Kong's economy to grow by 3-4% in the upcoming year, supporting by the continued momentum in global economic expansion and strength in domestic demand. The seasonally adjusted unemployment rate was 2.9% for the three-month period ending January 2018, while it was 3.4% in 2016. Since the economic growth of the Greater China Region was relatively slowing down comparing to the growth in the previous years, the D&B Trade Team in Hong Kong revealed during the period of 2017 that the trade program participants generally held pessimistic views on the economy. Nevertheless, the trade program participants in general did not tighten their credit terms with their customers when compared to that of 2016. Despite tighten their credit terms, they continue choosing to monitor the payment trends of their customers carefully. They did not choose to tighten their credit terms with their customers because this could negatively affect the business relationships with their customers. Also, they believed that this could hurt the reputation of their company. Some of the trade program participants with customers in the manufacturing industry experienced a norm of delay payment in 2016. The possible causes of delay payments could be concluded into two scenarios. The customers experienced cash flow problem, and thus were unable to repay debt on time. Secondly, it was related to the payment behavior of the customers. They were financially able to make payment on time but chose to not make the payment on time so that they could hold more cash on hand. Trade program participants relied on three strategies on credit management. Firstly, they continued to implement tight control for new customers that they would not offer any credit to them. Secondly, credit controllers would involve effort from sales team by closely monitoring their customers through more frequent contact. Lastly, credit controllers would leverage the services of business information providers to monitor the ability and attitude of their customers in terms of making payments. On the whole, trade program participants generally did not choose to tighten their credit terms with their customers. Instead, they chose to closely monitor the ability and attitude of their customers on making their payments to avoid late payments and bad debts."*

### Payment analysis

The payment situation in Hong Kong in 2017 does not show any significant changes compared to recent editions of the Payment Study.

The share of punctual companies was 30,9%, showing an increase of 0,7 percentage point compared with December 2017.

On the other hand, companies that pay over 90 days late are 2,5% of the total, which is 0,2 percentage points more than the last year.

We can notice some improvements in payment behavior if we consider the comparison with 2007: the percentage of companies that respect agreed payment terms has increased by 1,8%, payers in the "Up to 30 days" have grown by 2,5 percentage point and the share of "bad payers" (payment over 90 days late on average) has decreased by 4,3%.

Looking at company size, there is again a widespread tendency by Hong Kong companies to pay between 1 and 30 days late, with concentrations from 50,9% (Micro) to 62% (Large).

Micro and Small companies show more balanced payment behavior with 34,7% and 31,4% of punctual companies, respectively.

For late payments, Large companies stand out as having problems: over 18% of these companies show late payments of between 30 and 90 days on average, and a further 3,7% exceed 90 days on average.

The sectors with the highest concentration of punctual payments are Wholesale, with a percentage of 33,6% and Services with 31,5% of the total.

The payment class with the highest percentage is the moderate late payment class, limited to 30 days on average, with percentages varying from 54% for Transport, distribution to 62,5% for the Retail trade sector.

In the other more serious late payment classes, the Transport, distribution and Construction sectors have negative results: the two sectors register 18,9% and 15,8% of companies, respectively, that pay between 30 and 90 days late.

In addition, 5% of companies of Construction pay more than 90 days late on average.

In conclusion, Hong Kong companies continue to show difficulties in payments compared to other countries in the Payment Study.

TABLE 3.1 SOURCE: DUN & BRADSTREET (HK) LTD

#### PERCENTAGE OF COMPANIES IN HONG KONG WITH ON TIME PAYMENTS, 2007-2017

|           | 2007  | 2016  | 2017  |
|-----------|-------|-------|-------|
| Hong Kong | 29,1% | 30,2% | 30,9% |

TABLE 3.2 SOURCE: DUN & BRADSTREET (HK) LTD

#### PERCENTAGE OF COMPANIES IN HONG KONG WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017

|           | 2007 | 2016 | 2017 |
|-----------|------|------|------|
| Hong Kong | 6,8% | 2,3% | 2,5% |

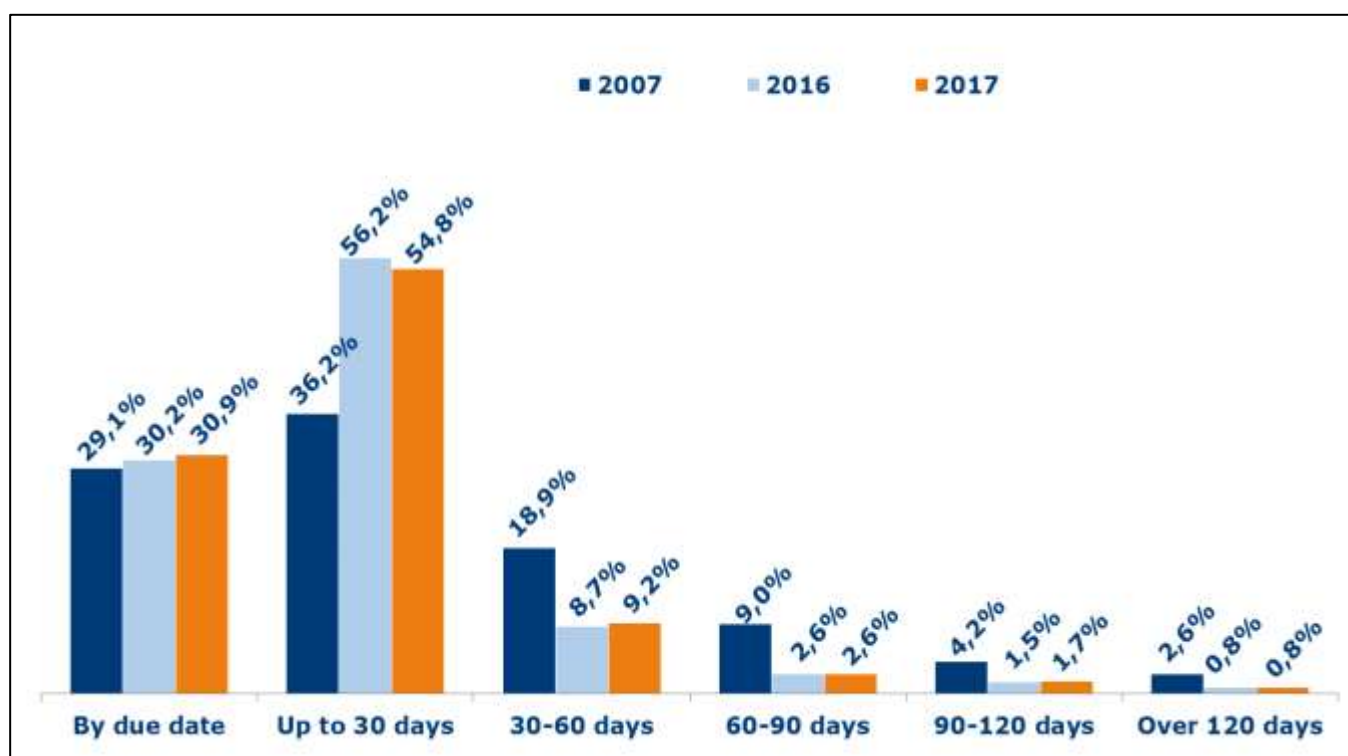
TABLE 3.3 SOURCE: DUN & BRADSTREET (HK) LTD

#### VARIATIONS IN PAYMENT PRACTICES IN HONG KONG, 2007-2017

|               | Variation<br>2007/2017 | Variation<br>2016/2017 |
|---------------|------------------------|------------------------|
| By due date   | 1,8%                   | 0,7%                   |
| Up to 90 days | 2,5%                   | -0,9%                  |
| Over 90 days  | -4,3%                  | 0,2%                   |

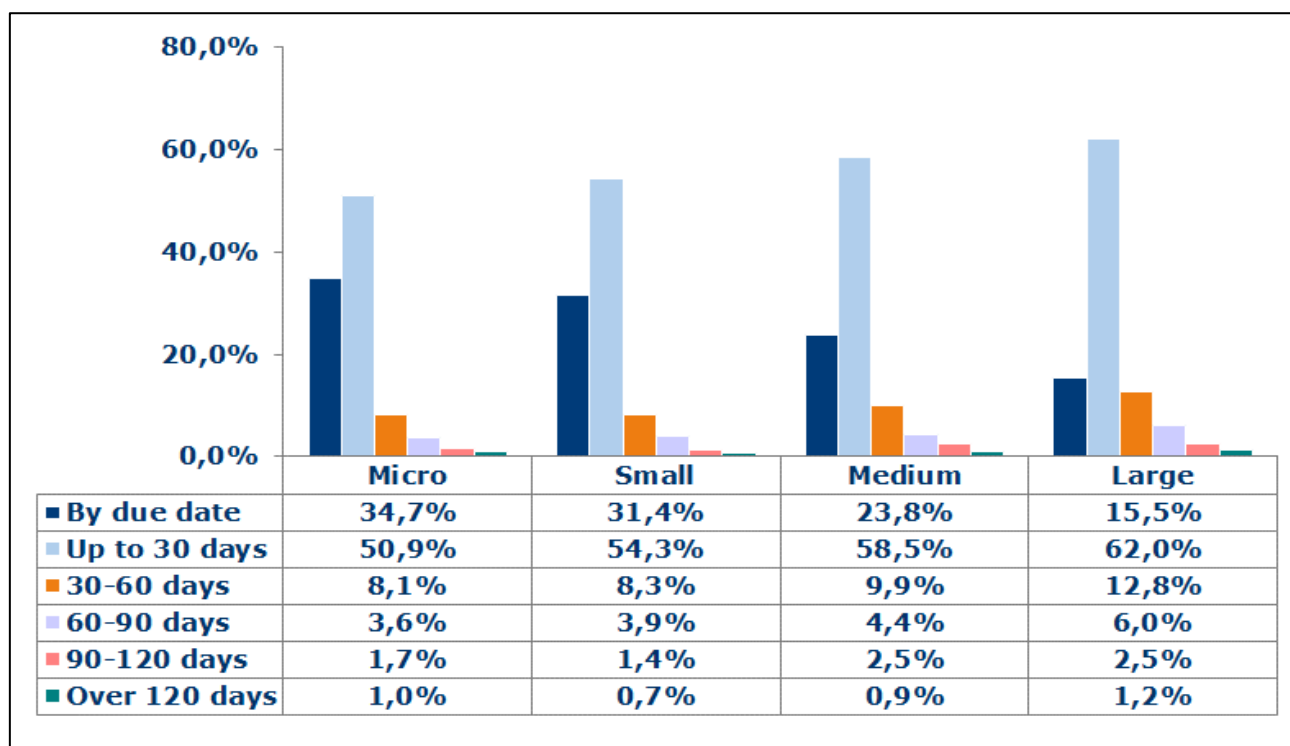
GRAPH 3.4 SOURCE: DUN & BRADSTREET (HK) LTD

#### PAYMENT PRACTICES IN HONG KONG BY PAYMENT CLASS, 2007-2017



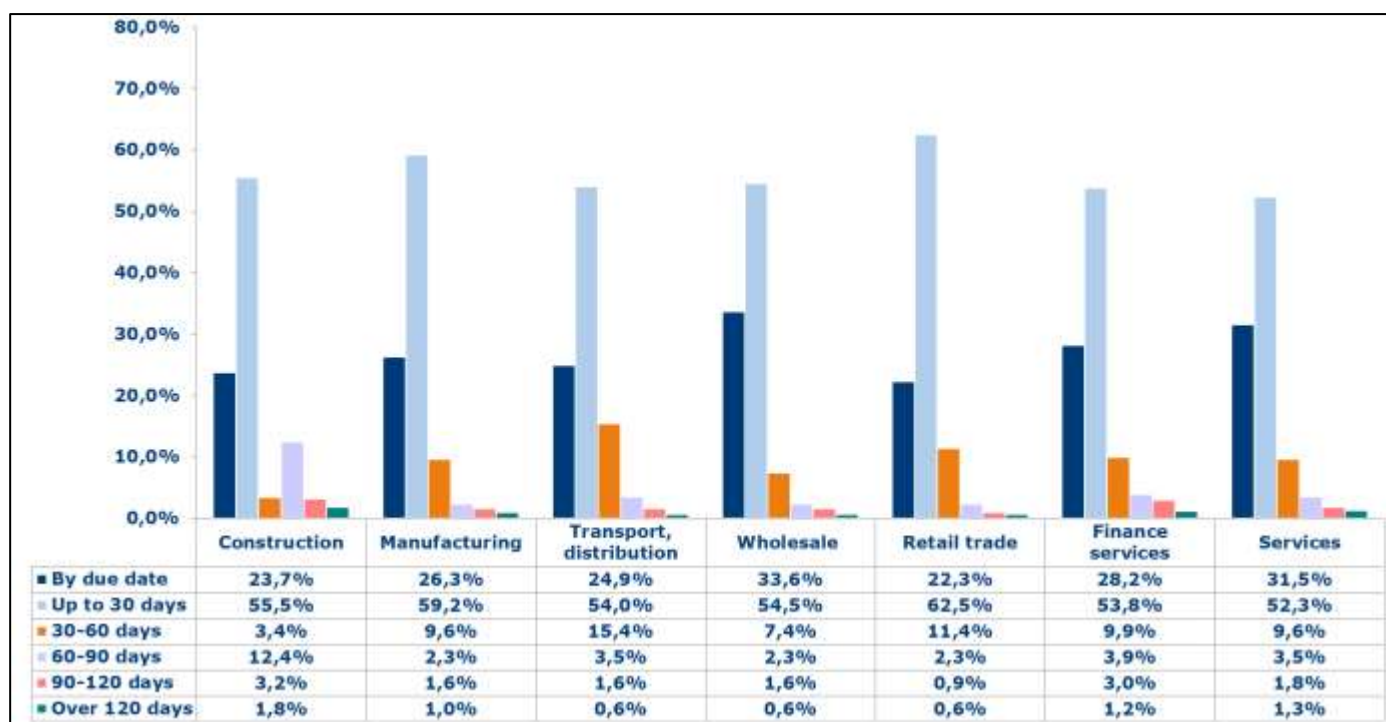
GRAPH 3.5 SOURCE: DUN & BRADSTREET (HK) LTD

#### PAYMENT PRACTICES IN HONG KONG BY TYPE OF COMPANY, 2017



GRAPH 3.6 SOURCE: DUN & BRADSTREET (HK) LTD

#### PAYMENT PRACTICES IN HONG KONG BY PRODUCT SECTOR, 2017



## 4. PHILIPPINES

Below is the opinion of **Mudzni Rivera Amorin, DUNTrade Leader** and **Ma. Isabel Hocson, Operations Leader** for **Dun & Bradstreet Philippines**, on the economic scenario and payment situation in the Philippines.

*"The Philippine economy expanded by 6.45% annually on average between January and June, and economic managers expect faster growth this semester as more infrastructure projects are rolled out per World Bank.*

*According to the new Asian Development Outlook (ADO) 2017 updates, ADB projects Philippines gross domestic product (GDP) growth to rise modestly from the 6.4% April forecast. GDP growth in 2018 will accelerate to 6.7% through increased public investment and household consumption. The economy expanded by 6.4% in the first half of 2017, a moderation from the election-driven 7% pace a year earlier. Fixed investment grew by 12.1%, reaching its highest share as a percentage of GDP in over a decade at 25.8%. Public and private investment, and household consumption supported by remittances from overseas Filipino, were the key drivers of growth. Services, the largest sector of the economy, increased by 6.4% in the half of 2017, with business process outsourcing, trade, tourism, and finance leading the way. Manufacturing growth quickened to 7.7% on strong domestic consumption and an improvement in exports. Inflation rose to 3.1% in the first 8 months of the year from 1.5% a year before, but remain within the Bangko Sentral ng Pilipinas target range of 2%-4%. The forecast for inflation has been revised down to 3.2% from 3.5% from 2017 to 3.5% from 3.7% from 2018.*

*This is further supported by the improvements being seen in the global environment. World output is expected to rise faster by 3.5% this year, coming from a 3.1% climb in 2016, and picking up by 3.6% next year.*

*This continuous growth has contributed to the improvements in payment behavior of businesses in the Philippines.*

*Construction has shown big improvements, following the government's aggressive commitment to approve and implement complex infrastructure projects. This sector set to grow a rapid pace over the forecast period (2017-2021), according to the latest research from Timetic's Construction Intelligence Center.*

*Manufacturing sector has also seen growth in 2017. It continues to be the country's top contributor towards economic growth as cited in Philippine Primer's article published on April 29, 2017. With more roads being built, there are more reason for Manufacturer to put up factories in the country. The top contributors within the manufacturing industry are petroleum, transport equipment, and food.*

*The Philippine Statistics Authority revealed that Agriculture posted a 2.20 percent growth in the fourth quarter of 2017. Improvements in production were noted in the crops, livestock and poultry subsectors. On the other hand, the fisheries subsectors recorded a decline in production during the same period. For the period of January to December 2017, the sector's gross output grew by 3.05 percent. While, service generated nearly 60% of GDP growth, spurred largely by trade, business process outsourcing (BPO), finance, and real estate services".*



## Payment analysis

In 2017, Philippine companies that paid their suppliers on time ("By due date" class) accounted for 29% of the total, with a growth of 28,1% from 2011 and a growth of 17% from 2016.

Moderate late payments (Up to 30 days), on the other hand, account for 18,7 percentage points, while the intermediate late payment classes (30-60 days and 60-90 days) together reach 14,3%. The negative performance is seen in the "Over 90 days" class: at the end of 2017 the concentration of companies in this bracket was 38% and 30,2% pay more than 120 days late on average. There was a growth of serious late payments of 4,8% from 2011, but an improvement of 8,6% from last year.

The payment scenario for the four different type of companies is very various.

Micro and Small companies have the highest share of punctual payers (40,3% and 42,1% of the total, respectively), while the Large companies have the lowest percentage of good payers (21,7%).

In the "Up to 30 days" late payment class there are values of between 15,7% for Micro companies and 24% for Large companies.

In other levels late payment classes are very consistent for all four of the categories examined.

In particular, payments with more than 120 days of delay exceed 21% of the total and reach 25,2% for Micro companies.

The sector which stands out as having the most balanced payment behavior is Construction: in this case 67,5% of companies manage to pay with a delay not greater than 30.

Late payments are concentrated in the "Up to 30 days" class, with the highest percentages for Manufacturing (23,7%).

Finance services have the highest concentration in the intermediate payment classes (between 30 and 90 days over payment terms) with 17,3% of the total.

Finally, the most serious late payment class (over 90 days on average) is highest for all the groups: the highest value is seen in the Transport, distribution sector (44,1%), followed by Retail trade with the 41,4% of the total.

TABLE 4.1 SOURCE: DUN & BRADSTREET PHILIPPINES

### PERCENTAGE OF COMPANIES IN PHILIPPINES WITH ON TIME PAYMENTS, 2011-2017

|             | 2011 | 2016  | 2017  |
|-------------|------|-------|-------|
| Philippines | 0,9% | 12,0% | 29,0% |

TABLE 4.2 SOURCE: DUN & BRADSTREET PHILIPPINES

**PERCENTAGE OF COMPANIES IN PHILIPPINES WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2011-2017**

|             | 2011  | 2016  | 2017  |
|-------------|-------|-------|-------|
| Philippines | 33,2% | 46,6% | 38,0% |

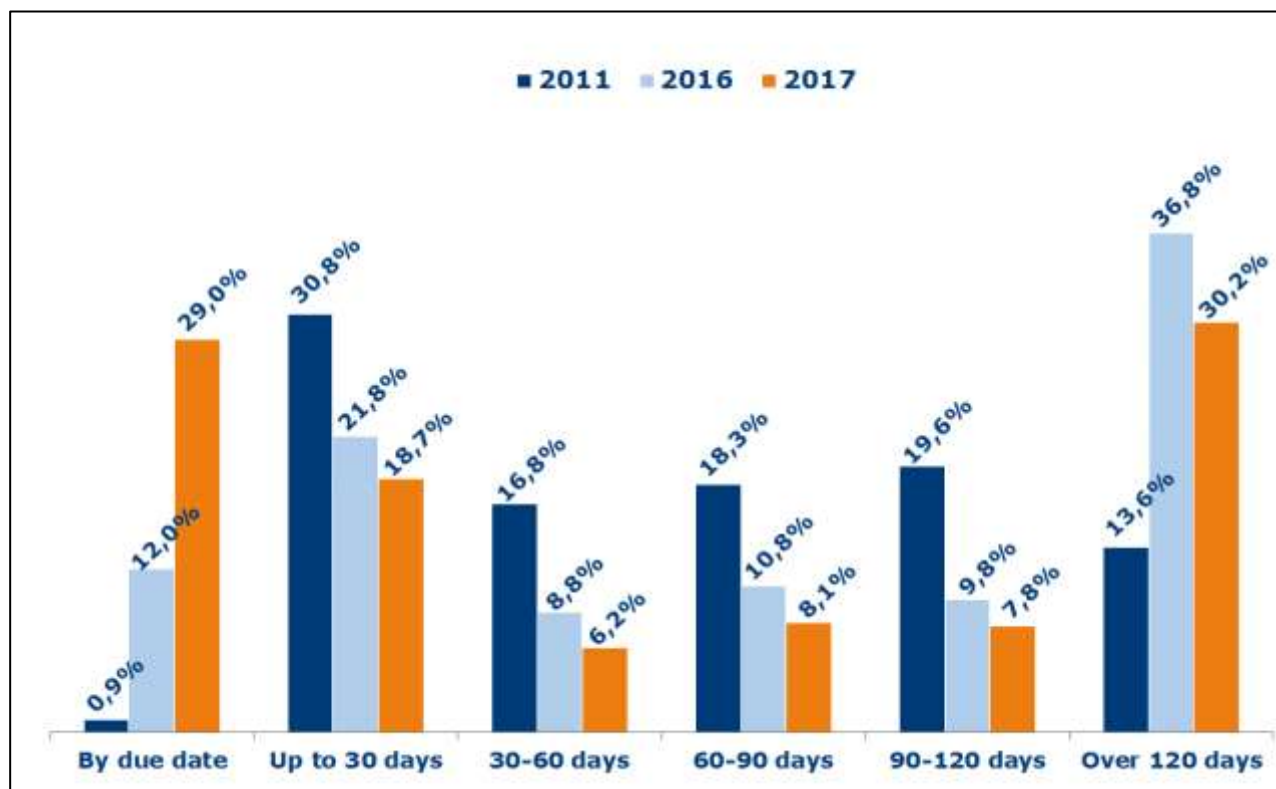
TABLE 4.3 SOURCE: DUN & BRADSTREET PHILIPPINES

**VARIATIONS IN PAYMENT PRACTICES IN PHILIPPINES, 2011-2017**

|               | Variation 2011/2017 | Variation 2016/2017 |
|---------------|---------------------|---------------------|
| By due date   | 28,1%               | 17,0%               |
| Up to 90 days | -32,9%              | -8,4%               |
| Over 90 days  | 4,8%                | -8,6%               |

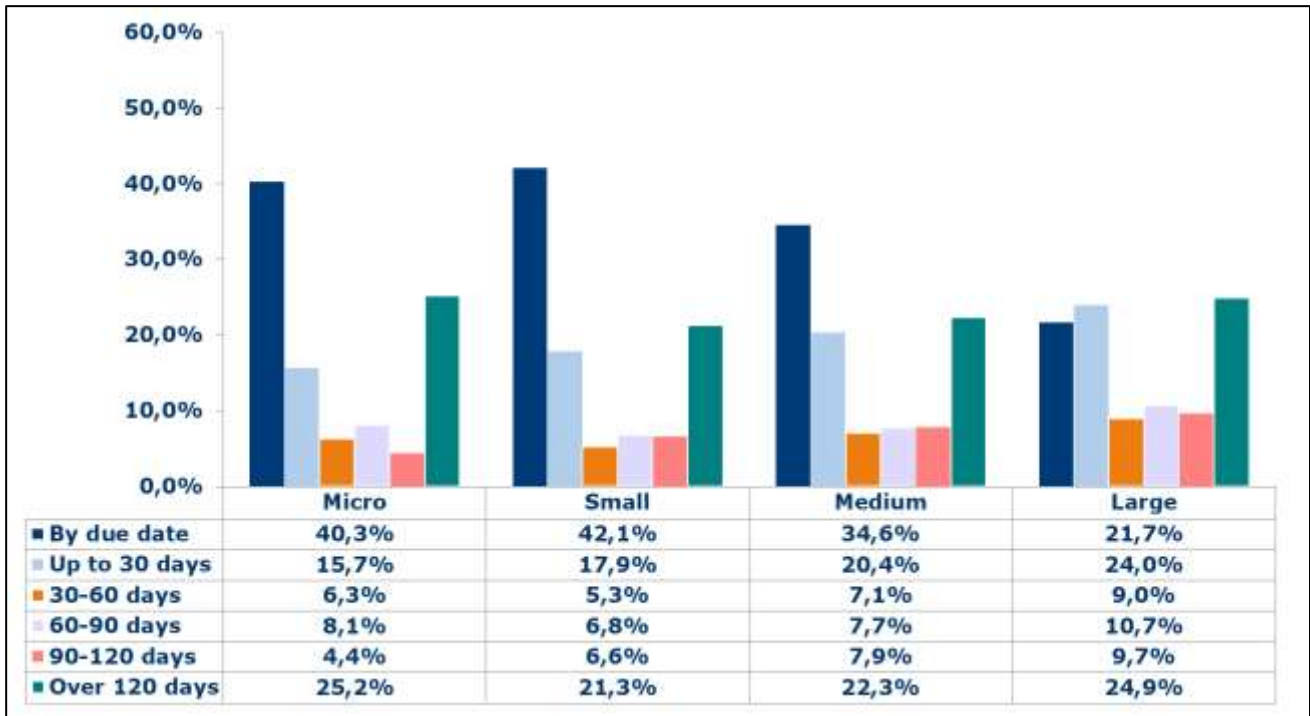
GRAPH 4.4 SOURCE: DUN & BRADSTREET PHILIPPINES

**PAYMENT PRACTICES IN PHILIPPINES BY PAYMENT CLASS, 2011-2017**

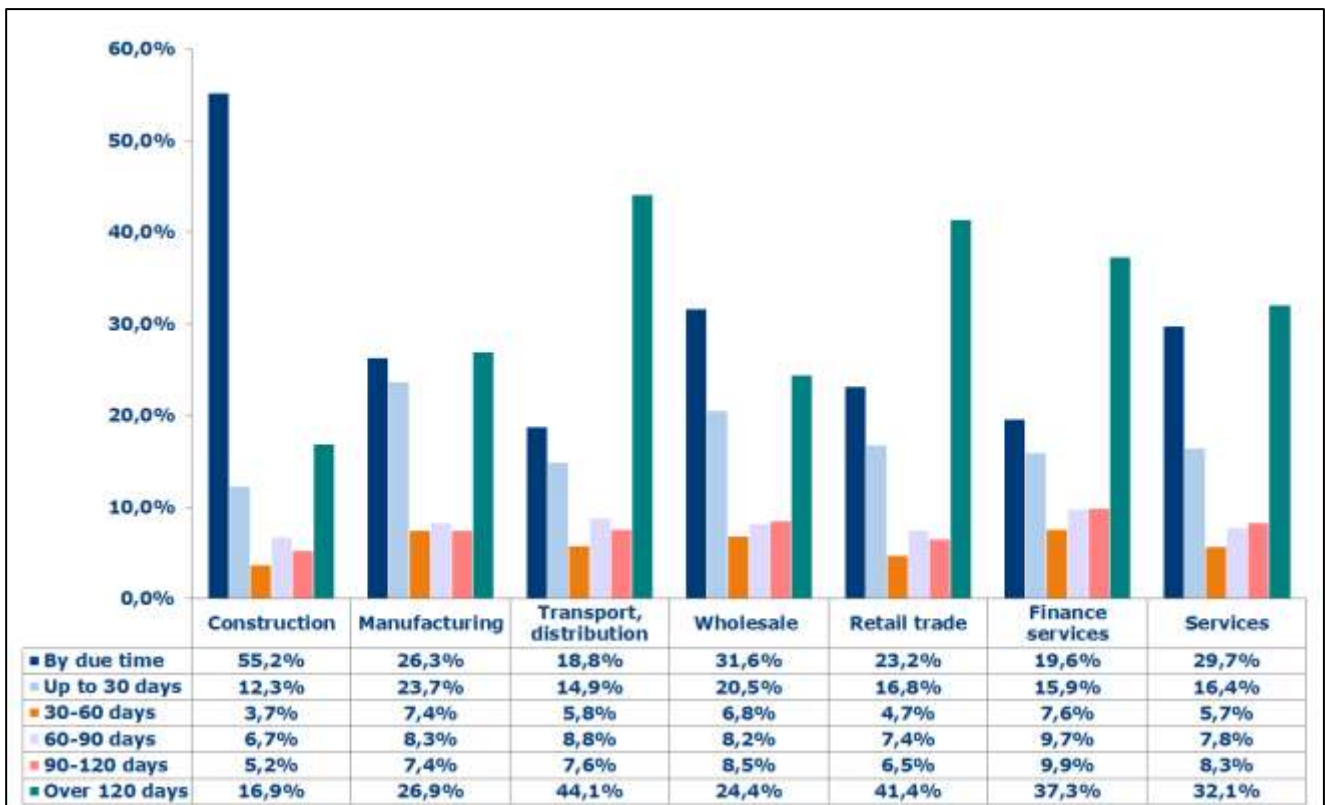




**PAYMENT PRACTICES IN PHILIPPINES BY TYPE OF COMPANY, 2017**



**PAYMENT PRACTICES IN PHILIPPINES BY PRODUCT SECTOR, 2017**



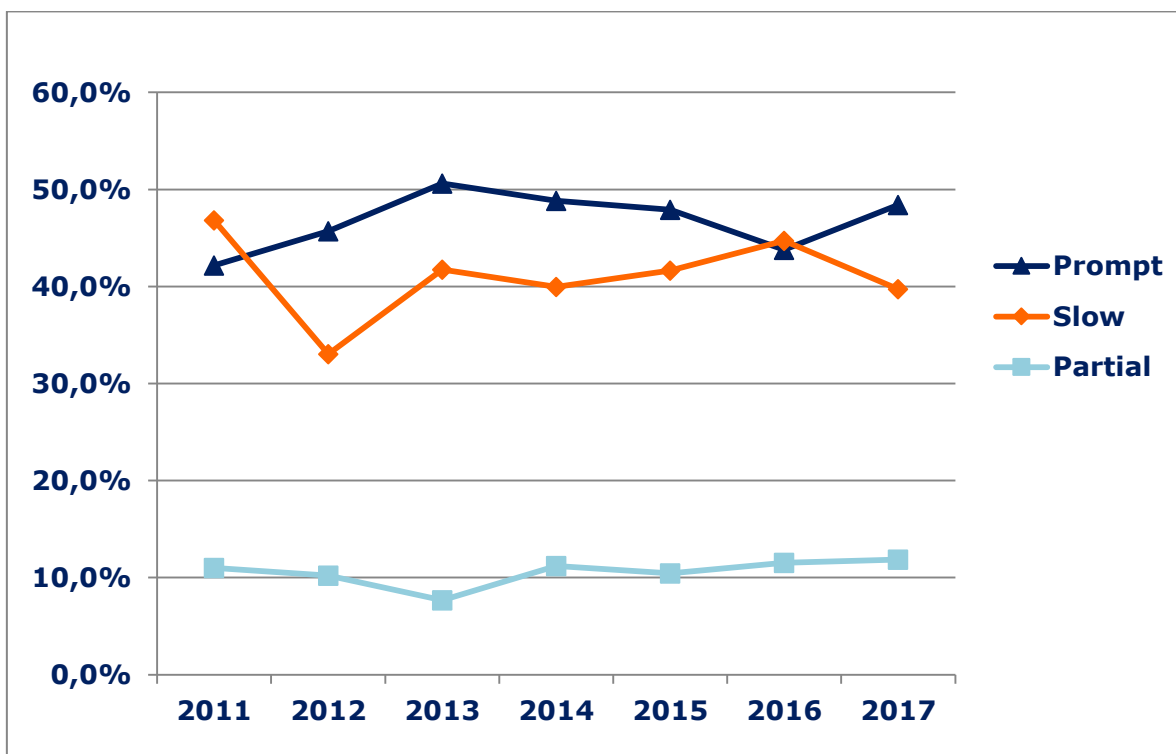
## 5. SINGAPORE

Payment performance of local firms has rebounded in 2017 from an all-time low in the preceding year. According to Singapore Commercial Credit Bureau (SCCB), the annual average proportion of prompt payments has risen to nearly half of total payment transactions from 43.77 per cent in 2016 to 48.40 per cent in 2017 while the annual average proportion of slow payments has fallen from 44.71 per cent in 2016 to less than two-fifths of total payment transactions, at 39.71 per cent in 2017.

Partial payments have also risen to a 7-year high in 2017, up from 11.52 per cent in 2016 to 11.87 per cent in 2017.

GRAPH 5.1 SOURCE: DUN & BRADSTREET SINGAPORE

### TRENDS IN PROMPT PAYMENT AND SLOW PAYMENT, 2011-2017



The latest quarterly statistics for Q4 2017 also reflected signs of improvement as prompt payments accounted for approximately 50 per cent of all payment transactions. According to Singapore Commercial Credit Bureau (SCCB), prompt payments have rebounded to slightly more than half of total payment transactions while slow payments fell to nearly one-third of all payment transactions.

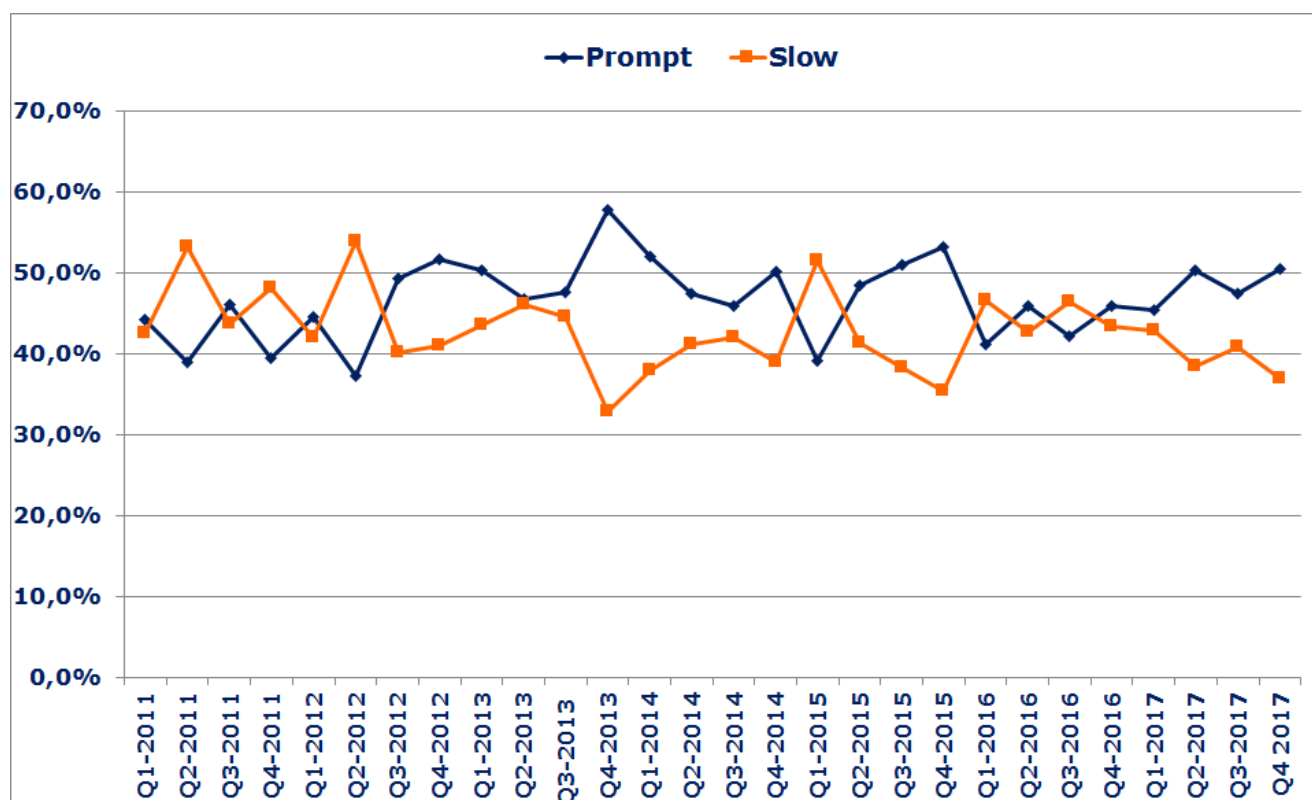
On a quarter-on-quarter (q-o-q) basis, prompt payments rose by 2.97 percentage points from 47.43 per cent in Q3 2017 to 50.40 per cent in Q4 2017. Year-on-year (Y-o-y), prompt payments have increased by 4.53 percentage points from 45.87 per cent in Q4 2016 to 50.40 per cent in Q4 2017.

Slow payments fell by 3.83 percentage points from 40.75 per cent in Q3 2017 to 36.92 per cent in Q4 2017. Y-o-y, slow payments dropped by 6.36 percentage points from 43.28 per cent in Q4 2016 to 36.92 per cent in Q4 2017.

Meanwhile, partial payments inched upwards by 0.86 percentage points from 11.82 per cent in Q3 2017 to 12.68 per cent, reaching a new peak in Q4 2017. Y-o-y partial payments climbed by 1.83 percentage points from 10.85 per cent in Q4 2016 to 12.68 per cent in Q4 2017. The previous peak in partial payments was in Q1 2012 at 13.50 per cent.

GRAPH 5.2 SOURCE: DUN & BRADSTREET SINGAPORE

### OVERALL PAYMENT PERFORMANCE, 2011-2017



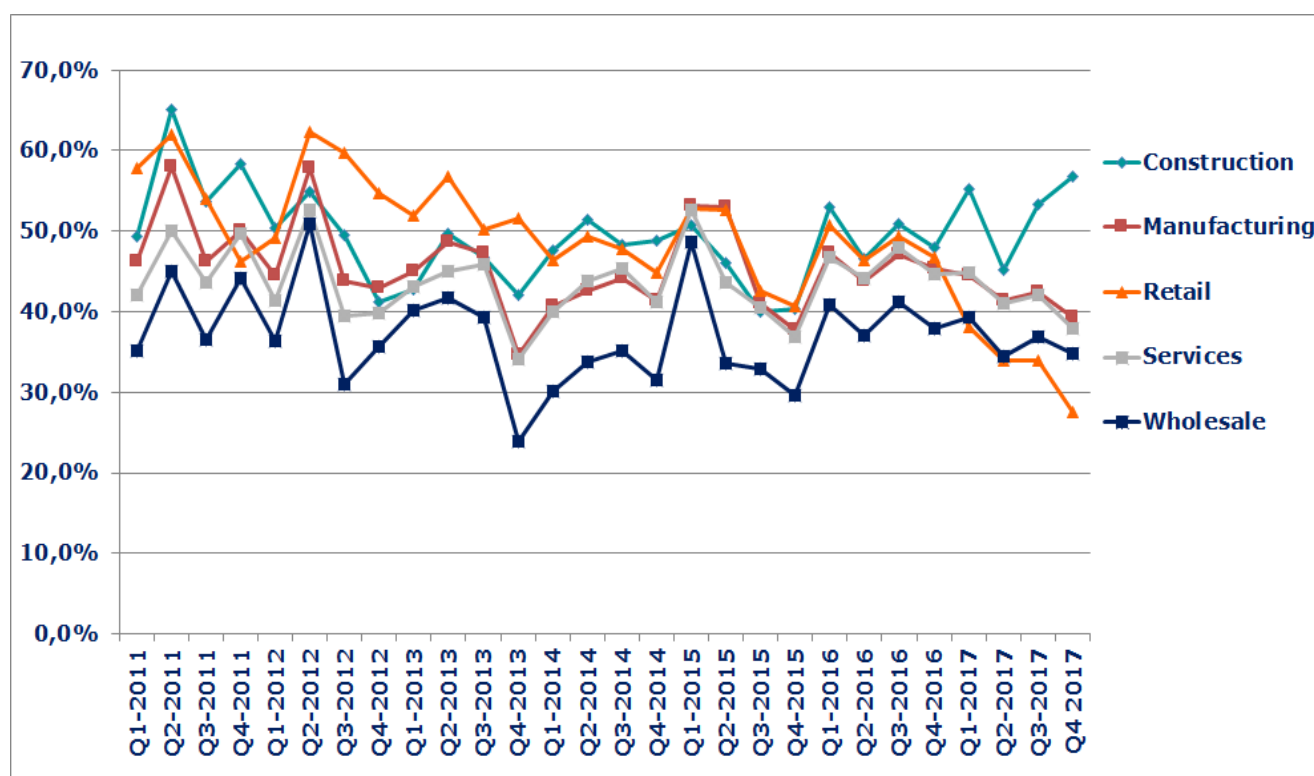
From a sectoral perspective, q-o-q slow payments have improved across majority of the industries. Compared to Q3 2017, only 1 industry experienced a deterioration in slow payments in Q4 2017.

TABLE 5.3 SOURCE: DUN &amp; BRADSTREET SINGAPORE

**TRENDS IN SLOW PAYMENT BY PRODUCT SECTOR, 2016-2017**

|                      | Percentage of Slow Payments |         |         | Percentage-Point Change |        |
|----------------------|-----------------------------|---------|---------|-------------------------|--------|
|                      | Q4 2017                     | Q3 2017 | Q4 2016 | Q-o-q                   | Y-o-y  |
| <b>Construction</b>  | 56,83                       | 53,30   | 47,97   | +3,53                   | +8,86  |
| <b>Manufacturing</b> | 39,30                       | 42,49   | 45,36   | -3,19                   | -6,06  |
| <b>Retail</b>        | 27,56                       | 33,96   | 46,69   | -6,40                   | -19,13 |
| <b>Services</b>      | 37,84                       | 42,06   | 44,66   | -4,22                   | -6,82  |
| <b>Wholesale</b>     | 34,72                       | 36,95   | 37,96   | -2,23                   | -3,24  |

GRAPH 5.4 SOURCE: DUN &amp; BRADSTREET SINGAPORE

**PERCENTAGE OF PAYMENTS MADE 30 DAYS OR MORE ABOVE TERMS BY PRODUCT SECTOR, 2011-2017****Construction**

The construction sector continues to experience the highest proportion of payment delays for the eighth consecutive quarter since two years ago in Q1 2016.

Slow payments within the sector hit a new record in six years since Q4 2011 when payment delays accounted for nearly three-fifths of total payment transactions.

- Q-o-q slow payments jumped moderately by 3.53 percentage points from 53.30 per cent in Q3 2017 to 56.83 per cent in Q4 2017.
- The building construction sub-sector registered the highest increase in slow payments, up by 6.24 percentage points from 53.81 per cent in Q3 2017 to 60.05 per cent in Q4 2017. This was followed by special trade contractors which experienced a further increase by 2.17 percentage points from 51.96 per cent in the previous quarter to 54.13 per cent in Q4 2017. Meanwhile, payment delays within the heavy construction sub-sector fell marginally by 1.18 percentage points from 57.21 per cent in Q3 2017 to 56.03 per cent in Q4 2017.
- On a y-o-y basis, slow payments rose visibly by 8.86 percentage points from 47.97 per cent in Q4 2016 to 56.83 per cent in Q4 2017.

## **Manufacturing**

Slow payments within the manufacturing sector improved due mainly to improvements in the electronics and biomedical manufacturing sectors.

- Slow payments dipped marginally by 3.19 percentage points from 42.49 per cent in Q3 2017 to 39.30 per cent in Q4 2017.
- Manufacturers of food and kindred products experienced the steepest fall in payment delays, down by 10.80 percentage points from 40.25 per cent in Q3 2017 to 29.45 per cent in Q4 2017. This is followed by manufacturers of petroleum and coal products, down by 9.23 percentage points from 44.27 per cent in Q3 2017 to 35.04 per cent in Q4 2017. Slow payments by manufacturers of rubber fell by 8.22 percentage points from 37.97 per cent in Q3 2017 to 29.75 per cent in Q4 2017.
- On a y-o-y basis, slow payments dropped by 6.06 percentage points from 45.36 per cent in Q4 2016 to 39.30 per cent in Q4 2017.

## **Retail**

The retail sector continued to register the lowest proportion due largely to the steep fall in slow payments by retailers of food and beverage and fashion apparels.

- Slow payments dropped markedly by 6.40 percentage points from 33.96 per cent in Q3 2017 to 27.56 per cent in Q4 2017 on a q-o-q basis.
- Retailers of food and beverage registered the steepest fall in slow payments, down by 8.50 percentage points from 33.23 per cent in Q3 2017 to 24.73 per cent in Q4 2017. This is followed by retailers of fashion apparels and accessories, down by 8.20 percentage points from 45.06 per cent in Q3 2017 to 36.86 per cent in Q4 2017. Slow payments by retailers

of building materials and garden supplies dropped by 4.59 percentage points from 54.10 per cent in Q3 2017 to 49.51 per cent in Q4 2017.

- On a y-o-y basis, slow payments fell significantly by 19.13 percentage points from 46.69 per cent in Q4 2016 to 27.56 per cent in Q4 2017.

## **Services**

The services sector registered the second largest fall in payment delays for Q4 2017.

- Q-o-q slow payments fell by 4.22 percentage points from 42.06 per cent in Q3 2017 to 37.84 per cent in Q4 2017.
- The consumer services sector recorded the steepest fall in payment delays, down by 12.51 percentage points from 53.0 per cent in Q3 2017 to 40.49 per cent in Q4 2017. This is followed by hotels and accommodation, down by 12.35 percentage points from 39.38 per cent in Q3 2017 to 27.03 per cent in Q4 2017. Payment delays within the legal services sector tumbled by 8.82 percentage points from 31.31 per cent in Q3 2017 to 22.49 per cent in Q4 2017.
- On a y-o-y basis, slow payments dropped by 6.82 percentage points from 44.66 per cent in Q4 2016 to 37.84 per cent in Q4 2017.

## **Wholesale trade**

The wholesale trade sector registered the second lowest proportion of payment delays due largely to improvements seen within the wholesale trade of durable goods.

- Q-o-q payment delays slipped by 2.23 percentage points from 36.95 per cent in Q3 2017 to 34.72 per cent in Q4 2017.
- Slow payments by wholesalers of durable goods dipped slightly by 1.16 percentage points from 36.86 per cent in Q3 2017 to 35.70 percentage points in Q4 2017. Payment delays by wholesalers of non-durable goods dropped visibly by 5.16 percentage points from 37.19 per cent in Q3 2017 to 32.03 per cent in Q4 2017.
- On a y-o-y basis, slow payments within the wholesale trade sector dropped by 3.24 percentage points from 37.96 per cent in Q3 2017 to 34.72 per cent in Q4 2017.

Despite the cash flow woes experienced by local firms, we are seeing more firms fulfilling their debt obligations partially if not fully. Partial payments are always better than non-payments. This reflects a healthy sign that firms are exercising better credit vigilance and putting stringent controls in place to ensure they remain creditworthy in the eyes of their credits and not to default completely on their debts.

## 6. THAILAND

### Payment analysis

In 2017, Thailand companies that paid their suppliers on time ("By due date" class) accounted only 45,4% of the total.

On the other hand, the moderate late payments ("Up to 30 days") account for 47,8 percentage points, while the intermediate late payment classes, "30-60 days" and "60-90 days", together reach 5,1% (-22,5% compared to 2016).

The share of "bad payers" ("Over 90 days") at the end of 2017 account 1,7% of the total.

Small companies were the "best payers": in fact, they paid on-time 48,3% of the total. At the contrary, Large companies that paid on-time were only 38,9% of the total.

Most of the late payments, were concentrated in the "Up to 30 days" class, where the highest values were reached by Large companies with 55,3% of the total.

As regards very late payments, Micro companies reached 2,6% of the total.

Agriculture, forestry, hunting and fishing and Finance services showed the best payment performances, with 58,7% and 57,6%, of punctual payers.

A large part of Thailand companies is in the "Up to 30 days" class, with values varying between 32,5% for Agriculture, forestry, hunting and fishing and 52,8% for the Construction sector.

For the intermediate late payment class (between 30 and 90 days on average), the highest value is seen for the Transport, distribution sector with 5,9% of the sample.

Finally, the most serious payments class (over 90 days on the average) is highest in the Agriculture, forestry, hunting and fishing sector (3,2%), followed by Construction with the 2,8% of the total.

Motion pictures is the sector with the best payment record in Thailand, with 70,8% of companies paying within agreed payment terms. In second and third places are the Holding and other investment offices (64,6%) and Security and commodity brokers (61,8%) sectors.

Furniture and fixtures and Lumber and wood products are in the top positions in the ranking of the worst sectors with more than 3,5% of late payments of over 90 days on average.

TABLE 6.1 SOURCE: DUN & BRADSTREET THAILAND

#### PERCENTAGE OF COMPANIES IN THAILAND WITH ON TIME PAYMENTS, 2015-2017

|          | 2015  | 2016  | 2017  |
|----------|-------|-------|-------|
| Thailand | 19,5% | 21,5% | 45,4% |



TABLE 6.2 SOURCE: DUN & BRADSTREET THAILAND

**PERCENTAGE OF COMPANIES IN THAILAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2015-2017**

|                 | 2015        | 2016        | 2017        |
|-----------------|-------------|-------------|-------------|
| <b>Thailand</b> | <b>8,0%</b> | <b>3,1%</b> | <b>1,7%</b> |

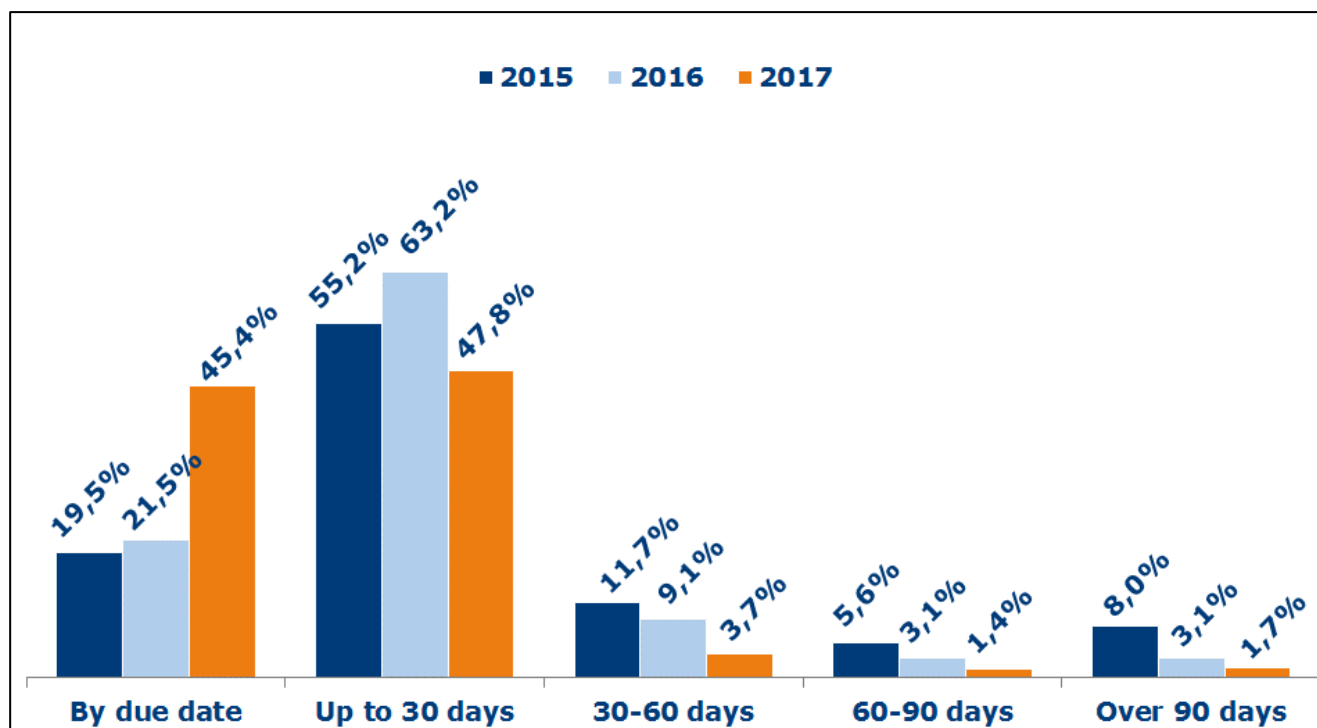
TABLE 6.3 SOURCE: DUN & BRADSTREET THAILAND

**VARIATIONS IN PAYMENT PRACTICES IN THAILAND, 2015-2017**

|                      | Variation 2015/2017 | Variation 2016/2017 |
|----------------------|---------------------|---------------------|
| <b>By due date</b>   | <b>25,9%</b>        | <b>23,9%</b>        |
| <b>Up to 90 days</b> | <b>-19,6%</b>       | <b>-22,5%</b>       |
| <b>Over 90 days</b>  | <b>-6,3%</b>        | <b>-1,4%</b>        |

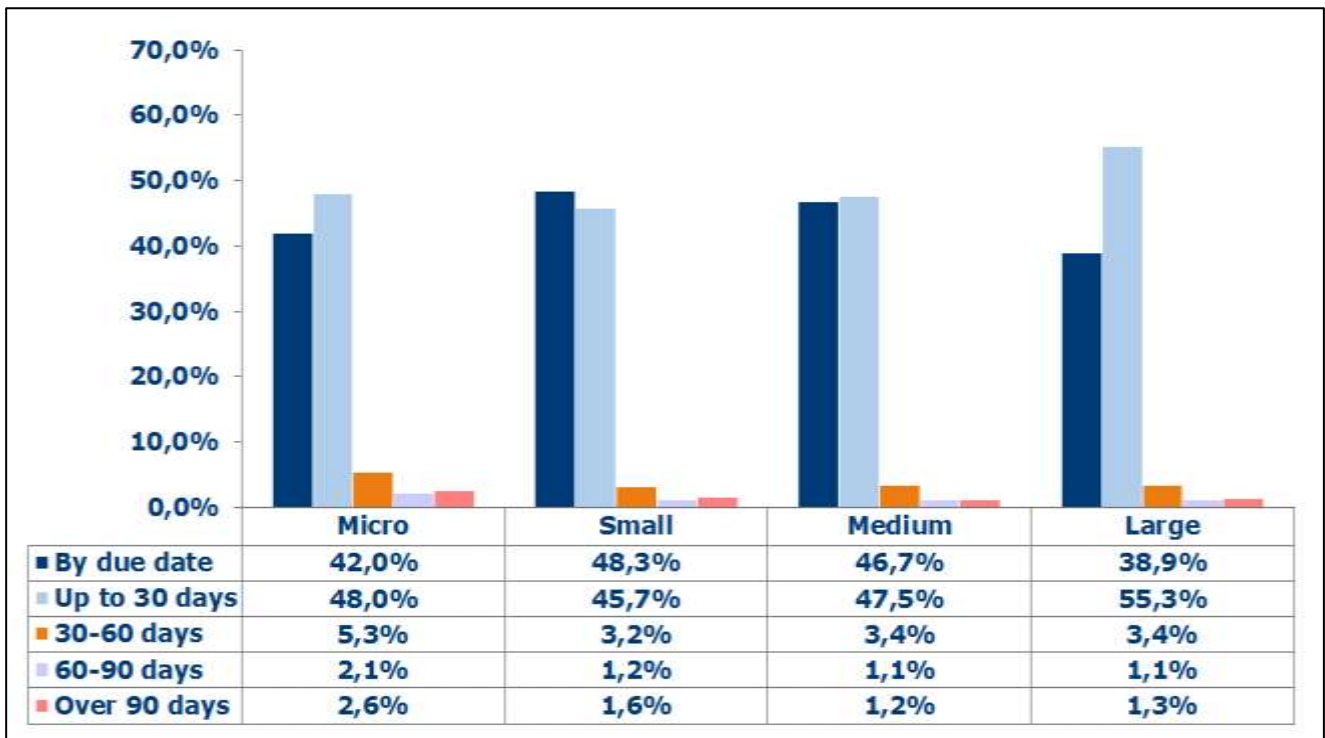
GRAPH 6.4 SOURCE: DUN & BRADSTREET THAILAND

**PAYMENT PRACTICES IN THAILAND BY PAYMENT CLASS, 2015-2017**





**PAYMENT PRACTICES IN THAILAND BY TYPE OF COMPANY, 2017**



**PAYMENT PRACTICES IN THAILAND BY PRODUCT SECTOR, 2017**

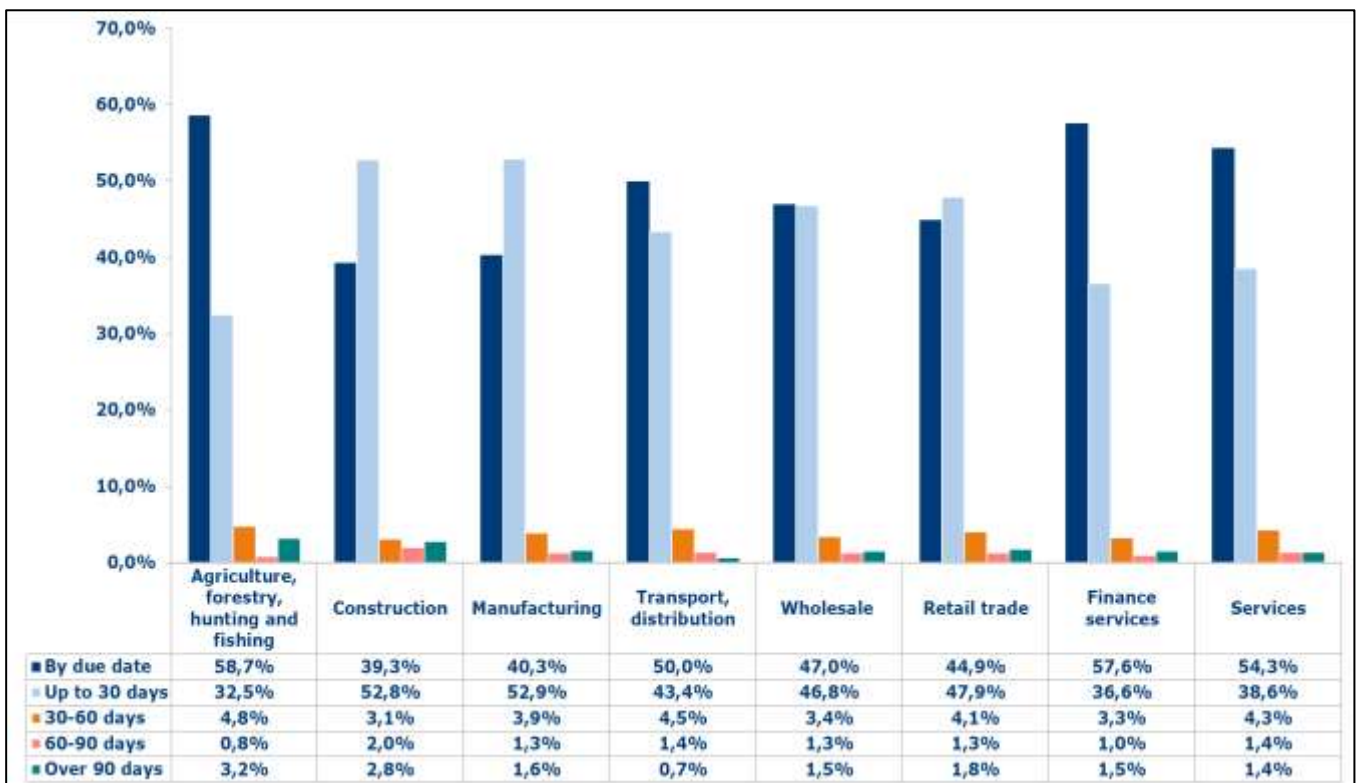


TABLE 6.7 SOURCE: DUN & BRADSTREET THAILAND

**SECTORS WITH THE BEST PAYMENT RECORDS IN THAILAND, 2017**

| Sector                                  | Ranking 2017 |
|---|--------------|
| MOTION PICTURES                         | 1            |
| HOLDING AND OTHER INVESTMENT OFFICES    | 2            |
| SECURITY AND COMMODITY BROKERS          | 3            |
| BUSINESS SERVICES                       | 4            |
| LOCAL AND INTERURBAN PASSENGER TRANSIT  | 5            |
| AUTO REPAIR, SERVICES AND PARKING       | 6            |
| REAL ESTATE                             | 7            |
| AUTOMOTIVE DEALERS AND SERVICE STATIONS | 8            |
| WHOLESALE TRADE - NONDURABLE GOODS      | 9            |
| ENGINEERING AND MANAGEMENT SERVICES     | 10           |

TABLE 6.8 SOURCE: DUN & BRADSTREET THAILAND

**SECTORS WITH THE WORST PAYMENT RECORDS IN THAILAND, 2017**

| Sector                              | Ranking 2017 |
|-------------------------------------|--------------|
| FURNITURE AND FIXTURES              | 48           |
| LUMBER AND WOOD PRODUCTS            | 47           |
| APPAREL AND OTHER TEXTILE PRODUCTS  | 46           |
| GENERAL BUILDING CONTRACTORS        | 45           |
| GENERAL MERCHANDISE STORES          | 44           |
| MISCELLANEOUS REPAIR SERVICES       | 43           |
| EATING AND DRINKING PLACES          | 42           |
| HEAVY CONSTRUCTION, EXCEPT BUILDING | 41           |
| PRINTING AND PUBLISHING             | 40           |
| PAPER AND ALLIED PRODUCTS           | 39           |

## 7. INDIA

Below is the opinion of **Ashok Birla, Manager-Trade Exchange Program** of **Dun & Bradstreet information Services India Pvt Ltd.**, on the economic scenario and payment situation in India.

*"India's economy is the 7<sup>th</sup> largest in the world by Nominal GDP and the third largest by Purchasing Power Parity (PPP). In Q4 of 2014, India became the leading growth engine in emerging Asia, expanding faster than China. India is classified as a newly industrialized country and is one of the G-20 major economies.*

*With China's GDP slowing, India has taken over the role of global growth leader with GDP growth expected to reach 7.6% in 2018. Due to its relatively closed economy, the country will not feel much impact from China's slowdown and possible trade measures in the US.*

*Two major decisions on economic policy had a severe impact on 2017. First was the sudden cancellation of nearly 86% of the cash in circulation in November 2016 - the effect lasted until 2017.*

*Second were the glitches in the rollout of the biggest tax overhaul since independence - a single Goods and Services Tax (GST) replaced the numerous federal and state taxes in June 2017.*

*There were some major achievements as well, including India's 30-point jump to join the top 100 countries in the World Bank's "ease of doing business" index. India's stock markets were among the world's best performing - they grew by more than 30% year on year.*

*India's federal government also announced a \$32bn (£23.7bn) bailout plan for India's public sector banks, which have been struggling due to mounting bad loans, or non-performing assets as they are known. But overall, 2017 was a tough year and there are still many challenges in 2018.*

*Both these decisions (Cash Ban and GST) played a vital role in the payment behavior of the industry. Companies struggled to receive payments due to shortage of legal tender which continued for many months. Implementation of GST without training the small businesses created confusion in raising of correct invoices and eventually this led to delayed payments. Payments in India are also delayed to keep money in the company and to avoid borrowing from banks due to the high interest rate, which might lead to an increase in non-payments and insolvencies.*

*As per the trade data, India has a high proportion of delayed payments. The average percentage of delayed payments in India stood at a whopping 64%. A Paydex Score of lesser than 70 has been considered as delayed Payment for this purpose.*

- *On average, 71% of Micro Companies paid the invoices past the due dates.*
- *Little and Medium companies fared better than the rest and delayed the payments in 61% of the cases.*
- *Large corporates showed the worst results and delayed payments in 72% of the cases. This is 2 % more than 2016 data.*

*The delayed payments by MSME (Micro, Small and Medium Enterprises) can be attributed to delay in payments by large corporates. MSMEs work with tight working capital and any delay in receipt of payments from large corporates impacts the entire payment supply chain.*

## Payment Behavior by Sector

*There has been improvement in the Payment Behavior in some of the sectors when compared to the last year.*

- *Companies into Finance, Insurance and Real Estate improved their payment performance as compared to 2016. They have delayed Payments in 65% of the cases against 84% in 2016.*
- *Manufacturing Companies paid 34% of the B2B invoices on time as compared to 27% in 2016.*
- *Both Wholesale and Retail trade Companies have improved the Payments by 12%. Only 65% invoices were delayed in 2017 against 77% in 2016.*

*Below Sectors worsened the Payment delays as compared to 2016. To some extent this can be attributed to the cash ban in November 2016 as Agriculture/forestry/fishing depends a lot on cash transactions.*

- *Agriculture/forestry/fishing companies were not able to fulfil their Payment obligations in 65% of the cases in 2017. In 2016, this sector stood best with delay only in 48% cases.*
- *Suppliers in India reported that customers in the Construction sector generated some of the longest payment delays. B2B customers in these sector, delayed payments in 74% of the cases."*

## Payment analysis

In 2017, Indian companies that paid their suppliers on time ("By due date" class) accounted 47,1% of the total.

On the other hand, the moderate late payments ("Up to 30 days") account for 35,9 percentage points, while the intermediate late payment classes, "30-60 days" and "60-90 days", together reach 8,3%. The share of "bad payers" ("Up to 90 days") at the end of 2017 account 8,7% of the total and 3,4% pay more the 120 days late on average.

Small and Medium companies have the highest concentration of punctual payers, with more than 52% of the total (54,7% and 52,2%).

Micro companies, on the other hand, have the highest concentration in the moderate late payment class "Up to 30 days" (48%).

In term of serious late payments, the worst performance is seen for Large and Medium companies with 19,7% and 7,9% that pay more than 90 days late average. The percentages of Micro and Small companies in the more serious late payment class do not exceed 3,1 percentage points.

As regards the "By due date" class, the sectors vary between 43,6% of Transportation, communications, electric gas and sanitary services and 55,3% of Finance, insurance and real estate.

In the "Up to 30 days" class is concentrated the most part of late payments, with the Construction sector with the highest value (48,5%). For the intermediate late payment class (between 30 and 90 days on average), the highest value is seen for the Transportation, communications, electric gas and sanitary services with 12,5% of the sample.

Finally, the most serious payments class (over 90 days on the average) is highest in the Transportation, communications, electric gas and sanitary services (12,8%), followed by Manufacturing with the 10,9% of the total.

TABLE 7.1 SOURCE: DUN & BRADSTREET INFORMATION SERVICES INDIA PVT LTD.

**PERCENTAGE OF COMPANIES IN INDIA WITH ON TIME PAYMENTS, 2016-2017**

|       | 2016  | 2017  |
|-------|-------|-------|
| India | 22,4% | 47,1% |

TABLE 7.2 SOURCE: DUN & BRADSTREET INFORMATION SERVICES INDIA PVT LTD.

**PERCENTAGE OF COMPANIES IN INDIA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2016-2017**

|       | 2016  | 2017 |
|-------|-------|------|
| India | 24,6% | 8,7% |

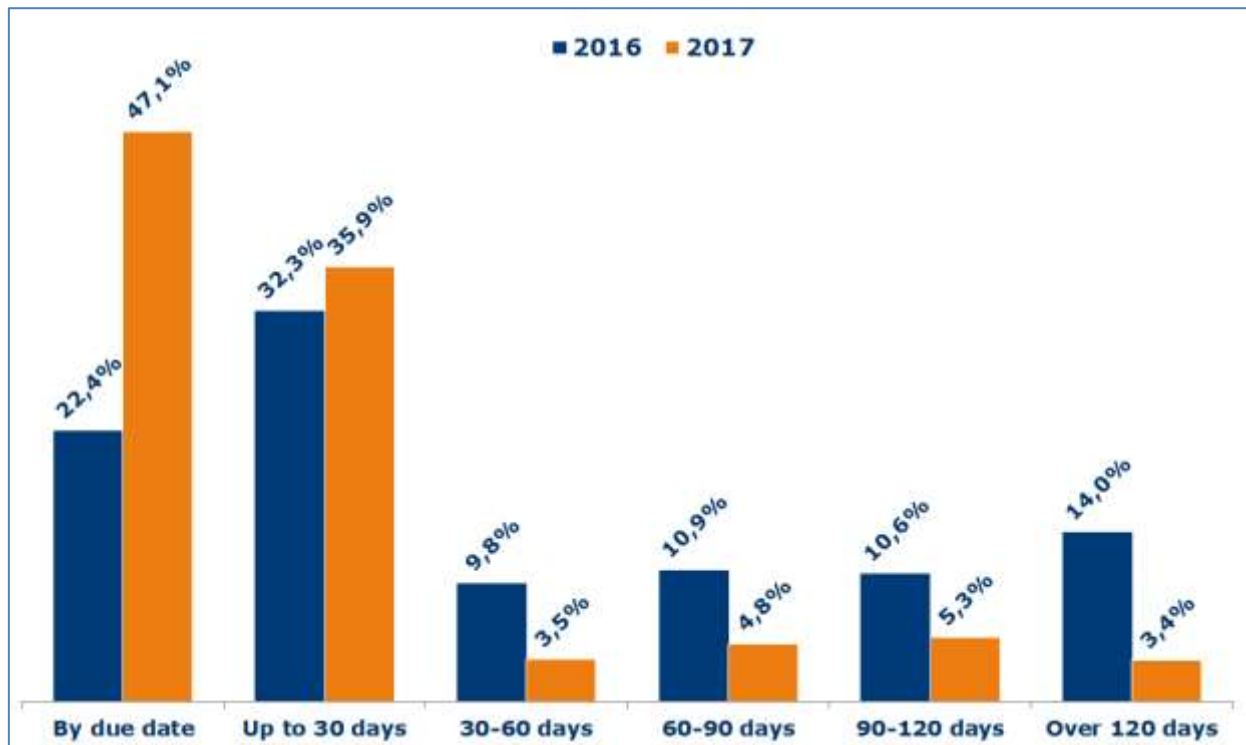
TABLE 7.3 SOURCE: DUN & BRADSTREET INFORMATION SERVICES INDIA PVT LTD.

**VARIATIONS IN PAYMENT PRACTICES IN INDIA, 2016-2017**

|               | Variation<br>2016/2017 |
|---------------|------------------------|
| By due date   | 24,7%                  |
| Up to 90 days | -8,8%                  |
| Over 90 days  | -15,9%                 |

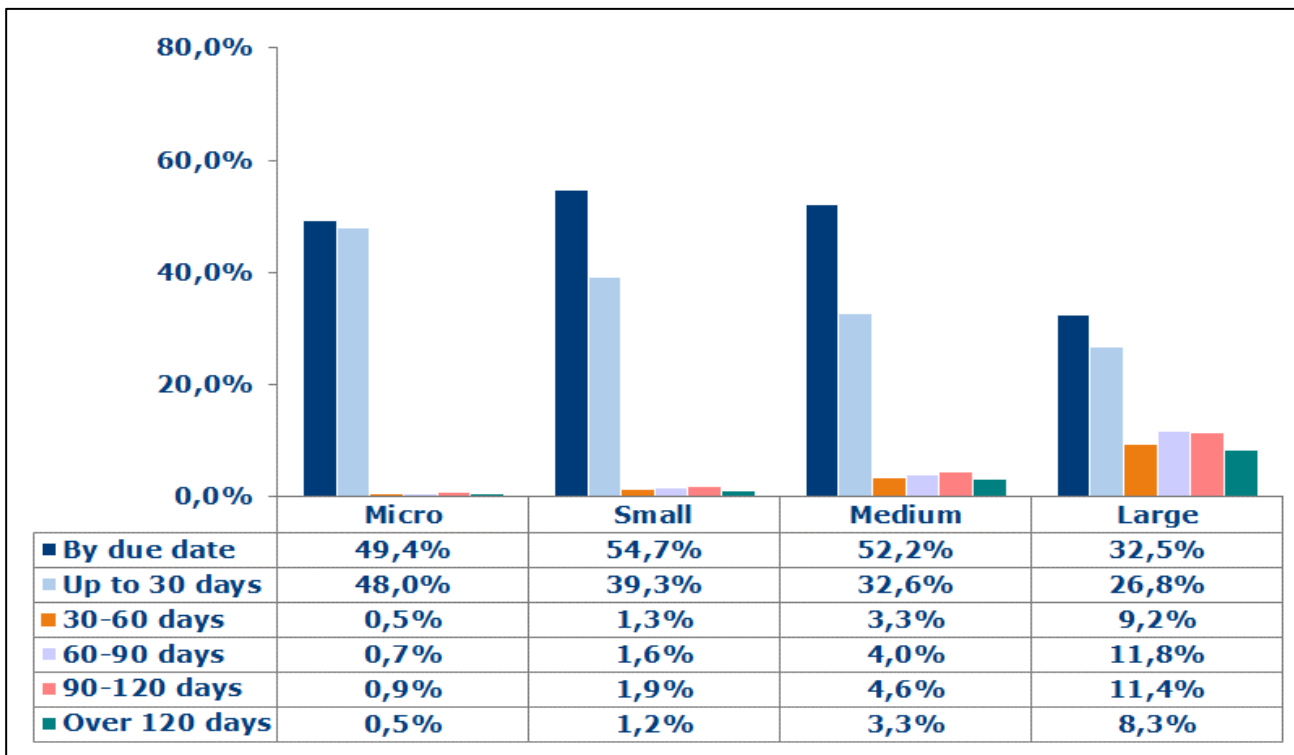
GRAPH 7.4 SOURCE: DUN & BRADSTREET INFORMATION SERVICES INDIA PVT LTD.

#### PAYMENT PRACTICES IN INDIA BY PAYMENT CLASS, 2016-2017

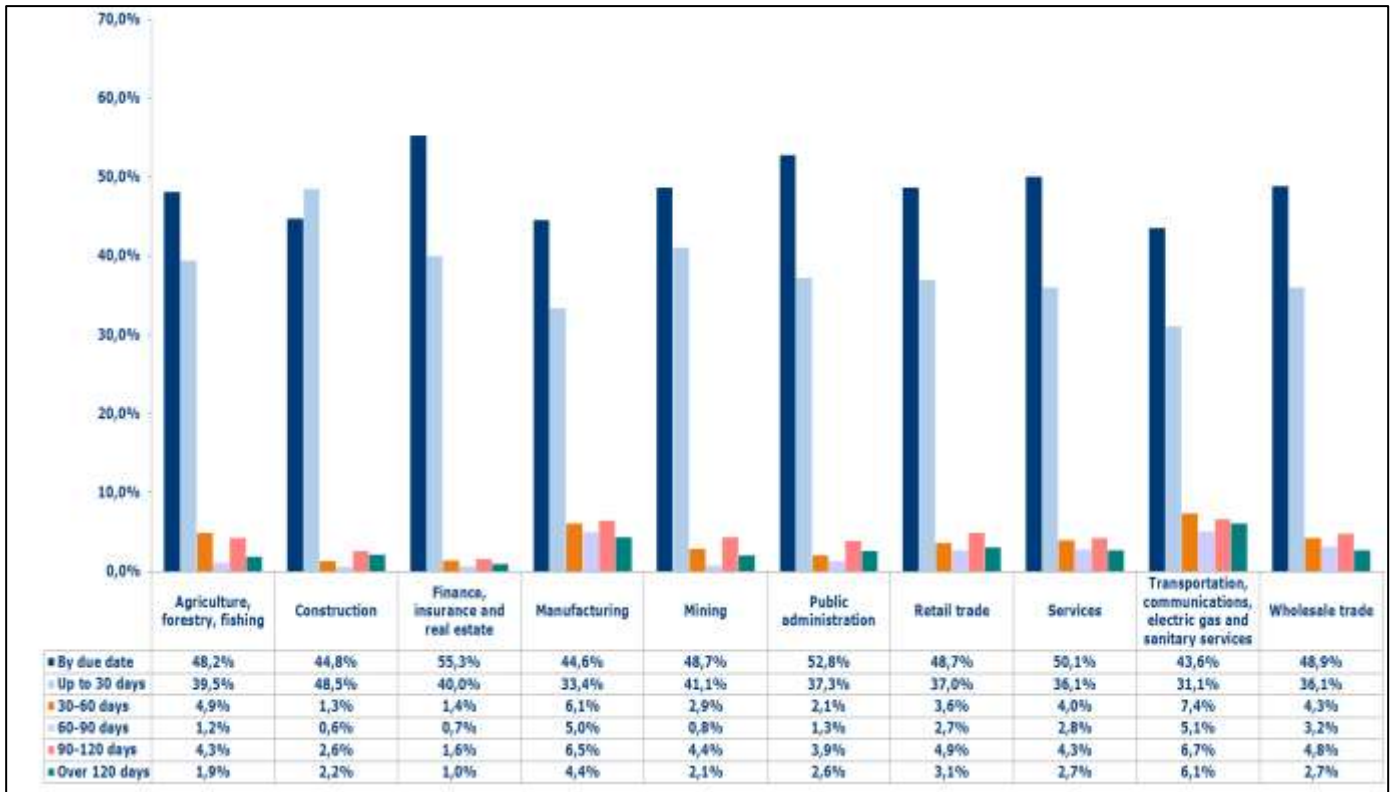


GRAPH 7.5 SOURCE: DUN & BRADSTREET INFORMATION SERVICES INDIA PVT LTD.

#### PAYMENT PRACTICES IN INDIA BY TYPE OF COMPANY, 2017



**PAYMENT PRACTICES IN INDIA BY PRODUCT SECTOR, 2017**





## 8. ISRAEL

### Payment analysis

In 2017, Israeli companies that paid their suppliers on time ("By due date" class) accounted 17,4% of the total. For the first time from 2014, there was a slight worsening compared to 2016 (-0,8%), but the trend is still positive compared to 4 years ago (+6%).

Late payments were more focused in the "Up to 30 days" class with 62% of the total, however, the intermediate late payment classes, "30-60 days" and "60-90 days", together reached 17,5%. Finally, the share of "bad payers" ("Over 90 days") at the end of 2017 accounted 3,1% of the total, with a decrease of 3,1% compared to 2014.

Micro companies have the highest concentration of punctual payers, with 19,8% of the total.

Small companies, on the other hand, have the highest concentration in the moderate late payment class "Up to 30 days" (81,8%), while only 10,7% pay by due date.

In term of serious late payments, the worst performance is seen for Micro companies with 4,3% pay more than 90 days late average.

The percentages of Medium and Large companies in the more serious late payment class do not exceed 3,4 percentage points.

As regards the "By due date" class, the worst performance is seen for Construction sector (only 14,8% of "good payers"), while the most virtuous sector was Agriculture, forestry, hunting and fishing with 23,5% of the total. In the "Up to 30 days" class is concentrated the most part of late payments, with the Manufacturing sector with the highest value (66,6%). For the intermediate late payment class (between 30 and 90 days on average), the highest value is seen for the Retail trade sector with 21,5% of the sample.

Finally, the most serious payments class (over 90 days on the average) is highest in the Transport and distribution sectors (4,2%).

The top position in the classification of best payers was held by Agricultural, production – Crops with 29,1% of companies paying within agreed payment terms. In second and third positions were Transportation services (27,4%) and Communications (26,4%).

The Trucking and warehousing sector, on the other hand, had the worst payment record in Israel, with 7,4% of companies paying seriously late (more than 90 days on average). Second and third places in the classification of micro-sectors with more problematic payment behavior were held by Agricultural services (6,8%) and Personal services (5,3%).

TABLE 8.1 SOURCE: D&B ISRAEL

#### PERCENTAGE OF COMPANIES IN ISRAEL WITH ON TIME PAYMENTS, 2014-2017

|        | 2014  | 2016  | 2017  |
|--------|-------|-------|-------|
| Israel | 11,4% | 18,2% | 17,4% |



TABLE 8.2 SOURCE: D&B ISRAEL

**PERCENTAGE OF COMPANIES IN ISRAEL WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2014-2017**

|        | 2014 | 2016 | 2017 |
|--------|------|------|------|
| Israel | 6,2% | 3,2% | 3,1% |

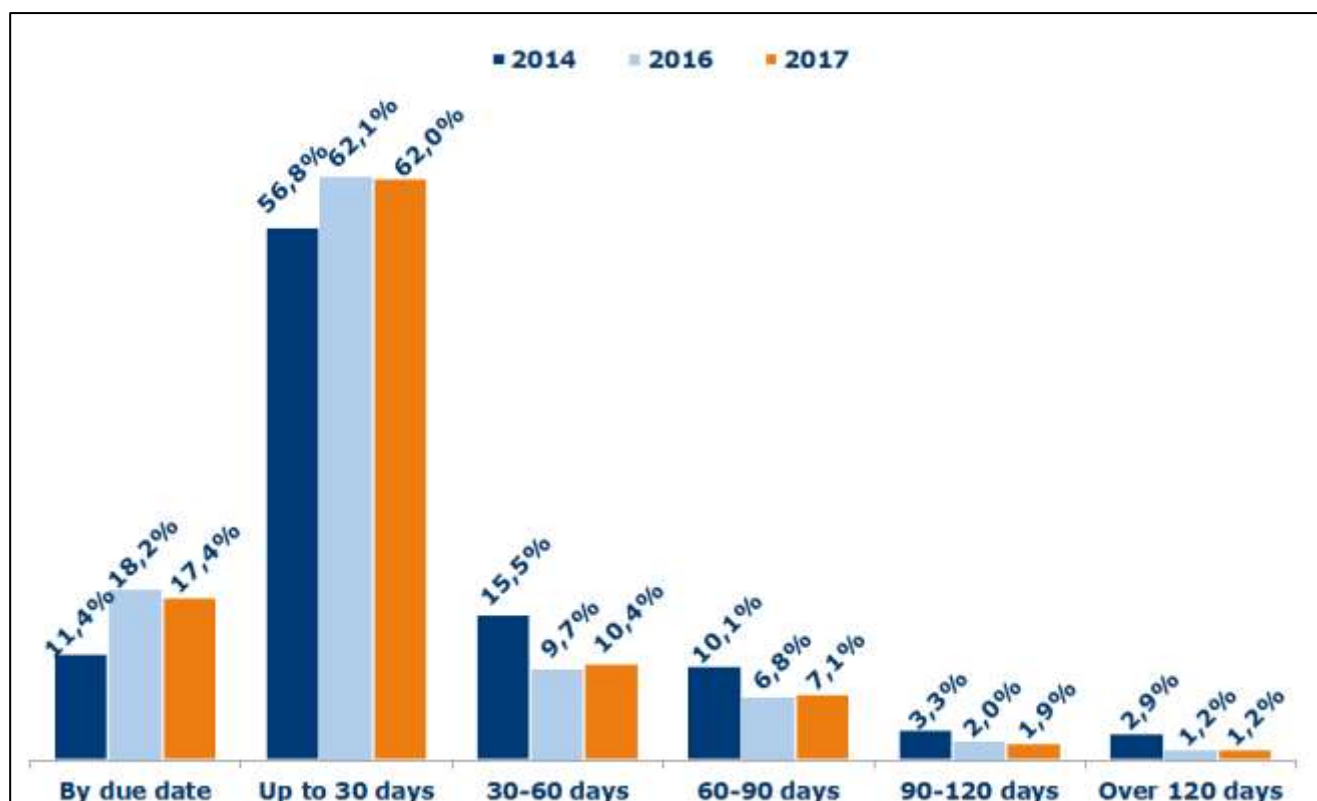
TABLE 8.3 SOURCE: D&B ISRAEL

**VARIATIONS IN PAYMENT PRACTICES IN ISRAEL, 2014-2017**

|               | Variation 2014/2017 | Variation 2016/2017 |
|---------------|---------------------|---------------------|
| By due date   | 6,0%                | -0,8%               |
| Up to 90 days | -2,9%               | 0,9%                |
| Over 90 days  | -3,1%               | -0,1%               |

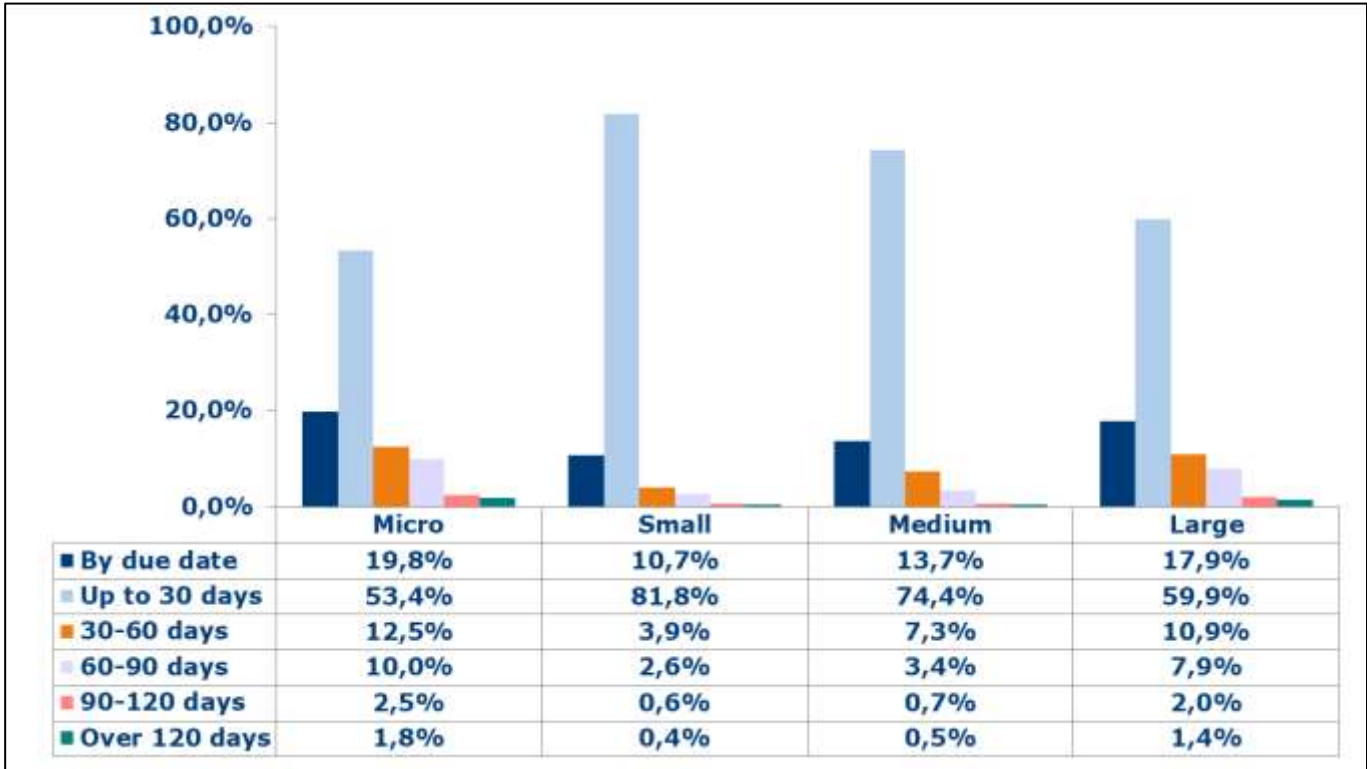
GRAPH 8.4 SOURCE: D&B ISRAEL

**PAYMENT PRACTICES IN INDIA BY PAYMENT CLASS, 2014-2017**



GRAPH 8.5 SOURCE: D&B ISRAEL

PAYMENT PRACTICES IN ISRAEL BY TYPE OF COMPANY, 2017



GRAPH 8.6 SOURCE: D&B ISRAEL

PAYMENT PRACTICES IN ISRAEL BY PRODUCT SECTOR, 2017

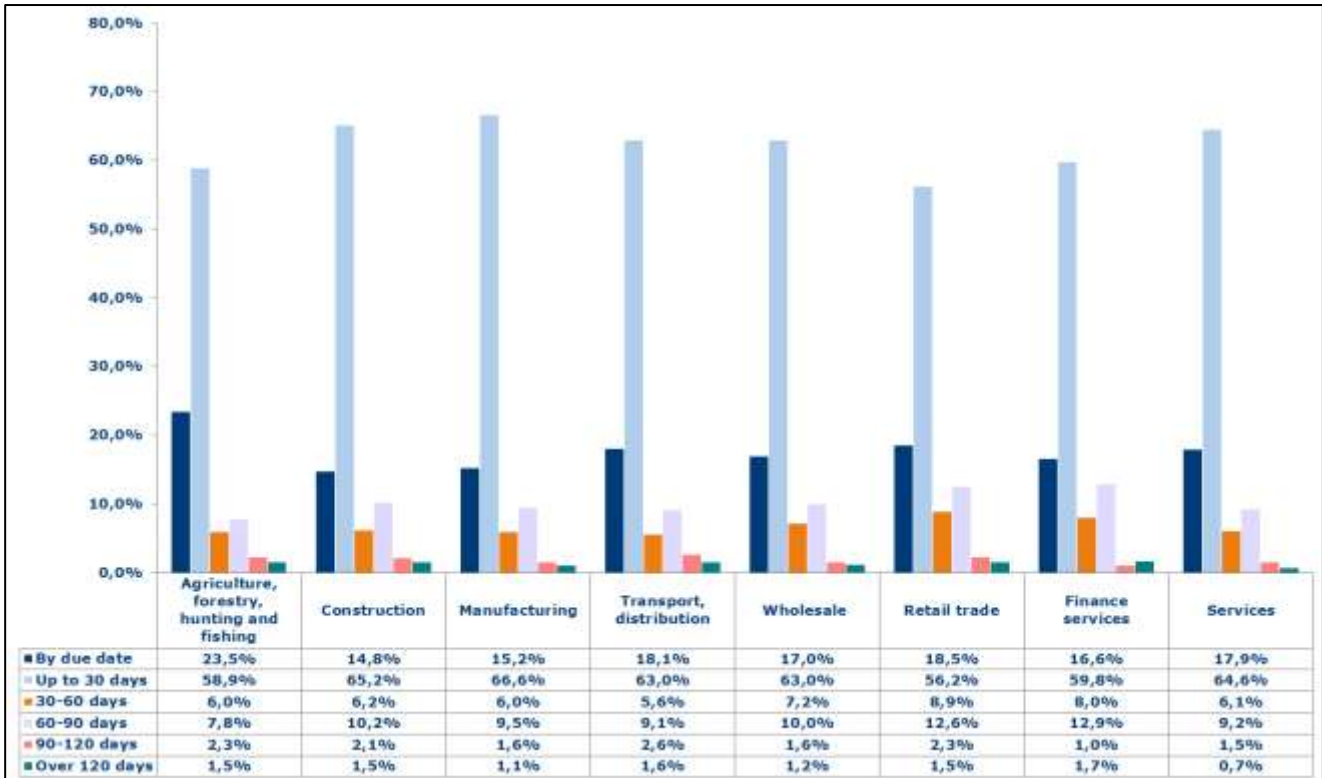


TABLE 8.7 SOURCE: D&amp;B ISRAEL

**SECTORS WITH THE BEST PAYMENT RECORDS IN ISRAEL, 2017**

| Sector                            | Ranking 2017 |
|-----------------------------------|--------------|
| AGRICULTURAL PRODUCTION - CROPS   | 1            |
| TRANSPORTATION SERVICES           | 2            |
| COMMUNICATIONS                    | 3            |
| HEALTH SERVICES                   | 4            |
| EATING AND DRINKING PLACES        | 5            |
| PRINTING AND PUBLISHING           | 6            |
| LUMBER AND WOOD PRODUCTS          | 7            |
| AMUSEMENT AND RECREATION SERVICES | 8            |
| BUSINESS SERVICES                 | 9            |
| SERVICES                          | 10           |

TABLE 8.8 SOURCE: D&amp;B ISRAEL

**SECTORS WITH THE WORST PAYMENT RECORDS IN ISRAEL, 2017**

| Sector                                  | Ranking 2017 |
|---|--------------|
| TRUCKING AND WAREHOUSING                | 50           |
| AGRICULTURAL SERVICES                   | 49           |
| PERSONAL SERVICES                       | 48           |
| FOOD STORES                             | 47           |
| LEGAL SERVICES                          | 46           |
| GENERAL BUILDING CONTRACTORS            | 45           |
| FURNITURE AND HOMEFURNISHINGS STORES    | 44           |
| FABRICATED METAL PRODUCTS               | 43           |
| AUTOMOTIVE DEALERS AND SERVICE STATIONS | 42           |
| PRIMARY METAL INDUSTRIES                | 41           |

## 9. MEXICO

Below is the opinion of **Arturo Castro, Country Manager** at **CIAL Dun & Bradstreet Mexico**, on the economic scenario and payment situation in Mexico.

*"Taking risk decisions not only by the finance situation but considering other issues like trade tape, suits, commercial references, the Macro-economic situation in México is strong and healthy but now our exchange rate has received a strong impact due the NAFTA negotiation, Mexico has done several reforms that will create an excellent business environment. The oil prices are increasing in the last months, it has a strong impact in the economy, in the exchange rate and in government expenses, but other non-oil industries will growth normally as Automotive, Cement, Beer, avocado and manufacturers and will increase their exports.*

*As regards payments, Mexican companies usually pay within 30 – 45 days and this trend has not increased a lot during the last years. The causes of these late payments are many: bad and not enough information, wrong credit process, could be some issues in just some sectors like construction and business with government that usually takes more time to pay, but finally pays. Political environment in 2018 due elections could delay some payments.*

*To improve their DSO and their Working Capital, Mexican companies focus in the process of credit, following the collection per week and they work with sales departments and with the other ones to solve the problems. Estimations show that the Mexican economy will growth during 2018. Also, inflation will be a little high 6%, if the situation of high exchange rate doesn't take too much time. If USA begins to growth, México will growth more as well.*

*Episodes of global volatility are impacting and depreciating the Peso, but if these events are not too far from positive growing perspectives in Mexico and the commitment with the deficit and public debt goals is not in risk, but if the exchange rate continue between 18 to 19.5 ppd in average for the following quarters delay of payments will show.*

*All this perspective will maintain stable and growing in 2018."*

### Payment analysis

At the end of 2017, there haven't been notable variations in the payment classes. Mexican companies that paid their suppliers on time ("By due date" class) accounted for 56,1% of the total with a 0,9 percentage point increase compared with 2016, meanwhile companies that pay over 90 days late on average accounted for 0,6% (the situation remained unchanged compared to 2016). Companies in the intermediate late payment class of between 1 and 30 days represent 41,4% of the total.

Compared with 2010, there have been significant changes: punctual payers have suffered a 13,9% decrease, meanwhile serious late payers (over 90 days on average) have decreased by 0,2%.

The most part of Mexican companies pays suppliers within agreed terms; in particular, Small and Medium companies have a more balanced payment behavior with a share of "good payers" of 65,5% and 59,4%, respectively.

In the Large company category, on the other hand, around 53,3% of companies are concentrated in the “Up to 30 days” bracket and a further 3,3% pay between 30 and 90 days late.

In the more serious late payment classes, the pattern is more or less uniform and all categories have moderate percentages, with values varying between 0,4% (Small) and 0,9% (Micro).

It is worth noting that the values recorded for serious late payments are rather contained: Mexican companies manage to contain late payments (up to 30 days) in the cases where they do not respect agreed time limits.

The best payment performances are seen in the Construction and Agriculture, forestry, hunting and fishing sectors, with 74,2% and 60,2% of punctual payers, respectively.

Retail trade (52,1%) and Finance services (49,5%) have a greater propensity to pay suppliers up to 30 days late.

As regards “bad payers”, Agriculture, forestry, hunting and fishing and Retail trade are the worst sectors, with a share of “bad payers” equal to 1,3% and 0,9%, respectively.

Narrowing down of study to micro-sectors, in first place in the classification of best payers are Special trade contractors (from the construction sector) and Miscellaneous repair services, with 82,8% and 73,5% of companies respecting the payment terms agreed with trading partners.

On the contrary, the worst performance relates to the Apparel and accessory stores, with 2,4% of companies paying seriously late (over 90 days on average) and Hotels and other lodging places with a percentage of 1,9%.

Therefore, the good state of health of the payment system for Mexican companies has been confirmed over the last twelve months.

TABLE 9.1 SOURCE: CIAL DUN & BRADSTREET MEXICO

**PERCENTAGE OF COMPANIES IN MEXICO WITH ON TIME PAYMENTS, 2010-2017**

|        | 2010  | 2016  | 2017  |
|--------|-------|-------|-------|
| Mexico | 70,0% | 55,2% | 56,1% |

TABLE 9.2 SOURCE: CIAL DUN & BRADSTREET MEXICO

**PERCENTAGE OF COMPANIES IN MEXICO WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2010-2017**

|        | 2010 | 2016 | 2017 |
|--------|------|------|------|
| Mexico | 0,8% | 0,6% | 0,6% |

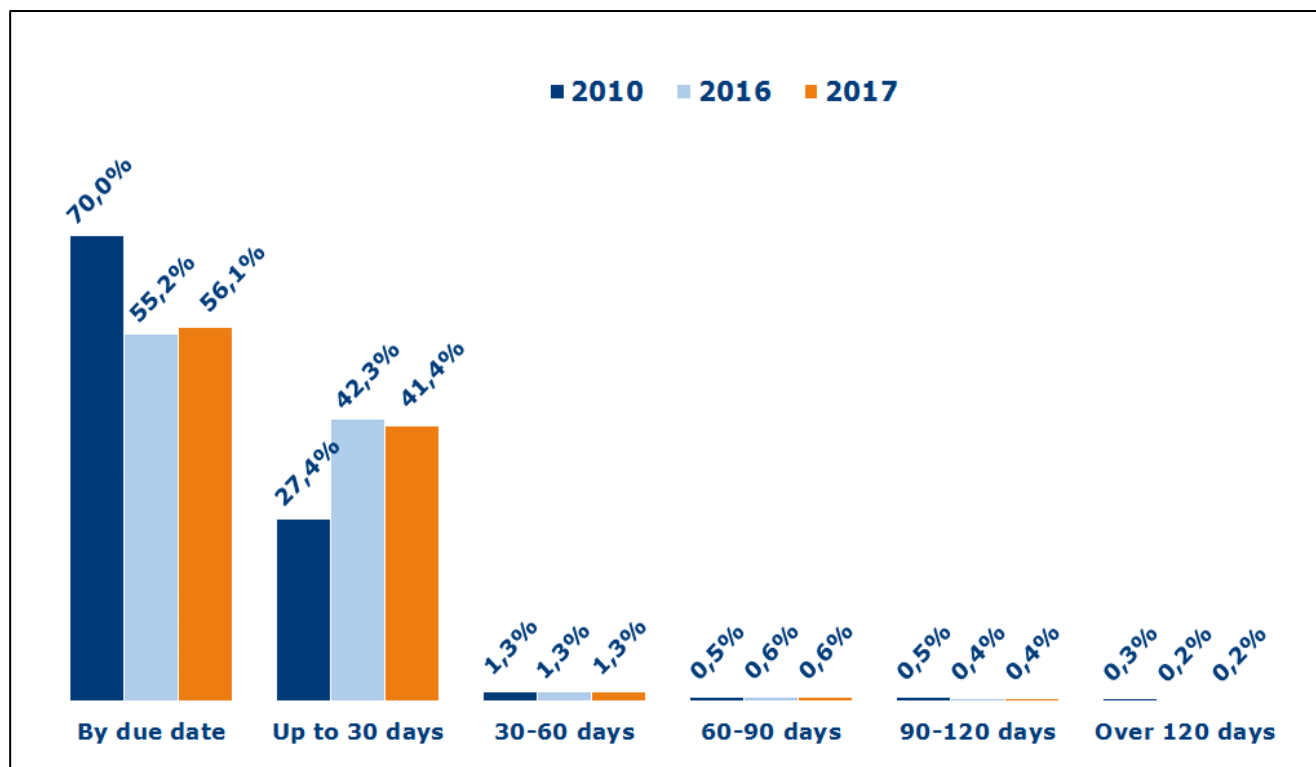
TABLE 9.3 SOURCE: CIAL DUN & BRADSTREET MEXICO

**VARIATIONS IN PAYMENT PRACTICES IN MEXICO, 2010-2017**

|               | Variation<br>2010/2017 | Variation<br>2016/2017 |
|---------------|------------------------|------------------------|
| By due date   | -13,9%                 | 0,9%                   |
| Up to 90 days | 14,1%                  | -0,9%                  |
| Over 90 days  | -0,2%                  | 0,0%                   |

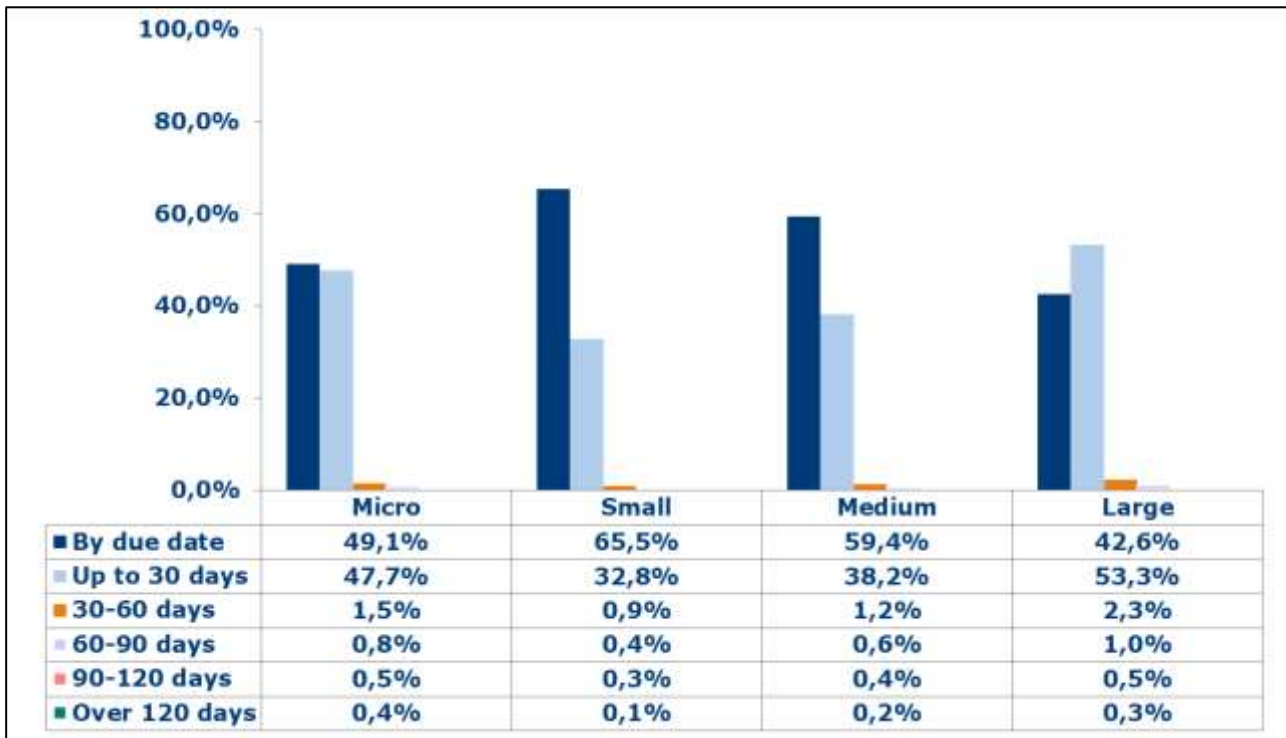
GRAPH 9.4 SOURCE: CIAL DUN & BRADSTREET MEXICO

**PAYMENT PRACTICES IN MEXICO BY PAYMENT CLASS, 2010-2017**



GRAPH 9.5 SOURCE: CIAL DUN & BRADSTREET MEXICO

### PAYMENT PRACTICES IN MEXICO BY TYPE OF COMPANY, 2017



GRAPH 9.6 SOURCE: CIAL DUN & BRADSTREET MEXICO

### PAYMENT PRACTICES IN MEXICO BY PRODUCT SECTOR, 2017

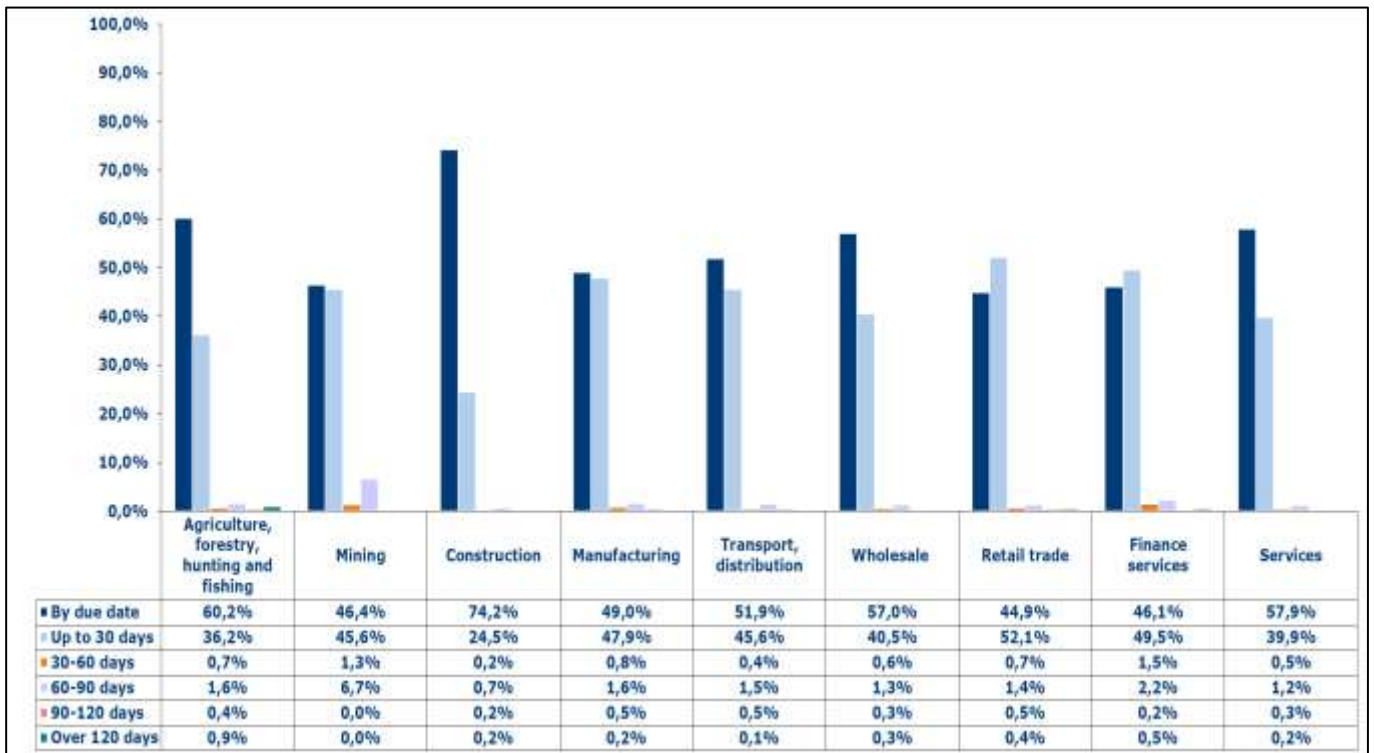




TABLE 9.7 SOURCE: CIAL DUN & BRADSTREET MEXICO

**SECTORS WITH THE BEST PAYMENT RECORDS IN MEXICO, 2017**

| Sector                                 | Ranking 2017 |
|--|--------------|
| SPECIAL TRADE CONTRACTORS              | 1            |
| MISCELLANEOUS REPAIR SERVICES          | 2            |
| GENERAL BUILDING CONTRACTORS           | 3            |
| HEAVY CONSTRUCTION, EXCEPT BUILDING    | 4            |
| BUSINESS SERVICES                      | 5            |
| LEGAL SERVICES                         | 6            |
| AGRICULTURAL PRODUCTION - CROPS        | 7            |
| BUILDING MATERIALS AND GARDEN SUPPLIES | 8            |
| ELECTRIC, GAS AND SANITARY SERVICES    | 9            |
| REAL ESTATE                            | 10           |

TABLE 9.8 SOURCE: CIAL DUN & BRADSTREET MEXICO D&B MÈXICO

**SECTORS WITH THE WORST PAYMENT RECORDS IN MEXICO, 2017**

| Sector                             | Ranking 2017 |
|------------------------------------|--------------|
| APPAREL AND ACCESSORY STORES       | 58           |
| HOTELS AND OTHER LODGING PLACES    | 57           |
| SERVICES                           | 56           |
| EDUCATIONAL SERVICES               | 55           |
| FOOD STORES                        | 54           |
| TEXTILE MILL PRODUCTS              | 53           |
| EATING AND DRINKING PLACES         | 52           |
| INDUSTRIAL MACHINERY AND EQUIPMENT | 51           |
| FOOD AND KINDRED PRODUCTS          | 50           |
| LEATHER AND LEATHER PRODUCTS       | 49           |



## 10. UNITED STATES

### Payment analysis

The US payment situation in 2017 is stable compared with previous years, showing good performance in terms of punctual payments.

It can be seen that 56,4% of companies are in the "By due date" payment class, whereas a further 35,4% are in the moderate late payment class for payments up to 30 days late on average.

The other payment classes are more or less stable compared with 2016 levels: 3,8% of US companies pay between 30 and 90 days late on average, whereas 4,4% of the total demonstrate a rather critical management of payments, paying suppliers more than 90 days late on average.

Compared with 2007, there has been a net improvement in punctual payments with an increase of 12,9 percentage points, meanwhile there has been a 0,5% decrease in companies paying seriously late and a reduction of 12,4% in the "Up to 90 days" class.

Micro companies are the best payers in the United States, with 61,4% in the punctual payment class.

As size increases, the percentage of "good payers" gradually decreases down to a minimum of 15,8% for Large companies, for which there is a greater tendency to pay moderately late (80,2% in the "Up to 30 days" class).

In the intermediate late payment class there are around 4,2% of Small companies, whereas in the over 90 days bracket the concentrations don't exceed 4,6 percentage points.

Finally, only 0,8% of Large companies pay their suppliers seriously late, with the best performance for this variable.

Finance services is the sector with the highest concentration of punctual payments (66,1%); this is followed by Agriculture, forestry, hunting and fishing with 61,4% and Services with 61,1% of the total.

Mining is marked by the percentages of intermediate late payments (between 30 and 90 days on average) with 6,1% of the total.

In the serious late payment class (over 90 days late on average), the best performance is in the Finance services sector with a percentage of bad payers of 3,1%, whereas all other sectors have values above 3% (6,3% for the Construction sector).

The top two micro-sectors with the best performances are Holding and other investment offices and Agricultural production - Crops with shares of punctual payers above 70%.

The worst payment performance, on the other hand, is seen for the Educational services sector with 9,2% of "bad payers", followed by Auto repair, services and parking (7,6%) and Nondepository institutions (7,3%).

TABLE 10.1 SOURCE: D&B INC. USA

**PERCENTAGE OF COMPANIES IN THE USA WITH ON TIME PAYMENTS, 2007-2017**

|                      | <b>2007</b>  | <b>2016</b>  | <b>2017</b>  |
|----------------------|--------------|--------------|--------------|
| <b>United States</b> | <b>43,5%</b> | <b>53,8%</b> | <b>56,4%</b> |

TABLE 10.2 SOURCE: D&B INC. USA

**PERCENTAGE OF COMPANIES IN THE USA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017**

|                      | <b>2007</b> | <b>2016</b> | <b>2017</b> |
|----------------------|-------------|-------------|-------------|
| <b>United States</b> | <b>4,9%</b> | <b>3,4%</b> | <b>4,4%</b> |

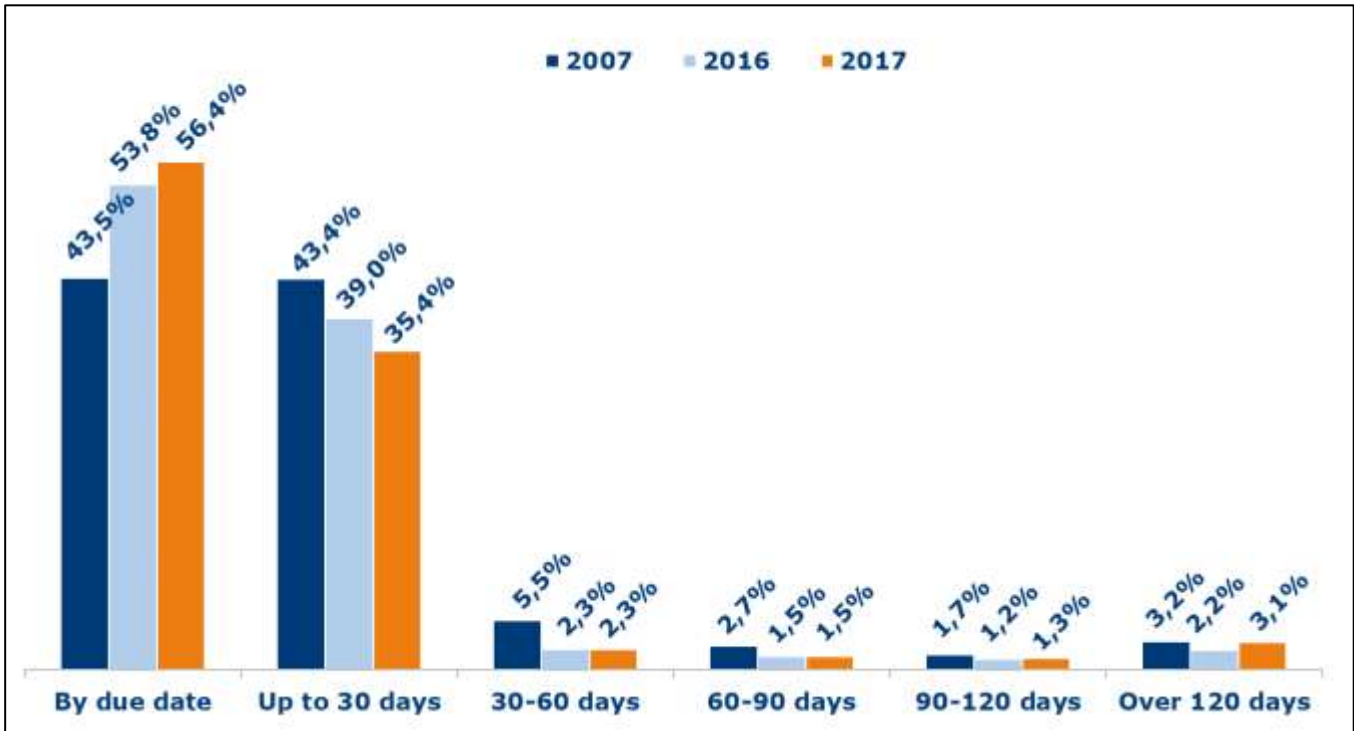
TABLE 10.3 SOURCE: D&B INC. USA

**VARIATIONS IN PAYMENT PRACTICES IN THE USA, 2007-2017**

|                      | <b>Variation<br/>2007/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>12,9%</b>                   | <b>2,6%</b>                    |
| <b>Up to 90 days</b> | <b>-12,4%</b>                  | <b>-3,6%</b>                   |
| <b>Over 90 days</b>  | <b>-0,5%</b>                   | <b>1,0%</b>                    |

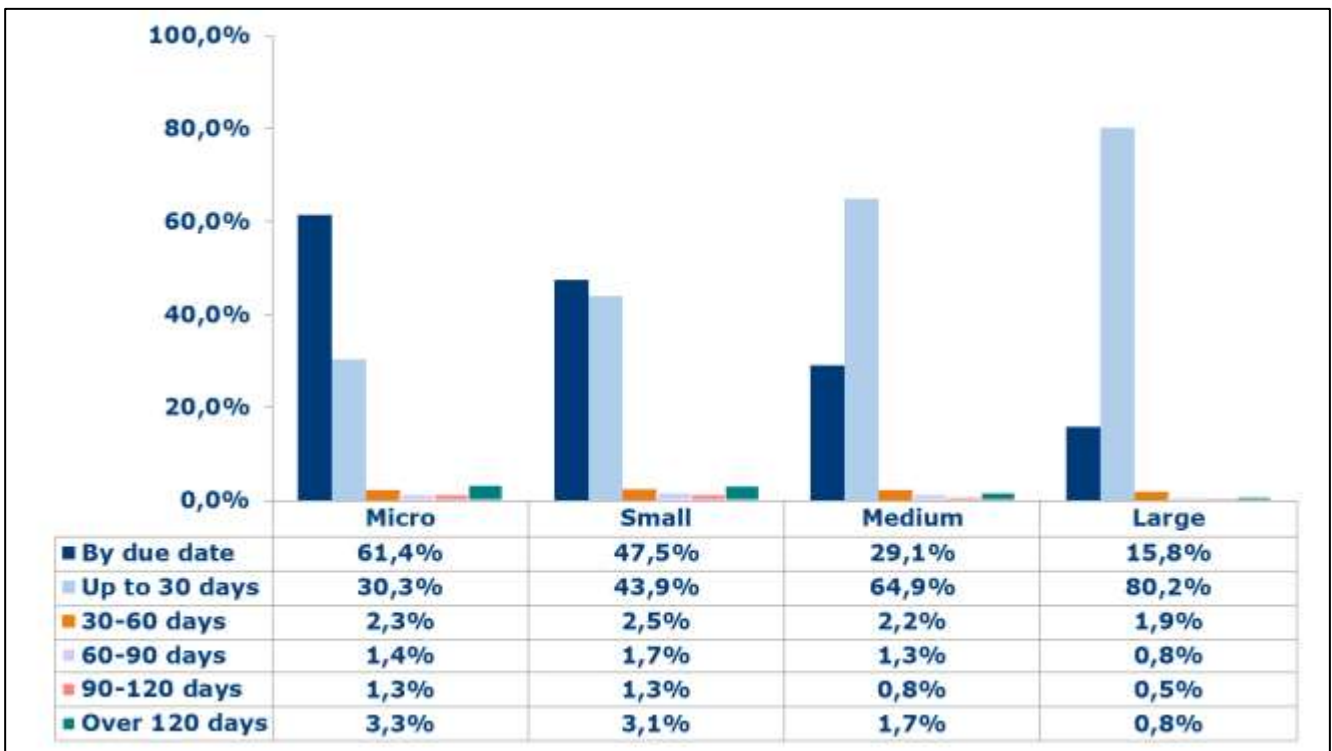
GRAPH 10.4 SOURCE: D&B INC. USA

PAYMENT PRACTICES IN THE USA BY PAYMENT CLASS, 2007-2017



GRAPH 10.5 SOURCE: D&B INC. USA

PAYMENT PRACTICES IN THE USA BY TYPE OF COMPANY, 2017



**PAYMENT PRACTICES IN THE USA BY PRODUCT SECTOR, 2017**

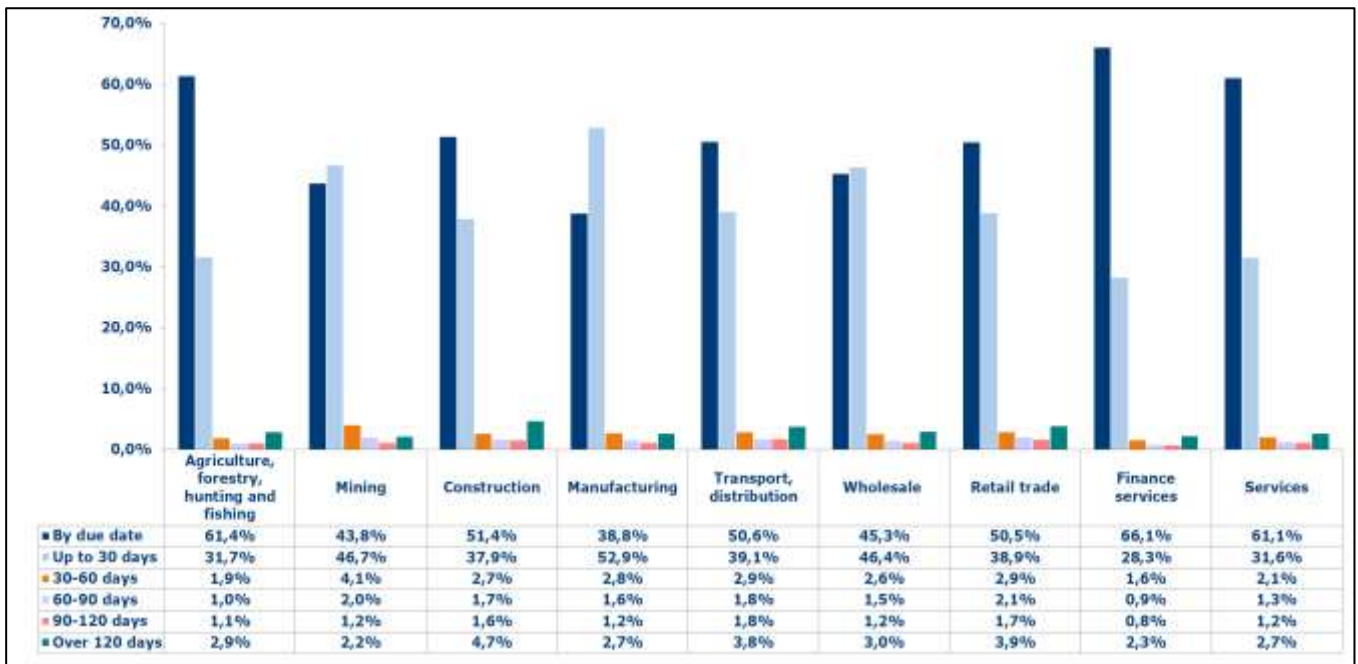


TABLE 10.7 SOURCE: D&B INC. USA

**SECTORS WITH THE BEST PAYMENT RECORDS IN THE USA, 2017**

| Sector                                       | Ranking 2017 |
|--|--------------|
| <b>HOLDING AND OTHER INVESTMENT OFFICES</b>  | <b>1</b>     |
| <b>AGRICULTURAL PRODUCTION - CROPS</b>       | <b>2</b>     |
| <b>SECURITY AND COMMODITY BROKERS</b>        | <b>3</b>     |
| <b>INSURANCE AGENTS, BROKERS AND SERVICE</b> | <b>4</b>     |
| <b>AGRICULTURAL PRODUCTION - LIVESTOCK</b>   | <b>5</b>     |
| <b>MOTION PICTURES</b>                       | <b>6</b>     |
| <b>BUSINESS SERVICES</b>                     | <b>7</b>     |
| <b>FORESTRY</b>                              | <b>8</b>     |
| <b>SERVICES</b>                              | <b>9</b>     |
| <b>ENGINEERING AND MANAGEMENT SERVICES</b>   | <b>10</b>    |

TABLE 10.8 SOURCE: D&B INC. USA

**SECTORS WITH THE WORST PAYMENT RECORDS IN THE USA, 2017**

| <b>Sector</b>                               | <b>Ranking 2017</b> |
|---|---------------------|
| <b>EDUCATIONAL SERVICES</b>                 | <b>82</b>           |
| <b>AUTO REPAIR, SERVICES AND PARKING</b>    | <b>81</b>           |
| <b>NONDEPOSITORY INSTITUTIONS</b>           | <b>80</b>           |
| <b>MISCELLANEOUS REPAIR SERVICES</b>        | <b>79</b>           |
| <b>FURNITURE AND HOMEFURNISHINGS STORES</b> | <b>78</b>           |
| <b>SPECIAL TRADE CONTRACTORS</b>            | <b>77</b>           |
| <b>PERSONAL SERVICES</b>                    | <b>76</b>           |
| <b>TRANSPORTATION SERVICES</b>              | <b>75</b>           |
| <b>EATING AND DRINKING PLACES</b>           | <b>74</b>           |
| <b>FURNITURE AND FIXTURES</b>               | <b>73</b>           |

## 11. CANADA

Below is the opinion of Adam Morehouse, Senior Economist at Country Insight Services on the economic scenario and payment situation in Canada.

*"2017 marked a strong turning point for the Canadian economy. After years of underperformance overall growth momentum strengthened as real GDP rose at an estimated annual pace of 3.1% in 2017—the strongest growth since 2011. Although the pace of growth throughout 2017 was uneven, several growth indicators turned notably higher including industrial production, retail and wholesale trade and total trade (exports and imports), while both business and consumer survey information climbed throughout the year.*

*Additionally, the labor market showed resilience. Full-time employment growth momentum was strong in 2017, with gains the largest as a percentage of the total labour force since 2011. Due to a reduction in labor slack, total compensation also improved markedly through 2017. The gradual trend of an improving labour market will continue to empower consumption growth in 2018 with limitations due to elevated household debt.*

*Recovery and further improvements in economic data had been so strong in 2017 that it prompted us to lift the country risk rating for Canada one notch in July of last year from DB2C to DB2B—one of the top 5 ratings in our 132-country universe. That being said there are a number of concerns and headwinds that are deterring us from raising the rating further.*

*First, fundamentals in the housing market remain stretched. Mortgage debt remains the primary contributor to high household indebtedness and while regulations have helped to raise the proportion of new mortgage debt deemed low-ratio (which are considered more financially stable) an increasing share of new mortgages deemed high-ratio continue to grow and remain concentrated in the Toronto and Vancouver markets. Furthermore, even new low-ratio mortgages include an increasing share of loans with longer amortization schedules and mortgages with high loan-to-income ratios which creates fewer future remedies and lower capital buffers for home owners that experience income shocks. Despite recently moderating home prices, households remain highly vulnerable.*

*Second, uncertainty regarding existing trade agreements and rising contentious issues are posing risks to the external environment. After six rounds of NAFTA renegotiations all sides remain far apart. Ongoing major issues include a lack of resolution regarding content origination ratios and revisions to the handling of the investor state dispute settlement systems. As negotiations enter the seventh round, the March deadline is quickly approaching. Some progress has been made regarding non-contentious issues regarding agreements on anti-corruption with updated chapters on handling of digital and telecommunication products to be concluded shortly. NAFTA renegotiations aside, Canada has recently become embroiled in multiple trade disputes resulting in filed trade complaints with the WTO. On one hand, Canada is a complainant against the US regarding multiple trade remedy measures. Canada is attempting to remedy the US's 2017 use of tariffs on the country's soft-wood lumber producers by filing a complaint through the WTO. We see this move as risky because these moves could further inflame relations at a crucial time when NAFTA renegotiations are entering the final phases. On the other hand, Canada also finds itself as the recipient of WTO complaints as Australia has filed a complaint regarding its domestic wine sale process. Additional countries have joined the complaint. Increases in WTO complaints means an increase in trade tensions, clouding our external outlook.*

*Third, monetary policy is likely to become more restrictive on growth. In January, the Reserve Bank of Canada lifted the overnight rate for the third time since June 2017, moving it 25 basis points (bp.) higher to 1.25%. Given an abundance of improving economic data, less monetary stimulus is warranted. So far, tighter monetary policy hasn't restricted credit growth which remains expansive (business and household credit growth grew at a 7.4% y/y pace in December, an increase from 2016). In 2018, we're focusing our outlook on the cost of credit and debt which is likely to become more expensive. With the output gap (-0.4% as of Q4 2017) likely to close in 2018 for the first time since the Global Financial Crisis and various economic conditions set to improve further we expect inflation to quicken from 1.6% in 2017 to a forecast 2.1% in 2018. Accelerating inflation will force the Reserve Bank to act by moving the main policy rate higher and closer to the neutral rate, which the Bank of Canada puts at between 2.5-3.5%, representing a rate which is neither stimulatory or contractionary. A gradual rise in the over-night rate will lift debt servicing costs, limiting some private sector growth. Fiscal policy may help to support growth and offset a more restrictive monetary policy but some difficulty in the funding of public projects was cited last year as the government failed to properly dispense funds for infrastructure projects. We expect the implementation of the Infrastructure Bank to help smooth out some of these shortfalls.*

*In 2018, expect overall real GDP growth to slow from 2017 but rise 2.4% amid ongoing changes in the composition of growth. Both public and private gross fixed capital formation will continue to improve amid a continued recovery in oil prices and ongoing public investment in infrastructure, helping to offset some of the negative effects from higher debt servicing costs. Meanwhile, private consumption growth will be limited by Canada's growing household debt levels. Additionally, we expect the ongoing improvement in global demand to support export growth with the Canadian dollar weakening slightly from current levels due to higher policy rate differentials between the US and Canada. While the Reserve Bank of Canada will likely tighten further in 2018 we anticipate the pace of interest rate hikes to be quicker in the US than in Canada."*

## **Payment analysis**

Canada continues to be placed in an intermediate position within the international context, with more or less payment performance over time.

At the end of 2017, the percentage of companies that paid on time was 42%, stable compared to 2016 (42,3%).

The share of "bad payers" reached a level of 1,8%, with a decrease of 0,2 percentage points compared to the previous year.

The situation has changed rather more significantly in the intermediate and serious late payment classes from 2007 to today: there has been an improvement in punctual payments ("By due date" class) of 3,5 percentage points, with a corresponding significant decrease in the intermediate class of "Up to 90 days" (-2%) and a lower reduction in the "Over 90 days" class (-1,5%).

If we consider the picture of payments in 2017 by Canadian companies by late payment class and company size, we notice a widespread tendency to pay between 1 and 30 days beyond agreed payment terms.

In particular, the highest concentrations are seen for Large and Medium companies with 87,5% and 75,6% of the total, respectively.

Micro companies seem to be more balanced with 45,8% of punctual payers.



Looking at Canadian payment habits by sector, Agriculture, forestry, hunting and fishing (52,3%), Services (49,8%) and Finance services (48,9%) showed the most balance payments behavior for punctual payments, instead the worst sectors were Mining (24,7%), Manufacturing (25,2%) and Wholesale (28,4%).

The most part of late payments was in the "Up to 30 days" class, with Manufacturing sector that showed the highest value (65,9%).

Finally, Mining was the worst sector for very late payments, with 2,8% of the total.

Personal services, Insurance agents, brokers and service and Private households occupied the top position in the classification of micro-sectors with the most punctual payments, with over 60% of the total in this class.

Meanwhile, Metal mining, Leather and leather products and Apparel and accessory stores were the sectors with the worst payment performances (more than 3% of "bad payers").

TABLE 11.1 SOURCE: D&B INC. CANADA

**PERCENTAGE OF COMPANIES IN CANADA WITH ON TIME PAYMENTS, 2007-2017**

|        | 2007  | 2016  | 2017  |
|--------|-------|-------|-------|
| Canada | 38,5% | 42,3% | 42,0% |

TABLE 11.2 SOURCE: D&B INC. CANADA

**PERCENTAGE OF COMPANIES IN CANADA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017**

|        | 2007 | 2016 | 2017 |
|--------|------|------|------|
| Canada | 3,3% | 2,0% | 1,8% |

TABLE 11.3 SOURCE: D&B INC. CANADA

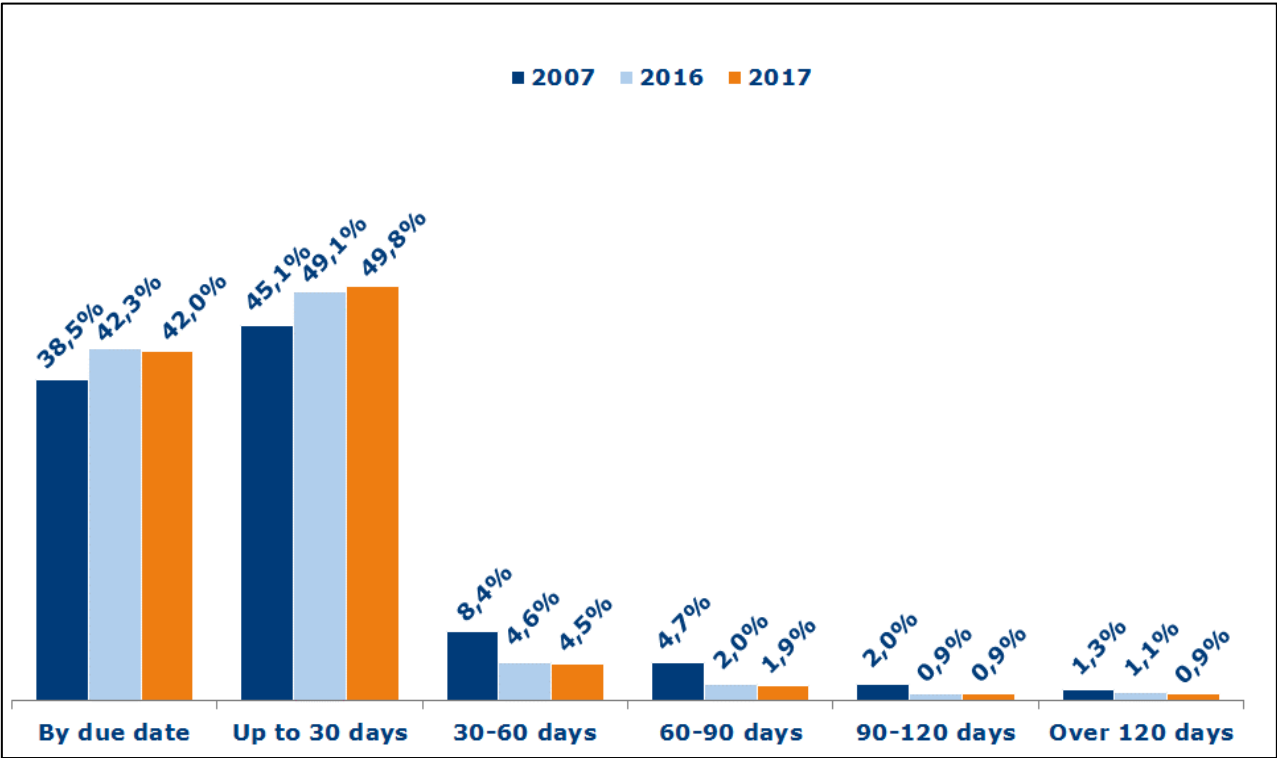
**VARIATIONS IN PAYMENT PRACTICES IN CANADA, 2007-2017**

|               | Variation<br>2007/2017 | Variation<br>2016/2017 |
|---------------|------------------------|------------------------|
| By due date   | 3,5%                   | -0,3%                  |
| Up to 90 days | -2,0%                  | 0,5%                   |
| Over 90 days  | -1,5%                  | -0,2%                  |



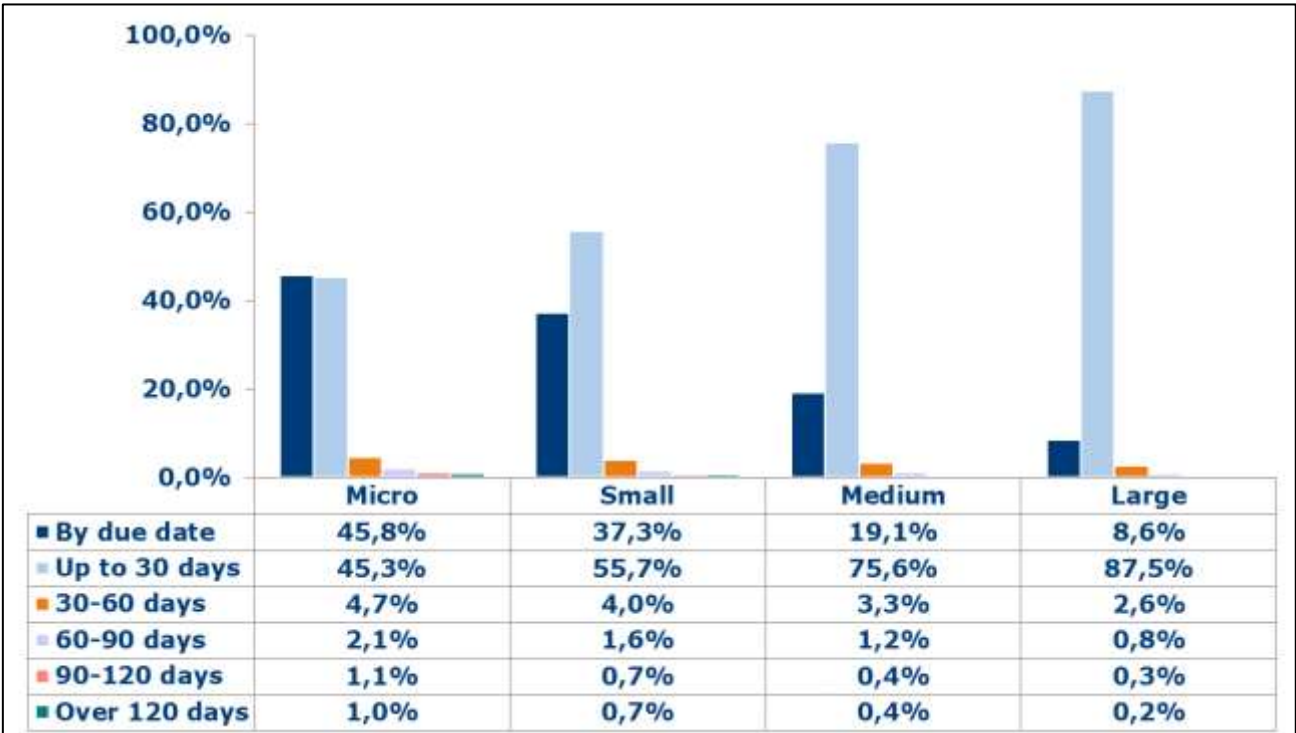
GRAPH 11.4 SOURCE: D&B INC. CANADA

PAYMENT PRACTICES IN CANADA BY PAYMENT CLASS, 2007-2017



GRAPH 11.5 SOURCE: D&B INC. CANADA

PAYMENT PRACTICES IN CANADA BY TYPE OF COMPANY, 2017



**PAYMENT PRACTICES IN CANADA BY PRODUCT SECTOR, 2017**

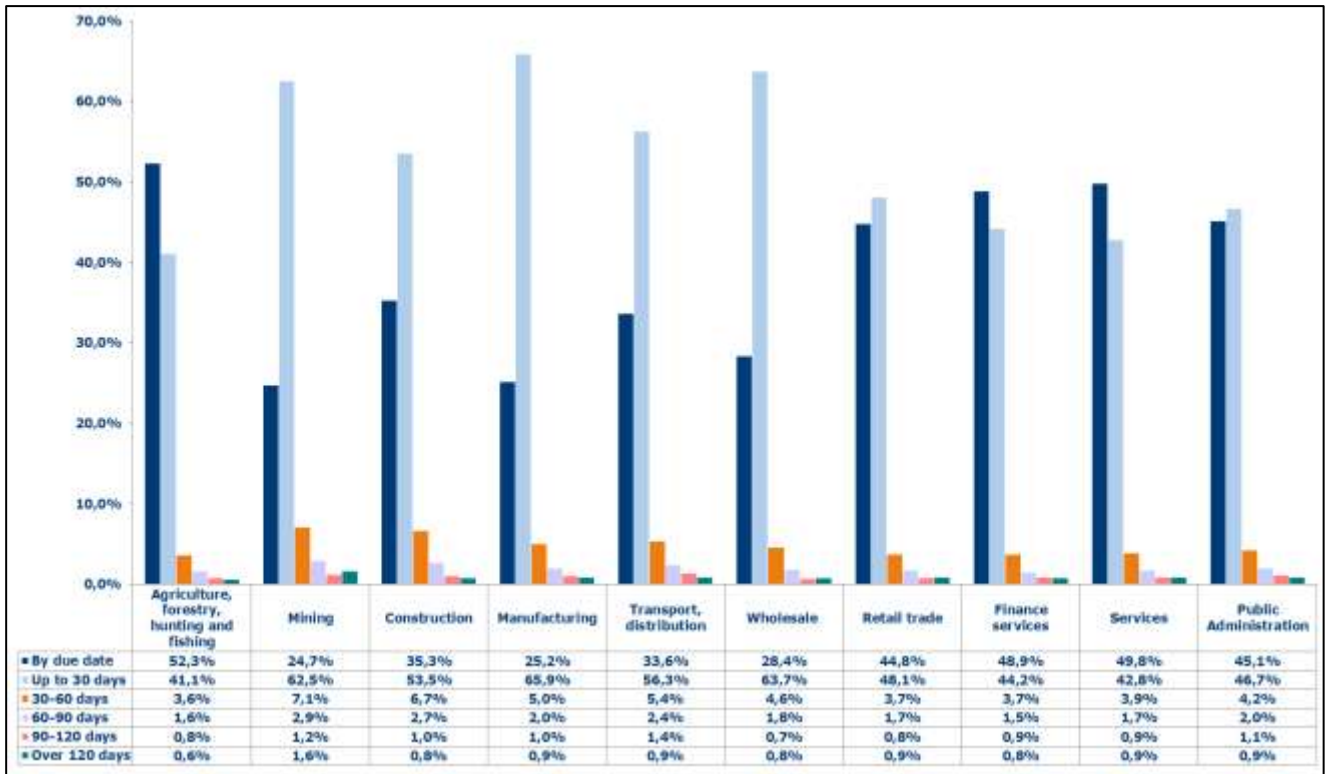


TABLE 11.7 SOURCE: D&B INC. CANADA

**SECTORS WITH THE BEST PAYMENT RECORDS IN CANADA, 2017**

| Sector                               | Ranking 2017 |
|--------------------------------------|--------------|
| PERSONAL SERVICES                    | 1            |
| INSURANCE AGENTS BROKERS AND SERVICE | 2            |
| PRIVATE HOUSEHOLDS                   | 3            |
| LEGAL SERVICES                       | 4            |
| HEALTH SERVICES                      | 5            |
| MEMBERSHIP ORGANIZATIONS             | 6            |
| SOCIAL SERVICES                      | 7            |
| GENERAL MERCHANDISE STORES           | 8            |
| AGRICULTURAL PRODUCTION - CROPS      | 9            |
| AGRICULTURAL PRODUCTION - LIVESTOCK  | 10           |

TABLE 11.8 SOURCE: D&B INC. CANADA

**SECTORS WITH THE WORST PAYMENT RECORDS IN CANADA, 2017**

| <b>Sector</b>                                 | <b>Ranking 2017</b> |
|---|---------------------|
| <b>METAL MINING</b>                           | <b>81</b>           |
| <b>LEATHER AND LEATHER PRODUCTS</b>           | <b>80</b>           |
| <b>APPAREL AND ACCESSORY STORES</b>           | <b>79</b>           |
| <b>AUTO REPAIR, SERVICES AND PARKING</b>      | <b>78</b>           |
| <b>PETROLEUM AND COAL PRODUCTS</b>            | <b>77</b>           |
| <b>MISCELLANEOUS MANUFACTURING INDUSTRIES</b> | <b>76</b>           |
| <b>TRUCKING AND WAREHOUSING</b>               | <b>75</b>           |
| <b>SERVICES</b>                               | <b>74</b>           |
| <b>OIL AND GAS EXTRACTION</b>                 | <b>73</b>           |
| <b>FINANCE, TAXATION AND MONETARY POLICY</b>  | <b>72</b>           |

## 12. EUROPE

### Payment analysis

In the 2018 edition of the Payment Study twenty-two European countries have been compared, analyzing payment trends over recent years, including in relation to company size and the main sectors.

On an aggregate European level, 41,7% of companies respect agreed payment deadlines, meanwhile, the largest concentration can be found in the moderate late payment class ("Up to 30 days") with a value of 48,8%.

The most serious late payments (over 90 days), on the other hand, accounted for 3,7% of companies, with 2,2% exceeding 120 days.

Among the countries with the best performance in terms of punctual payments, in first position is Denmark (best performer also in this edition) with 88,4% of the total.

In second and third places are Poland (75,5%) and The Netherlands (66,3%).

Bulgaria and Portugal show more problems in the payment system, with percentages of 22,7% and 16,1% in the "By due date" payment class.

Italy is in an intermediate position with 37,3% of punctual payers (-4,4% under European average).

The highest concentrations in the "Up to 30 days" (over 60%) are seen in the United Kingdom, Ireland, Portugal, Bulgaria and Finland.

There is also strong heterogeneity in relation to serious late payments (over 90 days late on average) in Europe: Romania (14,6%), Greece (8,8%), Portugal (7,5%), Turkey (5,8%), Poland (5,5%) and Ireland (5,1%) have values above the European average (3,7%).

In addition, in Romania more than 9% of companies tend to pay on average more than 120 days beyond agreed terms.

The analysis of changes in payment habits in Europe over the period of 2008-2017 shows the rather different trends between the countries under consideration.

Poland companies have reacted the best to these difficult years with a net improvement in punctual payments (+28,5 percentage points compared to 2008); they are followed by The Netherlands with a favorable difference of 27,2%.

Negative performance for Portugal: the number of punctual payers reduced by over 7%.

Lastly, in Italy there has been a decrease of 12,3% in recent years (from 49,6% in 2008 to 37,3% in 2017).

As regards the 2016-2017 trend in various European countries in the percentage of companies that demonstrate a positive payment performance (payments made by the due date), on an aggregate European level, there has been an increase of 2,6 percentage points in the share of companies that respect payment terms agreed with suppliers.

The best performances were seen in Poland and The Netherlands, with improvements of 32% and 12,7%, respectively, compared to the proportion of "good payers" in 2016.

The worst performances were seen in Germany: punctual companies fell by 15,7%.

Focusing on how the concentrations of companies in the most serious late payment class (over 90 days on average) have changed between 2008 and 2017 in the countries examined, Europe shows a good performance with an improvement of 2,3 percentage points in the share of "bad payers" (3,7%).

More significant changes (reductions greater than 3,5%) are seen in Germany and in the United Kingdom; in an intermediate position with more contained variations are Belgium and The Netherlands.

Examining the 2016-2017 trend of European companies in relation to late payments of over 90 days on average, the percentage of "bad payers" has remained stable.

The European trend is also confirmed by the large part of countries analyzed in this study: in fact, mainly changes of less than 1% are seen.

The exceptions are Poland and Romania with a decrease of 9,5% and 5,8%.

As regarding European payment habits in relation to the different sectors, Agriculture, forestry, hunting and fishing and Construction are, also in 2017, the sectors with the best performances: the companies that respect agreed time limits account for 48%.

In addition, in Agriculture, forestry, hunting and fishing sector, there is a concentration of 3,6% in the serious late payment class.

The most problematic situation is seen in the Mining sector with only 32,6% of the total paying on time.

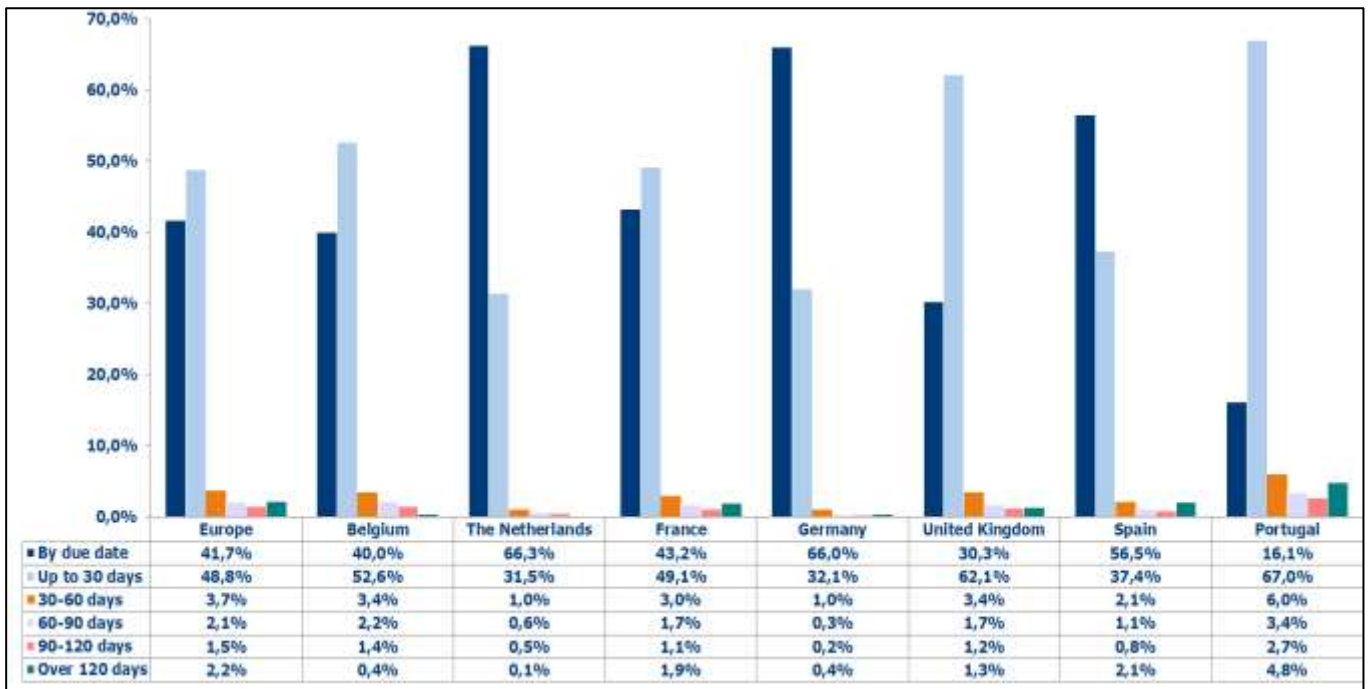
In general, for all sectors there is a widespread tendency for companies to pay on average between 1 and 30 days beyond agreed terms, with the highest values in relation to Mining (58,3%) and Transport, distribution (56,2%).

In the intermediate classes ("30-60 days" and "60-90 days") Retail trade sector stand out with the highest concentration (8,3 percentage points).

Serious late payments (over 90 days on average) at the end of 2017 relate to 5,6% of Retail trade sector (worst performers on an aggregate European level); the other sectors don't reach 4% of the total.

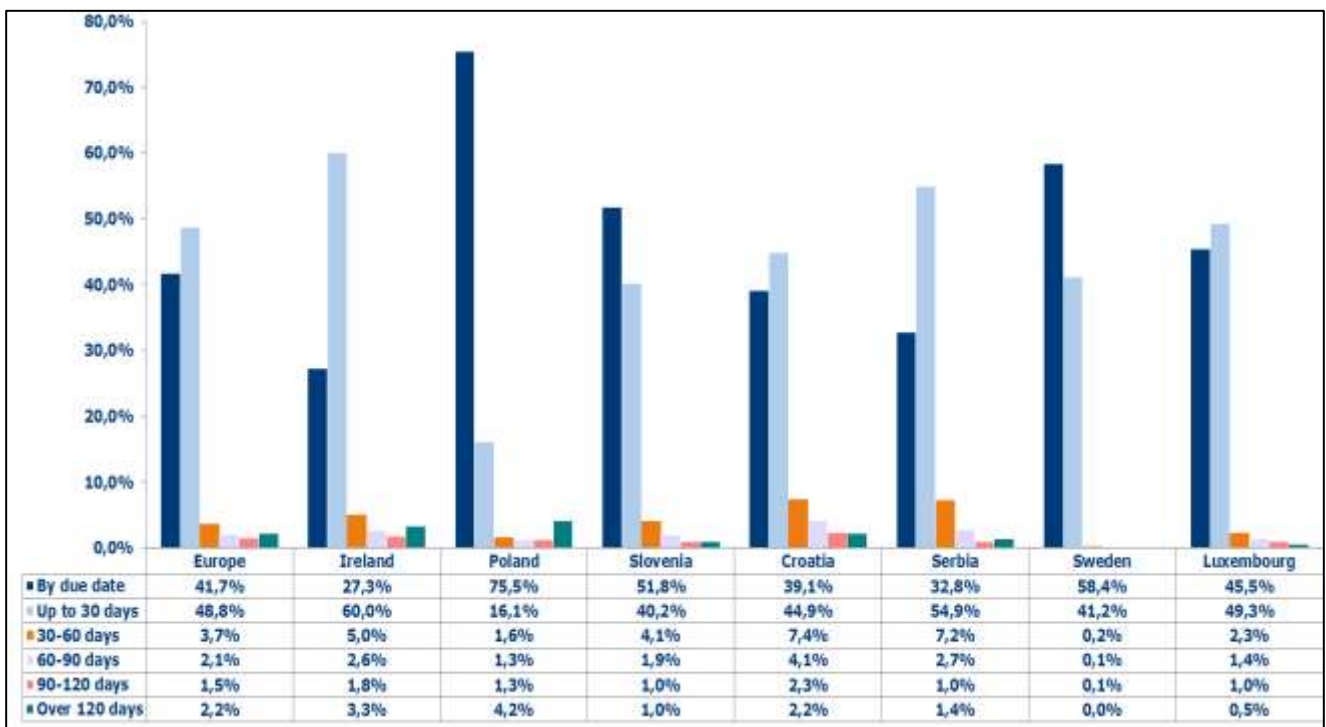
GRAPH 12.1 SOURCE: D&B WORLDWIDE NETWORK

**PAYMENT PRACTICES IN EUROPE BY PAYMENT CLASS, 2017**



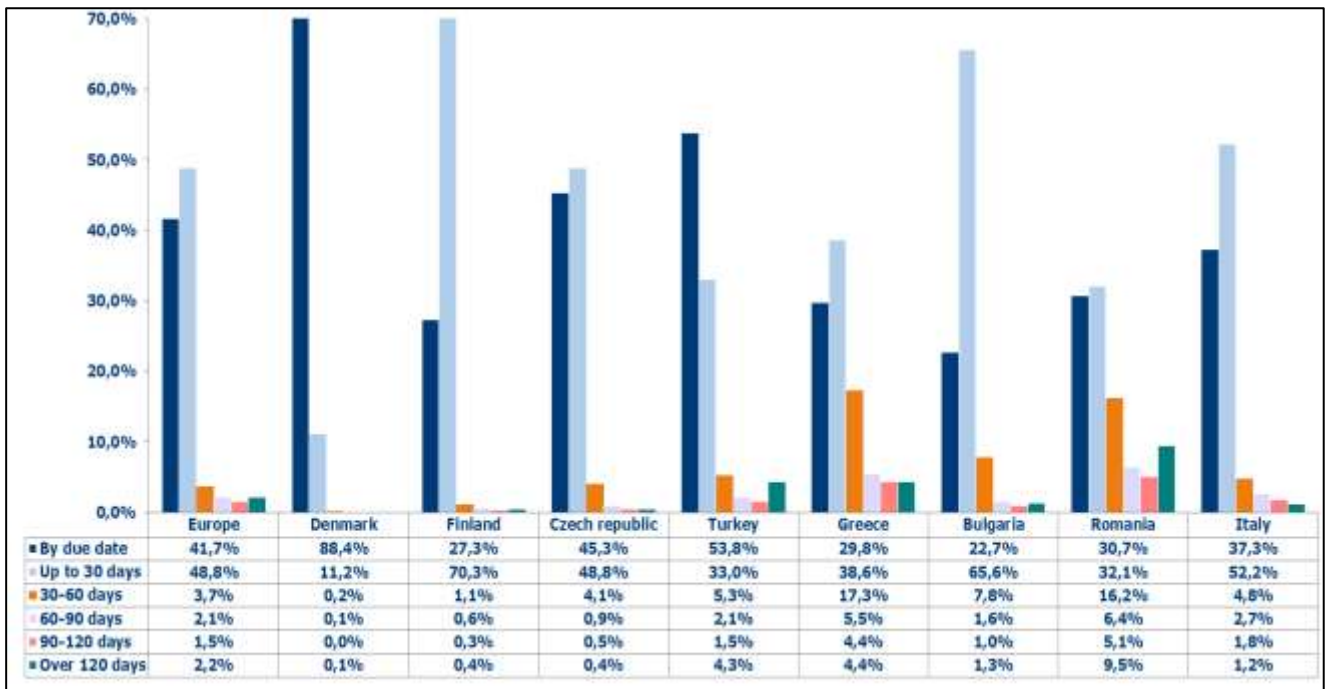
GRAPH 12.2 SOURCE: D&B WORLDWIDE NETWORK

**PAYMENT PRACTICES IN EUROPE BY PAYMENT CLASS, 2017**



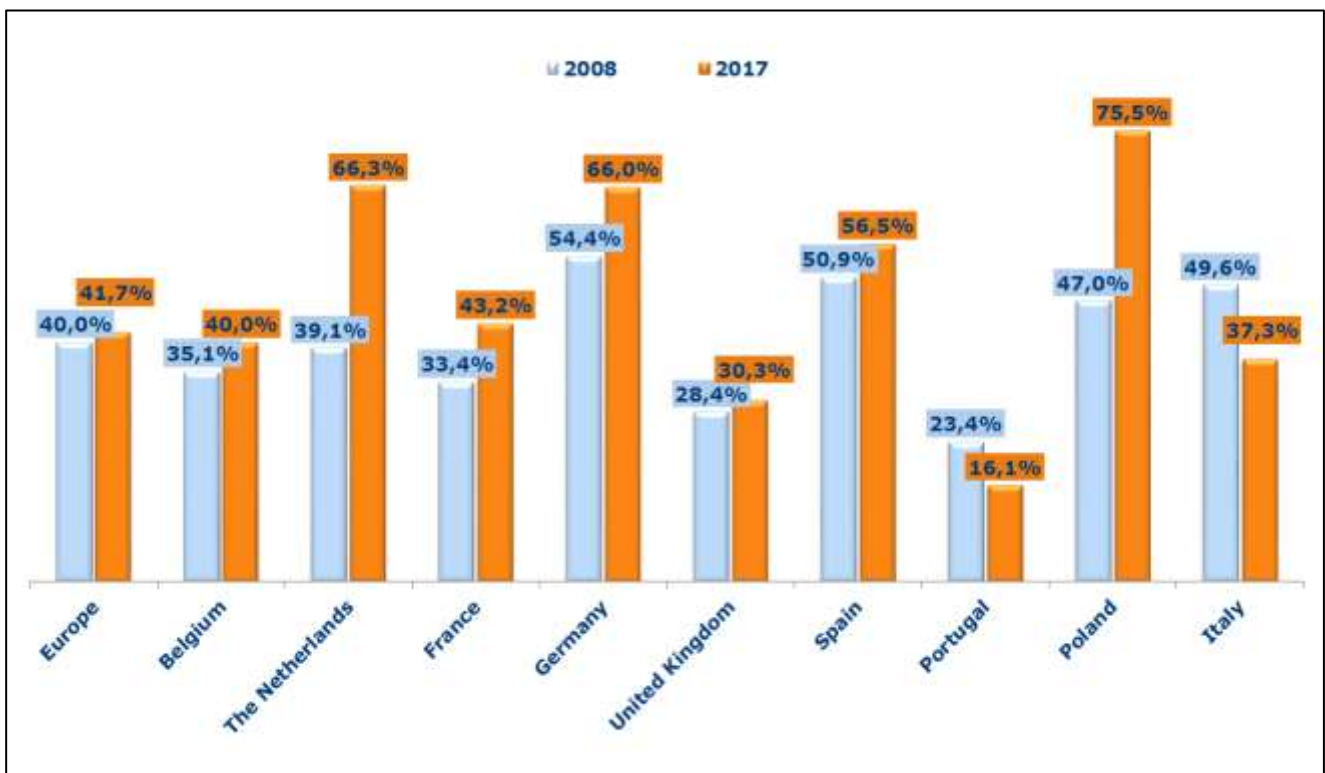
GRAPH 12.3 SOURCE: D&B WORLDWIDE NETWORK

### PAYMENT PRACTICES IN EUROPE BY PAYMENT CLASS, 2017



GRAPH 12.4 SOURCE: D&B WORLDWIDE NETWORK

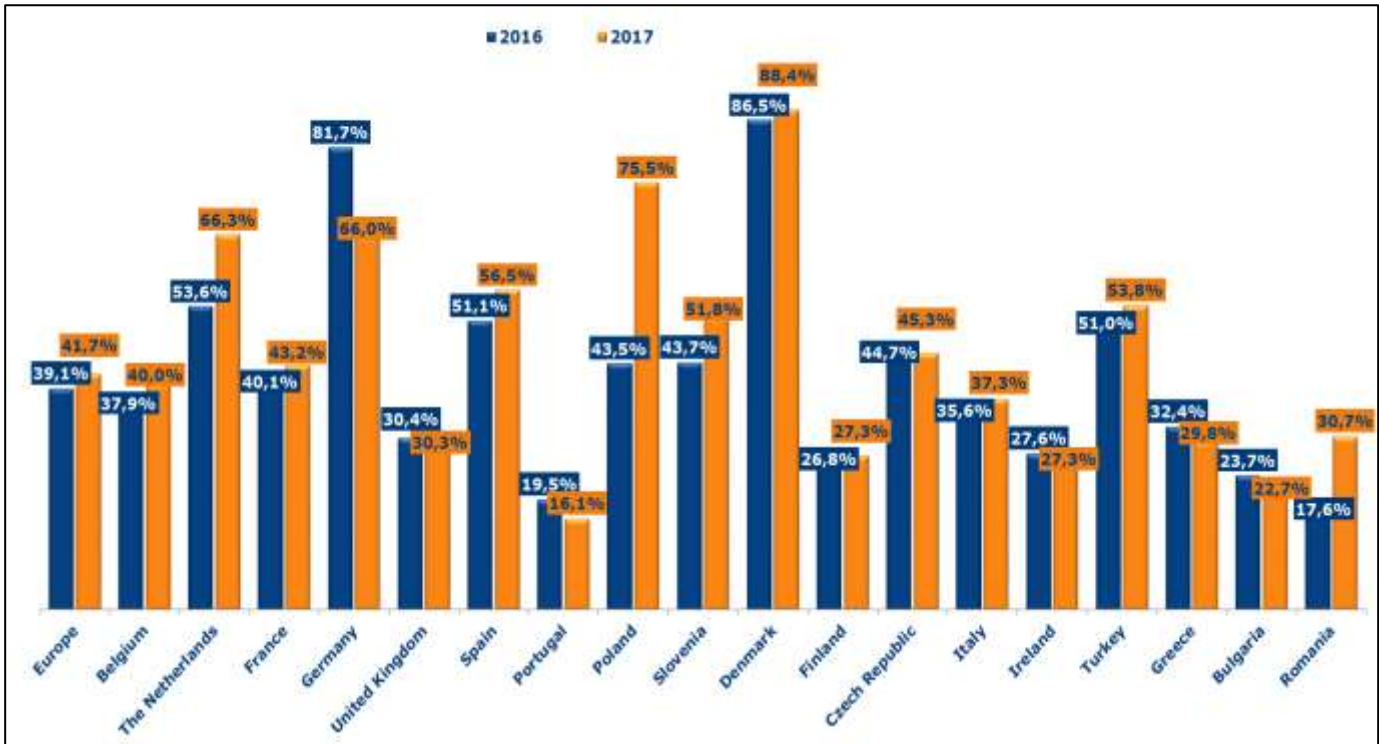
### VARIATIONS IN ON TIME PAYMENTS IN EUROPE, 2008-2017





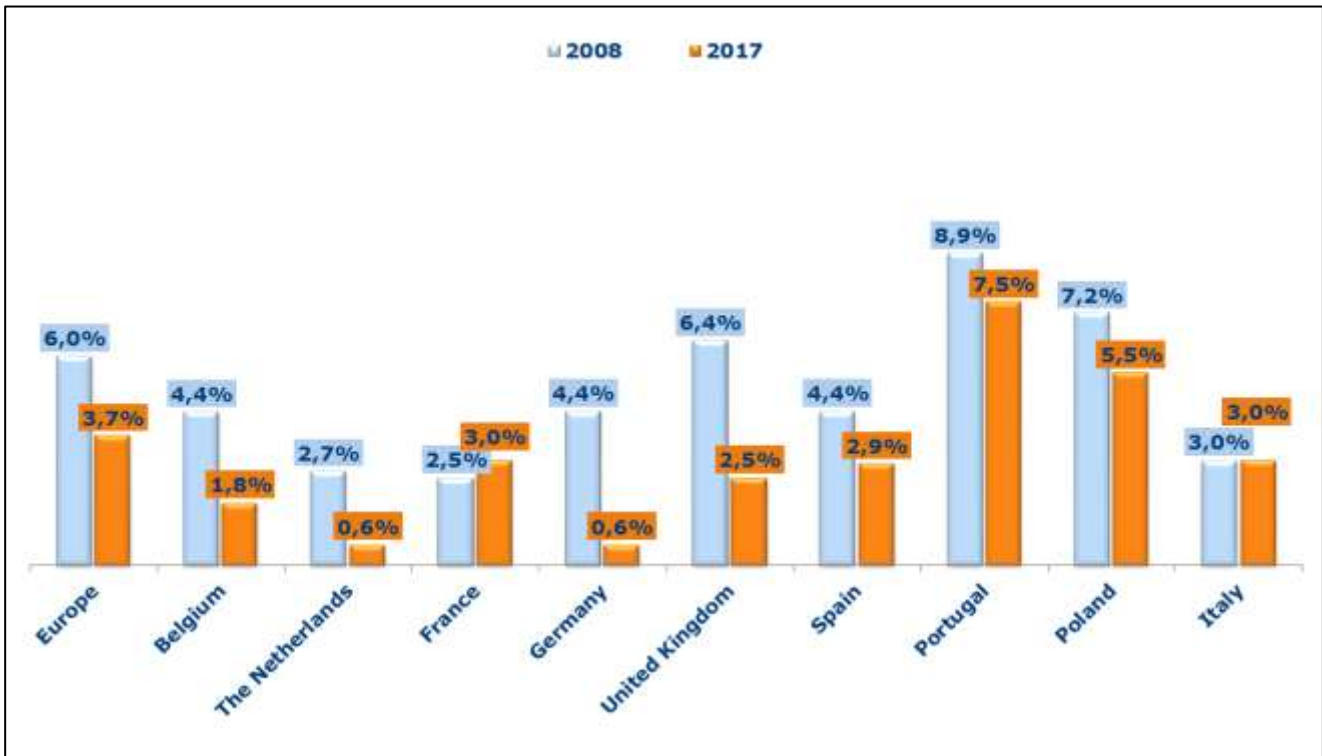
GRAPH 12.5 SOURCE: D&B WORLDWIDE NETWORK

TRENDS IN ON TIME PAYMENTS IN EUROPE, 2016-2017



GRAPH 12.6 SOURCE: D&B WORLDWIDE NETWORK

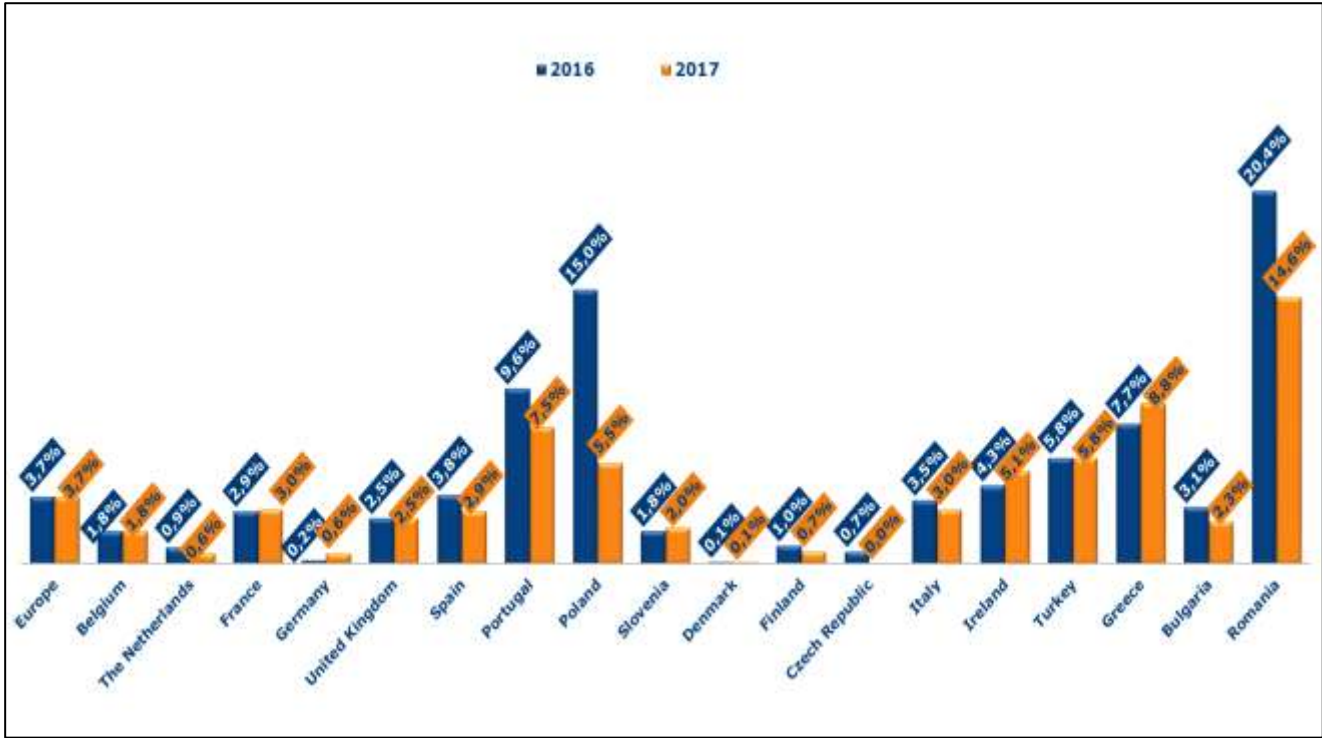
VARIATION OF LATE PAYMENTS OF MORE THAN 90 DAYS IN EUROPE, 2008-2017





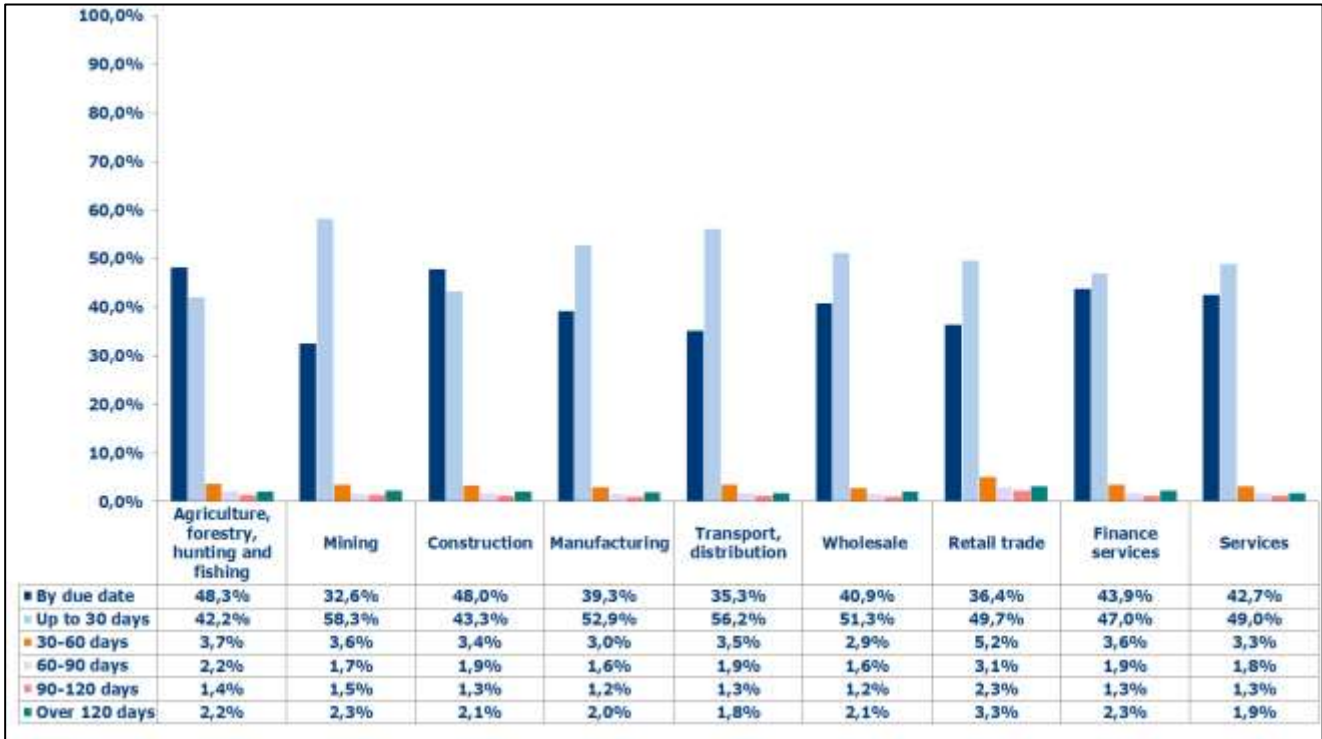
GRAPH 12.7 SOURCE: D&B WORLDWIDE NETWORK

TRENDS IN LATE PAYMENTS OF MORE THAN 90 DAYS IN EUROPE, 2016-2017



GRAPH 12.8 SOURCE: D&B WORLDWIDE NETWORK

PAYMENT PRACTICES IN EUROPE BY PRODUCT SECTOR, 2017



## 13. BELGIUM

### Payment analysis

Looking the payments trend of 2017, it can be noticed an increase of the regular payments compared to 2016, while the "Over 90 days" class remains the same.

The percentage of companies that pay their suppliers on time reached 40% in 2017, with an increase of 2,1% compared with the previous year, but a negative variation of 1,7 percentage points compared to the European average.

Late payments of up to 30 days account for 52,6% of the total (-2,4% compared to 2016), meanwhile, those of between 30 and 90 days account for 5,6%.

On the other hand, companies that pay more than 90 days late represent only 1,8% of the total compared with the European level of 3,7%.

The proportion of "good payers" ("By due date" class) has increased by 9,5 percentage points and there has been a decrease of 8,4% in the intermediate payment class (Up to 90 days) compared to 2007. In terms of serious late payments (over 90 days on average), these decreased by 1,1 percentage points.

The highest level of on time payments is seen for Micro companies, with a percentage of 42,4% in 2017, while the worst performance was seen for Large companies with only 9,1% of the total paying punctually.

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 81% for Medium and Large companies.

Intermediate late payments (between 30 and 90 days on average) have higher values for Micro companies, with 6,1 percentage points.

In addition, this size of company has the highest proportion of late payments of over 90 days late (2,1%).

Analyzing the product macro-sectors, the best performances in terms of punctual payments relate to the Finance services (48,8%) and Agriculture, forestry, hunting and fishing (48,4%) sectors.

Payment conditions, on the other hand, are less virtuous in the Mining sector, in which only 31,5% of companies respect agreed terms.

The share of companies in the "Up to 30 days" category is over 45% in each of the sectors analyzed and reaches the highest value (61,4%) in the case of Manufacturing.

In the intermediate late payment classes (30-60 days and 60-90 days) there are concentrations between 4,2% and 8,5%, meanwhile for the more serious late payments (over 90 days on average) the values don't exceed 2,8%.

In particular, Retail trade is the sector with the highest share of "bad payers" (2,8%).

If we consider the classification of the 10 micro-sector with the most punctual payments in Belgium in 2017, we find in the first position Security and commodity brokers (59%), followed by Legal services (58,6%).

On the other hand, the sector with the most problems is Eating and drinking places, followed by Communications and Food stores.

TABLE 13.1 SOURCE: ALTARES

**PERCENTAGE OF COMPANIES IN BELGIUM WITH ON TIME PAYMENTS, 2007-2017**

|                | <b>2007</b>  | <b>2016</b>  | <b>2017</b>  |
|----------------|--------------|--------------|--------------|
| <b>Belgium</b> | <b>30,5%</b> | <b>37,9%</b> | <b>40,0%</b> |
| <b>Europe</b>  | <b>41,0%</b> | <b>39,1%</b> | <b>41,7%</b> |

TABLE 13.2 SOURCE: ALTARES

**PERCENTAGE OF COMPANIES IN BELGIUM WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017**

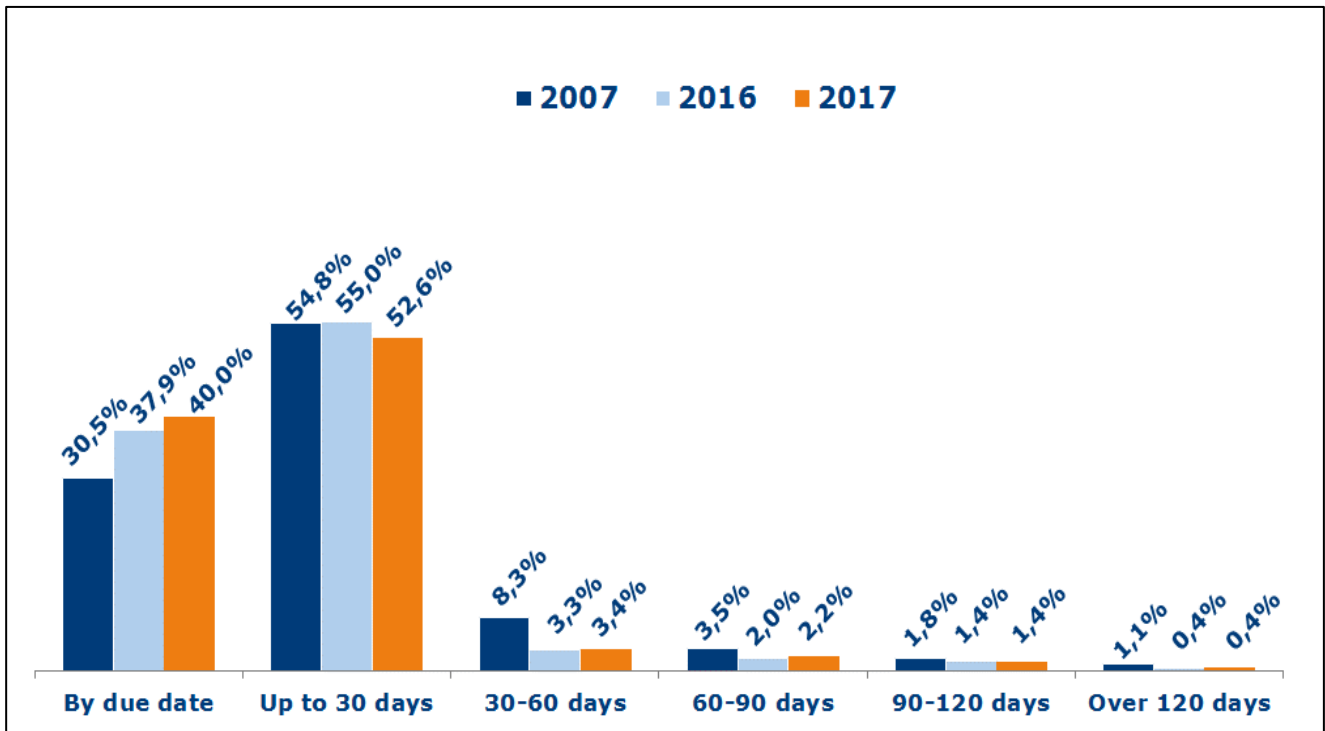
|                | <b>2007</b> | <b>2016</b> | <b>2017</b> |
|----------------|-------------|-------------|-------------|
| <b>Belgium</b> | <b>2,9%</b> | <b>1,8%</b> | <b>1,8%</b> |
| <b>Europe</b>  | <b>4,1%</b> | <b>3,7%</b> | <b>3,7%</b> |

TABLE 13.3 SOURCE: ALTARES

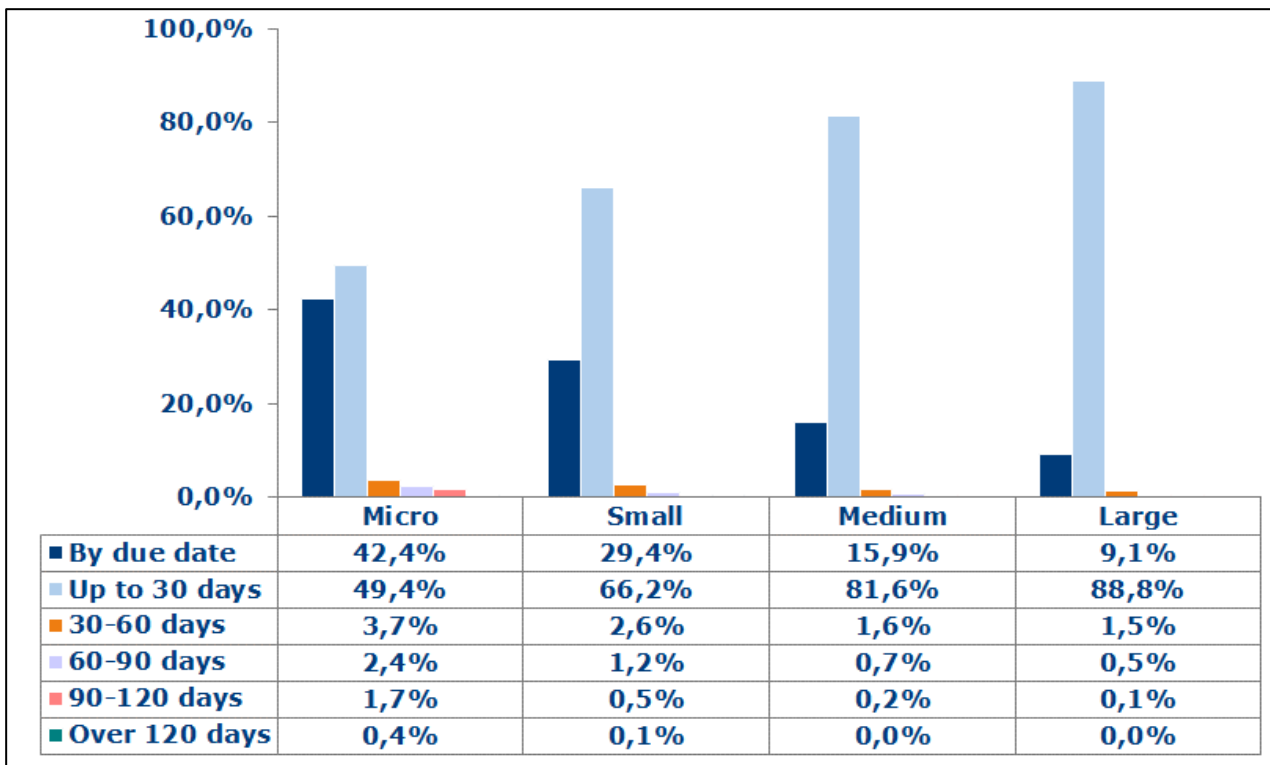
**VARIATIONS IN PAYMENT PRACTICES IN BELGIUM, 2007-2017**

|                      | <b>Variation<br/>2007/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>9,5%</b>                    | <b>2,1%</b>                    |
| <b>Up to 90 days</b> | <b>-8,4%</b>                   | <b>-2,1%</b>                   |
| <b>Over 90 days</b>  | <b>-1,1%</b>                   | <b>0,0%</b>                    |

**PAYMENT PRACTICES IN BELGIUM BY PAYMENT CLASS, 2007-2017**



**PAYMENT PRACTICES IN BELGIUM BY TYPE OF COMPANY, 2017**



**PAYMENT PRACTICES IN BELGIUM BY PRODUCT SECTOR, 2017**

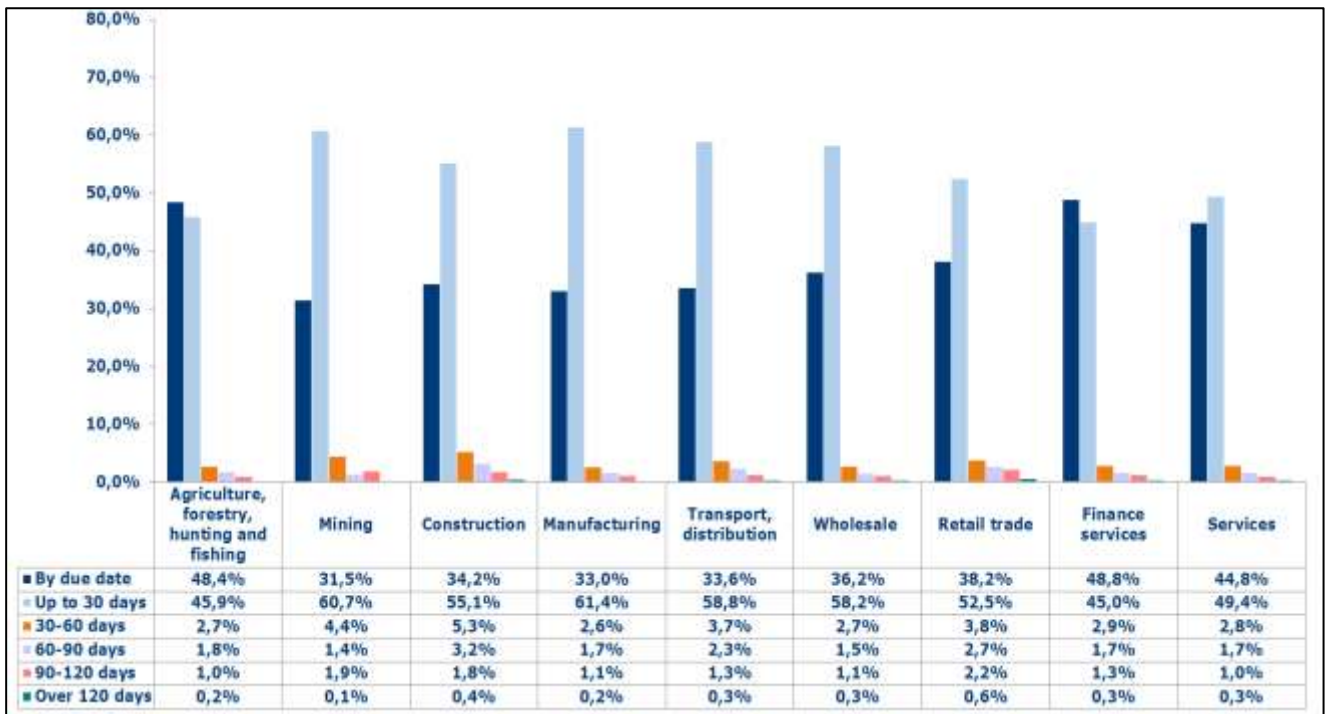


TABLE 13.7 SOURCE: ALTARES

**SECTORS WITH THE BEST PAYMENT RECORDS IN BELGIUM, 2017**

| Sector                                | Ranking 2017 |
|---------------------------------------|--------------|
| SECURITY AND COMMODITY BROKERS        | 1            |
| LEGAL SERVICES                        | 2            |
| INSURANCE AGENTS, BROKERS AND SERVICE | 3            |
| HEALTH SERVICES                       | 4            |
| MEMBERSHIP ORGANIZATIONS              | 5            |
| AGRICULTURAL PRODUCTION - CROPS       | 6            |
| AGRICULTURAL PRODUCTION - LIVESTOCK   | 7            |
| SOCIAL SERVICES                       | 8            |
| HOLDING AND OTHER INVESTMENT OFFICES  | 9            |
| DEPOSITORY INSTITUTIONS               | 10           |

TABLE 13.8 SOURCE: ALTARES

**SECTORS WITH THE WORST PAYMENT RECORDS IN BELGIUM, 2017**

| Sector                                 | Ranking 2017 |
|--|--------------|
| EATING AND DRINKING PLACES             | 73           |
| COMMUNICATIONS                         | 72           |
| FOOD STORES                            | 71           |
| OIL AND GAS EXTRACTION                 | 70           |
| TRANSPORTATION EQUIPMENT               | 69           |
| GENERAL BUILDING CONTRACTORS           | 68           |
| MOTION PICTURES                        | 67           |
| BUILDING MATERIALS AND GARDEN SUPPLIES | 66           |
| FISHING, HUNTING AND TRAPPING          | 65           |
| REAL ESTATE                            | 64           |

## 14. THE NETHERLANDS

### Payment analysis

After the regression of 2016 in the class of the punctual payments, the 2017 saw a remarkable recovery. In fact, the share of punctual payments in the Netherlands this year is 66,3% (+12,7% compared to last year), and was 24,6 percentage points above the European average, while the share of Dutch companies that tend to pay over 90 days late on average is only 0,6% of the total (-0,3% vs. previous year).

Compared with 2007, the share of "good payers" has increased by 26,5 percentage points, with a resulting improvement in the other payment classes.

In particular, payments between 1 and 90 days late have decreased by 24,6 percentage points, meanwhile there has been a 1,9% decrease in the serious late payment class of over 90 days on average.

Micro companies are the ones that respect agreed terms the most, with 76,5% of companies in the "By due date" class, followed by Small companies with 61%.

On the other hand, punctual payments in Medium and Large companies are more contained (38,3% for the former and 28,5% for the latter). However, these two types have the highest values in the "Up to 30 days" class (over 59 percentage points).

In the intermediate, Large companies have the worst performance: 1,9% of the total pay between 30 and 90 days late. Finally, Micro companies have the highest percentage of serious late payments: 0,5% pays over 90 days.

Analyzing the performance of the Dutch payment system in relation to sectors, the best performances are seen in the Services sector with 70,9% of punctual payers.

Late payments, on the other hand, are concentrated in the "Up to 30 days" class, with values varying between 26,8% (Agriculture, forestry, hunting and fishing) and 48,8% (Mining), whereas the values for other the classes are more contained.

The highest share of "bad payers" is seen in the Construction sector with 0,9% of companies paying on average more than 90 days late.

In the ranking of best micro-sectors in terms of payment practices Insurance agents, brokers and service and Legal services are the top performers with more than 78% of punctual payers.

National security and intl. affairs, on the other hand, has the worst performance in terms of serious late payments (1,6% of "bad payers"), followed by Leather and leather products (1,5%).

TABLE 14.1 SOURCE: ALTARES

**PERCENTAGE OF COMPANIES IN THE NETHERLANDS WITH ON TIME PAYMENTS, 2007-2017**

|                    | <b>2007</b>  | <b>2016</b>  | <b>2017</b>  |
|--------------------|--------------|--------------|--------------|
| <b>Netherlands</b> | <b>39,8%</b> | <b>53,6%</b> | <b>66,3%</b> |
| <b>Europe</b>      | <b>41,0%</b> | <b>39,1%</b> | <b>41,7%</b> |

TABLE 14.2 SOURCE: ALTARES

**PERCENTAGE OF COMPANIES IN THE NETHERLANDS WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017**

|                    | <b>2007</b> | <b>2016</b> | <b>2017</b> |
|--------------------|-------------|-------------|-------------|
| <b>Netherlands</b> | <b>2,5%</b> | <b>0,9%</b> | <b>0,6%</b> |
| <b>Europe</b>      | <b>4,1%</b> | <b>3,7%</b> | <b>3,7%</b> |

TABLE 14.3 SOURCE: ALTARES

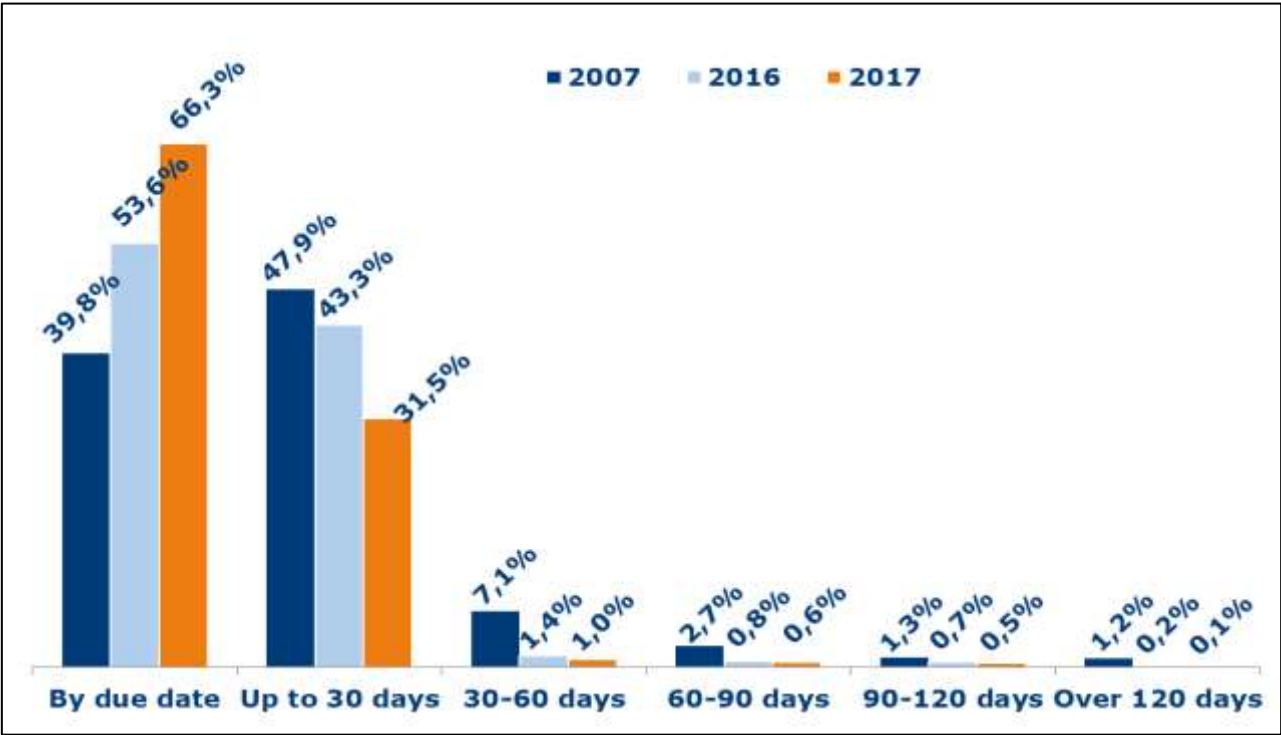
**VARIATIONS IN PAYMENT PRACTICES IN THE NETHERLANDS, 2007-2017**

|                      | <b>Variation<br/>2007/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>26,5%</b>                   | <b>12,7%</b>                   |
| <b>Up to 90 days</b> | <b>-24,6%</b>                  | <b>-12,4%</b>                  |
| <b>Over 90 days</b>  | <b>-1,9%</b>                   | <b>-0,3%</b>                   |



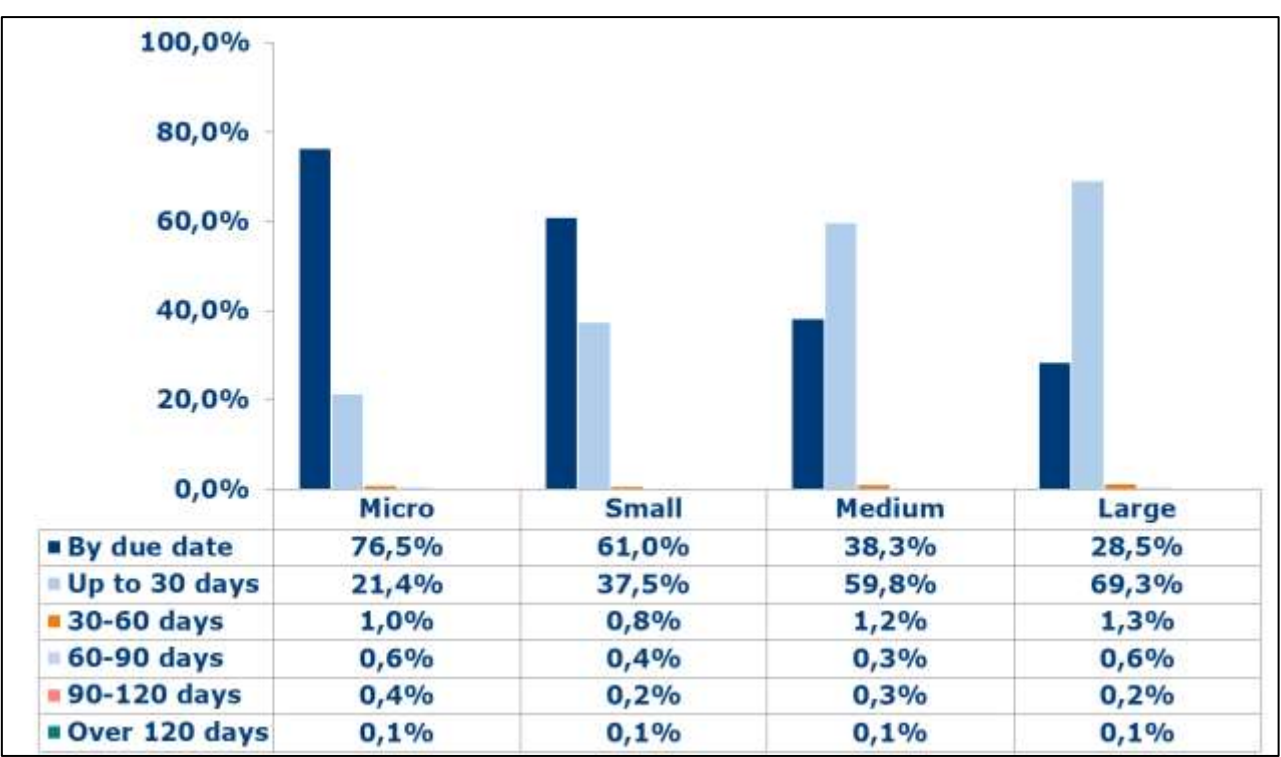
GRAPH 14.4 SOURCE: ALTARES

PAYMENT PRACTICES IN THE NETHERLANDS BY PAYMENT CLASS, 2007-2017



GRAPH 14.5 SOURCE: ALTARES

PAYMENT PRACTICES IN THE NETHERLANDS BY TYPE OF COMPANY, 2017



**PAYMENT PRACTICES IN THE NETHERLANDS BY PRODUCT SECTOR, 2017**

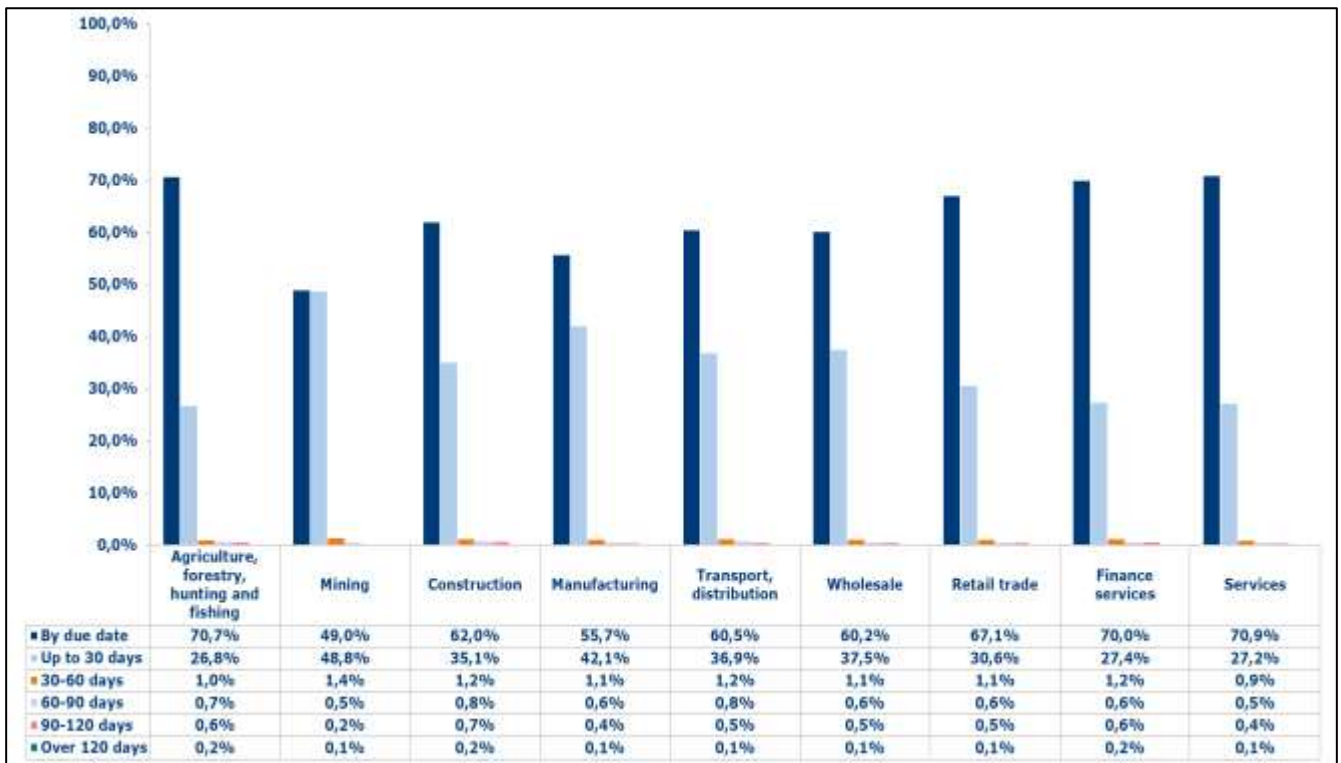


TABLE 14.7 SOURCE: ALTARES

**SECTORS WITH THE BEST PAYMENT RECORDS IN THE NETHERLANDS, 2017**

| Sector                                | Ranking 2017 |
|---------------------------------------|--------------|
| INSURANCE AGENTS, BROKERS AND SERVICE | 1            |
| LEGAL SERVICES                        | 2            |
| PERSONAL SERVICES                     | 3            |
| GENERAL MERCHANDISE STORES            | 4            |
| FISHING, HUNTING AND TRAPPING         | 5            |
| HEALTH SERVICES                       | 6            |
| MISCELLANEOUS REPAIR SERVICES         | 7            |
| FOOD STORES                           | 8            |
| BUSINESS SERVICES                     | 9            |
| MOTION PICTURES                       | 10           |

TABLE 14.8 SOURCE: ALTARES

**SECTORS WITH THE WORST PAYMENT RECORDS IN THE NETHERLANDS, 2017**

| <b>Sector</b>                                 | <b>Ranking 2017</b> |
|---|---------------------|
| <b>NATIONAL SECURITY AND INTL. AFFAIRS</b>    | <b>73</b>           |
| <b>LEATHER AND LEATHER PRODUCTS</b>           | <b>72</b>           |
| <b>FORESTRY</b>                               | <b>71</b>           |
| <b>NONDEPOSITORY INSTITUTIONS</b>             | <b>70</b>           |
| <b>AGRICULTURAL PRODUCTION - LIVESTOCK</b>    | <b>69</b>           |
| <b>LOCAL AND INTERURBAN PASSENGER TRANSIT</b> | <b>68</b>           |
| <b>SECURITY AND COMMODITY BROKERS</b>         | <b>67</b>           |
| <b>METAL MINING</b>                           | <b>66</b>           |
| <b>ELECTRIC, GAS AND SANITARY SERVICES</b>    | <b>65</b>           |
| <b>SPECIAL TRADE CONTRACTORS</b>              | <b>64</b>           |

## 15. FRANCE

Below is the opinion of Thierry Millon, Director of Research Altares-D&B on the economic scenario and payment situation in France.

### **PAYMENT PERIODS: MORE AND MORE ORGANISATIONS TAKE ACTION**

*Combatting Late Payment in Commercial Transactions is not only essential for companies' competitiveness and for a smooth-running economy but is also a question of survival for hundreds of thousands of companies in Europe. Governments and employers' associations are getting involved.*

#### **51-day payment period**

*Under the authority of the French Ministry of the Economy, the Payment Period Observatory monitors changes to the payment behaviour patterns of private companies and public organisations in France. Supported by the Bank of France, Altares D&B, and organisations representing both the private and public sectors, the Observatory identifies payment practices – both good and bad – reported by members and submits its recommendations to the Ministry and companies.*

*The Observatory's 2018 report was published at the end of March. It shows that after progressing considerably between 2000 and 2010, payment times have scarcely improved since. Furthermore, larger organisations, whether private or public, are slower to pay than smaller companies or local authorities.*

*The transposition in France of Directive 2000/35/CE on late payment, which translated into the NRE (New Regulation of the Economy) law of 15 May 2001 and the LME (modernising the economy) law of 4 August 2008 brought home the urgent need to take measures. In 2001, suppliers had 66 days to pay up, which was reduced to 58 days in 2009 and then 55 days in 2010: ten days less in ten years!*

*Since 2010, however, the reduction of payment times has been much slower, with just four days taken off, bringing it down to the current 51 days for supplier payments.*

#### **The rise of electronic billing**

*Reducing payment times is one of the French government's key strategies for improving competitiveness. It is, for example, attempting gradually to reduce payment periods to 20 days by encouraging more widespread electronic billing. Since 1st January 2017, electronic billing has been mandatory for large public-sector company suppliers. Rollout will finish on 1st January 2020 with micro-enterprises – the programme was applied to midcaps on 1st January 2018 – whilst SMBs will follow on 1st January 2019.*

*As a result of this proactive approach, local and departmental authorities are already averaging under 22 days – so under the 30-day legal limit, whereas regional councils are still over the 36-day mark. Public healthcare establishments are required to pay in under 50 days and mostly pay within an average of 48 days. However, budget pressures in public hospitals have led to extended payment periods which could exceed the 50-day limit.*

*In the private sector, maximum payment terms are typically 60 days but there are specific cases in a number of areas. For example, the maximum payment time is 30 days in road freight transport and purchasing of perishable foodstuffs and certain alcoholic beverages. Certain sectors affected by seasonal trends can benefit from special payment times, for example sports goods, where an extra 30 days may be granted to settle bills before the season opens, as well as toys (95 days from January to September inclusive and 75 days from October to December inclusive), and agricultural equipment (55 days for green space maintenance equipment and 110 days end of month for farming equipment). Payment times for non-EU transactions have also been extended with payment for purchasing goods to be shipped outside the EU increased from 60 to 90 days.*

### **What are the penalties?**

*Enforcing the law requires "policing" and penalties. Where penalties are concerned, the French Code de commerce (commercial code) imposes fines of up to €2 million for companies that default on payment times. This amount can even be doubled to €4 M for companies that fail to meet payment times a second time within a period of two years. Such penalties will be automatically published.*

*The "police" in question are agents from the DGCCRF (General Directorate for Fair Trading, Consumer Affairs and Fraud Prevention), who are authorised to monitor compliance with payment times. In 2017, these agents audited 2,500 organisations and imposed 230 fines, 45 of which were for large companies or their subsidiaries.*

*To increase transparency about adherence to payment times, companies whose annual financial statements are certified by an Auditor are now required to report on their payment times in their Management Report.*

*Thanks to this collective effort, attitudes are changing, and good behaviour is highlighted whilst bad behaviour is denounced. Consequently the number of payments made on time or with a very slight delay has increased considerably in France, according to both the Bank of France's and Altares' calculations.*

## **Payment analysis**

Even for the current year, France continues to have a similar performance in terms of punctual payments than the majority of countries analyzed in the Payment Study.

In 2017 punctual payments accounted for 43,2% of the total, + 1,5% over the European average, which continues to show a larger quantity of companies with a balanced payment behavior.

49,1% of French payers fell into the "Up to 30 days" class, while the intermediate late payment classes remained more or less unchanged compared to the previous year: the "30-60 days" and "60-90 days" classes comprised 4,7% of the total.

"Bad payers" represent 3% of the total, with a positive gap of 0,7 percentage points from the European record.

Considering payment practices by company size, Micro companies exhibit the best payment behavior with 50,8% of the total paying suppliers within agreed terms.

As size increases, the percentage of punctual payers drops, reaching the lowest value of 3% for Large companies.

In the main part, late payments are concentrated in the "Up to 30 days" class, with percentages of between 40,1% and 94%.

The share of companies that pay between 30 and 90 days late is the highest for Micro companies with a value of 5,4% of the total. Micro companies have a higher value also in the class of very serious delays (3,7%).

The Construction sector is the best performer in terms of punctual payments, with a share of punctual payers of 57,9%.

This is followed by Agriculture, forestry, hunting and fishing with 50,6% of companies in this class. Significantly lower values are found in the Mining (26,7%) and the Transport, distribution (29,4%) sectors.

All sectors examined in the study tend to pay commercial transactions between 1 and 30 days late (values from 39,6% for Agriculture, forestry, hunting and fishing sector to 69,6% for Mining sector).

Finally, Agriculture, forestry, hunting and fishing sector have the highest concentrations in the intermediate late payment classes ("30-60 days" and "60-90 days") with 6,3% of payments in this class, instead, Finance services have the highest concentrations in the serious late payment class above 90 days on average (3,8%).

In first place in the classification of the 10 micro-sectors with the most punctual payments in France is Special trade contractors group (59,1% of the total in the "By due date" class).

In second and third places are Furniture and fixtures (56,2%) and Miscellaneous repair services (55,4%).

The worst result is seen in Apparel and other textile products, with a 5,1% share of serious late payments (over 90 days on average). Second and third places are held by Miscellaneous manufacturing industries (4,9%) and Food stores (4,9%).

TABLE 15.1 SOURCE: ALTARES

#### PERCENTAGE OF COMPANIES IN FRANCE WITH ON TIME PAYMENTS, 2007-2017

|        | 2007  | 2016  | 2017  |
|--------|-------|-------|-------|
| France | 32,4% | 40,1% | 43,2% |
| Europe | 41,0% | 39,1% | 41,7% |

TABLE 15.2 SOURCE: ALTARES

**PERCENTAGE OF COMPANIES IN FRANCE WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017**

|        | 2007 | 2016 | 2017 |
|--------|------|------|------|
| France | 2,6% | 2,9% | 3,0% |
| Europe | 4,1% | 3,7% | 3,7% |

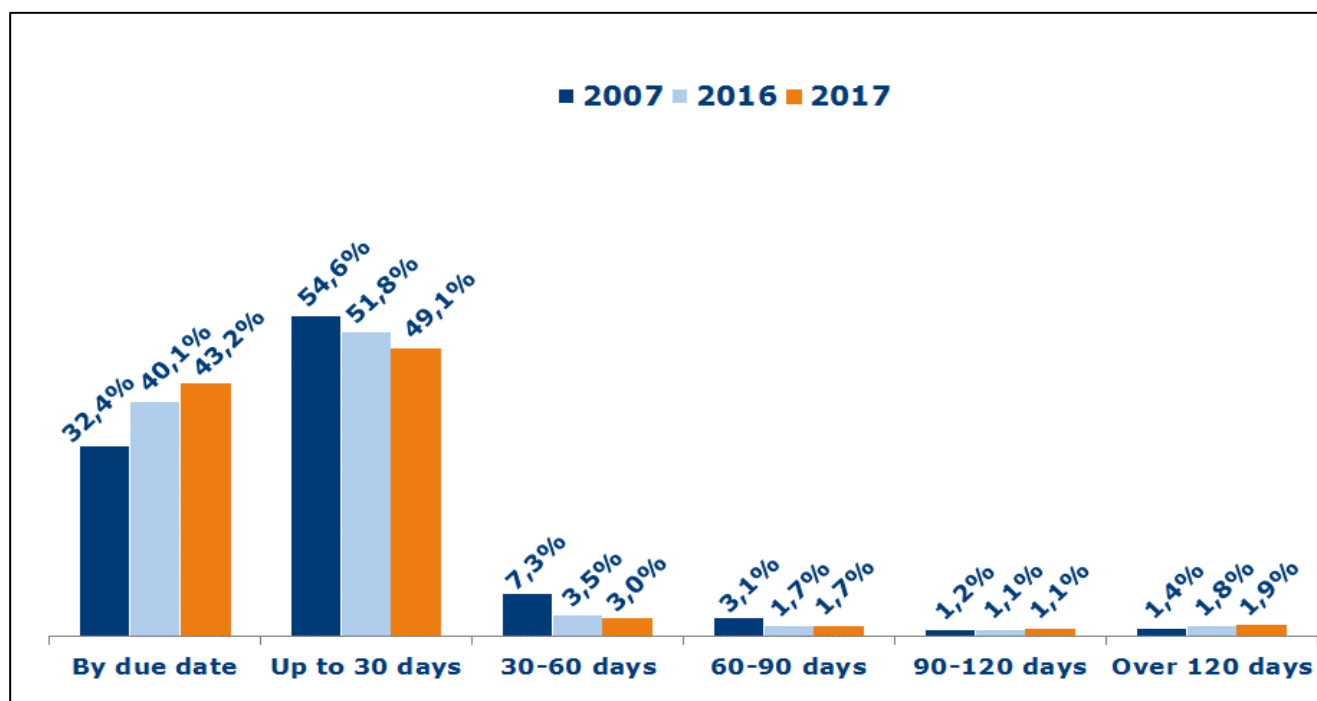
TABLE 15.3 SOURCE: ALTARES

**VARIATIONS IN PAYMENT PRACTICES IN FRANCE, 2007-2017**

|               | Variation 2007/2017 | Variation 2016/2017 |
|---------------|---------------------|---------------------|
| By due date   | 10,8%               | 3,1%                |
| Up to 90 days | -11,2%              | -3,2%               |
| Over 90 days  | 0,4%                | 0,1%                |

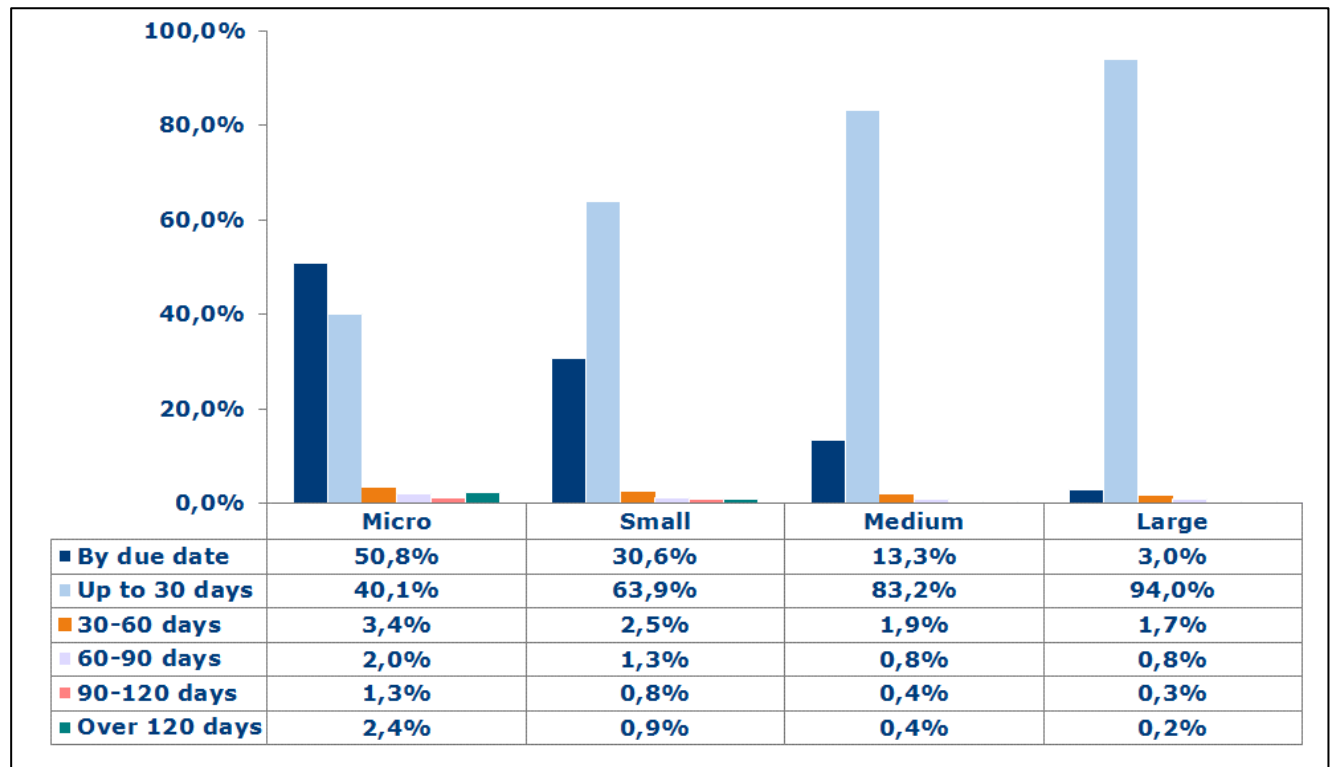
GRAPH 15.4 SOURCE: ALTARES

**PAYMENT PRACTICES IN FRANCE BY PAYMENT CLASS, 2007-2017**





### PAYMENT PRACTICES IN FRANCE BY TYPE OF COMPANY, 2017



### PAYMENT PRACTICES IN FRANCE BY PRODUCT SECTOR, 2017

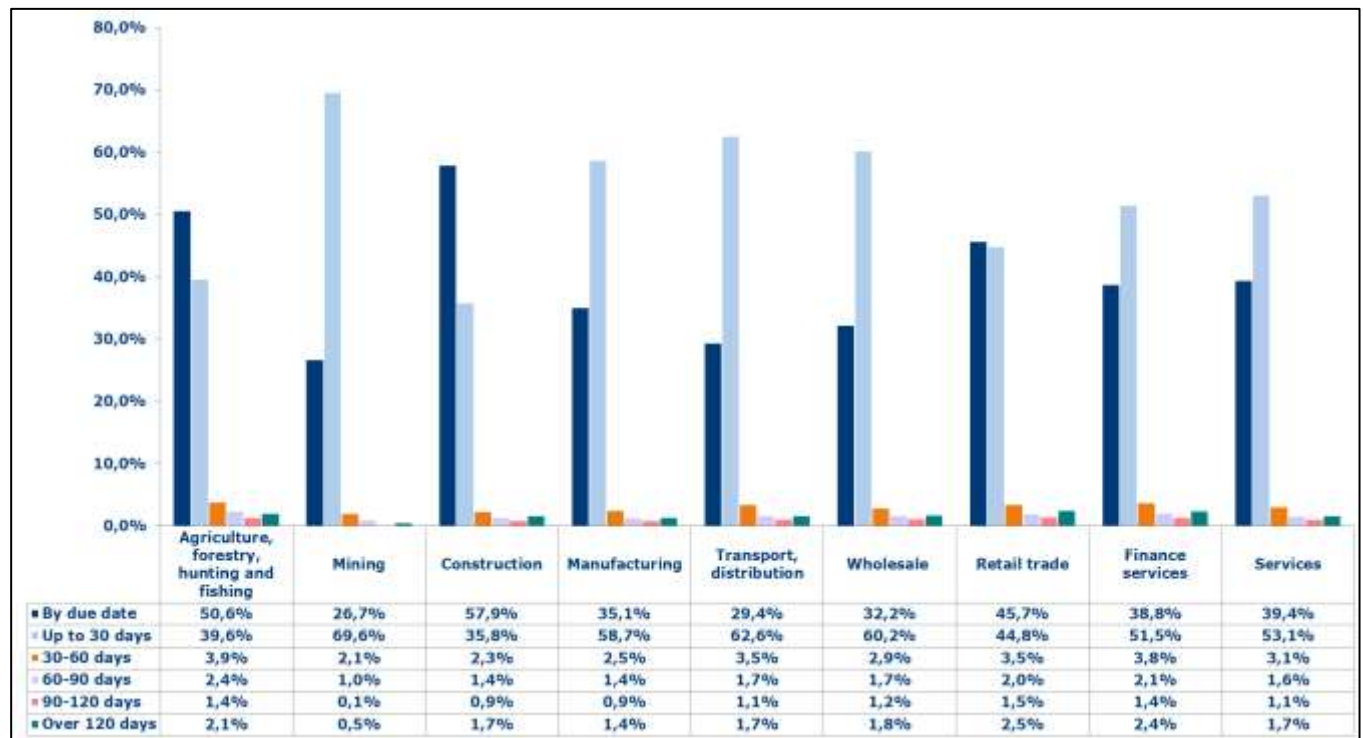




TABLE 15.7 SOURCE: ALTARES

**SECTORS WITH THE BEST PAYMENT RECORDS IN FRANCE, 2017**

| <b>Sector</b>                               | <b>Ranking 2017</b> |
|---|---------------------|
| <b>SPECIAL TRADE CONTRACTORS</b>            | <b>1</b>            |
| <b>FURNITURE AND FIXTURES</b>               | <b>2</b>            |
| <b>MISCELLANEOUS REPAIR SERVICES</b>        | <b>3</b>            |
| <b>FORESTRY</b>                             | <b>4</b>            |
| <b>FISHING, HUNTING AND TRAPPING</b>        | <b>5</b>            |
| <b>AGRICULTURAL SERVICES</b>                | <b>6</b>            |
| <b>AGRICULTURAL PRODUCTION - LIVESTOCK</b>  | <b>7</b>            |
| <b>FURNITURE AND HOMEFURNISHINGS STORES</b> | <b>8</b>            |
| <b>AGRICULTURAL PRODUCTION - CROPS</b>      | <b>9</b>            |
| <b>LUMBER AND WOOD PRODUCTS</b>             | <b>10</b>           |

TABLE 15.8 SOURCE: ALTARES

**SECTORS WITH THE WORST PAYMENT RECORDS IN FRANCE, 2017**

| <b>Sector</b>                                 | <b>Ranking 2017</b> |
|---|---------------------|
| <b>APPAREL AND OTHER TEXTILE PRODUCTS</b>     | <b>70</b>           |
| <b>MISCELLANEOUS MANUFACTURING INDUSTRIES</b> | <b>69</b>           |
| <b>FOOD STORES</b>                            | <b>68</b>           |
| <b>COMMUNICATIONS</b>                         | <b>67</b>           |
| <b>APPAREL AND ACCESSORY STORES</b>           | <b>66</b>           |
| <b>SECURITY AND COMMODITY BROKERS</b>         | <b>65</b>           |
| <b>GENERAL BUILDING CONTRACTORS</b>           | <b>64</b>           |
| <b>MISCELLANEOUS RETAIL</b>                   | <b>63</b>           |
| <b>EATING AND DRINKING PLACES</b>             | <b>62</b>           |
| <b>PERSONAL SERVICES</b>                      | <b>61</b>           |

## 16. GERMANY

Below is the opinion of **Markus Gottschlich, Manager Trade** at **Bisnode Editorial Deutschland**, on the economic scenario and payment situation in Germany.

*"Germany's economy is still on a stable growth path, which has strengthened over the last years. After stagnant growth rates of 1.7% in 2015 and 1.9% in 2016, gross domestic product is expected to grow around 2.3% in 2017. The upturn is likely to continue with increasing dynamic in 2018. This is due to framework conditions for the German economy that are expected to remain favourable.*

*Economic activity has expanded on a broad base. The German economy is growing on the back of robust domestic demand. Private consumption grows strongly driven by rising effective wages, higher transferable income and increasing employment.*

*In 2017, the number of persons employed rose by around 600.000 persons compared to the previous year. Predictions indicate a further increment of another 500.000 persons in 2018, which underlines the strong momentum.*

*Government investments should also increase slightly as a need for greater investments has been identified at the political level. Main focus is transport infrastructure as well as child day-care and schools.*

*Benefiting from the stabilizing recovery in Europe and around the world, German exports continue on a path of accelerated growth. Driven largely by a lively foreign demand, the value added of the manufacturing sector increased sharply. Therefore, German manufacturing was largely responsible for the accelerated pace of growth in 2017. This sector expanded at an above-average rate compared to other economic areas like consumption and construction, which had previously largely driven growth in the past years. As conditions are not expected to change fundamentally in 2018, we predict above-average growth rates well into 2018.*

*Subsequently capacity limits already appear to have been reached, especially in the construction sector. Even in manufacturing capacity utilisation has reached its highest level since 2008. While other sectors are also close to the limit, the risk of the economy overheating is rather low.*

*A primary risk factor remains the unclear direction of the US policy with the issue of protectionist measures still on the table. We also see risks related to the impact of the exit of the United Kingdom from the European Union. This may disrupt the sourcing of inputs by key German industries, including automotive production and chemicals. However, some businesses have already announced to transfer activity to Germany.*

*In 2017, the number of business failures continued to fall. Latest data show a further drop of another 6.3% versus 2016 to the lowest level since 1994. Compared to the previous highest level of corporate insolvencies in 2003, the number of cases has almost halved.*

*Conversely, the payment behaviour of German businesses has continually deteriorated in 2017. The Bisnode Payment Index, which indicates the number of companies paying their invoices on time, dropped from 82.20 to 80.86 points.*

*This was the fourth year in succession with a decline. Nevertheless, this is still an excellent value. But this trend should encourage businesses to closely monitor their receivables portfolio."*

## Payment analysis

In 2017 companies that paid their suppliers on time accounted for 66% of the total (24,3 percentage points above the European average).

The positive performance in Germany is especially seen in the late payment class of over 90 days: at the end of 2017, the concentration of companies in this bracket was 0,6%, compared to 3,7% for Europe.

Late payments of up to 30 days account for 32,1% of the total, meanwhile, those of between 30 and 90 days account for 1,3%.

Compared with 2007, the percentage of "good payers" has increased by 12,1 percentage points ("By due date" class), meanwhile the concentration in the "Up to 90 days" class has reduced by 9,5% and in the "Over 90 days" class by 2,6% percentage points.

In Germany, companies belonging to the different size categories show good payment performance.

Specifically, the most punctual categories are Micro and Small companies, with over 67% of the total. These are followed by Medium sized companies with 54,9% and finally Large companies with 41,6%.

The share of companies that pay between 1 and 30 days late is the highest for Large companies with a value of 57,4% of the total.

Serious late payments are minor, with uniform values between the various company sizes.

In all the macro sectors analyzed, the best performances are seen in Construction (69,8%), followed by Retail trade (69,2%) and Services (68,8%).

At the bottom of the classification of punctual payments is the Manufacturing sector with a value of 61,9%.

In this case too, late payments tend to be concentrated in the "Up to 30 days" class, with values fluctuating between 28% for Construction and 36,5% for Manufacturing.

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") have very contained concentrations.

Miscellaneous retail is the sector with the best payment record in Germany. In second and third places are Insurance agents, brokers and service and products and Justice, public order and safety. Administration of human resources and Nondepository institutions are in the top positions in the ranking of the worst sectors, even if they have a percentage under 1% of late payments of over 90 days on average.

TABLE 16.1 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

**PERCENTAGE OF COMPANIES IN GERMANY WITH ON TIME PAYMENTS, 2007-2017**

|                | <b>2007</b>  | <b>2016</b>  | <b>2017</b>  |
|----------------|--------------|--------------|--------------|
| <b>Germany</b> | <b>53,9%</b> | <b>81,7%</b> | <b>66,0%</b> |
| <b>Europe</b>  | <b>41,0%</b> | <b>39,1%</b> | <b>41,7%</b> |

TABLE 16.2 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

**PERCENTAGE OF COMPANIES IN GERMANY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017**

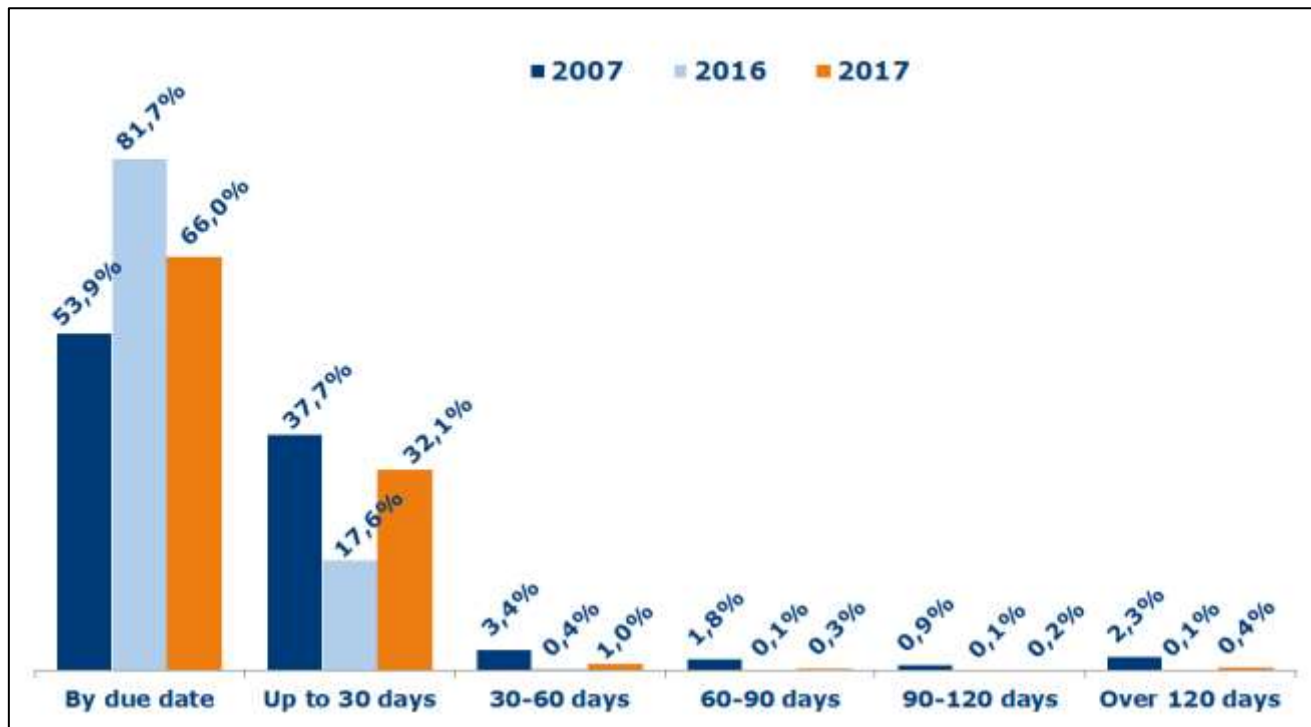
|                | <b>2007</b> | <b>2016</b> | <b>2017</b> |
|----------------|-------------|-------------|-------------|
| <b>Germany</b> | <b>3,2%</b> | <b>0,2%</b> | <b>0,6%</b> |
| <b>Europe</b>  | <b>4,1%</b> | <b>3,7%</b> | <b>3,7%</b> |

TABLE 16.3 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

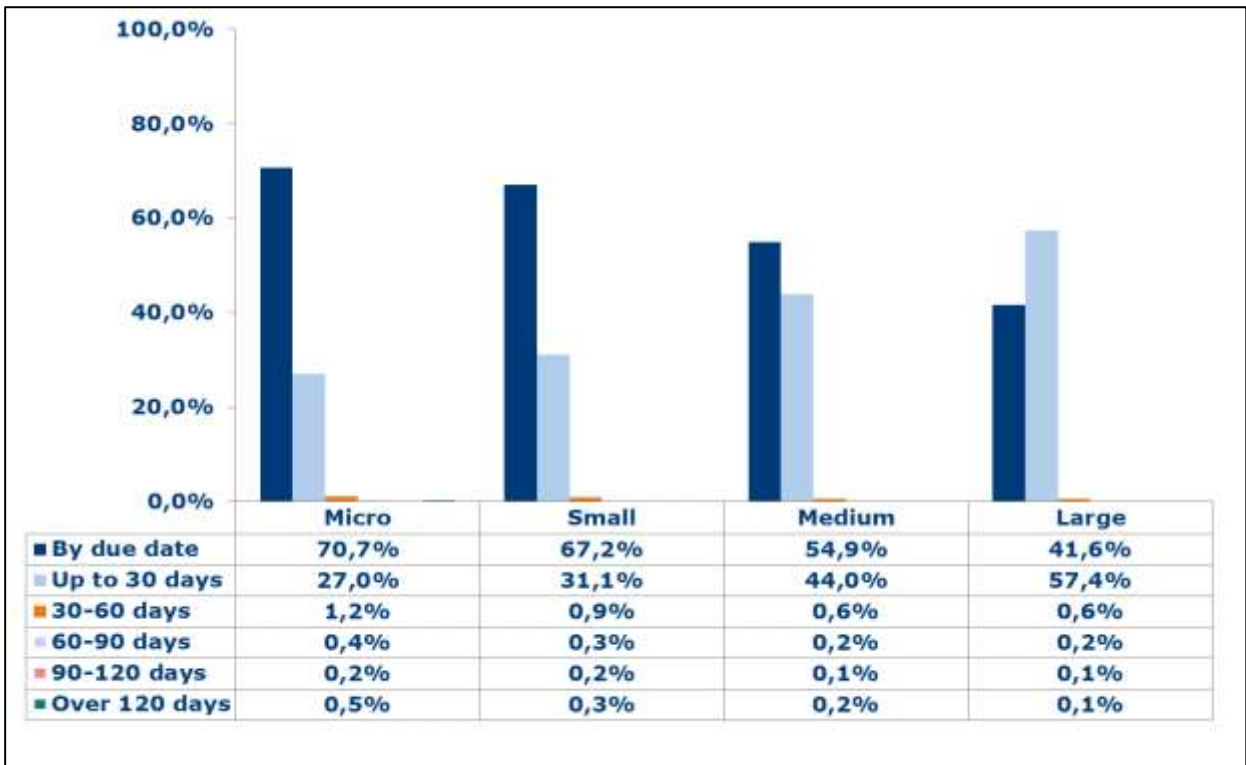
**VARIATIONS IN PAYMENT PRACTICES IN GERMANY, 2007-2017**

|                      | <b>Variation<br/>2007/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>12,1%</b>                   | <b>-15,7%</b>                  |
| <b>Up to 90 days</b> | <b>-9,5%</b>                   | <b>15,3%</b>                   |
| <b>Over 90 days</b>  | <b>-2,6%</b>                   | <b>0,4%</b>                    |

PAYMENT PRACTICES IN GERMANY BY PAYMENT CLASS, 2007-2017



PAYMENT PRACTICES IN GERMANY BY TYPE OF COMPANY, 2017



**PAYMENT PRACTICES IN GERMANY BY PRODUCT SECTOR, 2017**

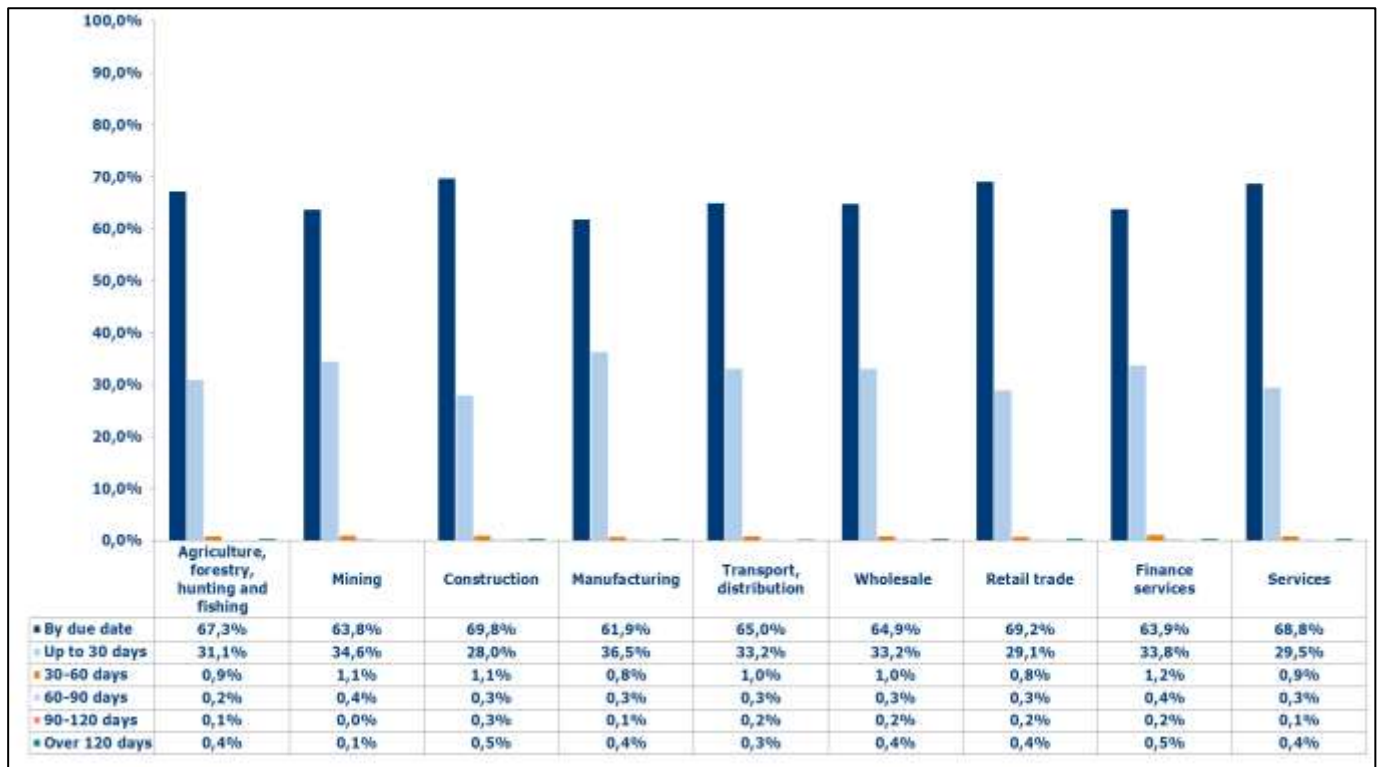


TABLE 16.7 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

**SECTORS WITH THE BEST PAYMENT RECORDS IN GERMANY, 2017**

| Sector                                | Ranking 2017 |
|---------------------------------------|--------------|
| MISCELLANEOUS RETAIL                  | 1            |
| INSURANCE AGENTS, BROKERS AND SERVICE | 2            |
| JUSTICE, PUBLIC ORDER AND SAFETY      | 3            |
| PERSONAL SERVICES                     | 4            |
| PRINTING AND PUBLISHING               | 5            |
| SERVICES                              | 6            |
| FURNITURE AND HOMEFURNISHINGS STORES  | 7            |
| AMUSEMENT AND RECREATION SERVICES     | 8            |
| ENGINEERING AND MANAGEMENT SERVICES   | 9            |
| SPECIAL TRADE CONTRACTORS             | 10           |

TABLE 16.8 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

**SECTORS WITH THE WORST PAYMENT RECORDS IN GERMANY, 2017**

| Sector                            | Ranking 2017 |
|-----------------------------------|--------------|
| ADMINISTRATION OF HUMAN RESOURCES | 74           |
| NONDEPOSITORY INSTITUTIONS        | 73           |
| EATING AND DRINKING PLACES        | 72           |
| WATER TRANSPORTATION              | 71           |
| TRANSPORTATION BY AIR             | 70           |
| FORESTRY                          | 69           |
| TRANSPORTATION SERVICES           | 68           |
| HOTELS AND OTHER LODGING PLACES   | 67           |
| FURNITURE AND FIXTURES            | 66           |
| APPAREL AND ACCESSORY STORES      | 65           |



## 17. UNITED KINGDOM

Below is the opinion of **Markus Kuger, Senior Economist** at **Dun & Bradstreet Ltd**, on the economic scenario and payment situation in United Kingdom.

*"Despite the 'Leave' camp's unexpected victory in the June 2016 EU membership referendum, the UK economy finished the year reasonably strongly. Real GDP growth came in at 2.0%, only marginally down from the 2.2% recorded a year earlier, and above the growth rates of all other G7 economies. The pound's significantly weaker position – a consequence of the Brexit vote – means that export-oriented sectors such as manufacturing and tourism are doing very well, and that they are likely to continue to flourish for the next two years. Domestically-oriented companies, however, will struggle, with rapidly-rising inflation rates set to weigh on consumers' disposable income; we expect the Bank of England's 2.0% inflation target to be breached in Q2 2017, with rising commodity prices another contributing factor. Alongside more constrained private consumption, investment activity is also likely to take a hit, as uncertainty about the UK's post-Brexit trading relations with the EU will remain elevated throughout 2017. Our baseline scenario anticipates that this will cause real GDP growth to slow to 1.5% in 2017.*

*Despite the robust macroeconomic backdrop, in microeconomic terms the UK did not perform well in 2016 – at least by comparison with Germany and France. Payments performance in the UK in 2016 was again poorer than the European average (if measured by the share of prompt payments) and, with slower growth predicted and amid increasing uncertainty about Britain's long-term economic outlook, we expect a further deterioration in payment patterns over the final years of this decade. Our proprietary data paints the same picture seen in previous years, showing significant differences in regional and sectoral payment patterns. From a regional perspective, the share of prompt payments in Q4 2016 ranged from 24.0% in the East Midlands to 34.4% in Greater Manchester. At a sectoral level, the differences were even more pronounced: the agricultural sector (52.6% of prompt payments) outperformed all other sectors, whereas bottom of the table were the machinery manufacturing (23.6%) and government (21.3%) categories.*

*In terms of business failures, the Brexit vote has not yet made an impact. According to our proprietary data, the number of insolvencies fell in Q3 compared with Q2, and remained virtually flat between Q3 and Q4. However, Germany and France recorded sizeable drops in business failures during this period, and many other European economies mirrored this trend. Problematically, higher labour costs (caused by a rising minimum wage and reduced inward migration once Brexit is completed) could have an adverse impact on companies' cashflows over the medium term, with sectors reliant on cheap foreign labour being particularly exposed."*

### Payment analysis

The analysis of United Kingdom payments shows also for 2017 performances long way from the average European results.

In fact, the share of British companies paying on time had reached 30,3% of the total, a value which is not very reassuring if compared to the European average of 41,7% (-11,4 percentage points), meanwhile, the majority of companies tended to pay on average between 1 and 30 days late (62,1%).

Intermediate late payment classes ("30-60 days" and "60-90 days") account for 5,1%, whereas "bad payers" account for 2,5% of the sample analyzed.



The variations between 2007 and 2017 are more significant: the share of “good payers” has decreased by 2,3%, however the number of cases with late payments up to 90 days increase by 5,1%.

If we consider the picture of payments in 2017 by British companies by late payment class and company size, we notice a widespread tendency to pay between 1 and 30 days beyond agreed payment terms.

In particular, the highest concentrations are seen for Large and Medium companies with 86,2% and 79,3% of the total, respectively.

Micro companies seem to be more balanced with 37,6% of punctual payers, but the share of late payments of more than 90 days is the highest (2,1 percentage points).

The situation for larger companies is more complex: only 7,9% of the total are in the "By due date" class.

There is a homogeneous distribution of punctual payments in almost all the macro-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 respect payment terms agreed with their suppliers is 52%.

At the bottom of the classification, on the other hand, is Mining sector, with only 26,3% of punctual payers.

In relation to intermediate late payments (between 30 and 90 days late), the highest values were in the Retail trade sector (6,5%) and Mining (6,4%).

The worst performance in terms of serious late payments was seen again in the Retail trade sector, where 3,8% of companies tend to pay more than 90 days late on average.

In first, second and third place the classification of micro sectors with the most punctual payments are Agricultural production – Crops, Agricultural production – Livestock and Agricultural services (punctual payers are between 44,5% and 60,2%).

First position in the sector ranking of “bad payers” is held by Anthracite mines with 7% of late payments of over 90 days on average, followed by Eating and drinking places and Metal mining with 5,9% and 5,8%, respectively.

TABLE 17.1 SOURCE: DUN & BRADSTREET LTD

#### PERCENTAGE OF COMPANIES IN THE UK WITH ON TIME PAYMENTS, 2007-2017

|                | 2007  | 2016  | 2017  |
|----------------|-------|-------|-------|
| United Kingdom | 32,6% | 30,4% | 30,3% |
| Europe         | 41,0% | 39,1% | 41,7% |

TABLE 17.2 SOURCE: DUN & BRADSTREET LTD

**PERCENTAGE OF COMPANIES IN THE UK WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017**

|                | 2007 | 2016 | 2017 |
|----------------|------|------|------|
| United Kingdom | 5,3% | 2,6% | 2,5% |
| Europe         | 4,1% | 3,7% | 3,7% |

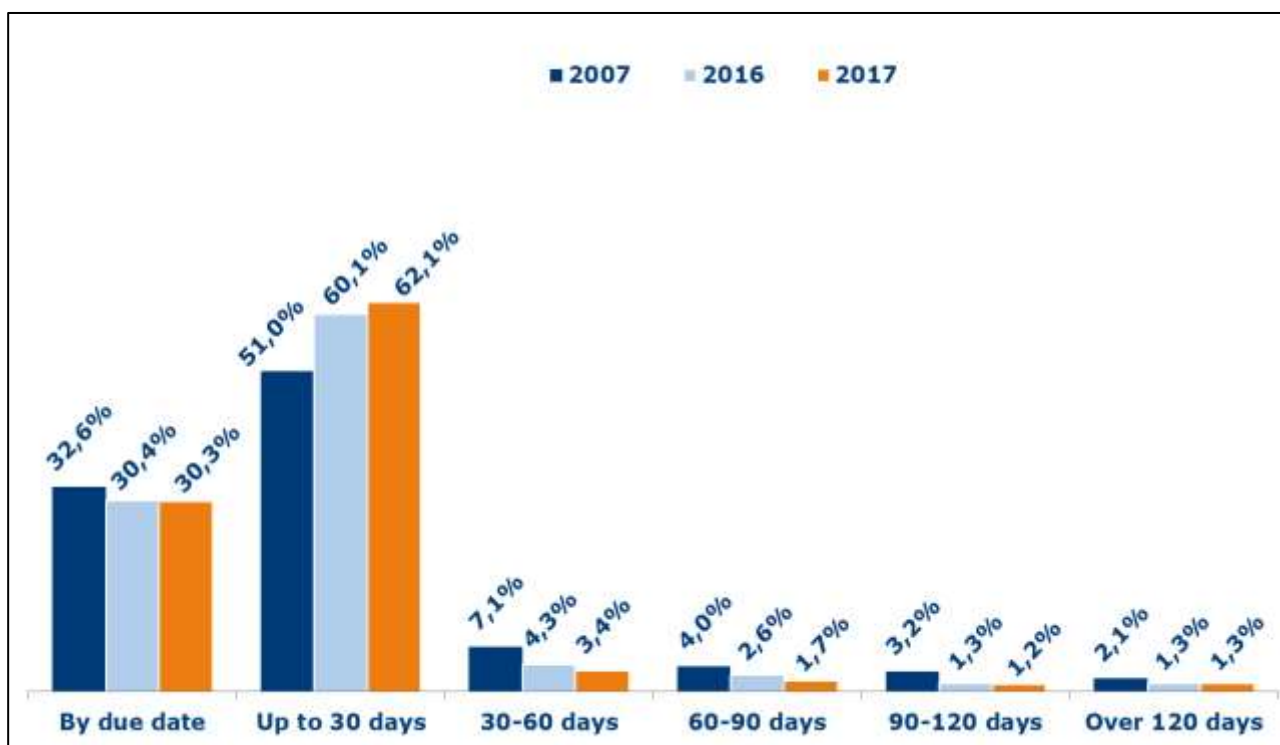
TABLE 17.3 SOURCE: DUN & BRADSTREET LTD

**VARIATIONS IN PAYMENT PRACTICES IN THE UK, 2007-2017**

|              | Variation 2007/2017 | Variation 2016/2017 |
|--------------|---------------------|---------------------|
| By due date  | -2,3%               | -0,1%               |
| Up 90 days   | 5,1%                | 0,2%                |
| Over 90 days | -2,8%               | -0,1%               |

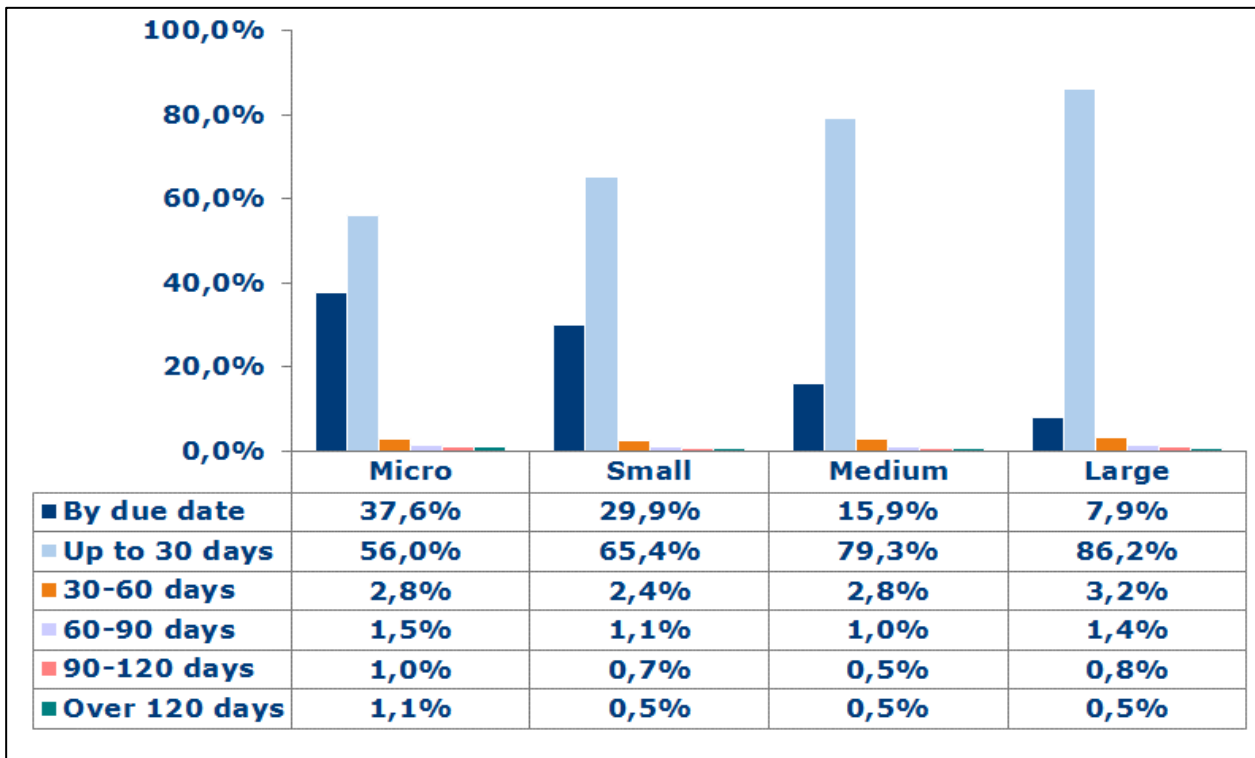
GRAPH 17.4 SOURCE: DUN & BRADSTREET LTD

**PAYMENT PRACTICES IN THE UK BY PAYMENT CLASS, 2007-2017**



GRAPH 17.5 SOURCE: DUN & BRADSTREET LTD

### PAYMENT PRACTICES IN THE UK BY TYPE OF COMPANY, 2017



GRAPH 17.6 SOURCE: DUN & BRADSTREET LTD

### PAYMENT PRACTICES IN THE UK BY PRODUCT SECTOR, 2017

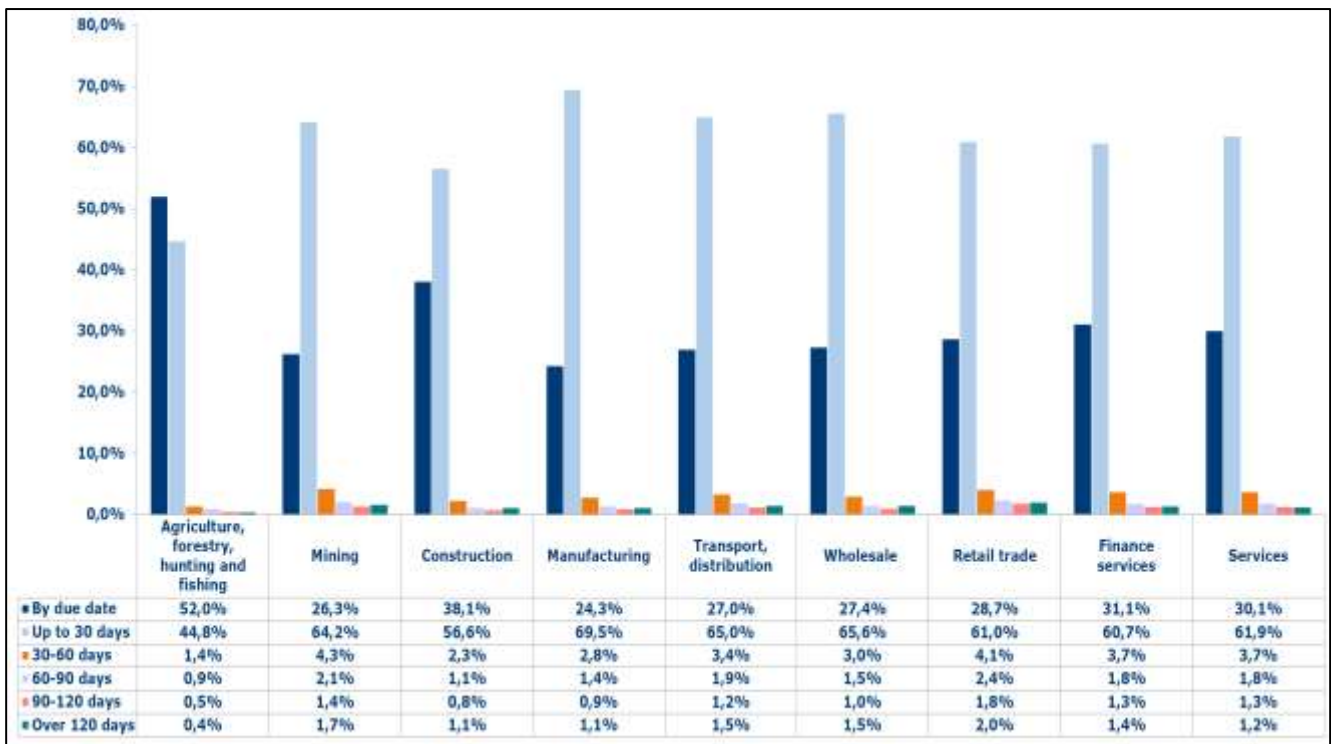


TABLE 17.7 SOURCE: DUN & BRADSTREET LTD

**SECTORS WITH THE BEST PAYMENT RECORDS IN THE UK, 2017**

| Sector                              | Ranking 2017 |
|-------------------------------------|--------------|
| AGRICULTURAL, PRODUCTION - CROPS    | 1            |
| AGRICULTURAL PRODUCTION - LIVESTOCK | 2            |
| AGRICULTURAL SERVICES               | 3            |
| FORESTRY                            | 4            |
| FISHING, HUNTING AND TRAPPING       | 5            |
| AUTO REPAIR, SERVICES AND PARKING   | 6            |
| SPECIAL TRADE CONTRACTORS           | 7            |
| MEMBERSHIP ORGANIZATIONS            | 8            |
| GENERAL BUILDING CONTRACTORS        | 9            |
| MISCELLANEOUS REPAIR SERVICES       | 10           |

TABLE 17.8 SOURCE: DUN & BRADSTREET LTD

**SECTORS WITH THE WORST PAYMENT RECORDS IN THE UK, 2017**

| Sector                           | Ranking 2017 |
|----------------------------------|--------------|
| ANTHRACITE MINES                 | 77           |
| EATING AND DRINKING PLACES       | 76           |
| METAL MINING                     | 75           |
| APPAREL AND ACCESSORY STORES     | 74           |
| JUSTICE, PUBLIC ORDER AND SAFETY | 73           |
| FOOD STORES                      | 72           |
| PRIVATE HOUSEHOLDS               | 71           |
| TOBACCO PRODUCTS                 | 70           |
| MOTION PICTURES                  | 69           |
| COMMUNICATIONS                   | 68           |

## 18. SPAIN

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

*"In 2017 many of the main Spanish economic indicators has recovered their pre-crisis levels, and the GDP growth rate (+3.1%) has maintain its positive track for the fourth consecutive year whilst inflation remained tamed (+1.2%)*

*Despite of the Government weak support, political uncertainty basically due to the Catalanian crisis, has almost no impact on the economy.*

*Unemployment, Spanish still main problem, has keep-on falling until a 16.5% rate (from a 18.6% in 2016 and 26% in 2013) and the year ended with more than 18 million people affiliate to the national Social Security system. Despite of that, temporality remains as its biggest weakness.*

*With regard to private consumption, available indicators point to the continuation of the expansionary path, driven by the favorable evolution of the labour market, the financing conditions and the net financial wealth of households, in a continued deleveraging process context. From the supply point of view, the Industrial Production Index (IPI) registered a strong increase of 6.6%.*

*Tourism has also been one of the main growth drivers. The Tourism sector indicators ended 2017 at record highs and showed a continuation of the dynamism; 2017 ended with a total of 81.8 million foreign tourists visits, which implies an average annual increase of 8.6%. The Spanish economy net lending position vis-à-vis the rest of the world is maintained.*

*The Spanish companies' debt stood at 98.1% of GDP, versus the 103.5% of GDP recorded in the same period of the previous year, standing below 100% of GDP for the first time since late 2005.*

*New loan and credit operations to households and SMEs rise. The amount of new loan and credit operations to households, in cumulative terms for the last twelve months, increased by 8.7% year-on-year in December 2017. This evolution is due to the acceleration of its three components: loans for housing, loans for consumption, and loans for other purposes.*

*Public deficit decreased, and this can be explained mainly due to the rise in taxes (5.8%) and social contributions (5.2%) Nevertheless, at the end of December 2017, the State Debt reached € 996.5 billion, which represents a 4.8% increased on previous year.*

*In the last quarter of 2017, the main characteristics of the Average Payment Delay (APD) were:*

- *The APD has an upturn after twelve quarters of uninterrupted decrease.*
- *In spite of this increase, the proportion of prompt payments are still increasing and represented 55.27% of the payments. From last year, the proportion of prompt payments improved by 4.24 points. On the other hand, the proportion of late payments in more than 120 days reaches 3.05%, which means a 0.7 points increase when compared to the previous quarter.*
- *Ceuta was the only autonomous region where the 20 days of APD were exceeded during the fourth quarter. Navarra is the region with the shortest APD, 6.84 days. The difference between those two regions is 18.08 days.*
- *In a year, the APD increase is not equally distributed in the country, and it shows important variations: Ceuta increased 7.5 days while Canarias decreased 1.75 days.*

- *Administration was the sector with the biggest APD during the fourth quarter, and the only one that exceeded 20 days with 20.30 days, followed by Other services, with 17.58 days. The sectors that paid more promptly, under the average 11.15 days, were: Industry (10.17 days), Commerce (10.91 days) and Communications (11.35 days).*
- *Regarding the same period of last year, the evolution of the APD is not homogeneous. Some sectors increased, like Quarrying activities (+1.31 days) and Real estate activities (+1.31 days), while Administration and Health registered the most significant reductions with a decrease by 4.56 days and 3.98 days, respectively.*
- *Micro-companies and small businesses pay more promptly than bigger size companies. 61.23% and 54.23% of them made their payments on time during the fourth quarter, while this proportion was 32.94% for medium businesses and 13.66% for big companies."*

## Payment analysis

In 2017 it have been continued the positive trend of punctual payments' increase started in 2011. The share of companies paying on time accounts for 56,5%, registering a 5,4 percentage point increase compared with 2016 and 14,8 percentage points above the European average.

The positive performance is also seen in the late payment class of over 90 days with a concentration of 2,9% of the total.

The large part of Spanish companies fell within the "Up to 30 days" payment class: in fact, 37,4% paid commercial transactions between 1 and 30 days late.

For the second time, the comparison with 2007 shows an improvement in payment performance, with a 7,1 percentage point increase in the share of punctual payers and a corresponding reduction in the "Up to 90 days" class (-6%) and a slight decrease in the "Over 90 days" class (-1,1%).

Micro and Small companies have high percentages of punctual payments (64,7% for the former and 57,7% for the latter), but also modest values in the other payment classes.

4,6% of Micro companies pay on average more than 90 days late, while for Small companies this percentage is 1,8%.

Payment behavior is different for larger companies: the major part of payers in these two categories pay up to 30 days late on average, meanwhile serious late payments are more contained (don't exceed 1,4 percentage points).

Specifically, 62% of Medium companies and 81,4% of Large companies fall within the "Up to 30 days" payment class.

In 2017 the best payment performances are seen in the Agriculture, forestry, hunting and fishing and Retail trade sectors, with 63,6% and 62% of punctual payers, meanwhile the worst result was seen for Transport, distribution (only 45,4%).

In almost all Spanish sectors there was a tendency for payments to be late by between 1 and 30 days, with values varying between 30,2% for Agriculture, forestry, hunting and fishing and 46,9% for Transport, distribution.

Furthermore, this year the worst performances in terms of the more serious late payments are seen in the Finance services sectors.

In this case, a percentage of 5,3% of companies tend to pay their commercial transactions on average more than 90 days late.

Among the micro-sectors with the best payment performances, the top positions are held by Legal services with 71,5% of good payers and Agricultural production - Livestock with 68,4% of companies respecting agreed terms.

In the classification of sectors that pay seriously late, in first place are Insurance carriers, with 6,9% of companies paying their obligations more than 90 days late on average. These are followed by the Personal services (6,6% in this class).

TABLE 18.1 SOURCE: INFORMA D&B

#### PERCENTAGE OF COMPANIES IN SPAIN WITH ON TIME PAYMENTS, 2007-2017

|        | 2007  | 2016  | 2017  |
|--------|-------|-------|-------|
| Spain  | 49,4% | 51,1% | 56,5% |
| Europe | 40,4% | 39,1% | 41,7% |

TABLE 18.2 SOURCE: INFORMA D&B

#### PERCENTAGE OF COMPANIES IN SPAIN WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017

|        | 2007 | 2016 | 2017 |
|--------|------|------|------|
| Spain  | 4,0% | 3,8% | 2,9% |
| Europe | 2,9% | 3,7% | 3,7% |

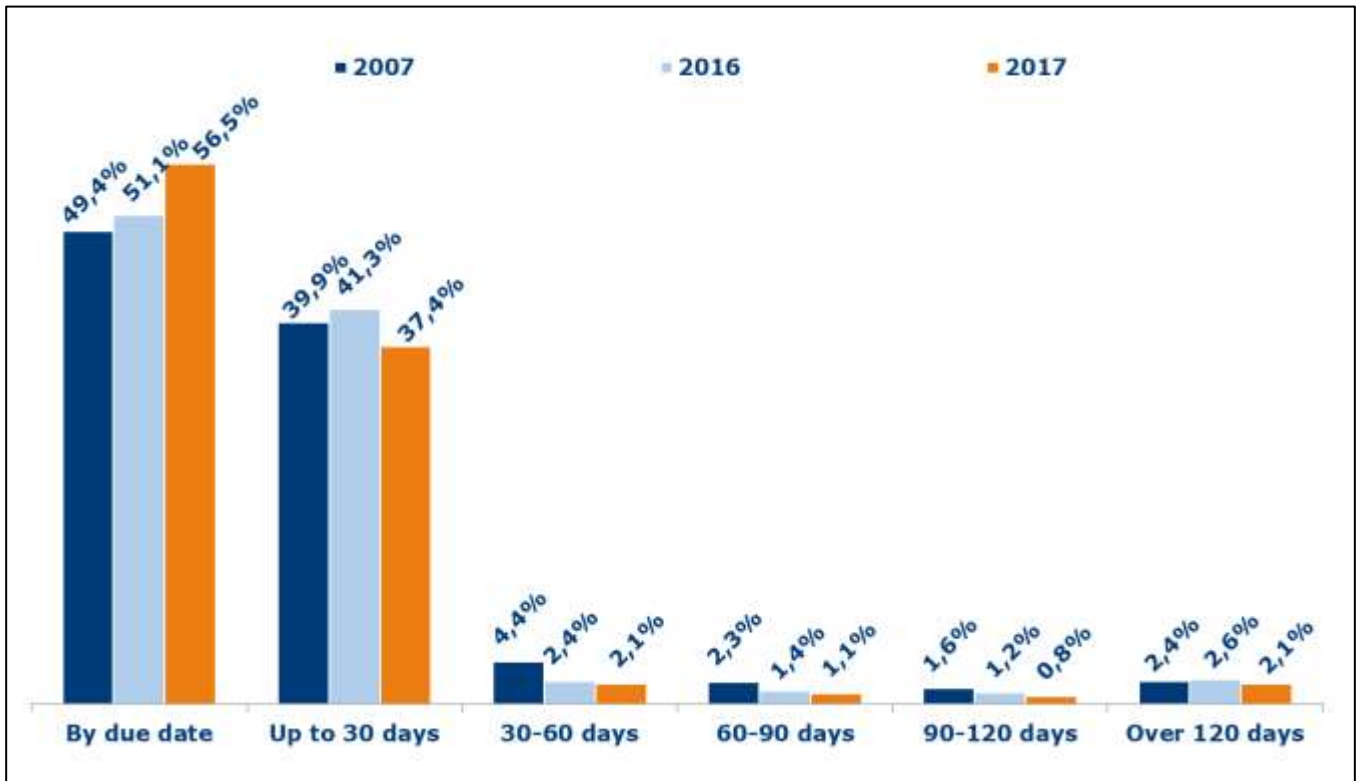
TABLE 18.3 SOURCE: INFORMA D&B

#### VARIATIONS IN PAYMENT PRACTICES IN SPAIN, 2007-2017

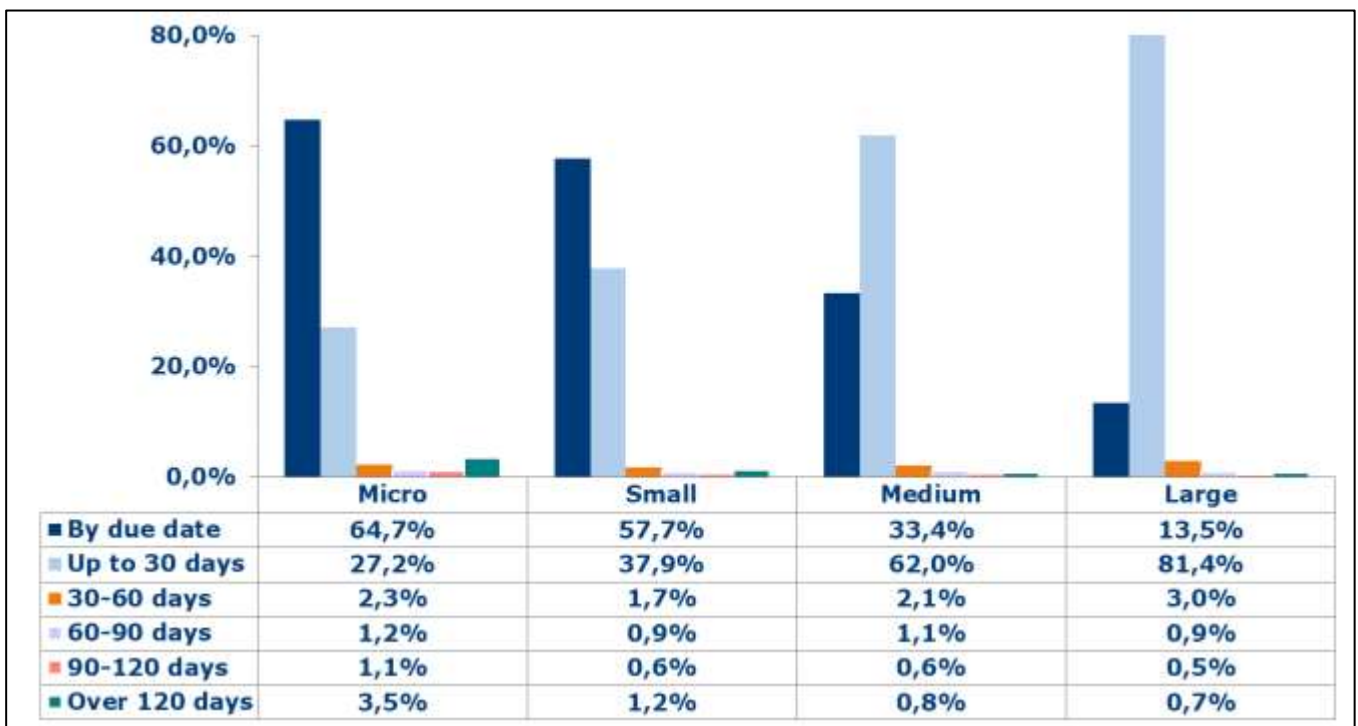
|               | Variation<br>2007/2017 | Variation<br>2016/2017 |
|---------------|------------------------|------------------------|
| By due date   | 7,1%                   | 5,4%                   |
| Up to 90 days | -6,0%                  | -4,5%                  |
| Over 90 days  | -1,1%                  | -0,9%                  |



**PAYMENT PRACTICES IN SPAIN BY PAYMENT CLASS, 2007-2017**



**PAYMENT PRACTICES IN SPAIN BY TYPE OF COMPANY, 2017**





**PAYMENT PRACTICES IN SPAIN BY PRODUCT SECTOR, 2017**

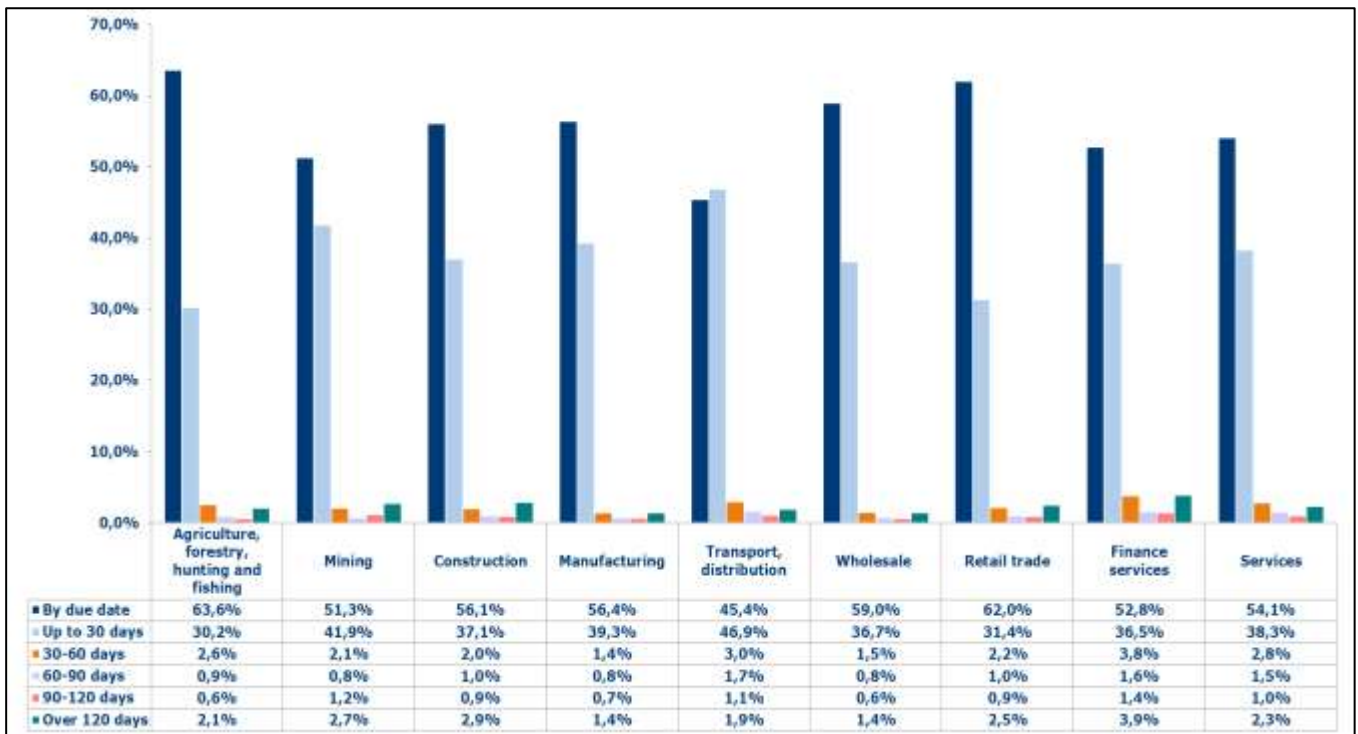


TABLE 18.7 SOURCE: INFORMA D&B

**SECTORS WITH THE BEST PAYMENT RECORDS IN SPAIN, 2017**

| Sector                                  | Ranking 2017 |
|---|--------------|
| LEGAL SERVICES                          | 1            |
| AGRICULTURAL PRODUCTION - LIVESTOCK     | 2            |
| MISCELLANEOUS RETAIL                    | 3            |
| BUILDING MATERIALS AND GARDEN SUPPLIES  | 4            |
| AGRICULTURAL SERVICES                   | 5            |
| MISCELLANEOUS REPAIR SERVICES           | 6            |
| LUMBER AND WOOD PRODUCTS                | 7            |
| FISHING, HUNTING AND TRAPPING           | 8            |
| PRINTING AND PUBLISHING                 | 9            |
| AUTOMOTIVE DEALERS AND SERVICE STATIONS | 10           |

TABLE 18.8 SOURCE: INFORMA D&B

**SECTORS WITH THE WORST PAYMENT RECORDS IN SPAIN, 2017**

| <b>Sector</b>                             | <b>Ranking 2017</b> |
|---|---------------------|
| <b>INSURANCE CARRIERS</b>                 | <b>63</b>           |
| <b>PERSONAL SERVICES</b>                  | <b>62</b>           |
| <b>GENERAL MERCHANDISE STORES</b>         | <b>61</b>           |
| <b>FORESTRY</b>                           | <b>60</b>           |
| <b>EATING AND DRINKING PLACES</b>         | <b>59</b>           |
| <b>AMUSEMENT AND RECREATION SERVICES</b>  | <b>58</b>           |
| <b>FOOD STORES</b>                        | <b>57</b>           |
| <b>NONDEPOSITORY INSTITUTIONS</b>         | <b>56</b>           |
| <b>GENERAL BUILDING CONTRACTORS</b>       | <b>55</b>           |
| <b>EXECUTIVE, LEGISLATIVE AND GENERAL</b> | <b>54</b>           |

## 19. PORTUGAL

Below is the opinion of **Teresa Lima, Studies Manager** at **INFORMA D&B PORTUGAL**, about the business universe and the status of payments in Portugal.

*"Between 2008 and 2017 there were major changes in the domestic and international economic context, which have had an impact on the profile of the companies operating in Portugal.*

*During this period, the payment behavior of the Portuguese companies has deteriorated and, in December 2017, the number of companies meeting payment deadlines was at one of its lowest points, with only 16.0% of the companies being compliant. Low level compliance is common to companies of all sizes, with micro and small companies showing the highest levels of compliance. On the opposite end, among large companies, only 4% pay on time.*

*Despite the deterioration of compliance with payment deadlines, insolvencies in Portugal maintain the downward trend started in 2013, one that is a general trend across industries and common to all of the country's regions. The number of insolvencies in 2017 was, however, still above the one recorded in 2007.*

*This period brought structural changes to the domestic business universe, with the consolidation of a growing entrepreneurial momentum, a clear reorganization of the industries and the strengthening of international relationships, both through increased exports by the corporate sector – common to all company sizes and ages – and through the larger presence of foreign capital in the companies in Portugal.*

*The transformations that have occurred during the past few years in Portugal may bring a positive evolution to payment times. The strong entrepreneurial wave of recent years led to a significant increase in the total number of companies active in the business universe. In the year 2017, the highest number of new companies in the decade was registered.*

*This momentum seeded the business universe with a large number of small companies. These very small and young companies, being more sensitive to payment delays, may introduce a new payment culture to ensure their survival. Additionally, the changes in the industry's configuration, with the industries that are more connected to the end user – such as those associated with Tourism – gaining relevance, may bring greater ability to meet payment deadlines.*

*Another factor that may positively influence payments in Portugal is the stronger connection to foreign capital, coming from countries usually more compliant with deadlines. There are more domestic companies controlled by foreign capital, particularly in the realm of large companies, where almost half are controlled by international capital.*

*Also in 2017, almost twice as many companies controlled by foreign capital were established in Portugal than in 2010, a scenario occurring with an increasing frequency since 2013, which has, this year, reached its highest value of the decade.*

*The exporting profile of the Portuguese business universe has gained relevance in recent years, and it is expected that trade relations – with usually more compliant markets – will also contribute to positively influence the Portuguese companies' payment behavior. SMEs showed a remarkable performance in foreign markets, but the growth in exports took place in corporations of all sizes – from micro to large companies – and in all age segments – from start-ups to mature companies – , with the value of the exports gaining weight in their volume of business, now accounting for almost half of their turnover."*

## Payment analysis

The payment situation in Portugal is one of the most critical among the countries analyzed in the study.

The percentage of Portuguese companies that pay on time in 2017 was 16,1% of the total, 25,6 percentage points below the European average.

Over half of Portuguese companies (67%) fall within the "Up to 30 days" payment class (+21,7 percentage points on 2007).

The remaining 16,9% in the sample are in the intermediate and serious late payment classes: 9,4% tend to pay between 30 and 90 days late on average, while 7,5% exceed 90 days late on average.

There is a high concentration in the "Over 120 days" late payment class (4,8 percentage points). Portugal shows increasing difficulty in managing business payments and variations in the distribution by payment class over the last years have been particularly significant; the gap of "good payers" with 2007 has reached 5,6 percentage points, while there are 1,9% less companies in the serious late payment class (over 90 days).

Micro companies have the highest concentration of punctual payers, with 17,3% of the total.

Large companies, on the other hand, have the highest concentration in the moderate late payment class of up to 30 days on average (81,9%), while only 5,4% pay by due date.

In terms of serious late payments, the worst performance is once again seen for the Micro companies (9,6% exceed an average of 90 days beyond agreed payment terms), followed by Small companies (6,3%).

Analyzing the performance of the Portuguese payment system in relation to macro-sectors, there is a widespread tendency to pay up to 30 days late on average: the Manufacturing (70,2%) and Transport, distribution sector (68,6%) sectors have the highest concentrations in this class.

The sector with the best performance in terms of payment punctuality is Retail trade with 19% of companies in this class.

On the other hand, the highest share of "bad payers" is seen in the Mining sector, with 7,8% of the total, followed Transport, distribution with 9,2 percentage points.

Also for 2017 the best micro-sectors with the most punctual payments is the Legal services sector, where in 35,5% of cases companies pay their trading partners within agreed terms.

This is followed by Instruments and related products with 35% of punctual payers.

The worst sector is Personal services, with 19,5% of companies paying seriously late (over 90 days on average).

This sector is followed by Heavy construction, except building (19,1%) and Nonmetallic minerals, except fuels (17,7%).

TABLE 19.1 SOURCE: INFORMA D&B PORTUGAL

**PERCENTAGE OF COMPANIES IN PORTUGAL WITH ON TIME PAYMENTS, 2007-2017**

|                 | <b>2007</b>  | <b>2016</b>  | <b>2017</b>  |
|-----------------|--------------|--------------|--------------|
| <b>Portugal</b> | <b>21,7%</b> | <b>19,5%</b> | <b>16,1%</b> |
| <b>Europe</b>   | <b>41,0%</b> | <b>39,1%</b> | <b>41,7%</b> |

TABLE 19.2 SOURCE: INFORMA D&B PORTUGAL

**PERCENTAGE OF COMPANIES IN PORTUGAL WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017**

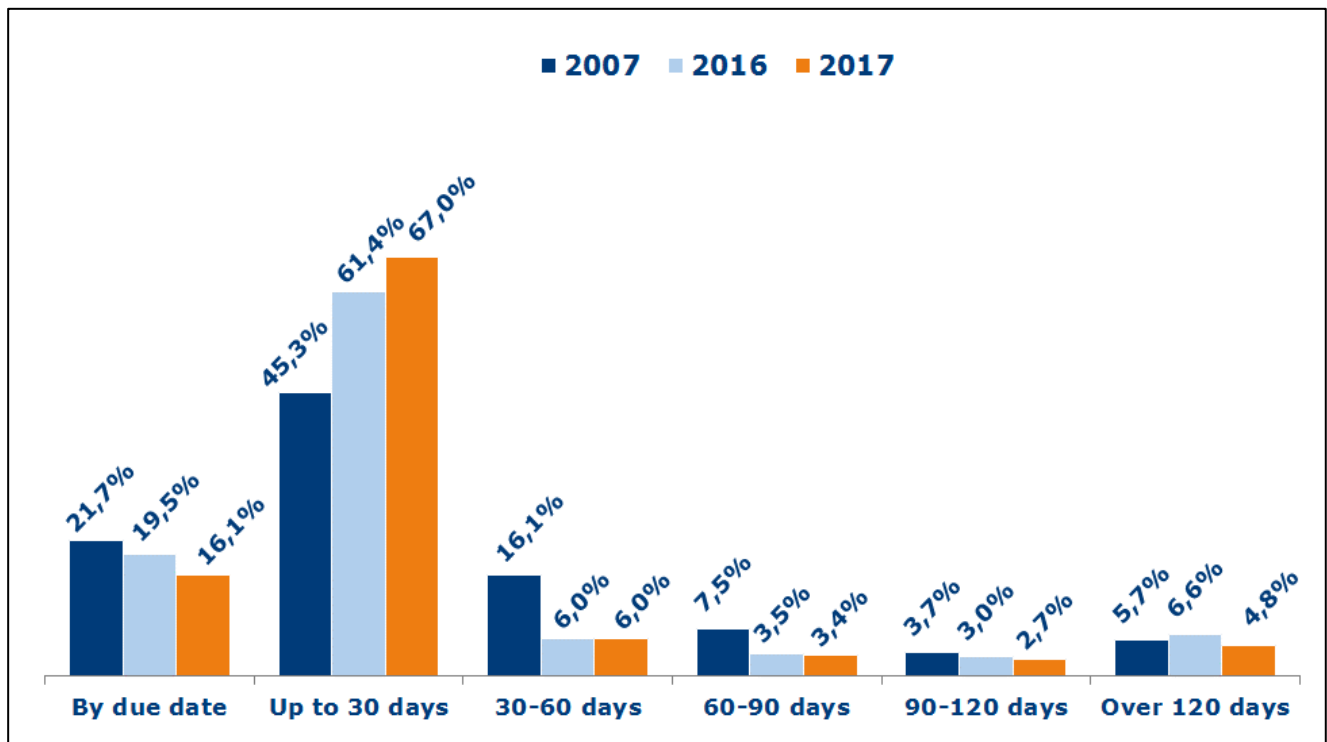
|                 | <b>2007</b> | <b>2016</b> | <b>2017</b> |
|-----------------|-------------|-------------|-------------|
| <b>Portugal</b> | <b>9,4%</b> | <b>9,6%</b> | <b>7,5%</b> |
| <b>Europe</b>   | <b>4,1%</b> | <b>3,7%</b> | <b>3,7%</b> |

TABLE 19.3 SOURCE: INFORMA D&B PORTUGAL

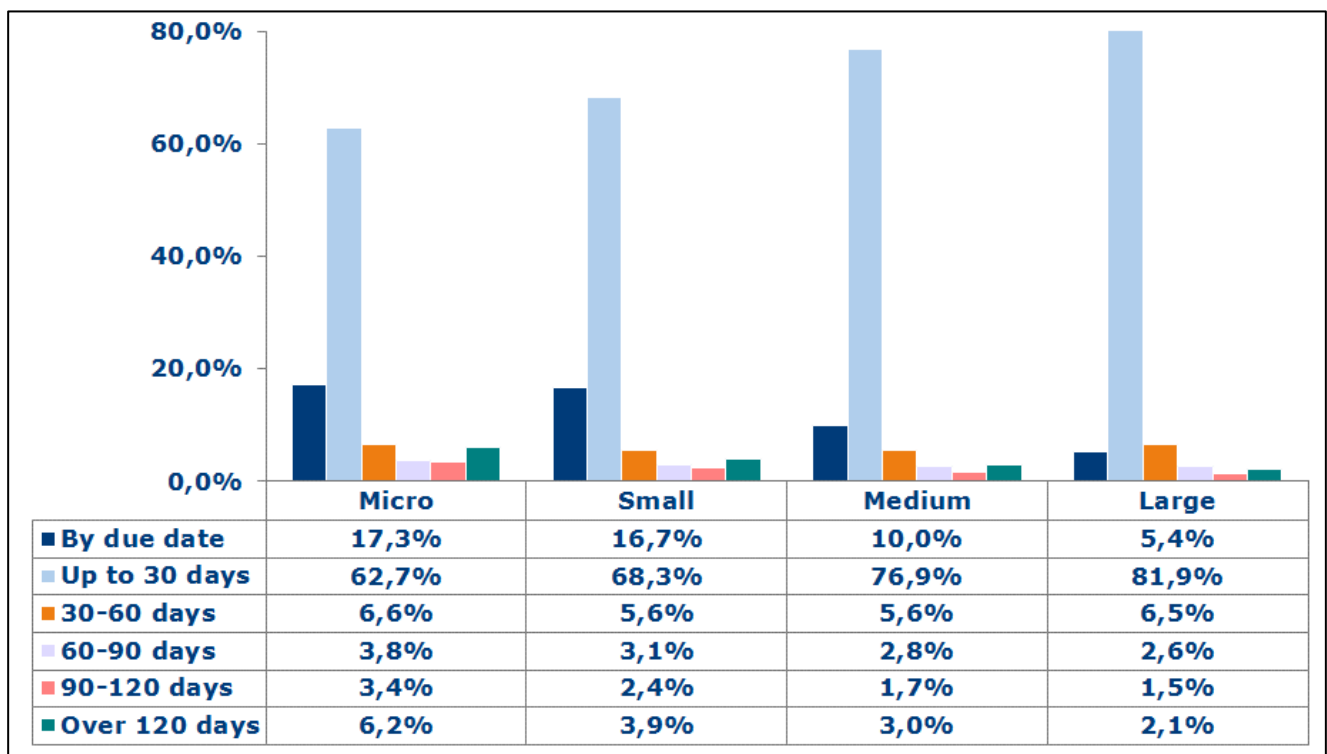
**VARIATIONS IN PAYMENT PRACTICES IN PORTUGAL, 2007-2017**

|                      | <b>Variation<br/>2007/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>-5,6%</b>                   | <b>-3,4%</b>                   |
| <b>Up to 90 days</b> | <b>7,5%</b>                    | <b>5,5%</b>                    |
| <b>Over 90 days</b>  | <b>-1,9%</b>                   | <b>-2,1%</b>                   |

**PAYMENT PRACTICES IN PORTUGAL BY PAYMENT CLASS, 2007-2017**



**PAYMENT PRACTICES IN PORTUGAL BY TYPE OF COMPANY, 2017**



**PAYMENT PRACTICES IN PORTUGAL BY PRODUCT SECTOR, 2017**

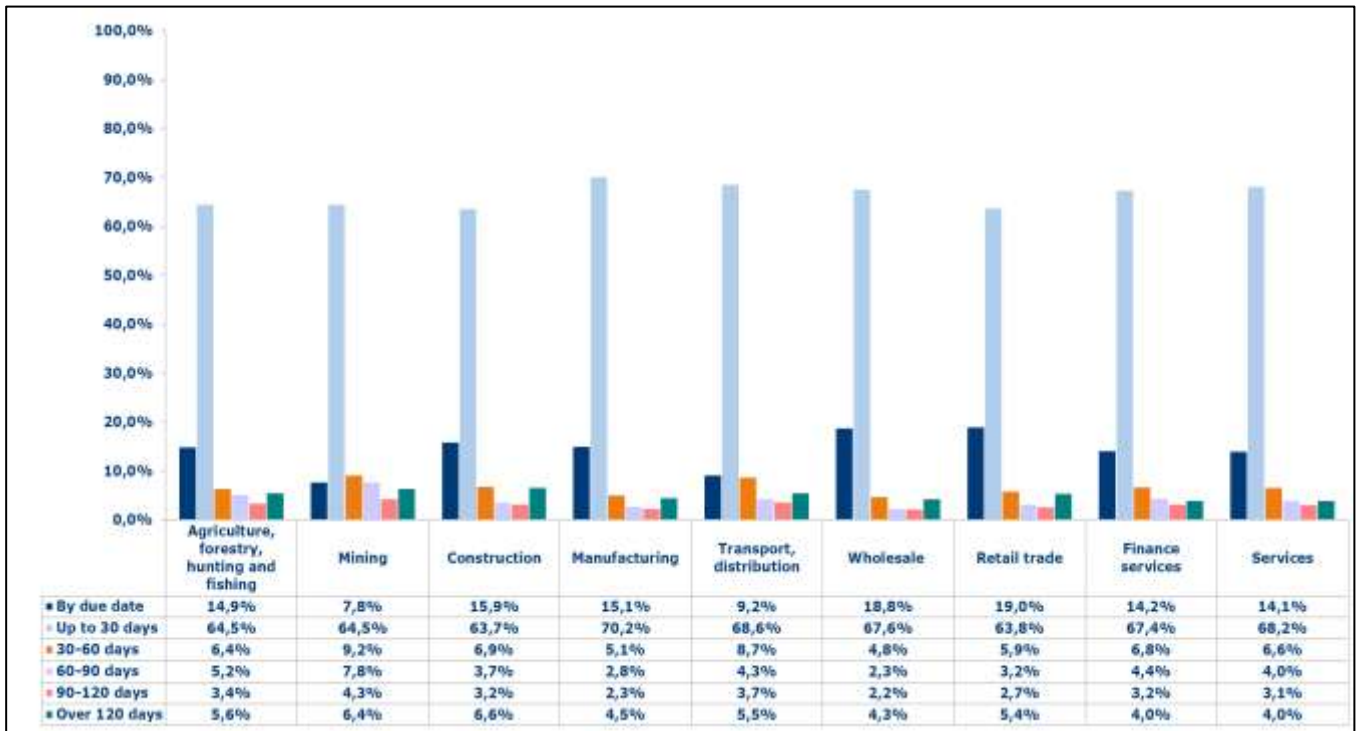


TABLE 19.7 SOURCE: INFORMA D&B PORTUGAL

**SECTORS WITH THE BEST PAYMENT RECORDS IN PORTUGAL, 2017**

| Sector                                | Ranking 2017 |
|---------------------------------------|--------------|
| LEGAL SERVICES                        | 1            |
| INSTRUMENTS AND RELATED PRODUCTS      | 2            |
| INSURANCE AGENTS, BROKERS AND SERVICE | 3            |
| SERVICES                              | 4            |
| PRINTING AND PUBLISHING               | 5            |
| AGRICULTURAL SERVICES                 | 6            |
| SECURITY AND COMMODITY BROKERS        | 7            |
| MEMBERSHIP ORGANIZATIONS              | 8            |
| FURNITURE AND HOMEFURNISHINGS         | 9            |
| MISCELLANEOUS RETAIL                  | 10           |

TABLE 19.8 SOURCE: INFORMA D&B PORTUGAL

**SECTORS WITH THE WORST PAYMENT RECORDS IN PORTUGAL, 2017**

| <b>Sector</b>                              | <b>Ranking 2017</b> |
|--|---------------------|
| <b>PERSONAL SERVICES</b>                   | <b>67</b>           |
| <b>HEAVY CONSTRUCTION, EXCEPT BUILDING</b> | <b>66</b>           |
| <b>NONMETALLIC MINERALS, EXCEPT FUELS</b>  | <b>65</b>           |
| <b>GENERAL BUILDING CONTRACTORS</b>        | <b>64</b>           |
| <b>EATING AND DRINKING PLACES</b>          | <b>63</b>           |
| <b>TRUCKING AND WAREHOUSING</b>            | <b>62</b>           |
| <b>AGRICULTURAL PRODUCTION - CROPS</b>     | <b>61</b>           |
| <b>SPECIAL TRADE CONTRACTORS</b>           | <b>60</b>           |
| <b>AMUSEMENT AND RECREATION SERVICES</b>   | <b>59</b>           |
| <b>AGRICULTURAL PRODUCTION - LIVESTOCK</b> | <b>58</b>           |



## 20. IRELAND

### Payment analysis

In 2017, Irish companies that paid their suppliers on time ("By due date" class) accounted only for 27,3% of the total, registering 0,9 percentage points increase compared with 2012, but 14,4 percentage points above the European average.

Moderate late payments ("Up to 30 days"), on the other hand, account for 60%, while the intermediate late payment classes ("30-60 days" and "60-90 days") together account for 7,6 percentage points.

It is noticed, however, a slight worsening as regards payments class "Over 90 days" with an increase of 0,8%.

As regards the size of the companies, Micro companies are those that pay more on time (36,4%), while Large companies pay less in time (only 11,7%).

In the class "Up to 30 days" are concentrated most of the payments, with more of 55 percentage points for every category.

Finally, also classes "30-60 days" and "Over 90 days" reach high values (more than 4% for the first class and more than 2% for the second one).

As regards the payment practices in terms of payment class and sector, there is a more or less uniform behavior in relation to punctual payments. The percentage of punctual payers in the Financial services, Retail trade and Services sectors exceed 28%, meanwhile the other sectors have between 19,5% (Transport, distribution) and 24,8% (Mining) of companies in the "By due date" class.

In almost all Irish sectors there is a tendency for payments to be late by between 1 and 30 days, with values varying between 50,2% for Retail trade and 69,9% for Agriculture, forestry, hunting and fishing.

For the intermediate late payment class (between 30 and 90 days on average), the highest value is seen for the Mining sector with 11,1%, followed by Retail trade sector with 10,1% of the sample. Finally, the most serious late payment class (over 90 days on average) is highest in the Retail trade sector, with a share of 9,8% in this class.

TABLE 20.1 SOURCE: DUN & BRADSTREET LTD

#### PERCENTAGE OF COMPANIES IN IRELAND WITH ON TIME PAYMENTS, 2012-2017

|         | 2012  | 2016  | 2017  |
|---------|-------|-------|-------|
| Ireland | 26,4% | 27,5% | 27,3% |
| Europe  | 39,1% | 39,1% | 41,7% |

TABLE 20.2 SOURCE: DUN & BRADSTREET LTD

**PERCENTAGE OF COMPANIES IN IRELAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2012-2017**

|         | 2012 | 2016 | 2017 |
|---------|------|------|------|
| Ireland | 3,4% | 4,3% | 5,1% |
| Europe  | 3,3% | 3,7% | 3,7% |

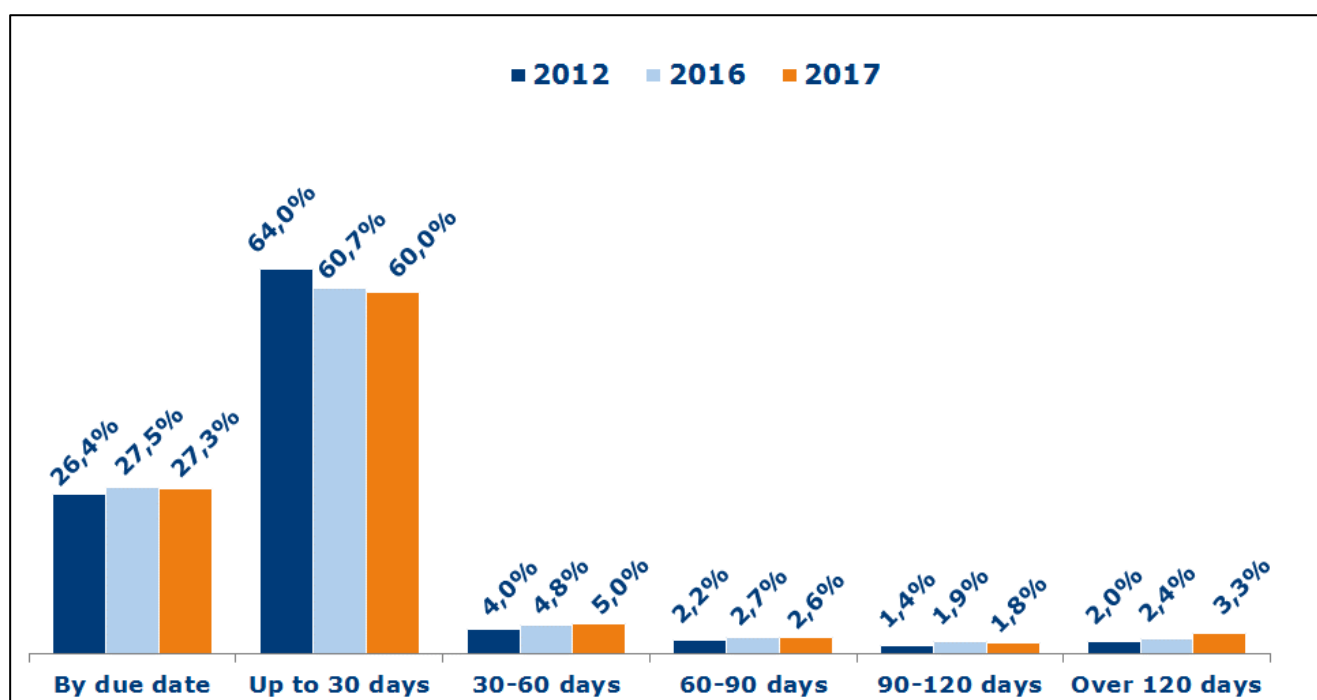
TABLE 20.3 SOURCE: DUN & BRADSTREET LTD

**VARIATIONS IN PAYMENT PRACTICES IN IRELAND, 2012-2017**

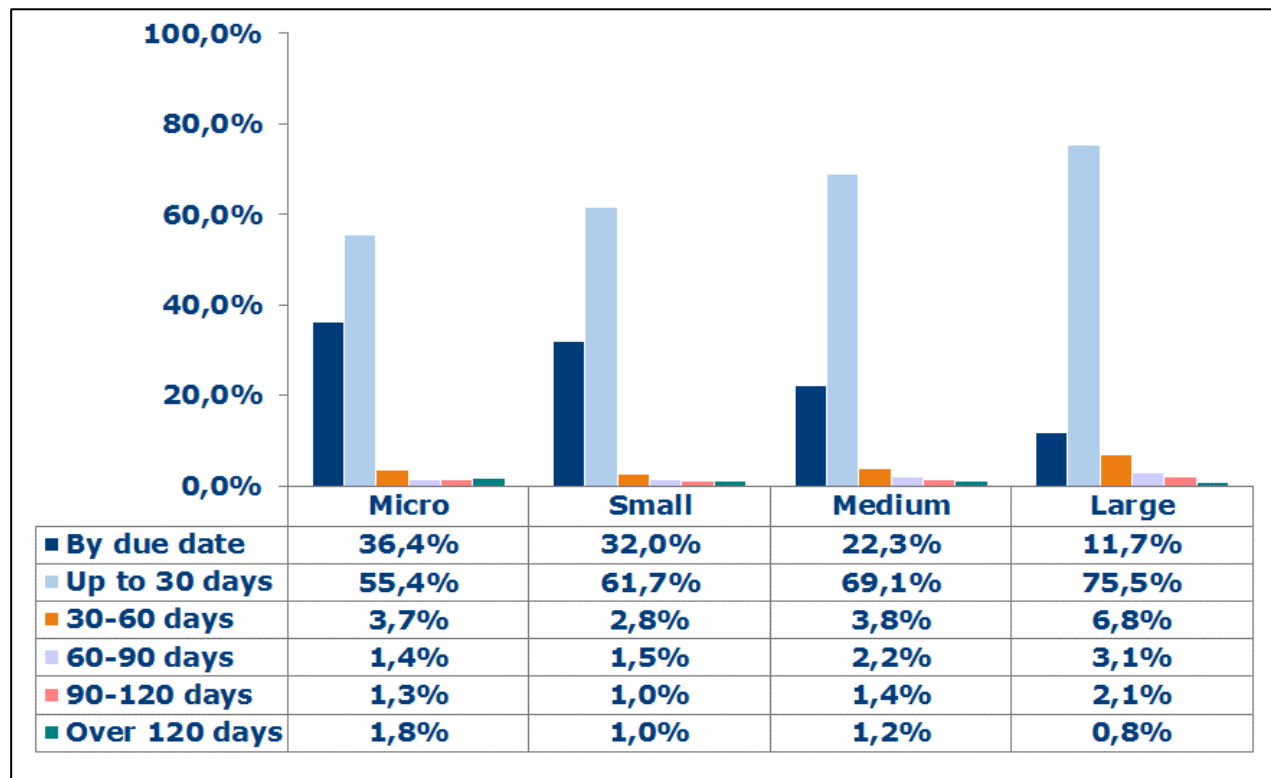
|               | Variation 2012/2017 | Variation 2016/2017 |
|---------------|---------------------|---------------------|
| By due date   | 0,9%                | -0,2%               |
| Up to 90 days | -2,6%               | -0,6%               |
| Over 90 days  | 1,7%                | 0,8%                |

GRAPH 20.4 SOURCE: DUN & BRADSTREET LTD

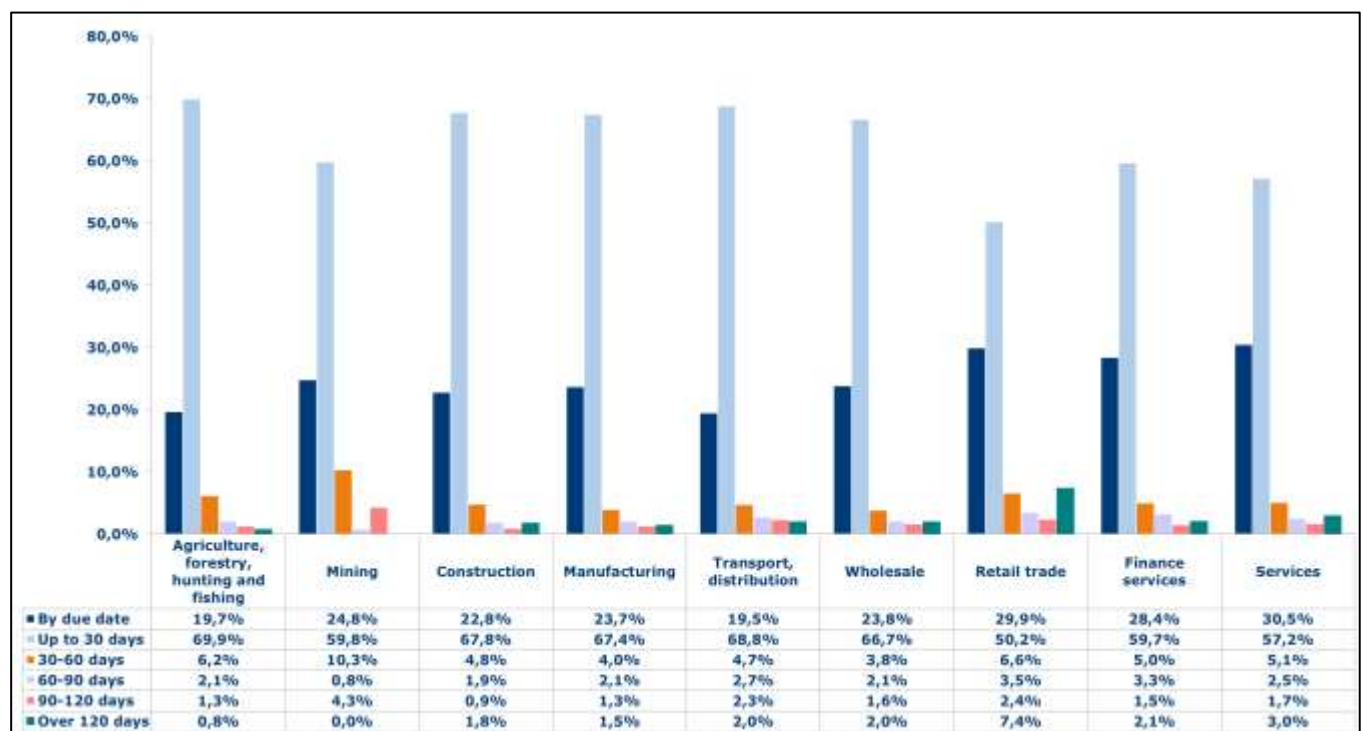
**PAYMENT PRACTICES IN IRELAND BY PAYMENT CLASS, 2012-2017**



### PAYMENT PRACTICES IN IRELAND BY TYPE OF COMPANY, 2017



### PAYMENT PRACTICES IN IRELAND BY PRODUCT SECTOR, 2017





## 21. SLOVENIA

### Payment analysis

In 2017, the percentage of companies paying their trading partners on time is 51,8% of the total (+8,1% compared to 2016), 10,1 percentage points more than the European average.

Companies in the intermediate late payment class of between 30 and 90 days represent 6% of the total.

On the other hand, the percentage of companies that pay more than 90 days late on average in Slovenia is 2% (+0,2% vs. 2016) with a gap of -1,7 percentage points from the European average.

Large companies have a more balanced behavior: 60,8% of companies respect agreed terms and 35,8% pay suppliers within the next 30 days.

Small companies, instead, have the worst performance as concerns payments on time: only 49,8% of "good payers" belongs to this class.

In the "Up 30 days" class were concentrated the most part of delays, varying between 35,8% of Large companies to 42,2% of Small companies.

In the intermediate late payments class ("30-90 days") the payment behavior is homogeneous.

In the more serious late payment classes values are varying between 0,4% (Large) and 2,1% (Micro).

As regards the payment practices in terms of payment class and sector, Public administration are the sector that pay most in time (67,4%), while the least virtuous sector is Construction sector with only 46,4 percentage points.

All the sectors considered have a greater propensity to pay suppliers up to 30 days late (more than 37% in most cases).

Construction is more problematic in relation to other late payment classes: 8,5% of companies pay suppliers with an average delay of between 30 and 90 days, while 2,5% exceed 90 days beyond agreed terms.

In first place of the classification of the micro-sectors with the most punctual payments, we have Social services (74,6% of payments by due date), followed by Justice, public order and safety with 69,9% of good payers.

Among those with the greatest difficulty in managing payments, we find Chemicals and allied products with 4,1% of payment delays of over 90 days on average.

In second and third position, we find Miscellaneous manufacturing industries and Lumber and wood products, except furniture with more than 3,6% of "bad payers".

TABLE 21.1 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

**PERCENTAGE OF COMPANIES IN SLOVENIA WITH ON TIME PAYMENTS, 2009-2017**

|                 | <b>2009</b>  | <b>2016</b>  | <b>2017</b>  |
|-----------------|--------------|--------------|--------------|
| <b>Slovenia</b> | <b>33,2%</b> | <b>43,7%</b> | <b>51,8%</b> |
| <b>Europe</b>   | <b>40,4%</b> | <b>39,1%</b> | <b>41,7%</b> |

TABLE 21.2 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

**PERCENTAGE OF COMPANIES IN SLOVENIA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2009-2017**

|                 | <b>2009</b> | <b>2016</b> | <b>2017</b> |
|-----------------|-------------|-------------|-------------|
| <b>Slovenia</b> | <b>3,0%</b> | <b>1,8%</b> | <b>2,0%</b> |
| <b>Europe</b>   | <b>2,9%</b> | <b>3,7%</b> | <b>3,7%</b> |

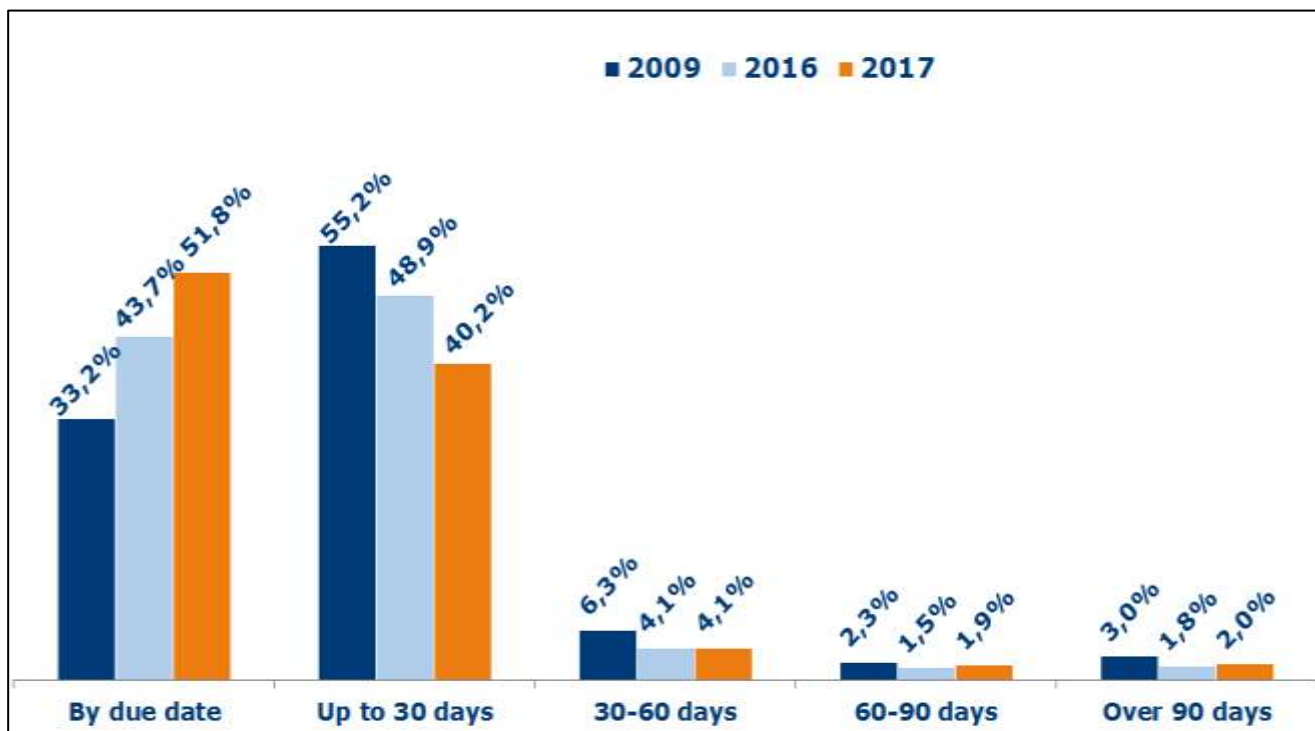
TABLE 21.3 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

**VARIATIONS IN PAYMENT PRACTICES IN SLOVENIA, 2009-2017**

|                      | <b>Variation<br/>2009/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>18,6%</b>                   | <b>8,1%</b>                    |
| <b>Up to 90 days</b> | <b>-17,6%</b>                  | <b>-8,3%</b>                   |
| <b>Over 90 days</b>  | <b>-1,0%</b>                   | <b>0,2%</b>                    |

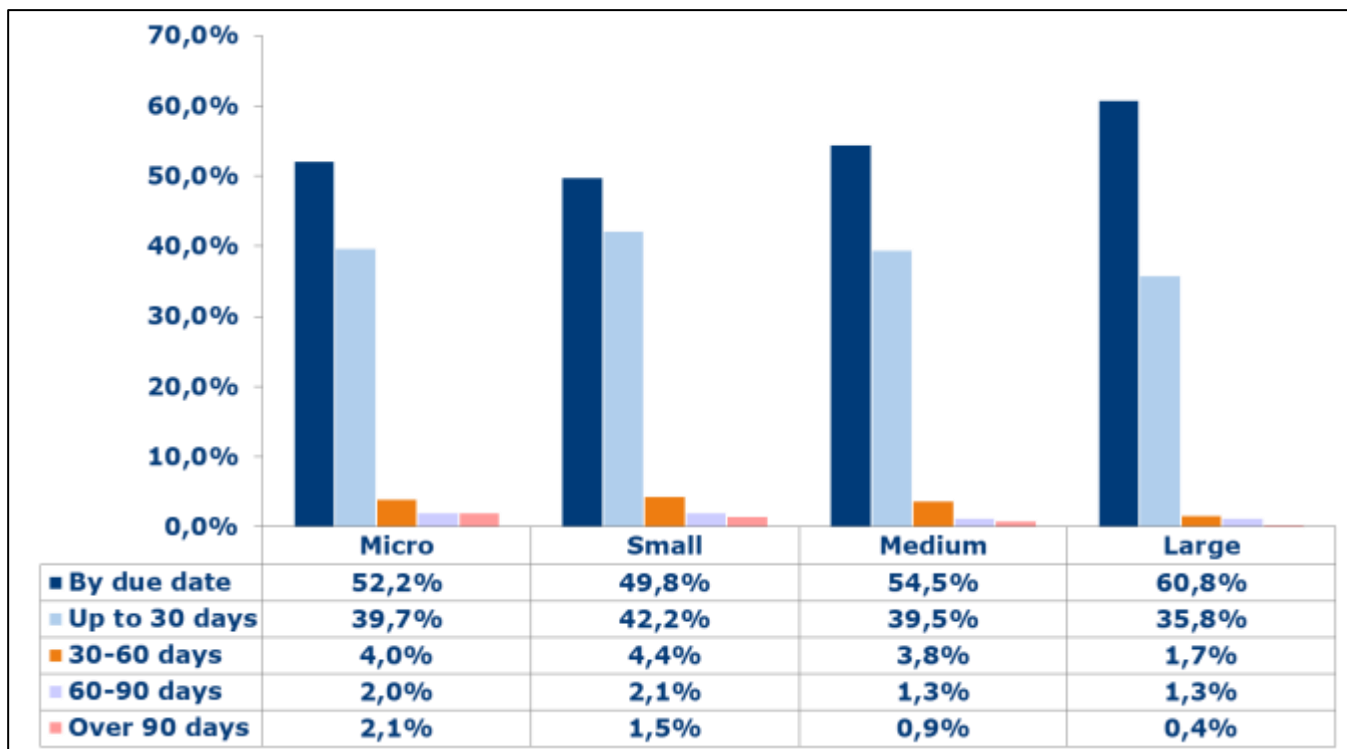
GRAPH 21.4 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

#### PAYMENT PRACTICES IN SLOVENIA BY PAYMENT CLASS, 2009-2017



GRAPH 21.5 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

#### PAYMENT PRACTICES IN SLOVENIA BY TYPE OF COMPANY, 2017



### PAYMENT PRACTICES IN SLOVENIA BY PRODUCT SECTOR, 2017

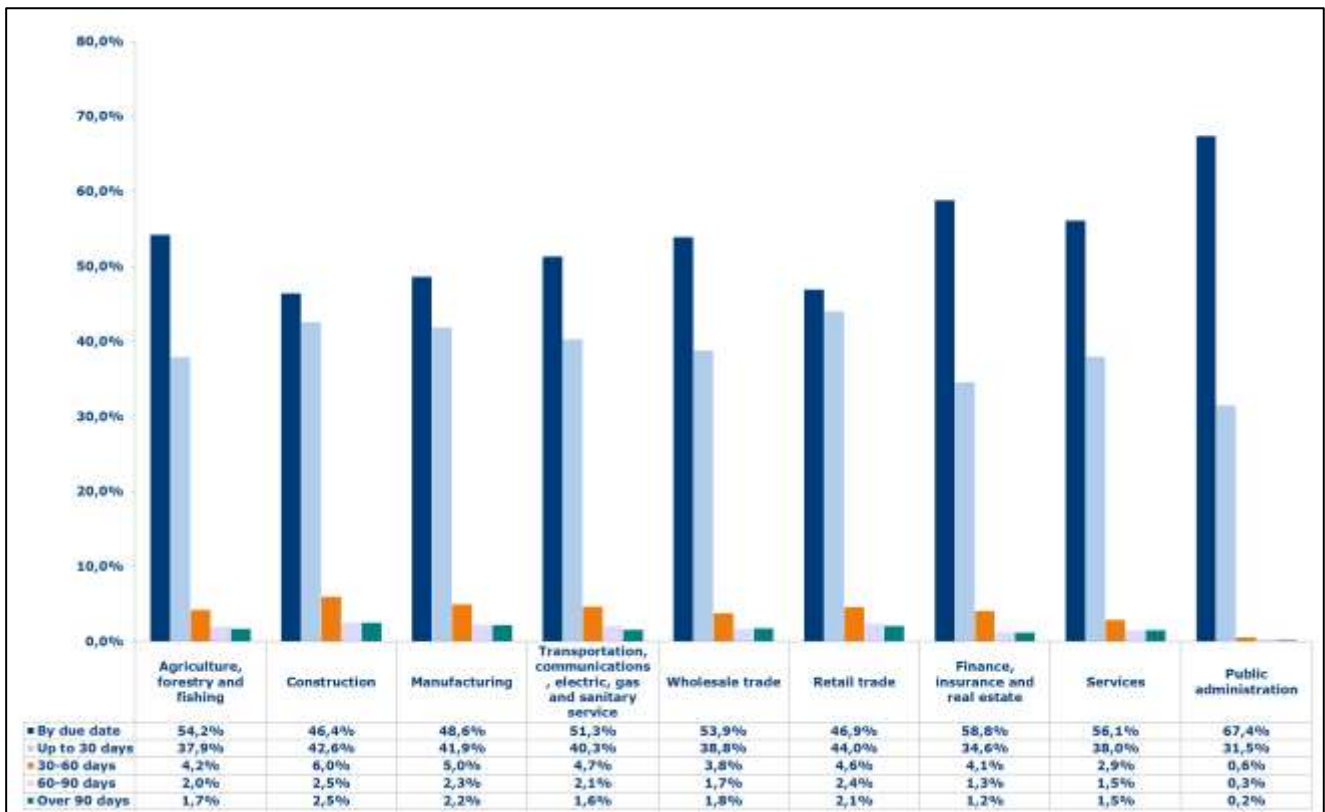


TABLE 21.7 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

### SECTORS WITH THE BEST PAYMENT RECORDS IN SLOVENIA, 2017

| Sector   | Ranking 2017 |
|--|--------------|
| <b>SOCIAL SERVICES</b>   | <b>1</b>     |
| <b>JUSTICE, PUBLIC ORDER AND SAFETY</b>                              | <b>2</b>     |
| <b>EDUCATIONAL SERVICES</b>  | <b>3</b>     |
| <b>FORESTRY</b>  | <b>4</b>     |
| <b>MEMBERSHIP ORGANIZATIONS</b>                                      | <b>5</b>     |
| <b>EXECUTIVE, LEGISLATIVE AND GENERAL GOVERNMENT, EXCEPT FINANCE</b> | <b>6</b>     |
| <b>ELECTRIC, GAS AND SANITARY SERVICES</b>                           | <b>7</b>     |
| <b>HEALTH SERVICES</b>   | <b>8</b>     |
| <b>AMUSEMENT AND RECREATION SERVICES</b>                             | <b>9</b>     |
| <b>REAL ESTATE</b>   | <b>10</b>    |



TABLE 21.8 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

**SECTORS WITH THE WORST PAYMENT RECORDS IN SLOVENIA, 2017**

| <b>Sector</b>                                     | <b>Ranking 2017</b> |
|---|---------------------|
| <b>CHEMICALS AND ALLIED PRODUCTS</b>              | <b>51</b>           |
| <b>MISCELLANEOUS MANUFACTURING INDUSTRIES</b>     | <b>50</b>           |
| <b>LUMBER AND WOOD PRODUCTS, EXCEPT FURNITURE</b> | <b>49</b>           |
| <b>PRINTING, PUBLISHING AND ALLIED INDUSTRIES</b> | <b>48</b>           |
| <b>FURNITURE AND FIXTURES</b>                     | <b>47</b>           |
| <b>TEXTILE MILL PRODUCTS</b>                      | <b>46</b>           |
| <b>AUTOMOTIVE REPAIR, SERVICES AND PARKING</b>    | <b>45</b>           |
| <b>APPAREL AND ACCESSORY STORES</b>               | <b>44</b>           |
| <b>SPECIAL TRADE CONTRACTORS</b>                  | <b>43</b>           |
| <b>SERVICES</b>                                   | <b>42</b>           |

## 22. POLAND

### Payment analysis

Payment habits in Poland had a very important improvement as regards by due date payments in 2017.

Companies that respect agreed terms at the end of 2017 represent 75,5% of the total, with a great increase of 32% compared to 2016.

Very serious late payments (over 90 days on average) had very different value than last year: the concentration of companies has decreased of 9,5% in this class and the gap with the European level shrank (+11,3% in 2016 compared to +1,8% in 2017).

The "Up to 30 days" class has a concentration of 16,1% in 2017 and the intermediate late payment classes (between 30 and 90 days on average) have an overall percentage of 2,9%.

Compared with 2008, the percentage of companies that pay on time has increased by 28,5 percentage points, with a resulting decrease in the "Up to 90 days" class and a decrease of 1,7% in the share of "bad payers".

If we consider the payment practices of Polish companies in relation to company size, the highest concentration of punctual companies is observed for Micro and Small companies with at least 74,7% of the total.

As regards late payments, there is a greater tendency to pay moderately late, limited to 30 days on average (values vary between 14,9% for Micro companies and 45,6% for Large companies).

For companies with less than 6 employees, late payments of between 30 and 90 days on average account for 3,1% of the total, confirming also this year the worst between the Polish companies types in this class.

Micro companies show the worst payment performance also for the "Over 90 days" class, with 5,7% of the total.

The Finance services and Services sectors stand out with the highest concentrations in the "By due date" payment class, with 90,1% and 84%, respectively.

In the "Up to 30 days" class values are varying between 9,6% for Agriculture, forestry, hunting and fishing and 24,9% for the Retail trade sector.

On the other hand, in the intermediate late payment class, the sectors Construction (4,5%) and Retail trade (3,7%) have the highest concentrations.

Finally, the worst performances in the serious late payment classes (over 90 days on average) are seen in the Construction and Mining sectors with levels of 8,7% and 7,3%.

Among the best micro-sectors, we find Holding and other investment offices and Membership organizations with 96,7% and 93,7% of punctual payments.

The highest level of late payments, on the other hand, relate to the Local and interurban passenger transit and Apparel and accessory stores sectors, with 10,9% and 10,1% of companies paying more than 90 days late.

TABLE 22.1 SOURCE: BISNODE D&B POLAND

**PERCENTAGE OF COMPANIES IN POLAND WITH ON TIME PAYMENTS, 2008-2017**

|               | <b>2008</b>  | <b>2016</b>  | <b>2017</b>  |
|---------------|--------------|--------------|--------------|
| <b>Poland</b> | <b>47,0%</b> | <b>43,5%</b> | <b>75,5%</b> |
| <b>Europe</b> | <b>40,0%</b> | <b>39,1%</b> | <b>41,7%</b> |

TABLE 22.2 SOURCE: BISNODE D&B POLAND

**PERCENTAGE OF COMPANIES IN POLAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2008-2017**

|               | <b>2008</b>  | <b>2016</b>  | <b>2017</b> |
|---------------|--------------|--------------|-------------|
| <b>Poland</b> | <b>7,2%</b>  | <b>15,0%</b> | <b>5,5%</b> |
| <b>Europe</b> | <b>6,0 %</b> | <b>3,7%</b>  | <b>3,7%</b> |

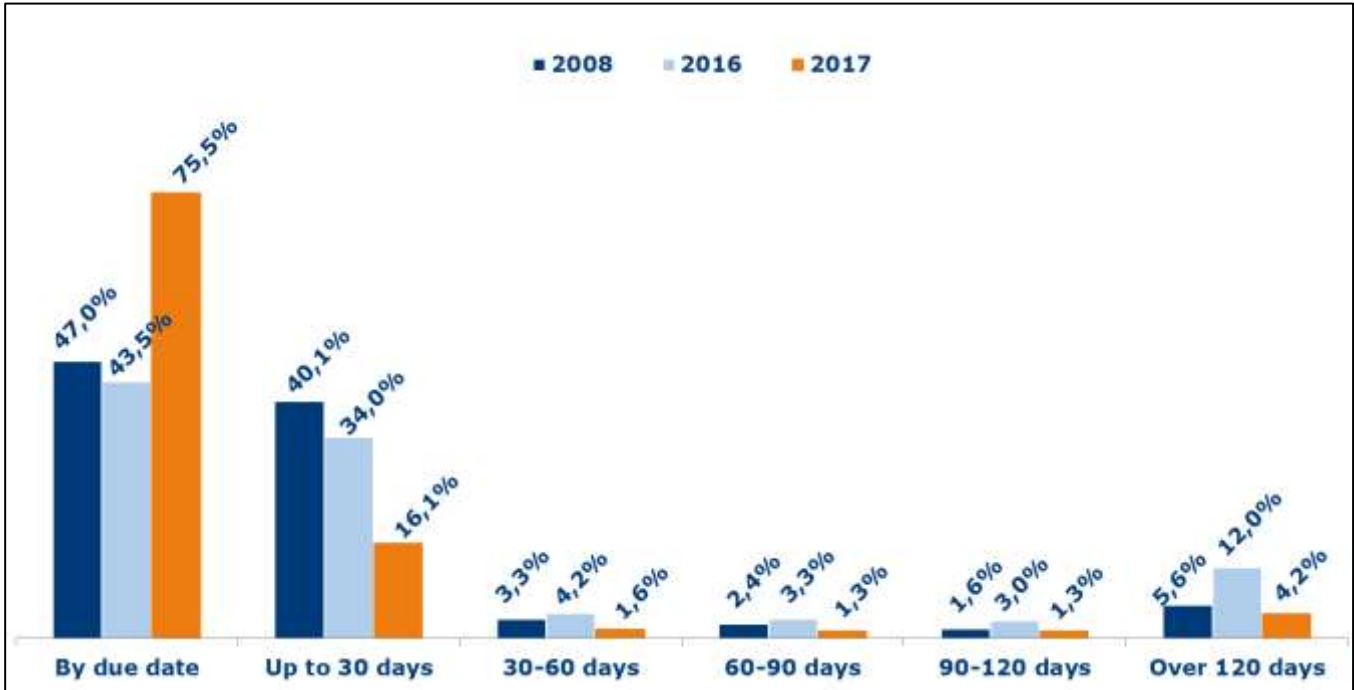
TABLE 22.3 SOURCE: BISNODE D&B POLAND

**VARIATIONS IN PAYMENT PRACTICES IN POLAND, 2008-2017**

|                      | <b>Variation<br/>2008/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>28,5%</b>                   | <b>32,0%</b>                   |
| <b>Up to 90 days</b> | <b>-26,8%</b>                  | <b>-22,5%</b>                  |
| <b>Over 90 days</b>  | <b>-1,7%</b>                   | <b>-9,5%</b>                   |

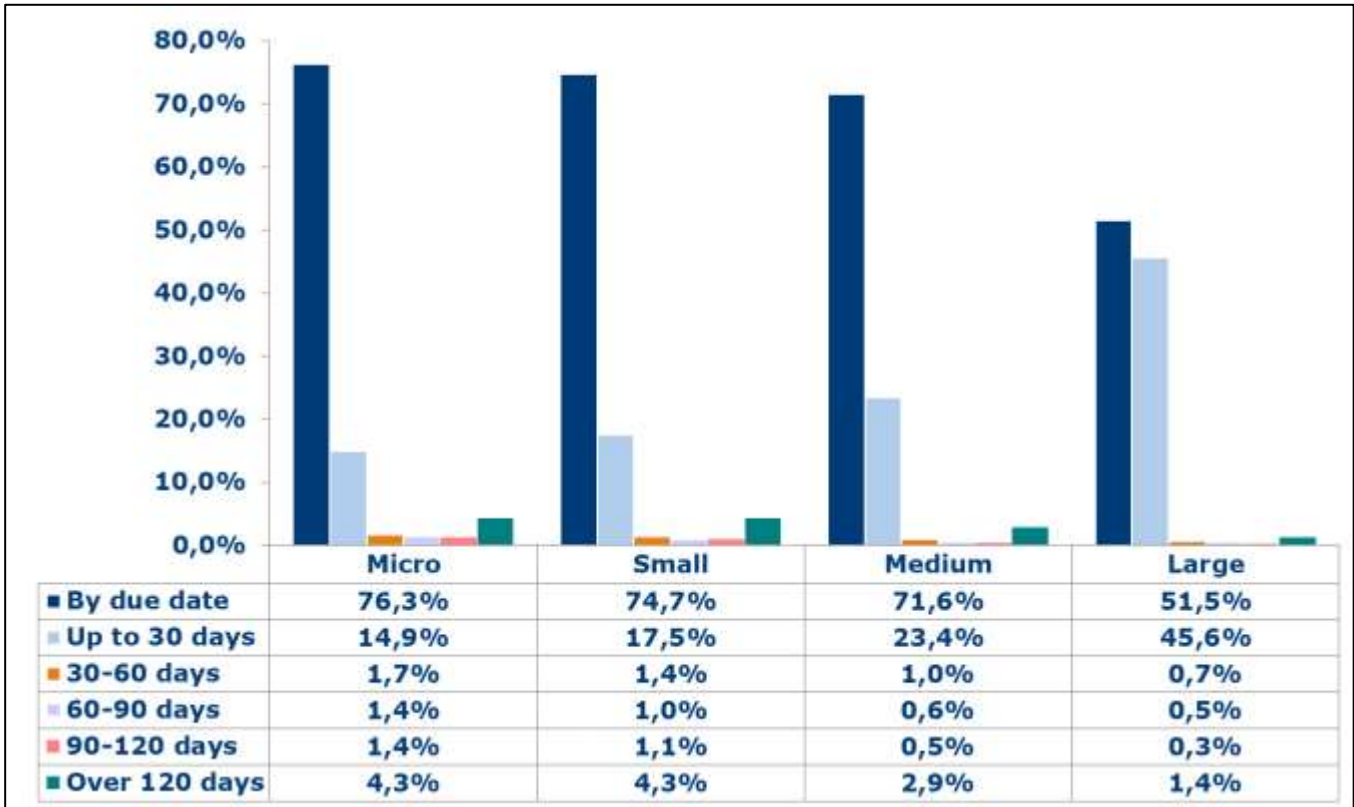
GRAPH 22.4 SOURCE: BISNODE D&B POLAND

PAYMENT PRACTICES IN POLAND BY PAYMENT CLASS, 2008-2017



GRAPH 22.5 SOURCE: BISNODE D&B POLAND

PAYMENT PRACTICES IN POLAND BY TYPE OF COMPANY, 2017



**PAYMENT PRACTICES IN POLAND BY PRODUCT SECTOR, 2017**

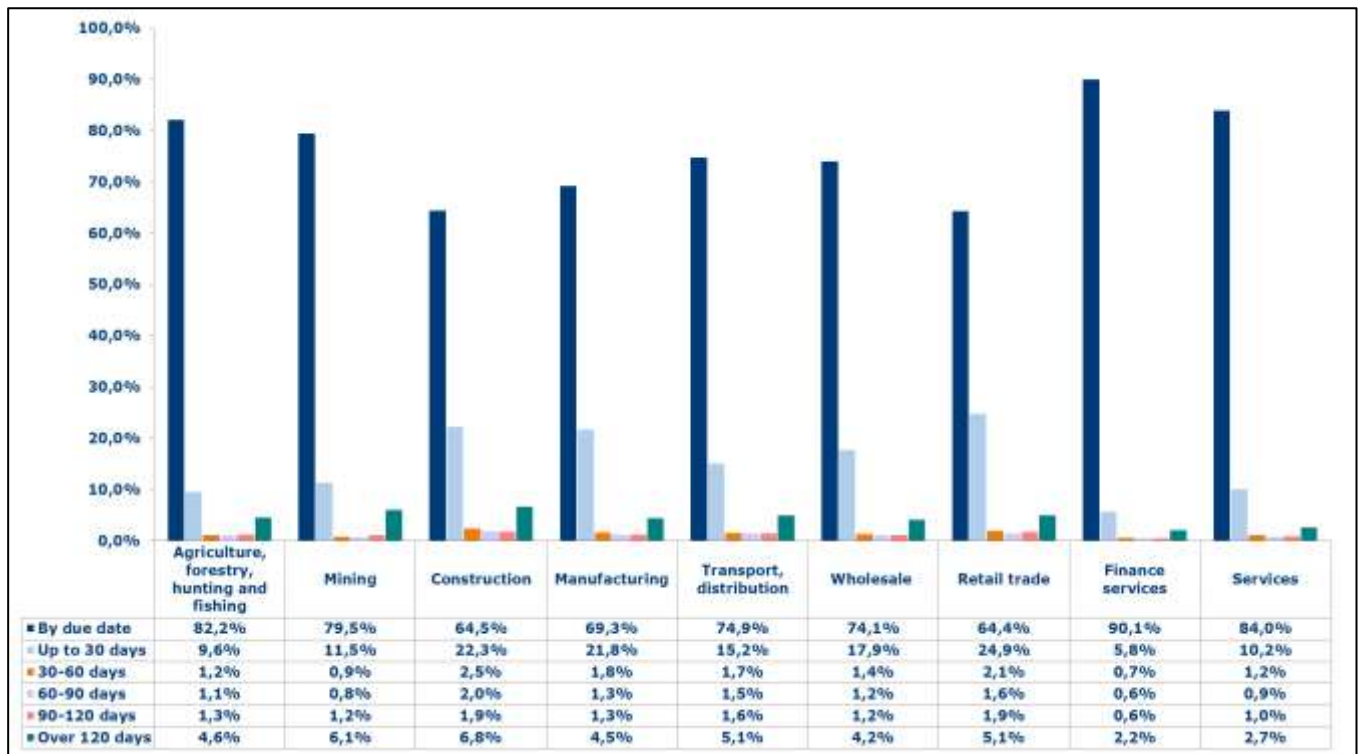


TABLE 22.7 SOURCE: BISNODE D&B POLAND

**SECTORS WITH THE BEST PAYMENT RECORDS IN POLAND, 2017**

| Sector                                      | Ranking 2017 |
|---|--------------|
| <b>HOLDING AND OTHER INVESTMENT OFFICES</b> | <b>1</b>     |
| <b>MEMBERSHIP ORGANIZATIONS</b>             | <b>2</b>     |
| <b>REAL ESTATE</b>                          | <b>3</b>     |
| <b>DEPOSITORY INSTITUTIONS</b>              | <b>4</b>     |
| <b>JUSTICE, PUBLIC ORDER AND SAFETY</b>     | <b>5</b>     |
| <b>ELECTRIC, GAS AND SANITARY SERVICES</b>  | <b>6</b>     |
| <b>NONDEPOSITORY INSTITUTIONS</b>           | <b>7</b>     |
| <b>FISHING, HUNTING AND TRAPPING</b>        | <b>8</b>     |
| <b>AGRICULTURAL, PRODUCTION - CROPS</b>     | <b>9</b>     |
| <b>ADMINISTRATION OF ECONOMIC PROGRAMS</b>  | <b>10</b>    |

TABLE 22.8 SOURCE: BISNODE D&B POLAND

**SECTORS WITH THE WORST PAYMENT RECORDS IN POLAND, 2017**

| <b>Sector</b>                                 | <b>Ranking 2017</b> |
|---|---------------------|
| <b>LOCAL AND INTERURBAN PASSENGER TRANSIT</b> | <b>72</b>           |
| <b>APPAREL AND ACCESSORY STORES</b>           | <b>71</b>           |
| <b>SPECIAL TRADE CONTRACTORS</b>              | <b>70</b>           |
| <b>LUMBER AND WOOD PRODUCTS</b>               | <b>69</b>           |
| <b>TRUCKING AND WAREHOUSING</b>               | <b>68</b>           |
| <b>APPAREL AND OTHER TEXTILE PRODUCTS</b>     | <b>67</b>           |
| <b>AGRICULTURAL SERVICES</b>                  | <b>66</b>           |
| <b>PERSONAL SERVICES</b>                      | <b>65</b>           |
| <b>HEAVY CONSTRUCTION, EXCEPT BUILDING</b>    | <b>64</b>           |
| <b>EATING AND DRINKING PLACES</b>             | <b>63</b>           |

## 23. CZECH REPUBLIC

### Payment analysis

In 2017, the Czech Republic shows a similar payment trend compared to previous year.

The percentage of companies that paid their commitments within agreed terms in 2017 is 45,3%, which is 3,6 percentage points above the European average.

There was a greater concentration of payments between 1 and 30 days late on average with 48,8% of the total, while the "30-60 days" and "60-90 days" classes comprised 5% of companies.

If we consider the share of serious late payments (over 90 days on average), the Czech Republic is in a better position than the European average: "bad payers" represent 0,9% of the total, which is 2,8 percentage points less than the European figure.

Compared with 2010, the companies that pay suppliers within agreed deadlines has increased by 15,5 percentage points, while the intermediate late payment class has decreased by 14,8%.

There are significant differences in the payment practices of companies by company size: Micro companies exhibit the best payment behavior with almost 46,4% of the total paying suppliers within agreed terms.

The lowest percentage of "good payers" relates to Large-sized companies with 41,2%, while 54,3% of companies fall within the "Up to 30 days" late payment class.

In relation to moderate and serious late payments, Medium companies show the best performance with the lowest concentration in these classes compared to the other company types: in 0,4% of cases payments are more than 90 days late on average, while 4,1% of companies pay between 30 and 90 days late on average.

The best performances in terms of punctual payments can be seen in Services (59,2%) and Finance services (52%).

Payment conditions, on the other hand, are problematic in the Construction sector, in which only 39,4% of companies respect agreed terms.

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 37% in each of the sectors analyzed and reaches the highest value (52,4%) in the case of Construction.

In the intermediate late payment classes ("30-60 days" and "60-90 days"), there are contained concentrations in most cases (less than 8%).

Construction is the sector with the highest share of "bad payers" (1,1% in the "Over 90 days" class).

As regarding the micro-sectors in terms of payment performance, in first places in the classification of best payers we find Educational services, Social services and Executive, legislative and general. On the contrary, the worst performance relates to Health services and Nondepository institutions.

TABLE 23.1 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

**PERCENTAGE OF COMPANIES IN THE CZECH REPUBLIC WITH ON TIME PAYMENTS, 2010-2017**

|                       | <b>2010</b>  | <b>2016</b>  | <b>2017</b>  |
|-----------------------|--------------|--------------|--------------|
| <b>Czech Republic</b> | <b>29,8%</b> | <b>44,7%</b> | <b>45,3%</b> |
| <b>Europe</b>         | <b>40,4%</b> | <b>39,1%</b> | <b>41,7%</b> |

TABLE 23.2 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

**PERCENTAGE OF COMPANIES IN THE CZECH REPUBLIC WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2010-2017**

|                       | <b>2010</b> | <b>2016</b> | <b>2017</b> |
|-----------------------|-------------|-------------|-------------|
| <b>Czech Republic</b> | <b>1,6%</b> | <b>0,7%</b> | <b>0,9%</b> |
| <b>Europe</b>         | <b>2,9%</b> | <b>3,7%</b> | <b>3,7%</b> |

TABLE 23.3 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

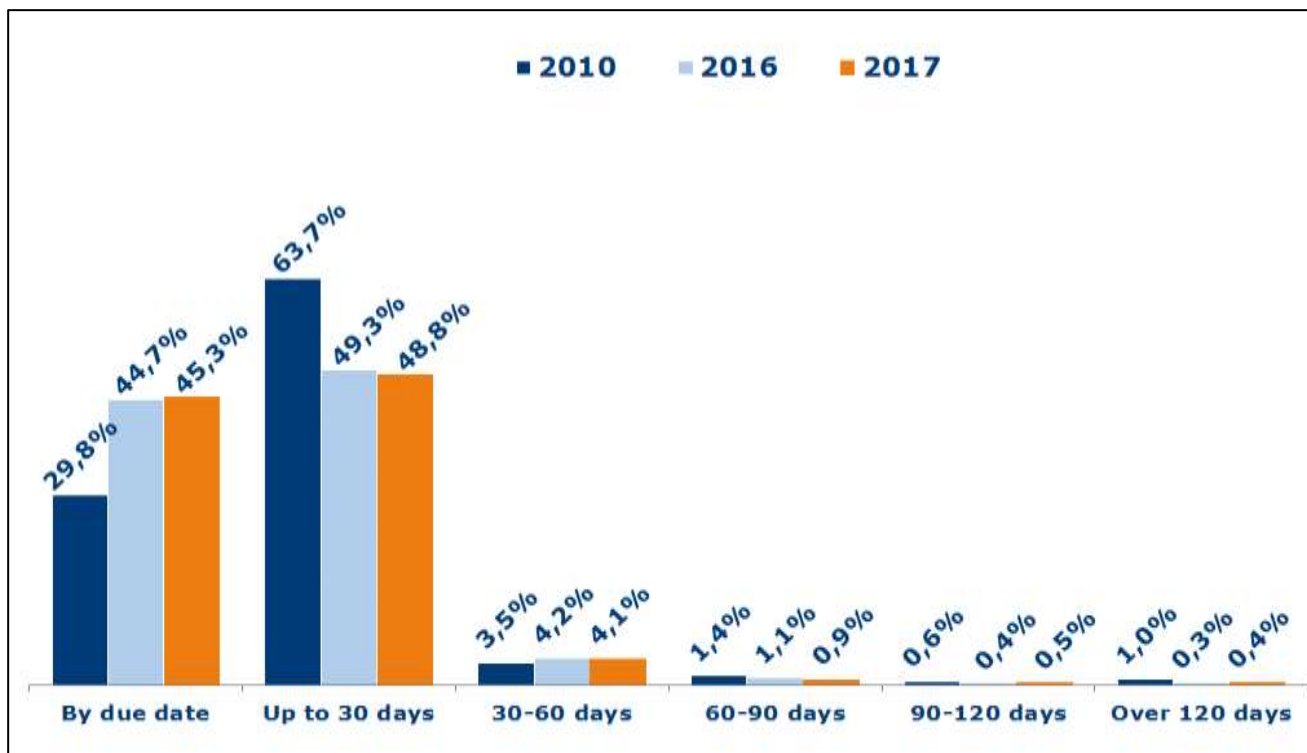
**VARIATIONS IN PAYMENT PRACTICES IN THE CZECH REPUBLIC, 2010-2017**

|                      | <b>Variation<br/>2010/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>15,5%</b>                   | <b>0,6%</b>                    |
| <b>Up to 90 days</b> | <b>-14,8%</b>                  | <b>-0,8%</b>                   |
| <b>Over 90 days</b>  | <b>-0,7%</b>                   | <b>0,2%</b>                    |



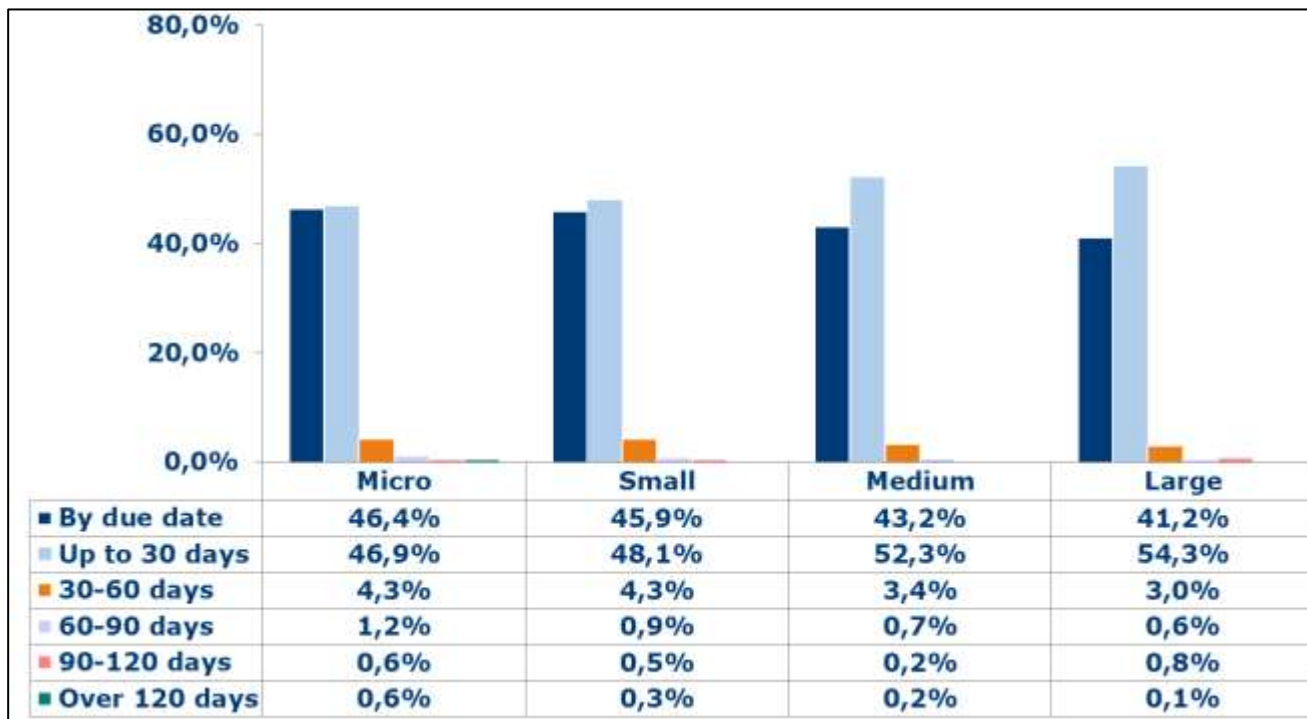
GRAPH 23.4 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

#### PAYMENT PRACTICES IN THE CZECH REPUBLIC BY PAYMENT CLASS, 2010-2017



GRAPH 23.5 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

#### PAYMENT PRACTICES IN THE CZECH REPUBLIC BY TYPE OF COMPANY, 2017



**PAYMENT PRACTICES IN THE CZECH REPUBLIC BY PRODUCT SECTOR, 2017**

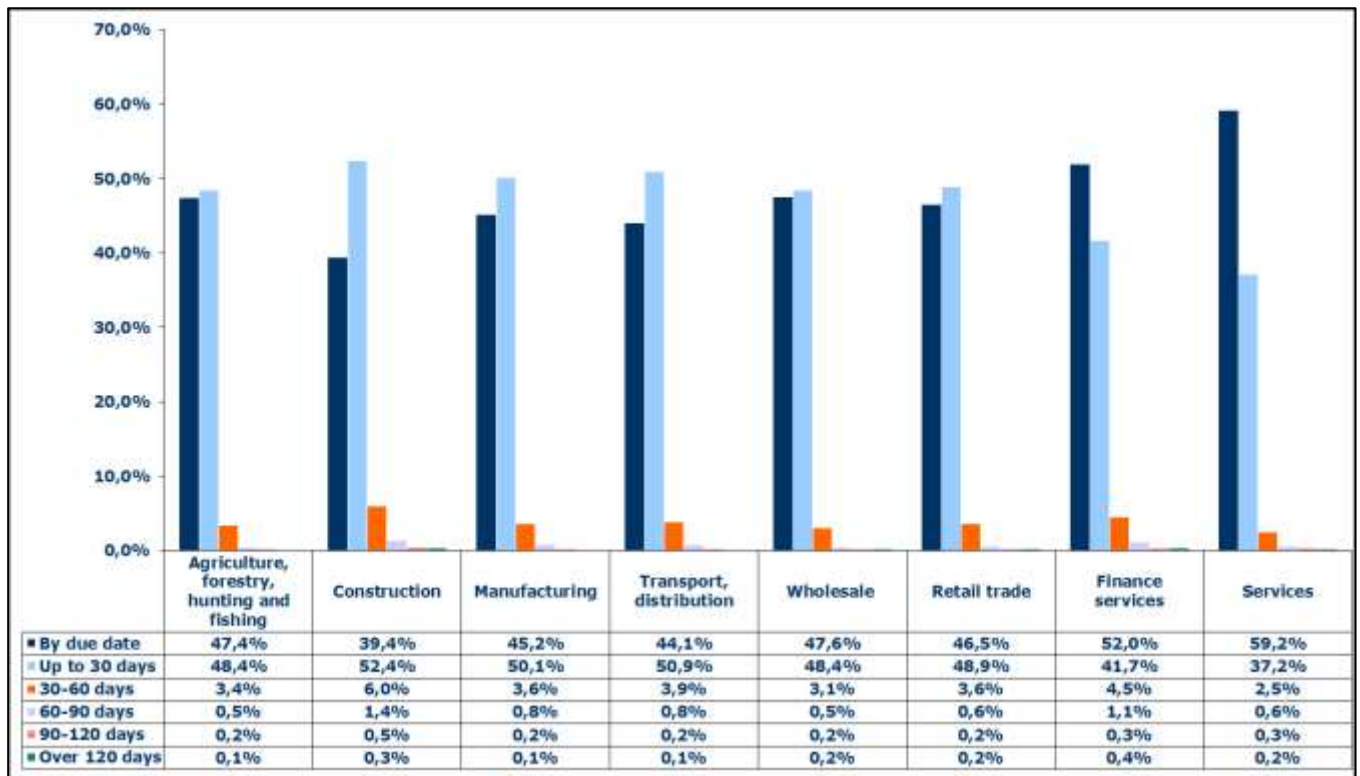


TABLE 23.7 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

**SECTORS WITH THE BEST PAYMENT RECORDS IN THE CZECH REPUBLIC, 2017**

| Sector                                  | Ranking 2017 |
|---|--------------|
| EDUCATIONAL SERVICES                    | 1            |
| SOCIAL SERVICES                         | 2            |
| EXECUTIVE, LEGISLATIVE AND GENERAL      | 3            |
| MEMBERSHIP ORGANIZATIONS                | 4            |
| LEGAL SERVICES                          | 5            |
| AUTOMOTIVE DEALERS AND SERVICE STATIONS | 6            |
| AMUSEMENT AND RECREATION SERVICES       | 7            |
| COMMUNICATIONS                          | 8            |
| HEALTH SERVICES                         | 9            |
| ELECTRIC, GAS AND SANITARY SERVICES     | 10           |

**SECTORS WITH THE WORST PAYMENT RECORDS THE CZECH REPUBLIC, 2017**

| <b>Sector</b>                              | <b>Ranking 2017</b> |
|--|---------------------|
| <b>HEALTH SERVICES</b>                     | <b>53</b>           |
| <b>NONDEPOSITORY INSTITUTIONS</b>          | <b>52</b>           |
| <b>GENERAL BUILDING CONTRACTORS</b>        | <b>51</b>           |
| <b>LUMBER AND WOOD PRODUCTS</b>            | <b>50</b>           |
| <b>EATING AND DRINKING PLACES</b>          | <b>49</b>           |
| <b>HEAVY CONSTRUCTION, EXCEPT BUILDING</b> | <b>48</b>           |
| <b>PRINTING AND PUBLISHING</b>             | <b>47</b>           |
| <b>HOTELS AND OTHER LODGING PLACES</b>     | <b>46</b>           |
| <b>REAL ESTATE</b>                         | <b>45</b>           |
| <b>AGRICULTURAL PRODUCTION - LIVESTOCK</b> | <b>44</b>           |

## 24. FINLAND

### Payment analysis

The percentage of punctual payers in Finland was only 27,3% of the total, meanwhile, the majority of companies tended to pay commercial transactions on average between 1 and 30 days late (70,3%).

Intermediate late payment classes ("30-60 days" and "60-90 days") account for 1,7%, whereas bad payers (more than 90 days late on average) represent only 0,7% of the total compared with the European level of 3,7%.

The analysis of the payment practices by size identifies a somewhat heterogeneous behavior among the four types.

Micro-companies show, also for 2017, the most balanced payment behavior with 30,2% of the total for payments within agreed terms. These are followed by small companies, for which the percentage in question reaches 18,6%.

The worst performance was seen for Large companies with only 8,9% of the total paying punctually, compared with the national average of 27,3%.

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 86% for Medium and Large companies.

Intermediate and more serious delays in payment are similar for all the company sizes analyzed, with values below 2 percentage points.

The best performances in terms of punctual payments can be seen in the following sectors: Agriculture, forestry and fishing (39,5%), Transport and storage (36,8%) and Mining and quarrying activities (34,9%).

Payment conditions, on the other hand, are problematic in the Public administration, in which only 17,1% of companies respect agreed terms.

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 58% in each of the sectors analyzed and reaches the highest value (82,2%) in the case of Public administration.

In the intermediate late payment classes ("30-60 days" and "60-90 days") there are very contained concentrations for the whole sample of below 3 percentage points, as is the case for the more serious late payments (over 90 days on average).

The best performer in Finland is the Forestry and logging sector, in which 42,1% of companies pay their trading partners within agreed terms.

In second place is the Fishing and aquaculture sector with 38% of punctual payments.

The sector with the most problems is Other personal service activities for which 3,5% of companies pay seriously late (over 90 days on average). The top three classification of bad payers is completed by the Accommodation and Social work activities without accommodation.

TABLE 24.1 SOURCE: BISNODE D&B FINLAND

**PERCENTAGE OF COMPANIES IN FINLAND WITH ON TIME PAYMENTS, 2010-2017**

|                | <b>2010</b>  | <b>2016</b>  | <b>2017</b>  |
|----------------|--------------|--------------|--------------|
| <b>Finland</b> | <b>37,0%</b> | <b>26,8%</b> | <b>27,3%</b> |
| <b>Europe</b>  | <b>40,4%</b> | <b>39,1%</b> | <b>41,7%</b> |

TABLE 24.2 SOURCE: BISNODE D&B FINLAND

**PERCENTAGE OF COMPANIES IN FINLAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2010-2017**

|                | <b>2010</b> | <b>2016</b> | <b>2017</b> |
|----------------|-------------|-------------|-------------|
| <b>Finland</b> | <b>1,1%</b> | <b>1,0%</b> | <b>0,7%</b> |
| <b>Europe</b>  | <b>2,9%</b> | <b>3,7%</b> | <b>3,7%</b> |

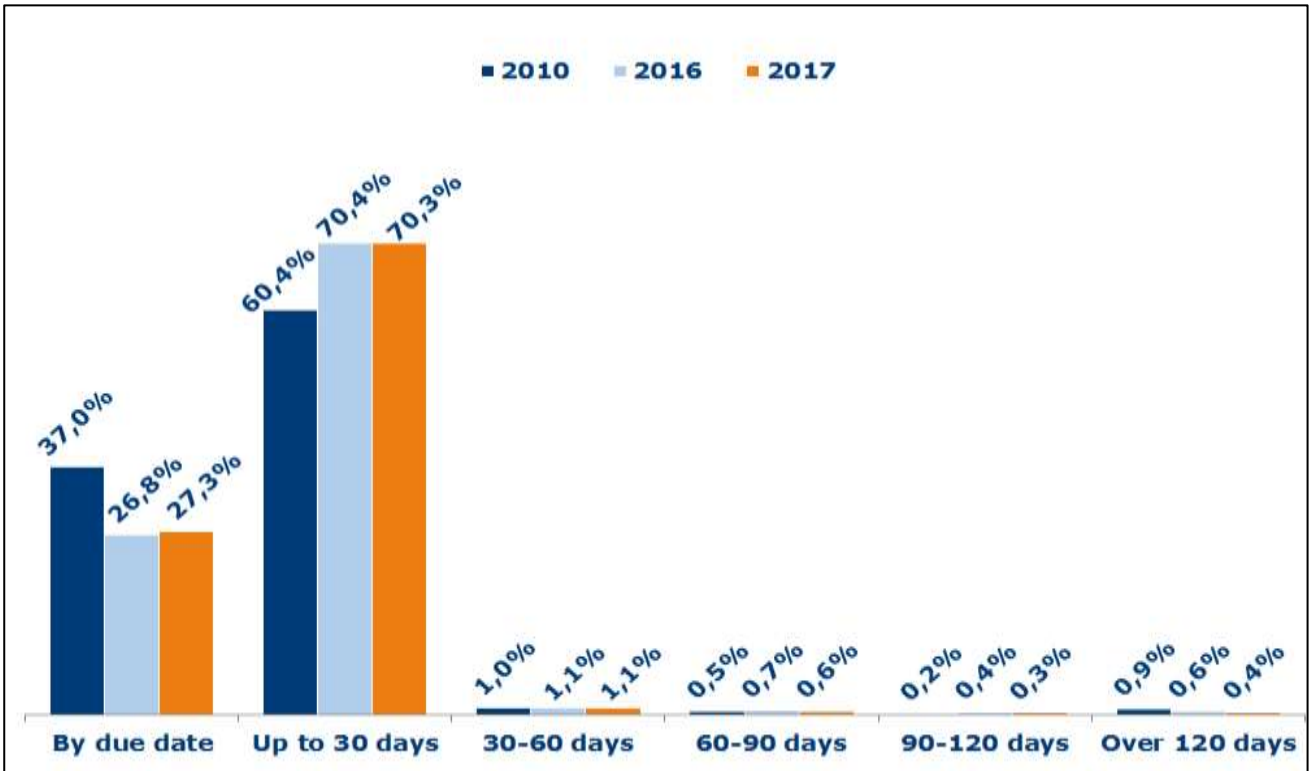
TABLE 24.3 SOURCE: BISNODE D&B FINLAND

**VARIATIONS IN PAYMENT PRACTICES IN FINLAND, 2010-2017**

|                      | <b>Variation<br/>2010/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>-9,7%</b>                   | <b>0,5%</b>                    |
| <b>Up to 90 days</b> | <b>10,1%</b>                   | <b>-0,2%</b>                   |
| <b>Over 90 days</b>  | <b>-0,4%</b>                   | <b>-0,3%</b>                   |

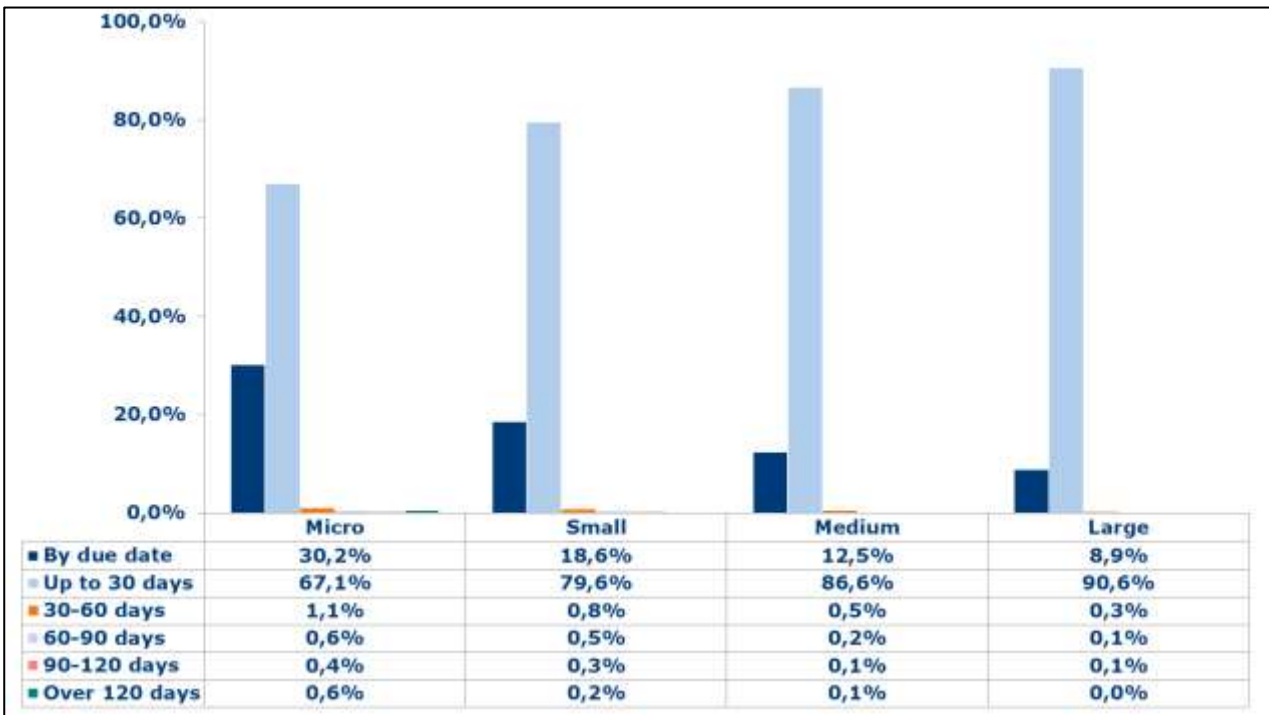
GRAPH 24.4 SOURCE: BISNODE D&B FINLAND

**PAYMENT PRACTICES IN FINLAND BY PAYMENT CLASS, 2010-2017**



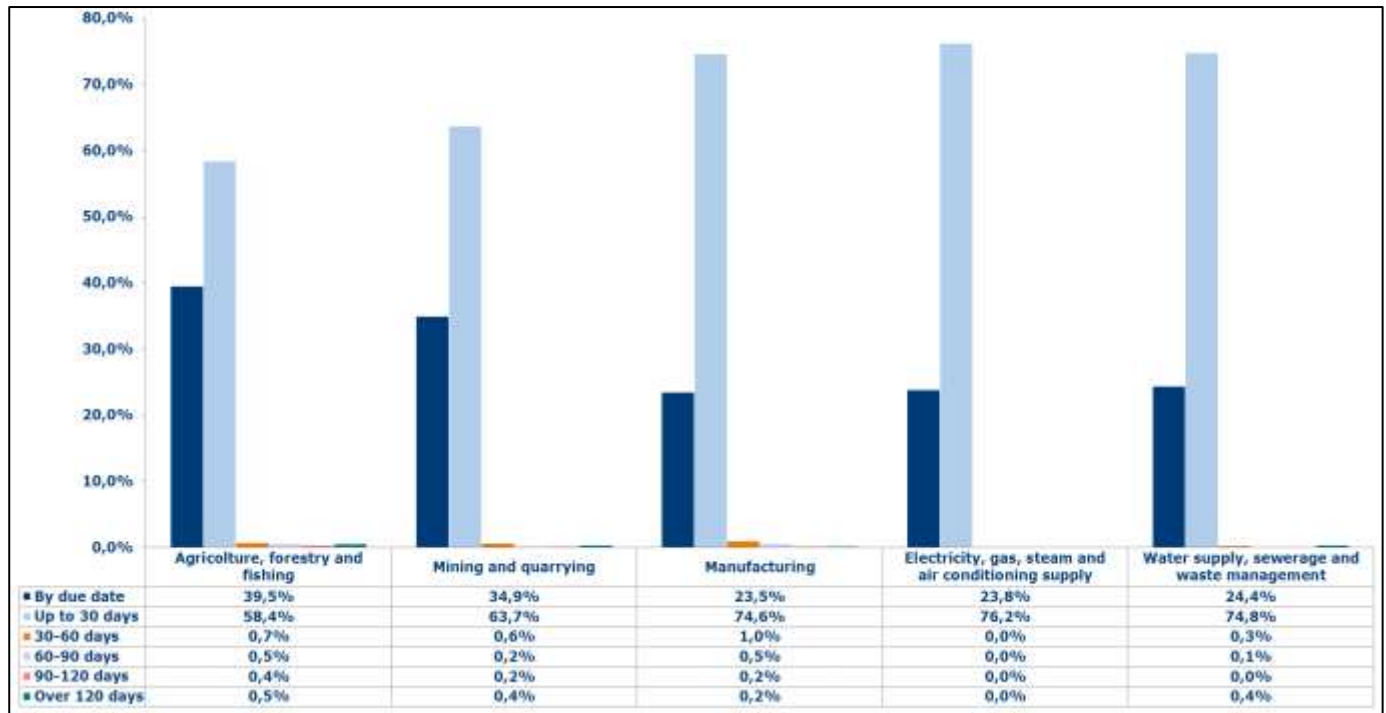
GRAPH 24.5 SOURCE: BISNODE D&B FINLAND

**PAYMENT PRACTICES IN FINLAND BY TYPE OF COMPANY, 2017**



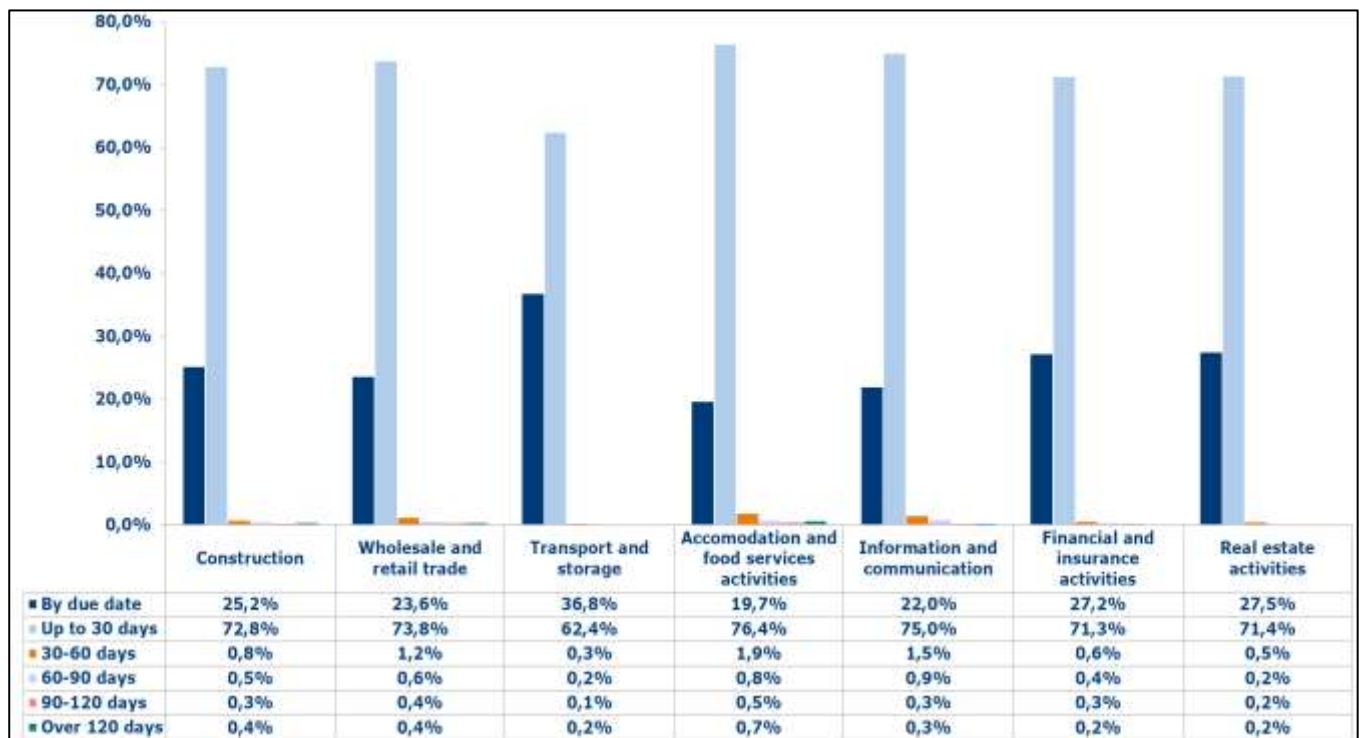
GRAPH 24.6 SOURCE: BISNODE D&B FINLAND

### PAYMENT PRACTICES IN FINLAND BY PRODUCT SECTOR, 2017



GRAPH 24.7 SOURCE: BISNODE D&B FINLAND

### PAYMENT PRACTICES IN FINLAND BY PRODUCT SECTOR, 2017





**PAYMENT PRACTICES IN FINLAND BY PRODUCT SECTOR, 2017**

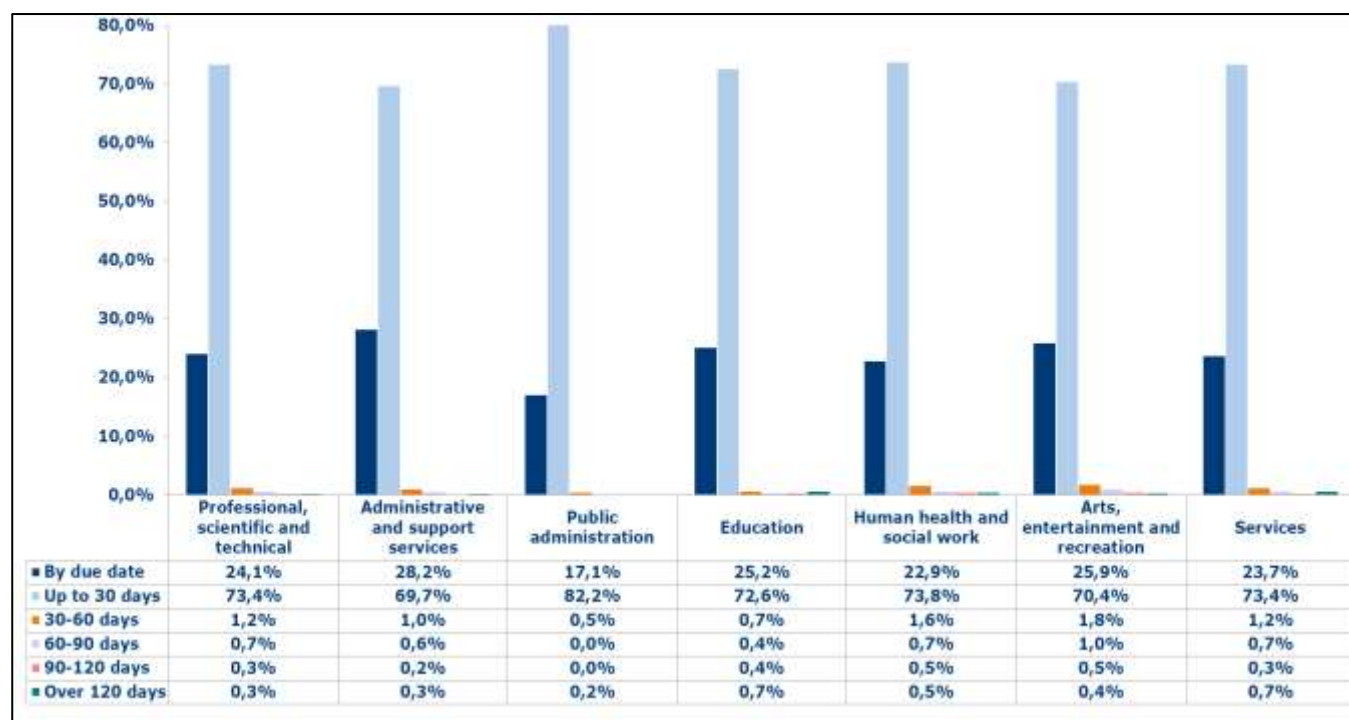


TABLE 24.9 SOURCE: BISNODE D&B FINLAND

**SECTORS WITH THE BEST PAYMENT RECORDS IN FINLAND, 2017**

| Sector   | Ranking 2017 |
|--|--------------|
| FORESTRY AND LOGGING   | 1            |
| FISHING AND AQUACULTURE  | 2            |
| CROP AND ANIMAL PRODUCTION, HUNTING AND RELATED SERVICE ACTIVITIES | 3            |
| LAND TRANSPORT AND TRANSPORT VIA PIPELINES                         | 4            |
| MANUFACTURE OF TEXTILES  | 5            |
| OTHER MINING AND QUARRYING   | 6            |
| POSTAL AND COURIER ACTIVITIES                                      | 7            |
| WATER TRANSPORT  | 8            |
| ACTIVITIES AUXILIARY TO FINANCIAL SERVICE AND INSURANCE ACTIVITIES | 9            |
| SERVICES TO BUILDINGS AND LANDSCAPE ACTIVITIES                     | 10           |



TABLE 24.10 SOURCE: BISNODE D&B FINLAND

**SECTORS WITH THE WORST PAYMENT RECORDS IN FINLAND, 2017**

| <b>Sector</b>  | <b>Ranking 2017</b> |
|--|---------------------|
| <b>OTHER PERSONAL SERVICE ACTIVITIES</b>   | <b>67</b>           |
| <b>ACCOMMODATION</b>   | <b>66</b>           |
| <b>SOCIAL WORK ACTIVITIES WITHOUT ACCOMMODATION</b>                                | <b>65</b>           |
| <b>OTHER MANUFACTURING</b>   | <b>64</b>           |
| <b>OFFICE ADMINISTRATIVE, OFFICE SUPPORT AND OTHER BUSINESS SUPPORT ACTIVITIES</b> | <b>63</b>           |
| <b>OTHER PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES</b>                     | <b>62</b>           |
| <b>ADVERTISING AND MARKET RESEARCH</b>   | <b>61</b>           |
| <b>MANUFACTURE OF WEARING APPAREL</b>  | <b>60</b>           |
| <b>CREATIVE, ARTS AND ENTERTAINMENT ACTIVITIES</b>                                 | <b>59</b>           |
| <b>EDUCATION</b>   | <b>58</b>           |

## 25. DENMARK

Below is the opinion of **Martin Stabell, Risk Management Specialist** at **Bisnode D&B Danmark A/S**, on the economic scenario and payment situation in Denmark.

*"Danish economy is moving forward with a somewhat fast pace and GDP increased by 2.2% in 2017 supported by robust domestic demand. Employment has risen uninterrupted since 2013, more people have been hired in the service industries and construction sector, but number of employed in the industry sector has also increased. Households and businesses are generally well-off after a long period of high savings, and growth in private demand has not been driven by lending growth.*

*The total number of bankruptcies have increased in 2017 compared to 2016. The most significant deviation can be seen in December 2017, which has approx. 600 more bankruptcies than was seen in December 2016.*

*"With solid growth over the past two years, the economy is reaching its full potential, sustained by strong household spending and public investment. The unemployment rate has fallen to its estimated structural level and labor shortages are spreading. Inflation has picked up, even though it remains close to that of the euro area. Both consumer and business confidence are relatively upbeat. In line with strengthening external demand, export performance has also improved, notably in services.*

*The economy is projected to maintain GDP growth of around 2% in both 2018 and 2019. Inflation will strengthen to 1.8% in 2019 and increased labor market tightness will translate into faster wage growth. Real disposable income growth will remain robust, sustaining household spending. Business investment is expected to pick up as economic slack disappears. While interest rates will start to rise over the projection period, monetary conditions will remain accommodative.*

*A tighter-than-projected labor market could stoke wage pressures that would increase household incomes but undermine the competitiveness of Danish exports. Frontloading of residential construction could happen before the recently approved property tax reform takes effect and that could result in temporarily higher economic activity, adding further to the labor shortages in the construction sector. Downside risks are related mainly to unfavorable developments in the main trading partners in Europe."*

*Contrary to the time up to the financial crisis, the risk of overheating the economy is smaller, but the development means that it will be harder for companies to find the right labor.*

*Other risk factors in the Danish economy currently are the very high gross household debt and continued house price increases. House price developments pose risks to future domestic demand, since sustained very low interest rates can fuel a housing bubble in the Copenhagen area.*

*Danish companies have since 2010 improved their overall payment behavior according to our Payment Study. In 2017 88,4% of all companies registered in our database paid their invoices by due date compared to 86,5% in 2016. The payment behavior is in general good across Product sectors, however we note that companies within the product sectors "Water Collection, treatment and supply", "electricity, gas, steam and air conditioning supply" and "Retail trade, except of motor vehicles and motorcycles" are having a payment behavior a bit below companies in other product Sectors."*

## Payment analysis

Despite the financial instability that has hit the Euro Zone, the payment performance of Danish companies is characterized by an enviable performance both in terms of punctual payments and serious late payment classes.

Over the course of 2017, punctual payments accounted for 88,4 percentage points, 46,7 percentage points above the European average, which continues to show that a large proportion of companies in Denmark have a balanced behavior when it comes to payments.

Compared with 2016, the percentage of "good payers" has increased by 1,9 percentage points ("By due date" class).

The percentage of companies with serious late payments (over 60 days) continues to be among the best on an international level: in fact, there are only 0,2% of "bad payers" in Denmark in 2017, with a difference of 5,6% below the European average.

The most significant changes are seen in relation to 2010: punctual payments have increased by 11,9%, with a corresponding decrease in Danish companies that tend to pay late by between 1 and 60 days on average (-11,9%); the percentage of "bad payers" (over 60 days late on average) hasn't changed.

The four types of company size examined have very similar percentages, which are not very different from average national levels.

Micro companies have the most balanced payment behavior with 89,7% of companies paying trading partners within agreed terms. The lowest value, on the other hand, was seen for Large companies, with 78,7% of punctual payers.

In the "Up to 30 days" late payment class there are values of between 9,8% for Micro companies and 21% for Large companies.

Similar levels are seen in all the other late payment classes, and are quite low for all four of the categories examined (in the "Over 30 days" class, they vary between 0,3% of Large companies and 0,5% of Micro and Medium companies).

For all macro-sectors there is a widespread tendency to manage commercial transactions with punctual payments: the best performance is seen in Security and investigation activities (96,4%) and Creative, arts and entertainment activities (93,4%) sectors.

Payment performance, on the other hand, are less positive in Water collection, treatment and supply sector in which 76,1% of companies respect agreed terms.

The share of companies, in the "Up to 30 days" late payment class reaches the highest value (23%) in the case of Water collection, treatment and supply.

In the serious late payment classes (over 60 days on average) there are very contained percentages for the whole sample, significantly lower than that seen in other countries.

The analyses confirm the solidity of the Danish payment system, which does not seem to have been affected by the global economic situation, unlike what is seen in other European and international contexts.

TABLE 25.1 SOURCE: BISNODE D&B DANMARK A/S

**PERCENTAGE OF COMPANIES IN DENMARK WITH ON TIME PAYMENTS, 2010-2017**

|                | <b>2010</b>  | <b>2016</b>  | <b>2017</b>  |
|----------------|--------------|--------------|--------------|
| <b>Denmark</b> | <b>76,5%</b> | <b>86,5%</b> | <b>88,4%</b> |
| <b>Europe</b>  | <b>40,4%</b> | <b>39,1%</b> | <b>41,7%</b> |

TABLE 25.2 SOURCE: BISNODE D&B DANMARK A/S

**PERCENTAGE OF COMPANIES IN DENMARK WITH LATE PAYMENTS OF MORE THAN 60 DAYS, 2010-2017**

|                | <b>2010</b> | <b>2016</b> | <b>2017</b> |
|----------------|-------------|-------------|-------------|
| <b>Denmark</b> | <b>0,2%</b> | <b>0,2%</b> | <b>0,2%</b> |
| <b>Europe</b>  | <b>4,9%</b> | <b>6,0%</b> | <b>5,8%</b> |

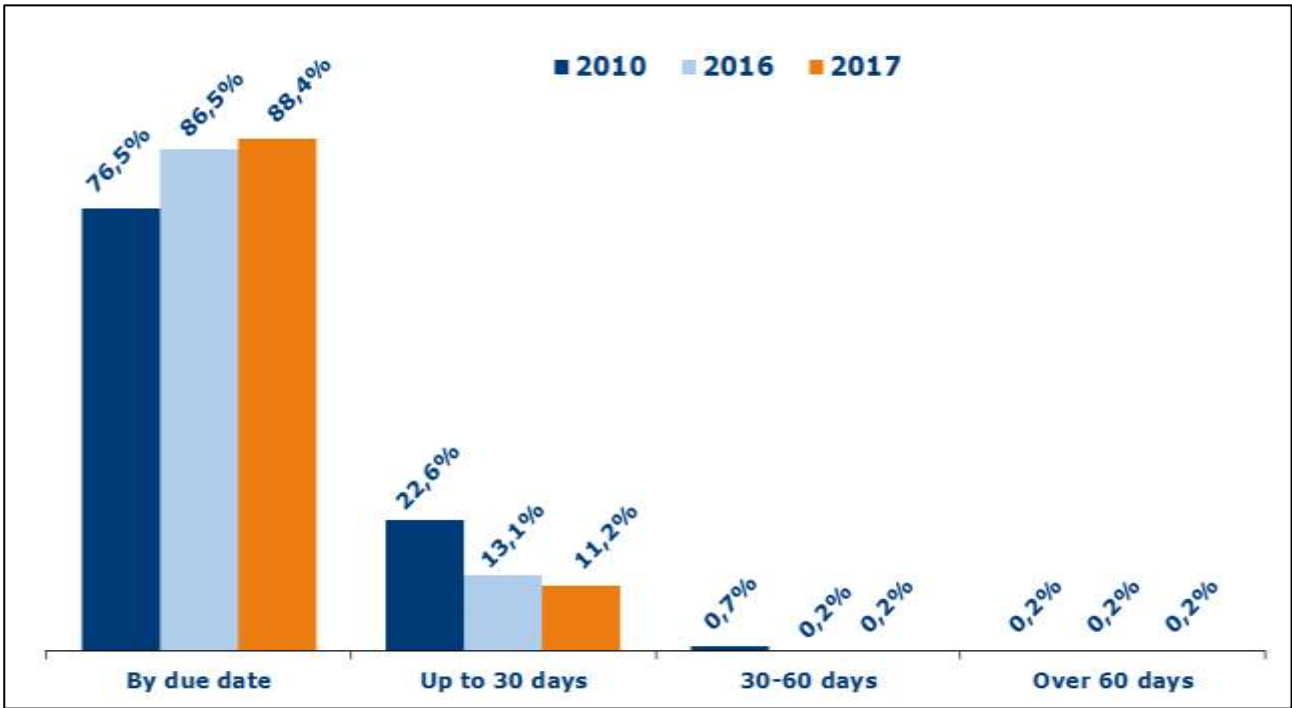
TABLE 25.3 SOURCE: BISNODE D&B DANMARK A/S

**VARIATIONS IN PAYMENT PRACTICES IN DENMARK, 2010-2017**

|                      | <b>Variation<br/>2010/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>11,9%</b>                   | <b>1,9%</b>                    |
| <b>Up to 60 days</b> | <b>-11,9%</b>                  | <b>-1,9%</b>                   |
| <b>Over 60 days</b>  | <b>0,0%</b>                    | <b>0,0%</b>                    |

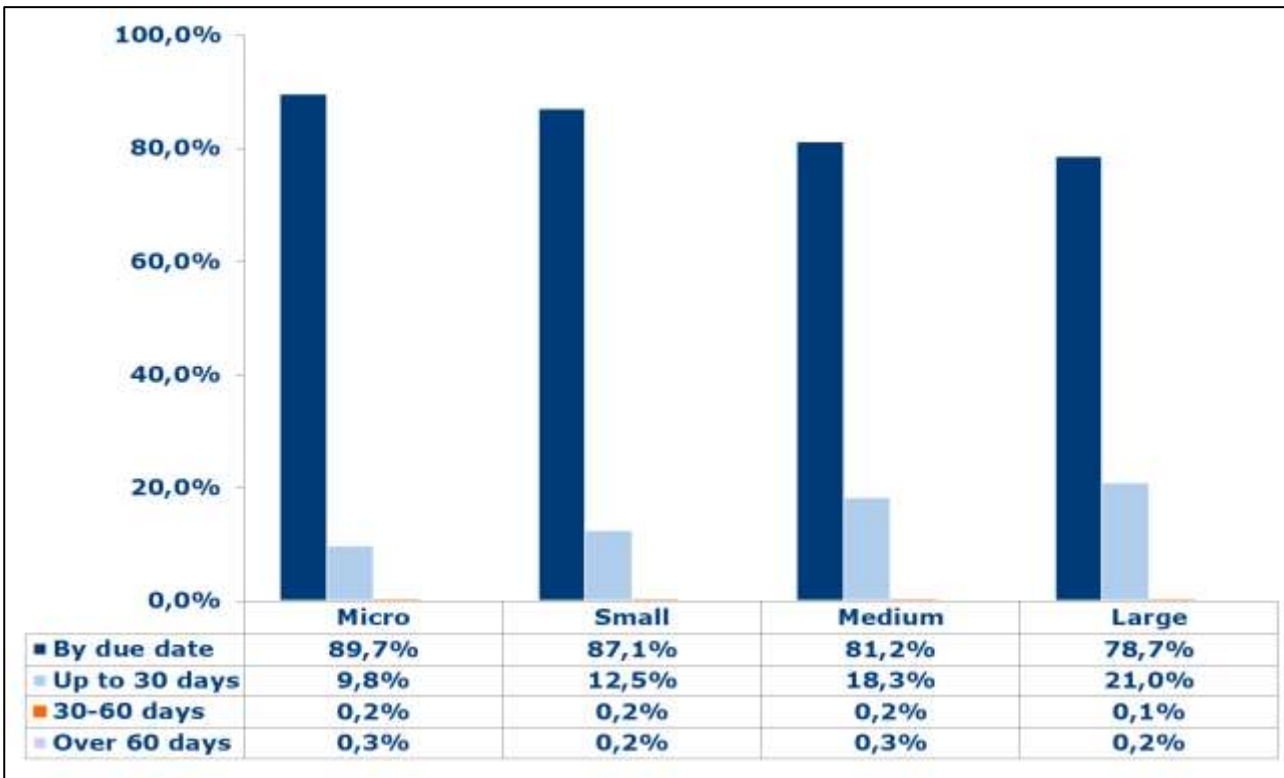
GRAPH 25.4 SOURCE: BISNODE D&B DANMARK A/S

**PAYMENT PRACTICES IN DENMARK BY PAYMENT CLASS, 2010-2017**



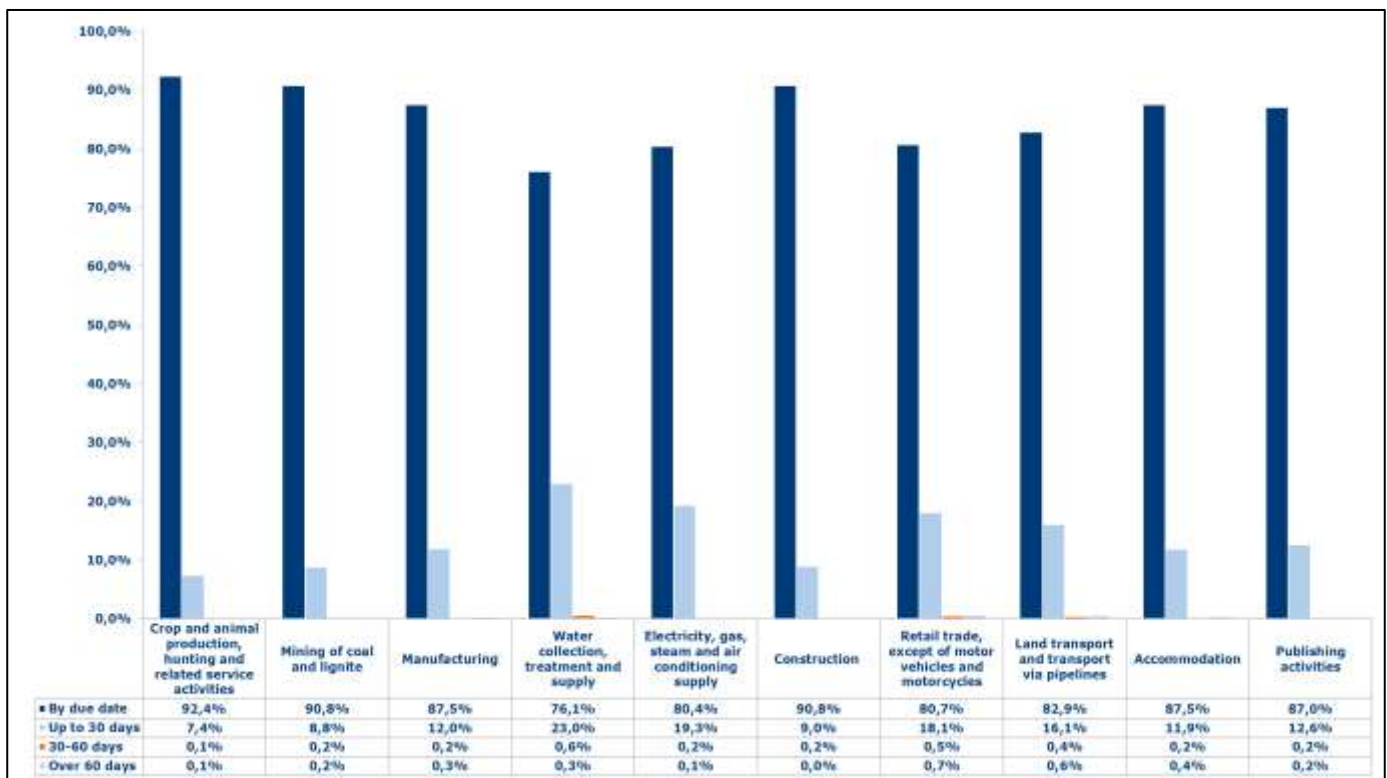
GRAPH 22.5 SOURCE: BISNODE D&B DANMARK A/S

**PAYMENT PRACTICES IN DENMARK BY TYPE OF COMPANY, 2017**



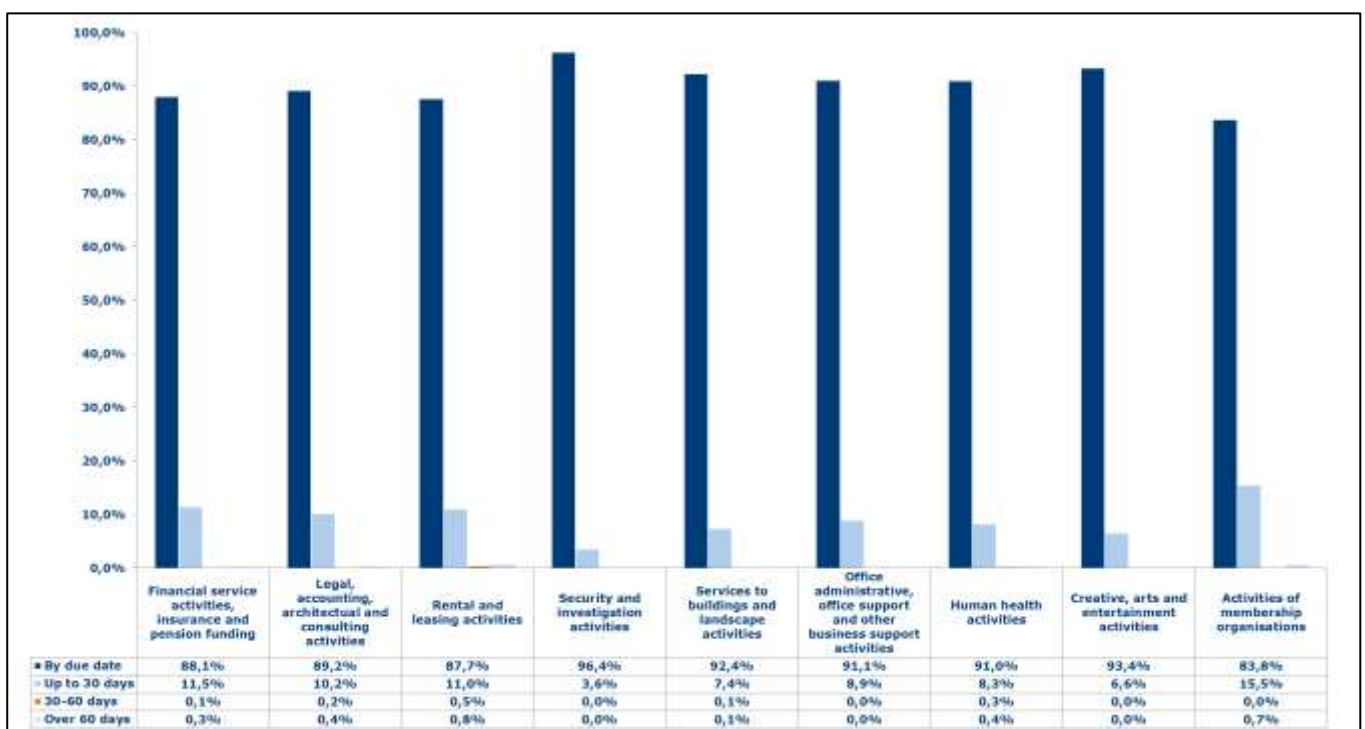
GRAPH 25.6 SOURCE: BISNODE D&B DANMARK A/S

### PAYMENT PRACTICES IN DENMARK BY PRODUCT SECTOR, 2017



GRAPH 25.7 SOURCE: BISNODE D&B DANMARK A/S

### PAYMENT PRACTICES IN DENMARK BY PRODUCT SECTOR, 2017



## 26. RUSSIA

In 2017, Russia's GDP grew by 1.5% driven by favorable oil price trends, recovery in fixed-capital investments, ruble strengthening, local business restructuring, falling inflation. Still, growth was undermined by decreasing real incomes of the population and a temporary slowdown of industrial production in the last two months of the year.

The Central Bank of Russia expects economic growth in the range of 1.5%-2.0% in 2018. Under its baseline scenario, the Economic Development Ministry forecasts growth of 2.1% in 2018, 2.2% in 2019 and 2.3% in 2020.

Russian companies maintained relatively good financial positions last year. Meanwhile, nominal profits were down in comparison with 2016. The total amount of earnings before tax in Russia exceeded losses by RuB 10,045.6 bn (US\$172.2 bn) in 2017, down by 6.8%. The share of profitable companies was 73.7% last year in comparison with 74.0% in 2016.

Russia's economic recovery has helped to maintain favorable payment situation and to cut bankruptcy figures. In 2017, number of bankruptcies in Russia fell by 5% to 799 per month in comparison with 839 companies in 2016 and 934 companies in 2015.

### General payment situation

The payment situation in settlements between companies improved last year. The share of accounts payable outstanding in total amount was down to 5.9% in December 2017 in comparison with 6.3% in December 2016. Number of companies with accounts payable outstanding fell by 11.4% to 7,195 the total amount contracted by 1.3% in 2017 (up 10.0% in 2016).

The situation in servicing of bank loans deteriorated. The share of bank loans outstanding in total amount was up to 1.0% in December 2017.

Amount of bank loans outstanding surged by 23.2%, after a modest growth of 4.4% in 2016.

The share of companies with accounts payable outstanding in the total number contracted slightly from 0.17% in 2016 to 0.16% in 2017. Meanwhile, there is still a great difference in the payment situation in various sectors.

In 2017, Heat generation and distribution had the highest share of companies with accounts payable outstanding (9.50%), but the amount was down by 3.6%. High shares of companies with accounts payable outstanding were registered in Production of coal (8.46%), Production of coke (4.10%), Production of oil and gas (3.11%).

GRAPH 26.1 SOURCE: FEDERAL STATISTIC SERVICE

**SHARE OF ACCOUNT PAYABLE AND BANK LOANS OUTSTANDING IN RUSSIA'S TOTAL, 2013–2017**

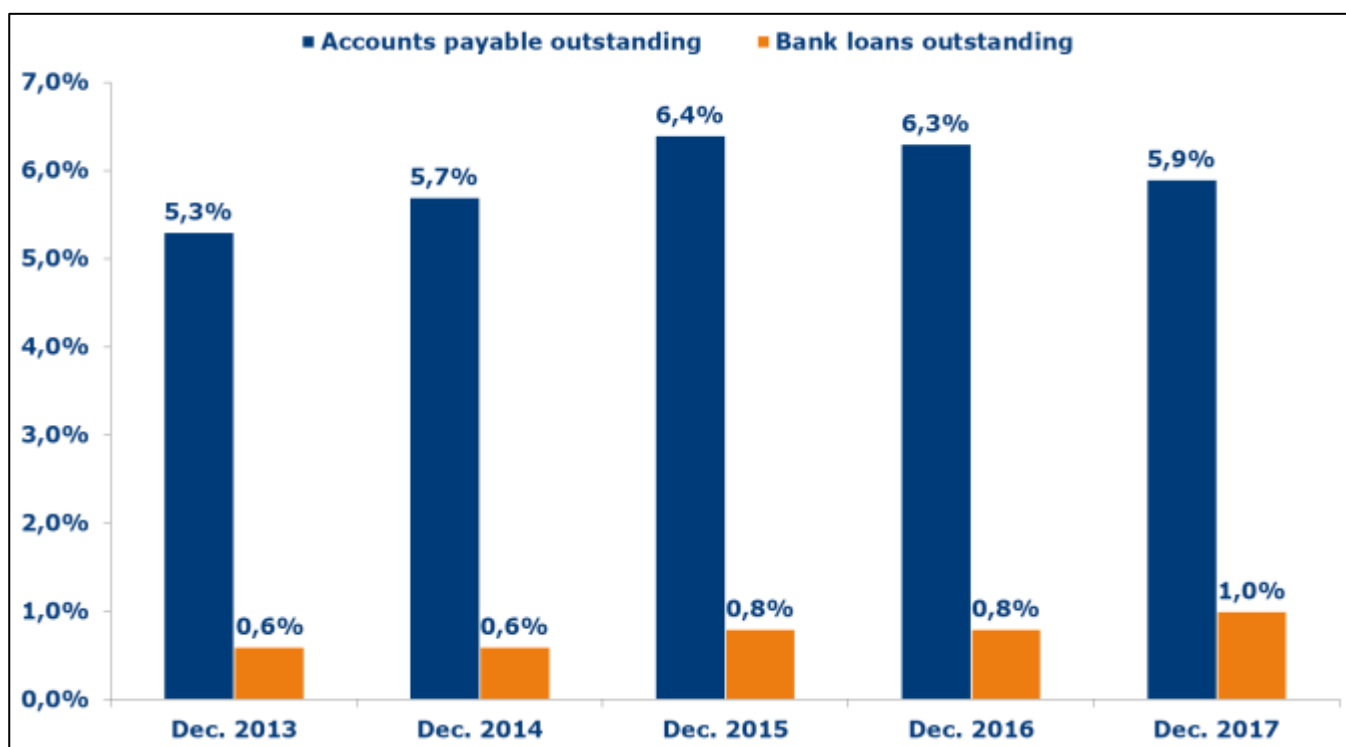


TABLE 26.2 SOURCE: FEDERAL STATISTIC SERVICE

**BREAKDOWN OF ACCOUNT PAYABLE OUTSTANDING BY SECTORS IN RUSSIA, 2017**

|   | Number of companies | Change | Share in total number | Change in p.p. | Amount, RuB bn | Change |
|---|---------------------|--------|-----------------------|----------------|----------------|--------|
| Production and distribution of electric energy, gas and water | 1.067               | 1,1%   | 9,5%                  | 0,3            | 217,4          | -3,6%  |
| Production of fuel and energy resources                       | 73                  | -3,9%  | 8,5%                  | 0,0            | 59,8           | -27,4% |
| Ferrous and non-ferrous metals                                | 4                   | 0,0%   | 4,1%                  | 0,1            | 0,1            | 0,0%   |
| Production of vehicles for transportation and equipment       | 53                  | 0,0%   | 3,1%                  | 0,2            | 47,5           | -4,2%  |
| Production of coke, oil products, nuclear materials           | 43                  | -2,3%  | 2,8%                  | 0,2            | 488,3          | -26,7% |



|   |            |               |             |             |              |               |
|---|------------|---------------|-------------|-------------|--------------|---------------|
| <b>Mining</b>   | <b>108</b> | <b>-0,9%</b>  | <b>2,5%</b> | <b>0,1</b>  | <b>86,6</b>  | <b>-0,5%</b>  |
| <b>Chemical industry</b>  | <b>704</b> | <b>1,3%</b>   | <b>2,3%</b> | <b>0,0</b>  | <b>35,6</b>  | <b>5,0%</b>   |
| <b>Production of electric, electronic and optical equipment</b>     | <b>43</b>  | <b>-12,2%</b> | <b>2,1%</b> | <b>-0,2</b> | <b>117,2</b> | <b>-2,5%</b>  |
| <b>Production of other non-metallic mineral products</b>            | <b>70</b>  | <b>-2,8%</b>  | <b>2,1%</b> | <b>0,0</b>  | <b>65,5</b>  | <b>25,2%</b>  |
| <b>Pulp and paper production, publishing and printing</b>           | <b>223</b> | <b>4,7%</b>   | <b>2,1%</b> | <b>0,2</b>  | <b>188</b>   | <b>-1,9%</b>  |
| <b>Production of leather, leather products, footwear</b>            | <b>78</b>  | <b>2,6%</b>   | <b>1,8%</b> | <b>0,1</b>  | <b>72,9</b>  | <b>48,5%</b>  |
| <b>Production of machinery and equipment</b>                        | <b>39</b>  | <b>-7,1%</b>  | <b>1,2%</b> | <b>-0,2</b> | <b>10</b>    | <b>-13,0%</b> |
| <b>Production of food products, including beverages and tobacco</b> | <b>122</b> | <b>-3,2%</b>  | <b>1,2%</b> | <b>0,0</b>  | <b>16,7</b>  | <b>3,1%</b>   |
| <b>Agriculture, hunting and forestry</b>                            | <b>85</b>  | <b>0,0%</b>   | <b>1,0%</b> | <b>0,0</b>  | <b>10,2</b>  | <b>25,9%</b>  |
| <b>Production of products from metals</b>                           | <b>91</b>  | <b>-6,2%</b>  | <b>0,8%</b> | <b>0,0</b>  | <b>32,4</b>  | <b>1,3%</b>   |
| <b>Production of rubber and plastic products</b>                    | <b>20</b>  | <b>-16,7%</b> | <b>0,8%</b> | <b>-0,1</b> | <b>8,2</b>   | <b>17,1%</b>  |
| <b>Fishery</b>  | <b>135</b> | <b>-5,6%</b>  | <b>0,7%</b> | <b>0,0</b>  | <b>40,7</b>  | <b>-19,1%</b> |
| <b>Transport</b>  | <b>16</b>  | <b>14,3%</b>  | <b>0,7%</b> | <b>0,1</b>  | <b>0,6</b>   | <b>50,0%</b>  |
| <b>Textile and clothing industry</b>                                | <b>60</b>  | <b>-11,8%</b> | <b>0,7%</b> | <b>-0,1</b> | <b>6,3</b>   | <b>18,9%</b>  |
| <b>Wood-processing and production of wood products</b>              | <b>195</b> | <b>-1,5%</b>  | <b>0,7%</b> | <b>0,0</b>  | <b>21,6</b>  | <b>7,5%</b>   |
| <b>Communications</b>   | <b>27</b>  | <b>0,0%</b>   | <b>0,6%</b> | <b>0,0</b>  | <b>11</b>    | <b>4,8%</b>   |
| <b>Provision of other communal, social and individual services</b>  | <b>38</b>  | <b>-2,6%</b>  | <b>0,5%</b> | <b>0,0</b>  | <b>3,8</b>   | <b>-9,5%</b>  |
| <b>Construction</b>   | <b>32</b>  | <b>-17,9%</b> | <b>0,5%</b> | <b>-0,1</b> | <b>6,1</b>   | <b>-16,4%</b> |
| <b>Real estate operations, leasing and services</b>                 | <b>181</b> | <b>1,7%</b>   | <b>0,5%</b> | <b>0,0</b>  | <b>13</b>    | <b>30,0%</b>  |

|  |            |               |             |            |             |               |
|--|------------|---------------|-------------|------------|-------------|---------------|
| <b>Printing and publishing</b>                                 | <b>167</b> | <b>2,5%</b>   | <b>0,4%</b> | <b>0,0</b> | <b>47,2</b> | <b>22,9%</b>  |
| <b>Health care and social services</b>                         | <b>426</b> | <b>-7,0%</b>  | <b>0,4%</b> | <b>0,0</b> | <b>16,3</b> | <b>3,2%</b>   |
| <b>Education</b>   | <b>51</b>  | <b>8,5%</b>   | <b>0,2%</b> | <b>0,0</b> | <b>2,5</b>  | <b>-73,4%</b> |
| <b>Hotels and restaurants</b>                                  | <b>534</b> | <b>-3,3%</b>  | <b>0,2%</b> | <b>0,0</b> | <b>95,4</b> | <b>-5,4%</b>  |
| <b>Trade in automotive vehicles, maintenance and repairs</b>   | <b>31</b>  | <b>-24,4%</b> | <b>0,2%</b> | <b>0,0</b> | <b>1,2</b>  | <b>-68,4%</b> |
| <b>Retail trade, excluding trade in automotive vehicles</b>    | <b>47</b>  | <b>0,0%</b>   | <b>0,2%</b> | <b>0,0</b> | <b>4,6</b>  | <b>12,2%</b>  |
| <b>Wholesale trade, excluding trade in automotive vehicles</b> | <b>13</b>  | <b>44,4%</b>  | <b>0,2%</b> | <b>0,1</b> | <b>0,3</b>  | <b>-40,0%</b> |

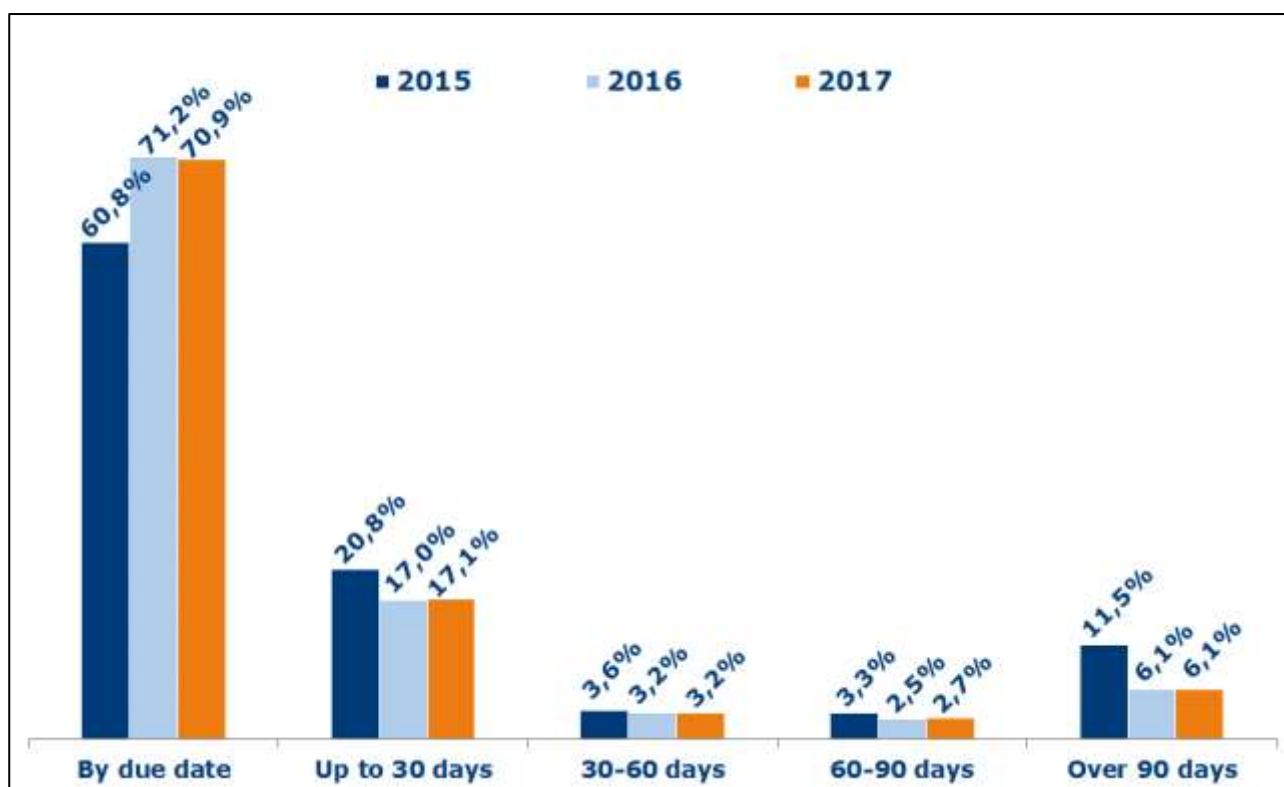
The list of the sectors with fast growing amounts of accounts payable outstanding included Printing; Retail trade, excluding trade in automotive vehicles; Production of leather, leather products, footwear; Information technologies; Production of other vehicles for transportation. The situation considerably improved in Production of rubber and plastic products; Forestry; Trade in automotive vehicles, its maintenance and repairs; Production of furniture; Fishery.

## Payment analysis

More detailed analysis of current payment practices in Russia, based on Interfax data, proved that the situation remained relatively stable. In 2017, share of the companies with on time payments was down slightly to 70.9% against 71.2% in 2016.

The share of "bad payers" (Over 90 days) was down 6.1% to 6.0%. Some "bad payers" moved to the closest group ("60-90 days") while its share grew to 2.7% in 2017.

### BREAKDOWN OF PAYMENT PRACTICES IN RUSSIA, 2015-2017



Breakdown of payment practices by company size showed that bigger companies had better payment behavior as in the previous years. The situation improved last year. The share of medium and large companies paying by due date grew to 75.1% and 76.8% respectively. Meanwhile, in 2017 the share of “good payers” among small companies fell by 3.0 percentage points to 64.3%. The share of “bad payers” among small companies remained the highest (up from 9.2% to 9.6% in 2017).

TABLE 26.4 SOURCE: INTERFAX

### BREAKDOWN OF PAYMENT PRACTICES IN RUSSIA BY COMPANY SIZE IN 2015 -2017

| 2017             |             |               |            |            |              |
|------------------|-------------|---------------|------------|------------|--------------|
|                  | By due date | Up to 30 days | 30-60 days | 60-90 days | Over 90 days |
| Small (~1-50)    | 64,3%       | 18,0%         | 4,2%       | 3,8%       | 9,6%         |
| Medium (~51-250) | 75,1%       | 16,3%         | 2,6%       | 2,2%       | 3,7%         |
| Large (>250)     | 76,8%       | 17,0%         | 2,2%       | 1,3%       | 2,7%         |
| 2016             |             |               |            |            |              |

|                  | By due date | Up to 30 days | 30-60 days | 60-90 days | Over 90 days |
|------------------|-------------|---------------|------------|------------|--------------|
| Small (~1-50)    | 67,3%       | 16,0%         | 4,0%       | 3,5%       | 9,2%         |
| Medium (~51-250) | 74,1%       | 17,2%         | 2,9%       | 1,8%       | 4,0%         |
| Large (>250)     | 73,8%       | 19,3%         | 2,0%       | 1,6%       | 3,3%         |
| 2015             |             |               |            |            |              |
|                  | By due date | Up to 30 days | 30-60 days | 60-90 days | Over 90 days |
| Small (~1-50)    | 48,7%       | 22,5%         | 4,8%       | 4,5%       | 19,4%        |
| Medium (~51-250) | 69,0%       | 18,9%         | 2,8%       | 2,5%       | 6,8%         |
| Large (>250)     | 70,2%       | 21,1%         | 2,5%       | 2,0%       | 4,2%         |

Meanwhile, breakdown of payment practices by sectors reveals relatively wide variations. In 2017, “good payers” dominated such sectors as Pharmaceutical preparations; Industrial and commercial machinery and computer equipment; Communications; Business services; Engineering, accounting, research, management & related services; Insurance carriers; Lumber and wood products, except furniture; Forestry; Fabricated metal products, except machinery & transport equipment. The share of companies in these sectors with “By due date” payments exceeded 80% last year.

TABLE 26.5 SOURCE: INTERFAX

#### SECTORS WITH THE BEST PAYMENT RECORDS IN RUSSIA, 2017

|  | By due date | Up to 30 days | 30-60 days | 60 – 90 days | Over 90 days |
|--|-------------|---------------|------------|--------------|--------------|
| Pharmaceutical preparations                                      | 89,8%       | 6,3%          | 0,0%       | 1,6%         | 2,4%         |
| Industrial and commercial machinery and computer equipment       | 88,9%       | 8,4%          | 0,8%       | 0,6%         | 1,4%         |
| Communications   | 86,9%       | 8,5%          | 1,2%       | 0,0%         | 3,3%         |
| Business services  | 85,1%       | 9,8%          | 1,0%       | 1,5%         | 2,6%         |
| Engineering, accounting, research, management & related services | 83,7%       | 10,1%         | 2,6%       | 1,7%         | 1,9%         |
| Insurance carriers   | 83,6%       | 7,8%          | 0,8%       | 1,6%         | 6,3%         |
| Lumber and wood products, except furniture                       | 83,0%       | 9,4%          | 1,3%       | 0,5%         | 5,7%         |
| Forestry   | 81,1%       | 9,1%          | 4,0%       | 2,3%         | 3,4%         |

|  |              |              |             |             |             |
|--|--------------|--------------|-------------|-------------|-------------|
| <b>Fabricated metal products, except machinery &amp; transport equipment</b> | <b>80,5%</b> | <b>14,6%</b> | <b>1,1%</b> | <b>0,9%</b> | <b>2,9%</b> |
| <b>Food and kindred products</b>   | <b>79,8%</b> | <b>13,7%</b> | <b>1,5%</b> | <b>1,0%</b> | <b>4,0%</b> |
| <b>Wholesale trade</b>   | <b>79,2%</b> | <b>14,2%</b> | <b>1,4%</b> | <b>1,0%</b> | <b>4,2%</b> |
| <b>Rubber and miscellaneous plastic products</b>                             | <b>78,9%</b> | <b>15,4%</b> | <b>2,2%</b> | <b>0,7%</b> | <b>2,7%</b> |
| <b>Agricultural production</b>   | <b>78,8%</b> | <b>14,9%</b> | <b>1,6%</b> | <b>1,0%</b> | <b>3,7%</b> |
| <b>Furniture and fixtures</b>  | <b>78,8%</b> | <b>10,9%</b> | <b>2,9%</b> | <b>0,7%</b> | <b>6,6%</b> |
| <b>Textile mill products</b>   | <b>78,1%</b> | <b>15,2%</b> | <b>0,0%</b> | <b>1,0%</b> | <b>5,7%</b> |

*\*In accordance with the Standard Industrial Classification*

The list of the worst payers included Water supply; Real Estate; Electric, gas and sanitary services; Eating and drinking places; Printing, publishing and allied industries. More than 8% of companies in these sectors made payments over 90 days.

TABLE 26.6 SOURCE: INTERFAX

#### **SECTORS WITH THE WORST PAYMENT RECORDS IN RUSSIA, 2017**

|  | <b>By due date</b> | <b>Up to 30 days</b> | <b>30-60 days</b> | <b>60 – 90 days</b> | <b>Over 90 days</b> |
|--|--------------------|----------------------|-------------------|---------------------|---------------------|
| <b>Water supply</b>  | <b>42,1%</b>       | <b>31,7%</b>         | <b>4,8%</b>       | <b>4,1%</b>         | <b>17,2%</b>        |
| <b>Real estate</b>   | <b>61,2%</b>       | <b>18,3%</b>         | <b>4,8%</b>       | <b>4,7%</b>         | <b>11,0%</b>        |
| <b>Electric, gas and sanitary services</b>                             | <b>57,2%</b>       | <b>22,7%</b>         | <b>6,0%</b>       | <b>4,4%</b>         | <b>9,8%</b>         |
| <b>Eating and drinking places</b>                                      | <b>69,4%</b>       | <b>16,3%</b>         | <b>2,2%</b>       | <b>2,6%</b>         | <b>9,5%</b>         |
| <b>Printing, publishing and allied industries</b>                      | <b>71,0%</b>       | <b>15,0%</b>         | <b>2,5%</b>       | <b>3,2%</b>         | <b>8,4%</b>         |
| <b>Furniture and fixtures</b>  | <b>78,8%</b>       | <b>10,9%</b>         | <b>2,9%</b>       | <b>0,7%</b>         | <b>6,6%</b>         |
| <b>Apparel, finished products from fabrics &amp; similar materials</b> | <b>76,9%</b>       | <b>10,2%</b>         | <b>4,3%</b>       | <b>2,2%</b>         | <b>6,5%</b>         |
| <b>Insurance carriers</b>  | <b>83,6%</b>       | <b>7,8%</b>          | <b>0,8%</b>       | <b>1,6%</b>         | <b>6,3%</b>         |
| <b>Lumber and wood products, except furniture</b>                      | <b>83,0%</b>       | <b>9,4%</b>          | <b>1,3%</b>       | <b>0,5%</b>         | <b>5,7%</b>         |
| <b>Textile mill products</b>   | <b>78,1%</b>       | <b>15,2%</b>         | <b>0,0%</b>       | <b>1,0%</b>         | <b>5,7%</b>         |

*\*In accordance with the Standard Industrial Classification*

Russia's economic recovery has helped to maintain favorable payment situation. Russian companies have improved payment practices in mutual settlements. Meanwhile, some sectors still remain vulnerable, especially power and water utilities, real estate, construction, and catering. Besides, acceleration of growth in bank loans outstanding last year could hamper further improvement in payment situation in Russia.

## 27. TURKEY

### Payment analysis

In 2017, Turkish companies that paid their suppliers on time ("By due date" class) accounted for 53,8% of the total with a 2,8 percentage points increase compared with 2016 and 12,1 percentage points above the European average.

Moderate late payments ("Up to 30 days"), on the other hand, account for 33% of Turkish companies, while the intermediate late payment classes ("30-60 days" and "60-90 days") together account for 7,4 percentage points.

The variations for the late payment class of over 90 days are contained: at the end of 2017 the concentration of companies in this bracket was 5,8% (data remained unchanged compared to 2015), and 4,3% pay more than 120 days late on average.

There is general uniformity in terms of payment behavior between Micro and Small companies, whereas Medium and Large companies tend to pay less in time.

Specifically, Small companies have the highest concentration of punctual payers, with 51,6% of the total, followed in second place by Micro companies with 50,6%.

Large companies, on the other hand, have the highest concentration in the moderate late payment class of up to 30 days on average (51,1%).

Late payment of between 30 and 90 days on average is highest in the Large and Medium categories, with 9,7% of the total.

In terms of serious late payments, the worst performance is seen for the Micro companies: 7,5% exceed an average of 90 days beyond agreed payment terms.

The sector which stands out as having the most balanced payment behavior is Retail trade: in this case, 60,1% of companies manage to pay within agreed terms.

On the other hand, for the Mining there is a lower share of on time payments of only 49%.

Late payments are concentrated in the "Up to 30 days" class, with the highest percentages for Manufacturing (36,8%), whereas the highest concentration for the intermediate payment classes (between 30 and 90 days over payment terms) was seen for the Transportation, communications, utilities sector with 9,5% of the total.

Construction sector is the one with the highest percentage in the late payment class: 12% of its companies pay with more than 90 days of delay.

As regarding the micro-sectors in terms of payment performance, in first place in the classification of best-paying are Food, Automotive dealers and Service stations.

On the contrary, the worst performance relates to Heavy construction, except building and Metal mining sectors.

TABLE 27.1 SOURCE: CRIF TURKEY

**PERCENTAGE OF COMPANIES IN TURKEY WITH ON TIME PAYMENTS, 2012-2017**

|               | <b>2012</b>  | <b>2016</b>  | <b>2017</b>  |
|---------------|--------------|--------------|--------------|
| <b>Turkey</b> | <b>52,1%</b> | <b>51,0%</b> | <b>53,8%</b> |
| <b>Europe</b> | <b>39,1%</b> | <b>39,1%</b> | <b>41,7%</b> |

TABLE 27.2 SOURCE: CRIF TURKEY

**PERCENTAGE OF COMPANIES IN TURKEY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2012-2017**

|               | <b>2012</b> | <b>2016</b> | <b>2017</b> |
|---------------|-------------|-------------|-------------|
| <b>Turkey</b> | <b>4,9%</b> | <b>5,8%</b> | <b>5,8%</b> |
| <b>Europe</b> | <b>3,3%</b> | <b>3,7%</b> | <b>3,7%</b> |

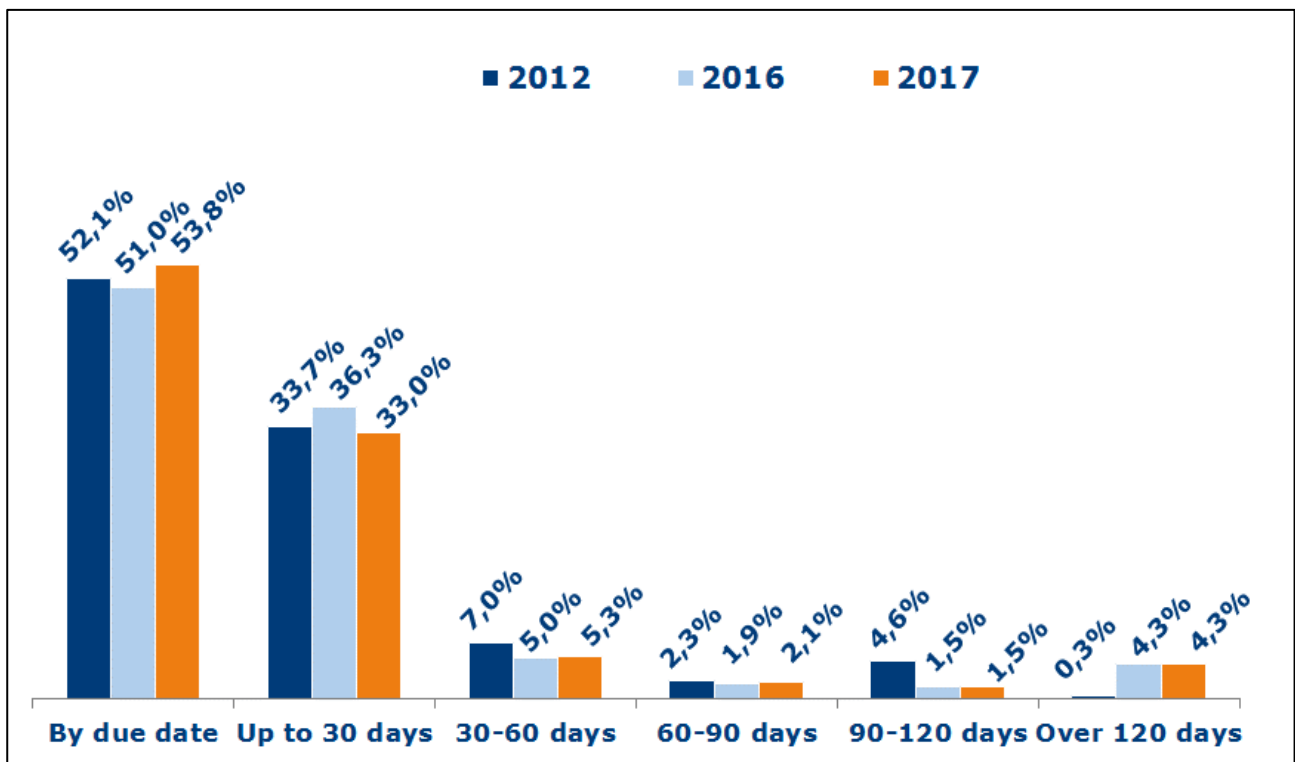
TABLE 27.3 SOURCE: CRIF TURKEY

**VARIATIONS IN PAYMENT PRACTICES IN TURKEY, 2012-2017**

|                      | <b>Variation<br/>2012/2017</b> | <b>Variation<br/>2016/2017</b> |
|----------------------|--------------------------------|--------------------------------|
| <b>By due date</b>   | <b>1,7%</b>                    | <b>2,8%</b>                    |
| <b>Up to 90 days</b> | <b>-2,6%</b>                   | <b>-2,8%</b>                   |
| <b>Over 90 days</b>  | <b>0,9%</b>                    | <b>0,0%</b>                    |

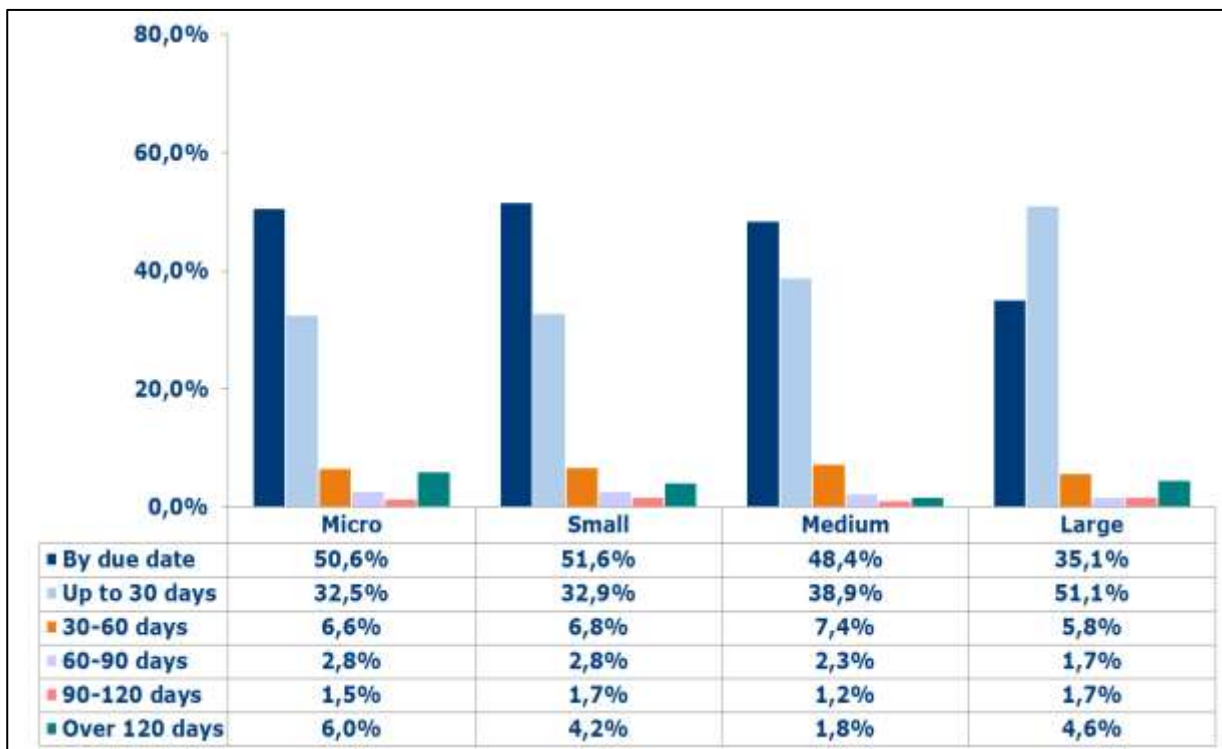
GRAPH 27.4 SOURCE: CRIF TURKEY

**PAYMENT PRACTICES IN TURKEY BY PAYMENT CLASS, 2012-2017**



GRAPH 27.5 SOURCE: CRIF TURKEY

**PAYMENT PRACTICES IN TURKEY BY TYPE OF COMPANY, 2017**





GRAPH 27.6 SOURCE: CRIF TURKEY

### PAYMENT PRACTICES IN TURKEY BY PRODUCT SECTOR, 2017

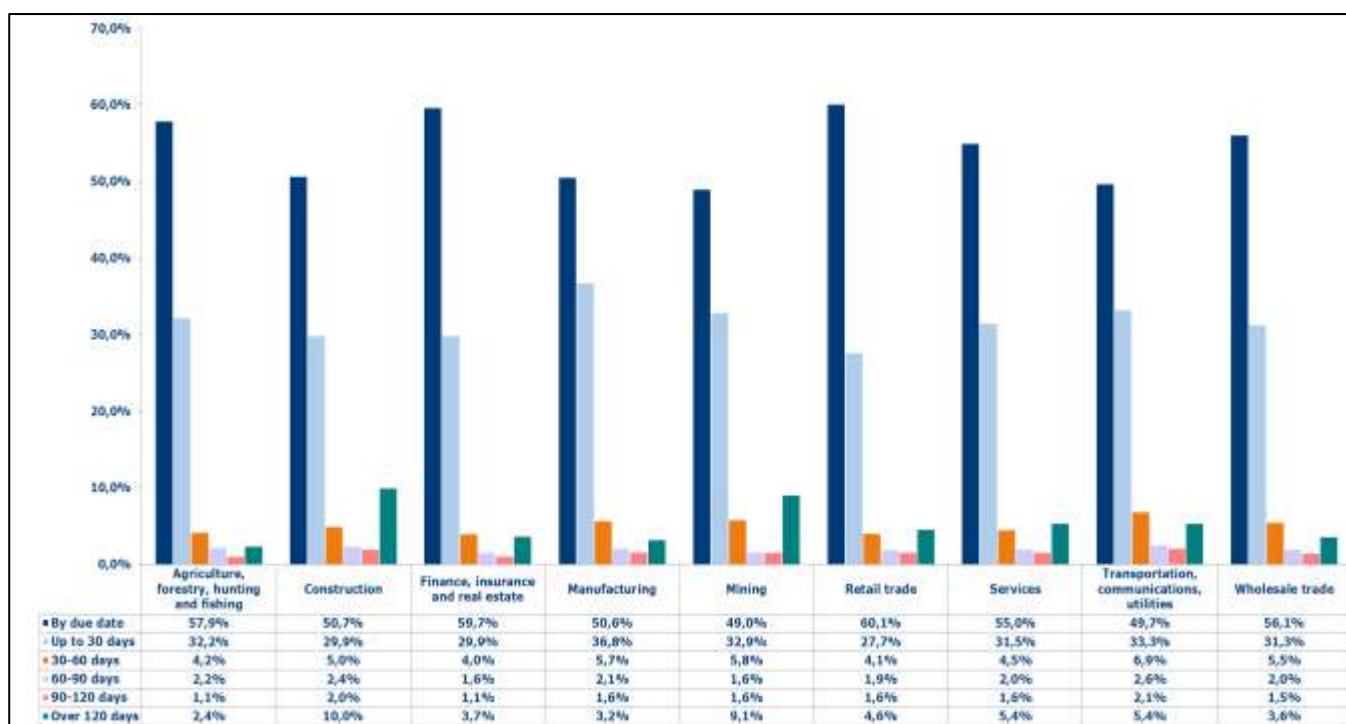


TABLE 27.7 SOURCE: CRIF TURKEY

### SECTORS WITH THE BEST PAYMENT RECORDS IN TURKEY, 2017

| Sector                                  | Ranking 2017 |
|---|--------------|
| FOOD STORES                             | 1            |
| AUTOMOTIVE DEALERS AND SERVICE STATIONS | 2            |
| WHOLESALE TRADE - NONDURABLE GOODS      | 3            |
| ENGINEERING AND MANAGEMENT SERVICES     | 4            |
| MISCELLANEOUS RETAIL                    | 5            |
| WHOLESALE TRADE - DURABLE GOODS         | 6            |
| FOOD AND KINDRED PRODUCTS               | 7            |
| FURNITURE AND FIXTURES                  | 8            |
| FABRICATED METAL PRODUCTS               | 9            |
| PAPER AND ALLIED PRODUCTS               | 10           |

TABLE 27.8 SOURCE: CRIF TURKEY

**SECTORS WITH THE WORST PAYMENT RECORDS IN TURKEY, 2017**

| <b>Sector</b>                              | <b>Ranking 2017</b> |
|--|---------------------|
| <b>HEAVY CONSTRUCTION, EXCEPT BUILDING</b> | <b>65</b>           |
| <b>METAL MINING</b>                        | <b>64</b>           |
| <b>TRANSPORTATION EQUIPMENT</b>            | <b>63</b>           |
| <b>GENERAL BUILDING CONTRACTORS</b>        | <b>62</b>           |
| <b>TRANSPORTATION SERVICES</b>             | <b>61</b>           |
| <b>NONMETALLIC MINERALS, EXCEPT FUELS</b>  | <b>60</b>           |
| <b>SPECIAL TRADE CONTRACTORS</b>           | <b>59</b>           |
| <b>EDUCATIONAL SERVICES</b>                | <b>58</b>           |
| <b>ELECTRIC, GAS AND SANITARY SERVICES</b> | <b>57</b>           |
| <b>INDUSTRIAL MACHINERY AND EQUIPMENT</b>  | <b>56</b>           |

## 28. GREECE

Below is the opinion of **Konstantinos Gondikas, Senior Financial Analyst of Credit Risk Services** at **ICAP Group** on the economic scenario and payment situation in Greece.

*"The Greek economy in 2017 has experienced a GDP growth in the first three quarters of 1.1% and is projected to reach 1.6% for the whole year following a marginal increase in 2016.*

*This improvement was driven by a rise in confidence, rebounding investment, an increase in foreign investments and robust export growth in the services sector.*

*Moving towards the end of the ESM program (August 2018), financial market expectations are improving, as reflected in the narrowing of the 10-year Greek government bond yield spread vis-à-vis the German bund at pre-crisis levels.*

*Positive signaling events for Greece in 2017 were:*

- *Standard & Poor's sovereign credit rating upgrade from B- to B,*
- *The unprecedented voluntary bond swap, which was characterized as 'credit positive' by Moody's,*
- *EC's recommendation and Council's decision on the conclusion of the Excessive Deficit Procedure for Greece,*
- *The successful attempt to access international capital markets for the first time since 2014, through a syndicated 5-year GG bond issued in July 2017 (at a 4.62% interest rate vs. 4.95% in 2014).*

*Despite that Greek economy turns to positive figures, this hasn't been reflected yet to the real economy.*

*Specifically, the Trade Exchange statistics shows that in 2017 Greek companies show similar payment behavior to 2016.*

- *Companies paying on time have slightly decreased to 29.82% in 2017 from 32.36% in 2016.*
- *The percentage of companies that delay their payments up to 90 days have slightly increased to 61.42% in 2017 from 59.98%.*
- *Companies that delay their payments over 90 days in 2017 increased to 8.75% from 7.66% in 2016."*

### Payment analysis

In 2017, Greek companies that paid their suppliers on time ("By due date" class) accounted for 29,8% of the total (-2,6% compared to 2016), 11,9 percentage points under the European average.

Moderate late payments ("Up to 30 days"), on the other hand, account for 38,6 percentage points, while the intermediate late payment classes ("30-60 days" and "60-90 days") together reach 22,8%.

At the end of 2017 the concentration of companies in the "Over 90 days" class was 8,8% and 4,4% pay more than 120 days late on average.

Micro and Small companies have the highest concentration of punctual payers: Micro with 35,5% and Small with 28,6% of the payments in time.

Large companies, on the other hand, have the highest concentration in the moderate late payment class of "Up to 30 days" on average (44,8%), while only 15,3% pay by due date.

However, in general it can be seen that there is a similar trend as regards the payments in the "Up to 30 days" class; in fact, all vary around an average of 40% of the total.

In terms of serious late payments, the worst performance is seen for the Small and Medium companies: 11,4% of the Medium companies exceed an average of 90 days beyond agreed payment terms and 6,3% of the Small companies belong to "Over 120 days".

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 the most balanced payment behavior is Wholesale: in this case, 36,2% of companies manage to pay within agreed terms.

For the Transport, distribution sector, on the other hand, there is a lower share of on time payments of 15%.

Late payments are concentrated in the "Up to 30 days" class, with the highest percentages for Transport, distribution sector (51,2%), whereas the highest concentration for the intermediate payment classes (between 30 and 90 days over payment terms) was seen for the Services sector with 35,4% of the total.

Finally, the most serious late payment class (over 90 days on average) is highest in the Services sector (15,7%), followed by Manufacturing with the 14,3% of the total.

TABLE 28.1 SOURCE: ICAP GROUP

#### PERCENTAGE OF COMPANIES IN GREECE WITH ON TIME PAYMENTS, 2014-2017

|        | 2014  | 2016  | 2017  |
|--------|-------|-------|-------|
| Greece | 32,3% | 32,4% | 29,8% |
| Europe | 37,6% | 39,1% | 41,7% |

TABLE 28.2 SOURCE: ICAP GROUP

#### PERCENTAGE OF COMPANIES IN GREECE WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2014- 2017

|        | 2014  | 2016 | 2017 |
|--------|-------|------|------|
| Greece | 19,5% | 7,7% | 8,8% |
| Europe | 3,8%  | 3,7% | 3,7% |

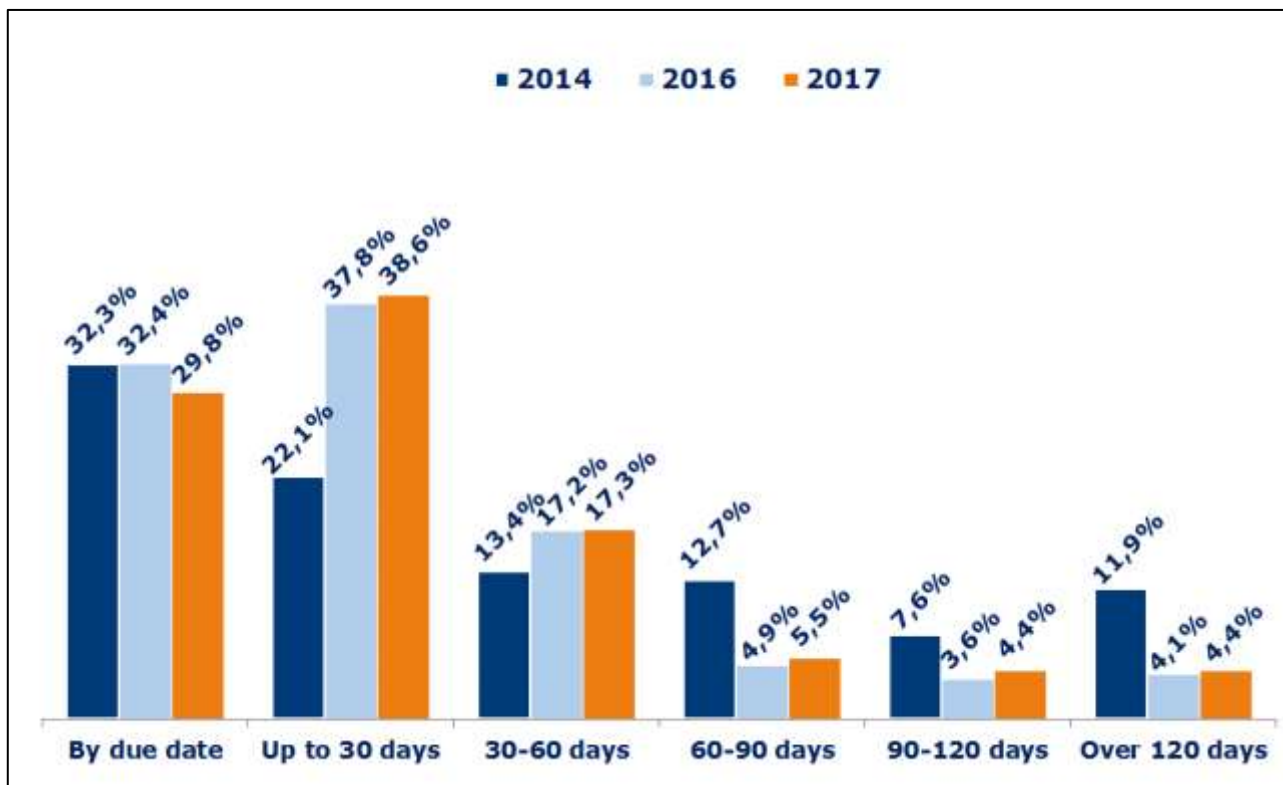
GRAPH 28.3 SOURCE: ICAP GROUP

#### VARIATIONS IN PAYMENT PRACTICES IN GREECE, 2014-2017

|               | Variation<br>2014/2017 | Variation<br>2016/2017 |
|---------------|------------------------|------------------------|
| By due date   | -2,5%                  | -2,6%                  |
| Up to 90 days | 13,2%                  | 1,5%                   |
| Over 90 days  | -10,7%                 | 1,1%                   |

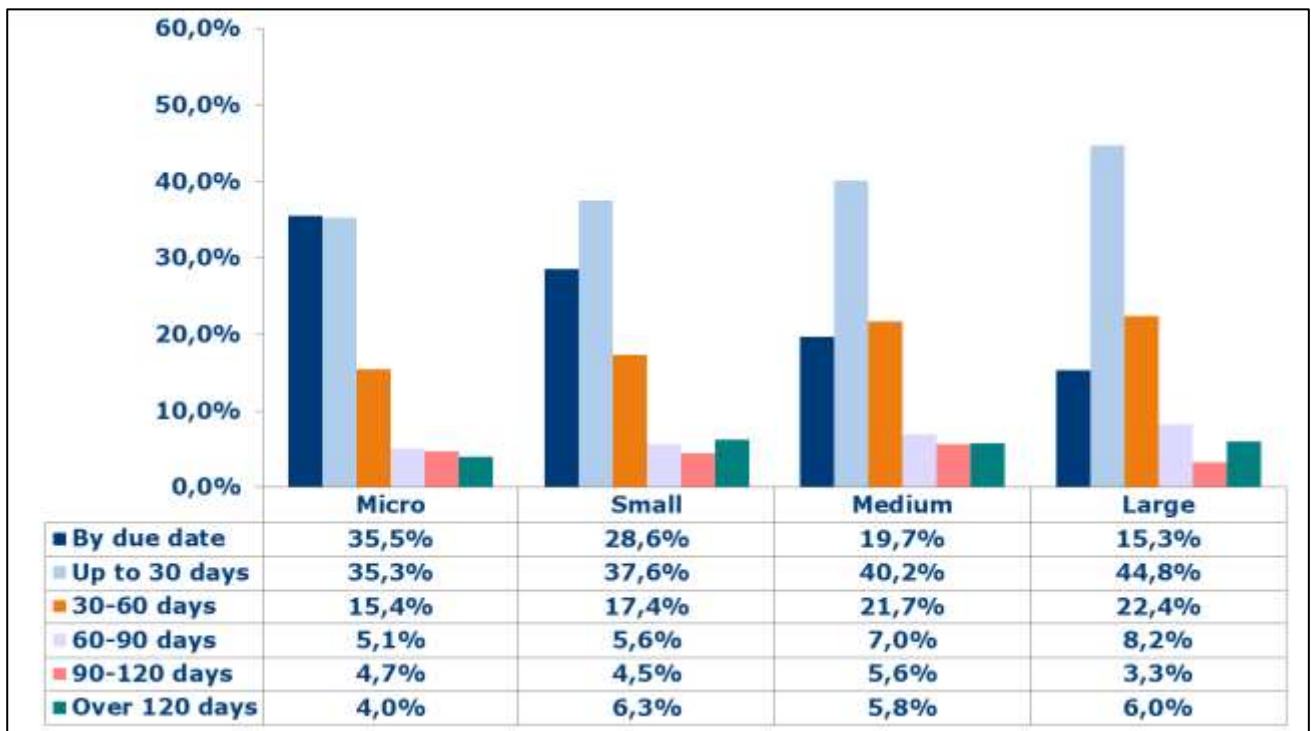
GRAPH 28.4 SOURCE: ICAP GROUP

#### PAYMENT PRACTICES IN GREECE BY PAYMENT CLASS, 2014-2017



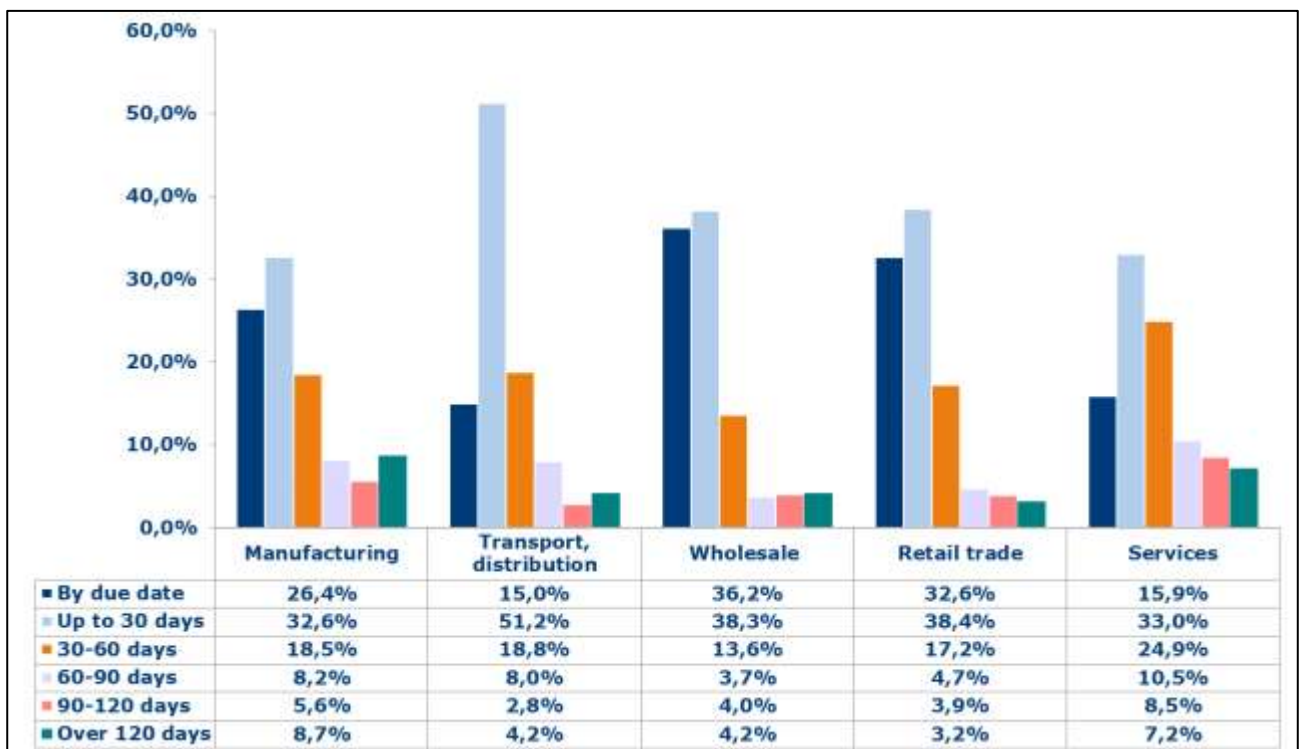
GRAPH 28.5 SOURCE: ICAP GROUP

### PAYMENT PRACTICES IN GREECE BY TYPE OF COMPANY, 2017



GRAPH 28.6 SOURCE: ICAP GROUP

### PAYMENT PRACTICES IN GREECE BY PRODUCT SECTOR, 2017



## 29. BULGARIA

Below is the opinion of **Theodoros Polydoros, Executive Director at ICAP Group**, on the economic scenario and payment situation in Bulgaria.

*"The positive economic development of the country in the last years continued in 2017 and Bulgaria's GDP grew by about 3.9%. Furthermore, exports increased by around 14% and reached 43% of GDP. Private consumption also showed progress, despite slightly more pessimistic consumer attitudes. The business environment in Bulgaria is slowly but constantly progressing due to low level of inflation rate (2.1%) and low interest rates leading to higher business loans and long-term investments.*

*Some of the negative impacts on the economy throughout 2017 were caused by decreasing foreign direct investments in the country, as well as shrinking current account surplus and growing trade balance deficit. Although the rates of employment and unemployment are optimistic – respectively 53.2% and 7.1% - the lack of working force has already become a significant issue for Bulgarian companies. Corruption and bureaucracy are persisting problems which deter business development. Still, political measures and the Bulgarian Presidency of the Council of the European Union improve to some extent the business image of the country.*

*All of the above mentioned leads to the conclusion that the economic and payment situation in Bulgaria is rather positive mainly due to observed progress in major macroeconomic indicators, lower indebtedness and steadily improving business environment. Future seems optimistic, as following the International Monetary Fund analysis, the GDP growth is projected at 3.2% in 2018 and 2.9% in 2019. Forecasts for unemployment rate predict constantly lowering levels in next years (below 6.5% in 2018).*

*At the end of 2017 the number of active companies was 890,951 - 6.2% more than the end of 2016. 3.5% less new companies were registered in this last year compared to 2016, while the companies in insolvency procedure decreased by around 10% on an annual basis.*

*For the 2017 Trade Exchange statistics in Bulgaria conclude the following:*

- *22.7% of companies pay their debt within the agreed period;*
- *The majority of the companies delay their payments (77.3%);*
- *Most of the delayed payments are within 30 days from the due date (65.6%);*
- *The share of delays over 60 days drops from 4.3% in 2016 to merely 3.9% in 2017;*
- *The most punctual payers are in the Administrative and support service activities sector, while the highest delays were observed in the Transportation industry."*



## Payment analysis

In 2017 Bulgarian companies that paid their suppliers on time ("By due date" class) account only 22,7% of the total, 19 percentage points under the European average.

On the other hand, the moderate late payments ("Up to 30 days") account for 65,6 percentage points, while the serious delays on payments don't reach remarkable values (2%).

Small companies have the highest concentration of punctual payers, with more than 25% of the total. Micro companies, on the other hand, have the highest concentration in the moderate late payment class "Up to 30 days" (73,1%), while only 16,5% pay by due date.

In term of serious late payments, the worst performance is seen for Small companies, but the percentage always remains under 3% (1,5% of serious late payments in the "Over 120 days" class). In general, percentages don't exceed 2,5% in the serious late payments.

Wholesale trade sectors show the best payment performances, with 29,3% of punctual payers. Others sectors always remain under 29% of the punctual payers.

A large part of Bulgarian companies is in the "Up to 30 days" class, with similar values varying between 59,4% for Wholesale trade and 72,6% for the Retail trade sector.

For the intermediate late payment class (between 30 and 90 days on average), the highest value is seen for the Manufacturing sector with 12% of the sample.

Finally, the most serious payments class (over 90 days on the average) is highest in the Transport and distribution sector (5,4%), followed by Construction with the 3,9% of the total.

TABLE 29.1 SOURCE: ICAP BULGARIA

### PERCENTAGE OF COMPANIES IN BULGARIA WITH ON TIME PAYMENTS, 2015-2017

|          | 2015  | 2016  | 2017  |
|----------|-------|-------|-------|
| Bulgaria | 21,7% | 23,7% | 22,7% |
| Europe   | 37,5% | 39,1% | 41,7% |

TABLE 29.2 SOURCE: ICAP BULGARIA

### PERCENTAGE OF COMPANIES IN BULGARIA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2015-2017

|          | 2015  | 2016 | 2017 |
|----------|-------|------|------|
| Bulgaria | 10,3% | 3,1% | 2,4% |
| Europe   | 3,5%  | 3,7% | 3,7% |



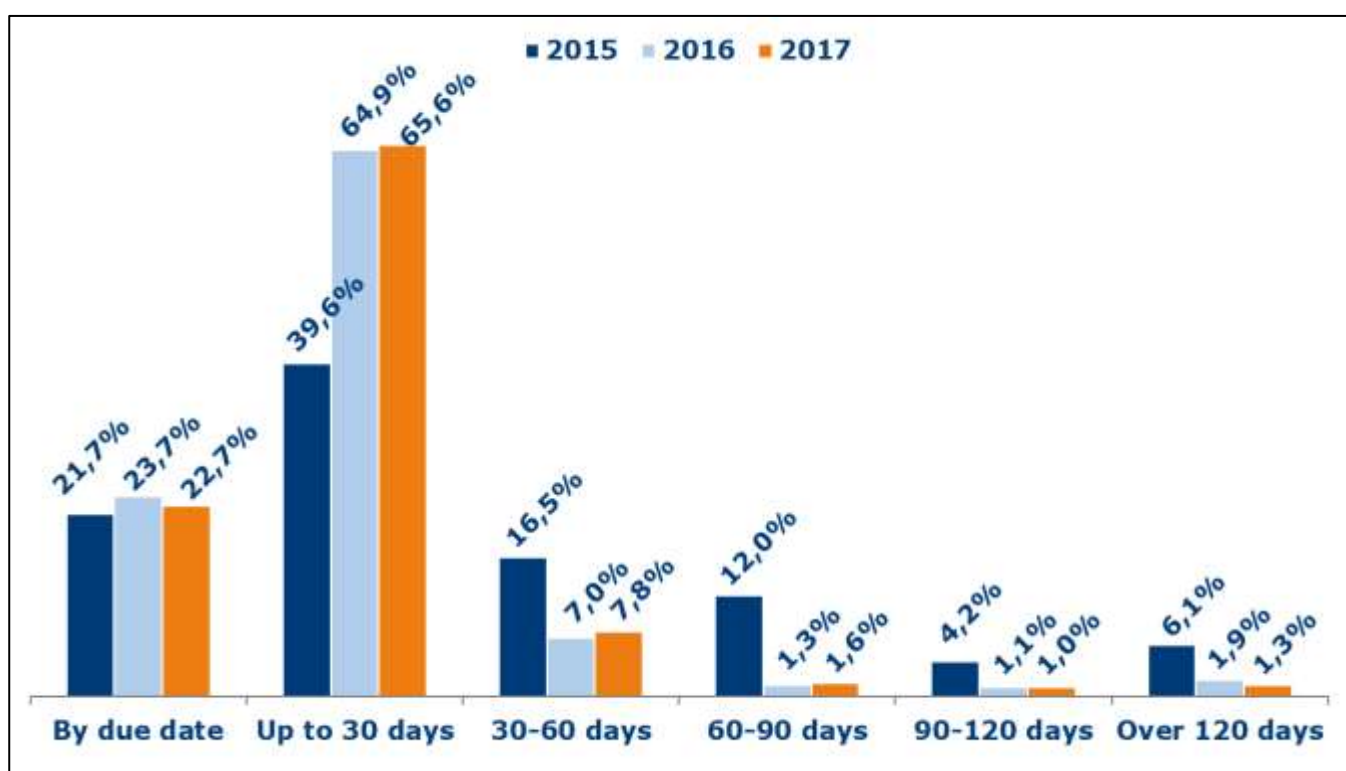
TABLE 29.3 SOURCE: ICAP BULGARIA

**VARIATIONS IN PAYMENT PRACTICES IN BULGARIA, 2015-2017**

|              | Variation<br>2015/2017 | Variation<br>2016/2017 |
|--------------|------------------------|------------------------|
| By due date  | 2,0%                   | -1,0%                  |
| Up 90 days   | 5,2%                   | 1,7%                   |
| Over 90 days | -7,2%                  | -0,7%                  |

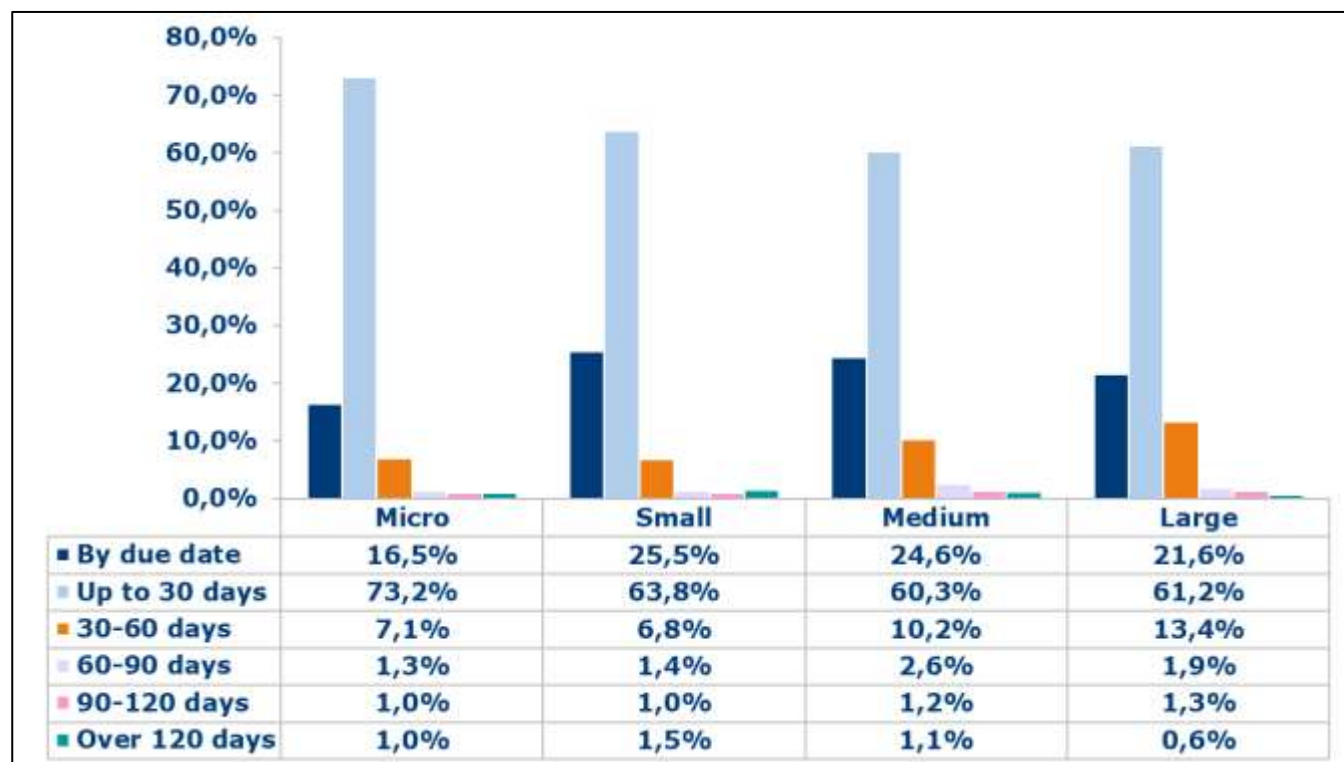
GRAPH 29.4 SOURCE: ICAP BULGARIA

**PAYMENT PRACTICES IN BULGARIA BY PAYMENT CLASS, 2015-2017**



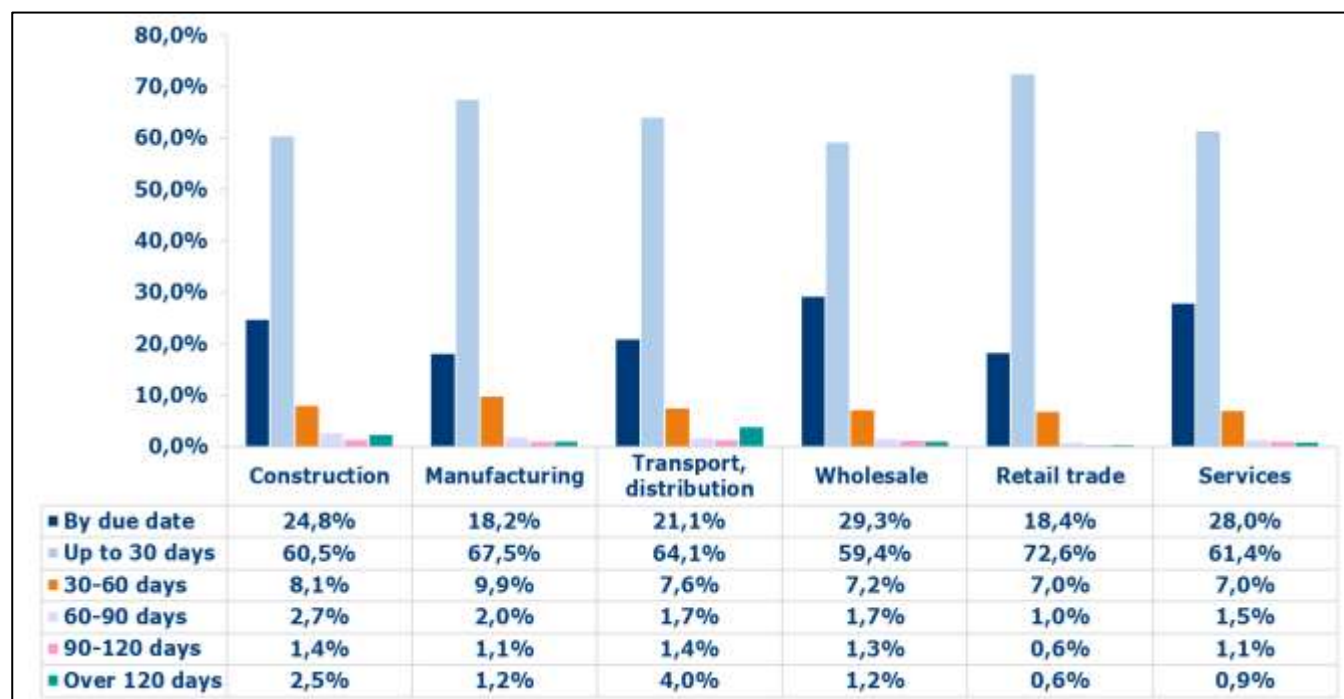
GRAPH 29.5 SOURCE: ICAP BULGARIA

### PAYMENT PRACTICES IN BULGARIA BY TYPE OF COMPANY, 2017



GRAPH 29.6 SOURCE: ICAP BULGARIA

### PAYMENT PRACTICES IN BULGARIA BY PRODUCT SECTOR, 2017



## 30. LITHUANIA

Below is the opinion on the economic scenario and payment situation in Lithuania.

*"According to statistical data, last year Lithuania's GDP increased for the third year in a row. GDP growth reached 3.4% in 2017 and amounted to EUR 41.8 billion at current prices. The largest positive influence on the GDP change in 2015–2017 was made by an increase in the value added generated by service sector and industry.*

*In 2017, industrial output sold amounted to EUR 20.5 billion at current prices, an increase of 7.1 per cent at constant prices against 2016. The largest increase in output was observed in enterprises manufacturing metal products, except machinery and equipment – 43.8 per cent, machinery and equipment n.e.c. – 33.7 per cent, computer, electronic and optical products – 26.7 per cent. A decrease in output was observed in enterprises manufacturing basic pharmaceutical products and pharmaceutical preparations – by 48 per cent, beverages – 18.8 per cent, wearing apparel – 2.3 per cent.*

*In 2017, exports of goods from Lithuania amounted to EUR 26.5 billion, 64.2% of all production. Imports to Lithuania equaled to EUR 28.7 billion. Against 2016, exports and imports increased by 17.3 and 16.3 per cent respectively. The main export/import countries remained the same. Lithuania mainly exported to Russia, Latvia, Poland, and Germany, imported – from Russia, Germany, Poland, and Latvia.*

*As of 1 January 2018, there were 104 117 economic entities in operation in Lithuania (46 per cent of all economic entities registered in the Register of Legal Persons). Over 80 per cent of economic entities in operation had less than 10 employees; their annual revenue totalled EUR 0.3 million.*

*The average profitability of enterprises stood at 5.8 per cent. Against the respective period of 2016, profitability decreased by 0.2 percentage points. The most profitable enterprises were those engaged in business services (except for head offices) and information and communication – their profitability reached, respectively, 14.7 and 10.6 per cent. The least profitable were construction enterprises – their profitability stood at 2 per cent.*

*In 2013, European directive 2011/7/EU, regulating typical late payment terms between business entities, was implemented in Lithuania. Maximum late payment term cannot exceed 60 days. In Lithuania, usually a delayed payment term of 30-60 days is applied. 30 days payments are used as standard term.*

*The analysis of companies' priority/tax payment practice is an important instrument enabling to reveal possible cash flow deficit and potential problems in paying suppliers.*

*Sector analysis of tax payment dynamics shows that payment habits did not change much. The number of companies paying State Social Security Fund (SODRA) on time in such business sectors as agriculture, forestry and fishing, mining and quarrying, electricity, gas, steam and air conditioning supply, transportation and storage, financial and insurance activities has increased, and the number of late payers has dropped in all sectors respectively. In the majority of business sectors over 70 % of all companies are in low risk group. The situation in construction and accommodation and food services sectors is not as positive. Just 67.7% percent of companies in construction and 63.5 % in accommodation and food service activities sector fall into non-risk companies category. Some major structural changes in risk groups have taken place in these sectors. The number of companies that moved from non-risk into low risk group has increased.*

*The number of companies in low risk group grew most considerably in water supply, waste management and remediation, an increase of 5.2%. In wholesale and retail trade repair of motor vehicles and motorcycle, the number of low and moderate risk companies grew 3% and 2.9% respectively.*

*Positive tendencies can be noticed when comparing dynamics in payment habits in 2016-2017. The number of non-risk companies has increased in all sectors. At the same time, the number of companies in low, moderate and high risk groups went down. The number of companies with payments late over 120 days dropped in the business sector payment analysis as well as in the analysis according the company size. This is partially due to the increased state institutions' fight against late payments. As of 2016, State Social Security Fund and State Tax Inspectorate are actively applying forceful debt collection procedures. This change in late payment tolerance is one of the reasons for an 8% increase in bankruptcies in 2017. A total of 2951 bankruptcy cases were initiated. As reported, 52.5% of all bankruptcy cases in 2017 were initiated by State Social Security Fund and 17.2% by State Tax Inspectorate. These figures show once again that monitoring tax payment habits is an important tool in credit risk management."*

## **Payment analysis**

The Lithuanian payment system in 2017 is characterized by a good performance and by an improvement compared to 2017.

The share of companies in "Very Small" class is 78% of the total, with a 3,7 percentage point increase vs. 2016.

"Small" class account for 11,1% of Lithuanian businesses, while intermediate late payment class ("Medium") interest the 6,8% of cases.

"Bad payers" ("High" class) has decreased by 2,8 percentage points, from 6,9% registered in 2016 to 4,1% of 2017.

Medium companies have the highest concentration of good payers, with 87,9% of the total in the "Very Small" class, followed by 9,4% in the "Small" class.

Good performances also for the other companies with more than 76% of cases with very small risk of payment with delay.

In terms of serious late payments, the worst performance is seen for the Micro companies: 4,8% of the total belongs to the classes "High", followed by Small businesses with 3,2%.

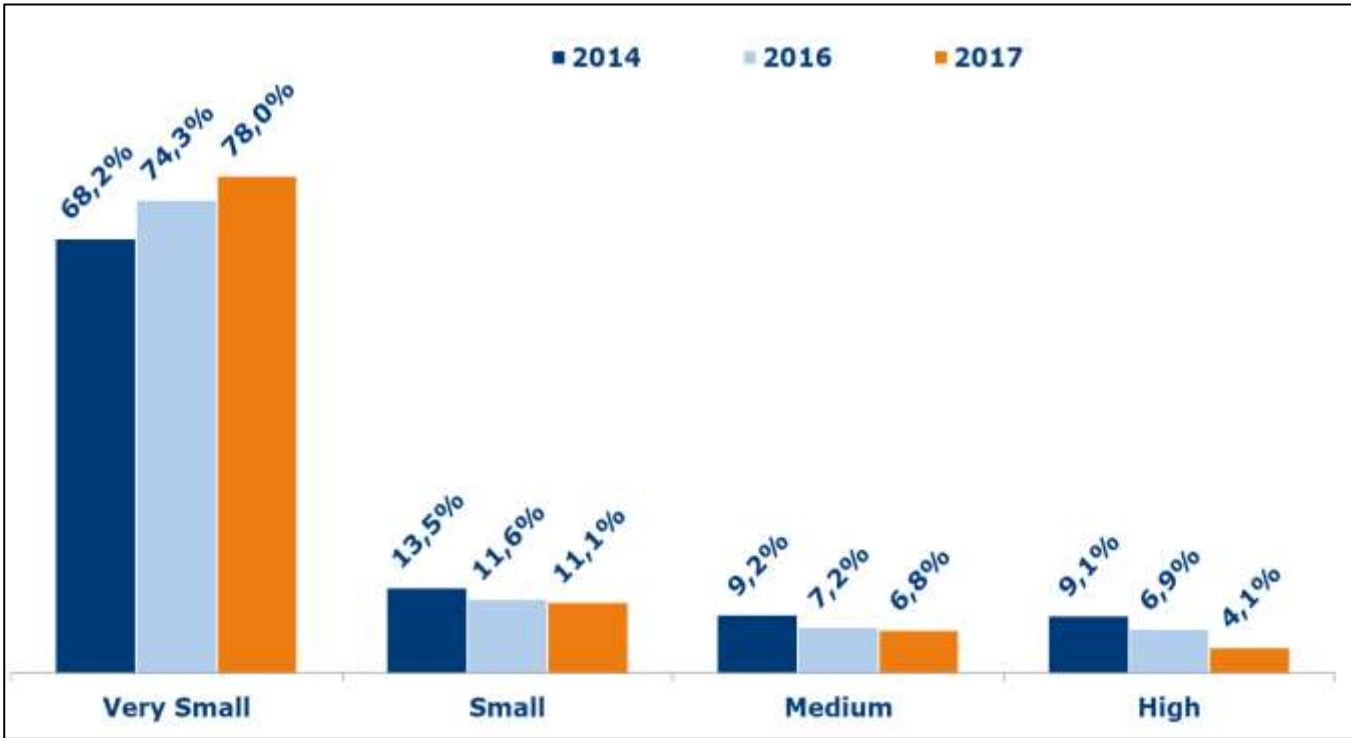
For all macro-sectors there is a widespread tendency to manage commercial transactions with good performance: the best sectors are Public administration and defence; compulsory social security (94,9% in "Very Small" class), Other services activities (89,5%) and Financial and insurance activities (89%).

Payment performance, on the other hand, are less positive in Manufacturing in which 71,5% of companies has a very small risk and 5,8% is in the "High" class.

The highest percentages in the "Medium" class are seen for Construction (11,5%) and Accommodation and food service activities (11%).

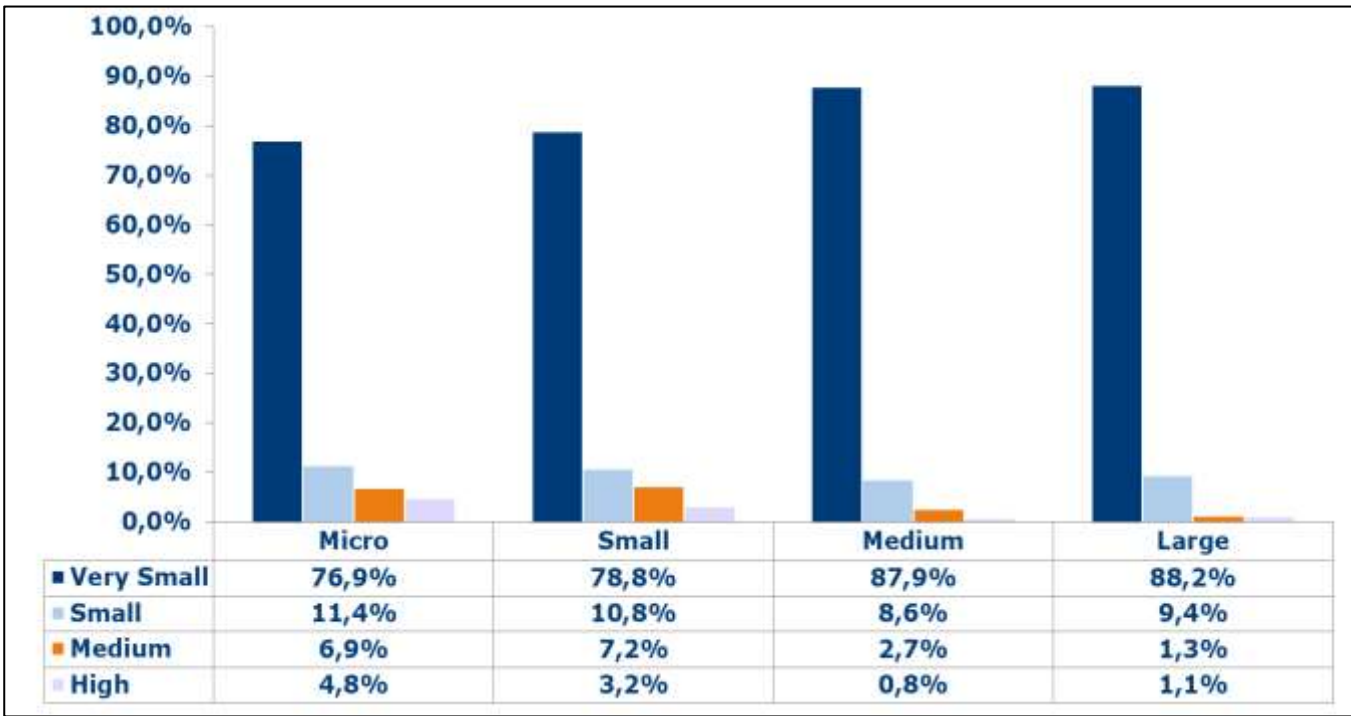
GRAPH 30.1 SOURCE: DUN & BRADSTREET LITHUANIA

**PAYMENT PRACTICES IN LITHUANIA BY PAYMENT CLASS, 2014-2017**



GRAPH 30.2 SOURCE: DUN & BRADSTREET LITHUANIA

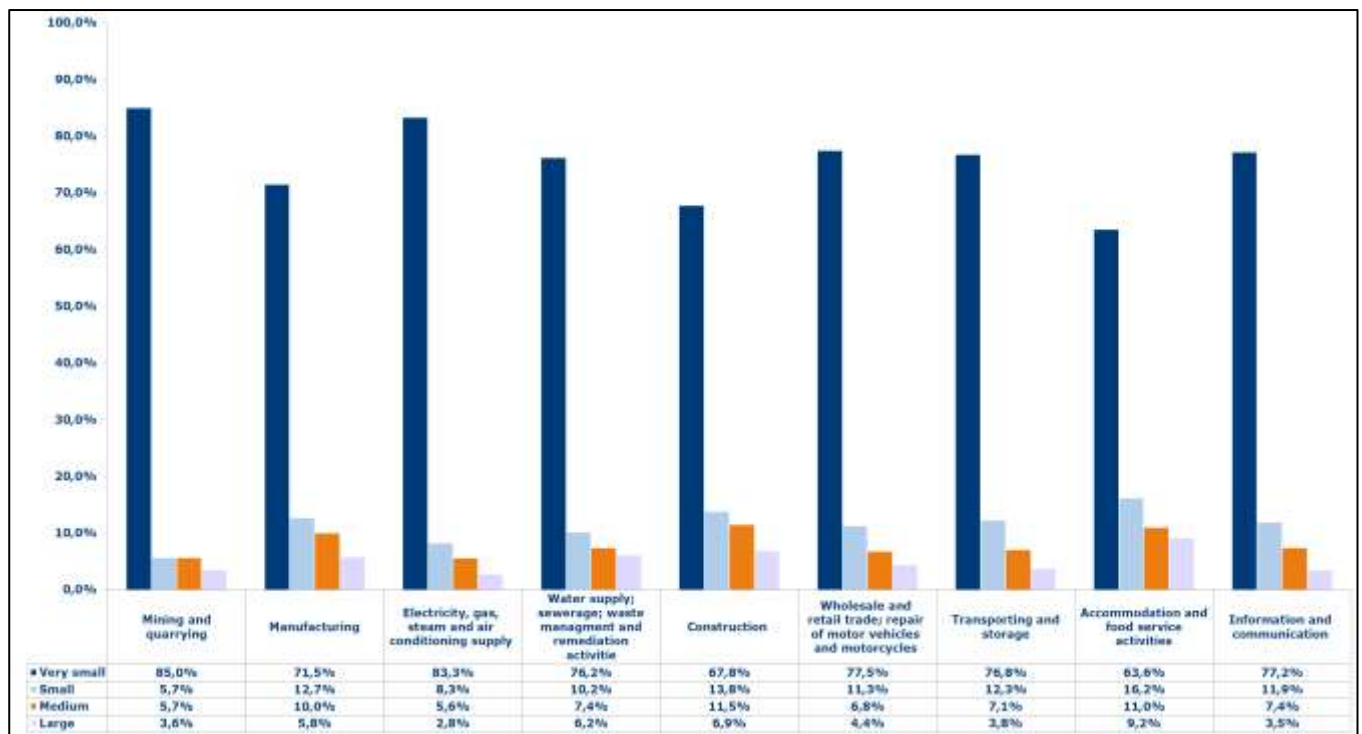
**PAYMENT PRACTICES IN LITHUANIA BY TYPE OF COMPANY, 2017**





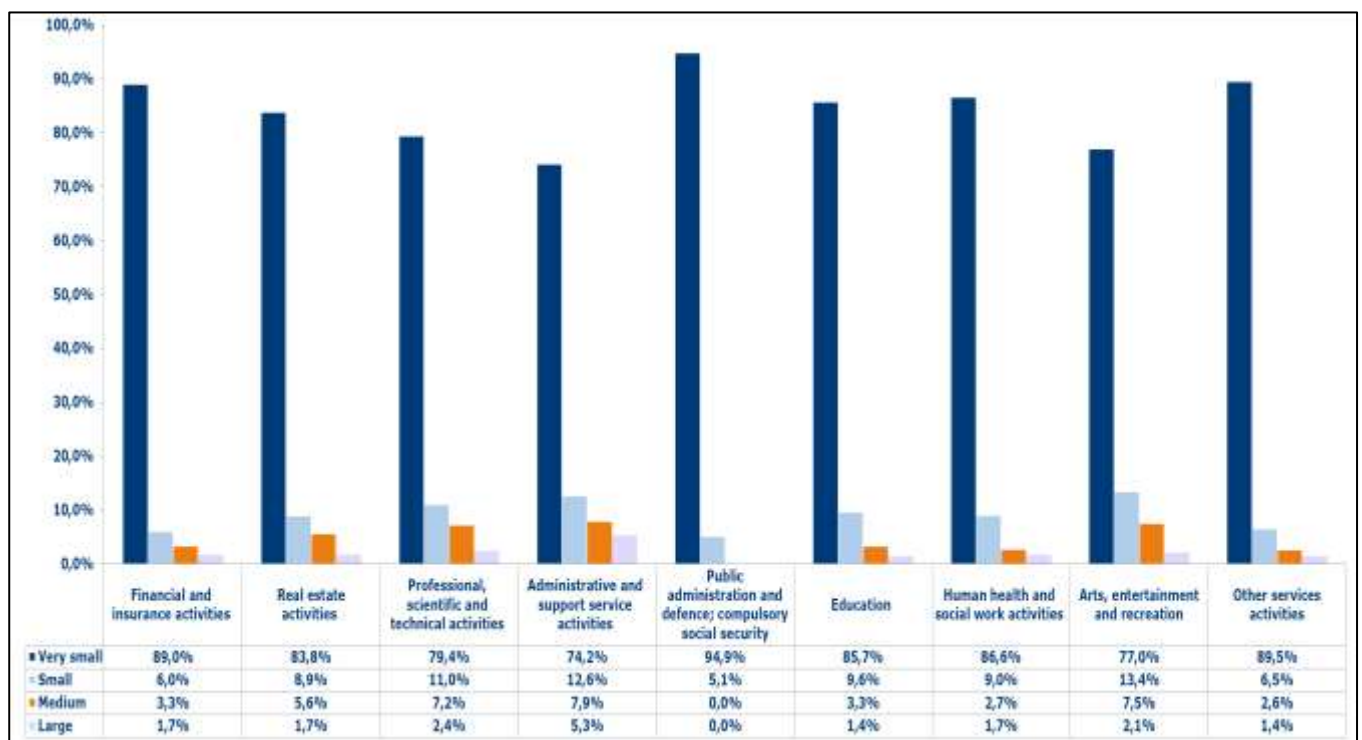
GRAPH 30.3 SOURCE: DUN & BRADSTREET LITHUANIA

**PAYMENT PRACTICES IN LITHUANIA BY PRODUCT SECTOR, 2017**



GRAPH 30.4 SOURCE: DUN & BRADSTREET LITHUANIA

**PAYMENT PRACTICES IN LITHUANIA BY PRODUCT SECTOR, 2017**



## 31. ROMANIA

Below is the opinion of **Elena Mirea, Analyst Romanian Market Studies** at **ICAP Romania**, on the economic scenario and payment situation in Romania.

*"Romania's business scene has improved significantly in the past few years, ranking 36th worldwide on the aggregate ease of doing business index, according to the World Bank's Doing Business Report 2016-2017. Romania's growth prospects are favorable, given the country's high convergence potential, with a purchasing-power-parity-adjusted GDP per capita at 57 percent of the EU average". (Business Review – Annual Investment Guide / 2017 edition)*

*The Romanian GDP expanded 8.8 percent year-on-year in the third quarter of 2017. The unemployment rate was 4% (Nov 2017), decreasing 17 pp compared to 2016. The inflation rate in Romania in 2017 reached 1.3%, compared to negative previous year value (-1.5%). Total external debt increased by almost 1.5 billion euros in January-November 2017, mainly due to the rise in state debt. According to Ministry of Finance, Romania's public debt was at the end of October at 36.4% of GDP, but may reach 38% of GDP at the end of 2017. Fitch Ratings reconfirmed Romania's rating to "BBB-" with a stable outlook (in Jan 2018).*

*In 2017 the number of active companies was 869,118. 30% more new companies were registered until November 2017 compared to the same period of 2016. This was a significant increase if we take into consideration the 6% decrease from 2015 to 2017. The radiated companies also recorded a decrease of 27% in November 2017 compared to November 2016. Therefore in 2017 the number of new companies is higher than the radiated ones (130,301 vs 73,771 in absolute values for November 2017). The number of companies with at least one Insolvency procedure increased for the first time after 2 years of decrease (8% more than the same period of 2016).*

*According to an order given by the National Agency of Fiscal Administration, from 31st of December 2016, only overdue debts to the state budget greater than certain limits, between 22,000-111,000 EURO depending on companies' size, are subject of publication.*

*The 2017 Trade Exchange statistics should be related to the few years' activity on TEP market and to the above mentioned economic climate in the real economy:*

- The companies that pay within terms represent 31% of the universe recorded, increasing percentage comparing to 18% recorded in 2016;*
- Almost half of the companies beyond terms delay their payments up to 30 days (46%);*
- 33% of the companies beyond terms delay their payments by 15 days;*
- The most significant change (besides the increasing percentage of companies paying in 15 days) was recorded by companies "beyond terms which delay payment over 60 days", 7% less than previous period.*

*Regarding the profile of entities recorded:*

- Agriculture (36%), Manufacturing (24%) and Commerce (33%) industries are the ones with the largest no of companies that pay in time.*
- The highest percentage of companies with more than 60 days delay in their payments is recorded by companies from Services sector.*

*As a conclusion on payment behavior in Romania, one third of Romanian companies should be expected to pay within terms (compared to one fifth in previous year). The majority of companies are paying with a delay of 15 to 30 days which is an improvement compared to the previous period, when 30-60 days was the majority.*

*"Real GDP growth accelerated in 2017, driven mainly by private consumption. Looking ahead, growth is set to decelerate but remain above potential. As a consequence of fiscal easing and an increasing output gap, Romania's structural deficit is forecast to rise. Despite strong GDP growth, the debt-to-GDP ratio is projected to rise also in next year". (European Commission Economic Forecast)".*

## Payment analysis

In 2017, Romanian companies that paid their suppliers on time ("By due date" class) accounted 30,7% of the total, 11 percentage points under the European average.

The moderate late payments ("Up to 30 days") account for 32,1 percentage points, while the intermediate late payment classes, "30-60 days" and "60-90 days", together reach 22,6%.

The share of "bad payers" ("Over 90 days") at the end of 2017 account 14,6% of the total.

Romanian companies pay on time with a range from 29,4% of Large companies to 31,8% of Small Companies

Small companies have also the highest concentration in the moderate late payment class "Up to 30 days" (36%).

In term of serious late payments ("Over 90 days"), the worst performance is seen for Large companies with 21,1% of the total.

TABLE 31.1 SOURCE: ICAP ROMANIA

### PERCENTAGE OF COMPANIES IN ROMANIA WITH ON TIME PAYMENTS, 2016-2017

|         | 2016  | 2017  |
|---------|-------|-------|
| Romania | 17,6% | 30,7% |
| Europe  | 39,1% | 41,7% |

TABLE 31.2 SOURCE: ICAP ROMANIA

### PERCENTAGE OF COMPANIES IN ROMANIA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2016-2017

|         | 2016  | 2017  |
|---------|-------|-------|
| Romania | 20,4% | 14,6% |
| Europe  | 3,7%  | 3,7%  |



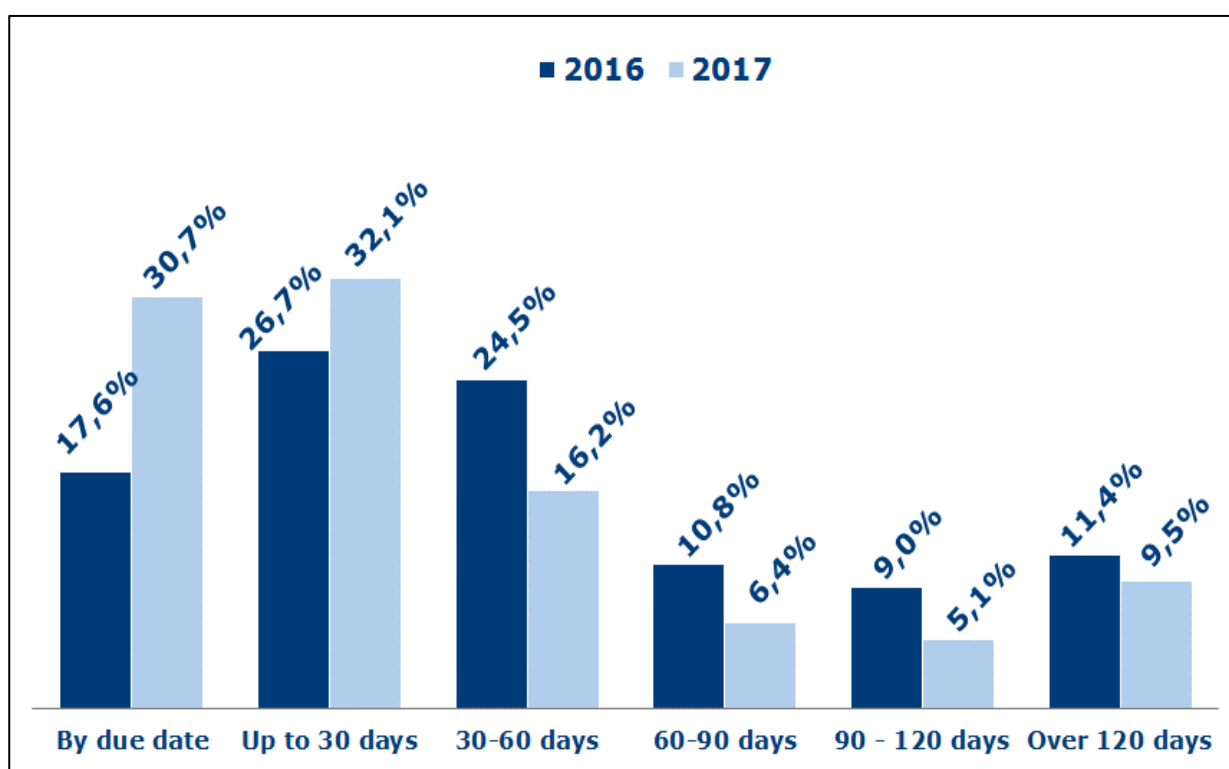
TABLE 31.3 SOURCE: ICAP ROMANIA

**VARIATIONS IN PAYMENT PRACTICES IN ROMANIA, 2016-2017**

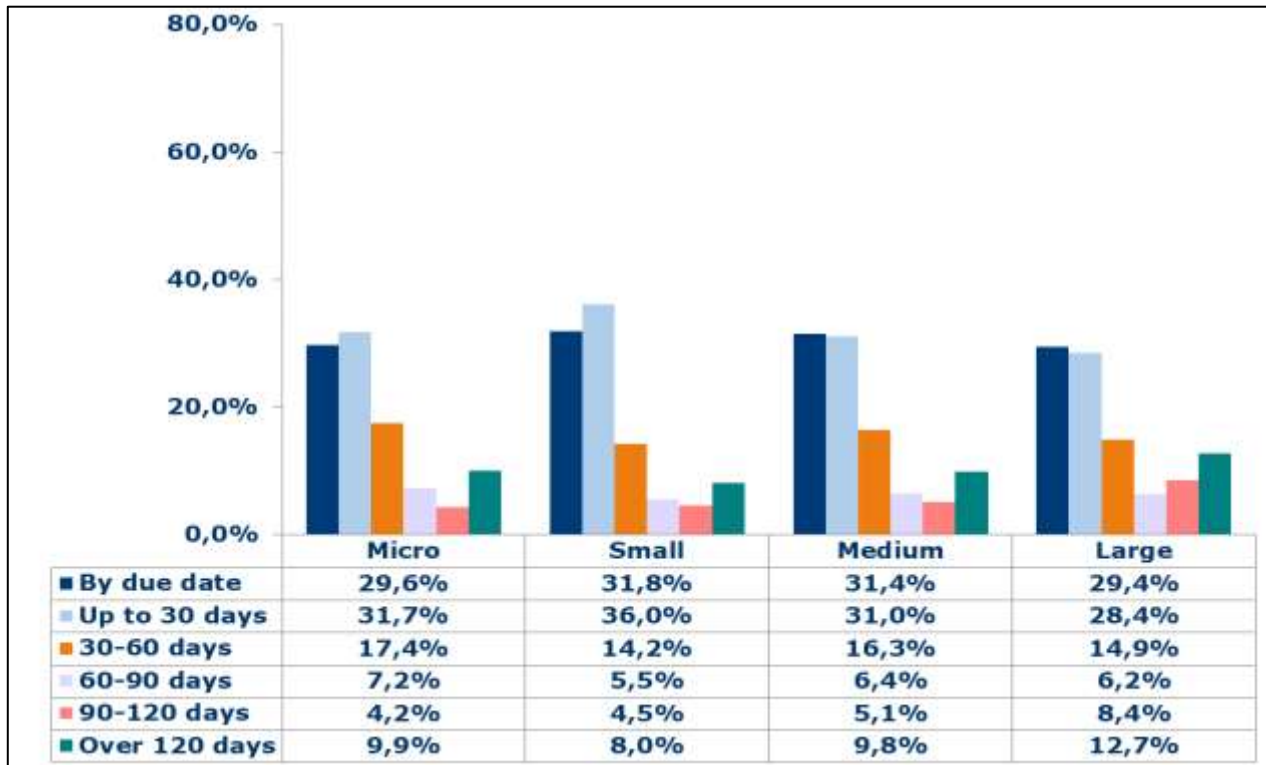
|              | Variation<br>2016/2017 |
|--------------|------------------------|
| By due date  | 13,1%                  |
| Up 90 days   | -7,3%                  |
| Over 90 days | -5,8%                  |

GRAPH 31.4 SOURCE: ICAP ROMANIA

**PAYMENT PRACTICES IN ROMANIA BY PAYMENT CLASS, 2016-2017**



**PAYMENT PRACTICES IN ROMANIA BY TYPE OF COMPANY, 2017**



## 32. SERBIA

### Payment analysis

In 2017, the percentage of companies paying their trading partners on time is 32,8% of the total, 8,9 percentage points under the European average.

Companies in the intermediate late payment class of between 30 and 90 days represent 9,9% of the total.

On the other hand, the percentage of companies that pay more than 90 days late on average in Serbia is 2,4% with a gap of 1,3 percentage points from the European average.

Small and Medium companies have a more balanced behavior: 33,7% of companies respect agreed terms and 52,7% and 51,9% respectively pay suppliers within the next 30 days.

Large companies, instead, have the worst performance as concerns payments on time: only 21,1% of "good payers" belongs to this class.

Micro and Small companies focus their payments mainly in the "Up 30 days" class, varying between 56,9% of Micro companies to 60,6% of Large companies.

In the intermediate late payments class ("30–90 days") the payment behavior is heterogeneous and varying between 8,2% of Micro companies to 16,6% of Large companies.

In the more serious late payment classes values are varying between 1,7% (Large) and 3,2% (Medium).

As regards the payment practices in terms of payment class and sector, Services are the sector that pay most in time (37,4%), while the least virtuous sector is Manufacturing sector with only 26,8 percentage points.

All the sectors considered have a greater propensity to pay suppliers up to 30 days late (more than 52% in all cases).

Manufacturing is more problematic in relation to other late payment classes: 14,6% of companies pay suppliers with an average delay of between 30 and 90 days.

As regards very late payments ("Over 90 days"), the best performance is seen for Retail trade (1,6%), while the worst sector is Transportation, communications, electric, gas and sanitary service with 4,4% of the total.

TABLE 32.1 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

#### PERCENTAGE OF COMPANIES IN SERBIA WITH ON TIME PAYMENTS, 2017

|        | 2017  |
|--------|-------|
| Serbia | 32,8% |
| Europe | 41,7% |

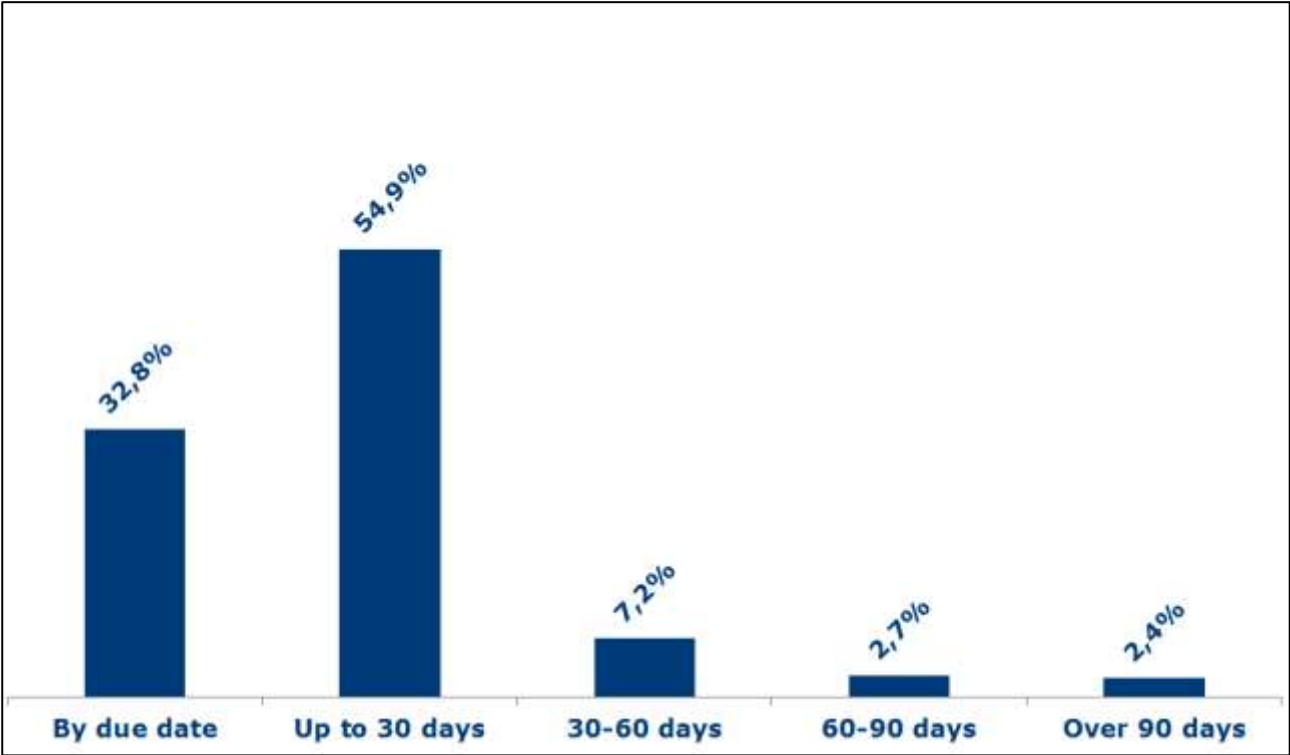
TABLE 32.2 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

**PERCENTAGE OF COMPANIES IN SERBIA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2017**

|        | 2017 |
|--------|------|
| Serbia | 2,4% |
| Europe | 3,7% |

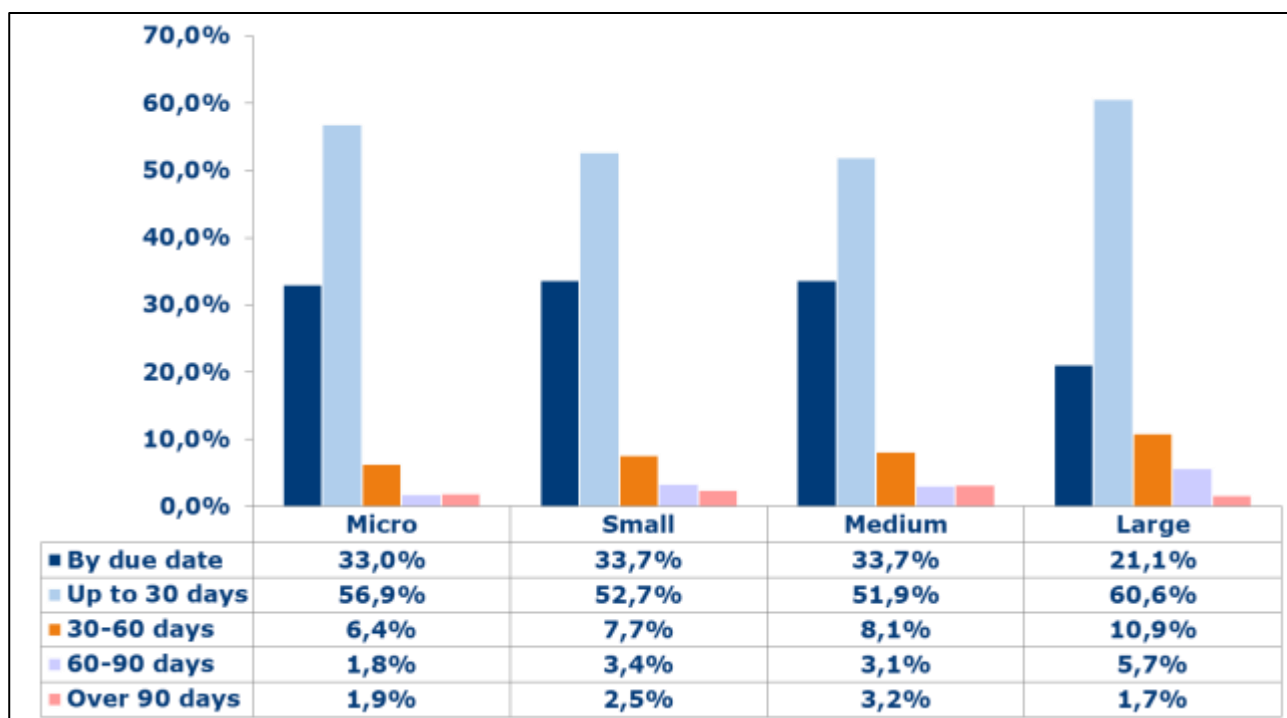
GRAPH 32.3 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

**PAYMENT PRACTICES IN SERBIA BY PAYMENT CLASS, 2017**



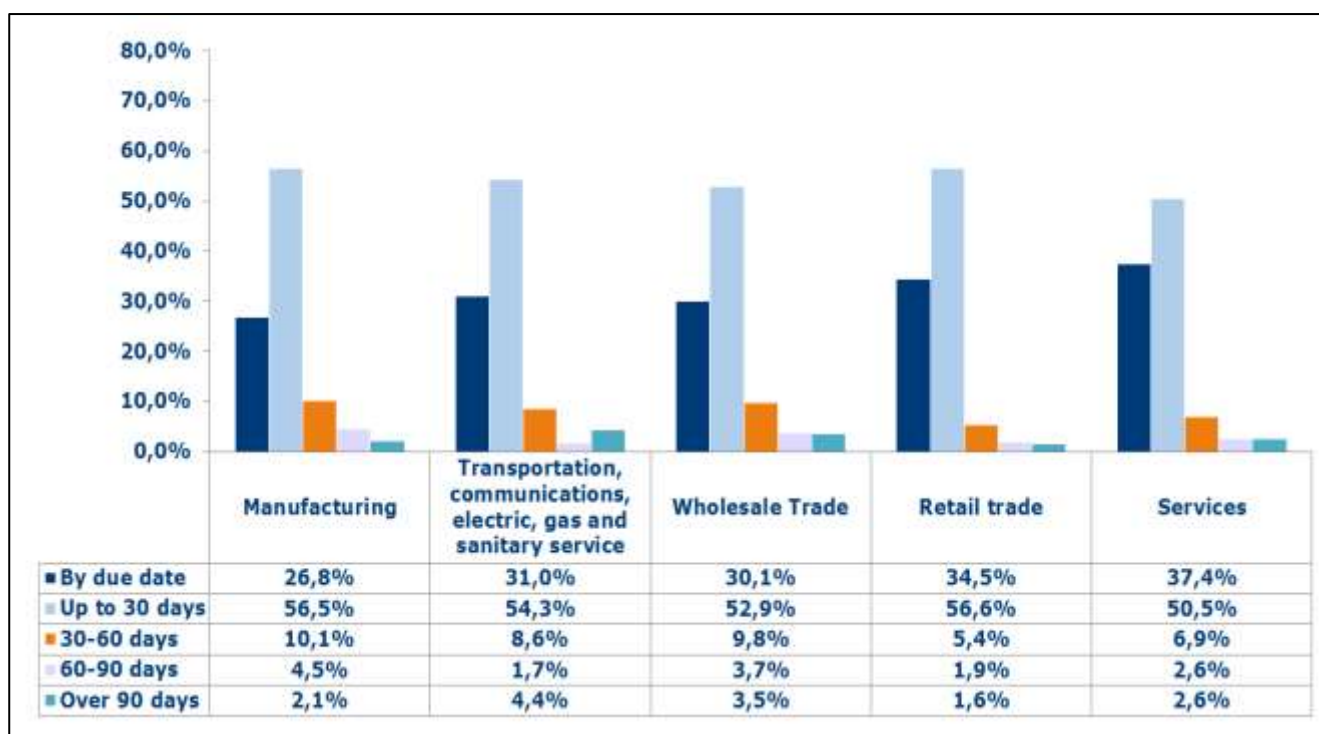
GRAPH 32.4 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

### PAYMENT PRACTICES IN SERBIA BY TYPE OF COMPANY, 2017



GRAPH 32.5 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

### PAYMENT PRACTICES IN SERBIA BY PRODUCT SECTOR, 2017



## 33. CROATIA

### Payment analysis

In 2017, the percentage of companies paying their trading partners on time is 39,1% of the total, 2,6 percentage points less than the European average.

Companies in the intermediate late payment class of between 30 and 90 days represent 11,5% of the total.

On the other hand, the percentage of companies that pay more than 90 days late on average in Croatia is 4,5% with a gap of -0,8 percentage points from the European average.

Micro companies have a more balanced behavior: 40,2% of companies respect agreed terms and 46,5% pay suppliers within the next 30 days.

Medium companies, instead, have the worst performance as concerns payments on time: only 34,8% of "good payers" belongs to this class.

All companies focus their payments mainly in the "Up 30 days" class, varying between 43,3% of Small companies to 46,5% of Micro companies.

In the intermediate late payments class ("30–90 days") the payment behavior is homogeneous (about 7,8%).

In the more serious late payment classes values are varying between 4,1% (Micro) and 5,7% (Medium).

As regards the payment practices in terms of payment class and sector, Public administration is the sector that pay most in time (63,6%), while the least virtuous sector is Construction sector with only 32 percentage points.

All the sectors considered have a greater propensity to pay suppliers up to 30 days late (more than 41% in most cases).

Construction is more problematic in relation to other late payment classes: 17% of companies pay suppliers with an average delay of between 30 and 90 days, while 6,5% exceed 90 days beyond agreed terms.

TABLE 33.1 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

#### PERCENTAGE OF COMPANIES IN CROATIA WITH ON TIME PAYMENTS, 2017

|         | 2017  |
|---------|-------|
| Croatia | 39,1% |
| Europe  | 41,7% |

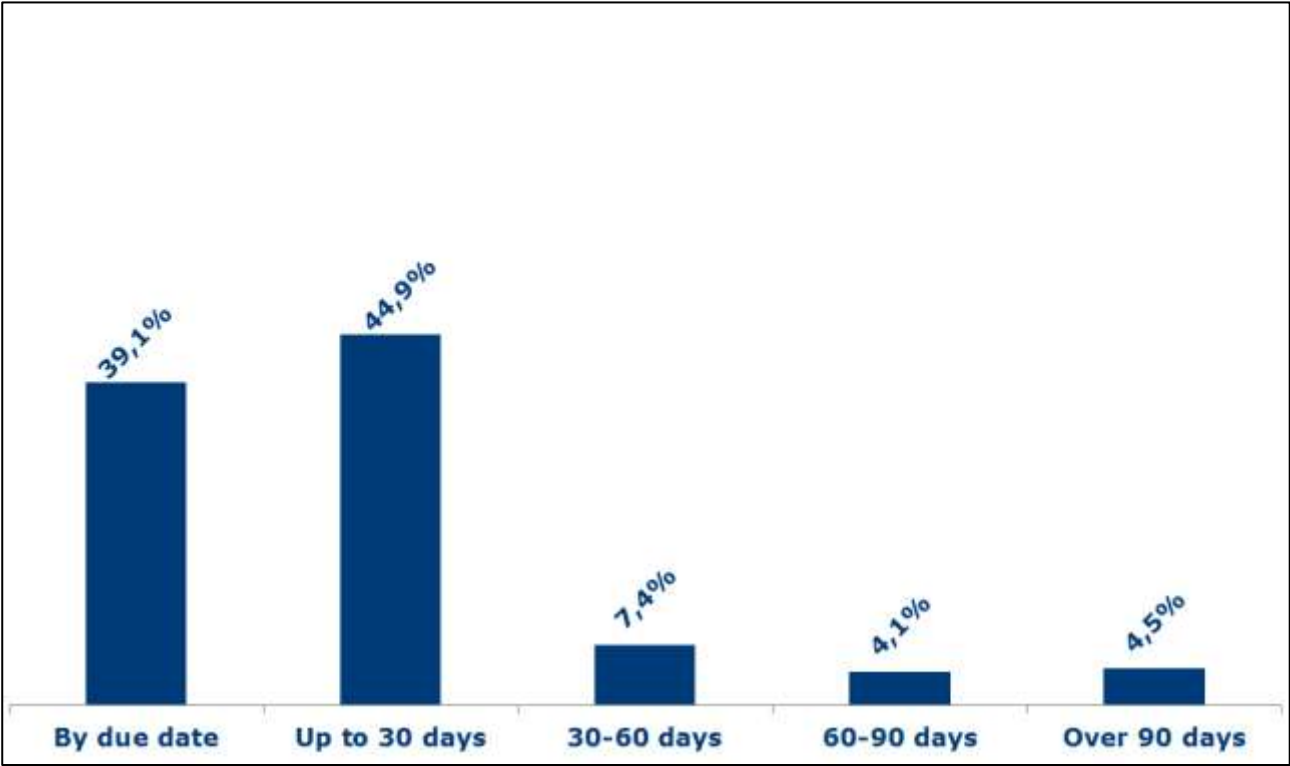
TABLE 33.2 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

**PERCENTAGE OF COMPANIES IN CROATIA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2017**

|         | 2017 |
|---------|------|
| Croatia | 4,5% |
| Europe  | 3,7% |

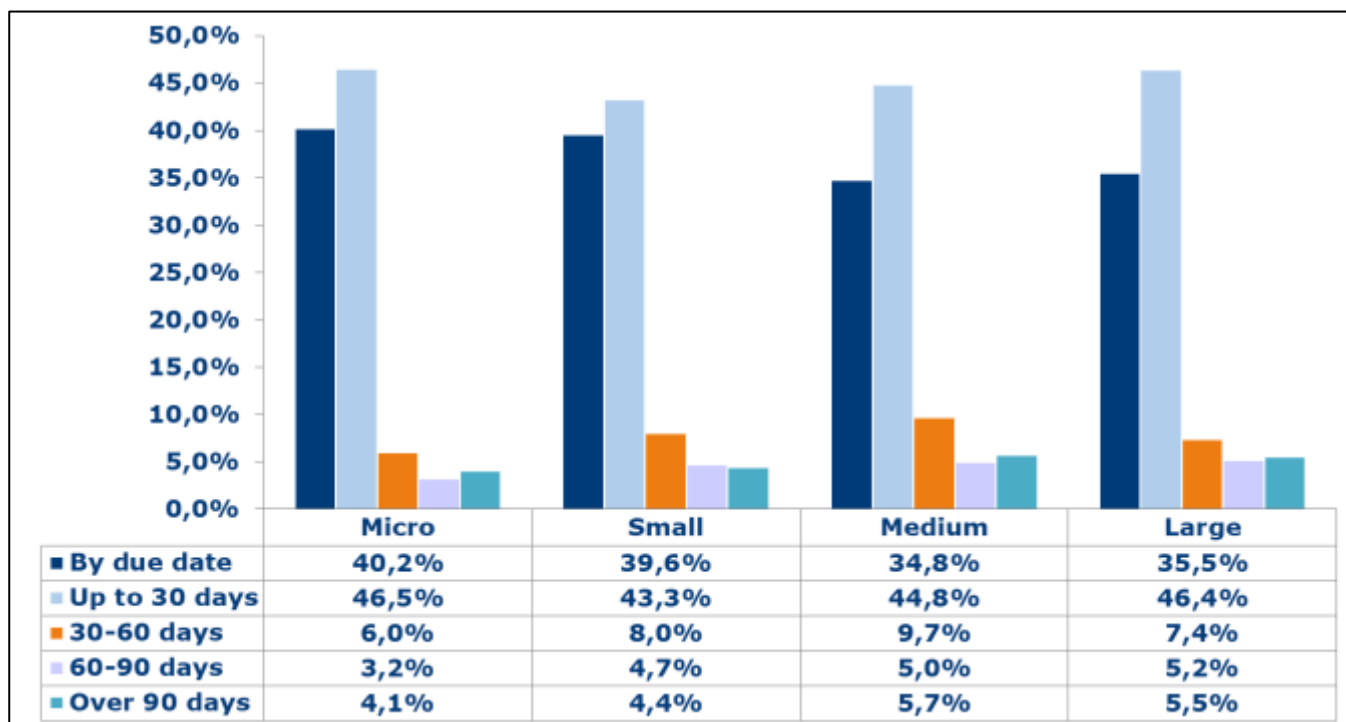
GRAPH 33.3 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o

**PAYMENT PRACTICES IN CROATIA BY PAYMENT CLASS, 2017**



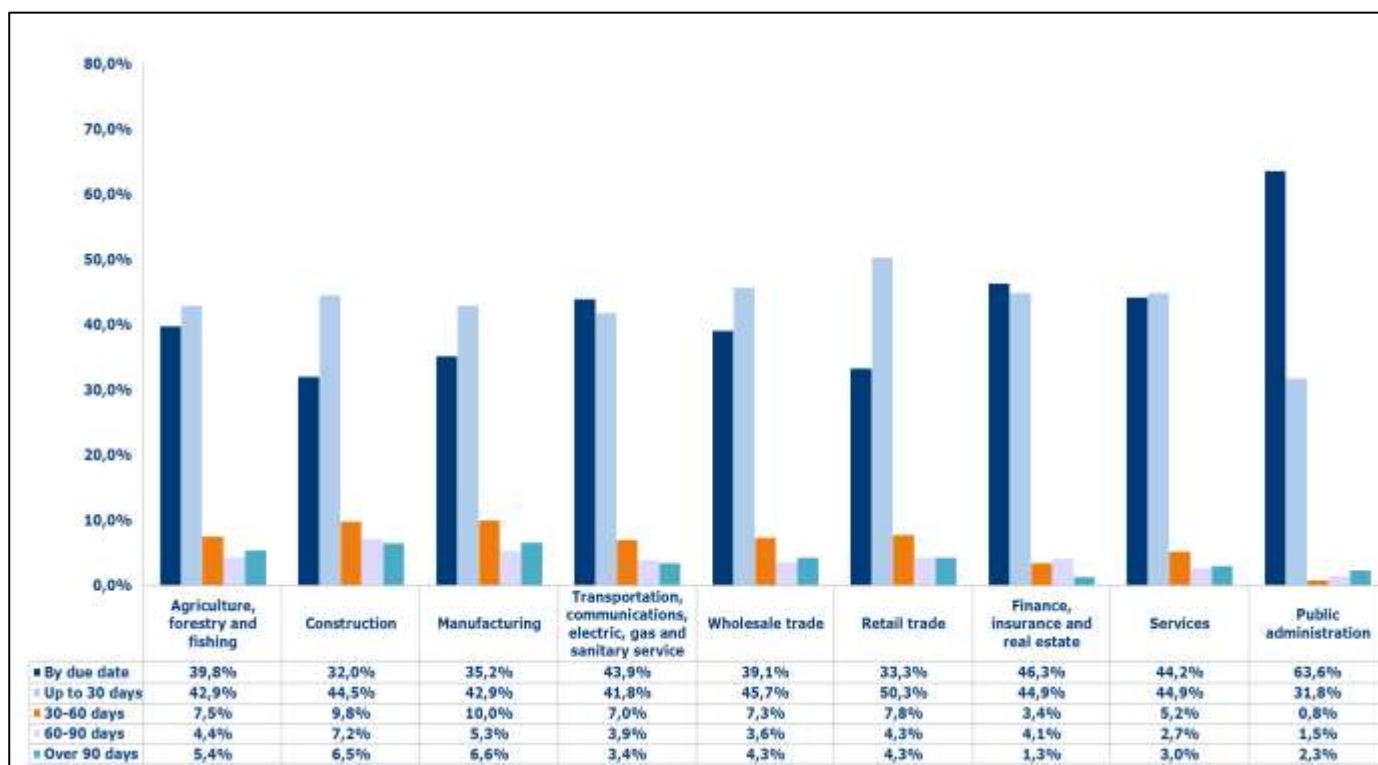
GRAPH 33.4 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

### PAYMENT PRACTICES IN CROATIA BY TYPE OF COMPANY, 2017



GRAPH 33.5 SOURCE: BISNODE D&B SOUTHERN MARKET d.o.o.

### PAYMENT PRACTICES IN CROATIA BY PRODUCT SECTOR, 2017





## 34. SWEDEN

### Payment analysis

The payment performance of Swedish companies is characterized by a good performance both in terms of punctual payments and serious late payment classes.

Over the course of 2017, punctual payments accounted for 58,4 percentage points, 16,7 percentage points above the European average. The most part of late payments is concentrated in "Up to 30 days" class and account for 41,2 % of the total. The percentage of companies with serious late payments (over 60 days) is very small and accounted only 0,4% of the total.

The four types of company size examined have very similar percentages, which are not very different from average national levels.

Micro companies have the most balanced payment behavior with 62,1% of companies paying trading partners within agreed terms. The lowest value, on the other hand, was seen for Large companies, with 40,4% of punctual payers.

In the "Up to 30 days" late payment class there are values of between 37,4% for Micro companies and 59,2% for Large companies.

Similar levels are seen in all the other late payment classes, and are quite low for all four of the categories examined (in the "Over 30 days" class, they vary between 0,3% of Small and Large companies and 0,4% of Micro and Medium companies).

For all macro-sectors there is a widespread tendency to manage commercial transactions with punctual and "Up to 30 days" class payments. As regards the punctual payments, the best performance is seen in Agriculture, forestry and fishing (69,5%) and Real estate activities (67,3%).

Payment performance, on the other hand, are less positive in the Information and communication sector in which 52,8% of companies respect agreed terms.

The share of companies, in the "Up to 30 days" late payment class reaches the highest value (46,5%) in the case of Information and communication sector. In the serious late payment classes (over 60 days on average) there are very contained percentages for the whole sample, significantly lower than that seen in other countries.

TABLE 34.1 SOURCE: BISNODE D&B SWEDEN

#### PERCENTAGE OF COMPANIES IN SWEDEN WITH ON TIME PAYMENTS, 2017

|        | 2017  |
|--------|-------|
| Sweden | 58,4% |
| Europe | 41,7% |

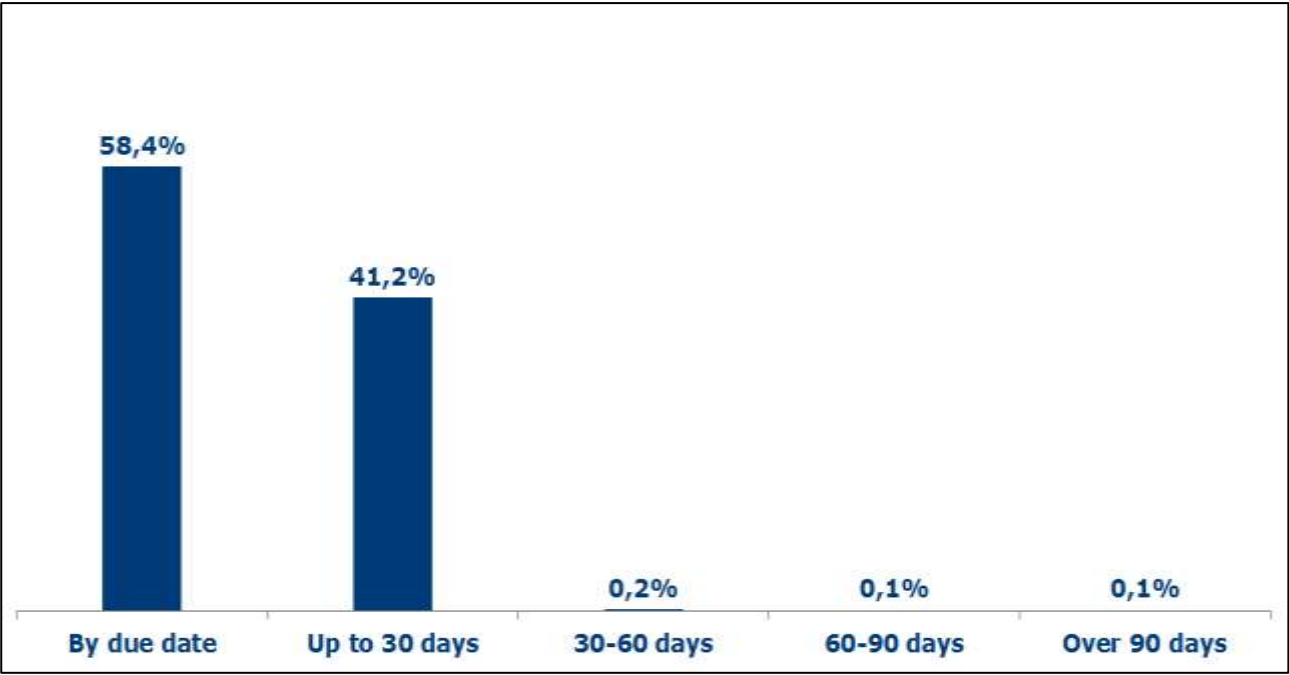
TABLE 34.2 SOURCE: BISNODE D&B SWEDEN

**PERCENTAGE OF COMPANIES IN SWEDEN WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2017**

|        | 2017 |
|--------|------|
| Sweden | 0,1% |
| Europe | 3,7% |

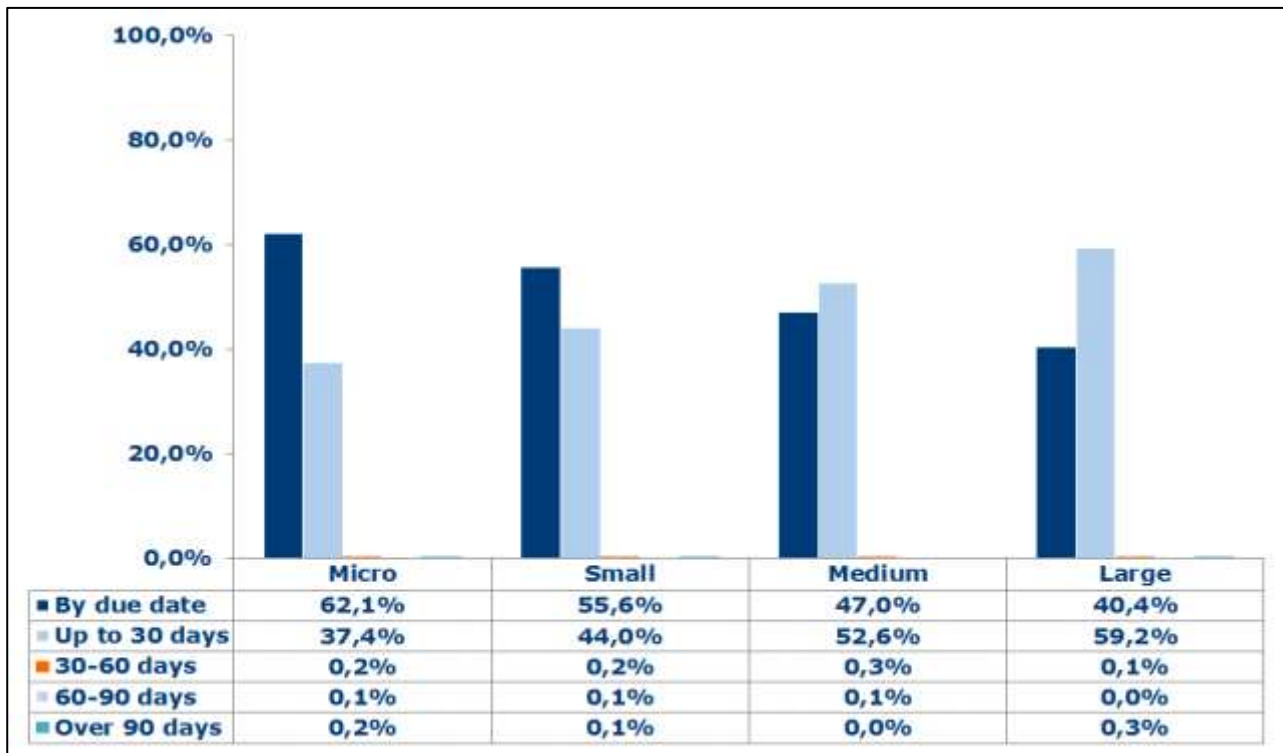
GRAPH 34.3 SOURCE: BISNODE D&B SWEDEN

**PAYMENT PRACTICES IN SWEDEN BY PAYMENT CLASS, 2017**



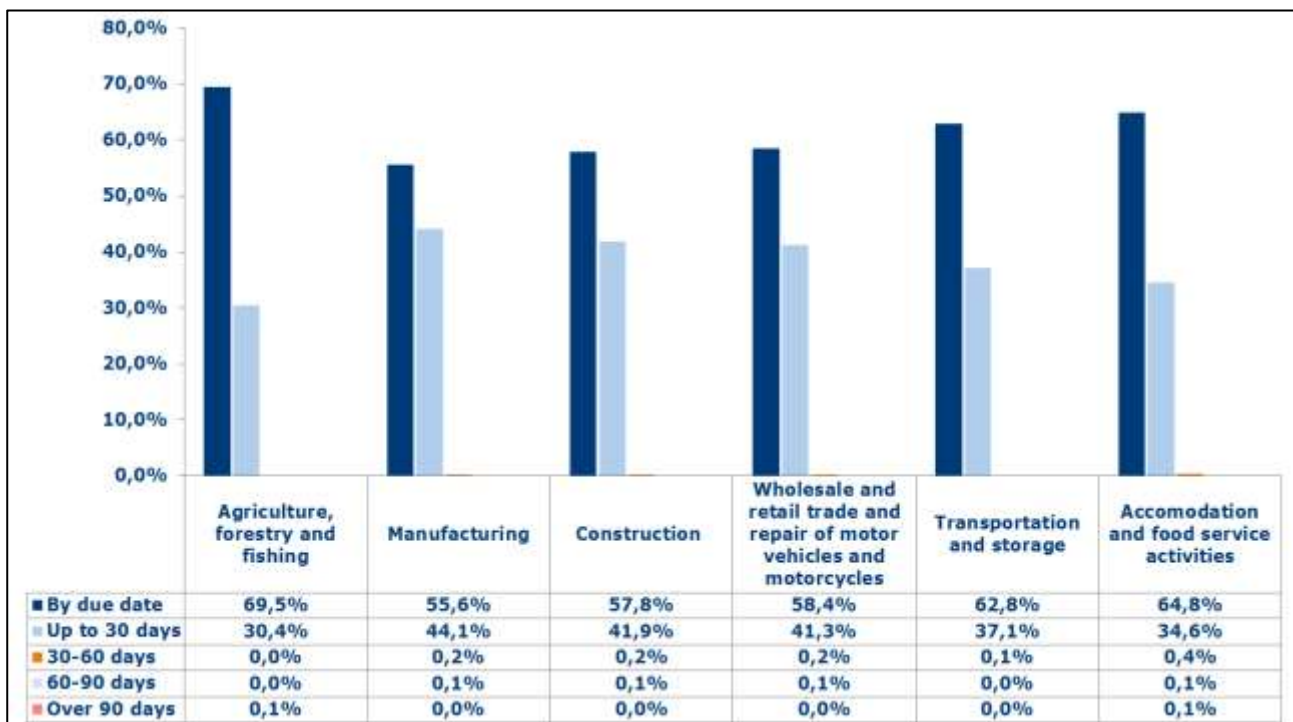
GRAPH 34.4 SOURCE: BISNODE D&B SWEDEN

**PAYMENT PRACTICES IN SWEDEN BY TYPE OF COMPANY, 2017**



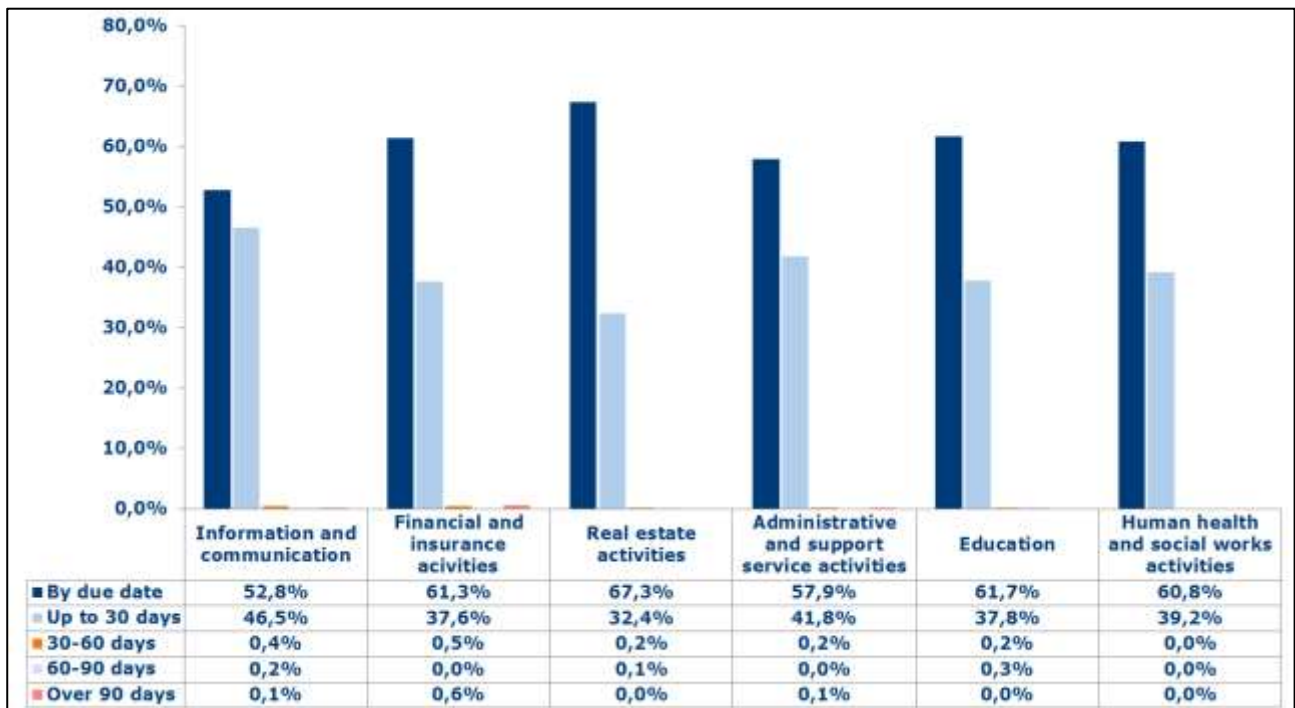
GRAPH 34.5 SOURCE: BISNODE D&B SWEDEN

**PAYMENT PRACTICES IN SWEDEN BY PRODUCT SECTOR, 2017**



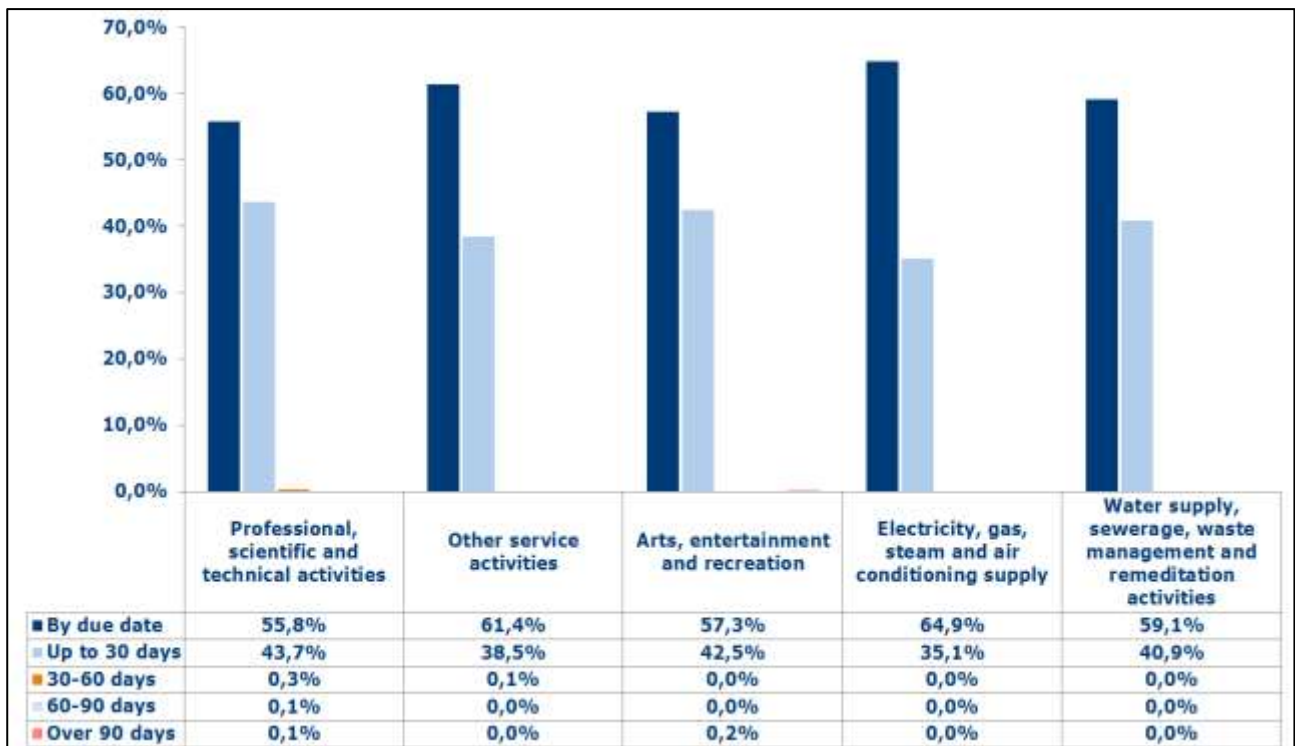
GRAPH 34.6 SOURCE: BISNODE D&B SWEDEN

#### PAYMENT PRACTICES IN SWEDEN BY PRODUCT SECTOR, 2017



GRAPH 34.7 SOURCE: BISNODE D&B SWEDEN

#### PAYMENT PRACTICES IN SWEDEN BY PRODUCT SECTOR, 2017



## 35. LUXEMBOURG

### Payment analysis

In 2017, Luxembourg companies that paid their suppliers on time ("By due date" class) accounted 45,5% of the total.

On the other hand, the moderate late payments ("Up to 30 days") account for 49,3 percentage points, while the intermediate late payment classes, "30-60 days" and "60-90 days", together reach 3,7%.

The share of "bad payers" ("Up to 90 days") at the end of 2017 account 1,5% of the total and only 0,5% pay more the 120 days late on average.

Micro companies are the ones that respect agreed terms the most, with 49% of companies in the "By due date" class, followed by Small companies with 43%.

On the other hand, punctual payments in Medium and Large companies are more contained (29,1% for the former and 24,6% for the latter). However, these two types have the highest values in the "Up to 30 days" class (over 66 percentage points).

In the intermediate, Micro companies have the worst performance: 5,8% of the total pay between 30 and 90 days late, meanwhile Large companies have the worst performance as regards serious late payments with 1,6% of payments that fall in the "Over 90 days" class.

Analyzing the performance of the Luxembourg payment system in relation to sectors, the best performances are seen in the Retail trade sector with 52,8% of punctual payers.

Late payments, on the other hand, are concentrated in the "Up to 30 days" class, with values varying between 41,9% (Retail trade) and 61,4% (Manufacturing).

The highest share of "bad payers" is seen in the Manufacturing sector with 1,7% of companies paying on average more than 90 days late.

TABLE 35.1 SOURCE: ALTARES D&B

#### PERCENTAGE OF COMPANIES IN LUXEMBOURG WITH ON TIME PAYMENTS, 2017

|            | 2017  |
|------------|-------|
| Luxembourg | 45,5% |
| Europe     | 41,7% |

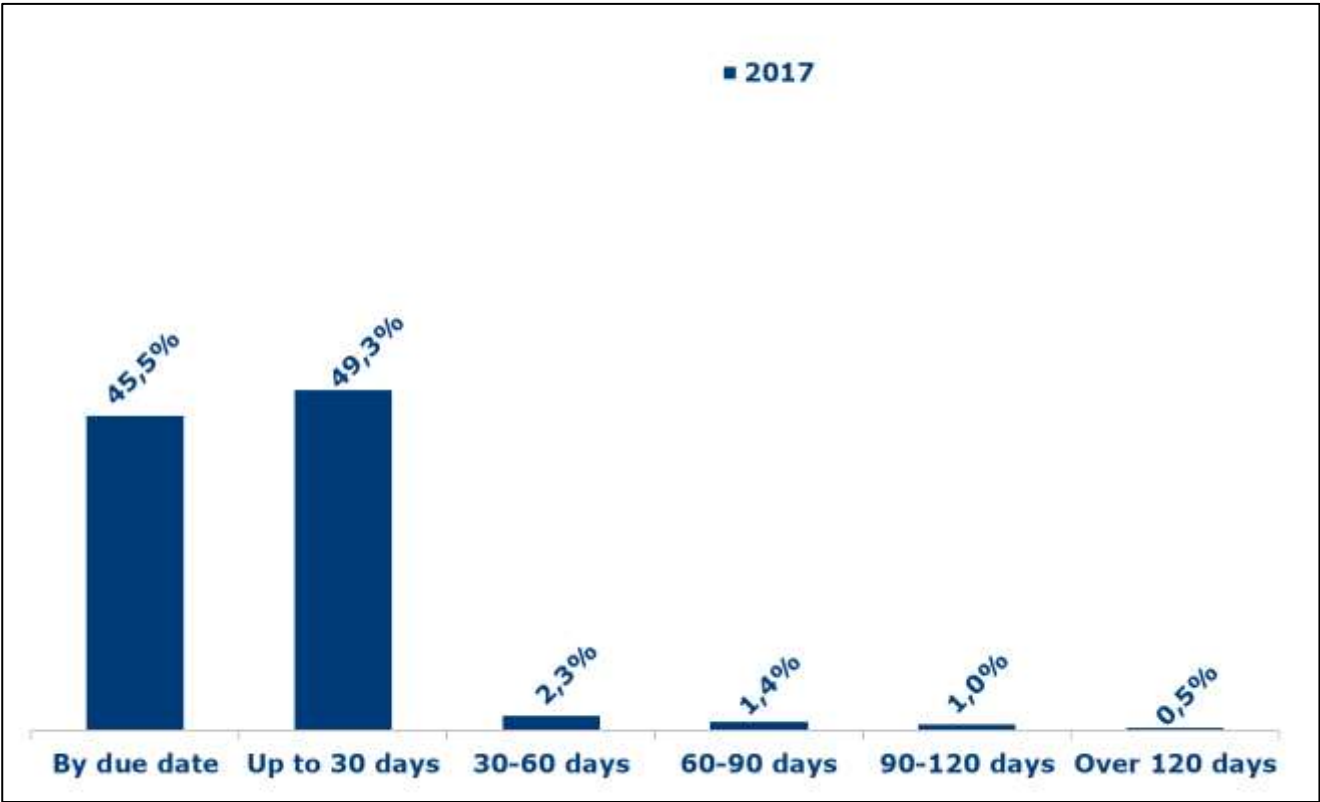
TABLE 35.2 SOURCE: ALTARES D&B

**PERCENTAGE OF COMPANIES IN LUXEMBOURG WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2017**

|            | 2017 |
|------------|------|
| Luxembourg | 1,5% |
| Europe     | 3,7% |

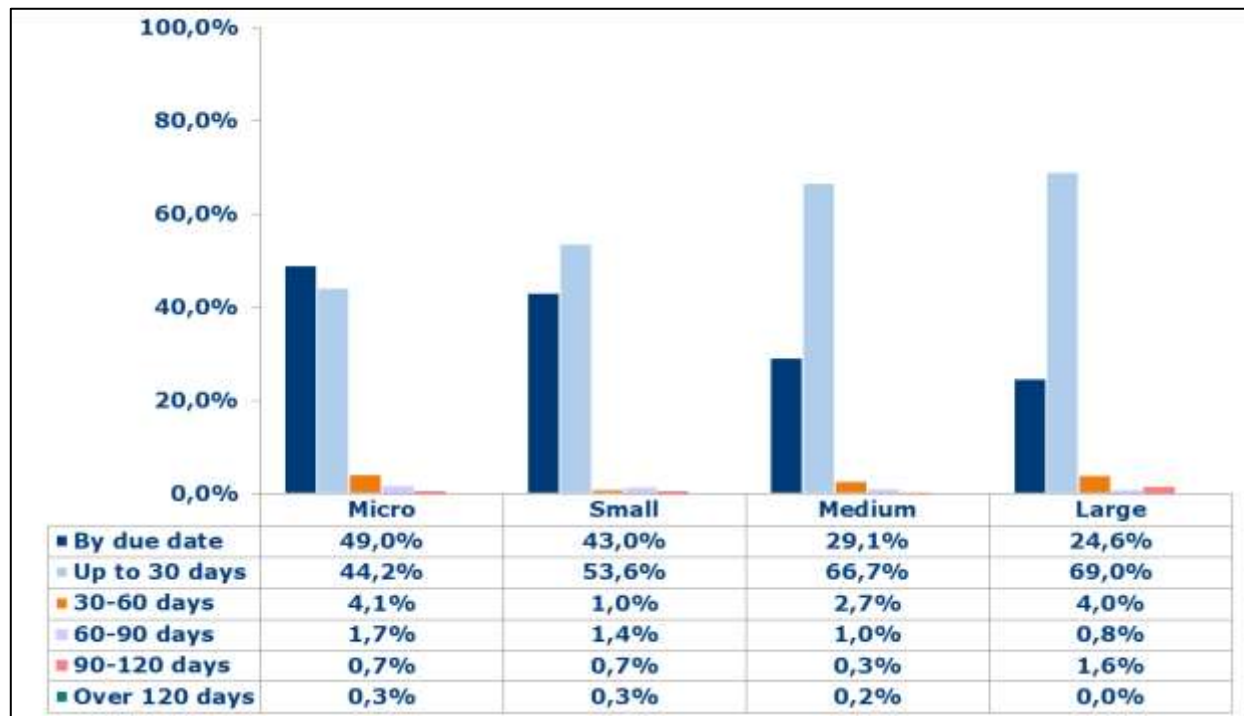
GRAPH 35.3 SOURCE: ALTARES D&B

**PAYMENT PRACTICES IN LUXEMBOURG BY PAYMENT CLASS, 2017**



GRAPH 35.4 SOURCE: ALTARES D&B

### PAYMENT PRACTICES IN LUXEMBOURG BY TYPE OF COMPANY, 2017



GRAPH 35.5 SOURCE: ALTARES D&B

### PAYMENT PRACTICES IN LUXEMBOURG BY PRODUCT SECTOR, 2017





## 36. ITALY

### 36.1 Payment terms

In 2017 the vast majority of Italian companies have to observe payment terms of between 31 and 90 days: in particular, 28,5% of the total belongs to "31-60 days" class and 25,1% to "61-90 days" class.

Terms more restricted and within 30 days have been imposed on 25,6% of the sample (no day extension has been accorded to the 7,2%).

We can notice, however, lower percentages for payment terms more extended: 10,8% have to respect payment terms of between 91 and 120 days, while 10% of companies are in the "Over 120 days" class.

Compared to 2016, it is possible to see a slight decrease in the share of companies in the "1-30 days" class of 4,6 percentage points, while the concentration in the "31-60 days" class has increased by 3,5%. The other classes don't show any significant changes.

If we consider the geographical area detail, the results are similar to the one of the overall national picture: Italian companies have to observe contractual payment terms of between 31 and 90 days (53,6%).

South and Islands is the area with the higher percentage of companies to which have been accorded conditions of over 90 days (25,2% of the total).

In relation to payment terms of less than 30 days, there is a higher concentration in the Northeast with 27,5% of companies.

Finally, in the Northeast only the 5,7% of the total has been asked to pay in advance (vs. 9,2% of South and Islands).

Among the different Italian sectors, there is a tendency to manage commercial transactions with payments terms of on average between 1 and 60 days.

All sectors have at least 18% of companies in the "31-60 days" class, with values of 35,8% for Finance services.

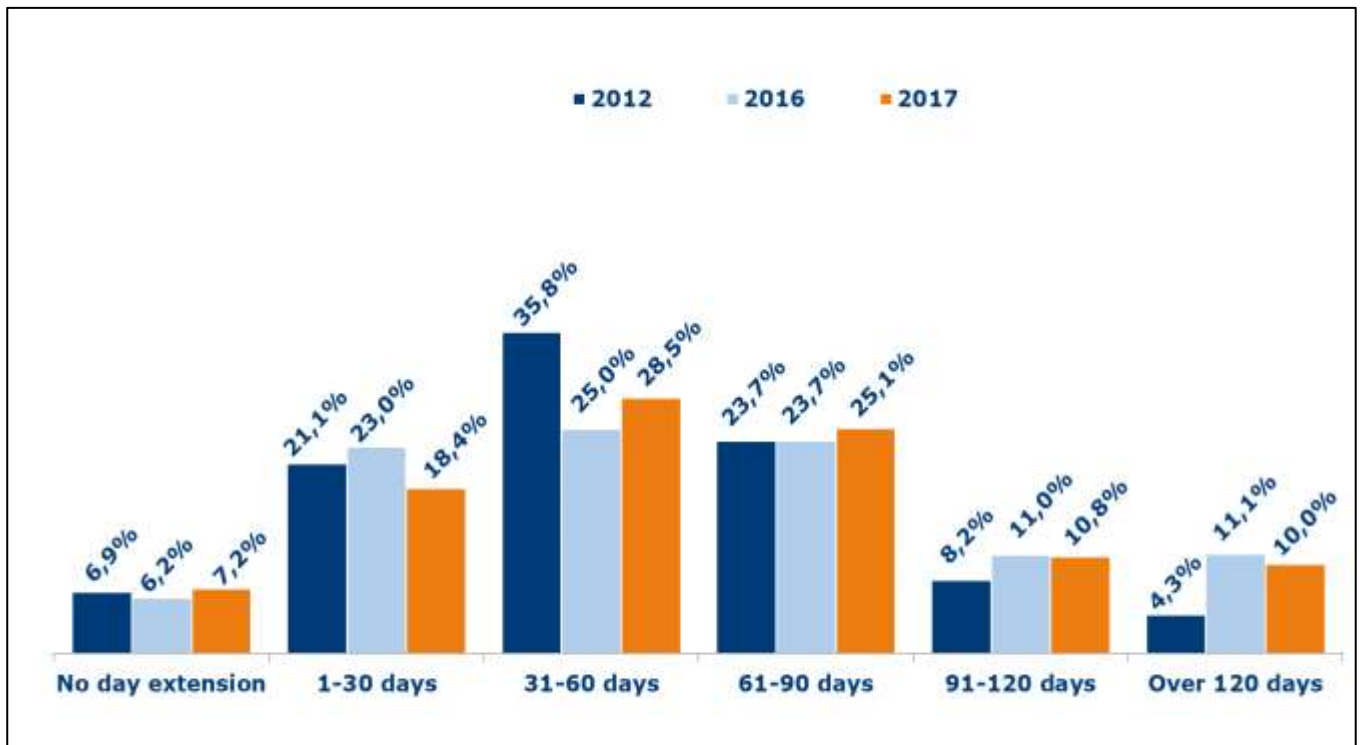
Construction and Manufacturing are the groups that show the highest value in relation to payment terms of over 90 days (respectively 38,4% and 28%).

Transport, distribution on the other hand, has a significant concentration in the "No day extension" and "1-31 days" classes with the 7,9% and 34,6% of companies, respectively.



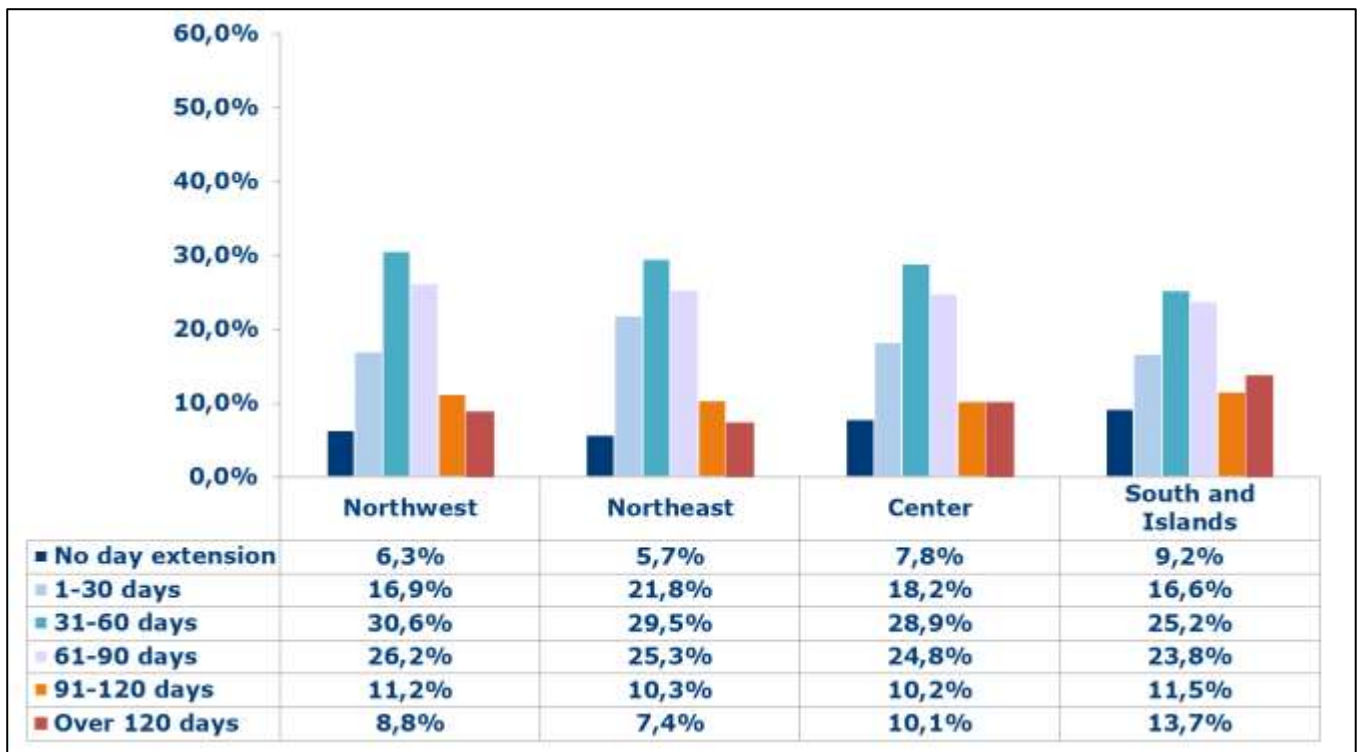
GRAPH 36.1.1 SOURCE: CRIBIS D&B

### PAYMENT TERMS IN ITALY, 2012-2017

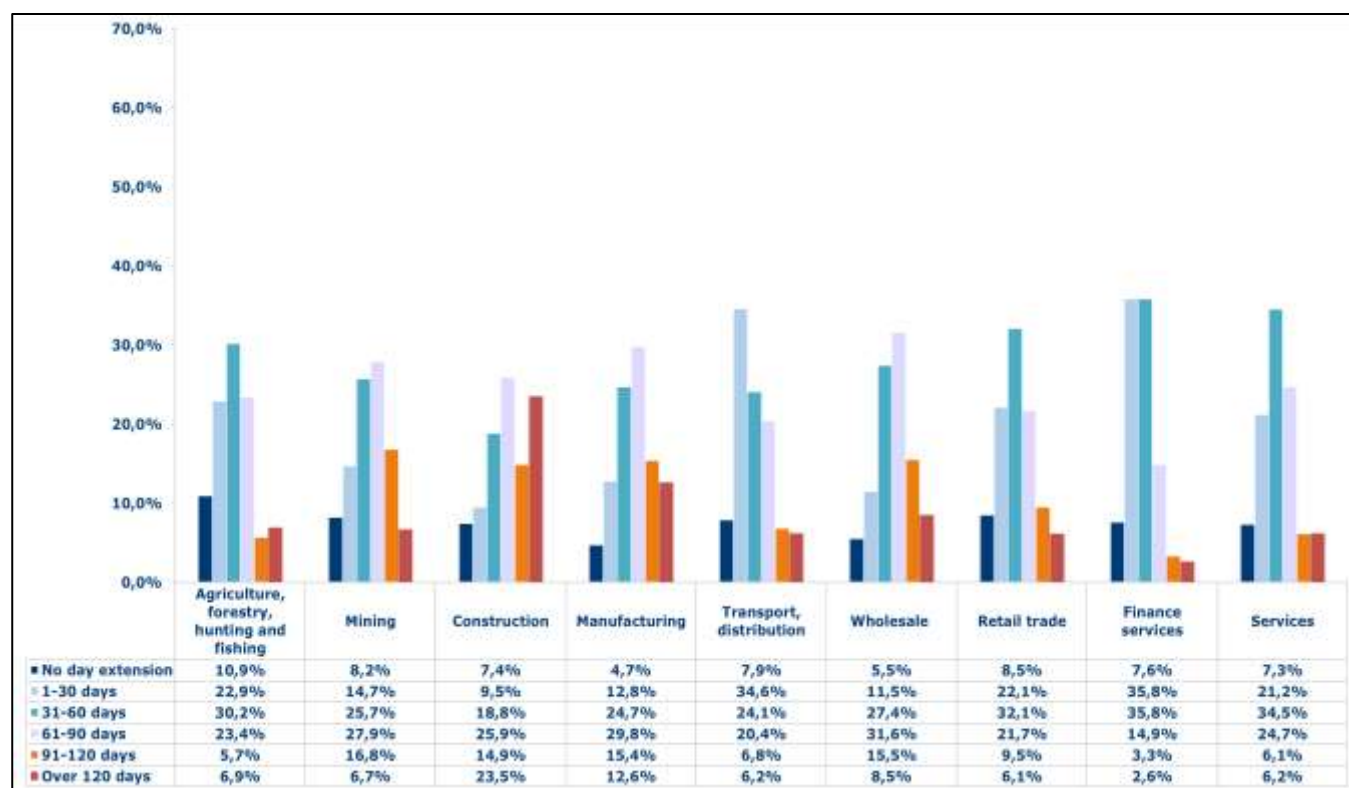


GRAPH 36.1.2 SOURCE: CRIBIS D&B

### PAYMENT TERMS IN ITALY BY GEOGRAPHICAL AREA, 2017



### PAYMENT TERMS IN ITALY BY PRODUCT SECTOR, 2017



## 36.2 Payment analysis

Following analysis confirms a similar situation compared to 2016 in the ability of Italian companies to respect agreed payment terms for their business transactions in 2017.

The negative trend in punctual payments which started in the last few years continues, but, compared to 2016, There is a slight improvement: in fact, the share of "good payers" has increased by 1,7%, with 37,3% of the total.

Furthermore, the percentage of punctual payers is still less that the values seen before the economic and financial crisis (50,8% in 2007 and 49,6% in 2008).

In 2017 the gap with the European average of punctual payment was 4,4%, whereas in 2007 the gap with the rest of Europe was 9,8 above the European average.

The figure in relation to serious late payments (over 90 days on average) is also negative: these have increased by 0,3% compared to 2007 and account for 3% of Italian companies.

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 38,5%, which is 1,2 percentage points above the national average, whereas late payments were concentrated in the "Up to 30 days" class (50%) and the "30-60 days" class (5,2%).

Small companies tend to pay on average between 1 and 30 days beyond agreed terms (57,4%), to the detriment of punctual payments with a percentage of 36%.

Medium and Large companies, meanwhile, have a very different payment habits compared to the two smaller classes of companies.

On time payments reduce significantly (27,7% for Medium companies and 14,8% for Large companies), compared to a percentage of late payments of less than 30 days of more than 67%.

In addition, only 1% of Large companies pay more than 90 days late on average, compared with the national average of 3%.

As seen in previous years, the management of commercial transactions in southern and northern Italy is rather different.

In fact, while companies in northern Italy show a greater tendency to respect agreed payment terms and to contain late payments, where these exist, to within 30 days on average, payments in southern Italy are less punctual and late payments tend to be delayed more.

The percentage of punctual payments in the South and islands is 24%, around 13,3 percentage points below the national average, whereas 58,4% of the total are concentrated in the "Up to 30 days" class and 7,9% in the "30-60 days" class. The most serious late payments (over 60 days), on the other hand, accounted for 9,7% of companies in the south and islands (5,1% exceeding 90 days).

In the North, good payment performance is seen in the higher percentages of punctual payments (46,1% for the Northeast and 42,5% for the Northwest) and the more contained number of cases in which late payment exceeds 90 days (not more than 2%).

The best payment performances relate to Finance services, with concentrations of punctual payers of 48,2%.

Retail trade, on the other hand, has the lowest values in relation to punctual payments (only 26,5% with a gap of 10,8 percentage points from the national figure).

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 43,6% of companies in the "Up to 30 days" class, with values of above 57,3% for Retail trade.

In relation to more seriously late payments, the worst performance was reported for the Retail trade sector with 4,7% of companies paying more than 90 days late.

Finally, the worst performance overall relates to the Retail trade sector, with a score of 66 while the best performance was seen in the Manufacturing.

Insurance agents, brokers and service and Rubber and miscellaneous plastic products show excellent payment performance in 2017, standing out due to a lesser delay in payment in relation to agreed terms.

The worst payment performance, on the other hand, was seen for Executive, legislative and general, followed by Eating and drinking places.

TABLE 36.2.1 SOURCE: CRIBIS D&B

**PERCENTAGE OF COMPANIES IN ITALY WITH ON TIME PAYMENTS, 2007-2017**

|        | 2007  | 2016  | 2017  |
|--------|-------|-------|-------|
| Italy  | 50,8% | 35,6% | 37,3% |
| Europe | 41,0% | 39,1% | 41,7% |

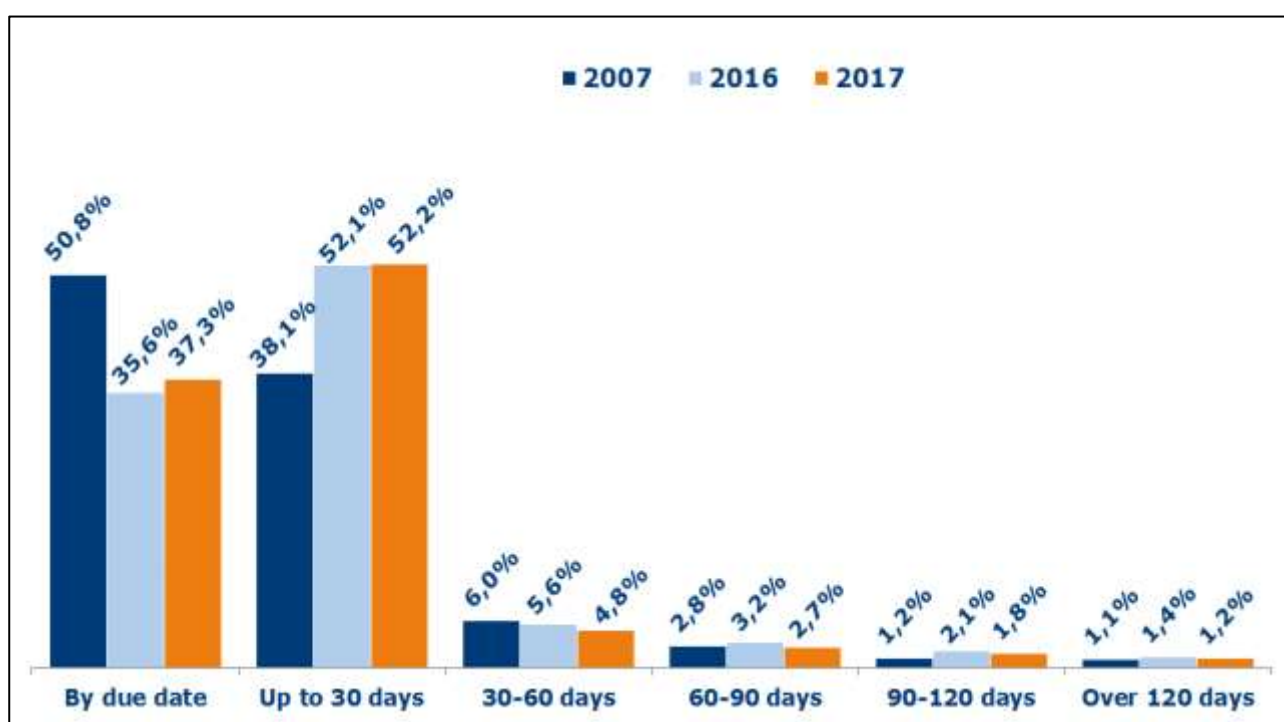
TABLE 36.2.2 SOURCE: CRIBIS D&B

**PERCENTAGE OF COMPANIES IN ITALY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2017**

|        | 2007 | 2016 | 2017 |
|--------|------|------|------|
| Italy  | 2,3% | 4,5% | 3,0% |
| Europe | 4,1% | 3,7% | 3,7% |

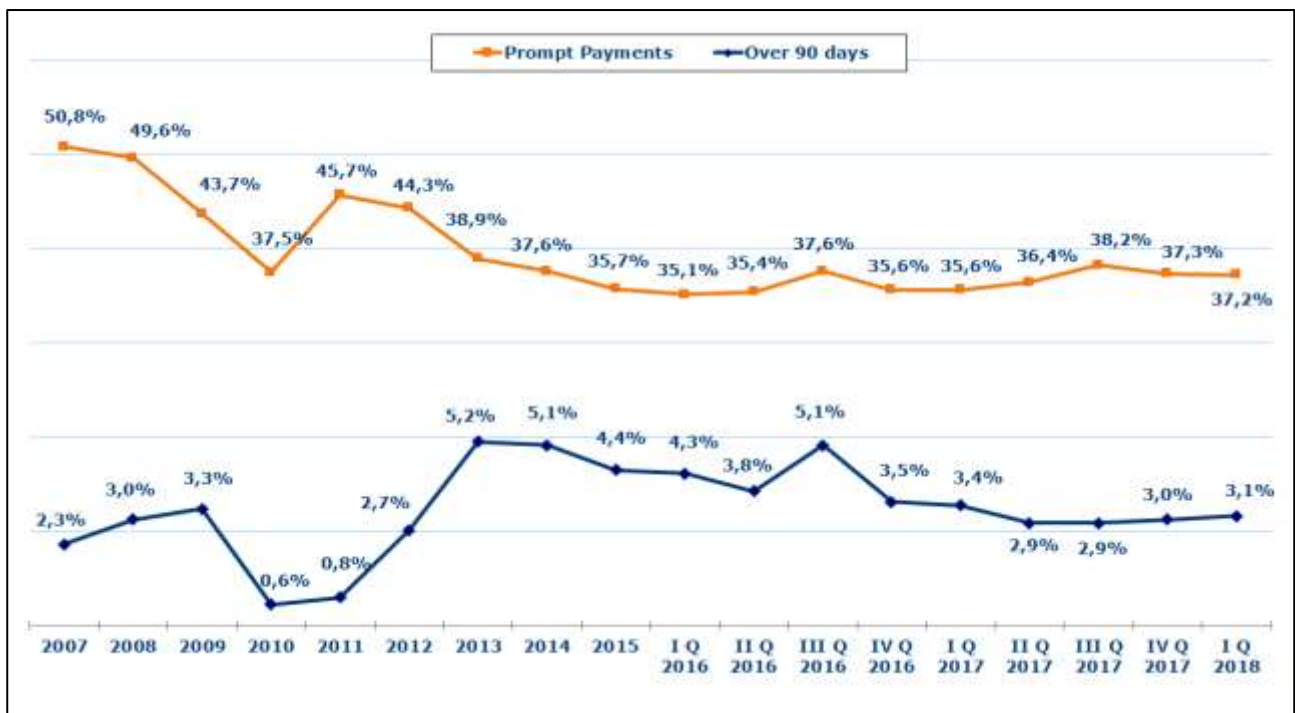
GRAPH 36.2.3 SOURCE: CRIBIS D&B

**PAYMENT PRACTICES IN ITALY BY PAYMENT CLASS, 2007-2017**



GRAPH 36.2.4 SOURCE: CRIBIS D&B

### TRENDS IN PUNCTUAL PAYMENTS AND PAYMENTS OVER 90 DAYS LATE, 2007-IQ 2018



GRAPH 36.2.6 SOURCE: CRIBIS D&B

### PAYMENT PRACTICES IN ITALY BY TYPE OF COMPANY, 2017

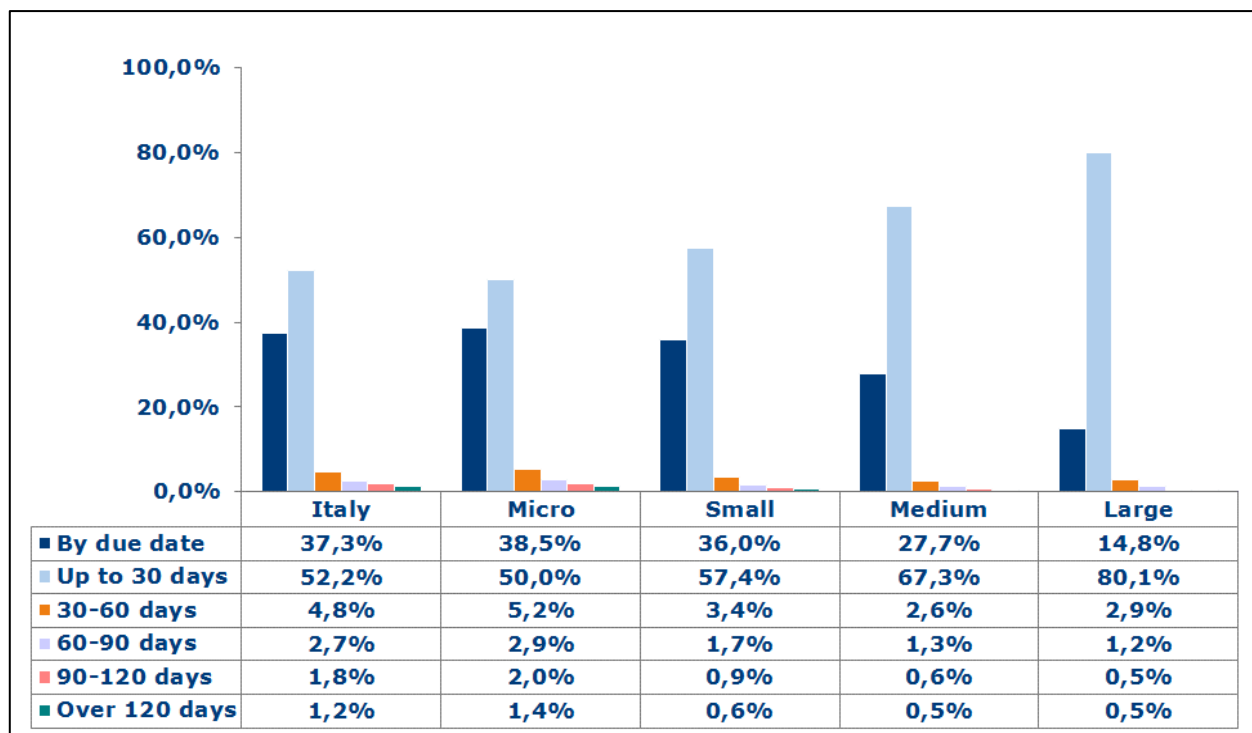


TABLE 36.2.8 SOURCE: CRIBIS D&amp;B

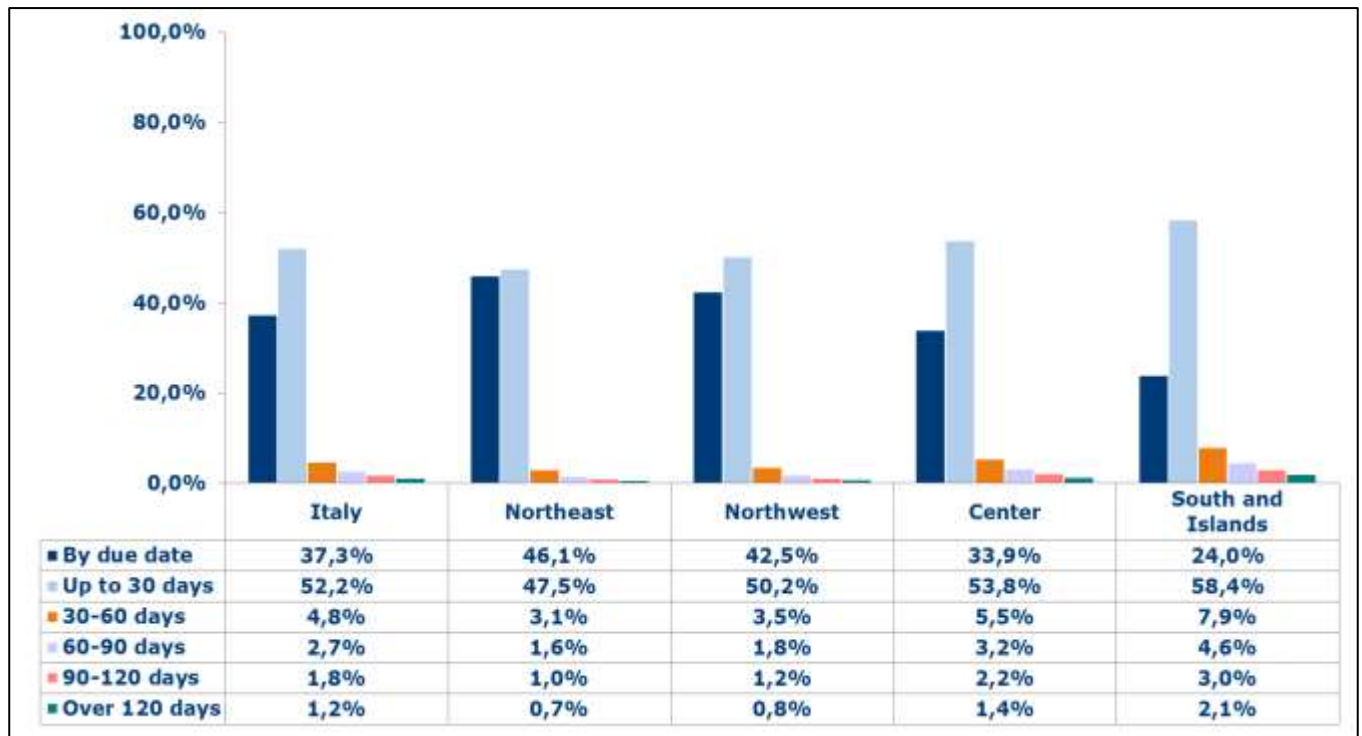
**PAYMENT SITUATION IN ITALIAN REGIONS, 2017**

| <b>Payments in Italian Regions</b> | <b>2017</b>              |   |
|------------------------------------|--------------------------|---|
| <b>AREA</b>                        | <b>Punctual payments</b> | <b>Payments made 90 days over terms</b> |
| <b>Northeast</b>                   | <b>46,1%</b>             | <b>1,7%</b>                             |
| EMILIA ROMAGNA                     | 46,8%                    | 1,9%                                    |
| FRIULI VENEZIA GIULIA              | 45,2%                    | 1,6%                                    |
| TRENTINO ALTO ADIGE                | 40,5%                    | 1,2%                                    |
| VENETO                             | 47,5%                    | 1,7%                                    |
| <b>Northwest</b>                   | <b>42,5%</b>             | <b>2,0%</b>                             |
| LIGURIA                            | 32,8%                    | 2,8%                                    |
| LOMBARDY                           | 46,4%                    | 1,8%                                    |
| PIEDMONT                           | 37,0%                    | 2,2%                                    |
| AOSTA VALLEY                       | 39,4%                    | 1,9%                                    |
| <b>Center</b>                      | <b>33,9%</b>             | <b>3,6%</b>                             |
| LAZIO                              | 26,8%                    | 4,5%                                    |
| MARCHE                             | 43,9%                    | 2,9%                                    |
| TUSCANY                            | 36,8%                    | 2,9%                                    |
| UMBRIA                             | 33,5%                    | 4,0%                                    |
| <b>South and Islands</b>           | <b>24,0%</b>             | <b>5,2%</b>                             |
| ABRUZZO                            | 30,4%                    | 4,8%                                    |
| BASILICATA                         | 29,3%                    | 3,5%                                    |
| CALABRIA                           | 22,6%                    | 5,8%                                    |
| CAMPANIA                           | 23,3%                    | 5,9%                                    |
| MOLISE                             | 28,3%                    | 4,6%                                    |
| PUGLIA                             | 26,4%                    | 4,3%                                    |
| SARDINIA                           | 23,9%                    | 4,0%                                    |
| SICILY                             | 19,8%                    | 5,9%                                    |
| <b>ITALY</b>                       | <b>37,3%</b>             | <b>3,0%</b>                             |



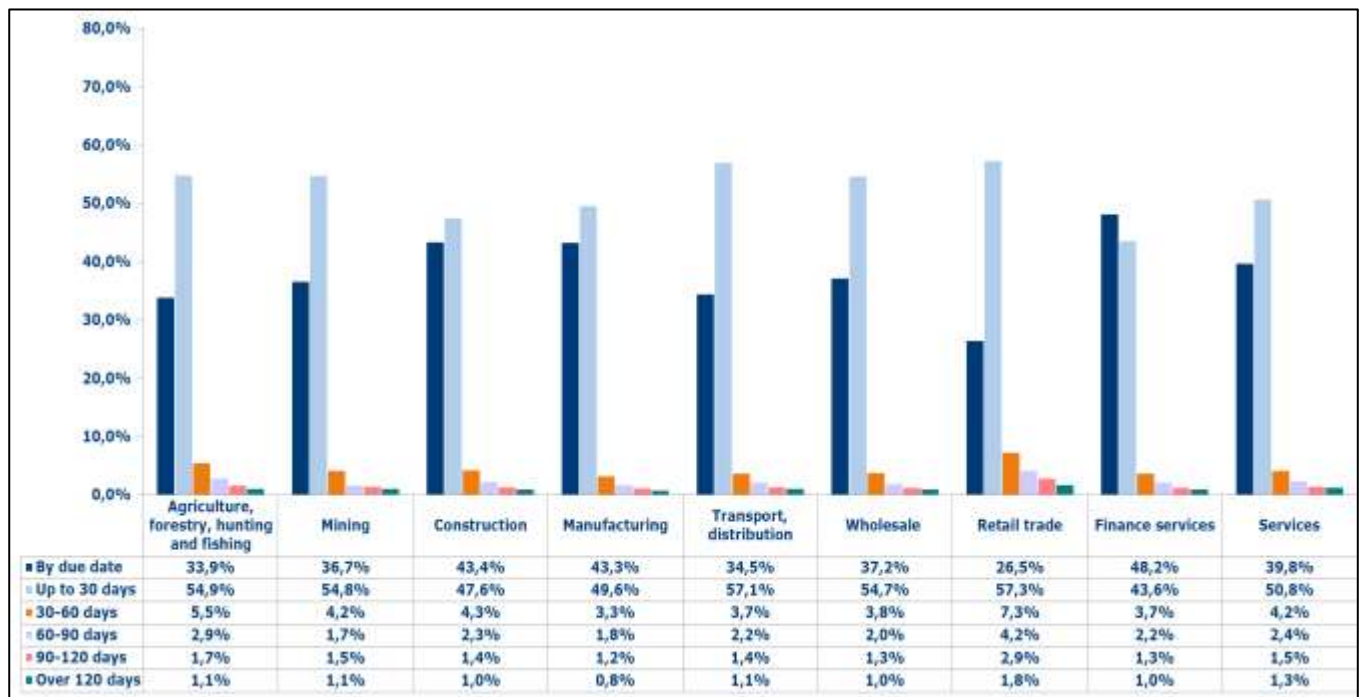
GRAPH 36.2.9 SOURCE: CRIBIS D&B

### PAYMENT PRACTICES IN ITALY BY GEOGRAPHICAL AREA, 2017

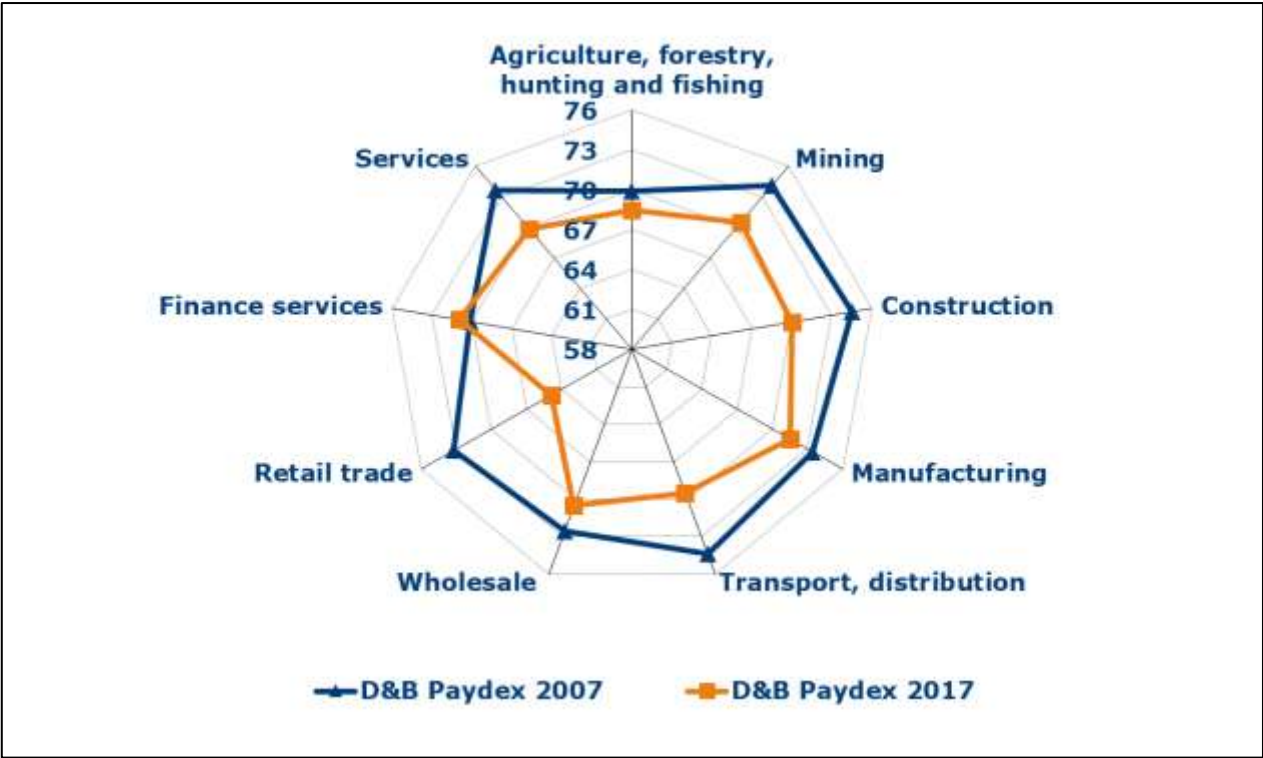


GRAPH 36.2.11 SOURCE: CRIBIS D&B

### PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR, 2017



VARIATIONS IN PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR, 2007-2017



PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR AND TYPE OF COMPANY, 2017

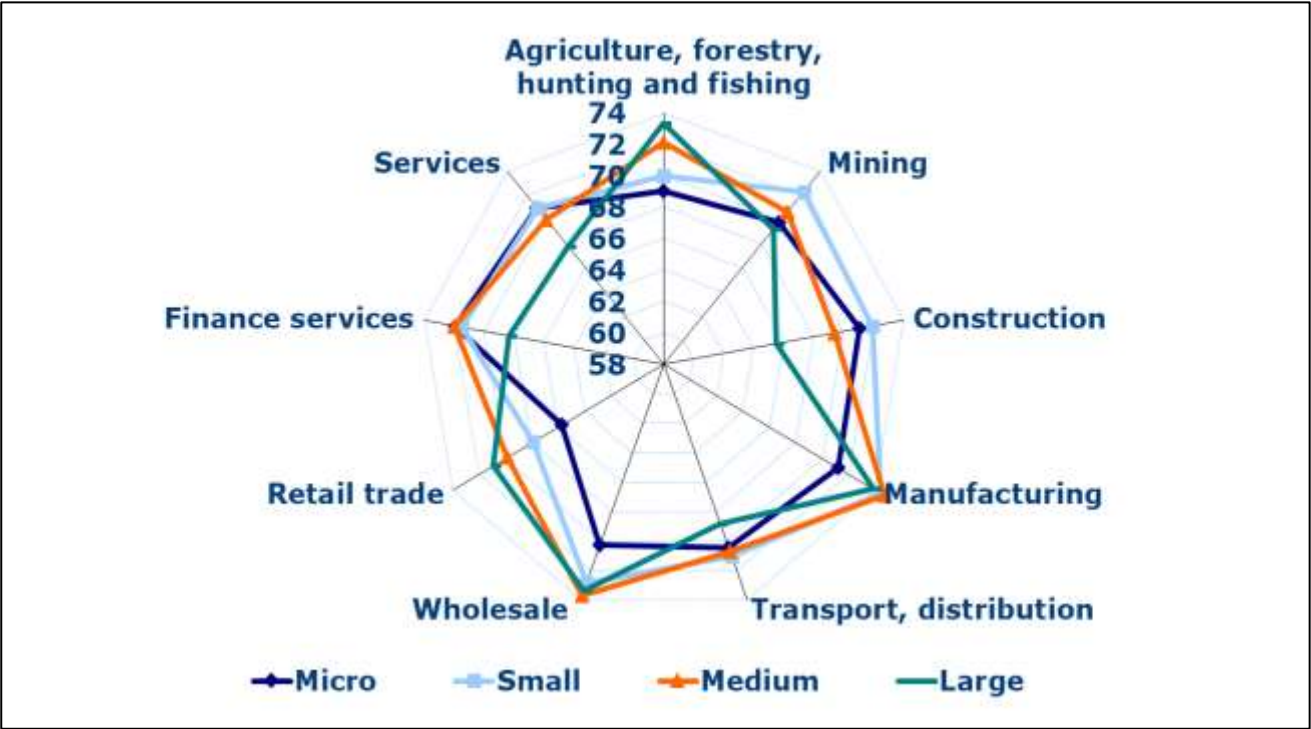




TABLE 36.2.14 SOURCE: CRIBIS D&amp;B

**SECTORS WITH THE BEST PAYMENT RECORDS IN ITALY, 2017**

| <b>Sector</b>                                     | <b>Ranking 2017</b> |
|---|---------------------|
| <b>INSURANCE AGENTS, BROKERS AND SERVICE</b>      | <b>1</b>            |
| <b>RUBBER AND MISCELLANEOUS PLASTICS PRODUCTS</b> | <b>2</b>            |
| <b>PAPER AND ALLIED PRODUCTS</b>                  | <b>3</b>            |
| <b>INDUSTRIAL MACHINERY AND EQUIPMENT</b>         | <b>4</b>            |
| <b>PRIMARY METAL INDUSTRIES</b>                   | <b>5</b>            |
| <b>CHEMICALS AND ALLIED PRODUCTS</b>              | <b>6</b>            |
| <b>LEGAL SERVICES</b>                             | <b>7</b>            |
| <b>PRINTING AND PUBLISHING</b>                    | <b>8</b>            |
| <b>TEXTILE MILL PRODUCTS</b>                      | <b>9</b>            |
| <b>FABRICATED METAL PRODUCTS</b>                  | <b>10</b>           |

TABLE 36.2.15 SOURCE: CRIBIS D&amp;B

**SECTORS WITH THE WORST PAYMENT RECORDS IN ITALY, 2017**

| <b>Sector</b>                             | <b>Ranking 2017</b> |
|---|---------------------|
| <b>EXECUTIVE, LEGISLATIVE AND GENERAL</b> | <b>68</b>           |
| <b>EATING AND DRINKING PLACES</b>         | <b>67</b>           |
| <b>FOOD STORES</b>                        | <b>66</b>           |
| <b>POSTAL SERVICE</b>                     | <b>65</b>           |
| <b>GENERAL MERCHANDISE STORES</b>         | <b>64</b>           |
| <b>TRANSPORTATION BY AIR</b>              | <b>63</b>           |
| <b>APPAREL AND ACCESSORY STORES</b>       | <b>62</b>           |
| <b>AMUSEMENT AND RECREATION SERVICES</b>  | <b>61</b>           |
| <b>WATER TRANSPORTATION</b>               | <b>60</b>           |
| <b>FOOD AND KINDRED PRODUCTS</b>          | <b>59</b>           |

## 1ST QUARTER 2018

At the start of 2018, the proportion of companies paying more than 90 days late on average is 3,1% of the total.

Punctual payments, on the other hand, account for 37,2% of Italian companies, remaining stable compared to the last quarter of 2017.

Late payments continue to be concentrated in the moderate late payment class of Up to 30 days (52,1%), followed by late payments of between 30 and 60 days on average (4,9%).

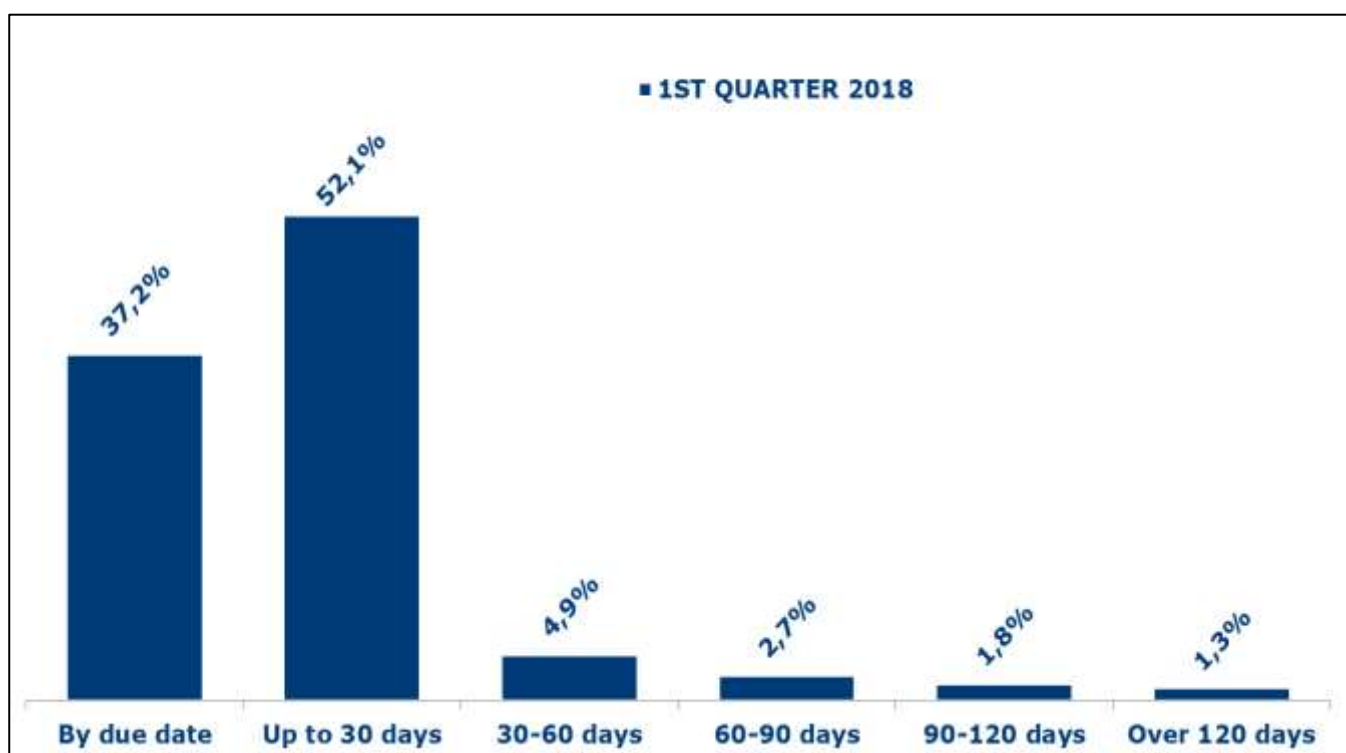
The large part of the sample being examined did not show any changes to payment habits in the time period under consideration (4<sup>th</sup> quarter 2017 - 1<sup>st</sup> quarter 2018). In fact, 54,4% of companies did not register any changes in relation to their management of commercial transactions.

The remaining companies improved their payment performance in 21,3% of the cases analyzed, meanwhile 24,3% showed worse habits compared with the last quarter of 2017.

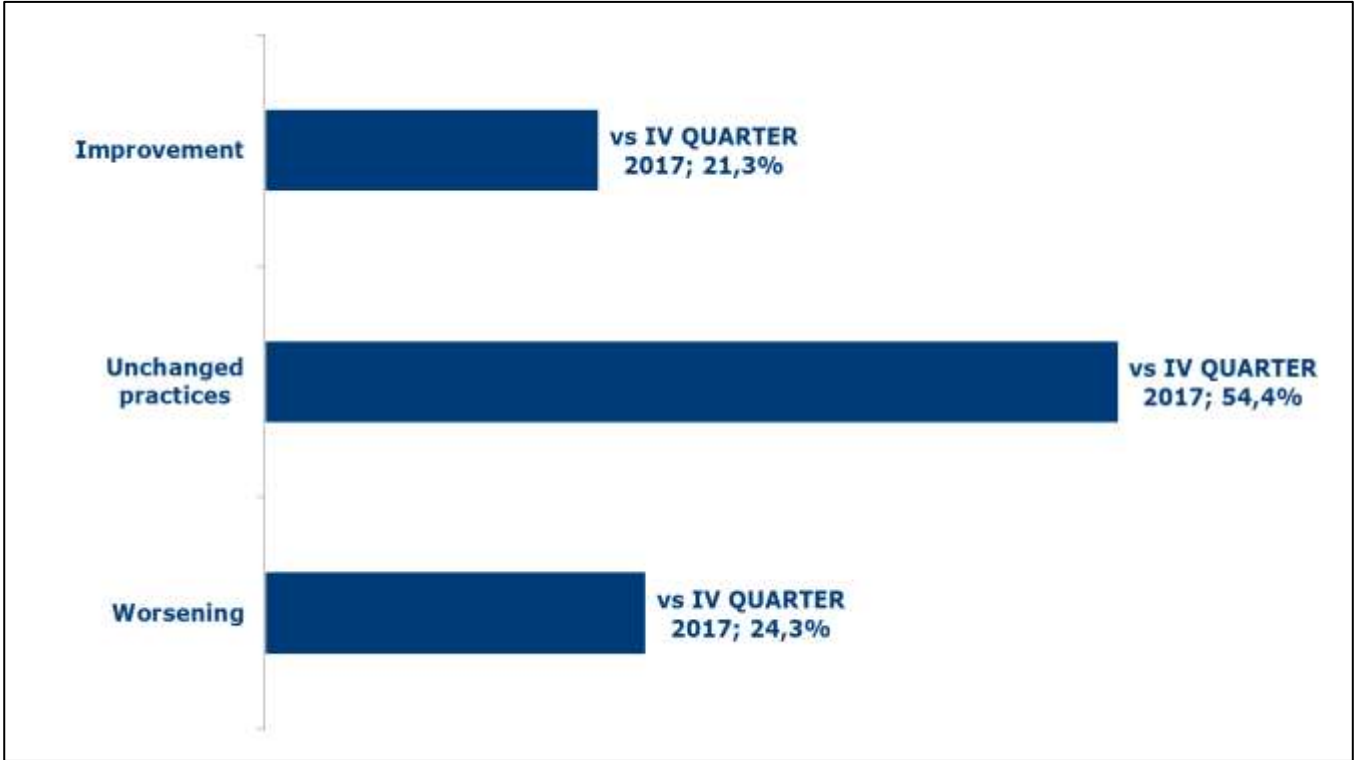
On the basis of results for the 1st quarter of 2018, it is possible to predict that the concentration in the punctual payment class will continue to account for a smaller number of companies, and in part this is due to the growing problems that Italian companies have to face in managing commercial transactions.

GRAPH 36.2.16 SOURCE: CRIBIS D&B

### PAYMENT PRACTICES IN ITALY BY PAYMENT CLASS, 1ST QUARTER 2018



**VARIATIONS IN PAYMENT PRACTICES IN ITALY, 4TH QUARTER 2017 - 1ST QUARTER 2018**



# 37. UAE

## Payment analysis

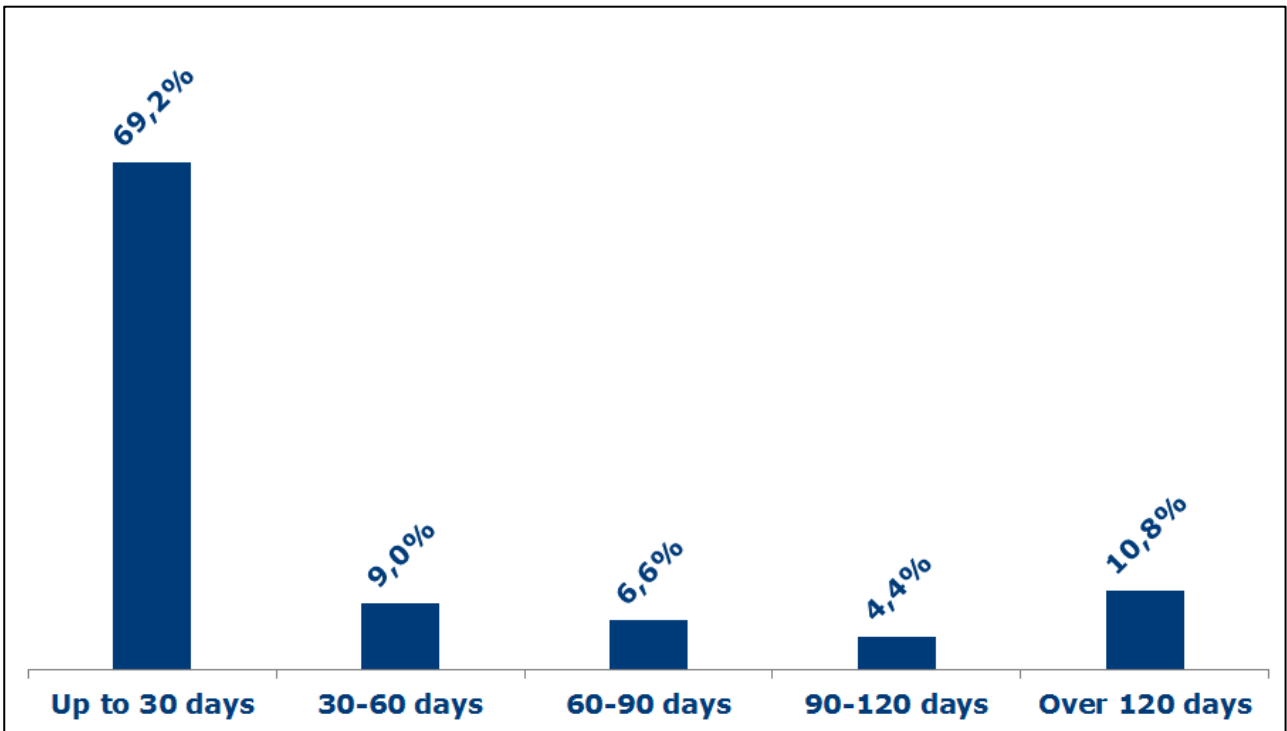
The majority of companies tended to pay commercial transactions on average between 0 and 30 days late (69,2%). Intermediate late payment classes ("30-60 days" and "60-90 days") account for 15,6% whereas "bad payers" (more than 90 days late on average) account for 15,2% of the sample analyzed.

Small companies show the most balanced payment behavior with 87,6% of the total for payments within agreed terms or maximum 30 days of delay. These are followed by Micro companies, for which the percentage in question reaches 87%. Average late payments of between 30 and 90 days are highest in the Small companies (6,5%). In terms of serious late payments, the worst performance is seen for Large companies: 8,5% exceed an average of 120 days beyond agreed payment terms.

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 Services: in fact in this case, companies pay within 30 days of delay in 79,3% of the cases analyzed. For the Wholesale sector companies in this class represent only 54,% of the total. Finally, the most critical situation for the serious late payment class (over 120 days on average) is seen in the Wholesale, with a share of 30,1% in this class.

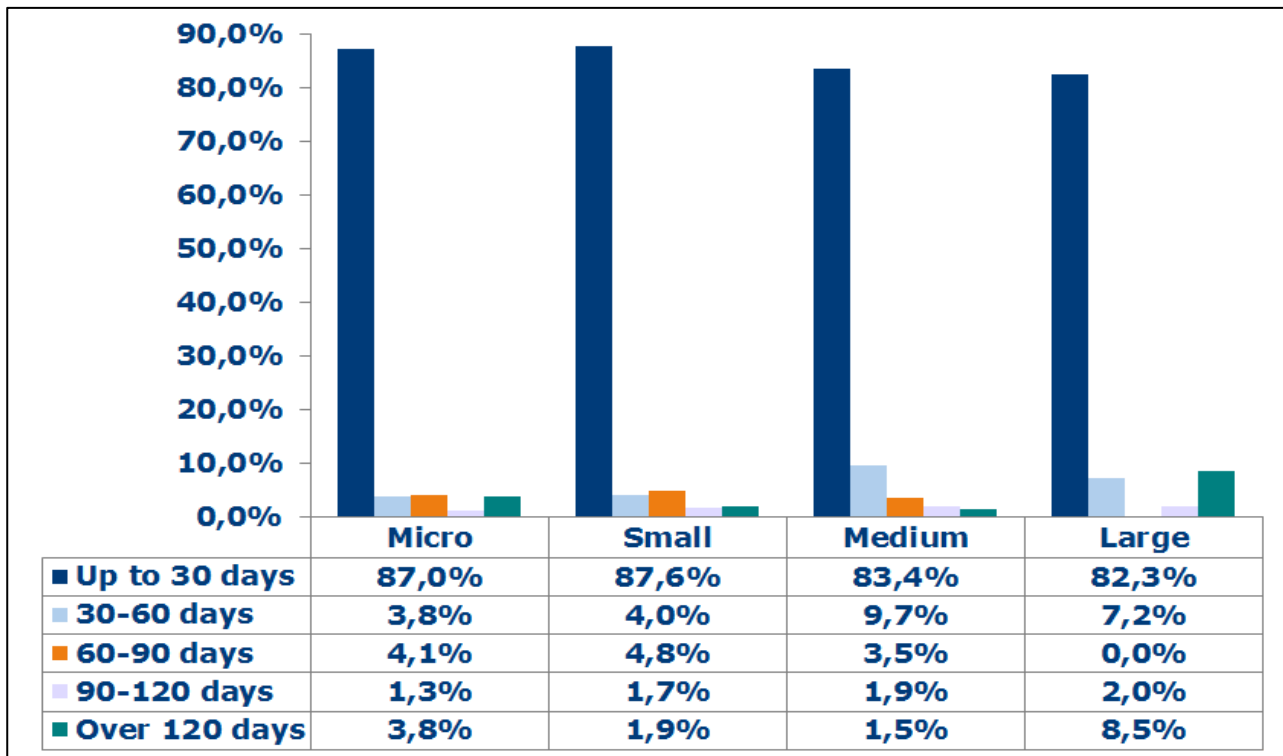
GRAPH 37.1 SOURCE: CRIF UAE

### PAYMENT PRACTICES IN UAE BY PAYMENT CLASS, 2017



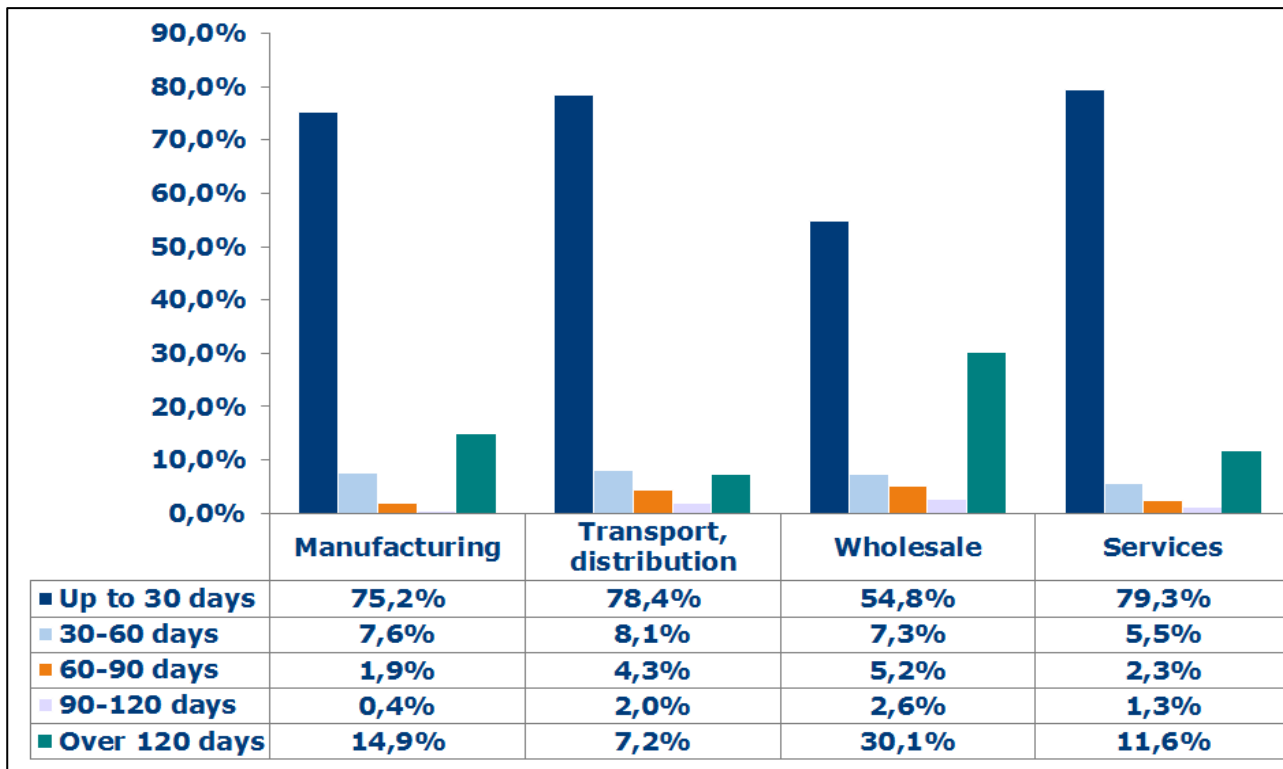
GRAPH 37.2 SOURCE: CRIF UAE

### PAYMENT PRACTICES IN UAE BY TYPE OF COMPANY, 2017



GRAPH 37.3 SOURCE: CRIF UAE

### PAYMENT PRACTICES IN UAE BY PRODUCT SECTOR, 2017



# CONCLUSIONS

As seen in previous editions, the 2018 Payment Study show a certain heterogeneity in payment practices and rather different trends between the countries examined, characterized by individual reactions to growing macroeconomic difficulties and the increasingly extensive credit crisis, which has hit economic systems around the world.

In particular, payment performance in 24 European countries in 2017 was analyzed, and once again, the trends between one country and another are very different.

The European average in the punctual payment class increased, with 41,7% of the total (+2,3% compared to previous year). The percentage of companies paying on average more than 90 days beyond agreed terms was 3,7%.

The best performance was seen for Denmark, which reached a percentage of 88,4% of punctual payers, followed by Poland (75,5%) and The Netherlands (66,3%).

Companies in Finland, Bulgaria, Portugal and Ireland on the other hand, have greater difficulty in respecting agreed commercial agreements, with less than 28% in this payment class. The worst data comes from Portuguese companies, which manage to pay within due dates in only 16,1% 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 Romania and Greece present the most problematic situation, with percentages greater than 8%.

France (3%), Spain (2,9%) and Italy (3%) are in an intermediate position. The proportions for the remaining countries are stable and contained (less than 1% for The Netherlands, Czech Republic, Germany, Finland and Denmark).

Twelve non-European countries were considered in the 2018 edition of the study: the United States, Canada, Mexico, China, Hong Kong, Taiwan, Singapore, Philippines, India, Israel, Thailand and UAE.

The situation for Taiwan, United States and Mexico is positive, with more than 56% of punctual payers.

The worst result regarding punctual payments is seen for Israel and China, with only 17,4% and 27,1% in this class.

High percentages in the serious late payment classes are seen for Philippines (38%), and India (8,7%).

The payment situation in Italy in 2017 remained stable compared to 2016, in fact, the share of "good payers" was 37,3% of the total. Furthermore, 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).

However, there has been a little decrease of 1,5 percentage points over 12 months in serious late payments, reaching 3% of the total.

On the basis of results for the first quarter of 2018, it is possible to see a stable situation as regards payments behavior.

In conclusion, what emerges for 2017 is a diverse picture, with very different payment scenarios between the countries under examination.

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.

Macroeconomic forecasts maintain a certain negativity even for this year and still expected a period marked by critical for the different countries examined. This means that for 2018 businesses will have to carry out careful research and evaluation 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.