



# Atradius Payment Practices Barometer

International survey of B2B payment behaviour  
Survey results for Ireland

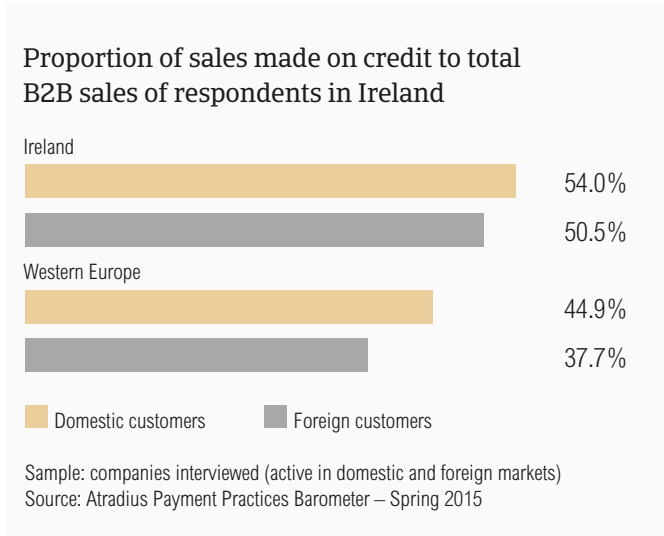


## Survey results for Ireland

### Sales on credit terms

Survey respondents in Ireland are very open to the use of trade credit in B2B transactions. Moreover, in contrast to the survey pattern, they seem to perceive the use of trade credit to be equally risky in both domestic and foreign B2B sales. According to responses in Ireland, 54% of the value of domestic, and 50.5% of the value of foreign B2B sales, is transacted on credit terms. Both these averages are far higher than the survey averages for Western Europe (44.9% domestic and 37.7% foreign). The domestic percentage is aligned with those observed in Great Britain (52%), Sweden (53%) and Italy (56%).

Over the past two years, the proportion of domestic B2B sales made on credit in Ireland increased by around 12 percentage points. This notable upswing is three times higher than the increase recorded in Western Europe over the same time frame. Foreign B2B sales made on credit have increased 14 percentage points over the past two years. This compares to an average increase of 3.3 percentage points for Western Europe overall. This extensive usage of trade credit may reflect the strong recovery in economic activity in Ireland, which started at the end of 2013 and has continued into 2015.



More information in the [Statistical appendix](#)

### Average payment term

The average payment term set by Irish respondents for domestic B2B customers is 30 days, four days shorter than the average term set in Western Europe. Invoice payment terms extended by respondents to customers abroad (averaging 33 days) are almost in line with that of Western Europe overall (32 days).

The minor difference between domestic and foreign average payment terms mirrors the almost equal propensity of Irish respondents to sell on credit terms to domestic and foreign B2B customers. Over the past two years, invoice payment terms in Ireland did not fluctuate substantially.

### Overdue B2B invoices

43.3% of the total value of domestic B2B invoices in Ireland remained unpaid after the due date. This proportion is slightly above that for Western Europe (40.2%) and is as high as that recorded in Spain. The level of domestic overdue payments in Ireland increased by 8.8 percentage points over the past two years. This is below the average increase (10.3 percentage points) recorded in Western Europe over the same time frame.

Conversely, the percentage of foreign overdue invoices in Ireland accounts for 28.4% of the total value of respondents' credit-based sales abroad. This is well below the overall figure for Western Europe (35.4%) and is the second lowest percentage of all the countries surveyed after that observed in Sweden (25.3%). It is worth noting that the level of overdue foreign payment in Ireland decreased by nearly 6 percentage points over the past two years. This is in contrast to the increase of 6.4 percentage points recorded in Western Europe over the same time frame. Ireland and Sweden, however, are the only two countries surveyed in Western Europe, which recorded a decrease in overdue invoices from customers abroad over the past two years.

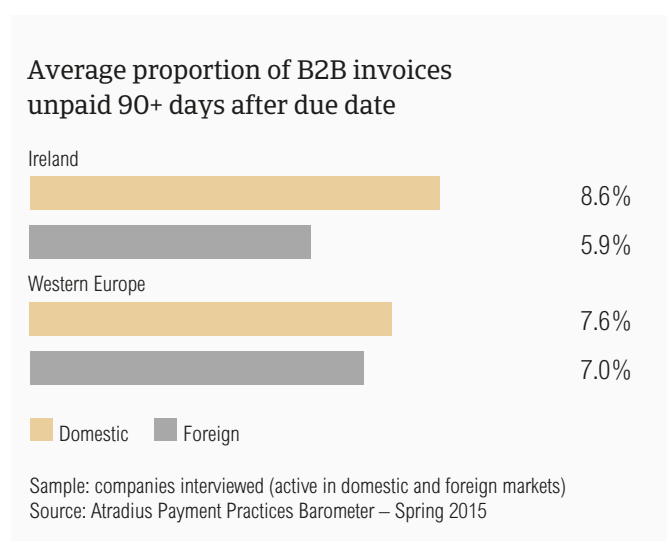
A reflection of the finding regarding the levels of overdue foreign invoices can be seen in the rate of foreign delinquencies recorded in the country (invoices unpaid 90+ days after due date). This is lower (5.9%) than that recorded on the domestic market (8.6%), and well below the delinquency rate registered in Western Europe (7%). The above mentioned findings suggest that Irish re-

Metric	Ireland	Western Europe
Invoice due date (avg. days)	32 days	33 days
Payment delay (avg. days)	20 days	21 days

Cash sales: 30%

spondents place a strong emphasis on foreign receivables management. This is reflected in the average Days Sales Outstanding (DSO) figure of 54 days posted by Irish respondents. This is nearly 20 days shorter than two years ago and but remains above the 48 days average in Western Europe.

The strong effort to manage receivables portfolios more efficiently to improve business profitability, evidenced by survey responses in Ireland, may explain why many of the respondents in the country (28%), compared to 18% in Western Europe, reported that maintaining an adequate cash flow is one of the biggest challenges they will be facing in 2015. This response rate is aligned with that in Great Britain.



More information in the [Statistical appendix](#)

### Average payment delay

Domestic B2B customers of Irish respondents settle their overdue trade debts, on average, 25 days after the invoice due date (survey average is 22 days). The average time it takes respondents' foreign customers to make their late payments is 16 days (survey average is 20 days). This means that respondents in Ireland receive domestic payments, on average, within 55 days after invoicing (survey average is 56 days). This period

is shortened to 49 days for foreign payments (survey average is 52 days).

Over the past two years, the average domestic payment delay decreased steadily, falling from an average of 34 days in 2013 to the current 25 days. Even more significant was the decrease in the average foreign payment delay, which is around 20 days shorter than two years ago. As a result of these fluctuations, the average payment duration (domestic and foreign) is now two weeks shorter than two years ago.

### Key payment delay factors

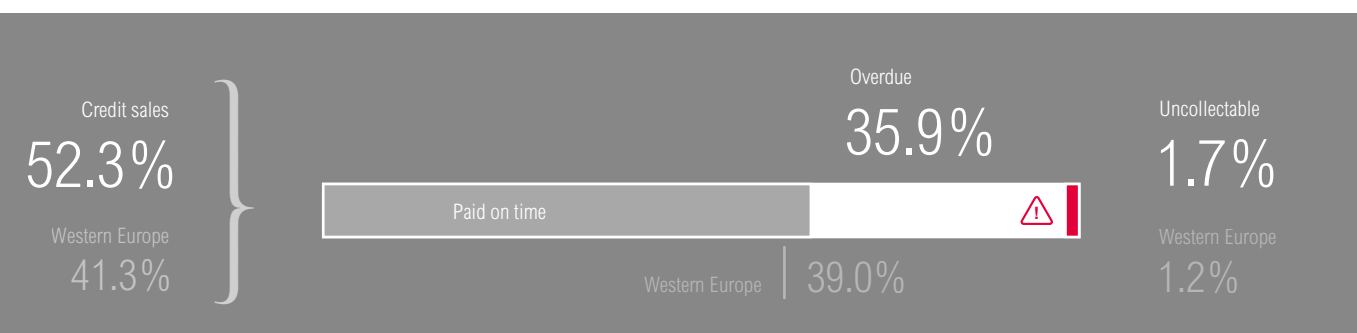
A higher percentage of respondents in Ireland (64.7%) than in Western Europe (51.4%) reported that insufficient availability of funds is the most frequent reason for payment delays from domestic customers. The figure for Ireland decreased notably (10 percentage points) in 2014 compared to one year earlier, and almost returned to 2013 levels this year.

Domestic payment delays in Ireland (36.6% of respondents, compared to 34% in Western Europe) are also caused by buyers using outstanding invoices as a source of financing. This is the most frequent reason for foreign payment delays according to the majority of Irish respondents (33.3%, compared 37% in Western Europe). The percentage of Irish respondents citing this reason is nearly half of that recorded two years ago.

Contrary to the survey pattern, however, more respondents in Ireland (30.3%) than in Western Europe (22.2%) reported that payment on foreign invoices is delayed most often due to inefficiencies of the banking system. After having decreased by around 10 percentage points in 2014, (compared to 2013) the percentage of respondents citing this payment delay factor has returned to 2013 levels.

### Uncollectable accounts

Based on responses in Ireland, 1.7% of the total value of B2B receivables was uncollectable. This is above the average for Western Europe (1.2%). In line with the survey pattern, the proportion of domestic write-offs is larger than that of foreign ones, which





may very well be a consequence of the higher domestic delinquency rate recorded in Ireland.

Domestic and foreign uncollectable B2B receivables are most often reported on credit sales to the construction, food and services sectors. For 56.6% of the respondents in Ireland, compared to 66.4% in Western Europe, B2B receivables were mainly uncollectable because the customer went bankrupt or out of business.

More Irish respondents (35.4%) than respondents in Western Europe (21.3%) reported that B2B receivables were uncollectable because the additional costs to pursue the debtors are too high. Similarly, more respondents in Ireland (28.3%) than in Western Europe (16.4%) reported that B2B receivables were written off mostly because the debts were too old. This finding can be linked to the observations regarding delinquency rates in Ireland.

For more insights into the B2B receivables collections practices in Ireland, please see the Global Collections Review by Atradius Collections (free download after registration), available from April 21st 2015 on [www.atradiuscollections.com](http://www.atradiuscollections.com).

#### Top challenge to business profitability in 2015: maintaining adequate cash flow



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – Spring 2015

More information in the [Statistical appendix](#)

#### Payment practices by industry

Respondents in Ireland reported extending trade credit mainly to B2B customers belonging to the following sectors: agriculture, construction, consumer durables, electronics, food and services (business, financial and overall services). The longest terms for invoice payment are given by Irish respondents to domestic B2B customers in the food sector (averaging 24 days) and to foreign customers in the agriculture and electronics sectors (averaging 60 days each).

Domestic and foreign customers in the construction sector generate most of the late payments (around half of the credit sales in the sector were unpaid at the due date). Moreover, delay in payment of past due debts by domestic and foreign B2B customers in the construction sector together with foreign customers in the agriculture sector is twice as long as the country average.

Domestically, invoice payment is most often delayed by customers in the consumer durables and the services sectors due to a lack of liquidity. This is mostly the case for foreign customers in the business services sector. Over the next 12 months, most of the Irish respondents expect a slight improvement in the payment behaviour of B2B customers in all the industries they mainly trade with. This is particularly the case for customers in the food sector.

To learn more about the Survey design of the Atradius Payment Practices Barometer, please see the [report for the region](#).

If after reading this report you would like **more information about protecting your receivables against payment default** by your customers you can visit the [Atradius website](#) or if you have more specific questions, please [leave a message](#) and a product specialist will call you back.

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The [Statistical appendix](#) to this report is part of the Spring 2015 Payment Practices Barometer of Atradius (survey results for Western Europe) available at [www.atradius.com/Publications/Payment Practices Barometer](http://www.atradius.com/Publications/Payment Practices Barometer). This appendix is available for download in PDF format (English only).

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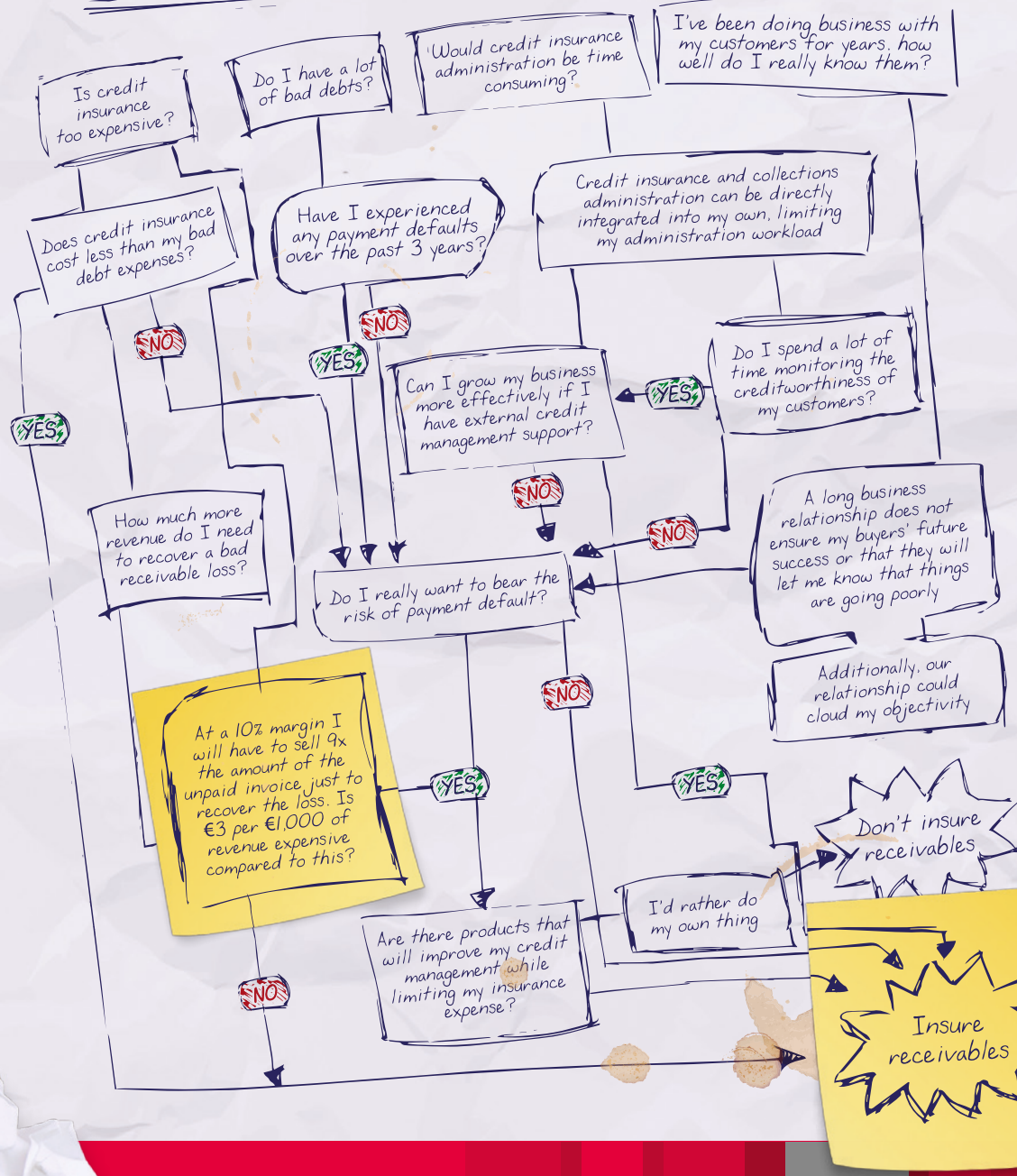
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