



Belgium: another increase in overdue B2B invoices

Atradius Payment Practices Barometer



Key figures

GDP
(billions euro)

€ 448.98

GDP growth rate
(2018 est.)

1.4 %

Export annual growth rate
(2018 est.)

4.1 %

Imports annual growth rate
(2018 est.)

3.8 %

Sources: Oxford Economics, MIT OEC

export sectors

Top5

Chemicals
Transportation
Machinery/
Electrical
Mineral Products
Plastics/
Rubbers

export destinations

Top5

Germany
The Netherlands
France
United Kingdom
Italy

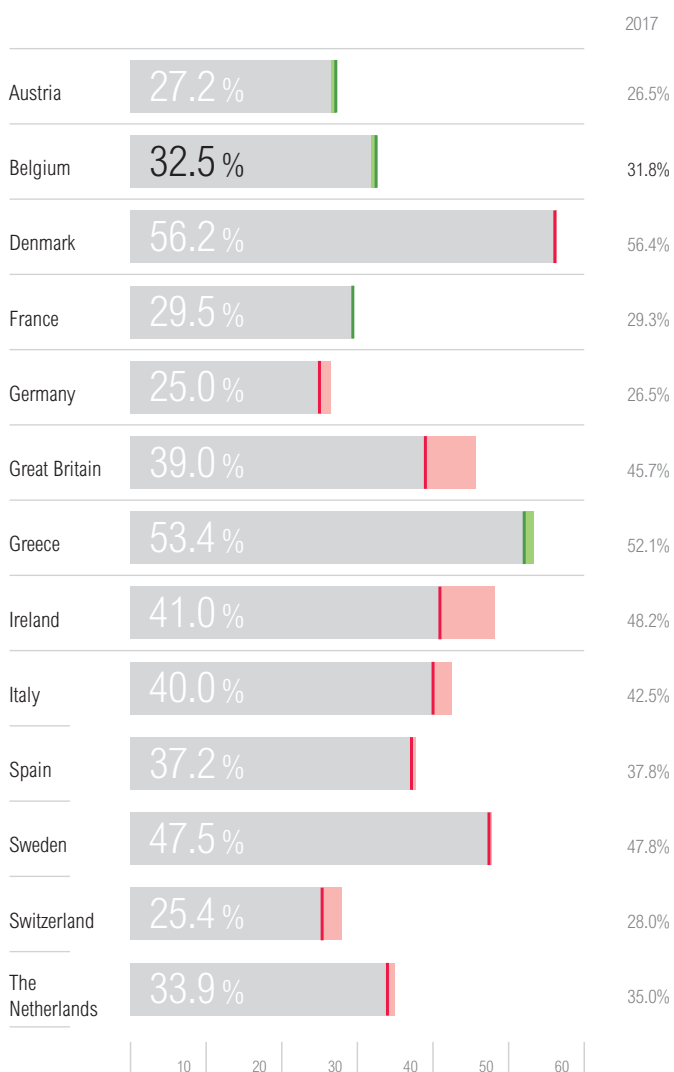
The proportion of domestic and foreign past due B2B invoices in Belgium increased for the third consecutive year. Suppliers in Belgium said that payment delays occurred mainly because of insufficient availability of funds and buyers using outstanding invoices as a form of financing. 17.9% of respondents said that they needed to pursue additional financing and 16.3% that they needed to take specific measures to correct cash flow because of overdue invoices. For 15.8% of respondents, the impact of past due invoices was even more severe and led to revenue loss.

Trading on credit comes with ease and flexibility

Among the Western European countries surveyed, respondents in Belgium are some of the very few who increased their credit sales slightly. The average proportion of total B2B sales made on credit increased from 31.8% in 2017 to 32.5% this year. Respondents in the country seem just as comfortable selling on credit to domestic B2B customers as they are to foreign B2B customers.

Respondents in Belgium said that they opt for credit sales if they trust their domestic B2B customers or to build long-term relationships with new customers. They also agree that this is a much easier, convenient way of trading. Looking at the reasons why Belgian suppliers would refuse granting trade credit, the main ones are the poor payment behaviour of the customer (mentioned by 32.6% of respondents) and the financial weakness of the customer (20.9%).

Proportion of total B2B sales made on credit



» *We trade on credit with our domestic B2B customers to maintain customer loyalty, improve trading relationships and because this is much easier.*«

Survey respondent · Transport sector

The most frequent reasons for granting trade credit to foreign B2B buyers mirror those of domestic customers – it's considered easier and more flexible, to reward loyal customers and to attract new business. The financial weakness of the customer, poor payment behaviour and high economic and political risk in the customer's country are the primary reasons why respondents would not sell on credit to their foreign B2B customers (39.4% mentioned the first reason; the latter two were cited by 24.2% of respondents).

» *We chose this method for the ease of payment.*«

Survey respondent · Business services sector

Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – October 2018



A higher proportion of overdue B2B invoices

92.5% of respondents in Belgium have reported late payments from their B2B customers. While this marks a decrease from 93.6% in 2017, Belgium still had one of the highest percentages in the region. Survey responses suggest that foreign B2B customers pay late as frequently as domestic B2B customers do.

The average proportion of overdue B2B invoices reported by respondents in Belgium increased almost four percentage points from 42.0% in 2017 to 45.6% this year.

The average Days Sales Outstanding (DSO) figure in Belgium dropped from 50 days in 2017 to 48 days this year. 50.0% of respondents said that they do not expect changes in the coming 12 months. Of those who do foresee changes, 27.1% expect an increase and 22.9% a decrease.

Shorter average payment terms, increased payment delays

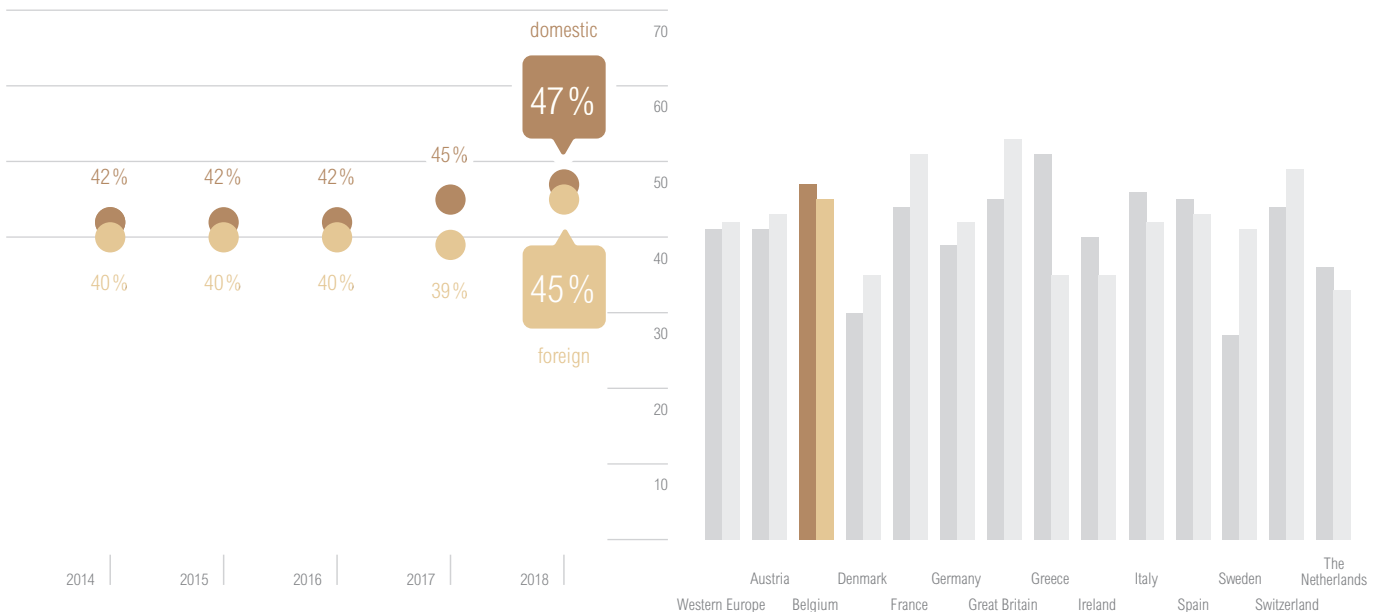
Payment terms this year for both domestic and foreign B2B customers have decreased slightly. Domestic B2B customers are given, on average, 25 days to settle their invoices; three days less than in 2017. Foreign B2B customers are given, on average, 28 days to fulfil their payment obligations; four days less than in 2017.

The small difference between domestic and foreign B2B customers was also consistent with the 38.5% response rate that domestic B2B customers are likely to receive less time to settle their invoices. In contrast, 16.8% of respondents said that they are giving domestic customers more time to pay than what they give to foreign customers. 44.7% of suppliers in Belgium said that they usually don't differentiate payment terms. The main reasons for differentiating payment terms in Belgium are internal policies, industry practices and domestic payment terms dictated by law.

In 2018, the average payment delay by domestic B2B customers increased by one day (31 days) and by eight days by foreign B2B customers (on average, 28 days). Based on the changes in payment delays and payment terms, the average payment duration in Belgium increased from 55 days in 2017 to 57 days this year.

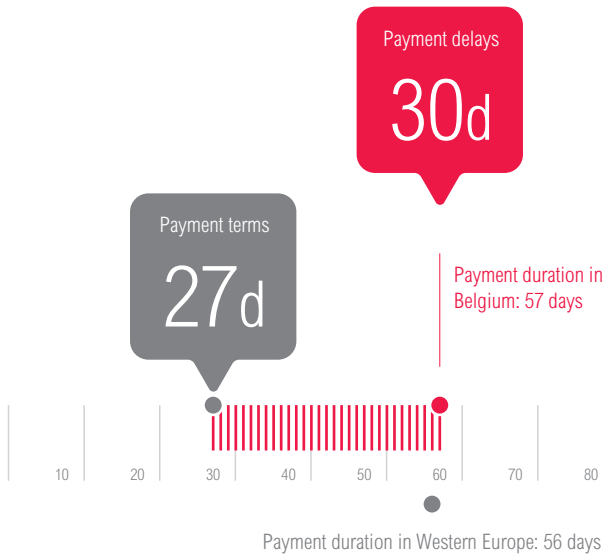
Past due B2B receivables in Belgium

(avg. %)



Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – October 2018

Payment duration in Belgium



d = average days

Sample: companies interviewed (active in domestic and foreign markets)

Source: Atradius Payment Practices Barometer – October 2018

Domestic payment delays occurred mainly because of insufficient availability of funds (reported by 45.2% of Belgian respondents) and buyers using outstanding invoices as a form of financing. The percentage of respondents stating this later reason increased significantly, from 27.1% in 2017 to 34.1% this year (regional average of 30.9%). This is one of the highest percentages in the region.

Looking at the main reasons for payment delays by foreign B2B customers, 31.0% of Belgian respondents reported insufficient availability of funds and 27.6% the complexity of the payment procedure. Both these percentages are in line with what was reported at regional level (31.7% and 27.3% respectively).

15.8% of respondents in Belgium stated that payment delays led to revenue loss. A slightly higher percentage said that in order to manage the impact of overdue B2B invoices, they had to pursue additional financing (17.9%) and take specific measures to correct cash flow (16.3%). 38.6% reported that overdue B2B invoices did not have a significant effect on their businesses.

Respondents in Belgium invoice mostly electronically

The majority of respondents in Belgium (64.1%) said that they are invoicing their B2B customers electronically. Additionally, 16.0% said that they are not yet invoicing electronically but they intend to start doing so in 2018. 17.5% of respondents said that they are not invoicing electronically and 2.4% that they are no longer sending invoices online.

53.8% of Belgian respondents said that after invoicing their B2B customers electronically, they received payments quicker. In contrast, 4.6% cited slower payments of invoices and 41.7% no noteworthy effect on payment duration.



64.1% of respondents in Belgium are already invoicing their domestic and foreign B2B customers electronically.



import sectors

Top5

Chemicals
Machinery/Electrical
Transportation
Mineral Products
Metals

import destinations

Top5

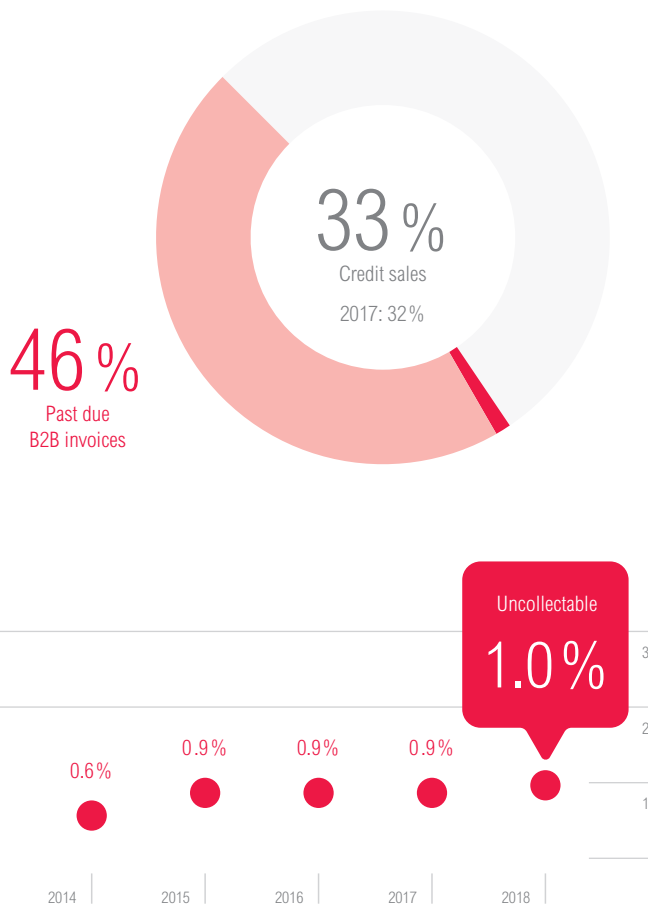
The Netherlands
Germany
France
USA
Ireland

Fearing the potential impact of US protectionism on global economic growth

Along with their peers in Western Europe, respondents in Belgium were asked to rank the following potential risks to global economic growth in order of significance: US protectionism turning into a trade war, misguided Fed policy, a 'hard landing' in China and geopolitical risk. 46.6% of Belgian respondents (regional average 44.8%) said that US protectionism is the most significant risk to global economic growth over the coming 12 months. Another 18.3% agree that, while US protectionism potentially turning into a trade war is a significant risk, it probably isn't the most significant one. 20.2% perceived geopolitical risk as the most significant.

Uncollectable B2B receivables in Belgium

(% of total value of B2B receivables)



Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – October 2018

1.0% of B2B receivables were written off as uncollectable

In 2018, the average proportion of uncollectable receivables in Belgium remained stable at 1.0% (0.9% in 2017). Domestic B2B receivables were written off more often than foreign B2B receivables.

Uncollectable receivables originated most often from B2B customers in the construction, consumer durables, services and business services sectors. Despite a significant decrease in the percentage of Belgian respondents who reported bankruptcy from 60.0% in 2017 to 48.8% in 2018, this remains the top reason why B2B receivables were uncollectable. An increased percentage of Belgian respondents (30.4%) reported that the main reason for write-offs was the high cost of pursuing the debtors.

Slow payment by B2B customers in the consumer durables and chemicals sectors

As mentioned previously, Belgian respondents give their B2B customers 27 days, on average, to fulfil their payment obligations. In 2018, B2B customers in the paper and textiles sectors enjoyed longer average payment terms (57 days and 41 days respectively). In contrast, B2B customers in the construction materials and food sectors are asked to pay much faster (on average, within 15 and 19 days respectively).

Suppliers in Belgium reported that B2B customers in the consumer durables and chemicals sectors are some of the slowest payers. B2B customers in these sectors, paid on average 44 and 24 days after the due date. The main reasons behind payment delays in the consumer durables sector are the inefficiencies of the banking system (reported by 33.0% of respondents) and buyers using outstanding invoices as a form of financing (mentioned by 27.0% of respondents). Suppliers in the chemicals industry said that their customers delayed payments most often because the goods delivered or services provided did not correspond to what was agreed in the contract (33.0% of respondents). 27.0% of respondents said that delays occurred because buyers used outstanding invoices as a form of financing or the invoice was sent to the wrong person.

Looking ahead, most respondents in Belgium (46.0% and 59.0% respectively) expect the payment behaviour of their B2B customers in the consumer durables and chemicals sectors to remain stable in the coming 12 months. Should changes occur, most respondents expect these to be for the worse.



23.0% of Belgian respondents in the chemicals sector expect a significant deterioration in the payment behaviour of their B2B customers over the coming 12 months.

Survey design for Western Europe

Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the “Atradius Payment Practices Barometer”. In this report focusing on Western Europe, which is part of the 2018 edition of the Atradius Payment Practices Barometer, companies from 13 countries (Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Ireland, Italy, Spain, Sweden, Switzerland and the Netherlands) have been surveyed.

Using a questionnaire, Ilisia Research conducted a net of 2,770 interviews. All interviews were conducted exclusively for Atradius, without any combination of topics.

Survey scope

- Basic population: companies from 13 countries (Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Ireland, Italy, Spain, Sweden, Switzerland and the Netherlands) were monitored. The appropriate contacts for accounts receivable management were interviewed.
- Selection process – Internet survey: companies were selected and contacted by use of an international Internet panel. A screening for the appropriate contact and for quota control was conducted at the beginning of the interview.
- Sample: N=2,770 people were interviewed in total (approximately n=200 people per country). In each country a quota was maintained according to four classes of company size.
- Interview: Web-assisted personal interviews (WAPI) of approximately 15 minutes duration. Interview period: Q2 of 2018.

Sample overview – Total interviews = 2,770

Country	n	%
Austria	218	7.9%
Belgium	208	7.5%
Denmark	213	7.7%
France	215	7.8%
Germany	213	7.7%
Great Britain	215	7.8%
Greece	200	7.2%
Ireland	229	8.3%
Italy	214	7.7%
Spain	212	7.7%
Sweden	214	7.7%
Switzerland	213	7.7%
The Netherlands	206	7.4%
Business size	n	%
Micro-enterprises	915	33.0%
SMEs (Small/Medium enterprises)	1,533	55.3%
Large enterprises	322	11.6%
Industry	n	%
Manufacturing	797	28.8%
Wholesale / Retail / Distribution	855	30.9%
Services	1,118	40.4%

It may occur that the results are a percent more or less than 100%. This is the consequence of rounding off the results. Rather than adjusting the outcome so that it totalled 100%, we have chosen to leave the individual results as they were to allow for the most accurate representation possible.

Statistical appendix

Find detailed charts and figures in the Statistical Appendix for Western Europe. This is part of the October 2018 Payment Practices Barometer of Atradius, available at

www.atradius.com/publications

[Download in PDF format](#) (English only).



SURVEY RESULTS

SURVEY DESIGN

STATISTICAL APPENDIX

Disclaimer

This report is provided for information purposes only and is not intended as a recommendation as to particular transactions, investments or strategies in any way to any reader. Readers must make their own independent decisions, commercial or otherwise, regarding the information provided. While we have made every attempt to ensure that the information contained in this report has been obtained from reliable sources, Atradius is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information in this report is provided 'as is', with no guarantee of completeness, accuracy, timeliness or of the results obtained from its use, and without warranty of any kind, express or implied. In no event will Atradius, its related partnerships or corporations, or the partners, agents or employees thereof, be liable to you or anyone else for any decision made or action taken in reliance on the information in this report or for any consequential, special or similar damages, even if advised of the possibility of such damages.

Copyright [Atradius N.V.](#) 2018

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. In the Publications section you'll find many more Atradius publications focusing on the global economy, including country reports, industry analyses, advice on credit management and essays on current business issues.

[Subscribe](#) to notifications of our Publications and receive weekly emails to alert you when a new report is published.

For more **insights into the B2B receivables collection practices** in Belgium and worldwide, please see the Global Collections Review by Atradius Collections (free download after registration), available on www.atradius-collections.com

Connect with Atradius on Social Media



On Twitter? Follow [@Atradius](#) or search [#atradiusppb](#)

Atradius N.V.
David Ricardostraat 1 · 1066 JS Amsterdam
Postbus 8982 · 1006 JD Amsterdam
The Netherlands
Phone: +31 20 553 9111

info@atradius.com
www.atradius.com