

## Payment practices 2018: Experts confirm positive trend for Europe

**Payment practices slightly improved thanks to good economic climate / Payment delays still a problem – every fifth invoice affected**

**Hamburg, 24 September 2018** – Europe in the mood to spend. In June, the GfK Consumer Climate for the 28 EU member states reached 23.2 points, its highest level since the beginning of the financial crisis in 2007. Europeans are getting tired of saving and are spending more on consumption. Greater liquidity also means that companies are likely to benefit from improved payment practices. These are also some of the findings of the representative EOS survey 'European Payment Practices' 2018, which was conducted this year for the 11th time in partnership with market research institute Kantar TNS (formerly TNS Infratest). Compared with the previous year, there was a slight improvement in willingness to pay of one percentage point (2017: 78 percent, 2018: 79 percent), confirming a five-year trend. Whereas in 2014, 75 percent of payments were made on time, in 2018 this had risen to 79 percent. In this context, private customers pay sooner than business customers, who are often making use of supplier credits. For the second year in a row, payment terms were cut slightly and are now sitting at 34 days on average. Despite these optimistic results, there is still a negative undertone, as 18 percent of invoices in Europe continue to be paid too late and 3 percent of all outstanding bills are not paid at all.

### Denmark goes straight to the top of the table

However, there are some differences between the various European countries. In Denmark, for example, private and business customers exhibit the best payment practices by paying their bills on time (85 percent). In Germany, Switzerland and Spain the figure is 82 percent. The lowest number of payments made on time is to be found in Slovakia (73 percent), Greece (74 percent) and Romania (74 percent). The UK is also one of the countries with poor payment practices, with 75 percent of bills settled on time. "In many respects, the imminence of Brexit is causing a lot of uncertainty. The poor payment practices among the British makes clear how the current political situation is slowing down the economy," says Klaus Engberding, CEO of the EOS Group. Denmark, which had been included in the survey for the first time, achieved top marks right away, as it is the top performing country with the best payment practices. The low rate for payment delays and defaults (15 percent) is probably closely associated with the shortest payment terms (11 days for consumers, 27 days for business customers).

Where there is light there must also be shadow: whenever payments are delayed, Danish customers allow themselves the longest period (23 days) after Slovenia (30 days) and Greece (24 days) to pay their outstanding bills. And Eastern European companies continue to be affected to a greater degree than Western European companies by the problem of delayed payments.

German companies impose short payment terms on their customers. At 18 days for private customers and 25 days for business customers, payment terms in Germany are much shorter than the Western European average (22 and 35 days respectively). At the same time, German citizens show that punctuality is a German virtue, because in both customer groups, 82 percent of all invoices are paid within the statutory payment term, while the current level of unpaid receivables is a total of two percent. However, in the event of any delays in the payment flow (16 percent), business owners have to wait 22 days on their money, which is longer than the Western European average.

### **Payment delays still a problem**

Despite all the positive news, payment delays are still very much part of the daily routine for companies. European companies are affected by payment delays in the case of every fifth invoice. Whereas in the case of business customers the level of payment delays has remained roughly the same as the previous year, it has fallen for private customers. The respondents to the survey see the main reasons for payment delays as being cash flow problems (private customers) or payment defaults by a company's own customers (business customers). As well as purely monetary reasons, companies also think that organizational reasons such as technical problems, irregularities in invoicing procedures or human error can cause business customers to pay late.

### **Outlook positive overall**

European companies generally have a somewhat more positive view of the future than in the previous year and remain cautiously optimistic about payment delays. Across all countries, fewer companies than in the previous year think that payment practices are likely to get worse in the future (13 percent). However, only every fourth company (24 percent) expects an actual improvement in payment practices. Only in Germany does the proportion of those expecting payment practices to get worse in future predominate (18 percent). Russia and Slovenia, on the other hand, are more optimistic. Companies there see almost no reason for things to get worse in future (5 and 3 percent respectively). Likewise in Belgium, where just 9 percent of experts are pessimistic about future payment practices.



### **About the EOS survey 'European Payment Practices' 2018**

In conjunction with independent market research institute Kantar TNS (formerly TNS Infratest), EOS conducted a telephone interview in spring 2018 with 3,400 companies in 17 European countries about the payment practices in their respective locations. 200 companies with an annual turnover of more than EUR 5 million in each of the countries Denmark, Germany, UK, Spain, France, Belgium, Switzerland, Romania, Czech Republic, Croatia, Hungary, Bulgaria, Slovakia, Slovenia, Poland, Russia and Greece answered questions about their own payment experiences, economic developments in their countries and issues relating to risk and receivables management. The survey was conducted for the 11th year in succession. For more results from the survey please go to: <https://de.eos-solutions.com/surveys>

### **The EOS Group**

The EOS Group is one of the leading international providers of customized financial services. As a specialist in the evaluation and processing of receivables EOS deploys new technologies to offer its some 20,000 customers in 26 countries financial security through smart services. The company's core business is the purchase of unsecured and secured debt portfolios. Working within an international network of partner companies, the EOS Group has a workforce of around 7,500 and more than 60 subsidiaries, so it can access resources in more than 180 countries. Its key target sectors are banking, utilities, real estate and e-commerce.

For more information please visit: [www.eos-solutions.com](http://www.eos-solutions.com)

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