



Ireland: 56.3% of
suppliers felt the impact of
overdue invoices

Atradius Payment Practices Barometer



Key figures

GDP
(billions euro)

€ 313.58

GDP growth rate
(2018 est.)

5.0%

Export annual growth rate
(2018 est.)

4.0%

Imports annual growth rate
(2018 est.)

-0.9%

Sources: Oxford Economics, MIT OEC

export sectors

Top5

Chemicals
Machinery/
Electrical
Miscellaneous
Foodstuff
Animal/
Animal Products

export destinations

Top5

USA
Belgium/Luxembourg
United Kingdom
Germany
Switzerland

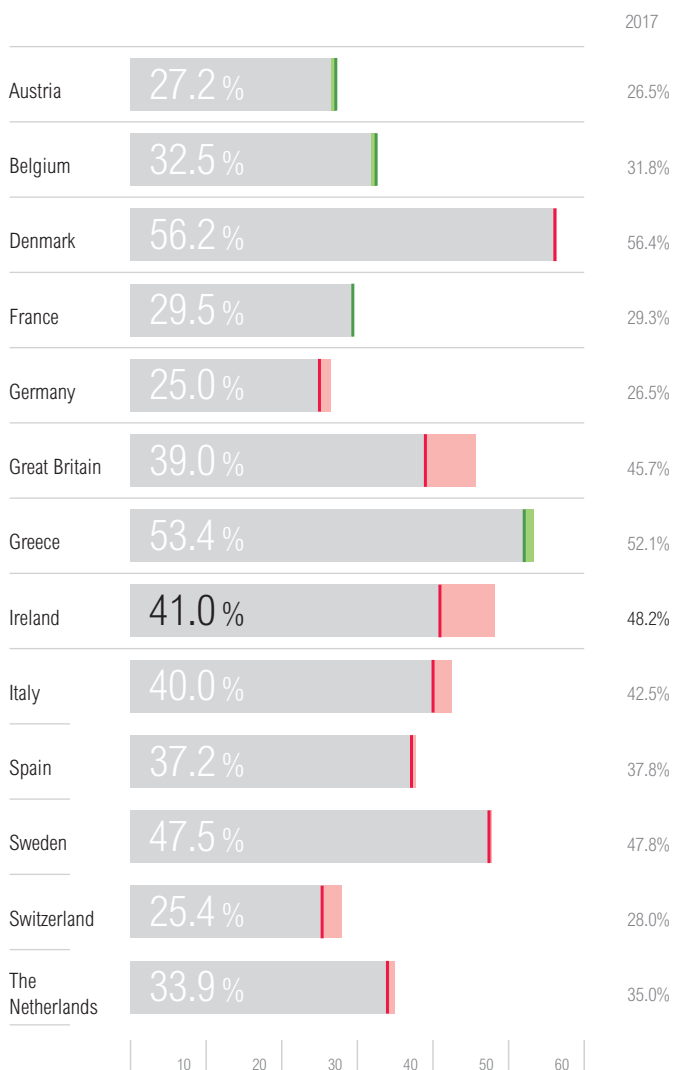
The proportion of past due B2B invoices declined and there was a significant improvement in Ireland's payment duration. However, still 56.3% of Irish respondents said that overdue invoices have affected their businesses over the past 12 months. In order to manage this impact, many of them had to take specific measures to correct cash flow or to postpone payments to their own suppliers. The proportion of receivables written off as uncollectable is lower than in 2017 and is in line with the regional average.

Trading on credit to attract and retain customers

The proportion of total B2B sales made on credit in Ireland dropped significantly from 48.2% in 2017 to 41.0% this year. Despite this being one of the biggest decreases in the region, Ireland's proportion of B2B sales on credit is still slightly above the regional average.

Respondents in Ireland trade on credit with their domestic and foreign B2B customers because credit sales are seen as a way to expand business domestically and internationally and they are important in nurturing business relationships and developing new ones.

Proportion of total B2B sales made on credit



» *We trade on credit because we trust our customers and established a long partnership over the years.*«

Survey respondent - Services sector

Looking at reasons why they would refuse to grant credit terms to their domestic B2B customers, 37.5% of Irish respondents mentioned the customer's poor payment behaviour and 31.3% the financial weakness of the customer. A very frequent reason for not selling on credit to B2B customers abroad, mentioned by 77.8% of respondents, is the lack of information on the customer's business or payment performance. The customer's poor payment behaviour was the second most frequently reported reason for not trading on credit internationally (mentioned by 27.8%).

» *We trade on credit to develop our overseas business and increase orders.*«

Survey respondent - Construction sector

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



Ireland's DSO still above the regional average

In 2018, fewer respondents in Ireland reported late payments by their B2B customers. 91.3% mentioned payment delays from domestic B2B customers and a lower 83.5% from foreign B2B customers. This compares to 95.5% reporting domestic payment delays and 86.8% reporting foreign payment delays in 2017.

The proportion of past due B2B invoices in Ireland has also seen a significant decrease, from 45.1% in 2017 to 37.5% this year. Slightly more domestic invoices than foreign invoices remained unpaid by the due date.

In 2018, the average Days Sales Outstanding (DSO) figure recorded in Ireland is 48 days, one day shorter than in 2017. Despite this being the fourth consecutive year with a decrease, Ireland's DSO is still four days longer than the regional average. Most respondents in Ireland (57.4%) do not expect any changes in their company's DSO over the coming 12 months. Of those who foresee changes, 21.6% expect an increase and 21.1% a decrease.

Lost revenues for 15.1% of companies due to overdue invoices

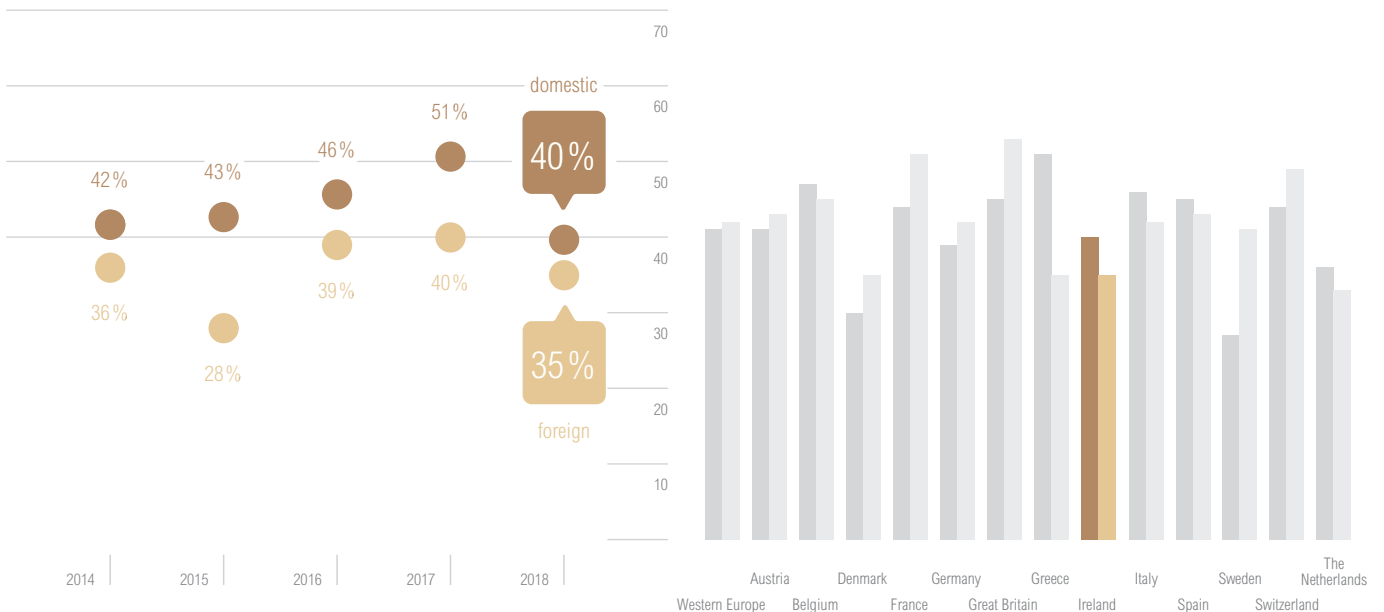
In 2018, the average payment terms in Ireland increased one day for both domestic and foreign B2B customers. Domestic B2B customers have on average 33 days to settle invoices, while foreign B2B customer 29 days.

44.2% of respondents in Ireland stated that they are not likely to differentiate payment terms between domestic and foreign B2B customers. Of those who differentiate, 29.7% said that they are likely to give their domestic B2B customers longer average payment terms and 26.1% that they are likely to give their domestic B2B customers less time to settle payments. The main reasons for differentiating payment terms in Ireland are internal policies, the financial risk associated to the payment transaction and the economic situation in the export country.

According to the survey findings, payment delays in Ireland have dropped significantly in 2018. Domestic B2B customers delay payments, on average 24 days and foreign B2B customers 18 days. This compares to 29 and 24 days in 2017.

Past due B2B receivables in Ireland

(avg. %)



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

Extensive use of online invoices and faster payments

The majority of respondents in Ireland (78.9%) are already making use of online invoicing (e-invoicing). This is the second highest percentage registered in Western Europe, after that of Denmark. Only 12.3% said that they do not invoice their domestic and foreign B2B customers online. The remaining 8.4% are introducing electronic invoices in 2018.

Asked about the effect of e-invoicing on payment duration, the majority (68.0%) believe that after invoicing electronically, they received payments quicker. In contrast, 2.9% of Irish suppliers said that they have experienced the opposite, slower payments and 29.1% said there was no noteworthy effect on payment duration.

Payment duration in Ireland



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

The significant change in payment delays caused a major drop in Ireland’s average payment duration. This decreased from 57 days in 2017 to 50 days this year.

In Ireland, domestic payment delays occurred mainly because of insufficient availability of funds and because of buyers using outstanding invoices as a form of financing. The first reason was cited by 51.4% of respondents while the latter by 30.5%. Payment delays from B2B customers abroad occurred most often because of insufficient availability of funds and incorrect information on invoices (mentioned by 33.6% and 29.9% of respondents respectively).

For 43.7% of Irish respondents, overdue B2B invoices had no significant impact on their businesses over the past 12 months. This means that the majority (56.3%) reported negative consequences of overdues. 21.4% of suppliers said that they needed to take specific measures to correct cash flow and 17.5% that they needed to postpone payments to their own suppliers. For 15.1% of suppliers, overdue B2B invoices caused revenue loss.



60.7% of Irish respondents believe that the Brexit decision did not change trading decisions for better or worse. Most suppliers surveyed (69.9%) also believe that Brexit did not cause changes in the payment behaviour of their B2B customers.

import sectors

Top5

- Transportation
- Chemicals
- Machinery/Electrical
- Foodstuff
- Miscellaneous

import destinations

Top5

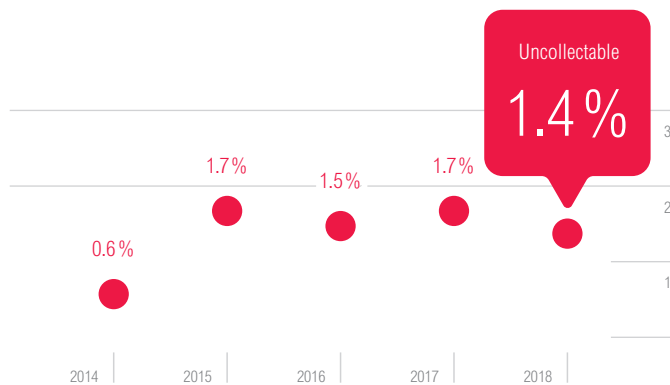
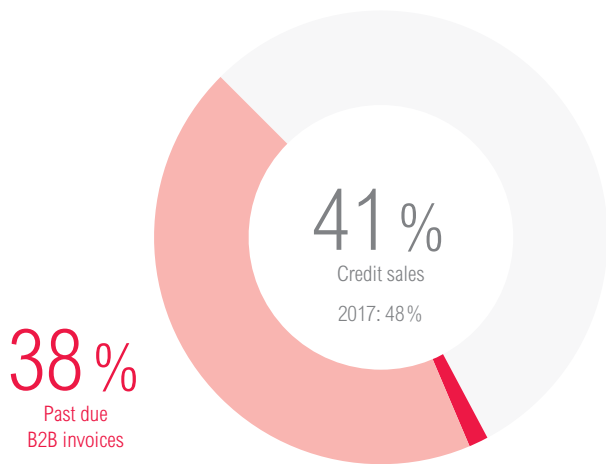
- United Kingdom
- USA
- Germany
- France
- China

US protectionism expected to impact global growth

Irish respondents have been asked to rank the following risks from the most significant to the least significant: US protectionism turning into a trade war, Fed policy becoming misguided, a 'hard landing' in China and geopolitical risk. US protectionism turning into a trade war was the most frequently cited risk in Ireland and in Western Europe overall (51.5% of respondents mentioned this in Ireland and 44.8% in the region). An additional 28.0% of Irish respondents perceived this as a significant risk but not the one most likely to hamper global growth. Only 8.7% of Irish respondents ranked US protectionism as the least significant potential risk to global growth.

Uncollectable B2B receivables in Ireland

(% of total value of B2B receivables)



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

The proportion of uncollectable receivables in line with the regional average

In 2018, the average proportion of uncollectable receivables in Ireland dropped slightly from 1.7% in 2017 to 1.4% this year. Domestic B2B receivables were written off almost four times as often as foreign B2B receivables.

In Ireland, uncollectable receivables originated most often from B2B customers in consumer durables, construction, electronics, business services and services. The main reasons why B2B receivables were uncollectable are bankruptcy (reported by 53.8% of respondents), the high costs of pursuing debtors (36.6%) and the failure of collection attempts (35.9%).

Mainly optimistic about the coming 12 months

In 2018, the average payment terms given in Ireland stand at 31 days. B2B customers in the machines and metals sectors enjoyed average payment terms longer than the country average (43 days and 39 days respectively). In contrast, B2B customers in the agriculture sector are being asked to pay, on average, within 23 days.

Despite payment terms longer than the country average, B2B customers in the metals sector generated long delays, settling invoices on average, 34 days after the due date. Construction was another sector that generated long delays. B2B customers here paid, on average, 20 days after the due date. The main reason for payment delays in both these sectors is insufficient availability of funds (mentioned by 69.0% of respondents in the metals sector and by 52.0% of respondents in the construction sector).

Looking at the coming 12 months, 52.0% of suppliers in the construction sector and 46.0% in the metals sector mentioned that they do not expect changes in the payment behaviour of their B2B customers. Should changes occur, these are likely to be positive.



The construction sector, once more, generated some of the longest payment delays in Ireland.

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

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SURVEY RESULTS

SURVEY DESIGN

STATISTICAL APPENDIX

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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