



Atradius Payment Practices Barometer

International survey of B2B payment behaviour
Survey results for Greece

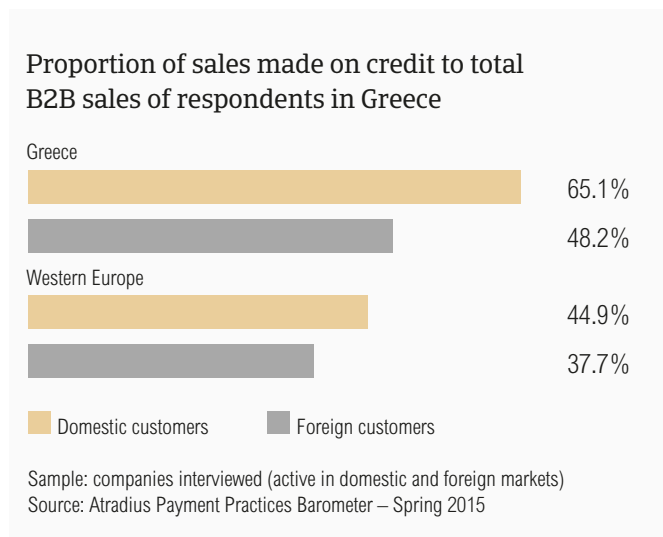


Survey results for Greece

Sales on credit terms

Survey respondents in Greece reported that, on average, 65.1% of the total value of domestic B2B sales was made on credit. This is well above the average for Western Europe (44.9%). Interestingly, according to this finding, Greece is the second most inclined country in Western Europe, to use trade credit in domestic B2B transactions after Denmark (70.5%).

The two countries have completely different economic landscapes. While Greece used trade credit most often as a financing tool, the highly competitive market of Denmark used trade credit mostly as a marketing tool. In 2014, the proportion of domestic credit-based B2B sales in Greece dropped substantially, as a result of a sudden standstill in economic activity. This year, we witnessed an increase in economic activity, of more than three times the average increase recorded in Western Europe. This improvement has influenced domestic sales on credit, bringing them back to 2013 levels.



More information in the [Statistical appendix](#)

The openness to trade credit shown by Greek respondents on the domestic market is relatively high compared to that shown in transactions with B2B customers abroad. About 48.8% of the

total value of foreign B2B sales was made on credit compared to 65.1% of the value of domestic sales. This percentage of foreign B2B sales, which is well above the survey average (37.7%), is the second highest of the countries surveyed in Western Europe. Again after that observed in Denmark (63%). The average increase in Greece in 2014 is nearly twice that of the 3% average increase recorded in Western Europe.

Average payment term

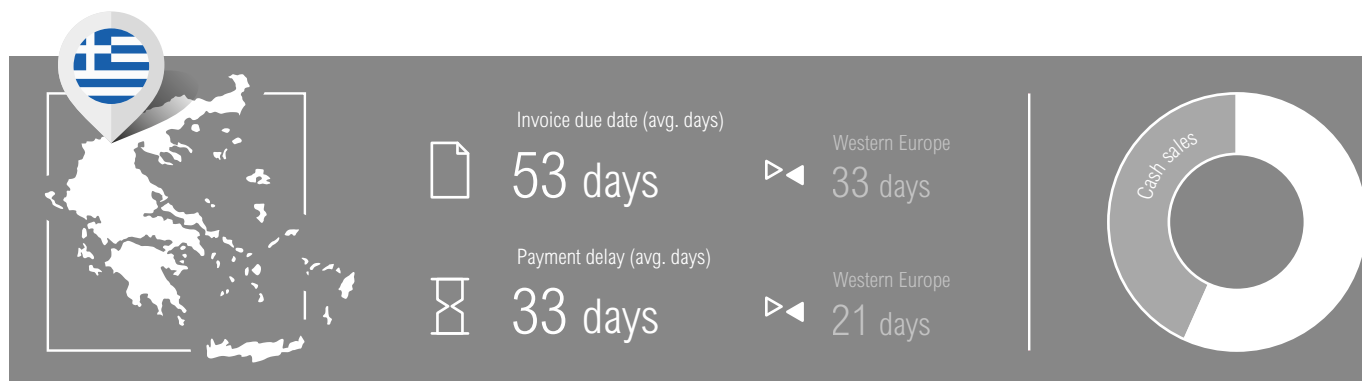
The payment terms given by Greek respondents to their domestic B2B customers, averaging 70 days from the invoice date, appear to be the longest extended in Western Europe. This average figure is twice as long as the survey average (34 days). Over the past two years, the domestic payment term in Greece increased by an average of 10 days. This finding underlines the difficult business environment in Greece, in which the financial aspect of granting trade credit appears to play a major role.

Payment terms granted to foreign B2B customers, averaging 37 days, are significantly shorter than those given on the domestic market. This is relatively close to the average for Western Europe (32 days). Over the past two years, there was almost no change in the average payment term given to B2B customers abroad. It is worth noting that longer domestic payment terms are also given by respondents in Italy and Spain.

Overdue B2B invoices

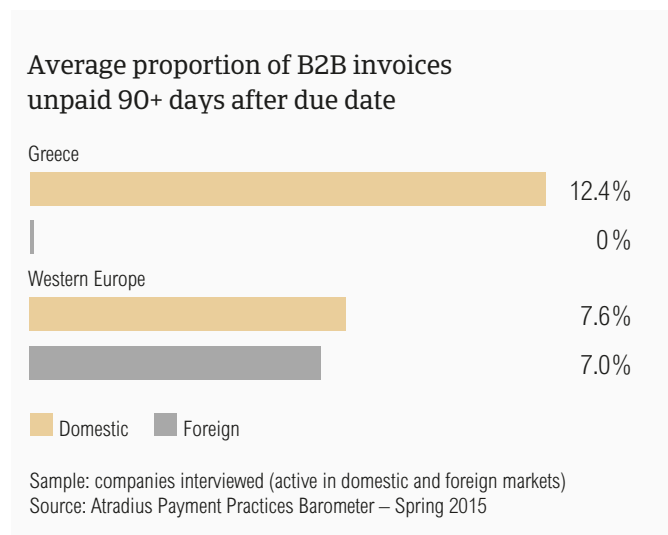
Despite the significant amount of time given to settle trade debts, a sizeable proportion of the total value of domestic B2B invoices in Greece (45%) was overdue. Greece recorded the second highest proportion of overdue domestic invoices in Western Europe, after that of Italy (50.2%), a percentage also above the survey average (40.2%).

Over the past two years, the level of overdue domestic payments in Greece increased notably (by around 13 percentage points). This increase is consistent with the upward trend in the rate of late domestic payments observed in Western Europe. Foreign B2B customers of Greek respondents pay past due invoices much faster than domestic customers. On average, only 12% of



the total value of foreign invoices went past due. This is the lowest proportion of foreign overdue invoices across the countries surveyed, and notably below the average for Western Europe (35.4%).

The levels of late payment are reflected in the 72 days average Days Sales Outstanding (DSO) figure posted by Greek respondents. This is the same as that observed in Italy, and 24 days longer than the average for Western Europe (48 days). This discrepancy may be explained by the big impact of delinquent invoices (unpaid after 90 days past due), particularly on the domestic market. These amount to 12.4% of the total value of domestic B2B receivables, compared to an average of around 7% for Western Europe.



More information in the [Statistical appendix](#)

Average payment delay

Domestic B2B customers of Greek respondents make their past due payments, on average, one month after the due date. This means that domestic B2B suppliers in Greece receive payment on invoices 100 days after the invoice date. This is the longest average payment duration across the countries surveyed, and is nearly twice as long as the average for Western Europe (around

55 days). Over the past two years, however, this time period decreased significantly (almost by three weeks). Foreign past due invoices, in contrast, are paid within around five days past due.

Over the past two years, this timing decreased about 20 days, suggesting that suppliers in Greece benefit from the swift payment behavior of their foreign counterparts. However, with a waiting time of 100 days to receive payment on domestic invoices, it is of no surprise that Greek respondents are highly concerned about the financial balance of their businesses.

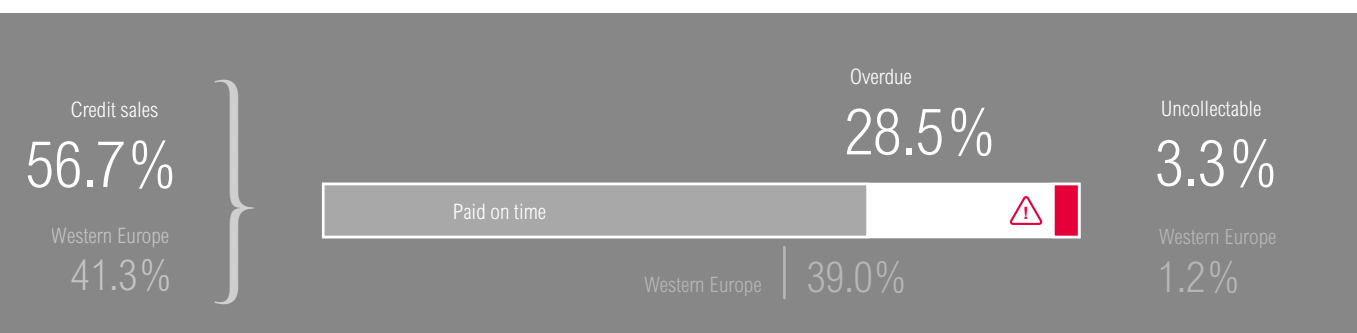
When asked to indicate the greatest challenge to business profitability in 2015 two in five Greek respondents indicated maintaining adequate cash flow and collection of outstanding invoices. In both cases, the percentage of respondents is above that in Western Europe overall (18% indicated cash flow and 11% collection of outstanding invoices).

Key payment delay factors

Most of the respondents in Greece (nearly 84.3%) reported that domestic late payment of B2B invoices is chiefly attributable to insufficient availability of funds. At 73%, this is the highest percentage of respondents citing this reason across the countries surveyed and is significantly above that of Western Europe (51.4%).

Choosing insufficient availability of funds as a key payment delay factor comes as no surprise in a country in deep economic difficulty. In 2014, the percentage of Greek respondents citing this reason dropped notably, markedly increasing again this year. This finding reflects the heightened risk of insolvency in the country.

Also payment delays from foreign B2B customers were most frequently ascribed to a lack of liquidity (just over 57% of respondents). Once more, this is the highest percentage of respondents citing this reason across the countries surveyed, and is 20 percentage points higher than that of Western Europe. After a strong decrease at the beginning of 2014, this percentage markedly increased again returning to 2013 levels.



Uncollectable accounts

An average of 3.3% of the B2B receivables in Greece was reported as uncollectable. This is nearly three times the average for Western Europe (1.2%). Uncollectable domestic B2B receivables were primarily reported from the services and consumer durables sectors. Foreign B2B write-offs were mainly related to the chemicals sector. For 71% of the Greek respondents B2B receivables were mainly due to the customer being bankrupt or out of business. This compared to 66.4% in Western Europe. Notably more respondents in Greece (32.7%) than in Western Europe (24.1%) said that write-offs were a consequence of the high costs of pursuing trade debts. The percentage of respondents stating that the debt could not be collected (30%) as it was too old is nearly twice as high as that in Western Europe (16.4%).

For more insights into the B2B receivables collections practices in Greece, please see the Global Collections Review by Atradius Collections (free download after registration), available from April 21st 2015 on 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

Across almost all of the industries with which Greek respondents trade, domestic B2B customers are given payment terms in line with the average for the country. Exceptions to this are the food and the consumer durables sectors, where payment terms are much shorter (averaging around 50 days). The highest overdue payment levels are found in the domestic construction sector (nearly 60%), which records the longest payment delays (averaging 46 days).

Not surprisingly for a country whose economic conditions and insolvency environment remain challenging, an average of four in five respondents reported that domestic B2B buyers delay invoice payment most often because of financial difficulties. The perception of the respondents in Greece is that the payment behavior of domestic B2B customers will remain the same over the next 12 months.

For most of the respondents, (around 25%) a slight deterioration is expected in the food industry. As to their foreign trade relations, Greek respondents give above-average payment terms (45 days) to B2B buyers in the food sector. Foreign payment default rates, and payment delay levels, in the construction sector are above the average. However, foreign late payment occurs most often because of the inefficiencies of the banking system. No change is expected in the payment behavior of Greek respondents' foreign customers over the next 12 months.

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. This appendix is available for download in PDF format (English only).

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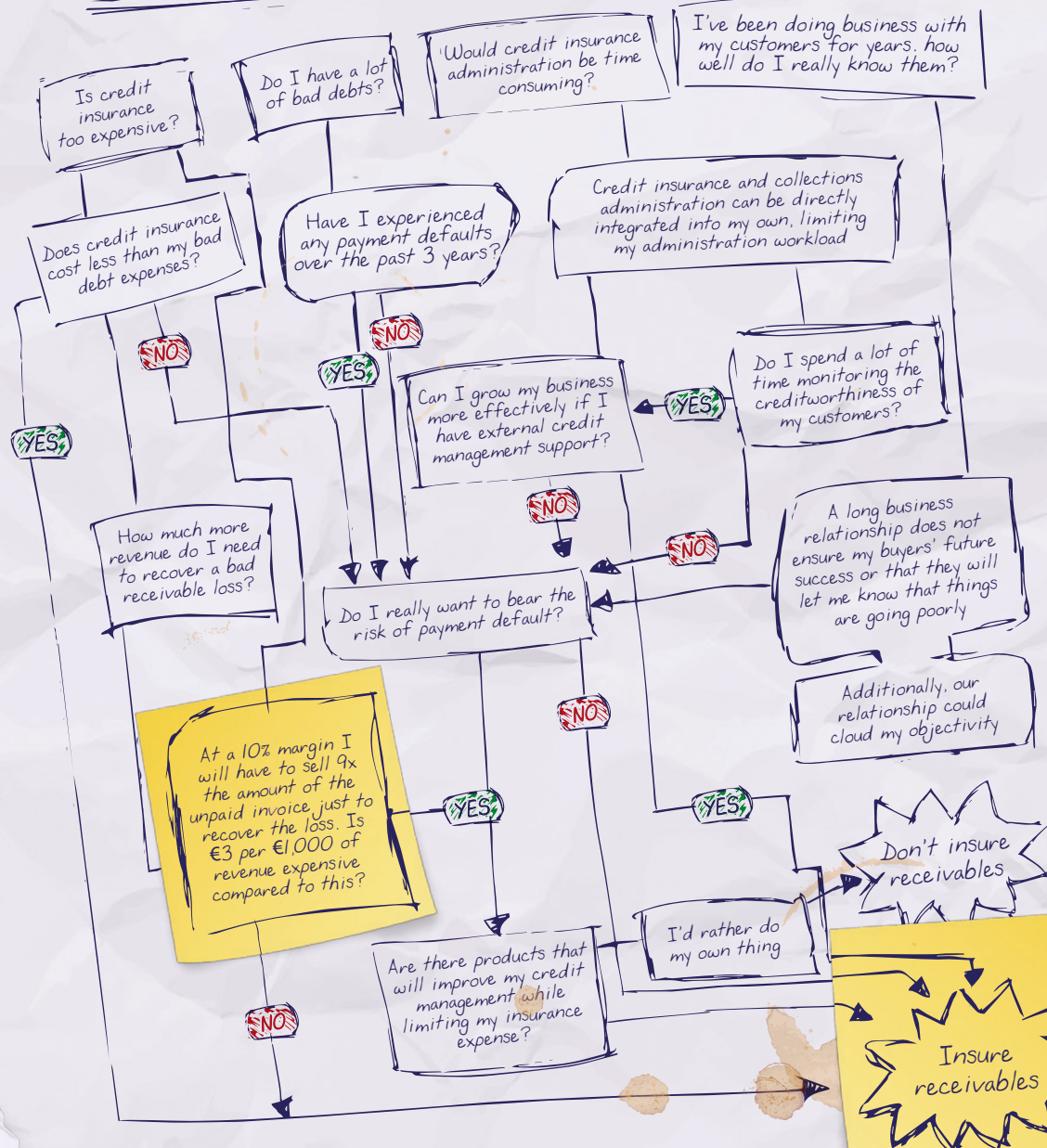
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Don't overcomplicate your decision about whether to use credit insurance

SHOULD I INSURE MY RECEIVABLES?



At a 10% margin I will have to sell 9x the amount of the unpaid invoice just to recover the loss. Is €3 per €1,000 of revenue expensive compared to this?

Insure receivables



credit insurance | debt collection | business information

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