



# B2B payment practices trends United Arab Emirates

How companies manage B2B payment risk  
and its impact on cash flow





## About the Atradius Payment Practices Barometer

The Atradius Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world.

Our survey provides us with the opportunity to hear directly from companies polled about how they are coping with the impact of the current challenging economic and trading environment on the payment behaviour of their B2B customers. This can give valuable insights into how businesses are paid by their B2B customers, and how they tackle the pain points caused by poor payment practices.

The findings about what measures are undertaken to fund a sudden need for cash, and what credit management tools they use to mitigate the risk of long-term cash flow problems, may also be valuable information in helping understand how companies respond to the crucial issue of late or non-payment in the current uncertain times.

However, the survey also has a strong focus on the challenges and risks that companies polled believe they will encounter during the coming months, and their expectations for future business growth.

The results of our survey can supply useful insights into the current dynamics of corporate payment behaviour in B2B trade, and identify emerging trends that may shape its future. This can be extremely useful to companies doing business, or planning to do so, in the markets polled.

In this report, you will find the survey results for the United Arab Emirates.

Interview period: Q3 2024. The findings should therefore be viewed with this in mind.





## | In this report

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B2B payment risk management <b>B2B credit risk strains cash flow of businesses in United Arab Emirates</b>	4
Key figures and charts	5

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Looking ahead <b>Negative outlook on insolvency risk among United Arab Emirates companies</b>	6
Key figures and charts	7

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Survey design	8
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# United Arab Emirates

## B2B payment risk management

### B2B credit risk strains cash flow of businesses in United Arab Emirates

While almost half of companies in the United Arab Emirates tell us that B2B customer payment behaviour has been stable during the past 12 months, this hides a more complex landscape. Swifter payment times are noted in the steel/metals industry, while longer wait times are evident in the electronics/ICT sector. Late payments currently affect an average 51% of all B2B credit sales, and bad debts stand at an average 4% of all B2B invoices. This can strain operational funds and increase fixed costs, and highlights the fact that while payment behaviour may appear stable, underlying financial challenges persist and need to be addressed by businesses.

A variety of factors lie behind the worrying level of late payments. Around 40% of companies in the United Arab Emirates tell us that the main problem is inefficient payment processes among B2B credit customers, which can raise the risk of defaults over time and impact multiple businesses. Invoice disputes are another common cause of late payments, which can strain customer relationships and lead to cashflow problems. Overall, slow payments from B2B customers now mean that invoices are cashed in on average one month past the due date. This explains why most companies tell us they have an increased reliance on short-term finance and also postpone business investment.

The most common short-term strategy to ease cashflow issues for businesses across all sectors in the United Arab Emirates is requesting supplier credit. Our survey reveals that seeking bank credit is popular in the electronics/ICT industry, while steel/metals companies rely more on invoice discounting as they try to bridge liquidity gaps. In the longer term a widespread approach is to improve payment collection efficiency to reduce the risk of accumulating too many outstanding invoices and to strengthen financial stability. This has led to 45% of companies reporting stability in Days Sales Outstanding (DSO) during the past year, while many of the rest have seen an improvement in DSO.

Amid the strong concern about cashflow problems, companies in the United Arab Emirates continue to see trading on credit as a crucial element of their commercial strategy. 51% of B2B sales are currently made on credit, showing stability from the previous year. Payment terms offered to B2B customers are also mostly steady, although the electronics/ICT sector has relaxed its terms to stand at an average of two months from invoicing. The majority of businesses continue to opt for in-

### Key survey findings

- Nearly half of businesses in the United Arab Emirates report consistent payment patterns from their B2B credit customers during the past year. However, trends vary among sectors. The steel/metals industry is seeing quicker invoice settlements, but the electronics/ICT sector faces longer wait times for overdue payments.
- Late payments currently affect an average of 51% of B2B credit sales, meaning more than half of invoiced sales are overdue. About 4% of all B2B invoices have become bad debts, which not only results in lost revenue but can also put strain on operational funds and increase fixed costs.
- Around 40% of companies in the United Arab Emirates say late payments are caused by inefficient payment processes. Invoice disputes are another factor, and it takes most businesses an average of one month past due to collect payments. This impacts on cash flow and increases reliance on external short-term finance.
- To bridge liquidity gaps many businesses in the United Arab Emirates look to supplier credit, while others seek bank credit or rely on invoice discounting. A long-term strategy is to improve Days Sales Outstanding (DSO) and this has remained consistent for 45% of companies in the past year.
- 51% of B2B sales are currently being transacted on credit by companies in the United Arab Emirates, a figure unchanged from the previous year. Payment terms offered to B2B customers are also largely stable, but the electronics/ICT sector has relaxed payment terms, set at an average of two months from invoicing.
- In-house retention and management of customer credit risk is the preferred option of most businesses in the United Arab Emirates. However, the use of credit insurance is often cited by Fast-Moving Consumer Goods (FMCG) companies which operate in a highly competitive environment. on credit.

house management of customer credit risk, but using credit insurance is popular in the Fast-Moving Consumer Goods (FMCG) sector, a highly competitive environment where effective payment policies are essential to maintain cashflow and customer relationships.

### Key figures and charts on the following pages

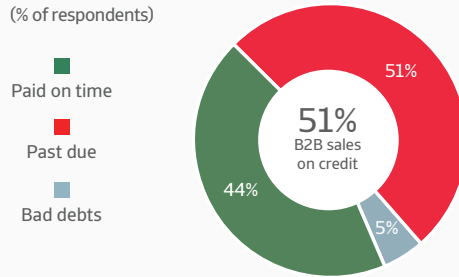




# United Arab Emirates

## B2B payment practices trends in United Arab Emirates

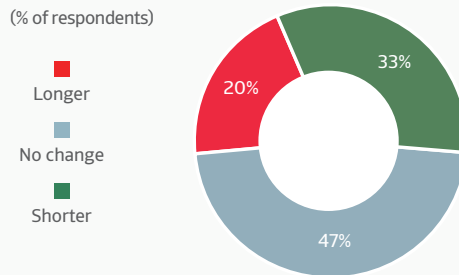
% of B2B invoices paid on time, past due and bad debts



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer United Arab Emirates – 2024

## B2B payment practices trends in United Arab Emirates

% of respondents reporting changes in payment duration\* over the past 12 months

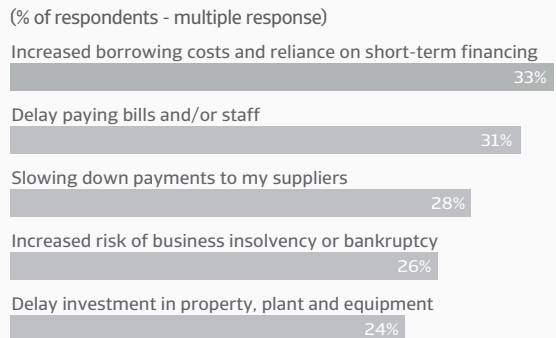


\*average amount of time to get paid from B2B credit customers

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer United Arab Emirates – 2024

## B2B payment practices trends in United Arab Emirates

Over the past 12 months, have late payments from your B2B customers led your company to experience any of the following situations?



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer United Arab Emirates – 2024

## B2B payment practices trends in United Arab Emirates

What are the main sources of financing that your company used during the past 12 months?

- 52% Trade credit
- 49% Bank loans
- 44% Invoice financing
- 36% Internal funds

(% of respondents - multiple response)

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer United Arab Emirates – 2024

# United Arab Emirates

## Looking ahead

### Negative outlook on insolvency risk among United Arab Emirates companies

Our survey finds a generally optimistic mood among businesses in the United Arab Emirates about the outlook for both B2B customer payment behaviour and Days Sales Outstanding (DSO). The majority, particularly in the electronics/ICT sector, expect payment practices to improve in the year ahead, although 25% of companies, notably in the steel/metals industry, anticipate a deterioration. A similar positivity surrounds DSO, with 40% of businesses expecting an improvement in debt collection efficiency during the months ahead. This is especially so in the FMCG sector, and will help to sustain adequate liquidity levels. Another 40% anticipate stability in DSO, and the rest foresee some deterioration.

In contrast, widespread anxiety about the prospects for insolvency risk in the local market is reported by companies in the United Arab Emirates. 59% of businesses, particularly in the Fast-Moving Consumer Goods (FMCG) sector, anticipate that insolvencies among their B2B customers will worsen in the coming year. This clearly has the potential to cause significant financial strain. Other industries are a little more optimistic, expecting a stable trend of insolvency risk. Nearly 80% of companies foresee an increase in demand for their products and services in the year ahead, especially in the FMCG and electronics/ICT sectors. 59% anticipate achieving higher profitability, notably steel/metals companies, and only a minority believe profits will decline.

Significant concern about the impact of shifting domestic and global economic conditions is evident in our survey of companies in the United Arab Emirates as they look ahead to the future. This is reported by 40% of businesses, who are also worried about ongoing geopolitical tensions. Anxiety about rising costs, supply chain disruptions and market volatility is expressed particularly by the electronics/ICT sector, with fears it could undermine their ability to capitalise on demand. Cybersecurity risks are also a widespread concern, and most acutely felt in the Fast-Moving Consumer Goods (FMCG) industry. They are especially vulnerable due to the high volume of transactions, extensive supply chains, and vast amounts of customer and supplier data they handle, making them attractive targets for cybercriminals.

Several other anxieties are reported by companies in the United Arab Emirates. There is concern in both the short-term and long-term about the issue of technological obsolescence, where reliance on outdated systems or failure to adopt new technologies could pose a threat to competitiveness. A further worry surrounds operational challenges such as limited production capacity, supply chain disruptions and inefficient processes that could hinder

### Key survey findings

- The majority of companies in the United Arab Emirates, especially in the electronics/ICT sector, expect B2B customer payment behaviour to improve in the year ahead. 25%, primarily in the steel/metals industry, anticipate a deterioration while the rest foresee a period of stability.
- Optimism is also evident in the outlook for Days Sales Outstanding (DSO) among businesses in the United Arab Emirates. 40% anticipate a positive trend in debt collection efficiency, notably in the FMCG sector. A similar number expect no change, and the rest believe DSO will worsen during the coming 12 months.
- Despite the generally positive mood, companies in the United Arab Emirates are pessimistic about prospects for insolvency risk. 59% of businesses, particularly in the FMCG industry, expect insolvencies among their customers to worsen in the coming year, although other industries anticipate a stable trend.
- Nearly 80% of companies in the United Arab Emirates are optimistic about the outlook for demand for their output, notably in the FMCG and electronics/ICT sectors. 59% of companies express confidence in achieving higher profitability, with the steel/metals industry most positive. Only a minority expect a decrease.
- A major concern looking ahead for companies in the United Arab Emirates is the impact of shifting domestic and global economic conditions, as well as ongoing geopolitical tensions. Many businesses are increasingly worried about cybersecurity threats, particularly in the Fast-Moving Consumer Goods (FMCG) sector.
- Other widespread worries for companies in the United Arab Emirates, both in the short-term and long-term, include challenges related to technological obsolescence, operational inefficiencies, and financial constraints. Businesses say that addressing these factors is the key to long-term sustainability.

growth. Companies need to have flexibility to overcome these issues. Financial constraints, such as limited access to capital, are another concern, impacting on business expansion and investments. Businesses in the United Arab Emirates say that addressing these challenges are the key to long-term sustainability.

### Key figures and charts on the following pages



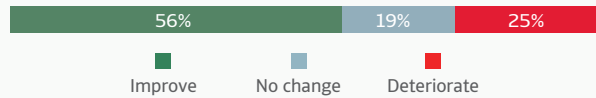


# United Arab Emirates

## B2B payment practices trends in United Arab Emirates

Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?

(% of respondents)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer United Arab Emirates – 2024

## B2B payment practices trends in United Arab Emirates

Do you see an increased insolvency risk for your customers in the next 12 months?

(% of respondents)

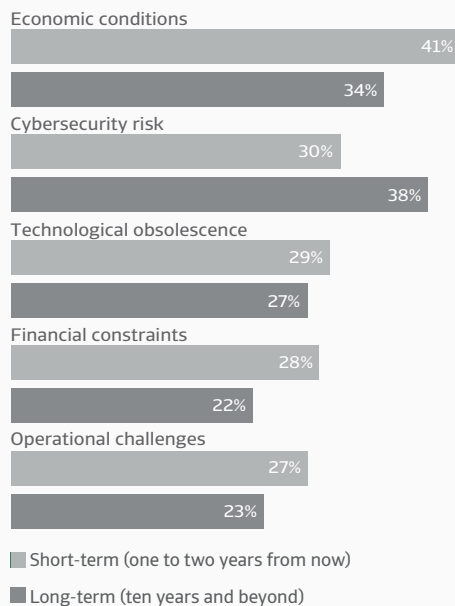


Sample: all survey respondents  
Source: Atradius Payment Practices Barometer United Arab Emirates – 2024

## B2B payment practices trends in United Arab Emirates

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer United Arab Emirates – 2024

## B2B payment practices trends in United Arab Emirates

How do you expect your average DSO to change over the next 12 months?

- 40% Improve
- 40% No change
- 20% Deteriorate

(% of respondents)

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer United Arab Emirates – 2024

## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in the United Arab Emirates are the focus of this report, which forms part of the 2024 edition of the Atradius Payment Practices Barometer. A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 248 interviews in total. All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from the United Arab Emirates were surveyed, and the appropriate contacts for accounts receivable management were interviewed
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us to compare data referring to a specific sector crossed by each of the economies surveyed.
- **Selection process:** 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:** 248 people were interviewed in total. A quota was maintained according to four classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: Q3 2024. The findings should therefore be viewed with this in mind.

### Sample overview – Total interviews = 248

Business sector	Interviews	%
Manufacturing	113	46
Wholesale trade	56	23
Retail trade/Distribution	45	17
Services	34	14
<b>TOTAL</b>	<b>248</b>	<b>100</b>
Business size	Interviews	%
SME: Small enterprises	36	15
SME: Medium enterprises	63	25
Medium Large enterprises	101	41
Large enterprises	48	19
<b>TOTAL</b>	<b>248</b>	<b>100</b>
Industries	Interviews	%
Electronics + ICT	80	32
Steel + Metals	88	36
FMCG	80	32
<b>TOTAL</b>	<b>248</b>	<b>100</b>

### Methodological note

Last year different industries were included in the survey for the United Arab Emirates. This makes year-on-year comparisons unfeasible for certain topics for the current year. For a detailed overview of last year's survey results for the United Arab Emirates please refer to the specific report available on the [Atradius website](#).

## Interested in finding out more?

Please visit the [Atradius](#) website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

Follow us to stay up to date with our latest releases by [subscribing](#) to notifications of our Publications, and receive weekly emails with alerts to when new reports are published.

To find out more about B2B receivables collection practices in the [United Arab Emirates and worldwide](#), please visit [atradiuscollections.com](#).

For more information please visit:

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