



Atradius Payment Practices Barometer 2024



B2B payment practices trends

United Kingdom

Trade credit plays vital role amid cashflow concerns





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 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 Kingdom.

The survey was conducted between the end of Q1 and the beginning of Q2 2024. The findings should therefore be viewed with this in mind.



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United Kingdom

B2B payment practices trends

Trade credit plays vital role amid cashflow concerns

The use of trade credit in B2B sales strategy continues to play a hugely significant role for companies in the United Kingdom. Almost two-thirds of B2B sales are currently being made on credit, highlighting its widespread importance, and reflecting stability from the previous year. Businesses in both the construction and electronics/ICT sectors tell us the main reason is to maintain a competitive edge, while trading on credit in the consumer durables industry is vital for building long-term customer relationships. Against this background there is a change in payment policies among companies in the UK electronics/ICT and consumer durables sectors, with longer payment terms being offered to B2B customers. These now average a couple of months from invoicing, a strategic approach in line with industry-wide practices to promote consistency and stability. Payment terms remain steady at an average 48 days from invoicing in the construction industry, serving as a customer credit risk management strategy to maintain financial strength.

This risk management strategy is particularly important for the UK construction industry, in which 40% of companies in our survey report a worrying upward trend in late payments and bad debts as tight monetary policy suppresses demand for residential building. They now collect payments one month past the due date on average, with the potential to cause liquidity problems. Overall, late payments currently affect 40% of B2B sales across all

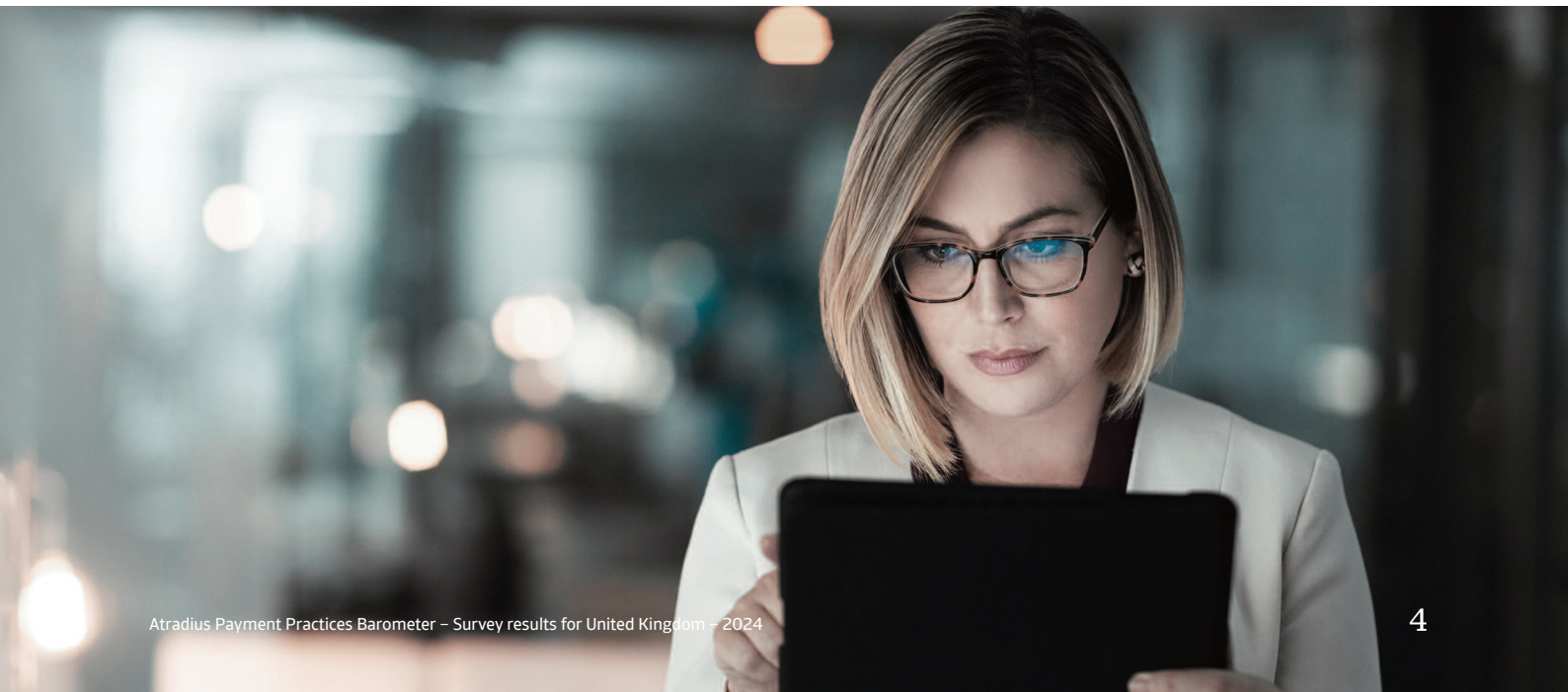
Key survey findings

- Trading on credit continues to be an important element in the B2B sales strategy of companies in the United Kingdom. Nearly two-thirds of all sales are currently being transacted on credit, showing stability from the previous year. The primary motivation is to maintain a competitive edge, particularly in the construction and electronics/ICT sectors.
- Longer payment terms are being offered by businesses in the electronics/ICT and consumer durables industries, both averaging a couple of months from invoicing. Payment terms are stable in the UK construction sector, standing at an average 48 days from invoicing, and serve as a risk management strategy to maintain financial resilience.
- 40% of all B2B sales are currently affected by late payments, while bad debts stand at an average 7% of all B2B sales. The main reason for this is liquidity issues among customers. The UK consumer durables industry is hardest hit, payments being collected on average two weeks past the due date, causing cashflow imbalances.

sectors in the UK, while bad debts stand at an average 7% of all B2B sales. The consumer durables industry is also being significantly affected, causing cashflow imbalances as they collect payments an average two weeks past the due date. Businesses in the electronics/ICT sector tell us they are collecting payments three weeks past the due date, and are responding by slowing down payments to their own suppliers.

Key figures and charts on the following pages

(continued on page 5)



United Kingdom

This tactic is also prevalent in the construction sector, with the clear possibility of prompting a domino effect through the wider industry.

Despite the concerns about a deterioration in payment practices our survey of companies in the United Kingdom finds relative stability in figures for Days-Sales-Outstanding (DSO). No significant change in debt collection efficiency is being reported by half of businesses, which suggests a gradual trajectory towards a new post-pandemic normal. However, 13% of companies report a worsening of DSO, mostly in the construction and electronics/ICT sectors, which could negatively impact their liquidity and financial health. The construction industry, in particular, is facing more challenges with credit management and payment collection efficiency compared to a year earlier, with the potential to cause cashflow issues.

A variety of options are being used by companies in the United Kingdom to bridge these liquidity gaps caused by late payments and poor debt collection efficiency. 53% of businesses across all sectors tell us they use trade credit as a primary source of finance to deal with cashflow problems and the impact of customer credit risk.

This strategy is especially popular in the electronics/ICT sector, and again reflects the importance of trade credit for UK companies. In the construction industry there is also a widespread reliance on the use of internal funds as buffer against market volatility and credit risk exposure. This approach is taken to help operational stability and

- A significant 40% of construction companies report an upward trend in late payments and bad debts, collecting at an average one month past the due date. They are responding by slowing down payments to suppliers with a potential ripple effect through the industry. A similar situation is also present in the electronics/ICT sector.
- Half of the companies in our survey say there is no significant change in Day-Sales-Outstanding (DSO) from last year, perhaps reflecting a gradual trajectory towards a post-pandemic normal. 13% of businesses tell us there is a deterioration in debt collection efficiency, particularly in the construction sector, which is impacting on their financial health.
- Trade credit is the primary source of finance to bridge liquidity gaps for 53% of UK companies in our survey. This strategy is particularly prevalent in the electronics/ICT sector. More than half of companies in the construction industry look to internal funds as a main source of finance, while bank loans remain popular in the consumer durables sector.

avoid the costs of external funding like bank loans during a period of high interest rates. Two out of three companies in the consumer durables industry, however, say they resort to bank credit as a primary source of external finance.

Key figures and charts on the following pages

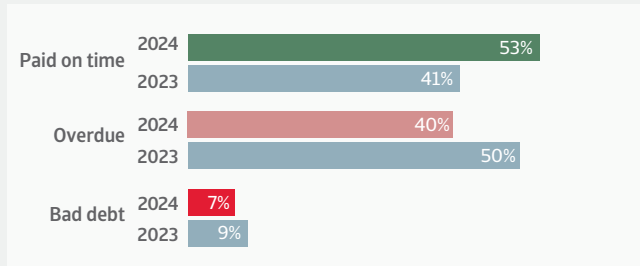




United Kingdom

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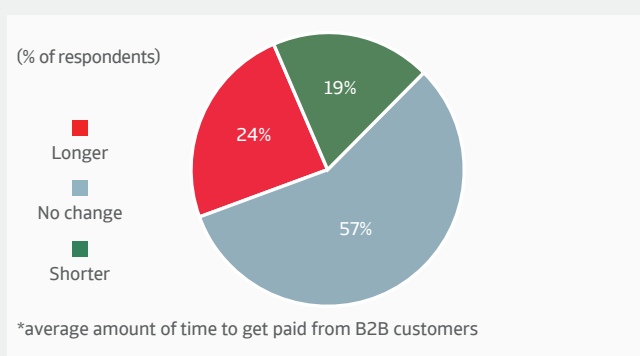
% of the total value of B2B invoices paid on time, overdue and bad debt (2024/2023)



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

United Kingdom

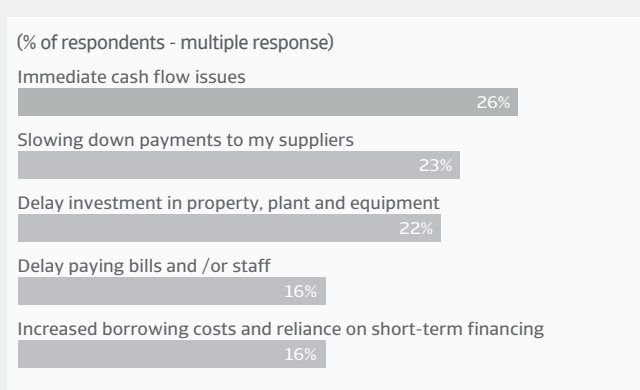
% of respondents reporting changes in payment duration* over the past 12 months



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

United Kingdom

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 Kingdom – 2024

United Kingdom

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

- 53% Trade credit
- 49% Bank loans
- 46% Internal funds
- 43% Invoice financing

(% of respondents - multiple response)

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

United Kingdom

Looking ahead

Widespread worry about increased risk of insolvencies

The health of the domestic economy, where the service sector plays a pivotal role, is a major concern for the operations and short-term planning of companies across all industries surveyed in the United Kingdom. There is worry that although inflation appears almost stable now, thanks to the temporary impact of more favourable food and energy prices, there are still many potential downside risks ahead. Rising costs in the service sector could push inflation higher, while continuing geopolitical uncertainties may also have a detrimental impact. They could further destabilise costs, disrupt delivery times and thus increase inflationary pressures. Another anxiety about the domestic economic environment is that higher interest rates and restrictive monetary policies have constrained financial access for UK companies, hindering business investment.

A key short-term worry for companies in the United Kingdom is the rising threat of cybersecurity as businesses increasingly rely on digital technologies in various aspects of their daily operations. This concern is particularly being felt in the electronics/ICT sector which is at the heart of the digital revolution. In the longer term many UK companies express growing anxiety about environmental and sustainability issues, especially across the consumer durables industry. Amid an increasing

Key survey findings

- The health of the domestic economy is the major concern looking ahead for companies in the United Kingdom, with high interest rates and tight monetary policy constraining financial access and hindering investment. In an economy where the services sector plays a pivotal role there is worry that rising costs in this area will push inflation higher.
- Geopolitical uncertainties are another issue of concern for UK businesses. This could further destabilise costs and disrupt delivery times, exacerbating inflationary pressures. A particular short-term anxiety in the electronics/ICT sector is the threat of cybersecurity problems.
- A long-term apprehension across all sectors is about the impact of tighter environmental regulations and their impact on business operations. This is particularly felt in the UK consumer durables industry, where companies worry about their ability to adapt.

emphasis on adopting sustainable business practices there is concern about the ability to invest wisely and to adapt sufficiently. Across all sectors in the UK there is worry being felt about the potential impact on business operations of tighter environmental regulations introduced by the authorities.

Key figures and charts on the following pages

(continued on page 8)



United Kingdom

Widespread pessimism about the outlook for both B2B payment practices and insolvency risk is evident in our survey of businesses in the United Kingdom. Nearly half of companies across all sectors say they anticipate a deterioration of B2B customer payment behaviour during the year ahead, and a staggering 64% of businesses expect an upward trend in corporate insolvencies during the coming months. The root of this concern lies in the fact that while government support programmes provided financial relief during the pandemic, the bulk of this assistance came in loans, and companies are now facing increased costs in servicing debts. The greatest concern about insolvency risk is found in the UK electronics/ICT sector, whereas construction companies express particular worry about a worsening of B2B customer payment behaviour. Overall, there is significant anxiety about the financial challenges to be faced in the year ahead, which could create a ripple effect and impact the overall business landscape.

By contrast, there is more optimism about the prospects for Days-Sales-Outstanding (DSO) during the next 12 months, perhaps reflecting a collective effort to enhance cashflow management by addressing challenges related to payment delays. An improvement in debt collection efficiency is anticipated particularly among companies in both the UK construction and electronics/ICT sectors, thus mitigating liquidity issues and supporting operational stability. However, some businesses in both industries remain cautious, expecting either a deterioration or no change in DSO. The majority of companies in the United Kingdom

- Nearly half of the companies in our survey say they expect B2B customer payment behaviour to deteriorate in the 12 months ahead, with the potential for severe liquidity issues. The feeling is widespread, but especially prevalent in the UK construction industry.
- 64% of businesses in our survey tell us they anticipate an increased risk of insolvency in the coming year, with the electronics/ICT sector particularly anxious. One reason for the likely upward trend is that government aid came in the form of loans which have increased costs while companies are servicing other debts.
- Despite the pessimism on payment behaviour and insolvency risk, companies in the UK are more positive in their outlook for Days-Sales-Outstanding (DSO). Overall, 47% of businesses anticipate no change, while in the construction and electronics/ICT sectors there is a general expectation of improvement in DSO.

consumer durables sector tell us they anticipate no significant change in DSO during the year ahead. The divergence in expectations highlights the importance of proactive financial management and adaptive strategies to navigate the business landscape in challenging economic times.

Key figures and charts on the following pages



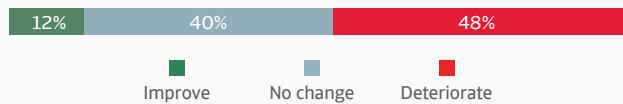


United Kingdom

United Kingdom

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 Kingdom – 2024

United Kingdom

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

(% of respondents)



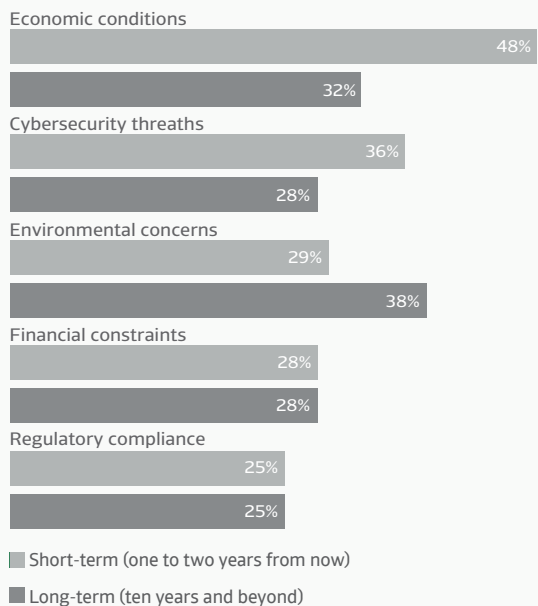
Sample: all survey respondents

Source: Atradius Payment Practices Barometer United Kingdom – 2024

United Kingdom

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer United Kingdom – 2024

United Kingdom

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

- 14% Improve
- 47% No change
- 39% Deteriorate

(% of respondents)

Sample: all survey respondents

Source: Atradius Payment Practices Barometer United Kingdom – 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 Kingdom 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 217 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from United Kingdom 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:** 217 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: The survey was conducted between the end of Q1 and the beginning of Q2 2024. The findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 217

Business sector	Interviews	%
Manufacturing	60	27
Wholesale trade	22	10
Retail trade/Distribution	75	36
Services	60	27
TOTAL	217	100
Business size	Interviews	%
SME: Small enterprises	43	20
SME: Medium enterprises	72	33
Medium Large enterprises	72	33
Large enterprises	30	14
TOTAL	217	100
Construction	71	31
Consumer durables	74	35
Electronics/ICT	72	34
TOTAL	217	100

Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2024 Payment Practices Barometer of Atradius, available at www.atradius.com/publications [Download in PDF format](#) (English only).

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.

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