



Atradius Payment Practices Barometer 2024



B2B payment practices trend and cash flow

Australia

Surge in insolvency risk off radar despite cash struggles





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 **Australia**.

The survey was conducted during Q1 2024. The findings should therefore be viewed with this in mind.



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B2B payment practices trends and cash flow

Surge in insolvency risk off radar despite cash struggles

A clear upward trend in the use of trade credit as a source of financing was a stand-out finding in our survey of businesses in Australia. 59% of companies polled, 7% more than last year, said they actively opted for trade credit as an alternative to traditional bank loans amid a period of higher interest rates and financial costs. Perhaps surprisingly, despite potential increased costs of this strategic move, our survey found a 35% increase in the amount of trade credit offered by businesses to B2B customers, notably in the agri-food sector. The strategy also involved a notable loosening of payment terms, especially in the construction industry, which were extended by two weeks and now average 35 days from invoicing. Companies polled said reasons for adopting a more lenient trade credit policy included fostering long-term commercial relationships, sustaining the buying power of B2B customers, and acquiring valuable information about B2B customers and their credit history which could help mitigate financial risks.

This striking shift in business behaviour occurred within the context of a relatively mixed credit risk landscape. Bad debts were steady at 7% of all B2B invoices, and the 20-day average payment delay was also unchanged on the previous year. Our survey found improvements in Days-Sales-Outstanding (DSO) across multiple sectors, except for the construction industry, and a slight 4% reduction in late payments compared to last year, which now affect 45% of all B2B sales made on credit.

Key figures and charts on the following pages

Key survey findings

- Rising interest rates sharply curtailed business borrowing capacity, prompting an increased use of trade credit. 59% of businesses polled in Australia said they now rely on this, while also reporting a 35% increase in trade credit offered to B2B customers.
- Payment terms were extended by nearly two weeks by Australian companies, and now average 35 days from invoicing. The primary factors cited were to foster long-term customer relationships, boost sales, and gain valuable B2B customer credit information.
- The credit risk landscape was mixed. Bad debts remained steady, standing at 7% of all B2B invoices, while late payments affected 45% of all B2B invoices, down 4% on the previous year. The average delay on late payments of 20 days beyond the due date was unchanged.

Australia

Did you see an increase in the requests for repayment plans with your customers in the last 12 months?

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Australia – 2024

The positive trend in late payments was clearly influenced by an improvement in B2B payment practices in the Australian agri-food industry, offset by a notable rise in late payments in the consumer durables sector (*continued on page 5*).

Delayed payments in B2B trade were largely attributed to cashflow challenges among customers, and many businesses polled in Australia said they responded by slowing down payments to their own suppliers. The repercussions of these delays rippled through industries, particularly in the construction sector, causing liquidity shocks for many businesses. One noticeable outcome was that 64% of companies told us they received requests for repayment plans from B2B customers seeking to secure financial stability. Our survey also shed light on a growing trend of the Australian Tax Office (ATO) to enforce payments more assertively, which added extra financial strain on businesses, again especially in the construction industry.

Although the widespread financial hardship currently experienced by many businesses creates the prospect of a steep rise in insolvencies, 55% of companies polled told us they do not currently foresee any increased risk of insolvency during the next 12 months. Perhaps surprisingly, this optimistic outlook was prevalent in the construction and consumer durables sectors, while 46% of agri-food businesses expressed fears about a heightened risk of insolvencies in the months ahead. Whatever the perception of risk across various sectors, the upward trend of financial hardship clearly illustrates the importance of monitoring sector-specific trends, and of addressing potential risks in the respective industries through strategic credit management, including receivables insurance, in navigating a rapidly evolving economic landscape.

- Late payments from customers, however, did prompt businesses polled in Australia to slow down payments to their own suppliers. This caused a ripple effect through the entire supply chain across various industries and triggered potential cashflow problems.
- A striking 64% of companies polled said B2B customers had requested repayment plans to ease liquidity worries and maintain financial stability. This worrying trend was exacerbated by the Australian Tax Office (ATO) enforcing payments from businesses, thus increasing the threat of insolvencies.
- 55% of companies said they foresee no increased risk of insolvencies during the next 12 months. However, 46% of agri-food businesses did report fears about this, and while the perception of insolvency risk differed across sectors, the paramount importance of strategic credit management remained constant.

Australia

Have you seen the increase in ATO (Australian Taxation Office) debt recovery activity impacting any SME business in your industry?

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Australia – 2024

Key figures and charts on the following pages

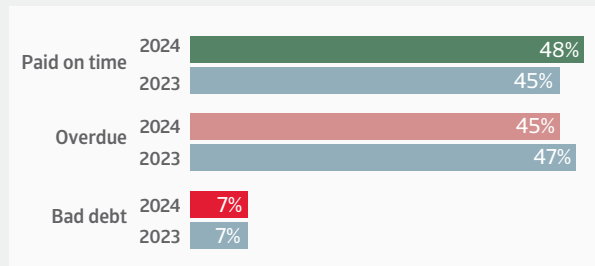




Australia

Australia

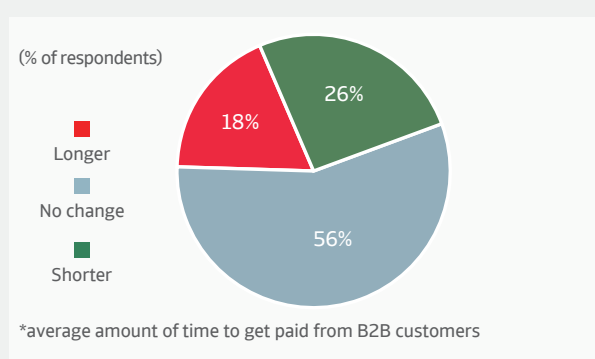
% of the total value of B2B invoices paid on time, overdue and bad debt (2023/2024)



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

Australia

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



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

Australia

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 Australia – 2024

Australia

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

- 59% Trade credit
- 58% Invoice financing
- 56% Bank loans
- 35% Internal funds

(% of respondents - multiple response)

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

Looking ahead

Domestic economy key worry for Australian business prospects

A range of opinions about the expected trends for B2B payment practices during the next 12 months was found in our survey. 50% of companies polled said they anticipate an improvement in the payment behaviour of B2B customers, the positive sentiment especially evident in the consumer durables and construction industries. 37% of businesses told us they foresee no change in B2B payment practices, but there was also a notable shift in those expressing concern. Three times as many companies as last year said they expect a deterioration in payment practices, particularly in the agri-food sector, underscoring the need for businesses to show adaptability and maintain strong credit strategies.

Collective optimism was expressed by companies polled about the prospects for Days-Sales-Outstanding (DSO) in the year ahead. 48% of businesses, especially across the construction and consumer durables sectors, told us they anticipate improvement in DSO during the coming months. 39% of companies said they expect no change to DSO and will thus maintain efficiency in receivables management. However, there was an increase in negative sentiment, with 13% of businesses polled indicating apprehension about a potential lengthening of the time it takes them to convert accounts receivable into cash affecting cash flow and working capital. This was particularly found in the agri-food industry, a shift of mood influenced by customer payment practices, market conditions and economic uncertainty.

When asked about their feelings regarding challenges and risks impacting the business over the next year, various concerns were reported by businesses in our survey. 33% of companies polled voiced anxiety about domestic economic conditions amid the impact of tight monetary conditions and escalating interest rates. This unease was particularly pronounced in the construction and consumer durables sectors, where economic uncertainties have the potential to significantly erode household confidence and weaken overall demand. In another strand of concern, companies in the agri-food industry expressed apprehension about the looming threat of market saturation and intense competition that could limit short-term growth opportunities.

Looking further ahead, to the next decade and beyond, the issue of market saturation and strong competition was identified in our survey as a major concern for businesses through all industries. Strong specific worries were also expressed across various sectors polled. Environmental regulations, and the increasing emphasis on sustainable business practices, are significant future considerations for the agri-food industry.

Key figures and charts on the following pages

Key survey findings

- Companies polled in Australia expressed a range of opinions regarding the prospects for B2B payment practices during the upcoming year. Overall, 50% of these anticipate an improvement, and this rose to 67% of businesses in the construction sector. 37% of companies said they expect no change in payment practices.
- However, there was more pessimism expressed in the agri-food industry. 30% of companies polled, three times as many as last year, said they anticipate a negative trend in B2B payment practices, highlighting the need for businesses adaptability and robust credit strategies.
- Among companies polled, the forecast for the Days-Sales-Outstanding (DSO) trend in the upcoming year is rather optimistic. 48% anticipate an improvement in DSO, while 39% expect no change. 13% of companies polled, up from last year, foresee a deterioration with negative impacts on cash flow and working capital. This sentiment was particularly found in the agri-food industry.
- When asked about their feelings regarding challenges and risks impacting the business over the next year, companies polled expressed concern over the impact of domestic economic conditions on demand and consumer spending. This concern was particularly pronounced in the construction and consumer durable industries.
- A widespread worry is the spectre of growth potential being limited by market saturation and intense competition. Businesses polled said another concern is tighter monetary policy and higher interest rates hampering investment strategy.
- Environmental regulations are a particular area of worry for the agri-food industry, while the construction sector reported anxiety about the threat of cyber-attacks. Lack of skilled talent is seen as a major concern by consumer durables companies.

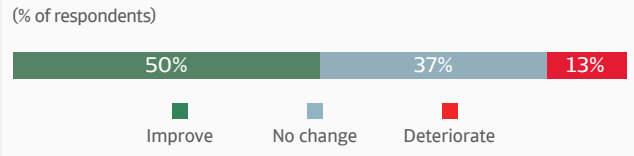
There was notable anxiety reported in the construction industry about the growing threat of cybersecurity risks, highlighting the potential for disruption. In contrast, businesses in the consumer durables sector are particularly worried about the challenges associated with attracting and retaining skilled talent in a highly competitive market environment.



Australia

Australia

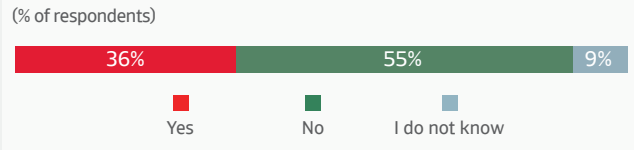
Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?



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

Australia

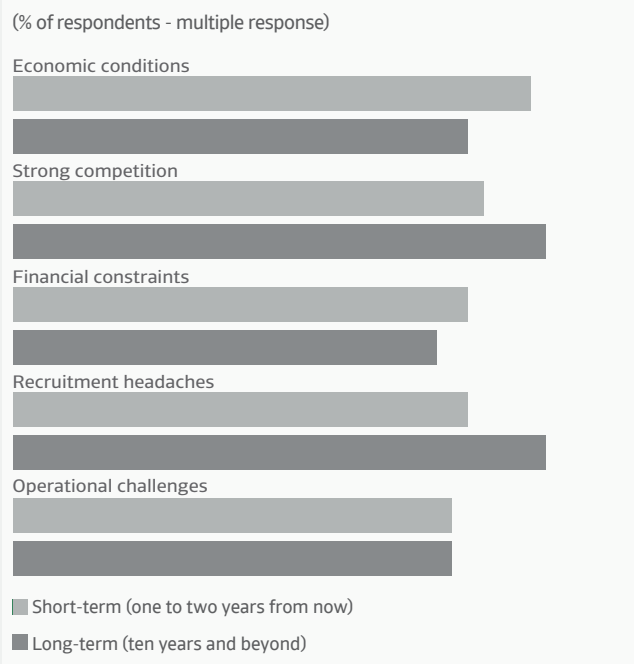
Do you see an increased insolvency risk for your customers in the next 12 months?



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

Australia

Looking ahead: top concerns expressed by businesses polled



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

Australia

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

- 48% Improve
- 39% No change
- 13% Deteriorate

(% of respondents)

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

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Australia 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 210 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Australia 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:** N=210 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 during Q1 2024. The findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 210

Business sector	Interviews	%
Manufacturing	80	38
Wholesale trade	51	24
Retail trade/Distribution	63	30
Services	16	8
TOTAL	210	100
Business size	Interviews	%
SME: Small enterprises	49	23
SME: Medium enterprises	70	33
Medium Large enterprises	73	35
Large enterprises	18	9
TOTAL	210	100
Agri/food	69	33
Construction	70	33
Consumer Durables	71	34
TOTAL	210	100

This is part of the 2024 Payment Practices Barometer of Atradius, available at www.atradius.com/publications

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 **Australia and worldwide**, please visit atradiuscollections.com.

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