



Key trends for B2B payments and cash flow

Belgium

Trade credit becomes key in business financing decisions



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 Belgium. Focus on the construction, consumer durables and machines sectors.

The survey was conducted between the end of Q1 and the beginning of Q2 2023, and findings should therefore be viewed with this in mind.



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B2B payment trends and cash flow

Trade credit becomes key in business financing decisions

Longer payment terms were offered to B2B customers by an increasing number of companies polled in Belgium during the past 12 months in a move to encourage repeat business and stay competitive domestically and abroad. Payment terms granted by Belgian suppliers now average 47 days from invoicing. The most lenient terms were granted by SME manufacturers in the machinery sector, probably as a way to free up liquidity by selling idle assets on their inventory. Another major factor considered by Belgian companies in determining length of payment terms was protection of business profitability, facilitated by having a credit insurance policy in place.

To fill temporary liquidity gaps and maintain healthy cashflow, 55% of companies polled in Belgium said they requested trade credit from their suppliers as a short-term liquidity source. This was preferable to seeking bank loans in a time of high interest rates forced by tighter monetary policy. However, a majority of companies received less trade credit than requested, a clear signal of financial distress among Belgian businesses. In particular, SME wholesalers in the consumer durables sector reported this, suffering a heightened risk of liquidity shortages because they could not pass on rising input costs to highly price-sensitive B2B customers.

This necessary step of absorbing extra costs to keep prices stable was seen across various sectors in Belgium. It triggered an average 30% increase in payment delays during the past 12 months. This clear upward trend affected more than half of invoiced B2B sales of companies polled, and was especially evident in the construction sector, where SMEs said waiting longer for payment from B2B customers than last year contributed to a severe deterioration of their cashflow and liquidity position. Bad debts written off as uncollectable remained a problem at 4% of all B2B invoiced sales due to high levels recorded in the Belgian construction sector.

Stronger credit control procedures contributed to minimising swings of Days-Sales-Outstanding (DSO). In the construction sector, however, DSO increased by 30% year-on-year, placing a severe strain on liquidity. The approach to customer credit risk across the various sectors in Belgium was varied. Many businesses polled said they opted for in-house retention and management of the issue. In contrast the majority of SME wholesalers in the consumer durables industry chose a more strategic approach to credit management, employing the benefits of credit insurance.

Key survey findings

- There was a rising trend in Belgian companies granting longer payment terms to their B2B customers to help stay competitive. These terms now stand at an average of 47 days from invoicing.
- 55% of companies polled said they requested trade credit from suppliers as a source of short-term liquidity to fill temporary liquidity gaps during the past 12 months.
- An average 30% increase in payment delays affected the accounts receivable turnover of Belgian companies during the past 12 months. Bad debts were more stable, standing at 4% of all invoiced B2B sales. The impact of customer credit risk varied by sector, the construction sector most affected.
- Liquidity problems were cited as a major reason behind the rise in late payments. Companies polled in Belgium said invoice disputes were also a significant factor.
- Stronger credit control processes helped to minimise swings of DSO across various sectors. The construction sector reported a sharp deterioration, affecting cash flow and liquidity position of businesses.
- 63% of companies polled in Belgium opted for in-house retention and management of customer credit risk. Businesses in the consumer durables industry preferred the benefits of using credit insurance.



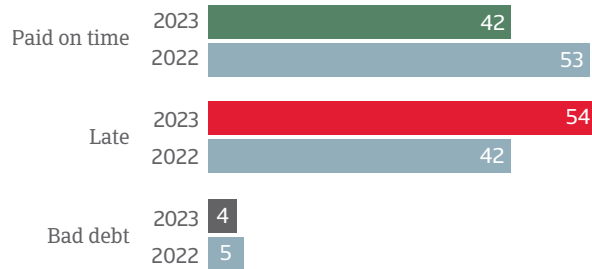
Key figures and charts on the following pages



Belgium

Belgium

% of the total value of B2B invoices paid on time, overdue and bad debt (2023/2022)

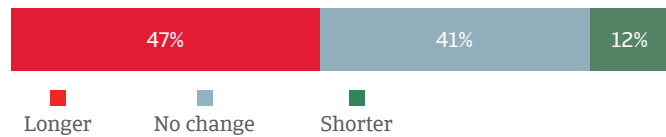


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Belgium – 2023

Belgium

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



*average amount of time to get paid from B2B customers

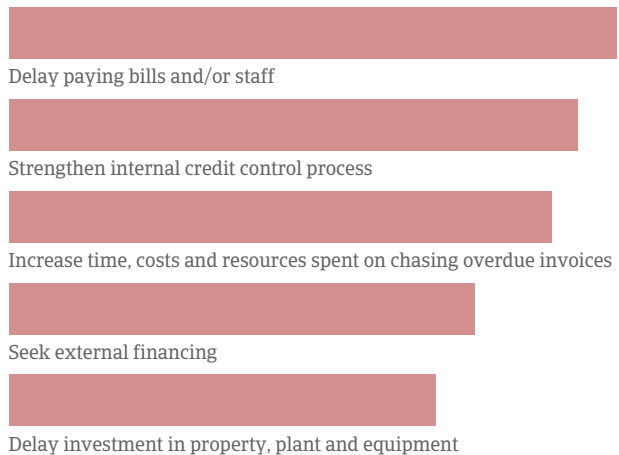
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Belgium – 2023

Belgium

Measures put in place to minimise cash flow problems due to payment default of B2B customers

(% of respondents - multiple response question)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Belgium – 2023

Survey question

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

- 55% Trade credit
- 41% Bank loans
- 39% Debt securities issued
- 36% Equity capital

*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer Belgium – 2023

Looking ahead

Concern about hindrances to business growth amid cautious optimism

Various factors that could hinder business growth in the year ahead are particular concerns for companies polled in Belgium. One of the main worries reported by Belgian businesses was a sluggish recovery of the global economy this year, along with domestic and international competitive pressure suffered particularly by businesses in the consumer durables sector where elasticity of demand is very high. Companies in the construction sector reported anxiety about the high prices of construction materials.

Despite this wide range of concerns, however, our survey of the Belgian market found a general level of cautious optimism about the outlook for the year ahead. 59% of companies polled in Belgium said they anticipate a rising demand during the coming months, which is expected to significantly improve sales levels both domestically and on foreign markets. This was especially reported by businesses in the machinery sector. To add to the positive picture, almost half of businesses, particularly in the consumer durables sector, told us they expect an increase in profit margins during the year ahead, highly likely reflecting the capability of businesses to offset higher production costs with increased revenues arising from improving sales levels.

A sunny outlook was also expressed about payment practices in the year ahead. 55% more companies polled than last year said they were confident that payment behaviour of their B2B customers would improve during the coming months. This was not the case, however, for businesses in the Belgian construction sector, who told us they were pessimistic and fear increasing strain on their cash flow. 43% of companies polled said they expect Days-Sales-Outstanding (DSO) to improve, while 14% anticipate a deterioration. SMEs in the construction sector are particularly worried about worsening DSO which could have negative repercussions on their liquidity position.

Almost 50% of companies polled in Belgium told us they would continue to retain and manage customer credit risk in-house. This involves blocking up working capital to cover potential credit losses arising from payment defaults by B2B customers, and is a policy employed across the various sectors. A contrasting approach was reported by businesses in the consumer durables sector, who said they would opt to insure receivables through credit insurance. Companies polled in the machinery sector expressed strong interest towards factoring and securitisation.

Key survey findings

- Potential obstacles to business growth are the key concern for Belgian companies. There is also worry about the ongoing global economic downturn and the ability to compete successfully, particularly on foreign markets.
- Concern was also expressed about hindrances to business growth. These included volatility of the cost of energy and of other inputs for production in particular.
- A rise in demand is anticipated by more than half of companies polled in Belgium, while 48% of businesses expect an increase in profit margins.
- Improvement in Days-Sales-Outstanding (DSO) is expected by 43% of businesses polled, although there was far less optimism among SMEs in the construction sector.
- 55% more companies than last year are confident that B2B payment behaviour will improve in the year ahead, but the construction sector is pessimistic.
- Businesses polled said they would continue with their usual credit management policy during the next 12 months.



Key figures and charts on the following pages



Belgium

Belgium

Looking ahead to the next 12 months, how do you expect your sales and profit margins to change?

(% of respondents)

Sales



Profit margins



■ Improve ■ No change ■ Deteriorate

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium - 2023

Belgium

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

(% of respondents)



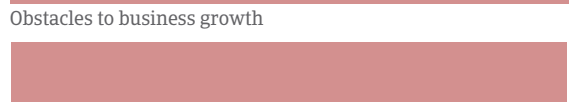
■ Improve ■ No change ■ Deteriorate

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium - 2023

Belgium

Looking ahead to the next 12 months: top 3 concerns expressed by businesses polled

(% of respondents - multiple response question)



Ongoing global economy downturn*

* Due to the interplay among higher energy and commodity prices, persistent inflation and ongoing geopolitical tensions

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium - 2023

Survey question

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

(% of respondents)

43% Improve
43% No change
12% Deteriorate

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium - 2023

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Belgium are the focus of this report, which forms part of the 2023 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 Belgium 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 three 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 2023.

Sample overview – Total interviews = 210

Business sector	Interviews	%
Manufacturing	100	47
Wholesale trade	60	30
Retail trade/Distribution	22	11
Services	25	12
TOTAL	210	100

Business size	Interviews	%
SME: Small enterprises	23	11
SME: Medium enterprises	43	21
Medium Large enterprises	70	33
Large enterprises	74	35
TOTAL	210	100

Construction	64	31
Consumer durables	70	33
Machines	76	36
TOTAL	210	100

Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2023 Payment Practices Barometer of Atradius, available at www.atradius.com/publications [Download in PDF format](#) (English only).

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To find out more about B2B receivables collection practices in **Belgium and worldwide**, please visit atradiuscollections.com.

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