



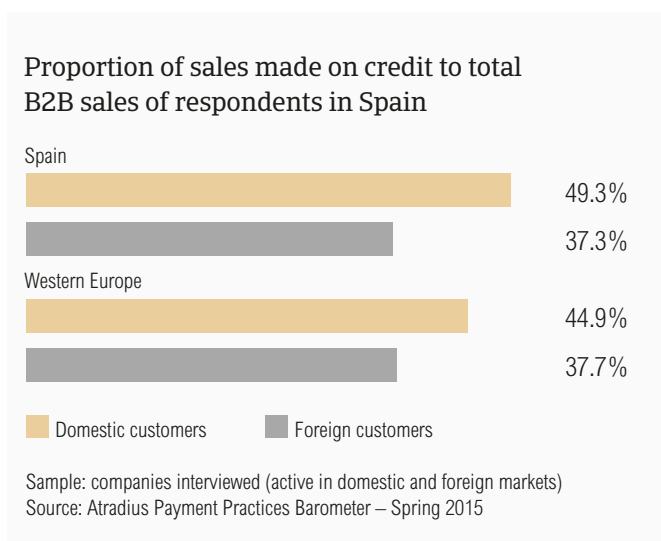
Atradius Payment Practices Barometer

International survey of B2B payment behaviour
Survey results for Spain

Survey results for Spain

Sales on credit terms

Trade credit appears to be used less often on the Spanish domestic market than two years ago. Based on responses in the country, an average of 49.3% of the total value of domestic B2B sales was made on credit. The average for Western Europe is slightly lower at 44.9%. Over the past year, the total value of domestic B2B sales on credit dropped significantly (by 25 percentage points), increasing again modestly (6 percentage points) at the beginning of 2015. Respondents in Spain, like those in Western Europe, appear to grant trade credit terms more often to domestic customers than to B2B customers abroad. 37.3% of the total value of their sales to foreign B2B customers was transacted on credit terms versus 37.7% in Western Europe.



More information in the [Statistical appendix](#)

Almost the same discrepancy between domestic and foreign figures can be seen in Greece, Italy and Great Britain. Similarly to what was observed on the domestic market, the proportion of the foreign credit sales in Spain decreased by 30 percentage points over the past year. This was followed by a modest increase of 3 percentage points in 2015, which is in line with the survey average. It is worth noting that Spain had the sharpest drop in the value of B2B credit-based sales of all the countries surveyed.

According to this finding, there is a strong tendency towards the use of payment methods other than trade credit in Spain compared to other countries surveyed.

Average payment term

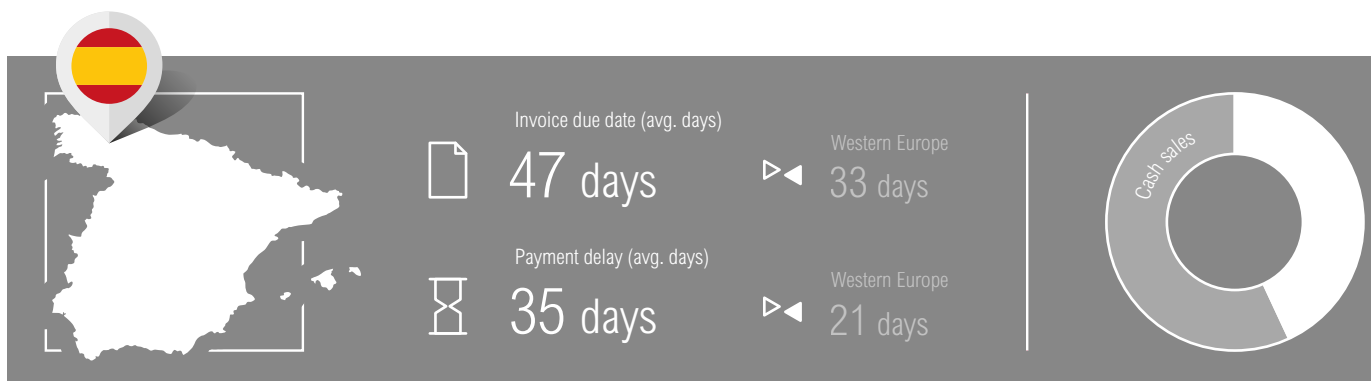
Domestic B2B customers of respondents in Spain are given notably longer payment terms (averaging 51 days) than customers abroad (43 days). This characteristic is shared with Greece and Italy. The average payment terms in Spain are well above the survey average, 34 days for domestic customers and 32 days for foreign ones respectively. Moreover, the significant difference between payment terms of domestic and foreign credit sales, suggest that longer payment terms boost sales.

In 2014, the domestic average payment terms in Spain were shortened markedly (by 11 days), and they have been extended again this year (by an average of five days). Payment terms extended to foreign B2B customers, which decreased markedly last year, appeared to be stable during the survey period.

Overdue B2B invoices

On average, 43.8% of the total value of domestic B2B invoices in Spain remained unpaid after the due date. This compares to the average for Western Europe which is 40.2%. This percentage is similar to that recorded in Ireland (43.3%), and is the third highest off all the countries surveyed, after Italy (50.2%) and Greece (45%). Over the past two years, the levels of overdue domestic payment in Spain increased by around 11 percentage points. This is in line with the upward trend observed in Western Europe, where an increase of 10 percentage points was observed.

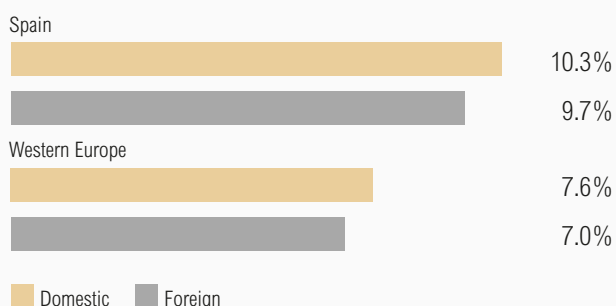
Although foreign B2B customers of respondents in Spain seem to settle debts in a more timely manner, two fifths of the total value of foreign receivables still went past due. This proportion, which is almost the same as in Belgium and the Netherlands, is above the average for Western Europe (35.4%). Over the past two years, the rate of foreign overdue payments in Spain increased significantly, peaking at a 16.8 percentage points difference from the level recorded in 2013. This is the biggest increase observed in Western Europe, and over twice as high as the average in-



crease for the survey overall (6.4 percentage points).

Late payment of invoices is reflected in the Days Sales Outstanding (DSO) figure posted by Spanish respondents, which averaged 58 days (compared to the survey average of 48 days). This is the second longest of the countries surveyed, after Greece and Italy (both averaging 72 days). As observed in these two countries, the DSO figure in Spain appears to be heavily impacted by high delinquency rates (invoices unpaid after 90 days past due). These are averaging 10% of the B2B receivables value, mainly on the domestic market, and are well above the survey average (7%).

Average proportion of B2B invoices unpaid 90+ days after due date



Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – Spring 2015

More information in the [Statistical appendix](#)

Average payment delay

In Spain, domestic B2B customers make their past due payments, on average, 27 days after the due date (survey average 22 days). Spain has the third longest average payment delay across the countries surveyed, after Italy (32 days) and Greece (30 days), a delay also 25 days longer than the survey average. This means that domestic B2B suppliers in Spain receive payment on B2B invoices around 80 days after invoicing. One year ago, there was a decrease in the average domestic payment delay in Spain, followed by an increase at the beginning of this year, which brought

the rate of late payment to levels higher than in 2013.

Foreign past due invoices are paid by customers almost in the same time frame as the domestic ones (25 days after due date). This is above the survey average of 20 days. Carrying past due receivables implies financial and administrative costs, which may have a significant impact on cash flow and profits. Consistent with the survey pattern, most of the respondents in Spain (22%, versus 24% for Western Europe) reported that cost containment will be the biggest challenge to business profitability in 2015. This is a common issue for businesses in Western Europe.

In line with the survey pattern, two in five respondents consider a potential fall in demand of their products and services as the greatest challenge to business profitability in 2015. This would suggest that respondents in Spain still perceive the economic recovery as quite fragile.

Key payment delay factors

The majority of respondents in Spain (two in five) indicate that late payment from domestic B2B customers is mainly due to a lack of liquidity. This percentage, although quite sizeable, is well below the 51.4% recorded in Western Europe. Well above the survey average (18.5%) is the percentage of Spanish respondents (26.4%) stating the formal insolvency of the buyer (i.e. liquidation, receivership, bankruptcy) as the primary reason for late payment on domestic sales. This reason points again to the country's challenging economic conditions.

Over the past two years, the percentage of respondents citing a lack of liquidity as the main reason for domestic payment delays dropped quite substantially. However, it is higher than one year ago. Compared to 2014, less Spanish respondents reported insolvency of the buyer as the main reason for domestic late payment.

Payment delays from foreign B2B customers are most often caused by the complexity of the payment procedure (around 35% of respondents, compared to around 28% for Western Europe). Over the past two years, this percentage has increased steadily, suggesting this issue is increasingly affecting foreign trade relations of respondents in Spain.



Uncollectable accounts

The proportion of B2B receivables, reported by Spanish respondents as uncollectable averages 1% of the total credit sales value in the country. This is slightly less than the survey average (1.2%). Consistent with the survey pattern, domestic write-offs outweigh foreign ones. This may be explained by the relatively lower volume of foreign credit-based transactions than domestic ones across the countries surveyed.

Domestic and foreign uncollectable B2B receivables are primarily reported from the construction and consumer durables sectors. For most of the respondents in Spain (62.4%) compared to 66.4% in Western Europe, B2B receivables were mainly due to the customer being bankrupt or out of business. Failure of collection attempts were reported by more respondents in Spain (35.3%) than in Western Europe (25.1%). This may explain why respondents in Spain (13%) appear to be more concerned about collections of outstanding invoices than their peers in Western Europe (11%).

For more insights into the B2B receivables collections practices in Spain, 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: cost containment



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

Survey respondents in Spain reported granting trade credit terms mainly to B2B customers belonging to the construction, consumer durables and business services and services sectors. The longest payment terms, averaging 58 days from the invoice date, are given to domestic and foreign B2B customers in the construction sector. Domestically, it is the services sector which generated the highest levels of overdue payments (37.2%).

The consumer durables sector produced the highest level of foreign late payments (38%). Domestic and foreign average payment delays are around or slightly above the country average in almost all of the industries surveyed. Liquidity constraints was the most often reported reason for domestic payment delays in the services sector (over 62% of respondents). Instead, domestic buyers in the construction sector (44% of respondents) delay invoice payment most often to use outstanding invoices as a source of finance.

The complexity of the payment procedure generates foreign payment delays at an almost equal rate across all the industries surveyed. Domestically, over the coming 12 months, a slight deterioration of customers' payment practices is expected in the construction and consumer durables sectors (two in five respondents each). Payment behaviour of Spanish respondents' foreign B2B customers is forecast to remain stable in all industries.

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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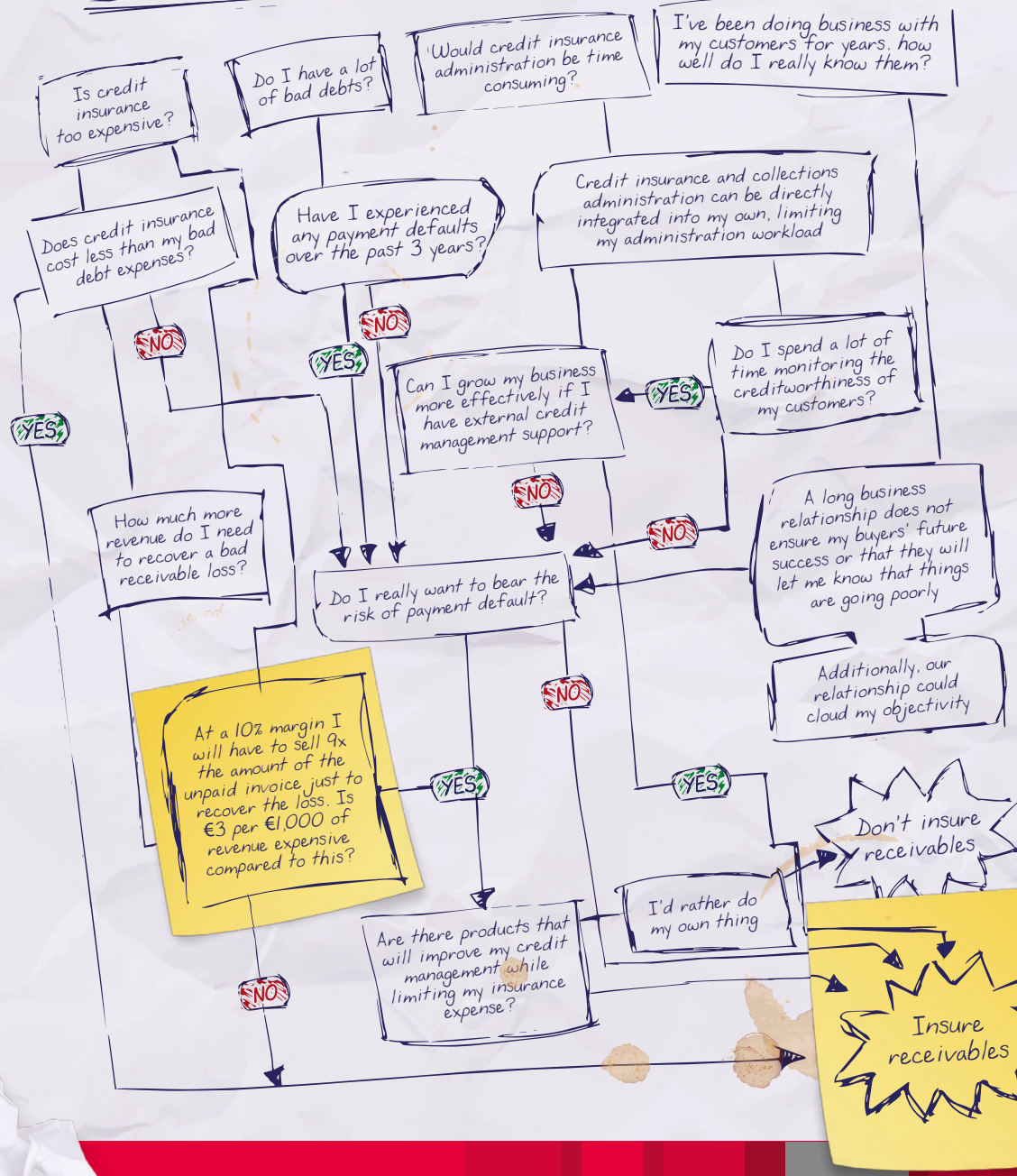
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