EOS Survey ‘European Payment Practices’ 2017
Systemic shortcomings: Companies are giving away their money

Inadequate invoicing processes in European companies / Decline in professional receivables management set to continue

Hamburg, 24 July 2017 – Minor cause, major effect: At 29 per cent of the European companies polled, errors of form in invoice handling are already resulting in payment delays and defaults by customers. This is one of the findings of the EOS survey ‘European Payment Practices’ 2017, which was conducted this year for the tenth time. Accordingly, an invoice issued too late is just as likely to lead to serious problems as errors such as an incorrect address or the failure to adhere to formal guidelines. ‘Companies are regularly giving away their money because they have not organised their invoicing processes efficiently’, says Klaus Engberding, CEO of the Hamburg-based EOS Group.

But even a perfectly organised invoicing process may not be enough. Companies will need to call in professional receivables management services if their customers still do not pay. In this context, the companies' failings are not just isolated incidents but systemic problems. In some cases there are no standardised processes whatsoever for recovering non-performing receivables. ‘It is striking that the professionalism is actually continuing to decline’, Engberding notes. The number of companies admitting to this in the survey has doubled. In 2017, eight per cent of the companies polled stated that they did not have a standardised receivables management. This is up from four per cent in 2016. ‘The work involved in processing non-performing receivables is often underestimated', says the CEO. ‘It calls for a lot of expertise and ties up personnel'. This is why working with debt collection companies is often more expedient than in-house processes. ‘The specialists handle professional receivables management so that companies can concentrate on their core business’.

Western Europe: German companies the masters of diligence
As the survey shows, Germany has the most professional organisation of receivables management. In the B2B segment, only two per cent of the
companies surveyed said that they did not have any standardised processes for recovering outstanding debts. This was true of four per cent of companies in the B2C segment. French and British firms in particular are facing major challenges. In both countries, 13 per cent of companies do not have any defined organisational structures for recovering outstanding debts from consumers. In the B2B segment, there is also work to be done in the UK, where ten per cent of companies do not have any standardised receivables management.

**Eastern Europe's 'underachievers'**
A lack of proper procedures for payment collection is most prevalent in Eastern Europe. In the B2C segment, companies in Greece (15 per cent), Hungary and Slovakia (each 14 per cent) in particular are battling this problem. In the B2B segment, companies in Greece, Slovakia and Russia (9 per cent each), are at the bottom of the rankings in this respect.

**About the EOS survey: ‘European Payment Practices’**
In the spring of 2017, in partnership with independent market research institute Kantar TNS (formerly TNS Infratest), EOS surveyed 3,200 companies in 16 European nations about the prevailing payment practices in their respective countries. 200 companies in each of the countries Germany, UK, Spain, France, Belgium, Austria, Switzerland, Romania, Czech Republic, Croatia, Hungary, Bulgaria, Slovakia, Poland, Russia and Greece answered questions about their own payment experiences, economic developments in their countries and issues relating to risk and receivables management. Further results from the survey can be found online at: [www.eos-solutions.com/paymentpractices2017/invoicingprocesses](http://www.eos-solutions.com/paymentpractices2017/invoicingprocesses)

**The EOS Group**
The EOS Group is one of the leading international providers of customised financial services. Its main focus is on receivables management covering three key business segments: fiduciary collection, debt purchase and business process outsourcing. With about 7,000 employees and more than 55 subsidiaries, EOS offers some 20,000 clients in 26 countries around the world financial security with tailored services in the B2C and B2B segments. Being connected to an international network of partner companies, the EOS Group has access to resources in more than 180 countries. Its key target sectors are banking, utilities and telecommunications, along with the public sector, real estate, mail order and e-commerce. For more information please visit: [www.eos-solutions.com](http://www.eos-solutions.com).

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Invoicing processes in crisis: companies miss cashflow

- **19%** Delayed payment
- **3%** Bad debt

Fewer incoming payments

- **8%** of companies admit having no standardised debt collection processes
- **29%** of companies see formal invoicing errors as one reason for the poor payment behaviour of business customers

*Source: EOS Survey 'European Payment Practices' EOS / Kieser TNS 2017*