

EOS Survey 'European Payment Practices' 2017

A matter of timing: The shorter the payment term the better the payment practices

Shortest payment terms and most punctual payments in Germany / Despite enjoying the longest payment terms, Greek customers are still the most likely to pay late

Hamburg, 21 August 2017 – With short payment terms consumers often feel that their hands are tied. But these short deadlines actually do help, because the saying 'Never put off till tomorrow what you can do today' also applies to paying your bills. The longer a customer has to pay the more likely they are to get into arrears. This results in late fees for the consumer and outstanding payments for the company. European companies are responding accordingly to this correlation: Compared with the previous year, customers in the B2C and B2B segments have a day less to settle their invoices on time (2017: 35 days, 2016: 36 days). Those 24 hours help achieve more consistent punctuality of payments. In the B2C segment, the punctuality rate was 80 per cent in 2017 (2016: 79 per cent), while B2B customers pay 77 per cent of invoices on time (2016: 76 per cent). These are some of the findings of the EOS survey 'European Payment Practices' 2017, which was conducted this year for the tenth time (by Kantar TNS, formerly TNS Infratest).

The fine line between retaining customers and achieving good payment practices

'From 2015 to 2016, companies in Europe extended their payment terms. Immediately, a slight deterioration in on-time payments was identified. Currently, companies are revising the terms down again', says Klaus Engberding, CEO of the Hamburg-based EOS Group. 'We are talking about a very fine line here. If payment deadlines are too short customers can be scared off', he adds. 'This is why companies are proceeding with caution and are implementing only very moderate reductions of the terms granted from year to year'.

| Change in payment terms over the course of the year (payment term in days) | | | | |
|--|------|------|------|------|
| | 2014 | 2015 | 2016 | 2017 |
| B2C* | 28 | 26 | 28 | 27 |
| B2B* | 42 | 38 | 40 | 39 |
| B2C/B2B | 37 | 34 | 36 | 35 |

*B2C = consumers, B2B = business customers

Germany benefits from the most punctual payments

In Western Europe the payment terms are shorter than in Eastern Europe. On average, Western European customers have 33 days to pay their invoices, and the late payment rate is 19 per cent. The country with the shortest payment terms is Germany, which prescribes 24 days on average. Only 17 per cent of customers do not meet this payment deadline. Other countries such as the UK allow much longer time frames of 34 days on average. But the UK also sees a higher proportion of overdue payments (22 per cent).

Eastern Europe: lots of patience means a lot of payment delays

In Eastern Europe in particular, companies offer their customers long payment terms. In this region, customers have 37 days on average to settle their invoices, while business customers have as much as 40 days. In 25 per cent of cases, however, customers pay late or do not pay at all. Last year the average payment term was still 38 days and payment delays or defaults stood at 26 per cent. Among the countries substantially cutting their payment terms this year are Romania (2017: 37 days, 2016: 39 days) and Slovakia (2017: 36 days, 2016: 38 days). The correlation between long payment terms and resulting payment delays is most evident in Greece, where customers have an average of 47 days to pay their bills. Despite this, more than a quarter of them (26 per cent) pay too late.

| Top 3 countries with... | | | | | |
|---|--------------|---------------------------------------|---|--------------|---------------------------------------|
| ...short payment terms and high payment punctuality | | | ...long payment terms and low payment punctuality | | |
| Country | Payment term | Proportion of on-time payments (in %) | Country | Payment term | Proportion of on-time payments (in %) |
| GER | 24 | 83 | GR | 47 | 74 |
| CH | 31 | 82 | RUS | 37 | 74 |
| AUS | 31 | 81 | RO | 37 | 74 |

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:

<http://www.eos-solutions.com/paymentpractices2017/paymentdeadlines>

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 around 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.

Contact:

Cornelia Claußen, Senior Public Relations Consultant
Tel.: +49 40 2850-1685, Email: c.claussen@eos-solutions.com

Sabrina Ebeling | Public Relations Consultant
Tel: +49 40 2850-1480, Email: s.ebeling@eos-solutions.com

The shorter the payment deadlines, the better the payment behaviour



Source: EOS Survey 'European Payment Practices' EOS / Kantar TNS 2017

