

24th Annual Edition

European Payment Report 2022

intrum



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Intrum in brief

Our mission:
We help companies
prosper by caring for their
customers

Our values:
Ethics
Empathy
Dedication
Solutions

Our vision:
To be trusted and
respected by everyone
who provides and
receives credit

Intrum's purpose is to lead the way to a sound economy.

A market in which people and companies can efficiently provide and receive credit is a prerequisite for the business community to be able to function. The possibilities for a society and its economy to develop positively increases when companies are paid on time, as this enables them to invest, employ and grow — while individuals are able to handle their payment commitments and thus improve their living conditions.

A client offering provided through two service lines

We work with late an non-payments. We ensure that companies are paid by offering two types of services, credit management services and portfolio investments. We perform credit management services on behalf of companies to ensure that their customers pay them for the goods and services they sell. In our portfolio investment operations we assume responsibility for overdue receivables, whereby we pay the client and then seek a solution with the customer for settling the receivable. Beyond this, we offer a full range of services covering companies' entire credit management chain.

About 10,000 people work at Intrum. We help our clients prosper by caring for their customers. This is achieved through roughly 250,000 customer contacts that our employees engage in on a daily basis, helping individuals and companies to address their financial challenges and our clients to secure payment.

80,000 clients in 25 countries

Intrum has some 80,000 clients in the 25 countries in which we operate. They are in many sectors, and we specialise in assisting major companies and financial institutions with large volumes of receivables. Our clients also include tens of thousands of small and medium-sized companies.

Three strategic sustainability areas driving our efforts to achieve a sound economy

Enable sustainable payments

By ensuring sustainable payments flows between companies and individuals, we fulfil an important function in society and promote a sound economy.

Growing by making a difference

Our market-leading position allows us to drive the development of the entire industry in a more ethical direction, thereby creating value and meaning for our employees.

Being trusted and respected

A basic prerequisite for us to succeed in our efforts in that we have the complete trust of our clients and their customers.

Stagflation fears in uncertain times

In the space of a year, the European economy has pivoted from one crisis to another. As 2022 began, executives had a distinctly optimistic outlook. Europe was open to international travellers, supply bottlenecks were coming to an end, and the price of commodities was expected to settle as normality resumed.

Sadly, in the shadow of the war in Ukraine, the picture today is very different. In our latest European Payment Report, which draws on a survey of 11,000 respondents across 29 countries, along with in-depth interviews with senior leaders, three themes stand out.

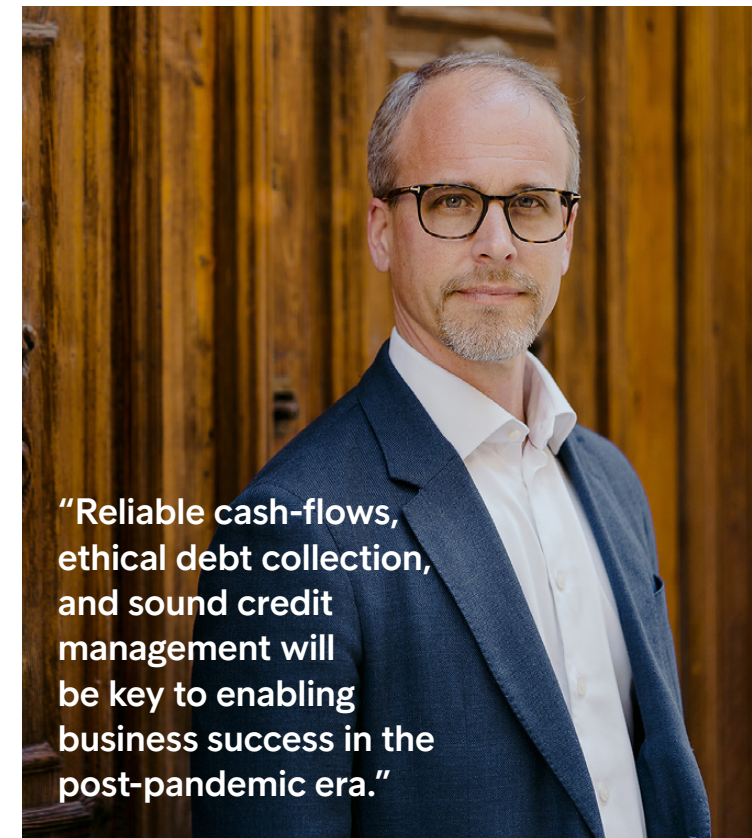
Firstly, inflation is front of mind. Following soaring energy prices and new restrictions in China, one in two respondents says inflation is hampering their ability to grow the business and seize opportunities. Six in 10 expect the risk of late payments from their customers to grow this year primarily due to inflation, and an equal share (58 per cent) admit that rising prices are making it difficult for them to

pay their suppliers on time. The challenge is compounded because most do not have the in-house expertise to manage the impact of inflation on their business.

Secondly, we see growing recognition among executives of the correlation between prompt payments and resilience. They expect their cash flows to suffer in the months ahead but lack the agility to manage the impact. Two in three believe faster payments from their customers would help them extend their range of products and services, while half think it would enable them to expand their workforces. Nonetheless, 53 per cent say they are struggling to improve their management of late payments because they lack the in-house talent and resources.

Finally, we look at how business processes in the front and back office are playing a role in environmental, social and governance (ESG) initiatives. Respondents may be enhancing their environmental performance, but we see less progress when it comes to the social and governance aspect of ESG, with payments seen as a trust builder and potential catalyst for businesses to invest in sustainability efforts. Nonetheless, although most believe that companies have a social responsibility to pay smaller suppliers on time, a third (33 per cent) admit to paying their own suppliers later than they would accept from customers, up from 29 per cent in 2021. We also see growing recognition of the need to address potential incidents of customer discrimination, such as on racial or social backgrounds.

On a more positive note, our research suggests that many businesses remain confident about their prospects in the post-Covid era. With 64 per cent of respondents expecting the pandemic's impact on the economy to be completely over within a year, 55 per cent say business growth is now their top priority. Operating in a strong labour market¹, and often benefiting from efficiencies introduced during the pandemic, businesses have not given up hope that a brighter future lies ahead.



At Intrum, we understand that reliable cash-flows, ethical debt collection, and sound credit management will be key to enabling business success in the post-pandemic era. Our insight and expertise are helping businesses navigate these challenges and thrive in the most uncertain and changeable of times.

Anders Engdahl
President & CEO Intrum

¹) <https://www.ft.com/content/b044b132-22b8-4e06-ad9d-8abd3e410896>

Pan-European key findings: A pivotal moment



Stagflation fears create unease, but the spirit of growth lives on

51%

says that inflation is restricting their ability to grow the business and seize new opportunities.

58%

find it increasingly difficult to pay their suppliers on time.

After more than two years of pandemic-related disruption, Europe today is entering a new era of uncertainty. The conflict in Ukraine and new restrictions in China have increased the pressure on supply chains. Soaring energy costs have propelled inflation to levels not seen for a generation or more.

Many today are concerned that rising inflation, combined with flat growth, is significantly increasing the risk of stagflation. Indeed, the IMF² and the European Commission³ (EC) have dialled down their economic forecasts for Europe. In its spring statement, the EC forecast GDP growth in both the EU and eurozone of just 2.7 per cent in 2022 and 2.3 per cent in 2023, down from 4 per cent and 2.8 per cent, respectively, in its winter 2022 interim forecast. Meanwhile, it expects the Harmonised Index of Consumer Prices (HICP) rate of inflation to average an “all-time high” of 6.8 per cent

in 2022, before declining to 3.2 per cent in 2023. Before the Ukraine crisis, the outlook had been for a period of prolonged, robust growth.

An inflation spiral threatens business

These economic developments come at a time when European businesses are still emerging into the post-pandemic landscape and have already been struggling to manage the impact of inflation on their profits since late last year. Now they are worried about what lies ahead.

In Intrum’s European Payment Report 2022, half (51 per cent) of the 11,007 respondents warn that inflation is getting in the way of their growth plans. At the same time, almost six in 10 (58 per cent) say rising prices are making it harder for them to pay their suppliers on time, which will create a knock-on effect further down the supply chain.

To what extent do you agree or disagree with the following statements about inflation and interest rates?

● Agree ● Neutral ● Disagree

Inflation is restricting our ability to grow the business and seize new opportunities



Due to inflation, we are finding it increasingly difficult to pay our suppliers on time



² Eurostat, 29 April 2022 [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Inflation_in_the_euro_area]

³ https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/spring-2022-economic-forecast_en

55%

fear they cannot satisfy employees demand for higher wages during a period of high inflation.

60%

expect interest rates to rise and continue rising.

“We have to transfer price increases to our customers. This creates a risk of us losing important orders. Already this year, we have seen numerous price renegotiations get underway that could negatively affect our sales.”

Gianluca Riselli
CFO
Würth, Italy

To what extent do you agree or disagree with the following statements about inflation and interest rates?

● Agree ● Neutral ● Disagree

We are concerned about our ability to meet employee demand for higher wages during a period of high inflation



We expect interest rates to rise and continue rising, so are becoming more cautious with our borrowing and spending plans



My organisation does not have the expertise in-house to successfully manage the impact of inflation on our business



Inflation inevitably has an impact on businesses' relationships with their customers. "We have to transfer price increases to our customers," says Gianluca Riselli, CFO at Italian manufacturer Würth. "This creates a risk of us losing important orders. Already this year, we have seen numerous price renegotiations get underway that could negatively affect our sales."

Employees are also affected by the changing inflationary environment. Realising that their wages don't go as far as they used to, consumers request higher salaries from their employers. In our survey, however, 55 per cent of business leaders fear they cannot satisfy these demands. As a result, some will look to raise their prices even higher.

In a climate like this, central banks are under pressure to respond, raising additional concerns for business. Central banks in Central and Eastern Europe have already introduced several interest rate hikes since mid-2021,

followed by four consecutive increases from the Bank of England, and expectations are that the European Central Bank (ECB) will continue to tighten monetary policy. And so, after an unprecedented period of ultra-loose monetary policy, we find 60 per cent of businesses expecting interest rates to keep rising during the year ahead.

A gap in experience – executives navigate unfamiliar territory

Economic uncertainty is made more challenging because leadership teams comprising Millennials and Gen-Xers, who entered the workforce long after the wage-price spirals of the 1970s, have little experience of managing inflation on this scale.

After decades of modest price growth, with inflation in the EU averaging 1.5 per cent between 2011 and 2021, almost six in 10 respondents (58 per cent) admit they lack the in-house expertise to cope with the impact of rising prices.

“Our aim is to stay attractive to our members by cutting costs instead of immediately raising prices. Covid-19 showed us some areas where we could cut spending, so we are continuing with that.”

Inna Alne
COO
MyFitness sports club, Latvia

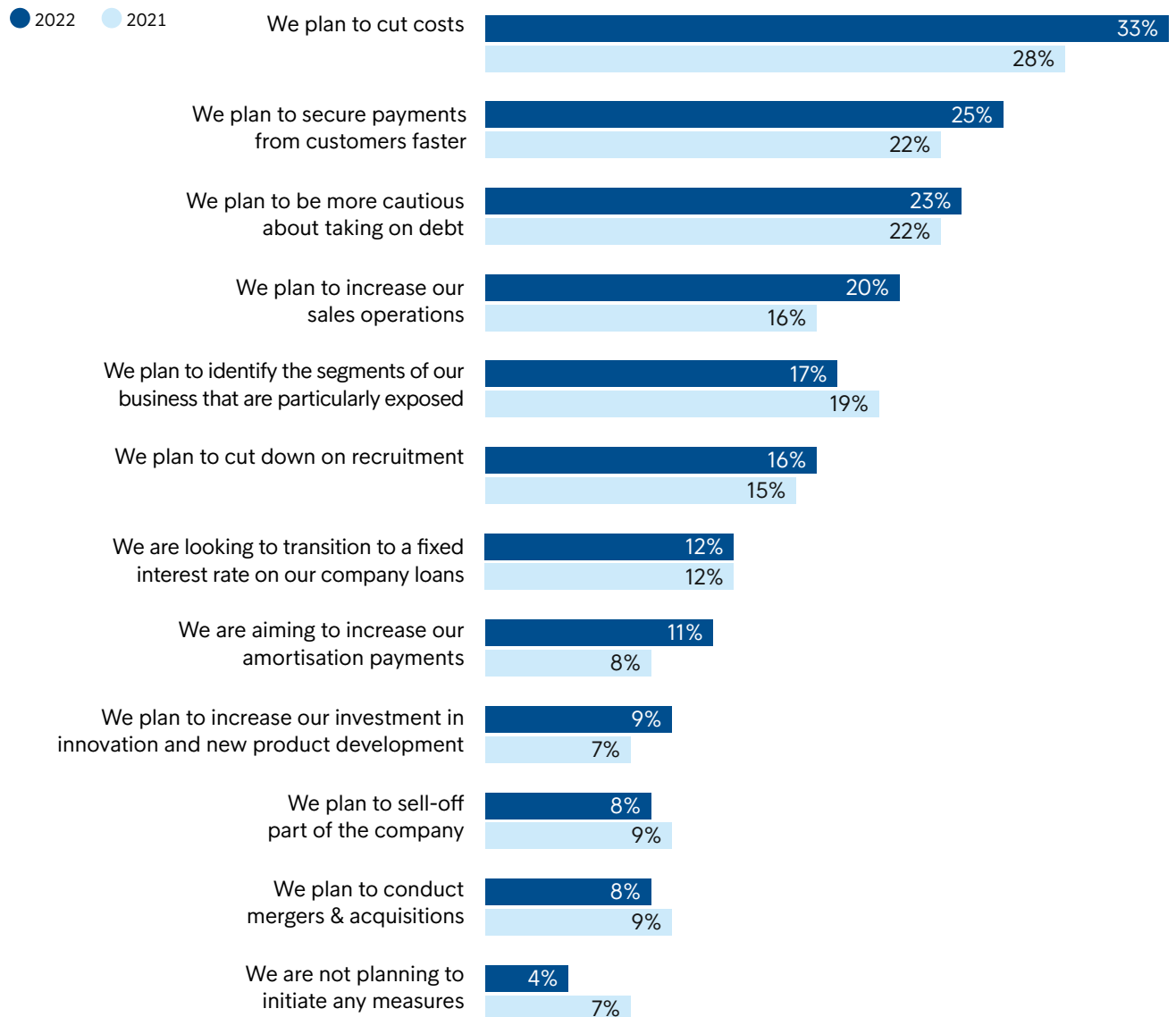
Nevertheless, many are doing what they can to limit their exposure. A third say they are planning to cut costs during 2022, up from 28 per cent who said the same in EPR 2021. Cashflow will also be a priority, with 25 per cent looking to secure payments more quickly, up from 22 per cent.

“Our aim is to stay attractive to our members by cutting costs instead of immediately raising prices,” says Inna Alne, COO of the MyFitness sports club chain in Latvia. “Covid-19 showed us some areas where we could cut spending, so we are continuing with that.” Increased digitalisation also provides streamlining opportunities, she says.

New pressure on sales

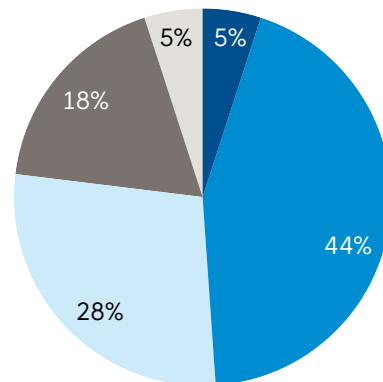
Other businesses hope revenue growth will come to their rescue. A fifth of respondents (20 per cent) say they will respond to economic disruption with initiatives to drive up sales, up from 16 per cent in 2021.

Which, if any, of the following new measures do you expect your company to initiate during 2022 in order to manage economic disruption and/or downturn?





Would you describe your business today as stronger or weaker than it was before the general outbreak of the pandemic in March 2020 (in terms of its revenue, efficiency, and ability to manage disruption)?



- We are significantly weaker than we were
- We are slightly weaker than we were
- About the same
- We are slightly stronger than we were
- We are significantly stronger than we were

But managing disruption and delivering growth is far from straightforward, especially because many have yet to recover from the economic shock of the pandemic. Almost half of our respondents (49 per cent) see their businesses as weaker today than they were in March 2020, at the outset of the pandemic in Europe.

Even businesses that got through the pandemic relatively unscathed are doubtful about the future. "I was expecting bankruptcies, unemployment and high levels of bad debt, but we didn't see any of that due to various subsidies and government support," says a customer receivables manager at an energy company based in Sweden.

Growth is still on the agenda

There is some good news. More than a year after vaccines were rolled out across Europe, businesses can at last feel confident that the pandemic is coming to an end. The hunt for growth is stepping up.

39%

will secure additional funding to achieve our growth plans in 2022.

23%

are more cautious about taking on debt. (See graph on page 7)

“We are stronger thanks to the development of our e-business and the points of sale we introduced to serve our customers during the lock down periods. These new touchpoints have become a strength.”

Gianluca Riselli
CFO
Würth, Italy

To what extent do you agree or disagree with the following statements?

● Agree ● Neutral ● Disagree

Growing the business is a top priority for my organisation in 2022



If there were another crisis, in the next year or two, I expect we would be no better at managing the disruption to our cash flow and profits than we were before Covid-19



We will secure (or have already secured) additional funding to achieve our growth plans in 2022



Our research suggests that European business is at a tipping point. While only 5 per cent say that Covid-19 is no longer having a negative impact on their country’s economy, an additional 59 per cent expect all such impacts to come to an end within a year. This will clear the way for businesses to focus on growth.

The shift in outlook is boosting the mood of many respondents. More than half (55 per cent) say that growing the business is now their top priority for the year ahead. In some countries, that figure is considerably higher: in the Netherlands and Switzerland, 71 per cent are prioritising growth. In Austria, 61 per cent take this view.

For many businesses, the emergency measures and upgrades put in place during the pandemic will make it easier for them to achieve success. “We are stronger thanks to the development of our e-business and the points of sale we introduced to serve our customers during the lock down

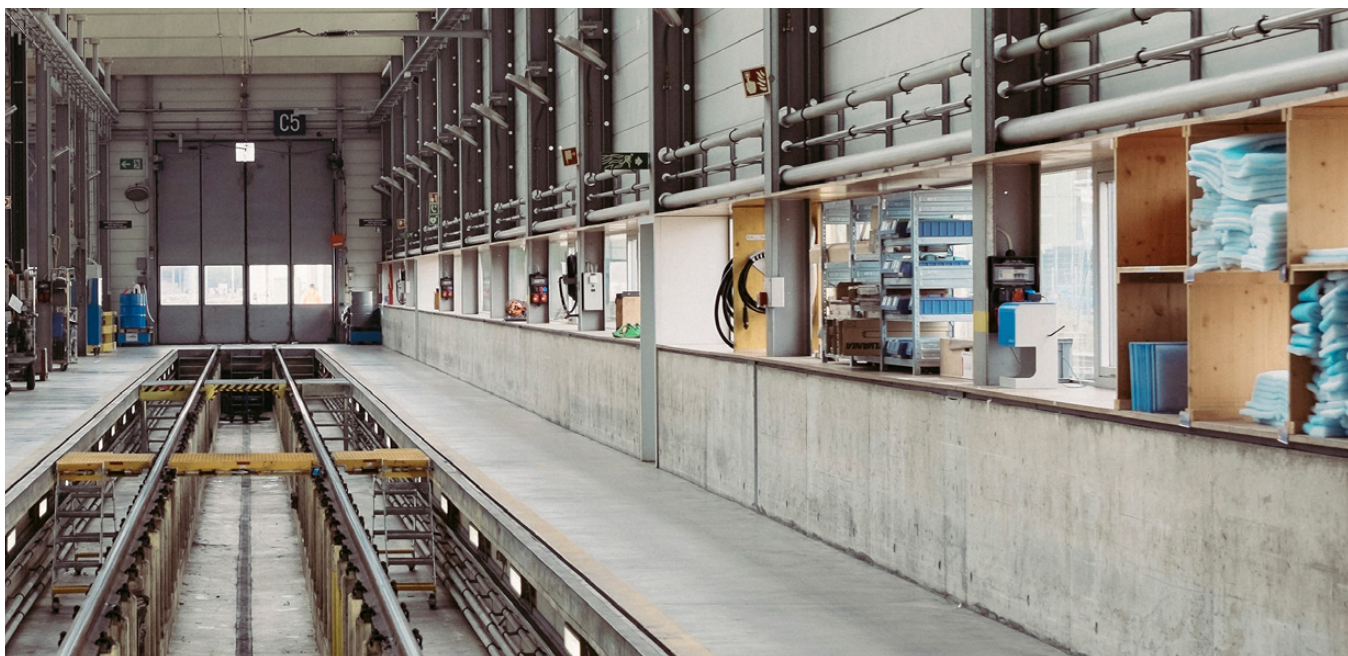
periods,” says Würth’s Gianluca Riselli. “These new touchpoints have become a strength.”

This positivity is prompting respondents to explore their options for funding expansion. More than a third (39 per cent) reveal they have plans to secure additional financing – or have already secured funding – to achieve their growth plans for the year ahead. We have already seen business demand for lending increasing during the first quarter of 2022, mainly due to financing needs for working capital, according to the ECB’s bank lending survey.⁴

There is, however, some hesitancy about debt in our findings, perhaps reflecting the concerns about rising interest rates outlined above. Asked specifically what new measures they would take to manage disruption and downturn during the next 12 months, 23 per cent of respondents say they would become more cautious about taking on debt.

4) <https://www.ecb.europa.eu/press/pr/date/2022/html/ecb.pr220412~1670a54325.en.html>

Respondents expect their cash flows to suffer but lack the agility and expertise to manage the impact



41%

say that late payments from customers prohibits growth of their company and 26 per cent say that late payments from customers threatens their survival.

If European businesses are to weather the economic storm, if they are to unlock growth, then securing payments in a timely fashion will be crucial.

Across much of Europe, however, a late-payments culture persists. The European Commission has warned that just four in 10 EU businesses are paid on time, and that late payments are a factor in a quarter of SME bankruptcies⁵. According to the European Banking Authority's Risk Dashboard, the proportion of stage 2 loans, which carry a significant amount of credit risk, is also on the rise in banks' portfolios⁶.

In EPR 2022, we see a connection between prompt payments and a business' ability to grow. Two-thirds of

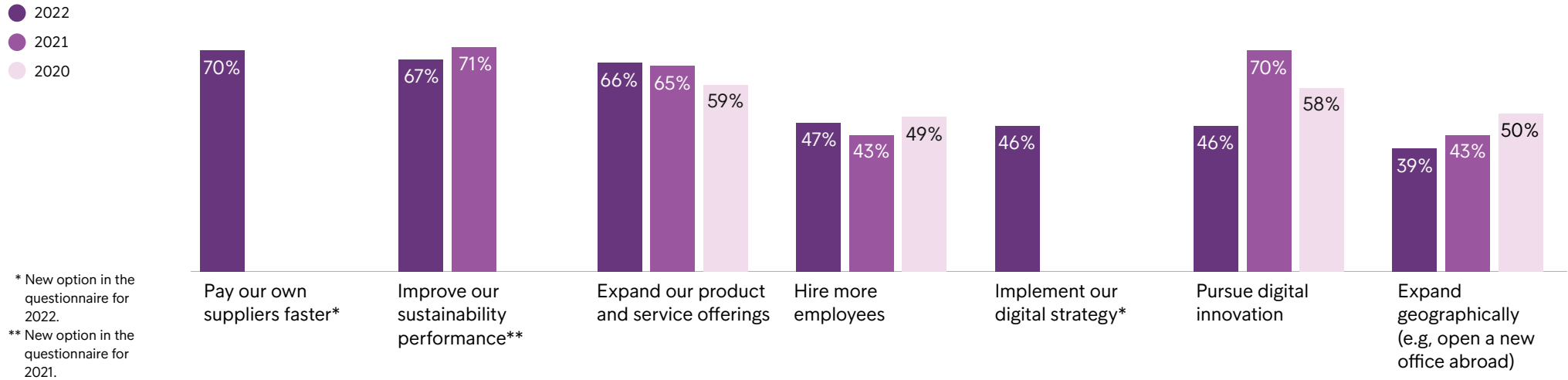
respondents believe they could expand their products and service operations if they were paid more quickly by their customers. Almost half (47 per cent) say faster payments would allow them to hire more employees.

A gap in expertise

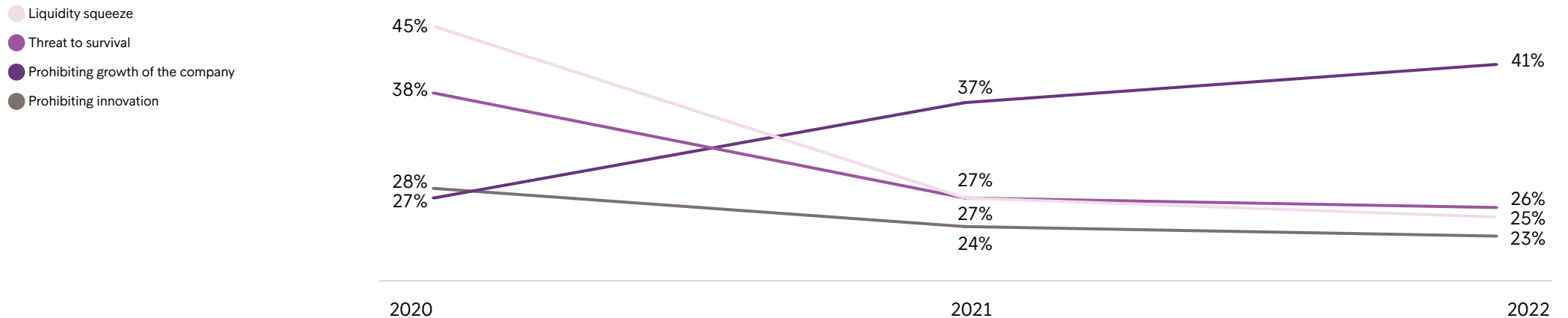
Unfortunately, for all too many European businesses, progress in this area is taking a long time to arrive. 41 per cent of respondents warn that late payments from customers are inhibiting growth, up from 37 per cent in 2021 and just 27 per cent in 2020, when many businesses were receiving government support. Today, more than one in four (26 per cent) worry that late payments actively threaten their survival.

5) EU Fit for Future Platform, December 2021. [https://ec.europa.eu/info/sites/default/files/final_opinion_2021_sbgr2_06_late_payments.pdf]
6) <https://www.eba.europa.eu/risk-analysis-and-data/risk-dashboard>

Would faster payments from your debtors enable your company to increase its investment in the following areas?



To what extent do late payments from customers impact your business in the following areas?



53%

lack skills and resources in-house to improve management of late payments.

One significant challenge here is that businesses’ desire to confront the late payments problem is not matched by their ability to do so. More than half of respondents (53 per cent) concede that, while they would like to improve their management of late payments, their lack of talent and resourcing issues makes it difficult for them to take practical action.

Embedding new skills and talent within the existing workforce – including the financial and administrative expertise required to manage late payments – is challenging in a competitive labour market, notes Szilard Szarvas, Risk and Customer Service Manager at road-toll collection business Eurotoll. “Talent is something that is definitely a factor that we face,” he says. “I’m looking out of the window

right now and I see a large accountancy firm that has just announced plans to expand their operations and recruit 500 people. If you cannot match the packages that these firms offer, you will see talent going elsewhere.”

Outdated systems drag on efficiency

Deficiencies in back-office systems and technology contribute to the capability gap around late payments. Close to half of businesses (46 per cent) describe their finance and administration systems as seriously outdated, perhaps because their focus during the pandemic was on the customer interface side of digital technology rather than on the software and platforms needed for administrative agility.

“Talent is something that is definitely a factor that we face. I’m looking out of the window right now and I see a large accountancy firm that has just announced plans to expand their operations and recruit 500 people. If you cannot match the packages that these firms offer, you will see talent going elsewhere.”

Szilard Szarvas
Risk and Customer Service Manager
Eurotoll, Hungary

To what extent do you agree or disagree with the following statements about your business’ approach to managing payments?

● Agree ● Neutral ● Disagree

We would like to improve our management of late payments, but find this difficult due to a lack of skills and resources in-house



Our finance and administration systems are seriously outdated and prevent us from being as agile as we need to be



60%

worry that the risk of late payments will grow this year, largely because of inflation and regulation.

“Even simple changes can help. We have recently started testing automatic phone calls to our debtors. If two invoices are not paid, the customer gets an automated call to remind them. Previously, our club managers made the calls but that was not effective because they did not have the time to contact everyone.”

Inna Alne,
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MyFitness sports club, Latvia

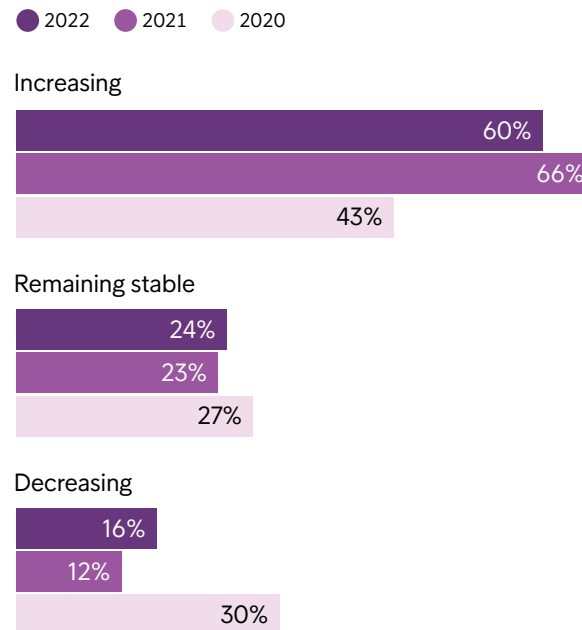
With six in 10 respondents expecting their late-payment issues to become more pronounced this year, businesses recognise that tackling these inefficiencies is vital. Even simple changes can help, explains MyFitness’s Inna Alne. “We have recently started testing automatic phone calls to our debtors,” she says. “If two invoices are not paid, the customer gets an automated call to remind them. Previously, our club managers made the calls but that was not effective because they did not have the time to contact everyone.”

For now, many businesses are struggling from late-payment challenges that could – with the right talent and technology – be avoided. Across Europe, 8 per cent of respondents concede they do nothing when experiencing

a late or non-payment from a customer. In Austria, Finland and Romania, that figure rises to 16 per cent, 14 per cent and 14 per cent respectively, which could indicate that the challenge of late payment is less severe in these countries at the current time.

Where businesses lack expertise in-house to resolve late payments, accessing third-party support could give them access to specialist knowledge and guidance. However, while more than half of respondents (57 per cent) say they take legal action against late- or non-paying customers, only 17 per cent work with external debt collection agencies.

To what extent do you see risk of late/non-payments from your company’s debtors developing during the next 12 months?



Other challenges to payments during 2022 (increasing)	
Rising inflation	61%
Regulation and compliance	60%
Rising interest rates	57%
Supply chain disruption	57%
Administrative inefficiency among customers	56%
Climate risk	51%
Intentional ignorance	45%

26%

26% of respondents making debt management a strategic priority are working with debt collection agencies.

Debt management as a priority

The growing challenge of late payments, in an unpredictable economic environment, is a cause for concern. But there are reasons to be optimistic about the broader picture for debt and money-flows. Three-quarters of respondents (76 per cent) say improving their debt management is, for example, a strategic priority for the next 12 months.

Russia’s invasion of Ukraine may have been a catalyst for this shift. Prior to the war, when our survey had been in the field for approximately five weeks, 52 per cent of businesses worried that the risk of late payments would grow over the following 12 months. After Russia’s invasion,

this figure rose to 61 per cent. Similarly, while 71 per cent of respondents were focusing on debt management as a strategic priority before the conflict, the figure increased to 81 per cent after hostilities began in late February. We would, however, always exercise some caution when interpreting the findings from incomplete survey data.

“The war in Ukraine has increased costs for electricity, gas, and food, and this will impact consumers,” says Jan Hansson, Vice President Debt Collection at Swedish fintech Klarna. “So this is something that we are monitoring closely, and we will be ready to take action if there are any significant adverse macroeconomic scenarios.”

To what extent, if at all, are the following initiatives a strategic priority for your business in 2022?



What steps are you taking to improve your debt management?	(yes)
Focusing on early arrears	73%
Working with debt collection agencies	26%
Digitalising and investing in new technology	22%
Strategic partnerships	15%
Centralising our approach	10%

“The war in Ukraine has increased costs for electricity, gas, and food, and this will impact consumers, so this is something that we are monitoring closely, and we will be ready to take action if there are any significant adverse macroeconomic scenarios.”

Jan Hansson
Vice President Debt Collection
Klarna, Sweden

Focusing on timely interventions in today’s economic climate is critical, with 73 per cent of businesses prioritising debt management expressing their determination to tackle arrears at an earlier stage. “As soon as we identify a pattern with a customer – an increasing number of days to pay, for example, or rising payment delays – we need to have a conversation to see what’s going on,” says Eurotoll’s Szilard Szarvas.

Egita Kaudze, Senior Credit Risk Manager at retail business Circle K Europe, argues that smarter use of data can enhance debt management. “We do rely on external vendors to provide us with ratings, which helps with initial assessments, and then we leverage our own internal experience,” she explains. “We have our own historical data and different statistical tools, so we can add this Circle K history to that assessment.”

At Klarna, Jan Hansson describes how his company launched an initiative in the Nordic and German markets, called the Pink Standard, to make it easier for people to shop online and make payments. “We decided to stop all revolving credits, which can go on for a very long time, and we added longer payment terms to reduce the number of customers entering the early arrears stage,” he says. “We also added more nudge reminders and removed certain fees. It was a tough internal process, but in Sweden we have seen a decrease in reminder rates of 50 per cent already, so it has been highly successful.”

How is your business affected by the war in Ukraine?

- Improving our debt management as a strategic priority
- Strengthening our liquidity and cash flow as a strategic priority
- Long payment terms are problematic for our business
- We expect the risk of late/non-payments to increase during the next 12 months



Prompt payments are playing a central role in ESG

60%

say that payment times should form part of a business' required sustainability reporting.

67%

agree that timely payments are critical to building and maintaining trust with their suppliers.

As they emerge from the pandemic with ambitions to unlock growth and a commitment to navigating uncertainty, businesses have another objective on their minds: enhancing their environmental, social and governance (ESG) performance.

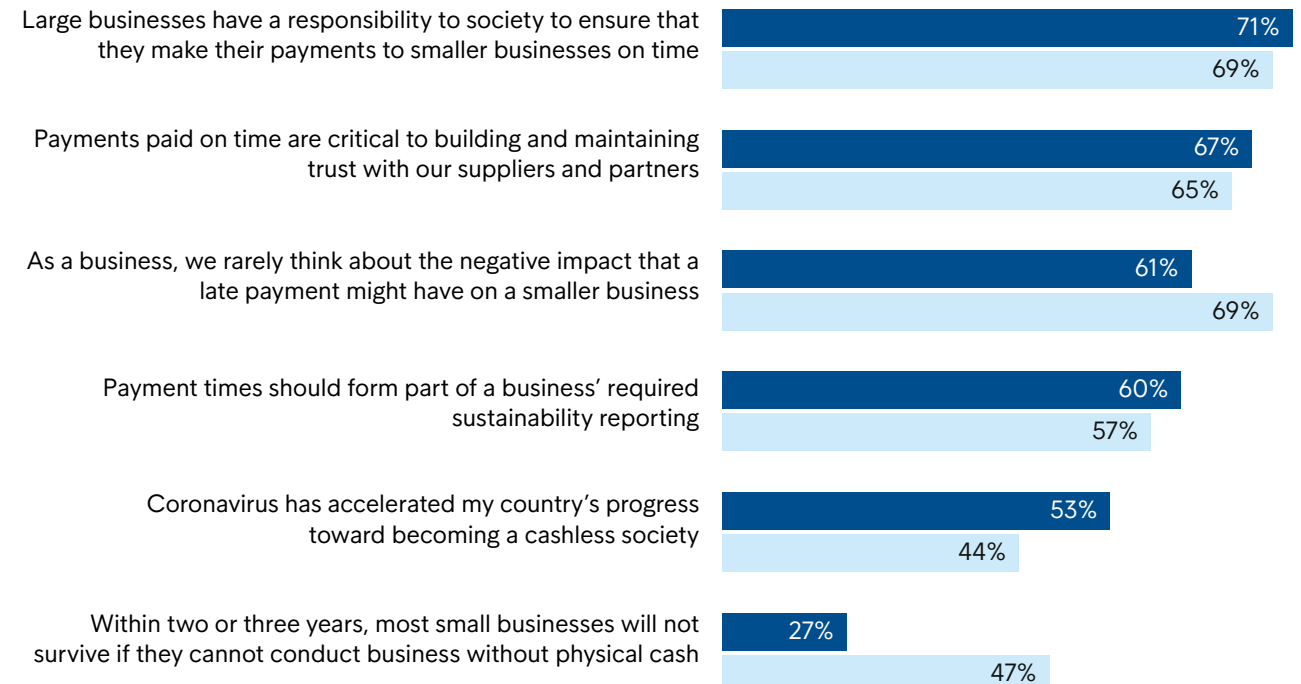
We see many businesses making solid progress in ESG, particularly when it comes to environmental sustainability. Organisations would be making a mistake, however, if they focused on green challenges to the exclusion of the social and governance elements of ESG.

A disconnect around the social impact of payments

The pandemic highlighted the economic vulnerability of many communities, bringing attention to the social implications of late payments. Today, six in 10 respondents believe that payment times are so central to sustainable business behaviour they should become part of a company's required sustainability reporting. They also see timely payments as a trust builder, with two-thirds identifying timely payments as critical to maintaining good relationships with suppliers.

To what extent do you agree or disagree with the following statements? (agree)

● 2022 ● 2021



33%

pay their suppliers later than they would ever accept from their own customers.

“Our due diligence procedure, where we review the send-outs and the processes regarding vulnerable customers, and the feedback of complaints to Klarna, is very thorough. It’s even more important when we send claims to debt collection, due to the stigma around that, so we have high requirements for the collection agencies that we work with.”

Jan Hansson
Vice President Debt Collection
Klarna, Sweden

Our survey suggests, however, that some have room for improvement when it comes to paying suppliers on time. A third of respondents (33 per cent) tell us that they pay their suppliers later than they would accept from their own customers. This number has even risen slightly – from 29 per cent – since last year’s research, perhaps reflecting the impact that inflation is having on their ability to meet financial commitments.

A more positive finding is that businesses appear more aware of the social impact of late payments, even if they themselves are not currently able to pay suppliers more quickly. Seven in 10 respondents (71 per cent) believe, for example, that larger businesses have a social responsibility to ensure they make payments to smaller suppliers on time. Similarly, 61 per cent admit that they rarely think about the negative impact that they have on small suppliers by paying them late, which has fallen from 69 per cent a year ago.

Businesses focus on ending unethical practices

Tackling prejudice and discrimination is becoming another area of focus under the ESG banner. In our research, we see a widespread expectation that businesses will face more challenge about the way in which they treat different groups of customers. Almost half of respondents expect scrutiny in this area to ramp up in the years ahead.

This scrutiny will intensify the pressure on businesses to stamp out any unethical practices among their commercial teams – racial or social profiling of customers, for example. In turn, leaders will be expected to do more to identify problem areas. Right now, 46 per cent of businesses worry that they cannot be completely sure their sales teams are not discriminating against customers in some way.

More broadly, businesses can expect to be held to account for the way they treat their customers, and not just in terms

of discrimination. Over time, companies may increasingly look to work with organisations that have an exemplary record on late-payments issues, and the skills and expertise to manage this issue in a socially responsible manner.

Klarna’s Jan Hansson describes how his business has strict internal policies in place around anti-discrimination. “Our due diligence procedure, where we review the send-outs and the processes regarding vulnerable customers, and the feedback of complaints to Klarna, is very thorough. It’s even more important when we send claims to debt collection, due to the stigma around that, so we have high requirements for the collection agencies that we work with.”

Companies are making progress in their efforts to improve environmental sustainability

A year after the European Commission unveiled bold decarbonisation targets⁷ for COP26, almost two-thirds of respondents (63 per cent) say they have significantly accelerated their efforts to become more sustainable.

Some countries already have tools in place to assess and evaluate ESG risk, asserts Circle K’s Egita Kaudze. “In Scandinavia, environmental risk is discussed and addressed, and the Baltics are catching up too,” she says.

In part, this focus on sustainability reflects the importance that customers attach to environmental issues, with more than half (56 per cent) of businesses believing that they will rapidly lose customers if they neglect their responsibilities. But many are also conscious of their own vulnerabilities to climate change: 56 per cent say they have become significantly more aware of this risk over the past year, and therefore recognise the need to focus on resilience.

⁷ European Green Deal, July 2021. [https://ec.europa.eu/commission/presscorner/detail/en/IP_21_3541]

Conclusions and recommendations



Invest in expertise to manage the shifting environment

Operating in a high-inflation environment will still be a completely new experience for most businesses. Making the right decisions in this economy will require skills that their organisations may not possess – both in the context of ensuring the business can weather the inflation storm, and when calibrating its approach to payments and collections to secure stable liquidity throughout the turbulence. Acquiring those skills must be a top priority for the year ahead.

Recruitment, where possible, will help. But in a fiercely competitive labour market, businesses will need to pursue other upskilling strategies. Identifying specialist insight within the organisation, wherever it may reside, will be important. Training and knowledge-sharing will also be key. In addition, businesses may need to look to external support, tapping into the expertise and experience of specialist partners.

New technology may have the edge on cost-cutting

As inflation drives costs higher and cashflows are squeezed, the desire of many businesses to reduce their expenses is understandable. But while it makes sense to eliminate unnecessary cost, this will only get businesses so far. As there is little certainty about how long the inflation crisis will last, other strategies will be required for the months ahead.

Technology renewal and process improvement have the potential to drive efficiency and increased performance, particularly in the back office of finance and administration departments, where investment was often put on hold during the pandemic. New platforms will improve visibility and enable businesses to act with greater speed and agility, particularly in their debt management work.

Prioritising ESG is an imperative for the back office

Covid-19 made businesses tighten their focus on environmental, social and governance issues, highlighting the human side of the economy and the vulnerability of the global system. Leaders now need to look at every part of their businesses through an ESG lens.

In the context of payments, there is a clear ethical requirement for businesses to support their supply chains, settling their accounts with smaller suppliers as quickly as possible. How businesses treat their struggling customers will also come under greater scrutiny. In this year's EPR, 78 per cent of businesses say they either have a code of ethics in place to encourage a prompt payments culture, or that they have plans to implement one. This is welcome progress – the 22 per cent who do not currently have or are planning such a code will need to catch up fast.

Regional overview



Eastern Europe

Bosnia, Bulgaria, Croatia, Czech Republic, Poland, Romania, Serbia, Slovakia, Slovenia.

Eastern European firms expect inflation to hit cash flow during the year ahead



68%

say they expect rising prices to have an impact on their customers paying on time.

Inflation is recognised as a key challenge throughout EPR 2022, but respondents in Eastern Europe are the most likely to foresee rising prices having an impact on their customers paying on time and in full over the next 12 months. Within the region, an average of 68 per cent say they expect there to be an impact, which compares with 61 per cent across the rest of Europe. The sentiment is driven primarily by Serbia (74 per cent), Slovenia (73 per cent) and Poland (68 per cent).

Among these countries, we also see a higher-than-average level of concern about rising interest rates. This is understandable. Central banks in the region had been raising rates even before the Russian invasion of Ukraine in 2022, and many expect more hikes to be necessary to curtail or inflation.⁸

Another trend we see among Eastern European respondents this year, relative to other regions in our survey, is an acknowledged lateness in paying customers. One in three (35 per cent) respondents says they pay their suppliers later than they would ever accept from their own customers, which compares with 29 per cent in Southern Europe. Approaching two-thirds (63 per cent) admit that, as a business, they rarely think about the negative impact that a late payment might have on a smaller business.

Respondents in Eastern Europe are also most likely to say that supply chain disruption will impact their customers paying within the agreed timeframe, with 62 per cent expecting disruption to cause late payments, compared with 57 per cent across Europe. This issue will likely be exacerbated by the war in Ukraine, as many in the region have close links to the Russian economy and will be exposed to the backlash of Western sanctions.⁹

8) <https://www.ft.com/content/0e8b905f-1c4a-469e-99a7-cebea61a63fe>

9) <https://www.designbuild-network.com/comment/eastern-europe-supply-chain-disruptions/>

Central Europe

Austria, Belgium, France, Germany, Hungary, Ireland, the Netherlands, Switzerland and the United Kingdom.

In Central Europe, businesses remain hungry for growth



58%

say that growing the business is a top priority for the next 12 months.

In Central Europe, we see clear appetite for growth. Asked to list their top priorities for the next 12 months, six in 10 (58 per cent) respondents say it will include growing the business. This is higher than the 55 per cent across Europe and 53 per cent in Eastern Europe who say the same. Respondents in Switzerland (71 per cent), the Netherlands (71 per cent) and Austria (61 per cent) are the most likely to feel this way.

As they look to develop their growth plans, businesses in Central Europe are turning their minds to the funding they will need. Respondents here are, for example, most likely to be taking on debt to secure growth. More than four in 10 (42 per cent) say they will secure, or have already secured, additional funding to achieve their growth plans during the year ahead.

For many, an additional area of focus will be around securing a sustainable flow of payments from customers. Three in four (76 per cent) Central European businesses say they accepted longer payments during the last 12 months than they felt comfortable with.

If they were paid more promptly, 40 per cent of respondents in the region say they could dedicate more effort to expanding geographically, which is the highest across regions. At the same time, 67 per cent say they could expand their product offerings and 74 per cent believe they could pay their own suppliers faster.

Northern Europe

Denmark, Estonia, Finland, Latvia, Lithuania, Norway and Sweden.

The Covid recovery is arriving slowly in parts of Northern Europe

51%

say that their business is weaker now than it was before the pandemic.



In Northern Europe, respondents are more likely than others in Europe to say that their business is weaker now than it was before the pandemic. According to our survey, 51 per cent of respondents in the region say this, with the sentiment being most prevalent in the Baltic countries of Estonia (63 per cent), Latvia (53 per cent), and Lithuania (66 per cent), which were badly hit by Covid infections during the pandemic¹⁰.

Today, just three in 10 businesses in the region (31 per cent) say they have no major concerns about their company's cash flow for the immediate future. This is lower than the European average and is likely influenced by the region's proximity to Russia.

Many Northern European firms are looking to improve their management of late payments, to improve their business performance. Approaching half (43 per cent) say they expect late payments to prohibit their growth during the next 12 months, which is higher than the other regions surveyed in our research. At the same time, six in 10 say growing macroeconomic uncertainty caused them to extend their payment terms to suppliers over the past year.

10) <https://www.ft.com/content/06b30dfb-998e-443f-a2bd-41f0b2ca4ab9>

Southern Europe

Greece, Italy, Portugal and Spain.

Optimism is evident in Southern Europe



30%

say that they have not needed to accept longer payments than they were comfortable with during the last 12 months.

Among the Southern Europe respondents to our survey, we see signs of the talent crisis that has affected the region in recent years, as skilled workers moved to wealthier countries in Central and Northern Europe¹¹. Approaching six in 10 businesses here (56 per cent) say they would like to improve their management of late payments but find this difficult due to a lack of skills and resources in-house.

Our research does reveal some positive data from the region, perhaps influenced by the recovery that Southern European countries experienced in 2021 and 2022 as restrictions were lifted and tourists returned to the major holiday destinations. Four in 10 (39 per cent) respondents here say they have no major concerns about their company's cash flow for the immediate future, which is notably higher than the 31 per cent in Northern Europe that say the same.

At the same time, countries in the region are the least likely to say that they have needed to accept longer payments

than they were comfortable with during the last 12 months. 30 per cent say they haven't had to do this, which is higher than the 25 per cent European average and just 22 per cent in Northern Europe.

Another trend among Southern European respondents relates to environmental sustainability. Around half (47 per cent) of businesses in these countries say their customers are increasingly holding them to account for their environmental performance and will not buy from them if they think they are harmful to the planet, which is higher than the 39 per cent European average.

The above finding is consistent with broader consumer sentiment within countries that have experienced extreme weather conditions in recent years, such as with the wildfires in Greece and Portugal in 2021, as we explored in our most recent European Consumer Payment Report.

¹¹) <https://www.mckinsey.com/~/media/mckinsey/featured%20insights/future%20of%20organizations/the%20future%20of%20work%20in%20europe/mgi-the-future-of-work-in-europe-discussion-paper.pdf>

Country snapshots



Austria

Austrian businesses are preparing for growth, but wary of rising interest rates

As a country that relies on Russian gas for 80 per cent of its supplies, energy prices are rising in Austria¹. In response, the government is exploring strategies to mitigate the impact, potentially by adding to recent tax breaks². Meanwhile, two in three (65 per cent) Austrian respondents say they expect interest rates to rise and continue rising, so are becoming more cautious with their borrowing and spending plans. This compares with an average of 59 per cent across Europe.

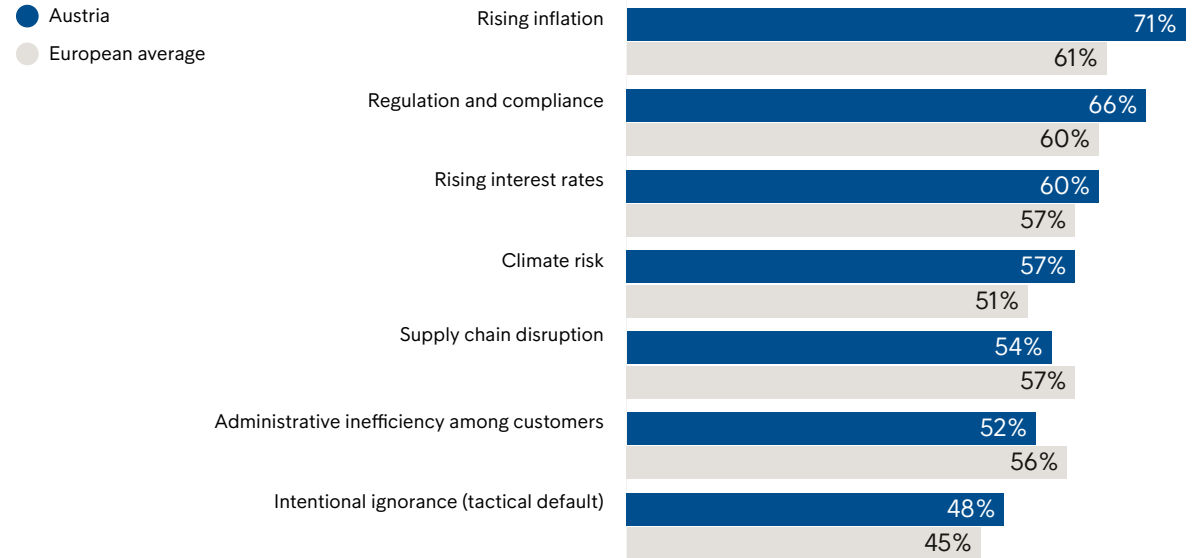
With three in 10 (30 per cent) respondents believing that the pandemic will stop having any impact on businesses in their country within the next six months, 61 per cent of Austrian businesses say growing the business is a top priority for their organisation in the next 12 months, which compares with 55 per cent across Europe.

61% **46%**

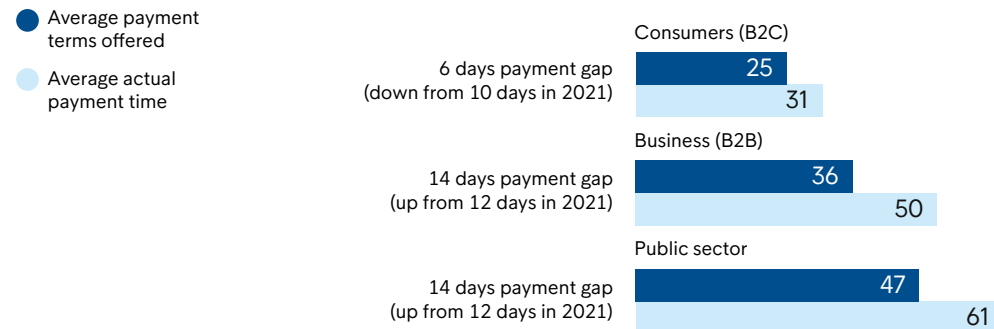
are more concerned than ever about debtors' ability to pay on time (64 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?



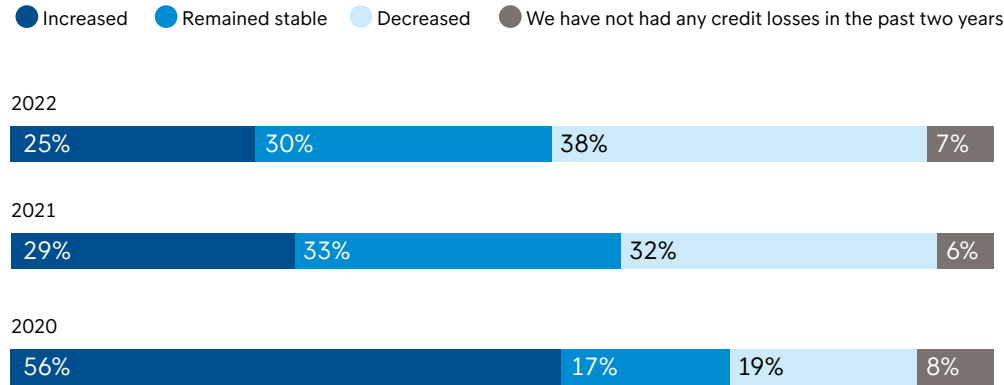
Gap in payment terms offered and actual payment duration



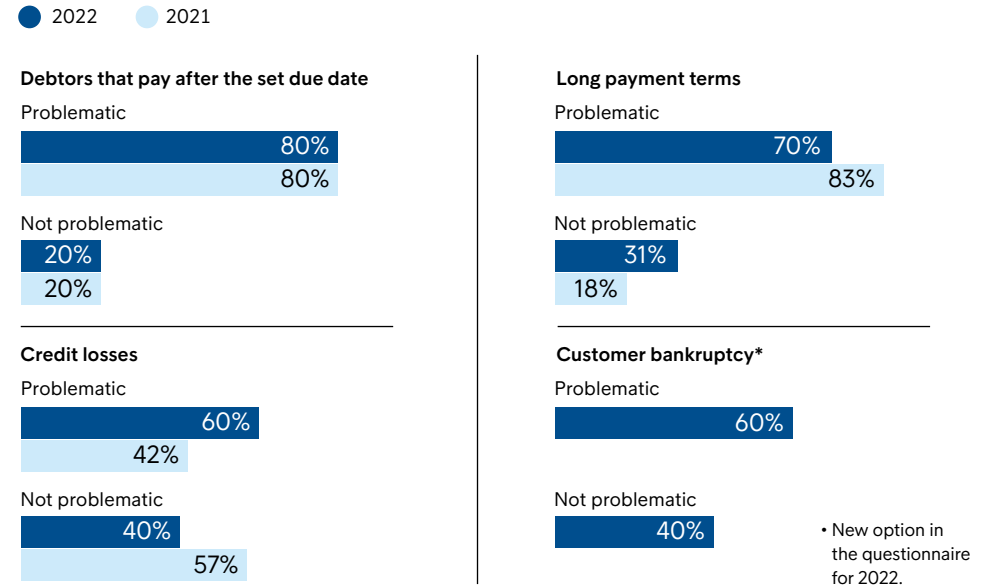
1) <https://www.economist.com/europe/2022/05/07/austria-is-rethinking-its-cosy-ties-with-russia>

2) <https://www.bloomberg.com/news/articles/2022-04-20/austria-plans-budget-revamp-for-sustained-response-to-inflation>

Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Belgium

Executives in Belgium are concerned that they do not have the insight to manage the impact of inflation

Compared to its neighbours, Belgium has had a relatively strong post-pandemic recovery³. The country is, however, experiencing growing inflation and import costs.

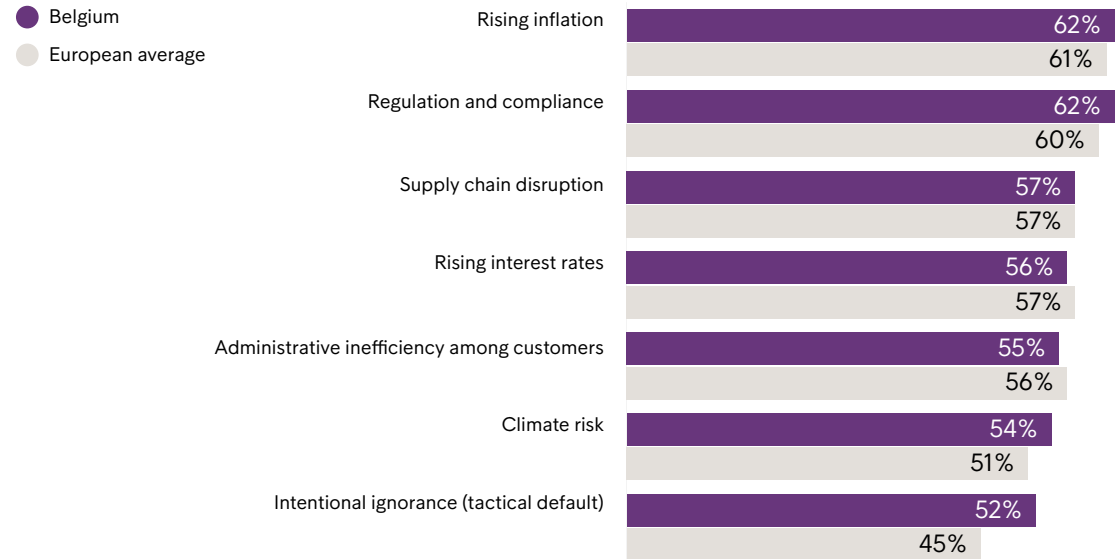
Faced with these challenges, 64 per cent of Belgian respondents admit that their organisation does not have the expertise in-house to successfully manage the impact of inflation on their business. Nonetheless, 38 per cent say they have no major concerns about their company’s cash flow for the immediate future, compared with 34 per cent across Europe.

64% **48%**

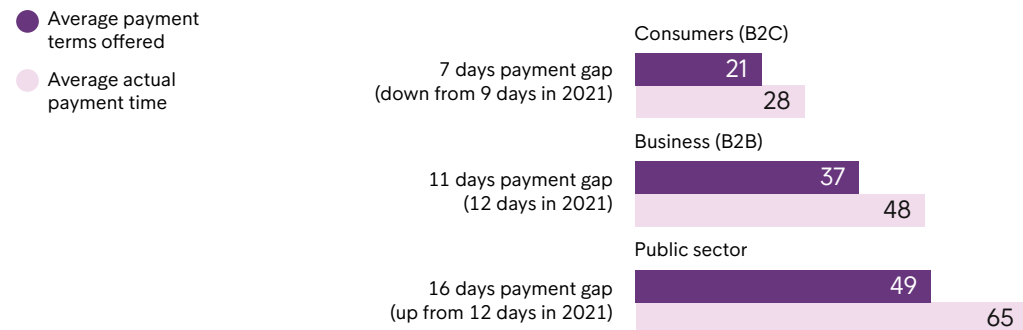
are more concerned than ever about debtors’ ability to pay on time (64 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers’ impact your customers’ ability to pay on time and in full during the next 12 months?

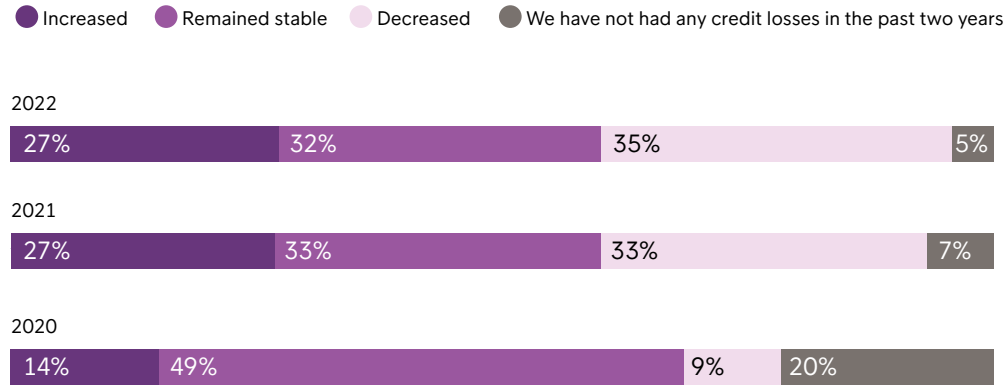


Gap in payment terms offered and actual payment duration



³ <https://www.brusselstimes.com/218904/2021-belgian-economy-in-review-strong-recovery-but-troubles-abound>

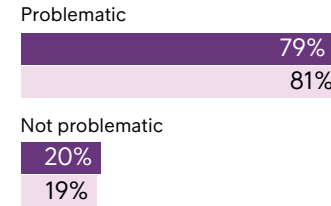
Have your credit losses increased, decreased or remained stable?



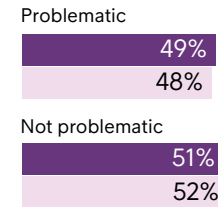
How problematic are the following areas when it comes to customer payments?

● 2022 ● 2021

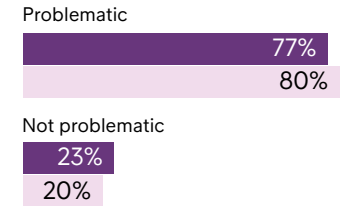
Debtors that pay after the set due date



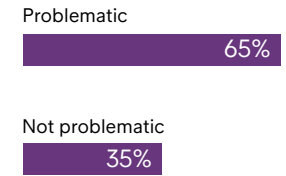
Credit losses



Long payment terms



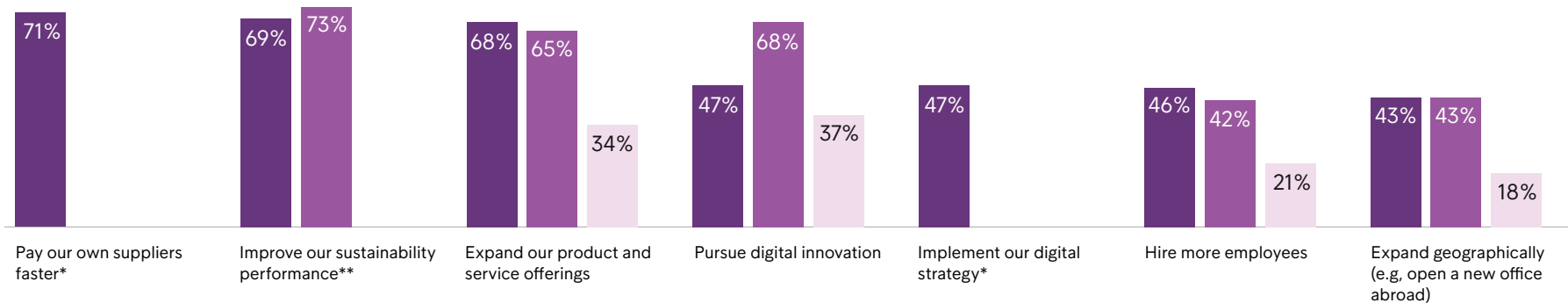
Customer bankruptcy*



* New option in the questionnaire for 2022.

Would faster payments from your debtors enable your company to increase its investment in the following areas?

● 2022 ● 2021 ● 2020



* New option in the questionnaire for 2022.

** New option in the questionnaire for 2021.

Bosnia Herzegovina

In Bosnia Herzegovina, businesses are more likely than other European countries to be stronger now than before the pandemic

After a relatively successful recovery from the pandemic, businesses in Bosnia-Herzegovina are aware of inflationary risks stemming from the Ukraine crisis, as well as the potential economic implications of political instability arising from ethnic divisions⁴.

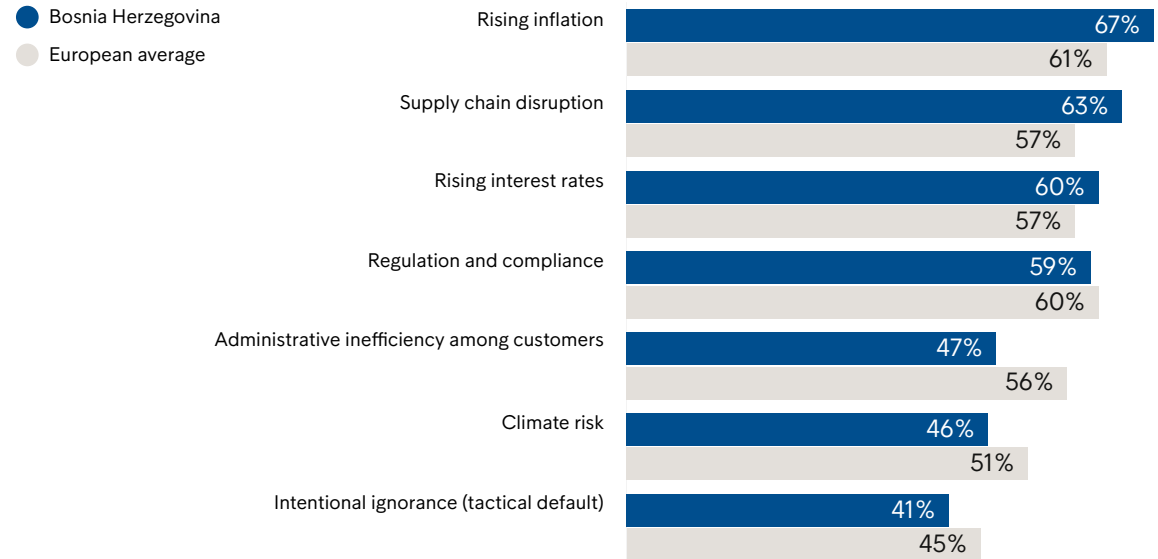
Although 62 per cent of respondents in the country say their organisation does not have the expertise in-house to manage the impact of inflation, there is also good news. Three in 10 (31 per cent) believe their business is stronger today than before the pandemic, which is higher than the European average of 23 per cent. One in three (34 per cent) believe the pandemic will stop having any impact on businesses within the next six months. The European average is 26 per cent.

60% **40%**

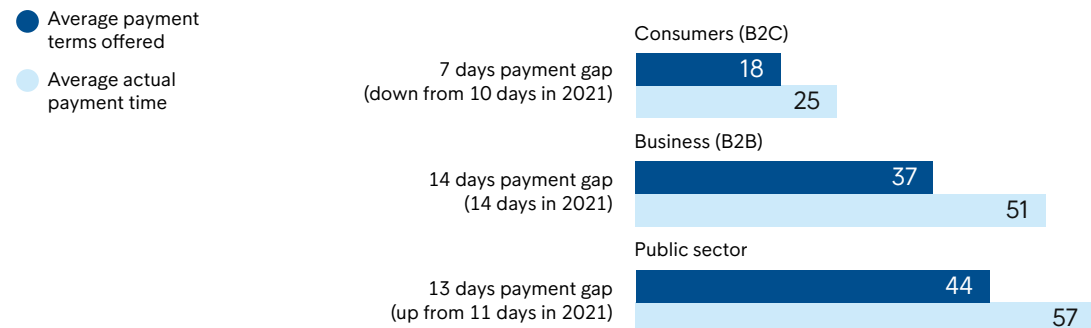
are more concerned than ever about debtors' ability to pay on time (62 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

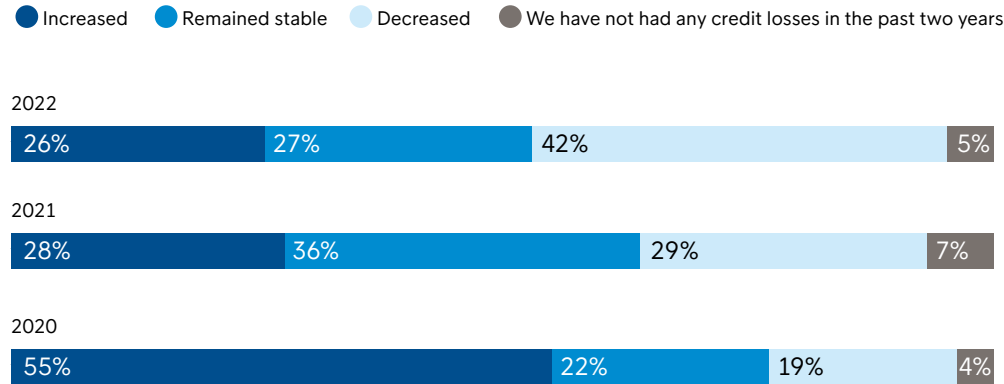


Gap in payment terms offered and actual payment duration

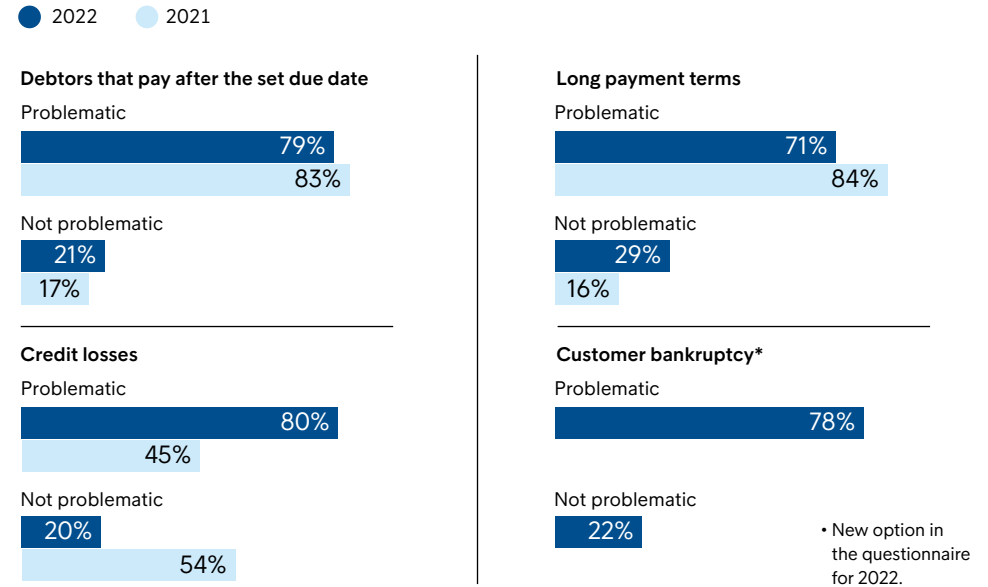


⁴ <https://www.economist.com/europe/2022/02/12/bosnia-is-on-the-brink-of-falling-apart-again>

Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Bulgaria

Bulgarian firms are trying to get better at paying their suppliers on time, but inflation is making this difficult

In Bulgaria, where 90 per cent of gas supplies come from Russia, talks are underway with Greece about a new interconnector pipeline to ease the upward pressure on prices⁵. At the same time, the country's new Prime Minister is addressing the country's relatively low vaccination uptake⁶.

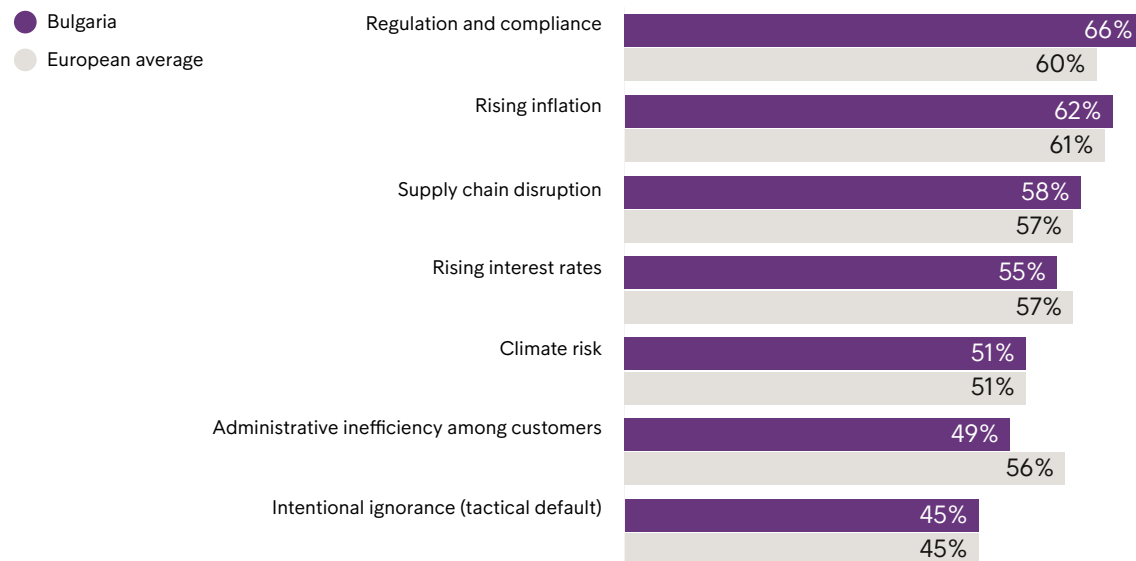
Today, two-thirds of Bulgarian respondents (64 per cent) say that, due to inflation, they are finding it increasingly difficult to pay their suppliers on time. 66 per cent of Bulgarian respondents do, however, say their business is taking steps to ensure they are better at paying their suppliers in a timely fashion, which is 10 per cent higher than the European average.

66% **54%**

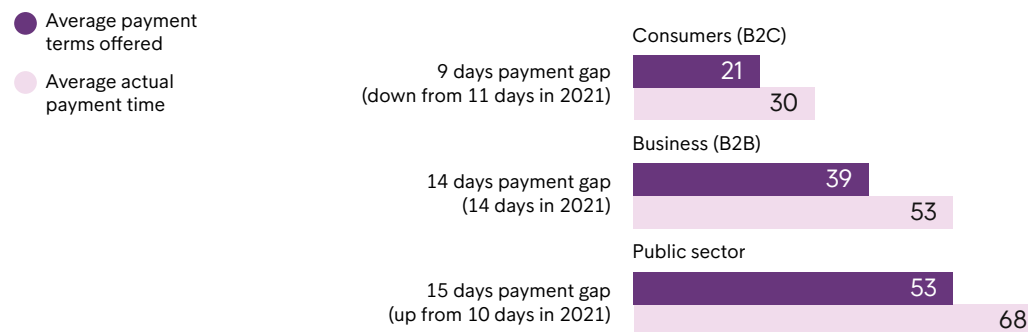
are more concerned than ever about debtors' ability to pay on time (59 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?



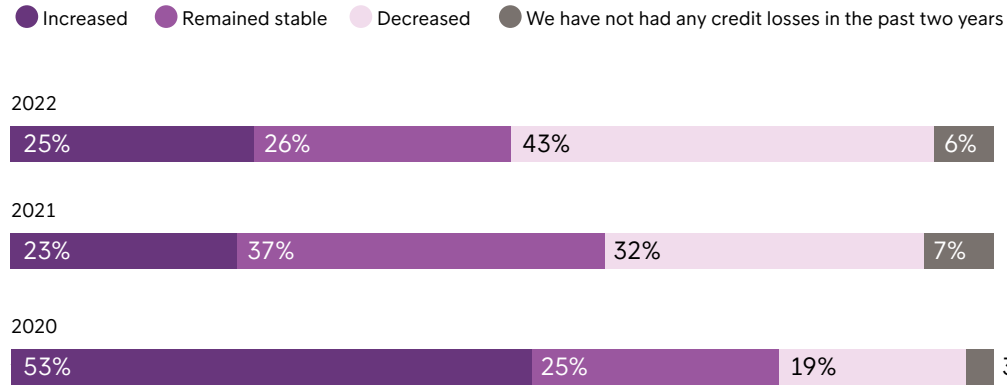
Gap in payment terms offered and actual payment duration



5) <https://www.politico.eu/article/poland-bulgaria-life-no-russia-gas/>

6) <https://www.reuters.com/business/energy/bulgarian-government-approves-plan-offset-high-energy-prices-2022-05-16/>

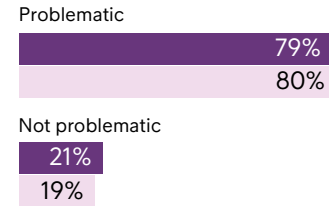
Have your credit losses increased, decreased or remained stable?



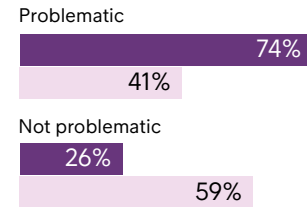
How problematic are the following areas when it comes to customer payments?

● 2022 ● 2021

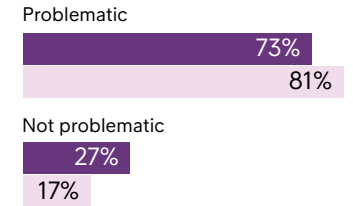
Debtors that pay after the set due date



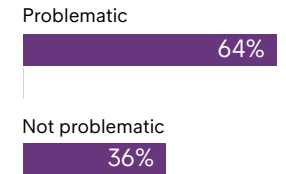
Credit losses



Long payment terms



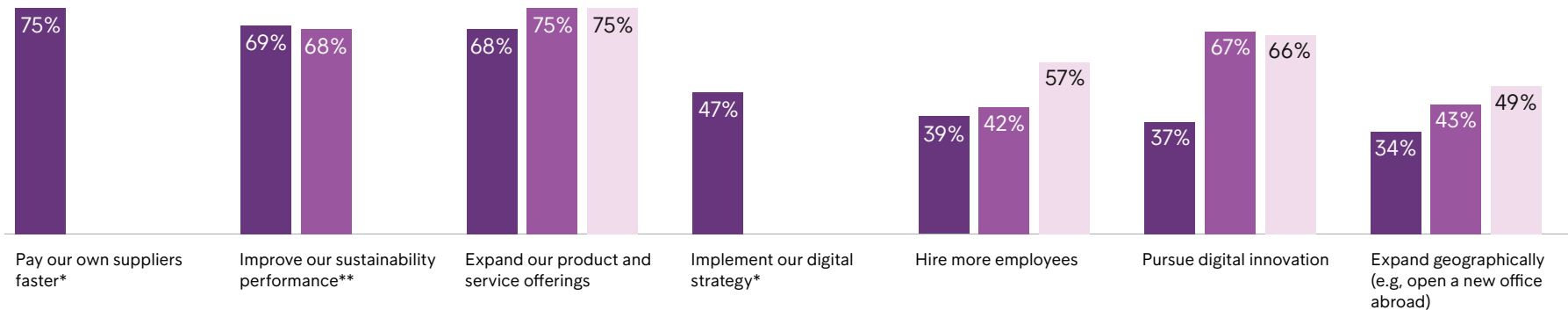
Customer bankruptcy*



* New option in the questionnaire for 2022.

Would faster payments from your debtors enable your company to increase its investment in the following areas?

● 2022 ● 2021 ● 2020



* New option in the questionnaire for 2022.

** New option in the questionnaire for 2021.

Croatia

As inflation creates new barriers to growth, businesses in Croatia are scaling back their expansion plans

The Croatian central bank is confident that the country can meet the inflation target required for the country to adopt the euro in early 2023, but success may depend on developments in the crisis in Ukraine⁷. Another consideration for business, in a country with a tight labour market, is that companies are struggling to fill vacancies before the peak tourist season⁸.

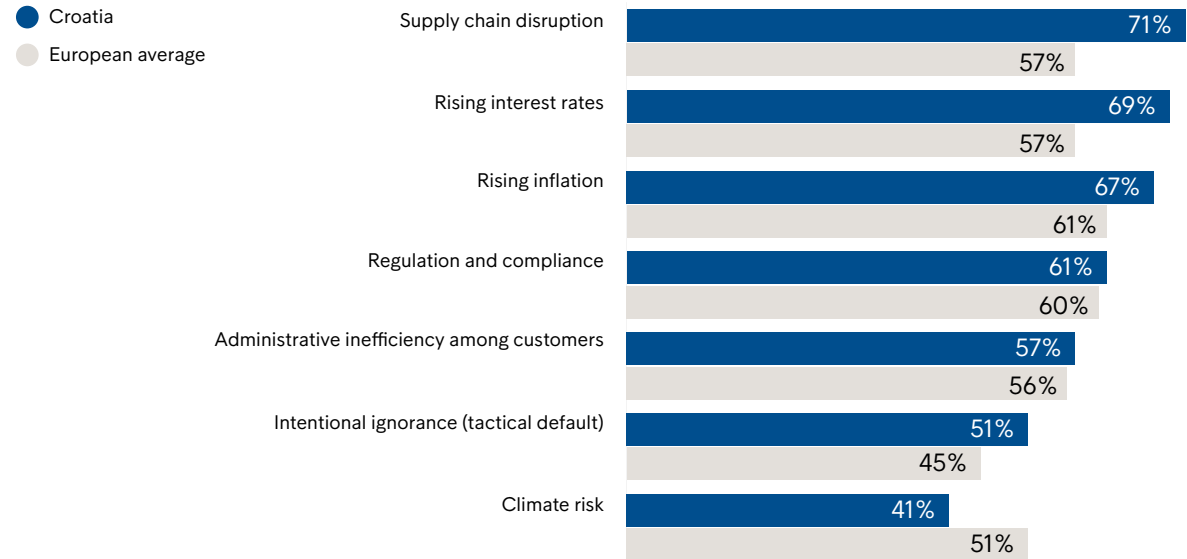
Almost six in 10 Croatian businesses (58 per cent) believe that inflation is restricting their ability to grow the business and seize new opportunities, compared with just 51 per cent across Europe. Less than half of respondents in Croatia (45 per cent) are making growth a top priority in the next 12 months. This is lower than the European average of 55 per cent.

57% **58%**

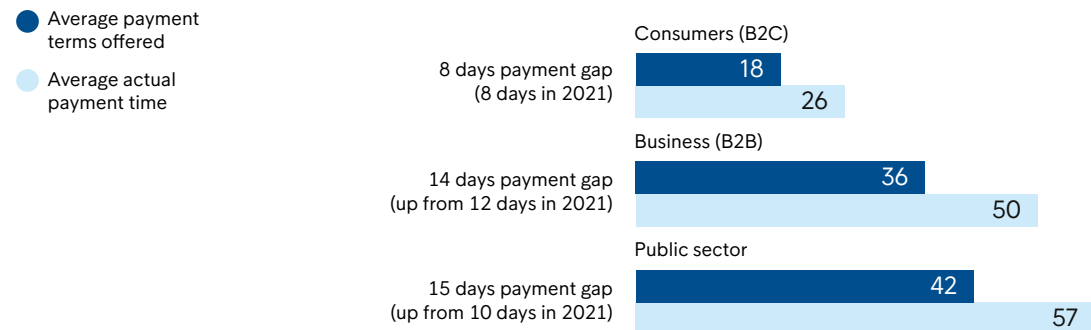
are more concerned than ever about debtors' ability to pay on time (59 per cent in 2021).

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Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

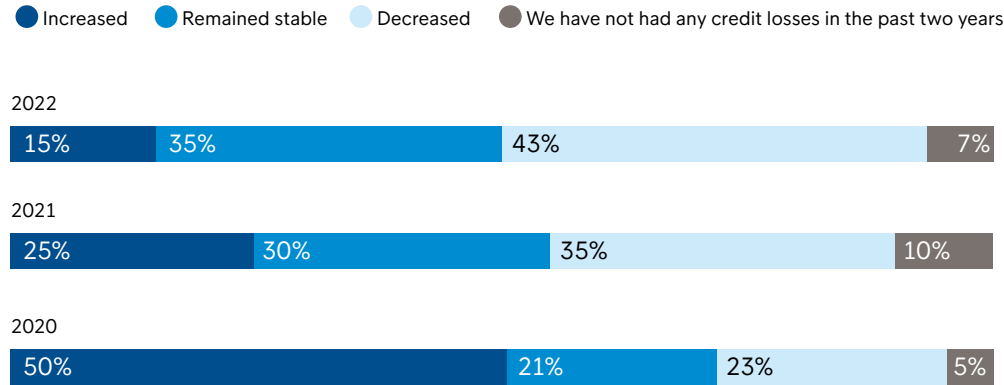


Gap in payment terms offered and actual payment duration

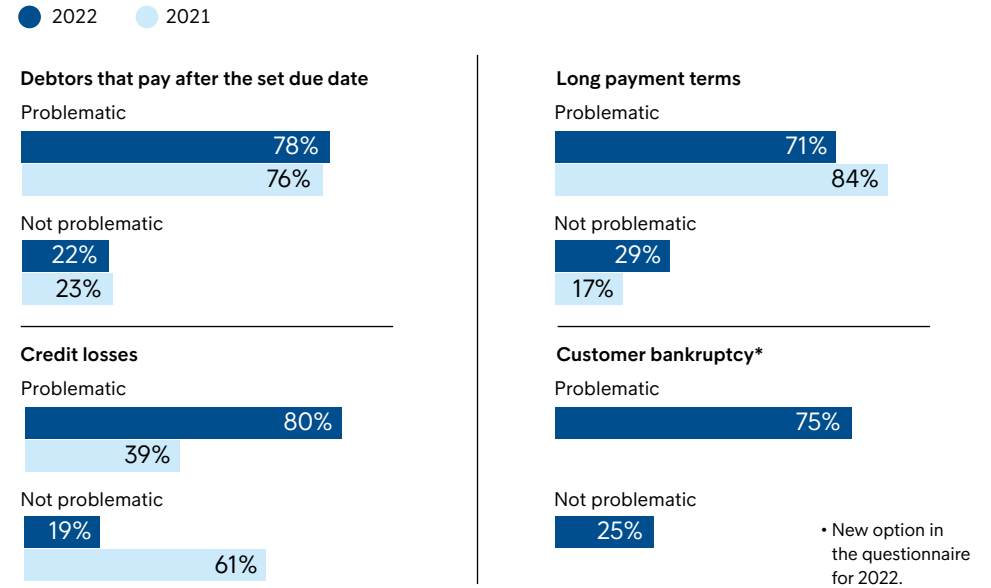


7) <https://www.bloomberg.com/news/articles/2022-05-09/inflation-probably-won-t-derail-croatia-s-euro-path-vujcic-says>
 8) <https://www.total-croatia-news.com/business/62860-croatian-labour-force>

Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Czech Republic

Compared with their peers in other countries, Czech respondents are less motivated to focus on environmental sustainability

At the present time, our survey suggests that Czech respondents are currently less focused on sustainability than other countries in Europe.

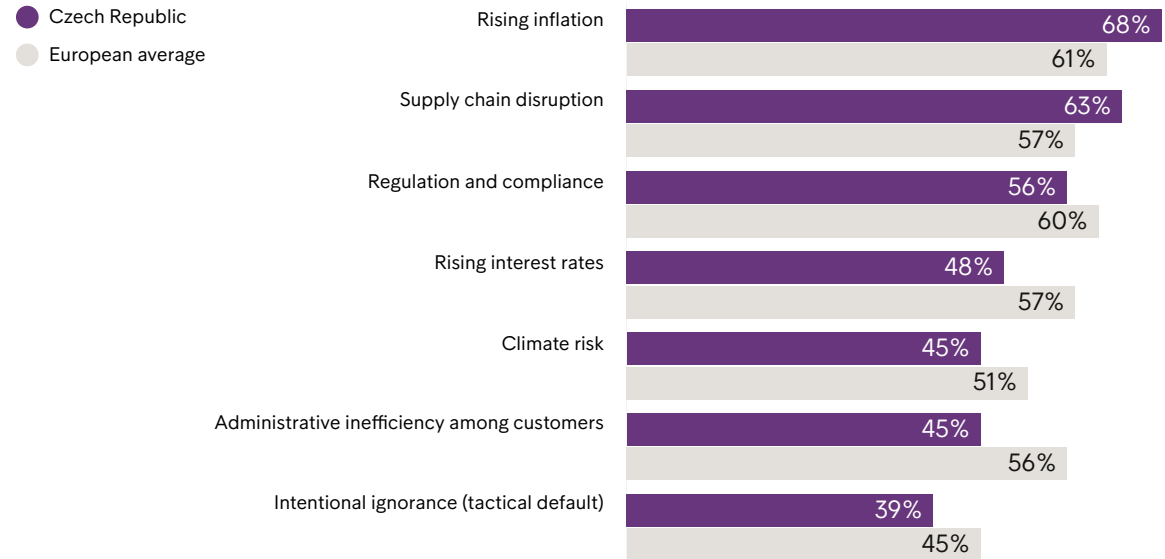
Less than half (43 per cent) of Czech respondents say that, in the last 12 months, they have become more aware of climate risk and their need to make the business more resilient. This is lower than the European average of 56 per cent. At the same time, just 28 per cent of Czech say their customers are increasingly holding them to account for their environmental performance and will not buy their services/products if they think they are harmful to the planet. The European average is 39 per cent.

69% **41%**

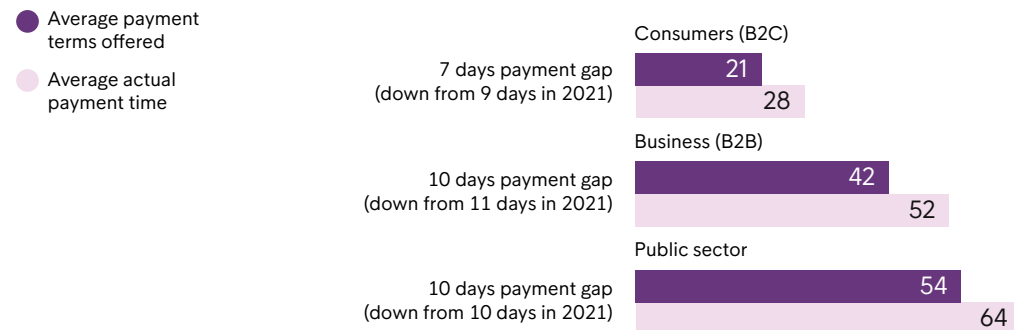
are more concerned than ever about debtors' ability to pay on time (64 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?



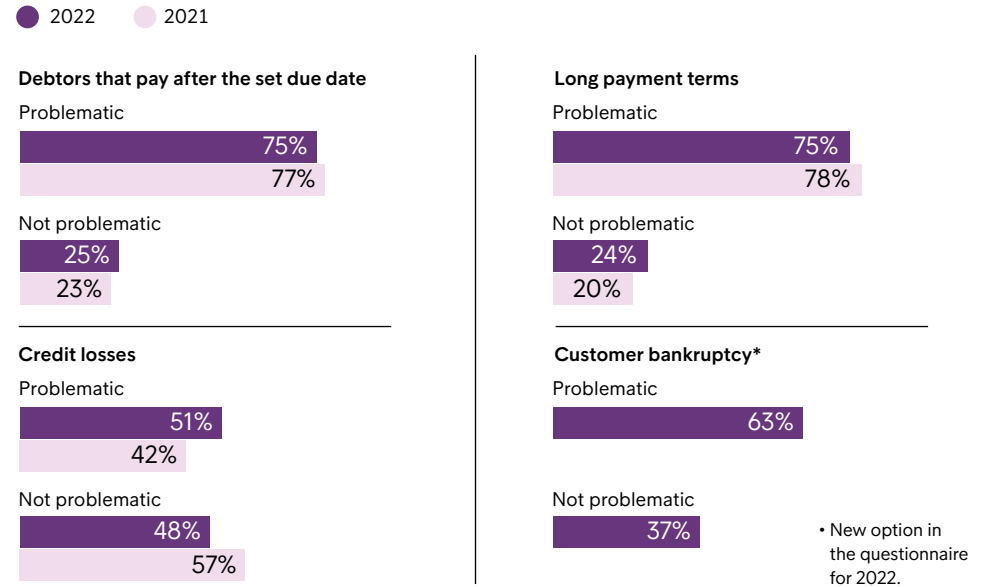
Gap in payment terms offered and actual payment duration



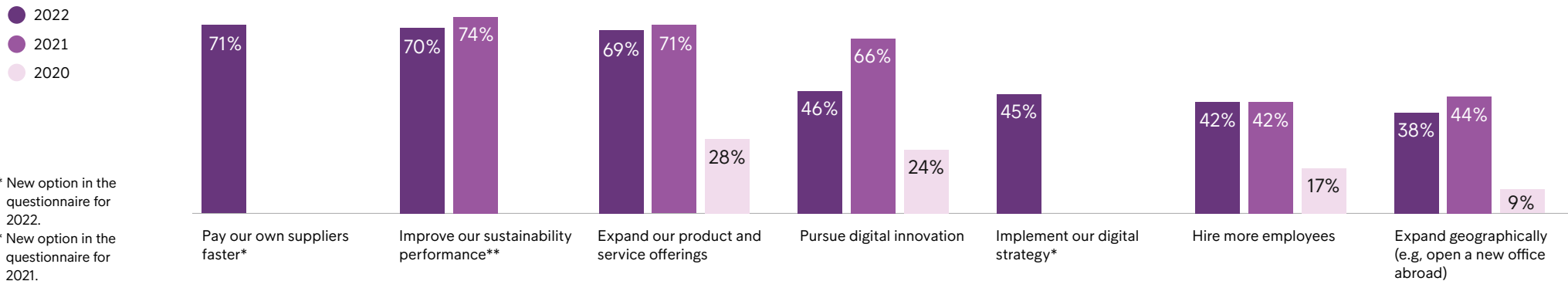
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Denmark

Danish businesses are struggling with inflation and believe they are in a weaker position than before the pandemic. Faster payments would help enable growth

Denmark is experiencing its highest level of inflation in almost thirty years, but the country's growth forecast is strong, and its labour market has weathered pandemic-related challenges.^{9,10} In this economic climate, 66 per cent of Danish respondents say inflation is making it increasingly difficult to pay their suppliers on time, which is higher than the average of 58 per cent. Moreover, 54 per cent say their business is weaker today than it was before the pandemic outbreak in 2020, higher than the European average of 49 per cent.

Almost six in 10 Danish respondents (57 per cent) believe that faster payments from their debtors would enable them to hire more employees, compared with 47 per cent across Europe.

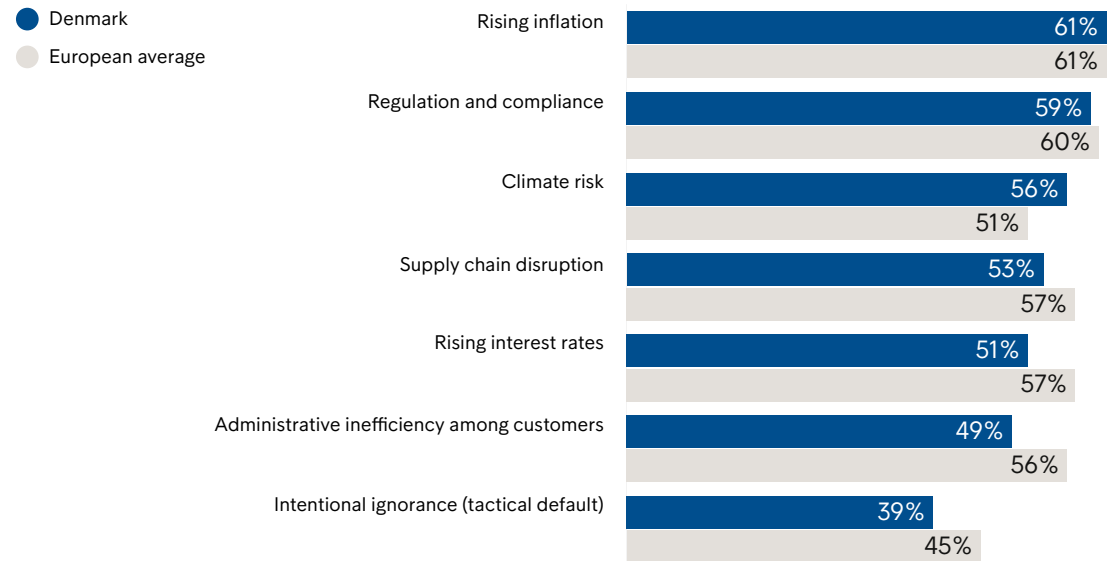
61%

are more concerned than ever about debtors' ability to pay on time (63 per cent in 2021).

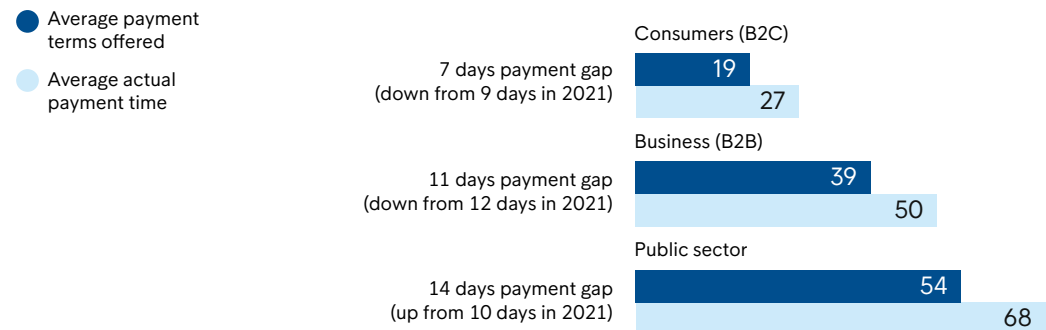
56%

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

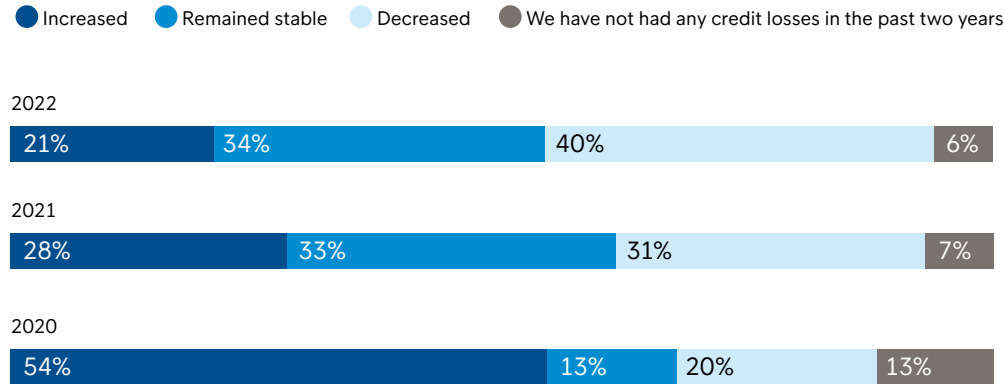


Gap in payment terms offered and actual payment duration

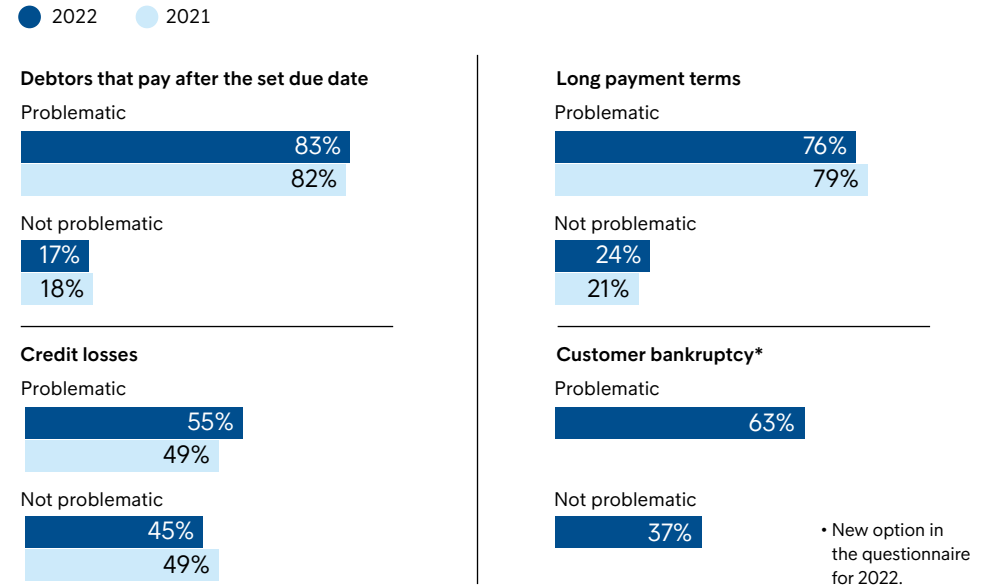


⁹⁾ <https://www.bloomberg.com/news/articles/2022-05-10/danish-inflation-rate-jumps-to-highest-since-1984-on-energy>
¹⁰⁾ <https://www.bloomberg.com/news/articles/2022-05-11/denmark-raises-2022-economic-forecast-on-strong-labor-market>

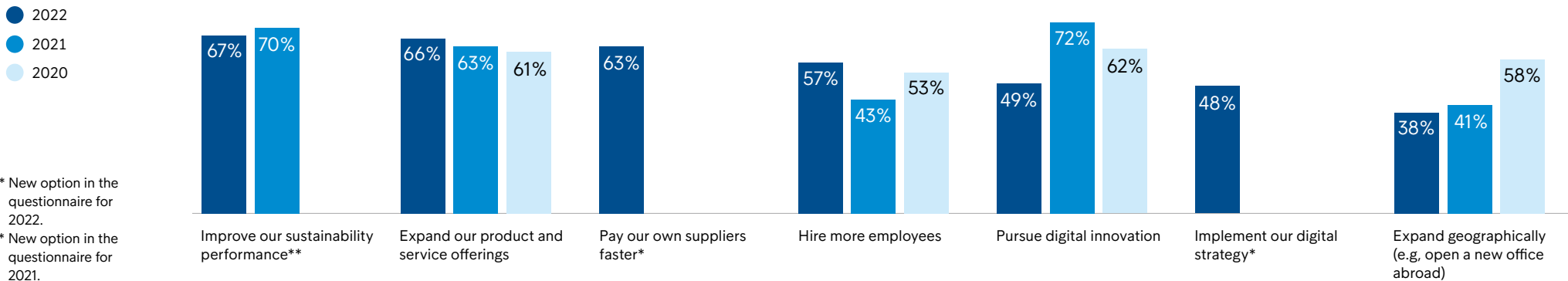
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Estonia

As they struggle with inflation and outdated back-office systems, fewer respondents in Estonia are prioritising growth than in other European countries

In the wake of the Russian invasion of Ukraine, Estonia has increased its military spending to 2.5 per cent of GDP. At the time of writing, its inflation rate is the highest in the eurozone, following a 38 per cent increase in energy prices.^{11, 12} An additional concern here is that 67 per cent of Estonian businesses say their organisation does not have the expertise in-house to successfully manage the impact of inflation. The European average is 58 per cent.

Our survey also finds two in three businesses (63 per cent) in Estonia believing that their business is weaker now than before the pandemic. In turn, less than half (48 per cent) are making growth a top priority in the next 12 months, which is lower than the European average of 55 per cent.

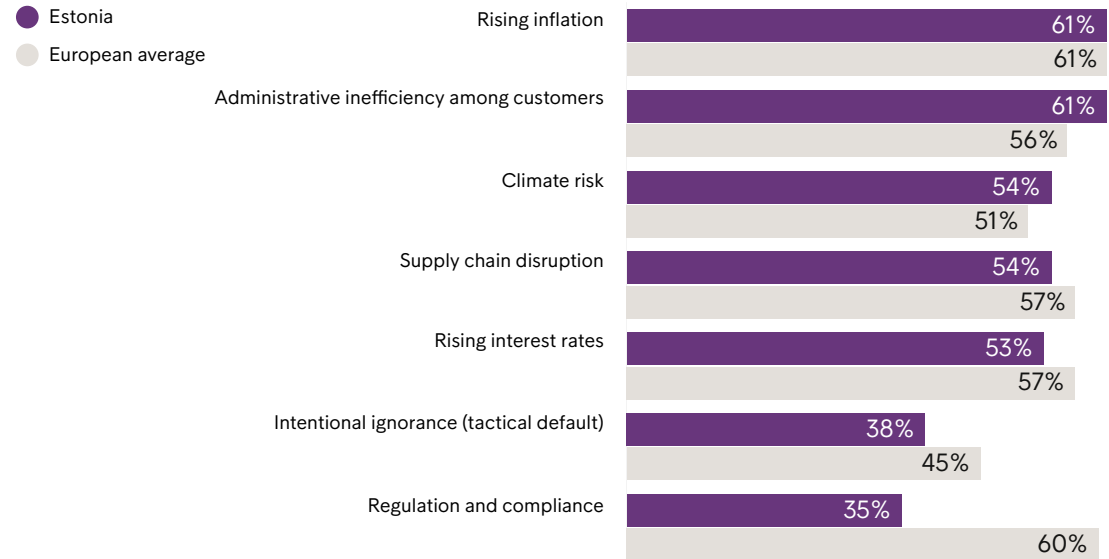
Almost two in three Estonian respondents (62 per cent) say their finance and administration systems are seriously outdated and prevent them from being as agile as they need to be. The European average is 46 per cent.

68% **50%**

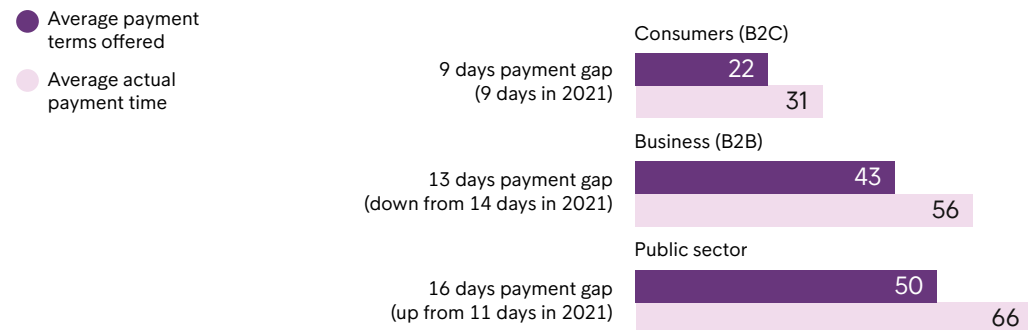
are more concerned than ever about debtors' ability to pay on time (65 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

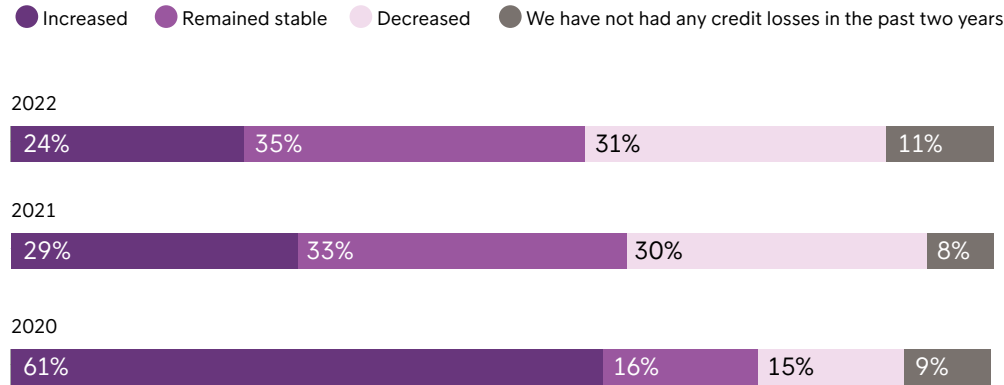


Gap in payment terms offered and actual payment duration

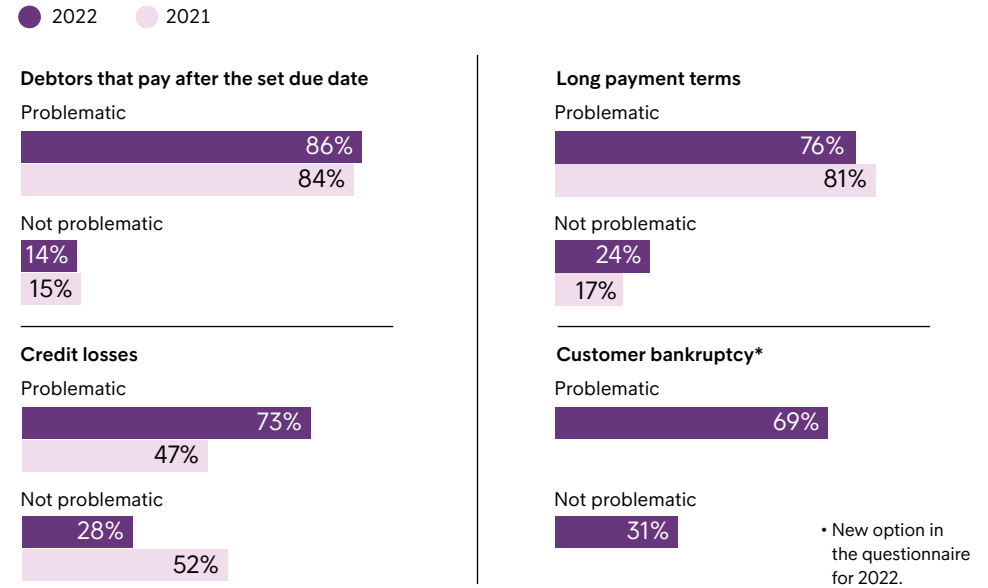


11) <https://estonianworld.com/business/estonias-annual-inflation-19-the-highest-in-the-eurozone/>
 12) <https://www.ft.com/content/863ab482-4d6b-49a8-8c9a-551e42292e2e>

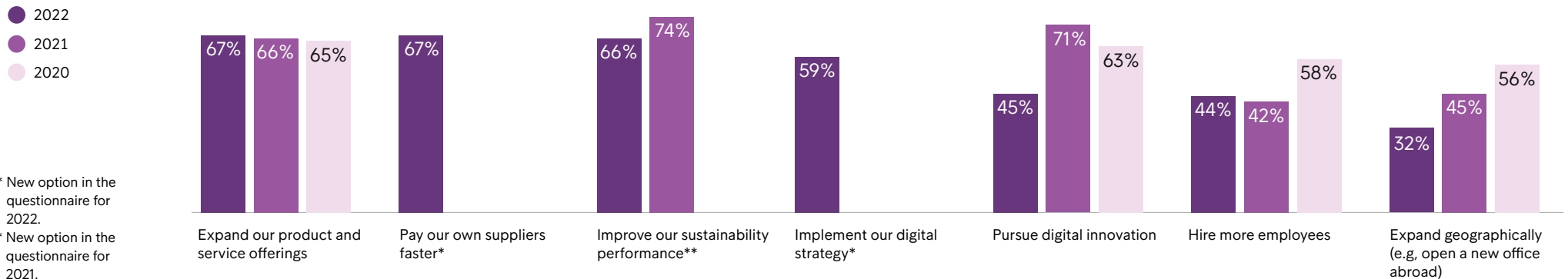
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Finland

Compared with companies elsewhere in Europe, Finnish businesses are more likely to believe that their organisation is stronger than it was before the pandemic

Following the outbreak of war in Ukraine, as well as the supply chain implications of new Covid restrictions in China, economic growth in Finland has slowed. The central bank has warned of rising household debt.^{13, 14}

Despite these difficult conditions, 30 per cent of businesses believe their business is stronger today than before the pandemic, which is higher than the European average of 23 per cent. Meanwhile, approaching half (44 per cent) of Finnish respondents believe that faster payments from their debtors would enable them to expand geographically, compared with 39 per cent across Europe.

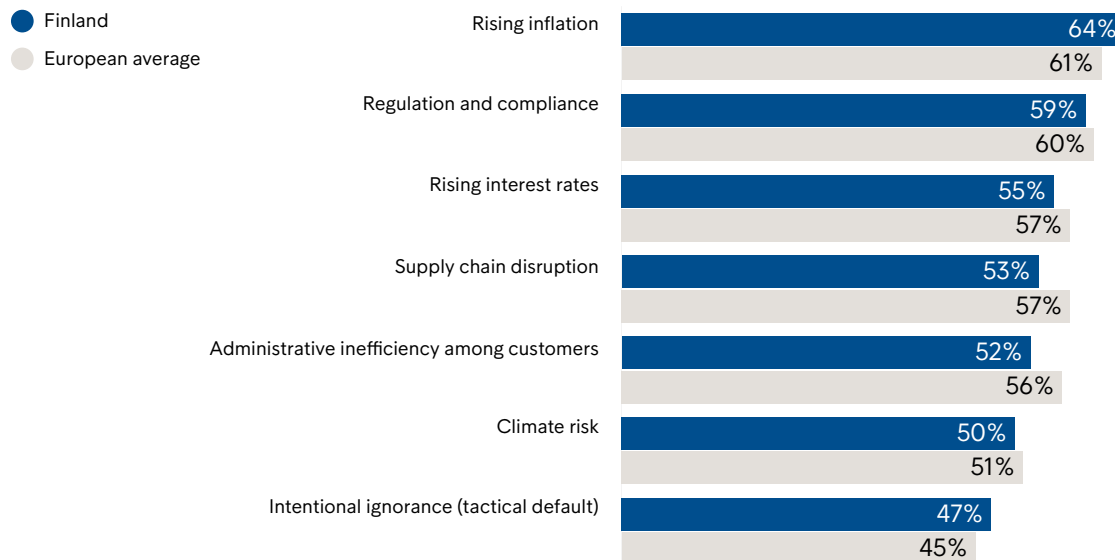
Almost three in four Finnish respondents (72 per cent) say they rarely think about the negative impact that a late payment might have on a smaller business, compared with the European average of 61 per cent.

60% **49%**

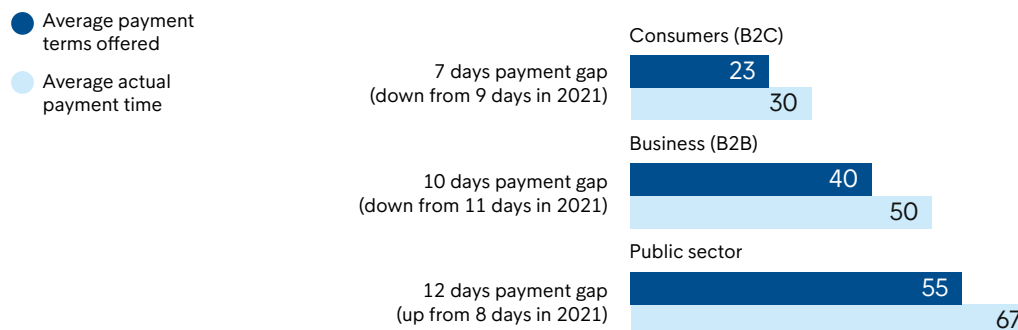
are more concerned than ever about debtors' ability to pay on time (60 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

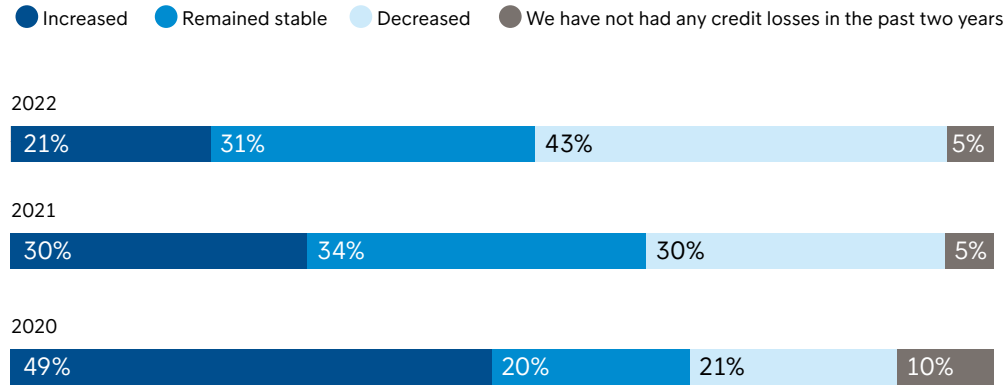


Gap in payment terms offered and actual payment duration

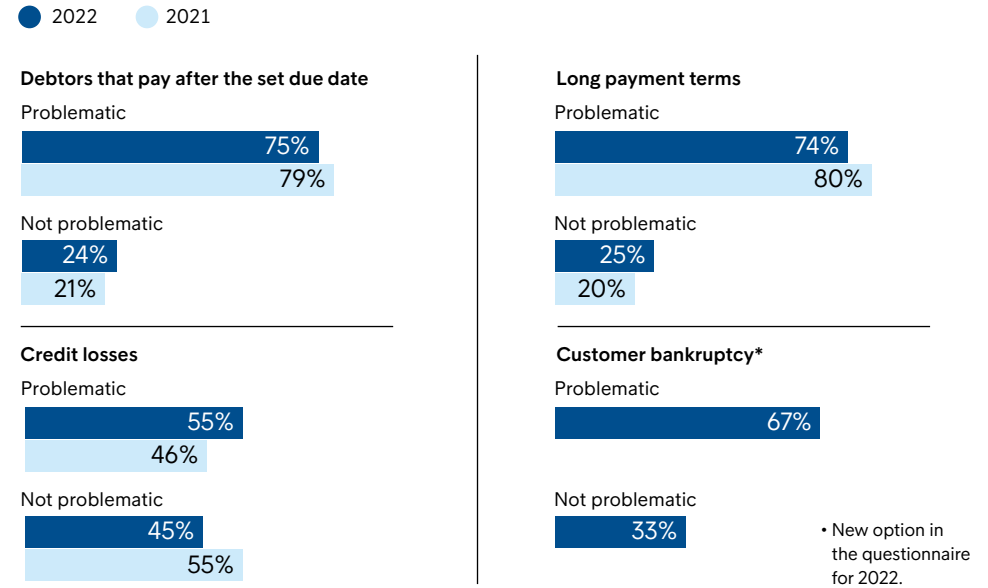


13) <https://www.helsinkitimes.fi/finland/finland-news/domestic/21488-bank-of-finland-calls-for-more-measures-to-curb-household-indebtedness.html>
 14) <https://www.ft.com/content/69a64500-1ff6-4003-9bd9-bc28bb8580bb>

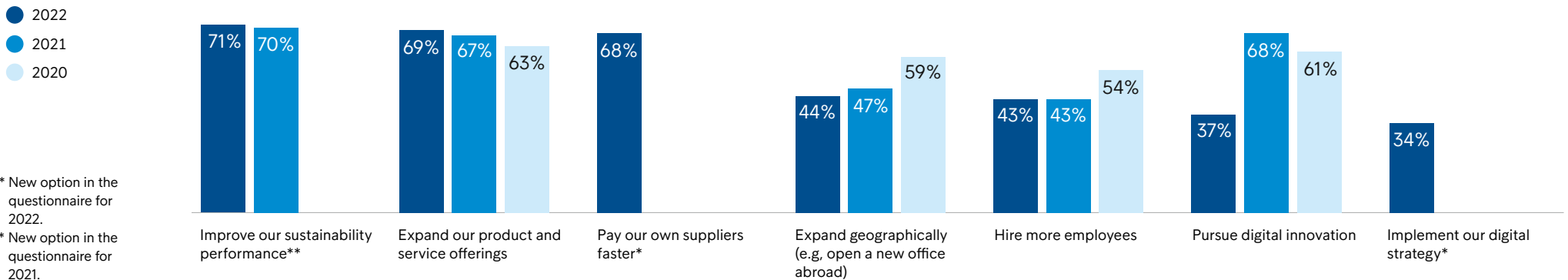
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



France

French businesses are concerned that lingering pandemic issues, combined with employee demand for salary increases and rising interest rates, will limit growth

Despite supply chain disruption and rising material and energy costs, inflation in France has been lower in France than in much of the eurozone. One challenge for business is the minimum wage rising three times in the last year and unions pushing for further increases.¹⁵

Almost two in three French respondents (62 per cent) are concerned about their ability to meet employee demand for higher wages during a period of high inflation. 55 per cent on average say this across Europe. The same proportion (65 per cent) say they expect interest rates to rise and continue rising, so are becoming more cautious with their borrowing and spending plans (European average: 59 per cent).

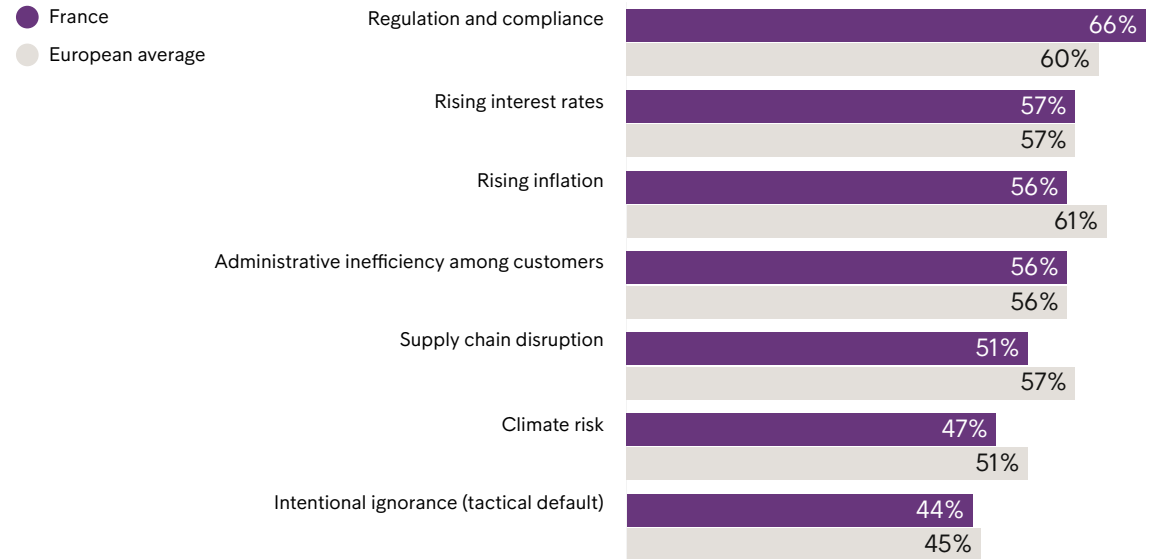
Approaching half of French respondents (46 per cent) think it will be another year, at least, until the pandemic stops having any impact on businesses. This compares with an average of 35 per cent across Europe.

59% **48%**

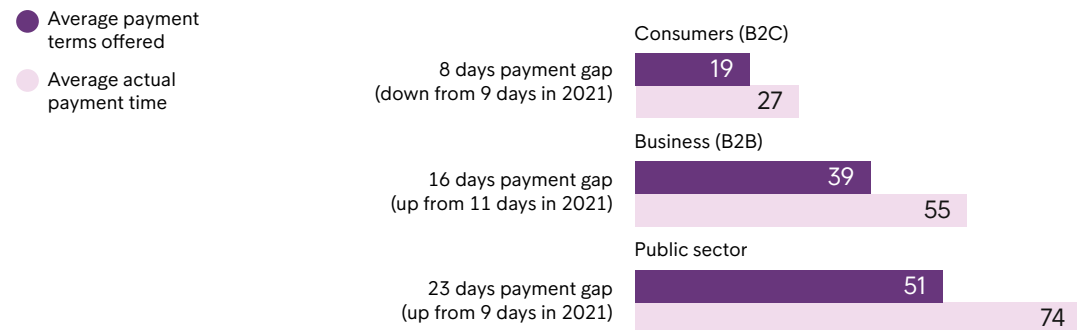
are more concerned than ever about debtors' ability to pay on time (64 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

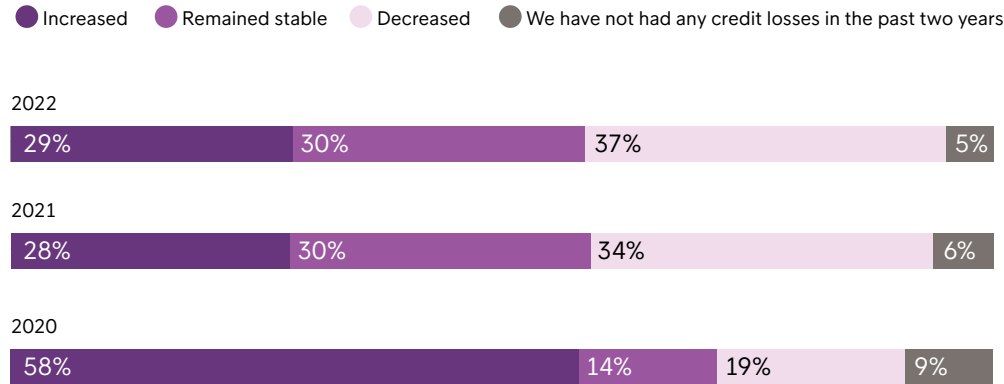


Gap in payment terms offered and actual payment duration

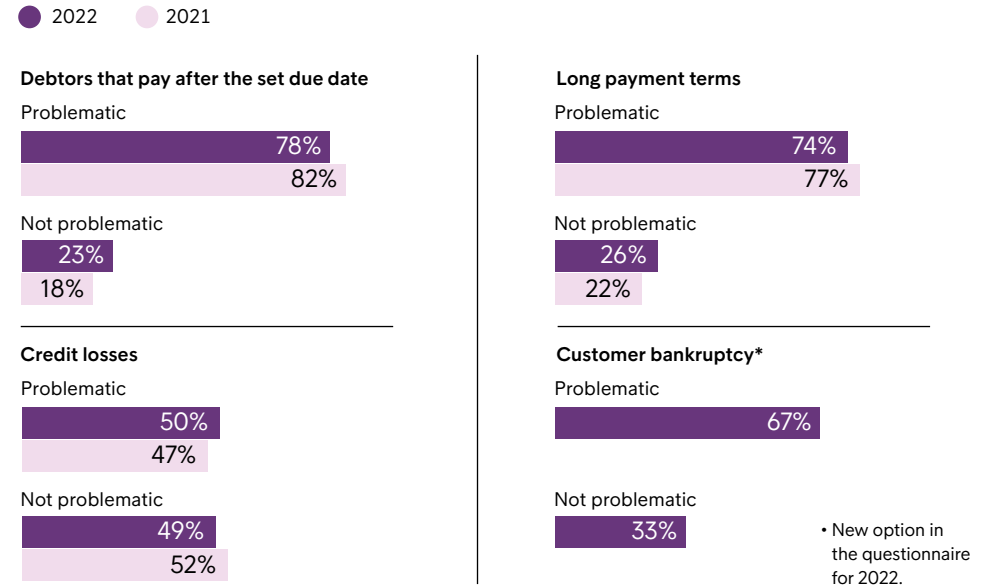


¹⁵ <https://www.ft.com/content/2c555bc7-4285-44bb-88cb-c2489e1f8304>
<https://www.ft.com/content/71937ba6-f0bb-49bf-807e-197942adcc19>;
<https://www.ft.com/content/ddfa3d82-8615-4ed7-b076-fc31055e1da5>

Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Germany

Inflation in Germany is putting the brakes on businesses' growth plans, as many expect greater scrutiny around customer discrimination

Geopolitical unrest, rising inflation and supply chain disruption have had a detrimental effect on Germany industry, such as carmakers. While the full impact of the Ukraine conflict is unknown, the central bank has warned that an immediate embargo on Russian gas would reduce GDP by 5 per cent.¹⁶ In our survey, six in 10 German businesses (59 per cent) believe inflation is restricting their ability to grow the business and seize new opportunities, compared with 51 per cent across Europe.

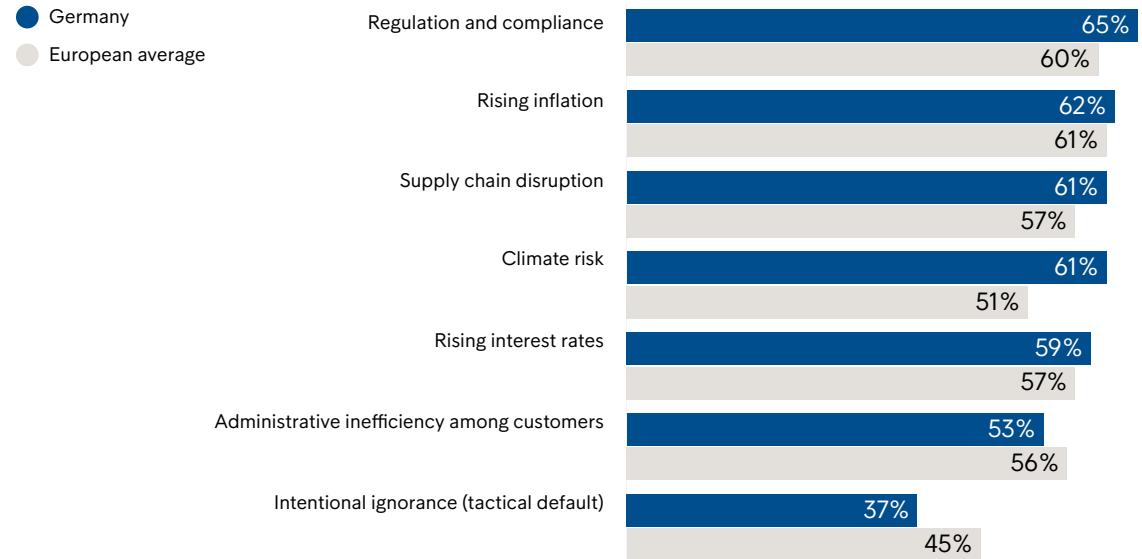
60 per cent of German respondents say they expect all businesses will come under much greater scrutiny around customer discrimination in the years ahead, compared with a European average of 48 per cent. At the same time, 50 per cent say they cannot yet be completely sure that their sales teams are not discriminating against customers in a way that would be considered unethical.

58% **59%**

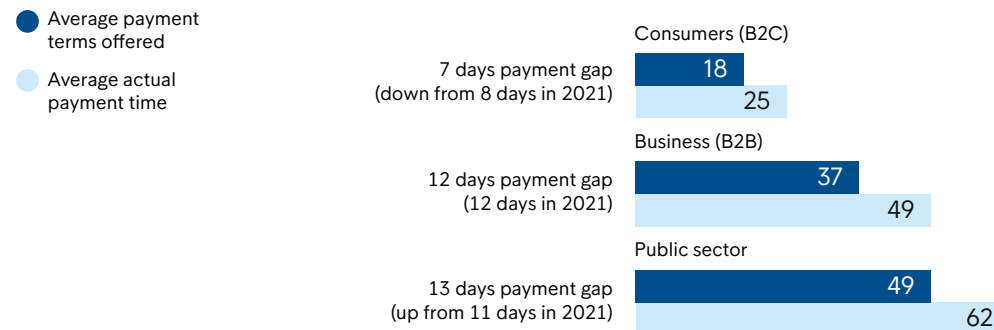
are more concerned than ever about debtors' ability to pay on time (61 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

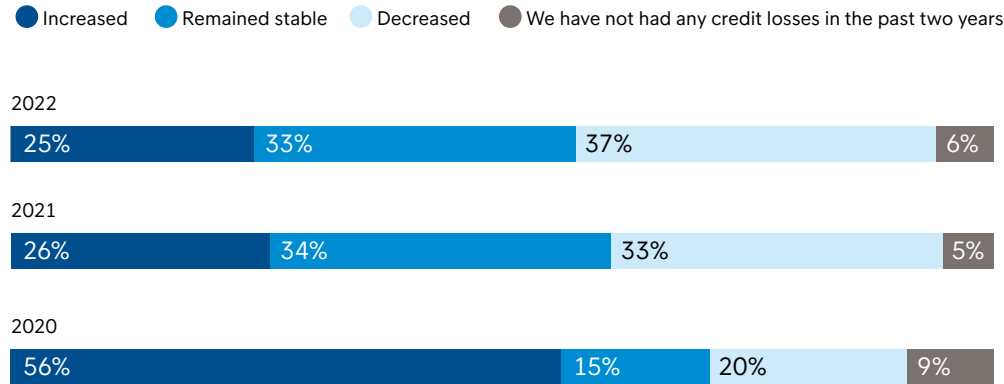


Gap in payment terms offered and actual payment duration

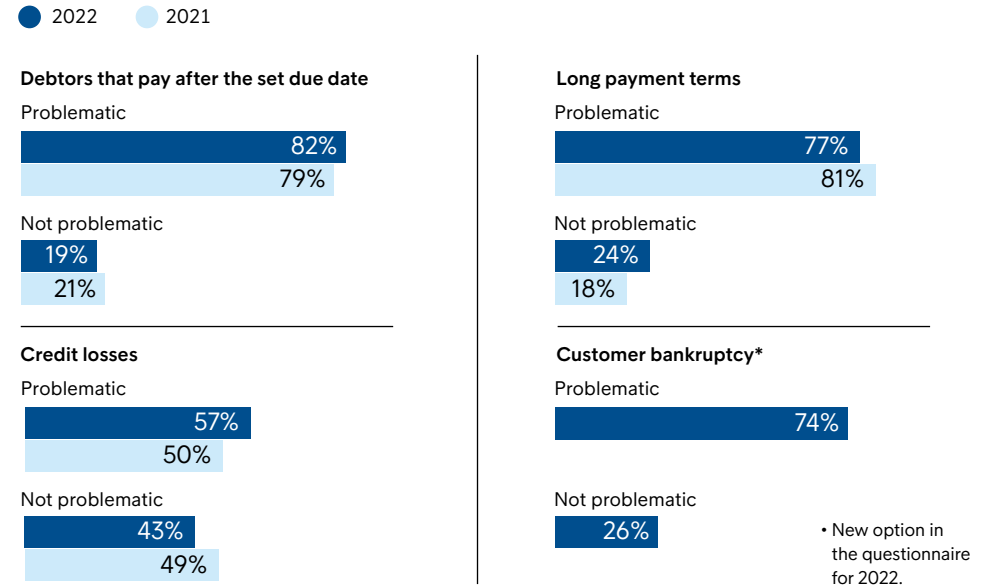


¹⁶ <https://www.ft.com/content/2c555bc7-4285-44bb-88cb-c2489e1f8304>
<https://www.ft.com/content/fc767abf-6fa4-4e0c-943d-f582da3d033b>
<https://www.ft.com/content/d1786fc6-5338-4806-9b99-3b07c54bf895>

Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Greece

Although Greek businesses are confident that the pandemic is almost over, they recognise that they need to get better at managing inflation

To reduce the cost of lending and increase investment, Greece has started to receive billions of euros from the EU's pandemic recovery fund. The government has developed 3.2-billion-euro package of support to offset high energy prices, including a cap on wholesale electricity prices.¹⁷

At the same time, however, almost seven in 10 Greek respondents (68 per cent) acknowledge that their organisation does not currently have the expertise in-house to successfully manage the impact of inflation on their business, which is 10 per cent higher than the European average.

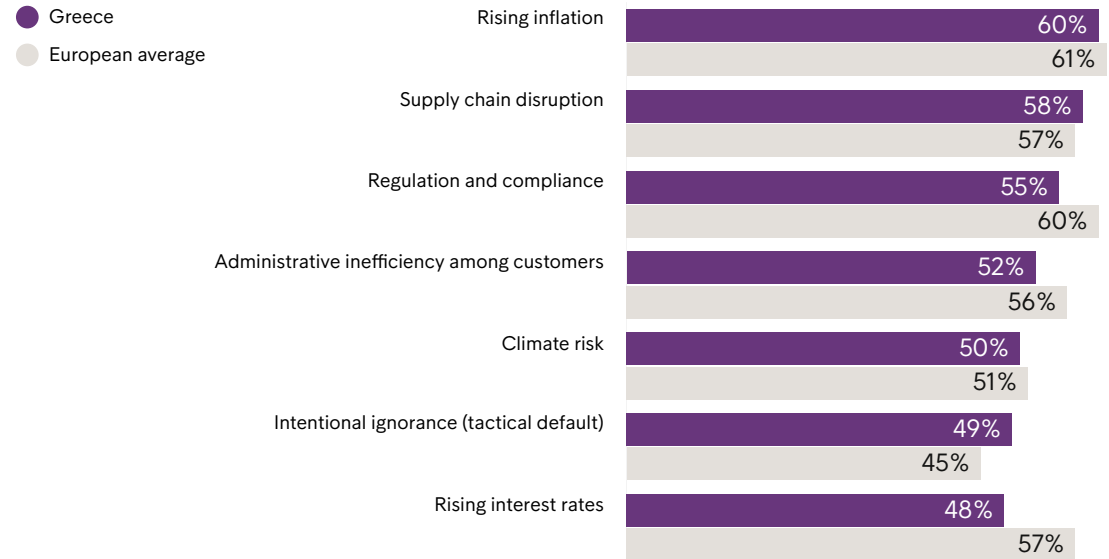
The more positive news for Greece is that approaching half (44 per cent) of its businesses believe the pandemic will stop having any impact on businesses within the next six months. The European average is 26 per cent.

65% **46%**

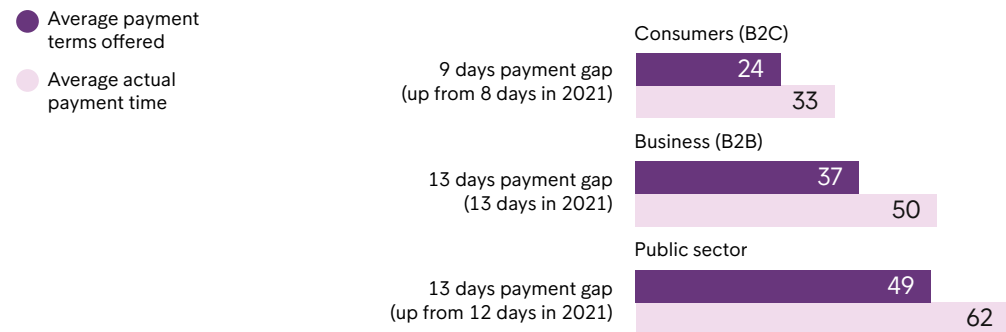
are more concerned than ever about debtors' ability to pay on time (61 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

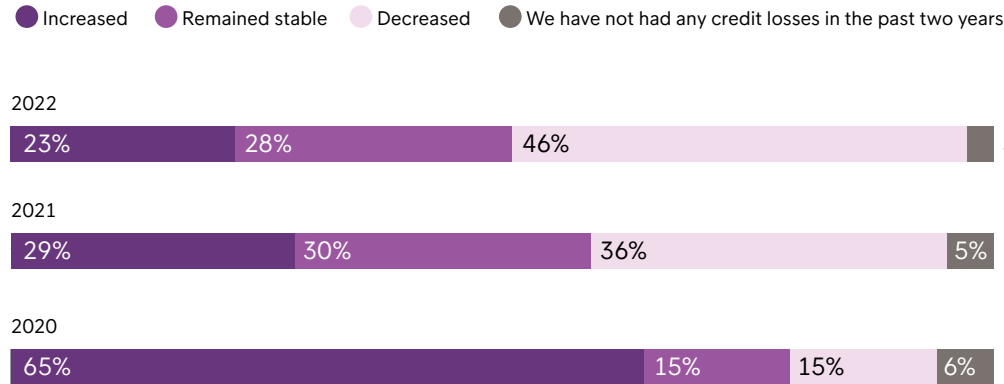


Gap in payment terms offered and actual payment duration



¹⁷ <https://www.ft.com/content/7273fa92-51ad-4635-8c5e-02c239481872>
<https://www.ft.com/content/f702bc0e-2769-4cdd-ad89-7186ac2cb6e3>
<https://www.reuters.com/business/energy/greece-spend-another-32-blm-euros-shield-consumers-energy-crisis-2022-05-06/>

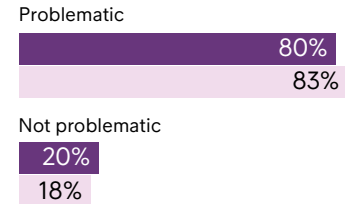
Have your credit losses increased, decreased or remained stable?



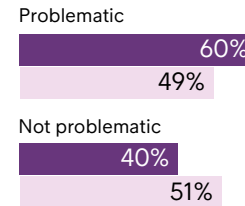
How problematic are the following areas when it comes to customer payments?

● 2022 ● 2021

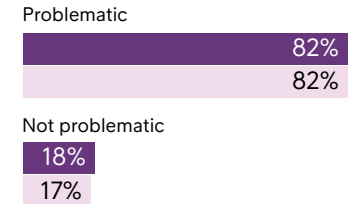
Debtors that pay after the set due date



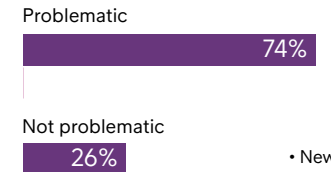
Credit losses



Long payment terms



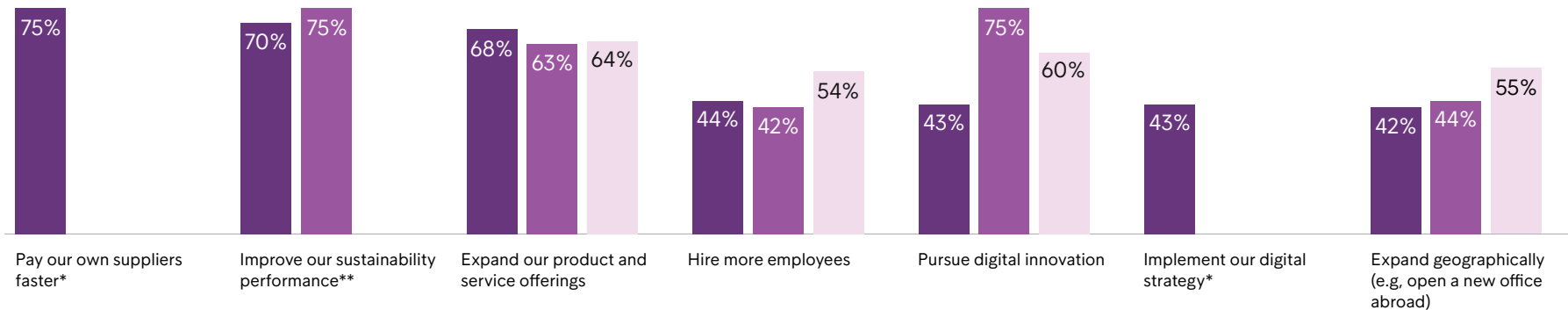
Customer bankruptcy*



* New option in the questionnaire for 2022.

Would faster payments from your debtors enable your company to increase its investment in the following areas?

● 2022 ● 2021 ● 2020



* New option in the questionnaire for 2022.

** New option in the questionnaire for 2021.

Hungary

Hungarian businesses are relatively confident in the strength of their business, with one in two looking to borrow capital to unlock growth

The Hungarian economy has faced several challenges in recent months, including rising energy costs and delays in the €7bn of EU aid that had been intended to finance projects to support the post-pandemic economic recovery.¹⁸

Seven in 10 Hungarian respondents to our survey say they expect rising inflation to have an impact on their customers paying on time and in full over the next 12 months.

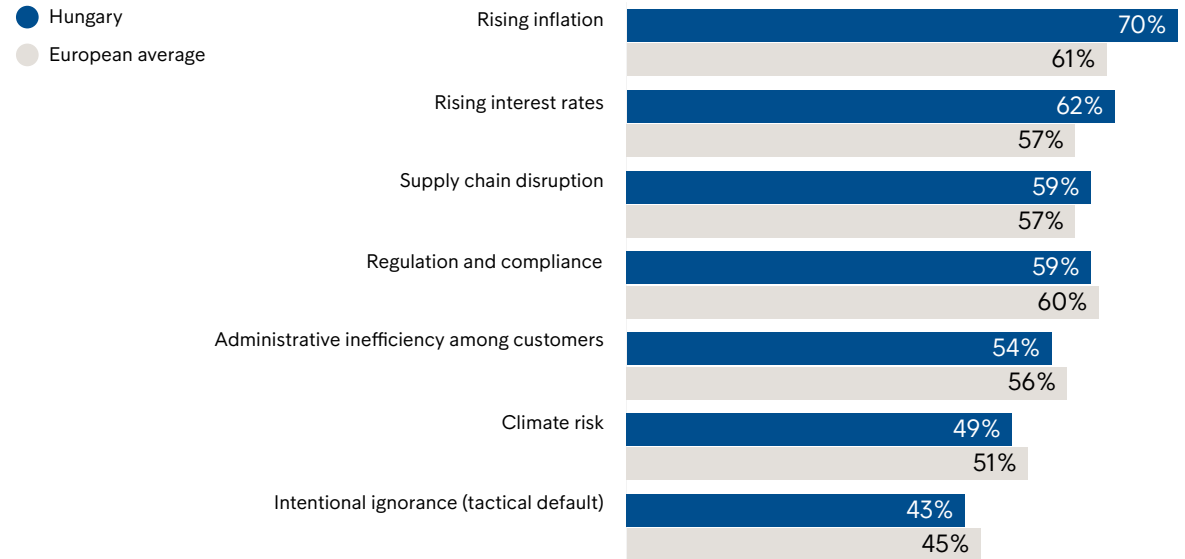
At the same time, however, more than one in three businesses (36 per cent) believe their business is stronger today than before the pandemic, which is higher than the European average of 23 per cent. Around half (47 per cent) say they will secure (or have already secured) additional funding to achieve their growth plans in the next 12 months.

63% **48%**

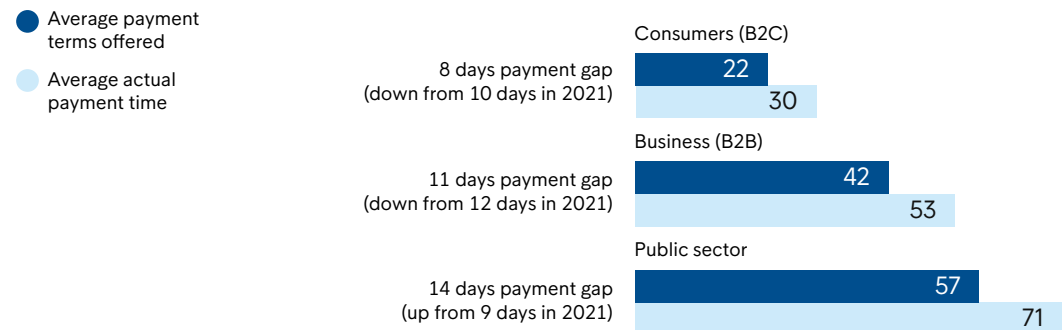
are more concerned than ever about debtors' ability to pay on time (61 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

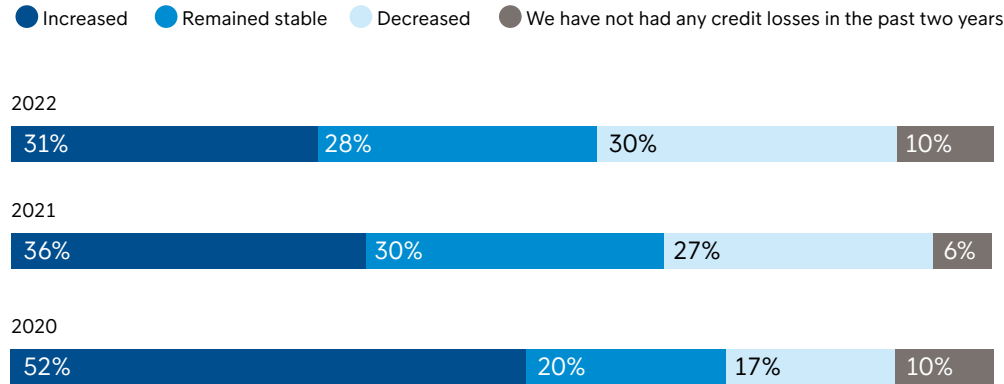


Gap in payment terms offered and actual payment duration

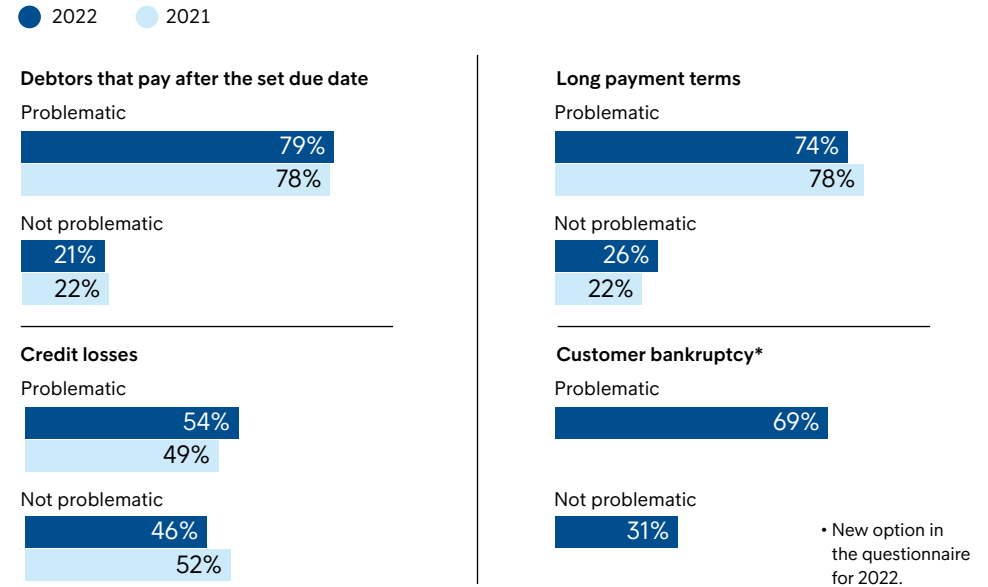


¹⁸ <https://www.ft.com/content/6566766a-0e0c-42a2-b31d-190a12ba6f94>
<https://www.ft.com/content/6b87e13c-8059-4b49-b416-332049155f50>
<https://www.ft.com/content/0e8b905f-1c4a-469e-99a7-cebea61a63fe>

Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Ireland

As businesses in Ireland strive to grow their business, inflation may lead to difficult discussions with employees

Inflation in Ireland is rising, although the European Commission believes the economy to be better cushioned from the conflict that other EU countries.¹⁹ Despite this, almost two in three (62 per cent) say they are concerned about their ability to meet employee demand for higher wages during a period of high inflation.

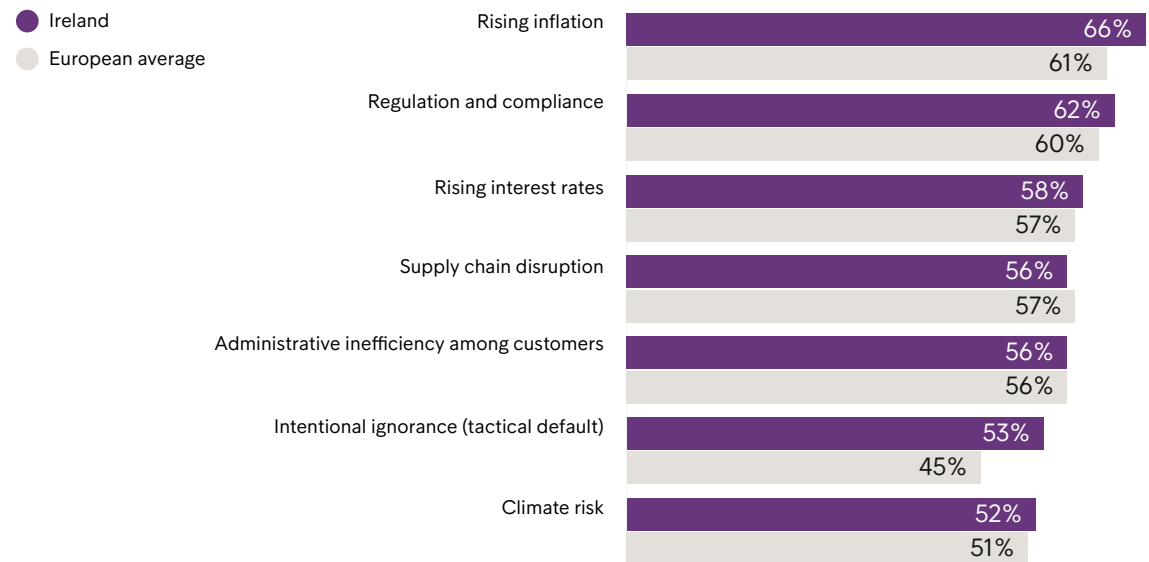
Looking ahead, six in 10 Irish respondents say growing the business is a top priority for the next 12 months. This is 5 per cent higher than the European average of 55 per cent. 66 per cent of respondents in the country say Covid-19 has motivated them to get better at managing the risk of late payments in their business. The European average is 61 per cent.

55% **51%**

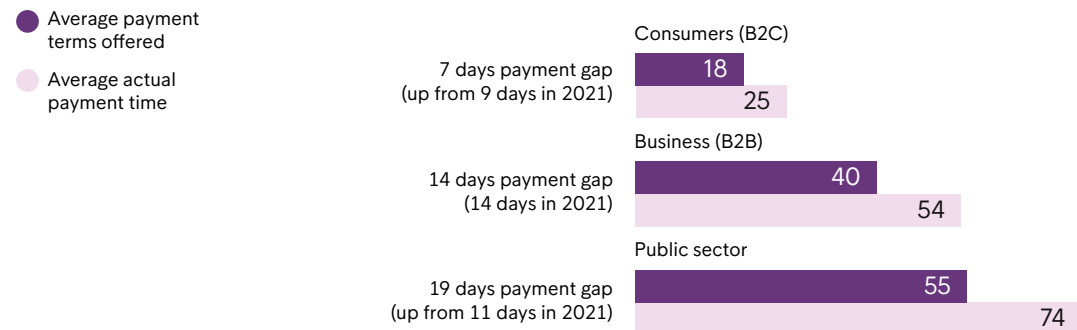
are more concerned than ever about debtors' ability to pay on time (64 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

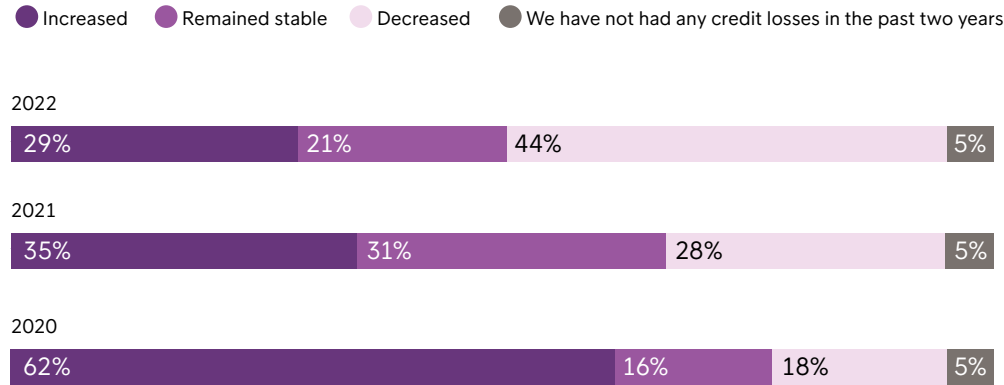


Gap in payment terms offered and actual payment duration

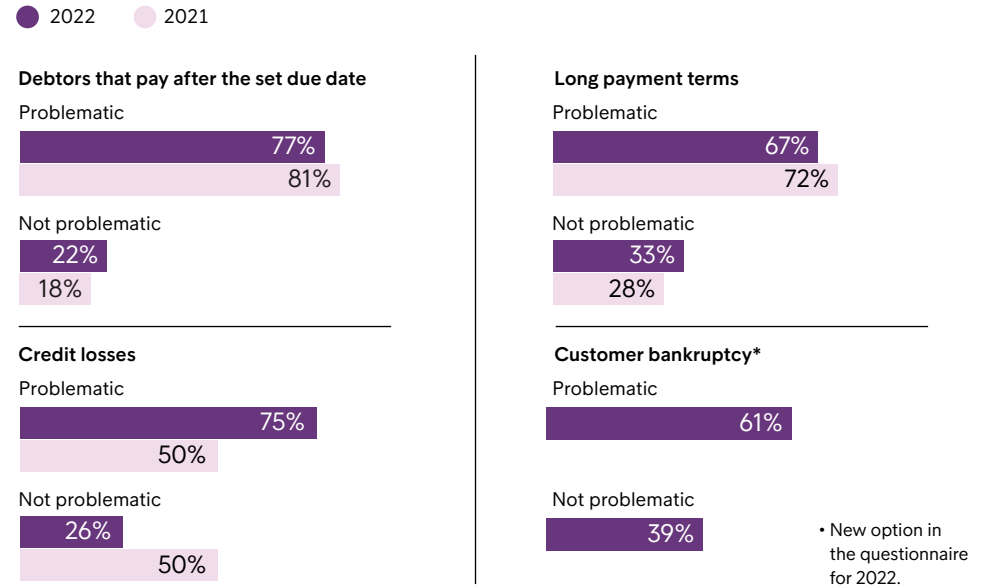


¹⁹ <https://www.irishtimes.com/business/economy/eu-hikes-irish-inflation-forecasts-as-it-lowers-european-growth-outlook-1.4879510>
<https://www.ft.com/content/a93abd6a-83cb-4918-80ed-c9999bd7bc5a>

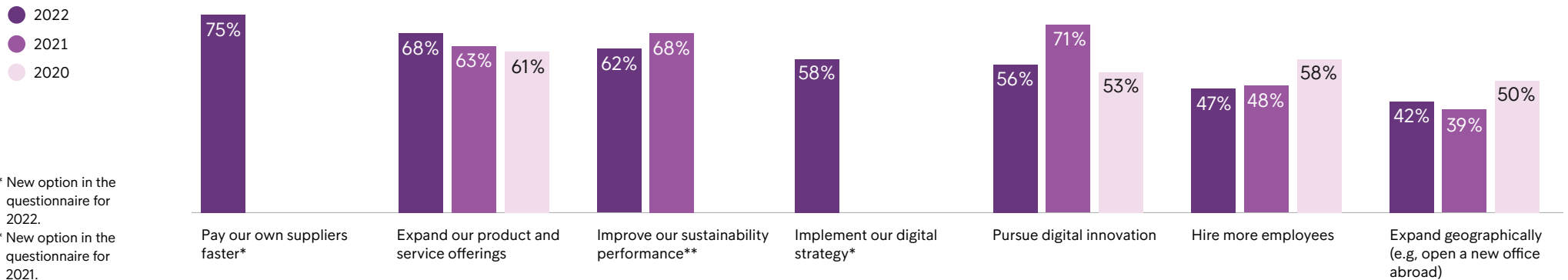
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Italy

Italian businesses are still managing pandemic-related challenges, but see faster payments and environmental sustainability as strategies to improve performance

At the time of writing, it is expected that Italy will be significantly impacted by sanctions on Russian gas, as this forms 40 per cent of its supplies, whereas renewables only provide 11 per cent of the country's energy, which is half the European average.²⁰

According to our survey, four in 10 (41 per cent) Italian respondents think it will be another year, at least, until the pandemic stops having any impact on businesses. This compares with an average of 35 per cent across Europe. More than half believe that faster payments from their debtors will enable them to hire more employees.

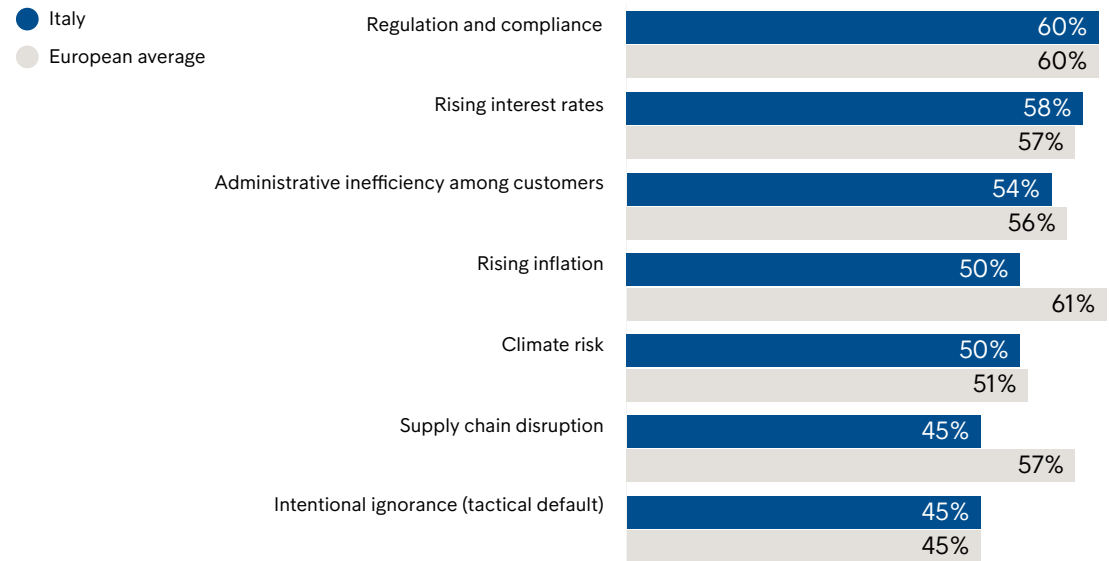
Half of Italian respondents (48 per cent) say their customers are increasingly holding them to account for their environmental performance and will not buy their services/products if they think they are harmful to the planet. The European average is 39 per cent.

60% **51%**

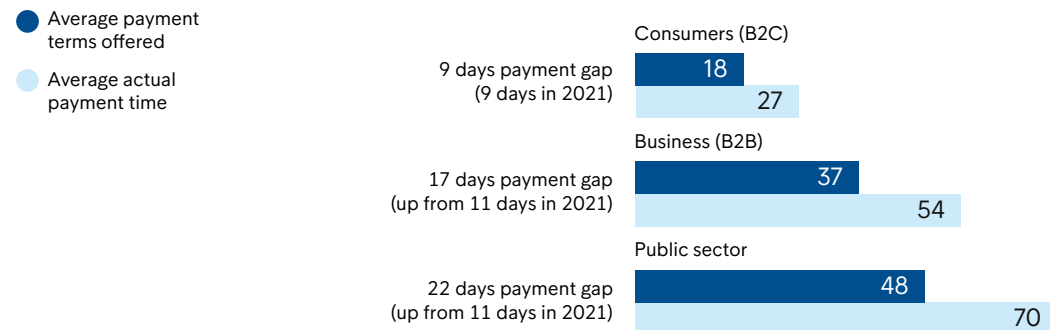
are more concerned than ever about debtors' ability to pay on time (63 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

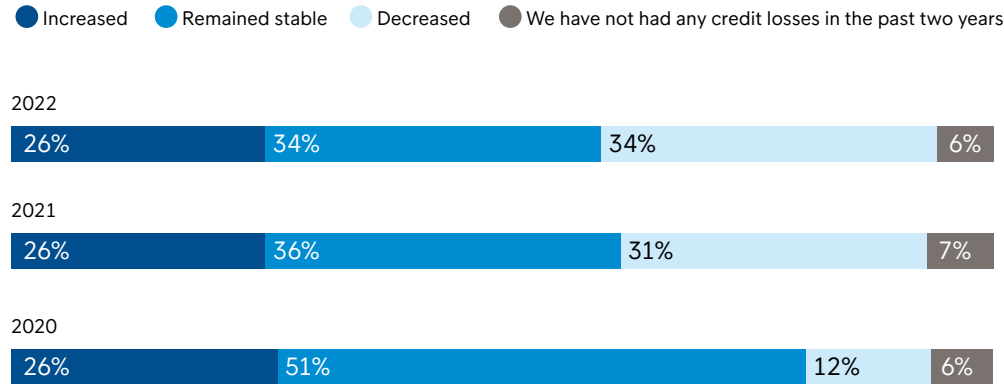


Gap in payment terms offered and actual payment duration



²⁰ <https://www.ft.com/content/b32bf4fc-608c-46fa-944b-0b3fe8642919>; <https://www.ft.com/content/9d077a0a-d3b8-402f-ade4-2ced9afa735b>

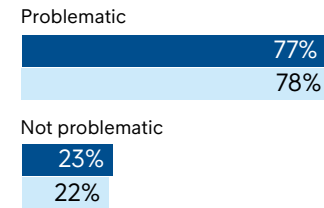
Have your credit losses increased, decreased or remained stable?



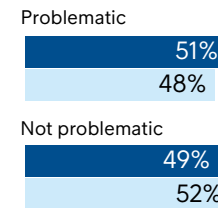
How problematic are the following areas when it comes to customer payments?

● 2022 ● 2021

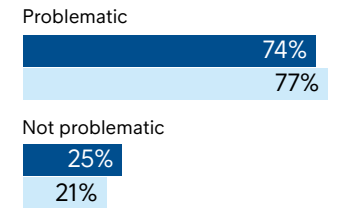
Debtors that pay after the set due date



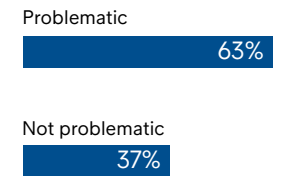
Credit losses



Long payment terms



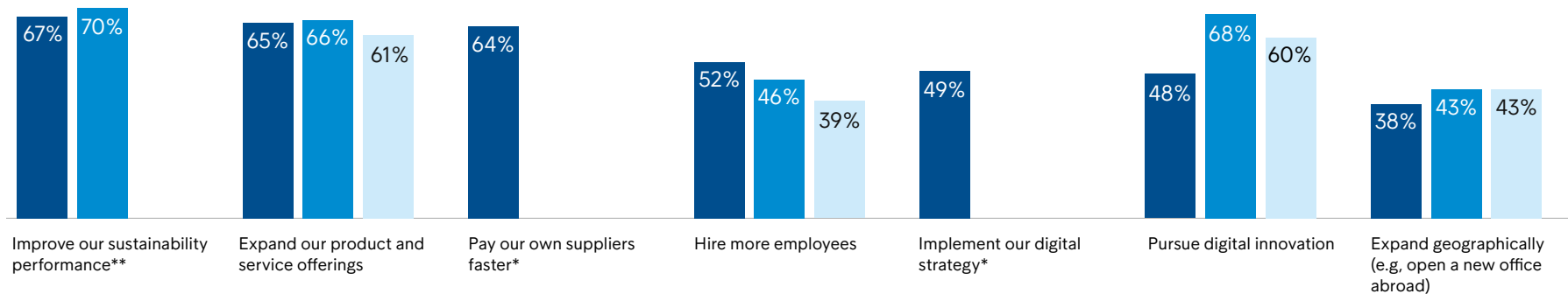
Customer bankruptcy*



* New option in the questionnaire for 2022.

Would faster payments from your debtors enable your company to increase its investment in the following areas?

● 2022 ● 2021 ● 2020



* New option in the questionnaire for 2022.

** New option in the questionnaire for 2021.

Latvia

Latvian businesses believe faster payments would enable them to grow their business overseas, but most are still recovering from the pandemic

Among other structural economic challenges, Latvia today is experiencing a labour shortage, which is particularly acute in the country's hospitality sector, where the number of workers has reduced by a third since the pandemic began.²¹

More than half of Latvian companies (53 per cent) say their business is weaker today than it was before the pandemic outbreak in 2020, higher than the European average of 49 per cent. Moreover, 50 per cent say that the payment terms that they offer to customers are too generous and are harming them as a business.

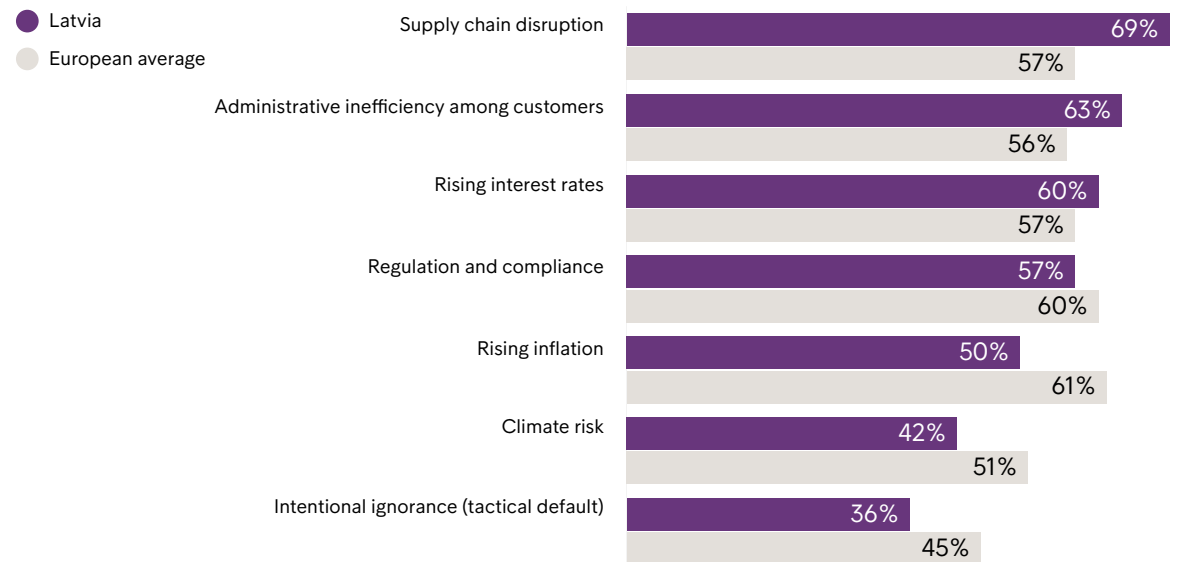
Almost half of Latvian respondents (45 per cent) believe that faster payments from their debtors would enable them to expand geographically, compared with 39 per cent across Europe.

62% **46%**

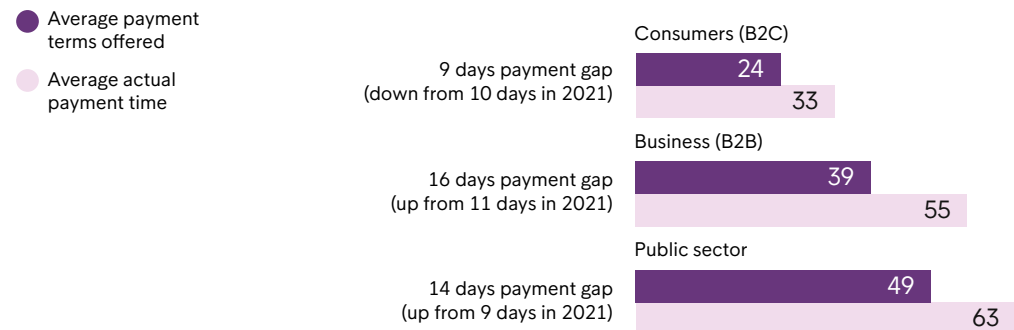
are more concerned than ever about debtors' ability to pay on time (57 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

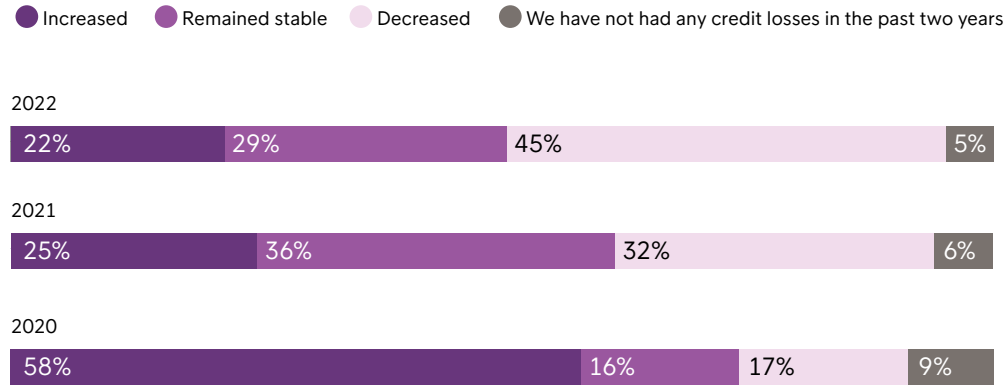


Gap in payment terms offered and actual payment duration

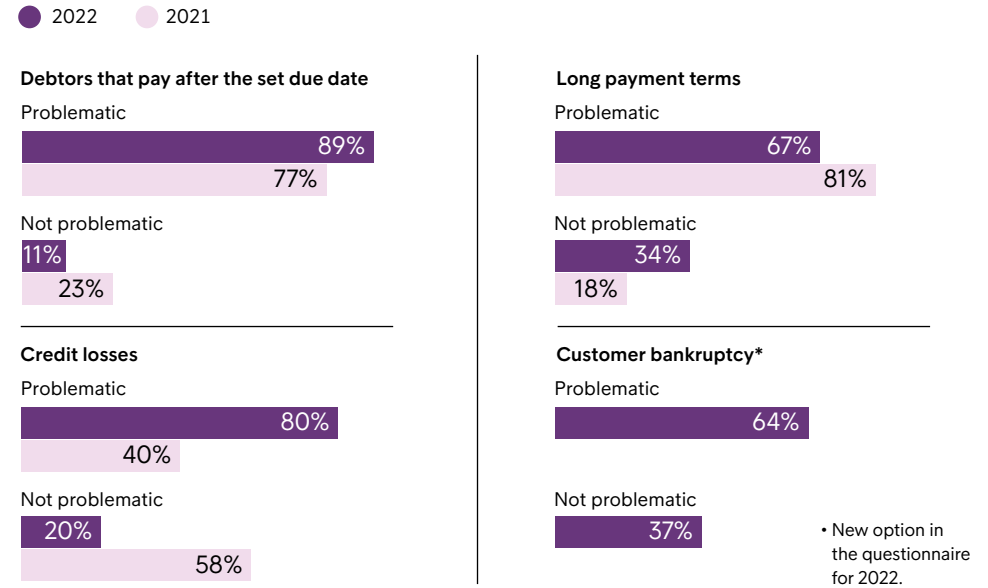


²¹ <https://emerging-europe.com/news/latvia-should-improve-skills-innovation-and-business-conditions-to-strengthen-future-growth/>
<https://bnn-news.com/covid-19-pandemic-cuts-latvias-hospitality-sector-worker-numbers-by-one-third-234816>

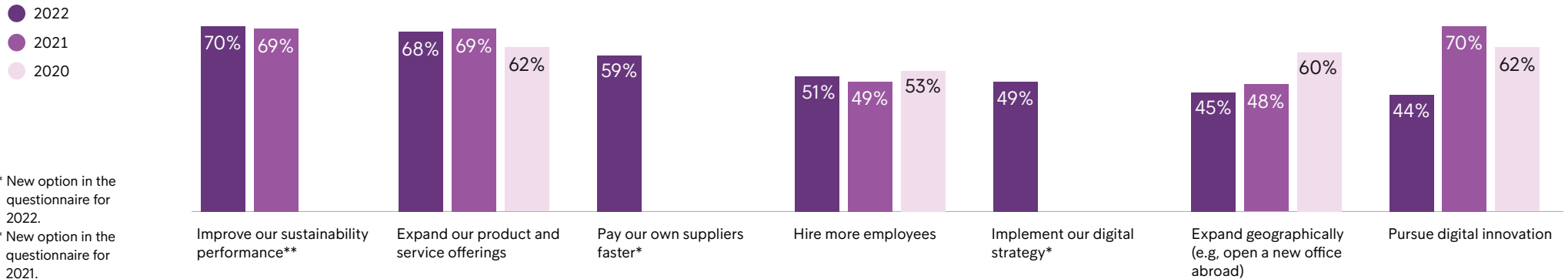
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Lithuania

Two in three businesses in Lithuania are in a weaker position today than they were before the pandemic

The economic fall-out from diplomatic tensions with China are becoming more apparent, after the country ceased imports from Lithuania and forbade German companies from using Lithuanian components in Chinese manufacturing plants. The country was the first in Europe to stop importing Russian gas, having made energy independence a key objective over the last decade.²²

Against this economic backdrop, 66 per cent of Lithuanian companies believe their business is weaker now than it was before the pandemic, and 55 per cent say that the payment terms that they offer to customers are too generous and are harming them as a business. In turn, less than half are prioritising growth over the next 12 months.

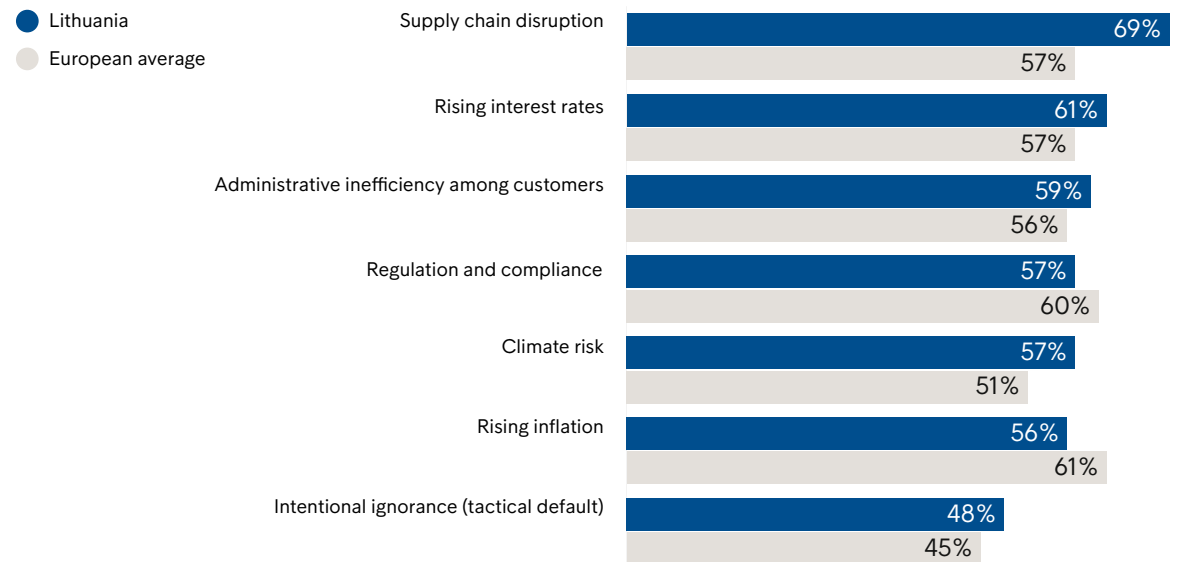
60 per cent of Lithuanian respondents say they would like to improve their management of late payments but find this difficult due to a lack of skills and resources in-house. The European average is 53 per cent.

64% **44%**

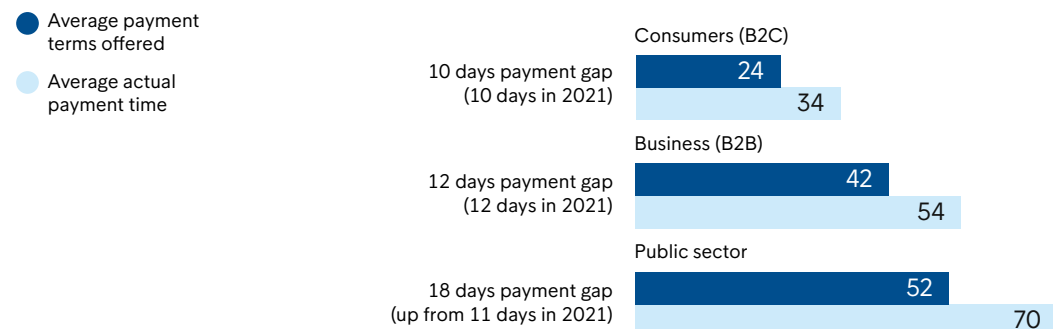
are more concerned than ever about debtors' ability to pay on time (64 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

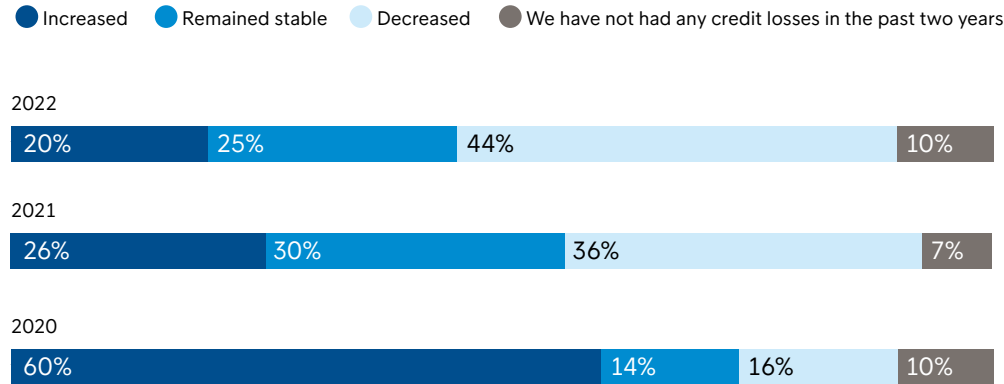


Gap in payment terms offered and actual payment duration

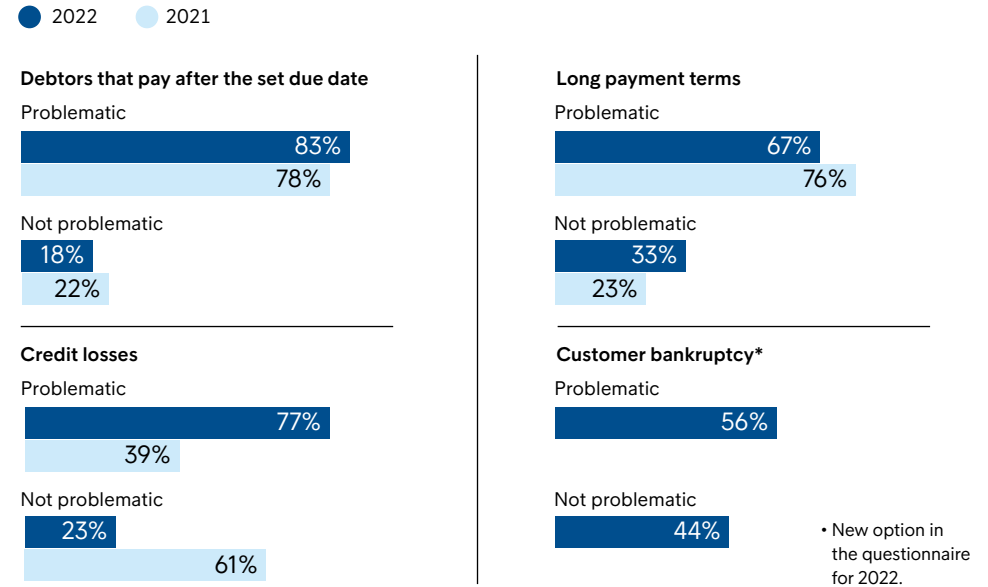


²² <https://www.ft.com/content/efcadd5a-b192-4567-a991-56cd6fd83dae>
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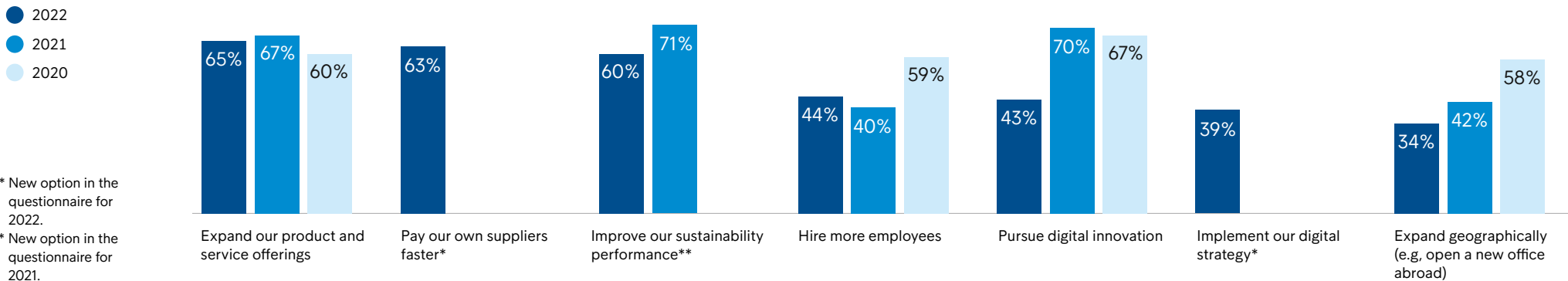
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



The Netherlands

Growth is a top priority throughout the Dutch economy, but most will struggle to manage the impact of inflation

The Dutch government has pledged to turn around the country's reputation for budget frugality, pledging policies covering climate, housing, defence and education, including a 7.5 per cent increase in the minimum wage and a fund for rural diversification.²³

More than seven in 10 survey respondents in the country (71 per cent) say growing the business is a top priority for their organisation in the next 12 months. This is significantly higher than the 55 per cent European average. Nonetheless, more than two-thirds (65 per cent) say their organisation does not have the expertise in-house to successfully manage the impact of inflation on their business.

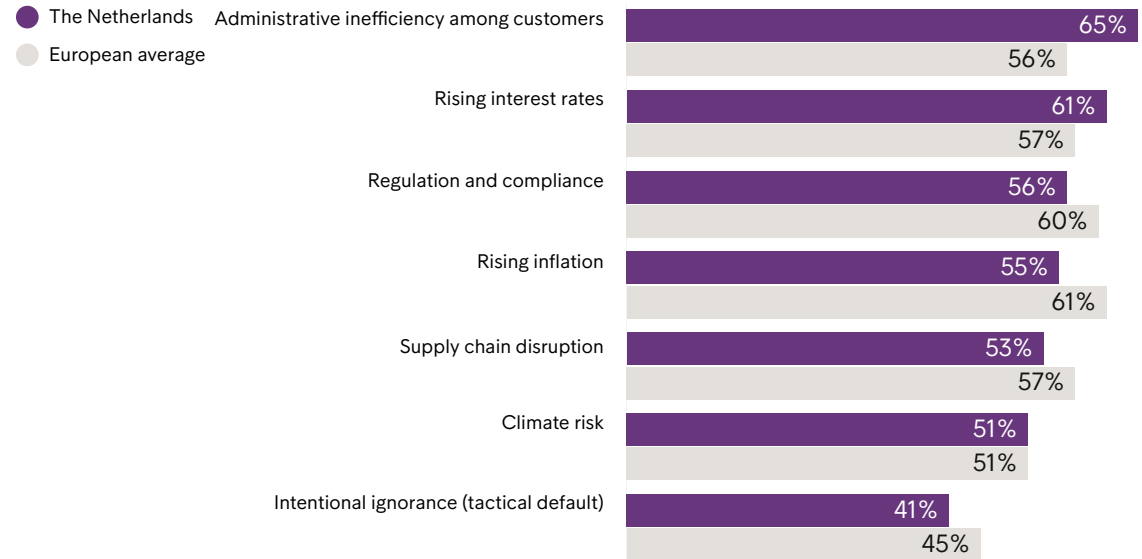
Almost six in 10 Dutch respondents (56 per cent) believe that faster payments from their debtors would enable them to implement their digital strategy, compared with 46 per cent across Europe.

58% **54%**

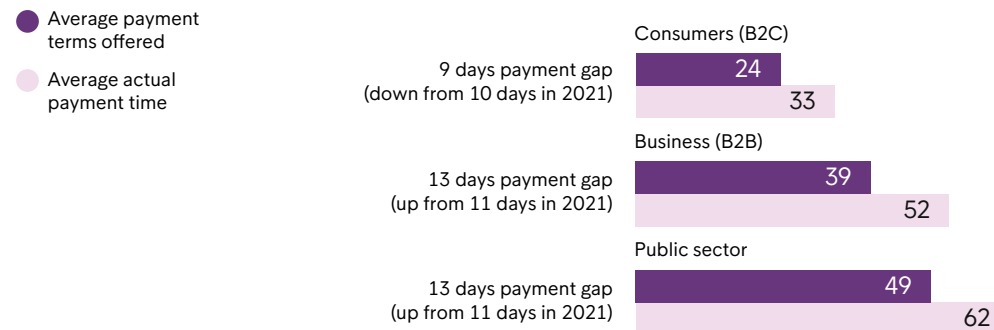
are more concerned than ever about debtors' ability to pay on time (61 per cent in 2021).

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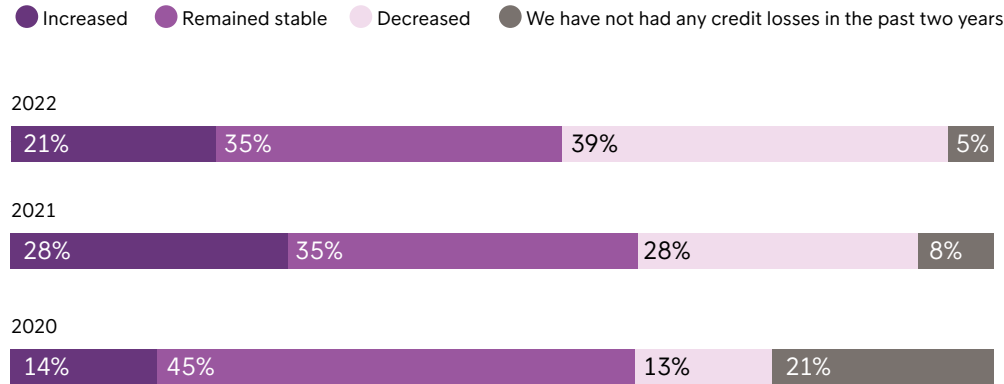


Gap in payment terms offered and actual payment duration

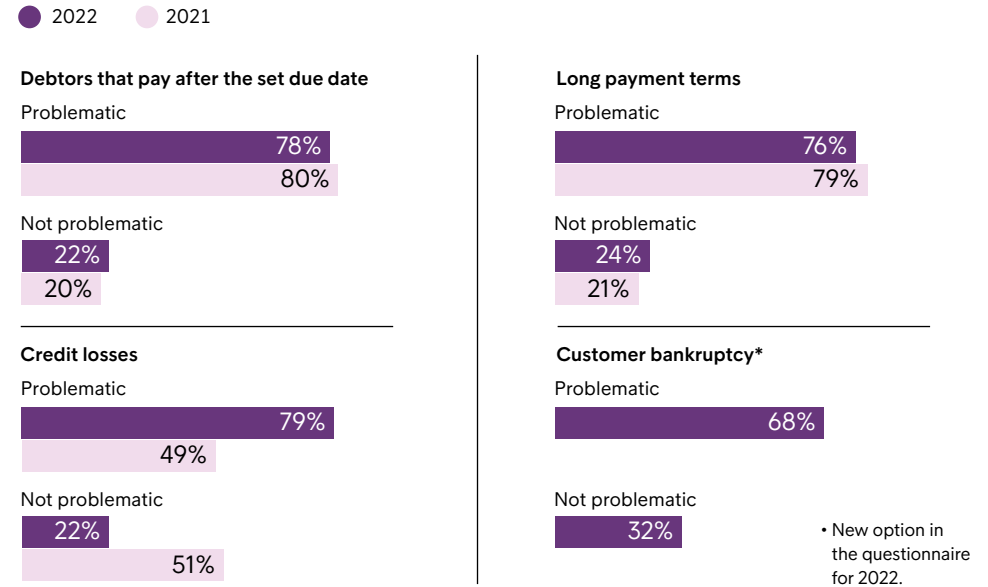


²³ <https://www.ft.com/content/126f589c-9fff-41d0-bdd0-1cdf082bfff86>
<https://www.ft.com/content/6cb97ae0-7eca-4551-b494-e653d2092ae4>
<https://www.newstatesman.com/international-politics/2022/05/going-dutch-could-help-break-europes-addiction-to-russian-gas>

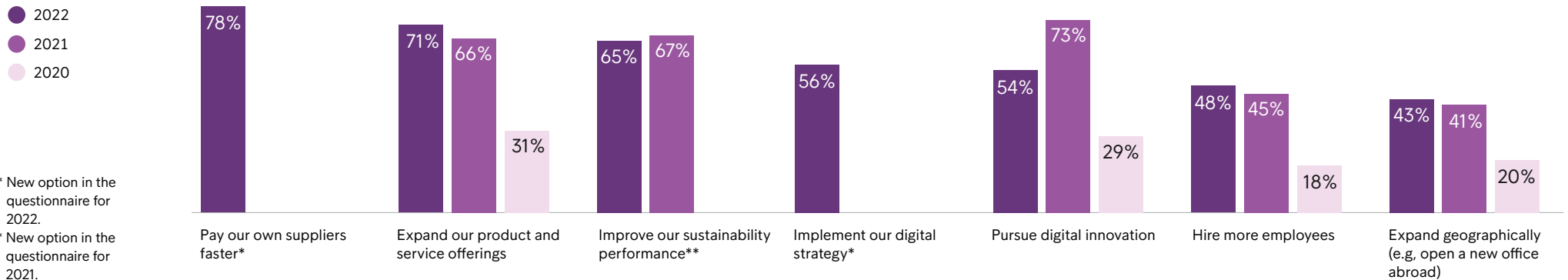
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Norway

Six in 10 businesses in Norway believe they are being held back by rising prices

In Norway, businesses are experiencing the biggest rise in inflation since 2008, with the price of electricity and aeroplane tickets driving much of the growth.²⁴ In turn, 59 per cent of Norwegian respondents worry that inflation is restricting their ability to grow the business and seize new opportunities, which is higher than the 51 per cent European average.

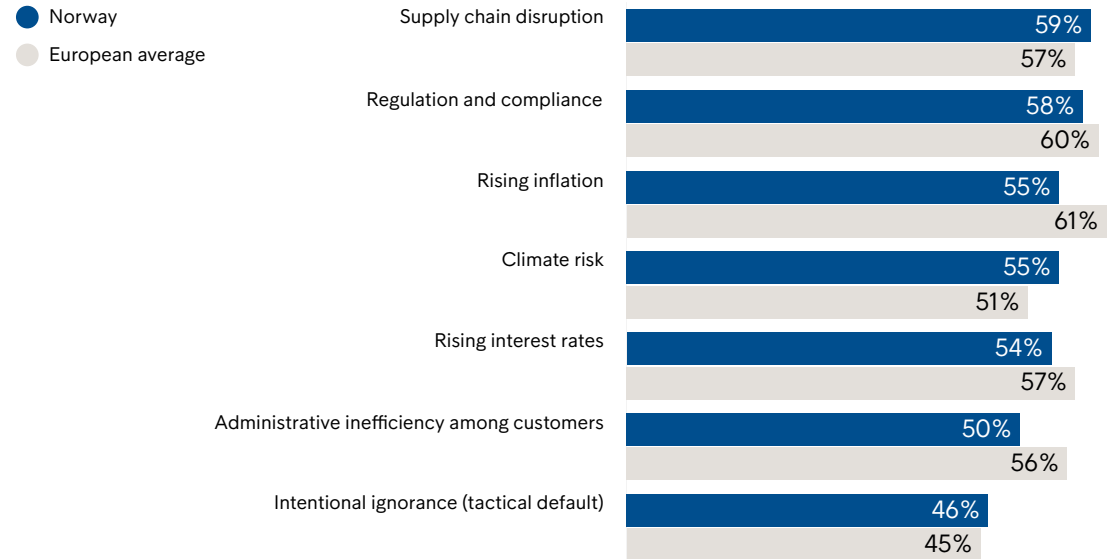
Approaching six in 10 Norwegian respondents (57 per cent) say that, when they grow as a business, they struggle to upgrade their processes or admin to the extent required to ensure they pay suppliers and partners on time. This is higher than the European average.

63% **59%**

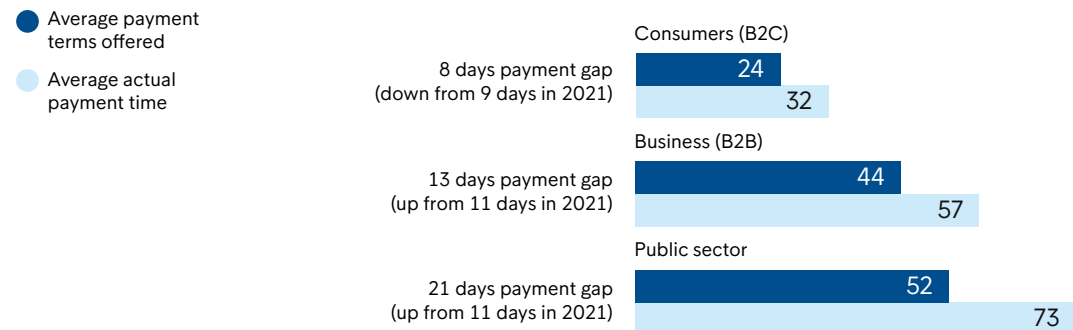
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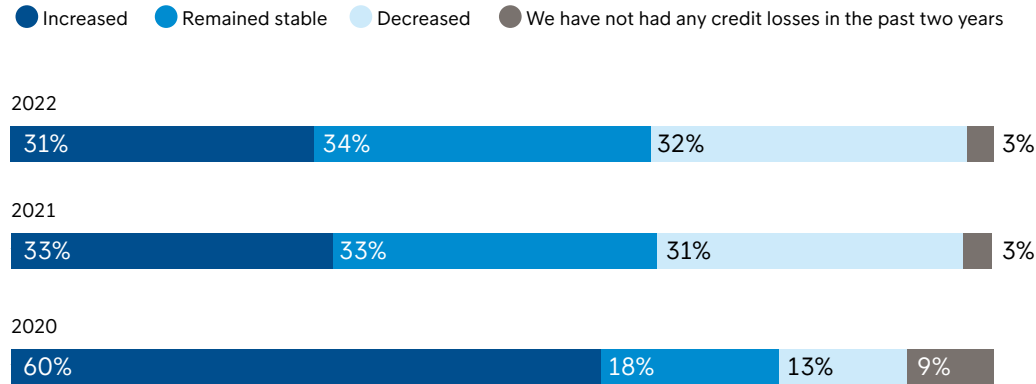


Gap in payment terms offered and actual payment duration

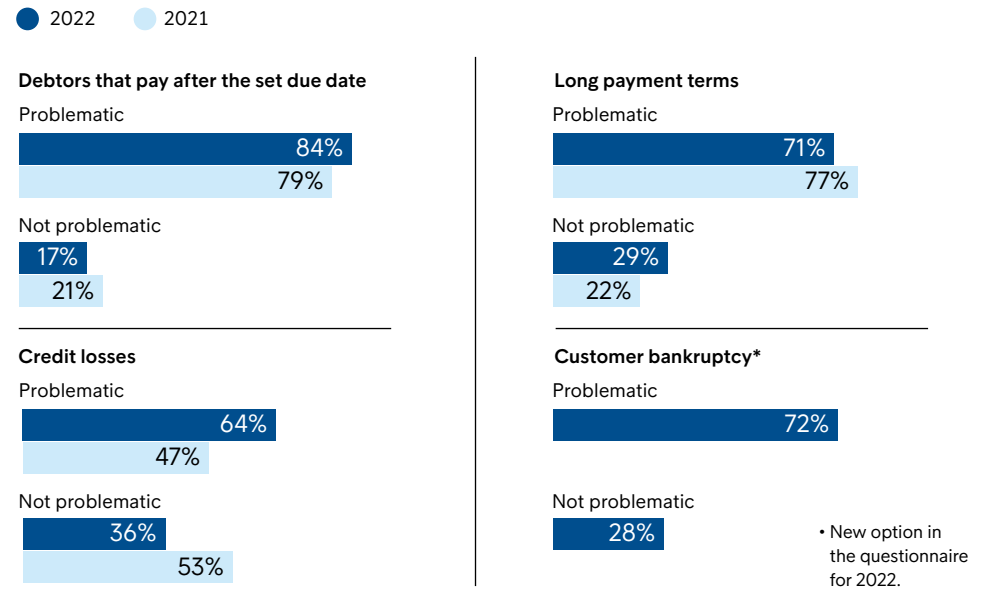


²⁴ <https://www.thelocal.no/20220510/inflation-in-norway-at-highest-level-since-2008/>

Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Poland

Polish businesses believe they are weaker after Covid-19
 Even before the Ukraine crisis, inflation was rising rapidly in Poland, prompting the government to announce a \$2.5bn package of tax cuts on energy and fuel. Although the country had been investing for several years in infrastructure to reduce its exposure to Russian gas, it will still be affected by a spike in energy prices after its supplies were cut off in April.²⁵

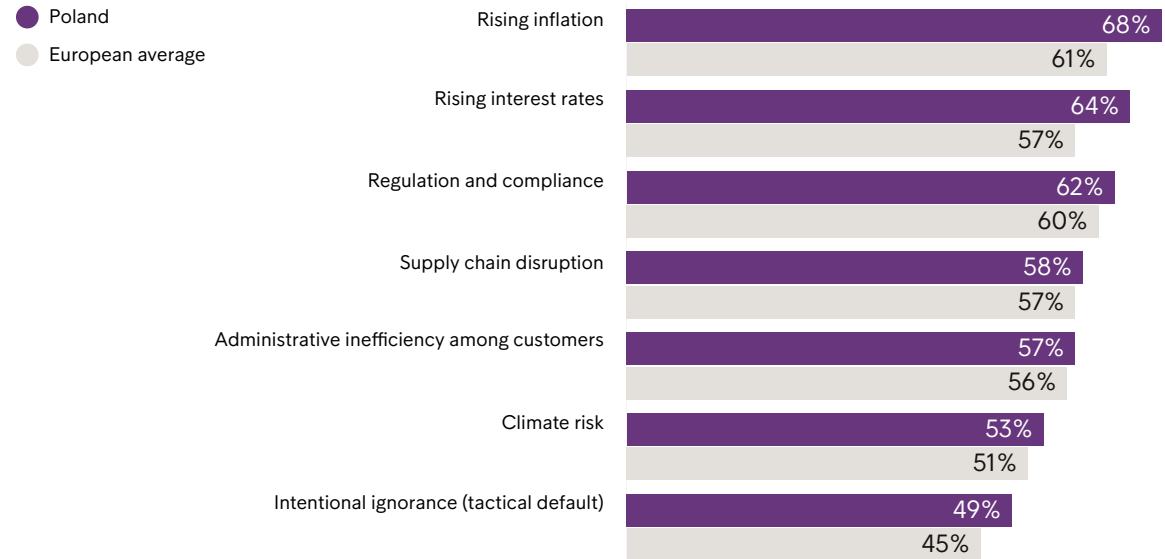
Our research reveals concern among Polish executives about their ability to operate in a changing economy. More than half of respondents (54 per cent) say their business is weaker today than it was before the pandemic outbreak in 2020, higher than the European average of 49 per cent. Moreover, 55 per cent believe their business would be no better at managing the disruption to their cash flow and profits than we were before Covid-19 if there were another crisis in the next few years (European average: 47 per cent).

62% **55%**

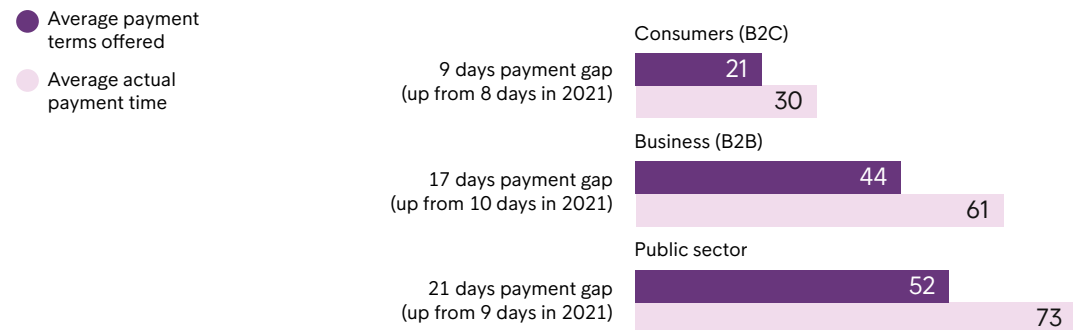
are more concerned than ever about debtors' ability to pay on time (61 per cent in 2021).

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Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

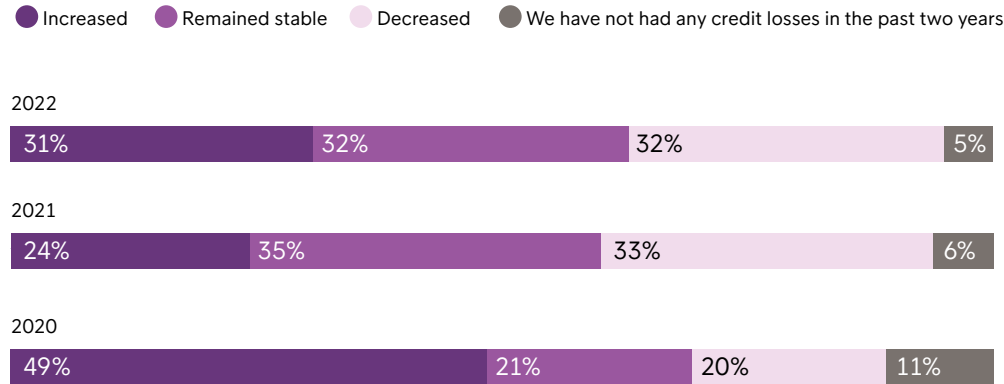


Gap in payment terms offered and actual payment duration



²⁵ <https://www.ft.com/content/a2eea1a1-f72a-43c4-aa93-4e5477b5ead4>
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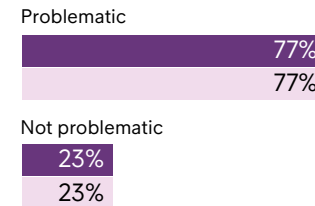
Have your credit losses increased, decreased or remained stable?



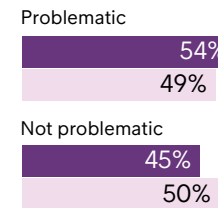
How problematic are the following areas when it comes to customer payments?

● 2022 ● 2021

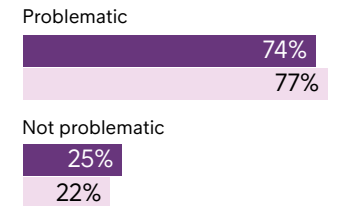
Debtors that pay after the set due date



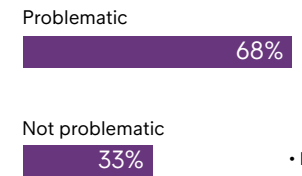
Credit losses



Long payment terms



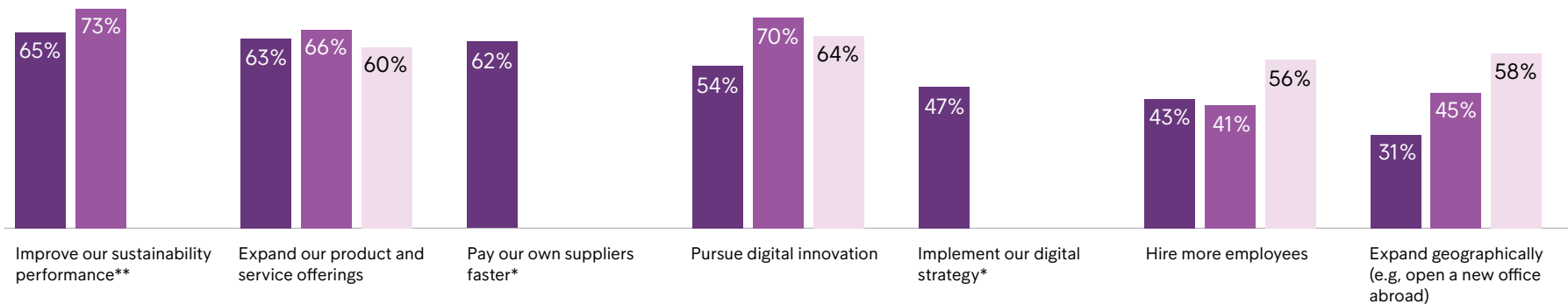
Customer bankruptcy*



* New option in the questionnaire for 2022.

Would faster payments from your debtors enable your company to increase its investment in the following areas?

● 2022 ● 2021 ● 2020



* New option in the questionnaire for 2022.

** New option in the questionnaire for 2021.

Portugal

Executives in Portugal expect another year of pandemic-related challenges

The Ukraine crisis is having less impact on Portugal than on other European countries, but there are concerns about the rising cost of living within the country, as well as apprehension about how price rises might dent the tourist industry.²⁶

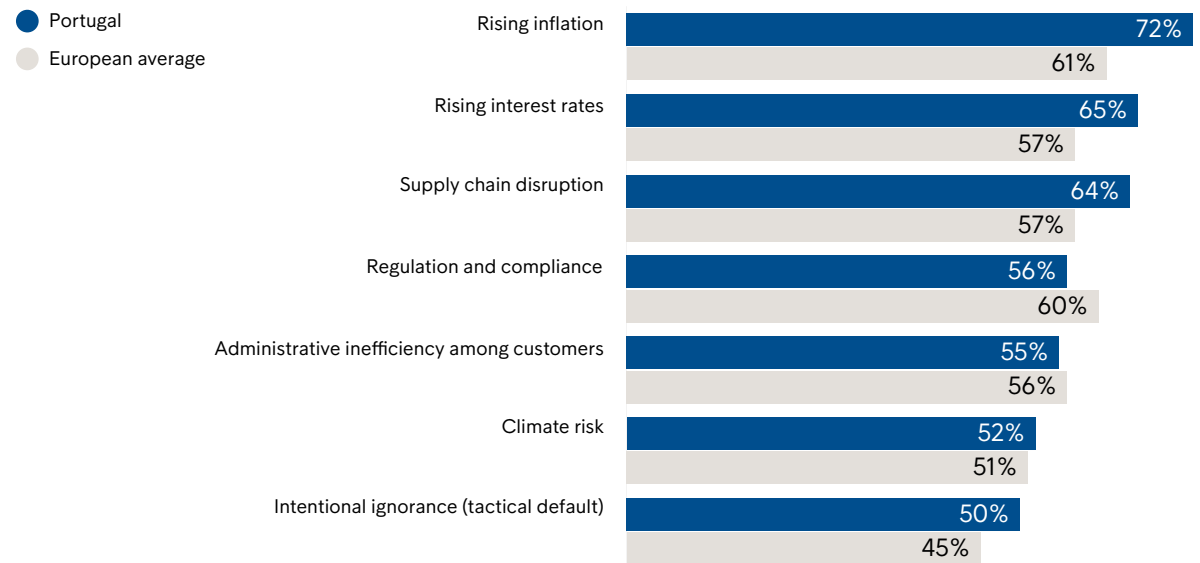
Approaching half (45 per cent) of Portuguese respondents say they have no major concerns about their company's cash flow for the immediate future, which is higher than the European average of 34 per cent. Meanwhile, however, 46 per cent think it will be another year, at least, until the pandemic stops having any impact on businesses. This compares with an average of 35 per cent across Europe.

64% **53%**

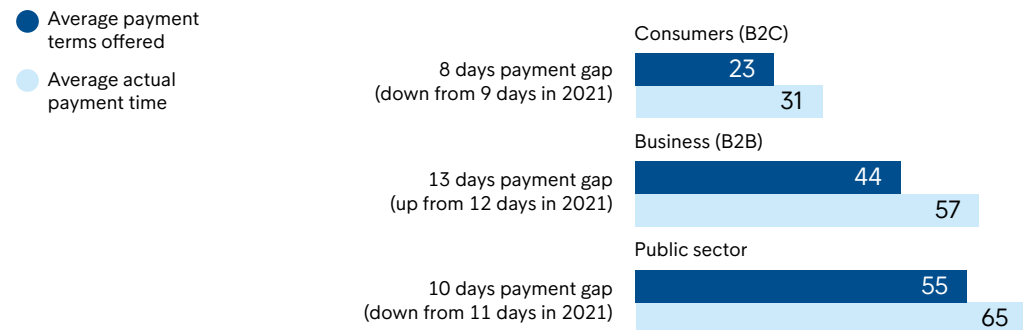
are more concerned than ever about debtors' ability to pay on time (64 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

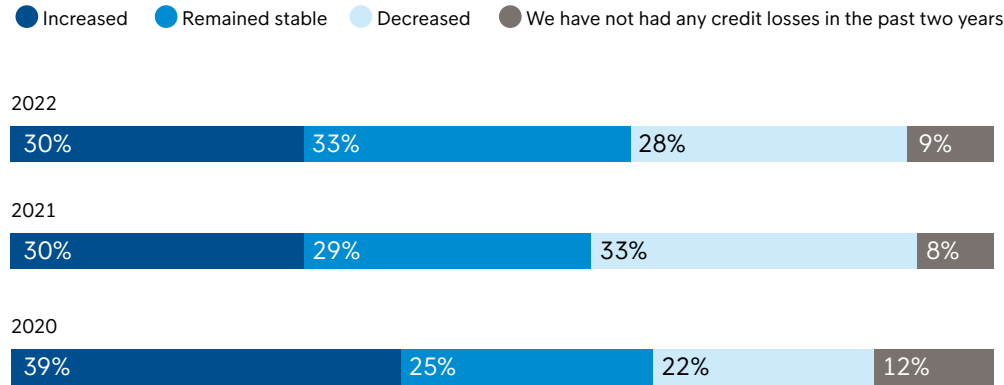


Gap in payment terms offered and actual payment duration

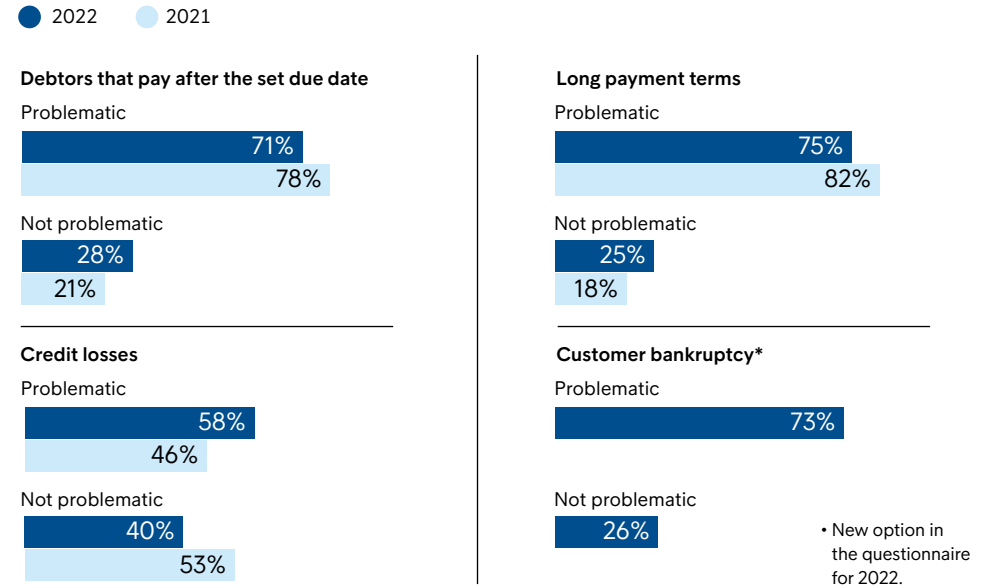


²⁶ <https://www.ft.com/content/fb437def-2a23-435f-bef2-72017b2121ed>
<https://www.ft.com/content/8392e62b-9f83-42d0-bfef-e96af3041e9a>

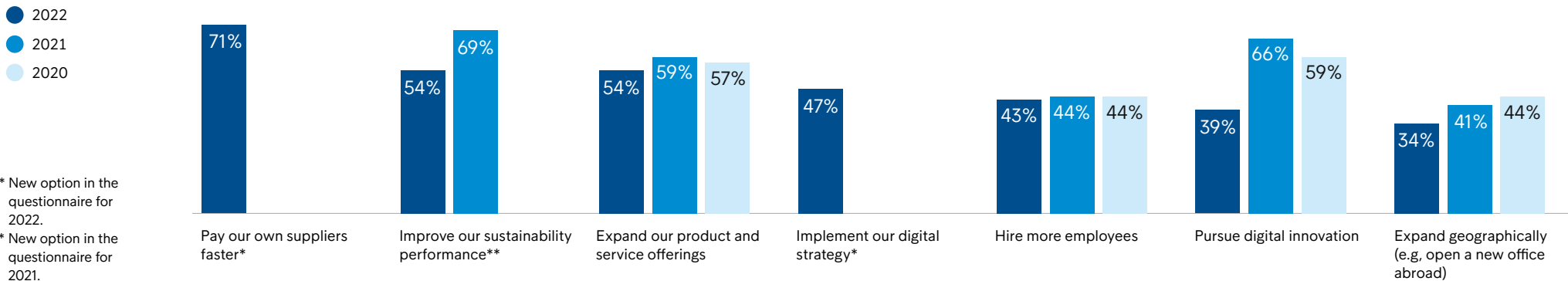
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Romania

Romanian businesses are looking to grow the business, but are wary of managing inflation

Romania has been experiencing high inflation at the same time as a slowdown in economic growth, creating apprehension about the prospect of rising interest rates.²⁷

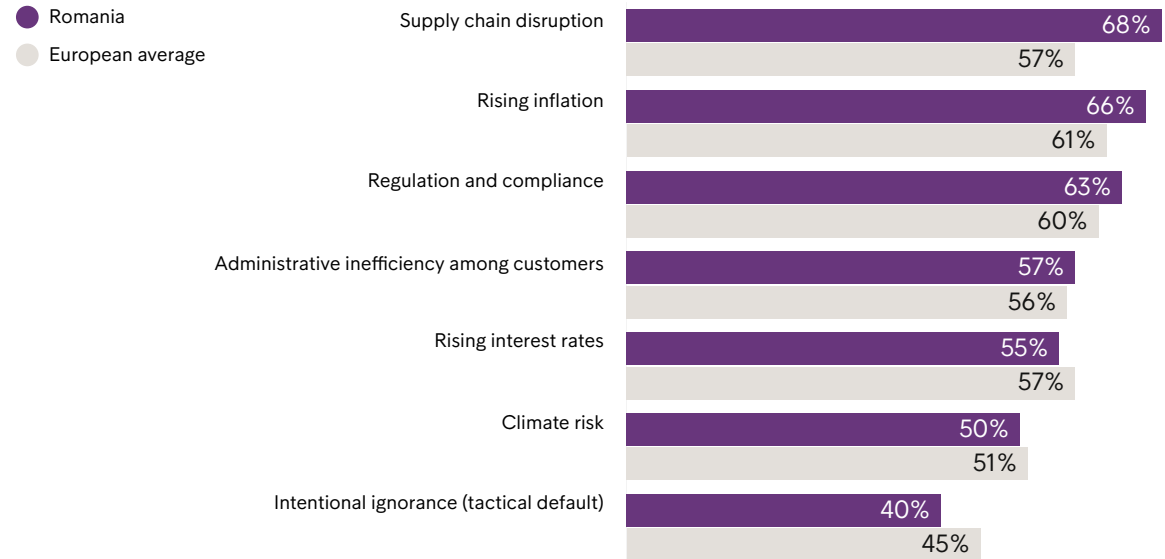
Inflation is certainly a concern for Romanian companies. Almost two in three respondents (63 per cent) say their organisation does not have the expertise in-house to successfully manage the impact of inflation on the business, which is higher than the European average of 58 per cent). On a more positive note, 59 per cent say growing the business is a top priority for their organisation in 2022, which is higher than the European average.

57% **51%**

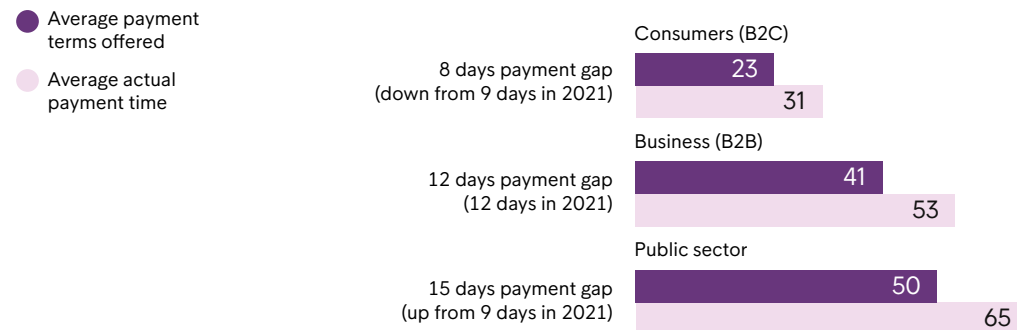
are more concerned than ever about debtors' ability to pay on time (61 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

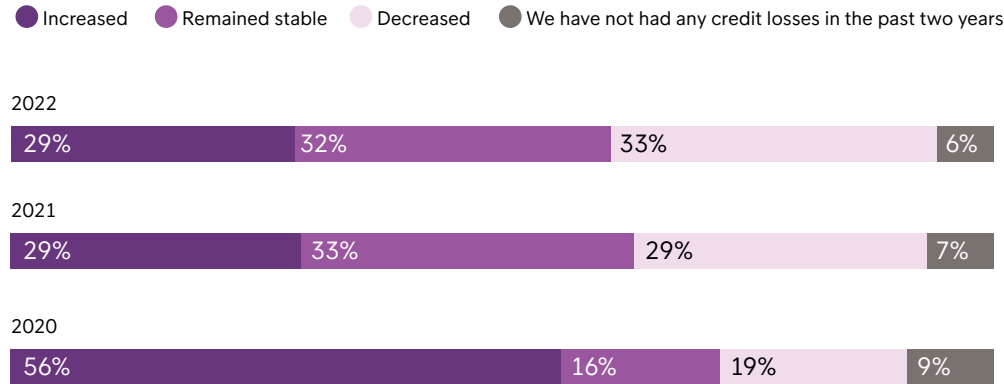


Gap in payment terms offered and actual payment duration

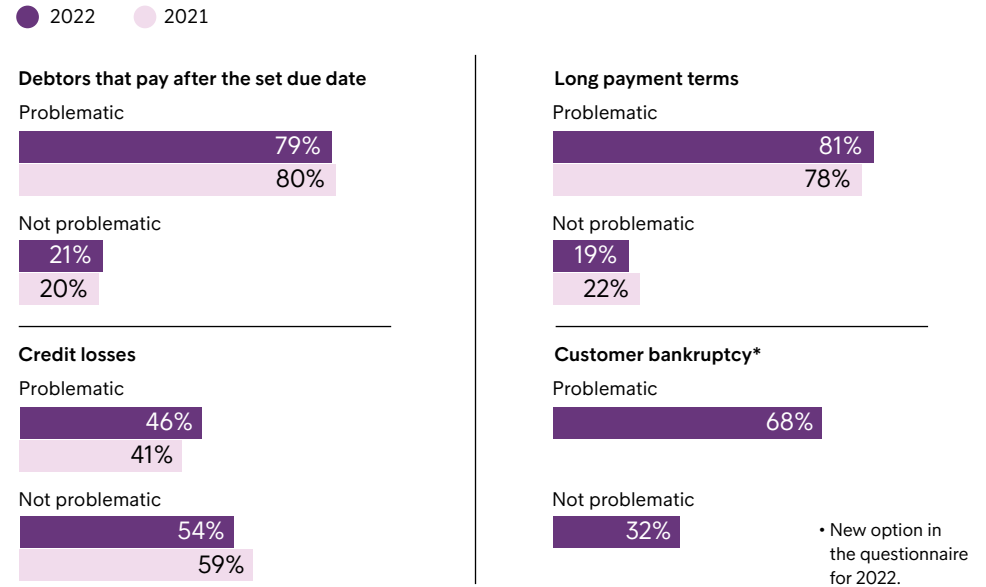


²⁷ <https://www.ft.com/content/0e8b905f-1c4a-469e-99a7-cebea61a63fe>
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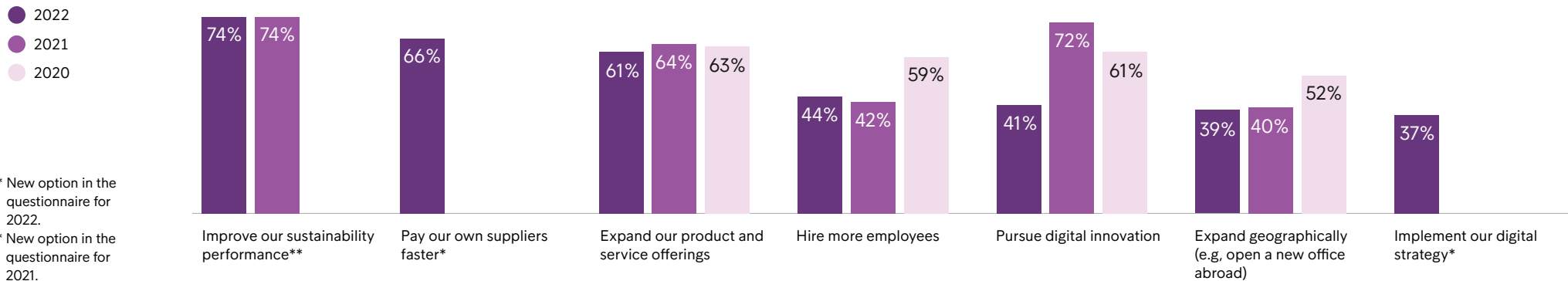
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Serbia

Serbian executives are mindful of the impact of late payments on their business and the wider economy

Serbia has come under pressure from the EU, its largest economic partner, over its close relationship with Russia and warmth towards China. The country refused to join Western sanctions against Russia, which had further damaged its relationship with the EU.²⁸

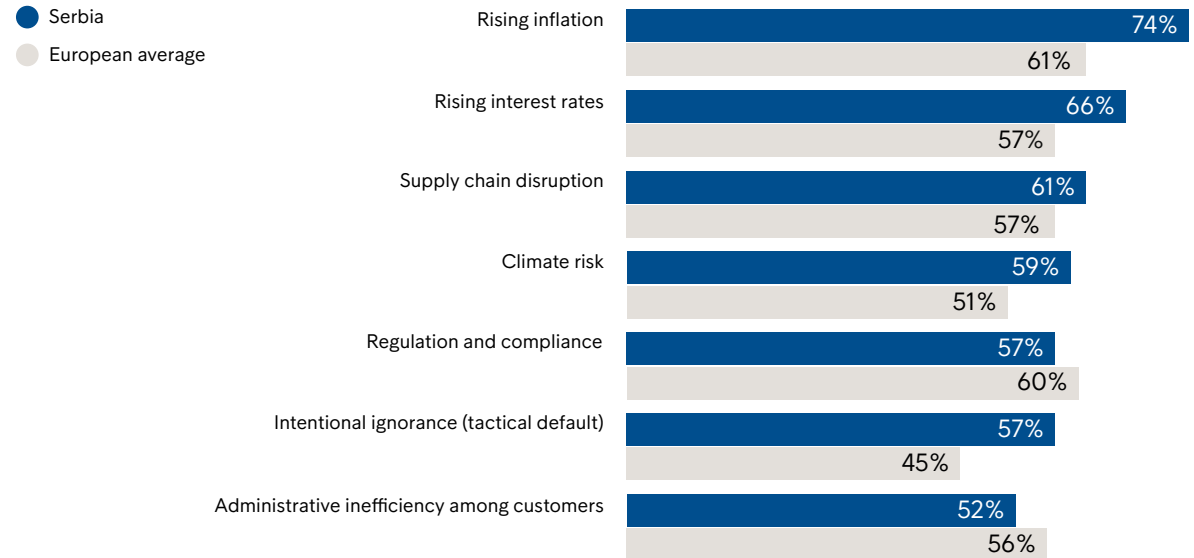
Almost three in four Serbian respondents (73 per cent) believe that faster payments from their debtors would enable them to expand their product and service offerings, compared with 66 per cent across Europe. Serbian respondents are also more likely to say that the pandemic increased their awareness of the impact that late payments have on small businesses (64 per cent vs. 57 per cent across Europe).

66% **48%**

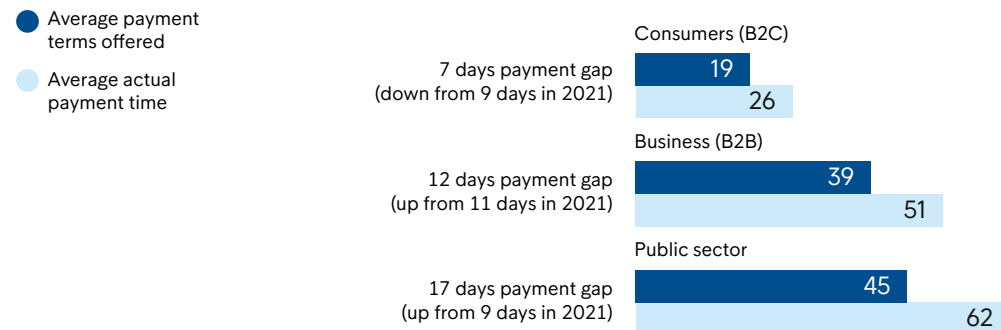
are more concerned than ever about debtors' ability to pay on time (68 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

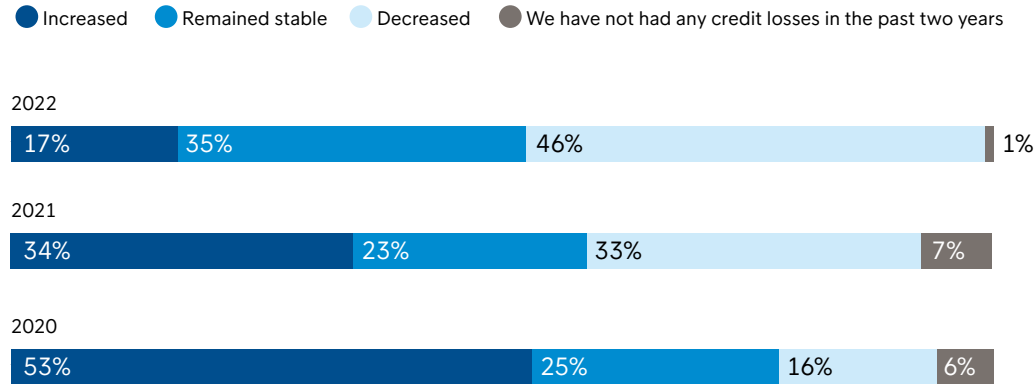


Gap in payment terms offered and actual payment duration

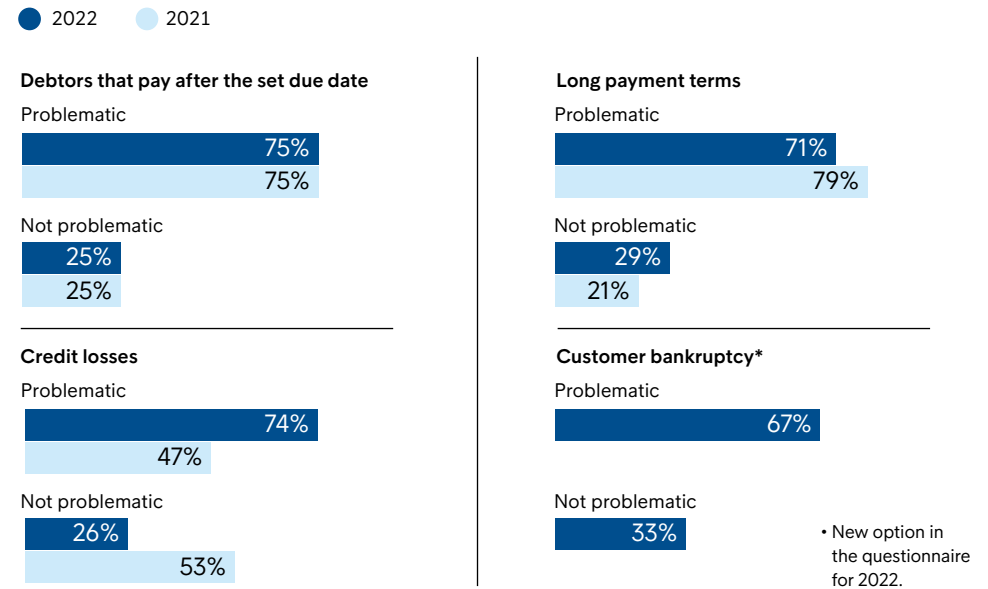


²⁸ <https://www.ft.com/content/0041d1a9-71bd-4ea3-8176-e8b7d99e4a92>
<https://www.ft.com/content/dfb9c5a9-4210-4880-96e2-fe3e06999d51>

Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Slovakia

Slovakian businesses worry about their resilience in the face of disruption

As a country that is highly dependent on Russian hydrocarbons, Slovakia would likely need significantly longer than other European nations to phase out Russian oil and gas supplies. The government has backed plans to tax Russian crude oil processed in Slovakia, to fund anti-inflationary measures.²⁹

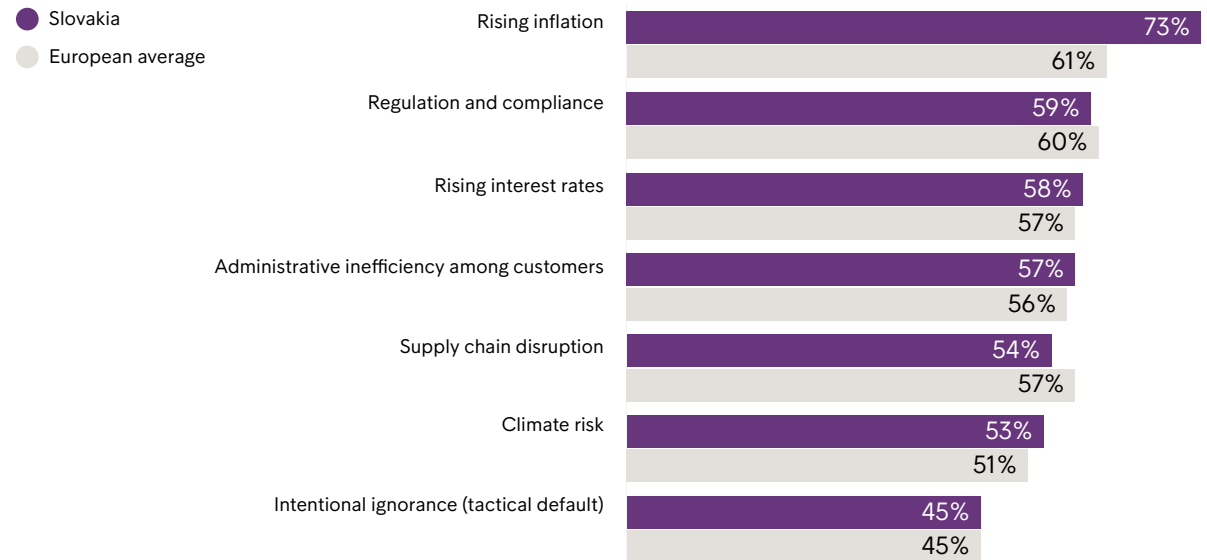
If there were another crisis in the next few years, more than half of Slovakian respondents (53 per cent) believe their business would be no better at managing the disruption to their cash flow and profits than they were before Covid-19 (European average: 47 per cent). Almost seven in 10 (68 per cent) are more concerned than ever before about their debtors' ability to pay them on time, compared with 62 per cent across Europe.

68% **51%**

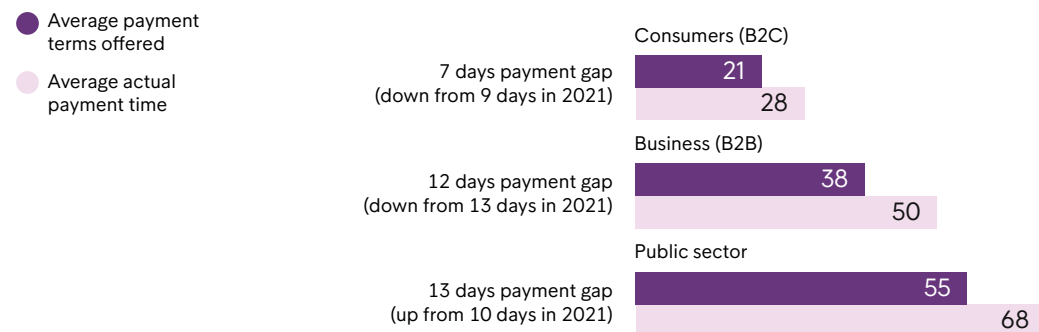
are more concerned than ever about debtors' ability to pay on time (62 per cent in 2021).

say inflation is restricting their ability to grow the business and seize new opportunities.

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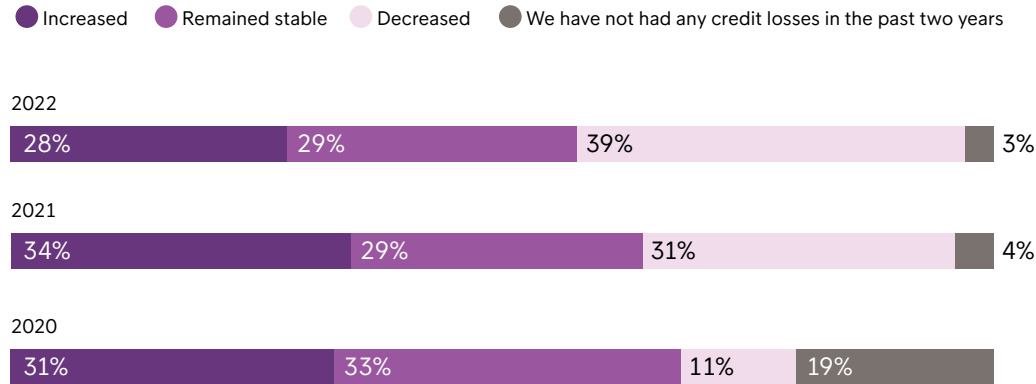


Gap in payment terms offered and actual payment duration

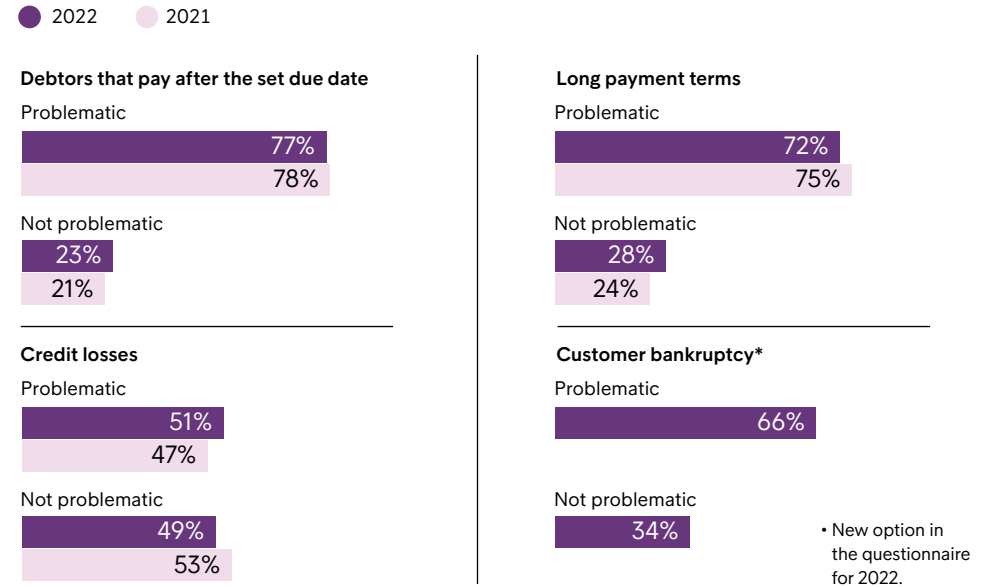


²⁹ <https://www.ft.com/content/5417e701-48ec-4e69-aa02-f8f125d0b389>
<https://www.reuters.com/markets/europe/slovak-government-backs-proposal-tax-russian-oil-processing-2022-05-18/>

Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Slovenia

Inflation in Slovenia is putting pressure on businesses' relationships with their employees

Six in 10 Slovenian respondents say they are concerned about their ability to meet employee demand for higher wages during a period of high inflation, which is higher than the European average.

In this economic climate, almost three in four Slovenian respondents (72 per cent) believe that faster payments from their debtors would enable them to expand their product and service offerings, compared with 66 per cent across Europe. Nonetheless, four in 10 (39 per cent) say they pay their suppliers later than they would ever accept from their own customers.

61%

are more concerned than ever about debtors' ability to pay on time (58 per cent in 2021).

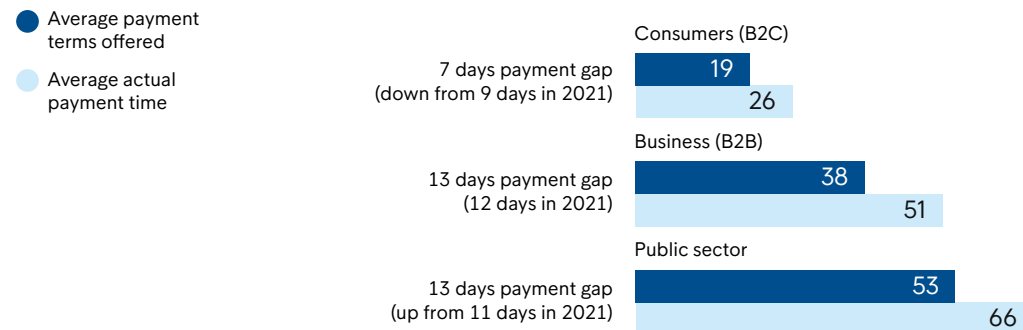
46%

say inflation is restricting their ability to grow the business and seize new opportunities.

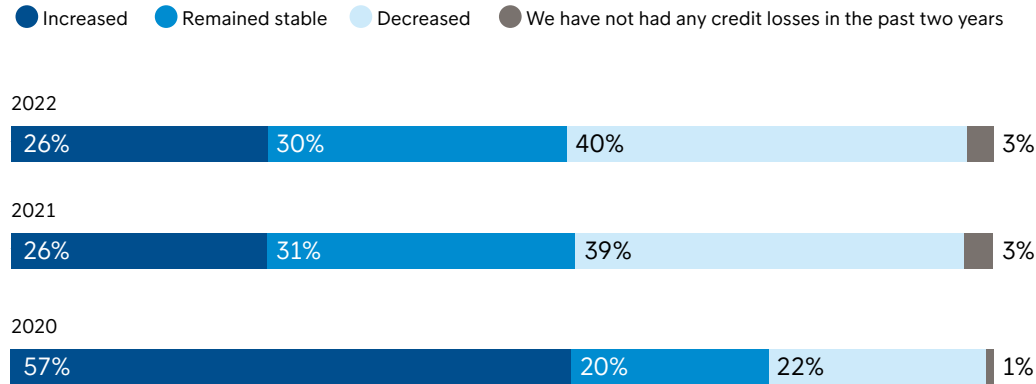
Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?



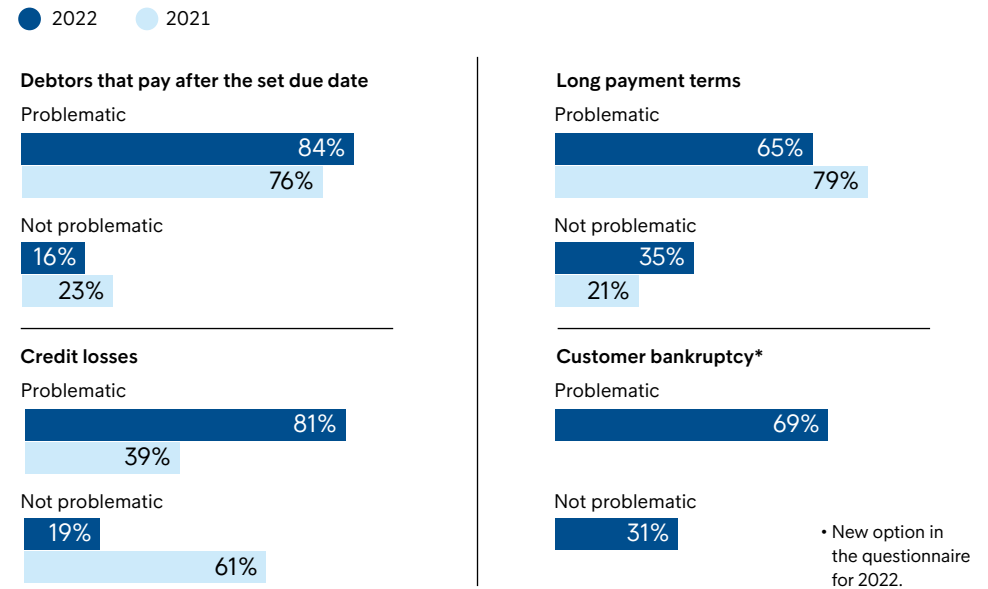
Gap in payment terms offered and actual payment duration



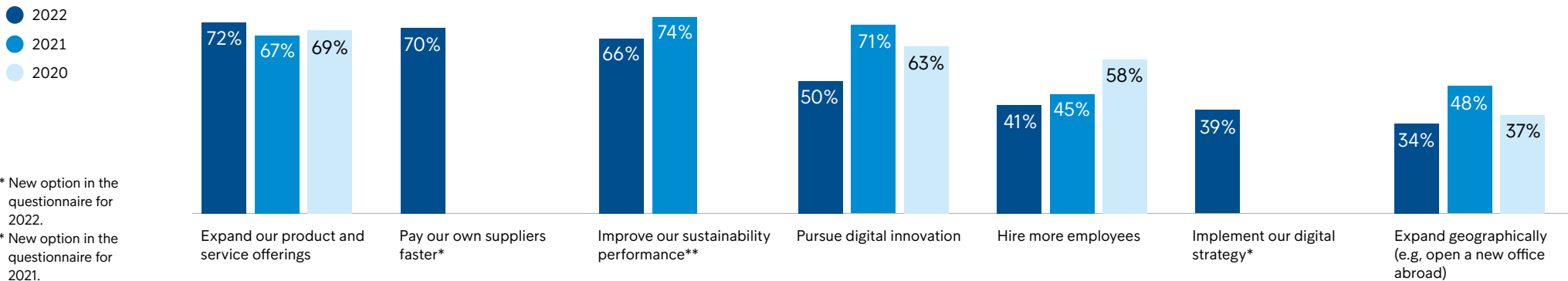
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Spain

Growth is on the agenda for businesses in Spain

In spring 2022, the Spanish government approved a €16bn “shock plan” to mitigate the impact of the war in Ukraine. The country is also planning to increase spending from the EU’s €800bn euro recovery fund to mitigate the effects on energy prices.³⁰

Today, a positive 61 per cent of Spanish respondents say growing the business is a top priority for their business in the next 12 months, compared with 55 per cent on average in Europe.

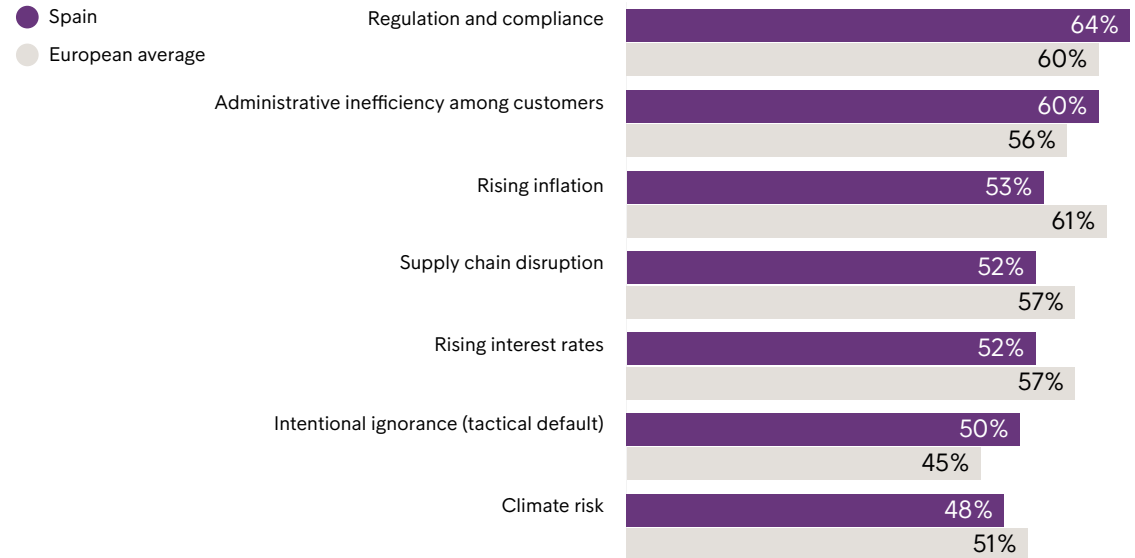
Around six in 10 (58 per cent) say they would like to improve their management of late payments but find this difficult due to a lack of skills and resources in-house. The European average is 53 per cent. More than six in 10 Spanish (62 per cent) believe that Covid-19 increased their awareness of the impact that late payments have on small businesses.

64% **55%**

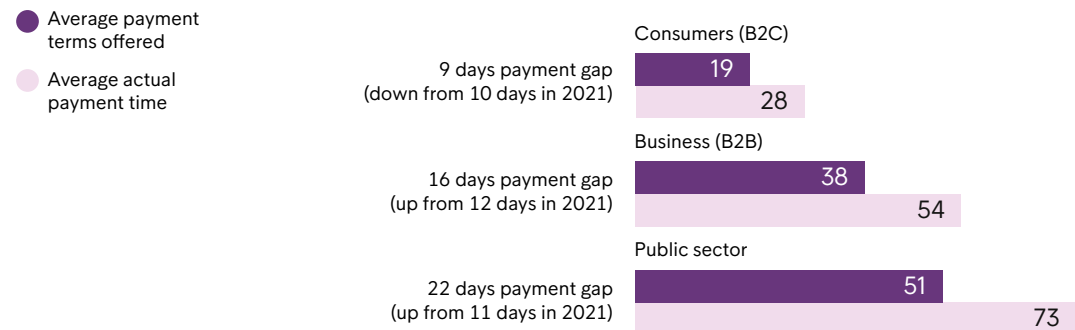
are more concerned than ever about debtors’ ability to pay on time (63 per cent in 2021).

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Which of the following challenges do you expect to impact your customers’ impact your customers’ ability to pay on time and in full during the next 12 months?

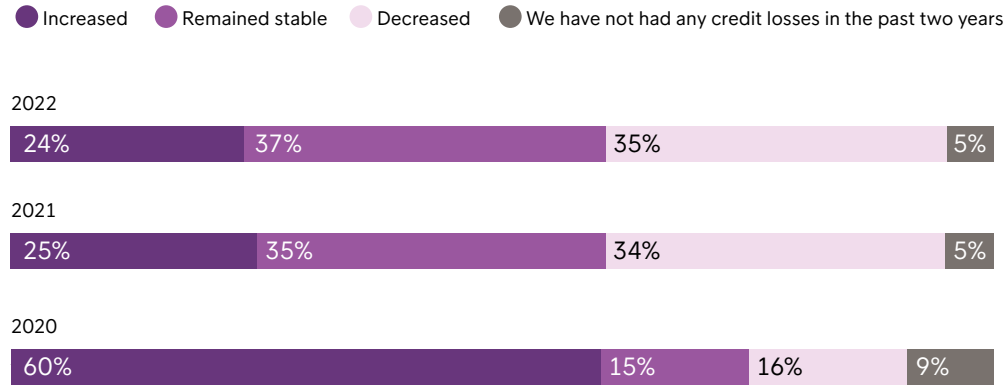


Gap in payment terms offered and actual payment duration

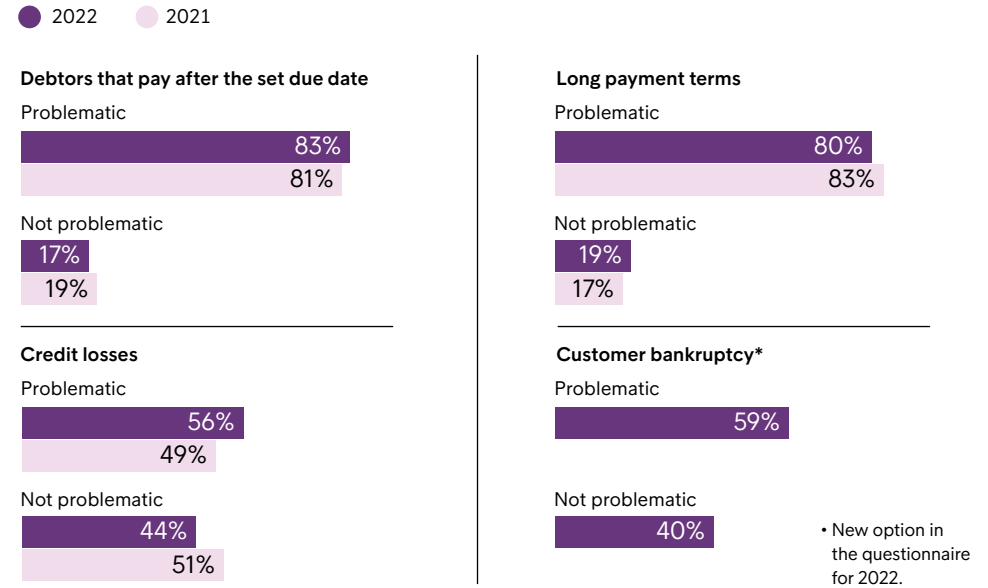


³⁰ <https://www.ft.com/content/713ef01c-c858-4394-bacc-8284b8f841bb>
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Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Sweden

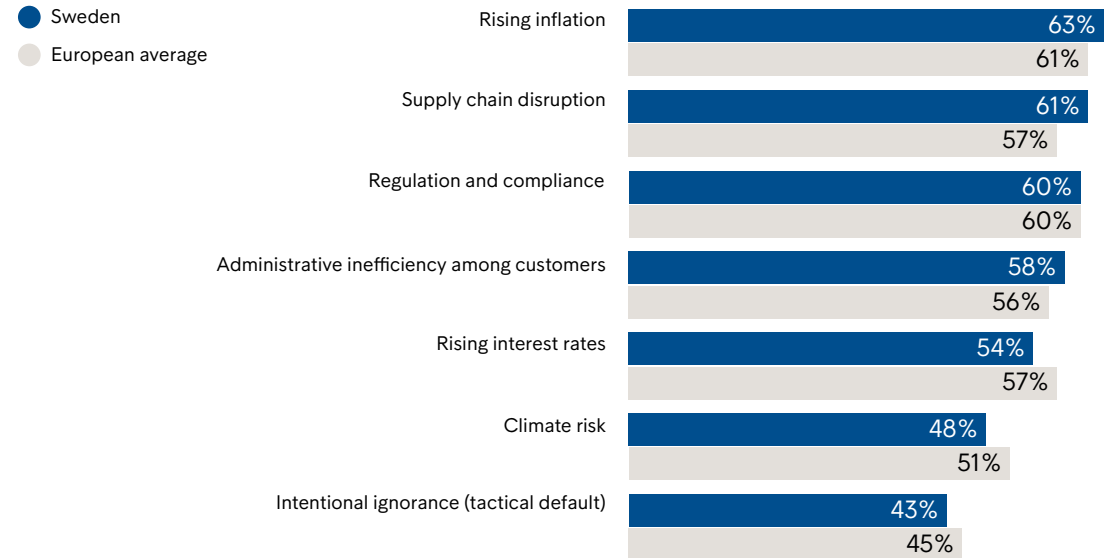
Swedish businesses are more likely than other European countries to be stronger after Covid-19 than they were before

The Swedish economy shrank in the first quarter of 2022, as energy inflation hit consumers household finances.

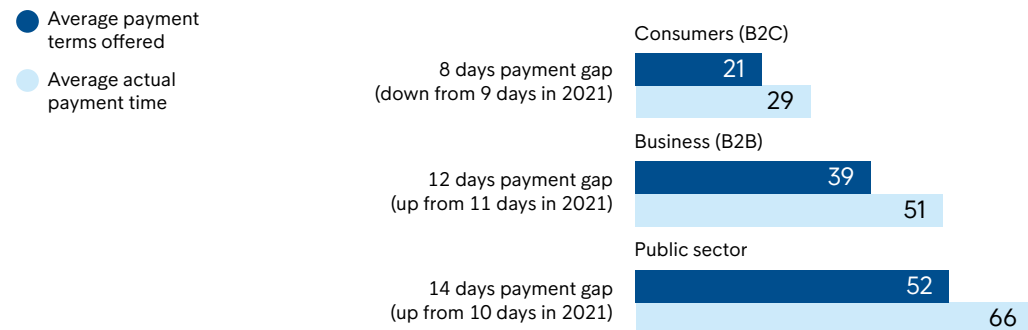
Three in 10 (31 per cent) respondents in the country believe, however, that their business is stronger today than before the pandemic, which is higher than the European average of 23 per cent.

68 per cent of Swedish respondents say they rarely think about the negative impact that a late payment might have on a smaller business, compared with 61 per cent across Europe.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?



Gap in payment terms offered and actual payment duration



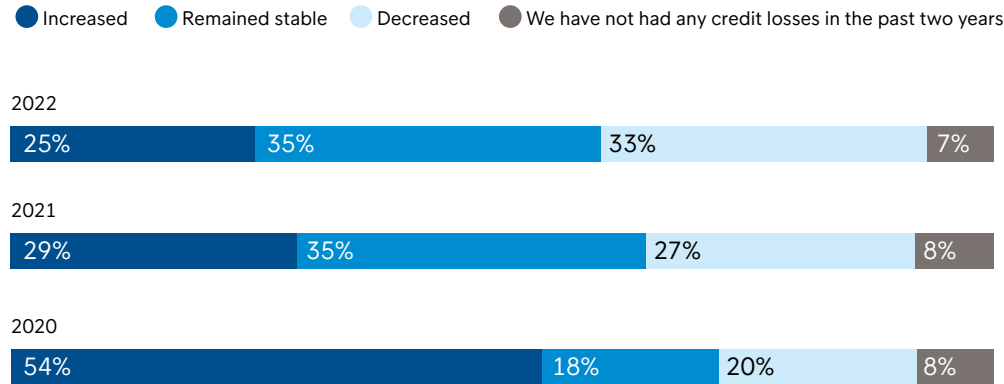
62%

are more concerned than ever about debtors' ability to pay on time (64 per cent in 2021).

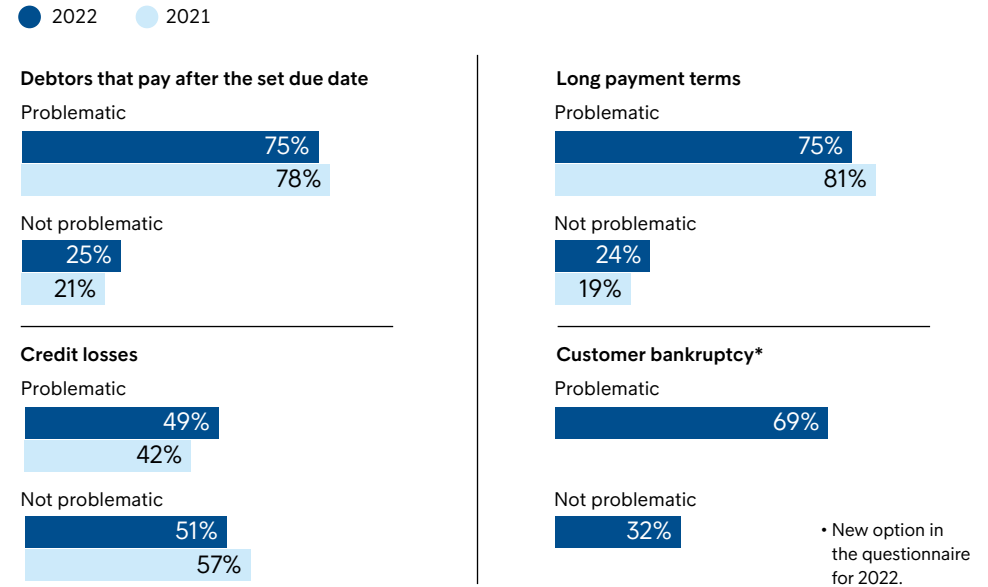
47%

say inflation is restricting their ability to grow the business and seize new opportunities.

Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



Switzerland

Swiss firms are in a position to grow

As a country with a resilient energy grid, powered mostly by water and nuclear power, Switzerland has experience higher inflation than in recent years but not to the extent of most other European countries.³¹

Benefiting from these favourable conditions, more than seven in 10 (71 per cent) Swiss respondents say growing the business is a top priority for their business in the next 12 months, compared with 55 per cent on average in Europe. One in three (33 per cent) believe the pandemic will stop having any impact on businesses within six months.

Two-thirds admit that their organisation does not have the expertise in-house to successfully manage the impact of inflation on our business, higher than the 58 per cent European average.

65% **50%**

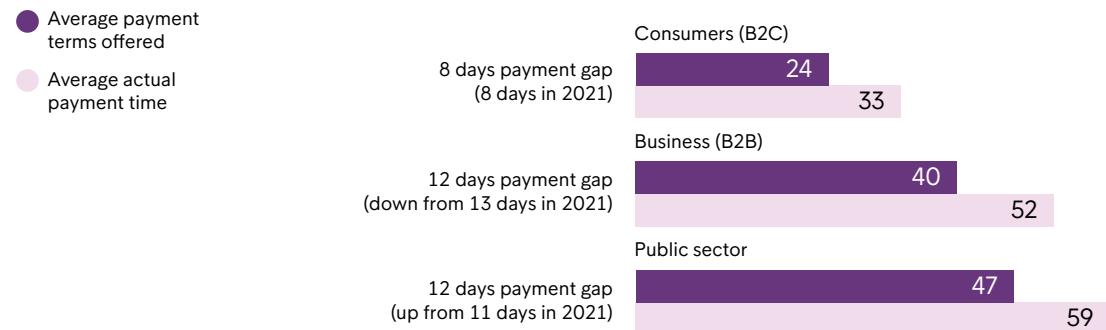
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say inflation is restricting their ability to grow the business and seize new opportunities.

Which of the following challenges do you expect to impact your customers' impact your customers' ability to pay on time and in full during the next 12 months?

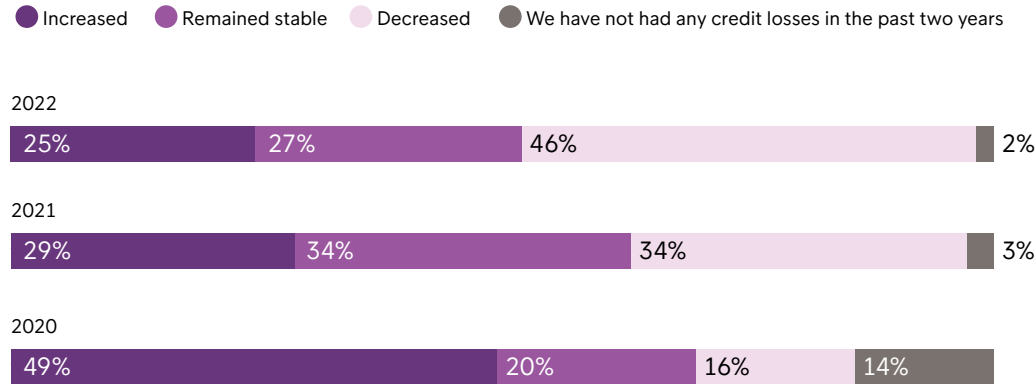


Gap in payment terms offered and actual payment duration

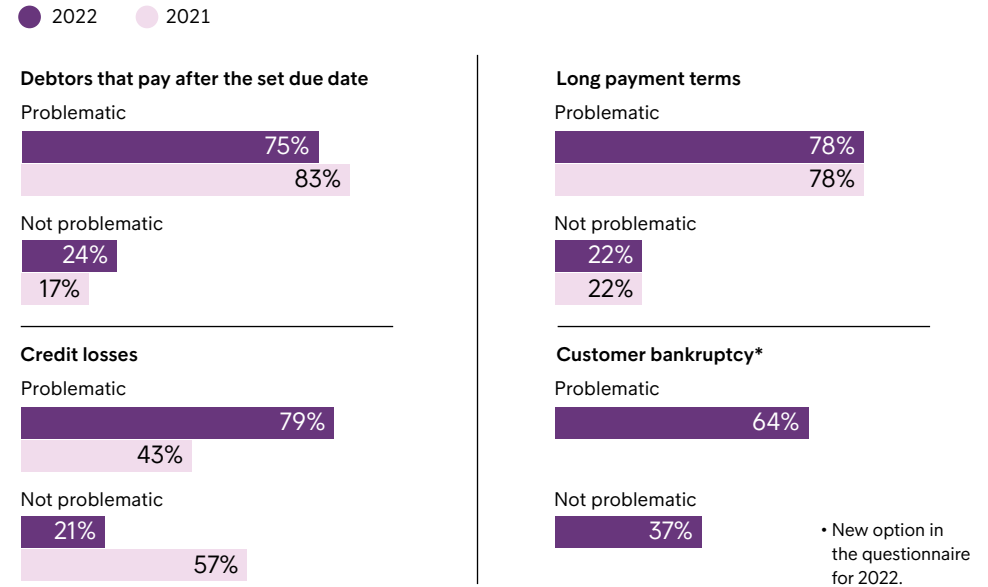


³¹ <https://www.ft.com/content/80c268fa-61d4-42ac-a9f4-310f12678c43>
<https://www.swissinfo.ch/eng/business/inflation-and-interest-rates--how-switzerland-is-different/47476092>

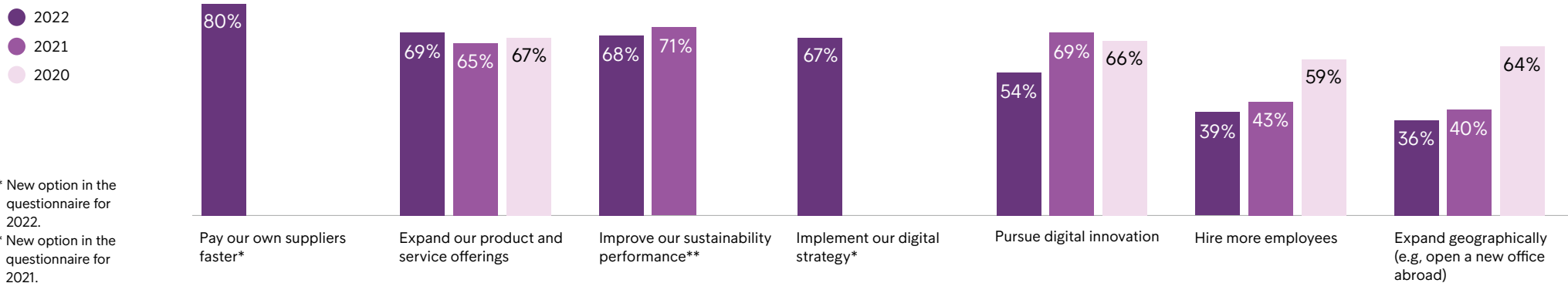
Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



The United Kingdom

UK businesses believe they are too generous with their payment terms

In response to a cost-of-living crisis, with energy prices 69 per cent higher in April 2022 than in the year before, the UK government announced a £15bn support package, funded by a “windfall tax” on oil and gas firms, to help households struggling with bills.³²

More than half of respondents in the UK (53 per cent) say the payment terms that they offer to customers are too generous and are harming them as a business. The European average is 45 per cent. At the same time, 51 per cent say they pay their suppliers later than they would ever accept from their own customers, although 60 per cent are taking steps to ensure they are better at paying their suppliers on time.

Less than half of respondents in the UK (43 per cent) are making growth a top priority in the next 12 months. This is lower than the European average of 55 per cent.

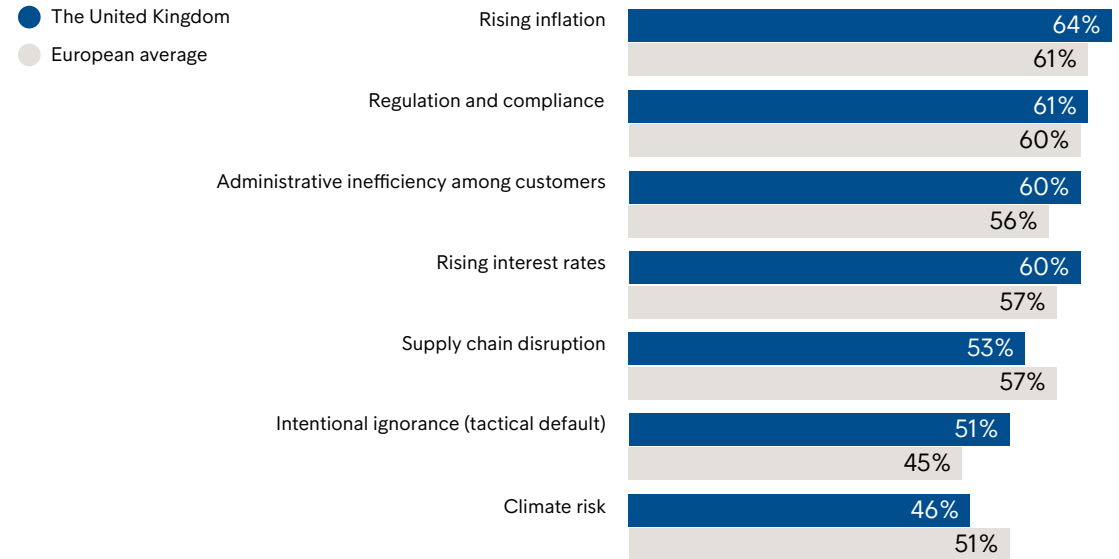
58% **51%**

are more concerned than ever about debtors’ ability to pay on time (62 per cent in 2021).

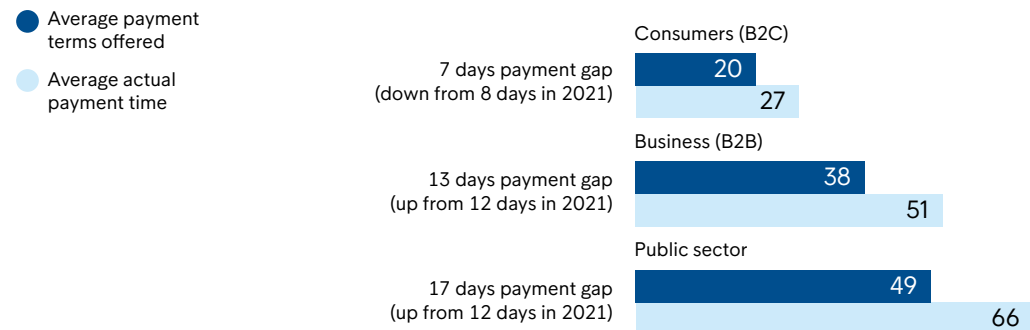
say inflation is restricting their ability to grow the business and seize new opportunities.

³² <https://www.ft.com/content/9a4b6272-86da-436f-a8c0-fb697d18c303>
<https://www.ft.com/content/8015b43f-5cdd-443e-bd0c-3079d4582e48>
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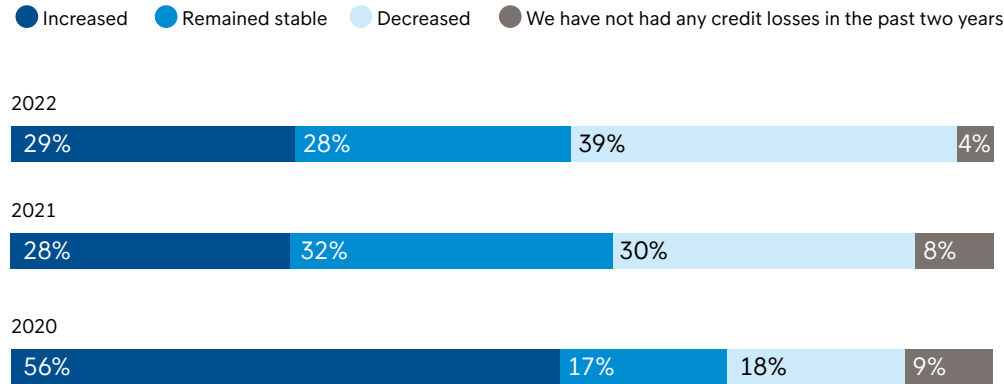
Which of the following challenges do you expect to impact your customers’ impact your customers’ ability to pay on time and in full during the next 12 months?



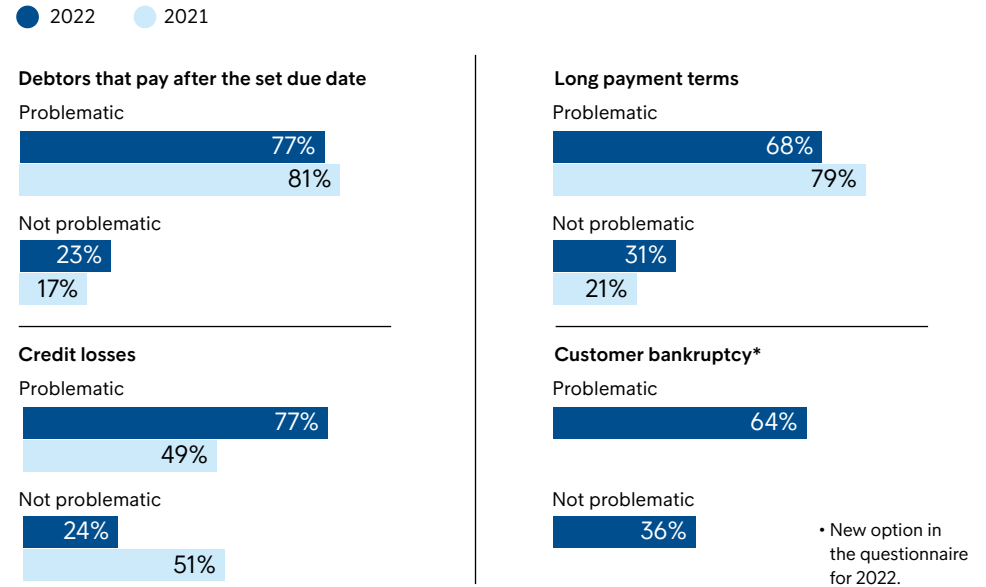
Gap in payment terms offered and actual payment duration



Have your credit losses increased, decreased or remained stable?



How problematic are the following areas when it comes to customer payments?



Would faster payments from your debtors enable your company to increase its investment in the following areas?



About the report and the survey

The report is based on a survey that was conducted simultaneously in 29 European countries between 17th of January and 13th of April 2022. A total of 11,007 companies across 15 industries in Europe participated in the research. For the United Kingdom, 500 participated in the survey.

The content of the report is developed by Intrum in cooperation with Longitude, a specialist provider of thought leadership and research services to a multinational corporate and institutional client base, headquartered in London, England. Design by Passion/Jeanette Friman. The report is published in June 2022.

Through this comprehensive survey among European companies, Intrum generates awareness and debate among politicians and the media regarding how late or non-payments impact economies in Europe.

Intrum participates in seminars and meetings in Brussels to inform EU delegates of the situation and the best approach for working towards a sound economy and secure payments in Europe.

Since 2013 Intrum has, as a representative of the business community, spoken about the consequences of late payments to the European Union. Intrum continues through 2022 to participate in dialogue with the EU Commission on how to make the implementation of the Late Payment Directive as effective and forceful as possible.

The Late Payment Directive recommends payment periods for companies to be at most 60 days and for public authorities 30 days.

About the survey

The report is based on an external survey of 11,007 companies in Europe. The survey was conducted simultaneously in 29 European countries between 17th of January and 13th of April 2022.

The research was conducted through telephone interviews and online survey participation (web questionnaire). The questionnaire was translated into the respective national language.

The target group for the survey include subject matter experts within finance departments in addition to C-level executives. The data has been analysed at pan-European and individual country level and company size.

The research was conducted by Longitude, a specialist provider of thought leadership and research services. Market Expertise has supported field work in all 29 markets (Austria, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, The Netherlands, Norway, Poland, Portugal, Romania, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland and United Kingdom).

Download the pan-European report containing information about all markets at intrum.com/epr2022

Definitions

Company size:

SME: companies with less than 249 employees

Large corporations: companies with 250 employees or more

The structure of the sample

Number of respondents in survey: 11,007

Role of respondents:

Chief Executive Officer	17%
Chief Financial Officer	8%
Head of Corporate Treasury	2%
Chief Operating Officer	8%
Head of Credit Risk	6%
Director of Finance	19%
Director of Corporate Treasury	2%
Financial Controller	4%
Head of Accounting	9%
Vice-President of Finance	5%
Senior Finance Manager	6%
Senior Finance Executive	5%
Credit Manager	2%
Finance Executive	6%

Company size:

0 to 9 employees	24%
10 to 49 employees	26%
50 to 249 employees	21%
250 to 499 employees	9%
500 to 999 employees	7%
1,000 to 2,499 employees	5%
2,500 + employees	10%

Industry sectors:

Banking & Financial services	7%
Business Services	8%
Retail	12%
Construction	5%
Energy & Utilities	5%
Government & Public Sector	5%
Hospitality & Leisure	5%
Industrials & Chemicals	10%
Insurance	8%
Mining & Minerals	5%
Pharma, Medical & Biotech	10%
Real Estate	5%
Technology & Media	5%
Telecommunications	5%
Transportation & Logistics	5%

Our other publications

Intrum is the undisputed market leader in credit management in Europe. We help companies prosper by taking care of their customers and considerably helping people pay. Intrum is leading the way towards a sound economy where payment flows work, and people become debt free. We have a lot of insights and knowledge regarding the late or non-payment impact on economies throughout Europe.

Intrum actively participate in seminars and meetings in Brussels to inform EU delegates of the situation and the best approach to secure payments in Europe. Through our publications you can learn more about the development of late payment trends from a local, regional and pan European view.



European Payment Report 2022 country reports

The insights from the European Payment Report 2022 are also available in country reports, with national data in local language, looking scientifically into how businesses in a particular market is impacted by late payments.

Download the reports from the local intrum website.



European Consumer Payment Report 2021

The European Consumer Payment Report (ECPR) is based on an annual survey conducted in 24 European countries covering over 24,000 respondents throughout the continent. The report provides insights to European consumers' views on their economic outlook, and ability to manage their household finances.

Download the latest report at www.intrum.com/ecpr2021



European Consumer Payment Report 2021 country reports

The insights from the European Consumer Payment Report 2021 are also available in country reports, with national data in local language.

Download the reports from the local intrum website.



Nordic Debt Collection Analysis

The Nordic Debt Collection Analysis (NDCA) seeks to close the knowledge gap between debt collection and the general economic development. The analysis provides insight on which direction the default market is currently heading and to point out the key drivers behind the observed market movements. The analysis is based on our internal data.

Download the latest report at www.intrum.com



Financial Wellbeing Barometer

The Intrum Financial Wellbeing Barometer aims to provide a holistic perspective on how consumers across 24 European countries are managing their personal finances. Ranking the countries from 1 to 24, the Barometer take several aspects of personal finances into consideration when calculating the wellbeing score; income level, ability to pay bills on time, debt-to-income ratio, saving rates and level of financial literacy.

Download the latest report at www.intrum.com

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