



Key trends for B2B payments and cash flow

# Spain

Businesses withstand trade credit risk impact amid economic headwinds



## About the Atradius Payment Practices Barometer

The Atradius Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world.

Our survey provides us with the opportunity to hear directly from companies polled about how they are coping with the impact of the current challenging economic and trading environment on payment behaviour of their B2B customers. This can give valuable insights into how businesses are paid by their B2B customers, and how they tackle the pain points caused by poor payment practices.

The findings about what measures are undertaken to fund a sudden need for cash, and what credit management tools they use to mitigate the risk of long-term cash flow problems, may also be valuable information in helping understand how companies respond to the crucial issue of late or non-payment in the current uncertain times.

However, the survey also has a strong focus on the challenges and risks that companies polled believe they will encounter during the coming months, and their expectations for future business growth.

The results of our survey can supply useful insights into the current dynamics of corporate payment behaviour in B2B trade, and identify emerging trends that may shape its future. This can be extremely useful to companies doing business, or planning to do so, in the markets polled.

In this report, you will find the survey results for Spain.

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



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# B2B payment trends and cash flow

## Businesses withstand trade credit risk impact amid economic headwinds

The challenging trade credit risk landscape in Spain is reflected in a sharp downward trend in B2B sales transacted on credit during the past 12 months. Our survey found that an average 49% of B2B sales are now made on credit, down from 56% last year. Spanish construction companies contributed most to this decrease, demand in the sector having been hit hard by significantly increased borrowing costs to which it is particularly sensitive. Although food inflation remains high, the agri-food sector showed a more dynamic approach to trading on credit, as did the steel-metals sector thanks to an easing of the energy crisis.

Further evidence of the strain on cashflow amid tough economic headwinds is seen in a far more stringent approach to payment terms among companies polled in Spain. These terms now stand at 34-day average from invoicing, three weeks shorter than last year, in a bid to reduce exposure to B2B payment defaults. The construction sector reported granting markedly shorter terms to B2B customers, but the agri-food industry was more generous. 44% of businesses polled said they set payment terms in light of the cost of new credit required to fill liquidity gaps. Payment policy in the steel-metals sector was strongly influenced by having a credit insurance place, allowing for more relaxed terms.

Our survey found a slight upward trend in late payments by B2B customers in the Spanish market. These now stand an average of 49% of all B2B sales on credit, with companies in the steel-metals sector hardest hit. The level of bad debts showed a slight decrease, affecting 6% of all invoiced B2B sales during the past year. This downward trend probably reflects the more stringent payment policy. However, bad debts stand at 11% in the steel-metals sector, which also helps to explain their sensitivity to using credit insurance. Companies responded by strengthening credit control procedures, and the agri-food sector reported a desire to request trade credit to raise essential short-term finance.

The range of actions taken to strengthen cashflow contributed to minimising large swings in Days-Sales-Outstanding (DSO) during the past 12 months, although it worsened in the steel-metals sector. This also helps to explain the desire among companies polled in that sector to choose a more strategic approach to credit risk management involving credit insurance, with its benefits of access to business intelligence and credit risk mitigation. 63% of companies polled in Spain opted for in-house retention and management of customer credit risk, particularly in the construction sector. Factoring was also used to minimise the risk of B2B customer payment defaults.

**Key figures and charts on the following pages**

## Key survey findings

- B2B sales transacted on credit showed a sharp downward trend among companies polled in Spain and now average 49% of all B2B sales, compared to 56% last year. This was caused particularly by falling sales on credit in the hard-hit construction sector.
- The length of payment terms granted to B2B customers by businesses polled in Spain decreased significantly. These now stand at a 34-day average from invoicing, down from 51 days last year. Construction companies had the most stringent approach, while the agri-food sector was more relaxed.
- 44% of Spanish companies told us they took into account the cost of new credit to fill potential liquidity gaps when setting payment terms. The steel-metals sector said they could offer more relaxed terms when having credit insurance in place.
- A slight upward trend in late payments was reported by businesses polled in Spain. They now affect an average 49% of all B2B sales on credit, with the steel-metals sector hardest hit. Bad debts decreased, to stand at 6% of all B2B sales.
- Spanish companies responded to the challenging trade credit landscape by strengthening their credit control process. The agri-food sector, in particular, requested trade credit to bridge liquidity gaps. Swings of Days-Sales-Outstanding (DSO) were largely contained, except in the steel-metals sector.
- In-house retention and management of customer credit risk was the preferred option for 63% of Spanish companies polled. However, our survey found that agri-food and steel-metals businesses were moving towards the benefits of using credit insurance.

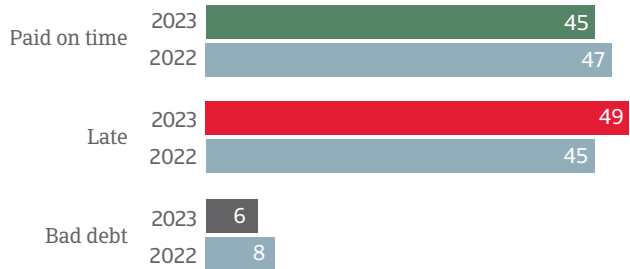




# Spain

## Spain

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

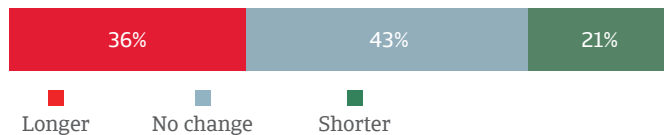


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Spain – 2023

## Spain

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



\*average amount of time to get paid from B2B customers

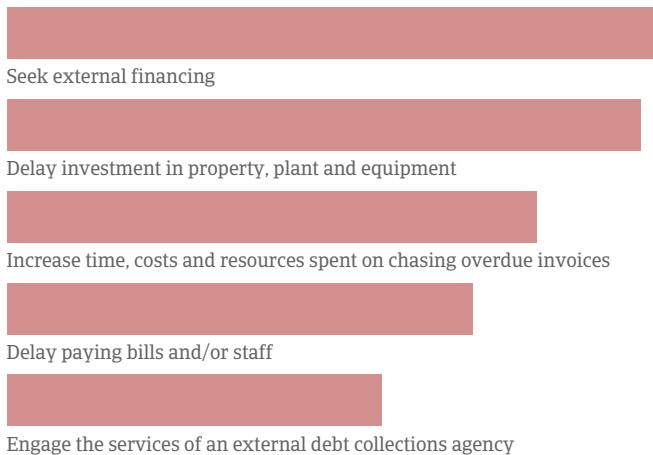
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Spain – 2023

## Spain

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

(% of respondents - multiple response question)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Spain – 2023

### Survey question

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

- 44% Equity capital
- 40% Trade credit
- 37% Debt securities issued
- 35% Internal funds

\*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer Spain – 2023

# Looking ahead

## Range of concerns expressed by businesses cloud outlook for the year ahead

Although there are encouraging signs of an increase in domestic economic activity as well as an easing of the energy crisis, businesses polled in Spain nevertheless reported a range of concerns for the year ahead. High inflation, high interest rates and high production input prices continue to worry companies across all sectors, with the fear they could impact negatively on payment behaviour in B2B trade. Various potential obstacles to business growth also prompted concerns, among them the effects of climate change regulations, new tariffs and trade restrictions.

An expected growth in consumer confidence and spending during the coming months is reflected in optimism expressed among companies polled in Spain about an increase in demand. 61% of businesses told us they anticipate that greater demand will lead to increasing sales, although pessimism was reported in the steel-metals sector. Agri-food companies, in particular, are also highly positive about the prospects for increased profit margins because they are able to offset increased costs by raising prices. The steel-metals sector, again, is negative because their businesses have more limited potential for pass-through of costs.

46% of companies polled in Spain told us they expect an improvement of Days-Sales-Outstanding (DSO) in the year ahead, with the agri-food sector especially optimistic. Our survey found that 44% of businesses anticipate little or no change, while only 10% said they believe there will be a deterioration of DSO. Most pessimism was expressed in the steel-metals sector, which fears repercussions on its liquidity position. There was a similar outlook in the prospects for B2B customer payment behaviour, with 40% of companies polled expecting improvement. 46% of businesses anticipate no change, with 14% fearing the situation will worsen, particularly in the construction sector.

Clear evidence emerged in our survey of a move towards a more strategic approach to credit risk management involving the use of credit insurance. This was expressed strongly by companies polled in the Spanish steel-metals sector, who said a key factor was its help in credit mitigation in a challenging economic climate. Businesses in the Spanish agri-food sector also acknowledged benefits of credit insurance such as access to business intelligence and as a tool that facilitates trade growth. 50% of companies polled, especially in the construction sector, said they would continue with in-house retention and management of customer credit risk.

**Key figures and charts on the following pages**

## Key survey findings

- A broad range of concerns for the year ahead were expressed by companies polled in Spain despite a brighter outlook for the domestic economy. High inflation and high interest rates are particular worries along with high production input prices.
- Businesses in Spain also told us they were anxious about various potential obstacles to growth in the coming months. These include factors such as climate change regulations and new tariffs as well as trade restrictions.
- 61% of Spanish companies said they expect an increase in demand during the coming year, with a consequent boost for sales. The agri-food sector reported optimism about an increase in profit margins, but there was pessimism in the steel-metals sector.
- An improvement in Days-Sales-Outstanding (DSO) is anticipated by 46% of businesses polled in Spain, with the agri-food sector the most positive. 44% of companies expect no change, while 10% believe DSO will worsen.
- Guarded optimism was also expressed about the prospects for payment behaviour of B2B customers. 40% of companies polled anticipate a positive trend, while 46% expect no change. 14% of businesses believe it will deteriorate, particularly in the construction sector.
- Our survey found a clear switch in the Spanish steel-metals sector towards the benefits of a strategic approach to credit management involving credit insurance. 50% of companies polled across sectors said they would continue with in-house retention and management of customer credit risk.





# Spain

## Spain

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

(% of respondents)

Sales



Profit margins



■ Improve   ■ No change   ■ Deteriorate

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

## Spain

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

(% of respondents)



■ Improve   ■ No change   ■ Deteriorate

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

## Spain

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

(% of respondents - multiple response question)



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

### Survey question

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

(% of respondents)

**46%** Improve  
**44%** No change  
**10%** Deteriorate

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

## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Spain are the focus of this report, which forms part of the 2023 edition of the Atradius Payment Practices Barometer. A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 210 interviews in total. All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from Spain were surveyed, and the appropriate contacts for accounts receivable management were interviewed
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us to compare data referring to a specific sector crossed by each of the economies surveyed.
- **Selection process:** Companies were selected and contacted by use of an international Internet panel. A screening for the appropriate contact, and for quota control, was conducted at the beginning of the interview.
- **Sample:** N=210 people were interviewed in total. A quota was maintained according to four classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: The survey was conducted between the end of Q1 and the beginning of Q2 2023.

### Sample overview – Total interviews = 210

Business sector	Interviews	%
Manufacturing	100	48
Wholesale	54	26
Retail trade / Distribution	32	15
Services	24	11
<b>TOTAL</b>	<b>210</b>	<b>100</b>

Business size	Interviews	%
SME: Small enterprises	40	19
SME: Medium enterprises	71	34
Medium-Large enterprises	69	33
Large enterprises	30	14
<b>TOTAL</b>	<b>210</b>	<b>100</b>

Agri-food	75	36
Construction	62	30
Metals	73	35
<b>TOTAL</b>	<b>210</b>	<b>100</b>

## Statistical appendix

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

## Interested in finding out more?

Please visit the [Atradius](http://Atradius) website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

Follow us to stay up to date with our latest releases by [subscribing](#) to notifications of our Publications, and receive weekly emails with alerts to when new reports are published.

To find out more about B2B receivables collection practices in **Spain and worldwide**, please visit [atradiuscollections.com](http://atradiuscollections.com).

For Spain please visit [creditoycaucion.es/es](http://creditoycaucion.es/es)



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