Atradius Payment Practices Barometer 2024

B2B payment practices trends

Belgium

Trade credit balancing act amid bad debts increase

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 Belgium. Focus on the construction, machines and steel/metals sectors.

The survey was conducted between the end of Q1 and the beginning of Q2 2024. The findings should therefore be viewed with this in mind.

In this report

B2B payment practices trends 4
Trade credit balancing act amid bad debts increase

Key figures and charts 6

Looking ahead 7
Major concern over worsening DSO and workforce shortages

Key figures and charts 9

Survey design 10

Disclaimer

This publication is provided for information purposes only and is not intended as investment advice, legal advice or as a recommendation as to particular transactions, investments or strategies to any reader. Readers must make their own independent decisions, commercial or otherwise, regarding the information provided. While we have made every attempt to ensure that the information contained in this publication has been obtained from reliable sources, Atradius is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information in this publication is provided 'as is', with no guarantee of completeness, accuracy, timeliness or of the results obtained from its use, and without warranty of any kind, express or implied. In no event will Atradius, its related partnerships or corporations, or the partners, agents or employees thereof, be liable to you or anyone else for any decision made or action taken in reliance on the information in this publication or for any loss of opportunity, loss of profit, loss of production, loss of business or indirect losses, special or similar damages of any kind, even if advised of the possibility of such losses or damages.

Belgium

B2B payment practices trends

Trade credit balancing act amid bad debts increase

Our survey reveals a clear and significant trend of companies in Belgium reducing bank borrowing amid a period of rising interest rates, and instead seeking trade credit as a source of short-term finance. 50% of businesses report an increased reliance on trade credit to boost sales and address cashflow challenges, particularly in the construction and machinery sectors. This change is leading Belgian companies to reassess their sales strategies for B2B customers as they try to find a balance between offering attractive trade credit to customers and minimising the detrimental impact of late or non-payment on the business. An upward trend now sees 54% of B2B sales in the construction sector being transacted on credit, mainly to stimulate sales growth. In the Belgian steel/metals industry 46% of B2B sales are currently being made on credit, primarily driven by a desire to build long-term relationships and encourage bulk purchases. In contrast, despite increasing reliance on supplier credit to navigate cash flow challenges arising from the impact of customer credit risk on the business, Belgian machinery companies are adopting a cautious stance in extending trade credit to their B2B customers. This caution, chiefly prompted by a notable rise in bad debts compared to the previous year, is highlighted by a significant decline in B2B sales conducted on credit terms during the past 12 months, now accounting for just one-fifth of total industry sales. This shift reflects a strategic preference for cash transactions amidst prevailing economic uncertainties.

Key survey findings

- As rising interest rates make bank credit more expensive there is a trend among companies in Belgium to scale back borrowing and look towards trade credit. 50% of businesses in our survey report an increased reliance on trade credit, particularly in the construction and machinery sectors.
- Amid this changing financial landscape Belgian companies are re-assessing their trade credit policies, seeking a balance of offering attractive trade credit to B2B customers while minimising the impact of late or non-payment. The use of trade credit has risen in the construction sector to now average 54% of all B2B sales.
- In the Belgian steel/metals industry, sales transacted on credit now average 46% of all B2B sales, primarily driven by a desire to build long-term relationships and encourage bulk purchases. Belgian machinery companies, while relying more on supplier credit to address cash flow challenges, are cautious in offering trade credit to B2B clients.

The balancing act in trade credit policy is especially evident in the machinery industry, which is offering significantly longer payment terms despite the downward trend in overall B2B sales on credit. It indicates that while businesses are cautious about extending trade credit they are offering selected B2B customers more time to pay invoices to foster positive relationships.

Key figures and charts on the following pages

(continued on page 5)

Belgium

Another important factor in the setting of payment terms is to synchronise them with terms received from suppliers to minimise the risk of cashflow disruptions and financial strain that could arise from a mismatch in payment cycles. Payment terms offered by Belgian machinery companies now average nearly 70 days from invoicing, which is also the case in the Belgian steel/metals sector, where they have also trended upwards in the last 12 months.
One of the reasons for this is to establish a consistent industry-wide policy on payment terms. There has been no significant change in the construction industry in Belgium where payment terms for B2B customers currently average 41 days from invoicing.

Across the sectors surveyed in Belgium, a significant amount of revenue generated from B2B transactions on credit is lost due to customers failing to pay their debts. Our survey shows that such losses affect an average 11% of total B2B sales, above the 8% average for Western Europe. The machinery sector is particularly vulnerable to the impact of bad debts because supply chains in the industry are interconnected and if a major B2B customer faces financial distress it can disrupt the entire ecosystem. Many companies in this sector are SMEs, where cashflow is crucial for survival and bad debts can strain liquidity and even lead to bankruptcy. The construction and steel/metals sectors have been a little more successful in mitigating the adverse impact of bad debts, also due to no significant change in the level of late payments compared to 12 months ago. Late payments currently affect just over half of all B2B sales transacted on credit by businesses surveyed in Belgium, and hardest hit again is the machinery industry, which is being affected by a steep increase in late payments. These now affect two-thirds of all B2B sales in the sector.

Despite the potentially alarming upward trend of bad debts impacting businesses engaged in B2B credit transactions, our survey of companies in Belgium finds no significant change in the levels of Days-Sales-Outstanding (DSO) during the past year. 55% of businesses tell us their debt collection efficiency is stable, while among the rest there is an equal division between those companies experiencing a deterioration of DSO and those enjoying an improvement. Most Belgian machinery businesses report stable Days Sales Outstanding (DSO), reflecting the cautious approach to extending trade credit to B2B customers and efforts to shorten payment terms where applicable. However, those noting changes more often indicated deterioration, reflecting challenges with heightened customer credit risks in the sector. Construction businesses also report stable Days Sales Outstanding (DSO), indicating their efforts to maintain consistent payment collection efficiency and practices despite economic and industry-specific challenges. DSO is showing a little more volatility in the Belgian steel/metals industry, where businesses are facing challenges in collecting long overdue payments from B2B customers. This now averages 97 days from invoicing, causing potential cashflow issues and a struggle to meet financial obligations.

- Notably more lenient payment terms are being offered to B2B customers by businesses in both the Belgian machinery and steel/metals sectors, where they average nearly 70 days from invoicing. One important factor in this strategy is synchronising with terms being received from suppliers. There was no change in the construction industry, where the average payment term is 41 days.

- Late payments affect an average of 51% of total B2B invoices issued by Belgian businesses surveyed. This is nearly in line with the Western European average. However, bad debts, averaging 11% of total B2B invoices surpass the 8% average for Western Europe. The Belgian machinery sector is the hardest hit by customer credit risk and this exacerbates financial strain on businesses.

- A mixed picture on Days-Sales-Outstanding (DSO) is evident in our survey. 55% of companies in Belgium report no change in debt collection efficiency, while an equal number of the rest divide between deterioration and improvement. In the Belgian steel/metals industry where DSO averages 97 days from invoicing.

Key figures and charts on the following pages

Belgium

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

- 48% Trade credit
- 40% Bank loans
- 35% Invoice financing
- 21% Internal funds

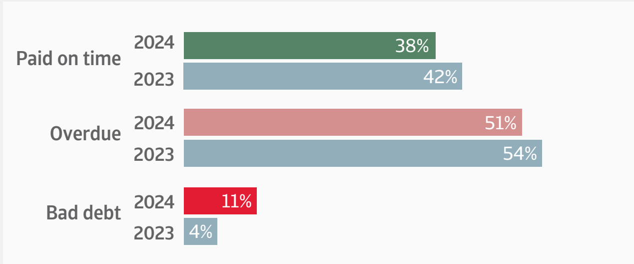
(% of respondents - multiple response)

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium – 2024

Belgium

Belgium

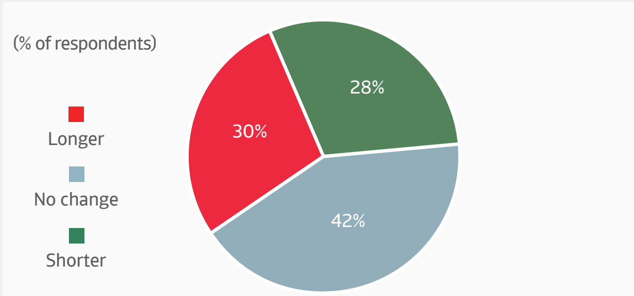
% of the total value of B2B invoices paid on time, overdue and bad debt (2024/2023)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium – 2024

Belgium

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



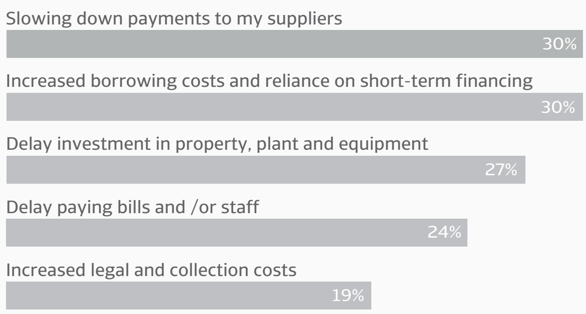
*average amount of time to get paid from B2B customers

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium – 2024

Belgium

Over the past 12 months, have late payments from your B2B customers led your company to experience any of the following situations?

(% of respondents - multiple response)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium – 2024

Belgium

Looking ahead

Major concern over worsening DSO and workforce shortages

Increasing anxiety is evident in our survey of Belgian companies about the prospects for B2B payment practices. 24% of businesses, twice as many as last year, anticipate a deterioration of B2B customer payment behaviour during the months ahead. This pessimism is especially prevalent in the Belgian construction industry, where 40% of companies anticipate a negative trend.
Construction companies also believe there is a bleak outlook ahead over insolvency risk arising from B2B trade. There is also an uncertain mood in the machinery sector about payment behaviour and insolvency risk. By contrast, the Belgian steel/metals industry is more optimistic, expecting that the trend for payment practices and insolvency risk will improve during the next 12 months. This is most likely due to expectations of more favourable economic and market conditions.

Our survey also finds rising concern among companies in Belgium about the prospects for Days-Sales-Outstanding (DSO) in the year ahead. 26% of businesses, again twice as many as last year, anticipate a deterioration in debt collection efficiency and cashflow management. The anxiety is most keenly felt in the Belgian construction sector, where 61% of businesses expect DSO to worsen or show no change during the next 12 months. This indicates rising worry about the potential for suffering severe liquidity issues.

Key figures and charts on the following pages

Key survey findings

- 24% of businesses in Belgium tell us they anticipate a worsening of B2B customer payment behaviour during year ahead, twice as many as last year. Pessimism is most prevalent in the construction sector where 40% of companies believe there will be a deterioration. The steel/metals sector expects improvement in payment practices.
- Our survey shows a mixed verdict about the prospects for insolvency risk among companies in Belgium. There is a bleak outlook in the construction sector, but in contrast an optimistic view from businesses in the steel/metals industry due to favourable market conditions. The machinery sector is relatively neutral.
- There is an increase in Belgian companies who anticipate a deterioration of Days-Sales-Outstanding (DSO) in the year ahead. 26% of businesses in our survey have this pessimistic outlook, twice as many as last year. There is heightened concern particularly in the construction industry, with anxiety it could lead to severe liquidity issues.

The outlook is also more pessimistic than a year ago in the machinery industry, where the same percentage of companies foresee deterioration or no change in their DSO.

(continued on page 8)

Belgium

The steel/metals sector shows no clear-cut opinion, with 51% of businesses anticipating a worse outlook or no change. Our survey delves about the major concerns that business have in the short and long-term. Widespread worry about the persistent shortage of skilled workers is evident across all sectors of our survey in Belgium. Nearly one-third of companies say this is a serious short-term concern as they find difficulty in attracting and retaining talent. They express anxiety that this has the potential to significantly affect business operations. This concern about the lack of a skilled workforce is particularly felt in the Belgian construction and machinery industries. The focus of short-term apprehension in the steel/metals sector is around the issue of technological obsolescence. Companies here express concerns about failure to adopt or integrate new technologies, and also about dependence on outdated systems.

The major long-term anxiety of companies in Belgium surrounds the condition of the domestic economy and a potential negative impact on future business prospects. This is keenly felt by businesses across both the construction and machinery sectors. In the Belgian steel/metals industry there is a particular long-term worry about financial constraints that lie ahead. Companies in the sector cite a lack of capital and difficult access to financing as clear issues.

- A continuing shortage of a skilled workforce is the major short-term concern for nearly a third of companies across all sectors in Belgium. Our survey reveals they envisage difficulty in attracting and retaining talent which could severely affect business operations.
- Anxiety about future workforce issues are being particularly felt in the construction and machinery sectors. The Belgian steel/metals industry has specific short-term worries about technological obsolescence amid problems about adopting and integrating new systems.
- The widespread long-term concern among companies in Belgium is about a persistent downturn of the domestic economy, especially in the construction and machinery industries. Liquidity constraints, and difficult access to finance, are a specific worry in the steel/metals sector.

These may cause problems such as insufficient cashflow that could have a damaging impact on business operations in the long-term.

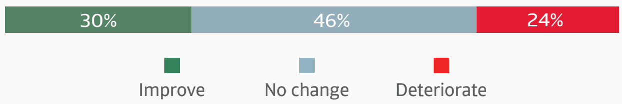
Key figures and charts on the following pages

Belgium

Belgium

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

(% of respondents)

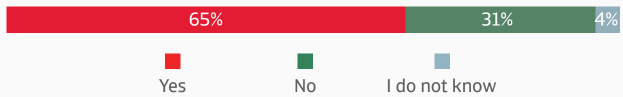


Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium – 2024

Belgium

Do you see an increased insolvency risk for your customers in the next 12 months?

(% of respondents)

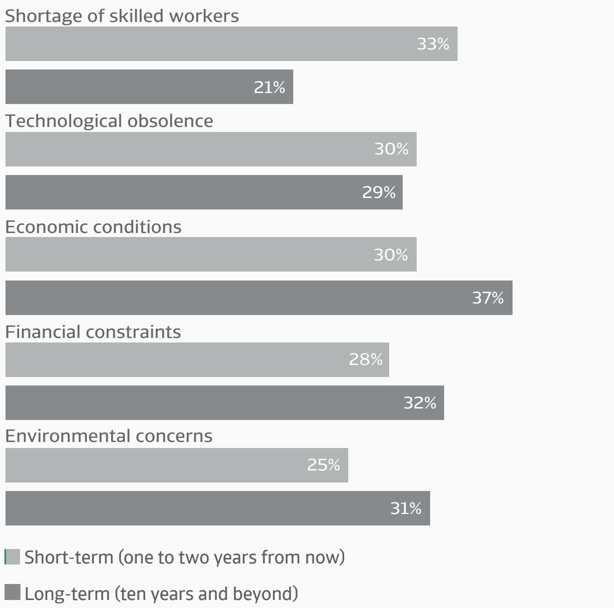


Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium – 2024

Belgium

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium – 2024

Belgium

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

- 40% Improve
- 44% No change
- 26% Deteriorate

(% of respondents)

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Belgium – 2024

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Belgium are the focus of this report, which forms part of the 2024 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 212 interviews in total.
All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Belgium 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=212 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 2024. The findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 212

Business sector	Interviews	%
Manufacturing	57	27
Wholesale trade	47	22
Retail trade/Distribution	50	23
Services	58	28
TOTAL	**212**	**100**
Business size	**Interviews**	**%**
SME: Small enterprises	42	20
SME: Medium enterprises	70	33
Medium Large enterprises	70	33
Large enterprises	30	14
TOTAL	**212**	**100**
Construction	71	34
Machines	70	32
Steel/metals	71	34
TOTAL	**212**	**100**

Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2024 Payment Practices Barometer of Atradius, available at www.atradius.com/publications
Download in PDF format (English only).

Interested in finding out more?

Please visit the 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 **Belgium and worldwide**, please visit atradiuscollections.com.

For Belgium please visit atradius.be

Follow Atradius on
Social Media

@Atradius

Atradius

Atradius
David Ricardostraat 1 · 1066 JS Amsterdam
Postbus 8982 · 1006 JD Amsterdam
The Netherlands
Phone: +31 20 553 9111

info@atradius.com
atradius.com