



Atradius Payment Practices Barometer

International survey of B2B payment behaviour
Survey results for Slovakia

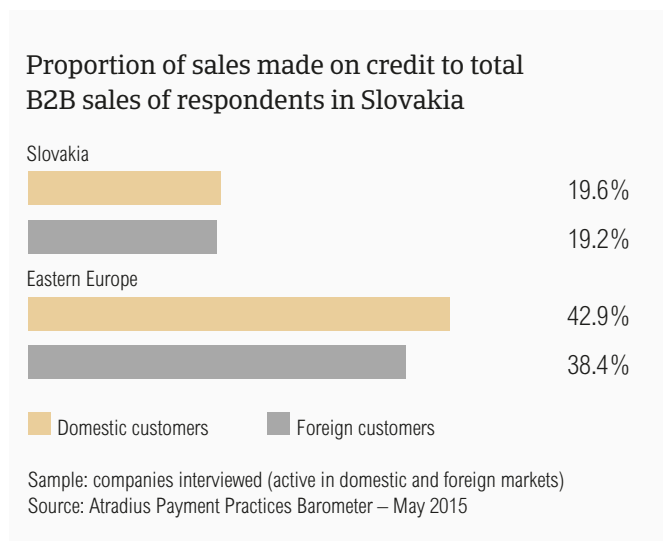


Survey results for Slovakia

Sales on credit terms

Slovakia seems to be strongly averse to using trade credit, showing no clear preference for selling on credit to domestic or foreign customers. An average of around 20% of the total value of domestic and foreign B2B sales in Slovakia is made on credit. This points to a relatively uniform perception towards the risk of trade credit with both domestic and foreign B2B customers. A comparison with the regional figures suggests that the proportion of B2B credit-based sales in Slovakia is significantly lower than the corresponding proportions in Eastern Europe (42.9% domestic and 38.4% foreign) and Western Europe (44.9% domestic and 37.7% foreign).

Of all the countries surveyed in Eastern Europe, Slovakia recorded the sharpest year-on-year decrease (by around 60 percentage points) in the use of trade credit in domestic and foreign B2B transactions. This trend is in line with that observed in Eastern Europe, where the decline in B2B sales on credit – recorded domestically and internationally over the same time frame – averaged 10% or less. The conservative approach to using trade credit observed in Slovakia may be explained by an increase in domestic and foreign overdue payments over the past two years.



More information in the [Statistical appendix](#)

Average payment term

Domestic B2B customers of respondents in Slovakia are given an average of 27 days from the invoice date to settle their trade debts. This term, which is the same as that recorded in the Czech Republic, remained almost unchanged over the past two years. Compared to the average for Eastern Europe, this term is three days shorter (the average payment term for Western Europe is 34 days).

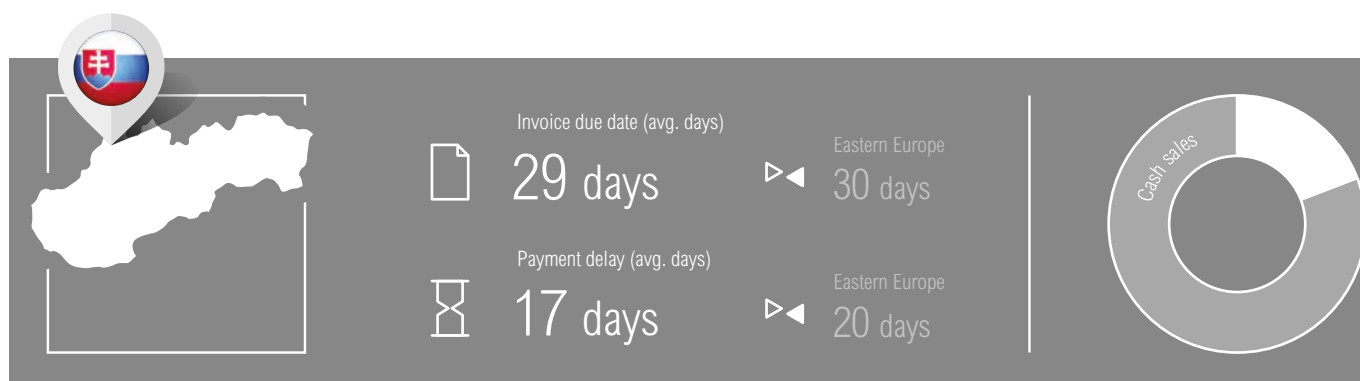
Foreign B2B customers are given a little more time to pay invoices, averaging 32 days. This is consistent with the averages for Eastern Europe (31 days) and Western Europe (32 days). Also the foreign average payment term did not show any significant variation over the past two years.

Overdue B2B invoices

Domestic B2B invoices in Slovakia are more likely to be paid late than are foreign invoices. An average of 47.7% of the total value of domestic invoices were paid after the due date, compared to 37% of foreign invoices. These averages are slightly longer compared to those registered in Eastern Europe (41.2% domestic and 34.2% foreign) and Western Europe (40.2% domestic and 35.4% foreign).

In line with the survey pattern, Slovakia saw an increase in domestic and foreign overdue payment levels over the past two years. It is worth noting that late payments from foreign customers (13.3 percentage point increase) outweigh those from customers on the domestic market (9 percentage point increase). Eastern Europe registered an average increase of around 11 percentage points in domestic and foreign late payment rates while Western Europe reported an increase of 10 percentage points in domestic, and 6.4 percentage points in foreign overdue invoices.

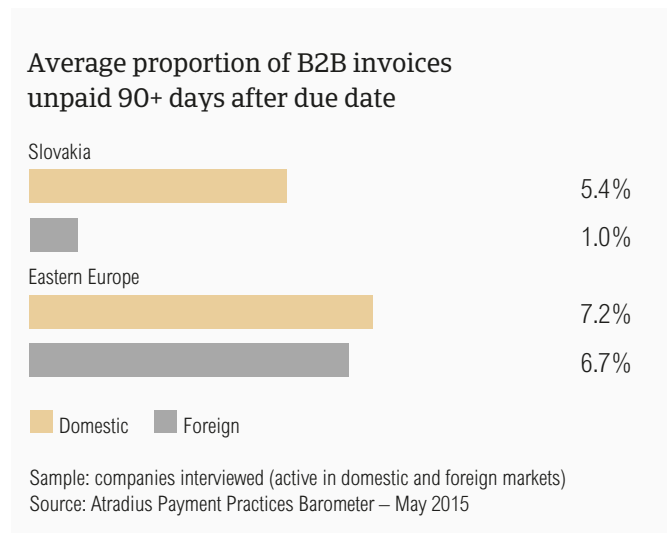
Domestic delinquency rates in Slovakia (invoices unpaid 90+ days past due) seem to be significantly higher than foreign ones. 5.4% of the total value of domestic B2B receivables in the country became delinquent, and are likely to turn into collection cases. This percentage is significantly below the averages for Eastern Europe (7.2%) and Western Europe (7.6%). Foreign delinquency rates av-



erage less than 1% of the total value of foreign B2B receivables, notably less than the averages for Eastern Europe (6.7%) and Western Europe (7%). Over the past two years, the delinquency rates in Slovakia fluctuated strongly, with an initial decrease at the beginning of 2014, followed by a marked increase on the domestic market in the same period of this year.

Invoice late payment (domestic and foreign) is reflected in the Days Sales Outstanding (DSO) figure posted by Slovak respondents, averaging 34 days (nearly six days shorter than two years ago). This is below the 59 day average for Eastern Europe (average for Western Europe stands at 48 days), and is the lowest of all the countries surveyed in Eastern Europe. This may be explained by the comparatively lower volume of B2B transactions on credit in Slovakia than in the rest of Europe.

In light of the insolvency environment in Slovakia, it is no surprise that a higher proportion of respondents in the country (20%) than overall in Eastern Europe (16%) consider maintaining adequate cash flow levels as one of the greatest challenges to business profitability in 2015. 18% of respondents in Western Europe also reported this concern.



More information in the [Statistical appendix](#)

Average payment delay

Domestic B2B customers of respondents in Slovakia seem to take slightly longer to pay their overdue invoices than foreign customers do. On average, domestic overdue invoices are cleared within 19 days, and foreign ones within 13 days after the due date. The foreign figure is below the survey average for Eastern Europe, highlighting domestic and foreign payment delays of around 20 days.

This means that, on average, Slovak suppliers receive payment on B2B invoices around 46 days after the invoice date. The average for Eastern Europe is around 50 days, while that for Western Europe is 56 days. Over the past two years, the domestic and foreign average payment delay in Slovakia fluctuated markedly. The result is that now respondents in Slovakia receive payment on foreign B2B invoices around one week earlier than on domestic invoices.

Key payment delay factors

Consistent with the overall survey pattern, 73.5% of the companies surveyed in Slovakia (60% in Eastern Europe and 51.4% in Western Europe) reported that domestic B2B invoices are most often paid late due to B2B customers' liquidity issues.

For 50% of respondents in the country (41.4% in Eastern Europe and 37% in Western Europe), this is the most frequent reason for foreign payment delays as well. The percentage of Slovak respondents reporting late payments on domestic and foreign B2B invoices due to customers' financial difficulties remained relatively steady over the past two years. This would point to a still difficult economic environment in which businesses operate.

In line with observations across Europe, the second most often cited reason for invoice payment delays in Slovakia is the perception that B2B customers use outstanding invoices as a form of financing. This was reported by 26.5% of respondents in respect to domestic customers, and by 35.7% of respondents in respect to customers abroad. Respondents in Eastern Europe (34.9% domestic and 25.5% foreign) and Western Europe (34.1% domestic and 29.4% foreign) also reported this reason.



Uncollectable accounts

Respondents in Slovakia reported to have written off less than 1% of the total value of their B2B receivables as uncollectable. This is below the 1.1% average for Eastern Europe (average for Western Europe is 1.2%). Consistent with observations in Europe, domestic write-offs outweigh foreign ones.

Slovak respondents reported that domestic uncollectable B2B receivables originated most often from the construction sector and the services sector. Uncollectable receivables arising from foreign trade were recorded most often in the construction, transport and services sectors. Notably more respondents in Slovakia (68.4%) than in Eastern Europe (56.6%) said that B2B receivables were uncollectable mainly due to the customer going bankrupt or out of business. This was also reported by 66.4% of respondents in Western Europe.

For more insights into the B2B receivables collections practices in Slovakia, please see the Global Collections Review by Atradius Collections (free download after registration), available from May 19, 2015 on www.atradiuscollections.com.

Top challenge to business profitability in 2015: maintaining adequate cash flow



Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – May 2015

More information in the [Statistical appendix](#)

Payment practices by industry

Survey respondents in Slovakia reported granting trade credit terms mainly to B2B customers belonging to the following sectors: agriculture, construction, consumer durables, transport and services. Invoice payment terms extended to domestic B2B customers in these sectors do not seem to significantly exceed the average payment term recorded in the country. Foreign customers in the transport sector are granted payment terms which are twice the average for the country.

Domestically, foreign customers in the construction sector are reported to be the slowest payers, generating a proportion of overdue invoices that is above the average for the country. Late payments due to liquidity issues, however, occur most often from domestic and foreign customers in the agriculture sector.

Over the coming 12 months, most of the respondents in Slovakia (35%) expect the payment behaviour of B2B customers in the services sector to worsen slightly. Slovak respondents do not expect other significant changes in the payment practices of customers to which they sell on credit terms.

To learn more about the Survey design of the Atradius Payment Practices Barometer, please see the [report for the region](#).

If after reading this report you would like **more information about protecting your receivables against payment default** by your customers you can visit the [Atradius website](#) or if you have more specific questions, please [leave a message](#) and a product specialist will call you back.

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The [Statistical appendix](#) to this report is part of the May 2015 Payment Practices Barometer of Atradius (survey results for Eastern Europe) available at www.atradius.com/Publications/Payment Practices Barometer. This appendix is available for download in PDF format (English only).

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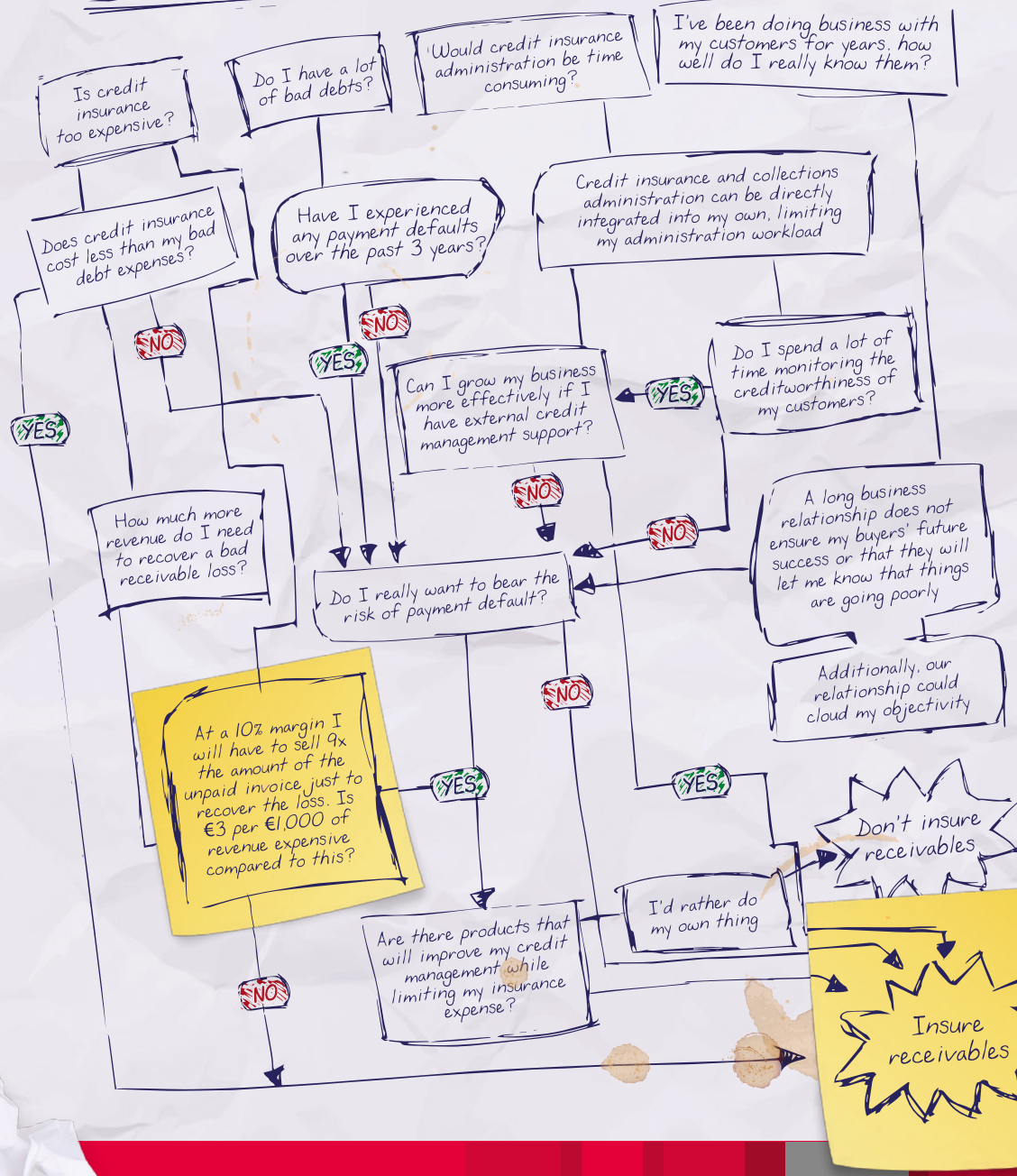
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Don't overcomplicate your decision about whether to use credit insurance

SHOULD I INSURE MY RECEIVABLES?



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