



Atradius Payment Practices Barometer 2024



B2B payment practices trends

Ireland

Trading on credit declines amid
worsening B2B payment practices





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 Ireland.

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.



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Ireland

B2B payment practices trends

Trading on credit declines amid worsening B2B payment practices

Although B2B sales made on credit are still prevalent among companies in Ireland there is a noticeable shift towards cash transactions with B2B customers. Our survey finds a 30% decline in B2B credit sales compared to a year earlier, as businesses seek to improve cashflow and minimise the impact of customer credit risk on the business. The willingness to trade on credit varies significantly across sectors, with 60% of B2B sales being transacted on credit in the consumer durables sector in the desire to maintain a competitive advantage and encourage repeat purchases. The figure goes down to 40% in the electronics/ICT industry and to 25% in the Irish construction sector, where companies are also responding to a challenging economic landscape by tightening their payment terms to B2B customers. There is no change in payment terms among electronics/ICT companies, suggesting a cautious and balanced approach to credit management. More relaxed payment terms are now being offered in the consumer durables sector, averaging 46 days from invoicing, as they find a balance between maintaining positive customer relations and managing cashflow effectively.

While we expect customer credit risk to ease in Ireland during the coming months, our survey suggests this decline has yet to begin. Companies across various sectors continue to face challenges with late payments and 40% of businesses report a worsening of B2B customer payment behaviour during the past year. Late payments currently

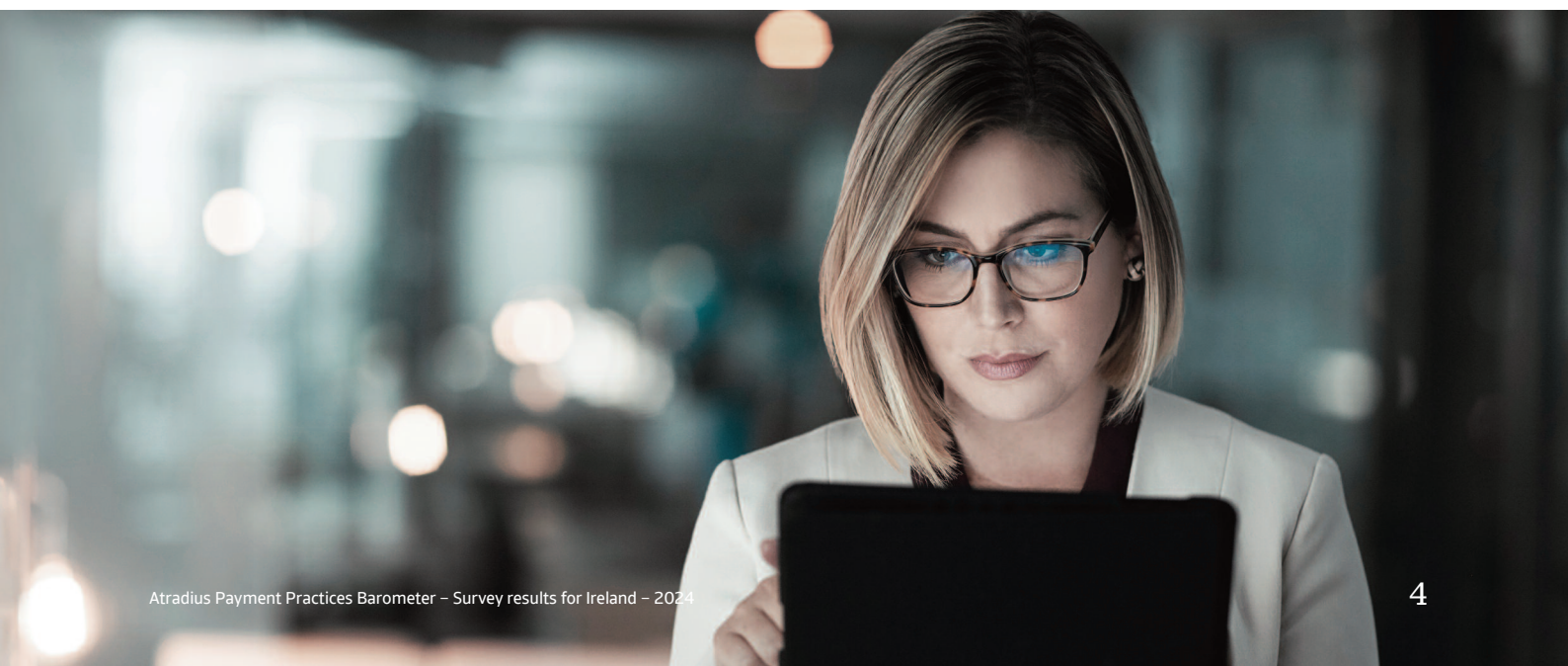
Key survey findings

- A 30% decline in B2B sales being made on credit highlights a significant shift to cash transactions among companies in Ireland. There is a difference across sectors, however, with 60% of sales being transacted on credit in the consumer durables sector, but just 25% among construction businesses and 40% in the electronics/ICT sector.
- This reduction in the use of trade credit is being complemented by a tightening of payment terms for B2B customers, particularly in the construction sector. There is no change in the electronics/ICT sector, while a slightly more relaxed policy on payment terms is evident with Irish consumer durables companies.
- 40% of companies in Ireland report a worsening of B2B customer payment behaviour, which leaves them facing difficulties in managing credit risk and maintaining healthy cashflow. It accentuates the need for proactive credit management strategies to mitigate risk and ensure financial resilience.

affect a significant 70% of all B2B sales, while bad debts affect an average 9% of all B2B sales. These figures clearly highlight the ongoing difficulties being faced in managing credit risk and the need to introduce proactive credit management strategies to improve cashflow and ensure financial resilience. The Irish consumer durables sector, which is the most open to trading on credit, is hardest hit, with 84% of companies reporting a deterioration of payment practices from B2B credit customers.

Key figures and charts on the following pages

(continued on page 5)



Ireland

Our survey finds a 30% increase in late payments across the Irish construction industry, collecting payments on average nearly three months past the due date. While the situation is more stable in the electronics/ICT industry, there are still challenges with late payments, and companies are responding by delaying investment plans to manage liquidity bottlenecks.

Companies in Ireland are looking to various forms of short-term finance to address the liquidity challenges resulting from the impact of customer credit risk on the business. More than half of businesses in the Irish construction industry tell us they are using internal funds as their primary source of finance, a strategy which allows them to maintain operational stability without incurring the costs and constraints that come with external financing. It serves as a buffer in turbulent economic times against market volatility and credit risk exposure. Trade credit is the second most popular option, highlighting its importance as a flexible financing option amid challenging market conditions. Despite the relatively high cost of borrowing, our survey finds that bank credit is the primary source of finance in both the Irish consumer durables and electronics/ICT sectors. Trade credit and invoice financing are also being used as additional avenues to manage liquidity gaps.

Although there is currently a positive trend in the figures for Days-Sales-Outstanding (DSO) among companies in Ireland, there is still widespread concern about debt collection efficiency across all sectors of our survey. 46% of businesses report an improvement in DSO during the past year and 42% tell us there is no significant change, which suggests enhanced efficiency in payment collection in the face of deteriorating B2B customer payment practices. However, the average DSO still stands at more than one hundred days from invoicing, which remains a significant concern when the

- Late payments currently affect 70% of all B2B sales, while bad debts stand at an average 9% of all B2B sales. The Irish consumer durables sector is hardest hit, where 84% of companies report a deterioration in payment practices. The construction industry reports a 30% increase in late payments, although the situation is more stable among electronics/ICT businesses.
- To mitigate the impact of customer credit risk, companies in Ireland look to a variety of short-term financial options. Bank credit is the primary source of finance in both the consumer durables and electronics/ICT sectors. Companies in the Irish construction industry favour the use of internal funds, along with trade credit.
- More positivity is evident in our survey of Irish companies about Days-Sales-Outstanding (DSO), with 46% of businesses saying there is an improvement on the previous year. 42% of companies across all sectors report no change in debt collection efficiency. Nevertheless, DSO averages more than 100 days from invoicing, a significant concern that could impact on cashflow.

average payment term being offered to B2B customers is around 53 days. Such delays can strain cashflow, hinder operational efficiency and create liquidity challenges. The primary factor contributing to this extended DSO appears to be large, long-overdue invoices which can tie up working capital and increase the risk of bad debts. This underscores the importance of effective credit management strategies to maintain financial stability.

Key figures and charts on the following pages

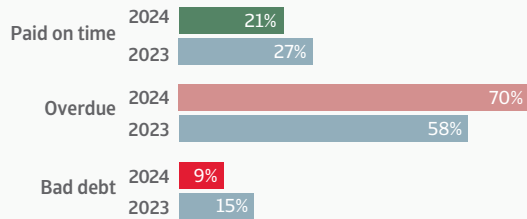




Ireland

Ireland

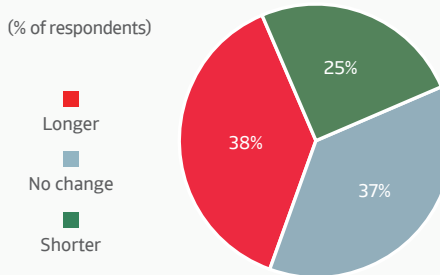
% of the total value of B2B invoices paid on time, overdue and bad debt (2024/2023)



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

Ireland

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

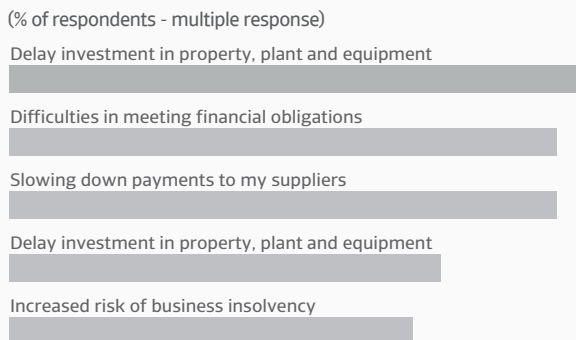


*average amount of time to get paid from B2B customers

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

Ireland

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



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

Ireland

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

- 51% Bank loans
- 40% Invoice financing
- 39% Trade credit
- 25% Internal funds

(% of respondents - multiple response)

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

Ireland

Looking ahead

Cybersecurity risks a major concern amid positive outlook

The increasing threat of cybersecurity is emerging as a major concern for companies across all sectors in Ireland. This is felt in both the short-term and long-term outlooks, with cybersecurity risks escalating as businesses increasingly integrate digital technologies into many aspects of their daily operations. Construction companies, in particular, are feeling pressure about the issue of technological obsolescence during the current rapid pace of change. Failure to adopt or integrate new technologies can lead to reduced competitiveness and a loss of market share, while reliance on outdated systems poses a risk to operational efficiency. Another anxiety being expressed through the various industries in our survey is about the future health and stability of the domestic economy. This uncertainty is casting a shadow over business planning and investment decisions for a significant number of companies.

Sustainability and environmental considerations are also an area of concern for many companies in Ireland, particularly so in the consumer durables sector. There is a growing emphasis on adopting sustainable business practices, which is being driven both by consumer demand and ever-increasing regulatory requirements. Environmental regulations are becoming stricter and companies face challenges in complying with these while

Key survey findings

- The most significant concern for companies across all sectors in Ireland is the threat posed by cybersecurity risks. This is both a short-term and long-term anxiety, which is escalating as businesses integrate digital technologies into their daily operations. Limited growth potential is also a significant worry in the electronics/ICT industry.
- There is also widespread apprehension about the health and stability of the domestic Irish economy, which is casting a shadow over business planning and investment decisions. Construction companies have a particular concern about technological obsolescence and too much reliance on outdated systems.
- Environmental and sustainability issues are the focus of anxiety in the Irish consumer durables sector. They fear it will be a challenge to stay profitable as they comply with a growing emphasis on sustainable business practices driven by consumer demand and stricter government regulations.

maintaining profitability. A specific and significant anxiety being expressed by companies in the Irish electronics/ICT sector is about limited growth potential for their output on global markets.

Key figures and charts on the following pages

(continued on page 8)



Ireland

The concern stems from intense competition which is creating severe challenges for businesses looking to expand their market share and revenue.

A mood of optimism about the outlook for both B2B payment practices and insolvency risk is evident in our survey of companies in Ireland. Nearly 80% of businesses anticipate an improvement in B2B customer payment behaviour during the year ahead, and most companies also expect corporate insolvencies to remain stable. The electronics/ICT industry is particularly positive in both regards, which probably reflects the resilience and adaptability of a sector which has been pivotal in driving digital transformation and innovation. By contrast, the consumer durables sector exhibits some uncertainty about the prospects for payment practices and insolvency rates, which may stem from fluctuating demand and increasing competition. The greatest concern is found among Irish construction companies, which results from industry-specific challenges including rising material costs.

The prospects for Days-Sales-Outstanding (DSO) during the year ahead are also felt to be generally positive by Irish businesses. A notable 52% of companies in our survey anticipate an improvement in debt collection efficiency and cashflow management. The remainder anticipate either no change or a deterioration in DSO. Consumer durables companies in Ireland are the most optimistic, which can be attributed to various proactive measures and strategic changes such as implementing tighter credit policies and leveraging insurance to mitigate customer credit risks. The electronics/ICT sector largely expects no change in DSO

- Almost 80% of companies in Ireland say they expect B2B customer payment behaviour to improve during the coming year, with the electronics/ICT sector especially optimistic. There is greater concern expressed in the construction industry due to challenges such as supply chain disruptions and rising material costs.
- A majority of businesses in our survey anticipate the risk of corporate insolvency to remain stable in the coming 12 months. Most concern about the prospects for insolvency is found in the Irish consumer durable sector because of fluctuating demand and increasing competition in their industry.
- Days-Sales-Outstanding (DSO) is expected to improve in the year ahead by 52% of companies in Ireland. The consumer durables industry is the most optimistic due to the implementation of tighter credit policies. However, more than 30% of Irish construction companies anticipate a worsening of debt collection efficiency.

during the coming 12 months, but more than 30% of Irish construction companies say they anticipate a deterioration in DSO. This reflects challenges they are likely to face in addressing payment delays and improving cashflow management amid pressures such as supply chain disruptions.

Key figures and charts on the following pages

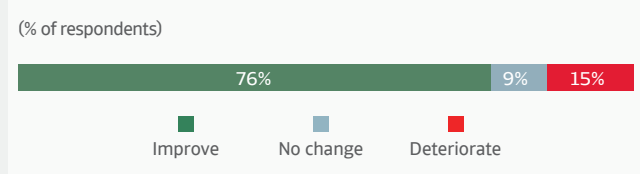




Ireland

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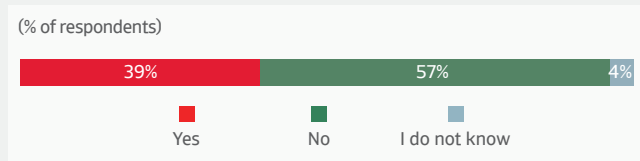
Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?



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

Ireland

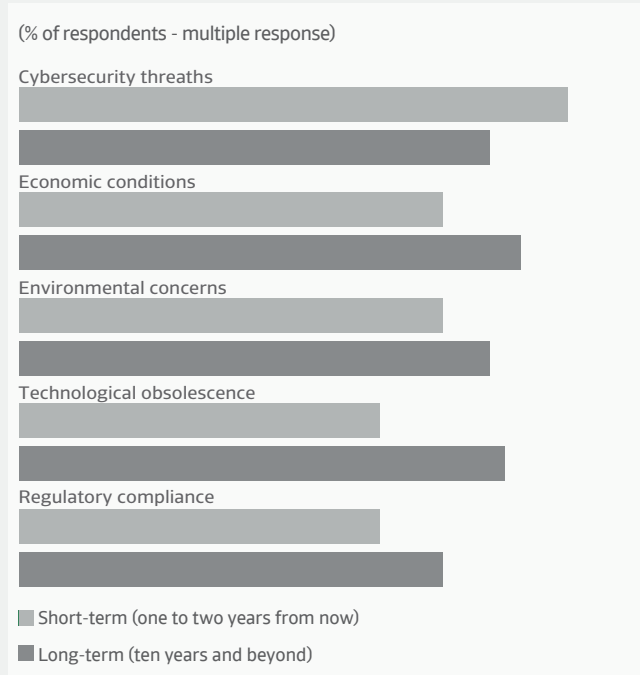
Do you see an increased insolvency risk for your customers in the next 12 months?



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

Ireland

Looking ahead: top 5 concerns expressed by businesses polled



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

Ireland

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

- 52% Improve
- 28% No change
- 20% Deteriorate

(% of respondents)

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

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Ireland 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 211 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Ireland 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:** 211 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 = 211

| Business sector | Interviews | % |
|---------------------------|------------|------------|
| Manufacturing | 72 | 34 |
| Wholesale trade | 35 | 17 |
| Retail trade/Distribution | 70 | 33 |
| Services | 34 | 16 |
| TOTAL | 211 | 100 |
| Business size | Interviews | % |
| SME: Small enterprises | 23 | 11 |
| SME: Medium enterprises | 80 | 38 |
| Medium Large enterprises | 78 | 37 |
| Large enterprises | 30 | 14 |
| TOTAL | 211 | 100 |
| Construction | 70 | 33 |
| Consumer Durables | 70 | 33 |
| Electronics/ICT | 71 | 34 |
| TOTAL | 211 | 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.

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To find out more about B2B receivables collection practices in **Ireland and worldwide**, please visit atradiuscollections.com.

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