



## **Atradius publishes businesses' assessment of EU late payment initiative**

46% of businesses surveyed believe mandatory payment terms will be good for business

Amsterdam, 20 October 2010 - 46% of the 3,971 businesses surveyed believe that mandatory payment terms across the European Union will be good for their business according to a survey conducted by Atradius, a leading global credit insurer. This approval rating is highest amongst respondents from the manufacturing sector (58%) and amongst medium to large businesses enterprises (54%). The survey queried business leaders and credit management professionals in 22 countries in Europe (15 from the EU), North America and Asia about their initial thoughts about the potential impact of a directive being considered by EU Parliament which would set mandatory payment terms of 30 or in some cases 60 days on B2B and business to government transactions. The legislation, which still requires the approval of the full European Parliament, would tighten current EU late payment legislation.

Although 42% of the respondents don't anticipate it having an impact on the credit terms they offer customers because they already use 30 day terms, respondents from countries like Spain and Italy where longer payment terms are customary and from China, Great Britain and Hong Kong, for whom the EU is an important export market, are expecting to see the most notable benefits.

Respondents expect to see improvements mostly in their cash flow, the efficiency of their receivables management, their ability to collect outstanding invoices and their ability to offer more competitive terms. In most cases the financial services industry had the highest percentage of respondents who expect to see benefits, but they were significantly more inclined to express the need to make greater use of external services like credit insurance and outsourced collections. Although a third of the respondents from the service sector anticipate an increase in cash flow, they lagged behind all other industry sectors which averaged approximately 46% of respondents anticipating an increase in cash flow.

Commenting on the findings of the survey, Atradius Chief Executive Officer Isidoro Unda said, "The belief that mandatory payment terms will have a positive impact on business is a strong endorsement for implementation. However, while no-one would argue the case for being paid sooner, the length of the payment term itself doesn't guarantee that payment will be made on time – if at all. Having mandatory payment terms doesn't automatically correct poor payment behaviour. Good credit management practices still need to be followed to ensure timely payment. Credit insurance and outsourced collections should become even more valuable to businesses under this legislation as it should remove some of the grey areas that can cloud a businesses claim to an outstanding debt."

### **About Atradius**

The Atradius Group provides trade credit insurance, surety and collections services worldwide, and has a presence through 160 offices in 42 countries. Atradius has access to credit information on 52 million companies worldwide and makes more than 22,000 trade credit limit decisions daily. Its products and services aim to reduce its customers' exposure to buyers who fail to pay for the products and services they buy. With total income of more than EUR 1.7 billion and approximately 31% share of the global trade credit insurance market, its products help protect companies throughout the world from payment risks associated with selling products and services on credit.

**For further information:**

Atradius Corporate Communications

Christine Gerryn

Tel.: +31 20 553 2047

E-mail: [christine.gerryn@atradius.com](mailto:christine.gerryn@atradius.com)

[www.atradius.com](http://www.atradius.com)