



# Atradius Payment Practices Barometer

## Belgium

Focus on B2B payment practices in the agri-food, consumer durables and construction materials industries



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“  
*An interesting point revealed in the survey results is the fact that deteriorating payments behaviour can result in increased costs for businesses managing credit risk in-house.*  
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Frederik Devooght  
Country Manager for Belgium and Luxembourg

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## Heightened insolvency risk clouds positive growth outlook

Belgium's Payment Practices Barometer Survey revealed some interesting results. Primary among these is the huge volume of businesses across the country that anticipate growth next year. 86% of the businesses we surveyed reported a positive outlook, closely tracking economic predictions that forecast a post-crisis recovery that will gather pace, reaching pre-pandemic levels of GDP by mid-2022.

However, as Atradius economists note in research published in October 2021, global insolvencies are likely to increase by as much as a third next year. This year, many businesses have been cushioned by Belgium's insolvency law amendments and fiscal support measures, resulting in lower than 'normal' levels of business failures. As this government support is phased out, it will cause a return to normal insolvency levels on top of the likely insolvency of any business that has struggled over the past year or so and only survived due to the government support.

The main message here is businesses should be alert to the risk of heightened insolvency, particularly in H1 of 2022. This involves taking steps to protect your business from the risk associated with the insolvency of your customer. This is where credit insurance can really help. Not only can

you protect your accounts receivable, knowing you'll get paid even if your customer goes bust, but you can benefit from our knowledge. For example, if you know that your main customer's customer is struggling to pay their bills, you can take steps to protect your business and avoid the potential of a domino effect where one major business failure leads to several more insolvencies along the supply chain. This is information that may not be easy to access from elsewhere.

Another interesting point revealed in the survey results is the fact that deteriorating payments behaviour can result in increased costs for businesses managing credit risk in-house. For example, 80% of the agri-food businesses we interviewed this year told us they had experienced an increase in credit management costs. With payment practices likely to be impacted by the withdrawal of government support, businesses can avoid spiralling credit management costs with a credit insurance policy. This is because the cost of the policy will not change mid-year and support such as professional debt collection is included at no extra cost. This message is being taken up by many industries. A large proportion of consumer durables, for example, has told us that they intend to take out trade credit insurance next year.



# Payment practices in Belgium

Businesses in Belgium opted to trade on credit more often this year, amounting to 53% of all B2B sales compared to 48% last year. In parallel the businesses we interviewed also reported a rise in the amount of late payments they experienced. 51% of the total value of sales this year were reported overdue, compared to last year's 47%. Invoices that were more than 90 days overdue amounted to 8% of the total value of all invoices in the sector and write-offs amounted to 9% (both a slight increase on last year where they were 7% and 8% respectively). Among the businesses that chose to offer trade credit, the majority did so because they wanted to stimulate sales growth, mainly by encouraging repeat business with existing customers. Credit refusals were most often due to the costs associated with managing credit risk.

In general, when it comes to credit management, businesses polled across Belgium most often opted to retain and manage customer credit risk internally by setting aside funds to offset potential credit losses caused by bad debts. Among the 86% of businesses reporting in-house management of credit risk, most offered discounts for early payment, sent overdue invoice reminders and avoided concentrations of credit risk. This is an increase on the 62% reporting the same last year.

However, for a significant number of businesses, reliance on their own credit management resources proved to be costly. Survey respondents told us that, over the past year, they had incurred increased administrative and trade debt collections costs. Despite this, 62% told us they were not able to contain DSO and experienced year-on-year deterioration

which had a negative impact on liquidity levels. This may explain why much of the industry told us they took steps to strengthen their credit control processes, spending more time and resources to collect unpaid invoices. Many also withheld payments from suppliers and delayed investments in their business growth to have sufficient liquidity to meet their short-term payment obligations.

Looking into 2022, the vast majority of the businesses we spoke to across Belgium (86%) expressed optimism about their growth outlook. 70% anticipate improvement in their customers' payment practices and many plan to offer trade credit next year as a way to stimulate growth through repeat business from customers. However, businesses are aware that downside risks remain. The largest being the risk of the pandemic continuing to affect the global economy and domestic economies, delaying or even hampering a rebound.

Many businesses told us that they plan to continue with the same approach to credit management next year. Among the industries polled in the Payment Practices Barometer Survey, most favoured retaining credit risk in-house. The construction materials industry was an outlier here, with a significant percentage reporting an increased interest in trade credit insurance.

When asked which pandemic-induced changes will become a permanent feature of the way they do business, 61% of businesses told us increased digitalisation, 51% said remote working. Increased ecommerce and adaptation to changes in customer demand were also commonly cited.



# Agri-food

## Late payments and cash flow

### Total amount overdue holds steady year-on-year

54% of the agri-food businesses we polled in Belgium told us their B2B customers took longer to pay invoices this year. This is more than the 39% that reported payment delays last year. For 38% of businesses, invoice to cash turnaround remained stable (down from 47% of respondents last year) and for 8% it improved (fewer than the 14% for whom it improved last year).

Although late payments increased in frequency, the amounts largely held steady. 45% of the total value of B2B invoices issued in the industry were reported overdue this year, compared to 44% last year. Write-offs amounted to 8% of the total value of invoices, a negligible increase on last year's 7%.

As part of their focus on credit risk management 45% of the agri-food industry reported spending more time and additional resources on collecting unpaid invoices. However, many businesses also told us that, during periods of cash shortage, they also took temporary measures to boost liquidity. These included delaying payments to suppliers and pausing investments in their business. These actions were cited by around 30% of businesses in each case.

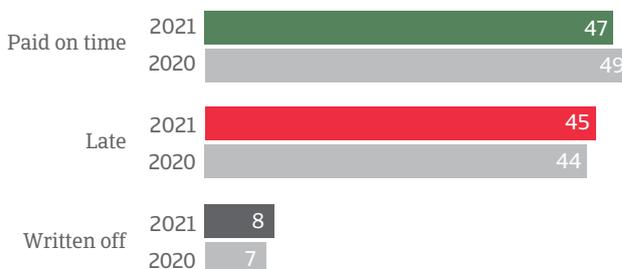
**SURVEY QUESTION**

**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Strengthen internal credit control process
- #2** Increase time, costs and resources spent on chasing overdue invoices
- #3** Delay payments to my own suppliers

### Agri-food industry in Belgium

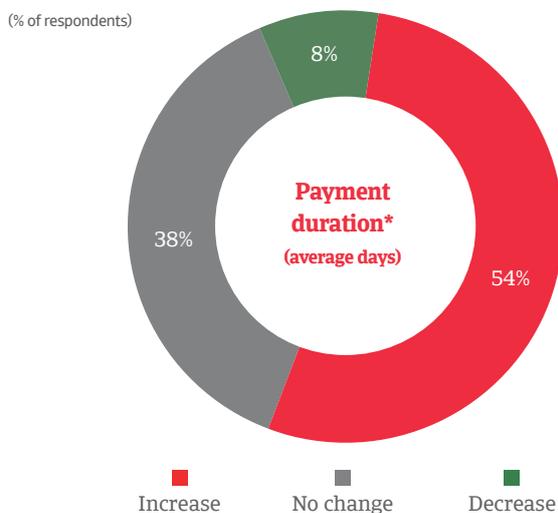
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Agri-food industry in Belgium

average time it takes to convert overdue invoices into cash (change over the past year)



\* Payment term + payment delay

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021



# Agri-food

## Approach to credit management and DSO

### Credit risk management costs soar

85% of the agri-food industry opted to retain credit risk in-house this year, a significant increase on the 66% that reported the same last year. That said, a substantial number (71%) told us they protected their accounts receivable with trade credit insurance. This also represented a significant year-on-year increase, up from 44% last year.

The credit management technique most favoured by the agri-food industry is the offer of discounts for early invoice payment. In addition, in a bid to boost liquidity and retain cash for as long as possible, several businesses described negotiating longer payment terms from suppliers than they offered customers. This was mentioned by 69% of the businesses we polled, compared to 40% last year. Invoice payment reminders were used by 67% of respondents this year, versus 47% last year and 56% of the industry outsourcing debt collection to specialist agencies. It is worth noting that many agri-food businesses also reported a greater preference than last year for factoring of trade receivables. Of all the businesses that opted for internal management of credit risk, the vast majority (80%) told us they incurred increased administrative costs this year. These were mainly related the management of their credit departments. However, 14% of respondents were able to contain cost increases and the remaining reported a decrease. 46% told us that the majority of the costs were spent on employing additional resources to chase unpaid invoices. 40% reported spending more on accessing external financing.

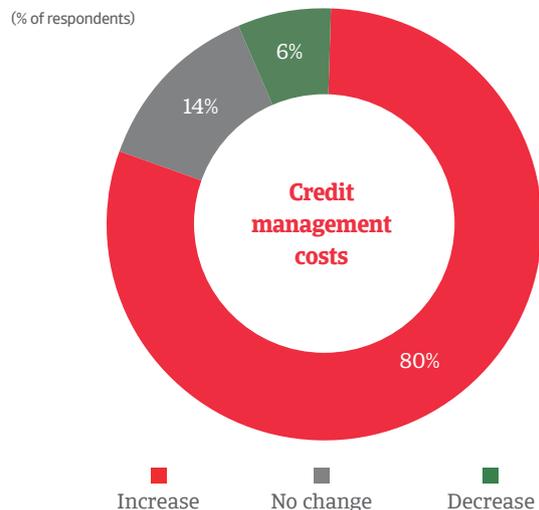
### Most of the industry expects DSO to deteriorate

When asked about their credit management plans for next year, 67% plan to retain credit risk in-house and 44% plan to take out a credit insurance policy. For the former, the credit management techniques they plan to use include offering discounts for early payment, overdue payment reminders and seeking favourable payment terms from suppliers. In addition, other plans asserted by several survey respondents include the reduction of concentrations of credit risk, requests for cash payments and requests for payment guarantees.

62% of the industry predicts a deterioration in DSO, 28% expects it to hold steady and the remaining respondents expect an improvement.

### Agri-food industry in Belgium

change in credit management costs (2021/2020)

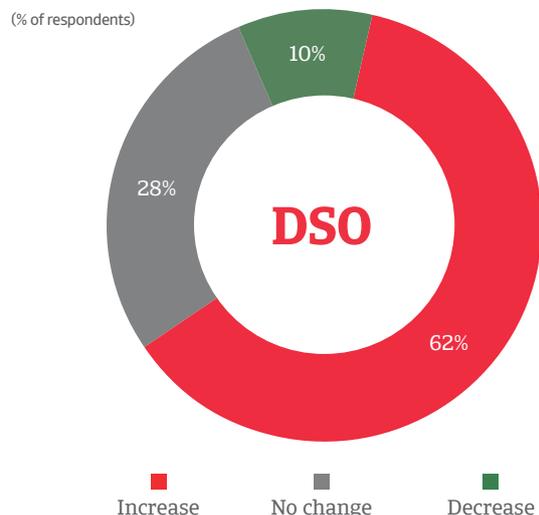


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Agri-food industry in Belgium

expected DSO changes over the next 12 months



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Agri-food

## 2022 industry outlook

### Growth outlook is strong

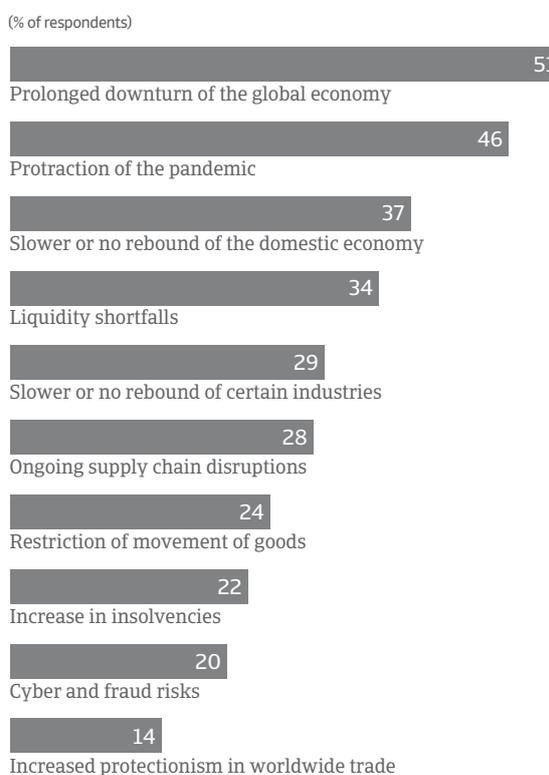
Despite the downside risks posed by a potential continuation of the pandemic, the vast majority of the businesses polled in the agri-food industry are optimistic about their growth next year (86%). This upbeat perception is tempered for 51% of the respondents who expressed concern over the potential for a prolonged downturn of the global economy. A possible continuation of the pandemic into next year worries 46% of respondents.

This positive outlook is consistent with predictions that trade credit will play a greater role in the industry's trade relations over the coming months. 48% of the industry told us they expect credit trade to aid the sale of goods and stimulate customer demand. 32% of respondents said they will provide trade credit as a source of short-term finance to customers that need a little longer to pay.

When asked which of the pandemic-induced changes in the way they do business will become a permanent feature, 62% told us they will continue to use the digital technology they recently adopted. 51% will continue to enable remote working and 43% plan to retain ecommerce.

### Agri-food industry in Belgium

Looking into 2022: top ten concerns expressed by businesses in the industry



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

**The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business?**  
(ranking by % of respondents)

- #1** Increased digitalisation
- #2** Home working
- #3** Increased e-commerce



### Agri-food industry in Belgium

how businesses feel about their possible growth in 2022



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

# Consumer durables

## Late payments and cash flow

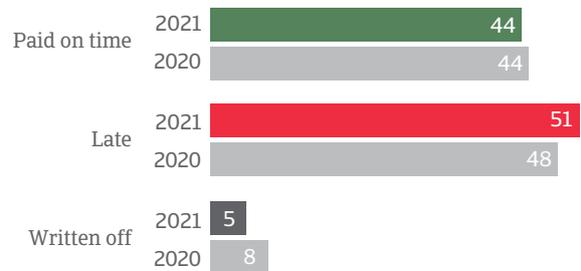
### Nearly 4 in 5 businesses report late payments

The proportion of Belgium's consumer durables industry reporting a rise in late payments this year has soared. 78% told us their B2B customers' payment practices got worse this year, compared to 29% last year. 12% experienced no year-on-year change (compared to 38% last year) and just 10% reported an improvement in payments behaviour (significantly fewer than last year's 33%).

However, when we look at the total value of B2B sales in the industry the picture is not quite as stark. This year 51% of the total value of B2B invoices were reported overdue, a fairly small increase on the 48% reported last year. The percentage of invoices written off even improved year-on-year from 8% to 5%. Much of this will be due to credit risk management efforts. Indeed 41% of the industry told us they had strengthened their credit control processes this year and focused on reducing the amount of long overdue debts. In addition to this, many businesses reported accessing external financing or bank overdrafts in order to support cash flow.

### Consumer durables industry in Belgium

% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



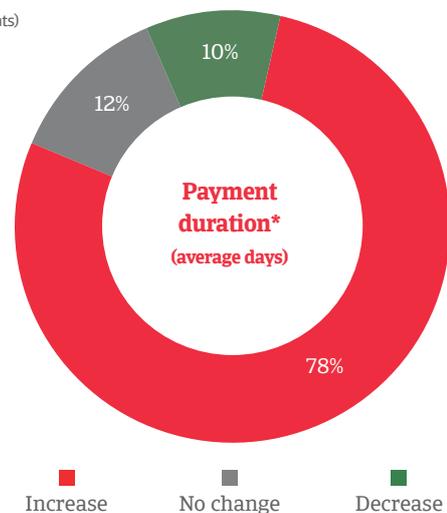
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Consumer durables industry in Belgium

average time it takes to convert overdue invoices into cash (change over the past year)

(% of respondents)



\* Payment term + payment delay

Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Increase time, costs and resources spent on chasing overdue invoices
- #2** Delay payments to my own suppliers
- #3** Strengthen internal credit control process

# Consumer durables

## Approach to credit management and DSO

### Most retain credit risk in-house

88% of the consumer durables industry opted to retain credit risk in-house this year. 72% chose to offset the risk through trade credit insurance. The credit management techniques employed most commonly include avoidance of credit risk concentrations and discounts for early invoice payments. Uninsured businesses also tended to keep debt collection activities in-house rather than outsource them to a debt collection agency. The businesses with Atradius credit insurance were provided with professional debt collection as part of their policies.

A high proportion of respondents reported requesting letters of credit (84%). However, a significant number of businesses told us they had since decided to replace this with credit insurance, as the latter required less administration and did not carry the risk of errors associated with checking the credit reports of foreign customers.

In-house retention and management of credit risk proved costly to Belgian consumer durables businesses. 74% told us they incurred increased administration and debt collection costs. The same percentage told us they incurred additional costs, including interest payments, associated with external financing.

### Industry expects DSO deterioration

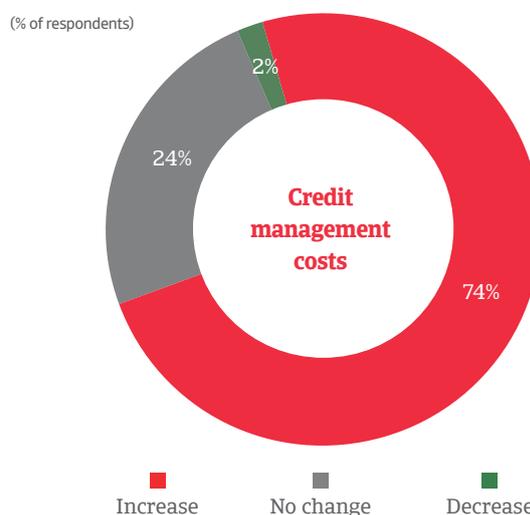
Looking ahead, 78% of the industry plans to continue with their current credit management approach over the coming months. For those retaining credit risk in-house, most plan to send invoice payment reminders, although a significant number told us they will avoid credit altogether and request payment in cash upfront.

However, there is a clear tendency in the industry to leverage banking tools to mitigate the impact of customer credit risk. Many told us they transfer the default risk through trade receivables securitisation and get cash straightaway to quickly improve their liquidity positions. 64% of respondents do this and some larger companies told us they would prefer this over factoring.

However, 78% of the industry anticipates a deterioration in DSO over the coming months. This may partly explain the level of interest in securitisation to prop up cash flow. 16% of the remaining respondents expect DSO to hold stable, and 6% expects to see improvement.

### Consumer durables industry in Belgium

change in credit management costs (2021/2020)

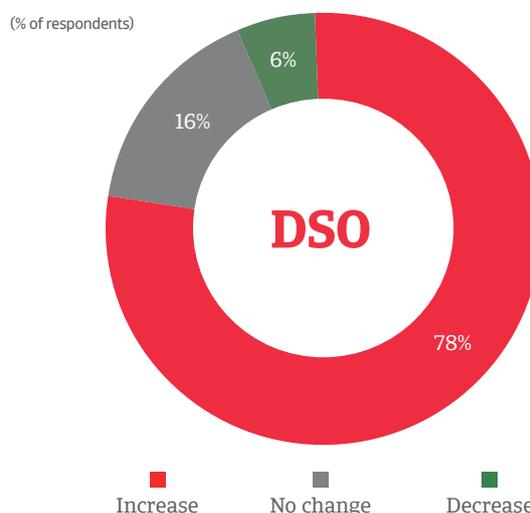


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Consumer durables industry in Belgium

expected DSO changes over the next 12 months



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Consumer durables

## 2022 industry outlook

### Business confidence is riding high

Looking ahead into 2022, business confidence is riding high. 90% of the industry expects to grow next year. That said, most businesses acknowledge the downside risks that a continuation of the pandemic could represent.

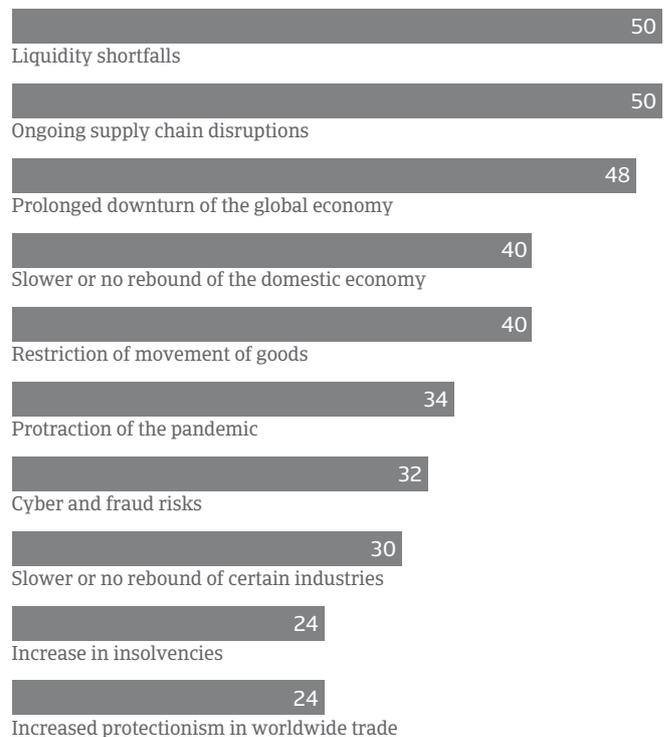
Perhaps buoyed by the widespread confidence, most of the survey respondents believe credit sales will have a bigger role in trade relations over the coming year. 44% of the industry said that selling on credit will be more frequent chiefly to stimulate demand from customers. 38% said credit will be used to provide short-term finance to customers, allowing them time to pay for their purchases.

When asked to indicate which of the pandemic impacts on their business are likely to endure, 88% told us they had adopted a greater use of digital technology. 58% told us that dealing with changes in customer demand will be another long-term challenge for businesses in the sector. 56% said that working from home represents a long-term change in the way they do business.

### Consumer durables industry in Belgium

Looking into 2022: top ten concerns expressed by businesses in the industry

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### SURVEY QUESTION

The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business?

(ranking by % of respondents)

- #1 Increased digitalisation
- #2 Facing customer demand changes
- #3 Home working

### Consumer durables industry in Belgium

how businesses feel about their possible growth in 2022

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Construction materials

## Late payments and cash flow

### Write-offs increase by six times on just one year

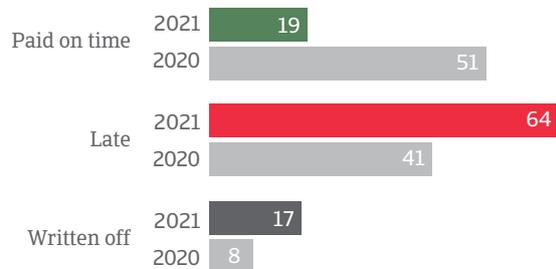
Belgium's construction materials businesses experienced a lot of issues with late payments over the past year. 60% told us their customers took much longer to pay this year (only 22% reported this last year). In addition, 64% of the total value of B2B invoices were reported overdue, compared to just 41% last year. Write-offs more than doubled year-on-year, to an astonishing 17% of the total value of invoices, up from 8% and representing a huge amount of loss to the industry.

Perhaps unsurprisingly given the rise in late payments and enormous percentage of write-offs, 62% of the industry revealed deteriorating DSO. Reportedly, these increases were chiefly attributable to increased volumes of long outstanding invoices (more than 90 days overdue), caused by unsuccessful collection efforts.

Possibly as a result, 52% told us they needed to spend more time and allocate more resources to collecting unpaid invoices, far more than the 15% that told us the same thing last year. 41% of businesses in the industry also told us that they delayed paying their suppliers (up from 28% one year ago). Many businesses also put investment projects on hold in order to avoid running short of the liquidity needed for their operations.

### Construction materials industry in Belgium

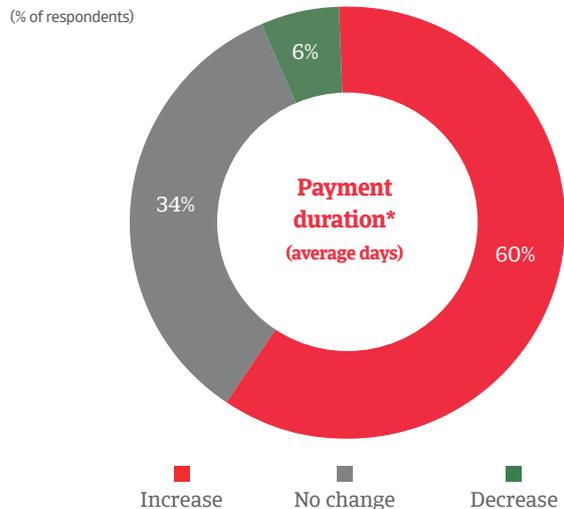
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Construction materials industry in Belgium

average time it takes to convert overdue invoices into cash (change over the past year)



\* Payment term + payment delay

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Increase time, costs and resources spent on resolving unpaid invoices
- #2** Strengthen internal credit control process
- #3** Request a bank overdraft extension



# Construction materials

## Approach to credit management and DSO

### Majority of the industry relies on in-house credit risk management

The vast majority of the industry (85% of the businesses polled) told us that over the past year they favoured retention and management of customer credit risk through in-house resources, over outsourcing it to a credit insurer (47%).

Outside of retaining customer credit risk, a large part of the industry told us they more often requested payment in cash or resorted to factoring to maximise cash flow (reported by 68% of respondents alike). In addition, several Belgian construction materials businesses told us they focused on shortening the payment terms they offered to customers, while attempting to negotiate longer terms offered to them by suppliers.

Of the businesses that have opted for internal credit risk management, 72% told us that over the past year they incurred increased administrative costs associated with employing staff dedicated to credit risk management. Increases were most often reported in the area of trade debt collection, especially of collection of long outstanding receivables (more than 90 days overdue), which required strong collection efforts. Ultimately many of these were treated as bad debts and needed to be written off.

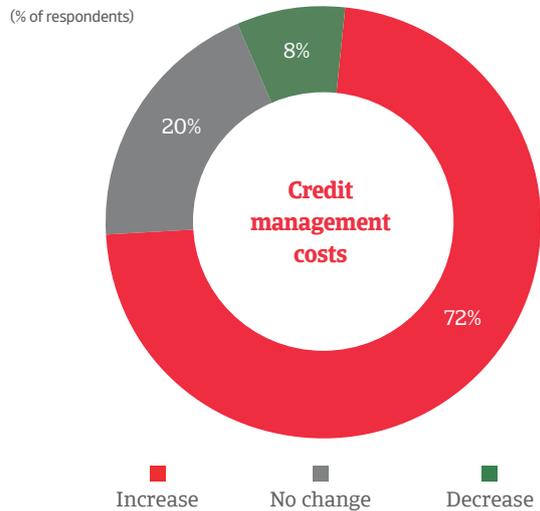
### Growing interest in credit insurance

Although most of the businesses told us they plan to keep on relying on their internal resources to manage trade credit risk, 62% told us they were considering taking out credit insurance next year.

Businesses that do not plan to take up credit insurance told us that they would increase outsourcing trade debt collection to a professional agency. Reported by 57%, this indicates the value of outsourcing collection to specialists particularly as far as long outstanding debts are concerned.

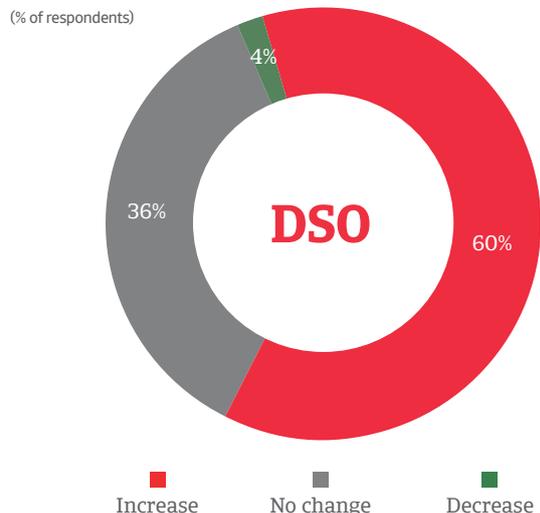
60% of the industry expects DSO to deteriorate over the coming months. 36% does not expect changes and the remaining anticipates improved DSO.

### Construction materials industry in Belgium change in credit management costs (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Construction materials industry in Belgium expected DSO changes over the next 12 months



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021



# Construction materials

## 2022 industry outlook

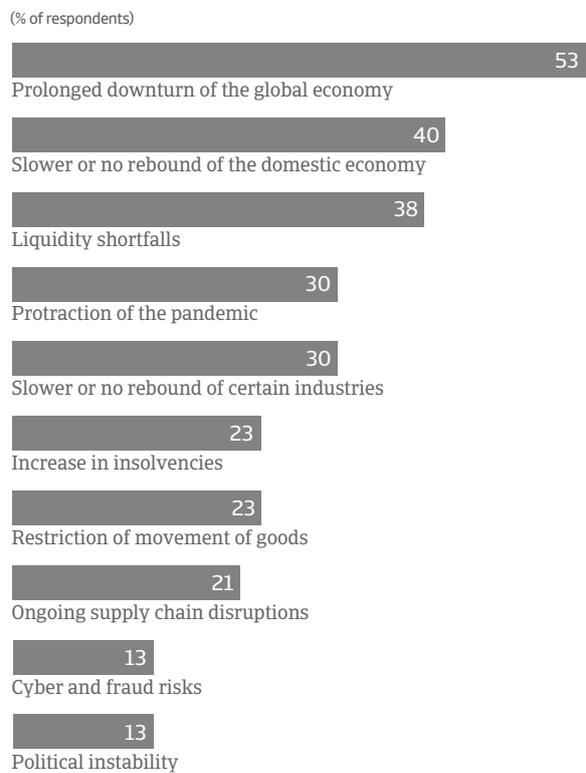
### 4 in 5 businesses anticipate growth

81% of the Belgian construction materials industry told us they expect their business to grow over the coming months. Although 53% expressed concern over a continuation of the pandemic putting pressure on the global and domestic economies, business confidence remains strong. This may partly explain why 44% of the industry anticipates that trading on credit with B2B customers will increase over the coming months to provide short-term finance to customers.

Looking at which pandemic impacts are likely to be permanently adopted, 53% pointed to their adoption of digitalisation and 49% said they were adapting to changes in customer demand triggered by the pandemic. Adapting to the pandemic-led reshaping of supply chains and remote working was additionally cited by 47% of respondents alike.

### Construction materials industry in Belgium

Looking into 2022: top ten concerns expressed by businesses in the industry



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

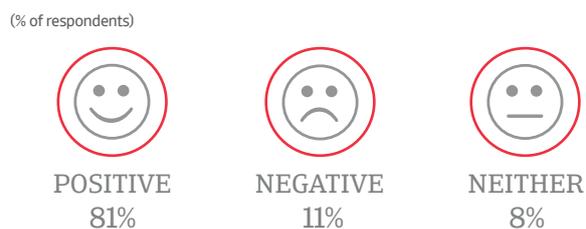
**SURVEY QUESTION**

The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1 Facing supply chains reshaping
- #2 Increased digitalisation
- #3 Facing customer demand changes

### Construction materials industry in Belgium

how businesses feel about their possible growth in 2022



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

# Survey design

## Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the 'Atradius Payment Practices Barometer'. This report, which is part of the 2021 edition of the Atradius Payment Practices Barometer for Europe, focuses on Belgium. 200 companies from the Belgian agri-food, consumer durables and construction materials industries have been surveyed. Due to a change in research methodology for this survey, year-on-year comparisons are not feasible for some of the results, although last year's values are used as a benchmark where possible throughout the survey.

The survey was conducted exclusively for Atradius by CSA Research.

## Survey scope

- **Basic population:** the appropriate contacts for accounts receivable management were interviewed.
- **Sample design:** the Strategic Sampling Plan enables to perform an analysis of country data crossed by sector and company size.
- **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=200 people were interviewed in total.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: Q3 2021.

## Belgium - total interviews 200

Industries surveyed			
Agri-food			
Consumer durables			
Construction materials			
Sector			
Companies interviewed	Agri/Food (%)	Consumer durables (%)	Construction materials (%)
Manufacturing	17	24	77
Wholesale	63	12	9
Retail/distribution	17	62	15
Services	2	2	0
Company size			
Companies interviewed	Agri/Food (%)	Consumer durables (%)	Construction materials (%)
Micro enterprises	12	2	23
SME - Small enterprises	18	8	15
SME - Medium enterprises	40	18	34
Large enterprises	30	72	28

## Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the November 2021 Payment Practices Barometer of Atradius, available at [www.atradius.com/publications](http://www.atradius.com/publications)  
[Download in PDF format](#) (English only).

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

[info@atradius.com](mailto:info@atradius.com)  
[atradius.com](http://atradius.com)