



# Atradius Payment Practices Barometer

## Italy

Focus on B2B payment practices  
in the agri-food, steel/metals  
and textiles/clothing industries



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“  
*With such a high level of insolvencies expected for Italy next year, credit insurance might represent the difference between business survival and failure.*”

Massimo Mancini  
Country Manager Italy, Atradius

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## Insolvencies are on the rise, but the future looks brighter for Italian companies

The results of the annual survey carried out this year by Atradius on corporate payment behaviour at an international level (Atradius Payment Practices Barometer) highlight that 70% of the Italian companies interviewed expect business growth for next year. This outlook echoes a broader economic scenario in which, following the pandemic recession, the Italian economy has started to grow again and most forecasts envisage a growth of the GNP exceeding 4% in 2022.

However, numerous risks come into play to cloud this sunny outlook. There are still many uncertainties regarding the evolution of the pandemic and its impact on the Italian economic and business system. In order to tackle the crisis triggered by the pandemic, Italy has launched important government measures to support the economy and have, so to speak, frozen bankruptcy proceedings and other such things. Now, in the aftermath of the ceasing of the effects of these measures, there is a fear of a massive increase in the levels of insolvency, with estimates indicating an increase of over 34% year-on-year.

The domino effect that missed payments and insolvencies generate within the supply chain on a domestic and global level can be devastating, with negative repercussions on

liquidity and on the capacity for growth. In a similar context, protecting the commercial credit portfolio from possible unsatisfactory payment behaviour of debtors is essential. In our capacity of credit insurers, we know that true support to Italian companies can only be offered by guaranteeing them suitable financial resources for business continuity. This encapsulates the value of our market proposal, for which we are receiving increasing appreciation regarding the use of our credit management services.

Indeed, amongst the Italian companies interviewed in this survey, in the Agri-food, Steel/Metals and Textiles/Clothing industries, there is great interest for credit insurance. Most of those interviewed told us that they intend to use credit insurance next year too.

In this critical stage for the Italian and global economic trends, Italian companies thus demonstrate awareness of a strategic approach to commercial credit management that makes up - on average - just over 40% of the assets. Protecting these assets with insurance allows the whole value chain of the company's commercial relations to be protected.

As credit insurers, we think that it is important for the companies, above all SMEs, to increasingly focus on instruments, like credit insurance, that are capable of mitigating the impact of criticalities regarding customer payment times. It would be an important change of mentality, in the sense of an approach to managing the risks of commercial credit, construed more as an instrument to prevent the occurrence of the phenomenon and less as a need to cover the event.



## Payment practices in Italy

Over the past year, businesses polled across Italy told us they transacted a significantly lower proportion of their B2B sales on credit. This amounts to 42% of all B2B sales, down from last year's 55%. The most cited reason for offering trade credit was to stimulate sales growth, mainly by encouraging repeat business with existing customers. When requests for trade credit were turned down, businesses most often told us this was due to increased costs associated with credit risk management.

56% of the total value of B2B invoices issued by businesses in Italy were reported overdue this year. This has remained almost stable compared to last year's 55%. Write-offs amounted to 10% of the total value of invoices, a slight rise on last year's 7%.

74% of businesses opted to rely on their own internal sources for their credit risk management, up from last year's 63%. Perhaps as a result of this, the majority also told us they increased the amount of time, costs and resources spent on chasing overdue invoices. The most used internal credit management techniques included offering discounts for early payment of invoices, and overdue payment reminders. Businesses also frequently delayed payment to suppliers and requested upfront payment in cash.

In addition to this, 61% reported using a trade credit insurance policy this year. This may be why a 71% majority of respondents told us they were able to contain levels of DSO (Days Sales Outstanding) this year, with just 26% reporting deterioration and 3% improvement.

When asked about next year, three-quarters of the businesses polled told us they intend to retain their current approach to credit management. However some businesses indicated an increased appetite for credit insurance with others indicating an increased preference for cash and bank payment guarantees. 70% of the businesses anticipate growth next year and most believe they will see a significant improvement in the domestic economy and slight improvement in international trade over the coming months. Although 46% expects to continue trading on credit with the same frequency as this year, 25% told us they plan to extend credit terms to their customers as a way of providing short-term finance.

When asked which pandemic-induced changes will become a feature of the way they do business, 52% of businesses told us that they have permanently adopted the use of digital technologies, particularly in the areas of home working and e-commerce.



# Agri-food

## Late payments and cash flow

### Industry experiences increased payment delays

54% of the businesses we polled in the Italian agri-food industry told us that it took them longer than last year to cash in overdue invoices. This is an increase on the 41% reporting the same last year. 34% of the businesses surveyed said there was no year-on-year increase in payment timings (fewer than last year's 49%) and 12% were able to cash in invoices more quickly (up from last year's 10%).

48% of the total value of B2B invoices in the industry were reported overdue this year (50% last year). 7% were written off (8% last year).

To protect the business from liquidity shortfalls 41% of the industry told us they delayed paying suppliers. This is slightly fewer than last year's 46%. However, this year 39% of businesses reported spending more time and in-house resources on managing and trying to collect overdue invoices. This is an increase on last year's 31%. 25% of businesses sought additional finances from external sources, including banks and other financial institutions, and had to absorb the costs associated with this.

**SURVEY QUESTION**

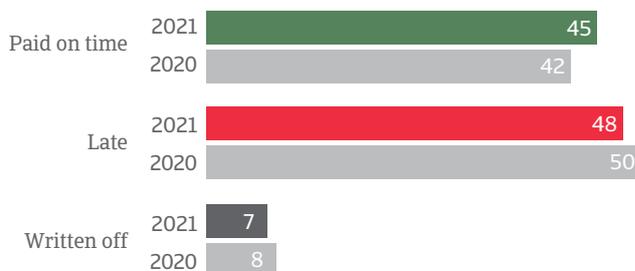
**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Delay payments to my own suppliers
- #2** Increase time, costs and resources spent on chasing overdue invoices
- #3** Pursue external financing



### Agri-food industry in Italy

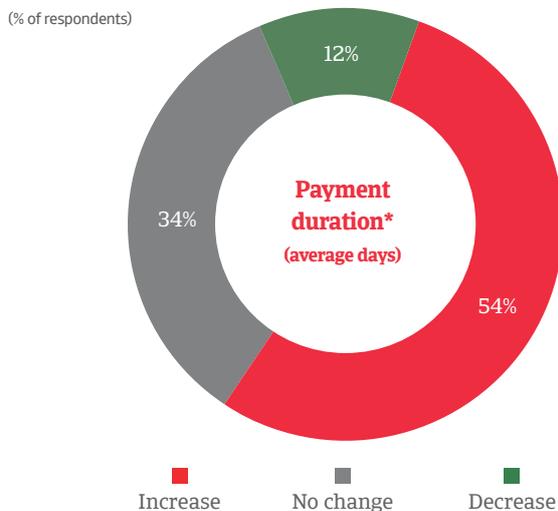
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



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

### Agri-food industry in Italy

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

### As credit management costs soar, businesses take up credit insurance

A large part of the agri-food industry told us they preferred to outsource credit risk management to a credit insurer, and took out a credit insurance policy this year (48% compared to 41% last year). They acknowledged that this enabled them to focus on the development of their businesses, rather than spending time and money on the management of the risk of payment default. Those who opted for credit insurance also highlighted facilitated access to external financing and told us that banks looked more favourably on them when they had the credit insurance.

The widespread use of credit insurance may explain the apparent success in DSO containment. 63% of the businesses polled reported no significant year-on-year change (up from last year's 56%). One third of respondents reported an increase in DSO over the past year.

62% of the agri-food businesses told us they opted for relying on in-house resources for credit risk management this year. This represents a marginal increase compared to 59% one year ago. This ideally involves setting aside bad debt reserves to mitigate the impact of potential losses. However, setting aside funds also locks-in liquidity which could otherwise have been used for day-to-day operations or for investment into the business. This may be why 56% of the businesses practising self-insurance told us they offered discounts for the early payment of invoices.

However, a downside of retaining credit in-house can be the cost. 42% of the businesses polled told us they incurred increased administration costs related to the management of trade receivables this year. This included increased costs associated with debt collection. A sizeable percentage of the businesses that accessed financing also told us they experienced increased costs this year. However, for the majority of the industry cash is king. 59% told us they requested payment in cash this year. This is a big jump up from the 49% reporting the same last year.

### Two thirds of industry to use credit insurance next year

Looking ahead, 63% of the industry told us they do not plan to change their approach to credit risk management. Two thirds of the industry told us they will continue to use credit insurance over the coming months to enhance their credit control and cash flow positions (66%). The same percentage told us they plan to continue using letters of credit.

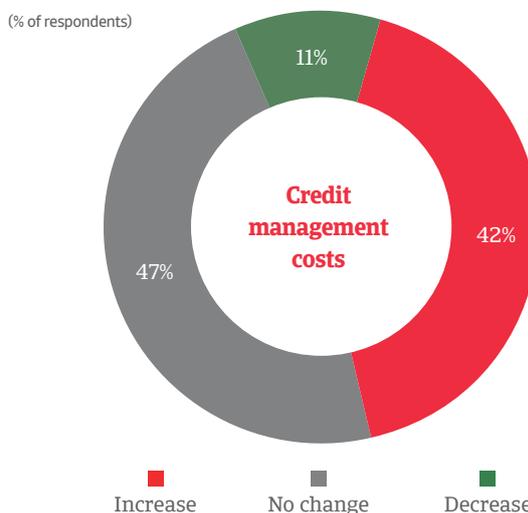
63% told us they would outsource trade debt collection to specialist agencies, especially for collection of problem accounts, over the coming months, favouring it over in-house retention of this activity.

Among businesses planning to retain and manage customer credit risk internally next year, the majority intend to adjust payment terms and plan to offer discounts for the early payment of invoices. Requests for cash payments remains popular among agri-food businesses and will continue to be applied over the coming months.

When asked about their DSO outlook, 53% expects it to remain the same year-on-year, 31% expects it to deteriorate and 16% expects it to improve.

### Agri-food industry in Italy

change in credit management costs (2021/2020)

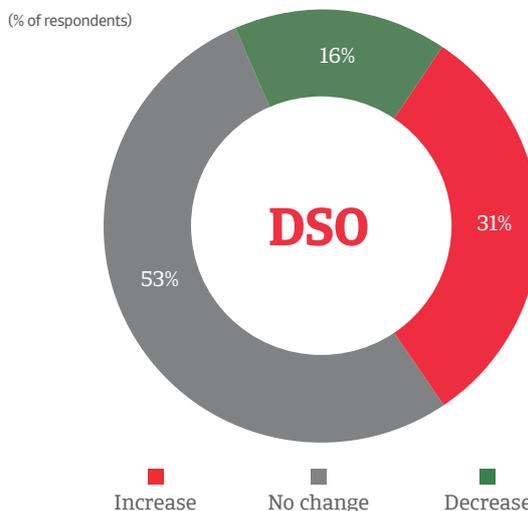


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Agri-food industry in Italy

expected DSO changes over the next 12 months



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Agri-food

## 2022 industry outlook

### Industry predicts improvement in domestic economy

70% of the businesses polled in the Italian agri-food industry feel confident about an improvement in the Italian economy over the coming months. Although for most of these, improvement will be slight, 60% predict this will help business growth. Among the remainder, 10% expect deterioration and 30% do not know whether they will grow or not next year. In addition, 62% are optimistic about their prospects for international trade next year and the majority believe improvement will be significant. 42% of the industry expressed concern over the continuation of the pandemic into next year and the likelihood of it impacting the health of the Italian economy and triggering increasing insolvency levels.

Among the businesses planning to increase their use of B2B trade credit next year, 30% intend to use it to allow customers more time to pay, 30% to stimulate customer demand. 27% of the industry does not plan to change how often they offer credit next year and the remaining businesses plan to decrease their use of trade credit.

Looking at the long-term impact of the pandemic, 47% of the industry told us they had permanently adopted digital technologies and 47% said they had enabled home working.

**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 Italy

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



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

### Agri-food industry in Italy

how businesses feel about their possible growth in 2022



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

# Steel/Metals

## Late payments and cash flow

### More than half of payments overdue

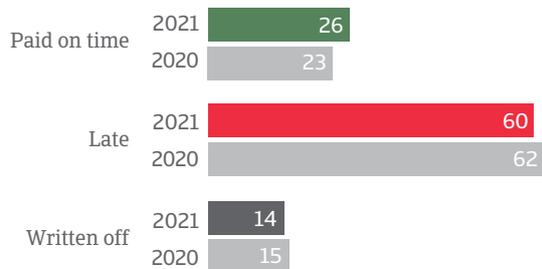
60% of the total value of invoices in the steel/metals industry were reported overdue this year. This is comparable to last year's 62%. The industry told us that they are struggling to collect long outstanding invoices, more than 90 days overdue. 14% of the total value of B2B invoices were written off, virtually unchanged from last year's 15%.

72% of the businesses polled in the Italian steel/metals industry told us that it took them longer than last year to cash in overdue B2B invoices. This is almost no change from last year's 73%. For 27% of the businesses, invoice-to-cash turnaround remained stable (23% last year). Only 1% reported an improvement with shorter payment timings. Last year this was 3%. All of this suggests businesses in this sector may be experiencing a strain on their liquidity positions.

34% of the industry told us they increased the amount of time and resources they spent on managing and collecting overdue invoices. This is double the percentage reporting such increases last year. 31% told us they resorted to external financing to support cash flow (an increase on 18% last year). 30% delayed payment of invoices to their own suppliers.

### Steel/Metals industry in Italy

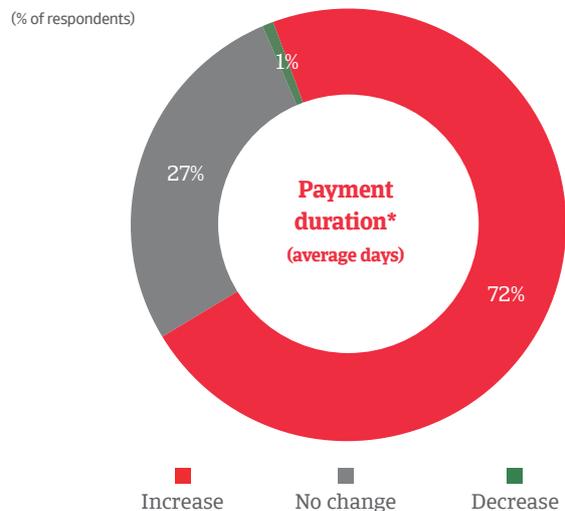
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



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

### Steel/Metals industry in Italy

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 chasing overdue invoices
- #2** Pursue external financing
- #3** Delay payments to my own suppliers

# Steel/Metals

## Approach to credit management and DSO

### Credit insurance stabilises cost of credit risk management

The Italian steel/metals industry has a strong grip on credit management. 78% employs trade credit insurance and 85% retains credit risks in-house. Among the latter, 83% offered customer discounts for early settlement of invoices. 79% sent overdue payment reminders and 68% outsourced collection activity to specialist B2B debt collectors.

Perhaps due to the high take-up of credit insurance the majority of the industry reported containing credit management costs. 61% reported no year-on-year increase associated with managing late payments, with 38% spending more and 1% reporting a decline in credit management costs.

### Majority plan to maintain credit management status quo

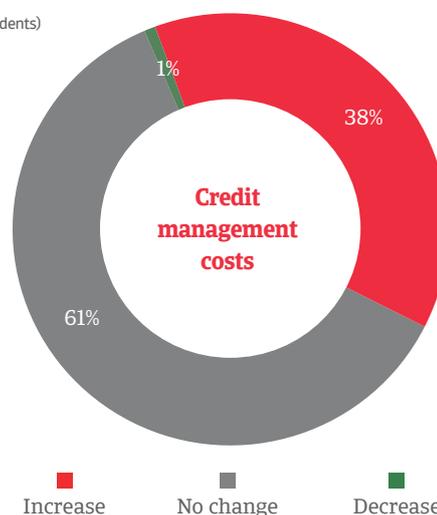
85% of the industry told us that they plan to retain their approach to credit risk management over the coming months. For 75% this includes retaining trade credit insurance. Many businesses plan to adjust payment terms, and use letters of credit, particularly with export transactions. 65% plan to use trade receivables securitisation.

73% of the industry anticipates containing DSO next year. 25% of the businesses who do not plan to use trade credit insurance expect DSO levels to deteriorate next year. 2% predicts improvement and expects to be paid more quickly next year.

### Steel/Metals industry in Italy

change in credit management costs (2021/2020)

(% of respondents)



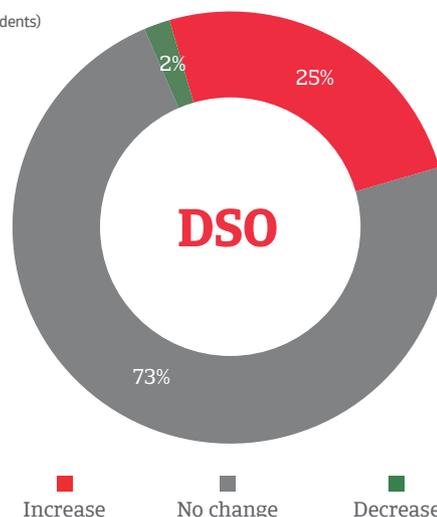
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Steel/Metals industry in Italy

expected DSO changes over the next 12 months

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

# Steel/Metals

## 2022 industry outlook

### Majority of industry predicts 2022 growth

63% of the industry feels confident about an improvement in the Italian economy over the coming months. For most of these, improvement will be significant. 88% predicts they will see business growth, 4% anticipate business decline and 8% do not know whether they will grow next year. In addition, 63% anticipate improvement in international trade over the coming months with the majority expecting this improvement to be significant.

37% of the businesses polled expressed concern over the continuation of the pandemic into next year. Concerns cited include the possibility of a continuation of the global downturn, a negative impact on the Italian economy and the delay in the rebound of many industries hit hard by the pandemic. 56% of businesses plan to continue offering B2B trade credit with the same frequency as this year.

When asked to indicate which of the pandemic-induced changes in the way they do business they intend to retain, most of the industry mentioned a more frequent use of digital technologies and e-commerce. This was reported by 57% of respondents in both cases.

#### 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)

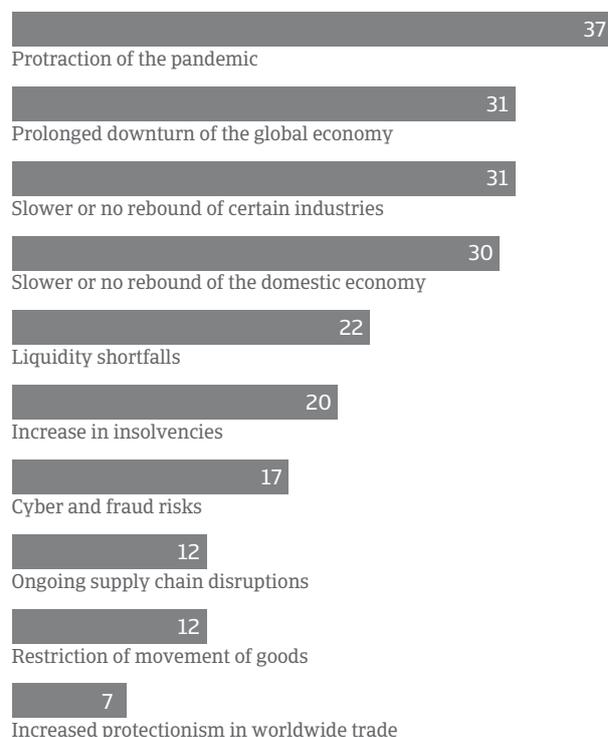
- #1 Increased digitalisation
- #2 Increased e-commerce
- #3 Facing supply chains reshaping



### Steel/Metals industry in Italy

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

### Steel/Metals industry in Italy

how businesses feel about their possible growth in 2022

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Textiles/clothing

## Late payments and cash flow

### Two thirds of invoices reported overdue

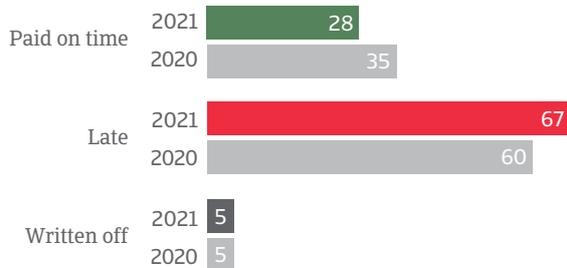
67% of the total value of B2B payments in Italy's textiles industry was reported overdue this year, an increase on last year's 60%. However, only 27% of respondents reported an increase in the length of time it took them to cash in overdue invoices (an improvement on the 48% of businesses reporting increased payment delays last year). 67% of businesses reported no year-on-year payment timings (up from last year's 33%), although only 6% reported improvement (down from 19% last year).

To address late payments, most of the businesses we spoke to told us that they had strengthened their credit control process this year and many also delayed paying suppliers. Evidence that this has been fairly successful can be seen in the industry's write-off rate and DSO levels. 5% of the total value of B2B invoices was written off this year. This represents no year-on-year change. 73% of the industry reported containing DSO (an increase on the 53% reporting the same last year). 20% reported a deterioration in DSO (fewer than the 29% last year) and 7% reported improvement (15% last year).

57% of respondents reported no significant impact of late payments on their operations.

### Textiles/clothing industry in Italy

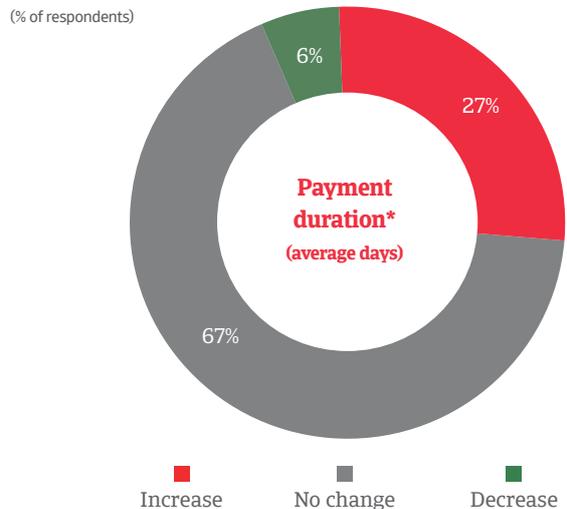
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



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

### Textiles/clothing industry in Italy

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



# Textiles/clothing

## Approach to credit management and DSO

### Two thirds of industry uses credit insurance

75% of the textiles industry reported the use of trade credit insurance to protect their accounts receivable this year. 80% opted for reliance on internal credit risk management. Of these, 77% offered discounts for early payment of invoices and a sizeable percentage sent payment reminders to defaulting customers. 60% employed B2B debt collectors.

The widespread use of trade credit insurance may explain why 70% reported no year-on-year increase in the cost of managing their credit accounts. Just 20% revealed an increase and 10% actually managed to reduce their credit management costs.

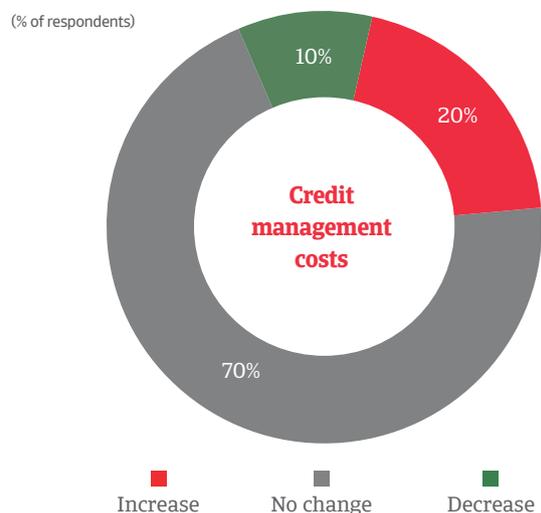
### Most plan to retain use of credit insurance

Looking ahead, 90% of the industry told us they plan to retain their approach to credit risk management over the coming months. Most of these said they plan to continue using credit insurance, while the remainder will keep on retaining and managing customer credit risk in-house through reliance on their internal credit management resources. Many businesses told us they will minimise concentrations of customer credit risk. However, many businesses also told us they plan to ask for payment in cash more frequently next year and many others plan to offer discounts for early payment.

The industry's strong approach to credit risk management is likely to help businesses maintain a healthy cash flow. This can be seen reflected in the respondents' DSO predictions for next year. 73% anticipate no change to their DSO over the coming months, 13% anticipate deterioration and the remainder expect an improvement.

### Textiles/clothing industry in Italy

change in credit management costs (2021/2020)

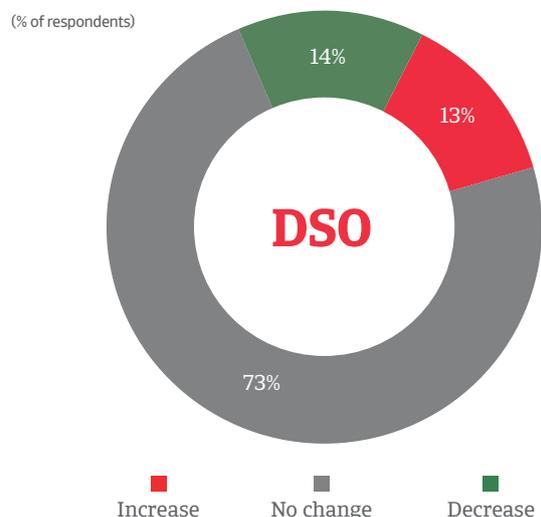


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Textiles/clothing industry in Italy

expected DSO changes over the next 12 months



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Textiles/clothing

## 2022 industry outlook

### Cautious optimism tempered by downside risks

On the whole the textiles industry is cautiously optimistic about the prospect of growth next year. 57% expects to see their own businesses grow and the same percentage expects a growth outlook in the domestic economy. Half of the industry anticipates improvement in international trade over the coming months. For the largest part of these, improvement will be significant. Only 3% do not expect their business to grow and 40% are not sure.

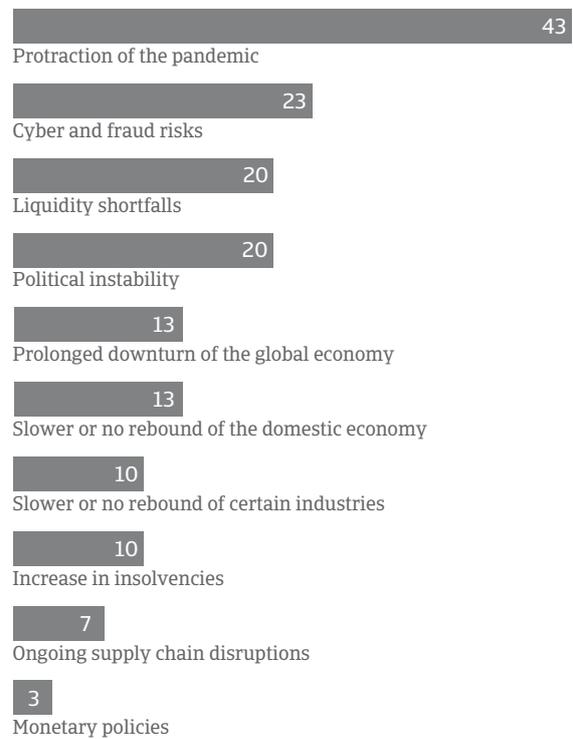
Tempering the optimism is the downside risk posed by the pandemic. 43% of the businesses polled expressed concern over the continuation of the pandemic into next year. In addition to this, 23% appears to be worried about cyber and fraud risks. These concerns may have been prompted by the rapid increase in digitalisation seen throughout the industry. 53% of the industry told us they had adopted or increased the use of digitalisation during the pandemic, with 57% telling us they had enabled home-working for staff and 50% saying they had started using e-commerce.

The majority of the industry intends to continue with business as usual in terms of their use of trade credit next year. 77% to not intend to alter the frequency of credit-based trading with their customers.

### Textiles/clothing industry in Italy

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** Home working
- #3** Increased e-commerce

### Textiles/clothing industry in Italy

how businesses feel about their possible growth in 2022

(% of respondents)



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 Italy. 200 companies from the Italian agri-food, steel/metals and textiles/clothing 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.

## Italy - total interviews 200

### Industries surveyed

Agri-food  
Steel/Metals  
Textiles/clothing

### Sector

Companies interviewed	Agri-food (%)	Steel/Metals (%)	Textiles/clothing (%)
Manufacturing	37	49	10
Wholesale trade	39	0	27
Retail trade/Distribution	19	43	63
Services	6	7	0

### Company size

Companies interviewed	Agri-food (%)	Steel/Metals (%)	Textiles/clothing (%)
Micro enterprises	14	4	20
SME - Small enterprises	14	5	13
SME - Medium enterprises	28	9	13
Large enterprises	43	83	53

## 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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