



	February 2018	November 2018	June 2019
Total Respondents	59	63	62
Respondents with customers in this county	27	19	23
Sales are primarily to	February 2018	November 2018	June 2019
Existing Customers	93%	79%	87%
New Customers	7%	21%	13%
Respondents extending credit to customers vs. those who do not	February 2018	November 2018	June 2019
Extend Credit	83%	58%	70%
Do Not Extend Credit	17%	42%	30%
Payment terms granted by those extending credit to customers in this country:	February 2018	November 2018	June 2019
0-30	23%	0%	25%
31-60	36%	36%	31%
61-90	32%	36%	38%
91+	9%	28%	6%
Average days beyond terms:	February 2018	November 2018	June 2019
	26	60	44
Payment methods used (multiple selections permitted):	February 2018	November 2018	June 2019
Wire Transfer	85%	82%	67%
EFT (seller initiated)	4%	6%	19%
EFT (buyer initiated)	19%	0%	14%
Check	8%	0%	10%
Credit Card	8%	24%	19%
Extended Payment Program or Progress Billing	12%	6%	5%
B.P.O. (Bank Payment Obligation)	4%	0%	0%
Letter of Credit	62%	47%	29%
Cash Against Documents	27%	0%	10%
Dated Draft	19%	0%	0%
*Other	8%	6%	

***OTHER**

February 2018	November 2018	June 2019
<ul style="list-style-type: none"> • Currently sell under a SBLC issued with 360 days. • Samples sent via Cash in Advance. 	<ul style="list-style-type: none"> • Promissory notes 	<ul style="list-style-type: none"> • Promissory Notes, which is basically the most powerful financial tool in KSA. • Credit insurance. • [We] use male contacts only with our Saudi customer. They will dismiss any female attempts to conduct business with them.

Payment Delays Are:	February 2018	November 2018	June 2019
Increasing	18%	46%	40%
Decreasing	4%	9%	7%
No Change	56%	36%	53%
No Payment Delays	22%	9%	0%

Causes of payment delays, open account:	February 2018	November 2018	June 2019
Billing Disputes	10%	10%	14%
Other Disputes	5%	0%	0%
Cash Flow Issues	15%	20%	14%
Inability to Pay	0%	10%	7%
Unwilling to Pay	15%	20%	14%
Customer Payment Policy	5%	10%	7%
Government Approval	5%	10%	0%
Regulatory Issues	5%	10%	7%
Foreign Exchange Rates	0%	0%	0%
Central Bank Issues	0%	10%	0%
Cultural Norms and Customs	25%	0%	14%
*Other	15%	0%	23%

***OTHER**

February 2018	June 2019
<ul style="list-style-type: none"> • There are several factors affecting the collection cycle as such the billing disputes, customs issue and delay in shipment delivery, customer payment cycle, government delaying to pay the bills. • A variety of issues depending on the customer. • Government contracts not being paid in a timely manner and, therefore, we are not paid in a timely manner. 	<ul style="list-style-type: none"> • Banking delays. • New billing systems causing a long learning curve. • General slowness.

PRS Political & Economic Risk Forecast (Updated 05/01/19)

18-month & 5-year political forecasts and probability for REGIMES most likely to hold power; risk ratings for TURMOIL (low to high), and RISK RATINGS (A+ least, D- most) for financial TRANSFER, direct INVESTMENT, and EXPORT to the country. If forecast has changed, the previous rating appears in parentheses. An asterisk (*) means a nonincumbent regime. Most recent economic data and forecasts include a previous five-year average, a one-year forecast or estimate, and a five-year forecast average. REAL GROWTH of GDP and INFLATION are expressed as percentages, and CURRENT ACCOUNT figures are in billions of US dollars.

Country Regimes and Probabilities	Turmoil	Transfer	Investment	Export		Real GDP Growth	Inflation	Current Account
Saudi Arabia					2014-2018	2.2	1.5	15.20
King Salman 60%	High	A-	B	A-	2019	1.6	-0.8	31.30
*Younger Al-Saud 60%	Moderate	A-	B	B+	2020-2024	2.3	2.0	41.50

Forecast provided by The PRS Group, Inc. [Click Here for More Information on the Political Risk Letter and other offerings.](#)

Advice when doing business in this country:

June 2019

- Very little exposure here, mostly to larger multi-nationals or US based companies.
- Customers history is not enough in KSA, which means KYC would not be sufficient in all cases, I clearly recommend a review of the financial statements of the customers before engaging in any deal, especially large ones. a Team with a legal consultant should be available, knowing all the small details of the law in KSA. Deal credit exposure must be clearly covered by either PDC`s of promissory notes, preferably promissory notes, since it is the most powerful legal tool in KSA. Risking with high credit exposure since the beginning is not recommended at all and will encounter high risks of defaulting.
- You need to know who you are really selling too... 5 C's of Credit, make sure you are shipping to and billing to the right customer.
- Stay on top of correspondence and issues.
- Only sell with prepayment if you can.



June 2019

- Understand the customer's process and approval process.
- If you choose to do business with this country, it will be on their terms only. I would definitely consider CIA only.
- Country has a strong economy but recently made changes to tax reforms. Be aware of the latest tax reforms in order to ensure right amount is posted.
- Make sure that your customers have Government sales. This will guarantee your payments even if there are delays.

November 2018

- Start with Letter of credit to know the customer and the country.
- Very unstable economy. Secure payment before shipping.
- 60-90 days to pay is standard for Saudi Arabia.
- Make sure there is a security deposit to secure sales.
- Know your customer. Economy changing.
- They do things in their own time.
- Under the New SASO import regulations for products entering KSA, 90-days is the norm. However, international sellers face the heat of not getting paid and not being communicated either. It's purely an issue related to norms inside the customers organization. They are slow to process bills. They will not share WTAX certificates and do not care about escalations either.
- Be aware of the political climate. Comply with government regulations.
- Secure payment in advance.
- Even the big market names are having a huge drop down in their payment behavior. Carefully analyze your customer and protect your payment either through Promissory notes or L/Cs.

February 2018

- Ensure that your customer's bank has a relationship with your U.S bank in order to facilitate processing of the L.O.C.
- Understand the customer and their customs before dealing with them.
- Good understanding of the laws and restrictions of the country.
- Several documentation requirements. Make sure your freight forwarded is experienced & familiar with the Saudi requirements to import.
- Know your customer. Really know who you are selling to - the true legal entity.
- Avoid open terms for new customers. Leverage order block in case of past-due.
- Customers typically try to pay slowly from Saudi Arabia. We have seen things get a bit worse since oil prices were/are lower along with the OPEC production reductions, and the push to move the country into an economy that is not so focused on oil.
- Learn all the country regulations and fees of different permits and certificates you have to provide to customs at arrival.
- Find out everything from the customer before sending them anything like if there are certain regulations.
- Saudi Arabia is one of biggest markets in the GCC, having huge market potential and showing tremendous growth. With payments, make sure transactions are backed with an LC or solid bank guarantee. Open account is not advisable until unless the good relationship cemented with customer.
- Middle East is very slow in paying bills also consider the TPP (Third party payments) coming outside the contractual terms.
- Advance payment, they don't follow Letter of Credit instructions.
- Prepayment is best.
- Understand the culture.