



# Atradius Payment Practices Barometer

## Spain

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



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“  
*Most of the businesses we polled expect to experience growth next year. The heightened insolvency environment and a potential continuation of the pandemic present downside risks to this optimistic outlook.*  
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**Marta Nodal**  
Regional Director of Atradius Crédito y Caucción Spain, Portugal and Brazil

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## Use of credit insurance protects businesses

This year's Payment Practices Barometer Survey of Spain's agri-food, chemicals and construction materials industries mainly revealed a picture of businesses maintaining the status quo in terms of managing their accounts receivable. Late payments, for example, remained stable year-on-year with just over half of the total amount of B2B invoices overdue.

It will be interesting to see if this will be the case next year. Fiscal support extended to businesses by the Government is due to continue until the end of Q4. Once this is removed and the moratorium on bankruptcy lifted, we are likely to see an increase in insolvencies, with some commentators predicting a 26% increase in elevated insolvency levels. Businesses should ideally take steps to protect themselves from the heightened risk of insolvency.

Encouragingly, more than half of the businesses we polled told us they already use trade credit insurance, and the majority intends to continue doing so next year. Some sectors even revealed an increased appetite for credit insurance. For example, 61% of the chemicals industry told us

they plan to use trade credit insurance next year, an increase on the 45% that told us they had a policy this year.

Not only will credit insurance protect businesses from the losses incurred by unpaid invoices, but it can also curb any cost increases associated with in-house credit management. Having to spend more on trying to collect overdue invoices was an increasingly common complaint among the businesses polled this year. However, for those businesses with trade credit insurance, professional B2B debt collection services are included at no extra cost as part of the policy.

Following the toll that the pandemic took on the Spanish economy, most indicators point to a rebound next year with GDP growth of 6% or more. This largely echoes the opinions of most of the businesses we polled that expect to experience growth next year. The heightened insolvency environment and a potential continuation of the pandemic present downside risks to this optimistic outlook.



## Payment practices in Spain

Over the past year, businesses polled across Spain told us they transacted a lower proportion of their B2B sales on credit. This amounts to 55% of all B2B sales, down from last year's 58%. When businesses accepted requests for trade credit, this was most often because they wanted to stimulate sales growth, mainly by encouraging repeat business with existing customers. Request for trade credit were turned down most often due to higher risks of customer payment default.

Late payments affect an average of 53% of the total value of the B2B invoices issued by businesses polled across Spain. This has remained almost stable compared to last year's survey. The total value of B2B sales that were still outstanding after 90 days stands at 8%, compared to last year's 7%, although all of these overdue invoices ended up being written off.

52% of businesses insured their accounts receivable with trade credit insurance and a similar percentage opted to retain the risk of trading on credit in-house (58%). Most businesses told us that they worked to strengthen their credit control processes this year, which can be seen in the overall DSO (Days Sales Outstanding) results. 55% of businesses were able to contain DSO levels year-on-year and just 40% reported a deterioration.

Looking ahead, the vast majority of the businesses we spoke to expressed optimism and predicted growth in 2022 (75%). Many told us they believe that B2B credit trade will increase largely as a way to finance customers in financial distress (34%). However, businesses we spoke to across Spain do not neglect that downside risks remain, the largest being ongoing uncertainty about the pandemic affecting the global economy, with negative repercussions on the Spanish domestic economy as well. However, on the whole businesses are optimistic and anticipate a slight improvement in both the domestic economy as well as international trade over the coming months.

When asked which pandemic-induced changes will become a permanent feature of the way they do business, 48% of businesses told us that they have permanently integrated some innovations related to the increased use of digital technologies, particularly in the area of home working.



# Agri-food

## Late payments and cash flow

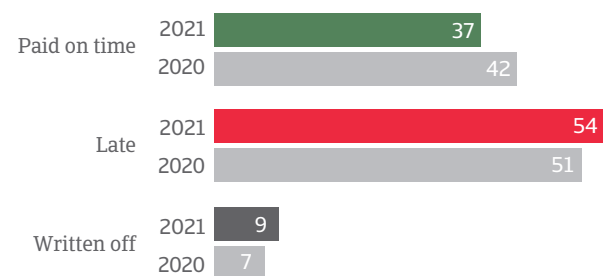
### Half of total value of invoices overdue

54% of the total value of B2B invoices in Spain's agri-food industry were reported overdue this year, a slight increase on the 51% of overdue invoices last year. The total value of write-offs also saw a small year-on-year increase from 7% to 9%. 37% of the agri-food businesses we polled reported a year-on-year increase in delayed payments. This is fewer than the 53% reporting the same thing last year. For 55% of the industry, the year-on-year invoice-to-cash turnaround remained the same (up from last year's 39%). For 8%, payment timings improved (this is the same percentage that reported improvement last year).

To protect the business from liquidity shortfalls and avoid the risk of running out of cash due to late payments, 41% of the sector told us they increased the amount of time and resources spent to collecting unpaid invoices and focused on an overall strengthening of their credit control processes. 38% reported this last year.

### Agri-food industry in Spain

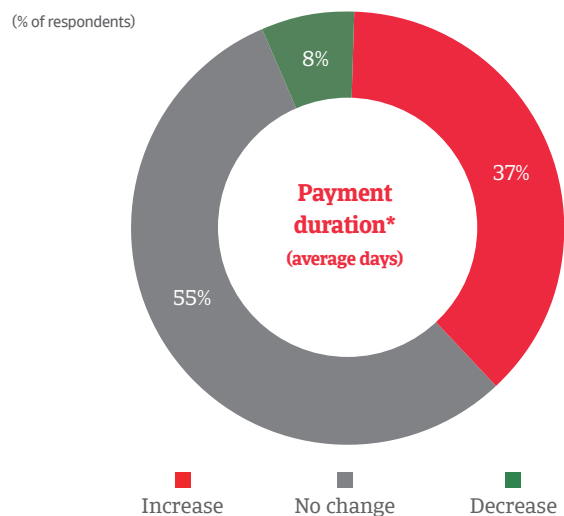
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



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

### Agri-food industry in Spain

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** Strengthen internal credit control process
- #3** Delay payments to my own suppliers



# Agri-food

## Approach to credit management and DSO

### More than half employ trade credit insurance

52% of the industry employed trade credit insurance this year (a slight increase on last year's 48%). Many told us this was a cost-effective solution that stabilised their credit management administration costs and enabled them to focus on their business growth. In addition, many of the businesses using credit insurance told us that it had helped facilitate access to financing from external sources including banks.

58% of the industry favoured reliance on in-house resources to mitigate credit risk (a small drop down from the 60% reporting self-insurance last year). Ideally this involved setting aside reserves to mitigate the impact of any credit-related losses, although bad debt funds inevitably lock-up liquidity that could otherwise be devoted to business operations. As part of their credit management approach, 52% of the businesses retaining credit risk in-house offered discounts for early payment of invoices. A third told us they incurred increased administration costs related the management of a credit department, including collections. Many reported increased financing costs to get additional funds for business operations while waiting for payment of invoices.

50% of the agri-food businesses we polled told us they frequently requested cash payments. This is the same percentage that preferred cash last year. With cash becoming immediately available upon the sale, the liquidity position of the company improves.

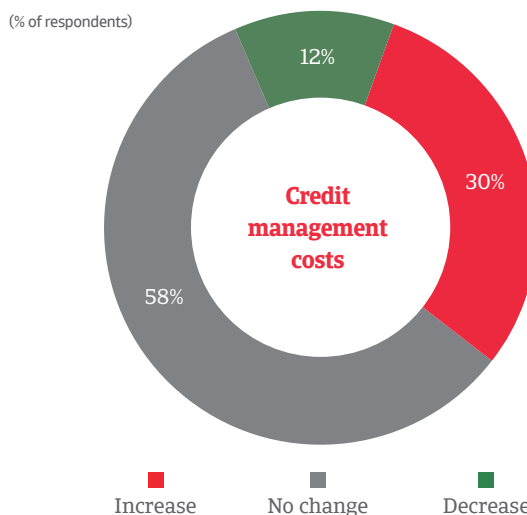
### Industry plans 'business-as-usual' for next year

Looking ahead, 63% of the industry told us they do not plan to change their current approach to credit risk management significantly over the coming months. Their choice may have been prompted by recent successes in containing DSO. 57% of businesses polled (up from last year's 49%) reported no significant year-on-year change to their DSO this year. When asked about their DSO predictions for next year 51% told us they expect it to remain stable, 40% anticipates deterioration and 9% improvement.

Among the businesses planning to retain credit risk in-house next year, most plan to adjust payment terms and to outsource debt collection to external specialist B2B debt collectors. In addition, many businesses plan to use factoring next year. This was reported by 52% of the businesses we spoke to and is part of an upward trend favouring factoring.

### Agri-food industry in Spain

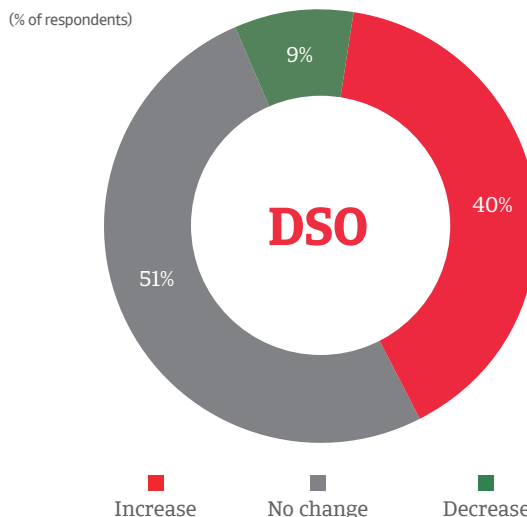
change in credit management costs (2021/2020)



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

### Agri-food industry in Spain

expected DSO changes over the next 12 months



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



# Agri-food

## 2022 industry outlook

### Majority anticipates growth outlook

Looking ahead into 2022, 40% of the industry expressed concern over the continuation of the pandemic and the potential this has to prolong the downturn of the global economy and negatively affecting the health of the Spanish economy. For the most part, however, the businesses we spoke to felt confident that the Spanish economy would experience a slight improvement on this year. In addition, 45% expressed optimism also about a slight improvement in international trade over the coming months. 77% predicts business growth, 9% believe their business will not grow next year and 14% are unsure.


When looking at the potential role of trade credit next year, 32% of respondents told us that they anticipate an increase in the use of credit either to allow customers additional time to pay, or to aid the sale of goods and stimulate customer demand. 25% anticipates no change in the use of trade credit and the rest believes there will be a year-on-year decrease in use.

48% of the industry told us that the pandemic had prompted them to permanently adopt the use of digital technology and 46% said that they would continue to enable their staff to work from home.

**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)

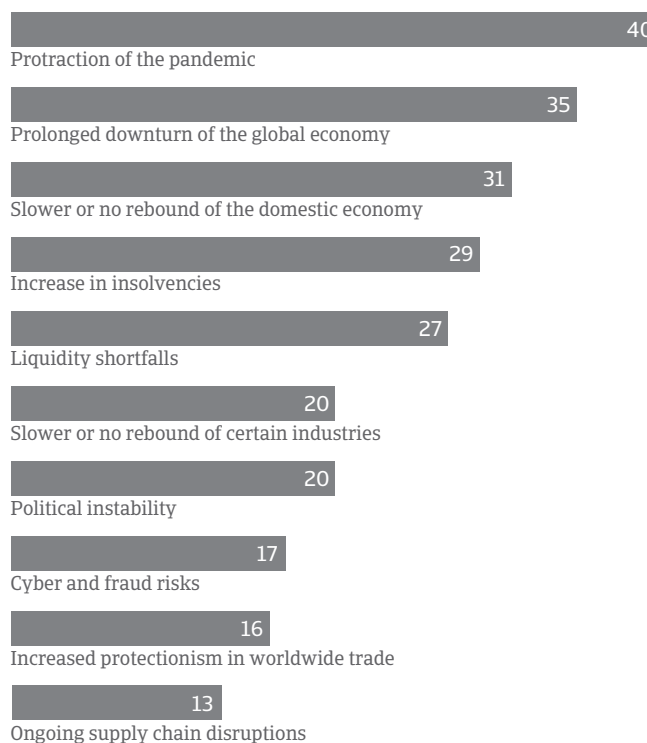
- #1** Increased digitalisation
- #2** Home working
- #3** Facing customer demand changes



### Agri-food industry in Spain

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

(% of respondents)



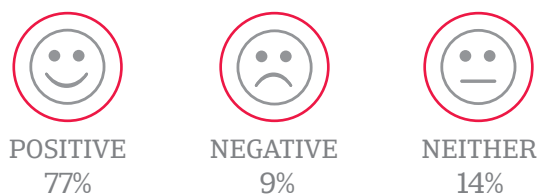
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Agri-food industry in Spain

how businesses feel about their possible growth in 2022

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Chemicals

## Late payments and cash flow

### Payment practices mainly improve

With the exception of bad debts the chemicals industry reported many year-on-year improvements in customer payments behaviour. Last year 47% told us it had taken longer to cash in overdue invoices compared to the previous year. This year that percentage dropped to 45%. No year-on-year change was reported by 39% of respondents (an improvement on last year's 33%). 16% told us they had successfully collected invoices more quickly than last year; this is a dip on the 20% reported a year ago.

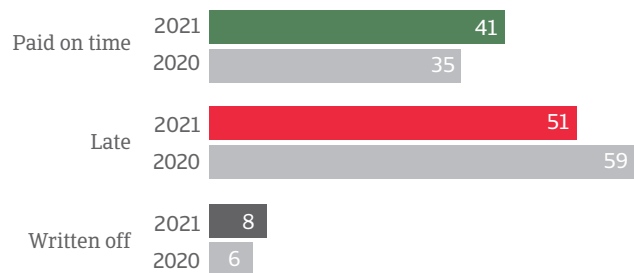
Late payments also improved. 51% of the total value of B2B invoices issued in the industry were reported overdue this year, a decrease on last year's 59%. Write-offs, however, increased to 8% (up from 6% last year).

Half of the businesses we spoke to told us that they mitigated the impact of customer credit risk by increasing the time and resources they spent on trying to collect unpaid invoices, and by an overall strengthening of their credit control process.

A sizeable number of Spanish chemicals businesses told us they delayed payment of invoices to their own suppliers (30%). While an understandable response to managing late customer payments, this approach risks triggering a knock-on effect in the supply chain.

### Chemicals industry in Spain

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



\*n/a = not available

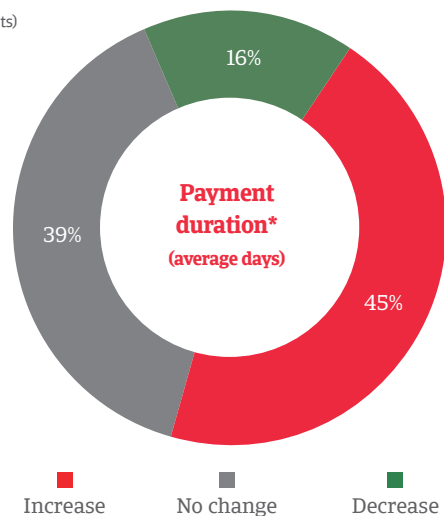
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Chemicals industry in Spain

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** Strengthen internal credit control process
- #3** Delay payments to my own suppliers





# Chemicals

## Approach to credit management and DSO

### Half of industry reports increase in collection costs

45% of the chemicals industry polled in Spain told us they used credit insurance this year. Although we were not able to make any year-on-year comparisons for this industry, this percentage is fairly comparable to the other sectors we surveyed in the country this year.

However, the percentage of businesses reporting the use of trade credit insurance in this sector is lower than the percentage opting to retain credit risk in-house. 57% told us they relied on internal credit risk management resources this year to minimise the impact of customer credit risk on the business. For many this involved setting aside bad debt reserves and offering discounts for early payment of invoices. In addition, 50% sent invoice payment reminders and 24% outsourced collection activity to specialist B2B debt collectors.

Requests for cash payments is also a common business practice amongst businesses in the Spanish chemicals industry.

Most of the businesses polled in the Spanish chemicals industry reported no significant change in the administration costs of managing trade debts. This was reported by 57% of the survey respondents. However, nearly half of businesses reporting in-house credit risk management also told us that they had spent more this year on the collection of overdue invoices, especially of long outstanding trade debts. Many businesses also reported an increase in the costs associated with external financing. Despite the increased attempts to collect bad debts the industry experienced an increase in write-offs (from 6% to 8% year-on-year). This in turn is likely to have hit cash reserves and negatively impacted the liquidity positions of many businesses.

### Uptick in the use of trade credit insurance

We asked Spanish chemicals businesses what credit management tool or technique they envisage using, or using more often, over the coming months. 61% told us they plan to use trade credit insurance (an increase on the 45% that told us they used credit insurance this year).

There was no year-on-year change in the percentage of businesses planning to retain credit risk in-house (57%). Interestingly, this is fewer than the amount planning to protect their trade with credit insurance.

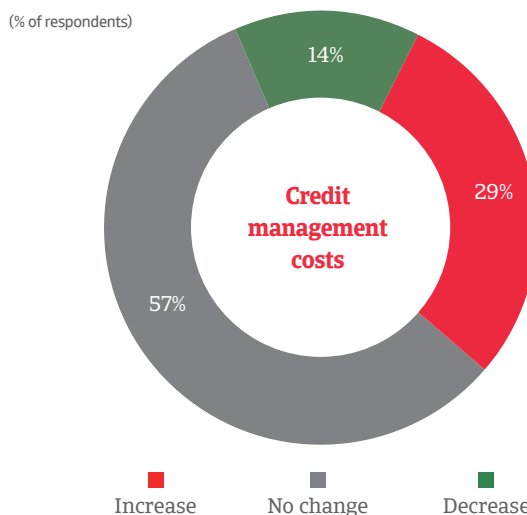
The majority of these businesses told us they plan to follow the same approach as this year, by offering discounts for early payment and using internal resources to focus on collection activities. However, many businesses also told us they plan to adjust the payment terms extended to customers and, where possible, received by suppliers more often over the coming months.

In addition, 25% of the businesses we polled told us they plan to ask for payment in cash or to use trade receivables securitisation to protect cash flow next year.

47% of the industry does not expect any significant change in DSO over the next few months. 37% anticipates deterioration and the remaining 16% told us they expect to see an improvement in their DSO.

### Chemicals industry in Spain

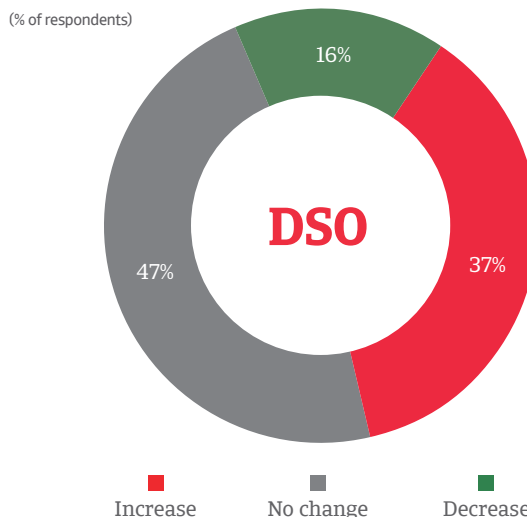
change in credit management costs (2021/2020)



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

### Chemicals industry in Spain

expected DSO changes over the next 12 months



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



# Chemicals

## 2022 industry outlook

### Confidence reflects cautious optimism

65% of businesses polled in the Spanish chemicals industry feels confident about an improvement, although slight, in the Spanish economy over the coming months. 73% predicts growth in their own businesses. 19% do not anticipate growth and 8% do not have a clear-cut opinion.

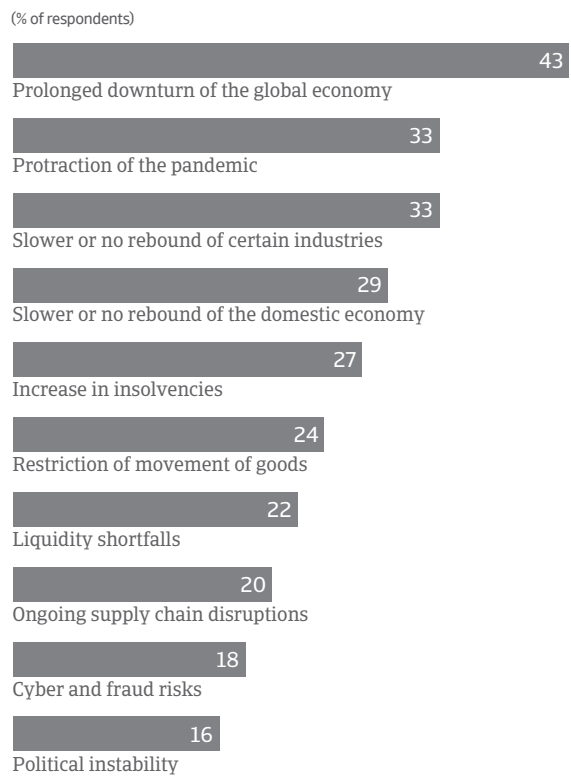
43% of the Spanish chemicals industry expressed concern over the potential for a prolonged downturn of the global economy due to the continuation of the pandemic into next year. Their concern is that this would delay the rebound of certain industries, especially those that were severely hit by the pandemic. That said, 67% are optimistic that there will be an improvement in international trade next year, although this is tempered by 39% that believe the improvement will be slight.

37% expects trade credit will primarily be used next year to provide customers with extra time to pay, 31% plan to offer credit to stimulate demand. 25% anticipates no change in their current levels of credit use and the remainder plans to reduce the volume of credit they offer.

When asked to indicate whether the pandemic had caused any permanent changes to the way they do business, 55% indicated the adoption of digital technology and 43% cited working from home.

### Chemicals industry in Spain

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**

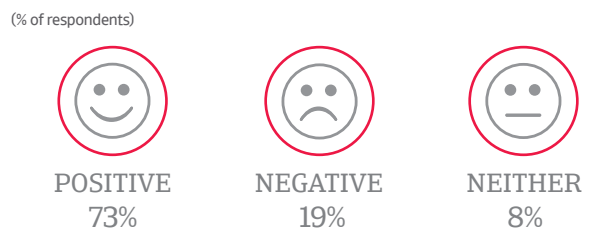
**The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business?**  
(ranking by % of respondents)

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



### Chemicals industry in Spain

how businesses feel about their possible growth in 2022



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Construction materials

## Late payments and cash flow

### Overdue payments and write-offs surge

54% of the total value of the industry's B2B invoices were reported overdue this year, a leap up from last year's 40%. The proportion of bad debts rose to 7% of the total value of the industry's B2B trade receivables (an increase on the 3% reported last year).

In addition, 46% of the construction materials industry told us they experienced a significant slowdown in customer invoice payment practices. This is an increase on the 41% reporting the same one year ago. 43% of respondents reported no change (51% last year) and 11% were paid earlier than one year ago (8% last year). This downturn in the quality of payment practices is reflected in the DSO results. 39% reported a deterioration of DSO (compared to 33% reporting the same last year). 56% reported no change (down from 67% late year) and 8% reported improvement (nobody told us this last year).

The deterioration in payment practices could lead to higher pressure on the liquidity positions of businesses in the industry, particularly from the increase in write-offs. It may also be why a third of the businesses we polled told us they had taken out additional financing and bank overdrafts this year. This is twice as many as sought external finance last year.

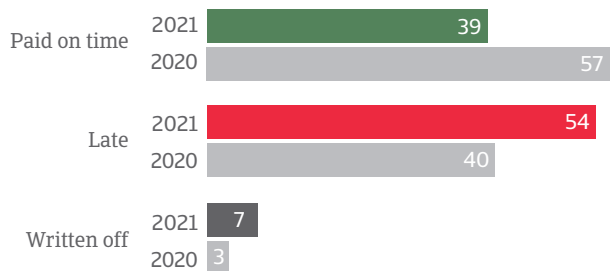
**SURVEY QUESTION**

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

- #1** Pursue external financing
- #2** Request a bank overdraft extension
- #3** Strengthen internal credit control process

### Construction materials industry in Spain

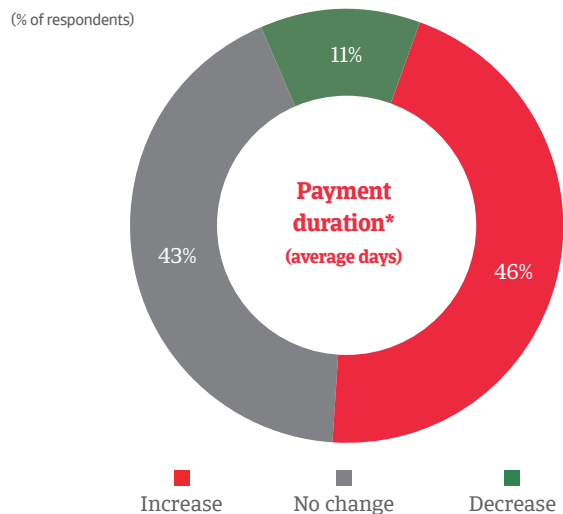
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



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

### Construction materials industry in Spain

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



# Construction materials

## Approach to credit management and DSO

### Credit management options evenly spread

The industry's approach to credit management is fairly evenly divided. A slight majority reported relying in internal credit risk management resources (58%). Of these, 53% told us they sent overdue invoice reminders and 44% outsourced debt collection of specialist B2B debt collectors.

55% told us they resorted to bank instruments such as letters of credit. This was particularly favoured by export businesses.

50% told us they preferred trade credit insurance, opting to insure their account receivables rather than managing credit risk in-house. The same percentage reported requesting cash payments.

Nearly 40% of the businesses that chose to rely on in-house credit risk management said they incurred increased administrative costs associated with credit risk management. 42% reported no change and the rest reported a decrease. 35% alike reported increased costs for collection and financing compared to 50% and 39% who reported no change respectively.

### DSO expected to worsen over the coming months

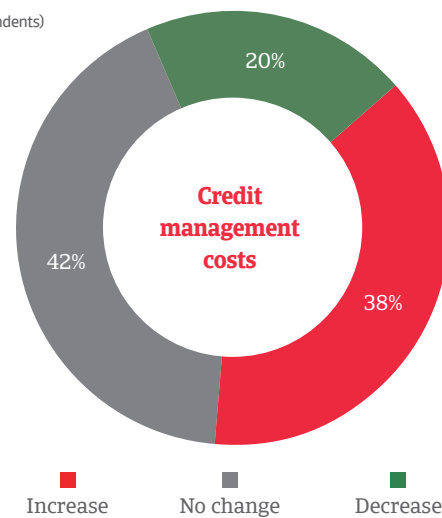
A small majority of businesses anticipate a deterioration of DSO next year. 47% expects it to get worse, 42% predicts no change and 11% expects improvement.

When asked what credit management tools or techniques they plan to use next year 62% of the industry said they will not significantly change their approach to credit risk management. The same percentage envisages adjusting their payment terms. In addition, many told us they intend to use trade receivables securitisation over the coming months. Avoiding concentrations of customer credit risk on a single large customer, or in small groups of customers, is also planned by many of businesses polled.

### Construction materials industry in Spain

change in credit management costs (2021/2020)

(% of respondents)



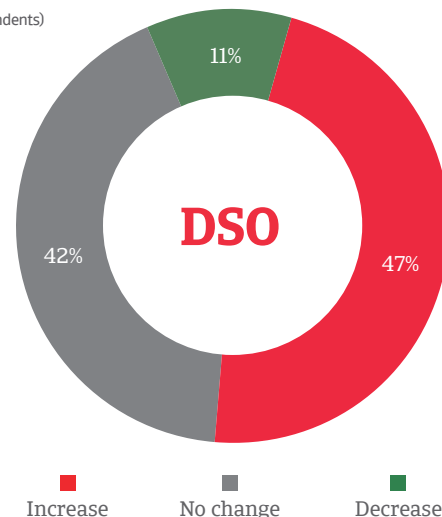
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Construction materials industry in Spain

expected DSO changes over the next 12 months

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Construction materials

## 2022 industry outlook

### Positive outlook for economy and international trade

72% of businesses polled in the industry told us they feel confident about an improvement, although slight, in the Spanish economy over the coming months. Echoing this, 72% are optimistic about business growth next year with just Spanish survey respondents in the industry expressing a negative view and 17% telling us they don't have a clear-cut opinion.

41% pointed to the downside risks posed by the pandemic and how this could continue to impact the health of the domestic economy and potentially trigger insolvencies. That said, 74% expressed optimism about a potential improvement in international trade over the coming months. For most of these, however, improvement will be slight (47%).

23% anticipate no change in the frequency of use of trade credit next year and the rest a decrease. For those planning to offer B2B credit, 35% say they will do so in order to give their customers additional time to pay and 26% to stimulate customer demand.

48% told us that their businesses had permanently adopted the option to work from home and 41% had increased their use of digital technologies following the outbreak of the pandemic.

### Construction materials industry in Spain

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**

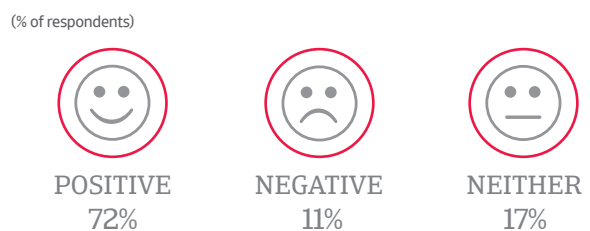
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1 Home working
- #2 Increased digitalisation
- #3 E-commerce



### Construction materials industry in Spain

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 Spain. 200 companies from the Spanish agri-food, chemicals 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.

## Spain - total interviews 200

Industries surveyed			
Agri/Food			
Chemicals			
Construction materials			
Sector			
Companies interviewed	Agri-Food (%)	Chemicals (%)	Construction materials (%)
Manufacturing	17	20	36
Wholesale trade	49	41	32
Retail trade/Distribution	25	20	21
Services	8	20	11
Company size			
Companies interviewed	Agri-Food (%)	Chemicals (%)	Construction materials (%)
Micro enterprises	14	18	14
SME - Small enterprises	33	20	35
SME - Medium enterprises	35	33	21
Large enterprises	18	29	30

## 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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For more **insights into the B2B receivables collection practices in Spain** and worldwide, please go to

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For Spain [creditoycaucion.es/es](http://creditoycaucion.es/es)

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