



Key trends for B2B payments and cash flow

# Czech Republic

Significant switch towards more liberal trade credit policy



## About the Atradius Payment Practices Barometer

The Atradius Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world.

Our survey provides us with the opportunity to hear directly from companies polled about how they are coping with the impact of the current challenging economic and trading environment on payment behaviour of their B2B customers. This can give valuable insights into how businesses are paid by their B2B customers, and how they tackle the pain points caused by poor payment practices.

The findings about what measures are undertaken to fund a sudden need for cash, and what credit management tools they use to mitigate the risk of long-term cash flow problems, may also be valuable information in helping understand how companies respond to the crucial issue of late or non-payment in the current uncertain times.

However, the survey also has a strong focus on the challenges and risks that companies polled believe they will encounter during the coming months, and their expectations for future business growth.

The results of our survey can supply useful insights into the current dynamics of corporate payment behaviour in B2B trade, and identify emerging trends that may shape its future. This can be extremely useful to companies doing business, or planning to do so, in the markets polled.

In this report, you will find the survey results for the Czech Republic.

The survey was conducted between the end of Q1 and mid Q2 2023, and findings should therefore be viewed with this in mind.



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# B2B payment trends and cash flow

## Significant switch towards more liberal trade credit policy

A clear change of approach as to selling on credit in B2B trade was found among companies polled in the Czech Republic as they granted longer payment terms to customers. These terms now stand at an average of 51 days from invoicing, up from 43 days last year, and were most probably offered in a bid to encourage sales in a period of weak domestic demand and waning export growth. Another reason behind this more liberal payment policy was the high cost of borrowing. 63% of businesses polled said they relied on trade credit granted by suppliers as a source of short-term finance rather than less affordable bank loans, particularly so in the steel-metals sector. Despite a more relaxed payments policy applied in B2B trade, our survey showed that B2B sales transacted on credit remained almost steady during the past 12 months, and now average 46% of all Czech Republic B2B sales.

During the past 12 months, late payments affecting companies polled in the Czech Republic trended slightly downward. This was evident in a moderate 4% decrease reported in overdue B2B invoices, which now average half of the total value of B2B sales in the Czech Republic. The finding also tallies with nearly one fourth of companies polled telling us they experienced improved payment behaviour from B2B customers in the past year, particularly in the chemicals sector. Bad debts were almost stable, affecting an average 6% of all B2B sales on credit, compared to 7% one year ago. The main reason for late payments cited by businesses polled in the Czech Republic was temporary liquidity shortfalls among B2B customers. In contrast, companies in the transport sector said payment defaults came most often from businesses facing insolvency.

Cash flow issues clearly remained a major concern for companies polled in the Czech Republic, and the transport sector in particular reported a worsening of Days Sales Outstanding (DSO) during the past 12 months. Other sectors told us they were able to contain large swings of DSO through more efficient trade debt collection, with chemicals companies reporting DSO improvement during the past year thanks also to setting up a process aimed at resolving invoice dispute. In addition, 51% of companies surveyed said they spent more time and resources on chasing unpaid invoices and introduced stronger credit control procedures. When needed, more than one third of companies said they delayed payment of bills and staff and investment in the business.

These measures also helped to minimise the risk involved in their more liberal payment policy, and were mostly undertaken within the framework of in-house retention and management of customer credit risk. However, our survey also found a growing appetite for a strategic approach to credit risk management during the past 12 months. 10% more companies

## Key survey findings

- Longer payment terms were granted by companies in the Czech Republic to encourage sales amid subdued domestic demand and weak exports. Terms now stand at an average 51 days from invoicing. 63% of businesses told us they rely on trade credit for short-term finance rather than costly bank loans.
- Selling on credit remained steady among businesses in the Czech Republic. An average 46% of all B2B sales were transacted on credit during the past 12 months, again a reflection of weak domestic and export demand, along with concern over impact of the risk of payment default of customers in the current challenging economic climate.
- Our survey found a 4% drop in overdue B2B invoices, which now affect half the total value of B2B sales on credit. This moderate decrease was complemented by the finding that 24% of companies polled in the Czech Republic reported improved B2B customer payment practices. The remaining companies polled said there was either no change or a worsening.
- A chief reason for late payments was reported to be temporary liquidity shortfalls, and the Czech transport sector told us another cause was insolvencies. Bad debts remained almost steady, standing at an average 6% of all B2B sales transacted on credit.
- Cash flow issues remained a key concern for companies polled in the Czech Republic, with the transport sector reporting a deterioration of Days Sales Outstanding (DSO). Other sectors contained large swings of DSO thanks mainly to devoting more time and resources to chasing unpaid invoices and by strengthening credit control procedures.
- The main approach to customer credit risk was through in-house retention and management, but 10% more companies polled in the Czech Republic told us they outsourced the issue to a credit insurer. Many businesses also made use of factoring.

polled than last year said they considered outsourcing the issue to a credit insurer, particularly so among businesses in the transport sector. Many companies told us they also resorted to factoring to free-up liquidity to be used in business operations in the current challenging economic landscape.

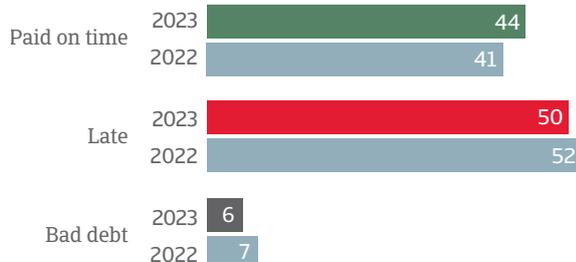
**Key figures and charts on the following pages**



# Czech Republic

## Czech Republic

% of the total value of B2B invoices paid on time, overdue and bad debt (2023/2022)

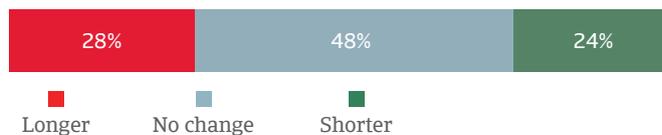


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Czech Republic – 2023

## Czech Republic

% of respondents reporting changes in payment duration\* over the past 12 months



\*average amount of time to get paid from B2B customers

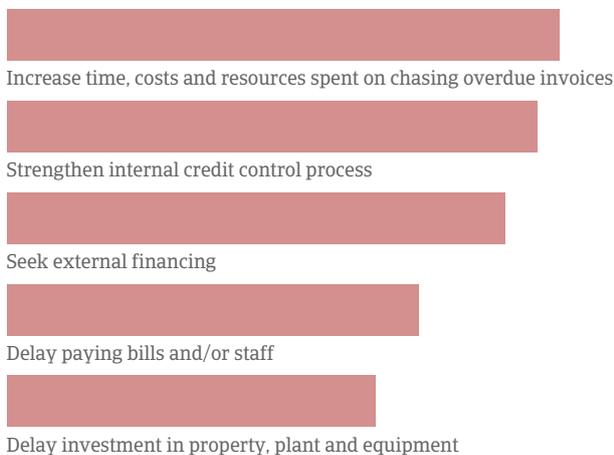
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Czech Republic – 2023

## Czech Republic

Measures put in place to minimise cash flow problems due to payment default of B2B customers

(% of respondents - multiple response question)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Czech Republic – 2023

### Survey question

What are the main sources of financing that your company used during the past 12 months?

- 63% Trade credit
- 50% Bank loans
- 38% Equity capital
- 37% Internal funds

\*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer Czech Republic – 2023

# Looking ahead

## Cautious optimism amid ongoing worries about inflation

The major worry looking ahead among companies polled in the Czech Republic is that inflation will continue to have a negative impact on the domestic economy, further weakening domestic and foreign demand. This fear was clearly expressed despite signs of a gradual easing in inflation and the capping of energy prices for households and small businesses by the government. Anxiety was also widely reported about companies facing liquidity shortages, as well as worry about difficult access to external finance, due to tighter monetary policy and high borrowing costs. A further concern among businesses polled was the persistent weakness of the global economy despite an easing of supply chain disruptions.

However, some confidence was also found in our survey about the outlook for economic growth in the Eurozone, and this is probably why 55% of companies polled in the Czech Republic, particularly in the chemicals sector, anticipate a better outlook for demand and sales in the year ahead. There was also some optimism about the prospects for B2B customer payment behaviour. 48% of businesses polled anticipate improvement during the coming months, while the rest told us they expect no change or a deterioration, the most negative mood expressed by the transport sector. 41% of companies said they anticipate no change in profit margins, while 39% expect an improvement.

Mixed opinions were generally found about the outlook for Days Sales Outstanding (DSO) in the year ahead. 45% of businesses polled in the Czech Republic said they expect it to improve, while 44% of companies said they anticipate DSO will remain unchanged. In sharp contrast, pessimism was reported across the Czech transport sector, which most probably reflects anxiety about government moves towards phasing out coal and fossil fuels from its energy mix. This would require considerable investment in new infrastructure for a transition to clean energy sources and low-carbon vehicles needed to achieve emissions targets.

Our survey found that in-house retention and management of customer credit risk is likely to remain the most frequent choice for a majority of companies polled in the Czech Republic. This involves setting aside funds to cope with potential B2B customer payment defaults, which can then not be used in the business. Companies in the transport sector, however, told us they also expect to take a strategic credit management approach involving the use of credit insurance. A major role will also be taken by securitisation, an approach particularly favoured by large enterprises in both the chemicals and steel-metals sector.

**Key figures and charts on the following pages**

## Key survey findings

- Despite some signs that it may be easing, the potential impact of high inflation continues to be the main concern looking ahead for companies polled in the Czech Republic. They also expressed anxiety about facing liquidity shortages and problems in accessing finance, due to tighter monetary policy and high borrowing costs.
- Amid some confidence about the outlook for the Eurozone, which is vital for companies in the Czech Republic, there was some optimism about the prospects for demand in the year ahead. 55% of businesses expect improvement in demand, while 12% anticipate a worsening.
- Our survey found a more cautious mood about profit margins for the coming 12 months. 41% of companies polled said they expect no change, while 39% of businesses told us they do anticipate improvement in the outlook for business profitability in the coming months.
- 48% of businesses polled in the Czech Republic believe there will be an improvement in B2B customer payment behaviour in the year ahead. The rest expect either no change or a worsening, with pessimism most prevalent in the transport sector.
- Mixed feelings were expressed about the prospects for Days Sales Outstanding (DSO). 45% of companies polled expect an improvement, and 44% anticipate no change. The transport sector was more negative, concerned about the impact of possible fossil fuel restrictions.
- In-house retention and management of customer credit risk is expected to remain the preferred option for the majority of businesses in the Czech Republic. There is also likely to be a widespread reliance on securitisation, along with growing appetite for credit insurance, particularly among Czech transport companies.





# Czech Republic

## Czech Republic

Looking ahead to the next 12 months, how do you expect your sales and profit margins to change?

(% of respondents)

Sales



Profit margins



■ Improve   
 ■ No change   
 ■ Deteriorate

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Czech Republic - 2023

## Czech Republic

Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?

(% of respondents)



■ Improve   
 ■ No change   
 ■ Deteriorate

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Czech Republic - 2023

## Czech Republic

Looking ahead to the next 12 months: top 3 concerns expressed by businesses polled

(% of respondents - multiple response question)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Czech Republic - 2023

### Survey question

**How do you expect your average DSO to change over the next 12 months?**

(% of respondents)

**44%** Improve  
**45%** No change  
**11%** Deteriorate

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Czech Republic - 2023

## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in the Czech Republic are the focus of this report, which forms part of the 2023 edition of the Atradius Payment Practices Barometer. A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 210 interviews in total. All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from the Czech Republic were surveyed, and the appropriate contacts for accounts receivable management were interviewed.
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us to compare data referring to a specific sector crossed by each of the economies surveyed.
- **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=210 people were interviewed in total. A quota was maintained according to four classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: The survey was conducted between the end of Q1 and mid Q2 2023.

### Sample overview – Total interviews = 210

Business sector	Interviews	%
Manufacturing	59	28
Wholesale trade	47	22
Retail trade/Distribution	39	19
Services	65	31
<b>TOTAL</b>	<b>210</b>	<b>100</b>

Business size	Interviews	%
SME: Small enterprises	48	23
SME: Medium enterprises	57	27
Medium Large enterprises	74	35
Large enterprises	31	15
<b>TOTAL</b>	<b>210</b>	<b>100</b>

Chemicals	73	35
Steel/Metals	83	39
Transport	54	26
<b>TOTAL</b>	<b>210</b>	<b>100</b>

## Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2023 Payment Practices Barometer of Atradius, available at [www.atradius.com/publications](http://www.atradius.com/publications) [Download in PDF format](#) (English only).

## Interested in finding out more?

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To find out more about B2B receivables collection practices in the **Czech Republic and worldwide**, please visit [atradiuscollections.com](http://atradiuscollections.com).

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