



Atradius Payment Practices Barometer 2024



B2B payment practices trends

France

Bad debt surge sparks heightened cash flow concerns





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 France.

The survey was conducted between the end of Q1 and the beginning of Q2 2024. The findings should therefore be viewed with this in mind.



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France

B2B payment practices trends

Bad debt surge sparks heightened cash flow concerns

According to survey findings in France, companies are generally open to offering trade credit to B2B customers but tend to be cautious in practice. A significant 73% of businesses tell us they would consider using trade credit in their current selling strategy, but across all sectors an average of just two out of every five sales to B2B customers are transacted on credit, with the rest being sold on a cash basis. French construction companies are the most inclined to use trade credit as a strategic tool in B2B trade and have transacted an average 46% of their sales being on credit during the past 12 months in a desire to stimulate demand and to drive sales in a challenging market environment. Building long-term relationships with B2B customers is the main factor for selling on credit in both the consumer durables and energy/fuels industries. 41% of B2B sales are being transacted on credit by French consumer durables companies, while the figure is down to an average of just 36% among energy/fuels businesses.

Despite their caution in offering trade credit to B2B customers, companies in the French consumer durables and energy/fuels sectors tell us they are now extending longer payment terms to credit customers than last year. These now average a couple of months from invoicing in both industries, helping in the aim of establishing long-term relationships with B2B customers. Another factor behind this policy switch is for payment terms to reflect consistent industry-wide practices, which promote stability and resilience within their sectors.

Key survey findings

- Although 73% of companies in France tell us they are open to offering trade credit our survey finds a widespread reluctance to do so in practice. An average 40% of B2B sales are currently being transacted on credit, while 60% of B2B sales made on cash suggests a safety-first approach among French businesses.
- The construction sector is the most inclined to trade on credit, where an average 46% of B2B transactions are being made on credit in a bid to stimulate demand and drive sales. A desire to build long-term customer relationships is the main factor behind an average 41% of B2B sales currently made on credit in the French consumer durables industry and an average 36% in the energy/fuels sector.
- A change of policy to offering more lenient payment terms is evident in both the energy/fuels and consumer durables industries. In each sector they now average a couple of months from invoicing as companies seek to reflect industry-wide practices. There is no significant change in payment terms of French construction companies, which average 48 days from invoicing.

By contrast, comparatively shorter payment terms are being offered by companies in the French construction industry. These average 48 days from invoicing and have not significantly changed from a year ago.

(continued on page 5)



By offering comparatively shorter payment terms than those seen in the consumer durables and energy/fuels sectors, French construction companies can enhance cashflow and liquidity, and meet their financial obligations more efficiently. Moreover, by maintaining consistency in payment terms offered to B2B customers, construction companies try to reduce the risk of experiencing sudden cash flow gaps or shortages that may occur if payments are delayed inconsistently across different B2B customers.

Widespread concern among French businesses about a rising impact of customer credit risk in B2B trade is evident in our survey. Among these, there is anxiety about the level of bad debts, which now affect 10% of all invoiced B2B sales, double that of last year, with the energy/fuels sector hardest hit. Late payments also show an upward trend, albeit at a more modest rate, and are now affecting 47% of all invoiced B2B sales, while companies in all sectors report a deterioration in B2B customer payment behaviour. Nearly four out of five businesses in the French consumer durables industry perceive payment practices in B2B trade to be worse compared to a year earlier, primarily due to cashflow issues among customers. Almost 50% of energy/fuels companies are confronted with the same challenge, and in response many are slowing down payments to their own suppliers with the risk of a domino effect through the industry. The negative trend also prevails in the French construction sector, where companies report they are grappling with heightened legal and debt collection costs which impact on their profitability and overall financial health.

The potential for suffering significant financial strain is also clear from the deterioration of Days-Sales-Outstanding (DSO) found across all sectors of our survey of companies in France. Nearly 80% of businesses report either no change or a worsening of debt collection efficiency during the past year, while only a small number of companies see any improvement in DSO.

- Growing concern about B2B customer payment behaviour is evident in our survey. Bad debts now stand at 10% of all B2B sales, double the level of last year, while late payments are also on an upward trend, currently affecting 47% of all B2B sales. Nearly four in five consumer durables companies report a worsening of payment practices.
- There is a worrying negative trend also in the figures for Days-Sales-Outstanding (DSO). 70% of businesses in the consumer durables sector say there is a deterioration in debt collection efficiency, creating the potential for significant financial strain. DSO is a little more stable in the French construction and energy/fuels sectors.
- Bank lending conditions remain tight in the French market, but 56% of companies in our survey say bank credit is their primary source of finance to fill potential liquidity gaps due to the impact of customer credit risk on business operations. The construction sector, however, shows a strong preference for invoice financing.

The situation is particularly acute in the French consumer durables industry where nearly seven out of ten businesses tell us about a significant deterioration in their DSO, negatively impacting on their financial health. More stability in DSO is evident in the energy/fuels and construction sectors, indicating some success of enhanced collection efficiency. Nevertheless, there is a need for financing to fill liquidity gaps due to the impact of customer credit risk. Although bank lending conditions remain tight, 56% of companies in our survey tell us bank credit is their primary source of finance to sustain business operations. In the energy/fuels sector, trade credit is used alongside bank credit. However, in the French construction sector, there is a stronger preference for invoice financing among the majority of companies.

Key figures and charts on the following pages

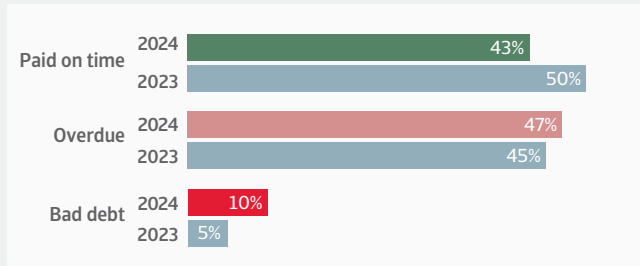




France

France

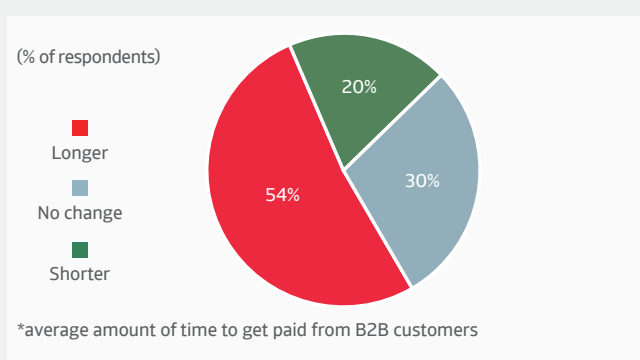
% of the total value of B2B invoices paid on time, overdue and bad debt (2024/2023)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer France – 2024

France

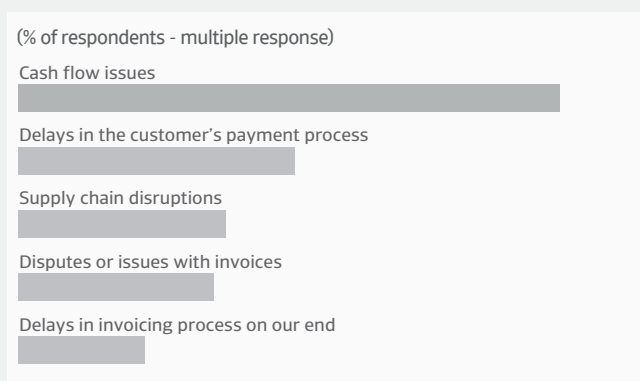
% of respondents reporting changes in payment duration* over the past 12 months



Sample: all survey respondents
Source: Atradius Payment Practices Barometer France – 2024

France

What are the main reasons that B2B invoices are paid late?



Sample: all survey respondents
Source: Atradius Payment Practices Barometer France – 2024

France

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

- 56% Bank credit
- 30% Invoice financing
- 28% Trade credit
- 19% Internal funds

(% of respondents - multiple response)

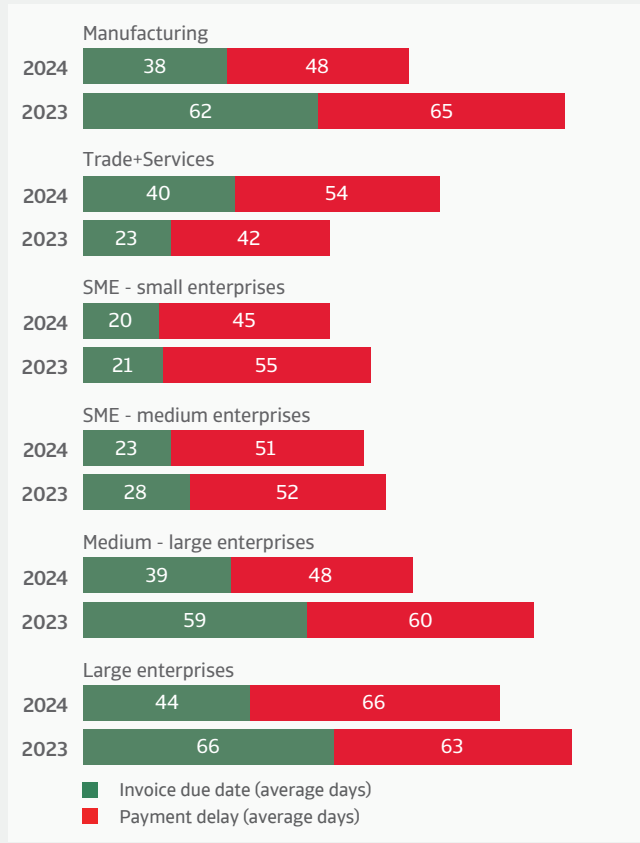
Sample: all survey respondents
Source: Atradius Payment Practices Barometer France – 2024



France

France

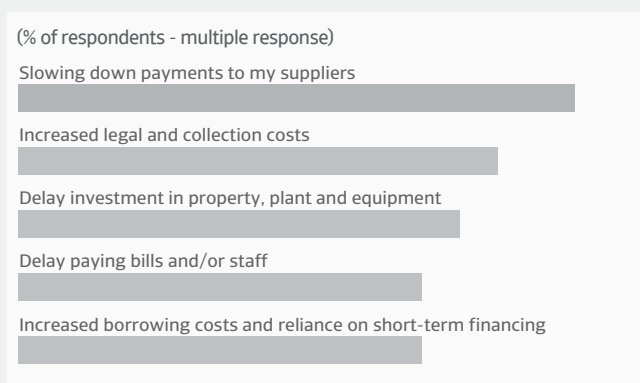
Total time it takes B2B suppliers to convert past due invoices into cash, considering both the due date and the payment delay from customers (2024/2023)



Sample: all survey respondents
 Source: Atradius Payment Practices Barometer France – 2024

France

Over the past 12 months, have late payments from your B2B customers led your company to experience any of the following situations?



Sample: all survey respondents
 Source: Atradius Payment Practices Barometer France – 2024

France

Looking ahead

Wide range of worries as domestic economy stalls

Our survey of businesses in France reveals that the current condition of the domestic economy is the major concern felt across all sectors, both in the short-term and the long-term. This reflects the perception among companies that the French economy is at a standstill, lacking in any new momentum. Another worry is that stringent monetary policy will continue to exert significant pressure on economic activity and impact investment in particular. Although inflation is easing, bank lending remains tight, while consumer spending remains cautious. Companies across all sectors also express anxiety about facing higher pressures on compliance with industry regulations and potential changes in government policies. There is also apprehension about environmental and sustainability issues affecting business operations.

Worries about cybersecurity threats disrupting business operations continue to rise among French companies in our survey as they increasingly rely on digital technologies in their daily operations. This trend is observed across all sectors, indicating that cybersecurity is a widespread issue affecting businesses regardless of industry. In contrast, the most significant concern in a specific industry is found among businesses in the construction sector about the impact of ongoing geopolitical tensions. Companies are anxious these could further exacerbate the already high

Key survey findings

- The major concern for the year ahead among French companies is about the domestic economy, which businesses feel is at a standstill. This is both a short-term and long-term worry across all sectors of our survey. There is also apprehension about a stringent monetary policy putting pressure on future investment.
- Another widespread short-term anxiety is the issue of regulatory compliance and potential changes in government policy in this area. Environmental and sustainability worries are also evident in our survey along with cybersecurity threats.
- Companies in the French construction sector express particular concern about geopolitical tensions, which could exacerbate already high building material costs. This worry is compounded by high interest rates, weakened consumer demand and a fall in issuing new residential construction permits.

building material prices affecting operations through the industry. This apprehension is being compounded by the current climate of high interest rates, weak investment and consumer confidence, and a decline in house sales and the issuing of residential building permits.

(continued on page 8)



Strong apprehension about a negative future trend in B2B payment practices is evident in our survey of businesses in France. 52% of companies say they anticipate a deterioration in B2B customer payment behaviour during the year ahead, with particular concern being expressed in the consumer durables sector. This is a reflection of current inflationary pressures compounded by high interest rates which are contributing to weakened consumer demand. A similar widespread pessimism about the trend of B2B payment practices is also found among energy/fuels companies, and this tallies with expectations of an increasing risk of insolvencies in both industries during the coming months. In contrast, the majority of French construction companies anticipate no significant change in B2B customer payment behaviour, or even some modest improvement. There is confidence across the sector that the industry will bounce back in the year ahead and that there will be no change in the levels of insolvency risk.

Pessimism is also widespread about the prospects for Days-Sales-Outstanding (DSO) during the year ahead for French businesses. According to our survey, nearly half of companies surveyed in France anticipate a negative trend in debt collection efficiency, with anxiety especially evident in the consumer durables industry. The majority of businesses in this sector tell us they expect a deterioration in their DSO, which could result in a surge in write-offs of long outstanding receivables as bad debts, ultimately leading to severe

- A significant 52% of businesses in France say they expect a deterioration of B2B customer payment behaviour during the year ahead. The consumer durables sector shows particular concern amid inflationary pressures and weak consumer demand. The French construction sector anticipates little change, or even a small improvement.
- Pessimism about prospects for insolvency risk during the coming 12 months is evident in our survey among French energy/fuels and consumer durables companies. Both sectors anticipate an enhanced risk of insolvency, but there is more optimism in the construction industry.
- 47% of French companies say they anticipate a negative trend in Days-Sales-Outstanding (DSO) in the year ahead. The consumer durables and energy/fuels sectors are particularly pessimistic, with worries that DSO deterioration could lead to severe liquidity issues. Construction businesses expect little or no change.

liquidity issues. A similar mood is found among companies in the energy/fuels industry, with apprehension about the potential of facing financial strain in the coming months. Most businesses in the French construction sector, however, say they anticipate no significant change in debt collection efficiency, or even some improvement.

Key figures and charts on the following pages

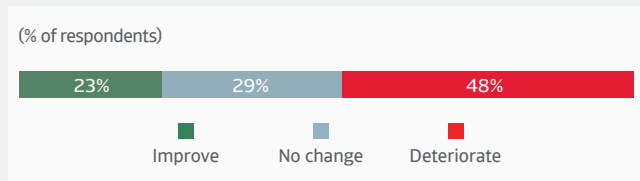




France

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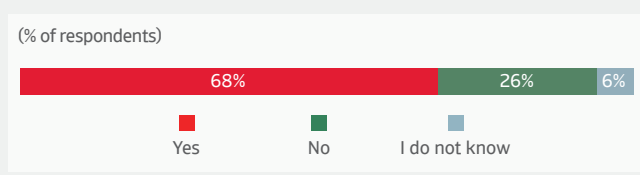
Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?



Sample: all survey respondents
Source: Atradius Payment Practices Barometer France – 2024

France

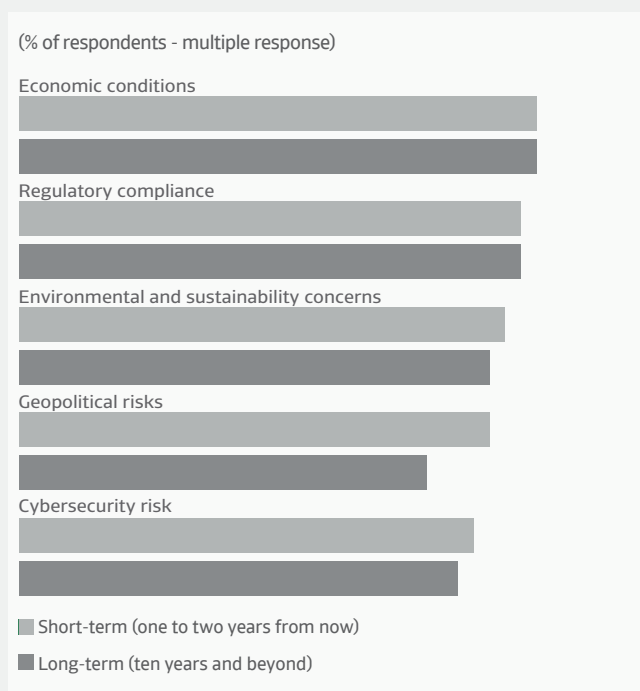
Do you see an increased insolvency risk for your customers in the next 12 months?



Sample: all survey respondents
Source: Atradius Payment Practices Barometer France – 2024

France

Looking ahead: top 5 concerns expressed by businesses polled



Sample: all survey respondents
Source: Atradius Payment Practices Barometer France – 2024

France

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

- 25% Improve
- 28% No change
- 47% Deteriorate

(% of respondents)

Sample: all survey respondents
Source: Atradius Payment Practices Barometer France – 2024

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in France are the focus of this report, which forms part of the 2024 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 France 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 the beginning of Q2 2024. The findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 210

Business sector	Interviews	%
Manufacturing	101	48
Wholesale trade	42	20
Retail trade/Distribution	36	17
Services	31	15
TOTAL	210	100
Business size	Interviews	%
SME: Small enterprises	46	22
SME: Medium enterprises	61	29
Medium Large enterprises	73	35
Large enterprises	30	14
TOTAL	210	100
Construction	71	34
Machines	68	32
Steel/metals	71	34
TOTAL	210	100

Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2024 Payment Practices Barometer of Atradius, available at www.atradius.com/publications [Download in PDF format](#) (English only).

Interested in finding out more?

Please visit the Atradius website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

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To find out more about B2B receivables collection practices in **France and worldwide**, please visit atradiuscollections.com.

For **France** please visit atradius.fr

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