



# B2B payment practices trends Indonesia

How companies manage B2B payment risk  
and its impact on cash flow





## 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 the 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 Indonesia.

Interview period: Q3 2024. The findings should therefore be viewed with this in mind.





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# Indonesia

## B2B payment risk management

### Indonesia cash flow concerns despite improved B2B payment behaviour

An improvement in B2B customer payment behaviour is a clear finding of our survey of Indonesian companies. Most businesses report that invoices are settled faster by customers than last year. Instances of improved payment patterns were often reported by chemical and automotive companies. However, the picture is not uniformly positive, with 30% of companies, mainly in the steel/metals sector, saying payment practices remain relatively stable. Overall, an average of nearly 40% of all B2B invoices are currently overdue, while bad debts stand at an average 5% of all B2B invoices. Despite reports of improved payment patterns from B2B customers, many Indonesian automotive companies indicate that they struggle with bad debts management, highlighting potential financial vulnerability across the sector.

Cashflow issues among B2B customers are cited as the main reason for late payments by companies in Indonesia, particularly in the chemicals sector. 36% of businesses also say they are caused by administrative inefficiencies in the customer payment process, notably in the steel/metals industry. It takes Indonesian companies an average of three weeks beyond the due date to convert invoices into cash, delaying the availability of funds for daily operations. These delays can impact on business stability, and almost 40% of companies say that cashflow problems are causing them difficulties in meeting their financial obligations.

Delaying payments to their own suppliers is the most popular method used by companies in Indonesia to reduce the risk of a potential cash crunch caused by late payments. This is particularly prevalent in the automotive sector, despite the risk of a domino effect. 30% of businesses rely on short-term finance to bridge liquidity gaps. The automotive industry looks toward supplier credit while the chemicals sector prefers banks loans. In addition, 54% of Indonesian companies use internal funds to address cashflow needs. There is also a strong focus on improving Days Sales Outstanding (DSO), and this has enhanced financial resilience for 46% of businesses during the past year, notably in the steel/metals sector.

Trade credit and payment policies remain largely unchanged by Indonesian businesses in the past 12 months. An average 45% of all sales to B2B customers are being made on credit, showing it remains a key part of commercial strategy. Payment terms are typically set at one month from invoicing, although many automotive companies offer more relaxed terms. In contrast, there has been a shift in approach to credit risk

### Key survey findings

- A majority of companies in Indonesia report improved B2B customer payment behaviour in the past year. About 30% of businesses, notably in the steel/metals sector, payment practices have been relatively stable. Only a minority have seen a deterioration.
- Late payments currently affect an average of nearly 40% of all B2B invoices issued by Indonesian businesses, a slight improvement on the previous year. Bad debts written off as uncollectable now stand at an average 5% of all B2B invoices on credit.
- Customer cashflow problems are the main reason for late payments, especially among companies in the Indonesian chemicals sector. It now takes an average of three weeks beyond the due date to convert past-due invoices into cash, and nearly 40% of businesses say this causes difficulties in meeting financial obligations.
- The most popular response to late payments by Indonesian companies is slowing down payments to their own suppliers. 30% of businesses rely on short-term financing to bridge liquidity gaps, and a strong focus on Days Sales Outstanding (DSO) has enhanced financial resilience for 46% of businesses in Indonesia.
- An average 45% of all sales to B2B customers by companies in Indonesia are currently transacted on credit, a figure unchanged from the previous year. Payment terms are set an average of one month from invoicing, although many businesses in the automotive sector are offering more relaxed terms.
- There is a 20% increase in Indonesian companies adopting a more strategic credit risk management approach compared to the previous year. This involves moving away from relying solely on internal funds for unexpected losses and integrating trade credit insurance into their strategy. Letters of credit are also popular.

management by companies in Indonesia, with a 20% increase in those adopting a more strategic approach that involves the use of credit insurance. This represents a move away from in-house management and relying solely on internal funds to cover unexpected losses or large write-offs.

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

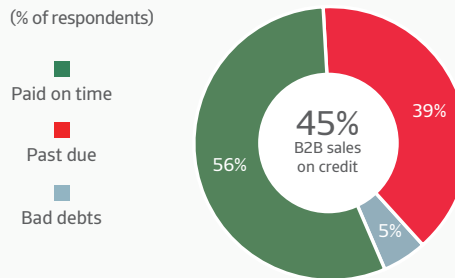




# Indonesia

## B2B payment practices trends in Indonesia

% of B2B invoices paid on time, past due and bad debts

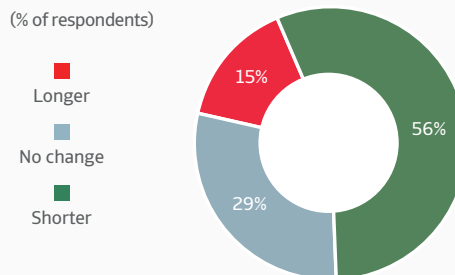


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Indonesia – 2024

## B2B payment practices trends in Indonesia

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



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

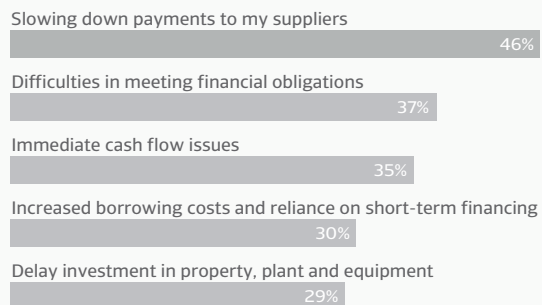
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Indonesia – 2024

## B2B payment practices trends in Indonesia

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

(% of respondents - multiple response)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Indonesia – 2024

## B2B payment practices trends in Indonesia

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

- 76% Trade credit
- 73% Bank loans
- 54% Internal funds
- 51% Invoice financing

(% of respondents - multiple response)

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Indonesia – 2024

# Indonesia

## Looking ahead

### Economic and insolvency risks are major worries for Indonesian companies

Widespread optimism about prospects for both B2B customer payment behaviour and Days Sales Outstanding (DSO) is found in our survey of companies in Indonesia. A staggering 80% of businesses anticipate improved payment practices during the year ahead, and most of the rest expect no significant change. Only a minority foresee any deterioration in payment behaviour. A similar mood is evident about the outlook for debt collection efficiency, with 66% of companies expecting improved DSO in the coming months. 27% of businesses, chiefly in the steel/metals sector, anticipate stability and just a small minority believe there could be a worsening of DSO.

Despite 80% of businesses anticipating improved payment practices in the coming year, 63% are concerned about rising insolvency risks, particularly in the automotive sector. This reflects optimism about short-term cash flow management but worry over broader economic challenges that could lead to financial instability in specific industries. Nevertheless, 89% of businesses in Indonesia tell us they anticipate a surge in demand for their output during the year ahead, notably in the agri-food sector. 79% of companies also say they expect to achieve higher profitability, with the chemicals industry especially optimistic.

Economic conditions are the major concern looking ahead for Indonesian businesses in the both the short-term and long-term. 51% of companies express this anxiety amid a decline the commodity boom which has impacted revenues, causing heightened volatility in food and energy prices. Geopolitical tensions and global economic instability also affect this landscape. Companies in Indonesia further report significant worries about financial constraints such as limited capital, restricted access to financing, and insufficient cashflow. This can hinder their ability to invest in new projects, expand operations, and respond to market changes effectively.

Another clear concern for businesses in Indonesia are significant challenges in customer acquisition, including difficulties in expanding their customer base and ineffective sales efforts. Inefficiencies in selling strategies and processes further exacerbate the issue. Companies are increasingly anxious, too, about operational challenges which impact business performance such as managing inefficiencies in production, distribution and the supply chain. It can often lead to increased costs and reduced output, which affects profitability. Despite this, Indonesia's economy is projected to continue growing steadily even in the face of current uncertainties, and it reflects a capacity to adapt and thrive amid ongoing geopolitical challenges.

### Key figures and charts on the following pages

### Key survey findings

- B2B customer behaviour is expected to improve in the coming year by 80% of companies in our survey of Indonesia. Most of the rest anticipate no significant change in payment practices, while only a minority foresee deterioration.
- Optimism is also strong about the prospects for Days Sales Outstanding (DSO). 66% of Indonesian businesses expect debt collection efficiency to improve in the coming months, while 27% anticipate stability in DSO. Again, only a minority say there will be a worsening.
- In contrast, there is pessimism concerning the outlook for insolvency risk among companies in Indonesia. 63% of businesses, primarily in the automotive sector, expect the rate of insolvencies to increase during the next 12 months. The rest are more cautious about making predictions.
- 89% of Indonesian companies, chiefly in the chemicals industry, anticipate a surge in demand for their output in the year ahead. 79% of businesses express confidence in achieving higher profitability, with the chemicals sector again the most optimistic.
- The main concern looking ahead for Indonesian businesses revolves around significant economic challenges, with revenues impacted by a decline in the commodity boom. Geopolitical tensions and global economic instability are also severe worries in the short-term and long-term.
- Another clear anxiety surrounds financial constraints as Indonesian companies struggle with limited capital and insufficient cashflow. There are also concerns about customer acquisition challenges and operational challenges, which include managing inefficiencies in production, distribution, and supply chain management.





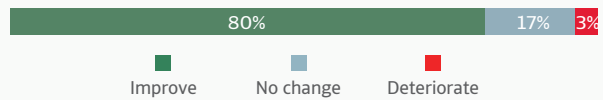


# Indonesia

## B2B payment practices trends in Indonesia

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

(% of respondents)



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

## B2B payment practices trends in Indonesia

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

(% of respondents)

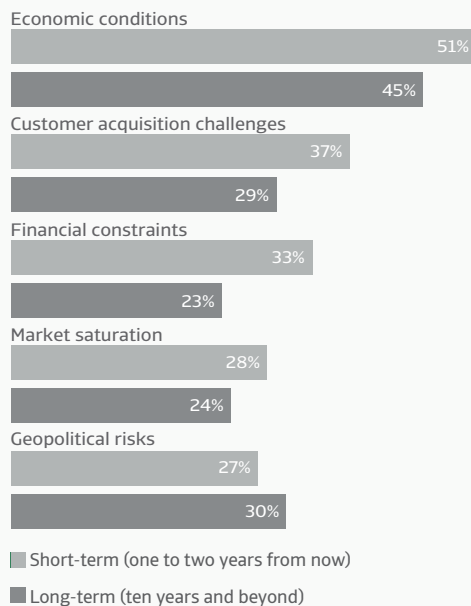


Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Indonesia – 2024

## B2B payment practices trends in Indonesia

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



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

## B2B payment practices trends in Indonesia

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

- 66% Improve
- 27% No change
- 7% Deteriorate

(% of respondents)

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

## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Indonesia 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 245 interviews in total. All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from Indonesia 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:** 245 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: Q3 2024. The findings should therefore be viewed with this in mind.

### Sample overview – Total interviews = 245

Business sector	Interviews	%
Manufacturing	187	76
Wholesale trade	-	-
Retail trade/Distribution	53	21
Services	5	3
<b>TOTAL</b>	<b>245</b>	<b>100</b>
Business size	Interviews	%
SME: Small enterprises	6	2
SME: Medium enterprises	81	33
Medium Large enterprises	115	47
Large enterprises	43	18
<b>TOTAL</b>	<b>245</b>	<b>100</b>
Industries	Interviews	%
Chemicals	100	41
Steel + Metals	72	29
Automotive	73	30
<b>TOTAL</b>	<b>245</b>	<b>100</b>

### Methodological note

Last year different industries were included in the survey for Indonesia. This makes year-on-year comparisons unfeasible for certain topics for the current year. For a detailed overview of last year's survey results for Indonesia please refer to the specific report available on the [Atradius website](#).

## 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.

Follow us to stay up to date with our latest releases by [subscribing](#) to notifications of our Publications, and receive weekly emails with alerts to when new reports are published.

To find out more about B2B receivables collection practices in **Indonesia and worldwide**, please visit [atradiuscollections.com](#).

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