



Key trends for B2B payments and cash flow

# Vietnam

Surge in trading on credit sparks  
strong risk mitigation strategy





Hanh Vu  
Country Manager  
for Atradius in Vietnam  
commented on the report

“Despite the strong rebound in GDP growth in 2022 and the easing monetary policy in the 1H2023, Vietnam economy in 2023 has been going through tough time due to significant decline in export orders. The domestic market and services sector is leading the economic growth; however, the import, export, and industrial production sectors have been shrinking due to their reliance on global market demand. China border reopening also did not benefit Vietnam as much as expected. Therefore, many Vietnam-based companies face challenges, and this also reflected in our survey.

*B2B sales transacted on credit is significantly upward trending. Payment terms were also slightly lengthened and the main reason for late payments was liquidity shortages among B2B customers. Despite the current challenges, businesses are still optimistic about future. It is just that businesses need to well understand these factors and know how to respond strategically with a sound credit management policy to their advantages.*

”

## 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 Vietnam. Sector focus: agri/food, chemicals, textiles/clothing.

The survey was conducted between the end of Q2 and the beginning of Q3 2023, and findings should therefore be viewed with this in mind.



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## B2B payment trends and cash flow

### Surge in trading on credit sparks strong risk mitigation strategy

A remarkable surge in B2B sales on credit among Vietnam companies during the past 12 months highlights the dynamic nature of the market's business landscape. An average 67% of all B2B sales are now transacted on credit, the upward trend driven by SMEs across the agri-food and textile-clothing sectors. It showcases businesses' ability to adapt to market changes and the willingness to embrace trade credit as a strategic tool to stimulate sales growth amid the current challenging global economic environment. The chemicals sector also maintained a stable trend in B2B sales on credit, indicating its resilience and adaptability.

Payment terms offered to B2B customers by companies polled in Vietnam were relaxed slightly and currently average 34 days from invoicing. Large businesses in the chemicals sector granted significantly above average terms to retain a competitive edge. The risk-conscious mindset of Vietnam companies is evident in the variety of reasons for setting payment terms, including adherence to company standards and the availability and cost of capital. The surge in credit sales clearly increased the risk of being impacted by poorer B2B payment practices and a staggering 89% of businesses polled said the main reason for late payments was liquidity shortages among B2B customers.

To mitigate the risk of late payments and potential cashflow issues, Vietnam companies adopted a range of measures, spending extra time and resources on chasing unpaid invoices and slowing down payments to suppliers. The strategies had a dynamic success, with a notable downward trend in overdue invoices, which now affect 32% of all B2B sales. There was also a significant reduction in bad debts, now impacting only 1% of all B2B invoiced sales, down from 6% last year. There was a similarly positive affect on Days-Sales-Outstanding (DSO), with around 60% of companies polled reporting improved DSO. When businesses did need short-term finance, 64% said they looked to trade credit.

For the majority of companies polled in Vietnam, these measures to manage potential liquidity issues were undertaken within the framework of in-house retention and management of customer credit risk. This involves setting aside funds to cover potential losses, and in the textile-clothing sector this was complemented by using letters of credit. The surge in B2B sales on credit also sparked a move towards opting for credit insurance as a risk mitigation strategy, with 70% of companies polled in the agri-food sector saying they were exploring this avenue. Some companies also looked to securitisation, and the range of approaches to customer credit risk clearly illustrates the vibrant nature of the Vietnam business landscape.

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

### Key survey findings

- The dynamic nature of Vietnam's business landscape is highlighted by a significant upward trend in B2B sales transacted on credit, which now average 67% of all selling in B2B trade. The rise was particularly evident in the agri-food and textile-clothing sectors.
- Payment terms were slightly lengthened by businesses polled in Vietnam and currently average 34 days from invoicing. This was driven by large chemicals companies keen to retain a competitive edge. The main criteria for setting payment terms was adherence to company standards as well as the availability and cost of capital.
- A clear risk of poorer payment practices accompanied the surge in credit sales, and a staggering 89% of companies polled in Vietnam said the main reason for late payments was liquidity shortages among B2B customers. A range of risk mitigation measures were used in response, including spending extra time and resources to chase unpaid invoices.
- These strategies had the desired success for Vietnam's dynamic companies. Our survey found a downward trend in overdue invoices, now affecting only 32% of all B2B sales. Bad debts dropped to just 1% of all B2B invoiced sales, compared to 6% last year.
- Despite the risks involved in increased trading on credit, companies polled in Vietnam were also able to stabilise swings of Days-Sales-Outstanding (DSO). 60% of businesses reported improved DSO, which currently averages 57 days from invoicing.
- In-house retention and management of customer credit risk was the preferred option of companies polled across most sectors in Vietnam. However, 70% of businesses in the agri-food sector responded to the upward trend in credit sales by saying they would explore the benefits of credit insurance as part of their risk mitigation strategy.

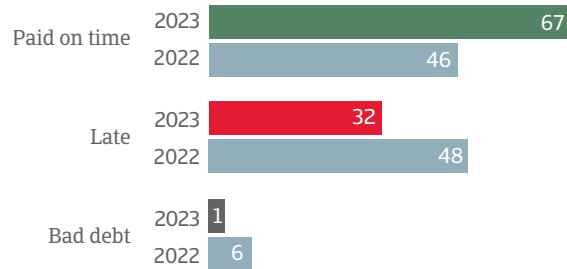




# Vietnam

## Vietnam

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

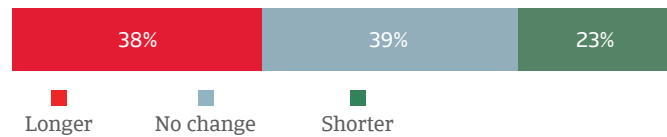


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Vietnam – 2023

## Vietnam

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



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

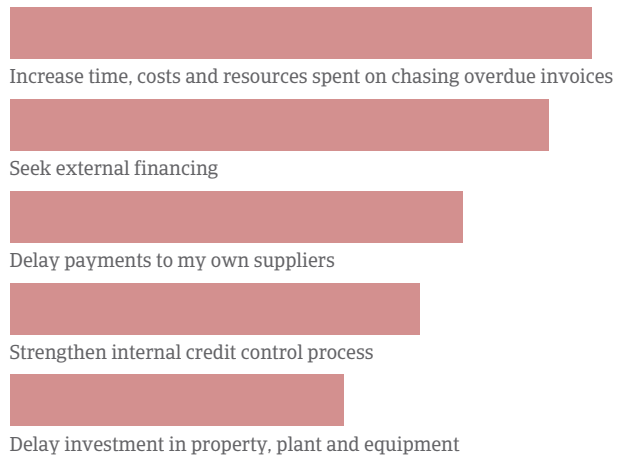
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Vietnam – 2023

## Vietnam

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 Vietnam – 2023

### Survey question

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

- 64% Trade credit
- 59% Bank loans
- 43% Equity capital
- 31% Internal funds

\*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer Vietnam – 2023

# Looking ahead

## Widespread optimism despite concerns about global economy

Optimism about prospects for the year ahead among Vietnam businesses was clearly evident across all the key indicators. 85% of companies polled, for example, said they anticipate an increase in demand for their products and services. This positive mood was particularly strong in the agri-food and textile-clothing sectors, while the chemicals sector was a little more cautious about sales growth. 68% of businesses polled also said they expect an increase in profitability during the coming months. The rest see either no change or a decline in profit margins, with negativity most often expressed in the chemicals sector due to worries that the volatility of energy prices may continue to affect production costs.

The outlook for Days-Sales-Outstanding (DSO) is also widely considered to be bright, with 78% of companies polled in Vietnam expecting it to improve in the year ahead. This was especially so in the textile-clothing sector, probably reflecting a proactive and forward-thinking approach to strategic credit management involving the use of credit insurance. 15% of businesses anticipate no change in DSO, while only a tiny percentage think it will deteriorate. B2B payment behaviour is also expected to improve by 75% of businesses polled in Vietnam, although a degree of caution was found again in the chemicals sector.

Various approaches to the mitigation of credit risk are likely to be used by Vietnam companies during the year ahead, highlighting their dynamism and adaptability in a fast-changing economic landscape. 69% of companies polled said their preferred option will be in-house retention and management of customer credit risk, setting aside funds to cover potential losses. However, they also told us this will be complemented by other strategies. The chemicals reported interest in the use of factoring, while a substantial number of agri-food businesses said they would turn to credit insurance as a risk mitigation strategy.

Concern about the prospects for global economic growth is the chief worry for the year ahead expressed by companies polled across all sectors in Vietnam. This reflects the export-focused nature of many businesses in the country, and the strong challenge a global downturn would pose. The volatility of commodity and energy prices is another key anxiety along with general inflationary pressures that could affect production costs. This is most keenly felt in the textile-clothing sector. While there is concern among Vietnam companies about international competition for their products and services, this appears to be balanced by the potential advantage of an expected depreciation of the local currency which would make their exports more price-competitive.

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

## Key survey findings

- A strongly positive mood about the year ahead was clear among the go-ahead businesses of Vietnam. 85% of companies polled said they anticipate an increase in demand for products and services, particularly in the agri-food and textile-clothing sectors.
- Profitability is expected to increase during the coming 12 months by 68% of businesses polled in Vietnam. The rest expect no change or a decrease in profit margins, with concern expressed mostly in the chemicals sector.
- 78% of companies polled in Vietnam said they believe there will be an improvement in Days-Sales-Outstanding (DSO), especially in the textile-clothing sector. This reflects the forward-thinking approach to strategic credit management involving the use of credit insurance.
- The positive mood was also evident in expectations about B2B payment behaviour for the year ahead. 75% of businesses polled in Vietnam said they anticipate an improvement, although the chemicals sector reported some pessimism.
- Our survey found that 69% of Vietnam companies will continue with in-house retention and management of customer credit risk. The chemicals sector expressed interest in factoring, while a substantial number of agri-food businesses confirmed they will use credit insurance.
- Several concerns for the year ahead were reported by companies polled in Vietnam, the chief of which is anxiety about a slowdown of global economic growth. Volatile energy and commodity prices are another worry, along with the impact of general inflationary pressures on production costs.





# Vietnam

## Vietnam

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 Vietnam - 2023

## Vietnam

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 Vietnam - 2023

## Vietnam

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

(% of respondents - multiple response question)



Volatility of commodity and energy prices

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Vietnam - 2023

### Survey question

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

(% of respondents)

**78%** Improve  
**15%** No change  
**6%** Deteriorate

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Vietnam - 2023

## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Vietnam 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 211 interviews in total. All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from Vietnam 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=211 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 Q2 and the beginning of Q3 2023.

### Sample overview – Total interviews = 211

Business sector	Interviews	%
Manufacturing	101	48
Wholesale trade	39	19
Retail trade/Distribution	39	18
Services	32	15
<b>TOTAL</b>	<b>211</b>	<b>100</b>

Business size	Interviews	%
SME: Small enterprises	40	19
SME: Medium enterprises	70	33
Medium Large enterprises	72	34
Large enterprises	29	14
<b>TOTAL</b>	<b>211</b>	<b>100</b>

Industry	Interviews	%
Agri/Food	73	35
Chemicals	64	30
Textiles/clothing	74	35
<b>TOTAL</b>	<b>211</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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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 **Vietnam and worldwide**, please visit [atradiuscollections.com](http://atradiuscollections.com).

For Vietnam <https://atradius.sg/atradius-vietnam.html>

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