



# Sweden: navigating through challenging economic times

Atradius Payment Practices Barometer





trading partners

## Top 5

Germany  
Norway  
Finland  
Denmark  
United States

Source: WTEEx

exports

## Top 5

Machinery including computers  
Vehicles  
Electrical machinery, equipment  
Mineral fuels including oil  
Paper, paper items

Source: WTEEx

imports

## Top 5

Machinery including computers  
Mineral fuels including oil  
Electrical machinery, equipment  
Vehicles  
Plastics, plastic articles

Source: WTEEx

Another 3% increase in insolvencies, following those recorded in the past couple of years, is expected this year in Sweden. GDP growth is expected to slow down to below 2%, as both domestic and external demand weakens. A potential downside risk to the Swedish economy remains high household debt, triggered by housing demand and easy access to credit. However, healthy public finances provide room for fiscal loosening in case of an economic downturn.



### Peter Boberg, Country Director for Sweden commented on the report

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*Currently economic performance in Sweden is solid, despite the expected slowdown of the GDP growth due to a weakening of both domestic and foreign demand.*

*Ongoing global trade tensions and uncertainty surrounding the future relations between the UK and the EU represent notable downside risks to the Swedish economy, adding to an already duller-than-expected business confidence. This emerges clearly from responses of Swedish businesses to our survey.*

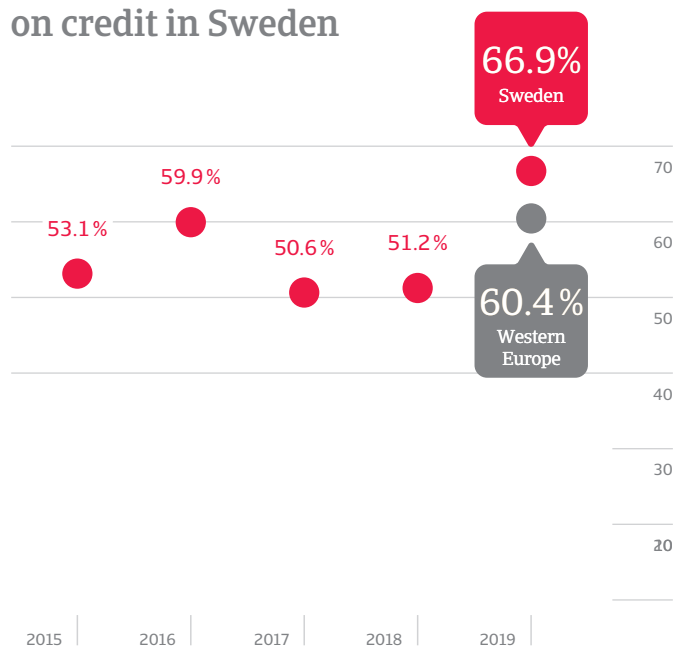
*Respondents are pessimistic about the outlook of their B2B customers' payment practices over the coming months. An increase in untimely payments from customers is expected, with particular reference to long-term overdue invoices (over 90 days past due), ultimately resulting in higher proportions of receivables to be written off as uncollectable.*

”

### Increased use of trade credit likely to reflect desire to grow export sales

Swedish survey respondents grant trade credit to their B2B customers far more extensively than last year. Based on survey findings in Sweden, respondents transacted 66.9% of the total value of B2B sales on credit (up from 51.2% last year). The increased use of trade credit in B2B transactions by Swedish businesses appears to be consistent with their need to support export sales. This is particularly the case now that Sweden, as a small open economy highly dependent on exports, is in a vulnerable position where its exporters are exposed to a potential downturn in global trade.

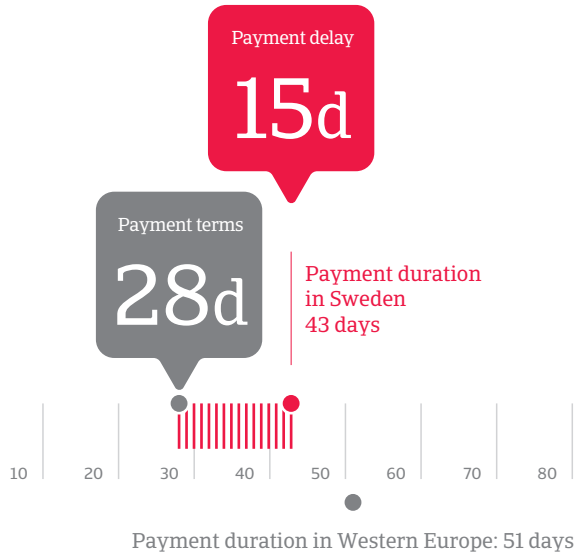
### Proportion of total B2B sales made on credit in Sweden



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – October 2019



## Payment duration in Sweden



d = average days

Sample: companies interviewed (active in domestic and foreign markets)

Source: Atradius Payment Practices Barometer – October 2019

## Swedish businesses turn overdue invoices into cash later than last year

24.6% of the total value of B2B invoices issued by respondents in Sweden over the past year remained outstanding at the due date. 72.4% of invoices were reported to be paid on time (up from 70.9% last year). The survey reveals that Swedish respondents turn overdue invoices into cash later than last year (on average within 43 days from invoicing, down from 40 days last year). This variation is in contrast with observations for the region overall, where payment duration decreased on average to 51 days down from 57 days last year. Despite the worsening in their invoice-to-cash turnaround, far more respondents in Sweden (50%) than in Western Europe (42%) reported no significant impact on the business arising from late payment of invoices. However, a sizeable 25% reported that due to untimely payment from their customers they had to delay payments to their own suppliers (compared to 27% in Western Europe). In terms of collection of long-term overdue invoices, Swedish survey respondents appear to be way less successful than last year. Survey findings highlight that the proportion of write-offs of uncollectable accounts doubled to 2% compared to the same survey period last year. This is, however, below the 2.2% average for Western Europe.

## Swedish B2B customers enjoy longer payment terms

Swedish survey respondents give B2B customers longer to settle invoices than last year. Average payment terms recorded in Sweden stand at 28 days from invoicing (up from 26 days last year). These are far below the 34-day average for Western Europe, signalling a payment culture placing emphasis on prompt settlement of invoices, as also seen in Denmark. However, the more leeway given to B2B customers for settlement of invoices appears to be consistent with, and supportive of, the more liberal trade credit policy undertaken by Swedish businesses over the past year.

## Customer risk assessment is the most often used credit management technique in Sweden

Consistent with the increase in the use of B2B credit with slightly longer credit terms, (albeit shorter than the regional average), 33% of Swedish respondents perform an assessment of the creditworthiness of prospective buyers. This is lower than the average for Western Europe (35%). Once the invoice becomes overdue, 24% of respondents in Sweden undertake dunning activities (outstanding invoice reminders). This compares to 28% than in Western Europe.





# 32%

of the total value of B2B invoices in the Swedish agri-food sector remained outstanding at the due date

Atradius Payment Practices Barometer – October 2019

## Swedish respondents more pessimistic about the outlook of B2B payment practices than their peers in Western Europe

Based on survey findings, Swedish respondents appear to be more pessimistic than their peers in Western Europe in respect to the outlook of their B2B customers' payment behaviour over the coming months. More respondents in Western Europe (55%), than in Sweden (51%), believe that customers' payment practices will stay the same over the coming months. In contrast, more respondents in Sweden (31%) than in Western Europe (25%) expect their B2B customers' payment behaviour to deteriorate over the same time frame. More specifically, this is forecast to result in an increase in long-term overdue invoices (over 90 days past due) and, ultimately, in higher proportions of receivables written off as uncollectable. To protect the business from the risk of payment default arising from trading on credit, significantly more respondents in Sweden (40%) than in Western Europe (28%) plan on reducing reliance on a single buyer over the coming months. 38% of the respondents in Sweden (compared to 40% in Western Europe) believe that access to bank finance will not be more difficult over the coming months. 47% of survey respondents in Sweden (compared to 33% in Western Europe) have the opposite opinion, and claim that potentially tighter financing conditions would cause them to delay investment in business growth.



**Peter Boberg, Country Director for Sweden commented on the report**

“

*Respondents appear to be sharpening their focus on risk assessment methods and credit management techniques. Among these, credit insurance offers several benefits, including allowing the insured business to gain competitive advantages on the market, particularly in challenging economic times.*

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# Overview of payment practices in Sweden

## By business sector

### B2B customers in the Swedish consumer durables sector are given the shortest to pay invoices

Based on survey findings in Sweden, the shortest payments terms are found in the consumer durables sector, which is given an average of 17 days to settle invoices. The longest payment terms are found in the machines sector (on average 46 days from invoicing). Average payment terms across the other sectors surveyed in Sweden range from 32 days in the construction sector, to 19 days in the agri-food sector.

### The Swedish ICT/electronics sector records the highest proportion of write-offs

The Swedish ICT/electronics sector has the highest proportion of write-offs, (3.1% up from 1.3 last year). This is consistent with sector's high proportion of late B2B payments. The machines sector follows at 2.8% of write offs (up from 1.3% last year). Across the other sectors surveyed in Sweden, the percentage of receivables written off as uncollectable ranges from an average of 2.2% in the agri-food sector to less than 1.1% in the transport sector.

### Trade credit risk deteriorated significantly in the Swedish services sector

The credit risk trend in the Swedish services sector deteriorated over the past year, due to a sizeable decrease in the proportion of timely payments (75% of invoices paid on time compared to 79% last year). Despite tight payment terms offered to B2B their customers, Swedish respondents from the agri-food sector recorded an average of 32% of the total value of invoices remaining outstanding at the due date. Across the other sectors surveyed in the country, the percentage of overdue invoices ranges from an average of 31% in the ICT/electronics sector to 13% in the transport sector.



# Overview of payment practices in Sweden

## By business size

### Swedish SMEs granted the longest average payment terms for B2B customers

Survey respondents from SMEs in Sweden extended the longest payment terms to B2B customers, averaging 31 days from invoicing. Large enterprises offered average payment timings at 28 days, and micro enterprises at 21 days.

### Invoice to cash turnaround for Swedish SMEs is far longer than last year

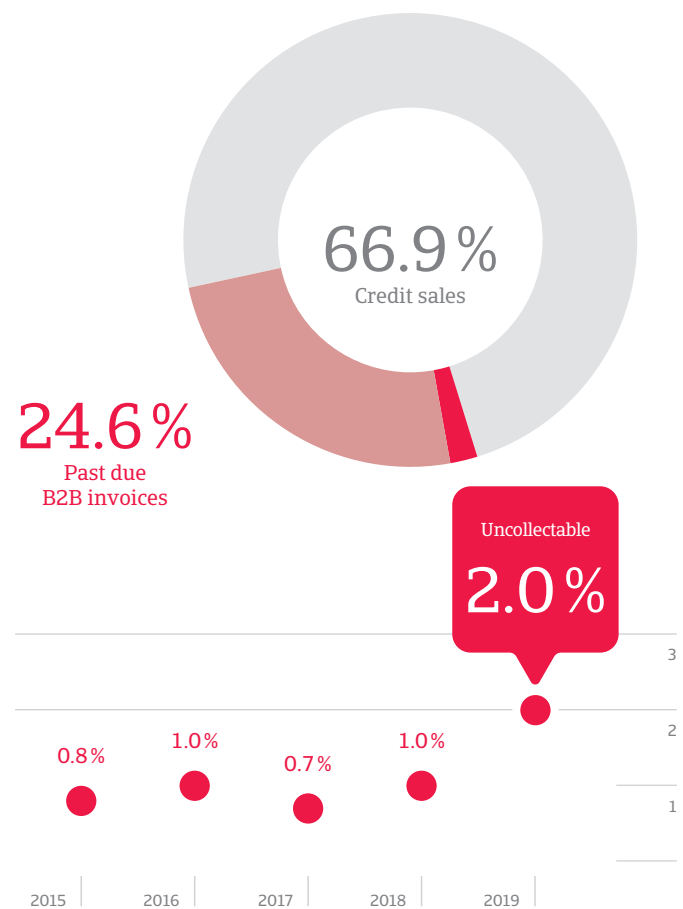
Compared to the same survey period one year ago, the proportion of receivables paid on time by SMEs customers has decreased to 63% (down from 69% last year). Due to this worsening, Swedish SMEs turn past due invoices into cash far later than last year (on average within 50 days from invoicing, up from 42 last year). In contrast, the average invoice-to-cash turnaround for Swedish large enterprises improved to 40 days, down from 49 last year. Micro enterprises are the quickest in collecting past due payments, with an invoice-to-cash turnaround at 27 days from invoicing, (down from 32 days last year).

### Swedish SMEs record the largest proportion of receivables written off as uncollectable

Consistent with the observed lengthening of the average invoice-to-cash turnaround for SMEs, this latter appear to be far less efficient than last year when it comes to collecting long overdue payments (over 90 days past due). The proportion of B2B receivables written off as uncollectable amounts to 2.7% of the total value of invoices, (up from 1.3% last year). Large enterprises record an average of 2.1% of receivables written off as uncollectable (up from 1.1% last year), and micro enterprises are at less than 1 % (stable compared to one year ago).

## Uncollectable B2B receivables in Sweden

(% of total value of B2B receivables)



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – October 2019



# Survey design for Western Europe

## Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the 'Atradius Payment Practices Barometer'. In this report focusing on Western Europe, which is part of the 2019 edition of the Atradius Payment Practices Barometer, companies from thirteen countries (Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Ireland, Italy, Spain, Sweden, Switzerland and the Netherlands) have been surveyed. Due to a change in research methodology for this survey, for some of the current results, no year-on-year comparison is feasible.

Using a questionnaire, Conclusr Research conducted a net of 2.770 interviews. All interviews were conducted exclusively for Atradius, without any combination of topics.

## Survey scope

- **Basic population:** companies from thirteen countries (Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Ireland, Italy, Spain, Sweden, Switzerland and the Netherlands) were monitored. The appropriate contacts for accounts receivable management were interviewed.
- **Selection process – Internet survey:** 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=2.770 people were interviewed in total (approximately n=200 people per country). In each country, a quota was maintained according to three classes of company size.
- **Interview:** Web-assisted personal interviews (WAPI) of approximately 15 minutes duration. Interview period: Q3 of 2019.

## Sample overview – Total interviews = 2.770

Country	n	%
Austria	221	8.0%
Belgium	216	7.8%
Denmark	200	7.2%
France	209	7.6%
Germany	210	7.6%
Great Britain	223	8.0%
Greece	200	7.2%
Ireland	204	7.3%
Italy	225	8.1%
Spain	229	8.3%
Sweden	214	7.7%
Switzerland	209	7.7%
The Netherlands	210	7.6%
Industry	n	%
Manufacturing	945	34.1%
Wholesale trade/ Retail trade / Distribution	1,526	55.1%
Services	299	10.8%
Business size	n	%
Micro enterprises	936	33.8%
SME (Small/Medium enterprises)	946	34.8%
Large enterprises	945	31.4%

It may occur that the results are a percent more or less than 100%. This is the consequence of rounding off the results. Rather than adjusting the outcome so that it totalled 100%, we have chosen to leave the individual results as they were to allow for the most accurate representation possible.

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## Statistical appendix

Find detailed charts and figures in the Statistical Appendix for Western Europe. This is part of the October 2019 Payment Practices Barometer of Atradius, available at [www.atradius.com/publications](http://www.atradius.com/publications)

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For more **insights into the B2B receivables collection practices in Sweden** and worldwide, please see the International Debt Collections Handbook by Atradius Collections (free download after registration), available on [www.atradiuscollections.com](http://www.atradiuscollections.com)

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