



Switzerland: feeling the impact of overdue invoices

Atradius Payment Practices Barometer

GDP
(billions euro)

€ 587.56

GDP growth rate
(2018 est.)

2.3%

Export annual growth rate
(2018 est.)

4.2%

Imports annual growth rate
(2018 est.)

5.1%

Sources: Oxford Economics, MIT OEC

export sectors

Top5

Chemicals
Stone/Glass
Miscellaneous
Machinery/
Electrical
Metals

export destinations

Top5

Germany
USA
China
Hong Kong
France

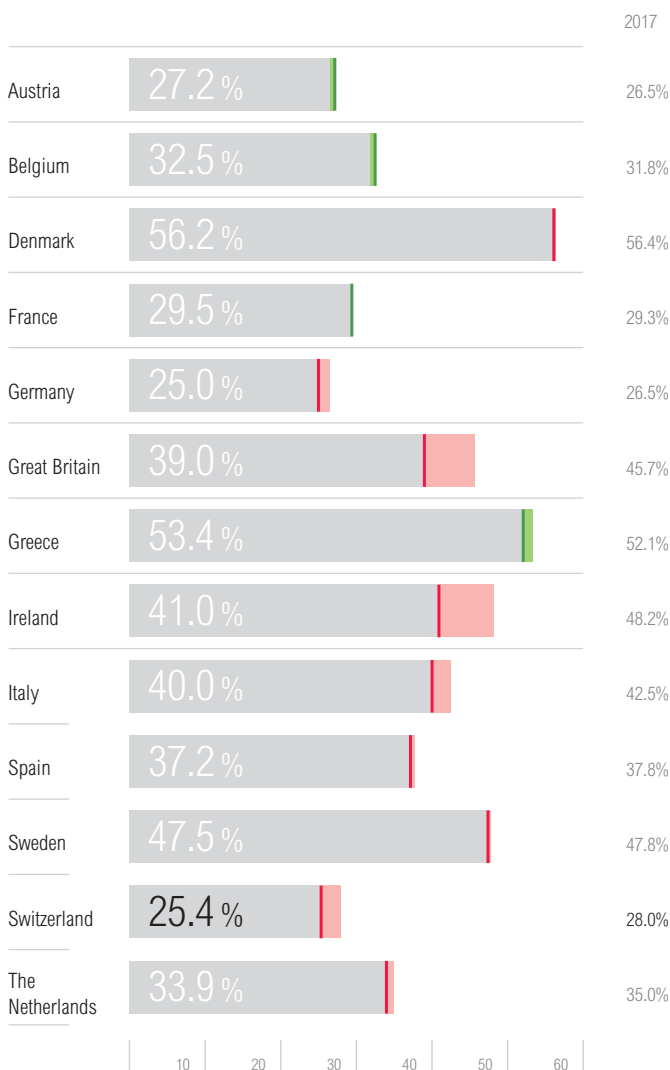
Despite the 2018 decrease, at 92.5%, the percentage of respondents who experienced late payment in Switzerland is still one of the highest in Western Europe. Top reasons for payment delays are insufficient availability of funds and buyers using outstanding invoices as a form of financing. The proportion of past due B2B invoices is stable compared to one year ago but significantly above the regional average. In order to manage the impact of overdue invoices, 23.0% of Swiss respondents had to take specific measures to correct cash flow and 19.3% had to postpone payments to suppliers. For 21.4% of survey respondents, overdues led to revenue loss.

Downward trend in B2B sales on credit

The proportion of total B2B sales made on credit in Switzerland decreased from 28.0% in 2017 to 25.4% in 2018. This is the third consecutive year with a decrease, and Switzerland had the second lowest proportion of sales made on credit in the region. Respondents in the country are far more likely to sell on credit to domestic B2B customers than to B2B customers abroad (29.5% versus 21.2%).

Long-lasting relationships, trust and the desire to expand their businesses are the main reasons why Swiss respondents sell on credit domestically. However, the poor payment behaviour of the customer and the lack of information on the customers' business or payment performance would prevent respondents in Switzerland from offering credit terms domestically. These reasons were mentioned by 36.2% and 25.5% of respondents respectively.

Proportion of total B2B sales made on credit



» *We trade on credit so that our business can continue growing and developing.*«

Survey respondent · Services sector

Similarly, Swiss respondents sell on credit to B2B customers abroad if they are trusted customers with whom they have been doing business for a long time. The desire to expand internationally and establish a foothold in new markets was also mentioned frequently. The main reasons why Swiss respondents would not offer credit terms to B2B customers abroad are the lack of information on the customers' business or payment performance and poor payment behaviour by the customer (mentioned by 37.5% and 30.0% of respondents respectively).

» *We trade on credit with foreign B2B customers to attract new customers.*«

Survey respondent · Construction materials sector

Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – October 2018



25.5% of Swiss respondents expect an increase in DSO

92.5% of Swiss respondents said that they experienced late payment by their B2B customers in 2018. This compares to 95.5% in 2017. Despite the decrease, payment delays are experienced by more respondents in Switzerland than in all other Western European countries surveyed except Austria and Belgium. Payment delays from domestic B2B customers were reported to occur slightly more often than payment delays from foreign B2B customers.

On average, in 2018, 46.5% of invoices in Switzerland went past due. A higher percentage of foreign B2B invoices remained unpaid by the due date. The proportion of domestic and foreign past due B2B invoices has remained stable (46.2% in 2017).

In 2018, the average Days Sales Outstanding (DSO) figure recorded in Switzerland is 36 days, showing no change compared to 2017. Looking ahead, 64.6% of Swiss respondents said that they do not expect any changes in their company's DSO over the next 12 months. Of those who foresee changes, more respondents expect an increase than a decrease (25.5% versus 10.1%).

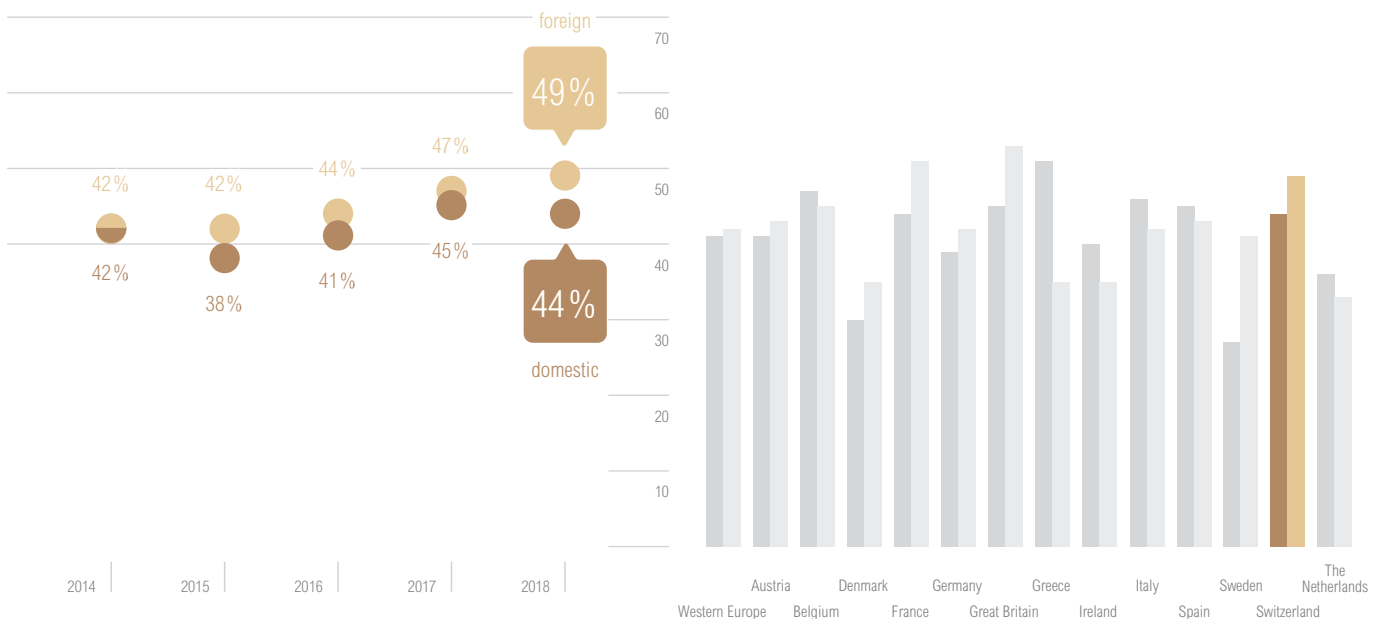
Overdue invoices caused revenue loss for 21.4% of suppliers

In 2018, the average payment terms in Switzerland were shortened. Swiss suppliers gave their domestic B2B customers 27 days to settle invoices (28 days in 2017). Foreign B2B customers had, on average, 26 days to pay (28 days in 2017).

Confirming the above, 50.0% of respondents in Switzerland stated that they are not likely to differentiate payment terms between domestic and foreign B2B customers. Of those that differentiate, 26.6% said that they are likely to give their domestic B2B customers shorter average payment terms and 23.4% that they are likely to give their domestic B2B customers more time to settle payments. The main reasons for differentiating payment terms in Switzerland are internal policies, industry practices and the economic situation in the export country.

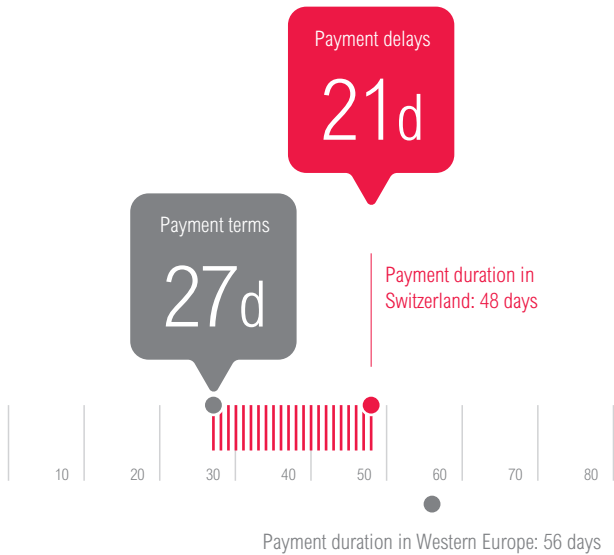
According to the survey findings, payment delays in Switzerland have dropped significantly in 2018. A six day decrease was recorded for domestic B2B customers (who delay payments, on average 20 days) and a four day decrease was recorded for B2B customers abroad (on average, 22 days).

Past due B2B receivables in Switzerland (avg. %)



Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – October 2018

Payment duration in Switzerland



d = average days

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

Source: Atradius Payment Practices Barometer – October 2018

Based on the changes mentioned above, the average payment duration in Switzerland decreased from 54 days in 2017 to 48 days this year. This is under the regional average of 56 days.

In Switzerland, domestic payment delays occurred mainly because of insufficient availability of funds and because the buyers are using outstanding invoices as a form of financing. The first reason was cited by 41.2% of respondents, significantly fewer than one year ago, the second by 28.1%, significantly more than one year ago. Payment delays from B2B customers abroad occurred most often because of insufficient availability of funds and the inefficiencies of the banking system (mentioned by 39.8% and 25.3% of respondents respectively).

For 41.2% of Swiss respondents, overdue B2B invoices had no significant impact on their businesses over the past 12 months. However, 23.0% said that they needed to take specific measures to correct cash flow and 21.4% reported lost revenue.

Payments received faster after invoicing online

Electronic invoices are used by 59.3% of Swiss respondents. While they are not yet invoicing B2B customers online, 14.8% of survey respondents said that they are introducing electronic invoices in 2018. Quite a high percentage of respondents, 24.9%, said that they are not making use of electronic invoices.

Evaluating whether e-invoices had an effect on payment duration, 54.5% of respondents declared that invoices sent online were paid faster. 39.0% of respondents did not notice a noteworthy effect on payment duration while a low 6.5% experienced slower payment.



The use of electronic invoices in Switzerland is growing with 59.3% of respondents already using them and another 14.8% introducing these in 2018.



import sectors

Top5

Stone/Glass
Chemicals
Machinery/Electrical
Transportation
Miscellaneous

import destinations

Top5

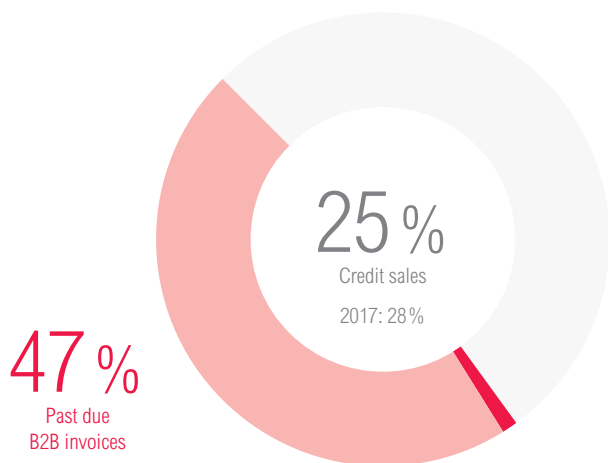
Germany
USA
Italy
United Kingdom
UAE

Swiss respondents fear that US protectionism may hamper global growth

Along with their peers in Western Europe, respondents in Switzerland were asked to rank the following potential risks to global economic growth in order of significance: US protectionism turning into a trade war, misguided Fed policy, a 'hard landing' in China and geopolitical risk. 43.7% of Swiss respondents (regional average 44.8%) said that US protectionism is the most significant risk to global economic growth over the coming 12 months. Another 23.9% believe that, while US protectionism potentially turning into a trade war is a significant risk, it probably isn't the most significant one. 25.8% perceived geopolitical risk to be the most significant.

Uncollectable B2B receivables in Switzerland

(% of total value of B2B receivables)



Construction and consumer durables generated payment delays

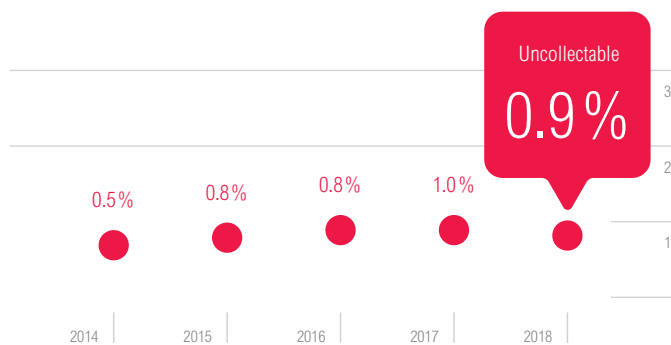
In 2018, the average payment terms given in Switzerland stand at 27 days. B2B customers in the machines and paper sectors enjoy payment terms longer than the country average (36 days and 30 days respectively). In contrast, B2B customers in the chemicals sector were asked to pay about one week faster (on average, within 20 days).

B2B customers in the construction and consumer durables sectors generated some of the longest payment delays. B2B customers in these sectors, paid on average 14 and 18 days after the due date. The main reasons behind the payment delays in the construction sector are buyer using outstanding invoices as a form of financing and insufficient availability of funds (each of these reasons cited by 43.0% of respondents). In the consumer durables sector, 55.0% of respondents cited buyers using outstanding invoices as a form of financing and 37.0% insufficient availability of funds.

Most respondents in the above mentioned sectors do not expect changes in the payment behaviour of their B2B customers. Of those expecting changes in the construction sector, 30.0% cited deterioration and 10.0% improvement. In the consumer durables sector, 27.0% foresee deterioration and a low 6.0% improvement.



30.0% of Swiss respondents in the construction sector expect deterioration in the payment behaviour of their B2B customers over the next 12 months.



Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – October 2018

Bankruptcy – the main reason for write-offs in Switzerland

In 2018, the average proportion of uncollectable receivables in Switzerland remained stable at 0.9% (1.0% in 2017). This is below the regional average of 1.3%. Domestic B2B receivables were written off significantly more often than foreign B2B receivables.

In Switzerland, uncollectable receivables originated most often from B2B customers in the construction, consumer durables, business services and services sectors. The main reason receivables are written off as uncollectable is bankruptcy. This was mentioned by 67.1% of respondents, a higher percentage than one year ago (60.0%) and the second highest in the region. Other frequently reported reasons for write-offs are the high costs of pursuing the debtors and the inability to locate the customer (mentioned by 30.7% and 28.6% of respondents respectively).

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 2018 edition of the Atradius Payment Practices Barometer, companies from 13 countries (Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Ireland, Italy, Spain, Sweden, Switzerland and the Netherlands) have been surveyed.

Using a questionnaire, Ilisia 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 13 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 four classes of company size.
- Interview: Web-assisted personal interviews (WAPI) of approximately 15 minutes duration. Interview period: Q2 of 2018.

Sample overview – Total interviews = 2,770

Country	n	%
Austria	218	7.9%
Belgium	208	7.5%
Denmark	213	7.7%
France	215	7.8%
Germany	213	7.7%
Great Britain	215	7.8%
Greece	200	7.2%
Ireland	229	8.3%
Italy	214	7.7%
Spain	212	7.7%
Sweden	214	7.7%
Switzerland	213	7.7%
The Netherlands	206	7.4%
Business size	n	%
Micro-enterprises	915	33.0%
SMEs (Small/Medium enterprises)	1,533	55.3%
Large enterprises	322	11.6%
Industry	n	%
Manufacturing	797	28.8%
Wholesale / Retail / Distribution	855	30.9%
Services	1,118	40.4%

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.

Statistical appendix

Find detailed charts and figures in the Statistical Appendix for Western Europe. This is part of the October 2018 Payment Practices Barometer of Atradius, available at

www.atradius.com/publications

[Download in PDF format](#) (English only).



SURVEY RESULTS

SURVEY DESIGN

STATISTICAL APPENDIX

Disclaimer

This report is provided for information purposes only and is not intended as a recommendation as to particular transactions, investments or strategies in any way to any reader. Readers must make their own independent decisions, commercial or otherwise, regarding the information provided. While we have made every attempt to ensure that the information contained in this report has been obtained from reliable sources, Atradius is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information in this report is provided 'as is', with no guarantee of completeness, accuracy, timeliness or of the results obtained from its use, and without warranty of any kind, express or implied. In no event will Atradius, its related partnerships or corporations, or the partners, agents or employees thereof, be liable to you or anyone else for any decision made or action taken in reliance on the information in this report or for any consequential, special or similar damages, even if advised of the possibility of such damages.

Copyright [Atradius N.V.](#) 2018

If after reading this report you would like **more information about protecting your receivables against payment default** by your customers you can visit the [Atradius website](#) or if you have more specific questions, please [leave a message](#) and a product specialist will call you back. In the Publications section you'll find many more Atradius publications focusing on the global economy, including country reports, industry analyses, advice on credit management and essays on current business issues.

[Subscribe](#) to notifications of our Publications and receive weekly emails to alert you when a new report is published.

For more **insights into the B2B receivables collection practices** in Switzerland and worldwide, please see the Global Collections Review by Atradius Collections (free download after registration), available on www.atradius-collections.com

Connect with Atradius on Social Media



On Twitter? Follow [@Atradius](#) or search [#atradiusppb](#)

Atradius N.V.
David Ricardostraat 1 · 1066 JS Amsterdam
Postbus 8982 · 1006 JD Amsterdam
The Netherlands
Phone: +31 20 553 9111

info@atradius.com
www.atradius.com