



Atradius Payment Practices Barometer

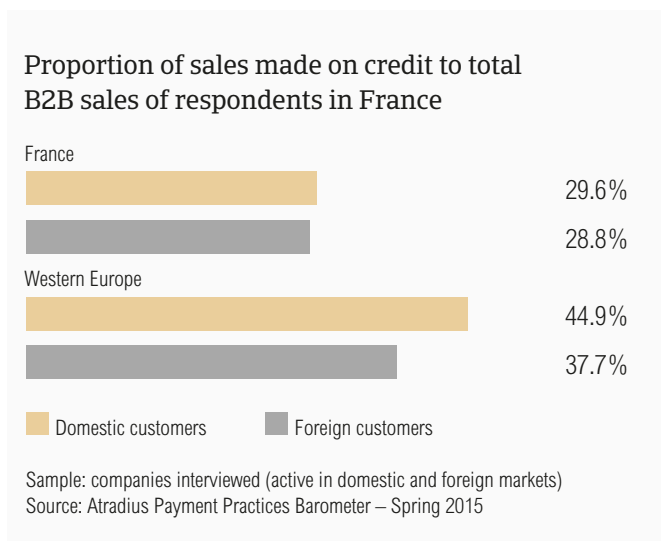
International survey of B2B payment behaviour
Survey results for France

Survey results for France

Sales on credit terms

Similar to what was observed in Germany, Switzerland, Austria and Belgium, respondents in France also show quite a strong aversion to the risk of using trade credit in B2B transactions, both domestically and abroad. Domestically, an average of 29.6% of the B2B sales value was transacted on credit. This proportion, which dropped steadily (by nearly 9 percentage points) over the past two years, is well below the 44.9% average for Western Europe. The downward trend in the use of trade credit in domestic B2B sales in France appears to be in contrast to the overall trend in Western Europe. This latter trend showed a drop in domestic credit-based B2B sales in 2014, followed by a bounce in the same period of this year.

The cautious approach to the use of trade credit shown by French respondents is even stronger in regards to foreign B2B sales. On average, 28.8% of the sales value of exports was transacted on credit. Once more, this proportion is well below the 37.7% survey average. Over the past two years, the trend in foreign B2B credit-based sales in France appears to be in line with that recorded in Western Europe. After an initial drop in 2014, the proportion of foreign B2B sales made on credit increased again in the same period this year.



More information in the [Statistical appendix](#)

Average payment term

Respondents in France give domestic B2B customers an average of 35 days from the invoice date to pay invoices. This average term, which remained quite stable over the past two years, is consistent with the domestic average payment term in Belgium, and with the average for Western Europe (34 days).

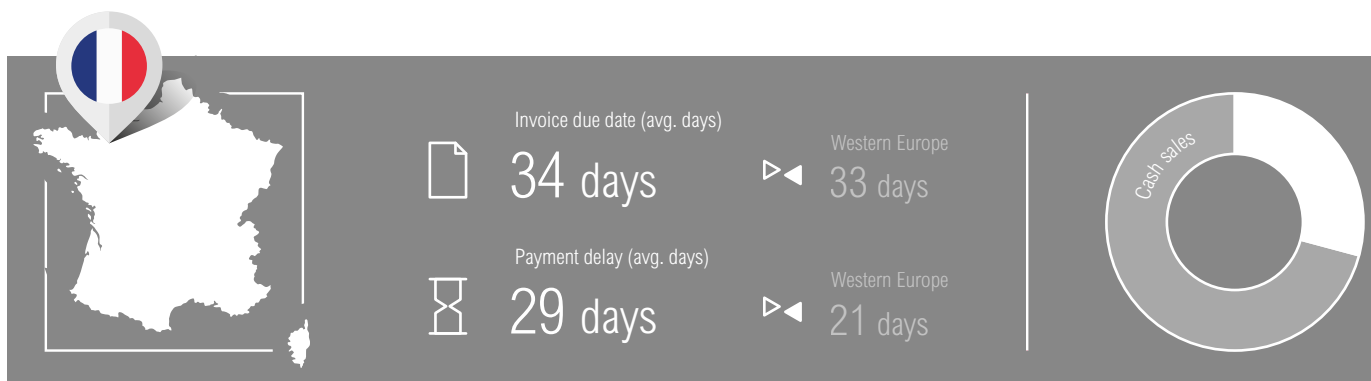
Foreign B2B customers of French respondents enjoy almost the same length of time to pay their invoices. The average payment term is 34 days (two days longer than two years ago), which is almost in line with the survey average (32 days). This average foreign term is similar to that given by respondents in Belgium and Ireland.

Overdue B2B invoices

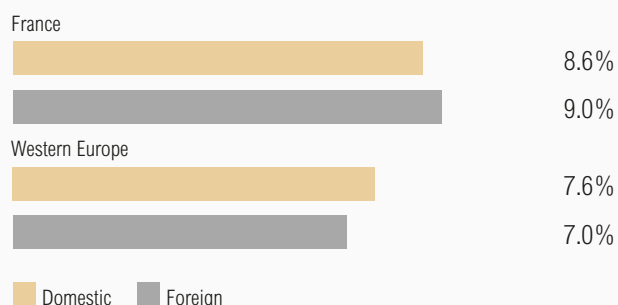
Domestically, two-fifths of the total value of B2B sales on credit in France remained unpaid after the due date. This does not exceed the average for Western Europe. The same proportion of domestic overdue invoices is recorded in Great Britain and Switzerland. Over the past two years, there was an upward trend in the domestic overdue payment levels in France (increase of around 10 percentage points), which is consistent with the trend observed in Western Europe.

Foreign B2B customers of French respondents seem to pay overdue invoices in a more timely manner than domestic customers. On average, 35.1% of the total value of foreign invoices went past the due date (the average for Western Europe is 35.4%). This proportion increased by 4.2 percentage points over the past two years (6.4 percentage points below the average increase for the survey). This upward trend is consistent with that in Western Europe.

Late payment on domestic and foreign B2B invoices is reflected in the Days Sales Outstanding (DSO) figure posted by French respondents, averaging 52 days (nearly two weeks longer than two years ago). This is above the 48 days average for Western Europe. The figure may also reflect a higher average proportion of delinquent invoices (unpaid after 90 days past due) in France than in Western Europe overall.



Average proportion of B2B invoices unpaid 90+ days after due date



Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – Spring 2015

More information in the [Statistical appendix](#)

Average payment delay

Domestic B2B customers of French respondents paid past due invoices, on average, 23 days late (survey average is 22 days). In 2014, domestic customers seemed to make past due payments much quicker than this year. This trend is consistent with that in Western Europe. The fluctuation of the average foreign payment delay follows the same trend, and is in line with the survey pattern. This means that, on average, French respondents receive domestic and foreign payments 57 days after invoicing.

When asked to rank the challenges to profitability this year, most of the French respondents (28.6%, the average for Western Europe is 24.0%) indicated cost containment as the primary challenge. This is consistent with the survey pattern, suggesting that cost containment is a common issue for businesses in Western Europe.

As in the other countries, this opinion may reflect concerns of French businesses about the impact of late payment of invoices, and the related cost of carrying outstanding receivables, on the ability of generating profits. In relation to this, it comes as no surprise that nearly 14% of the respondents in France, twice as

many as in Western Europe, consider efficiency in receivables management as the greatest challenge to business profitability this year.

Key payment delay factors

Most of the respondents in France (nearly three in five, versus 51.4% in Western Europe) said that domestic B2B customers delay invoice payment due to liquidity constraints. Over the past two years, this percentage saw an upward trend, which is somehow in line with that of the overall survey. Contrary to the survey pattern, the second most often cited reason for domestic payment delay is the formal insolvency of the buyer, which may explain the above mentioned liquidity constraints. This was reported by just over 30% of French respondents (much more than the 18.5% of respondents in Western Europe). This would point to a difficult domestic business climate in France.

Payment delays from foreign customers is most often linked to the complexity of the payment procedure (47.1% of French respondents, compared to 28.1% in Western Europe). This percentage saw a sharp increase over the past two years, suggesting that this is a growing concern for businesses in France. One finding worth highlighting is that 27.1% of respondents in France reported that foreign customers delay payment most often because of disputes over the quality of goods delivered or the services provided. This percentage is well above the percentage of respondents in Western Europe (16.4%), and remained almost steady over the past two years, suggesting a recurring problem in foreign trade relations of French respondents.

Uncollectable accounts

Based on responses in France, an average of 0.9% of B2B receivables was written off as uncollectable. This is lower than the average for Western Europe (1.2%). Consistent with the survey pattern, domestic write-offs outweigh foreign ones. Uncollectable domestic B2B receivables are most often reported in the construction, business services and transport sectors.

Foreign B2B write-offs were reported mainly in relation to the construction, chemicals and financial services sectors. For 67.4%



of French respondents (66.4% in Western Europe) B2B receivables were mainly due to the customer being bankrupt or out of business. Failure of collection attempts were reported by more respondents in France (31.0%) than in Western Europe (25.1%). This is also the case for write-offs due to a trade debt which is too old (27.1% of French respondents, compared to 16.4% in Western Europe).

For more insights into the B2B receivables collections practices in France, please see the Global Collections Review by Atradius Collections (free download after registration), available from April 21st 2015 on www.atradiuscollections.com.

Top challenge to business profitability in 2015: cost containment



Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – Spring 2015

More information in the [Statistical appendix](#)

Payment practices by industry

Survey respondents in France reported granting trade credit terms mainly to B2B customers belonging to the following sectors: chemicals, construction, consumer durables, financial services, machines, metals, business services and services.

Above-average (for the country) invoice payment terms are extended to B2B customers in the construction (averaging 23 days domestic and 27 days foreign), consumer durables (22 days domestic and 26 days foreign) and chemicals sectors (22 days domestic and 29 days foreign).

43% of the value of the construction sector invoices was overdue. This is due to an insufficient availability of funds (68% of respondents in respect to domestic sales and 62% to foreign sales). Domestic and foreign payment delays in the construction sector is the longest, averaging 26 days.

Over the coming 12 months, nearly one in three respondents in Germany expect the payment behaviour of domestic B2B customers in the chemicals sector to improve slightly. One in four respondents anticipate a worsening of payment practices in the construction sector, consumer durables and business services sectors. Around one quarter of the respondents expect a slight deterioration in the payment behaviour of their foreign customers in the chemicals and construction sectors. No change is anticipated in the payment practices of other sectors.

To learn more about the Survey design of the Atradius Payment Practices Barometer, please see the [report for the region](#).

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.

Statistical appendix

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The [Statistical appendix](#) to this report is part of the Spring 2015 Payment Practices Barometer of Atradius (survey results for Western Europe) available at www.atradius.com/Publications/Payment Practices Barometer. This appendix is available for download in PDF format (English only).

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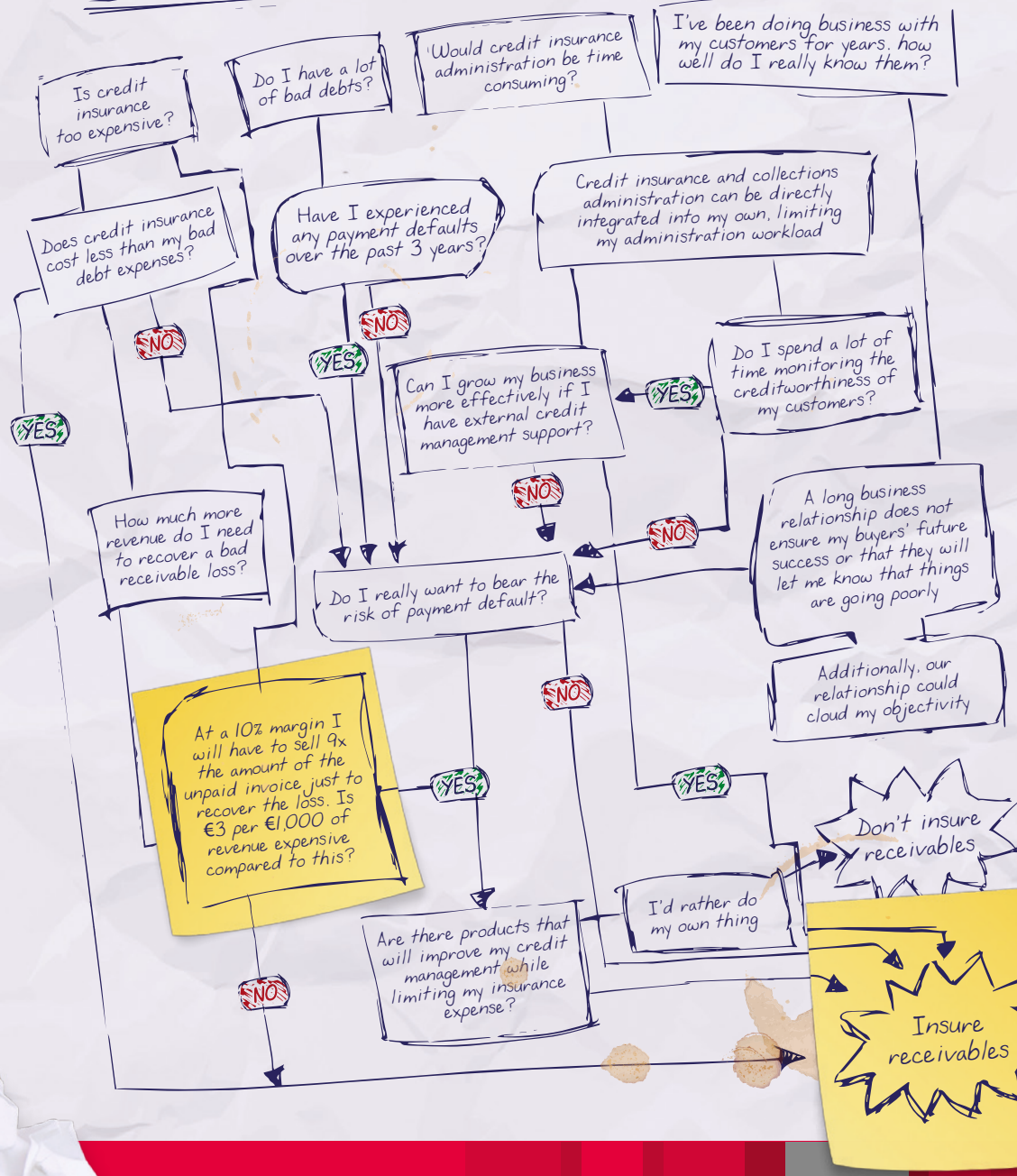
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SHOULD I INSURE MY RECEIVABLES?



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