

Atradius Payment Practices Barometer 2024

# B2B payment practices trends Taiwan

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 Taiwan.

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





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# Taiwan

## B2B payment risk management

### Taiwan companies shift to more effective credit management strategies

Late payments remain a significant problem for many businesses in Taiwan despite our survey showing relatively steady payment practices among B2B customers. An average 56% of B2B invoices issued in trading on credit are currently overdue, with companies in the electronics/ICT industry especially affected and some feeling financial strain. There is a different picture with bad debts, which are decreasing to now stand at an average 2% of all B2B invoices. This chimes with the survey finding that four in five Taiwan companies report no significant change in B2B customer payment behaviour during the past 12 months.

Delays in the customer payment process and B2B customer cashflow issues are the main reasons for late payments, and overdue invoices are now cashed in on average one month after the due date. 43% of companies in Taiwan, notably in the automotive sector, tell us they respond by delaying payments of bills and/or staff, while businesses in the electronics/ICT industry say it causes them difficulty in meeting financial obligations. 60% of companies, particularly in the chemicals sectors, bridge potential liquidity bottlenecks by relying on internal funds. Businesses also look to external finance strategies such as supplier credit, bank loans and invoice financing.

Another long-term approach to optimising working capital management is a strong focus on improving debt collection efficiency. 80% of companies in Taiwan say that being able to mitigate large swings of Days Sales Outstanding (DSO) has been a key factor in containing levels of bad debt. The desire to balance safeguarding financial health while pursuing sales growth is also evident in our survey. While an average 44% of all B2B sales in Taiwan are now being made on credit, a crucial approach for the chemicals sector, this comes with stricter payment terms being set for B2B customers. These now stand at an average of 38 days from invoicing.

A clear finding of our survey is that many businesses in Taiwan are switching towards more effective credit management strategies. Three out of five companies, particularly in the automotive and electronics/ICT sectors, tell us they are shifting from in-house retention of credit risk management to a more strategic approach involving the use of credit insurance. This change of approach recognises the limitations of relying solely on reserve funds to cover unexpected losses, and of holding funds idle rather than using them for investment and business growth. Letters of credit are another popular tool, typically used for individual transactions, often in international trade.

### Key figures and charts on the following pages

### Key survey findings

- The vast majority of companies in Taiwan report no significant change in B2B customer payment behaviour during the past year. Four in five businesses tell us payment practices remain steady, while the rest are evenly split between those reporting faster or slower invoice payments.
- Despite this, late payments continue to be a significant issue for Taiwanese companies. Currently, an average of 56% of B2B invoices are overdue, a particular problem in the electronics/ICT sector. In contrast, there is a favourable trend in bad debts, decreasing to an average 2% of all B2B invoices.
- Cashflow issues among B2B customers and delays in the payment processes are the main reasons cited for overdue invoices. On average, companies in Taiwan now collect payment one month after the due date. 43% of businesses, mainly in the automotive sector, respond by delaying payment of bills and/or staff.
- A notable 60% of companies in Taiwan, especially in the chemicals industry, rely on internal funds to bridge potential liquidity bottlenecks. Supplier credit, bank loans and invoice financing are all sources of external funding. 80% of companies say a focus on mitigating large swings of Days Sales Outstanding (DSO) has helped to contain bad debts levels.
- Our survey shows that 44% of all B2B sales among Taiwan businesses are currently being transacted on credit, with this strategy particularly crucial in the chemicals sector. Companies are also implementing stricter payment policies, payment terms currently set at an average 38 days from invoicing.
- Three in five Taiwan companies tell us they are revising their credit risk management, shifting from in-house methods to a more strategic approach emphasising the role of credit insurance. This is especially seen in the electronics/ICT and automotive industries. Letters of credit are also popular for individual transactions in international trade.

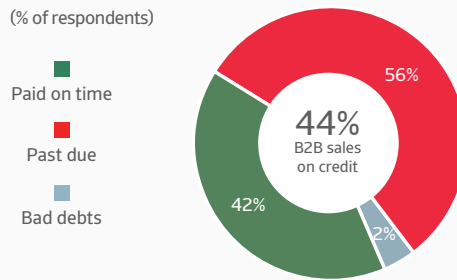




# Taiwan

## B2B payment practices trends in Taiwan

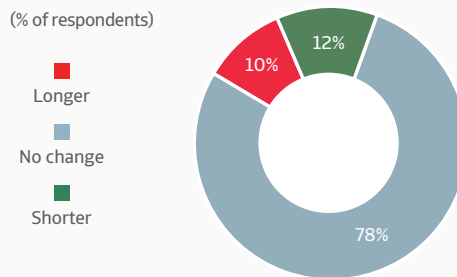
% of B2B invoices paid on time, past due and bad debts



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

## B2B payment practices trends in Taiwan

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

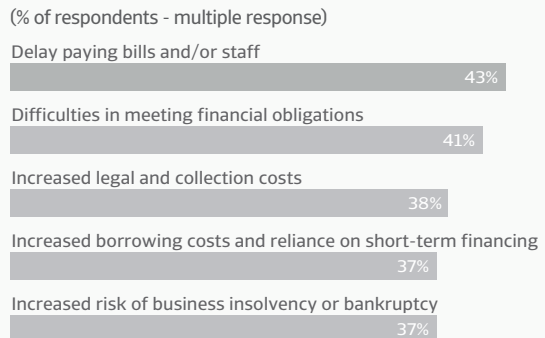


\*average amount of time to get paid from B2B credit customers

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

## B2B payment practices trends in Taiwan

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



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

## B2B payment practices trends in Taiwan

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

- 69% Trade credit
- 65% Invoice financing
- 63% Bank loans
- 60% Internal funds

(% of respondents - multiple response)

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



# Taiwan

## Looking ahead

### Half of Taiwan companies fear a surge in insolvencies

Payment practices are expected to show a favourable trend, with 46% of companies in Taiwan telling us they foresee an improvement during the year ahead. There is particular optimism in the automotive sector. Around half of businesses say they do not foresee any significant change in B2B customer payment behaviour, while only a tiny minority fear any worsening. Similar optimism surrounds the outlook for Days Sales Outstanding (DSO), with 64% of companies expecting no significant change, and 25% an improvement in debt collection efficiency. This positivity is most likely explained by a broader strategic approach to credit risk management.

Our survey finds a much more negative mood about prospects for insolvency rates in the coming months. 50% of companies in Taiwan say they anticipate a rise in insolvencies, with the clear potential to cause serious financial strain. 46% of businesses believe insolvency risk will remain stable during the next 12 months, while the rest are cautious about making predictions. In contrast, a surge in demand for products and services is anticipated by 67% of companies, notably in the chemicals sector. The automotive industry foresees no great change in demand for their output. Optimism is also evident about the outlook for profitability, with 63% of businesses expecting to achieve higher profits in the year ahead.

The issue of market saturation is the primary concern being expressed by companies in Taiwan as they look to the future. They tell us it poses significant challenges to growth both in the short term and long term. It is most acutely felt by the automotive industry, where there is intense competition from established players which limits the potential for expansion and makes it difficult for new entrants to gain traction. Businesses in the chemicals and electronics/ICT industries say that saturation threatens growth prospects and market opportunities in the long term. There is also anxiety about the condition of the domestic economy, especially in the chemicals sector.

Other significant worries expressed by companies in Taiwan include customer acquisition challenges, operational difficulties, cybersecurity threats and human resource limitations. The automotive sector finds customer acquisition particularly challenging in a fiercely competitive market, while operational challenges pose difficulties, affecting efficiency and productivity. Cybersecurity threats are felt across all industries in

### Key figures and charts on the following pages

### Key survey findings

- There is a positive mood about prospects for B2B customer payment behaviour with 46% of Taiwan companies expecting an improvement in the year ahead, especially in the automotive sector. No significant change is anticipated by 50% of businesses, while only a small minority foresee any deterioration.
- Optimism about the outlook for Days Sales Outstanding (DSO) is also evident, probably bolstered by a shift towards more strategic credit management. 64% of Taiwan companies expect no significant change in DSO, while 25% anticipate an improvement in debt collection efficiency during the coming months.
- Half of the businesses surveyed in Taiwan, primarily automotive companies, have a negative outlook on the insolvency risk in the market for the upcoming year. 46% of companies expect the rate of insolvencies to remain stable during the next 12 months.
- 67% of Taiwan companies say they expect a surge in demand for their output in the year ahead, notably in the chemicals sector. Positivity is also widespread about the prospects for profitability, with 63% of businesses, especially in the chemicals and electronics/ICT industries, anticipating an increase in profits.
- The major concern looking ahead for businesses in Taiwan surrounds the issue of market saturation, which poses significant challenges to growth, and is most acutely felt by automotive companies. The condition of the domestic economy is another widespread worry, and particularly so in the chemicals sector.
- Cybersecurity threats, customer acquisition challenges, operational difficulties, and human resources limitations are all further anxieties expressed by companies in Taiwan. Customer acquisition is a particular problem for automotive companies, while a shortage of qualified professionals is most acutely felt in the electronics/ICT and chemicals sectors.

Taiwan as digital operations expand and robust security measures are required. The lack of a skilled workforce and problems in attracting and retaining talent is also a major concern, felt acutely in the short-term by electronics/ICT businesses. The issue is expected to become even more pressing in the long term for the chemicals sector.

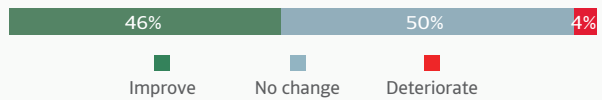


# Taiwan

## B2B payment practices trends in Taiwan

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

(% of respondents)

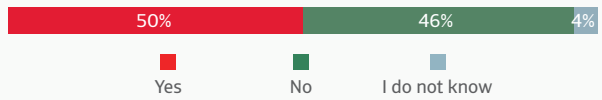


Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Taiwan – 2024

## B2B payment practices trends in Taiwan

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

(% of respondents)

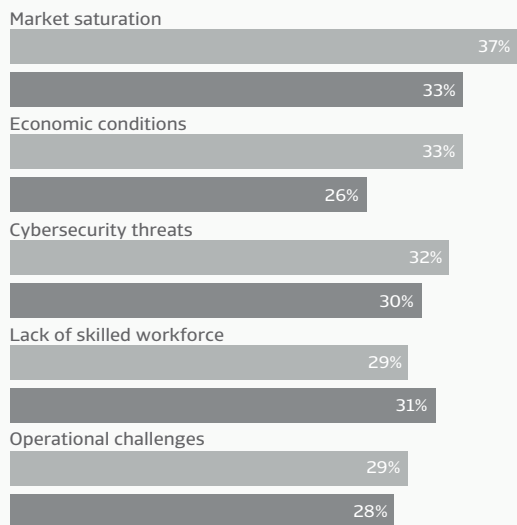


Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Taiwan – 2024

## B2B payment practices trends in Taiwan

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



■ Short-term (one to two years from now)  
■ Long-term (ten years and beyond)

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

## B2B payment practices trends in Taiwan

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

- 25% Improve
- 64% No change
- 10% Deteriorate

(% of respondents)

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

## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Taiwan 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 242 interviews in total. All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from Taiwan 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:** 242 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 = 242

Business sector	Interviews	%
Manufacturing	148	61
Wholesale trade	33	14
Retail trade/Distribution	19	8
Services	42	17
<b>TOTAL</b>	<b>242</b>	<b>100</b>
Business size	Interviews	%
SME: Small enterprises	21	9
SME: Medium enterprises	80	33
Medium Large enterprises	92	38
Large enterprises	49	20
<b>TOTAL</b>	<b>242</b>	<b>100</b>
Industries	Interviews	%
Agriculture + Food	80	33
Energy Fuel	80	33
Consumer durables	82	34
<b>TOTAL</b>	<b>242</b>	<b>100</b>

### Methodological note

Last year different industries were included in the survey for Taiwan. 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 Taiwan 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 **Taiwan and worldwide**, please visit [atradiuscollections.com](https://atradiuscollections.com).

For Taiwan please visit:

[atradius.com.hk](https://atradius.com.hk)

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