



Atradius Payment Practices Barometer 2024



B2B payment practices trends

Austria

Negative DSO and bad debts trend
create financial strain





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 Austria.

The survey was conducted between the end of Q1 and the beginning of Q2 2024. The findings should therefore be viewed with this in mind.



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B2B payment practices trends

Negative DSO and bad debts trend create financial strain

Trade credit supply continues to play a key role in the business-to-business (B2B) transactions of Austrian companies. Nearly all the businesses in every sector surveyed say they offer trade credit to B2B customers with the aim of bolstering customer loyalty and repeat business. This strategy translates to 48% of B2B sales in the construction industry being transacted on credit, and an almost similar amount in the transport sector. However, there is a significant decline in the steel/metals industry, with just 24% of B2B sales currently being transacted on credit. Alongside this comes a clear strategic move by Austrian companies to offer longer payment terms to B2B customers within the frame of a more lenient credit policy. Industry norms, and the desire to align terms with those received from suppliers to establish a balanced cashflow cycle, are the main criteria for setting payment terms. These are now one month longer in both the transport and steel/metals industries at around 60 days, while the construction sector has the longest payment terms, averaging 71 days from invoicing.

Our survey points towards the emergence of a challenging new normal in credit risk as companies contend with heightened interest rates and reduced demand. Late payments from business customers of Austrian companies surveyed now affect 55% of all B2B invoices, an average 25% increase from a year earlier. Increased levels of bad debts, affecting 9% of all B2B invoices compared to last year's 4%, also signal a negative impact of fluctuating credit risk on

Austrian businesses. The construction industry is hardest hit, with bad debts at a staggering 13% of all B2B invoices as 80% of companies say they are experiencing adverse changes in B2B customer payment behaviour. The deterioration of payment practices amid volatile economic conditions is also causing cashflow disruption in the steel/metals sector, where late payments have increased by 36% during the past 12 months.

Key survey findings

- Trade credit is currently being offered to B2B customers by 90% of companies across all sectors of our survey in Austria. This widespread practice results in 48% of all B2B sales in the construction industry being transacted on credit, and 42% in the transport sector. A downward trend sees an average 24% of credit sales in the steel/metals industry.
- Payment terms are increasing across all industries in Austria. This is to boost sales and also to align with payment terms from suppliers to establish a balanced cashflow cycle. The construction sector shows the longest payment term at an average 71 days. In the steel/metals sector this is 62 days, while in the transport industry it stands at 60 days.
- Our survey reveals a deteriorating credit risk landscape. Late payments affect 55% of all B2B invoices while bad debts are trending upward to 9% of all invoices. This is creating significant financial strain and highlights the urgent need for robust credit management strategies across all sectors.

(continued on page 5)



Payment delays have not shown high swings year-on-year in the transport industry, but bad debts have trended upward and now affect 7% of all B2B invoices. This is putting significant financial strain on businesses, creating operational difficulties, and highlights an urgent need to implement robust credit management strategies in a period of tight monetary policy and wider economic uncertainty.

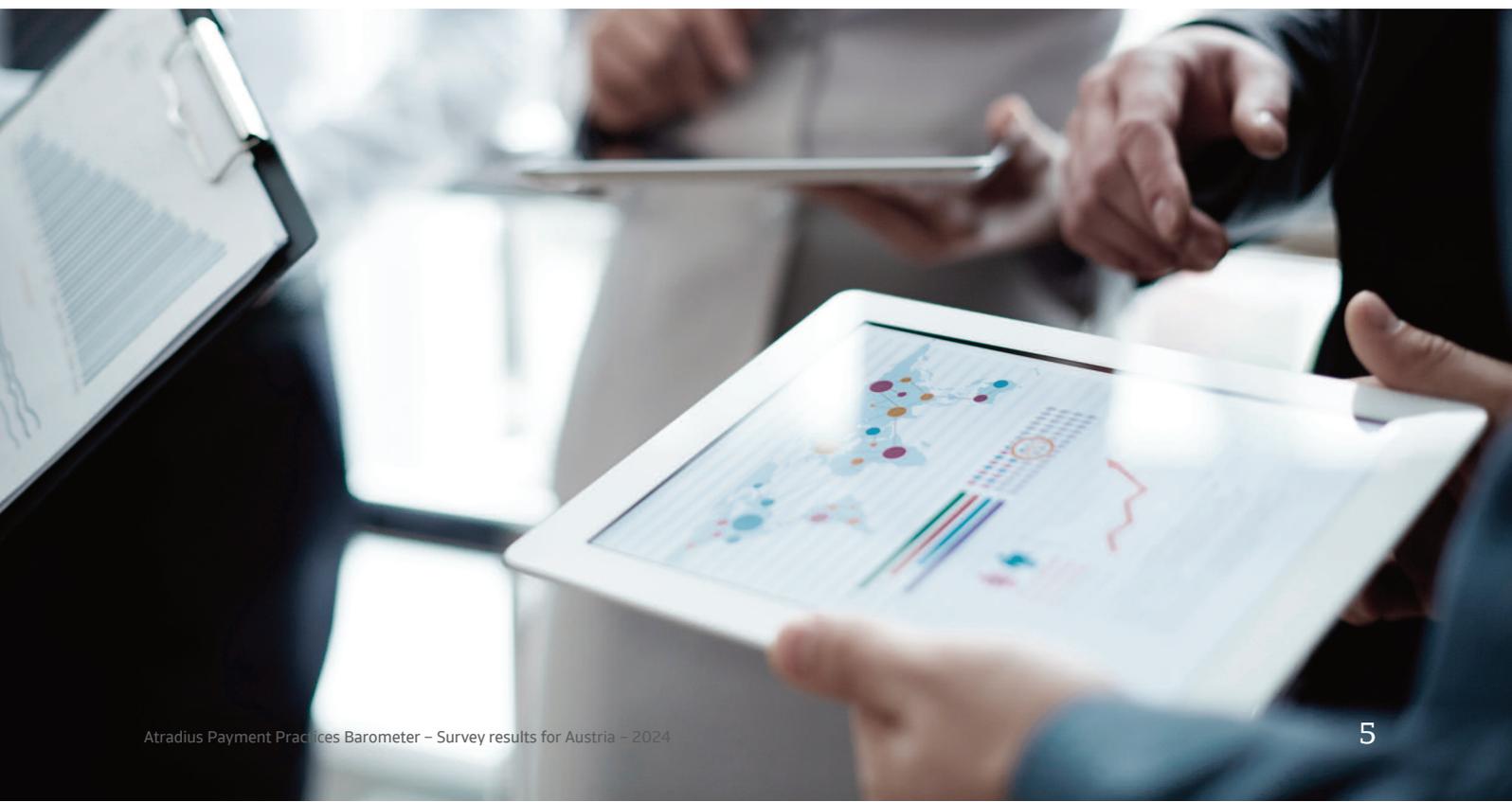
The combination of a more relaxed credit policy and the adverse trend of the credit risk landscape have translated into a significant deterioration in Days-Sales-Outstanding (DSO) for Austrian companies surveyed. 52% say DSO is notably longer than last year, suggesting increased difficulties in collecting outstanding payments, while the remaining businesses surveyed are more positive or uncertain. Again, the construction industry is hardest hit, with DSO at 85 days from invoicing. Steel/metals and transport companies follow with a 74-day and 65-day average respectively. One widespread reason for the observed adverse DSO trend is administrative bottlenecks during the invoicing process, caused both by B2B customer inefficiencies and by delays of businesses in sending prompt invoices. This highlights the need to address these challenges to improve cashflow and financial stability across all sectors surveyed.

Amid this challenging period for business operations and widespread cashflow issues, our survey finds that Austrian companies tend to prefer bank credit as a primary source of finance. This is the choice of 61% of companies overall, and the choice of most Austrian construction businesses which rely on bank credit, probably because of its ability to

- The construction sector in Austria is hardest hit, with bad debts standing at 13% of all invoices, and 80% of companies experiencing a worsening of B2B payment practices that disrupt cashflow. Bad debts are also trending upwards to 7% of all B2B invoices in the transport industry, and to 9% in the steel/metals sector.
- 80% of companies in the construction and steel/metals industries report a worsening of Days-Sales-Outstanding (DSO), and 60% do so in the Austrian transport sector. The average DSO is longest in the construction industry at 85 days, putting a clear strain on liquidity. Invoice admin problems are the main reason for DSO at 74 days in the steel/metals sector.
- Bank credit is the primary source of finance for 61% of companies in Austria, particularly in the construction industry and the transport sector where it facilitates investment in technological upgrades. In the steel/metals industry 38% of companies opt for trade credit and 35% for invoice financing.

provide the necessary capital to support complex, capital-intensive projects. Bank credit is also favoured by most Austrian transport companies, due to its flexibility in managing cashflow and enhancing competitiveness by allowing investment in technology and infrastructure upgrades. In contrast, Austrian steel/metals businesses prioritise the use of trade credit and invoice financing in preference to bank credit as main sources of businesses funding.

Key figures and charts on the following pages

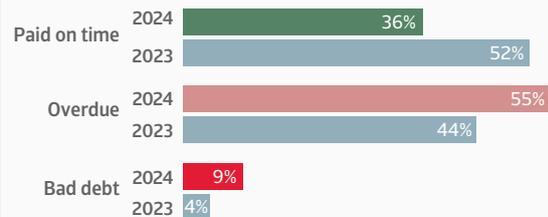




Austria

Austria

% of the total value of B2B invoices paid on time, overdue and bad debt (2024/2023)

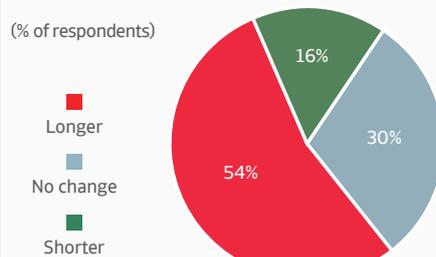


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Austria – 2024

Austria

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



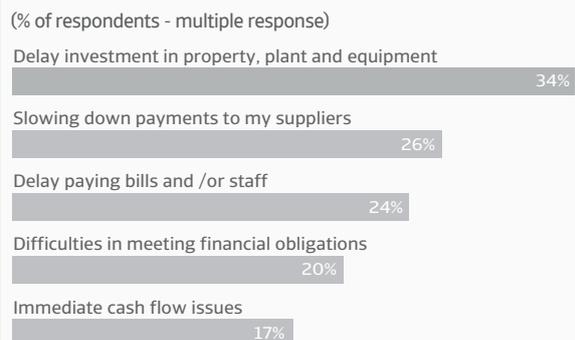
*average amount of time to get paid from B2B customers

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Austria – 2024

Austria

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 Austria – 2024

Austria

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

- 61% Bank loans
- 28% Trade credit
- 22% Invoice financing
- 18% Internal funds

(% of respondents - multiple response)

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Austria – 2024

Looking ahead

Heightened economic uncertainty and geopolitical risks weigh on businesses

Anxiety about economic challenges during the current period of persistently high inflation and low growth prospects is evident through all the industries in our survey. Nearly one-third of Austrian companies say this is a major concern for the next year or two along with ongoing geopolitical tensions that have the potential to severely affect day-to-day business operations. This is particularly due to the ongoing global trade disruptions caused by the geopolitical tensions in the Red Sea which are pushing up delivery times and input costs. The Austrian transport sector reports this as a key concern because it impacts on their operations and customer acquisition efforts. Another short-term worry is about environmental and sustainability issues, with more than one third of construction companies expressing apprehension that new government regulations will impact their business. Meanwhile, 30% of companies in the steel/metals sector express significant concern about recovery of their industry in the short-term due to ongoing cost pressures, high interest rates and subdued demand.

The major long-term concern among companies surveyed in Austria is the potential impact of customer acquisition challenges on their business, a widespread worry across all sectors. The construction sector is particularly concerned about the shortage of skilled and qualified staff, which it fears might severely hinder productivity for many years ahead. The Austrian steel/metals sector

shares this anxiety, and also expresses apprehension about its capability of adapting to new technologies and processes. It is an industry facing rapid advancements in areas such as automation and digitalisation, and failure to adapt might bring vulnerability to cybersecurity threats. The impact of cybersecurity issues on business is also a long-term worry in the Austrian transport sector.

Key survey findings

- The current challenging economic climate, with persistently high inflation and low growth prospects, is a general concern for companies across all sectors in Austria. The impact of geopolitical tensions is also a widespread worry, particularly in the transport industry because of the potential severe effects of disruption in the Red Sea.
- Short-term anxiety in the construction sector is focused especially on environmental and sustainability issues as well as the capability to secure new clients and projects. 30% of steel/metals companies have severe worries about the recovery of the industry in the short-term because of subdued demand.
- A shortage of qualified staff is a consistently widespread concern for the long-term through all the industries of our Austria survey. The steel/metals sector has long-term apprehension about adapting to new technological advancements, while the transport industry expresses worry about cybersecurity.

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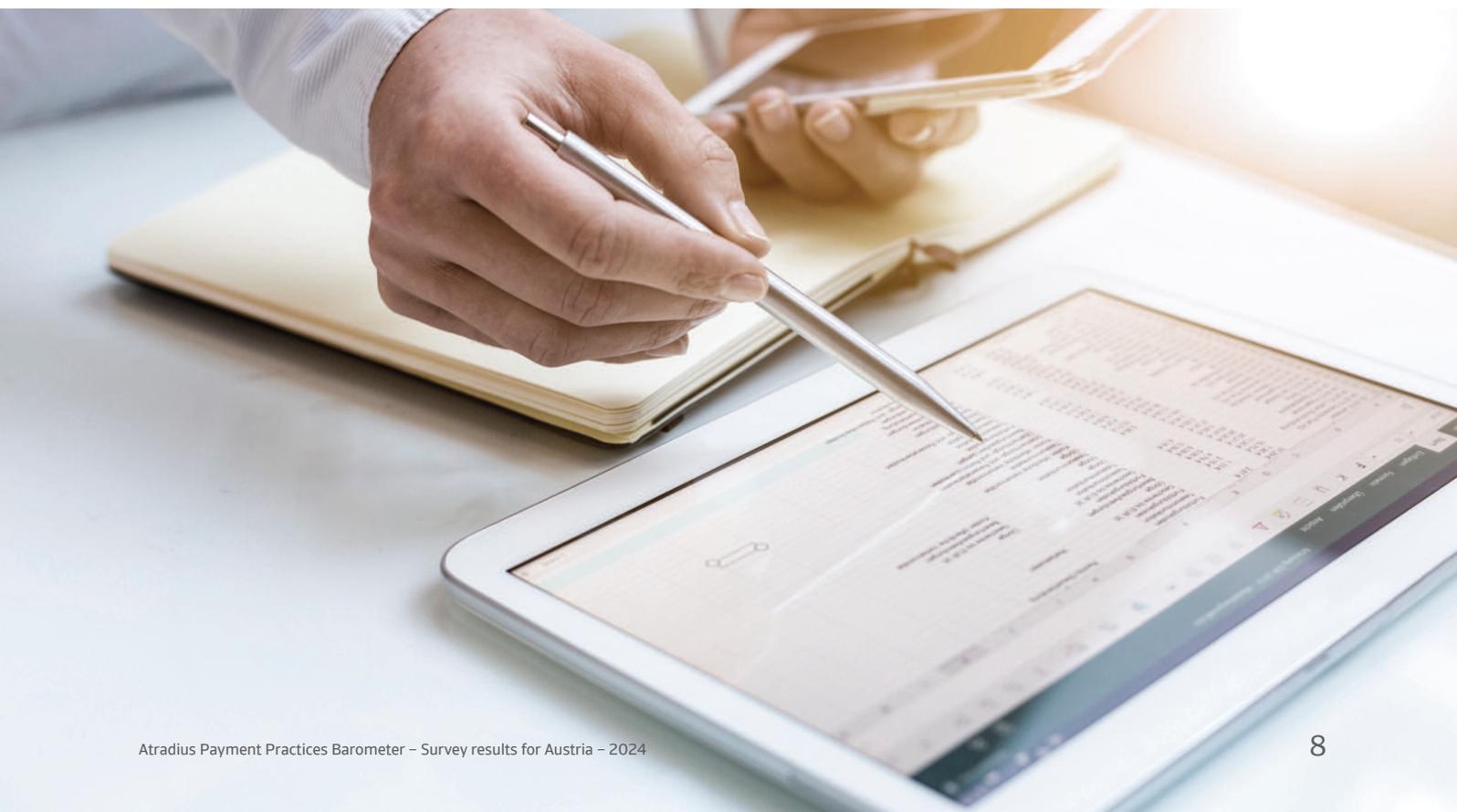
Our survey of businesses in Austria delivers a pessimistic verdict about the prospects for B2B payment practices during the year ahead and also an enhanced risk of future insolvencies. A significant 47% of companies across all sectors say they anticipate a worsening of B2B customer payment behaviour, up from just 12% last year. The Austrian construction industry has a particularly bleak outlook, with 64% of businesses expecting a deterioration. This aligns with similarly negative sentiments about the increasing likelihood of insolvency risk arising from B2B trade in the months ahead. The pessimistic mood about payment practices and insolvency risk is equally prevalent in the Austrian transport industry. By contrast, there is some optimism in the steel/metals sector, which anticipates improvement in B2B customer payment behaviour during the coming year. This positivity fades, however, with prospects for insolvency risk, which steel/metals companies expect to deteriorate due to broader economic and market conditions that could increase the potential for insolvencies among trading partners.

Widespread pessimism about the outlook for Days-Sales-Outstanding (DSO) is clearly evident among Austrian companies. Overall, 56% of businesses across all sectors believe debt collection efficiency and cashflow management will worsen during the months ahead, up from just 14% a year ago. Anxiety is particularly acute in the Austrian construction sector, where 78% of companies anticipate a deterioration of DSO, indicating heightened worry that consistently late payments will lead to severe liquidity issues through the industry.

Key figures and charts on the following pages

- 47% of companies in Austria say they anticipate a deterioration of B2B payment practices during the months ahead, a huge leap from just 12% last year. Pessimism is particularly profound in the construction sector where 64% of businesses expect a worsening. In contrast, the steel/metals industry anticipates an improvement.
- Our survey finds a bleak outlook about the risk of insolvency arising from B2B trade in both the Austrian construction and transport sectors. Pessimism is also prevalent in the steel/metals industry due to economic and market conditions increasing the likelihood of insolvency among some trading partners.
- Negative expectations are also widespread about the prospects for Days-Sales-Outstanding (DSO) during the year ahead. Overall, 56% of Austrian companies anticipate a worsening of DSO, up from just 14% last year. The construction sector is most pessimistic, with 78% of businesses anticipating deterioration of DSO.

A similarly cloudy stance hangs over the transport sector, where 70% of companies say they foresee a significant worsening of DSO during the 12 months ahead. By contrast, most of the businesses surveyed in the Austrian steel/metals sector anticipate an improvement or no change, which suggests confidence in the effectiveness of their debt collection processes during the coming months.

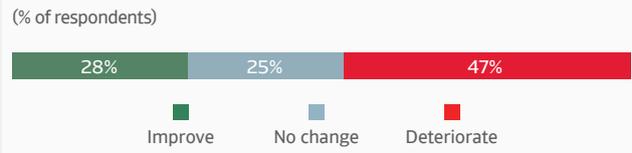




Austria

Austria

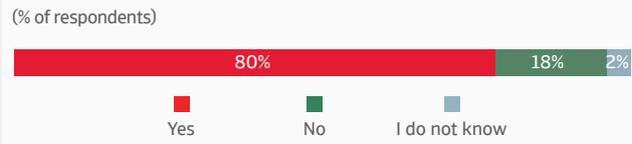
Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?



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

Austria

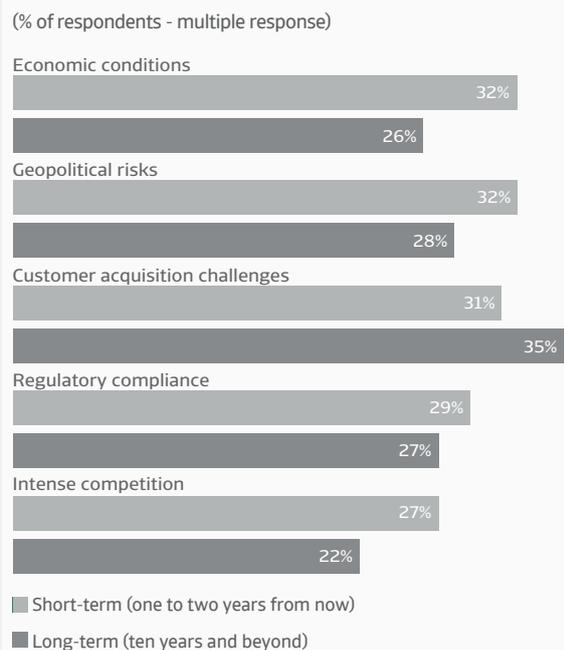
Do you see an increased insolvency risk for your customers in the next 12 months?



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

Austria

Looking ahead: top 5 concerns expressed by businesses polled



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

Austria

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

- 18% Improve
- 26% No change
- 56% Deteriorate

(% of respondents)

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

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Austria 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 210 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Austria 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=210 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 Q1 and the beginning of Q2 2024. The findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 210

Business sector	Interviews	%
Manufacturing	149	70
Wholesale trade	28	13
Retail trade/Distribution	16	8
Services	17	9
TOTAL	210	100
Business size	Interviews	%
SME: Small enterprises	40	19
SME: Medium enterprises	70	33
Medium Large enterprises	70	33
Large enterprises	30	15
TOTAL	210	100
Construction	69	33
Steel/Metals	71	34
Transport	70	33
TOTAL	210	100

Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2024 Payment Practices Barometer of Atradius, available at www.atradius.com/publications [Download in PDF format](#) (English only).

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.

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To find out more about B2B receivables collection practices in **Austria and worldwide**, please visit atradiuscollections.com.

For Austria please visit atradius.at

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