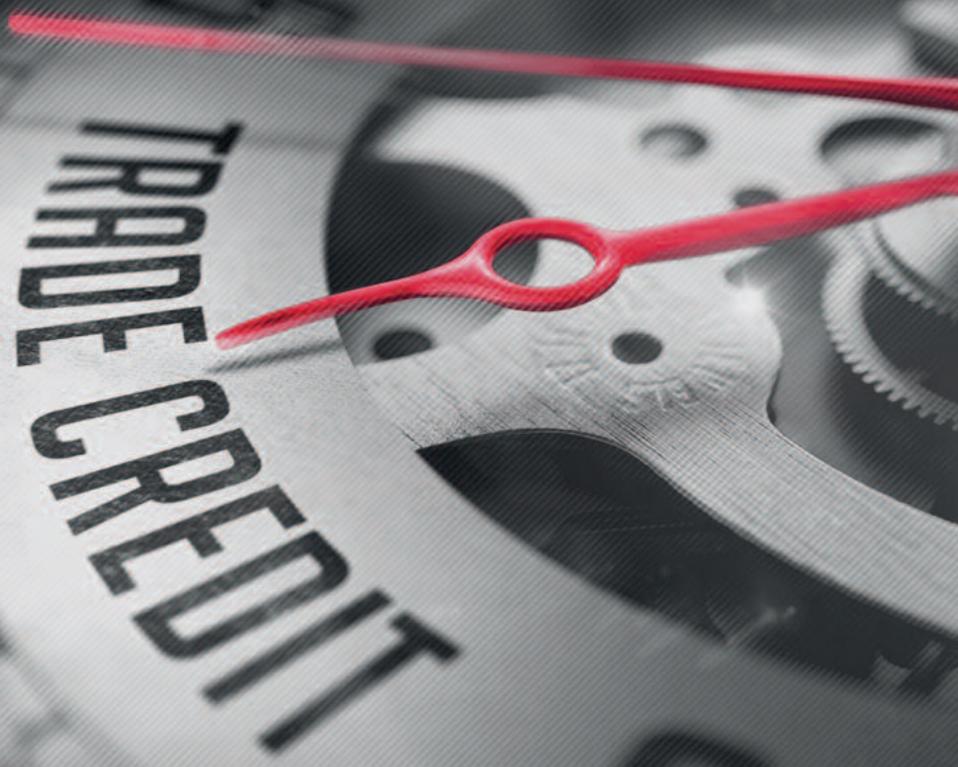




# Atradius Payment Practices Barometer

## The Netherlands

Focus on B2B payment practices in the construction, construction materials and machines industries



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“*The construction, construction materials and metals industries all reported an increase in write-offs and spent more on managing their accounts receivable and collecting overdue invoices this year.*”

**Tom Kaars Sijpesteijn**  
Atradius Country Manager for the Netherlands

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## **Business confidence is buoyant, but downside risks remain**

After the economic challenges posed by the global pandemic, the Dutch economy has returned to growth. In line with the larger EU member states, the Netherlands has largely seen GDP levels return to pre-pandemic levels and economic activity has accelerated, particularly during the second half of 2021. This positive picture is largely borne out in the results of this year's Payment Practices Barometer Survey in which businesses in the Netherlands expressed a positive growth outlook.

However, downside risks remain. These include the continued spread of the Delta variant of Covid-19 potentially leading to renewed lockdown measures in key markets, which could affect Dutch companies through the export channel. Another downside risk is posed by supply chain bottlenecks that are resulting directly or indirectly from the Covid-19 pandemic. They are pushing up delivery times and production costs. If these supply chain disruptions exist longer than expected, they could negatively affect companies' financial position and limit the economic recovery. In addition, an increased number of bankruptcies are expected as government fiscal support measures are phased out.

It is likely that these economic challenges fed into the payment delays and write-offs that have impacted the three key markets we polled in the Netherlands this year. The construction, construction materials and metals industries all reported an increase in write-offs. Of note, all of the industries also reported spending more on managing their accounts receivable and collecting overdue invoices.

The majority of businesses that reported costly increases in credit management were those that chose to retain the risk of trading on credit in house through self-insurance. As the volume of late payments increased, so did the expenditure as they reported spending more time and resources on chasing unpaid invoices.

For the businesses using Atradius Credit Insurance as an integral part of their credit management process, not only were write-offs minimised, but credit management costs were contained. This is because customer credit assessments, ratings and collection costs are all included as part of Atradius policies, in addition to covering the cost of unpaid invoices.



# Payment practices in the Netherlands

Credit is an important part of the way businesses in the Netherlands trade and is the main driver used to stimulate sales, especially on the domestic market. More than half of all B2B sales is made on credit (51% this year, a slight dip on last year's 55%) and credit refusals are usually due to a higher risk of payment default. This year's average payment terms for the country as a whole are 30 days. This has dropped from last year's 49 days, a reduction that is likely to reflect the availability and cost of capital needed to finance credit sales.

In this year's Payment Practices Barometer survey, businesses across the Netherlands reported that 55% of the total value of sales is currently overdue. Similar to last year's 56%. In addition, 53% of respondents to the poll also reported they had to wait longer than last year to turn overdue invoices into cash. Long overdue invoices (more than 90 days late) represent 11% of the total value of B2B invoices (up from last year's 9%). Even more concerning, 13% of the total value of outstanding invoices has been written off this year (again an increase on last year's results, where 10% was written off).

Such long payment delays and huge losses may have driven the country's apparent appetite for increased risk mitigation. 52% of respondents (an increase on last year's 32%) told us that they had spent more time and resources on trying to collect outstanding invoices. Where successful, businesses were able to contain DSO (Days Sales Outstanding), although this is patchy and many businesses have struggled to contain it.

Looking ahead, 63% of businesses told us they believe their customers' payment practices will improve over the next 12 months. This is one reason why the majority plans to continue managing the risk of customer payment defaults in-house, although a sizable minority intend to use trade credit insurance. Despite such positivity, more than half of the businesses we interviewed expressed concern over the Dutch economy. 52% are worried the economy won't rebound following the pandemic economic crisis.

When asked whether the pandemic had permanently influenced business operations, 61% of the respondents told us they have permanently adopted aspects of digitalisation, including an increase in the use of e-commerce. Many businesses mentioned ongoing impacts to supply chains and changes in customer demand. However, they were as yet unclear as to how permanent these impacts may be.



# Construction

## Late payments and cash flow

### Costly jump in payment delays and write-offs

Although the pandemic-led economic crisis did not affect the Dutch construction industry to the same extent as other markets in Europe, a large number of businesses reported difficulties with customer payments and cash flow over the past year. Many businesses told us that these caused a significant rise in DSO (Days Sales Outstanding). 51% acknowledged having to wait longer than last year to convert overdue invoices into cash.

For the businesses without credit insurance, this rise in delayed payments proved to be costly. 50% of the construction businesses polled told us the amount of time and resources they spent on collecting resolving unpaid invoices increased. This represents a 19% increase on the percentage of respondents that reported the same last year. Despite this, an average of 9% of the total value of B2B invoices issued in the industry this year were written off. This is an enormous amount of lost revenue and a 50% increase on the 6% written off last year. There was also a big increase in the percentage of businesses reporting tighter credit control procedures (40% compared to 27% last year). This may have had a positive impact on late payments as there was a negligible year-on-year increase. However, the overall picture is still poor, with late payments affecting as much as 48% of the total value of B2B invoices in the sector.

The collection inefficiencies affecting so much of the construction industry could have a negative impact on the liquidity of some businesses. Indeed, many businesses told us they delayed payments to suppliers in order to ensure the cash flow they needed to invest in their businesses.

**SURVEY QUESTION**

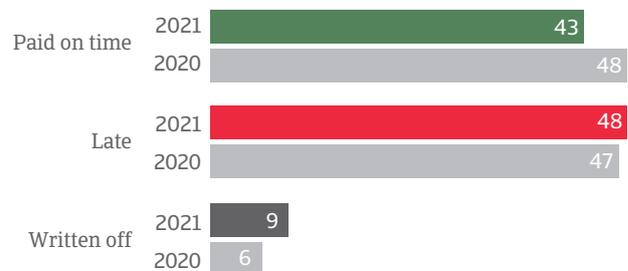
**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Increase time, costs and resources spent on resolving unpaid invoices
- #2** Strengthen internal credit control process
- #3** Delay payments to my own suppliers



### Construction industry in the Netherlands

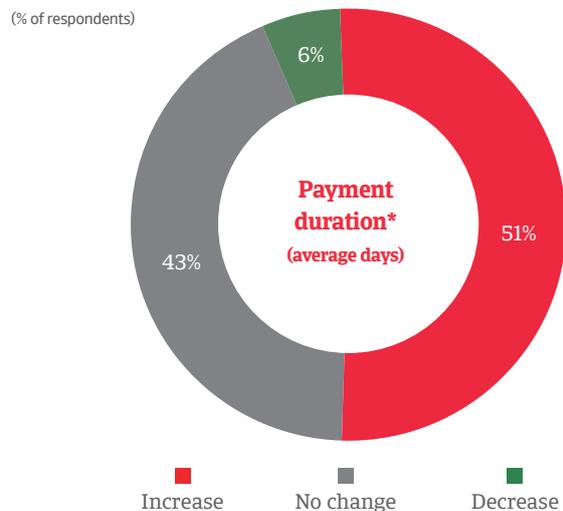
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Construction industry in the Netherlands

average time it takes to convert overdue invoices into cash (change over the past year)



\* Payment term + payment delay

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021



# Construction

## Approach to credit management and DSO

### Self-insurance widespread throughout the industry

Despite the deterioration in B2B payment practices, most businesses in the Dutch construction industry chose not to insure their receivables. 68% of respondents told us they opted for self-insurance, which is reasonably consistent with last year's 70%. Perhaps unsurprisingly in view of the large percentage of businesses without credit insurance and with half the respondents communicating a rise in the cost and time required to collect invoices, 58% of the survey respondents told us that they had experienced higher credit management costs. These included the increased collection costs associated with the management of overdue payments (38% of respondents), and increased costs associated with securing financing in order to maintain liquidity levels 28%.

### Industry's interest in credit insurance is growing

With late payments and write-offs threatening to erode profits, a significant number of businesses in the Dutch construction industry revealed they plan to tighten their credit management techniques over the next twelve months. Much of the industry told us they plan to protect their accounts receivables with credit insurance or trade debts securitisation (34% of respondents alike).

However, despite 42% of the survey's respondents expecting DSO to deteriorate, as many as 40% of the construction businesses we spoke to intend to continue managing overdue invoice collection in-house. Respondents who plan to continue offering credit without insurance plan to minimise risk by avoiding risk concentrations and by sending payment reminders.

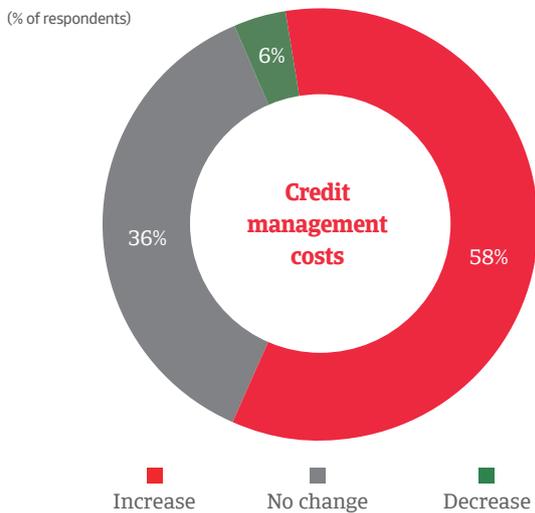
**SURVEY QUESTION**

**Which of the following credit management tools or techniques do you plan on using over the next twelve months?**  
(ranking by % of respondents)

- #1** Credit insurance
- #2** Trade debts securitisation

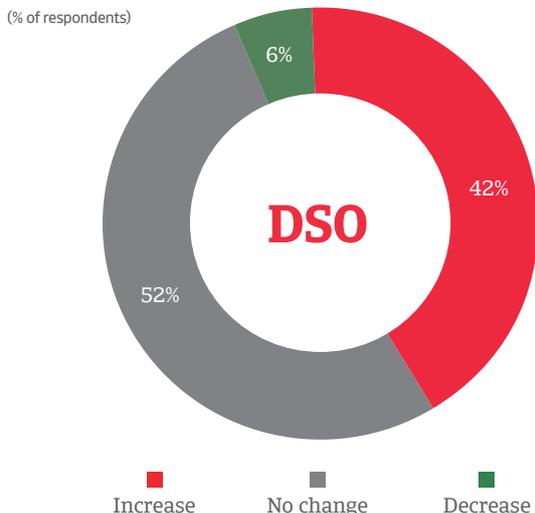


### Construction industry in the Netherlands change in credit management costs (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Construction industry in the Netherlands expected DSO changes over the next 12 months



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021



# Construction

## 2022 industry outlook

### Businesses have positive growth outlook for 2022

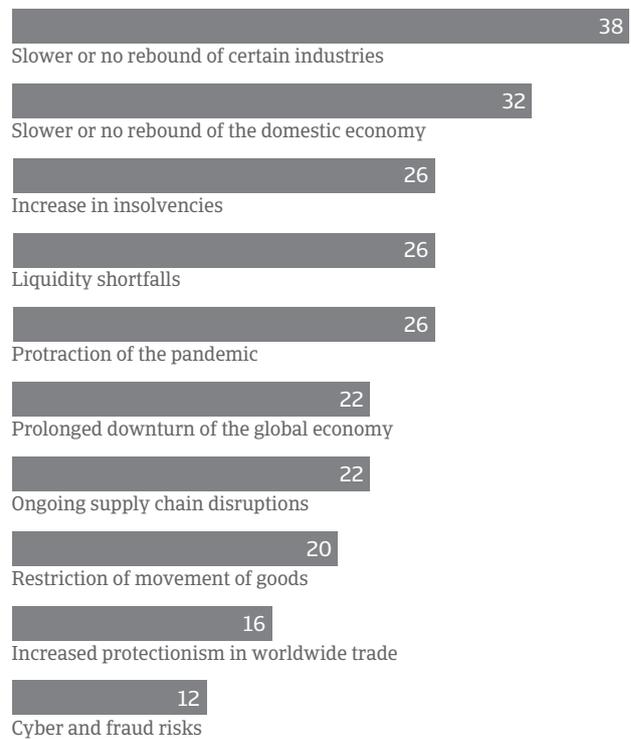
Although 38% of businesses polled in the construction industry expressed concern that the pandemic will continue, the vast majority (80%) told us they have a positive feeling about their growth prospects for next year. Interestingly, 56% cited the positive impacts the pandemic has had. They plan to make use of technology, which they adopted during the pandemic, a permanent aspect of the way they do business moving forward.

However, 32% of the respondents told us they were concerned that the ongoing pandemic could negatively affect the domestic economy. This is consistent with predictions of worsening DSO over the coming months. Perhaps in a bid to address this, 36% said they expect to transact more B2B sales on credit over the coming months, largely to allow customers additional time to pay invoices. 30% plan to offer credit in order to stimulate customer demand.

### Construction industry in the Netherlands

Looking into 2022: top ten concerns expressed by businesses in the industry

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

**The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business?**  
(ranking by % of respondents)

- #1** Increased digitalisation
- #2** Home working (administrative staff)
- #3** Respond to changes in customers' needs

### Construction industry in the Netherlands

how businesses feel about their possible growth in 2022

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Construction materials

## Late payments and cash flow

### Large leap in late payments and write-offs

The majority of businesses in the Dutch construction materials industry are grappling with the cost of the pandemic recession. Nowhere can this be seen more clearly than with late-paying customers and the reported deterioration in DSO. 67% of the businesses we polled told us that they had experienced late payments, a huge rise on the 21% that reported the same last year. This bleak picture was not confined to overdue invoices. There was also a substantial increase in the number of write-offs. 13% of the total value of the sector's B2B invoices was written off this year, compared to just 6% last year. However, despite such difficulties, the total value of invoices remaining outstanding at their due date was lower than last year (53% versus 59%). It is possible that this is due to a lower volume of sales. As an essential supplier to the construction industry, which also reported a deterioration in late payments and write-offs, it is not surprising that the construction materials industry has been squeezed. However, what is notable is that the construction materials sector appears to have been hit harder. For example, the 13% write-off rate does not compare favourably to the 9% written off in the construction industry.

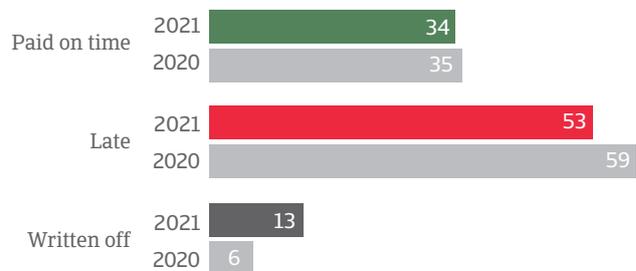
### Industry spends more on collecting late payments

Perhaps as should be expected given the large volume of businesses reporting late payments, 46% said they spent more time and resources on their collections efforts, both through their own internal efforts as well as through retaining external collections agencies. This represents a huge jump on the 18% of businesses that reported spending more on collections last year. For businesses that don't have professional collections as an integral part of credit management service such as credit insurance, this represents an additional cost.

However, critically, the amount spent on collecting overdue invoices is not the only cost incurred by late payments. With liquidity tied up in the unpaid invoices, many businesses told us that they needed to source (and pay for) finance from external sources, just to enable enough cash flow to keep their business operating. 44% of the sector's businesses said they pursued additional financing (up from last year's 28%). What's more, 39% of the businesses we polled requested a bank overdraft extension. This is an enormous increase on the 10% that reported the same last year.

### Construction materials industry in the Netherlands

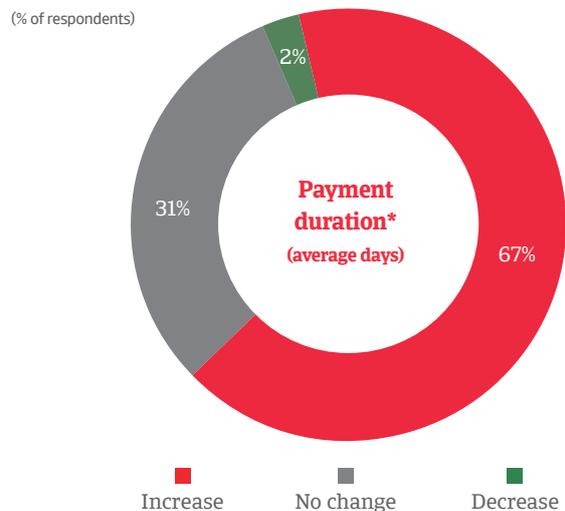
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Construction materials industry in the Netherlands

average time it takes to convert overdue invoices into cash (change over the past year)



\* Payment term + payment delay

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021



# Construction materials

## Approach to credit management and DSO

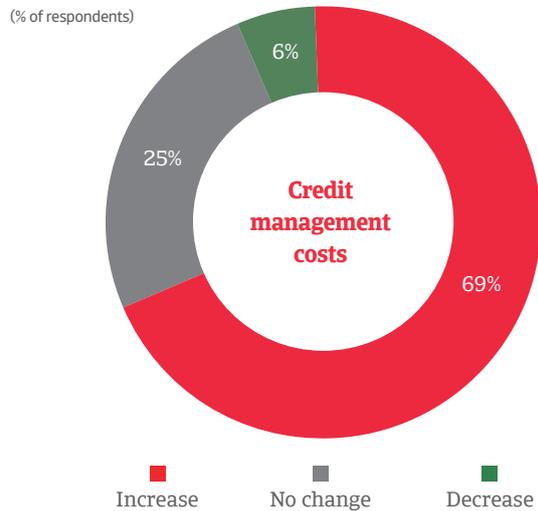
### Majority of businesses remain uninsured

Despite the payments risks posed by the challenging economic environment, 87% of businesses chose not to insure their credit sales. This is an increase on the 70% reporting the same last year. For the businesses with adequate cash reserves, customer payment defaults could be painful and put a dent in balance sheets. What's more, tying up cash in a bad debt fund means these funds are not available for growing the business. However, for the businesses without such a cushion, a large default is a significant risk and could threaten business survival.

When asked what credit management tool or technique they envisage using over the coming months, 69% of the businesses polled told us they will increase reliance on their own resources. This compares to 62% last year. Expressing concern about potential poor DSO affecting cash flow levels, 49% said they plan to minimise concentrations of customer payment risks. The same percentage told us that they would adjust payment terms extended to customers and negotiated with suppliers. Businesses without credit insurance and the self-insured would have to rely on externally sourced and publicly available financial information when assessing the credit quality of their customers and prospects.

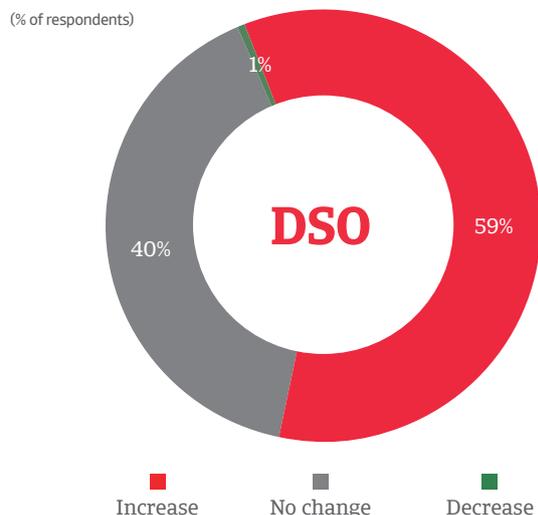
In addition to seeking external financing or extending overdrafts, many businesses told us they plan to increase their use of trade debt securitisation and factoring over the coming months. These can be costly measures to ensure liquidity when facing poor payments behaviour. However, for many businesses, especially those managing credit risk in-house and paying to manage increasing late payments, factoring or trade debt securitisation maybe the only way to ensure enough cash flow to keep the business afloat. With 59% of the sector expressing concern about an increase in DSO affecting cash flow levels over the coming months, it is possible that there will be an increase in the amount of Dutch construction materials businesses turning to factoring or trade debt securitisation over the next few months.

### Construction materials industry in the Netherlands change in credit management costs (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Construction materials industry in the Netherlands expected DSO changes over the next 12 months



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021



# Construction materials

## 2022 industry outlook

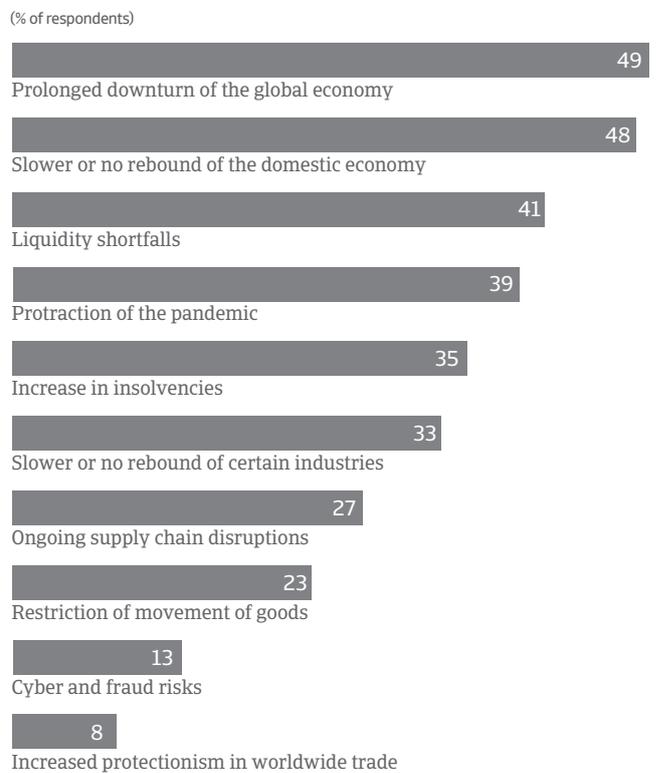
### Despite challenges, 2022 industry outlook is buoyant

95% of businesses in the Dutch construction materials industry told us they feel positive about their potential for growth in 2022. This is at odds with the picture of late payments and write-offs that has been plaguing the sector for so much of 2021. Such positivity also contrasts with the 49% of businesses that are concerned the pandemic could continue to negatively impact the global economy next year and the 48% that are worried about the domestic economy. However, the overwhelming numbers expressing optimism for growth suggests that most businesses are expecting to see at least some improvement. Interestingly 40% of the businesses told us that they expect trading on credit to increase over the coming months to allow their customers additional time to pay invoices and to stimulate demand.

When asked whether the pandemic created a legacy of change in their business, 60% told us that they had permanently adopted aspects of digitalisation. 52% indicated they had turned to, or increased the use of, e-commerce. 47% cited changes to supply chains and told us they expect to continue facing supply chain reshaping over the coming months. 45% explained the pandemic had led to changes in demand from their customers. How permanent the latter changes will be remains to be seen.

### Construction materials industry in the Netherlands

Looking into 2022: top ten concerns expressed by businesses in the industry



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

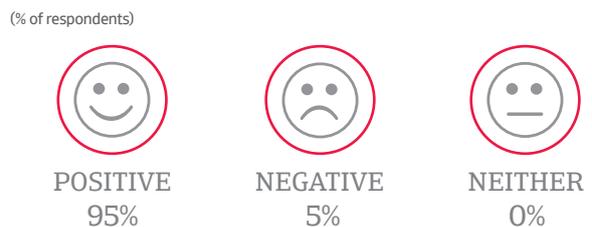
**SURVEY QUESTION**

The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1 Increased digitalisation
- #2 E-commerce
- #3 Facing supply chains reshaping

### Construction materials industry in the Netherlands

how businesses feel about their possible growth in 2022



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

# Machines

## Late payments and cash flow

### Industry benefits from improved receivables management

A stand-out result from the Payment Practices Barometer survey of the Dutch machines industry is the effort put into improving receivables management. 72% of the businesses polled told us that they intensified their internal processes for collecting overdue invoices, using a variety of techniques such as overdue invoice reminders. This compares to 48% reporting the same last year. In addition, 71% of respondents outsourced overdue invoice collection to a professional collections agency (compared to 47% last year).

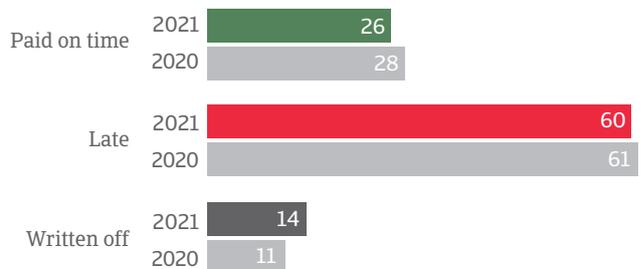
The results of this redoubling of credit management can clearly be seen in the 53% of survey respondents reporting no significant change in average time between invoicing and payment. This is a big improvement on the 22% who were able to report no change last year. In fact, the industry was even able to report a small improvement in the amount of B2B invoices still outstanding at their due date (60% compared to 62% last year).

However, although such credit management efforts helped to keep the industry's Days Sales Outstanding (DSO) under control, these successes are not the whole story. The industry struggled to contain write-offs. 14% of the total value of B2B invoices were written off by the Dutch machines sector this year, an increase on the 11% written off last year. Despite improvements made by so many businesses to collecting invoices, there are clearly still significant inefficiencies in the collection process.

The 14% total write-off amount represents an enormous amount of lost revenue, a figure that may weigh heavily on the liquidity position of much of the industry. This may explain the uptick in the number of businesses resorting to external sources of financing (40% of respondents compared to 19% one year ago). The write-offs burden may also be behind the reason that so many machines businesses delayed paying suppliers. 35% of the survey's respondents reported withholding payment, compared to 19% last year.

### Machines industry in the Netherlands

% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



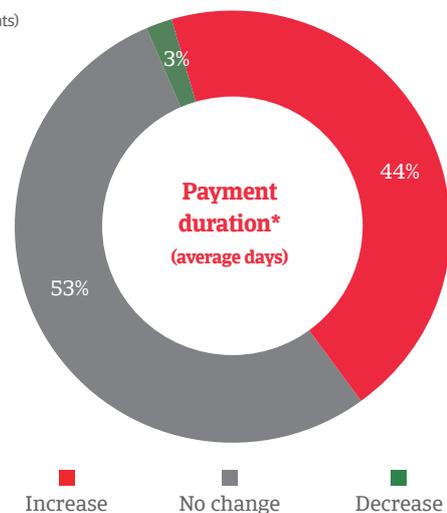
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Machines industry in the Netherlands

average time it takes to convert overdue invoices into cash (change over the past year)

(% of respondents)



\* Payment term + payment delay

Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Machines

## Approach to credit management and DSO

### Early payment discounting gains popularity

79% of the survey respondents told us they offered discounts for the early payment of invoices. This compares to 60% of machines businesses that reported the same last year. Discounting was just one of a range of techniques employed by businesses across the industry to manage the risk of customer payment default. Many businesses also told us that they avoided concentrations of risk where possible, to minimise the impact on their accounts receivable if one source of income was lost.

Credit insurance is also fairly commonly used by the industry, although a greater percentage of businesses are uninsured. The latter group opted to retain the risk internally, possibly by putting aside bad debt reserves where liquidity levels allowed.

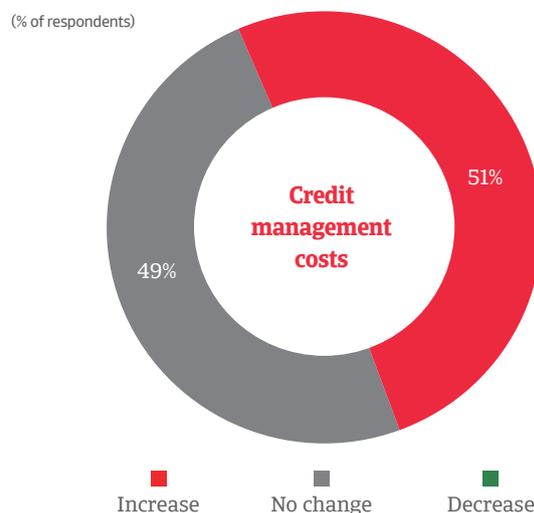
Interestingly, the businesses that opted for internal management of customer default risk told us that this has been costly. Over the past year they experienced a significant increase in administrative costs relating to the management of their credit departments, as well as the cost of acquiring customer credit information. Businesses also acknowledged an increase in debt collection costs, both for internal activities and the cost of using specialist agencies.

### Half of industry concerned about future DSO levels

52% of the machines industry fears an increase in DSO over the coming months. In an effort to maintain liquidity levels and contain DSO, 55% of the survey respondents told us that they plan to increase the use of early payment discounts. This is, perhaps, to be expected as this credit management technique is already widely used throughout the industry. However, interestingly, a significant proportion of businesses also told us that they intend to monitor the credit quality of their customers more closely and adjust their payment terms per customer accordingly over the next few months. 48% of the businesses polled reported this, compared to 35% last year.

### Machines industry in the Netherlands

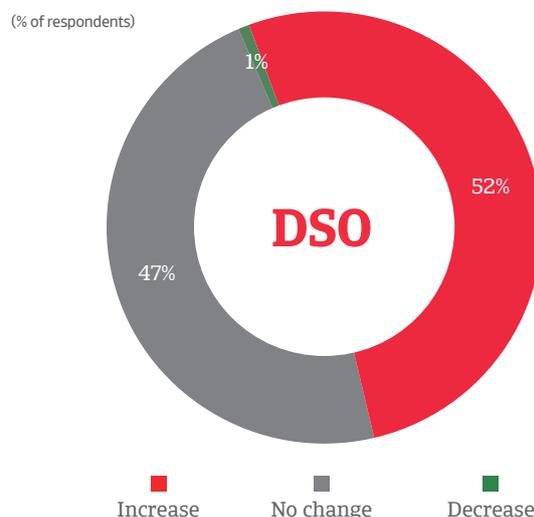
change in credit management costs (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Machines industry in the Netherlands

expected DSO changes over the next 12 months



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021



# Machines

## 2022 industry outlook

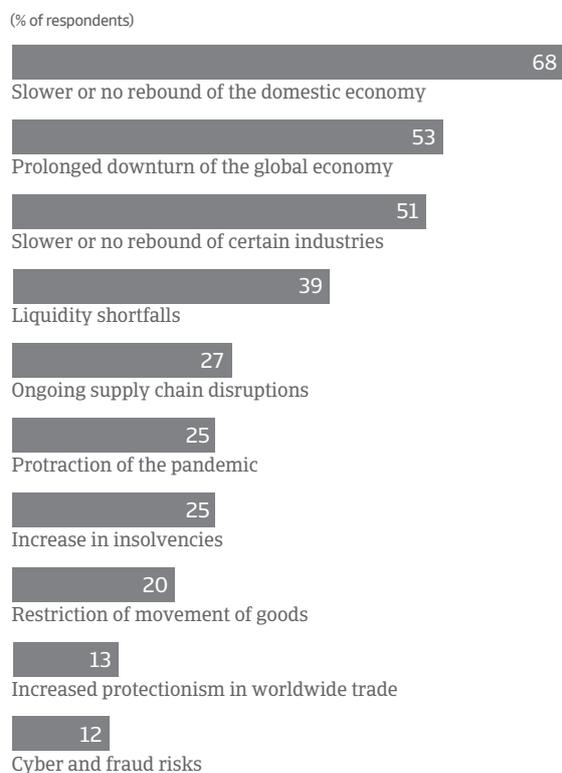
### Pandemic downturn continues to cast shadow over industry outlook

Looking ahead into 2022, the majority of the Dutch machines industry (68%) pointed to the pandemic downturn as the leading cause of concern for both the global and domestic economies. 51% of the businesses are worried that their key trade partners will not rebound over the next few months. 48% expect trading on credit to become more frequent as businesses work to stimulate demand and most businesses feel positive about their growth potential next year.

When asked about the long-term impacts of the pandemic, 65% of the industry told us that they are now working with reshaped supply chains and 64% indicated an increased adoption of digitalisation. In addition, 48% told us about increased trade opportunities arising from e-commerce.

### Machines industry in the Netherlands

Looking into 2022: top ten concerns expressed by businesses in the industry



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

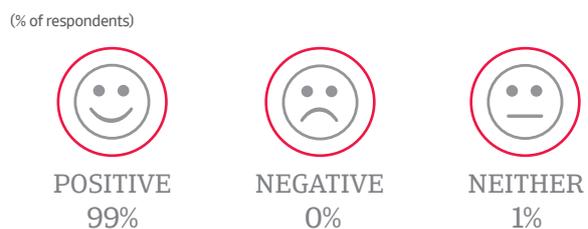
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1** Facing supply chains reshaping
- #2** Increased digitalisation
- #3** E-commerce



### Machines industry in the Netherlands

how businesses feel about their possible growth in 2022



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

# Survey design

## Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the 'Atradius Payment Practices Barometer'. This report, which is part of the 2021 edition of the Atradius Payment Practices Barometer for Europe, focuses on the Netherlands. 200 companies from the Dutch construction, construction materials and machines industries have been surveyed. Due to a change in research methodology for this survey, year-on-year comparisons are not feasible for some of the results, although last year's values are used as a benchmark where possible throughout the survey.

The survey was conducted exclusively for Atradius by CSA Research.

## Survey scope

- **Basic population:** the appropriate contacts for accounts receivable management were interviewed.
- **Sample design:** the Strategic Sampling Plan enables to perform an analysis of country data crossed by sector and company size.
- **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=200 people were interviewed in total.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: Q3 2021.

## The Netherlands - total interviews 200

Industries surveyed			
Construction			
Construction materials			
Machines			
Sector			
Companies interviewed	Construction (%)	Construction materials (%)	Machines (%)
Manufacturing	42	81	37
Wholesale trade	22	11	57
Retail trade/Distribution	12	3	1
Services	24	5	4
Company size			
Companies interviewed	Construction (%)	Construction materials (%)	Machines (%)
Micro enterprises	12	0	5
SME - Small enterprises	38	19	3
SME - Medium enterprises	36	69	9
Large enterprises	14	12	83

## Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the November 2021 Payment Practices Barometer of Atradius, available at [www.atradius.com/publications](http://www.atradius.com/publications)  
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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.

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For more [insights into the B2B receivables collection practices in the Netherlands](#) and worldwide, please go to

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