



# Atradius Payment Practices Barometer

## Denmark

Focus on B2B payment practices  
in the electronics / ICT, machines  
and transport industries



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“  
*Credit insurance can be an excellent driver of growth. When businesses know their cash flow is safe, their appetite for risk often grows enabling them to seize more opportunities.*  
”

Erik Skovgaard Nielsen  
Country Manager for Denmark, Atradius

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## Poor payment practices cause liquidity stress

After a sharp economic contraction in 2020 caused by the pandemic restrictions, Denmark saw the start of recovery by the midpoint of 2021, a trend that is expected to evolve into robust growth in 2022. Much of the country's GDP growth will be driven by private consumption and increased demand in export markets. The start of the year was difficult for businesses, however, with a severe outbreak of the virus leading to the reintroduction of containment measures. The beginning of the rebound was evident by the start of H2 and business is now picking up momentum.

In many ways the results of this year's Payment Practices Barometer Survey reflect the uneven year experienced by businesses. The industries we polled, electronics/ICT, machines and transport, all reported shockingly high losses caused by payment defaults. Write-offs average 14% of the total value of their B2B sales. Perhaps because of this, the majority of the businesses we polled were fairly downbeat in their outlook. Certainly, their own perceptions of growth are not as optimistic as the predictions offered by economists.

Encouragingly although take-up of credit insurance was fairly muted this year, significant numbers of the

businesses we polled told us they intend to use credit insurance next year. This is particularly encouraging as credit insurance can be an excellent driver of growth. When businesses know their cash flow is safe, their appetite for risk often grows enabling them to seize more opportunities. What's more, with secured accounts receivable, businesses can make strategic plans and invest in their businesses. Interestingly, the majority of the businesses we spoke to reported escalating credit management costs. This is because the longer an invoice remains unpaid, it attracts an increasing number of reminder letters, more chasing phone calls, greater contact from B2B debt collectors and, potentially, costly legal action. All of this can be pricey and all of these represent accumulating costs. This is where trade credit insurance can be cost-effective. The price of your policy will not suddenly increase if your customer is a later payer and accumulate costs as the debt remains unpaid. Instead, your insurance will make sure you are covered as soon as an invoice is overdue. What's more, with Atradius, professional debt collection services are included as part of your policy, so you may get your entire debt recovered at no extra cost.





# Payment practices in Denmark

This year's Payment Practices Barometer Survey in Denmark points to industries wrestling with poor payments behaviour. 62% of the total value of the B2B invoices issued by the businesses we surveyed were reported overdue. This is a significant increase on last year's 44%. What's more, 15% of Denmark's overdue invoices were reported to be more than 90 days past their due dates, with just 1% of these successfully collected and the remaining 14% of the total value of B2B invoices written off.

Perhaps in response to deteriorating levels of payments, many of the businesses we spoke to in the electronics / ICT, machines and transport industries reduced their use of trade credit. In fact, levels of trade credit in Denmark plummeted to 44% of all B2B sales, down from 60% last year. Businesses told us they most often refused credit requests due to poor customer credit assessments or insufficient information about the customer's past payment performance.

The low rates of successful invoice collection could be due to the high percentage of businesses choosing to manage credit risk in-house. 82% of the businesses polled told us they mitigated risk through reliance on their own resources by setting aside funds to offset potential losses and by offering cash discounts for early payment of invoices. Many told us they preferred outsourcing debt collection to specialist agencies rather than employing internal resources to send overdue payment reminders. Just over half of the businesses polled told us they accessed factoring to speed up invoice-to-cash turnaround.

63% of the businesses told us they experienced deteriorating DSO and increased debt management costs. Many businesses responded by delaying payments to suppliers and laying off staff, as well as accessing external financing and bank overdrafts. Perhaps in a bid to improve the management of their accounts receivable, and also because they acknowledge its cost-effectiveness, many businesses told us they intend to take out a credit insurance policy next year. This increased appetite for credit insurance is consistent with the view, expressed by some businesses, that there will be an increase in the use of trade credit next year.

Although some businesses anticipate growth over the coming months, many noted the downside risks that remain. Half expressed concern over the health of the domestic economy and over the speed of recovery of certain industries that were hardest hit by the pandemic. In particular, the machines industry expressed concern over the potential restriction of movement of goods hampering business growth.

57% of the businesses we spoke to said that following the outbreak of the pandemic, they had increased the use of e-commerce and 55% are now working with reshaped supply chains.



# Electronics / ICT

## Late payments and cash flow

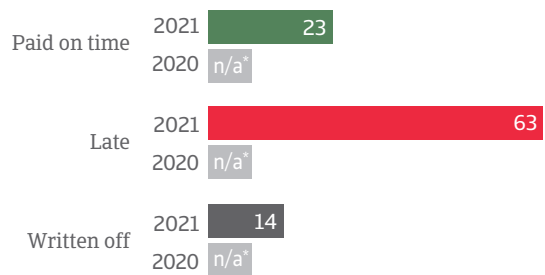
### More than 3 in 5 invoices are overdue

59% of the Danish electronics/ICT industry reported an increase in payment delays this year. For 36% of the businesses polled, invoice-to-cash turnaround remained unchanged year-on-year and for 5% it shortened compared to one year ago.

63% the total value of B2B invoices in the industry are overdue and 14% of the total value of sales were written off. This is likely to have put a lot of pressure on the liquidity positions of businesses. Nearly half of the industry admitted they responded to constrained cash flow by delaying the payment of bills and even staff. 43% told us they accessed external financing to prop up liquidity and 41% told us they needed to strengthen their credit control processes.

### Electronics / ICT industry in Denmark

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



\*n/a = not available

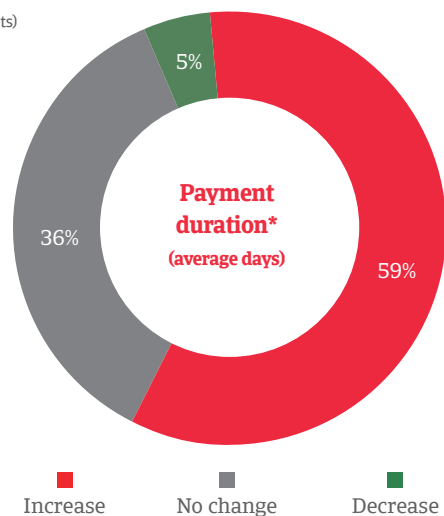
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Electronics / ICT industry in Denmark

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

**SURVEY QUESTION**

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

- #1** Delay paying bills and/or staff
- #2** Pursue external financing
- #3** Strengthen internal credit control process





# Electronics / ICT

## Approach to credit management and DSO

### Costs of in-house credit risk management soared over the past year

The vast majority of the electronics/ICT industry told us they retain and manage the risk of payment default from customers in-house (84%). Ideally this should include setting aside bad debt reserves to mitigate payment defaults as well as other techniques such as adjustment of payment terms and avoiding concentrations of credit risk (the latter was reported by 52% of businesses). 59% reported the use of factoring and 56% told us they used specialist B2B debt collectors.

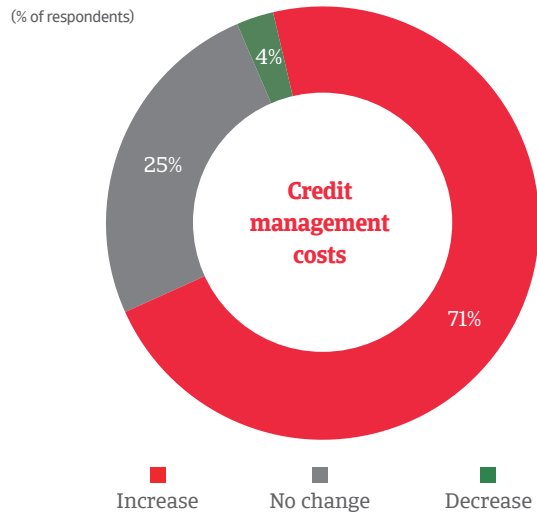
Unsurprisingly given the widespread use of factoring and debt collectors, 71% of the businesses retaining credit risk in-house told us they had incurred increased administrative costs related to the management of their credit departments. The majority of these were taken up by the cost of external financing (as reported by 60% of respondents).

Nearly half of the businesses we polled in the industry told us they opted to outsource credit risk management to a credit insurer this year, taking up credit insurance as a cost-effective solution.

### DSO expected to worsen over the coming months

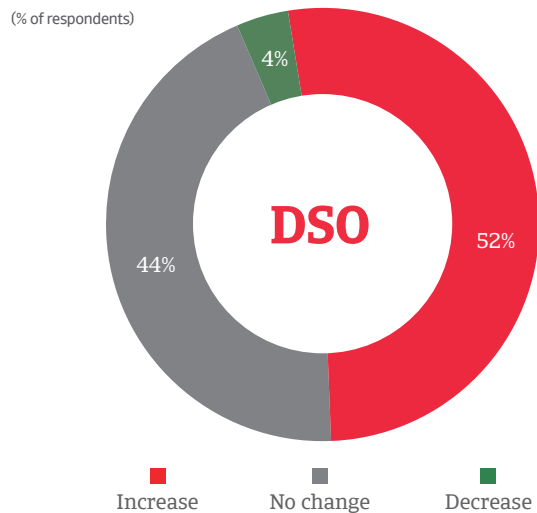
52% of respondents expect DSO to worsen over the coming months. 44% expect it to hold steady and only 4% anticipates improvement. Possibly in light of this poor payments outlook and in a bid to support cash flow, 52% of the industry told us they would use trade credit insurance next year to protect their accounts receivable and minimise late payments. 47% said they will ask for cash upfront. Although a fairly large part of the industry also intends to continue with retaining credit risk in-house, the majority of businesses told us they intend to minimise the risk of payment default where possible.

### Electronics / ICT industry in Denmark change in credit management costs (2021/2020)



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

### Electronics / ICT industry in Denmark expected DSO changes over the next 12 months



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



# Electronics / ICT

## 2022 industry outlook

### Health of domestic economy worries the industry

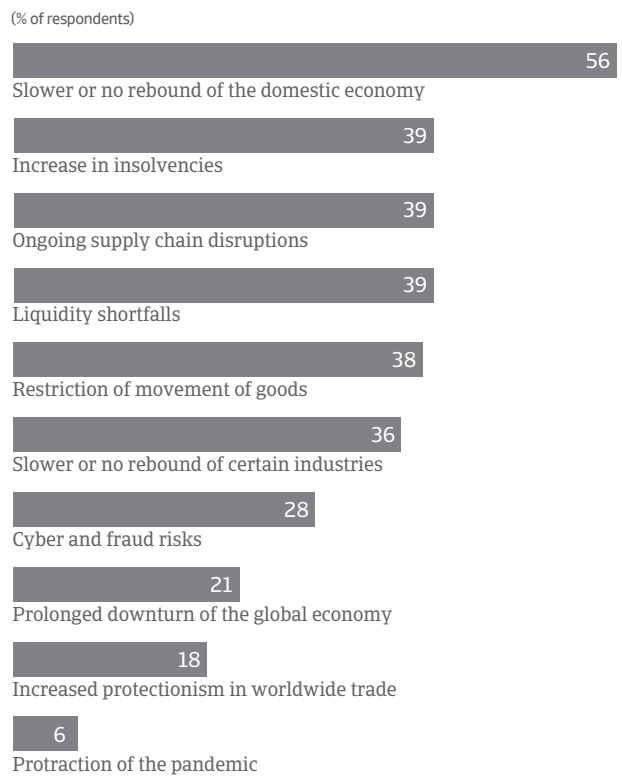
Looking ahead into 2022, the majority of the businesses polled expressed concern over the health of the domestic economy (56%). A deterioration in performance could trigger an increase in insolvencies causing liquidity shortfalls across many industries. A significant part of the industry considers ongoing supply chain disruptions a risk that could hamper businesses performance over the coming months.

However, despite these concerns, the industry is confident that business will grow over the coming months. Many businesses are confident that trading on credit will have a bigger role in B2B customer relationships next year and will be increasingly used to give customers more time to pay. This tallies with their worry about liquidity shortfalls across many industries.

When asked to indicate which of the pandemic-induced changes will become a permanent feature of their business, 58% cited e-commerce, 56% mentioned changes in customer demand, and 54% described reshaped supply chains.

### Electronics / ICT industry in Denmark

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**

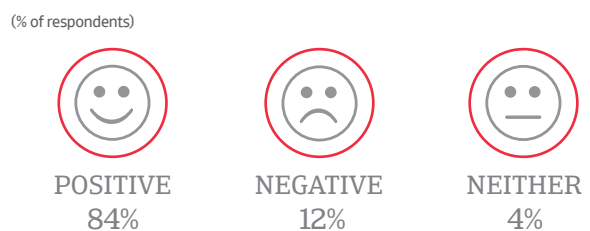
**The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business?**  
(ranking by % of respondents)

- #1** E-commerce
- #2** Facing customer demand changes
- #3** Facing supply chains reshaping



### Electronics / ICT industry in Denmark

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

### Staff laid off amid spiralling bad debts

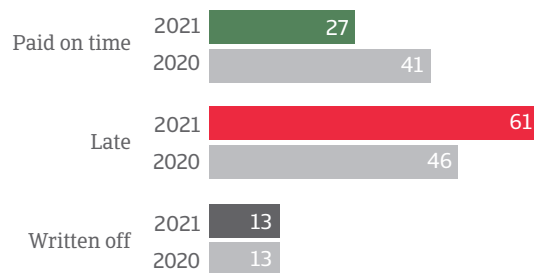
The Danish machines industry is creaking under the weight of liquidity strain, with poor payments behaviour putting pressure on cash flow and business operations.

61% the total value of B2B invoices issued in the Danish machines industry was reported overdue this year, up from last year's 46%. Write-offs amount to 13% of all invoices. In addition, 61% of the industry told us they had experienced payment delays (more than the 50% reporting the same last year). 36% of businesses reported no change and 3% told us that customer payment practices had improved. The latter is significantly fewer than the 13% who reported improvements last year.

In an attempt to maintain liquidity, 67% of the businesses we interviewed told us they laid off staff, a massive increase on the 20% reporting the same last year. 50% delayed investing in the business (property, plant and equipment), while 49% requested a bank overdraft extension. 47% delayed paying bills and staff.

### Machines industry in Denmark

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



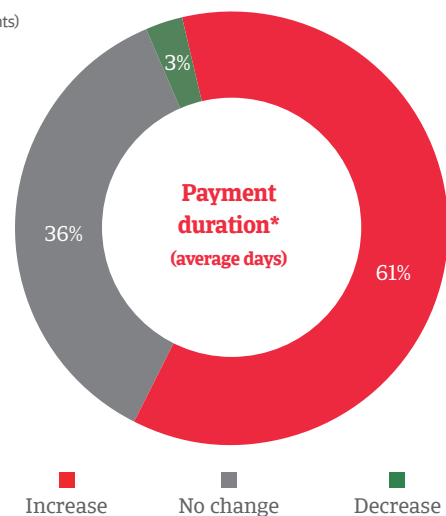
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Machines industry in Denmark

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

**SURVEY QUESTION**

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

- #1** Reduce the workforce
- #2** Delay investment in property, plant and equipment
- #3** Request a bank overdraft extension





# Machines

## Approach to credit management and DSO

### Credit management costs increase for self-insured

78% of the industry opted to retain credit risk in-house and reported offering discounts for early payment of invoices and avoiding credit risk concentrations. However, the high write-off rate and poor payments practices suggest that businesses struggled with credit management and debt collection. What's more, many businesses told us that they found in-house credit management to be costly. 60% said they incurred increased administrative costs and spent more staff expenses, buying credit reports, sending overdue invoice reminders and financing costs.

While the majority favoured relying on their own resources to manage credit, a third of the businesses polled told us they used credit insurance (32%). For many this will have been cost effective, with the price of credit management capped and not liable to the increasing costs cited by so many of the businesses choosing self-management. Credit insurance was also favoured over alternative tools, such as factoring or trade debts securitisation.

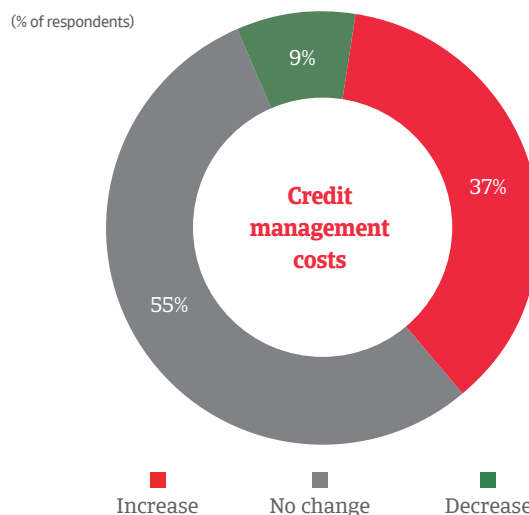
### Industry appetite for credit insurance surges

Possibly in response to the difficult time many businesses experienced this year in terms of managing and collecting overdue payments, the industry appetite for credit insurance has surged.

More than half of the industry plans to take out a credit insurance policy next year (54%), significantly more than the 32% reporting its use this year. Even fewer survey respondents told us they will continue to manage credit risk by themselves (31%). Despite this, however, industry opinion is still downbeat with 51% anticipating a deterioration of DSO over the coming months, 38% expecting no change and only 11% expecting to see any improvement.

### Machines industry in Denmark

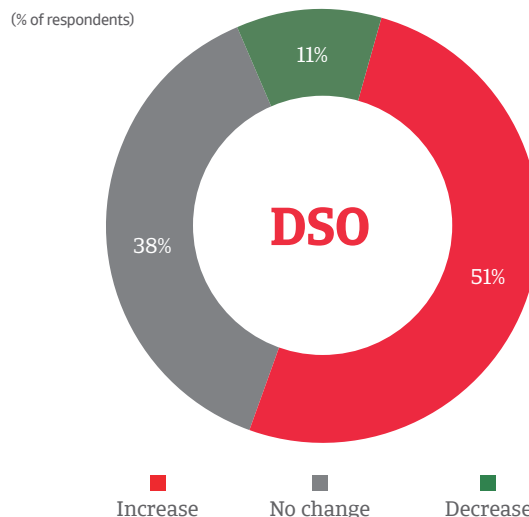
change in credit management costs (2021/2020)



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

### Machines industry in Denmark

expected DSO changes over the next 12 months



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



# Machines

## 2022 industry outlook

### Just half of industry predicts growth

53% of the Danish machines industry anticipates growth next year. 66% believes that the biggest downside risk facing their industry will be potential ongoing pandemic restrictions to the movement of goods. A similar percentage expressed concern that some industries will struggle to rebound from the economic impacts of the pandemic (62%).

Less than a third of the businesses we polled believe that trade credit will play a great role in their industry next year (31%). Among these, most assert it will be used as a way of providing short-term finance to customers. 35% believe the status quo will remain unchanged.

When asked which of the pandemic-induced changes in the way they do business will become a permanent feature, 69% said e-commerce, 63% mentioned cited reshaped supply chains and 61% listed changes to customer demand.

### Machines industry in Denmark

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**

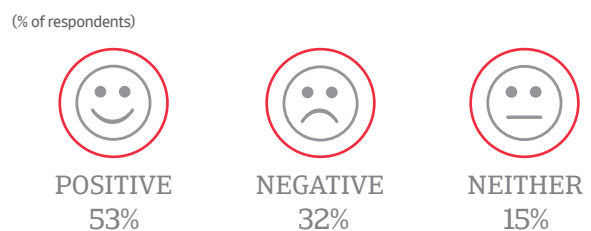
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1** E-commerce
- #2** Facing supply chains reshaping
- #3** Facing customer demand change



### Machines industry in Denmark

how businesses feel about their possible growth in 2022



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021





# Transport

## Late payments and cash flow

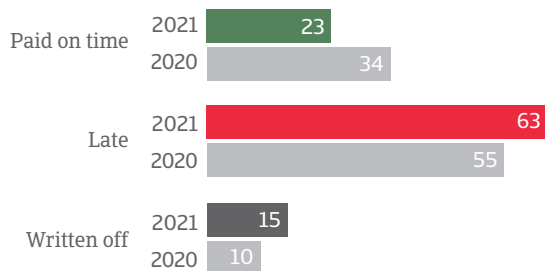
### 15% of total value of invoices were written off

69% of businesses in the Danish transport industry experienced customer payment delays this year, a massive increase on the 31% reporting the same a year ago. They told us that 63% of the total value of B2B invoices were overdue and a staggering 15% were written off (up from 10% last year). While 30% of the industry was able to report no year-on-year change, no businesses at all in our survey were able to report an improvement in payment timings. Unsurprisingly, 71% of the respondents told us that their DSO had deteriorated year-on-year.

Such poor payments behaviour had a negative impact on the industry's liquidity position. Many businesses admitted delaying paying staff and bills, as well as sourcing external financing in a bid to protect cash flow levels. 46% reported spending more time and resources on debt collection (an increase on the 15% reporting the same last year).

### Transport industry in Denmark

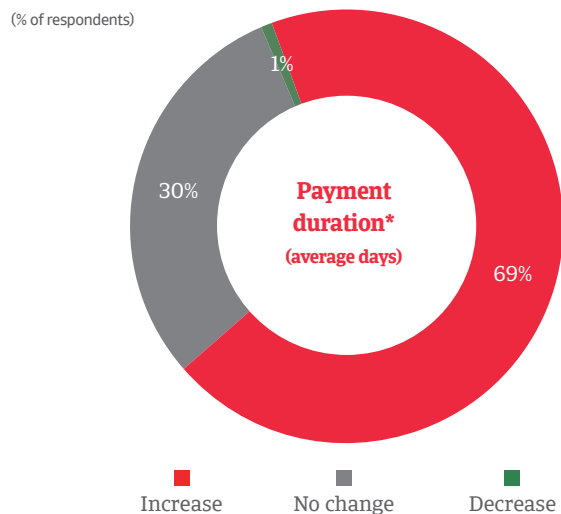
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



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

### Transport industry in Denmark

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

**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 chasing overdue invoices
- #2** Strengthen internal credit control process
- #3** Delay paying bills and/or staff





# Transport

## Approach to credit management and DSO

### Credit risk management costs increase

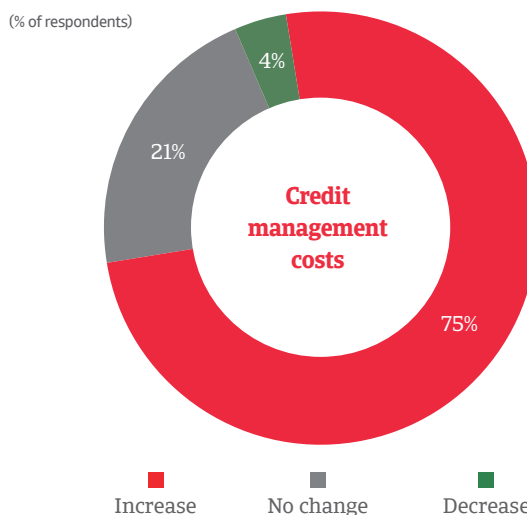
84% of the businesses told us they opted to retain and manage customer risk in-house this year. Three-quarters of these admitted incurring increased administrative costs associated with managing the risk. 64% reported cost increases associated with debt collection and 42% recorded an increase in financing costs. Perhaps more surprisingly in light of the high write-off rate in the industry, 67% told us they outsourced debt collection to professional B2B debt collection agents, significantly more than used debt collectors last year (36%).

### Appetite for credit insurance grows

50% of the industry plans to use trade credit insurance next year. 75% do not plan to change their approach to credit management significantly over the coming months, although 62% plan to avoid credit risk concentrations and many plan to outsource debt collection more often. These measures are designed to target DSO reduction, although 62% currently expects DSO to deteriorate next year. 36% expects no change, and only a small minority expects improvement.

### Transport industry in Denmark

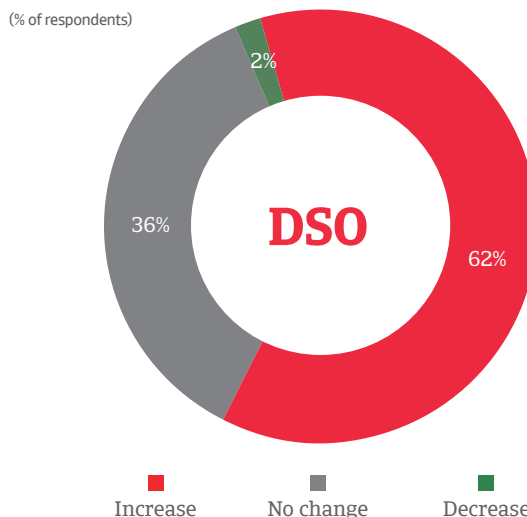
change in credit management costs (2021/2020)



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

### Transport industry in Denmark

expected DSO changes over the next 12 months



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



# Transport

## 2022 industry outlook

### Vast majority predicts industry growth

Despite a challenging year in terms of payment practices, the vast majority of the Danish transport industry is optimistic about their growth outlook. 86% predicts business growth. In addition 53% anticipates an increase in the use of trade credit, chiefly as a form of short-term credit for customers.

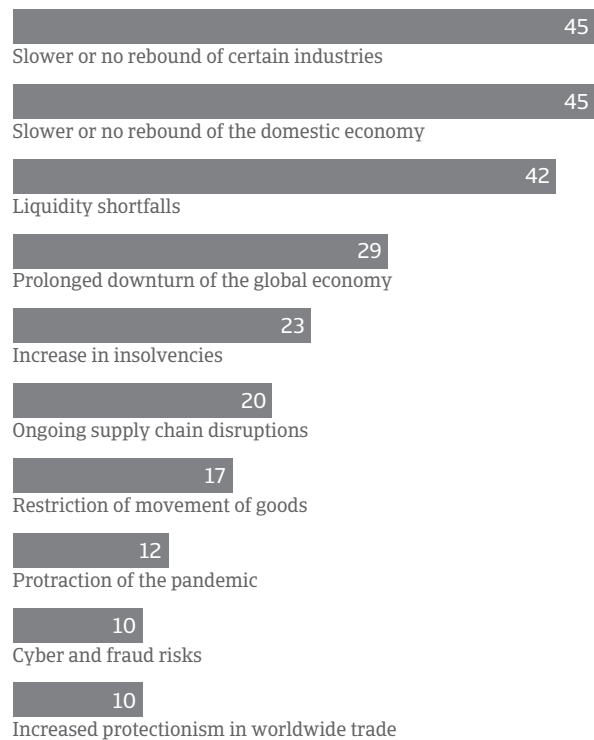
Looking ahead into 2022, a significant proportion expressed concern over the health of the domestic economy and the worry this would lead to liquidity shortfalls (45%).

52% told us that they intend to permanently adopt the digital technologies they began using during the pandemic, including e-commerce. 48% said they expect reshaped supply chains to remain in place and 48% suggested changes to customer demand will also be permanent.

### Transport industry in Denmark

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** Facing supply chains reshaping
- #3** Facing customer demand changes

### Transport industry in Denmark

how businesses feel about their possible growth in 2022

(% of respondents)



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 Denmark. 200 companies from the Danish electronics/ICT, machines and transport 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.

## Denmark - total interviews 200

Industries surveyed			
Electronics/ICT			
Machines			
Transport			
Sector			
Companies interviewed	Electronics/ICT (%)	Machines (%)	Transport (%)
Manufacturing	93	90	86
Wholesale trade	1	5	3
Retail trade/Distribution	4	0	2
Services	2	5	9
Company size			
Companies interviewed	Electronics/ICT (%)	Machines (%)	Transport (%)
Micro enterprises	0	0	0
SME - Small enterprises	37	61	6
SME - Medium enterprises	53	29	69
Large enterprises	10	10	25

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

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