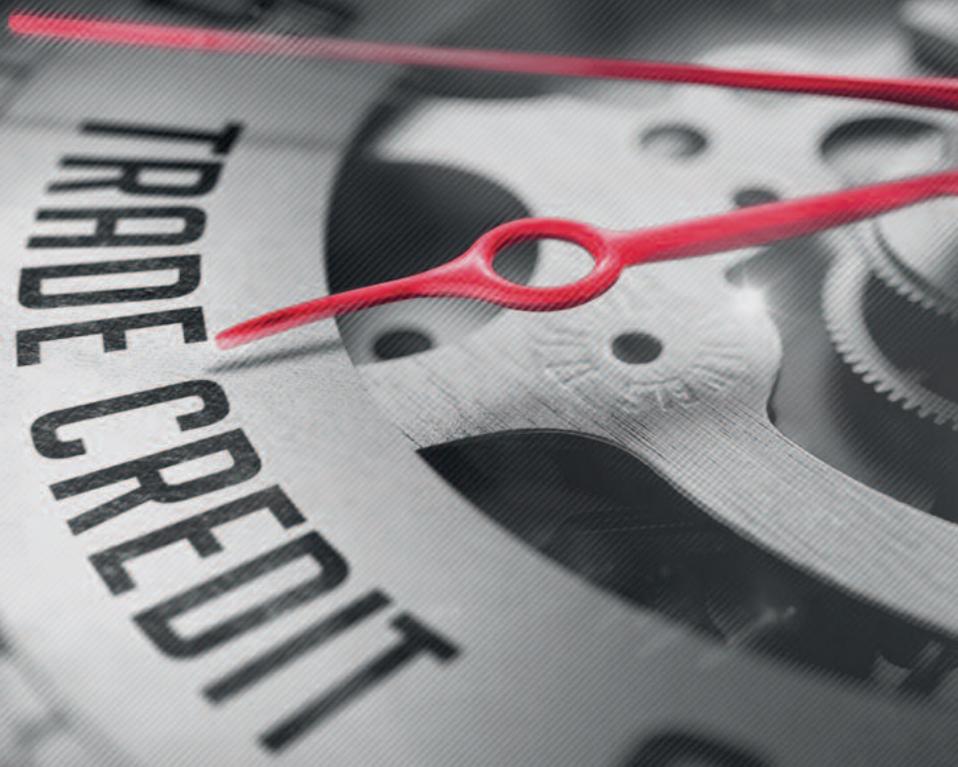




Atradius Payment Practices Barometer

Greece

Focus on B2B payment practices in the
chemicals, consumer durables
and electronics /ICT industries



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As businesses in Greece increasingly explore the potential competitive advantages of offering B2B customer credit, they may benefit from noting that credit insurance can be a cost-effective way of protecting their business from bad debts.
”

Gerasimos Tzeis
Atradius Country Manager for Greece

Payment practices improve amid brighter outlook

Greece should see GDP return to pre-pandemic levels by the end of 2022. Although its economy will certainly be impacted by the significant reduction in tourist numbers during 2020 and 2021, other sectors including chemicals, consumer durables and electronics / ICT are showing signs of industries emerging from the effects of the pandemic recession. In fact, in this year's Payment Practices Barometer Survey, there was a real sense of optimism among the businesses we spoke to, albeit optimism tempered by a sense of caution over any longer-term after-effects of the economic crisis.

In a country that still heavily favours cash sales, there are signs of a growing appetite for trade credit insurance. In the results of this year's survey, this was particularly evident in the consumer durables sector where a third of the businesses polled told us they plan to use credit insurance next year.

Many businesses in this year's survey told us they turned more often to trade debt securitisation and factoring to help them protect their cash flow levels. Many businesses have told us that they have found it easier to negotiate finance deals and gain access to securitisation and

factoring because of their credit insurance policy, which finance firms can view favourably.

As businesses in Greece increasingly explore the potential competitive advantages of offering B2B customer credit, they may benefit from noting that credit insurance can be a cost-effective way of protecting their business from bad debts. The costs of managing debt, chasing overdue invoices or offering discounts for early payment and employing a professional debt collection agency can all mount up. With an annual credit insurance policy, however, a business will know how much the credit management costs will be (so no unexpected mounting of costs during the year), will know when to expect invoice payment and will be confident that they will be paid, even if their customer goes bust. What's more, with Atradius credit insurance, the policy holder has access to professional debt collection services, in both Greece and anywhere in the world, for no additional cost.



Payment practices in Greece

In this year's Payment Practices Barometer survey, businesses in Greece revealed an increase in the total percentage of credit sales. 56% of all B2B sales were made on credit this year, compared to 50% last year, with businesses explaining they offered credit in order to grow sales with existing customers.

39% of the total value of business invoices is currently overdue, a reduction on last year's 48%. The total value of sales that were still outstanding after 90 days and beyond remained stable at 7%. Only 1% of these long outstanding sales were cashed in, with the remainder written-off. Businesses told us they increased the amount of time and resources employed, as well as costs incurred, in an attempt to collect overdue invoices.

In general, when it comes to credit management, businesses polled across Greece largely chose trade receivables securitisation. This allowed them to convert trade receivables into cash earlier than the invoice due date, thus reducing the volume of outstanding debts in their books. With the same aim, businesses often offered discounts to entice customers to pay invoices earlier than the due date. This may explain why 55% of businesses were successful at containing DSO (Days Sales Outstanding) year-on-year, despite reporting no significant variation in payment terms granted to B2B customers over the past year.

Looking into 2022, 69% of the businesses we spoke to in Greece expressed optimism and predicted growth next year. Most believed customer payment practices will improve and 43% told us they plan to offer trade credit more often next year, largely as a way to stimulate demand. Businesses predicted a growth outlook despite concerns over whether the pandemic could continue to hamper the rebound of the global economy. Many businesses told us that they plan to continue with the same approach to credit management over the coming months. However, several businesses also told us they plan to take up credit insurance, or request payment guarantees next year.

Reflecting on the impact of the pandemic, 59% of businesses told us that they have permanently adopted remote working. 47% increased the use of digitalisation, including for some, E-commerce. A significant number also revealed they believe changes in customer demand may be long term.



Chemicals

Late payments and cash flow

Payment indicators paint promising picture

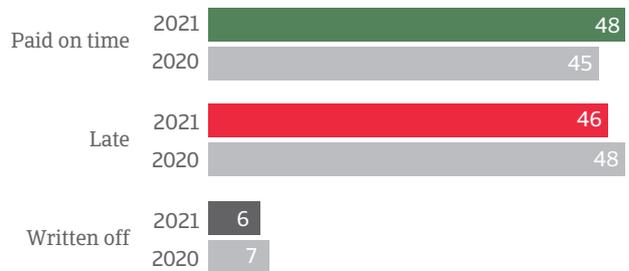
More than 18 months following the outbreak of the pandemic, modest signs of post-crisis recovery are beginning to be seen in the Greek chemicals industry. Primary among these is the 56% of survey respondents that reported no change in the average time it takes them to cash in overdue invoices. This is an improvement on the 46% that reported the same last year. 34% revealed longer delays in overdue payments, but this is a reduction from the 41% experiencing longer delays last year. Improvement was reported by 10%, although this is fewer than last year's 13%, it is the only dip in an otherwise positive direction.

Late payments have affected 46% of the total value of B2B invoices issued in the industry this year. This is a small improvement on last year's 48%. Write-offs amounted to 6% (a negligible decrease from 7% last year).

In addition to the credit management measures, 45% of industry respondents told us that they took extra time to pay suppliers and 31% delayed paying staff and other bills. 30% of the businesses we spoke to operated tight controls on deliveries, including suspending them until receipt of invoice payment.

Chemicals industry in Greece

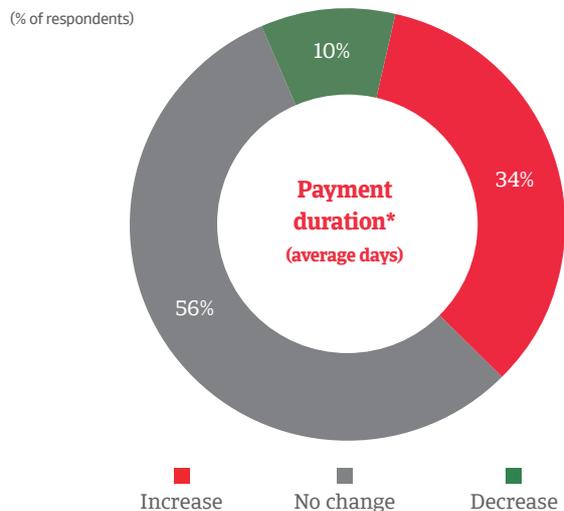
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



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

Chemicals industry in Greece

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** Delay payments to my own suppliers
- #2** Delay paying bills and/or staff
- #3** Suspend deliveries until payment of invoice



Chemicals

Approach to credit management and DSO

Strong protection of liquidity

The Greek chemicals industry has a varied approach to credit management, employing both internal resources and trade credit insurance. 57% of businesses practising self-insurance told us that they most often offer discounts for early payment of invoices. This is an increase on the 47% reporting the same last year. Many businesses also told us they try to avoid concentrations of customer credit risk, where the default of a single large customer, or even cluster of smaller ones, could threaten business viability. A substantial segment of the industry uses trade receivables securitisation. This enables businesses to convert trade receivables into cash more quickly and can help increase liquidity.

Given the measures put in place to reduce the amount of credit risk and accelerate cash inflows, it is not surprising that more businesses (48%) reported no significant change in debt management costs than those reporting an increase (29%). This applies to costs related to external financing and debt collection.

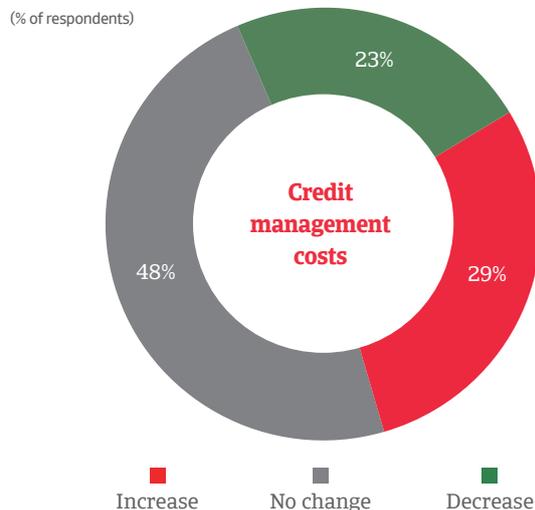
Most businesses plan to manage credit in-house

Looking ahead into next year, most of the businesses polled told us they expect to have a good level of cash flow over the next 12 months. This, along with a traditional preference for cash sales, could explain why the majority plan on managing customer credit risk internally through reliance on their own resources, including invoice payment reminders, as opposed to taking out a credit insurance policy. What's more, a significant proportion told us that they plan to protect liquidity by avoiding credit altogether and instead requesting payment in cash.

60% of the businesses we spoke to told us that they do not expect to see significant change in DSO over the coming months and 18% expects and improvement. In contrast, 22% anticipates difficulties with DSO.

Chemicals industry in Greece

change in credit management costs (2021/2020)

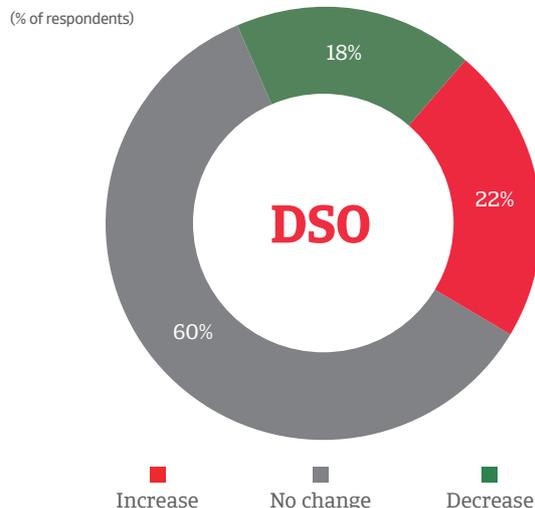


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

Chemicals industry in Greece

expected DSO changes over the next 12 months



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



Chemicals

2022 industry outlook

Industry expresses positive outlook

Looking ahead into 2022, 62% of businesses expressed concern over continued difficulties in the global economy adversely impacting the domestic economy. This could trigger unexpected customer insolvencies and undue payment delays causing liquidity issues. Despite this, a similar percentage (60%) feels positive about business growth next year, 25% have no clear-cut opinion and only 15% feel negative about their growth prospects.

This optimistic view appears to be largely grounded in the belief that trading on credit will continue and increase over the next twelve months. However, this is not the case for all of the industry, 40% do not expect to see an increase in the volume or frequency of credit sales.

When asked to indicate which of the pandemic-induced changes in the way they do business will become a permanent feature, 57% indicated home working and 40% said the adoption of digitalisation. A significant number also said they will continue to adapt to changing customer demand through E-commerce.

SURVEY QUESTION

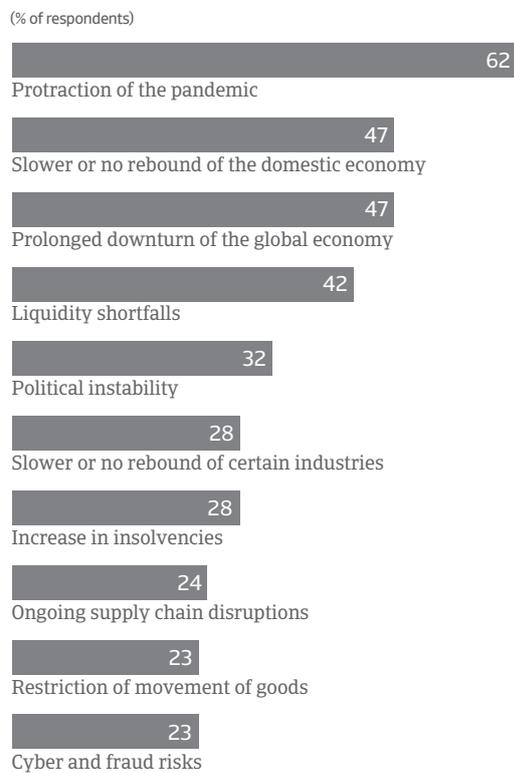
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business?
(ranking by % of respondents)

- #1** Home working
- #2** Increased digitalisation
- #3** E-commerce



Chemicals industry in Greece

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



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

Chemicals industry in Greece

how businesses feel about their possible growth in 2022



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



Consumer durables

Late payments and cash flow

Payments behaviour improves

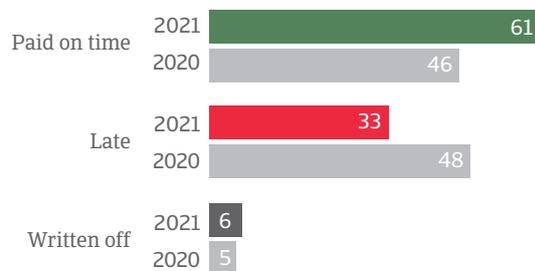
The payments indicators for Greece's consumer durables industry are all showing positive results. 39% of the businesses polled told us that they had experienced a deterioration in the customers' payment practices. This is a clear improvement on the 51% reporting the same last year. In addition, 44% said there was no discernible year-on-year change and perhaps more encouragingly, 17% noted an improvement in payments behaviour. This is more than last year where the figure was 10%.

The positive trend can also be seen in terms of value. This year, 33% the total value of B2B invoices were still outstanding by the due date. This is another improvement on last year, where 48% of the total value of invoices were overdue. Write-offs amounted to 6% of the total value of invoices, remaining fairly stable compared to last year's rate of 5%.

Businesses did take steps to minimise the impact of customer credit risk on liquidity. 38% took longer to pay suppliers and 34% said they spent additional time and employed extra resources to collect unpaid invoices and protect cash flow.

Consumer durables industry in Greece

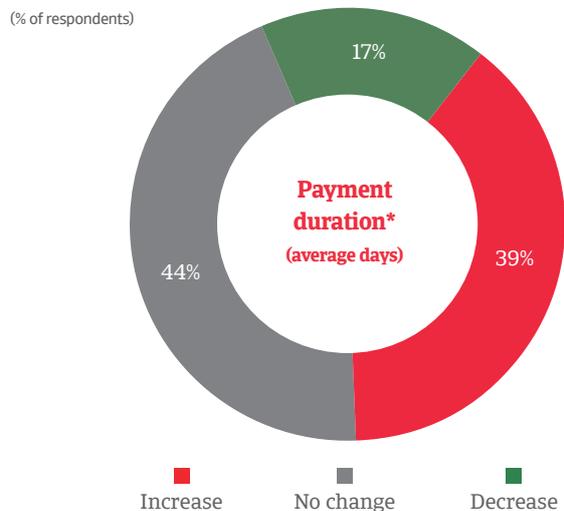
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



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

Consumer durables industry in Greece

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** Delay payments to my own suppliers
- #2** Increase time, costs and resources spent on chasing overdue invoices
- #3** Strengthen internal credit control procedures

Consumer durables

Approach to credit management and DSO

Primary focus on avoiding risk concentrations

Industry respondents to the Payment Practices Barometer survey indicated a clear preference for retaining credit risk in-house (reported by 41%), compared to protecting their accounts receivable through trade credit insurance (23%). Within this context, businesses reported taking several steps to manage the risk. Primary among these is the diversification of portfolios in order to avoid concentrations of credit risk. This was reported by 52% of the businesses we polled and represents an increase on the 33% that reported the same last year. Regardless of whether a company's books are insured, this credit management tactic can be an effective way of preventing the type of large default that could impact or even destroy the viability of a business.

Over the past year, the consumer durables industry has also significantly increased the use of tools designed to convert trade receivables into cash, such as trade receivables securitisation. 54% of respondents reported this, up from 24% one year ago.

64% of businesses in the sector experienced an increase in the cost of managing their credit departments. But on the whole, the sector managed to contain the expenses associated with credit management. For example, only 17% reported no change, 19% said there had been a decrease. 30% of the businesses we spoke to said they had spent more on external financing (42% no change) and 31% spent more on debt collection (4% no change).

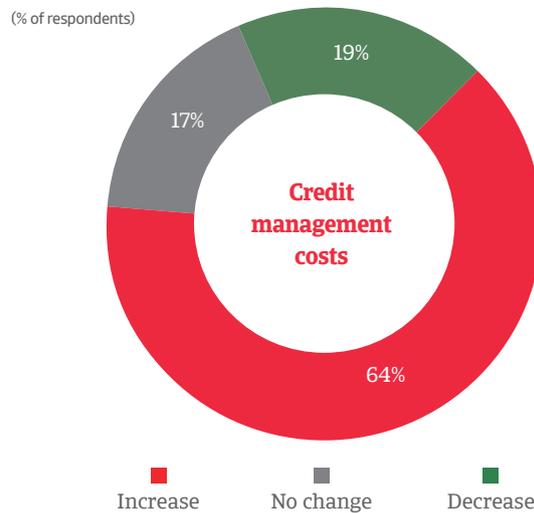
Increasing appetite for credit insurance

Bucking the trend of favouring in-house retention of risk, one third of businesses (33%) told us they intend to protect their books through trade credit insurance next year. This represents a clear increase on the 23% that told us they used credit insurance this year.

Among the businesses focusing on in-house credit management, 30% intend to avoid concentrations of credit risk and 30% plan to send more invoice payment reminders. Possibly reflecting this increased appetite for strategic credit risk management, the industry is fairly upbeat in its predictions for DSO. Just under a third (32%) expects deterioration, with the majority (43%) expecting no change and the remainder anticipating improvement.

Consumer durables industry in Greece

change in credit management costs (2021/2020)

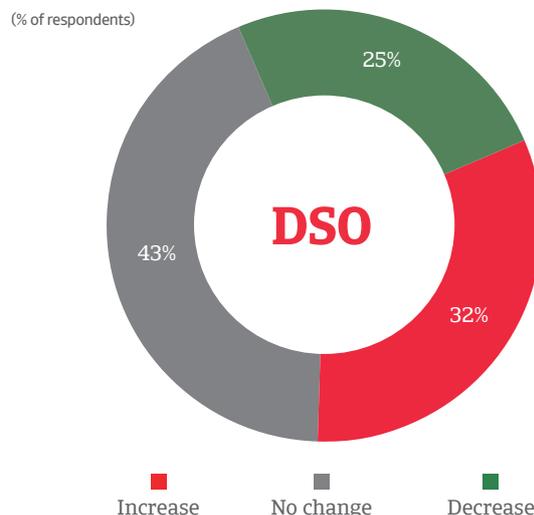


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

Consumer durables industry in Greece

expected DSO changes over the next 12 months



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



Consumer durables

2022 industry outlook

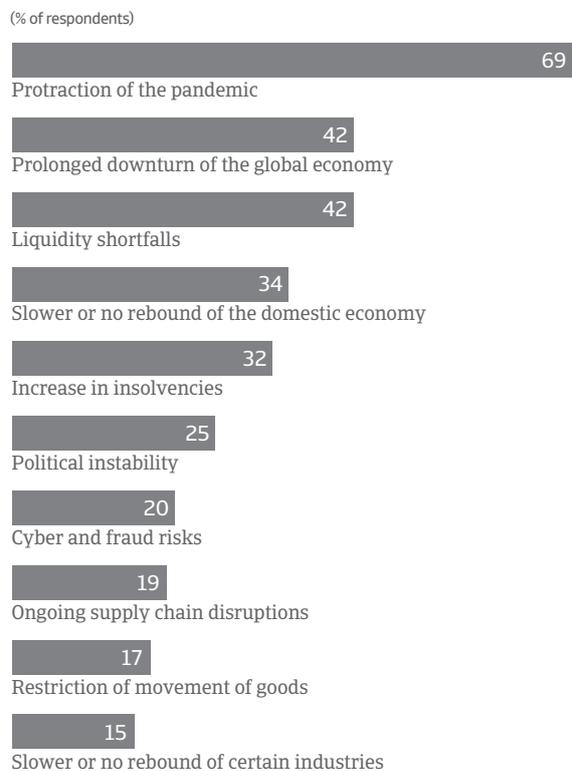
Business confidence is upbeat

76% of the consumer durables industry anticipates growth next year, with only 16% expressing a negative outlook and the remainder expecting no change. This largely positive outlook is tempered by concerns that ongoing stresses in the global economy could impact their businesses, possibly leading to an increase in insolvencies and payment delays. These concerns are shared by 69% of the businesses we spoke to and could be a main driver behind the uptick in businesses planning to protect their businesses with trade credit insurance.

Reflecting on the positive impacts of the pandemic, 64% of businesses told us they intend to permanently adopt E-commerce, 59% they will continue to use home-working options and 44% will continue to use the digital technologies they adopted.

Consumer durables industry in Greece

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

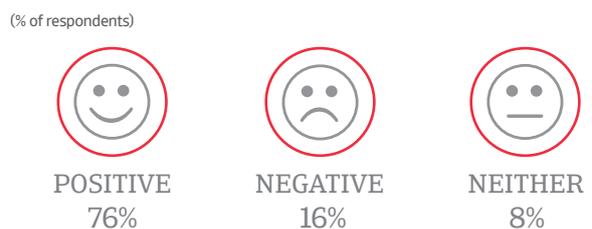
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1** E-commerce
- #2** Home working
- #3** Increased digitalisation



Consumer durables industry in Greece

how businesses feel about their possible growth in 2022



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



Electronics / ICT

Late payments and cash flow

Nearly 40% of invoices are overdue

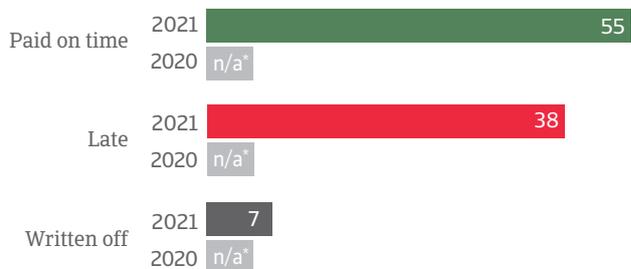
Slightly bucking the more positive trends recorded by consumer durables and chemicals in Greece, 43% of the electronics / ICT industry recorded a deterioration in customer payment practices. 46% of the industry reported no change, and a promising 11% told us payment practices were improving.

Late payments currently affect 38% of the total value of B2B invoices issued in the industry. Write-offs amount to 7%.

In order to protect cash flow, 40% of the businesses polled told that they delayed paying their suppliers. 36% reported spending additional time and resources on collecting unpaid invoices and on strengthening their credit control procedures.

Electronics / ICT industry in Greece

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



n/a = not available

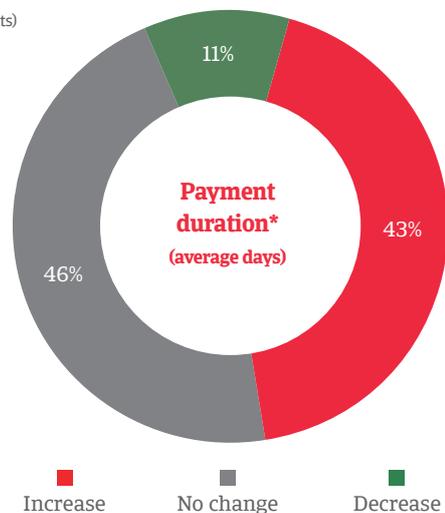
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

Electronics / ICT industry in Greece

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



Electronics / ICT

Approach to credit management and DSO

Industry spends more on debt collection

Nearly half of the industry (46%) told us that they had spent more on debt management this year, compared to 38% that experienced no year-on-year change and 16% that saw a decrease in costs. However, despite this increase (which is probably due to the high percentage using professional debt collection services), the industry was able to contain other costs, including the management of their credit department and accessing of external finance.

Recognising that a payment default or insolvency of a major customer could put the health of their own business at risk, 61% of the industry told us they actively avoided debt concentrations and practised diversification across their credit portfolio as much as possible. Interestingly, quite a high proportion of the industry sought the support of professional debt collection. 57% told us they most often outsource collections to specialist agencies rather than relying on internal resources. 47% told us they relied on internal resources to manage debt collection.

Additional credit management techniques and tools cited by the industry include: letters of credit, trade receivables securitisation and trade credit insurance. These were reported by 47% of the industry in each case.

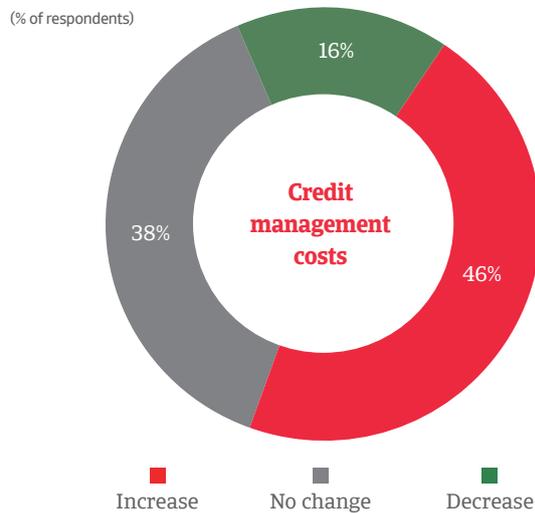
DSO deterioration anticipated

50% of industry respondents expect DSO levels to increase over the coming months. 35% expects no change and the rest a decrease. This suggests the industry is braced for increasing difficulties in the collection of long-term outstanding invoices of high value.

When asked how they plan to address this, 27% of respondents said they intend to benefit from the payment guarantees and business intelligence of trade credit insurance. 34%, however, admitted they plan to remain uninsured and will simply risk the hit of any late payment or bad debt. The latter businesses, in particular, told us they plan to offer discounts to incentivise customers to settle invoices early. In addition to avoiding credit risk concentrations, many businesses also plan to delay paying suppliers while seeking early payment from customers, in order to maximise liquidity.

Electronics / ICT industry in Greece

change in credit management costs (2021/2020)

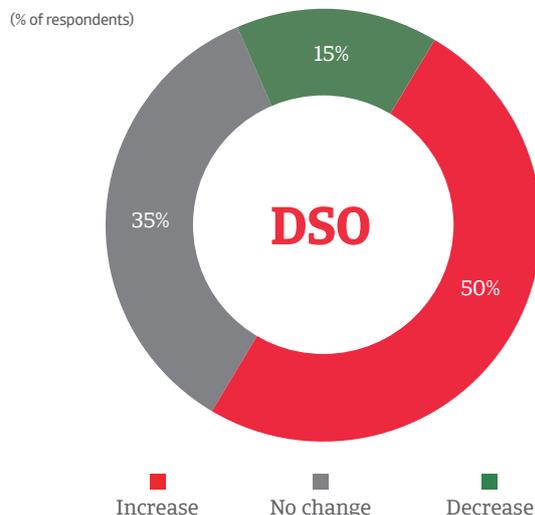


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

Electronics / ICT industry in Greece

expected DSO changes over the next 12 months



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



Electronics / ICT

2022 industry outlook

Potential downside risks do not cloud business confidence

Looking ahead to 2022, 69% of businesses in the Greek electronics/ICT industry are positive about their potential for growth. Only 11% revealed a negative outlook and 20% told us they expect neither growth nor decline. The majority of businesses told us they intend to offer B2B customer credit more frequently next year and 49% of respondents said they plan to use credit in order to stimulate demand.

However, despite this largely buoyant outlook, the industry has not lost sight of the challenges posed by the pandemic economic crisis and 67% of the businesses we spoke to acknowledged that this remains a downside risk.

When asked which of the pandemic-induced changes to the way they do business will become a permanent feature, 62% said they will retain options for working from home and 61% plan to continue using the digital technology adopted following the outbreak of the pandemic. Businesses also cited the increased agility of their approach to changing customer demand, and E-commerce, which was more widely adopted or adapted to meet the customer need.

Electronics / ICT industry in Greece

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 Home working
- #2 Increased digitalisation
- #3 E-commerce



Electronics / ICT industry in Greece

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 Greece. 200 companies from the Greek chemicals, consumer durables and electronics/ICT 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.

Greece - total interviews 200

Industries surveyed			
Chemicals			
Consumer durables			
Electronics / ICT			
Sector	Chemicals	Consumer durables	Electronics/ ITC
Companies interviewed	(%)	(%)	(%)
Manufacturing	36	7	13
Wholesale trade	33	36	29
Retail trade/Distribution	17	50	26
Services	14	6	31
Company size			
Companies interviewed	Chemicals (%)	Consumer durables (%)	Electronics/ ITC (%)
Micro enterprises	37	35	33
SME - Small enterprises	18	7	14
SME - Medium enterprises	25	22	20
Large enterprises	21	36	33

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

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