



Atradius Payment Practices Barometer

Survey of Payment Behaviour
of European Companies

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Survey profile

Survey background

Initial Position

- For internationally active companies, it is vital to have good knowledge of the payment practices of potential customers in countries they currently do or plan to do business with, as miscalculation may result in serious cashflow problems.
- This applies to big as well as small companies:
 - Big companies are particularly hit by poor payment behaviour due to the volume of their international transactions.
 - Smaller companies often learn the hard way early in their international endeavours that they have incorrectly estimated the payment practices of their international business partners.
- Atradius and Financial Times Deutschland conduct regular reviews of corporate payment practices in Europe through a survey called the "Atradius Payment Practices Barometer".
- Since 2006, 1,200 companies from six European countries have been interviewed on their views of their business partners' payment practices. This survey is conducted twice a year.
- This report presents the results of the third evaluation of payment practices in Europe.

Survey objectives

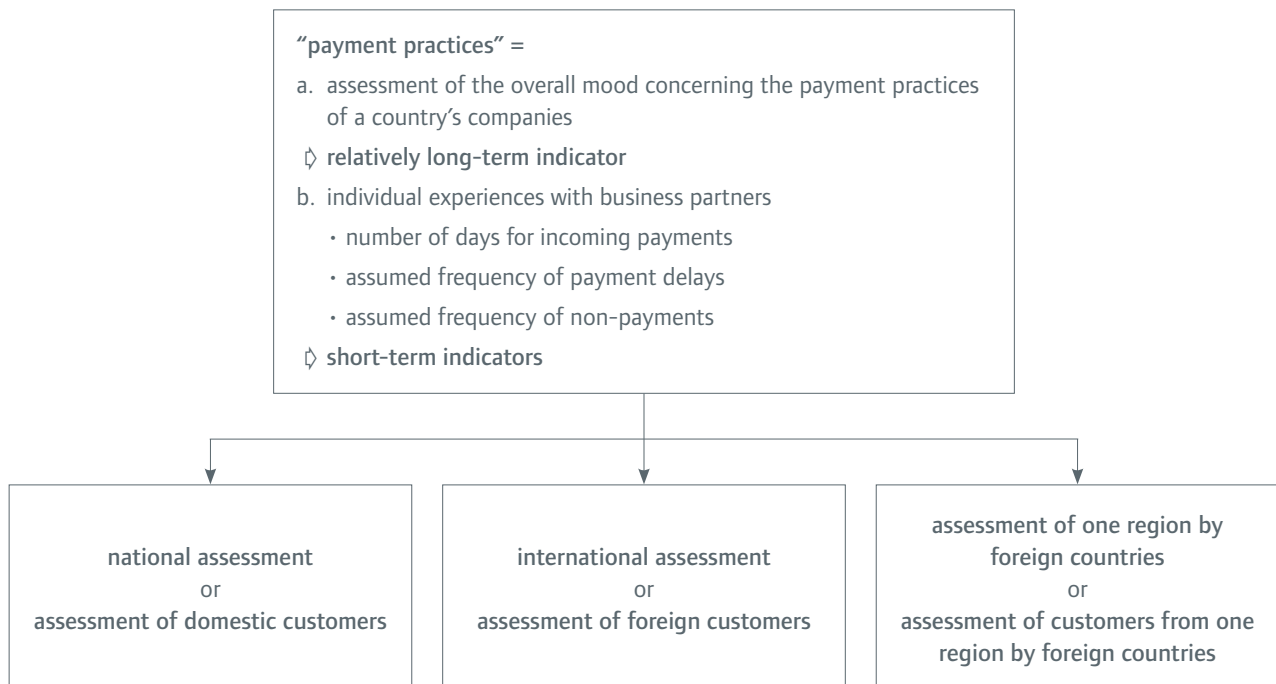
The "Atradius Payment Practices Barometer" follows the following objectives:

1. Determination of an objectively comparable index for payment practices: How many days does a business partner generally take to pay?
2. Determination of a psychological index for payment practices: What are expectations like across Europe and do they match the reality?
3. How frequently do critical events occur (e.g. payment delays, non-payment) with business partners across different countries?
4. Comparison of payment practices over specific periods: Overall, how are payment practices developing across different countries?
5. Credit Management in practice: How do companies protect themselves from payment risks?
6. Effects of poor payment behaviour: How do practitioners evaluate the risk?

Structure of the survey

1. Determining the appropriate company contact for accounts receivable management
2. Ascertaining the interviewed company's industry and size
3. Ascertaining the industries and countries the company does business with
4. Assessing general data on payment practices:
 - established payment terms (days)
 - differentiation of payment terms by business partner
5. Evaluation of domestic payment practices
 - global assessment of domestic payment practices
 - time span (days) within which invoices are being paid
 - frequency of payment delays and non-payment
6. Evaluation of foreign business payment practices (for every country with business connections)
 - global assessment of foreign business partners' payment practices
 - time span (days) within which invoices are being paid
 - frequency of payment delays and non-payment
7. Does the company take steps to protect itself from payment risks? If so, what are the steps taken to protect itself?
8. Effects of poor payment behaviour: What would be the effects of poor payment behaviour of key customers on the company itself?
9. Closing socio-demographic questions

Perspectives evaluating payment practices



Survey scope

Basic Population

Companies from six European countries were monitored (Belgium, France, Germany, Great Britain, Italy and the Netherlands)
The appropriate contacts for accounts receivable management were interviewed

Selection process

Companies were selected at random from databases and contacted via telephone
At the beginning of the interview, a screening for the appropriate contact and for quota control was conducted

Sample

n=1198 persons were interviewed in total (approx. n=200 persons per country)
In each country, a quota was maintained according to three rough industry categories and two classes of company size.

Interview

Computer-aided telephone interviews (CATI) of approx. 12 minutes duration
Interview period: 20/08/2007 – 19/10/2007

Sample overview: socio-demography

Gender (n=1,198)	n	%
Male	575	48%
Female	623	52%
Age (n=1,170)	n	%
< 25 years	33	3%
26 - 35 years	252	22%
36 - 45 years	430	37%
46 - 55 years	318	27%
> 55 years	137	12%
Position in company (multiple answer, n=1,197)	n	%
Accounting / finance manager	802	67%
Senior manager / division director	245	20%
CEO / CFO / managing director	102	9%
Project manager / project employee	82	7%
Proprietor	53	4%
Other	8	1%
Economic sector (n=1,198)	n	%
Manufacturing	406	34%
Wholesale / Retail / Distribution	382	32%
Services	410	34%
Turnover (quoted, n=1,198)	n	%
1-10 million Euro / 700,000 GBP-7 million GBP	454	38%
Over 10 million Euro / over 7 million GBP	744	62%
Industry (n=1,186)	n	%
Services sector	164	14%
Plant construction / building	123	10%
Steel- / metal-working	110	9%
Food / drinks / agricultural products	107	9%
Technology / science / electronics	93	8%
Textile / footwear / clothing / fabric	68	6%
Transport	58	5%
Cars / automotive	62	5%
Chemical / pharmaceutical	50	4%
Trade (general)	45	4%
Health Care	47	4%
Media / advertising / PR	39	3%
Finance	26	2%
Plastic processing fabrication	18	2%
Printing industry	19	2%
Furniture industry / facilities	18	2%
Energy	14	1%
Paper industry / packaging	15	1%
Telecommunications	16	1%
Raw materials / oil and gas	13	1%
Other	81	7%

Core results in brief

Core results Belgium

- The average term of payment is now 35 days, which is five days less than in winter 2006. Belgian companies differentiate less frequently between companies and/or countries with respect to the term of payment, compared to winter 2006 (now 53%, 60% in winter 2006).
- Belgium rates current domestic payment practices more favourably than those of winter 2006. This is reflected in the finding that domestic payments are being made much faster now (a mean difference of 10 days) than in winter 2006, and in the finding that Belgian entrepreneurs reported a decrease in the number of payment delays from their domestic business partners.
- Belgium takes a middle position with regard to the ranking of payment practices of foreign business partners. However, payment delay by foreign business partners has decreased since winter 2006.
- Foreign business partners evaluate the payment practices of Belgian companies less favourably than their domestic partners, which may be explained by the fact that foreign business partners have the perception that there are now more delays or non-payments from Belgian companies. However, international payments were, on average, made as fast as in winter 2006.
- Two thirds of Belgian companies take deliberate steps to protect themselves from payment risks, which is an increase compared to summer 2006. Credit insurance is the most popular measure taken, followed by advance payment and active collection procedures.
- When faced with serious payment problems by the main customer, nearly half of the Belgian companies think that the company will not be seriously affected. A quarter think that the company will face serious payment/ liquidity problems, and one in five companies states that nothing will happen because the company is insured against this type of risk.

Core results France

- As in winter 2006, a comparatively moderate term of payment (on average 46 days) applies to France. 51% of the companies interviewed differentiate their terms of payment per business partner.
- 44% of the French companies interviewed assessed domestic payment practices as “fair” or “poor”. France once again takes the middle ground amongst the six countries interviewed, ranking on approximately the same level as the Netherlands. There has been a decrease in the number of domestic debts outstanding not being paid at all.
- The evaluation of payment practices of both foreign and domestic business partners remains the same as in winter 2006. Although domestic business partners are now paying their invoices faster — on average after 56 days compared to 62 in winter 2006 – this has not yet resulted in a change in estimation of perceived payment delays.
- French companies still have a comparatively bad reputation with their foreign business partners. 42% of them now rate the payment behaviour of French companies as “fair” or even “poor” (45% in winter 2006).
- Three quarters of French companies take deliberate steps to protect themselves from payment risks, which is a slight increase compared with summer 2006. An active collection procedure is the most popular measure taken, followed by credit insurance and advance payment.
- When faced with serious payment problems by the main customer, more than half of French companies think that the company will not be seriously affected. A quarter think that the company will face serious payment/ liquidity problems, and about one in six companies states that nothing will happen because the company is insured against this type of risk.

Core results Germany

- Germany still uses a rigorous term of payment of 26 days on average. 50% of the companies differentiated the term of payment per business partner.
- About one third (35%) of the German companies interviewed assessed domestic payment practices as “fair” or “poor”, which puts Germany in a middle position in this respect.
- There is a shift towards a more positive evaluation of domestic business and still a relatively positive estimation of perceived payment delays from their domestic business partners.
- German companies have the same view of their foreign business partners’ payment practices as in winter 2006. 40% rate foreign payment practices as “fair” or “poor”. This may be due to the fact that they still have to wait the longest (+20 days) for foreign payments in relation to their terms of payment. Non-payments by foreign business partners were reported slightly more frequently than in winter 2006.
- In general, German companies have a comparatively good reputation with their foreign business partners: 35% evaluated German payment practices as “very good” or even “excellent”.
- About three quarters of German companies take deliberate steps to protect themselves from payment risks, which means a decrease compared with summer 2006. Credit insurance is by far the most popular measure taken.
- When faced with serious payment problems by the main customer, half of German companies think that the company will not be seriously affected. Nearly one third of the companies state that nothing will happen because the company is insured against this type of risk. About one in five will face serious payment/ liquidity problems.

Core results Great Britain

- On average, British companies use a credit period of 35 days; Great Britain thus lies in the middle of the six countries. 43% of the companies interviewed differentiate their term of payment per business partner.
- In the survey of winter 2006, it was concluded that Great Britain was the country with the best overall view of domestic payment practices. This is also shown in the present results: now 29% of the companies interviewed assessed British domestic payment practices as “very good” or even “excellent”.
- The payment practices of foreign business partners are still evaluated as positive and above-average. British companies report a relatively short discrepancy between term of payment and foreign payment duration. In contrast, foreign business partners are less enthusiastic about British payment practices.
- Nearly two thirds of British companies take deliberate steps to protect themselves from payment risks, which is a decrease compared with summer 2006. Credit insurance, as in Germany, is by far the most popular measure taken.
- When faced with serious payment problems by the main customer, more than half of the British companies think that the company will not be seriously affected. Nearly one sixth of the companies state that nothing will happen because the company is insured against this type of risk. An equal part (one in six) state that the company will face serious payment/ liquidity problems.

Core results Italy

- Italian companies still use the most relaxed term of payment of all countries involved, on average 81 days. There has been a remarkable increase in the number of Italian companies that vary their term of payment per business partner; this was the lowest percentage of all the countries in winter 2006, but is the highest percentage in the present results (39% vs. 74%).
- 60% of the companies interviewed assessed Italy’s domestic payment practices as “fair” or “poor”, which is an improvement of 5% compared with winter 2006. Despite this improvement, and the improvement in the duration of domestic payment by 16 days on average, Italy has still the worst payment practices of the six countries involved.
- In contrast to earlier findings, there is only a very small gap between the average term of payment and the average duration of (domestic) payment.
- The positive evaluation of foreign business partners’ payment practices is easy to understand. Foreign companies, on average, pay 11 days earlier than the credit period in Italy requires.
- Italian companies still have a bad reputation amongst their foreign business partners. Nearly half of the foreign business partners assess Italian payment practices as “fair” or even “poor”. Again, Italy is the laggard here.
- About half of the Italian companies surveyed take deliberate steps to protect themselves from payment risks, which is a decrease compared to summer 2006. Italian companies protect themselves by means of a Letter of Credit, advance payment and, to some lesser degree, with credit insurance.
- When faced with serious payment problems by the main customer, a quarter of Italian companies think that the company will get into serious payment problems. An equal part state that nothing will happen because the company is insured against this type of risk. One in five Italian companies thinks that the company will not be seriously affected and an equal part will delay payment of their own liabilities to gain time.

Core results the Netherlands

- Dutch companies use a comparatively rigorous term of payment of 28 days on average — only Germany has even tighter terms of payment. As discovered earlier, about half of the companies interviewed stated they differentiate their term of payment per business partner.
- 43% of the companies interviewed assessed Dutch payment practices as only “fair” or even “poor”. The Netherlands thus lie on approximately the same level as France, but still ahead of Italy. This has not changed since summer 2006.
- As in winter 2006, Dutch companies rate their foreign business partners’ payment practices as rather poor, which probably becomes clearer if one takes into account the long wait (20 days longer than payment terms) for foreign payments. Payment delays by foreign business partners are reported less than in summer 2006.
- Foreign business partners rate Dutch payment behaviour better than in winter 2006. The Netherlands now rank second, behind Germany. Foreigners now perceive payment delays by Dutch business partners as being less frequent than in winter 2006.
- Two thirds of Dutch companies take deliberate steps to protect themselves from payment risks, which is a remarkable decrease of 14% compared to summer 2006. Credit insurance is the most popular measure taken, followed by advance payment and external collection procedures.
- When faced with serious payment problems by the main customer, about half of of Dutch companies think that nothing serious will happen. 13% of Dutch companies are insured against this type of risk.

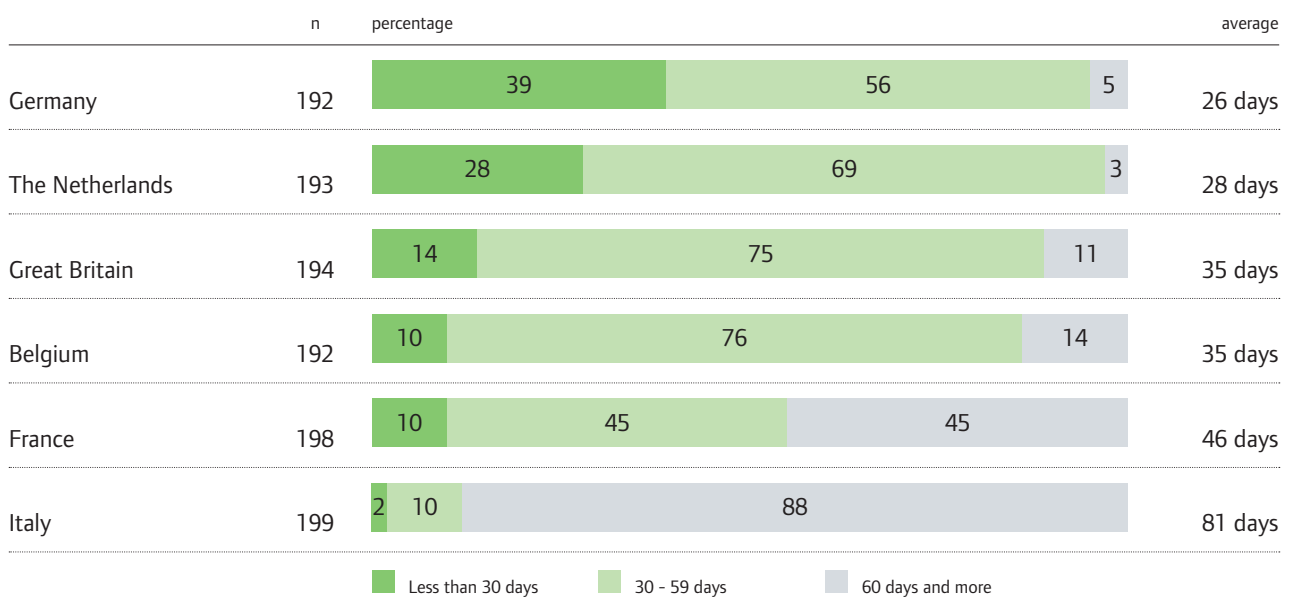
Results in detail

Credit management features

Established term of payment

Italian companies allow customers the longest to pay

What term of payment (in days) does your company set for its customers?



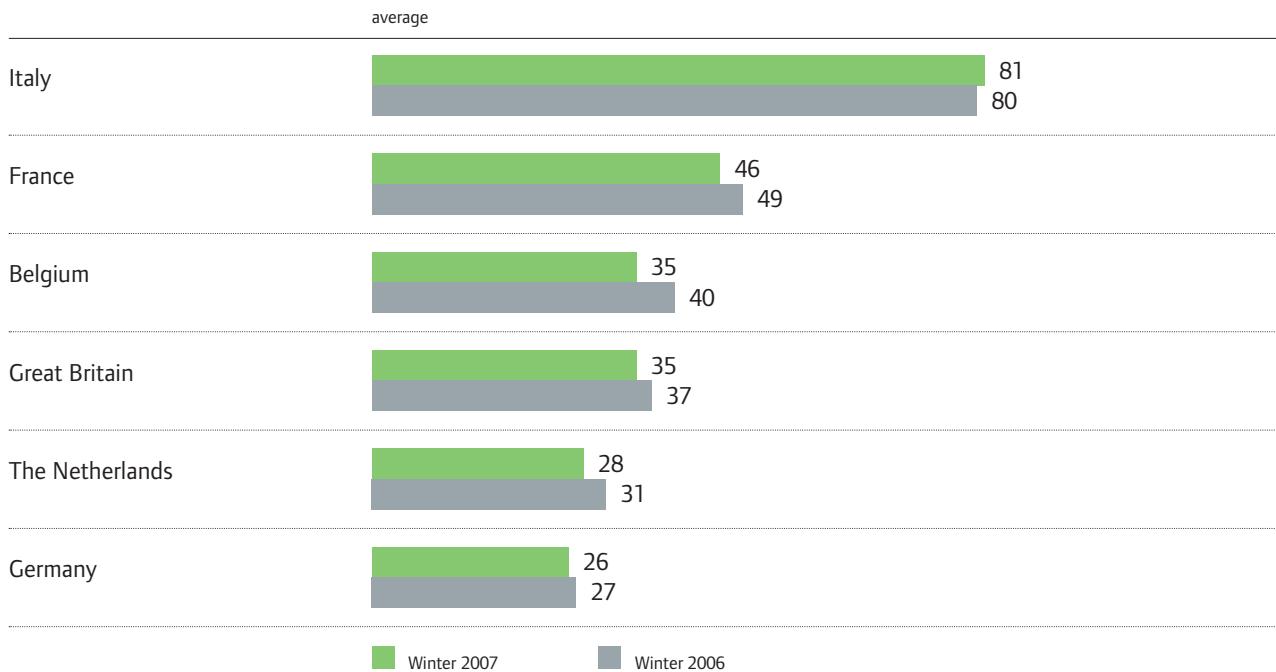
Basis: interviewed companies from respective countries

As was found earlier, German companies set the shortest term of payment for their customers, and companies from Italy set the longest

term of payment. For Belgian, British, French and Dutch companies, the standard credit period ranges between 28 and 46 days.

Established term of payment – comparison over time

In most countries the average term of payment has tightened, except in Italy



Basis: interviewed companies from respective countries

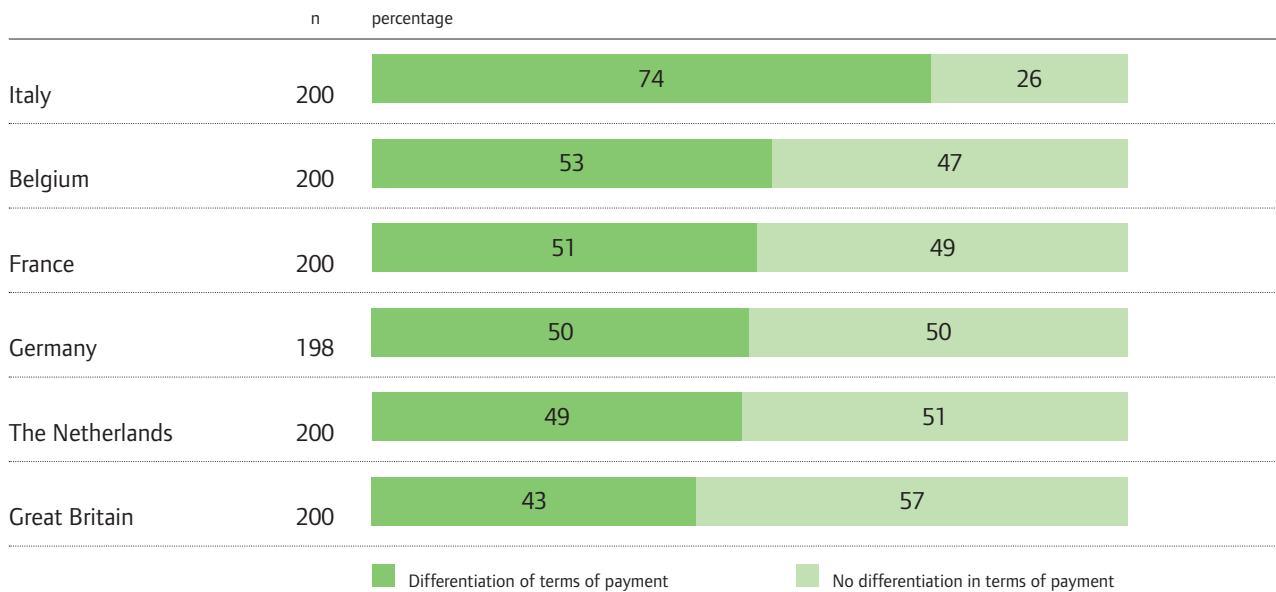
Italy uses the longest term of payment, which is nearly unchanged compared to winter 2006.

For all other countries, the term has tightened since winter 2006.

Differentiation of terms of payment per country or industry of business partner

Most prevalent in Italy, least frequent in the UK

Do terms of payment differ depending on which country and/or industry your buyer belongs to?

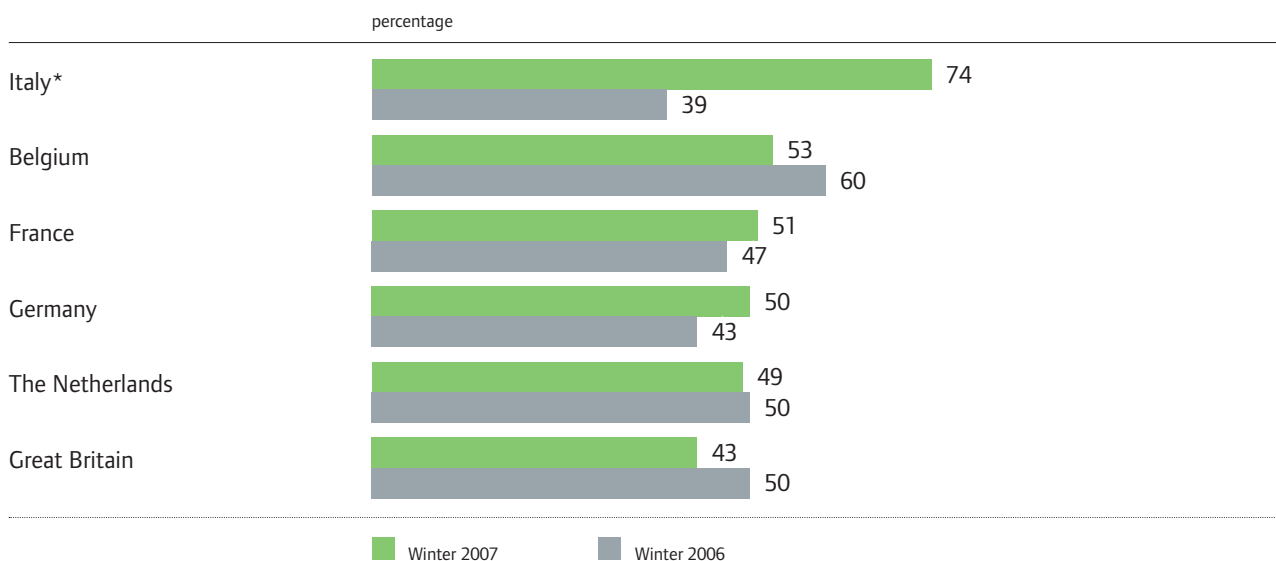


In contrast to earlier findings, the Italians are most likely to differentiate their terms of payment according to industry or nationality.

Also France and Germany are also now more likely to differentiate their terms of payment when compared to winter 2006.

At present, companies from Great Britain are least likely to make such differentiation.

Differentiation of terms of payment - comparison over time



Basis: interviewed companies from respective countries

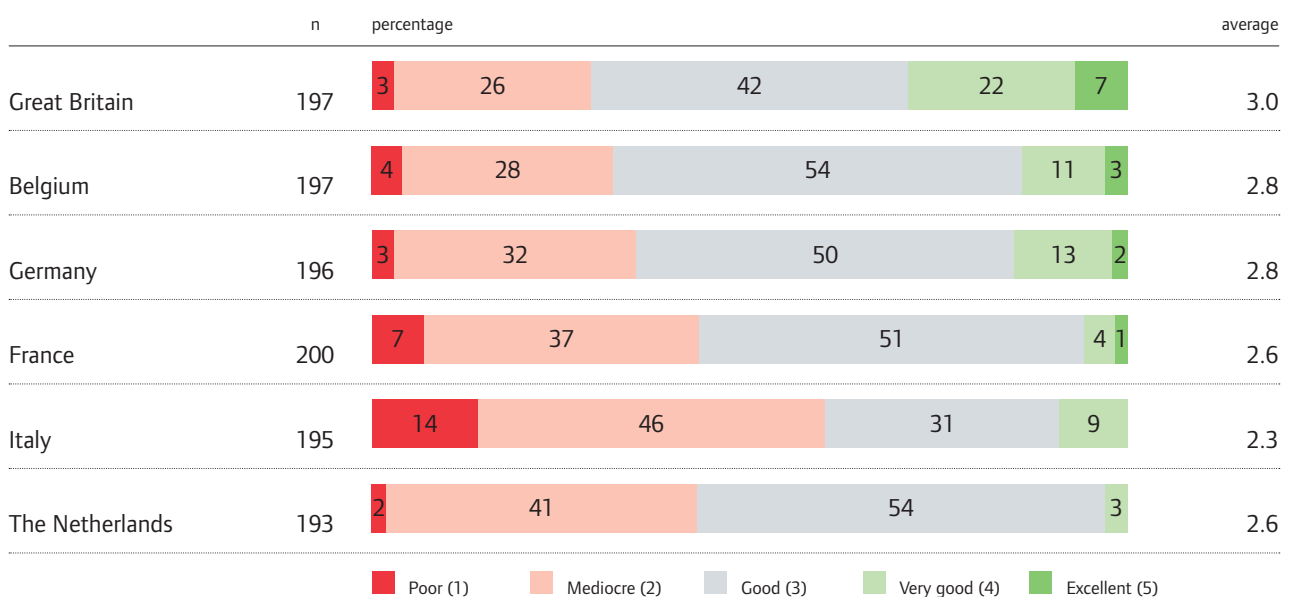
* Statistically significant change

Domestic payment practices

Evaluation of domestic payment practices

Britain with most positive self-perception, Italy as laggard

If you bear in mind the last six months:
how would you describe the payment practices of domestic companies?



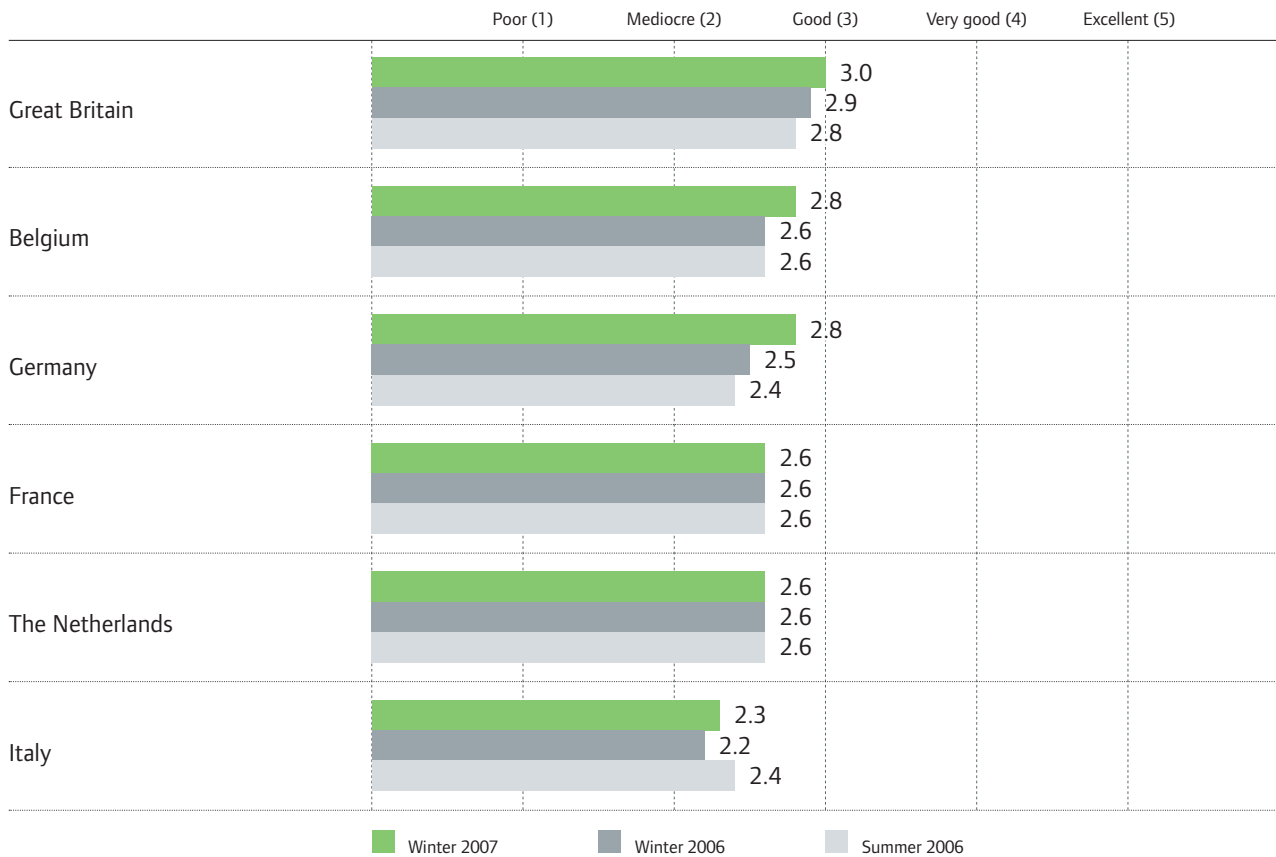
Basis: interviewed companies from respective countries

As discovered earlier, the Italians rate the payment practices of their domestic business partners more negatively than other European countries. British companies evaluate this more positively than other countries.

However, the ratings of Belgium and Germany for their domestic customers are now close to those of Britain.

Evaluation of domestic payment practices - comparison over time

Downturn in mood in Italy, Great Britain still on top



Basis: interviewed companies from respective countries

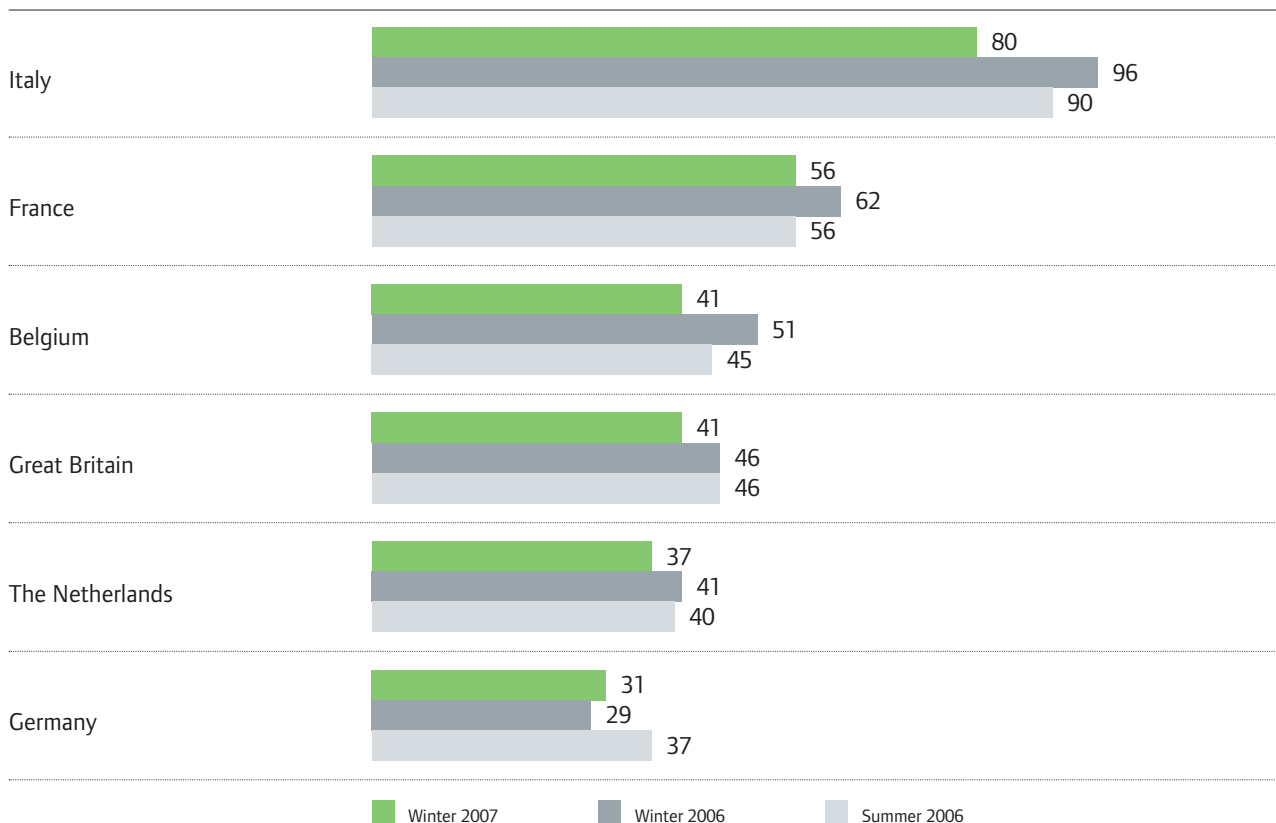
As in earlier surveys, Great Britain is still on top in the evaluation of domestic payment behaviour, which seems even to have improved somewhat over the last three surveys. The negative evaluation of domestic customers in Italy seems to prove true,

though it has improved slightly since the last evaluation. Payment behaviour in Germany has improved since the summer of 2006. Payment behaviour in Belgium has improved since winter 2006.

Payment duration: evaluation of domestic business partners - comparison over time

Italy now pays significantly quicker, behaviour in most other countries has improved

How many days does it take, on average, for your domestic business partners to settle their debts?



Basis: interviewed companies from respective countries

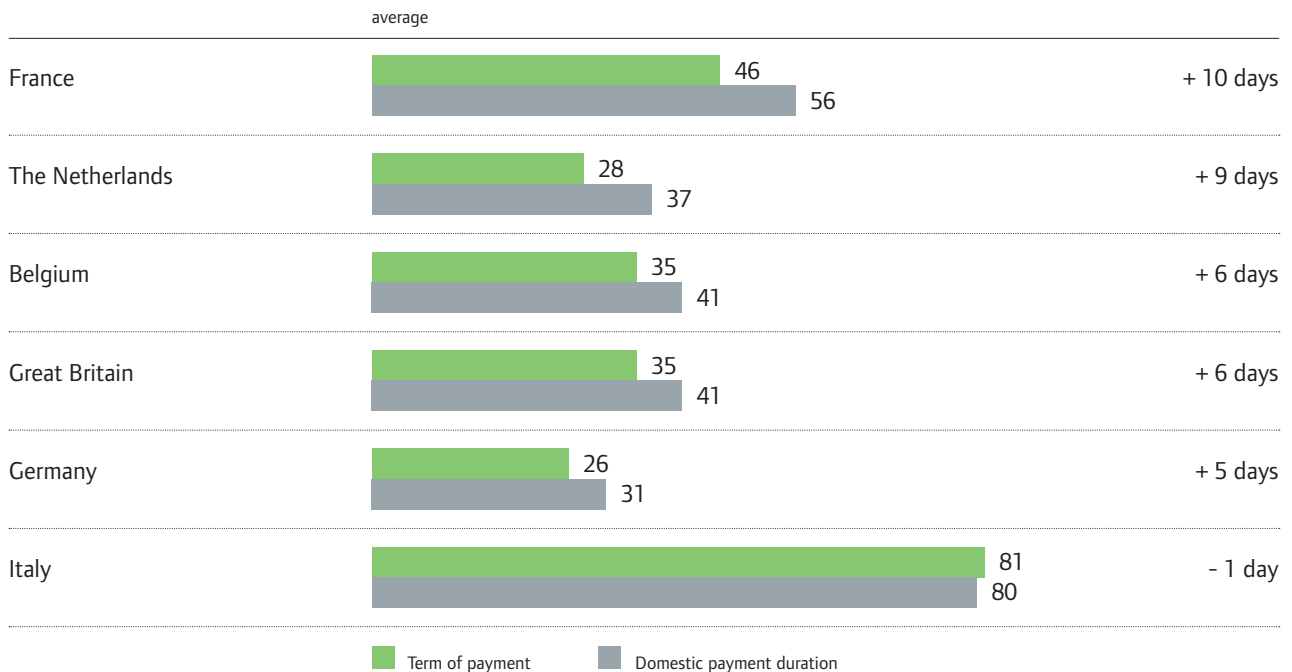
Payment behaviour has significantly improved in Italy since summer 2006.

Customers are now, on average, paid 16 days earlier compared to winter 2006. In Great Britain, the

Netherlands, France and Belgium, payment behaviour has also improved since winter 2006, though less significantly than in Italy.

Payment duration: terms of payment vs. domestic payment duration

Close correlation now only in Italy



Basis: interviewed companies from respective countries

As noted earlier, payment behaviour in Italy has improved. It now even corresponds closely to the terms of payment set by companies.

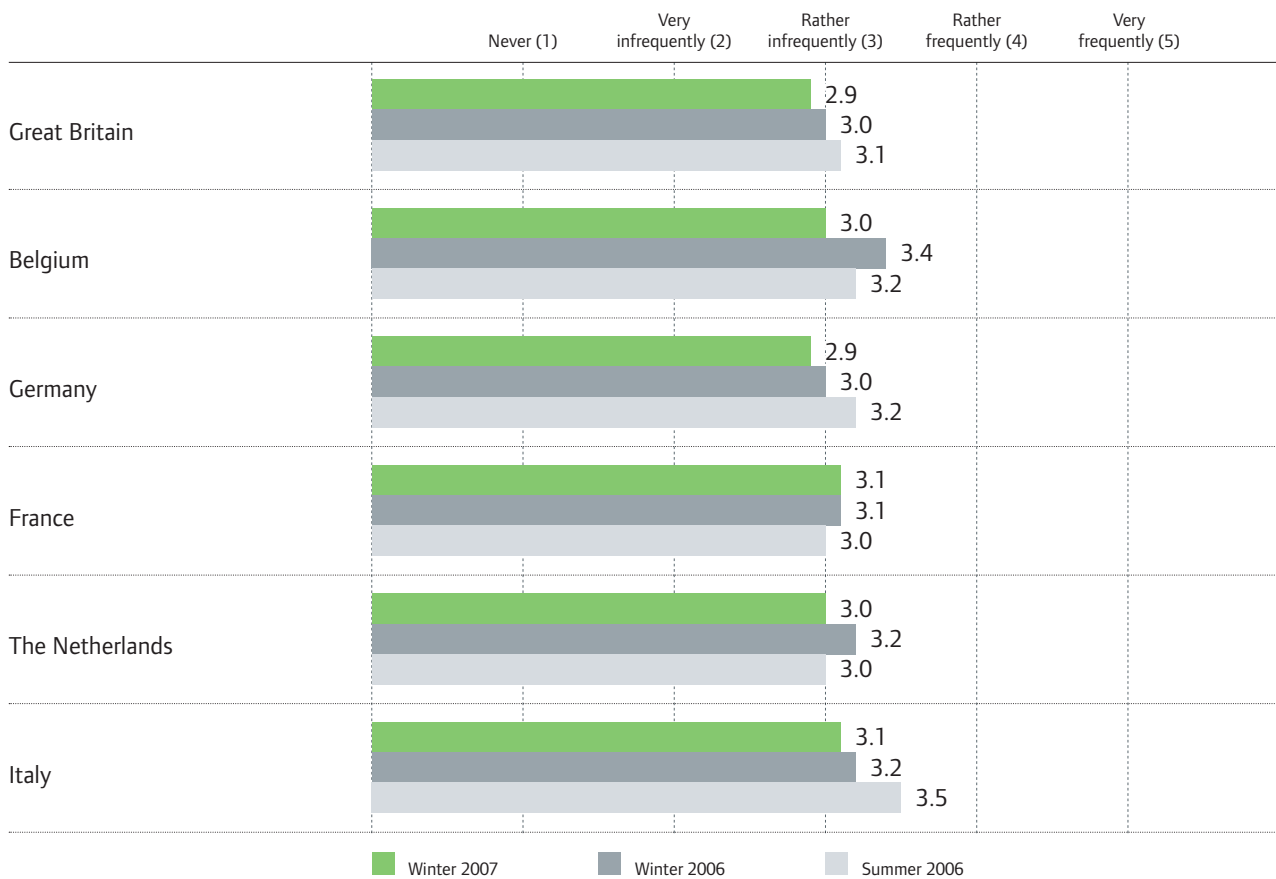
Companies in France report the longest discrepancy between terms of payment and domestic payment duration. In France and Belgium, payment duration has decreased, in

the Netherlands and Great Britain, it has not changed since the latest evaluation. Only in Germany has it slightly worsened.

Delays of payment: perception of domestic business partners - comparison over time

Slight deterioration in Belgium

How often in the past six months were outstanding debts only paid after some delay?



Basis: interviewed companies from respective countries

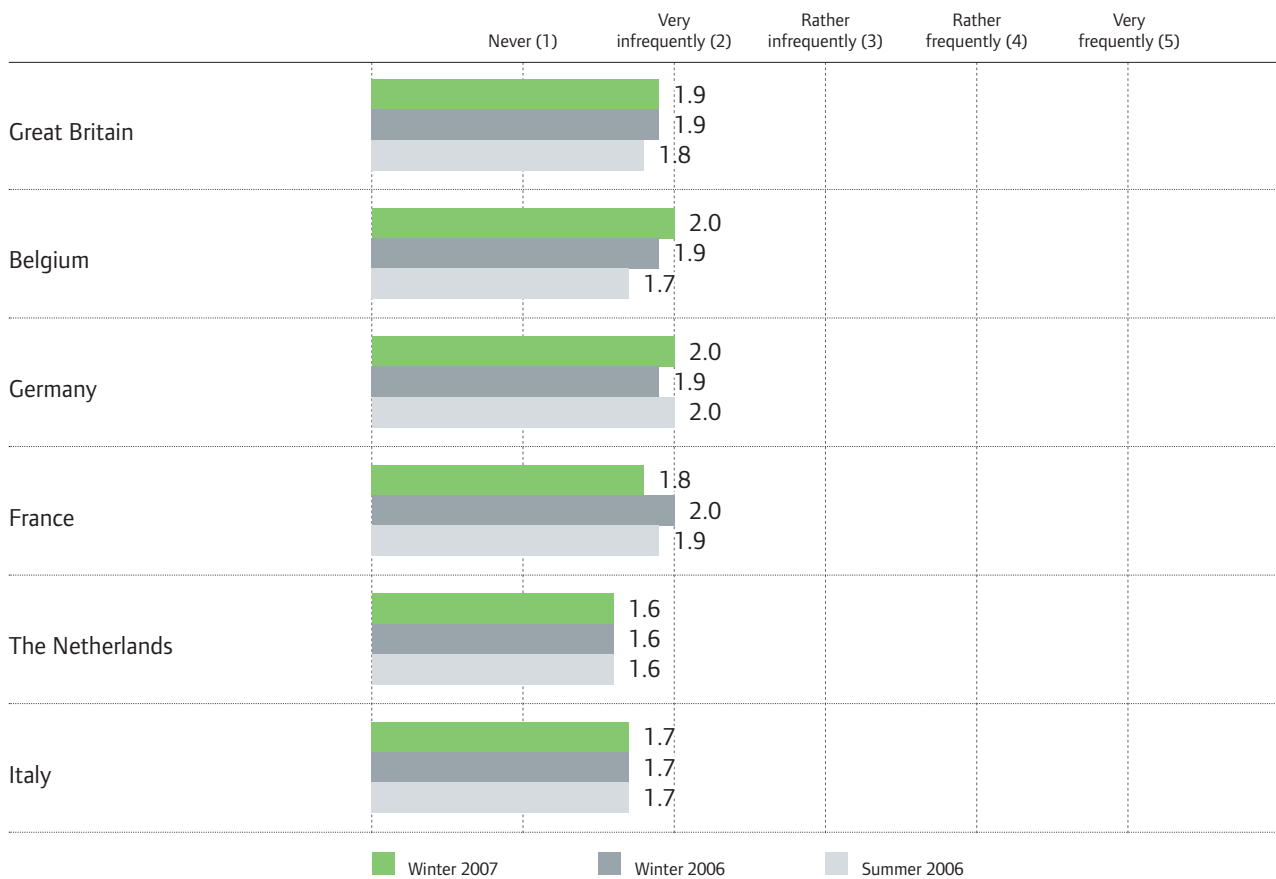
In general, the European countries interviewed in this survey perceive that (some) delay in payment by domestic customers occurs “rather infrequently”.

Compared to the latest evaluation, though, companies in Belgium do now feel less strongly that they have to wait for their money. Italy shows improvement in payment delay over the last three surveys.

Payment default: Non-payments of domestic receivables - comparison over time

Minor deterioration in Belgium and Germany, few changes overall since summer 2006

How often in the past six months were outstanding debts not paid at all?



Basis: interviewed companies from respective countries

France shows some decrease, whilst Germany and Belgium show some increase in the number of unpaid debts since winter 2006. For the other countries no changes can be observed, compared with the results of winter 2006.

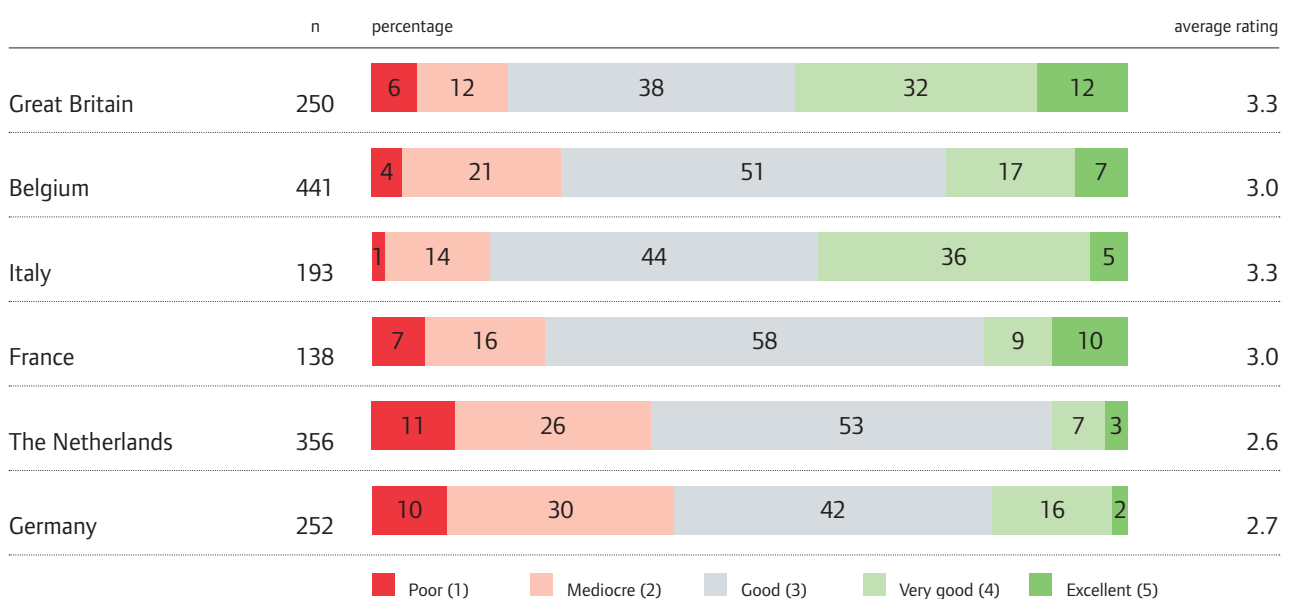
In Belgium, the number of non-payments appears to increase over the last three surveys.

Foreign payment practices

Evaluation of foreign payment practices

British and Italian evaluation most positive, French, Germans and Dutch rather critical

If you think back over the past six months:
how do companies from ... rate the payment practices of their foreign business partners?



Basis: evaluations of foreign business partners by companies from the respective countries

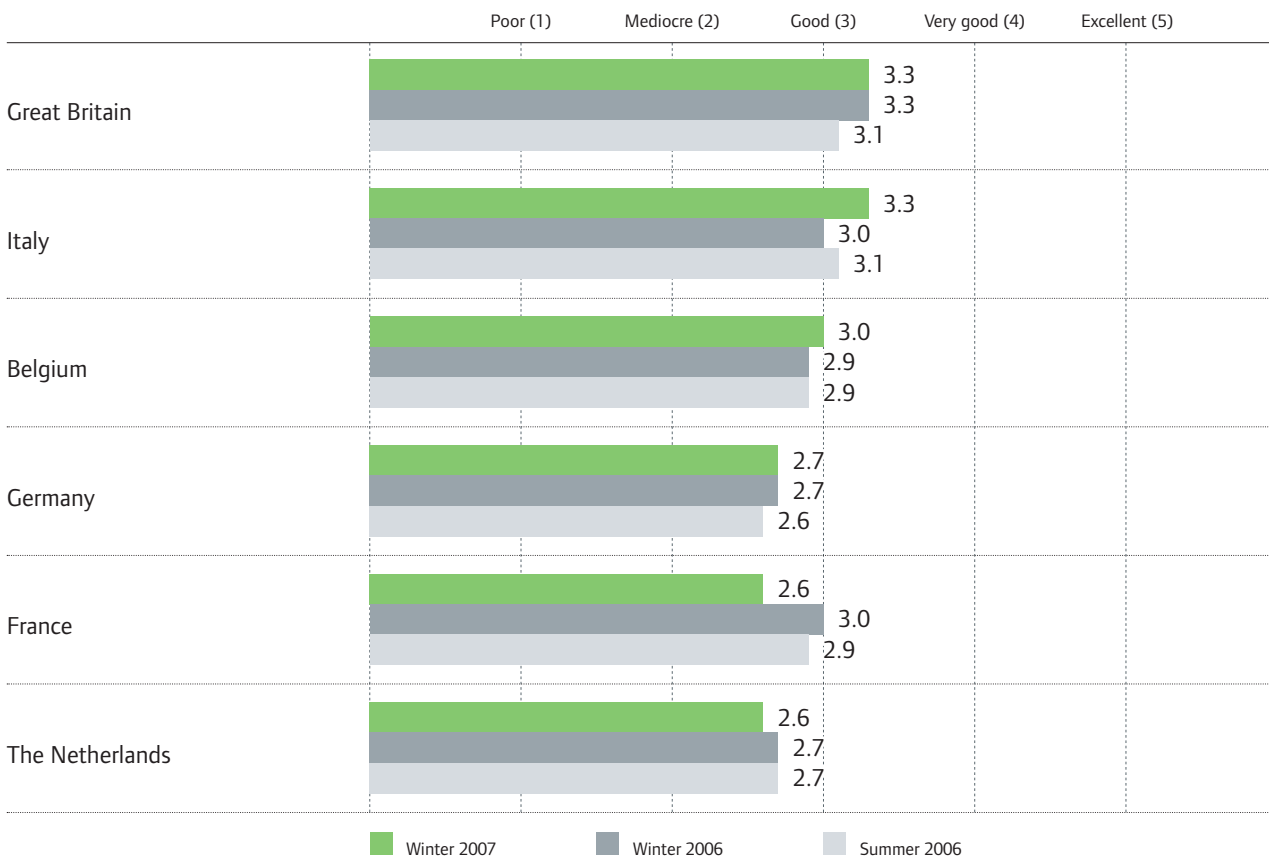
British and Italian companies evaluate their foreign business partners' payment behaviour most positively.

In comparison, German and Dutch views of payment practices of their foreign customers are less positive.

Foreign payment practices - comparison over time

Italian companies rate foreign business partners' payment practices better than before, French rate them more negatively

If you think back over the past six months:
how do companies from ... rate the payment practices of their foreign business partners?



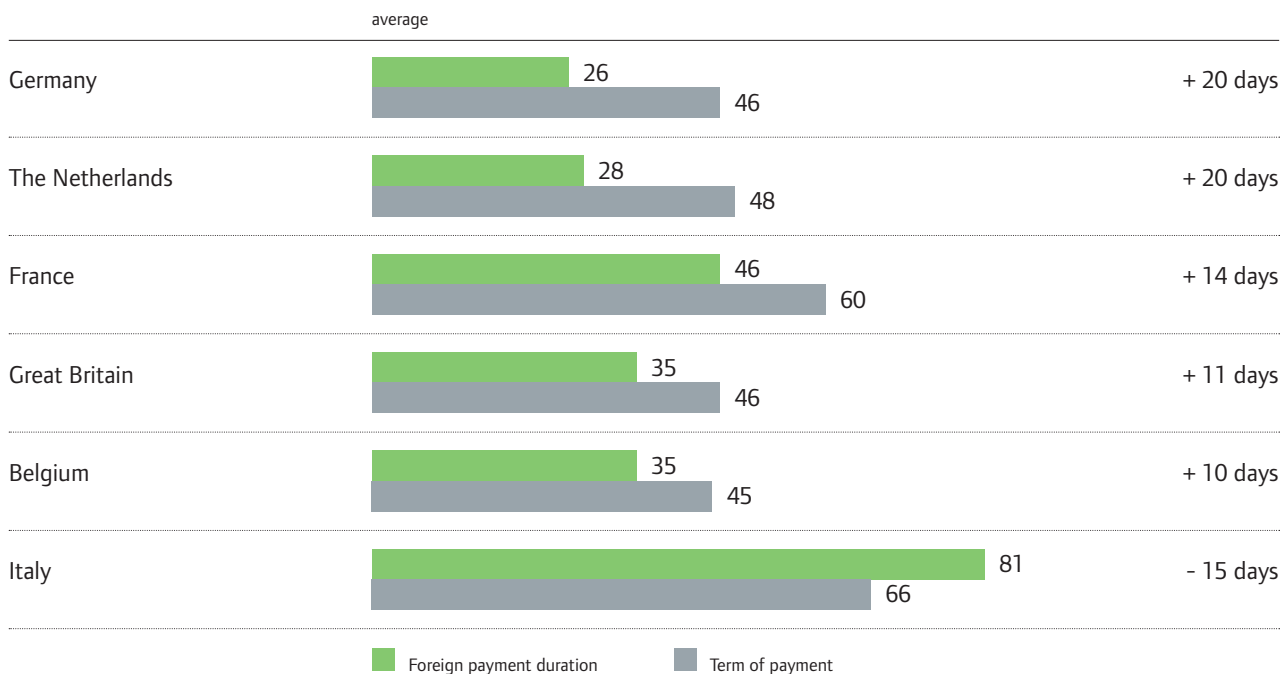
Basis: evaluations of foreign business partners by companies from the respective countries

With the exception of Italy and France, no significant differences in evaluation of payment behaviour of foreign business partners have been noted.

Italy rates the payment practices of their foreign business partners more positively, France rates them more negatively than in winter 2006.

Payment duration: term of payment vs. foreign payment duration

Measured against terms of payment, German and Dutch companies have to wait the longest



Basis: evaluations of foreign business partners by companies from the respective countries

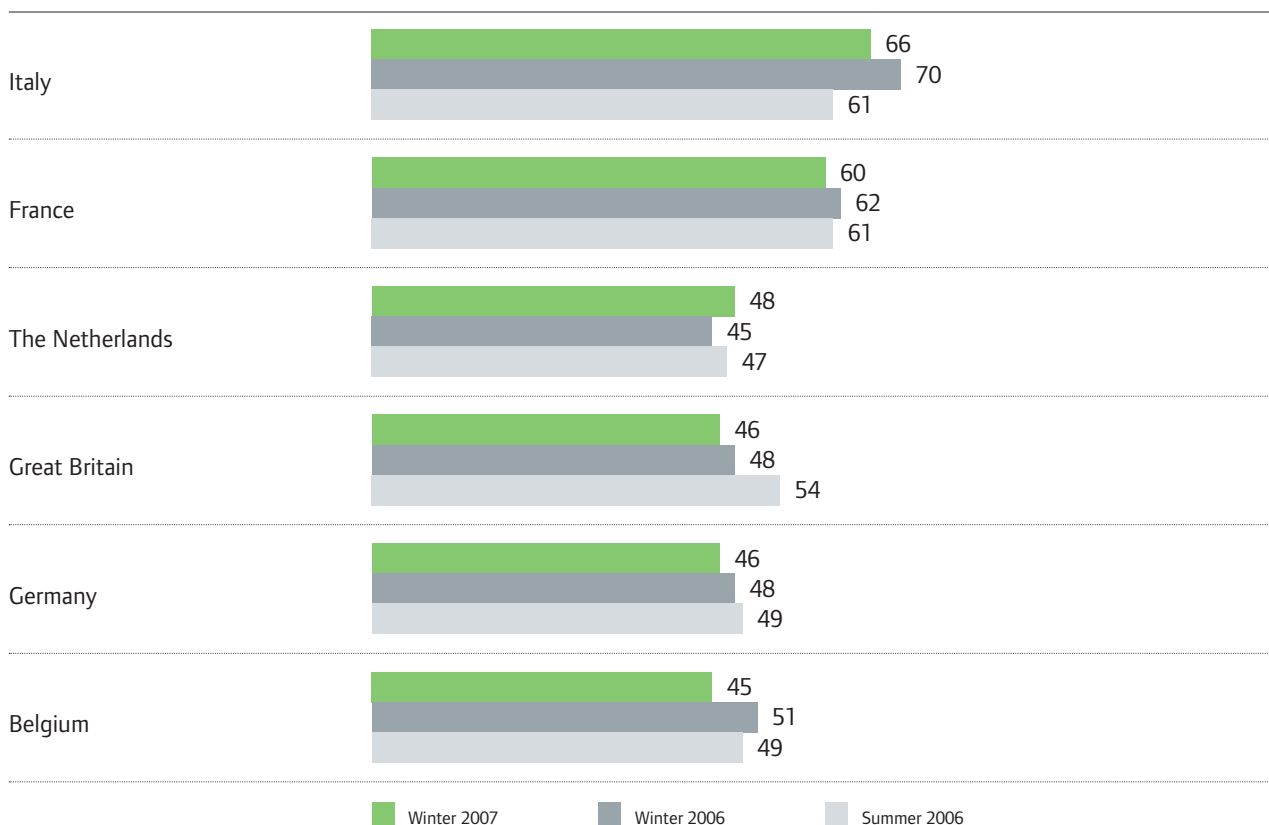
The difference between the due date of payment and the actual receipt date shows the greatest discrepancy for companies in Germany and the Netherlands (20 days).

Italy, however, benefits the most from foreign business partners' good practices, getting international payments 15 days earlier than the date specified on the invoice.

Payment duration: evaluation of foreign business partners - comparison over time

Despite some improvement, Italians still have to wait longest for foreign payments

Average payment period of foreign business partners in days



Basis: evaluations of foreign business partners by companies from the respective countries

On average, Italian companies have to wait 66 days for their foreign business partners to pay. This is four days fewer than in winter 2006, and five days longer than in summer 2006, but is still the longest time period of all countries taken into account. Belgian companies

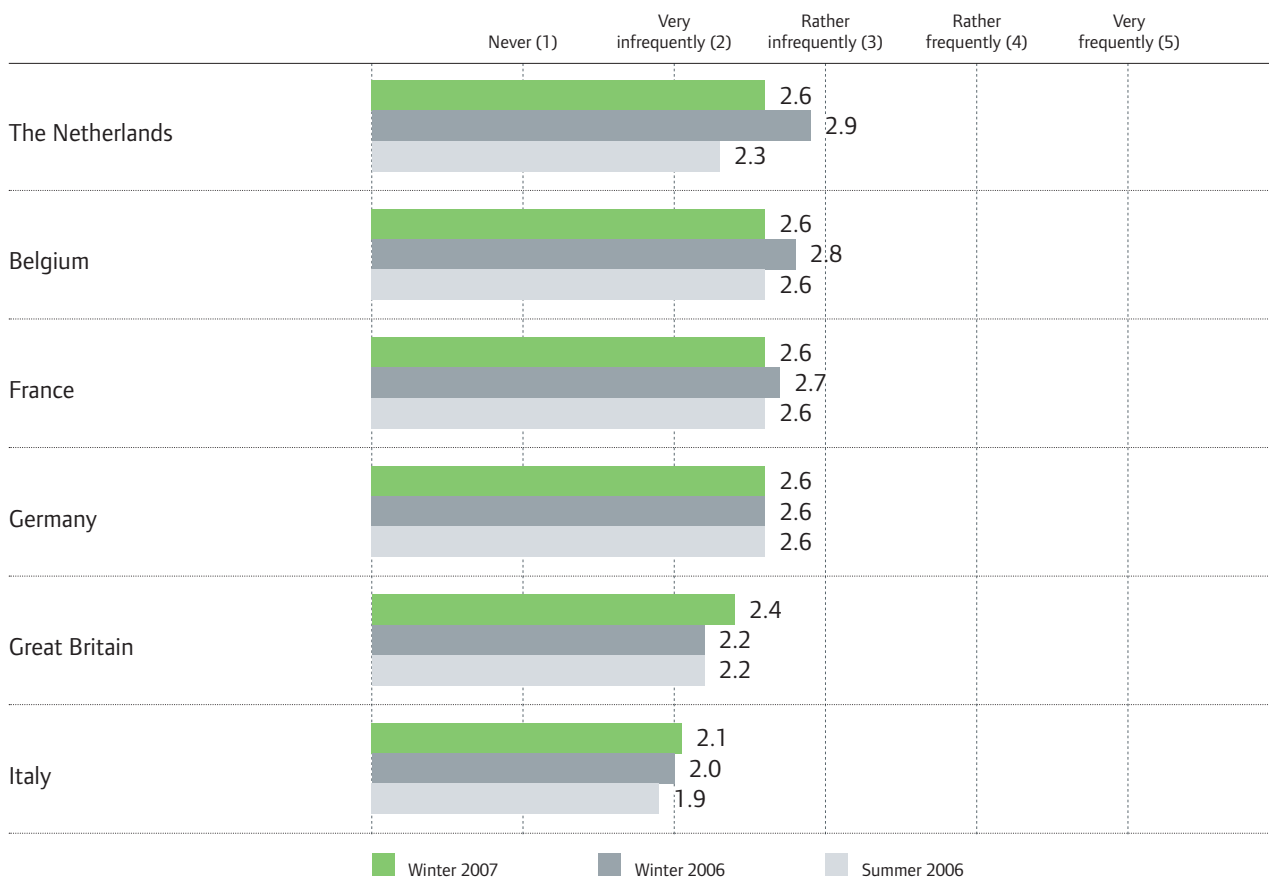
now have to wait 6 days less than in winter 2006.

In Great Britain the last three surveys show a trend towards improvement.

Payment delays: perception of foreign business partners - comparison over time

Belgian, Dutch and French companies see their business partners more favourably, but British companies less so, than in winter 2006

How often in the past six months were outstanding debts only paid after some delay?



Basis: evaluations of foreign business partners by companies from the respective countries

Companies from Belgium, the Netherlands, Germany and France experience about the same delays in payment from their foreign customers.

For Belgium and the Netherlands this means an improvement since the last evaluation (winter 2006), but for the Netherlands it means a deterioration compared with summer 2006.

British companies now experience more delays in payment than in winter 2006. Companies from Italy still experience the shortest delays.

Payment default: Non-payments of foreign business partners - comparison over time

France and Germany report fewer non-payments

How often in the past six months were outstanding debts not paid at all?



Basis: evaluations of foreign business partners by companies from the respective countries

German and Dutch companies report slightly more frequent non-payments by foreign business partners now, compared to winter 2006.

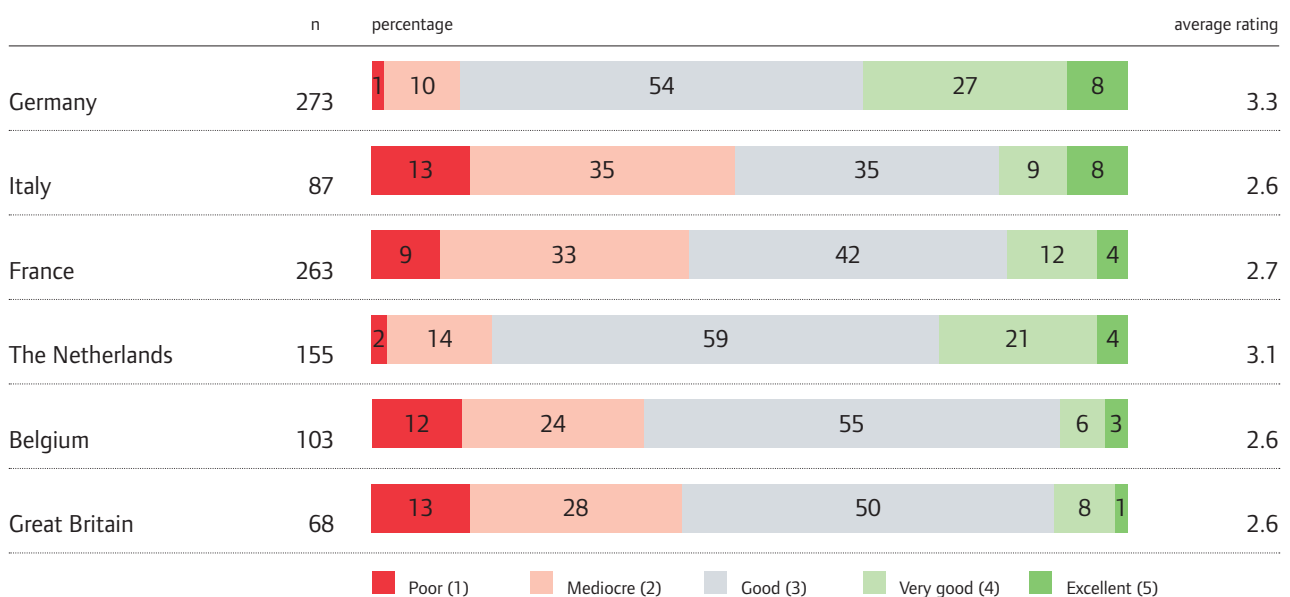
France, Great Britain and Belgium report fewer non-payments than in winter 2006.

Payment practices as evaluated by international business partners

Payment practices as evaluated by international business partners

Germany and the Netherlands now leading

If you think back over the past six months:
how do you evaluate the payment practices of companies from... ?

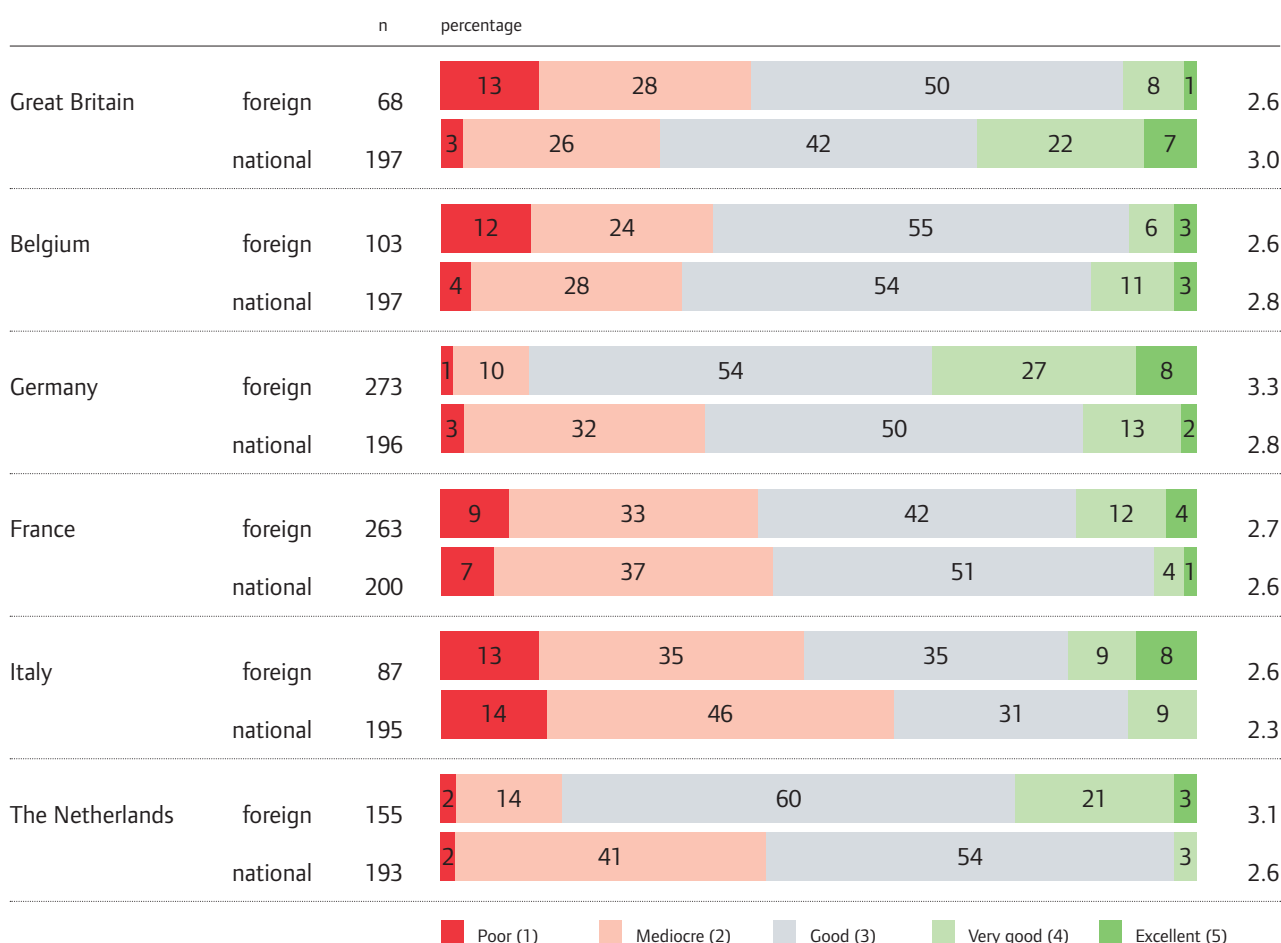


Basis: foreign companies that sell products and services to companies in respective countries

Foreign companies rate payment practices best in Germany and in the Netherlands. Italian business is still seen to have the poorest payment practices.

Self-perception vs. external perception

Netherlands and Germany are viewed more positively by foreigners than by fellow nationals



Basis: companies that sell products and services to companies in respective countries

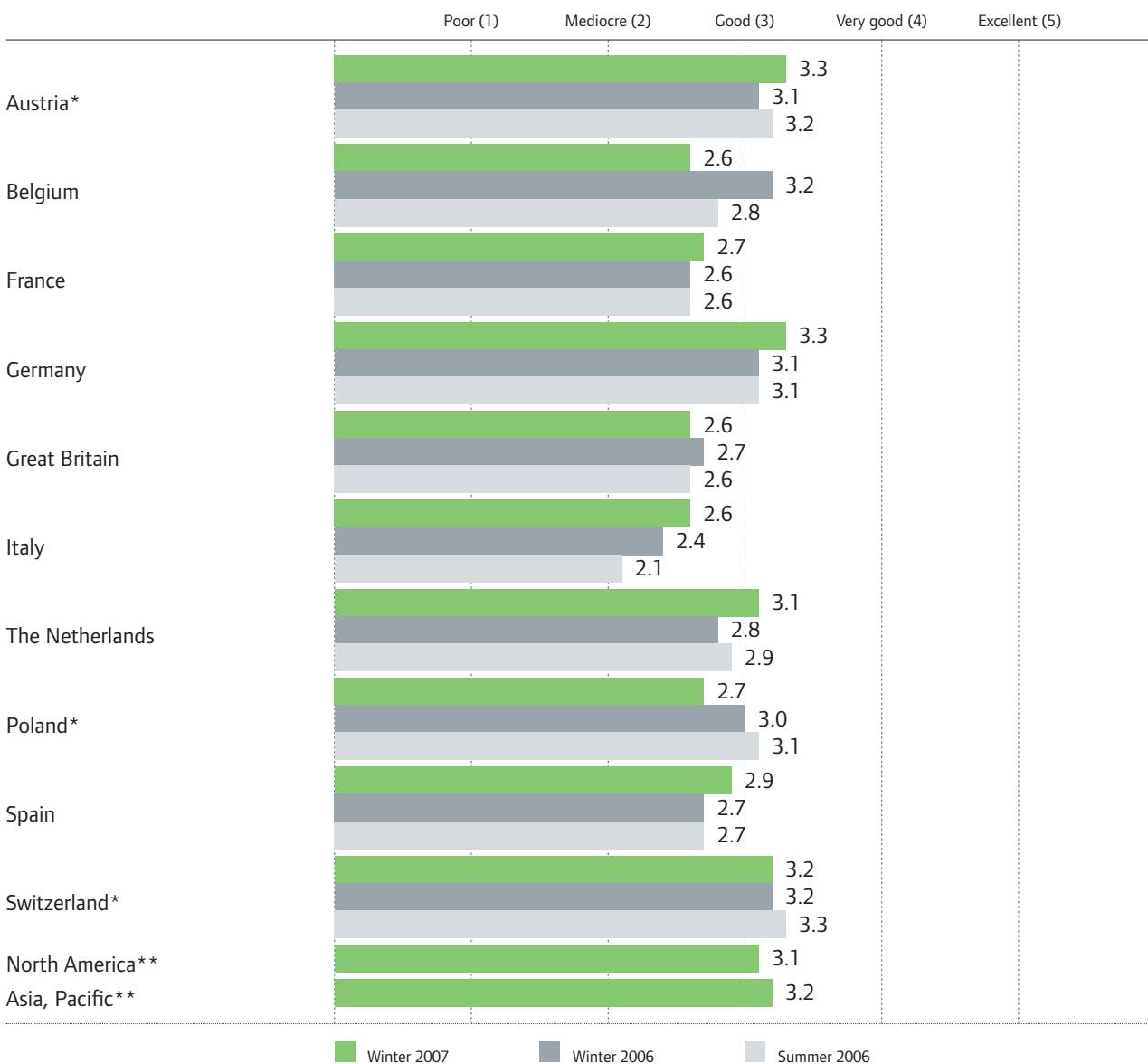
The payment behaviour of German and Dutch companies is rated significantly better by foreigners than domestically.

Great Britain and Belgium rate their own payment behaviour better than the foreign evaluation.

Payment practices as evaluated by international business partners - comparison over time

Poland and Belgium rated less well

If you think back over the past six months:
how do you evaluate the payment practices of companies from... ?



Basis: foreign companies that sell products and services to companies in respective countries

* n<50

** no information available for Winter 2006 and Summer 2006

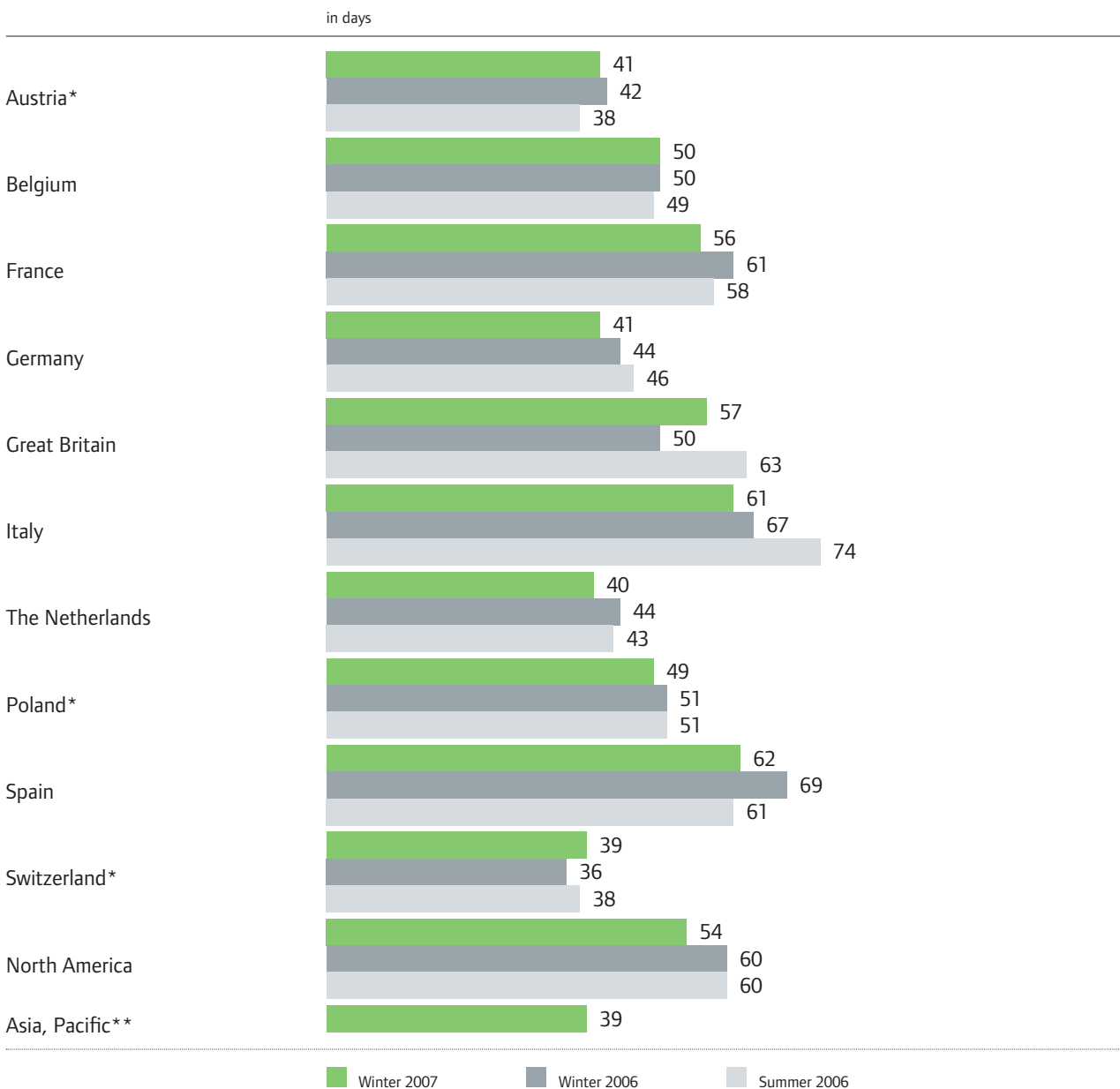
Poland and Belgium are rated less positively by their foreign business partners than in winter 2006.

Most other countries, except Great Britain and Switzerland, show some degree of improvement.

Payment duration as evaluated by international business partners - comparison over time

British and Swiss customers pay slower, most other countries pay faster than one year ago

Average payment period of international business partners



Basis: foreign companies that sell products and services to companies in respective countries

* n<50

** no information available for Winter 2006 and Summer 2006

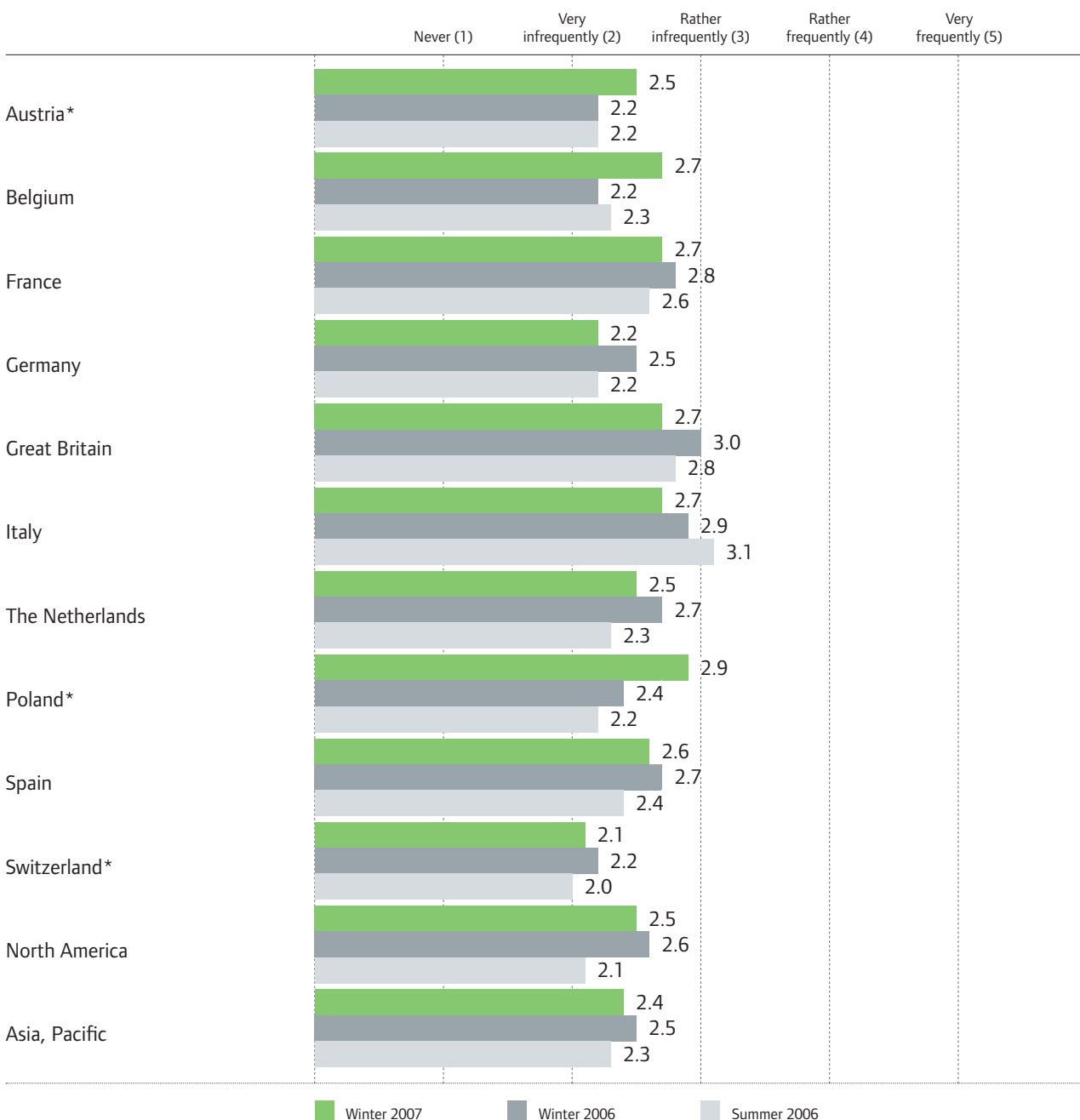
In Great Britain and Switzerland, payment duration to international business partners has increased since

winter 2006. For most other countries, except Belgium, it has decreased since winter 2006.

Delays in payment as perceived by international business partners - comparison over time

Companies from Austria, Belgium and Poland are viewed less favourably

How often in the past six months were outstanding debts only paid after some delay?



Basis: foreign companies that sell products and services to companies in respective countries

* n<50

International business partners reported an increase in the number of

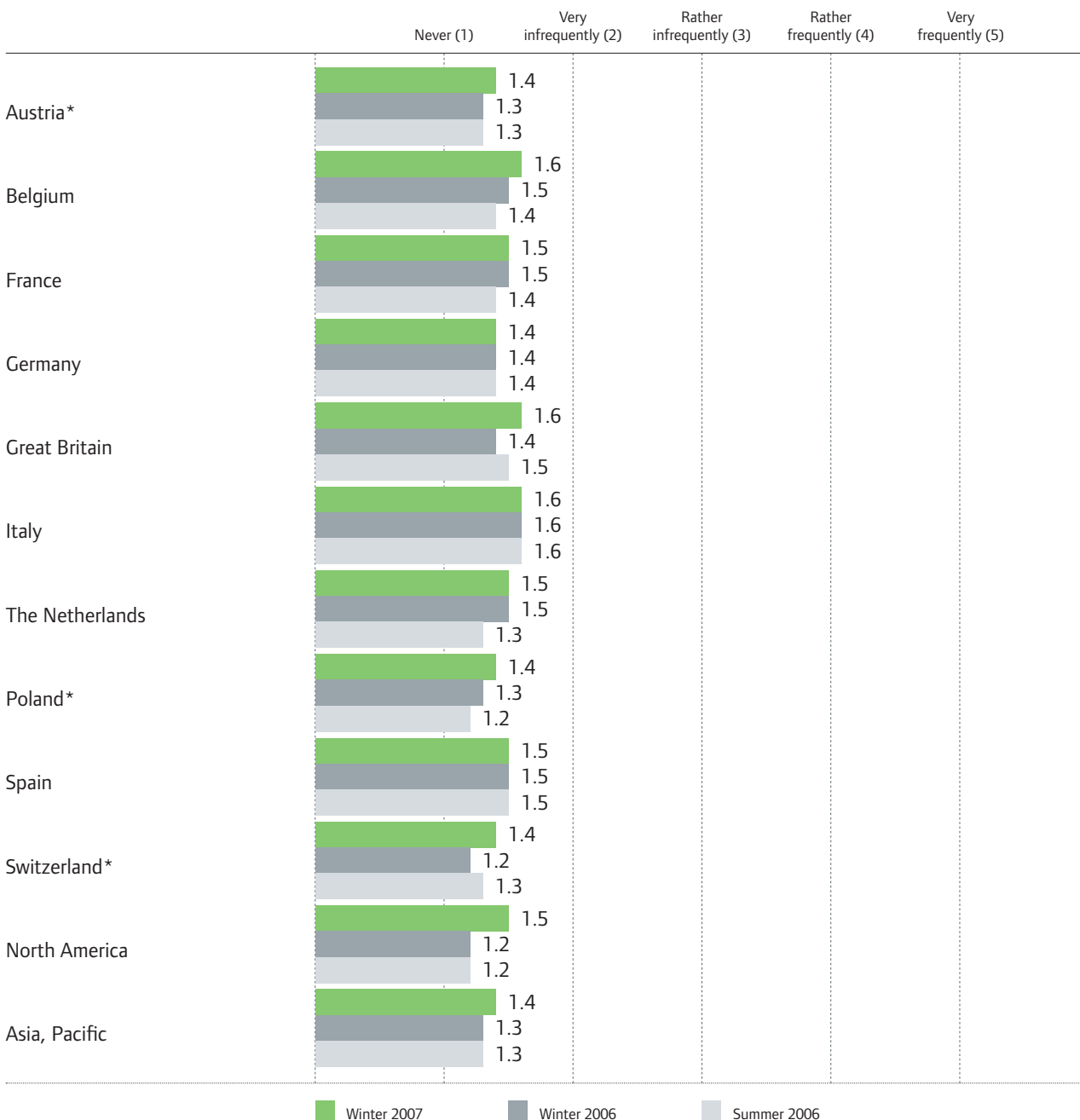
payment delays by Polish, Belgian and Austrian companies compared with

winter 2006. Overall, however, delays still remain infrequent.

Payment default: non-payment of international receivables - comparison over time

Higher non-payment levels recorded in business with British, Polish, Swiss, North American and Asian companies

How often in the past six months were outstanding debts not paid at all?



Basis: foreign companies that sell products to companies in respective countries
 * n<50

From the viewpoint of international business partners, actual non-payments still occurred very

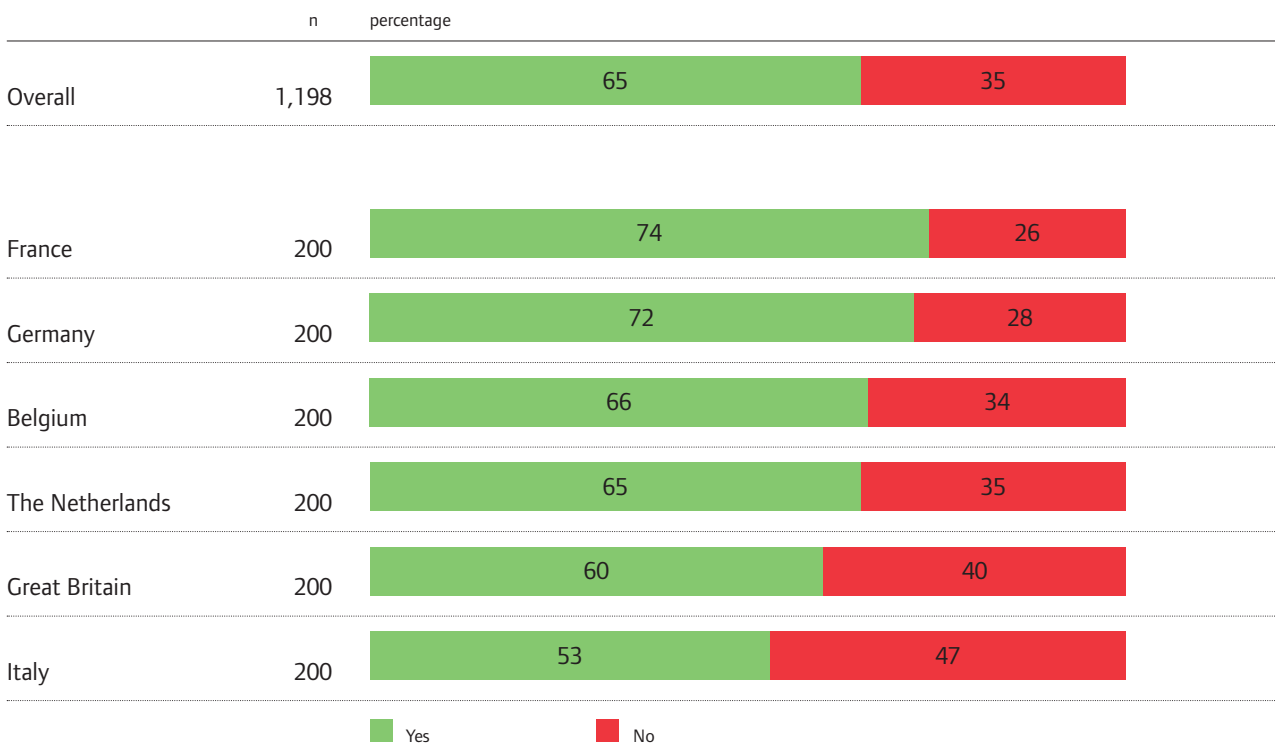
infrequently over the last six months. However, the frequency of non-payments significantly increased with

business partners from Great Britain, Poland, Switzerland, North America and Asia.

Protection against payment risks

Protection against bad debt is most popular in France and Germany, least popular in Italy

Does your company take deliberate steps in order to protect yourself from bad debt?



Basis: interviewed companies from respective countries

More than one third of the companies interviewed take no steps to protect themselves against bad debt.

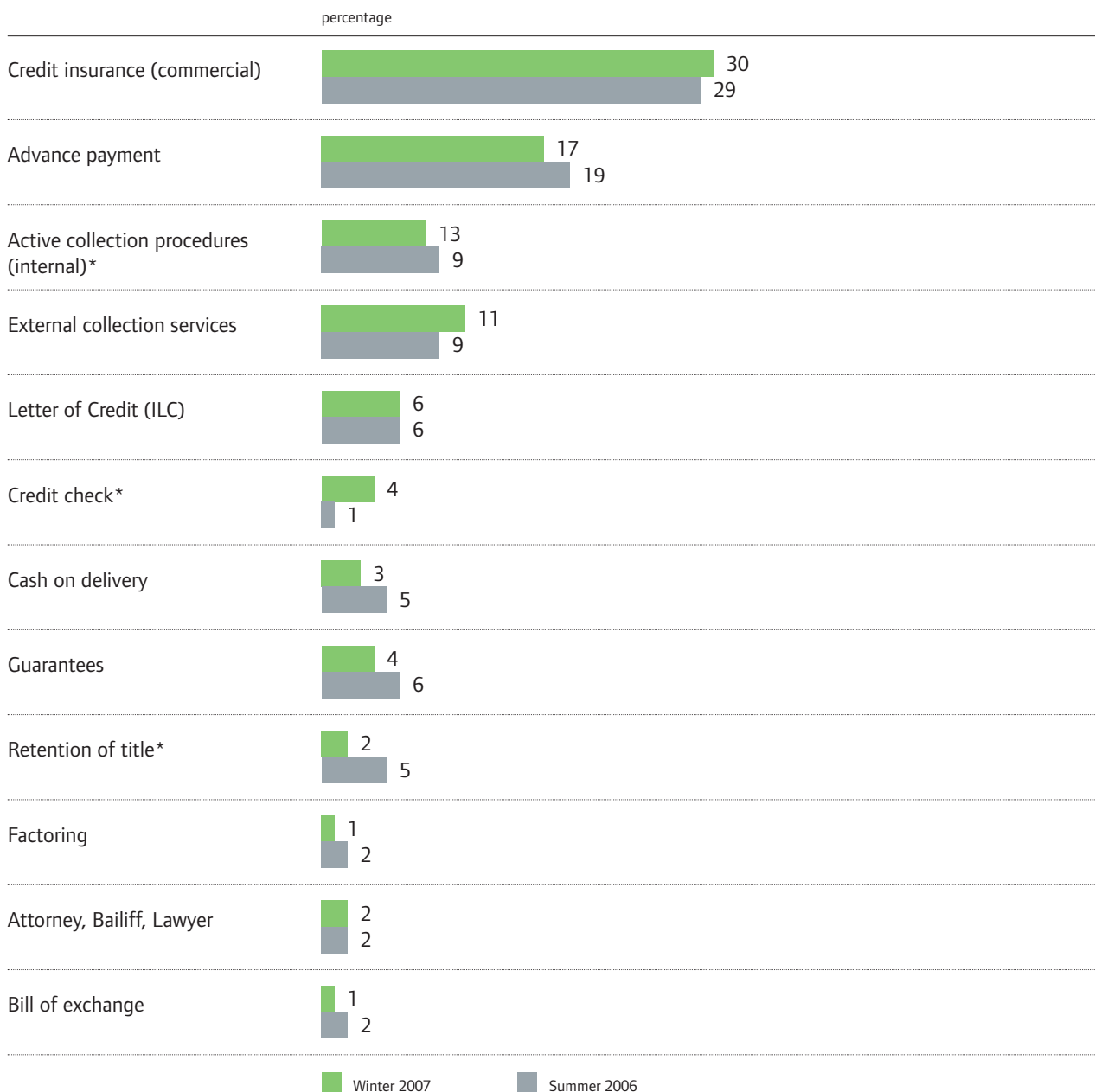
Companies from France and Germany are most likely to take precaution, in contrast to summer 2006 when German and Dutch companies were most likely to do so.

Companies from Italy are least likely to protect themselves.

Protection against bad debt in Europe

Credit insurance and advance payment are the most popular measures against bad debt

Which measures do you take to protect your company from bad debt?



Basis: All companies (n = 1,198)

* Statistically significant change

In comparison with the results of summer 2006, the number of companies that protect themselves with active collection procedures has increased significantly, the same is true of credit check as a protection

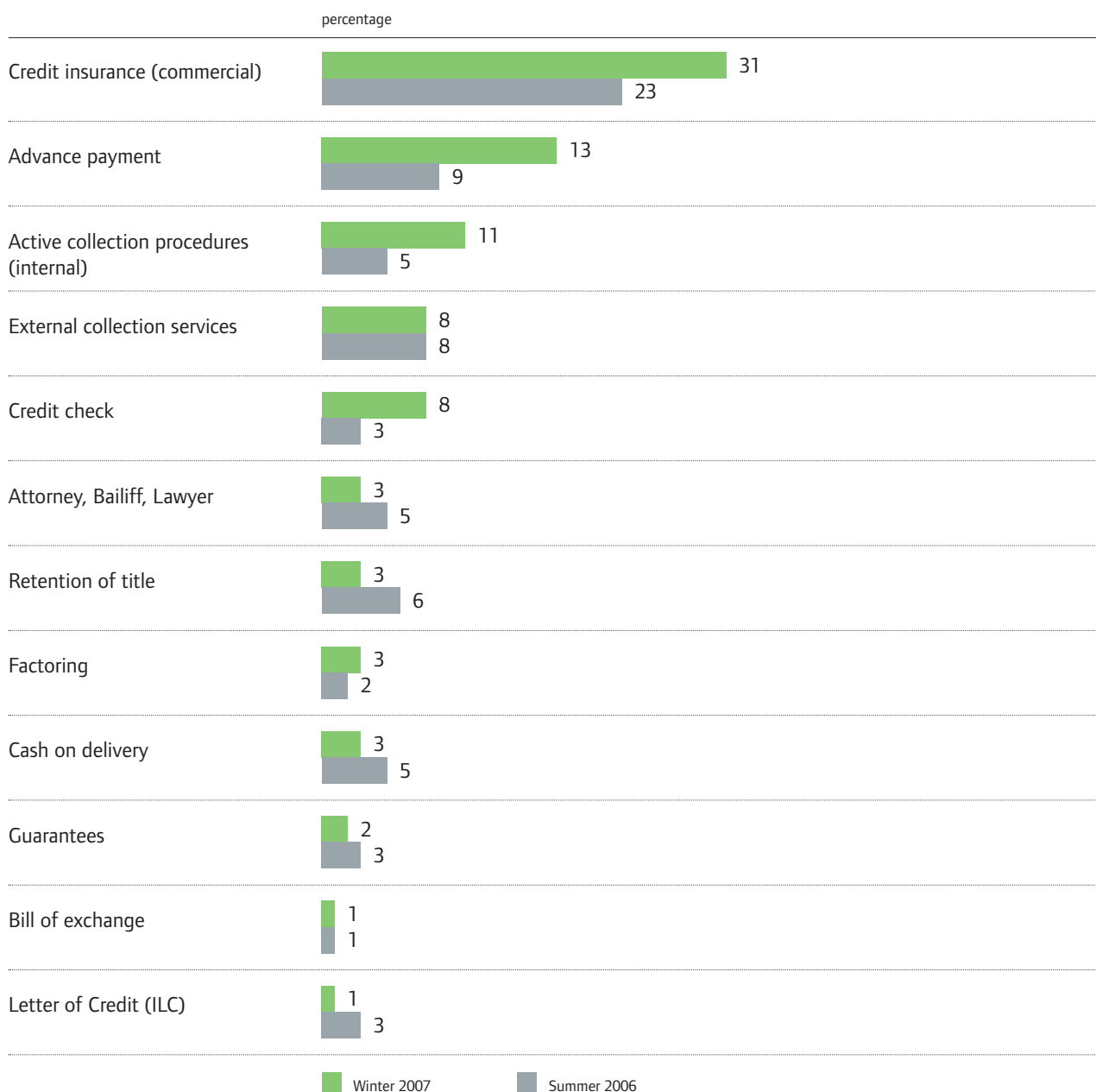
measure. The number of companies that protect themselves through the measure of 'retention of title' has decreased significantly since summer 2006. As found earlier, the most popular means of protection against

bad debts is credit insurance, followed by advance payment. Active (internal) and external collection procedures are also relatively popular as measures against bad debt.

Protection against bad debt in Belgium

Credit insurance is the most popular measure in Belgium – an increase on last year

Which measures do you take to protect your company from bad debt?



Basis: Belgian companies (n = 200)

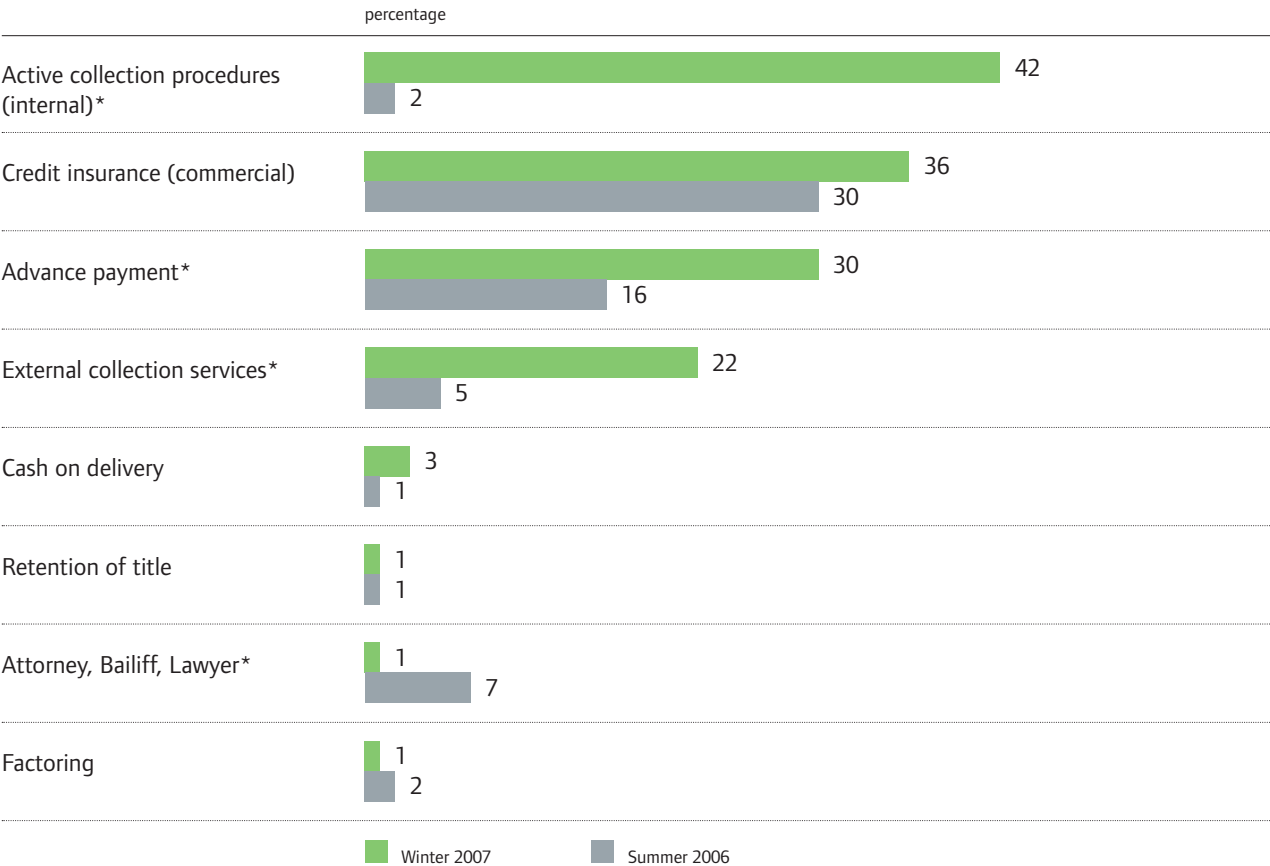
In Belgium the number of companies that make use of credit insurance has increased from a quarter of all companies in summer 2006, to nearly one third of the companies now.

Advance payment and active collection procedures are the other most frequently used measures and show an increase in use.

Protection against bad debt in France

Active collection procedures, credit insurance and advance payment are the most popular measures in France
 Active collection procedures are much more popular than in summer 2006

Which measures do you take to protect your company from bad debt?



Basis: French companies (n = 200)
 * Statistically significant change

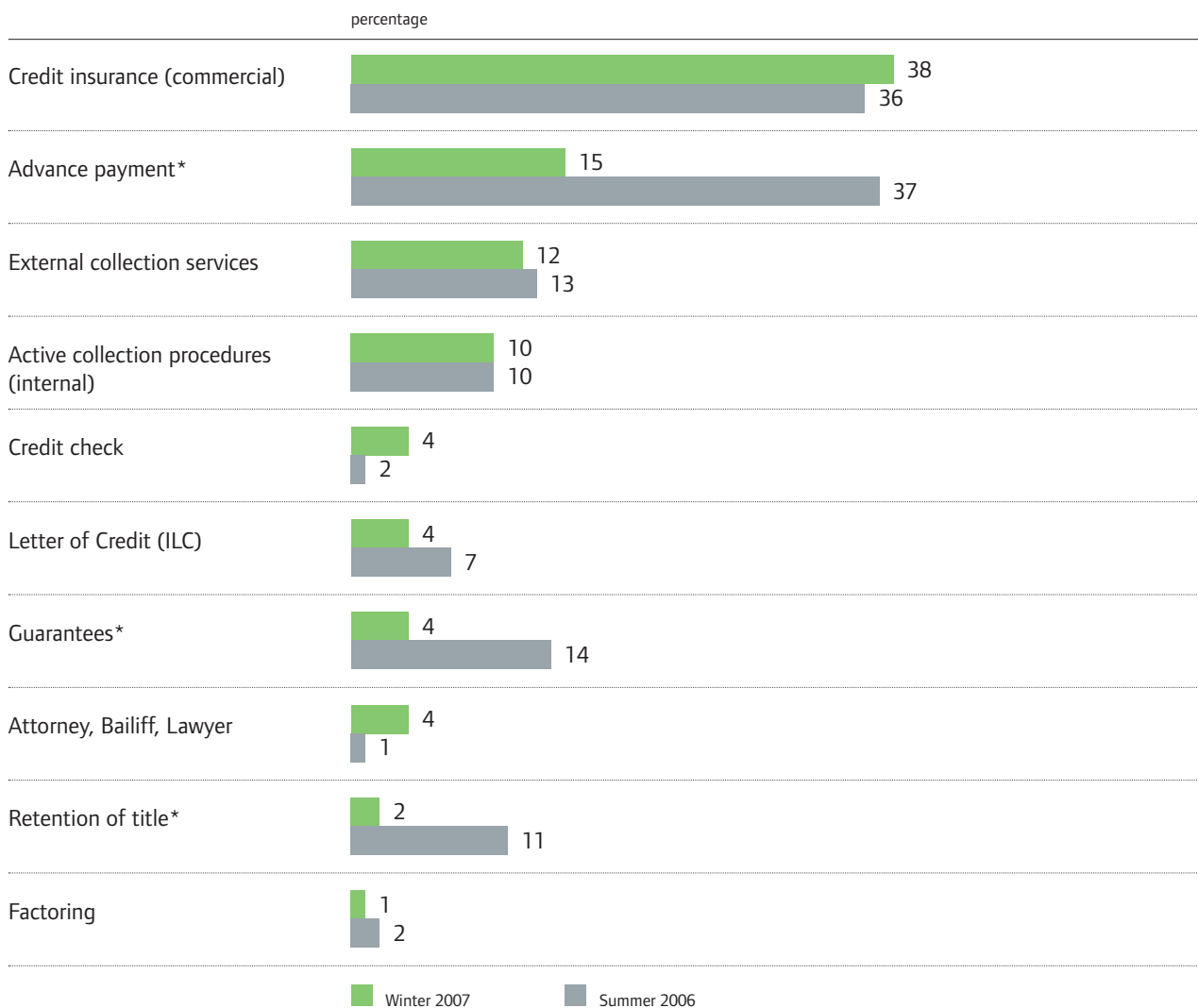
In France, the most popular measure against bad debts is an active collection procedure. Credit insurance is the second most popular measure. Advance payment and external collection procedures are also used relatively frequently.

Active collection procedures, advance payment, external collection procedures and the use of an attorney, bailiff or lawyer are also used more frequently now than last year.

Protection against bad debt in Germany

Credit insurance is most popular in Germany, advance payment less so than last year

Which measures do you take to protect your company from bad debt?



Basis: German companies (n = 198)

* Statistically significant change

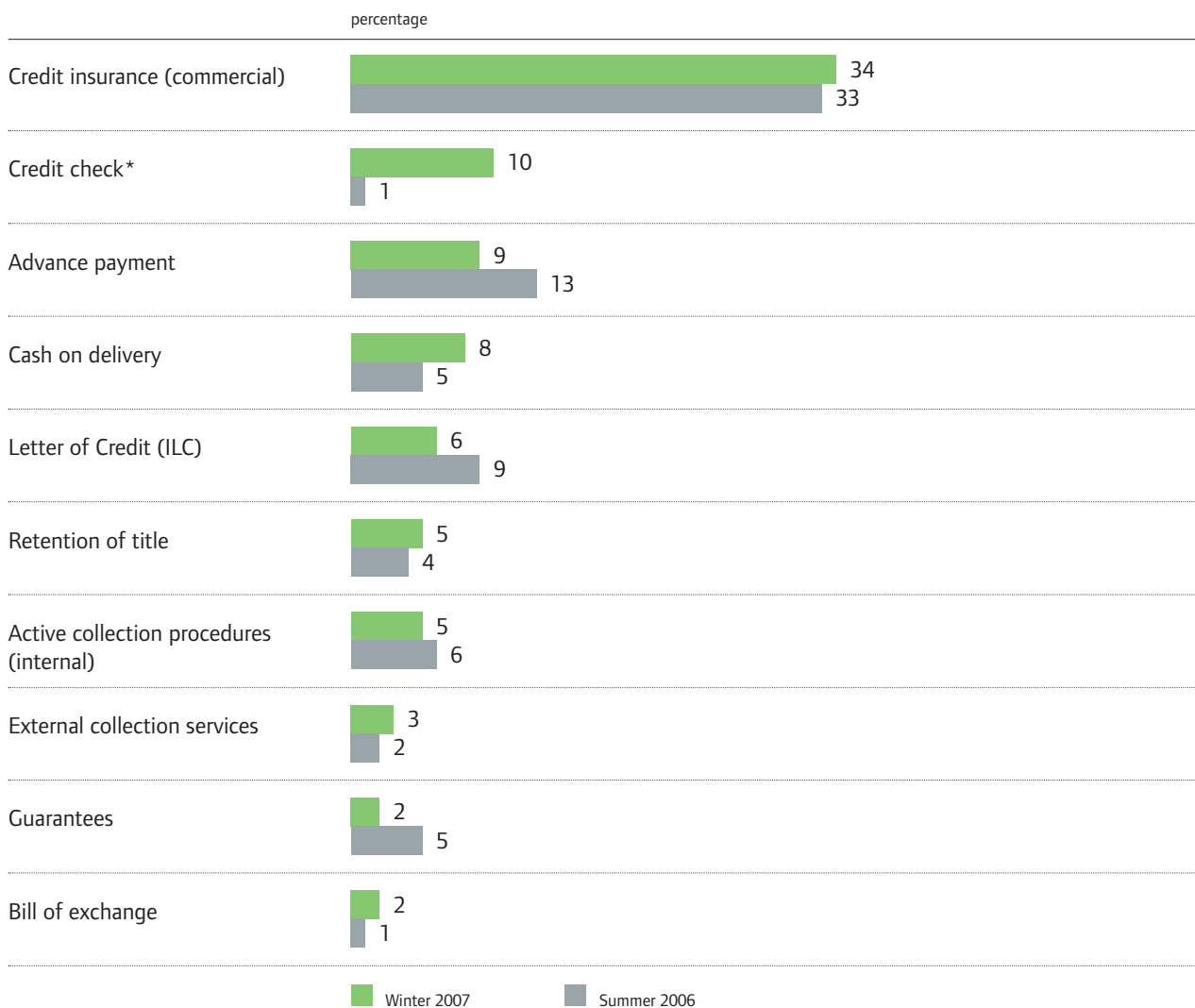
As was found earlier, credit insurance is by far the most frequently used measure against bad debt in Germany. Advance payment and external or internal collection procedures are also used quite often.

Advance payment, guarantees and retention of title have significantly decreased in popularity as measures to protect against bad debt, compared with summer 2006.

Protection against bad debt in Great Britain

Credit insurance is by far the most popular measure in Great Britain

Which measures do you take to protect your company from bad debt?



Basis: British companies (n = 200)

* Statistically significant change

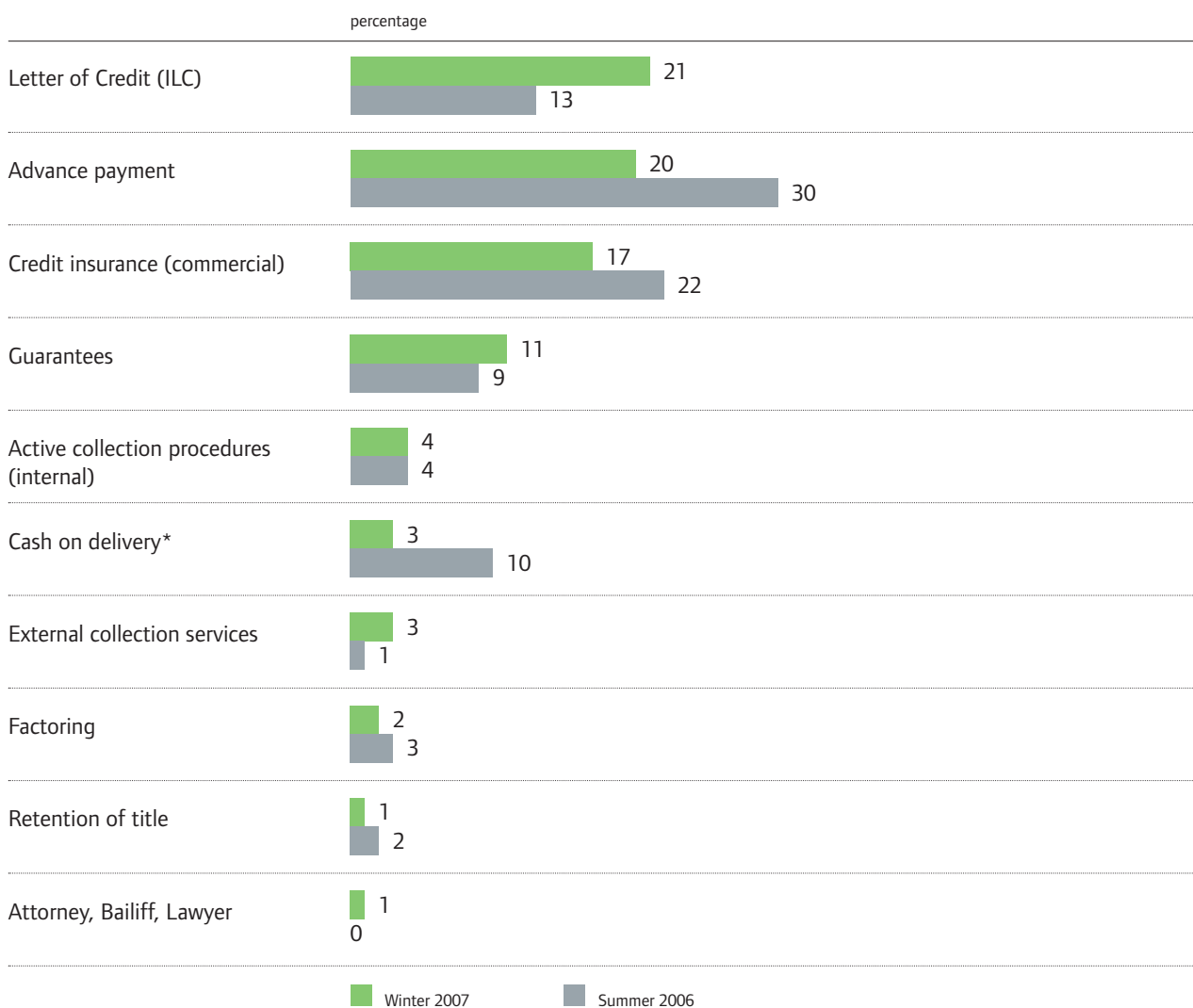
In Great Britain, the most popular measure against bad debt is, as in other countries, credit insurance. However, in contrast with other countries, companies from Great

Britain also use cash on delivery and credit checks to some degree. Credit checks have significantly increased in popularity since summer 2006.

Protection against bad debt in Italy

In Italy, a Letter of Credit, advance payment and credit insurance are the most popular measures

Which measures do you take to protect your company from bad debt?



Basis: Italian companies (n = 200)

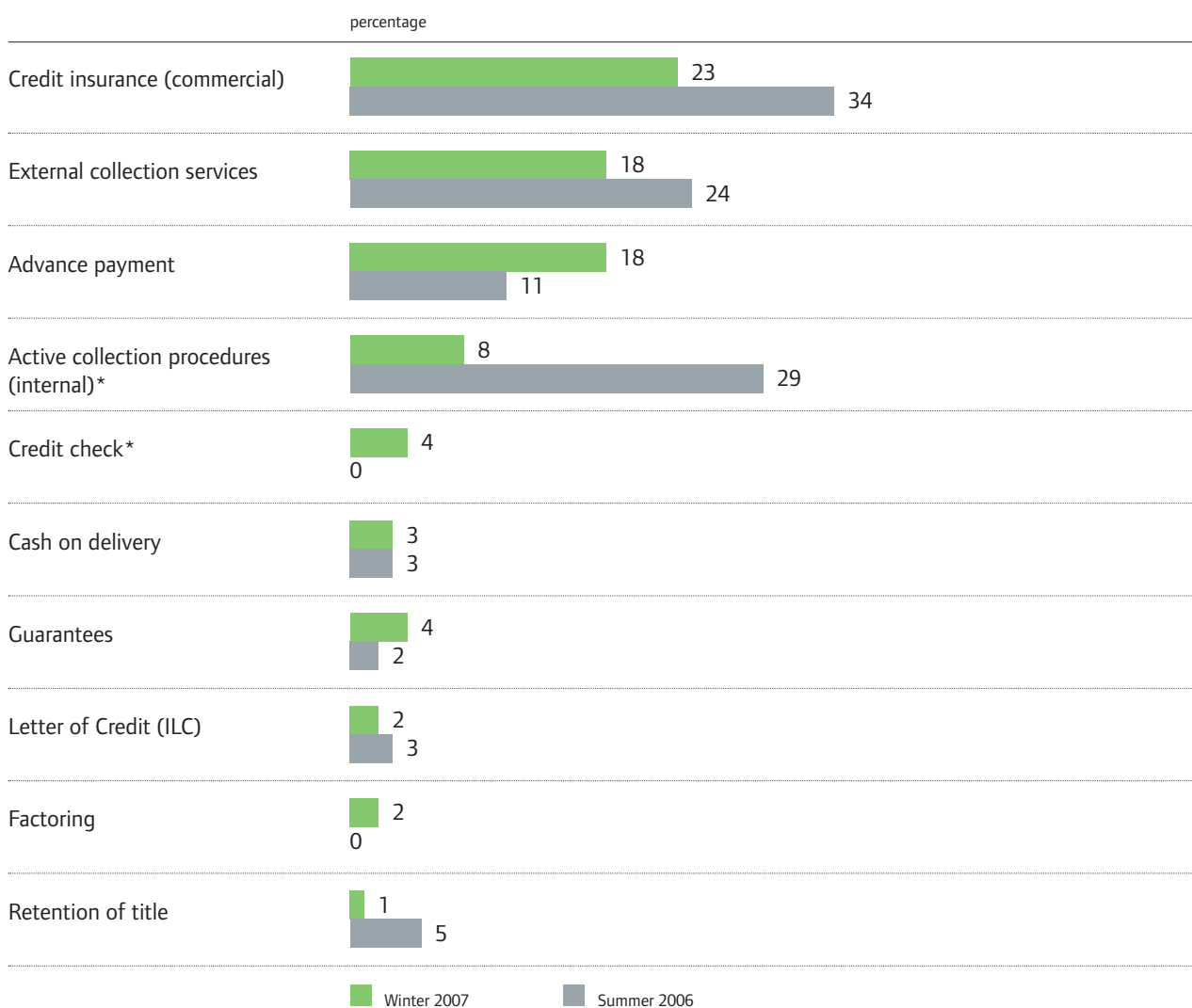
* Statistically significant change

In contrast with companies in other countries, companies from Italy predominantly use a Letter of Credit, advance payment and credit insurance as measures against bad debt.

Protection against bad debt in the Netherlands

Credit insurance, external collection procedures and advance payment are the most popular measures in the Netherlands

Which measures do you take to protect your company from bad debt?



Basis: Dutch companies (n = 200)

* Statistically significant change

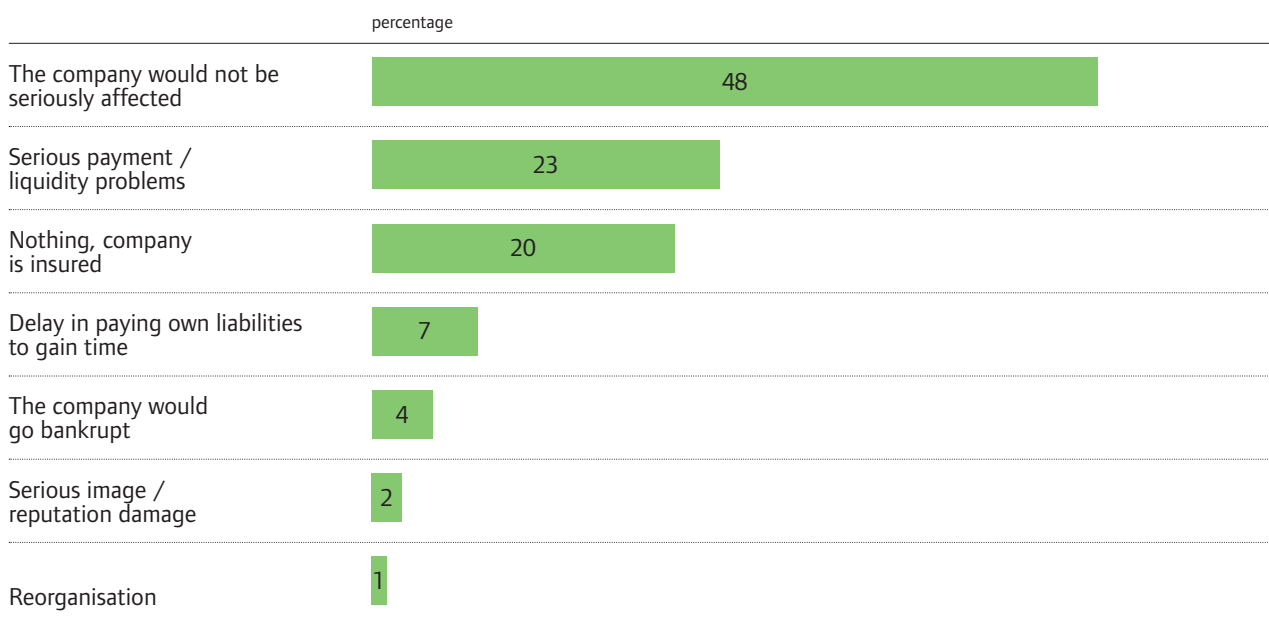
As was found earlier, the most frequently used measure in the Netherlands is credit insurance, followed by external collection services and advance payment.

Active collection procedures are used less often now, compared with summer 2006, whereas credit checks are used more.

Credit insurance and external collection appear to be less popular than in summer 2006, although the decrease is not statistically significant.

Effects of poor payment behaviour

Imagine your main customer suddenly stopped paying you for goods or services already delivered, for whatever reason. What would be the most likely effect on your company within one year?

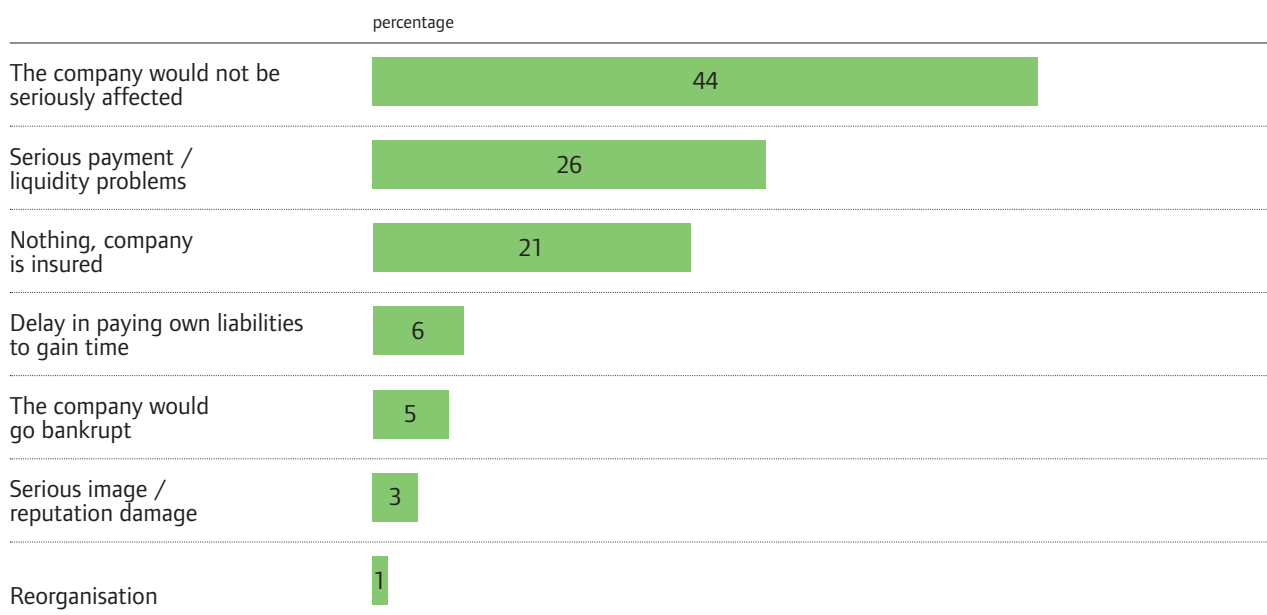


Basis: All companies (n=1,155)

Nearly half of all European companies delivered goods or services. Almost a quarter would face serious payment or liquidity problems. and one fifth are insured against their most important customer not paying for

Effects of poor payment behaviour in Belgium

Imagine your main customer suddenly stopped paying you for goods or services already delivered, for whatever reason. What would be the most likely effect on your company within one year?



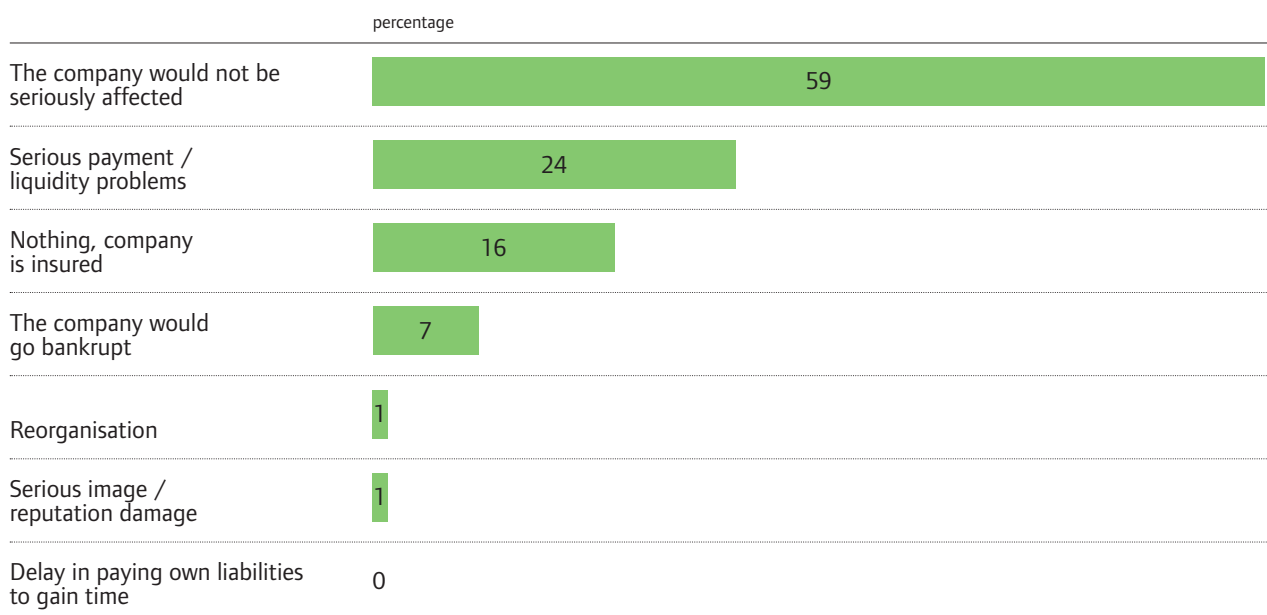
Basis: Belgian companies (n=193)

A quarter of all Belgian companies would face serious payment or liquidity problems if their most important customer stopped paying for products or services delivered.

Nearly half of Belgian companies would not be seriously affected, although one fifth are insured against this type of risk.

Effects of poor payment behaviour in France

Imagine your main customer suddenly stopped paying you for goods or services already delivered, for whatever reason. What would be the most likely effect on your company within one year?



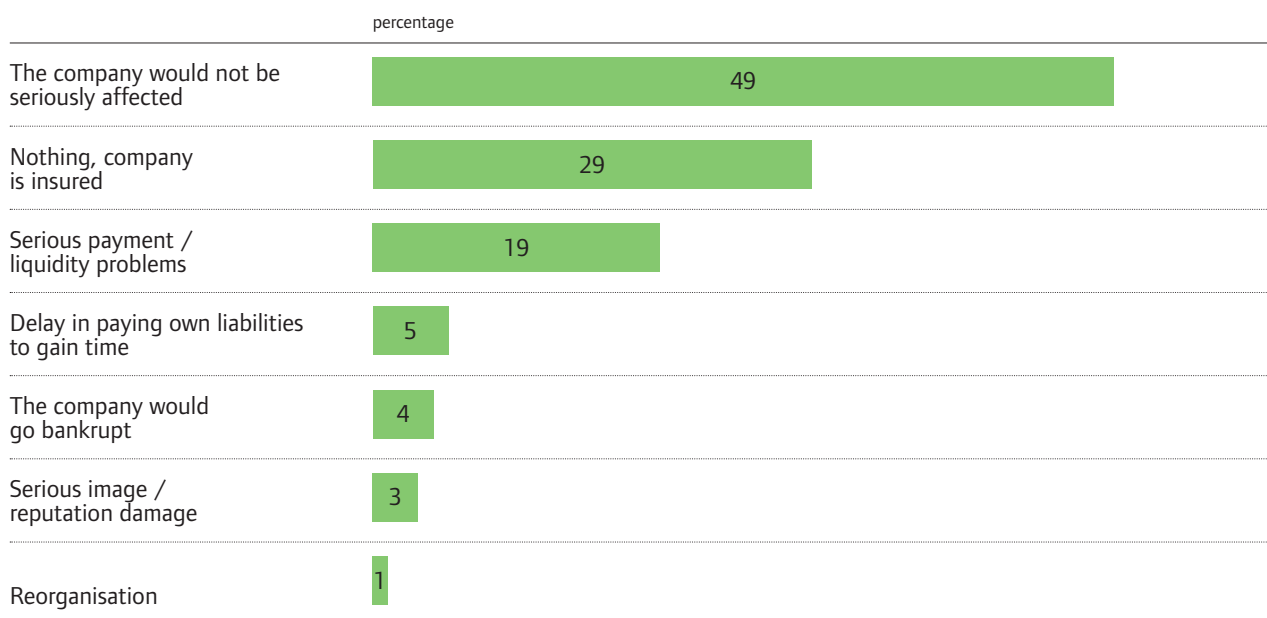
Basis: French companies (n=200)

When compared with the other countries surveyed, French companies were significantly less vulnerable in the eventuality of non-payment by

their main customer (59% vs 48% overall). Only 16% are insured against this type of risk.

Effects of poor payment behaviour in Germany

Imagine your main customer suddenly stopped paying you for goods or services already delivered, for whatever reason. What would be the most likely effect on your company within one year?



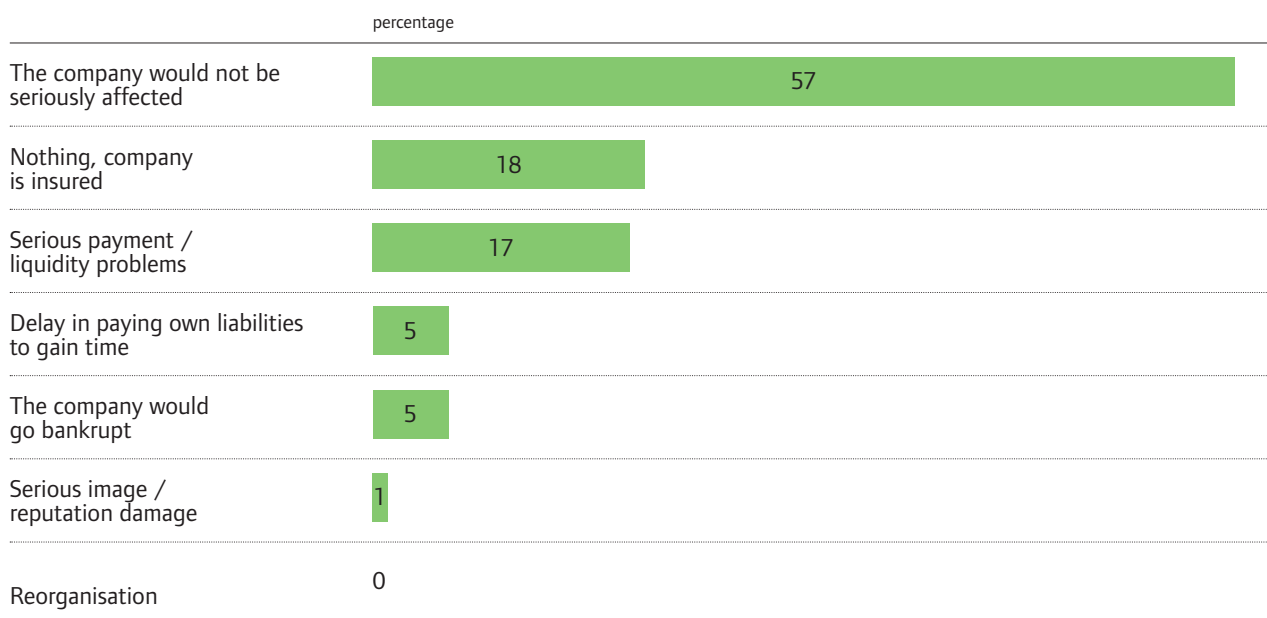
Basis: German companies (n=192)

Half of German companies would not be seriously affected if their most important customer stopped paying for goods and services delivered. In comparison to other countries a larger

proportion of German companies are insured against this type of risk (29% vs. 20% in total).

Effects of poor payment behaviour in Great Britain

Imagine your main customer suddenly stopped paying you for goods or services already delivered, for whatever reason. What would be the most likely effect on your company within one year?



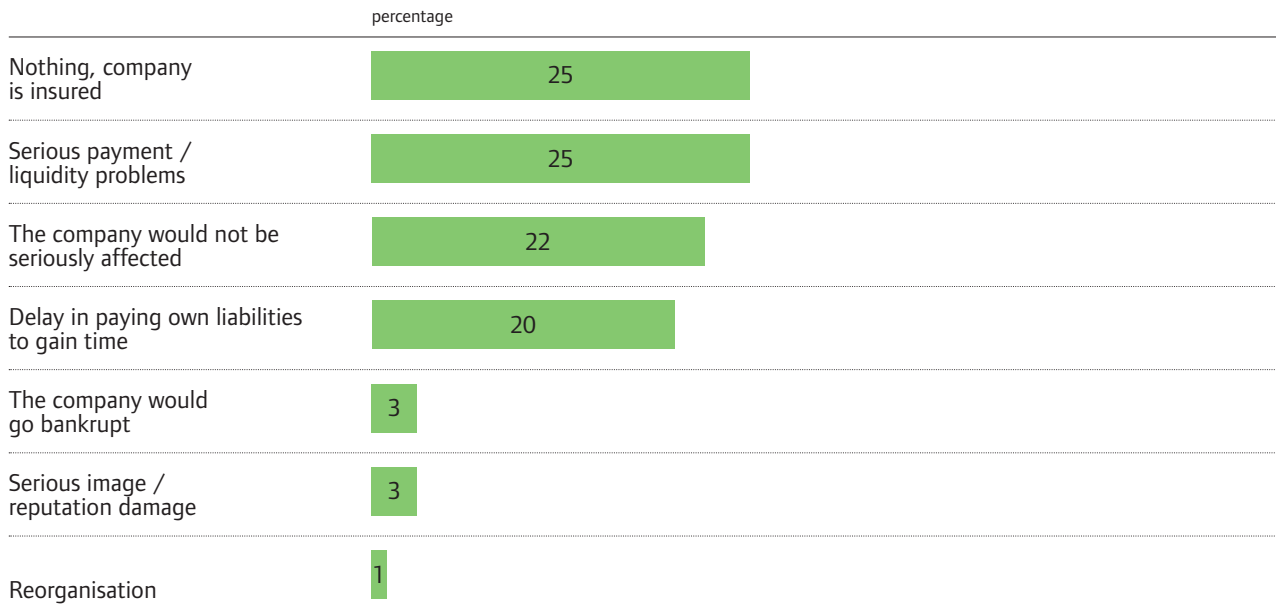
Basis: British companies (n=192)

Like French companies, British companies are, compared with most European companies, least vulnerable to their most important customer

ceasing payment for goods and services delivered (57% vs. 48% in total).

Effects of poor payment behaviour in Italy

Imagine your main customer suddenly stopped paying you for goods or services already delivered, for whatever reason. What would be the most likely effect on your company within one year?



Basis: Italian companies (n=187)

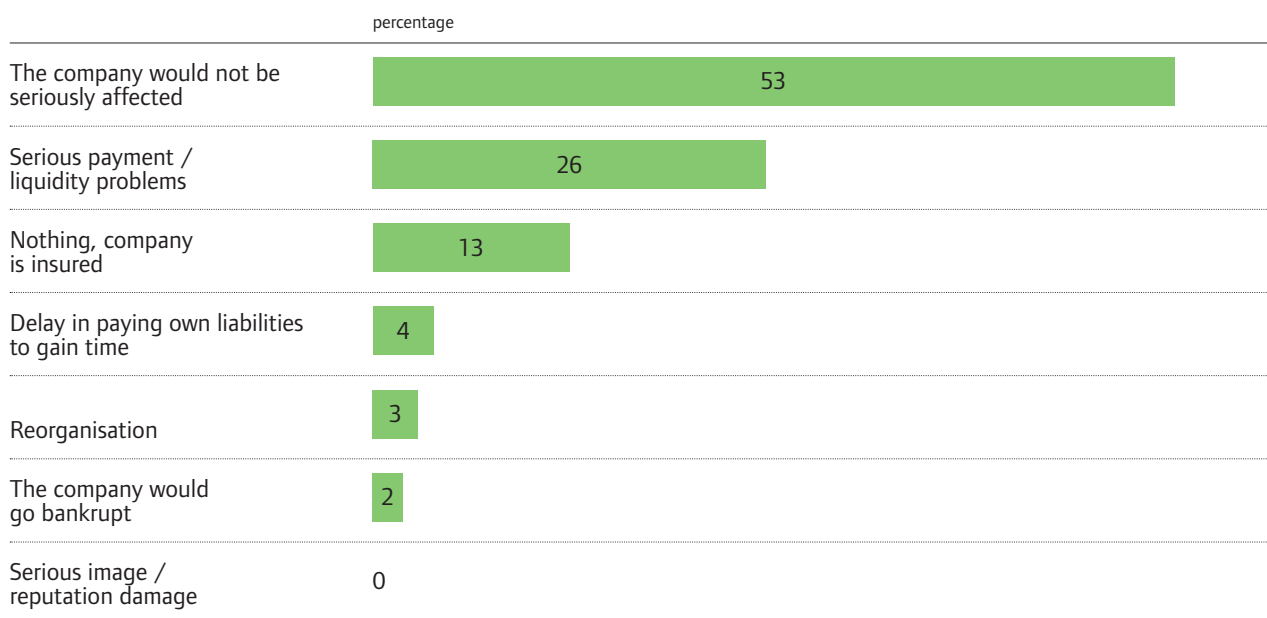
In contrast with companies from other European countries, only around one in five Italian companies thinks that they would not be seriously affected if their main customer suddenly stopped payment. An equal number stated that

the company would delay paying their own liabilities to gain time. As in other countries, a quarter of all Italian companies think the company would get into serious payment / liquidity problems. An equal proportion state

that their company is insured against this type of problem, more than most other countries involved, with the exception of Germany.

Effects of poor payment behaviour in the Netherlands

Imagine your main customer suddenly stopped paying you for goods or services already delivered, for whatever reason. What would be the most likely effect on your company within one year?



Basis: Dutch companies (n=191)

Compared with most European companies, Dutch companies are insured less often against cessation of payment by their most important customer (13% vs. 20% in total).

Proportionately, however, for the most part, they would not face serious payment or liquidity problems in this situation (53% vs. 48% in total).

Conclusions

This is what the survey results say

Credit management features

- German companies have established the most rigorous credit terms, 26 days on average, followed by the Netherlands with 28 days. Italian companies set by far the longest terms of payment with 81 days. Different credit periods per individual country or industry are now most common in Italy (74% of the companies interviewed), which is an important change since winter 2006 / 2007, when different credit periods were least common in Italy. British companies are least likely to differentiate their credit periods (43% of the companies interviewed).

Domestic payment practices

- Depending on the individual region, 30-60% of the interviewed companies assessed domestic payment behaviour to be only 'fair' or even 'poor'. Payment duration is still longest in Italy.
- As in earlier studies, domestic payment delays still occur with regularity. Non-payments are still rather rare, but only 38% of all domestic business partnerships reported no non-payments at all.
- As in winter 2006, British companies rated their national business partners highest, followed by Belgian and German companies.
- German, British, Italian and Belgian companies rated their domestic business partners' payment practices better than in summer 2006.
- Domestic payment behaviour is still perceived relatively poorly in Italy, but has improved somewhat since winter 2006.

Foreign payment practices

- Depending on the country, 15-40% of all companies assessed other countries' payment behaviour as "fair" or even "poor". British and Italian companies rated their foreign business partners very positively, which is a positive change for Italy.
- In contrast, German and Dutch companies evaluated their foreign business partners relatively critically. This may be explained by the high discrepancy between their established terms of payment and the actual time it takes for foreign companies to pay.
- As found earlier, foreign business partners of Italian companies, on average, pay faster than required by their credit period. As a result, Italian companies evaluate their international business partners very positively.

Payment practices as evaluated by international business partners

- Germany still has a comparatively positive image amongst their international business partners, with the Netherlands ranking second. The image of Belgium is less positive than in winter 2006.
- As in earlier studies, Austrian and Swiss companies continue to have a good image. Latest results show that Dutch and German companies are also now rated relatively highly.
- Poland and Belgium are rated less positively by their foreign business partners compared with previous studies. Most other countries - with the exceptions of Great Britain and Switzerland- show some improvement.
- International business partners reported increased payment delays by Polish, Belgian, North American and Austrian companies compared with winter 2006. Overall, however, delays remain relatively infrequent.
- Non-payments have generally remained infrequent over the past year. However, there has been some increase in the case of business partners from Asia, North America, Switzerland, Poland, Belgium, Austria and Great Britain.

Protection against payment risks

- More than one third of the companies interviewed take no steps to protect themselves against bad debts. Companies from France and Germany are most likely to take measures to protect themselves, where Italian businesses are the least likely. Almost one third of all companies surveyed uses Credit Insurance as a protection measure. Nearly one in six companies uses advance payment.

Effects of poor payment behaviour

- When faced with a serious payment problem from their key customer, almost half of all companies surveyed did not anticipate that this would affect them seriously. One in five companies are insured against this type of problem. Although dependant on the country involved, around one fifth to a quarter of the companies surveyed feared serious liquidity problems.

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