



Atradius Payment Practices Barometer 2024



B2B payment practices trends

# Bulgaria

Payment terms relaxed despite  
rise in customer credit risk





## About the Atradius Payment Practices Barometer

The Atradius Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world.

Our survey provides us with the opportunity to hear directly from companies polled about how they are coping with the impact of the current challenging economic and trading environment on payment behaviour of their B2B customers. This can give valuable insights into how businesses are paid by their B2B customers, and how they tackle the pain points caused by poor payment practices.

The findings about what measures are undertaken to fund a sudden need for cash, and what credit management tools they use to mitigate the risk of long-term cash flow problems, may also be valuable information in helping understand how companies respond to the crucial issue of late or non-payment in the current uncertain times.

However, the survey also has a strong focus on the challenges and risks that companies polled believe they will encounter during the coming months, and their expectations for future business growth.

The results of our survey can supply useful insights into the current dynamics of corporate payment behaviour in B2B trade, and identify emerging trends that may shape its future. This can be extremely useful to companies doing business, or planning to do so, in the markets polled.

In this report, you will find the survey results for Bulgaria.

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



## In this report

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B2B payment practices trends <b>Payment terms relaxed despite rise in customer credit risk</b>	4
Key figures and charts	5
<hr/>	
Looking ahead <b>Cybersecurity risks and low profits top wide range of worries</b>	6
Key figures and charts	7
<hr/>	
Survey design	8

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## B2B payment practices trends

### Payment terms relaxed despite rise in customer credit risk

Companies in Bulgaria are relaxing their payment terms offered to B2B customers to support their commercial policies in trading on with B2B customers. This is clear from our survey which finds that 41% of businesses are extending notably longer payment terms than last year as they try to retain a competitive advantage in challenging markets. A similar percentage of companies show no significant change in payment terms extended to B2B customers, and overall terms now average 49 days from invoicing. The Bulgarian chemicals industry is most inclined to trade on credit with 48% of sales currently being transacted this way. The overall figure across all sectors averages 42% of sales made on credit.

The strategy of offering more lenient payment terms is being taken despite a deterioration in B2B customer payment behaviour. 42% of businesses in our survey of Bulgaria report a worsening of payment practices, with an average of three in five B2B invoices currently overdue. The chemicals and steel/metals sectors are being hardest hit, with chemicals companies waiting on average more than three months past due to collect payments. The level of bad debts is also rising, now amounting to 10% of all B2B invoiced sales, a significant increase on the previous year. The Bulgarian agri-food industry is most acutely affected, and is responding by slowing down payments to suppliers. This approach is also being used in the steel/metals sector, whereas chemicals companies are mostly delaying investment plans.

To help manage cashflow and bridge liquidity gaps resulting from customer credit risk, many companies in Bulgaria look to trade credit as a vital source of funding, particularly across the chemicals sector. Overall, three in five businesses say bank credit remains the primary source of funding, while others also pursue invoice financing as an alternative. Alongside this our survey finds that four in five companies prefer in-house retention and management of customer credit risk. However, once again, the Bulgarian chemicals industry is taking a different approach, complementing in-house operations by outsourcing credit risk management to an insurance company. The use of letters of credit remains a highly popular further option among Bulgarian businesses, especially for export transactions on credit.

Another important finding of our survey is widespread concern across all sectors in Bulgaria about Days-Sales-Outstanding (DSO). 42% of companies report a significant

### Key survey findings

- An average 42% of B2B sales are currently being made on credit by companies in our survey of Bulgaria, which shows no significant change from the previous year. The chemicals sector is most inclined, with 48% of B2B sales being transacted on credit.
- To support their commercial policy on credit Bulgarian businesses are offering more relaxed payment terms to B2B customers. 41% of companies are extending longer terms and a similar percentage show no change. Terms average 49 days from invoicing.
- 42% of companies in Bulgaria report a deterioration in B2B customer payment practices, with three in five invoices currently overdue. Bad debts are rising significantly, now standing at 10% of all B2B sales, the agri-food sector most affected.
- Trade credit is a vital source of funding to help Bulgarian businesses with cashflow issues, especially in the chemicals industry. Despite this nearly 60% of companies say bank credit is their primary source of finance, with invoice financing also popular.
- In-house retention and management of customer credit risk is the preferred option of four in five businesses in Bulgaria. However, the chemicals sector is taking a different approach, complementing this with outsourcing the issue to insurance companies.
- A significant deterioration in Days-Sales-Outstanding (DSO) is being experienced by 42% of companies in Bulgaria, and this decline in payment collection efficiency is affecting financial health. Proactive measures are helping to shorten DSO for some businesses, particularly in the chemicals industry.

deterioration in debt collection efficiency during the past year, and these backlogs of long overdue payments have serious potential impact on the financial health of businesses. The worsening of debt collection efficiency is particularly being felt in the Bulgarian steel/metals industry. Many companies are now taking proactive measures to manage and improve their DSO, and this is having a beneficial effect especially in the chemicals sector, in which there is no significant change in debt collection efficiency.

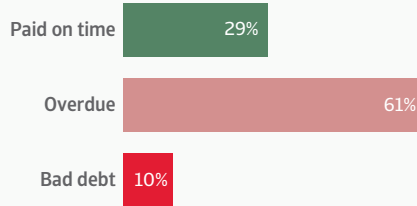
**Key figures and charts on the following pages**



# Bulgaria

## Bulgaria

% of the total value of B2B invoices paid on time, overdue and bad debt

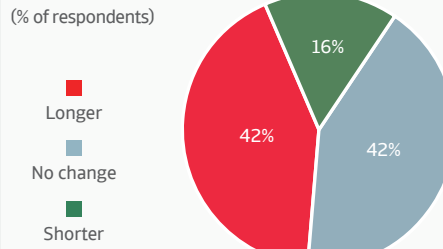


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Bulgaria – 2024

## Bulgaria

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



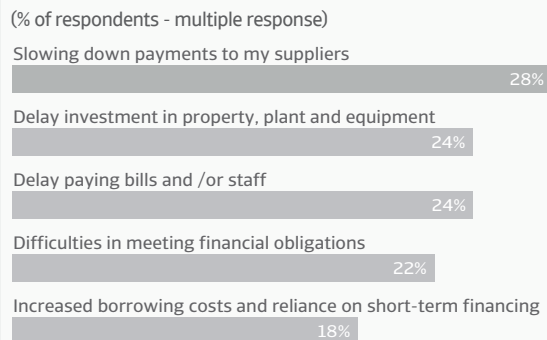
\*average amount of time to get paid from B2B customers

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Bulgaria – 2024

## Bulgaria

Over the past 12 months, have late payments from your B2B customers led your company to experience any of the following situations?



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Bulgaria – 2024

## Bulgaria

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

- 58% Bank loans
- 31% Trade credit
- 28% Invoice financing
- 11% Internal funds

(% of respondents - multiple response)

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Bulgaria – 2024

## Looking ahead

### Cybersecurity risks and low profits top wide range of worries

Among a wide range of worries troubling companies in our survey of Bulgaria, the main concern which stands out above all is cybersecurity risks. This is felt across all sectors in both the short-term and long-term, with specific anxiety about threats to data integrity and confidentiality as well as the potential disruption to business operations which could be caused by cyberattacks. Another key concern is the lack of a skilled workforce and the difficulty in attracting and retaining talent, particularly felt in the chemicals sector. This may be a reflection of the falling number of working age people in Bulgaria.

Many other concerns are expressed by businesses in Bulgaria. These include the issue of regulatory compliance and the impact of changes in government policies as well as ongoing financial constraints, which are especially affecting the chemicals industry. Intense competition in their markets, meanwhile, is a particular anxiety for the Bulgarian agri-food sector. The increasing emphasis on environmental and sustainability issues is also a specific long-term worry for both the chemicals and agri-food industries. Across all sectors there is apprehension about the health of the domestic economy, the impact of currency fluctuations on international trade, and difficulties in expanding the customer base of companies due to ineffective sales efforts.

The prospects for profitability in the year ahead are also a cause of anxiety for companies in our survey of Bulgaria. Only 38% of businesses say they expect improved profits during the coming months, suggesting a widespread lack of confidence. This is particularly notable in the chemicals industry, which also anticipates no significant change in demand for its products and services through the coming year. Overall, however, 61% of companies in Bulgaria tell us they expect an increase in demand, with the agri-food and steel/metals sectors leading this more optimistic mood.

There is also a notable pessimism about the outlook for B2B customer payment behaviour among Bulgarian businesses. Nearly 40% of companies tell us they expect a deterioration in B2B payment practices during the year ahead, especially in the agri-food and steel/metals industries. A similar percentage anticipate no significant change in payment

### Key survey findings

- Cybersecurity risks are the main concern for Bulgarian companies in our survey, both in the short-term and long-term. They express worry about data integrity and confidentiality and disruption from cyberattacks. The lack of a skilled workforce is also a widespread anxiety.
- Another major worry surrounds the issue of regulatory compliance and the impact of changes in government policies. This is particularly felt in the Bulgarian chemicals sector. The agri-food industry expresses a specific apprehension about intense competition.
- Among a wide range of concerns there is the health of the domestic economy, the impact of currency fluctuations and difficulties in expanding the customer base. Environmental and sustainability issues are worries in the Bulgarian agri-food and chemicals industries.
- 61% of companies in Bulgaria say they expect increasing demand for their products and services during the year ahead, with particular confidence in agri-food and steel/metals sectors. Only 38% of businesses, though, express optimism about improved profits.
- There is more negativity about the prospects for B2B customer payment behaviour in our survey of Bulgaria. Nearly 40% of companies say they are pessimistic about payment practices in the year ahead, while a similar percentage anticipates no change.
- A deterioration in Days-Sales-Outstanding (DSO) during the coming months is expected by 42% of Bulgarian businesses, the pessimism most acutely felt in the steel/metals industry. The majority of the remainder anticipate an improvement in DSO rather than no change.

behaviour, particularly across the chemicals sector. Our survey finds that companies in Bulgaria are also less than optimistic about the prospects for Days-Sales-Outstanding (DSO). 42% of businesses expect a worsening of debt collection efficiency in the year ahead, although more of the remainder say they anticipate an improvement in DSO rather than no significant change.

### Key figures and charts on the following pages

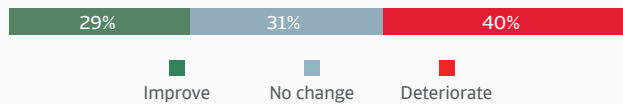


# Bulgaria

## Bulgaria

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

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Bulgaria – 2024

## Bulgaria

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

(% of respondents)



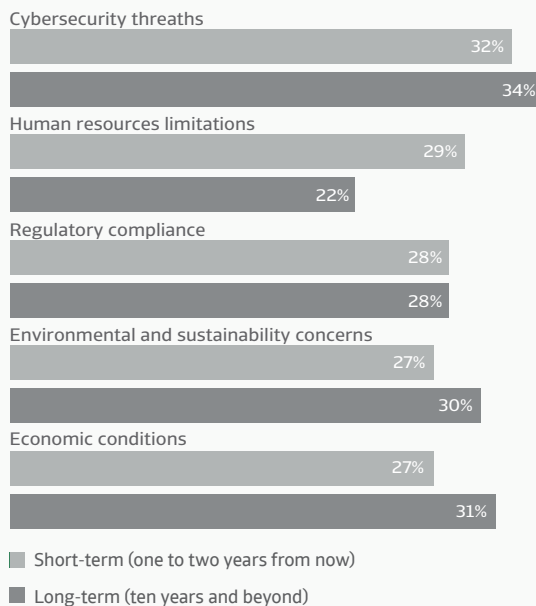
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Bulgaria – 2024

## Bulgaria

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Bulgaria – 2024

## Bulgaria

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

- 24% Improve
- 31% No change
- 45% Deteriorate

(% of respondents)

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Bulgaria – 2024

## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Bulgaria are the focus of this report, which forms part of the 2024 edition of the Atradius Payment Practices Barometer. A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 226 interviews in total. All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from Bulgaria were surveyed, and the appropriate contacts for accounts receivable management were interviewed
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us to compare data referring to a specific sector crossed by each of the economies surveyed.
- **Selection process:** Companies were selected and contacted by use of an international Internet panel. A screening for the appropriate contact, and for quota control, was conducted at the beginning of the interview.
- **Sample:** N=226 people were interviewed in total. A quota was maintained according to four classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: The survey was conducted between the end of Q1 and the beginning of Q2 2024. The findings should therefore be viewed with this in mind.

### Sample overview – Total interviews = 226

Business sector	Interviews	%
Manufacturing	202	89
Wholesale trade	16	6
Retail trade/Distribution	6	3
Services	2	2
<b>TOTAL</b>	<b>226</b>	<b>100</b>
Business size	Interviews	%
SME: Small enterprises	48	21
SME: Medium enterprises	74	33
Medium Large enterprises	73	32
Large enterprises	31	14
<b>TOTAL</b>	<b>226</b>	<b>100</b>
Agri-Food	71	31
Chemicals	79	35
Steel/metals	76	34
<b>TOTAL</b>	<b>226</b>	<b>100</b>

### Methodological note

Last year different sectors were included in the survey for Bulgaria. This makes year-on-year comparisons unfeasible for certain topics for the current year. For a detailed overview of last year's survey results for Bulgaria, please refer to the specific report available on the [Atradius website](#).

## Interested in finding out more?

Please visit the [Atradius](#) website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

Follow us to stay up to date with our latest releases by [subscribing](#) to notifications of our Publications, and receive weekly emails with alerts to when new reports are published.

To find out more about B2B receivables collection practices in Bulgaria and worldwide, please visit [atradiuscollections.com](#).

For Bulgaria please visit [atradius.bg](#)

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