



Atradius Payment Practices Barometer 2024



B2B payment practices trends

Czech Republic

Trade credit risk surges amid evolving economic dynamics





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 the Czech Republic.

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.



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B2B payment practices trends

Trade credit risk surges amid evolving economic dynamics

Almost 90% of companies in the Czech Republic say they are open to including trade credit in their sales strategy for B2B customers, but there is a widely differing approach in practice across the various industries in our survey. Three-quarters of all sales to B2B customers in the are currently being transacted on credit, a significant increase on the previous year, mainly to maintain competitive advantage in a challenging commercial environment. This strategy is being supported by businesses in the chemicals industry offering notably more lenient payment terms to their B2B customers. In contrast, less than 40% of B2B sales are being made on credit in the Czech construction and steel-metals sectors. Payment terms across all industries now average 58 days from invoicing.

A rise in customer credit risk among businesses in the Czech Republic is evident in our survey. Bad debts written off as uncollectable are surging upwards and now stand at a staggering 12% of all B2B sales. Construction and steel-metals companies are hardest hit, with the potential for significant impact on financial health and profitability of the business. Late payments show a relatively small increase, suggesting stabilisation to a post-pandemic normal. An average of three-in-five B2B invoices are currently paid late, with the Czech chemical sector most affected as they wait an average of three months past due to collect payments from B2B customers. The main factors in delayed payments are invoice disputes and inefficiencies in the payment process.

More than one-third of companies in our survey of the Czech Republic tell us they are slowing down payments to their own suppliers in order to avoid liquidity bottlenecks due to the impact of late payments and bad debts. However, this strategy increases the risk that payment difficulties faced by one business may spread more broadly through the industry. Another widespread reaction to late payments is for companies to delay investment in property, plant and equipment, which is particularly seen in the construction sector. While around 50% of Czech companies tell us they have relatively stable Days-Sales-Outstanding (DSO), a majority of the rest report worsening of their debt collection efficiency, with a potentially negative impact on their financial health.

To bridge potential liquidity gaps being caused by an increase in customer credit risk 46% of businesses in the Czech Republic tell us they are requesting trade credit from suppliers as a source of funding. They say this is an important alternative to bank credit during a period of increased

Key survey findings

- Overall 46% of all B2B sales are being transacted on credit by Czech companies, but there are clear differences between sectors. Three-quarters of all B2B sales are on credit in the chemicals industry, but less than 40% in construction and steel-metals.
- More than one-third of Czech businesses are offering longer payment terms to B2B customers, particularly in the chemicals sector. The majority of companies are showing no change from last year, with average payment terms at 58 days from invoicing.
- There is a slight increase in late payments, which now affect 60% of all B2B sales in the Czech Republic. Chemicals companies are the hardest hit, collecting payment three months past the due date. Bad debts are rising, now at 12% of all B2B sales, with the construction and steel-metals sectors most affected.
- To avoid liquidity bottlenecks more than one-third of Czech businesses in our survey are responding by delaying payments to their own suppliers, with the risk of a domino effect through industries. Another strategy is delaying investment plans.
- 46% of Czech companies request trade credit from suppliers as a source of short-term funding to ease cashflow issues, with invoice financing also popular. Three-in-five businesses seek trade credit insurance to complement in-house management of customer credit risk.
- No significant change in Days-Sales-Outstanding (DSO) is reported by 50% of companies in our survey of the Czech Republic. The majority of the remainder see a worsening of DSO, especially in the chemicals sector, with a negative impact on financial health.

interest rates. To maintain good cashflow a similar percentage of companies also look to invoice financing. Another important finding of our survey is that Czech businesses are proactively taking credit risk management measures. They majority favour in-house retention and management of customer credit risk, but a significant three-in-five companies complement this with outsourcing to an insurance provider. Factoring, securitisation and letters of credit are also popular credit risk management tools used by Czech companies.

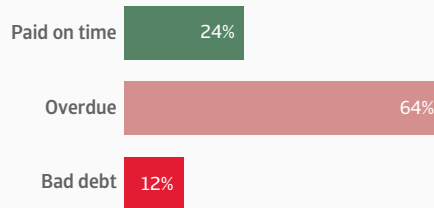
Key figures and charts on the following pages



Czech Republic

Czech Republic

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

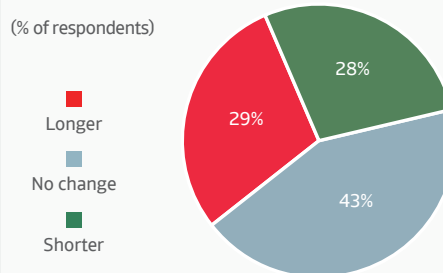


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Czech Republic – 2024

Czech Republic

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



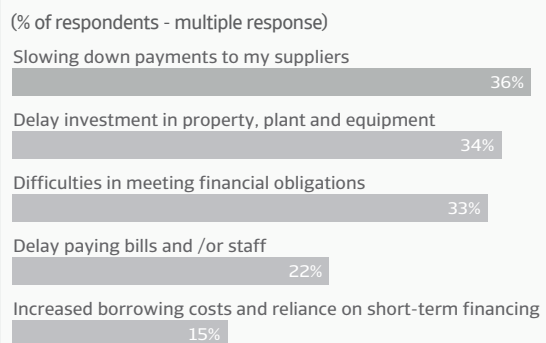
*average amount of time to get paid from B2B customers

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Czech Republic – 2024

Czech Republic

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 Czech Republic – 2024

Czech Republic

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

- 46% Trade credit
- 43% Invoice financing
- 35% Bank loans
- 20% Internal funds

(% of respondents - multiple response)

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Czech Republic – 2024

Looking ahead

Rising insolvency risk and state of domestic economy spark concern

A clear finding of our survey is that the state of domestic economy is the predominant concern for businesses in the Czech Republic, both in the short-term and long-term. There is widespread anxiety about the pace and stability of economic recovery, although this is most acutely felt in the construction sector. Another factor contributing to an uneven trajectory of recovery is that external demand remains relatively weak. Both the construction and chemicals industries in the Czech Republic also express strong anxiety about compliance with environmental regulations and the impact that an increasing emphasis on sustainable business practices could have on their operations.

Several other worries are evident as Czech companies look to the future. Cybersecurity threats are a major concern as digitalisation continues to permeate various aspects of business operations, and there is also apprehension about the risk of cyberattacks. There is further anxiety about potential financial constraints and liquidity shortages, with one key consideration being the availability and cost of financing, including bank loans and other forms of external funding. This could impact on investment plans and hinder growth initiatives. Customer acquisition challenges is an additional concern, particularly in the Czech steel-metals sector, with difficulties in expanding the customer base and ineffective sales.

There is widespread anxiety among companies in the Czech Republic about a potential deterioration of insolvency risk in the year ahead. More than 70% of the businesses express this pessimistic verdict, which perhaps reflects dynamics of the Czech economic environment, as well as the financial constraints and cashflow issues which continue to cause strong concern across all sectors. This significant level of negativity about insolvency risk is evident despite a more optimistic mood about the prospects for B2B payment practices. 44% of businesses, especially in the chemicals sector, expect an improvement, and a similar percentage anticipate no change in B2B customer payment behaviour.

More optimism is found in survey about the outlook for demand and profitability among Czech companies. 60% of businesses tell us they expect an increase in demand for products and services during the year ahead, although there

Key survey findings

- The state of the domestic economy is the major concern for companies in our survey of the Czech Republic, both in the short-term and long-term. This is most acutely felt in the construction sector, compounded by anxiety about environmental and sustainability issues.
- Cybersecurity risks are another clear worry amid the digitalization of the Czech economy. Potential financial constraints such as the availability and costs of external funding is another concern along with customer acquisition challenges.
- A significant 60% of Czech companies say they are optimistic about improved demand for their products and services in the year ahead. 20% of businesses expect a fall in demand, with the chemicals sector most pessimistic.
- Businesses in the Czech chemicals industry are also express most negativity about the outlook for profitability. Overall, half of the companies in our survey anticipate improved profits during the coming months, while 25% expect a worsening.
- There is cautious optimism about the prospects for B2B customer payment behaviour, with 44% of Czech companies expecting improvement and a similar percentage seeing no change. The majority of businesses foresee no significant change in Days-Sales-Outstanding (DSO).
- More than 70% of businesses in our survey of the Czech Republic tell us they expect a potential deterioration of insolvency risk during the year ahead. This reflects the financial constraints and cashflow issues being experienced by many companies.

is a degree of pessimism in the chemicals sector. An improvement in profits is anticipated by around half of the companies in our survey, and while many others foresee stability there is again some negativity expressed in the Czech chemicals industry. The majority of businesses say they expect Days-Sales-Outstanding (DSO) to remain stable during the coming months, although some deterioration in payment collection efficiency is anticipated in the steel-metals sector.

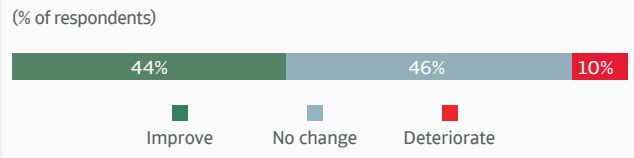
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Czech Republic

Czech Republic

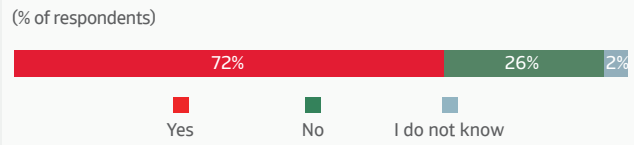
Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Czech Republic – 2024

Czech Republic

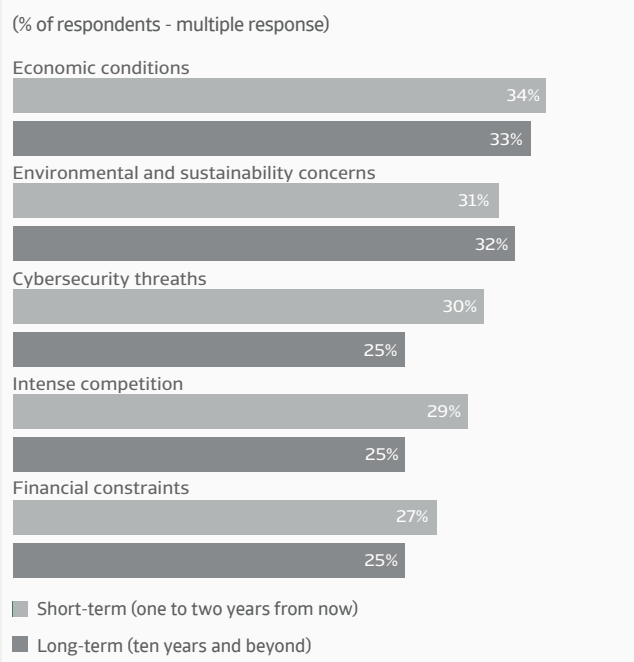
Do you see an increased insolvency risk for your customers in the next 12 months?



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Czech Republic – 2024

Czech Republic

Looking ahead: top 5 concerns expressed by businesses polled



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Czech Republic – 2024

Czech Republic

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

- 36% Improve
- 47% No change
- 17% Deteriorate

(% of respondents)

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Czech Republic – 2024

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in the Czech Republic 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 212 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from the Czech Republic 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=212 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 = 212

Business sector	Interviews	%
Manufacturing	84	40
Wholesale trade	65	30
Retail trade/Distribution	47	22
Services	16	8
TOTAL	212	100
Business size	Interviews	%
SME: Small enterprises	42	20
SME: Medium enterprises	69	33
Medium Large enterprises	71	33
Large enterprises	30	14
TOTAL	212	100
Agri-Food	55	26
Construction	80	38
Consumer Durables	77	36
TOTAL	212	100

Methodological note

Last year different sectors were included in the survey for the Czech Republic. 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 the Czech Republic, 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 the Czech Republic and worldwide, please visit [atradiuscollections.com](#).

For Czech Republic please visit [atradius.cz](#)

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