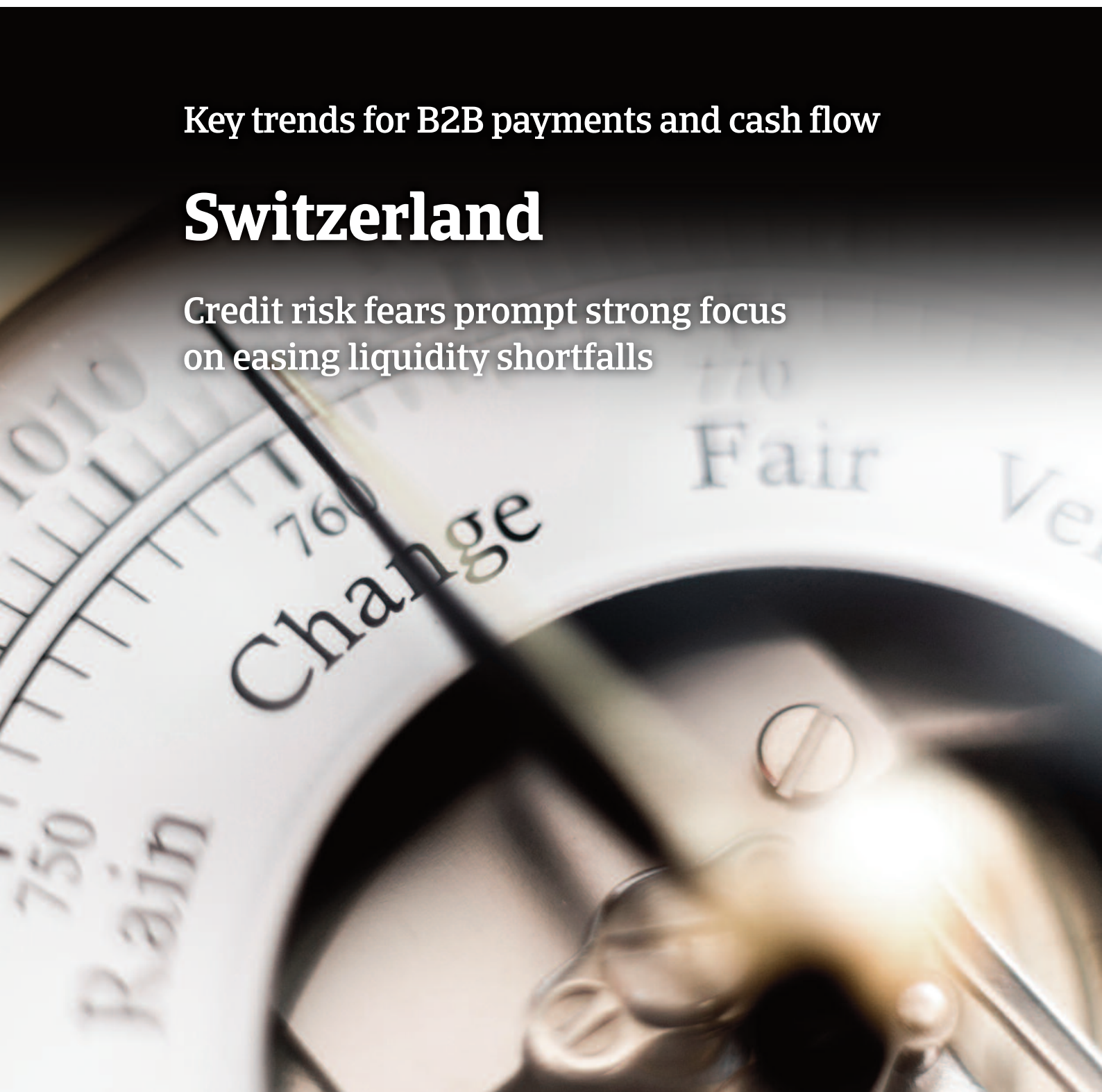




Key trends for B2B payments and cash flow

# Switzerland

Credit risk fears prompt strong focus  
on easing liquidity shortfalls



## 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 Switzerland.

The survey was conducted between the end of Q1 and the beginning of Q2 2023, and findings should therefore be viewed with this in mind.





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# B2B payment trends and cash flow

## Credit risk fears prompt strong focus on easing liquidity shortfalls

A more risk averse approach to trade credit policy among Swiss companies was a clear finding of our survey. This was reflected in a sharp downward trend of B2B sales made on credit, now averaging 45% of all B2B sales, down from 51% last year. Only the machinery sector bucked this trend, with its more dynamic policy on export sales. The general heightened perception of customer credit risk also prompted Swiss businesses polled to shorten payment terms granted to B2B customers. These now average 28 days from invoicing, with only steel-metals companies having a more relaxed approach to stay competitive.

Swiss companies were significantly hit by payment delays and bad debts, largely attributable to the phasing out of government support and bankruptcy of zombie firms. Invoice disputes and liquidity problems among B2B customers were the main causes of these payment issues. Late payments now affect 60% of all B2B invoiced sales, up from 45% last year, and currently stand at an average of 46 days from invoicing. An upward trend of bad debts written off as uncollectable affected the Swiss steel-metals industry in particular. This caused bad debt levels to rise sharply, affecting an average of 11% of all B2B sales, up from 6% last year. It highlights why the steel-metals sector reported a significant uptake in using credit insurance, enabling a more lenient trade credit policy to remain competitive and deliver a marked improvement in Days-Sales-Outstanding (DSO).

In response to a sharp deterioration of credit risk in B2B trade, a range of other measures were also used by businesses polled in Switzerland to maintain liquidity. Many companies told us they sought external finance mainly by borrowing through trade credit, while some in the machinery sector postponed investment plans and others in electronics/ICT industry slowed down payments of bills and/or staff.

Around three-quarters of companies polled in Switzerland said they opted to mitigate trade credit risk through in-house retention and management of the issue. This policy of setting aside a contingency fund to cover unexpected losses was particularly prevalent in the machinery sector. Across other sectors of the Swiss market, a significant number of businesses polled said they chose to reduce exposure to risk of payment default, and free up working capital, through the tool of securitization. As already noted, the benefits of using credit insurance were taken up in the steel-metals sector.

## Key survey findings

- Sales on credit decreased among Swiss companies due to a more risk averse approach to trade credit policy. They now stand at an average of 45% of all B2B sales, down from 51% last year. The machinery sector stood out as having a more dynamic strategy.
- The risk averse attitude found among Swiss businesses polled was also reflected by a decision to shorten payment terms granted to B2B customers. The average payment term is now 28 days.
- These changes were prompted by a significant worsening of credit risk arising from B2B trade. There was a 33% rise in payment delays, with 41% of companies polled reporting a significantly longer wait to collect payments from B2B customers.
- Bad debts showed a huge increase, affecting up to 11% of all B2B sales, with particular impact on the steel-metals industry. Companies in that sector responded by switching to credit insurance, a change which helped to improve their Days-Sales-Outstanding (DSO).
- The most popular method for Swiss companies to get short-term liquidity was requests for trade credit, 63% doing so. Other measures to improve cashflow included postponing investment plans and delaying payment of bills and/or staff.
- In-house retention and management of customer credit risk was preferred by 74% of businesses polled, especially in the machinery sector. Other companies reported a desire to use securitization.



Key figures and charts on the following pages

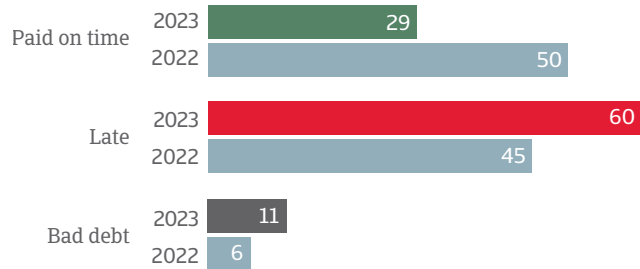




# Switzerland

## Switzerland

% of the total value of B2B invoices paid on time, overdue and bad debt (2023/2022)

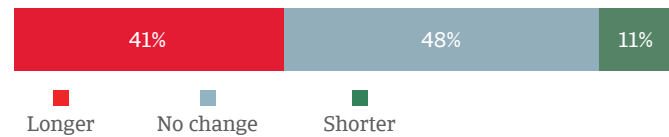


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Switzerland – 2023

## Switzerland

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



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

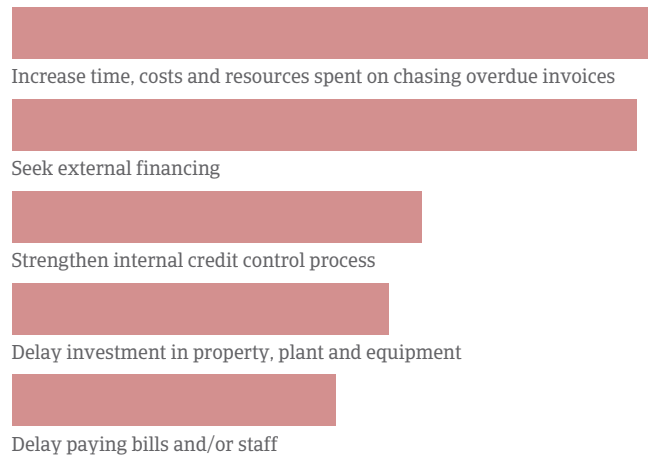
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Switzerland – 2023

## Switzerland

Measures put in place to minimise cash flow problems due to payment default of B2B customers

(% of respondents - multiple response question)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Switzerland – 2023

### Survey question

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

- 63% Trade credit
- 55% Equity capital
- 53% Bank loans
- 46% Debt securities issued

\*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer Switzerland – 2023

# Looking ahead

## Optimistic mood clouded by exchange rate swings

Widespread concern was reported by companies polled in Switzerland about the effects of the volatility of the Swiss franc compared to other currencies. They fear that if this exchange rate pattern continues it will create pressure on both export demand and on operating margins. This anxiety was expressed across all sectors. Another major worry, especially in the electronics/ICT sector which has been hit by a rise in B2B payment delays, is that persistent high inflation will cause cashflow issues and thus significantly affect their liquidity position.

Despite these particular worries for Swiss companies, as well as general anxiety about the challenging global economic situation, our survey found optimism about prospects for the year ahead. A striking 77% of businesses polled said they anticipate increase in demand and sales growth during the coming months. 54% of companies in Switzerland told us they expect to see increased profit margins, with optimism prevalent in the electronics/ICT sector. In contrast, companies in the steel-metals industry expect a negative trend on profit margins due to persistent inflationary pressure on their cost structure.

Similar positivity was also evident about expectations for both Days-Sales-Outstanding (DSO) and B2B customer payment behaviour in the year ahead. 60% of companies polled in Switzerland said they anticipate DSO will improve during the coming months, while only 5% believe it will deteriorate. The most pessimistic in this regard are businesses in the steel-metals sector. The optimistic mood was even more pronounced about future payment behaviour of B2B customers in the Swiss market. 78% of businesses polled said they expect it will improve, especially companies in the electronics/ICT sector.

Our survey of the Swiss market found strong signals of a change in the business environment towards employing the benefits of strategic credit management involving credit insurance. 65% of businesses polled in Switzerland told us they would switch to credit insurance to help mitigate the risk of B2B customer payment default. This was particularly reported by companies in the steel-metals sector who value the access to business intelligence that having credit insurance entails, and which enables them to make strategic decision about growth and sales. Accounts receivable securitization also remains a popular tool for Swiss companies, along with letters or credit to cover single international transactions.

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

## Key survey findings

- The increasing strength of the Swiss franc against the Euro is the stand-out concern looking ahead for companies polled in Switzerland. The fear is that this will put pressure on export demand and operating margins.
- Another widespread concern among for Swiss companies is that persistent inflation will affect cashflow and seriously jeopardise liquidity. This is a particular anxiety in the electronics/ICT sector.
- Our survey found that an increase in demand is expected by 77% of businesses polled in Switzerland, while 54% anticipate they will see rising profit margins during the coming months.
- An improvement in Days-Sales-Outstanding (DSO) is expected by 60% of Swiss companies. 5% of businesses polled anticipate a worsening of DSO, with pessimism found mostly in the steel-metals sector.
- 78% of companies in Switzerland told us they believe that B2B customer payment will improve in the year ahead, with optimism especially prevalent in the electronics/ICT industry.
- A striking 65% of businesses in the Swiss steel-metals sector told us they anticipate switching to the benefits of credit insurance during the coming months. The use of securitization and letters of credit will also become more popular.







# Switzerland

## Switzerland

Looking ahead to the next 12 months, how do you expect your sales and profit margins to change?

(% of respondents)

Sales



Profit margins



■ Improve   
 ■ No change   
 ■ Deteriorate

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Switzerland - 2023

## Switzerland

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

(% of respondents)



■ Improve   
 ■ No change   
 ■ Deteriorate

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Switzerland - 2023

## Switzerland

Looking ahead to the next 12 months: top 3 concerns expressed by businesses polled

(% of respondents - multiple response question)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Switzerland - 2023

### Survey question

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

(% of respondents)

**60%** Improve  
**35%** No change  
**5%** Deteriorate

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Switzerland - 2023

## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Switzerland are the focus of this report, which forms part of the 2023 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 210 interviews in total. All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from Switzerland 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=210 people were interviewed in total. A quota was maintained according to three 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 2023.

### Sample overview – Total interviews = 210

Business sector	Interviews	%
Manufacturing	89	42
Wholesale	26	12
Retail trade / Distribution	76	36
Services	19	9
<b>TOTAL</b>	<b>210</b>	<b>100</b>

Business size	Interviews	%
SME: Small enterprise	38	18
SME: Medium enterprise	70	34
Medium Large enterprise	72	33
Large enterprise	30	15
<b>TOTAL</b>	<b>210</b>	<b>100</b>

Electronics/ICT	68	32
Machines	72	34
Steel/metals	70	33
<b>TOTAL</b>	<b>210</b>	<b>100</b>

## Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2023 Payment Practices Barometer of Atradius, available at [www.atradius.com/publications](http://www.atradius.com/publications) [Download in PDF format](#) (English only).

## Interested in finding out more?

Please visit the [Atradius](http://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 **Switzerland and worldwide**, please visit [atradiuscollections.com](http://atradiuscollections.com).

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