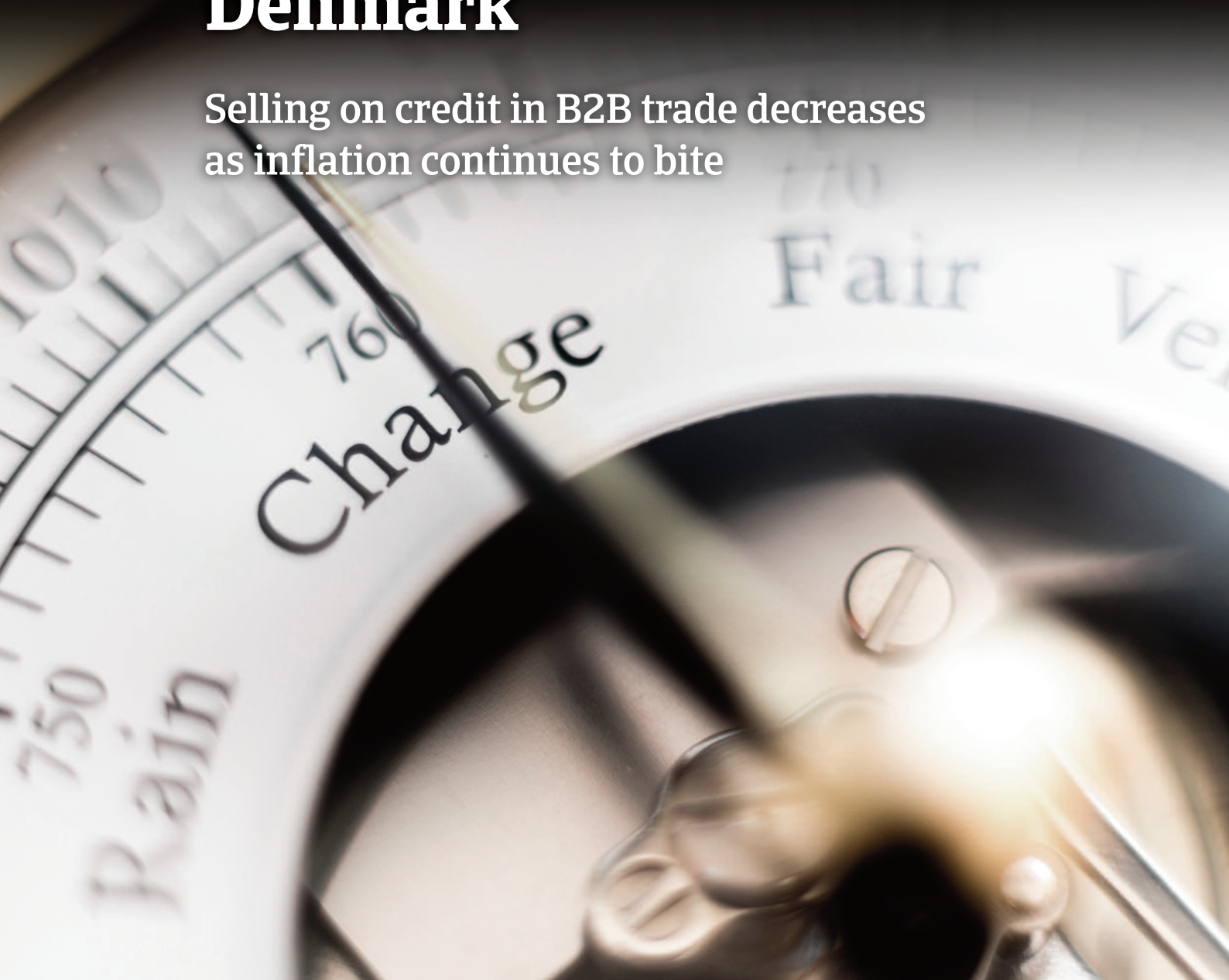




Key trends for B2B payments and cash flow

# Denmark

Selling on credit in B2B trade decreases  
as inflation continues to bite



## 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 Denmark.

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

## Selling on credit in B2B trade decreases as inflation continues to bite

The effects of persistent high inflation were evident in a sharp downward trend in B2B transactions made on credit by companies in Denmark. They fell to an average 49% of all sales to B2B customers, down from 55% last year. Weak domestic demand due to inflationary pressures was a key factor, along with strong export headwinds and a stronger perception of the risk of B2B payment defaults. Large wholesalers in the electronics/ICT sector, however, reported a rise in sales on credit. Payment terms were slightly lengthened to an average 46 days from invoicing, although large electronics/ICT wholesalers again bucked the trend by offering markedly shorter terms to customers to speed up cash inflows.

Many companies polled in Denmark told us they introduced stronger credit control procedures, and this had a clear impact in reducing the level of bad debts written off as uncollectable. These now stand at just 3% of all invoiced B2B sales, down from 7% last year. Once more, the outlier was the electronics/ICT sector, where 40% of businesses reported waiting significantly longer to cash in overdue payments. There was an almost steady trend in payment delays, which affect 54% of all B2B invoiced sales. The Danish chemicals sector was hardest hit with a spike in payment delays, probably due to higher energy and other input costs.

60% of companies polled in Denmark said invoice disputes were the key reason for late payments by B2B customers, a particular concern among large manufacturers in the machines sector. They also cited liquidity issues as another major factor. As well as implementing a stronger internal credit control process, other responses to a deterioration of customer credit risk included spending more resources on chasing overdue invoices and delaying payment of bills and/or staff. Another avenue was seeking external finance, most often through trade credit requests to suppliers. This helped to stabilise Days-Sales-Outstanding (DSO), with 63% of companies saying it was unchanged. 21% reported an improvement of DSO, and 14% a deterioration.

In-house retention and management of customer credit risk was the preference reported by 76% of companies polled in Denmark. This involves setting aside cash reserves to cover potential credit losses from B2B customer payment defaults, and was particularly reported by the machines sector. This strategy also involves the use of securitization, again most popular with the machines sector in Denmark. Some businesses polled also told us they opted for factoring and letters of credit covering single transactions. However, our survey also found attention being paid to a more strategic approach to customer credit risk which involves outsourcing the issue to a specialised credit insurer.

## Key figures and charts on the following pages

### Key survey findings

- A downward trend in sales on credit was reported by companies polled in Denmark. These now represent 49% of all sales to B2B customers, down from 55% last year. The electronics/ICT sector bucked the trend with more selling on credit.
- Payment terms were slightly lengthened by Danish businesses. They now stand at an average 46 days from invoicing, compared to 43 days last year. Shorter terms were offered by the electronics/ICT companies.
- There was a marked improvement in the level of bad debts, down to 3% of all B2B sales compared to 7% last year, due to stronger credit control processes. Payment delays were steady, at an average of 54% of all B2B sales.
- 60% of companies polled in Denmark said invoice disputes were the main cause of late payments during the past 12 months. Liquidity issues and insolvencies were also cited as factors.
- Days-Sales-Outstanding (DSO) remained unaltered for 63% of businesses in Denmark. 21% of companies reported an improvement of DSO, while 14% said it had worsened in the past year.
- The preference for 76% of Danish businesses was to retain and manage customer credit risk in-house. Factoring and letters of credit were also used by many companies polled, while there was also some attention paid to credit insurance.

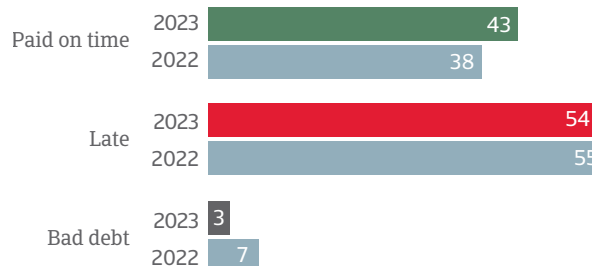




# Denmark

## Denmark

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

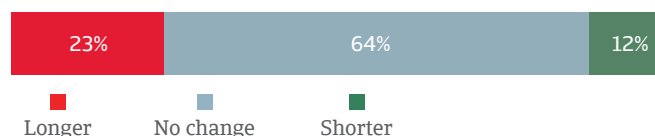


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Denmark – 2023

## Denmark

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



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

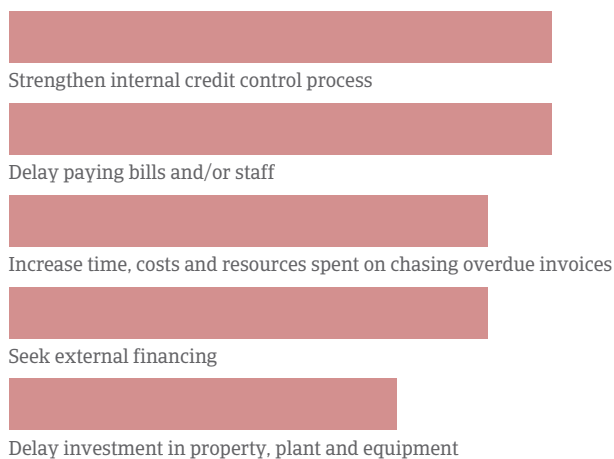
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Denmark – 2023

## Denmark

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 Denmark – 2023

### Survey question

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

- 45% Equity capital
- 44% Trade credit
- 32% Debt securities issued
- 32% Bank loans

\*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer Denmark – 2023

# Looking ahead

## Cautious optimism amid anxiety about sluggish global economy weighing on export demand

Widespread concern about a sluggish recovery of the global economy weighing on export demand is the major preoccupation looking ahead for companies polled in Denmark. They fear this will weigh heavily on foreign demand, a particular worry expressed by SME wholesalers in the electronics/ICT sector, who also have similar anxiety about the effects of stubborn inflation, despite its easing. Another concern surrounds various hindrances to business growth, with large manufacturers in the machines sector worried about carbon footprint limitations and tariffs. The availability of skilled staff and experienced managers is a worry for large manufacturers in both the chemicals and machines sectors.

Cautious optimism about prospects for the year ahead was expressed by businesses polled in Denmark despite their range of worries. 74% of companies told us they anticipate an increase in demand across various sectors leading to a rise in sales, especially reported by large manufacturers in the machines sector. 70% of Danish businesses said they expect an increase of profit margins during the coming months, with particular positivity again expressed by large manufacturers in the machines sector.

The mood about possible trends in Days-Sales-Outstanding (DSO) across various sectors of the Danish market was also generally optimistic. 46% of companies polled told us they anticipate an improvement in DSO during the coming months, with only 10% of businesses expecting it to worsen. The remainder believe it will stay stable. Pessimism about DSO was expressed mostly in the electronics/ICT sector. Little or no change in the payment behaviour of B2B customers in the year ahead is expected among Danish businesses polled. Concern about a negative trend was reported, however, by companies in the chemicals sector.

Our survey found that 60% of Danish companies are likely to retain and manage customer credit risk in-house, which involves setting aside cash reserves to cope with potential losses from B2B payment defaults. This preference was particularly expressed by businesses in the machines sector, who appear the most sensitive in Denmark to protecting against customer credit risk. Many companies in the machines sector also told us they acknowledge the benefits of using credit insurance, with its access to expert risk information and analysis. Companies in the sector also expect to use letters of credit to cover single international transactions.

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

## Key survey findings

- A major concern looking ahead for companies in Denmark is the state of the global economy. They expect only a sluggish recovery at best, with an additional worry about the effects of persistent inflation.
- Hindrances to businesses growth are another anxiety for Danish companies, particularly carbon footprint limitations and tariffs, as well as the availability of skilled staff and experienced managers.
- An increase in demand is expected by 74% of businesses in the year ahead, while 70% of those polled believe profit margins will rise. Large manufacturers in the machines sector are particularly optimistic.
- 46% of companies polled in Denmark anticipate an improvement in Days-Sales-Outstanding (DSO). 10% of businesses expect a deterioration of DSO, with the electronics/ICT sector the most pessimistic.
- The majority of Danish businesses believe there will be little or no change in payment behaviour of B2B customers. Fears of a negative trend were found mostly in the chemicals sector.
- 60% of companies said they will continue with in-house retention and management of customer credit risk, with the machines sector particularly positive. A switch towards taking up the benefits of credit insurance during the coming months was also reported.





# Denmark

## Denmark

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 Denmark - 2023

## Denmark

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 Denmark - 2023

## Denmark

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

(% of respondents - multiple response question)



\* Due to the interplay among higher energy and commodity prices, persistent inflation and ongoing geopolitical tensions

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

### Survey question

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

(% of respondents)

**46%** Improve  
**44%** No change  
**10%** Deteriorate

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

## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Denmark 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 Denmark 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	61	29
Wholesale	73	35
Retail trade / Distribution	41	19
Services	35	17
<b>TOTAL</b>	<b>210</b>	<b>100</b>
Business size	Interviews	%
SME: Small enterprises	35	17
SME: Medium enterprises	74	35
Medium Large enterprises	71	34
Large enterprise	30	14
<b>TOTAL</b>	<b>210</b>	<b>100</b>
Chemicals	71	34
Electronics/ICT	69	33
Machines	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 **Denmark and worldwide**, please visit [atradiuscollections.com](http://atradiuscollections.com).

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