



# Atradius Payment Practices Barometer

## United Kingdom

Focus on B2B payment practices in  
the construction, construction materials,  
steel/metals industries  
and from the services sector



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“  
*An unexpected failure of a major customer could put business liquidity under strain and may even affect viability. This is where tools such as credit insurance could be vital.*  
”

**James Burgess**  
Commercial Director for the UK, Atradius

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## Growth outlook despite increasing credit risks

In this year's Payment Practices Barometer Survey, we polled businesses in the United Kingdom's construction, construction materials, steel/metals and services industries. Confidence in all of these industries is strong with the vast majority anticipating growth next year. This echoes most GDP forecasts which predict 2022 growth of around 5%.

Insolvency levels have remained low in the UK this year, with many businesses cushioned by the government's extensive fiscal support measures. Write-offs remained fairly low among the industries we polled, particularly among construction and construction materials businesses. However, this may be the calm before the storm. Atradius research indicates insolvencies in the UK may rise to as much as 33% next year.

Businesses trading amid such heightened insolvency risks should take steps to protect their accounts receivable. Even if their own operations are strong, an unexpected failure of a major customer could put their liquidity under strain and may even affect viability. This is where tools such

as credit insurance could be vital. In addition to protecting businesses from the risks of bad debts, it can also help cash flow by ensuring timely payments while supporting ongoing trade with customers that may be experiencing their own liquidity issues.

As the economy rebounds from the double shock of Brexit and the Covid-19 pandemic, businesses seeking growth may benefit from the underwriting knowledge and credit trade insight of their credit insurers. In addition, credit insurance can be the most cost-effective way to protect liquidity. As revealed in this survey, many businesses experienced increased costs associated with the collection of overdue invoices. Indeed, the longer an invoice remains overdue and the more effort required to collect it, the more it can cost businesses if they are using in-house resources or a B2B debt collectors. However, with a credit insurance policy, the costs remain the same for the duration of the policy, regardless of the level of customer debt.



# Payment practices in the United Kingdom

Over the past year, businesses across the UK transacted 53% of their B2B sales on credit. They most often offered credit to stimulate sales growth, especially repeat businesses with existing customers. In instances when credit was refused, this was most often because of a higher risk of payment default. 44% of the total value of B2B sales were reported overdue this year and 8% were written off.

70% of the businesses polled in the UK told us they retained credit risk in-house, ideally setting aside funds to offset potential bad debts. The most commonly reported credit management techniques include the avoidance of credit risk concentrations and the adjustment of payment terms. The latter was reported by 61% of respondents, who explained they did this to reduce their need for external financing.

56% of businesses in the UK plan to use credit insurance next year. This compares to last year's 39%.

Most of the businesses we spoke to expressed optimism about the coming months. 82% told us they anticipate growth next year. Although most believe customer payment practices will improve over the coming months, a significant number told us they plan to offer B2B credit to finance customers in financial distress or to stimulate demand (as reported by 37%). In addition, several businesses pointed to ongoing uncertainty concerning the pandemic and its continued potential impacts on both the domestic and global economies as a downside risk.

When asked whether the pandemic responses had resulted in any permanent impacts to their business, 52% told us that they had adopted digital innovations, particularly in the areas of enabling home working and ecommerce. Many businesses also cited changes to customer demand.



# Construction

## Late payments and cash flow

### Significant improvements in payments behaviour y-o-y

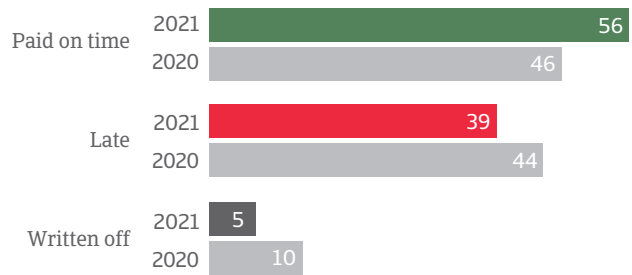
37% of the construction industry took longer than last year to convert invoices to cash. This is an improvement on the 55% reporting the same last year. 49% of the industry told us their invoice-to-cash turnaround remained the same and 14% reported an improvement, cashing in invoices more quickly. Last year 43% held steady and only 2% reported improvement.

Businesses also reported year-on-year improvements with late payments. This year, 39% of the industry's total value of B2B invoices were reported overdue (compared to 44% last year). 5% of the total value of invoices was written off, just half of the amount written off last.

To minimise the impact on late payments on their businesses, 39% of the respondents told us they delayed paying suppliers (slightly fewer than last year's 41%). 39% increased the amount of time and resources they spent on collecting overdue invoices.

### Construction industry in the United Kingdom

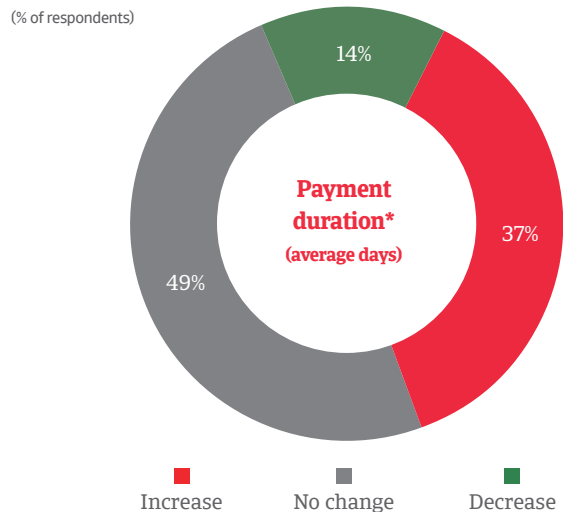
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Construction industry in the United Kingdom

average time it takes to convert overdue invoices into cash (change over the past year)



\* Payment term + payment delay

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Delay payments to our own suppliers
- #2** Increase time, costs and resources spent on chasing overdue invoices
- #3** Delay paying bills and / or staff



# Construction

## Approach to credit management and DSO

### Industry practices more credit management techniques this year

With the exception of self-insurance, businesses in the construction industry reported increasing use of a variety of credit management solutions. 57% of respondents reported adjusting payment terms, shortening terms for customers while attempting to increase terms negotiated with suppliers. Last year 48% of the industry reported this approach. 54% told us they opted for factoring, an increase on the 39% that used factoring last year. However, 49% opted to retain credit risk in-house and set aside bad debt reserves; the same percentage that reported this last year.

Many of the businesses retaining and managing credit risk in-house offered discounts for early payment of invoices. In addition, 46% told us they had experienced increased costs associated with maintaining their credit departments. 34% said they incurred additional costs engaging specialist B2B debt collectors to collect long outstanding invoices.

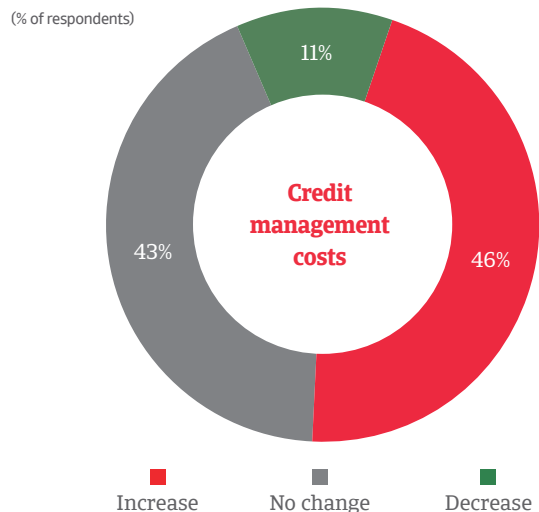
40% of the industry cited the increased costs associated with debt collection and credit management as the reason for taking out a credit insurance policy. This was reported by 31% of businesses last year. Freeing up liquidity to use in business operations was also cited by businesses as a reason for using trade credit insurance. 40% told us they insured their trade receivables this year, up from 35% one year ago.

### Industry retains preference for factoring

When asked about their credit management plans for next year, 60% of respondents told us they will either retain their use of factoring or will avoid credit risk concentrations. 54% plan to use trade receivables securitisation. The industry showed no clear-cut preference for credit insurance or retaining credit risk in-house (34% alike).

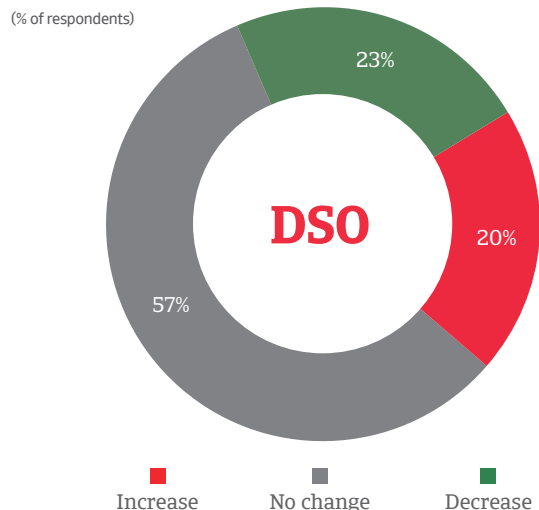
The majority of businesses in the construction industry expect DSO to remain stable next year (57%). Although 23% predict DSO improvement over the coming months, 20% told us they expect their DSO levels to deteriorate.

### Construction industry in the United Kingdom change in credit management costs (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Construction industry in the United Kingdom expected DSO changes over the next 12 months



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021



# Construction

## 2022 industry outlook

### Nearly two-thirds of industry anticipates growth

63% of the industry anticipates a growth outlook. However, 40% expressed concerns about pandemic uncertainty and noted the downside risks presented by further outbreaks of the virus and the potential for more lockdowns and even insolvencies.

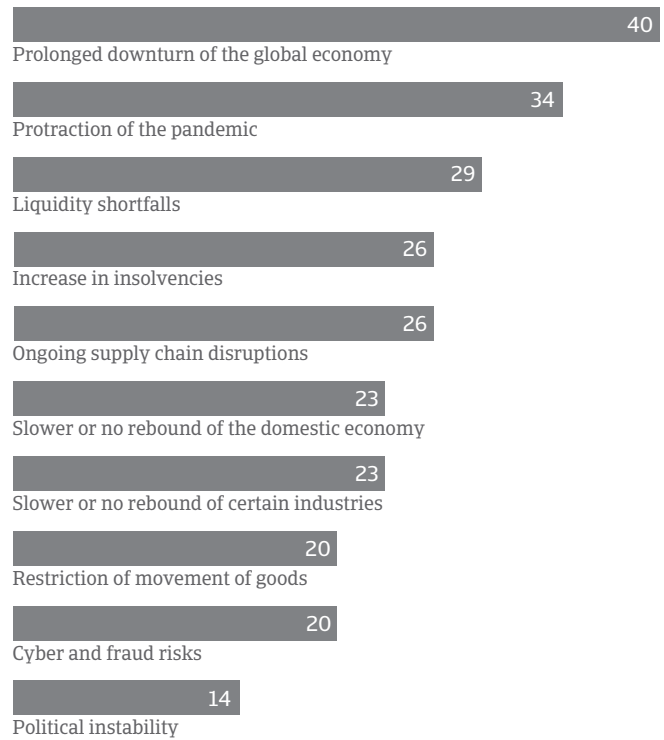
Among the businesses planning to offer B2B customer credit next year, 46% told us they were doing so to stimulate customer demand, and 26% wanted to give their customers more time to pay.

Following the outbreak of the pandemic 40% of the industry has enabled home working and is likely to retain this moving forward. 37% of the businesses polled told us they had increased their use of digitalisation and ecommerce and 37% told us their supply chains had been reshaped.

### Construction industry in the United Kingdom

Looking into 2022: top ten concerns expressed by businesses in the industry

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

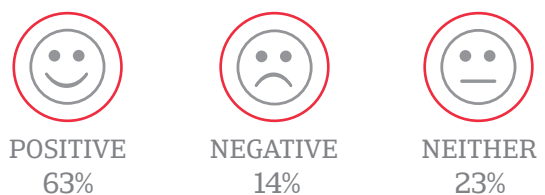
**The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business?**  
(ranking by % of respondents)

- #1** Home working
- #2** Increased digitalisation
- #3** Facing supply chains reshaping

### Construction industry in the United Kingdom

how businesses feel about their possible growth in 2022

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Construction materials

## Late payments and cash flow

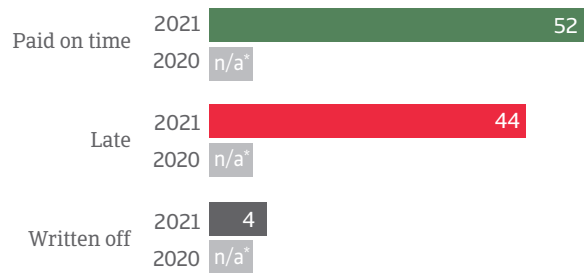
### Businesses reveal increase in payment delays

More than half of the construction materials industry told us it took them longer than last year to cash in overdue invoices (53%). 33% reported no year-on-year change and 14% reported improvement. 44% of the total value of B2B invoices was reported overdue this year. 4% was written off.

77% of the industry told us they had increased the amount of time and resources they employed to collect unpaid invoices. 54% said that they strengthened their credit control processes to enhance the assessment and monitoring of customer credit risk.

### Construction materials industry in the United Kingdom

% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



\*n/a = not available

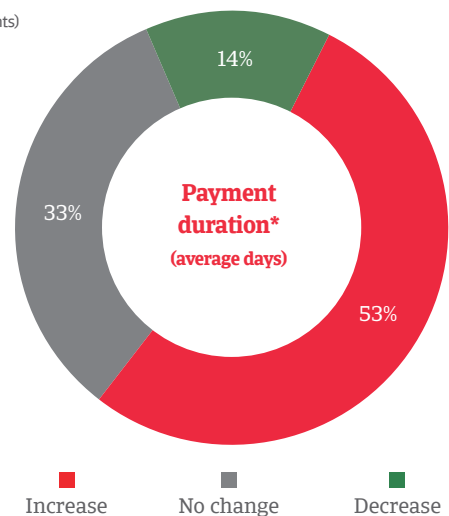
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Construction materials industry in the United Kingdom

average time it takes to convert overdue invoices into cash (change over the past year)

(% of respondents)



\* Payment term + payment delay

Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Increase time, costs and resources spent on chasing overdue invoices
- #2** Strengthen internal credit control process
- #3** Delay payments to our own suppliers





# Construction materials

## Approach to credit management and DSO

### Industry favours credit insurance

73% of the UK construction materials industry reported managing customer credit risk through trade credit insurance. 67% of the industry admitted remaining uninsured, relying on internal resources to manage and absorb credit risk. For many of the latter, credit management techniques included the adjustment of payment terms (60%) or the use of external financing.

Both of these approaches proved to be costly, however, as 47% told us they had incurred increased financing costs and 53% had experienced an increase in the costs associated with the collection of long-outstanding invoices.

60% of the industry reported the use of factoring, with many businesses confirming that they used factoring as either a complement or an alternative to credit insurance.

### Discounts for early payment to be used most next year

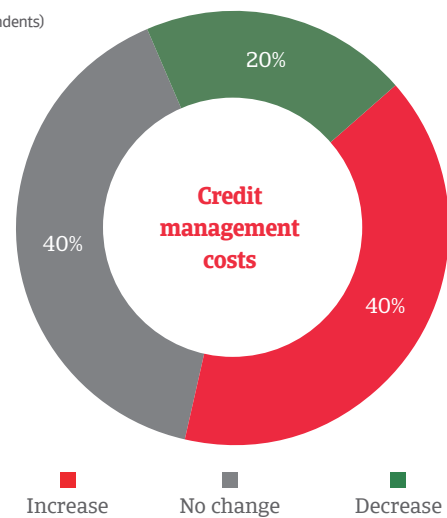
87% of the industry plans to offer discounts for the early payment of invoices next year. 73% plans to adjust payment terms and the same percentage plans to send overdue payment reminders. In addition, a significant number of businesses polled told us they plan to use trade receivables securitisation and to ask for payment in cash.

Looking ahead, 40% told us they plan to use to credit insurance more often over the coming months. 33% plan to remain uninsured. The remaining businesses polled plan on continuing with their current approach to the management of customer credit risk over the coming months as well.

47% of the businesses we polled expect their DSO to remain fairly constant. 40% expect deterioration, mainly due to an expected increase in late payments affecting invoices of high value. 13% expects improvement.

### Construction materials industry in the United Kingdom change in credit management costs (2021/2020)

(% of respondents)

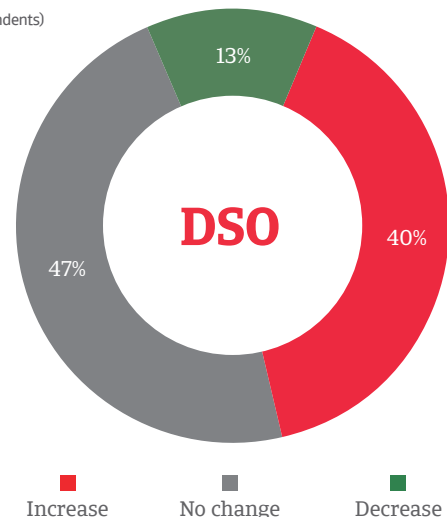


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Construction materials industry in the United Kingdom expected DSO changes over the next 12 months

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Construction materials

## 2022 industry outlook

### Industry very confident about growth in 2022

87% of the industry is confident of business growth next year. Nobody anticipates deterioration and 13% does not express an opinion on that.

Despite this widespread confidence, 40% pointed to the downside risks presented by pandemic uncertainty, in particular the risk of future lockdowns in response to further waves of the virus caused by different variants. They noted this could cause a downturn in the global economy and negatively affect the health of the domestic economy. 33% cited the risk of pandemic-measures to limit the movement of goods and 33% noted an increased risk of cyber fraud as potential business threat.

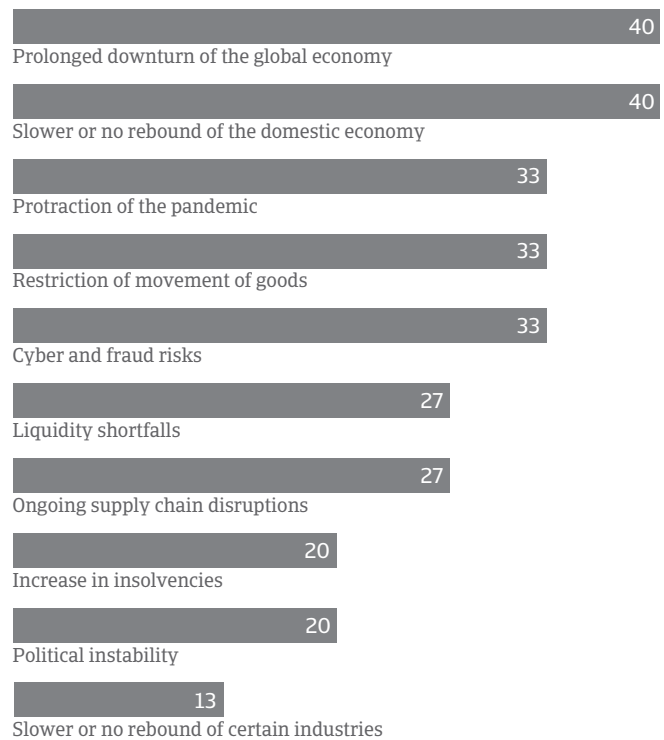
Despite these risks, 53% anticipate an increase in the use of B2B credit trade in 2022. The majority plans to offer credit to allow their customers more time to pay.

When asked which of the pandemic-induced changes to the way they do business will become a permanent feature, 60% told us they had adopted digital technology including e-commerce.

### Construction materials industry in the United Kingdom

Looking into 2022: top ten concerns expressed by businesses in the industry

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1** Increased digitalisation
- #2** E-commerce
- #3** Facing customer demand changes

### Construction materials industry in the United Kingdom

how businesses feel about their possible growth in 2022

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

# Services

## Late payments and cash flow

### Sector payment practices deteriorate

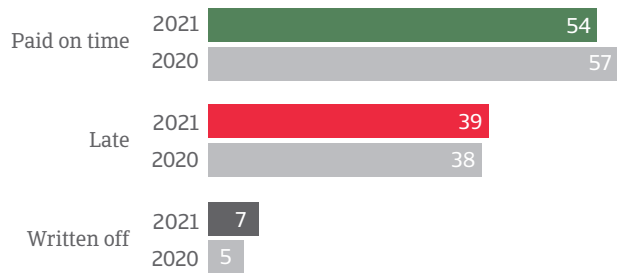
51% of the businesses we polled in the UK services sector told us that they experienced longer invoice-to-cash turnaround than one year ago. This is an increase on the 45% reporting the same last year. For 44% of the businesses polled, invoice to cash turnaround remained the same (up from last year's 41%). Only 5% reported year-on-year improvement, compared to 14% one year ago.

39% of the total value of B2B invoices were reported overdue this year; no change from last year. However, write-offs increased to 7%, up from 5% last year.

84% of the industry told us that late payments disrupted their business operations, prompting them to see cash flow protection measures. 47% told us they spent more time and resources on trying to collect overdue invoices. 46% said they had strengthened their credit control processes.

### Services industry in the United Kingdom

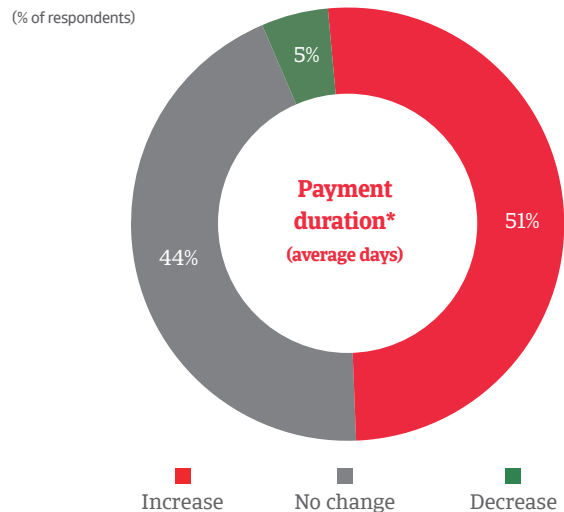
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Services industry in the United Kingdom

average time it takes to convert overdue invoices into cash (change over the past year)



\* Payment term + payment delay

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Increase time, costs and resources spent on chasing overdue invoices
- #2** Strengthen internal credit control process
- #3** Pursue external financing

# Services

## Approach to credit management and DSO

### Almost half of industry uses credit insurance

65% of the UK's services industry retains and manages customer credit risk in-house. They told us they focus on adjusting payment terms and offering discounts for early payment of invoices. 55% told us they outsourced overdue invoice collection to specialist B2B debt collectors. Businesses told us that this approach caused them to incur additional costs. 59% reporting spending more on their in-house credit management team and 51% incurred increased costs associated with outsourced debt collection.

48% protected their accounts receivable with trade credit insurance and many told us they found this to be a cost-effective solution.

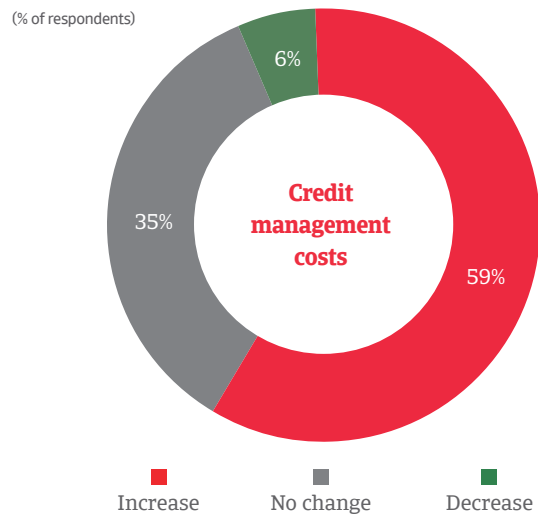
### Majority plans to retain credit management next year

65% of the businesses polled in the sector told us they do not plan to change their current approach to credit risk management next year. The range of tools and techniques they plan to use includes trade receivables securitisation, letters of credit, trade credit insurance and discounts for early payment of invoices. 54% plans to rely on their internal resources for credit risk management.

More than half of the industry expects their DSO level to hold steady (51%). 34% anticipates a deterioration in DSO next year and 15% predicts improvement.

### Services industry in the United Kingdom

change in credit management costs (2021/2020)

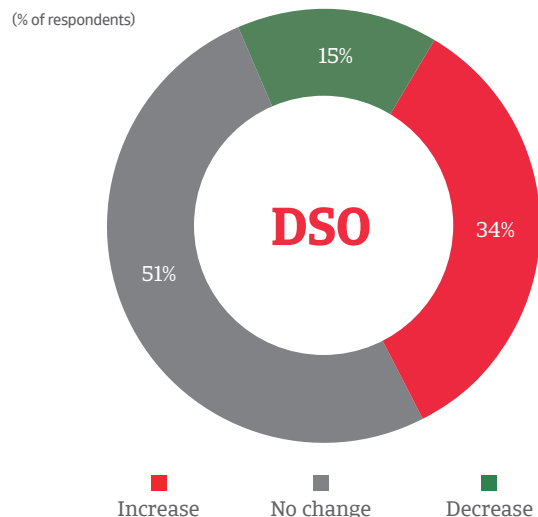


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Services industry in the United Kingdom

expected DSO changes over the next 12 months



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Services

## 2022 industry outlook

### Industry predicts growth

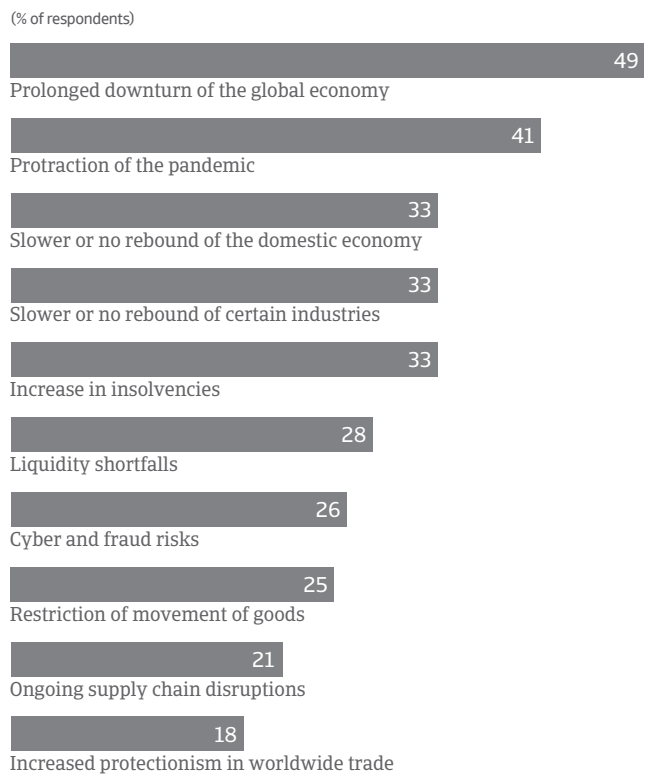
84% of the UK services industry we polled predict business growth next year. Only 6% expect their businesses to decline and 10% does not have a clear opinion, predicting to remain the same. However, nearly half of the businesses noted that any continuation of the pandemic, which could prolong the downturn of the global economy, is one the highest downside risks to next year's economic outlook.

35% of the businesses we spoke to told us that B2B credit trade will play a greater role in their business over the coming months. They plan to offer credit to allow customers extra time to pay, or to stimulate demand.

Looking at the impacts of the pandemic, 53% told us that home working will become a permanent feature of the way they work. The same percentage also told us they intend to continue using the digital technologies they adopted during the pandemic.

### Services industry in the United Kingdom

Looking into 2022: top ten concerns expressed by businesses in the industry




Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

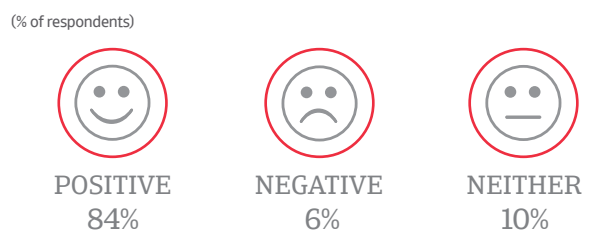
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1 Home working
- #2 Increased digitalisation
- #3 Facing customer demand changes



### Services industry in the United Kingdom

how businesses feel about their possible growth in 2022



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021



# Steel / Metals

## Late payments and cash flow

### Late payments affect half of all industry's B2B credit sales

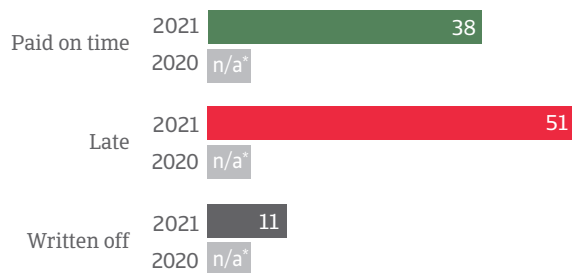
Late payments currently affect 51% the total value of B2B invoices and 11% was written off this year.

55% of the UK's steel/metals industry told us that it took longer than last year to cash in overdue B2B invoices. 42% experienced no change and 3% told us they cashed in overdue invoices earlier than they did one year ago.

52% reported increasing the time and resources they employed to collect unpaid invoices. 43% said that they strengthened their credit control processes to enhance the assessment and monitoring of customer credit risk. 41% said they sourced external financing.

### Steel/ Metals industry in the United Kingdom

% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



\*n/a = not available

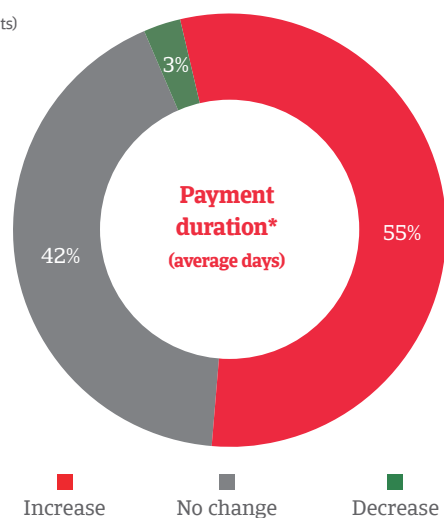
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Steel/ Metals industry in the United Kingdom

average time it takes to convert overdue invoices into cash (change over the past year)

(% of respondents)



\* Payment term + payment delay

Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Increase time, costs and resources spent on chasing overdue invoices
- #2** Strengthen internal credit control process
- #3** Pursue external financing

# Steel / Metals

## Approach to credit management and DSO

### Two-thirds of industry employ credit insurance

86% of UK steel/metals businesses opted to retain credit risk in-house and rely on internal management resources. 66% mitigated credit risk with trade credit insurance. Among those managing credit risk internally, 75% adjusted credit terms and 72% used bank instruments such as letters of credit.

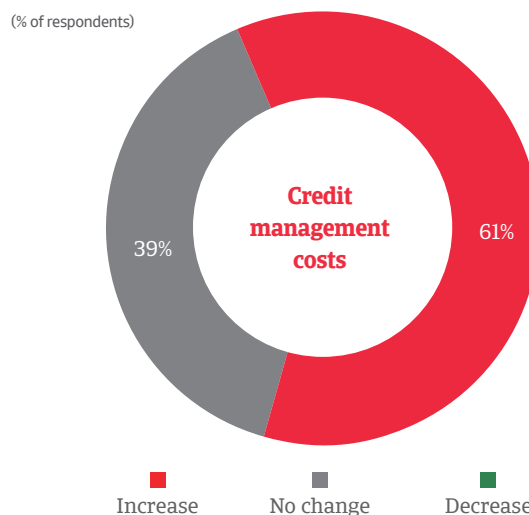
A large proportion of the businesses managing credit risk in-house told us they incurred increased costs. 61% told us that it had cost them more over the past year to maintain their credit management departments, especially the collection of long outstanding invoices. 45% also reported increased costs associated with financing.

### More than half expects DSO to worsen

Next year, 61% of the industry plan to continue using the same approach to credit management that they used this year. This will include discounts for customers that settle bills early and the use of overdue payment reminders. The latter was reported by 59% of respondents. 52% plan to request payment in cash over the coming months.

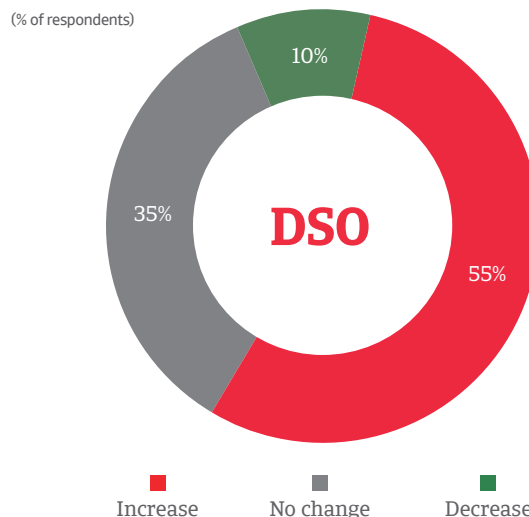
55% of the businesses we polled expect their DSO to worsen over the coming months. 35% expects no change. 10% expects improvement.

### Steel/ Metals industry in the United Kingdom change in credit management costs (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Steel/ Metals industry in the United Kingdom expected DSO changes over the next 12 months



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

# Steel / Metals

## 2022 industry outlook

### Majority confident of growth

87% of the industry is confident of growth next year. 9% is pessimistic and 4% are unsure. 52% expressed concern over the health of the domestic economy, citing ongoing uncertainties concerning future outbreaks of the pandemic.

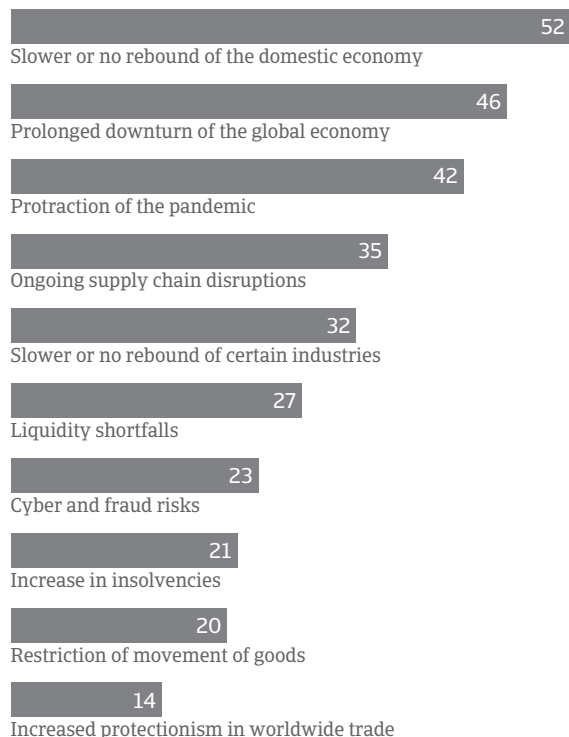
42% expects to increase the use of B2B credit next year, chiefly to allow their customers more time to pay. 31% plans to use credit to stimulate demand.

When asked about any ongoing impacts of the pandemic, 58% told us they had permanently adopted new digital technology, including ecommerce. 55% noted changes in customer demand.

### Steel/Metals industry in the United Kingdom

Looking into 2022: top ten concerns expressed by businesses in the industry

(% of respondents)



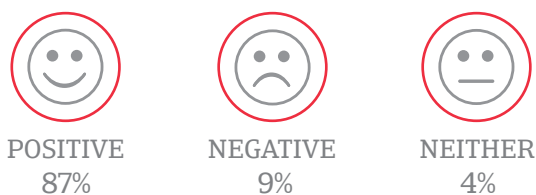
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Steel/Metals industry in the United Kingdom

how businesses feel about their possible growth in 2022

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1 Increased digitalisation
- #2 Facing customer demand changes
- #3 E-commerce





# Survey design

## Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the 'Atradius Payment Practices Barometer'. This report, which is part of the 2021 edition of the Atradius Payment Practices Barometer for Europe, focuses on the United Kingdom. 201 companies from the UK construction, construction materials and steel/metals industries as well as from the UK services sector have been surveyed. Due to a change in research methodology for this survey, year-on-year comparisons are not feasible for some of the results, although last year's values are used as a benchmark where possible throughout the survey.

The survey was conducted exclusively for Atradius by CSA research.

## Survey scope

- **Basic population:** the appropriate contacts for accounts receivable management were interviewed.
- **Sample design:** the Strategic Sampling Plan enables to perform an analysis of country data crossed by sector and company size.
- **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=200 people were interviewed in total.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: Q3 2021.

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For more insights into the B2B receivables collection practices in the United Kingdom and worldwide, please go to

[atradiuscollections.com](http://atradiuscollections.com)

For the United Kingdom [atradius.uk](http://atradius.uk)

## United Kingdom - total interviews 201

### Industries surveyed

Construction  
Construction materials  
Services  
Steel/metals

Sector	Construction			
	Construction (%)	materials (%)	Services (%)	Steel/metals (%)
Manufacturing	23	60	14	62
Wholesale trade	11	13	6	1
Retail trade/Distribution	11	20	6	34
Services	54	7	74	3

Company size	Construction			
	Construction (%)	materials (%)	Services (%)	Steel/metals (%)
Micro enterprises	23	0	15	1
SME - Small enterprises	26	40	23	4
SME - Medium enterprises	46	53	46	27
Large enterprises	6	7	16	68

## Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the November 2021 Payment Practices Barometer of Atradius, available at [www.atradius.com/publications](http://www.atradius.com/publications)  
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