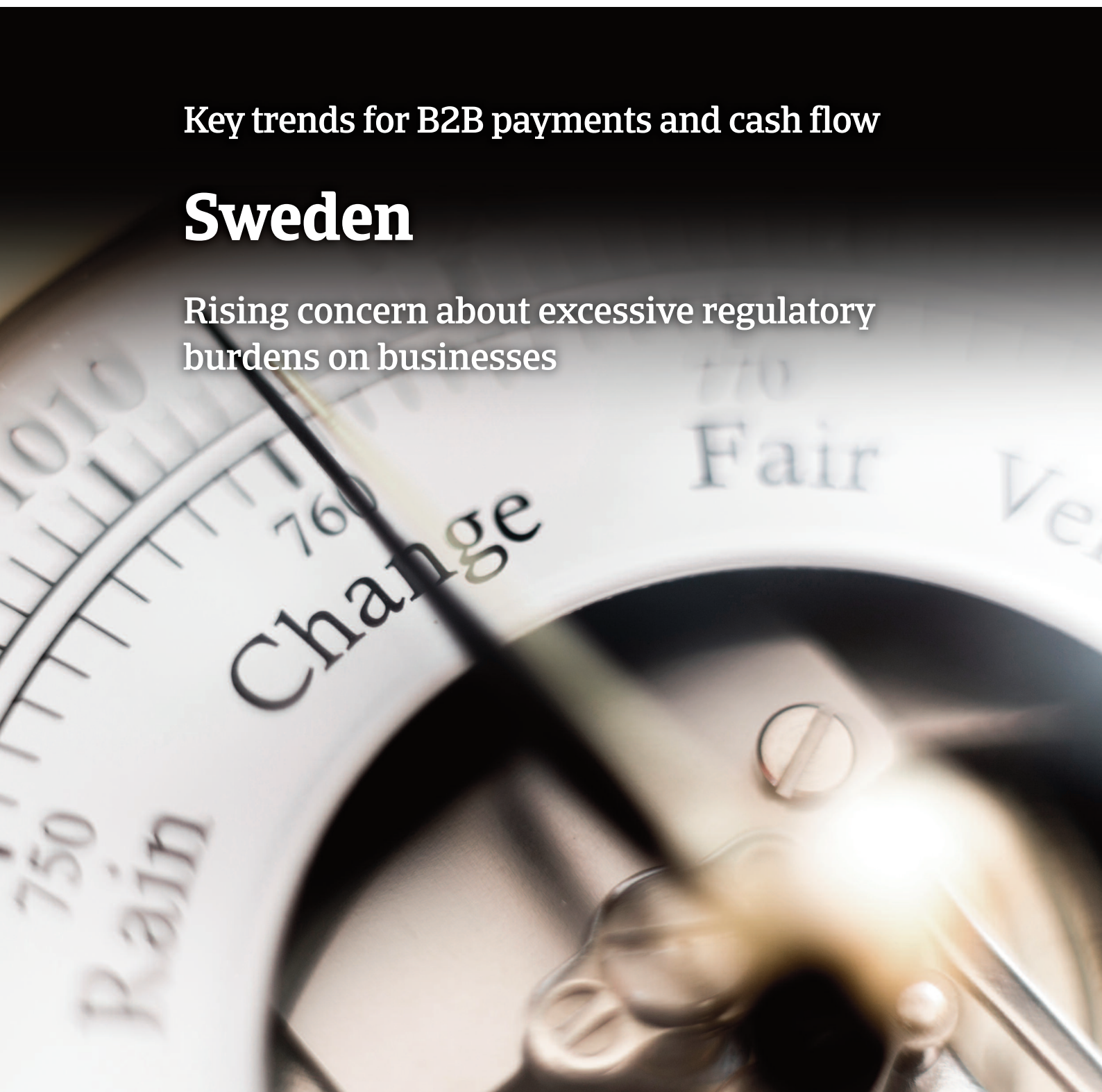




Key trends for B2B payments and cash flow

Sweden

Rising concern about excessive regulatory burdens on businesses



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 Sweden.

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

Equity capital and debt securities used to avoid liquidity shortfalls

Our survey found that 54% of all B2B sales were transacted on credit during the past year among companies polled in Sweden. While this represents a sharp decreasing trend, trading on credit nevertheless still plays a crucial role in the Swedish market, particularly in the consumer durables sector. This was also evident in a lengthening of payment terms, which now average 31 days from invoicing, up from 20 days last year. Businesses in the consumer durables sector granted significantly longer payment terms, enabling them to stay competitive by stabilising their prices in a market with highly price-sensitive B2B customers.

The main factors taken into account when granting payment terms for 53% of companies polled in Sweden were the terms received from their own suppliers and the pressing need to avoid liquidity shortages. This may explain why many Swedish businesses resorted to equity capital and issuing debt securities as a means of obtaining short-term trade finance. This was especially reported by large enterprises, who generally received less than requested when seeking trade credit. In contrast, SMEs took the more conventional route of seeking bank loans or asking for trade credit as a means to short-term finance.

Late payments now represent an average 42% of all B2B invoices issued by Swedish businesses, with the consumer durables sector particularly affected by delays in payment by B2B customers. The level of bad debts written off as uncollectable is 3% of all B2B sales, with consumer durables companies again the hardest hit. Invoice dispute was the main reason cited for late payments, and in response 60% of companies polled said they strengthened their credit control process and dedicated more resources to chasing debts. 62% of businesses reported no significant changes in Days-Sales-Outstanding (DSO) during the past year, largely because of the sharp drop in the sales made on credit.

The impact of customer credit risk was tackled in various ways during the past 12 months by companies polled in Sweden as they tried to speed up cash inflow and generally improve their liquidity positions. SMEs opted for sales of receivables by means of factoring, while large companies tended towards securitization. Businesses in the steel-metals sector reported particular use of letters of credit to guarantee international B2B transactions. Less attention was given to in-house retention and management of customer credit risk, while companies in the chemicals sector looked to outsource the issue to a specialised credit insurer.

Key figures and charts on the following pages

Key survey findings

- 54% of all B2B sales were transacted on credit, showing that trade on credit still plays a vital role for companies in Sweden. However, there was a sharp downward trend during the past 12 months, particularly in the consumer durables sector.
- The response by Swedish businesses, especially in the consumer durables sector, was a significant lengthening of payment terms offered to B2B customers. The terms now average 31 days from invoicing, up from 20 days last year.
- When granting longer payment terms 53% of companies said the main factor taken into account was terms received from suppliers and trying to maintain cashflow. To fill liquidity shortages businesses resorted to equity capital and issuing debt securities.
- Late payments stand at an average 42% of all B2B invoiced sales for Swedish companies, the consumer durables sector hardest hit. The level of bad debts written off was 3% of all B2B sales.
- 60% of companies polled said they strengthened credit control procedures to deal with the issue of late payments. Days-Sales-Outstanding (DSO) had no significant swings for 62% of businesses due to the falling trend of sales on credit.
- Various tools were used by Swedish companies to deal with customer credit risk, including factoring, securitization and letters of credit. There was less reliance on self-insurance, while the chemicals sector looked towards credit insurance.

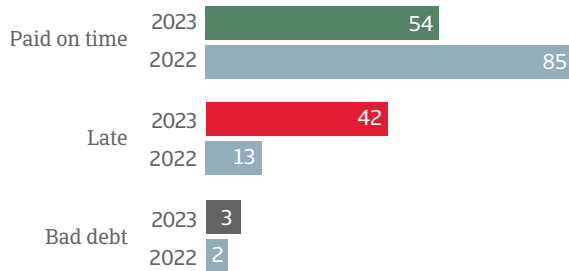




Sweden

Sweden

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

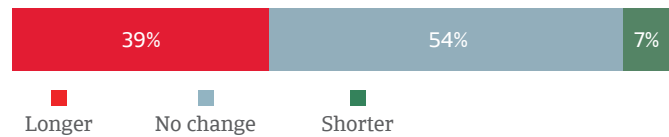


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Sweden – 2023

Sweden

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



*average amount of time to get paid from B2B customers

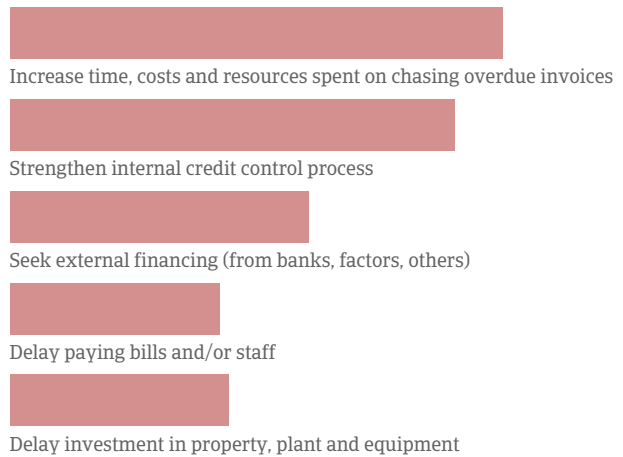
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Sweden – 2023

Sweden

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 Sweden – 2023

Survey question

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

- 54% Equity capital
- 49% Debt securities issued
- 36% Bank loans
- 35% Trade credit

*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer Sweden – 2023

Looking ahead

Rising concern about excessive regulatory burdens on businesses

Our survey found that Swedish companies have strong concerns looking ahead about how they will be affected by new regulations related to European and global climate change goals. The fear expressed is that these could create excessive burdens and costs to be managed, and that it will dent their ability to be competitive in international markets. Chemicals companies reported particular anxiety because they are the sector which supports the EU Green Deal's target of being climate neutral by 2050. The impact of high energy prices and carbon footprint limitations are further concerns raised by companies polled in Sweden, along with a negative effect of tariffs.

Other major worries were found among businesses polled in Sweden. A widespread worry is about the volume of e-commerce and future prospects in this area. Sweden has the largest e-commerce market following huge growth during the past two decades, but last year saw an unprecedented drop in demand. Businesses fear that a rebound after the pandemic will not be strong enough and that e-commerce momentum will be lost. Anxiety was also reported about wider concerns such as the impact of persistent inflation, supply chain bottlenecks, high borrowing costs and the threat that geopolitical tensions will pose to business.

A relatively neutral mood was reported by Swedish companies about prospects for the year ahead across various indicators. 49% of companies polled anticipate an increase in demand, while 42% of businesses expect an increase in profit margins. In both cases, the chemicals sector is the most optimistic. There was a similar attitude about Days-Sales-Outstanding (DSO), with 47% of companies telling us they believe it will remain unchanged, while 41% expect DSO to improve. This may also reflect opinion about future trends in B2B payment behaviour. 55% of businesses polled anticipate no change, while 35% expect an improvement, particularly in the chemicals sector.

There was a clear finding in our survey that companies in Sweden will look to take a more strategic approach to credit management during the months ahead. Many businesses polled said they would give increasing attention to the benefits of using credit insurance, acknowledging its value for companies in freeing-up working capital to be used in the business. Companies in the chemicals sector stand out as those most inclined to employ various credit management tools to protect themselves from the risk of B2B customer payment default. The use of factoring is likely to be more popular in the year ahead than letters of credit or securitization.

Key figures and charts on the following pages

Key survey findings

- One of the most pressing concerns for companies in Sweden looking ahead is the administrative and regulatory burden related to climate change targets, as well as other tariffs and carbon footprint limitations.
- Another particular anxiety reported by Swedish businesses is whether the volume of e-commerce can be maintained. There are also worries about the effects of high inflation and the global economic downturn.
- 49% of companies polled in Sweden anticipate an increase in demand during the year ahead, with only 6% expecting a fall. 42% of businesses believe profit margins will rise, while 8% expect a decrease.
- An improvement in Days-Sales-Outstanding (DSO) is anticipated by 41% of Swedish companies, the chemicals sector particularly optimistic. 47% expect DSO to remain unchanged.
- 35% of businesses in Sweden said they expect an improvement in payment behaviour of B2B customers during the coming months. 55% believe it will remain stable, while a deterioration is anticipated in the consumer durables sector.
- A sharp rise in taking a more strategic approach to credit management by employing the benefits of credit insurance is expected during the coming months by companies polled in Sweden. The chemicals sector anticipate an increase in the use of factoring.





Sweden

Sweden

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 Sweden - 2023

Sweden

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

(% of respondents)



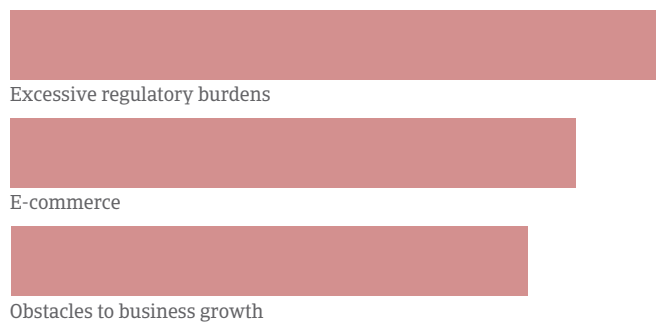
■ Improve
 ■ No change
 ■ Deteriorate

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

Sweden

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 Sweden - 2023

Survey question

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

(% of respondents)

41% Improve
47% No change
12% Deteriorate

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

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Sweden 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 213 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Sweden 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=213 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 = 213

Business sector	Interviews	%
Manufacturing	119	56
Wholesale	30	14
Retail trade / Distribution	43	20
Services	21	10
TOTAL	213	100

Business size	Interviews	%
SME: Small enterprises	36	17
SME: Medium enterprises	70	33
Medium Large enterprises	77	36
Large enterprise	30	14
TOTAL	213	100

Chemicals	72	34
Consumer durables	69	32
Steel/metals	72	34
TOTAL	213	100

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 [Download in PDF format](#) (English only).

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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 **Sweden and worldwide**, please visit atradiuscollections.com.

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