



Atradius Payment Practices Barometer 2024



B2B payment practices trends

Denmark

Trading on credit declines amid surge in bad debts





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 2024. The findings should therefore be viewed with this in mind.



In this report

B2B payment practices trends	4
Trading on credit declines amid surge in bad debts	
Key figures and charts	6

Looking ahead	7
Rising fears about insolvency risk amid concern over domestic economy	
Key figures and charts	9

Survey design	10
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Denmark

B2B payment practices trends

Trading on credit declines amid surge in bad debts

A more cautious approach to customer credit risk is clearly evident in our survey of companies in Denmark. This is highlighted by a downward trend in B2B sales being transacted on credit, and these now average just 43% of all sales to B2B customers. The remaining portion are being made on a cash basis as businesses opt to minimise credit risks amid the current challenging economic landscape. Most caution is being shown in the Danish electronics/ICT sector, which perhaps reflects the rapidly evolving nature of the industry. Chemicals and machines companies are more open to trading on credit in a desire to stimulate sales and drive businesses growth. There is also a varied approach shown to payment policies among businesses in Denmark. Significantly shorter payment terms are being offered to B2B customers across the chemicals sector, cut by half to one month from invoicing. This is mostly to synchronise terms with their own suppliers. In contrast, machines and electronics/ICT companies are offering longer payment terms, at 58 days and 36 days respectively from invoicing.

There is also a striking and unusual contrast in the figures for payment practices among businesses in Denmark. On the one hand our survey reveals that late payments from B2B customers are trending downwards, and currently affect 49% of all B2B credit sales. On the other hand, the level of bad debts written off as uncollectable is surging upwards, and now stands at a worrying 8% of all B2B sales, up from only 3% last year. These contrasting trends highlight the

Key survey findings

- A downward trend in B2B sales being transacted on credit is evident in our survey of companies in Denmark. These now average 43% of all B2B sales, with the rest on a cash basis to minimise credit risk. Most caution is being shown in the electronics/ICT sector, reflecting the rapidly evolving nature of the industry.
- There is a divergence in payment policies among Danish businesses. Significantly shorter payment terms are being offered in the chemicals sector, cut by half to average one month from invoicing. The machines and electronics/ICT industries are offering longer payment terms, at 58 days and 36 days from invoicing respectively.
- Late payments are trending downwards across all sectors in Denmark, now affecting 49% of all B2B credit sales, down from 54% the previous year. In contrast, bad debts are surging to stand at 8% of all B2B sales, up from 3%. This highlights the complexities companies currently face in managing customer credit risk.

complexities that companies face in managing customer credit risk during this turbulent economic period, and the need to actively adjust their credit management strategies to protect their financial health and profitability. It is not surprising either, given this background, that the impact of payment risk on businesses varies considerably for companies across the different Danish industries on our survey.

Key figures and charts on the following pages

(continued on page 5)



Denmark

The sector being most affected by a deterioration in B2B customer payment behaviour is the Danish electronics/ICT industry, where invoices are being paid significantly slower than in the previous year. Companies are having to wait twice as long to collect payments, on average 40 days past the due date. These typically occur due to liquidity issues being suffered by B2B customers. To ease cashflow issues businesses in the Danish electronics/ICT sector mostly look to bank credit as their primary source of finance, often supplemented by invoice discounting. The majority of businesses in both the machines and chemicals industries tell us there is no significant change in payment practices among B2B customers, and otherwise are more likely to see an improvement rather than deterioration in customer payment behaviour. Where there are problems, companies respond by delaying payments to suppliers, with the potential for a ripple effect through the industry. Machines companies say that trade credit is their primary source of finance to bridge liquidity gaps, while in the chemicals sector the look mostly to bank credit.

Days-Sales-Outstanding (DSO) is generally stable at present for companies in Denmark, with half of the companies in our survey reporting no significant change on the previous year. In both the machines and electronics/ICT sectors, where there are movements it is more likely to be a positive trend in debt collection efficiency rather than a deterioration. The average DSO currently stands at 43 days in the machines sector and at 66 days among electronics/ICT businesses. These figures reflect enhanced credit management efforts during the past year, although there remains room for improvement. Another contrast in our survey of Denmark is evident in the DSO figures for companies in the chemicals sector, where there is more volatility and more businesses report a deterioration.

- The majority of companies in the Danish chemicals and machines sectors say there is no significant change in B2B customer payment behaviour, and otherwise more improvement than deterioration. The electronics/ICT industry has a number of companies reporting a worsening of payment practices, mostly due to customer liquidity issues.
- Various sources of finance are being used to mitigate the impact of customer credit risk by companies in Denmark. Nearly two-thirds of machines businesses request trade credit from suppliers, supplemented by invoice discounting. Bank credit is the primary source of finance in both the chemicals and electronics/ICT sectors.
- Relatively stability in Days-Sales-Outstanding (DSO) for Danish companies is found in our survey, with 50% of businesses reporting no change on the previous years. In both the machines and electronic/ICT sectors any change is more likely to be an improvement in DSO, while in the chemicals industry it is more likely to be a deterioration due to challenges in collecting large, long-overdue invoices.

This is primarily due to inconsistent payment practices from B2B customers and to problems in collecting large, long-overdue invoices. There are still significant challenges for Danish chemicals companies in stabilising DSO. Adopting strategic measures involving insurance can help in navigating the complexities of managing receivables and sustaining financial health.

Key figures and charts on the following pages

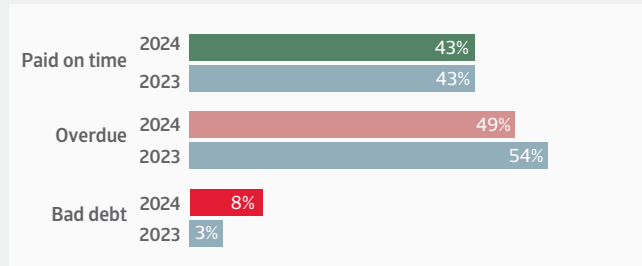




Denmark

Denmark

% of the total value of B2B invoices paid on time, overdue and bad debt (2024/2023)

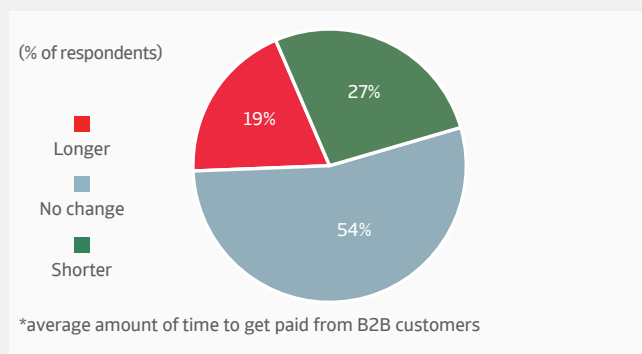


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Denmark – 2024

Denmark

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

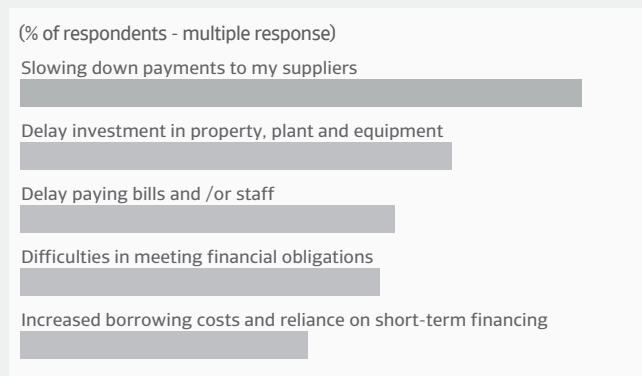


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Denmark – 2024

Denmark

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 Denmark – 2024

Denmark

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

- 48% Bank loans
- 47% Invoice financing
- 44% Trade credit
- 26% Internal funds

(% of respondents - multiple response)

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Denmark – 2024

Denmark

Looking ahead

Rising fears about insolvency risk amid concern over domestic economy

The main concern for companies in our survey of Denmark is clearly the state of the domestic economy and its impact on B2B trade. This is strongly felt in both the short-term and long-term outlooks as consumer spending is pegged back by high levels of household debt. Despite some signs of recovery there are still significant challenges being faced by companies across all sectors such as a lag in fixed investment, weak demand and supply chain disruptions. The high indebtedness among households is particularly worrying because it constrains the growth of private consumption, a key driver of economic activity. Several other short-term concerns for the year ahead are expressed by Danish businesses, which include the impact of geopolitical tensions, insufficient production capacity and outdated or inefficient processes (i.e. operational challenges). These are especially a worry in the chemicals sector, which is a major exporter, and are compounded by concerns about intense competition and challenges in customer acquisition.

A key concern in the long-term for many companies in Denmark is the increasing pressure of dealing with regulatory compliance. This is being particularly felt in the machines sector, where businesses are grappling with a series of industry regulations that pose challenges in terms of operational adjustments and additional costs. The growing emphasis on adopting sustainable business practices to align with environmental regulations and consumer expectations is a

Key survey findings

- The state of the domestic economy is the primary concern in both the short-term and long-term for companies in Denmark, with consumer spending being limited by high levels of household debt. There are signs of recovery, but challenges remain such as a lag in fixed investment, supply chain disruptions and weak demand.
- A range of short-term anxieties are expressed by businesses in our survey. These include the impact of geopolitical risks, inefficient or outdated processes, insufficient production capacity and intense competition. This is especially felt in the Danish chemicals sector, which is a major exporter.
- Increasing pressures related to regulatory compliance are the main long-term worry for businesses in Denmark, creating additional costs and requiring operational adjustments. The chemicals industry has a particular concern about environmental and sustainability issues. However, there is optimism about the potential for lower interest rates to stimulate growth.

major anxiety expressed by companies in the Danish chemicals sector. Environmental and sustainability issues are expected to require significant changes in operations and the ability to swiftly adapt strategies.

Key figures and charts on the following pages

(continued on page 8)



Denmark

However, there is optimism among businesses in Denmark about the potential for lower interest rates to stimulate growth as well as encouraging investment and consumer spending.

There is a consensus among companies in our survey of Denmark that the payment practices of B2B credit customers are likely to see significant changes during the next 12 months. In a complex picture, many businesses say they anticipate a positive trend, but a growing number of companies also tell us they expect a deterioration in B2B customer payment behaviour. This perhaps reflects concerns expressed about the challenges being faced in the domestic economy. Pessimism about the outlook for payment practices is seen especially in the Danish electronics/ICT sector, where almost 25% of companies anticipate a worsening during the coming months. This is a significant increase on the previous year. Growing negativity is also evident in the machines industry, although most businesses expect stability in the year ahead. Cautious optimism is prevalent among Danish chemicals companies.

In contrast, there is strongly increasing pessimism in the Danish chemicals sector about the prospects for insolvency risk during the next 12 months. Businesses are bracing themselves for a significantly higher levels of insolvency risk due to the challenges they face in competitive export markets as well as broader economic factors. Heightened concern about corporate insolvencies is also evident in both the machines and electronics/ICT industries in Denmark as they navigate the current challenging economic landscape. A more positive mood is emerging regarding the Days-Sales-Outstanding (DSO) for Danish companies. While 51% of the

- Our survey finds a consensus that B2B payment practices are likely to change significantly during the next 12 months. While many Danish companies expect a positive trend, a growing number of businesses anticipate a deterioration in B2B customer payment behaviour, particularly in the electronics/ICT sector.
- Widespread pessimism is expressed across all sectors about the prospects for insolvency risk in the year ahead. This is strongly felt in the Danish chemicals industry due to the current challenging economic conditions. There is also growing anxiety about corporate insolvencies in both the machines and electronics/ICT sectors.
- 51% of companies in our survey of Denmark say they anticipate no significant change in Days-Sales-Outstanding (DSO) during the coming months. Among the rest, across, all sectors, there is more optimism than pessimism about the future trend for debt collection efficiency.

companies surveyed expect no significant changes in debt collection efficiency in the upcoming year, a larger proportion of businesses across various sectors anticipate a positive trend in DSO compared to those predicting its potential deterioration over the same time frame. This trend underscores the evolving landscape of debt collection and the need for companies to remain vigilant and proactive in managing customer credit risk.

Key figures and charts on the following pages



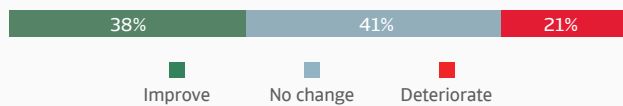


Denmark

Denmark

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

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Denmark – 2024

Denmark

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

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Denmark – 2024

Denmark

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Denmark – 2024

Denmark

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

- 32% Improve
- 51% No change
- 17% Deteriorate

(% of respondents)

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Denmark – 2024

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 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 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 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 = 210

Business sector	Interviews	%
Manufacturing	120	57
Wholesale trade	19	9
Retail trade/Distribution	43	21
Services	28	13
TOTAL	210	100
Business size	Interviews	%
SME: Small enterprises	27	13
SME: Medium enterprises	78	37
Medium Large enterprises	70	33
Large enterprises	35	17
TOTAL	210	100
Chemicals	66	31
Electronics/ICT	71	34
Machines	73	35
TOTAL	210	100

Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2024 Payment Practices Barometer of Atradius, available at www.atradius.com/publications [Download in PDF format](#) (English only).

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.

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To find out more about B2B receivables collection practices in **Denmark and worldwide**, please visit atradiuscollections.com.

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