

# Atradius Payment Practices Barometer

## Hungary

Focus on B2B payment practices  
in the agri-food, consumer durables  
and steel / metals industries



## 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. The 2022 edition of the Atradius Payment Practices Barometer survey findings for Hungary is a valuable opportunity to hear directly from companies in the local agri-food, consumer durables and steel/metals industries about how their business operations are coping with the disruptive impact of the current challenging economic and trading circumstances.

Of course, this survey is a snapshot taken in a very volatile economic environment, and the findings should be viewed with this in mind. The survey, which was conducted at the beginning of the last quarter of 2022, is a snapshot of each industry at that time.

Topics covered include: the impact of late or non-payment on the industries polled, the average time it takes to turn overdue B2B invoices into cash, how businesses manage payment default risks related to selling on credit to B2B customers and expected challenges to profitability during the coming months.







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# Agri-food

## Overview of the key survey findings

### Significant rise in appetite for trading on credit

- There was a considerable change of approach to selling on credit in B2B trade across the Hungarian agri-food industry during the past twelve months. Three in five companies polled said they sold more on credit to B2B customers in the past year. Two key factors were behind this more liberal trade credit policy. These were to attract new customers and to protect current sales from competition. Currently, 47% of all B2B sales in the industry are transacted on credit, up from 42% a year ago.
- Around half of companies polled in the Hungarian agri-food industry told us they did not alter their customary payment terms during the past year. The majority of other businesses polled reported a slight lengthening of payment terms, reflecting the more liberal approach to B2B selling on credit. The average payment term in the industry now stands at 43 days, five days longer than last year. Payment terms were chiefly determined by the track record of B2B customers as well as the cost of obtaining funds from external sources.

### Cash flow concern as bad debt write-offs double

- Our survey of the Hungarian agri-food industry found that 35% of all invoiced B2B sales remained unpaid at the due date. This figure, although causing concerns for business cash flow, remained stable during the past twelve months. Companies polled said the main reasons B2B customers delayed payment were liquidity shortages as well as administrative delays in the customer payment process, most probably a disguise for customers' liquidity bottlenecks.
- Companies across the Hungarian agri-food industry adopted a range of measures in response to the issue of late payments by B2B customers. Among them were requests for cash payments from customers and delaying payments to their own suppliers. A significant number of companies polled also spent extra time and resources to resolve unpaid invoices. However, the struggle for collection of long overdue trade debt is evident in a doubling of bad debt write-offs during the past twelve months. These now amount to 6% of all B2B invoiced sales.

### DSO worries prompt switch to credit insurance

- The figures for Days Sales Outstanding (DSO) also provoked anxiety across the Hungarian agri-food industry. Our survey found a significant increase in companies polled who reported a deterioration of DSO and a significant weakening of their financial position. DSO currently averages 80 days across the industry, which means many companies waiting one month longer than the due date to collect invoice payment. Businesses polled said that among other tactics to accelerate cash inflows they often offered discounts for early payment by B2B customers.
- All the reported measures to ease liquidity problems most often came within the framework of in-house retention and management of customer credit risk. This involves setting aside funds to cover losses caused by B2B customer payment defaults and can be a sound business strategy. However, many companies across the Hungarian agri-food industry expressed concern about this approach in the current turbulent economic environment. This may explain why nearly one-third of companies polled moved to a policy of using credit insurance.

### 2023 industry outlook: strong fears about rising payment defaults

- Deep uncertainty about the ongoing global economic downturn is the major concern looking ahead for companies in the Hungarian agri-food industry. Businesses polled fear this could seriously hamper the rebound of the domestic economy, triggering a severe deterioration in the risk of payment default and a consequent insolvencies of B2B customers. DSO is expected to significantly worsen, with more companies than last year anticipating a cash flow struggle in the months ahead. Many of these said this could make them move towards more strategic credit management involving credit insurance.
- Widespread pessimism about business growth was also reported across the Hungarian agri-food industry. More companies polled than last year told us they feel negative about business growth. 55% of businesses polled said they would sell more on credit in B2B trade during the months ahead to help boost sales in these difficult times. They envisage an increase in use of trade credit despite a strong belief that B2B customer payment behaviour will worsen in the year ahead.

Key figures and charts of the survey can be found on the following pages



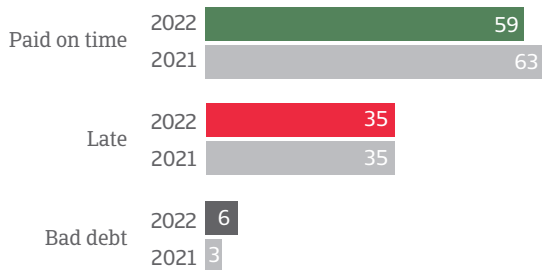


# Agri-food

## Late payments and cash flow

### Agri-food industry in Hungary

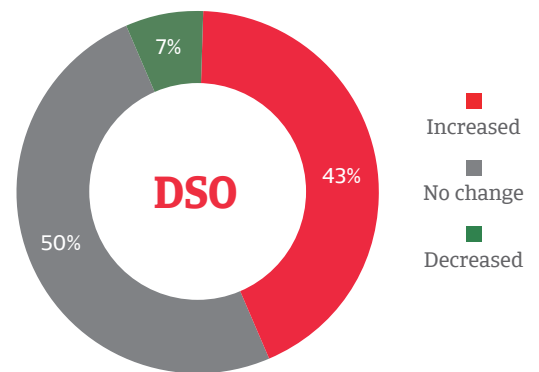
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2022/2021)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

### Agri-food industry in Hungary

% of respondents reporting DSO changes over the past 12 months

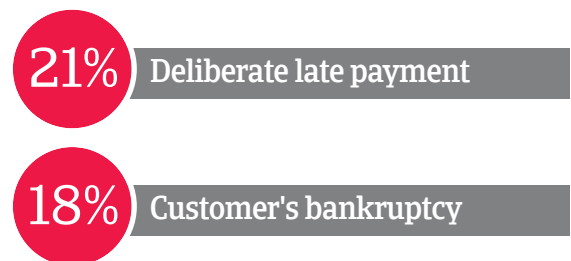
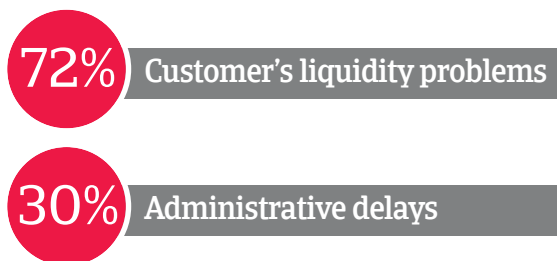


Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

### Agri-food industry in Hungary

Main reasons that B2B customers pay invoices late

(% of respondents)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

#### SURVEY QUESTION

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

- #1 Delay payments to my own suppliers
- #2 Strengthen internal credit control process
- #3 Request a bank overdraft extension





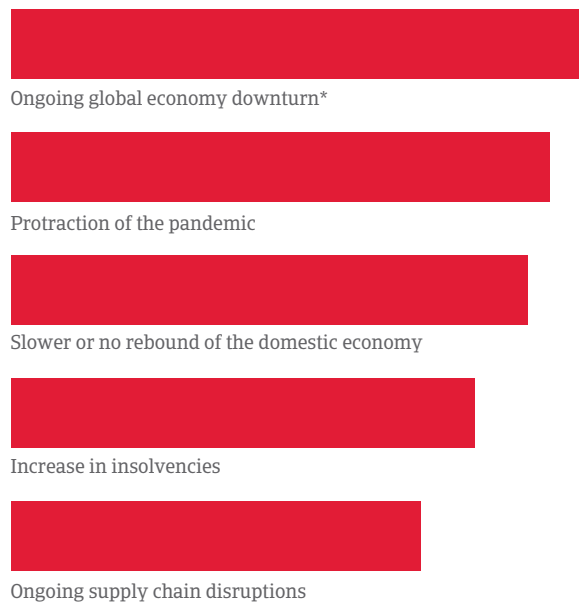
# Agri-food

## 2023 industry outlook

### Agri-food industry in Hungary

Looking into 2023: top 5 concerns expressed by businesses in the industry

(% of respondents)



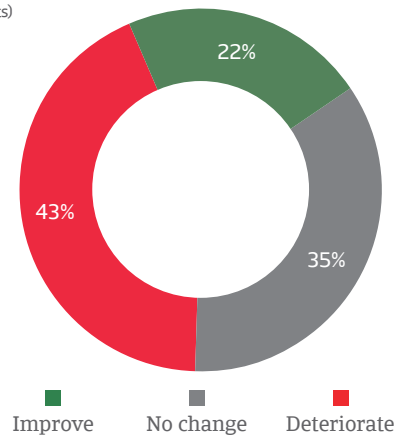
\* Due to the interplay among higher energy prices, commodity prices surge, inflation, supply chain disruptions and geopolitical tensions

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

### Agri-food industry in Hungary

Looking into 2023: how do you feel about your potential business growth?

(% of respondents)

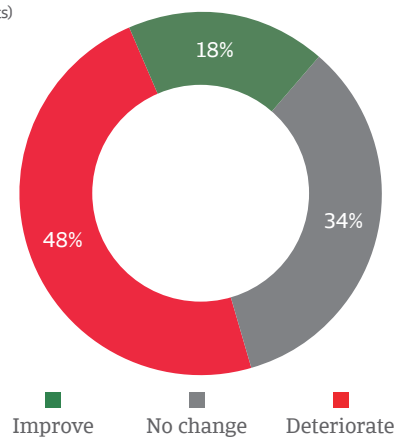


Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

### Agri-food industry in Hungary

Looking into 2023: how do you expect the payment practices of your B2B customers to change?

(% of respondents)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

**SURVEY QUESTION**


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

(% of respondents)

**13%** Improve

**47%** No change

**4%** Deteriorate







# Consumer durables

## Overview of the key survey findings

### Significant rise in B2B sales on credit

- Selling on credit in B2B trade is a key component for companies in the Hungarian consumer durables industry. This is reflected by a 15% average increase in the total amount of B2B sales transacted on credit during the past twelve months. Currently, 61% of all B2B sales across the industry are transacted on credit, up from 53% last year. More than half of companies polled said they sold on credit to protect sales against stronger competition, while one-third of businesses polled did so to allow B2B customers more time to pay.
- There was little change in the approach to setting payment terms by companies in the Hungarian consumer durables industry during the past year. Where businesses did alter their trade credit policy, it was to extend credit for a shorter period. Currently, the average payment term in the industry stands at a 49-day average, compared to 51 days last year. 45% of companies polled said they most often adjusted their usual payment terms to B2B customers in response to competitive pressures.

### Bad debts increase but late payments contained

- The impact of late payments and customer credit risk in the Hungarian consumer durables industry was largely contained during the past twelve months. The level of overdue B2B invoices now stands at 33% of all industry B2B sales, down from 37% last year. Around in three in four companies polled said the main reason for late payments was liquidity problems among customers. Concern was expressed about a rise in levels of bad debt write-offs. These increased to 5% of all industry B2B invoice sales, compared to just 2% last year.
- A range of measures to accelerate cash inflows had the positive effect of stabilising Days Sales Outstanding (DSO). More companies polled than last year said they did not experience any significant change in their DSO during the past twelve months. Among the tactics used by businesses in the Hungarian consumer durables industry was spending extra time and resources in chasing unpaid invoices. Another was delaying payments to their own suppliers. A firm grip on customer credit risk management was helped by a strong overall trade debt collection performance.

### Widespread reliance on benefits of strategic credit management

- Our survey found a widespread appreciation across the Hungarian consumer durables industry of the benefits of using credit insurance. 63% of companies polled said their measures to reduce the impact of customer credit risk occurred within the framework of an enhanced credit management strategy. Businesses told us that using credit insurance was a vital tool in terms of access to credit information on customers, ongoing risk monitoring, trade debts collection and easier access to external finance. Factoring was used to complement credit insurance by half of these companies polled.
- Other companies in the Hungarian consumer durables industry told us they relied on their own internal resources for credit risk management. This involved setting aside funds to cover any loss from defaulting B2B customers. This helped companies to keep liquidity in-house, but they reported a downside in terms of the costs involved as well as uncertainty about the capability of the business to absorb a large write-off that could threaten future viability. This concern may explain the expressed interest in a more strategic credit management approach.

### 2023 industry outlook: major concerns about liquidity shortfalls

- Anxiety about suffering liquidity shortfalls was reported by a significant number of companies polled across the Hungarian consumer durables industry as they look to the year ahead. They fear an ongoing global economic downturn amid the energy crisis and geopolitical tensions could seriously strain business cashflow and trigger an increase in insolvencies. There is also a widespread expectation of a deterioration in B2B customer payment behaviour, while 57% of companies polled envisage a worsening of DSO, with a consequent downturn of their financial picture.
- There was concern expressed also about ongoing supply chain disruptions in the coming twelve months. All these fears may explain the widespread pessimism found in our survey about business growth. More companies polled than last year feel negative about this. Against this background, 55% of companies polled in the Hungarian consumer durables industry said they anticipate no change of approach in selling on credit to B2B customers. This may also reflect the rising appetite for a strategic credit management approach involving credit insurance.

Key figures and charts of the survey can be found on the following pages

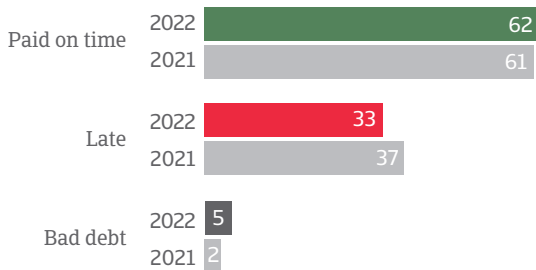


# Consumer durables

## Late payments and cash flow

### Consumer durables industry in Hungary

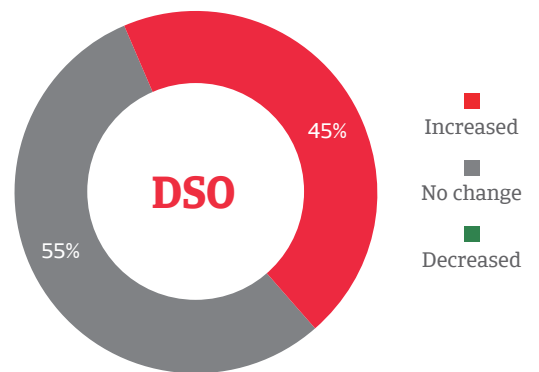
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2022/2021)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

### Consumer durables industry in Hungary

% of respondents reporting DSO changes over the past 12 months

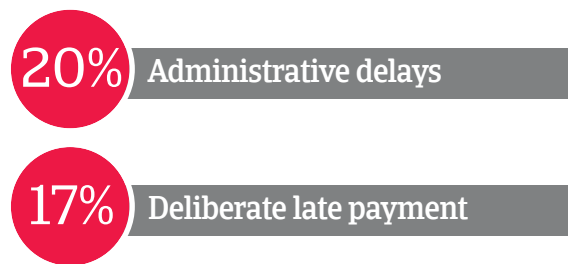
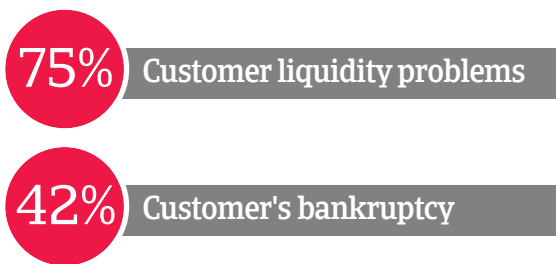


Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

### Consumer durables industry in Hungary

Main reasons that B2B customers pay invoices late

(% of respondents)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

#### SURVEY QUESTION

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

- #1 Strengthen internal credit control process
- #2 Delay payments to my own suppliers
- #3 Seek external financing







# Consumer durables

## 2023 industry outlook

### Consumer durables industry in Hungary

Looking into 2023: top 5 concerns expressed by businesses in the industry

(% of respondents)



\* Due to the interplay among higher energy prices, commodity prices surge, inflation, supply chain disruptions and geopolitical tensions

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

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

(% of respondents)

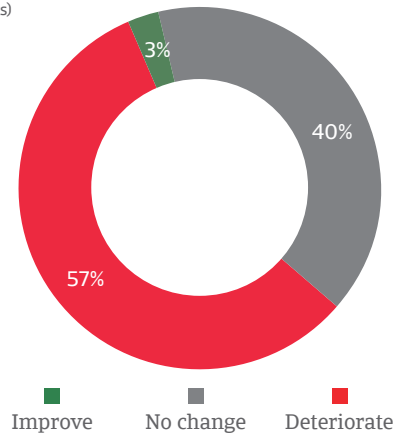
- 3% Improve
- 40% No change
- 57% Deteriorate



### Consumer durables industry in Hungary

Looking into 2023: how do you feel about your potential business growth?

(% of respondents)

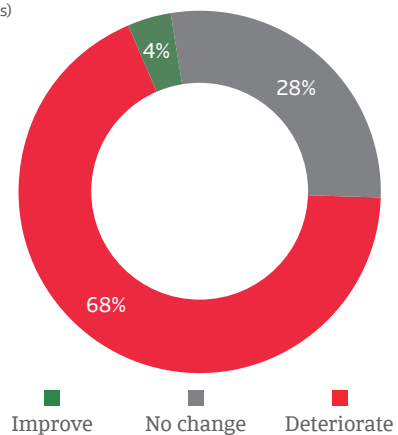


Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

### Consumer durables industry in Hungary

Looking into 2023: how do you expect the payment practices of your B2B customers to change?

(% of respondents)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022



# Steel/metals

## Overview of the key survey findings

### Mixed approach to payment terms and selling on credit

- Our survey found a variety of approaches to selling on credit across the Hungarian steel/metals industry during the past twelve months. Half of the companies polled said they did not change their trade credit policy in this period. The other 50% of businesses reported a mixture of selling less or more on credit in B2B trade. Overall, 47% of all B2B sales are currently transacted on credit. Companies polled said the main factor determining their trade credit policy was protection of the business from heightened customer credit risk.
- Companies polled across the Hungarian steel/metals industry reported a similar range of attitudes to length of payment terms. 36% of businesses polled said they extended credit to B2B customers for slightly longer than last year. However, 54% maintained the same payment terms as last year, while 10% opted for shorter terms. Currently, the average payment term stands at 39 days, up from 35 days last year. Businesses polled said the main factor in setting terms was those received from their own suppliers.

### Deterioration of DSO and bad debts cause concern

- Discounts for early payment by B2B customers was one of various measures used by companies across the Hungarian steel/metals industry to maintain good cashflow. 50% of companies polled said they strengthened their credit control process, spending extra time and resources to resolve unpaid B2B invoices, as well as seeking external finance to bridge liquidity shortages. This had some positive impact, the level of late payments unaltered from twelve months ago, standing at 31% of all invoiced B2B sales.
- This figure disguised one issue, however, that B2B customers tended to pay small invoices quickly while delaying payment of larger ones. This payment pattern had a negative impact on Days Sales Outstanding (DSO) for companies across the Hungarian steel/metals industry. Nearly one-third of businesses polled reported a worsening of DSO. This now stands at a 53-day average, up from 47 days last year. There was also an increase in the proportion of bad debt write-offs. These now average 4% of all B2B invoices in the industry, compared to 2% a year ago.

### Credit insurance used for cash flow protection

- The financial strain of worsening DSO and bad debt write-offs may explain why a significant number of companies in the Hungarian steel/metals industry told us their measures to reduce customer credit risk occurred within the framework of enhanced credit management strategy. This involved protecting the business against the risk of B2B customer payment remained default by using credit insurance. Companies polled said the benefits of this approach included information services when making trade credit decisions, as well as facilitating access to external funding.
- There was a contrasting outlook from companies in the Hungarian steel/metals industry who opted to rely on their own internal resources for credit risk management. Businesses polled said that this approach helped them to keep liquidity in-house. However, they also reported that this policy showed some downside in terms of the costs involved, as well as uncertainty about the capability of the business to absorb the impact of a large write-off. This could explain why some of these companies expressed interest in moving towards a more strategic credit management approach.

### 2023 industry outlook: widespread pessimism about business growth

- Uncertainty about the ongoing downturn of the global economy is the key concern looking ahead for companies across the Hungarian steel/metals industry. They fear the interplay between factors like the pandemic, energy crisis and geopolitical tensions could significantly worsen the trading landscape and trigger liquidity issues. 31% of companies polled said this made them feel negative about B2B customer payment behaviour, which they expect will deteriorate. Only 10% of businesses thought so last year.
- Even stronger pessimism was expressed by companies in the Hungarian steel/metals industry about the prospects for future growth. Just 13% of companies polled said they anticipate some business growth in the coming twelve months, compared to 72% last year. However, due to the firm grip on credit management through use of credit insurance, a significant number of companies polled said they are confident about selling on credit to boost sales growth in the year ahead. This also explains the confidence expressed that DSO swings will be contained in the coming months.

Key figures and charts of the survey can be found on the following pages



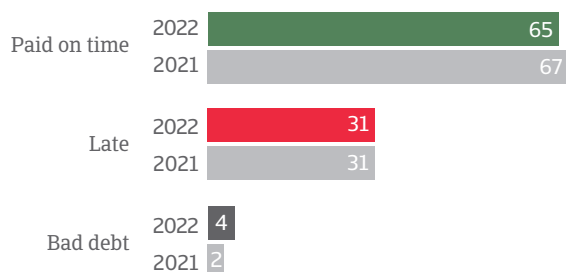


# Steel/metals

## Late payments and cash flow

### Steel/metals industry in Hungary

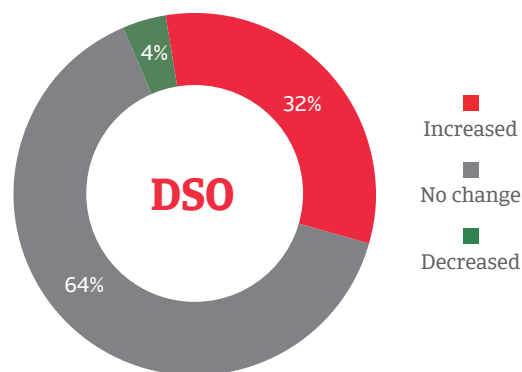
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2022/2021)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

### Steel/metals industry in Hungary

% of respondents reporting DSO changes over the past 12 months

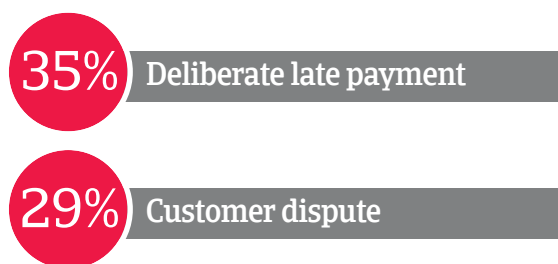
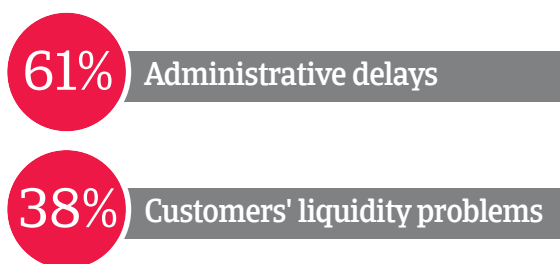


Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

### Steel/metals industry in Hungary

Main reasons that B2B customers pay invoices late

(% of respondents)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - December 2022

#### SURVEY QUESTION

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

- #1 Strengthen internal credit control process
- #2 Increase time, costs and resources spent on resolving unpaid invoices
- #3 Seek external financing



# Steel/metals

## 2023 industry outlook

### Steel/metals industry in Hungary

Looking into 2023: top 5 concerns expressed by businesses in the industry

(% of respondents)



Ongoing global economy downturn\*



Slower or no rebound of the domestic economy



Slower or no rebound of certain industries



Protraction of the pandemic



Liquidity shortfalls

\* Due to the interplay among higher energy prices, commodity prices surge, inflation, supply chain disruptions and geopolitical tensions

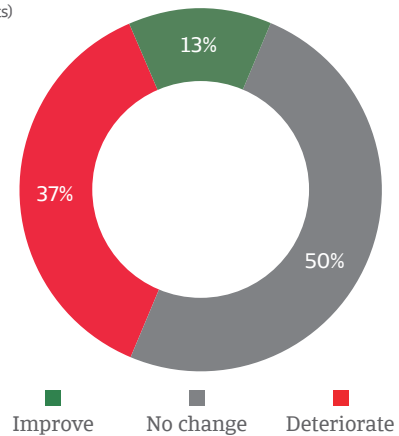
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - December 2022

### Steel/metals industry in Hungary

Looking into 2023: how do you feel about your potential business growth?

(% of respondents)



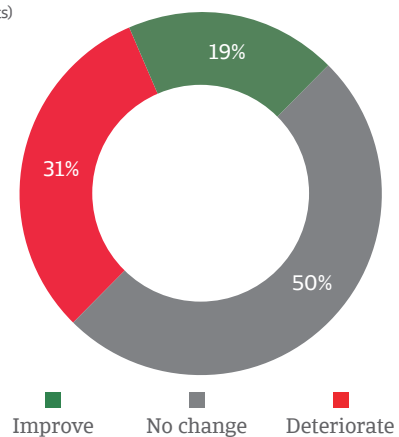
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - December 2022

### Steel/metals industry in Hungary

Looking into 2023: how do you expect the payment practices of your B2B customers to change?

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - December 2022

#### SURVEY QUESTION

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

(% of respondents)

12% Improve  
59% No change  
29% Deteriorate





# Survey design

## Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Hungary are the focus of this report, which forms part of the 2022 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 200 interviews in total. All interviews were conducted exclusively for Atradius

## Survey scope

- **Basic population:** Companies from Hungary 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=200 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: beginning of the last quarter of 2022.

## Sample overview – Total interviews = 200

Business sector	Interviews	%
Manufacturing	105	23
Wholesale	39	42
Retail trade / Distribution	45	21
Services	11	14
TOTAL	200	100
Business size	Interviews	%
Micro enterprises	100	50
SME - Small enterprises	30	15
SME - Medium enterprises	40	20
Large enterprises	30	15
TOTAL	200	100
Industry	Interviews	%
Agri-food	60	30
Consumer durables	60	30
Steel/metals	80	40
TOTAL	200	100

## Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the December 2022 Payment Practices Barometer of Atradius, available at [www.atradius.com/publications](http://www.atradius.com/publications)  
[Download in PDF format](#) (English only).

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

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