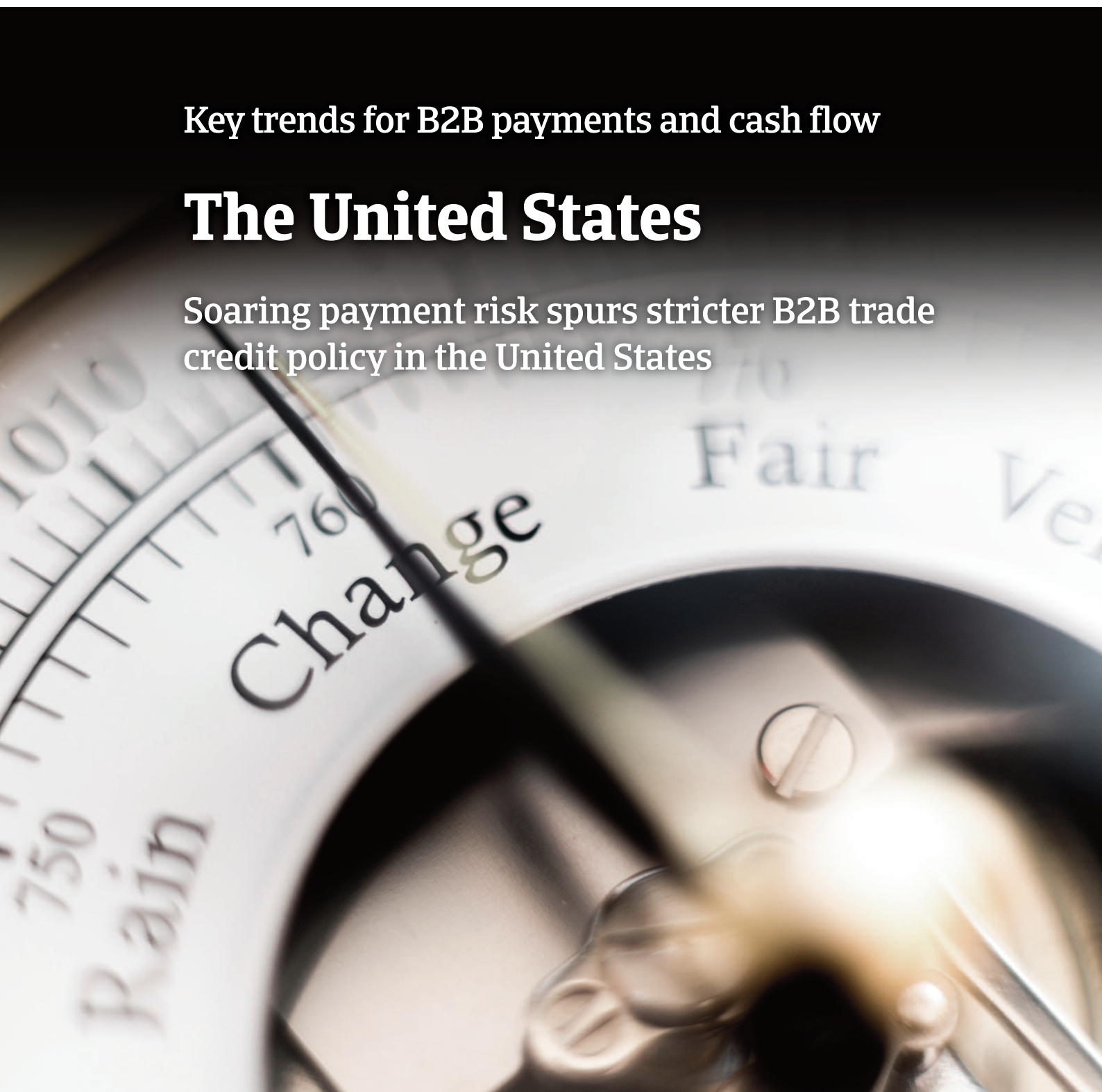




Key trends for B2B payments and cash flow

# The United States

Soaring payment risk spurs stricter B2B trade credit policy in the United States



## 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 the United States (US). Sector focus: agri-food, consumer durables and electronics/ICT.

The survey was conducted between the end of Q2 and the beginning of Q3 2023, and findings should therefore be viewed with this in mind.





**Gordon Cessford**  
**Regional Director for North America**  
**commented on the report**

“*Despite the US economy faring well thanks to the effective monetary policies of the central bank, the remainder of 2023 and 2024 could pose some challenges both globally and domestically due to tighter lending standards, monetary policy shifts, expected fiscal changes, and inventory volatility. These factors may erode confidence among US businesses, fostering uncertainty and leading to cautious decision-making in B2B trade as well.*

*As our survey reveals that nearly all US companies polled anticipate surge in demand for their products and services in the year ahead, it is key that businesses vigilantly monitor these factors, uphold financial flexibility, and make well-informed decisions within the evolving business environment, supported also by strategic credit management to successfully navigate potential economic headwinds and seize the business growth opportunities they expect.*

”





## In this report

B2B payment trends and cash flow	5
<b>Soaring payment risk spurs stricter B2B trade credit policy in the US</b>	
Key figures and charts	6
Looking ahead	7
<b>Cash flow protection: the critical challenge for US companies</b>	
Key figures and charts	8
Survey design	9

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# B2B payment trends and cash flow

## Soaring payment risk spurs stricter B2B trade credit policy in the US

The effects of a challenging financial environment amid widespread economic uncertainty were evident in a sharp downward trend in B2B sales transacted on credit among companies in the US. These now account for an average 48% of all B2B sales, with the impact particularly felt in the electronics/ICT sector. Our survey found that US businesses responded by granting shorter payment terms to their B2B customers to seek a quicker payment turnaround. Payment terms now average 35 days from invoicing, a week shorter than last year. The electronics /ICT sector bucked the trend, however, offering an average 53-day term in a strategic move to boost sales and remain competitive.

A crucial factor in setting payment terms for businesses polled in the US was the cost of obtaining funding for their operations during a period of soaring interest rates and tighter bank lending standards. Payment terms received from suppliers was another important consideration given an overall deterioration of payment practices. There was a significant rise in the level of late payments and bad debts, raising concern among companies across all sectors. Payment delays currently affect 55% of all B2B invoiced sales, putting strain on their cash flow. Another major concern was bad debts now affecting an average 9% of all sales to B2B customers, up from last year's 6%.

Our survey sheds light on the key reasons for this marked deterioration of B2B payment practices. Invoice disputes were cited by companies polled in the US consumer durables sector, while the electronics/ICT sector said customer liquidity problems was the main factor. Many businesses in the US responded with proactive measures to bolster their credit control process and protect cashflow. A majority of companies dedicated more time and resources to resolving unpaid invoices, while others slowed down payments to suppliers. 60% of businesses polled said they requested trade credit as a method of obtaining short-term trade finance rather than seeking bank loans.

In-house retention and management of customer credit risk was the preference reported by 92% of companies polled in the US, especially among those in the agri-food sector. Our survey also found that diverse approaches were adopted during the past 12 months. More businesses polled than last year, particularly in the consumer durables sector, told us they outsourced credit risk management to credit insurers. Other credit management options were also popular, including factoring, securitization and the use of letters of credit. Companies polled said these methods offered additional flexibility to credit risk management in a challenging market landscape.

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

## Key survey findings

- US companies polled reported a decline in B2B sales made on credit during the past 12 months, particularly in the electronics/ICT sector. Sales transacted on credit now represent 48% of all US B2B invoiced sales.
- Payment terms granted to B2B customers have become shorter by a week, now standing at a 35-day average from invoicing. In contrast, the electronics/ICT sector has opted to grant more relaxed payment terms in order to remain competitive.
- Factors considered in setting B2B payment terms included the cost of funding operations during a period of high interest rates and alignment of payment terms granted to B2B customers with those received from suppliers to foster a more stable cash flow.
- US companies have experienced an upward trend in late payments and bad debts arising from B2B trade on credit during the past 12 months. Currently, 55% of all B2B invoiced sales are overdue, while bad debts affect an average 9% of all credit-based B2B sales. The electronics/ICT sector was the most affected.
- Deterioration in B2B payment practices has raised concerns among US businesses. Electronics/ICT companies have attribute the challenges to ongoing customer liquidity issues, while invoice disputes affected mainly the consumer durables sector.
- A significant majority of US businesses polled told us they opted to retain and manage customer credit risk in-house. However, our survey found growing interest about credit insurance among US consumer durables businesses. US businesses polled cited also factoring, securitization and letters of credit as widely used credit management tools.

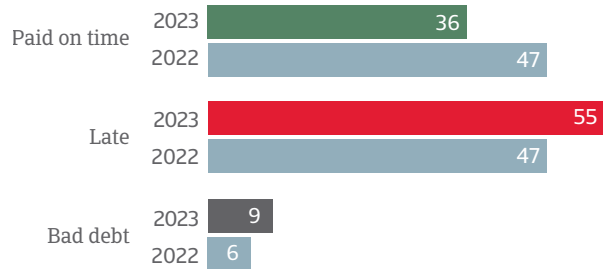




# United States

## United States

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

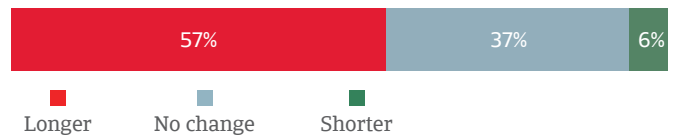


Sample: all survey respondents

Source: Atradius Payment Practices Barometer United States – 2023

## United States

% 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 United States – 2023

## United States

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 United States – 2023

### Survey question

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

- 60% Trade credit
- 52% Bank loans
- 43% Equity capital
- 30% Debt securities issued

\*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer United States – 2023

# Looking ahead

## Cash flow protection: the critical challenge for US companies

Widespread anxiety about a prolonged global economic downturn is the major preoccupation for the year ahead among companies polled in the US. This was especially reported in the electronics/ICT sector, while businesses in the consumer durables sector will be particularly sensitive to fluctuations in interest rates which affect borrowing costs and consumer spending patterns. A critical challenge across all sectors during the coming months will be dealing with potential cash flow issues and liquidity shortfalls. These concerns will require companies to adopt a proactive and strategic approach to improve financial stability. US businesses told us that innovative strategies may also be needed to counter worries about competitive pressure.

Despite these range of concerns expressed by US companies polled, our survey also found optimism about the outlook for the year ahead. Nearly all businesses polled told us they anticipate a surge in demand, and therefore sales, during the coming months. However, there was comparatively lower positivity across the consumer durables sector about potential growth opportunities. The outlook for an increase in profit margins during the coming year appears to be somewhat less optimistic. While 71% of US companies polled anticipate a rise, businesses in the electronics/ICT sector appear more pessimistic.

Despite these different perspectives, the majority of companies across various sectors remain hopeful about the prospects for both Days Sales Outstanding (DSO) and future B2B payment behaviour. 67% of US companies polled anticipate improvement in DSO, and thus quicker time to collect overdue receivables. 29% of businesses do not expect any change, with only a tiny percentage anticipating DSO to worsen. About the trend in B2B payment behaviour, 74% of US companies polled believe this will improve during the coming months, while 22% of businesses expect no change and the remainder anticipate a worsening.

Our survey found that 83% of companies polled in the US said they would continue to retain and manage customer credit risk in-house during the year ahead, although this figure was lower across the electronics/ICT sector. However, there was also a clear appetite among US businesses for using a variety of methods, including credit insurance, in their management of the issue of potential liquidity concerns arising from customer credit risk. Specifically, US consumer durables companies polled told us they would continue to use credit insurance complemented by factoring during the coming months.

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

## Key survey findings

- A major worry among the surveyed US companies is the potential of a prolonged global economic downturn affecting their business during the months ahead. Consumer durables companies expressed particular anxiety about fluctuating interest rates affecting various aspects of their business.
- US companies polled told us that cash flow issues and liquidity shortfalls arising from B2B trade would be the critical challenge during the coming months. This concern highlights the need for companies to implement effective cash flow management strategies to safeguard financial health.
- An increase in demand, and therefore sales, is expected by 91% of US companies in the year ahead, although lower optimism was found in the consumer durables sector. Regarding profit margins, the majority of businesses remains hopeful, but the sentiment is not as high as the expectations for increased demand and sales.
- 67% of companies polled in the US believe there will be an improvement in Days-Sales-Outstanding (DSO), suggesting confidence in their ability to enhance efficiency in collecting receivables. 29% expect the indicator to remain stable, while only a tiny percentage of companies anticipate a worsening of DSO.
- Similar optimism was echoed by businesses polled in the US about the outlook for B2B payment practices. 74% of companies expect an improvement during the year ahead, while 22% does not foresee any significant changes in the current B2B payment trends.
- A significant majority of US companies polled told us they would continue to retain and manage customer credit risk internally in the year ahead. However, there is a clear inclination among businesses polled to embrace a comprehensive and varied credit management strategy, which includes an increased use of credit insurance.





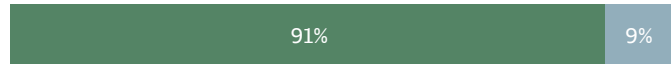
# United States

## United States

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 United States – 2023

## United States

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 United States – 2023

## United States

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

(% of respondents - multiple response question)



Cash flow issues and liquidity shortfalls

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer United States – 2023

### Survey question

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

(% of respondents)

**67%** Improve  
**29%** No change  
**4%** Deteriorate

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer United States – 2023



## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in the United States 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 211 interviews in total. All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from the United States 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=211 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 Q2 and the beginning of Q3 2023.

### Sample overview – Total interviews = 211

Business sector	Interviews	%
Manufacturing	38	18
Wholesale trade	49	23
Retail trade/Distribution	100	47
Services	24	12
<b>TOTAL</b>	<b>211</b>	<b>100</b>

Business size	Interviews	%
SME: Small enterprises	34	16
SME: Medium enterprises	49	23
Medium Large enterprises	73	35
Large enterprises	55	26
<b>TOTAL</b>	<b>211</b>	<b>100</b>

Industry	Interviews	%
Agri/Food	62	29
Consumer Durables	74	35
Electronics/ICT	75	36
<b>TOTAL</b>	<b>211</b>	<b>100</b>

## Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2023 Payment Practices Barometer of Atradius, available at [www.atradius.com/publications](http://www.atradius.com/publications) [Download in PDF format](#) (English only).

## Interested in finding out more?

Please visit the [Atradius](http://Atradius) website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

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To find out more about B2B receivables collection practices in the **United States and worldwide**, please visit [atradiuscollections.com](http://atradiuscollections.com).

### For the United States

Atradius Trade Credit Insurance, Inc.  
211 Schilling Circle, Suite 200Hunt Valley, MD  
21031USA

Telephone: +1 800 822 3223

[info.us@atradius.com](mailto:info.us@atradius.com)  
[atradius.us](http://atradius.us)

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Atradius

**Atradius N.V.**  
David Ricardostraat 1 · 1066 JS Amsterdam  
Postbus 8982 · 1006 JD Amsterdam  
The Netherlands

Phone: +31 20 553 9111

[info@atradius.com](mailto:info@atradius.com)  
[atradius.com](http://atradius.com)