



# Atradius Payment Practices Barometer

International survey of B2B payment behaviour  
Survey results for Indonesia

## Survey design for Asia Pacific

### Survey objectives

For internationally active companies, it is vital to have good knowledge of the payment practices of potential customers in countries they do or plan to do business with, as miscalculation may result in serious cashflow problems. This applies to big as well as small companies. Big companies are particularly hit by poor payment behaviour due to the volume of their international transactions. Smaller companies often learn the hard way early in their international endeavours that they have incorrectly estimated the payment practices of their international business partners.

Atradius is conducting regular reviews of corporate payment practices through a survey called the “Atradius Payment Practices Barometer”. Using the questionnaire Conclusr conducted a netto of 1,692 interviews in Asia and the Pacific. The interviews were all conducted exclusively for Atradius and there was no combination of topics.

### Survey scope

- Basic population: companies from 8 countries were monitored (Australia, China, Hong Kong, India, Indonesia, Japan, Singapore and Taiwan). The appropriate contacts for accounts receivable management were interviewed.
- Selection process:  
Internet survey: 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=1,692 people were interviewed in total (approximately n=200 people per country). In each country, a quota was maintained according to three classes of company size.
- Interview: Web-assisted personal interviews (WAPI) of approximately 12 minutes duration.

### Sample overview – Total interviews = 1,692

Country	n	%
Australia	213	12.6
China	219	12.9
Hong Kong	220	12.9
India	208	12.3
Indonesia	207	12.3
Japan	208	12.3
Singapore	208	12.3
Taiwan	209	12.4
Industry	n	%
Manufacturing	605	35.8
Wholesale / Retail / Distribution	490	29.0
Services	597	35.2
Business size	n	%
Micro-enterprises	572	33.8
SMEs (Small/Medium enterprises)	857	50.7
Large enterprises	263	15.5

It may occur that the results are a percent more or less than 100% when calculating the results. This is the consequence of rounding off the results. Rather than adjusting the outcome so that it totalled 100%, we have chosen to leave the individual results as they were to allow for the most accurate representation possible.

## Survey results for Indonesia

### The greatest challenge to business profitability this year

Indonesian GDP growth is predicted to slow to 5.3% this year, compared to 6.2% in 2012. This moderate slowdown to just over 5% assumes Indonesia avoids external financing pressures, which in turn depends on global funding conditions remaining sufficiently supportive, and on how well Indonesia's policies facilitate continued near-term adjustment and support competitiveness and investment.

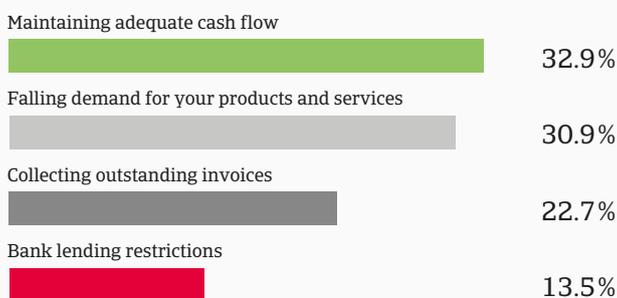
Fuel subsidies are still high and sensitive to both the value of the Rupiah and to global oil prices. Therefore, calls are being made for further reforms to the fuel subsidy system, to protect Indonesia better whilst freeing up spending for vital long-term investments in infrastructure and social programmes.

It is largely accepted that more efforts are needed to further diversify Indonesia's exports and boost competitiveness in order to sustain quicker growth and development. Not only would this help stimulate exports and encourage foreign direct investment, but also help raise longer-term employment and economic growth. At the moment, Indonesia is at the mercy of large scale foreign holdings which could make it vulnerable to external economic events.

Against this backdrop, Indonesian respondents were asked to name the greatest challenges to business profitability this year. Maintaining adequate cash flow came out top at 32.9%, with 30.9% citing falling demand for products and services – which could be attributable to China's slow down, impacting much of the region. The third most frequently noted challenge facing Indonesian respondents was collection of outstanding invoices. At 22.7%, this response rate was the third highest of the countries surveyed in – the Asia Pacific region where the average was 18.1%.

Bank lending restrictions were less of a problem and at 13.5% came in just below the 14% average of the region.

### The greatest challenge to business profitability this year – Indonesia



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – November 2014

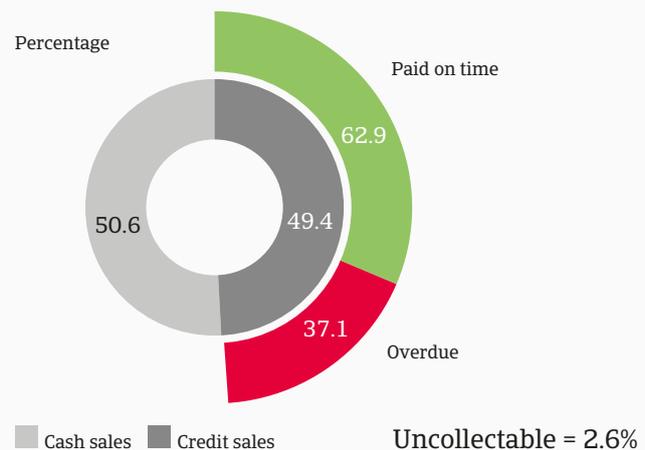
More information in the [Statistical appendix](#)

### Past due and uncollectable receivables

Indonesian respondents said that 37.1% of overdue receivables were paid within 30 days, slightly above average for the region. At 90 days, only 2.9% of the receivables of Indonesian respondents remained unpaid compared to a high of 6.1% for India and a regional average of 4.4%. Things were less promising with regard to uncollectable debts, however with 2.6%, of overdue receivable proving uncollectable the Indonesian figure was higher than all but the 2.9% in India. The Asia Pacific regional average was 2.2%.

Also of note, by comparing the percentage of receivables that remained outstanding after 90 days past due, to that of the uncollectable receivables, we can conclude that on average, businesses in Indonesia lose 54.2% of the receivables which are unpaid at 90 days. By country, this is the third highest across the Asia Pacific region, behind China at 64.1% and Taiwan at 56.4%.

### Average total value of B2B receivables by payment timing in Indonesia



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – November 2014

More information in the [Statistical appendix](#)

## Days Sales Outstanding – DSO

Indonesian respondents demonstrated a fairly relaxed approach to DSO, when questioned about the impact on the sustainability of their businesses. 67% of respondents said that a DSO of over 30 days would affect their business – the second lowest figure of the countries surveyed, behind Japan. In terms of actual DSO, however, Indonesian businesses actually had the greatest reason for concern, with an average DSO of 100 days – far and above all other countries surveyed. The next nearest response was from India, though still some way off with a DSO of 65 days. When the average payment term for the region is taken into consideration – 34 days – that means that Indonesian businesses are suffering with cash flow constraints for a far longer period than their peers – not only in Asia Pacific, with a regional average of 54 days, but also Europe, where the average sits at 50 days and the Americas, at 48 days.



More information in the [Statistical appendix](#)

## Main reasons for late payment from B2B customers

At 50.75%, Indonesia's respondents placed insufficient availability of funds at the top of their list of reasons for late domestic payments, the third highest response rate in the survey behind China at 67.12% and India at 54.77%, versus a regional average of 47.25%.

Perhaps more worrying though, were the next two reasons given by respondents. Buyers using outstanding debts and invoices for funding came in at 36.68%, whilst the formal insolvency of the buyer stood at 33.67%, the highest of all the countries surveyed.

Overseas payments were delayed for different reasons, with complexity of payment topping the rating at 41.16%, whilst banking inefficiencies came in second, at 39.42% and formal insolvency of the buyer once again the third most frequent reason for payment defaults, with 33.58%.

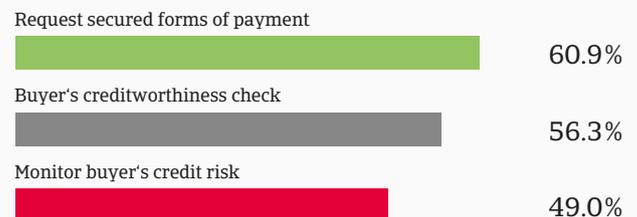
The fact that insolvency is highlighted in both cases suggests that Indonesian businesses may be doing a poor job of determining the creditworthiness of their buyers before offering credit to them.

## Credit management policies used by respondents

Further reflecting the insolvency issues faced by businesses in Indonesia, but unfortunately not stemming the issue, respondents from the nation scored higher than average for having policies in place to mitigate the risks of non-payment by their customers. 76.5% of Indonesian respondents had measures in place, the most popular of which was requesting secure forms of payment, at 60.93%, second only to China, at 65.17%. Also popular, in common with all other nations in the region, was checking buyer's creditworthiness, at 56.29% - almost on a par with Singapore at 56.69% - and slightly behind top ranking China at 58.43%, reflecting their cautious approach to trading on credit. Indonesian businesses were also the least likely, by a significant margin, to self-insure, with just 5.96% going down this route versus a regional average of 35.16%.

In terms of how Indonesian respondents like to be paid, respondents anticipated the most significant growth in the use of PayPal and Credit Cards at 57.14% and 54.79% respectively. Cheques came in lowest at 31.86%, suggesting not only that online purchasing could be behind the payment trends in the nation but also showing consistency with Indonesia's fondness for secure means of payment.

## Most often used credit management policies in Indonesia



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – November 2014

More information in the [Statistical appendix](#)

### Survey results by country, industry and business size

The findings related to each of the countries surveyed across Asia Pacific are presented in the Statistical Appendix which also features results by industry and business size. The latter, at an overall survey level, are displayed next to the related tables in the Statistical Appendix to this report. The regional report of this edition of the Atradius Payment Practices Barometer, as well as its Statistical Appendix, are available for free and downloadable on the [atradius.com](http://atradius.com) website.

If you would like more information about protecting your receivables against payment default by your customers you can visit the [Atradius website](#) or if you have more specific questions, please [leave a message](#) and a product specialist will call you back.

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The [Statistical appendix](#) to this report is part of the November 2014 Payment Practices Barometer of Atradius (survey results for Asia Pacific) available at [www.atradius.com/Publications/Payment Practices Barometer](http://www.atradius.com/Publications/Payment Practices Barometer). This appendix is available for download in PDF format (English only).

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