

EOS Survey 'European Payment Practices' 2017

The boomerang of payment delays: Companies respond to outstanding payments by cutting staff and raising prices

Poor payment practices can have a boomerang effect / Consumers who do not pay their bills harm everyone – the majority that pay on time and themselves / Companies affected by late or unrecoverable payments often react by raising prices or cutting staff to offset their risks

Hamburg, 3 July 2017 – Because of payment delays on the part of its customers, a company with an annual turnover of EUR 10 million has to wait for a long time on a sum of around EUR 1.9 million, while EUR 300,000 are completely unrecoverable (19 percent of all invoices in Europe are paid late and three percent are not paid at all). Ultimately, the consequences affect not only the defaulting payers themselves, but all consumers: Every fifth European company (20 percent) reacts to these kinds of payment delays and defaults by cutting jobs and freezing recruitment. Roughly just as many (21 percent) increase their prices – and so the boomerang effect begins. This is one of the findings of the representative EOS Survey 'European Payment Practices' 2017, which was conducted this year for the tenth time. In spring this year, independent market research institute Kantar TNS polled 3,200 corporate decision-makers from 16 European countries.

Price increases most frequent in Eastern Europe

In Eastern Europe in particular, companies react to payment delays or defaults by raising prices. This is most common in Hungary (32 percent), followed by Croatia (30 percent). In Western Europe, British firms are the most likely to increase their prices (26 percent). Only Switzerland comes close (24 percent). In Germany, on the other hand, the response is muted: only four percent of companies react to payment delays and defaults by raising prices.

Hiring policy: Germany reacts calmly – Greece takes drastic measures

In respect of a recruitment freeze or job cuts, Greece exhibits the strongest reaction in Europe to payment delays and defaults: in 31 percent of



companies polled in Greece, payment defaults impacted on hiring policies. The UK is only slightly behind (29 percent). Romania and Spain are in third place (at 27 percent each). By way of comparison: In Germany, only 6 percent of companies take steps to reduce personnel.

‘Many people are not even aware of the consequences of late or unrecoverable payments. We would like to educate people about this and about the importance of debt collection’, says Klaus Engberding, CEO of the Hamburg-based EOS Group. ‘Debt collecting often has a cliché-ridden, negative image among the public. The role it plays in the economy is generally not visible, although this is something that the consumer benefits substantially from. Because the liquidity restored to a company as a result of debt recovery helps it to avoid increasing prices or cutting back jobs.’

About the EOS survey: ‘European Payment Practices’

In the spring of 2017, in partnership with the independent market research institute Kantar TNS, EOS polled 3,200 companies in 16 European nations about the prevailing payment practices in their respective countries. 200 companies in each of the countries Germany, UK, Spain, France, Belgium, Austria, Switzerland, Poland, Slovakia, Czech Republic, Croatia, Hungary, Bulgaria, Russia, Greece and Romania answered questions about their own payment experiences, economic developments in their countries and issues relating to risk and receivables management. Further results from the survey can be found online at:

www.eos-solutions.com/paymentpractices2017/consumer

The EOS Group

The EOS Group is one of the leading international providers of customised financial services. Its main focus is on receivables management covering three key business segments: fiduciary collection, debt purchase and business process outsourcing. With just under 8,000 employees and more than 60 subsidiaries, EOS offers some 20,000 clients in 28 countries around the world financial security with tailored services in the B2C and B2B segments. Being connected to an international network of partner companies, the EOS Group has access to resources in more than 180 countries. Its key target sectors are banking, utilities and telecommunications, along with the public sector, real estate, mail order and e-commerce. For more information please visit: www.eos-solutions.com.

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