



Global collections review

Core results in 22 countries

September 2010

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1. Survey design

1.1 Survey background

For internationally active companies, it is vital to have good knowledge of the payment practices collections behaviour of potential customers in the countries with which they do or plan to do business, as an incorrect decision may result in serious cash flow problems. This applies to both large and small companies, as large businesses are particularly exposed to poor payment behaviour due to their volume of their international transactions, while smaller companies often learn the hard way that they have incorrectly assessed the payment behaviour of their international business partners.

Atradius conducts regular surveys of corporate payment and collections behaviour across a range of countries and the findings published in the *Atradius Payment Practices Barometer* and *The Global Collections Review*. This survey is conducted twice a year and is the third time that the *Global Collections Review* has been published since its inception in 2009. In this second wave of the survey for 2010, the panel of countries included Switzerland, Ireland, Austria, Poland, Czech Republic, Canada, United States, Hungary, Slovakia, Australia, Mexico, Hong Kong and China. Almost 4,000 companies from twenty-two countries have been interviewed in this round.

*Only limited responses for these countries

The interviews were all conducted exclusively for Atradius and there was no combination of topics.

This report presents the results of the evaluation of collections behaviour and it includes only countries for which completed responses are available.

1.2 Sample overview

Sample overview

Country (n=3,971)	n	%
Australia	156	4%
Austria	165	4%
Belgium	222	6%
Canada	159	4%
China	160	4%
Czech Republic	152	4%
Denmark	197	5%
France	209	5%
Germany	215	5%
Great Britain	204	5%
Hong Kong	157	4%
Hungary	135	3%
Ireland	157	4%
Italy	210	5%
Mexico	152	4%
Poland	164	4%
Slovakia	154	4%
Spain	227	6%
Sweden	204	5%
Switzerland	152	4%
The Netherlands	218	5%
USA	202	5%

Turnover (n=3,971)	n	%
Micro enterprise (turnover under 1 million EUR)	1,479	37%
Small enterprise (turnover 1 million EUR - 10 million EUR)	1,105	28%
Medium/Large enterprise (turnover 10 million EUR - 100 million EUR)	888	22%
Large enterprise (turnover Over 100 million EUR)	499	13%
Economic sector (n=3,971)	n	%
Manufacturing	843	21%
Trade/Sales/Distribution	1,096	28%
Services	1,734	44%
Financial services	298	8%

Sample split by economic sectors

	Economic sectors				Total
	Manufacturing	Trade / sales / distribution	Services	Financial services	
Australia	25	40	78	13	156
Belgium	34	66	101	21	222
Canada	30	39	74	16	159
China	73	33	44	10	160
Denmark	49	42	100	6	197
Germany	36	54	110	15	215
Great Britain	49	54	88	13	204
France	28	74	83	24	209
Hong Kong	33	49	61	14	157
Hungary	41	31	58	5	135
Ireland	20	53	64	20	157
Mexico	18	59	74	1	152
The Netherlands	38	61	93	26	218
Slovakia	62	48	44	0	154
Spain	35	63	112	17	227
USA	39	41	99	23	202
Sweden	41	51	101	11	204
Switzerland	18	38	81	15	152
Czech Republic	95	27	30	0	152
Poland	29	55	62	18	164
Austria	19	56	77	13	165
Italy	31	62	100	17	210
Total	843	1,096	1,734	298	3,971

Base: All companies

Source: Heliview Research | June 2010

Where a single answer is possible, it may occur that the results are a percent more or less than a 100% when the results are added up. This is the consequence of rounding off the results. We have chosen not to adjust the results so the outcome would fit to a 100%, with the purpose of representing the individual results as precisely as possible.

1.3 Objectives

The “Global Collections Review” has the following objectives:

1. Determine collections behaviour: How have you dealt with overdue invoices over the last 12 months?
2. Determine the usage of external collections agencies: Do you use an external agency to collect overdue domestic or international receivables?
3. Determine the criteria for selecting external collections agencies: Which criteria do you use in selecting an external agency for collecting your overdue receivables?
4. Identifying and understanding the reasons for not using external agencies: What are the primary reasons why you do not use an external collections agency?
5. Evaluating further developments in the collections market: Will your company be outsourcing its first party collections within the next 2 years?

1.4 Survey scope

Basic population
<ul style="list-style-type: none"> • Companies from 22 countries were monitored (Australia, Austria, Belgium, Canada, China, Czech Republic, Denmark, France, Germany, Great Britain, Hong Kong, Hungary, Ireland, Italy, Mexico, Poland, Slovakia, Spain, Sweden, Switzerland, The Netherlands, USA) • The appropriate contacts responsible for accounts receivable management were interviewed

Selection process
<p>Internet survey: Companies were selected and contacted by using an international internet panel.</p> <ul style="list-style-type: none"> • At the beginning of the interview, a screening for the appropriate contact and for quota control was conducted <p>Telephone survey: Companies were selected and contacted by telephone.</p> <ul style="list-style-type: none"> • At the beginning of the interview, a screening for the appropriate contact and for quota control was conducted • Telephone survey only took place for Slovakia and partly for Hungary.

Sample
<ul style="list-style-type: none"> • n=3,971 persons were interviewed in total (approx. n=150-200 persons per country) • In each country, a quota was maintained according to three rough industry categories and four classes of company size.

Interview

- Web-assisted personal interviews (WAPI) of approx. 15 minutes duration
- Telephone interviews (CATI) of approx. 25 minutes duration
- Interview period: 21/06/2010 – 02/08/2010

1.5 Respondents profile

Interviewed companies reported for the first half of 2010 an average DSO of 42 days across European companies and 45 days worldwide. Compared to the last year, the average DSO did not change for the majority of respondents (around 70%), both at European level and worldwide.

The existing 'Directive on combating late payments in business transactions' is currently undergoing revision by the European Parliament. The EU legislators aim at adopting uniform mandatory invoice terms for transactions both in the private and the public sectors. In particular: all invoices have to be paid within 30 days irrespective of the business transaction being a B2B or a transaction between a private business and the public sector.

For the companies surveyed, the implementation of these mandatory payment terms will have a positive impact on business for 46% respondents, while 33% said they did not have a meaningful amount of business in the EU.

2. Summary

2.1 Foreword

To complement the Atradius Payment Practices Barometer, the Global Collections Review aims to take a further look into practices specifically related to overdue receivables. Focusing on twenty-two countries, our survey also looks into various types of company and their usage of debt collection, as well as the motivation behind their choices and decisions.

2.2 Survey topics covered

- Number of days in which domestic and international receivables are overdue
- Distribution of overdue receivables between domestic and international debts
- Ways in which companies have dealt with their overdue invoices during the past 12 months
- Extent to which they use a collections agency (for domestic and/or international debtors)
- Criteria ranking for choosing debt collections agencies
- Reasons for not using debt collections agencies
- Future developments for first party collections

2.3 Topics overview

Number of days in which domestic and international receivables are overdue

○ **Worldwide overview**

The average number of days that invoices remained overdue is quite similar for both international and domestic receivables.

61% of respondents reported that their current international receivables are less than 60 days overdue, 23% are between 60-90 day and 16% are more than 60 days past their due date. Slightly higher is the percentage of companies reporting that their domestic receivables are less than 60 days overdue.

○ **European overview**

European companies surveyed displayed a similar average number of days that payments remained overdue for both international and domestic debts, even though – also at European level – there is a higher percentage of domestic debts that are less than 60 days overdue (64%).

○ **Country specifics**

Domestic debts

A significantly larger percentage of receivables paid in a short timeframe were found in Australia, Denmark, Netherlands and Sweden. In these countries, more than 75% of overdue accounts were just under 60 days overdue. At the opposite end of the scale, the largest running overdue portfolios were found in Spain and Italy with over 20% of receivables more than 90 days overdue.

International debts

Great Britain, USA and Italy showed the longest days outstanding for international receivables; in particular in Italy where almost half of the receivables are more than 60 days overdue.

○ **Sector specifics**

Domestic debts

Micro enterprises displayed a significantly higher percentage of domestic debts that remained overdue less than 60 days.

International debts

There were no significant differences found between economic sectors (Manufacturing, Trade/Sales/Distribution, Services and Financial services) when considering the number of days outstanding.

- **Turnover specifics**

Domestic debts

There were no significant differences found between turnovers when considering the number of days outstanding.

International debts

Micro enterprises displayed a significantly higher percentage of international debts that remained overdue more than 90 days.

Ways in which companies dealt with their overdue invoices in the past 12 months

- **Worldwide and European overview**

While most companies are collecting outstanding debts using their own internal resources (64%), almost 30% of companies surveyed had used an external debt collections agency in the last 12 months. Slightly more than 30% had used a law office or attorney and more than 10% had sold off their debts.

- **Country specifics**

Particularly in Netherlands and Sweden, there is a significantly higher use of external debt collections agencies (54% and 47% respectively).

While the selling of debts was the least preferred method, Central and Eastern European companies were more oriented to sell off their debts. Also, this method was significantly more popular in Canada, France, UK and Belgium, compared to other countries.

A high percentage of companies interviewed in Denmark (79%), Hungary (87%), Ireland (78%) and the Czech Republic (83%), were carrying out collections procedures within their own company. China, Slovakia, Czech Republic and Austria reported also a significantly higher usage of legal procedures than other countries.

- **Sector specifics**

Financial services had a significantly higher usage of debt collections agencies compared to other economic sectors.

- **Turnover specifics**

The use of a law/attorney office was a significantly more popular method amongst the small (EUR 1-10 million turnover) and mid/large enterprises (EUR 10-100 million turnover) than all other companies surveyed. Using an external agency to collect on overdue accounts was the method adopted least by the micro companies (less than EUR 1 million turnover).

Extent to which companies use a collections agency (for domestic and/or international debts)

- **Worldwide and European overview**

Approximately 30% of respondents use debt collection agencies' services.

Overall, 54% of respondents have used an external agency for dealing with international debts, while 30% have used an external agency for placing strictly international debts. A quarter have handled a combination of international and domestic debts and 45% have sought these services specifically for domestic debts.

- **Country specifics**

Belgium, Switzerland, Ireland, Spain, Great Britain and France reported a higher percentage of DCA's usage for international debts (strictly international and as a combination of the two types of debt).

Companies in Netherlands and USA used external agencies to collect their domestic debts significantly more than the other countries surveyed, although companies in the United Kingdom, France, and USA used external agencies to collect solely international debts significantly more than the other countries. A significantly larger percentage of companies in Sweden, Austria and Netherlands were using an external agency for both domestic and international debts.

- **Sector specifics**

A significant percentage of companies in the Services sector responded that they typically do not use external agencies. The Manufacturing sector displayed a tendency – compared to the Services and the Trade/Sales/Distribution sectors – to use an external agency for strictly international receivables. Companies in the ‘Financial services’ sector reported a higher tendency to use an external agency to collect on both domestic and international receivables compared to companies in the ‘Manufacturing’ and ‘Services’ sectors.

- **Turnover specifics**

No main differences were found among companies of different sizes when considering using a debt collections agency. There was a tendency for companies in the size range of more than EUR 10 million turnover (from small to large size) to be more likely to use an agency for international debts.

Criteria ranking for choosing debt collections agencies

- **Worldwide and European overview**

‘Success Rate’ and ‘Price’ are still considered by companies as the two more important criteria when selecting a DCA: When asked to rank the importance of differing criteria used for selection, companies rated ‘Success Rate’ as the most important criterion and ‘Price’ ranked second.

A further important selection factor is an agency’s ‘Ability to maintain a positive relationship with debtor’.

- **Country specifics**

All countries ranked ‘Success Rate’ and ‘Price’ as more important key drivers, even though companies operating in China and Spain gave the last criterion a significantly lower importance compared to all other countries.

‘Success rate’ and ‘Price’ were ranked in the first two places by most countries with the exception of Canada, which ranked ‘Reputation’ more important than ‘Success rate’.

China, Denmark, Hungary, Ireland, Mexico and USA ranked ‘Agency’s ability to maintain positive relationship with debtor’ as second important; while Italy and France regarded ‘Additional services’ as more important.

‘Local knowledge’ was ranked second by companies in Hong Kong and Mexico, while ‘Global Expertise’ was considered of higher importance by companies operating in Hong Kong and Hungary. On the other hand, ‘Global expertise’ was ranked with a low importance by companies in Australia, Denmark, Ireland, Netherlands, Sweden and Austria.

- **Sector specifics**

‘Success rate’ was an important factor across nearly all sectors without any significant difference. ‘Price’ was additionally important across all industries, notably within the Manufacturing sector, which gave it a significantly higher rating compared to the Service sector.

- **Turnover specifics**

There were few differences found between various turnover types. ‘Agency’s ability to maintain positive relationship with debtor’ was ranked as the second factor of choice by larger companies, with a turnover of more than EUR 100 million. Although ‘Reputation’ was not a main criterion when choosing a collections agency, companies with a turnover between EUR 10-100 million ranked it higher than companies in the other size categories.

Reasons for not using debt collections agencies

o **Worldwide and European overview**

Approximately 70% of companies surveyed have not used a debt collections agency in the last 12 months.

When inquiring about the reasons for not choosing a DCA, respondents were asked to rank a variety of reasons. The main reason given was that collections activities were already being carried out internally.

The concern that a DCA could harm the relationship with the debtor was the second reason not to use an agency, followed by the cost. While price is highly important when choosing an agency, it can be concluded that cost is not the main reason to not use an agency.

Exploring with more details the reason given for collecting internally*, the majority indicated no particular reasons for this choice, while a few respondents affirmed they either do not have collection problem, they are too small or they are worried about possible damages to their company image.

** open question*

o **Country specifics**

All countries ranked the reasons for not using an agency in a similar order with the exception of companies in Germany, Hong Kong and Austria for which the protection of the relationship with the debtor was the main reason for not choosing a collection agency, after using internal collections processes.

o **Sector specifics**

Nearly all sectors ranked the various reasons not to use debt collections agencies similarly.

o **Turnover specifics**

Irrespective of turnover, all companies choose not to use an external collections agency primarily as they have the internal resources to do it.

Larger companies in the more than EUR 100 million turnover range, gave significantly less importance to 'Cost' and 'Customer relationship' compared to all other companies as the reason not to collect externally.

Future developments for first party collections

o **Worldwide and European overview**

European companies appeared to have a more cautious approach toward outsourcing their First Party Collections compare to the worldwide attitude. Companies outside Europe were more likely to outsource (28% compared to 24%) and the percentage of neutral companies is higher than across European enterprises (23% compare 21%).

o **Country specifics**

Overall, companies in the half of countries seemed to be willing to outsource their First Party Collections within the next 2 years.

Companies that are most likely to outsource operate mainly in Great Britain (39%), France (35%), Spain (33%), USA (37%) and in Italy (37%). In all other countries, the percentage of enterprises that are unlikely to consider outsourcing is higher than 50%.

The price companies declared to be willing to pay per invoice for outsourcing their First Party Collections is normally low, both worldwide and at European level.

For enterprises within the Euro Area (Italy, Austria, Spain, Slovakia, Netherlands, Ireland, France, Germany and Belgium) 37% would pay less than EUR 5, 23% estimated a price that lies in the range EUR 5-8, almost 20% were willing to pay between EUR 8-12 and the remaining 20% would pay more than EUR 12.

- **Sector specifics**

The Services sector was that one that showed the highest percentage of enterprises that will be unlikely to outsource their First Party Collections (56%). Among the other economic sectors (Manufacturing, Trade/Sales/Distribution and Financial services), more than 30% of respondents confirmed that they will be likely to outsource in the next 24 months.

- **Turnover specifics**

Micro enterprises (less than EUR 1 million turnover) were those with less probability to outsource their First Party Collections (52%).

3. Country reports

3.1 Australia

Key findings – Australia specific

- The amount of days Australian debts are overdue is lower for domestic debts
- Use of collections agency is specifically for domestic debts
- ‘Price’ is a highly important criterion when choosing a collections agency
- ‘Customer relationship’ is an important reason for not using an external agency
- First party collections are unlikely to be used

Number of days in which domestic and international receivables are overdue

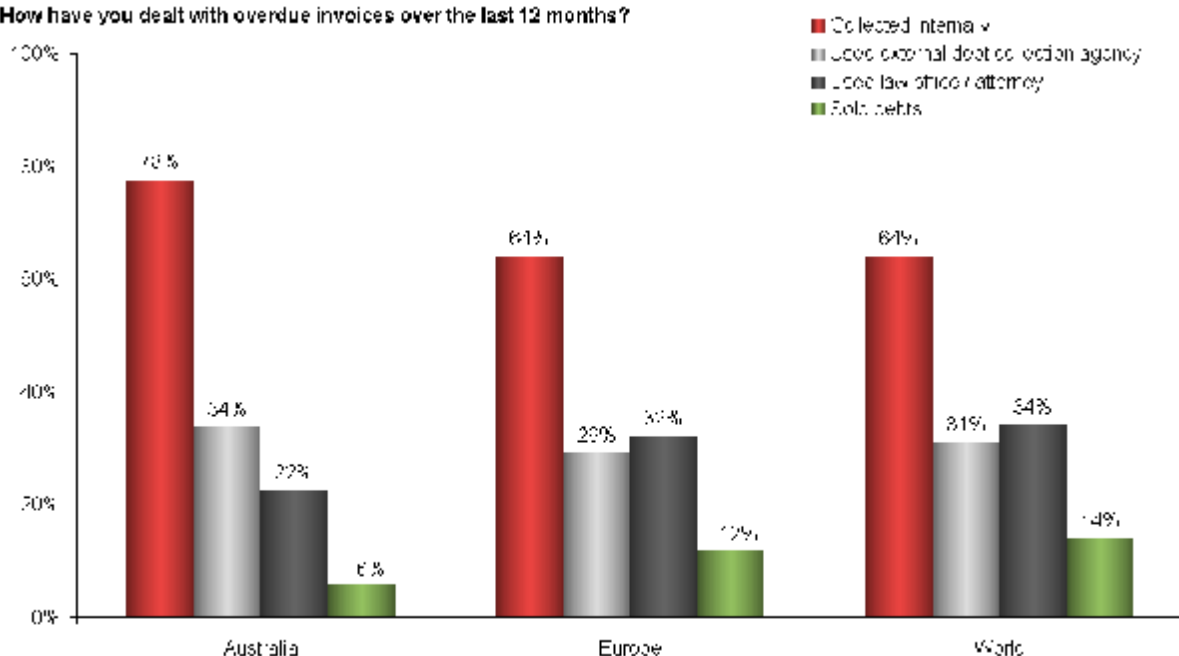
Domestic debtors: Domestic receivables of Australian companies have a relatively low amount of days outstanding. Of all overdue receivables from debtors based within Australia, 77% are less than 60 days overdue; 15% lie between 60 – 90 days overdue and just 8% are more than 90 days overdue.

International debtors: International debts were being paid in a slightly longer timeframe when compared to domestic debts. 67% of receivables were less than 60 days overdue, 21% were between 60-90 days and 12% were more than 90 days overdue

Ways in which companies dealt with their overdue invoices in the past 12 months

Australia is one of the countries with a higher percentage of companies collecting internally, along with Denmark, Hungary, Ireland and the Czech Republic. 34% of enterprises have used external debt collections agencies in the last 12 months; 22% used services from law offices and a small group of companies sold off their debts.

How have you dealt with overdue invoices over the last 12 months?



Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debtors)

Among those companies that have used an external agency for collecting their overdue receivables, 51% have used them for dealing solely with domestic debts; 23% used an external agency for a combination of both domestic and international receivables, while 26% used them strictly for international debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

'Price and 'Success Rate' ranked as the most important reasons for selecting a collection agency in Australia. The 'Ability to maintain a positive relation with the debtor' ranked third and 'Global Expertise' was ranked least important.

Criteria	Australia	Europe
Price	3,5	3,9
Global expertise	5,8	5,0
Local knowledge (language/ legal)	4,1	4,9
Agency's ability to maintain positive relationship with debtor	3,9	4,3
Easy access to up-to-date information	5,5	4,8
Success rate	3,7	3,8
Reputation	3,9	4,5
Additional services	5,6	4,8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Of those companies that did not use an external agency for collection, the most important reason was that they preferred to 'do it themselves'.

The second most important reason was the 'customer relationship', followed by 'cost'. Having no trust in the outsourcing party was the lowest ranked for Australia

Reasons	Australia	Europe
Cost	2,9	2,8
We do it ourselves	1,9	2,1
Too complex	3,8	3,9
No trust in success of outsourcing party	3,9	3,7
Customer relationship	2,4	2,6

Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

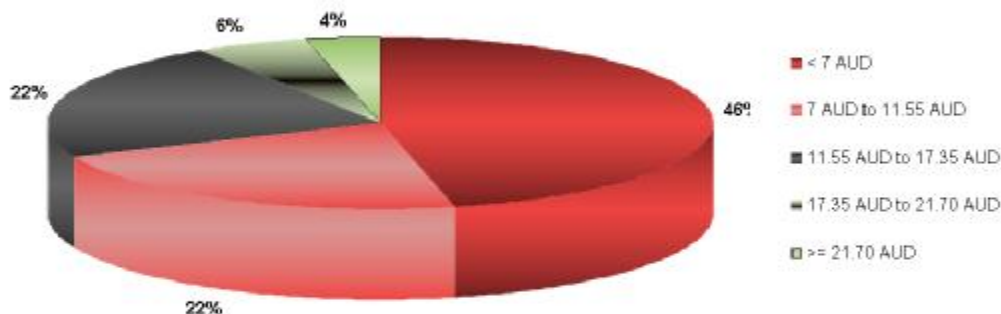
Companies in Australia, where the preferred method of dealing with overdue receivables is to collect internally, displayed low interest in First Party Collections for the next 24 months.

60% of respondents affirmed they will be unlikely outsourcing and 11% showed a certain interest for this type of collections market.

The percentage of unlikelihood is significantly higher when compared to the other countries.

The price that 44% of Australian companies are willing to pay for First Party Collections lies in the lower range (less than 7 AUD) even though there is a further 44% that appeared to be given a higher value to the service: Price range varies from 7 AUD and 17.35 AUD.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: Interviewed companies from Australia

3.2 Austria

Key findings – Austria specific

- International and domestic overdue receivables take the same amount of time to be paid
- Large use of external debts collections agencies
- Use of collections agencies is primarily for domestic debts
- Ability to maintain a positive relationship with debtor is an important criterion – together with 'Price' and 'Success rate' – in selecting a debt collections agency
- 'Customer relationship' was ranked as most important reason to not use an agency
- First party collections is of little interest to Austrian companies

Number of days in which domestic and international receivables are overdue

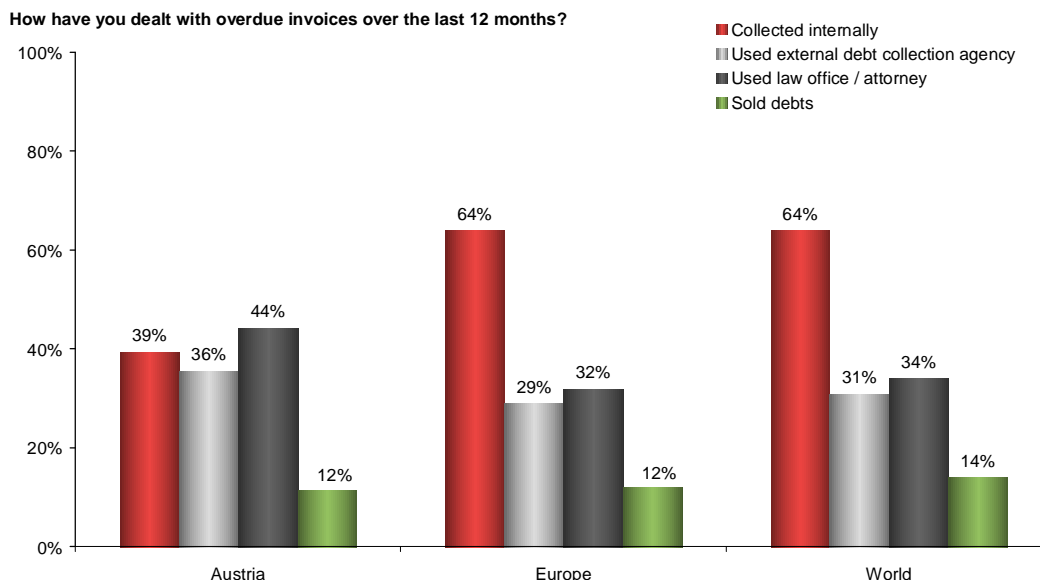
Domestic debtors: Of all overdue receivables from debtors based within Austria, 67% are less than 60 days overdue; 18% are lying between 60 – 90 days overdue and 15% are more than 90 days overdue.

International debtors: Whether debtors are domestic or from another country, Austrian companies ranked their overdue receivables as taking about the same amount of time despite their location.

Ways in which companies dealt with their overdue invoices in the past 12 months

Austria had the lowest percentage of companies collecting internally, at 49%, yet Austria had also one of the largest number of companies using an external debt collection agency – 36%. Austria ranked 3rd in Europe and 4th worldwide for the usage of a DCA.

Austrian companies – together with enterprises operating in Czech Republic and in Slovakia – displayed also a high percentage (44%) in using law offices/attorney services for dealing with their overdue invoices.

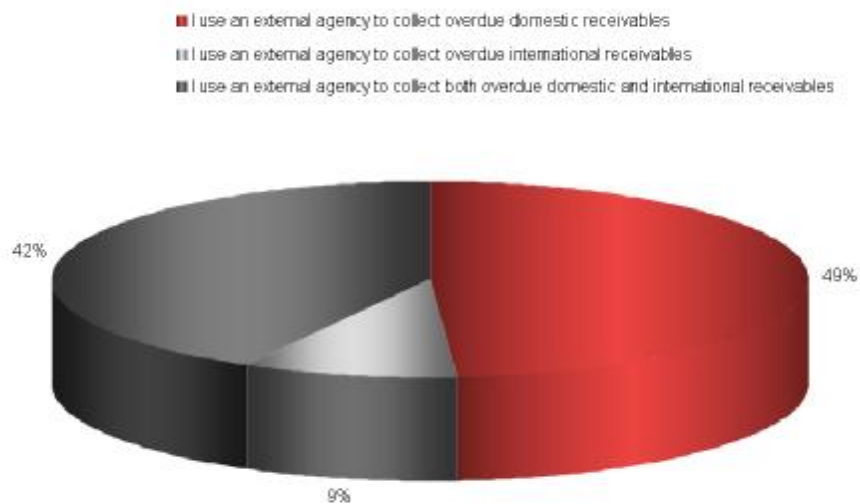


Basis: interviewed companies with overdue invoices from respective countries
Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Austrian companies had used a collections agency mainly for a combination of domestic and international business (42%) and 49% had used agencies specifically for dealing with domestic receivables only.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

Austrian companies followed the trend of other countries in ranking 'Success Rate' and 'Price' as the most important criteria to use when selecting a collections agency.

As a third reason ranking very close to second, Austrian companies also felt that the effect the agency has on the relationship with the debtor is of high importance.

	Austria	Europe
Price	3.8	3.9
Global expertise	5.5	5.0
Local knowledge (language/ legal)	5.1	4.9
Agency's ability to maintain positive relationship with debtor	3.9	4.3
Easy access to up-to-date information	4.7	4.8
Success rate	3.5	3.8
Reputation	4.5	4.5
Additional services	5.0	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Of those companies that did not use an external agency for collections, the most important reason was the concern about 'Customer relationship'. The second most important reason was that they preferred to 'Do it themselves' followed by 'Cost'.

	Austria	Europe
Cost	2.8	2.8
We do it ourselves	2.6	2.1
Too complex	3.8	3.9
No trust in success of outsourcing party	3.5	3.7
Customer relationship	2.3	2.6

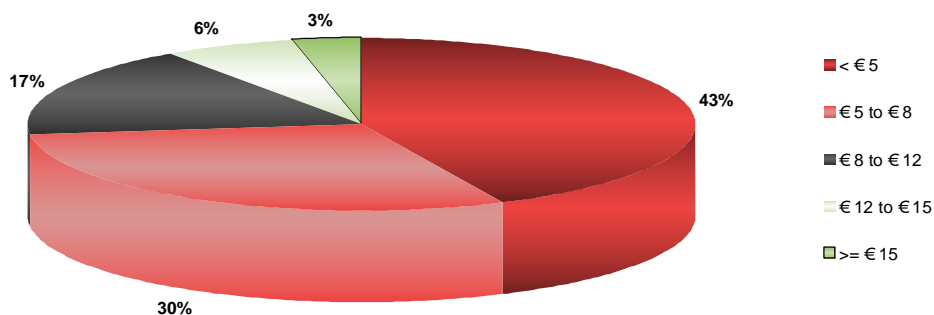
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

Austrian companies showed a low interest in outsourcing their First Party Collections within the next 2 years. Only 20% of respondents reported to be likely to outsource, while a significant 62% were unlikely to do it in the near future.

In line with the European tendency, more than 40% Austrian companies are willing to pay less than 5 € per invoice for the First Party Collections. Another 30% would pay a price that lies between 5-8 €. Only a small percentage of companies would pay more than 15 €.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Austria

3.3 Belgium

Key findings – Belgium specific

- Domestic and international overdue receivables take the same time to be paid
- The use of a lawyer or attorney to assist with debts collections is higher in Belgium than in other countries
- Collections agencies are used for both domestic and international debts
- 'Price' is a highly important criterion when choosing a collections agency
- 'Customer relationship' is an important reason for collecting internally
- No particular developments for first party collections expected within the next 24 months

Number of days in which domestic and international receivables are overdue

Domestic debtors: Of all overdue receivables from debtors based within Belgium, 65% are less than 60 days overdue; slightly more than 20% are lying between 60 – 90 days overdue and 14% are more than 90 days overdue.

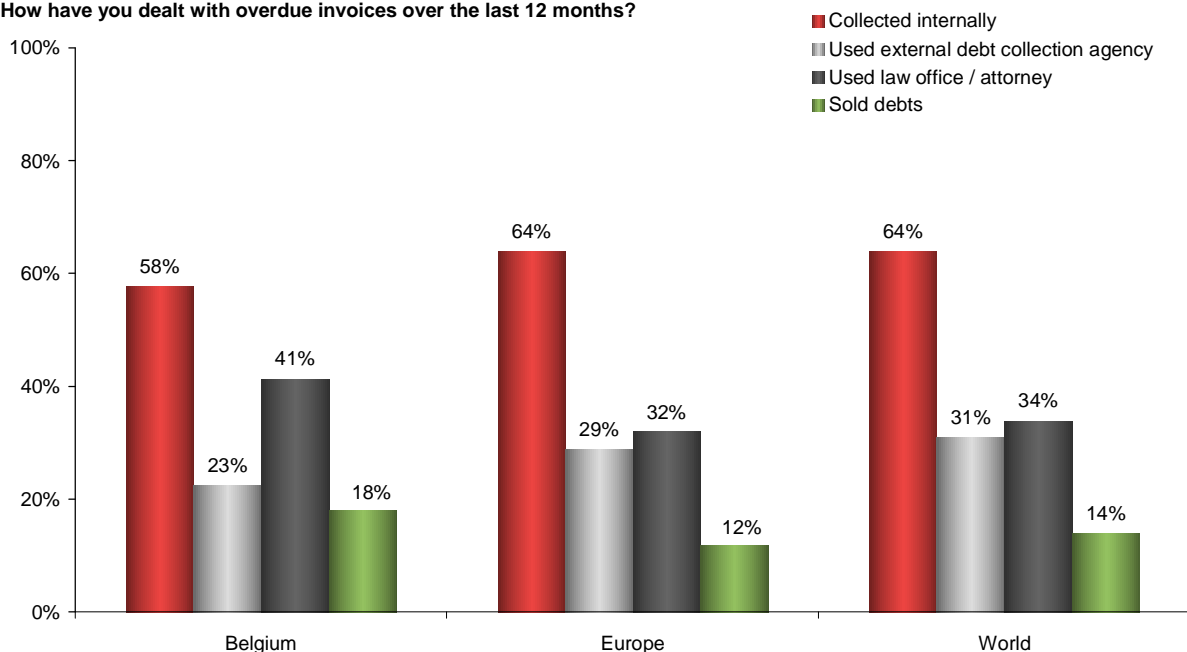
International debtors: Whether debtors are domestic or from another country, Belgian companies ranked their overdue receivables as taking about the same amount of time despite their location.

Ways in which companies dealt with their overdue invoices in the past 12 months

During the last 12 months, almost 60% of companies were collecting outstanding debts using internal resources. This is relatively in line with the average tendency across Europe and worldwide.

Just 23% have used a debt collection agency while 41% used a law office or attorney to assist them in collecting debts. The use of a lawyer or attorney for this purpose is significantly higher in Belgium than in many of the other countries surveyed.

How have you dealt with overdue invoices over the last 12 months?



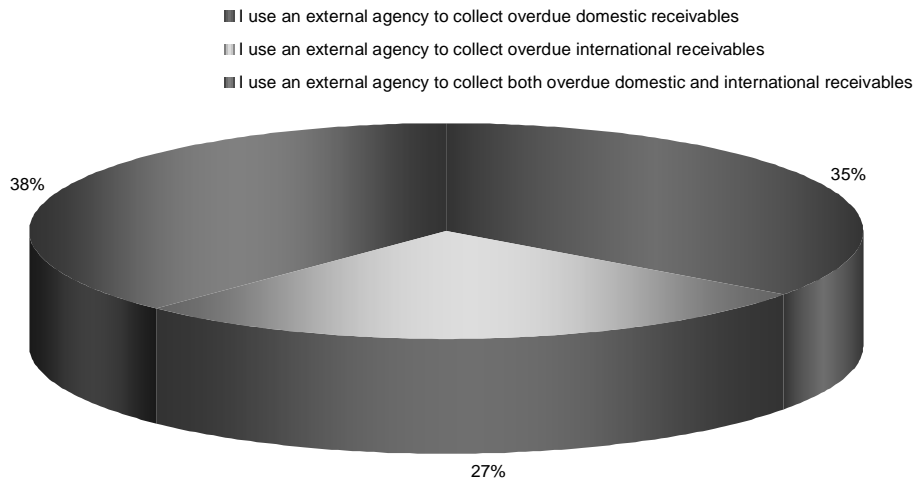
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Of Belgian companies surveyed, 42% have used external agencies to assist them in collecting debts. 38% used external parties to collect both domestic and international debts, with 35% percent using an agency strictly for domestic debts and 27% specifically for international collection.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

Similar to the European average, 'Price' and 'Success Rate' were ranked as the top reasons to choose a collections agency. 'Global expertise' has been ranked as the 3rd important criterion in selecting a DCA and there is a large gap compared to the European and Worldwide average.

	Belgium	Europe
Price	3.8	3.9
Global expertise	4.1	5.0
Local knowledge (language/ legal)	4.8	4.9
Agency's ability to maintain positive relationship with debtor	4.5	4.3
Easy access to up-to-date information	5.3	4.8
Success rate	3.9	3.8
Reputation	4.6	4.5
Additional services	4.9	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Following the same trend as other European companies, the idea of carrying out collections activities themselves and cherishing the customer relationship were the main reasons not to use an external agency. Having a perception of a too complex activity was deemed as the least likely reason to not have an agency do the work.

	Belgium	Europe
Cost	2.9	2.8
We do it ourselves	2.1	2.1
Too complex	3.8	3.9
No trust in success of outsourcing party	3.6	3.7
Customer relationship	2.5	2.6

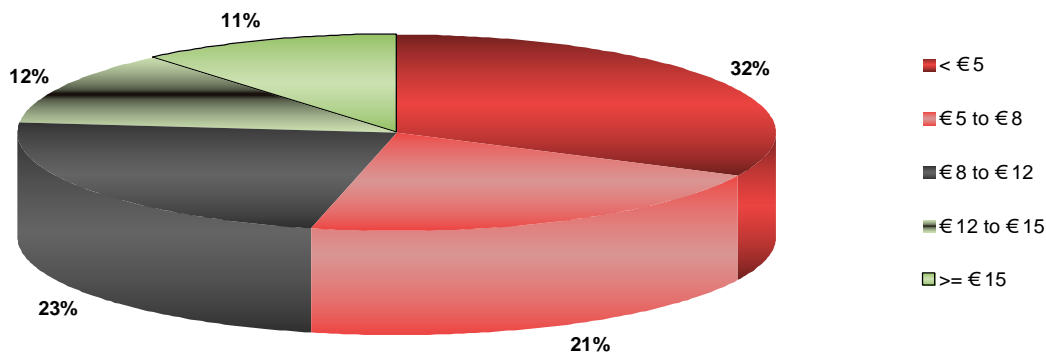
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

When investigating the future development of first party collections, Belgian companies reported not to be particularly interested in outsourcing them in the next 24 months. 61% declared unlikely or highly unlikely to outsource (a percentage significantly higher when compared to the other countries), while 23% showed an interest.

For the use of the first party collections, the price expectations of Belgian companies are in line with the European tendencies in the EuroZone.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Belgium

3.4 Canada

Key findings – Canada specific

- International and domestic receivables take the same amount of time to be paid
- Selling debts is higher in Canada than other countries
- Use of a collections agency is mainly for domestic debts
- ‘Reputation’ is very important when choosing a debt collections agency
- ‘Customer relationship’ is an important reason for collecting internally
- Future developments for first party collections are not expected within the next 2 years

Number of days in which domestic and international receivables are overdue

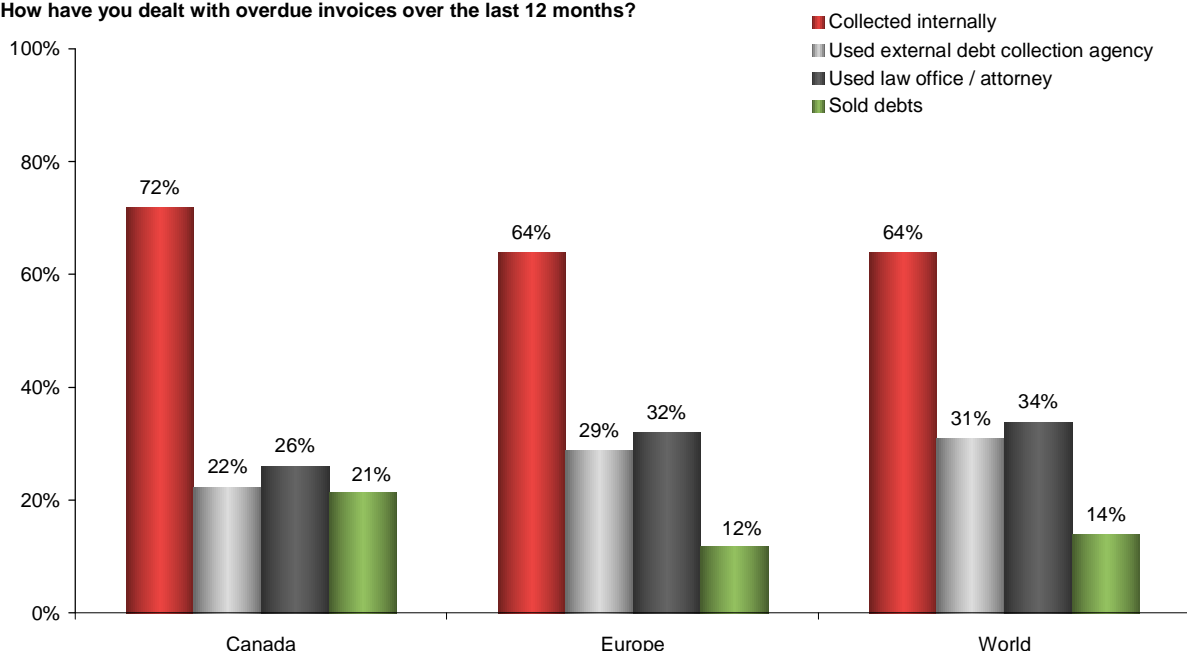
Domestic debtors: Canadian companies were aligned with the worldwide average in terms of domestic debts that are overdue. Of all overdue receivables from debtors based within Canada, 65% are less than 60 days overdue; 21% are lying between 60 – 90 days overdue and 14% are more than 90 days overdue.

International debtors: Whether debtors are domestic or from another country, Canadian companies ranked their overdue receivables as taking about the same amount of time despite their location.

Ways in which companies dealt with their overdue invoices in the past 12 months

During the past year, 72% of Canadian companies have collected their overdue receivables internally. Considering the external parties, Canadian companies reported the use a mix of collecting methods: 22% have asked for the assistance of an external agency, 26% have worked with law offices and 21% – a significantly higher percentage when compared to the other countries – sold off their debts.

How have you dealt with overdue invoices over the last 12 months?



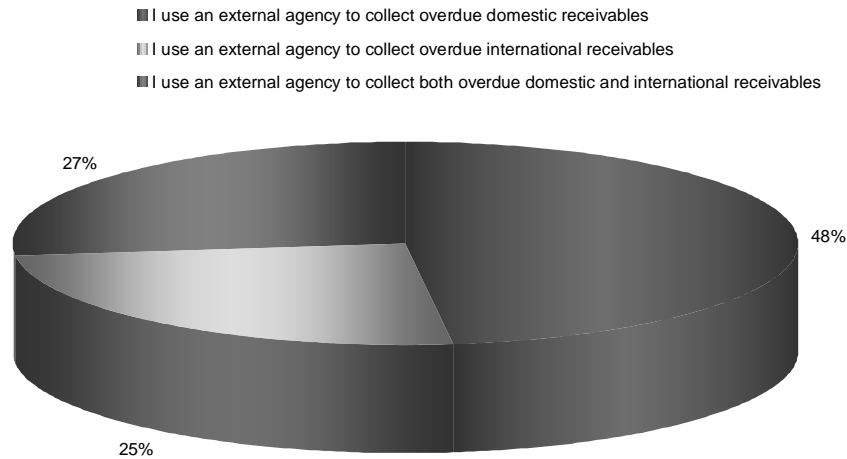
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Slightly less than half of the companies using an external agency for collecting debts, have handled domestic debts, 25% have collected strictly international receivables and slightly more than a quarter have dealt with a combination of domestic and international debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

Contrary to all other countries, Canadian companies ranked 'Reputation' as the most important criterion they use to select an external agency, even though 'Success rate' and 'Price' followed immediately below. For these companies, 'Global expertise' is also an important factor for the evaluation and selection of a DCA.

	Canada	Europe
Price	4.0	3.9
Global expertise	4.3	5.0
Local knowledge (language/ legal)	5.0	4.9
Agency's ability to maintain positive relationship with debtor	4.6	4.3
Easy access to up-to-date information	5.3	4.8
Success rate	4.0	3.8
Reputation	3.8	4.5
Additional services	4.8	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Carrying out the collection process internally and keeping a strict control on the customer relationship are the main reasons not to use an external agency.

	Canada	Europe
Cost	3.0	2.8
We do it ourselves	1.7	2.1
Too complex	4.0	3.9
No trust in success of outsourcing party	3.6	3.7
Customer relationship	2.7	2.6

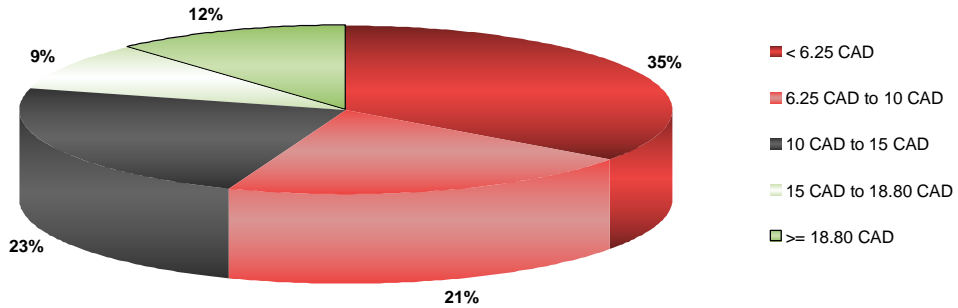
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

Companies based in Canada did not show a particular interest in outsourcing their first party collection within 2 years. Just 30% are likely to use this service. At the opposite end of the scale, 46% are unlikely to do it, with a significant proportion of those being highly unlikely to outsource.

The majority of Canadian companies (almost 75%) confirmed they would be willing to pay per invoice not more than 15 CAD and just 12% would pay more than 18.80 CAD.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Canada

3.5 Czech Republic

Key findings – Czech Republic specific

- Low amount of days overdue for both domestic and international receivables
- The use of an external agency is mainly for domestic debts
- When using external resources, the assistance of a lawyer or attorney is higher than other countries
- ‘Success rate’ and ‘Price’ closely compete as the primary reason for not choosing an external agency
- Future developments for first party collections is not expected within the next 24 months

Number of days in which domestic and international receivables are overdue

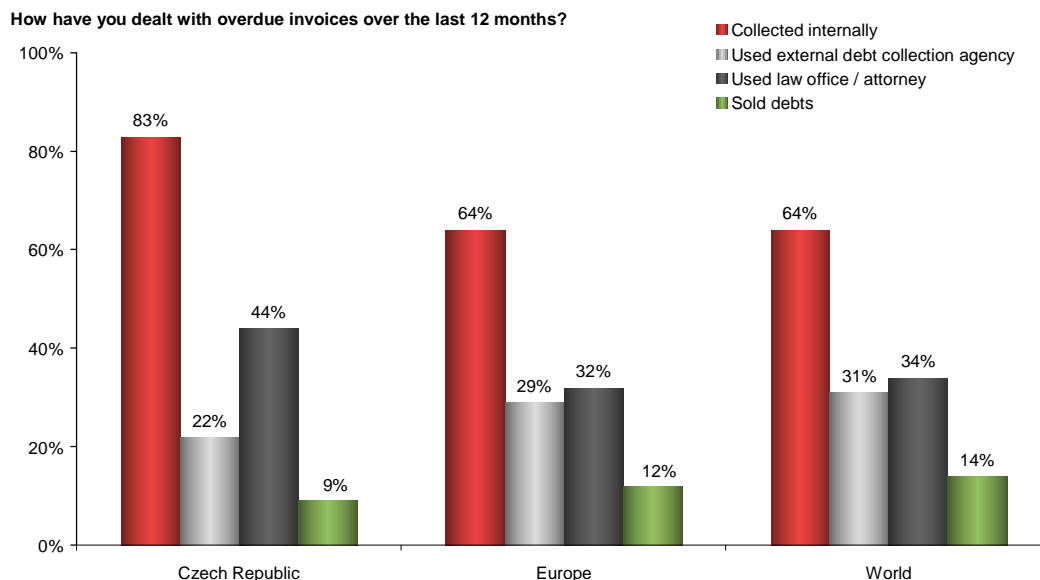
Domestic debtors: 14% of domestic overdue receivables were more than 90 days overdue. The largest amount of receivables (70%) remained less than 60 days overdue.

International debtors: The payment behaviour for international debtors did not differ from domestic debtors according to respondents. For international debts, Czech Republic displayed its receivables as having one of the least amounts of days overdue when compared to other countries.

Ways in which companies dealt with their overdue invoices in the past 12 months

In the last 12 months Czech companies have collected their overdue receivables internally by a significantly higher percentage compared to the other countries.

Looking at the external methods used to collect debts, Czech companies have asked for the assistance of a lawyer/attorney significantly more than the others (44%), while 22% have dealt with an external debt collection agency and just few sold their debts off (9%)



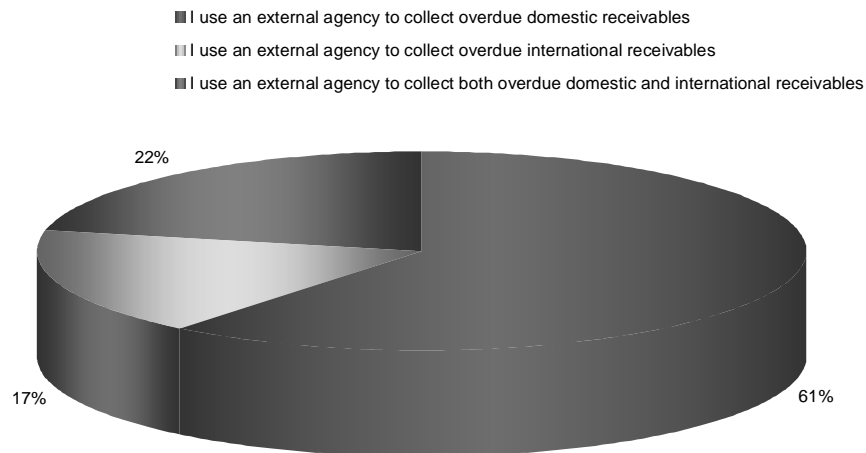
Basis: interviewed companies with overdue invoices from respective countries
Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Of Czech companies surveyed that used external sources to collect their debts, 61% have collected strictly domestic receivables, with 17% using an agency specifically for international debts and 22% for a combination of domestic and international debts.

The large use of external sources to collect domestic debts is likely to be linked with the high percentage of outstanding domestic receivables with Czech companies.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

'Price' and 'Success rate' were ranked as the top reasons to choose a collections agency. There was a larger gap between 'Price' and 'Success rate' compared to the average ('Price' being the priority). 'Local knowledge' had the least impact on choice for Czech companies, especially when compared to the average.

	Czech Republic	Europe
Price	3.0	3.9
Global expertise	4.9	5.0
Local knowledge (language/ legal)	5.9	4.9
Agency's ability to maintain positive relationship with debtor	3.9	4.3
Easy access to up-to-date information	4.9	4.8
Success rate	2.8	3.8
Reputation	5.0	4.5
Additional services	5.6	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Following the same trend as other companies – both worldwide and across Europe – Czech companies affirmed that carrying out collections activities themselves and looking after the relationship with customers were the main reasons for not using an external agency.

	Czech Republic	Europe
Cost	2.6	2.8
We do it ourselves	2.0	2.1
Too complex	4.2	3.9
No trust in success of outsourcing party	3.7	3.7
Customer relationship	2.5	2.6

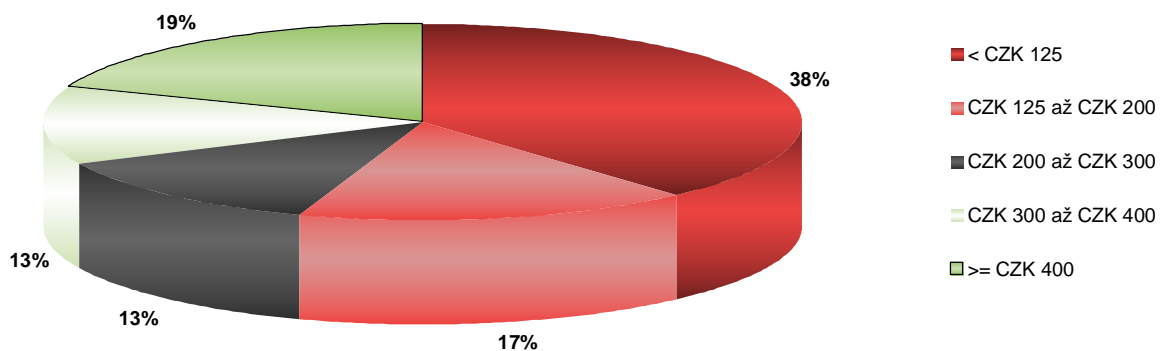
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

A first party collection is a service for which Czech companies are not likely to use. 58% companies surveyed affirmed they will not outsource their first party collections within the next 24 months.

The price range that Czech companies are willing to pay per invoice is aligned with the European average, where the majority of companies (38%) would pay the lowest possible price (less than 125 CZK).

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Czech Republic

3.6 Denmark

Key findings – Denmark specific

- Collections activities using internal resources is more common in Denmark than other countries
- There is a low use of external parties for debt collections and primarily for domestic debts
- ‘Price’ and ‘Ability to maintain relationship with debtor’ are highly important factors for selecting an external agency
- Reasons to not choose a debt collections agency was essentially because collections was already being done internally
- No particular expectations for the development of first party collections

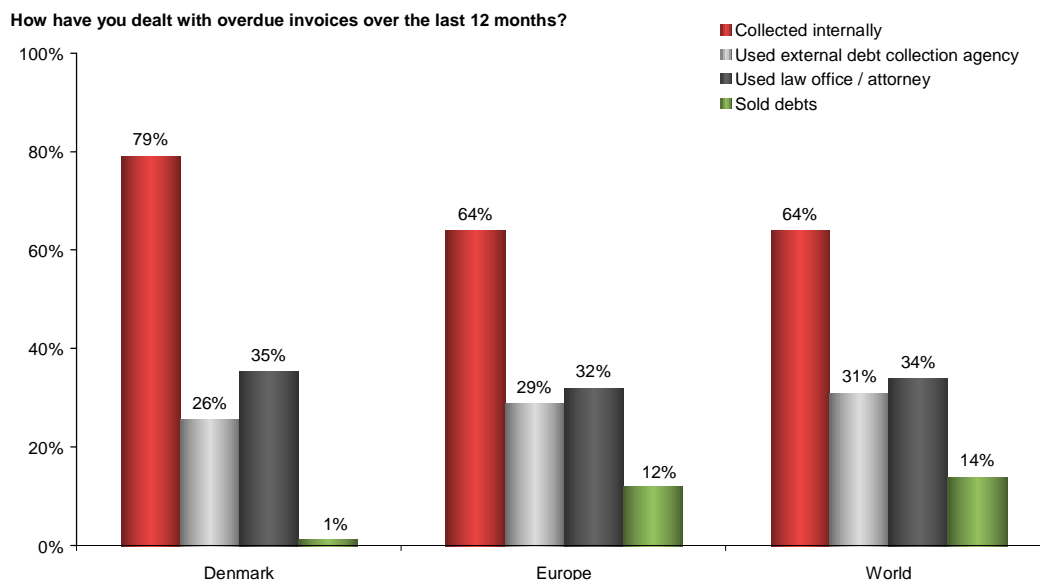
Number of days in which domestic and international receivables are overdue

The domestic receivables of Danish companies have a relatively low amount of days outstanding. 84% are less than 60 days overdue and just 7% were more than 90 days overdue. Along with Sweden, Denmark had a significantly lower amount of days outstanding than the other 20 countries surveyed.

International receivables: No significant differences were found between the numbers of days outstanding for domestic or international debts. For international receivables, 79% of companies reported that their outstanding invoices were less than 60 days overdue, 12% were 60-90 days overdue and 10% were reported to be 90 days overdue.

Ways in which companies dealt with their overdue invoices in the past 12 months

A significantly large percentage of companies interviewed (79%) were carrying out collections procedures within their own company. Companies in Denmark were less likely to use an external party to carry out the collections process than other countries interviewed.

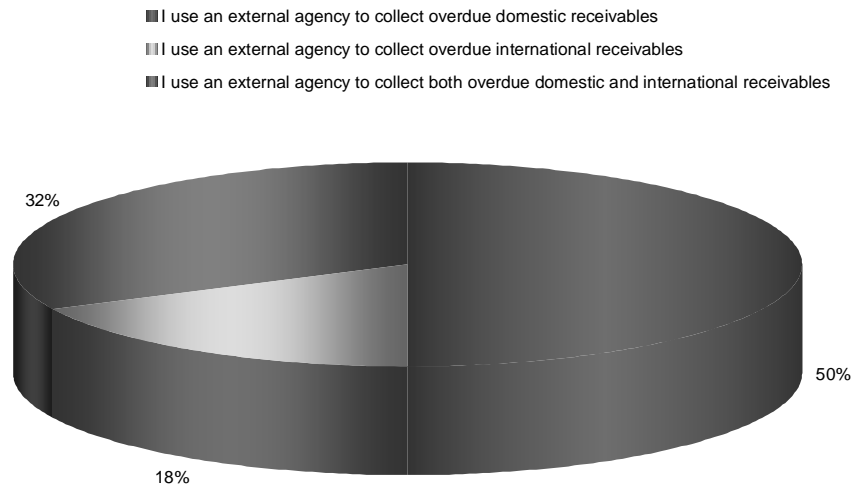


Basis: interviewed companies with overdue invoices from respective countries
Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Companies interviewed that have made use of a debt collections agency were 21%. Half of respondents used an external agency strictly for domestic debts, 32% of companies reported to have primarily needed to collect on a combination of domestic and international receivables and 18% used an agency specifically for international debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

'Price' together with an 'Agency's ability to maintain positive relationship with debtors' were the most important key factors in choosing a debt collections agency.

Ranked second to 'Price' was 'Success rate, which rated similar to that in other countries.

Global Expertise was ranked far lower in importance when compared to the European and worldwide average.

	Denmark	Europe
Price	3.6	3.9
Global expertise	5.8	5.0
Local knowledge (language/ legal)	4.6	4.9
Agency's ability to maintain positive relationship with debtor	3.6	4.3
Easy access to up-to-date information	4.7	4.8
Success rate	3.7	3.8
Reputation	4.6	4.5
Additional services	5.4	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Most companies interviewed had a preference for collecting on outstanding debts using internal methods and stated this as the main reason for not using an external agency, while the Customer relationship was the next reason to not use an agency. 'Cost' was ranked as the third reason.

	Denmark	Europe
Cost	2.7	2.8
We do it ourselves	1.8	2.1
Too complex	4.0	3.9
No trust in success of outsourcing party	3.9	3.7
Customer relationship	2.6	2.6

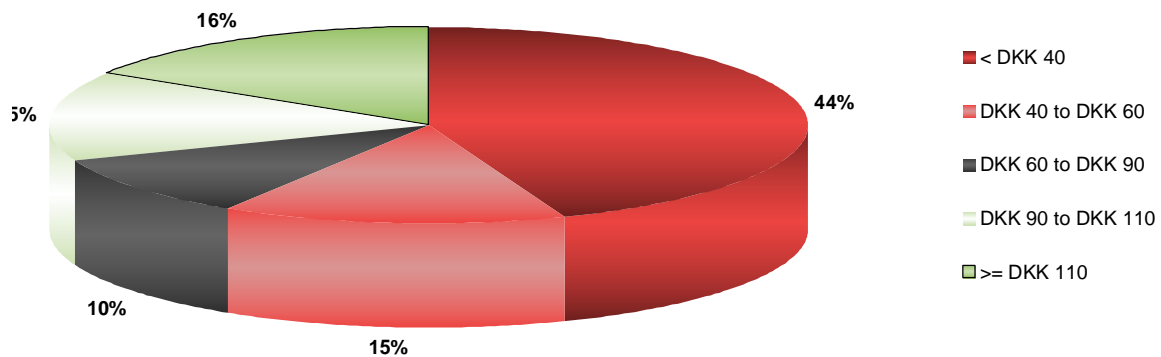
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

Danish companies were significantly less likely to outsourcing their first party collections within the near future when compared to the other countries.

In case of outsourcing, the price range they confirmed to be willing to pay is less than 5 € for the majority (44%)

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Denmark

3.7 France

Key findings – France specific

- Many responses from companies in France are in line with the European average
- Selling debts is a method used more than in other countries
- 'Additional services' is ranked as the second most important factor in selecting a collection agency after 'Success rate'
- Along with internal collections and client relationship, 'Cost' was a highly important reason to not use a collections agency
- First party collections are considered interesting among French companies, even though they are only willing to pay a low price per invoice

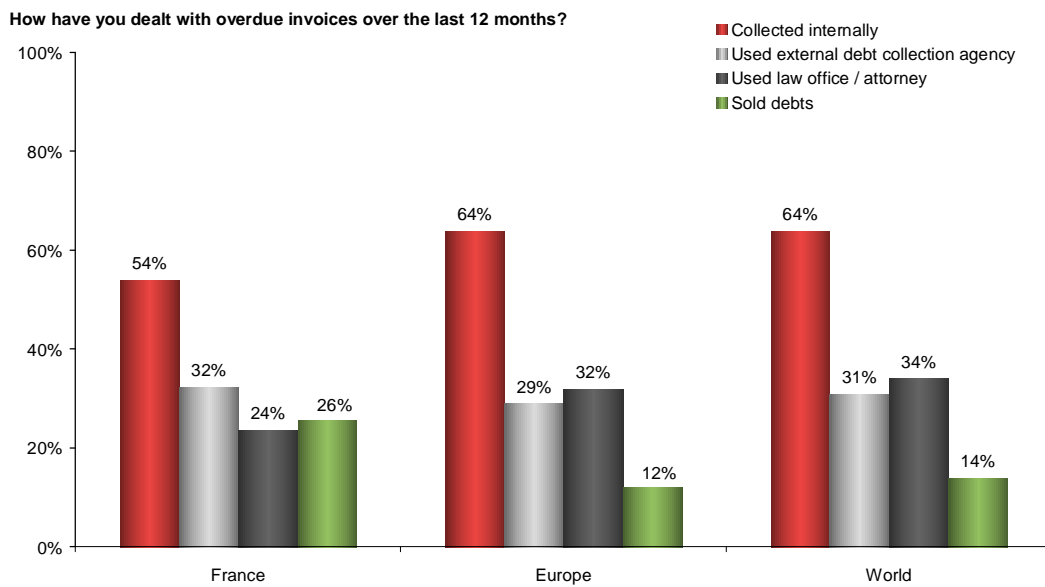
Number of days in which domestic and international receivables are overdue

Of the 22 countries surveyed, France was aligned to the worldwide and European average in terms of days domestic debts are overdue. 12% of all overdue debts are more than 90 days overdue, leaving 88% less than 90 days overdue.

56% of international receivables are overdue less than 60 days, although more than a quarter lie between 60 and 90 days and almost 20% are over 90 days overdue.

Ways in which companies dealt with their overdue invoices in the past 12 months

Outside of collecting internally, companies in France use a variety of other methods. The largest percentage uses a debt collections agency (32%), followed by the selling of debts (26%). France along with Great Britain, Belgium, Canada, Poland and USA practice the selling of debts far more than other countries surveyed.



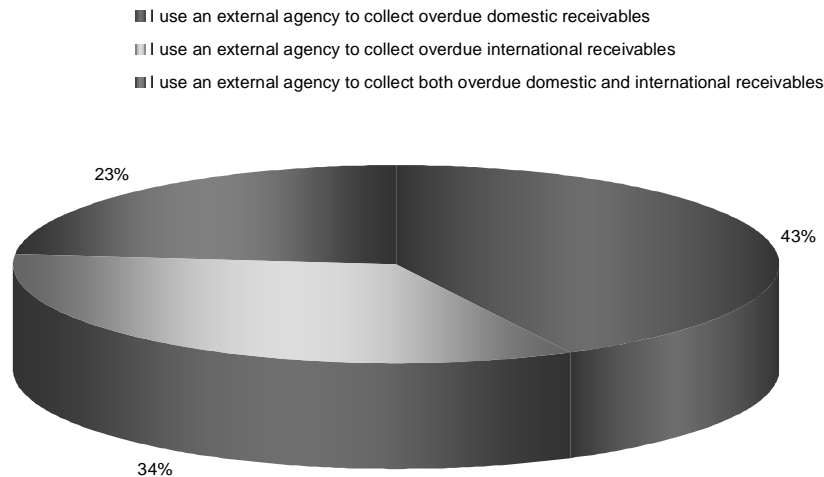
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Among French companies using collection agencies, they tend to use the agency primarily to collect on domestic debts, yet 34% were using them for international debts significantly more than in other European countries. A further quarter has asked for assistance in collecting a combination of domestic and international receivables.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

Sharing the same voice as all other countries surveyed, France ranks 'Success Rate' as a key element in choosing a collection agency.

'Additional services' is ranked as second important factor in selecting a collection agency, with a completely different rank compared to the other countries. 'Price' for French companies represented the 3rd element of choice.

In the French ranking there is a clear gap between the importance of the 'Success Rate' and all other selection criteria.

	France	Europe
Price	4.5	3.9
Global expertise	4.7	5.0
Local knowledge (language/ legal)	4.7	4.9
Agency's ability to maintain positive relationship with debtor	4.7	4.3
Easy access to up-to-date information	4.8	4.8
Success rate	3.7	3.8
Reputation	4.6	4.5
Additional services	4.3	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Following the same trend as other countries, France ranked the tendency to collect internally and the importance of the customer relationship and as reasons why companies are not using an external agency. Cost was ranked very closely on importance to customer relationship.

	France	Europe
Cost	2.8	2.8
We do it ourselves	2.2	2.1
Too complex	4.0	3.9
No trust in success of outsourcing party	3.4	3.7
Customer relationship	2.6	2.6

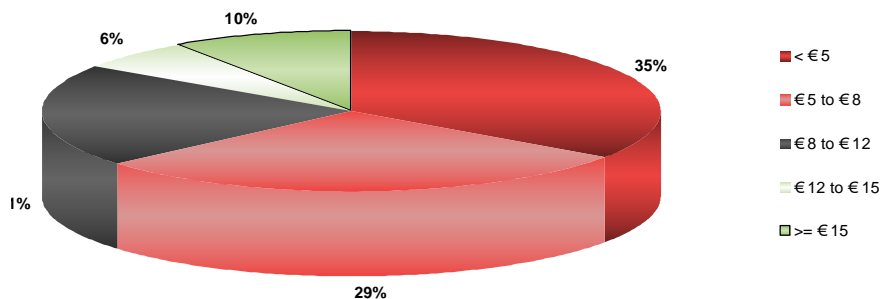
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

When considering the likelihood to outsource their first party collections, French companies appeared to be significantly more interested compared to the other countries, even though half of the respondents affirmed to be unlikely to adopt this approach.

In terms of price to pay per invoice, French businesses are in line with the European price ranges. More than 30% are willing to pay less than 5 € and a further 30% are willing to pay a price that lies between 5 and 8 €. Only 10% affirm they would pay more than 15 €.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from France

3.8 Germany

Key findings – German specific

- Domestic receivables have a short overdue time scale
- The use of a lawyer or attorney to assist with debt collections is higher in Germany than other countries
- ‘Success Rate’ and ‘Price’, along with the effects on debtors’ relationship were the most important reasons to select a collections agency
- ‘Customer relationship’ was considered at the same level of importance to internal collection for not choosing an external agency
- There are no interesting expectations for the development of first party collections in the near future

Number of days in which domestic and international receivables are overdue

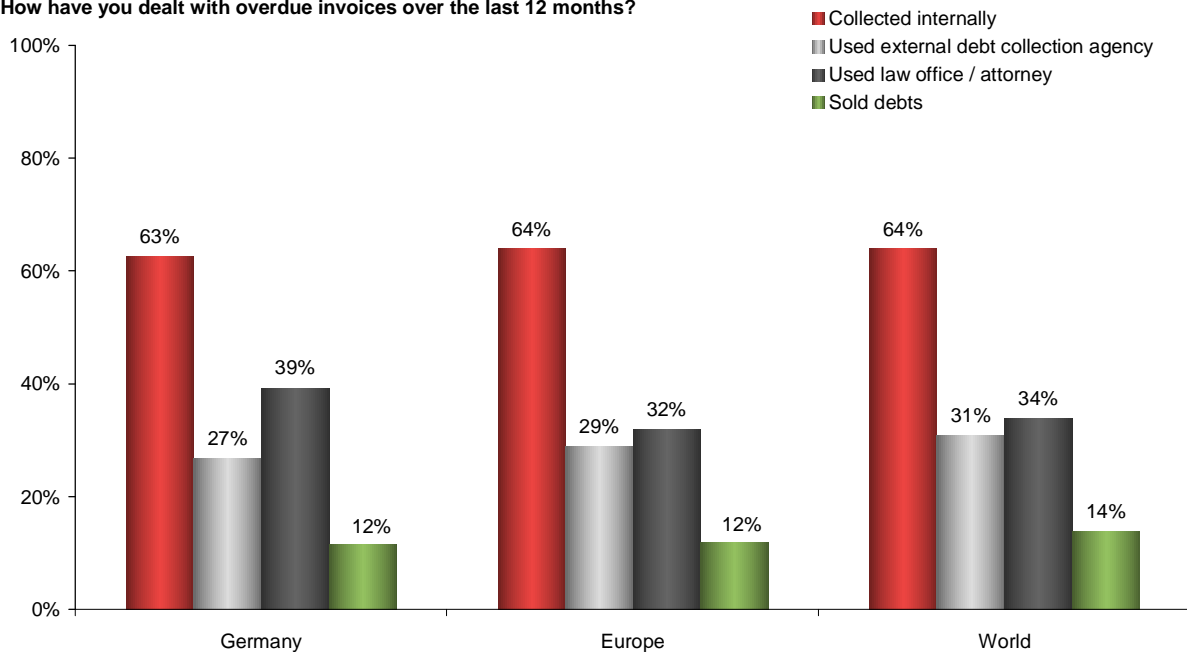
Domestic debts: 70% of outstanding receivables from German companies are less than 60 days overdue, only 13% being more than 90 days overdue.

International debts: The research results showed that international clients of German companies are less likely to pay within the contract terms when compared to domestic clients.

Ways in which companies dealt with their overdue invoices in the past 12 months

Following internal collection, German companies are likely to use attorneys or law offices to do their collections. While 63% collected debts using internal means, 27% used a collections agency during the past 12 months, 39% used a law office and 12% sold their debts.

How have you dealt with overdue invoices over the last 12 months?



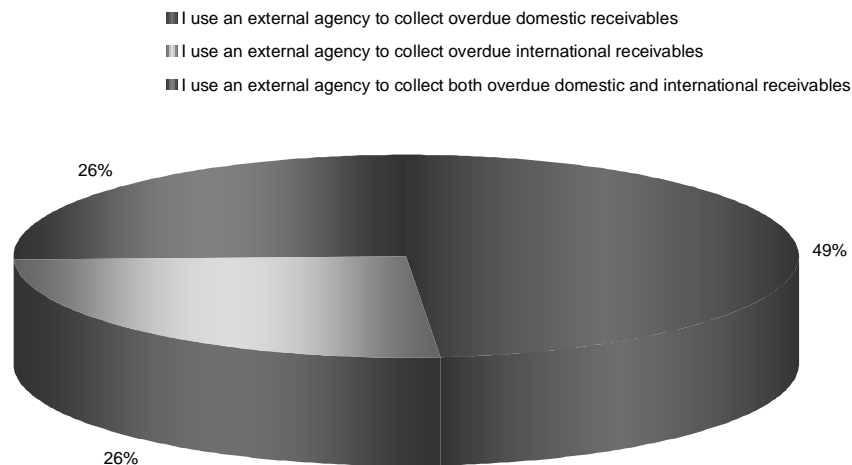
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Of those German companies using an external agency, almost half use an agency specifically for domestic debts. The same percentage (26%) use agencies for international debts only and for a combination of domestic and international collection.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

German companies follow the same trend as other countries in ranking 'Success Rate' and 'Price' as the most important criteria to use when selecting a collections agency. As a third reason, which ranked very close to the second, German companies also felt that the effect the agency has on the relationship with the debtor is of high importance.

	Germany	Europe
Price	3.9	3.9
Global expertise	5.2	5.0
Local knowledge (language/ legal)	5.3	4.9
Agency's ability to maintain positive relationship with debtor	4.0	4.3
Easy access to up-to-date information	4.8	4.8
Success rate	3.5	3.8
Reputation	4.5	4.5
Additional services	4.7	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Due to companies currently undertaking collections internally as a part of a regular process, this is ranked as the most important reason to not use an agency. Although Germany ranked this as its number one reason, it rates it as less important compared to the other countries surveyed.

Customer relationship was considered at the same level of importance to internal collection.

There is a significant gap between these two reasons and the last three reasons not to use a collections agency, leading to the conclusion that the last three have very little impact on their choice to not use an agency.

	Germany	Europe
Cost	2.8	2.8
We do it ourselves	2.3	2.1
Too complex	3.9	3.9
No trust in success of outsourcing party	3.6	3.7
Customer relationship	2.3	2.6

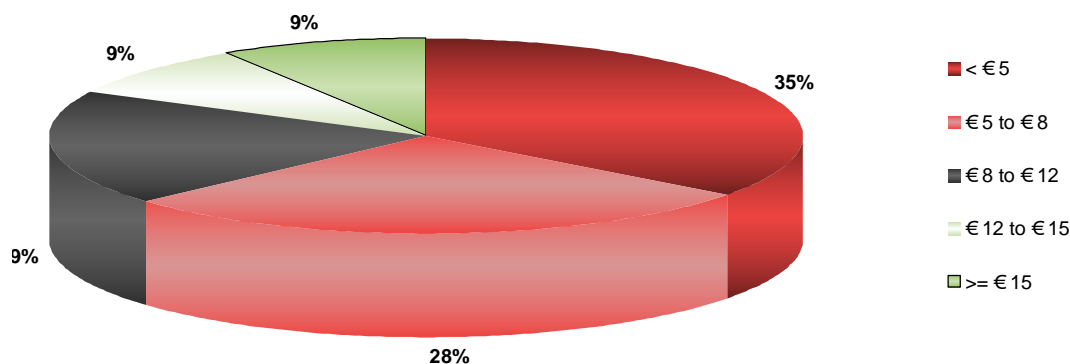
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

German companies reported to be unlikely to outsource their first party collections the next 24 months and the percentage is significantly higher when compared to other countries.

The price per invoice that German enterprises are willing to pay is in line with European price ranges.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Germany

3.9 Great Britain

Key findings – Great Britain specific

- Domestic receivables take a shorter timeframe in terms of payment compared to the international ones
- Selling debt is the method used significantly more in Great Britain than other countries
- The use of an external agency is mainly for collecting domestic debts
- 'Reputation' along with 'Price' and 'Success rate' are the key drivers in choosing an agency
- UK companies are interested in outsourcing their first party collections within the next 2 years.

Number of days in which domestic and international receivables are overdue

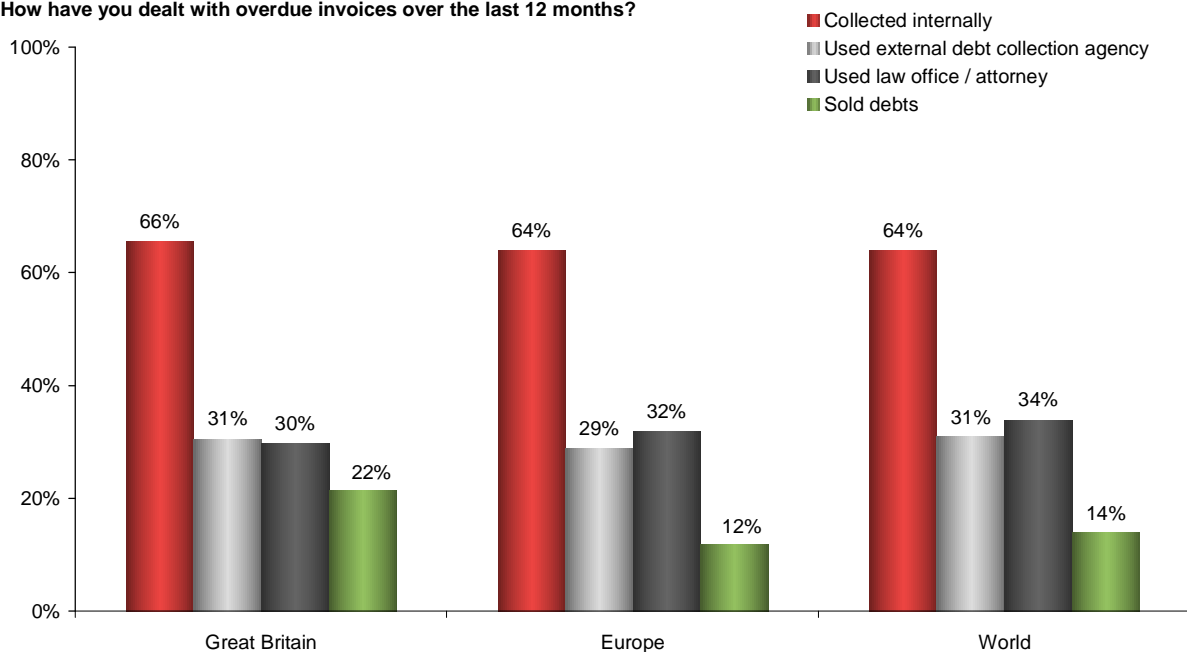
Domestic debts: Concerning the amount of days that receivables are overdue from debtors based within Great Britain, 64% are less than 60 days overdue; 20% are lying between 60 – 90 days overdue and 16% are more than 90 days overdue.

International debts: Respondents said that approximately 45% of their international receivables were already more than 60 days overdue. 21% percent of companies in Great Britain reported their overdue receivables to be more than 90 days overdue.

Ways in which companies dealt with their overdue invoices in the past 12 months

Companies in Great Britain are using a wide range of methods to collect on outstanding debts. While many companies in Great Britain are conducting collection activities internally (66%), 31% were also using an external agency to collect them. In addition, 22% indicated that they have sold some of their outstanding debts in the last 12 months, a significantly higher percentage compared to other countries.

How have you dealt with overdue invoices over the last 12 months?



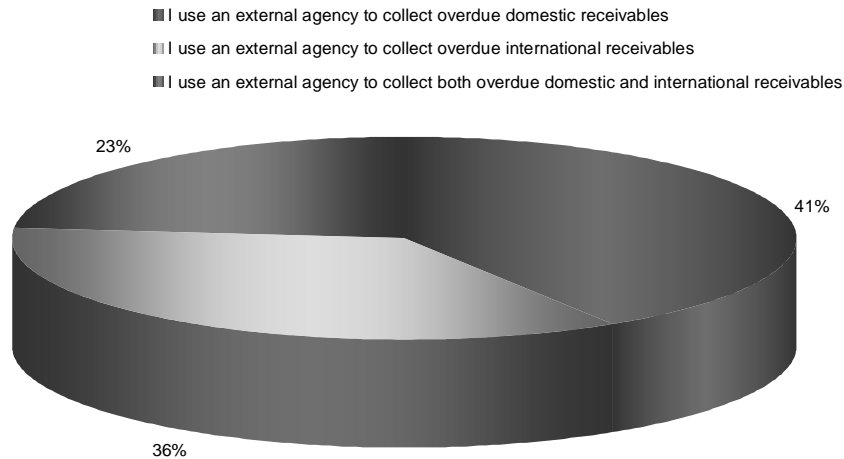
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debtors)

23% of companies surveyed were using an external collection agency to handle a combination of domestic and international debts. More than 30%, significantly more than other countries, used a DCA for dealing with strictly international debts with 41% using a collection agency specifically for domestic debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

Companies in Great Britain are most concerned with 'Price', 'Success Rate' and 'Reputation' when choosing a collections agency. Although 'Additional Services' and 'Global expertise' were ranked the lowest, there was a small deviation between the average rankings.

	Great Britain	Europe
Price	3.9	3.9
Global expertise	5.2	5.0
Local knowledge (language/ legal)	4.7	4.9
Agency's ability to maintain positive relationship with debtor	4.4	4.3
Easy access to up-to-date information	4.6	4.8
Success rate	4.0	3.8
Reputation	4.0	4.5
Additional services	5.1	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

When ranking reasons for why companies are not using a debt collections agency, Great Britain did not differ from that of the worldwide and European average. The effect on the customer relationship is the main concern while 'Complexity' is of little or no concern.

	Great Britain	Europe
Cost	2.7	2.8
We do it ourselves	1.9	2.1
Too complex	3.8	3.9
No trust in success of outsourcing party	3.8	3.7
Customer relationship	2.8	2.6

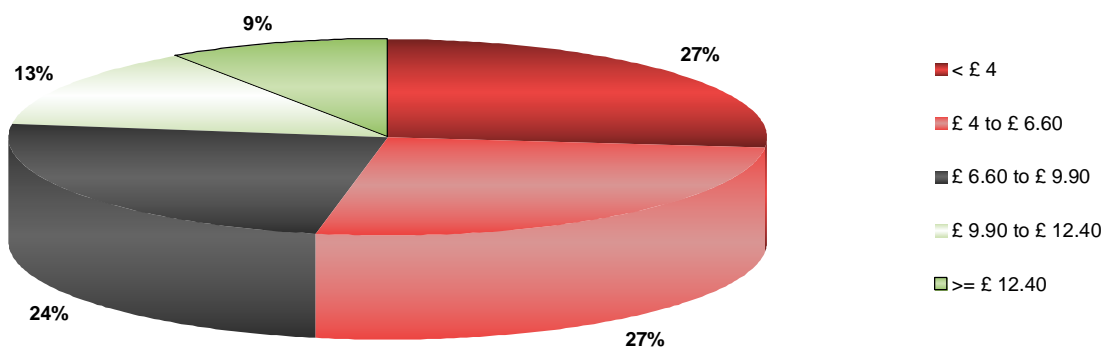
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

39% of British companies are interested in outsourcing their first party collections in the next 2 years, a significantly higher percentage compared with other countries.

Slightly more than 20% declared to be neutral and 46% affirmed that they are unlikely to outsource first party collections. Just over a quarter are willing to pay a price lower than £4, 27% a price that lies between £4 and £6.60 and a further quarter would pay between £6.60 and £9.90. Only 9% are willing to pay more than £12.40.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Great Britain

3.10 Hungary

Key findings – Hungary specific

- The timeframe in terms of payment is similar for domestic and international debts
- The preferred method for collecting debts is to do it internally
- When using an external agency Hungarian companies have collected specifically domestic debts
- ‘Success rate’ was a highly important criterion in choosing an external agency
- ‘Cost’ was ranked second as a reason for not using a collections agency
- Hungarian companies are unlikely to outsource their first party collections in the near future

Number of days in which domestic and international receivables are overdue

Domestic debts: 69% of outstanding receivables from Hungarian businesses are less than 60 days overdue, only 14% being more than 90 days overdue.

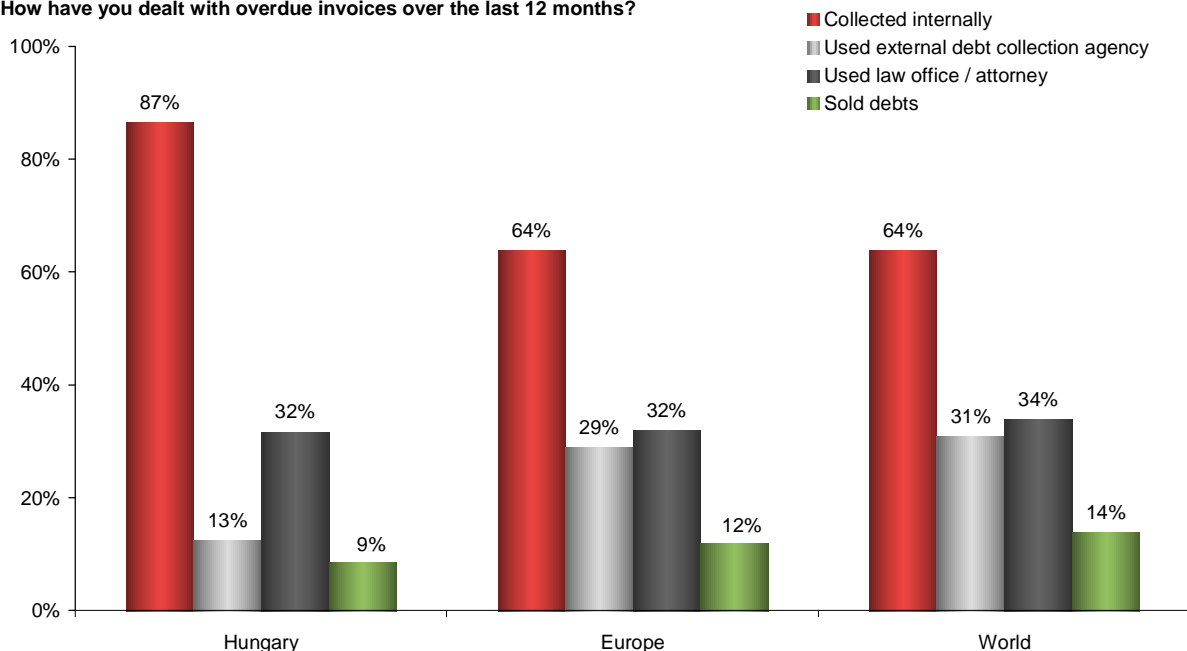
International debts: The average days Hungarian receivables remained overdue is quite similar to the domestic ones. 66% are less than 60 days overdue and 16% are more than 90 days overdue.

Ways in which companies dealt with their overdue invoices in the past 12 months

Companies based in Hungary reported a significantly highest use of internal resources to deal with their overdue invoices, with 87% saying that they have collected internally during the last 12 months.

Companies that asked for the assistance of external sources have used mainly a lawyer/attorney (32%) instead of using a DCA (13%) or selling their debts.

How have you dealt with overdue invoices over the last 12 months?



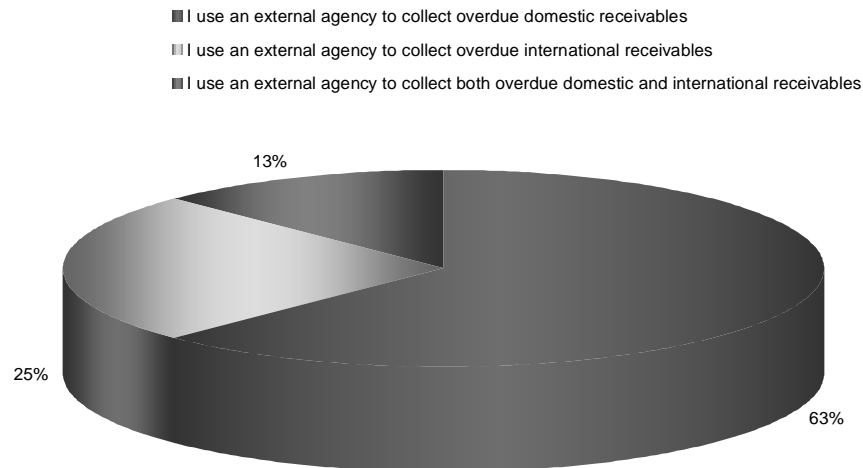
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Among companies that used an external resource for collecting debts, they asked for assistance especially for their domestic receivables (63%). 23% collected only international debts and only 13% used an external agency for collecting a combination of international and domestic receivables.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

In common with all other countries, in Hungary the main criterion to select an external agency was 'Success rate'. 'Price' along with an 'Agency's ability to maintain positive relationship with debtor' and 'Global expertise' were ranked with the same importance as key drivers in choosing a DCA.

	Hungary	Europe
Price	3.9	3.9
Global expertise	3.9	5.0
Local knowledge (language/ legal)	4.6	4.9
Agency's ability to maintain positive relationship with debtor	3.9	4.3
Easy access to up-to-date information	4.8	4.8
Success rate	3.8	3.8
Reputation	5.6	4.5
Additional services	5.2	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Following the same trend as other countries, Hungarian companies ranked the tendency to collect their debts internally as the main reason for not using an external agency and 'Cost' was ranked as the second factor.

When asking the reason why companies preferred collecting internally, some companies said that they do not have collection problems.

	Hungary	Europe
Cost	2.6	2.8
We do it ourselves	2.2	2.1
Too complex	3.7	3.9
No trust in success of outsourcing party	3.6	3.7
Customer relationship	2.9	2.6

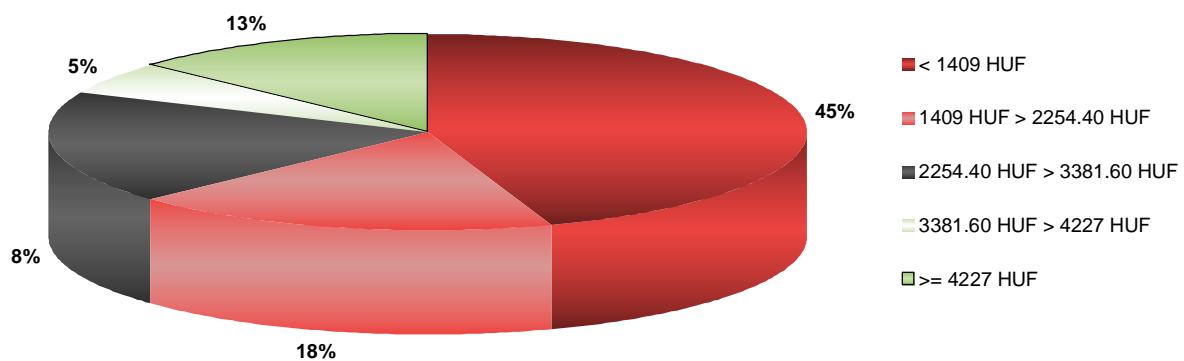
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

First party collections are not an interesting service for the Hungarian market. 67% companies surveyed declared to be unlikely to outsource their first party collections within the near future. Among these companies there a significant 43% that said to be highly unlikely to outsource.

The price that Hungarian companies would be willing to pay per invoice is low for many respondents. 45% are willing to pay less than 1409 HUF and 18% said a price lower than 2254.50 HUF. Only a quarter are willing to pay a price that lays in higher price ranges.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Hungary

3.11 Ireland

Key findings – Ireland specific

- Payment timeframe is shorter for international debts
- The use of internal resources is the preferred method for collecting debts
- When using a DCA, Irish companies have dealt with a combination of domestic and international debts
- ‘Success rate’ and ‘Ability to maintain positive relationship with debtor’ were highly important criteria when choosing an external agency
- First party collections are not considered an interesting option for the near future

Number of days in which domestic and international receivables are overdue

Domestic Debts: 58% of invoices from domestic customers were less than 60 days overdue, while 24% were between 60-90 days and 18% were more than 90 days overdue.

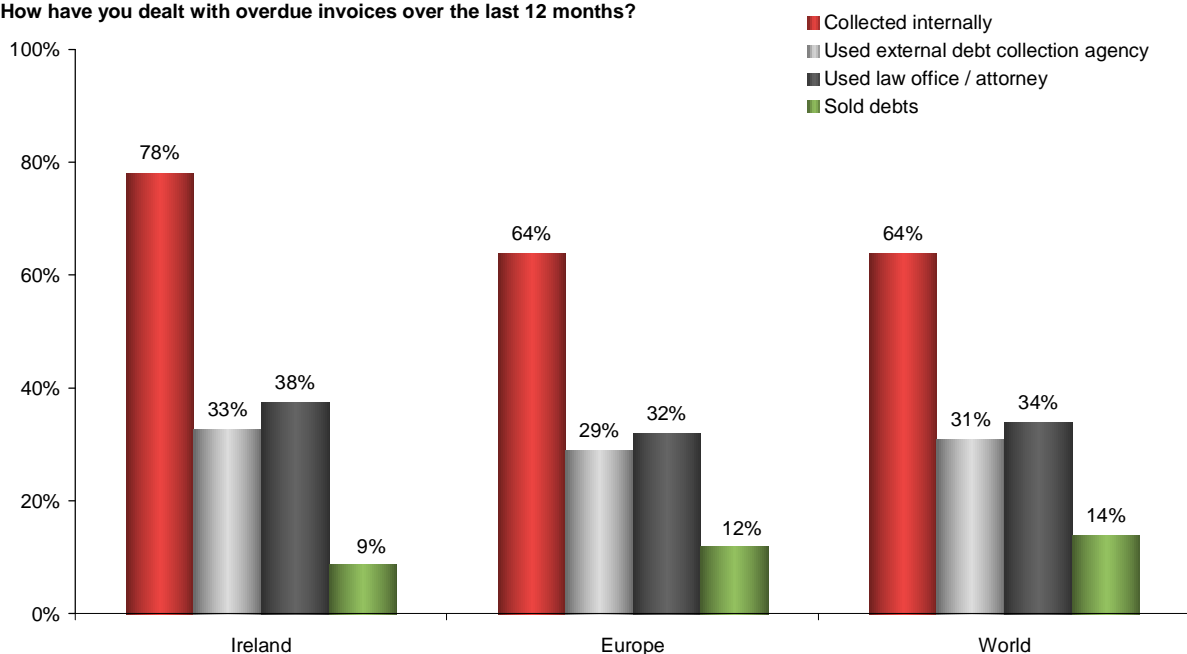
International Debts: Overdue receivables from overseas customers were being paid quicker compared to domestic customers. While 64% were less than 60 days overdue, 15% of international debts were more than 90 days overdue.

Ways in which companies dealt with their overdue invoices in the past 12 months

In the last 12 months, 78% of Irish companies have dealt with their overdue invoices mainly by collecting them internally, significantly more than when compared to other countries.

Looking at collections behaviour among companies that asked for assistance from external sources, 38% have used a lawyer/attorney and 33% have used an external debt collections agency. Only 9% have sold their debts.

How have you dealt with overdue invoices over the last 12 months?



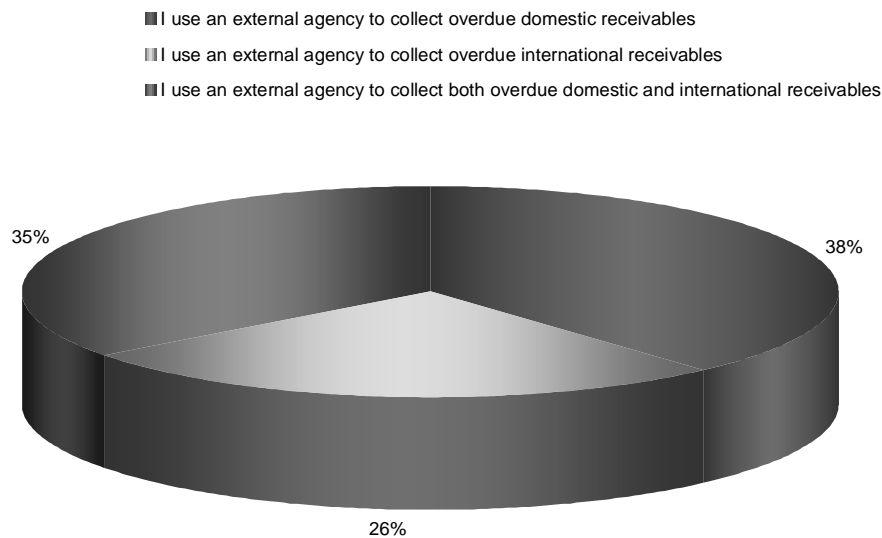
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Among the 22% of companies that said they use an external debt collections agency, almost 40% handle domestic debts only, while a quarter asked for assistance specifically for international receivables. 35% use a DCA for managing both domestic and international debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

'Success rate' was ranked as the primary criterion for selecting a debt collections agency. Among other key drivers in the selection process, Irish companies ranked 'Ability to maintain positive relationship with debtor' and 'Reputation' as important factors. 'Price' was considered less important as a criterion for choosing a DCA.

	Ireland	Europe
Price	4.4	3.9
Global expertise	6.0	5.0
Local knowledge (language/ legal)	4.5	4.9
Agency's ability to maintain positive relationship with debtor	3.8	4.3
Easy access to up-to-date information	5.0	4.8
Success rate	3.7	3.8
Reputation	3.8	4.5
Additional services	4.9	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Companies based in Ireland gave the same ranking to the reasons for not using an external debt collections agency as other countries.

Mainly, Irish companies collected internally and those that explained their decision to use internal resources said that they do not have collections problems and that they are concerned about possible damage to their company image using a DCA.

	Ireland	Europe
Cost	2.9	2.8
We do it ourselves	2.1	2.1
Too complex	3.9	3.9
No trust in success of outsourcing party	3.7	3.7
Customer relationship	2.4	2.6

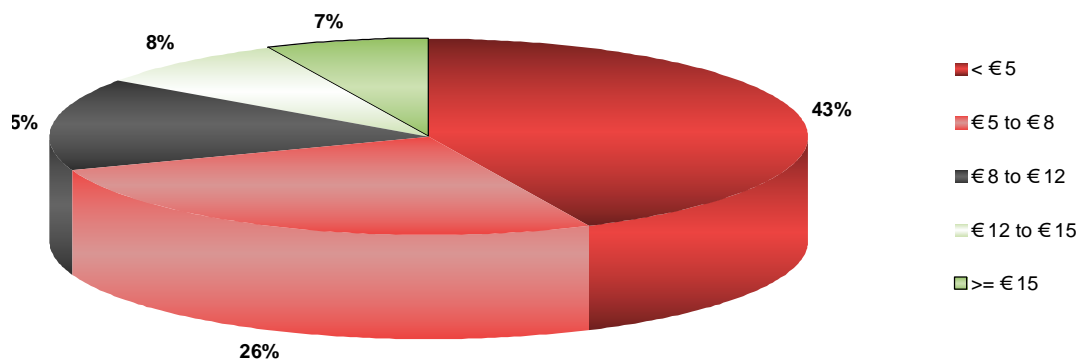
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

First party collections are not considered an interesting option among Irish companies. 59% of respondents said that they are not likely to outsource their first party collections within the near future, a figure significantly higher compared to other countries.

The price they would be willing to pay per invoice is low. Slightly more than 40% is willing to pay less than €5 and a further 26% would pay a price in the range of €5-8.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Ireland

3.12 Italy

Key findings – Italy specific

- Italy displayed a longer timeframe in terms of payment for both domestic and international debts
- The legal procedure for collecting debts is preferred in Italy when using external parties
- When using an external agency, Italian companies have collected international and domestic debts
- ‘Additional services’ and ‘Agency’s ability to maintain positive relationship with the debtor’ were among the key criteria in choosing an external agency
- ‘Cost’ and ‘Customer relationship’ were the main reasons for not using a collections agency
- Italian companies are likely to outsource their first party collections in the near future but they are only willing to pay a low price per invoice

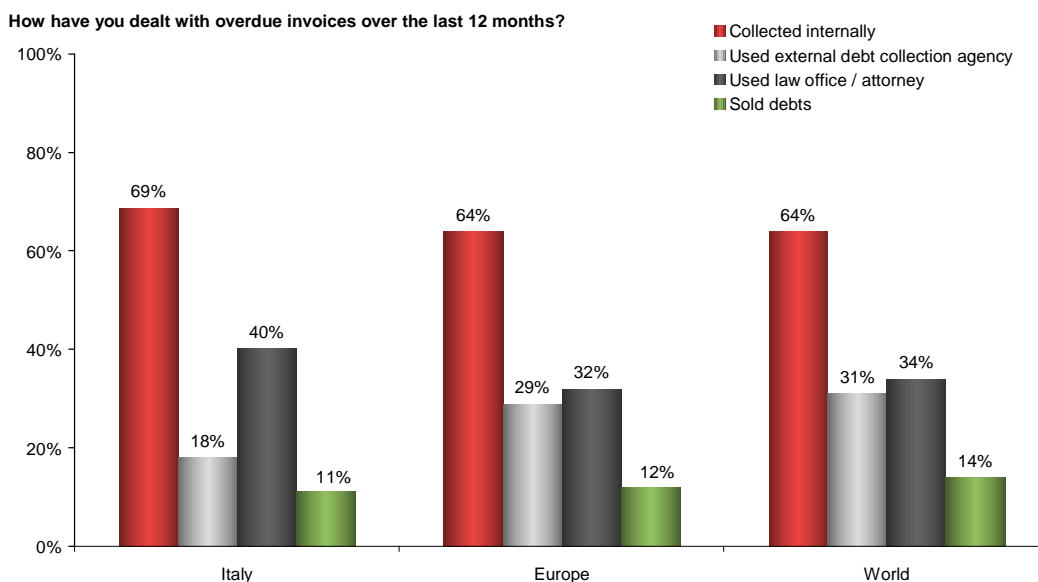
Number of days in which domestic and international receivables are overdue

Domestic Debts: When asked about their current domestic overdue receivables, 47% were more than 60 days overdue and 53% were less than 60 days overdue. Italy showed the second longest amount of days overdue for domestic customers in comparison to other countries interviewed.

International Debts: International debts were being paid in almost the same timeframe when compared to domestic debts. 51% of receivables were less than 60 days overdue, 26% were between 60-90 days and 22% were more than 90 days overdue. Italy showed the longest number of days overdue when compared to other countries interviewed.

Ways in which companies dealt with their overdue invoices in the past 12 months

While 69% of Italian companies interviewed collect overdue debts using internal resources, 40% have used a law office or attorney for collections activities. Less popular is the use of an external collections agency (18%), while the selling of debts was a service used in line with the European average (12%).



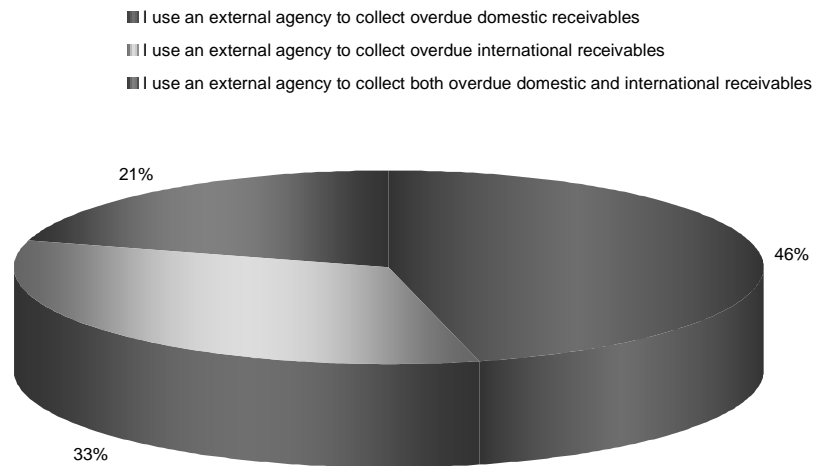
Basis: interviewed companies with overdue invoices from respective countries
Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

46% of companies used a collection agency specifically for domestic debts.

21% of Italian companies interviewed use debt collection agencies to handle a combination of domestic and international debts, while 33% use them strictly for international debts. This is interesting given that Italian enterprises have less international debtors than other countries. This shows an explicit need for international debt collection assistance.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

'Price' was the most important reason to choose a debt collections agency but unlike all other countries interviewed, 'Success Rate' shares its second rank with 'Additional services' and 'Agency's ability to maintain positive relationship with the debtor'.

	Italy	Europe
Price	4.2	3.9
Global expertise	4.6	5.0
Local knowledge (language/ legal)	4.7	4.9
Agency's ability to maintain positive relationship with debtor	4.4	4.3
Easy access to up-to-date information	4.6	4.8
Success rate	4.4	3.8
Reputation	4.8	4.5
Additional services	4.4	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Of those companies that do not use a debt collections agency, most do not do so because it is the current practice to collect internally. As with other countries interviewed, the importance of 'Customer relationship and 'Cost' are additional reasons why they may choose not to use an external agency.

	Italy	Europe
Cost	2.6	2.8
We do it ourselves	2.4	2.1
Too complex	3.7	3.9
No trust in success of outsourcing party	3.4	3.7
Customer relationship	2.8	2.6

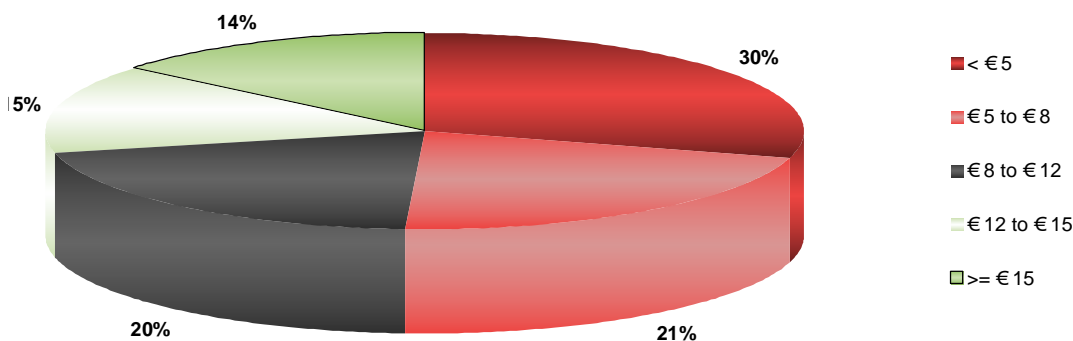
Average Ranking Score (1 = most important, 8 = least important)

Future developments for first party collections

Compared with the other countries, 37% of Italian companies are highly likely to outsource their first party collections within the next 2 years. In addition, there is a reasonable percentage of companies that show a neutral approach to this opportunity. Only 34% (one of the lower percentages) declares their unwillingness to consider the outsourcing.

Italian companies would like to pay a low price for this service: 30% would like to spend less than €5 per invoice; a further 20% are willing to pay a price between €5 and 8 while 14% are willing to pay more than €15.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Italy

3.13 Mexico

Key findings – Mexico specific

- Payment is slightly shorter for international debts
- Mexican companies prefer to collect internally
- When asking for the assistance of an external agency, Mexican companies have specifically dealt with domestic debts
- ‘Success rate’, ‘Local knowledge’ and ‘Ability to maintain a positive relationship with debtor’ were the key criteria in choosing an external agency
- First party collections is an interesting option even though they are only willing to pay a low price per invoice

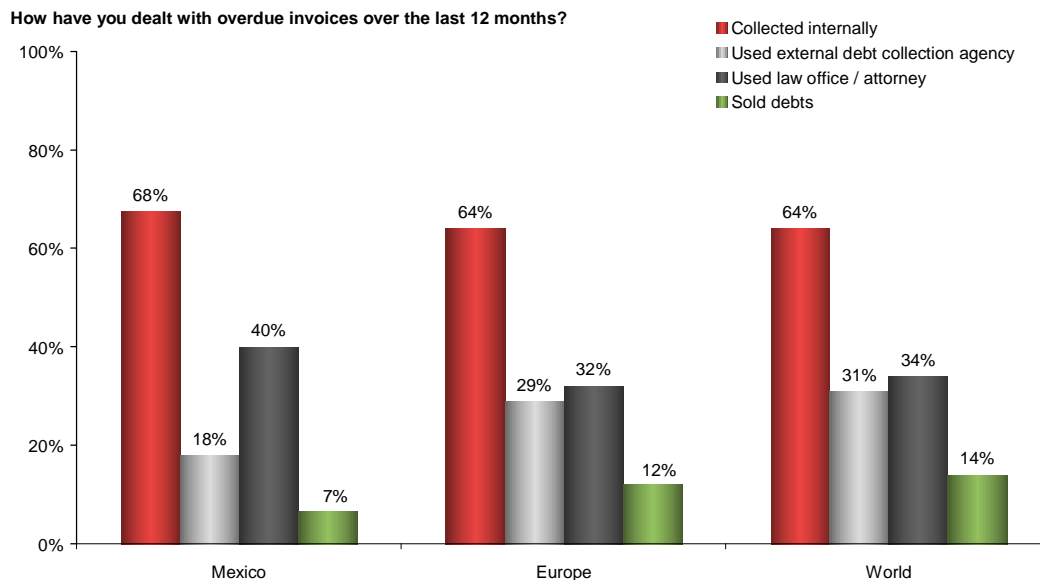
Number of days in which domestic and international receivables are overdue

Domestic debts: Concerning the amount of days that receivables are overdue from debtors based within Mexico, 64% are less than 60 days overdue; 21% are between 60 – 90 days overdue and 15% are more than 90 days overdue.

International debts: The tendency for international receivables is quite similar to domestic ones. 66% of their international receivables were less than 60 days overdue. 10% percent of Mexican companies reported their overdue receivables to be more than 90 days overdue.

Ways in which companies dealt with their overdue invoices in the past 12 months

68% of companies surveyed reported to have collected their overdue invoices internally in the last year. When they used an external source, Mexican companies asked the assistance of a law office for collecting debts. 18% have used external debt collections companies and only 7% made the decision to sell their debts.

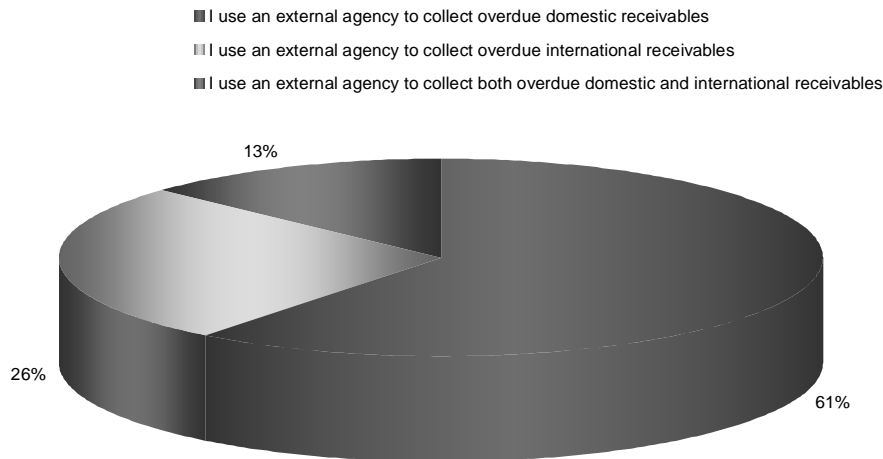


Basis: interviewed companies with overdue invoices from respective countries
Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Consistent with a high percentage of domestic debts, 61% companies reporting the use of an external debts collections agency have dealt specifically with their domestic receivables. A quarter managed international debts only and just 13% asked for assistance in handling a combination of both types of debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

Mexican companies are most focused on 'Success rate', 'Local knowledge' and 'Ability to maintain a positive relationship with debtor' when choosing a debt collections agency.

Although 'Price' is an important factor, it was ranked only a 4th in the selection process.

	Mexico	Europe
Price	4.4	3.9
Global expertise	5.2	5.0
Local knowledge (language/ legal)	4.1	4.9
Agency's ability to maintain positive relationship with debtor	4.1	4.3
Easy access to up-to-date information	5.0	4.8
Success rate	3.8	3.8
Reputation	4.4	4.5
Additional services	5.0	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

When ranking reasons for not using an external debt collections agency, Mexico did not differ from that of the worldwide average.

The attention to 'Cost' was considered slightly less important among Mexican companies when compared to other countries.

	Mexico	Europe
Cost	3.2	2.8
We do it ourselves	1.6	2.1
Too complex	4.0	3.9
No trust in success of outsourcing party	3.9	3.7
Customer relationship	2.4	2.6

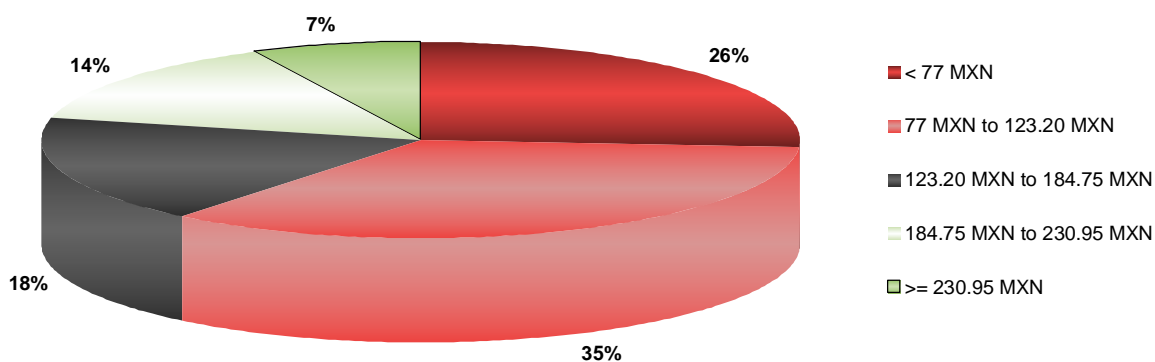
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

Mexican companies reported a high interest in first party collections, more than in other countries. 51% of Mexican companies reported to be willing to outsource their first party collections within 2 years and only 28% declared to be uninterested.

Regarding the price Mexican companies would be willing to pay, their responses did not differ from the average: 61% would prefer to pay a low price per invoice, mainly less than 132.20 MXN.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Mexico

3.14 Poland

Key findings – Poland specific

- Payment of international debts was shorter than domestic debts
- Selling debts is the method used significantly more than other countries
- The use of an external agency was specifically for domestic debts
- ‘Price’ was the key criterion in choosing an external agency
- ‘Customer relationship’ was an additional reason for not using an external agency
- First party collections could be an interesting option even though they are only willing to pay a low price per invoice

Number of days in which domestic and international receivables are overdue

Domestic debts: When asked about their current domestic overdue receivables, 60% were less than 60 days overdue. 40% were more than 60 days overdue and 17% were more than 90 days overdue.

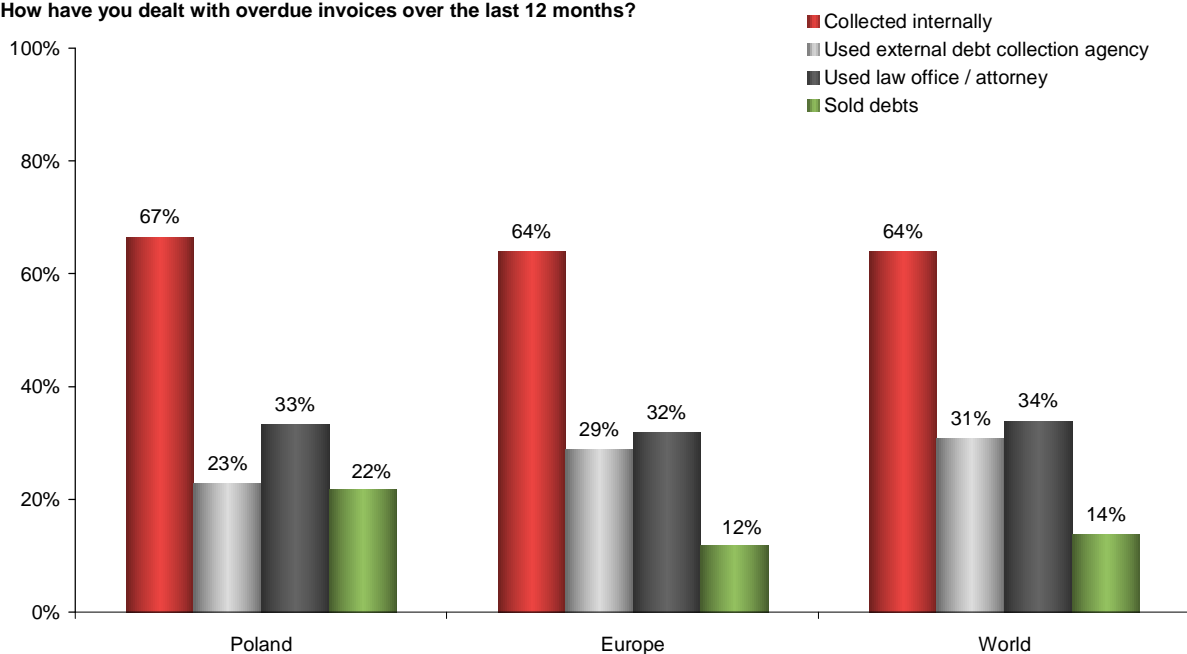
International debts: For international overdue, payments appeared to be quicker than domestic ones. 66% of international debts were less than 60 days overdue, while 12% were more than 90 days overdue (compared to 17% domestic receivables).

Ways in which companies dealt with their overdue invoices in the past 12 months

Collections behaviour of Polish companies did not differ from the general trend seen worldwide and across Europe.

Mainly, they have collected internally and among external resources they preferred significantly more than other countries to sell their debts. The usage of a DCA and a lawyer was aligned with the average.

How have you dealt with overdue invoices over the last 12 months?



Basis: interviewed companies with overdue invoices from respective countries

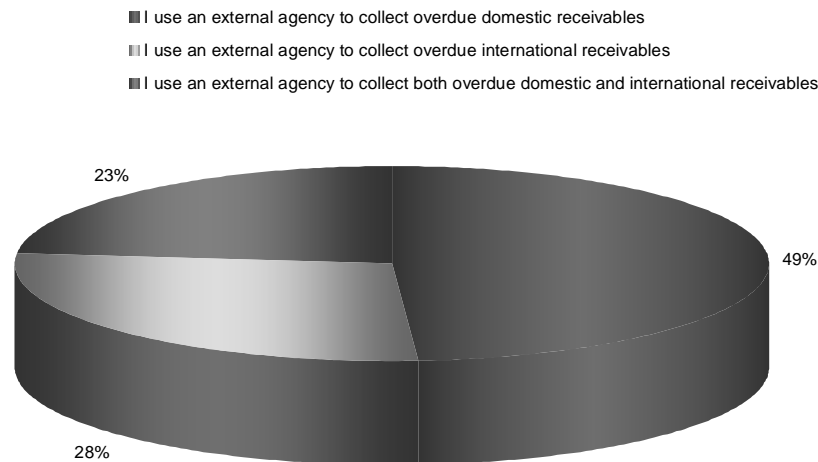
Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

The presence of a high percentage of domestic debts has as a consequence, the use of external debt collections agencies for managing specifically domestic receivables for almost the half of respondents.

28% have used an external agency for collecting international debts only and 23% have asked for assistance to handle both domestic and international debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

'Price' is the most important criterion used by Polish companies for selecting a debt collections agency. Other important key drivers were 'Success rate' along with 'Ability to maintain a positive relationship with debtor'.

	Poland	Europe
Price	3.9	3.9
Global expertise	4.4	5.0
Local knowledge (language/ legal)	4.8	4.9
Agency's ability to maintain positive relationship with debtor	4.3	4.3
Easy access to up-to-date information	5.1	4.8
Success rate	4.3	3.8
Reputation	4.6	4.5
Additional services	4.7	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Of those companies whom did not use a debt collections agency, most did not do so because their current practice is to do it internally. As with other countries interviewed, importance of 'Customer relationship' was an additional reason why they may choose not to use and external agency.

	Poland	Europe
Cost	3.0	2.8
We do it ourselves	2.1	2.1
Too complex	3.9	3.9
No trust in success of outsourcing party	3.4	3.7
Customer relationship	2.6	2.6

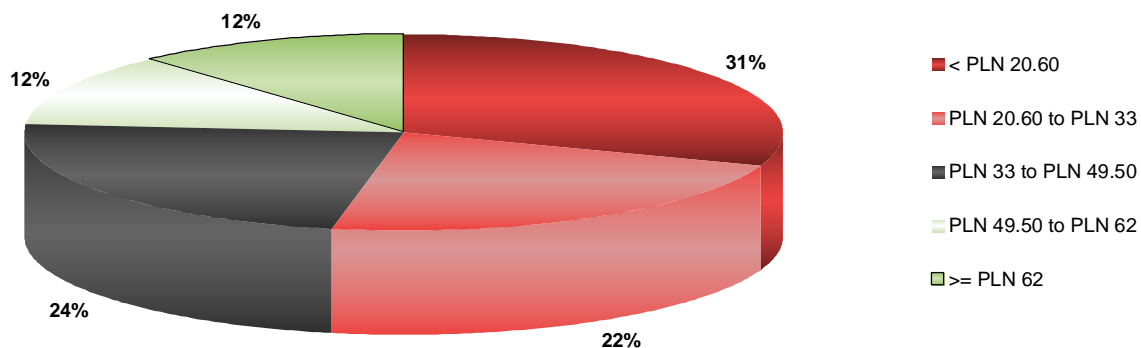
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

Overall, 29% of Polish companies indicated that they would outsource their first party collections within the next 2 years with a significant percentage of companies (30%) still neutral towards this type of collection.

Also in Poland the tendency for the price companies said they would be willing to pay is similar to the European average. The majority of respondents would be willing to pay a low price per invoice.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Poland

3.15 Slovakia

Key findings – Slovakia specific

- Payment terms are shorter for international receivables
- The use of a lawyer or attorney to assist with debt collections is higher in Slovakia than other countries
- 'Price' was the key driver in choosing an external agency
- 'Customer relationship' was an additional reason for not choosing an external agency
- Companies in Slovakia declared to not be interested in first party collections

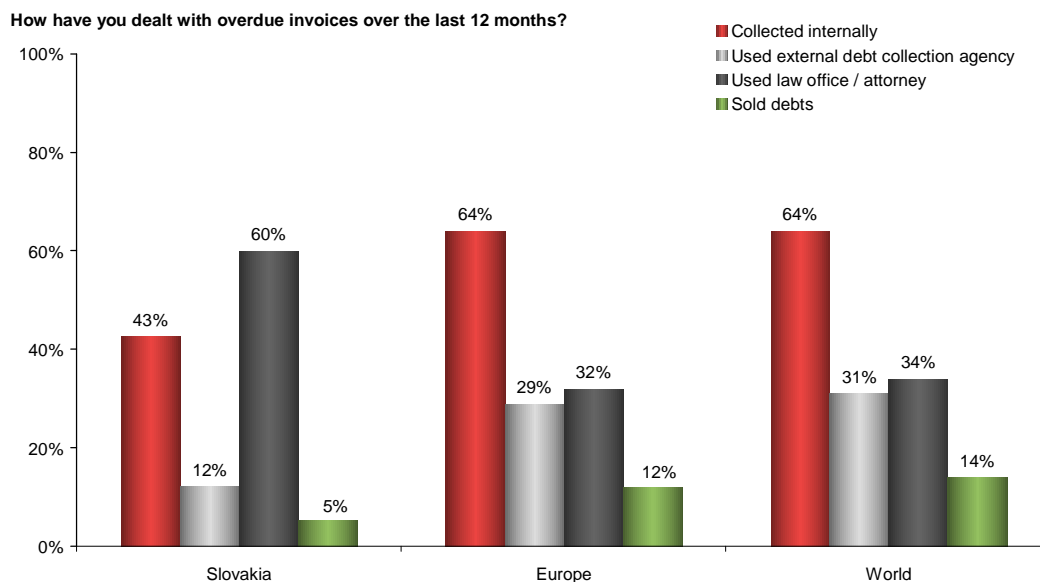
Number of days in which domestic and international receivables are overdue

Domestic debtors: 16% of domestic overdue receivables were more than 90 days overdue, while a large amount of receivables (69%) remained less than 60 days overdue.

International debtors: For international debts, Slovakia showed 77% its receivables as being less than 60 days overdue while just 10% were more than 90 days overdue.

Ways in which companies dealt with their overdue invoices in the past 12 months

Along with Austria, Netherlands and Sweden, Slovakia had the lowest percentage of companies collecting internally at 43%. The external preferred method of dealing with their overdue invoices is the use of law offices, significantly more than other countries (60%). Due to the popularity of legal procedures, the use of external collections agencies and debts sales were much lower compared to other countries.



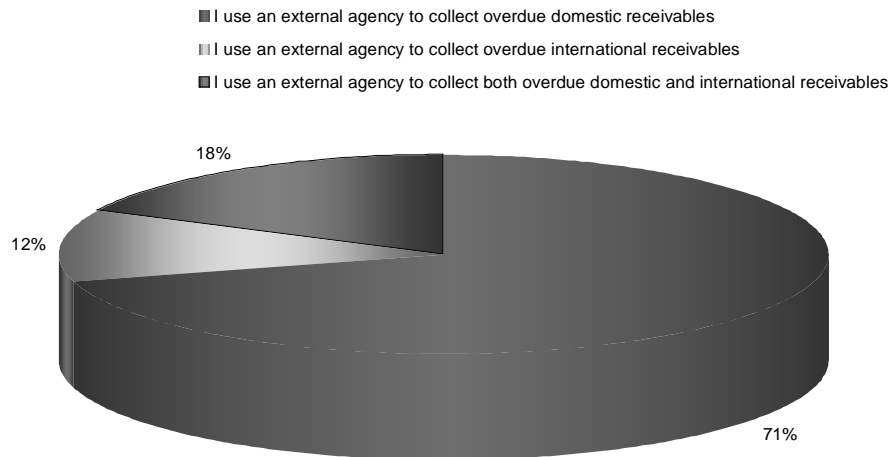
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Of those businesses using an external agency, 71% of companies in Slovakia were using agencies specifically for their domestic outstanding receivables. For strictly international debts, 15% of companies use an agency and 18% use an external agency for a combination of the two.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

'Price' and 'Success rate' ranked as the most important reasons for selecting a collection agency in Slovakia. 'Global expertise' along with 'Easy access to up-to-date information' ranked as equal 3rd place factors.

	Slovakia	Europe
Price	3.0	3.9
Global expertise	4.3	5.0
Local knowledge (language/ legal)	5.5	4.9
Agency's ability to maintain positive relationship with debtor	4.9	4.3
Easy access to up-to-date information	4.3	4.8
Success rate	3.8	3.8
Reputation	4.5	4.5
Additional services	5.7	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Following the same trend as other countries, companies in Slovakia ranked the tendency to collect their debts internally as the main reason for not using an external agency and 'Cost' was ranked as the second factor along with 'Customer relationship'.

	Slovakia	Europe
Cost	2.9	2.8
We do it ourselves	1.8	2.1
Too complex	3.6	3.9
No trust in success of outsourcing party	3.8	3.7
Customer relationship	2.9	2.6

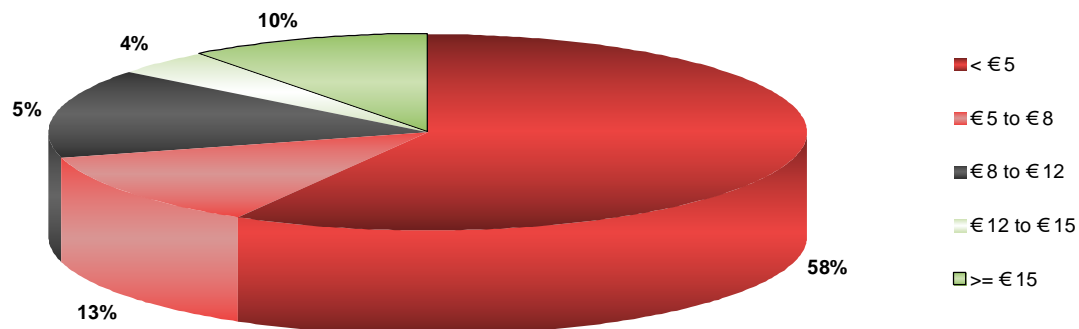
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

81% of Slovakian companies said they are not interested in first party collections, a significantly higher percentage compared to other countries. Only a few respondents affirmed they are likely to outsource their first party collections in the next 2 years.

The price companies said to be willing to pay per invoice lays in the lowest range (less than € 5 for a significant 58%).

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Slovakia

3.16 Spain

Key findings – Spain specific

- Longer payment timeframe for domestic debts
- Spain does not show any significantly distinct ways in which they prefer to handle their overdue receivables
- Spanish companies need the assistance of external debt collections agencies for dealing specifically with international debts
- ‘Success rate’, ‘Reputation’ and ‘Access to up-to-date information’ were the key drivers in choosing an external agency
- ‘Customer relationship’ was an additional reason for not choosing an external agency
- Companies in Spain are interested in first party collections even though they are only willing to pay a low price per invoice

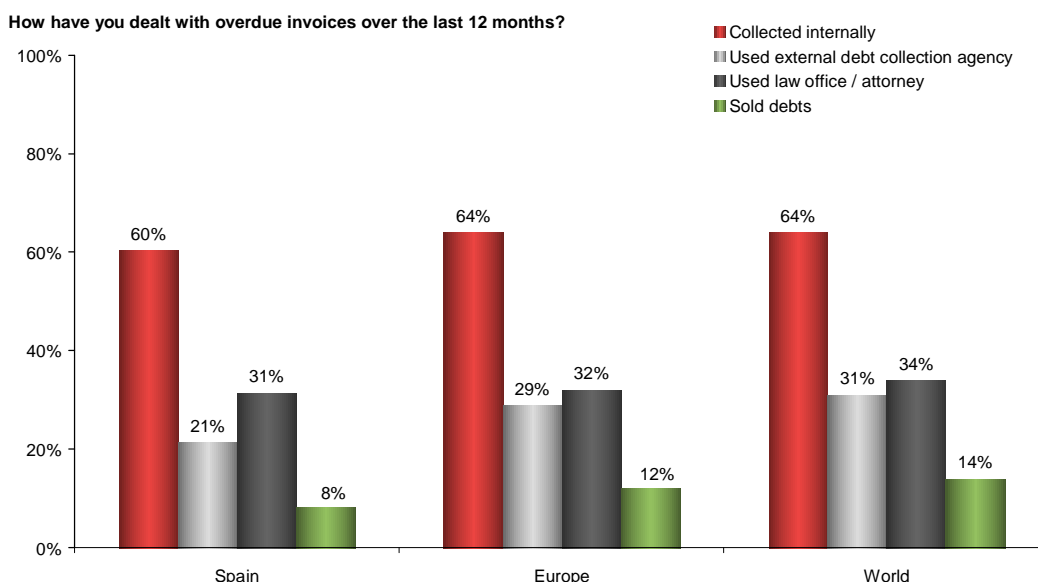
Number of days in which domestic and international receivables are overdue

Domestic Debts: Only 54% of invoices coming from domestic customers were less than 60 days overdue. 25% were between 60-90 days and 21% were more than 90 days overdue. Companies in Spain displayed a similar tendency of companies in Italy in terms of the length of days overdue.

International Debts: Receivables from customers abroad were being paid slightly quicker when compared to domestic customers. While 58% were less than 60 days overdue, 16% of international debts were more than 90 days overdue (compared to 21% for domestic).

Ways in which companies dealt with their overdue invoices in the past 12 months

In line with other countries interviewed, the largest percentage of companies carried out collections procedures internally, with just over 21% having used a debt collections agency within the last 12 months. When compared to other countries interviewed, Spain does not show any significantly distinct preferences in how they handle their overdue receivables.



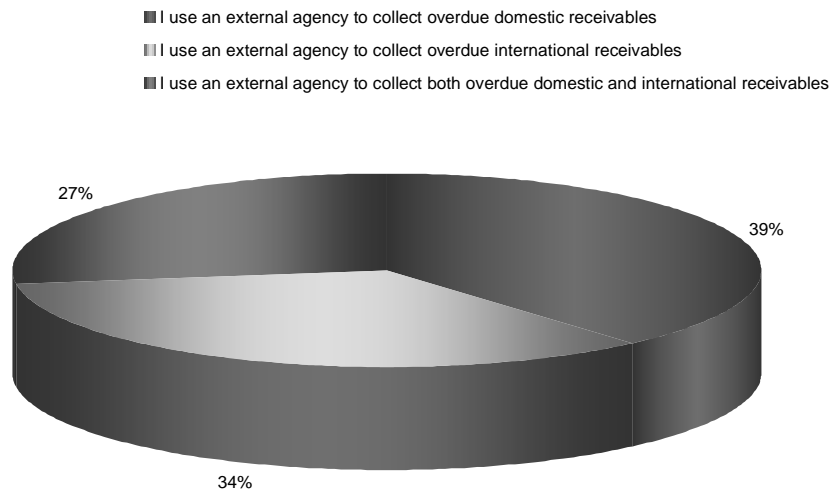
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Their usage of debt collection agencies differs from the worldwide and the European average. Spanish companies that handle their receivable with the assistance of an external agency, preferred to collect a combination of international and domestic debts. 34% used agencies specifically for international receivables and 39% for domestic debts only. Similar to Italy, Spanish companies seem to need particular assistance for collecting international debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

'Success Rate' was ranked as the most important criterion in selecting a debt collections agency, but companies in Spain gave 'Reputation' along with 'Access to up-to-date information' nearly the same importance ranking.

	Spain	Europe
Price	4.6	3.9
Global expertise	4.6	5.0
Local knowledge (language/ legal)	5.0	4.9
Agency's ability to maintain positive relationship with debtor	4.6	4.3
Easy access to up-to-date information	4.4	4.8
Success rate	4.0	3.8
Reputation	4.3	4.5
Additional services	4.6	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

For those companies not using a debt collections agency, the main reason given was that they already do it as an internal process. The importance of the customer relationship is the second most important reason. None of the countries interviewed felt that outsourcing to a collections agency was a complex task or an essential reason not to do so. Respondents from Spain gave similar responses to the European average.

	Spain	Europe
Cost	3.1	2.8
We do it ourselves	1.9	2.1
Too complex	4.1	3.9
No trust in success of outsourcing party	3.5	3.7
Customer relationship	2.5	2.6

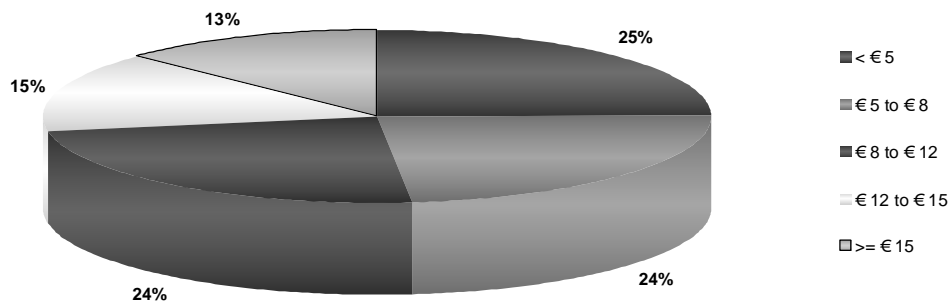
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

Spanish companies showed a higher interest to outsource the first party collections within 2 years, when compared to the other countries, with 33% respondents declaring they will be likely to use this service.

Regarding the price, Spanish companies are far away from the European tendency: almost 60% respondents declared to only be willing to pay the lowest possible price per invoice.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Spain

3.17 Sweden

Key findings – Sweden specific

- Very short payment timeframe for both domestic and international debts
- The use of an external agency is higher in Sweden than other countries
- The assistance of external debt collections agencies is for dealing specifically with domestic debts and a combination of debts
- ‘Success rate’ and ‘Price’ were the key drivers in choosing an external agency
- ‘Customer relationship’ and ‘Cost’ were the preferred reasons for not choosing an external agency
- Companies in Sweden are not particularly interested in first party collections

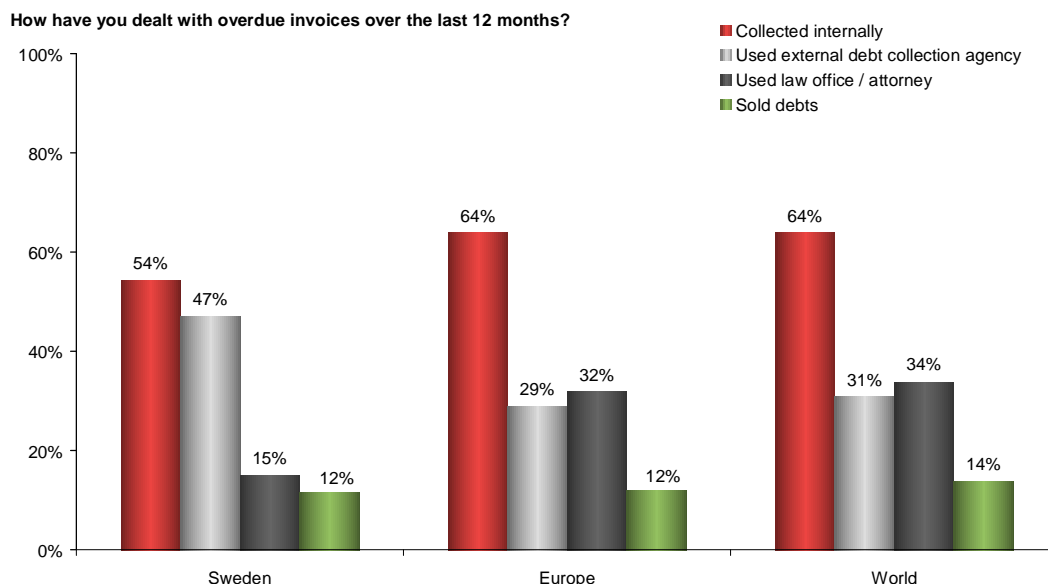
Number of days in which domestic and international receivables are overdue

Domestic debtors: Only 8% of domestic overdue receivables were more than 90 days overdue. The bulk of receivables (80%) remained less than 60 days overdue. Of all 22 countries surveyed, Sweden’s overdue receivables have the least amount of days outstanding, indicating a stricter payment behaviour.

International debtors: The payment behaviour for international debtors did not differ from domestic Swedish debtors according to respondents. For international debts, Sweden displayed its receivables as having one of the least amounts of days overdue when compared to other countries.

Ways in which companies dealt with their overdue invoices in the past 12 months

In the 12 months preceding the survey, slightly less than half of the companies surveyed used an external collections agency. Swedish companies displayed very similar behaviour to that of the Netherlands in how they deal with debtors. 54% companies said that they do the collections process internally, one of the lowest compared to all other countries.

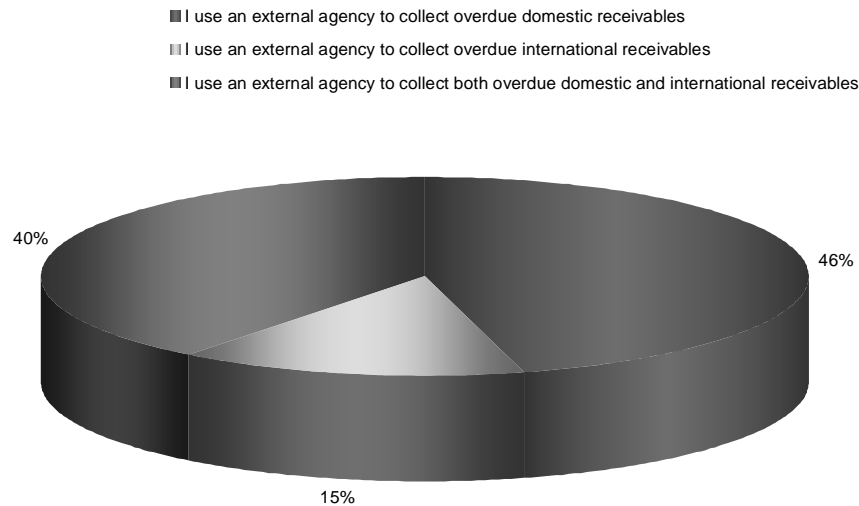


Basis: interviewed companies with overdue invoices from respective countries
Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

47% of companies have used external agencies and among these companies, a large percentage (40%) are using them for both domestic and international debts. On the contrary, only 15% percent are using an agency strictly for international debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

Success Rate and Price are the two most prominent reasons for Swedish companies to choose a collections agency. While these two factors dominate their choice, 'Reputation' and 'Additional services' ranked 3rd and 4th. In contrast, these two factors were ranked as least important in other countries.

	Sweden	Europe
Price	4.0	3.9
Global expertise	5.5	5.0
Local knowledge (language/ legal)	4.6	4.9
Agency's ability to maintain positive relationship with debtor	4.6	4.3
Easy access to up-to-date information	4.8	4.8
Success rate	4.0	3.8
Reputation	4.2	4.5
Additional services	4.4	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

In line with other countries, internal collections activity is the main reason for not using an external agency. 'Customer relationship' and 'Cost' are preferential reasons for why some Swedish companies may not be using external agencies.

	Sweden	Europe
Cost	2.9	2.8
We do it ourselves	2.1	2.1
Too complex	3.9	3.9
No trust in success of outsourcing party	3.7	3.7
Customer relationship	2.4	2.6

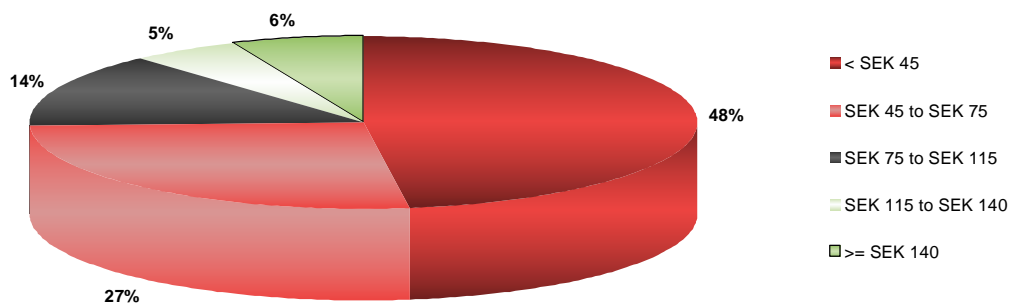
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

Swedish companies did not declare any particular interest for the first party collections. 21% said they are likely will outsource their first party collections, while 52% affirmed they will not outsource.

In commonly with other countries, Swedish companies are willing to pay the lowest possible price: 48% said the right price per invoice is lower than 45 SEK.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Sweden

3.18 Switzerland

Key findings – Switzerland specific

- Very short payment timeframe for domestic debts
- Swiss companies collect mainly internally
- The assistance of external debt collections agencies is for dealing specifically with domestic debts and a combination of debts
- ‘Success rate’ and ‘Price’ were the key drivers in choosing an external agency
- ‘Cost’ was an additional reason for not choosing an external agency
- Swiss companies are not particularly interested in first party collections

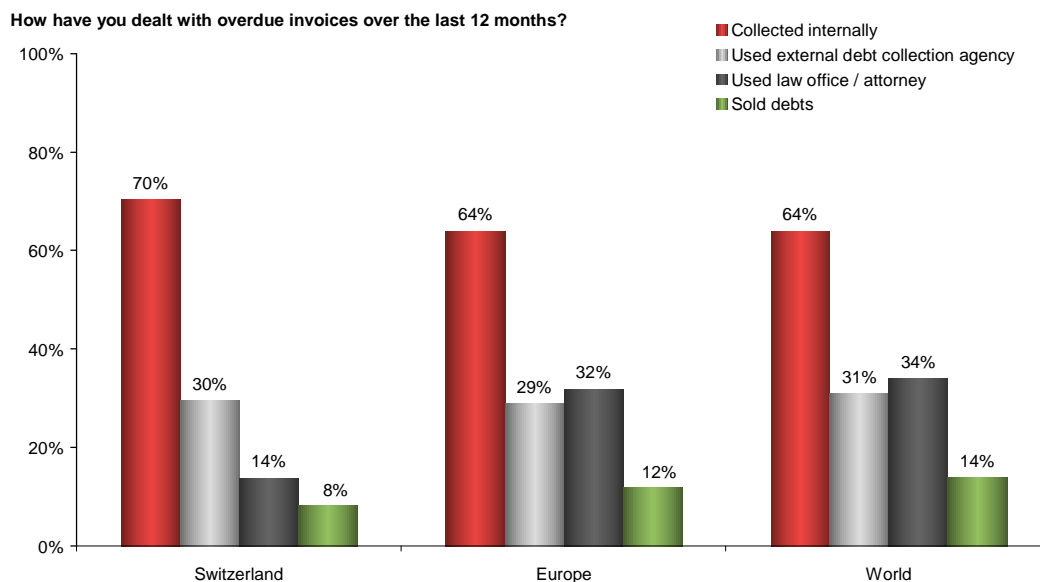
Number of days in which domestic and international receivables are overdue

Domestic debts: 71% of outstanding receivables from Swiss customers were less than 60 days overdue, only 11% being more than 90 days overdue.

International debts: Respondents said that international customers were less likely to pay within the contract terms when compared to domestic clients. 56% international receivables were overdue less than 60 days and 20% were more than 90 days overdue.

Ways in which companies dealt with their overdue invoices in the past 12 months

In last 12 months, Swiss companies dealt with their overdue invoice using mainly internal resources. One third of respondents said they have used services from an external debt collections agency, 14% used legal procedures to manage their debts and only 8% sold their debts.



Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Among companies that have used an external collection agency, 46% managed their domestic receivables and a further 40% asked for assistance to collect the combination of the two types of debts. Only 15% used an external agency specifically for international debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

'Success rate' and 'Price' are ranked as the most important reasons for selecting a collection agency in Switzerland. 'Ability to maintain positive relation with debtor' was ranked as the least important criterion in choosing a DCA.

	Switzerland	Europe
Price	4.2	3.9
Global expertise	4.7	5.0
Local knowledge (language/ legal)	4.6	4.9
Agency's ability to maintain positive relationship with debtor	4.8	4.3
Easy access to up-to-date information	4.6	4.8
Success rate	3.7	3.8
Reputation	4.6	4.5
Additional services	4.7	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Of those companies that did not use an external agency, the most important reason handle the debt collection internally. In this aspect, Swiss companies considered themselves too small to use external sources as well as being concerned about the possible damage a DCA could cause to the company's image.

'Cost' was an additional reason for not choosing an external agency.

	Switzerland	Europe
Cost	2.8	2.8
We do it ourselves	2.1	2.1
Too complex	4.0	3.9
No trust in success of outsourcing party	3.8	3.7
Customer relationship	2.4	2.6

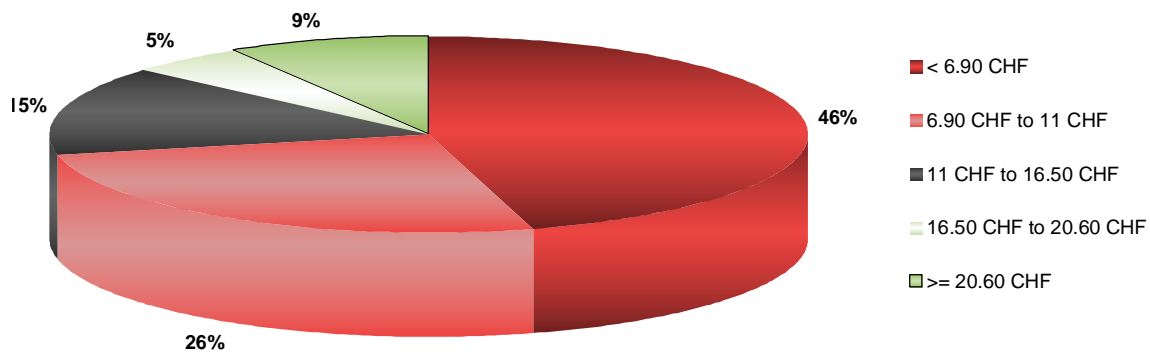
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

Only 16% respondents said they will outsource their first party collections against 72% that are unlikely to outsource.

Swiss companies float along the European average of price range. The majority (46%) is willing to pay less than 6.90 CHF per invoice.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from Switzerland

3.19 The Netherlands

Key findings – Netherlands specific

- Short payment timeframes for both domestic and international receivables
- The use of an external agency is higher in Netherlands than other countries
- The assistance of external debt collections agencies is for dealing specifically with domestic or international debts
- ‘Success rate’ and ‘Price’ are the key drivers in choosing an external agency
- ‘Customer relationship’ is an important reason for not choosing an external agency
- In the Netherlands companies were not be particularly interested in first party collections

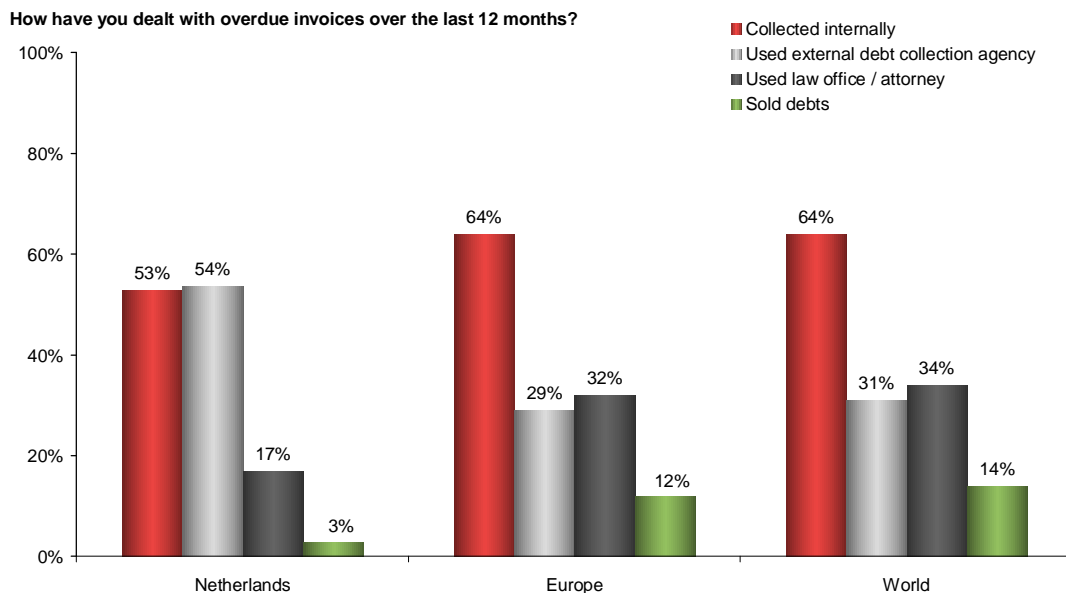
Number of days in which domestic and international receivables are overdue

Domestic Debts: Of domestic accounts overdue, 75% of the debtors to companies located in the Netherlands have outstanding receivables that are less than 60 days overdue, 15% of invoices are more than 60 days overdue and 10% are more than 90 days overdue.

International Debts: International debts are slightly shorter overdue than domestic debts. 76% of respondents’ international receivables are less than 60 days overdue while 9% are more than 90 days overdue.

Ways in which companies dealt with their overdue invoices in the past 12 months

Along with Austria, France, Slovakia and Sweden, Netherlands, has the lowest percentage of companies collecting internally, at 53%, yet the Netherlands has the second largest amount of companies using an external debt collection agency – 54%, a significantly higher percentage compared to other countries.

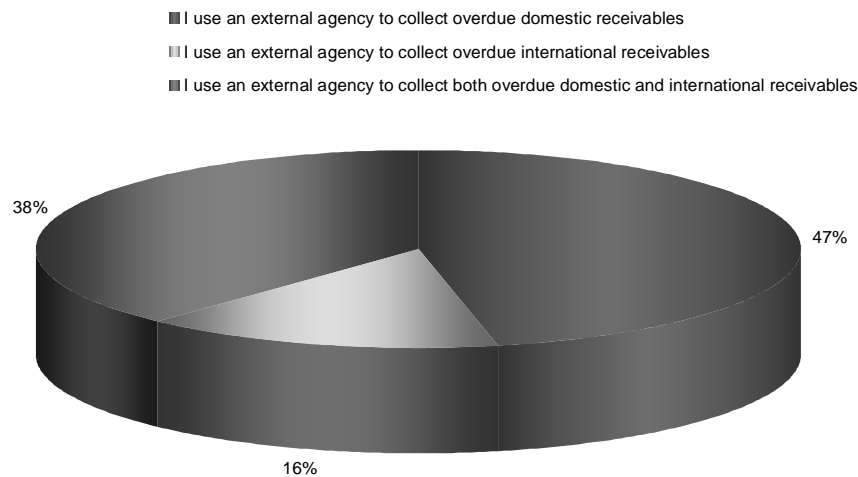


Basis: interviewed companies with overdue invoices from respective countries
Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Of businesses using an external agency, significantly more companies in the Netherlands are using an agency specifically for their domestic outstanding receivables – 47%. For strictly international receivables, 16% of companies used an agency and almost 40% used an external agency for a combination of the two.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

'Price and 'Success Rate' ranked as the most important reasons for selecting a collection agency in the Netherlands. The 'Ability to maintain a positive relation with the debtor' ranked 3rd. 'Global Expertise' was ranked least important, which is likely to be that the greatest percentage of collection is being done for domestic receivables in the Netherlands.

	Netherlands	Europe
Price	3.5	3.9
Global expertise	5.4	5.0
Local knowledge (language/ legal)	5.2	4.9
Agency's ability to maintain positive relationship with debtor	4.3	4.3
Easy access to up-to-date information	4.6	4.8
Success rate	3.5	3.8
Reputation	4.4	4.5
Additional services	4.9	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Of those companies not using an external agency for collection, the most important reason was that they preferred to 'do it themselves'. The second most important reason was the 'Customer relationship', followed by 'Cost'. The lack of trust in external agency was ranked as the least likely reason to have an agency do the work and this reason was significantly less important than in other countries.

	Netherlands	Europe
Cost	2.8	2.8
We do it ourselves	1.8	2.1
Too complex	3.8	3.9
No trust in success of outsourcing party	3.9	3.7
Customer relationship	2.7	2.6

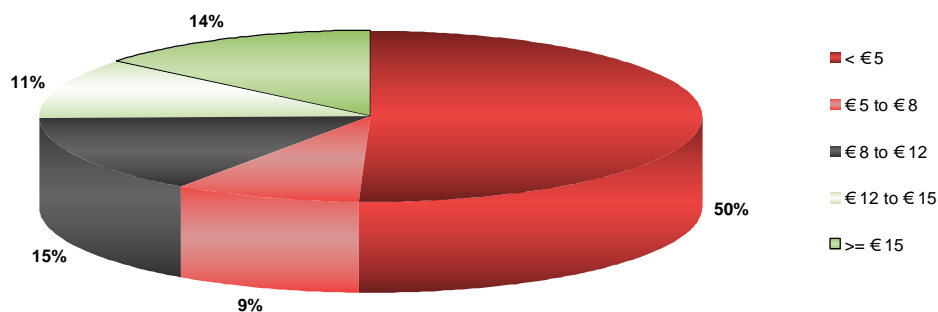
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

Only 16% of surveyed companies declared to be interested in outsourcing first party collections within the next 2 years and a significantly higher percentage (56%) were unlikely to use this service in the near future.

The price considered adequate by Dutch companies is under €5 for the half of respondents, a percentage significantly higher when compared with other countries across Europe.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from The Netherlands

3.20 USA

Key findings – USA specific

- Longer payment timeframe for international receivables compared to domestic ones
- The use of an external agency and selling debts were higher in USA than other countries
- The assistance of external debt collections agencies is for dealing specifically with domestic debts
- 'Price' and 'Ability to maintain a positive relationship with debtor' were the key drivers in choosing an external agency
- 'Customer relationship' was an additional reason for not choosing an external agency
- In the USA companies are particularly interested in first party collections even though they are willing to pay a low price per invoice

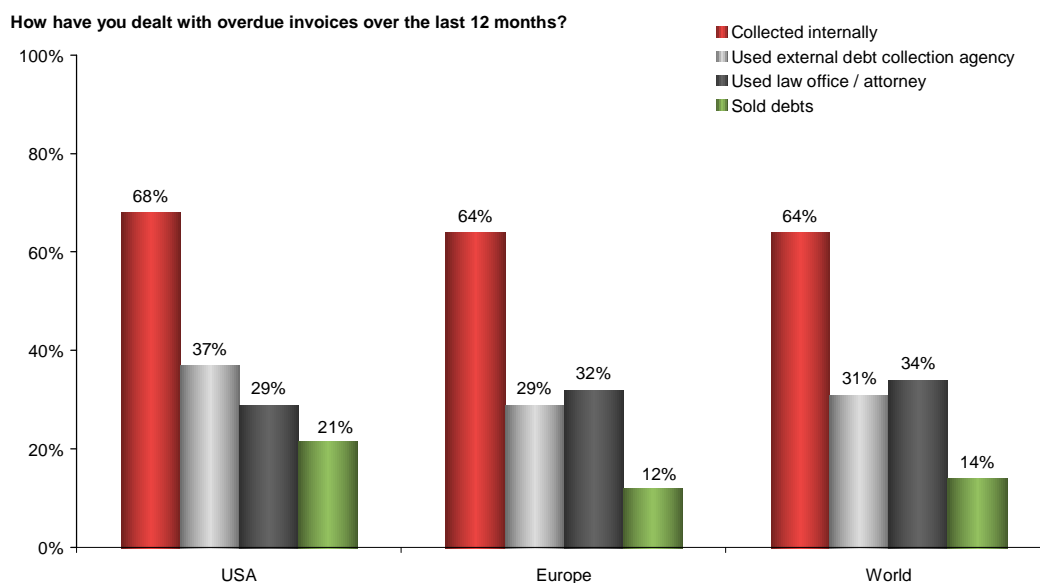
Number of days in which domestic and international receivables are overdue

Domestic debtors: Companies within USA were aligned with the worldwide average in terms of domestic debts that are overdue. Of all overdue receivables from debtors based within USA, 63% are less than 60 days overdue; 21% are between 60 – 90 days overdue and 16% are more than 90 days overdue.

International debtors: Whether debtors are from another country, 54% receivables were less than 60 days overdue with 22% more than 90 days overdue.

Ways in which companies dealt with their overdue invoices in the past 12 months

Collection behaviour of US companies is quite similar to the worldwide average, especially for internal collections. Significantly higher percentages were for the use of the external debt collection agency and for selling the debts, when comparing USA with other countries.



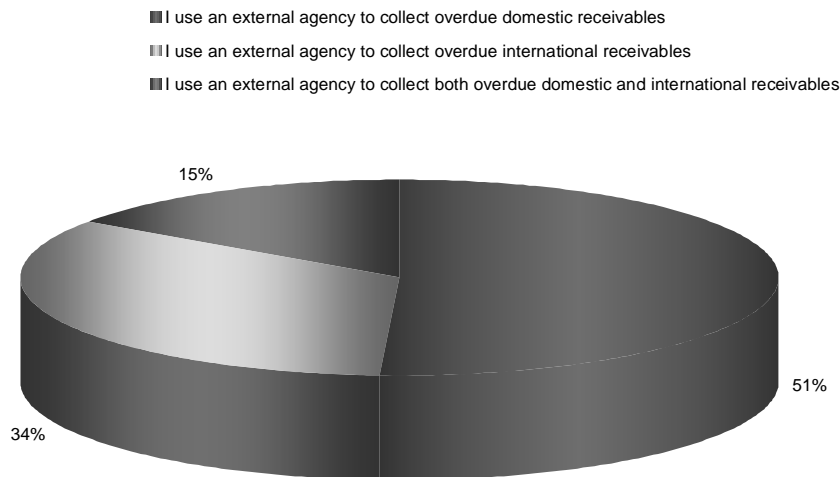
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

Extent to which companies use a collections agency (for domestic and/or international debts)

Consistent with a high percentage of domestic debts, companies that used an external agency dealt with domestic receivables (51%). Slightly more than one third asked for assistance in managing international debts and only 15% used the external agency for a combination of two types of debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Criteria ranking for choosing debt collections agencies

'Price' along with the 'Ability to maintain a positive relationship with debtor' are the main aspects US companies used to evaluate an external agency, followed by the 'Success rate'.

	USA	Europe
Price	4.2	3.9
Global expertise	5.1	5.0
Local knowledge (language/ legal)	4.7	4.9
Agency's ability to maintain positive relationship with debtor	4.2	4.3
Easy access to up-to-date information	4.7	4.8
Success rate	4.3	3.8
Reputation	4.4	4.5
Additional services	4.4	4.8

Average Ranking Score (1 = most important, 8 = least important)

Reasons for not using debt collections agencies

Following the same trend as other companies, the idea of carrying out collection activities themselves was the main reason for not working with an external agency. They collected internally mainly because they did not have any particular collections problems.

	USA	Europe
Cost	2.8	2.8
We do it ourselves	2.1	2.1
Too complex	3.9	3.9
No trust in success of outsourcing party	3.5	3.7
Customer relationship	2.7	2.6

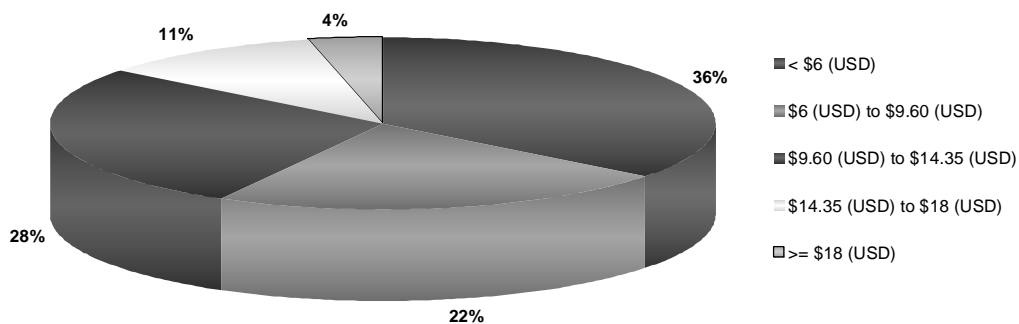
Average Ranking Score (1 = most important, 5 = least important)

Future developments for first party collections

USA represents an interesting market for first party collections. Significantly, 37% of respondents said they would be likely to outsource their first party collections within the next 2 years.

Regarding price, US companies are willing to pay per invoice less than \$9.60 (58%). Almost 30% said to be willing to pay between \$9.60 and \$14.35 and only 4% would pay more than \$18per invoice.

Price willing to pay, per invoice, for outsourcing first party collections



Basis: interviewed companies from USA

4. Companies' collection behaviour worldwide and across Europe – graphs and summaries

4.1 Number of days in which domestic and international receivables are overdue

- **Worldwide overview**

The average number of days that invoices remained overdue is quite similar for both international and domestic receivables.

61% of respondents reported that their current international receivables are less than 60 days overdue, 23% are between 60-90 day and 16% are more than 60 days past their due date. Slightly higher is the percentage of companies reporting that their domestic receivables are less than 60 days overdue.

- **European overview**

European companies surveyed displayed a similar average number of days that payments remained overdue for both international and domestic debts, even though – also at European level – there is a higher percentage of domestic debts that are less than 60 days overdue (64%).

- **Country specifics**

- Domestic debts

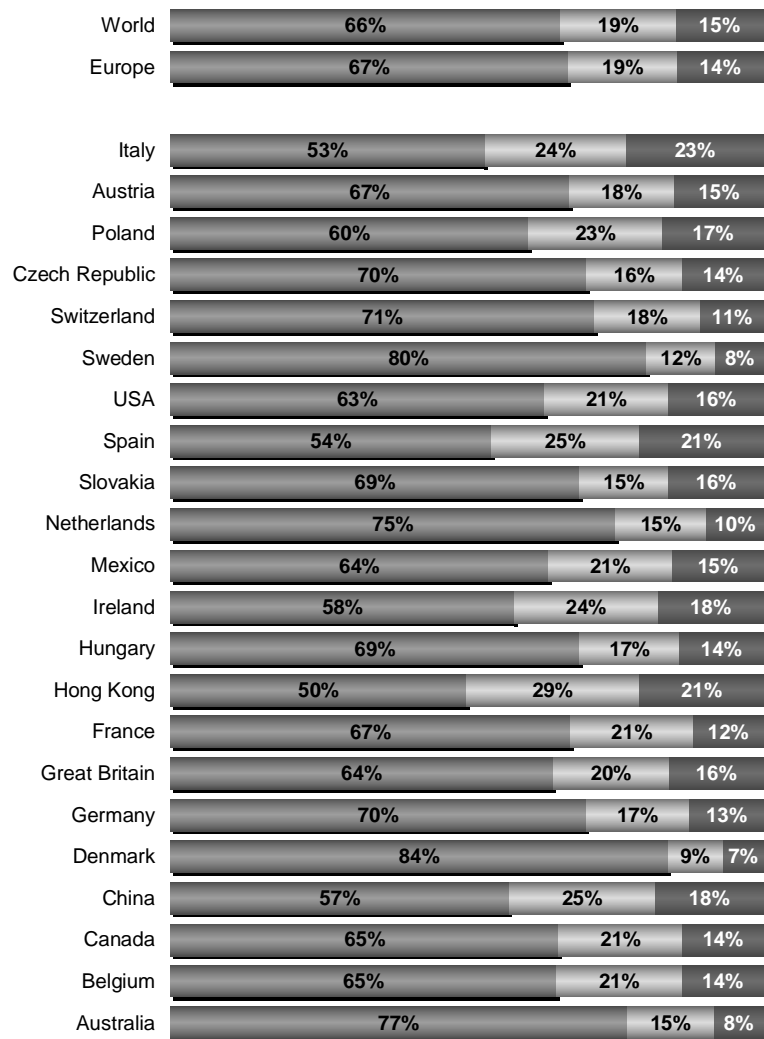
- A significantly larger percentage of receivables paid in a short timeframe were found in Australia, Denmark, Netherlands and Sweden. In these countries, more than 75% of overdue accounts were just under 60 days overdue. At the opposite end of the scale, the largest running overdue portfolios were found in Spain and Italy with over 20% of receivables more than 90 days overdue.

- International debts

- Great Britain, USA and Italy showed the longest days outstanding for international receivables; in particular in Italy where almost half of the receivables are more than 60 days overdue.

Average in days that domestic receivables are overdue

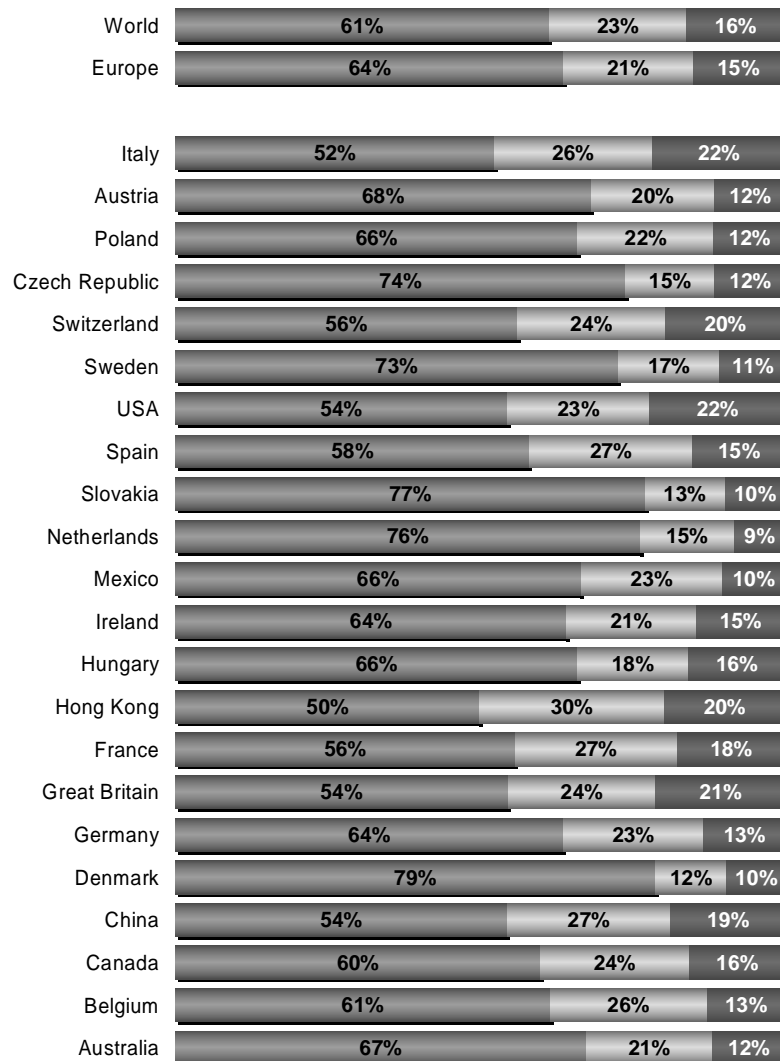
■ Less than 60 days overdue ■ 60 - 90 days overdue ■ More than 90 days overdue



Sample: Companies with overdue domestic invoices

Average in days that international receivables are overdue

■ Less than 60 days overdue ■ 60 - 90 days overdue ■ more than 90 days overdue



Sample: Companies with overdue international invoices

o **Sector specifics**

Domestic debts

Micro enterprises displayed a significantly higher percentage of domestic debts that remained overdue less than 60 days.

International debts

There were no significant differences found between economic sectors (Manufacturing, Trade/Sales/Distribution, Services and Financial services) when considering the number of days outstanding.

Average in days that domestic receivables are overdue

■ Less than 60 days overdue ■ 60 - 90 days overdue ■ More than 90 days overdue



Sample: Companies with overdue domestic invoices

○ **Turnover specifics**

Domestic debts

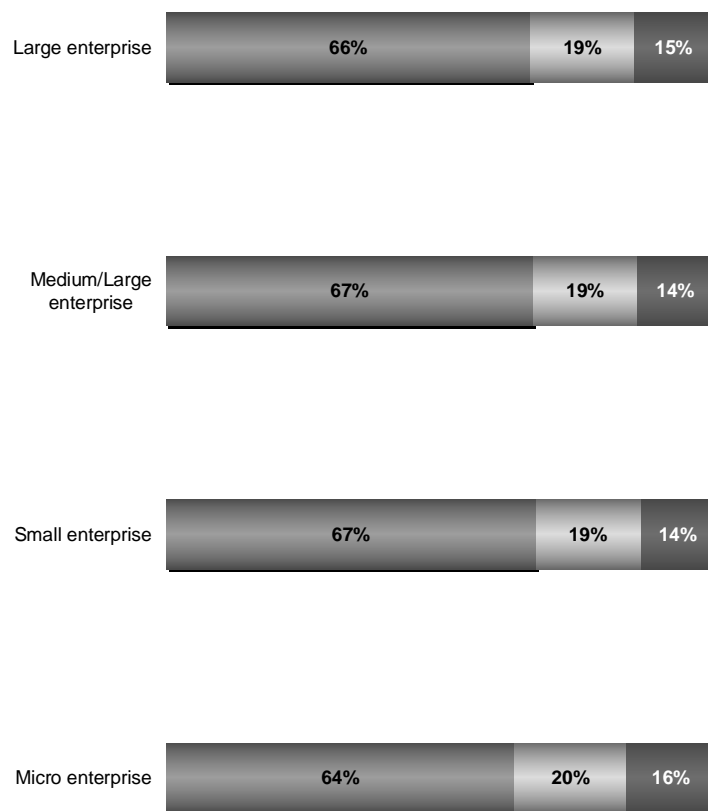
There were no significant differences found between turnovers when considering the number of days outstanding.

International debts

Micro enterprises displayed a significantly higher percentage of international debts that remained overdue more than 90 days.

Average in days that domestic receivables are overdue

■ Less than 60 days overdue ■ 60 - 90 days overdue ■ More than 90 days overdue



Sample: Companies with overdue domestic invoices

4.2 Ways in which companies have dealt with their overdue invoices in the past 12 months

- **Worldwide and European overview**

While most companies are collecting outstanding debts using their own internal resources (64%), almost 30% of companies surveyed had used an external debt collections agency in the last 12 months. Slightly more than 30% had used a law office or attorney and more than 10% had sold off their debts.

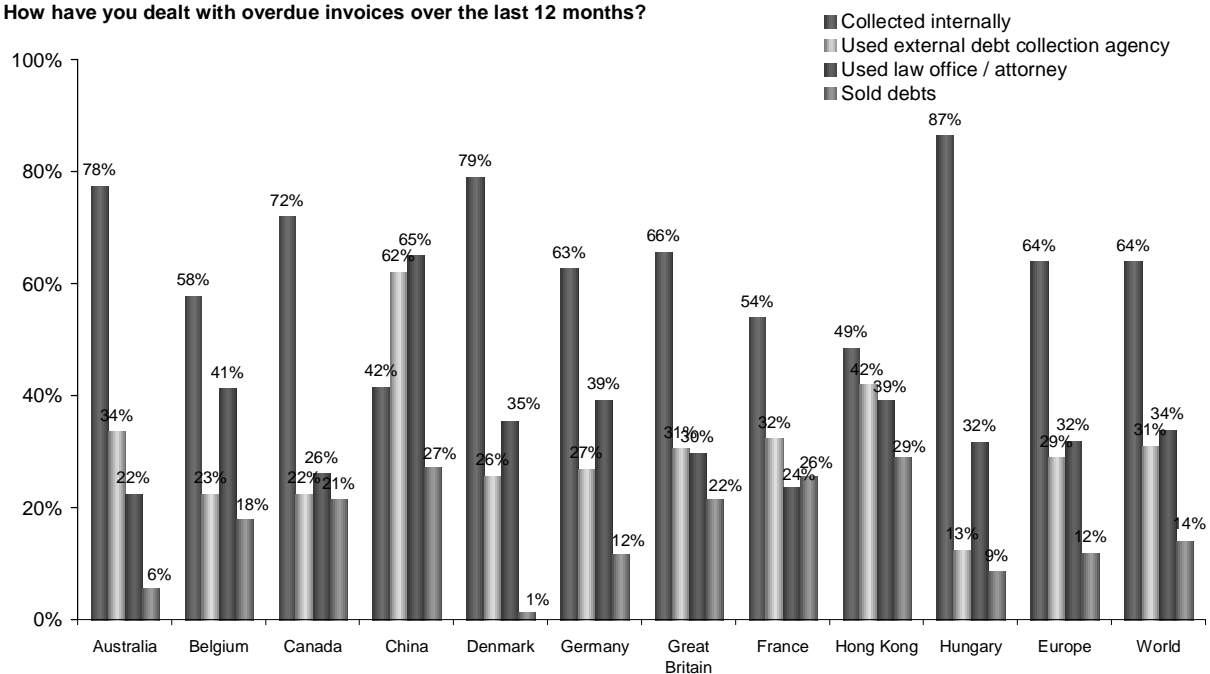
- **Country specifics**

Particularly in Netherlands and Sweden, there is a significantly higher use of external debt collections agencies (54% and 47% respectively).

While the selling of debts was the least preferred method, Central and Eastern European companies were more oriented to sell off their debts. Also, this method was significantly more popular in Canada, France, UK and Belgium, compared to other countries.

A high percentage of companies interviewed in Denmark (79%), Hungary (87%), Ireland (78%) and the Czech Republic (83%), were carrying out collections procedures within their own company. China, Slovakia, Czech Republic and Austria reported also a significantly higher usage of legal procedures than other countries.

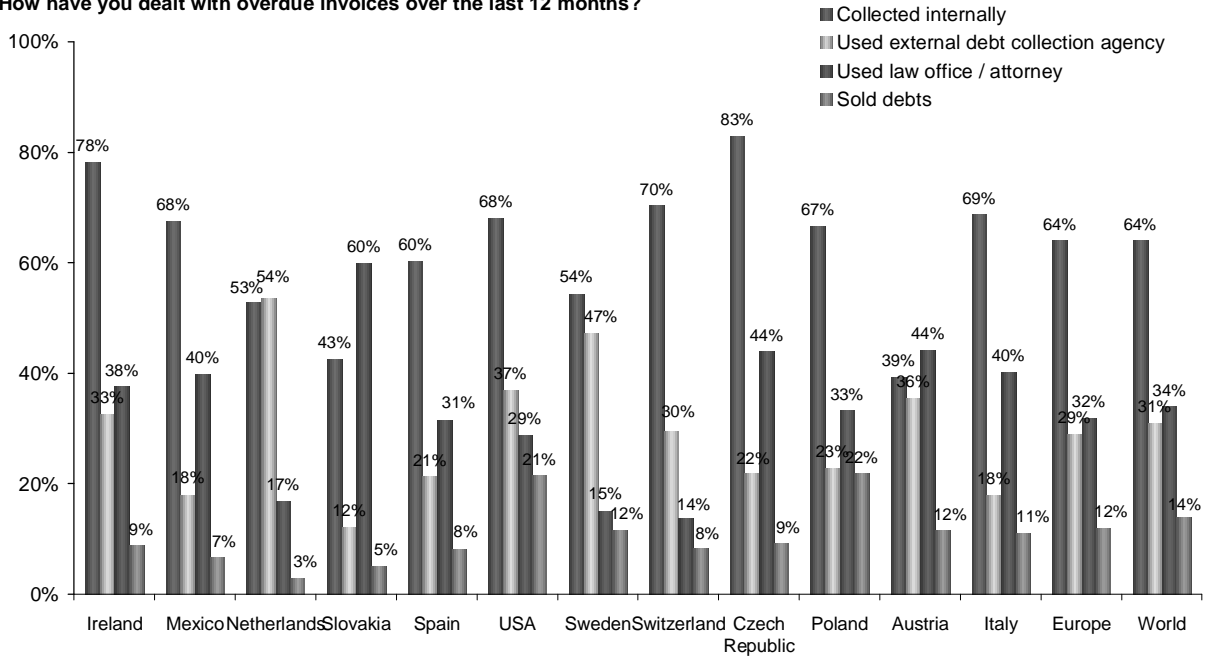
How have you dealt with overdue invoices over the last 12 months?



Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

How have you dealt with overdue invoices over the last 12 months?



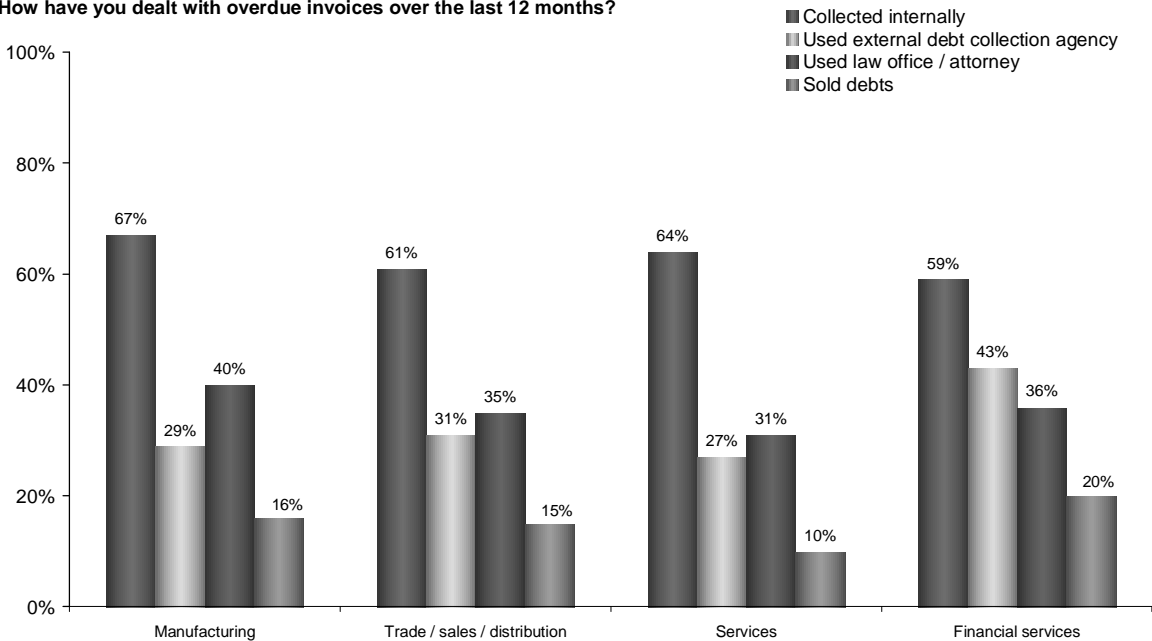
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

o **Sector specifics**

Financial services had a significantly higher usage of debt collections agencies compared to other economic sectors.

How have you dealt with overdue invoices over the last 12 months?



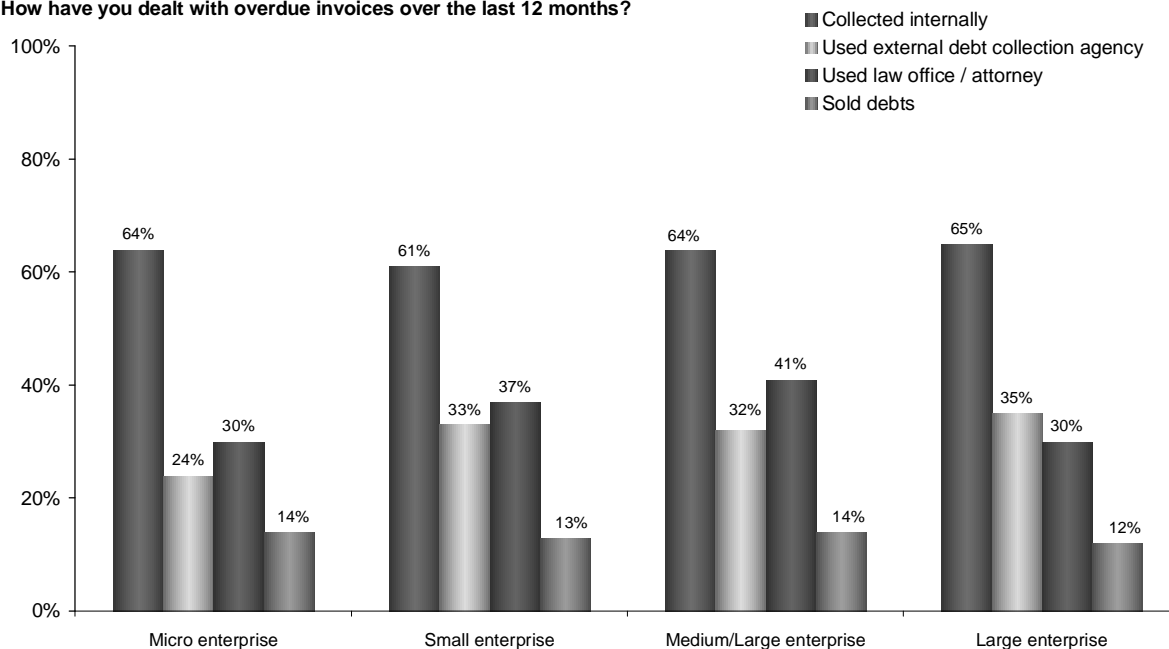
Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

○ **Turnover specifics**

The use of a law/attorney office was a significantly more popular method amongst the small (EUR 1-10 million turnover) and mid/large enterprises (EUR 10-100 million turnover) than all other companies surveyed. Using an external agency to collect on overdue accounts was the method adopted least by the micro companies (less than EUR 1 million turnover).

How have you dealt with overdue invoices over the last 12 months?



Basis: interviewed companies with overdue invoices from respective countries

Note: multiple answers possible

4.3 Extent to which companies use a collections agency (for domestic and/or international debts)

- o **Worldwide and European overview**

Approximately 30% of respondents use debt collection agencies' services.

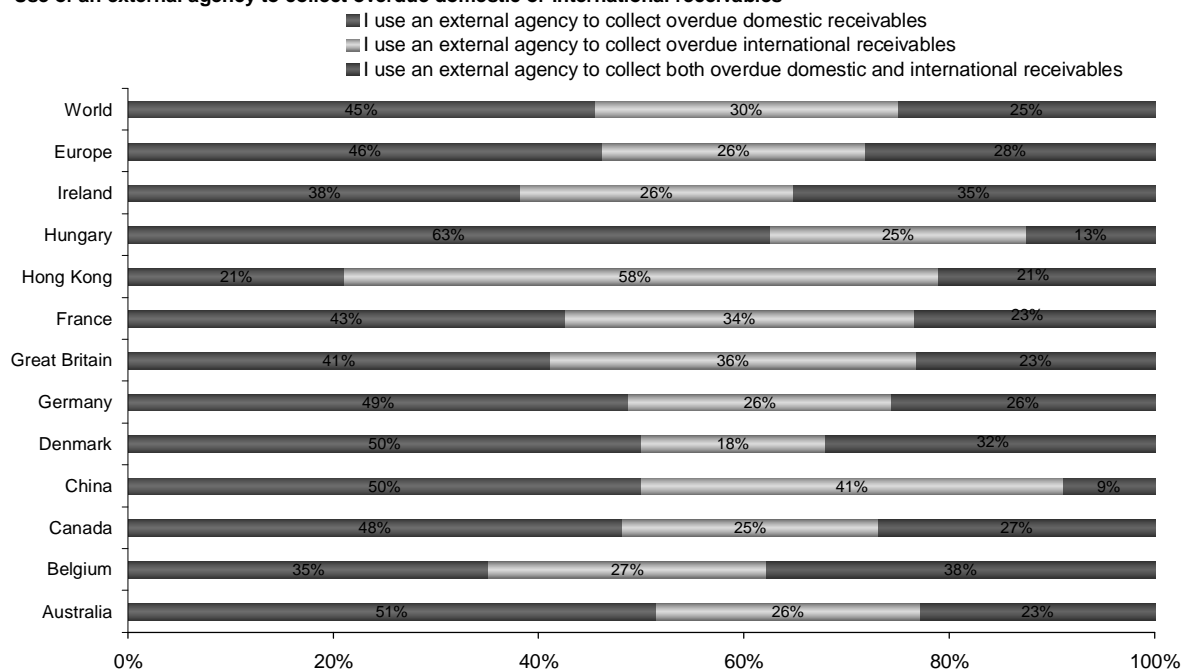
Overall, 54% of respondents have used an external agency for dealing with international debts, while 30% have used an external agency for placing strictly international debts. A quarter have handled a combination of international and domestic debts and 45% have sought these services specifically for domestic debts.

- o **Country specifics**

Belgium, Switzerland, Ireland, Spain, Great Britain and France reported a higher percentage of DCA's usage for international debts (strictly international and as a combination of the two types of debt).

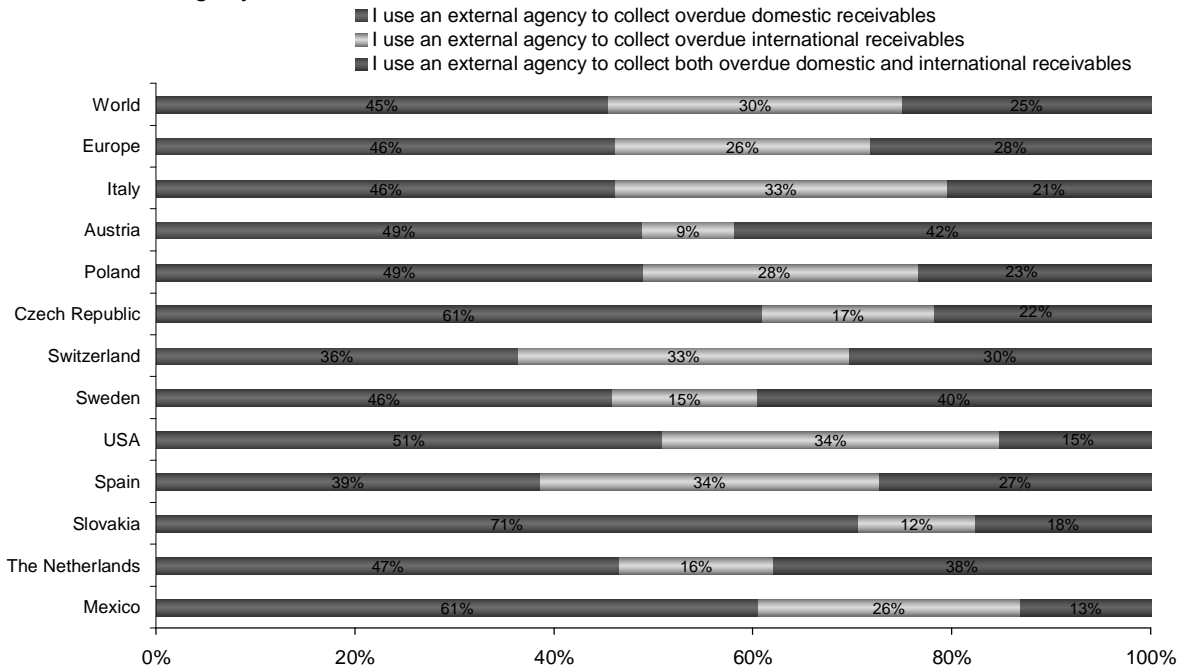
Companies in Netherlands and USA used external agencies to collect their domestic debts significantly more than the other countries surveyed, although companies in the United Kingdom, France, and USA used external agencies to collect solely international debts significantly more than the other countries. A significantly larger percentage of companies in Sweden, Austria and Netherlands were using an external agency for both domestic and international debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

Use of an external agency to collect overdue domestic or international receivables

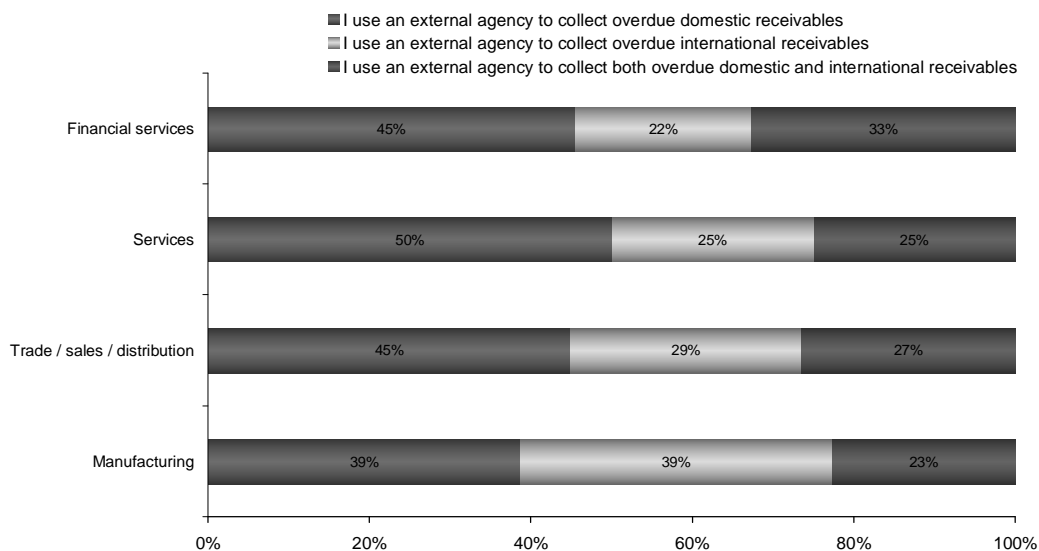


Basis: interviewed companies from respective countries

○ **Sector specifics**

A significant percentage of companies in the Services sector responded that they typically do not use external agencies. The Manufacturing sector displayed a tendency – compared to the Services and the Trade/Sales/Distribution sectors – to use an external agency for strictly international receivables. Companies in the ‘Financial services’ sector reported a higher tendency to use an external agency to collect on both domestic and international receivables compared to companies in the ‘Manufacturing’ and ‘Services’ sectors.

Use of an external agency to collect overdue domestic or international receivables

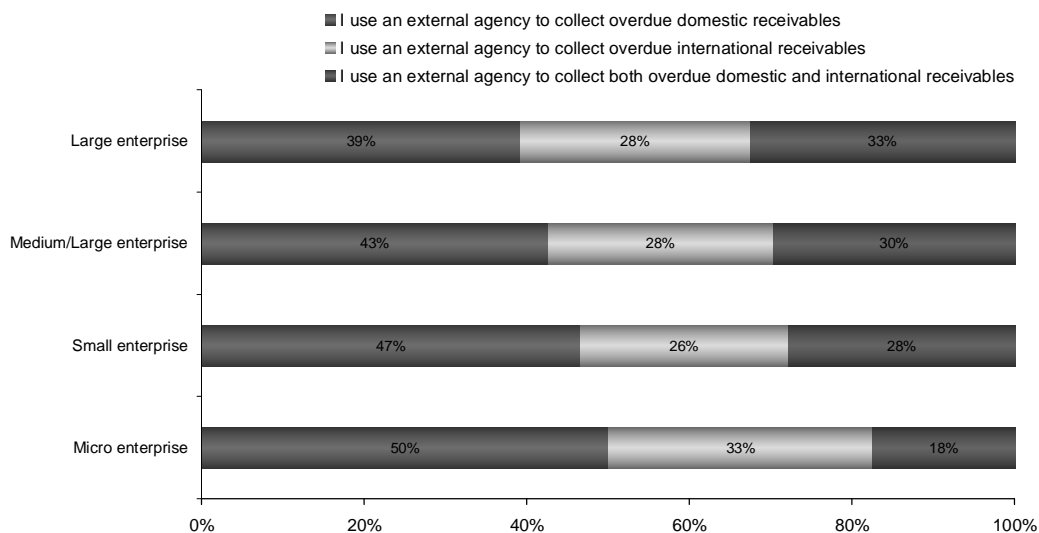


Basis: interviewed companies from respective countries

○ **Turnover specifics**

No main differences were found among companies of different sizes when considering using a debt collections agency. There was a tendency for companies in the size range of more than EUR 10 million turnover (from small to large size) to be more likely to use an agency for international debts.

Use of an external agency to collect overdue domestic or international receivables



Basis: interviewed companies from respective countries

4.4 Criteria ranking for choosing debt collections agencies

o Worldwide and European overview

'Success Rate' and 'Price' are still considered by companies as the two more important criteria when selecting a DCA: When asked to rank the importance of differing criteria used for selection, companies rated 'Success Rate' as the most important criterion and 'Price' ranked second.

A further important selection factor is an agency's 'Ability to maintain a positive relationship with debtor'.

Overall importance of all criteria in selecting an external agency for collecting overdue receivables

1 = most important 8 = least important



Sample: Companies with overdue invoices that use an external agency to collect overdue receivables

o Country specifics

All countries ranked 'Success Rate' and 'Price' as more important key drivers, even though companies operating in China and Spain gave the last criterion a significantly lower importance compared to all other countries.

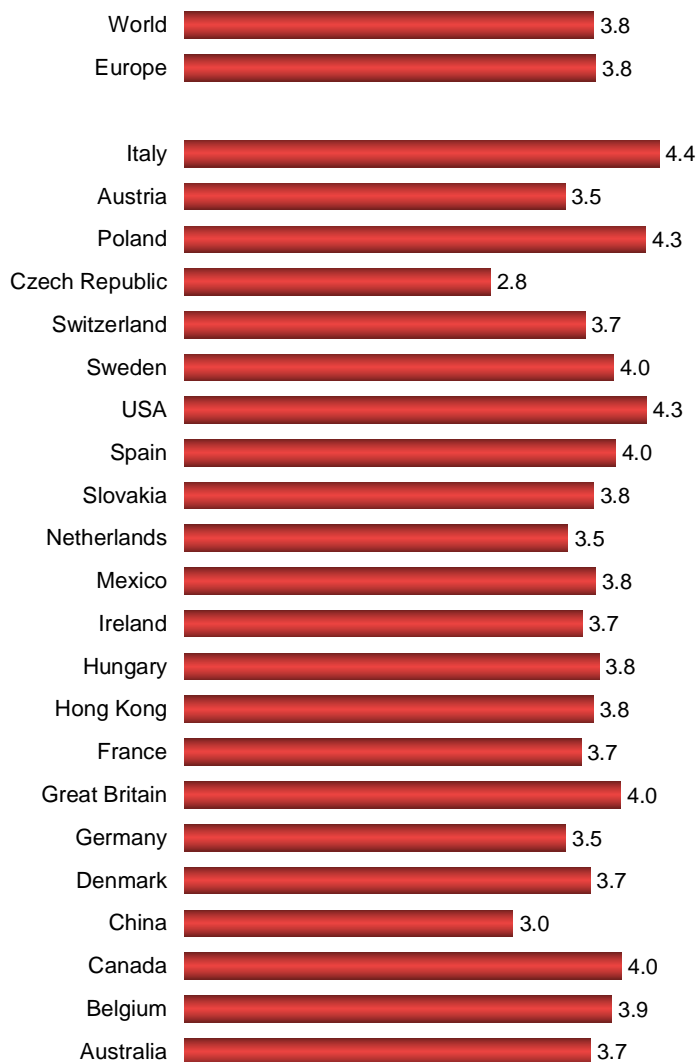
'Success rate' and 'Price' were ranked in the first two places by most countries with the exception of Canada, which ranked 'Reputation' more important than 'Success rate'.

China, Denmark, Hungary, Ireland, Mexico and USA ranked 'Agency's ability to maintain positive relationship with debtor' as second important; while Italy and France regarded 'Additional services' as more important.

'Local knowledge' was ranked second by companies in Hong Kong and Mexico, while 'Global Expertise' was considered of higher importance by companies operating in Hong Kong and Hungary. On the other hand, 'Global expertise' was ranked with a low importance by companies in Australia, Denmark, Ireland, Netherlands, Sweden and Austria.

Importance of success rate in selecting an external agency for collecting overdue receivables

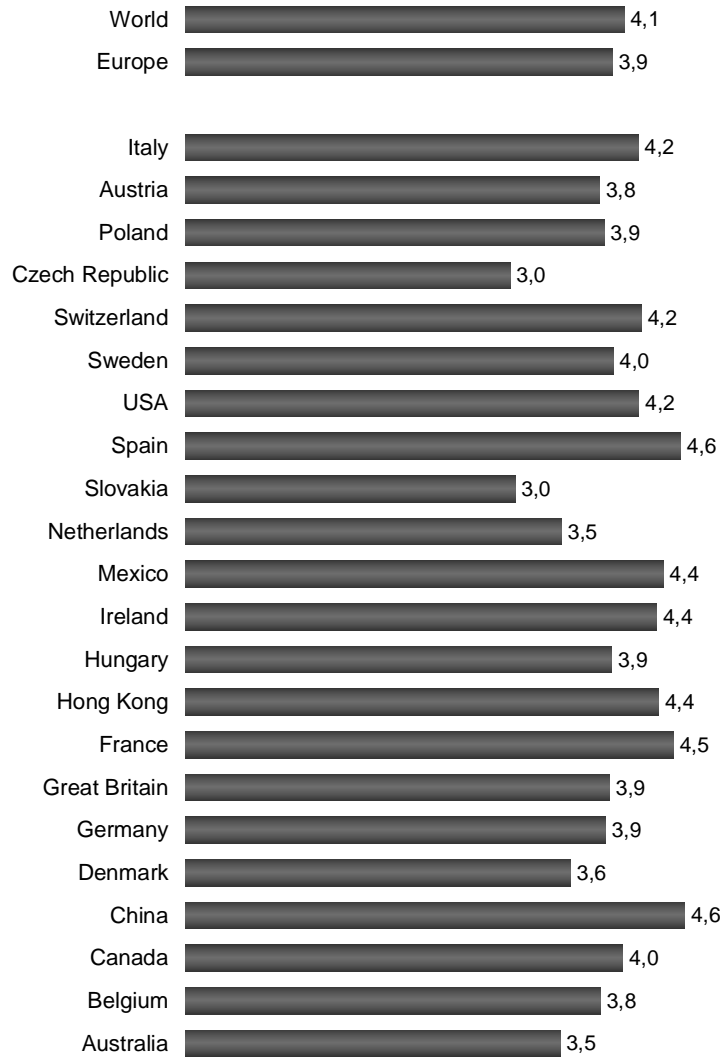
1 = most important 8 = least important



Sample: Companies with overdue invoices that use an external agency to collect overdue receivables

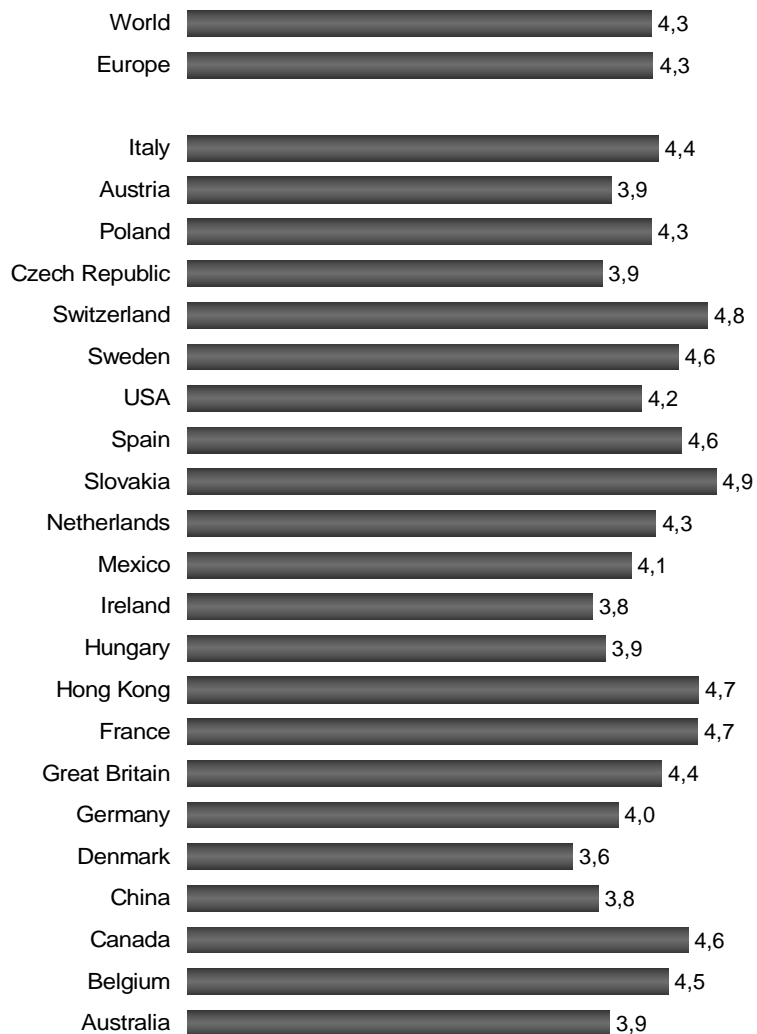
Importance of price in selecting an external agency for collecting overdue receivables

1 = most important 8 = least important



Sample: Companies with overdue invoices that use an external agency to collect overdue receivables

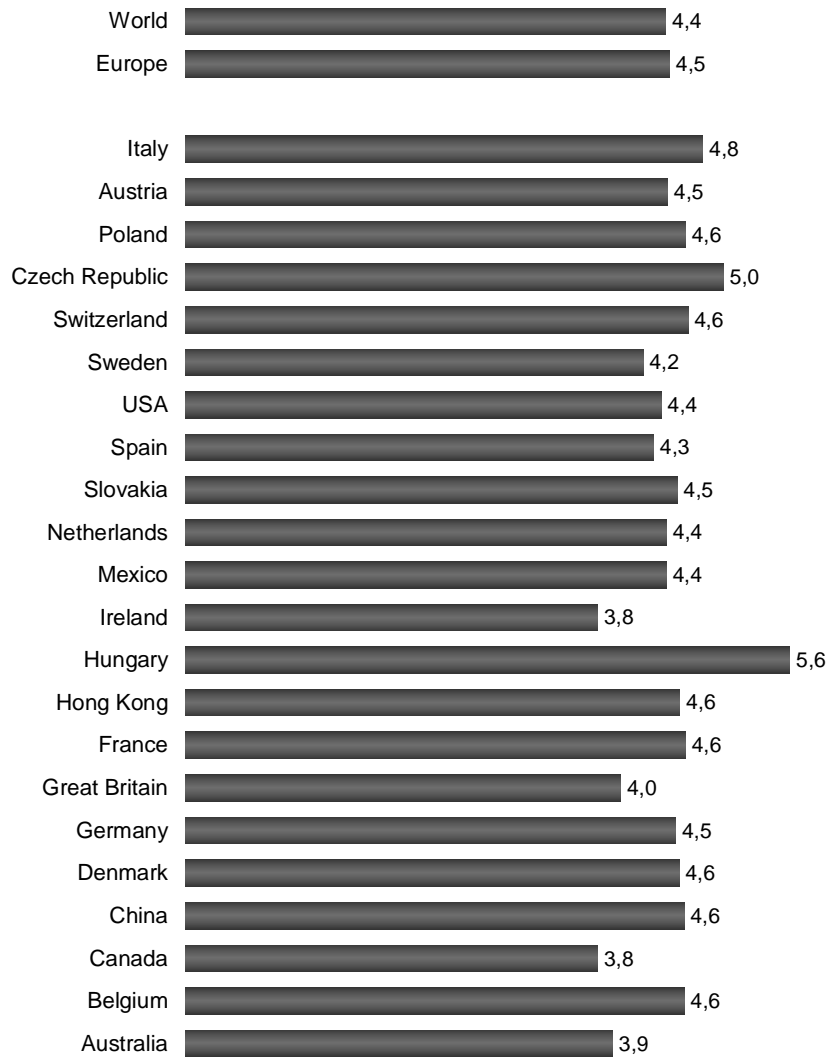
Importance of agency's ability to maintain positive relationship with debtor / customer in selecting an external agency for collecting overdue receivables
1 = most important 8 = least important



Sample: Companies with overdue invoices that use an external agency to collect overdue receivables

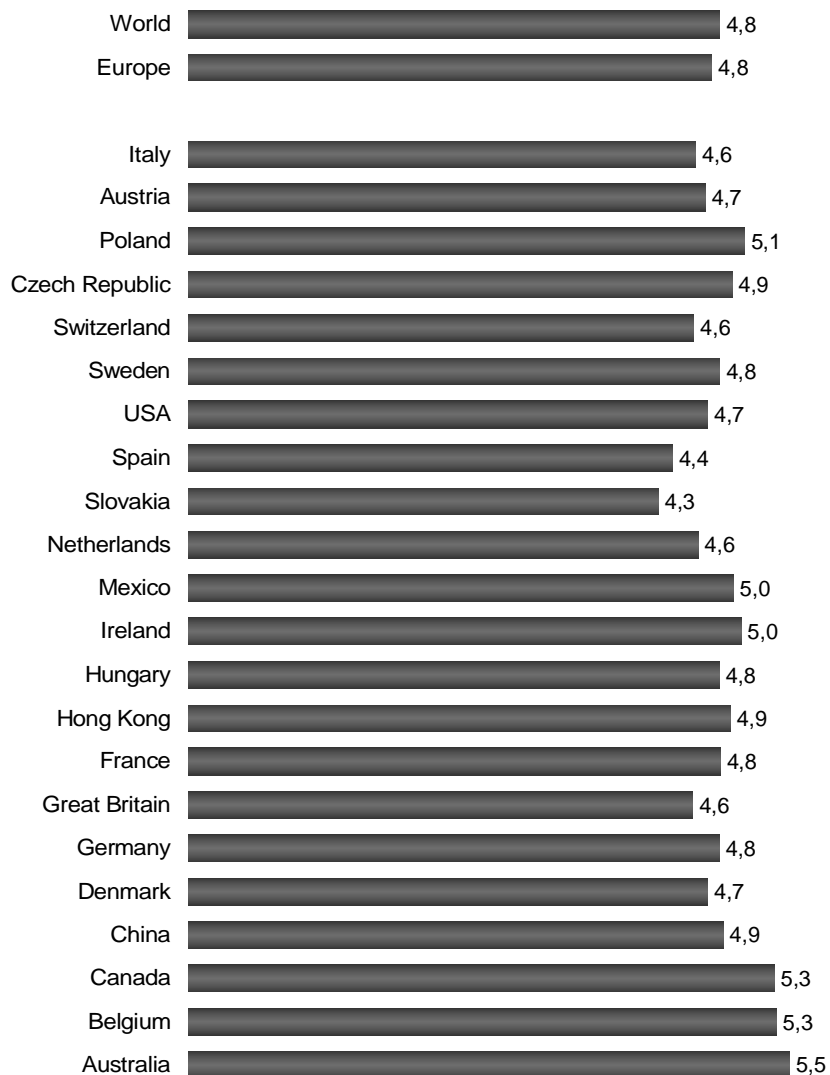
Importance of reputation in selecting an external agency for collecting overdue receivables

1 = most important 8 = least important



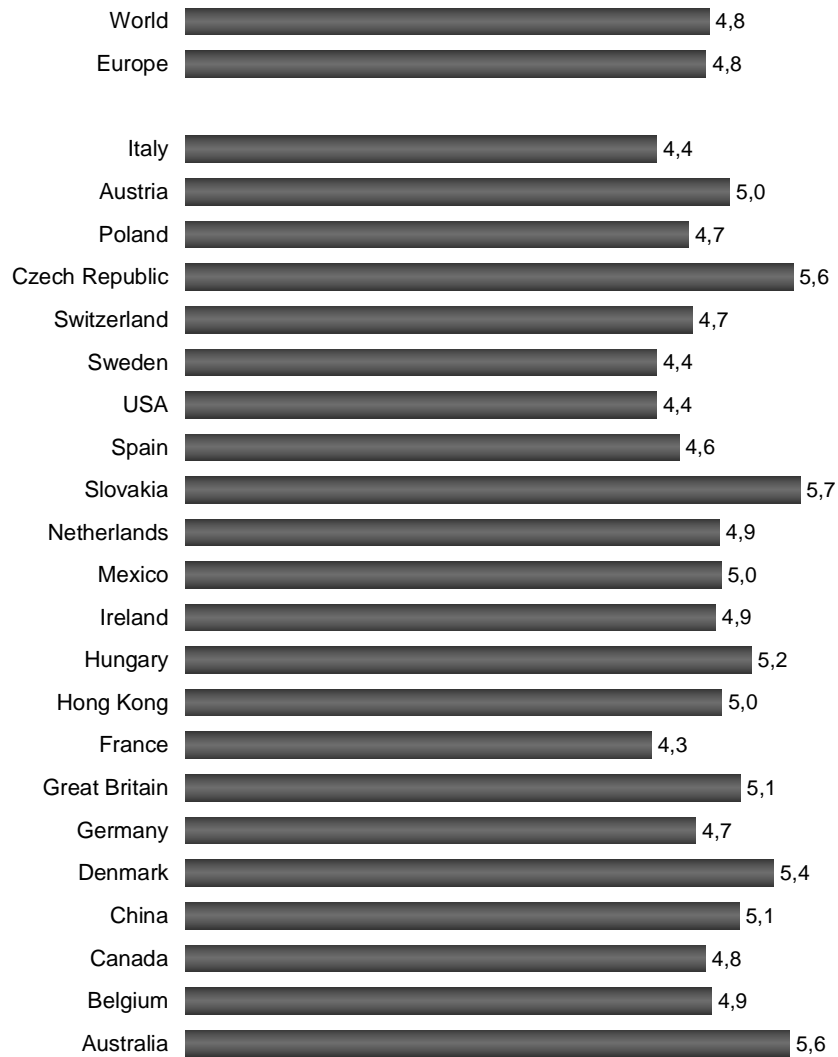
Sample: Companies with overdue invoices that use an external agency to collect overdue receivables

Importance of easy access to up-to-date information in selecting an external agency for collecting overdue receivables
1 = most important 8 = least important



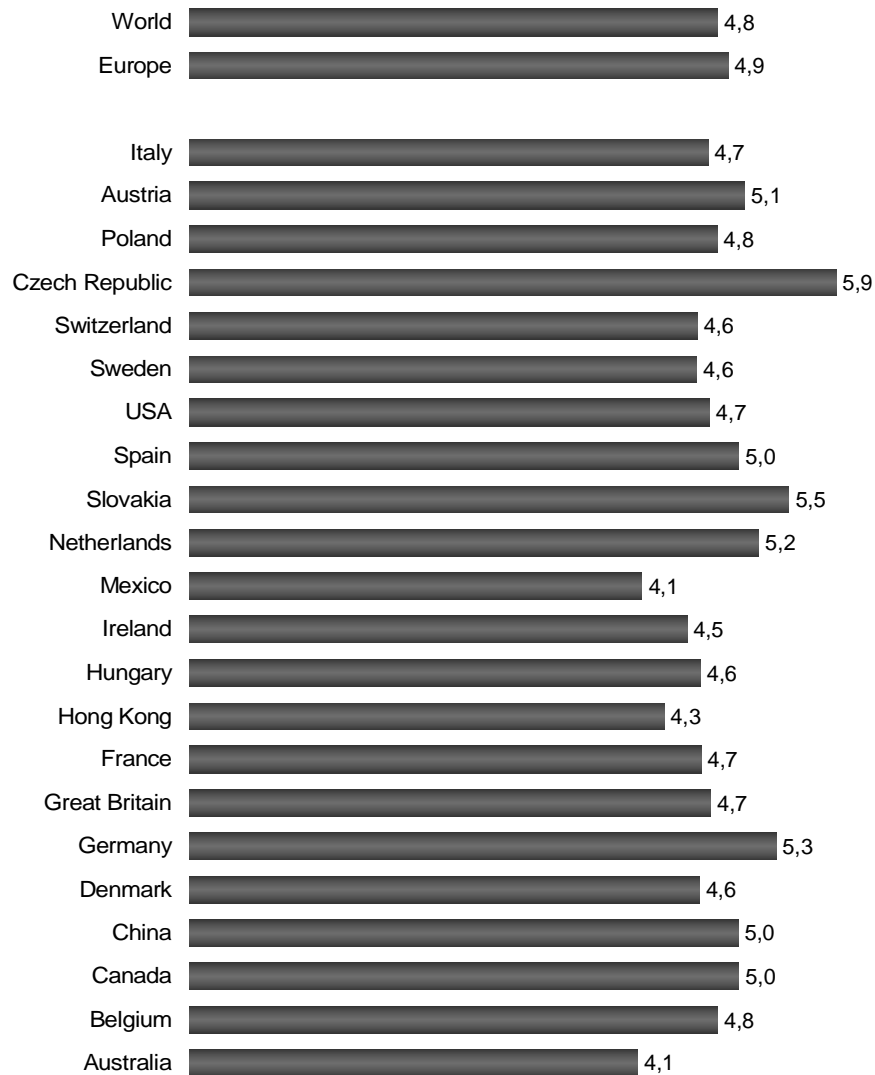
Sample: Companies with overdue invoices that use an external agency to collect overdue receivables

Importance of additional services (e.g. dunning / early collections; invoice to cash / outsourcing of parts or complete accounts receivables process) in selecting an external agency for collecting overdue receivables
1 = most important 8 = least important



Sample: Companies with overdue invoices that use an external agency to collect overdue receivables

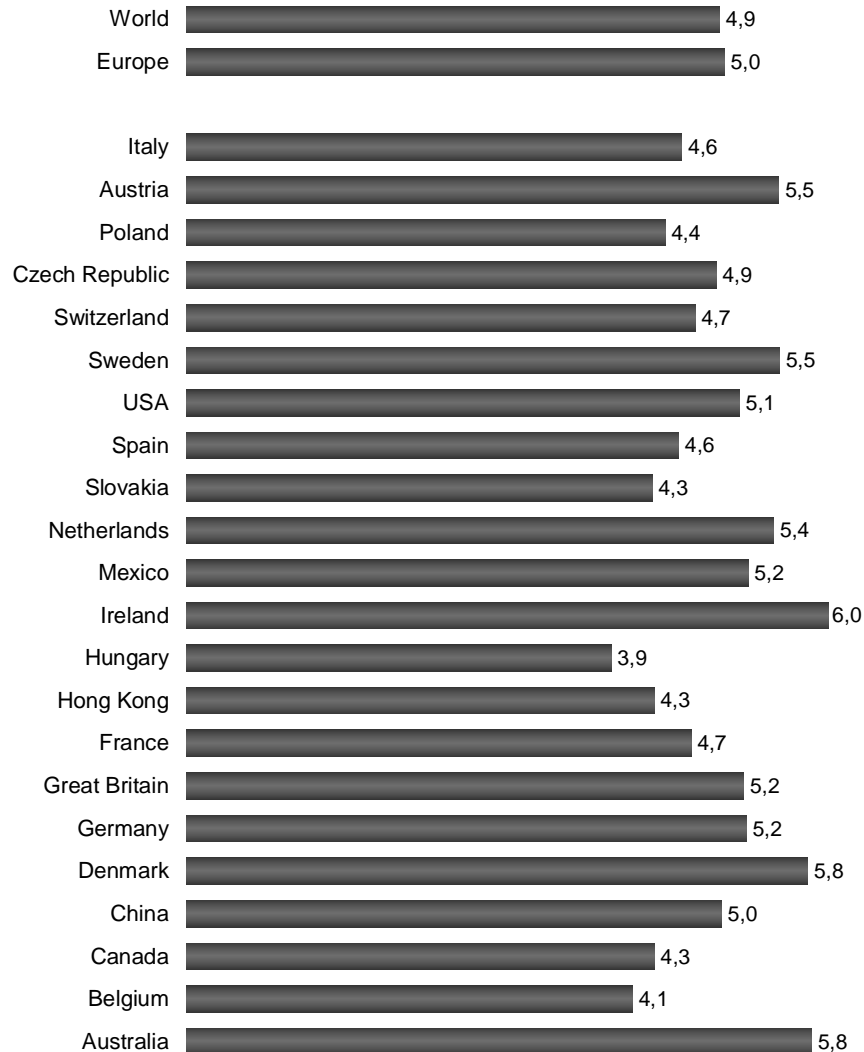
Importance of local knowledge (language / legal) in selecting an external agency for collecting overdue receivables
1 = most important 8 = least important



Sample: Companies with overdue invoices that use an external agency to collect overdue receivables

Importance of global expertise in selecting an external agency for collecting overdue receivables

1 = most important 8 = least important



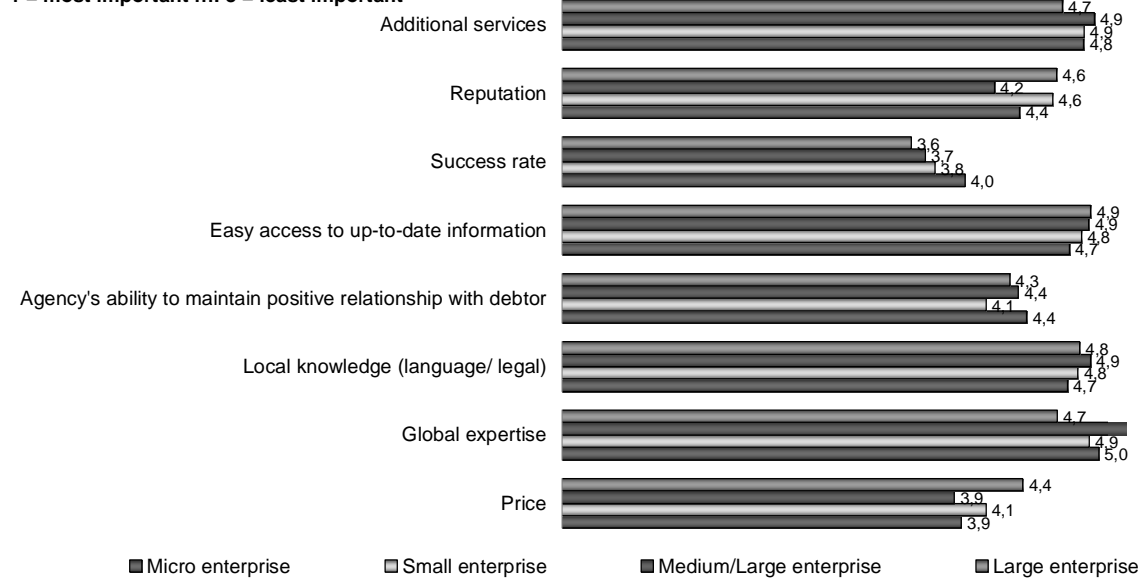
Sample: Companies with overdue invoices that use an external agency to collect overdue receivables

o **Sector specifics**

'Success rate' was an important factor across nearly all sectors without any significant difference. 'Price' was additionally important across all industries, notably within the Manufacturing sector, which gave it a significantly higher rating compared to the Service sector.

Overall importance of all criteria in selecting an external agency for collecting overdue receivables

1 = most important 8 = least important



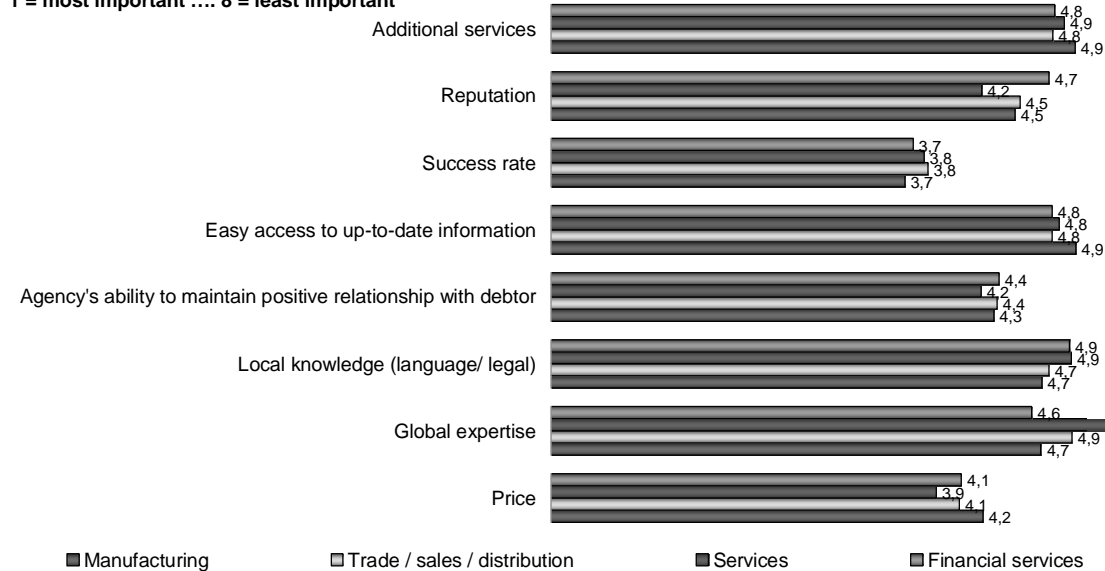
Sample: Companies with overdue invoices that use an external agency to collect overdue receivables

o **Turnover specifics**

There were few differences found between various turnover types. 'Agency's ability to maintain positive relationship with debtor' was ranked as the second factor of choice by larger companies, with a turnover of more than EUR 100 million. Although 'Reputation' was not a main criterion when choosing a collections agency, companies with a turnover between EUR 10-100 million ranked it higher than companies in the other size categories.

Overall importance of all criteria in selecting an external agency for collecting overdue receivables

1 = most important 8 = least important



Sample: Companies with overdue invoices that use an external agency to collect overdue receivables

4.5 Reasons for not using debt collections agencies

o Worldwide and European overview

Approximately 70% of companies surveyed have not used a debt collections agency in the last 12 months.

When inquiring about the reasons for not choosing a DCA, respondents were asked to rank a variety of reasons. The main reason given was that collections activities were already being carried out internally.

The concern that a DCA could harm the relationship with the debtor was the second reason not to use an agency, followed by the cost. While price is highly important when choosing an agency, it can be concluded that cost is not the main reason to not use an agency.

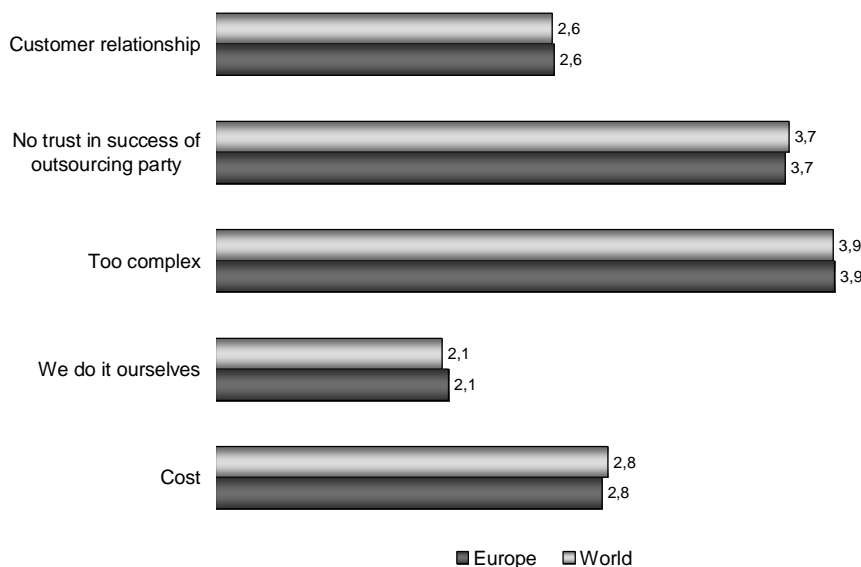
Exploring with more details the reason given for collecting internally*, the majority indicated no particular reasons for this choice, while a few respondents affirmed they either do not have collection problem, they are too small or they are worried about possible damages to their company image.

* open question

o Country specifics

All countries ranked the reasons for not using an agency in a similar order with the exception of companies in Germany, Hong Kong and Austria for which the protection of the relationship with the debtor was the main reason for not choosing a collection agency, after using internal collections processes.

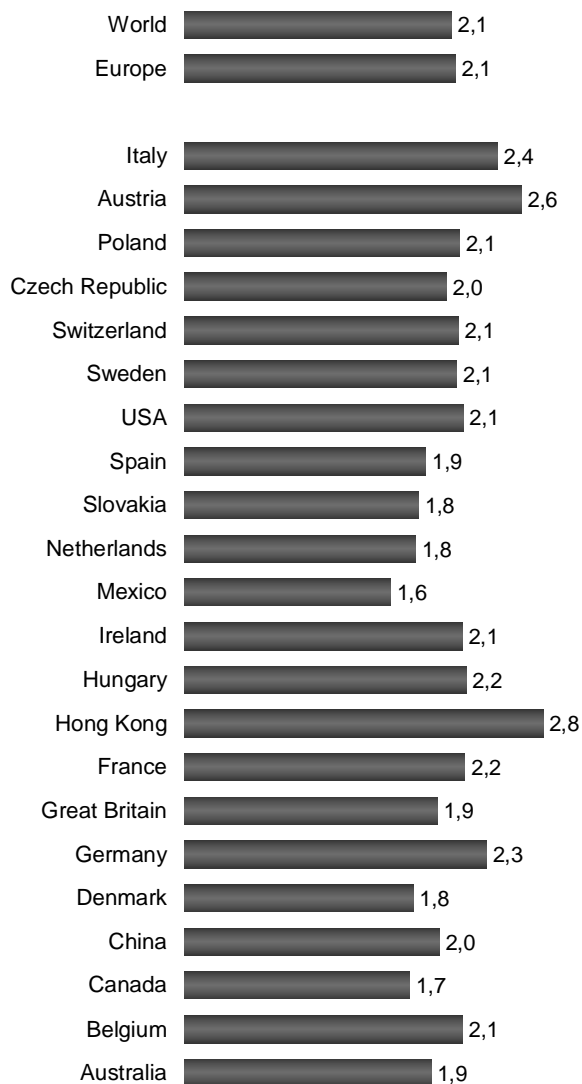
Overall Importance of the reasons for not to use an external collections agency
1 = most important 5 = least important



Sample: Companies that do not use an external agency to collect outstanding debts or don't have overdue invoices

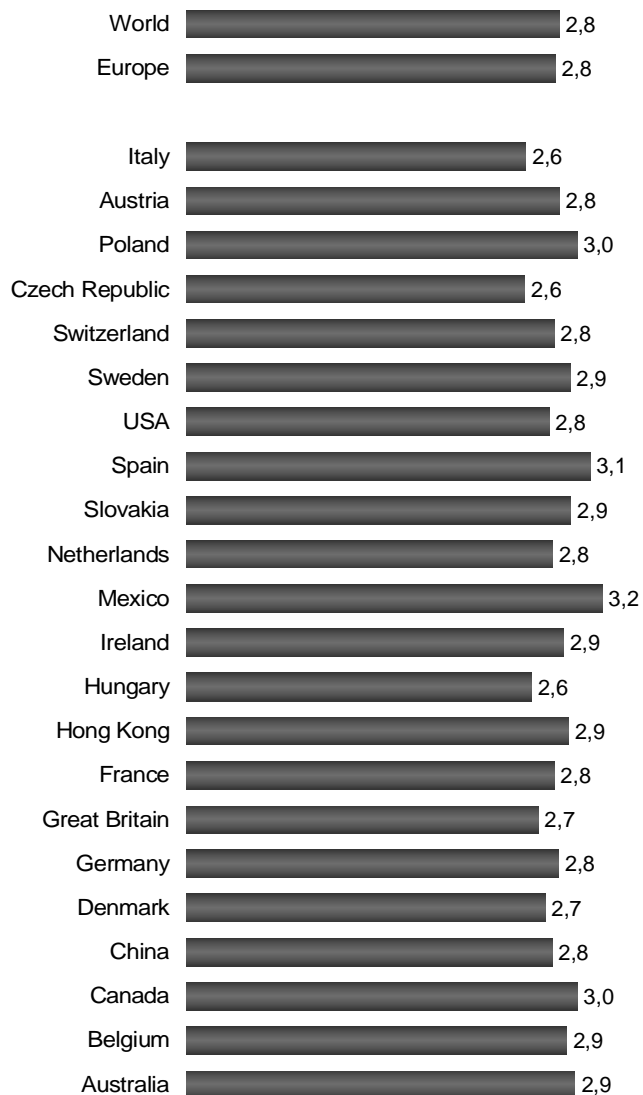
Importance of "we do it ourselves (internal sources)" as a reason not to use an external collections agency

1 = most important 5 = least important



Sample: Companies that do not use an external agency to collect outstanding debts or don't have overdue invoices

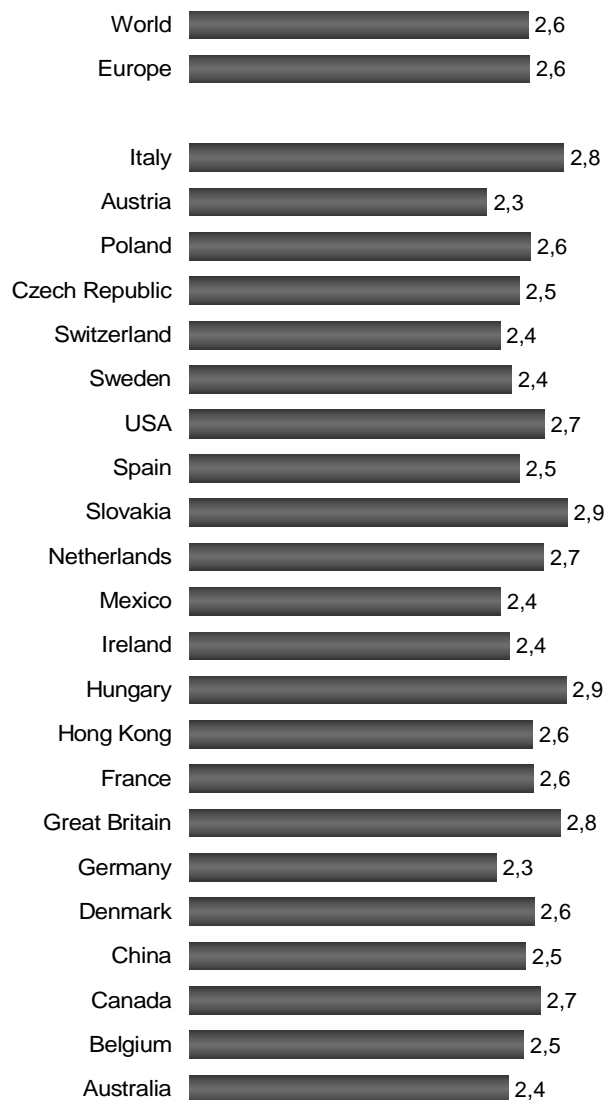
**Importance of cost as a reason not to use an external collections agency
1 = most important 5 = least important**



Sample: Companies that do not use an external agency to collect outstanding debts or don't have overdue invoices

Importance of "damages image / customer relationship" as a reason not to use an external collections agency

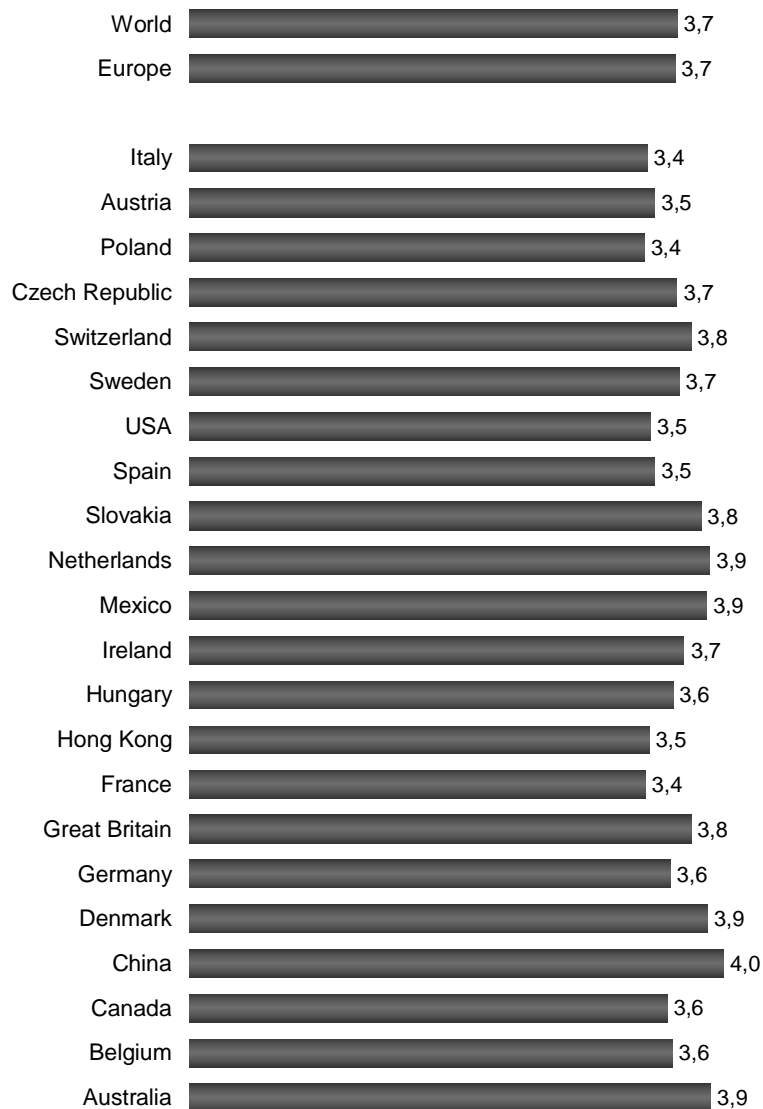
1 = most important 5 = least important



Sample: Companies that do not use an external agency to collect outstanding debts or don't have overdue invoices

Importance of "no trust in success of outsourcing party" as a reason not to use an external collections agency

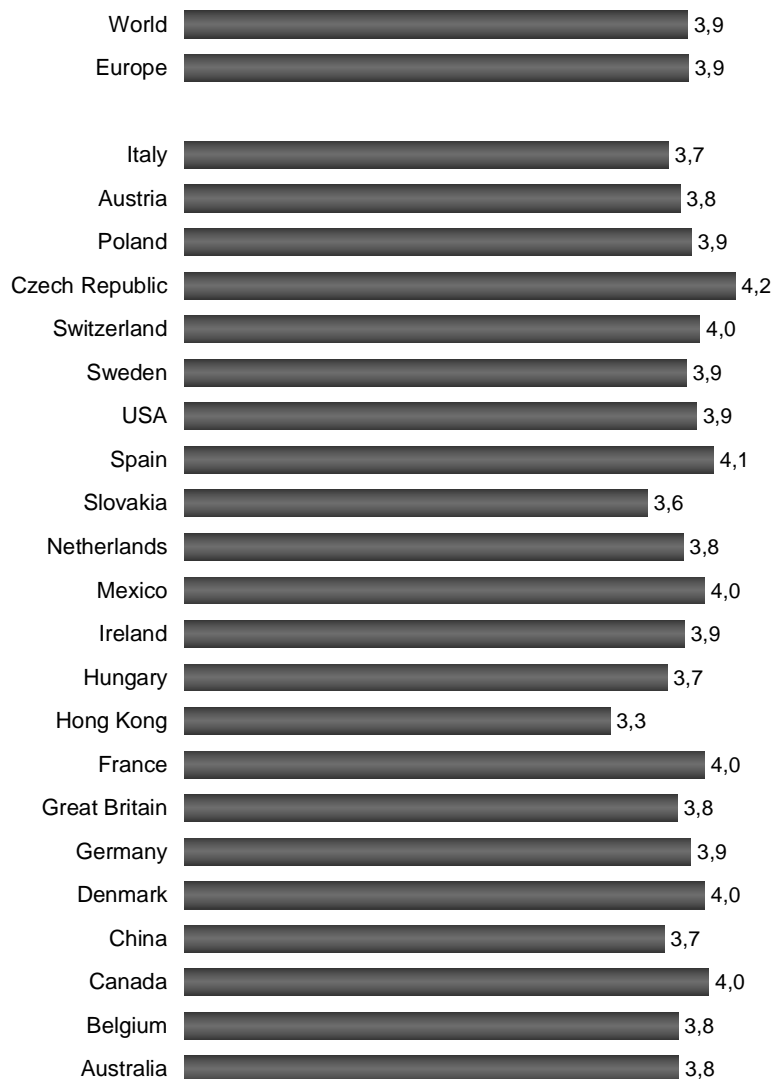
1 = most important 5 = least important



Sample: Companies that do not use an external agency to collect outstanding debts or don't have overdue invoices

Importance of "too complex (language / legal)" as a reason not to use an external collections agency

1 = most important 5 = least important

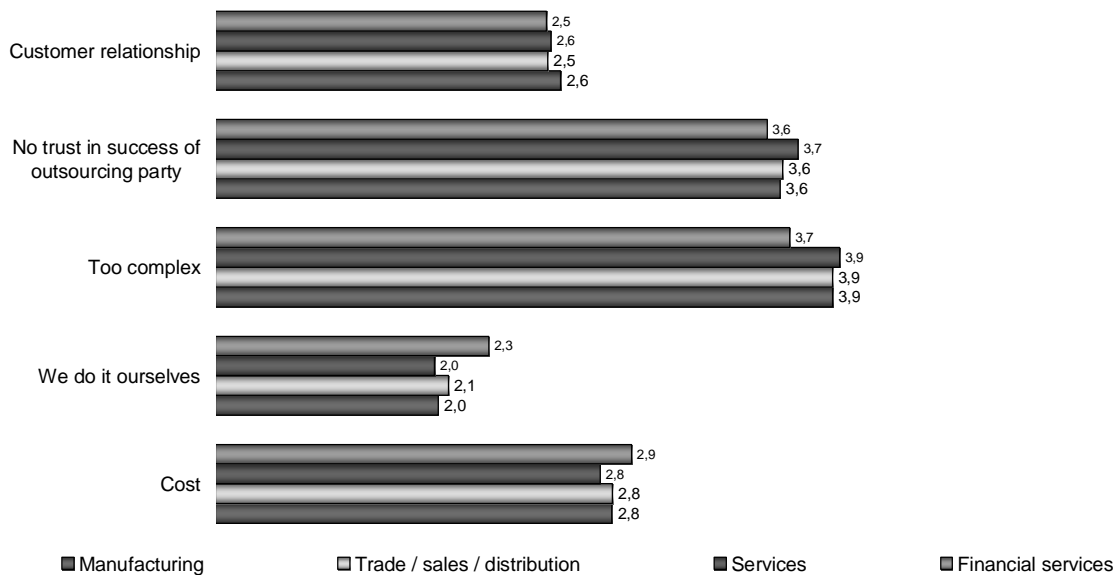


Sample: Companies that do not use an external agency to collect outstanding debts or don't have overdue invoices

○ **Sector specifics**

Nearly all sectors ranked the various reasons not to use debt collections agencies similarly.

Overall Importance of the reasons for not to use an external collections agency
1 = most important 5 = least important



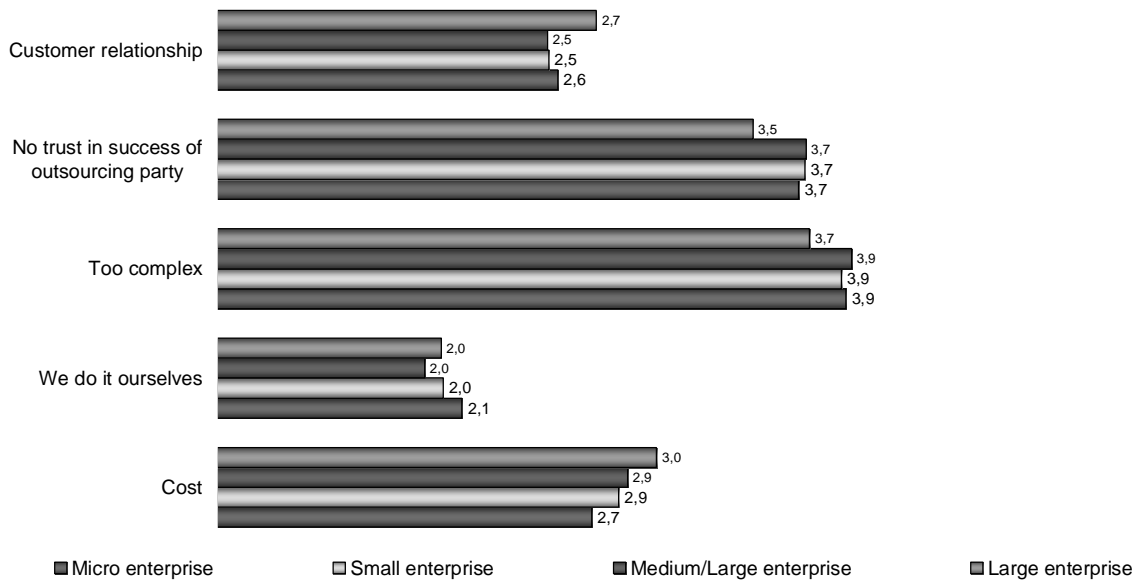
Sample: Companies that do not use an external agency to collect outstanding debts or don't have overdue invoices

○ **Turnover specifics**

Irrespective of turnover, all companies choose not to use an external collections agency primarily as they have the internal resources to do it.

Larger companies in the more than EUR 100 million turnover range, gave significantly less importance to 'Cost' and 'Customer relationship' compared to all other companies as the reason not to collect externally.

Overall Importance of the reasons for not to use an external collections agency
1 = most important 5 = least important



Sample: Companies that do not use an external agency to collect outstanding debts or don't have overdue invoices

4.6 Future developments for first party collections

- **Worldwide and European overview**

European companies appeared to have a more cautious approach toward outsourcing their First Party Collections compare to the worldwide attitude. Companies outside Europe were more likely to outsource (28% compared to 24%) and the percentage of neutral companies is higher than across European enterprises (23% compare 21%).

- **Country specifics**

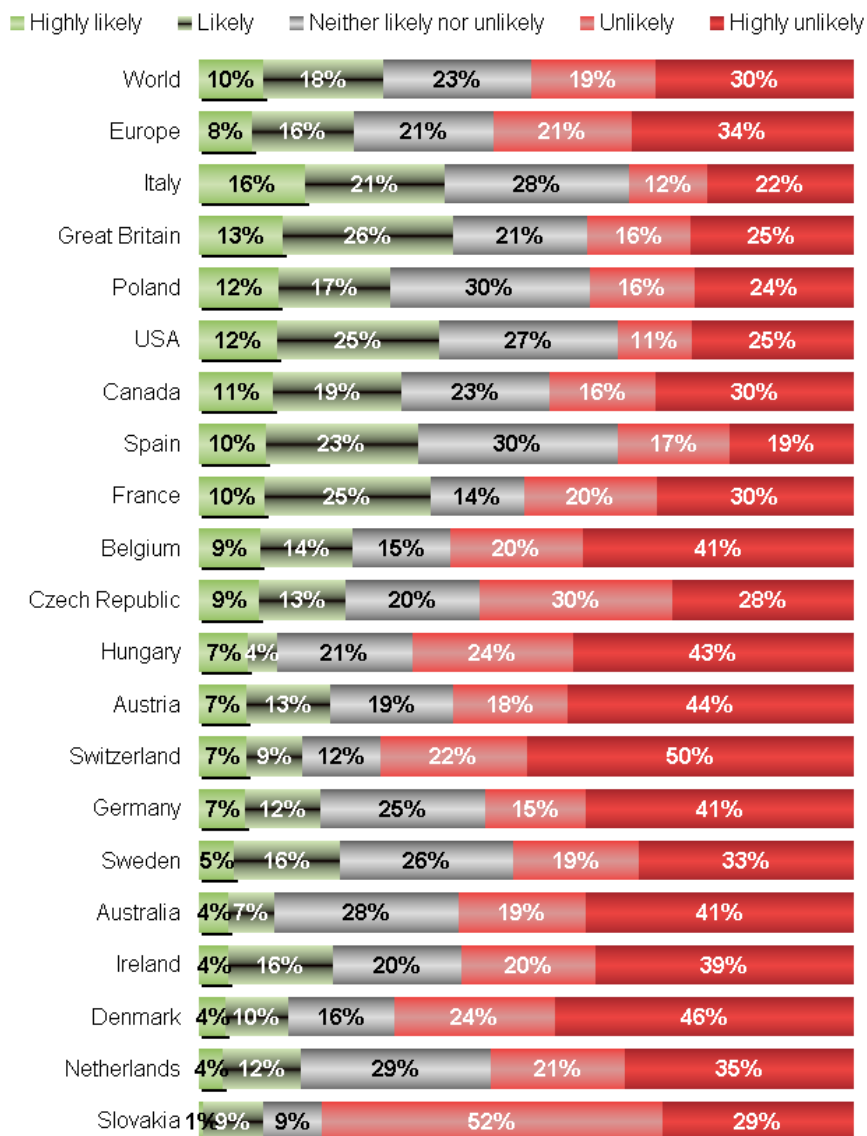
Overall, companies in the half of countries seemed to be willing to outsource their First Party Collections within the next 2 years.

Companies that are most likely to outsource operate mainly in Great Britain (39%), France (35%), Spain (33%), USA (37%) and in Italy (37%). In all other countries, the percentage of enterprises that are unlikely to consider outsourcing is higher than 50%.

The price companies declared to be willing to pay per invoice for outsourcing their First Party Collections is normally low, both worldwide and at European level.

For enterprises within the Euro Area (Italy, Austria, Spain, Slovakia, Netherlands, Ireland, France, Germany and Belgium) 37% would pay less than EUR 5, 23% estimated a price that lies in the range EUR 5-8, almost 20% were willing to pay between EUR 8-12 and the remaining 20% would pay more than EUR 12.

Likelihood the company will be outsourcing its first part collections within the next 2 years



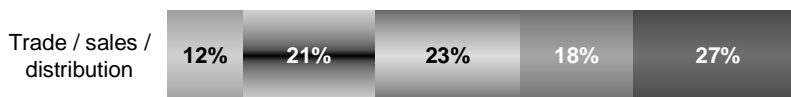
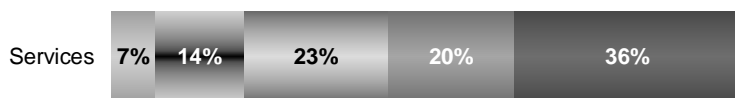
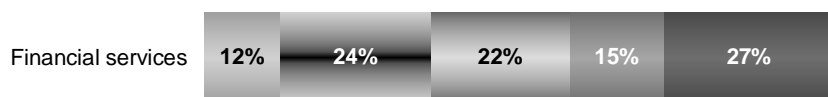
Sample: All companies

○ **Sector specifics**

The Services sector was that one that showed the highest percentage of enterprises that will be unlikely to outsource their First Party Collections (56%). Among the other economic sectors (Manufacturing, Trade/Sales/Distribution and Financial services), more than 30% of respondents confirmed that they will be likely to outsource in the next 24 months.

Likelihood the company will be outsourcing its first part collections within the next 2 years

■ Highly likely ■ Likely ■ Neither likely nor unlikely ■ Unlikely ■ Highly unlikely



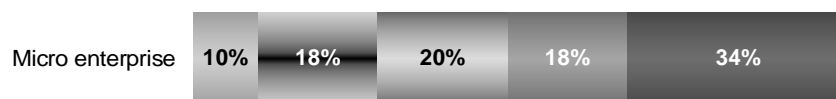
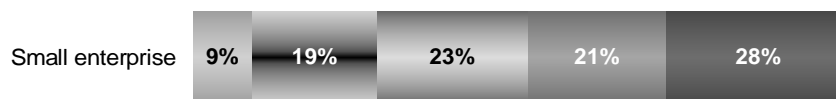
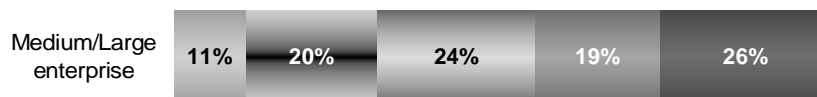
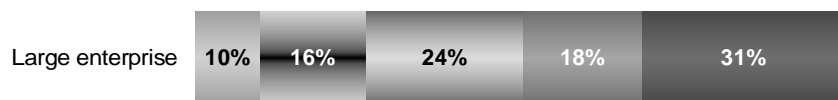
Sample: All companies

○ **Turnover specifics**

Micro enterprises (less than EUR 1 million turnover) were those with less probability to outsource their First Party Collections (52%).

Likelihood the company will be outsourcing its first part collections within the next 2 years

■ Highly likely ■ Likely ■ Neither likely nor unlikely ■ Unlikely ■ Highly unlikely



Sample: All companies