



# Atradius Payment Practices Barometer

## Romania

Focus on B2B payment practices in  
the chemicals, construction and construction  
materials industries



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“  
*A higher percentage of businesses plan to insure their accounts receivable with credit insurance next year.*”

**Cristian Tusan**  
Atradius Country Manager for Romania

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## Cash dominates as businesses shun trade credit

After the sharp fall in GDP last year, Romania is set to end the year on a high note, underpinned by strong consumer and business sentiment. However, perhaps in response to the real economic difficulties caused by the pandemic during 2020, this year has seen a cautious approach to trade practiced by the majority of businesses we spoke to.

In this year's Payment Practices Barometer Survey, we interviewed businesses in Romania's chemicals, construction and construction materials sectors. The leading story in each industry was of businesses shunning trade credit in favour of the surety of cash sales. Cash payments helped to drive down last year's high write-off rate and would have helped businesses contain the costs associated with managing their own invoice collection efforts.

However, demands for cash can put businesses at a disadvantage in a global market place where credit terms can be competitive. As GDP returns to pre-pandemic levels I would expect to see an increase in the numbers of businesses offering credit options on their sales.

Encouragingly, some sectors, such as the construction materials industry, have indicated that a higher percentage of businesses plan to insure their accounts receivable with credit insurance next year.

Credit insurance can be the one variable marking the difference between business viability and insolvency. What's more, many businesses tell us that credit insurance is more cost-effective than paying staff to chase overdue invoices and professional debt collectors to reclaim unpaid bills. As more businesses come to see the benefits of credit insurance on their operations, we expect to witness an uptick in the amount of policies taken out next year.



# Payment practices in Romania

In this year's Payment Practices Barometer Survey, businesses in Romania revealed a drop in the use of trade credit. 47% of all B2B sales were transacted on credit this year, compared to 58% last year. Top of the reasons given for offering credit is stimulation of sales growth, most often by encouraging repeat business with existing customers. Where requests for trade credit were refused, this was most often due to higher risk of payment default.

Looking at the payment practices in Romania overall, late payments affect an average of 35% of the total value of the B2B invoices. This is an improvement on the 47% reported last year. Write-offs saw a significant year-on-year reduction to 4% of total sales, down from 8%.

64% of the businesses we polled are uninsured, choosing to rely on their internal resources to manage the risk of non-payment. This is an increase on the 59% reporting the same last year. Credit management techniques used by these businesses include offering discounts for early payment and sending overdue invoice reminders to defaulting customers. However, a significant proportion of the businesses managing credit risk in-house told us they had incurred increased administrative and collection costs. Although many were able to contain DSO levels (Days Sales Outstanding), businesses told us the effort to do so was costly. Perhaps because of this, a significant number of the businesses we polled told us they had sought credit insurance as a more cost-effective solution for managing cash flow.

Reflecting a positive economic outlook, 76% of businesses anticipate growth in 2022. The belief that payment practices will improve is widespread and nearly half of businesses intend to offer trade credit more often next year. Although 54% anticipate deterioration of B2B customers' payment practices next year, a large part of the businesses we spoke to said that they intend to offer trade credit more often next year. While retaining credit risk in-house is still preferred by most businesses, an increasing percentage is considering taking out credit insurance.

When asked which pandemic-induced changes will become a permanent feature of the way they do business, 57% of businesses told us that they have permanently integrated some digital innovations, particularly in the area of home working.



# Chemicals

## Late payments and cash flow

### Huge reduction in write-offs

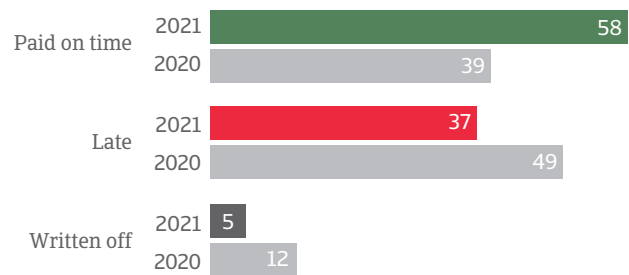
For the most part, the Payments Practices Barometer snapshot of payments behaviour in Romania's chemicals sector reveals a positive picture. Late payments currently affect 37% the total value of B2B invoices, down from last year's 49%. In addition, write-offs dropped to 5%, a big improvement on last year's 12%.

Where payment practices did not improve, they generally did not deteriorate either. For example, 66% of the industry reported no year-on-year change in payment timings (an increase on the 45% reporting the same last year). Only 27% told us they experienced a lengthening in invoice-to-cash turnaround (a drop from last year's 42%). However only a small percentage (7%) reported a reduction in payment delays, roughly half the 13% reporting the same last year.

In terms of boosting cash flow, the sector's businesses appear to have changed their habits. Last year 56% of the industry admitted delaying payment to suppliers in order to boost their own cash flow. This year, however, only 41% told us they delayed payment and increasing numbers appear to have turned to outside sources of finance. Specifically, this includes 25% that accessed loans (almost double last year's 13%) and 28% that extended bank overdrafts (last year this was 19%).

### Chemicals industry in Romania

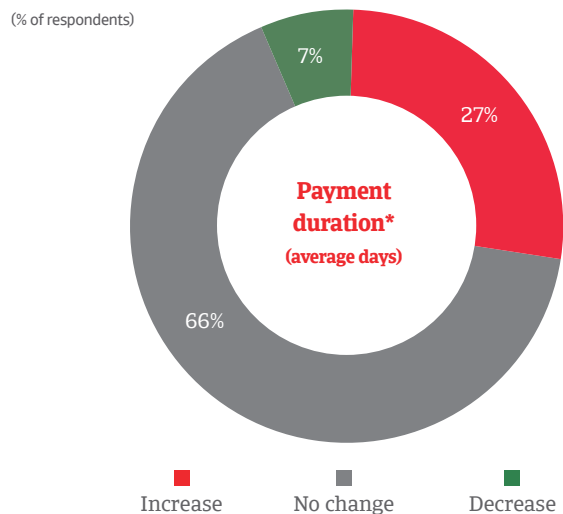
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Chemicals industry in Romania

average time it takes to convert overdue invoices into cash (change over the past year)



\* Payment term + payment delay

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

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

- #1** Delay payments to my own suppliers
- #2** Increase time, costs and resources spent on resolving unpaid invoices
- #3** Strengthen internal credit control procedures



# Chemicals

## Approach to credit management and DSO

### Cash used to protect sales ledgers

Part of the reason why we have seen such dramatic improvements in payment timings and cash flow levels in the Romanian chemicals industry could be down to the reduction in the use of trade credit. More than half of the businesses we polled requested cash payment this year (55%) compared to just 34% shunning credit last year. Where businesses did offer trade credit, the majority chose to retain the risk of non-payment in house. 63% of the survey respondents are uninsured this year, compared to last year's 43%. The percentage of businesses that use credit insurance to protect their accounts receivable remained unchanged year-on-year at 52% of survey respondents.

The most commonly used credit management technique used by uninsured businesses is the offer of discounts for early invoice payment, followed by overdue payment reminders. Interestingly, twice as many businesses as last year told us they took steps to reduce risk concentrations on their sales ledgers. This was reported by 52% compared to 21% last year.

42% of businesses seeking to underpin liquidity levels reported using factoring and 48% employed a trade debt collection agency. The latter is a reduction on the 56% reporting the same last year. Despite this, 49% of uninsured businesses revealed an increase in the cost of managing credit, 37% reported no change and the remainder saw a decrease in costs. For many of these reporting increased administrative costs, these were mainly spent on chasing overdue invoices (43% reported this, 34% no change and the rest reported decreased costs).

### DSO stability predicted

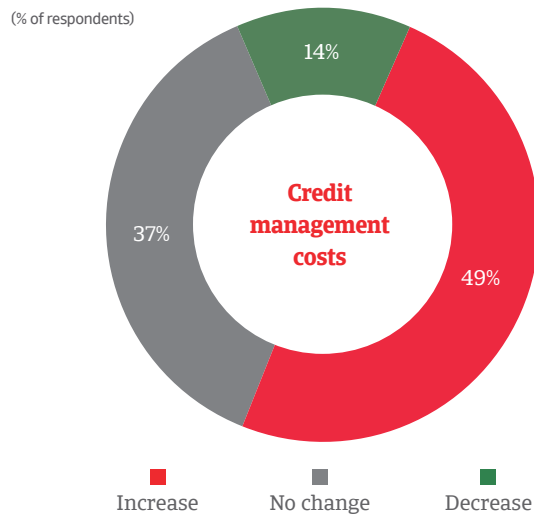
Looking ahead, only 31% of businesses told us they plan to use credit insurance next year, this is a reduction on the 48% who told us it was their plan last year and also a reduction on the 52% that actually employed credit insurance this year. However, the percentage of businesses reporting the intention to retain credit risk in-house also shows a year-on-year reduction (41% of respondents, down from last year's 58% who told us the same). This may indicate an ongoing preference for cash over credit among businesses in Romania's chemicals industry.

Among businesses intending to offer credit without credit insurance, the majority plan to increase efforts to collect overdue invoices. Over the next few months, this will include offering cash discounts for early payment of invoices as well as reducing significant concentrations of credit risk.

This data is consistent with the industry's DSO expectations. 56% of respondents expect DSO to remain stable, 37% expect it to increase and the remaining respondents expect it to decrease.

### Chemicals industry in Romania

change in credit management costs (2021/2020)

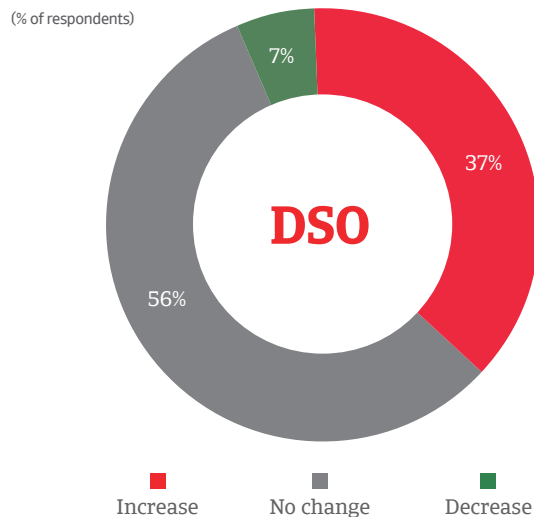


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Chemicals industry in Romania

expected DSO changes over the next 12 months



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021





# Construction

## Late payments and cash flow

### Late payments more than double

Late payments in the Romanian construction industry more than doubled year-on-year (42% compared to 18%). 52% reported no yearly change (69% last year) and just 6% reported an improvement in invoice payment timings (down from 13% last year).

Despite an increase in the frequency of late payment, the total value of overdue invoices actually reduced year-on-year. This year, 33% of the total value of B2B sales is overdue. Last year this figure was 45%. Write-offs remain fairly steady with 4% written off this year, compared to 3% last year.

This positive outcome indicates strong credit management and debt collection efforts and possibly reflects the wide use of credit insurance seen in this industry, where more than half of the sector insure their accounts receivable.


Where businesses retain credit risk in-house, 32% reported increasing the amount of time and resources spent on chasing unpaid invoices, including paying for professional debt collection specialists. This is an increase on last year's 15%.

40% of Romanian construction businesses also told us they delayed paying suppliers in order to protect their own cash flow (an increase on the 32% who told us the same last year). Several respondents also told us they sought external financing to help mitigate liquidity issues caused by late payments.

**SURVEY QUESTION**

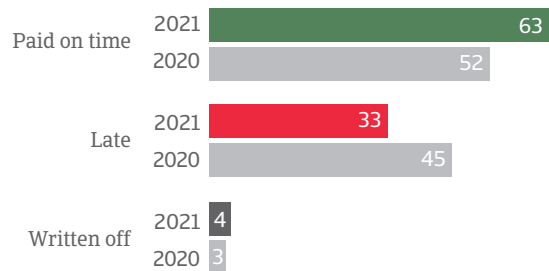
**What measures did you put in place to protect your cash flow against customer credit risk?**

- #1** Delay payments to my own suppliers
- #2** Pursue external financing
- #3** Increase time, costs and resources spent on chasing overdue invoices



### Construction industry in Romania

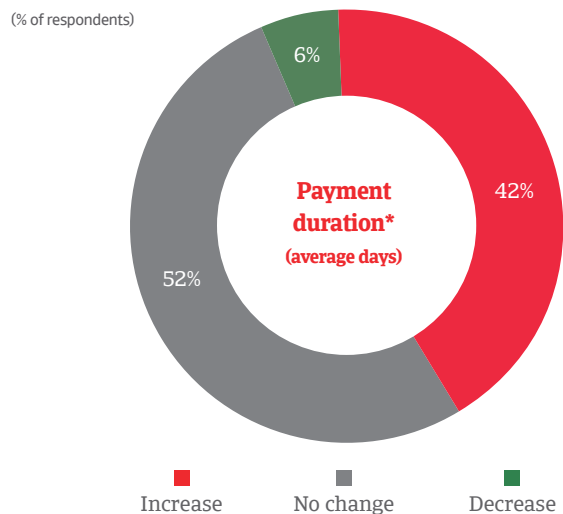
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Construction industry in Romania

average time it takes to convert overdue invoices into cash (change over the past year)



\* Payment term + payment delay

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021





# Construction

## Approach to credit management and DSO

### Credit insurance favoured by more than half of industry

54% of the Romanian construction industry safeguards their accounts receivable through trade credit insurance. These businesses told us they value credit insurance as a cost-effective tool to protect their businesses from bad debts. Credit insurance was also favoured over alternative tools, such as factoring or trade debt securitisation.

Among the businesses opting to retain the risk of bad debts in-house, 57% told us they had spent more on chasing unpaid invoices this year. 48% also revealed they had incurred increases in capital costs associated with loans taken out to finance day-to-day business operations. As a whole, in-house retention and management of credit risk proved costly to Romanian construction businesses in terms of administrative costs as the collection and financing expenses.

60% of the uninsured businesses we spoke to told us that their main credit management technique focused on debt collection (an increase on the 56% reporting the same last year). This primarily involves sending overdue invoice reminders, although many businesses also outsourced debt collection to professional agencies. Businesses also reported offering discounts for early payment of invoices and taking steps to avoid concentrations of risk.

### Credit management approach to hold steady over the coming months

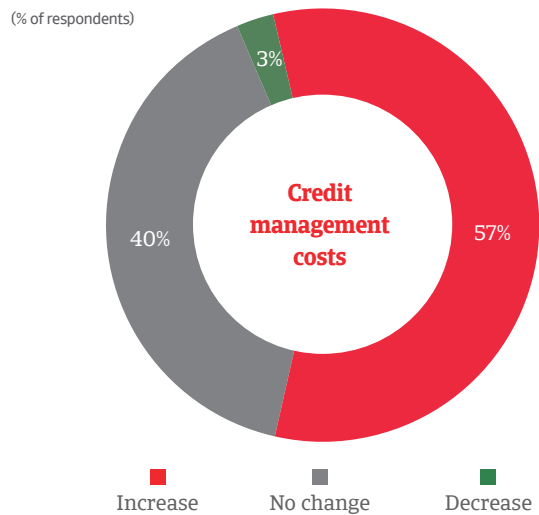
Looking ahead, most of the businesses polled in the industry told us they do not plan to change their approach to credit management over the coming months (48%).

However, although much of the industry uses credit insurance as a cost-effective tool for managing customer credit risk, a majority of businesses intend to retain credit risk in-house next year, alongside a preference for cash payments over credit.

46% of the businesses we polled do not expect significant swings in their DSO over the next 12 months. 39% expect increases in DSO, mainly due to an anticipated increase in payment delays chiefly affecting invoices of high value.

### Construction industry in Romania

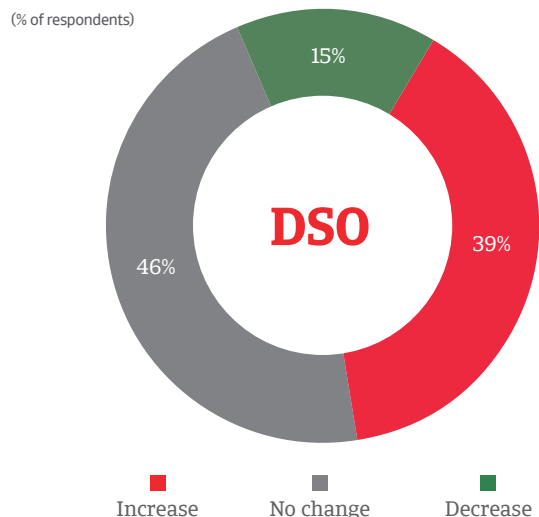
change in credit management costs (2021/2020)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

### Construction industry in Romania

expected DSO changes over the next 12 months



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021



# Construction

## 2022 industry outlook

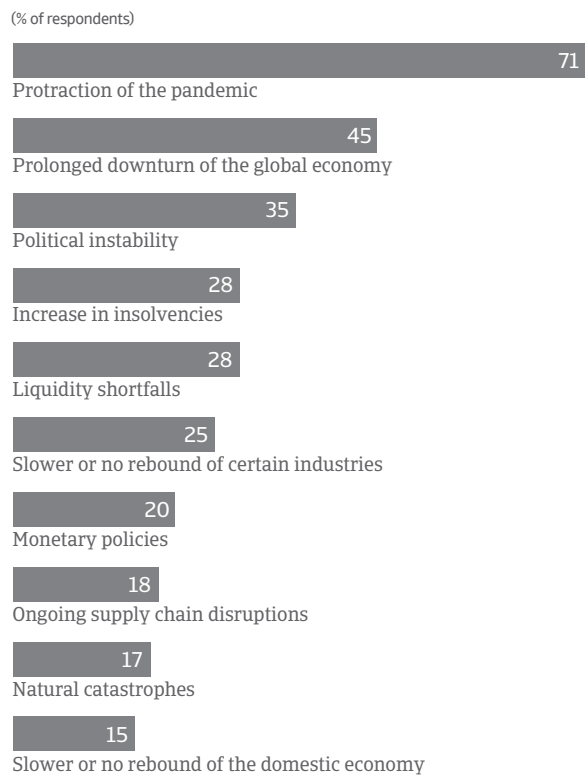
### Three-quarters of industry anticipates growth

75% of the Romanian construction industry is confident they will see growth next year, although 71% recognise this may be contingent on the pandemic being successfully contained to minimise the ongoing economic effects on the global economy.

Reflecting on the changes they made to their business after the outset of the pandemic, the majority of the industry intends to retain home working, digital technology and E-commerce. Many businesses told us they expect to see permanent changes in customer demand.

### Construction industry in Romania

Looking into 2022: top ten concerns expressed by businesses in the industry




Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

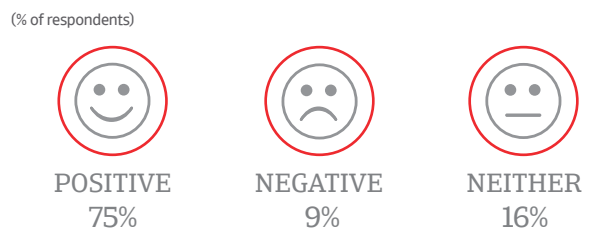
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business?  
(ranking by % of respondents)

- #1 Home working
- #2 Increased digitalisation
- #3 Customer demand changes



### Construction industry in Romania

how businesses feel about their possible growth in 2022



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer - November 2021



# Construction materials

## Late payments and cash flow

### Overdue invoices affect half of industry

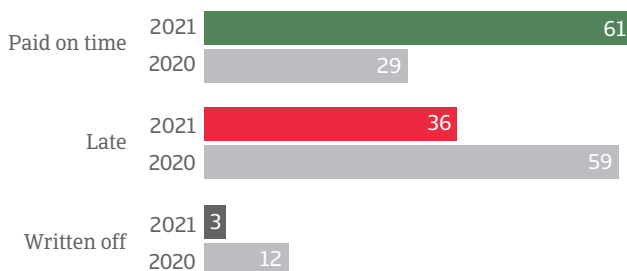
Half of the businesses we polled in the Romanian construction materials industry told us their customers have taken longer to settle invoices this year. This is more than the 44% of businesses reporting the same last year and could reflect the ongoing pandemic disruptions experienced by supply chains within the construction materials industry. 47% of respondents reported no change (36% last year) and 3% were paid earlier than one year ago (20% last year).

However, these overdue payments appear to have affected a lower proportion of the industry's trade receivables this year, 36% of the total value of sales compared to 59% last year. Bad debts also dropped significantly to 3% of the total value of receivables, a huge reduction on last year's 12%.

This reduction in the amount owed to Romanian construction materials businesses had a positive effect on liquidity and DSO. 42% of businesses reported year-on-year stability, although about 50% reported deterioration. 38% of the industry reported delaying supplier payments and 30% sought external financing to support cash flow.

### Construction materials industry in Romania

% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



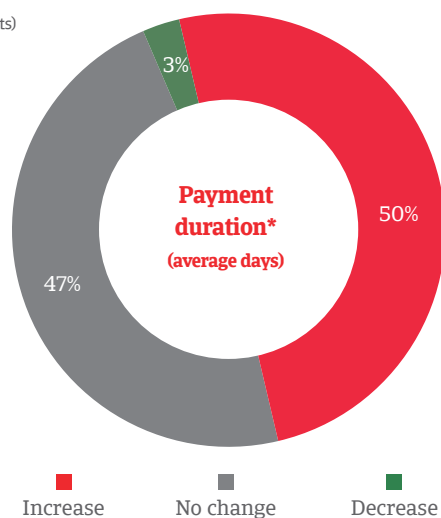
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Construction materials industry in Romania

average time it takes to convert overdue invoices into cash (change over the past year)

(% of respondents)



\* Payment term + payment delay

Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

**SURVEY QUESTION**

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

- #1** Delay payments to my own suppliers
- #2** Pursue external financing
- #3** Increase time, costs and resources spent on chasing overdue invoices



# Construction materials

## Approach to credit management and DSO

### Cash preferred amid poor payment behaviour

One of the reasons why the total value of overdue B2B invoices improved year-on-year could be down to the fact that cash is king among the industry and demanded over credit by 73% of the survey respondents.

Among the businesses trading on credit, most opted to take the risk of non-payment over insuring their accounts receivable. Their preferred credit management techniques include offering cash discounts for early payment of invoices and invoice payment reminders for defaulting customers. Less commonly, the industry reported outsourcing debt collection to specialist agencies. 69% of uninsured businesses revealed they had incurred increased administrative costs associated with credit risk management. Major increases were reported concerning collection of outstanding receivables and financing of the time-lapse between the credit sale and the payment of the invoice.

### Uptick in businesses eyeing credit insurance

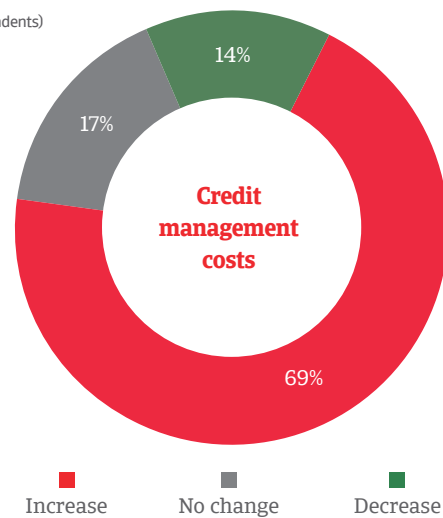
Although 63% of industry respondents told us they plan to retain trade credit risk in-house next year, a significant 60% told us they plan to protect their accounts receivable with credit insurance.

Businesses planning on retaining risk in-house told us they plan to send overdue invoice payment reminders more frequently. However, reflecting a pattern already evident in this industry, many businesses also told us they will insist cash payments more often next year.

These steps are aimed at mitigating the impact of the increases in DSO over the next few months predicted by 60% of industry respondents.

### Construction materials industry in Romania change in credit management costs (2021/2020)

(% of respondents)

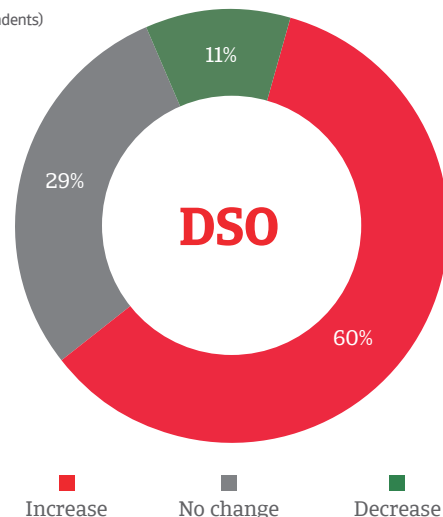


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### Construction materials industry in Romania expected DSO changes over the next 12 months

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



# Construction materials

## 2022 industry outlook

### Cautious optimism for 2022

Although the majority of the industry is optimistic about their growth prospects next year, a significant majority of 82% cautioned that any ongoing impact of the pandemic on the global economy could negatively affect the industry.

However, and despite these future concerns, business confidence is upbeat and positive about proposed opportunities available in planned public infrastructure works. With this in mind 57% expect credit sales to become more frequent over the coming months, largely as a sales tool to stimulate demand from customers.

Looking at any possibly permanent effects of the pandemic, 69% told us they plan to permanently adopt digitalisation, 60% will continue with working from home and 37% indicated they will continue to provide E-commerce.

### Construction materials industry in Romania

Looking into 2022: top ten concerns expressed by businesses in the industry

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

### SURVEY QUESTION

The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business?

(ranking by % of respondents)

- #1 Increased digitalisation
- #2 Home working
- #3 Increased E-commerce



### Construction materials industry in Romania

how businesses feel about their possible growth in 2022

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

# Survey design

## Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the 'Atradius Payment Practices Barometer'. This report, which is part of the 2021 edition of the Atradius Payment Practices Barometer for Europe, focuses on Romania. 200 companies from the Romanian chemicals, construction and construction materials industries have been surveyed. Due to a change in research methodology for this survey, year-on-year comparisons are not feasible for some of the results, although last year's values are used as a benchmark where possible throughout the survey.

The survey was conducted exclusively for Atradius by CSA Research.

## Survey scope

- **Basic population:** the appropriate contacts for accounts receivable management were interviewed.
- **Sample design:** the Strategic Sampling Plan enables to perform an analysis of country data crossed by sector and company size.
- **Selection process:** companies were selected and contacted by use of an international internet panel. A screening for the appropriate contact and for quota control was conducted at the beginning of the interview.
- **Sample:** N=200 people were interviewed in total.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration.  
Interview period: Q3 2021.

## Romania - total interviews 200

Industries surveyed			
Chemicals			
Construction			
Construction materials			
Sector			
Companies interviewed	Chemicals (%)	Construction (%)	Construction materials (%)
Manufacturing	37	43	52
Wholesale trade	22	3	24
Retail trade/Distribution	26	12	15
Services	15	42	10
Company size			
Companies interviewed	Chemicals (%)	Construction (%)	Construction materials (%)
Micro enterprises	55	55	56
SME - Small enterprises	12	14	23
SME - Medium enterprises	10	15	13
Large enterprises	23	15	8

## Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the November 2021 Payment Practices Barometer of Atradius, available at [www.atradius.com/publications](http://www.atradius.com/publications)  
[Download in PDF format](#) (English only).

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