

CRIF SURVEY: SIGNIFICANT IMPROVEMENT IN THE PAYMENT PRACTICES OF AUSTRIAN COMPANIES



- Tyrolean and Vorarlberg companies continue to set the best example
- Vienna ranked the most negatively, followed by Salzburg and Carinthia
- Average share of companies with new debt collection cases on the decline
- Trend continues only slightly abated in first half of 2019

The payment behaviour of Austrian companies in the period from 2017 to 2018 saw a significant improvement. Such were the findings of a recent survey conducted by CRIF Austria, a leading provider of business information and data-based technologies. The average share of companies with new debt collection cases decreased from 3.75% to 3.25% during the survey period. Tyrolean companies have the best payment practices.



New collection cases were opened for 2.59% of Tyrolean companies in 2018 – a decrease of 0.49 percentage points compared to the previous year. Companies from Vorarlberg had a similarly positive rate (2.73%). Upper Austria (2.87%), Burgenland (3.06%), Lower Austria (3.26%) and Styria (3.27%) ranked in the middle of the overall ranking.

As in the previous year, 2018 will see Vienna at the bottom of the table with the highest rate of newly opened collection cases at 4.57%, followed by Salzburg with 3.46% and Carinthia with 3.41%.

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Looking at the average number of debt collection cases per company*, it remained constant at 1.45 compared with the previous year. "The decline in new collection cases to 3.25% and the unchanged average number of collection cases per company show that domestic businesses are generally reliable business partners and, in most cases, invoices are paid promptly," explains Boris Recsey, Managing Director of CRIF Austria

But exceptions confirm the rule: In Lower Austria, for example, 24 new debt collection cases were opened with a single company. The highest sum owed in a collection case opened in 2018 is just under EUR 445,000.

Retail trade has the most debt collection cases

In the survey, CRIF also compared three sectors: construction, retail and catering, where experience has shown that most defaults occur. The result: The average collection sum being collected in these three sectors in 2018 was between EUR 800 and EUR 1,400. As in 2017, 2018 saw the highest number of collection cases opened in the retail sector, followed by catering, with the fewest new cases being opened in the construction sector. As in the previous year, the worst payment practices in this sector comparison were found in the catering industry in Vienna, where the share of companies with newly opened collection cases is 9.96%. Construction companies in Vienna (9.54%) and catering companies in Styria (7.89%) followed close behind in the negative ranking. In contrast, Vorarlberg construction companies had the best payment practices when it came to the timely payment of outstanding invoices – only 3.17% of these companies had newly opened collection cases.

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Trend continues only slightly abated in first half of 2019

A look at the first half of 2019 shows that the development from 2018 will continue this year only slightly abated: In a comparison between the federal states, the Tyroleans (1.20%) once again took first place, with the Vorarlberg companies (1.22%) following close behind in second place. Viennese companies, on the other hand, again have the worst payment practices (2.15%) and are at the bottom of the provincial rankings. As in 2018, Upper Austria (1.25 %) is ranked third. Burgenland (1.40%), Styria (1.51%), Lower Austria (1.52%), Salzburg (1.61%) and Carinthia (1.71%) follow them in the rankings.

In the first half of 2019, Vienna's catering companies were the worst performers in the sector. The share of companies with newly opened collection cases here was 4.47%, with Viennese construction companies following just behind (4.08%). Another positive example is set by construction companies in Vorarlberg (1.34%).

"Even if the overall payment practices of Austrian companies were assessed positively, no one is immune from a desperate financial situation if, for example, commercial customers do not pay outstanding invoices on time and liquidity bottlenecks occur. For this reason, it is important to prepare for possible risks and crises by employing a little foresight. For instance, it is advisable to establish a strong equity position and obtain precise information about your counterpart's financial position before concluding a transaction – CRIF can provide assistance by means of innovative solutions here," Recsey sums up.

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About the survey

All arrears included in the survey relate to invoices submitted to collection agencies in the period from January 2018 to December 2018 or from January 2019 to June 2019.

CRIF has

not included payment reminders or overdue payments and therefore these do not count towards the assessment of payment practices. The companies were compared according federal state and sector (construction, retail and gastronomy). The main sector was used for the sector allocation. All information is supplied without guarantee.

About CRIF

CRIF is a global company specialising in creditworthiness and corporate information, and develops and maintains mechanisms for aiding decision-making processes. Founded in 1988 in Bologna (Italy), CRIF is now represented on four continents (Europe, America, Africa and Asia). In Austria, CRIF is the leading provider of business information and data-based technologies. CRIF Austria is the most popular and most often selected partner for providing credit reports in the retail, e-commerce and telecommunications sectors. CRIF also assists banks, leasing firms and insurance companies by providing innovative solutions. More than 6,300 banks, financial institutions and 55,000 business customers worldwide use CRIF solutions on a daily basis.