

Payment Study

2016

INDEX

CRIBIS D&B AND THE DUNTRADE® PROGRAM	4
INTRODUCTION, METHODOLOGY AND LEGEND	6
1. CHINA.....	9
2. TAIWAN	15
3. HONG KONG	19
4. PHILIPPINES.....	23
5. SINGAPORE.....	27
6. THAILAND.....NEW.....	32
7. MEXICO	35
8. UNITED STATES	40
9. CANADA	46
10. AUSTRALIA.....	52
11. NEW ZEALAND.....	57
12. EUROPE	62
13. BELGIUM.....	69
14. THE NETHERLANDS	75
15. FRANCE	81
16. GERMANY	86
17. UNITED KINGDOM.....	92
18. SPAIN	97

19. PORTUGAL.....	103
20. IRELAND.....	108
21. SLOVENIA.....	112
22. HUNGARY	118
23. POLAND.....	125
24. CZECH REPUBLIC.....	130
25. FINLAND.....	137
26. DENMARK.....	142
27. RUSSIA.....	148
28. TURKEY.....	155
29. GREECE.....	161
30. BULGARIA.....NEW	166
31. LITHUANIA.....NEW	171
32. ROMANIA.....NEW	175
33. ITALY	179
33.1 Payment Terms	179
33.2 Payment Analysis	182
34. SOUTH AFRICA.....NEW	193
CONCLUSIONS	197

CRIBIS D&B AND THE DUNTRADE® PROGRAM

CRIBIS D&B

CRIBIS D&B is a highly specialized company with advanced business information skills. It was set up with the aim of providing both the Italian market and D&B's global clients with the highest standards of quality in terms of business coverage, the depth and accuracy of information, the technological capacity and flexibility to respond quickly to market demands, as well as in the provision of decisional systems, and scoring models.

DATA SOURCES: D&B PAYDEX AND PAYMENT EXPERIENCES

The data presented in this study come from the information held in DUNTRADE® PROGRAM and are elaborated by CRIBIS D&B.

In particular, payment assessment is based on the analysis of those companies for which a D&B Paydex value is available, where D&B Paydex is a statistical indicator that assesses the historical performance of payments to suppliers, and provides a reliable profile of a company in terms of whether or not it is a good payer.

The D&B Paydex score is only generated if there are at least three trade experiences from three different suppliers.

This is because it is an indicator that enables the average payment practices of clients to be assessed, and requires the identification of a trend and homogeneous observations, guaranteed by the use of a clear and correct definition of payment experiences.

Payment experiences are generated by the combined analysis of all commercial transactions (invoices, payments, overdue payments etc.) between a client company and its supplier over the course of the previous 12 months. The score is a moving weighted average because:

- it comes from the analysis of 12 months of data
- it depends on the credit being analyzed, i.e. on the credit amounts that are on time or late every month
- it is updated every month

THE DUNTRADE® PROGRAM

Payment experiences come from DUNTRADE®, the program used by D&B Partners and participating companies aimed at collecting **data, analyses** and **assessments of the payment practices of companies** in Italy and around the world.

Some data relating to DUNTRADE® are presented below:

WORLDWIDE

- Active on a worldwide level since 1972
- Data collected on more than 5 billion transactions
- Payment experiences available for more than 27 million companies in relation to their suppliers.

ITALY

- 50 years of experience in information systems
- Data on over 450 million transactions collected in Italy
- Payment experiences available for 1,5 million companies in relation to their suppliers
- Payment data are available for 81% of requests
- The CRIBIS D&B Paydex indicator is available for 70% of requests
- 4 million € invested in the program in the last 3 years.

INTRODUCTION, METHODOLOGY AND LEGEND

The Payment Study, published with data up to 31 December 2015 for all countries except for Italy, for which data is included up to 31 March 2016, is aimed at outlining the international picture of payment practices, with particular focus on Italy and Europe.

Thanks to CRIBIS D&B being part of the D&B Worldwide Network, it was possible to collect and analyze payment data from China, Taiwan, Hong Kong, Philippines, Mexico, the USA, Canada, Singapore, Australia, New Zealand, Belgium, the Netherlands, Germany, France, the UK, Ireland, Spain, Portugal, Poland, Slovenia, Hungary, Czech Republic, Finland, Denmark, Turkey, Russia and Greece. In this edition of the study, there is additional information relating to Thailand, Bulgaria, Lithuania, Romania and South Africa. For each country the patterns of commercial transactions are analyzed in detail, paying attention to any changes compared with previous years.

The main sources of information used in this study were payment data from the D&B Worldwide Network DUNTRADE program.

The following information is given for clarity:

Analysis Legend by type of company

ITALY

Micro (Turnover <=2 million € or <=10 employees)
Small (Turnover <=10 million € or <=50 employees)
Medium (Turnover <=50 million € or <=250 employees)
Large (Turnover >50 million € or >250 employees)

OTHER COUNTRIES

Micro (<=5 employees)
Small (>5 and <=50 employees)
Medium (>50 and <=260 employees)
Large (>260 employees)

Analysis Legend for geographical regions in Italy

North East (Emilia Romagna, Friuli-Venezia Giulia, Trentino-Alto Adige and Veneto)
North West (Liguria, Lombardy, Piedmont and Aosta Valley)
Center (Lazio, Marche, Tuscany and Umbria)
South and the Islands (Abruzzo, Basilicata, Calabria, Campania, Molise, Puglia, Sardinia and Sicily)

Notes

CHINA

Agriculture, forestry, hunting and fishing and Mining were excluded from the analysis of payment practices by macro-sector in this country, as they are not significant.

TAIWAN, HONG KONG, PHILIPPINES AND IRELAND

Agriculture, forestry, hunting and fishing and Mining were excluded from the analysis of payment practices by macro-sector in these countries, as they are not significant.

In addition, the classifications of the best and worst micro-sectors in terms of payment were not included.

SINGAPORE

Chapter and data related to this country have been written by Eugene Zachariah, Marcom & Product Development at Dun & Bradstreet (Singapore) Pte Ltd.

AUSTRALIA AND NEW ZEALAND

The score used for these countries is the Late Payment Risk Score (LPRS): a statistically derived measure that assesses the probability of a firm paying its bills in a severely delinquent manner (90+day past terms) over the next 12 months.

LITHUANIA

The score used for these countries has been estimated using the company's performance in the payment of statutory debt as a major component (this includes payment delays, amount of payment delayed and frequency of delays). The data has been then combined with other proprietary data and company indicators indicative of the payment dynamic and company reliability.

FINLAND, DENMARK, TURKEY AND SOUTH AFRICA

A different classification was used for the definition of sectors for this country in the section on payment habit analysis by macro-sector.

In addition, for the last country the classifications of the best and worst micro-sectors in terms of payment were not included.

RUSSIA

Chapter and data related to this country have been written by Igor Volosov, Deputy General Director at Interfax - Corporate News Agency.

GREECE AND BULGARIA

Agriculture, forestry, hunting and fishing, Mining and Finance Services were excluded from the analysis of payment practices by macro-sector in these countries, as they are not significant. In addition, the classifications of the best and worst micro-sectors in terms of payment were not included.

SLOVENIA AND HUNGARY

Mining was excluded from the analysis of payment practices by macro-sector in these countries, as it is not significant.

ROMANIA

The analysis of payment practices by macro-sector and the classifications of the best and worst micro-sectors in terms of payment were not included.

1. CHINA

Below is the opinion of **Louie LU, Senior Product Development Researcher at Huaxia Dun & Bradstreet China**, on the economic scenario in China.

"With the further steps of the structural adjustment, the economy of China switched to a slower pace in 2015. The year-on-year growth rate of GDP dropped by 0.5 pt to 6.9% in 2015, setting a new lowest record since 1990. Among the key dynamics that driving the economy, both import and export experienced another decreasing since 2009. The YoY import amount dropped by 13.2% while the export 1.8%. The investment and consumption, as the other key factors of the GDP, both slowed down at the same time. The growth rate of investment and consumption reached 12% and 10.7%, 2.9 pts and 1.3 pts lower respectively. It is estimated that the GDP growth might further drop to 6.5% or even lower in 2016."

Together with the slowdown of the economy, large number of companies in manufacturing section suffered from over-production, unmarketability or loss. In spite of the growth of total sales income, their overall profit rate fell by 1.9 pts. For the ones in industries of coal mining, steel, cement-making and non-ferrous, the situation might be much worse. Although some of the industries have been regarded as pillars of China economy since 1980s, they are now trying to survive from the downturn of local demands.

Despite some pessimistic expectation that grew with the slowdown, Beijing still believes that the economy is on the right track to a more stable and sustainable mode, which has already been included in the suggestion to "13th Five-Year-Plan" (2016-2020) that to be regarded as the guideline of the overall development plan for the 2nd largest economy in coming years. According to the suggestions, key attentions will still be paid for the sustainability of growth and the protection of environment, which also bring certain areas for the local authorities and companies to focus.

For Chinese central government, the slowing down of economy provides an opportunity to eliminate the over-production and un-environmental-friendly enterprises and upgrade the economy structure to a more healthy and sustainable one. Therefore, encouraging policies are likely to be issued for the areas including energy-saving, bio-tech, IT, new energy, and hi-tech manufacturing.

For regional authorities, however, the upgrade of economy structure is likely to bring some temporary "shock" on the local economy as many factories that might be included in the eliminating list are used to be the pillars of their administrative areas and provided large sum of positions for local labors. Therefore, it will be a tough choice for the regional governments to decide whether to suffer the short-term stagnancy or just waiting for the situation going worse. Moreover, some regional governments might also face the troubles to pay off their bonds on time due to the previous sightless investments or the overestimated regional growth.

In terms of the companies, as the large manufacturers nationwide usually get different supporting from the local authorities, it might still not be too late to seek breakthrough on the development of new products with high tech, high quality, lower energy-consumption and less pollution. The regional policies and the loans of local banks may still be able to help large manufacturers to maintain operation for a short period, but unlikely a long one.

For shorter factories (especially in the industries of coal processing, steel, non-ferrous, and cement) and their distributions, the situation could be much harder. With the rising of non-performing loan of banks and the possible burst of P2P bubbles, their cash flow condition might be even worse. Therefore, many SME are trying to find new ways through on-line marketing, which has already been a popular way for lots of post 1990s graduates to start their own businesses with the investment of venture capitals.

Overall, the slowdown of economy and the adjustment of economic structure could not only bring some temporary embarrassment for either the local administrations or companies, but also provide opportunities for their structural upgrade and technology breakthrough. In order to survive from the coming challenges, it is becoming more important for businesses to take control of their risks in the fields of cash flow and customer credit. Therefore, companies are likely to pay more attention on the operational status and the payment performance of their customers during the transaction."

Payment analysis

In 2015 the Chinese payment system has seen a slight improvement, with slightly better payments.

The percentage of punctual payers in China was only 33,2% of the total and the majority of companies tended to pay commercial transactions on average between 1 and 30 days late (50,7%).

Intermediate late payment classes ("30-60 days" and "60-90 days") account for 10% whereas "bad payers" (more than 90 days late on average) account for 6,1% of the sample analyzed.

Compared to previous years, we can observe that payment performance has moderate growth variations: the percentage of companies that managed to respect agreed terms increased by 3,4% compared to 2014; payers that fall within the "Up to 90 days" class decreased by 3,8 percentage points and the share of "bad payers" (over 90 days on average) increased by 0,4%.

Small companies show the most balanced payment behavior with 37% of the total for payments within agreed terms (+3,8 percentage points compared with the national average). These are followed by micro companies, for which the percentage in question reaches 34,9%, remaining above the aggregate figure for the country.

For Large companies, on the other hand, there is a more problematic situation, where only 28% of companies manage to respect agreed payment terms, with a concentration of 52,7% in the "Up to 30 days late" class.

Average late payments of between 30 and 90 days are highest in the Large and Medium categories, with more than 10% of the total in this class.

In terms of serious late payments, the worst performance is once again seen for Large companies: 8,1% exceeds an average of 90 days beyond agreed payment terms.

A somewhat heterogeneous context emerges from sector-based analysis, with rather differing performances between the various sectors considered (Graph 1.6).

The sector which stands out as having a more balanced behavior is Wholesale: in fact in this case, companies pay within agreed terms in 38,8% of the cases analyzed, whereas in other sectors this figure does not exceed 33,1%. It can also be seen that Finance services register only 20,5% of punctual payers, with a gap of 12,7% from the national figure.

Late payments are concentrated in the "Up to 30 days" class, with the highest percentages for Retail trade (62,9%) and Transport, distribution (54,7%).

Finally, the most critical situation for the serious late payment class (over 90 days on average) is seen in the Construction, with a share of more than 16% in this class (+10% compared to the Chinese average).

The top position in the classification of best payers is held by Apparel and other textile products with 47,5% of companies paying within agreed payment terms. In second and third positions are Printing and publishing (45,1%) and Building materials and garden supplies (43,3%).

The Health services sector, on the other hand, has the worst payment record in China, with 53,6% of companies paying seriously late (more than 90 days on average). Second and third places in the classification of micro-sectors with more problematic payment behavior are held by Administration of human resources (25,7%) and Communications (24,9%).

TABLE 1.1 SOURCE: HUAXIA DUN AND BRADSTREET CHINA

PERCENTAGE OF COMPANIES IN CHINA WITH ON TIME PAYMENTS, 2011-2015

	2011	2014	2015
China	33,1%	29,8%	33,2%

TABLE 1.2 SOURCE: HUAXIA DUN AND BRADSTREET CHINA

PERCENTAGE OF COMPANIES IN CHINA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2011-2015

	2011	2014	2015
China	7,9%	5,7%	6,1%

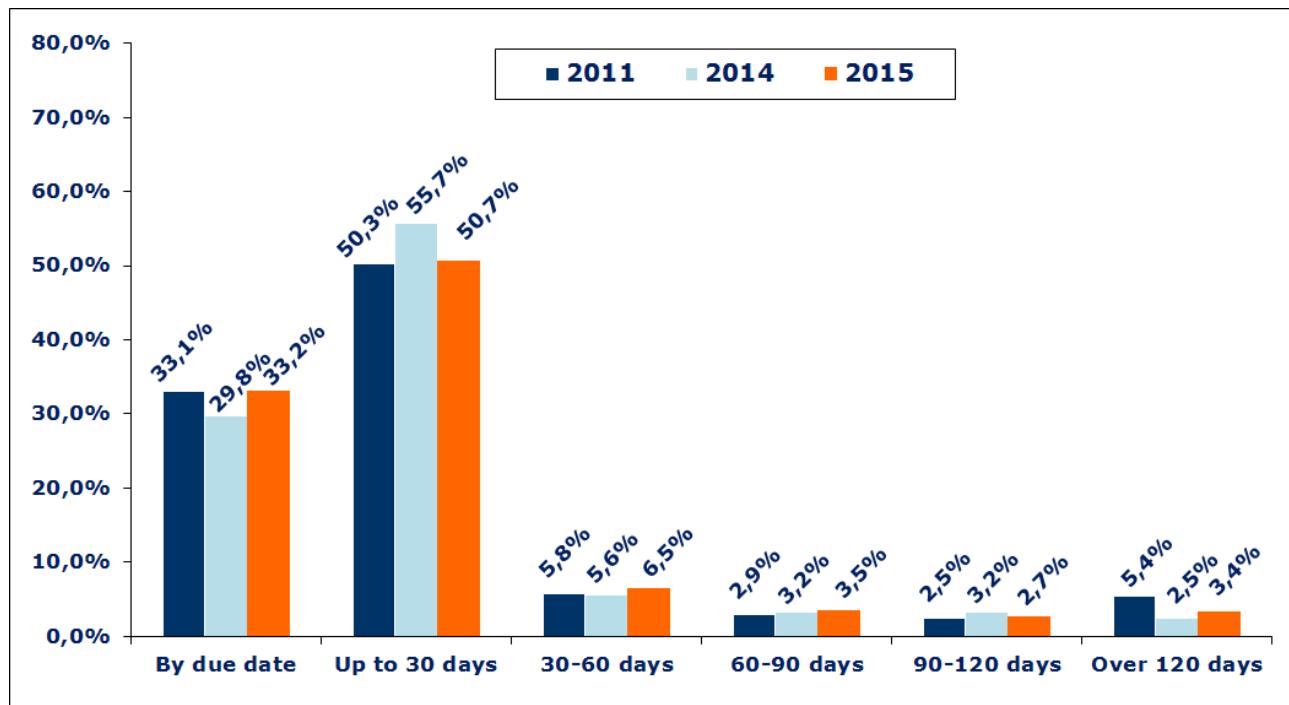
TABLE 1.3 SOURCE: HUAXIA DUN AND BRADSTREET CHINA

VARIATIONS IN PAYMENT PRACTICES IN CHINA, 2011-2015

	Variation 2011/2015	Variation 2014/2015
By due date	0,1%	3,4%
Up to 90 days	1,7%	-3,8%
Over 90 days	-1,8%	0,4%

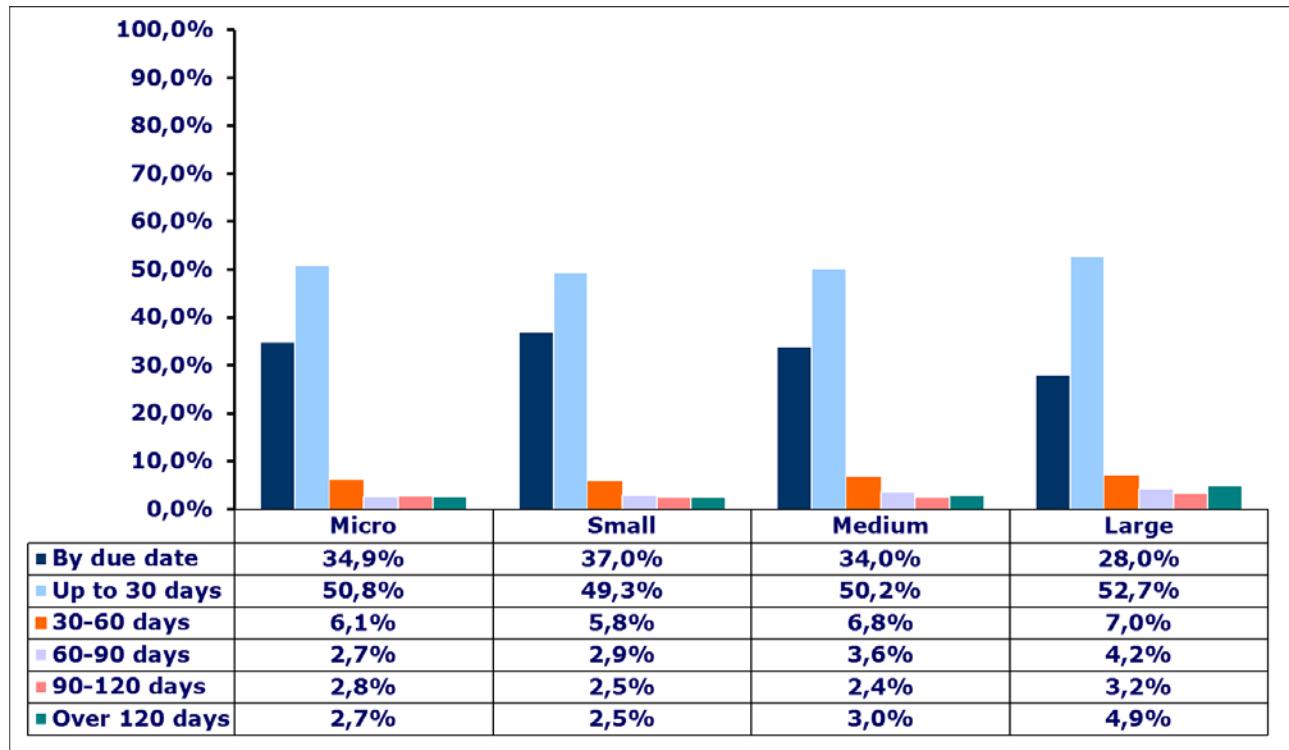
GRAPH 1.4 SOURCE: HUAXIA DUN AND BRADSTREET CHINA

PAYMENT PRACTICES IN CHINA BY PAYMENT CLASS, 2011-2015



GRAPH 1.5 SOURCE: HUAXIA DUN AND BRADSTREET CHINA

PAYMENT PRACTICES IN CHINA BY TYPE OF COMPANY, 2015



GRAPH 1.6 SOURCE: HUAXIA DUN AND BRADSTREET CHINA

PAYMENT PRACTICES IN CHINA BY PRODUCT SECTOR, 2015

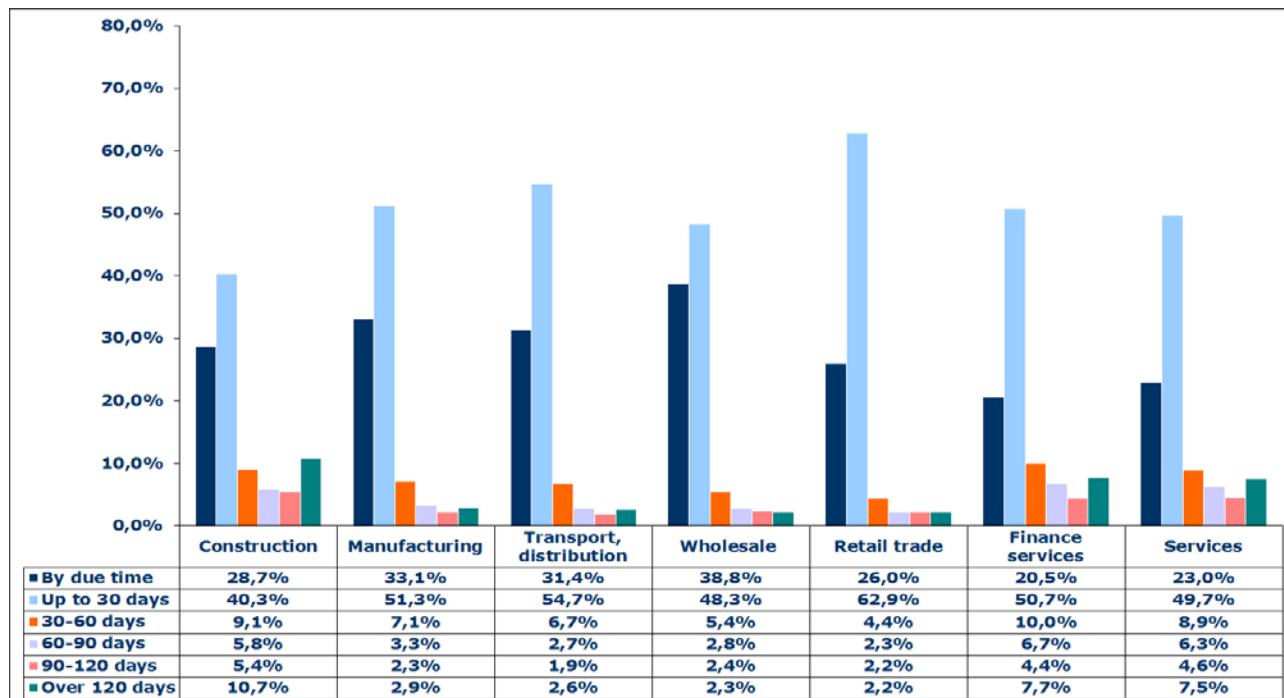


TABLE 1.7 SOURCE: HUAXIA DUN AND BRADSTREET CHINA

SECTORS WITH THE BEST PAYMENT RECORDS IN CHINA, 2015

Sector	Ranking 2015
APPAREL AND OTHER TEXTILE PRODUCTS	1
PRINTING AND PUBLISHING	2
BUILDING MATERIALS AND GARDEN SUPPLIES	3
WHOLESALE TRADE - NONDURABLE GOODS	4
MISCELLANEOUS REPAIR SERVICES	5
TEXTILE MILL PRODUCTS	6
FURNITURE AND FIXTURES	7
PAPER AND ALLIED PRODUCTS	8
MISCELLANEOUS MANUFACTURING INDUSTRIES	9
STONE, CLAY AND GLASS PRODUCT	10

TABLE 1.8 SOURCE: HUAXIA DUN AND BRADSTREET CHINA

SECTORS WITH THE WORST PAYMENT RECORDS IN CHINA, 2015

Sector	Ranking 2015
HEALTH SERVICES	55
ADMINISTRATION OF HUMAN RESOURCES	54
COMMUNICATIONS	53
ENVIRONMENTAL QUALITY AND HOUSING	52
EXECUTIVE, LEGISLATIVE AND GENERAL	51
EDUCATIONAL SERVICES	50
HEAVY CONSTRUCTION, EXCEPT BUILDING	49
GENERAL BUILDING CONTRACTORS	48
ADMINISTRATION OF ECONOMIC PROGRAMS	47
REAL ESTATE	46

2. TAIWAN

Below is the opinion of **Charles Hsu, D&O Reporting team leader of D&O at Dun & Bradstreet Taiwan**, on the economic scenario and payment situation in Taiwan.

"According to the International Monetary Fund, Taiwan is the 5th largest economy in Asia and has a developed capitalist economy that ranks as 18th in the world by GDP; 19th by PPP and 24th in the nominal GDP. The 2014 Taiwan GDP was US\$ 530 billion and the GDP per capita in 2014 was US\$ 22,598. The economy of Taiwan ranks the highest in Asia for 2015 Global Entrepreneurship Index. Taiwan economy is an indispensable partner in the Global Value Chains of Electronics Industry. Electronic components and personal computer are two areas of international strength of Taiwan Information Technology industry."

Taiwan's exports in 2015 decreased by 10.6% compared with last year. The export amounts in 2015 were US\$ 280.5 billion. Taiwan's export to China, ASEAN 6, and the US all dropped with -12.3%, -14.6%, and -1.7% respectively. Taiwan's imports amounts in 2015 were US\$ 228.9 billion (YoY -16.5%). The excess of exports were 51.6 billion (YoY +30%). The 2015 electronics exports decreased by 4.4% compared with 2014. The petrochemicals have the largest decline of 41.7% due to the dropping oil price. In 2014, the top three exported products were (i) Electronics, (ii) petrochemicals and (iii) machinery with primary exporting territories into (i) Mainland China & Hong Kong, (ii) the ASEAN-6 (Singapore, Malaysia, Philippines, Thailand, Indonesia and Vietnam) and (iii) the United States.

According to the Chung-Hua Institution for Economic Research, Taiwan's GDP for 2015 is around 0.93%, decreasing 2.99% from 3.92% of the 2014 actual result. The private consumption and private fixed investment growth rates were 2.54% and 1.54%. The CPI rate was -0.31% (YoY -1.51%). The NTD versus USD stood at 31.9 vs. 1 in 2015 indicating 5.05% depreciation. As for the forecast of 2016, the GDP is estimated to be 2.24%, the CPI will be 0.81%. The foreign exchange rate between NTD and USD is around 32.47, with 1.78% depreciation. The 2016 unemployment rate will be 3.89%.

As SMEs (Small- and medium-sized enterprises) and Corporations account for 97% and 3% of Taiwanese companies, respectively, the trends of SMEs are influential in Taiwan economics. There were about 1.35 million SMEs in 2014. They offered about 8.66 million jobs that accounted 78.25% of the total employment. The total sales of the SMEs in 2014 reached NT\$ 11.839 trillion. The SMEs play the key point in Taiwan economy development."

Payment analysis

The positive trend seen in this country since 2007 seems to be stopped in the last few months, even if the levels achieved continue to be among the best of all this study.

Punctual payments interest 67,3% of Taiwanese companies (+2,6% vs. 2007 and -8,5% vs. 2014).

The percentage increase in punctual payments compared with 2014 was more or less absorbed by the reduction in companies in the "Up to 30 days" class (29,9% of the total in the last data available)

The share of companies that pay seriously late (over 90 days), on the other hand, is stable and less than 1% of the total.

Micro and Small companies have very balanced payment habits and over 69% of the total respect the terms agreed with their suppliers.

In the case of larger companies, on the other hand, the percentage of companies that respect payment terms is lower at 56,5%, but this is compensated by the concentration in the moderate late payment class, limited to 30 days on average (41,2%).

In the intermediate classes ("30-60 days" and "60-90 days") there is a more or less uniform payment behavior, with values of between 2,1% and 2,3%.

In the serious late payment bracket (over 90 days on average), the most notable are Large companies with only a share of 0,4%.

The good payment performance of companies in Taiwan is also confirmed in payment habits divided by payment class and macro-sector.

All sectors show the largest percentage in the "By due date" class, with values varying between 64,6% and 76,7%.

The sector in which there is the greatest punctuality is Finance services; meanwhile Manufacturing has the highest share of companies that pay on average between 1 and 30 days late (33%).

The serious late payments range between 0,4% (Finance services) and 2,3% (Construction).

TABLE 2.1 SOURCE: DUN & BRADSTREET TAIWAN

PERCENTAGE OF COMPANIES IN TAIWAN WITH ON TIME PAYMENTS, 2007-2015

	2007	2014	2015
Taiwan	64,7%	75,8%	67,3%

TABLE 2.2 SOURCE: DUN & BRADSTREET TAIWAN

PERCENTAGE OF COMPANIES IN TAIWAN WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
Taiwan	3,3%	0,8%	0,6%

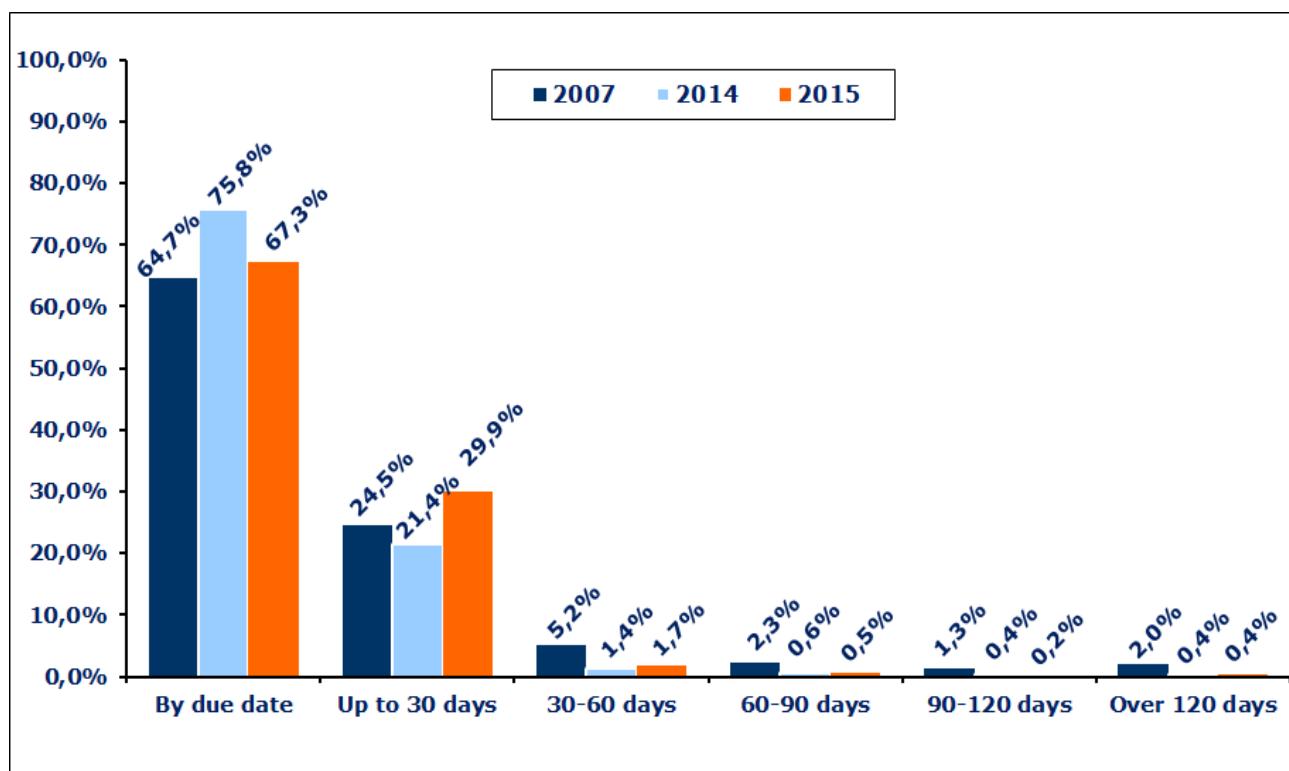
TABLE 2.3 SOURCE: DUN & BRADSTREET TAIWAN

VARIATIONS IN PAYMENT PRACTICES IN TAIWAN, 2007-2015

	Variation 2007/2015	Variation 2014/2015
By due date	2,6%	-8,5%
Up to 90 days	0,1%	8,7%
Over 90 days	-2,7%	-0,2%

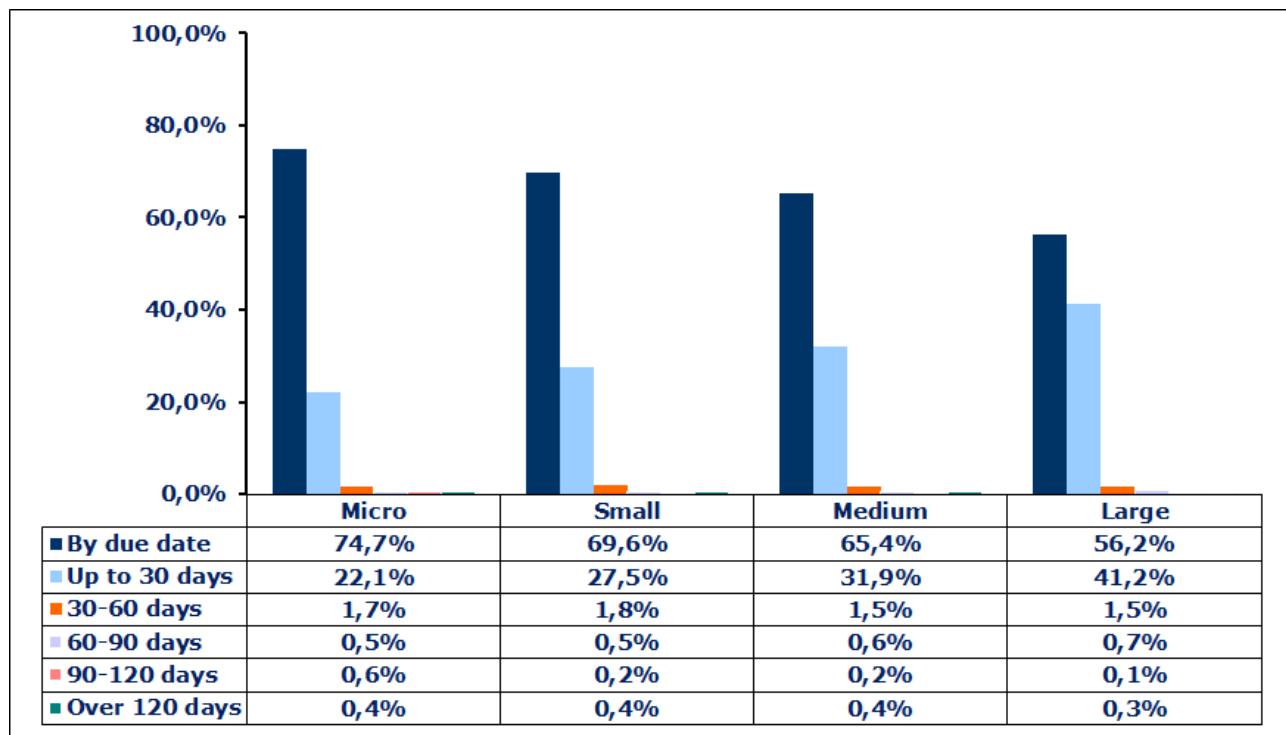
GRAPH 2.4 SOURCE: DUN & BRADSTREET TAIWAN

PAYMENT PRACTICES IN TAIWAN BY PAYMENT CLASS, 2007-2015



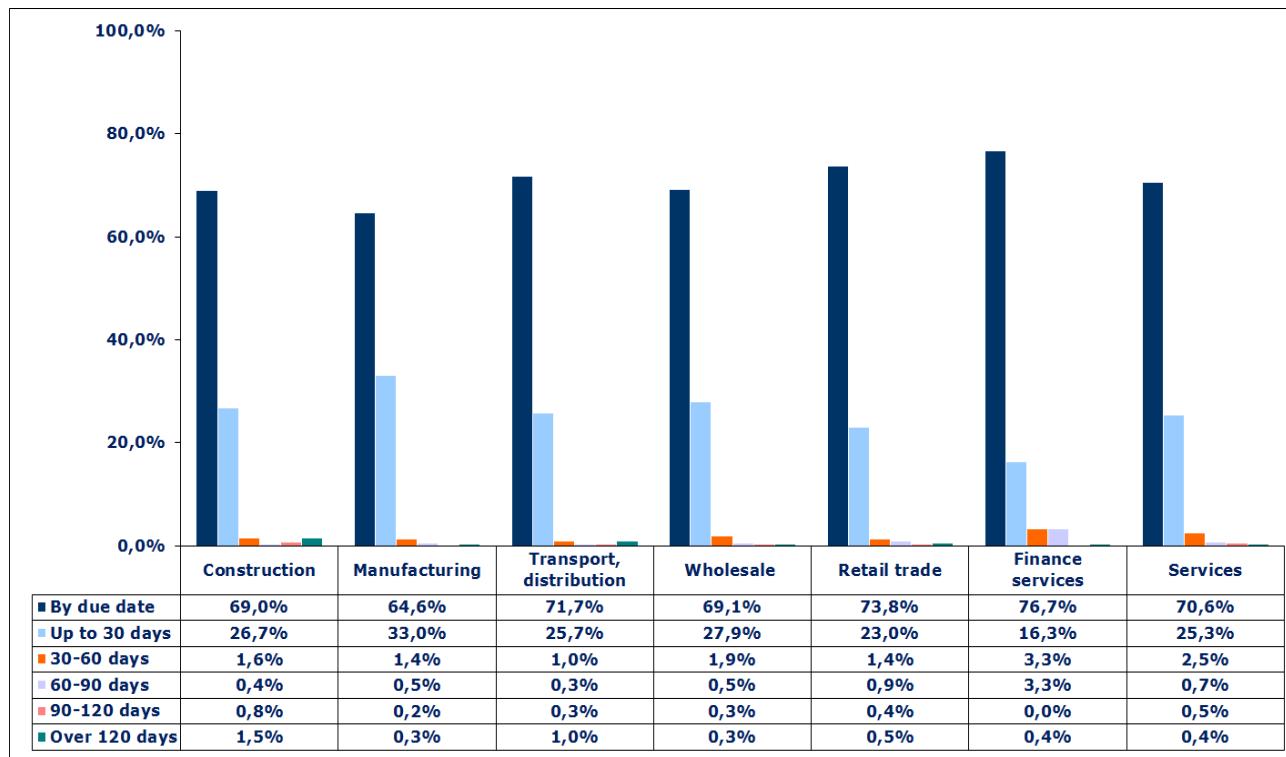
GRAPH 2.5 SOURCE: DUN & BRADSTREET TAIWAN

PAYMENT PRACTICES IN TAIWAN BY TYPE OF COMPANY, 2015



GRAPH 2.6 SOURCE: DUN & BRADSTREET TAIWAN

PAYMENT PRACTICES IN TAIWAN BY PRODUCT SECTOR, 2015



3. HONG KONG

Below is the opinion of **Hugo Ng, Project Director – Dun Trade Program at Dun & Bradstreet (HK) Ltd**, on the economic scenario and payment situation in Hong Kong.

"According to the Census and Statistics Department of Hong Kong, the unemployment rate (seasonally adjusted) was at 3.3% in October – December 2015. It was the same as the unemployment rate in 2014. In October – December 2015 (seasonally adjusted), there were only around 122,000 unemployed persons while the total labour force was around 3,926,000 persons.

In Quarter 1 – Quarter 3 of 2015, Gross Domestic Product (GDP) increased by 6.8% while the GDP increased by only 5.5% in 2014. Despite the unemployment rate remained relatively low and the growth rate of the GDP became better, DUNTrade representatives revealed during the period of 2015 that the trade program participants generally held pessimistic views on the economy. Reason begin that many of them believed the economy growth of China continued slowing down in 2015 could adversely affect their future business.

Nevertheless, the trade program participants generally did not tighten their credit terms with their customers when compared to that of 2014. Instead, many of them chose to monitor the payment trends of their customers more carefully and more often to avoid potential late payments and bad debts. Many of them believed tightening their credit terms with their customers would negatively affect their business relationships with their customers.

Some of the trade program participants engaged in travel, electronic component, and chemical industry experienced a norm of delay payment in 2015. Their customers did not proactively request or notify them for the occurrence of delay payments.

The possible causes of delay payments could be concluded into two scenarios. The customers experienced cash flow problem, and thus were unable to repay debt on time. Secondly, it was related to the payment behavior of the customers. They were financially able to make payment on time but chose to not make the payment on time so that they could hold more cash on hand.

Trade program participants had three strategies on credit management. Firstly, they continued to implement tight control for new customers that they would not offer any credit to them. Secondly, credit control team would involve effort from sales team by closely monitoring their customers through more frequent contact. Lastly, credit control team would leverage the services of business information providers to monitor the ability and attitude of their customers in terms of making payments.

On the whole, trade program participants generally did not tighten their credit terms with their customers. Instead, they closely monitored the ability and attitude of their customers on making their payments to avoid potential late payments and bad debts."

Payment analysis

The payment situation in Hong Kong in 2015 does not show any significant changes compared to recent editions of the Payment Study.

The share of punctual companies was 31%, showing a fall of less than one percentage point compared with December 2014.

On the other hand, companies that pay over 90 days late are 2,3% of the total, with a decrease of 1% compared with the previous year.

We can notice some improvements in payment behavior if we consider the comparison with 2007: the percentage of companies that respect agreed payment terms has increased by 1,9%, payers in the "Up to 30 days" have grown by 19,2 percentage point and the share of "bad payers" (payment over 90 days late on average) has decreased by 4,5%.

Looking at company size, there is again a widespread tendency by Hong Kong companies to pay between 1 and 30 days late, with concentrations from 52,5% (Micro) to 60,7% (Large).

Micro and Small companies show more balanced payment behavior with 33,5% and 33,7% of punctual companies, respectively.

For late payments, Large companies stand out as having problems: over 19% of these companies show late payments of between 30 and 90 days on average, and a further 3,7% exceed 90 days on average.

The sectors with the highest concentration of punctual payments are Wholesale, with a percentage of 34% and Services with 30,8% of the total.

The payment class with the highest percentage is the moderate late payment class, limited to 30 days on average, with percentages varying from 47,8% for Finance services to 64% for the Transport, distribution sector.

The Wholesale sector also has a good result with 90,9% of payments being made within a maximum of 30 days beyond the agreed payment deadline.

In the other more serious late payment classes, the Construction and Finance Services sectors have negative results: the two sectors register 21,8% and 20,8% of companies, respectively, that pay between 30 and 90 days late.

In addition, more than 8% of companies of Construction pay more than 90 days late on average.

In conclusion, Hong Kong companies continue to show difficulties in payments compared to other countries in the Payment Study.

TABLE 3.1 SOURCE: DUN & BRADSTREET (HK) LTD

PERCENTAGE OF COMPANIES IN HONG KONG WITH ON TIME PAYMENTS, 2007-2015

	2007	2014	2015
Hong Kong	29,1%	30,8%	31,0%

TABLE 3.2 SOURCE: DUN & BRADSTREET (HK) LTD

PERCENTAGE OF COMPANIES IN HONG KONG WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
Hong Kong	6,8%	3,3%	2,3%

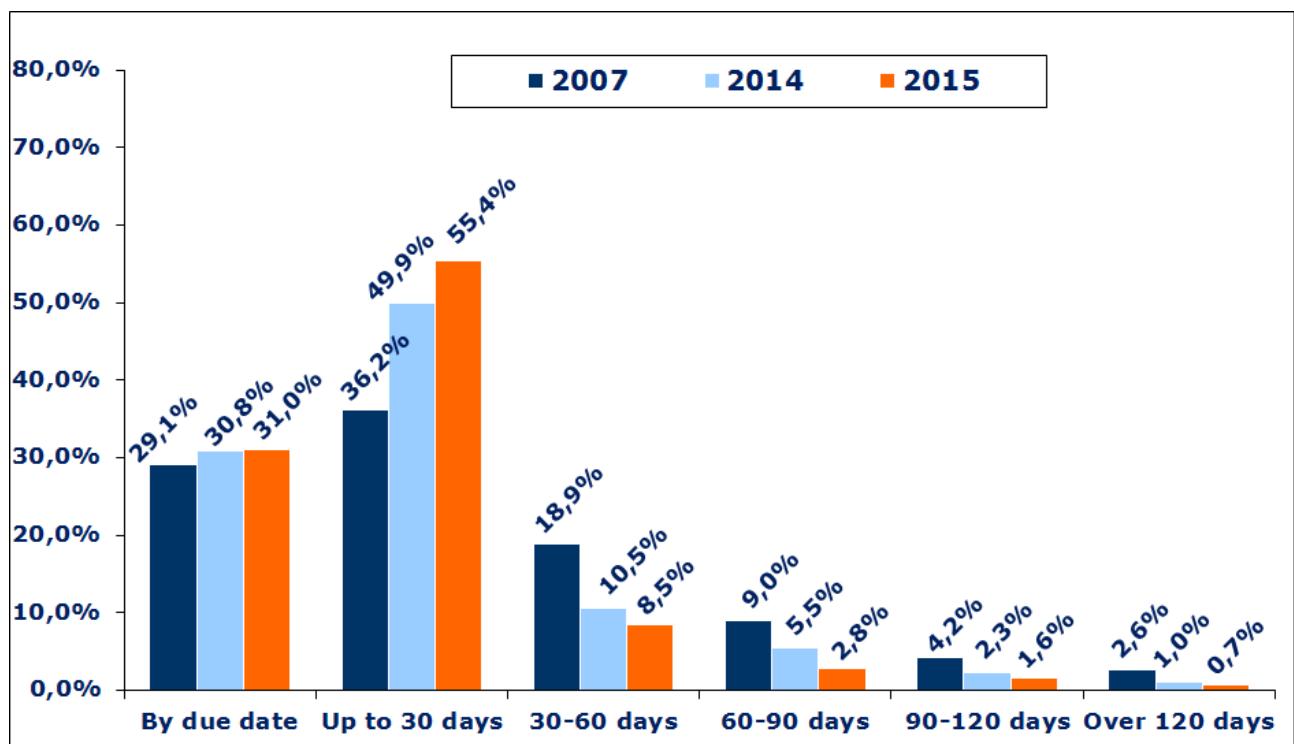
TABLE 3.3 SOURCE: DUN & BRADSTREET (HK) LTD

VARIATIONS IN PAYMENT PRACTICES IN HONG KONG, 2007-2015

	Variation 2007/2015	Variation 2014/2015
By due date	1,9%	0,2%
Up to 90 days	2,6%	0,8%
Over 90 days	-4,5%	-1,0%

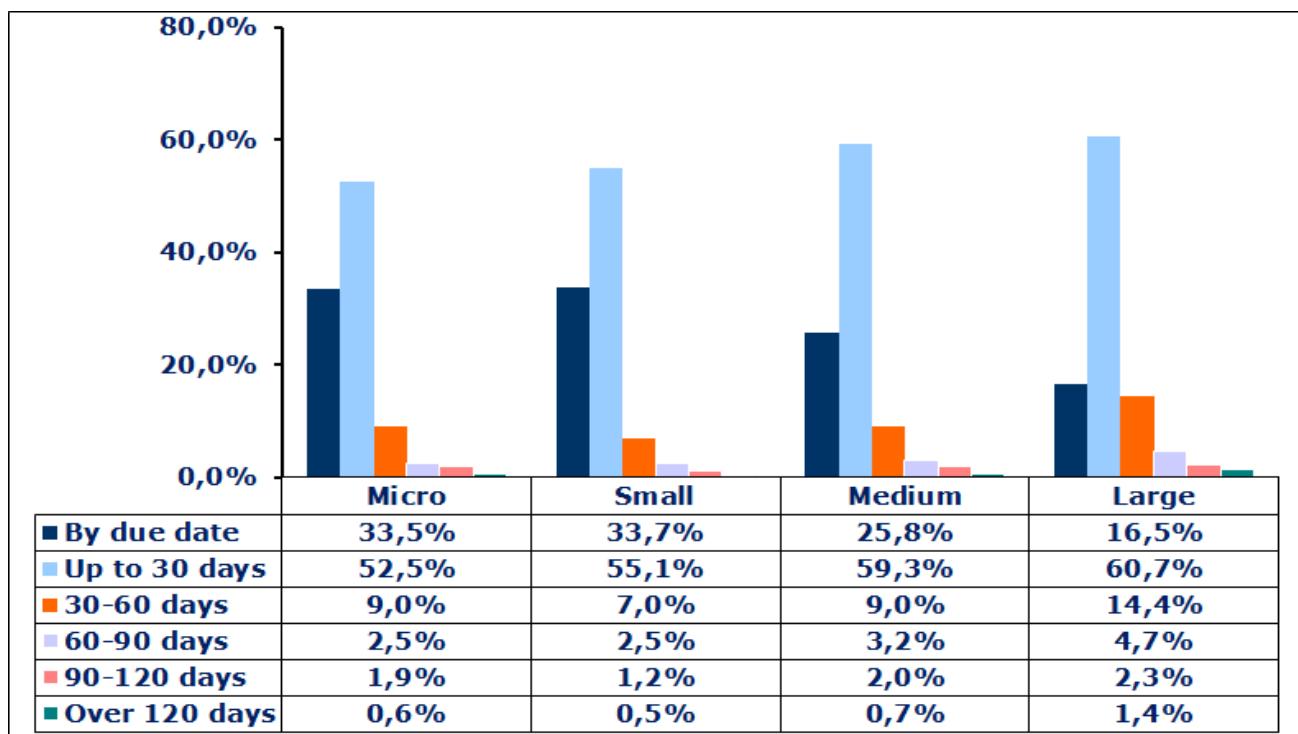
GRAPH 3.4 SOURCE: DUN & BRADSTREET (HK) LTD

PAYMENT PRACTICES IN HONG KONG BY PAYMENT CLASS, 2007-2015



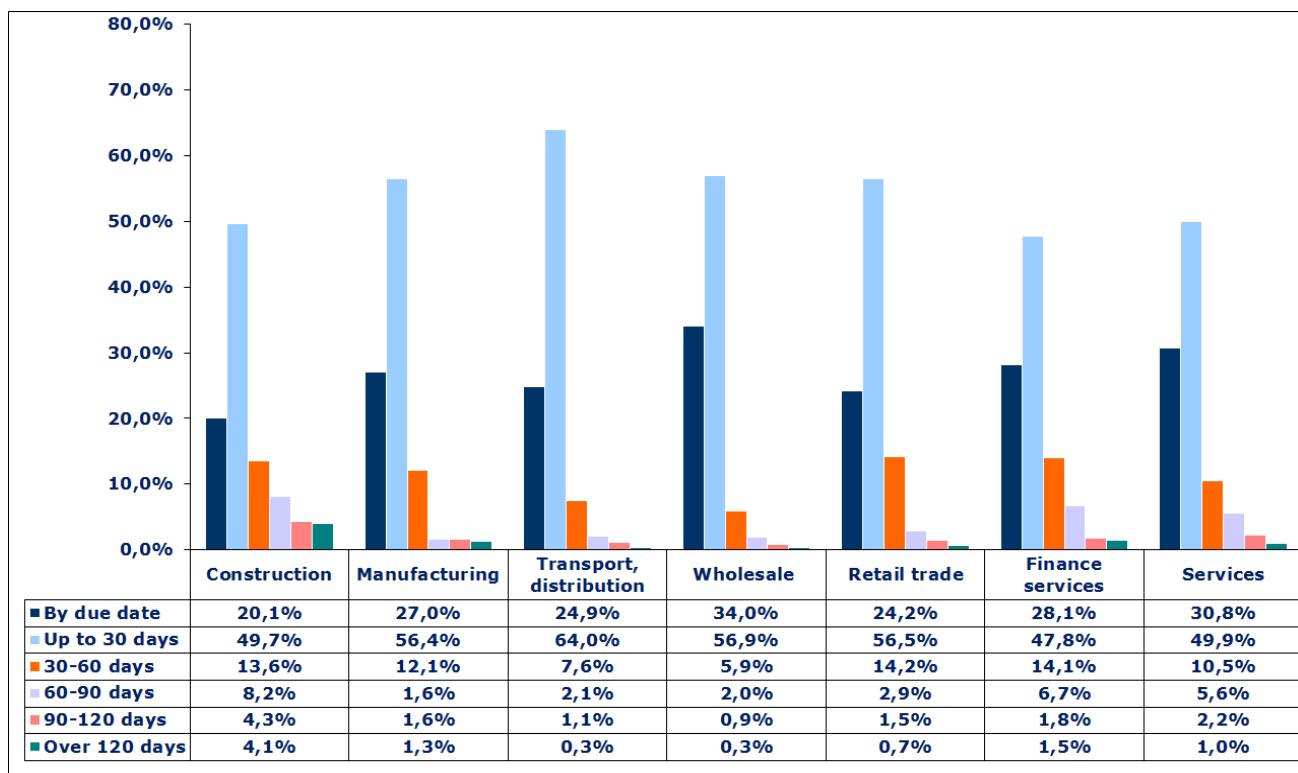
GRAPH 3.5 SOURCE: DUN & BRADSTREET (HK) LTD

PAYMENT PRACTICES IN HONG KONG BY TYPE OF COMPANY, 2015



GRAPH 3.6 SOURCE: DUN & BRADSTREET (HK) LTD

PAYMENT PRACTICES IN HONG KONG BY PRODUCT SECTOR, 2015



4. PHILIPPINES

Below is the opinion of **Cris Matunan, D&O Leader of Dun & Bradstreet Philippines**, on the economic scenario and payment situation in the Philippines.

"According to the International Monetary Fund, the Philippines are ranked as the 39th largest economy in 2014. With a nominal GDP of US\$300.3 billion the Philippine economy displays one of the fastest GDP growth rates in Asia, averaging 6% from 2011 to 2014 and is forecasted to sustain positive growth with real GDP to be at 6% in 2015."

January 2016 foreign exchange reserves reported by the Bangko Sentral ng Pilipinas at US\$80.1 billion which decreased from US\$80.6 billion in December. The decline according to the central bank was mainly due to foreign exchange outflows arising from foreign debt payments.

With respect to the balance of trade results reported by the National Statistics Office, the Philippines reported a trade deficit of US\$976.9 million in November 2015, the smallest deficit since June, as exports fell while imports rose less than expected.

According to the Organization for Economic Cooperation and Development (OECD), the Philippines have the most favorable growth rate in Southeast Asia in the next five years. They forecasted that the Asean-5 economies - Indonesia, Malaysia, the Philippines, Thailand and Vietnam - will "sustain their growth momentum in the medium term" from 2015 to 2019, with Philippines and Indonesia leading the regional growth.

The growth momentum for the 10 member countries of the Association of Southeast Asian Nations (ASEAN) remains robust and is expected to average at 5.6% in the next five years. It is forecasted that following China's growth forecast of 6.8%, the Philippines, has the best growth forecast at 6.2% from 2015 to 2019, followed by Indonesia (6.0%), Vietnam (5.7%), Malaysia (5.6%) and Thailand (4.1%).

Asian Development Bank expects the rebound in government spending is expected to spur growth through the rest of 2015 and in 2016. Election-related spending will also support domestic demand through May 2016, when elections will be held.

Private consumption and investment are expected to maintain solid growth in 2016. Inflation forecasts are revised down in light of unexpectedly low inflation so far this year, averaging 1.7% in the first 8 months, and the assumption that global oil prices will increase only slightly in 2016 and that global food prices will be stable. Upward pressure on inflation could come from drought induced by El Niño if it damages crops and reduces hydropower supplies.

The country has an estimated Commercially Active Universe of 948,000 businesses. The Philippines primary trade partners are China, Japan and the United States of America."

Payment analysis

In 2015, Philippine companies that paid their suppliers on time ("By due date" class) accounted only for 2,8% of the total, the lowest value recorded among all the countries analyzed in the observatory.

Moderate late payments (Up to 30 days), on the other hand, account for 22 percentage points, while the intermediate late payment classes ("30-60 days" and "60-90 days") together reach 23,7%.

The negative performance is also seen in the "Up to 90 days" class: at the end of 2015 the concentration of companies in this bracket was 51,5% and over 39% pay more than 120 days late on average.

The four types of company size examined have very similar percentages, which are not very different from average national levels.

Small and Medium companies have the highest share of punctual payers (3,1% of the total).

In the "Up to 30 days" late payment class there are values of between 18,9% for Large companies and 24,9% for Small companies.

Similar levels are seen in all the other late payment classes and are very consistent for all four of the categories examined.

In particular, payments with more than 120 days of delay exceed 33% of the total and reach 44,4% for Micro companies.

A somewhat heterogeneous context emerges from sector-based analysis, with rather differing performances between the various sectors considered.

The sector which stands out as having the most balanced payment behavior is Construction: in this case 26,9% of companies manage to pay with a delay not greater than 30 days.

Late payments are concentrated in the "Up to 30 days" class, with the highest percentages for Wholesale (24,3%).

For this sector we see also the highest concentration in the intermediate payment classes (between 30 and 90 days over payment terms) with 27,6% of the total.

Finally, the most serious late payment class (over 90 days on average) is highest for all the groups: the highest value is seen in the Transport, distribution sector (63,4%), followed by Finance services with the 54,1% of the total.

TABLE 4.1 SOURCE: DUN & BRADSTREET PHILIPPINES

PERCENTAGE OF COMPANIES IN PHILIPPINES WITH ON TIME PAYMENTS, 2011-2015

	2011	2014	2015
Philippines	0,9%	1,9%	2,8%

TABLE 4.2 SOURCE: DUN & BRADSTREET PHILIPPINES

PERCENTAGE OF COMPANIES IN PHILIPPINES WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2011-2015

	2011	2014	2015
Philippines	33,2%	50,2%	51,5%

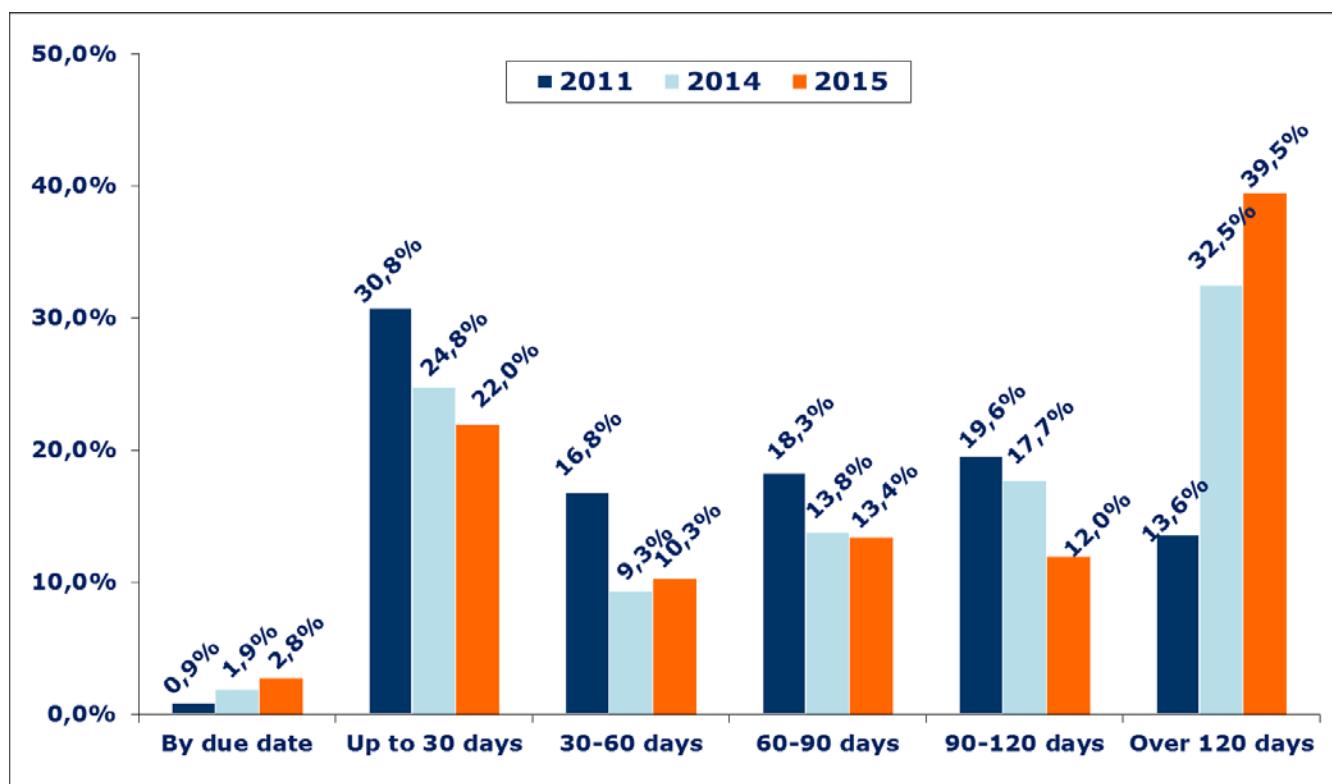
TABLE 4.3 SOURCE: DUN & BRADSTREET PHILIPPINES

VARIATIONS IN PAYMENT PRACTICES IN PHILIPPINES, 2011-2015

	Variation 2011/2015	Variation 2014/2015
By due date	1,9%	0,9%
Up to 90 days	-20,2%	-2,2%
Over 90 days	18,3%	1,3%

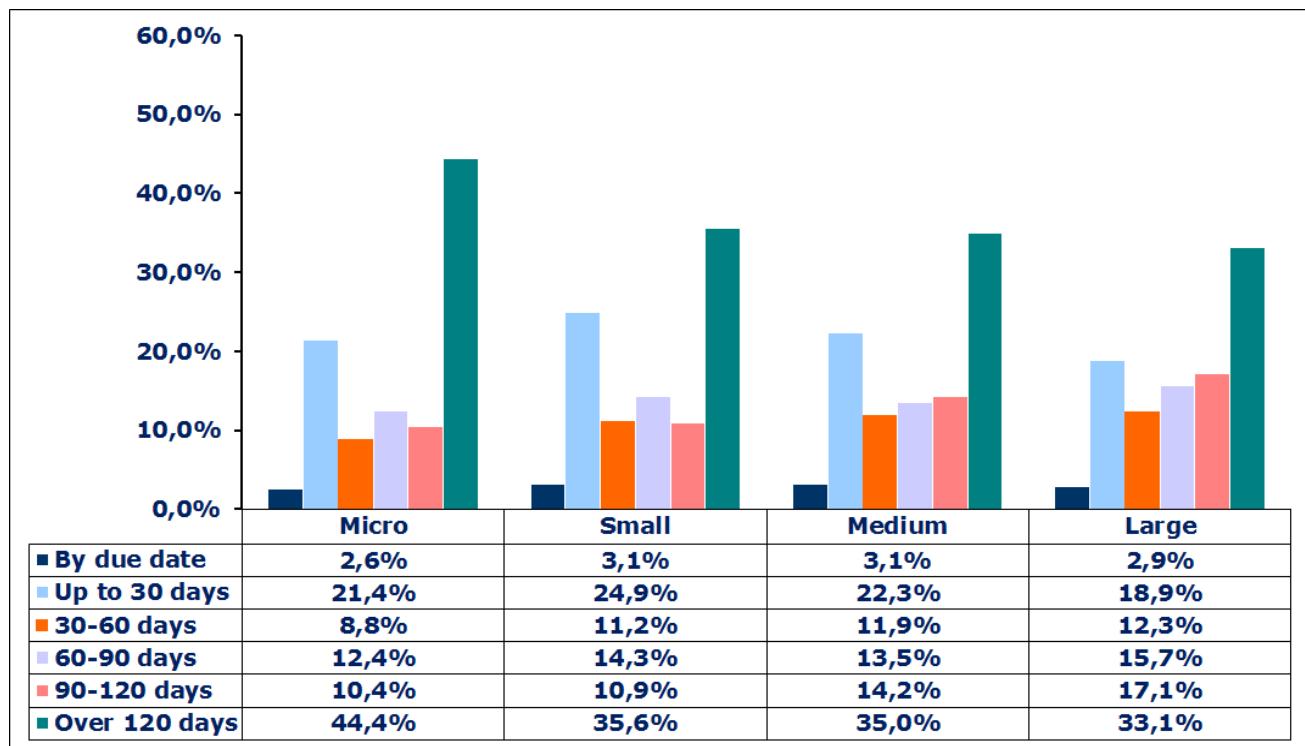
GRAPH 4.4 SOURCE: DUN & BRADSTREET PHILIPPINES

PAYMENT PRACTICES IN PHILIPPINES BY PAYMENT CLASS, 2011-2015



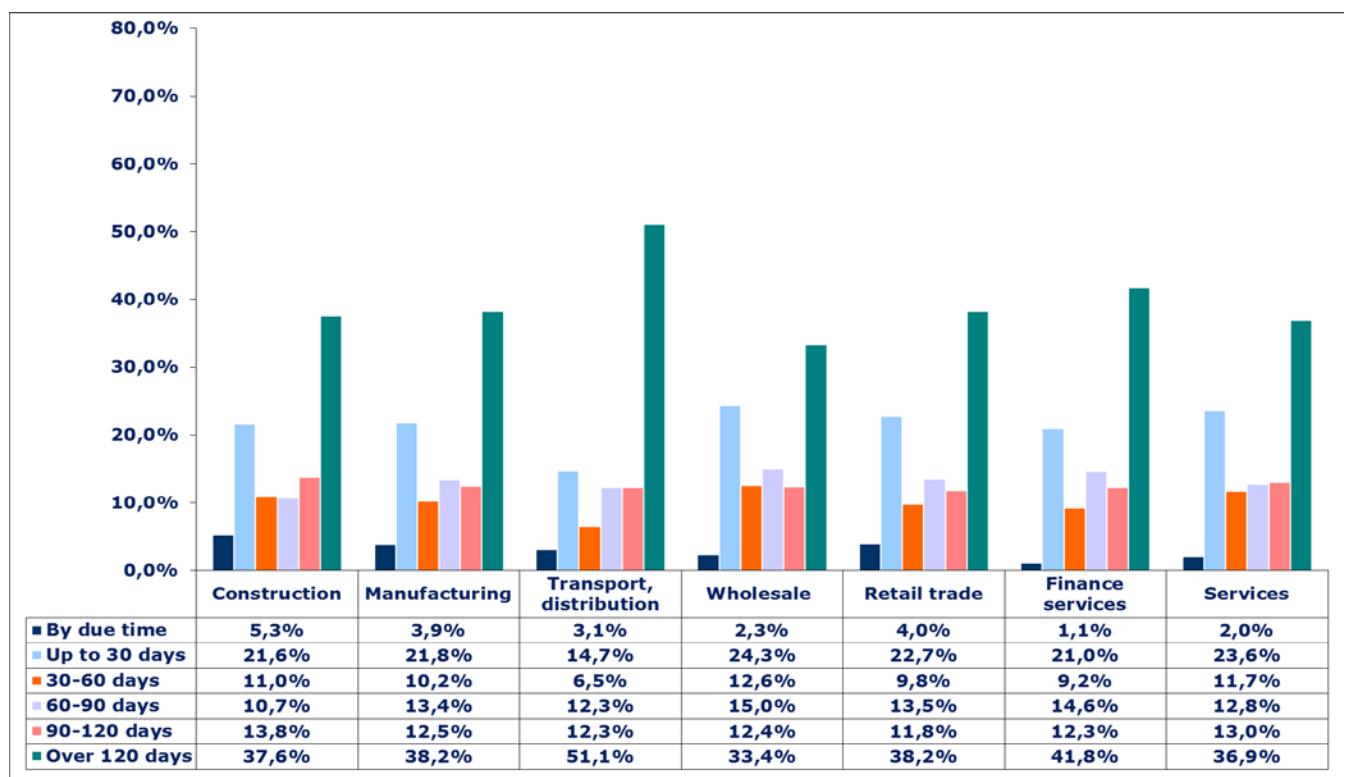
GRAPH 4.5 SOURCE: DUN & BRADSTREET PHILIPPINES

PAYMENT PRACTICES IN PHILIPPINES BY TYPE OF COMPANY, 2015



GRAPH 4.5 SOURCE: DUN & BRADSTREET PHILIPPINES

PAYMENT PRACTICES IN PHILIPPINES BY PRODUCT SECTOR, 2015



5. SINGAPORE

Payment performance of local firms continues to improve for the third consecutive quarter in Q4 2015. More than half of all payment transactions were prompt while slightly more than one-third of payment transactions were delayed for the final quarter of 2015.

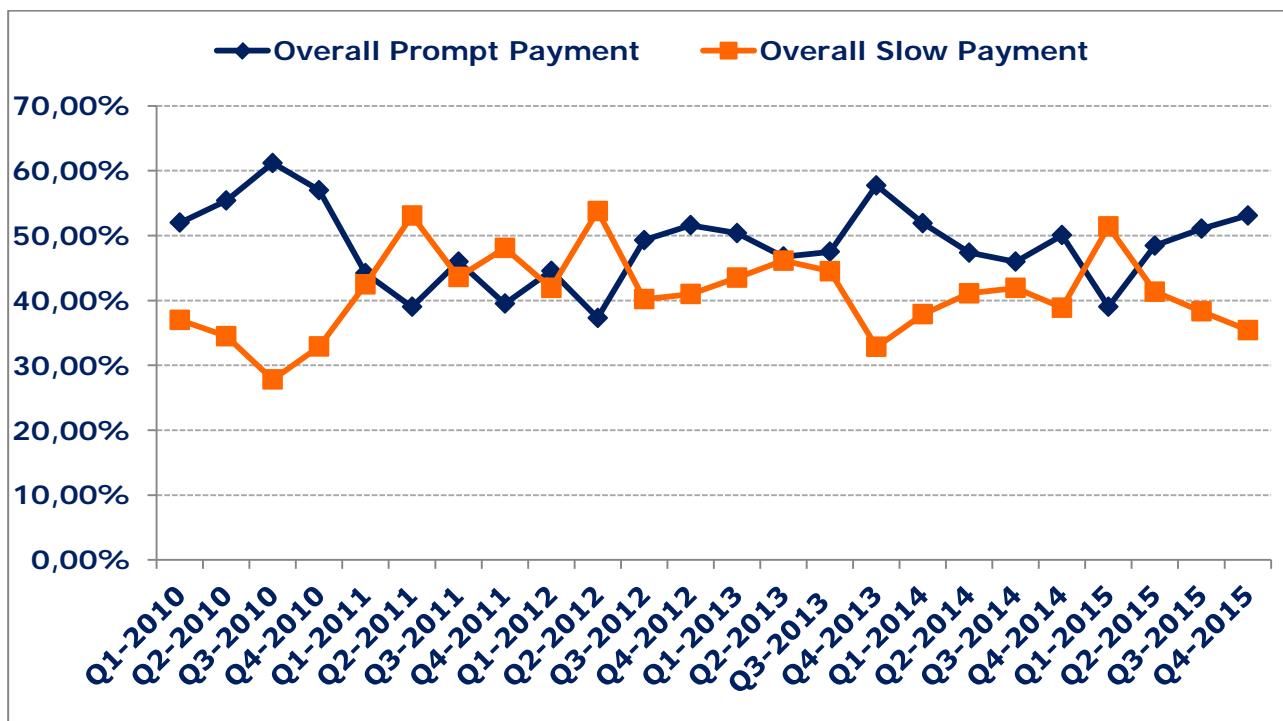
According to Dun & Bradstreet (S) Pte. Ltd. (D&B)'s latest payment statistics, overall prompt payments rose to a near two-year high. On a quarter-on-quarter (q-o-q) basis, overall prompt payments inched up slightly by 2.05 percentage points from 51.05 per cent in Q3 2015 to 53.10 per cent in Q4 2015. On a year-on-year (y-o-y) basis, prompt payments climbed slightly higher by 3.03 percentage points from 50.07 per cent in Q4 2014 to 53.10 per cent in Q4 2015. This marks the second highest reading in nearly two years when prompt payments registered a previous high of 57.73 per cent in Q4 2013.

Similar improvements were also seen in slow payments by local firms. On a q-o-q basis, slow payments dipped by 2.88 percentage points from 38.31 per cent in Q3 2015 to 35.43 per cent in Q4 2015. Compared to a year ago, slow payments fell markedly by 3.46 percentage points from 38.89 per cent in Q4 2014 to 35.43 per cent in Q4 2015. As with prompt payments, the latest reading in slow payments mark the second lowest in nearly two years when slow payments registered 32.84 per cent in Q4 2013.

Meanwhile, partial payments rose marginally for the third consecutive quarter q-o-q by 0.82 percentage points from 10.65 per cent in Q3 2015 to 11.47 per cent in Q4 2015. Y-o-y, partial payments climbed slightly by 0.44 percentage points from 11.03 per cent in Q4 2014 to 11.47 per cent in Q4 2015.

GRAPH 5.1 SOURCE: DUN & BRADSTREET SINGAPORE

TRENDS IN PROMPT PAYMENT AND SLOW PAYMENT, 2010-2015



From a sectorial perspective, payment performance experienced q-o-q marginal decreases across the majority of the industries. With the exception of the construction industry, the remaining industries experienced a q-o-q fall in slow payments. This stands in contrast to Q3 2015 when all five industries experienced a fall in slow payments. Y-o-y payment delays have improved across all five industries for Q4 2015.

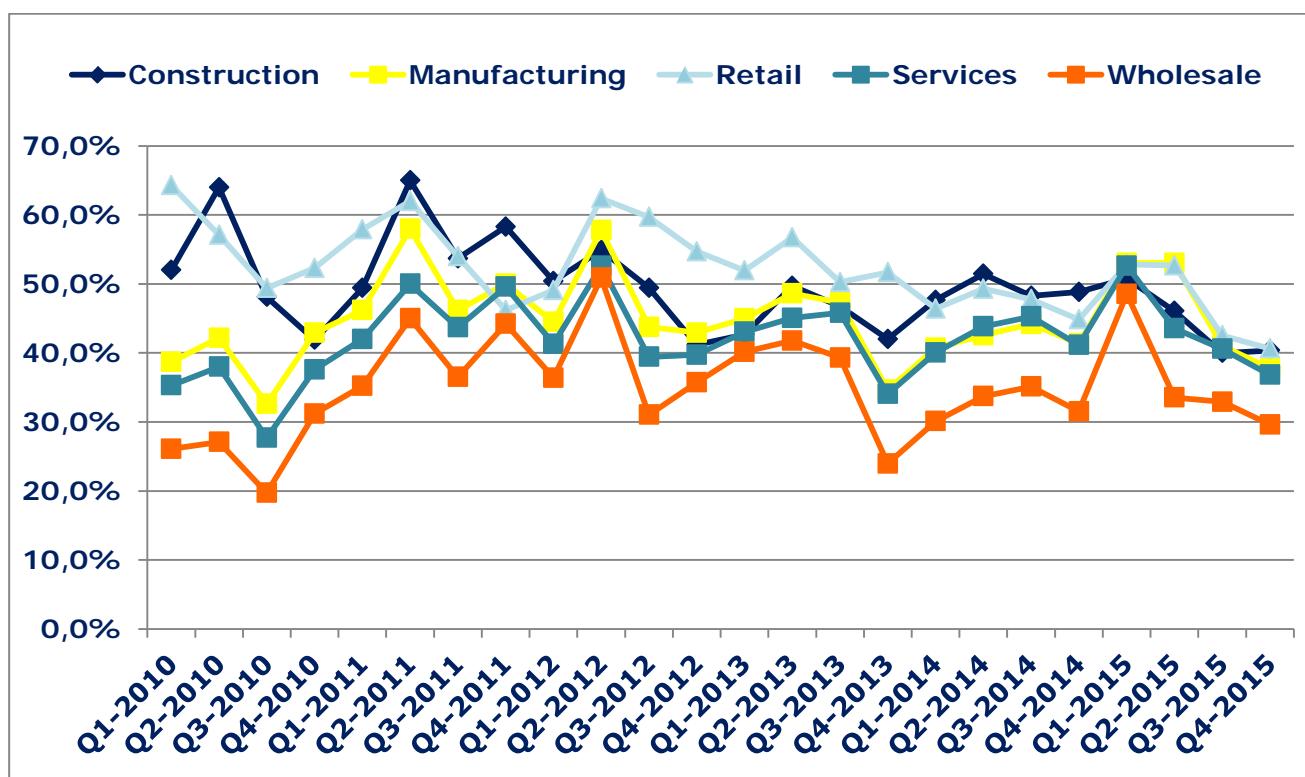
TABLE 5.2 SOURCE: DUN & BRADSTREET SINGAPORE

TRENDS IN SLOW PAYMENT BY PRODUCT SECTOR, 2014-2015

	% of Slow Payments		Percentage-Point Change		
	Q4 2015	Q3 2015	Q4 2014	Q-o-q	Y-o-y
Construction	40,37	39,98	48,82	0,39	-8,45
Manufacturing	37,73	41,05	41,37	-3,32	-3,64
Retail	40,64	42,54	44,86	-1,90	-4,22
Services	36,84	40,58	41,15	-3,74	-4,31
Wholesale	29,61	32,91	31,53	-3,30	-1,92

GRAPH 5.3 SOURCE: DUN & BRADSTREET SINGAPORE

PERCENTAGE OF PAYMENTS MADE 30 DAYS OR MORE ABOVE TERMS BY PRODUCT SECTOR, 2010-2015



Retail

Following a significant improvement in payment delays in Q3 2015, the retail sector saw further improvements as slow payments accounted for less than half of payment transactions made in Q4 2015. The improvement in payment delays is attributed to an uptick in tourist arrivals which created positive spillovers into the retail sector.

- According to SCCB, slow payments slipped q-o-q by 1.90 percentage points from 42.54 per cent in Q3 2015 to 40.64 per cent in Q4 2015.
- Retailers of luxury goods saw the most significant improvement as payment delays fell markedly by 5.07 percentage points from 39.85 per cent in Q3 2015 to 34.78 per cent in Q4 2015. This is followed by retailers of furniture and home furnishing stores which saw slow payments fall by 2.90 percentage points from 39.30 per cent in Q3 2015 to 36.40 per cent in Q4 2015. Meanwhile, retailers of food and beverage also saw improvements in slow payments, falling marginally by 1.41 percentage points from 42.46 per cent in Q3 2015 to 41.05 per cent in Q4 2015.
- On a y-o-y basis, slow payments fell markedly by 4.22 percentage points from 44.86 per cent in Q4 2014 to 40.64 per cent in Q4 2015.

Construction

The construction sector saw a slight deterioration in payment delays for the first time in two consecutive quarters, accounting for the second largest proportion of payment delays in Q4 2015. The increase in payment delays is due to muted public building activities across the residential, non-residential and civil engineering segments. The construction sector is the only industry which experienced a q-o-q increase in slow payments in Q4 2015.

- According to SCCB, q-o-q payment delays rose slightly by 0.39 percentage points from 39.98 per cent in Q3 2015 to 40.37 per cent in Q4 2015.
- Slow payments within the building construction sector inched up by 0.69 percentage points from 41.11 per cent in Q3 2015 to 41.80 per cent in Q4 2015. Meanwhile, slow payments within the heavy construction sector rose markedly by 3.24 percentage points from 38.56 per cent in Q3 2015 to 41.80 per cent in Q4 2015. Payment delays within the special trade sector decreased slightly by 1.48 percentage points from 37.98 per cent in Q3 2015 to 36.50 per cent in Q4 2015.
- On a y-o-y basis, payment delays within the construction sector made the largest decline by 8.45 percentage points from 48.82 per cent in Q4 2014 to 40.37 per cent in Q4 2015.

Manufacturing

Meanwhile, slow payments within the manufacturing sector continue to dip further following a slightly better payment performance in Q3 2015. However, the improvement in payment performance is largely attributed to the steep decline in slow payments by manufacturers of tobacco and chemicals and chemical products. Payment delays across most sub-sectors within manufacturing experienced marginal or no changes from Q3 2015.

- According to SCCB, slow payments fell moderately by 3.32 percentage points q-o-q from 41.05 per cent in Q3 2015 to 37.73 per cent in Q4 2015.

- Manufacturers of tobacco registered the steepest fall in slow payments, down by 11.67 percentage points from 66.67 per cent in Q3 2015 to 55.0 per cent in Q4 2015 while manufacturers of chemicals and chemical products registered the steepest fall in slow payments, down by 4.01 percentage points from 39.83 per cent in Q3 2015 to 35.82 per cent in Q4 2015.
- For Q4 2015, manufacturers of tobacco, transportation equipment and paper and allied products recorded the highest proportion of payment delays at 55.0 per cent, 48.39 per cent and 42.82 per cent respectively.
- On a y-o-y basis, payment delays have similarly fallen by 3.64 percentage points from 41.37 per cent in Q4 2014 to 37.73 per cent in Q4 2015.

Services

Overall slow payments within the services sector decreased in Q4 2015 on the back of resilient demand for corporate-facing service and information and communications sub-sectors.

- According to SCCB, q-o-q payment delays fell visibly by 3.74 percentage points from 40.58 per cent in Q3 2015 to 36.84 per cent in Q4 2015.
- This was driven mainly by a substantial fall in slow payments across the professional and public services sub-sectors. According to SCCB, the automobile repair and maintenance services experienced the steepest fall in slow payments from 38.73 per cent in Q3 2015 to 30.19 per cent in Q4 2015. This was followed by the educational services sub-sector, where payment delays dropped by 7.58 percentage points from 43.70 per cent in Q3 2015 to 36.12 per cent in Q4 2015.
- Meanwhile, the business services sub-sector also saw a moderate decrease in slow payments by 3.19 percentage points from 41.27 per cent in Q3 2015 to 38.08 per cent in Q4 2015, on the back of resilient corporate demand for professional services.
- Reversing the uptrend seen in the previous quarter, the consumer-facing personal service sector experienced a marginal increase in slow payments by 0.97 percentage points from 35.06 per cent in Q3 2015 to 36.03 per cent in Q4 2015
- On a y-o-y basis, payment delays within the services sector decreased markedly by 4.31 percentage points from 41.15 per cent in Q4 2014 to 36.84 per cent in Q4 2015.

Wholesale Trade

The wholesale sector remains the best paymaster across all sectors on the back of healthy gains in cargo volumes and oil exports.

- According to SCCB, payment delays within the wholesale trade sector slipped by 3.30 percentage points from 32.91 per cent in Q3 2015 to 29.61 per cent in Q4 2015.
- The better performance is due to a moderate decrease in payment delays by the wholesale trade of non-durable goods, falling by 4.02 percentage points from 31.67 per cent in Q3 2015 to 27.65 per cent in Q4 2015. Meanwhile, slow payments by the wholesale trade of durable goods increased marginally by 2.47 percentage points from 33.27 per cent in Q3 2015 to 35.74 per cent in Q4 2015.

- On a y-o-y basis, slow payments within the wholesale trade sector dropped marginally by 1.92 percentage points from 31.53 per cent in Q4 2014 to 29.61 per cent in Q4 2015.

"The improvements in overall payment performance could be a cyclical uptick, especially for both retail and services sectors which have raked in better sales and profit margin during the festive season, as compared to the preceding quarters. However, a closer examination of the payment performance reveals that the improvement in payment performance has decelerated for the final quarter of 2015. The fall in slow payments was relatively marginal compared to Q3 2015 when the improvements were more substantial. Given the multitude of challenges such as manpower constraints, higher office leasing costs and a muted external environment, local firms will have to contend with margin pressures and manage their cash-flows accordingly." commented Ms. Audrey Chia, D&B Singapore's Chief Executive Officer.

6. THAILAND

Payment analysis

In 2015, Thailand companies that paid their suppliers on time ("By due date" class) accounted only 19,5% of the total.

On the other hand, the moderate late payments ("Up to 30 days") account for 55,2 percentage points, while the intermediate late payment classes, "30-60 days" and "60-90 days", together reach 17,3%. The share of "bad payers" ("Up to 90 days") at the end of 2015 account 8% of the total, and 5,8% pay more than 120 days late on average.

It is possible to see a general heterogeneity in payment behavior in Thailand in relation to sectors analyzed.

Retail trade and Construction show the best payment performances, with 24,5% and 24,8%, of punctual payers.

A large part of Thailand companies are in the "Up to 30 days" class, with values varying between 44,6% for Retail trade and 74,2% for the Mining sector.

For the intermediate late payment class (between 30 and 90 days on average), the highest value is seen for the Finance services sector with 23,9% of the sample.

Finally, the most serious payments class (over 90 days on the average) is highest in the Construction sector (12,4%), followed by Finance services with the 11,7% of the total.

Building materials and garden supplies is the sector with the best payment record in Thailand, with 44,2% of companies paying within agreed payment terms. In second and third places are the Social services (40,7%) and Motion pictures (30,2%) sectors.

Insurance carriers and Agricultural services are in the top positions in the ranking of the worst sectors with more than 19% of late payments of over 90 days on average.

TABLE 6.1 SOURCE: D&B (THAILAND) COMPANY LIMITED

PERCENTAGE OF COMPANIES IN THAILAND WITH ON TIME PAYMENTS, 2015

	2015
Thailand	19,5%

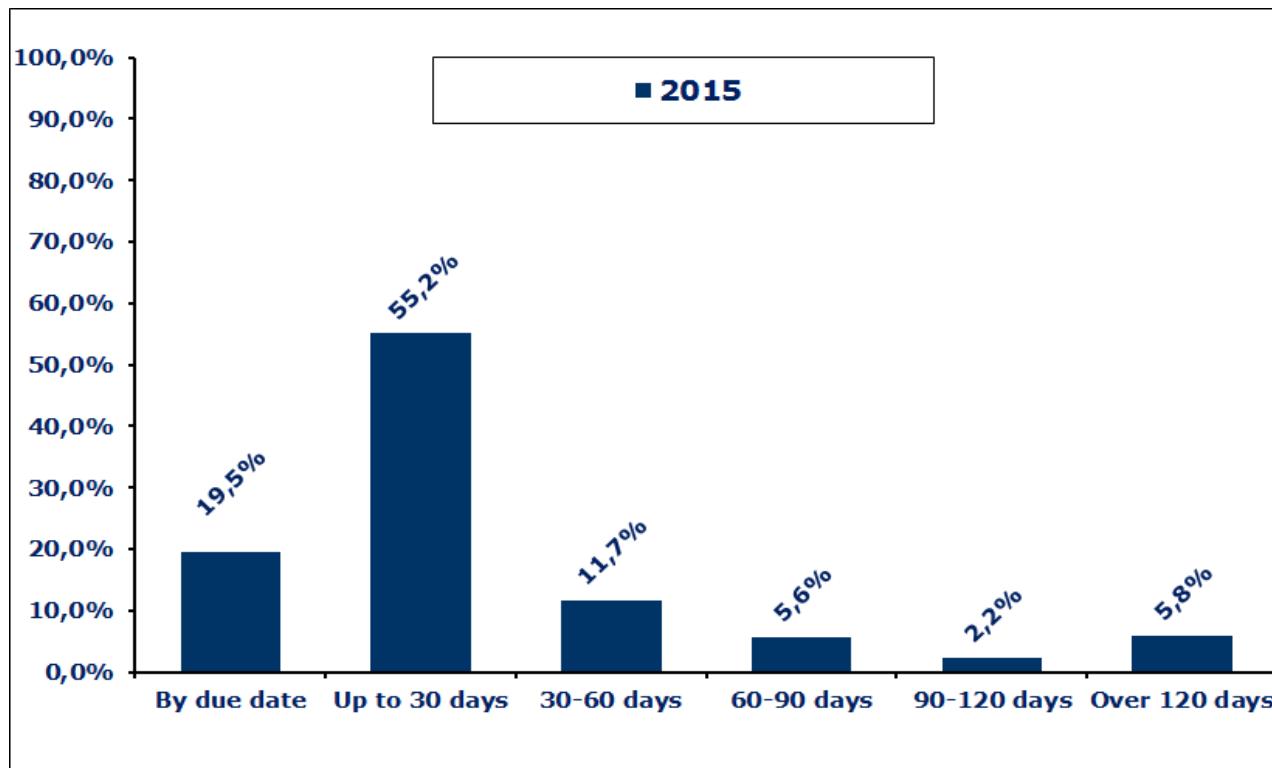
TABLE 6.2 SOURCE: D&B (THAILAND) COMPANY LIMITED

PERCENTAGE OF COMPANIES IN THAILAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2015

	2015
Thailand	8,0%

GRAPH 6.3 SOURCE: D&B (THAILAND) COMPANY LIMITED

PAYMENT PRACTICES IN THAILAND BY PAYMENT CLASS, 2015



GRAPH 6.4 SOURCE: D&B (THAILAND) COMPANY LIMITED

PAYMENT PRACTICES IN THAILAND BY PRODUCT SECTOR, 2015

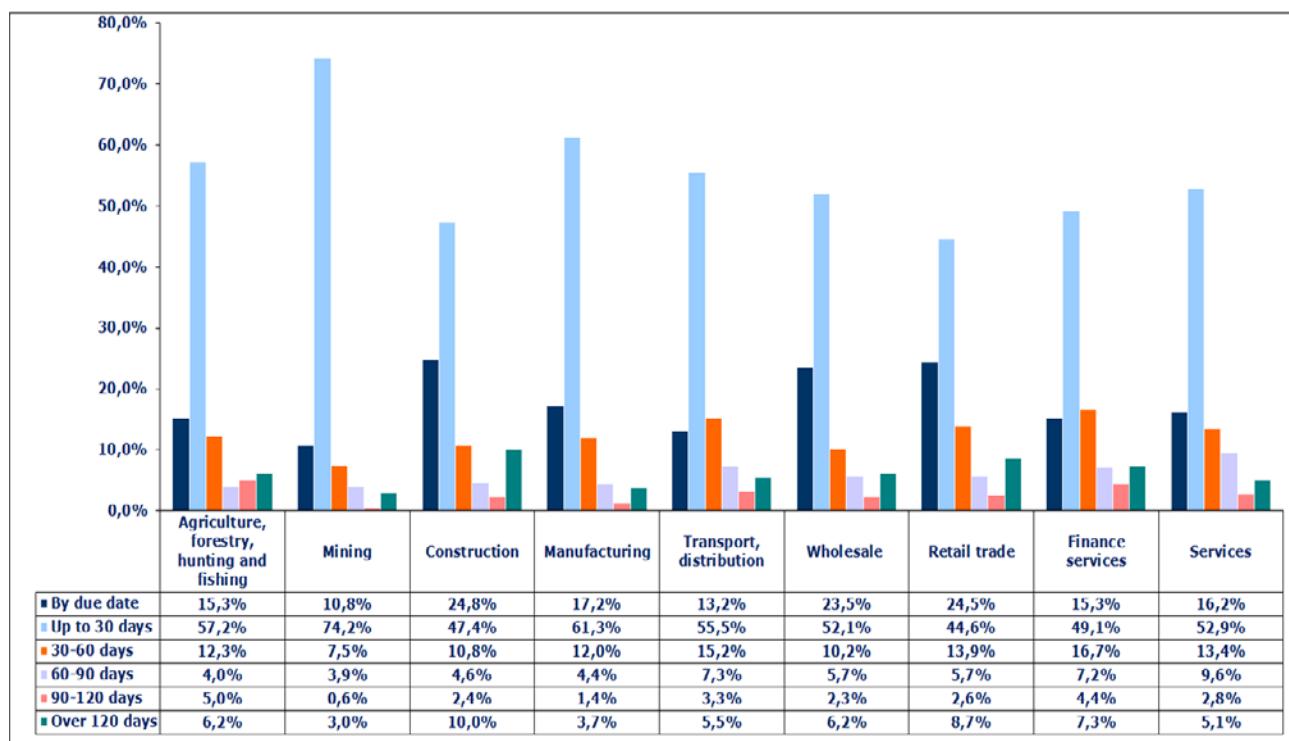


TABLE 6.5 SOURCE: D&B (THAILAND) COMPANY LIMITED

SECTORS WITH THE BEST PAYMENT RECORDS IN THAILAND, 2015

Sector	Ranking 2015
BUILDING MATERIALS AND GARDEN SUPPLIES	1
SOCIAL SERVICES	2
MOTION PICTURES	3
SPECIAL TRADE CONTRACTORS	4
AUTOMOTIVE DEALERS AND SERVICE STATIONS	5
PRINTING AND PUBLISHING	6
LEGAL SERVICES	7
CHEMICALS AND ALLIED PRODUCTS	8
EDUCATIONAL SERVICES	9
LEATHER AND LEATHER PRODUCTS	10

TABLE 6.6 SOURCE: D&B (THAILAND) COMPANY LIMITED

SECTORS WITH THE WORST PAYMENT RECORDS IN THAILAND, 2015

Sector	Ranking 2015
INSURANCE CARRIERS	67
AGRICULTURAL SERVICES	66
FOOD STORES	65
GENERAL BUILDING CONTRACTORS	64
LUMBER AND WOOD PRODUCTS	63
REAL ESTATE	62
LOCAL AND INTERURBAN PASSENGER TRANSIT	61
FURNITURE AND FIXTURES	60
FURNITURE AND HOMEFURNISHINGS STORES	59
AMUSEMENT AND RECREATION SERVICES	58

7. MEXICO

Below is the opinion of **Arturo Castro, Country Manager** at **D&B México**, on the economic scenario and payment situation in Mexico.

"In Mexico in 2015, companies have reacted to handle difficulties arising from crisis taking risk decisions not only by the finance situation but considering other issues like trade tape, suits, commercial reference. The Macro-economic situation in México is strong and healthy but now our exchange rate has received a strong impact. Mexico has done several reforms that will create an excellent business environment. The low oil prices has a strong impact in the economy in the exchange rate and in government expenses, but other non-oil industries will grow normally as Automotive, Cement, Beer and manufacturers and will increase their exports.

The payment terms granted by Mexican companies are 30–45 days, and these haven't increased a lot in recent years.

Among the most important causes of payment delays are bad and not enough information, wrong credit process, could be some issues in just some sectors like construction and business with government that usually takes more time to pay, but finally pays. With low revenue in government due the low prices of oil the payments that comes from the government will delay.

Companies are focusing on the process of credit, following the collection per week and work with sales departments in order to solve the problems,

Estimations show that the Mexican economy will continue growing during 2016. Also, inflation will remain practically stable in a quarter averages of 2.5% if the situation of high exchange rate don't take too much time. If USA begins to grow, México will grow more as well.

Episodes of global volatility are impacting and depreciating the Peso, but as long as these events are not too far from positive growth perspectives in Mexico and the commitment with the deficit and public debt goals is not in risk, but if the exchange rate continues between 18 to 19 ppd in average for the following quarters delay of payments will show.

All this perspective will maintain stable and growing in 2016. In 2015 the factoring of Government AR could be a solution."

Payment analysis

At the end of 2015, there haven't been notable variations in the payment classes. Mexican companies that paid their suppliers on time ("By due date" class) accounted for 55,6% of the total with a one percentage point decrease compared with 2014, meanwhile companies that pay over 90 days late on average accounted for 0,6%.

Companies in the intermediate late payment class of between 1 and 30 days represent 41,8% of the total.

Compared with 2010, there have been significant changes: punctual payers have suffered a 14,4% decrease, meanwhile serious late payers (over 90 days on average) have decreased by 0,2%.

The most part of Mexican companies pay suppliers within agreed terms; in particular, Small and Medium companies have a more balanced payment behavior with a share of "good payers" above 60%.

In the Large company category, on the other hand, around 51,2% of companies are concentrated in the "Up to 30 days" bracket and a further 3,8% pay between 30 and 90 days late.

In the more serious late payment classes, the pattern is more or less uniform and all categories have moderate percentages, with values varying between 0,4% (Small) and 0,7% (Micro).

It is worth noting that the values recorded for serious late payments are rather contained: Mexican companies manage to contain late payments (up to 30 days) in the cases where they do not respect agreed time limits.

The best payment performances are seen in the Construction and Agriculture, forestry, hunting and fishing sectors, with 72,1% and 66,1% of punctual payers, respectively.

Finance services and Retail trade have a greater propensity to pay suppliers up to 30 days late (more than 50% of cases).

Performance is less positive in the Retail trade and Mining sectors: not only do they have concentrations of punctual companies below 50%, but they are also sectors with the highest percentages of "bad payers" (0,8%).

Narrowing down of study to micro sectors, in first place in the classification of best payers are Special trade contractors (from the construction sector) and Agricultural production - Crops, with 80,4% and 70,7% of companies respecting the payment terms agreed with trading partners.

On the contrary, the worst performance relates to the Hotels and other lodging places, with 1,5% of companies paying seriously late (over 90 days on average) and Holding and other investment offices with a percentage of 1,5%.

Therefore, the good state of health of the payment system for Mexican companies has been confirmed over the last twelve months.

TABLE 7.1 SOURCE: D&B MÈXICO

PERCENTAGE OF COMPANIES IN MEXICO WITH ON TIME PAYMENTS, 2010-2015

	2010	2014	2015
Mexico	70,0%	56,6%	55,6%

TABLE 7.2 SOURCE: D&B MÈXICO

PERCENTAGE OF COMPANIES IN MEXICO WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2010-2015

	2010	2014	2015
Mexico	0,8%	0,4%	0,6%

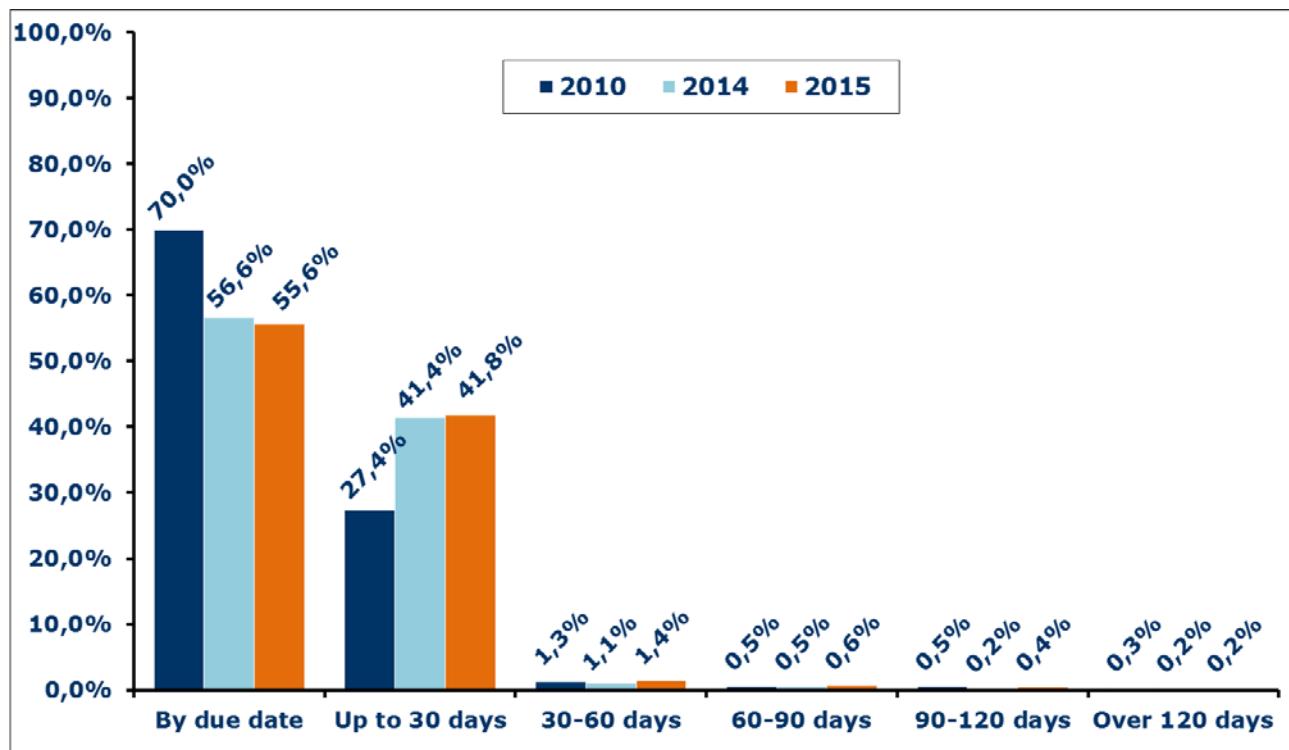
TABLE 7.3 SOURCE: D&B MÈXICO

VARIATIONS IN PAYMENT PRACTICES IN MEXICO, 2010-2015

	Variation 2010/2015	Variation 2014/2015
By due date	-14,4%	-1,0%
Up to 90 days	14,6%	0,8%
Over 90 days	-0,2%	0,2%

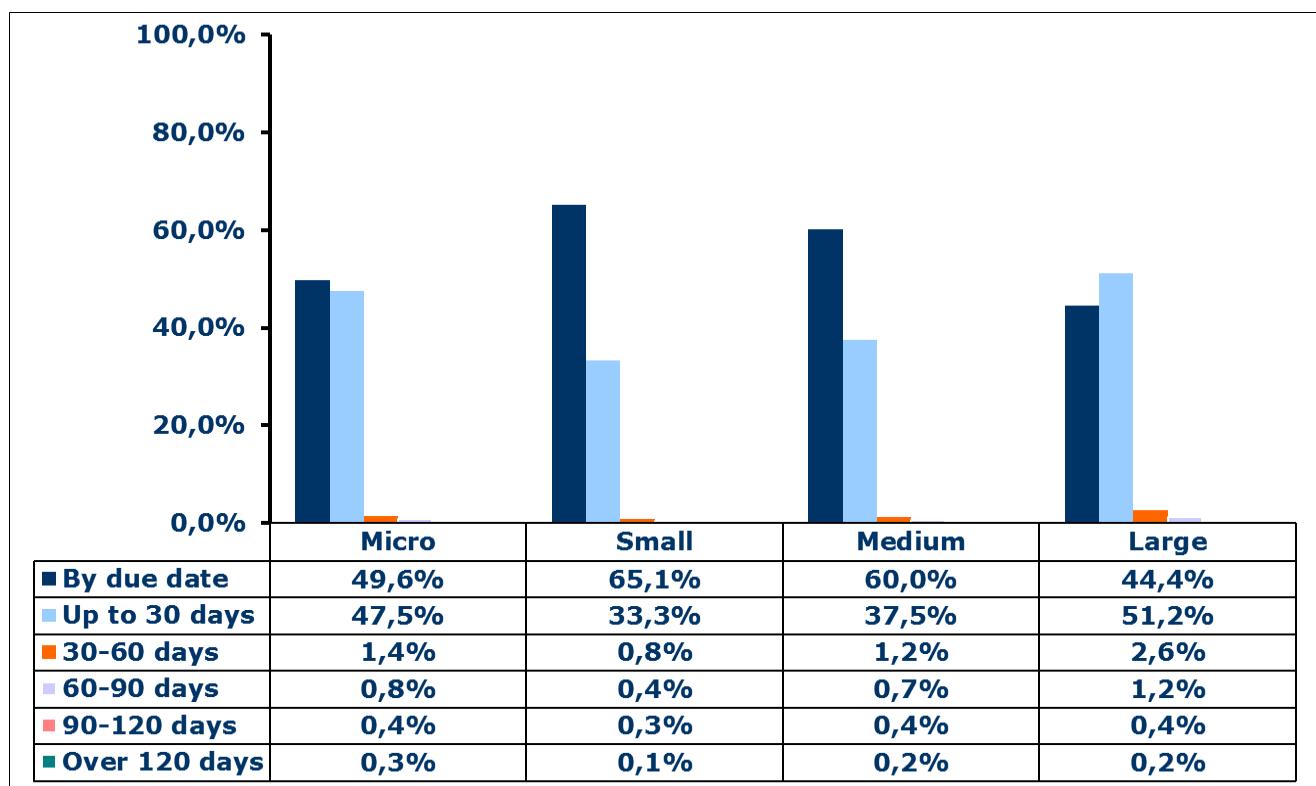
GRAPH 7.4 SOURCE: D&B MÈXICO

PAYMENT PRACTICES IN MEXICO BY PAYMENT CLASS, 2010-2015



GRAPH 7.5 SOURCE: D&B MÈXICO

PAYMENT PRACTICES IN MEXICO BY TYPE OF COMPANY, 2015



GRAPH 7.6 SOURCE: D&B MÈXICO

PAYMENT PRACTICES IN MEXICO BY PRODUCT SECTOR, 2015

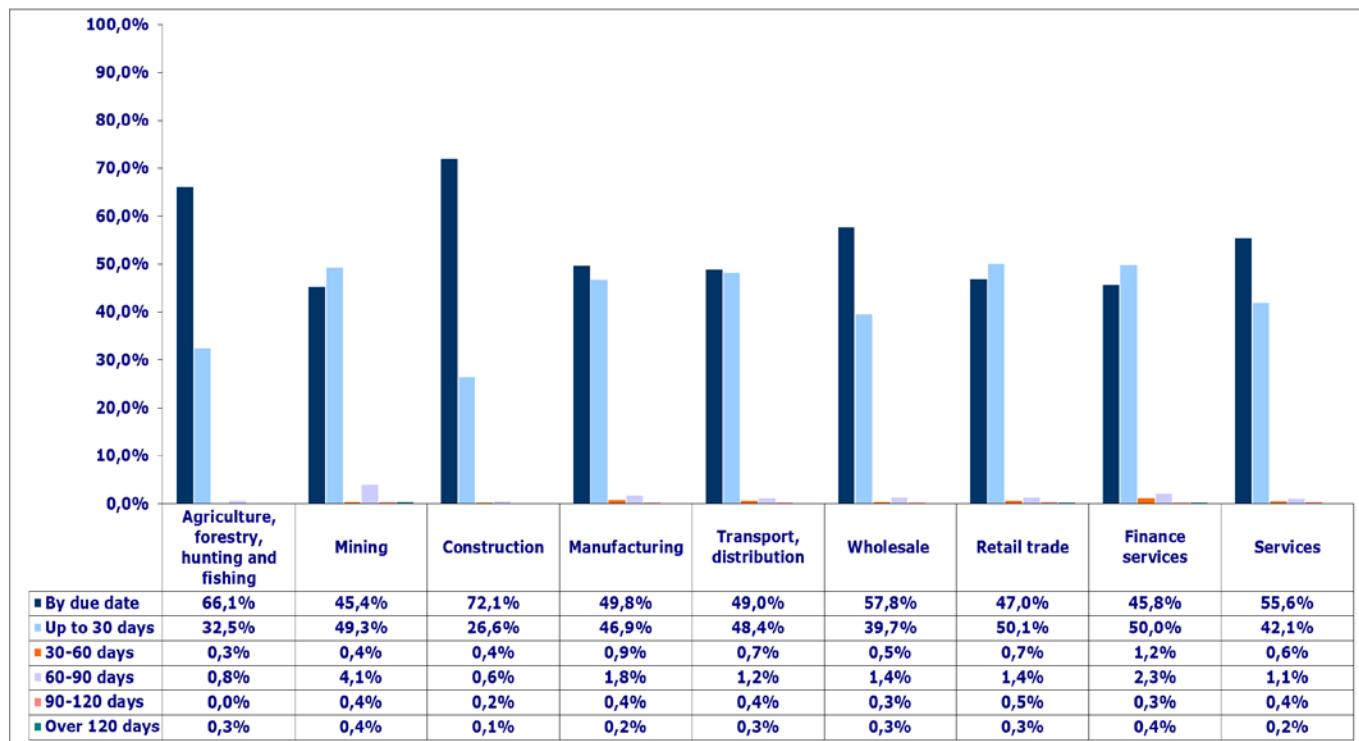


TABLE 7.7 SOURCE: D&B MÈXICO

SECTORS WITH THE BEST PAYMENT RECORDS IN MEXICO, 2015

Sector	Ranking 2015
SPECIAL TRADE CONTRACTORS	1
AGRICULTURAL PRODUCTION - CROPS	2
GENERAL BUILDING CONTRACTORS	3
MISCELLANEOUS REPAIR SERVICES	4
HEAVY CONSTRUCTION, EXCEPT BUILDING	5
BUILDING MATERIALS AND GARDEN SUPPLIES	6
BUSINESS SERVICES	7
PRINTING AND PUBLISHING	8
LEGAL SERVICES	9
REAL ESTATE	10

TABLE 7.8 SOURCE: D&B MÈXICO

SECTORS WITH THE WORST PAYMENT RECORDS IN MEXICO, 2015

Sector	Ranking 2015
HOTELS AND OTHER LODGING PLACES	58
HOLDING AND OTHER INVESTMENT OFFICES	57
FOOD STORES	56
APPAREL AND ACCESSORY STORES	55
HEALTH SERVICE	54
EDUCATIONAL SERVICES	53
EXECUTIVE, LEGISLATIVE AND GENERAL	52
ELECTRONIC AND OTHER ELETRIC EQUIPMENT	51
TEXTILE MILL PRODUCTS	50
AMUSEMENT AND RECREATION SERVICES	49

8. UNITED STATES

Below is the opinion of **Bodhi Ganguli, Senior Economist Country Risk Services at Dun & Bradstreet** on the economic scenario and payment situation in USA.

"Dun & Bradstreet has held the country risk rating for the US at DB2a with a stable outlook, but we revised our near term growth forecasts downward. Real GDP is estimated to have grown 2.4% in 2015; we now forecast growth of 2.1% in 2016 (down from our forecast of 2.5% previously), accelerating to 2.4% in 2017 (down from 2.6% previously). Slippage in D&B's proprietary leading indicator, the Small Business Health Index (SBHI) is the single most important driver of the downgrade of our forecast; the SBHI started 2016 on a weak note, dropping to 93.5 in January from 94.2 in December 2015. This was the fourth consecutive monthly decline in the index, bringing it 4.5 points below the latest peak of 97.8 set in September 2015. More importantly, the SBHI has now fallen on a year-on-year basis for three straight months, which puts it on a steady downward trend that implies headwinds to small businesses and the US economy over the next few months.

Despite the revision to the forecast, the fundamentals of the domestic economy remain solid; rapid payroll growth continues to reduce slack in the labor market, and will translate into faster wage growth in the near term. Combined with savings from low energy prices, that positions consumer spending as the top driver of the economy. Headwinds to the economy are mainly external; the strong dollar will continue to drag on exports and profits of multinational corporations (thereby impacting business spending).

Between July 2014 and December 2015, the broad trade-weighted value of the US dollar surged by a whopping 20%, rising much faster and more sharply than anticipated. The USD has lost some ground in 2016, especially in the past few weeks, but remains elevated and its strength will continue to be a downside risk to growth through at least the summer due to lagged impact. A stronger dollar makes US exports more expensive for the rest of the world, while it makes imported goods cheaper for us. With the US Federal Reserve signaling a slow, but sure trajectory for monetary policy normalization, interest rates in the US will continue to rise. At the same time, other major central banks in the world are still cutting interest rates, and in many cases, pushing them down into negative territory. This divergence will maintain upward pressure on the dollar. The greenback's strength could be further reinforced by geopolitical crises and episodes of investor anxiety about global growth, prompting a flight to the safety of the dollar. Manufacturing has already borne the brunt of the strong dollar, and will be one of the worst hit industries. But other industries could also face impediments if cheap imports start cutting into their market share. Finally, the strong dollar is weighing on corporate profits of large multinational companies, which will, in turn, reduce their capex allocations.

Historically, periods of low oil prices have benefitted the US economy, as consumers are such an important part of the economy. This time is different, since the US is now also a producer of oil. The downside impacts of low oil prices have so far been confined to a handful of US states like North Dakota and Texas, while the broader economy continues to benefit from low energy costs. But with oil prices expected to remain low for an extended period of time, the decline in capex in the US oil and gas industry, particularly in shale, will only worsen in 2016. Employment in related industries will also face higher attrition. Dun & Bradstreet forecasts a deterioration in business conditions, and a rise in failures, particularly in the exploration and production segments of the industry. Finally, a broader systemic risk is lurking around the corner in the form of bad energy sector loan portfolios of financial institutions.

One major reason for the drop in global commodity demand has been the ongoing slowdown in the Chinese economy, as the government tries to engineer a smooth transition away from investment and manufacturing toward consumption and services. While this does not directly affect the US, even a planned and modest slowdown in the Chinese economy could trigger less orderly and more protracted slowdowns in other emerging markets overly dependent on China to buy their commodity exports. A sharper-than-expected slowdown in emerging markets could, in turn, weigh on overall global growth and investor sentiment, and thereby hurt US growth prospects.

Finally, although the domestic economy continues to grow at a steady pace, policymakers need to look beyond the near term and plan for the longer run. Most of the heavy lifting in the policy space was done by monetary policy during and after the recession. Fiscal policy needs to do more to complement that and sustain growth; but given that we are in an election year, the risk is high that political disunity will prevent such policies from being enacted. Policy paralysis could be particularly costly, because monetary policy has exhausted almost all its ammunition, and would be a lot more limited if the current expansion stalls in response to external shocks.

D&B continues to recommend SD terms for most transactions with US customers, while usual terms are between 30 and 60 days. Local delays and FX/bank delays are one of the shortest among the countries monitored by D&B, standing at 0-2 months. D&B's proprietary leading indicator, the Severe Risk Index (SRI), is a broad measure of the balance sheet health of U.S. corporations; the SRI fell 0.1% in February but remains only slightly below its all-time high, indicating businesses are recording low levels of risk synonymous with a healthy operating environment. On the other hand current risk levels look a bit stretched in relation to the length of the current expansion, and the SRI may have peaked for now. The Cleveland Fed Financial Stress Index, a coincident indicator of systemic stress, also rose to its highest level in 4 months in January, consistent with moderate stress in the banking system."

Payment analysis

The US payment situation in 2015 is stable compared with previous years, showing good performance in terms of punctual payments and some improvement in relation to serious late payments.

It can be seen that 53,8% of companies are in the "By due date" payment class (-0,4% vs. 2014), whereas a further 38,8% are in the moderate late payment class for payments up to 30 days late on average.

The other payment classes are more or less stable compared with 2014 levels: 3,9% of US companies pay between 30 and 90 days late on average, whereas 3,5% of the total demonstrate a rather critical management of payments, paying suppliers more than 90 days late on average.

Compared with 2007, there has been a net improvement in punctual payments with an increase of 10,3 percentage points, meanwhile there has been a 1,4% decrease in companies paying seriously late and a reduction of 8,9% in the "Up to 90 days" class.

Micro companies are the best payers in the United States, with 59,5% in the punctual payment class.

As size increases, the percentage of "good payers" gradually decreases down to a minimum of 13% for Large companies, for which there is a greater tendency to pay moderately late (84,1% in the "Up to 30 days" class).

In the intermediate late payment class there are around 4,3% of Small companies, whereas in the over 90 days bracket the concentrations don't exceed 3,8 percentage points.

Finally, only 0,7% of Large companies pay their suppliers seriously late, with the best performance for this variable.

Finance services is the sector with the highest concentration of punctual payments (62,3%); this is followed by Agriculture, forestry, hunting and fishing with 61,8% and Services with 58,2% of the total.

Retail trade is marked by the percentages of intermediate late payments (between 30 and 90 days on average) with 5% of the total.

In the serious late payment class (over 90 days late on average), the best performance is in the Mining sector with a percentage of bad payers of 2,3%, whereas all other sectors have values above 3,1% (5,4% for the Construction sector).

The top two micro-sectors with the best performances have remained unchanged in recent years, namely Agricultural production - Crops and Agricultural production – Livestock, with shares of punctual payers above 74%.

The worst payment performance, on the other hand, is seen for the Local and interurban passenger transit sector with 7,7% of "bad payers", followed by Auto repair, services and parking (6,2%) and Miscellaneous repair services (6,1%).

TABLE 8.1 SOURCE: D&B INC. USA

PERCENTAGE OF COMPANIES IN THE USA WITH ON TIME PAYMENTS, 2007-2015

	2007	2014	2015
United Stated	43,5%	54,2%	53,8%

TABLE 8.2 SOURCE: D&B INC. USA

PERCENTAGE OF COMPANIES IN THE USA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
United Stated	4,9%	3,9%	3,5%

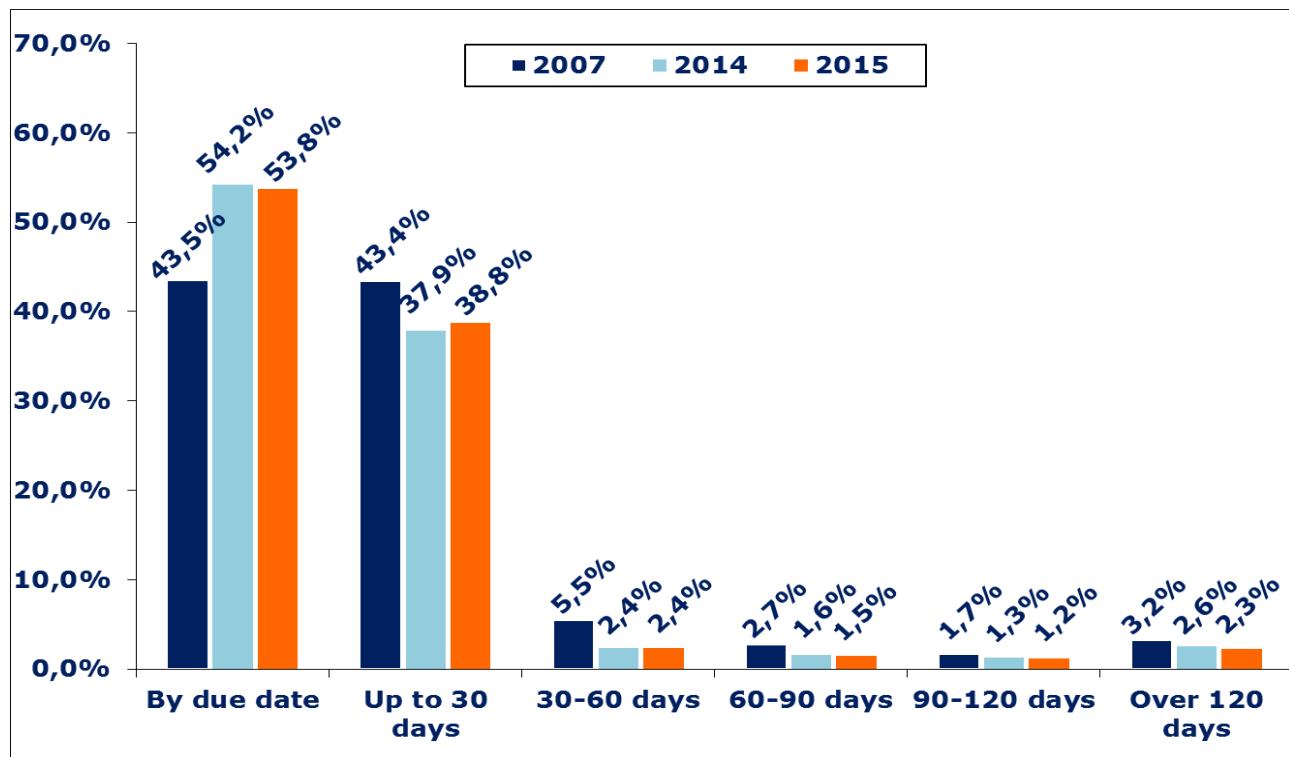
TABLE 8.3 SOURCE: D&B INC. USA

VARIATIONS IN PAYMENT PRACTICES IN THE USA, 2007-2015

	Variation 2007/2015	Variation 2014/2015
By due date	10,3%	-0,4%
Up to 90 days	-8,9%	0,8%
Over 90 days	-1,4%	-0,4%

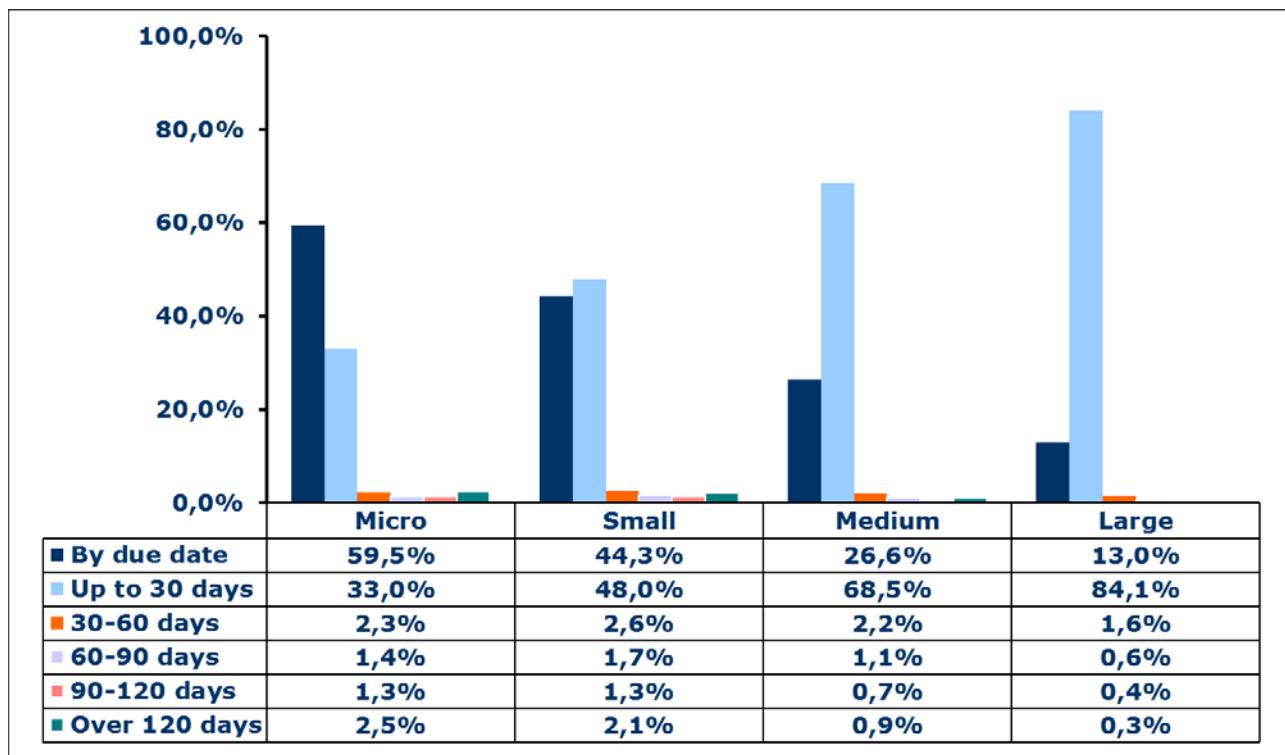
GRAPH 8.4 SOURCE: D&B INC. USA

PAYMENT PRACTICES IN THE USA BY PAYMENT CLASS, 2007-2015



GRAPH 8.5 SOURCE: D&B INC. USA

PAYMENT PRACTICES IN THE USA BY TYPE OF COMPANY, 2015



GRAPH 8.6 SOURCE: D&B INC. USA

PAYMENT PRACTICES IN THE USA BY PRODUCT SECTOR, 2015

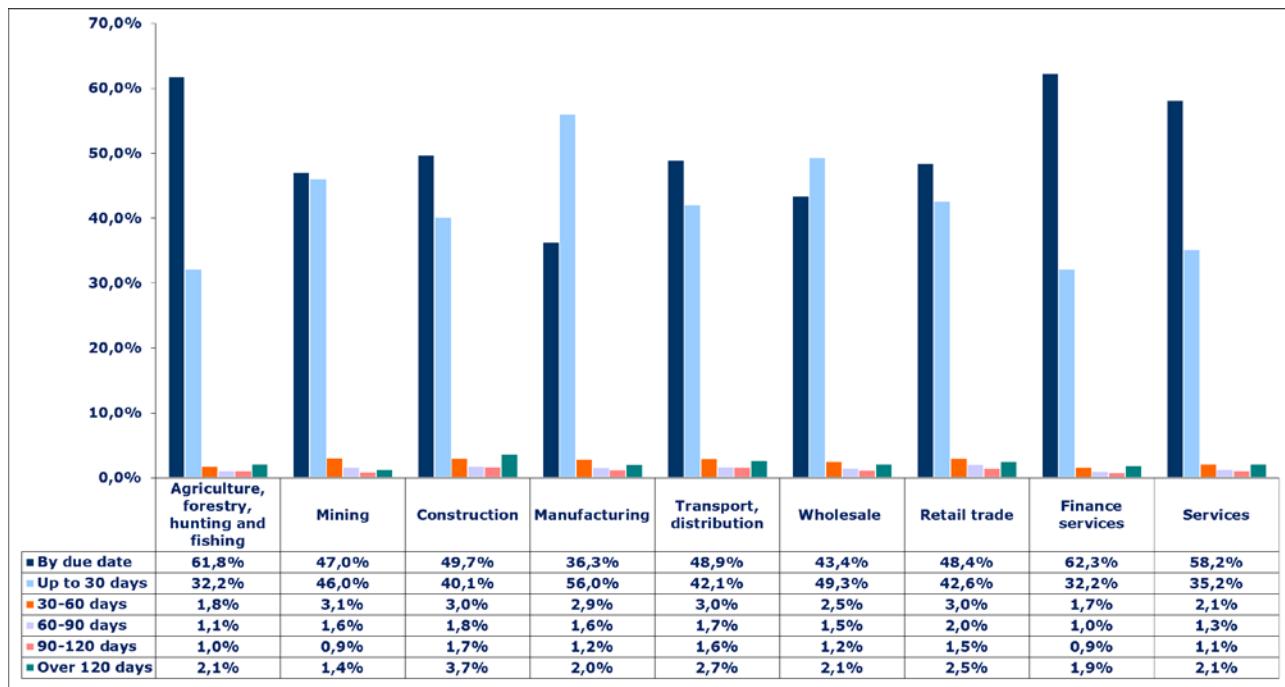


TABLE 8.7 SOURCE: D&B INC. USA

SECTORS WITH THE BEST PAYMENT RECORDS IN THE USA, 2015

Sector	Ranking 2015
AGRICULTURAL PRODUCTION - CROPS	1
AGRICULTURAL PRODUCTION - LIVESTOCK	2
HOLDING AND OTHER INVESTMENT OFFICES	3
FORESTRY	4
BUSINESS SERVICES	5
INSURANCE AGENTS, BROKERS AND SERVICE	6
PERSONAL SERVICES	7
SERVICES	8
PERSONAL SERVICES	9
ENGINEERING AND MANAGEMENT SERVICES	10

TABLE 8.8 SOURCE: D&B INC. USA

SECTORS WITH THE WORST PAYMENT RECORDS IN THE USA, 2015

Sector	Ranking 2015
LOCAL AND INTERURBAN PASSENGER TRANSIT	82
AUTO REPAIR, SERVICES AND PARKING	81
MISCELLANEOUS REPAIR SERVICES	80
NONDEPOSITORY INSTITUTIONS	79
SPECIAL TRADE CONTRACTORS	78
FURNITURE AND HOMEFURNISHINGS STORES	77
FURNITURE AND FIXTURES	76
GENERAL BUILDING CONTRACTORS	75
MISCELLANEOUS MANUFACTURING INDUSTRIES	74
APPAREL AND ACCESSORY STORES	73

9. CANADA

Below is the opinion of **Adam Morehouse, Senior Economist Country Risk Services at Dun & Bradstreet** on the economic scenario and payment situation in Canada.

"Canadian real GDP growth is expected to accelerate slightly in 2016, rising to 1.5% from a recorded 1.2% in 2015 which was the slowest pace of growth since the Global Financial Crisis (GFC). Renewed falls in energy prices, currency weakness and rising import costs are broadly weighing on the Canadian growth outlook. All of these factors have contributed to a rise in country risk and we have downgraded Canada's country risk rating to DB2c (from DB2b) as of the latest publication. Despite the recent downgrade Canada is currently one of the best in Dun & Bradstreet's 132-country universe, reflecting Canada's relatively good business operating environment compared to other markets."

Pervasive weakness among companies within the energy sector will continue to weigh on current Canadian growth and the full-year 2016 outlook. Firms in the oil and gas sector will continue to scale back on output, employment and investment in 2016 as long as commodity prices remain historically low for a prolonged period of time. On the other hand, Canadian consumers and non-oil businesses should benefit from lower fuel prices. Consumer spending is expected to remain a key driver of economic growth in 2016 as a result of accommodative monetary (the overnight rate remains near an all-time low at 0.5%), and fiscal policies.

However, stretched personal finances will simultaneously remain a risk to Canada's financial stability in 2016. The ratio of household debt to disposable personal income was almost 158% towards the end of 2015—an all-time high since record keeping began in 1990. While pockets of home prices at specific geographic locations are approaching or are currently at overvalued status. In addition, job growth has been weak as of late—the unemployment rate climbed to 7.1% at the end of 2015. Job losses amongst the goods producing sector increased through year-end 2015 and given current difficulties that trend will likely continue in 2016. Alternatively, job gains amongst the services sector have remained strong and are helping to offset goods-producing job losses. Service sector employment will need to remain robust in 2016 to help bring stability to the labor market.

The Liberal Party, now led by Justin Trudeau who was elected in October 2015, won a majority during the parliamentary elections and is in a strong position to avoid lengthy parliamentary negotiations in the House of Commons in 2016. A majority will allow the Liberal Party the ability to push forward with policy development, implementation and structural reforms to make the Canadian governing system more effective. The Canadian government maintains a policy of fiscal prudence and recorded a surplus during the 2014-2015 fiscal year for the first time since 2008. However, the sharp fall in oil prices since mid-2014 has taken its toll on public finances and will return the budget to deficit in 2015-2016.

Canada's long-term growth potential (5-15 years) will likely be supported by more diversified trade and investment that tap into the evolving relationship between Canadian and European and Asian markets, although it will continue to prioritize strong existing links with the U.S. The recently agreed and wide-ranging Trans-Pacific Partnership (TPP) trade and investment deal with the US and ten other countries in Asia and Latin America could be ratified in 2017 and come into force by 2020.

Canada's oil and gas sector and related industries, and oil-dependent provinces, continue to feel the financial strain caused by low global oil prices, which is triggering job losses, reduced output and scaled-back investment spending. The Bank of Canada is maintaining a relatively loose monetary policy stance, and the new Liberal government is shaping fiscal policy to stimulate the

economy. There are some concerns about the build-up of household debt and pockets of highly over-priced real estate, meaning that any monetary policy tightening could be delayed and will be very gradual. The current weakness of the Canadian dollar against the USD is expected to continue in the short term, benefitting exporters but making life difficult for importers. We continue to recommend OA terms for the majority of transactions with Canadian customers, with usual payment terms up to 30 days."

Payment analysis

Canada continues to be placed in an intermediate position within the international context, with more or less payment performance over time.

At the end of 2015, the percentage of companies that paid on time was 35,3%, up compared to 2014 (44,3%).

The share of "bad payers" reached a level of 1,2%, with a decrease of 0,3 percentage points compared to the previous year.

The situation has changed rather more significantly in the intermediate and serious late payment classes from 2007 to today: there has been a slightly worsening in punctual payments ("By due date" class) of 3,2 percentage points, with a corresponding significant increase in the intermediate class of "Up to 90 days" (+5,3%) and a lower reduction in the "Over 90 days" class (2,1%).

Micro companies show a more balanced payment behavior: 35,1% of the total respect agreed time limits and a further 58% pay between 1 and 30 days late on average. However, this category has higher concentrations in the intermediate and serious late payment classes: 5,6% of companies with less than 6 employees pay between 30 and 90 days late, meanwhile 1,3% fall within the "Over 90 days" class.

As size increases, the concentration of companies that pay on time falls significantly down to the lowest value of 10,1% for Large companies.

Looking at Canadian payment habits by sector, the best payment performance is shown by Agriculture, forestry, hunting and fishing with the highest concentration of punctual payers (54%).

Services and Construction also have a good share of companies that manage to meet their payment obligations within agreed time limits (over 36%), meanwhile there is a more critical situation in the Manufacturing sector, with only 22,7% of companies in this class.

The percentages in the serious late payment classes are contained in all sectors and the highest values are seen in the Agriculture, forestry, hunting and fishing and Mining (1,6% and 1,5%).

Legal services, Personal services and Agricultural production - Livestock occupy the top position in the classification of micro-sectors with the most punctual payments, with over 61% of the total in this class.

Meanwhile, Nondepository institutions and Furniture and fixtures, are the sectors with the worst payment performances (more than 2,7% of "bad payers").

TABLE 9.1 SOURCE: D&B INC. CANADA

PERCENTAGE OF COMPANIES IN CANADA WITH ON TIME PAYMENTS, 2007-2015

	2007	2014	2015
Canada	38,5%	44,3%	35,3%

TABLE 9.2 SOURCE: D&B INC. CANADA

PERCENTAGE OF COMPANIES IN CANADA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
Canada	3,3%	1,5%	1,2%

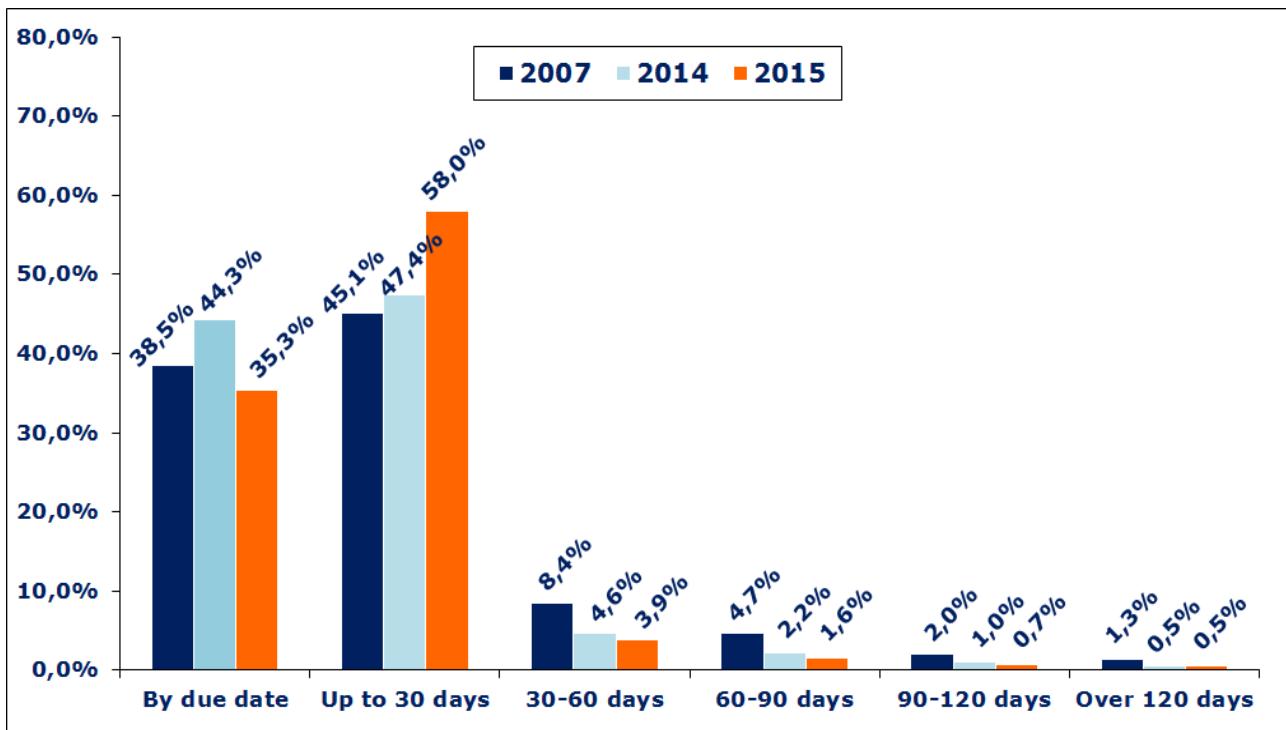
TABLE 9.3 SOURCE: D&B INC. CANADA

VARIATIONS IN PAYMENT PRACTICES IN CANADA, 2007-2015

	Variation 2007/2015	Variation 2014/2015
By due date	-3,2%	-9,0%
Up to 90 days	5,3%	9,3%
Over 90 days	-2,1%	-0,3%

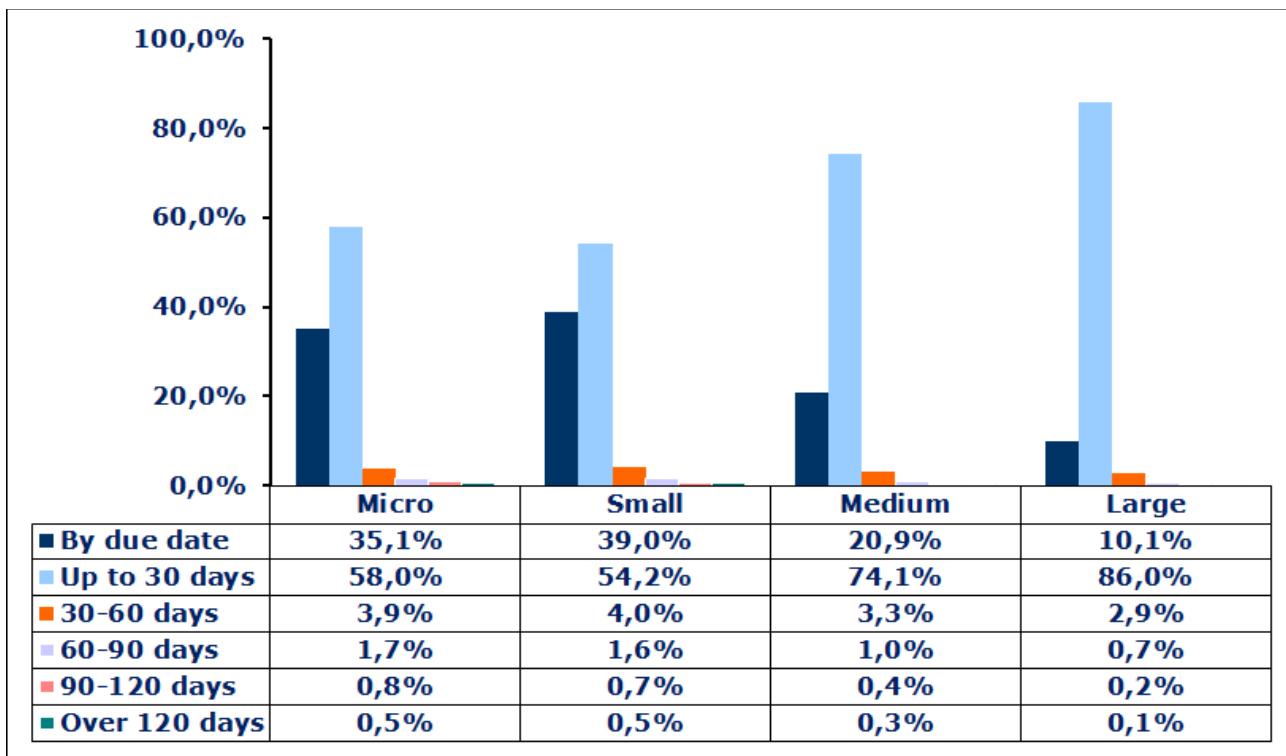
GRAPH 9.4 SOURCE: D&B INC. CANADA

PAYMENT PRACTICES IN CANADA BY PAYMENT CLASS, 2007-2015



GRAPH 9.5 SOURCE: D&B INC. CANADA

PAYMENT PRACTICES IN CANADA BY TYPE OF COMPANY, 2015



GRAPH 9.6 SOURCE: D&B INC. CANADA

PAYMENT PRACTICES IN CANADA BY PRODUCT SECTOR, 2015

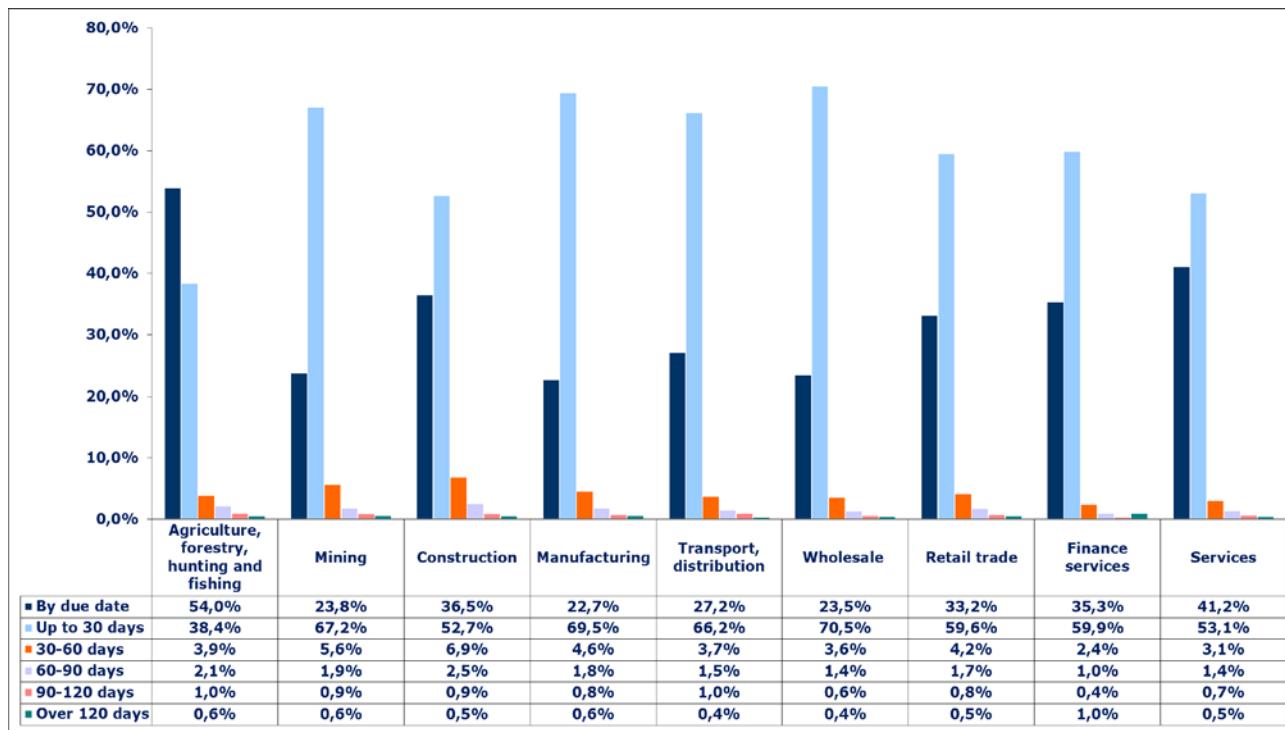


TABLE 9.7 SOURCE: D&B INC. CANADA

SECTORS WITH THE BEST PAYMENT RECORDS IN CANADA, 2015

Sector	Ranking 2015
LEGAL SERVICES	1
PERSONAL SERVICES	2
AGRICULTURAL PRODUCTION - LIVESTOCK	3
AGRICULTURAL PRODUCTION - CROPS	4
HEALTH SERVICES	5
AGRICULTURAL SERVICES	6
ADMINISTRATION OF HUMAN RESOURCES	7
FISHING, HUNTING AND TRAPPING	8
INSURANCE AGENTS, BROKERS AND SERVICE	9
SERVICES	10

TABLE 9.8 SOURCE: D&B INC. CANADA

SECTORS WITH THE WORST PAYMENT RECORDS IN CANADA, 2015

Sector	Ranking 2015
NONDEPOSITORY INSTITUTIONS	75
FURNITURE AND FIXTURES	74
METAL MINING	73
AUTO REPAIR, SERVICES AND PARKING	72
MISCELLANEOUS MANUFACTURING INDUSTRIES	71
NONMETALLIC MINERALS, EXCEPT FUELS	70
TRUCKING AND WAREHOUSING	69
EATING AND DRINKING PLACES	68
APPAREL AND OTHER TEXTILE PRODUCTS	67
TRANSPORTATION BY AIR	66

10. AUSTRALIA

Below is the opinion of **Nicholas Robinson, General Manager – Data Services, Acquisition & Insight** at **Dun & Bradstreet Australia and New Zealand** on the economic scenario and payment situation in Australia.

"2015 has been a year of relatively subdued economic activity in Australia. The domestic economy; still slowly weaning itself off the mining/commodity price boom of the post-GFC global environment, has been marked by modest GDP growth, low inflation, a stable labor market and historically low interest rates. Key exports (base metals, coal etc.) continued to feel the pressure of softening demand from China, which has significantly deteriorated Australia's terms of trade throughout 2015. Some export markets, particularly in the agricultural, tourism and education sectors, have performed strongly off the back of a devalued Australian Dollar relative to the preceding years.

The benign economic environment has been accompanied by a political arena lacking continuity of leadership and policy conviction – which has clearly produced a 'wait-and-see' disposition in local business, investment and capital market sentiment. Australia has now had five changes of Prime Minister in under six years, with the resultant shifts in policy settings creating significant uncertainty amongst businesses and consumers.

The Reserve Bank of Australia (RBA), responsible for macroeconomic settings, has been carefully managing the dynamic between interest rates and inflation whilst supporting modest GDP growth (3% year-on-year growth in 2015). Inflation has stayed remarkably low (currently trending around a headline rate of 1.7%, below the RBA targeted range of 2-3%), while the cash rate has been maintained at a historically low 2% since May 2015 (a typical home mortgage interest rate has trended in the 4-5% range – also historical lows).

The labor market has remained healthy, with headline unemployment trending around 6% during 2015. Wage growth has been largely non-existent throughout the year. Residential property prices have continued to defy prevailing economic logic to record double digit growth in the key Sydney and Melbourne markets – sparking continued 'bubble' speculation and concerning policy makers.

Uncertainty has been a common theme of our monthly Business Expectations Survey, with business sentiment, whilst remaining above the long-term average, beginning to soften from the middle of 2015 and currently at two-year lows.

However, as evidenced by a remarkable fall in average invoice payment times since the start of 2014, the financial position of Australian businesses is generally strong. According to our Trade Payments Analysis, invoice payment times fell from around 50 to 44 days during 2015, which is a record low (standard payment terms are 30 days). The final quarter of 2015 saw 94% of businesses are making their payments with 60 days. The historically low interest rates set by the RBA are freeing up cash flow, lowering borrowing costs and clearly underpinning a strong performance from corporate Australia."

Payment analysis

The Australian payment system in 2015 is complex, with less than satisfactory performances. The percentage of punctual payers ("Minimal" class) in Australia is only 3,5% of the total, with a 0,7 percentage point increase compared with 2014.

"Very low" and "Low" classes together account for 6,3% of Australian businesses, while intermediate late payment class ("Average") represents the majority of companies and accounts for 51,3%, down by 11,9% compared with 2012.

"Moderate" class has increased by 26,5 percentage points, from 10,2% registered in 2012 to 36,7% of 2015, marking a decline in Australians payments.

"Bad payers" ("High", "Very High" and "Severe" classes) account for 2,2% of the sample analyzed.

Medium companies have the highest concentration of punctual payers, with 25,1% of the total in the "Minimal" class, followed by 13,3% and 14% in the classes "Very low" and "Low". However, there is a greater tendency to pay moderately late: values vary between 38,9% for Medium companies and 62,1% for Micro companies in the class "Average" and between 6,4% and 17,6% in the class "Moderate".

In terms of serious late payments, the worst performance is seen for the Micro companies: 3,5% of the total belongs to the classes "High", "Very High" and "Severe".

A somewhat heterogeneous context emerges from sector-based analysis, with rather differing performances between the various sectors considered.

Good payers dominate such sectors as Transport, distribution and Manufacturing, while the worst performance in "Minimal" class is seen for the Finance services sector.

Late payments are concentrated in the "Average" class, with the highest percentages for Services (71,7%) and Finance services (68,1%), whereas the highest concentration for the "Moderate" class was seen for the Retail trade sector with 44% of the total.

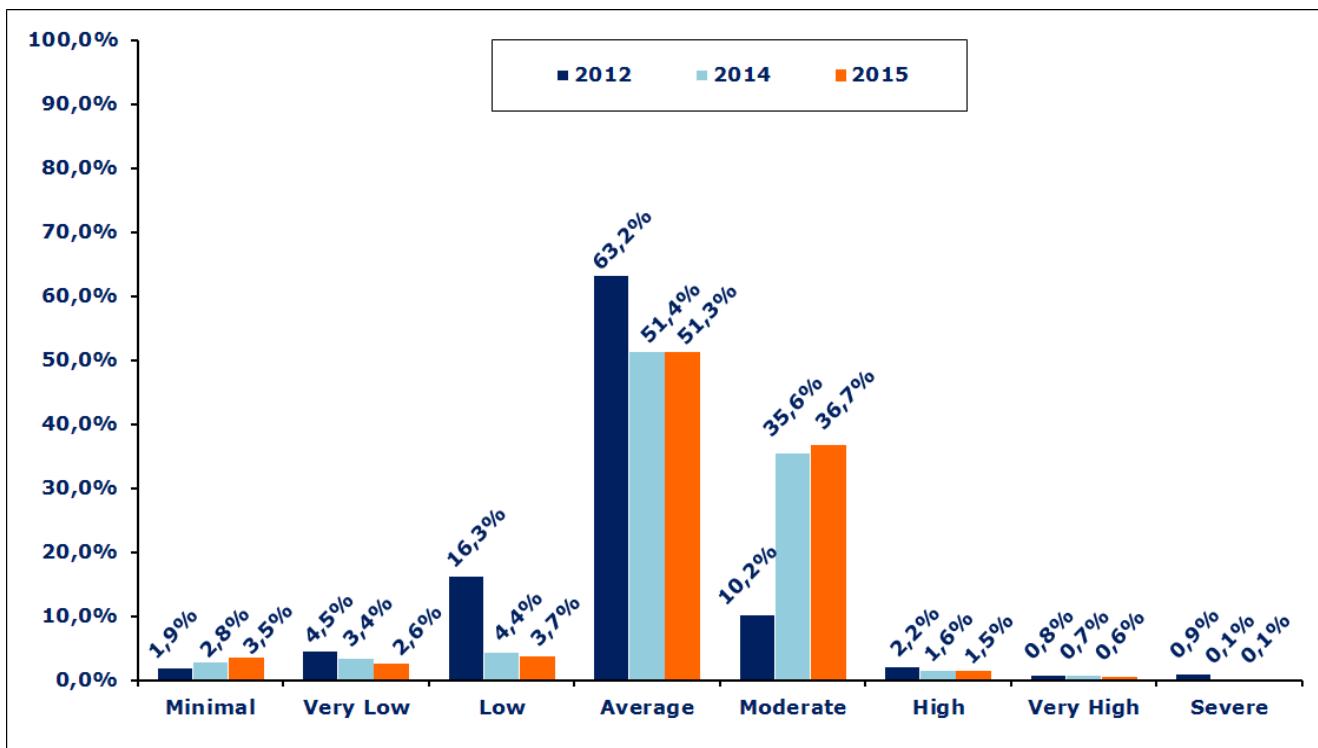
Finally, the most serious late payment classes ("High", "Very High" and "Severe") recorded highest values in the Retail trade sector with 6,1% of the total.

As regarding the micro-sectors in terms of payment performance, in first places in the classification of best payers we find Executive, legislative and general (43,4% in the classes "Minimal" and "Very Low"), Heavy construction, except building (32,1%) and Fabricated metal products (30,7%).

On the contrary, the worst performance relate to Eating and drinking places (9,5% in the classes "High", "Very High" and "Severe"), Food stores (7,2%) and Administration of human resources (5,7%).

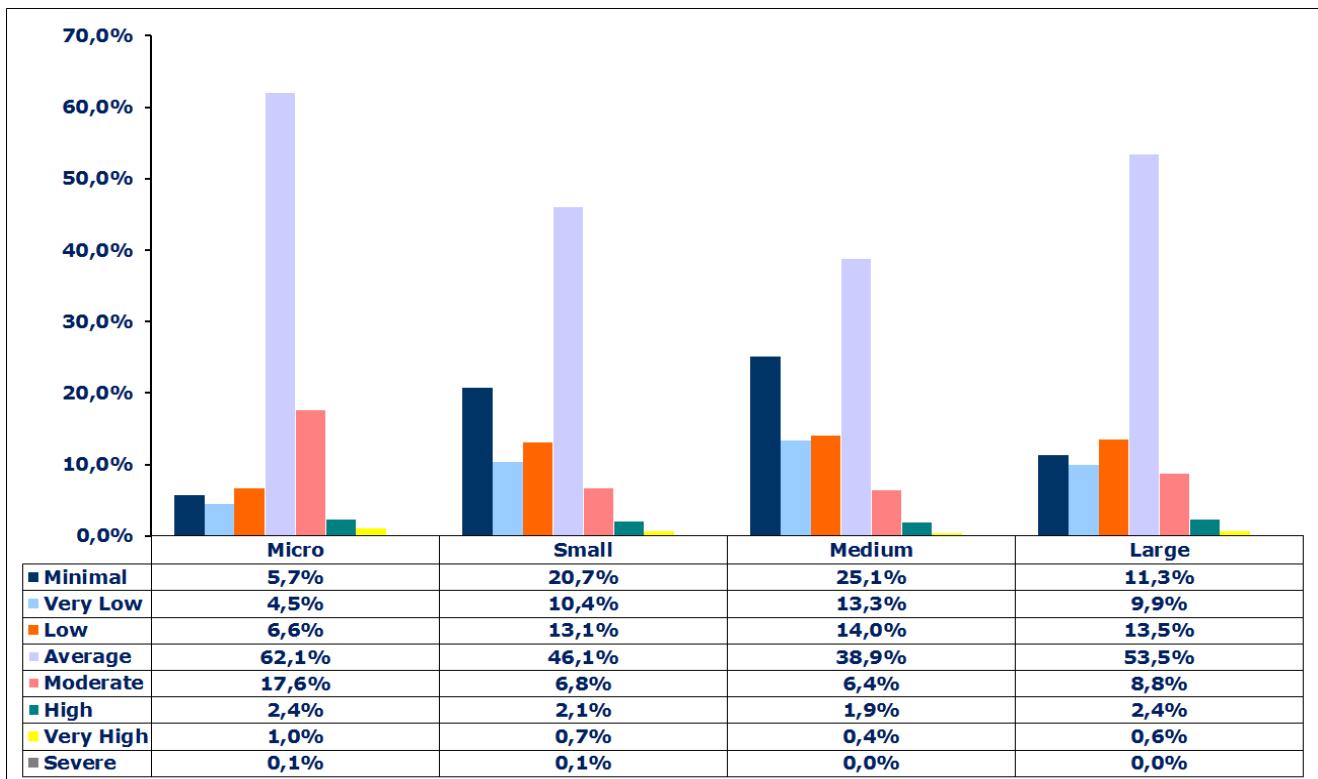
GRAPH 10.1 SOURCE: DUN & BRADSTREET AUSTRALIA AND NEW ZEALAND

PAYMENT PRACTICES IN AUSTRALIA BY PAYMENT CLASS, 2012-2015



GRAPH 10.2 SOURCE: DUN & BRADSTREET AUSTRALIA AND NEW ZEALAND

PAYMENT PRACTICES IN AUSTRALIA BY TYPE OF COMPANY, 2015



GRAPH 10.3 SOURCE: DUN & BRADSTREET AUSTRALIA AND NEW ZEALAND

PAYMENT PRACTICES IN AUSTRALIA BY PRODUCT SECTOR, 2015

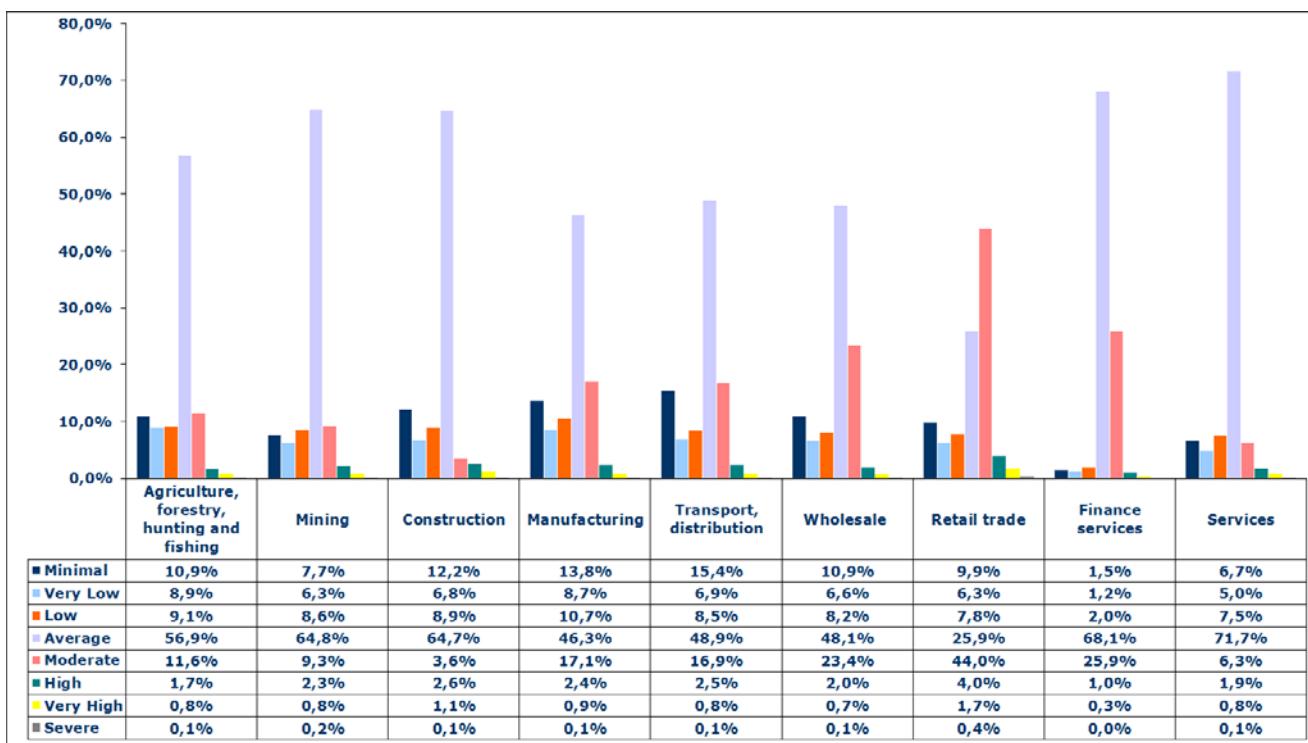


TABLE 10.4 SOURCE: DUN & BRADSTREET AUSTRALIA AND NEW ZEALAND

SECTORS WITH THE BEST PAYMENT RECORDS IN AUSTRALIA, 2015

Sector	Ranking 2015
EXECUTIVE, LEGISLATIVE AND GENERAL	1
HEAVY CONSTRUCTION, EXCEPT BUILDING	2
FABRICATED METAL PRODUCTS	3
INDUSTRIAL MACHINERY AND EQUIPMENT	4
PETROLEUM AND COAL PRODUCTS	5
CHEMICALS AND ALLIED PRODUCTS	6
TRUCKING AND WAREHOUSING	7
RUBBER AND MISCELLANEOUS PLASTIC PRODUCTS	8
AUTOMOTIVE DEALERS AND SERVICE STATIONS	9
PRIMARY METAL INDUSTRIES	10

TABLE 10.5 SOURCE: DUN & BRADSTREET AUSTRALIA AND NEW ZEALAND

SECTORS WITH THE WORST PAYMENT RECORDS IN AUSTRALIA, 2015

Sector	Ranking 2015
EATING AND DRINKING PLACES	81
FOOD STORES	80
ADMINISTRATION OF HUMAN RESOURCES	79
APPAREL AND ACCESSORY STORES	78
GENERAL MERCHANDISE STORES	77
MISCELLANEOUS RETAIL	76
AUTO REPAIR, SERVICES AND PARKING	75
ELECTRIC, GAS AND SANITARY SERVICES	74
TRANSPORTATION EQUIPMENT	73
TEXTILE MILL PRODUCTS	72

11. NEW ZEALAND

Below is the opinion of **Nicholas Robinson, General Manager – Data Services, Acquisition & Insight** at **Dun & Bradstreet Australia and New Zealand** on the economic scenario and payment situation in New Zealand.

"The New Zealand economy generally takes its lead from its larger neighbor, Australia, and the performance of the New Zealand economy has similarly been of modest strength throughout 2015. At a macroeconomic level, the Reserve Bank of New Zealand (RBNZ) have been cutting interest rates to record lows off the back of an extremely low inflationary environment. Over the course of 2015, the official cash rate had fallen from 3.5% to 2.5% (currently it stands at 2.25% in early 2016), all while inflation has been trending below 1% (and well below the 2% target average over the medium term). Falling fuel prices contributed to this very low inflationary environment, which is expected to persist throughout 2016.

Overall GDP growth for 2015 was 2.5% - a good result relative to most western economies in a generally low-growth global environment. The labor market was also generally favorable, with the unemployment rate staying below 6% during the year and falling to 5.3% for the quarter ended December 2015. Political and policy stability has been a feature of the New Zealand economy under a John Key-lead Government since late 2008.

New Zealand's export markets, heavily focused on primary production including petroleum and dairy, were impacted by depressed global commodity prices in 2015 (despite volumes staying strong). The outlook for these export markets generally remains subdued in the medium term.

Housing prices experienced strong growth during 2015, particularly in the key Auckland urban area.

Similar to the payment trend experienced in Australia, our Trade Payments Analysis for New Zealand shows that average invoice payment terms have progressively fallen from around 50 days in 2008, to 35.8 days recorded for the December quarter of 2015 (having flat-lined through the 2015 calendar year near record lows). New Zealand business cash flows are in a historically sound position under low business input prices, non-existent wage growth and low interest rates.

Supporting a healthy outlook for domestic business was The New Zealand Institute of Economic Research's Quarterly Survey of Business Opinion for the December 2015 quarter, which found business confidence strengthened during the period."

Payment analysis

In New Zealand the percentage of punctual payers, represented by "Minimal" class, is only 2,3% of the total, but in growth of the same value compared with the previous years.

"Very low" and "Low" classes together account for 7,5% of Zealanders businesses, while intermediate late payment class "Moderate" represents the majority of companies and account for 59,1%.

"High", "Very High" and "Severe" categories, together, only account for 0,8% of the sample analyzed.

Considering payment practices by company size, Medium companies have a balanced payment behavior with 31,7% of the total paying suppliers with minimal delay.

More than 40% of Large companies belong to the "Very low" and "Low" classes.

Payments of the "Average" class are contained with percentages between 22,4% and 33,5%.

In the case of Micro companies, on the other hand, the percentage of companies that respect payment terms is 3,6% for the "Minimal" class, 6,4% for the "Very Low" and 9,8% for "Low". This is compensated by the concentration in the moderate late payment class (52,9%).

In the more serious late payment classes ("High", "Very High", "Severe"), the pattern is more or less uniform and all categories have moderate percentages, with values varying between 1,6% (Small) and 2,5% (Large).

Analyzing the performance of the Zealander payment system in relation to sectors, the best performances are seen in the Mining and Manufacturing sectors, with 34,2% and 38,4% of good payers, respectively ("Minimal", "Very Low", "Low" classes).

Finance services and Construction have the highest share of companies that meet their payment obligations with an average delay (more than 44%).

Late payments are concentrated in the "Moderate" class, with values varying between 31,3% (Construction) and 68,7% (Retail trade).

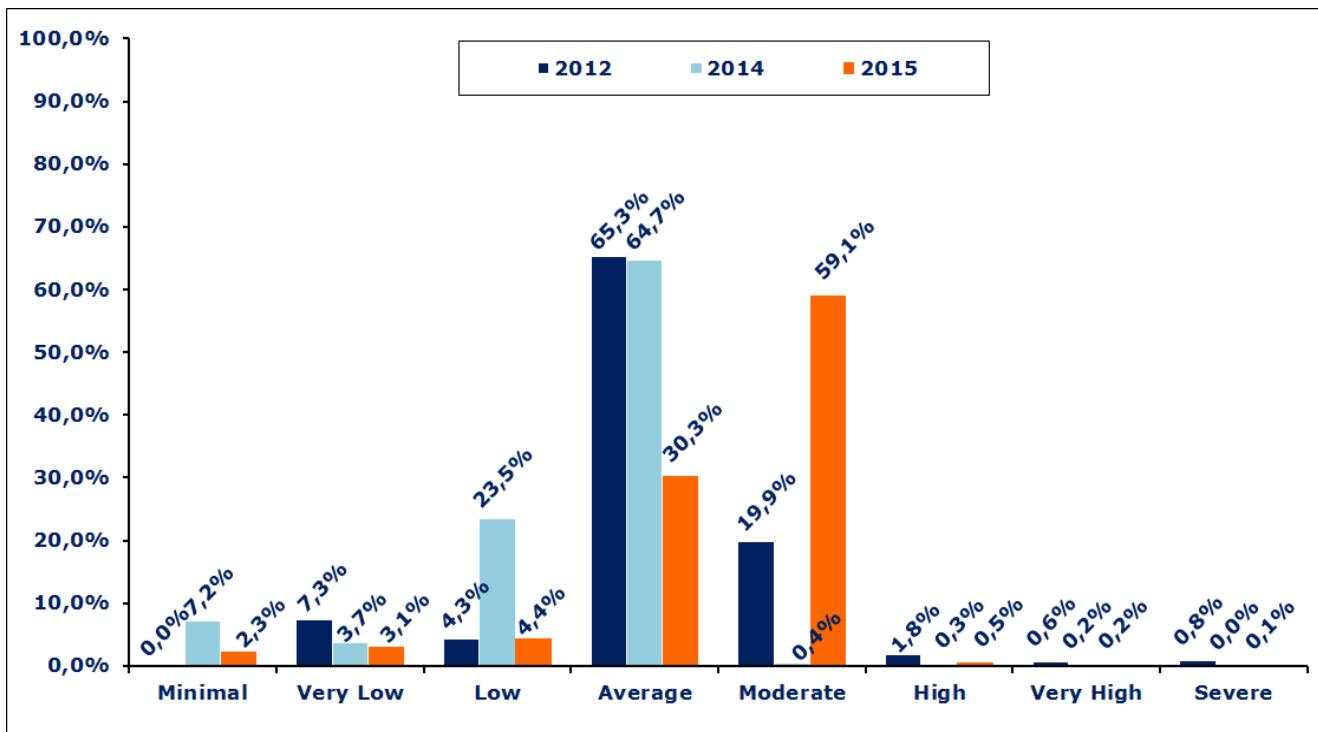
In all the sectors looked at in the study, the three most serious late payment classes ("High", "Very High" and "Severe") have contained concentrations, varying between 0,5% (Finance services) and 2,2% (Retail trade).

As regarding the micro-sectors in terms of payment performance, in first place in the classification of best payers are Executive, legislative and general and Rubber and miscellaneous plastic products.

On the contrary, the worst performance relates to the Miscellaneous retail and Printing and publishing.

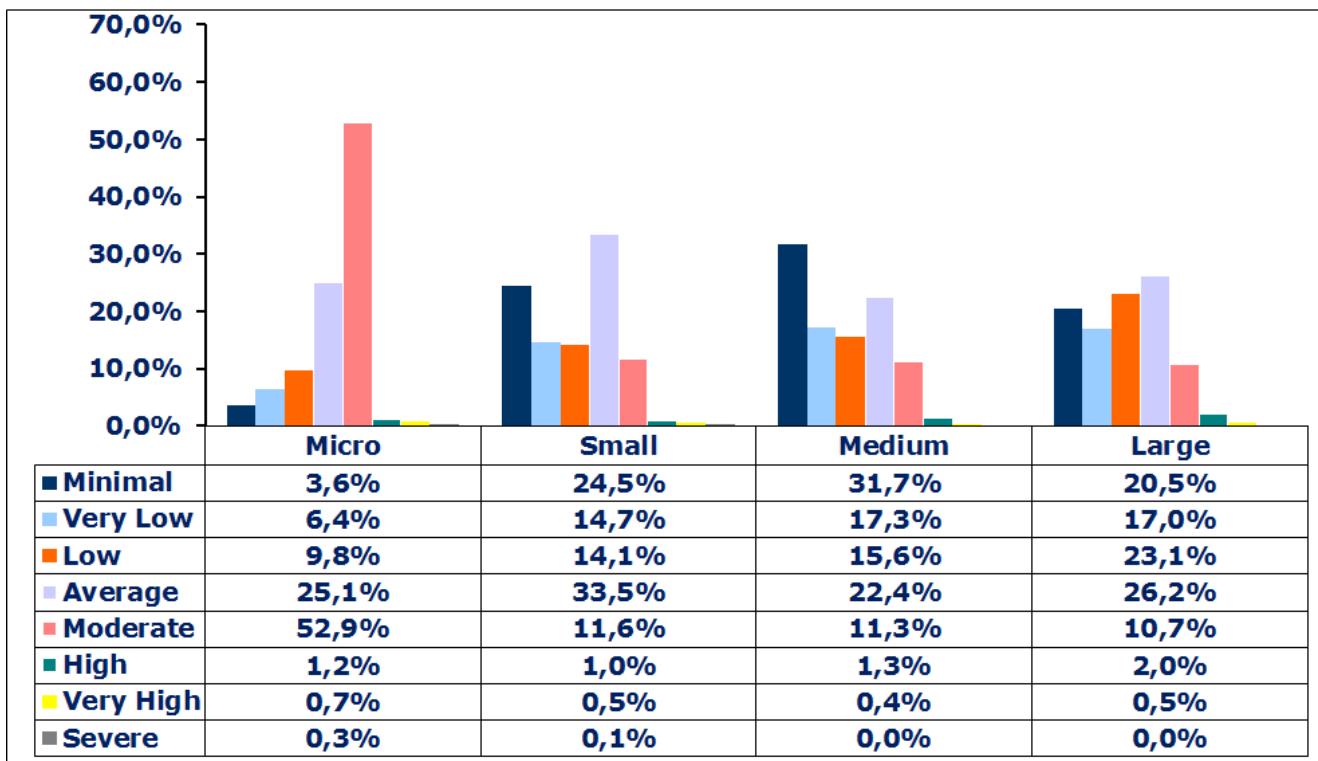
GRAPH 11.1 SOURCE: DUN & BRADSTREET AUSTRALIA AND NEW ZEALAND

PAYMENT PRACTICES IN NEW ZEALAND BY PAYMENT CLASS, 2012-2015



GRAPH 11.2 SOURCE: DUN & BRADSTREET AUSTRALIA AND NEW ZEALAND

PAYMENT PRACTICES IN NEW ZEALAND BY TYPE OF COMPANY, 2015



GRAPH 11.3 SOURCE: DUN & BRADSTREET AUSTRALIA AND NEW ZEALAND

PAYMENT PRACTICES IN NEW ZEALAND BY PRODUCT SECTOR, 2015

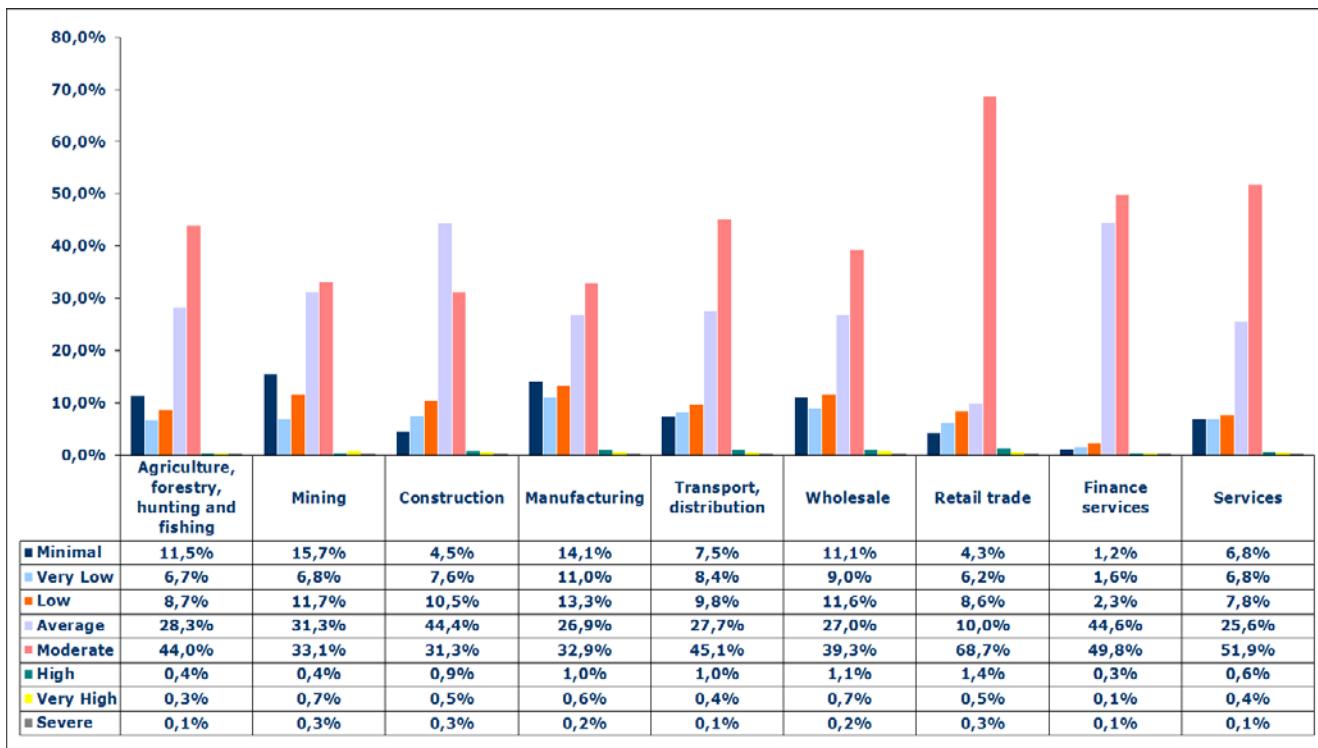


TABLE 11.4 SOURCE: DUN & BRADSTREET AUSTRALIA AND NEW ZEALAND

SECTORS WITH THE BEST PAYMENT RECORDS IN NEW ZEALAND, 2015

Sector	Ranking 2015
EXECUTIVE, LEGISLATIVE AND GENERAL	1
RUBBER AND MISCELLANEOUS PLASTIC PRODUCTS	2
PRIMARY METAL INDUSTRIES	3
CHEMICALS AND ALLIED PRODUCTS	4
EDUCATIONAL SERVICES	5
INDUSTRIAL MACHINERY AND EQUIPMENT	6
FABRICATED METAL PRODUCTS	7
PAPER AND ALLIED PRODUCTS	8
INSTRUMENTS AND RELATED PRODUCTS	9
ELECTRONIC AND OTHER ELECTRIC EQUIPMENT	10

TABLE 11.5 SOURCE: DUN & BRADSTREET AUSTRALIA AND NEW ZEALAND

SECTORS WITH THE WORST PAYMENT RECORDS IN NEW ZEALAND, 2015

Sector	Ranking 2015
MISCELLANEOUS RETAIL	68
PRINTING AND PUBLISHING	67
TRANSPORTATION BY AIR	66
LOCAL AND INTERURBAN PASSENGER TRANSIT	65
WATER TRANSPORTATION	64
AUTO REPAIR, SERVICES AND PARKING	63
COMMUNICATIONS	62
GENERAL MERCHANDISE STORES	61
APPAREL AND OTHER TEXILE PRODUCTS	60
TRANSPORTATION EQUIPMENT	59

12. EUROPE

Payment analysis

In the 2016 edition of the Payment Study nineteen European countries have been compared, analyzing payment trends over recent years, including in relation to company size and the main sectors.

On an aggregate European level, 37,5% of companies respect agreed payment deadlines, meanwhile, the largest concentration can be found in the moderate late payment class ("Up to 30 days") with a value of 52,1%.

The most serious late payments (over 90 days), on the other hand, accounted for 3,5% of companies, with 2,1% exceeding 120 days.

Among the countries with the best performance in terms of punctual payments, in first position is Denmark (best performer also in this edition) with 87% of the total.

In second and third places are Germany (72,3%) and Hungary (59,8%).

Portugal and Bulgaria show more problems in the payment system, with percentages of 20,1% and 21,7% in the "By due date" payment class.

Italy is in an intermediate position with 35,7% of punctual payers, similar to the European average.

The highest concentrations in the "Up to 30 days" (over 60%) are seen in the United Kingdom, Finland and Ireland.

There is also strong heterogeneity in relation to serious late payments (over 90 days late on average) in Europe: Greece (19,9%), Poland (14,8%), Portugal (11,7%), Bulgaria (10,3%), Turkey (4,3%) have values above the European average (3,5%).

In addition, in Poland and Greece almost 10% of companies tend to pay on average more than 120 days beyond agreed terms.

The analysis of changes in payment habits in Europe over the period of 2008-2015 shows the rather different trends between the countries under consideration.

German companies have reacted the best to these difficult years with a net improvement in punctual payments (+17,9 percentage points compared to 2008); they are followed by The Netherlands with a favorable difference of 15% and France with 5,7%.

Negative performance for Poland, Spain and United Kingdom: the number of punctual payers reduced by over 4%.

Lastly, in Italy there has been a decrease of 13,9% in recent years (from 49,6% in 2008 to 35,7% in 2015).

As regards the 2014-2015 trend in various European countries in the percentage of companies that demonstrate a positive payment performance (payments made by the due date), on an aggregate European level, there has been a decrease of -0,1 percentage points in the share of companies that respect payment terms agreed with suppliers.

The best performances were seen in Hungary and Czech Republic, with improvements of 7,5% and 7,4%, respectively, compared to the proportion of "good payers" in 2014.

The worst performances were seen in Greece and Finland: punctual companies in Greece fell by 9,6%, whereas in the latter, the concentration varied from 34,4% of December 2014 to 29,2% of December 2015 (-5,2%).

Focusing on how the concentrations of companies in the most serious late payment class (over 90 days on average) have changed between 2008 and 2015 in the countries examined, Europe

shows a good performance with an improvement of 2,5 percentage points in the share of "bad payers" (3,5%).

More significant changes (reductions greater than 3,5%) are seen in Germany and in the United Kingdom; in an intermediate position with more contained variations are Belgium, Spain and The Netherlands.

Polish companies which pay on average over 90 days late, on the other hand, have increased by 7,6 percentage points since 2008, followed by Portugal with 2,8%.

Examining the 2014-2015 trend of European companies in relation to late payments of over 90 days on average, the percentage of "bad payers" has remained more or less stable, going from 3,8% in 2014 to 3,5% in 2015.

The European trend is also confirmed by the large part of countries analyzed in this study: in fact, mainly changes of less than 0,5% are seen.

The exceptions are Poland and Turkey with an increase of 5,2% and 1%.

Finally, there has been an improvement in Hungary and Spain compared with 2014 in this payment class (-1 percentage point).

As regarding European payment habits in relation to the different sectors, Agriculture, forestry, hunting and fishing and Construction are, also in 2015, the sectors with the best performances: the companies that respect agreed time limits account for 45,8% and 42,3%.

In addition, in Agriculture, forestry, hunting and fishing sector, there is a concentration of 2,7% in the serious late payment class.

The most problematic situation is seen in the Mining sector with only 29,7% of the total paying on time.

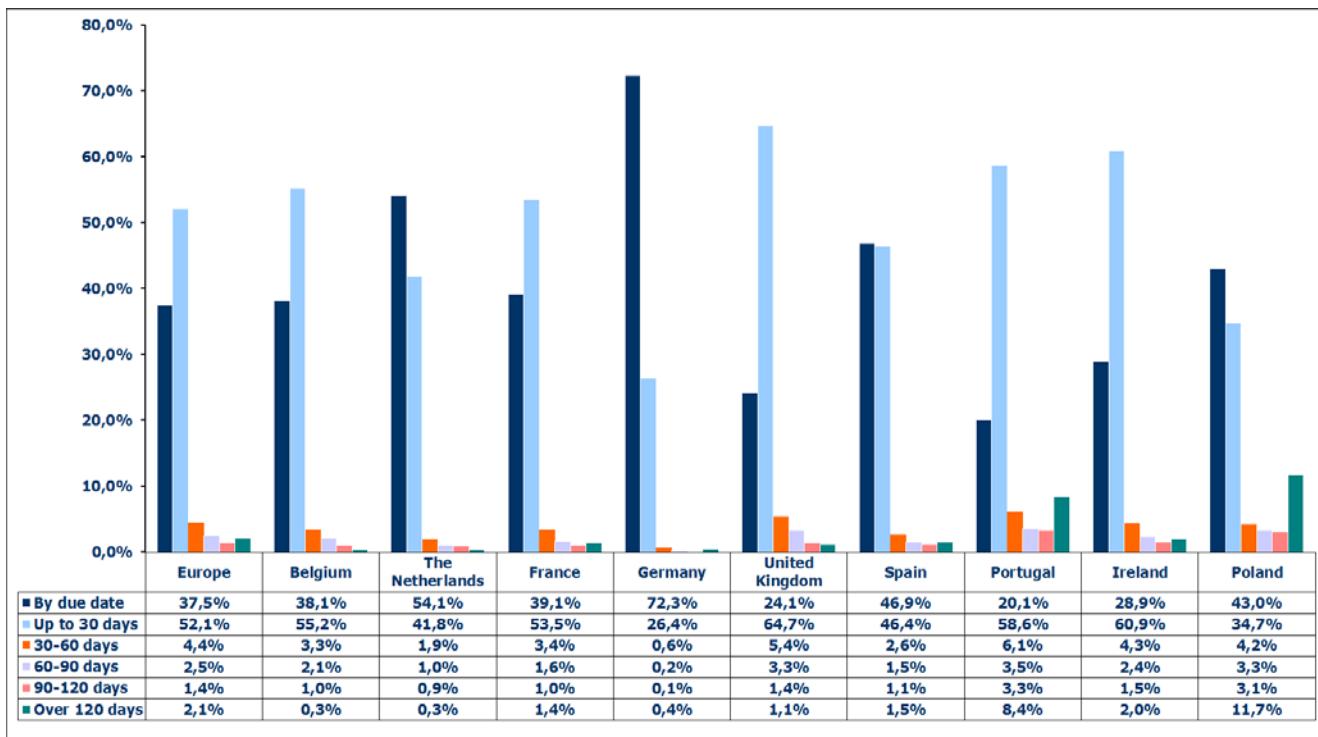
In general, for all sectors there is a widespread tendency for companies to pay on average between 1 and 30 days beyond agreed terms, with the highest values in relation to Transport, distribution (59,4%) and Manufacturing (55,9%).

In the intermediate classes ("30-60 days" and "60-90 days") Retail trade sector stand out with the highest concentration (10 percentage points).

Serious late payments (over 90 days on average) at the end of 2015 relate to 3,6% of Mining sector and to 5,9% of Retail trade companies (worst performers on an aggregate European level).

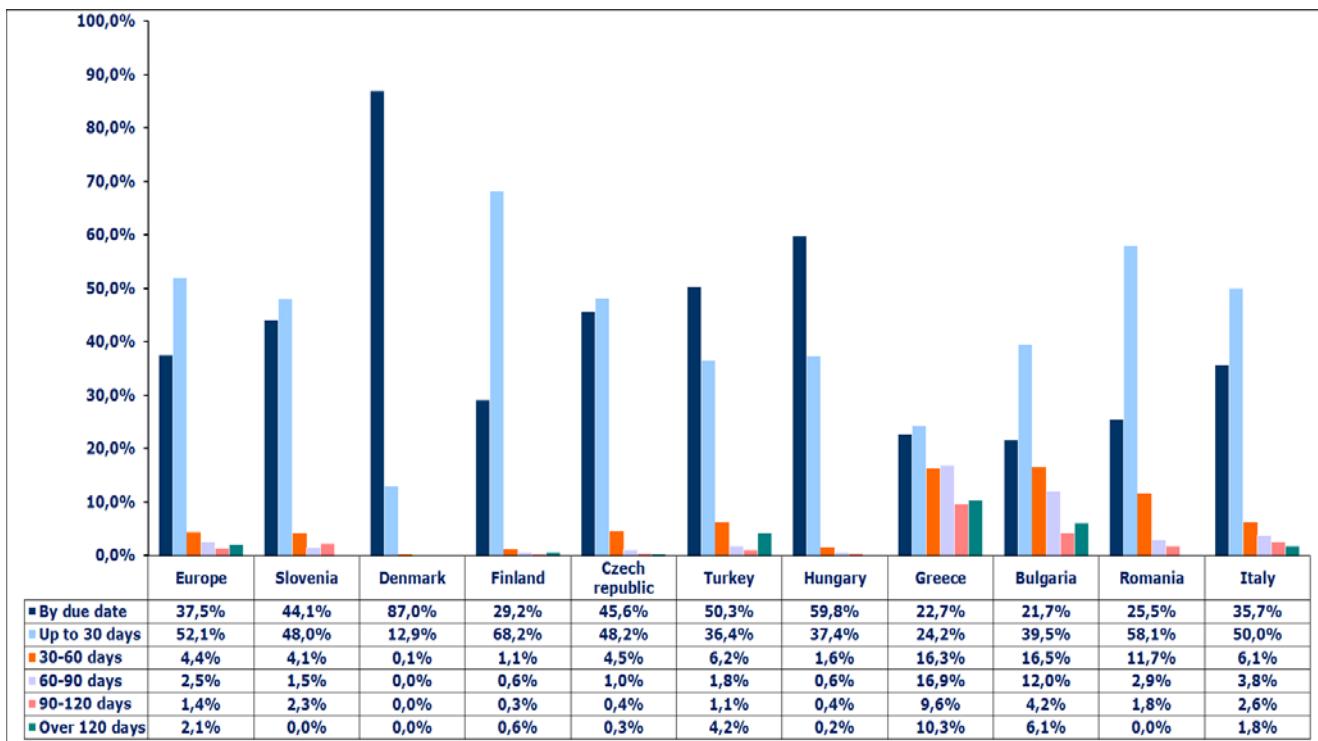
GRAPH 12.1 SOURCE: D&B WORLDWIDE NETWORK

PAYMENT PRACTICES IN EUROPE BY PAYMENT CLASS, 2015



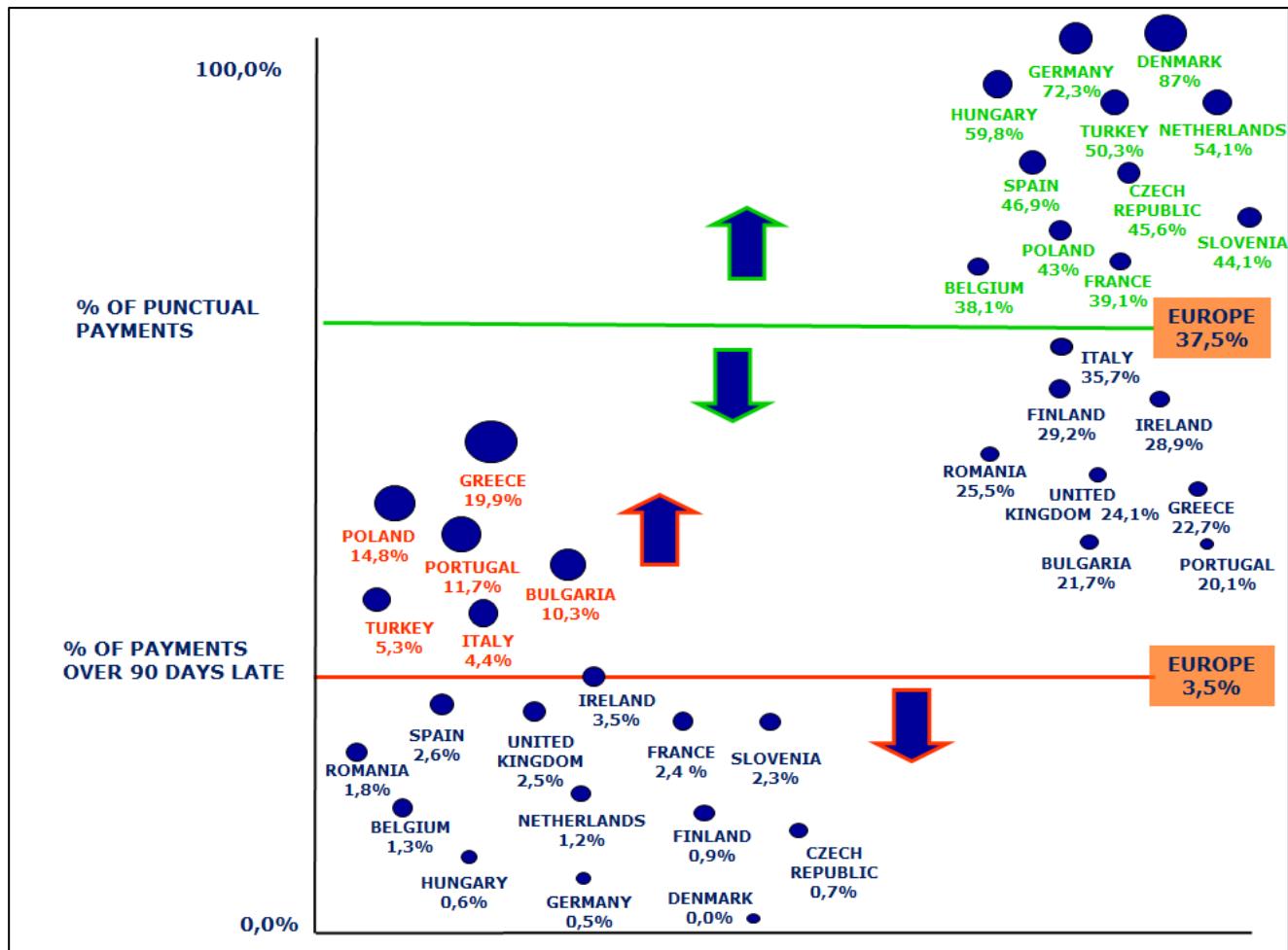
GRAPH 12.2 SOURCE: D&B WORLDWIDE NETWORK

PAYMENT PRACTICES IN EUROPE BY PAYMENT CLASS, 2015



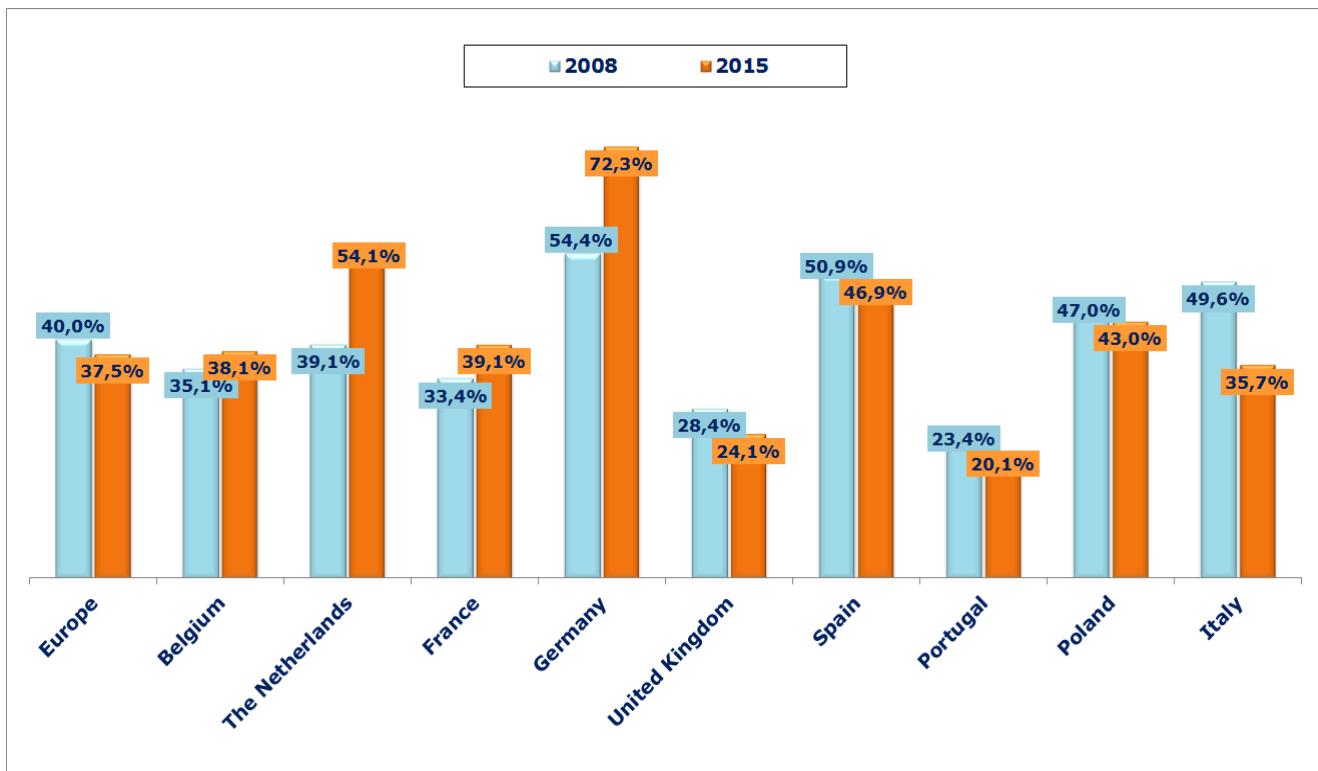
GRAPH 12.3 SOURCE: D&B WORLDWIDE NETWORK

COMPARISON BETWEEN ON TIME PAYMENTS AND PAYMENTS OVER 90 DAYS LATE FOR EUROPEAN COUNTRIES, 2015



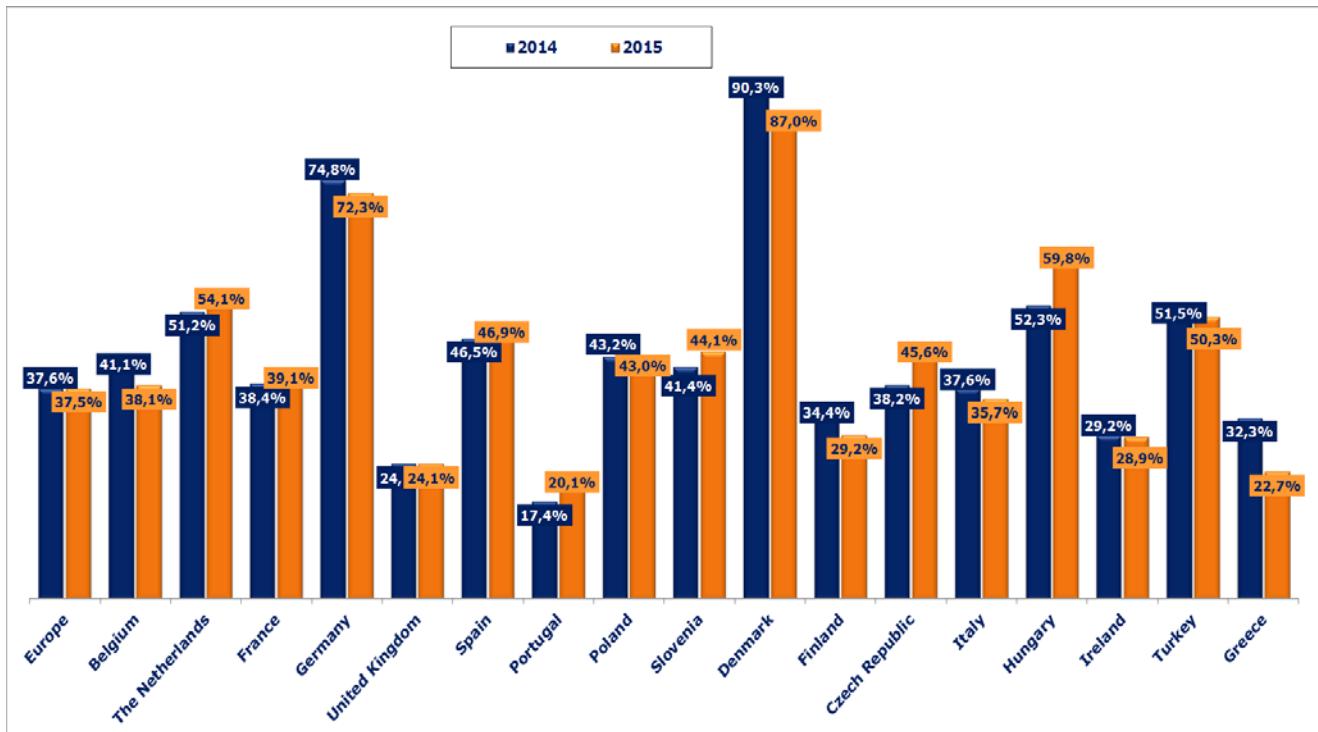
GRAPH 12.4 SOURCE: D&B WORLDWIDE NETWORK

VARIATIONS IN ON TIME PAYMENTS IN EUROPE, 2008-2015



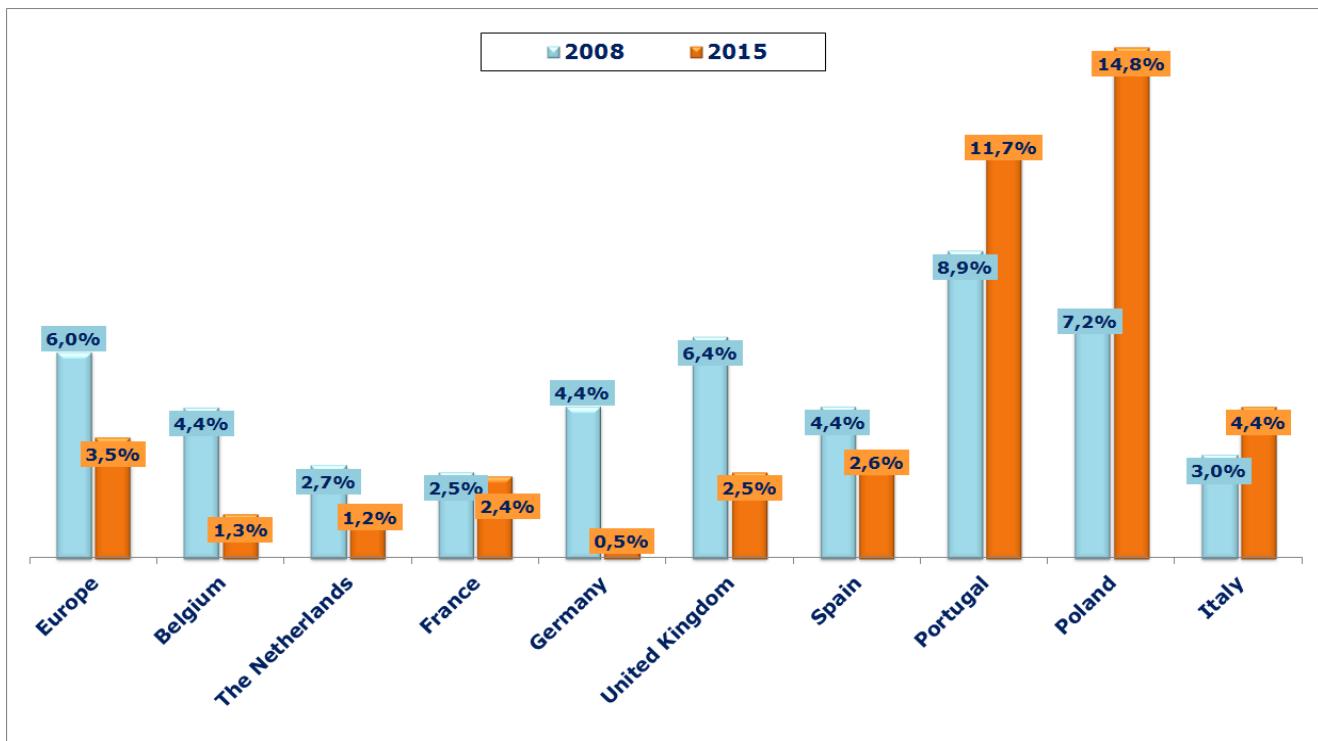
GRAPH 12.5 SOURCE: D&B WORLDWIDE NETWORK

TRENDS IN ON TIME PAYMENTS IN EUROPE, 2014-2015



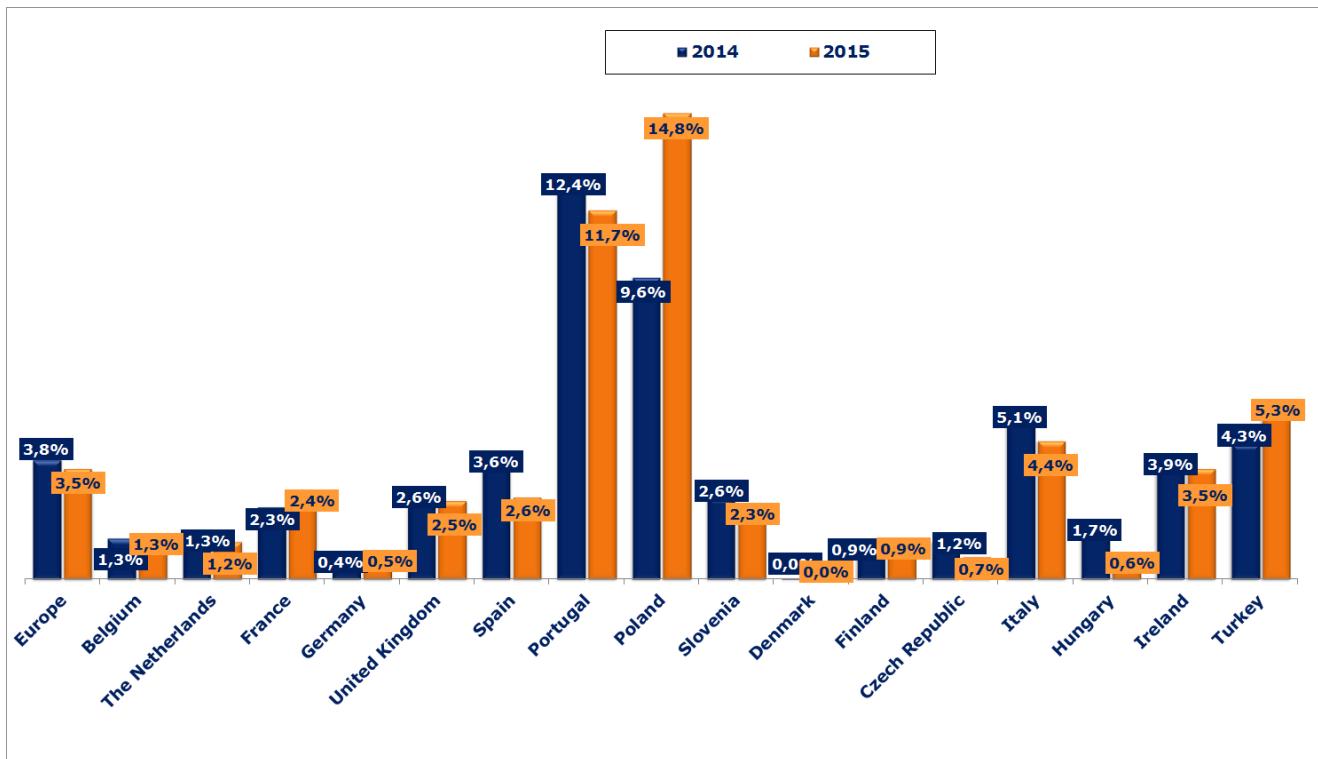
GRAPH 12.6 SOURCE: D&B WORLDWIDE NETWORK

VARIATION OF LATE PAYMENTS OF MORE THAN 90 DAYS IN EUROPE, 2008-2015



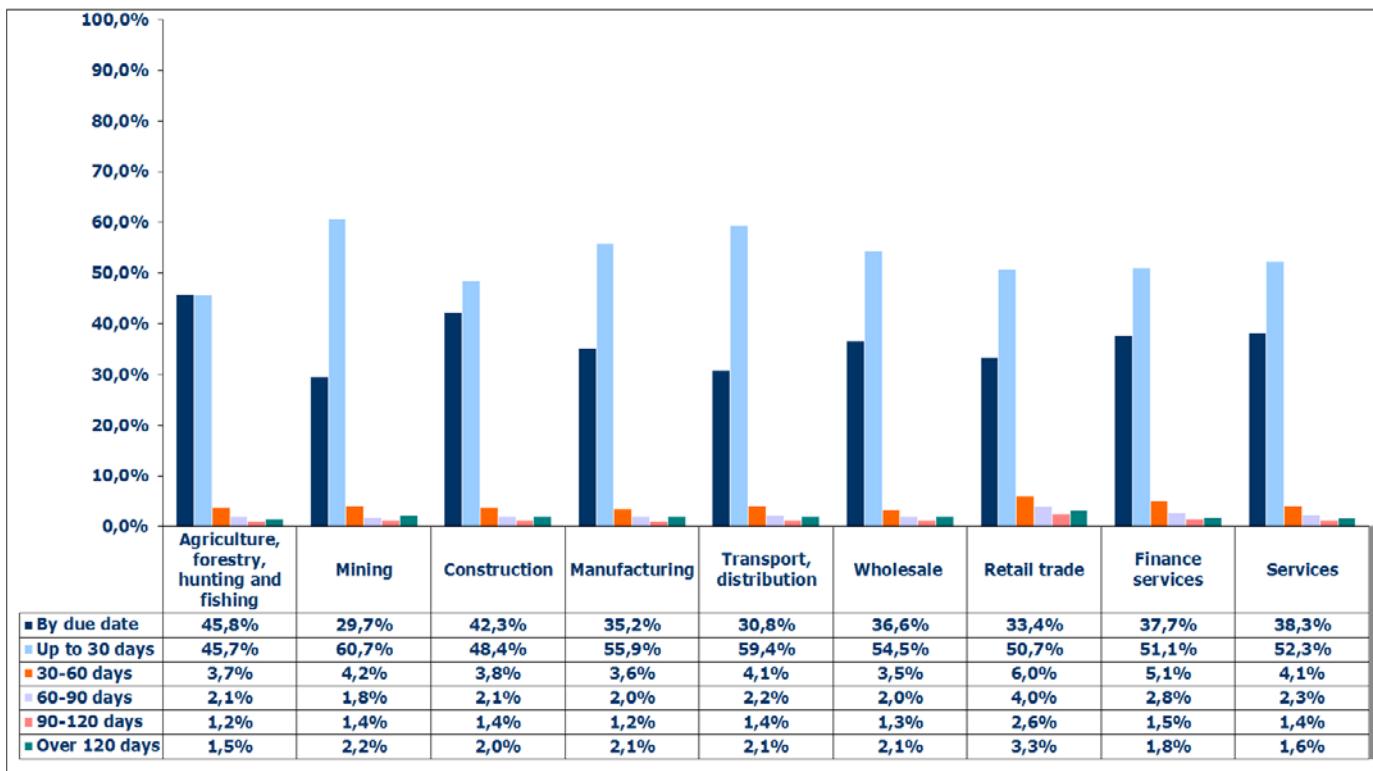
GRAPH 12.7 SOURCE: D&B WORLDWIDE NETWORK

TRENDS IN LATE PAYMENTS OF MORE THAN 90 DAYS IN EUROPE, 2014-2015



GRAPH 12.8 SOURCE: D&B WORLDWIDE NETWORK

PAYMENT PRACTICES IN EUROPE BY PRODUCT SECTOR, 2015



13. BELGIUM

Below is the opinion of **D&B Country Insight** on the economic scenario and payment situation in Belgium.

"The terror deadly attacks in Belgium at the end of March, only four months after the Paris attacks, have increased political risk; this may have fallouts across the broader economy at both local and regional levels. A key domestic risk is a higher probability of the country splitting between Flemish and Wallonia communities. At the same time, fears of more terrorist attacks will likely lead to far-right movements both in Belgium and across the European Union aiming at strict anti-Muslim immigration regulations. It may also result in closing the borders between all European Union countries which will weigh heavily on cross-border commerce. Meanwhile, the chances that British citizens will vote for their country's exit from the European Union on June 23rd have increased amid terrorism-attack fears. In the longer term, the probabilities of the EU being reshaped or even dissolved have increased.

As a response to the attacks in Brussels, the government has increased the armed military presence throughout the country. The security levels at nuclear plants across the country have also been drastically increased as secretly-filmed video footage of a senior Belgian nuclear official was seen at the property of a key suspect in the November's Paris attacks. In addition, the UN atomic watchdog agency warned against an increased risk of 'nuclear terrorism' and advised increased safeguarding of radioactive material. We recommend closely monitoring the policy response taken at both national and EU level within the next few months.

Expect a slowdown in business activity in Belgium, with delays and disruptions in the supply chain

due to the imposition of border controls and reduced transportation activity. We expect business activity in Brussels and other Belgian major cities at least to be reduced in the short term, especially business related to tourism, restaurants and events. However, we expect a boost in e-commerce and e-services in Belgium, amid authorities' advice for the population to avoid public places.

In light of the recent terrorist attacks, economic activity will be subdued in H1 2016 due to an anticipated decrease in consumer spending. Businesses and services related to tourism, restaurants and accommodation, and events-organizing (Belgium is one of the major centres for international conferences) account for about 8% of the GDP and will likely see a notable decrease within the next few quarters. Therefore, we are lowering our GDP expectations for 2016 to 1.3%. In addition, repeated and continuous terror threats usually bear a reputation risk and negatively influence consumer and investment appetite in the short term. However, we expect the economy to pick up towards the end of year, provided that the domestic and regional political structures remain intact."

Payment analysis

Looking at the trends for companies in the extreme payment classes (by due date payments and late payments of more than 90 days), the results for Belgium are positive, even if we can notice a deterioration of payment practices.

The percentage of companies that pay their suppliers on time reached 38,1% in 2015, with a decrease of 2,9% compared with the previous year, but a positive variation of 0,6 percentage points compared to the European average.

Late payments of up to 30 days account for 55,2% of the total (+3,2% compared to 2014), meanwhile, those of between 30 and 90 days account for 5,4%.

On the other hand, companies that pay more than 90 days late represent only 1,3% of the total compared with the European level of 3,5%.

The improvement in the Belgian payment situation is confirmed by comparison with 2007: the proportion of "good payers" ("By due date" class) has increased by 7,6 percentage points and there has been a reduction of a similar size in the intermediate payment class ("Up to 90 days"). In terms of serious late payments (over 90 days on average), these decreased by 1,6 percentage points.

Micro companies have the highest concentration of punctual payers, with more than 39% of the total.

Large companies, on the other hand, have the highest concentration in the moderate late payment class of up to 30 days on average (88,2%), while only 10,9% pay by due date.

In terms of serious late payments, the worst performance is seen for the Micro companies: 2,2% exceed an average of 90 days beyond agreed payment terms.

It's important to underline that also in the other categories analyzed late payments of more than 90 days reach low values (less than 1%).

Analyzing the product macro-sectors, the best performances in terms of punctual payments relate to the Finance services (46,9%) and Agriculture, forestry, hunting and fishing (43,4%) sectors.

Payment conditions, on the other hand, are problematic in the Manufacturing sector, in which only 29,9% of companies respect agreed terms.

The share of companies in the "Up to 30 days" category is over 47% in each of the sectors analyzed and reaches the highest value (64,3%) in the case of Manufacturing.

In the intermediate late payment classes ("30-60 days" and "60-90 days") there are concentrations between 4% and 8%, meanwhile for the more serious late payments (over 90 days on average) the values are contained.

In particular, Retail trade is the sector with the highest share of "bad payers" (2,5%).

If we consider the classification of the 10 micro-sector with the most punctual payments in Belgium in 2015, we find in the first position Legal services (58,1%), followed by Security and commodity brokers (55,6%).

On the other hand, the sector with the most problems is Eating and drinking places, for which more than 3,7% of companies pay seriously late (over 90 days on average). The top three classification of "bad payers" is completed by Communications and Food stores.

TABLE 13.1 SOURCE: DUN & BRADSTREET BELGIE

PERCENTAGE OF COMPANIES IN BELGIUM WITH ON TIME PAYMENTS, 2007-2015

	2007	2014	2015
Belgium	30,5%	41,0%	38,1%
Europe	41,0%	37,6%	37,5%

TABLE 13.2 SOURCE: DUN & BRADSTREET BELGIE

PERCENTAGE OF COMPANIES IN BELGIUM WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
Belgium	2,9%	1,3%	1,3%
Europe	4,1%	3,8%	3,5%

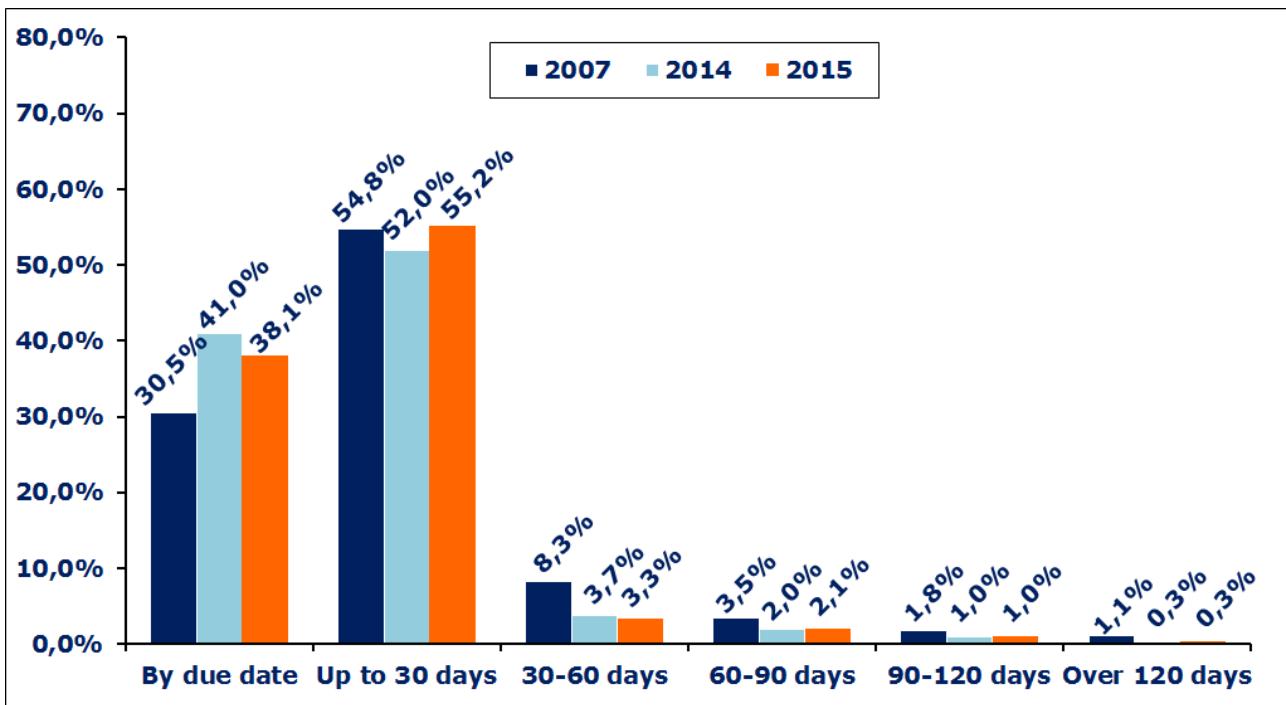
TABLE 13.3 SOURCE: DUN & BRADSTREET BELGIE

VARIATIONS IN PAYMENT PRACTICES IN BELGIUM, 2007-2015

	Variation 2007/2015	Variation 2014/2015
By due date	7,6%	-2,9%
Up to 90 days	-6,0%	2,9%
Over 90 days	-1,6%	0,0%

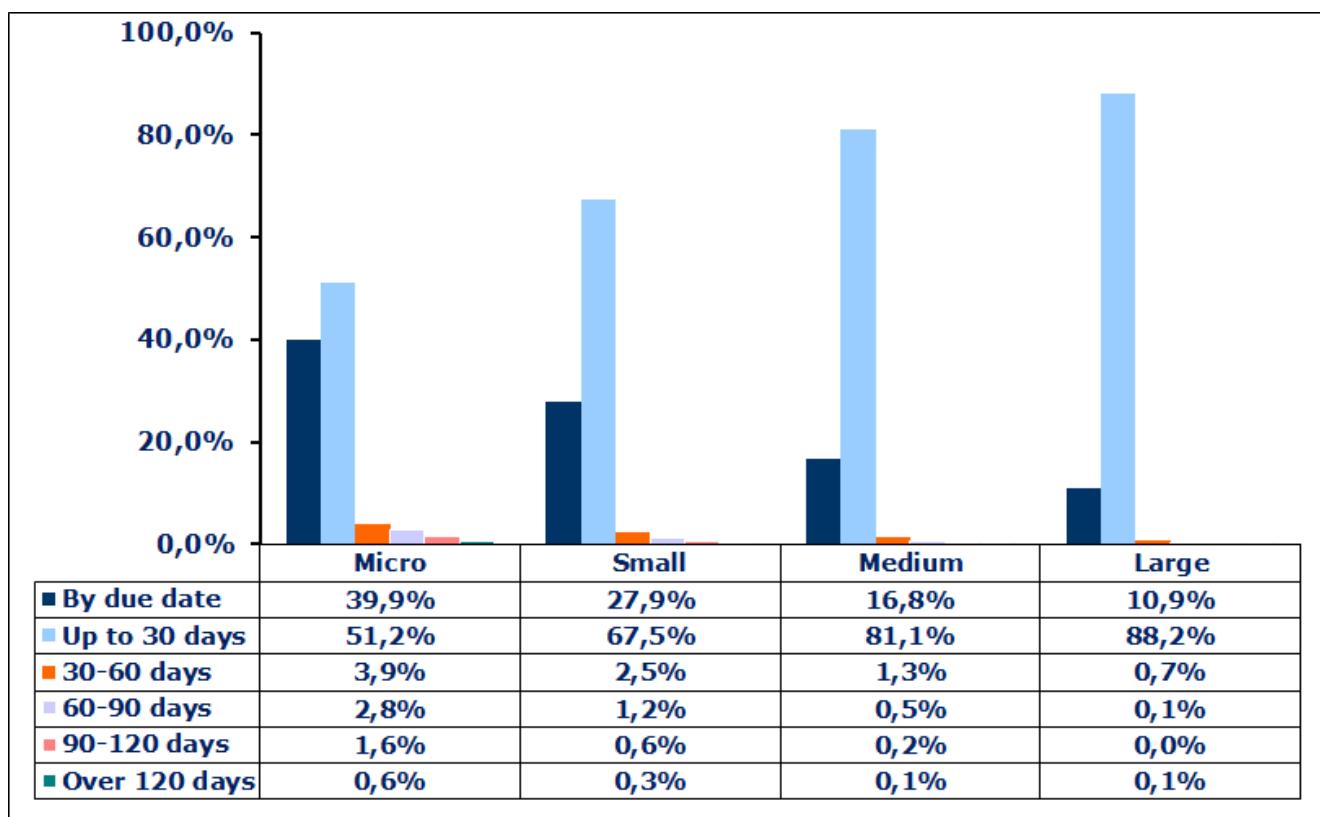
GRAPH 13.4 SOURCE: DUN & BRADSTREET BELGIE

PAYMENT PRACTICES IN BELGIUM BY PAYMENT CLASS, 2007-2015



GRAPH 13.5 SOURCE: DUN & BRADSTREET BELGIE

PAYMENT PRACTICES IN BELGIUM BY TYPE OF COMPANY, 2015



GRAPH 13.6 SOURCE: DUN & BRADSTREET BELGIE

PAYMENT PRACTICES IN BELGIUM BY PRODUCT SECTOR, 2015

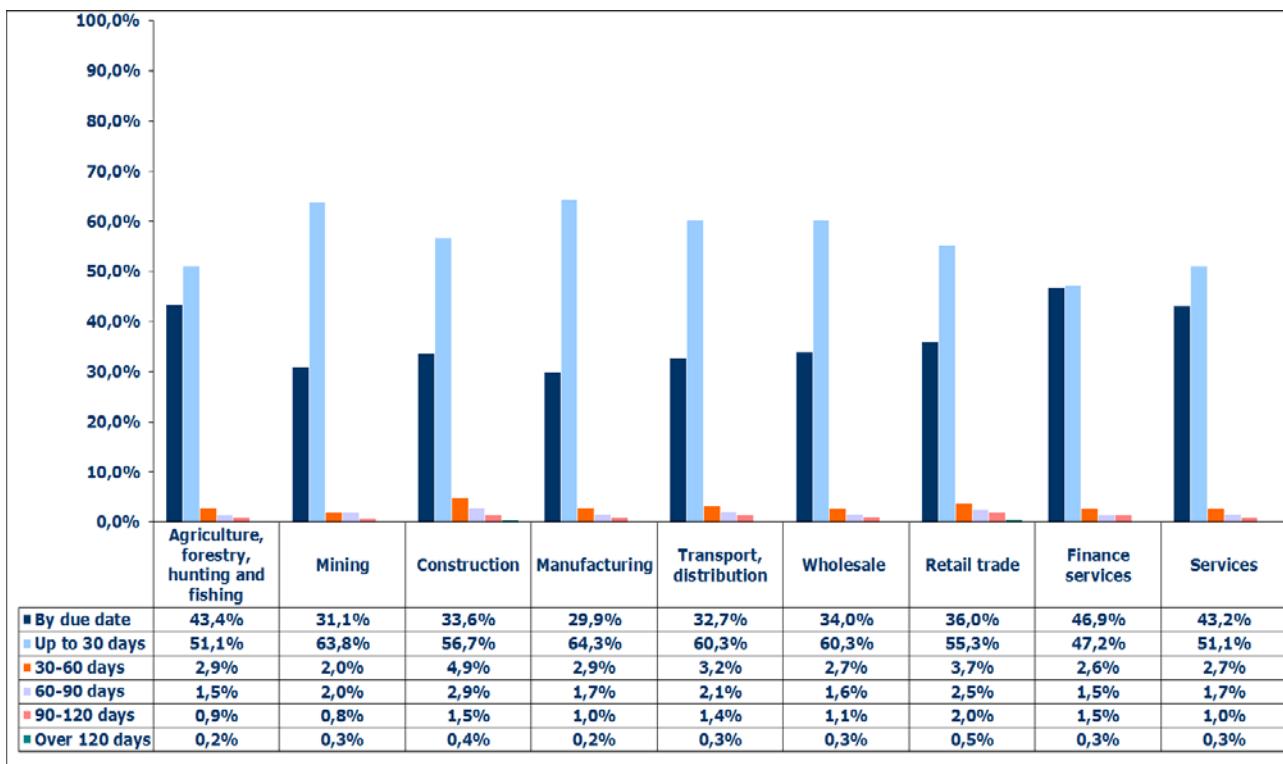


TABLE 13.7 SOURCE: DUN & BRADSTREET BELGIE

SECTORS WITH THE BEST PAYMENT RECORDS IN BELGIUM, 2015

Sector	Ranking 2015
LEGAL SERVICES	1
SECURITY AND COMMODITY BROKERS	2
INSURANCE AGENTS, BROKERS AND SERVICE	3
MEMBERSHIP ORGANIZATIONS	4
HEALTH SERVICES	5
DEPOSITORY INSTITUTIONS	6
INSURANCE CARRIERS	7
NONDEPOSITORY INSTITUTIONS	8
HOLDING AND OTHER INVESTMENT OFFICES	9
SOCIAL SERVICES	10

TABLE 13.8 SOURCE: DUN & BRADSTREET BELGIE

SECTORS WITH THE WORST PAYMENT RECORDS IN BELGIUM, 2015

Sector	Ranking 2015
EATING AND DRINKING PLACES	65
COMMUNICATIONS	64
FOOD STORES	63
TRUCKING AND WAREHOUSING	62
REAL ESTATE	61
APPAREL AND ACCESSORY STORES	60
HOTELS AND OTHER LODGING PLACES	59
GENERAL BUILDING CONTRACTORS	58
STONE, CLAY AND GLASS PRODUCTS	57
AMUSEMENT AND RECREATION SERVICES	56

14. THE NETHERLANDS

Below is the opinion of **D&B Country Insight** on the economic scenario and payment situation in The Netherlands.

"The latest figures released by Eurostat show that the labour market has grown for the seventh consecutive quarter. Between Q3 and Q4 2015 the number of people employed in the Dutch economy rose by 49,000, the biggest quarterly increase since Q1 2008. Over the year 2015 as a whole there were 105,000 people added to the employment register, with the majority going into the 'Professional, science, technology and administration' sector. Surprisingly, over the same period the unemployment rate rose from 6.2% to 6.5%, but as of February 2016 it was at 6.3%. Also positively, alongside employment growth, labour productivity was at a record high in Q4 2015. As the number of employed rises, household consumption would be expected to follow, but, with many being employed in temporary contracts, we may not see this boost in consumption but rather a boost in savings.

Bankruptcies in Netherlands have generally been on a downward trend since peaking in May 2013 (891 insolvencies). In recent months the figure has been around the 500 mark. Figures from CBS for Q1 2016 show a 20.3% y/y fall in the number of insolvencies, so the downward trend is continuing into this year. The two sectors with the most insolvencies remain the same (trade, and financial services) while the third, which is normally construction, has been replaced by specialized business services.

The economy's economic sentiment indicator is down from 104.9 in January 2016 to 102.0 in March. Although still above the long-term average of 100 that separates optimism from pessimism, sentiment is thus more downbeat about the future than before. Construction and retail sectors remain optimistic, while consumers and the industrial sector think things will get worse. Despite improving labour market conditions, it is the financial and economic situation that is dragging down consumer sentiment.

Stability in the EU is being tested by the ongoing migrant crisis, continued concerns over the effectiveness of Greece's bailout programme, and increasing deflationary pressures. Moreover, a British exit from the euro zone ('Brexit') is a serious possibility; a UK referendum is scheduled for June this year. The outcome, especially if Britain opts out, will have a significant impact on the Dutch economy, as the UK is one of the Netherlands' major trading partners: it is the Netherlands' third-biggest export market (USD59bn) and fourth-biggest import source (USD36bn).

The effect of a Brexit on Netherlands-UK trade will come from an appreciation of the euro against the pound sterling (making imports cheaper and exports more costly), increased trade tariffs, and a greater difference in regulatory standards. This will not only affect the Netherlands' trade sector, but may even prompt the Dutch (and many other EU countries) to reconsider their EU membership. Dun & Bradstreet recommends monitoring this situation closely, even if you have no exposure to the UK, as it may have a spill-over effect on the rest of the EU."

Payment analysis

Also in 2015, the Netherlands shows an increase as regards the payments on time, keeping its high performance and confirming the solid nature of the payments system. The share of punctual

payments in the Netherlands was 54,1%, and was 16,6 percentage points above the European average, while the share of Dutch companies that tend to pay over 90 days late on average is only 1,2% of the total (-0,1% vs. previous year).

Compared with 2007, the share of "good payers" has increased by 14,3 percentage points, with a resulting improvement in the other payment classes.

In particular, payments between 1 and 90 days late have decreased by 13 percentage points, meanwhile there has been a 1,3% decrease in the serious late payment class of over 90 days on average.

Micro and Small companies have high percentages of punctual payments (59,7% for the former and 46,3% for the latter), but also modest values in the other payment classes.

1,6% of Micro companies pay on average more than 90 days late, while for Small companies this percentage is 0,7%.

Payment behavior is different for larger companies: the major part of payers in these two categories pay up to 30 days late on average.

Specifically, 64,2% of Medium companies and 72,2% of Large companies fall within the "Up to 30 days" payment class.

Analyzing the performance of the Dutch payment system in relation to sectors, the best performances are seen in the Agriculture, forestry, hunting and fishing sectors and Services with 64% and 58,5% of punctual payers.

Late payments, on the other hand, are concentrated in the "Up to 30 days" class, with values varying between 32,7% (Agriculture, forestry, hunting and fishing) and 57,3% (Mining), whereas the values for other the classes are more contained.

The highest share of "bad payers" is seen in the Construction sector with 1,9% of companies paying on average more than 90 days late; this is followed by Transport, distribution and Finance service sectors both with a concentration of 1,3 percentage points.

In the ranking of best micro-sectors in terms of payment practices, Agricultural production - Livestock and Fishing, hunting and trapping are the top performers with 68,4% and 66,7% of punctual payers.

Apparel and accessory stores, on the other hand, has the worst performance in terms of serious late payments (2,1% of "bad payers"), followed by Nondepository institutions (2%). All the other sectors have concentrations of less than 2% in this class.

TABLE 14.1 SOURCE: DUN & BRADSTREET NEDERLAND

PERCENTAGE OF COMPANIES IN THE NETHERLANDS WITH ON TIME PAYMENTS, 2007-2015

	2007	2014	2015
The Netherlands	39,8%	51,2%	54,1%
Europe	41,0%	37,6%	37,5%

TABLE 14.2 SOURCE: DUN & BRADSTREET NEDERLAND

PERCENTAGE OF COMPANIES IN THE NETHERLANDS WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
The Netherlands	2,5%	1,3%	1,2%
Europe	4,1%	3,8%	3,5%

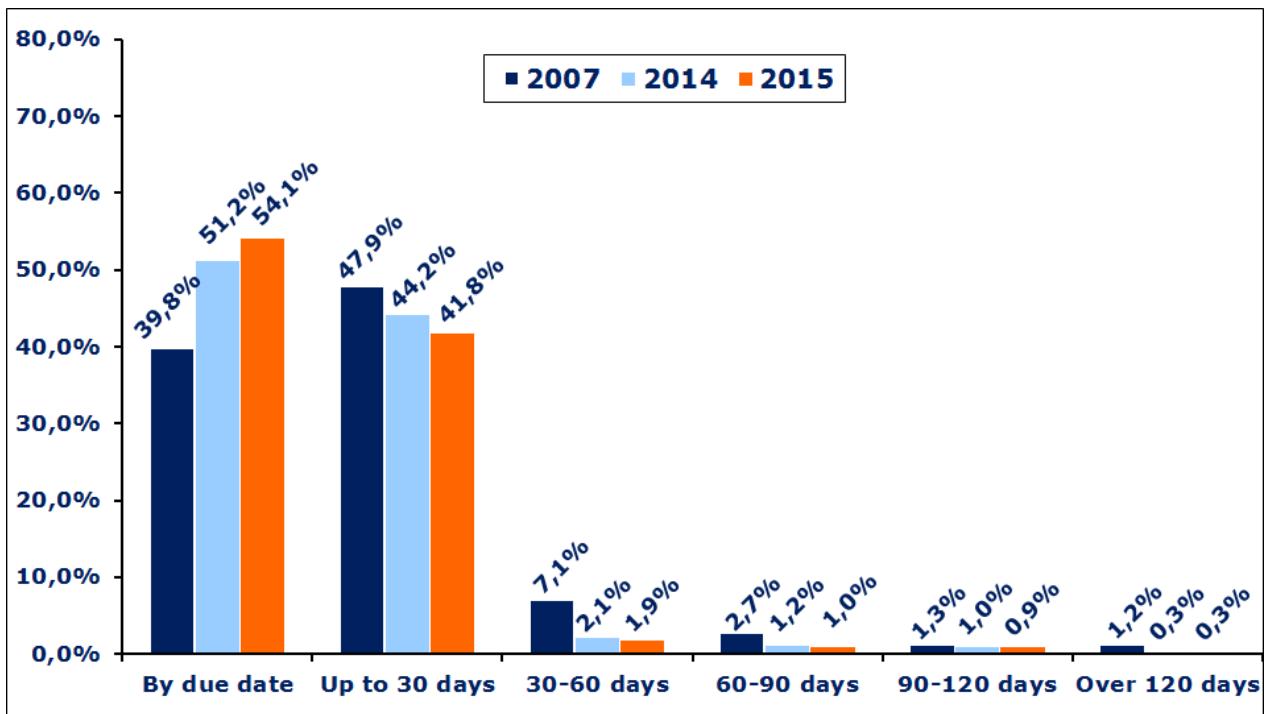
TABLE 14.3 SOURCE: DUN & BRADSTREET NEDERLAND

VARIATIONS IN PAYMENT PRACTICES IN THE NETHERLANDS, 2007-2015

	Variation 2007/2015	Variation 2014/2015
By due date	14,3%	2,9%
Up to 90 days	-13,0%	-2,8%
Over 90 days	-1,3%	-0,1%

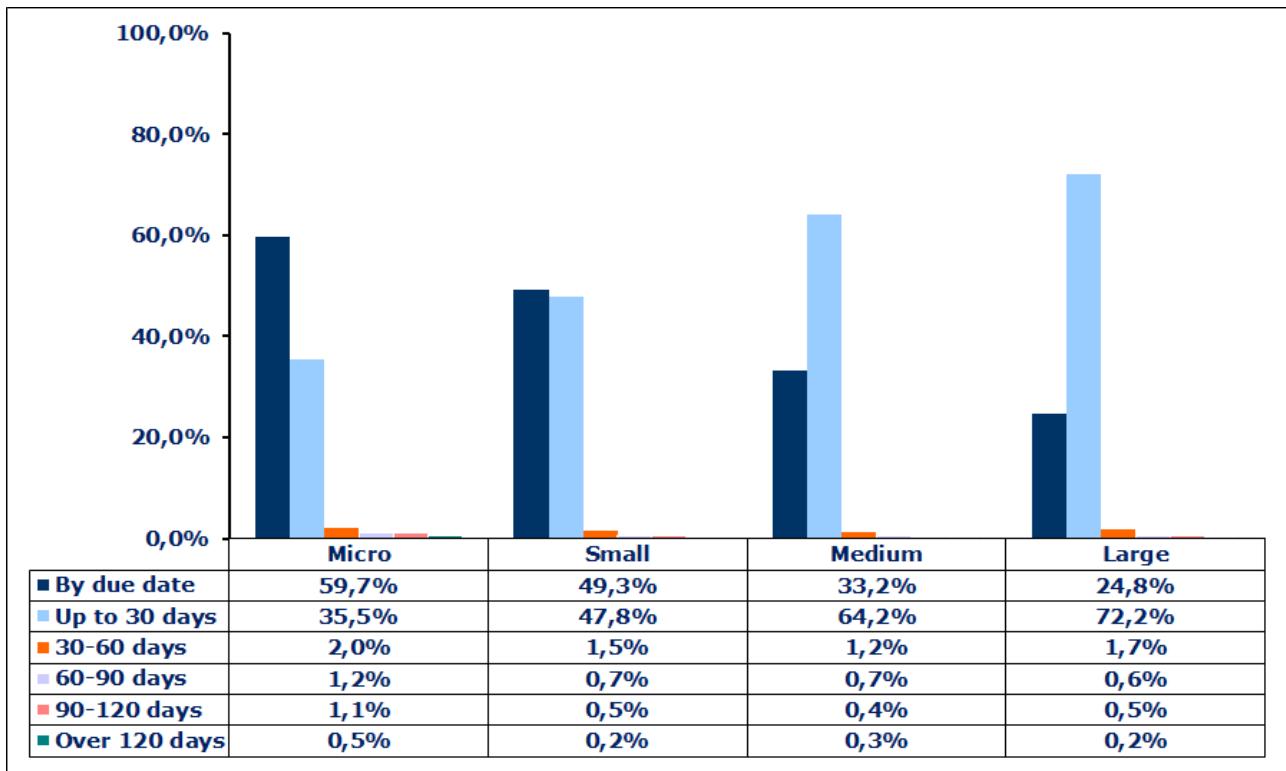
GRAPH 14.4 SOURCE: DUN & BRADSTREET NEDERLAND

PAYMENT PRACTICES IN THE NETHERLANDS BY PAYMENT CLASS, 2007-2015



GRAPH 14.5 SOURCE: DUN & BRADSTREET NEDERLAND

PAYMENT PRACTICES IN THE NETHERLANDS BY TYPE OF COMPANY, 2015



GRAPH 14.6 SOURCE: DUN & BRADSTREET NEDERLAND

PAYMENT PRACTICES IN THE NETHERLANDS BY PRODUCT SECTOR, 2015

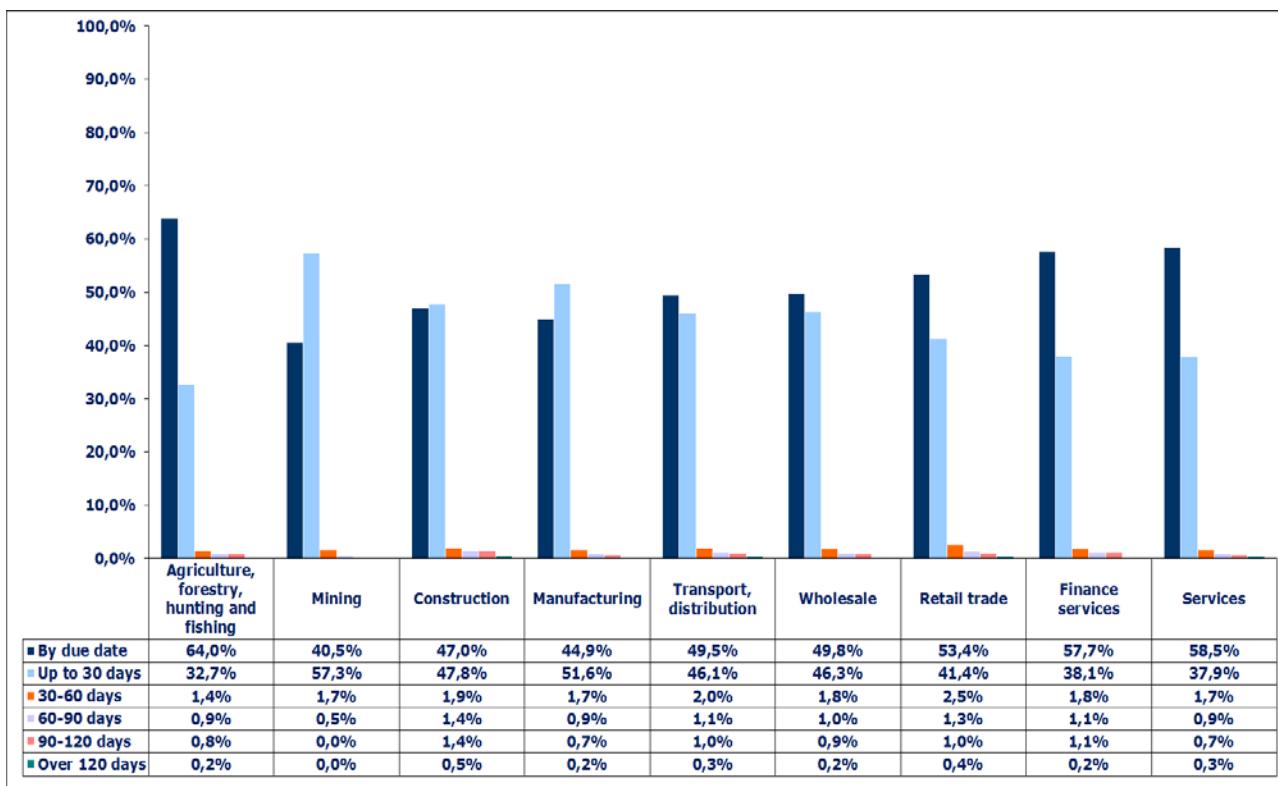


TABLE 14.7 SOURCE: DUN & BRADSTREET NEDERLAND

SECTORS WITH THE BEST PAYMENT RECORDS IN THE NETHERLANDS, 2015

Sector	Ranking 2015
AGRICULTURAL PRODUCTION - LIVESTOCK	1
FISHING, HUNTING AND TRAPPING	2
AUTOMOTIVE DEALERS AND SERVICE STATIONS	3
INSURANCE AGENTS, BROKERS AND SERVICE	4
AGRICULTURAL PRODUCTION - CROPS	5
LEGAL SERVICES	6
HEALTH SERVICES	7
PERSONAL SERVICES	8
MISCELLANEOUS REPAIR SERVICES	9
FOOD STORES	10

TABLE 14.8 SOURCE: DUN & BRADSTREET NEDERLAND

SECTORS WITH THE WORST PAYMENT RECORDS IN THE NETHERLANDS, 2015

Sector	Ranking 2015
APPAREL AND ACCESSORY STORES	66
NONDEPOSITORY INSTITUTIONS	65
SPECIAL TRADE CONTRACTORS	64
SECURITY AND COMMODY BROKERS	63
EATING AND DRINKING PLACES	62
LOCAL AND INTERURBAN PASSENGER TRANSIT	61
APPAREL AND OTHER TEXTILE PRODUCT	60
MEMBERSHIP ORGANIZATIONS	59
BUILDING MATERIALS AND GARDEN SUPPLIES	58
TRUCKING AND WAREHOUSING	57

15. FRANCE

Below is the opinion of **Thierry Millon, Responsable des Etudes** at **Altares**, on the economic scenario and payment situation in France.

"Late payments have grown steadily in France for 10 years to reach 13.6 days on average in 2015's second quarter, according to Altares-D&B's analysis.

TPE-SMEs suffer from these delays, which account for a 15 billions gap in their cash flow. Therefore, the government decided to act to try and improve the situation.

First, businesses which do not respect payment terms may be subject to higher fines.

Deadlines for payments may not exceed 60 days the invoice was issued. Currently fines are capped to 375,000 euros. This limit will increase to 2 million. The administration will now pronounce and enforce fines against companies accustomed to late payments.

Moreover, all sanctions will now be published. This already begun; The Ministry of Economy and Finance published, in November 2015, fines issued against five corporations.

In order to increase transparency, the management report accompanying balance sheets of companies whose accounts are certified by an auditor will now mention late payments, the number, and total amount of unpaid due invoices. This amount will be broken down by delay range and reported as a percentage to total purchases (for suppliers) to sales (for customers).

Failure to respect legal deadlines is sometimes due to non-compliant or incomplete billing documents. The payments' workflow digitalization helps minimize disputes and accelerate payment, and secure business relationships.

In France, large state suppliers (more than 5000 employees) have to move to paperless bills on January 1st, 2017, before being joined by the intermediate sized companies (250 - 4999 employees) in 2018, SMEs (10 - 249 employees) in 2019 and micro enterprises (less than 10 employees) on January 1st, 2020. If this resolution cannot in itself guarantee public bodies timely payments, it participates to business-administration relationship modernization."

Payment analysis

Even for the current year France continues to have a similar performance in terms of punctual payments than the majority of countries analyzed in the Payment Study.

In 2015 punctual payments accounted for 39,1% of the total, + 1,6% over the European average, which continues to show a larger quantity of companies with a balanced payment behavior.

53,5% of French payers fell into the "Up to 30 days" class, while the intermediate late payment classes remained more or less unchanged compared to the previous year: the "30-60 days" and "60-90 days" classes comprised 5% of the total.

"Bad payers" represent 2,4% of the total, with a positive gap of 1,1 percentage points from the European record.

Considering payment practices by company size, Micro companies exhibit the best payment behavior with 46,1% of the total paying suppliers within agreed terms.

As size increases, the percentage of punctual payers drops, reaching the lowest value of 3,9% for Large companies.

In the main part, late payments are concentrated in the "Up to 30 days" class, with percentages of between 45,9% and 91,6%.

The share of companies that pay between 30 and 90 days late is the highest for Micro companies with a value of 5,4% of the total, as is the case for the more serious late payments (more than 90 days) which account for 2,6% of companies.

The Construction sector is the best performer in terms of punctual payments, with a share of punctual payers of 51,8% (+1,3 percentage points compared to 2014).

This is followed by Agriculture, forestry, hunting and fishing with 47,9% of companies in this class.

Significantly lower values are found in the Mining (24%) and the Transport, distribution (25,5%) sectors.

All sectors examined in the study tend to pay commercial transactions between 1 and 30 days late (values above 42 percentage points).

Finally, Finance services have the highest concentrations both in the intermediate late payment classes ("30-60 days" and "60-90 days") and in the serious late payment class above 90 days on average (3,5%).

In first place in the classification of the 10 micro-sectors with the most punctual payments in France is Special trade contractors group (53,3% of the total in the "By due date" class).

In second and third places are Miscellaneous retail (50,3%) and Miscellaneous repair services (49,9%).

The worst result is seen in Postal services sector, with a 4,4% share of serious late payments (over 90 days on average). Second and third places are held by Eating and drinking places (4,3%) and Real estate (4,1%).

TABLE 15.1 SOURCE: ALTARES

PERCENTAGE OF COMPANIES IN FRANCE WITH ON TIME PAYMENTS, 2007-2015

	2007	2014	2015
France	32,4%	38,3%	39,1%
Europe	41,0%	37,6%	37,5%

TABLE 15.2 SOURCE: ALTARES

PERCENTAGE OF COMPANIES IN FRANCE WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
France	2,6%	2,3%	2,4%
Europe	4,1%	3,8%	3,5%

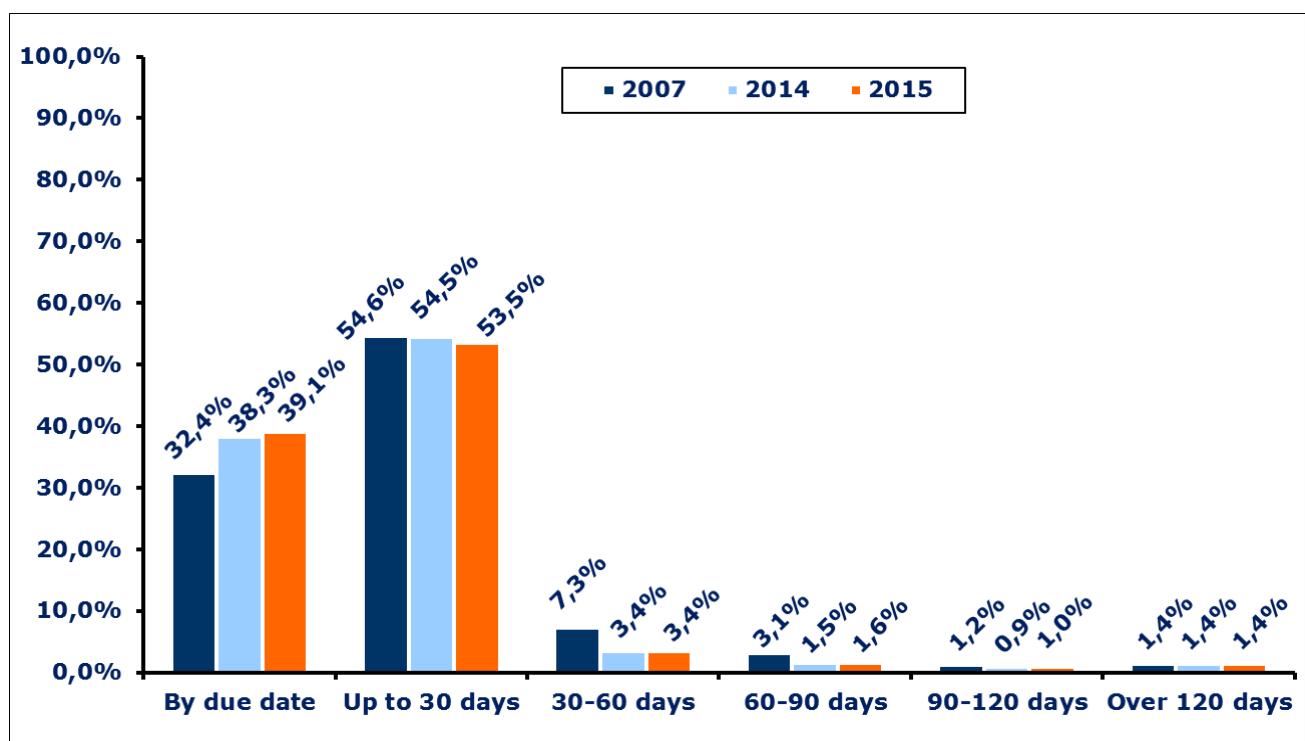
TABLE 15.3 SOURCE: ALTARES

VARIATIONS IN PAYMENT PRACTICES IN FRANCE, 2007-2015

	Variation 2007/2015	Variation 2014/2015
By due date	6,7%	0,8%
Up to 90 days	-6,5%	-0,9%
Over 90 days	-0,2%	0,1%

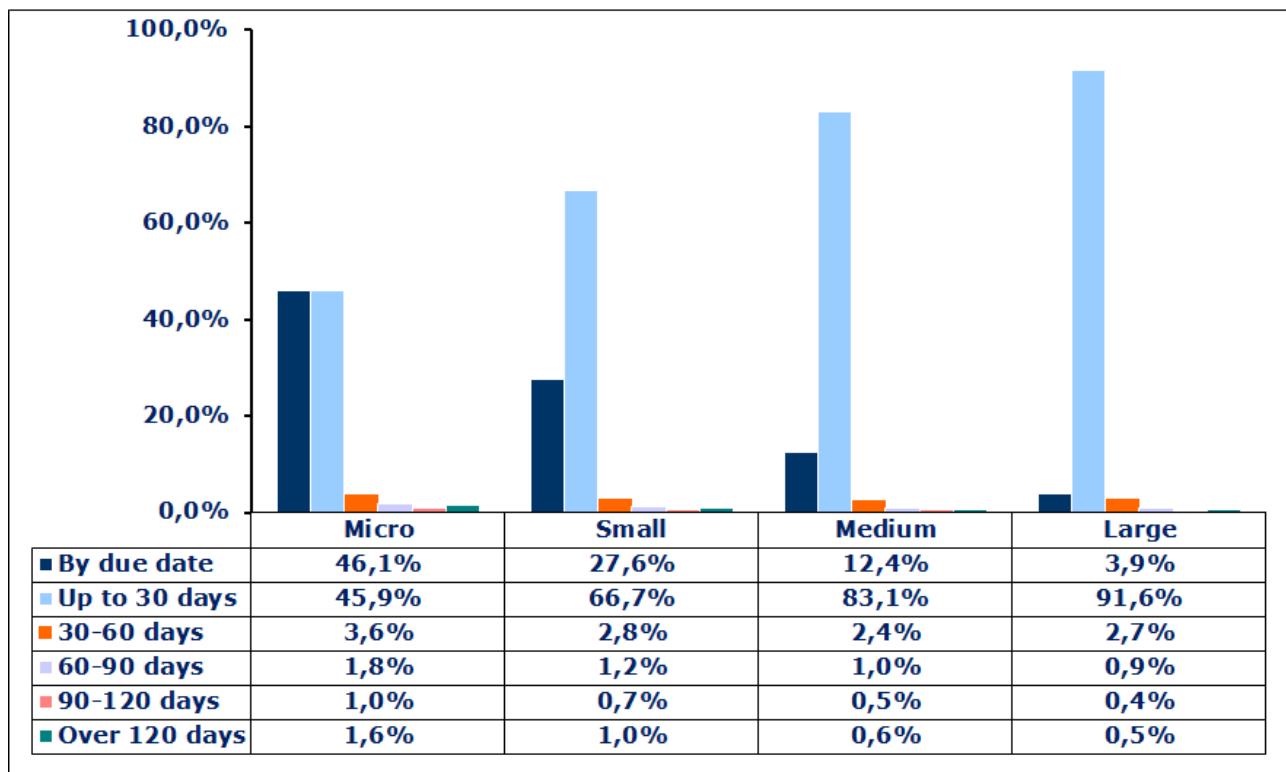
GRAPH 15.4 SOURCE: ALTARES

PAYMENT PRACTICES IN FRANCE BY PAYMENT CLASS, 2007-2015



GRAPH 15.5 SOURCE: ALTARES

PAYMENT PRACTICES IN FRANCE BY TYPE OF COMPANY, 2015



GRAPH 15.6 SOURCE: ALTARES

PAYMENT PRACTICES IN FRANCE BY PRODUCT SECTOR, 2015

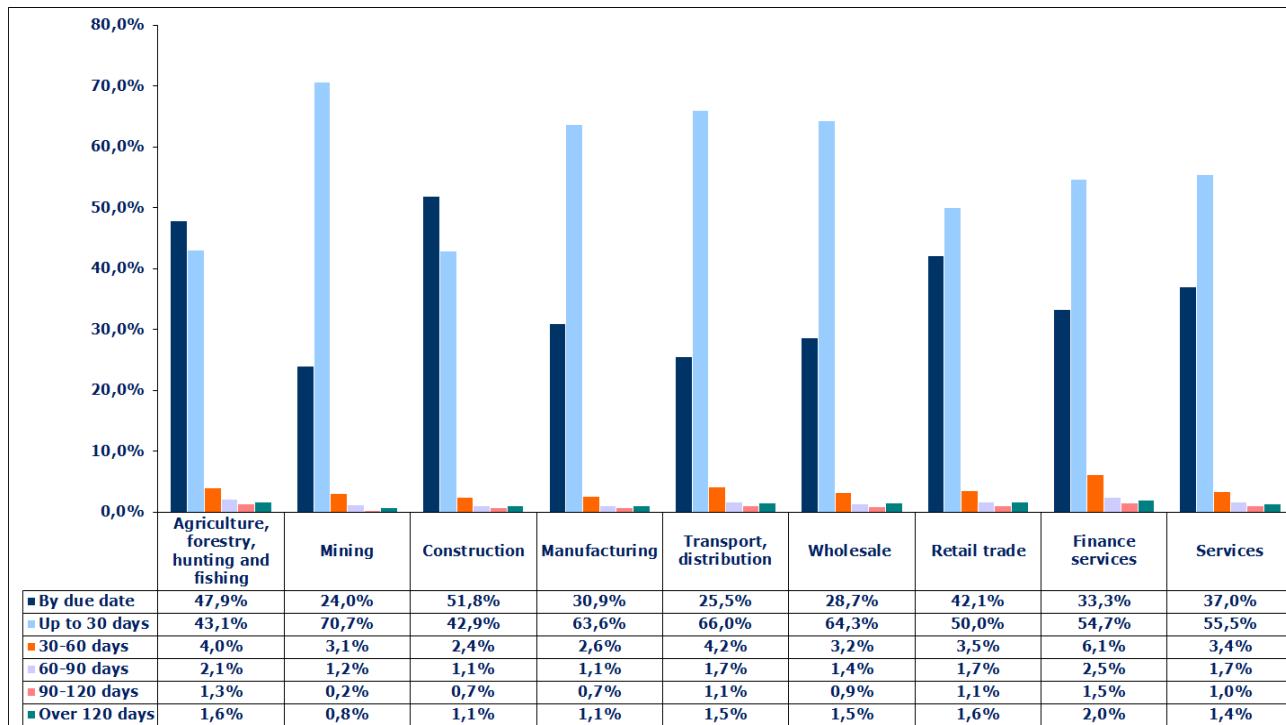


TABLE 15.7 SOURCE: ALTARES

SECTORS WITH THE BEST PAYMENT RECORDS IN FRANCE, 2015

Sector	Ranking 2015
SPECIAL TRADE CONTRACTORS	1
MISCELLANEOUS RETAIL	2
MISCELLANEOUS REPAIR SERVICES	3
AUTO REPAIR, SERVICES AND PARKING	4
FURNITURE AND FIXTURES	5
INSURANCE AGENTS, BROKERS AND SERVICES	6
FORESTRY	7
FISHING, HUNTING AND TRAPPING	8
AGRICULTURAL SERVICES	9
AGRICULTURAL PRODUCTION - CROPS	10

TABLE 15.8 SOURCE: ALTARES

SECTORS WITH THE WORST PAYMENT RECORDS IN FRANCE, 2015

Sector	Ranking 2015
POSTAL SERVICES	70
EATING AND DRINKING PLACES	69
REAL ESTATE	68
AGRICULTURAL PRODUCTION - LIVESTOCK	67
PERSONAL SERVICES	66
MOTION PICTURES	65
COMMUNICATIONS	64
SECURITY AND COMMODITY BROKERS	63
JUSTICE, PUBLIC ORDER AND SAFETY	62
AMUSEMENT AND RECREATION SERVICES	61

16. GERMANY

Below is the opinion of **Markus Gottschlich, Product Manager Trade at Bisnode Editorial Deutschland**, on the economic scenario and payment situation in Germany.

"In Germany economic production has risen moderately without any major fluctuations over the course of the year. Real gross domestic product increased by 1.7% in 2016. The upturn is likely to continue in 2016. This is due to framework conditions for the German economy that are expected to remain favourable.

The German economy is currently growing primarily on the back of robust domestic demand. Positive impulses were provided mainly by higher income levels driven by stronger employment growth and a marked rise in earnings, combined with the increases in purchasing power brought by the lower crude oil prices.

The unemployment rate has fallen to its lowest level since 1991. With a current rate of 4.4%, Germany's unemployment level is less than half of the euro-zone average. The positive news from the labour market is even more notable given that the country implemented a minimum wage of 8.50 € per hour in January 2015, which was accompanied by major concerns, especially over the service sector in the eastern part of the country laying off staff. With employment figures having risen to an all-time high of 43.4m people and inflation rates being low, purchasing power in the country is still rising. That is why domestic demand will remain a major driver for further growth in 2016.

Government consumption has risen perceptible in 2015 and growth looks likely to remain relatively strong over the next year. This is due to additional healthcare spending. Additionally payroll spending for child day-care and education is to be stepped up in general. Rising capacity utilization should lead to a recovery in business investments. Plans to ramp up infrastructure investments and higher growth in government investment in machinery and equipment, should lead to a perceptible rise of Government construction investment in 2016.

Exports lost much of their momentum in the second half of 2016. Foreign trade is missing the stimulus from non-euro-area markets, especially from emerging markets in the Far East. Exports however are expected to rise at a faster pace until the middle of next year, since the economic situation in Germany's key trade partner countries will probably also improve, boosted by low energy prices. In addition, the impact of the euro depreciation in 2015 is expected to be felt into 2016. Nevertheless, world economic expansion and the average growth rates in German exports are estimated to remain below those of previous upturns. Downside risks to economic growth would arise if the current sluggish dynamics in a number of emerging market economies were to worsen.

Imports are expected to increase more than exports due to strong impulses from domestic demand. European manufacturers, due to their improved competitive position, should benefit more from the revival of demand in Germany than non-euro-area providers.

In general the payment terms in Germany are 30 days with some sector-specific deviations. The transportsations and logistics sector for example is used to longer payment terms.

In 2015, the number of business failures continued to fall. Latest data show a further drop of another 4.4% versus 2014. Looking ahead, we expect the number of insolvencies to trend further downwards in 2016.

Conversely, the payment behaviour of German businesses has continually deteriorated slightly in 2016. The Bisnode Payment Index, which indicates the number of companies paying their invoices on time, dropped from 86.82 to 83.96 points. In an international comparison this is still

an excellent value. Nevertheless this trend should encourage to closely monitor the receivables portfolio."

Payment analysis

In 2015 Germany confirmed the excellent payment performances of previous years and continues to be one of the best countries in the European context.

However, companies that paid their suppliers on time registered a 2,5 percentage point decrease compared with 2014 and accounted for 72,3% of the total (34,8 percentage points above the European average).

The positive performance in Germany is especially seen in the late payment class of over 90 days: at the end of 2015, the concentration of companies in this bracket was 0,5%, compared to 3,5% for Europe.

Late payments of up to 30 days account for 26,4% of the total, meanwhile, those of between 30 and 90 days account for 0,8%.

Compared with 2007, the percentage of "good payers" has increased by over 18,4 percentage points ("By due date" class), meanwhile the concentration in the "Up to 90 days" class has reduced by 15,7% and in the "Over 90 days" class by 2,7% percentage points.

In Germany, companies belonging to the different size categories show excellent payment performance.

Specifically, the most punctual categories are Micro and Small companies, with over 73% of the total. These are followed by Medium sized companies with 62,1% and finally Large companies with 47,5%.

The share of companies that pay between 1 and 30 days late is the highest for Large companies with a value of 51,6% of the total.

More serious late payments are minor, with uniform values between the various company sizes.

In all the macrosectors analyzed, the percentage of companies that respect agreed terms in the management of commercial transactions reaches and exceeds 68%.

The best performances are seen in Finance Services (77,2%), followed by Mining sector (75,7%) and Construction sector (75,6%).

At the bottom of the classification of punctual payments is the Manufacturing sector with a value of 68,3%.

In this case too, late payments tend to be concentrated in the "Up to 30 days" class, with values fluctuating between 21,3% for Finance Services and 30,4% for Manufacturing.

In all the sectors looked at in the study, the three most serious late payment classes ("60-90 days", "90-120 days" and "Over 120 days") have very contained concentrations.

Justice, public order and safety is the sector with the best payment record in Germany, with 83,7% of companies paying within agreed payment terms. In second and third places are the Miscellaneous retail (81,8%) and Insurance agents, brokers and services (80%) sectors.

Apparel and other textile product industries and Furniture and fixtures industries are in the top positions in the ranking of the worst sectors, even if they have a percentage of only 1% of late

payments of over 90 days on average. The economic slowdown has not impacted on the solidity of the German payment system and companies continue to show excellent levels of payments.

TABLE 16.1 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

PERCENTAGE OF COMPANIES IN GERMANY WITH ON TIME PAYMENTS, 2007-2015

	2007	2014	2015
Germany	53,9%	74,8%	72,3%
Europe	41,0%	37,6%	37,5%

TABLE 16.2 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

PERCENTAGE OF COMPANIES IN GERMANY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
Germany	3,2%	0,4%	0,5%
Europe	4,1%	3,8%	3,5%

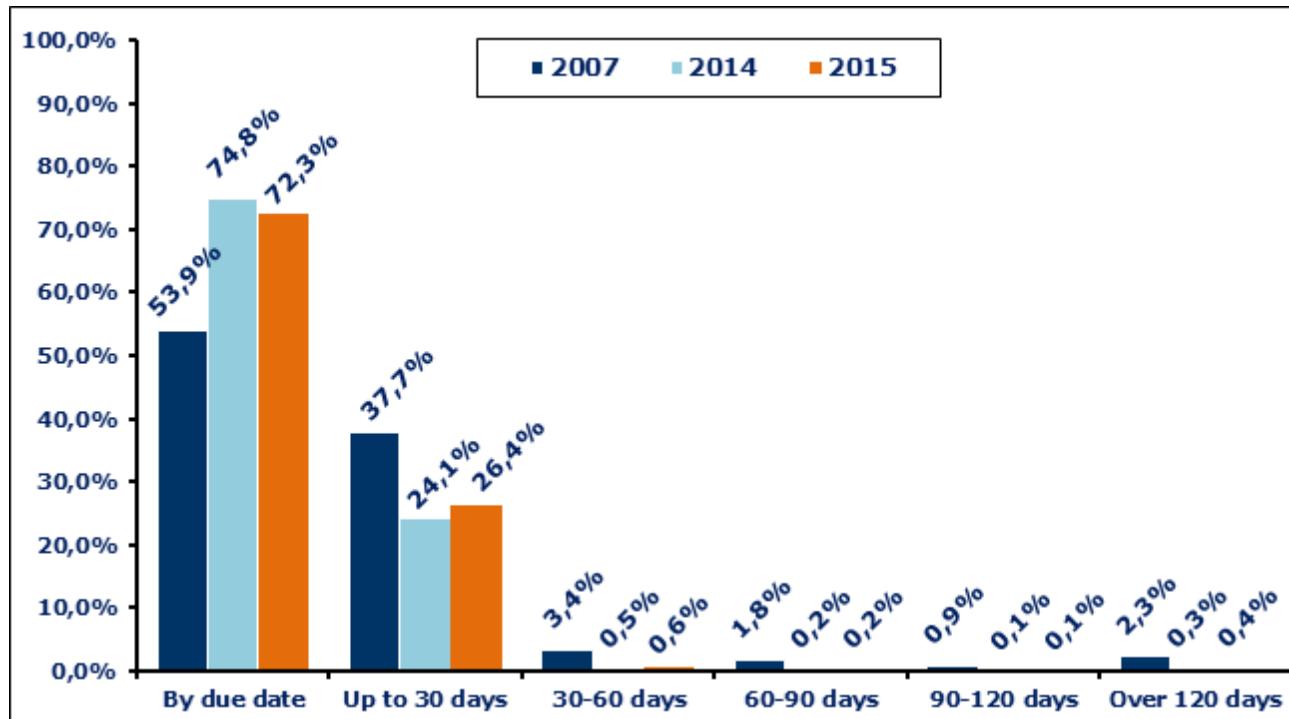
TABLE 16.3 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

VARIATIONS IN PAYMENT PRACTICES IN GERMANY, 2007-2015

	Variation 2007/2015	Variation 2014/2015
By due date	18,4%	-2,5%
Up to 90 days	-15,7%	2,4%
Over 90 days	-2,7%	0,1%

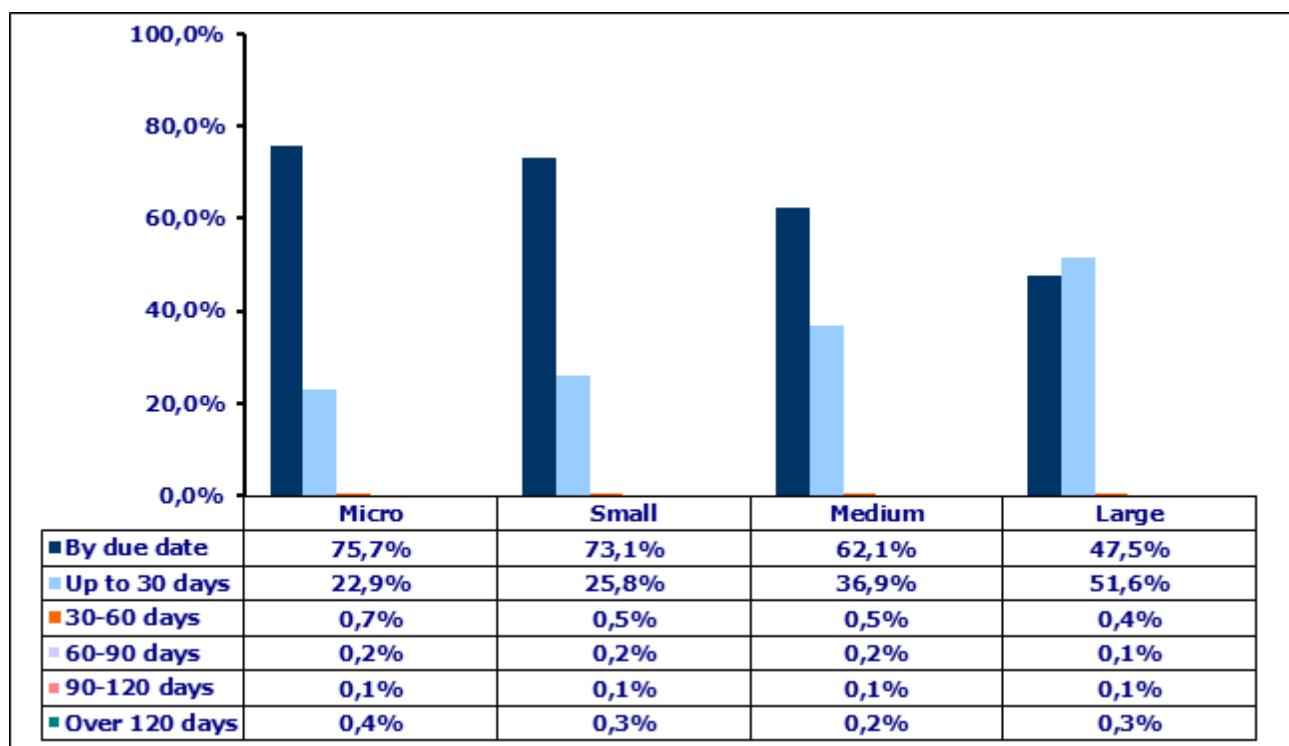
GRAPH 16.4 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

PAYMENT PRACTICES IN GERMANY BY PAYMENT CLASS, 2007-2015



GRAPH 16.5 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

PAYMENT PRACTICES IN GERMANY BY TYPE OF COMPANY, 2015



GRAPH 16.6 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

PAYMENT PRACTICES IN GERMANY BY PRODUCT SECTOR, 2015

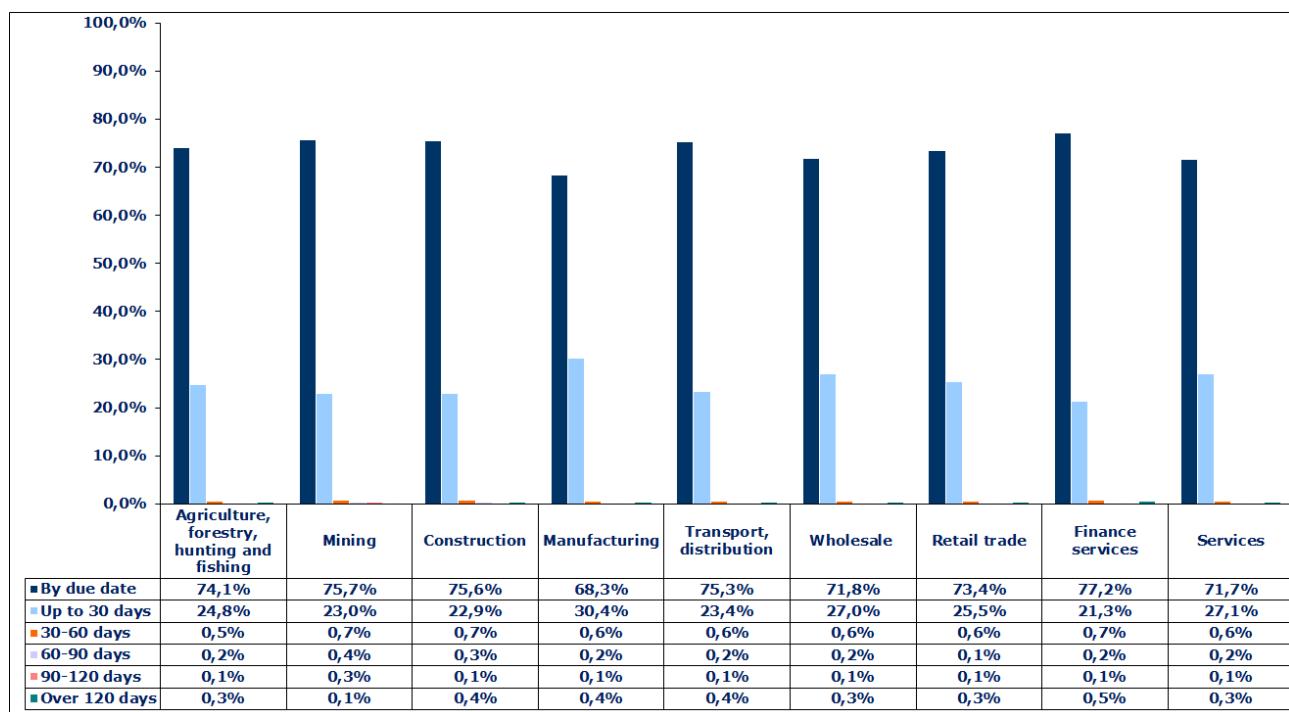


TABLE 16.7 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

SECTORS WITH THE BEST PAYMENT RECORDS IN GERMANY, 2015

Sector	Ranking 2015
JUSTICE, PUBLIC ORDER AND SAFETY	1
MISCELLANEOUS RETAIL	2
INSURANCE AGENTS, BROKERS AND SERVICES	3
FURNITURE AND HOMEFURNISHINGS STORES	4
FORESTRY	5
REAL ESTATE	6
LEGAL SERVICES	7
EXECUTIVE, LEGISLATIVE AND GENERAL	8
SERVICES	9
BUILDING MATERIALS AND GARDEN SUPPLIES	10

TABLE 16.8 SOURCE: BISNODE EDITORIAL DEUTSCHLAND

SECTORS WITH THE WORST PAYMENT RECORDS IN GERMANY, 2015

Sector	Ranking 2015
APPAREL AND OTHER TEXTILE PRODUCT	62
FURNITURE AND FIXTURES	61
EATING AND DRINKING PLACES	60
RAILROAD TRASPORTATION	59
INSURANCE CARRIERS	58
PRINTING AND PUBLISHING	57
HOTELS AND OTHER LODGING PLACES	56
GENERAL BUILDING CONTRACTORS	55
TRANSPORTATION SERVICES	54
AMUSEMENT AND RECREATION SERVICES	53

17. UNITED KINGDOM

Below is the opinion of **Markus Kuger, Senior Economist** at **Dun & Bradstreet Ltd**, on the economic scenario and payment situation in UK.

"On a macroeconomic level, the United Kingdom again outperformed most of its Western European peers in 2015 when real GDP grew by a robust 2.3% and unemployment fell to 5.3%. However, in 2016, we expect the economy to expand by 2.0% only, compared with the euro zone average of 1.5%. In our view, the slowdown is mainly triggered by growing uncertainty arising from a possible British exit from the EU (the so-called Brexit)."

With a referendum taking place on 23 June and recent polls showing that the electorate is almost evenly split between Brexit-supporters and those favoring remaining an EU member, a Brexit has become a realistic scenario. This is already adversely impacting on investment activity and several forward-looking indicators have shown disappointing readings in Q1.

Our core scenario does not foresee a Brexit (for which we currently assign a 40% risk) but we are prepared to adjust growth forecasts downwards if the country decides to leave the EU. In this case, export orientated industries such as manufacturing and the sizable, mainly London-based, financial sector would be hit the hardest.

From a microeconomic angle (and despite the sound macroeconomic performance), payments performance patterns are still concerning. Our proprietary data shows deterioration in payment habits over the course of 2014-15, with the average prompt payment dropping from an already low 27.3% in February 2014 to 21.7% only in December 2015.

That said, payment habits improved on a quarter on quarter basis in Q4 2015. A sectoral comparison reveals that agriculture displayed the best payments performance in December 2015 (34.8% of all payments were made prompt), followed by construction (30.1%) and companies doing business in the health, education or social sector (24.0%). Bottom of the table are machinery manufacturing (16.6%), retailers (16.6%) and restaurants (9.4%).

A regional comparison shows that companies located in the Greater Manchester Area (16.3% of prompt payments), Greater London (18.3%) and the West Midlands (18.7%) displayed the slowest payment pattern. Most prompt payments in December 2015 were made in East Anglia (28.7%), Northern Ireland (28.3%) and the Channel Islands (26.3%).

Looking ahead, slower economic growth, coupled with a sharp rise in the minimum wage over the next years (which already went up to GBP7.20 per hour on 1 April 2016) could cause profitability problems, especially in labor-intensive sectors. This could have negative repercussions on the risk of late or non-payment. Positively, we do not expect the Bank of England to raise interest rates before late-2017 earliest as the economy is slowing and deflationary pressures still exist. This will keep refinancing costs low and should enable companies to roll over maturing debt. In the case of a Brexit, the pound sterling will see significant downward pressure, making it harder for UK-based companies to pay dollar and euro-denominated bills."

Payment analysis

The analysis of United Kingdom payments shows also for 2015 performances long way from the average European results.

In fact, the share of British companies paying on time had reached 24,1% of the total, a value which is not very reassuring if compared to the European average of 37,5% (-13,4 percentage points), meanwhile, the majority of companies tended to pay on average between 1 and 30 days late (64,7%).

Intermediate late payment classes ("30-60 days" and "60-90 days") account for 8,7%, whereas "bad payers" account for 2,5% of the sample analyzed.

The variations between 2007 and 2015 are more significant: the share of "good payers" has decreased by 8,5%, however the number of cases with late payments up to 90 days fell by 2,5% (-2,8% compared to seven years ago).

Micro companies have the highest concentration of punctual payers, with 25,1% of the total.

Large companies, on the other hand, have the highest concentration in the moderate late payment class of up to 30 days on average (82,5%), while only 7,9% pay by due date.

In terms of serious late payments, the worst performance is seen for the Large companies (2,6% exceed an average of 90 days beyond agreed payment terms).

There is a homogeneous distribution of punctual payments in almost all the macro-sectors analyzed, with somewhat contained values.

The only exception is the Agriculture, forestry, hunting and fishing sector: in this case, the percentage of companies that respect payment terms agreed with their suppliers is 37,6%.

At the bottom of the classification, on the other hand, is Retail trade sector, with 17% of punctual payers.

In relation to intermediate late payments (between 30 and 90 days late), the highest values were in the Retail trade sector (16%) and Finance services (11,2%).

The worst performance in terms of serious late payments was seen again in the Retail trade sector, where 3,8% of companies tend to pay more than 90 days late on average.

In first, second and third place the classification of microsectors with the most punctual payments are Agricultural production – Crops, Forestry and Agricultural production – Livestock (punctual payers are between 36% and 44%).

First position in the sector ranking of "bad payers" is held by Food stores with 5,1% of late payments of over 90 days on average, followed by Apparel and accessory stores and Eating and drinking places with 4,9%.

TABLE 17.1 SOURCE: DUN & BRADSTREET LTD

PERCENTAGE OF COMPANIES IN THE UK WITH ON TIME PAYMENTS, 2007-2015

	2007	2014	2015
United Kingdom	32,6%	24,1%	24,1%
Europe	41,0%	37,6%	37,5%

TABLE 17.2 SOURCE: DUN & BRADSTREET LTD

PERCENTAGE OF COMPANIES IN THE UK WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
United Kingdom	5,3%	2,5%	2,5%
Europe	4,1%	3,8%	3,5%

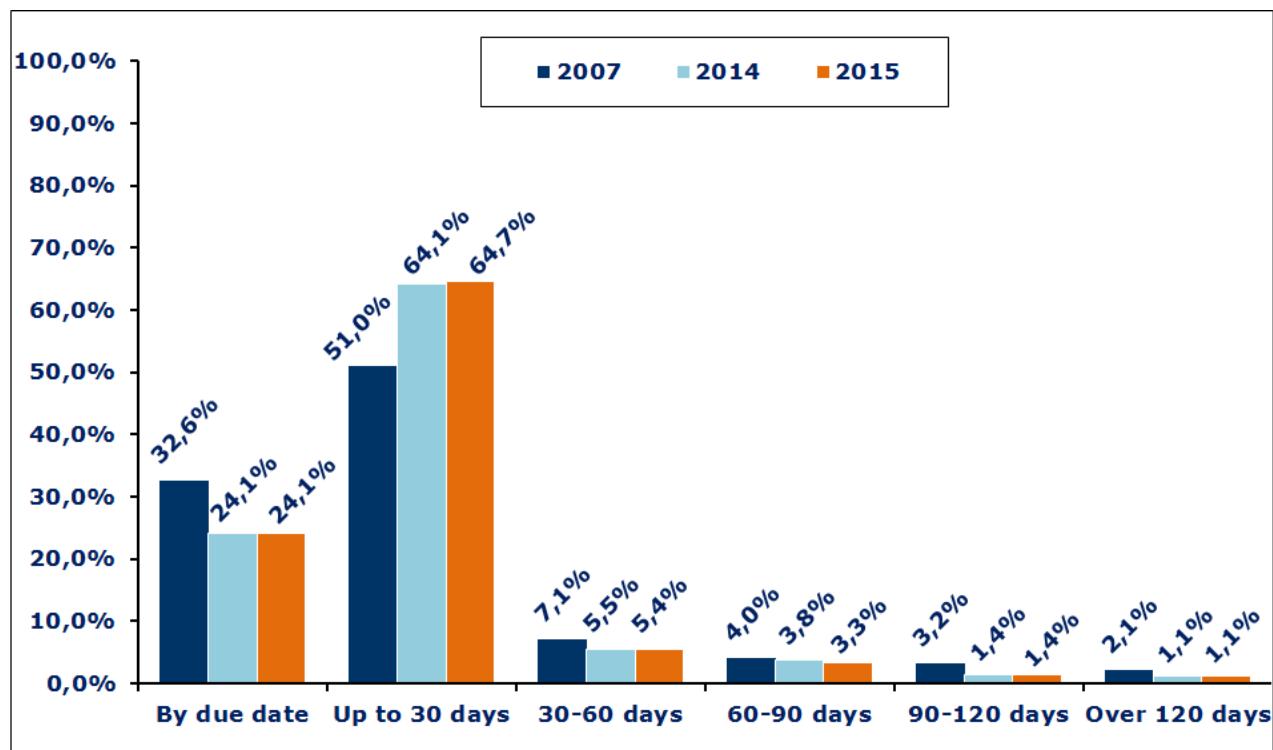
TABLE 17.3 SOURCE: DUN & BRADSTREET LTD

VARIATIONS IN PAYMENT PRACTICES IN THE UK, 2007-2015

	Variation 2007/2015	Variation 2014/2015
By due date	-8,5%	0,0%
Up 90 days	11,3%	0,0%
Over 90 days	-2,8%	0,0%

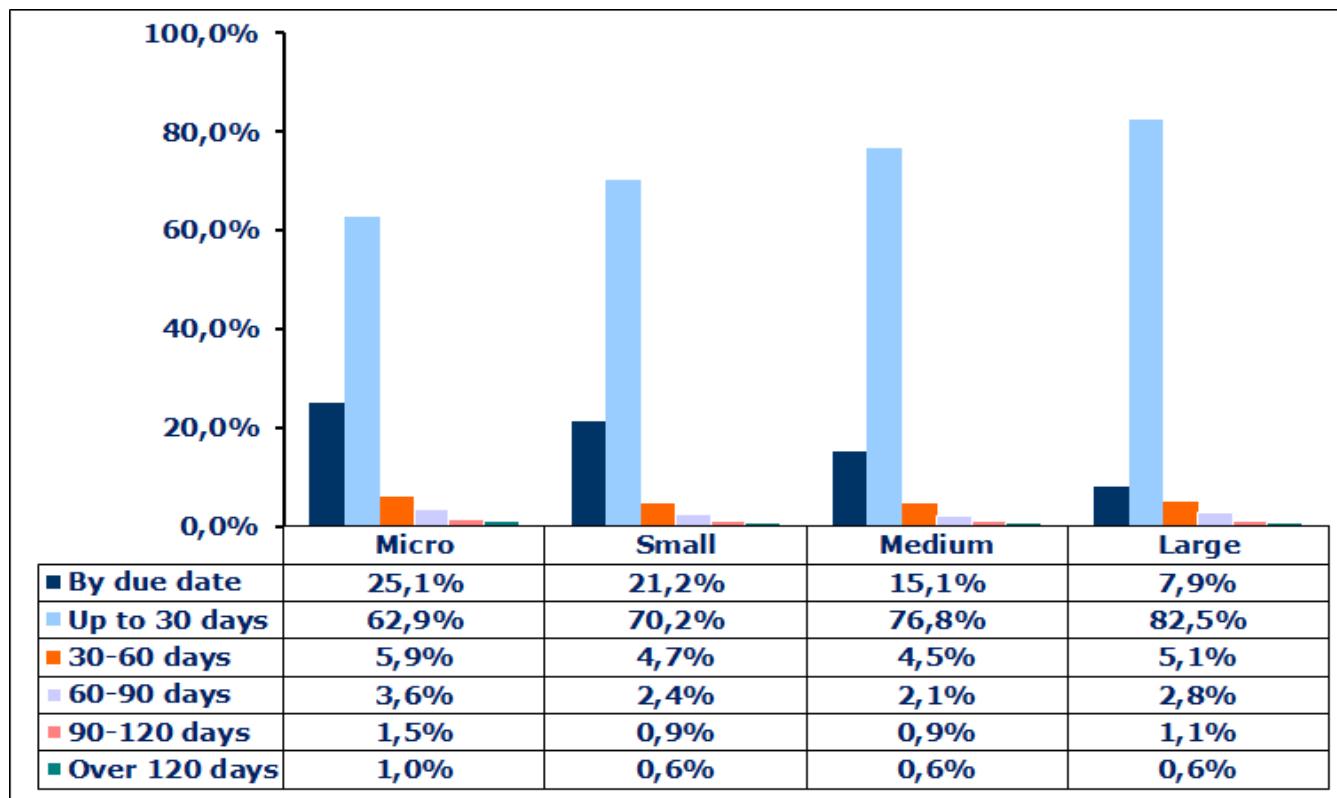
GRAPH 17.4 SOURCE: DUN & BRADSTREET LTD

PAYMENT PRACTICES IN THE UK BY PAYMENT CLASS, 2007-2015



GRAPH 17.5 SOURCE: DUN & BRADSTREET LTD

PAYMENT PRACTICES IN THE UK BY TYPE OF COMPANY, 2015



GRAPH 17.6 SOURCE: DUN & BRADSTREET LTD

PAYMENT PRACTICES IN THE UK BY PRODUCT SECTOR, 2015

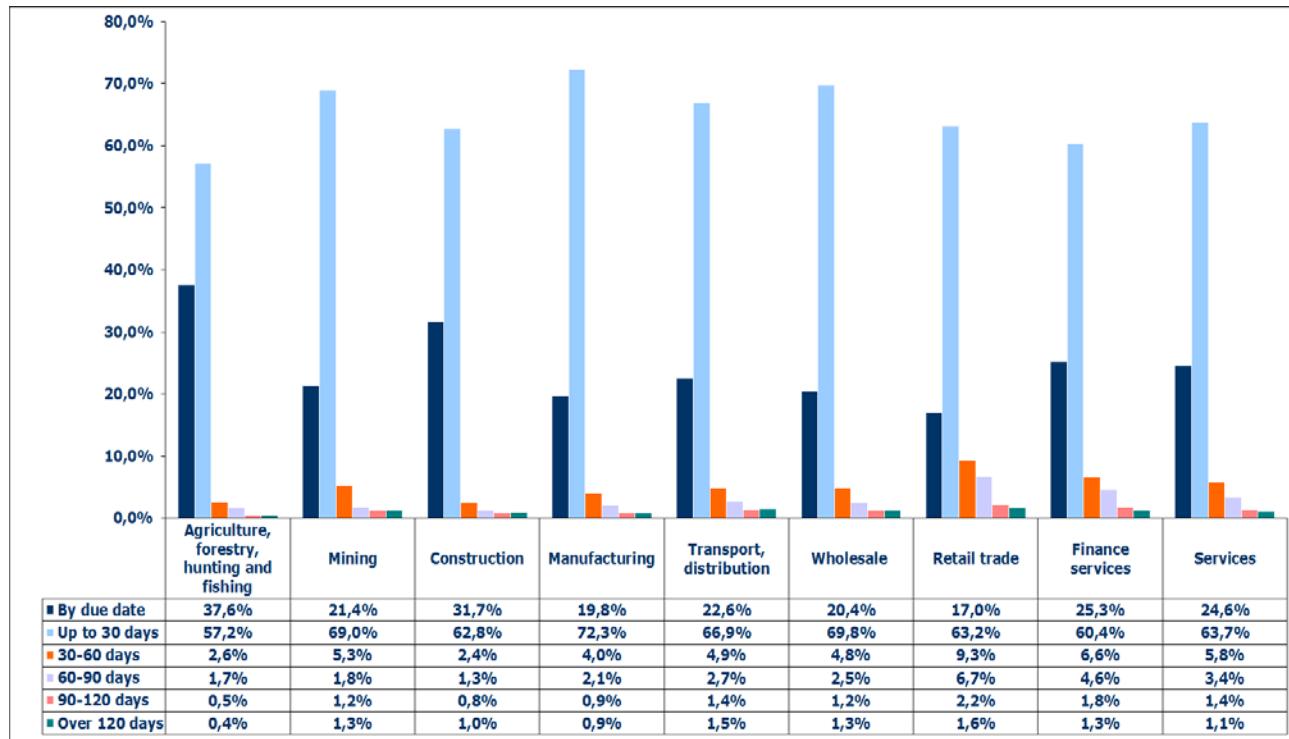


TABLE 17.7 SOURCE: DUN & BRADSTREET LTD

SECTORS WITH THE BEST PAYMENT RECORDS IN THE UK, 2015

Sector	Ranking 2015
AGRICULTURAL PRODUCTION - CROPS	1
FORESTRY	2
AGRICULTURAL PRODUCTION - LIVESTOCK	3
AGRICULTURAL SERVICES	4
FISHING, HUNTING AND TRAPPING	5
SPECIAL TRADE CONTRACTORS	6
NONDEPOSITORY INSTITUTIONS	7
INSURANCE AGENTS, BROKERS AND SERVICE	8
GENERAL BUILDING CONTRACTORS	9
INSURANCE CARRIERS	10

TABLE 17.8 SOURCE: DUN & BRADSTREET LTD

SECTORS WITH THE WORST PAYMENT RECORDS IN THE UK, 2015

Sector	Ranking 2015
FOOD STORES	70
APPAREL AND ACCESSORY STORES	69
EATING AND DRINKING PLACES	68
COMMUNICATIONS	67
MOTION PICTURES	66
DEPOSITORY INSTITUTIONS	65
GENERAL MERCHANDISE STORES	64
FURNITURE AND HOMEFURNISHINGS STORES	63
PERSONAL SERVICES	62
EXECUTIVE, LEGISLATIVE AND GENERAL	61

18. SPAIN

Below is the opinion of **Nathalie Gianese, Quality and Analysis Director**, and **José Antonio Teijelo, International & Corporate Development Director** at **Informa D&B**, on the economic scenario and payment situation in Spain.

"In a global scenario full of uncertainty, with high a level of instability in financial forces (US headed one way, Europe and Japan the opposite), a strong dollar, and globally volatile capital flows, the Spanish economic recovery has been a reality.

To explain this promising growth rate we have to make an analysis of its exogenous and endogenous roots.

On one hand, Spain has benefited from some external impulses, like a weaker euro, the European Central Bank (ECB) monetary stimulus, and a significant drop in oil prices (as well as other raw materials international prices); all of them have represented a significant "help" for the Spanish economy positive performance during 2015.

On the other hand Spain has succeeded thanks to some remarkable economic political measures. In this sense, we cannot forget the competitiveness adjustments obtained through a painful labour market reform that implied a significant unitary labour costs drop.

We should also mention the successfully and cheap banking industry recapitalization, and sadly, a non completed fiscal consolidation (a missed opportunity thanks, one more time, to the political cycle)

With all these elements, Spain has experienced a really positive GDP growth rate (+3.2%), has improved in one of its most important imbalances (unemployment rate has drop from 23.7% to 20.9%), and the access to SMEs is no longer a problem (banking sector credit to SMEs growth by 14.6% from July 2014 to July 2015)

Nevertheless, there still remain some big challenges to deal with, like: a private and public deleveraging process (both over the EU average), a vulnerable Trade and Current Account Balance, and a primary and structural Budget Deficit (mostly thanks to the regional organization financing mess)

Last but not least, we have to add a mention to the political environment. Maybe due to the big efforts the population made during the crisis, or maybe due to an inexplicable rise of populism, the Spanish political landscape is rising the bar of the big challenge of returning to the situation before the crisis.

As we write these lines, everything indicates that Spain will go into a new government elections period, with the general feeling that the results will be the same; hopefully the results will fall within the economic orthodoxy.

The Average Payment Delay decreases over the year (-1.11 days) and reaches 16.08 days during this fourth quarter, which is the lowest figure registered in this study.

*If we analyse these factors, depending on whether we look at the Administration or the Private sector, we see that the **Average Payment Delay** decreased more for the Administrations than for the Private Companies: in one year, the former decreased their payment delays by 2.46 days whereas the latter decreased it by 1.11 days. Although the Administration decreased its average delays, they are still above the Private Sector ones: 23.76 days for the Administration and 15.99 days for the Private sector. In the latter case, it is the best result on record since this study was first conducted in 2011.*

If we deepen our analysis of the **Average Payment Delay**, we reach the following conclusions:

- We observe that 45.27% of the companies pay promptly: this figure increases by 0.49 points with respect to the previous year, when it represented 44.78%.
- The companies located in the southern part of Spain tend to have a worse average payment period than the ones located in the North. No autonomous region has registered a payment delay of more than 22 days since the third quarter.
- The sector that registers the most significant payment delays is the Administration one, followed by Hotels, and Construction and Real Estate Activities. The best paying sector is Communications, with a delay of 12.54 days.
- Finally, Small and Medium companies have better payment delays than Micro and Large businesses.

This situation has already been observed in previous studies and shows that large businesses tend to take advantage of their dominant position in the supply chain in order to apply very long time-limits to their suppliers, which normally have a smaller size and little margin of manoeuvre. The executive has adopted the Decree Law 10/2015 to tackle this; to reduce their delays with suppliers it includes the payment period of large businesses' contracts with the administration as proof of their creditworthiness."

Payment analysis

In 2015 in Spain we can observe an improvement in the distribution of companies when analyzed by payment class.

The share of companies paying on time accounts for 46,9%, registering a 0,4 percentage point increase compared with 2014 and 9,4 percentage points above the European average.

The positive performance is also seen in the late payment class of over 90 days with a concentration of 2,6% of the total.

The large part of Spanish companies fell within the "Up to 30 days" payment class: in fact, 46,4% paid commercial transactions between 1 and 30 days late.

The comparison with 2007 shows a worsening in payment performance, with a 2,5 percentage point reduction in the share of punctual payers and a corresponding increase in the "Up to 90 days" class (+3,9%) and a slight decrease in the "Over 90 days" class (-1,4%).

Micro and Small companies have high percentages of punctual payments (55,1% for the former and 46,9% for the latter), but also modest values in the other payment classes.

3,7% of Micro companies pay on average more than 90 days late, while for Small companies this percentage is 2,1%. Payment behavior is different for larger companies: the major part of payers in these two categories pay up to 30 days late on average, meanwhile serious late payments are more contained (around 1,5%).

Specifically, 68,5% of Medium companies and 80,9% of Large companies fall within the "Up to 30 days" payment class.

In 2015 the best payment performances are seen in the Retail trade and Agriculture, forestry, hunting and fishing sectors, with 56,4% and 49,8% of punctual payers, meanwhile the worst result was seen for Transport, distribution (only 34,3%).

In almost all Spanish sectors there was a tendency for payments to be late by between 1 and 30 days, with values varying between 37,1% for Retail trade and 57,8% for Transport, distribution.

Furthermore, once again this year the worst performances in terms of the more serious late payments are seen in the Mining and Construction sectors. In the former case, a percentage of 5,2% of companies tend to pay their commercial transactions on average more than 90 days late, meanwhile in the second one the share is 3,7% of the total.

Among the micro-sectors with the best payment performances, the top positions are held by Agricultural production – Crops with 62,6% of good payers and Leather and leather products with 62,2% of companies respecting agreed terms.

In the classification of sectors that pay seriously late, in first place are Heavy construction, except building with 7,2% of companies paying their obligations more than 90 days late on average. These are followed by the Eating and drinking places (5,7% in this class).

TABLE 18.1 SOURCE: INFORMA D&B

PERCENTAGE OF COMPANIES IN SPAIN WITH ON TIME PAYMENTS, 2007-2015

	2007	2014	2015
Spain	49,4%	46,5%	46,9%
Europe	40,4%	37,6%	37,5%

TABLE 18.2 SOURCE: INFORMA D&B

PERCENTAGE OF COMPANIES IN SPAIN WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
Spain	4,0%	3,6%	2,6%
Europe	2,9%	3,8%	3,5%

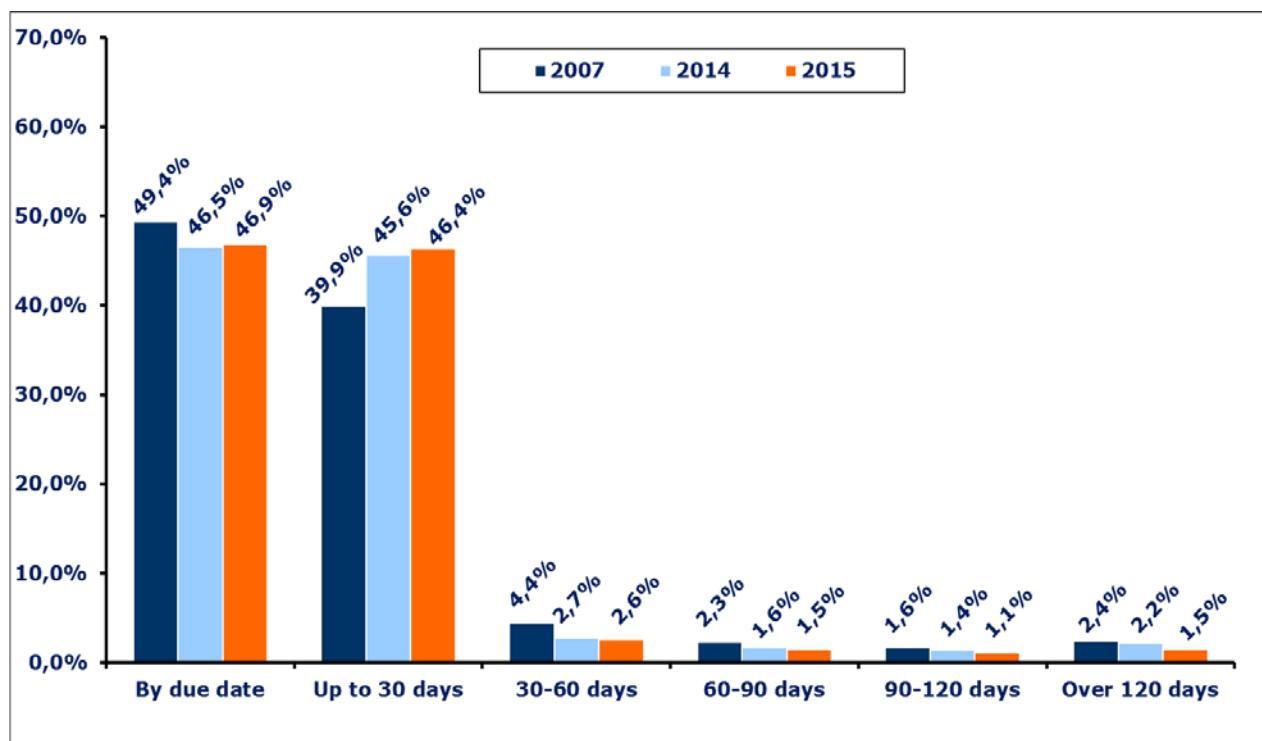
TABLE 18.3 SOURCE: INFORMA D&B

VARIATIONS IN PAYMENT PRACTICES IN SPAIN, 2007-2015

	Variation 2007/2015	Variation 2014/2015
By due date	-2,5%	0,4%
Up to 90 days	3,9%	0,6%
Over 90 days	-1,4%	-1,0%

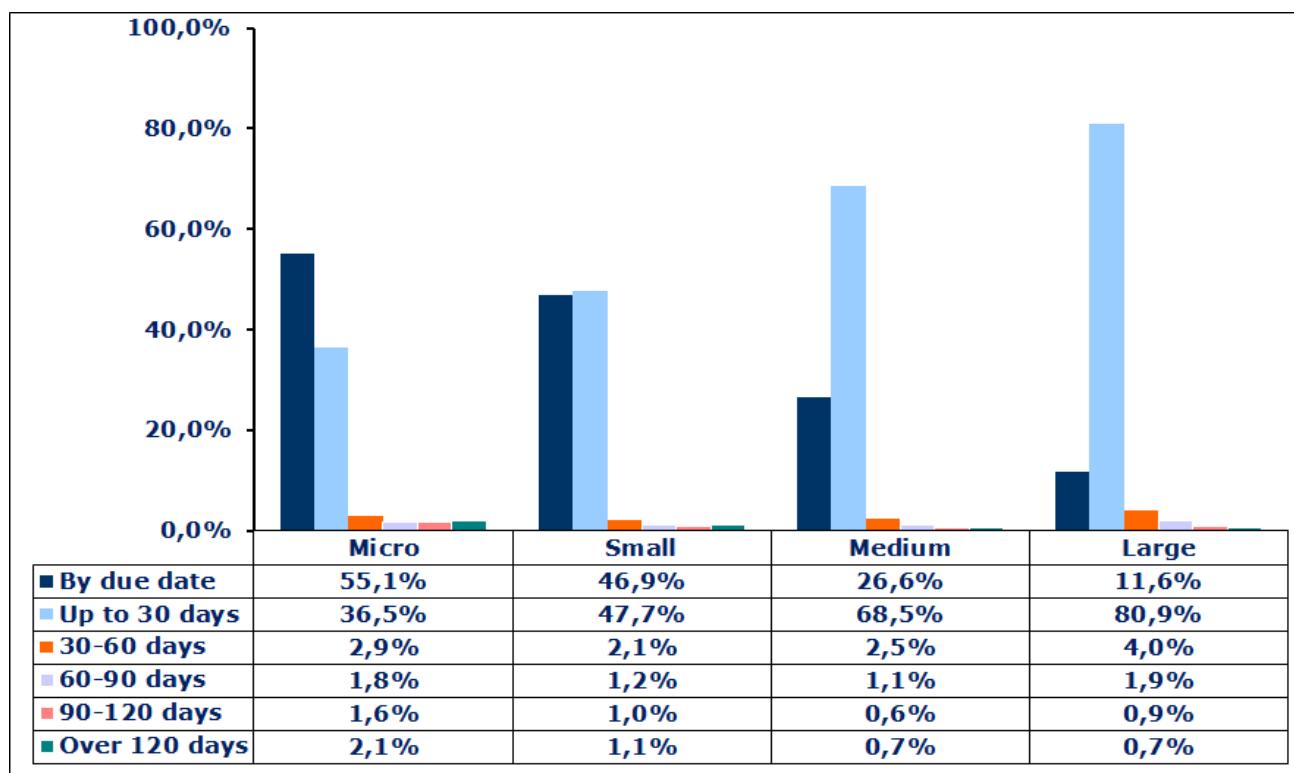
GRAPH 18.4 SOURCE: INFORMA D&B

PAYMENT PRACTICES IN SPAIN BY PAYMENT CLASS, 2007-2015



GRAPH 18.5 SOURCE: INFORMA D&B

PAYMENT PRACTICES IN SPAIN BY TYPE OF COMPANY, 2015



GRAPH 18.6 SOURCE: INFORMA D&B

PAYMENT PRACTICES IN SPAIN BY PRODUCT SECTOR, 2015

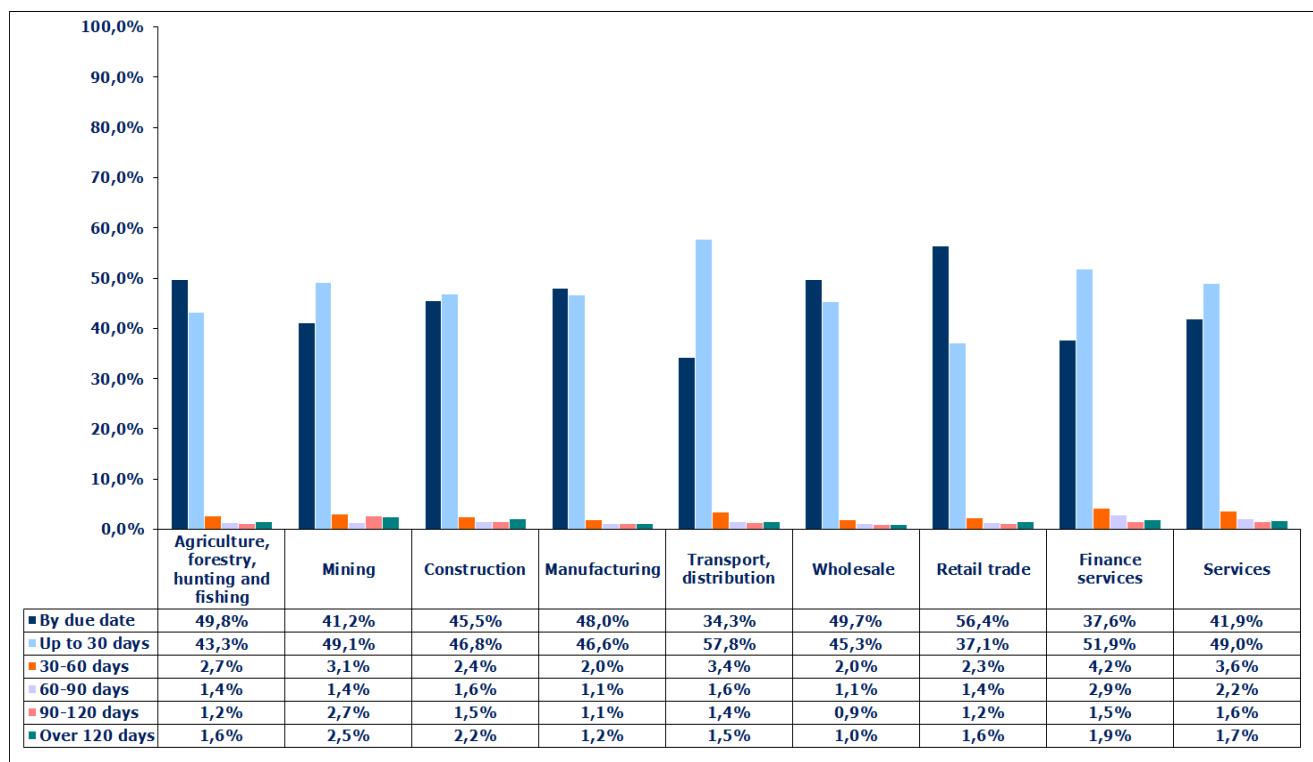


TABLE 18.7 SOURCE: INFORMA D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN SPAIN, 2015

Sector	Ranking 2015
AGRICULTURAL PRODUCTION - CROPS	1
LEATHER AND LEATHER PRODUCTS	2
MISCELLANEOUS RETAIL	3
AGRICULTURAL PRODUCTION - LIVESTOCK	4
LUMBER AND WOOD PRODUCTS	5
MISCELLANEOUS REPAIR SERVICES	6
BUILDING MATERIALS AND GARDEN SUPPLIES	7
APPAREL AND ACCESSORY STORES	8
FURNITURE AND HOMEFURNISHINGS STORES	9
AUTOMOTIVE DEALERS AND SERVICE	10

TABLE 18.8 SOURCE: INFORMA D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN SPAIN, 2015

Sector	Ranking 2015
HEAVY CONSTRUCTION, EXCEPT BUILDING	60
EATING AND DRINKING PLACES	59
NONMETALLIC MINERALS, EXCEPT FUELS	58
FOOD STORES	57
EXECUTIVE, LEGISLATIVE AND GENERAL	56
GENERAL BUILDING CONTRACTORS	55
HEALTH SERVICES	54
REAL ESTATE	53
MOTION PICTURES	52
AUTO REPAIR, SERVICES AND PARKING	51

19. PORTUGAL

Below is the opinion of **Teresa Lima, Director of Studies** at **INFORMA D&B PORTUGAL**, on the economic scenario and payment situation in Portugal.

"Following a turbulent period in the Portuguese economy, marked by the Programme of Economic and Financial Assistance between 2011 and 2014, the Portuguese business community began to show signs of recovery in the figures for births and insolvencies, also revealing positive signs in the performance of companies (turnover, number of employees and exports).

In 2015, companies performed better at meeting their deadlines for making payments, with 20.7% of them paying on time, an improvement of 3.3 percentage points over the previous year. Mobility at the management level has also been dropping since 2013, indicating a greater stability in the management of companies: in 2015, 28,190 companies made changes in their governing bodies, representing 6.5% of the active business sector.

Insolvencies, a reflection of the payment difficulties of companies, went down for the third consecutive year to 4,192, a drop of 6.7% in relation to 2014. The number of insolvencies rose every year between 2007 and 2012, when they reached their highest point. The trend reversed in 2013, and the drop in 2014 was even sharper, with a continuing decline in 2015. This lower number of insolvencies is found mainly in the filings for insolvency (-10.6%), responsible for 76% of the reduction seen, but the number of companies initiating insolvency proceedings at the request of third parties was also down (-3.2%).

Company births in 2015 (37,698) were the highest since 2007, with 2.4 companies being born for each one that died.

In terms of performance, 2014 marked a turnaround for companies, as they recorded growth in the three important indicators: turnover, exports and employment.

After the stagnation that occurred in 2013, companies improved their performance, growing their turnover in 2014 by 2.2%, with over half of the companies (51.4%) growing their revenue. The performance of companies in exports was also positive, and a large part of the companies (64.2%) had positive net results (up 2 pp from 2013). There was also an improvement in the employment figures: the number of company employees rose 2.9%, reversing the downward trend seen in the last few years. The percentage of companies that improved or maintained this indicator also went up."

Payment analysis

The payment situation in Portugal is one of the most critical among the countries analyzed in the study.

The percentage of Portuguese companies that pay on time in 2015 was 20,1% of the total, 17,4 percentage points below the European average.

Over half of Portuguese companies (58,6%) fall within the "Up to 30 days" payment class (+13,3 percentage points on 2007).

The remaining 21,3% in the sample are in the intermediate and serious late payment classes: 9,6% tend to pay between 30 and 90 days late on average, while 11,7% exceed 90 days late on average, with 8,2 percentage point difference from the European average (3,5%).

There is a high concentration in the "Over 120 days" late payment class (8,4 percentage points). Portugal shows increasing difficulty in managing business payments and variations in the distribution by payment class over the last eight years have been particularly significant; the gap of "good payers" with 2007 has reached 1,6 percentage points, while there are 2,3% more companies in the serious late payment class (over 90 days).

Micro companies have the highest concentration of punctual payers, with 24% of the total. Large companies, on the other hand, have the highest concentration in the moderate late payment class of up to 30 days on average (78,3%), while only 6,8% pay by due date. In terms of serious late payments, the worst performance is once again seen for the Micro companies (10,6% exceed an average of 90 days beyond agreed payment terms), followed by Small companies (6,8%).

Analyzing the performance of the Portuguese payment system in relation to macro-sectors, there is a widespread tendency to pay up to 30 days late on average: Transport, distribution (61,7%) and the Manufacturing (61,2%) sectors have the highest concentrations in this class.

The sector with the best performance in terms of payment punctuality is Agriculture, forestry, hunting and fishing with 24,1% of companies in this class.

On the other hand, the highest share of "bad payers" is seen in the Construction sector, with 20,4% of the total, followed by Retail trade with 13,9 percentage points.

Also for 2015 the best micro-sectors with the most punctual payments is the Legal services sector, where in 39,4% of cases companies pay their trading partners within agreed terms.

This is followed by Nondepository institutions with 29,7% of punctual payers.

The worst sector is Personal services, with 30,9% of companies paying seriously late (over 90 days on average) and a decrease of 4,5 percentage points compared with 2014.

This sector is followed by Eating and drinking places (31,5%) and General building contractors (27,2%).

TABLE 19.1 SOURCE: INFORMA D&B PORTUGAL

PERCENTAGE OF COMPANIES IN PORTUGAL WITH ON TIME PAYMENTS, 2007-2014

	2007	2014	2015
Portugal	21,7%	17,4%	20,1%
Europe	41,0%	37,6%	37,5%

TABLE 19.2 SOURCE: INFORMA D&B PORTUGAL

PERCENTAGE OF COMPANIES IN PORTUGAL WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
Portugal	9,4%	12,4%	11,7%
Europe	4,1%	3,8%	3,5%

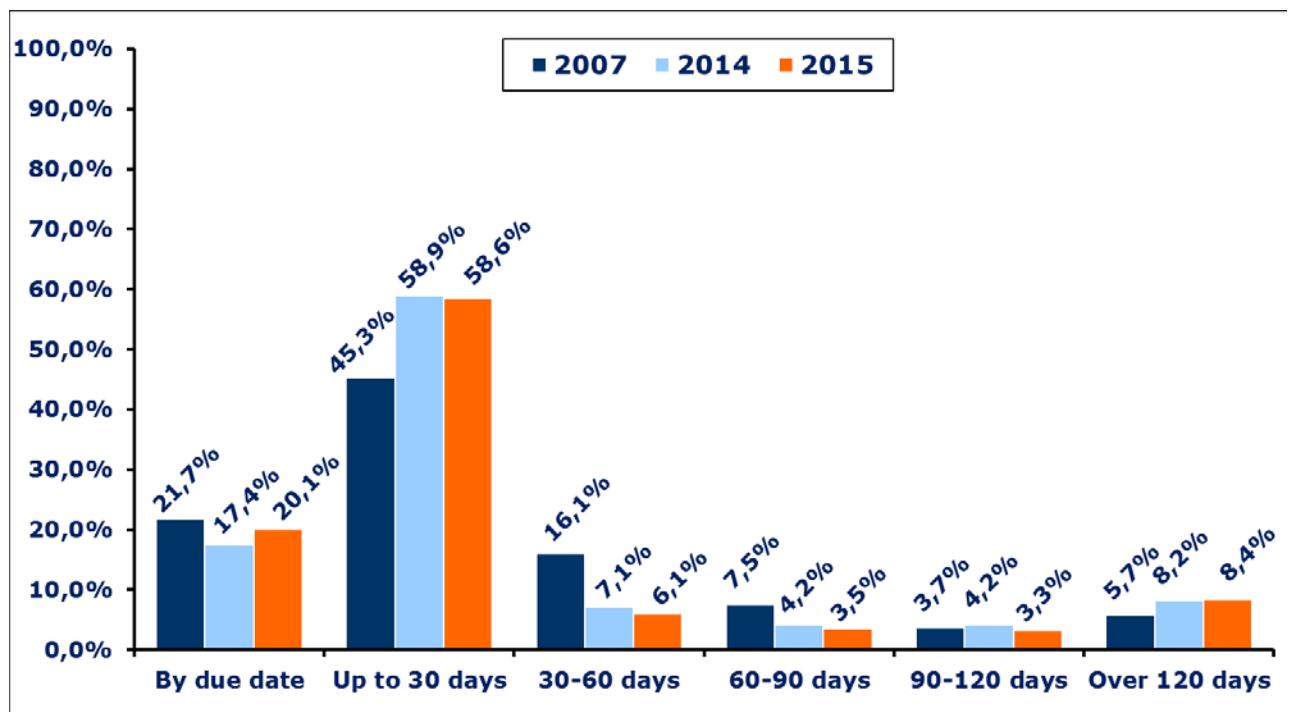
TABLE 19.3 SOURCE: INFORMA D&B PORTUGAL

VARIATIONS IN PAYMENT PRACTICES IN PORTUGAL, 2007-2015

	Variation 2007/2015	Variation 2014/2015
By due date	-1,6%	2,7%
Up to 90 days	-0,7%	-2,0%
Over 90 days	2,3%	-0,7%

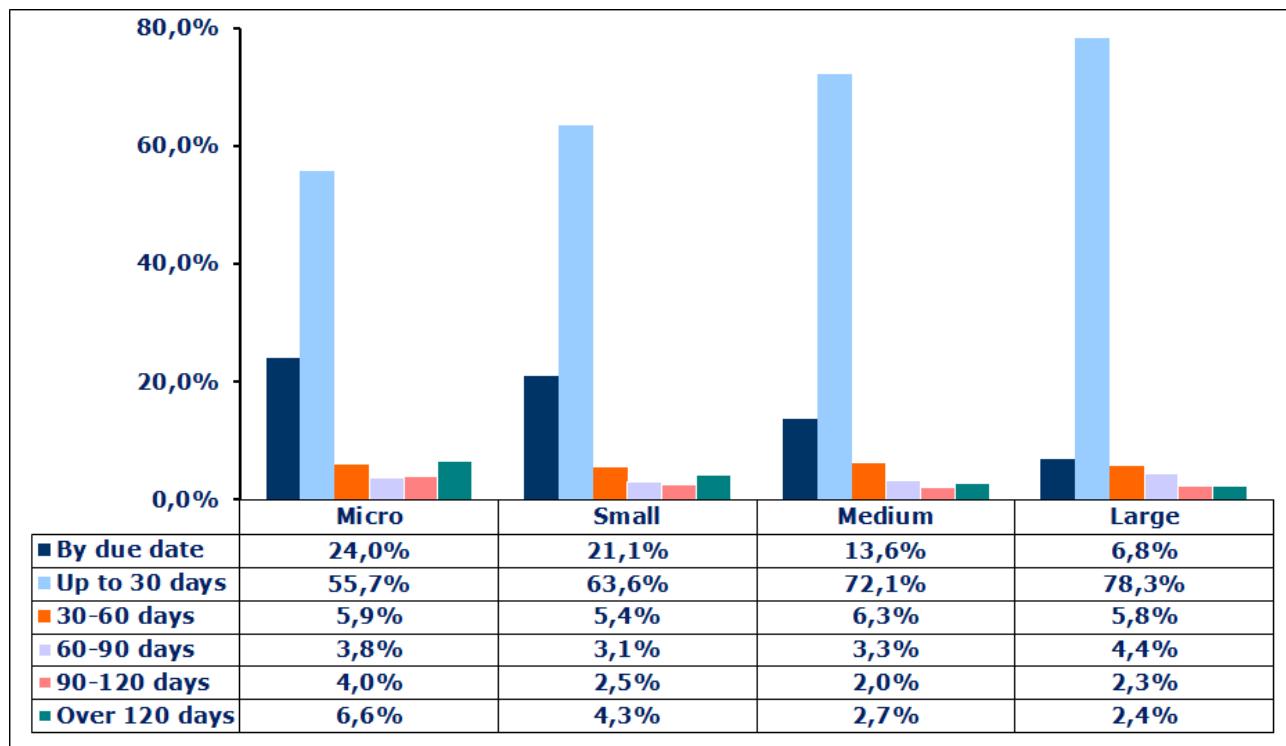
GRAPH 19.4 SOURCE: INFORMA D&B PORTUGAL

PAYMENT PRACTICES IN PORTUGAL BY PAYMENT CLASS, 2007-2015



GRAPH 19.5 SOURCE: INFORMA D&B PORTUGAL

PAYMENT PRACTICES IN PORTUGAL BY TYPE OF COMPANY, 2015



GRAPH 19.6 SOURCE: INFORMA D&B PORTUGAL

PAYMENT PRACTICES IN PORTUGAL BY PRODUCT SECTOR, 2015

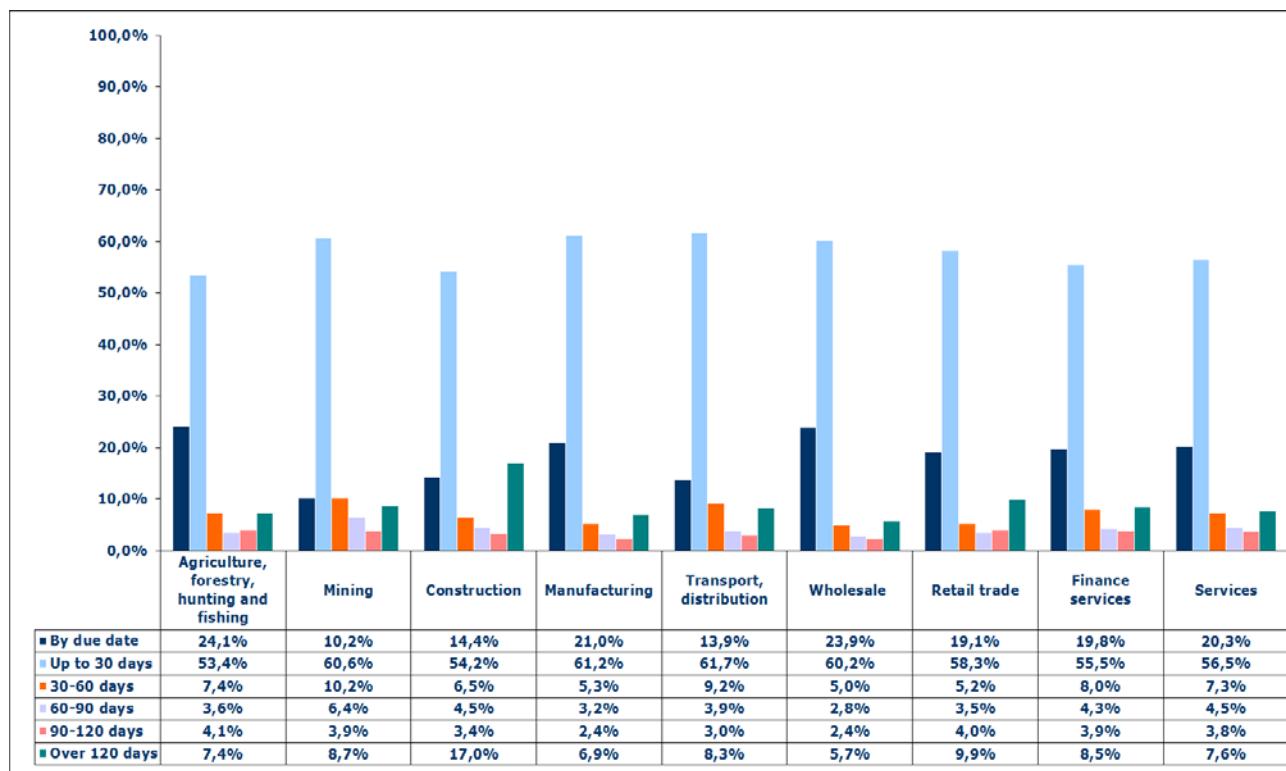


TABLE 19.7 SOURCE: INFORMA D&B PORTUGAL

SECTORS WITH THE BEST PAYMENT RECORDS IN PORTUGAL, 2015

Sector	Ranking 2015
LEGAL SERVICES	1
NONDEPOSITORY INSTITUTIONS	2
AGRICULTURAL SERVICES	3
INSURANCE AGENTS, BROKERS AND SERVICE	4
PRINTING AND PUBLISHING	5
SERVICES	6
MEMBERSHIP ORGANIZATIONS	7
LEATHER AND LEATHER PRODUCTS	8
EDUCATIONAL SERVICES	9
FURNITURE AND HOMEFURNISHINGSTORES	10

TABLE 19.8 SOURCE: INFORMA D&B PORTUGAL

SECTORS WITH THE WORST PAYMENT RECORDS IN PORTUGAL, 2015

Sector	Ranking 2015
PERSONAL SERVICES	54
EATING AND DRINKING PLACES	53
GENERAL BUILDING CONTRACTORS	52
HEAVY CONSTRUCTION, EXCEPT BUILDING	51
AGRICULTURAL PRODUCTION - CROPS	50
TRUCKING AND WAREHOUSING	49
SPECIAL TRADE CONTRACTORS	48
REAL ESTATE	47
FOOD STORES	46
HEALTH SERVICES	45

20. IRELAND

Below is the opinion of **Daniel Fraietta, Senior Economist** at **Dun & Bradstreet Ltd**, on the economic scenario and payment situation in Ireland.

"The Irish economy is growing at robust pace after several years of stagnation, generating new opportunities for making sales to the country. Real GDP grew by 9.2% year on year (y/y) in Q4 2015, with overall growth for the year at 7.8% y/y. The rate of growth was the fastest since Q1 2001, when real GDP rose by 9.9% y/y, and is expected to reach 4.0% in 2016 and 3.8% in 2017, one of the fastest rates in the EU."

Over the last year, Ireland has benefited from a benign external environment, characterised by low interest rates in the euro zone, strong growth in the US and UK, and a sharp fall in energy prices. More recently, these have started to have positive spill over effects on the domestic economy, with the result that consumption and investment are now also driving growth.

Ireland has good market potential and the country offers lucrative opportunities for foreign providers of goods and services. Ireland is one of the wealthiest countries in Europe, with GDP per capita approaching USD50,000. Because of its low rate of corporation tax (12.5%), Ireland has a dynamic export economy which draws in imports of intermediate capital goods and services. However, despite an improving credit environment, lending criteria remain strict. Many SMEs are still denied bank finance altogether and those that do manage to leverage funds often have to pay high risk premia, which makes borrowing much more expensive than in most EU peers. Meanwhile, many larger companies are struggling to access funds due to their high levels of indebtedness. As a result, the risk of non-payment will remain elevated for the foreseeable future."

Payment analysis

In 2015, Irish companies that paid their suppliers on time ("By due date" class) accounted only for 28,9% of the total, registering 2,5 percentage points increase compared with 2012, but 8,6 percentage points above the European average.

Moderate late payments ("Up to 30 days"), on the other hand, account for 60,9%, while the intermediate late payment classes ("30-60 days" and "60-90 days") together account for 6,7 percentage points. A better performance is seen in the "Over 90 days" class with a reduction of 0,4 percentage points: at the end of last year the concentration of companies in this bracket was 3,5%, compared to 3,9% in 2014 and in line with the continental data.

Small companies have a more balanced behavior: 26% of companies respect agreed terms and 67,5% pay suppliers within the next 30 days.

The situation is different for the other sizes, for which less than a third of the total are in the "By due date" class, and there is a higher concentration in the "Up to 30 days" class (values between 70,7% and 76,5%). Large companies stand out due to the significant percentages in the intermediate payment classes (7% of the total).

As regards the payment practices in terms of payment class and sector, there is a more or less uniform behavior in relation to punctual payments: the percentage of punctual payers in the Finance services and Services sectors is 34,5% and 34,2% respectively, meanwhile the other

sectors have between 19,5% (Construction) and 29,7% (Retail trade) of companies in the "By due date" class.

In almost all Irish sectors there is a tendency for payments to be late by between 1 and 30 days, with values varying between 55,8% for Finance services and 69,4% for Construction.

For the intermediate late payment class (between 30 and 90 days on average), the highest value is seen for the Manufacturing sector with 7,9%, followed by Transport, distribution sector with 7,3% of the sample.

Finally, the most serious late payment class (over 90 days on average) is highest in the Retail trade sector, with a share of 6% in this class.

TABLE 20.1 SOURCE: DUN & BRADSTREET LTD

PERCENTAGE OF COMPANIES IN IRELAND WITH ON TIME PAYMENTS, 2012-2015

	2012	2014	2015
Ireland	26,4%	29,2%	28,9%
Europe	39,1%	37,6%	37,5%

TABLE 20.2 SOURCE: DUN & BRADSTREET LTD

PERCENTAGE OF COMPANIES IN IRELAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2012-2015

	2012	2014	2015
Ireland	3,4%	3,9%	3,5%
Europe	3,3%	3,8%	3,5%

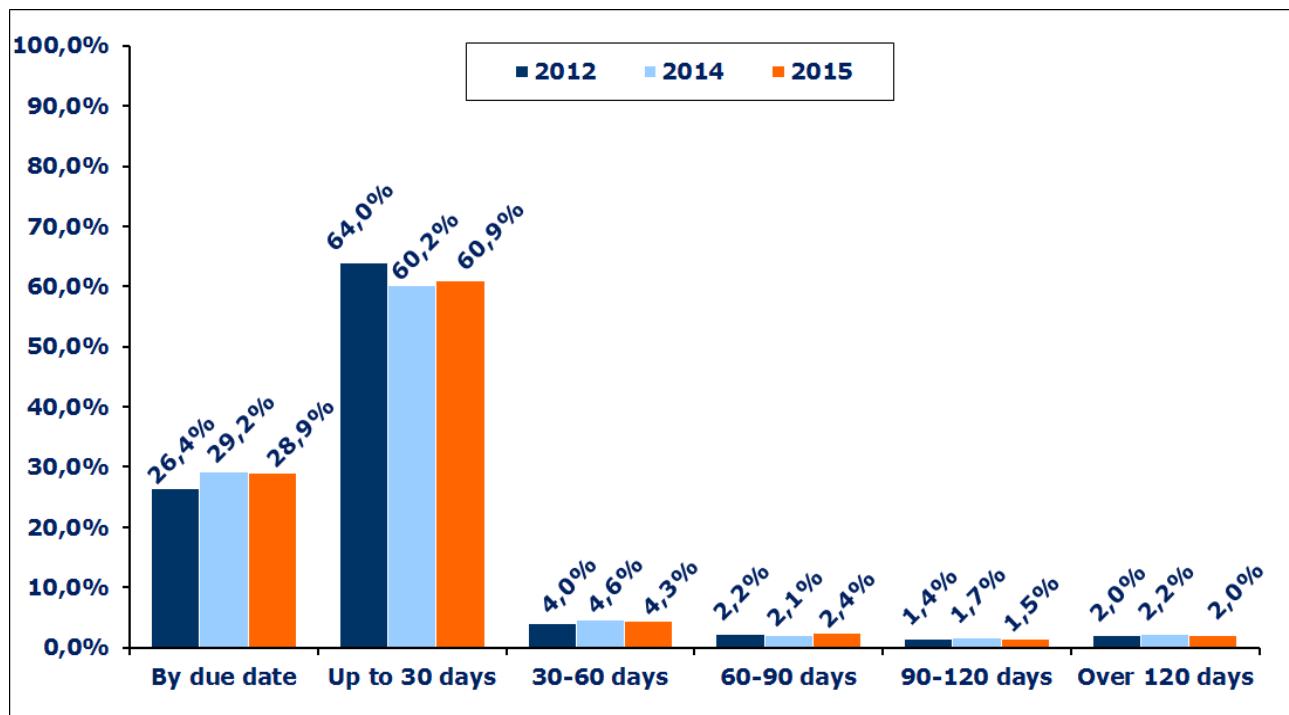
TABLE 20.3 SOURCE: DUN & BRADSTREET LTD

VARIATIONS IN PAYMENT PRACTICES IN IRELAND, 2012-2015

	Variation 2012/2015	Variation 2014/2015
By due date	2,5%	-0,3%
Up to 90 days	-2,6%	0,7%
Over 90 days	0,1%	-0,4%

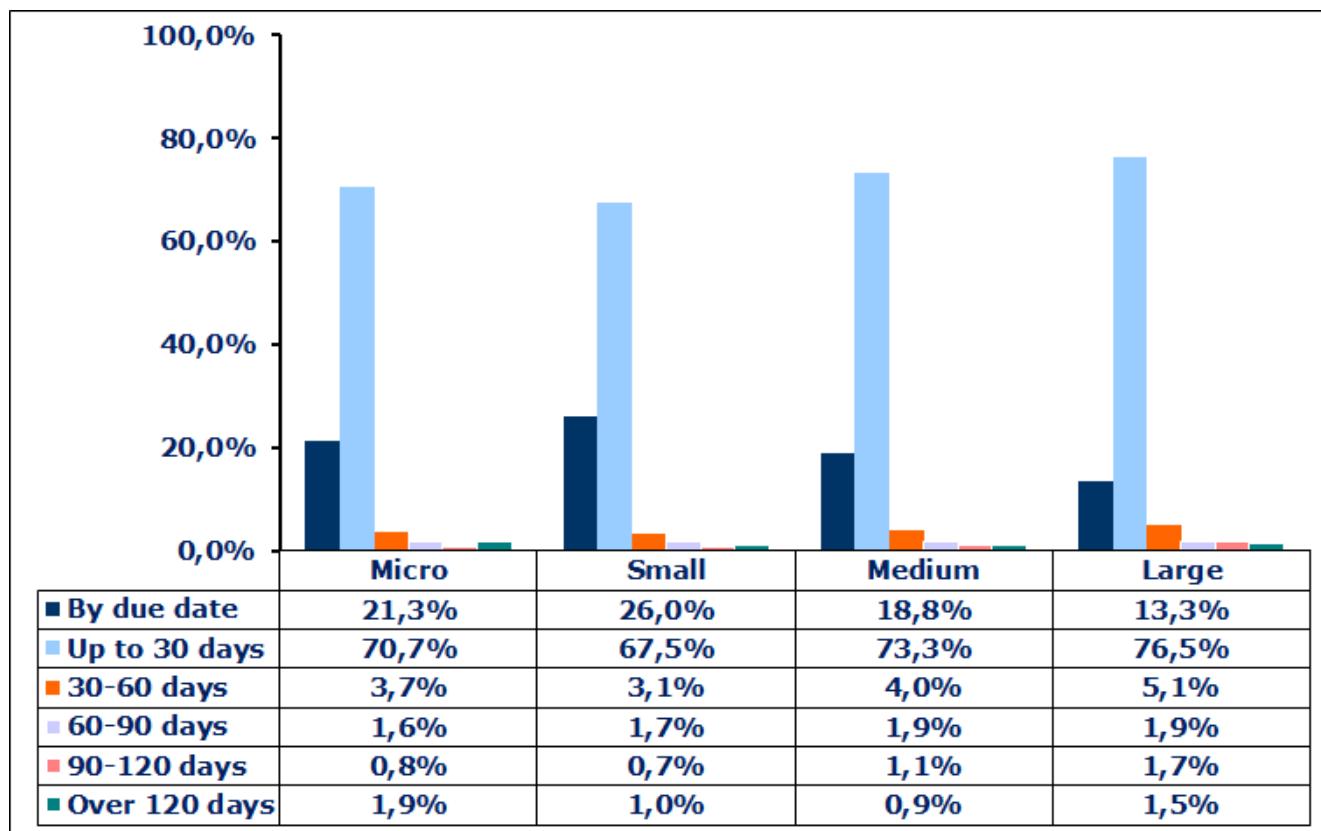
GRAPH 20.4 SOURCE: DUN & BRADSTREET LTD

PAYMENT PRACTICES IN IRELAND BY PAYMENT CLASS, 2012-2015



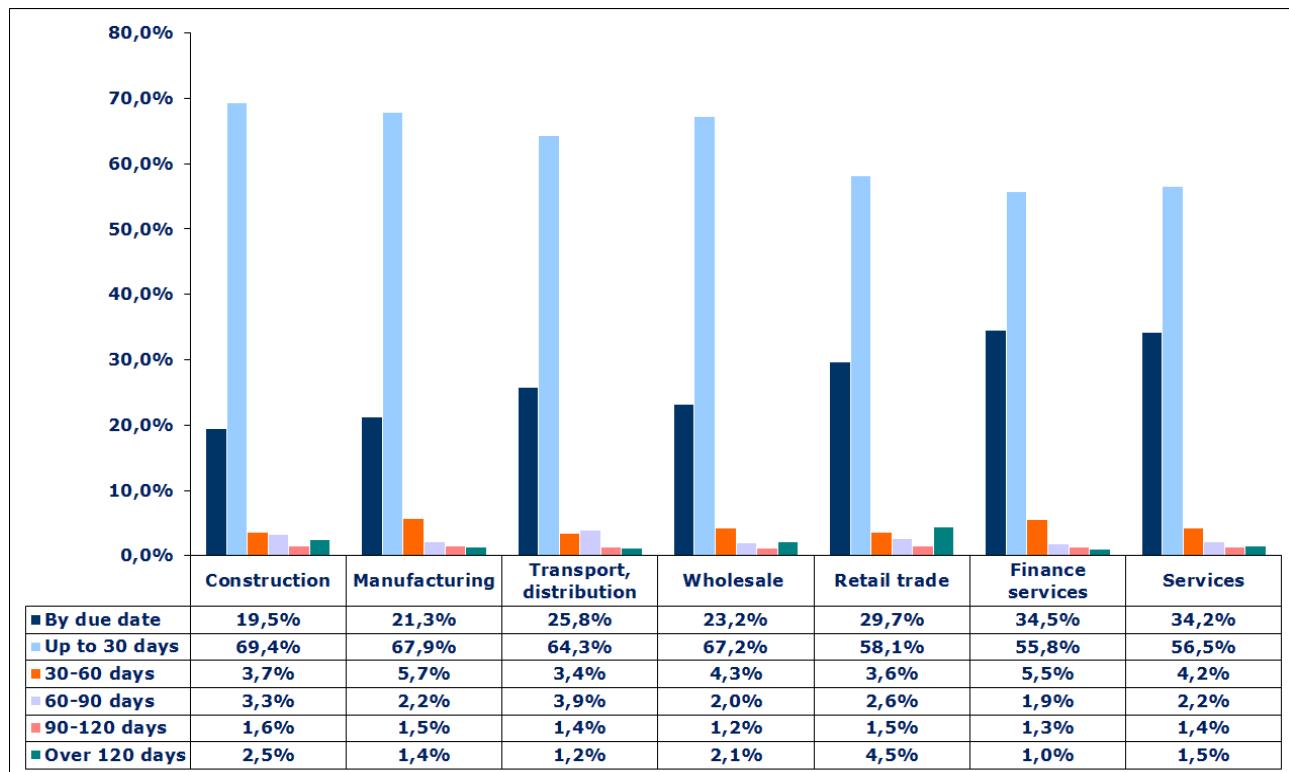
GRAPH 20.5 SOURCE: DUN & BRADSTREET LTD

PAYMENT PRACTICES IN IRELAND BY TYPE OF COMPANY, 2015



GRAPH 20.6 SOURCE: DUN & BRADSTREET LTD

PAYMENT PRACTICES IN IRELAND BY PRODUCT SECTOR, 2015



21. SLOVENIA

Below is the opinion of **Neli Trošič** of **Bisnode D&B Southern Market d.o.o.**, on the economic scenario and payment situation in Slovenia.

"Based on data published by IMAD (Institute of Macroeconomic Analysis and Development, Republic of Slovenia), indicators of economic activity and confidence in the euro area indicate a continuation of GDP growth in the last quarter of 2015. At the beginning of the last quarter of 2015, short-term indicators of economic activity in Slovenia maintained the levels achieved in previous months, except for construction. Merchandise exports and production volume in manufacturing maintained their levels after a longer period of growth. Exports remain the main driver of the economic recovery. Private consumption in the segment of durable goods is also recovering. Confidence in the economy remained high in the last three months.

The average Slovenian economic growth in first three quarters of 2015 was 2.7%, based on data published by IMAD (Institute of Macroeconomic Analysis and development, UMAR). Seasonally adjusted GDP increased by 0.4% over the previous quarter and by 2.1% over the third quarter of 2014.

At the end of 2015, Slovenia experienced deflation for the first time ever (-0.5%), largely owing to lower energy prices. With further oil price declines on global markets, the negative contribution of liquid fuel prices was even more pronounced than in the preceding year. Prices of durable goods also remained lower. Prices of semidurable goods, food (unprocessed food in particular) and services were up.

The labour market continued to recover in the last months of 2015; growth in average gross earnings was marked by wage movements in the private sector. The further growth of employment was mainly due to the pick-up in manufacturing. Having increased in most private sector activities, employment growth in the first ten months of 2015 was significantly stronger than in the same period of 2014.

Slovenia's economic growth in 2016 is projected to remain within expectations; it will exceed 2% and be slightly lower than this year's. Provided that foreign demand continues to grow and the competitiveness of the Slovenian economy continues to improve, export will remain the main driver of GDP growth. Private consumption will rise due to the increase in disposable income and consumer confidence. Total investment should also rise, mostly because of increased government spending regarding the absorption of EU funds before the end of the previous financial framework. Labour market will continue to display signs of improvement. There is instability in financial markets in 2016 because of slower emerging markets growth. This could lead to a decline in world trade, slower economic recovery, slower growth of strategic partners and domestic economy. Business risk due to limited flow of credit from the banking to the business sector remains present.

On the basis of data from our database with more than 12 million transactions we have established that the average payment term in Slovenia has increased again. The average payment period in 2015 was 39 days, which is an almost 45% increase compared to the year before. On the other hand, companies in 2015 in average payed their bills with lesser delay than in the previous years. The average payment delay in 2009 was 59 days, in 2014 16 days and in 2015 14 days. The percentage of delayed payments was 37% and thus remained the same as in 2014.

Because of the statutory payment terms that have been put in place we have noticed that the payment discipline has been improving in the last years, although it fluctuates greatly due to the companies' instability.

According to the Agency of the Republic of Slovenia for Public Legal Records and Related Services (AJPES) the companies' average daily amounts of outstanding liabilities in 2015 fell more than 30 percent. In January 2015, 5603 companies were in debt, which amounted to €550 million, while in December 2015, 4906 companies were in debt, which amounted to €384 million. This is an indicator of better payment of liabilities and debt reduction. Due to the unstable business environment the companies in Slovenia are still struggling to receive payment for their goods or services. The government has adopted the Payment Terms Act in 2013 in order to improve the (lack of) financial discipline for the transactions between the government and companies, but the attempt failed because the government itself does not adhere to the terms.

Another factor that has an effect on the increased payment delays is the closure of all current accounts in Slovenia and the opening of an account abroad. The Payment Transactions Act (ZPlaP-UPB3) stipulates that all registered entities in Slovenia must open a current account in a local bank. The companies do not observe the act. The companies should have been fined, but the executive power does not perform its duties. According to our data as many as 26,622 companies do not have a current account in Slovenia, which amounts to 13% of all Slovenian companies. This is a way for a company to hide its true financial situation.

The business activity of companies in 2015 was based on the sales stimulation on the domestic market but mostly on income growth in the EU market and on energy cost reduction due to the situation on the energy market. As a consequence, companies have achieved high operating profit growth. Financial result improved significantly due to a decrease in financial expenses (the continuation of the deleveraging process and the lowering of interest rates) and a great increase in financial revenues, especially those from equity interests and other investments (positive financial market trends, privatization and takeover activities). Despite a high net profit growth the return on equity remains relatively low."

Payment analysis

The payment situation for Slovenia shows a positive trend.

In 2015, the percentage of companies paying their trading partners on time is 44,1% of the total (+2,7% compared to 2014), 6,6 percentage points more than the European average.

Companies in the intermediate late payment class of between 1 and 30 days represent 48% of the total, while 5,6% of them belong to the classes "30-60 days" and "60-90 days".

On the other hand, the percentage of companies that pay more than 90 days late on average in Slovenia is 2,3% (-0,3% vs. 2014) with a gap of -1,2 percentage points from the European average.

Micro companies have a more balanced behavior: 44,9% of companies respect agreed terms and 46,4% pay suppliers within the next 30 days.

The situation is different for the other sizes, for which less than a third of the total are in the "By due date" class, and there is a higher concentration in the "Up to 30 days" class (values between 59,4% and 75,7%).

Medium companies stand out due to the significant percentages in the intermediate payment classes (6,2% of the total).

In the more serious late payment classes values are varying between 1,5% (Large) and 2,5% (Micro).

As regards the payment practices in terms of payment class and sector, there is a more or less uniform behavior in relation to punctual payments: the percentage of punctual payers in the Retail trade sectors exceeds 47%, meanwhile the other sectors have between 42,3% and 45,9% of companies in the "By Due Date" class.

All the sectors considered have a greater propensity to pay suppliers up to 30 days late (more than 48% in most cases).

Finance services are more problematic in relation to other late payment classes: 7,6% of companies pay suppliers with an average delay of between 30 and 90 days, while 4,4% exceed 90 days beyond agreed terms.

In first place of the classification of the micro-sectors with the most punctual payments, we have Forestry (53,5% of payments by due date), followed by Amusement and recreation services with 50,6% of good payers.

Among those with the greatest difficulty in managing payments we find Insurance agents, brokers and services with 9,7% of payment delays of over 90 days on average.

In second and third position we find Depository institutions and Personal services with more than 5% of "bad payers".

TABLE 21.1 SOURCE: BISNODE D&B SOUTHERN MARKET D.O.O.

PERCENTAGE OF COMPANIES IN SLOVENIA WITH ON TIME PAYMENTS, 2009-2015

	2009	2014	2015
Slovenia	33,2%	41,4%	44,1%
Europe	40,4%	37,6%	37,5%

TABLE 21.2 SOURCE: BISNODE D&B SOUTHERN MARKET D.O.O.

PERCENTAGE OF COMPANIES IN SLOVENIA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2009-2015

	2009	2014	2015
Slovenia	3,0%	2,6%	2,3%
Europe	2,9%	3,8%	3,5%

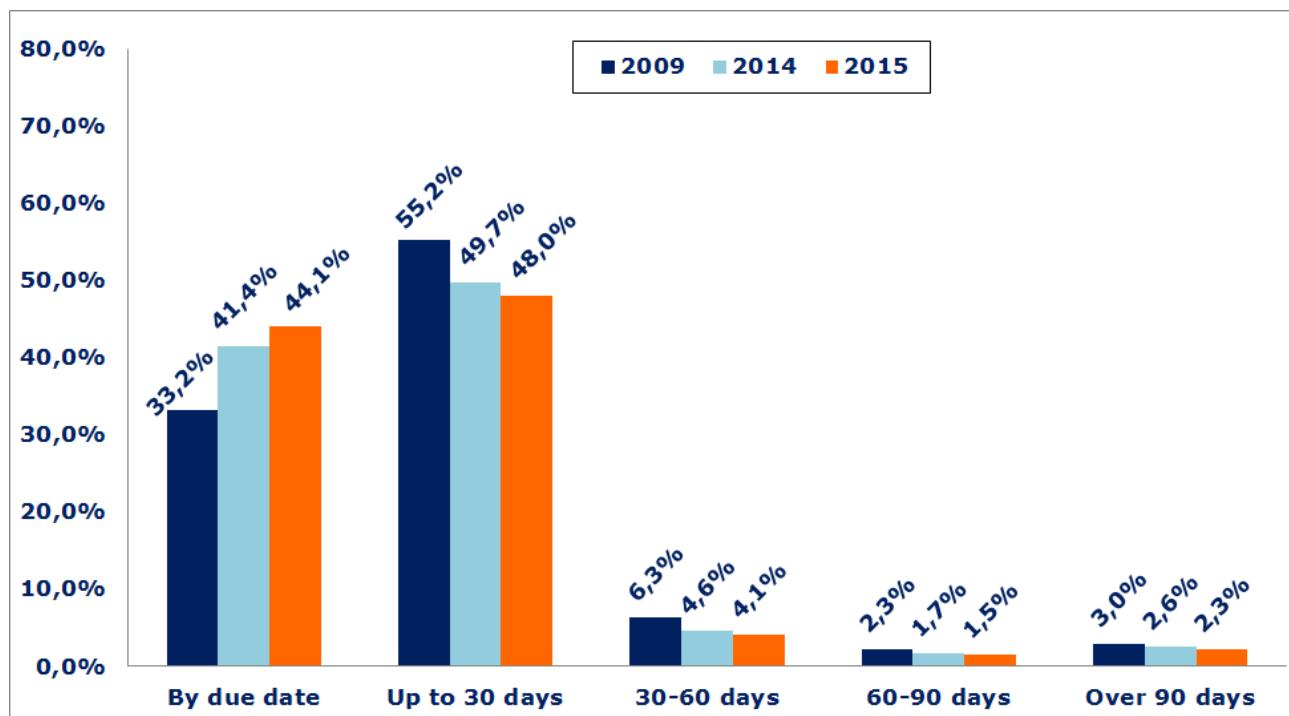
TABLE 21.3 SOURCE: BISNODE D&B SOUTHERN MARKET D.O.O.

VARIATIONS IN PAYMENT PRACTICES IN SLOVENIA, 2009-2015

	Variation 2009/2015	Variation 2014/2015
By due date	10,9%	2,7%
Up to 90 days	-10,2%	-2,4%
Over 90 days	-0,7%	-0,3%

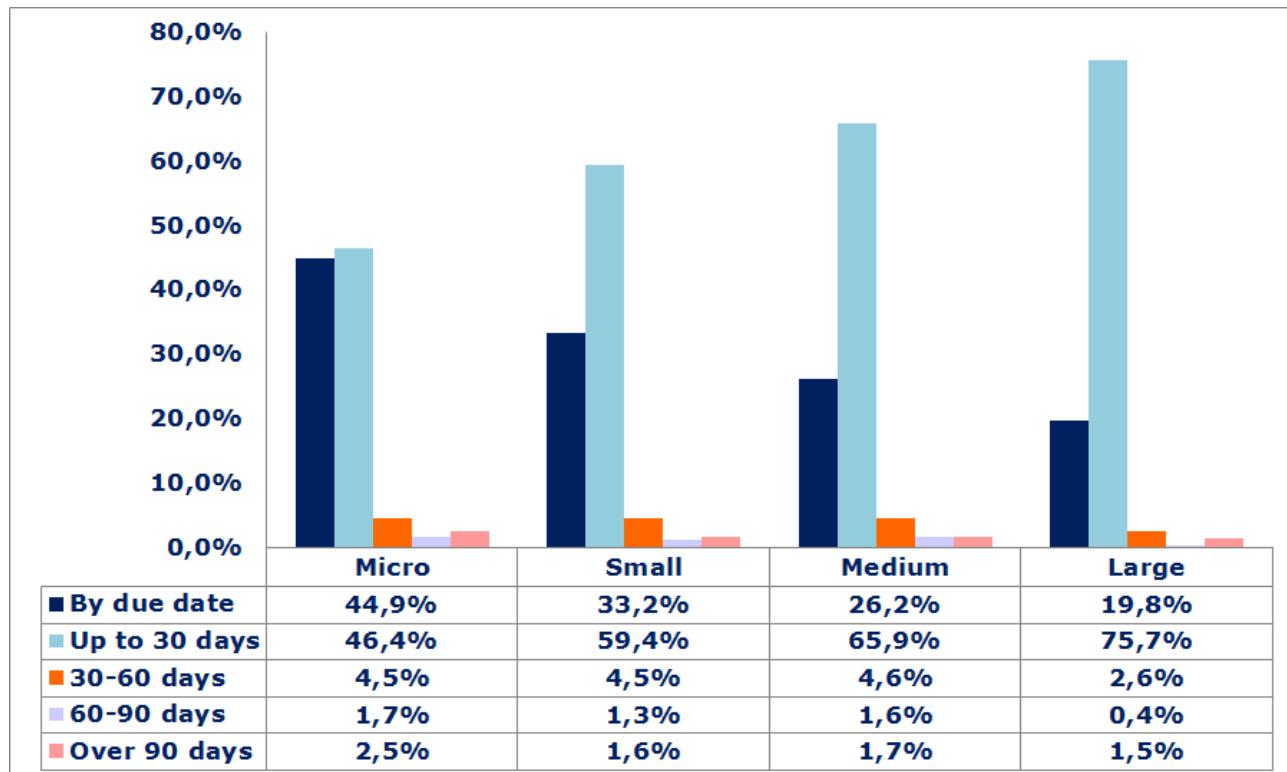
GRAPH 21.4 SOURCE: BISNODE D&B SOUTHERN MARKET D.O.O.

PAYMENT PRACTICES IN SLOVENIA BY PAYMENT CLASS, 2009-2014



GRAPH 21.5 SOURCE: BISNODE D&B SOUTHERN MARKET D.O.O.

PAYMENT PRACTICES IN SLOVENIA BY TYPE OF COMPANY, 2015



GRAPH 21.6 SOURCE: BISNODE D&B SOUTHERN MARKET D.O.O.

PAYMENT PRACTICES IN SLOVENIA BY PRODUCT SECTOR, 2015

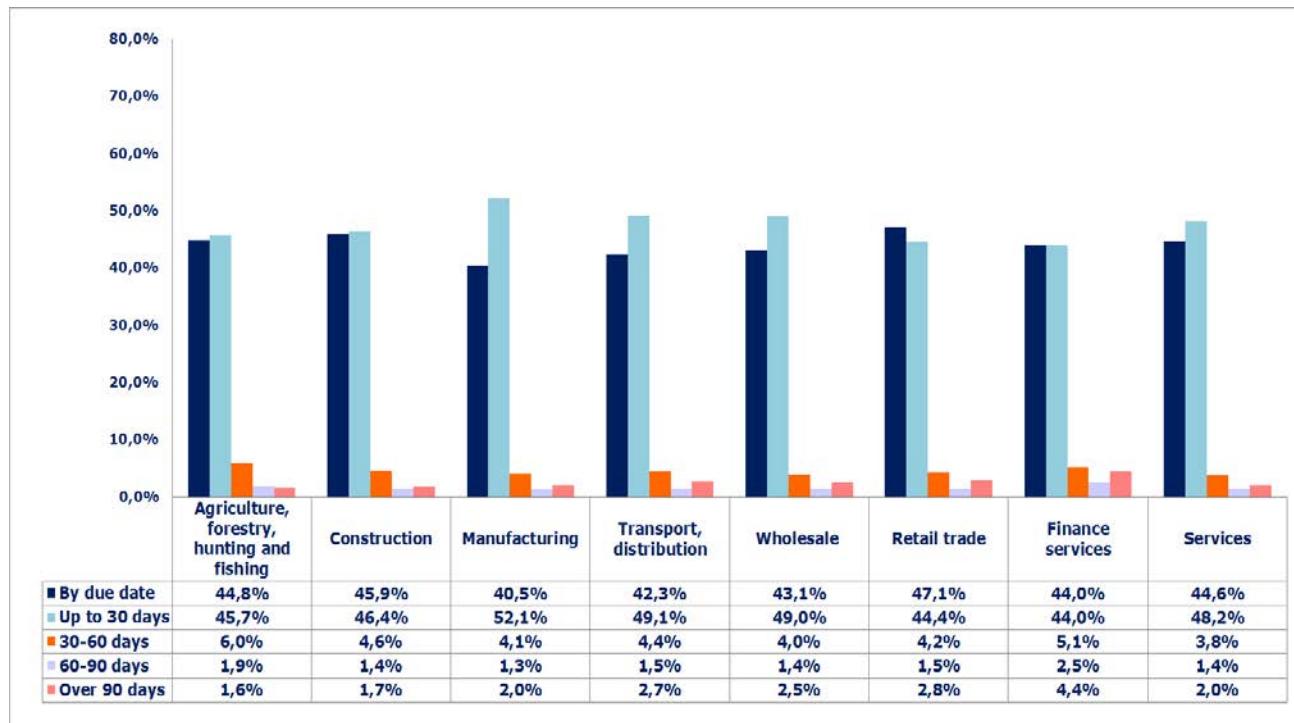


TABLE 21.7 SOURCE: BISNODE D&B SOUTHERN MARKET D.O.O.

SECTORS WITH THE BEST PAYMENT RECORDS IN SLOVENIA, 2015

Sector	Ranking 2015
FORESTRY	1
AMUSEMENT AND RECREATION SERVICES	2
EATING AND DRINKING PLACES	3
AUTOREPAIR, SERVICES AND PARKING	4
SPECIAL TRADE CONTRACTORS	5
MEMBERSHIP ORGANISATION	6
ELECTRIC, GAS AND SANITARY SERVICES	7
MOTION PICTURES	8
BUSINESS SERVICES	9
MISCELLANEOUS REPAIR SERVICES	10

TABLE 21.8 SOURCE: BONITETNA HIŠA I

SECTORS WITH THE WORST PAYMENT RECORDS IN SLOVENIA, 2015

Sector	Ranking 2015
INSURANCE AGENTS, BROKERS AND SERVICES	57
DEPOSITORY INSTITUTIONS	56
PERSONAL SERVICES	55
AUTOMOTIVE DEALERS AND SERVICE STATION	54
MISCELLANEOUS RETAIL	53
MISCELLANEOUS MANUFACTURING INDUSTRIES	52
REAL ESTATE	51
LOCAL AND INTERURBAN PASSENGER TRANSIT	50
MISCELLANEOUS RETAIL	49
FURNITURE AND FIXTURES	48

22. HUNGARY

Below is the opinion of **Katalin Garami, Trade and Compliance Specialist at Bisnode Magyarország**, on the economic scenario and payment situation in Hungary.

"In 2015 the 69% of the invoices were payed in time, compared with 2014 where it was only 66%. In generally the payment behavior was better than one year before, but in case of delay, companies had to wait longer for their invoice value.

The proportion of the paid on time invoice increased in the last 3 years, in 2013 the figure was 62%, in 2014 62% and in the last year 66%, where the delay was no longer than one day. The trend can be say promising, whereas the economy function, the healthy circulation, need that the customers compensate their bills and possibly make it in time.

In the average payment deadline decreased, as long as in 2013 is was 27 days, in 2014 one day less, 26 days, in 2015 it was only 25 days. This tendency doesn't mean that the companies started to pay better, because the bad payment behavior could be in the background.

The third indicator of the payment behavior – the delay of the payment – declined from 2014 to 2015, although in 2013 it was much lower. In 2015 when the companies were in delay, they average payed in 17 later then the deadline, while this number was 16 days in the previous years. If we go back to 2013 the average was 22 days, so compare with this figure we can say that the companies started to pay sooner.

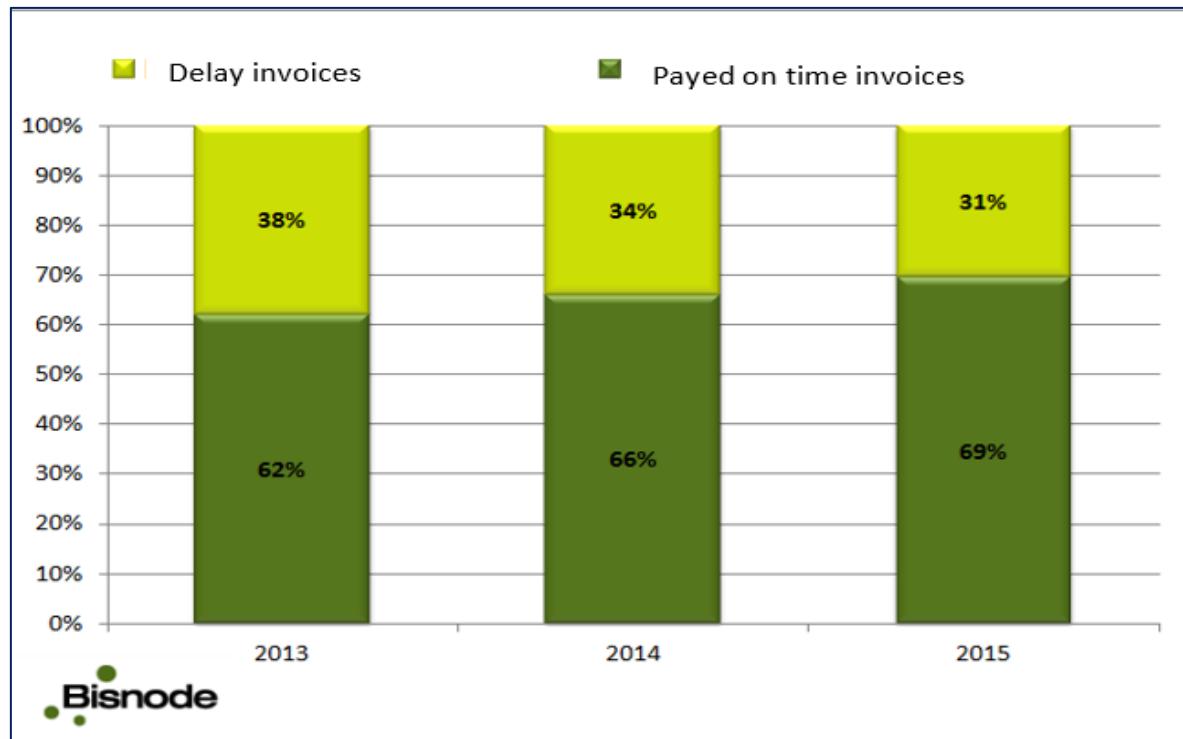
The increasing delay in payment warns us for caution, but the average payment behavior is much better than in the years after the financial crisis.

The longest payment deadline can expected at the chemical industry, mechanical engineering, wood processing, computer, production of electronic products and rubber products, where the average payment deadline could be more than 35 days. The leader sectors of the most overdue with paying are the real estate industry (44 days average delay), the mining (39 days) and the building industry (31 days).

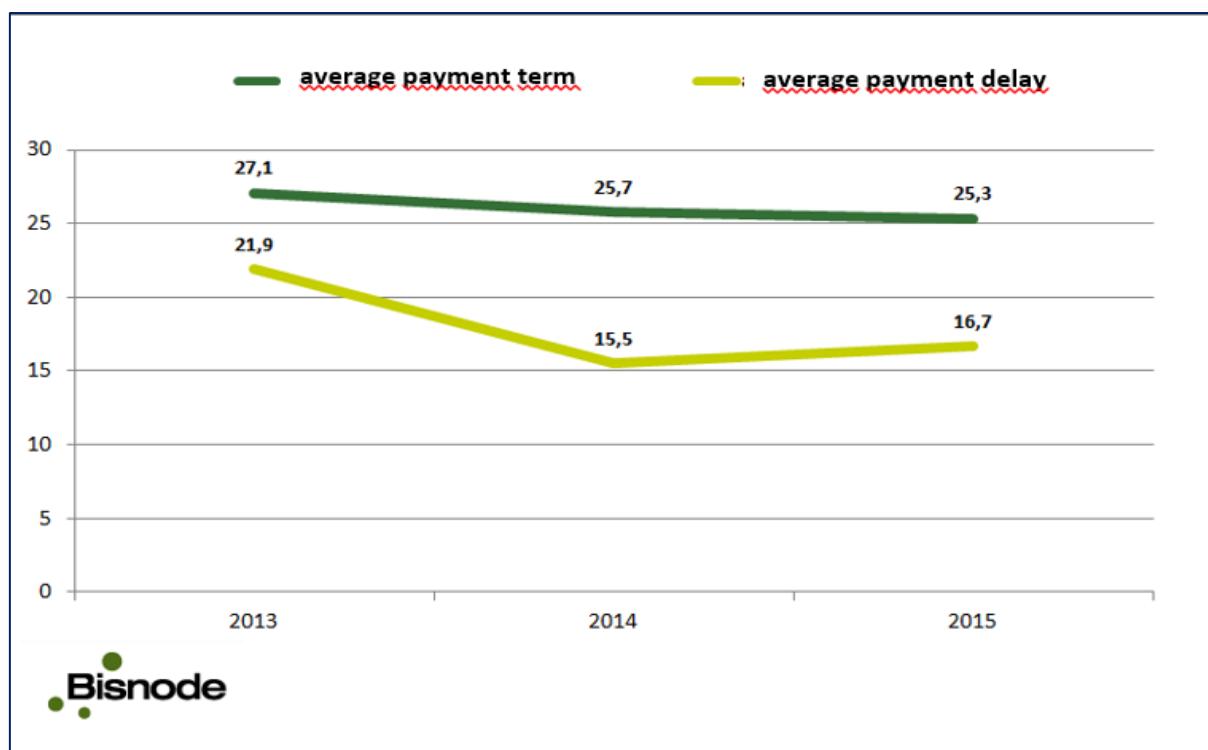
In 2014 a construction company had to wait 66 days till the payment arrived, in 2015 it is only 66 days. The agricultural and the paper industry are the next ones where take the longest to get the invoice value. In these sectors the average payment term increased compared with 2014.

By counties Borsod-Abaúj-Zemplén, Zala and Fejér counties have the longest payment term, which could be more than 28 days. We have different industries on the longest payment delay list, like: Veszprém, Budapest, and Pest countries, where the average delay is more than 18 days. If we see the DSO (average delay and average payment deadline) the companies in Szabolcs-Szatmár-Bereg, Somogy and Borsod-Abaúj-Zemplén counties should wait the longest."

Proportion of delay invoices and payed on time invoices 2013-2015



Average payment deadline and delay (in days)



Payment analysis

It is possible to see an improvement, compared to 2014, for payment structure in Hungary.

At the end of 2015, 59,8% of Hungarian companies paid suppliers on time, which is an improvement on the performance seen in recent years (+22,3 percentage points compared to the European average).

On the other hand, the share of "bad payers" (over 90 days on average) is 0,6%, with a gap of 2,9 percentage point if we consider the European average.

As regard the variations recorded in recent years, compared with 2009, there has been a clear increase in "good payers" of 23,5 percentage points and at the same time a 21,9% reduction in companies making moderately late payments ("Up to 90 days").

Micro and Small companies have a higher concentration in the punctual payers category (more than 59%), while the situation is different for Large companies for which less than 51% of the total are in this class.

In the intermediate late payment class (between 30 and 90 days on average) there are more contained differences between the four categories analyzed.

Late payments of over 90 days account for 0,7% of Micro companies. The percentages of Small, Medium and Large companies in the more serious late payment class do not exceed 0,5 percentage points.

It is possible to see a general uniformity in payment behavior in relation to sectors analyzed.

Agriculture, forestry, hunting and fishing and Services have the best payment performances, with 64,2% and 63,4%, respectively.

A large part of Hungarian companies are in the "Up to 30 days" class, with values varying between 32,3% for Agriculture, forestry, hunting and fishing and 40,7% for the Manufacturing sector.

For the intermediate late payment class (between 30 and 90 days on average), the highest value is seen for the Construction sector with 3,7% of the sample.

Furthermore, 1,5% of companies included in the Construction sector pay their suppliers seriously late (over 90 days on average), which together with the Finance services and Transport, distribution (0,8%) has the worst payment performance.

Amongst the micro-sectors with the best payment performances, the top positions are held by Health services with 75,8% of good payers and Agricultural production – Crops with 66,4% of companies respecting agreed terms.

In the classification of sectors that pay seriously late, in first place are Heavy construction, except building with 2% of companies paying their obligations more than 90 days late on average. These are followed by Printing and publishing sector (1,5% in this class).

TABLE 22.1 SOURCE: BISNODE MAGYARORSZÁG

PERCENTAGE OF COMPANIES IN HUNGARY WITH ON TIME PAYMENTS, 2009-2015

	2009	2014	2015
Hungary	36,3%	52,3%	59,8%
Europe	40,4%	37,6%	37,5%

TABLE 22.2 SOURCE: BISNODE MAGYARORSZÁG

PERCENTAGE OF COMPANIES IN HUNGARY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2009-2015

	2009	2014	2015
Hungary	2,2%	1,7%	0,6%
Europe	2,9%	3,8%	3,5%

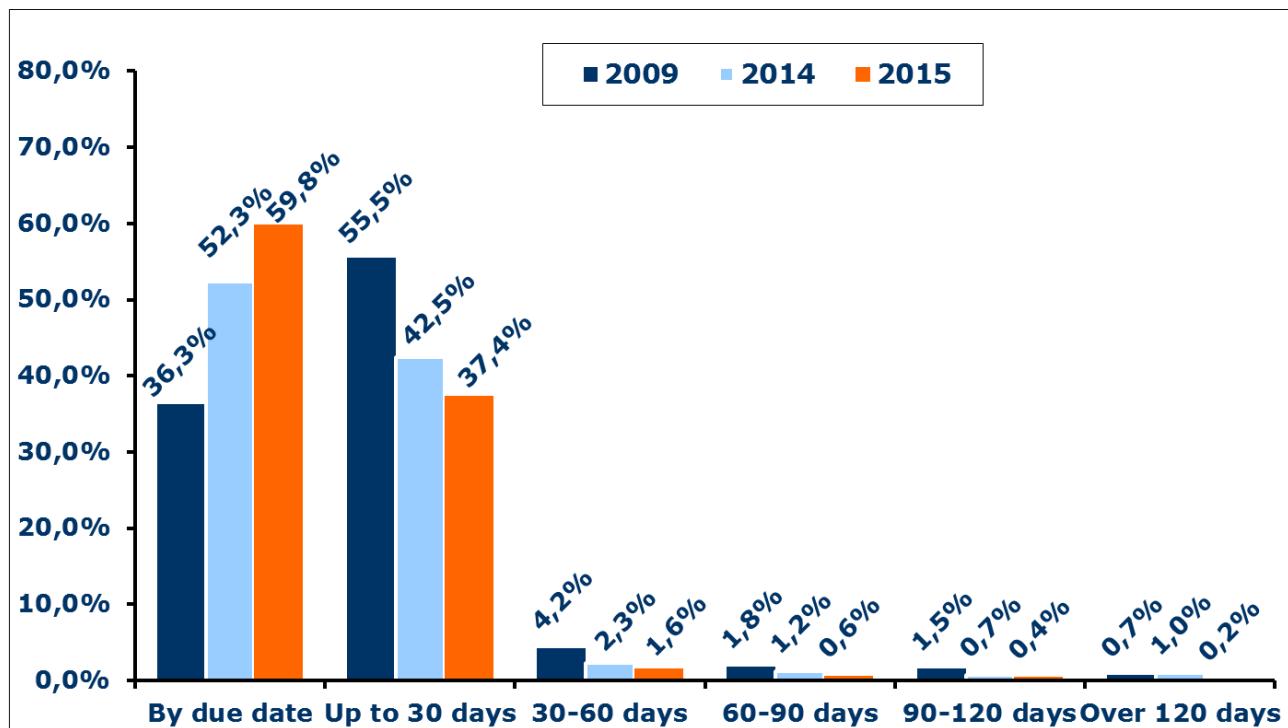
TABLE 22.3 SOURCE: BISNODE MAGYARORSZÁG

VARIATIONS IN PAYMENT PRACTICES IN HUNGARY, 2009-2015

	Variation 2009/2015	Variation 2014/2015
By due date	23,5%	7,5%
Up to 90 days	-21,9%	-6,4%
Over 90 days	-1,6%	-1,1%

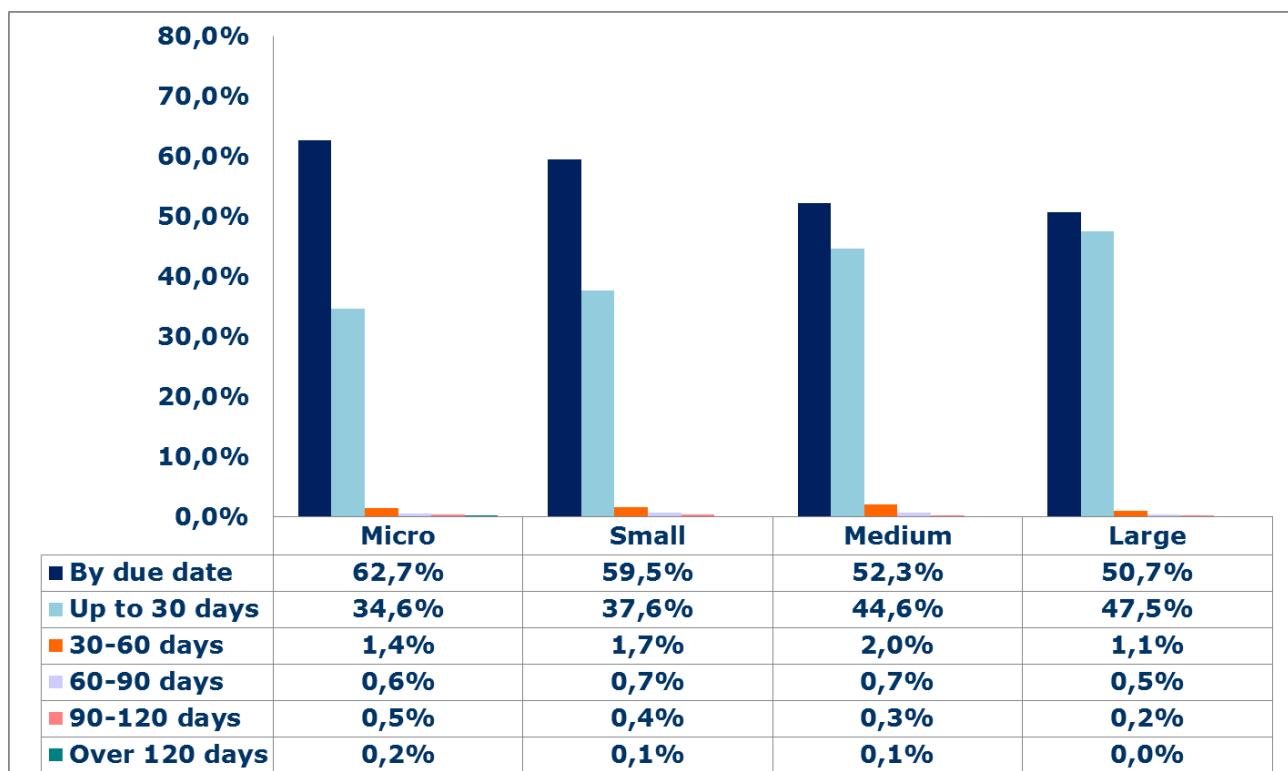
GRAPH 22.4 SOURCE: BISNODE MAGYARORSZÁG

PAYMENT PRACTICES IN HUNGARY BY PAYMENT CLASS, 2009-2015



GRAPH 22.5 SOURCE: BISNODE MAGYARORSZÁG

PAYMENT PRACTICES IN HUNGARY BY TYPE OF COMPANY, 2015



GRAPH 22.6 SOURCE: BISNODE MAGYARORSZÁG

PAYMENT PRACTICES IN HUNGARY BY PRODUCT SECTOR, 2015

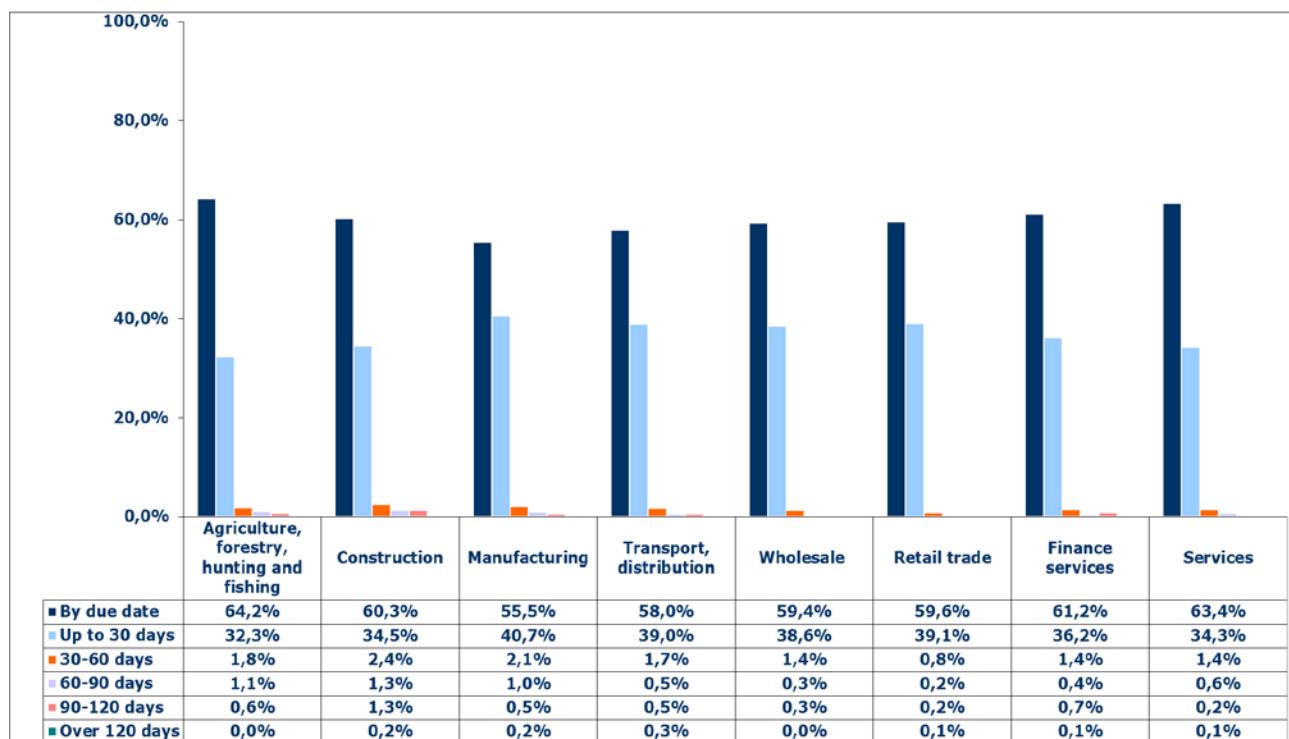


TABLE 22.7 SOURCE: BISNODE MAGYARORSZÁG

SECTORS WITH THE BEST PAYMENT RECORDS IN HUNGARY, 2015

Sector	Ranking 2015
HEALTH SERVICES	1
AGRICULTURAL PRODUCTION - CROPS	2
COMMUNICATIONS	3
MISCELLANEOUS RETAIL	4
ENGINEERING AND MANAGEMENT SERVICES	5
AMUSEMENT AND RECREATION SERVICES	6
MISCELLANEOUS REPAIR SERVICES	7
BUSINESS SERVICES	8
AUTOMOTIVE DEALERS AND SERVICE STATIONS	9
WHOLESALE TRADE - NONDURABLE GOODS	10

TABLE 22.8 SOURCE: BISNODE MAGYARORSZÁG

SECTORS WITH THE WORST PAYMENT RECORDS IN HUNGARY, 2015

Sector	Ranking 2015
HEAVY CONSTRUCTION, EXCEPT BUILDING	41
PRINTING AND PUBLISHING	40
PAPER AND ALLIED PRODUCTS	39
SPECIAL TRADE CONTRACTORS	38
GENERAL BUILDING CONTRACTORS	37
TRANSPORTATION SERVICES	36
HOTELS AND OTHER LODGING PLACES	35
ELECTRIC, GAS AND SANITARY SERVICES	34
TRUCKING AND WAREHOUSING	33
REAL ESTATE	32

23. POLAND

Below is the opinion of **Tomasz Starzyk, Public Relations Specialist** at **Bisnode D&B Poland**, on the economic scenario and payment situation in Poland.

"Polish companies are doing well, improving their financial standing since last year. In Poland, the most dynamic companies of the crisis came from small and medium sized businesses. Improvement could be seen primarily in company flexibility, a rapid response to change, accurate management decisions and a good macroeconomic environment of the country itself."

All indications are that large Polish companies have coped well with the recession in the market. Financial data show that companies have for several years been systematically putting funds in their savings accounts. Saving tried to wait out tough times. Unfortunately, at the expense of investment and innovation in new technologies and products. Not infrequently, also looking for additional savings in salary for employees.

A striking fact is that Polish businesses have managed to maintain existing employment levels, and unemployment has not grown as dramatically as in other European countries.

It is true that many Polish businesses do not pay invoices on time. In this way the credits to their activities. They are basically getting free loans from their contractors. What's more, this situation of backing up payments can even earn money by placing the money that should be used to pay bills in an interest-bearing account.

Many Polish businesses have begun to use business intelligence, monitoring the financial status of their customers. Closely related to this is the growing awareness of business intelligence services as well as insurance and factoring. Unfortunately, still too many businesses in Poland are not paying their contractors, defending themselves against loss of liquidity caused by the congestion payment of weapons."

Payment analysis

Payment habits in Poland keep a worsening trend in the last twelve months.

Companies that respect agreed terms at the end of 2015 represent 43% of the total, with a reduction of 1,3% compared to 2014.

There has been a decisive worsening in terms of very serious late payments (over 90 days on average): the concentration of companies has increased of 5,2% in this class and the gap with the European level remains significant (+11,3%).

The "Up to 30 days" class has a concentration of 34,7% in 2015 and the intermediate late payment classes (between 30 and 90 days on average) have an overall percentage of 7,5%.

Compared with 2008, the percentage of companies that pay on time has decreased by 4 percentage points, with a resulting decrease in the "Up to 90 days" class and an increase of 7,6% in the share of "bad payers".

If we consider the payment practices of Polish companies in relation to company size, the highest concentration of punctual companies is observed for Small and Medium companies with almost 48,6% of the total.

However, there is a greater tendency to pay moderately late, limited to 30 days on average (values vary between 33% for Micro companies and 54,2% for Large companies).

Micro companies have greater issues in relation to the intermediate late payment classes ("30-60 days" and "60-90 days") and serious late payment class.

In fact, for companies with less than 6 employees, late payments of between 30 and 90 days on average account for 10,1% of the total, meanwhile late payments of over 90 days account for 16,8% of the total.

The best performance is seen for Large companies with a level of 4,1% of late payments.

The Finance services and the Agriculture, forestry, hunting and fishing sectors stand out with the highest concentrations in the "By due date" payment class, with 55,6% and 50,1%, respectively.

In the "Up to 30 days" class values are varying between 24,3% for Finance services and 43,5% for the Retail trade sector.

On the other hand, in the intermediate late payment class, the sectors Construction (10,1%) and Services (8,3%) have the highest concentrations.

Finally, the worst performances in the serious late payment classes (over 90 days on average) are seen in the Mining and Construction sectors with levels of 27,7% and 20,6%.

Among the best micro-sectors we find Membership organization and Real estate with 75% and 68,4% of punctual payments.

The highest level of late payments, on the other hand, relate to the Oil and gas extraction and General building contractors sectors, with 30,7% and 27,2% of companies paying more than 90 days late.

The remaining micro-sectors listed in Table 23.8 have concentrations greater than 23% in the late payment class.

TABLE 23.1 SOURCE: BISNODE D&B POLAND

PERCENTAGE OF COMPANIES IN POLAND WITH ON TIME PAYMENTS, 2008-2015

	2008	2014	2015
Poland	47,0%	44,3%	43,0%
Europe	40,0%	37,6	37,5%

TABLE 23.2 SOURCE: BISNODE D&B POLAND

PERCENTAGE OF COMPANIES IN POLAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2008-2015

	2008	2014	2015
Poland	7,2%	9,6%	14,8%
Europe	6,0%	3,8%	3,5%

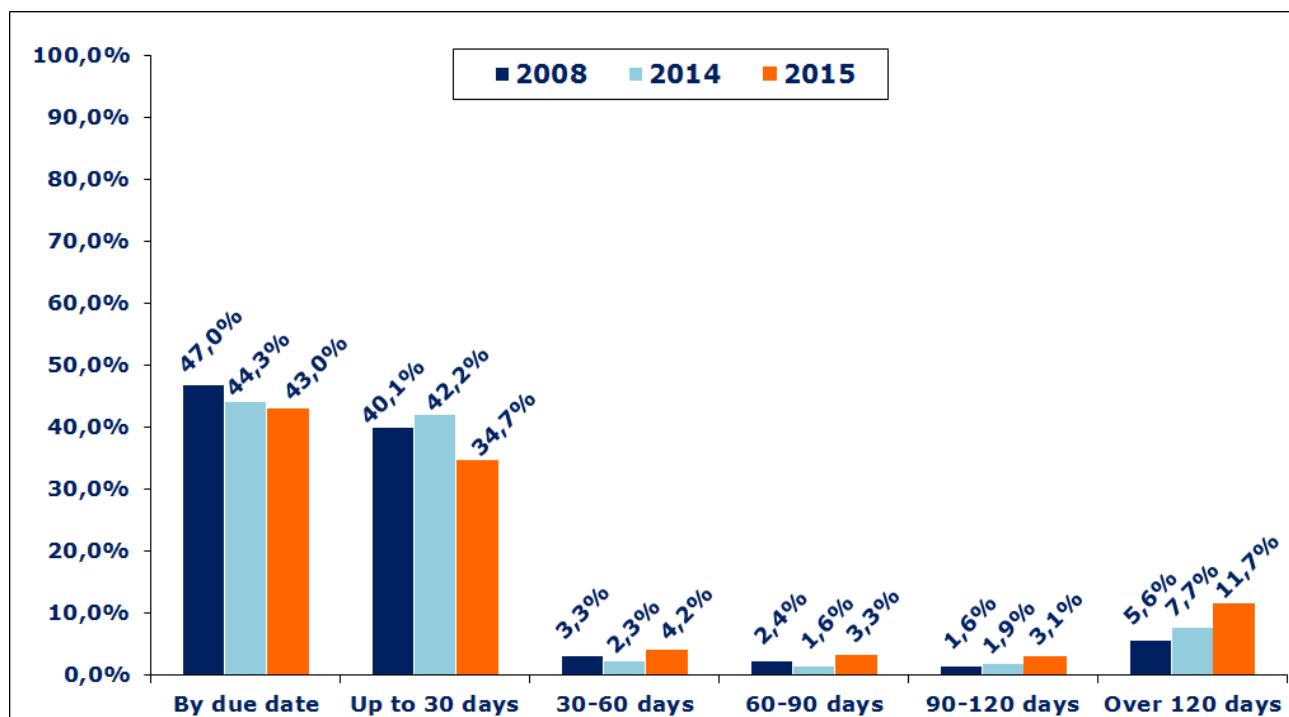
TABLE 23.3 SOURCE: BISNODE D&B POLAND

VARIATIONS IN PAYMENT PRACTICES IN POLAND, 2008-2015

	Variation 2008/2015	Variation 2014/2015
By due date	-4,0%	-1,3%
Up to 90 days	-3,6%	-3,9%
Over 90 days	7,6%	5,2%

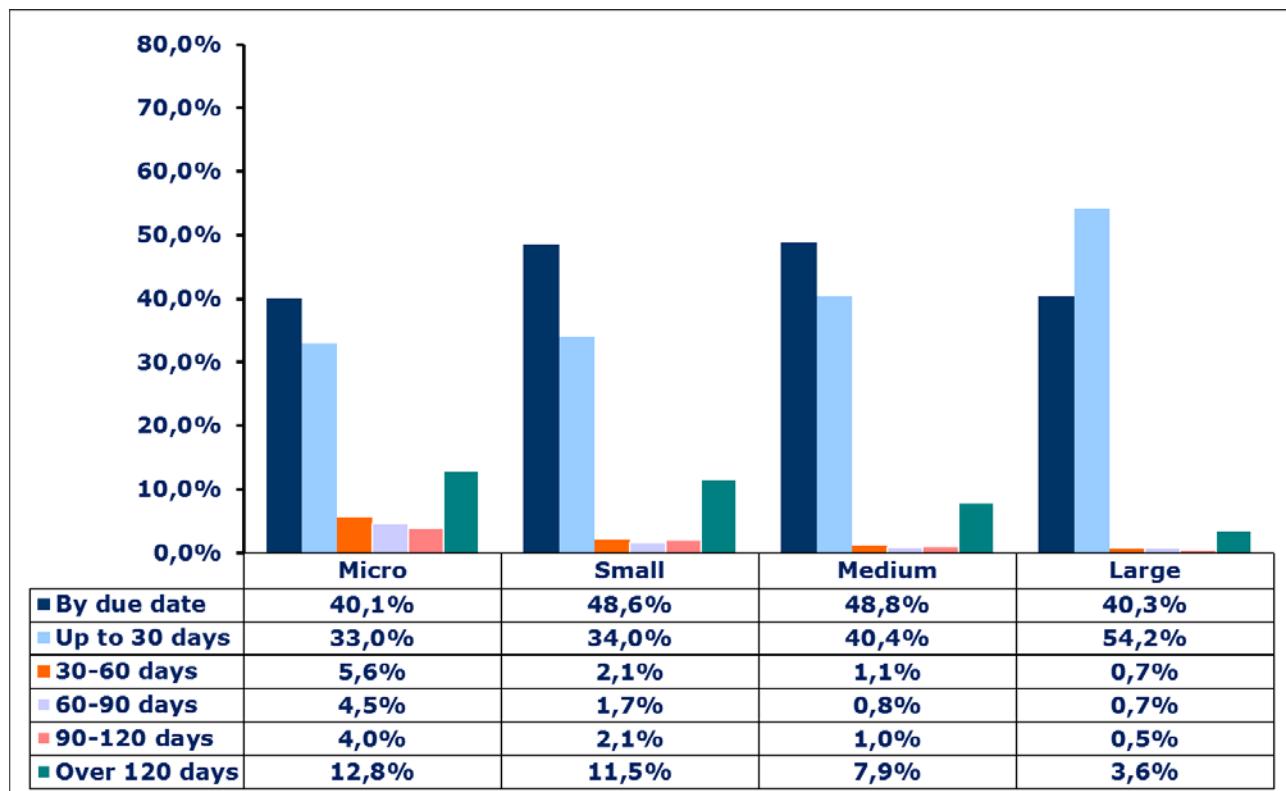
GRAPH 23.4 SOURCE: BISNODE D&B POLAND

PAYMENT PRACTICES IN POLAND BY PAYMENT CLASS, 2008-2015



GRAPH 23.5 SOURCE: BISNODE D&B POLAND

PAYMENT PRACTICES IN POLAND BY TYPE OF COMPANY, 2015



GRAPH 23.6 SOURCE: BISNODE D&B POLAND

PAYMENT PRACTICES IN POLAND BY PRODUCT SECTOR, 2015

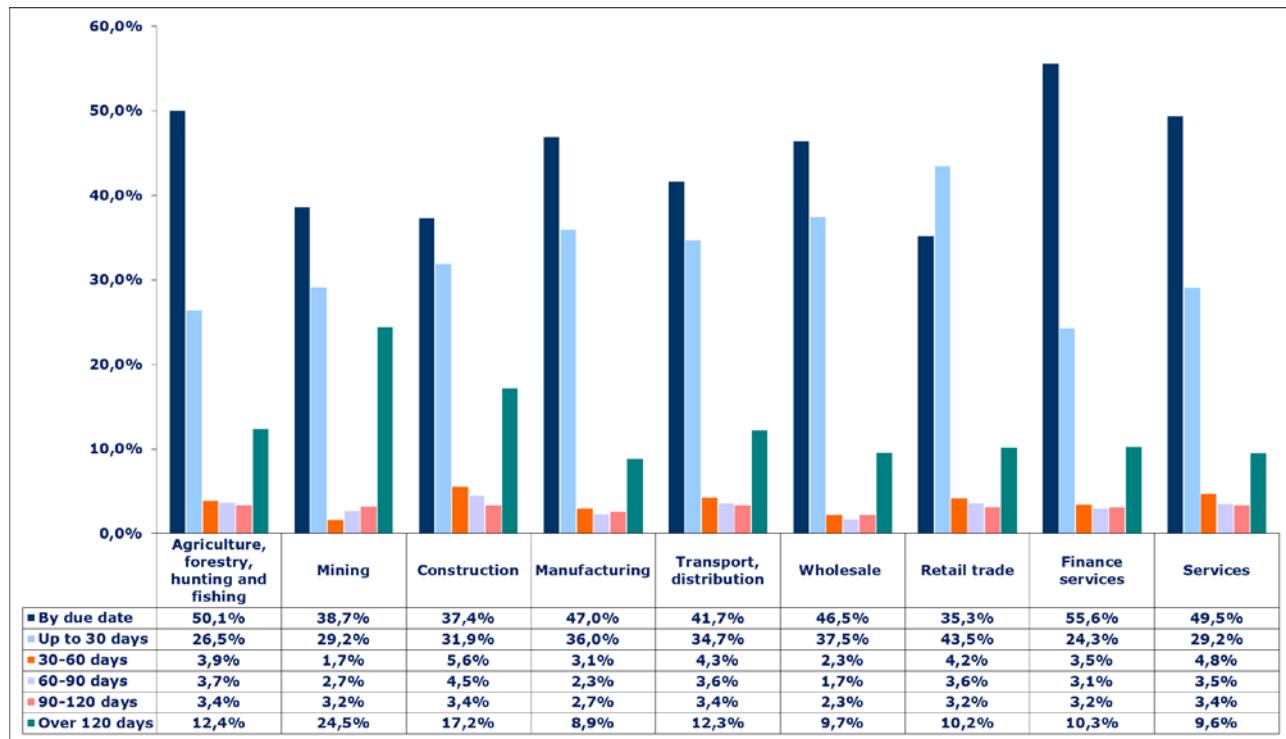


TABLE 23.7 SOURCE: BISNODE D&B POLAND

SECTORS WITH THE BEST PAYMENT RECORDS IN POLAND, 2015

Sector	Ranking 2015
MEMBERSHIP ORGANISATION	1
REAL ESTATE	2
HOLDING AND OTHER INVESTMENT PLACES	3
INSTRUMENTS AND RELATED PRODUCTS	4
HEALTH SERVICES	5
ELECTRIC, GAS AND SANITARY SERVICES	6
COMMUNICATIONS	7
TEXTILE MILL PRODUCTS	8
AGRICULTURAL PRODUCTION - LIVESTOCK	9
AGRICULTURAL PRODUCTION - CROPS	10

TABLE 23.8 SOURCE: BISNODE D&B POLAND

SECTORS WITH THE WORST PAYMENT RECORDS IN POLAND, 2015

Sector	Ranking 2015
OIL AND GAS EXTRACTION	59
GENERAL BUILDING CONTRACTORS	58
EATING AND DRINKING PLACES	57
RAIL ROAD TRANSPORTATION	56
APPAREL AND ACCESSORY STORES	55
APPAREL AND OTHER TEXTILE PRODUCTS	54
PERSONAL SERVICES	53
AMUSMENT AND RECREATION SERVICES	52
AGRICULTURAL SERVICES	51
TRUCKING AND WAREHOUSING	48

24. CZECH REPUBLIC

Below is the opinion of **Petra Horáková, Trade & Data Hunting Manager** at **Bisnode D&B Czech and Slovak Republic s.r.o.**, on the economic scenario and payment situation in Czech Republic.

"Growth of GDP in the Czech Republic peaked in 2006 and 2007, at the level of 7 and 9%. Subsequently, there was a slower increase merely of 4.6% in 2008. Unfortunately, we experienced a drop of -2.2% in 2009. From 2010 to 2011 there was a gradual revival around 1%. In 2012 and 2013, the GDP stayed about the same as in the previous years. From 2014 we can speak about dynamic growth of GDP again. It reached 4.5% in 2014 and 5.3% in 2015. The causes of high growth in 2015 can be described as temporary: time-limited stimulus EU grants, the impact of changes in excise taxes on tobacco and supply shock in the form of a drop in the price of oil. The sectoral structure of growth was more balanced for the last two years. The development was affected mostly by manufacturing, construction, wholesale and retail trade and transport industry. Economic growth remains driven solely by domestic demand. Its fastest-growing component is the creation of gross fixed capital, where we see the effort to maximize the use of EU funds that has showed strong annual growth of 6.8%, increased government (4.4%) and households (2.7%) consumption. GDP for 2016 and 2017 is expected to grow by 3.6%.

The Czech economy is highly open and dependent on foreign demand. Foreign trade in 2014 resulted in a surplus of CZK 146 billion (an annual increase of 40 billion) and 149 billion in 2015. This year surplus of payment balance reached 1.2% of GDP, which is the highest value in the whole history of the Czech Republic. The foreign trade is compensated by steady growth in the economies of the major partners of the Czech Republic with raising both imports', given by accelerated growth of domestic demand, and exports' severity.

An unfavorable factor can be the geopolitical risks. Conflicts in the Middle East and North Africa caused a serious migration crisis; the economic impact on individual EU countries cannot be estimated yet. If there is no increase in the number of asylum seekers in the Czech Republic, the direct impact on the Czech economy should be negligible.

The Czech Republic is the target of high volume foreign direct investments. Due to privatization in 2005, the Czech Republic received more than 279 billion CZK of investment. A significant drop occurred in 2009 due to the economic crisis and investments decreased to 55.8 billion CZK. In 2010, there was a strong capital inflow again up to the level of 117.3 billion CZK and fell to 41 billion CZK in 2011. In 2012, foreign direct investments accelerated to the level of 156.3 billion CZK due to reinvested profits, capital increases and the amendment to the Act on Investment Incentives, which became effective mid-year. In 2013, there was a reduction to 71.9 billion CZK, followed by positive development up to 122.6 billion CZK in 2014. The trend is changing up and down. The international parent company often takes the profit in form of dividends instead of reinvesting it back to the companies in the Czech Republic.

The external debt of the Czech Republic economy grew from 16.1% of GDP in 2002 to 46.4% in 2012. In 2013, it amounted to 46% of GDP and it has been decreasing since then to 39% in 2014 and 37.2% in 2015.

The average exchange rate in 2009 was 26.5 CZK / EUR (19.1 CZK / USD), 25.3 (19.1) in 2010, 24.6 (17.7) in 2011, 25.1 (19.6) in 2012 and 26 (19.6) in 2013. In 2012, the Czech Crown weakened about 2.2% year on year average and in the first half of 2013 further by 2.1%. In the second half of 2013, the Crown started to strengthen. On November 7th, 2013 the Czech National Bank made penetrative intervention by purchasing Euro currency amounting to at least two billion. It led to an immediate depreciation of the Crown (exchange rate increased from 25.8 CZK/EUR to 27 CZK/EUR). The average exchange rate CZK / EUR in 2014 was 27.5 and 27.3 in 2015. The CNB tried to prevent deflation and start a boost of domestic consumption. The Central Bank will continue its intervention against the Crown as long as it deems necessary, but at least until 2016. For 2016 and 2017 we predict an average rate of 27 CZK/EUR and 26.7 CZK/EUR.

Inflation in the Czech Republic has been relatively stable since 2002. The exception was in 2008, when inflation grew up to 6.3% due to the sharp increase in commodity prices on world markets and changes in taxes. From 2009 to 2012, the annual inflation rose from 1% to 3.3%. In 2013, the inflation rate dropped to 1.4%. The slowing growth continued also in 2014 and 2015 at the level of 0.4% and 0.5% respectively. The lowest rate for the last 10 years is caused mainly by the deep slump in global fuel prices and low inflation on a global scale. We anticipate growth by 0.5% in 2016 and about 1.6% in 2017.

The unemployment rate in the Czech Republic is below the long term average of EU member states. The average unemployment rate in 2014 was at 6.1% and 5.1% for 2015. The long-term margin ranges between 4.5% and 8.2%. In the years 2016 and 2017 we look forward to a notable 4.7% unemployment rate.

The nominal wage approximately corresponds to the evolution of inflation, so the real wage experienced a negligible change of 0.6% in 2012. While the nominal wage rose during 2013, the real wage dropped by 0.3%. In 2014, both indicators grew - nominal wage about 1.8% and real wage 1.2%. In 2015, the nominal wage jumped up to 4%. The top fields are banking, insurance, information and communication services, manufacturing and distribution of electricity, gas and heat. On the other side there are accommodation, catering, administration, agriculture, forestry and fisheries. For the following years we anticipate a dynamic growth over 4% per year.

Payment behavior corresponds to the development of the economy. The period involving the years 2008, 2009 and to some extent also 2010 was worst due to the global crisis. Significant drop and most fluctuations have occurred in the transport and construction fields. There is a highly competitive environment and exceptionally long time due invoices. Large numbers of small and medium-sized players have disappeared. The average payment behavior development has coincided with the retail and engineering sector. Above-average values are achieved consistently in health, education and agriculture.

The average payment was overdue for 20 days in 2008, 22 days in 2009, 19 days in 2010, 14 days in 2011, 12 days in 2012, 10 days in 2013, 8 days in 2014 and 6 days in 2015. In 2016 and 2017, we expect stabilization and values between 5 to 7 days overdue. Companies gradually use more credit risk management tools, screening and monitoring of trade partners and payment behavior. In 2015, due to the awareness of negative payment history, around 55% of commitments were paid before the maturity date, 39% within 30 days past the due date, 3% between 31 to 60 days and 3% with longer delay.

When we sum up the field comparison in 2014 and 2015, it is evident that most of the payments are settled around the due date. Some industries as construction, transport and warehousing are still riskier than others and payment conditions are well behind the average. We experienced only about 36% of payments are made before the maturity date; the rest is paid in delay.

The opposite behavior can be seen in vehicle wholesale and retail, government services as public administration and education branches. Two interesting trends happened between 2014 and 2015. The scissors have widened in insurance, security and pension financing services where further invoices were paid on time, yet at the same time even more invoices were paid more than 61 days after the due date. In the tobacco field we experienced a drop in on time paid invoices. We assume it is caused by government tax interventions and so the conditions are becoming much more competitive."

Payment analysis

In 2015, the Czech Republic shows an improvement of the payment system compared with previous year in all of the late payment class analyzed.

The percentage of companies that paid their commitments within agreed terms in 2015 is 45,6%, which is 8,1 percentage points above the European average.

There was a greater concentration of payments between 1 and 30 days late on average with 48,2% of the total, while the "30-60 days" and "60-90 days" classes comprised 5,5% of companies.

If we consider the share of serious late payments (over 90 days on average), the Czech Republic is in a better position than the European average: "bad payers" represent 0,7% of the total, which is 2,8 percentage points less than the European figure.

Compared with 2010, the companies that pay suppliers within agreed deadlines has increased by 15,8 percentage points, while the intermediate late payment class has decreased by 14,9%.

There are significant differences in the payment practices of companies by company size: Micro companies exhibit the best payment behavior with almost 44,1% of the total paying suppliers within agreed terms.

The lowest percentage of "good payers" relates to Large-sized companies with 34,3%, while 61,2% of companies fall within the "Up to 30 days" late payment class.

In relation to moderate and serious late payments, Large companies show the best performance with the lowest concentration in these classes compared to the other company types: in 0,2% of cases payments are more than 90 days late on average, while 4,3% of companies pay between 30 and 90 days late on average.

The best performances in terms of punctual payments can be seen in Services (56,9%) and Agriculture, forestry, hunting and fishing (52,6%).

Payment conditions, on the other hand, are problematic in the Construction sector, in which only 39,2% of companies respect agreed terms.

For all product groups there is a widespread tendency to manage commercial transactions with late payments of between 1 and 30 days late: the share of companies in this category is over 38% in each of the sectors analyzed and reaches the highest value (54,2%) in the case of Manufacturing.

In the intermediate late payment classes ("30-60 days" and "60-90 days") there are contained concentrations in most cases (less than 5%).

Construction is the sector with the highest share of "bad payers" (1,1% in the "Over 90 days" class).

As regarding the micro-sectors in terms of payment performance, in first places in the classification of best payers we find Educational services (84,9%), Executive, legislative and general (81,3%) and Social services (80,5%).

On the contrary, the worst performance relate to Eating and drinking places (1,9%) and Lumber and wood products (1,8%).

TABLE 24.1 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

PERCENTAGE OF COMPANIES IN THE CZECH REPUBLIC WITH ON TIME PAYMENTS, 2010-2015

	2010	2014	2015
Czech Republic	29,8%	38,2%	45,6%
Europe	40,4%	37,6%	37,5%

TABLE 24.2 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

PERCENTAGE OF COMPANIES IN THE CZECH REPUBLIC WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2010-2015

	2010	2014	2015
Czech Republic	1,6%	1,2%	0,7%
Europe	2,9%	3,8%	3,5%

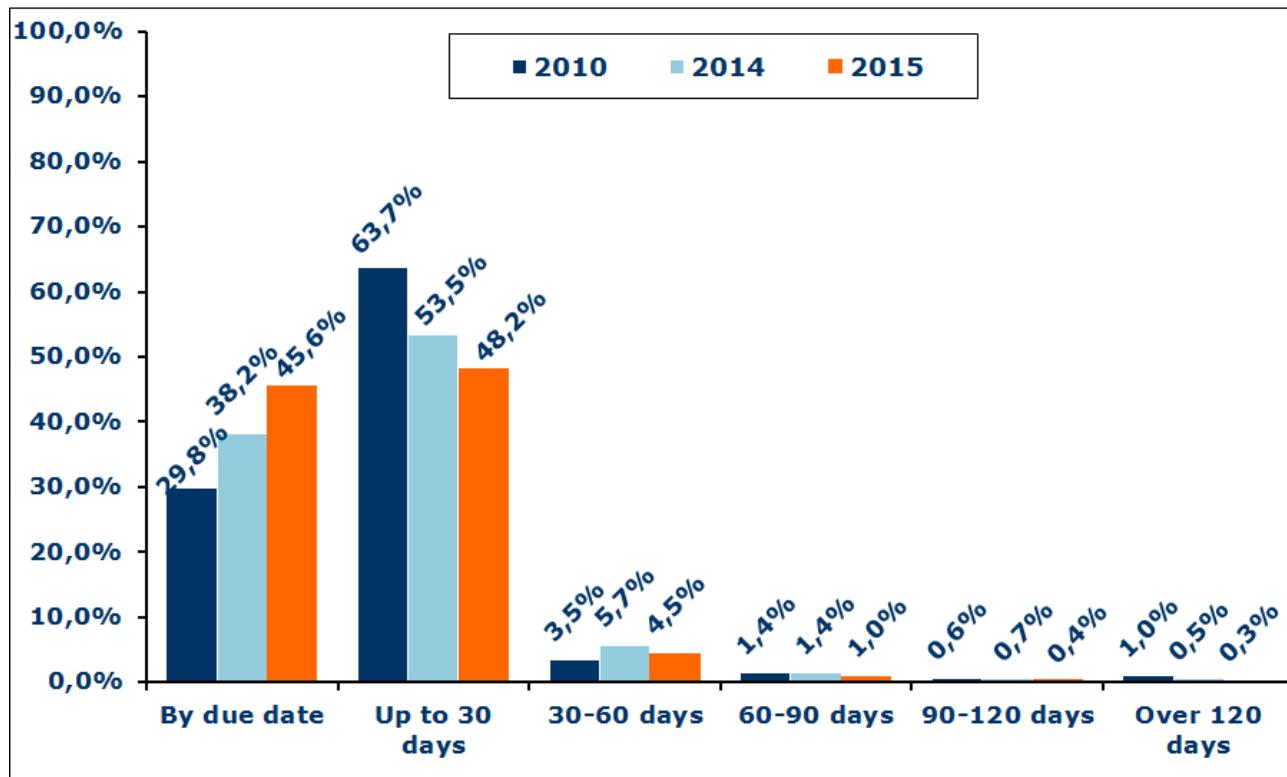
TABLE 24.3 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

VARIATIONS IN PAYMENT PRACTICES IN THE CZECH REPUBLIC, 2010-2015

	Variation 2010/2015	Variation 2014/2015
By due date	15,8%	7,4%
Up to 90 days	-14,9%	-6,9%
Over 90 days	-0,9%	-0,5%

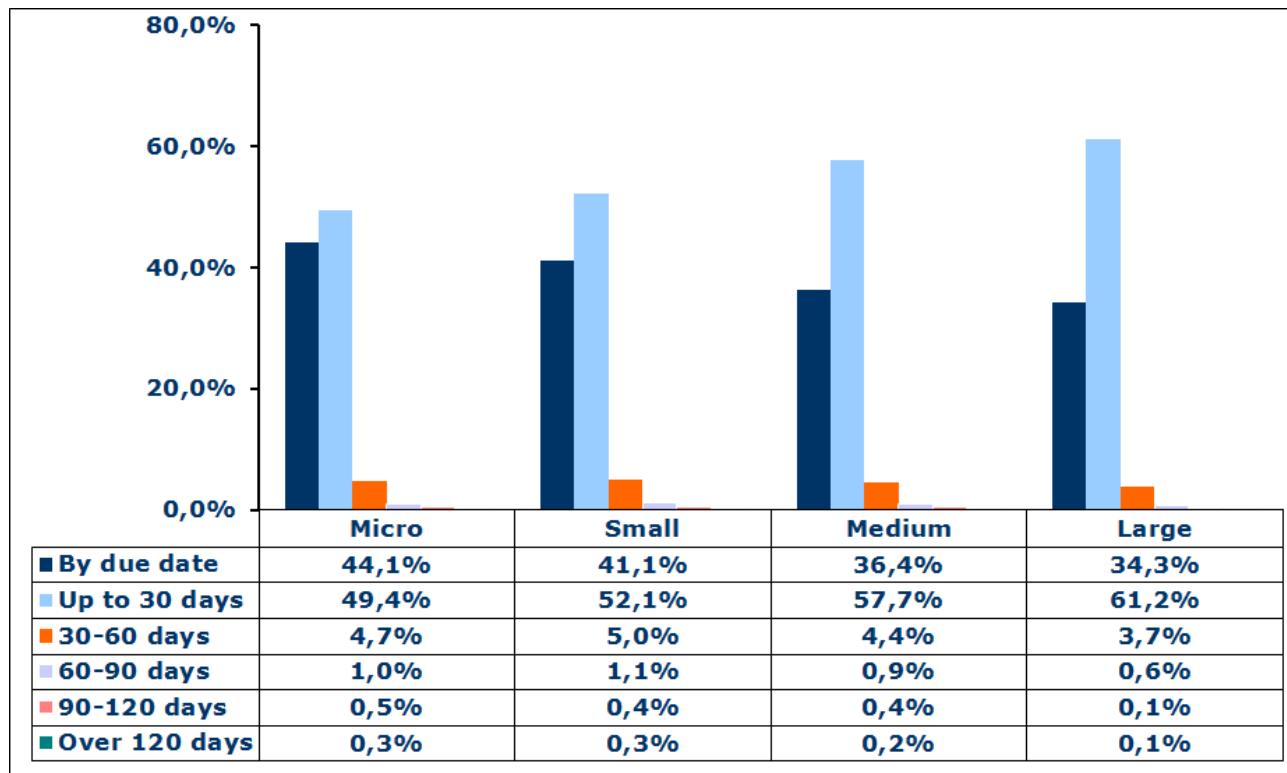
GRAPH 24.4 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

PAYMENT PRACTICES IN THE CZECH REPUBLIC BY PAYMENT CLASS, 2010-2015



GRAPH 24.5 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

PAYMENT PRACTICES IN THE CZECH REPUBLIC BY TYPE OF COMPANY, 2015



GRAPH 24.6 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

PAYMENT PRACTICES IN THE CZECH REPUBLIC BY PRODUCT SECTOR, 2015

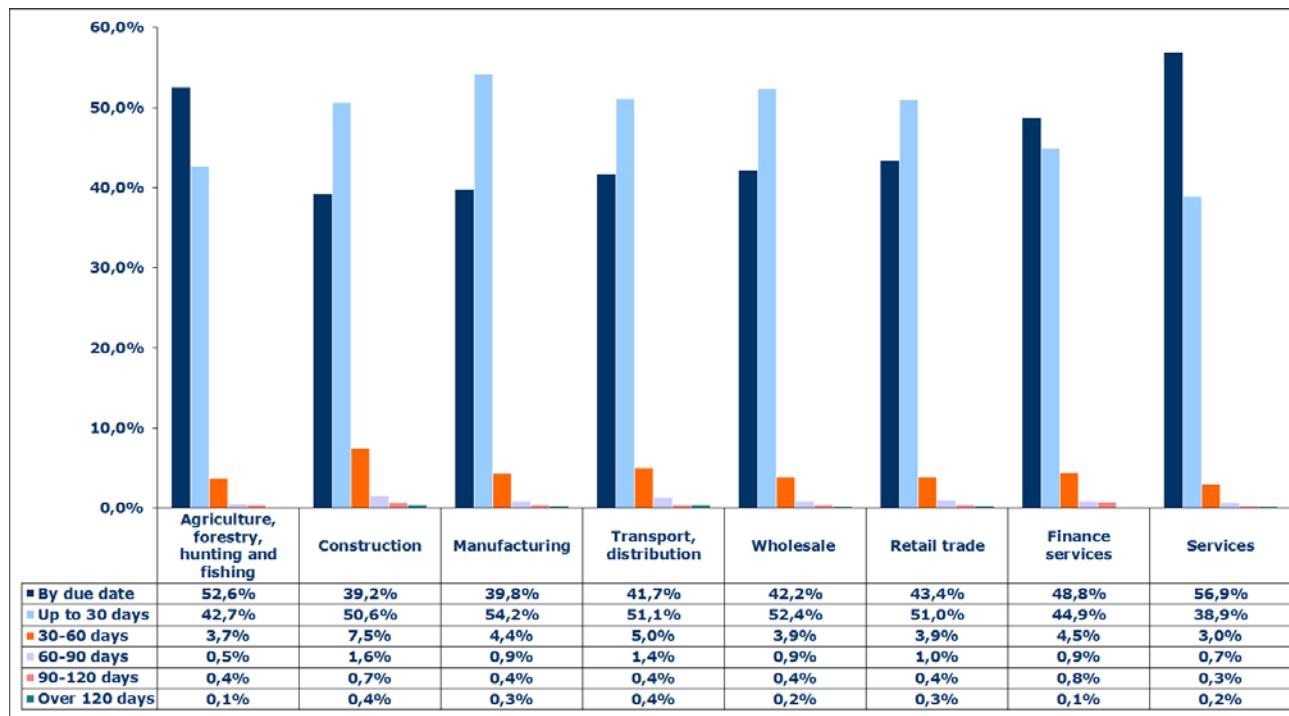


TABLE 24.7 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

SECTORS WITH THE BEST PAYMENT RECORDS IN THE CZECH REPUBLIC, 2015

Sector	Ranking 2015
EDUCATIONAL SERVICES	1
EXECUTIVE, LEGISLATIVE AND GENERAL	2
SOCIAL SERVICES	3
MEMBERSHIP ORGANIZATIONS	4
LEGAL SERVICES	5
COMMUNICATIONS	6
AGRICULTURAL PRODUCTION - CROPS	7
AGRICULTURAL PRODUCTION - LIVESTOCK	8
AUTOMOTIVE DEALERS AND SERVICE STATIONS	9
AMUSEMENT AND RECREATION SERVICES	10

TABLE 24.8 SOURCE: BISNODE D&B CZECH AND SLOVAK REPUBLIC S.R.O.

SECTORS WITH THE WORST PAYMENT RECORDS THE CZECH REPUBLIC, 2015

Sector	Ranking 2015
EATING AND DRINKING PLACES	53
LUMBER AND WOOD PRODUCTS	52
PRINTING AND PUBLISHING	50
REAL ESTATE	49
TRUCKING AND WAREHOUSING	48
GENERAL BUILDING CONTRACTORS	47
AGRICULTURAL SERVICES	46
SPECIAL TRADE CONTRACTORS	45
HEAVY CONSTRUCTION, EXCEPT BUILDING	44
HEALTH SERVICES	43

25. FINLAND

Payment analysis

The Finnish payment system in 2015 identifies a trade-off of the healthy state of payment over the previous year.

The percentage of punctual payers in Finland was only 29,2% of the total, meanwhile, the majority of companies tended to pay commercial transactions on average between 1 and 30 days late (68,2%).

Intermediate late payment classes ("30-60 days" and "60-90 days") account for 1,6%, whereas bad payers (more than 90 days late on average) represent only 0,9% of the total compared with the European level of 3,5%.

It can be seen that in the last two years payment percentages have undergone a change in trend of payment: the share of good payers ("By due date" class) decreased by more than 5,2 percentage points compared with 2014; there was a similar growth in the intermediate payment class ("Up to 90 days" class), meanwhile in terms of serious late payment (over 90 day on average), these remained stable over time.

The analysis of the payment practices by size identifies a somewhat heterogeneous behavior among the four types.

Micro-companies show, also for 2015, the most balanced payment behavior with 32% of the total for payments within agreed terms. These are followed by small companies, for which the percentage in question reaches 21,5%.

The worst performance was seen for Large companies with only 9,1% of the total paying punctually, compared with the national average of 29,2%.

All the company size categories show a widespread tendency to pay on average between 1 and 30 days late. In particular, the figure for the "Up to 30 days" class is over 84,5% for Medium and Large companies.

Intermediate and more serious delays in payment are similar for all the company sizes analyzed, with values below 1,1 percentage points.

The best performances in terms of punctual payments can be seen in the following sectors: Agriculture, forestry and fishing (41,7%), Mining and quarrying (37,2%) and Transport and storage activities (36,6%). Payment conditions, on the other hand, are problematic in the Public administration, in which only 12,6% of companies respect agreed terms.

For all product groups there is a widespread tendency to manage commercial transactions with late payments of between 1 and 30 days late: the share of companies in this category is over 56% in each of the sectors analyzed and reaches the highest value (87,2%) in the case of Public administration.

In the intermediate late payment classes ("30-60 days" and "60-90 days") there are very contained concentrations for the whole sample of below 2,6 percentage points, as is the case for the more serious late payments (over 90 days on average).

The best performer in Finland is the Forestry and logging sector, in which 43,2% of companies pay their trading partners within agreed terms. In second place is the Crop and animal production, hunting and related service activities sector with 41,1% of punctual payments.

The sector with the most problems is Other personal service activities for which 3,6% of companies pay seriously late (over 90 days on average). The top three classification of bad payers is completed by the Travel agency, tour operator and other reservation and Manufacture of other transport equipment.

TABLE 25.1 SOURCE: BISNODE D&B FINLAND

PERCENTAGE OF COMPANIES IN FINLAND WITH ON TIME PAYMENTS, 2010-2015

	2010	2014	2015
Finland	37,0%	34,4%	29,2%
Europe	40,4%	37,6%	37,5%

TABLE 25.2 SOURCE: BISNODE D&B FINLAND

PERCENTAGE OF COMPANIES IN FINLAND WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2010-2015

	2010	2014	2015
Finland	1,1%	0,9%	0,9%
Europe	2,9%	3,8%	3,5%

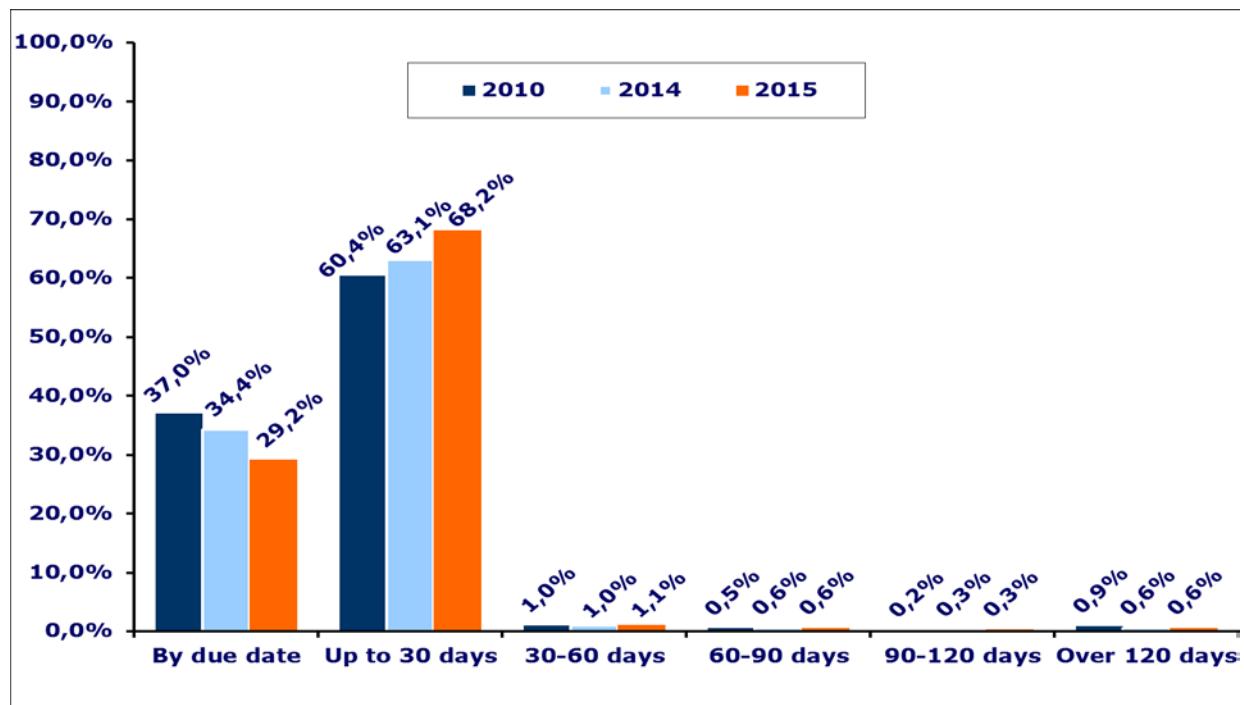
TABLE 25.3 SOURCE: BISNODE D&B FINLAND

VARIATIONS IN PAYMENT PRACTICES IN FINLAND, 2010-2015

	Variation 2010/2015	Variation 2014/2015
By due date	-7,8%	-5,2%
Up to 90 days	8,0%	5,2%
Over 90 days	-0,2%	0,0%

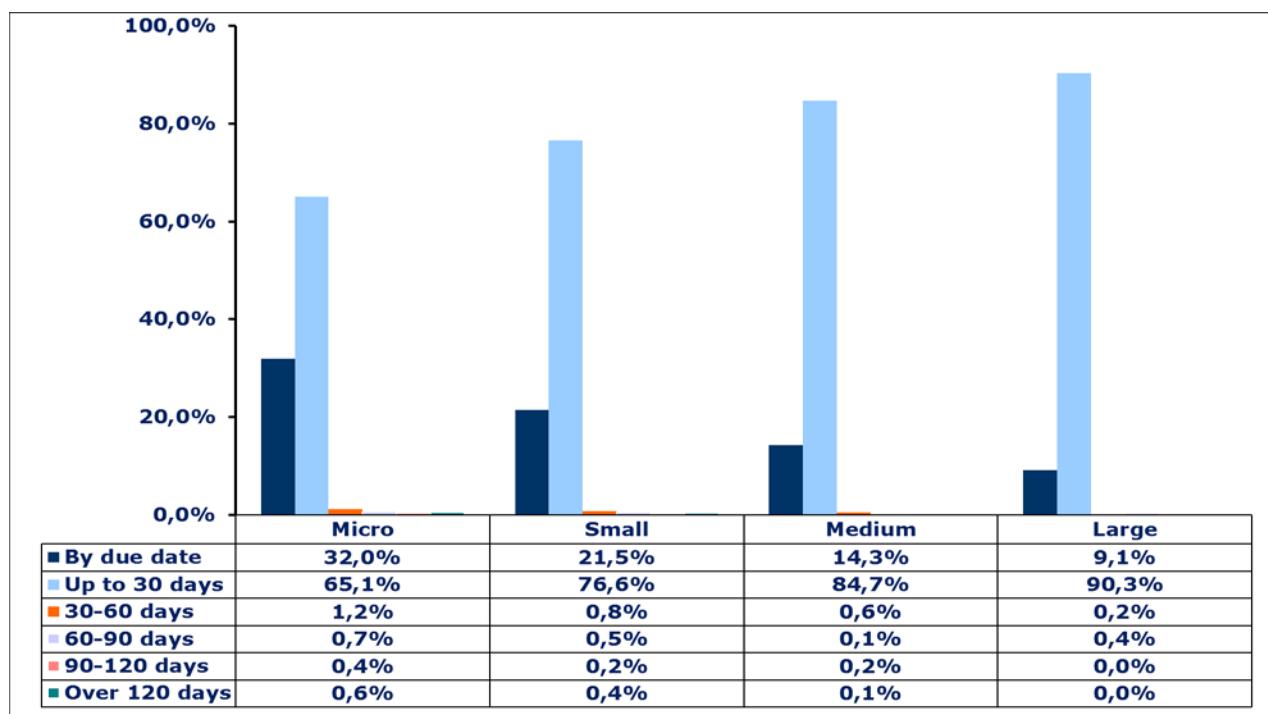
GRAPH 25.4 SOURCE: BISNODE D&B FINLAND

PAYMENT PRACTICES IN FINLAND BY PAYMENT CLASS, 2010-2015



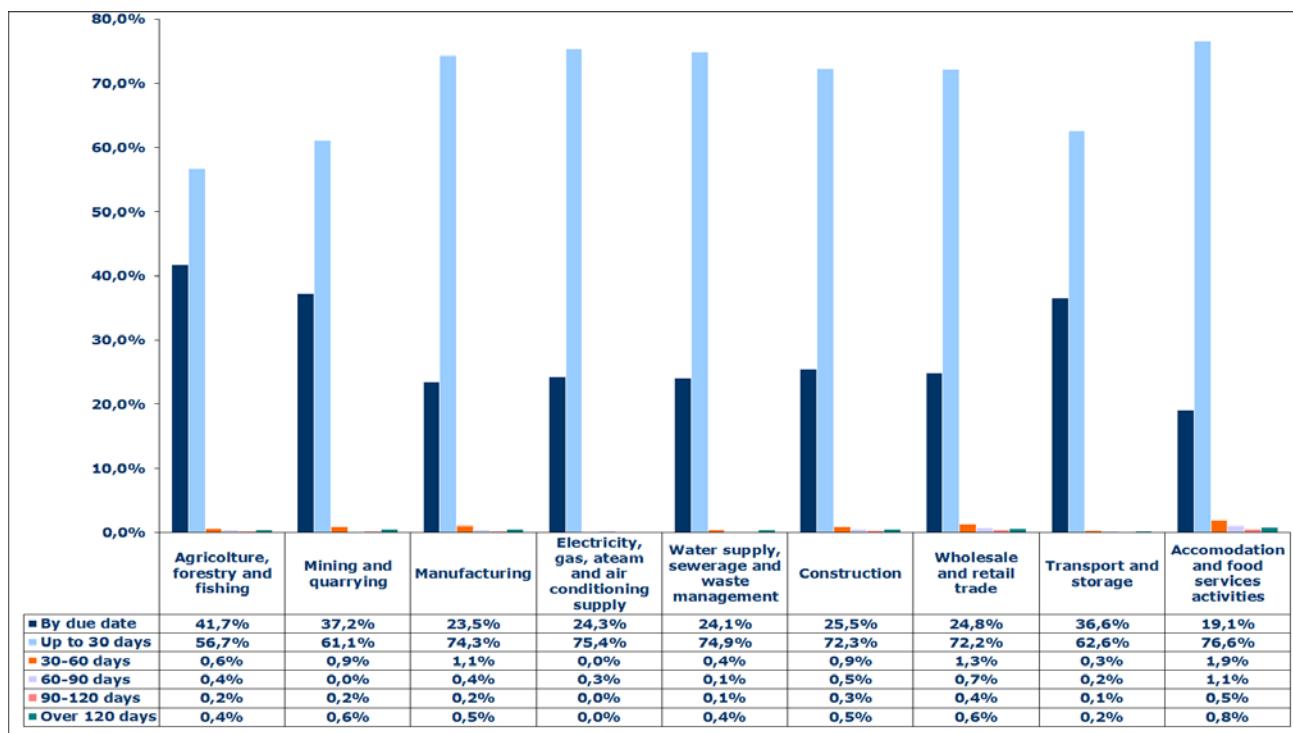
GRAPH 25.5 SOURCE: BISNODE D&B FINLAND

PAYMENT PRACTICES IN FINLAND BY TYPE OF COMPANY, 2015



GRAPH 25.6 SOURCE: BISNODE D&B FINLAND

PAYMENT PRACTICES IN FINLAND BY PRODUCT SECTOR, 2015



GRAPH 25.7 SOURCE: BISNODE D&B FINLAND

PAYMENT PRACTICES IN FINLAND BY PRODUCT SECTOR, 2015

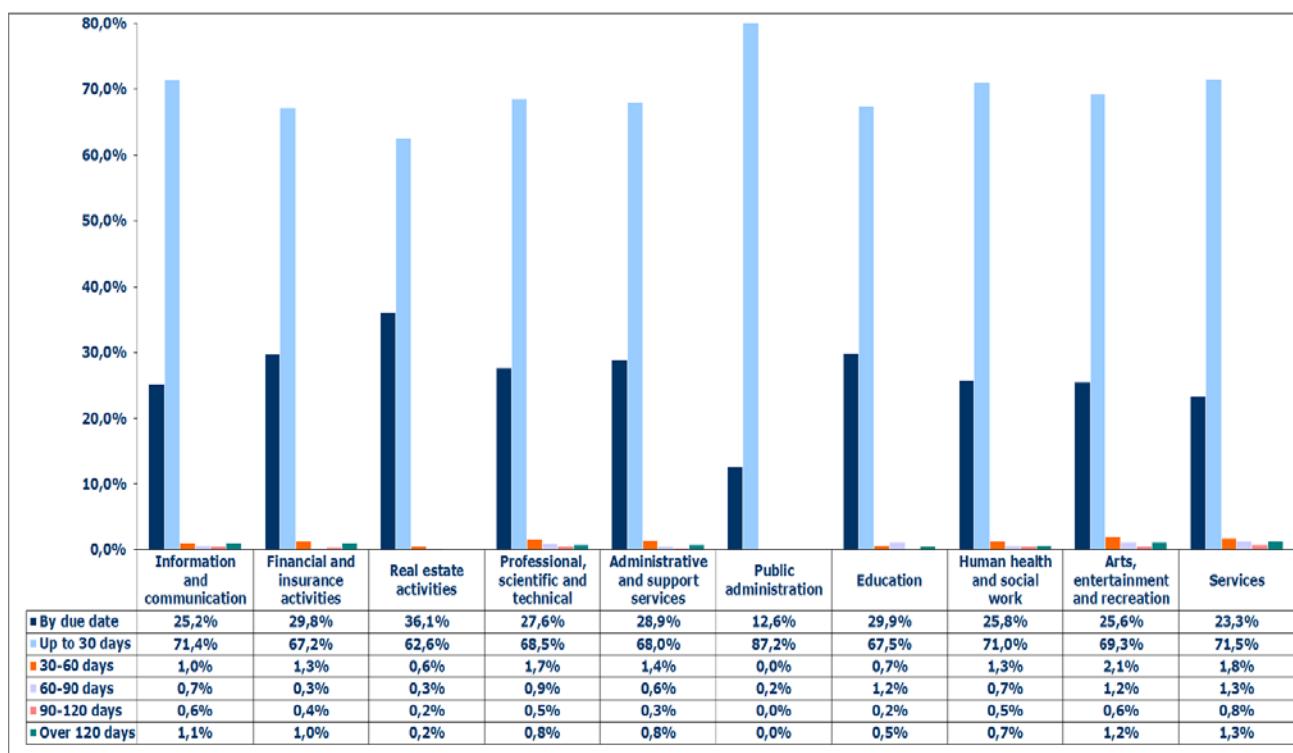


TABLE 25.8 SOURCE: BISNODE D&B FINLAND

SECTORS WITH THE BEST PAYMENT RECORDS IN FINLAND, 2015

Sector	Ranking 2015
FORESTRY AND LOGGING	1
CROP AND ANIMAL PRODUCTION, HUNTING AND RELATED SERVICE ACTIVITIES	2
FISHING AND AQUACULTURE	3
OTHER MINING AND QUARRYING	4
LAND TRANSPORT AND TRANSPORT VIA PIPELINES	5
REAL ESTATE ACTIVITIES	6
LEGAL AND ACCOUNTING ACTIVITIES	7
PUBLISHING ACTIVITIES	8
WAREHOUSING AND SUPPORT ACTIVITIES FOR TRANSPORTATION	9
SERVICES TO BUILDINGS AND LANDSCAPE ACTIVITIES	10

TABLE 25.9 SOURCE: BISNODE D&B FINLAND

SECTORS WITH THE WORST PAYMENT RECORDS IN FINLAND, 2015

Sector	Ranking 2015
OTHER PERSONAL SERVICE ACTIVITIES	67
TRAVEL AGENCY, TOUR OPERATOR AND OTHER RESERVATION	66
MANUFACTURE OF OTHER TRANSPORT EQUIPMENT	65
OTHER PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES	64
FINANCIAL SERVICE ACTIVITIES, EXCEPT INSURANCE AND PENSION FUNDING	63
COMPUTER PROGRAMMING, CONSULTANCY AND RELATED ACTIVITIES	62
ADVERTISING AND MARKET RESEARCH	61
HUMAN HEALTH ACTIVITIES	60
OFFICE ADMINISTRATIVE, OFFICE SUPPORT AND OTHER BUSINESS SUPPORT ACTIVITIES	59
MANUFACTURE OF WEARING APPAREL	58

26. DENMARK

Below is the opinion of **Martin Stabell, Risk Management Specialist** at **Bisnode D&B Denmark A/S**, on the economic scenario and payment situation in Denmark.

"The gross GDP dropped 0.4% in third quarter 2015 after adjustment of inflation and seasonality. The decline was primarily caused by a drop in export of goods and services and decreasing production.

When we look at the first three quarters of 2015, there has been a growth of 1.2% compared to same period last year. The increase was driven by increased domestic demand in the households as well as increased public demand.

Aggregate employment increased by 0.3% in third quarter 2015 and 1% total in the first three quarters. The job market is characterized by free capacity. Thus employment rates remain low, and moderate pressure on wages is to be expected.

The Danish export dropped 0.3% while import dropped by 1.0% in the first three quarters. As per end of October 2015 the aggregate trade balance was positive with a surplus of 118.5 Bn. DKK.

Domestic demand picked up in the third quarter with an increase of 0.6% caused by increased consumption of goods and vehicles.

Interest rates remain low, which both private households as well as corporate life benefits from. However, with a small open economy the Danish economy remains dependent on the development in the rest of the European countries.

Bankruptcies increased slightly in 2015 but remain a low level compared to 2009-2011. Companies have managed to decrease their indebtedness which was one of the main contributors to the high levels of bankruptcies we saw in previous years.

Based on key figures for major business segments we expect bankruptcy levels to remain stable in 2016.

During 2015 the number of late payments increased compared to 2014. The aggregate share of late payments increased from 9.7% in 2014 to 13% in 2015. The numbers are not alarming though, but merely a display of the record low number of overdue payments in 2014.

When we look at the very late payments we see that these have remained unchanged.

We still have a small amount of companies that pays in advance, typically to gain a cash discount. The amount of payments before due date dropped slightly from 3.2% to 2.5% in 2015.

The funding situation from financial institutions has continued to improve during 2015, which is an effect of the reduction of the high indebtedness that companies had built up during the financial crisis around 2010.

General payment terms are typically 30-60 days in most business sectors, and no major changes were seen during 2015. Neither do we expect any major changes.

We see a pattern that smaller companies with less than 50 employees pay more timely than larger companies. We deem that has to do with cash flow optimization rather than a liquidity issue for the larger companies.

The highest share of late payments is seen amongst companies with 50-259 employees with 20.5% late payments in 2015.

However, the largest companies have the highest amount of invoices paid before due date, which is a sign that they have the abundancy in liquidity to pay on delivery and gain a cash discount.

Compared to 2014 the timeliness of payments has deteriorated in all four segments in 2015 but none are at an alarming level.

The largest shift in share of late payments were seen amongst Mining of coal and lignite. The share of late payments increased from 8.7% in 2014 to 28% in 2015, which also makes it the business sector with the highest share of late payments.

In the larger business segments we see that Wholesale- and retail trade has also increased their share of late payments from average 8.9% to 12.3%.

The highest share of timely payments is within Security and investigation activities where only 6.7% of all invoices were paid after due date.

Manufacturing was one of the major business sectors with the highest share of late payments during 2014. In that period 86% of invoices were paid timely and 14% after due date. Other sectors with a relatively large share of late payments in 2014 were Accommodation and Publishing activities.

To sum up, 2015 showed a shift towards slower payments in most industries and company sizes. The overall payment behavior however remains satisfactory."

Payment analysis

Despite the financial instability that has hit the Euro Zone, the payment performance of Danish companies is characterized by an enviable performance both in terms of punctual payments and serious late payment classes.

Over the course of 2015, punctual payments accounted for 87% percentage points, 49,5 percentage points above the European average, which continues to show that a large proportion of companies in Denmark have a balanced behavior when it comes to payments.

In addition, the gap between punctual payers in Denmark and the European average has notably increased compared with previous years.

Compared with 2014, the percentage of "good payers" has decreased by over 3,3 percentage points ("By due date" class).

The percentage of companies with serious late payments (over 60 days) continues to be among the best on an international level: in fact, there are no "bad payers" in Denmark in 2015, with a difference of 6% below the European average.

The most significant changes are seen in relation to 2010: punctual payments have increased by 10,5%, with a corresponding decrease in Danish companies that tend to pay late by between 1 and 60 days on average (-10,3%); the percentage of "bad payers" (over 60 days late on average) remains more or less unchanged over the years, which minimal differences (-0,2%).

The four types of company size examined have very similar percentages, which are not very different from average national levels.

Micro companies have the most balanced payment behavior with 89,4% of companies paying trading partners within agreed terms. The lowest value, on the other hand, was seen for Medium companies, with 79,5% of punctual payers.

In the "Up to 30 days" late payment class there are values of between 10,6% for Micro companies and 20,5% for Medium companies.

Similar levels are seen in all the other late payment classes, and are quite low for all four of the categories examined (do not exceed 0,1% of the total).

For all macro-sectors there is a widespread tendency to manage commercial transactions with punctual payments: the best performance is seen in Crop and animal production, hunting and related service activities (92,8%), Public administration and defence; compulsory social security (92,5%) and Human health activities (91,9%) sectors.

Payment performance, on the other hand, are less positive in the Rental and leasing activities in which 80,4% of companies respect agreed terms.

The share of companies, in the "Up to 30 days" late payment class reaches the highest value (17,5%) in the case of Rental and leasing activities.

In the serious late payment classes (over 60 days on average) there are very contained percentages for the whole sample, significantly lower than that seen in other countries.

The analyses confirm the solidity of the Danish payment system, which does not seem to have been affected by the global economic situation, unlike what is seen in other European and international contexts.

TABLE 26.1 SOURCE: BISNODE D&B DANMARK A/S

PERCENTAGE OF COMPANIES IN DENMARK WITH ON TIME PAYMENTS, 2010-2015

	2010	2014	2015
Denmark	76,5%	90,3%	87,0%
Europe	40,4%	37,6%	37,5%

TABLE 26.2 SOURCE: BISNODE D&B DANMARK A/S

PERCENTAGE OF COMPANIES IN DENMARK WITH LATE PAYMENTS OF MORE THAN 60 DAYS, 2010-2015

	2010	2014	2015
Denmark	0,2%	0,0%	0,0%
Europe	4,9%	6,4%	6,0%

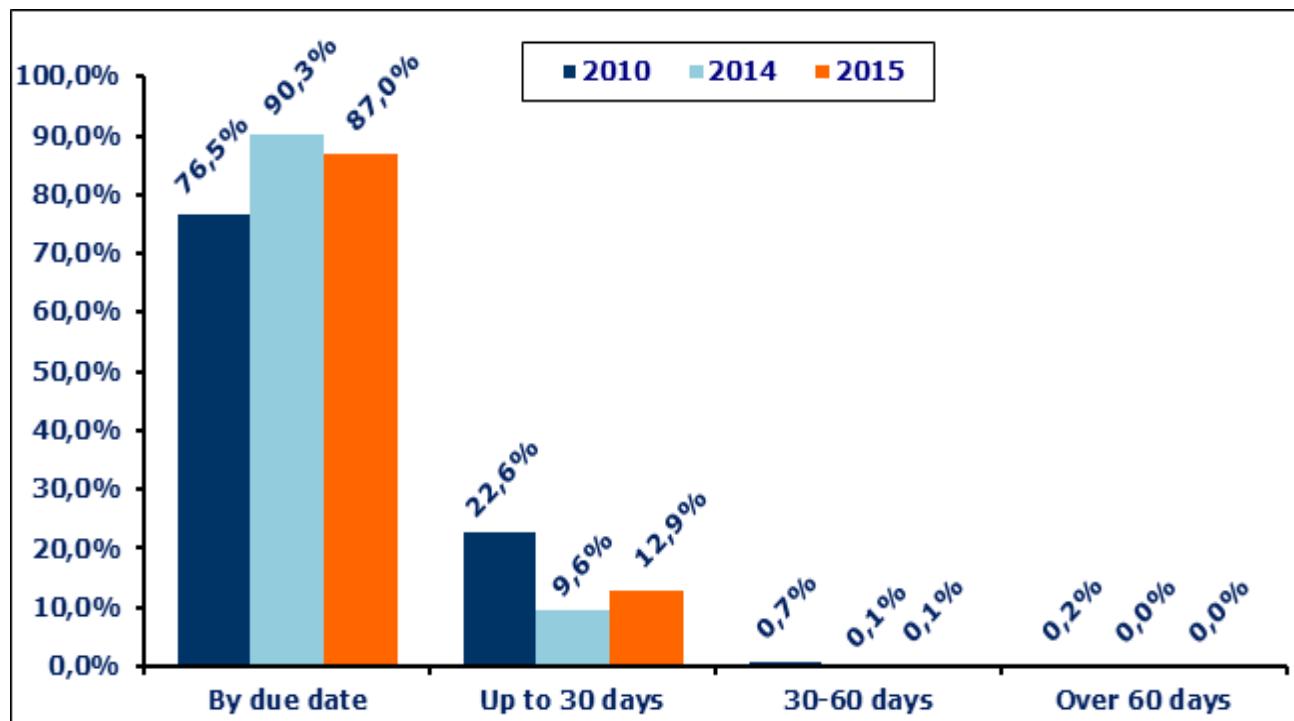
TABLE 26.3 SOURCE: BISNODE D&B DANMARK A/S

VARIATIONS IN PAYMENT PRACTICES IN DENMARK, 2010-2015

	Variation 2010/2015	Variation 2014/2015
By due date	10,5%	-3,3%
Up to 60 days	-10,3%	3,3%
Over 60 days	-0,2%	0,0%

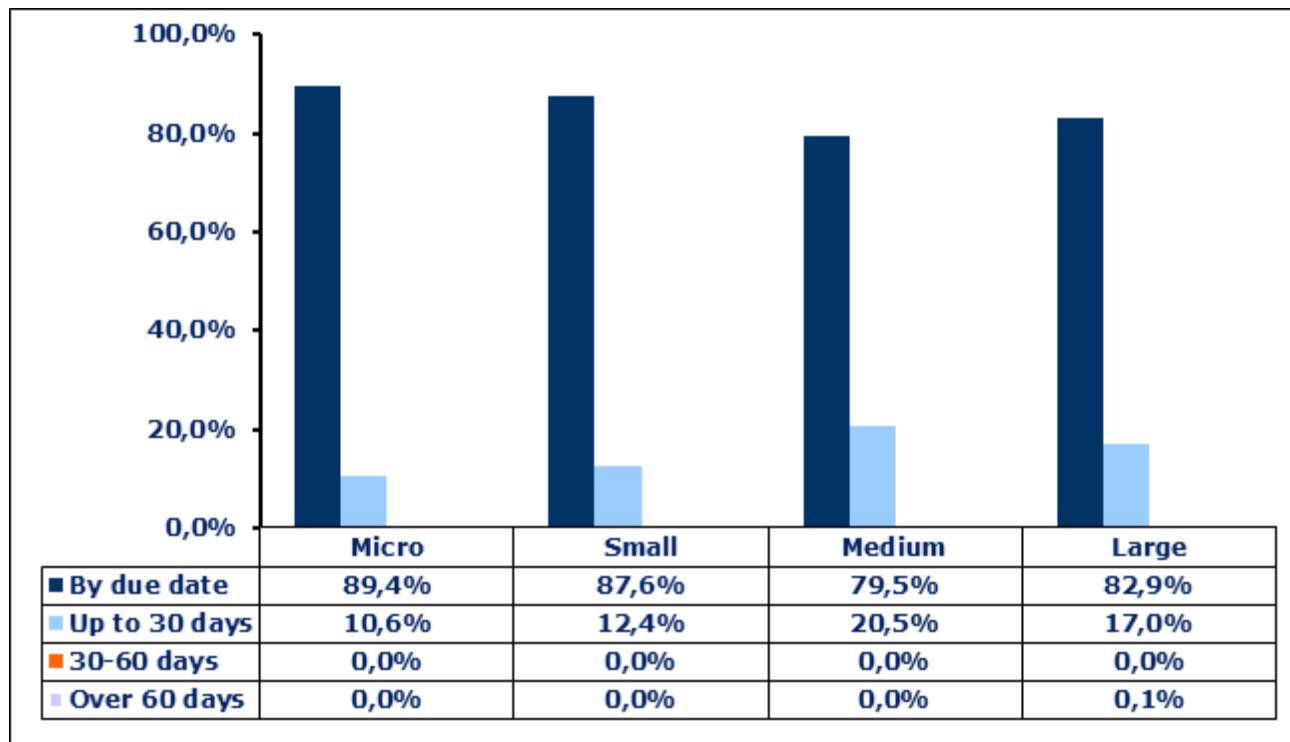
GRAPH 26.4 SOURCE: BISNODE D&B DANMARK A/S

PAYMENT PRACTICES IN DENMARK BY PAYMENT CLASS, 2010-2015



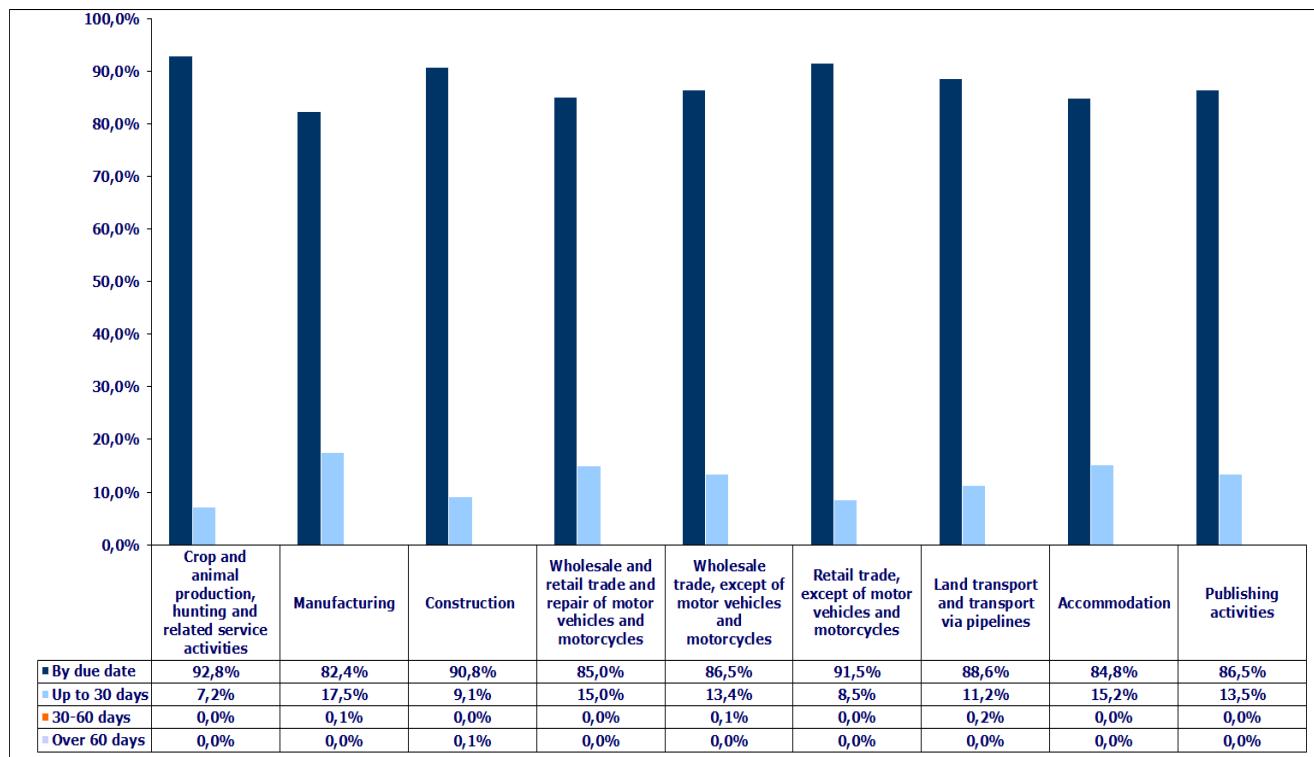
GRAPH 26.5 SOURCE: BISNODE D&B DANMARK A/S

PAYMENT PRACTICES IN DENMARK BY TYPE OF COMPANY, 2015



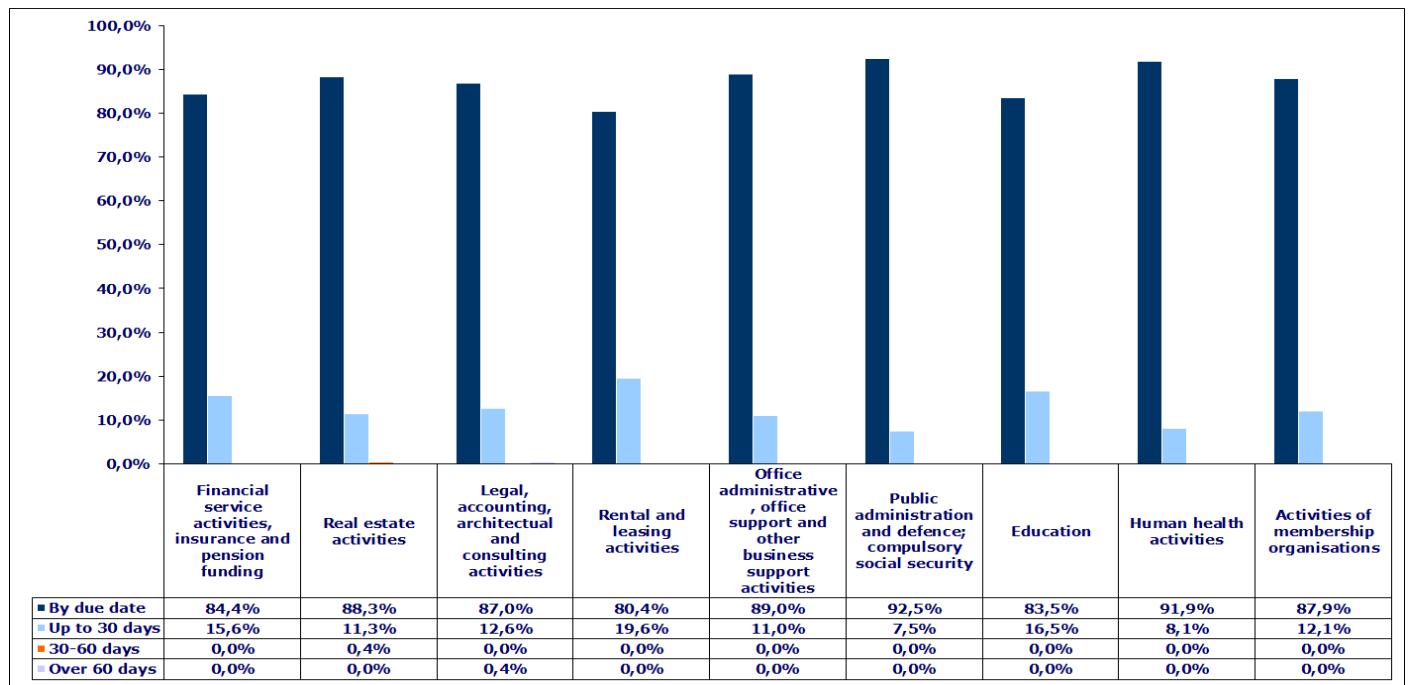
GRAPH 26.6 SOURCE: BISNODE D&B DANMARK A/S

PAYMENT PRACTICES IN DENMARK BY PRODUCT SECTOR, 2015



GRAPH 26.7 SOURCE: BISNODE D&B DANMARK A/S

PAYMENT PRACTICES IN DENMARK BY PRODUCT SECTOR, 2015



27. RUSSIA

Low oil prices, ruble weakening, and slow growth in the world economy led to further worsening of economic environment in Russia. GDP fell by 3.7% in 2015. The Central Bank expects Russia's GDP will resume growth in the H2 2016 after a slight decline in the first half of the year. The Ministry of Economic Development's forecast envisages that with average oil price of \$50 per barrel Russia's GDP will grow by 0.7% in 2016, while the price of \$40 per barrel will make GDP fall by 1%.

Russian companies maintained relatively good financial positions last year. Moreover, nominal profits were much higher in comparison with 2014. A dramatic ruble devaluation boosted earnings of local exporters. The total amount of operating profit in Russia exceeded operating losses by RuB 8,591 bn (US\$141.6 bn) in 2015, up by 51.3% against the same period a year ago. Share of profitable companies remained at 71.9% last year.

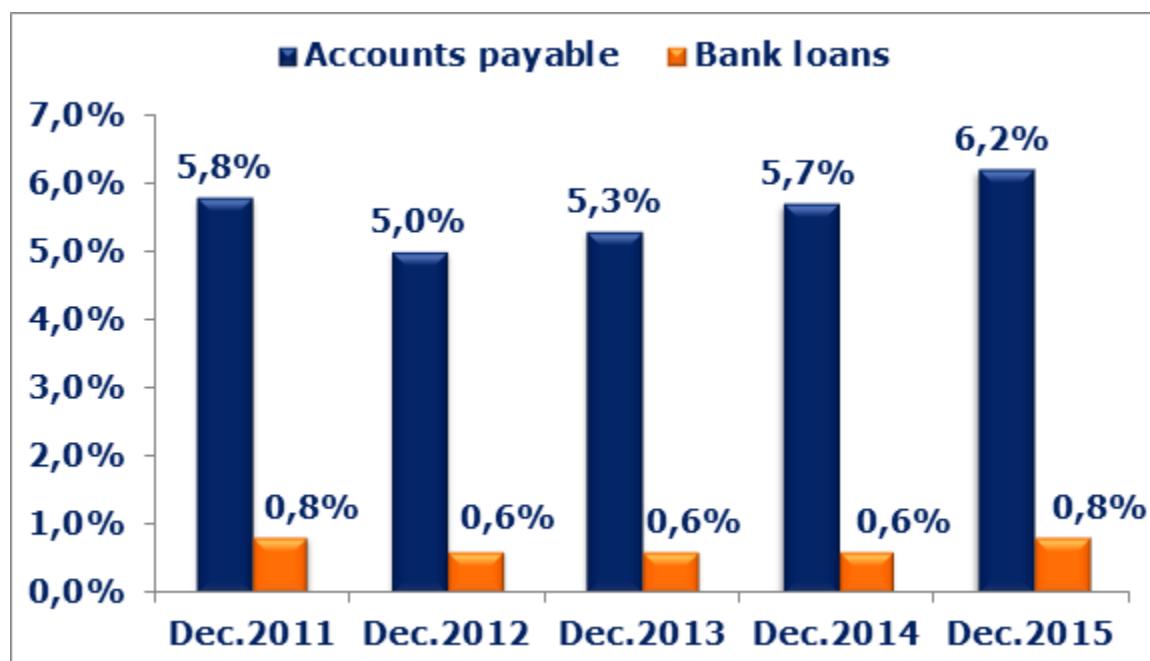
Although the economy maintained its profitability on the whole payment situation and bankruptcy figures deteriorated last year. In 2015, number of bankruptcies in Russia grew by 8% to 934 per month in comparison with 866 companies in 2014 and 740 companies in 2013.

General payment situation

The payment situation in Russia has changed for the worse recently due to unfavorable economic environment. Share of accounts payable outstanding in total amount reached 6.2% in December 2015 in comparison with 5.7% in December 2014. Number of companies with accounts payable outstanding amounted to 8,850, down 8.4%, while the total amount surged by 29.2% in 2015. Amount of bank loans outstanding grew much faster, up by 54.3% last year.

GRAPH 27.1 SOURCE: FEDERAL STATISTICS SERVICE

SHARE OF ACCOUNT PAYABLE AND BANK LOANS OUTSTANDING IN RUSSIA'S TOTAL, 2010 – 2015



The share of companies with accounts payable outstanding in the total number contracted from 0.20% in 2014 to 0.18% in 2015. Meanwhile, there is still a great difference in the payment situation in various sectors. In 2015, Production and Distribution of Electric Energy, Gas and Water had still the highest share of companies with accounts payable outstanding (6.3%), while the total amount surged by 17.2%.

High shares of companies with accounts payable outstanding were registered in Production of Fuel and Energy Resources (2.8%), Ferrous and Non-Ferrous Metals (2.2%), Production of Vehicles for Transportation and Equipment (2.1%). All the four sectors were in the list of the worst performers in 2014 as well.

TABLE 27.2 SOURCE: FEDERAL STATISTICS SERVICE

BREAKDOWN OF ACCOUNT RECEIVABLE OUTSTANDING BY SECTORS IN RUSSIA, 2015

	Number of companies	Change	Share in total number	Change in p.p.	Amount. RuB bn	Change
Production and distribution of electric energy, gas and water	1 855	-3.7%	6.3%	-0.4	444.3	17.2%
Production of fuel and energy resources	213	-0.9%	2.8%	0.0	152.4	-6.2%
Ferrous and non-ferrous metals	113	3.7%	2.2%	0.0	69.6	3.9%
Production of vehicles for transportation and equipment	211	-7.0%	2.1%	-0.2	116.8	112.4%
Production of coke, oil products, nuclear materials	39	5.4%	1.5%	0.1	586.6	84.7%
Mining	128	2.4%	1.1%	0.0	14.9	-16.3%
Chemical industry	133	-2.9%	0.9%	-0.1	51.2	34.0%
Production of electric, electronic and optical equipment	267	0.0%	0.8%	0.0	17.5	5.4%
Production of other non-metallic mineral products	251	-8.4%	0.8%	-0.1	33.9	1.2%
Pulp and paper production, publishing and printing	39	-2.5%	0.8%	0.0	17.3	15.3%
Production of leather, leather products, footwear	19	-5.0%	0.6%	0.0	9.9	230.0%
Production of machinery and equipment	251	-8.4%	0.5%	-0.1	35.4	15.7%
Production of food products, including beverages and tobacco	260	-10.7%	0.4%	-0.1	13.9	-29.4%
Agriculture, hunting and forestry	844	-21.7%	0.4%	-0.1	24.7	-3.5%
Production of products from metals	149	-10.2%	0.4%	-0.1	11.2	5.7%
Production of rubber and plastic products	56	1.8%	0.3%	0.0	1.7	-54.1%

Fishery	23	-4.2%	0.3%	0.0	1.2	33.3%
Transport	666	-31.3%	0.2%	-0.1	70.5	-1.3%
Textile and clothing industry	64	-4.5%	0.2%	0.0	4.6	4.5%
Wood-processing and production of wood products	61	-11.6%	0.2%	0.0	3.5	-50.7%
Communications	46	-69.1%	0.2%	-0.4	11	-12.0%
Provision of other communal, social and individual services	481	-2.4%	0.1%	0.0	12.3	21.8%
Construction	689	-13.3%	0.1%	0.0	89.4	14.8%
Real estate operations, leasing and services	1 077	-0.6%	0.1%	0.0	87.3	17.5%
Printing and publishing	52	-11.9%	0.1%	0.0	0.9	125.0%
Health care and social services	64	-4.5%	0.1%	0.0	0.8	-11.1%
Education	118	14.6%	0.1%	0.0	0.5	66.7%
Hotels and restaurants	73	0.0%	0.1%	0.0	1.3	44.4%
Trade in automotive vehicles, maintenance and repairs	77	8.5%	0.1%	0.0	10.4	79.3%
Retail trade, excluding trade in automotive vehicles	120	-16.1%	0.0%	0.0	3.8	-2.6%
Wholesale trade, excluding trade in automotive vehicles	254	-1.6%	0.0%	0.0	484.2	23.7%

*In accordance with Russian Industrial Classification

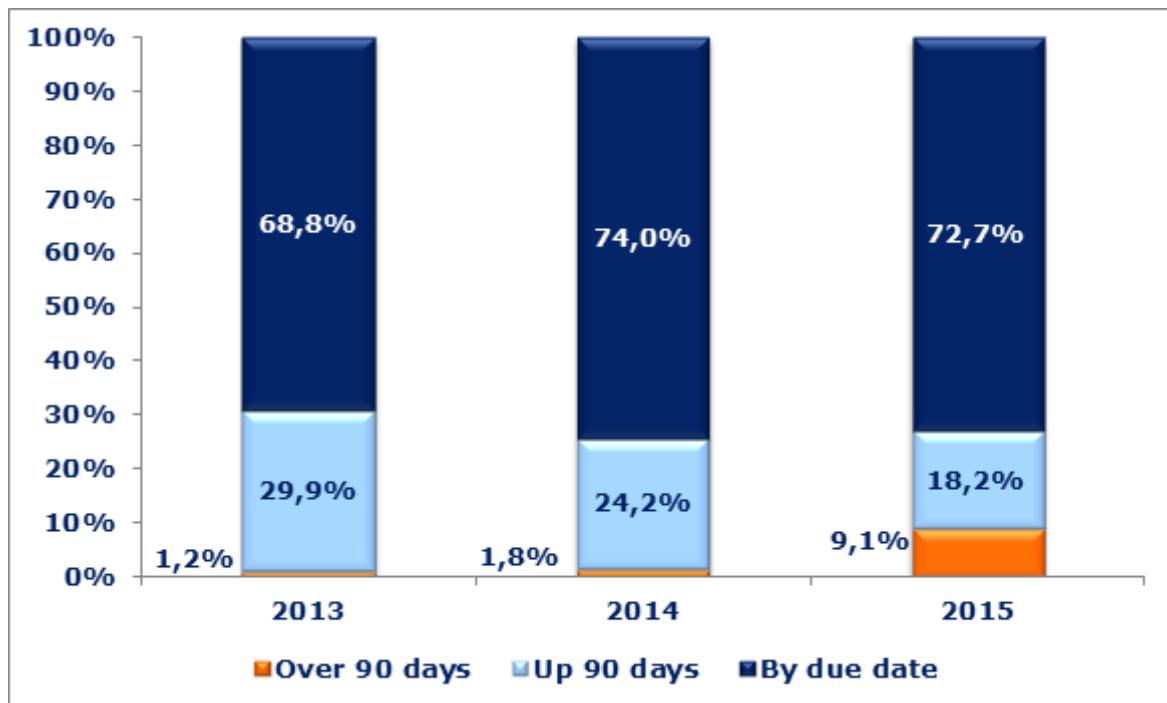
The list of the sectors with fast growing amounts of accounts payable outstanding included Production of Leather, Leather Products, Footwear; Printing and Publishing; Production of Vehicles for Transportation and Equipment, Production of Coke, Oil Products, Nuclear Materials, Trade in Automotive Vehicles, Maintenance and Repairs. The situation considerably improved in Production of Rubber and Plastic Products, Wood-processing and Production of Wood Products, Production of Food Products, including Beverages and Tobacco, Mining, Communications, Health Care and Social Services.

Payment analysis

More detailed analysis of current payment practices in Russia, based on Interfax data, is an additional proof that the payment situation has deteriorated but not dramatically. In 2015, share of the companies with on time payments was down to 72.7% against 74.0% in 2014. The group with payment performance up to 90 days cut its share to 18.2% from 24.2% in 2014 while the share of "bad payers" (Over 90 days) surged to 9.1% (1.8% only in 2014).

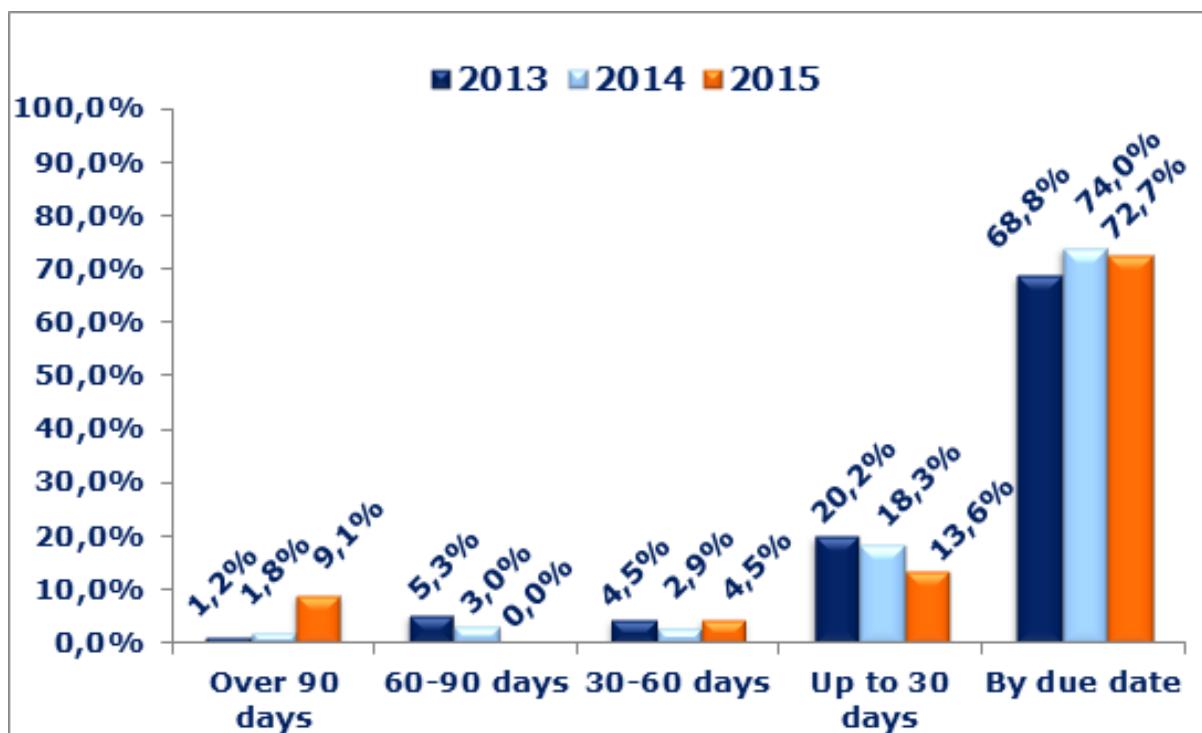
GRAPH 27.3 SOURCE: INTERFAX

BREAKDOWN OF PAYMENT PRACTICES IN RUSSIA, 2013-2015



GRAPH 27.4 SOURCE: INTERFAX

BREAKDOWN OF PAYMENT PRACTICES IN RUSSIA BY PAYMENT CLASS, 2013-2015



Breakdown of payment practices by company size showed that bigger companies used to have better payment behavior in the last years. Still, in 2015 the share of "good payers" among medium companies contracted by 9.8 percentage points to 69.0% in comparison with a decline of 5.4 percentage points to 70.2% in the same share of large companies. Small companies had the highest share of "Over 90 days" payments, amounting to 13.8%, up from 2.7% only in 2014. The share "good payers" among small companies fell as low as 48.7% last year in comparison with 64.6% in 2014.

TABLE 27.5 SOURCE: INTERFAX

BREAKDOWN OF PAYMENT PRACTICES IN RUSSIA BY COMPANY SIZE IN 2013-2015

2015					
	By due date	Up to 30 days	30-60 days	60-90 days	Over 90 days
Small (~1-50)	48.7%	22.5%	4.8%	10.1%	13.8%
Medium (~51-250)	69.0%	18.9%	2.8%	4.7%	4.5%
Large (>250)	70.2%	21.1%	2.5%	3.5%	2.7%
2014					
	By due date	Up to 30 days	30-60 days	60-90 days	Over 90 days
Small (~1-50)	64.6%	22.9%	4.7%	5.2%	2.7%
Medium (~51-250)	78.8%	15.1%	2.2%	2.3%	1.6%
Large (>250)	75.6%	19.2%	2.2%	1.8%	1.2%
2013					
	By due date	Up to 30 days	30-60 days	60-90 days	Over 90 days
Small (~1-50)	63.0%	23.0%	5.7%	6.6%	1.6%
Medium (~51-250)	77.9%	15.7%	2.2%	3.5%	0.6%
Large (>250)	82.3%	13.4%	2.1%	1.7%	0.5%

Meanwhile, breakdown of payment practices by sectors reveals relatively wide variations. In 2015, "good payers" dominated such sectors as Primary Metals Industries, Glass & Glassware, Services-Advertising, Leather & Leather Products, Lumber & Wood Products (No Furniture), Tobacco, Insurance Agents, Brokers, and Service, Construction. The share of companies in these sectors with "By due date" payments exceeded 75% last year.

TABLE 27.6 SOURCE: INTERFAX

SECTORS WITH THE BEST PAYMENT RECORDS IN RUSSIA, 2015

	By due date	Up to 30 days	30-60 days	60-90 days	Over 90 days
Primary metals industries	88.4%	8.0%	0.4%	2.0%	1.2%
Glass & Glassware	80.7%	14.7%	1.8%	2.8%	0.0%
Services-Advertising	79.1%	13.2%	2.2%	2.0%	3.4%
Leather & Leather Products	77.9%	14.3%	2.3%	1.8%	3.7%
Lumber & Wood Products (No Furniture)	77.4%	17.8%	0.7%	1.9%	2.2%
Tobacco	77.0%	19.7%	0.0%	1.6%	1.6%
Insurance Agents, Brokers, and Service	76.7%	16.5%	2.3%	1.5%	3.0%
Construction	76.2%	15.7%	1.7%	2.6%	3.9%
Furniture	74.4%	16.9%	3.2%	1.8%	3.7%
Real Estate	74.1%	18.2%	1.7%	2.5%	3.5%
Electronic & Other Electrical Equipment (excluding Computers)	73.0%	11.3%	2.6%	5.2%	7.8%
Services-Personal Services	72.8%	16.3%	2.7%	2.4%	5.9%
Agricultural Production-Crops	72.2%	20.2%	2.8%	2.8%	2.1%
Newspapers: Publishing or Publishing and Printing	71.8%	12.9%	1.6%	7.3%	6.5%
Oil Refining	71.4%	17.0%	1.4%	4.3%	5.9%

*In accordance with the Standard Industrial Classification

The list of the worst payers included Local & Suburban Transit & Interurban Passenger Transportation, Services-Automotive Repair, Services & Parking, Railroads, Line-Haul Operating, Hotels, Rooming Houses, Camps & Other Lodging Places. Less than 50% of companies in these sectors made payments by due date.

TABLE 27.7 SOURCE: INTERFAX

SECTORS WITH THE WORST PAYMENT RECORDS IN RUSSIA, 2015

	By due date	Up to 30 days	30-60 days	60-90 days	Over 90 days
Local & Suburban Transit & Interurban Passenger Transportation	40.6%	34.4%	9.4%	9.4%	6.3%
Services-Automotive Repair, Services & Parking	45.5%	25.7%	4.9%	13.5%	10.5%
Railroads, Line-Haul Operating	47.2%	30.4%	4.9%	10.9%	6.7%
Hotels, Rooming Houses, Camps & Other Lodging Places	47.7%	20.3%	5.5%	10.5%	15.9%
Air Transportation	54.1%	23.9%	5.3%	7.7%	9.1%
Services-Health Services	54.4%	27.0%	2.3%	8.6%	7.8%
Retail-Auto Dealers & Gasoline Stations	54.5%	21.6%	3.0%	10.9%	10.0%
Textile Mill Products	54.8%	26.4%	5.0%	5.4%	8.4%
Retail-Building Materials, Hardware, Garden Supply	59.2%	23.2%	4.1%	6.5%	7.1%
Fabricated Metal products	65.3%	23.1%	3.3%	3.3%	5.0%

*In accordance with the Standard Industrial Classification

Current economic slump in Russia has already affected the payment situation. Analysis of data from various sources shows that the economy is still maintaining mostly good payment practices thanks to a robust earnings growth. Still, some negative trends have become evident lately. Falling domestic and external demand have contributed to fast growth in accounts payable outstanding. The payment practices, especially among small companies, have deteriorated considerably towards later payment.

28. TURKEY

Below is the opinion of **Sedef Işıksel Çetin, Head of Economic Analysis Group, Products and CRIF Relations** at **CRIF Turkey**, on the economic scenario and payment situation in Turkey.

"A number of events which took place in 2015: the rising uncertainty in the second half of the year after the first local elections until the elections in November, devaluation of Turkish Lira, geopolitical risk due to sporadic fights on southeastern borders of Turkey. There is a falling but still unsustainable current account deficit is also adding pressure to the outlook. Meanwhile domestic demand remains muted, while external demand is also weak as the global economy fails to gain traction.

It was depressing to observe negative expectations via D&B Turkey's Business Optimism Index, due to the political insecurity in 2015. The Index reached its nadir since 2011 standing at 20.19 in Q4 2015.

According to Credit Risk Map of Turkey in 2015, credit risk climbs due to the factors stated above. Turkey Credit Risk Index reached the lowest point since 2011 when the index calculations started. It can be understood that economic growth will be lower than expectations after two election periods and increase in geopolitical risk. The highest risk bearing business line was construction, whereas the lowest risk activity was in manufacturing.

Our Trade Receivables Survey which we conducted in early Q4 2015 indicated that 77% of the respondents' customers asked for an extension in term in last 12 months. The 66% of the companies, the ratio of uncollectible receivables to total turnover is below 1%. Collections delays cause mostly cash-flow tensions and increase in financial costs.

In Turkey, credit terms are defined according to industry dynamics and the relationship between the suppliers and their customers. Economic players in Turkey, facing with an uncertain outlook tend to step on the brake, postpone investments, reduce expenditure and usually pay late to be more liquid.

Normal period of credit associated with transactions with companies in Turkey is 60-90 days. Below you may find average terms of several industries."

Terms (days)	Sector
30-45	Transportation (air)
45-60	Transportation (water & land)
30-60	Machinery parts
0-15	Cables
60-90	Textile
45-60	Cosmetics
60-90	Power Equipments
15-45	Business Services
30-60	Consumer Goods
60-90	Agriculture
30-60	Food
30-90	Chemicals

60 -90	Construction materials
45 -60	Electronics
15-30	Operational Leasing
30-60	FMCG
60-90	Healthcare
120-150	Paint
30-60	Tourism

Payment analysis

In 2015, Turkish companies that paid their suppliers on time ("By due date" class) accounted for 50,3% of the total with a 1,2 percentage point decrease compared with 2014 and 12,8 percentage points above the European average.

Moderate late payments ("Up to 30 days"), on the other hand, account for 36,4% of Turkish companies, while the intermediate late payment classes ("30-60 days" and "60-90 days") together account for 8 percentage points.

The variations for the late payment class of over 90 days are contained: at the end of 2015 the concentration of companies in this bracket was 5,3%, compared to 4,3% in 2014, and 4,2% pay more than 120 days late on average.

Contrary to what is seen in the other countries analyzed in the study, there is general uniformity in terms of payment behavior, independently of the turnover and number of employees.

Specifically, Micro companies have the highest concentration of punctual payers, with 51,7% of the total, followed in second place by Small companies with 49,8%.

Large companies, on the other hand, have the highest concentration in the moderate late payment class of up to 30 days on average (55,3%).

Late payment of between 30 and 90 days on average is highest in the Large category, with 11,2% of the total.

In terms of serious late payments, the worst performance is once again seen for the Large companies: 6,5% exceed an average of 90 days beyond agreed payment terms.

A somewhat heterogeneous context emerges from sector-based analysis, with rather differing performances between the various sectors considered.

The sector which stands out as having the most balanced payment behavior is Retail trade: in this case, 65,7% of companies manage to pay within agreed terms.

On the other hand, for the Transportation, communications, utilities there is a lower share of on time payments of only 40%.

Late payments are concentrated in the "Up to 30 days" class, with the highest percentages for Manufacturing (43,7%), whereas the highest concentration for the intermediate payment classes (between 30 and 90 days over payment terms) was seen for the Mining sector with 12,1% of the total.

Transportation, communications and utilities sector is the one with the highest percentage in the late payment class: 10,6% of its companies pay with more than 90 days of delay.

As regarding the micro-sectors in terms of payment performance, in first place in the classification of best-paying are Food stores and Engineering and management services.

On the contrary, the worst performance relates to Water transportation and Health services sectors.

TABLE 28.1 SOURCE: CRIF TURKEY

PERCENTAGE OF COMPANIES IN TURKEY WITH ON TIME PAYMENTS, 2012-2015

	2012	2014	2015
Turkey	52,1%	51,5%	50,3%
Europe	39,1%	37,6%	37,5%

TABLE 28.2 SOURCE: CRIF TURKEY

PERCENTAGE OF COMPANIES IN TURKEY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2012-2015

	2012	2014	2015
Turkey	4,9%	4,3%	5,3%
Europe	3,3%	3,8%	3,5%

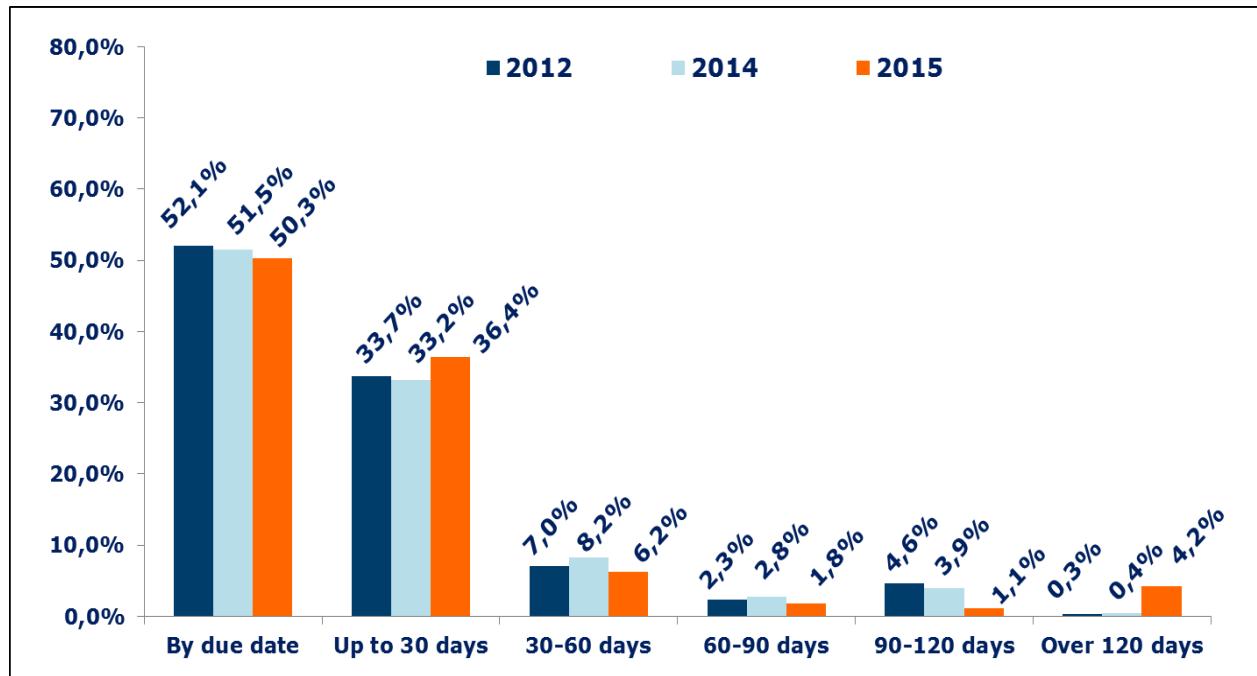
TABLE 28.3 SOURCE: CRIF TURKEY

VARIATIONS IN PAYMENT PRACTICES IN TURKEY, 2012-2015

	Variation 2012/2015	Variation 2014/2015
By due date	-1,8%	-1,2%
Up to 90 days	1,4%	0,2%
Over 90 days	0,4%	1,0%

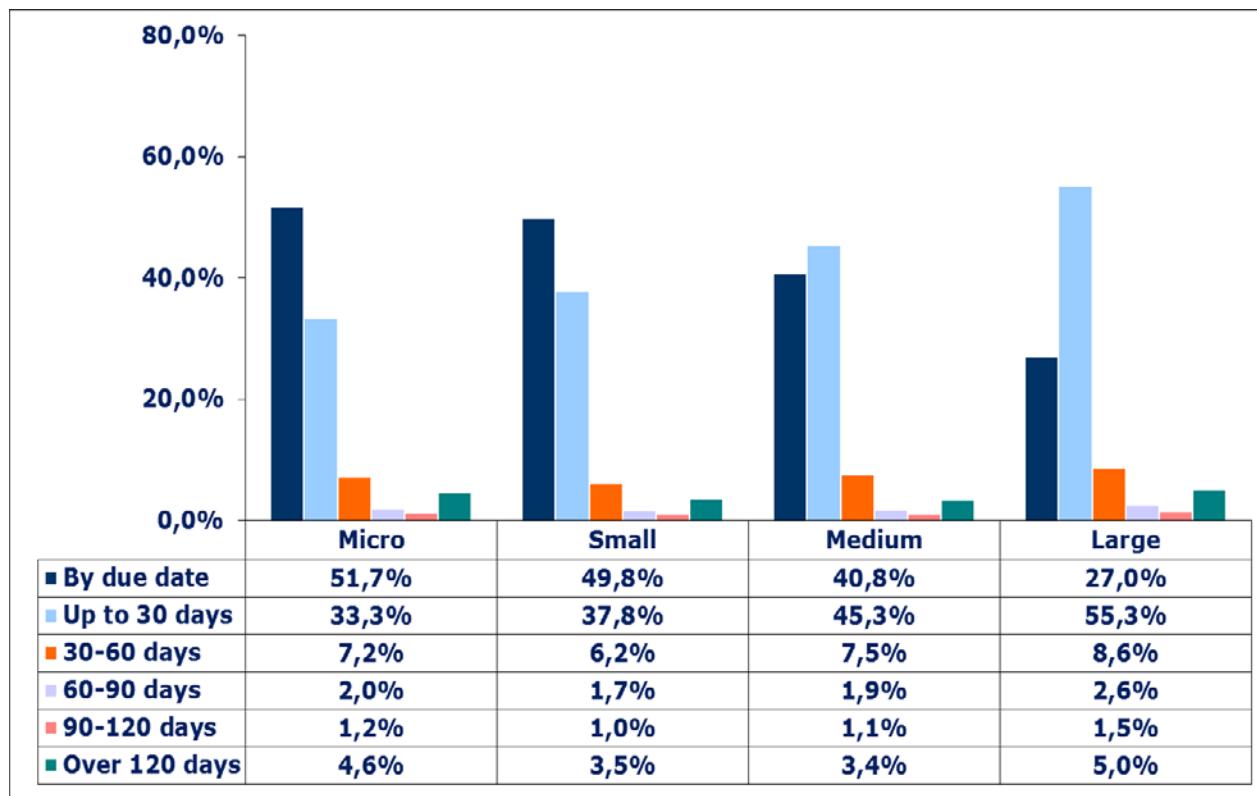
GRAPH 28.4 SOURCE: CRIF TURKEY

PAYMENT PRACTICES IN TURKEY BY PAYMENT CLASS, 2012-2015



GRAPH 28.5 SOURCE: CRIF TURKEY

PAYMENT PRACTICES IN TURKEY BY TYPE OF COMPANY, 2015



GRAPH 28.6 SOURCE: CRIF TURKEY

PAYMENT PRACTICES IN TURKEY BY PRODUCT SECTOR, 2015

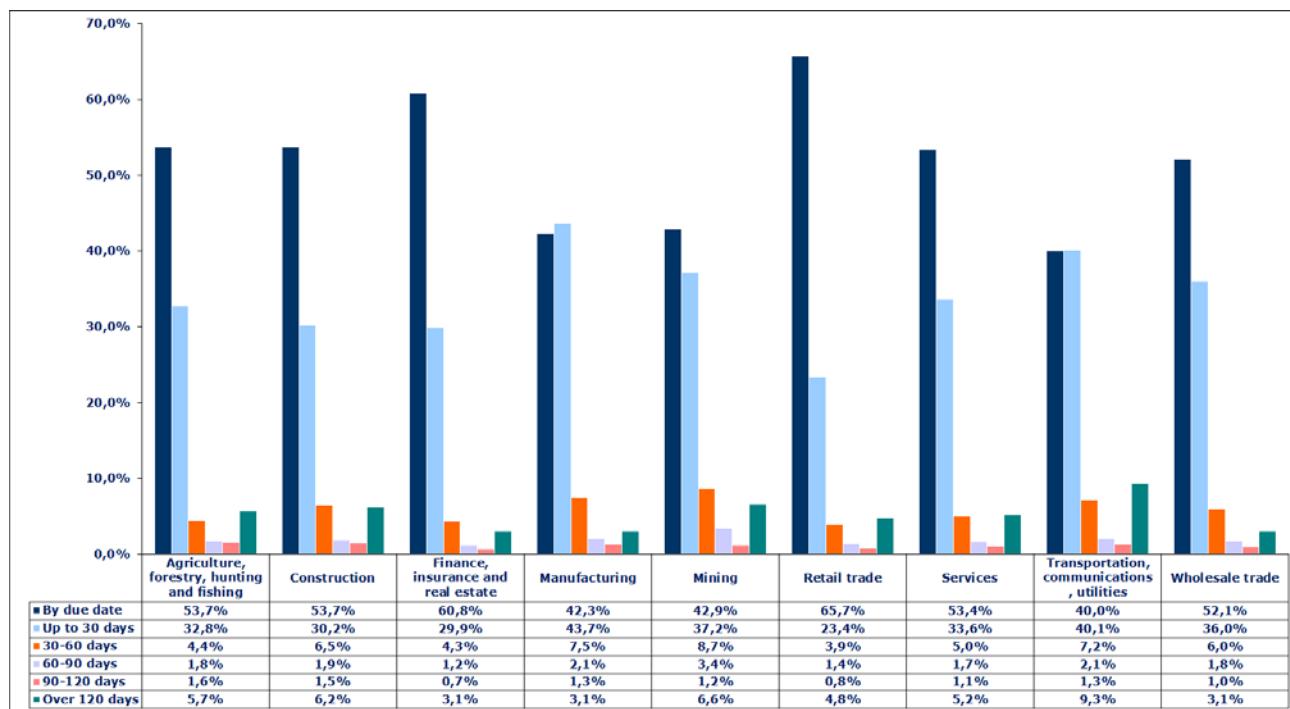


TABLE 28.7 SOURCE: CRIF TURKEY

SECTORS WITH THE BEST PAYMENT RECORDS IN TURKEY, 2015

Sector	Ranking 2015
FOOD STORES	1
ENGINEERING AND MANAGEMENT SERVICES	2
CHEMICALS AND ALLIED PRODUCTS	3
FABRICATED METAL PRODUCTS	4
WHOLESALE TRADE - NONDURABLE GOODS	5
WHOLESALE TRADE - DURABLE GOODS	6
BUSINESS SERVICES	7
APPAREL AND OTHER TEXTILE PRODUCTS	8
TEXTILE MILL PRODUCTS	9
INDUSTRIAL MACHINERY AND EQUIPMENT	10

TABLE 28.8 SOURCE: CRIF TURKEY

SECTORS WITH THE WORST PAYMENT RECORDS IN TURKEY, 2015

Sector	Ranking 2015
WATER TRANSPORTATION	65
HEALTH SERVICES	64
AUTOMOTIVE DEALERS AND SERVICE STATIONS	63
HEAVY CONSTRUCTION, EXCEPT BUILDING	62
EDUCATIONAL SERVICES	61
GENERAL BUILDING CONTRACTORS	60
TRANSPORTATION SERVICES	59
TRANSPORTATION EQUIPMENT	58
MISCELLANEOUS RETAIL	57
ELECTRONIC AND OTHER ELECTRIC EQUIPMENT	56

29. GREECE

Below is the opinion of **Myrto Kyriakido, Credit Risk Services Executive Director at ICAP Group**, on the economic scenario and payment situation in Greece.

"After 6 years of deep recession, at the end of 2014 the Greek economy had reached a turning point of slightly returning to growth, by achieving a GDP Growth at the level of 0.8%, significant public spending cuts, budget surplus at 0.4% and a positive Current Account balance at 0.9% for a second consecutive year.

However, the durable austerity, the consistently high unemployment rate (highest in Eurozone at 26.3%), the prolonged confrontation with the EU lenders and the announced capital controls, deteriorated even more the entrepreneurship, boosted the uncertainty and deepened the economy even further into the recession.

*The imposed **capital controls** had a great impact in the real economy. During the first days of the imposition, the contingency of upcoming haircuts in deposits brought about a paradoxical increase in repayment speed, especially on the overdue debts. However, the overall impact in the longer term has been negative, over all areas of the real economy, i.e.:*

➤ **Liquidity**

The most important impact of the developed economic environment was the further shrinking of liquidity in the real economy. The key factors that contributed were a) the deterioration of the financial transactions terms and conditions, since the enterprises were demanding payments in advance up to 100%, b) the establishment of a new environment of "cash economy" where the suppliers were seeking payment solely in cash, reducing sales on credit, c) the built up of post-dated checks with a maturity date during the capital controls period increasing the risk of healthy enterprises not meeting their payment terms and finally d) the further limitation of the already limited granting/refinancing of loans, since the financial institutions applied even more stringent conditions, like higher borrowing costs, increased guarantees and shorter repayment maturities.

➤ **Investments**

In this tight economic environment the loss of funding, the increased controls in the capital movements and expiry of guarantees during the banks holiday resulted directly to the suspension of investment activities either by the enterprises themselves or by the loss of deadlines in open competitions. Foreign investors further lost their interest for Greece, due to the economic and political instability.

➤ **Imports**

From 29th of June (capital controls imposed) until 24th of July the imports that were approved reached €1.5 bn., whether in the respective 2014 period they were €3.5 bn.

➤ **Exports**

Since the great majority of the companies that export their products, they actually import their raw/ auxiliary/ packaging materials (app. 75%) they faced issues like significant delays on the orders delivery and worsening of their competitive position in regards with other foreign companies.

➤ **Products & Materials Shortages**

In addition to the limited imports during the examined period, priority was fairly provided to fuel and medicines. As a result the approved imports did not cover the real economy needs resulting significant shortages especially in the production processes.

The 2015 Trade Exchange statistics are consistent with the above mentioned worsening economic climate in the real economy:

- *The companies that pay within terms are reduced significantly,*
- *More than half of the companies delay their payments by 30 days or more beyond terms,*
- *All business activity sectors (industry, trade, tourism, constructions and services) still display similar trend in their payments transactions fulfillment.*

However we have to note that the smooth and successful completion of the systemic banks recapitalization with high participation of private capital, in combination with the new legislative framework on banks' NPLs restructuring that was approved recently, are positive signs exhibiting that the real economy has the potential to retain gradually its confidence from all the market players and to be back to growth in the second half of 2016."

Payment analysis

In 2015, Greek companies that paid their suppliers on time ("By due date" class) accounted only for 22,7% of the total, 14,8 percentage points under the European average.

Moderate late payments ("Up to 30 days"), on the other hand, account for 24,2 percentage points, while the intermediate late payment classes ("30-60 days" and "60-90 days") together reach 33,2%.

The negative performance is also seen in the "Up to 90 days" class: at the end of 2015 the concentration of companies in this bracket was almost 20% and 10,3% pay more than 120 days late on average.

Micro and Small companies have the highest concentration of punctual payers, with more than 23% of the total.

Large companies, on the other hand, have the highest concentration in the moderate late payment class of up to 30 days on average (38,2%), while only 9% pay by due date.

In terms of serious late payments, the worst performance is seen for the Large companies: 23,6% exceed an average of 90 days beyond agreed payment terms and more than 12% of them belong to "Over 120 days" class.

It's important to underline that also in the other categories analyzed late payments of more than 90 days reach remarkable values (more than 19%).

A somewhat heterogeneous context emerges from sector-based analysis, with rather differing performances between the various sectors considered.

The sector which stands out as having the most balanced payment behavior is Manufacturing: in this case, 29,3% of companies manage to pay within agreed terms.

For the Transport and distribution sector, on the other hand, there is a lower share of on time payments of less than 15,3%.

Late payments are concentrated in the "Up to 30 days" class, with the highest percentages for Transport, distribution (39,7%), whereas the highest concentration for the intermediate payment classes (between 30 and 90 days over payment terms) was seen for the Construction sector with 37,2% of the total.

Finally, the most serious late payment class (over 90 days on average) is highest in the Services sector (24,4%), followed by Construction with the 22,2% of the total.

TABLE 29.1 SOURCE: ICAP GROUP

PERCENTAGE OF COMPANIES IN GREECE WITH ON TIME PAYMENTS, 2014-2015

	2014	2015
Greece	32,3%	22,7%
Europe	37,6%	37,5%

TABLE 29.2 SOURCE: ICAP GROUP

PERCENTAGE OF COMPANIES IN GREECE WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2014- 2015

	2014	2015
Greece	19,5%	19,9%
Europe	3,8%	3,5%

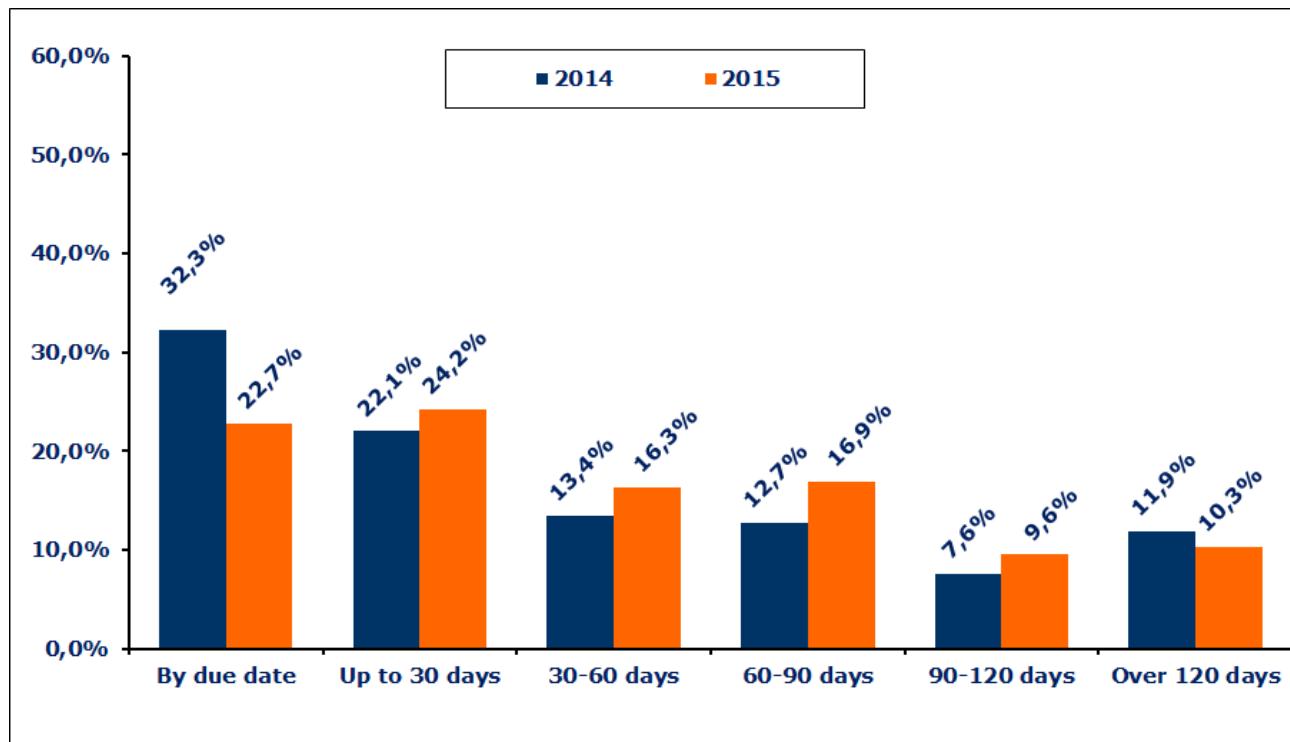
GRAPH 29.3 SOURCE: ICAP GROUP

VARIATIONS IN PAYMENT PRACTICES IN GREECE, 2014-2015

	Variation 2014/2015
By due date	-9,6%
Up to 90 days	9,2%
Over 90 days	0,4%

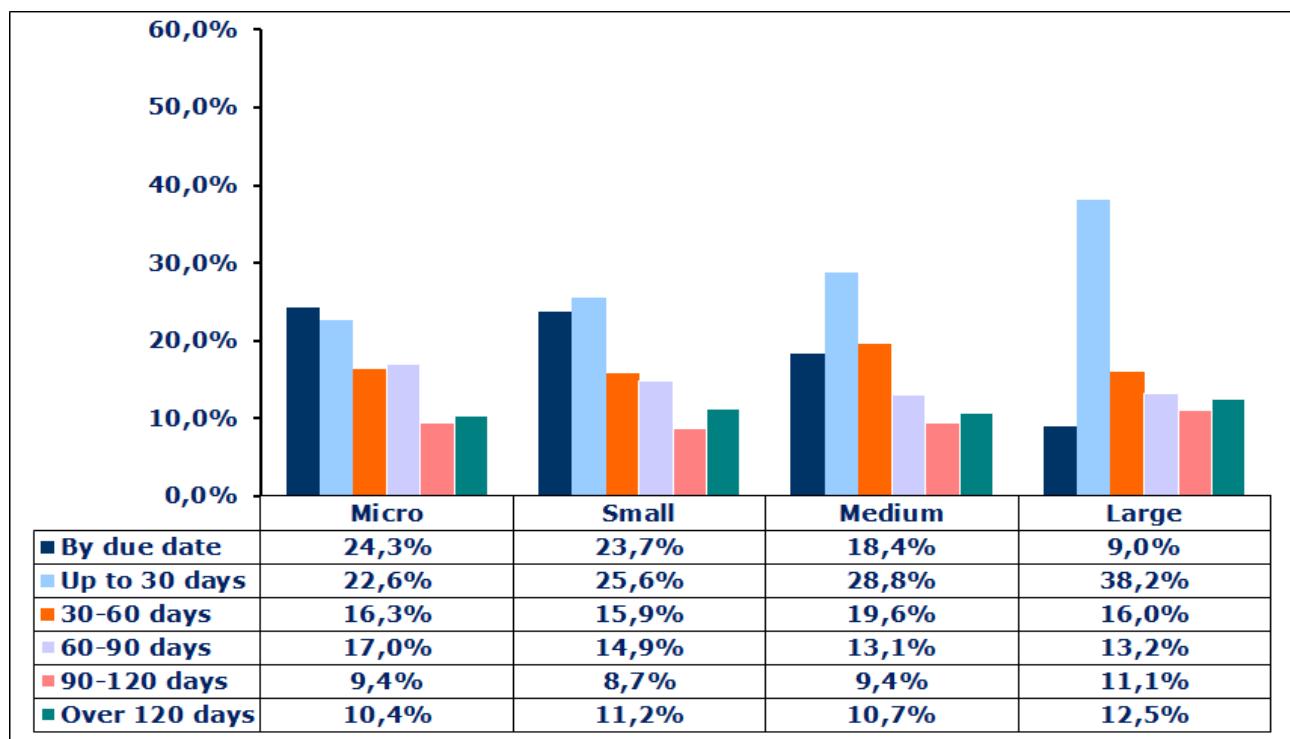
GRAPH 29.4 SOURCE: ICAP GROUP

PAYMENT PRACTICES IN GREECE BY PAYMENT CLASS, 2014-2015



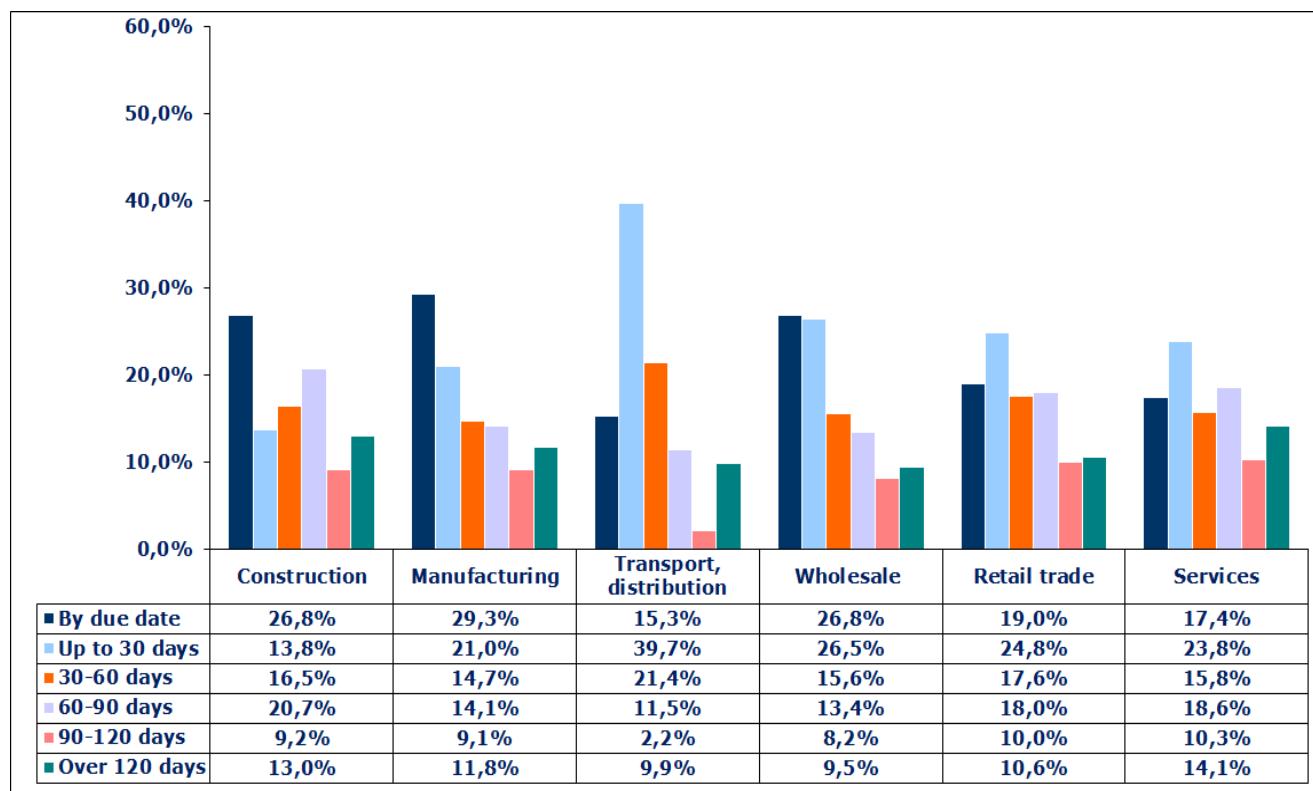
GRAPH 29.5 SOURCE: ICAP GROUP

PAYMENT PRACTICES IN GREECE BY TYPE OF COMPANY, 2015



GRAPH 29.6 SOURCE: ICAP GROUP

PAYMENT PRACTICES IN GREECE BY PRODUCT SECTOR, 2015



30. BULGARIA

Below is the opinion of **Theodoros Polydoros, Executive Director** at **ICAP Bulgaria**, on the economic scenario and payment situation in Bulgaria.

"The 2015 Trade Exchange statistics encompassing 1,413 companies in Bulgaria concludes the following:

- *The majority or 78% of companies delay their payments.*
- *For 22% of companies the delays are over 60 days from the due date while for 56% of companies the delays are within 30 days from due date.*
- *Only 22% of companies pay their dues within the agreed period.*
- *All business activity sectors (industry, trade, constructions and services) still display similar trends in their payments transactions fulfilment. However, the companies in the Services Sector register a 60+ days delay more than the average from the analysed sectors.*

GDP

Bulgaria's GDP is expected to grow by 3.2% in 2015 on an annual basis, as the government consumption and gross fixed capital formation posted the highest growth. The change in inventories also contributed positively to the growth. Private consumption stayed at almost the previous year's level. Net exports contributed positively to the growth as the annual increase in goods and services exports outstripped that in goods and services imports.

Business Climate

National statistics data on short-term business statistics (turnover in industry, construction and trade) for the third quarter of 2015 gave rather negative signs for the change in gross added value over the same period. In the third quarter of 2015, the nominal industrial turnover fall, compared to the second quarter, was due to both the price and the real component. Retail trade volumes at constant prices also declined compared to the second quarter of 2015. In the third quarter of 2015, the construction production index remained almost unchanged, despite the observed increase in civil construction in the second quarter.

Inflation

The average annual Inflation went down to -1.1% in 2015 versus (-1.6%) in 2014, with the fall in transportation fuel prices contributing mostly to this, driven by falling international oil prices. However, the annual rate of decline of consumer prices is projected to start decreasing in the first quarter of 2016. According to NSI data, unemployment in Bulgaria went down to 10% of the total labour force in 2015, from 10.7% a year earlier.

Direct Foreign Investments

Direct foreign investments in Bulgaria by November 2015 amounted to EUR 1.467 bln (EUR 1.285 bln. for 2014) and, by the end of 2015, are expected to grow by about 20% on an annual basis, reaching the highest amounts for the past 5 years.

Deposits and Credits

As of September 2015 deposits attracted from residents in the banking system went up by BGN 2.5 billion against end 2014, while the low credit demand and investment profitability outside Bulgaria contributed to maintaining the high level of liquidity in the system.

In the fourth quarter of 2015 and first quarter of 2016, declining interest rates on deposits are not expected to have a negative impact on the household savings rate, and attracted funds in the banking system are expected to continue to grow. Growth of loans to the non-government sector is projected to remain low. It is expected to be around zero by end-2015 and slowly to increase from the beginning of 2016 onwards. Interest rates on bank deposits and loans continued to follow a downward trend, which is expected to be retained until the end of 2015 and early 2016.

Demand for loans by corporations and households remained weak despite the continued decline in interest rates on bank loans. At the same time, banks were cautious about their lending policy and retained the high level of some lending standards. In the first nine months of 2015, claims on the non-government sector declined by 0.2 per cent from end-2014, reflecting mainly the decreased credit to non-financial corporations and, to a lesser degree, lower household loans. Net sales of loans by banks also pushed down claims on the non-government sector. Over the first nine months of 2015, the volume of new loans to NFC's was lower than a year earlier, though remaining at levels above BGN 1 billion, on average, for the last twelve months.

Foreign Trade

In 2015, the trade deficit went down to about EUR 2 bln (EUR 2.73 bln in 2014), according to data of the Bulgarian National Bank (BNB). In 2015, the export totaled about EUR 22.5 bln which is the highest in recent history. The expected lower growth in global economic activity and world trade in 2016 against 2015 is likely to result in slower annual growth of external demand for Bulgarian goods and services in the fourth quarter of 2015 and first quarter of 2016. Based on the expectations of major raw material and food price dynamics, it may be concluded that the terms of trade for Bulgaria will worsen until the end of the year and in the beginning of 2016. Irrespective of the slowdown in global economic growth and declines in international commodity prices, nominal imports and exports of goods grew on an annual basis, according to the balance of payments data."

Payment analysis

In 2015, Bulgaria companies that paid their suppliers on time ("By due date" class) accounted only 21,7% of the total, 15,8 percentage points under the European average.

On the other hand, the moderate late payments ("Up to 30 days") account for 39,5 percentage points, while the intermediate late payment classes, "30-60 days" and "60-90 days", together reach 28,5%. The share of "bad payers" ("Up to 90 days") at the end of 2015 account 10,3% of the total, and 6,1% pay more than 120 days late on average.

Micro and Small companies have the highest concentration of punctual payers, with more than 27% of the total (28,9% and 27,4%).

Large companies, on the other hand, have the highest concentration in the moderate late payment class "Up to 30 days" (44,2%), while only 14,9% pay by due date.

In term of serious late payments, the worst performance is seen for Small companies with 11,5% and 6% pay more than 120 days late average.

The percentages of Medium and Large companies in the more serious late payment class do not exceed 10 percentage points.

It is possible to see a general uniformity in payment behavior in relation to sectors analyzed, except for Transport and distribution.

Retail trade and Services show the best payment performances, with 27,6% and 25,6%, of punctual payers.

A large part of Bulgarian companies are in the "Up to 30 days" class, with values varying between 21,5% for Construction and 49,4% for the Transport and distribution sector.

For the intermediate late payment class (between 30 and 90 days on average), the highest value is seen for the Construction sector with 38,9% of the sample.

Finally, the most serious payments class (over 90 days on the average) is highest in the Construction sector (14,8%), followed by Transport and distribution with the 13,6% of the total.

TABLE 30.1 SOURCE: ICAP BULGARIA

PERCENTAGE OF COMPANIES IN BULGARIA WITH ON TIME PAYMENTS, 2015

	2015
Bulgaria	21,7%
Europe	37,5%

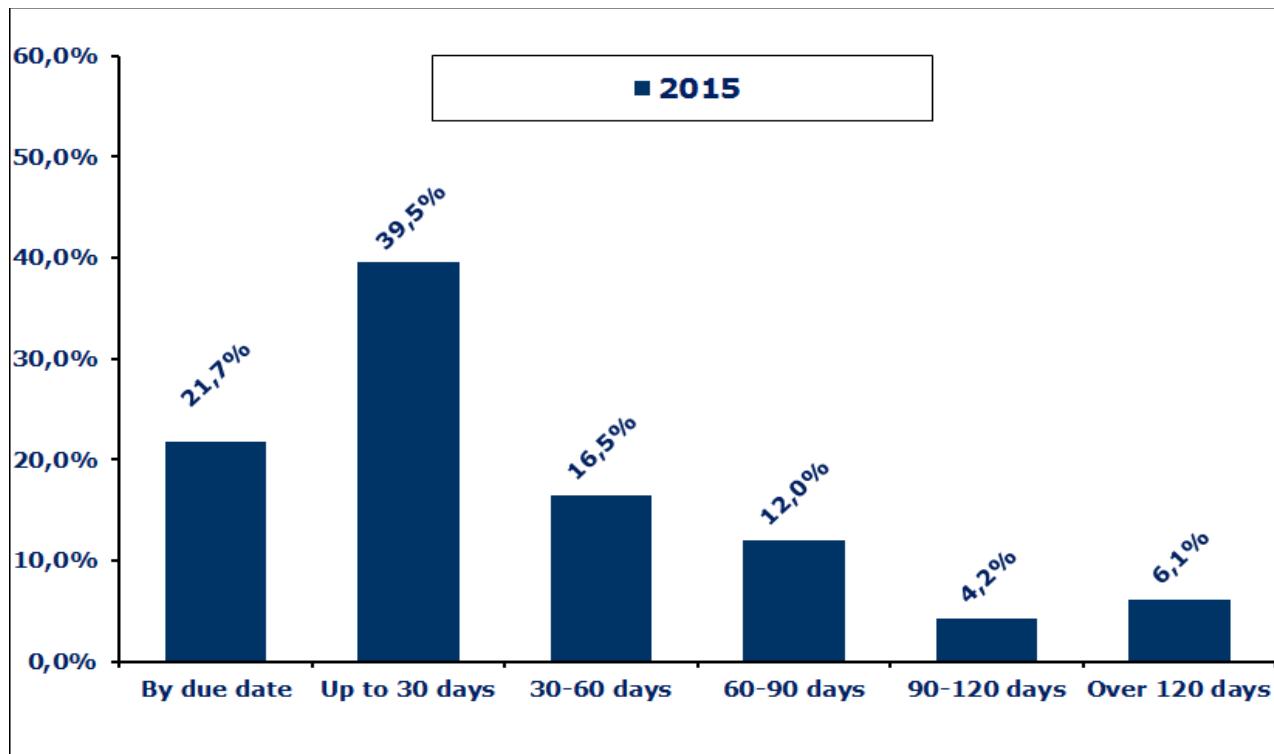
TABLE 30.2 SOURCE: ICAP BULGARIA

PERCENTAGE OF COMPANIES IN BULGARIA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2015

	2015
Bulgaria	10,3%
Europe	3,5%

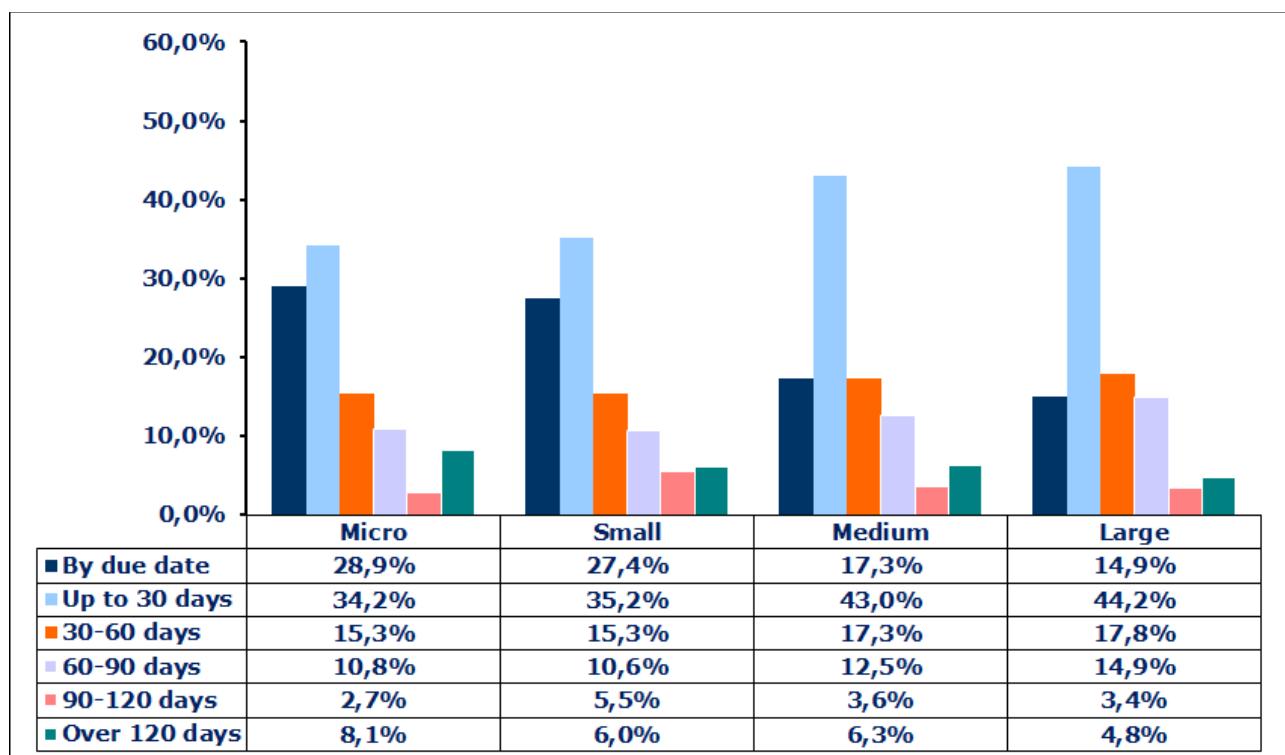
GRAPH 30.3 SOURCE: ICAP BULGARIA

PAYMENT PRACTICES IN BULGARIA BY PAYMENT CLASS, 2015



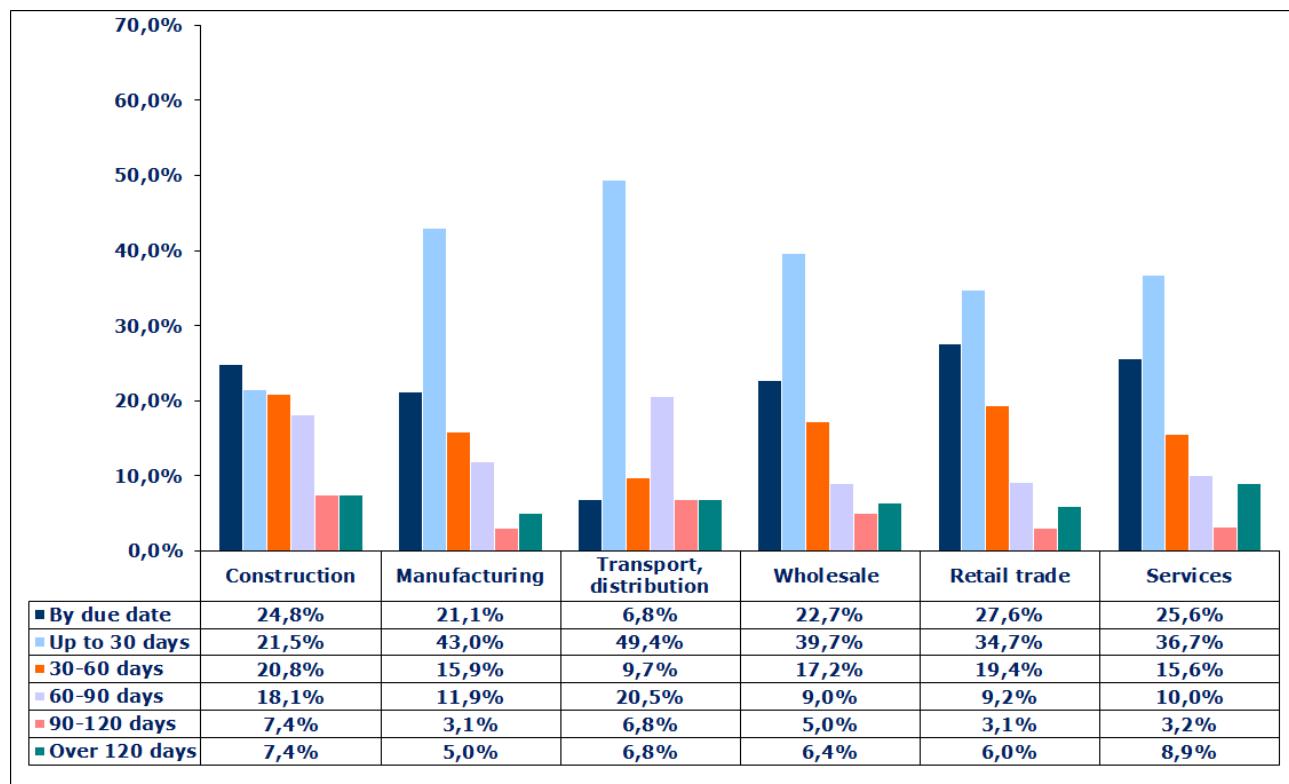
GRAPH 30.4 SOURCE: ICAP BULGARIA

PAYMENT PRACTICES IN BULGARIA BY TYPE OF COMPANY, 2015



GRAPH 30.5 SOURCE: ICAP BULGARIA

PAYMENT PRACTICES IN BULGARIA BY PRODUCT SECTOR, 2015



31. LITHUANIA

Below is the opinion of **Victor Vaitkevicius**, Director of **BALTFAKTA UAB**, on the economic scenario and payment situation in Lithuania.

"According to the Lithuanian Department of Statistics, the growth of the Lithuanian economy slowed down by half in 2015 compared to the past several years. In 2012-2014 GDP increased by 3.4 percent on average, however, in 2015 it grew just 1.6 percent and equaled 37.2 billion Euros. Annual increase was mainly impacted by growing consumption and investments. Meanwhile, after 3 years of growth, net exports of goods and services declined and had a negative impact on national economy again. 2015 exports of goods (at current prices) equaled 23.1 billion Euros while imports amounted to 25.4 billion Euros.

Compared to 2014, exports dropped by 5.3%, imports – by 1.9%.

Trade deficit totaled 2.3 billion Euros.

In January-November 2015, Lithuania's main exports partners were Russia, Latvia, Poland and Germany. Lithuanian origin goods were predominantly exported to EU (70.1% of total Lithuanian origin exports), Germany, Latvia, United States, Poland and United Kingdom being the main trade partners. Exports to Russia slumped 48.8%.

The vast majority of Lithuanian business sectors have successfully survived this period despite pessimistic impact of Russia's crisis and projections of slowing EU economic development. Food industry, transport and tourism sectors were affected during this period most. Over the first nine months of 2015, the pretax profit earned by Lithuanian companies amounted to 3.3 billion Euros, 19%t increase year-on-year. Pretax profit grew in all sectors except for forestry and fishing. The highest – almost threefold - increase was recorded in the profits of accommodation and food service enterprises. The profits of manufacturing enterprises grew by 50% (which was due to more than a twofold increase in the profits of basic pharmaceutical products and pharmaceutical preparations manufacturing enterprises).

Average enterprise profitability equaled 5.5%, 0.8% increase compared to 2014. The most profitable enterprises were those engaged in business services and information and communication, their profitability reached respectively 13.9 and 12.2%.

In 2013, European directive 2011/7/EU, regulating typical late payment terms between business entities, was implemented in Lithuania. Maximum late payment term can't exceed 60 days. In Lithuania, usually a delayed payment term of 30-60 days is applied. 30 days payments are used as standard term. Based on our observations, in 2015, there were only minor changes in late payments compared to the previous year. Seasonally adjusted data suggests up to 10% increase in late payments in some business sectors.

Payment to State Social Security Fund (SODRA) monitoring suggests a small number of late payments (about 110,000 in 2015 and 98,100 in 2014). Having analyzed the structure of debtors, it is worth mentioning that most of them are natural persons (about 37%). The number of JSC in debt amounted to 30,000 (27%) and that of individual enterprises equalled 12,000 (11.6%) in 2015. Meanwhile the total debt to SODRA dropped from 123.1 billion euros in 2014 to 114.5 billion euros in 2015.

This decrease in SODRA debt can be explained by increased SODRA debt administration effectiveness.

A programme to publicize late payments to state institutions is developing and is very popular in Lithuania.

Information about late mandatory tax payments is widely used in business partner evaluation and in determining credit risk rating.

Lithuanian Tax authorities have ambitious plans to implement automated tax administration system (i-MAS) in Lithuania in 2017-2018. This includes automated V.A.T. invoice data exchange, bill of lading exchange, etc. It looks that there is a prospect for this project to bring additional options and stimulate inter-companies data exchange, companies ERP and risk management system development. This hopefully will increase efficiency of credit management processes. "

Payment analysis

The Lithuanian payment system in 2015 is characterized by a good performance and we notice an improvement of payment practices compared to the year before.

The share of companies in "Very Small" class is 71,4% of the total, with a 3,2 percentage point decrease vs. 2014.

"Small" class account for 12% of Lithuanian businesses, while intermediate late payment class ("Medium") interest the 8,2% of cases.

"Bad payers" ("High" class) has decreased by 0,7 percentage points, from 9,1% registered in 2014 to 8,4% of 2015.

Large companies have the highest concentration of good payers, with 90,1% of the total in the "Very Small" class, followed by 6,4% in the classes "Small".

Good performance also fort Small and Medium companies with more than 75% of cases with very small risk of payment with delay.

In terms of serious late payments, the worst performance is seen for the Micro companies: 10,6% of the total belongs to the classes "High", followed by Small businesses with 4,2%.

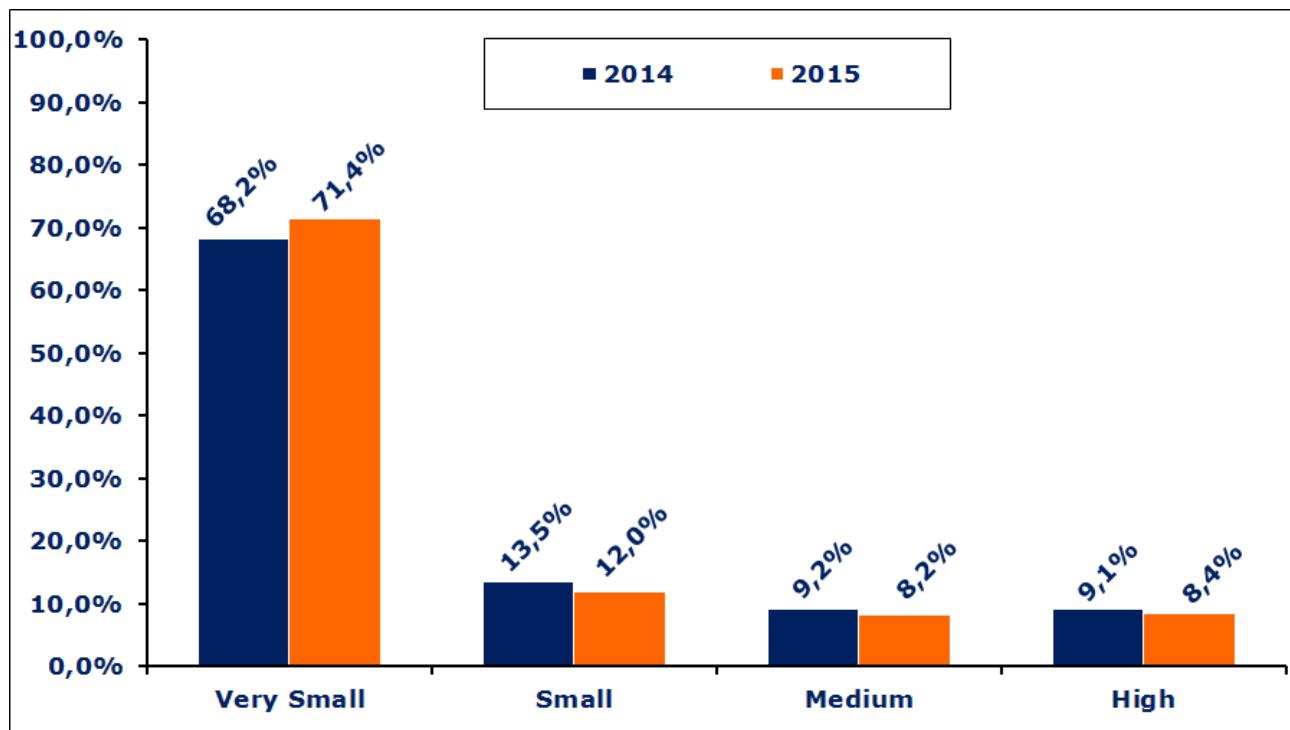
For all macro-sectors there is a widespread tendency to manage commercial transactions with good performance: the best sectors are Public administration and defence (90,4% in "Very Small" class), Other services activities (85,8%) and Education (84,3%).

Payment performance, on the other hand, are less positive in Accommodation and food service activities in which 57,1% of companies has a very small risk and 14,6% is in the "High" class.

The highest percentages in the "Medium" class are seen for Construction (12,2%), Accommodation and food service (11,8%) and Manufacturing (10,4%).

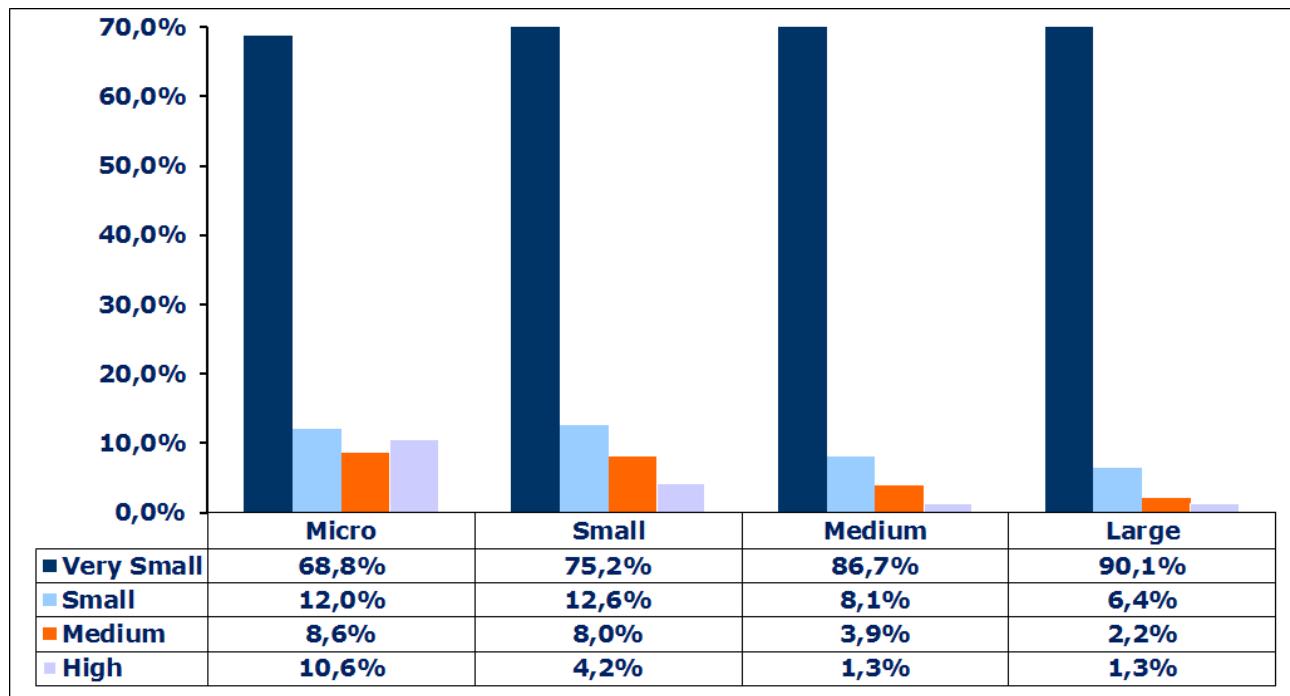
GRAPH 31.1 SOURCE: BALTFAKTA UAB

PAYMENT PRACTICES IN LITHUANIA BY PAYMENT CLASS, 2014-2015



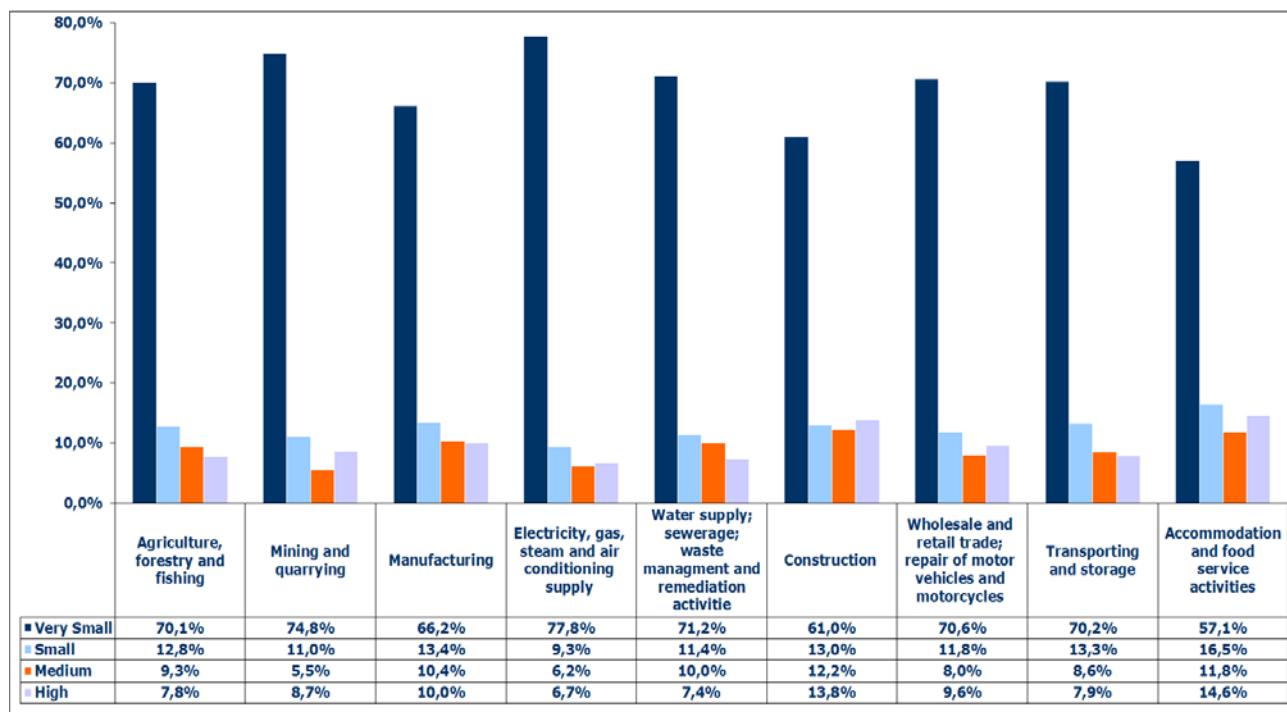
GRAPH 31.2 SOURCE: BALTFAKTA UAB

PAYMENT PRACTICES IN LITHUANIA BY TYPE OF COMPANY, 2015



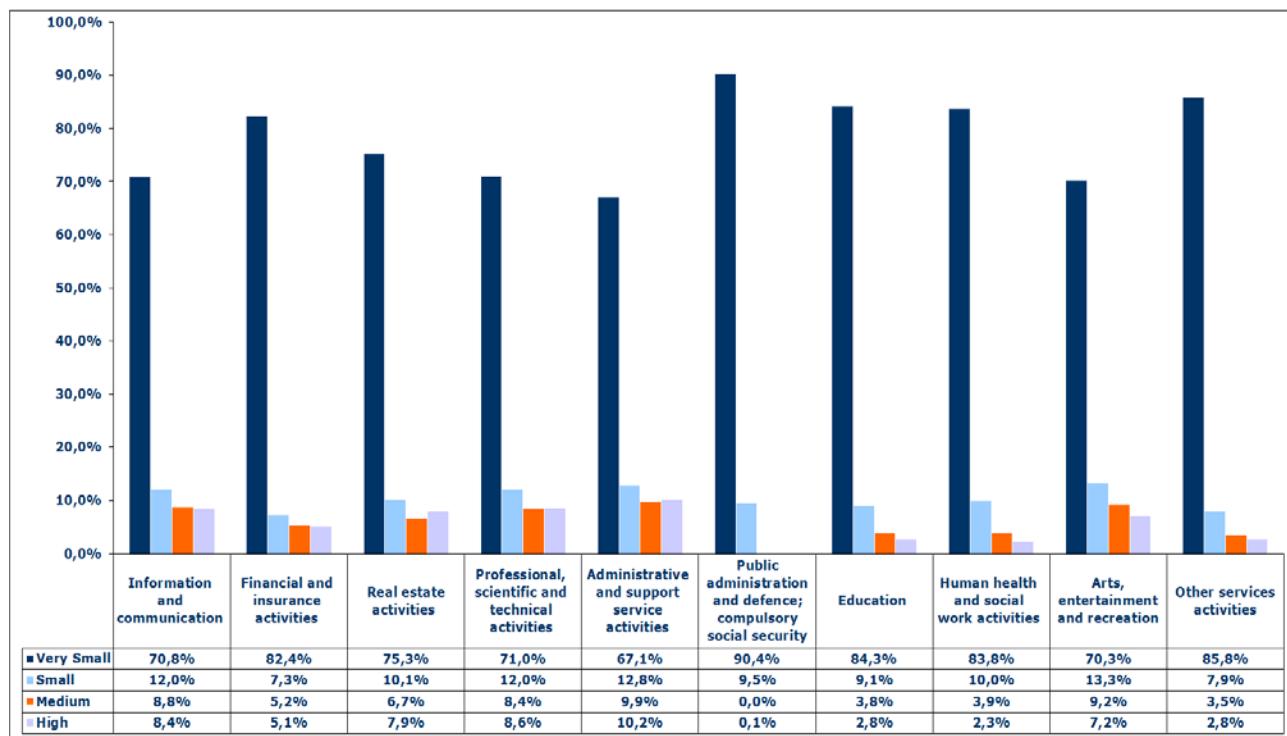
GRAPH 31.3 SOURCE: BALTFAKTA UAB

PAYMENT PRACTICES IN LITHUANIA BY PRODUCT SECTOR, 2015



GRAPH 31.4 SOURCE: BALTFAKTA UAB

PAYMENT PRACTICES IN LITHUANIA BY PRODUCT SECTOR, 2015



32. ROMANIA

Below is the opinion of **Elena Mirea, Senior Manager –Trade and Romanian Market Studies at ICAP Romania**, on the economic scenario and payment situation in Romania.

"Economic growth has been significant in the last three years, gradually widening its base. Following the financial crisis of 2009, the Romanian economy was stabilized with the support of EU-IMF programs for financial assistance. From 2013, the economy expanded strongly, moving gradually from net exports to domestic demand. Private consumption recovered in 2014 at its maximum after 2008, due to higher disposable income of households, the increase being driven by a strong wages increase and negative inflation. Investments have recovered more slowly, but they were close to the growth rates of the crisis. On the other hand, while strong domestic demand encourages imports, the current account deficit has increased only marginally, whereas the market shares of exports continued to grow, especially in the services sector.

The Romanian economy increased by 3.6% in 2015 compared to the previous year. The unemployment rate was broadly stable, standing under 7% for the last 3 years, and is expected to decline somewhat over the next two years. The inflation rate in Romania in 2015 recorded negative values of -0.59%. Foreign Direct Investments increased by 614 million euros in December 2015 (+ 25% compared to 2014).

According to the Country Report published on February 2016 by the European Commission, the economic growth in Romania is sustainable and based on investments. Investment rate was among the highest in Europe, reaching 24.9% of GDP, and is expected to increase on medium term. The economic growth recorded by Romania in recent years is thus noticeable.

*In 2015 the number of **active companies** was **773,781**, increasing in the past 2 years by 3-4% yearly. 11% more **new companies** were registered in 2015 compared to 2014. This was a very large increase if we take into account that in 2014 64% less companies were opened compared to 2013. The **radiated companies** also recorded an increase of 23% in 2015*

Even if many companies were closed, still the number of new companies is bigger than the radiated companies (113,167 vs 94,374 in absolute values for 2015). In 2015 the Romanian state started to be involved stronger in the Fiscal Antifraud Program through National Agency for Fiscal Administration controls, which generated an increase in the number of radiated companies. This new approach should lead in the coming years to a more stable and reliable business environment in Romania.

Micro enterprises represent 98% of Romanian companies and the trends of these companies are influential in Romanian economics.

*The **Number of companies with overdue debts to the state budget** decreases continuously in the last 3 years, -3% in 2014 and -11% in 2015. As percentage of the total universe of active companies, 15% present overdue debts to the state as of December 2015.*

*Also, the **number of companies with at least one Insolvency procedure** represents a very large percentage of 25% from the total of active companies in 2015, increasing by 6% since the last year.*

The 2015 Trade Exchange statistics should be related to the few years' activity on TEP market and to the above mentioned economic climate in the real economy:

- The companies that pay within terms represent 26% of the universe recorded;
- More than half of the companies delay their payments up to 30 days (58%). Out of these, 38% delay their payments by 30 days;
- 16% of the companies are beyond terms with more than 30 days up to 120 days.

As a conclusion on payment behavior in Romania, more than half of Romanian companies should be expected to pay over terms but with an average delay of up to 30 days.

Recent fiscal incentives (lower VAT, very low dividends taxation) are expected to boost growth above potential real GDP in the upcoming period 2016-2017. These measures, combined with accelerating wages growth will add further acceleration on domestic demand, which is already solid. On the other hand, policy measures on the supply side of the economy, such as investment in innovation and improvements in infrastructure or business and public administration, remain limited."

Payment analysis

In 2015, Romanian companies that paid their suppliers on time ("By due date" class) accounted only 25,5% of the total, 12 percentage points under the European average.

On the other hand, the moderate late payments ("Up to 30 days") account for 58,1 percentage points, while the intermediate late payment classes, "30-60 days" and "60-90 days", together reach 14,6%. The share of "bad payers" ("Over 90 days") at the end of 2015 account 1,8% of the total.

Micro and Small companies have the highest concentration of punctual payers, with more than 30% of the total.

Large companies, on the other hand, have the highest concentration in the moderate late payment class "Up to 30 days" (70,2%), while only 14% pay by due date.

In term of serious late payments ("Over 90 days") the worst performance is seen for Large companies with 3,5% of the total, followed by Small companies with 1%

TABLE 32.1 SOURCE: ICAP ROMANIA

PERCENTAGE OF COMPANIES IN ROMANIA WITH ON TIME PAYMENTS, 2015

	2015
Romania	25,5%
Europe	37,5%

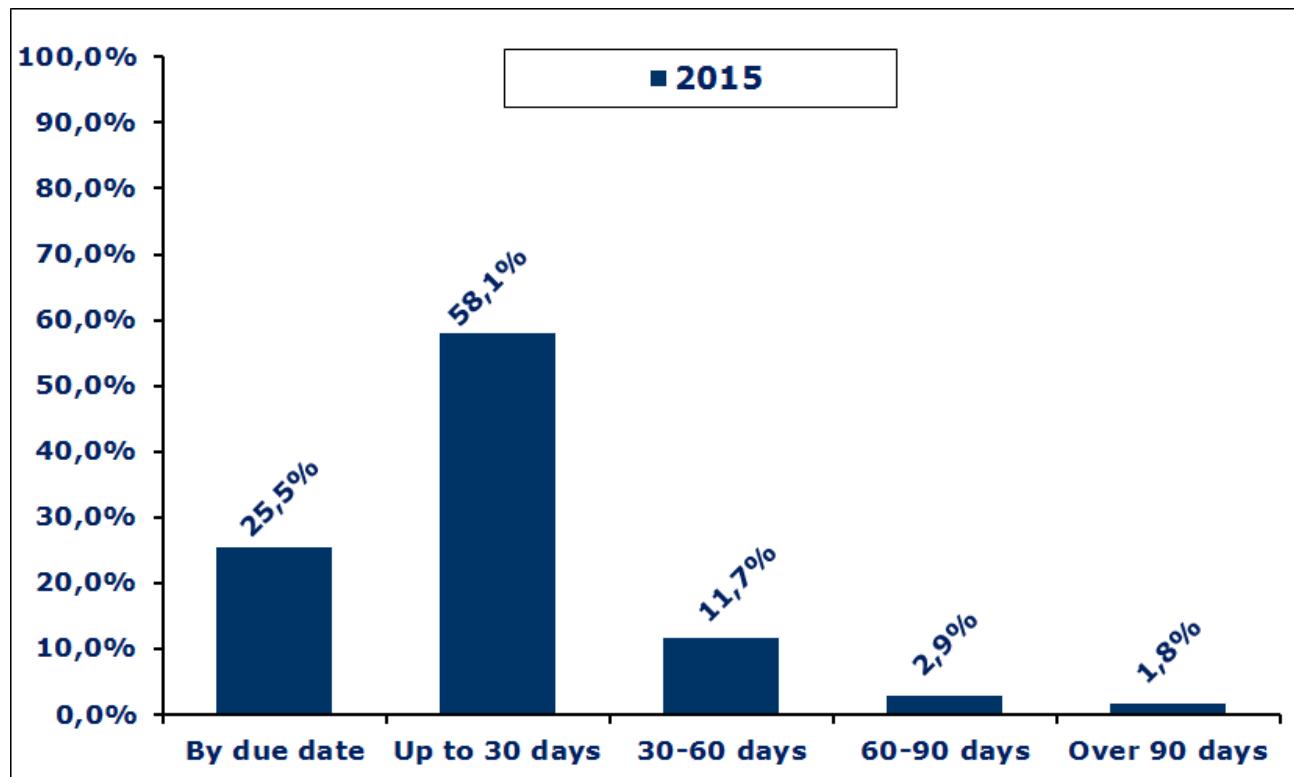
TABLE 32.2 SOURCE: ICAP ROMANIA

PERCENTAGE OF COMPANIES IN ROMANIA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2015

	2015
Romania	1,8%
Europe	3,5%

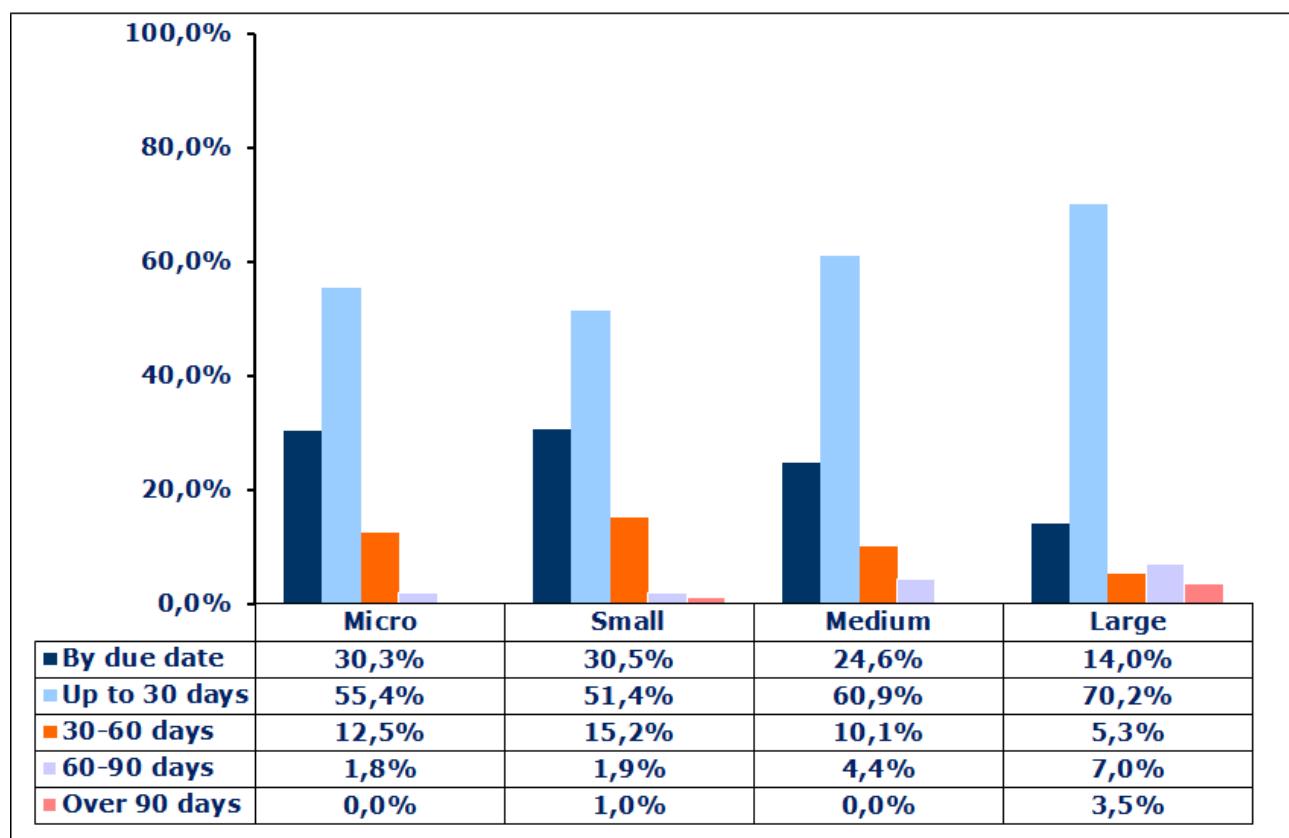
GRAPH 32.3 SOURCE: ICAP ROMANIA

PAYMENT PRACTICES IN ROMANIA BY PAYMENT CLASS, 2015



GRAPH 32.4 SOURCE: ICAP ROMANIA

PAYMENT PRACTICES IN ROMANIA BY TYPE OF COMPANY, 2015



33. ITALY

Below is the opinion of **Marco Preti, CEO of CRIBIS D&B**, on the economic scenario and payment situation in Italy.

"In Italy many believe that in 2015 there has been a general improvement regarding the entrustment in organizations. To this extent, our observatory "Payments: what companies are telling us", which is introduced each year to our guests at the annual Conference 'Studio Pagamenti', has highlighted how 50,9% of people interviewed firmly believe that the economic state of their company will improve in 2016. If, on the other hand, we shift our attention to the global and national economies, the percentage falls to 25,4%. Thus meaning that Italian companies, after years of transitions and changes of markets, products and goals, nowadays seem to have more faith in their own capabilities, even though this still does not apply to the more general economic context."

"Companies have, in fact, faced the ongoing economic crisis by focusing especially on the discovery of new markets and on the redefinition of customer management strategies. As CRIBIS D&B, we are endowed with a privileged observatory in order to evaluate both of the aforementioned aspects, being the leader in Italy in providing information regarding international companies and in the supply of information and services for credit and customer portfolio management. In particular, companies that have achieved the highest levels of performance are among those that have embraced credit management as the main tool in order to segment customers, maintaining perfect alignment with business demands and goals. As such, on-time payments have become one of the key elements in order to improve cash flows and in defining entrusting customers on whom to invest. It is not surprising that the main priority when dealing with credit management has become the constant monitoring of customers, the use of strategies apt at reducing insolvencies and finally the overall increase of efficiency within operations."

"Nowadays, within this climate of increased entrustment, companies must continue to invest in credit management in order to prevent losing all acquired knowledge and overall all achieved results. More than 50% of severe insolvencies continues to be caused by long-term customers and furthermore, 28% of companies has experienced on-going credit losses in the past 12 months. As such, even though we have experienced a general improvement, we still must refrain from letting our guard down. To this purpose, we must underline the on-going importance in considering the ability to generate cash flows as the most relevant financial goal because it will become more and more challenging for companies to finance themselves in the short term."

33.1 Payment terms

In 2015 the vast majority of Italian companies have to observe payment terms of between 31 and 90 days: in particular, 29,5% of the total belongs to "31-60 days" class and 24,6% to "61-90 days" class.

Terms more restricted and within 30 days have been imposed on 19,9% of the sample (no day extension has been accorded to the 5,6%). We can notice, however, lower percentages for payment terms more extended: 10,5% have to respect payment terms of between 91 and 120 days, while 9,9% of companies are in the "Over 120 days" class.

Compared to 2015, it is possible to see a slight decrease in the share of companies in the "No day extension" class of 2,9 percentage points, while the concentration in the "Over 120 days" class has increased by 6,9%. The other classes don't show any significant changes.

If we consider the geographical area detail, the results are similar to the one of the overall national picture: Italian companies have to observe contractual payment terms of between 31 and 90 days (54,1%).

South and Islands is the area with the higher percentage of companies to which have been accorded conditions of over 90 days (23,3% of the total).

In relation to payment terms of less than 30 days, there is a higher concentration in the Northeast with 24% of companies, but the gap with the other areas is not so far.

Finally, in the Northeast only the 4,4% of the total has been asked to pay in advance (vs. 7,4% of South and Islands).

Among the different Italian sectors, there is a tendency to manage commercial transactions with payments terms of on average between 31 and 60 days.

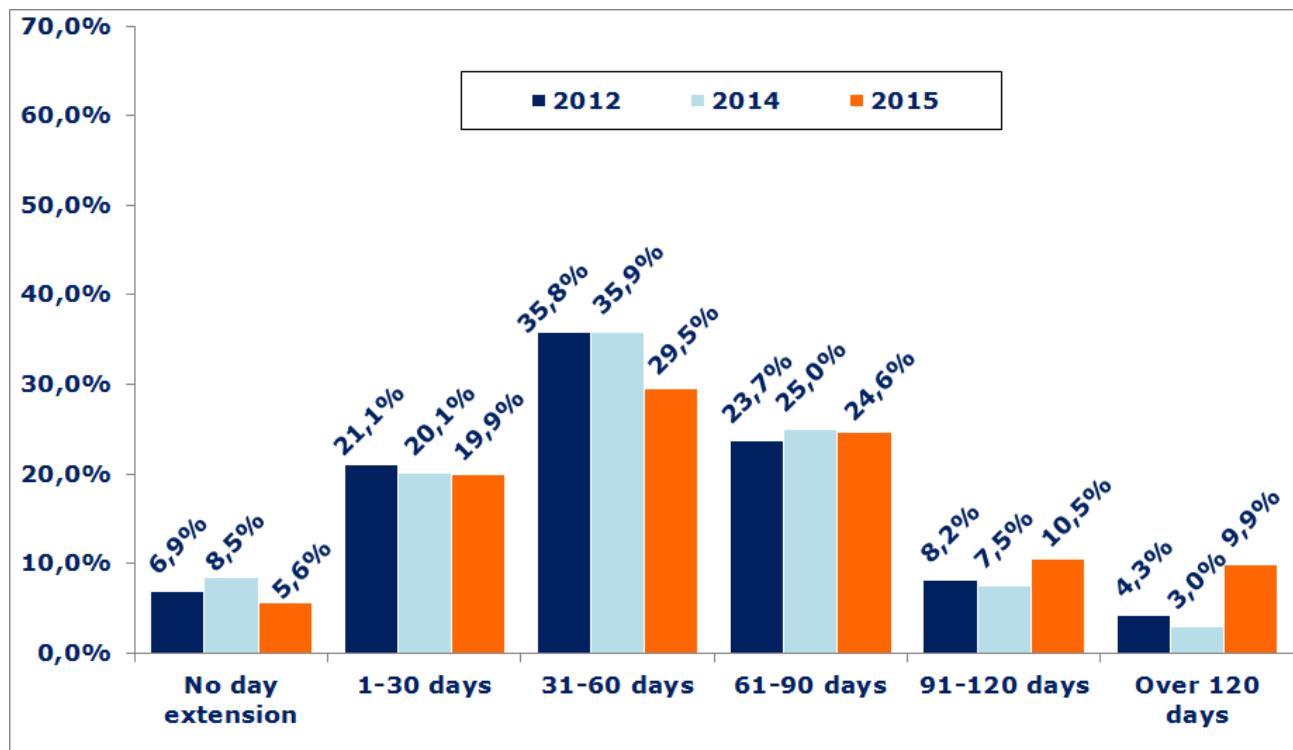
All sectors have at least 24,4% of companies in the "31-60 days" class, with values of 33,5% for Finance services.

Construction and Manufacturing are the groups that show the highest value in relation to payment terms of over 90 days (respectively 33,2% and 27,1%).

Transport, distribution on the other hand, has a significant concentration in the "No day extension" and "1-31 days" classes with the 15,3% and 27,7% of companies, respectively.

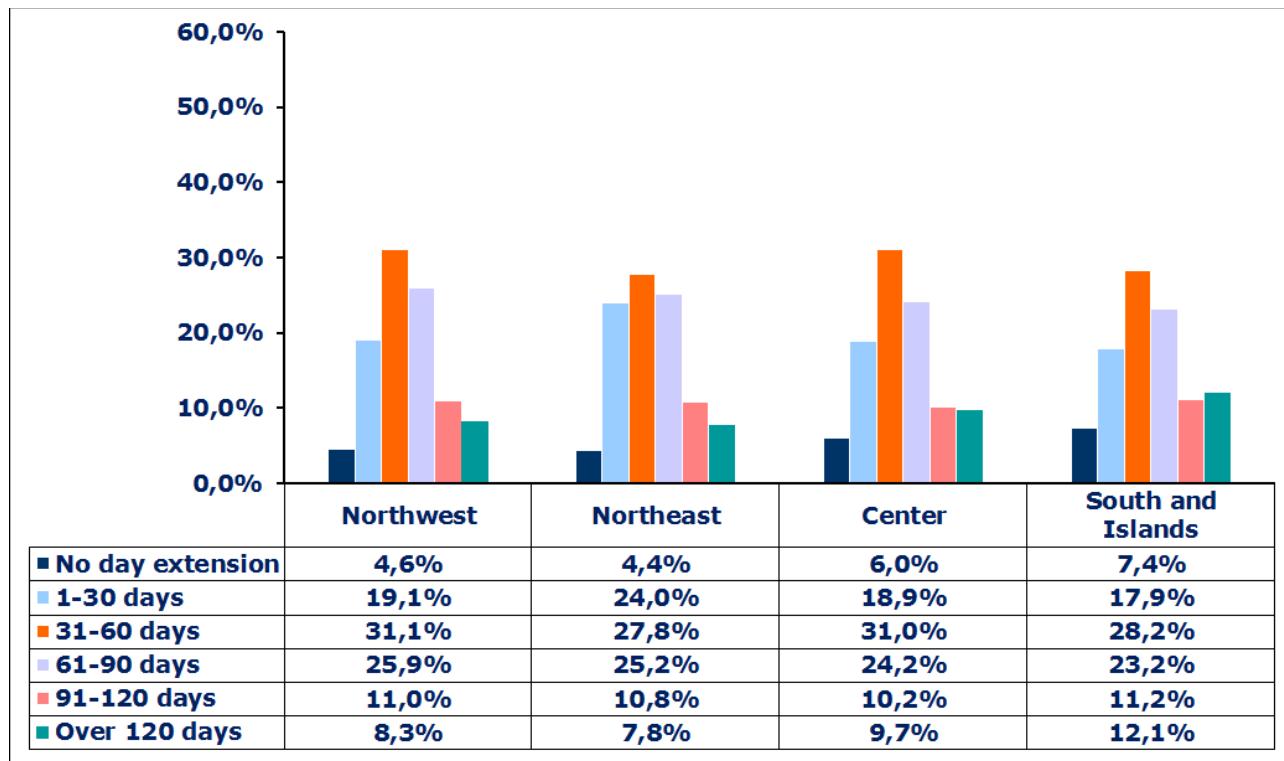
GRAPH 33.1.1 SOURCE: CRIBIS D&B

PAYMENT TERMS IN ITALY, 2012-2015



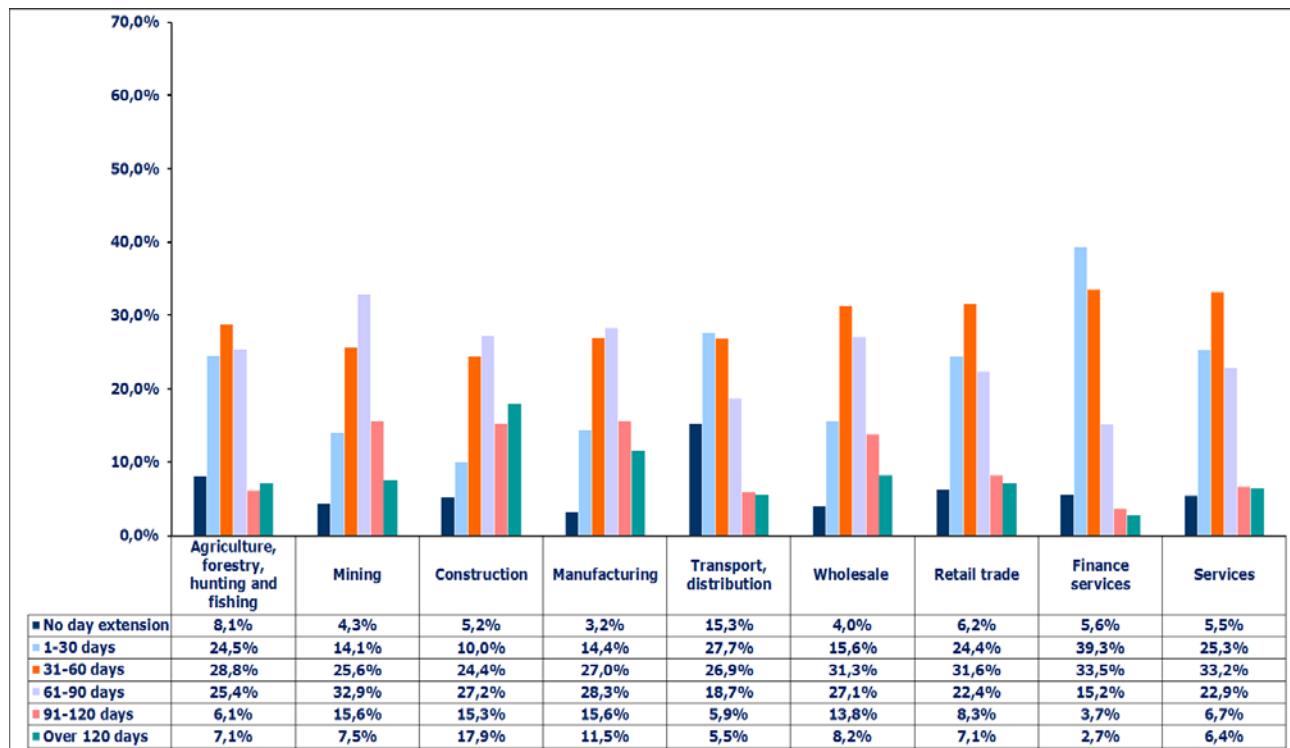
GRAPH 33.1.2 SOURCE: CRIBIS D&B

PAYMENT TERMS IN ITALY BY GEOGRAPHICAL AREA, 2015



GRAPH 33.1.3 SOURCE: CRIBIS D&B

PAYMENT TERMS IN ITALY BY PRODUCT SECTOR, 2015



33.2 Payment analysis

Following analysis confirms a worsening in the ability of Italian companies to respect agreed payment terms for their business transactions in 2015.

The negative trend in punctual payments which started in the last few years continues: in fact, the share of "good payers" has suffered a decrease of 1,9% compared with 2014, with 35,7% of the total.

Furthermore, the percentage of punctual payers is still less than the values seen before the economic and financial crisis (50,8% in 2007 and 49,6% in 2008).

In 2015 the gap with the European average of punctual payment was 1,8%, whereas in 2007 the gap with the rest of Europe was 9,8 above the European average.

The figure in relation to serious late payments (over 90 days on average) is also negative: these have increased by 2,1% compared to 2007 and account for 4,4% of Italian companies.

Compared with 2014, the average behavior deteriorated for 18,3% of companies, meanwhile the situation for 56,3% of companies remained unchanged, and for 25,4% it improved.

If we consider 2007, on the other hand, we can see a high proportion of companies that have a worse payment performance (44,4% of the total) compared to 31,3% of cases in which the average payment behavior has not changed.

Micro companies (a large part of the Italian market) continue to stand out as having a more balanced behavior in the management of commercial transactions within agreed payment terms.

The percentage of companies in this category was 36,8%, which is 1,1 percentage points above the national average, whereas late payments were concentrated in the "Up to 30 days" class (47,5%) and the "30-60 days" class (6,6%).

Small companies tend to pay on average between 1 and 30 days beyond agreed terms (56,2%), to the detriment of punctual payments with a percentage of 34,9%.

Medium and Large companies, meanwhile, have a very different payment habits compared to the two smaller classes of companies.

On time payments reduce significantly (25,7% for Medium companies and 15,1% for Large companies), compared to a percentage of late payments of less than 30 days of more than 67%.

In addition, only 2,2% of Large companies pay more than 90 days late on average, compared with the national average of 4,4%.

If we consider how the average payment practices of Italian companies have changed from 2007 and 2015 in relation to their size, Large companies had a greater percentage of cases in which practices remained unchanged (39,1%), meanwhile Micro companies had a higher percentage of worsening in payment practices with 43,8% of cases.

For Small and Medium sized companies, on the other hand, there was a similar share of companies for which payment practices have worsened compared to 2007, whereas unvaried payment practices accounted for around a third of the sample.

As seen in previous years, the management of commercial transactions in southern and northern Italy is rather different.

In fact, while companies in northern Italy show a greater tendency to respect agreed payment terms and to contain late payments, where these exist, to within 30 days on average, payments in southern Italy are less punctual and late payments tend to be delayed more.

The percentage of punctual payments in the South and Islands is 22,5%, around 13,2 percentage points below the national average, whereas 53,2% of the total are concentrated in the "Up to 30 days" class and 10,1% in the "30-60 days" class. The most serious late payments (over 60 days), on the other hand, accounted for 14,2% of companies in the South and Islands (7,5% exceeding 90 days).

In the north, good payment performance is seen in the higher percentages of punctual payments (44,2% for the Northeast and 42,3% for the Northwest) and the more contained number of cases in which late payment exceeds 90 days (not more than 2,3%).

Finally, the center is in an intermediate position with 31,5% of companies paying within agreed payment terms and 5,6% paying seriously late (over 90 days).

If we look at the development of payment habits of the last year compared to 2007, we see two distinct situations.

The Northeast and Northwest have a higher percentage of cases in which practices remain unchanged (40,7% and 40,4%), meanwhile there has been a worsening in payment practices in between 37,4% and 41,3% of cases.

For the South and the Islands, on the other hand, there is a higher concentration in the "Worsening" category with 50,9% of the total.

The best payment performances relate to Finance services, with concentrations of punctual payers of 46,1%.

Retail trade, on the other hand, has the lowest values in relation to punctual payments (only 26% with a gap of 9,7 percentage points from the national figure).

There is a tendency to manage commercial transactions with late payments of on average between 1 and 30 days beyond agreed terms. All sectors have at least 44% of companies in the "Up to 30 days" class, with values of above 54,3% for Transport, distribution.

In relation to more seriously late payments, the worst performance was reported for the Retail trade sector with 7,8% of companies paying more than 90 days late.

Considering the changes in payment practices in the Italian macro-sectors between 2007 and 2015, there has been a general worsening, with variations of more than three points of D&B Paydex indicator for many sectors.

In particular, the indicator has decreased by over ten points for Retail trade and by over five points for Construction and Manufacturing.

Finally, the worst performance overall relates to the Retail Trade sector, with a score of around 63, while the best performance was seen in the Finance Service.

Insurance agents, brokers and service and Rubber and miscellaneous plastic products show excellent payment performance in 2015, standing out due to a lesser delay in payment in relation to agreed terms.

The worst payment performance, on the other hand, was seen for Eating and drinking places, followed by Food stores and Executive, legislative and general.

The negative trend seen for these sectors indicates that they do not seem able to reduce the average delay in payment and to improve conditions.

TABLE 33.2.1 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN ITALY WITH ON TIME PAYMENTS, 2007-2015

	2007	2014	2015
Italy	50,8%	37,6%	35,7%
Europe	41,0%	37,6%	37,5%

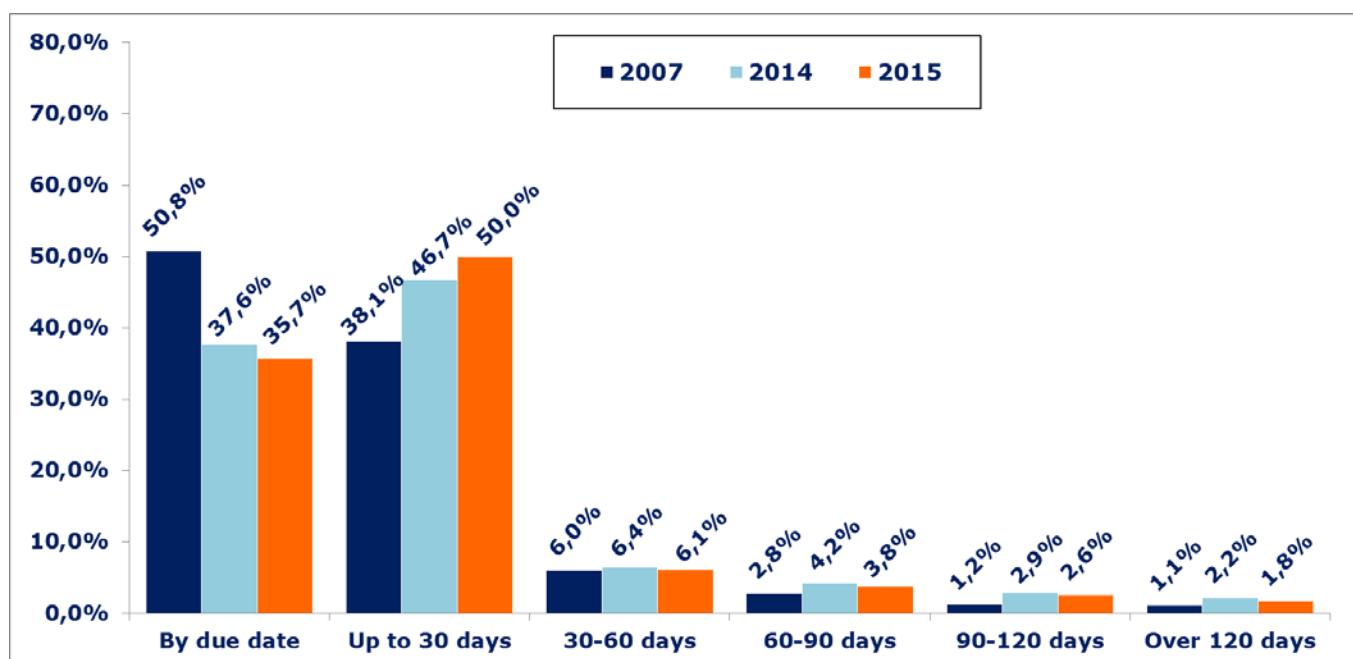
TABLE 33.2.2 SOURCE: CRIBIS D&B

PERCENTAGE OF COMPANIES IN ITALY WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2007-2015

	2007	2014	2015
Italy	2,3%	5,1%	4,4%
Europe	4,1%	3,8%	3,5%

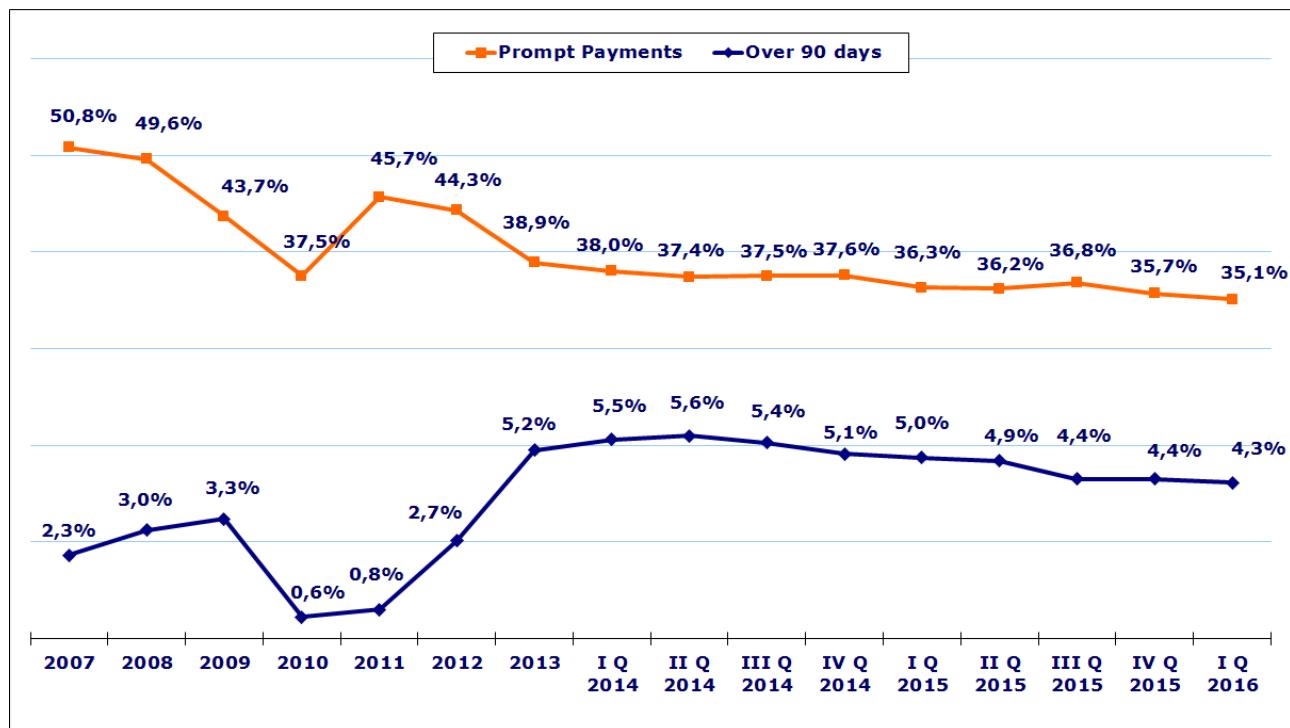
GRAPH 33.2.3 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN ITALY BY PAYMENT CLASS, 2007-2015



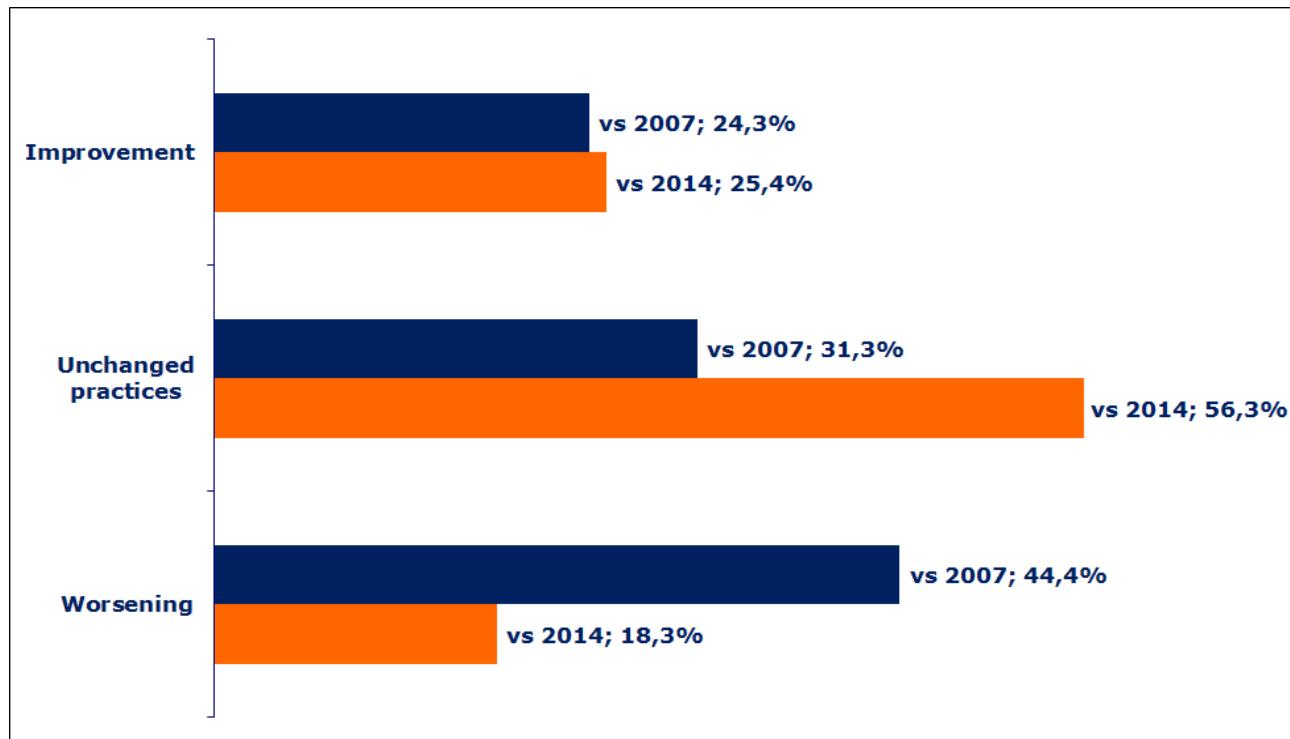
GRAPH 33.2.4 SOURCE: CRIBIS D&B

TRENDS IN PUNCTUAL PAYMENTS AND PAYMENTS OVER 90 DAYS LATE, 2007-2016



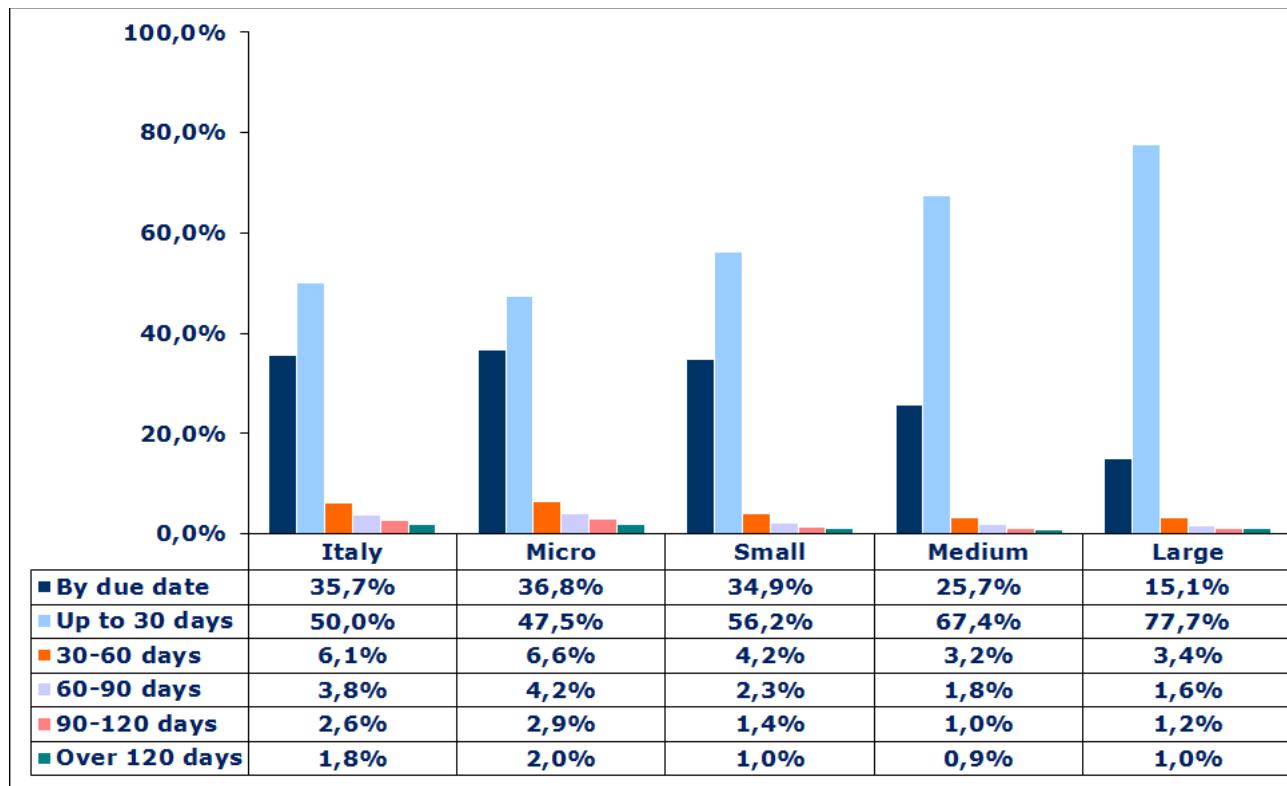
GRAPH 33.2.5 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN ITALY, 2007-2015



GRAPH 33.2.6 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN ITALY BY TYPE OF COMPANY, 2015



GRAPH 33.2.7 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN ITALY BY TYPE OF COMPANY, 2015 vs. 2007

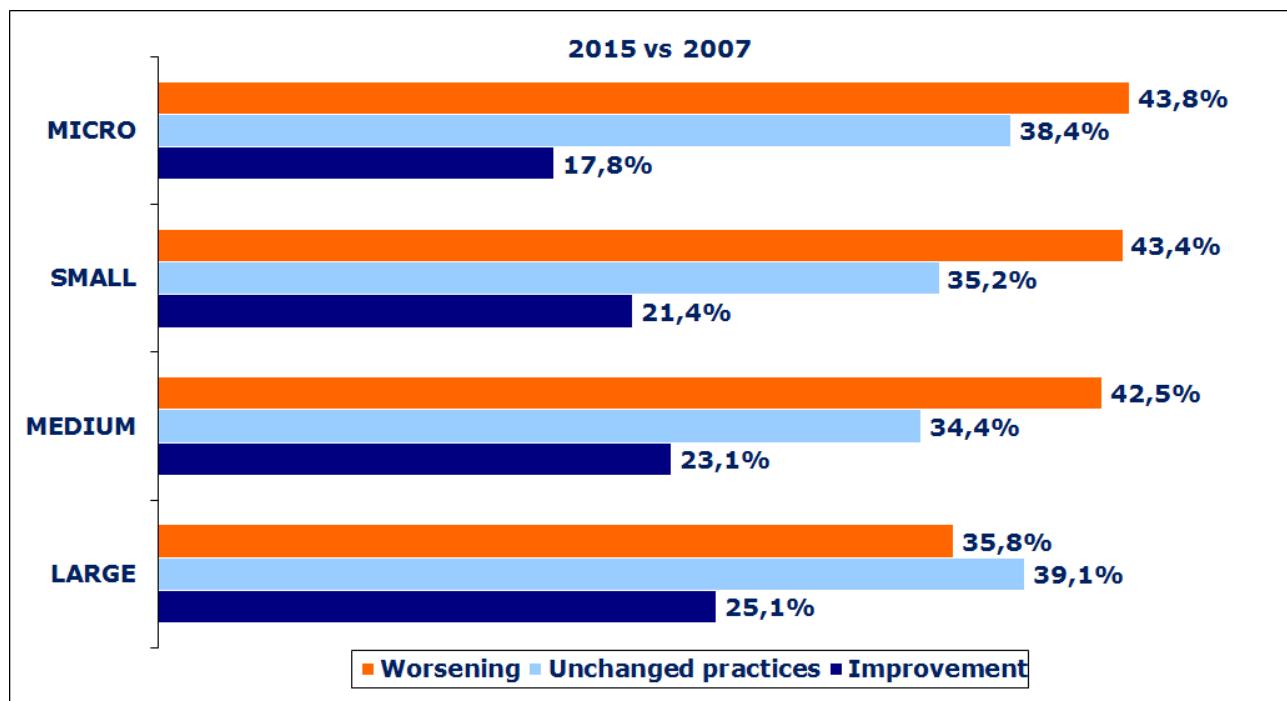


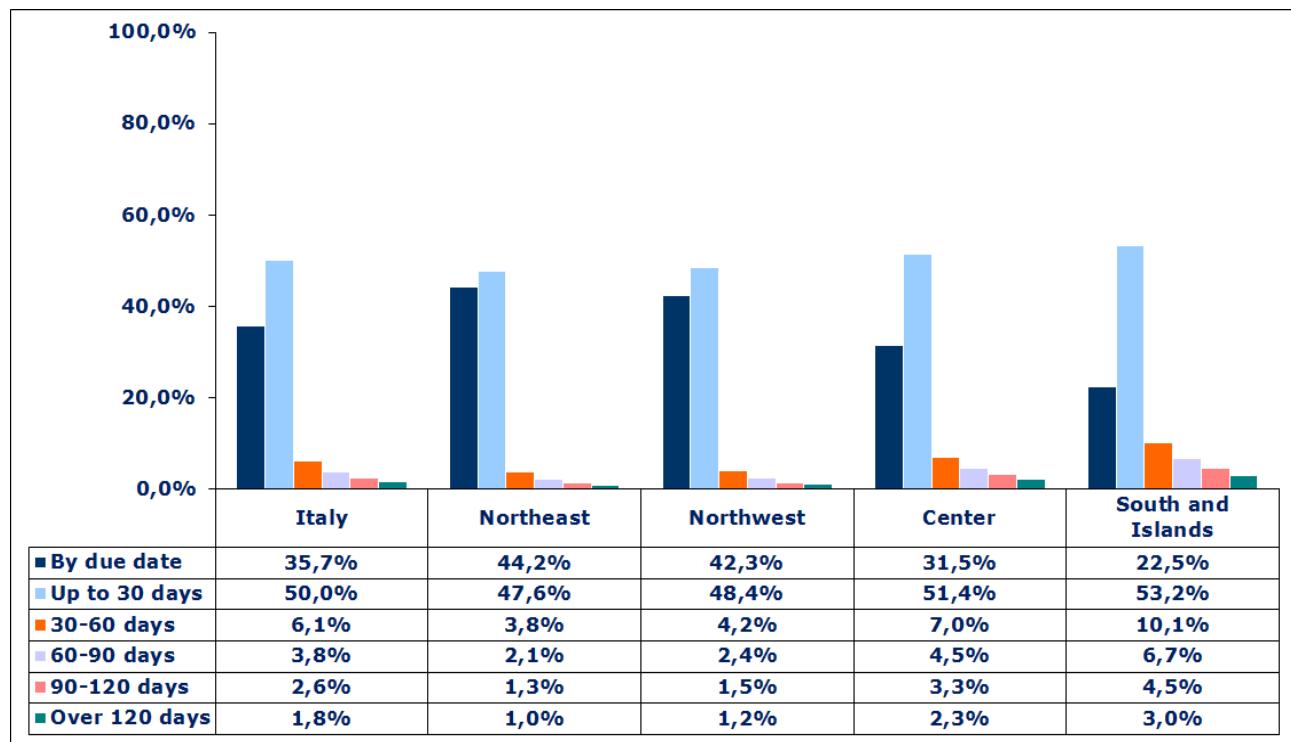
TABLE 33.2.8 SOURCE: CRIBIS D&B

PAYMENT SITUATION IN ITALIAN REGIONS, 2015

Payments in Italian Regions		2015	
AREA	Punctual payments	Payments made 90 days over terms	
Northeast	44,2%	2,3%	
EMILIA ROMAGNA	45,8%	2,4%	
FRIULI	43,6%	2,2%	
TRENTINO	38,2%	1,5%	
VENETO	44,5%	2,3%	
Northwest	42,3%	2,7%	
LIGURIA	33,5%	3,7%	
LOMBARDY	45,6%	2,5%	
PIEDMONT	38,2%	2,9%	
AOSTA VALLEY	38,8%	1,6%	
Center	31,5%	5,6%	
LAZIO	25,7%	7,0%	
MARCHE	40,1%	4,5%	
TUSCANY	33,3%	4,5%	
UMBRIA	31,2%	5,9%	
South and Islands	22,5%	7,5%	
ABRUZZO	27,2%	6,9%	
BASILICATA	28,0%	6,4%	
CALABRIA	20,3%	8,9%	
CAMPANIA	21,2%	9,0%	
MOLISE	27,3%	6,2%	
PUGLIA	25,4%	7,3%	
SARDINIA	23,0%	5,3%	
SICILY	18,9%	7,4%	
ITALY	35,7%	4,4%	

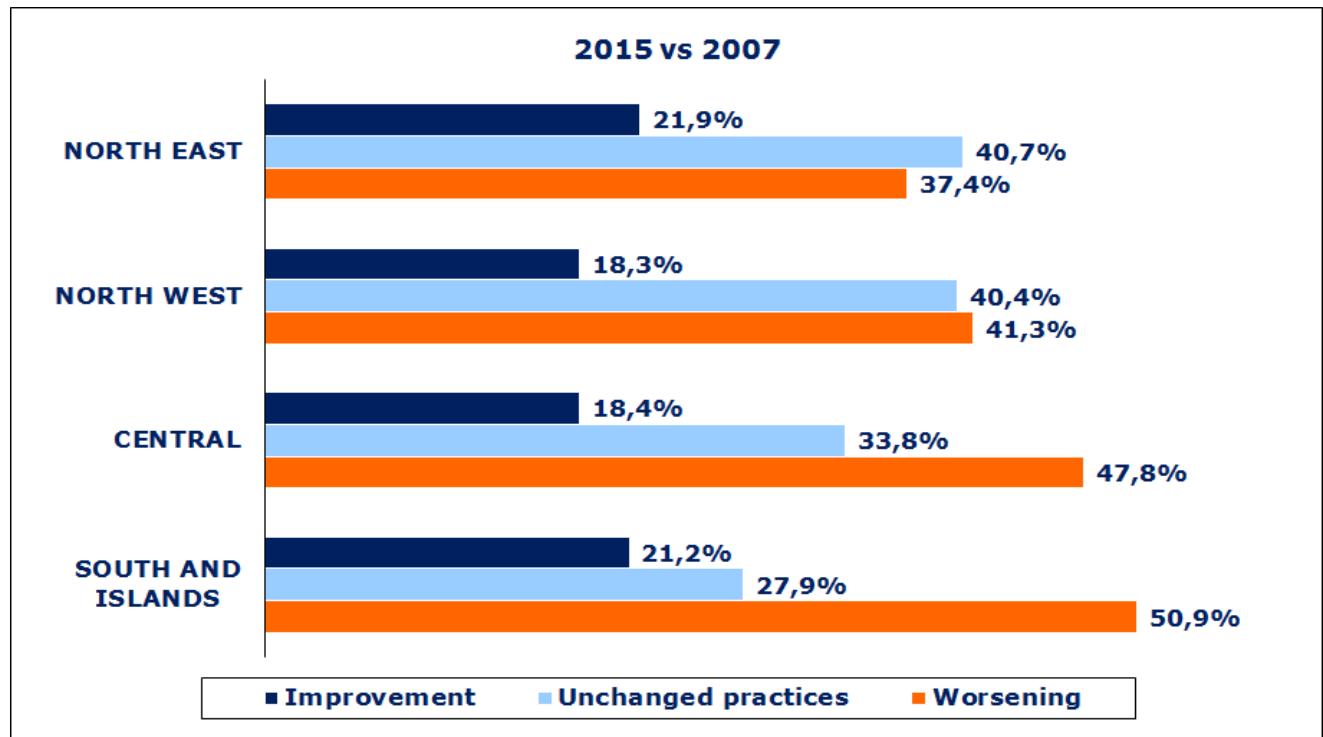
GRAPH 33.2.9 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN ITALY BY GEOGRAPHICAL AREA, 2015



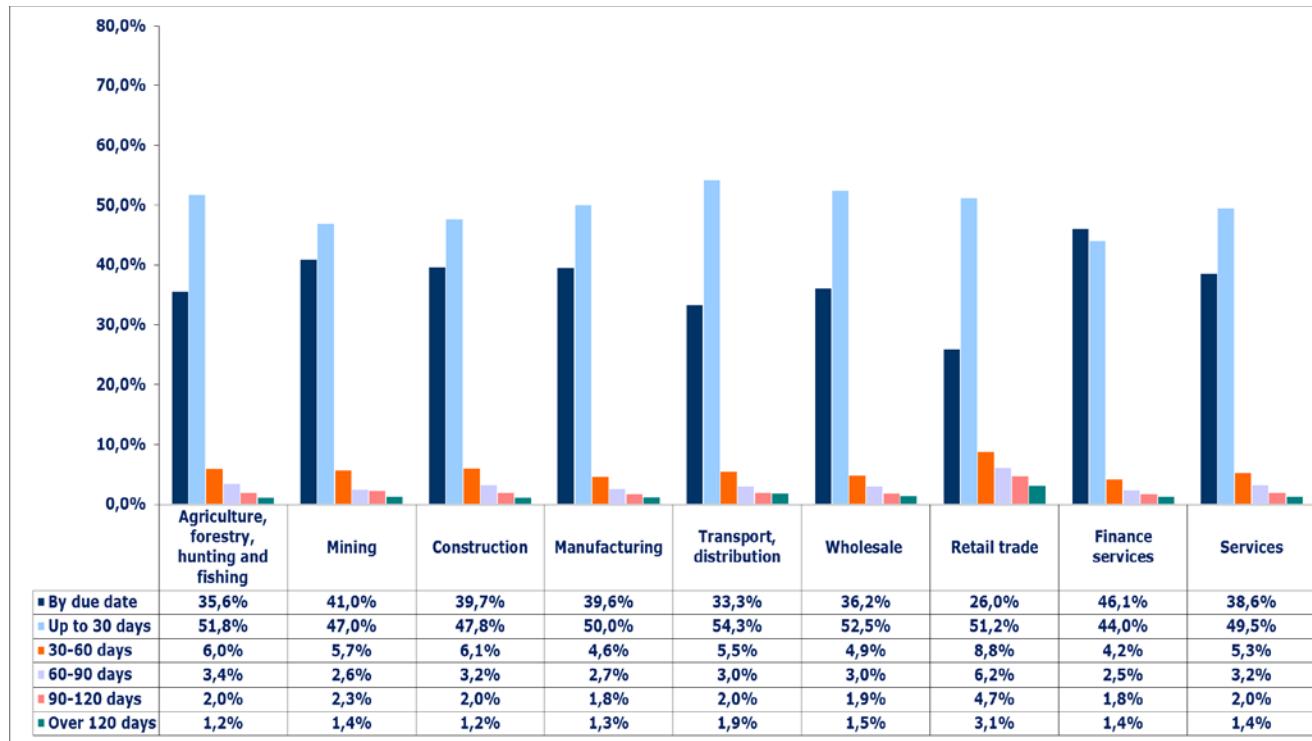
GRAPH 33.2.10 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN ITALY BY GEOGRAPHICAL AREA, 2015 vs. 2007



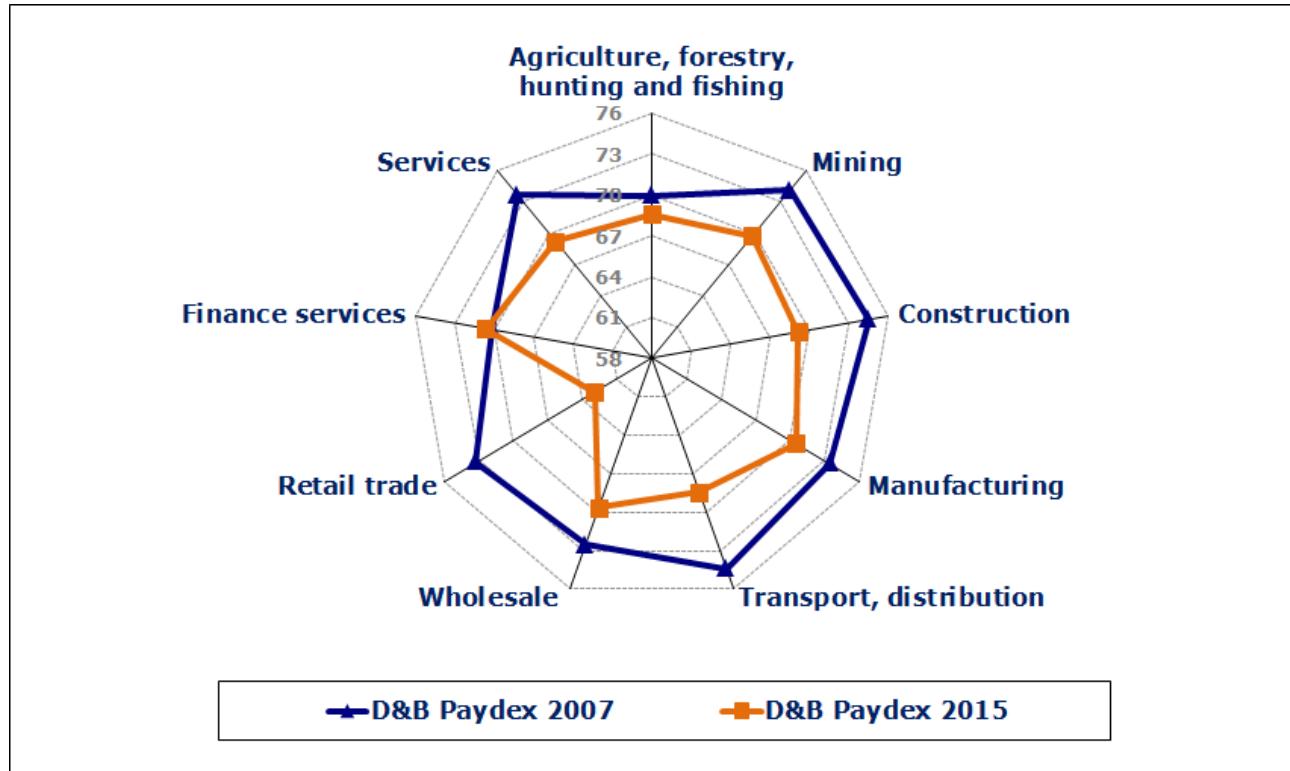
GRAPH 33.2.11 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR, 2015



GRAPH 33.2.12 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR, 2007 - 2015



GRAPH 33.2.13 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN ITALY BY PRODUCT SECTOR AND TYPE OF COMPANY, 2015

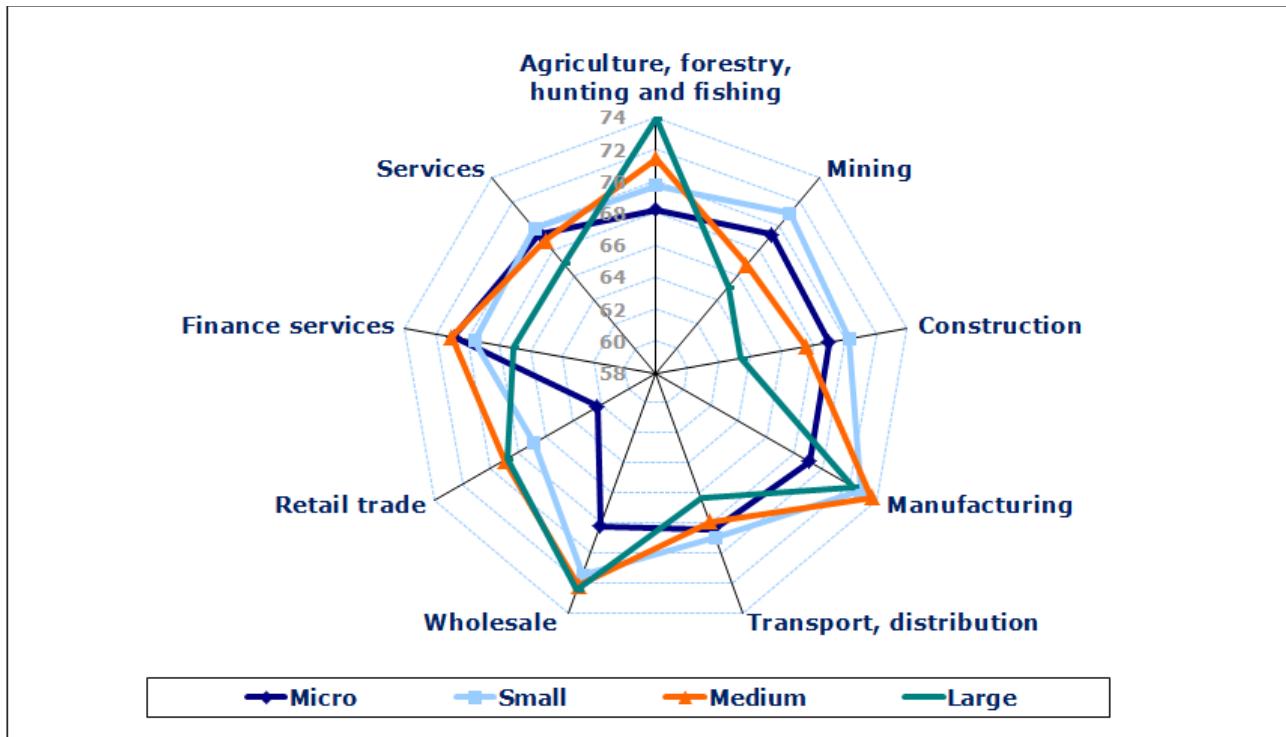


TABLE 33.2.14 SOURCE: CRIBIS D&B

SECTORS WITH THE BEST PAYMENT RECORDS IN ITALY, 2015

Sector	Ranking 2015
INSURANCE AGENTS, BROKERS AND SERVICE	1
RUBBER AND MISCELLANEOUS PLASTIC PRODUCTS	2
CHEMICALS AND ALLIED PRODUCTS	3
PAPER ALLIED PRODUCTS	4
INDUSTRIAL MACHINERY AND EQUIPMENT	5
PRINTING AND PUBLISHING	6
PRIMARY METAL INDUSTRIES	7
LEGAL SERVICES	8
INSURANCE CARRIERS	9
SERVICES	10

TABLE 33.2.15 SOURCE: CRIBIS D&B

SECTORS WITH THE WORST PAYMENT RECORDS IN ITALY, 2015

Sector	Ranking 2015
EATING AND DRINKING PLACES	68
FOOD STORES	67
EXECUTIVE, LEGISLATIVE AND GENERAL	66
POSTAL SERVICES	65
TRANSPORTATION BY AIR	64
GENERAL MERCHANDISE STORES	63
WATER TRANSPORTATION	62
PERSONAL SERVICES	61
APPAREL AND ACCESSORY STORES	60
AMUSEMENT AND RECREATION SERVICES	59

1ST QUARTER 2016

At the start of 2016, the proportion of companies paying more than 90 days late on average is 4,3% of the total.

Punctual payments, on the other hand, account for 35,1% of Italian companies, with a difference of 0,6 percentage points compared to December 2015.

Late payments continue to be concentrated in the moderate late payment class of "Up to 30 days" (51,1%), followed by late payments of between 30 and 60 days on average (5,9%).

The large part of the sample being examined did not show any changes to payment habits in the time period under consideration (4th quarter 2015 - 1st quarter 2016).

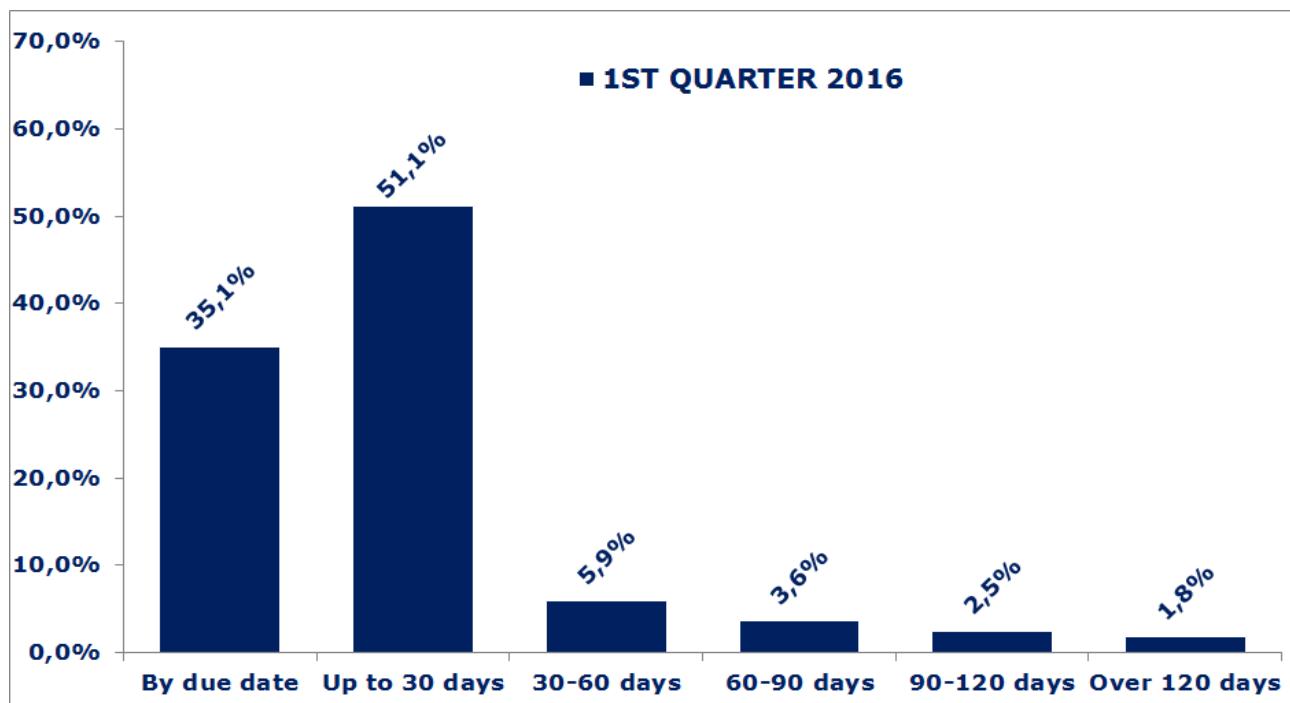
In fact, 77,6% of companies did not register any changes in relation to their management of commercial transactions.

The remaining companies improved their payment performance in 10,2% of the cases analyzed, meanwhile 12,2% showed worse habits compared with the last quarter of 2015.

On the basis of results for the 1st quarter of 2016, it is possible to predict that the concentration in the punctual payment class will continue to account for a smaller number of companies, and in part this is due to the growing problems that Italian companies have to face in managing commercial transactions.

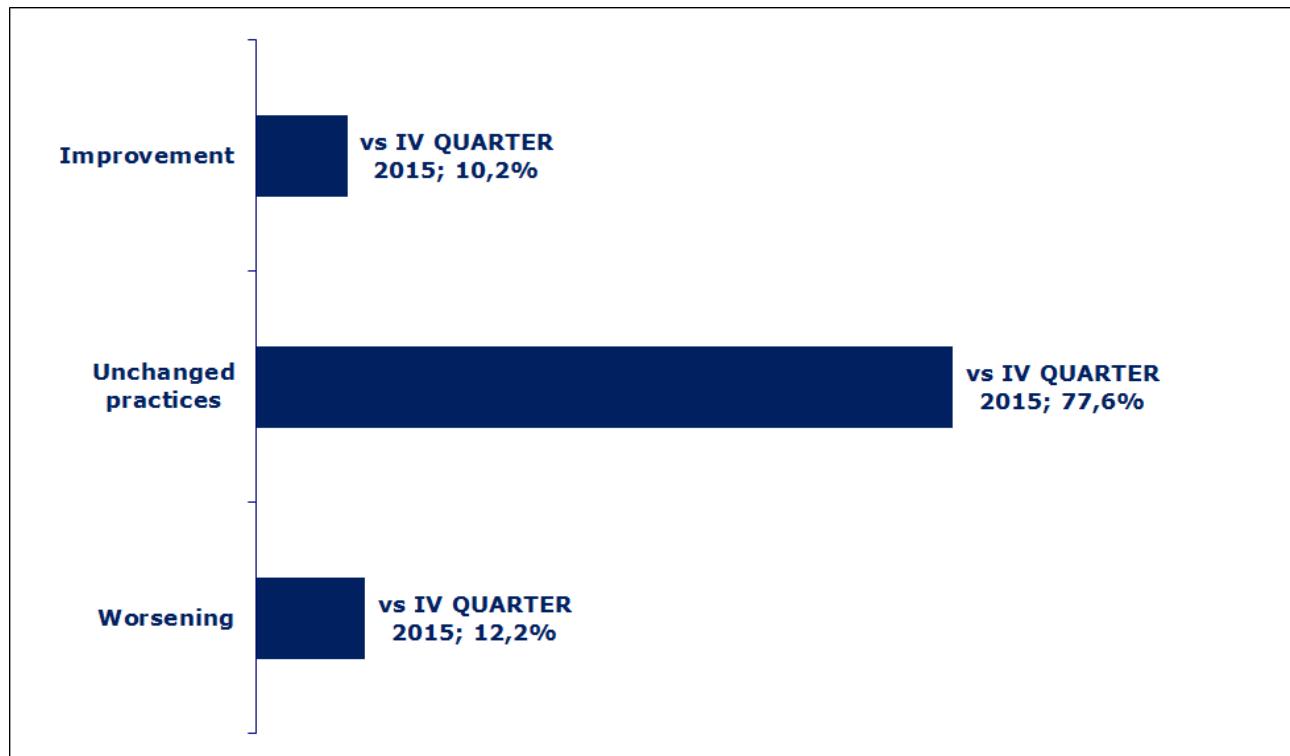
GRAPH 33.2.16 SOURCE: CRIBIS D&B

PAYMENT PRACTICES IN ITALY BY PAYMENT CLASS, 1ST QUARTER 2016



GRAPH 33.2.17 SOURCE: CRIBIS D&B

VARIATIONS IN PAYMENT PRACTICES IN ITALY, 4TH QUARTER 2015 - 1ST QUARTER 2016



34. SOUTH AFRICA

Below is the opinion of **Priven Moodley, Senior Advisor – Solutions at TransUnion Africa**, on the economic scenario and payment situation in South Africa.

"Primary sectors have seen a fair amount of strain in the last year both structurally and through environmental factors. Agricultural output declined by 8.1% in 2015. The worst drought in more than 100 years caused agricultural output to decline by about 9% year-on-year in the 2nd quarter of 2015, followed by a year-on-year decline of 16% in the 3rd quarter and 14% in the 4th quarter of 2015. Given that other sectors in the economy utilize about 60% of agricultural output as intermediary inputs, the impact on secondary industries' output and prices will be felt throughout 2016 and beyond. The costs of declining output levels due to the drought has seen costs being passed onto consumers, however this does not assist local producers in staying competitive with imported good."

Electricity and water output that declined by 1% in 2015 had wider implications than only in the sectors themselves. Some 65% of the output from electricity and water are vital inputs to other sectors. Disruptions in supply during 2015 had further negative impacts on sectors like manufacturing and mining that goes beyond weak global demand and low commodity prices, the impacts of which are currently being felt. Localised electricity generation units are being installed across businesses to deal with power outages; however these are expensive to run and thus only offer a short term-solution to electricity supply issues. Although mining output improved by 3.1% in 2015, the low commodity prices still have a negative effect while the disruption by strikes a year ago negatively affected mining viability. In 2014 output declined by 1.6% - thus lowering the output base. Inconsistent supply of electricity typified by load shedding to some extent explains the weak performance of manufacturing where production increased by only 0.1% in 2014 and 2015. This is disappointing given the competitive prices due to the weaker rand exchange rate.

Average terms granted in South Africa still remain at around 30 days. This is the industry norm and has been for many years. Requests for term extensions are a consequence of the current economic environment in South Africa. Average terms requested are currently residing at 45 days given these pressures on working capital and the declining ability of companies to fund this from the banking sector due to reduced credit appetite from financial institutions. Many suppliers whom are finding it difficult to fund DSO increases are resorting to push less strategic accounts onto cash terms.

South Africa as an economy is still heavily entrenched in the primary production market. Given weak commodities trading globally and a volatile labour market has placed a massive financial strain on this sector. With financial strain in this primary sector there is a slow but noticeable trend of payment delays down the line into secondary and tertiary markets. Companies then try to manage their working capital by delaying payments instead of approaching financial institutions to fund such given rising interest rates.

Working capital finance is not broadly used in South Africa as businesses generally engage in traditional fixed asset-backed and unsecured credit facilities. There is a slow emergence towards the medium enterprise sector on the use of Debtor's book funding. With DSO periods slowly increasing across the industries on accounts not granted on cash term, companies are slowly adopting a willingness of accepting factoring costs involved with debtor financing as

opposed to having to conform to higher DSO norms. This is particularly advantageous when single invoice discounting can be adopted where the counterparty is large enterprise or publicly traded company. The default risk on these entities are lower than other trade debtors on companies books and generally dictate longer payment terms with large invoices. "Selling" these debts off to a financial institution is advantageous in that it brings forward large ticket items on a debtor's book thus reducing DSO in the process."

Payment analysis

The percentage of punctual payers in South Africa in 2015 was 35,9% of the total, meanwhile, 29,5% of the total tended to pay commercial transactions on average between 1 and 30 days late.

Intermediate late payment classes ("30-60 days" and "60-90 days") account for 26,9%, whereas bad payers (more than 90 days late on average) represent 7,7% of the total.

It can be seen that in the last three years payment percentages have undergone a change in trend of payment: the share of good payers ("By due date" class) decreased by more than 29 percentage points compared with 2014 and of 21% compared with 2013; there was a similar growth in the intermediate payment class ("Up to 90 days" class), meanwhile in terms of serious late payment (over 90 day on average), these remained stable over time.

The best performances in terms of punctual payments can be seen in the following sectors: Social and personal services (36,2%), Forestry and fishing (36%) and Finance services (35,4%).

Payment conditions, on the other hand, are more problematic in the Mining and quarrying, in which only 32,7% of companies respect agreed terms.

For all product groups there is a widespread tendency to manage commercial transactions with late payments of between 1 and 30 days late: the share of companies in this category is over 29% in each of the sectors analyzed.

In the serious late payment class (over 90 days late on average), the best performance is in the Forestry and fishing with a percentage of bad payers of 4,4%, whereas the concentration in this class for Mining and quarrying reach 10,4%.

TABLE 34.1 SOURCE: TRANSUNION AFRICA

PERCENTAGE OF COMPANIES IN SOUTH AFRICA WITH ON TIME PAYMENTS, 2013-2015

	2013	2014	2015
South Africa	56,9%	65,6%	35,9%

TABLE 34.2 SOURCE: TRANSUNION AFRICA

PERCENTAGE OF COMPANIES IN SOUTH AFRICA WITH LATE PAYMENTS OF MORE THAN 90 DAYS, 2013-2015

	2013	2014	2015
South Africa	7,6%	8,2%	7,7%

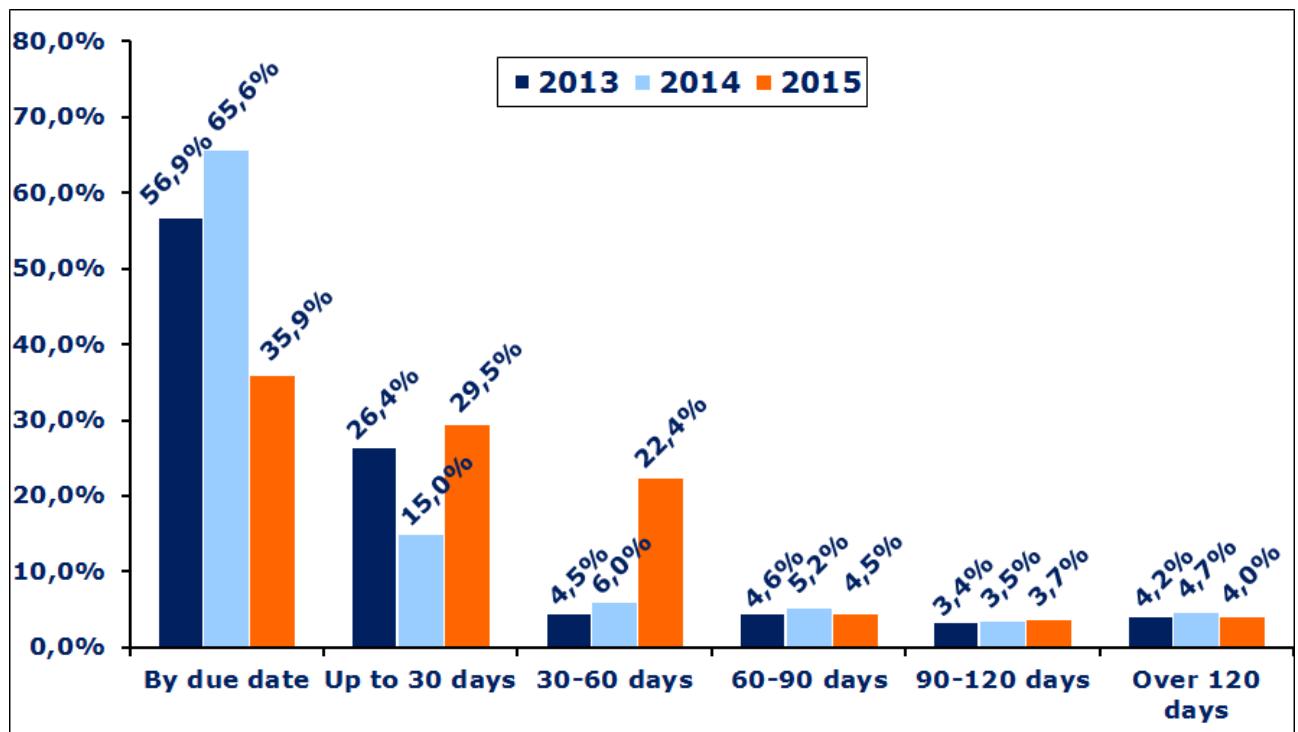
TABLE 25.3 SOURCE: TRANSUNION AFRICA

VARIATIONS IN PAYMENT PRACTICES IN SOUTH AFRICA, 2013-2015

	Variation 2013/2015	Variation 2014/2015
By due date	-21,0%	-29,7%
Up to 90 days	20,9%	30,2%
Over 90 days	0,1%	-0,5%

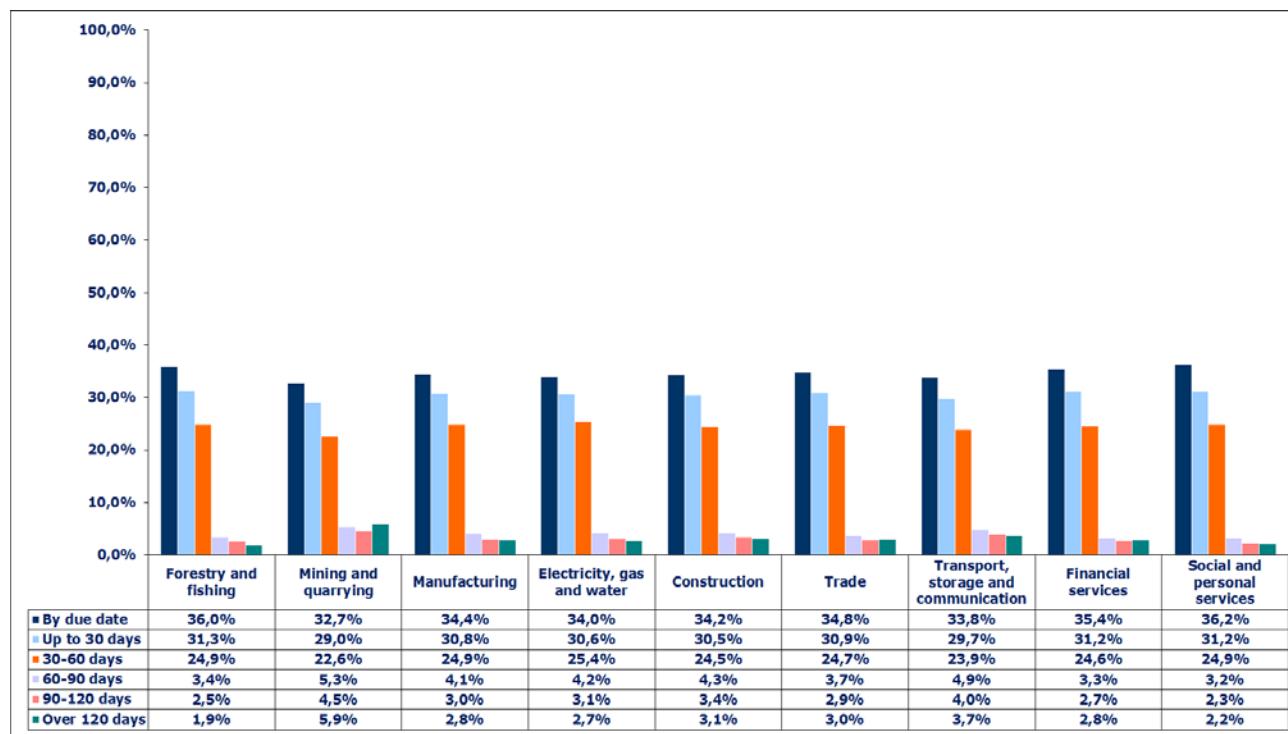
GRAPH 34.4 SOURCE: TRANSUNION AFRICA

PAYMENT PRACTICES IN SOUTH AFRICA BY PAYMENT CLASS, 2013-2015



GRAPH 34.5 SOURCE: TRANSUNION AFRICA

PAYMENT PRACTICES IN SOUTH AFRICA BY PRODUCT SECTOR, 2015



CONCLUSIONS

As seen in previous editions, the 2016 Payment Study show a certain heterogeneity in payment practices and rather different trends between the countries examined, characterized by individual reactions to growing macroeconomic difficulties and the increasingly extensive credit crisis which has hit economic systems around the world.

In particular, payment performance in 19 European countries in 2015 was analyzed, and once again the trends between one country and another are very different.

The European average in the punctual payment class remained unchanged, with 37,5% of the total and a decrease of 0,1 percentage points compared with the previous year. However, the percentage of companies paying on average more than 90 days beyond agreed terms has decreased, with a European average of 3,5%.

The best performance was seen for Denmark, which reached a percentage of 87% of punctual payers, followed by Germany (72,3%) and Hungary (59,8%).

Turkey, The Netherlands, Spain, Poland, Slovenia, Belgium, Czech Republic and France had percentages of punctual payments above the European average. In this case, however, the concentrations are lower and vary between 38,1% (Belgium) and 54,1% (The Netherlands).

Companies in United Kingdom, Bulgaria, Romania and Greece, on the other hand, have greater difficulty in respecting agreed commercial agreements, with less than 25,1% in this payment class. The worst data, as in the previous edition, comes from Portuguese companies, which manage to pay within due dates in only 20,1% of the cases analyzed.

An analysis of performance in the more serious late payment classes (over 90 days on average) also shows differing situation between the European countries analyzed. Companies in Greece and Poland present the most problematic situation, with percentages greater than 14%, giving a difference from the European average of more than 10 percentage points. Turkey (5,1%), Italy (4,4%) and Ireland (3,5%) are in an intermediate position. The proportions for the remaining countries are stable and contained (less than 1% for Finland, Czech Republic, Hungary, Germany and Denmark).

Twelve non-European countries were considered in the 2016 edition of the study: the United States, Canada, Mexico, China, Hong Kong, Taiwan, Singapore, Philippines, Australia, New Zealand, Thailand and South Africa.

The situation for Taiwan and Mexico is positive, with 67,3% and 55,6% of punctual payers.

The situation in the United States has not changed significantly in the last year (53,8% of good payers), while in Canada we see a decrease of more than 8%.

In Singapore, the percentage of companies that pay punctually reaches 53%.

In 2015, Chinese, Hong Kong and South Africa companies stand out for a less than efficient payment behavior. Over the period in question, only around 33% of companies managed commercial transactions with their trading partners within established contractual arrangements.

Australia and New Zealand show very low results: only 2,3% of companies Zealanders and only 3,5% of Australian companies belong to "Minimal" class.

The worst result regarding punctual payments is seen for Thailand and Philippines, with only 19,5% and 2,8% in this class.

High percentages in the serious late payment classes are seen for Philippines (51,5%) and Singapore (35,4%). In China, Thailand and South Africa companies that pay on average more than 90 days later than agreed terms are between 6% and 8% of the total, in the United States the concentration in this bracket reaches 3,5 percentage points, meanwhile in Hong Kong the percentage is 2,3%. The other countries show values lower than 1,2% in the class examined.

The payment situation in Italy in 2015 confirms the negative trend which started in the last few years: in fact, the share of "good payers" has suffered a decrease of 1,9% compared with 2014, with 35,7% of the total. Furthermore, the percentage of punctual payers is still less than the values seen before the economic and financial crisis (50,8% in 2007 and 49,6% in 2008).

However, there has been a little decrease of 0,7 percentage points over 12 months in serious late payments, reaching 4,4% of the total.

On the basis of results for the first quarter of 2016, it is possible to see a decrease in the punctual payment class.

In conclusion, what emerges for 2015 is a diverse picture, with very different payment scenarios between the countries under examination.

International events, specific domestic patterns, industrial characteristics and business culture in each country, mean that the scenarios and trends in the different countries vary very much, and in some cases patterns have changed course compared with previous years.

Macroeconomic forecasts maintain a certain negativity even for this year and still expected a period marked by critical for the different countries examined. This means that for 2016 businesses will have to carry out careful research and evaluation of commercial information on trading partners in order to sufficiently safeguard their cash flow and quickly manage breaches in contract and late payments by customers and suppliers.