



# Atradius Payment Practices Barometer

International survey of B2B payment behaviour  
Brazil – Key survey results

## Brazil – key survey results

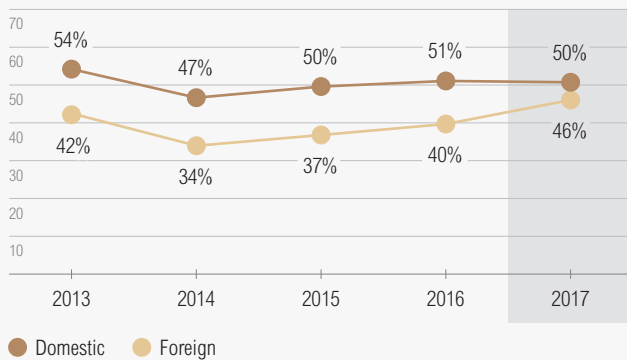
Brazil's economy is recovering slowly with GDP growth expected to pick up to 0.6% this year after declining 3.6% in 2016. Given its relatively low share of exports to the US, Brazil is less vulnerable to the threat of US protectionism than other countries in the Americas region. However, despite China being a bigger trade partner than the US, respondents in Brazil worry more about risks stemming from US protectionism than risks arising from the slowdown in Asia or from Brexit.

### Sales on credit terms

Compared to all other countries surveyed in the Americas (Mexico, USA, Canada), and similarly to what was seen in 2016, respondents in Brazil had the most credit friendly stance. Moreover, there was a small increase in the proportion of B2B sales made on credit in Brazil in 2017 (47.7%) than in 2016 (45.5%).

- On average, 49.9% of the sales to domestic B2B customers was transacted on credit. This is higher than the 45.5% of sales made on credit to foreign B2B customers.
- The greater reluctance to offer credit to foreign B2B buyers and the higher level of trust when dealing with compatriots is common in Brazil and in the Americas region (with the exception of the US, which showed no clear preference in 2017).
- According to the survey findings, the 2017 proportion of B2B sales on credit terms in Brazil (47.7%) is also slightly higher than that registered in the Americas overall (45.5%).

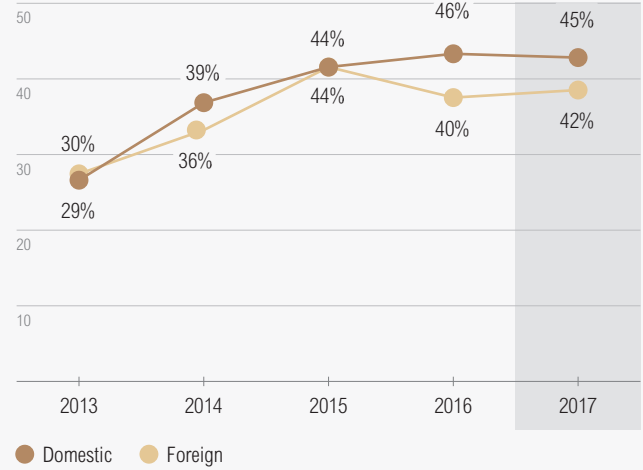
B2B sales on credit in Brazil (%)



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – September 2017

More information in the [Statistical appendix](#)

Past due B2B receivables in Brazil (avg. %)



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – September 2017

More information in the [Statistical appendix](#)

### Overdue B2B invoices (%)

Following a minor decrease from 44.0% in 2015 to 43.3% in 2016, the percentage of overdue B2B invoices in Brazil appears to be flattening out, rising to 43.6% in 2017.

- In 2017, 92.7% of respondents in Brazil reported late payments from their domestic B2B customers. This percentage is higher than that registered in respect to foreign B2B customers (86.5%).
- The percentage of respondents reporting late payment by their domestic and foreign B2B customers this year increased compared to 2016 when 91.4% cited this in regards to their domestic B2B customers and 80.3% in respect to their foreign B2B customers.
- On average, 44.8% of domestic invoices and 42.4% of foreign invoices remained unpaid at the due date. The domestic percentage decreased slightly compared to 46.4% registered in 2016. In contrast, the proportion of foreign past due B2B invoices increased slightly from 40.2% registered last year.
- The Days Sales Outstanding (DSO) figure in Brazil is 30 days (no change from 2016). This is five days shorter than the DSO figure for the Americas overall.
- Looking ahead, 36.8% of respondents in Brazil said that they do not expect changes in their annual DSO figure in the coming 12 months. However, 30.6% foresee a slight increase and 17.7% expect a slight decrease.



## Payment duration (average days)

With an average of 63 days, Brazil has the second longest invoice to cash turnaround in the Americas, after Mexico (75 days).

- In 2017, domestic B2B customers of respondents in Brazil were given, on average, 31 days from the invoice date to settle their invoices. This is two days shorter than the average domestic payment term in 2016.
- In contrast, average payment terms granted to foreign B2B customers have been extended from 29 days in 2016 to 33 days this year.
- Respondents in Brazil reported a small decrease in the average payment delays of their domestic and foreign B2B customers. Domestic B2B customers of respondents in Brazil delayed payments, on average, by 30 days (2016: 32 days). Foreign B2B customers delayed payments 31 days on average (2016: 32 days).
- Despite the small changes in payment terms and payment delays, and similar to 2016, suppliers in Brazil needed to wait about 63 days to turn B2B invoices into cash.
- When compared to the regional average, in 2017 respondents in Brazil had to wait two days longer than their peers in the Americas (61 days). This is different than in 2016 when the regional average stood at 66 days and was three days longer.

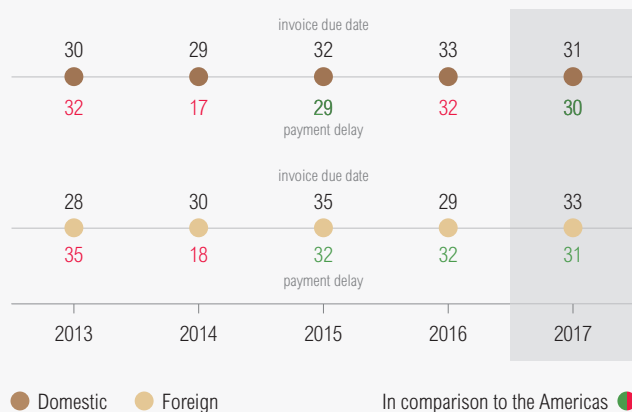


## Key payment delay factors

Insufficient availability of funds was the most frequently mentioned reason for payment delays in Brazil and in the Americas overall.

- 39.8% of respondents in Brazil cited insufficient availability of funds as the primary reason for payment delays by their domestic B2B customers. This compares to a slightly higher percentage of 41.8% in the Americas overall.
- Looking at payment delays by foreign B2B customers, 31.6% of respondents in Brazil said that delays occurred mainly because of the complexity of the payment procedure. This is also the most frequently cited reason at regional level (29.7%).
- Domestic payment delays also occurred because of the buyers' use of outstanding invoices as a form of financing and the formal insolvency of the buyer (both 23.9%). At regional level, 28.2% respondents cited buyers' use of outstanding invoices as a form of financing and 23.3% the formal insolvency of the buyer.
- A second main reason for payment delays by foreign B2B customers was inefficiencies of the banking system, stated by 28.7%. This differs from the second most frequently cited reason at regional level (insufficient availability of funds: 28.3%).
- A low 17.8% of respondents in Brazil said that payment delays did not have a significant impact on their businesses. 22.2% said that late payments caused a loss of revenue and a staggering 43.3% said that they needed to take specific measures to correct cash flow.

### Payment duration in Brazil (avg. days)



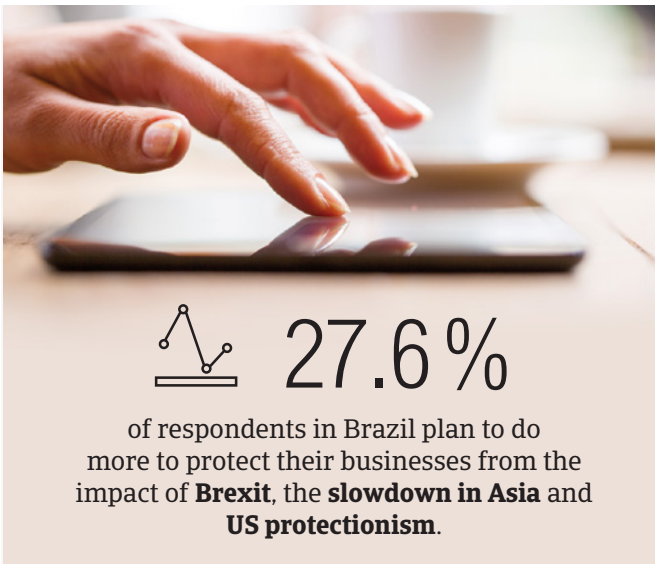
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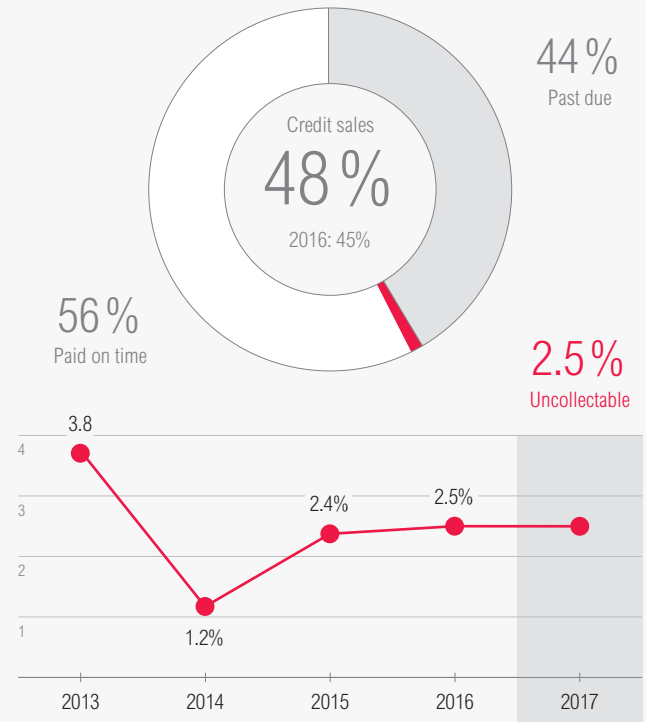
## Protection of business profitability

Along with Mexico (30.7%) and the US (27.7%), respondents in Brazil (27.6%) are some of the most likely to increase their use of credit management tools against the potential impact of Brexit, the slowdown in Asia and US protectionism.

- 47.1% of respondents in Brazil reported that they will make no changes in their current mix of credit management tools. However, 27.6% - a higher percentage than that registered at regional level (25.9%) said that they intend to do more to protect themselves against the risks surrounding the above-mentioned developments.
- Respondents in Brazil are most likely to increase checks on buyers' creditworthiness (cited by 32.5%) and monitoring of buyers' credit risk (31.1%). Their peers in the Americas demonstrate a similar profile for risk management intentions (increase creditworthiness checks: 28.2%, increase monitoring of buyers' credit risk: 30.8%).
- US protectionism seems to be the most likely to spur respondents in Brazil to adjust their credit management practices by increasing creditworthiness checks: 36.0% and increasing credit risk monitoring: 33.7%.
- To manage potential risks stemming from Brexit and the slowdown in Asia, respondents in Brazil stated their intention to increase creditworthiness checks on their buyers (Brexit: 28.7%; slowdown in Asia: 32.9%) and monitoring of their buyers' credit risk (Brexit: 27.3%; slowdown in Asia: 32.2%).



## Uncollectable B2B receivables in Brazil (% of total value of B2B receivables)



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – September 2017

More information in the [Statistical appendix](#)

## Uncollectable receivables

Among the countries surveyed in the Americas, Brazil had the highest value of B2B receivables written off as uncollectable (2.5%). This is slightly higher than the percentage registered at regional level which stood at 2.1%.

- Like in 2016, domestic receivables were written off as uncollectable more often than foreign ones. While the total value of B2B receivables written off as uncollectable has remained steady at 2.5%, small changes occurred in respect to the two different types of customers.
- More specifically, there has been a small decrease in the value of domestic B2B write-offs from 2.0% in 2016 to 1.8% in 2017. There was a slight increase in the value of foreign write-offs in 2017 compared to 2016 (0.7% versus 0.5%).
- Uncollectable domestic receivables in Brazil originated most often from the consumer durables, construction and financial services sectors.
- B2B receivables were reported to be uncollectable mainly because the customer went bankrupt or out of business (53.4%), the failure of collection attempts (39.2%) or the inability to locate the customer (36.9%).

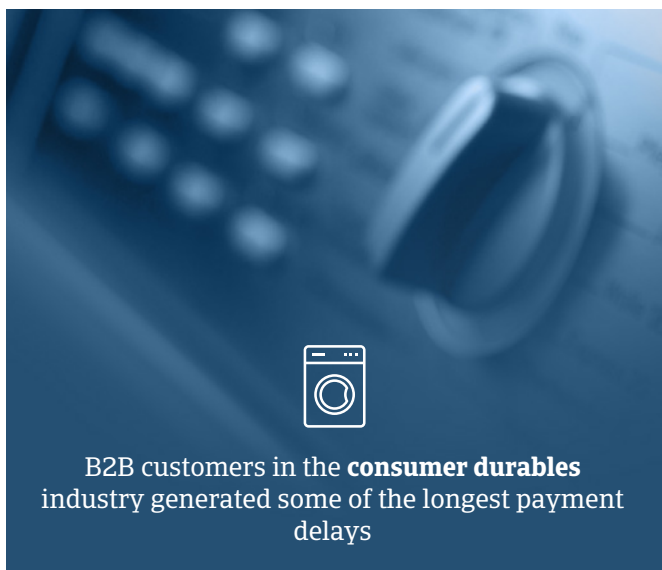
Read more in the Global Collections Review by Atradius Collections available on October 24, 2017.



## Payment practices by industry

Looking ahead, more respondents in Brazil expect a small improvement than deterioration in the payment behaviour of their B2B customers over the coming 12 months.

- Based on the survey findings, respondents in Brazil extended the most lenient payment terms to B2B customers in the machines sector (56 days from the invoice date), metals (39 days) and the paper (30 days) sectors. The shortest payment terms were granted to B2B customers in the construction materials and business services (18 days each) sectors.
- Customers in the consumer durables and chemicals sectors generated some of the longest delays. B2B customers in these sectors, paid on average 50 and 47 days late respectively.
- The most frequently cited reason for late payment of invoices was insufficient availability of funds, reported by 40.0% of respondents in the consumer durables sector and by 47.0% of respondents in the chemicals sector.
- The second most cited reason for payment delays in the consumer durables sector was buyers' use of outstanding invoices as a form of financing (cited by 32%) while in the chemicals industry it was the complexity of the payment procedure (37.0% of respondents).





## Statistical appendix

Statistical appendix to this report is part of the September 2017 Payment Practices Barometer of Atradius (survey results for the Americas) available at [www.atradius.com/publications](http://www.atradius.com/publications)

[Download in PDF format](#) (English only).

## Survey design

For more information about the Atradius Payment Practices survey objectives and scopes, please see [Survey Design](#).



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For more **insights into the B2B receivables collection practices** in Brazil and worldwide, please see the Global Collections Review by Atradius Collections (free download after registration), available from October 2017 on [www.atradiuscollections.com](http://www.atradiuscollections.com)

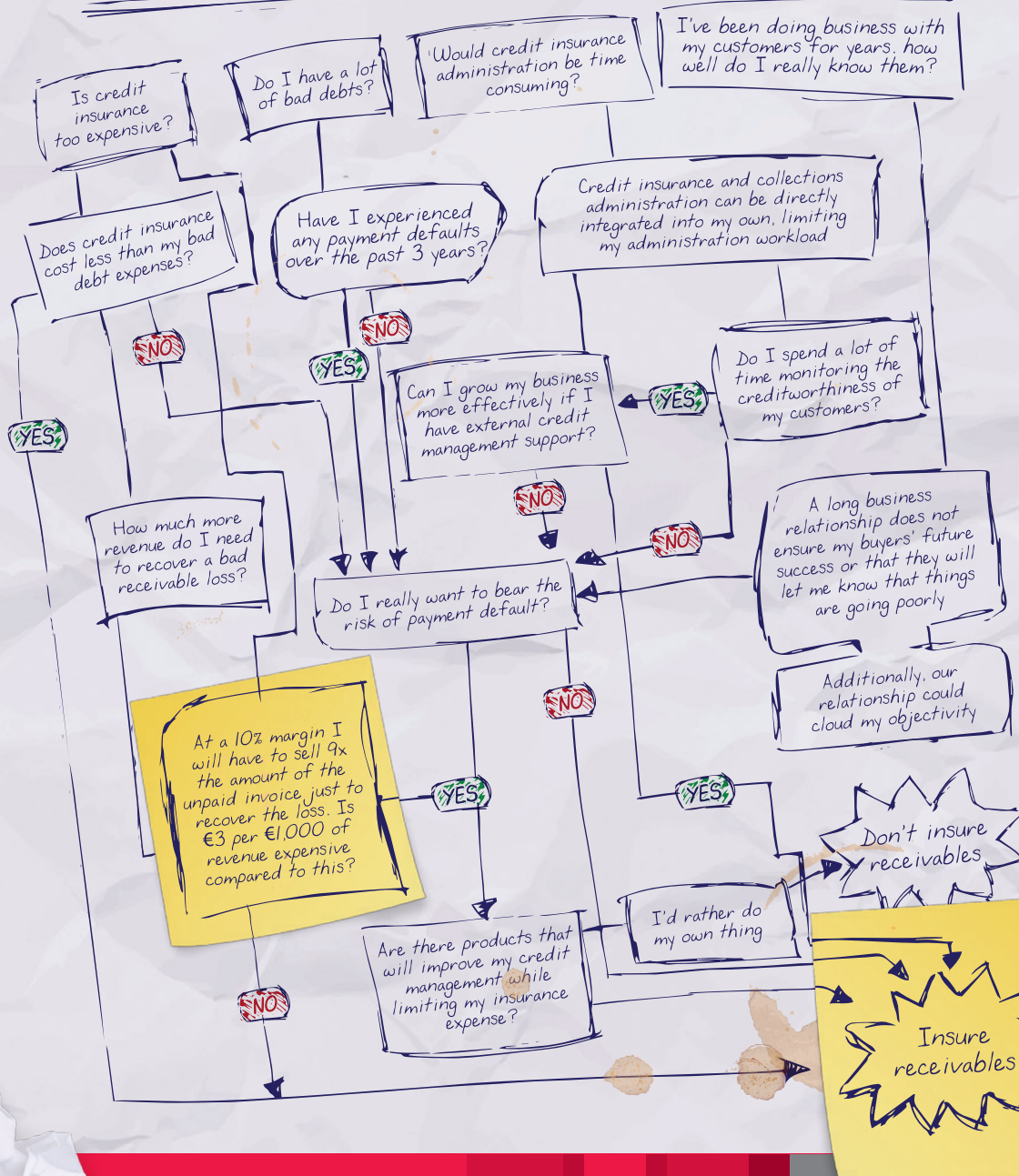
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