

Press release

Payment terms in Spain: Microenterprises the most reliable

Nearly 50% of Spanish microenterprises pay on-time vs only 12% of large and multinational companies

MADRID – 2 MARCH 2015 - [Solunion](#), a joint venture created by [Euler Hermes](#) and [MAPFRE](#), analyzed trends in Spanish companies' payments to suppliers based on companies' own data and the 2014 Risk Index¹ and determined that microenterprises were the most reliable business partners.

The average payment term - calculated from the invoice issue date to the payment receipt date - is around 99 days in Spain compared to 46 days in Europe overall. This difference also appears in the average payment terms of public administrations, which take the longest to pay (154 days in Spain vs. 58 days in Europe), companies (83 days vs. 47 in Europe) and consumers (61 vs. 34). Along with Ireland, Italy and Portugal, Spain ranks among the worst payers, while Germany, the Netherlands, Belgium, France and Denmark respectively top the list of responsible countries.

The situation improves when losses due to non-payment are analyzed. Whereas the European average is 3.1%, the Spanish average is 2.9%. In Europe, the sectors most affected by non-payment are professional services (4.4%), education (4.2%) and construction (4%). According to Solunion loss indices have, however, also increased in the food, services, hotel and metal industries. The sectors least affected by non-payment are manufacturing (2.3%), transport and logistics (2.1%) and supplies and energy (2.1%).

In terms of company size, large companies and multinationals have the longest average payment terms, mainly due to their bargaining power and ability to pressure suppliers. Microenterprises and SMEs, on the other hand, pay more quickly due to the smaller size of their finance departments and limited contractual bargaining power. According to data from CEPYME (Spanish Confederation of Small and Medium Enterprises), in the third quarter of 2014 the average collection period decreased by 0.5 days at microenterprises (77.1 days), by 0.8 days at small companies (81.8 days), and by 1.2 days at medium-sized companies (84.2 days).

The 2014 Risk Index, which uses payment behavior and non-payment risk as reference points, reveals that customers' financial difficulties are not the main cause of payment delays. Often, such delays are intentional. The implementation of the European Directive to combat late payments has therefore had very limited impact in improving this data.

Fund transfers, including both cash in advance and open accounts, are the most common methods of payment in international trade. Despite the significant advantages of documentary credit (payment guarantee and ease in obtaining financing), its use has decreased in Spain due to high costs. The use of promissory notes has also recently declined, particularly since the financial crisis. They have become weaker as a payment guarantee - including as a means of financing through bank discount - as legislation changes such as bankruptcy law and collection proceedings reduced the advantage of promissory notes over other means of payment.

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Media Contacts

Euler Hermes Group Media Relations
Remi Calvet – +33(0)1 84 11 61 41
remi.calvet@eulerhermes.com

Publicis Consultants
Romain Sulpice +33 (0)1 44 82 46 21
romain.sulpice@msfrance.com

¹ The Risk Index is an annual survey conducted by Intrum Justitia among thousands of companies in 31 European countries and in Russia and Turkey.

Solunion Communication Department
Eva Muñoz +34 91 417 80 11
eva.munoz@solunionseguros.com

Euler Hermes is the global leader in trade credit insurance and a recognized specialist in the areas of bonding, guarantees and collections. With more than 100 years of experience, the company offers business-to-business (B2B) clients financial services to support cash and trade receivables management. Its proprietary intelligence network tracks and analyzes daily changes in corporate solvency among small, medium and multinational companies active in markets representing 92% of global GDP. Headquartered in Paris, the company is present in over 50 countries with 6,000+ employees. Euler Hermes is a subsidiary of Allianz, listed on Euronext Paris (ELE.PA) and rated AA- by Standard & Poor's and Dagong Europe. The company posted a consolidated turnover of €2.5 billion in 2014 and insured global business transactions for €860 billion in exposure at the end of 2013. Further information: www.eulerhermes.com, [LinkedIn](#) or Twitter [@eulerhermes](#).

About Solunion

Solunion Seguros de Crédito offers credit insurance solutions and services for companies in Spain and Latin America. Established in 2013, present in Spain, Argentina, Chile, Colombia and Mexico, it is a joint venture owned equally by [MAPFRE](#), a multinational insurance company present on the five continents, market leader in Spain and first multinational insurance group in Latin America, and by [Euler Hermes](#), the global leader in trade credit insurance and a leader in bonding and collections. Solunion offers clients an international network of risk monitoring from which it analyzes the financial stability of more than 40 million companies. An extensive distribution network responds to the needs of companies of all sizes in a wide range of trade sectors.

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