

## Press Release

### **Euler Hermes Italy: Updated benchmark on the business use of credit management tools, by Format Research**

- 61.4% of companies interviewed have refused orders due to causes connected with customer insolvency
- 80% of companies exporting to non-EU markets dedicate 25% of their investments to credit management tools
- 52% believe that credit insurance is one of the most effective credit management tools
- 41.4 % choose credit insurance for risk assessment of client solvency

ROME – 01 JULY 2013 -- [Euler Hermes](#), worldwide leader in [credit insurance](#), today published the results of a study of the main credit management tools used by Italian businesses, commissioned from [Format Research](#), a Rome-based socio-economic analysis and research institute.

The research, conducted on a sample of 1,000 companies evenly distributed throughout the country, involved consultation and analysis of primary information sources including Ania, Bank of Italy, Confcommercio, Eurostat and ISTAT.

“Italy as a country is generally underinsured compared to businesses in the Anglo-Saxon, French and German countries,” said [Michele Pignotti](#), head of region of Euler Hermes Mediterranean countries, Africa and Middle East. “But in recent years we’ve seen an increasing interest by companies that had not previously used insurance to manage credit risk. We wanted to analyze whether the cause was solely the economic crisis, or a real cultural shift toward tools that have protection of the business as their primary objective.”

#### **The Economic Context (\*)**

The national scenario is characterized by a significant economic slowdown (-1.8% GDP expected in 2013), an increase in insolvency levels (+ 7% in 2013; 13,300 cases) and by increasing difficulty in gaining access to credit (just under 28% of 2013 SME financing requests have been approved by banks\*\*). No change is expected prior to year-end, before returning to positive levels in 2014 (GDP + 0.3%). In this context, the companies most affected by insolvencies and failed payments are those in trading (30%), industry (22%) and construction (16%). Despite the early decline by exports shown in April data, exports remain the only engine of growth.

#### **The Results**

The study found that the effective management of trade credits, which typically account for more than 30% of a company’s assets, is today a determining factor for the healthy and sustainable development of businesses in the medium to long term. Credit insurance is being used as a valid tool for mitigating risk for 52% of businesses surveyed that operate in domestic and export markets, and as an important “credit enhancer” to facilitate access to credit.

Analysis showed increasing financial prudence among companies who refused orders due to the risk of customer insolvency. As compared to 2009-10 when 52.5% of companies interviewed had rejected at least one client order due to concerns about insolvency, in 2010/2011 the percentage rose to 61.4%. The main credit management tools available to companies - financial performance data, factoring, credit insurance and debt collection – were also analyzed. On average, respondents named financial performance data as the most valuable (64.3%), followed by credit insurance (52,4%). However, “large company” respondents considered credit insurance to be most effective (42.9%).

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(\*) Sources : Euler Hermes, Insolvency Outlook n.1194 – Economic Outlook Forecasts

(\*\*) Source : Format, Enterprises Trend Observatory

Financial tools that address the risk of insolvency - particularly those related to monitoring and analyzing economic and political risk - were seen as crucial in export markets. 80% of Italian companies conducting business outside the EU dedicate up to 25% of their investments to credit management instruments in order to operate in these markets.

Statistics demonstrated that in the past five years the use of credit insurance has increased mainly among medium-sized and large Italian companies in the northeast and northwest. The two primary reasons for its use were coverage and compensation for losses sustained through economic risk (76.1%), and prior assessments of customer solvency (41.4%). The key criteria in selecting a credit insurance provider: the greatest perceived experience (76%).

“At the end of the first half of 2013, Italian companies are beginning to see some light despite a long and uncertain horizon for recovery and growth,” said Pierluigi Ascani, president, Format Research, “The data suggests that while uncertainty restrains a company’s investment programs, it does not necessarily affect its ability to respond to the recession. This most recent study indicates prudent companies are adjusting their understanding and use of credit insurance, seeing it less as a tool to mitigate credit risk and more as a strategic and effective driver of business development or expansion.”

Euler Hermes established trade credit insurance activities in Italy in 2002 with the acquisition of Società Italiana Assicurazioni (SIAC), which was originally established in 1927. With 400 employees based in the Rome headquarters and regional office, Euler Hermes Italy realized a 2012 turnover of approximately €221 million and today serves more than 4,500 customers across a range of business sectors and sizes.

**Euler Hermes** is the worldwide leader in credit insurance and one of the leaders in the areas of bonding, guarantees and collections. With 6,000+ employees in over 50 countries, Euler Hermes offers a complete range of services for the management of B-to-B trade receivables and posted a consolidated turnover of €2.4 billion in 2012.

Euler Hermes has developed a credit intelligence network that enables it to analyze the financial stability of 40+ million businesses across the globe. The Group insured worldwide business transactions totaling €770 billion exposure end of December 2012.

Euler Hermes, a company of Allianz, is listed on Euronext Paris. The Group is rated AA- by Standard & Poor’s.

For more information visit [www.eulerhermes.com](http://www.eulerhermes.com) or follow us on Twitter [@eulerhermes](https://twitter.com/eulerhermes)

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