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## PRESS RELEASE

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### European Payment Report 2016:

## Big companies' intentional late payments put a brake on job creation

- A new European Payment Report from Intrum Justitia shows that small and medium sized enterprises (SME) are being squeezed by large corporation's cash flow management across Europe.
- One out of three SMEs says that not getting paid in time threatens the survival of the company.
- A share representing 7.7 million enterprises say that they could hire more employees if they were paid faster and a great majority believe that the withholding of payments after due date is intentional.

Late payments, as well as long payment terms, cause trouble for enterprises all over Europe and the consequences can be counted in lost jobs and growth opportunities. More than every third SME (34 %) say they could hire more employees if they were paid faster, according to the survey presented in Intrum Justitia's annual European Payment Report. For this report, 9,440 companies were surveyed about payment duration and economics.

Furthermore, one in four of Europe's large companies say they could hire more employees if they were paid faster, leading to substantial job potential in higher paying disciplines. In fact, Intrum Justitia's survey reveals that 7.7 million companies across Europe could make more hires if they were compensated within a shorter time period.

**Mikael Ericsson, CEO of Intrum Justitia, said** "It is a market failure that costs job opportunities for millions of Europeans that big corporations deliberately force SMEs to finance their cash flow. As much as two out of five SMEs say late payments prohibit growth of the company. That large corporations use their much smaller sub-suppliers to act financier of their own cash-management processes is not only wrong, it also creates an imbalance in society."

Intrum Justitia's survey revealed that 45 per cent of the SMEs say that they have accepted longer payment terms than they are comfortable with and 35 per cent claim that the request to do so came from a large multinational client. Almost two thirds (63 %) claim that "intentional late payments" are among the main causes behind the delayed payments, suggesting that this problem could in large part be solved by new attitudes and guidelines.

"To put pressure on smaller companies to accept longer payment terms while creating instability, insecurity and fewer job opportunities cannot be in any business leaders' long-term interest," continued, Mr. Ericsson. "On the contrary, there is a link between corporate responsibility for shorter payment times

and a reduction in their long-term risk. I am convinced that questions about fair payment terms should be lifted high up on management's agenda and become an integrated part of a modern company's overall sustainability efforts.”

Late payments and/or long payment terms hurt enterprises of all sizes but the SMEs are less protected. In fact, 28 per cent of the SMEs claim that they neither use bank guarantees, credit insurance, credit checks, pre-payment, debt collection, or factoring to protect them against bad payments. The corresponding figure for large companies is 9 per cent. This discrepancy illustrates the extent to which small and medium sized companies are extremely vulnerable.

While Italy, Greece and Portugal are the three countries with the longest payment terms business-to-business, Italy, Portugal and Croatia are the three countries where enterprises report being paid the latest after bill due dates.

#### **About Intrum Justitia**

Intrum Justitia is Europe's leading Credit Management Services (CMS) group, offering comprehensive services, including purchase of receivables, designed to measurably improve clients' cash flows and long-term profitability. Founded in 1923, Intrum Justitia has some 3,850 employees and business operations in 19 markets. Consolidated revenues amounted to about SEK 5.6 billion in 2015. Intrum Justitia AB is listed on Nasdaq Stockholm since 2002. For further information, please visit [www.intrum.com](http://www.intrum.com)

#### **About Intrum Justitia European Payment Report**

The European Payment Report 2016 is based on a survey that was conducted simultaneously in 29 European countries between February and April 2016. In this report Intrum Justitia gathers data from thousands of companies in Europe to gain insights in the payment behavior and financial health of European businesses.

#### **To download the report, please follow this link:**

<http://www.intrum.com/Press-and-publications/European-Payment-Report/EPR2016/>

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*\* 33 % of survey respondents said faster payments from their debtors would definitely or probably enable them to hire more employees. The latest figure on number of enterprises in the surveyed countries based on Eurostat SBS is 23 325 251.*