

# EUROPEAN PAYMENT INDEX 2008

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Intrum Justitia, Europe's leading provider of Credit Management Services carries out a written survey in 25 European countries on an annual basis involving several thousand companies. The results of the survey are published in the present European Payment Index Report and the country reports, which are drafted in the respective national language.

This yearly interval is intended to capture and compare international trends and provide companies with a reliable basis for decision making and effective benchmarks.

The results in this report are based on a survey which was carried out during January – February – March 2008. All time-based comparisons relate to the survey results that have been obtained in February 2004, 2005, 2006 and 2007.

Intrum Justitia would be happy to help if you require any further support or information.

## FOREWORD: A CALL FOR ACTION



The harsh reality of modern economic life is that it is getting harder to get paid on time.

Companies, public authorities and private individuals across much of the European Union are taking longer to settle their outstanding invoices than ever before according to Intrum Justitia's latest annual European Payment Index survey. And, in general, the worst offenders are the very people who should be setting the best example in paying on time – public authorities.

There are almost certainly worse times ahead. The growing credit crunch along with the impact of higher oil and food prices will create a tougher lending climate for individuals and corporations as banks and other financial institutions adjust to the new reality.

The potential consequences for Europe of the late payment issue are dire. Late payments remain one of the most significant trade barriers in Europe, costing around €5 billion annually in additional costs for companies.

In fact, the very survival of many SME's is directly threatened by late payment. European Governments need to act to introduce better legislation and regulations that help SME's avoid the ultimate risk of bankruptcy due to late payment.

The evidence is that such tactics work. The Intrum Justitia Risk Index reveals that the lowest payment risks exist in the Nordic countries. The reasons are the readily available addresses and data, regulated structures, fast legal processes for small claims and fees for late payments. In most other EU countries these structures are just not present.

Another good example is the legislation in the French transport industry, where legislative changes have improved the amount of outstanding receivable considerably, thus ensuring better business for all in this industry.

At Intrum Justitia, we clearly see the negative effects on late payments to business, not least for SME's, and national economies. We also recognize the enhanced growth potentials stemming from better credit management practices.

In today's economic environment, it is absolutely vital to put credit management in focus by implementing such measures as harmonizing credit management rules and standards and thereby open up a freer flow of capital.

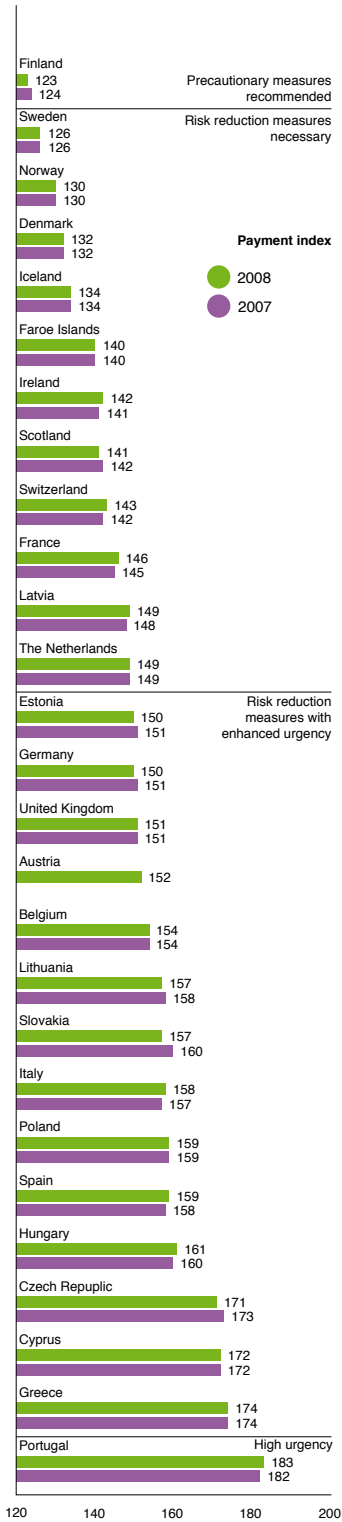
Intrum Justitia appeals to Europe's business and political communities to urgently take on an active role in this key task, moving both decisively and effectively.

Stockholm in May 2008

A handwritten signature in blue ink, appearing to read 'Michael Wolf'. The signature is stylized and cursive.

Michael Wolf, President & CEO Intrum Justitia Group

## IN BRIEF



Intrum Justitia, Europe's leading provider of Credit Management Services, annually surveys thousands of companies in 25 European countries on a variety of payment risk issues. The information gathered is used to better understand national and Pan-European payment risk relating to consumers and businesses alike.

### Summary of the results for 2008

The 2008 Intrum Justitia Payment Risks Survey indicates that payment risks among consumers, businesses and public authorities are expected to deteriorate over the next 12 months, despite the stabilisation seen during 2007 on a Pan-European level.

The evidence indicates that the fundamental changes required to combat late payment are still missing in the majority of countries.

The economic uncertainty facing Europe in 2008 due to the credit crunch and rising oil and food prices points to a period ahead when it will be even harder to get paid on time.

Payment risks have already increased in Switzerland, Spain, Italy, Ireland and France. The Nordic countries remain at their traditional low levels of payment risks, while the UK remains relatively stable.

The actual survey was implemented during January and February 2008, so the broader effects of the US credit crunch have yet to fully reveal their impact on the European economies.

Payment duration decreased on a Pan-European level compared to previous years.  
 59,2 days in 2006  
 58,6 days in 2007  
 55,5 days in 2008

Regional development	Payment duration in days 2006	2007	2008
Sweden, Norway, Denmark Finland	31.3	31.0	30.0
France, Belgium, The Netherlands	59.5	58.5	56.0
UK, Ireland	52.3	51.6	51.0
Germany, Austria, Switzerland	46.8	46.3	45.0
Estonia, Latvia, Lithuania	38.9	37.4	36.0
Portugal, Spain, Italy	91.5	91.1	91.0
Poland, Czech Republic, Hungary	44.8	45.5	45.0

Portugal, Greece and Cyprus are the countries where it takes longest to be paid, while the fastest is Finland followed by the other Nordic countries.

Payment delay increased from 16 days in 2007 to 17 days in 2008 - the highest level since 2004.

All three customer groups (Consumer, Business and Public Sector) contributed to the positive trend in payment duration, although strong regional and local differences exist. Still the public sector is the latest payer in many countries, with rather long delays in payment.

Pan European level	Payment duration in days	
	2007	2008
Consumers	42.0	40.0
Business	58.6	55.5
Public Sector	68.9	65.3

### Payment loss

Unfortunately the payment loss increased on a Pan-European level from 1,9% in 2007 to 2,0% in 2008. In 10 countries the payment loss increased. The lowest payment loss was measured in Finland (0,6%) and the highest in Lithuania and Czech Republic both 3%.

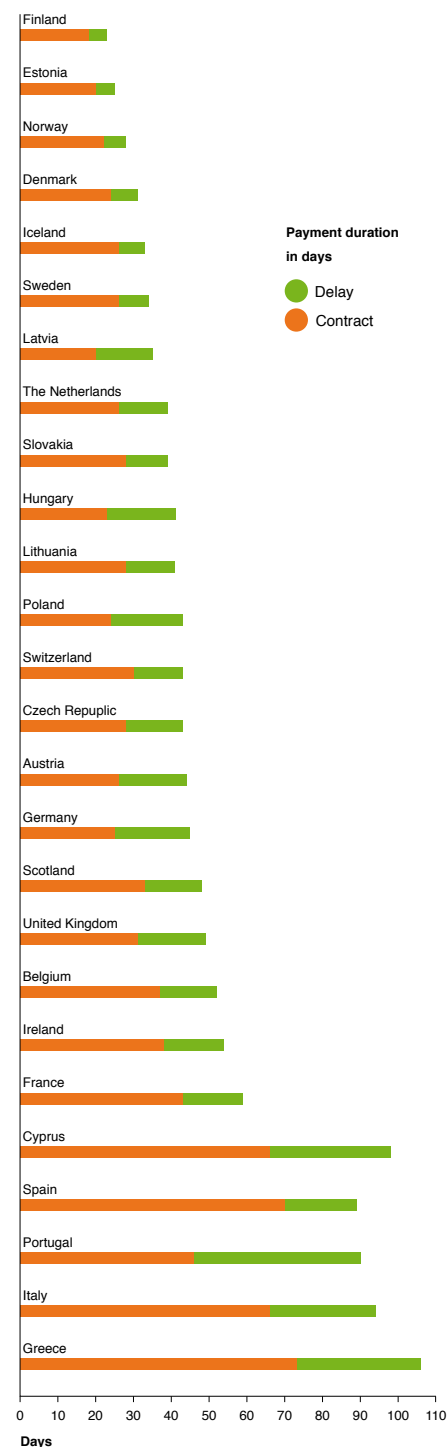
Regional development	Payment loss in % 2005	2006	2007
Sweden, Norway, Denmark Finland	1.1	1.1	1.1
France, Belgium, The Netherlands	2.0	1.9	2.0
UK, Ireland	1.6	1.8	1.7
Germany, Austria, Switzerland	2.2	2.0	2.0
Estonia, Latvia, Lithuania	3.2	3.1	2.9
Portugal, Spain, Italy	1.6	1.7	1.9
Poland, Czech Republic, Hungary	3.1	3.0	2.9

### Trend in payment risks

Some 55% of the companies surveyed believe that payment risks will remain the same, while 30% expect it to get harder to receive payment. Businesses in Hungary, Ireland, Portugal and Spain are the most pessimistic.

### Risk development is rather stable, a worrying fact for now

From a Pan-European perspective, according to the 2008 survey, the late payment trend has largely stabilized. In some countries, the risks decreased slightly, while in others there has been slight or no increase. However, this is actually of great concern against the background of current economic uncertainty due to external risk factors such as the credit crunch and oil and food price increases. The pan-European average for the amount of time to receive payment decreased from 58.6 to 55.5 days in 2008.



Improved economic growth since 2006 resulted in a positive decrease in payment risk in 2007 with the Payment Index stabilising at 150 points. This positive development is not surprising as payment behaviour shows the most significant fluctuations during a change in the economic cycle. Companies benefited during 2007 from increased order intake and cash flow, which was partly used to pay invoices more promptly. Increasing consumer confidence also led to private individuals using extra funds to settle their payments faster.

Unfortunately, the indications are that the positive scenario painted by experiences in 2007 may be a lull before the storm building on the following factors;

Credit crunch  
Higher oil + food prices  
Ageing workforce  
Low unemployment

Against the above background, companies are strongly advised in 2008 to;

- Analyse Risk portfolios
- Monitor customers creditworthiness, low <-> high
- Keep a constant eye on customers
- Have contact before the due date and discuss delivery, the invoice and payment
- Follow up directly after the due date
- Send claims to a professional intermediary

Thousands of managers responding to Intrum Justitia's annual European payment survey remain strongly concerned about the consequences of late payment:

- Uncertain and late payments make company managers seriously hesitant to pursue cross-border business;
- delayed invoice payments place their companies in a critical credit squeeze, which may endanger their survival;
- long payment periods strain cash flow and fuel uncertainty. As a result, they impede the development, competitiveness and profitability of SME's;
- late payment forces companies to spend an excessive amount of time chasing debtors, preventing them – and especially SME's - from spending adequate and timely investment in research and development, technology and the labour force.

“If late payment is becoming a trend it could have serious implications for the state of the economy”, wrote The Times in an April 2008 comment. Sadly, late payment has already become an unfortunate and dangerous trend.

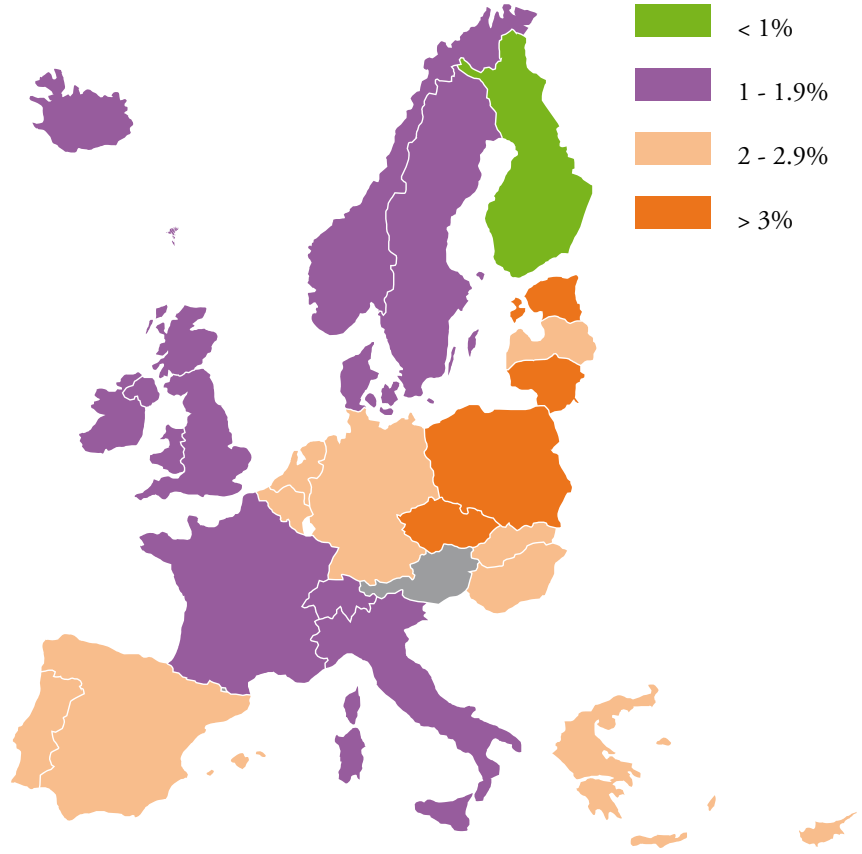
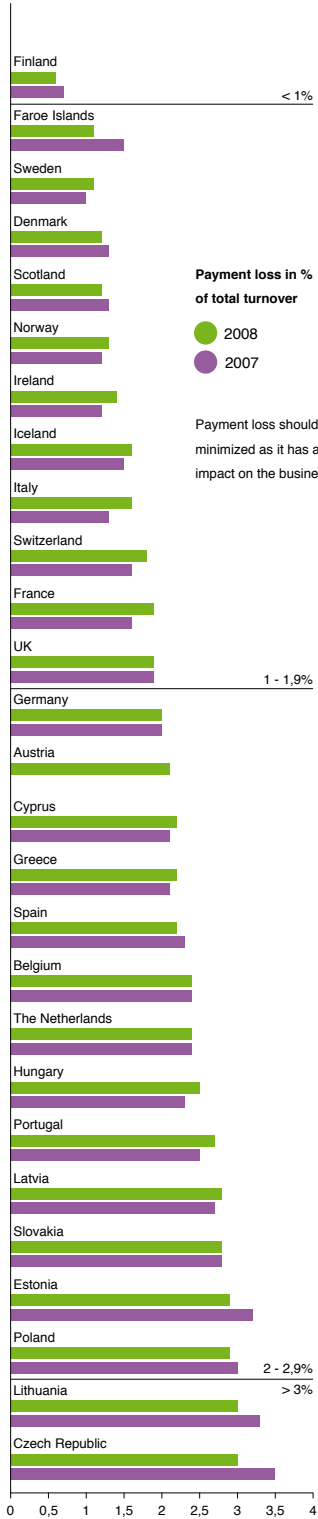
As long ago as 1997, the European Commission pointed out that “late payments represent an increasingly serious obstacle for the success of the single market”.

It is not just the success of the Single Market that is at stake as the size of the problem threatens to become an overwhelming force

- Around one billion invoices default each year in Europe and turn into debt collection cases;
- European business and official bodies lose an estimated € 25 billion every year because they are obliged to finance unnecessary credits.

Money frozen in late payments cannot be leveraged to fuel economic growth. It is only by encouraging faster and more secure payment that outstanding receivables can be directed towards new investments and business development. Late paying customers threaten the liquidity of their supplier and perhaps even put them at risk of bankruptcy. Furthermore, late and uncertain payment is very clearly a major impediment to cross-border trade, something that is core to the development and future prosperity of the new Europe.

# Payment loss









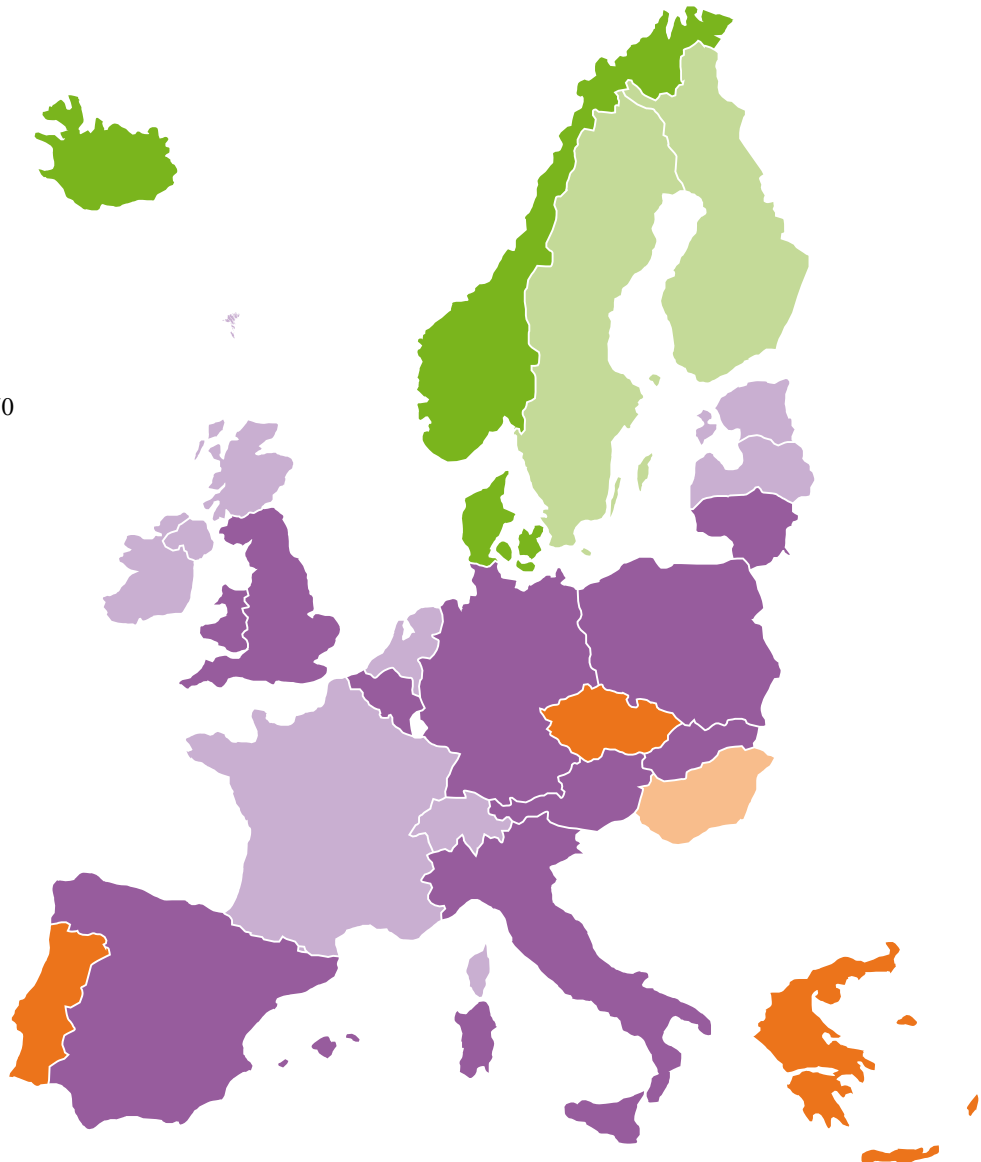


# EUROPEAN PAYMENT INDEX

Risk Index	Explanation of the Risk Index values
100	No payment risk, cash payments, payment at delivery or pre-payment, no credit
101-124	Stay alert to keep present situation
125-149	Intervention necessary
150-174	Intervention inevitable, take measures to lower the risk profile
175-199	Intervention emergency, take measures to lower risk profile
> 200	Case of emergency, take measures to lower risk profile

## Legend

	120 - 129
	130 - 139
	140 - 149
	150 - 159
	160 - 169
	More than 170



# COUNTRY REPORTS

## Risk profile

For each country, you will find an individual risk profile. In a easy to read way, the profile shows the basic criteria for the overall assessment of payment risks (Payment Index).

Explanation of risk indicators:

Duration	Calculation of the effective payment duration in days.
Delay	Calculation of the absolute duration of delay in days as well as in relation to the agreed payment term.
DSO	Calculation of the individual age groups in relation to the total value of the outstanding receivables. The different lengths of the contractually agreed payment terms are taken into consideration when assessing the age structure.
Loss	Calculation of the declared payment losses.
Forecast	Calculation of the forecast, prepared by the companies questioned, on how the payment risks are anticipated to develop.
Consequences	Calculation of the consequences stated by the companies of the payment risks for their company.

Please note the explanation below for a better understanding of the Payment Index.

## Payment Index

The payment index is used to compare different economies, regions or sectors. Alongside technical financial figures, the index is based on assessments from the companies surveyed. The data forming the basis of the index is generated yearly using a standardised written panel survey. List of basic data elements: Contractual payment term (in days); Effective payment duration (in days); Age structure of receivables (DSO); Payment loss (in %); Estimate of risk trends; Characteristics of the consequences of late payment; Causes of late payment. The Payment Index is calculated from eight differently weighted sub-indices, which are based on a total of 21 individual values.

Payment Index - Implications for Credit Policy

100	no payment risks, i.e. payments are made in cash, on time (or in advance) and without any credit
101 - 124	preventive actions - measures to secure the current situation are recommended
125 - 149	need to take action
150 - 174	strong need to take action
175 - 199	major need to take action
over 200	urgent need to take action

# AUSTRIA



## Economic Development (%)

		Average EU27
GDP per capita	US 39,000 (2008 est.)	
GDP growth	3.3 (2007)	2.9
Unemployment rate	5.3 (2008 est.)	6.8
Inflation	1.6 (2007)	2.1

Austria is facing a number of challenges to maintain its position as a wealthy European economy, which has enjoyed good growth in recent years. However, the emerging economies of Central Europe are playing catch-up. On the upside, Austria has a large service industry, a strong industrial sector and a small yet highly developed agricultural sector. Austria's geographical position in the heart of Europe and close ties to other European economies, especially Germany's, has allowed the country to benefit substantially from strong commercial relations, in particular in the banking and insurance sectors.

## Payment: Behaviour and Risks

Payment risks are showing a tendency to increase and action needs to be taken. However the number of receivables coming in on time in accordance with agreed terms – the average being 26 days in Austria – is an improvement over the figures for 2006. Payment loss increased compared to 2006.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	24.0	27.0	27.0
Average payment duration in days	44.0	35.0	47.0
Average delay in days 2008	20.0	8.0	20.0
Average delay in days 2005	16.0		

Of the businesses that responded, 74% think that the risk of late customer payment will remain the same whilst 16% think it will rise. The financial function is increasingly important for companies, with 20% of respondents saying they need more financial staff in the coming 12 months.

## Payment Index

2004	153
2005	151
2006	
2007	
<b>2008</b>	<b>152</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	51.4	29.9	18.7
2005	53.1	28.3	18.6
2006	54.9	32.5	12.6
2007			
<b>2008</b>	<b>65.0</b>	<b>21.0</b>	<b>14.0</b>

## Payment loss (%)

	total turnover	
2004	1.9	
2005	1.7	
2006	1.8	
2007		
<b>2008</b>	<b>2.1</b>	

## Main export

	Risk Index	
Italy	158	
Germany	150	
Switzerland	143	



## BELGIUM

### Payment Index

2004	162
2005	155
2006	161
2007	154
<b>2008</b>	<b>154</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004			
2005			
2006	47.2	33.5	19.3
2007	50.6	37.2	12.2
<b>2008</b>	<b>55.0</b>	<b>34.0</b>	<b>11.0</b>

### Payment loss (%)

total turnover		
2004	2.8	
2005	2.4	
2006	2.5	
2007	2.4	
<b>2008</b>	<b>2.4</b>	

### Main export

#### Risk Index

UK	151	
Germany	150	
Netherlands	149	
France	146	

### Economic Development (%)

		Average EU27
GDP per capita	US 32,997 (2005)	
GDP growth	2.4	2.9
Unemployment rate	6.9 (2006)	6.8
Inflation	3.6 (2006)	2.1

Belgium's modern, private enterprise economy witnessed slower growth during 2007 (2.4%) compared to 2006 (3.2%). Although slightly higher than had been predicted, Belgium's performance is now below the EU27 average. Unemployment continued to fall, decreasing from 7.7% to 6.9%.

Belgium is highly sensitive to the state of world markets with few natural resources and a small internal market. The country requires substantial imports of raw materials and significant manufacturing exports. Three quarters of its trade is within the EU alone.

However, Belgium's overall economic growth has been good in recent years and the economy is performing well, capitalising on the country's central geographic location in Europe, well-developed transport infrastructure and diversified industrial and commercial base. By mid-2006, the growth of activity had accelerated to 3% year-on year, due in part to neighbouring countries' cyclical demands for Belgian exports.

### Payment: Behaviour and Risks

Risks still remain at a worrying level and have not changed from 2007.

However, there has been an increase in the amount of receivables being paid according to agreed terms – the average term for contractual payment in Belgium being 30 days. 55% of receivables are now being paid on time – which nonetheless still leaves a substantial amount of late payments.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	27.0	37.0	49.0
Average payment duration in days	33.0	50.0	75.0
Average delay in days 2008	6.0	13.0	26.0
Average delay in days 2007	15.3		

Of the business participants that responded, 49% think that the risk of late customer payment will remain the same whilst 31% believe it will rise. The financial function is increasingly important for companies, with 39% of respondents saying they will need to increase their financial staff in the coming 12 months.

# CYPRUS



## Economic Development (%)

	US 27,100 (2007)	Average EU27
GDP per capita		
GDP growth	4.4 (2007)	2.9
Unemployment rate	3.8 (2007)	6.8
Inflation	2.2 (2007)	2.1

Austerity and high growth mark this country's recent economic experience. Reliant as it is on tourism with the added headache of political instability, Cyprus has experienced erratic growth over the past decade. From 2000-2006 it saw growth well above the EU average at 3.6% as the result of an aggressive cost cutting regime.

Cyprus's market economy is dominated by the service sector that also includes financial services and real estate – together accounting for 78% of GDP. The country turned a soaring fiscal deficit of 6.3% in 2003 to a surplus of 1.5% in 2007; the ERM2 was joined in 2005 and the euro adopted as the national currency on 1 January, 2008.

Water shortages are a perennial problem, although a number of desalination plants are now on line.

## Payment behaviour and payment risks

Payment risks in Cyprus remained more or less the same. The balance is slightly better, 25% are paid within 30 days. Payment loss increased from 2.1% to 2.2%. On average, payment duration is 80 days.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	47.8	67.2	55.4
Average payment duration in days	72.8	95.8	72.4
Average delay in days 2008	25.0	28.6	17.0
Average delay in days 2007	32.4		

## Payment Index

2004	
2005	167
2006	
2007	172
<b>2008</b>	<b>172</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	24.4	41.4	34.2
2005	26.7	42.6	30.7
2006			
2007	20.7	42.6	36.7
<b>2008</b>	<b>25.3</b>	<b>38.2</b>	<b>36.5</b>

## Payment loss (%)

	total turnover	
2004	1.5	
2005	2.1	
2006		
2007	2.1	
<b>2008</b>	<b>2.2</b>	

## Main export

	Risk Index	
Spain	159	
UK	151	
Germany	150	
France	146	



## CZECH REPUBLIC

### Payment Index

2004	176
2005	174
2006	
2007	173
<b>2008</b>	<b>171</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	52.3	30.1	17.6
2005	51.4	35.1	13.5
2006			
2007	47.3	31.8	20.9
<b>2008</b>	<b>60.0</b>	<b>24.0</b>	<b>16.0</b>

### Payment loss (%)

#### total turnover

2004	3.4	
2005	3.3	
2006		
2007	3.5	
<b>2008</b>	<b>3.0</b>	

### Main export

#### Risk Index

Poland	158	
Italy	158	
Slovakia	157	
Austria	151	
UK	151	
Germany	150	
France	146	

### Economic Development (%)

		Average EU27
GDP per capita	US 21,600 (est. 2007)	
GDP growth	6.5	2.9
Unemployment rate	6.2 (est. 2007)	6.8
Inflation	2.8 (est. 2007)	2.1

After almost three years of strong growth running at up to 6% annually, the Czech Republic is facing a predicted slowdown in 2008. Nonetheless, growth will remain fairly solid due to strong domestic demand, while ongoing low inflation and interest rates will also stimulate the economy.

The major problems facing the Czech Republic includes the low unemployment that is creating labour shortages in many sectors, which is stretching the country's production capacity.

The Republic's economic growth performance now compares very favourably with other catch-up countries in the region. With GDP growth at 6.5% in 2007, we expect continued strong domestic demand resulting in solid growth of 4.5% in 2008.

### Payment: Behaviour and Risks

Payment risks have decreased in the Czech Republic compared with 2007. 60% of receivables are now being paid according to the agreed terms. In the Czech Republic, the average term is 20 days for consumers and 30 days for business transactions. Losses, although still much too high, have decreased from 3.5% to 3.0% and the average payment duration has also fallen.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	22.0	30.0	23.0
Average payment duration in days	36.0	49.0	33.0
Average delay in days 2008	14.0	19.0	10.0
Average delay in days 2007	25.0		

Of the business participants that responded, 64% believe that the risk of late customer payment will remain the same whilst 25% think it will fall. The financial function is increasingly important for companies, with 25% of respondents saying they need more financial staff in the coming 12 months.

# DENMARK



## Economic Development (%)

		Average EU27
GDP per capita	US 37,400 (2007)	
GDP growth	1.7 (2007)	2.9
Unemployment rate	3.5 (2007)	6.8
Inflation	1.5 (2007)	2.1

Denmark's modern, market economy has boomed in recent years as a result of strong growth in private consumption, exports and investments. Keynote features of the Danish economy include high tech agriculture, highly modern industry, both small scale and corporate, extensive government welfare measures, comfortable living standards, a stable currency and a high dependence on foreign trade - Denmark is a net exporter of food and energy and enjoys a good balance of payments surplus.

The Danish government remains ambivalent about its relationship with the euro. The krone remains the country's currency, yet it is pegged to the euro and indeed the government has succeeded in meeting the economic convergence criteria for participation in the third phase (a common European currency) of the European Economic and Monetary Union (EMU) – should the Danish people change their minds.

Danish living standards are among the highest in the world, and this is due to a high GDP per capita, welfare benefits, a low Gini index and political stability. One major long-term question is how will this country deal with the sharp decline in the ratio of workers to retirees.

## Payment: Behaviour and Risks

Risks have stopped rising. Transactions were paid faster and payment losses decreased from 1.3% to 1.2%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	19.3	29.4	27.5
Average payment duration in days	25.8	35.5	35.8
Average delay in days 2008	6.5	6.1	8.3
Average delay in days 2007	7.2		

Of the businesses that responded, 56% think that the risk of late customer payment will remain the same whilst 29% believe it will rise. The financial function is increasingly important for companies, with 24% of respondents saying they need more financial staff in the coming 12 months.

## Payment Index

2004	126
2005	130
2006	131
2007	132
<b>2008</b>	<b>132</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	68.3	25.3	6.4
2005	67.3	24.7	8.0
2006	69.3	24.0	6.7
2007	69.8	25.2	5.0
<b>2008</b>	<b>68.6</b>	<b>24.9</b>	<b>6.5</b>

## Payment loss (%)

	total turnover	
2004	0.8	
2005	1.0	
2006	1.2	
2007	1.3	
<b>2008</b>	<b>1.2</b>	

## Main export

	Risk Index	
UK	151	
Germany	150	
Netherlands	149	
France	146	
Norway	130	
Sweden	127	



## ESTONIA

### Payment Index

2004	157
2005	152
2006	153
2007	151
<b>2008</b>	<b>150</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	59.8	33.9	6.3
2005	66.2	29.7	4.1
2006	67.2	28.3	4.5
2007	61.3	32.9	5.8
<b>2008</b>	<b>68.5</b>	<b>20.7</b>	<b>10.8</b>

### Payment loss (%)

#### total turnover

2004	3.8
2005	3.5
2006	3.6
2007	3.2
<b>2008</b>	<b>2.9</b>

### Main export

#### Risk Index

Lithuania	157	
Germany	150	
Latvia	149	
Sweden	127	
Finland	123	

### Economic Development (%)

		Average EU27
GDP per capita	US 21,800 (2007)	
GDP growth	7.3 (2007)	2.9
Unemployment rate	5.2 (2007)	6.8
Inflation	6.3 (2007)	2.1

Estonia is a victim of its own success. A growth rate (7.3%) much higher than the EU27 average (2.9%), low unemployment figures and demand outstripping supply has led to increased prices and the inevitable high wage inflation – 14.2% in Q1 2007.

This Baltic state enjoys one of the highest per capita income levels in Central Europe. Following independence from the Soviet Union, Estonia has made impressive progress in becoming a liberal market economy. Strong trade ties with its Baltic neighbours, a robust electronics and telecommunications sector coupled with the dismantling of all trade barriers created sustained levels of growth of 4-5% a year. Since EU accession in May 2004, growth has accelerated to 7.8% in 2004, 9.8% in 2005 and 11.4% in 2006.

Recent VAT rises to bring the country's rates into line with the rest of the EU has only helped to exacerbate inflationary pressures – currently standing at 6.4%. There is now a large current account deficit and the Estonian kroon – pegged to the euro – is under pressure. This underscores the need for growth in export-generating industries.

### Payment: Behaviour and Risks

Payment behaviour was better than previous years. The balance is better with more invoices being paid within agreed contractual payment terms. Apart from business transactions, consumers and public authorities were paying faster. Also payment loss declined from 3.2% to 2.9%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	10.7	20.7	15.3
Average payment duration in days	16.1	35.5	19.8
Average delay in days 2008	5.4	14.8	4.5
Average delay in days 2007	8.5		

Of the businesses that responded, 64% think that the risk of late customer payment will remain the same. The financial function is increasingly important for companies, with 20% of respondents saying they need more financial staff in the coming 12 months.



# FAROE ISLANDS



## Economic Development (%)

		Average EU27
GDP per capita	US 31,000 (2005)	
GDP growth	2.4 (2007)	2.9
Unemployment rate	1.5 (2008 est.)	6.8
Inflation	6.0 (2008 est.)	2.1

The Faroe Islands are currently enjoying economic prosperity after the severe economic problems of the 1990's brought on by a combination of poor economic management and low fish stocks. Growth, although lower than the average EU27, is reasonable and the unemployment rate at 3.0% is one of the lowest in Europe.

However, the near total dependence of the economy on fishing makes it extremely vulnerable. So the recent oil discoveries close to the Faroese Economic Area have given hope of local deposits, which could provide the basis for sustained economic prosperity.

The Faroese standard of living is not far below the Danes and other Scandinavians. However, they are aided by a substantial annual subsidy from Denmark, amounting to 15% of GDP, and since 2003 the economic pick-up has been as a direct result of higher fish and housing prices.

## Payment: Behaviour and Risks

There are no previous figures to show trends.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	15.5	22.1	25.0
Average payment duration in days	29.7	37.5	41.2
Average delay in days 2008	14.2	15.4	16.2
Average delay in days 2007	12.1		

Of the businesses that responded, 50% think that the risk of late customer payment will remain the same, while 39% believe the risk will rise.

## Payment Index

2004	
2005	
2006	
2007	140
<b>2008</b>	<b>140</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004			
2005			
2006			
2007			
<b>2008</b>	<b>48.3</b>	<b>36.5</b>	<b>15.2</b>

## Payment loss (%)

total turnover	
2004	
2005	
2006	
2007	1.5
<b>2008</b>	<b>1.1</b>

## Main export

Risk Index	
UK	151
Netherlands	149
Denmark	132
Norway	130



## FINLAND

### Payment Index

2004	124
2005	125
2006	126
2007	124
<b>2008</b>	<b>123</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	68.1	28.4	3.5
2005	69.6	27.9	2.5
2006	68.7	28.3	3.0
2007	70.8	25.6	3.6
<b>2008</b>	<b>74.0</b>	<b>22.0</b>	<b>4.0</b>

### Payment loss (%)

total turnover		
2004	0.9	
2005	1.0	
2006	0.9	
2007	0.7	
<b>2008</b>	<b>0.6</b>	

### Main export

Risk Index		
UK	151	
Germany	150	
Netherlands	149	
Sweden	127	

### Economic Development (%)

	US 35,500 (est. 2007)	Average EU27
GDP per capita	US 35,500 (est. 2007)	
GDP growth	4.4 (2007)	2.9
Unemployment rate	6.5 (2007)	6.8
Inflation	2.7 (2007)	2.1

Economic growth in Finland has outpaced most OECD countries, the inflation rate remained low at around 2.5% in 2007 and unemployment is falling though still high at around 7%.

Exports are vital to Finland's highly industrialized, free-market economy, accounting for nearly two-fifths of GDP. Key manufacturing industries are the wood, metals, engineering, telecommunications and electronic industries. In 2007, Finland's GDP grew by 4.4 percent, while household's real income grew by 2.4 percent. According to Statistics Finland, households' indebtedness continued to rise during the year, so by end of September 2007 it stood at 101.8% and exceeded annual disposable income.

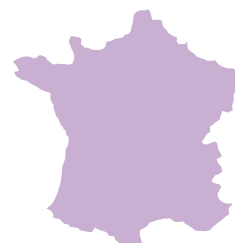
### Payment behaviour and payment risks

Finland has the best payment duration, lowest payment loss and the best receivables balance in Europe! Compared to 2007, payment risks have decreased. The share of receivables has a very good balance; 74% are being paid according to agreed payment terms. Average agreed payment term in Finland is 14 days for consumers and 20 days for business-to-business transactions.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	14.0	21.0	20.0
Average payment duration in days	18.0	27.0	24.0
Average delay in days 2008	4.0	6.0	4.0
Average delay in days 2007	6.0		

66% of participants think that the risk of customers not paying on time will remain the same or rise (29%). The financial function is increasingly important for companies, 30% of respondents need more financial staff in the coming 12 months.

# FRANCE



## Economic Development (%)

		Average EU27
GDP per capita	US 33,800 (est. 2007)	
GDP growth	1.9	2.9
Unemployment rate	8.0 (est. 2007)	6.8
Inflation	3.0 (est. 2008)	2.1

Overall economic momentum in France is slowing and economic growth in 2007 was below the EU27 average. Unemployment remains high. Nonetheless, the French economy is undergoing an intense transition from extensive government ownership and intervention to one more reliant on market forces.

Many large companies, including banks, insurers, Air France, France Telecom, Renault and Thales are being partially or fully privatized. However, the changes will allow the government to maintain social equity by still continuing its strong presence in some sectors including power, public transport, health care and defense.

## Payment: Behaviour and Risks

Payment risks have increased slightly compared to 2007. The share of receivables is changing; around 32% are being paid later than 60 days. The average agreed payment term in France is around 30 days for consumers and 50 days for business-to-business transactions.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	30.0	49.0	57.0
Average payment duration in days	40.0	65.0	71.0
Average delay in days 2008	10.0	16.0	14.0
Average delay in days 2007	14.3		

Of the businesses that responded, 54% think that the risk of late customer payment will remain the same, while 26% believe the risk will rise. The financial function is increasingly important for companies, with 50% of respondents saying they need more financial staff in the coming 12 months.

## Payment Index

2004	146
2005	143
2006	147
2007	145
<b>2008</b>	<b>146</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	30.7	53.7	15.6
2005	36.2	47.0	16.8
2006	33.8	47.4	18.8
2007	35.3	50.3	14.4
<b>2008</b>	<b>39.0</b>	<b>45.0</b>	<b>16.0</b>

## Payment loss (%)

total turnover		
2004	1.4	
2005	1.5	
2006	1.8	
2007	1.6	
<b>2008</b>	<b>1.9</b>	

## Main export

Risk Index		
Spain	159	
Italy	158	
Belgium	154	
UK	151	
Germany	150	
Netherlands	149	



## GERMANY

### Payment Index

2004	156
2005	154
2006	155
2007	151
<b>2008</b>	<b>150</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	57.4	29.0	13.6
2005	54.9	31.0	14.1
2006	54.6	29.5	15.9
2007	57.4	30.0	15.9
<b>2008</b>	<b>60.0</b>	<b>29.0</b>	<b>11.0</b>

### Payment loss (%)

total turnover		
2004	2.1	
2005	2.3	
2006	2.0	
2007	2.0	
<b>2008</b>	<b>2.0</b>	

### Main export

Risk Index		
Italy	158	
Belgium	154	
Austria	152	
UK	151	
Netherlands	149	
France	146	

### Economic Development (%)

		Average EU27
GDP per capita	US 34,400 (2007)	
GDP growth	2.6	2.9
Unemployment rate	8.0 (2007)	6.6
Inflation	2.0 (2007)	2.1

The German economy saw a significant upswing in 2007, seeing 2.6% growth after a lengthy period of stagnation in the opening five years of 2000. One direct benefit was a large fall in unemployment, which fell to about 8%. The German economy continues to be impacted by the modernization and integration of the eastern region, which costs around USD80 billion a year. Chancellor Angela Merkel has implemented a series of reforms to rejuvenate the labour market, including gradually increasing mandatory retirement from 65 years to 67 years and encouraging broader employment of women. The German budget deficit is well below the EU's 3% debt limit due in part to such measures as increasing VAT by 3%. Some economic analysts argue that Germany needs to do more to tackle labour market inflexibility amid signals that growth may fall 2% in 2008 due to higher oil and food prices and tighter credit markets, among other things.

### Payment behaviour and payment risks

Compared to 2007 payment risks have decreased. The share of receivables has a better balance than last year with 60% are being paid according to agreed payment terms. Consumers paid faster, business transactions were paid later than in 2007. The average agreed contractual payment term in Germany for business transactions is 30 days.

The payment loss percentage is stable at 2%, which could be lower, however.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	20.0	30.0	25.0
Average payment duration in days	32.0	46.0	40.0
Average delay in days 2008	12.0	16.0	15.0
Average delay in days 2007	15.5		

66% of participants believe that the risk of customers not paying on time will remain the same. 30% think that the risk will increase. The financial function is increasingly important for companies and while 50% of respondents will need more financial staff in the coming 12 months.

# GREECE



## Economic Development (%)

		Average EU27
GDP per capita	US 30,500 (est. 2007)	
GDP growth	3.7 (2007)	2.9
Unemployment rate	8.4 (2007)	6.8
Inflation	2.6 (2007)	2.1

The Greek economy grew strongly between 2003 and 2007 due to large infrastructure projects, including the 2004 Olympic Games, and joint ventures between public and private sector enterprises. However, there are inflationary pressures that the government is making every effort to counter. The Greek government is increasing its efforts to strengthen the economy by implementing measures such as tax reforms with the intention of boosting household income lifting employment and supporting the growth process.

In 2007 Greece finally succeeded in meeting the EU's Growth and Stability Pact budget deficit criteria of no more than 3% of GDP.

The Greek market economy has a public sector that accounts for 40% of GDP spend and is a major beneficiary of EU aid amounting to 3.3% of GDP. The country's public debt, inflation and unemployment rate are all above the EU27 average, but are now falling. Tourism brings in 15% of GDP.

## Payment: Behaviour and Risks

Payment risks have stabilised for consumer and business transactions compared with 2007. For transactions in the public sector, the delay in payments over and above agreed terms is still remarkably high. Payment loss increased slightly.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	40.0	84.0	95.0
Average payment duration in days	72.0	110.0	157.0
Average delay in days 2008	32.0	26.0	62.0
Average delay in days 2007	27.4		

Of the businesses that responded, 41% think that the risk of late customer payment will remain the same, while 47% believe the risk will rise.

## Payment Index

2004	152
2005	173
2006	
2007	174
<b>2008</b>	<b>174</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	18.1	35.8	46.1
2005	18.5	34.0	47.5
2006			
2007	16.4	35.5	48.1
<b>2008</b>	<b>20.0</b>	<b>39.0</b>	<b>41.0</b>

## Payment loss (%)

	total turnover	
2004	2.0	
2005	1.6	
2006		
2007	2.1	
<b>2008</b>	<b>2.2</b>	

## Main export

	Risk Index	
Italy	158	
UK	151	
Germany	150	
France	146	



## HUNGARY

### Payment Index

2004	156
2005	155
2006	158
2007	160
<b>2008</b>	<b>161</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	58.5	28.5	13.0
2005	60.1	29.2	10.7
2006	58.8	26.9	14.3
2007	53.4	29.6	17.0
<b>2008</b>	<b>54.0</b>	<b>34.0</b>	<b>12.0</b>

### Payment loss (%)

total turnover		
2004	2.4	
2005	2.4	
2006	2.8	
2007	2.3	
<b>2008</b>	<b>2.5</b>	

### Main export

#### Risk Index

Poland	158	
Italy	158	
Austria	152	
UK	151	
Germany	150	
France	146	

### Economic Development (%)

		Average EU27
GDP per capita	US 19,500 (2007)	
GDP growth	2.1 (2007)	2.9
Unemployment rate	7.1 (2007)	6.8
Inflation	7.8 (2007)	2.1

The Hungarian economy remained weak during 2007 on the back of an austerity program designed to tackle a 9.2% GDP deficit – the EU's largest. The Hungarian government imposed tough fiscal squeeze conditions during the year designed to cut the deficit by over 3 percentage points by the end of 2007 and a projected further cut to 4.1% in 2008.

Economic growth slowed to about 2% during 2007 from 3.9% earlier. However, with a private sector accounting for over 80% of GDP, Hungary has now completed the transition from a centrally planned economy, although public spending remains high. The European Commission has said Hungary is on track for euro entry, possibly by 2014.

Unemployment remains high in Hungary with only 3.6 million people in work of 6.4 million of working age. Hungary also suffers from serious skills shortages – by some accounts almost 50% of the population have no qualifications at all.

### Payment: Behaviour and Risks

The payment behaviour from consumers was better with only 8 days delay. But for business and public authority transactions the delay increased. Payment losses also increased from 2.3% in 2007 to 2.5% in 2008.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	14.0	26.0	30.0
Average payment duration in days	22.0	45.0	55.0
Average delay in days 2008	8.0	19.0	25.0
Average delay in days 2007	16.3		

Of the business participants that responded, 49% think that the risk of late customer payment will rise in the coming 12 months. The financial function is increasingly important for companies, with 22% of respondents saying they need more financial staff in the coming 12 months.

# ICELAND



## Economic Development (%)

		Average EU27
GDP per capita	US 39,400 (2007)	
GDP growth	1.8 (2007)	2.9
Unemployment rate	1.0 (2007)	6.8
Inflation	4.9 (2007)	2.1

Financial market conditions in Iceland deteriorated during 2007 sparking a tighter monetary policy designed to promote growth and reduce inflationary pressure. Predictions of a downturn in housing prices towards the end of the year and lasting well into 2008 as a consequence of tightening credit conditions and dropping equity prices are raising the spectre of weakening balance sheets for businesses and households alike.

Iceland's economy resembles that of the other Nordic countries – capitalistic but supporting a comprehensive welfare state. Iceland, with just 300,000 citizens, enjoys one of the highest GDP per capita in the world and ranked number four in Europe for competitiveness according to IMD's World Competitiveness Yearbook 2007. However, the country is heavily dependent on its fishing industry, making the economy sensitive to global fish prices.

## Payment behaviour and payment risks

Payment delay decreased from an average of 8.2 days to 6 days. The share of receivables older than 90 days increased and payment loss as well, from 1.5% to 1.6%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	24.0	26.0	29.0
Average payment duration in days	29.0	33.0	34.0
Average delay in days 2008	5.0	7.0	5.0
Average delay in days 2007	8.2		

54% of business participants believe that the risk of customers not paying on time will stay the same while 30% are worried about rising risks. 27% of respondents need more financial staff in the coming 12 months.

## Payment Index

2004	130
2005	
2006	136
2007	134
<b>2008</b>	<b>134</b>

## Shares of receivables (%)

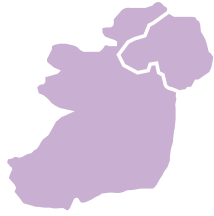
	Up to 30 days	31 to 90 days	Older than 90 days
2004	68.6	25.0	6.4
2005			
2006	71.3	20.6	8.1
2007	66.4	26.4	7.2
<b>2008</b>	<b>61.7</b>	<b>26.9</b>	<b>11.4</b>

## Payment loss (%)

	total turnover
2004	1.1
2005	
2006	1.6
2007	1.5
<b>2008</b>	<b>1.6</b>

## Main export

	Risk Index
Spain	159
UK	151
Germany	150
Netherlands	149



## IRELAND

### Payment Index

2004	143
2005	140
2006	
2007	141
<b>2008</b>	<b>142</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	47.3	40.2	12.5
2005	52.3	41.5	6.2
2006			
2007	47.0	41.0	12.0
<b>2008</b>	<b>45.3</b>	<b>42.7</b>	<b>12.0</b>

### Payment loss (%)

total turnover		
2004	1.1	
2005	1.1	
2006		
2007	1.2	
<b>2008</b>	<b>1.4</b>	

### Main export

Risk Index		
Italy	158	
Belgium	154	
UK	151	
Germany	150	
France	146	

### Economic Development (%)

		Average EU27
GDP per capita	US 45,600 (2007)	
GDP growth	5.3 (2007)	2.9
Unemployment rate	5.0 (2007)	6.8
Inflation	4.7 (2007)	2.1

Ireland's phenomenal growth is widely known. Sustaining an average of 6% over the last 12 years, it now boasts a per capita GDP higher than the US and 40% higher than the four big European economies.

This growth has not only forced considerable change to the economy – agriculture, once dominant, is now dwarfed by the industry and service sectors. The arrival of multinationals has been the key to Ireland's export-led growth, but more recently this growth has been fuelled by strong consumer spending and business investment.

All this has come at a cost, with the rise in property prices over the last decade out-stripping all other economies of the developed world. Inflation has started to bite, costs have increased and global competition is now exerting its pressure on this small trade dependent economy.

To redress the balance, the Irish Government has implemented a series of economic measures designed to curb price and wage inflation. It has also invested in infrastructure, heavily promoted foreign investment and is raising the level of the workforce skill set.

Economic pressures – including a slowdown in the property market, have compelled government economists to slightly lower Ireland's growth forecast.

### Payment: Behaviour and Risks

Payment risks increased compared to 2007, but are still below the peak of 2004. Payment duration increased in all three customer groups – consumer, business and public authority. The payment loss also increased, from 1.2% to 1.4%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	37.3	39.1	36.4
Average payment duration in days	53.9	57.5	50.7
Average delay in days 2008	16.6	18.4	14.3
Average delay in days 2007	14.3		

Of the businesses that responded, 35% think that the risk of late customer payment will remain the same, whilst 47% believe the risk will rise. The financial function is increasingly important for companies, with 30% of respondents saying they need more financial staff in the coming 12 months.



# ITALY



## Economic Development (%)

	US 31,000 (2007)	Average EU27
GDP per capita	US 31,000 (2007)	
GDP growth	1.7 (2007)	2.9
Unemployment rate	9.0 (2007)	6.8
Inflation	2.4 (2007)	2.1

Budget deficits and high public debt continued to plague the Italian economy in 2007. The growth forecast for Italy in 2008 is low (0.3%), partly due to the global slowdown, but also because growth is consistently less than the Euro-zone average. Italy is struggling to meet the effects of globalisation with China capturing the market the in lower-end industrial product sector. In addition, there is a large underground economy in Italy estimated to be worth some 27% of GDP.

Many economic reviews rate the prospects for the Italian economy as dim. The IMF forecasts suggest Italy will have the slowest growth rate in the European Union and among G8 rich nations, with the GDP falling below the EU average for the first time, being overtaken by Greece in 2009.

## Payment: Behaviour and Risks

Payment risks have increased since 2007 with just 25% of receivables being paid within 30 days. Unfortunately, the share of receivables older than 90 days grew further to 35%. The average agreed payment term for consumers is 30 days and for business transactions up to 60 days. Consumers on average paid later than in 2007; the business and public sectors paid slightly faster than in the previous years. Still, in Italy it takes longer to get paid; on average the delay is 28 days. Bearing in mind the weak economic situation, it is clearly vital to follow up on unpaid invoices faster.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	37.0	68.0	95.0
Average payment duration in days	57.0	88.0	135.0
Average delay in days 2008	20.0	20.0	40.0
Average delay in days 2007	23.9		

Of the business participants that responded, 55% think that the risk of late customer payment will remain the same, whilst 33% believe it will rise with 39% of respondents saying they need more financial staff in the coming 12 months.

## Payment Index

2004	152
2005	158
2006	153
2007	157
<b>2008</b>	<b>158</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	17.7	59.1	23.2
2005	15.2	58.7	26.1
2006	14.6	54.1	31.3
2007	17.2	49.6	33.2
<b>2008</b>	<b>25.0</b>	<b>40.0</b>	<b>35.0</b>

## Payment loss (%)

	total turnover	
2004	0.8	
2005	1.0	
2006	1.2	
2007	1.3	
<b>2008</b>	<b>1.6</b>	

## Main export

	Risk Index	
Spain	159	
UK	151	
Germany	150	
France	146	



## LATVIA

### Payment Index

2004	157
2005	153
2006	155
2007	148
<b>2008</b>	<b>149</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	60.1	30.2	9.7
2005	64.9	27.3	7.9
2006	64.3	27.6	8.1
2007	66.2	24.4	9.4
<b>2008</b>	<b>60.8</b>	<b>29.6</b>	<b>9.6</b>

### Payment loss (%)

total turnover	
2004	2.9
2005	2.8
2006	3.0
2007	2.7
<b>2008</b>	<b>2.8</b>

### Main export

#### Risk Index

Poland	158	
Lithuania	157	
Germany	150	
Estonia	150	
Sweden	127	
Finland	123	

### Economic Development (%)

		Average EU27
GDP per capita	US 17,700 (2007)	
GDP growth	10.3 (2007)	2.9
Unemployment rate	5.9 (2007)	6.8
Inflation	9.6 (2007)	2.1

Along with other EU catch-up economies, Latvia experienced substantial growth (10%) during 2006/7. Latvia joined the EU in 2004 and the economy has been turned around with the majority of companies, banks and real estate being privatised. Some large enterprises still have significant public shareholdings.

Along with these economic developments come the usual symptoms of large current account deficits (22% in 2007) and 10% inflation. Although unemployment has dropped from 13% in 2000 to 5.9% in 2007, the other economic indicators remain major concerns.

### Payment: Behaviour and Risks

Risks have increased slightly from 2007. There has been a decrease in the amount of receivables being paid according to agreed terms – the average term being 20 days. 60% are now being paid on time – which still leaves a substantial amount of late payments.

All three customer groups paid later than in 2007. There is little change in payments over 90 days over the last 4 years. Payment loss increased from 2,7% to 2,8%, above Europe's payment loss average of 2,0%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	19.1	21.5	20.1
Average payment duration in days	32.9	41.5	31.3
Average delay in days 2008	13.8	20.0	11.2
Average delay in days 2007	11.9		

Of the business participants that responded, 43% think that the risk of late customer payment will remain the same whilst 25% are concerned about an increase in risks.

# LITHUANIA



## Economic Development (%)

		Average EU27
GDP per capita	US 16,700 (2007)	
GDP growth	8.0 (2007)	2.9
Unemployment rate	3.2 (2007)	6.8
Inflation	5.4 (2007)	2.1

Lithuania's economy accelerated during 2007 at its fastest pace in four years, especially from the third quarter onwards.

However, falling unemployment (3.2%) and double digit wage inflation are sparking concerns that overall inflation will rise at unacceptable levels, which may lead to a hard landing for Lithuania's market-oriented economy.

Lithuania - once the Baltic state conducting the largest amount of trade with Russia - has increasingly oriented its trade towards the West. The country gained WTO membership and EU entry in 2004, and plans are in place to adopt the euro as the national currency as of 2010.

## Payment: Behaviour and Risks

The positive trend towards improved payment behaviour continues. Payment duration, especially from the public authorities, has decreased. Consumers paid slightly later and businesses slightly faster. The payment loss percentage is still rather high (3.0%), but decreasing fast.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	23.9	30.3	30.0
Average payment duration in days	36.8	46.2	39.8
Average delay in days 2008	12.9	15.9	9.8
Average delay in days 2007	14.9		

Of the business participants that responded, 63% believe that the risk of late customer payment will remain the same whilst 18% think it will fall. 20% of respondents say they need more financial staff in the coming 12 months.

## Payment Index

2004	167
2005	163
2006	159
2007	158
<b>2008</b>	<b>157</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	54.8	34.2	11.0
2005	55.7	31.7	12.6
2006	54.8	32.6	12.6
2007	57.5	32.8	9.7
<b>2008</b>	<b>59.3</b>	<b>29.7</b>	<b>11.0</b>

## Payment loss (%)

	total turnover	
2004	3.4	
2005	3.5	
2006	3.2	
2007	3.3	
<b>2008</b>	<b>3.0</b>	

## Main export

	Risk Index	
Poland	158	
UK	151	
Germany	150	
Estonia	150	
Latvia	149	
Netherlands	149	
France	146	
Denmark	132	
Sweden	127	



## THE NETHERLANDS

### Payment Index

2004	153
2005	152
2006	154
2007	149
<b>2008</b>	<b>149</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	51.5	39.8	8.7
2005	56.0	34.2	9.7
2006	54.2	35.4	10.4
2007	57.8	32.9	9.3
<b>2008</b>	<b>60.6</b>	<b>30.2</b>	<b>9.2</b>

### Payment loss (%)

total turnover		
2004	2.6	
2005	2.5	
2006	2.8	
2007	2.4	
<b>2008</b>	<b>2.4</b>	

### Main export

#### Risk Index

Italy	158	
Belgium	154	
UK	151	
Germany	150	
France	146	

### Economic Development (%)

		Average EU27
GDP per capita	US 38,600 (2007)	
GDP growth	3.5 (2007)	2.9
Unemployment rate	4.1 (2007)	6.8
Inflation	1.6 (2007)	2.1

The Netherlands enjoyed good growth during 2007 (3.5%) that was higher than the EU27 average. This was due to an increase in exports and considerable investment.

The Dutch economy has always depended heavily on foreign trade - it serves an important role as a European transportation hub - and its prosperity is linked to stable industrial relations, moderate unemployment and inflation and a sizable current account surplus.

Key industries are food processing, chemicals, petroleum refining and electrical machinery. The agricultural sector is a global benchmark due to its efficiency, employing just 3% of the country's labour force but nonetheless delivering substantial surpluses for the domestic food processing industry and exports.

The economy experienced a slowdown in 2005, but has quickly recovered and is one of the five largest investors in the US and continues to be one of the leading European nations in attracting inward investment.

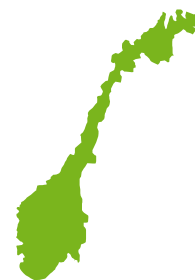
### Payment: Behaviour and Risks

Payment loss remains at the same high level (2.4%) as 2007. There has been an increase in the amount of receivables being paid according to agreed terms. 60% are now being paid on time – but there is still room for improvement.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	22.6	26.1	27.2
Average payment duration in days	29.2	40.0	46.0
Average delay in days 2008	6.6	13.9	18.8
Average delay in days 2007	13.2		

Of the business participants that responded, 59% believe that the risk of late customer payment will remain the same, whilst 22% believe it will rise. Some 24% of respondents will need more financial staff in the coming 12 months.

# NORWAY



## Economic Development (%)

		Average EU27
GDP per capita	US 55,600 (2007)	
GDP growth	4.9 (2007)	2.9
Unemployment rate	2.4 (2007)	6.8
Inflation	0.4 (2007)	2.1

Norway's economy remains buoyant. The Norwegian economy grew faster in 2007 than originally forecasted. In part this was due to increased oil prices, on which Norway is particularly dependent. Growth in GDP was less than 1% in 2002/3 and shot up to between 3 and 5% in the years 2004/7. Yet inflation has been kept impressively low.

Norway's prosperous economy posted a record budget surplus in 2007 with unemployment continuing its downward trend from 2003 (4.6%) to one of the lowest in the European Economic Area (2.4%).

Oil and gas account for a third of Norway's exports with only Saudi Arabia and Russia exporting more, but the country is richly endowed with other natural resources – hydro, minerals, fish and forests. The country's buoyant economy is driven by domestic activity underwritten by high consumer confidence and significant investment in offshore oil and gas.

The government has been practicing safe husbandry, aided by state control in the petroleum sector. Oil production peaked in 2000, although gas production is still rising, and prudent measures have allowed budget surpluses to be invested in the Government Petroleum Fund, now valued at over US\$250 billion.

## Payment: Behaviour and Risks

Payment behaviour and risks remain practically unchanged. Both in business transactions and public transactions, faster payments are now the norm. The payment loss increased from 1.2% to 1.3%. Norway, together with Denmark, has the second lowest payment loss in Europe.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	15.9	23.2	26.6
Average payment duration in days	22.9	30.5	31.1
Average delay in days 2008	7.0	7.3	4.5
Average delay in days 2007	7.4		

Of the business participants that responded, 66% believe that the risk of late customer payment will remain the same whilst 16% think it will rise. Some 21% of respondents say they will need more financial staff in the coming 12 months.

## Payment Index

2004	137
2005	130
2006	131
2007	130
<b>2008</b>	<b>130</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	70.1	25.3	4.6
2005	72.0	23.0	5.0
2006	73.2	23.1	3.7
2007	69.0	24.3	6.7
<b>2008</b>	<b>69.4</b>	<b>21.7</b>	<b>8.9</b>

## Payment loss (%)

	total turnover	
2004	1.7	
2005	1.4	
2006	1.5	
2007	1.2	
<b>2008</b>	<b>1.3</b>	

## Main export

	Risk Index	
UK	151	
Germany	150	
Netherlands	149	
France	146	
Sweden	127	



## POLAND

### Payment Index

2004	161
2005	158
2006	162
2007	159
<b>2008</b>	<b>159</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	56.2	33.8	10.0
2005	53.8	32.0	14.2
2006	58.5	30.7	10.8
2007	59.3	29.0	11.7
<b>2008</b>	<b>60.6</b>	<b>28.1</b>	<b>11.3</b>

### Payment loss (%)

total turnover	
2004	3.0
2005	2.8
2006	2.9
2007	3.0
<b>2008</b>	<b>2.9</b>

### Main export

Risk Index	
Czech Rep.	171
Italy	158
UK	151
Germany	150
France	146

### Economic Development (%)

		Average EU27
GDP per capita	US 16,200 (2007)	
GDP growth	6.5 (2007)	2.9
Unemployment rate	12.8 (2007)	6.8
Inflation	4.1 (2007)	2.1

Poland is one of the success stories of Europe's transition economies. The Polish economy is now showing strong growth (6.5%) compared to other transition economies. However, there remain systemic barriers to growth that need to be addressed before the country can enjoy the full benefits of EU membership.

On the upside, Poland's growth has been spurred by rising private consumption, corporate investment and significant EU funding. The downside is an inefficient commercial court system, rigid labour code, bureaucratic red tape and persistent low-level corruption that are keeping the private sector from performing to its full potential.

The Polish labour market has one of the highest unemployment rates in Europe (12.8%); inflation (4.1%) is higher than the National Bank of Poland's upper limit, and the prospect of a tightening labour market combined with rising energy and food prices is a cause for concern.

Efforts to keep the budget deficit to below the all-important 3% euro entry figure, achieved for the first time in 2007, are coming under pressure with demands for extra funding of public services. New measures for business friendly reforms, cuts in spending and taxation and further privatisation risk being curtailed by Presidential veto.

### Payment: Behaviour and Risks

Payment behavior and payment risks are relatively unchanged from previous years. The receivables balance slightly improved with more invoices paid within 30 days. Payment loss decreased from 3.0% to 2.9%. Consumers paid slightly later and business transactions were paid faster.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	16.8	29.7	27.7
Average payment duration in days	33.4	46.8	47.9
Average delay in days 2008	16.6	17.1	20.2
Average delay in days 2007	17.1		

Of the business participants that responded, 47% think that the risk of late customer payment will remain the same whilst 32% believe it will fall. The financial function is increasingly important for companies, with 52% of respondents saying they need more financial staff in the coming 12 months.

# PORTUGAL



## Economic Development (%)

	US 21,800 (2007)	Average EU27
GDP per capita	US 21,800 (2007)	
GDP growth	1.9	2.9
Unemployment rate	8.0 (2007)	6.8
Inflation	2.4 (2007)	2.1

Portugal's economy remains sluggish. The Portuguese economy continues to grow at the slowest rate in the whole of Europe. There was a continuing if slight increase from a low in 2005 (0.5%) to 2007 (1.9%), but the global downturn has stopped this rise and the forecast is for the economy to fall during 2008 (1.7%).

In terms of GDP per capita, since 2000 the Czech Republic, Greece, Malta and Slovenia have all overtaken Portugal. The country's GDP per head has fallen from just over 80% of the EU 25 average in 1999 to just over 70% last year. It is projected to fall to 65% in 2008.

There are numerous reasons for Portugal's poor economic performance, but a key factor has been the attractiveness of lower-cost producers in Central Europe and Asia. Last year's slight upturn was due to investment growth of 3.2% along with an increase in private consumption.

## Payment: Behaviour and Risks

Risks have increased compared with 2007. The share of receivables has a better balance than last year with 49.6% being paid within 60 days but the payment loss increased from 2.5% to 2.7%. The average payment duration decreased in all segments, but is still among the highest in Europe.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	34.1	47.1	57.4
Average payment duration in days	53.3	80.1	137.8
Average delay in days 2008	19.2	33.0	80.4
Average delay in days 2007	39.9		

Of the business participants that responded, 52% believe that the risk of late customer payment will remain the same whilst 40% think it will rise. 22% of respondents said they will need more financial staff in the coming 12 months.

## Payment Index

2004	191
2005	184
2006	183
2007	182
<b>2008</b>	<b>183</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	18.8	49.4	31.8
2005	19.4	49.8	30.8
2006	19.5	49.9	30.6
2007	20.9	52.2	26.9
<b>2008</b>	<b>25.1</b>	<b>50.3</b>	<b>24.6</b>

## Payment loss (%)

	total turnover	
2004	3.0	
2005	2.9	
2006	2.7	
2007	2.5	
<b>2008</b>	<b>2.7</b>	

## Main export

	Risk Index	
Spain	159	
Italy	158	
UK	151	
Germany	150	
Netherlands	149	
France	146	



## SLOVAKIA

### Payment Index

2004	
2005	
2006	
2007	160
<b>2008</b>	<b>157</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004			
2005			
2006			
2007	50.7	31.9	17.4
<b>2008</b>	<b>52.0</b>	<b>30.0</b>	<b>18.0</b>

### Payment loss (%)

total turnover	
2004	
2005	
2006	
2007	2.8
<b>2008</b>	<b>2.8</b>

### Main export

Risk Index	
Czech Rep.	171
Italy	158
Poland	158
Germany	150

### Economic Development (%)

		Average EU27
GDP per capita	US 19,800 (est. 2007)	
GDP growth	8.8	2.9
Unemployment rate	8.6 (2006)	6.8
Inflation	2.1 (2006)	2.1

Economic growth in Slovakia has enjoyed sustained strong performance in recent years – a trend predicted to continue into 2008. The indicators suggest a 2008 growth rate at over 10% and unemployment is forecast to fall fast. Since joining the EU in 2004, Slovakia has rapidly and successfully switched from a central planning to a market economy, partly thanks to its success in attracting high levels of foreign investment, especially in the electronics and auto industries. The country has so far avoided the risks of overheating the economy by focusing on keeping wage levels lower than in neighbouring countries. Average inflation during 2007 was around 2.1%, but is expected to rise slightly in 2008 due to rising global food and oil prices.

### Payment: Behaviour and Risks

Payment risks have decreased compared with 2007, but remain at a worrying level. The share of receivables has an even better balance now adays; 52% are being paid according to agreed payment terms. Average agreed payment term in Slovakia is between 25 and 30 days. The payment loss is at the same high level of 2.8%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	25.0	31.0	28.0
Average payment duration in days	33.0	39.0	35.0
Average delay in days 2008	8.0	8.0	7.0
Average delay in days 2007	20.1		

Of the business participants that responded, 56% believe the risk of late customer payment will remain the same, whilst 33% think it will fall. The financial function is increasingly important for companies, with 60% of respondents saying they will need more financial staff in the coming 12 months. 40% will outsource.



# SPAIN



## Economic Development (%)

		Average EU27
GDP per capita	US 27,400 (2007)	
GDP growth	3.9	2.9
Unemployment rate	9.0 (2007)	6.8
Inflation	4.5 (2007)	2.1

Spain saw sustained economic growth in 2007 for the third consecutive year, but faces a sharp slowdown during 2008 in domestic demand. The economic consensus is that Spain is facing problems with inflation and unemployment despite having enjoyed greater sustained growth than any other member of the G8 or country in the euro zone.

A slowdown will ease some inflationary pressures, but price/wage inflation will keep it higher than the Euro area average. Consumer price inflation has reached a 12 year high (4.5%) and the indications are that it will continue to rise. This is partly due to the country's greater reliance on oil imports and also because food carries greater weight in Spain's price index-basket.

The unemployment trend, already much higher than the EU average, is currently worsening.

## Payment: Behaviour and Risks

Risks have increased compared to 2007. The share of receivables shows an increase in the older than 90 days section with some 50% being paid within 60 days. In general, it takes time to receive payment in Spain, although payment losses decreased slightly to 2.2%.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	41.0	73.0	103.0
Average payment duration in days	56.0	89.0	144.0
Average delay in days 2008	15.0	16.0	41.0
Average delay in days 2007	15.2		

Of the business participants that responded, 58% think that the risk of late customer payment will remain the same whilst 42% believe it will rise. 23% of respondents said they would need more financial staff in the coming 12 months.

## Payment Index

2004	166
2005	163
2006	161
2007	158
<b>2008</b>	<b>159</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	26.7	49.7	23.6
2005	26.1	52.8	21.1
2006	23.9	56.1	20.0
2007	27.6	52.0	20.4
<b>2008</b>	<b>29.0</b>	<b>47.0</b>	<b>24.0</b>

## Payment loss (%)

	total turnover
2004	3.0
2005	2.8
2006	2.4
2007	2.3
<b>2008</b>	<b>2.2</b>

## Main export

	Risk Index
Italy	158
UK	151
Germany	150
France	146



## SWEDEN

### Payment Index

2004	127
2005	129
2006	129
2007	126
<b>2008</b>	<b>126</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	67.4	24.1	8.5
2005	72.1	21.5	6.4
2006	73.2	20.3	6.5
2007	77.1	18.6	4.3
<b>2008</b>	<b>75.0</b>	<b>19.0</b>	<b>6.0</b>

### Payment loss (%)

total turnover		
2004	0.7	
2005	0.9	
2006	1.1	
2007	1.0	
<b>2008</b>	<b>1.1</b>	

### Main export

Risk Index		
UK	151	
Germany	150	
Denmark	132	
Norway	130	
Finland	123	

### Economic Development (%)

		Average EU27
GDP per capita	US 36,900 (est 2007)	
GDP growth	2.4	2.9
Unemployment rate	4.5 (est 2007)	6.8
Inflation	2.0 (est 2007)	2.1

Economic growth in Sweden is expected to slow after strong growth in recent years as a result of the international slowdown impacting Swedish exports, which are forecast to grow 5.5% in 2008 and fall to 4.8% in 2009.

With inflation at its highest level for over a decade, Sweden is seeking to balance domestic growth and low unemployment with external downward economic pressures in order to avoid overheating.

Economic indicators show a robust economy still at work with unemployment set to decline in 2008 (4.0%), inflation lower than the EU27 average and government net lending reducing in 2008 (2.8%).

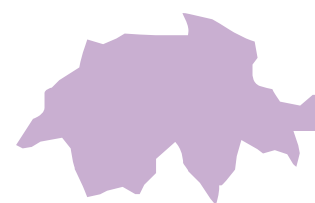
### Payment: Behaviour and Risks

Payment risks have increased slightly compared to 2007. The share of receivables still has a good balance; 75% are being paid according to agreed payment terms. Receivables older than 90 days increased slightly. Payment loss increased from 1.0% to 1.1%. The average agreed payment term in Sweden is 26 days.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	22.0	27.0	28.0
Average payment duration in days	28.0	34.0	35.0
Average delay in days 2008	6.0	7.0	7.0
Average delay in days 2007	6.9		

Of the business participants that responded, 71% believe the risk of late customer payment will remain the same, whilst 18% think it will rise. The financial function is increasingly important for companies, with 22% of respondents saying they will need more financial staff in the coming 12 months.

# SWITZERLAND



## Economic Development (%)

		Average EU27
GDP per capita	US 56,711 (2007)	
GDP growth	3.1	2.9
Unemployment rate	3.3 (2007)	6.8
Inflation	1.0 (2007)	2.1

Switzerland's economy remained stable during 2007 with Swiss households and companies on a solid financial footing. The outlook for the Swiss economy remains good with the Swiss National Bank predicting real GDP to grow between 1.5% - 2% during 2008. Inflation is expected to remain below the 2% mark.

There are many elements that allow Switzerland to maintain its stable economy, boasting the highest GDP per capita of all Western European economies and an unemployment rate in a highly skilled workforce at half the European average. A strong Swiss franc compared to a weak US dollar has so far limited the impact of mounting global commodity prices, while the robust labour market and highly competitive industrial sector are expected to cushion any negative repercussions of the turbulent financial environment.

## Payment: Behaviour and Risks

Payment risks have increased slightly from 2007. The share of receivables has a poorer balance than last year with 60% being paid according to agreed payment terms. However, the figure for receivables older than 90 days almost doubled.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average payment term in days	27.0	31.0	32.0
Average payment duration in days	35.0	43.0	47.0
Average delay in days 2008	8.0	12.0	15.0
Average delay in days 2007	13.7		

Of the business participants that responded, 66% think that the risk of late customer payment will remain the same. The financial function is increasingly important for companies, with 25% of respondents saying they need more financial staff in the coming 12 months.

## Payment Index

2004	148
2005	149
2006	146
2007	142
<b>2008</b>	<b>143</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	56.4	33.6	10.0
2005	59.1	30.7	10.2
2006	64.9	29.4	5.7
2007	64.2	30.3	5.5
<b>2008</b>	<b>60.0</b>	<b>30.0</b>	<b>10.0</b>

## Payment loss (%)

	total turnover	
2004	1.7	
2005	2.0	
2006	1.5	
2007	1.6	
<b>2008</b>	<b>1.8</b>	

## Main export

	Risk Index	
Spain	159	
Italy	158	
UK	151	
Germany	150	
France	146	



## UNITED KINGDOM

### Payment Index

2004	154
2005	148
2006	152
2007	151
<b>2008</b>	<b>151</b>

### Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	52.4	37.3	10.3
2005	50.8	38.0	11.2
2006	51.8	40.2	8.0
2007	49.6	43.7	6.7
<b>2008</b>	<b>43.5</b>	<b>45.2</b>	<b>11.3</b>

### Payment loss (%)

total turnover		
2004	1.8	
2005	1.7	
2006	1.8	
2007	1.9	
<b>2008</b>	<b>1.9</b>	

### Main export

Risk Index		
France	146	
Germany	150	
Ireland	142	
Netherlands	149	

### Economic Development (%)

		Average EU27
GDP per capita	US 35,300 (2007)	
GDP growth	2.9 (2007)	2.9
Unemployment rate	5.4 (2007)	6.8
Inflation	2.4 (2007)	2.1

England and Wales both began to feel the impact of the credit crunch in the tale end of 2007.

The credit crunch impact on real GDP has slowed growth from 2007 (3.1%) to a forecast 1.7% this year. But as the process works through the financial services sector, growth will probably rise to 2.1% in 2009. Headline inflation though is well above the official 2% target and remains a concern.

Britain, one of the quintet of European trillion dollar economies, is a leading trading power and financial centre and has just enjoyed the longest period of expansion on record, with sustained growth outpacing most of Europe. This experience has underscored the resolve of the majority of voters not to enter the European Monetary Union.

By far the largest proportion of GDP comes from services, particularly banking, insurance, and business services, while industry continues to decline in importance. Britain sits on large energy reserves and 10% of GDP comes from primary energy production – one of the highest shares of any industrialized country.

In other areas, privatisation is continuing apace whilst the agricultural sector – one of the most efficient in Europe – needs less than 2% of the labour force to provide 60% of the nation's food.

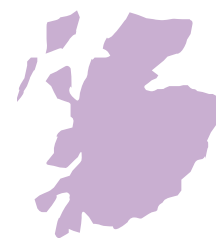
### Payment: Behaviour and Risks

Payment behaviour is slightly slacking. Fewer receivables were paid within 30 days and payment duration remained more or less the same. As in previous years, the payment loss rate is negatively influenced by payment behaviour of consumers, 2.3% consumers versus 1.6% on business transactions.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	29.5	33.2	30.0
Average payment duration in days	47.4	51.0	48.0
Average delay in days 2008	17.9	17.8	18.0
Average delay in days 2007	17.6		

Of the business participants that responded, 89% think that the risk of late customer payment will remain the same. Only 4% think that the risks will rise.

# SCOTLAND



## Economic Development (%)

	See UK	Average EU27
GDP per capita		
GDP growth	(2007)	2.9
Unemployment rate	(2007)	6.8
Inflation	(2007)	2.1

Scotland's economy grew by just over 2% in 2007 mainly thanks to the strength of its financial and business services sectors, which have been the principal drivers behind the country's growth since the late 1990's, Growth is forecast to slow in 2008 due to a slowdown in public spending, although most accounts indicate a good outlook for the Scottish economy in the medium-term.

The financial and business services sector currently accounts for almost 20% of Scotland's GDP. Scotland's agricultural, forestry and fishing sectors are areas of concern, while the manufacturing outlook shows signs of improvement. The Scottish labour market enjoys relatively flat unemployment.

## Payment behaviour and payment risks

89% of business participants think that the risk of customers not paying on time will stay the same.

	Consumer B-2-C	Business B-2-B	Public Authorities
Average agreed payment term in days	30.4	34.0	34.3
Average payment duration in days	43.0	48.3	52.2
Average delay in days 2008	12.6	14.3	17.9
Average delay in days 2007	15.9		

## Payment Index

2004	
2005	141
2006	
2007	142
<b>2008</b>	<b>141</b>

## Shares of receivables (%)

	Up to 30 days	31 to 90 days	Older than 90 days
2004	52.2	34.1	13.7
2005	54.0	36.6	9.4
2006	51.8	38.7	9.5
2007	52.7	39.4	7.9
<b>2008</b>	<b>59.1</b>	<b>35.3</b>	<b>5.6</b>

## Payment loss (%)

	total turnover	
2004	1.4	
2005	1.3	
2006	1.2	
2007	1.3	
<b>2008</b>	<b>1.2</b>	

# RECOMMENDATIONS

Intrum Justitia recommends the following measures at all business levels (local, national and international):

## **Credit policy**

The drawing up - and consistent implementation - of a clear credit policy, tailored to the individual risk orientation and financial strength of the company. The core of the credit policy should include: Requirements for delivery against invoice; solvency checks before decisions are made on whether deliveries can be made against invoice; payment targets; measures and consequences in the event of delayed payment (i.e. charging of interest on late payment, recovery costs, suspension of deliveries, working with a professional credit management company); credit limits; internal competence regulations.

Clients and all staff in contact with clients must be aware of the credit policy.

## **Credit limits**

The development of the receivables of the individual regular customers has to be observed with the help of credit limits.

In practice, the provision of two limits of credit for each (key account) customer has proven to be particularly effective. The crossing of the lower limit serves as an early warning, i.e. gathering of additional information and taking of suitable measures, whereas the meeting of the upper limit will automatically lead to the discontinuation of delivery on account.

## **Address checks**

Consistent checks on the billing address. Experience shows that preventing the use of invalid or out of date billing addresses is an important factor in optimising the credit management process. Addresses should be updated as an ongoing process and should be subject to routine checks.

## **Economic information**

Consistent solvency checks before decisions on deliveries against invoice. If solvency is insufficient, deliveries should be made against an alternative form of payment.

## **Routine solvency checks on key clients**

Experience shows that the majority of payment losses arise from deliveries to key clients. The insolvency of Key Accounts has particularly far reaching consequences. Repeated solvency checks, integrated consistently into operational procedures, are therefore an important element in the overall credit management process.

### **Flexible contractual payment terms**

Offer flexible payment terms on the basis of the bonus-malus-principle. New customers are granted a shorter time period to settle than regular customers who pay by the agreed due date. At the same time, new customers are offered the benefit of a longer payment term to settle when they place repeat orders, provided that payment is made on or before the due date. On the other hand, regular customers can lose the privilege of a longer payment term should they fail to pay on time.

### **Swift reminders**

Reminders should be issued rapidly and committedly. The most successful formula in practice, has been shown to be the so-called '2-2-2-Formula':

- Issuance of the first reminder letter two weeks after due date at the latest
- Issuance of only two further reminder letters before taking legal measures or retaining Intrum Justitia for the collection of the debt.
- Reminder rhythm of two weeks between reminder letters.

### **Default interest and billing of operating costs**

Bill late payers for default interest and the operating costs caused by the payment delay (operating costs for bank transactions, administration costs, cost of third parties, etc.).

### **Professional cooperation**

Consistent cooperation with Intrum Justitia, integrated into the company's customer management process, allows efficient credit management tailored for rapid receipt of payments.

### **Extending client structure**

Reduced reliance on one or a few large clients.

# EXPLANATION OF ECONOMIC INDICATORS USED IN THE REPORT

## **Gross domestic product (GDP)**

Gross domestic product (GDP) is a measure for economic activity. It is defined as the value of all goods and services produced less the value of any goods or services used in their creation.

## **GDP growth rate**

All information given represents the real GDP growth rate (Growth rate of GDP volume - percentage change on previous year). The calculation of the annual growth rate of GDP volume allows comparisons of economic development both over time and between economies of different sizes, irrespective of changes in prices. Growth of GDP volume is calculated using data at previous year's prices.

## **Per capita GDP performance**

All information given represents the GDP per capita in PPS (GDP per capita in Purchasing Power Standards [PPS] - EU27 = 100). The volume index of GDP per capita in Purchasing Power Standards (PPS) is expressed in relation to the European Union (EU27) average set to equal 100. If the index of a country is higher than 100, this country's level of GDP per head is higher than the EU average and vice versa. Basic figures are expressed in PPS, i.e. a common currency that eliminates the differences in price levels between countries allowing meaningful volume comparisons of GDP between countries.

## **Level of capacity utilization**

All information given represents the current level of capacity utilization in the manufacturing industry.

## **Consumer confidence indicator**

All information given represents the seasonally adjusted balance of the consumer confidence indicator. The calculation of the indicator is based on four questions:

- A Financial situation over the next 12 months
- B General economic situation over the next 12 months
- C Unemployment expectations over the next 12 months (with inverted sign)
- D Savings over the next 12 months



### **Unemployment rate**

All information given represents the total unemployment rate (men and women). Unemployment rates represent unemployed persons as a percentage of the labour force. The labour force is the total number of people employed and unemployed. Unemployed persons comprise persons aged 15 to 74 who were:

- A** without work during the reference week
- B** currently available for work, i.e. were available for paid employment or self-employment before the end of the two weeks following the reference week
- C** actively seeking work, i.e. had taken specific steps in the four weeks period ending with the reference week to seek paid employment or self-employment or who found a job to start later, i.e. within a period of, at most, three months.

### **General government debt**

All information given represents the General government consolidated gross debt as a percentage of GDP. EU definition: the general government sector comprises the subsectors of central government, state government, local government and social security funds. GDP used as a denominator is the gross domestic product at current market prices. Debt is valued at nominal (face) value, and foreign currency debt is converted into national currency using year-end market exchange rates (though special rules apply to contracts). The national data for the general government sector is consolidated between the sub-sectors. Basic data is expressed in national currency, converted into euro using year-end exchange rates for the euro provided by the European Central Bank.

### **Inflation rate**

All information given represents the annual average rate of change in Harmonized Indices of Consumer Prices (HICPs). The inflation rate is the rate of increase of the average price level.

Source: EUROSTAT, Brussels

## INFORMATION ON THE SURVEY

The survey was conducted simultaneously in 25 countries between January and March 2008. The survey was conducted in written form. The questionnaire was translated into the respective national languages. Dispatch and return of the questionnaires was carried out on a decentralised basis by the countries concerned, whereas the analysis was carried out centrally in accordance with pre-determined guidelines. All information has been verified and uncertainties were not included in the evaluation. Furthermore, all anonymously sent questionnaires were not taken into account for the evaluation. Companies in England, Wales and Scotland were questioned by telephone by a specialised company (B2B International Ltd. UK).

### Structure of the sample according to

Company size	up to 19 employees	44%
	20 to 49 employees	23%
	50 to 249 employees	22%
	250 to 499 employees	5%
	500 to 2,499 employees	4%
	more than 2,500 employees	2%
Business sector	manufacturing	25%
	wholesale	15%
	retail	15%
	services	41%
	public administration	4%
Customer groups (share of turnover: more than 50%)	consumers (B2C)	25%
	corporates (B2B)	68%
	public authorities	7%

# QUESTIONNAIRE 2008

1 What payment terms do you allow your customers, on average? (your Contractual Payment Terms)

Consumer	(B-2-C)	..... days
Corporate	(B-2-B)	..... days
Public Sector		..... days

2 What is the average time that your customers actually take to pay your invoices?

Consumer	(B-2-C)	..... days
Corporate	(B-2-B)	..... days
Public Sector		..... days

3 Approximately how are your debtors spread (by amount owed) over the following categories?

Age of claim	up to 30 days	..... %
	31 to 60 days	..... %
	61 to 90 days	..... %
	91 to 120 days	..... %
	121 to 180 days	..... %
	over 180 days	..... %

“total = 100%

4 If any, what was your bad debt loss in 2007 as % of total revenue?

..... %

5 How do you see risks from your company’s debtors developing during the next 12 months?

- declining
- remaining stable
- increasing

6 On a scale of 0 to 5 (where 0 = no impact and 5 = high impact) how do you rate the consequences of late payments for your company with regard to?

Additional interest charges	..... (0 - 5)
Loss of income	..... (0 - 5)
Liquidity squeeze	..... (0 - 5)
Threat to survival	..... (0 - 5)
Risks to reputation	..... (0 - 5)

7 Do you currently outsource your credit management activities?

Yes  No

a If not, do you anticipate outsourcing any part of your credit management activities within the next 12 months?

1. no, we will not outsource any part of our credit management activities
2. yes, we intend to outsource

b What is important to you when you consider credit management outsourcing?

- 3 cost efficiencies
- 4 improve performance
- 5 lack off suitable staff
- 6 budget constraints
- 7 ..... (free answer)

8 What effect do you think the adoption of the European Late Payment Directive (combating late payment) has had on your company?

€ Are you familiar with the late payment directive?

Yes  No

b If yes, what effects did it have on your company?

Changes in the effective payment terms:

- slower payments  
 no changes  
 faster payments

c Changes in the charging of interest/debtor costs on overdue payments

- negative  
 neutral  
 positive

# ABOUT INTRUM JUSTITIA

Intrum Justitia is Europe's leading Credit Management Services (CMS) company. In each local market, Intrum Justitia offers efficient services and high quality in relations with both clients and debtors, thereby helping clients to improve their cash flow and long-term profitability.

Intrum Justitia's services cover the entire credit management chain, from credit information via invoicing, reminders and collection, to debt surveillance and recovery of written-off receivables. Intrum Justitia also offers sales ledger services, purchased debt services and a number of specialized services related to credit management.

The Group has more than 90,000 clients and around 2,900 employees in 24 markets. The head office is located in Stockholm, Sweden. The Intrum Justitia share has been listed on Stockholmsbörsen (Stockholm Exchange) since June 2002.

## Intrum Justitia values

### We understand people

Behind every transaction, every company, every invoice, every debt and every ambition is a person. By understanding people, Intrum Justitia can contribute to profitable business relationships, unhindered trade and sound, long-term business practices for everyone involved.

### We are committed to challenge

Intrum Justitia deals with situations that can impact the future of a business or an individual. Likewise, our work can influence the economy as a whole by contributing to fair trade and sound business practices.

### We seek insights to feed ingenuity

By understanding people, being a market leader, and having the necessary expertise, Intrum Justitia is creating new solutions that benefit clients, their customers and other stakeholders. The key to this work is the use of the unique information, knowledge and experience the group has gained from various aspects of sales, credit and payment processes.

### We make a difference

Many companies and individuals need help managing their finances. Intrum Justitia's role is to develop solutions that contribute to a sound, stable economy and ultimately benefit our clients and their customers alike. In our work, we show respect for individuals and businesses, which, for whatever reason, face payment difficulties. Negotiation, realistic solutions and settlements increase the chances of obtaining payment.

### Better business for all



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