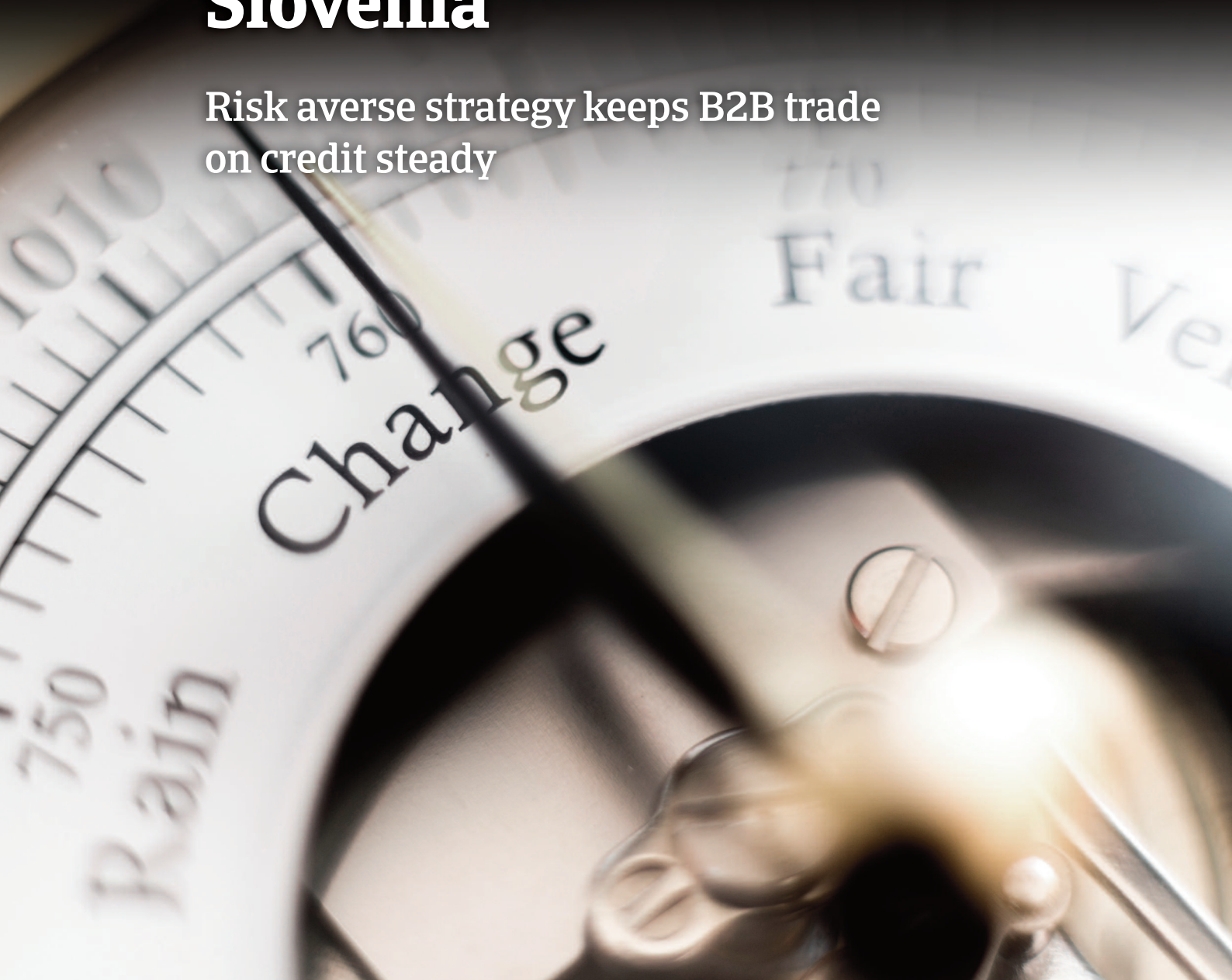




B2B payment practices trends

Slovenia

Risk averse strategy keeps B2B trade
on credit steady





About the Payment Practices Barometer

The Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world.

Our survey provides us with the opportunity to hear directly from companies polled about how they are coping with the impact of the current challenging economic and trading environment on payment behaviour of their B2B customers. This can give valuable insights into how businesses are paid by their B2B customers, and how they tackle the pain points caused by poor payment practices.

The findings about what measures are undertaken to fund a sudden need for cash, and what credit management tools they use to mitigate the risk of long-term cash flow problems, may also be valuable information in helping understand how companies respond to the crucial issue of late or non-payment in the current uncertain times.

However, the survey also has a strong focus on the challenges and risks that companies polled believe they will encounter during the coming months, and their expectations for future business growth.

The results of our survey can supply useful insights into the current dynamics of corporate payment behaviour in B2B trade, and identify emerging trends that may shape its future. This can be extremely useful to companies doing business, or planning to do so, in the markets polled.

In this report, you will find the survey results for Slovenia.

The survey was conducted between the end of Q1 and the beginning of Q2 2024. The findings should therefore be viewed with this in mind.



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B2B payment practices trends

Risk averse strategy keeps B2B trade on credit steady

While many companies in our survey of Slovenia say they are open to trading on credit in B2B sales there is a generally cautious and risk averse approach in practice. A clear majority of businesses prefer cash transactions, with only one-third of B2B sales currently being transacted on credit. The construction sector is most inclined to do so, reporting 40% of B2B sales on credit to encourage repeat business and drive sales. This strategy is complemented by tight payment policies across all sectors in Slovenia, with payment terms set at an average of just 20 days from invoicing. Terms are mostly set to align with those received from suppliers.

Given this strategic caution it is hardly surprising that B2B payment practices are steady. 81% of companies in our survey of Slovenia report no significant change in B2B customer payment behaviour during the past year, while the rest say there is improvement. This suggests a landscape where businesses are actively managing and adapting to changes in credit risk conditions. Late payments currently affect nearly 60% of all B2B sales which are being made on credit, while a staggering 14% of all invoiced B2B sales on credit are being written off as uncollectable. These figures vary between the various sectors.

The response to late payments also differs between industries in our survey of Slovenia. Companies in the construction sector tell us they slow down payments to suppliers and also delay investment in property, plant and equipment. In order to avoid liquidity bottlenecks due to delayed payments from B2B customers, businesses in the Slovenian steel/metals sector also reduce the speed of their payments to suppliers. The risk with this approach is that cashflow difficulties faced by one company may spread more broadly through the industry. Transport/automotive businesses say their primary response is to delay future investment. Across all three sectors the average time for B2B customers to settle overdue invoices is between 15 and 20 days.

Stability in Days-Sales-Outstanding (DSO) is another clear finding of our survey. 85% of companies in Slovenia tell us there is no significant change in their debt collection efficiency from the past year, although among the rest there was mostly a slight deterioration in DSO. Amid the overall mood of caution, 45% of businesses said invoice financing remains their primary source of finance to bridge potential liquidity gaps due to the impact of customer credit risk. 32% of companies say they look to trade credit, and a similar percentage to bank loans. In-house management of the risk of payment default from B2B customers is being used by the majority of companies, but in the Slovenian steel/metals sector this is widely complemented by credit insurance.

Key figures and charts on the following pages

Key survey findings

- A significant majority of companies in Slovenia prefer trading on a cash basis rather than a strategy of B2B selling on credit. Only one-third of B2B sales are being transacted on credit. The construction sector is the most inclined with 40% of B2B sales on credit.
- Tight payment terms are being offered by Slovenian businesses to prioritise swift invoice-to-cash turnaround in B2B trade. The average term shows no change from last year at 20 days from invoicing, and are mostly set to align with terms from suppliers.
- 81% of companies in Slovenia report no significant change in B2B customer payment behaviour, while the rest say there is improvement. Late payments affect 60% of B2B sales on credit, while bad debts stand at 14% of all B2B sales on credit.
- Overdue invoices in B2B trade are being settled on average 15 to 20 days beyond the due date. The response to customer credit risk in the Slovenian construction and steel/metals sectors is to slow down payments to suppliers.
- Invoice financing is the preferred option of 45% of companies in Slovenia to fill potential liquidity gaps. 32% of businesses look to trade credit, and a similar number to bank loans. Steel-metals companies are most inclined to manage the risk of payment defaults by seeking trade credit insurance.
- There is a strong stability in Days-Sales-Outstanding (DSO) among businesses in our survey of Slovenia. 85% of companies report no significant change in debt collection efficiency, while of the rest most say there is a deterioration.





Slovenia

What are the main sources of financing that your company used during the past 12 months?

- 45% Invoice financing
- 32% Trade credit
- 29% Bank loans
- 11% Internal funds

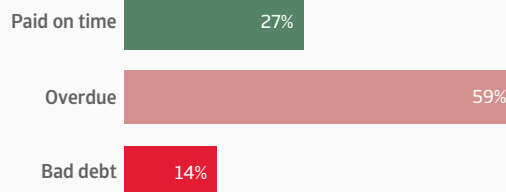
(% of respondents - multiple response)

Sample: all survey respondents
Source: Payment Practices Barometer Slovenia – 2024

Slovenia

Slovenia

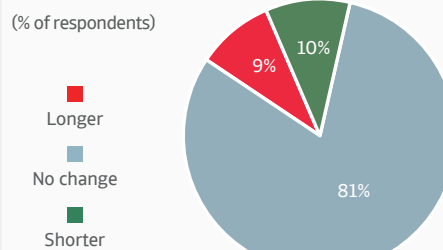
% of the total value of B2B invoices paid on time, overdue and bad debt



Sample: all survey respondents
Source: Payment Practices Barometer Slovenia – 2024

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% of respondents reporting changes in payment duration* over the past 12 months

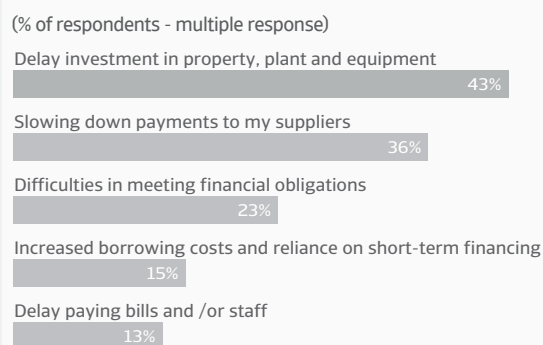


*average amount of time to get paid from B2B customers

Sample: all survey respondents
Source: Payment Practices Barometer Slovenia – 2024

Slovenia

Over the past 12 months, have late payments from your B2B customers led your company to experience any of the following situations?



Sample: all survey respondents
Source: Payment Practices Barometer Slovenia – 2024

Looking ahead

Cautious optimism amid concern over domestic economy

There are a range of future concerns identified by companies in our survey of Slovenia, and among them the most pressing is the condition of the domestic economy. This is felt in the short-term by businesses in the steel/metals and transport/automotive sectors, while it is a long-term anxiety in the construction industry. Another major worry across all sectors in Slovenia surrounds the higher pressures being faced around regulatory compliance, particularly to do with environmental and sustainability issues. This is especially felt in the transport/automotive industry, which also reports cybersecurity threats as a significant concern looking forward.

Several industry-specific worries are highlighted by businesses in Slovenia amid the current challenging economic landscape. In the construction industry there is particular anxiety about the level of intense competition across this sector, which could mean limited growth potential. This apprehension is compounded in the long-term by worries that technological obsolescence could affect business operations. The Slovenian steel/metals industry shares this concern, anxious about the impact of failing to adopt or integrate new technologies. Many companies in this sector are also worried about ongoing geopolitical risks, with the possibility of supply chain disruptions.

Cautious optimism is found in our survey about the prospects for demand and profitability, as well as future B2B customer payment behaviour. 57% of companies in Slovenia say they anticipate improved demand for their products and services in the year ahead, and therefore also in profits. This is particularly so in the construction and transport/automotive sectors. However, there is a contrasting verdict among steel/metals businesses who expect a decline in profitability. Widespread confidence about B2B payment practices is evident, with 80% of companies saying they expect no significant change during the coming months. The remainder mostly anticipate a slight improvement, especially in the steel/metals sector.

One area of pessimism among companies in Slovenia concerns the expectation there will be a strong negative trend of insolvencies affecting B2B customers during the year ahead. This is expressed by businesses across all

Key survey findings

- The condition of the domestic economy is the major concern for businesses across all sectors of our survey of Slovenia. There is also anxiety about higher pressures surrounding sustainability issues and compliance with environmental regulations.
- Cybersecurity risks are a specific worry in the Slovenian transport/automotive industry, while intense competition and technological obsolescence is a concern in the construction sector. Steel/metals companies have anxiety about geopolitical risks.
- 57% of businesses in Slovenia express positivity about prospects for demand and profitability, especially in the construction and transport/automotive sectors. However, steel/metals companies expect a decline in profits during the year ahead.
- No significant change in B2B customer payment behaviour is expected by 80% of companies in Slovenia. The remainder anticipate an improvement in payment practices, particularly in the steel/metals industry.
- There is widespread pessimism about the trend of insolvencies affecting B2B customers during the year ahead. This is felt by companies across all sectors in Slovenia due to the challenging economic conditions they are operating in.
- Days-Sales-Outstanding (DSO) is anticipated to show no significant change during the coming 12 months by 65% of businesses in Slovenia. The majority of the rest expect a deterioration in debt collection efficiency, especially in the steel/metals industry.

sectors of the survey, probably due to the current challenging economic conditions. However, there is a more positive mood about the prospects for Days-Sales-Outstanding (DSO) for the coming months. 65% of companies say they are relatively confident there will be no significant shifts in the current trend of debt collection efficiency and cashflow management. The remaining businesses mostly expect a deterioration rather than improvement in DSO, particularly in the steel/metals industry.

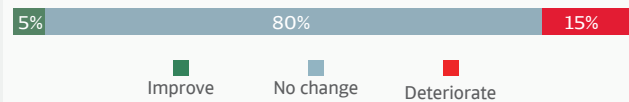
Key figures and charts on the following pages

Slovenia

Slovenia

Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?

(% of respondents)



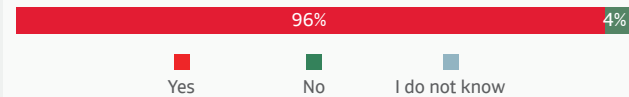
Sample: all survey respondents

Source: Payment Practices Barometer Slovenia – 2024

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Do you see an increased insolvency risk for your customers in the next 12 months?

(% of respondents)



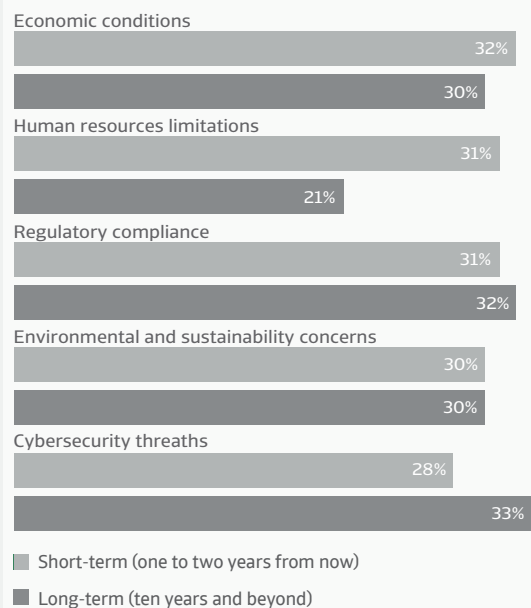
Sample: all survey respondents

Source: Payment Practices Barometer Slovenia – 2024

Slovenia

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



Sample: all survey respondents

Source: Payment Practices Barometer Slovenia – 2024

Slovenia

How do you expect your average DSO to change over the next 12 months?

- 8% Improve
- 65% No change
- 27% Deteriorate

(% of respondents)

Sample: all survey respondents

Source: Payment Practices Barometer Slovenia – 2024

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Payment Practices Barometer. Companies polled in Slovenia are the focus of this report, which forms part of the 2024 edition of the Payment Practices Barometer. A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 211 interviews in total.

All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Slovenia were surveyed, and the appropriate contacts for accounts receivable management were interviewed
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us to compare data referring to a specific sector crossed by each of the economies surveyed.
- **Selection process:** Companies were selected and contacted by use of an international Internet panel.
A screening for the appropriate contact, and for quota control, was conducted at the beginning of the interview.
- **Sample:** N=211 people were interviewed in total.
A quota was maintained according to four classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration.
Interview period: The survey was conducted between the end of Q1 and the beginning of Q2 2024. The findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 211

Business sector	Interviews	%
Manufacturing	13	6
Wholesale trade	77	37
Retail trade/Distribution	121	57
Services	0	0
TOTAL	211	100
Business size	Interviews	%
SME: Small enterprises	36	17
SME: Medium enterprises	74	35
Medium Large enterprises	76	36
Large enterprises	25	12
TOTAL	211	100
Construction	77	36
Steel/metals	71	34
Transport/Automotive	63	30
TOTAL	211	100

Methodological note

Last year Slovenia was not included in the survey. This makes year-on-year comparisons unfeasible for certain topics for the current year.

Interested in finding out more?

Please visit the [Atradius](#) website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

Follow us to stay up to date with our latest releases by [subscribing](#) to notifications of our Publications, and receive weekly emails with alerts to when new reports are published.

To find out more about B2B receivables collection practices in **Slovenia and worldwide**, please visit atradiuscollections.com.

For Slovenia please visit atradius.si

Atradius kreditno zavarovanje, podružnica Atradius
Crédito y Caución S.A. de Seguros y Reaseguros
Registered office
Slovenska cesta 58
1000 Ljubljana

Tel: +38 6 40 304 216



Conecta con
Crédito y Caución

youtube.com/CreditoyCaucion
linkedin.com/company/credito-y-caucion
twitter.com/creditoycaucion

Paseo de la Castellana, 4
28046 Madrid

T. +34 914 326 300

F. +34 914 326 501

www.creditoycaucion.es