

3rd January 2019

Increased payment delays for Ireland's SME sector

- Payment time for SMEs worsens from 55 to 59 days
- Businesses in Ulster are waiting longest to be paid at 70 days
- 69% of businesses are experiencing delays of 2 months or more
- 'Unacceptable' that 36% of big businesses are taking longer to pay SMEs

ISME, The Irish SME Association today (January 3rd) published the results of its quarterly **Credit Watch Survey Q3'18**. Based on the findings, credit days for this quarter have worsened from 55 to 59 days. Businesses in Ulster are waiting the longest to be paid at 70 days followed by Leinster at 58 days. The Manufacturing and Construction sectors are waiting longest on payment; an average of 63 and 69 days respectively. The Association emphasises the importance of businesses paying each other on time.

Commenting on the results ISME, CEO Neil McDonnell said:

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“Today's report showing an increase in payment delays is disappointing. Cash flow certainty is a key feature of sustainable businesses. Failure by businesses to pay each other on time has a knock-on effect on productivity, development, and growth.”

The ISME CEO added:

“There needs to be a collective change in our attitude when it comes to paying creditors. Businesses in the Wholesale sector are waiting up to 78 days, which is completely unacceptable.

Smaller businesses do not have working capital to wait for payment as long as big businesses. 36% of multinationals are taking longer to make their payments, showing a total disregard for SMEs.”

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These findings represent 12% of our membership, with research undertaken in the last week of September. The main results show:

- Average payment period for SMEs in Q3'18 worsens from 55 to 59 days.
- 69% of SMEs are experiencing delays of 2 months or more, up from 67% in Q2'18.
- 85% of respondents **do not** charge interest on late payments,
- 14% are afraid to charge for late payments in case they lose custom, an increase of 3% Q2'18.
- 36% of multinationals are taking longer to make their payments.
- 70% of SMEs favour a statutory 30 day payments regime; with no opt-out.
- Wholesale and Construction sectors are waiting longest on payment, at 78 and 64 days respectively.
- Businesses in Ulster are waiting on average 70 days to be paid.
- Businesses in Dublin are waiting on average 53 days on payment.
- Businesses in Leinster are waiting on average 58 days on payment.
- Businesses in Connaught are waiting the shortest time on payment at 43 days, while Munster is waiting on average 53 days.

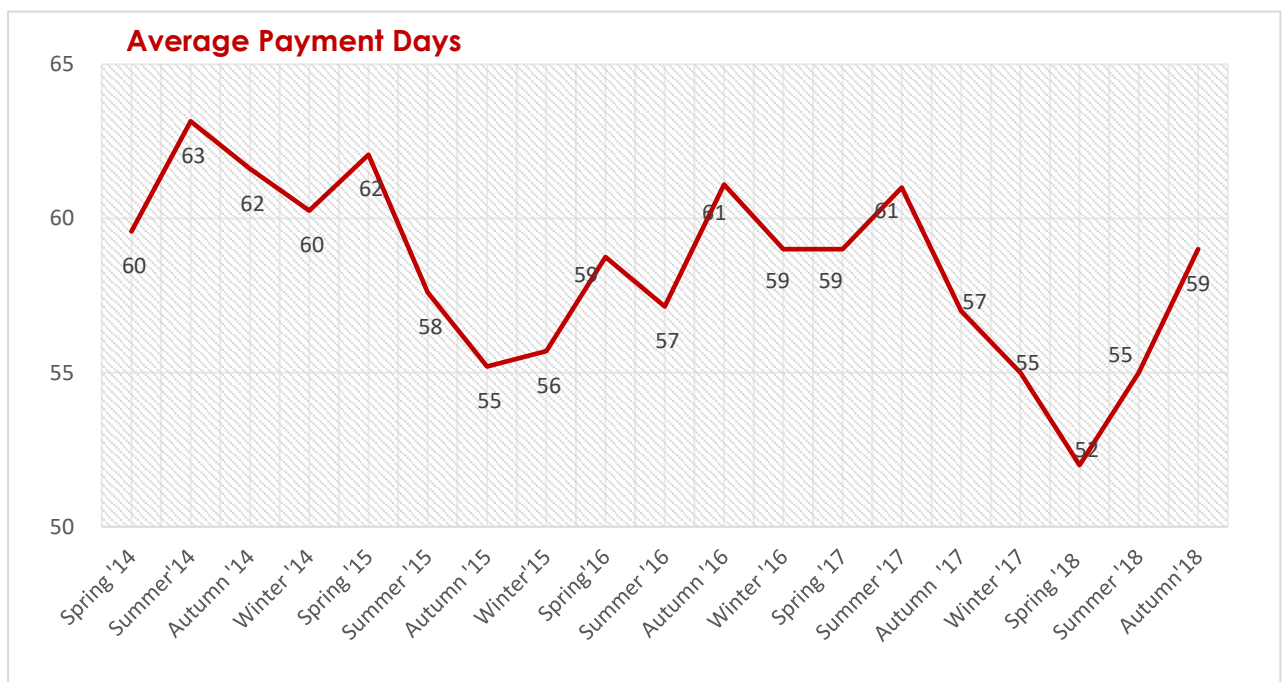
The Association called on Government to:

Actively publicise, promote, and champion the Fair Payment Code for all businesses.

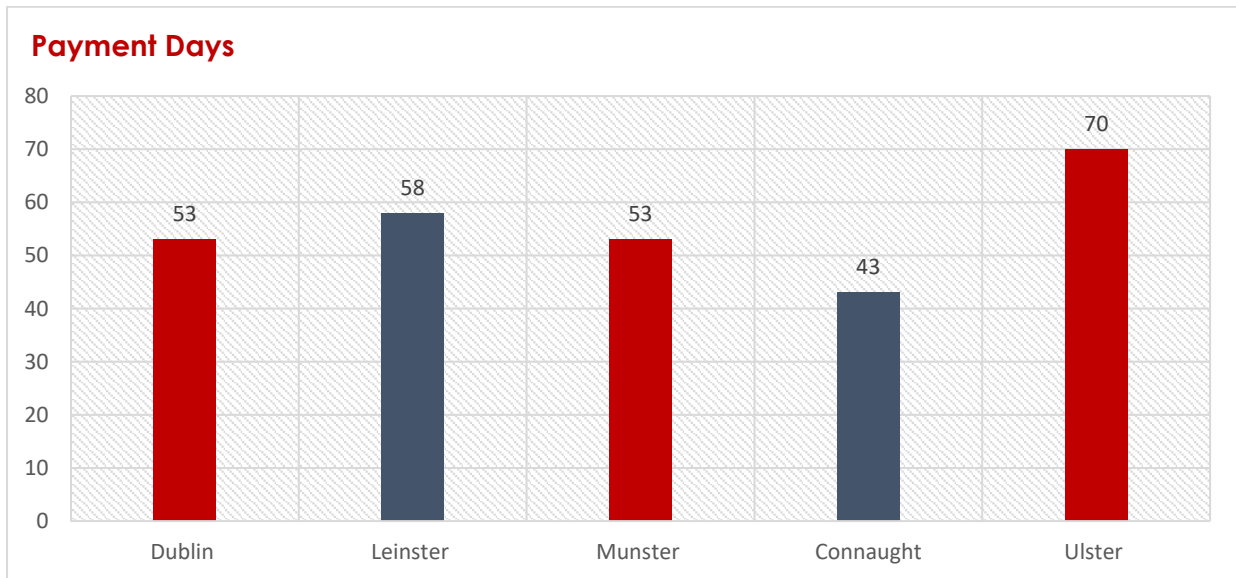
Insist on adherence to Fair Payment Charter as a criterion for granting state contracts.

Insist that all state agencies adhere to the 15-day rule.

The office of Government Procurement should require all tenderers to publicise their creditor days.

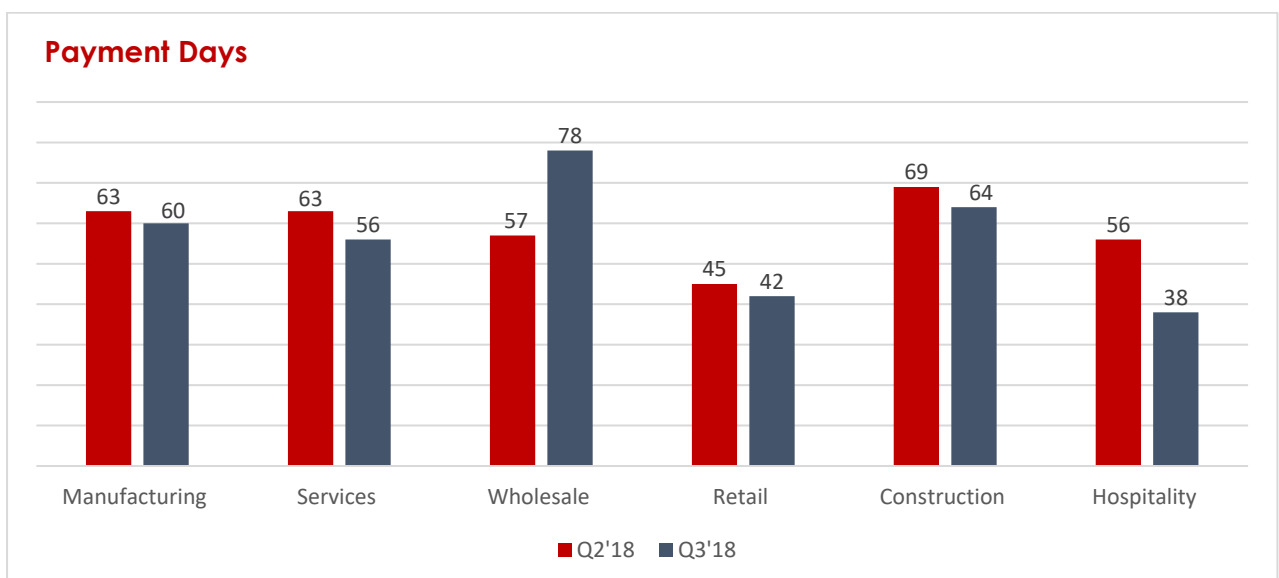


Businesses on average are waiting 59 days to be paid, this a three day increase on the previous quarter (Q2'18).



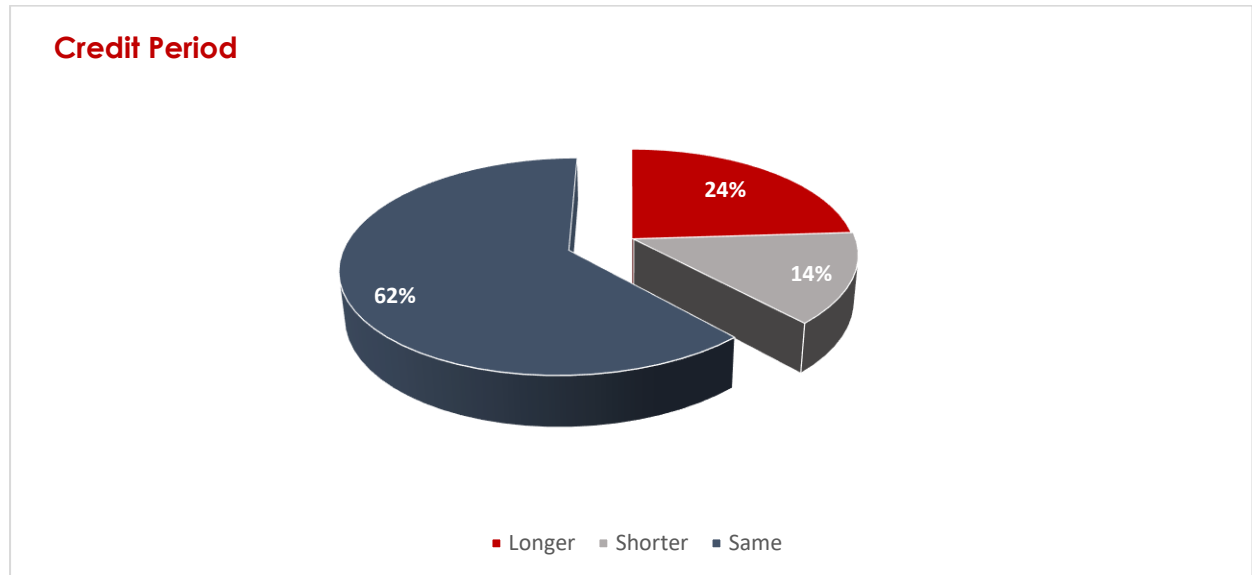
Regionally:

Businesses in Ulster are waiting longest to be paid at 70 days, followed by businesses in Leinster at 58 days. Dublin businesses which had the greater concentration in this survey are waiting on average 53 days. While businesses in Munster and Connaught are waiting 53 and 43 days respectively.



Sectorally:

Business in the Construction sector are waiting on average 64 days. Manufacturing and Services sector are waiting on average 60 and 56 day respectively. Wholesale are waiting 78 days, while Retail are waiting 42 days for payment. The Hospitality sector are waiting on average 38 days.



62% of members stated the credit period for this quarter was the same, 24% reported it was longer, while 14% said it was it was shorter.

We asked our members which category of customer was taking the longest to pay. 'Other SMEs' were reported as taking longest to pay at 50%. 36% of Big Businesses are taking longest to pay, down from 41% in Q2'18. Government Departments and State Agencies have dropped to at 14% and 11% respectively.

