

20<sup>th</sup> September 2019

## Increased payment delays for Ireland's SME sector

- Payment time for SMEs remains high at 57 days
- Businesses in Leinster are waiting longest to be paid at 63 days
- 55% of businesses are experiencing delays of 2 months or more
- 'Unacceptable' that 21% of big businesses are taking longer to pay SMEs

**ISME, The Irish SME Association today (September 20th)** published the results of its quarterly **Credit Watch Survey Q2'19**. Based on the findings, credit days for this quarter have remained the same at 57 days. Businesses in Leinster are waiting the longest to be paid at 63 days followed by Ulster at 60 days. The Wholesale and Services sectors are waiting longest on payment; an average of 67 and 64 days respectively. The Association emphasises the importance of businesses paying each other on time.

This survey from was conducted in the first week of July, with 144 SME respondents, 54% of whom employ less than 10; 38% employ between 11 and 49; and the remaining 8% employ between 50 and 250. Geographically, 28% are from Dublin; 58% are spread across the rest of the country; and 14% have multiple sites.

**Commenting on the results ISME, CEO Neil McDonnell said:**



***At a time when most SMEs are focussed on the outcome of Brexit negotiations, it is vital that small businesses are paid on time. It is particularly troubling for ISME to have to take the HSE to task for leaning on small traders at this difficult time.***



**These findings represent 11% of our membership, with research undertaken in the first week of July. The main results show:**

- Average payment period for SMEs in Q2'19 decreases from 59 to 57 days.
- 55% of SMEs are experiencing delays of 2 months or more, down from 69% in Q3'18.
- 77% of respondents **do not** charge interest on late payments.
- 12% are afraid to charge for late payments in case they lose custom, a decrease of 2% from Q3'18.

- 16% of multinationals are taking longer to make their payments.
- 76% of SMEs favour a statutory 30 day payments regime; with no opt-out.
- Wholesale and Services sectors are waiting longest on payment, at 67 and 64 days respectively.
- Businesses in Ulster are waiting on average 60 days to be paid.
- Businesses in Dublin are waiting on average 59 days on payment.
- Businesses in Leinster are waiting on average 63 days on payment.
- Businesses in Connacht are waiting the shortest time on payment at 40 days, while Munster is waiting on average 57 days.

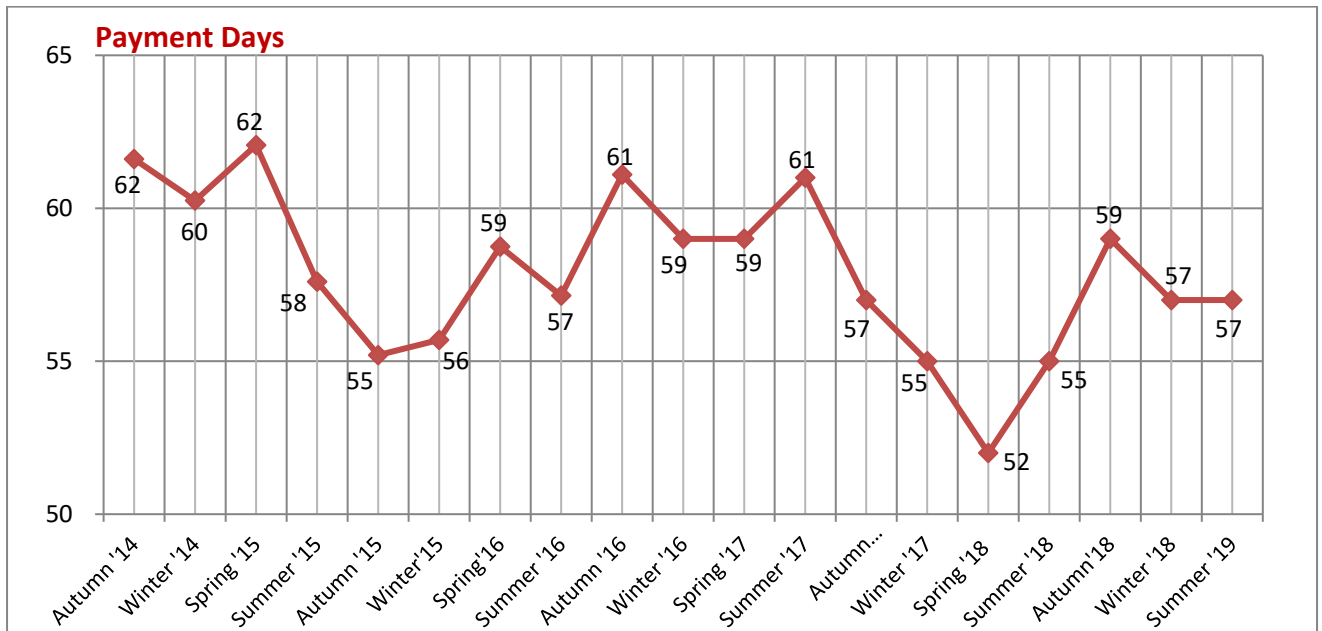
### The Association called on Government to:

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

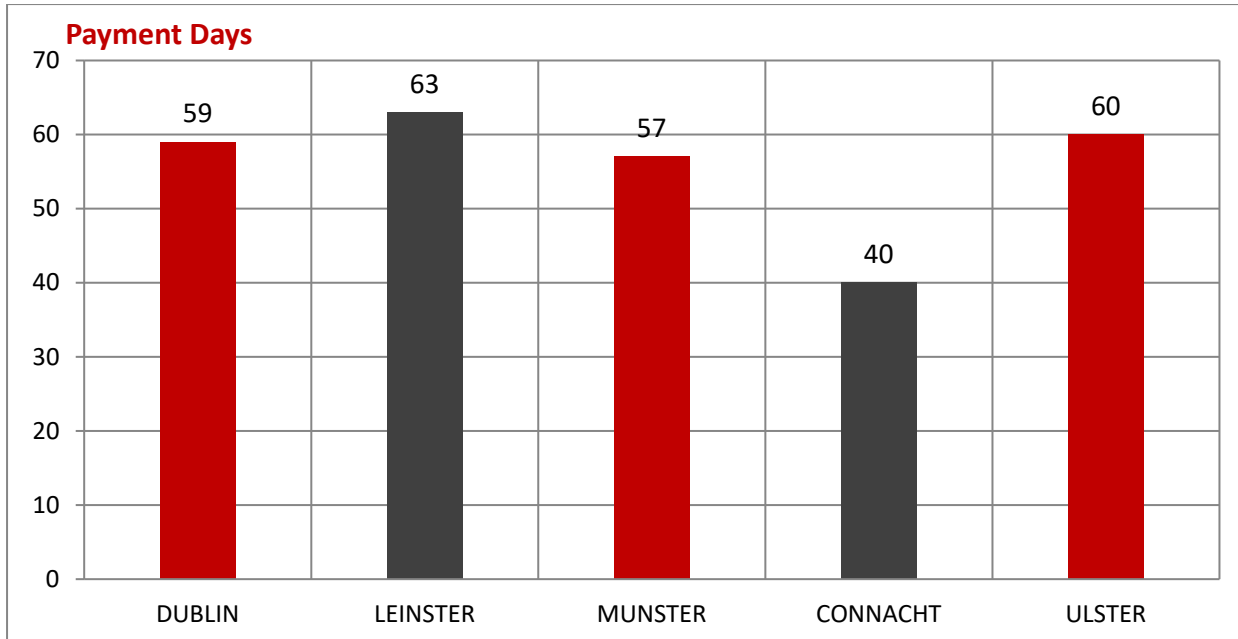
Insist on adherence to Fair Payment Charter as a criterion for granting state contracts.

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

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

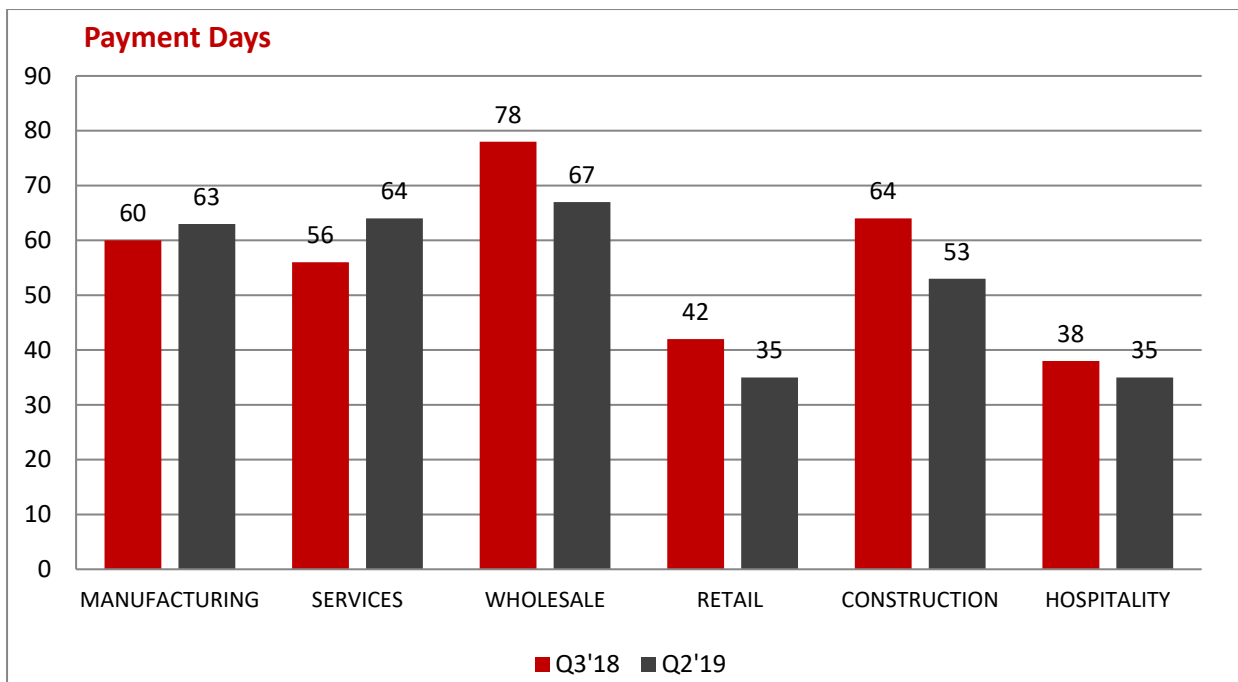


Businesses on average are waiting 57 days to be paid, this a two day decrease on the previous published quarter (Q3'18).



**Regionally:**

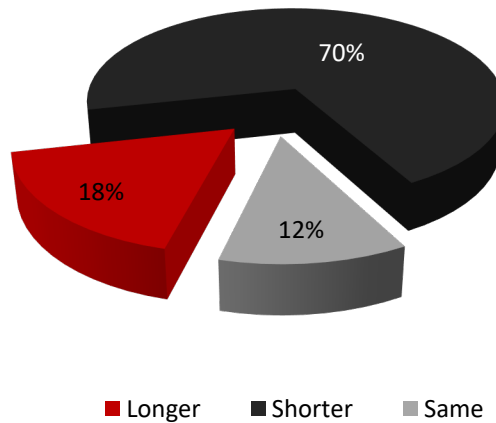
Businesses in Leinster are waiting longest to be paid at 63 days, followed by businesses in Ulster at 60 days. Dublin businesses which had the greater concentration in this survey are waiting on average 59 days. While businesses in Munster and Connacht are waiting 57 and 40 days respectively.



**Sectorally:**

Businesses in the Construction sector are waiting on average 53 days. Manufacturing and Services sector are waiting on average 63 and 64 day respectively. Wholesale are waiting 67 days, while Retail are waiting 35 days for payment. The Hospitality sector are waiting on average 35 days.

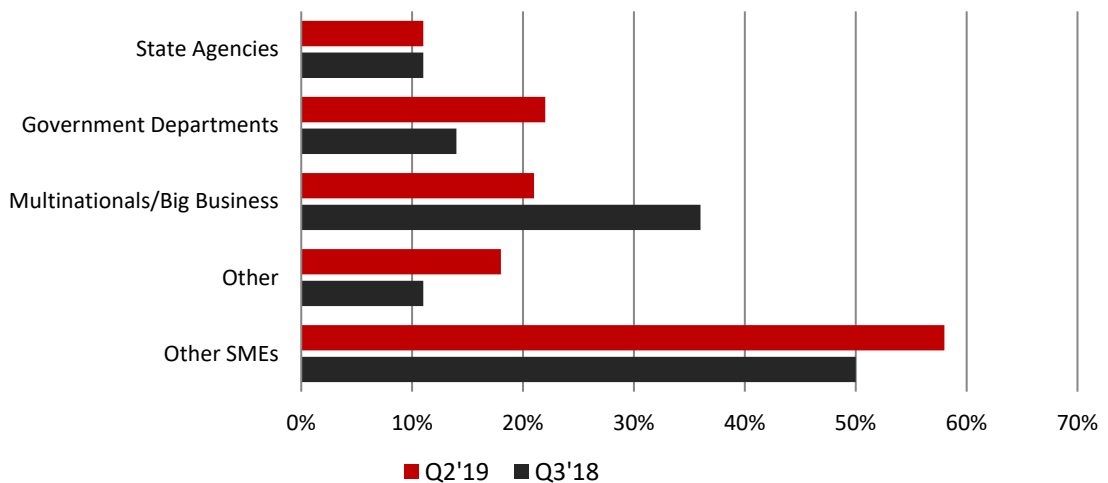
### Credit Period



70% of members stated the credit period for this quarter was the same, 18% reported it was longer, while 12% said 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 58%. 21% of Big Businesses are taking longest to pay, down from 36% in Q3'18. Government Departments have risen from 14% to 22% and State Agencies have remained steady at 11%.

### Longest to Pay



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