



Prompt Payments Report Q1'21

9th April 2021

PAYMENT DELAYS IMPROVE SLIGHTLY

- **Payment times for SMEs remains high at 45 days.**
- **Businesses in Ulster are waiting longest to be paid at 53 days.**
- **53% of businesses are experiencing delays of 2 months or more.**
- **18% of multinationals/big businesses taking longer to pay SMEs.**

ISME, the Irish SME Association, today (9th April) released its Prompt Payments Report for Q1'21. Based on the findings, credit days for this quarter have continued a steady downward, now at 45 days. Businesses in Ulster are waiting the longest to be paid at 53 days followed by Dublin at 50 days. The Construction and Manufacturing sectors are waiting longest on payment; an average of 60 and 53 days, respectively. The Association emphasises the importance of businesses paying each other on time.

ISME CEO Neil McDonnell said:

We are delighted to see yet another reduction in payment days, with an improvement of three days over the previous quarter. This is remarkable given the continued strain on the SME sector due to Covid-19 and ongoing Brexit difficulties. As signatories to the Prompt Payment Code, ISME does not believe that creditors should ever be relied upon for working capital; we should all pay our debts promptly.

This report was generated using data from our Q1'21 business trends survey, conducted in the second week of March 2021. There were 233 SME respondents, 50% of whom employ less than 10; 43% employ between 11 and 49; and the remaining 7% employ between 50 and 250. Geographically, 40% are from Dublin; 50% are spread across the rest of the country; and 10% have multiple sites.

The main results of this study show:

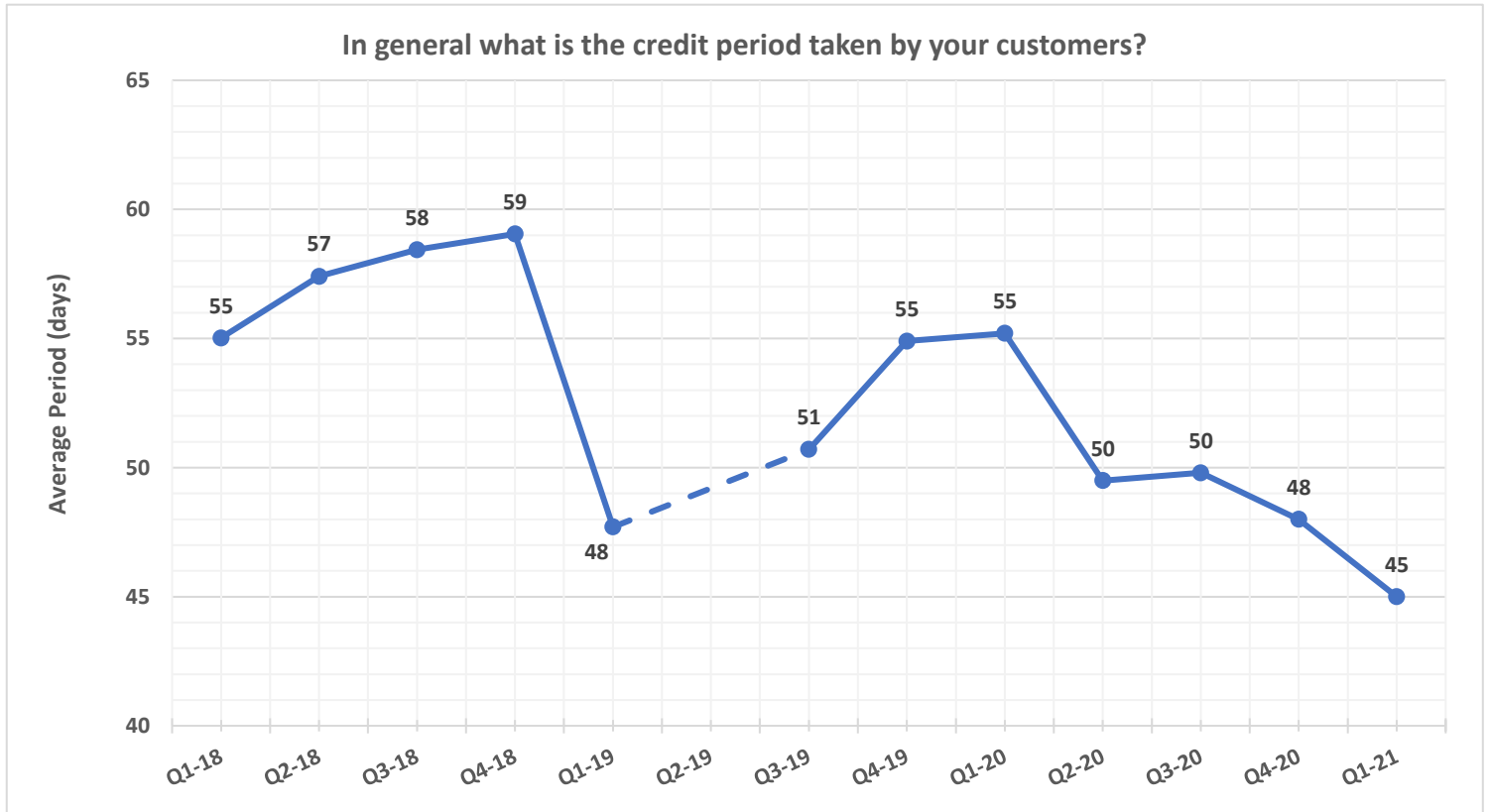
- **Average payment period for SMEs in Q1'21 decreases from 48 to 45 days.**
- **53% of SMEs are experiencing delays of 2 months or more, down from 60% in Q4'20.**
- **83% of respondents do not charge interest on late payments.**
- **15% are afraid to charge for late payments in case they lose custom, an increase of 8% from Q4'20.**
- **18% of multinationals are taking longer to make their payments.**
- **70% of SMEs favour a statutory 30-day payments regime; with no opt-out.**
- **Construction and Manufacturing sectors are waiting the longest on payment, at 60 and 53 days, respectively.**
- **Businesses in Ulster are waiting on average 53 days to be paid.**
- **Businesses in Dublin are waiting on average 50 days for payment.**
- **Businesses in Leinster are waiting on average 42 days for payment.**
- **Businesses in Munster are waiting on average 44 days for payment, while businesses in Connaught are waiting on average 35 days.**

Our organisation persists in calling on the 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.**

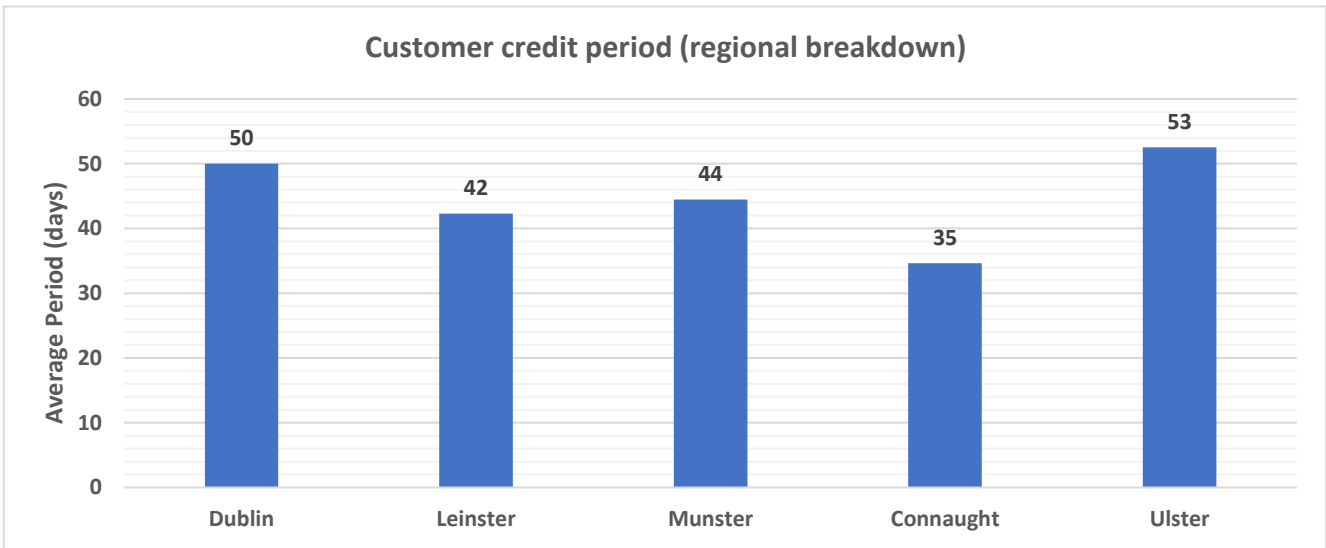
Average credit period in days:

Businesses on average are waiting 45 days to be paid. This is a three day decrease on the previous quarter, continuing the downward trend in credit period which has been consistent since the end of 2019.



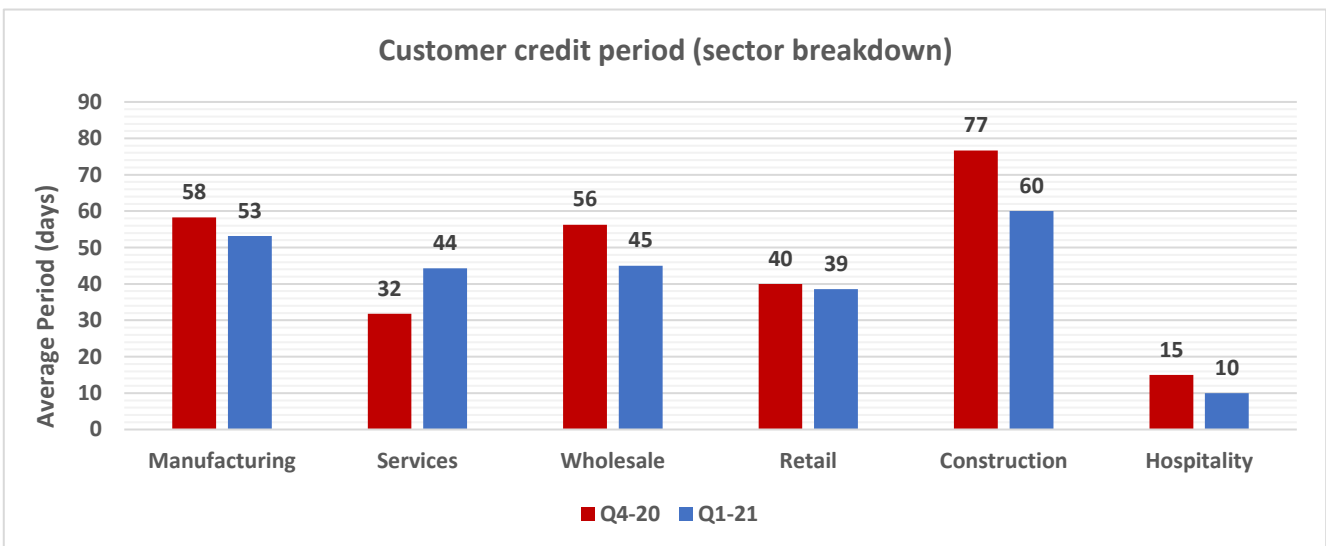
Regional breakdown of credit period:

Businesses in Ulster are waiting longest to be paid at 53 days, followed by businesses in Dublin at 50 days. Munster businesses are waiting on average 44 days, while businesses in Leinster and Connaught are waiting 42 and 35 days, respectively.



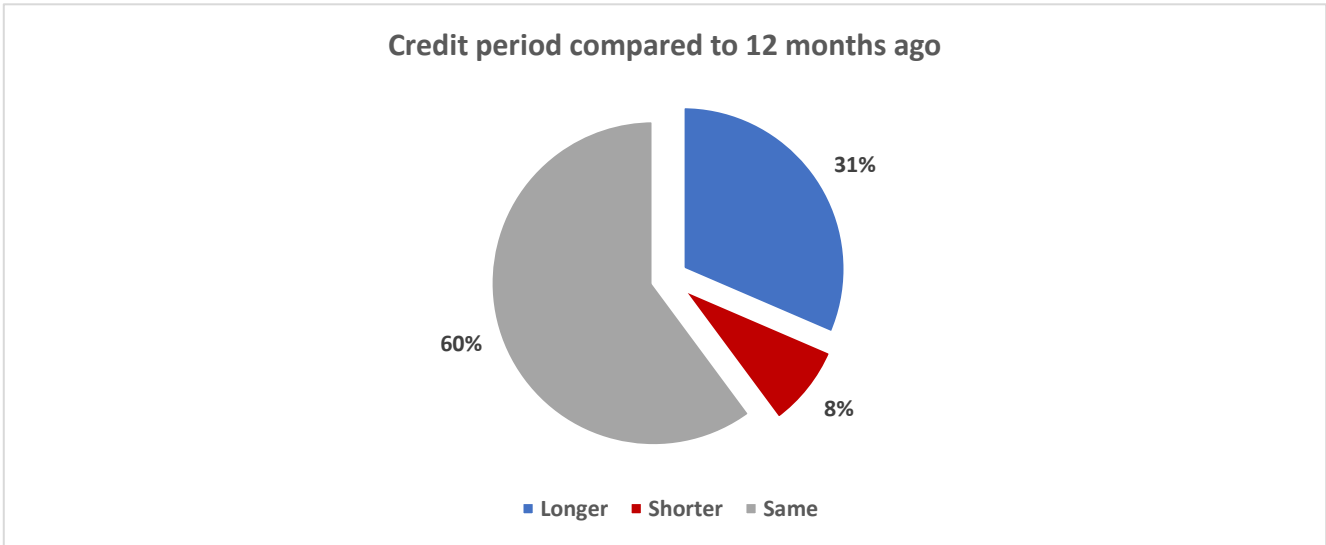
Sectoral breakdown of credit period:

Businesses in the Construction sector are waiting on average 60 days. The Manufacturing and Services sectors are waiting on average 53 and 44 days, respectively. Wholesale are waiting 45 days, while Retail are waiting 39 days for payment. The Hospitality sector remains the lowest, waiting on average 10 days. It is worth noting that five out of the six sectors mentioned here have shown decreased credit periods when compared to the previous quarter. All but the Services sector noted a decrease.



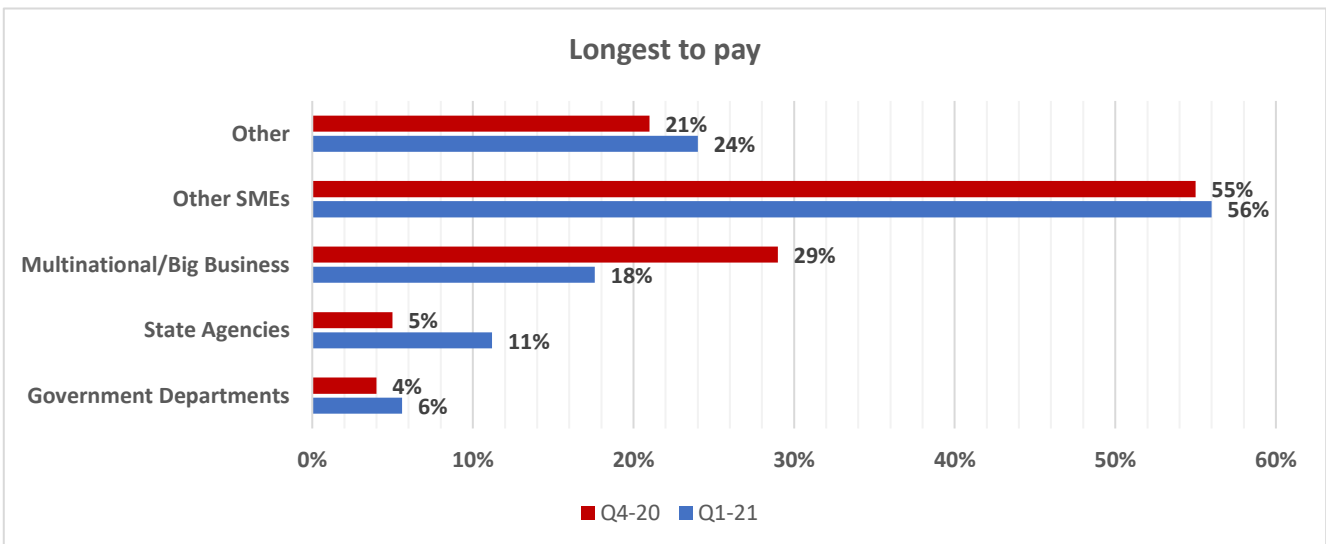
Longer or shorter period:

60% of members stated the credit period for this quarter was the same, 31% reported it was longer, while 8% said it was shorter.



Longest to pay:

We asked our members which category of customer was taking the longest to pay. 'Other SMEs' were reported as taking longest to pay at 56%. 18% of Big Businesses are taking longest to pay, down from 29% in Q4'20. Government Departments have risen from 6% to 4% and State Agencies also increased from 4% to 11%.



ENDS.

For further information, please contact:

Sheema Lughmani

Press, Policy and Research Officer

T: 01 6622755

E: sheema@isme.ie

Note to Editors:

This survey was conducted in the second week of March, covering the first quarter of 2021. There were 233 SME owner manager respondents.