

Prompt Payments Report Q3'21

04th November 2021

PAYMENT DELAYS IMPROVE SLIGHTLY

- **Payment times for SMEs decrease slightly, now at 46 days.**
- **Businesses with multiple sites are waiting longest to be paid at 79 days.**
- **53% of businesses are experiencing delays of 2 months or more.**
- **26% of multinationals/big businesses taking longer to pay SMEs.**

ISME, the Irish SME Association, today (04th November) released its Prompt Payments Report for Q3'21. Based on the findings, credit days for this quarter have fallen slightly, now at 46 days. Businesses with multiple sites are waiting the longest to be paid at 79 days followed by Leinster at 59 days. The Construction and Wholesale sectors are waiting longest on payment; an average of 68 and 73 days, respectively. The Association emphasises the importance of businesses paying each other on time.

ISME CEO Neil McDonnell said:

We are delighted to see payment times improve slightly since Q2, but there is still too much “leaning on the trade” in Ireland. We appreciate that many businesses are in trouble, and are experiencing difficulty in finding the working capital to settle with creditors, but unfortunately, the longer SMEs take to discharge their creditors, the worse the “tail” effects of the pandemic are going to be.

This report was generated using data from our Q3'21 business trends survey, conducted in the first two weeks of October 2021. There were 143 SME respondents, 51% of whom employ less than 10; 44% employ between 11 and 49; and the remaining 5% 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 Q3'21 decreases from 50 to 46 days.**
- **53% of SMEs are experiencing delays of 2 months or more, the same as in Q2'21.**

- **81% of respondents do not charge interest on late payments.**
- **15% are afraid to charge for late payments in case they lose custom, the same as in Q2'21.**
- **26% of multinationals are taking longer to make their payments.**
- **68% of SMEs favour a statutory 30-day payments regime; with no opt-out.**
- **Construction and Wholesale sectors are waiting longest on payment; at an average of 68 and 73 days, respectively.**
- **Businesses with multiple sites are waiting on average 79 days to be paid.**
- **Businesses in Dublin are waiting on average 56 days for payment.**
- **Businesses in Leinster are waiting on average 59 days for payment.**
- **Businesses in Munster are waiting on average 56 days for payment, while businesses in Connaught are waiting on average 47 days.**

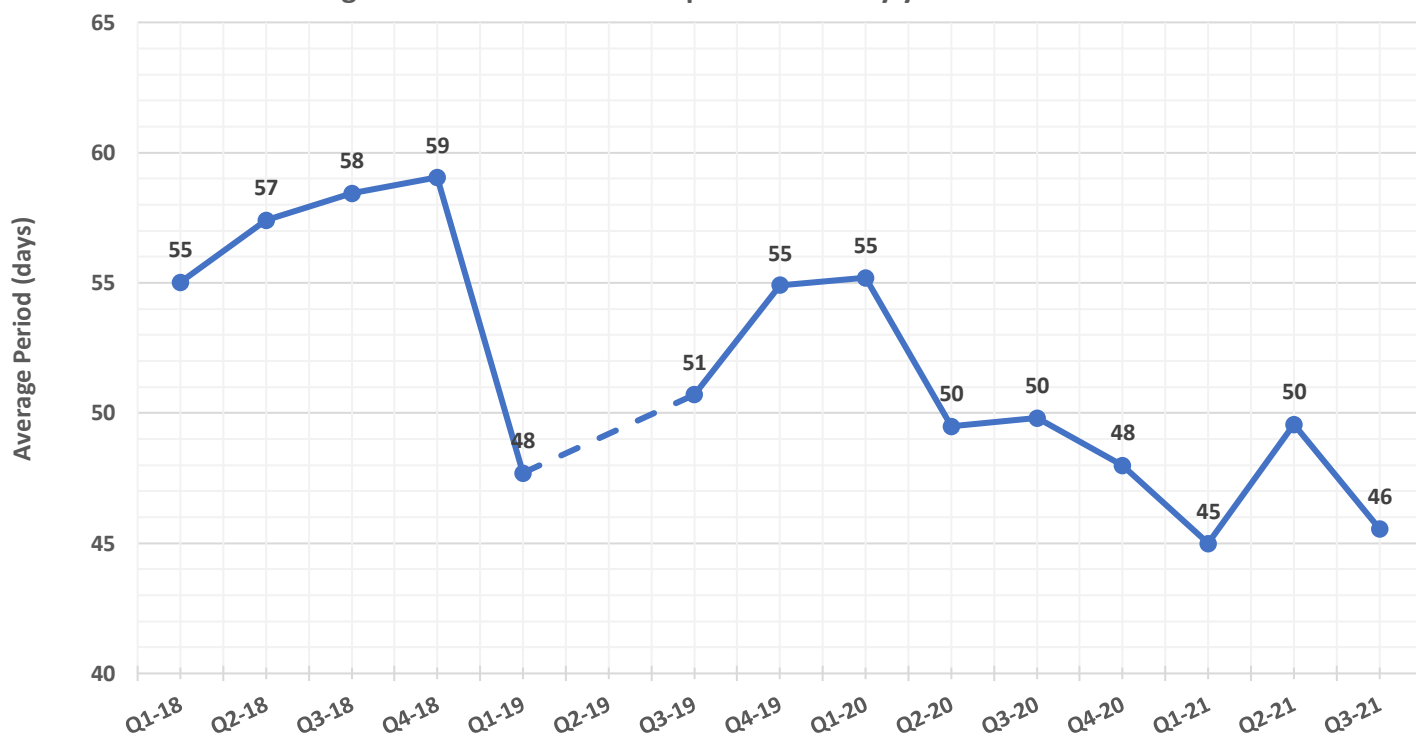
Our organisation persists in calling on the Government to:

- **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 46 days to be paid. This is a four day decrease on the previous quarter, returning to similar levels as Q1'21.

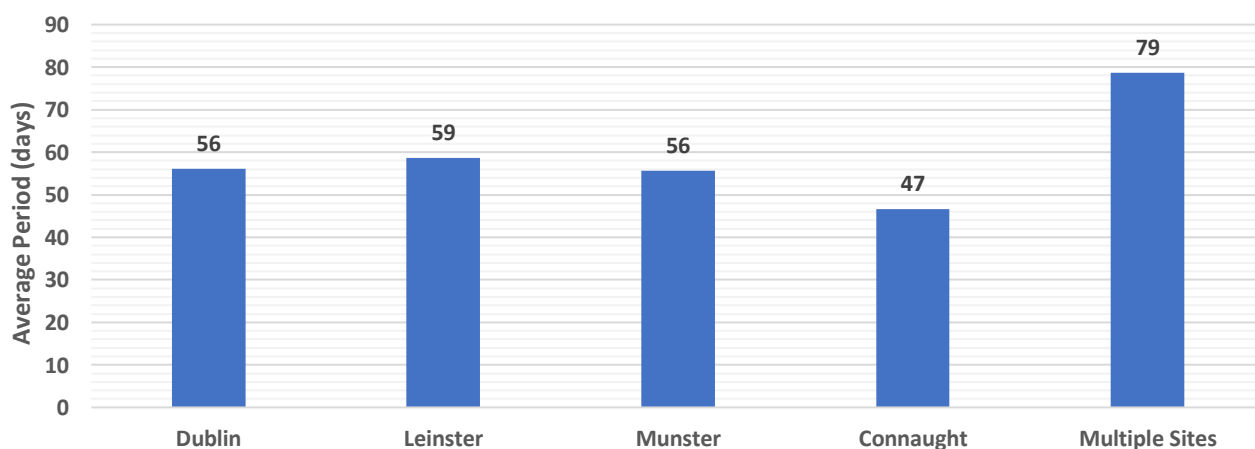
In general what is the credit period taken by your customers?



Regional breakdown of credit period:

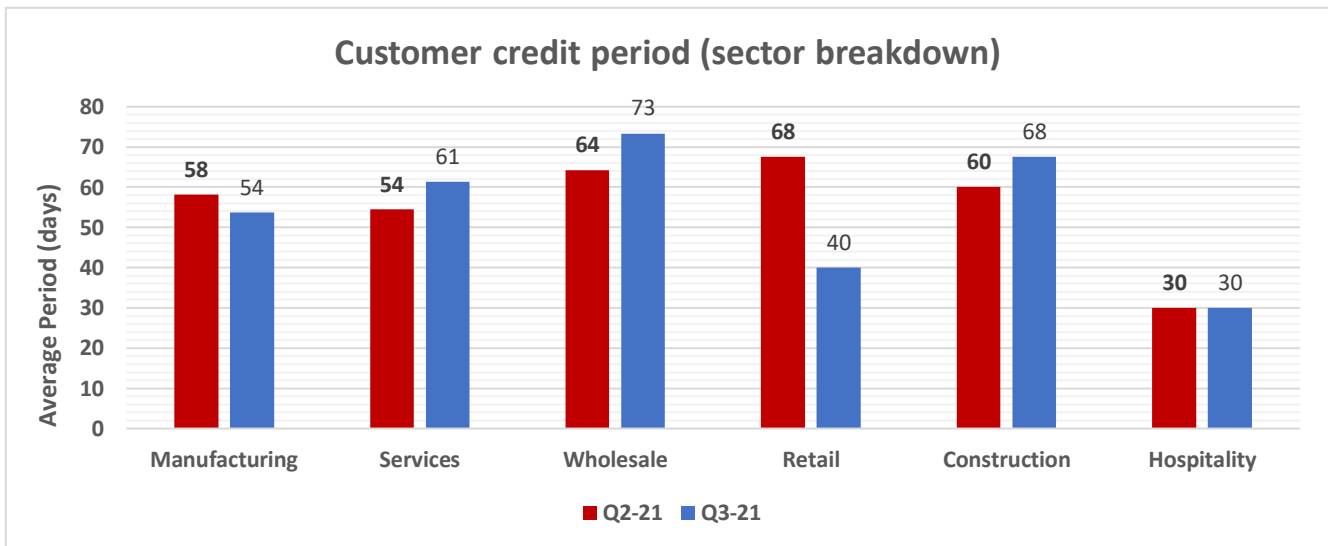
Businesses in multiple sites are waiting longest to be paid at 79 days, followed by businesses in Leinster at 59 days. Dublin and Munster businesses are waiting on average 56 days, while businesses in Connaught are waiting 47 days.

Customer credit period (regional breakdown)



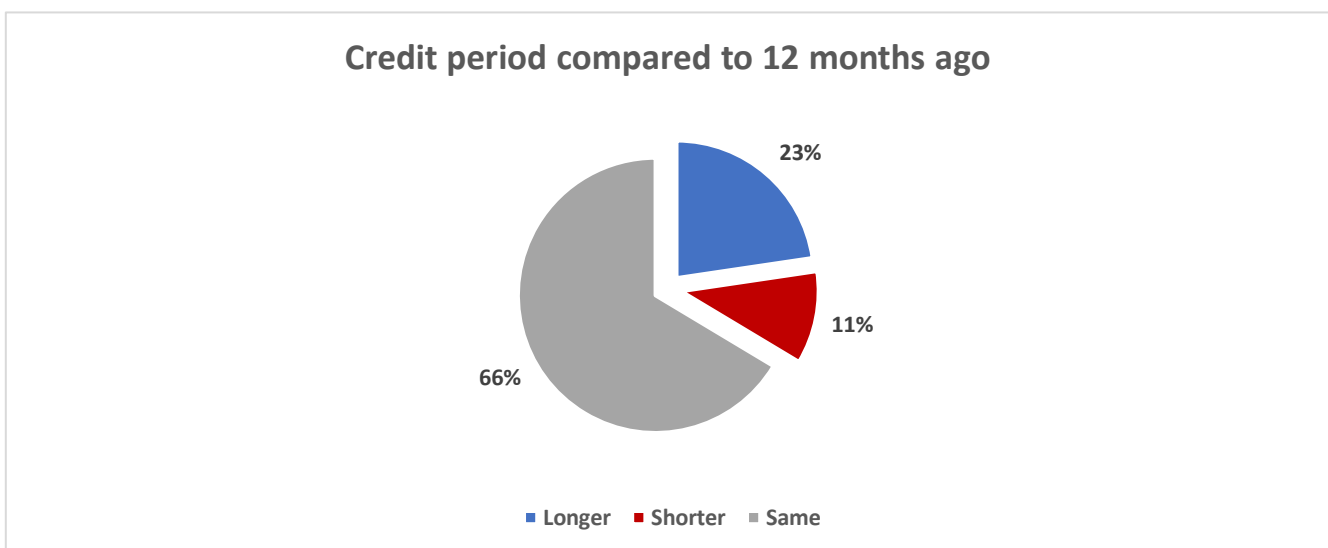
Sectoral breakdown of credit period:

Businesses in the Construction sector are waiting on average 68 days. The Manufacturing and Services sectors are waiting on average 54 and 61 days, respectively. Wholesale are waiting 73 days, while Retail are waiting 40 days for payment. The Hospitality sector remains the lowest, waiting on average 30 days. It is worth noting that in Q2'21 all six sectors noted significant increases in customer credit period. While this quarter marked increases in three out of six sectors, a sharp decline was clear in the Retail sector, dropping from 68 to 40 days.



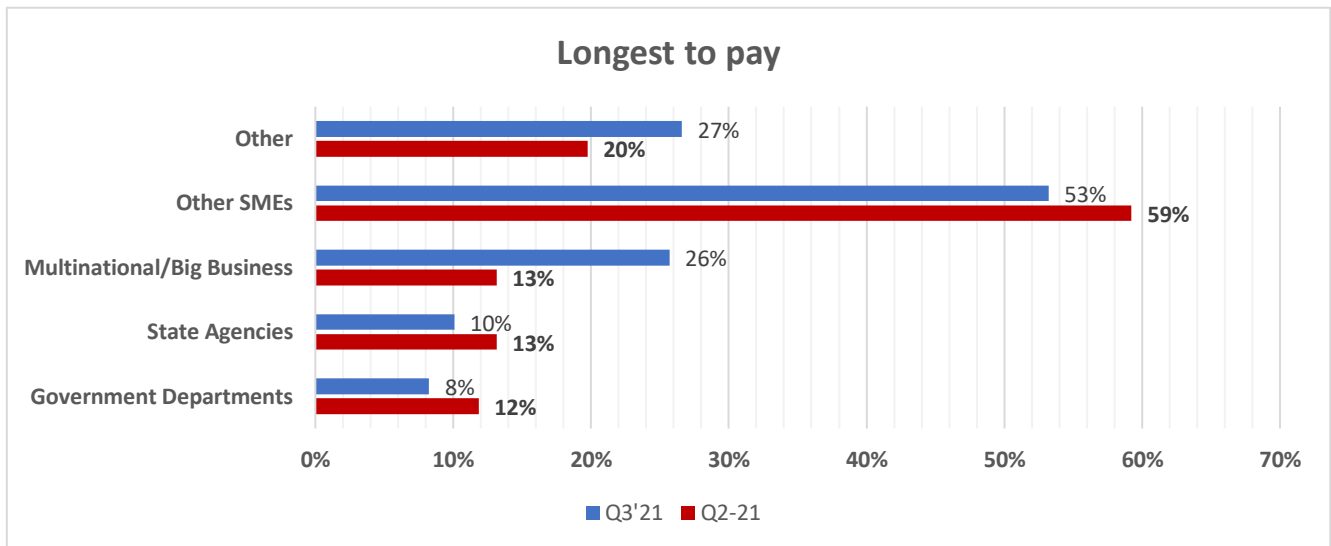
Longer or shorter period:

73% of members stated the credit period for this quarter was the same, 19% 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 53%. 26% of Big Businesses are taking longest to pay, up from 13% in Q2'21. Government Departments have dropped from 12% to 8% and State Agencies also decreased from 13% to 10%.



ENDS.

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Note to Editors:

This survey was conducted in the first two weeks of October, covering the third quarter of 2021. There were 143 SME owner manager respondents. The results presented in this report are calculated as the aggregate response to a survey question, i.e., the sum of all positive and negative responses. For example, a survey question may ask: "Have you increased or reduced investment in your company in the last 12 months?". The breakdown of responses is as follows: 51% "Increased", 39% "Remain Same" and 13% "Decreased". The aggregate response to this question is calculated as the sum of the positive and negative sentiment expressed in the question: 51% - 13% = 38%. The neutral response, "Remain Same" is not considered.