

ACREDIA: DEBT COLLECTION

February 2024

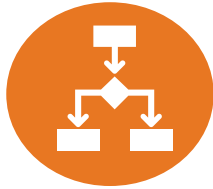


GAME CHANGERS



METHODOLOGY – QUANTITATIVE STUDY

NOTE



Methodology: CATI (Computer assisted telephone interview)
Sample size N=150



Data collection: February 2024.



Sample: Sample of Croatian enterprises categorized as large, medium or small in official Financial institution database

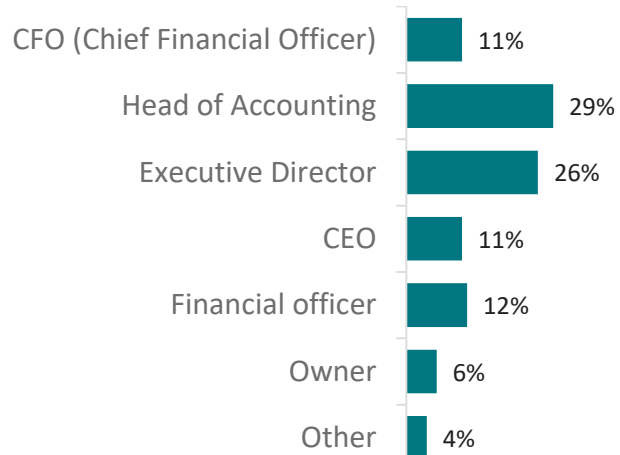
For the purposes of this research, a total of 10 large, 41 medium and 99 small companies were interviewed in order to have a large enough sample for analyzing results according to company size.

For the purposes of the analysis, large and medium-sized companies were grouped together, and their results were compared with the results of small companies.

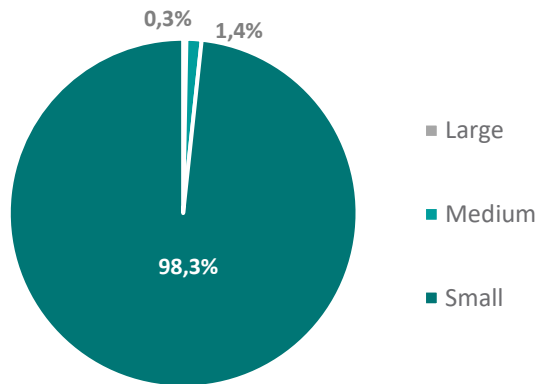
Since medium and large companies make up a small share in the population of companies in Croatia (<5%), in the sample their share was reduced by weight, in order for the results to be valid for the population. Therefore, the results of the total sample are representative for the Republic of Croatia. All results presented for a company size are not weighted.

SAMPLE

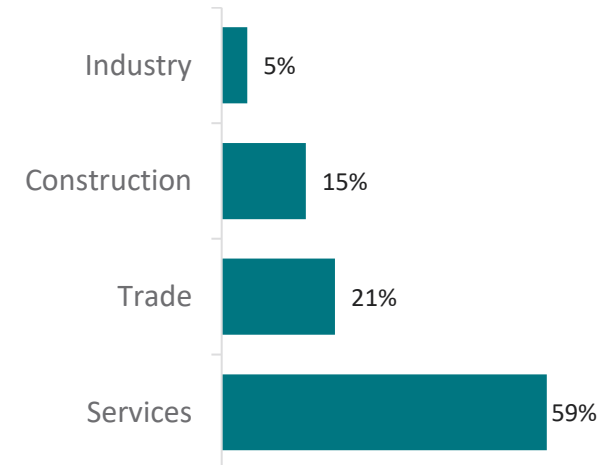
RESPONDENT ROLE



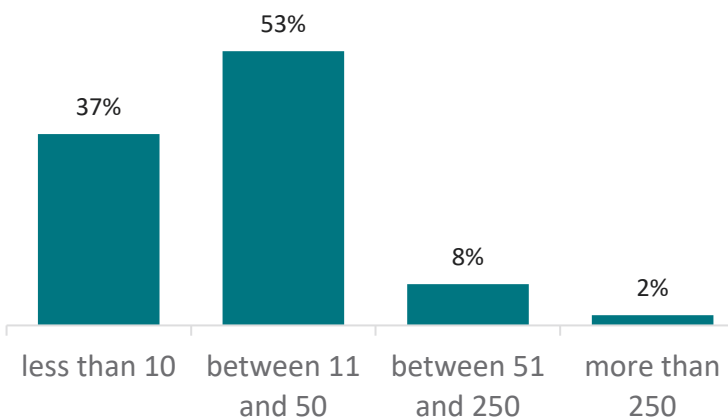
COMPANY SIZE*



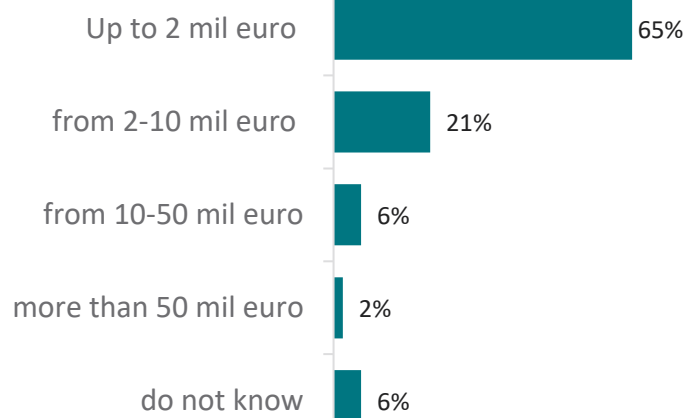
SECTOR



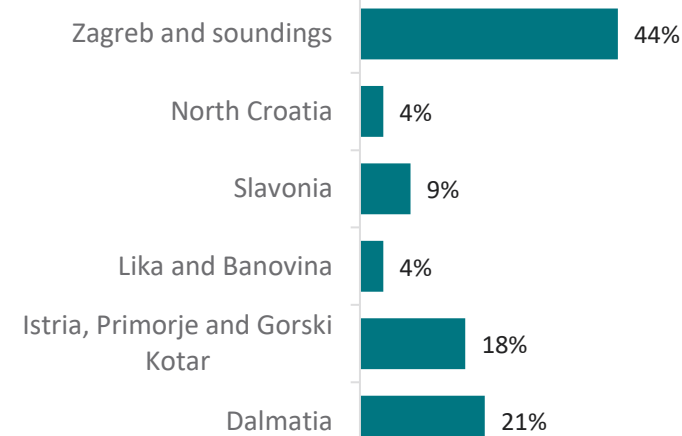
NUMBER OF EMPLOYEES



ANNUAL TURNOVER



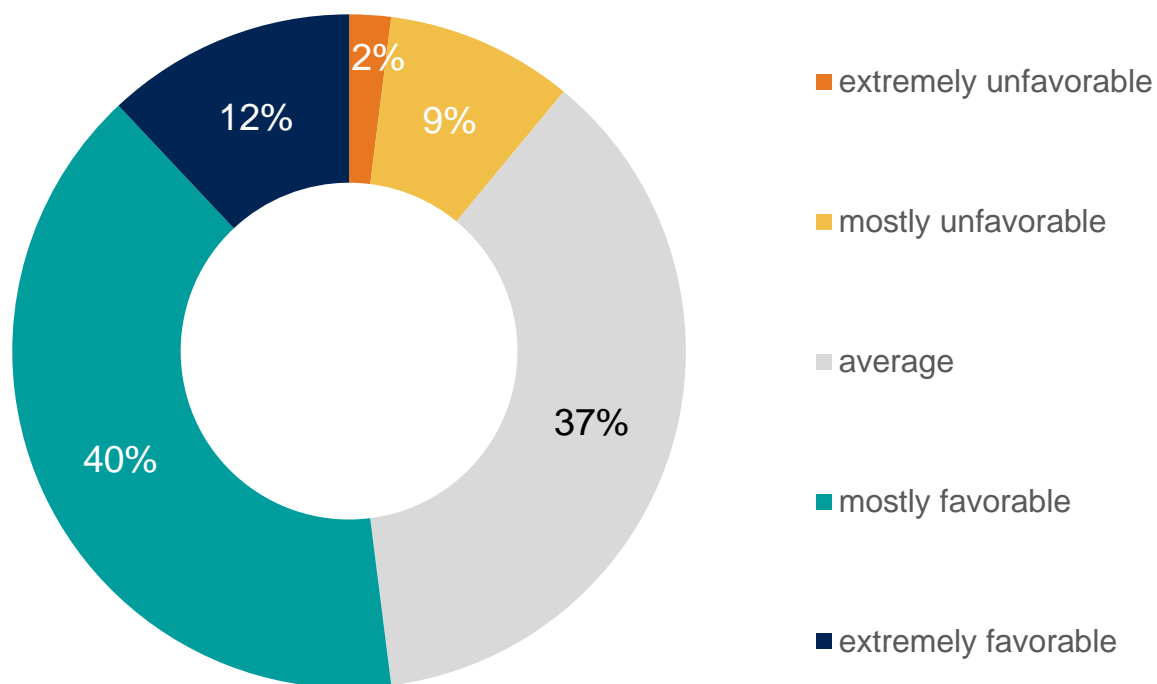
REGION



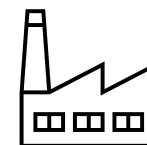
*based on official FINA database. This database, apart from number of employees and turnover, takes into account company assets.

CURRENT STATE OF SECTOR

The current state of the sector within which the company operates is generally favorable. Most respondents (52%) have a mostly or extremely favorable view, while 37% view the state as average. Only a minority (11%) view the state as mostly or extremely unfavorable.



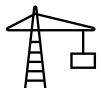
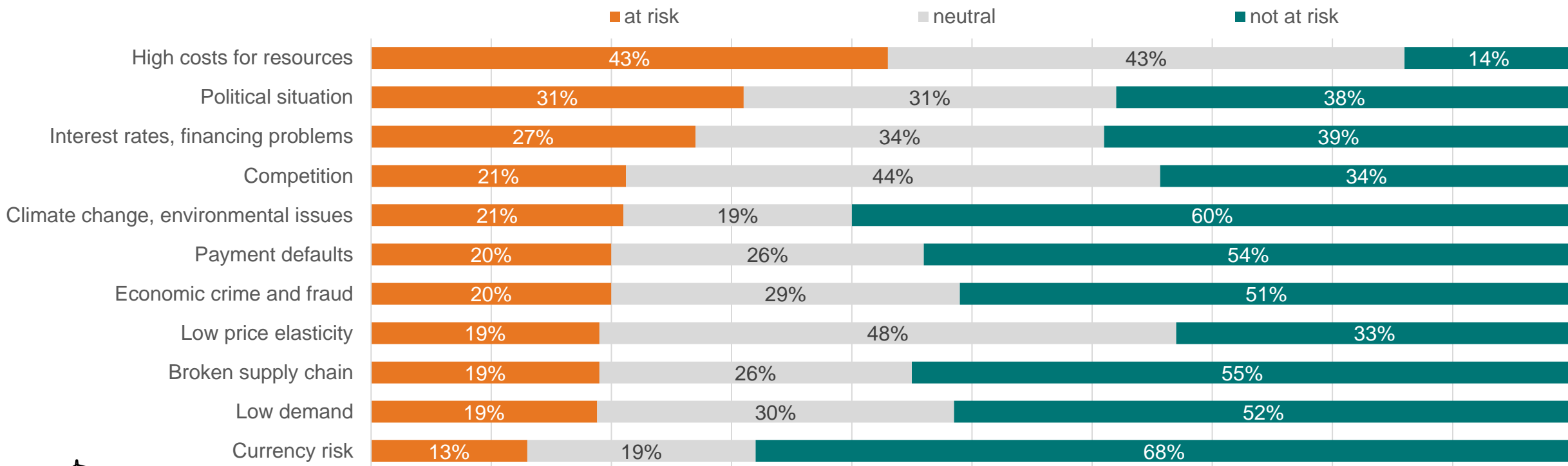
Observed differences



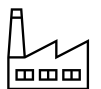
ONLY 24% OF ENTERPRISES IN INDUSTRY SECTOR view current state favorably, (compared to 50% of them in Trade sector and 55% in Construction and Services sectors). The majority of those in the industry sector, approximately 68%, perceive their current state as neutral.

POTENTIAL RISKS

Croatian enterprises perceive high cost of resources as the greatest risk they may face in future. The political situation appears to be a risk for some companies, as indicated by 31% of them. Interest rates and financing problems are seen as a risk by 27% of companies. **Payment defaults represent a risk to 20% of enterprises.** Since Croatia switched to Euro, the currency risk is minimized.



Competition and low demand are less frequently seen as risks by **construction** enterprises than is the case in other sectors.

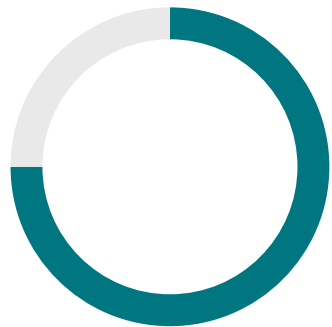


Economic crime and fraud represent a greater risk for **small enterprises** (19% of them) than for large and medium-sized businesses (6%). They are also a lower risk for enterprises in the industry than in other sectors.

PAYMENT PRACTICE

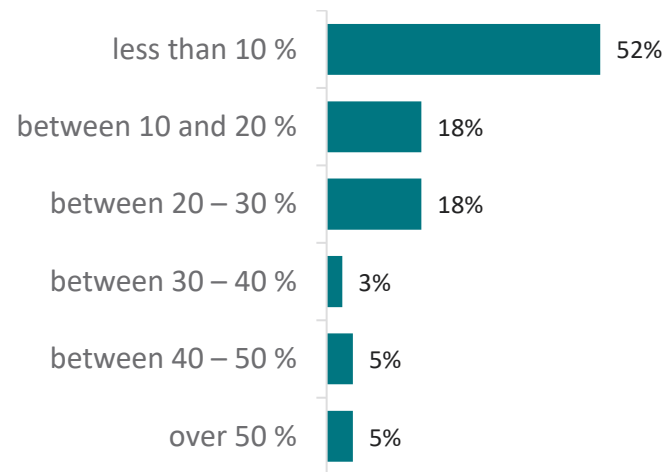
¾ of enterprises have experienced a payment default by a customer in the last 12 months, which indicates a significant issue with late payments. Most enterprises (52%) report that less than 10% of their invoices are being paid late. **The most common reasons for late payment are that the customer delayed payment on purpose (40%) and errors in payment management, such as the invoice getting lost or being sent to the wrong account (36%).** A significant number of businesses, 28%, also believe that customers use vendors for credit, indicating a strategic delay in payment.

EXPERIENCED A PAYMENT DEFAULT



75%

INVOICES PAID TOO LATE



REASONS FOR LATE PAYMENT



6 BASE: Total sample, N=150

Question: Have you experienced a payment default by customer in last 12 months? / In general, how many percent of your invoices are being paid too late? / Based on your experience, what are the most common reasons for late payment in your opinion?

PAYMENT PRACTICE

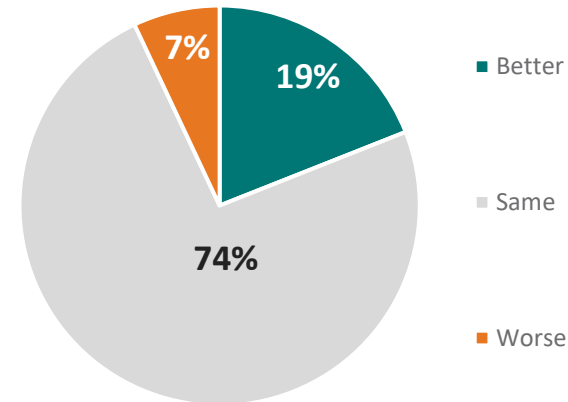
Significant number of enterprises, 42%, have suffered financial damage due to late payments. This suggests that late payments are a substantial issue that can have serious financial consequences. As for expectations regarding client payment behavior in the next 12 months, most of businesses, 74%, anticipate that the payment behavior of their clients will remain the same.

EVER SUFFERED FINANCIAL DAMAGE DUE TO LATE PAYMENT



42%

EXPECTATIONS ON CLIENT PAYMENT BEHAVIOR IN THE NEXT 12 MONTHS



THANK YOU

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GAME CHANGERS

