



# Atradius Payment Practices Barometer

International survey of B2B payment behaviour  
Survey results for Japan

## Survey design for Asia Pacific

### Survey objectives

For internationally active companies, it is vital to have good knowledge of the payment practices of potential customers in countries they do or plan to do business with, as miscalculation may result in serious cashflow problems. This applies to big as well as small companies. Big companies are particularly hit by poor payment behaviour due to the volume of their international transactions. Smaller companies often learn the hard way early in their international endeavours that they have incorrectly estimated the payment practices of their international business partners.

Atradius is conducting regular reviews of corporate payment practices through a survey called the “Atradius Payment Practices Barometer”. Using the questionnaire Conclusr conducted a netto of 1,692 interviews in Asia and the Pacific. The interviews were all conducted exclusively for Atradius and there was no combination of topics.

### Survey scope

- Basic population: companies from 8 countries were monitored (Australia, China, Hong Kong, India, Indonesia, Japan, Singapore and Taiwan). The appropriate contacts for accounts receivable management were interviewed.
- Selection process:  
Internet survey: companies were selected and contacted by use of an international Internet panel. A screening for the appropriate contact and for quota control was conducted at the beginning of the interview.
- Sample: N=1,692 people were interviewed in total (approximately n=200 people per country). In each country, a quota was maintained according to three classes of company size.
- Interview: Web-assisted personal interviews (WAPI) of approximately 12 minutes duration.

### Sample overview – Total interviews = 1,692

Country	n	%
Australia	213	12.6
China	219	12.9
Hong Kong	220	12.9
India	208	12.3
Indonesia	207	12.3
Japan	208	12.3
Singapore	208	12.3
Taiwan	209	12.4
Industry	n	%
Manufacturing	605	35.8
Wholesale / Retail / Distribution	490	29.0
Services	597	35.2
Business size	n	%
Micro-enterprises	572	33.8
SMEs (Small/Medium enterprises)	857	50.7
Large enterprises	263	15.5

It may occur that the results are a percent more or less than 100% when calculating the results. This is the consequence of rounding off the results. Rather than adjusting the outcome so that it totalled 100%, we have chosen to leave the individual results as they were to allow for the most accurate representation possible.

## Survey results for Japan

### The greatest challenge to business profitability this year

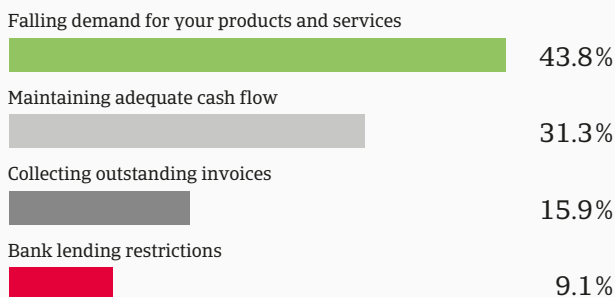
Japan has the world's third-largest economy, with multinationals which are household names. But their ageing population has created a spiralling public debt, which has hampered competitiveness. In order to address this, policymakers have been focused of late on implementing initiatives contained in a new growth strategy, which includes cuts to the corporate-tax rate. GDP forecasts for Japan have been revised down to 1.4% for this year and 1.8% in 2015.

Despite this, manufacturing in Japan continues to flourish – they are the world's largest manufacturer of electronics, leading the way globally in robotics and high tech precision goods such as optical instruments, robotics and hybrid technologies. They are also the world's third largest automotive manufacturer.

The Japanese economic agenda, or "Abenomics", as it has been named after Prime Minister Shinzo Abe, currently faces a tricky test, after the economy underwent a sharp contraction of 7.1% quarter on quarter on an annualised basis in April-June. The decline was expected, as the government implemented a higher consumption tax rate in April that saw consumers pull forward their spending. However, these changes to the tax system have made it difficult to assess the underlying strength of the economy. Encouragingly, private non-residential investment seems to be gaining momentum, which is essential, as the government's best hope of lifting the rate of economic growth is to persuade cash-rich businesses to commit to expansion plans.

Against this backdrop, 43.8% of Japanese respondents to the survey stated that the biggest challenge to their business profitability this year was falling demand for their products and services, the highest percentage of all Asia Pacific nations surveyed. The average of the region was 32.3%. Maintaining adequate cash flow was the second and collection of outstanding debts the third most frequently mentioned challenges. Finally, as in Taiwan, only 9.1% of Japanese respondents rated bank lending restrictions as the biggest challenge to suggesting that the lending landscape remains comparatively favourable for businesses in these two countries. The Asia Pacific average was 14%.

### The greatest challenge to business profitability this year – Japan



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – November 2014

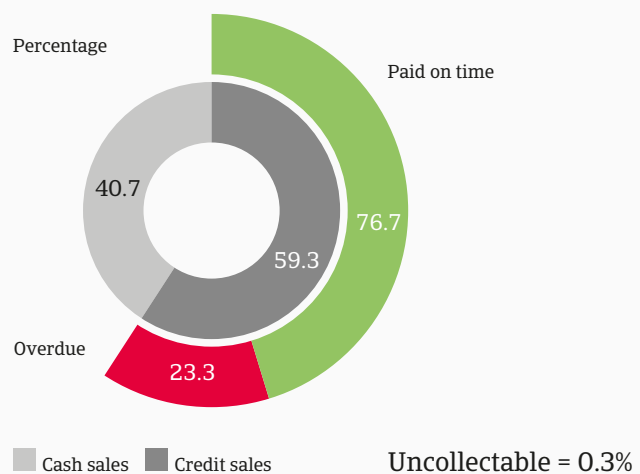
More information in the [Statistical appendix](#)

### Past due and uncollectable receivables

Respondents in Japan were impacted significantly less by past due receivables and uncollectable debt than any other nation surveyed, not just in Asia Pacific, but also in Europe and the Americas. Only 23.3% of overdue receivables of respondents in Japan were unpaid after 30 days overdue, versus an average for the region of 36.2%. At 90 days past due this dropped to just 1.5% and uncollectable debt was rated at less than 1%. The regional averages were 4.4% at 90 days overdue and 2.2% written off as uncollectable.

Also of note, by comparing the percentage of receivables that remained outstanding after 90 days past due to that of the uncollectable receivables we can conclude that on average, businesses in Japan lose 20% of their receivables unpaid at 90 days. By country, this is by far the lowest of the Asia Pacific nations surveyed. The second lowest was Singapore, some way higher at 42.1% and China was the highest at 64.1%.

### Average total value of B2B receivables by payment timing in Japan



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – November 2014

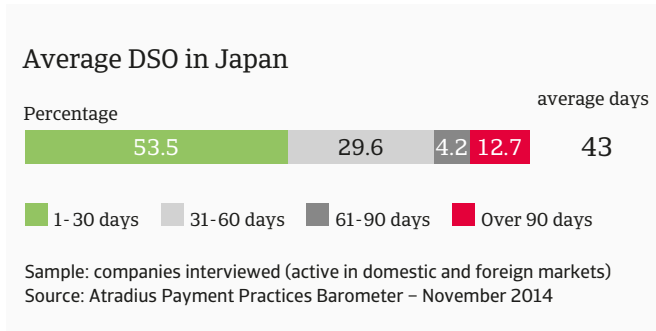
More information in the [Statistical appendix](#)



## Days Sales Outstanding – DSO

Across Asia Pacific, businesses recorded a DSO of 54 days on average, with Japan coming in at 43 days, one of the lowest after Australia at 31 days and Hong Kong at 37 days. Compared with the regional average, Japanese companies have to wait, on average, 11 additional days from the due date before payment is made. At the other end of the spectrum, Indonesian businesses have a DSO of 100 days, which means that they have a formidable 66 day wait before getting paid.

61.2% of Japanese businesses felt that DSO became a threat to the sustainability of their business when it exceeds thirty days. This was the lowest figure recorded in the survey, in direct contrast to China, where 78.9% of Chinese respondents felt at risk after thirty days. Japan, however, has been trading internationally, on credit, for many years and this result is likely to reflect their ease with credit based transactions.



More information in the [Statistical appendix](#)

## Main reasons for late payment from B2B customers

The main reason given by Japanese respondents for late domestic payments was incorrect information on the invoice, at 21.83% – the only country to select this as the main reason for non-payment amongst those surveyed. Indeed, Japanese respondents were the only ones in the Asia Pacific region for which “insufficient availability of funds” was not rated as the top reason for late payment delays.

In terms of late foreign payment, the “buyer using outstanding debts or invoices as a form of financing” came in top place for Japanese respondents, at 27.66%, although this was actually the second lowest score in the category, with only Indonesia lower, at 25.55%. The average for the region was 29.84%. Overwhelmingly, other nations surveyed were more impacted by complexity of payment, with most other countries placing this top, an average of 39.97%.

## Credit management policies used by respondents

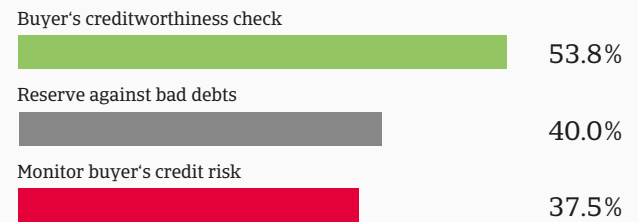
To protect themselves from the risks of trade credit, 72.14% of businesses in Asia Pacific undertake some form of risk management. Only 45.86% of those surveyed in Japan said that they did so. This was overwhelmingly the lowest figure amongst those recorded and may simply reflect a less permissive or flexible payment culture than is evident in other nations.

Of those methods used by Japanese respondents, the most popular at 53.75%, was to check a buyer’s creditworthiness – slightly higher than the region’s average at 51.93% - followed by reserving against bad debts, at 40%.

In terms of being paid, Japanese respondents overwhelmingly preferred electronic transfers of funds, at 91.98% some way ahead of other nations surveyed, and the regional average of 79.87%. By contrast, they came in lowest for all other methods of payment – cheques, for example, came in at 31.58% versus a 60.76% regional average, credit cards 7.37% versus a 38.99% regional average and PayPal at 2.63% versus an average of 22.92%.

42.86% expected to see an increase in the use of credit cards and 33.33% in the use of PayPal, showing that they are aligned with other nations surveyed in recognising the on-going increase in payment methods that can be used across various channels including online.

## Most often used credit management policies in Japan



Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – November 2014

More information in the [Statistical appendix](#)

### Survey results by country, industry and business size

The findings related to each of the countries surveyed across Asia Pacific are presented in the Statistical Appendix which also features results by industry and business size. The latter, at an overall survey level, are displayed next to the related tables in the Statistical Appendix to this report. The regional report of this edition of the Atradius Payment Practices Barometer, as well as its Statistical Appendix, are available for free and downloadable on the [atradius.com](http://atradius.com) website.

If you would like more information about protecting your receivables against payment default by your customers you can visit the [Atradius website](#) or if you have more specific questions, please [leave a message](#) and a product specialist will call you back.

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The [Statistical appendix](#) to this report is part of the November 2014 Payment Practices Barometer of Atradius (survey results for Asia Pacific) available at [www.atradius.com/Publications/Payment Practices Barometer](http://www.atradius.com/Publications/Payment Practices Barometer). This appendix is available for download in PDF format (English only).

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