

24th August 2018

PAYMENT DELAYS FOR SMEs DAMAGING SECTOR

- **Payment time for SMEs worsens from 52 to 55 days.**
- **Businesses in Ulster are waiting longest to be paid at 64 days.**
- **67% of businesses are experiencing delays of 2 months or more.**
- **71% of SMEs would favour a statutory 30 day payment regime.**
- **'Unacceptable' that 41% of big businesses are taking longer to pay.**

ISME, The Irish SME Association today (August 24th) published the results of its quarterly **Credit Watch Survey Q2'18**. Based on the findings, credit days for this quarter have worsened from 52 to 55 days. Businesses in Ulster are waiting longest to be paid at 64 days. While the Manufacturing and Construction sectors are waiting longest on payment; an average of 63 and 69 days respectively. The Association highlights the need and importance of businesses paying each other on time.

Commenting on the results ISME, CEO Neil McDonnell said *"Today's report showing an increase in payment delays is disappointing. Cash flow certainty is essential for sustainable businesses"*.

"Failure by businesses to pay each other on time has a knock-on effect on productivity, development and growth".

He added,

"There needs to be a change in our attitude when it comes to paying creditors. Today's results paint a negative image for big business when paying SMEs. 41% are taking longer to pay, which is unacceptable. Few small businesses have the same working capital buffers that big businesses enjoy, and can't wait to get paid"

These findings represent 10% of our membership with research undertaken in the last week of July. The main results show:

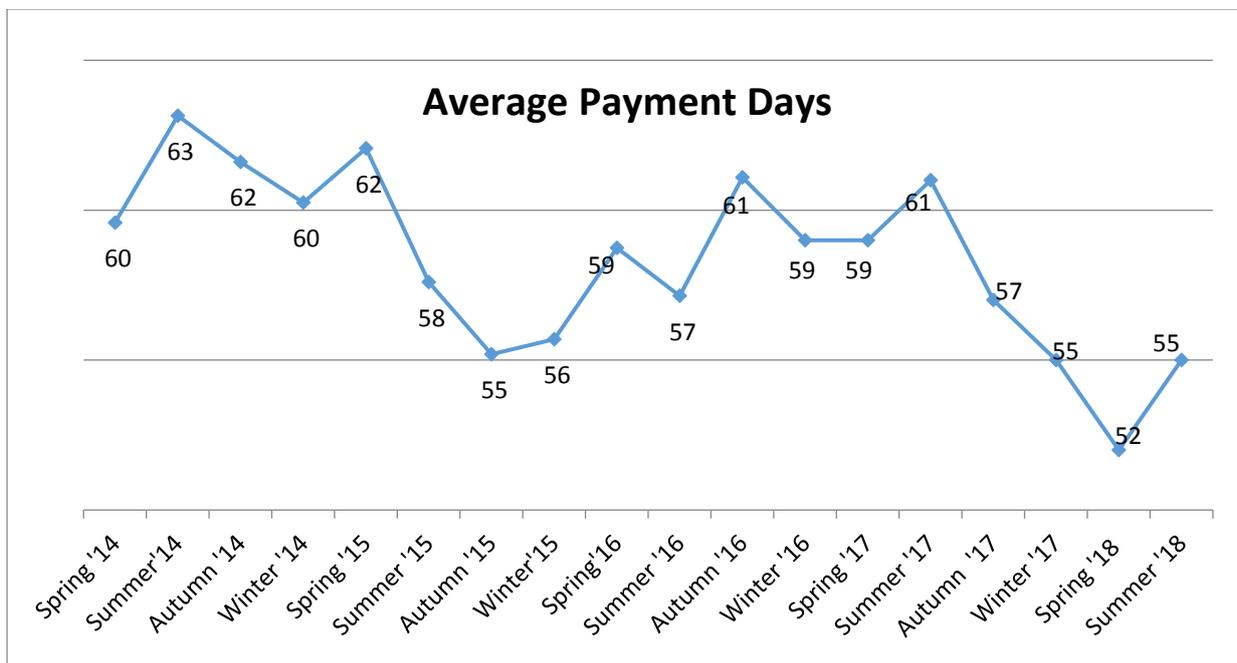
- Average payment period for SMEs in Q2'18 worsens from 52 to 55 days.
- 67% of SMEs are experiencing delays of 2 months or more, up from 61% in Q1'18.
- 81% of respondents **do not** charge interest on late payments,

- 11% are afraid to charge for late payments in case they lose custom, unchanged from Q1'18.
- 41% of multinationals are taking longer to make their payments, up from 33% in Q1' 18.
- 71% of SMEs favour a statutory 30 day payments regime; with no opt out.
- Manufacturing and Construction sector are waiting longest on payment at 63 and 69 days respectively.
- Businesses in Ulster are waiting on average 64 days to be paid.
- Businesses in Dublin are waiting on average 54 days on payment.
- Businesses in Connaught are waiting the shortest time on payment at 52 days, while Munster is waiting on average 53 days.

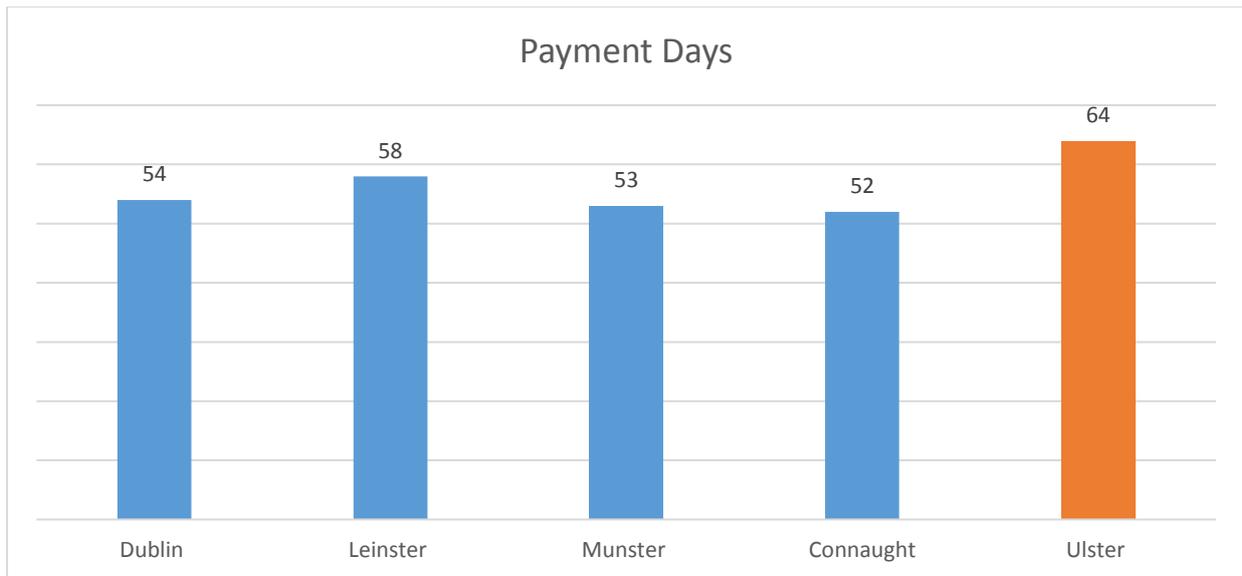
The Association called on Government to;

- **Actively publicise, promote, and champion the Fair Payment Code for all businesses.**
- **Insist on adherence to Fair Payment Charter as criterion for granting state contracts.**
- **Insist that all state agencies adhere to the 15 day rule.**
- **The office of Government Procurement should require all tenderers to publicise their creditor days.**

A break down on average, sector and regional payments can be found below.

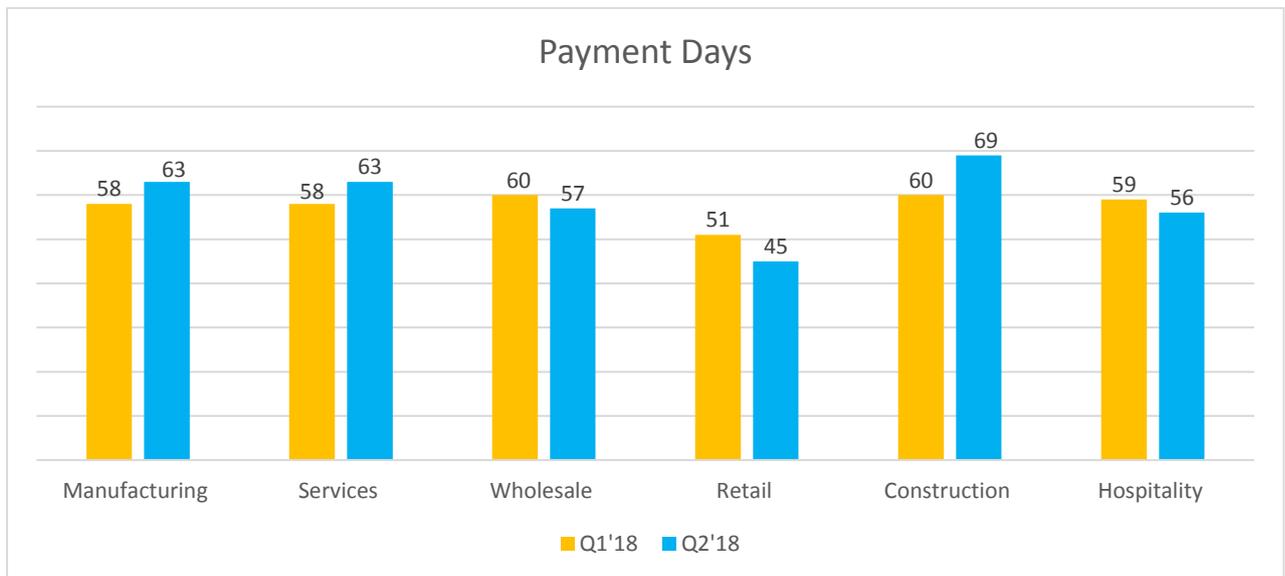


Businesses on average are waiting 55 days to be paid, this a three day decline on the previous quarter (Q1'18).



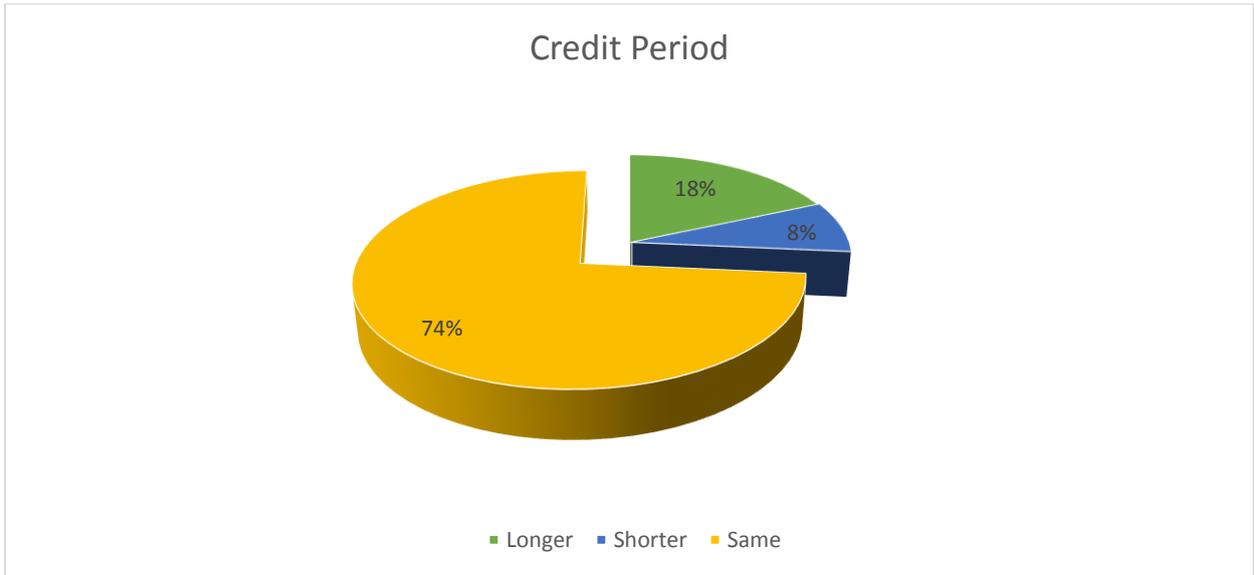
Regionally:

Businesses in Ulster are waiting longest to be paid at 64 days, followed by businesses in Leinster at 58 days. Dublin businesses which had the greater concentration in this survey are waiting on average 54 days. While businesses in Munster and Connaught are waiting 53 and 52 days respectively.

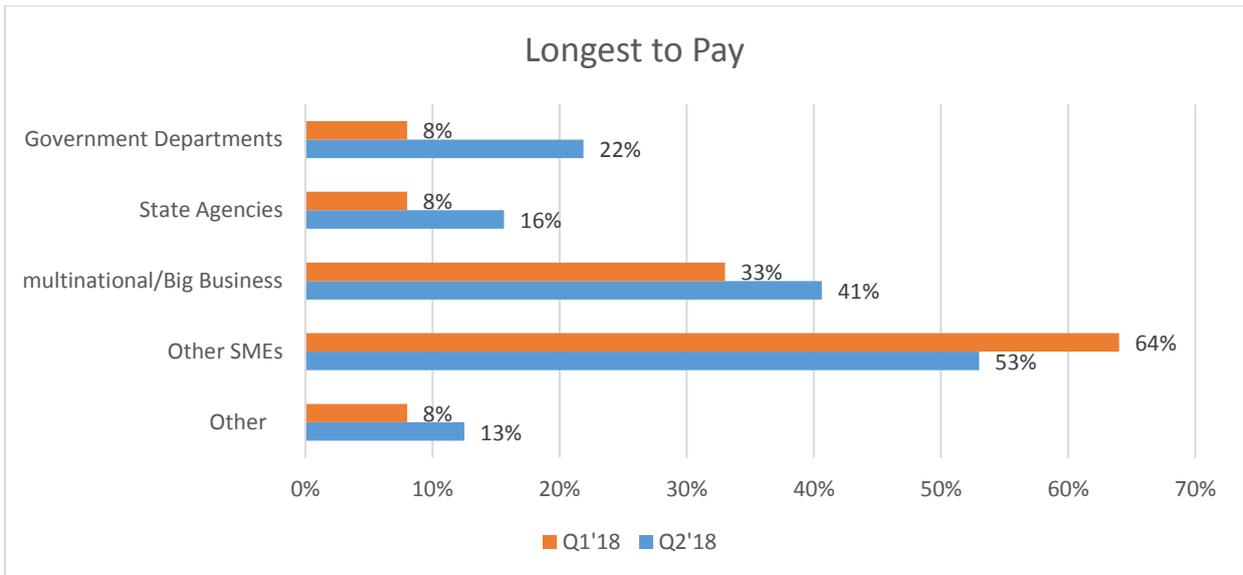


Sectorally:

Business in the Construction sector are waiting on average 69 days. Manufacturing and Services sector are waiting on average 63 days. Wholesale are waiting 57 days, while Retail are waiting 45 days for payment. The Hospitality sector are waiting on average 56 days.



74% of members stated the credit period for this quarter was the same, 18% reported it was longer, while 8% 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 53%, down from 64% on Q1'18. 41% of Big Businesses are taking longest to pay, up from 33% in Q1'18. Government Departments and State Agencies show significant increases at 22% and 16%.