

European Payment Report 2024

# The changing payments landscape: Optimism and opportunity ahead

**intrum**

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# Foreword: Time for cautious confidence



Andrés Rubio  
President & CEO, Intrum

Europe's economy is starting to recover from years of volatility, but it is hardly out of the woods.

The IMF's latest forecast suggests that GDP in the EU will grow by 0.8 per cent in 2024. This is up from the 0.4 per cent of 2023, but it is still weak. In the UK, the IMF projection is for growth of just 0.5 per cent – a small increase on last year's 0.1 per cent.

Inflation, meanwhile, has fallen from the peaks it reached in 2022 but remains higher than policymakers' targets. As a result, we appear to be approaching a time of looser monetary policy – with some central banks already cutting rates – but the reduction in borrowing costs across Europe overall is likely to be gradual.

Against this backdrop, European businesses must carefully balance risk and opportunity. Executives may be looking forward to better times, especially when new artificial intelligence (AI) tools are enabling new businesses models and efficiencies in the back office, but economic and political uncertainty is still elevated.

## Customers and debtors owe businesses more than €10 trillion

One finding from our new European Payment Report (EPR) illustrates the scale of economic activity at stake: European businesses are currently owed at least €10.5 trillion by their customers and debtors.

How confident should executives be that this enormous sum of money, which comes from companies' best estimates of their outstanding receivables and loans, will flow on time and enable them to invest in new business and innovation? What proportion of their receivables will be delayed, or even written off as bad debt?

Some positive news is that the average amount of time that companies spend chasing late payments has fallen a little. In 2023 it was 10.47 hours a week; now it is 10.15 hours.

Does this mean that businesses can worry less about the risk of overdue invoices and bad debt? In our view, not yet. They should not shy away from new opportunities for growth, but in such a challenging market environment they have to prioritise their cash flow and balance sheets.

## Nervous optimism and high hopes for AI

Three themes stand out in this 2024 edition of Intrum's annual survey of the European payments landscape, and executives should consider these as they make decisions about their exposure to late payments.

1. Businesses are nervously optimistic. European companies are more upbeat about their prospects than in previous years, but they could be held back by their unease about new opportunities.
2. Most feel insulated from bad debt (for now). Companies have more work to do on their own payment practices.
3. Executives have high hopes for back-office AI. Companies see emerging technology as an area of opportunity – despite their concerns about biased decision-making, the risk of alienating customers, and loss of control.

We hope you enjoy reading our report and would be delighted to discuss its recommendations and conclusions with you in greater depth.

Stockholm, May 2024

**Andrés Rubio**  
President & CEO

PAN-EUROPEAN FINDINGS  
CHAPTER 01

# Businesses are nervously optimistic



# Executives are more positive about the opportunities ahead

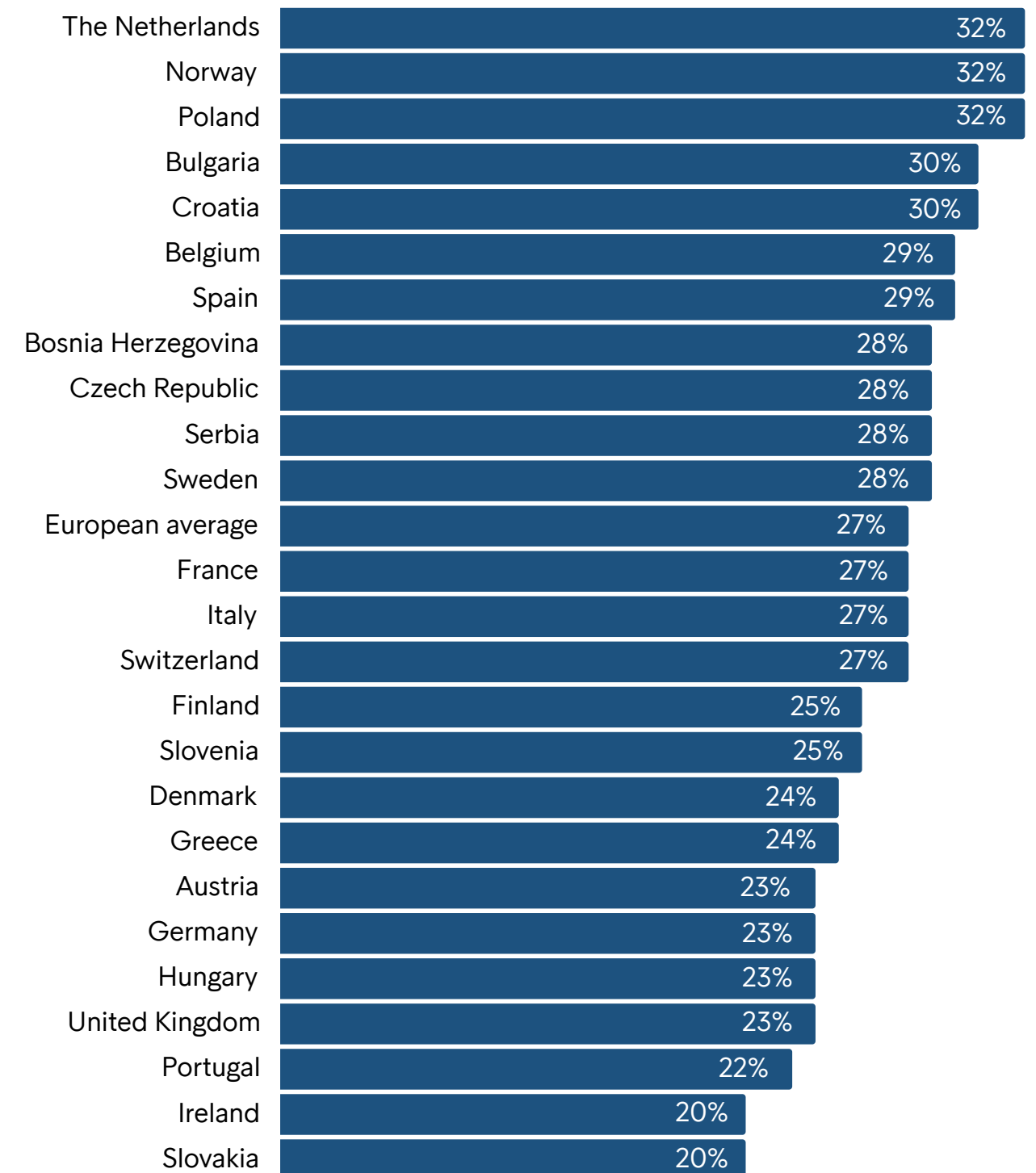
After a painful few years dominated first by the pandemic and then by a cost-of-living crisis, economic conditions are improving in Europe. In the UK, inflation fell to 3.2 per cent in March 2024, having peaked at 11.1 per cent in late 2022. Inflation in March 2024 in the eurozone was even lower, at 2.4 per cent. And while major inflationary pressures remain – conflict in Europe and in the Middle East, for example, continue to affect the oil price – central banks now have more scope to reduce interest rates.

But the pace of economic recovery is expected to be slow. Even in 2025, when conditions should be better, the IMF expects growth in both the UK and the eurozone to reach only 1.5 per cent. There is little immediate prospect of a return to the trend rates of growth seen in recent decades.

## Positive outlook among executives

Still, the brighter economic outlook is starting to feed through into corporate performance. In this year's European Payment Report (EPR) research, 31 per cent of executives say their business has strengthened over the past 12 months, up from 24 per cent in 2022. Additionally, 27 per cent say their revenue growth is now beating expectations, up six percentage points on two years ago. This proportion rises to 32 per cent in the Netherlands, Norway and Poland. And it varies by sector, with energy businesses coming in below the average – probably as a result of lower prices.

Has your organisation's average annual revenue growth beaten expectations over the past three years? (yes)



Base: 8792 companies (Public sector excluded)

**Increasing optimism**

More than half of the executives (55 per cent) say they have a viable opportunity for domestic expansion over the next two to three years. A further 37 per cent are less confident about the feasibility of domestic growth but are not ruling it out. The highest optimism is, however, seen in digital transformation, where 61 per cent of executives say they see developing new digital business models as a viable opportunity for their businesses in the years to come.

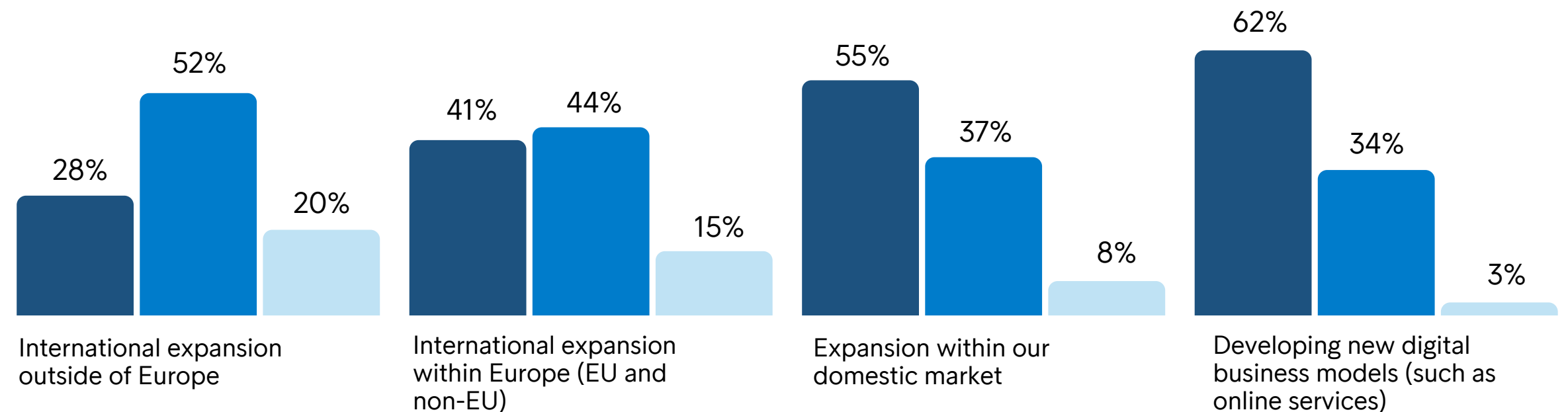
Close to three in four (72 per cent) European businesses say strengthening liquidity and cash flow is a strategic priority for their company in 2024. Businesses in the UK are especially focused on this (82 per cent). Looking at sectors, energy companies are also above average, with 75 per cent stating that this as a strategic priority, which likely reflects revenue expectations in this sector being lower than expected compared to others.

**72%** say strengthening liquidity and cash flow is a strategic priority for their company in 2024.

**23%** plan to increase sales operations, an increase from 20 per cent in 2023 and 19% in 2022.

To what extent would you say that the following represent a viable opportunity for your organisation in the next two or three years?

- Somewhat/ very viable
- Minimally viable
- Not at all viable



Base: 9255 companies

*“Business and consumer sentiment has improved, but the real economy still faces challenges. Higher inflation and borrowing costs will continue to impact business activity in the near and possibly medium term. Decision-makers face challenging times, needing to balance prudence and a focus on cost efficiency and sustainable cash flows against investments in future growth to maintain competitiveness amidst rapid technological progress.”*

Anna Zabrodzka-Averianov, Senior Economist at Intrum

# But economic volatility casts a long shadow

## Increasing confidence

Confidence has been buoyed by the growing digital opportunity, with executives keen to explore how emerging technologies might underpin new growth potential.

Almost two-thirds of businesses (62 per cent) in the 2024 research say that digitalisation will enable them to explore new business models, for example, with scope to grow in areas such as ecommerce.

This proportion is higher still in industrial sectors such as mining and construction that have had fewer opportunities to develop digital services in the past. With the introduction of new technologies such as the internet of things (IoT) and digital twins, there is now greater scope for these sectors to innovate digitally.

The question that surely preoccupies today’s executives is how much they should embrace these opportunities. Their confidence might be recovering, but they are still risk averse.

## Macroeconomic conditions are like a wet cloth

On borrowing costs, 61 per cent do not expect to see reductions for at least another 12 months, despite suggestions that the European Central Bank (ECB) and other central banks may be ready to cut rates much sooner than that.

Considering the long lag between monetary policy adjustments and their material impact on the economy, the effect of this rate-cutting would not be felt by borrowers until well into 2025. Perhaps because of this, 46 per cent of businesses expect the economy in their home country to remain flat or even shrink over the next year.

Their anxiety is understandable. Geopolitical uncertainty – especially the wars in Ukraine and in the Middle East – remains extreme. At the global level, the World Bank expects growth to slow for the third successive year in 2024, largely because of sluggishness in developing economies.



*“Subdued economic growth prospects and continued geopolitical uncertainty are keeping executives still visibly risk averse, constraining their optimism.”*

Anna Zabrodzka-Averianov, Senior Economist at Intrum

#### **Risks are making many businesses cautious**

Executives are holding on to the defensive postures that have helped them to cope with economic volatility. About four in 10 (41 per cent) say they intend to cut costs over the next 12 months, which could reflect employees’ expectations of wage increases to compensate for lost purchasing power in 2022 and 2023. In 2021, by contrast, the figure was 28 per cent.

Investment also looks set to remain constrained. About half of executives (49 per cent) say the high cost of borrowing is making them wary of investing in growth. The proportion of businesses investing in innovation and new product development is also unchanged on 2023.

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### Do you agree with the following statements about the economy and growth?

**The high cost of borrowing is making us wary of investing in growing the business**



**We expect interest rates to continue rising, so are becoming more cautious with our borrowing and spending plans**



**Geopolitical volatility is making us more cautious about expanding our business**



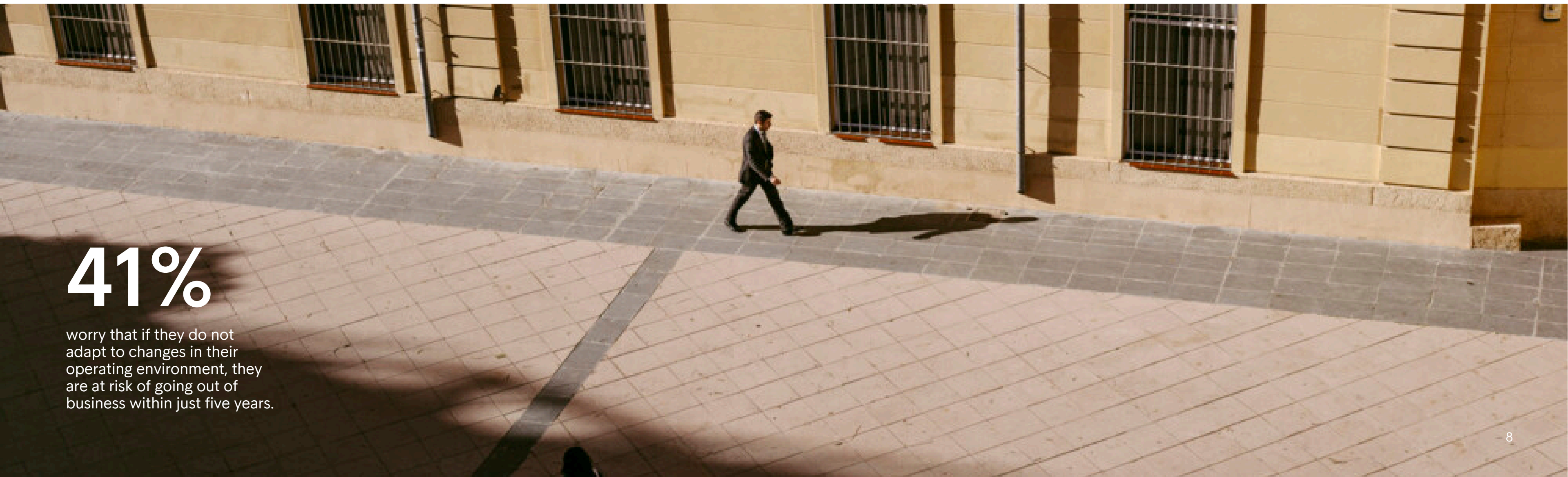
# Businesses that are slow to invest could be left behind

It is understandable that executives are nervous. But businesses that take too long to take advantage of the nascent recovery could find themselves eclipsed by more forthright competitors.

Many executives recognise this threat. More than four in 10 of the executives in this year's research (41 per cent) worry that if they do not adapt to changes in their operating environment, they are at risk of going out of business within just five years. Failing to invest in growth could be an existential risk.

It is true that there are challenges ahead – including practical and operational obstacles to pursuing new opportunities. Half of executives (49 per cent), for example, say they are keen to grow internationally but that back-office problems such as managing payments and cash flow are holding them back.

The businesses that can get over these obstacles will be in a strong position to outperform. Agility will be crucial as executives seek to exploit emerging opportunities while staying alert to ongoing volatility.



# 41%

worry that if they do not adapt to changes in their operating environment, they are at risk of going out of business within just five years.

PAN-EUROPEAN FINDINGS  
CHAPTER 02

# Most feel insulated from bad debt (for now)

# The liquidity picture is looking brighter

Many businesses remain highly exposed to the financial health and stability of their creditors. Our research suggests that companies across Europe hold a significant amount of outstanding receivables.

## Waiting on receivables of at least €10.5 trillion

The companies in our research are currently waiting on receivables of at least €10.5trillion, according to their best estimates of their outstanding receivables and loans. This is an extraordinary amount of money – close the GDPs of France, Germany and the UK combined.

But executives appear to have become more comfortable about their cash flows: our research shows that the number of businesses that say strengthening their liquidity is a strategic priority has fallen every year since 2021. While 72 per cent of executives say that protecting their cash flow is critical, this is down from 86 per cent as recently as 2021.

## Insolvencies expected to increase

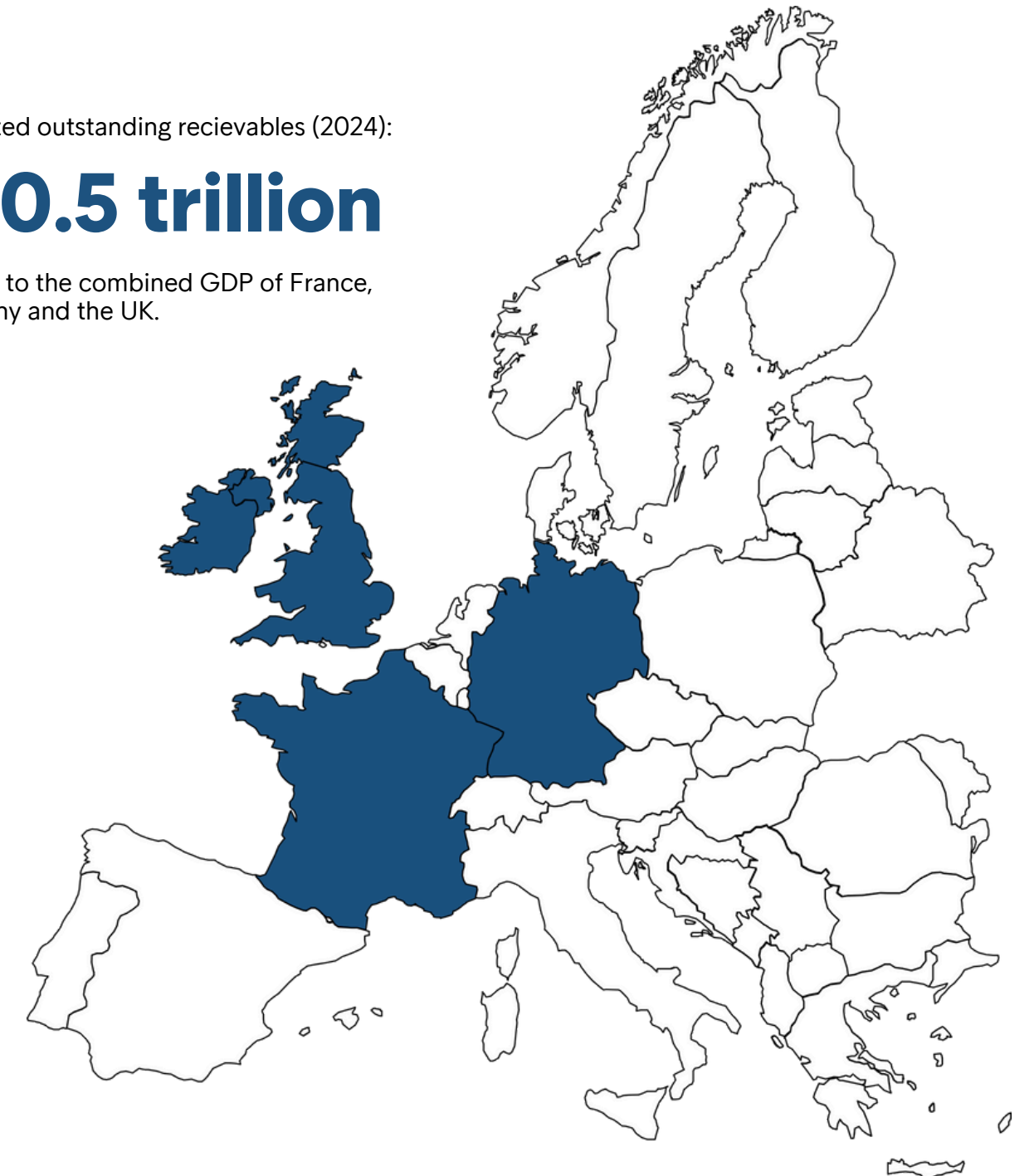
That shift reflects European companies' increasing resilience to bad debt. Only 12 per cent of executives say that bad debt losses have reduced their ability to invest in strategic growth initiatives over the past year, which is down from 20 per cent in 2021. The proportion of companies where growth has been held back by issues with late payments has also fallen over the same period – from 43 per cent to 33 per cent. And just 15 per cent of businesses say that bad debt is a growing problem.

It would be a mistake to be complacent. Insolvencies rose sharply in many parts of Europe last year – by 52 per cent and 35 per cent in the Netherlands and France respectively, for example – and are predicted to increase again in 2024. Banks across the region also report concerning increases in non-performing loans (NPLs). Our own analysis suggests that the volume of EU NPLs rose steadily during 2023.

Estimated outstanding receivables (2024):

## €10.5 trillion

is close to the combined GDP of France, Germany and the UK.



## Explainer: Europe's €10.5 trillion payday

The survey initially gathered estimates from respondents regarding their businesses' total outstanding receivables and loans, yielding an average of €1,753, with significant variance based on company size. On average, SMEs reported €447,900, while large enterprises reported €5 million. Utilizing OECD data, or EC data if OECD data was unavailable, the findings were extrapolated across the 24 million European SMEs and 48,000 large companies across the 25 surveyed countries. This extrapolation yielded a total estimate of €10.5 trillion, with a confidence level of 95%.



### Bad debt not a problem yet

Even so, most companies taking part in our research do not seem to have had a very negative recent experience of bad debt. On average, they wrote off bad debts to the equivalent value of only 0.9 per cent of their total revenues in their most recent financial year.

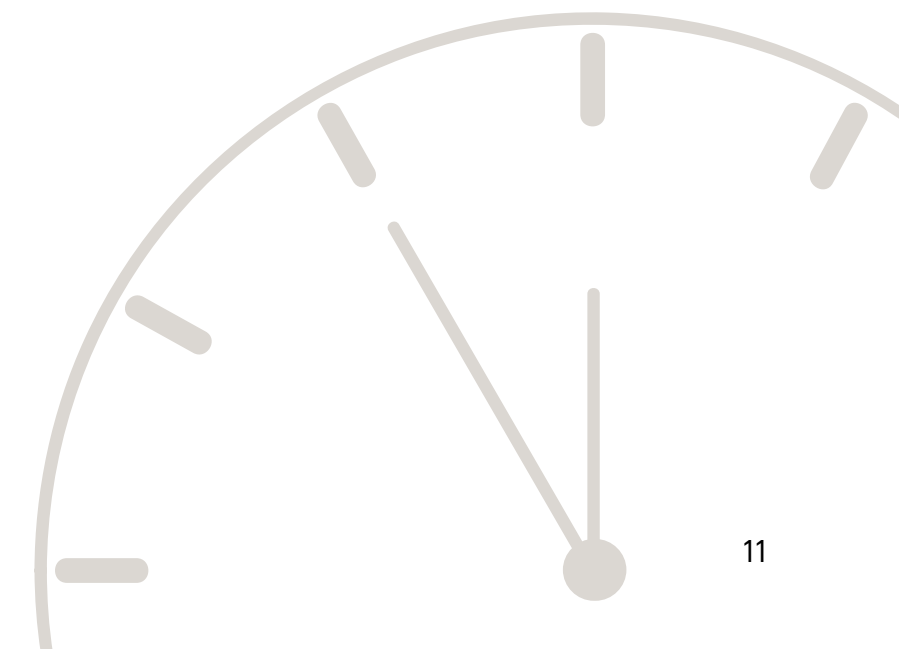
This figure varies across Europe, but even in the worst-performing country, Hungary, it is only 1.9 per cent. The worst-performing sector, meanwhile, is hospitality and leisure at 1.2 per cent.

Many European businesses are now making slightly less effort to chase up late payments. The average business spends 10.15 hours a week on this, down from 10.47 hours in 2023. And although 38 per cent of businesses still spend more than 10 hours a week chasing late payments, this is down from 41 per cent in 2023.

# 10.15h = 73 days

is on average is spent every week on chasing late payments, a slight decrease from 2023 when the figure was 10.47 hours per week.

in a year that businesses use to chase late payments, channelling valuable time away from focusing on growth and innovation (2023: 74 days).



# There is more to do to create a culture of responsible payment practices

52%

say they are taking steps to ensure they are better at paying their suppliers on time.

Executives are becoming more confident in their businesses' resilience to late payments and bad debts, but some appear to be overlooking their own responsibilities. Better cash flow and liquidity should allow companies to pass on benefits to their suppliers, but it is not always clear that they are doing this.

### Signs of worsening payment discipline

Our research shows that payment discipline might even be getting worse. In 2021, just 29 per cent of businesses said they paid their suppliers far more slowly than they would ever accept from their own clients and customers. In 2024, that figure has climbed to 39 per cent.

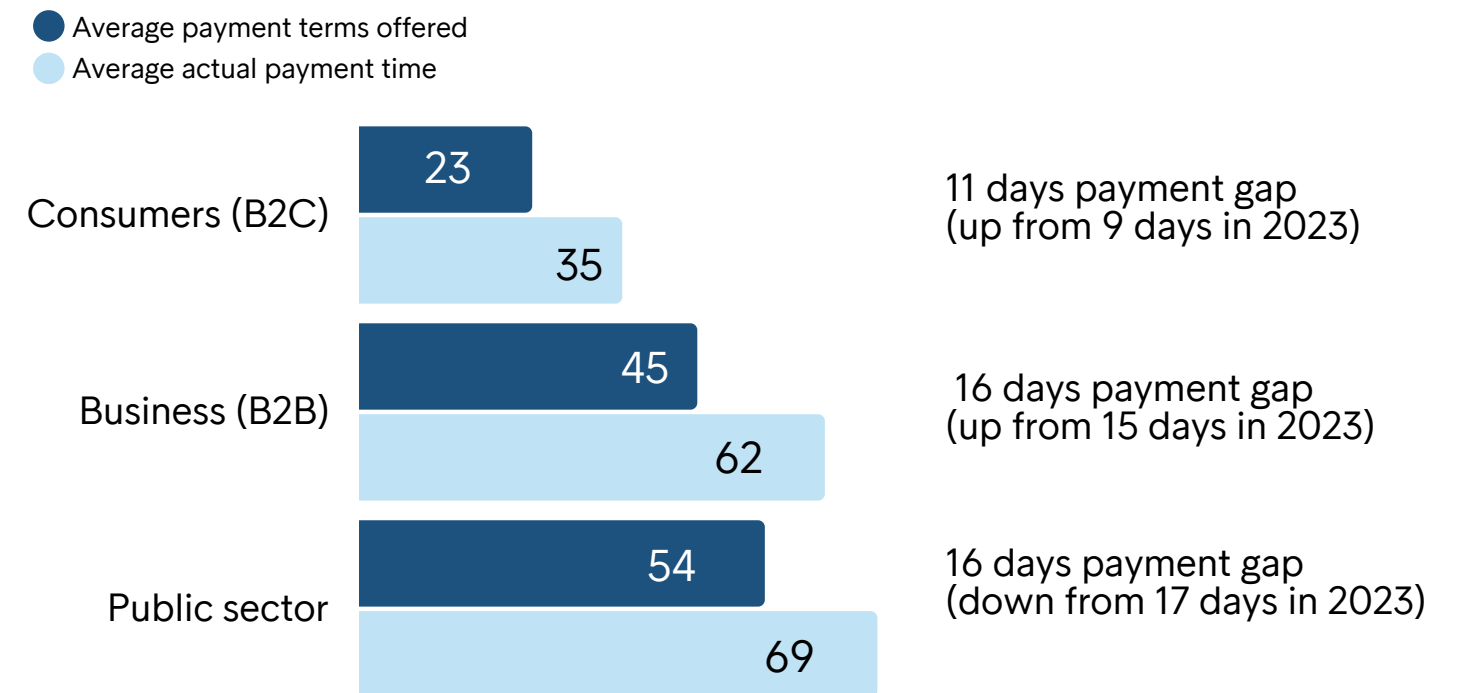
Businesses cannot blame a lack of awareness for this trend. About half (49 per cent) say they rarely think about the negative impact that paying their bills late might have on a supplier, but this figure has fallen from 69 per cent in 2021's research.

So businesses are conscious that settling their invoices late may cause significant problems for their suppliers, but they are doing it anyway. Some sectors are taking steps to improve their performance in this area, but there is clearly more work to be done.

### Revision of Late Payment Directive

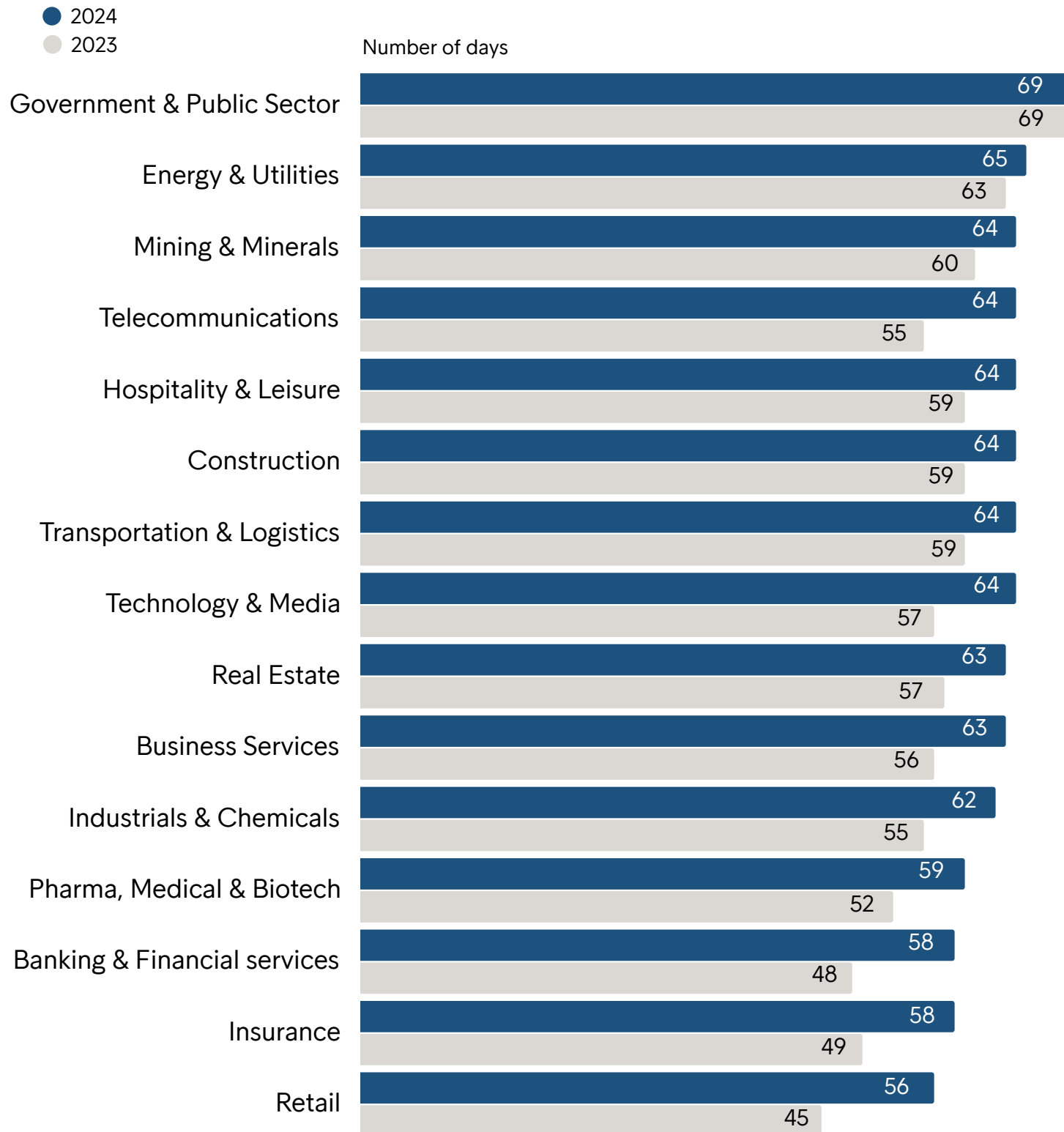
Late-payment behaviour is increasingly putting some companies on a collision course with regulators and policymakers. The European Parliament has endorsed new regulations that will mandate 30-day payment terms through amendments to the [Late Payment Directive](#). These developments are aimed at protecting SMEs and include larger automatic compensation payments for [invoices that are settled late](#).

## Gap in payment terms offered and actual payment duration is relatively stable from 2023



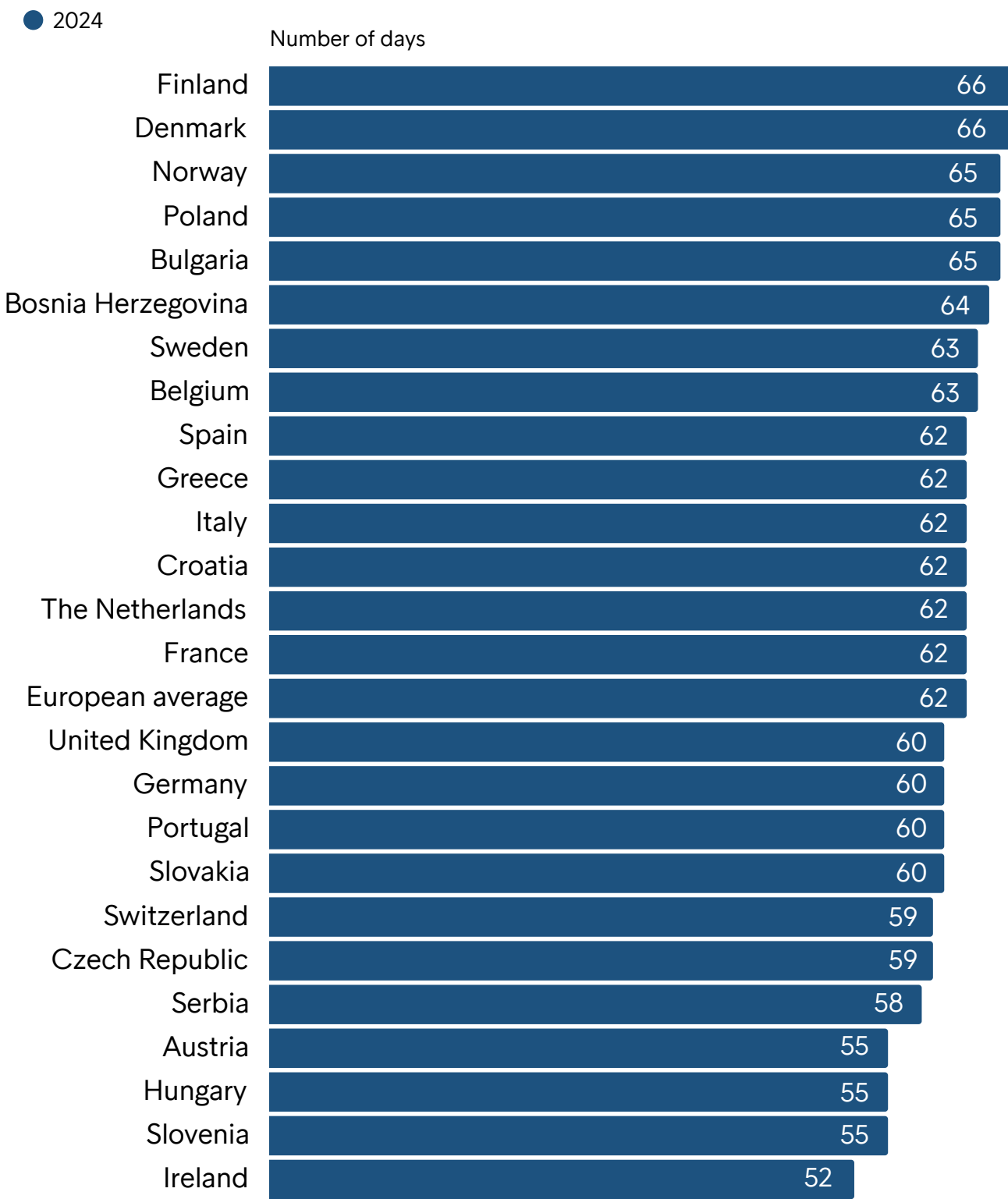
Base: 9255 companies

### What is the average time taken by your corporate customers (B2B) in each of the following industries to make their payments?



Base: 8096 companies

### Countries where corporate customers (B2B) on average take longest to make payments



Base: 8096 companies

# Businesses need to do more to understand their customers' circumstances

Our research shows that there are potential weaknesses in businesses' ability to understand the individual circumstances of their customers. This can stop them from treating customers fairly when they chase late payments. It also risks inefficiency: the business will waste resources on chasing customers that are not in a position to pay their bills as quickly as it would want.

More than half of businesses (53 per cent) say they could spend more time ensuring that they are as fair as possible with customers that have not settled their invoices within the agreed timeframe. A similar proportion (51 per cent) say they struggle to achieve a clear understanding of their clients' ability to pay on time and in full.

Businesses are naturally keen to make sure that invoices are settled and do not become bad debts. But now that so many appear to be feeling less anxiety about this, they could stand to be more understanding and ethically minded.

Customers pay invoices late for different reasons, as revealed by Intrum's annual [European Consumer Payment Report](#) about household finances, and a business that does not take that into account is not behaving fairly. That may come back and cause it problems, such as reputational damage or even regulatory backlash.



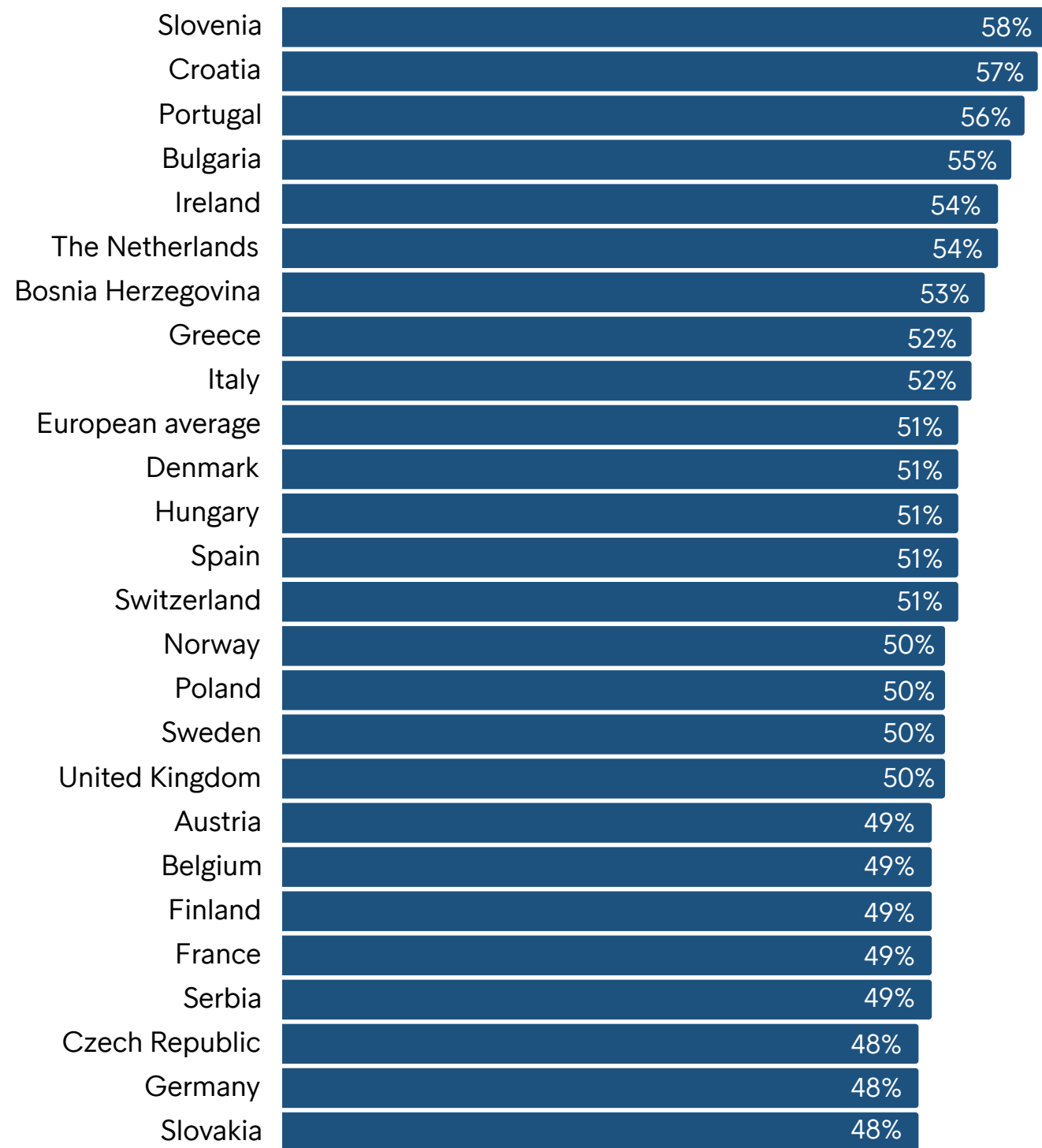
51%

struggle to achieve a clear understanding of their clients/customers' ability to pay on time and in full.

61%

are more concerned than ever about their customers' ability to pay on time. (2023: 59%).

## We struggle to achieve a clear understanding of our clients/customers' ability to pay on time and in full

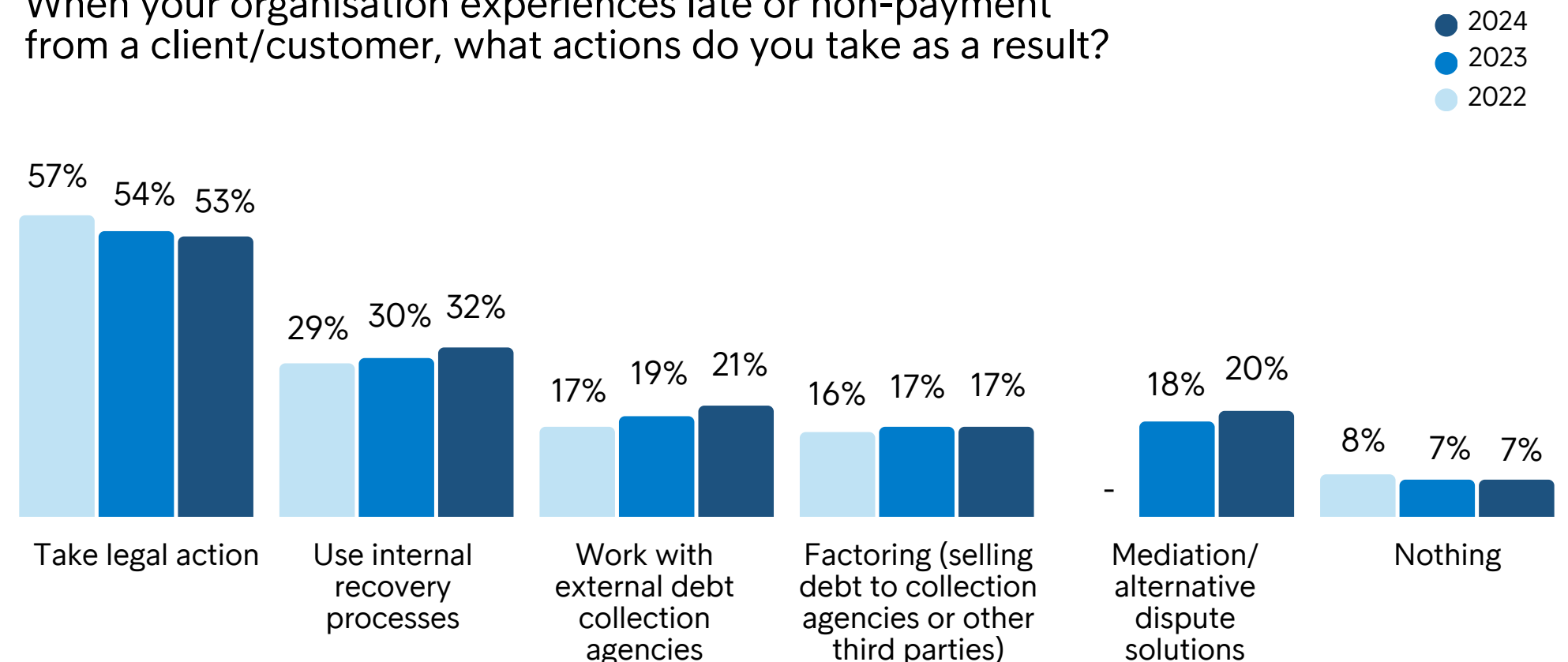


Base: 9255 companies

# 44%

say to maintain client/customer loyalty, they will either start offering or increase the offering of buy-now/pay-later solutions that allow customers to pay for purchases over time (e.g., through Klarna) (2023: 42%).

## When your organisation experiences late or non-payment from a client/customer, what actions do you take as a result?



Base: 9255 companies

\*Mediation was introduced as new alternative in 2023

PAN-EUROPEAN FINDINGS

CHAPTER 03

# Executives have high hopes for back-office AI

*“AI integrates three fundamental pillars of exceptional customer service: personalisation, speed/responsiveness and deep knowledge. More specifically, it provides personalised payment solutions and can automate many traditionally manual workflows, such as creating customer engagement strategies.”*

Amon Ghaiumy, CEO of Ophelos

# Businesses worry they will fall behind without AI

AI enthusiasm is growing as executives consider applications throughout the business, including in their back-office functions. Automation tools have already enhanced efficiency in recent years, but new opportunities are emerging rapidly.

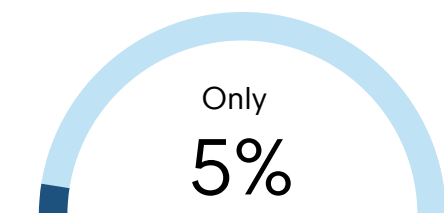
According to Amon Ghaiumy, CEO of Ophelos, Intrum’s newly acquired AI-powered debt management platform, AI technology is already crucial in credit management and late payments. “It integrates three fundamental pillars of exceptional customer service: personalisation, speed/responsiveness and deep knowledge,” he explains. “More specifically, it provides personalised payment solutions and can automate many traditionally manual workflows, such as creating customer engagement strategies.”

## Advances in late payments

In payments, AI and other advanced technologies may also help businesses to reduce fraud, understand more about customer behaviours and optimise payment processes – and can also create further efficiencies.

Half of the executives in our research say that advances in AI could help them to manage the late payments that have become such an issue in recent years.

AI has so many potential benefits that businesses worry about missing out. More than half (54 per cent) worry that if they do not use new payment technologies they could fall behind their competitors, and 46 per cent think this will happen if they do not use AI tools in their back-office processes.



say they have a widespread AI implementation while the majority (57 per cent) say their company has a “limited and small-scale trial” of AI.



*“By combining Ophelos’s leading autonomous debt collection platform with Intrum’s extensive datasets, we can push the boundaries and set new benchmarks for innovation and customer service in our industry.”*

Amon Ghaiumy, CEO of Ophelos

**But technology transformation is challenging**

The payments landscape, for instance, is evolving rapidly in areas such as real-time payments and cryptocurrency, and 46 per cent of executives worry that payments innovation is happening too quickly for them to keep up.

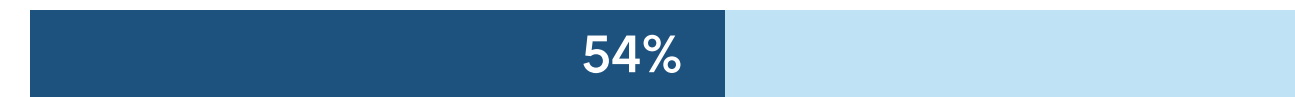
Another issue is skills: many businesses lack the knowledge and experience necessary to take advantage of new technology. Over half of the executives say they

may not have the skills in house to get any value from AI, for example. This is less of a challenge in countries – including Slovakia and Slovenia – that have invested in science, technology, engineering and mathematics (STEM) education in recent years.

And recruitment is far from straightforward in a market where skills shortages are well-documented: in 2023 the EC said more than seven in 10 employers report a lack of staff with the digital skills they need.

To what extent do you agree with the following statements about your business’ approach to managing payments?

**If we can’t handle new payment technologies, we will fall behind our competitors**



**If we do not implement AI tools into our back-office processes, we will rapidly fall behind our competitors that do**



**We struggle to find the skills in-house to get real value out of AI**



# Despite their lack of in-house skills, businesses are pressing ahead with AI investment

## Cannot afford to miss out on innovation

European businesses believe that they cannot afford to miss out on innovation in spite of the related difficulties. More than a third (36 per cent) say their organisation is already pushing ahead with back-office AI transformation. Meanwhile, 57 per cent are carrying out trials of new tools and technologies. In some sectors, including government and financial services, the figures are even higher. Just 7 per cent say they have no current plans for investment in AI in the back office.

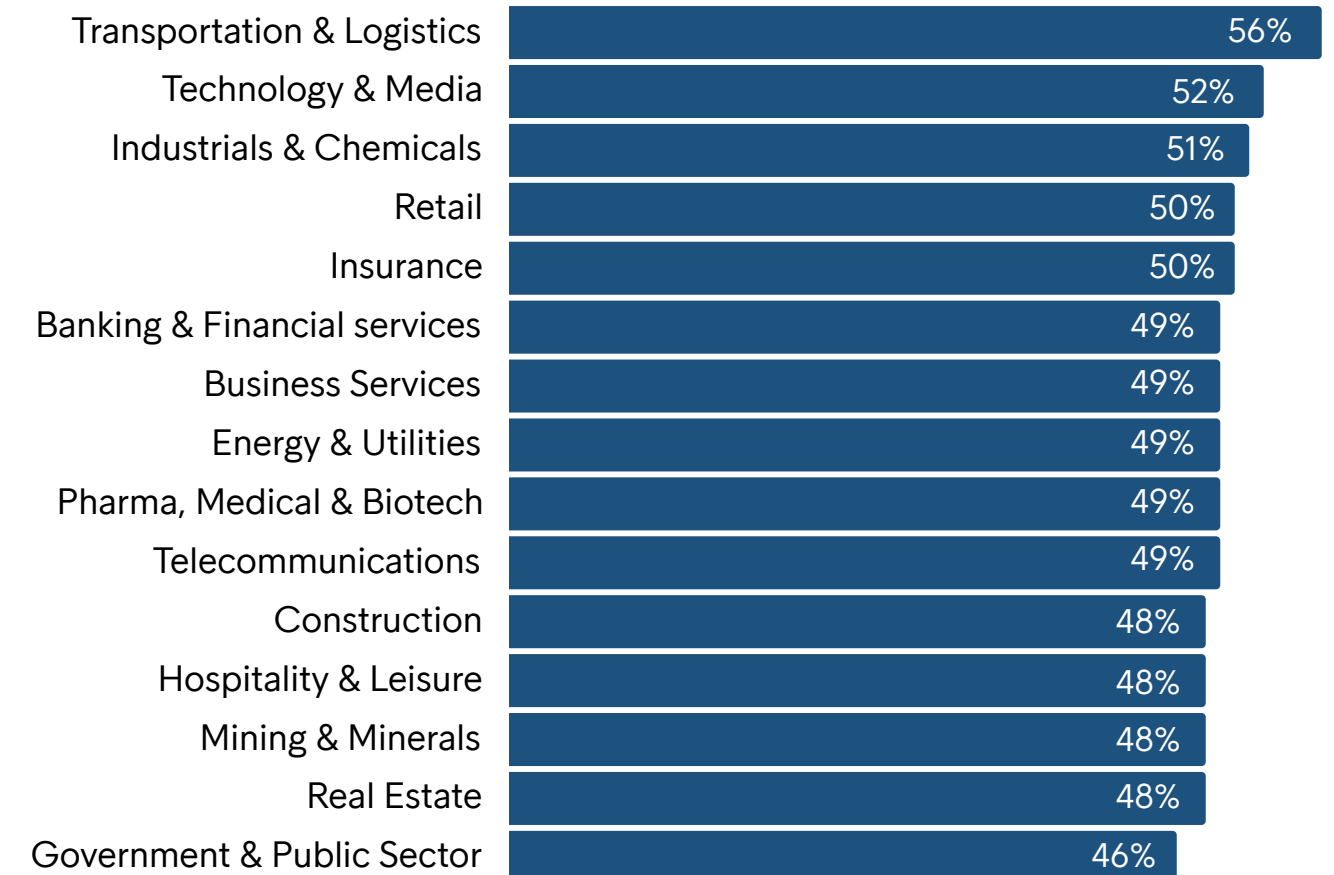
Data analytics tools can also give them access to valuable information. They can use AI, for instance, to map out the trends and patterns hidden in historical payments data. And they might even be able to use new tools to automate the most complex customer queries, including negotiating terms.

## A broad range of potential capabilities

Advanced adoption rates reflect the fact that businesses can see a broad range of potential capabilities on offer from AI investment and implementation. For example:

- 44 per cent are interested in how AI could help them identify anomalies in payments data
- 41 per cent think the technology could support their efforts to create more personalised customer communications
- 37 per cent think it will enhance their techniques for assessing creditworthiness

## Advances in AI will significantly enhance our ability to manage late payments (agree)



Base: 9255 companies

# AI's rewards must not eclipse its risks

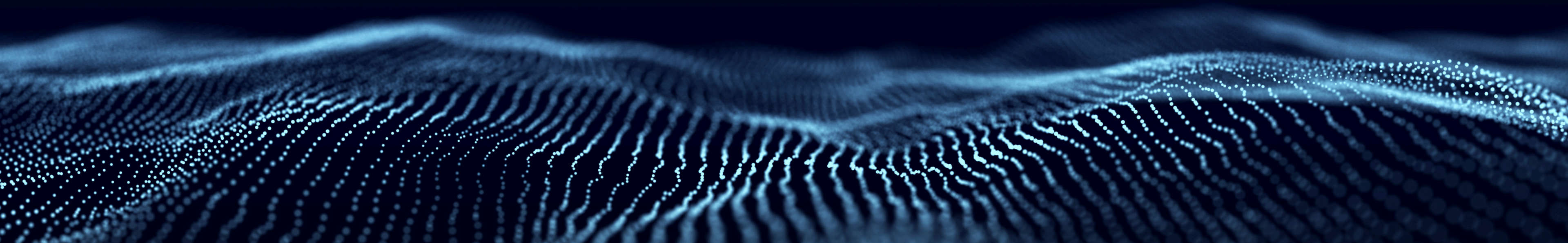
The reasons to invest in AI are powerful. But they should not blind organisations and their executives to its potential problems. Using new tools without paying attention to the dangers could expose businesses to significant risk.

It is often unclear, for instance, how algorithmic decision-making happens – and therefore whether it is robust. There is also a danger of bias, with AI tools incorporating prejudice against particular groups – by gender, ethnicity or socio-economic class, for example. Any AI model is only as good as the data it is given: inaccurate or incomplete data will lead to inaccurate or incomplete outputs.

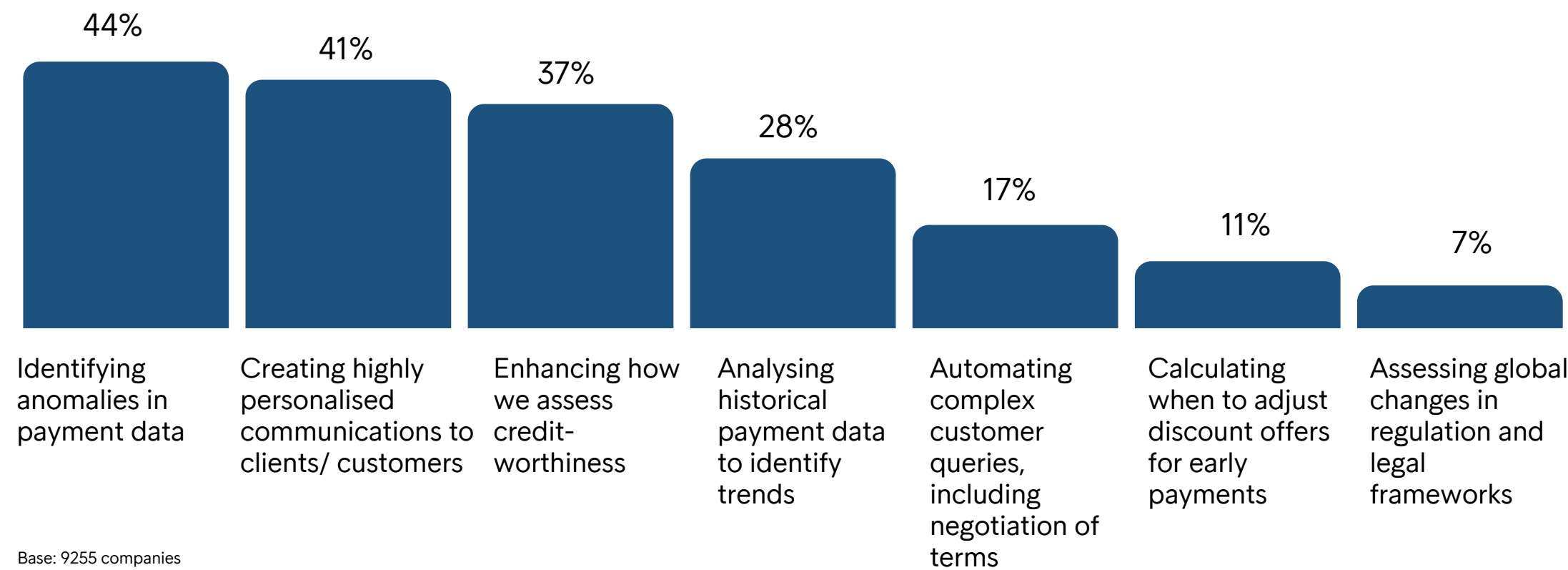
Another area of concern for businesses is that over-dependence on AI could jeopardise the relationships they have built with customers and clients. Executives are concerned they could lose their 'personal touch' even though they say elsewhere that they are excited about the potential for AI to automate key areas of customer communication.

The benefits of AI are undeniable, but so are the risks. That means organisations need to move forward with back-office transformation carefully.





What are the key potential benefits of using artificial intelligence ('AI', including generative AI as well as machine learning) as part of your management of late payments?



Base: 9255 companies

What following aspect do you consider to be viable risks when using AI as part of late payment management?

- 55%** Our lack of visibility/ understanding of how the technology makes decisions
- 59%** The tool making unfair decisions based on historical customer data (e.g., discriminating on ethnic or socioeconomic grounds)
- 60%** Integration challenges with existing systems
- 62%** The tool making poor decisions because our data is unreliable and inconsistent
- 62%** We will lose the personal touch with our customers, which has been critical to our business success

# Concluding remarks: What European businesses can do next

## 1. Pivot from a downturn mindset to a new growth outlook

Economic uncertainty remains elevated, but Europe is moving closer to recovery. Rampant growth might still be some way off, and there are likely to be highs and lows along the way, but businesses that are stuck in a defensive stance could be left behind by more adventurous competitors.

It is right to remain mindful of risk, but now is the time to turn once again to innovation and transformation. Tomorrow's most exciting growth opportunities will be different from those of pre-crisis times, particularly as digital technology enables new businesses models. Organisations in the mid-2020s must reposition themselves accordingly.

## 2. Support the flow of €10.5 trillion by adopting a prompt payment culture

It is encouraging that businesses are becoming less concerned about bad debts hitting their cash flow and liquidity – particularly as European firms are currently waiting on at least €10.5 trillion of receivables. But with insolvencies increasing, and the cost-of-living crisis continuing for millions of consumers, businesses cannot be complacent about late payments and defaults.

Organisations must also recognise that they themselves are an integral part of the payments flow. Their reluctance to pay invoices in a timely fashion – despite acknowledging the consequences of this behaviour – risks exacerbating a broader problem. Suppliers paid late may struggle to pay their own suppliers on time, and so on. Every organisation must do more to avoid this vicious circle.

## 3. Embrace AI but do not ignore the potential risks

AI offers a range of opportunities – both for business growth and in the back office, including in payments. No organisation can afford to ignore that: genuine use cases now give them the chance to generate significant competitive advantage.

But to do that businesses will need to invest in skills. That means recruiting to close their knowledge gaps, investing in training and development to upskill existing staff, or partnering with businesses such as Intrum that already use AI in their business processes. Part of the challenge will be to equip the organisation with enough expertise to deal with the very real risks that AI poses. Businesses cannot just ignore them.

# About the survey

The European Payment Report (EPR) provides insights into the payment behaviours of European businesses and examines trends related to late payments, invoice payment practices, and overall financial risk.

The EPR is a valuable resource for businesses, policymakers, and analysts interested in understanding the payment dynamics across Europe. It highlights challenges and opportunities in managing receivables and cash flow, offering recommendations for businesses to mitigate risks associated with late payments and improve their financial performance.

Are you interested in country-specific results? The Country Snapshot White Paper comes as an additional publication to the European Payment Report 2024 and provides valuable insights into payment behaviour on a national level, including insights into the payment landscape in each country.

## Data collection

Between 5 December 2023 and 12 March 2024.

## Research methodology

The research was conducted through telephone interviews and online survey participation (web questionnaire). The questionnaire was translated into the respective national language.

## Countries

Austria, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Norway, Poland, Portugal, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, The Netherlands and the United Kingdom.

## Target group

The target group for the survey include subject matter experts within finance departments in addition to c-level executives.

## Executives participating

9,255

## Company size

0 to 249 employees 70%  
250 to 2,499 employees 20%  
More than 2,500 employees 10%

## Industries represented

Banking & Financial services, Business Services. Retail, Construction, Energy & Utilities, Government & Public Sector, Hospitality & Leisure, Industrials & Chemicals, Insurance, Mining & Minerals, Pharma, Medical & Biotech, Real Estate, Technology & Media, Telecommunication and Transportation & Logistics.

For more information:  
Kristin Andersson  
Global PR & Media Director  
+46 70 585 78 18  
kristin.andersson@intrum.com

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