



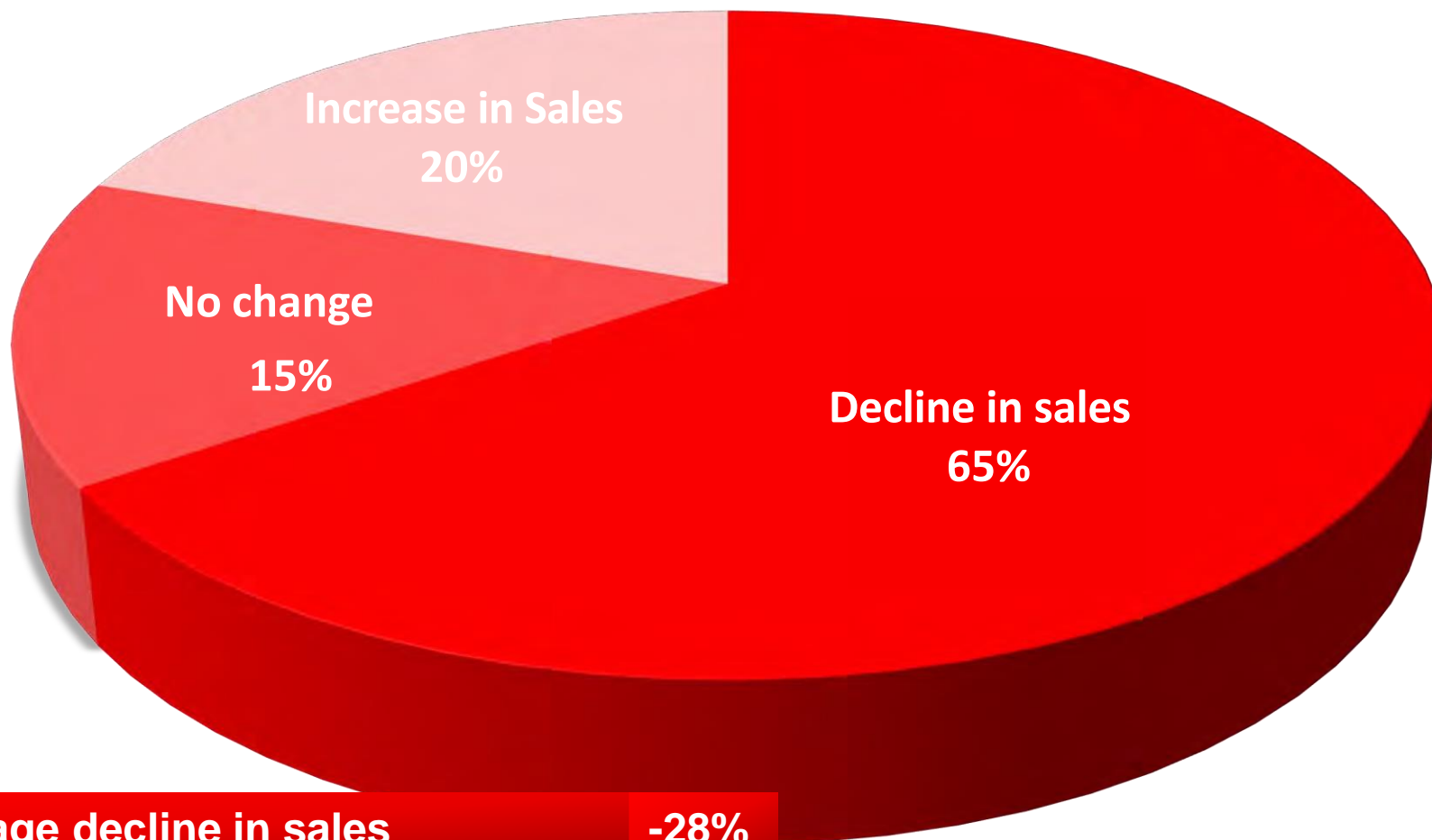
# Report on Payment Terms in Spain

2020

## EXECUTIVE SUMMARY

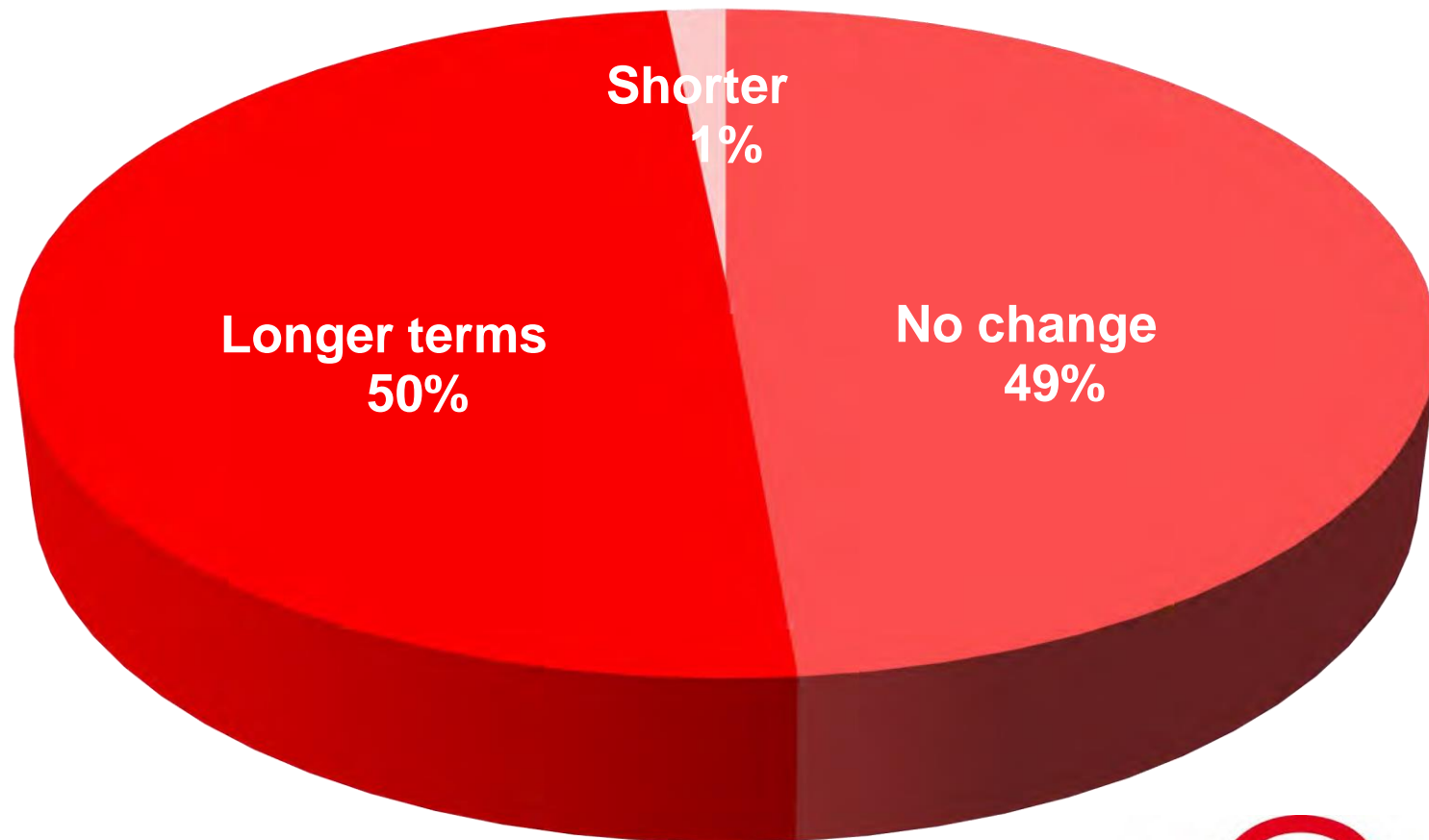
- The Multisectorial Platform against Late Payments (PMcM) has carried out in January 2021 a survey on payment terms in the private and public sectors across Spain with over 800 respondents.
- The average **payment term of the private sector in 2020 was 77 days**, 4 days later than the estimate for 2019 and well beyond the 60 days established as the maximum payment term by the Spanish Law 15/2010.
- The companies that take the longest to pay are large companies with 250+ employees (50%). Only 19% of large companies pay within the legal terms while **81% exceed the legal deadlines**.
- The **average payment term of the public sector is estimated at 77 days**, higher in 7 days than that term estimated for 2019. This represents an even greater deviation from the maximum 30 days established by law.
- The **default ratio** (% of defaults with respect to the total turnover), stood at 5.4% in 2020, significantly higher than the 3.1% in 2019.
- Although most respondents (60%) are aware of the existence of the current legislation against late payments, the share of companies that are not aware of this Law is still particularly high (40%).
- 94% of surveyed companies did not claim legal compensation for recovery costs in case of payment delay or default; 87% never or almost never claimed default interest from their clients; and 62% are imposed payment terms longer than those allowed by law.
- 48% of respondents expect **worse payment terms due to the Covid-19 economic crisis**.
- Approximately 16% of respondents believe that their businesses will no longer be sustainable due to late payment terms.
- 65% of respondents would **cut their financial needs by 20%** on average if they received payments within the legal terms.
- 92% of respondents share the need to implement **a penalty scheme for late paying companies and administrations**.

## Sales Performance in 2020 vs. 2019

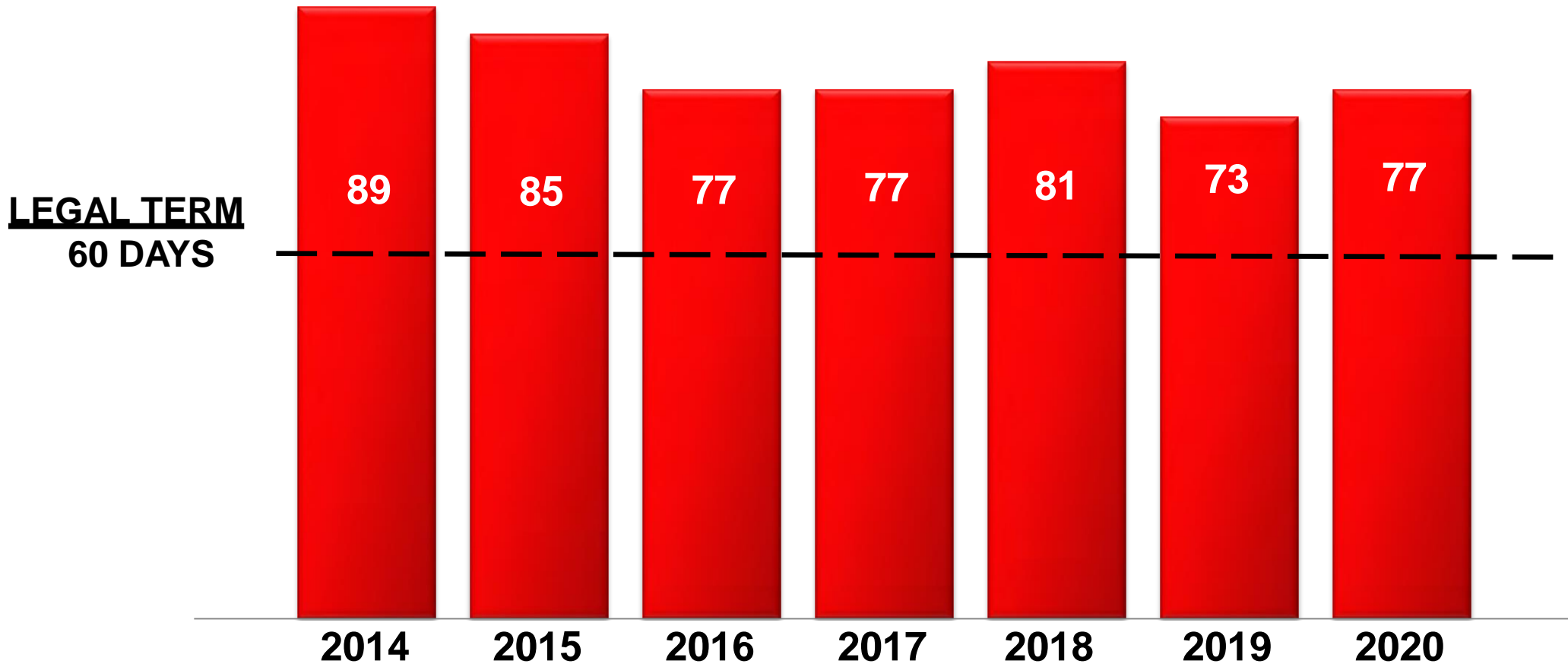


|                             |      |
|-----------------------------|------|
| % Average decline in sales  | -28% |
| % Average increase in sales | 20%  |
| % Total                     | -16% |

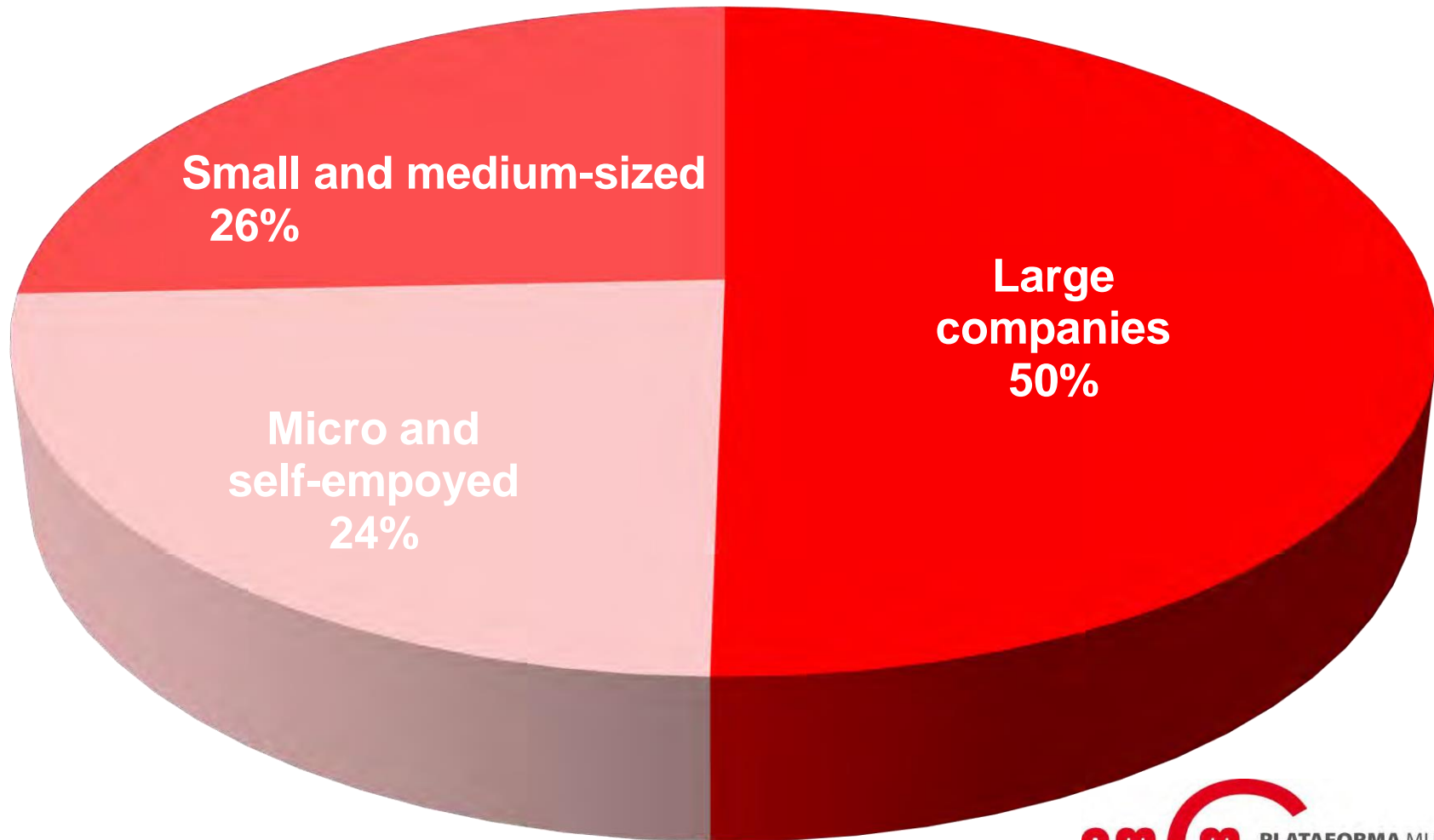
**Have you witnessed a change in payment terms from private customers in 2020 vs. 2019?**



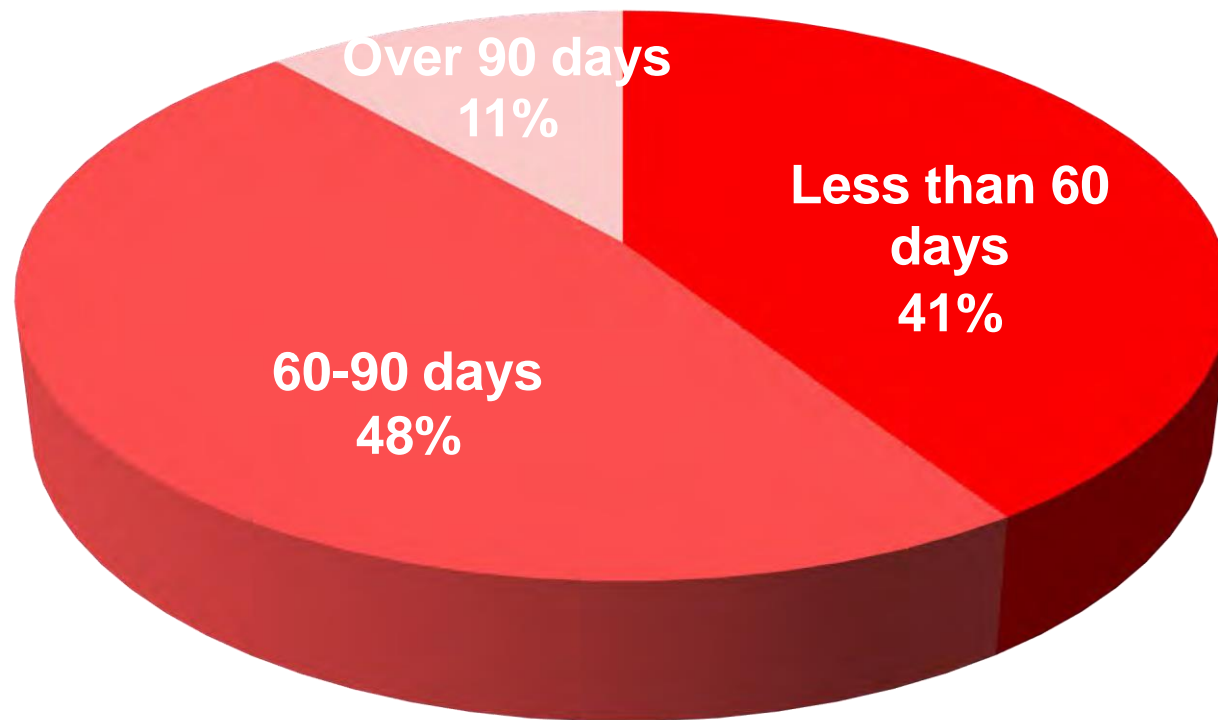
## Private sector: Average payment term (days)



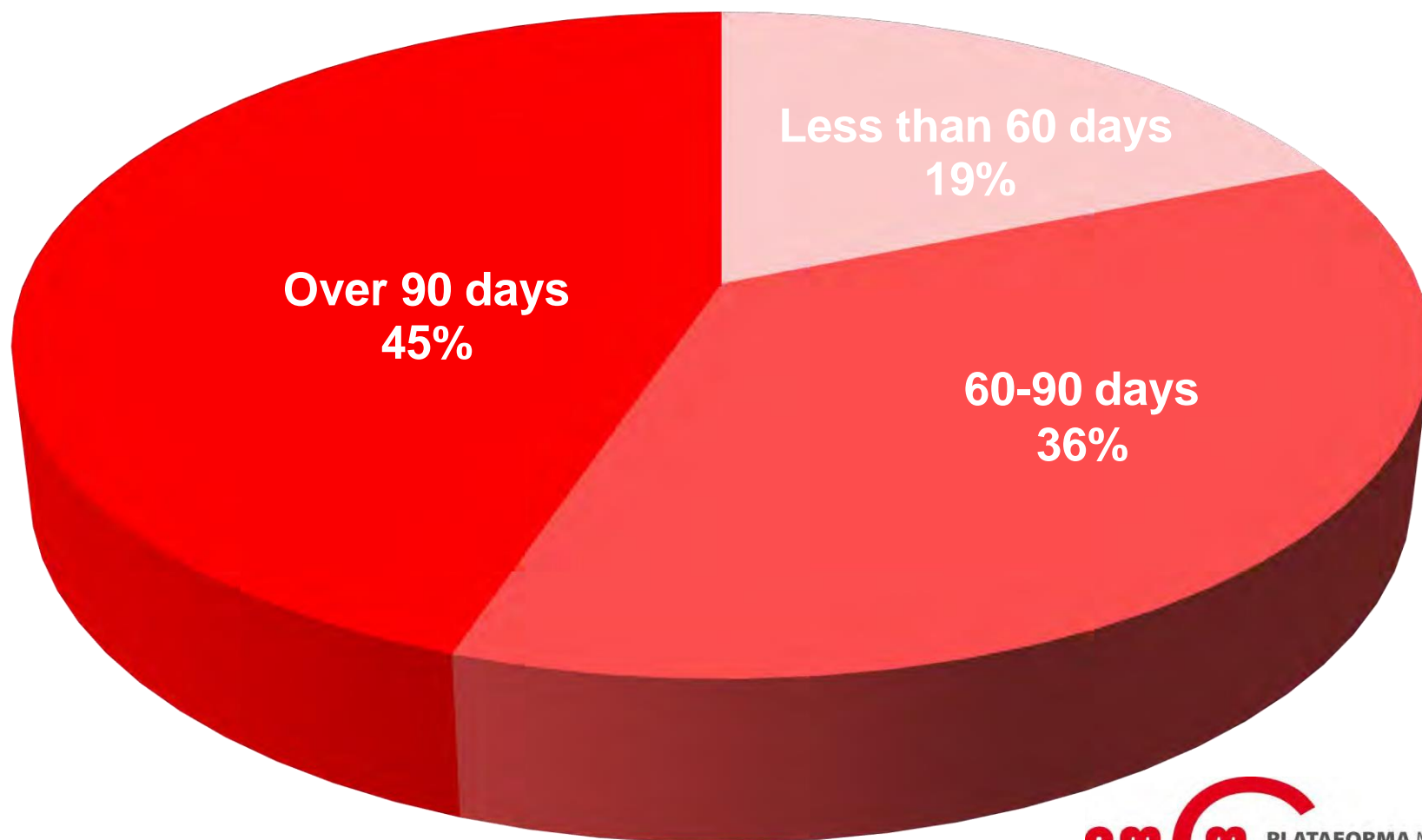
## Profile of late paying customers



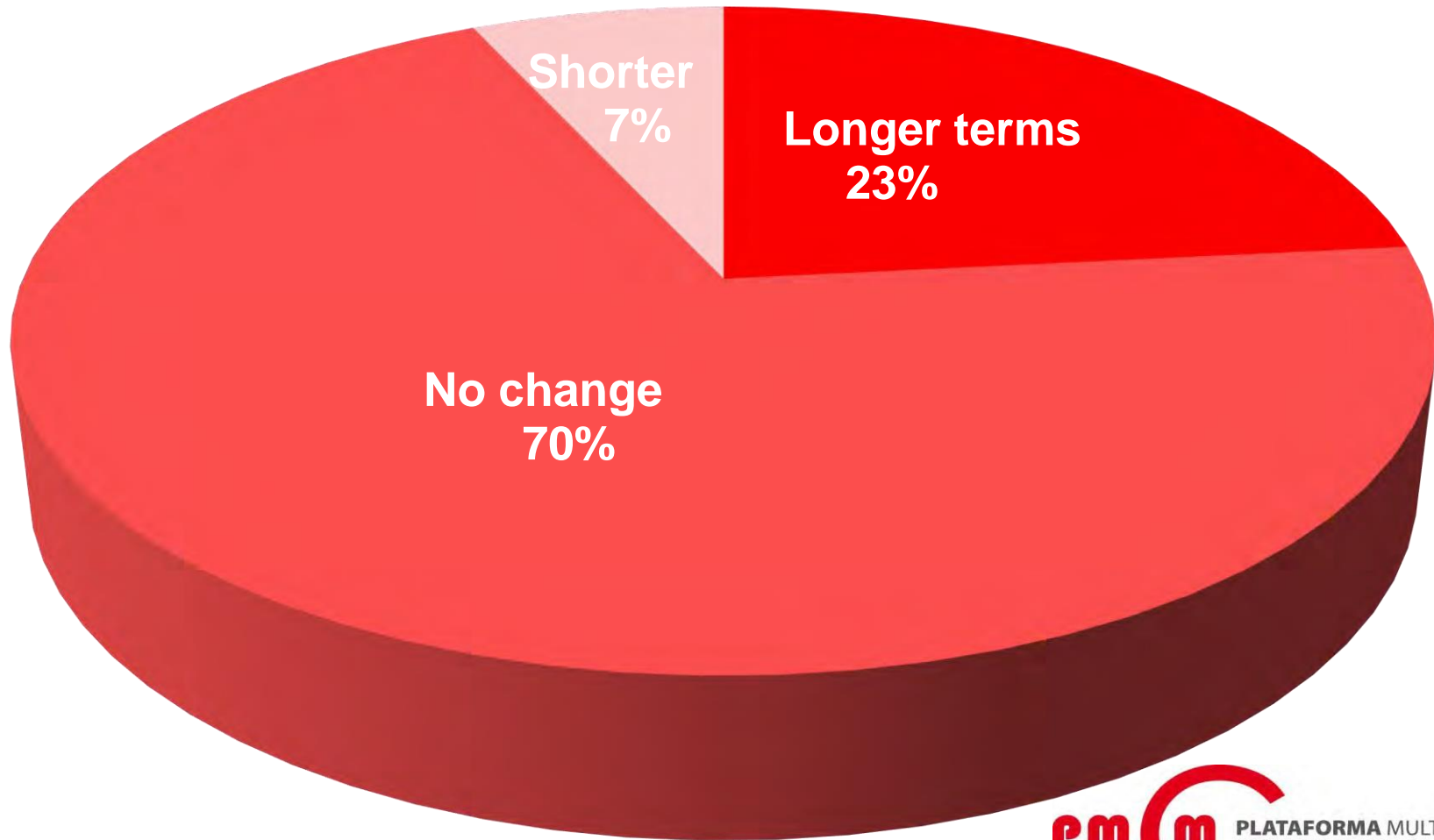
## Payment terms from small and medium-sized customers



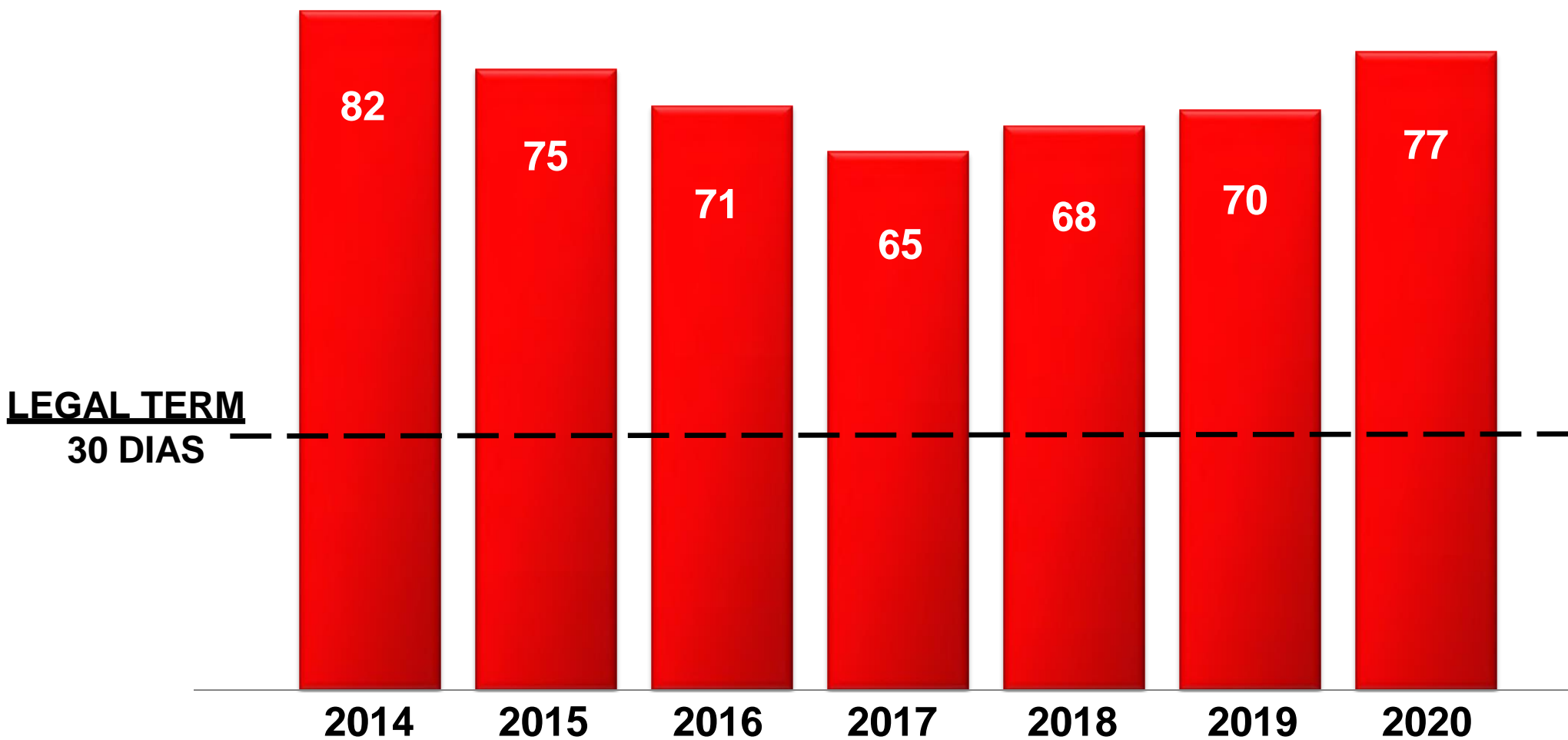
## Payment terms from large customers



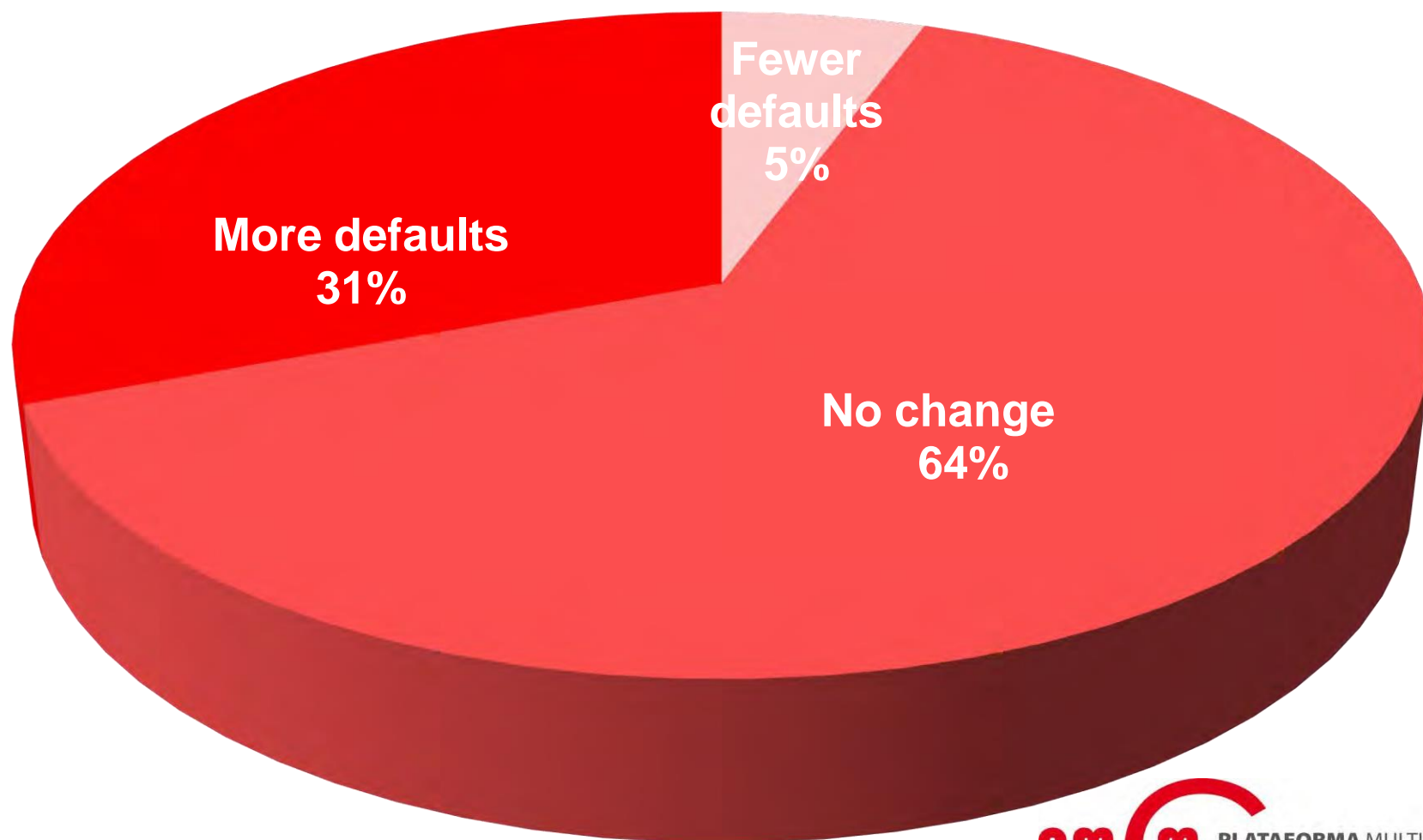
Have you witnessed a change in payment terms from public customers in 2020 vs. 2019?



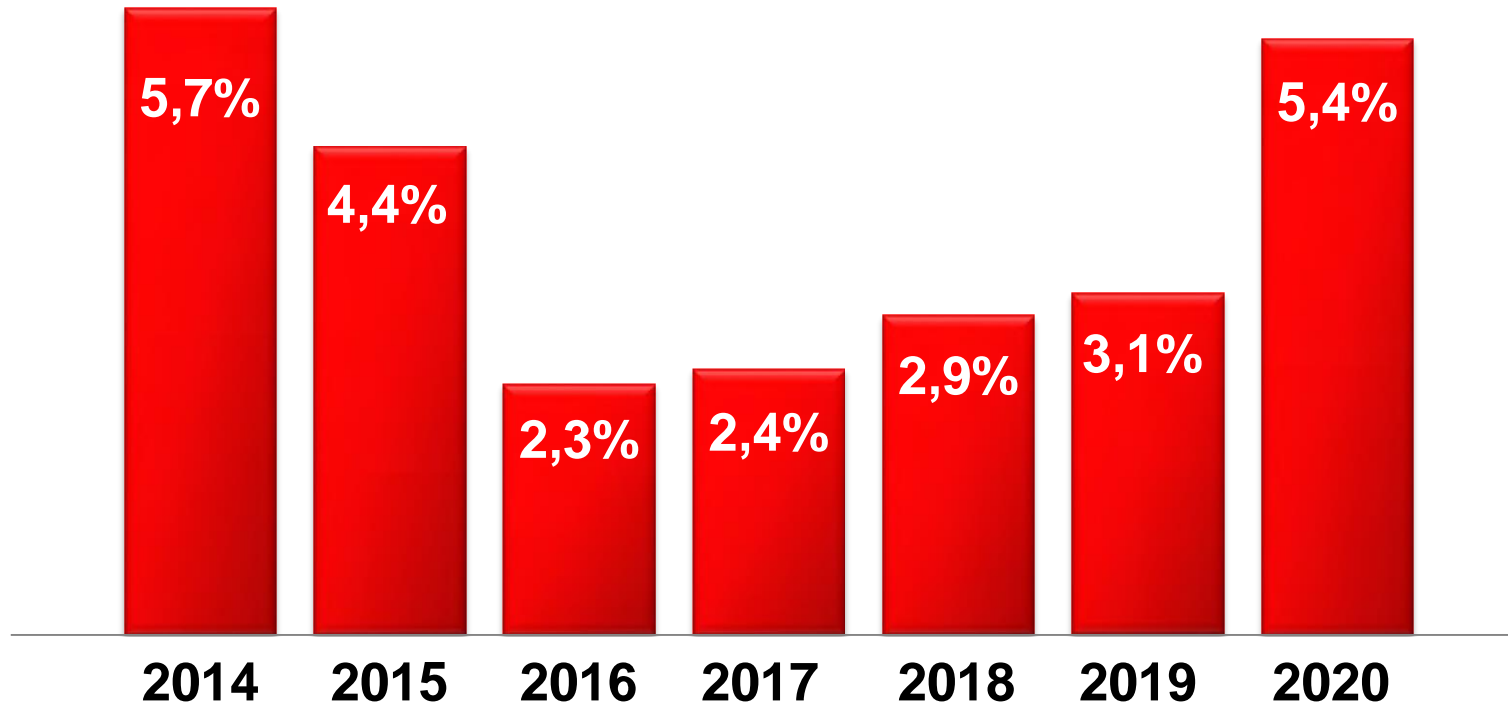
## Public sector: Average payment term (days)



## Have you witnessed a change in your default rates with customers in 2020 vs. 2010?

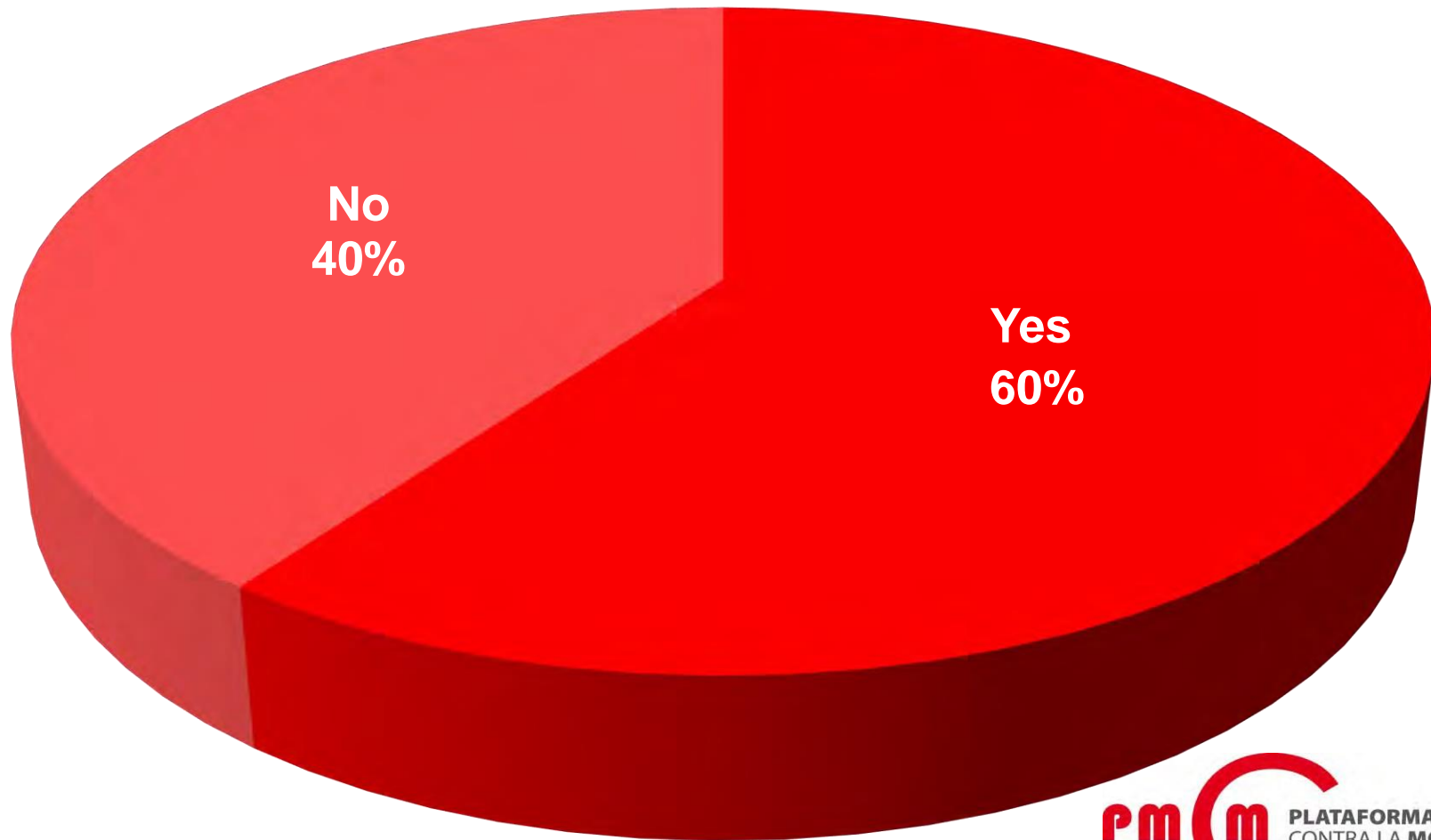


## Default rates

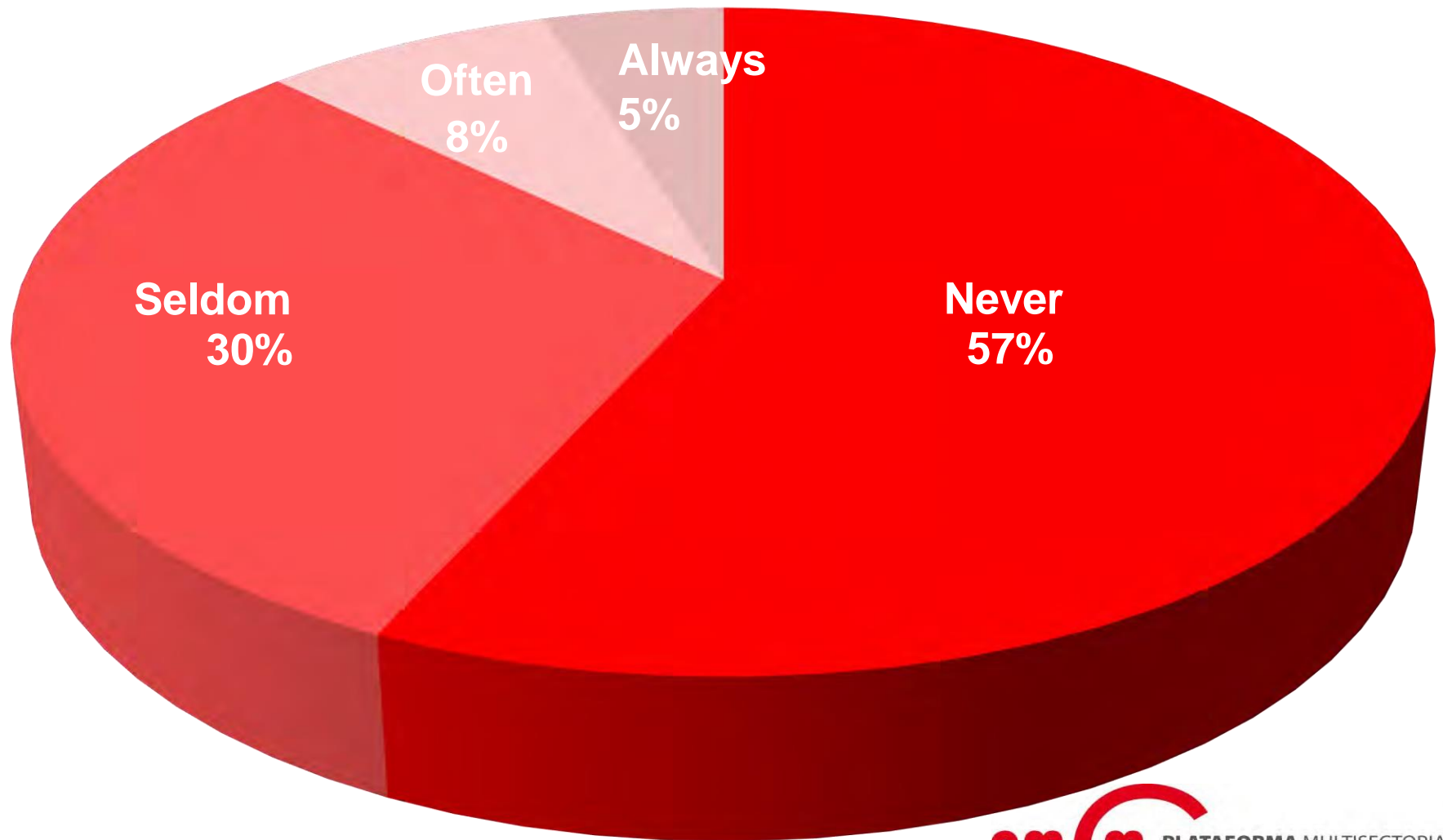


Default rate: Outstanding accounts receivable / Sales

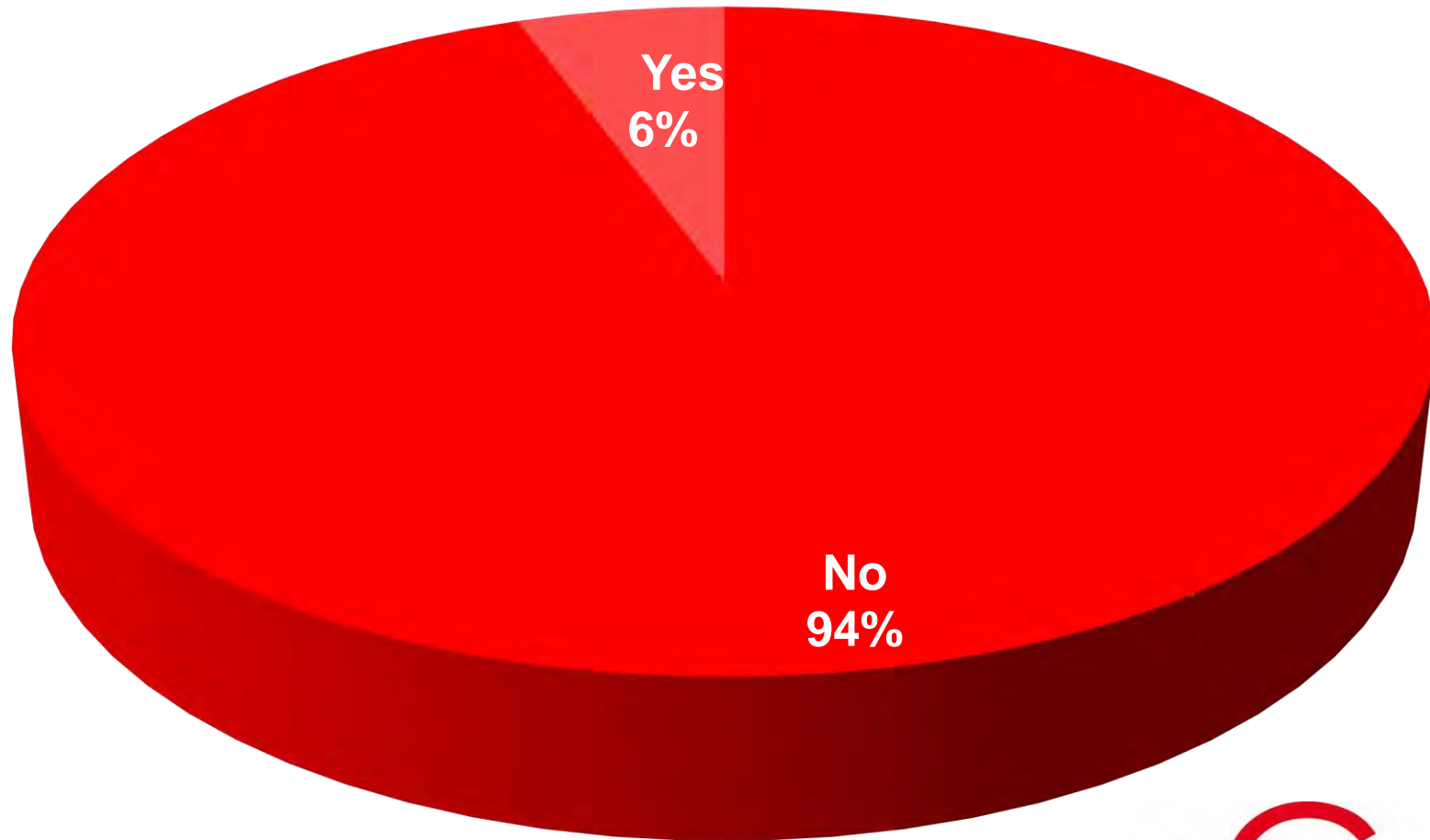
Are you aware of the legislation on payment terms and its related rights?



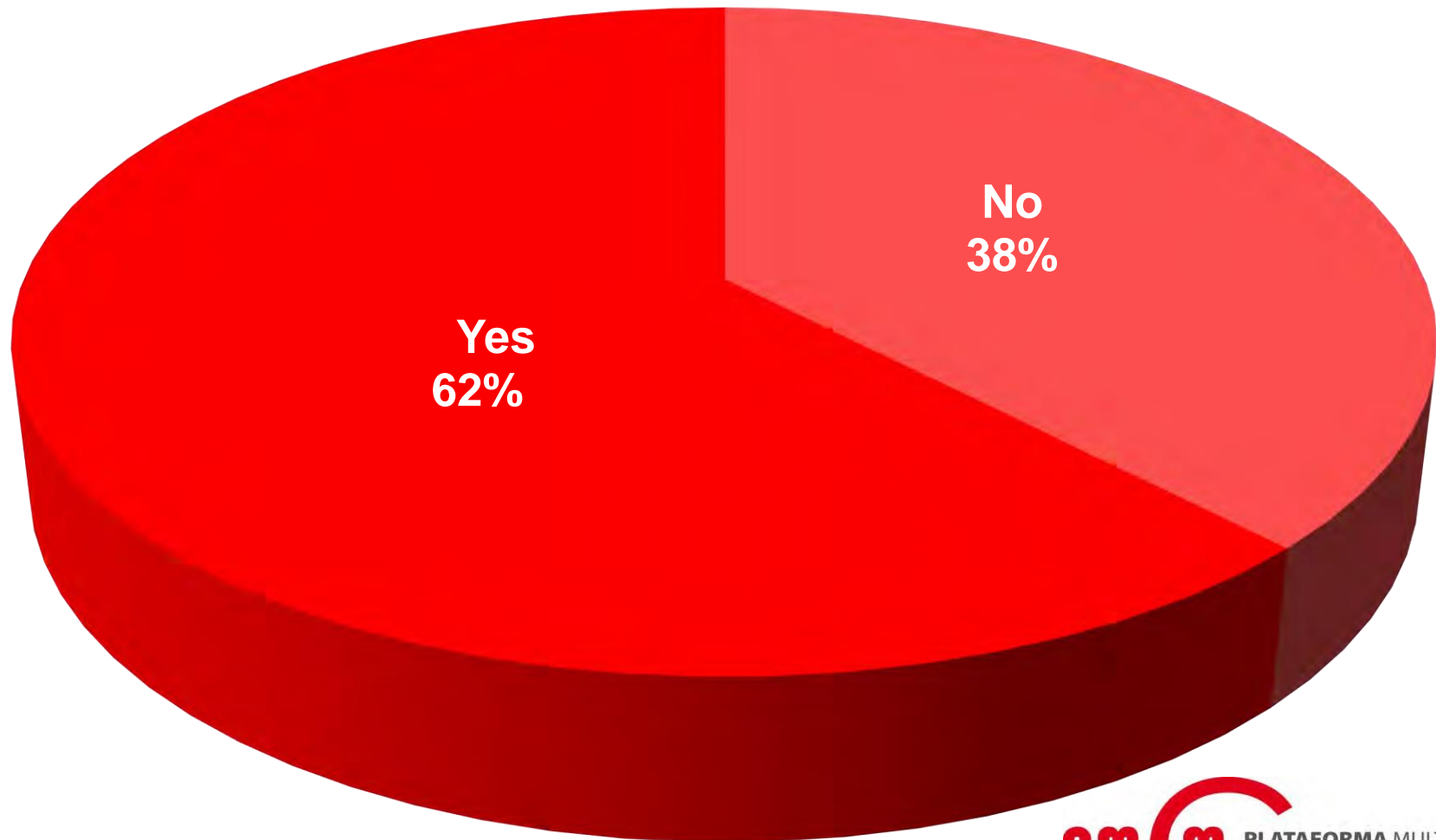
In case of payment delay or default, do you claim interests?



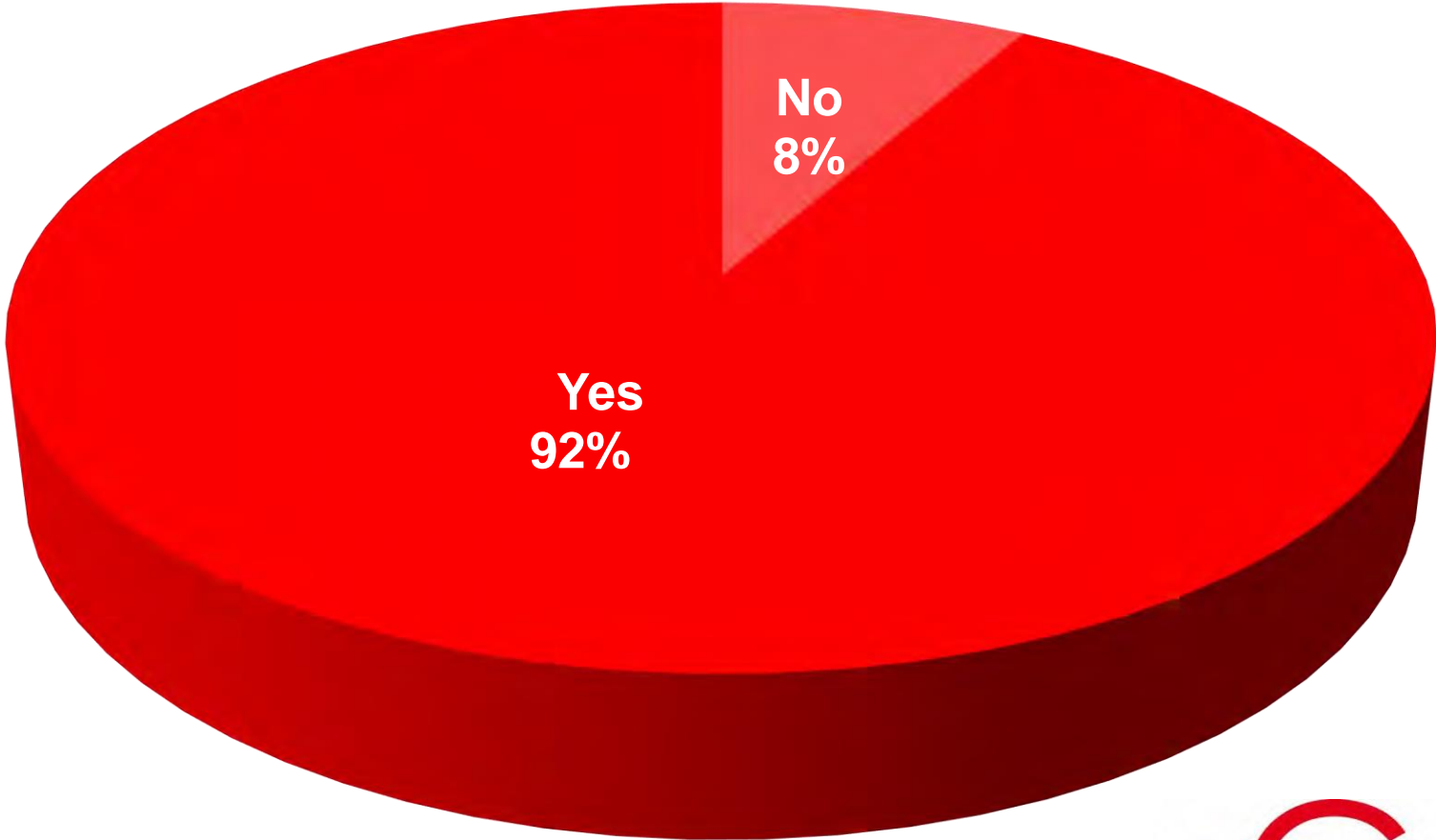
In case of payment delay or default,  
do you claim a compensation for legal recovery costs?  
(40 € set out by Law)



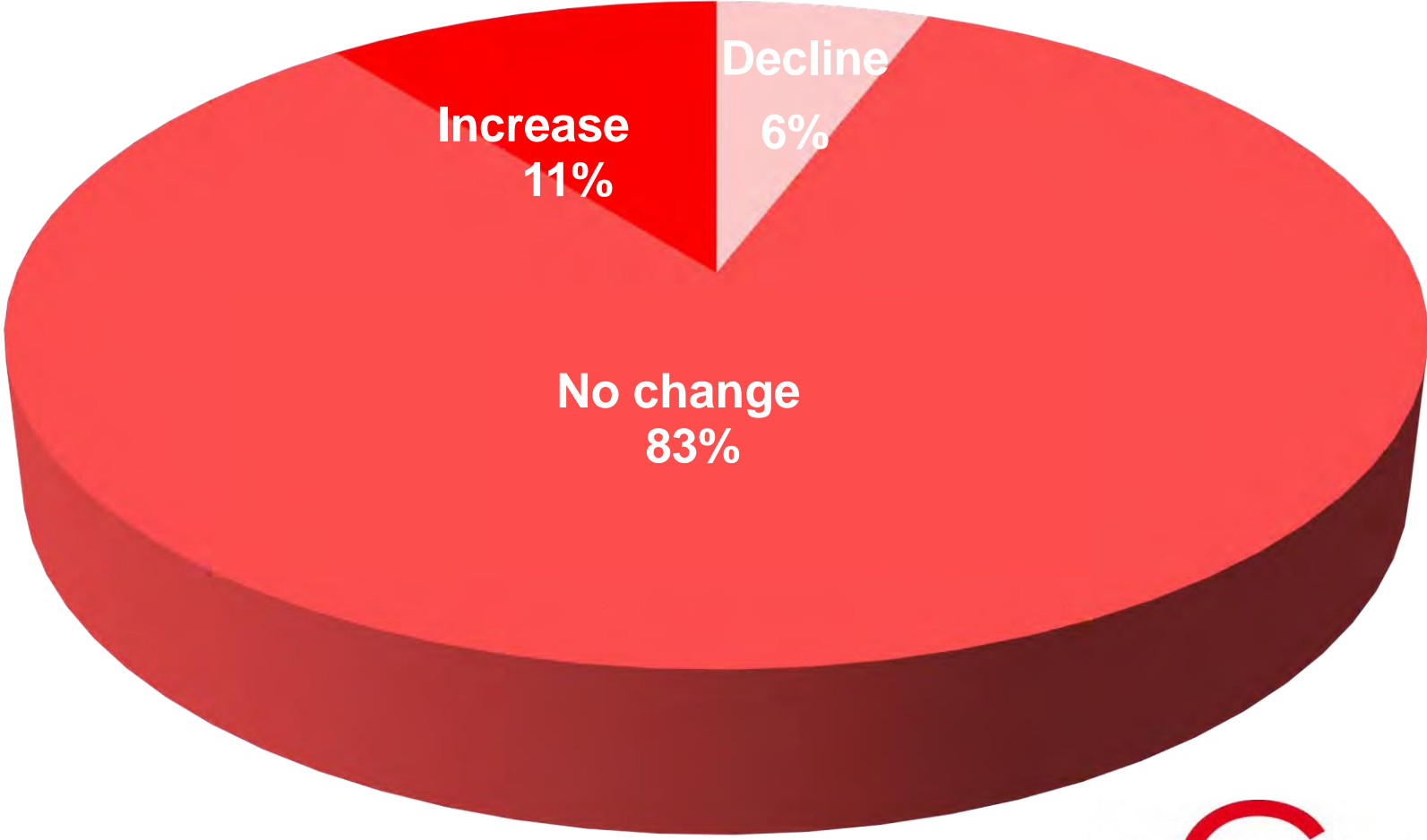
Do you currently have contracts or sales agreements with customers setting out payment terms beyond 60 days?



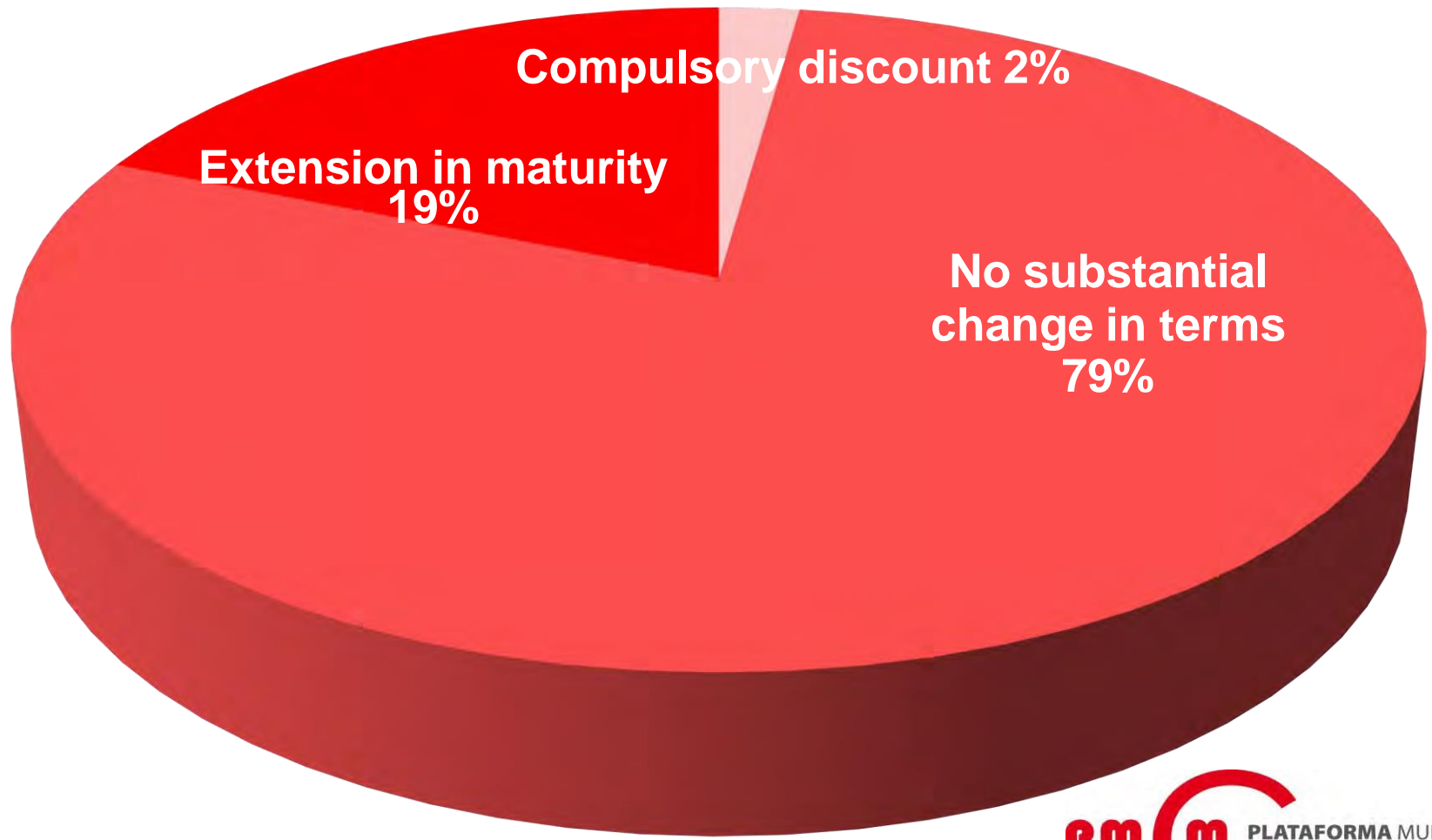
**Do you favor the implementation of a penalty scheme for late payers to ensure compliance with the legal payment terms?**



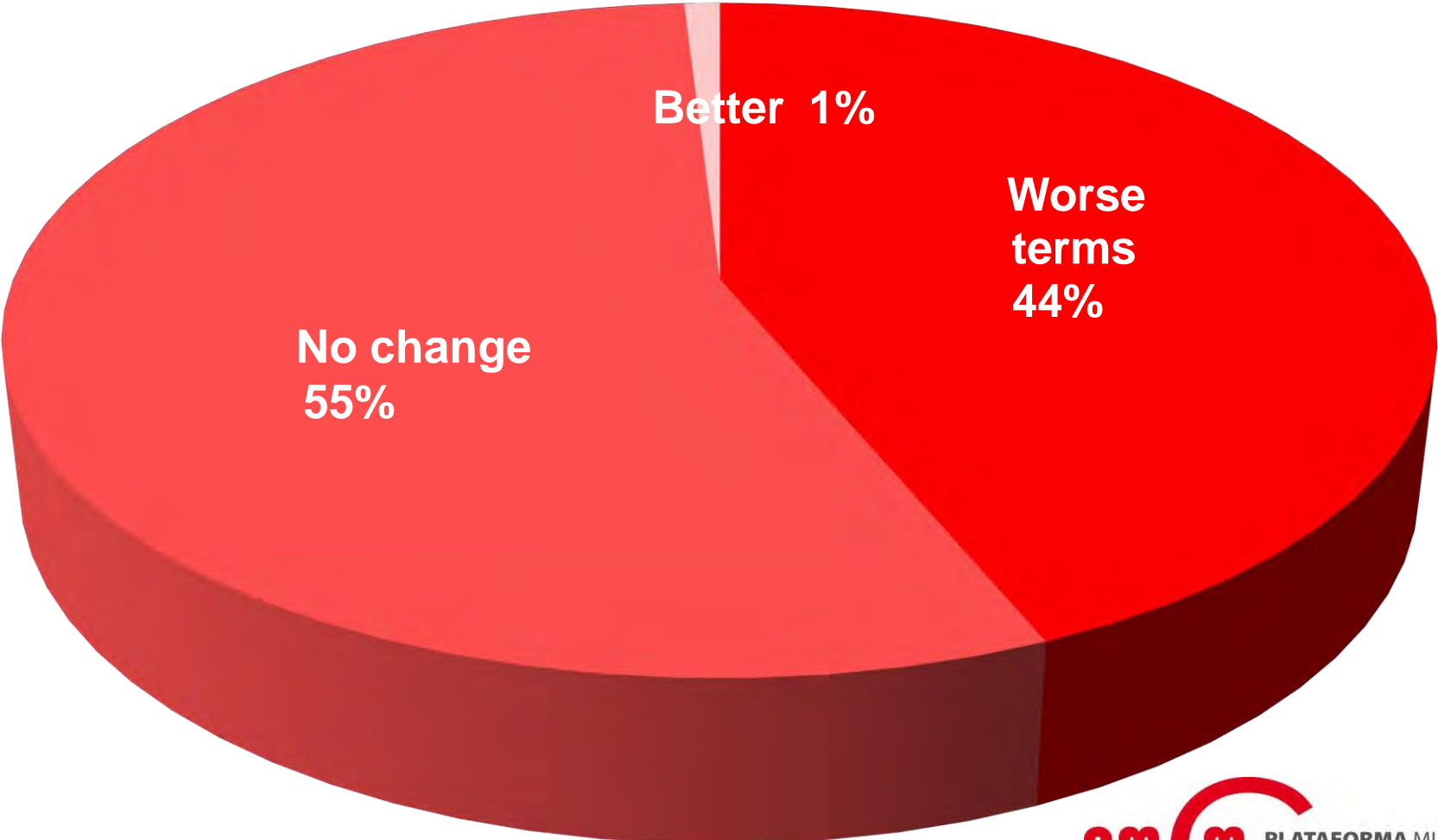
**Have you witnessed a change in the use of confirming since the onset of the Covid-19 Crisis?**



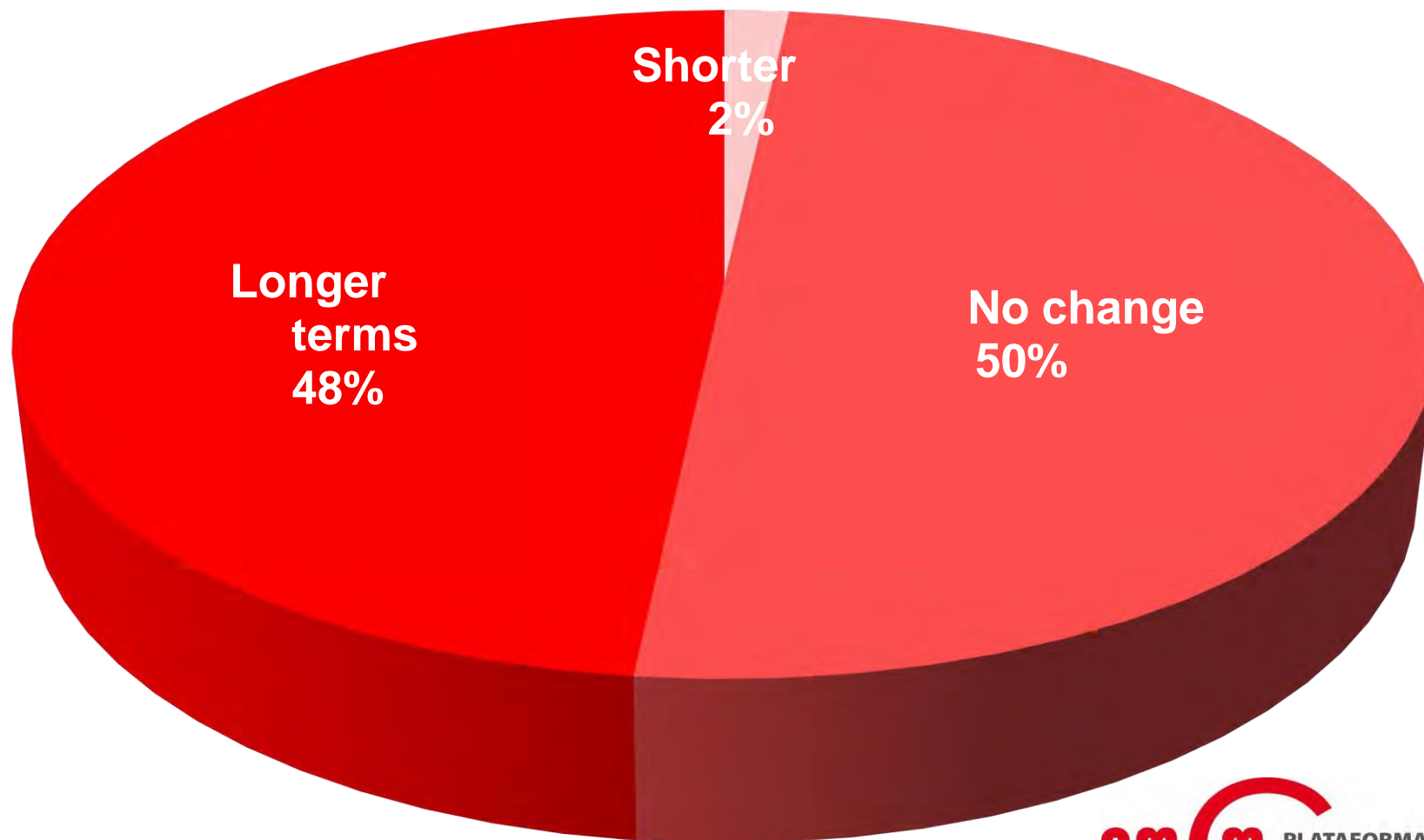
**Have you witnessed a change in the terms of confirming transactions since the onset of the Covid-19 Crisis?**



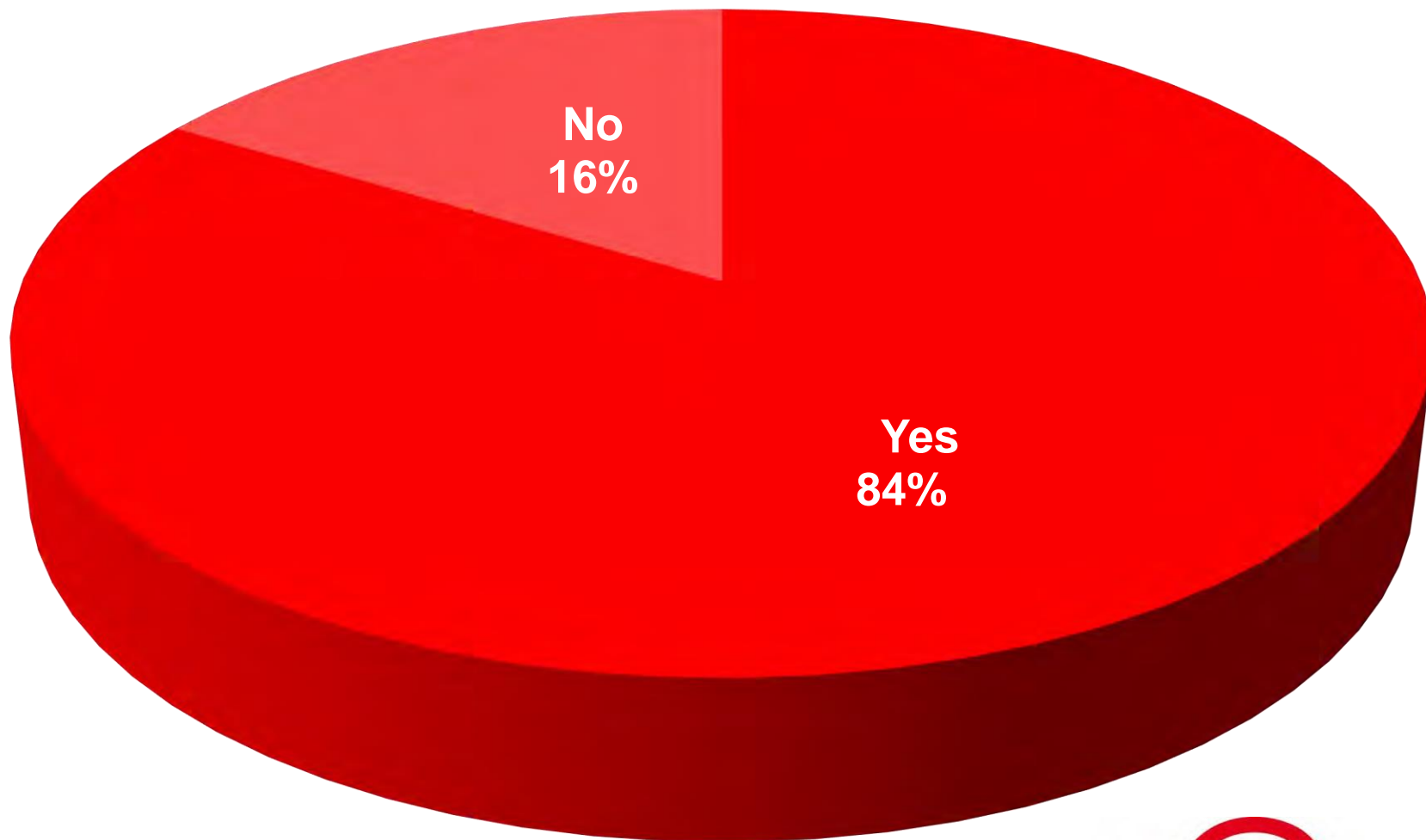
Have you witnessed a change in payment terms with private customers since the onset of the Covid-19 economic crisis?



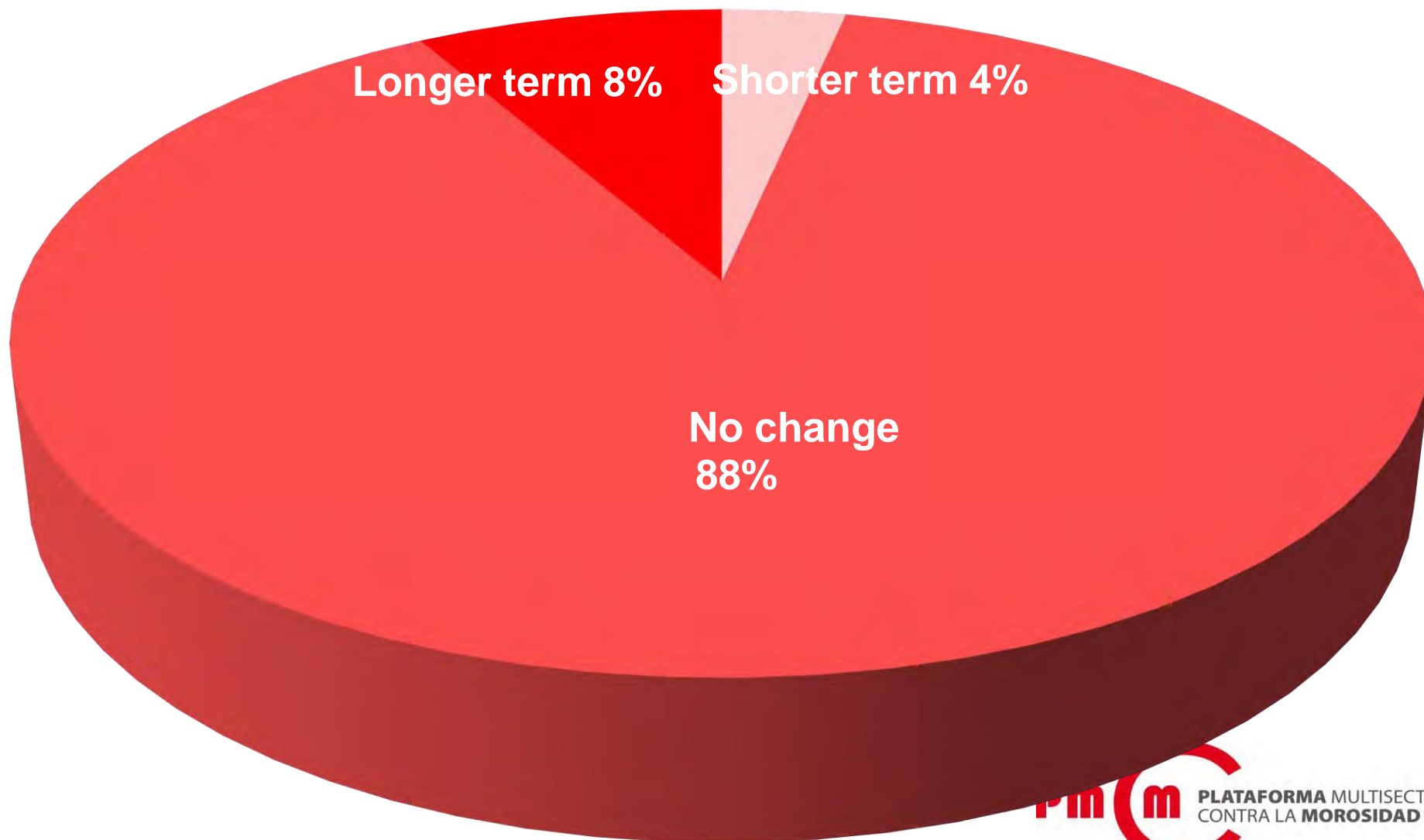
## What is your expectation for the payment terms in 2021 given the Covid-19 Crisis?



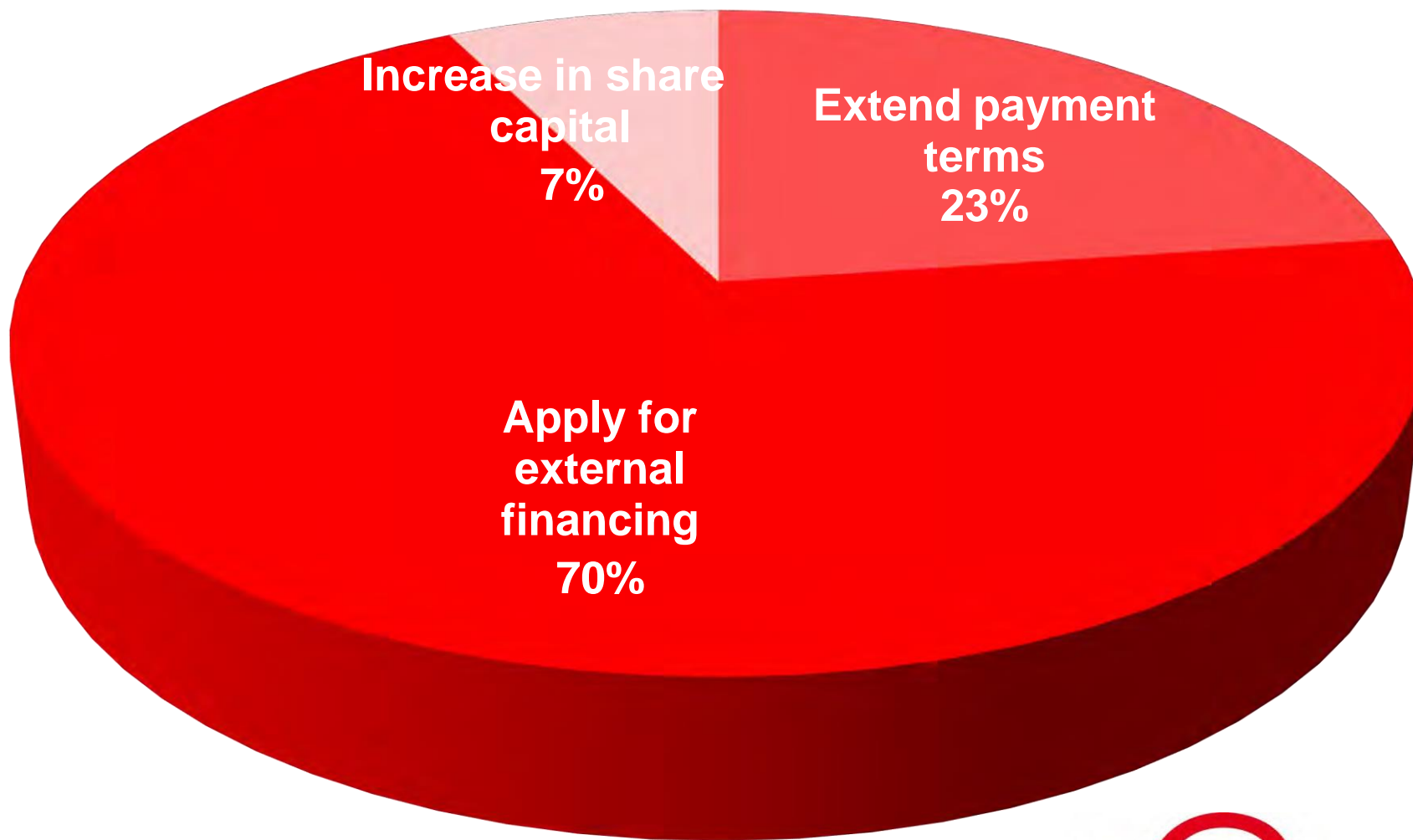
## Do the current payment terms ensure the sustainability of your business?



Have you witnessed a change in payment terms to private suppliers since the onset of the Covid-19 economic crisis?



## What would you do first to improve your liquidity?



If your customers paid on time, how much would your needs for external financing reduce?

