CRIF

Together to the next level

CRIF INDUSTRY WATCH

A monthly edition on Data, Risk and Economic Insights

INSIDE THE ISSUE

Analysis and Studies

| Payment behaviour of companies collapses

Companies in Rhineland-Palatinate with the greatest delay in payment

There are regional differences in the average late payment. Companies in Rhineland-Palatinate overdraw the payment deadlines the most - on average by 56 days. Companies in Bremen (average delay 45 days) and Hamburg (43 days) also pay bills with a severe delay. The best situation is in Saarland, where companies pay on average 25 days late.

The worst payment behaviour is currently evident in the cultural, entertainment and leisure sectors. When invoices are paid, they are currently paid 62 days late (January 2020: 32 days). Payment behaviour in the hospitality industry has also plummeted. If in January invoices were paid on average 33 days late, it is currently 59 days. It looks better with the energy suppliers. While invoices were paid 27 days late in January, the current number is 29 days.

11.5 percent of companies fail to pay bills or pay late

Regardless of the average delay in payment, the analysis by CRIFBÜRGEL shows that more than one in ten companies (11.5 percent) in Germany are currently not paying the bills or are paying late. The rate of non-paying and late paying is highest in Berlin at 18.9 percent. In Bremen, too the rate is 18.2 percent higher than the national average. The payment behaviour is currently best in Thuringia where only 8.2 percent of the companies either fail to pay the bills or are late Corporate morale has dropped sharply facing the corona pandemic. This is shown by data from the information service provider CRIFBÜRGEL, who analyzed the payment behaviour of around 450,000 companies for the analysis.

The average delay in payment increases to 34.4 days

Overdue invoices are currently paid in Germany with a delay of around 34.4 days (as of June 2, 2020). In January 2020, the average late payment was still 26.4 days. "From mid-April, the payment behaviour of companies deteriorated dramatically. We are currently increasingly observing liquidity-friendly behaviour on the part of companies", comments CRIFBÜRGEL Managing Director Dr. Frank Schlein about the current figures. Germany's companies grant their creditors an average payment term of 26 days. For nonpayers or late payers, bills are currently only paid after an average of 60 days. "For companies, the behaviour means that they have to wait for their money more than twice as long as originally calculated. This makes them involuntarily their customers lenders" says Schlein.

This behaviour is often at the expense of medium-sized and small businesses, because lack of liquidity, e.g. triggered by late or unpaid bills is considered one of the most common causes of bankruptcy. In addition, an invoice that was not paid or paid too late by the customer or client means higher administrative effort and additional costs. In the worst case, a vicious circle develops because companies have to forego their own investments longer than planned due to late invoices or cannot process orders. Small companies can get themselves into economic difficulties if their customers hesitate to pay. It is already clear that in view of the Corona crisis, after a 10-year decline in corporate insolvencies in 2020, significantly more companies in Germany will again go bankrupt. Provided that the effects of the corona pandemic on the economy are just as strong as in the 2008 financial crisis, CRIFBÜRGEL expects over 29,000 corporate insolvencies this year.

From the analysis of the industries it becomes clear that companies from logistics are currently increasingly affected by payment problems. Currently 29.3 percent of the companies do not pay the bills or only pay them late. However, payment behaviour has also plummeted in the hospitality industry (24.9 percent non-payment rate or late payment rate).

Data basis:
Based on the B2B business database DDMonitor, CRIFBÜRGEL regularly analyzes the creditworthiness and payment behaviour of more than 450,000 companies. Participants of the DDMonitor (German Debtors Monitor) deliver the payment experiences made with their business partners anonymously.

Import-Export Snapshot

Belgium-Luxembourg

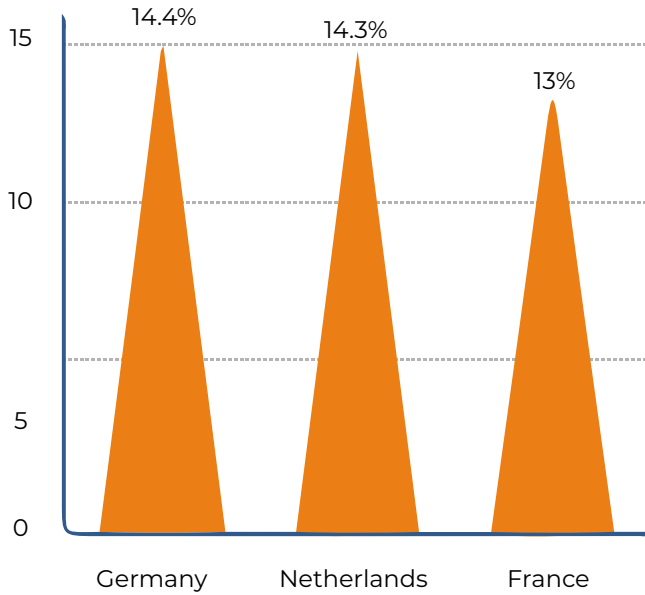Belgium-Luxembourg is the 13th largest export economy in the world.

In 2017, Belgium-Luxembourg exported $344B and imported $406B, resulting in a negative trade balance of $61.6B.

In 2017 the GDP of Belgium-Luxembourg was $492.7B and itsGDP per capita was $47.8K.
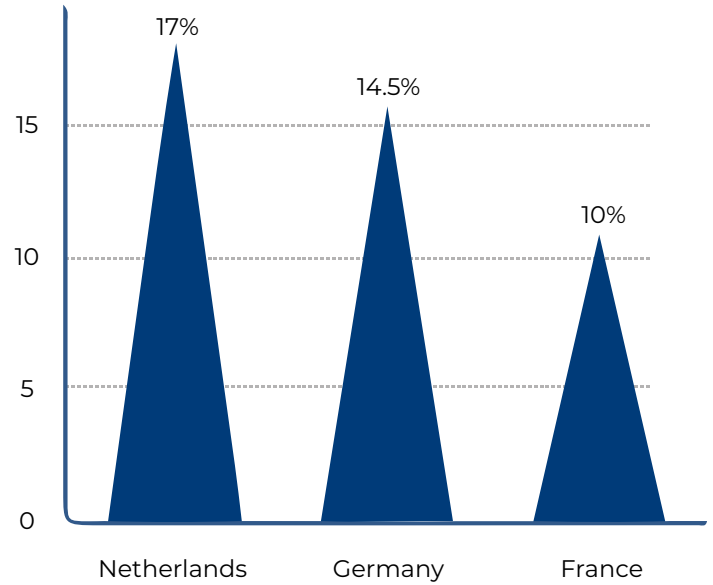
Belgium-Luxembourg is a member of UE, World Bank and WTO.

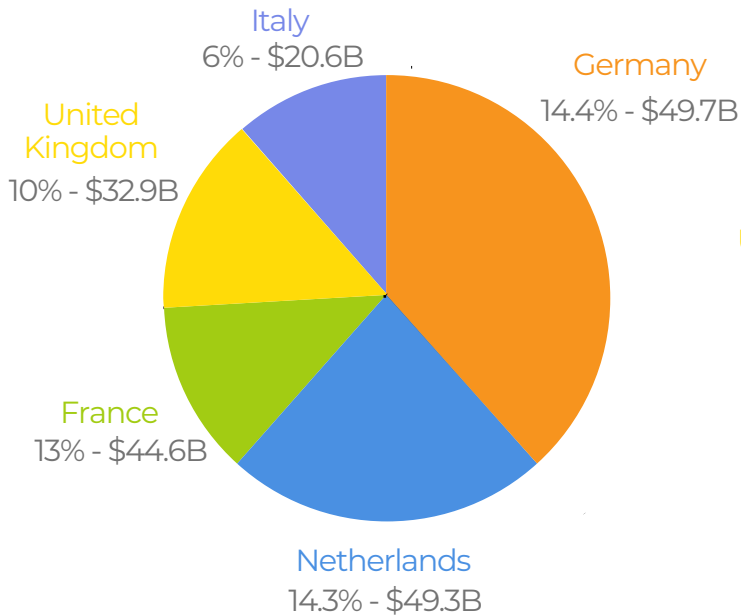Belgium-Luxembourg is classified as high income economy by World Bank.

Top 3 Export Destinations
(overall value $344B)

	Germany	Netherlands	France
	14.4%	14.3%	13%

Top 3 Import Origins
(overall value $406B)

	Netherlands	Germany	France
	17%	14.5%	10%

Top 5 Export Countries

Italy
6% - $20.6B

Germany
14.4% - $49.7B

United Kingdom
10% - $32.9B

France
13% - $44.6B

Netherlands
14.3% - $49.3B

Top 5 Import Countries

United Kingdom
5% - $19.5B

Netherlands
17% - $67.6B

United States
7.2% - $29.4B

France
10% - $39.7B

Germany
14.5% - $58.9B
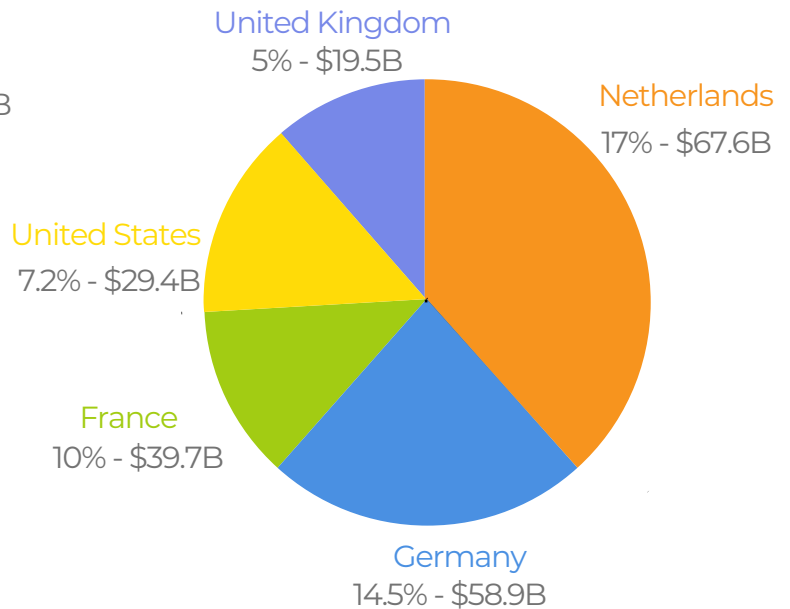
What does Belgium-Luxembourg Imports and Exports?

Top 5 products exported by Belgium-Luxembourg

Product	Value
Cars (7%)	$23.2B
Refined Petroleum (6.3%)	$21.7B
Diamonds (5%)	$17.3B
Packaged Medicaments (5%)	$15.8B
Human or A...	$10.8B
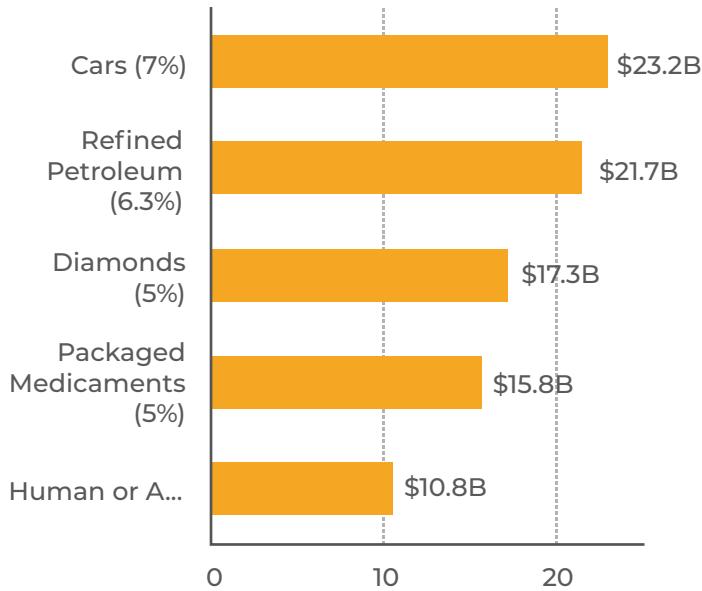
Top 5 products imported by Belgium-Lexembourg

Product	Value
Cars(9%)	$34.8B
Packaged Medicaments (5%)	$19.3B
Refined Petroleum (4.5%)	$18.2B
Diamonds (3.4%)	$13.9B
Crude Petroleum (3.3%)	$13.3B

SOURCE:https://oec.world/en/profile/country/blx/
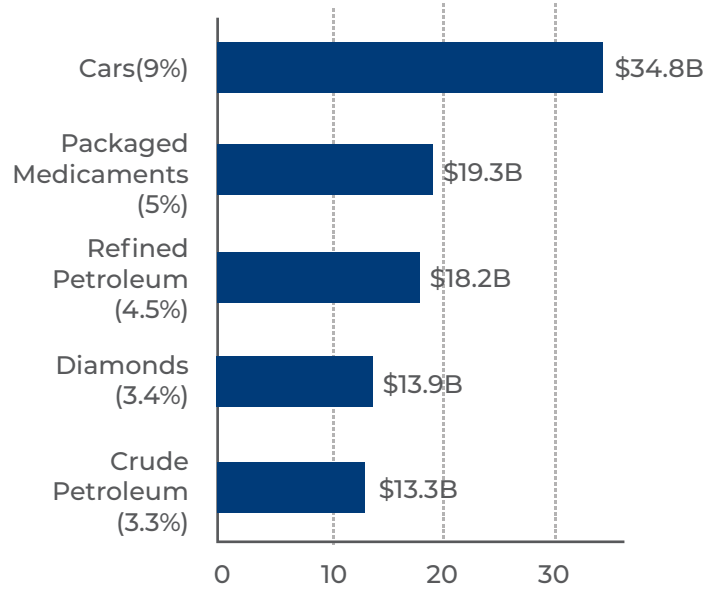
Product Analysis

Nitrogenous Fertilizers Top Exporter Russia

- Nitrogenous fertilizers are the 170th most traded product in the world.

- The value of the total export amount at $19.5B.

- Nitrogenous Fertilizers top exporter is Russia ($2.48B), followed by China ($2.15B), Egypt ($1.15B), the Netherlands ($1.14B) and Qatar ($996M).

- The top importers are the United States ($2.13B), Brazil ($1.96B), India ($1.32B), France ($1.04B) and Turkey ($830M).

- Russia exports for $2.48, which represents the 13% of the World total.

Article of the Month

How an in depth knowledge of data and source is the success key for reliable information on worldwide companies

Obtain reliable information on companies located all around a world is a challenge for those businesses are trading every day on international base. Differences in legislations, data availability, collection and updating, added to political conditions and governmental organization, requires a presence and at the same time knowledge of data and sources process to release high quality information helping companies in decisional processes.

This is exactly the approach followed by SkyMinder allowing markets to obtain the most reliable information on worldwide companies.

Sources can be classified starting from data necessary to understand the profile of a company. Generically, grouped as follow:

- Public Register to identify a company's existence and current status.

- Financial data for subjects that are legally obliged to submit such data to public bodies.

- Legal data to better understand structure.

- Negative information affecting a company and its representatives.

- Shareholders and company structure to better understand ownership and identity.

- **Local data:** additional data to beltter classify company, like industry, certifications.

If source can be classified as above, data collection is linked to countries specificities.

First of all legislative requirements in companies data management: every country is different in rules are requesting companies to transmit their data to public source. Even if Public Institution collecting data is always available, it can assume different characteristics in each state. It can be at national level or a local level with different interaction's mood. In some countries local institutions are obliged to transfer data to national one, acting as unique repository. In other countries, information remain at local level with very few possibilities to have a unique source for data at national level.

This is linked to how a state is organized, what's the level of relationship between central and local bodies. Generally speaking, more advanced countries are experiencing more structured flow and process with the aim to provide high data availability. But it's a general statement, in fact the kind of data companies are requiring to register can vary a lot also inside countries showing an high data availability. A typical example is represented by financial statements: if in all countries a limited number of legal forms is required to register them, in some states only a little sub-portion of them is obliged to accomplish to this requirement. A good example is represented by US and Switzerland where the only companies obliged to register balance sheet are the ones at the Stock Exchange.

Not only legislative rules are impacting data collection processes. Also level of automation and computerization, IT infrastructures must be taken into account. A country requiring transmission of data on companies with hard copies, as able to manage them only in this way, is very different form another one following this process using state of the art technologies. It means also that updating and organizational flow have a different overall results. In the first case, data availability will be slow, partial and subject to timelines variations. In the second case, the process is robust, giving a good grade of confidence in data availability and quality.

Of course, political instability, lack or poor control of the central government on all the country, internal turmoil are affecting negatively processes linked to data collection. Internationally, data availability and updating level of a specific country are measured using as definition 'data friction', classified in 4 tiers as described below.

Tier 1

Countries with a good data availability and accessibility: detailed information, constant and proactive updating. In this case means that data availability are following legislation and the process in obtaining the data is electronic and in line on what occurs to company itself.

Tier 2

Countries with medium level of data availability, but critical in terms of accessibility and updating, which is only reactive. In this case, data are available but due to the flow in place, can show difficulties in both collecting data and consequent updating.

Tier 3

Countries with limited data availability combined to access difficulties due to the organization of public sources still in place. In this case, data can be available but fragmented in different data source very often not link each other. This scenario is link to countries that begun only in the last year to put in place systems. to collect data related to companies

Tier 4

Countries with poor company data availability. Very often, nations in this group are facing situations linked to wars on civil wars still in place or stopped quite recently.

Considering geographic area, worldwide environment can be summarized as follow:

Sub-Saharan Africa

Africa, even if there are some differences related to countries or areas, is presenting a high data friction. It means process related to collection and updating data related to companies is in general complicated both in term of rules related to registration, public bodies in charge and data availability itself.

Europe

Europe, generally speaking, has a low data friction. It means processes related to collection and updating data related to companies are in general transparent both in term of rules related to registration, public bodies in charge and data availability itself.

Far East and Central-South Asian Countries

Far East and Central-Southern Asian Countries is a very big area including countries with different profiles but all of them with a very complicated structure in term of data availability, updating and digitalization. It means process related to collection and updating data related to companies is in general complicated both in term of rules related to registration, public bodies in charge and data availability itself. Generally speaking, data friction can be considered as high.

Latin America

Latin America, even if there are some differences related to countries or areas, is presenting a medium data friction. It means process related to collection and updating data related to companies can present some difficulties in term of rules related to registration, public bodies in charge and data availability itself.

Middle East and North Africa

Middle East and North Africa Markets, even if there are some differences related to countries, are presenting a high data friction. It means process related to collection and updating data related to companies is in general complicated both in term of rules related to registration, public bodies in charge and data availability itself.

North America

North America is presenting in general a low data friction. It means process related to companies data collection and data updating are quite easy, even if there are some specificities. Level of digitalization is maximum, limitation in data availability is linked to legislations and rules.

Data coming from public sources, considering of course differences from country to country, are important, as data itself, but also, and more crucial, as key components to generate information such as ratings to assess the risk level and credit limits, because to be aware of any negative event, legal data or financial data, allow to have a better awareness of when a decision must be taken.

Topics related to companies data and sources availability are very complex, especially in a global market and business partners can be located everywhere in the world. This is the reason why it is necessary to have a provider able to face and sort issue related to data with a same time a strong committed in quality, transforming public data into value added information.

This is the SkyMinder mission: SkyMinder is the CRIF platform positioned as a hub when a company has to be evaluated in every country in the world. Considering differences between countries, the combination between CRIF companies and the best local provider is perfectly matching the highest quality standard required by the markets. In Credit Reports, covering all companies registered in public sources, evaluation data like Rating and Credit Limit are giving the right direction when a business decision must be taken. Then, firmographic data, financial information, negative data, company structure and activity details, are composing the Report. On-line availability almost complete for CRIF countries or other partner in Western Europe with the fresh investigation process, has as a result to provide information on all companies. Based on Credit Report but with a synthetic content, Slim Reports are including basic official and unofficial data and evaluation information like rating and credit limit.

Business can be affected by changes, like new financial statements, negative events, principals or rating and credit limit, Monitoring Solutions are able to notify is a change occurs providing the right information to modify or confirm decisions previously taken.

Due to legislations or business requirements, it's necessary to understand company structure, ownership and shareholding: thanks to KYC Report, is possible to obtain this information to have an in depth knowledge of the company itself. As a matter of overall evaluation, also financial crimes, bribery, corruption, terrorism can assume a very high relevance when a business partner has to be evaluate, both in term of risk management and reputation. In this case, SkyMinder has a double offering with two products, Compliance Check Report and Extended Report, able to verify if company required or shareholders and principals are connected to financial crimes.

Finally also **Cyber Risk** can be underlined using **KYND Cyber Risk Report** in a complex evaluation process. SkyMinder is strongly committed in providing best in class information everywhere in the world, considering local specificities and able to offer high quality information despite data friction level.

Quick Infographics

4 Steps to Effective Third-Party Due Diligence

It is better to be safe than sorry! Entrepreneurs always prefer to have all the details of their potential third-party partners before getting into a business relationship.

Who are the third parties?

Suppliers

Distributors

Resellers

Local Agents

Joint Venture Partners

Why due diligence?

Businesses conduct due diligence to evaluate 3rd parties on whether they are exposed to any risk of business or reputation damage. This helps them identify the best partner for their requirements.

How do you conduct third party due diligence?

#1: Identify the right supplier

Check potential partner's past history with clients to understand the average wait time and consistency in delivering products.

#2: Geographic & demographic assessment

Prepare for economic swings and currency rate fluctuations when dealing with a volatile market space.

#3: Review your due diligence process

Never stop monitoring your third parties to ensure rightful and timely business.

#4: Grab a BIR on the third-party company

Who wouldn't like to make decisions faster? Start with a Business Information Report on your potential partners.

About CRIF India

CRIF India is one of India's leading provider of Credit Information, Business Information, Analytics, Scoring, Credit Management and Decisions Solutions.

CRIF's Business Information Report, commonly known as the BIR Report, is a new way of thinking about data and information and how they are linked to each other. Available in 230 countries and territories, CRIF'S Business Information Report contains up to date information collected from various data sources. The report helps in determining a company's profitability, financial trends, and risk. It also provides an in-depth profile of a company, including financial information, legal cases, history of business, ownership details, operational information, and details on related firms and special events that occurred in the past involving company management. It's an industry standard for evaluating both new and existing credit relationships, especially medium-to-high risk accounts. Additionally, it supports a company's other efforts, like marketing and purchasing.

CRIF India's Business Information Offerings

Due Diligence

Domestic Reports
-BIR Lite
-BIR Standard
-BIR Plus

Supplier & Vendor Evaluation

Business Information Reports (BIR) offerings

Cross- Border (International) Reports
- Credit Reports on Overseas Clients
- SKYMINDER Online Platform

Dealership Evaluation

Cyber Risk Assesment

Distributer Assessment

How is CRIF different?

**We brought in new Sets of Data Points,
First in the Industry at a TAT less than 48hrs.**

Count on our TAT
Quality in expertise translates into efficiency in outcome

Global Data Environment
200 million companies across 230 countries,
2 Million directors on these companies,
400+ data points covered

Quality checks
We've set processes to ensure reliable information is coming your way

Unmatched expertise in analysis
Our vast experience gives us an eye for better assessment of information

Customized solutions for: Customer I Suppliers I Trade / Supply Chain solutions

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