



# Atradius Payment Practices Barometer

International survey of B2B payment behaviour  
Survey results for Taiwan

## 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 Taiwan

### The greatest challenge to business profitability this year

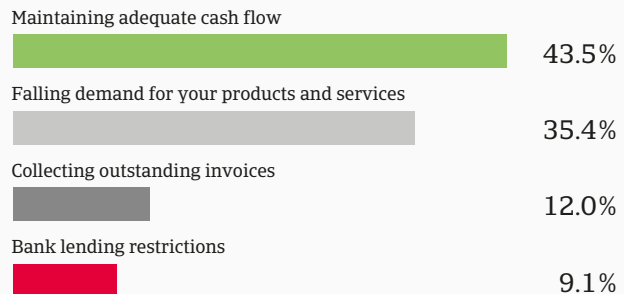
Since 2011, Taiwan has been one of the weaker economic performers in Asia Pacific, with poor external demand for the island's information and communication technology (ICT) products having an impact on the local economy. This has been due, chiefly, to lack of confidence in the global economic outlook, which has made businesses reluctant to invest in new capacity which has had a negative impact on the creation of capital. There has been some economic growth, but this has generally been the result of weak or negative expansion in imports of goods and services: net exports have served as the main driver of growth. In recent times, Taiwan's administration has witnessed public protests regarding local elections in November, criticising the leadership administrations "obstructionist stance". Despite this the Taiwanese economy has been enjoying a cyclical revival due to external demand and GDP is expected to expand by 2.7% a year on average for the next 5 or so years.

The slight shadow hanging over Taiwan, however, is that of China. Many fear that China's treatment of Hong Kong could be duplicated in Taiwan and that the mainland will oppose certain reforms - there are concerns that relations with China could stall as the local population resists political talks. And although conflict with China is extremely unlikely, Taiwan could still be severely impacted by economic sanctions. If China were to undergo political liberalisation, links between the two sides could deepen considerably.

When Taiwanese respondents were asked about the main challenges to their business profitability this year, 43.5% answered that maintaining adequate cash flow was the most critical factor - the highest of all the nations surveyed in Asia Pacific, where the average was 35.6%. In addition, Taiwanese respondents placed falling demand for products and services in second place at 35.4%, third of all the nations surveyed. This indicates that Taiwanese businesses have some real concerns about getting paid. The nation has suffered some setbacks in recent years, particularly in the ICT sector, as China has provided a cheaper alternative to many companies seeking manufacturing in the region, luring business away from Taiwan.

On a more positive note, respondents from Taiwan and Japan were less impacted than others by bank lending restrictions, coming in at just 9.1% against an average of 14%, which suggests a favourable banking environment for businesses.

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



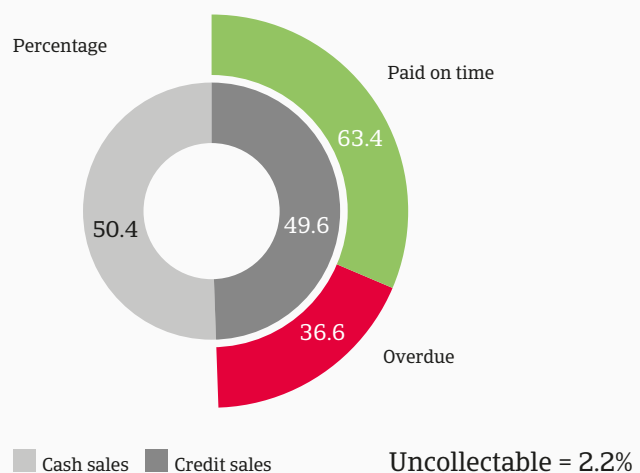
Sample: companies interviewed (active in domestic and foreign markets)  
Source: Atradius Payment Practices Barometer – November 2014

More information in the [Statistical appendix](#)

### Past due and uncollectable receivables

Taiwanese respondents seemed to fare reasonably well overall in terms of past due and uncollectable receivables, with results positioning them more or less in the middle of the Asia Pacific respondents. Across the region, 36.2% of the total value of the invoices issued was unpaid at the due date, though for Taiwan this stood at 36.6%. At 90 days past due, 3.9% of Taiwanese respondents receivables remained unpaid, slightly better than the regional average of 4.4% and finally, 2.2% of overdue receivables were uncollectable - exactly the same as the regional average.

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



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

More information in the [Statistical appendix](#)

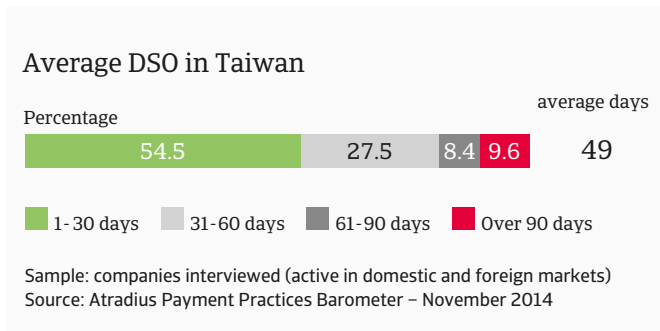


### Days Sales Outstanding – DSO

Businesses across Asia Pacific recorded a DSO of 54 days overall, whereas Taiwan came in at 49 days. Although this is below average, which means that Taiwan's businesses are encountering fewer issues than may generally be the case in the region, it is worth noting that, as the average payment term for the region is 34 days, this still means that they are having to wait an additional 15 days from invoice due date to collection on their credit sales.

Also of note, by comparing the percentage of receivables that remained outstanding after 90 days past due, with that of the uncollectable receivables, we can conclude that on average, businesses in Taiwan lose 56.4% of the value of their receivables unpaid at 90 days. By country, this is the second highest, behind China at 64.1%.

70.85% of businesses in Asia Pacific felt generally that DSO became a threat to the sustainability of their business after thirty days, although for Taiwanese businesses this crept slightly above average, to 72.7%. Amongst other respondents across the region, Japanese respondents were least concerned about the impact of DSO after thirty days with 61.2% stating this to be the case, although China featured at the other end of the scale, at 78.9.



More information in the [Statistical appendix](#)

### Main reasons for late payment from B2B customers

As with other nations surveyed, Taiwanese respondents cited insufficient availability of funds as a key reason for late payment from their domestic customers. However, Taiwan topped the tables amongst those surveyed for disputes over quality of goods, at 46.73%. The regional average for Asia Pacific was just 31.98% and for the Americas 21.35%, suggesting that this is particular to Taiwan, which has a heavily manufacturing based economy.

This also topped the results for late payment from international customers, with 41.67% noted this as a major issue. However, closely followed, at 41.07% by complexity of payment procedure, where Taiwan came in fourth behind China's high score of 55.9% and an Asia Pacific average of 39.97%.

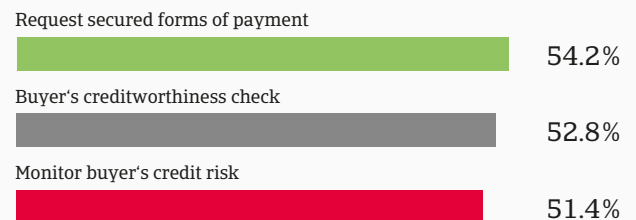
### Credit management policies used by respondents

72.45% of Taiwanese respondents had some form of risk mitigation in place in order to protect themselves from payment default, which sets this more or less in line with the Asia Pacific average of 72.14%.

In terms of the methods used to mitigate these risks, the most preferred option for Taiwan's respondents was to request some form of secured payment, at 54.23%, whilst in second and third places were checking buyer creditworthiness at 52.82% and monitoring buyer credit risk, at 51.41%. Overall, Taiwan's use of credit risk mitigation practices was near the average of the Asia Pacific region.

Taiwanese respondents' preferred payment method is electronic transfer, at 82.13%, second only to Japan at 91.58%. Amongst all available methods of payment, electronic payment and PayPal were the two methods that Taiwanese respondents felt would increase the most in business to business transactions.

#### Most often used credit management policies in Taiwan



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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