

**PRESS RELEASE**

**Atradius: huge rise in late payments as pandemic recession bites in US, Mexico & Canada**

*Atradius research shows how COVID-19 has begun to affect USMCA businesses*

**Cardiff, UK, 8<sup>th</sup> July 2020:** Late payments have soared in the USMCA region as businesses are squeezed by the impact of COVID-19, reveals the latest research by leading trade credit insurer [Atradius](#).

The annual [Payment Practices Barometer](#) by Atradius analyses the payment behaviours and sentiment of businesses in the United States, Mexico and Canada (USMCA). This year's survey results reveal compromised cashflows and an increased reliance on bank finance, as businesses grapple with COVID-19 containment measures.

The report found late payments affect 43% of the total value of invoices issued in USMCA, up from 25% last year. Furthermore, the total value of invoices overdue past 90 days has doubled year on year to 13%, while 4% of the total value was written off as uncollectable, up from 3% a year ago.

The Atradius research barometer reveals 40% of USMCA businesses use invoice payment delays as a form of short-term financing, while delays in payments are also caused by customer liquidity shortages (cited by 36% of businesses) and disputed invoices (cited by 39%).

To counter late payments, nearly a third (30%) of businesses in USMCA report needing to increase the amount of time, resource and cost spent to chase overdue invoices while 28% acknowledge needing to delay settlement of invoices to their own suppliers as a result. A quarter of businesses admit needing to strengthen their own internal credit control procedures, while more than half plan to improve the efficiency of their debt collection processes with the two most cited approaches including increased use of payment reminders and outsourcing debt collection to a specialist agency.

Despite the current recession in the USMA markets, businesses remain generally optimistic with more than half (52%) anticipating an improvement in payment practices in the coming months, compared to a third (32%) who predict a deterioration. This optimism is grounded in the belief that banks will continue to provide credit and will cushion the effects of poor cashflow.

James Burgess, Head of UK Commercial for Atradius commented: "Research into business behaviour and sentiment gives an excellent insight into a region's economic resilience. The 2020 Atradius Payment Practices Barometer for the USA, Mexico and Canada is a particularly revealing story of two halves. On one hand is the dramatic increase in overdue payments and the undeniable indications that the region has entered recession. Whilst conversely, respondents convey optimism for a brighter future despite the gloomy figures to date. Of course, the reality hangs on the development of the COVID-19 crisis and the effectiveness of the region in reversing its negative effects.

"What is clear is the pressure USMCA businesses are feeling which is reflected by widespread deteriorating B2B customer credit risk. Invoice payment defaults are up significantly compared to last year as is the number of businesses awaiting payment subsequently delaying payment to their



suppliers. In a climate rocked by late payments and sustained economic uncertainty, businesses must act cautiously when it comes to maintaining successful trade relationships; assiduously monitoring the risks of the wider economy and payment behaviours of individual customers, adopting a comprehensive and robust risk management strategy and seeking the right business support to protect against the very real risk of non-payment.”

The 2020 Atradius Payment Practices Barometer for the USMCA was conducted in Canada, Mexico and the US. The full reports and a suite of free economic research and trading reports are available on the [Atradius reports page](#) of the website <https://atradius.co.uk>. You can also follow [@AtradiusUK on Twitter](#) and [AtradiusUK on LinkedIn](#).

**Note:** The forecasts within the reports are based on the current information prior to its publication. In a rapidly changing commercial and economic environment, the data is subject to change and the content will be reassessed by economists and updated where appropriate on an ongoing basis.

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#### **About Atradius**

Atradius is a global provider of credit insurance, surety and collection services, with a strategic presence in over 50 countries. The credit insurance, bond and collection products offered by Atradius protect companies around the world against the default risks associated with selling goods and services on credit. Atradius is a member of Grupo Catalana Occidente (GCO.MC), one of the largest insurers in Spain and one of the largest credit insurers in the world. You can find more information online at <https://atradius.co.uk>