

# Results of the public consultation on 'Late payment in commercial transactions: still a problem in the EU?'

Consultation from 29 May 2008 to 31 August 2008 on "Your Voice on Europa".  
510 responses were received.

## a) Identity

<b>Are you replying as a:</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (510)</b>	<b>% of total number records (510)</b>
Company	361	(70.8%)	(70.8%)
Representative organisation	83	(16.3%)	(16.3%)
Other interested party	59	(11.6%)	(11.6%)
Public authority	7	(1.4%)	(1.4%)

  

<b>What is the size of your company (number of employees)?</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (361)</b>	<b>% of total number records (510)</b>
0 – 9	134	(37.1%)	(26.3%)
10 – 49	101	(28%)	(19.8%)
50 – 249	64	(17.7%)	(12.5%)
250+	62	(17.2%)	(12.2%)

  

<b>What is your country of residence?</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (510)</b>	<b>% of total number records (510)</b>
Italy	81	(15.9%)	(15.9%)
Germany	77	(15.1%)	(15.1%)
United Kingdom	76	(14.9%)	(14.9%)
Greece	56	(11%)	(11%)
Belgium	53	(10.4%)	(10.4%)
Portugal	35	(6.9%)	(6.9%)
Spain	25	(4.9%)	(4.9%)
Ireland	20	(3.9%)	(3.9%)
Austria	14	(2.7%)	(2.7%)
France	13	(2.5%)	(2.5%)
Cyprus	13	(2.5%)	(2.5%)
Other	12	(2.4%)	(2.4%)
Czech Republic	7	(1.4%)	(1.4%)
Netherlands	7	(1.4%)	(1.4%)
Sweden	5	(1%)	(1%)
Denmark	4	(0.8%)	(0.8%)
Poland	3	(0.6%)	(0.6%)
Finland	3	(0.6%)	(0.6%)
Bulgaria	2	(0.4%)	(0.4%)
Slovenia	2	(0.4%)	(0.4%)
Hungary	1	(0.2%)	(0.2%)
Malta	1	(0.2%)	(0.2%)
Estonia	0	(0%)	(0%)
Latvia	0	(0%)	(0%)
Lithuania	0	(0%)	(0%)
Luxembourg	0	(0%)	(0%)
Romania	0	(0%)	(0%)
Slovakia	0	(0%)	(0%)

## b) Problems and effects

<b>Have you experienced problems with other businesses paying you later than you require in your normal terms of business?</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (361)</b>	<b>% of total number records (510)</b>
Seldom (1-25% of your invoices to other businesses)	112	(31%)	(22%)
Quite often (26-50% of your invoices to other businesses)	93	(25.8%)	(18.2%)
Often (51%-75% of your invoices to other businesses)	85	(23.5%)	(16.7%)
Very often (more than 75% of your invoices to other businesses)	62	(17.2%)	(12.2%)
Never	9	(2.5%)	(1.8%)

  

<b>Have you experienced problems with public authorities paying you later than you require them to in your normal terms of business?</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (361)</b>	<b>% of total number records (510)</b>
Very often (more than 75% of your invoices to public authorities)	138	(38.2%)	(27.1%)
Seldom (1-25% of your invoices to public authorities)	84	(23.3%)	(16.5%)
Never	55	(15.2%)	(10.8%)
Often (51%-75% of your invoices to public authorities)	52	(14.4%)	(10.2%)
Quite often (26-50% of your invoices to public authorities)	32	(8.9%)	(6.3%)

  

<b>What has been the effect of late payment on your business?</b> <i>multiple choices reply</i>	<b>Number of requested records</b>	<b>Requested records (361)</b>	<b>% of total number records (510)</b>
It takes up too much management time and valuable working hours	239	(66.2%)	(46.9%)
Our business needs bank credit	204	(56.5%)	(40%)
It slows down the growth of our business	182	(50.4%)	(35.7%)
It has a negative effect on investment	136	(37.7%)	(26.7%)
It affects the productivity of the business	135	(37.4%)	(26.5%)
It threatens the survival of our business	129	(35.7%)	(25.3%)
It discourages us from engaging in public procurement contracts	84	(23.3%)	(16.5%)
It discourages us from engaging in cross-border transactions	29	(8%)	(5.7%)
It does not really affect our business	27	(7.5%)	(5.3%)
Other	6	(1.7%)	(1.2%)
Don't know	4	(1.1%)	(0.8%)
Does not apply	3	(0.8%)	(0.6%)

  

<b>What is your usual response in case of late payment?</b> <i>multiple choices reply</i>	<b>Number of requested records</b>	<b>Requested records (361)</b>	<b>% of total number records (510)</b>
We contact the client personally	307	(85%)	(60.2%)
Our business pays our creditors late in turn	109	(30.2%)	(21.4%)
Our lawyers contact the client	94	(26%)	(18.4%)
We are patient and only react after a long time	84	(23.3%)	(16.5%)
A debt collecting agency contacts the client	47	(13%)	(9.2%)
Other	17	(4.7%)	(3.3%)
Does not apply	4	(1.1%)	(0.8%)
Don't know	3	(0.8%)	(0.6%)

## c) Interest

<b>Do you claim interest for late payment?</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (361)</b>	<b>% of total number records (510)</b>
Never	144	(39.9%)	(28.2%)
Seldom	123	(34.1%)	(24.1%)
Frequently	39	(10.8%)	(7.6%)
Always	34	(9.4%)	(6.7%)
Very often	15	(4.2%)	(2.9%)
Don't know	6	(1.7%)	(1.2%)

  

<b>Why do you never claim interest?</b> <i>multiple choices reply</i>	<b>Number of requested records</b>	<b>Requested records (144)</b>	<b>% of total number records (361)</b>
Out of fear that the customer would be lost	84	(58.3%)	(23.3%)
It is too complicated to claim interest	69	(47.9%)	(19.1%)
Competitors never claim interest for late payments	54	(37.5%)	(15%)
Unawareness of the right to charge interest for late payment	17	(11.8%)	(4.7%)
The interest rate is unknown	11	(7.6%)	(3%)
Interest is considered as taxable revenue	7	(4.9%)	(1.9%)
Don't know	5	(3.5%)	(1.4%)

  

<b>Why do you seldom claim interest?</b> <i>multiple choices reply</i>	<b>Number of requested records</b>	<b>Requested records (123)</b>	<b>% of total number records (361)</b>
Out of fear that the customer would be lost	85	(69.1%)	(23.5%)
It is too complicated to claim interest	54	(43.9%)	(15%)
Competitors never claim interest for late payments	27	(22%)	(7.5%)
Unawareness of the right to charge interest for late payment	5	(4.1%)	(1.4%)
Interest is considered as taxable revenue	4	(3.3%)	(1.1%)
Don't know	4	(3.3%)	(1.1%)
The interest rate is unknown	3	(2.4%)	(0.8%)

  

<b>The laws on late payment in the EU currently specify that a creditor may claim an interest rate of approximately 11 % in case of late payment. In your view, is that interest rate reasonable and proportionate to encourage timely payment in commercial transactions?</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (510)</b>	<b>% of total number records (510)</b>
Yes	301	(59%)	(59%)
No	172	(33.7%)	(33.7%)
Don't know	37	(7.3%)	(7.3%)

  

<b>If you think it is unreasonable or disproportionate, is it:</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (510)</b>	<b>% of total number records (510)</b>
Too low	330	(64.7%)	(64.7%)
Too high	180	(35.3%)	(35.3%)

<b>What would be a more appropriate total interest rate for late payment?</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (330)</b>	<b>% of total number records (510)</b>
12 to 14%	105	(31.8%)	(20.6%)
15 to 19%	92	(27.9%)	(18%)
20 to 24%	63	(19.1%)	(12.4%)
No opinion	40	(12.1%)	(7.8%)
30% or higher	17	(5.2%)	(3.3%)
25 to 29%	13	(3.9%)	(2.5%)

<b>What would be a more appropriate total interest rate for late payment?</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (180)</b>	<b>% of total number records (510)</b>
10%	65	(36.1%)	(12.7%)
8%	35	(19.4%)	(6.9%)
7% or lower	35	(19.4%)	(6.9%)
No Opinion	27	(15%)	(5.3%)
9%	18	(10%)	(3.5%)

<b>Do you apply the interest rate of 11 % for late payment in your general commercial and payment conditions?</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (361)</b>	<b>% of total number records (510)</b>
No, I don't apply an interest rate at all	204	(56.5%)	(40%)
Yes	74	(20.5%)	(14.5%)
No, I apply another interest rate.	64	(17.7%)	(12.5%)
Don't know	19	(5.3%)	(3.7%)

<b>During the last 5 years, did you sign a contract (providing services and/or goods) in which the other party refused to insert a clause on interest for late payment, or which specified an interest rate lower than 11%?</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (361)</b>	<b>% of total number records (510)</b>
Never	144	(39.9%)	(28.2%)
Seldom	64	(17.7%)	(12.5%)
Don't know	57	(15.8%)	(11.2%)
Very often	54	(15%)	(10.6%)
Frequently	42	(11.6%)	(8.2%)

## d) Action

<b>An idea is to introduce in the European Union a "late payment fee", i.e. an automatic minimum amount based on the size of the debt, in addition to an interest rate of approximately 11%. Do you think such a 'late payment fee' would be useful?</b> <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (510)</b>	<b>% of total number records (510)</b>
Yes	251	(49.2%)	(49.2%)
Yes, but only as an alternative to the interest rate for late payment	103	(20.2%)	(20.2%)
No, current rules are sufficient	78	(15.3%)	(15.3%)
No, an increase of the interest rate would be more efficient	53	(10.4%)	(10.4%)
Don't know	25	(4.9%)	(4.9%)

**Sometimes major companies systematically refuse to pay the full amount for reasons not envisaged in the contract or they systematically pay well after the deadline in the invoice. Do you think it would be useful if organisations representing SMEs were entitled to take action on behalf of the SME before a case is referred to court (e.g. mediation) or during court proceedings?**

*single choice reply*

	<b>Number of requested records</b>	<b>Requested records (510)</b>	<b>% of total number records (510)</b>
Yes	374	(73.3%)	(73.3%)
No	79	(15.5%)	(15.5%)
No opinion	57	(11.2%)	(11.2%)

**Interest for late payment is only due after the contractually agreed payment period. Do you think that a maximum period for making payments between businesses or between businesses and public authorities fixed at European level would be useful?**

*single choice reply*

	<b>Number of requested records</b>	<b>Requested records (510)</b>	<b>% of total number records (510)</b>
Yes	407	(79.8%)	(79.8%)
No	103	(20.2%)	(20.2%)

**Why do you not consider such an EU maximum period useful?**

*multiple choices reply*

	<b>Number of requested records</b>	<b>Requested records (103)</b>	<b>% of total number records (510)</b>
Contractual freedom of businesses should not be restricted or regulated	72	(69.9%)	(14.1%)
It is impossible to provide for a maximum period that would fit all enterprises	63	(61.2%)	(12.4%)
It is much better to provide for efficient sanctions	20	(19.4%)	(3.9%)
Other	0	(0%)	(0%)

**How long should that maximum period be?**

*single choice reply*

	<b>Number of requested records</b>	<b>Requested records (407)</b>	<b>% of total number records (510)</b>
30 days	206	(50.6%)	(40.4%)
45 days	106	(26%)	(20.8%)
20 days	69	(17%)	(13.5%)
Other	26	(6.4%)	(5.1%)

**Is it necessary to provide for a specific regime favouring micro and small enterprises in case of late payment?**

*single choice reply*

	<b>Number of requested records</b>	<b>Requested records (510)</b>	<b>% of total number records (510)</b>
Yes	288	(56.5%)	(56.5%)
No	143	(28%)	(28%)
Don't know	79	(15.5%)	(15.5%)

**What kind of measures should such a regime include?**

1) Fixing a much higher interest rate for late payment to SMEs than the one fixed in the laws on late payment in the EU <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (288)</b>	<b>% of total number records (510)</b>
Yes	168	(58.3%)	(32.9%)
No	82	(28.5%)	(16.1%)
Don't know	38	(13.2%)	(7.5%)
2) Enable representative organisations to take action in name of a business <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (288)</b>	<b>% of total number records (510)</b>
Yes	222	(77.1%)	(43.5%)
No	36	(12.5%)	(7.1%)
Don't know	30	(10.4%)	(5.9%)
3) Labelling systematic late payment to SMEs as an unfair business practice <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (288)</b>	<b>% of total number records (510)</b>
Yes	241	(83.7%)	(47.3%)
Don't know	29	(10.1%)	(5.7%)
No	18	(6.2%)	(3.5%)
4) Other measure <i>single choice reply</i>	<b>Number of requested records</b>	<b>Requested records (288)</b>	<b>% of total number records (510)</b>
Don't know	148	(51.4%)	(29%)
Yes	89	(30.9%)	(17.5%)
No	51	(17.7%)	(10%)