



# B2B payment practices trends

## Japan

How companies manage B2B payment risk  
and its impact on cash flow



## About the Atradius Payment Practices Barometer

The Atradius Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world.

Our survey provides us with the opportunity to hear directly from companies polled about how they are coping with the impact of the current challenging economic and trading environment on the payment behaviour of their B2B customers. This can give valuable insights into how businesses are paid by their B2B customers, and how they tackle the pain points caused by poor payment practices.

The findings about what measures are undertaken to fund a sudden need for cash, and what credit management tools they use to mitigate the risk of long-term cash flow problems, may also be valuable information in helping understand how companies respond to the crucial issue of late or non-payment in the current uncertain times.

However, the survey also has a strong focus on the challenges and risks that companies polled believe they will encounter during the coming months, and their expectations for future business growth.

The results of our survey can supply useful insights into the current dynamics of corporate payment behaviour in B2B trade, and identify emerging trends that may shape its future. This can be extremely useful to companies doing business, or planning to do so, in the markets polled.

In this report, you will find the survey results for Japan.

Interview period: Q3 2024. The findings should therefore be viewed with this in mind.



## | In this report

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B2B payment risk management <b>Stable B2B payment trends hide cash flow risks for Japanese companies</b>	4
Key figures and charts	5
<hr/>	
Looking ahead <b>Japanese companies expect a more challenging financial environment ahead</b>	6
Key figures and charts	7
<hr/>	
Survey design	8

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# Japan

## B2B payment risk management

### Stable B2B payment trends hide cash flow risks for Japanese companies

Our survey finds a mixed verdict from companies in Japan about the payment behaviour of their B2B customers during the past year. 33% of businesses report an improvement in payment practices, but many companies in the textile/clothing industry tell us there has been a deterioration. Nearly half of Japanese companies say payment behaviour has remained stable, but although they might see consistent and reliable payments from B2B customers there could still be underlying financial risks affecting their cashflow. The regularity of payments might mask potential problems such as occasional delays or other disruptions that can impact on a company's liquidity and overall financial stability.

Despite a seemingly stable payment pattern, businesses should be cautious of these hidden risks, and this is reflected by our survey finding that an average 45% of credit sales to B2B customers are affected by payment delays. This shows that late payments continue to pose a significant challenge to Japanese companies across a range of industries. The problem doesn't end there. Bad debts written off as uncollectable now stand at an average 6% of all B2B invoices, a critical issue that goes beyond lost revenue. Bad debts can severely impact the financial health of businesses, reducing funds available for daily operations and squeezing profit margins.

Customer cashflow problems, invoice disputes and inefficient payment processes are the main reasons cited by companies in Japan for late payments, and the overall effect is that overdue invoices are now turned into cash on average one month beyond the due date. To manage liquidity issues caused by late payments Japanese businesses use variety of methods. A popular response is delaying payments to their own suppliers, with the risk of a ripple effect through industries. Many also seek external finance through invoice discounting and bank and trade credit. Half of Japanese companies report that their Days Sales Outstanding (DSO) has remained steady during the past year, indicating that while receivables are being managed efficiently cash is not flowing in quickly enough to avoid seeking external finance.

A balanced strategy to B2B trading on credit is being taken by companies in Japan, trying to protect financial health while pursuing sales growth. Trading on credit has increased during the past year and an average 53% of all B2B sales are now made on credit. Payment terms, which average 42 days from invoicing, are then tailored to meet company requirements and the relationship with customers. Japanese businesses

### Key survey findings

- Nearly half of Japanese companies report no significant change in B2B customer payment behaviour during the past year. 33% of businesses tell us that payment practices are improving, but deterioration is noted in the textile/clothing sector.
- Despite this relatively stable payment behaviour, late payments from B2B credit customers continue to pose a significant challenge to companies in Japan. An average 45% of B2B invoices are currently overdue, while bad debts stand at an average 6% of all B2B invoices, with a potentially severe impact on financial health.
- The main reasons for late payments are inefficient payment processes, customer cashflow problems and invoice disputes. Overdue invoices are currently paid on average one month beyond the due date. A widespread response by Japanese companies is delaying payments to their own suppliers, risking a domino effect.
- To cover short-term liquidity shortages many businesses in Japan look to external financing. 54% of companies use invoice discounting, notably in the consumer durables and textile/clothing sectors. Bank or trade credit is also popular. Days Sales Outstanding (DSO) has remained steady during the past year.
- Japanese companies have increased their use of trading on credit with B2B customers during the past year and an average 53% of all B2B sales are being transacted on credit. Payment terms now stand at an average 42 days from invoicing, and are tailored to fit company norms and requirements.
- A mix of strategies to manage B2B customer credit risk is used by companies in Japan. This frequently involves a combination of in-house management, setting aside their own funds to cover potential credit losses, and transferring risk to an insurance company. Letters of credit are also commonly used.

also take a balanced approach to the management of B2B customer credit risk. They frequently use a combination of in-house management, which involves setting aside their own funds to cover potential credit losses, and transferring risk to an insurance company. Larger firms typically manage the risk internally, while smaller or international businesses rely on outsourced credit insurance.

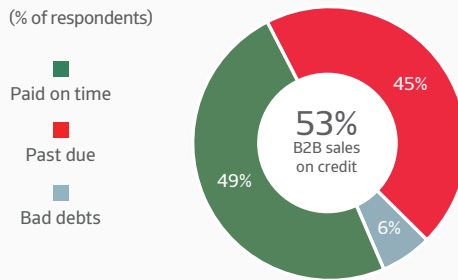
**Key figures and charts on the following pages**



# Japan

## B2B payment practices trends in Japan

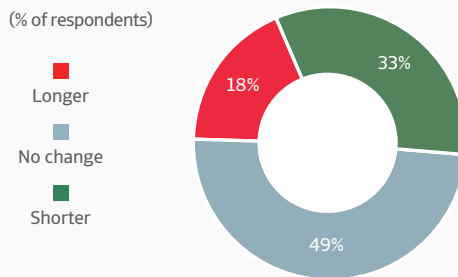
% of B2B invoices paid on time, past due and bad debts



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Japan – 2024

## B2B payment practices trends in Japan

% of respondents reporting changes in payment duration\* over the past 12 months

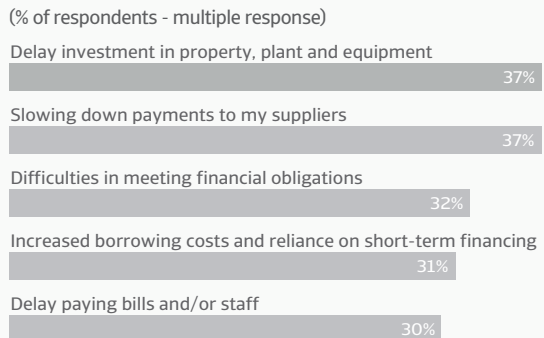


\*average amount of time to get paid from B2B credit customers

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Japan – 2024

## B2B payment practices trends in Japan

Over the past 12 months, have late payments from your B2B customers led your company to experience any of the following situations?



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Japan – 2024

## B2B payment practices trends in Japan

What are the main sources of financing that your company used during the past 12 months?

- 54% Invoice financing
- 51% Bank loans
- 50% Trade credit
- 35% Internal funds

(% of respondents - multiple response)

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Japan – 2024

# Japan

## Looking ahead

### Japanese companies expect a more challenging financial environment ahead

A variety of opinion about the prospects for B2B customer payment behaviour is found among Japanese companies in our survey. 43% of businesses believe there will be no significant change in payment practices during the year ahead but, in contrast, 42% anticipate customers will speed up invoice settlements. Only a minority fear any deterioration. There is a similar division on the outlook for Days Sales Outstanding (DSO), with 49% of companies expecting no change and 35% anticipating an improvement in the coming months. The textile/clothing sector foresees some worsening of DSO and the uncertain landscape calls for proactive credit risk management to protect cashflow and financial health.

There is much more pessimism among companies in Japan about the likely trend of insolvency risk during the year ahead. 52% of businesses, especially in the steel/metals industry, tell us they anticipate an increase of insolvency risk among their B2B credit customers. This is a significant insight, reflecting concern among many Japanese companies that they face a more challenging financial environment ahead amid uncertain economic conditions. Despite this, there is relative optimism about demand, with 52% of businesses anticipating a surge in coming months, notably in the steel/metals sector. 47% of companies are also confident about higher profitability, again especially in the steel/metals industry. Only a minority expect a decrease in profits.

Widespread anxiety about the potentially negative impact of domestic and global economic shifts is evident in our survey of Japanese businesses. This is felt in both the short term and long term, and underscores the fragile equilibrium companies must maintain in a volatile economy. Even minor changes can have significant repercussions on growth and profitability, for example in the textile/clothing sector where businesses are especially sensitive to immediate fluctuations in consumer spending. One in three companies in Japan also tell us they have particular concern about cybersecurity threats, including risks to data integrity and confidentiality. Breaches can disrupt business operations, resulting in financial losses.

Several additional concerns looking ahead stand out for companies in Japan, including customer acquisition difficulties, market saturation and operational challenges. Many businesses say they are struggling to expand their customer base and facing ineffective sales efforts. They are also grappling with outdated processes, insufficient production capacity and supply chain disruptions, all of which can impede an ability to operate smoothly and meet market

### Key figures and charts on the following pages

### Key survey findings

- There is relative optimism among companies in Japan about the outlook for B2B customer payment behaviour. 43% of businesses expect payment trends to remain unchanged in the year ahead while 42% anticipate an improvement, notably in the steel/metals sector. Only a minority foresee any deterioration.
- A similar mood is evident about the prospects for Days Sales Outstanding (DSO). 49% of Japanese companies believe DSO will remain unchanged in the coming months, while 35% expect it to shorten. Worsening DSO is anticipated chiefly in the textile-clothing industry.
- 52% of businesses in Japan, particularly in the steel/metals industry, tell us they expect an increase in insolvency risk among their B2B credit customers during the year ahead. The rest are split between companies anticipating no change in insolvency risk and those cautious about making predictions.
- More than half of Japanese companies anticipate a surge in demand for their output in the next 12 months, notably in the steel/metals sector. 47% of businesses express confidence in achieving higher profits, with the steel/metals industry again the most optimistic. Most other businesses anticipate no change in profitability.
- The potential impact of challenging economic conditions is the major concern looking ahead for Japanese companies. Even minor economic changes can have significant repercussions for textile/clothing companies sensitive to fluctuations in consumer spending. Cybersecurity threats are also a widespread worry.
- Further anxieties for businesses in Japan include challenges in customer acquisition and market saturation in a period of intense competition. Operational challenges are also a significant concern as many businesses grapple with inefficient or outdated processes, insufficient production capacity, and supply chain disruptions.

demands. In the long-term, market saturation poses a significant challenge to Japanese businesses as they face limited growth potential and intense competition. This can stifle opportunities for expansion and innovation, making it hard for companies to differentiate themselves and capture new market share.

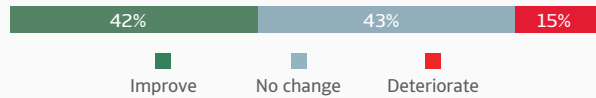


# Japan

## B2B payment practices trends in Japan

Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?

(% of respondents)

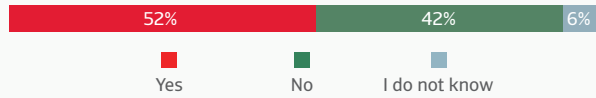


Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Japan – 2024

## B2B payment practices trends in Japan

Do you see an increased insolvency risk for your customers in the next 12 months?

(% of respondents)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Japan – 2024

## B2B payment practices trends in Japan

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Japan – 2024

## B2B payment practices trends in Japan

How do you expect your average DSO to change over the next 12 months?

- 35% Improve
- 49% No change
- 16% Deteriorate

(% of respondents)

Sample: all survey respondents  
Source: Atradius Payment Practices Barometer Japan – 2024

## Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Japan are the focus of this report, which forms part of the 2024 edition of the Atradius Payment Practices Barometer. A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 265 interviews in total. All interviews were conducted exclusively for Atradius.

### Survey scope

- **Basic population:** Companies from Japan were surveyed, and the appropriate contacts for accounts receivable management were interviewed
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us to compare data referring to a specific sector crossed by each of the economies surveyed.
- **Selection process:** 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:** 265 people were interviewed in total. A quota was maintained according to four classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: Q3 2024. The findings should therefore be viewed with this in mind.

### Sample overview – Total interviews = 265

Business sector	Interviews	%
Manufacturing	109	41
Wholesale trade	56	21
Retail trade/Distribution	85	32
Services	15	6
<b>TOTAL</b>	<b>265</b>	<b>100</b>
Business size	Interviews	%
SME: Small enterprises	26	9
SME: Medium enterprises	66	26
Medium Large enterprises	88	33
Large enterprises	85	32
<b>TOTAL</b>	<b>265</b>	<b>100</b>
Industries	Interviews	%
Consumer durables	104	39
Steel + Metal	80	30
Textiles + Clothing	81	31
<b>TOTAL</b>	<b>265</b>	<b>100</b>

### Methodological note

Last year different industries were included in the survey for Japan. This makes year-on-year comparisons unfeasible for certain topics for the current year. For a detailed overview of last year's survey results for Japan please refer to the specific report available on the [Atradius website](#).

## Interested in finding out more?

Please visit the [Atradius](#) website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

Follow us to stay up to date with our latest releases by [subscribing](#) to notifications of our Publications, and receive weekly emails with alerts to when new reports are published.

To find out more about B2B receivables collection practices in [Japan and worldwide](#), please visit [atradiuscollections.com](#).

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