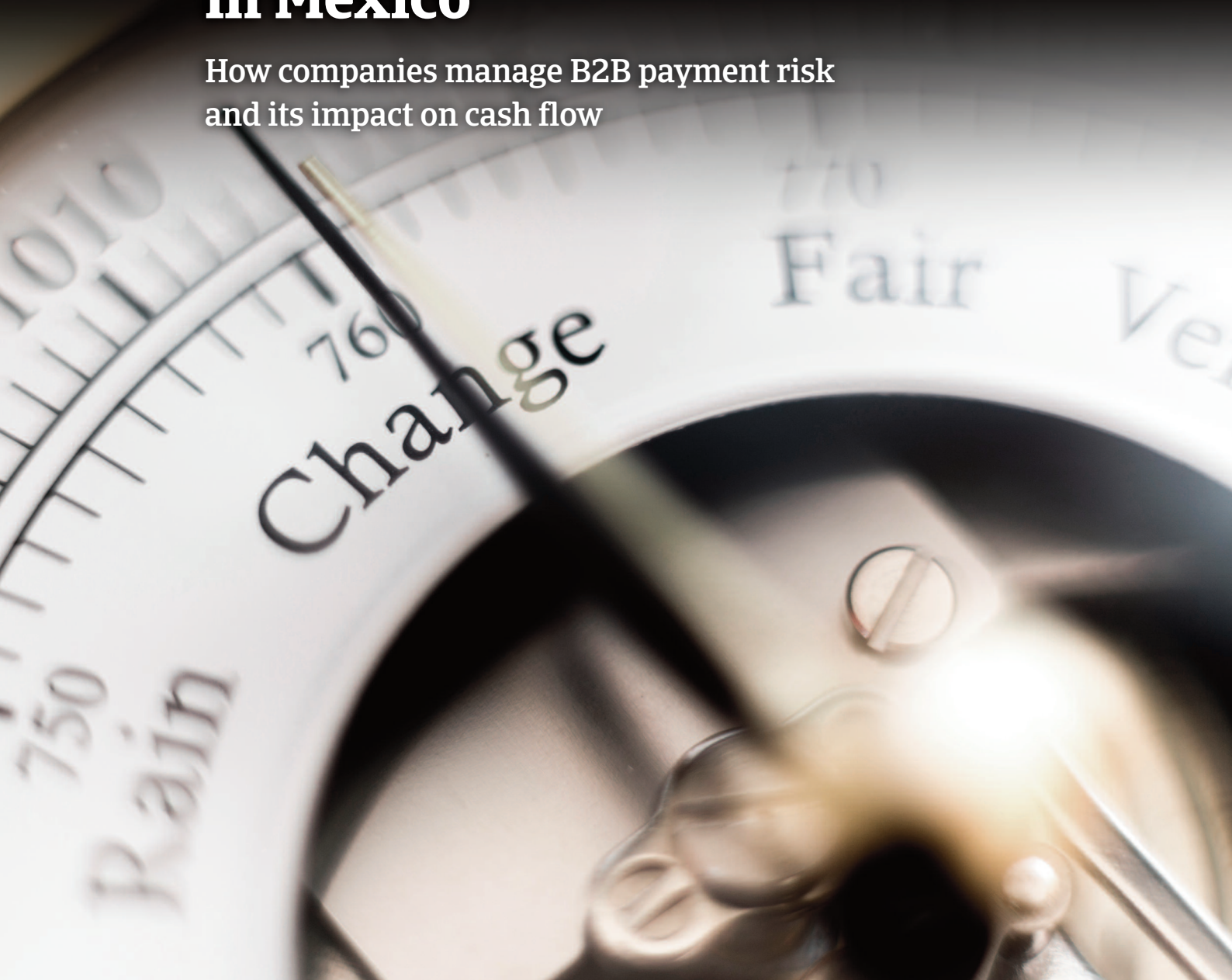




B2B payment practices trends in Mexico

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 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 Mexico.

The survey was conducted between the end of Q2 and the beginning of Q3 2024. The findings should therefore be viewed with this in mind.



| In this report

B2B payment risk management	4
Ongoing B2B payment struggles highlight strategic credit management gaps	
Key figures and charts	5

Looking ahead	6
Business sentiment wavers amid US economic slowdown worries	
Key figures and charts	7

Survey design	8
---------------	---

Disclaimer

This publication is provided for information purposes only and is not intended as investment advice, legal advice or as a recommendation as to particular transactions, investments or strategies to any reader. Readers must make their own independent decisions, commercial or otherwise, regarding the information provided. While we have made every attempt to ensure that the information contained in this publication has been obtained from reliable sources, Atradius is not responsible for any errors or omissions, or for the results obtained from the use of this information. All information in this publication is provided 'as is', with no guarantee of completeness, accuracy, timeliness or of the results obtained from its use, and without warranty of any kind, express or implied. In no event will Atradius, its related partnerships or corporations, or the partners, agents or employees thereof, be liable to you or anyone else for any decision made or action taken in reliance on the information in this publication or for any loss of opportunity, loss of profit, loss of production, loss of business or indirect losses, special or similar damages of any kind, even if advised of the possibility of such losses or damages.

Copyright Atradius N.V. 2024

Mexico

B2B payment risk management

Ongoing B2B payment struggles highlight strategic credit management gaps

Although 55% of companies in Mexico report that payment practices by B2B customers are consistent with the previous year, this masks ongoing difficulties for the highly significant automotive industry. It is a cornerstone of Mexico's industrial landscape and continues to face substantial challenges due to delayed payments and unreliable customer behaviour. These include unpredictable cashflow, problems in financial planning, and increased risk of liquidity shortages. In contrast, 27% of businesses, mainly in the chemicals sector, say there is improved B2B customer behaviour compared to last year. A minority of companies, primarily in the agri-food industry, report slower invoice payments.

Overall, our survey finds that almost half of all invoices issued by Mexican companies in B2B trade are currently overdue, a steady percentage compared to a year earlier. An average 6% of all B2B invoices end up as bad debts, leading to further financial strain on businesses, with the automotive sector hardest hit. The main reasons cited for late payments are liquidity issues among B2B credit customers, along with invoice disputes and administrative inefficiencies within customer organisations. Businesses in Mexico tell us that invoices are paid, on average, 38 days beyond the due date, with the agri-food industry experiencing the longest delays.

To mitigate the impact of late payments from B2B credit customers more than one-third of Mexican companies say they delay payments to their own suppliers. This is a common practice in the chemicals sector, despite the risk of a ripple effect through the supply chain. Most businesses in the automotive industry take the cautious approach of delaying investment plans, and many rely on trade credit to meet short-term financial needs. 59% of companies, again especially in the automotive sector, tell us they focus on debt collection efficiency, which has helped to keep Days-Sales-Outstanding (DSO) steady and enhanced financial resilience. This may help to explain an increase in trading on credit, which now accounts for 49% of all B2B transactions.

With this increase in volume comes greater exposure to credit risk, which most companies in Mexico mitigate by focusing on maintaining stable payment terms. This is particularly so in the automotive sector, a strategic approach to managing B2B customer relationships in the

Key survey findings

- 55% of companies in Mexico tell us B2B customer payment behaviour has remained steady in the past year, especially in the automotive sector. 27% of businesses, mainly in the chemicals industry, report an improvement in payment practices.
- Late payments currently affect 48% of all B2B invoices issued by Mexican businesses, while bad debts stand at an average 6% of all B2B credit sales, up from 4% last year. The automotive sector, a vital industry in Mexico, is the hardest hit by poor payment practices of B2B customers.
- Liquidity issues among B2B customers is the main reason cited for late payments by companies in Mexico, along with invoice disputes. Overdue invoices are turned into cash on average 38 days beyond the due date. Agri-food companies experience the longest delays.
- Mexican businesses respond to late payments by deferring investment plans, especially in the automotive industry, or delaying payments to their own suppliers. 60% of companies look to trade credit for short-term finance and a similar percentage focus on debt collection efficiency to maintain financial resilience.
- Our survey finds that 49% of all B2B sales are being transacted on credit by companies in Mexico, an increase on the previous year. Payment terms have remained mostly stable, especially in the automotive sector, but the agri-food industry is opting for a more relaxed approach to boost sales.
- In-house retention and management of customer credit risk is the preferred option of 73% of companies in Mexico. Factoring is also a popular trade finance tool to mitigate the impact of customer credit risk, particularly in the automotive sector, while our survey finds a comparatively lower use of credit insurance.

face of industry-specific challenges. In contrast, agri-food businesses are opting for more relaxed payment terms to boost sales. The agri-food sector is also most inclined to look to credit insurance as a means of managing customer credit risk. Factoring is popular among some companies but overall 73% of businesses in Mexico, particularly in the automotive industry, rely on in-house retention and management of customer credit risk.

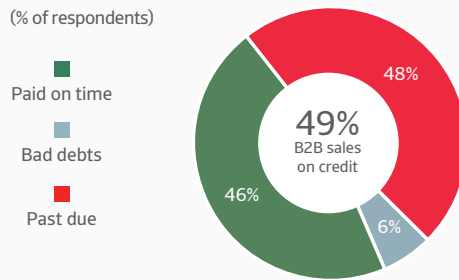
Key figures and charts on the following pages



Mexico

B2B payment practices trends in Mexico

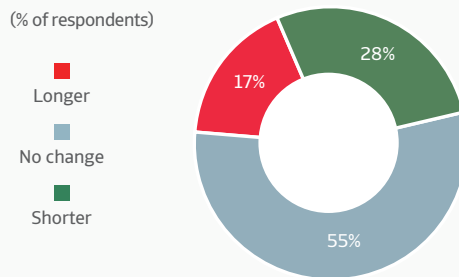
% of B2B invoices paid on time, past due and bad debts



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

B2B payment practices trends in Mexico

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

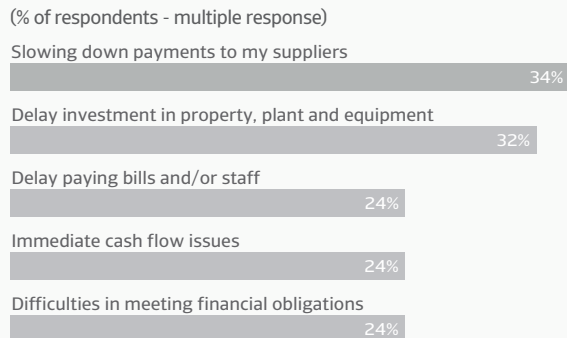


*average amount of time to get paid from B2B customers

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

B2B payment practices trends in Mexico

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 Mexico – 2024

B2B payment practices trends in Mexico

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

- 57% Trade credit
- 48% Bank loans
- 40% Invoice financing
- 22% Internal funds

(% of respondents - multiple response)

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

Mexico

Looking ahead

Business sentiment wavers amid US economic slowdown worries

Our survey of companies in Mexico reveals a diversity of perspectives about future insolvency trends, perhaps reflecting the complex interplay of industry-specific factors and broader economic conditions. 57% of businesses, especially in the chemicals sector, tell us they expect insolvency levels to remain stable in the year ahead. The Mexican automotive industry, however, is much more pessimistic, and anticipates a rising trend of insolvencies. There is more positivity about the prospects for Days-Sales-Outstanding (DSO) with 49% of companies expecting debt collection efficiency to remain stable. Another 40% of businesses, notably in the chemicals sector, anticipate an improvement in DSO in the year ahead.

A relatively optimistic outlook is expressed by Mexican businesses about both B2B customer behaviour and sales growth during the coming 12 months. 51% of companies tell us they expect an improvement in payment practices, a sentiment particularly found in the agri-food sector, while the influential automotive industry anticipates no change. A surge in demand for their products and services is expected by 72% of companies in Mexico across all sectors, with optimism especially evident in the automotive industry. In contrast, only 50% of businesses believe they will see improved profitability in the year ahead, with automotive companies the least positive.

These diverse views expressed by companies in Mexico highlight their major concern about the potential impact of evolving economic dynamics on their business operations in both the short-term and long-term. The primary worry revolves around the domestic economy, which is clouded by the slowdown in the US economy, their primary export market. Mexican agri-food companies report heightened anxiety that current economic conditions will negatively affect the B2B customers who purchase their products. They fear this could impact on their financial health in the coming months, a mood exacerbated by pessimism about medium-term prospects for the global economy along with growing consumer caution.

Many other concerns are expressed by Mexican businesses, including cybersecurity threats, environmental issues, operational challenges and potential financial constraints. The automotive sector is particularly worried by cybersecurity issues such as compromised data integrity that could lead to financial losses. Environmental and sustainability concerns are especially noted in the chemicals sector, as companies

Key survey findings

- Insolvency levels are expected to remain stable by 57% of Mexican companies during the year ahead, especially in the chemicals sector. In contrast, the automotive industry is more pessimistic, anticipating an increase in insolvencies.
- A relatively optimistic outlook is found in our survey about prospects for Days-Sales-Outstanding (DSO). 40% of Mexican companies, chiefly in the chemicals sector, expect an improvement in debt collection efficiency, while 49% of businesses expect DSO to be steady, particularly in the automotive industry.
- Optimism is widespread about B2B customer payment behaviour during the year ahead. 51% of companies in Mexico expect an improvement, especially in the agri-food industry. Most of the remaining businesses tell us they anticipate no change in the payment behaviour of their B2B customers.
- 72% of companies in Mexico believe there will be a surge in demand for their products and services in the coming months, particularly in the automotive industry. By contrast, only 50% of businesses expect an improvement in profitability, mostly in the chemicals and agri-food sectors.
- The main future concern for Mexican businesses is the uncertain outlook for the domestic economy, which is clouded by the slowdown in its primary export market of the US. This is exacerbated by pessimism about the medium-term prospects for the global economy and rising consumer caution.
- Other major concerns include cybersecurity threats, environmental issues, operational challenges, and potential financial constraints. Cybersecurity threats are particularly worrying for the automotive and chemicals industries, along with growing anxiety about environmental and sustainability issues.

contend with new regulations and sustainable business practices while striving to remain competitive. Operational challenges are a major issue for the Mexican agri-food industry, with worries about outdated processes and insufficient production capacity to meet demand. Additionally, the automotive sector is particularly concerned about limited access to financing and insufficient working capital, which could restrict opportunities for growth and innovation.

Key figures and charts on the following pages

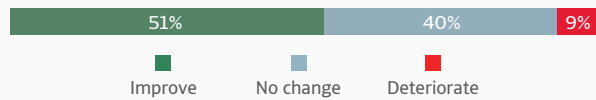


Mexico

B2B payment practices trends in Mexico

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 Mexico – 2024

B2B payment practices trends in Mexico

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

(% of respondents)

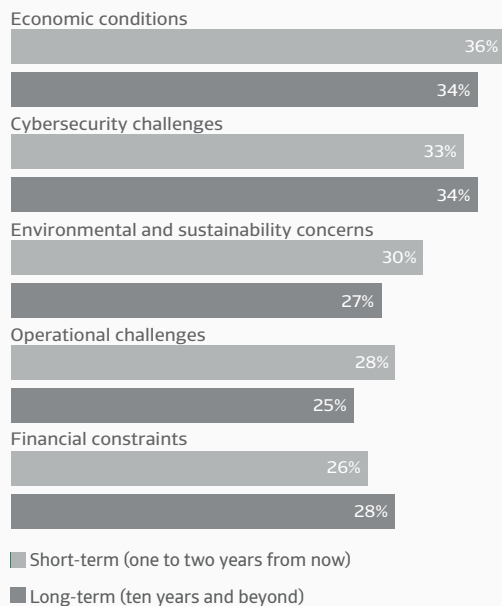


Sample: all survey respondents
Source: Atradius Payment Practices Barometer Mexico – 2024

B2B payment practices trends in Mexico

Looking ahead: top 5 concerns expressed by businesses polled

(% of respondents - multiple response)



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

B2B payment practices trends in Mexico

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

- 40% Improve
- 49% No change
- 11% Deteriorate

(% of respondents)

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

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Mexico 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 212 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Mexico 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:** 212 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: The survey was conducted between the end of Q2 and the beginning of Q3 2024. The findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 212

Business sector	Interviews	%
Manufacturing	88	42
Wholesale trade	63	30
Retail trade/Distribution	45	20
Services	16	8
TOTAL	212	100
Business size	Interviews	%
SME: Small enterprises	41	19
SME: Medium enterprises	71	34
Medium Large enterprises	77	36
Large enterprises	23	11
TOTAL	212	100
Industries	Interviews	%
Agri/food	70	33
Chemicals	70	33
Automotive	72	34
TOTAL	212	100

Methodological note

Last year different industries were included in the survey for Mexico. 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 Mexico 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 **Mexico and worldwide**, please visit atradiuscollections.com.

For Mexico

Atradius Seguros de Credito, S.A.
Av. Miguel Ángel de Quevedo 696
Villa Coyoacán, Coyoacán C.P. 04000
México, D.F.

Phone: +52 55 54840000

info.mx@atradius.com
atradius.mx

Follow Atradius on
Social Media



@Atradius



Atradius

Atradius
David Ricardostraat 1 · 1066 JS Amsterdam
Postbus 8982 · 1006 JD Amsterdam
The Netherlands
Phone: +31 20 553 9111

info@atradius.com
atradius.com