SME Panel – Late Payments
First results

DG GROW.A.2

Council WG Competitiveness and Internal Market – Late Payments

7 October 2025

European Commission

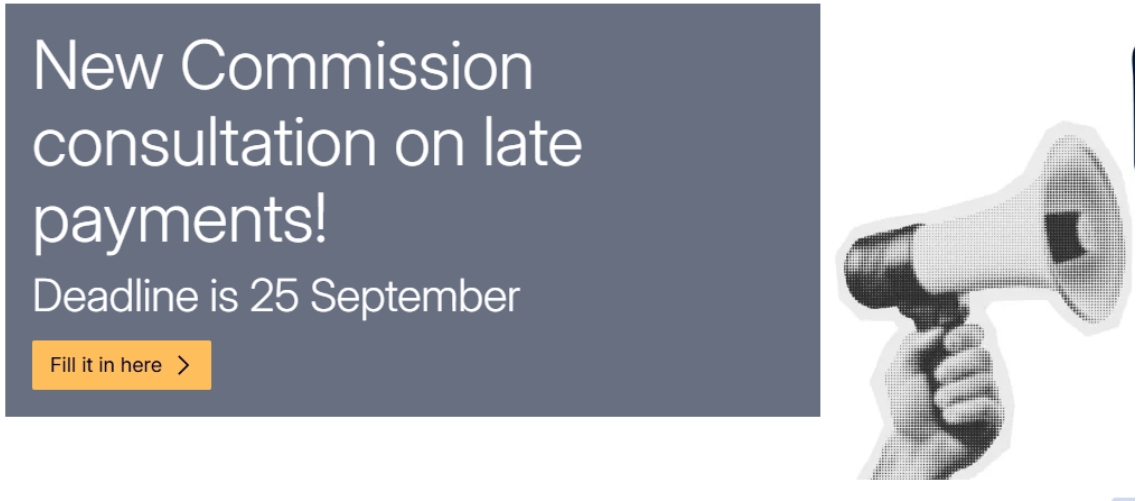
The survey

Period: 7 July – 25 September

Distribution: SME Panel (EEN network), but also additional channels (SME Envoys, EU Payment Observatory, Business Organisations, Linkedin…)

12 questions:

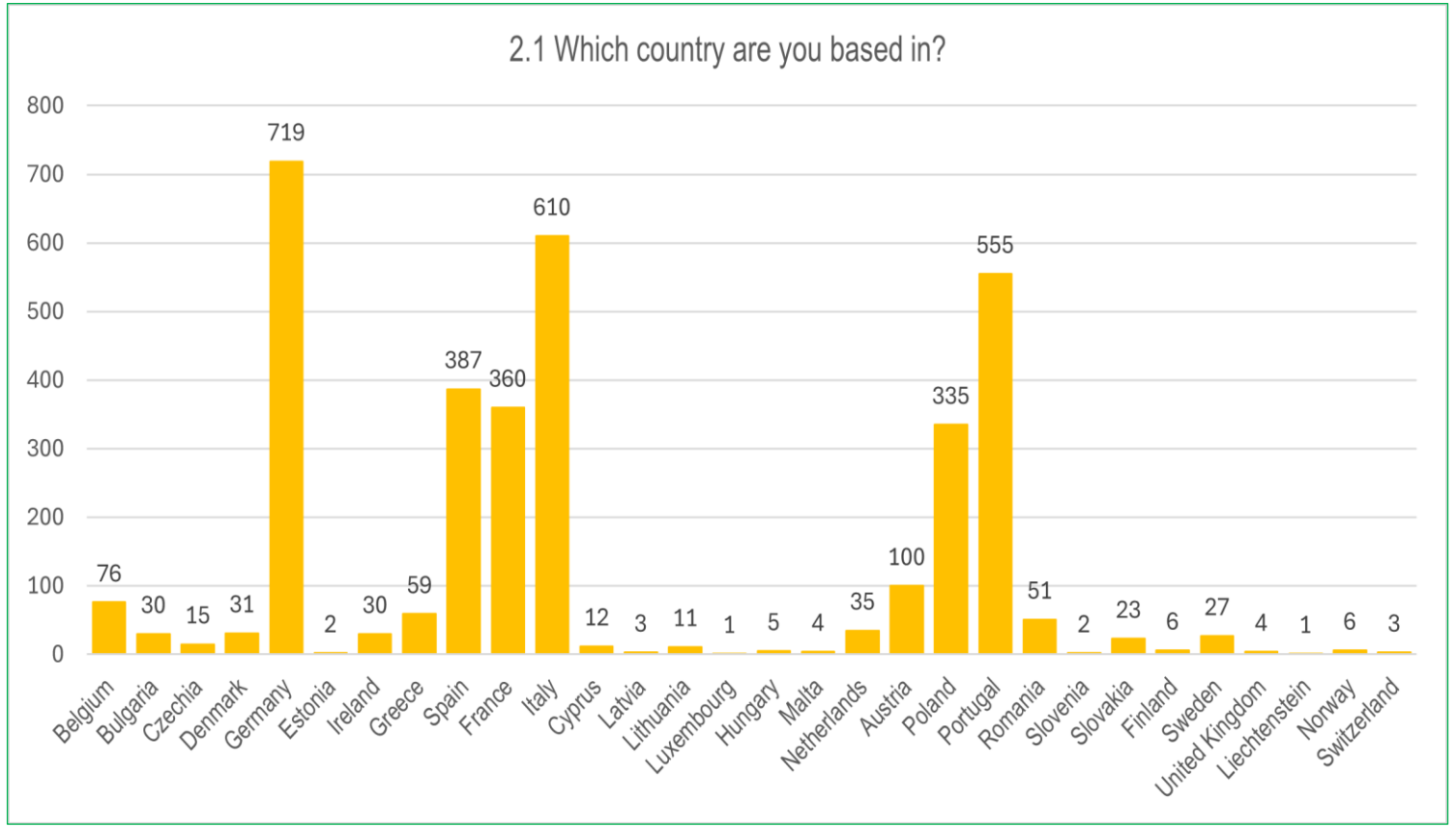
- Profiling questions: geographical location, sector, size, representativity.
- The Late Payments problem as perceived by the respondents: occurrence, impact, causes.
- Addressing the problem: legal instruments, measures, options



Profile of respondents (1)

Total: **3503 replies**

Germany (719)	20.5%
Italy (610)	17.4%
Portugal (555)	15.9%
Spain (387)	11.05%
France (360)	10.28%
Poland (335)	9.56%

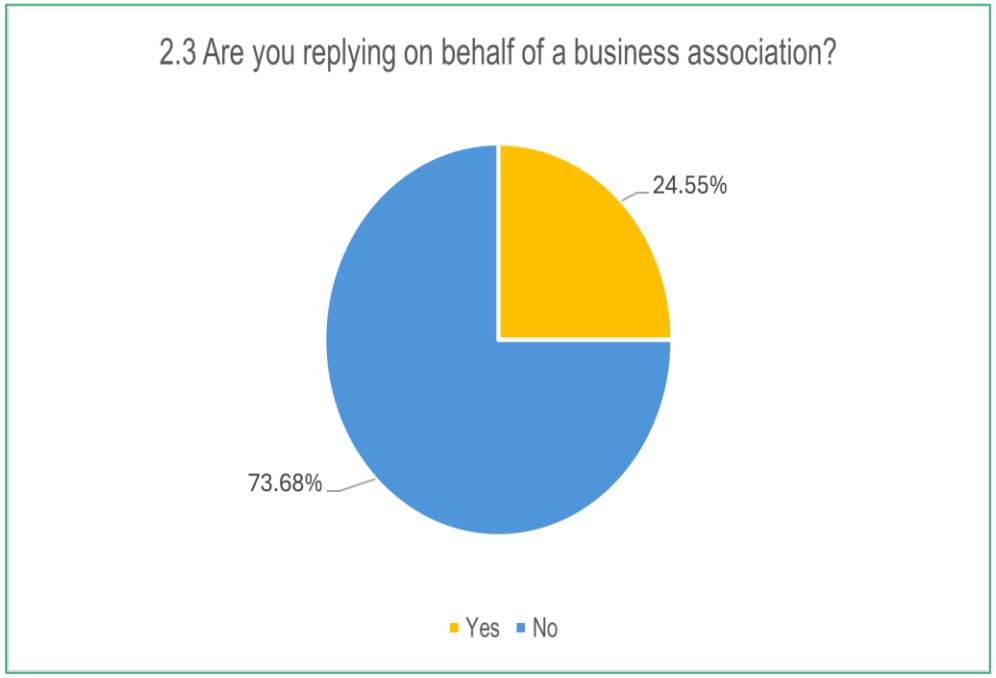


Profile of respondents (2)

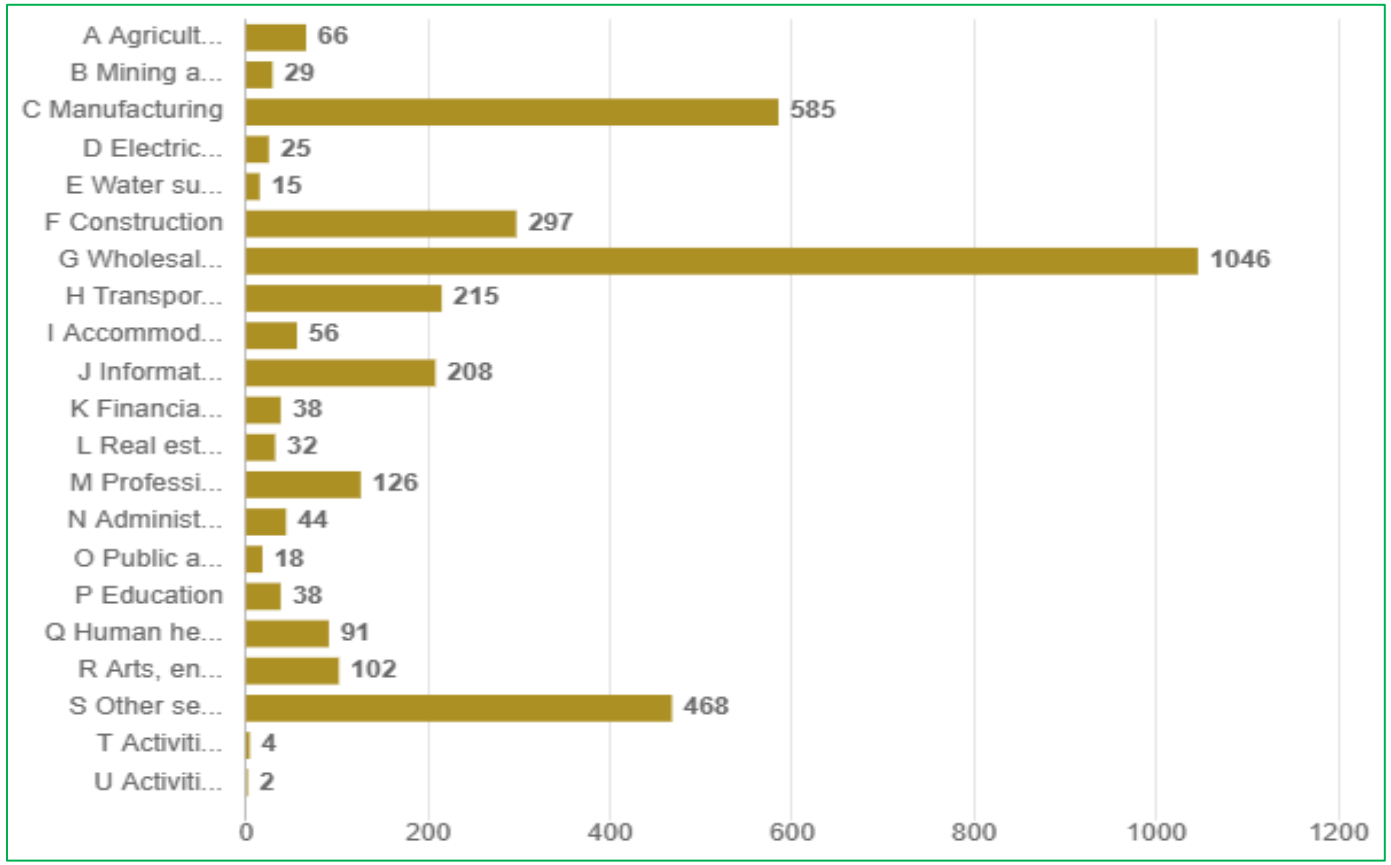
50% of respondents are micro or self-employed
Albeit a minority (5.94%), also SMCs replied



Strong participation of individual businesses



Profile of respondents (3)



Sector analysis:

Wholesale, retail: 29.88%

Manufacturing: 16.62%

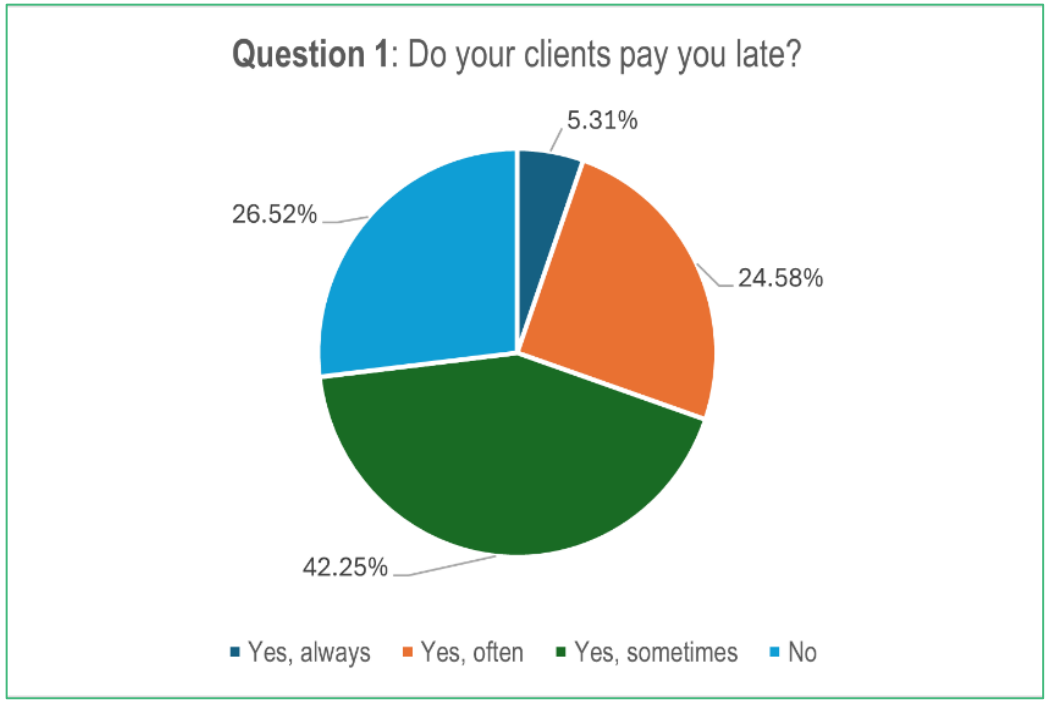
Other services: 13.37%

Construction: 8.50%

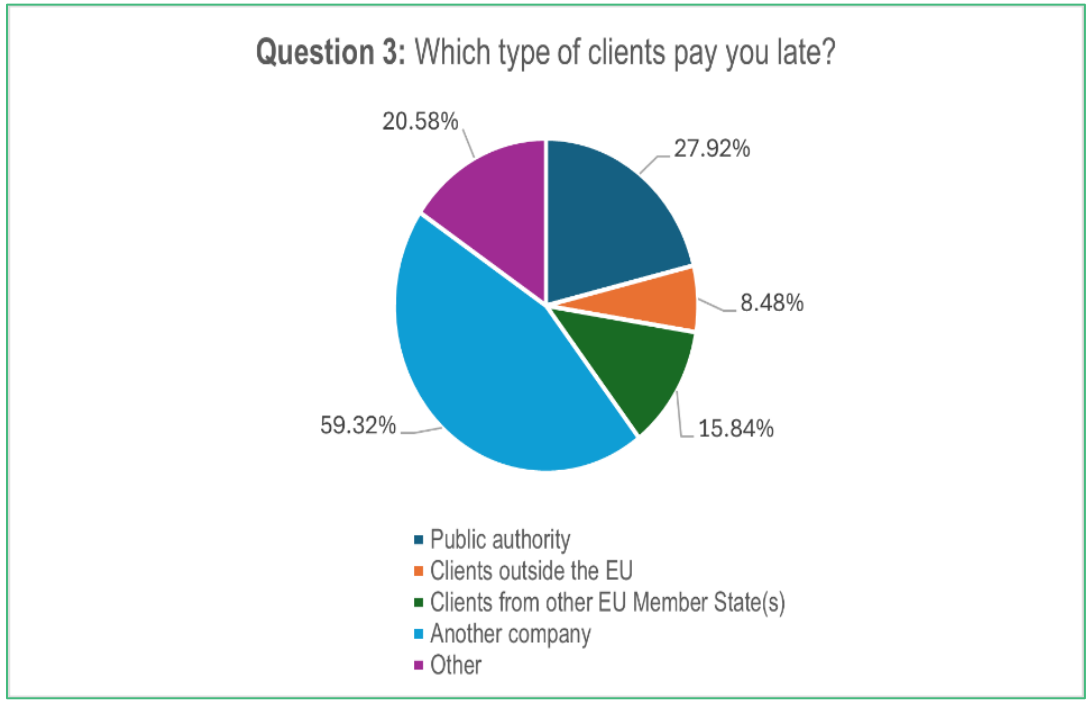
Transport and logistics: 6.14%

Late payments are still a problem

73% report having problems of late payments. For 30% of respondents, it is a systemic problem (always, often).

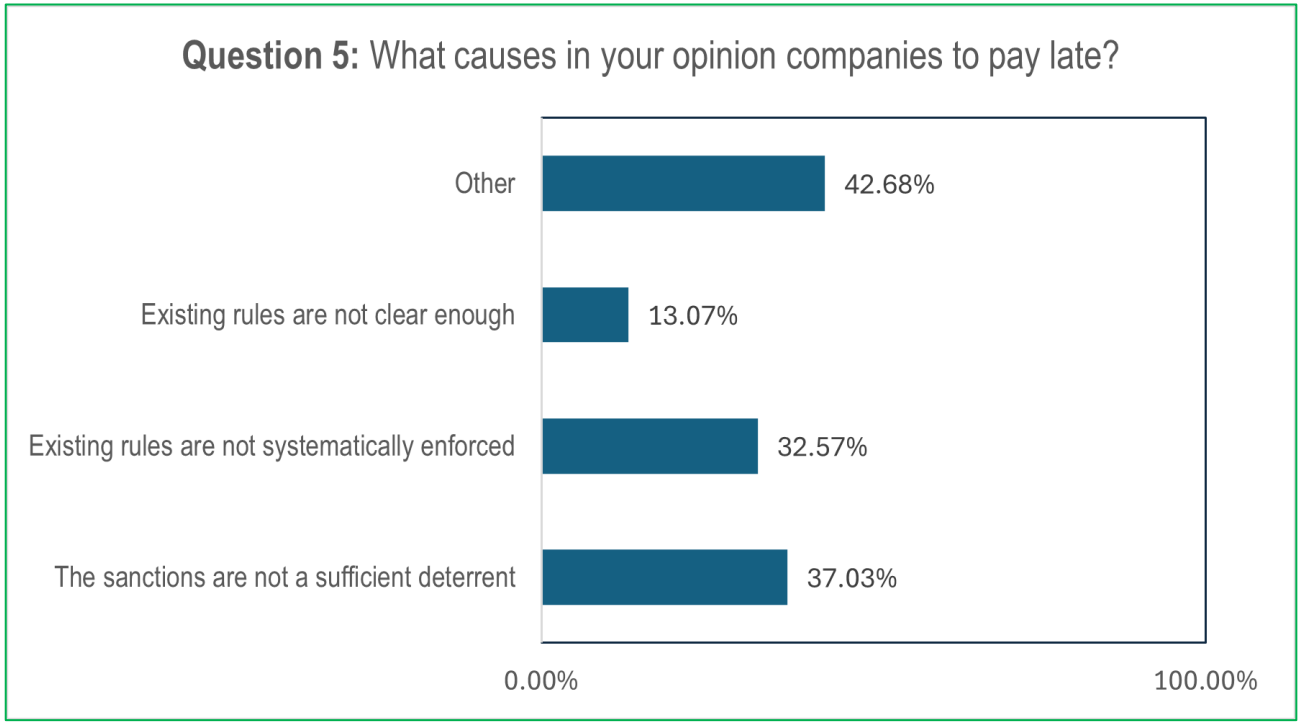


Almost 60% of late payments occur in B2B transactions



What causes late payments?

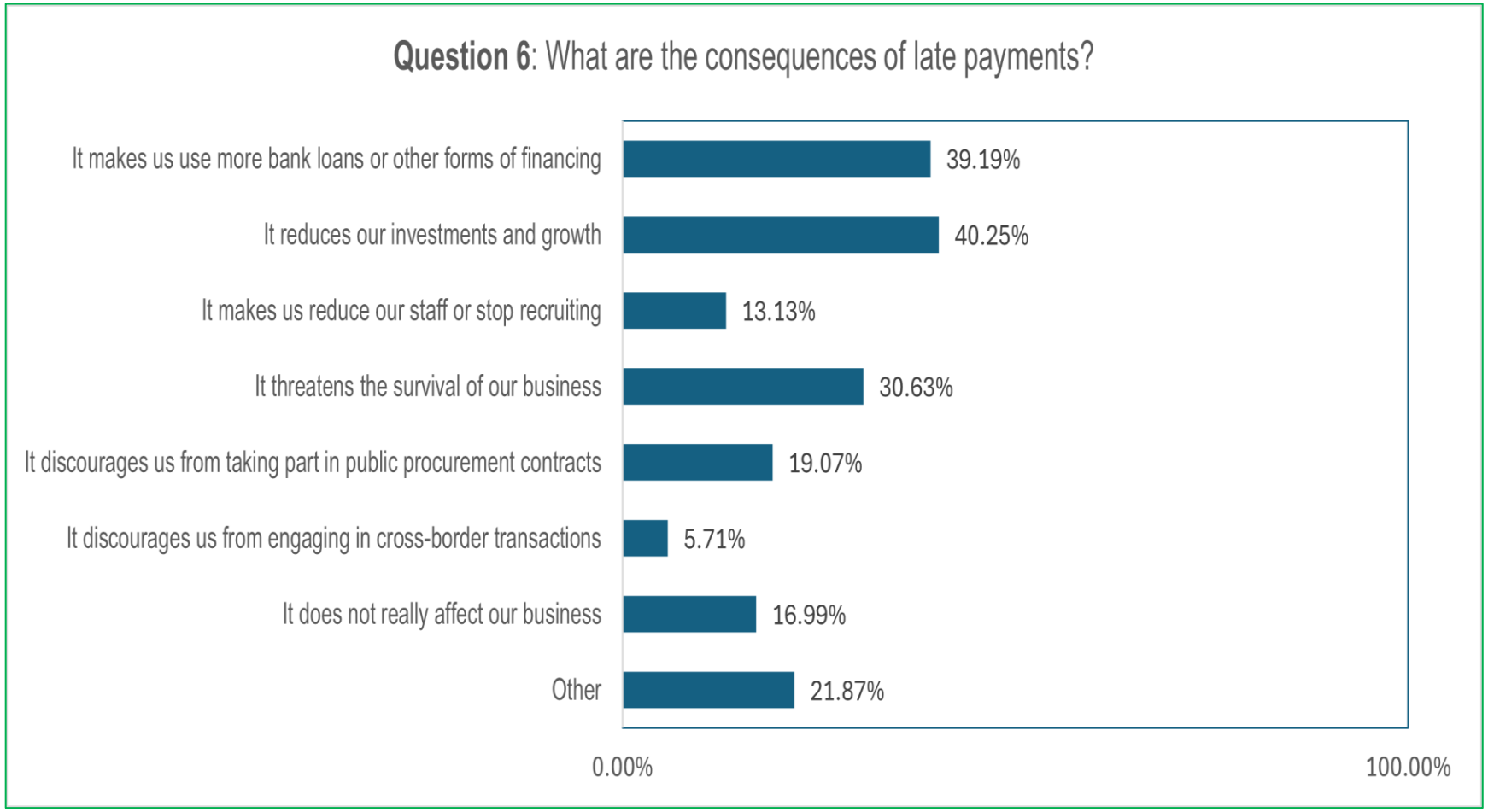
Lack of sanctions and ineffective enforcement are the main cause



Other reasons include lack of liquidity, financial difficulties, cash flow issues. Some also mentioned snowball effect (pay late because they are paid late), cultural reasons/habit

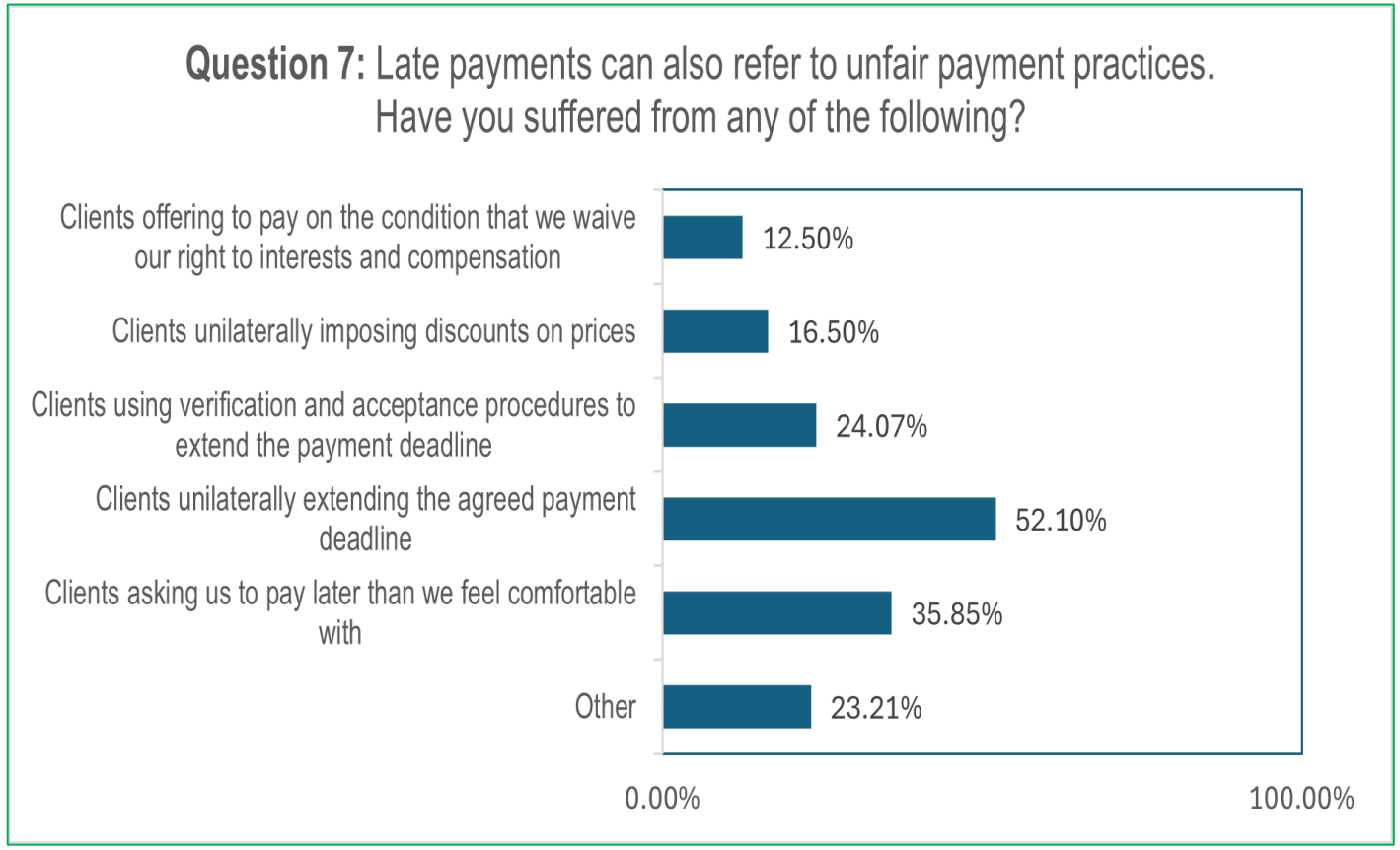
The negative impacts of late payments

The most serious impacts of late payments are a reduction in investment and growth, a threat to the very survival of businesses, and increased working capital requirements.



The core of the problem: unfairness

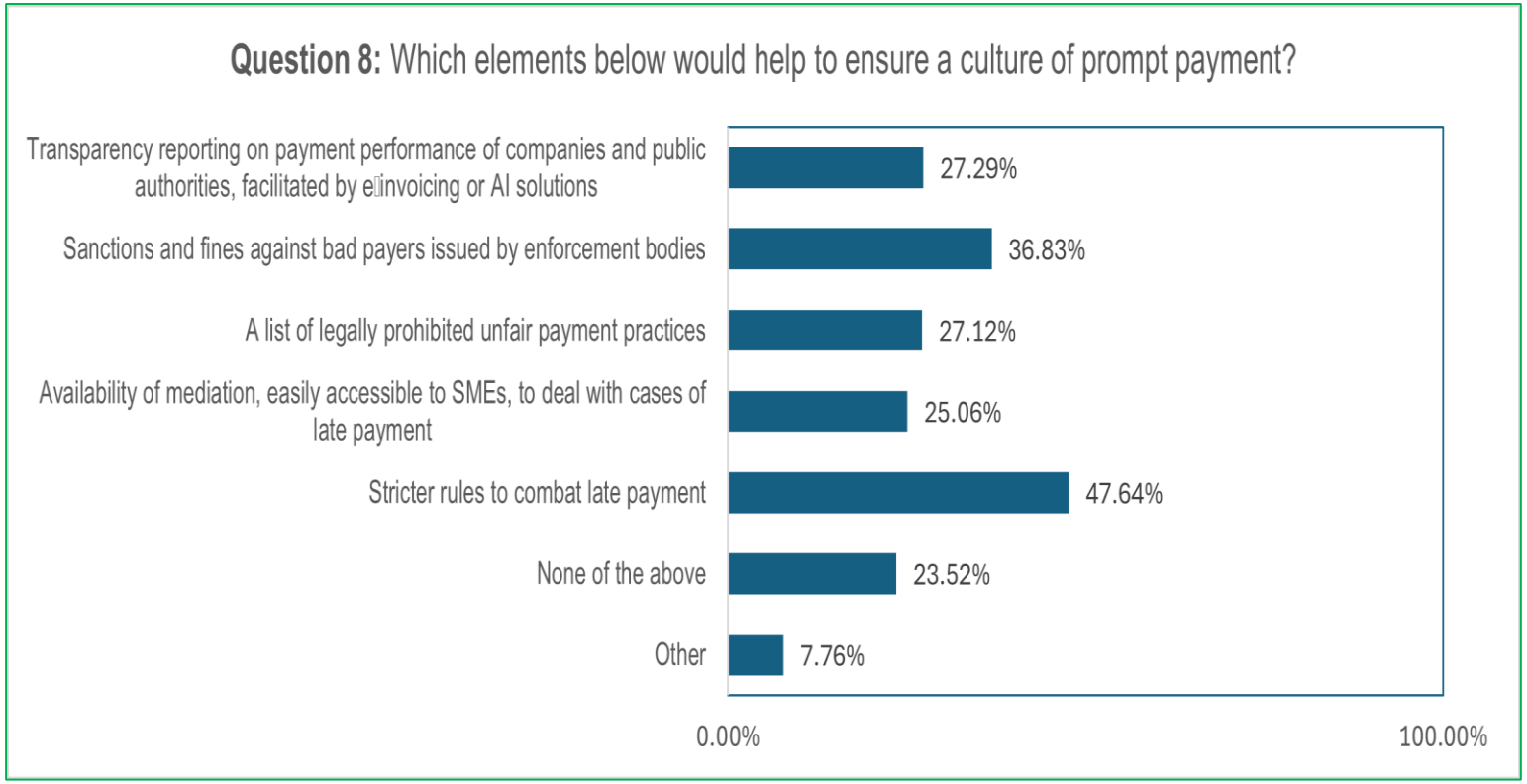
Businesses report that they suffer from practices that disrupt the freedom of contract, either during the negotiation (unfairly long payment terms imposed), or the execution of what has been agreed (unilateral extension of the payment terms agreed).



Building a culture of prompt payments

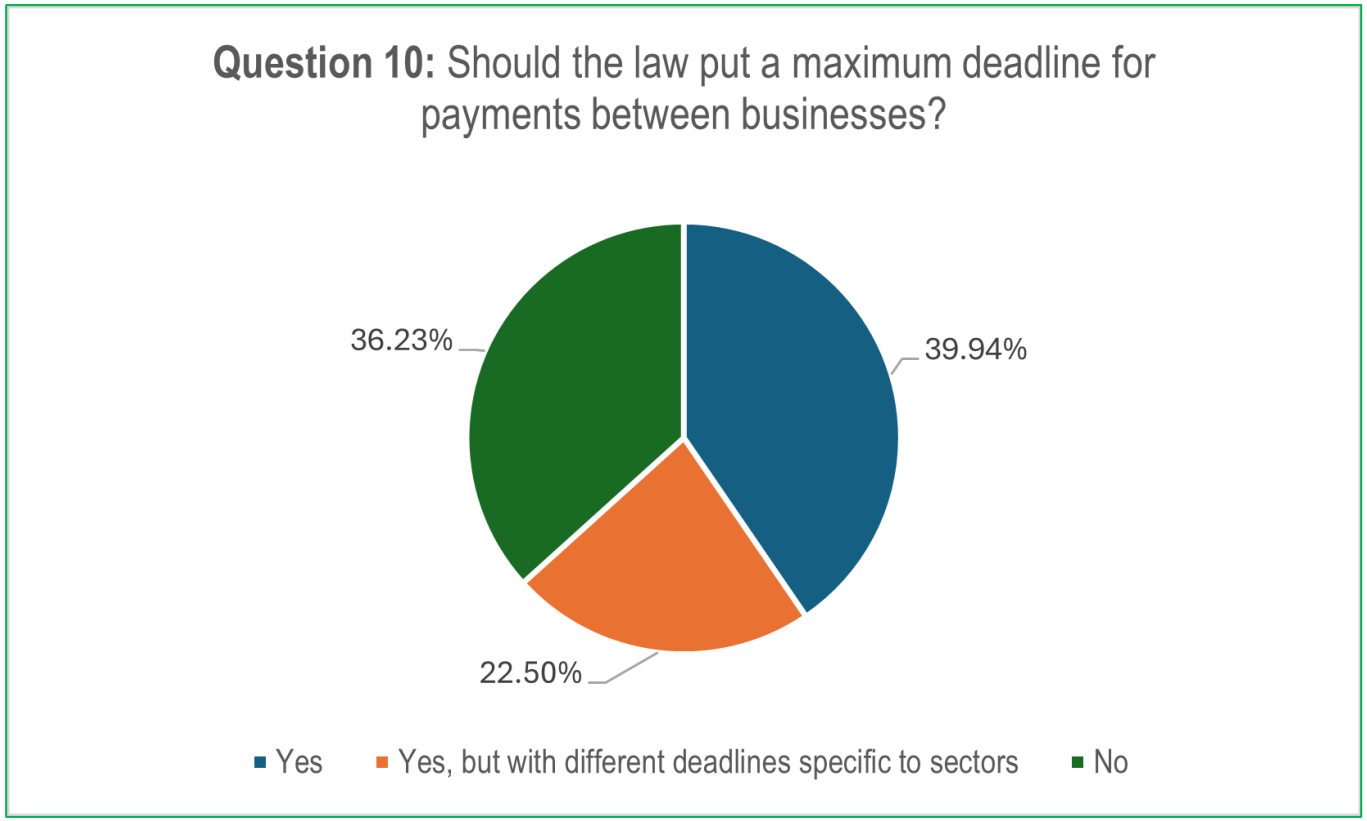
Enforcement and sanctions, and more stricter rules are the way forward.

Additional measures also refer to transparency and information about payment performance, and alternative dispute resolution (Mediation).



Call for capping payment terms

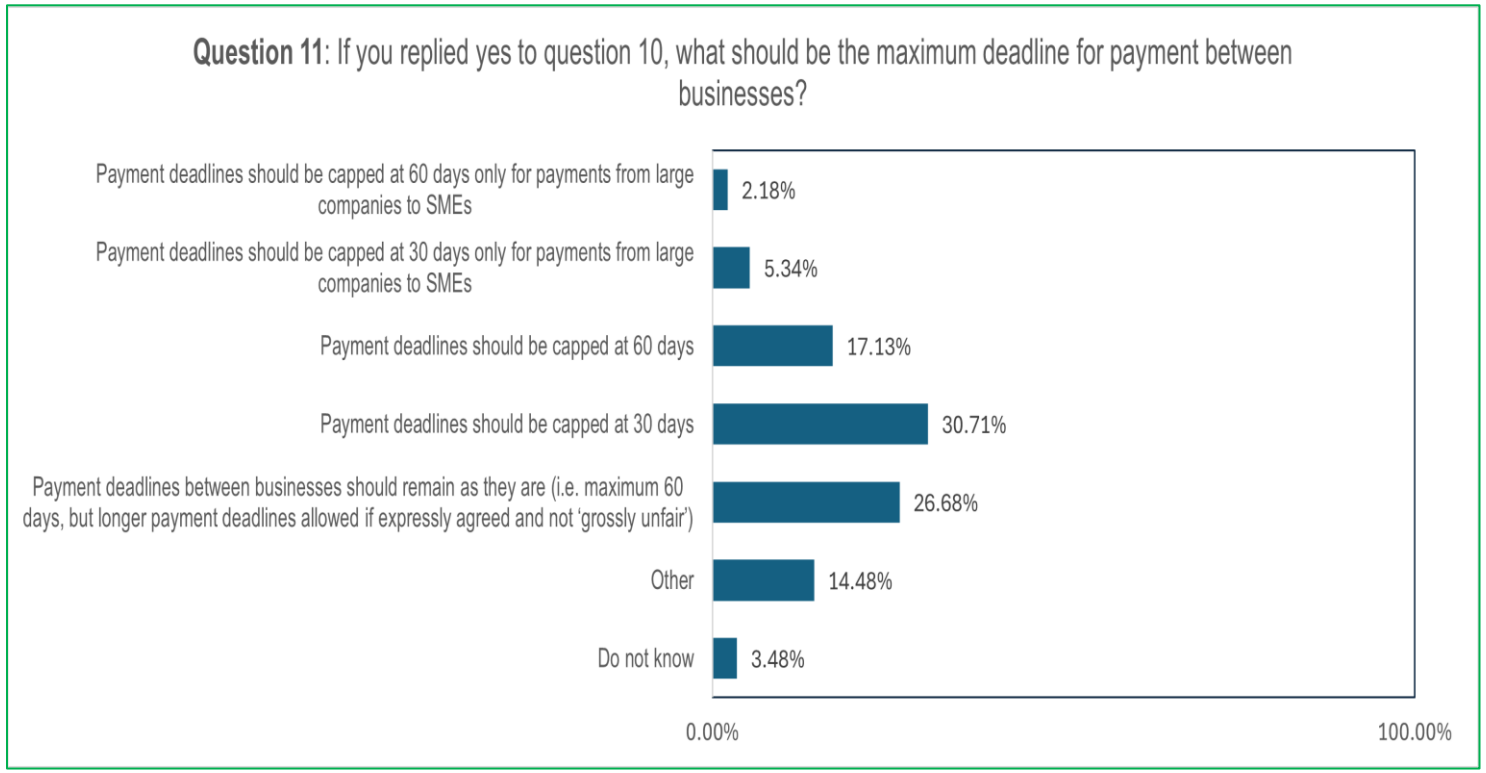
Almost 63% call for capping the payment terms, albeit some also request specific terms per sectors (books).



Call for maximum payment caps

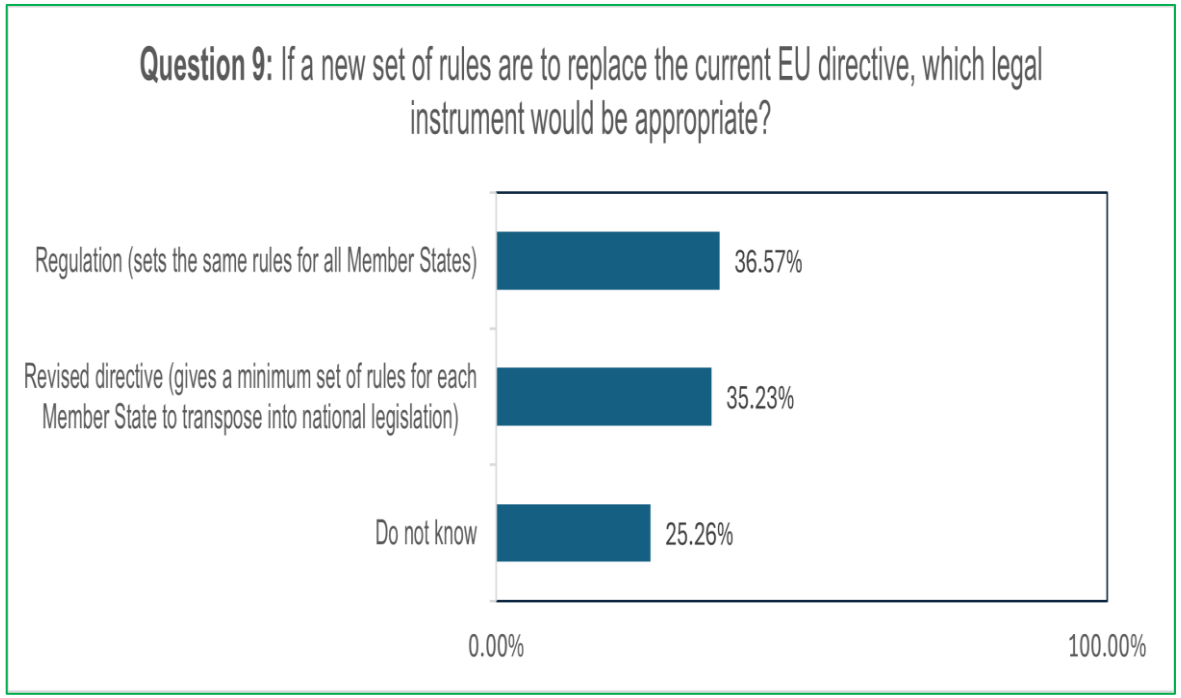
Almost 48% of respondents to this question call for maximum payment caps, either at 30 days (30.71%) or 60 days (17.13%). 27% of respondents prefer maintaining the status quo.

Payment caps by size of business appear as the least favoured option.



Regulation or (revised) Directive?

Respondents are equally divided as to the preferred legal instrument but a large majority is in favour of reinforcing and harmonising the rules.



Conclusions

- Late payments are still a serious problem for SMEs, hampering their growth potential
- For SMEs, the occurrence of late payments is more frequent in B2B transactions
- Unfair practices are a contributing factor to late payments
- There is a general perception that the current legal framework is not fit for purpose as it fails to protect small businesses from late payments and unfair practices
- There is a general call for more stringent provisions, more enforcement of existing provisions, and the use of sanctions
- There is a general call for more stringent measures in payment terms, with maximum caps

LPR proposal and simplification. Update

Benefits expected from more predictable and timely payments

Hassle costs would be significantly reduced.

Savings estimated:

EUR 275 billion/y (EU)

71-74 days/y/company

More effective redistribution of financing costs and working capital requirements.

Impact estimated:

Businesses could get hold of the share of their turnover that is paid late (on average 11,4%). In FR this represents a liquidity injection of EUR 15 billion/y

Thank you



© European Union 2025

Unless otherwise noted the reuse of this presentation is authorised under the CC BY 4.0 license. For any use or reproduction of elements that are not owned by the EU, permission may need to be sought directly from the respective right holders.

External sources: INTRUM European Payment Report, ALTARES & University of Strasbourg