PRESSRELEASE

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European written-off annual debt reaches €312 billion – more than the financial assistance packages granted to Greece, Ireland and Portugal

2011 European Payment Index reveals a divided Europe

Click here to get the report in full, with detailed statistics and a video with the CEO's comments

Key European Statistics

The following statistics are taken from Intrum Justitia's 2011 European Payment Index (EPI 2011), an annual survey of almost 6,000 businesses across Europe.

- Written-off debt across Europe has risen by €12 billion over the past 12 months. In 2010, 2.7% of all transactions across Europe were written off as compared to 2.6% in 2009.

- If all European businesses, public authorities and consumers paid their bills and invoices in full, the money saved from written-off bad debt would equate to a €312 billion cash injection for businesses throughout Europe.

- Companies in Europe who believe risks from debtors will increase are twice the number of those who believe risks will decrease in the coming 12 months – 32% vs. 14%.

- The economies of Europe tell very different stories. Europe's largest economy, Germany, shows yet another sign of its economic strength. Germany, the powerhouse of Europe, saw written-off debt decline by 8% in 2010. In Europe's third-largest economy, the UK, written-off debt soared by 33%.

- Other countries showing a significant positive development in written-off debt are Switzerland, Iceland and Lithuania. Greece is seeing by far the worst development in written-off debt, with an increase of 63%. Other countries showing a negative development, with written-off debt increasing by over 10%, are the UK, Ireland, Denmark, Austria, Portugal, Hungary and Sweden.

- The EPI 2011 shows the average time from an invoice being issued until payment is received to be 56 days for business-to-business payments and 65 days when the public sector is to pay an invoice, business-to-business increasing by one day and public sector with two days compared to the previous year.

- 28% of all companies in Europe see late payments as a threat to survival whilst 45% see late payments prohibiting growth. In the UK 55% of companies see late payments as a threat to survival and 65% see it as prohibiting growth. In Germany, on the other hand, only 17% of companies see late payments as a threat to survival and 23% see it prohibiting growth.

(Stockholm, May 23 2011): Research released in Stockholm, Sweden, by leading credit management services company, Intrum Justitia, shows that the annual European written-off debt – monies owed to a business but never paid – has reached the record level of €312 billion – a figure exceeding the EU/IMF financial assistance package of €273 billion* granted to Greece, Ireland and Portugal.

Intrum Justitia's annual European Payment Index survey of almost 6,000 European businesses also shows a divided European economy, with large differences between different countries.

"Talking about a single European Economy being in or on its way out of a recession is not relevant any more. Instead we see a much more fragmented picture, where some countries are doing better and better and others are becoming worse and worse. Billions of Euros have been poured into Greece, Ireland and Portugal. Although we have seen a very troubling development, these economies together only make up a little more than a third of the UK GDP. The surging debt write-offs in the UK are a clear call for action in combating late payments," comments Intrum Justitia CEO, Lars Wollung.

Now in its seventh year, the survey also reveals that days to payment continue to increase. The EPI 2011 reveals the average time from a business-to-business invoice being issued until payment is received to be 56 days.

In October 2010, the European Parliament adopted a directive stating that unless otherwise mentioned in a contract, the business-to-business deadline for payments is 30 days. Member states have two years to adopt the new directive. The Intrum Justitia EPI 2011 clearly shows that time to payment in Europe has to decline drastically in the years to come to meet the implemented directive on late payments.

"The new European Late Payments Directive is a step forward in getting a better payment culture in all of Europe and allowing businesses to help put Europe on a path of solid economic recovery. However, legislation is not enough – companies need to have better credit and cash-flow management systems. Pre-emptive work on credit policies and credit decisions, by giving credit in a responsible way, is essential and should be a top priority for enterprises all over Europe," says Lars Wollung.

On average, the public sector in Europe takes 65 days to pay its invoices. Payments from consumers are made in 40 days.

"Governments all over Europe must also take their share of the responsibility, since public authorities more often than not are the worst late payers. Governments should be at the forefront in developing a sound payment culture. One important step in this direction would be committing themselves to fast-tracking the implementation of the new Late Payments Directive – not waiting the full two years. Joint efforts on late payments would be a necessary and efficient complement to other initiatives taken to restore the European economy," says Lars Wollung.

*IMF/EU has granted 110 billion Euros to Greece and 85 billion to Ireland and 78 billion to Portugal.

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About Intrum Justitia

Intrum Justitia is Europe’s leading Credit Management Services (CMS) group and offers services designed to measurably improve clients’ cash flows and long-term profitability, including purchase of receivables. Founded in 1923, Intrum Justitia has some 3,100 employees in 22 countries. Consolidated revenues amounted to SEK 3.8 billion in 2010. Intrum Justitia AB has been listed on NASDAQ OMX Stockholm since 2002. For further information, please visit www.intrum.com

About the European Payment Index

The survey was conducted simultaneously in 25 countries between January and March 2011. The survey was conducted in written form and almost 6,000 companies responded. This is the seventh year that Intrum Justitia has run the survey.

The questionnaire was translated into the respective national languages. Dispatch and return of the questionnaires were carried out on a decentralized basis by the countries concerned, whereas the analysis was carried out centrally in accordance with predetermined guidelines. All information has been verified and uncertainties were not included in the evaluation. Furthermore, not all anonymously sent questionnaires were taken into account for the evaluation. Companies in England, Wales, Scotland and Ireland were questioned online by a specialized company (BING Research).

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