MAY 2019

THE TRADE CREDIT DILEMMA

AN IN-DEPTH LOOK AT HOW OUTDATED B2B PRACTICES ARE PUTTING SMBs IN CRISIS

OPERATIONAL COSTS

LATE INVOICES

PAYMENT TERMS

FUNDBOX | PYMNTS.com

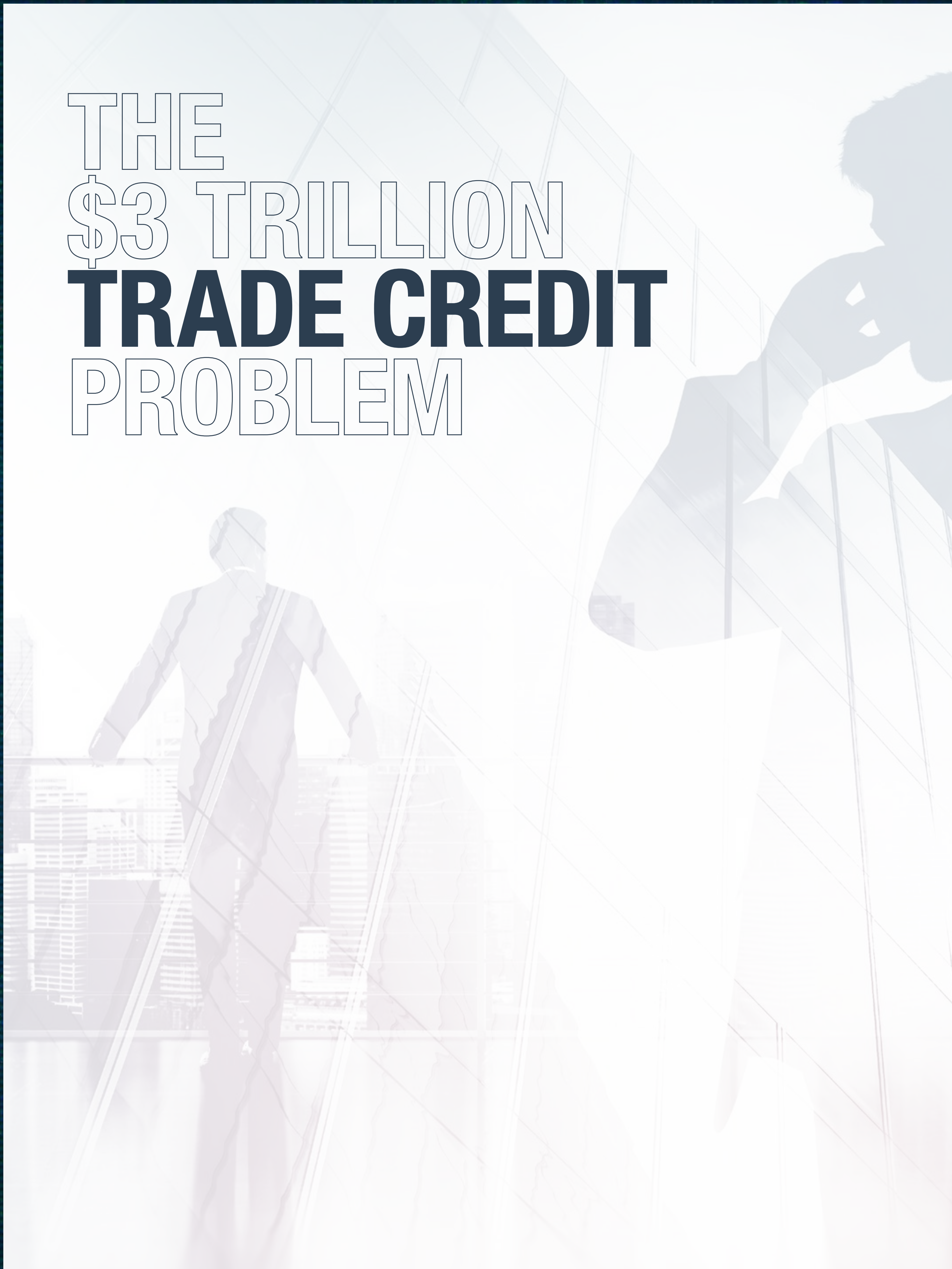
THE TRADE CREDIT DILEMMA

ACKNOWLEDGMENT

The Trade Credit Dilemma Report is done in collaboration with Fundbox, and PYMNTS is grateful for the company's support and insight. PYMNTS.com retains full editorial control over the findings presented, as well as the methodology and data analysis.

TABLE OF CONTENTS

THE $3 TRILLION **TRADE CREDIT** PROBLEM



Wrapping one's head around $1 trillion is a difficult task, let alone $3.1 trillion — or, when fully written out, $3,100,000,000,000 — yet, this is the net amount owed to suppliers for services and products provided on any given day.[1] Stated more clearly, this amount, aggregated across approximately 6 million United States firms, is extended in trade credit to buyers on any given day.

Trade credit is the value of outstanding accounts receivable (AR) suppliers have invoiced and for which they are awaiting payments — hopefully, in accordance with terms negotiated with their buyers. AR constitutes 8.5 percent of annual revenues for the average U.S. firm, according to our research. In other words, if each and every U.S. company generated $1,000 per year, then $85 would be tied up in AR at any given time. This means the money is not quite in the bank, but will end up there eventually.

That "eventually" results in a trade credit crisis, particularly for the small and medium-sized businesses (SMBs)[2] that must often juggle — or even defer — investments in growing their companies as they manage cash-flow constraints created by extending trade credit to buyers.

Through the Trade Credit Dilemma Report, a Fundbox collaboration, PYMNTS sought to better understand these entrenched buyer-driven "buy now and pay much later" business-to-business (B2B) payment practices and their impact on SMBs' health. Our team surveyed more than 1,000 professionals from businesses ranging in size from under $5 million in annual revenues to more than $21 million, and representing a broad swath of sectors like apparel, building materials, consumer electronics and landscaping, among others. Respondents either hailed from one of four business units – sales, operations, finance/credit or business development – or they were the owners or founders of their firms.

We found that the tradition of extending trade credit takes a heavy toll across the spectrum of companies, although the bur-

[1] Author unknown. Firm size data. U.S. Small Business Association. 2019. https://www.sba.gov/advocacy/firm-size-data. Accessed May 2019.

[2] In this report, we define "SMB" as any business generating less than $20 million in revenue on an annual basis.

67.9%

of firms that receive more than half of their payments late **experience cash-flow problems.**

den may fall more heavily on smaller firms. They often have less power to dictate terms, after all, given their more limited resources and lack of market clout.

Extending trade credit undermines businesses' abilities to run their day-to-day operations, and constrains production and capital investment. Moreover, it forces firms to essentially serve as banks to their business partners, a risky and uncomfortable role that is often well beyond their core competencies. Most in every sector struggle with cash-flow problems, too, and are likely to report frequent late payments.

At best, many companies muddle through in response to these challenges. They hold off paying their own invoices until they receive the funds they're due, which all but ensures late payments will ripple down the supply chain. In fact, our research shows that firms that receive more late payments have trouble meeting their own obligations on time.

Businesses often offer extended payment periods and discounts in hopes of better managing their accounts payable (AP) and incentivizing buyers to pay within reasonable time periods. Our research shows that far from expediting the process, though, these practices can be downright detrimental to the firms that most commonly employ them. Those offering longer payment windows and discounts tend to be paid late, for example — well beyond agreed-upon time frames — and more frequently suffer cash shortfalls.

Alternatives on the market have the potential to reduce B2B payments' uncertainty, however, including charging a small fee to be paid immediately and allowing buyers 30 days to pay in full without interest. Our research shows strong interest in these immediate payment platforms, but they're used regularly by fewer than 14 percent of surveyed businesses today.

The following key findings emerged from our study:

Firms that get paid late tend to pay their own suppliers late.

Businesses tend to extend terms and discounts to their clients and customers that are similar to those they receive from suppliers. For example, 47.7 percent report offering buyers the same payment periods they received from suppliers, with most ranging from 16 to 60 days. Firms that do not receive on-time payments often miss their own payment deadlines, though. While 13.2 percent pay their suppliers late on average, 27.5 percent of those that frequently receive late payments do so.

Long terms and discounts are often ineffective or detrimental, with length typically equating to greater likelihood that firms will be paid late.

Those that offer longer payment terms — between two and three months — are paid late more than one-third of the time, while 48.8 percent of those that do not rarely experience the same issue. Companies that get paid late more than 75 percent of the time offer discounts of 5.7 percent on average, which is significantly higher than those offered by firms that are paid late only 10 percent of the time.

Those being paid late are also behind on paying their own suppliers, creating a ripple effect and cash-flow challenges. We found that 27.5 percent of those that receive more than 75 percent of their customers' payments late pay their suppliers late, in turn. This can result in cash-flow problems and further perpetuate reimbursement issues: 67.9 percent of firms that receive more than half of their payments late experience frequent or routine cash-flow problems.

Extending and managing trade credit imposes risks and administrative frictions.

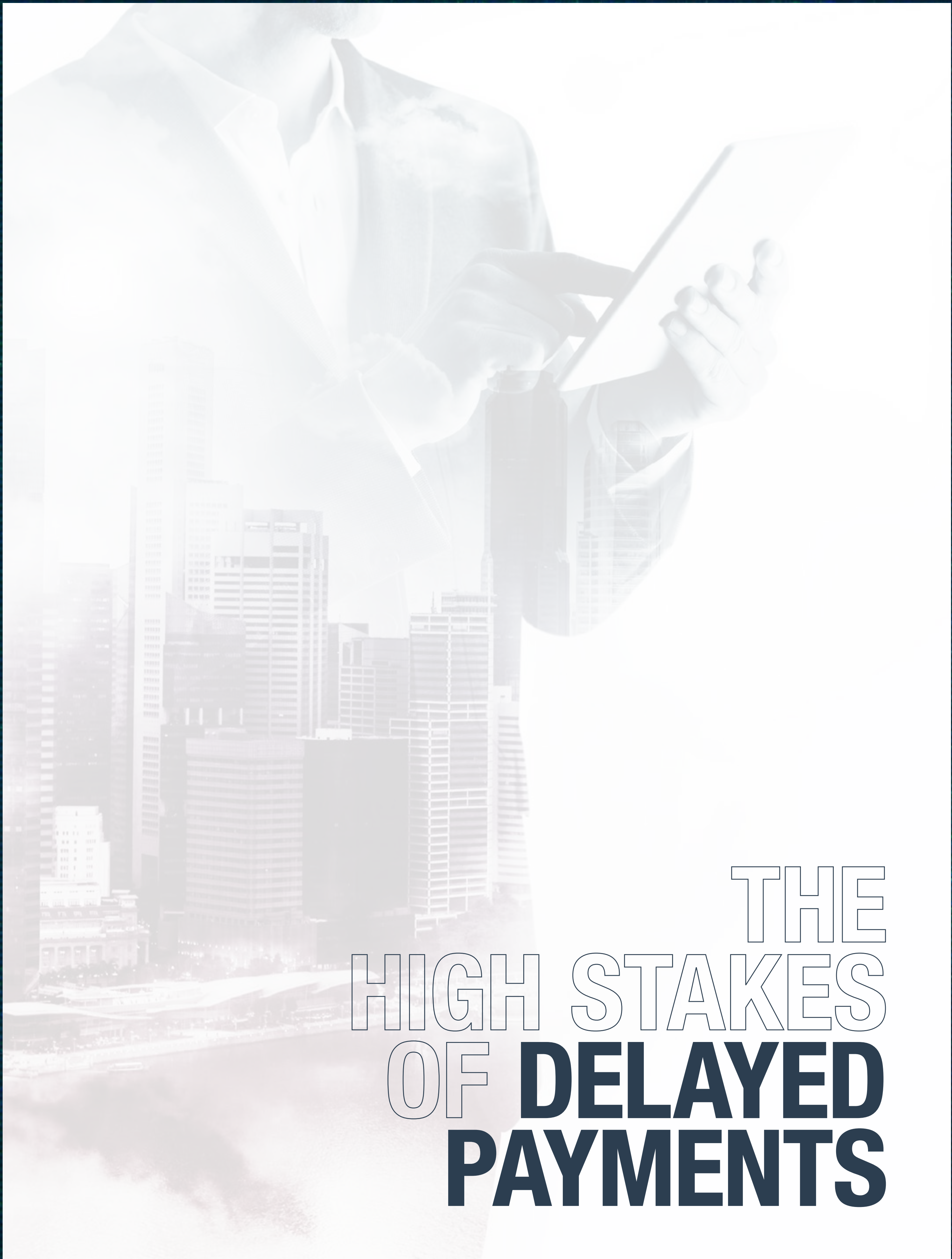
Nearly one-third of surveyed companies say offering trade credit makes day-to-day operations more difficult, and significant portions say it constrains their abilities to make capital expenditures (29.4 percent), expand production (27.2 percent) and purchase inventory (26.6 percent). The process also diverts resources away from running their businesses, instead forcing them to focus on chasing payments.

More than half of surveyed businesses are "very" or "extremely" interested in immediate payment offerings, but usage and familiarity with them is relatively uncommon.

Fifty-four percent of SMBs generating below $10 million in annual revenue report being "very" or "extremely" interested in using immediate payment platforms. This interest is even stronger among larger firms, with revenues between $50 million and $100 million, and 73.7 percent of them cite wanting to send immediate payments as buyers. Notably, companies show almost equal interest in immediate payments as sellers and buyers. Many believe these platforms would not only ensure they're paid promptly, but also allow them to quickly purchase supplies — which would be especially valuable when no pre-existing trade credit relationship exists.

Yet, only 13.2 percent of businesses regularly use immediate payment services, according to our findings. Another 18.7 percent use them occasionally, but nearly 20 percent have simply never heard of the option. That share is even higher for very small businesses.

All of this points to opportunities for both immediate payment solution providers and the firms that could benefit from such services. The offerings enable funds to move quickly and efficiently, rather than suspending them in AR or AP, thereby allowing businesses to focus on their core missions and growth acceleration.



THE HIGH STAKES OF DELAYED PAYMENTS

Approximately $3.1 trillion is tied up in AR at any given time and, even considering that this figure is offset by the roughly $1.6 trillion firms owe in AP, still shakes out to a net cash burden of $1.5 trillion.[3]

Viewed from a decidedly glass-half-full perspective, that the U.S. economy continues to turn with as much as $3.1 trillion in outstanding funds could be seen as a sign of trust. American professionals grind their physical and mental gears every day with nothing more than the expectation that they will be remunerated for their efforts in the future.

This perspective falls apart when viewed on the microlevel, though. Mutual trust is necessary between players in any large, functioning economy, but too much tied up in AR poses obvious financial risks. It takes a chunk out of businesses' bottom lines, making up anywhere from 6 to 10 percent of the average American firm's annual revenue, according to our findings.

As with most financial indicators, AR as a share of annual revenue varies by firm size, with the smallest hit disproportionately hard. It represented 8.5 percent of the annual revenues of firms generating under $250,000 each year, the same as those generating more than $100 million.

TABLE 1:

How much firms are owed
AR and AP as a share of annual revenue, by annual revenue

	Portion of annual receivables revenues	Portion of annual payables revenues
Less than $250K	**8.5%**	**8.0%**
$250K-$999K	5.9%	7.6%
$1M-$5M	7.8%	7.2%
$6M-10M	8.2%	7.2%
$11M-$20M	9.0%	8.4%
$21M-$50M	9.3%	9.1%
$51M-$100M	10.0%	8.7%
Over $100M	**8.5%**	**8.0%**
Total	**8.5%**	**8.0%**

[3] Author unknown. Firm size data. U.S. Small Business Association. 2019. https://www.sba.gov/advocacy/firm-size-data. Accessed May 2019.

This figure must be put into perspective. Percentages also varied according to size between the two extremes: the larger the firm, the larger the portion of revenue tied up in AR. Firms accruing between $11 million and $100 million annually held the greatest proportion of AR on their books, representing 10 percent of revenues for those earning $51 million to $100 million.

Smaller players also tend to see revenue portions tied up in AR, but can experience greater financial burdens: They often have less money to go around, after all. Delinquent payments on major SMB contracts can take large chunks out of their margins or even mean missing payroll.

TABLE 2:

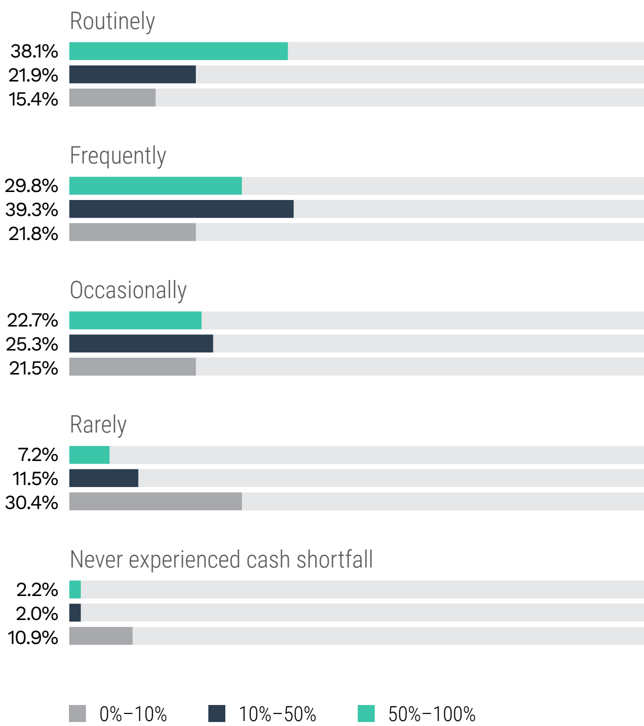
Estimated outstanding AP and AR[4]
Net AR as a share of revenue and of payroll, by firm size

	Average			Average annual payroll, as a percentage of revenue	Estimated total amount due (millions)		
	Margin	Cost	Annual payroll		Receivables	Payables	Net (AR-AP)
Less than $250K	**28.5%**	**$0.04**	**$0.03**	**30.0%**	**$17,829**	**$6,670**	**$11,160**
$250K-$999K	23.8%	$0.2	$0.1	28.8%	**$72,856**	**$44,557**	**$28,299**
$1M-$5M	23.6%	$1.2	$0.6	27.0%	**$196,467**	**$88,452**	**$108,015**
$6M-10M	28.6%	$3.6	$1.9	25.0%	**$110,238**	**$44,556**	**$65,682**
$11M-$20M	26.5%	$7.7	$3.6	23.4%	**$132,059**	**$61,932**	**$70,127**
$21M-$50M	35.7%	$14.7	$7.1	20.9%	**$201,351**	**$85,270**	**$116,081**
$51M-$100M	33.4%	$36.5	$14.3	18.8%	**$171,297**	**$71,074**	**$100,224**
Over $100M	**28.5%**	**$666.3**	**$157.1**	**13.6%**	**$2,270,033**	**$1,233,798**	**$1,036,235**
Total	**28.5%**	**$2.5**	**$0.8**	**16.6%**	**$3,172,132**	**$1,636,309**	**$1,535,823**
Percentage of GDP					15.2%	7.8%	7.4%

[4] Author unknown. Firm size data. U.S. Small Business Association. 2019. https://www.sba.gov/advocacy/firm-size-data. Accessed May 2019.

FIGURE 1:

Frequency with which firms that receive late payments experience cash shortfalls
Portion with cash shortfalls, by frequency of late payments received



To understand just how disproportionate this AR toll can be on the smallest businesses, it is necessary to consider how much they owe and are owed — their AR-to-AP ratio — compared to that of larger firms. Outstanding AR net value for firms generating below $250,000 per year was $6,670, but $28,299 for those earning between $250,000 and $999,000. In other words, the smallest can be one-quarter the size of their larger counterparts, but still owe two-fifths of their average debt.

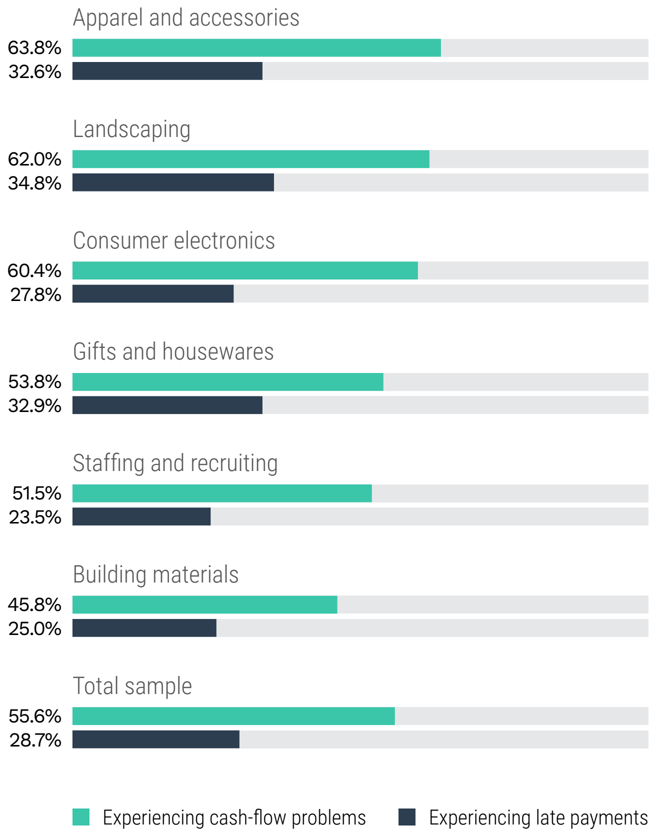
There are only so many ways to mitigate losses for suppliers seeking to get paid, and most can actually exacerbate their struggles. Firms offering extended payment terms tend to pay their own suppliers late, for example, and are also more likely to experience cash-flow crunches than those that do not. In fact, as much as 38.1 percent of companies that receive at least half of their payments late report having regular cash-flow problems.

Certain players in this larger economy are particularly vulnerable to cash-flow shortages. Our research indicates such issues are nearly endemic in the apparel and accessories and landscaping sectors, with 63.8 percent of firms in the former group and 62 percent of those in the latter regularly experiencing cash-flow problems.

Unsurprisingly, there is a loose correlation between firms' likelihood of experiencing

FIGURE 2:

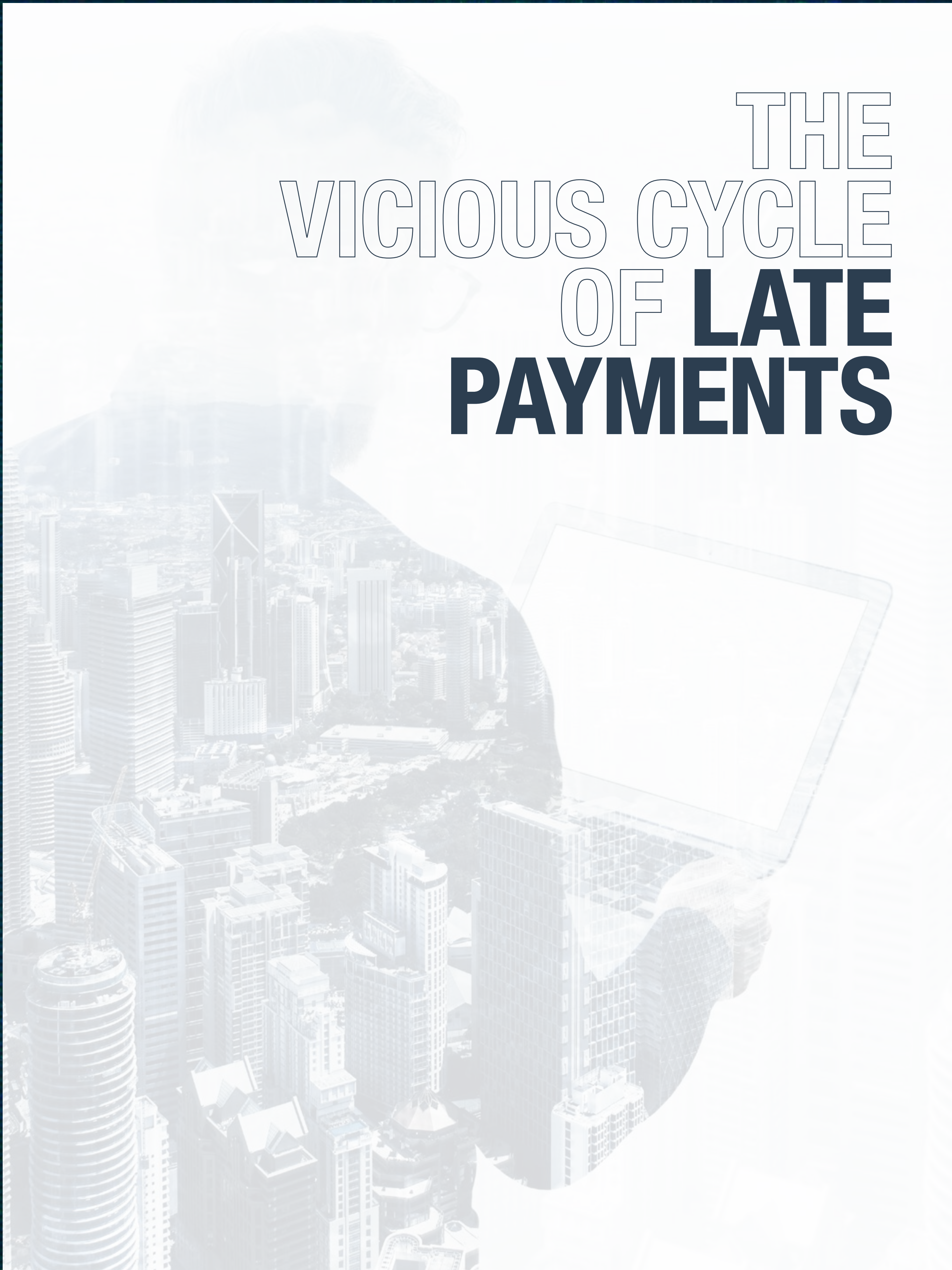
How often firms experience cash-flow problems
Share that report experiencing cash-flow problems and firms' payments that are received late, by sector



38.1% of firms that receive at least half of their payments late report **having routine cash-flow problems.**

cash-flow problems and the percentage of payments they receive late. While 63.8 percent of businesses in apparel and accessories experience such issues, they also tend to receive as much as 32.6 percent of all invoice payments later than their contract terms stipulate — the third-highest of any sector. Conversely, just 51.5 percent in staffing and recruiting experience cash-flow problems and receive just 23.5 percent of their invoice payments late, on average.

THE VICIOUS CYCLE OF LATE PAYMENTS



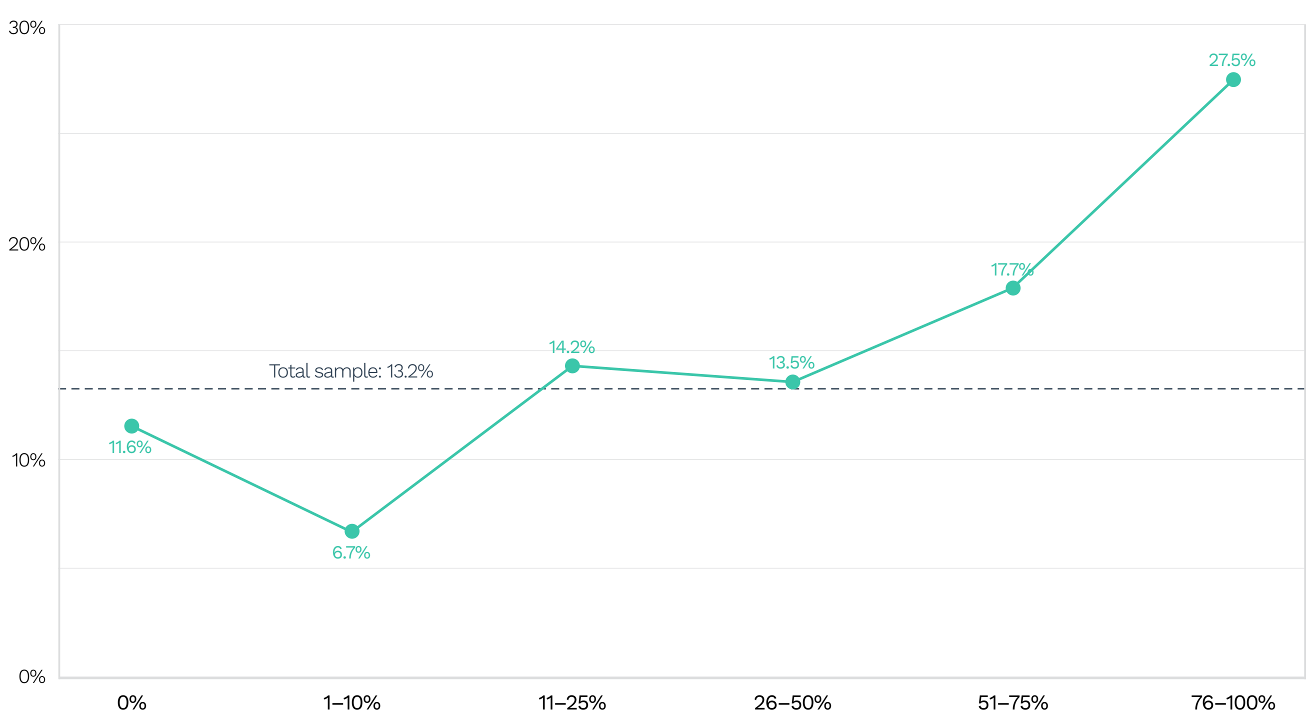
Late payments can lead to big problems, regardless of business size. Contractors not paid by hiring companies on time might be unable to pay subcontractors and suppliers on time, and so on down the line. In this way, excessive AR and AP imbalances can very quickly reverberate throughout the economy.

It is thus easy to see how vendors failing to pay according to predetermined terms can harm other companies' cash flows and overall supply chain financial health. A missed deadline affects a business's cash flow as well as its ability to pay its partners. Firms that receive payments late tend to then make payments late, while those that rarely receive late payments have few reasons to be late in reimbursing their suppliers.

According to our research, 27.5 percent of the firms that receive more than 75 percent of their customers' payments late are delayed in paying their suppliers, as are 17.7 percent of those that receive between 51 and 75 percent of their invoice payments late.

FIGURE 3:

The connection between receiving and making late payments
Portion of firms that pay late, by percentage of late payments received



Just 6.7 percent of the companies that receive less than 10 percent of their payments behind schedule pay their suppliers late.

Companies have long turned to incentives like extended terms, early payment discounts and trade credit to make cash flows more predictable or prompt vendors to pay outstanding bills. Unfortunately, these practices often fail to resolve delayed or delinquent payment problems and can, in fact, perpetuate them.

The longer the terms extended to suppliers and clients, the more likely those entities will be paid late, according to our results. Firms offering terms requiring payment receipt within two to three months are reimbursed late more often than those that stipulate less time. Conversely, 48.8 percent that don't offer extended payment terms say they are never paid late.

Late payments also put businesses in the uncomfortable role of financier, which may entail determining creditworthiness and monitoring and enforcing agreements. Twenty-six percent rely on third-party credit reports to determine whether to extend credit to business partners. Time in business (13.5 percent), individual references (13.2 percent), informal web and social media searches (11.8 percent) and personal relationships (11.1 percent) are also considered.

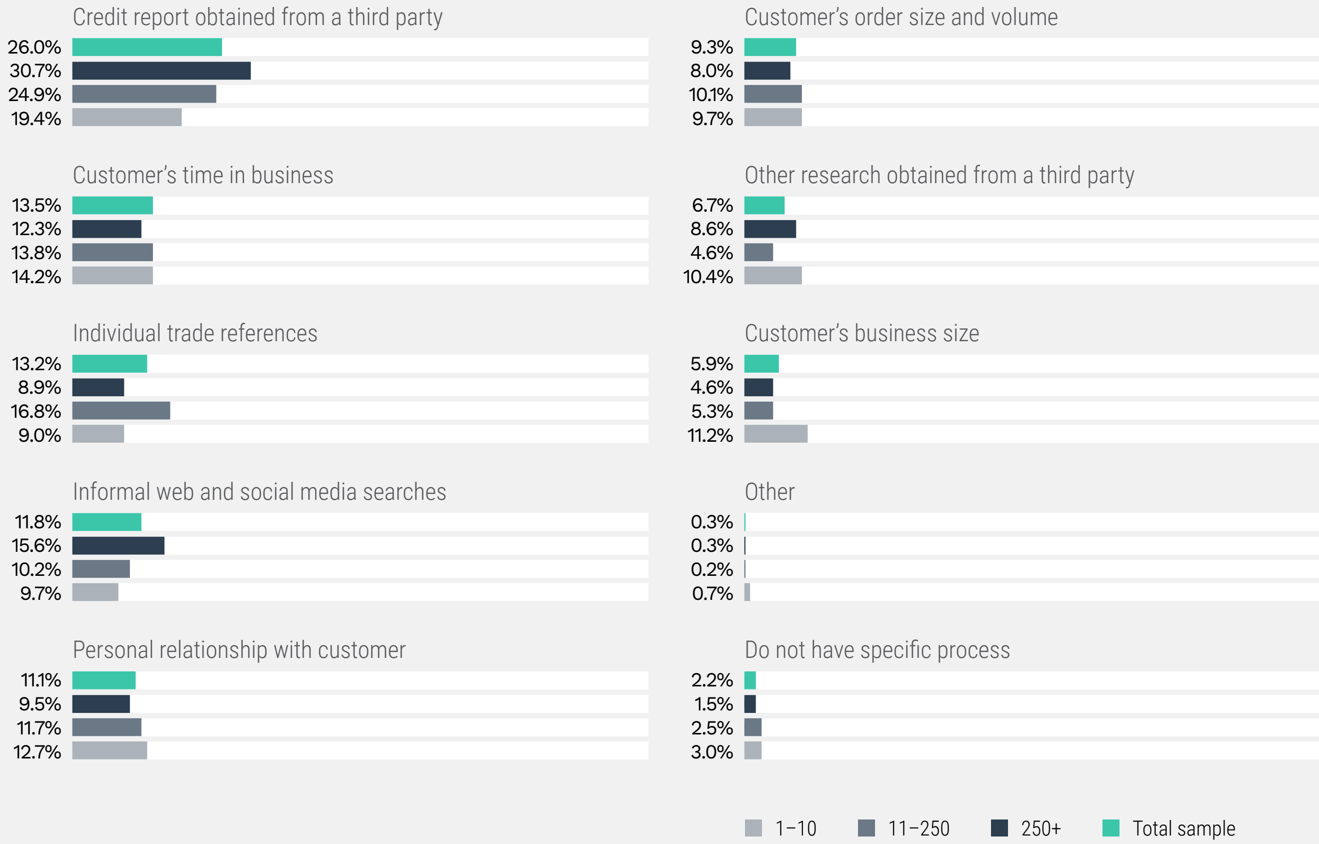
TABLE 3:

The relationship between late payments and payment terms
Portion of late payments received, by time period offered

	Percentage of late invoices					
	0%	1–10%	11–25%	26–50%	51–75%	76–100%
Upon receipt	48.8%	19.5%	12.2%	14.6%	0.0%	4.9%
1-15 days	9.4%	40.0%	25.6%	15.0%	6.9%	3.1%
16-30 days	3.8%	23.9%	32.4%	27.7%	9.6%	2.6%
31-60 days	4.3%	15.1%	26.2%	38.3%	13.3%	2.8%
61-90 days	3.7%	12.5%	22.8%	20.6%	33.8%	6.6%
More than 90 days	4.0%	16.0%	8.0%	20.0%	28.0%	24.0%

FIGURE 4:

Factors weighed when extending trade credit
Share of firms that use select methods to determine creditworthiness, by number of employees



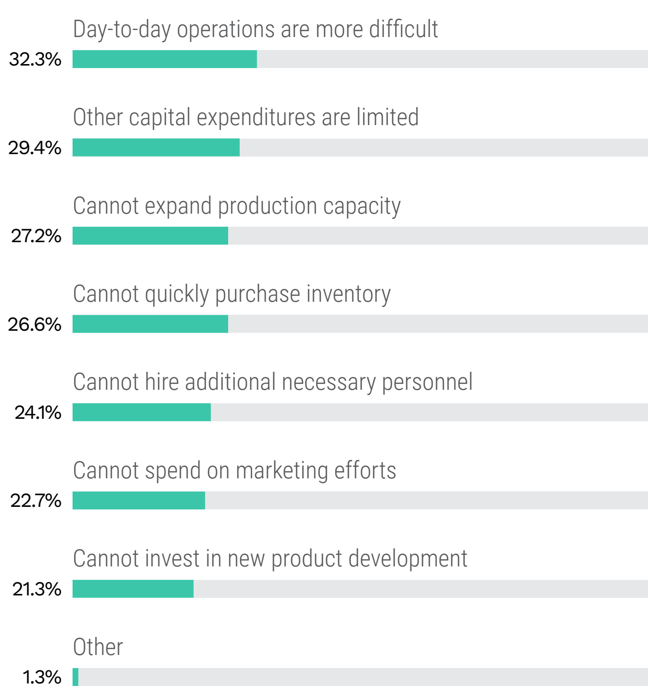
Interestingly, larger firms with more than 250 employees are more likely to use credit reports (30.7 percent) to determine whether to extend vendor credit lines. This is arguably more reliable than individual references and personal relationships, both of which are commonly used by smaller companies. Our research shows 16.8 percent of those with 11 to 250 employees rely on individual trade references, compared to 8.9 percent of larger companies, and that 10.1 percent of the former rely on personal relationships, as do 8 percent of the latter.

32.3%

of firms say trade credit makes their **day-to-day operations** difficult.

FIGURE 5:

How firms are affected when offering trade credit
Share citing select difficulties as a result of the trade credit process



Informal methods of assessing creditworthiness would doubtfully pass muster with banks' underwriting departments. The role is well outside companies' areas of expertise, meaning trade credit carries inherent risk — but this is not its only downside.

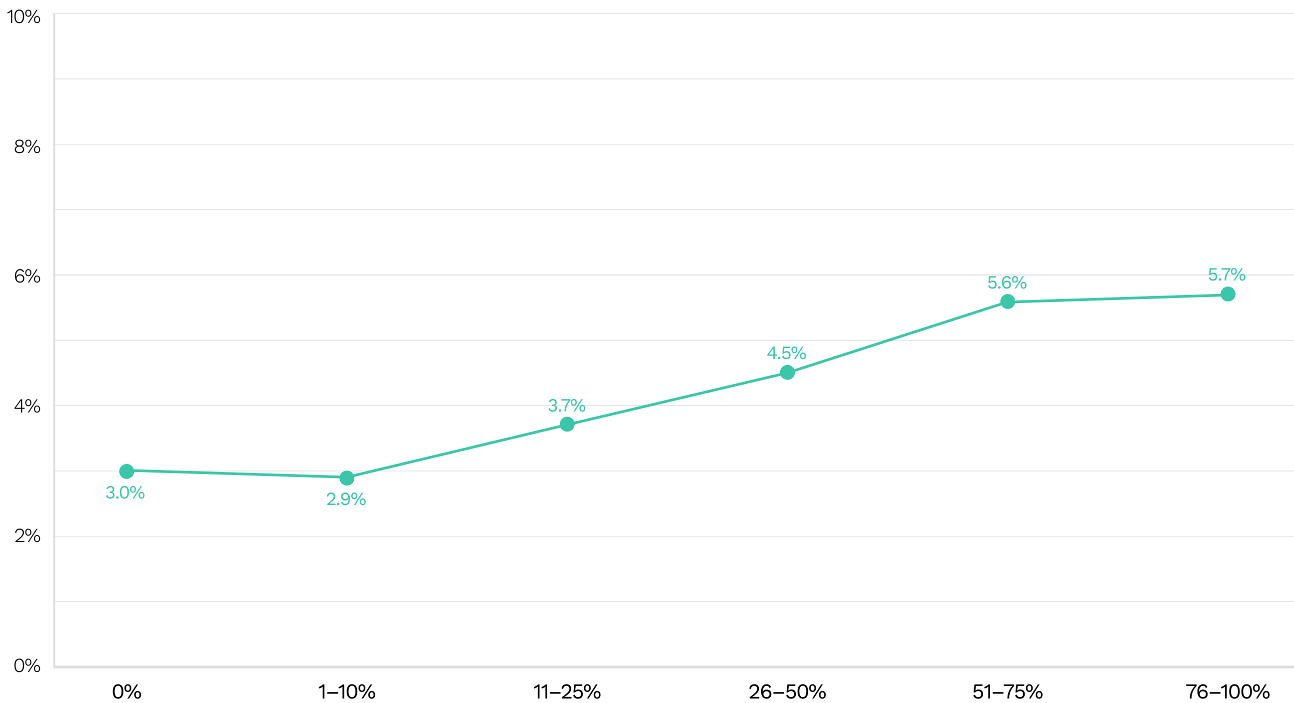
Many companies believe trade credit poses a significant administrative burden. Nearly one-third of those surveyed say offering it makes day-to-day operations more difficult, 29.4 percent say it constrains their ability to make capital expenditures, 27.2 percent cite limits to production expansion and 26.6 percent note it reduces their ability to purchase inventory.

The side effects of administering trade credit read like a litany of bad business practices, and any one of them could mean the difference between success and being overtaken by competitors. Trade credit's negative impacts easily explain why many firms see value in immediate payment platforms.

Companies also attempt to incentivize partners to pay invoices on time by offering discounts. This tends not to yield the intended results, either, as those paid late more than 75 percent of the time offer average discounts of 5.7 percent. Conversely, those that receive late payments less than 10 percent of the time issue discounts of under 3 percent, on average.

FIGURE 6:

Correlation between discounts and late payments
Average discount offered, by percentage of late invoices received



This creates yet another financial burden with which cash-strapped firms need to deal. They are paid late and suffering resultant cash-flow issues, while also losing money on discounts that are not trifling in size: Our research indicates the average amounts to 4 percent of annual revenues. This translates to $317,000 a year for a firm taking in $11 million annually. Thus, businesses with limited options fall into the late payments trap and struggle to dig themselves out.

4%

is the average cost of **early payment discounts** as a portion of firm revenues.

THE PROMISE OF IMMEDIATE PAYMENTS

FIGURE 7:

Knowledge and use of immediate payment platforms
Portion of firms that report knowing about and using immediate payments

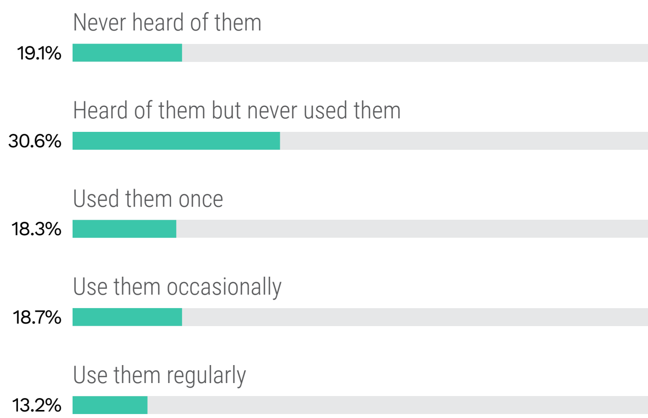
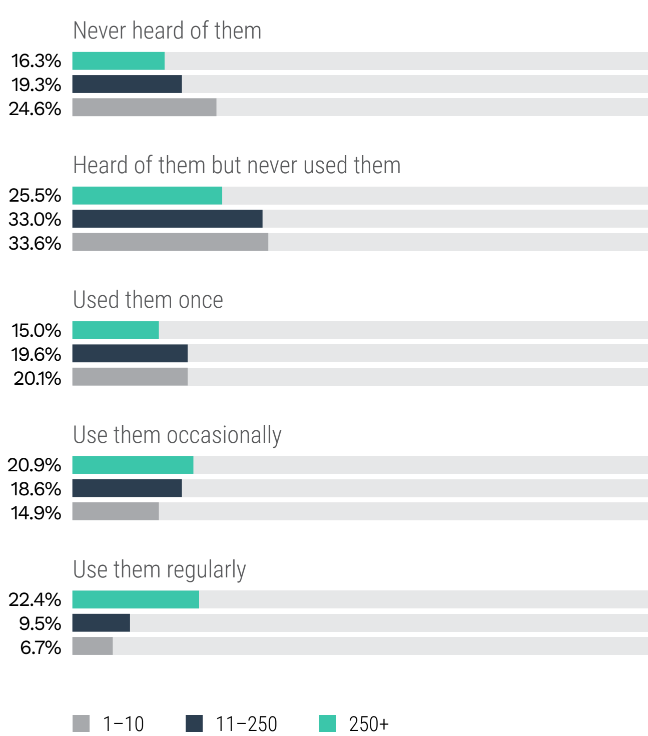


FIGURE 8:

Knowledge of immediate payment platforms and company size
Share of firms that are aware of and use immediate payments, by number of employees



One innovation has the potential to address firms' persistent accounting challenges, however, and that is immediate payments. These point-of-sale financing options allow suppliers to be paid immediately and give buyers 30 days to either pay or finance payments as needed. Sellers pay a small fee for the instant payment convenience, but buyers pay only if they revolve their balances.

Many firms have heard about services like these, but most have yet to implement them. Just 13.2 percent of our respondents report using them regularly, and another 18.7 percent use them occasionally.

Yet another 30.6 percent of firms have heard about immediate payments but never used them. Such businesses appear reluctant to break the status quo, regardless of how frustrating it may be for all parties involved. Awareness and usage are especially limited among SMBs. Nearly one-quarter of those with fewer than 10 employees have heard of them, as have only 19.3 percent of firms with 11 to 250 employees.

Our findings indicate a need for general immediate payment services outreach and education, especially among smaller companies. These firms are more likely to feel strained by cash shortfalls and thus have more to gain from adoption than most.

FIGURE 9:

Interest in immediate payment platforms
Share of firms expressing interest, by revenue

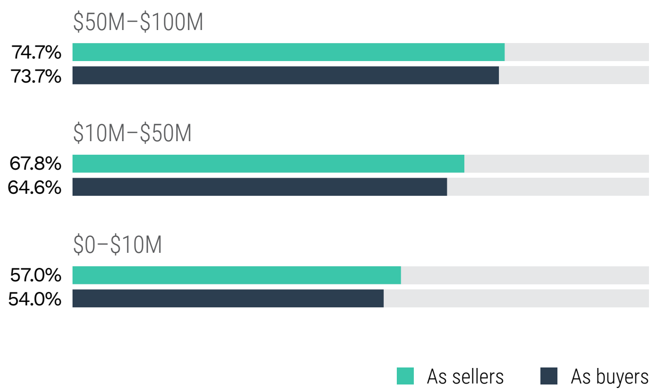
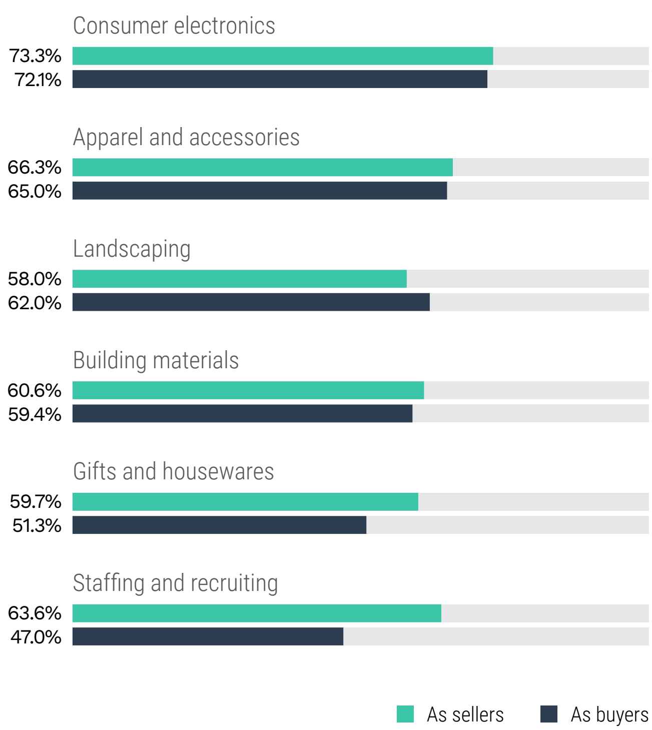


FIGURE 10:

Interest in immediate payment platforms
Portion of firms expressing interest, by segment



Immediate payment platform usage may be limited today, but companies report interest in future implementation. More than half say they are "very" or "extremely" interested in using immediate payments to both send and receive payments, and medium- and large-sized firms appear particularly keen on the proposition. Nearly three-quarters of companies with revenues between $50 million and $100 million were "very" or "extremely" interested and, as we've seen, firms of this size bear a particularly large AR burden.

Interest also appears to vary by industry, and is especially strong in consumer electronics, apparel and accessories, and landscaping — segments among those that most often suffer cash-flow issues.

55.8%

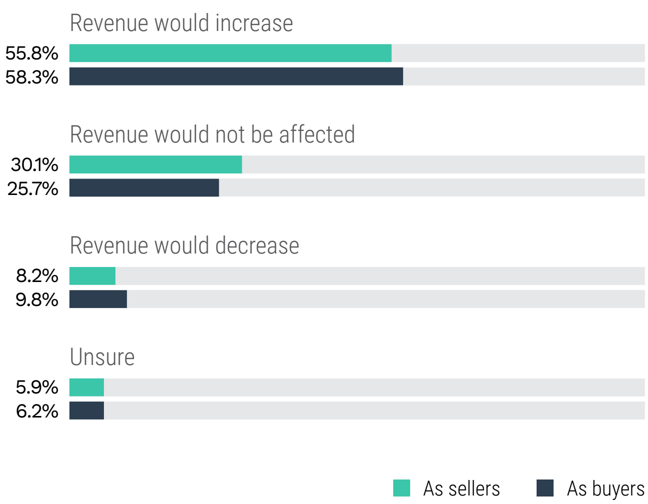
of firms believe **using immediate payment platforms** to receive payments would boost their revenues.

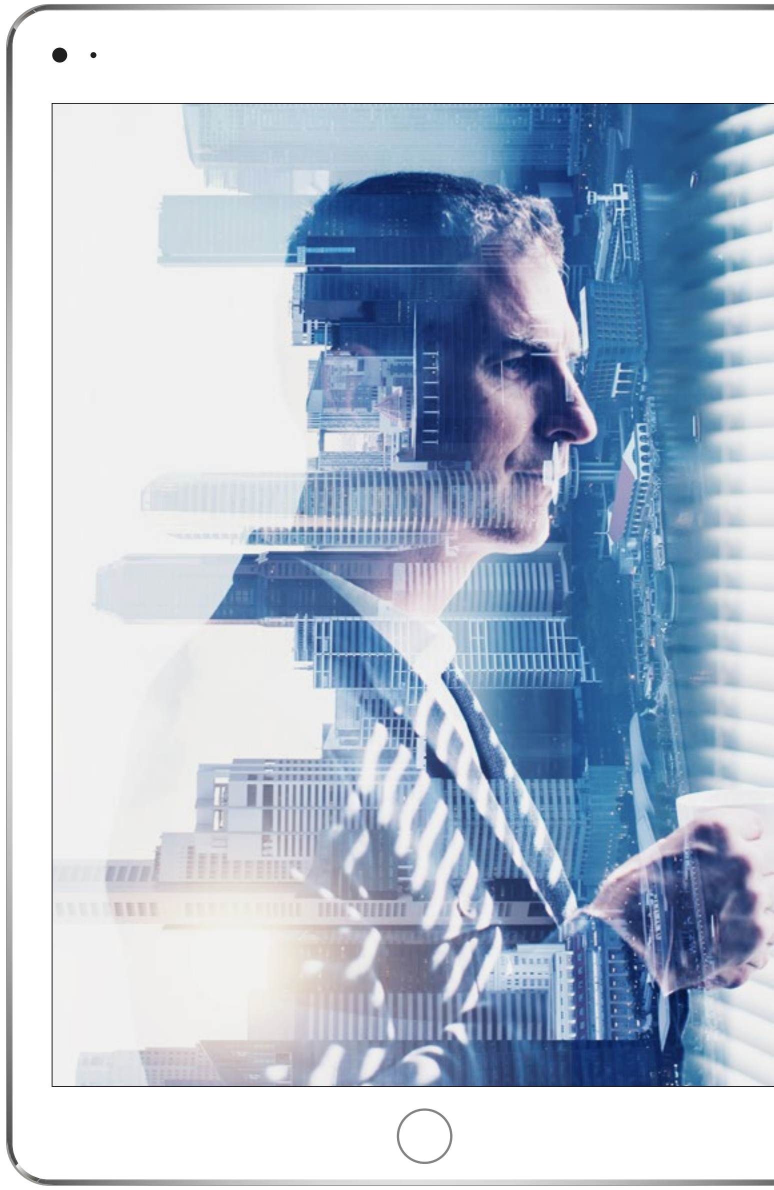
When asked, many firms say immediate payment benefits would extend beyond convenience, and could boost their revenues. According to our survey, 58.3 percent of all businesses believe making payments through immediate platforms would increase their revenues.

Similarly, 55.8 percent of firms believe implementing immediate payments would increase their revenues if used to receive payments. Just a small fraction — 9.8 percent as buyers and 8.2 percent as sellers — believe immediate payments would negatively affect their bottom lines.

FIGURE 11:

Immediate payments' perceived impacts on revenues
Share of firms that believe immediate payments would have select effects on revenues

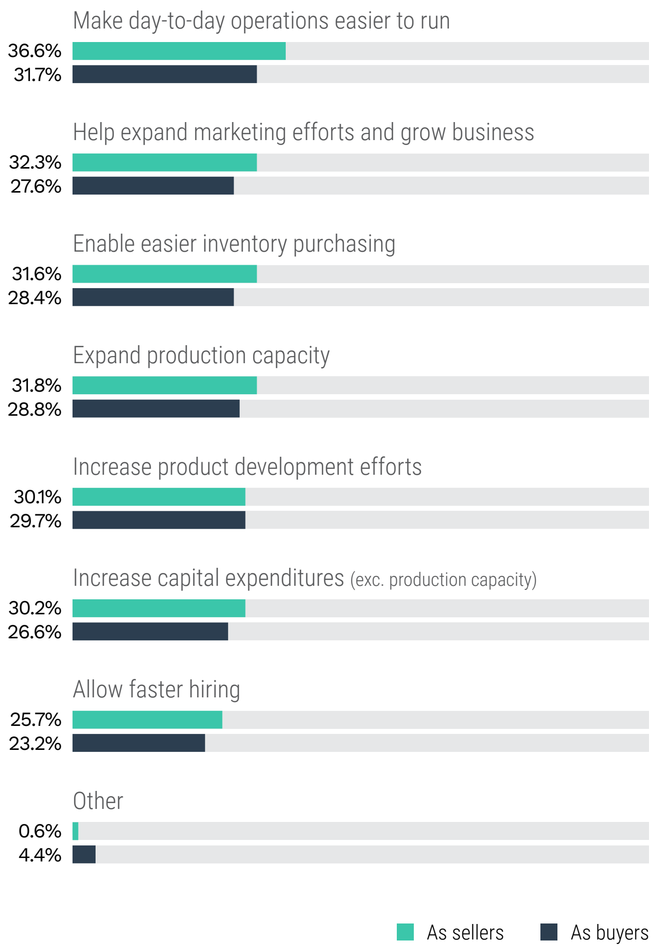




Increased revenue is a big-picture benefit, too, but firms see manifold granular-level perks from more promptly being able to send and receive payments. Chief among the expected operational advantages is easing day-to-day operations, which is cited by 36.6 percent of respondents. Others expect to expand marketing, purchase inventory and expand production.

FIGURE 12:

Immediate payments' perceived impacts on business functions
Portion of firms that believe immediate payments would have select operational effects

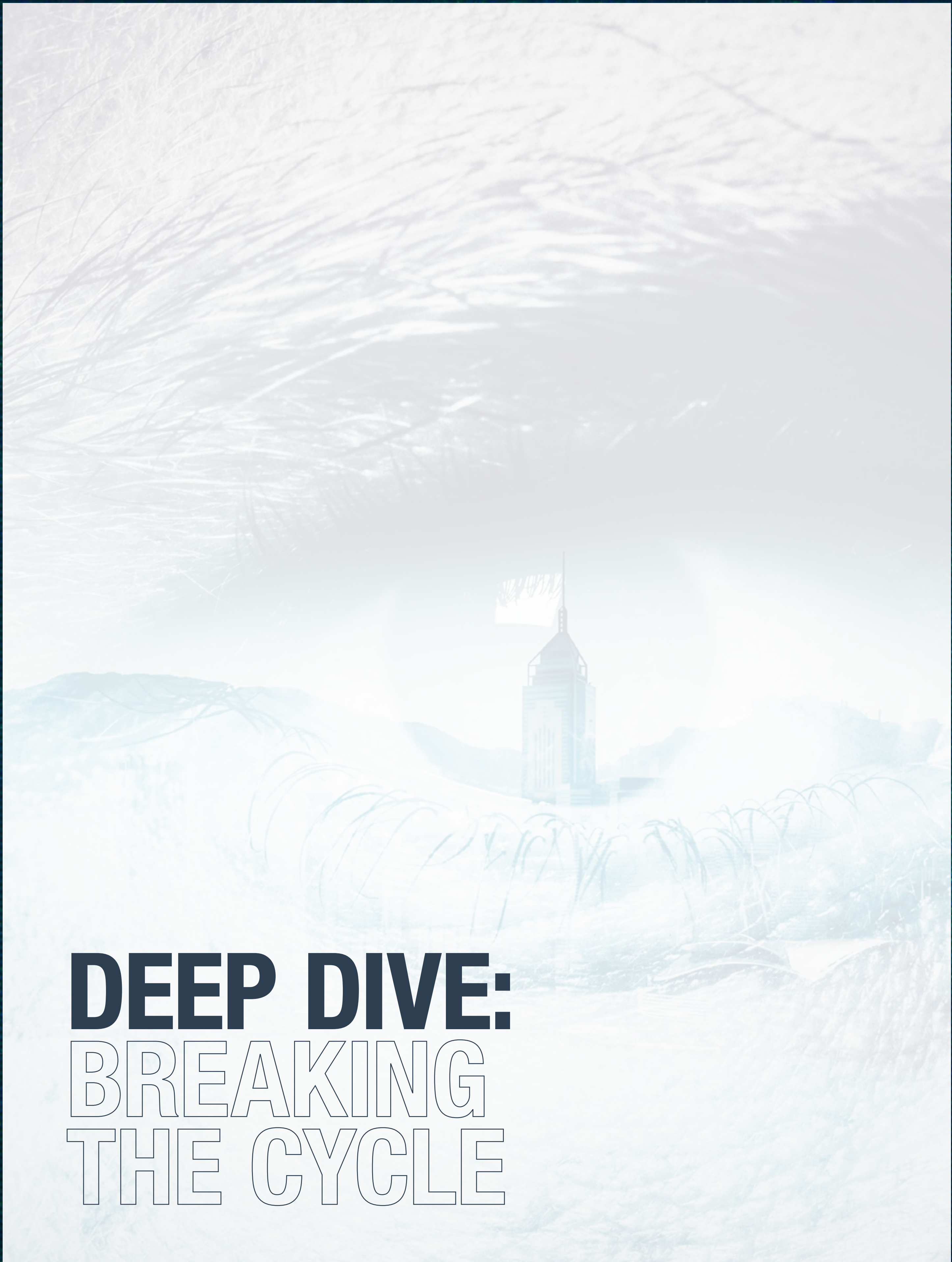


Considering the ways in which firms expect to benefit from immediate payments' adoption, it is unsurprising that interest applies to both sides of the ledger. Companies naturally see benefits in being paid sooner, but they also value being able to more quickly pay their suppliers.

32.3% of firms believe being paid through **immediate payment platforms would help them grow their businesses.**

IMMEDIATE PAYMENTS

DELAYED PAYMENTS

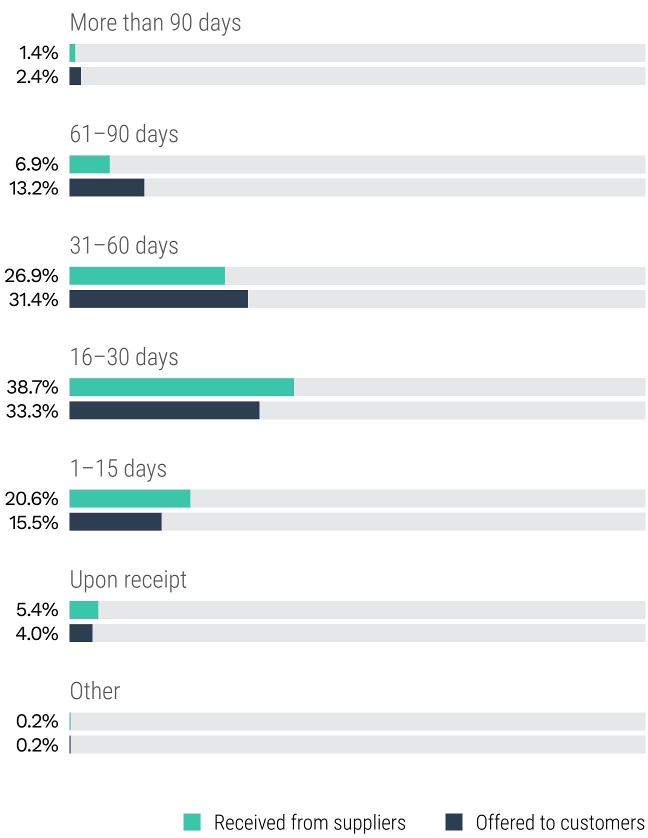


DEEP DIVE: BREAKING THE CYCLE

FIGURE 13:

The connection between discounts and terms offered and received

Net payment time frames typically offered by firms, by those received from suppliers



One need only visit a U.S. bankruptcy court to fully appreciate the risk businesses run carrying large AR balances. It is not unusual for contractors to line up with unpaid invoices after a major client declares bankruptcy — often to no avail. This is yet another realm in which SMBs may be outmatched by larger firms, which tend to have more abundant legal resources.

If firms could insist on and enforce rules requiring prompt payment, it would theoretically create a firewall against problems that befall their business partners. Theory is often far from reality, though, and most businesses lack the market power needed to dictate terms. What prevails, instead, is a very different dynamic: Firms tend to employ the same terms and practices they are required to accept from others.

As much as 47.7 percent offer buyers the same time frames for payment received from their suppliers, for example. The correspondence between terms offered and extended applies to all durations: 21.6 percent of firms are required to pay within one to 15 days, and 15.5 percent offer those terms to their buyers. Another 38.7 percent receive 16-to-30-day terms — the most commonly dictated in businesses' agreements — and 33.3 percent offer them.

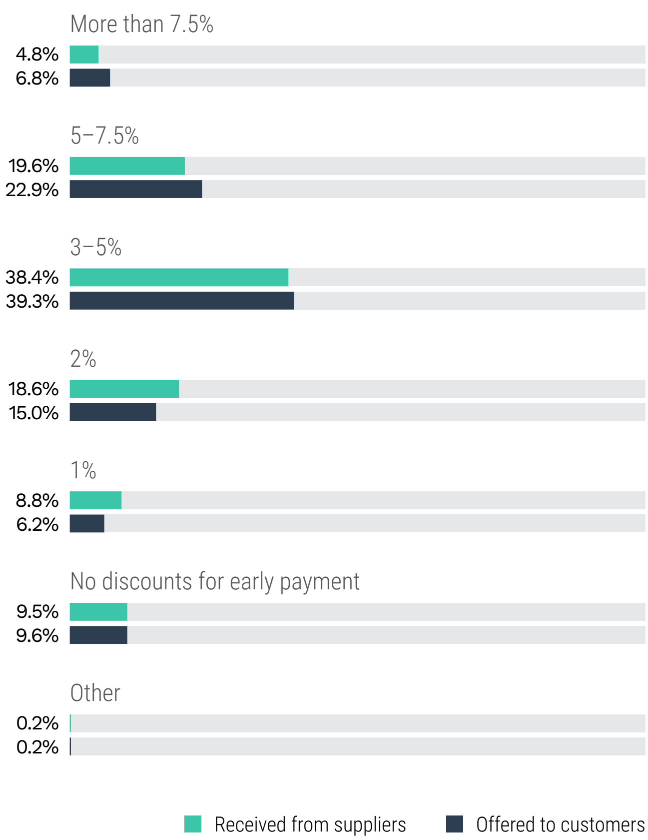
47.7%

of firms offer **the same payment periods** that they receive from suppliers.

FIGURE 14:

The connection between discounts and terms offered and received

Discounts typically offered by firms, by those received from suppliers



A similar pattern can be observed in the discounts firms extend to business partners. Those that extend small amounts to vendors tend to receive them from their suppliers, and those that receive larger ones tend to provide them. Nearly 40 percent receive and extend discounts of 3 to 5 percent, which is the most common rate on the market.

One way to look at payment terms in a reciprocal manner is to understand that businesses are simply doing to others what's done to them — a corporate version of the Golden Rule. In fact, discounting and long payment periods often reflect distressed circumstances.

Firms that offer discounts not only more frequently experience cash shortfalls than those that do not. According to our findings, 77.3 percent of those that report frequent or routine cash gaps offer discounts of 3 percent or higher, compared to 58.6 percent of firms with less-frequent cash-flow issues. A similar dynamic prevails in discounts offered: Companies with more frequent shortfalls receive greater discounts.

FIGURE 15:

The connection between discounting and cash shortfalls
Average discounts offered, by whether firms experience cash-flow problems

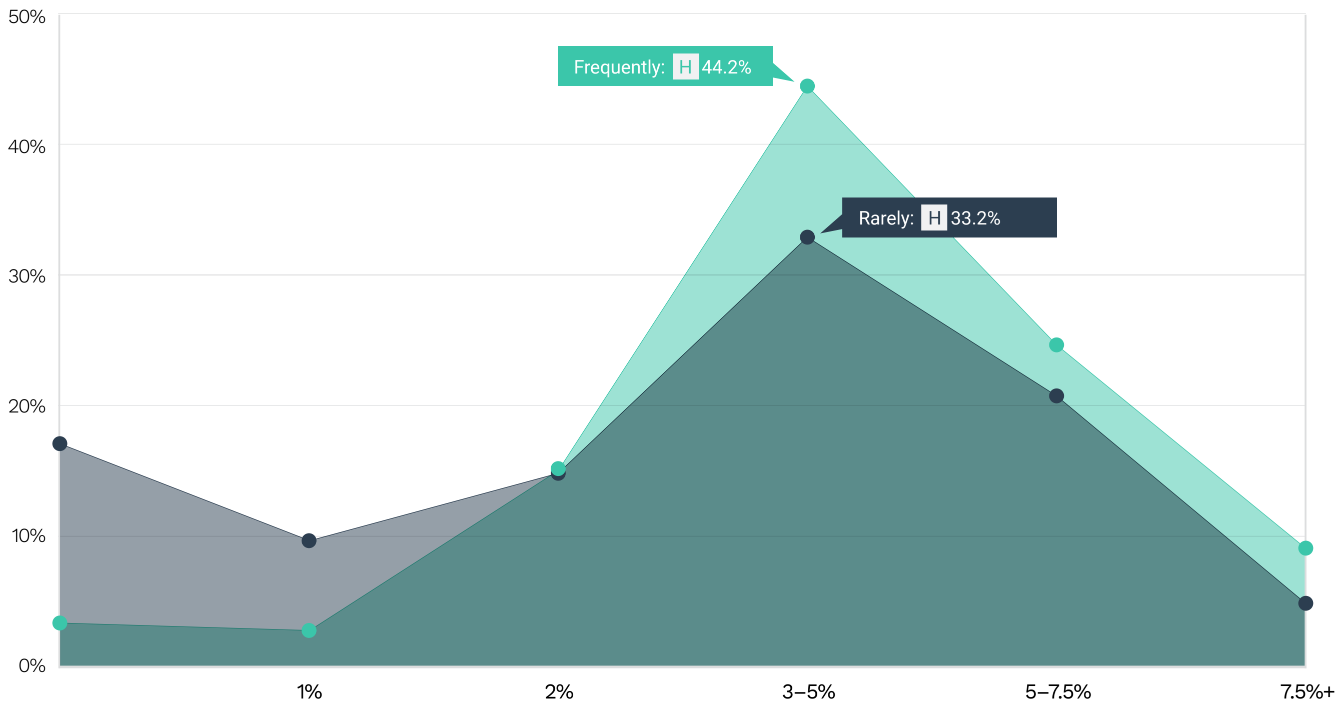
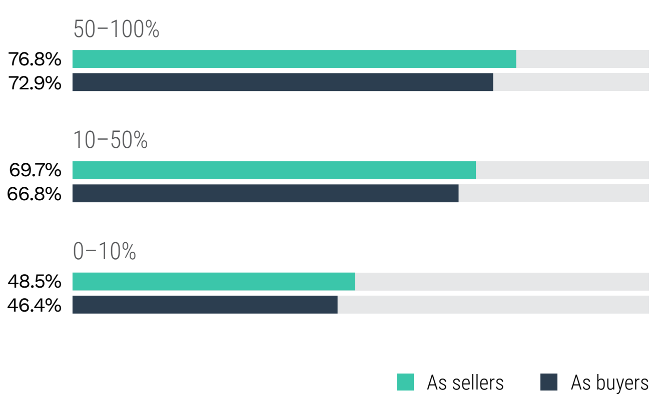


FIGURE 16:

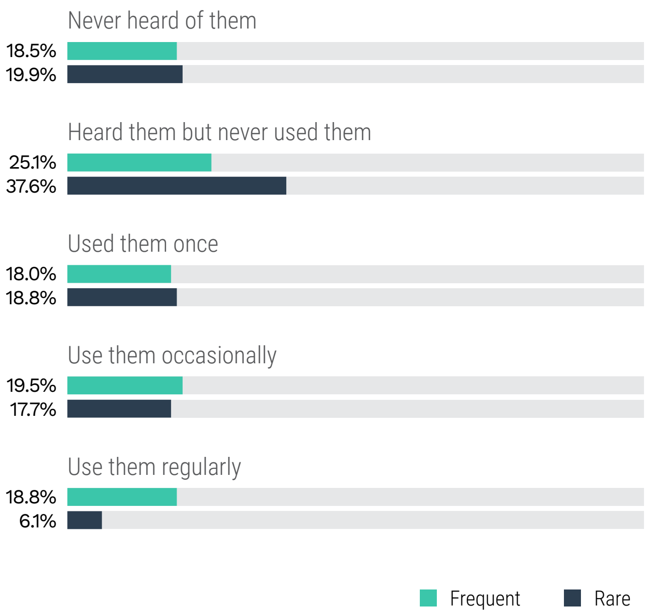
Level of interest in immediate payments for firms that receive late payments
Share that are "very" or "extremely" interested, by late payments received



In these circumstances, many firms view immediate payment services as potential lifelines. The more often they experience delayed reimbursements, the more immediate payments seem to appeal to them: 76.8 percent of those paid late more than 50 percent of the time are "very" or "extremely" interested in the service, according to our findings, and are also interested in using such solutions to make payments.

FIGURE 17:

Knowledge and use of immediate payments among firms with cash shortfalls
Portion that know about and use immediate payments, by frequency of cash-flow issues



Nevertheless, our research indicates that a substantial portion of firms with frequent cash-flow problems have not heard of payment services or their potential financial operation impacts. In fact, 18.5 percent of those that report experiencing frequent cash-flow issues are unaware that immediate payments exist at all, much less of their benefits.

The perks these options can offer are in high demand, but that many firms are still unaware they exist has thus far prohibited adoption. This underscores the need for additional education and outreach.

76.8% of firms that **regularly get paid late** are interested in **immediate payment platforms.**

CONCLUSION

The current AR status quo is untenable for many firms. Countless U.S.-based businesses have significant shares of their revenues tied up in AR, and likely face deep-rooted problems in how to run daily operations and invest in future growth. The problem is compounded when their vendor payments routinely come in late, and practices like extended time frames and early payment discounts are often ineffective at best. At worst, they exacerbate already-suffering firms' financial straits.

Immediate payment services have the potential to address these challenges in profound ways, allowing companies to quickly receive client payments or pay their suppliers. This helps them maintain positive cash flows while promoting reciprocal business relationships, meaning it is easy to understand why most firms express interest in the offerings.

Nevertheless, just 13.2 percent of businesses regularly use immediate payment services, underscoring the need to boost market awareness regarding what they can achieve. If there's one thing our examination of these entrenched B2B payment practices demonstrates, it's that education and implementation are both long overdue.

METHODOLOGY

The Trade Credit Dilemma Report examines how U.S. businesses pay for the products and services they sell to other firms. We collected a total of 4,876 responses from a wide variety of companies concerning their use of trade credit, outstanding accounts receivable and payable, and interest in immediate payment platforms, among related topics. We received 1,031 complete responses and disqualified 3,611 of them. Another 234 were only partially completed and therefore disregarded.

Within the sample, 33.5 percent of respondents have been in business for more than 11 years, and 36 percent have been operating for six to 10 years. In addition, 33.9 percent of our respondents are firm owners or founders, while 32.1 percent are vice presidents, directors or managers. In terms of industry, 30.1 percent of the businesses operate in building materials; 23.9 percent in apparel, accessories and shoes; 23.3 percent in consumer electronics; 11.5 percent in gifts and housewares; 6.4 percent in staffing/recruiting and 4.8 percent in landscaping.

ABOUT

PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about "What's Next" in payments and commerce. Our interactive platform is reinventing the way companies in payments share relevant information about the initiatives that make news and shape the future of this dynamic sector. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovations at the cutting edge of this new world.

FUNDBOX

At Fundbox, we help democratize access to business credit. We use technology, data science and common sense to connect small businesses with previously unattainable financial options. With simple registration and a fast, automated application process, Fundbox offers credit limits up to $100,000 and can transfer funds as soon as the next business day. We help thousands of small business owners across the U.S. gain more control over their finances so they can succeed and grow.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at tradecreditdilemma@pymnts.com.

DISCLAIMER