

No debt collection is not a solution either. Study confirms positive influence on payment practices.

Companies in Europa reinforce the important role of the debt collection sector / 70 percent of users of receivables management services believe that debt collection providers are promoters of good payment practices / Debt collection returns 9.1 percent of revenue to companies throughout Europe

Hamburg, 22.10.2018 – Unfortunately unpaid invoices are still part of day-to-day business life in Europe. The consequences are reduced profits and cash flow problems. In the worst-case scenario, the existence of a company may be at risk. For this reason, already a third (37 percent) of the European companies are working with debt collection agencies such as EOS. By outsourcing receivables management or selling open receivables, companies receive cash that they would otherwise not have due to payment delay or even default. This means that more than 9 percent of company revenue flows back into the economic cycle - with 9.7% the percentage is slightly higher in Western Europe than in Eastern Europe with 8.6%. Companies report that the percentage is significantly higher in Germany. Here, the share of revenue being returned to companies as a result of debt collection services is 20.7 percent. These figures are confirmed by the representative EOS survey 'European Payment Practices' 2018, which was conducted for the 11th time this year in partnership with market research institute Kantar TNS.

The following result underscores the cooperation between companies and debt collection services and will certainly not only surprise supporters: Improved payment practices in society because of debt collection. 70 percent of the companies that work with receivables management services agree with this statement. They are observing in practice that using debt collection companies has a positive influence on payment practices of consumers as well as companies. Nearly a third of the companies (28 percent) that have not yet used a debt collection company also believe that the debt collection sector has an effect on society's conscientiousness regarding payment practices.

The business world and debt collection complement each other

Those who do not rely on debt collection have to make up for payment defaults in other places or collect overdue payments on their own – and frequently companies lack the resources to do so. The relevance of the funds recovered by external debt collection services is shown by the way the funds are used. 47 percent of the companies use these funds to secure and create jobs. 61 percent of the companies surveyed report that they are paying their own debts in time. Other positive ways companies reinvest the funds are expansion of the segment (35 percent) and additional investments in research and development (27 percent). All are important activities required to keep the business of European companies going. "Frequently many people



will only realize how relevant a sector is when they imagine that it would no longer exist. If one takes economy without debt collection to its logical conclusion, there would be no immediate consequences for non-payers, which would be very alarming from a moral as well as economic perspective. Obviously this scenario emphasizes how important debt collection companies are for our society,” concludes Klaus Engberding, CEO of the EOS Group.

About the EOS survey: 'European Payment Practices' 2018

In conjunction with independent market research institute Kantar TNS (formerly TNS Infratest), EOS conducted phone interviews in the spring of 2018 with 3,400 companies in 17 European countries about the payment practices in their respective locations. 200 companies with an annual turnover of more than EUR 5 million in each of the countries Denmark, Germany, UK, Spain, France, Belgium, Switzerland, Romania, Czech Republic, Croatia, Hungary, Bulgaria, Slovakia, Slovenia, Poland, Russia and Greece answered questions about their own payment experiences, economic developments in their countries and issues relating to risk and receivables management. The survey is being conducted for the 11th year in succession. For more results of the survey go to: <https://de.eos-solutions.com/surveys>

The EOS Group

The EOS Group is one of the leading international providers of customized financial services. As a specialist in the evaluation and processing of receivables EOS deploys new technologies to offer its some 20,000 customers in 26 countries financial security through smart services. The company's core business is the purchase of unsecured and secured debt portfolios. Working within an international network of partner companies, the EOS Group has a workforce of around 7,500 and more than 60 subsidiaries, so it can access resources in more than 180 countries. Its key target sectors are banking, utilities, real estate and e-commerce. For more information please visit: www.eos-solutions.com.

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