EQUIFAX

EQUIFAX NATIONAL CREDIT MANAGERS SURVEY 2018

In June, Equifax surveyed 302 Credit Managers. Here are the key findings.

Positive Outlook of Economic Growth Drives Increase in Credit Demand

When asked to consider the next 12 months, more than half (**58%**) of respondents indicated that **broader economic growth** would have a **positive or strong positive impact** on their business.

Of the remaining respondents, **13%** said they expected economic conditions to have a **negative impact**, although none said they expected it would have a severe negative impact on their business.

Respondents who indicated that broader economic growth would have a positive impact on their business...

2015:	47%
2016:	31%
2017:	56%
2018:	58%

When asked about the **coming 12 months**, respondents reported the following:

- **27%** plan to increase or tighten collections activity;
- **22%** plan to tighten credit criteria;
- **13%** plan to register security interests;
- **8%** plan to reduce credit limits.

50% or more of credit managers who operate Australia-wide or in NSW/ACT, QLD, SA and VIC selected **"stricter or tighter credit criteria" as their number one choice** for the changes they made to their credit policies in the past 12 months in response to the economic conditions.

Demand for Credit

THE **DEMAND** FOR CREDIT **IMPROVED CONSIDERABLY** IN THE LAST 12 MONTHS.

YEAR-ON-YEAR CHANGES:

CREDIT MANAGERS WHO EXPERIENCED A RISE **IN CREDIT DEMAND**

2018:	60%
2017:	37%
2016:	40%
2015:	42%

CREDIT MANAGERS WHO EXPERIENCED A FALL **IN CREDIT DEMAND**

2018:	13%
2017:	26%
2016:	17%
2015:	18%

Collections Activity

Customers with the **most money outstanding** are the **greatest priority** of collection activity for **44%** of respondents in this year's survey.

This is closely followed by customers with the **greatest number of days outstanding (43%)**, while customers who look like being at **high risk of failure** is also a priority for some credit managers (**10%**).

MOST MONEY OUTSTANDING	MOST DAYS OUTSTANDING	HIGH RISK OF FAILURE
44%	43%	10%

DSO

An improvement in Days Sales Outstanding (DSO) performance was recorded, with **37%** of respondents saying their **DSO had improved** over the previous 12 months. The **average DSO** was estimated at **40.7 days**, down from 41.7 days in 2017 and 42.7 days in 2016.

PPSR

More than two-thirds of respondents had **registered** on the PPSR (**67%**). Of these:

65% are **confident** all their PPS registrations are correct;

20% are **not confident** their registrations are correct;

15% said they were **unsure**.

55% of businesses registered on the PPSR will need to **RENEW** their 7-year registrations made at the onset of PPSR that are **due to expire from January 2019**.

Of those respondents who had **NOT REGISTERED** on the PPSR, the reasons cited included:

- It was not applicable for their business to do so (**37%**);
- It would not be beneficial to the business (**32%**);
- They don't understand the value (**11%**);
- The cost is prohibitive (**7%**).

About the Survey

Context

Equifax conducted a survey from May to June 2018, to explore the dynamics of credit management in Australia. The 2018 survey is a continuation of the National Credit Managers Surveys that have been conducted in previous years. The questions asked were designed to assess changes in credit practices, sentiment and conditions over the previous 12 months, relative to previous periods.

Purpose of the survey

To provide insight into the impact of various economic and innovation changes on credit management decisions in Australia.

Who we surveyed

The survey targeted credit managers within a variety of Australian organisations across a broad range of industry sectors. In total, the survey received 302 responses. The majority of responses came from within the manufacturing, wholesale trade, finance, insurance and construction industries.

Credit management experience

The majority of respondents had over 20 years' experience in the credit management industry, reflecting an extensive knowledge of historical trends and processes held by survey participants. Only 23 participants possessed less than four years' experience.

Company size

Respondents represented organisations with customer bases spanning from less than 500 to 10,000 or greater. Medium sized organisations were most commonly represented within the survey, with organisations with customer bases between 1,000 to 5,000 occurring most frequently.

Size of credit team

The number of full time employees differed across the sample, suggesting the survey reflected the variety of issues that affect smaller, medium and larger-sized organisations.

The greatest number of respondents were from organisations with a staff of more than 750 people, while respondents from companies that had between 21-50 employees were least common.

What we asked

The survey questions aimed to provide insight into:

- The impact of changing economic conditions on credit management activity;
- Changes in credit application processes and approvals;
- The performance of current credit management organisations; and
- The use of the PPSR.

FOR MORE INFORMATION

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