Why flexible payments support a vibrant European retail & wholesale sector

EuroCommerce 30 years
Retail & Wholesale

#FlexNotFixed

Contractual breaches must be tackled and bad payers must be held to account. The EU Commission's draft Late Payments Regulation seeks to stop late or non payment by fixing payment terms to 30 days. This is the wrong solution to a real problem.

Risks of the proposed fixed 30-day payments regime:

Consumer

- **Higher prices**
- **Less diverse high streets,** especially in small towns and rural areas
- **Less choice** on shelves & fewer shops

Retailer / Wholesaler

Hi, I'm Kate. I ordered toys 6 months ago for Christmas, and can pay my supplier when I have sold a few of them.

- **Increases risk** of paying for stock
- **Erases ability to negotiate** and adapt to market needs
- **Reduces liquidity and investment;** creates a financing gap (€150bn)
- **Harder to enter new markets**

Supplier

- **Fewer contracts; less innovation**
- **Online intermediaries** more attractive
- **Fewer jobs**

Benefits of the current flexible payments regime:

European businesses currently operate with 30 day or 60 day, or more payment terms agreed by all parties. This creates flexibility for businesses and choice for consumers and drives down costs.

- **More vibrant and varied** high streets
- **Affordable** prices
- **Availability and choice** of products

- **Innovation** is encouraged
- Payment terms **match business models** and inventory needs
- **Easier to start new businesses and less risky**
- Enables wholesalers to **offer credit and storage** for continuous production

- **Supply chains depend on credit and flexible payment terms**, so retailers and wholesalers can stock goods and support more jobs
- **EU's resilience and global competitiveness** safeguarded

EuroCommerce's #FlexNotFixed campaign underlines the importance of flexibility in Europe's current framework. Don't fix what isn't broken. We need to work together to find a better solution, focusing on enforcement and capacity building.

Read more on eurocommerce.eu to get involved