Supplier Payment Terms Index

Supplier payment terms of the largest companies in the Netherlands

May 2025

With over $100 trillion in outstanding government and corporate bonds globally[1] and sustained high financing costs, companies and investors alike have been facing challenging times, amplified recently by heightened trade tensions and tariffs.

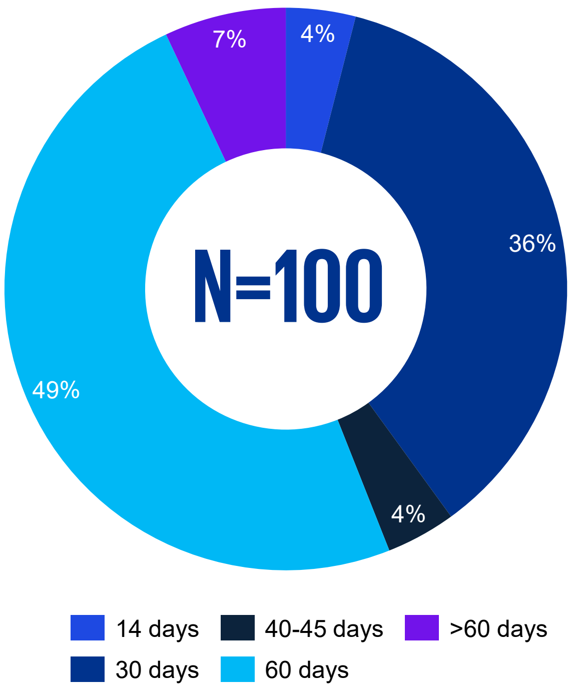
In the Netherlands, companies are pressured by higher working capital needs and supply chain uncertainties. To stay competitive, they optimize their cash conversion cycle and streamline operations to retain more cash for trading, growth, investment, and debt reduction.

Supplier management and the purchase-to-pay process are key components of working capital management. We researched over 300 of the largest companies in the Netherlands[2] and collected publicly available data on standard supplier payment terms of 100 companies to form a view on prevailing practices in this community.

60 days is the prevalent standard payment term used by nearly half of the companies in our sample, followed by 30 days. Besides payment days, various other contractual clauses impacting working capital performance are being deployed, which we will explain later in this paper.

It is key for companies to understand the right payment terms in their sectors and jurisdictions in order to balance legal compliance, supply chain resilience and financial health.

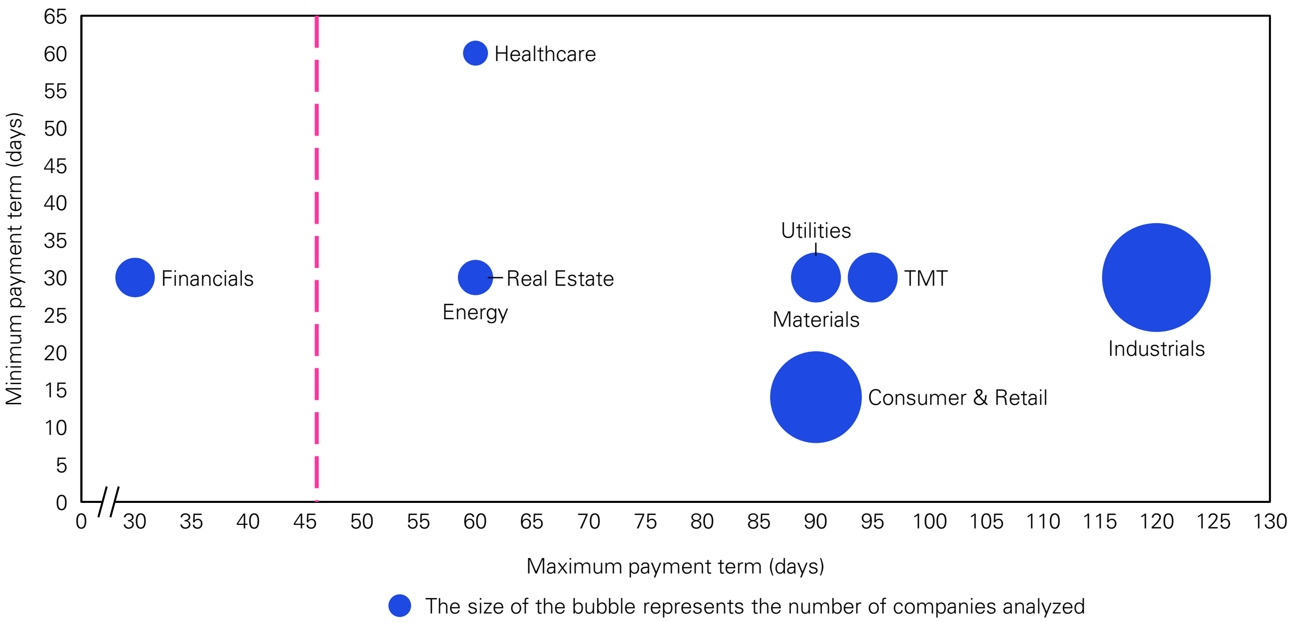
Supplier payment terms (in days) of the largest Dutch companies (% of companies analysed)[3]



Source: (1) Reuters (2) EW Magazine (3) companies' websites

At sector level, there is disparity in standard supplier terms between companies in the Netherlands.

Spread between minimum and maximum supplier payment terms (days) per sector[a]



Note: (a) The graph is simplified for companies with different payment terms per region and only shows domestic payment terms.
Source: Companies' websites

Industrials, Consumer & Retail (C&R) and Technology, Media, and Telecommunications (TMT) are the sectors with the widest spread in supplier payment terms, with spreads of 90, 76, and 65 days, respectively. For all three sectors, 60 days is the most common payment term, used by more than 50% of these companies. C&R is the sector with the lowest minimum payment term of 14 days (four companies). In this sector, it is common to purchase on shorter payment terms for certain categories of supply, such as fresh produce from small farms.

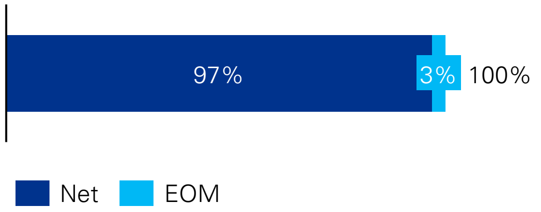
The wider spread in payment terms for C&R and Industrials could be partly attributed the wider range of sub-sectors within the sample – five and six subsectors, respectively. Each of these subsectors have their own procurement characteristics. For instance, within the C&R sector, consumer discretionary retailers typically use standard payment terms of between 14 and 30 days, although they may negotiate different payment terms in individual contracts; food, beverage, and tobacco producers typically use terms of 40 to 60 days; and construction materials retailers in the sample use 90-day payment terms. Within Industrials, the most common payment terms are 30 to 60 days, but one company sampled applies a 120-day standard payment term. Half of the companies in TMT use 60-day payment terms, whereas the other half equally splits between 30, 75, 90, and 95 days.

All sampled companies in Healthcare use 60-day terms, while all companies in Financials use 30-day terms. Companies in the Energy and Real Estate sectors use either 30 or 60 days, while companies in the Materials sector use a wider range with a minimum of 30 and a maximum of 90 days. Five out of the six Utilities companies sampled use 30-day payment terms, and one company uses 90 days.

Note that based on data availability certain sectors have sampled larger numbers of companies: 27 in C&R and 38 in Industrials, compared to eight or less for other sectors.

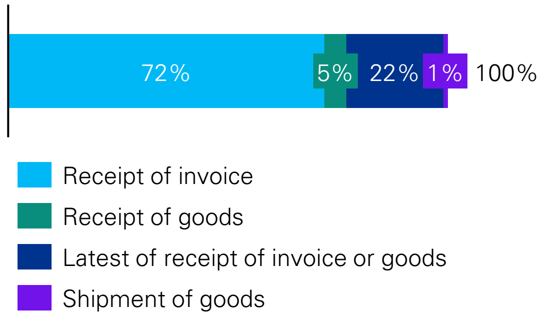
Most companies sampled use net payment terms while end of month (EOM) terms are used less frequently as standard terms. Receipt of invoice is the most common payment trigger date.

Net vs EOM payment terms of large Dutch companies (% of companies analyzed)



Source: Companies' websites

Payment trigger date of large Dutch companies (% of companies analyzed)



Certain other clauses impacting working capital are embedded in standard terms and conditions.

Additional supplier payment conditions of large Dutch companies (% of companies analyzed)

6% apply discounts for early payment. Discounts vary between 1% and 3.5% and the days within which they are applied vary between 8 and 30 days, with on average a full term of 60 days,.

2% specify different terms for domestic versus overseas suppliers. When compared to domestic suppliers, two of these have longer terms for overseas suppliers.

12% specify that shorter payment terms will apply in accordance with local legislation.

2% specify that payment should be made on a specific day of the month according to company payment run policies.

Source: Companies' websites

Legislation is adding another dimension for working capital, urging companies to act.

European companies must comply with prevailing regulations such as Directive 2011/7/EU on combating late payments. Countries must apply this Directive locally, though they may continue to apply other regulations that are more favorable to the creditor than the Directive's provisions. The late payment Directive plays a role in governing payment terms in the European Union and safeguarding fairness in supply chains, especially for SMEs. Despite the Directive being established in 2011, the European Commission (EC) estimated in 2018 and again in 2023 that still only 40% of businesses in the EU were being paid on time[1][2]. The EC is currently considering addressing this issue through a uniform and binding approach for combating late payments without exceptions for SMEs[3].

Payment regulations in the Netherlands

30 days
Default payment terms for B2B transactions

60 days
Allowed if agreed by both parties

>60 days
Requires evidence that no negative consequences are experienced by either party due to the longer terms

30 days
Required for purchases by Government entities and payments to SMEs

Source: (1) European Commission (3) European Commission (4) European Commission

Companies need to understand the appropriate payment terms based on their specific geographies, sector, and supply chain to balance regulatory compliance, supply chain resilience, and working capital performance.

We recommend a four-step approach:

1. Understand regulatory requirements;
2. Assess industry/country standards and benchmarks;
3. Install holistic working capital agreements with suppliers which favour both parties; and
4. Continuously monitor and improve purchasing practices and payment timeliness.

How KPMG can help

Our dedicated team of specialists supports companies to establish fair, transparent, and suitable purchasing terms and policies. We also help companies with holistic working capital optimization across payables, receivables, and inventories, through:

I. Working capital improvement diagnostics that enable us to quickly identify sources of upside, and the steps needed to unlock this value to enhance the resilience of companies and their supply chains;

II. Implementation support to help our clients define, develop, and implement tangible improvements in their business;

III. A people-oriented approach towards establishing a cash culture, whereby people across the organization understand and actively consider their roles in contributing to improved working capital management; and

IV. A suite of analytical tools which can help our clients proactively identify and address working capital issues.

Contact

If you would like more information on how KPMG can assist your organization in optimizing the purchase-to-pay process or wider cash conversion cycle, please contact:

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