Latin America: companies are tightening credit in the face of rising late payments

Coface

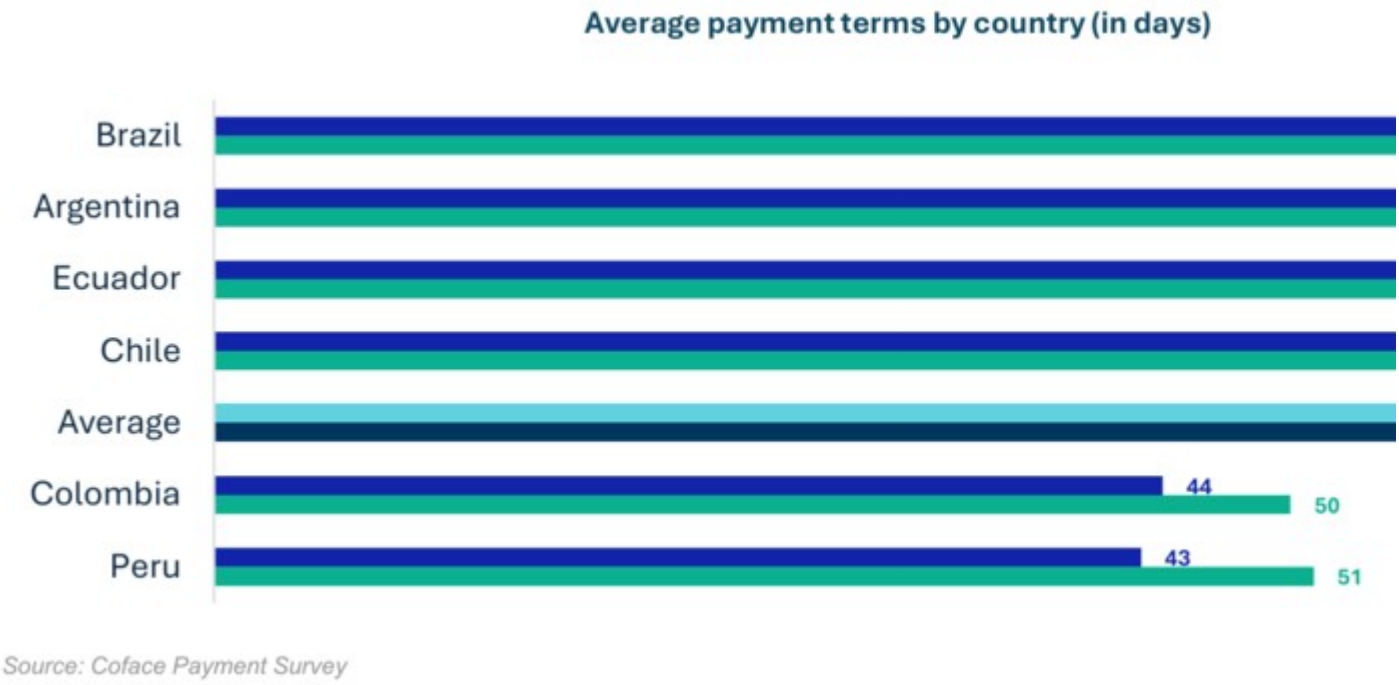
In an uncertain economic climate, companies in Latin America are tightening their credit terms to protect themselves, but without managing to stem the rise in payments delays. Nearly 8 in 10 companies are now facing payments delay, a rising figure, despite shorter payment terms. This dual trend illustrates the mounting cash flow pressures in the region, against a backdrop of high financing costs and fierce competition.

Key takeaways

- **79% of businesses report payment delays**, an increase on last year.
- **Payment terms are becoming shorter (56 days on average)**, which is a sign of greater caution.
- Payment delays are **more frequent but shorter in duration (33 days)**, reflecting better management of persistent pressure.

Payment terms: shorter but more frequent

In 2026, **95% of businesses offered payment terms to their customers**, a significant increase from 88% in 2025. The average credit period fell from 59 days in 2025 to 56 days in 2026. This reduction is mainly due to an increase in the availability of very short payment terms (0–30 days). Brazil and Argentina have the longest average payment terms (66 days), while Peru has the shortest the least affected (43 days).

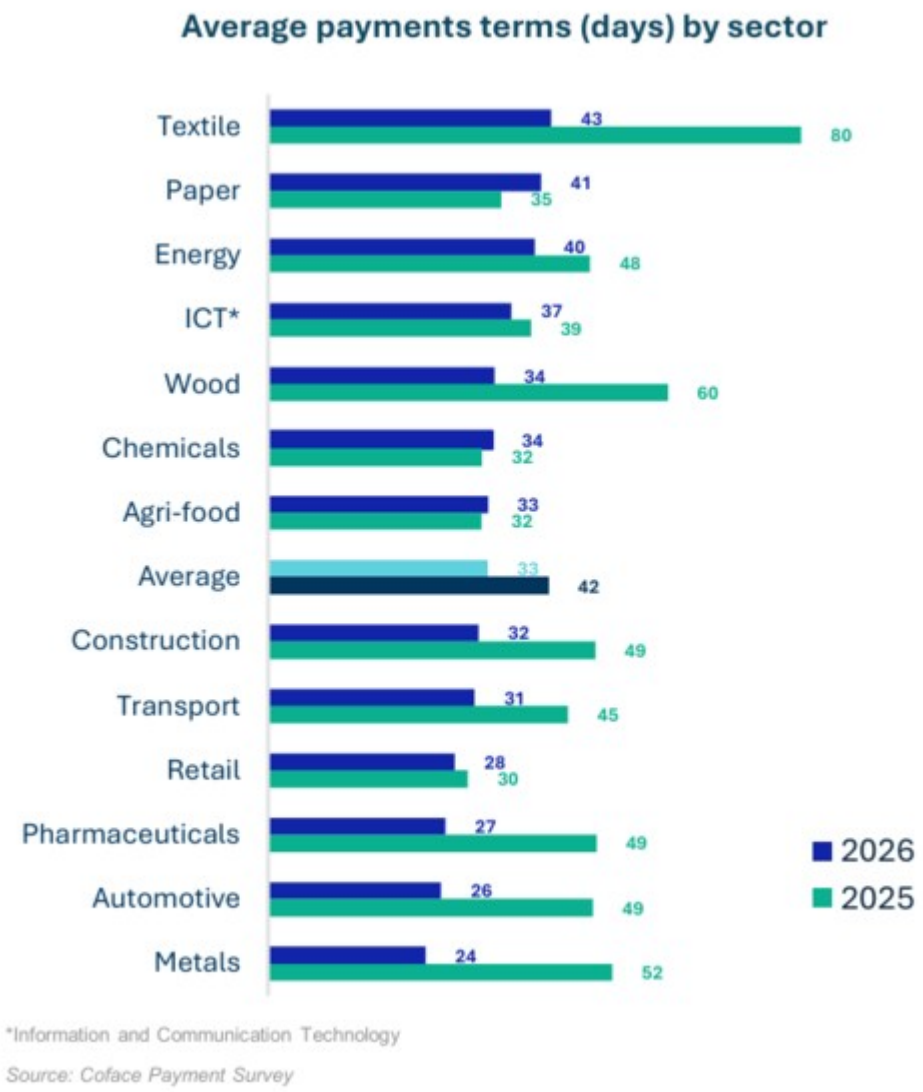


Source: Coface Payment Survey

Data for graph in .xlsx format

The wood sector is the most restrictive, whilst the automotive and pharmaceutical sectors offer longer payment terms

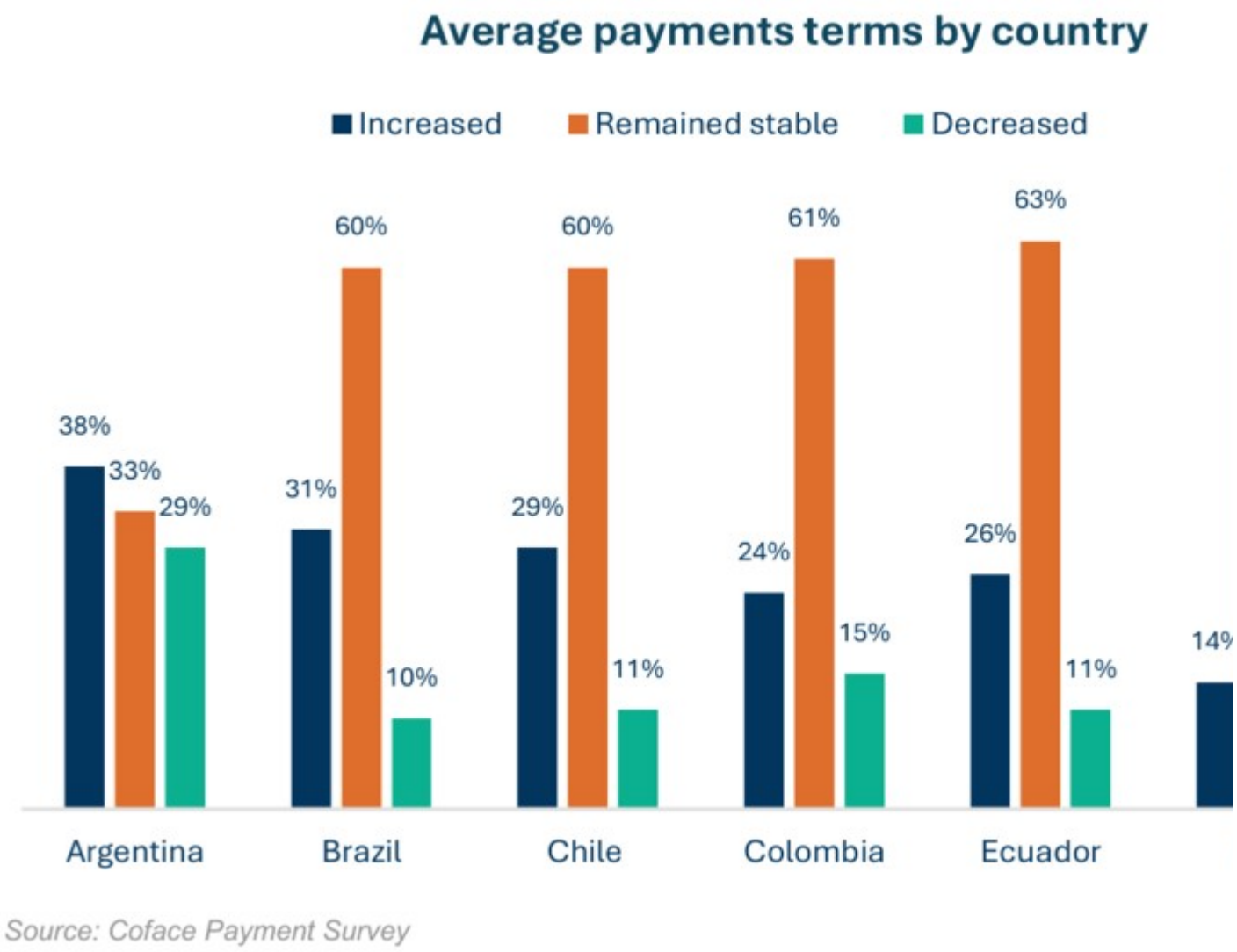
From a sectoral perspective, the **wood** sector proved to be the most restrictive, with an average payment term of 40 days and all transactions settled within 60 days. The automotive and pharmaceutical sectors offered the most generous payment terms, with 25% and 19% of their transactions respectively exceeding 90 days.



Data for graph in .xlsx format

More frequent, but shorter delays

Late payments are more widespread, with **79%** of businesses reporting them, compared with 77% in 2025. This proportion was exceeded in Brazil, Chile, Ecuador and Peru, as well as in nine sectors. However, the average duration of delays has fallen to **33 days**, down from 42 in 2025, suggesting more effective debt collection practices. At country level, Peru recorded the shortest delays (24 days), whilst Ecuador recorded the longest (44 days).



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The main reasons cited for payment delays are

- customer defaults (63%),
- followed by weak demand (29%)
- and fierce competition (26%).

High financing costs (19%) are also a major concern, particularly in Brazil.

2026: companies are confident but remain vigilant

Nearly **70% of businesses expect their performance to improve in 2026**. However, significant risks remain, notably an economic slowdown (cited by 24% of them), **fierce competition** (21%), **geopolitical tensions** (13%), and **exchange rate volatility** (8%). High interest rates and financing costs are also identified as a notable risk (7%). Against this backdrop, companies' ability to secure their cash flow and accurately assess customer risk will remain a key challenge in 2026.