What we learned about supplier credit in the UAE

Findings from interviews, conversations and written exchanges

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Abstract

This report examines how UAE suppliers decide which business customers may receive goods now and pay later, how they review subsequent orders, and what happens when payment is delayed. Interviews and written exchanges describe the roles of Sales, Credit, senior Finance and trade-credit insurers. A cheque may bounce when the supplier needs the money most. A large order may raise concerns even when it fits within an approved credit limit. An invoice may remain unpaid because a return has not been recorded or the buyer has not accepted the delivery.

A few participants described checking credit information selectively. An insurance specialist explained that insurers do not always update buyer records: larger insured amounts receive more attention, while information supporting small limits can remain years old because new reports cost money. A buyer's financial condition and payment record affect its risk assessment and insurance cover; a reported payment problem can prompt an earlier review. The findings explain who makes these decisions, which information they use, and where payment gets delayed between approval, delivery and collection.

Note to interviewees

Thank you for explaining how credit works in your business. I prepared this report for you to compare practices, discuss specific problems with colleagues and correct what we have missed.

Research scope

We interviewed 45 people across sales, credit, finance and insurance, in sectors including food and beverage, hospitality and electronics. The source material includes interviews, follow-up conversations, substantive LinkedIn and email exchanges, meeting notes and transcripts. The most detailed descriptions concern UAE suppliers and distributors.

Names, employers and identifying incident details are omitted. Examples are paraphrased. Numerical process details are retained where useful without linking them to an identifiable company. Practices described by an individual participant are identified as such. The workflow combines practices across companies; no single company necessarily follows every step.

Executive summary

How suppliers sell goods on credit

Context

A supplier extends trade credit when it delivers goods to a business customer, the buyer, and allows payment later. The unpaid invoice is a receivable. The supplier sets a credit limit: the maximum amount it allows the buyer to owe. A trade-credit insurer may separately agree to cover non-payment, subject to its policy. Its cover limit can differ from the supplier's issued credit limit. An enterprise resource planning system, or ERP, records orders, invoices and balances and can block orders.

Who approves credit and follows up on payment

Sales brings the customer, proposes payment terms and collects application documents. Credit checks the buyer and recommends a limit. Senior Finance or management approves limits and exceptions under the company's rules. A separate team may manage insurance. Warehouse, billing and buyer teams provide delivery and acceptance records needed to collect payment.

Five findings recur across the examples below. Each shows a specific decision or delay that a credit limit alone does not explain.

1. Receiving a cheque does not mean the supplier has been paid

Participants described post-dated cheques (PDCs) and security cheques as part of credit arrangements. A few operators ask for several smaller security cheques because a large cheque may bounce when the buyer runs short of funds. After a bounce, he repeatedly follows up for a new deposit date. The interviews did not measure whether splitting cheques improves recovery.

2. Teams check unusual orders even within approved limits

An operator reviews products, quantities and prices, including whether a buyer accepts an unusually high price for a bulk order. Another watches abrupt increases in monthly purchases. They may hold the order or supply only part of it. These checks go beyond the ERP's checks for overdue invoices or a breached credit limit.

3. Some overdue balances reflect unresolved returns or acceptance

A controller described returns recorded three to six months late. Another participant described equipment invoices waiting for installation, training and documentation before payment could be processed. These delays require corrections or acceptance records before collection can proceed.

4. Insurers prioritize updating their information partly by the amount they could lose, and by how many suppliers ask for that buyer.

An insurance specialist described faster cover decisions when buyer information was current. A new review can require a paid report, so buyers with larger insured amounts receive more frequent attention. Records supporting small limits may remain older. A payment problem can trigger an earlier review. A supplier separately described needing approval to buy a credit bureau report.

5. Collectors use shipment holds, payment plans and settlements

An operator compares weekly expected collections with actual receipts, investigates missed payments and blocks or reduces supply. Another prepares explanations for balances more than six months overdue. Participants also described legal notices, installment plans and discounts to settle debts sooner.

The people behind a credit decision

Sales, Credit and senior Finance make the main approval decisions. Collecting payment also depends on insurance, billing, warehouse and buyer teams. The table shows their responsibilities and where they rely on one another.

Role	Responsibility	Notes
Sales	Brings the customer and commercial case; gathers documents; maintains the relationship.	May also chase payment. Sales may want to supply before Credit has completed its checks.
Credit analysis and control	Investigates the buyer, recommends limits and terms, monitors balances and controls order release.	May also own receivables and collections, or hand those tasks to another team.
CFO or senior finance leader	Oversees cash, working capital, large customer balances and credit policy.	Needs a reliable picture of exposure, exceptions and overdue or disputed balances.
Senior management	Approves significant limits or exceptions under the company's authority rules.	Can accept commercial exposure beyond a credit recommendation or insured amount.
Supplier insurance team	Coordinates cover requests, policy administration and claims.	Sometimes separate from Credit or accounts receivable (AR). People releasing orders need to know when cover changes.
Billing and receivables	Issues statements, allocates payments and reconciles balances.	Returns, credit notes and deductions need input from Sales and operations.
Warehouse and delivery teams	Execute releases or holds and retain proof of delivery or service.	Their records affect whether the buyer acknowledges and pays an invoice.
Buyer teams	Owner or authorized signatory approves commitments; Finance/accounts payable (AP) processes payment; procurement and operations confirm receipt and acceptance.	The person following up with AP may be waiting on a different buyer department.
External parties	Insurers, brokers, banks, information providers, other suppliers, collectors and legal teams support specific decisions.	Each sees part of the relationship and has its own evidence requirements.

Insurance approval and supplier approval are separate

Within an insurer, an analyst may gather evidence and assess the buyer while an underwriter decides the cover limit. The supplier then makes its own commercial decision. An insurance limit does not automatically become the supplier's trading limit, and a supplier's approval does not automatically create insurance cover.

In project businesses, another stakeholder enters the picture: the buyer's end customer, developer or certifier. Their acceptance and payment can influence when the supplier gets paid.

The workflow from credit request to debt recovery

These steps combine practices across companies. Insurance checks and cheque requirements vary. Monitoring and collections continue after approval.

Stage	Main owners	Work and decision
1 Request terms	Sales and buyer	Establish expected purchases, requested terms, urgency and the commercial case.
2 Verify the account	Sales and Credit	Check the legal entity, licence, ownership and authorized signatory; complete the application.
3 Gather evidence	Credit and buyer Finance	Request financial and commercial records. Record missing information and chase it.
4 Investigate	Credit and external sources	Visit the business where relevant, call independent references, obtain reports and investigate related entities.
5 Assess insurance	Insurance team, broker and insurer	Seek information or cover. The insurer may approve, cap or decline the requested limit.
6 Set terms and approve	Credit, Sales and management	Choose cash, advance, PDC-backed terms, other security or open credit. Record the supplier limit and any management exception.
7 Record and release	Credit, ERP and warehouse	Set system controls. Apply the agreed payment condition and review balance, aging and order context before release, hold or partial supply.
8 Deliver and invoice	Operations, billing and buyer	Retain the purchase order (PO), delivery or service acceptance and invoice records needed for payment.
9 Reconcile	AR, Sales and buyer AP	Reconcile invoices, receipts, cheque clearances, returns and deductions. A received cheque and a cleared payment are different events.
10 Monitor and review	Credit, Sales, insurer and Finance	Review purchase and payment patterns, changes to insurance cover, project delays and large balances. Adjust terms or seek senior approval.
11 Collect	AR or Credit, Sales and buyer	Follow up on due balances or bounced cheques, obtain payment or redeposit commitments, negotiate plans and review further supply.
12 Escalate and recover	Management, legal and insurer	As applicable, pursue settlement, eligible claims, legal recovery or write-off with supporting records.

Four amounts to track separately

- Requested credit is the amount the buyer or Sales asks for.
- Supplier-approved credit is the maximum the supplier allows the buyer to owe.
- Insurance cover is the amount the insurer agrees to cover, subject to policy terms.
- Outstanding receivables are the unpaid invoices already on the supplier’s books.

These amounts can differ. Receiving a cheque does not reduce the amount still to be collected until the payment clears.

Cheques and bounced payments

Post-dated cheques schedule payment; security cheques provide a fallback

A post-dated cheque (PDC) carries a future payment date. A participant described collecting a PDC for a month's supplies, dated about 60 days ahead. He also described requiring cash or a cleared cheque before supplying a new customer. The interview did not establish a fixed sequence for moving customers from cash to cheque-backed credit.

A different operator requested security cheques from newer or borderline customers, including when an insurer offered little or no cover but Sales still wanted to trade. Some were undated and held as a fallback if the buyer failed to pay. An insurance specialist also mentioned PDCs and owner promissory notes, written promises to pay, when suppliers traded beyond insured limits. The interviews did not establish identical uses of these instruments across companies.

A large security cheque can still bounce when the debt falls due

A few operators have experienced this - a large cheque can look reassuring at approval but fail when finally deposited because the customer no longer has enough money. One operator asks Sales to obtain several smaller cheques instead, reasoning that a smaller amount may have a better chance of clearing. He also treats an offer of a large cheque in exchange for much larger credit as a reason for scrutiny.

The amount written on a cheque does not establish that funds will be available when it is deposited. The smaller-cheque approach is one operator's practice; the research did not measure its recovery rate or identify an optimal cheque size.

After a cheque bounces, the collector must secure a new payment commitment

The same operator repeatedly contacted customers to obtain a new deposit date after a cheque bounced. He still had to establish whether funds would be available and whether the buyer would keep the new commitment.

These examples show why a cheque record needs to distinguish receipt, the date due for deposit, deposit, clearance and return unpaid. After a bounce, the next promised payment date also matters. This is a conclusion drawn from the interviews; we did not verify how each company records every status.

Past bounced cheques do not show the buyer's full ability to pay

An insurance specialist described past bounced-cheque information as useful but incomplete: it does not replace an assessment of financial condition, operations and future ability to pay. These observations describe business practice; they do not establish the enforceability or legal treatment of any instrument.

What actually happens during approval

Sales collects application documents; Credit checks them

A controller described Sales collecting the company's application form, trade licence, commercial registration and owner or signatory documents, together with proposed payment terms and a limit. Credit verifies and analyzes the material. In that company, credit accounts require more senior sign-off than cash accounts. Collecting the documents does not give Sales authority to approve credit.

Buying more information can itself need approval

A supplier does not buy a bureau report for every customer. Larger requested limits trigger deeper checks, and Credit may need approval for the report cost. The same participant requests supplier invoices and payment receipts to check the buyer's trade references. The team decides whether the additional information is worth paying for, given the amount it may be owed.

Months of cash trading do not automatically qualify a buyer for credit

Several participants described cash trading for months before credit approval. In one company, Sales requests the change, Credit reviews purchase and payment history, obtains approvals and updates the records. The team also checks whether increases in purchase volumes fit the buyer's business.

Site visits can reveal a mismatch between premises, revenue and margins

An operator compares the cost of a buyer's premises with the margins its business could earn. An expensive office raises questions if the business appears unable to support its overhead. An insurance specialist described the reverse: reported revenue much larger than the visible operation suggested. These checks test the buyer's explanation of its business; appearances alone do not prove financial strength or dishonesty.

Applicants can nominate only the suppliers they are paying

An operator described buyers giving references from suppliers they were paying while omitting suppliers they still owed. He therefore also calls independent industry contacts. Another controller uses application references but may request invoices and receipts to verify them. A completed reference check can still miss unpaid suppliers.

Separate legal entities may share owners and payment risk

A written exchange described manually matching owners, addresses and phone numbers across trade licences to investigate related businesses. Shared details suggest links to check; they do not prove common control. An insurance specialist described a system that already links group companies. The research did not establish whether suppliers receive those links or use them when setting limits across related buyers.

What changes after the account is approved

An unusually large order at a high price can prompt a hold

An operator checks whether the products fit the buyer's business and whether the quantity or price is unusual. Accepting an above-market price for a large order can raise concern that the buyer intends to resell the goods quickly for cash. He may hold the order while investigating.

Another operator watches for purchases several times larger than a customer's normal monthly volume. These are checks based on experience. The interviews did not measure how reliably they identify fraud or future non-payment.

Some teams review exceptions while others temporarily review every order

One ERP workflow routes only over-limit or overdue orders to Credit; ordinary orders proceed directly. A different operator described temporarily requiring personal approval of every order during a period of concern, despite having system limits. He also recalled after-hours approvals in a previous operation. Manual review can result from a deliberate policy choice, with a real staffing cost.

Management may continue supply despite Credit's warnings

A participant described management continuing supply after repeated warnings because the buyer had overcome earlier problems and paid before. Credit sought PDCs and retained invoices and confirmations of the amount owed. A balance later remained unpaid despite those documents and cheques. The interview did not establish the final loss.

Returns can sit outside the ledger for three to six months

One controller identified delayed posting of sales returns as a major source of account-clearing work. Goods may have been returned while the customer's ledger still shows the original receivable. Other exchanges described rebates, promotions and deductions. Credit then has to establish the correct amount due before a payment dispute can be resolved.

Equipment invoices may wait for installation, training and acceptance

An equipment supplier described installation, user training and service documentation between delivery and payment processing. Invoices could take four to five months to complete that process. Collectors had to get the invoice and acceptance records to the buyer's accounts payable team, which processes supplier payments. Sending more reminders would not, by itself, complete those requirements.

The buyer's payment may depend on its own customer or project certifier

Construction and IT participants described waiting for project certification, end-customer acceptance or payment from their own customers. Collectors need to identify which event is outstanding. A delayed certificate requires different follow-up from an acknowledged debt the buyer refuses to pay.

How teams collect overdue payments and control further supply

Collectors investigate why expected payments did not arrive

An operator compares weekly collection forecasts with actual receipts, then follows up by salesperson and customer. An unavailable signatory or a holiday may delay processing. A buyer saying it has no funds creates a different problem. The explanation helps the team decide whether to wait, reduce supply or stop it.

Supply can be reduced before the relationship is cut off

One account described supplying only part of a requested quantity while checking whether payments continued. The same participant described a short grace period beyond agreed terms, followed by an ERP block when the customer did not respond. Payment was required before supply resumed. These are individual policies, not recommended market-wide thresholds.

In another workflow, a blocked order goes back to Sales for an update or payment commitment. If that does not resolve the issue, the customer must pay before the order proceeds. The next shipment becomes part of the collection decision.

The block has to reach the warehouse and the salesperson

A participant described blocking a customer in the ERP so another location could not create a new sales order, then explaining the reason to Sales and management. This existing control prevented further orders across locations while keeping the people dealing with the customer informed.

A missing signed copy sends the collector back to operations

A buyer may say the invoice was never received or accepted. One controller retrieves signed and stamped acknowledgement copies from the warehouse. Another described asking the store team why delivery or customer signatures were delayed. In one operation, electronic reports coexist with physical application forms and acknowledged invoice files kept for audit purposes. The underlying evidence can still live outside the system that produces the aging report.

Management receives an explanation for each balance over 180 days overdue

A controller prepares a monthly report explaining each customer balance more than 180 days overdue. The company treats those balances as doubtful for internal review. This is its own threshold, not a general accounting rule. The report explains why payment is late and what the team is doing to collect it.

Recovery includes installments and negotiated discounts

An operator distinguished customers still trading and proposing monthly installments from customers that had disappeared. Another described sending a legal notice and negotiating before court, sometimes accepting a discount of roughly 10 to 15 percent to settle sooner. The interviews did not establish typical recovery rates.

How insurers assess buyers and set cover limits

Analysts assess risk; underwriters decide the cover limit

An insurance specialist described analysts gathering evidence and maintaining a numerical grade. Underwriters can read the supporting analysis and choose a limit within their delegated authority; larger decisions go for further validation. An underwriter does not simply change the grade to fit the requested business. New evidence can be discussed with the analyst. This separates assessment of the buyer from the decision about how much cover to provide.

A buyer missing from the database takes longer to investigate

For a buyer with current information already on file, the specialist described a decision in hours to two working days. A buyer absent from the database could take five to ten working days: confirm the legal name and address, check registry details, contact the business and gather missing information. A newly added buyer is not necessarily a newly established company. These timings describe one specialist’s experience.

Insurers may leave small-limit buyer records unchanged for years

The specialist explained that insurers do not always update every buyer record. A fresh review can require a paid information report, so larger insured amounts receive higher priority. In his experience, information supporting a small limit could be several years old. A supplier reporting payment trouble could trigger an earlier review of the buyer’s limit. The buyer’s financial condition, payment history and support from a wider company group affect its risk grade and cover. The interview did not establish a fixed review schedule based on trustworthiness.

The buyer may decline to cooperate with an investigation

The specialist described companies refusing meetings or withholding requested information even after meeting. Willingness to cooperate can depend on how important the requesting supplier is to the buyer. A supplier with an easily substituted product has less leverage to demand disclosure. One supplier independently described commercial pressure to continue when the indicated insurer limit was too low for the desired trade.

Verified group support can change the assessment of a new business

The specialist described caution toward newly established businesses, with exceptions when established ownership, capital or group support strengthened the case. He also described checking the ownership link. Sharing a familiar group name does not establish that another group company will support payment. This was a description of practice, not a universal insurer rule.

A reported payment problem is not yet a paid claim

The specialist explained that a disruption may appear in payment records only later, after invoices fall due. A supplier notifying an insurer of a possible claim has not necessarily established a final loss or received an insurance payment. The interviews did not provide verified claims totals or default rates.

How credit and collection practices differ by company and industry

Existing controls can already be effective

Participants already use ERP limits, account blocks, statements and aging reports. An operator was particularly positive about the existing system and collection performance. Some companies described specific problems with returns, documentation or approvals; others saw less need to change their process.

Insurers also monitor buyers and update cover limits. The interviews leave a practical question unresolved: when cover changes, how quickly does the supplier update its own limit and decide whether to release the next order?

Industry and transaction type change the work

Context	What came up in the research
Food and hospitality supply	Cash-to-credit progression, independent references and manual order review. Traders and operating customers can require different judgments.
Fast-moving consumer goods (FMCG) and general trading	Returns, rebates, deductions and channel differences can complicate reconciliation and collections.
Construction and building materials	Related companies, project progress, certification and payments from the buyer's own customers affect when the supplier gets paid.
IT and equipment distribution	End-customer acceptance, deal structure, installation or other milestones can affect payment timing.
Healthcare supply	Established customer relationships, existing ERP controls and separate insurance responsibilities appeared in one detailed account.
Industrial services and machinery	Purchase orders, delivery records and buyer acknowledgement can determine whether accounts payable processes an invoice.
Advance or milestone-funded work	Some businesses deliberately minimize open credit. Their experience is a useful boundary on claims that every company has the same problem.

What this research cannot establish

The interviews do not establish industry loss rates, how reliably informal warning signs predict non-payment, the cost of each process, or demand for a new system. Those conclusions require measured outcomes across paid and unpaid invoices over time.

A participant described a historical system in which distributors reported dealers' bounced cheques without revealing the reporting supplier. Other distributors could use the alerts before extending more credit. The research did not establish whether the system still operates or how effective it was.

Providers that support credit checks, insurance and collection

The supplier grants payment terms and is owed the invoice amount. The providers below help it check buyers, insure debt, record transactions, finance trade or collect payment. The examples come from the interviews and public background sources; they are not a ranking or a list of providers used by every participant.

Category and examples	**What it contributes**
Trade-credit insurers Coface, Allianz Trade, Atradius	Buyer assessment, cover decisions and ongoing risk monitoring; collections or claims support under the relevant policy. Brokers and local issuers may also be involved.
Business information Coface Business Information, Cedar Rose, Dun & Bradstreet	External information to supplement the buyer’s application and the supplier’s own experience. Coverage and usefulness need assessment for the particular buyer.
UAE credit bureau Etihad Credit Bureau or AECB	Company credit information. Having a bureau report is one input into a supplier’s commercial decision.
ERP and accounting systems SAP, Oracle and other systems	Customer records, invoices, aging, balances and configured credit or order controls. The remaining manual work differs by company.
Banks and trade finance providers	Letters of credit, guarantees, financing and related services under specific contracts and approval processes.
Registries and trade institutions	Legal identity and registration checks. Availability of broader information varies by source.
People and communication channels	Sales contacts, other suppliers, site visits, email, phone and WhatsApp supply context that may not sit in the formal credit file.
Recovery specialists	Internal collectors, legal teams, external agencies and insurer claims teams act on the debt and its supporting evidence.

Open Finance and e-invoicing do not automatically give suppliers buyer data

Open Finance and e-invoicing can support information exchange, but suppliers do not automatically gain access to every buyer’s banking activity or invoices. Access depends on the relevant permissions, consent, data coverage and permitted uses. Public company profiles also do not provide a complete record of debts, disputes and payments.