Coface Collect

# How to collect your debts in South America?

Understanding payment risk, anticipating late payments and adapting your strategy to local realities



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# A region where payment risk is evolving

## More frequent payment delays in a still challenging economic environment

South American companies continue to operate in a demanding economic environment. Coface forecasts Latin American growth of only **2% in 2026**, after 2.3% in 2025, against a backdrop of still-high inflation, restrictive credit conditions and limited fiscal room for manoeuvre. These pressures are directly reflected in payment behaviour: **79% of surveyed companies reported payment delays in 2026**, compared with 77% in 2025.

The trend is all the more significant because **the payment terms granted are shortening**, from an average of 59 to 56 days. At the same time, the average length of payment delays fell from 42 to 33 days. This does not necessarily indicate an improvement in risk. It may also reflect greater caution among companies and a determination to preserve cash flow. Brazil and Argentina continue to have the longest contractual payment terms, **averaging 66 days**, while delays range from 24 days in Peru to 44 days in Ecuador.

**79 %**

→ of surveyed companies in Latin America experienced payment delays in 2026

The phenomenon is more frequent than in 2025, despite a shorter average delay.



## Late payments can quickly spread through the payment chain

The main cause of delays is itself revealing: **63% of surveyed companies cite payment defaults by their own customers**. Difficulties therefore pass from one company to another, creating a domino effect throughout the payment chain. Weak demand ranks second at **29%**, while high financing costs are cited by 19% of companies, rising to **36%** in Brazil.

Financial pressure can gradually lead to deteriorating creditworthiness. In Brazil, 2,466 companies entered restructuring proceedings in 2025, up 13% year on year, while Chile recorded **219 corporate liquidations in the first quarter of 2026**, an increase of 57.6%. In this context, a payment delay should not be treated as a simple timing issue: **it may be the first sign of deeper financial weakness on the debtor's part.**

**In South America, the challenge is therefore not merely to collect an overdue receivable, but to act before a delay becomes a lasting financial difficulty.**



# PERU, URUGUAY, PARAGUAY

## Three neighbouring markets with very different debt collection realities

In Peru, Uruguay and Paraguay, **amicable collection remains the main lever**. Contact with the debtor, close monitoring of commitments and the quality of the case file are decisive before legal action is considered.

Yet conditions differ substantially: **Peru offers better access to financial information, while visibility is more limited in Uruguay and Paraguay**, particularly outside the capitals. Locating the debtor and reaching the right contact can therefore be critical.

**12 years**

→ Maximum duration of legal proceedings in Paraguay

This illustrates why collection potential must be assessed before proceedings are initiated.

# PERU, URUGUAY, PARAGUAY



## Key features

- **The first objective: establish contact and understand the delay**

  Initial action generally relies on **telephone and email.** The aim is to identify whether the delay results from a temporary cash-flow issue, a dispute, an administrative problem or a genuine inability to pay. Additional research and on-site visits may be required when the available contact details produce no response.

- **Payment plans require long-term monitoring**

  A payment schedule may unlock a situation, but **an agreement does not mean the receivable is secured**. Debtors may make the first instalments and then stop paying or responding. Some cases therefore remain open for **one or two years**.

- **Information: a decisive advantage in Peru**

  In Peru, risk databases such as **Experian** help analyse payment behaviour and indebtedness, while asset searches can inform the decision to initiate legal action. Such information is much harder to obtain in Uruguay and Paraguay because of data-confidentiality restrictions.

- **Lengthy and costly legal proceedings**

  Legal proceedings should be initiated selectively: proceedings can take 6 to 10 years in Peru and up to 12 years in Paraguay, without necessarily guaranteeing that the full amount will be collected. Costs include lawyers' fees and various administrative formalities, including the apostille of documents for foreign creditors.

**Three countries – Three levels of difficulty**

- **Peru:** more extensive access to information makes it easier to assess the debtor's solvency and determine whether legal action is worthwhile.
- **Uruguay:** the main challenge may lie more in identifying and contacting the right person.
- **Paraguay:** limited access to information and local constraints make careful case selection particularly important.

PITFALL TO AVOID

**Initiating legal proceedings too quickly without first assessing the debtor's solvency.** With proceedings lasting up to **twelve years** and highly uneven access to information, the actual collection potential should be checked beforehand.

## Expert Insight

In agricultural sectors, particularly in Uruguay and Paraguay, debtors are often in the field and check email infrequently. Telephone calls and messaging applications, especially WhatsApp, can be far more effective for establishing first contact and maintaining dialogue. ”



# ECUADOR

## A market where the first priority is to understand why the debtor is not paying

Payment behaviour in Ecuador is particularly varied. Some debtors have the resources to pay but choose to delay, while others are willing to settle their debt but face genuine financial difficulties.

This distinction is essential in an economic, political and security environment that places some companies under pressure. **Understanding the debtor's actual situation makes it possible to adjust the level of pressure and, where appropriate, prioritise a negotiated solution.**

**5 - 6 years**

Possible duration of a structured payment plan

→ In some cases, a plan of this length may allow around 75% of the debt to be collected, whereas legal proceedings may take more than four years before a decision is even issued.

# ECUADOR

## Key features

- **Understand why the debtor is not paying**

  The key is to distinguish a debtor who **can pay but chooses to delay** from one who wants to pay but is facing genuine financial difficulties. This avoids an overly aggressive and counterproductive approach.

- **Amicable collection remains the main lever**

  Weaknesses in the judicial system make negotiation considerably more important. Legal proceedings can take more than four years before a decision is even reached, with no guarantee that the debt will ultimately be collected. By contrast, experience on the ground shows that a **structured payment plan over 5 to 6 years could allow around 75% of the debt to be collected.**

- **Build a relationship of trust**

  Communication should be **empathetic and tailored** to the debtor's situation: aggressive approaches are considered counterproductive. The aim is to build trust while ensuring that the debtor understands the economic consequences of non-payment, particularly the potential impact on future access to financing.

- **Un judiciaire peu protecteur**

  The judicial system is described **as slow, offering limited protection** to creditors and exposed to corrupt practices, which can further extend proceedings. These weaknesses in the judicial system are one of the market's key characteristics and explain why amicable collection plays such a central role.



PITFALL TO AVOID

**Prioritising pressure over dialogue.** In an inefficient judicial environment, an overly aggressive approach can bring negotiations to a standstill, whereas a structured agreement may offer better collection prospects.

## Expert Insight

"The security situation has significantly changed debt collection practices: many debtors no longer answer calls from unknown numbers for fear of extortion. On-site visits have therefore become increasingly important and often help facilitate direct negotiations with the debtor."



# COLOMBIA

## A market where every contact must be precise and purposeful

Colombia offers a relatively favourable environment for debt collection: debtors generally **have a good payment track record and are willing to negotiate**. However, this relative cooperation takes place within a regulatory framework that limits the frequency of collection contacts.

Debt collection must therefore be particularly well structured: each contact should have a clear objective, whether to obtain information, confirm a payment date, identify an issue preventing payment, or formalise a commitment.

**85 %**

→ of cases remain in the amicable phase

The vast majority are therefore resolved without legal action.

# COLOMBIA

## Key features

- **Good payment behaviour within a highly regulated collection framework**

  Colombia stands out for its consistently **good payment behaviour**, with debtors generally willing to negotiate. Collection rates reach approximately **56% to 58% after 12 months** and can rise **to 74% after 24 months** for cases monitored over the longer term, excluding insolvency cases.

- **Contacts must be optimised**

  Due to regulatory constraints, debt collection teams cannot repeatedly contact debtors. The approach must therefore be **targeted and focused on quality**, with each interaction either providing useful information or securing a commitment. This makes choosing the right time and the right contact particularly important.

- **Demanding documentation requirements**

  The quality of the case file plays a decisive role in the ability to initiate legal proceedings. The technical requirements for enforcement proceedings are particularly demanding, making it essential to ensure that all supporting documentation is properly **secured from the outset of the claim.**

- **Timing legal action is critical**

  Approximately **85% of cases remain in the amicable collection phase**, highlighting the importance of effective initial exchanges. Legal proceedings should be considered selectively, based on the quality of the case file and the actual collection potential.



PITFALL TO AVOID

**Multiplying reminders without a strategy.** Regulatory constraints limit contact, so each interaction must be prepared and have a clear objective.

## Expert Insight

Collection officers have a profile similar to salespeople: they must persuade, understand the debtor's situation and, above all, move the discussion towards a concrete solution. ”



# CHILE

## A mature market where financial reputation encourages payment

Chile stands out for its mature, **formalised and relatively predictable credit market**. Payment behaviour is generally good, and business relationships benefit from broad access to information on debtors.

In this environment, **financial reputation is a powerful debt collection lever:** a payment default reported by credit bureaus can restrict the debtor's access to financing and encourage prompt payment.

**4 years**

→ Limitation period for receivables

This makes it essential to act quickly from the first payment delay.

# CHILE



## Key features

- **A mature and structured credit market**

  Chile benefits from a more stable and formalised environment than several other markets in the region. Its credit market is characterised by **a relatively effective legal framework,** broad access to information on debtors and widespread use of credit tools. Payment behaviour is generally good.

- **Financial reputation as a payment lever**

  Reporting a payment default to commercial databases can restrict a debtor's access to financing and encourage prompt payment. In Chile, creditors can notably use Equifax-DICOM services to report certain unpaid debts, while companies can consult commercial reports to assess the financial position of their business partners. The Boletín Comercial, administered by the Santiago Chamber of Commerce, is another source for sharing information on payment defaults. These mechanisms provide debtors with a strong incentive to protect their financial reputation. Their scope, however, depends on the nature of the claim and the rules governing the reporting of such information.

- **Insolvency must be anticipated**

  Despite generally good payment behaviour, debtors can relatively easily enter **reorganisation or liquidation proceedings.** This is the main point of concern: once proceedings have begun, collection prospects can deteriorate significantly.

- **Relatively effective legal proceedings**

  The Chilean judicial system is a genuine debt collection lever. A full legal process can be completed in **approximately one year** on average, with filing costs generally ranging from **1% to 2.5% of the claim amount**. However, the quality of the supporting documentation remains critical to speeding up enforcement.

PITFALL TO AVOID

**Allowing the case to drag on.** In Chile, relatively easy access to insolvency proceedings can quickly reduce collection prospects. It is therefore better to act before the debtor's financial situation deteriorates.

## Expert Insight

Listing a debtor with private credit bureaus can significantly restrict access to finance, providing an important lever to encourage prompt payment.”



# BRAZIL

## A market where payment is negotiated over time

In Brazil, debtors are generally **open to negotiation**, but rarely settle their debt in full immediately. Solutions often involve payment plans and payments spread over several months.

This trend reflects an environment characterised by long payment terms and a strong reliance on payment plans. **Debt collection must therefore be managed over the longer term, using a progressive approach tailored to the debtor's actual ability to pay.**

# 66 days

→ Average payment term in Brazil in 2025

The longest among the six countries covered by the Coface Latin America payment survey.

# BRAZIL

## Key features

- **Payments are negotiated over time**

  Brazilian debtors are generally open to negotiation, but tend to favour **instalment payments** rather than immediate settlement. It takes an average of around **90 days to secure an initial formal commitment or payment plan**, and standard payment schedules may include 1**0 to 12 monthly instalments.**

- **The first contact is decisive**

  Debtors may be wary when contacted by someone they do not know. **A gradual, calm and explanatory approach**, in Portuguese, helps build trust. An overly direct approach, on the other hand, may bring the discussion to a standstill.

- **Serasa: a powerful negotiation lever**

  In Brazil, Serasa Experian is a major provider of credit information. Reporting an unpaid debt to its databases can negatively affect the debtor's credit score and restrict access to financing. The prospect of such an impact therefore provides an effective source of leverage: debtors have a strong incentive to settle their outstanding debt in order to protect or restore their financial reputation.

  Serasa also offers debt negotiation solutions, notably through its Serasa Limpa Nome platform, which facilitates agreements between creditors and debtors. These solutions can support an amicable settlement through potential discounts or payment plans tailored to the terms offered by the creditor.

- **Insolvency changes the situation**

  Insolvency proceedings represent a major risk in the Brazilian market. Payment plans can extend over up to **10 years** and involve significant debt reductions, reaching up to **90%** according to the interview. Once proceedings have begun, creditors have far less control over the terms and timing of collection.



PITFALL TO AVOID

**Demanding immediate payment when the debtor is willing to negotiate.** In Brazil, solutions often involve payment plans: an overly direct approach can bring negotiations to a standstill and delay collection.

## Expert Insight

Reporting a debtor to the Serasa database is a strong deterrent because it directly affects access to credit and encourages both negotiation and the implementation of a payment plan."



# ARGENTINA

## A market where economic instability directly affects debt collection

In Argentina, payment behaviour is heavily influenced by **inflation, interest rates and economic volatility**. Since 2025, rising claims and insolvencies have contributed to a deterioration in payment behaviour across several sectors.

This instability is directly reflected in collection performance: collection rates can reach **60% to 70% over a one-year period in stable economic conditions**, but fell to around 30% in 2025.

**≈ 30 %**

→ Collection rate in 2025

Compared with 60% to 70% over a one-year horizon in a stable economic period.

# ARGENTINA

## Key features

- **Economic conditions can change rapidly**

  Inflation, interest rates and exchange-rate fluctuations can quickly affect a debtor's ability to pay. This volatility is directly reflected in collection performance: under stable economic conditions, collection rates can reach **60% to 70% over a one-year period**, compared with around **30% in 2025**.

- **Fragile payment commitments**

  Debtors may agree to a payment plan and subsequently request changes to payment dates or amounts depending on their cash-flow situation. Payment plans can therefore extend over **one to two years** and require regular monitoring. However, this flexibility must remain carefully managed, and all commitments should be formalised.

- **Inflation and exchange rates affect the value of the receivable**

  The amount collected should not be assessed solely in nominal terms. Some receivables are denominated in US dollars, and payment plans may include indexation mechanisms. Exchange-rate fluctuations must therefore be taken into account both during negotiations and throughout the monitoring of the payment plan.

- **Insolvency may sharply reduce the amount collected**

  Proceedings can last up to **10 years** and may involve significant reductions in the amount owed, known as quitas. According to Coface's Claims Manager in Argentina, these reductions can reach up to **80% of the principal**, with the final amount collected sometimes representing less than **20% of the original claim** in nominal terms, even before taking into account the time value of money.



PITFALL TO AVOID

**Allowing time to work against the claim.** Negotiation may be necessary, but it must remain active: rapid changes in the debtor's economic situation can significantly reduce collection prospects.

## Expert Insight

When a payment plan is breached, opening a new negotiation is often more effective than immediately initiating more coercive action, which may block the situation."

# The 5 best practices for debt collection in South America

## N°1 ANTICIPATE: secure the receivable before it is issued

Debt collection starts before an invoice becomes overdue. From the contract negotiation stage, it is essential **to secure the payment terms:** terms and conditions, contractual clauses, payment deadlines and methods, applicable penalties, any guarantees, and the supporting documents required to easily establish the validity of the claim.

This stage should also include a thorough understanding of the customer: **creditworthiness, payment history, business activity, location and, where possible, assets or information available through local databases**. The available levers and sources of information vary from one country to another and should therefore be identified from the outset of the business relationship.

Finally, action should begin before the payment due date. **A pre-due-date reminder process helps confirm that the invoice has been received, that any administrative issues have been resolved and that payment is scheduled**, thereby addressing potential disputes before they result in overdue payments.

**Effective debt collection starts before the receivable becomes overdue.**

## N°2 UNDERSTAND: quickly identify the cause of the delay

When a payment is not received, the first step is **to understand what is actually preventing payment**. This may be a commercial dispute, an administrative issue, a temporary cash-flow difficulty, a deliberate decision to delay payment, or a more serious deterioration in the debtor's financial situation.

This assessment should also provide an opportunity to reassess the information collected when the contract was signed. **A company's situation may have changed between the signing of the contract and the payment due date**: it may therefore be necessary to reassess its creditworthiness, business activity and any potential signs of financial weakness.

The objective is to quickly distinguish between **a debtor who can pay, one who can pay under certain conditions, and one whose ability to pay is genuinely compromised.**

## N°3 FOLLOW UP AND REACH THE DEBTOR: adapt contact to the debtor

Effective follow-up is not about repeatedly sending the same messages. It should be **progressive, structured and tailored to the debtor's profile,** with a clear objective at each stage: obtaining an explanation, confirming a payment date, resolving an issue preventing payment or securing a commitment.

Choosing the right communication channel is equally important. Depending on the country, sector and location, telephone calls, emails, WhatsApp or on-site visits may be more effective. In some agricultural sectors, for example, contacts are often out in the field and rarely check their emails.

**The right communication channel and the right contact can therefore determine the effectiveness of the entire follow-up strategy.**

## N°4

## NEGOTIATE AND MONITOR: build a plan suited to the actual situation

When immediate payment is not possible, negotiations should be based on **the debtor's current ability to pay**, rather than solely on the terms originally agreed in the contract. The debtor's financial situation may have deteriorated since the contract was signed and should therefore be reassessed before agreeing to a payment plan.

The plan should strike the right balance between the **amount, duration and actual likelihood that the debtor will meet its commitments.** An overly ambitious payment plan may result in another payment default, whereas a longer but realistic plan may help ensure that a significant amount is ultimately collected.

Negotiation does not end once the payment plan is agreed. **Each instalment must be closely monitored**, and any missed payment should trigger a prompt reassessment of the situation and, where necessary, a renegotiation or change of strategy.

Finally, the value of the payment plan should be assessed over time: **inflation, exchange-rate fluctuations, discounts granted, collection costs and the time required to collect the debt** can significantly affect the economic value of the amount ultimately collected.

**A good payment plan is not the one that promises the most: it is the one the debtor can realistically honour.**

## N°5

## DECIDE: know when to change strategy

Amicable collection should not turn into indefinite waiting. When commitments are no longer being met, the debtor's situation deteriorates or signs of insolvency emerge, **the collection potential and the level of effort devoted to the case should be reassessed.**

Legal action should then be assessed from both an economic and a legal perspective: the amount of the claim, the debtor's solvency and assets, the quality of the documentation, costs, the expected duration of proceedings and the actual likelihood of enforcement should all be weighed against one another.

In some of the countries covered, legal proceedings can last several years; in others, insolvency proceedings can significantly reduce collection prospects. **The right time to change strategy is therefore when the cost of waiting outweighs the value of continuing negotiations.**



# Case study: collecting debts before insolvency proceedings begin

In 2024, Coface was instructed to collect a **USD 953,444.94** receivable from a Brazilian debtor. The invoice had been unpaid for approximately one year, which already represented a significant risk indicator in a market where cash-flow difficulties can quickly lead to insolvency.



## The strategy implemented

As soon as the case was opened, our local correspondent contacted the debtor through several channels to understand its financial situation, assess its actual ability to repay and open a constructive dialogue. These discussions confirmed that the debtor was experiencing financial difficulties, while remaining willing to seek a negotiated solution.

Rather than demanding immediate payment, a pragmatic approach was adopted. Through negotiations conducted locally, **a 12-month payment plan** was agreed in less than one month.

Once the agreement was in place, our local partner maintained regular follow-up to ensure that each instalment was paid as agreed and to maintain dialogue with the debtor. This monitoring phase proved essential in securing the payments made under the payment plan.

## The result

Thanks to this swift intervention and the implementation of a payment plan tailored to the debtor's ability to pay, **EUR 309,081.30 was collected**.

A few months later, the debtor ultimately entered **insolvency proceedings**. In this context, collection prospects deteriorated significantly for creditors who had not secured payment beforehand.

## Key takeaway

This case illustrates a common reality in Brazil: when a debtor is experiencing financial difficulties, quickly securing a realistic payment commitment can help preserve a significant portion of the receivable. The challenge is not only to negotiate an agreement, but to act early enough to collect funds before insolvency proceedings limit the available collection options. This approach is particularly important in a market where payment plans are often the main lever for collecting outstanding receivables.

**Initial receivable:** USD 953,444.94
**Country:** Brazil
**Age of receivable:** one year
**Negotiated plan:** twelve monthly instalments
**Amount collected:** EUR 309,081.30
**Key result:** partial collection achieved before insolvency proceedings began

# The keys to successful debt collection in South America

South America offers numerous business opportunities, but the eight markets covered highlight one essential reality: **there is no one-size-fits-all debt collection strategy across the region.**

The fundamentals remain the same: anticipating risk, securing the contractual relationship, acting quickly and prioritising a tailored negotiation approach. However, how these principles are applied varies significantly from one country to another. **Access to information, payment practices, communication channels, the judicial framework, insolvency procedures and attitudes towards negotiation** can all have a significant impact on collection prospects.

From Chile, where financial reputation is an effective collection lever, to Brazil, where payments are negotiated over time, and Argentina, where inflation can quickly erode the real value of a receivable, each market requires its own strategic choices.

**Understanding the differences between markets is often what separates a collected receivable from a lost one.**



# Why work with an international debt collection expert?



Collecting a receivable in South America is not simply a matter of applying a standard procedure or repeatedly following up with the debtor. **It requires knowing who to contact, how to reach them, what level of pressure to apply, what information to verify and, above all, when to change strategy.**

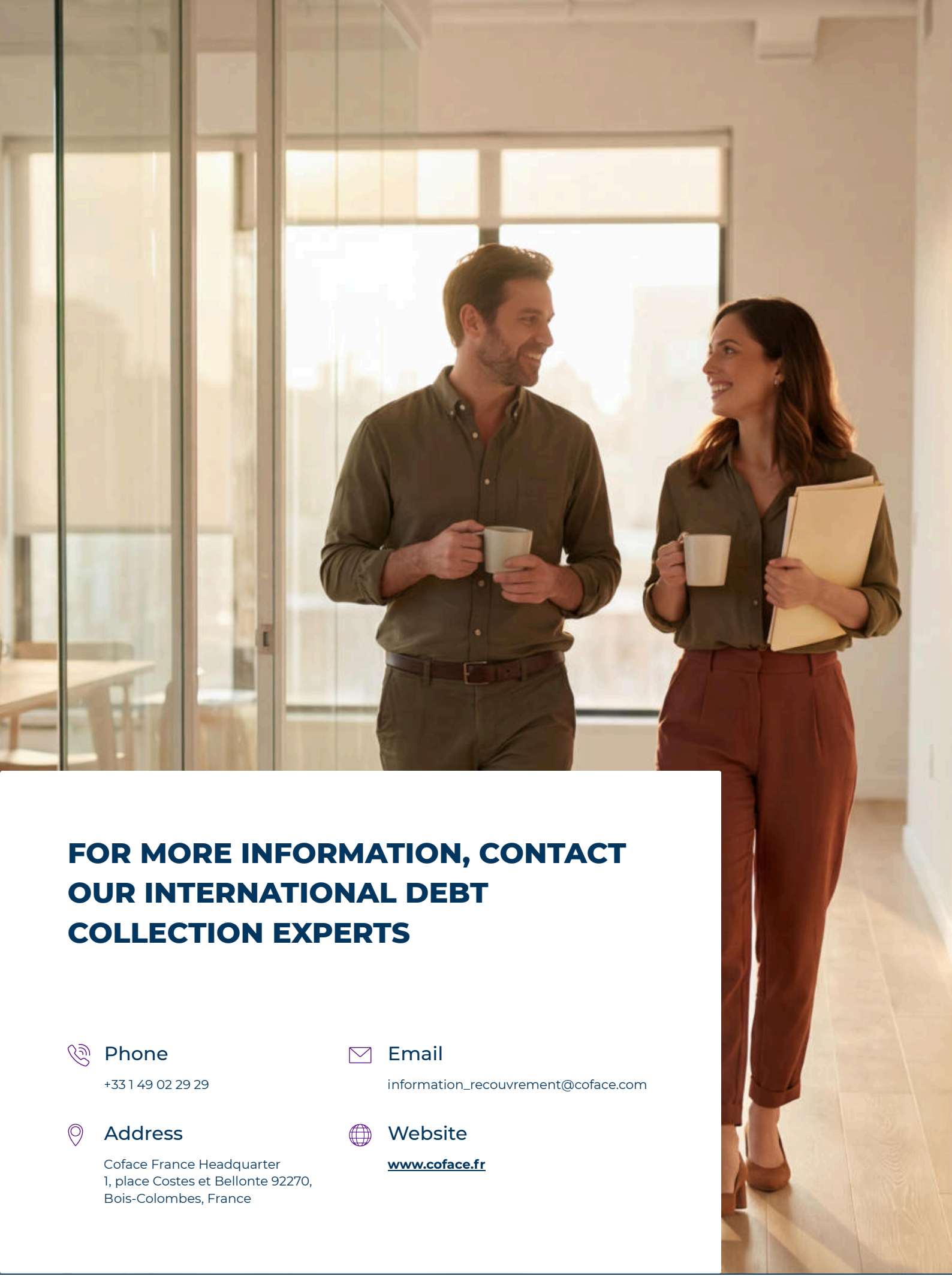
This expertise becomes even more valuable when it is **available locally**. A specialist based in the country understands local business and cultural practices, the communication channels actually used by debtors, the right contacts and the specific features of the legal framework. They can also assess a company's situation more accurately and adapt negotiations to its economic reality.

This local presence makes it possible to go beyond a standardised approach: **understanding the local context, establishing contact, negotiating within the appropriate framework and acting quickly when the situation requires it.** It is particularly valuable in markets where information is limited, debtors are difficult to reach or lengthy legal proceedings alone do not guarantee that the debt will be collected.

For creditors, working with a local specialist therefore **combines in-depth local market knowledge with international coordination**, with a clear objective: making the right decision at the right time and maximising the chances of collection.

## → Local expertise, international coordination

The right partner is not simply one who understands debt collection. It is one who understands the market in which the receivable needs to be collected.



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# Coface Collect

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