

Qoyod Reports

Payment Collection in Saudi Arabia: The Collection Gap and Its Impact on Business Liquidity

A data-driven report on payment collection in Saudi Arabia and the Gulf: the average collection period, trapped liquidity, the share of company invoices paid late, and the role of e-invoicing and SME financing in closing the liquidity gap.

2026

Payment collection is not an administrative task that comes after the sale; it is the moment a sale turns into actual cash in the bank. A business can sell a lot and look profitable on paper, then stumble because its money is locked up in receivables that have not been collected yet. This report reads, by the numbers, how invoices get paid in Saudi Arabia and the Gulf, how much liquidity is trapped, and why e-invoicing has become a turning point in how fast businesses get paid.



What is "payment collection" and why is it the lifeblood of a business?

When a business sells on credit, the value of the invoice becomes a "receivable" awaiting payment. The metric that measures how quickly those receivables turn into cash is the average collection period, known as DSO (Days Sales Outstanding): the average number of days a business takes to collect the value of its sales after issuing the invoice. The longer this number, the longer liquidity stays locked outside the business.

Because collection is part of a wider loop, accountants track the Cash Conversion Cycle (CCC), which adds the receivables collection period to the inventory holding period and then subtracts the supplier payment period. A longer collection period means a longer cycle and less liquidity available for growth and operations.

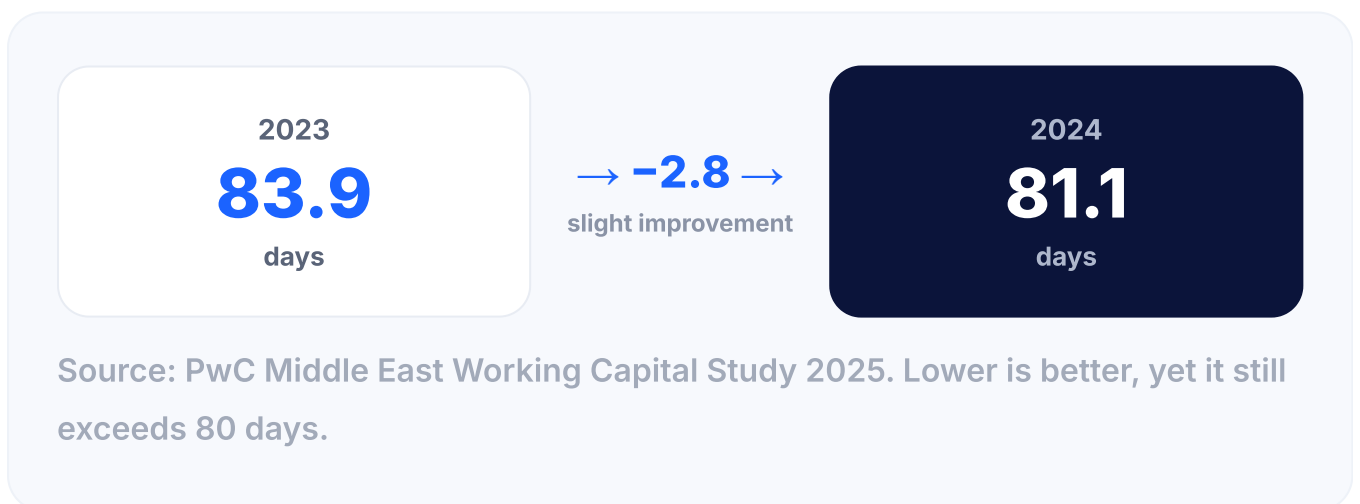
The cash conversion cycle: where collection sits



The scale of the problem in the region: cash locked behind invoices

According to PwC's Middle East Working Capital Study 2025 (covering FY2024 data), the average collection period in the region was 81.1 days, slightly down from 83.9 days in 2023. Despite the improvement, the figure still exceeds 80 days, meaning a business waits roughly three months on average before it sees the cash from its sales.

Average Days Sales Outstanding (DSO) in the Middle East



The cumulative impact of this delay is enormous: the same study estimated that around \$54.7 billion of working capital is trapped in listed regional companies and could be released with better working-capital management, led by collection. The study noted

that Saudi Arabia records the longest working capital cycle in the region, and that companies' use of receivables factoring (invoice financing) is rising, especially in Saudi Arabia and the UAE, as a tool to counter customers' payment delays.

Working capital trapped in listed regional companies

\$54.7 billion

Cash that could be released with better working-capital management, led by receivables collection.

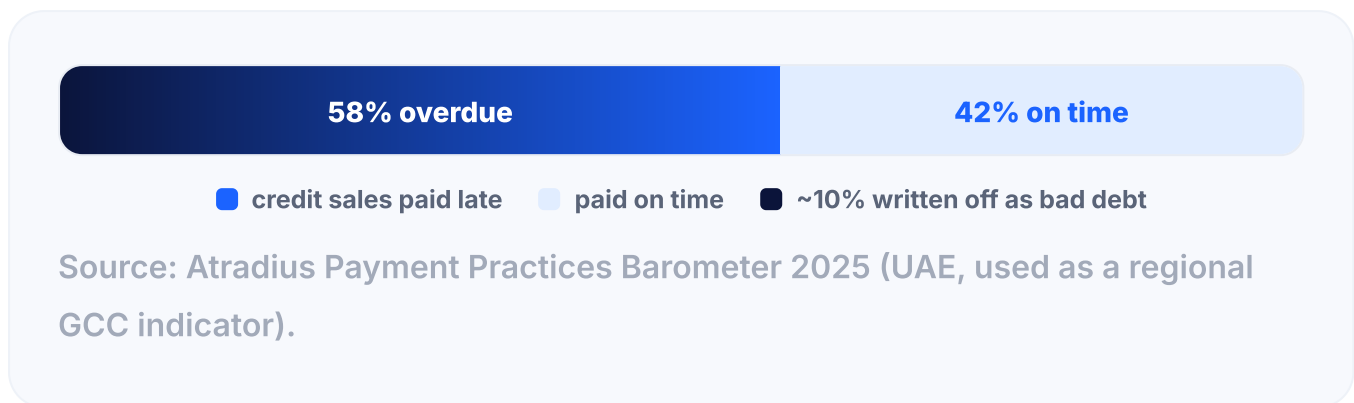
Source: PwC Middle East Working Capital Study 2025 (FY2024 data).

Profit is on paper; liquidity is the reality. A business selling at a healthy margin can still stumble if half its sales stay suspended in overdue receivables while it must pay salaries, suppliers and tax on fixed dates that do not wait.

How do company invoices actually get paid?

Data from the Atradius Payment Practices Barometer 2025 (UAE edition, used here as a regional Gulf indicator in the absence of a separate Saudi edition) reveals the gap between the due date and the actual payment date: around 58% of companies' credit sales are paid late, versus only 42% on time. More seriously, roughly 10% of invoice value eventually turns into bad debt that is hard to collect.

How B2B invoices actually get paid (GCC indicator)



The logical result is that around half of the region's companies have intensified collection efforts to manage liquidity pressure. Collection is no longer a secondary item but a core finance function with its own tools and procedures.

The small business in Saudi Arabia: the weakest link against delay

Small and medium enterprises form the backbone of the Saudi economy, numbering more than 1.3 million according to Monsha'at reports for 2024, and Vision 2030 targets raising their contribution to GDP to 35%. But these businesses are the most fragile in the face of collection delays: their cash reserves are limited, and a single large late invoice can mean an inability to pay salaries or suppliers at month-end.

Because liquidity is scarce, these businesses turn to financing to bridge the gap. According to Saudi Central Bank (SAMA) data published via Arab News, SME financing jumped to around SAR 420.7 billion by the end of Q2 2025, up 37% year on year from SAR 351.7 billion in 2024. "Invoice financing" is the dominant component, because it gives a business instant liquidity against its uncollected invoices without additional collateral.

SME financing in Saudi Arabia

2024
351.7
SAR billion

→ **+37%** →
year on year

Q2 2025
420.7
SAR billion

Source: Arab News citing the Saudi Central Bank (SAMA). Invoice financing is the dominant component.

This is supported by the Kafalah program, which guarantees up to 80% of the value of eligible SME financing, easing the collateral burden. Yet financing remains a treatment for the effect of delay, not a cure for its root: the deeper solution starts with faster, cleaner collection.

The turning point: e-invoicing ties compliance to collection

The rollout of e-invoicing (Fatoora) in Saudi Arabia introduced a fundamental change to the collection equation. In Phase 2, an invoice is not a valid tax invoice unless it is cleared electronically through the Zakat, Tax and Customs Authority's system. In practice this means an uncleared invoice does not let the customer deduct input VAT, so its payment stalls. In other words: compliance has become a condition for getting paid.

Conversely, a cleared e-invoice is structured and standardized, so the errors and disputes that used to delay payment on paper invoices shrink, and the path from issuance to payment becomes faster and clearer. As Wave 24 approaches, covering establishments whose revenue exceeds SAR 375,000 by 30 June 2026, the base of businesses operating within this system widens.

When a cleared invoice becomes a condition for the customer's VAT deduction, e-invoicing compliance shifts from a "compliance burden" to a collection lever: whoever issues a correct invoice quickly, gets paid quickly.

Practical collection levers

Shortening the collection period is not about pressuring customers; it is an integrated system. The most proven levers:

Lever	Effect on collection
Clear, written payment terms	Setting the due date and payment method upfront reduces stalling and disputes
Instant, cleared e-invoicing	Getting the correct invoice to the customer faster cuts delay and enables VAT deduction
Regular reminders and statements	Proactive follow-up before and after the due date raises on-time payment
Accounts receivable aging report	Knowing which invoice is overdue and by how much directs collection effort
Invoice financing when needed	Temporarily bridges the liquidity gap until receivables are collected, without halting operations

This is where an integrated accounting system matters: when the e-invoice is issued, customer balances and receivables aging are tracked, and statements are sent from one place, collection turns from a late reaction into a measurable, organized process. This is exactly what Qoyod, the accounting system compliant with Saudi e-invoicing requirements, provides.

Outlook to 2030 and recommendations

As the e-invoicing base expands and the market moves toward digital payments, the collection period is expected to improve gradually, but the gap between the due date and actual payment will remain the biggest liquidity challenge, especially for small

businesses. Practical recommendations:

- Adopt cleared e-invoicing as a collection tool, not just an obligation, and connect it to your accounting system.
- Monitor DSO and the receivables aging report monthly, and set a maximum acceptable collection period.
- Write payment terms on every invoice, and activate regular reminders and statements.
- Use invoice financing and Kafalah as a temporary liquidity solution, not a substitute for disciplined collection.

Good collection does not increase sales, but it turns existing sales into cash faster, and that alone can be the difference between a business that grows and one that stumbles despite a profitable ledger.

Sources

- 1 PwC — Middle East Working Capital Study 2025 (FY2024 data).
- 2 Atradius — Payment Practices Barometer 2025 (UAE, used as a regional GCC indicator).
- 3 General Authority for SMEs (Monsha'at) — 2024 reports.
- 4 Saudi Central Bank (SAMA) via Arab News — SME financing through Q2 2025.
- 5 Zakat, Tax and Customs Authority (ZATCA) — e-invoicing (Fatoora).

Organize your collection with Qoyod

An Arabic cloud accounting system that issues compliant e-invoices and tracks your customer balances and receivables in one place.

qoyod.com