

## PAYMENT SURVEY

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## Germany Payment Survey 2019: Turn of the tide

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**T**his is the third edition of Coface's survey on payment experience in Germany, done this summer, with 442 participating companies located in Germany. Our survey highlights that Germany is in a changing phase. The pressure on companies due to international competition is getting stronger. This is one of the reasons why German companies have increased their average credit period from 29.8 days to 35.9 days between 2017 and 2019. Another one is that credit risks are insured. However, the confidence of the companies in their customers decreased. Short-term credit periods still dominate the market. 87% of the surveyed companies request that payments be made within 60 days, which is very short in international comparison (in our Poland payment survey<sup>1</sup> 64% of the companies requested payments within 60 days in 2019; in our China payment survey<sup>2</sup> the share of companies was below 50% and in Morocco<sup>3</sup> it was only 16%).

For payment delays, we notice a change towards more delays in our survey, but shorter ones. In 2019, 85% of all companies

reported payment delays, compared to 78% in 2017. However, the average payment delay in number of days has decreased by almost 6 days, from 41.4 days to 35.5 days during this time-period on average. To understand this figure, it has to be seen in combination with the payment terms. Due to the difficult environment for some companies, their customers asked for longer payment terms (on average 6 days). As in Germany paying in time is a virtue, these companies still are working hard to meet the payment terms. In the end, they still manage to pay in the same time as in 2017, but due the extension of the payment terms, the payment delay is 6 days shorter. Nevertheless, the question is how long the companies can keep up with this, as the expectations towards the size of the outstanding receivables over the next 12 months has changed. With one exception, almost all sectors and companies expect an increase in their outstanding receivables in the future, which represents a big change compared to 2017, when the majority still saw a decrease in the outstanding receivables. This is also mirrored by the economic expectations, which clouded significantly in the last years. 30% of all companies are saying that the economic

<sup>1</sup> Coface Poland Payment Survey 2019: Robust economic growth has not eliminated payment delays, February 2019: <https://www.coface.com/News-Publications/Publications/Poland-Payment-Survey-2019-Robust-economic-growth-has-not-eliminated-payment-delays>

<sup>2</sup> China Payment Survey 2019: Longer delays as growth falters, March 2019: <https://www.coface.com/News-Publications/News/China-Payment-Survey-2019-Longer-delays-as-growth-falters>

<sup>3</sup> Morocco Payment Survey 2019: Payment terms to remain long, June 2019: <https://www.coface.com/News-Publications/Publications/Morocco-Payment-Survey-2019-Payment-terms-to-remain-long>