

PAYMENT SURVEY



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Germany Corporate Payment Survey 2022: Battered companies prepare for another crisis

The sixth edition of Coface's survey on corporate payment experience in Germany was conducted in July and August 2022¹, with 1,070 companies participating. This is the third edition done in the context of the COVID-19 pandemic, but the first to take into account the impact of the war in Ukraine and its effects on trade. One of the main takeaways of this year's survey is that payment behaviour has become slightly more restrictive: with a looming gas crisis, fewer companies are offering payment terms (71%) compared to last year (74%). Businesses remain cautious and prefer to cash-in as soon as possible. Accordingly, the preference for shorter credit terms remained unchanged: more than half of the surveyed companies requested payments to be made within 30 days, while ultra-long credit terms (120+ days) remained rare.

While two and a half years of a difficult and complex economic situation are taking their toll, the cost appears to be comparatively lower: the number and duration of payment delays has increased, but only slightly and from a very low initial level. Although payment discipline in 2022 deteriorated compared with 2021, with 65% of surveyed companies reporting payment delays (+6 pp year-on-year), it remains below the level observed in 2020 and far below pre-pandemic levels (82% on average). The average duration of payment delays increased to 28.7 days in 2022 (+1 day YoY), after shortening by seven days YoY in 2021. Most sectors (excluding paper-packing, agri-food, machinery and automotive) reported an increase in the duration of payment delays. Although the payment behaviour remains very positive, companies have never been this pessimistic about their business

outlook². While the view on the current situation for this year is roughly neutral - 23% of participants think their business situation is better than in 2021, 22% perceive it as worse -, the one for 2023 is very clear: 38% of surveyed companies are pessimistic regarding 2023, while only 14% are optimistic about their near future. The main reason is the significant amount of risks that companies are facing. Pre-existing risks, such as global production chain disruptions and rising non-energy commodity costs, remain the key concern for companies' export outlook in 2022. However, new risks – including the war in Ukraine and related sanctions, as well as rising energy prices – are also weighing on companies' minds. COVID-19 is currently a minor issue, although businesses are well aware of the economic risks linked to new mutations. Related to these risks, international market focus has shifted. German companies are focused less on the European Union and the United Kingdom, and more on non-EU countries, possibly to circumvent sanctions against Russia. In addition, China has lost some of its popularity, while the United States are once again a key export destination. With all these obstacles on the horizon, the question remains: in what shape are German companies entering the looming gas crisis? While 48% of participants had used public support over the last 12 months in 2021, they were still 30% in 2022, with 25% even using state aid in the 3 months preceding the end of public support in June 2022. It is unclear if these companies will be able to continue without the support measures, which is particularly relevant for companies using state-backed loans (31% of the participants who used support measures), as the loans require to start repayments two years after their admissions.

¹ The survey was conducted between 27 June and 14 August 2022.

² Coface is publishing Germany Corporate Payment Surveys since 2016.

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