

## PAYMENT SURVEY



**Bruno  
De Moura  
Fernandes**

Head of  
Macroeconomic  
Research, based  
in Paris, France

## 2023 France Payment Survey: Longer and more frequent payment delays, with small companies in the firing line

### Executive summary

**T**he Coface Corporate Payment Survey which was conducted among 630 businesses last July has demonstrated that offering payment terms to clients is a well-established practice among businesses: 97% of them stated that they do so, irrespective of the sector and the size of the company. However, very small enterprises (VSEs) grant considerably shorter delays, probably owing to a generally tighter cash flow position that does not allow them as much flexibility. The average payment term in France (48 days) is longer than in other European countries where we carried out similar studies, notably Germany; however, it is shorter than time frames granted in Asia.

Consequently, despite the relatively long payment terms, at least 82% of companies have recorded late payments by their clients over the past 12 months. Furthermore, the majority stated that late payments were occurring more frequently, and for longer periods, than last year. An important factor affecting payment delays is the size of the company: 70% of Small and Medium and Very Small Enterprises (SMEs and VSEs) reported longer payment delays when they already generally have to deal with longer-than-average payment times. The results are all the more worrying as half of VSEs stated that late payments have a “very important” or “critical” impact on their cash flow. The deterioration in corporate payment habits is echoed in insolvency numbers, with an

undisputed increase observed since the start of the year that has even overshoot pre-Covid levels. While 50 percent of companies anticipate that the number of late payments will be stable over the next 12 months, a third of them expect them to occur even more frequently. Irrespective of the size of the company, very few respondents expect the number of late payments to decrease.

As far as the current risks are concerned, the responses differ markedly depending on whether the company is an exporter or if it operates exclusively on the French market. Survey answers regarding the French market referred more to hiring problems and financing conditions (cost and access). By contrast, exporters are particularly sensitive to risks impinging on global demand, supply chains and commodity prices. Sector-wise, companies in the services industry mostly cited hiring difficulties, whereas their peers in the industrial sector more frequently reported problems of commodity costs and supply chain risks. The main risks identified by companies in the construction sector were commodity prices (excluding energy), hiring problems and, naturally enough, the cost of and access to financing. Amid an uncertain global geopolitical backdrop conducive to nearshoring and friendshoring, 12% of companies surveyed reported having already relocated at least some of their activity. The phenomenon is by no means insignificant as the percentage exceeds 20% if one includes companies that are considering making the move.

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