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

Executive summary

The sixth edition of Coface’s survey on corporate payment experience in Germany was conducted in July and August 2022[[1]](#footnote-1), with 1070 companies participating. This is the third edition taking place in the context of the COVID-19 pandemic, but the first to take into account the impact of the war in Ukraine and its effect on trade. One of the main takeaways of this year’s survey is that payment behaviour has become slightly more restrictive: with a gas-crisis on the horizon, 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 be made within 30 days, while ultra-long credit terms (120+ days) remained rare.

Although 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 on a small scale, and starting from a very low level. Even though payment discipline in 2022 deteriorated compared to 2021, and 65% of surveyed companies reported payment delays (+6pp year-on-year), this is still below the level we saw 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. With an average of 18.4 days, companies in the paper-packing sector experienced the shortest waiting-time this year, while companies in the finance sector were the most patient, with an average delay of 35.0 days (still below 2021’s peak of 35.8 days in the machinery sector).

Although the payment behaviour remains very positive, companies have never been so pessimistic about their business outlook [[2]](#footnote-2). While the view on the current situation this year is more or less neutral - 23% of participants think their business situation is better than in 2021; 22% see it as worse –, the view for 2023 is very clear. 38% of companies surveyed are pessimistic regarding 2023, while only 14% are optimistic about their near future. The main reason for this 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 risk of any 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: how did German companies navigate the economic crisis caused by the pandemic, and in what shape are they entering the looming gas-crisis? While 48% of participants had used public support over the last 12 months in 2021, this number was still 30% in 2022, with 25% even using state aid in the last 3 months before public support ended in June 2022. It is unclear if these companies will be able to continue without the support measures, which is especially true for companies using state-backed loans (31% of the participants who use support measures), as the loans require the start of repayments two years after their admissions.

**PAYMENT TERMS[[3]](#footnote-3):** VIGILANT COMPANIES OFFER LESS PAYMENT TERMS

*Key Sentence: The average credit period has changed only marginally and increased by 0.2 days to 32.8 days between 2021 and 2022.*

*Key Figure: In 2022, 71% of our survey participants offered payment terms. This is a reduction of 3 percentage-points compared to 2021.*

**Chart 1:**
Hypothetical payment terms in Germany over time[[4]](#footnote-4)



Source: Coface Corporate Payment Survey Germany 2022

**Chart 2:**
Hypothetical payment terms in 2022 by sectors[[5]](#footnote-5) [[6]](#footnote-6)



Source: Coface Corporate Payment Survey Germany 2022

**Chart 3:**
Average payment terms (in days)[[7]](#footnote-7)



Source: Coface Corporate Payment Survey Germany 2022

**Chart 4:**
Reasons for offering payment terms



Source: Coface Corporate Payment Survey Germany 2022

* According to the data of our payment survey, German companies are getting again a bit nervous in 2022 and provided less payment terms to their customers than in 2021. While last year the share of companies, who offered payment terms, was at 74%, this number dropped in 2022 to 71%. The main driver for this development were companies who are mainly active in Germany. Here the share of companies who offered payment terms decreased from 73% to 68%, while the share for mainly exporting companies increased (from 77% to 81%). One explanation for this phenomenon could be the longer delivery times abroad. Nevertheless, this development of on average less payment terms is still noticeably away from the situation in 2020 as well as the pre-pandemic times. In the first year of the pandemic, in total only 62% of the survey’s participants offered payment terms. The pre-pandemic[[8]](#footnote-8) average, however, lays at 83%.
* Short-term payment terms (between 0 to 60 days) dominate the German business landscape. 90% of companies that provided payment terms requested them to be made within 60 days in 2022, which is a bit higher than the share of the last three years **(Chart 1)**. Beside of that, the distribution of the other time-ranges for payment terms has only marginally changed, which is why the average payment term in 2022 remained with 32.8 days almost unchanged compared to 32.6 days in 2021.
* Looking at the sectors, construction still has the shortest payment terms: 73% of participants expect their invoices to be paid within the first 30 days **(Chart 2)**. In 2022, 9 out of 13 sectors offered payment terms longer than 90 days, while ultra-long payment terms (above 120 days) remain relatively rare. Only 0.6% of participants offered them in 2022, who could be found in the transportation, the metal and the finance sector.
* While the average payment terms of all participating companies has changed only marginally, changes in individual sectors were noticeable in 2022 **(Chart 3)**. A strong increase - of more than a week – was observed in the agri-food sector. Conversely, paper-packing (-6.3 days) and retail-wholesale trade (-5.9 days) reported the strongest declines in their average payment terms. As indicated above, construction remained the sector with the shortest payment terms (23.7 days on average), while finance (decelerated as an own sector in this survey for the first time) has the most generous payment terms with 67 days followed by textile-clothing with 43 days.
* When looking for explanations for the development in the payment terms, our survey hint into two directions. On the one side companies seem more vigilant and therefore are reducing the number of payment terms. On the other side technical reasons force them to give out (longer) payment terms. When asking about the reasons behind the availability of payment terms, our participants primarily named market standards with a record share of 62%. This could be connected with the ongoing supply-chain-issues. Indeed, although it was not an own answer-possibility 1% explicitly named long delivery times as a reason for (longer) payment terms as the invoice reaches the customer faster than the goods. Beside of that the environment seems to be riskier and the confidence in the customers is decreasing to a low level (only seen before in 2019) **(Chart 4)**.

**PAYMENT DELAYS[[9]](#footnote-9):** Companies still get paid fast

*Key sentence: The duration of the average payment delay increased by one day to 28.7 days in 2022. Nevertheless, this is the second lowest payment delay number since the beginning of the time series in 2016.*

**Chart 5:**
Share of companies reporting payment delays by sector and year

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Source: Coface Corporate Payment Survey Germany 2022

**Chart 6:**
Hypothetical payment delays in 2022 by sectors

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Source: Coface Corporate Payment Survey Germany 2022

**Chart 7:**
Average payment delays by sectors (in days)

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Source: Coface Corporate Payment Survey Germany 2022

* Since the publishing of our previous payment survey in 2021, the number of payment delays increased a bit from its low of 59% in 2021 to 65% in 2022. This is still below the 2020 number (68%) and far below the pre-pandemic average of 82%. With the exception of textile-clothing, metals and wood, the numbers of payment delays increased in all sectors in 2022. However, while less than half of all participating companies in the finance and the agri-food sector reported late payments, the figure was at 76% in the pharma-chemical sector. There, the increase was the most noticeable with a jump of 21 percentage points **(Chart 5)**.
* The paper-packing sector is where companies waited the shortest time after the due date of payment this year. In this sector, the vast majority of surveyed companies reported delays no longer than 30 days and no company indicated delays above 60 days. In contrast, some companies had to wait over 150 days for their money in machinery (1.9% of all participating machinery companies), the pharma-chemical sector (1.4%) and in construction (1.2%) **(Chart 6)**. Last year only the metal sector reported ultra-long payment delays of over 150 days.
* The average duration of payment delays increased by one day from 27.7 days to 28.7 days **(Chart 7)** and remains one of the shortest average delay times in our time series[[10]](#footnote-10). Most sectors- excluding paper-packing, agri-food, machinery and automotive - reported an increase in the duration of payment delays. The strongest increase was reported in ICT (+11.5 days). However, all of these companies come from a relatively low level. Companies operating in the paper-packing sector have now the shortest waiting time with an average of 18.4 days, while companies in the finance sector need the most patience with an average waiting time of 35 days (which is still below the highest level of 2021 with 35.8 days in the machinery sector). Although we see increases in the waiting time this is still short in historical perspective, given that in 2016 and 2017 surveyed companies had to wait 41 days on average after the due date for the payment of their invoices.
* Adding payment terms (if any) to payment delays indicates the total waiting time between the purchase of a product and the payment of the invoice. This indicator – known as days sales outstanding (DSO) – changed only marginally from 51.1 days in 2021 to 51.4 days in 2022. The fastest paying sector this year is transportation, with a hypothetical DSO of 44 days in 2022. Textile-clothing remained the sector with the longest DSO. Nevertheless, here the waiting time at least decreased sharply from 77.7 days in 2021 to 66.1 days in 2022.
* According to our survey results, the reasons behind payment delays remained mainly related to financial difficulties. However, this share has noticeable decreased from 46% last year to 38% this year. Instead, more other explanations like supply-chain issues, the war in Ukraine or management problems were named. When asked about the reason for the financial difficulties, 38% of participants answered rising costs of commodities, input-goods and other production costs (compared to only 7% in 2021). The second most frequently mentioned reason for financial difficulties was supply chain problems. This was named by 13% of the participants (10% in 2021). It is followed by high competitive pressure (11% in 2022 vs. 14% in 2021) and lower demand in Germany (10% 2022 vs. 20% in 2021 being at that time the main reason). The COVID-19 pandemic and its impact on the economy, however, lost its significance and was not named anymore.
* The financial risks associated with late payments for German companies remains moderate in 2022, but have increased. In total, 7.2% of participants reported that the share of overdue payments between 6 months and 2 years represents 2% or more of their annual turnover. This represents an increase of 2.8 percentage points compared to 2021. Nevertheless, the level of around 7% is roughly the same as 2020 and far below the pre-pandemic average of 10.5%. In the sectoral comparison, the results are diverging. While no company in the wood sector reported a higher share of longer payment delays relative to their annual turnover, 12% of companies in the automotive sector and in the ICT sector confirmed this situation for 2022. In construction, ICT and machinery there are single companies that reported the share of overdue payments between 6 months and 2 years represents even more than 10% of their annual turnover.

**ECONOMIC EXPECTATIONS**COMPANIES ARE VERY PESSIMISTIC ABOUT THEIR FUTURE

*Key Figure: Participants were never so pessimistic about the future. 38% of all respondents expect worse business conditions in 2023 compared to 2022, while 14% are more optimistic for 2023.*

**Chart 8:**
What is the current business situation for the year 2022 and what is the business outlook for your company for 2023 compared to the year before? (figures in balance points[[11]](#footnote-11))

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Source: Coface Corporate Payment Survey Germany 2022

**Chart 9:**
What is the main risk for your export business in the future?

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Source: Coface Corporate Payment Survey Germany 2022

**Chart 10:**
What are the markets with the biggest opportunities for you in the coming year? (max. three answers possible)

****Source: Coface Corporate Payment Survey Germany 2022

**Chart 11:**
What kind of State aid measures did you take advantage of in terms of the COVID-19 crisis? (several answers are possible)



Source: Coface Corporate Payment Survey Germany 2022

* Companies’ assessment of the economic situation in 2022 is relatively neutral compared to last year. 23% think that their situation has improved compared to 2021, while 22% say it got worse. In total, the balance of answers is with +1 point therefore neutral **(Chart 8)**. Here, it is important to remember that there was a hard lockdown in Germany in the first months of 2021 and it took until late summer 2021 for all population groups to have access to vaccines. Therefore, the neutral level of 1 is not a positive sign, but shows that on average the economic situation remained the same in 2022 compared to 2021. To add to this, companies reported, they were never that pessimistic about the next year than in 2022[[12]](#footnote-12). 38% of the survey’s participants expect a deterioration of their business situation in 2023 compared to 14% who are optimistic for the coming year. Pessimism is observable in almost all sectors. The wood sector is on average the most pessimistic about its business future (-60 points), followed by the pharma-chemical sector (-41 points), construction (-39 points) and retail-wholesale trade (-37 points). These sectors seem to be the ones who suffer the most from the current draught in Germany, strong rising commodity and consumption prices as well as supply-chain-bottlenecks. The only two sectors who are a bit optimistic on average for the coming year are ICT (+5 points) and machinery (+5 points).
* According to our survey results, the main risk for export operations in 2022 remains disruptions of global production chains, which was cited by 31% of participants **(Chart 9)**. Rising non-energy commodity costs were already in 2021 a big topic and remained it in 2022 with 20% of the answers. New on the global stage are however the risk of the war in Ukraine and the related sanctions around it worldwide (15%), followed by the strong price increase of crude oil and gas, which seemed to be a minor topic in the summer of 2021 but is now all the more important (9%). Although the COVID-19 pandemic is far from over, the companies expect now that its impact to their export business is limited. In addition, “older” risks to trade, such as the shortage of computer chips or the decrease in Chinese demand (despite the sharp slowdown in Chinese growth in 2022) were only named tentatively. On the other side, however, several participants answered in the comments to this question that they could not decide what the main risk for their export business is as actually all of them are important.
* In 2022, Germany remains the country presenting the biggest opportunities for surveyed companies (unsurprisingly, as 69% of respondents are mainly active on the German market). The importance of Germany has however decreased from 91% in 2020 over 85% in 2021 down to 83% in 2022 (before the pandemic it was 81% in 2019)[[13]](#footnote-13) **(Chart 10)**. One reason for this decrease could be the ongoing normalization process after the safe-haven effect from the COVID-19 pandemic (during a major crisis, companies tend to do more business on their home market than abroad, because they have a better overview of the situation). However, this year another trend is also visible. Less people see their business opportunities in the EU, but more in the EFTA countries[[14]](#footnote-14) and in Eastern Europe outside of the EU. The strong sanctions and countersanctions between the EU and Russia could be the main reason for that and the attempt to circumvent them. Outside of Europe, the US seems to be more attractive in our survey than China, which could be a reaction to the deterioration of the economic outlook for China or the new tensions between China and the US around their relationship with Taiwan.
* After more than two years of pandemic, Germany seems on the edge for another recession. The question however remains, in which condition German companies enter these difficult times. What burdens remain from the COVID-19 crisis? Between summer 2021 and this summer still 30% of the participants took advantage of State aid connected with the COVID-19 crisis (down from 48% in 2021). Even in the last three months between March and June 2022 still 25% used the State support, which terminated at the end of June 2022. This year, the most popular support measure remained the furlough scheme. Probably due to the economic recovery from the pandemic only 75% of the participants, who used State aid, applied anymore for furlough in 2022 **(Chart 11)**[[15]](#footnote-15). Compared to last year, loans from the Kreditanstalt für Wiederaufbau (KfW), the main German federal development bank, got more popular (29%) and also the emergency aid from the federal government (“Überbrückungshilfen”) was used a lot. From all of these measures only the loans/guarantees have to be paid back (the tax relief measures are related to expanded depreciation options and higher tax allowances in Germany). In case of the KfW loans there are at maximum two grace years, before the company has to start paying back the loan. This means for many companies, the pay-back time is actually starting now, when the economic outlook is very pessimistic. This could lead 2023 to a noticeable increase of payment delays.

**APPENDIX**
A TOTAL OF

**1070**COMPANIES PARTICIPATED IN THE PAYMENT SURVEY

**Who were the respondents?**

**MAIN**BUSINESS ACTIVITY



Source: Coface Corporate Payment Survey Germany 2022

**RELEVANT**
MARKET



Source: Coface Corporate Payment Survey Germany 2022

**SIZE**
BY TURNOVER



Source: Coface Corporate Payment Survey Germany 2022

**SECTORS**
OF SURVEYED COMPANIES



Source: Coface Corporate Payment Survey Germany 2022

1. The survey was conducted between 27 June and 14 August 2022. [↑](#footnote-ref-1)
2. Coface is publishing Germany corporate payment surveys since 2016. [↑](#footnote-ref-2)
3. Payment term – the time-frame between when a customer purchases a product or service and when payment is due. [↑](#footnote-ref-3)
4. Due to technical reasons, Coface did not publish a Corporate Payment Survey for Germany in 2018. [↑](#footnote-ref-4)
5. Due to the high participation numbers this and last year, it is now possible to show single data for the sectors agri-food and wood separately. Before, they were showed as a combined sector. In addition, this year the finance sector was established in the payment survey. Before, these answers were collected under “other sectors”. [↑](#footnote-ref-5)
6. ICT = Information and Communication Technology [↑](#footnote-ref-6)
7. We ask our participants to give answers in time-range. As our lowest category is 0 to 30 days, the minimum average payment term is 15 days in our survey. We keep here the category 0 to 30 days although in Germany the “normal” payment term begins at 14 days, to make the data comparable to the results of our other international corporate payment surveys. [↑](#footnote-ref-7)
8. Coface published payment surveys in the years 2016, 2017 and 2019. [↑](#footnote-ref-8)
9. Payment delays – the period between the due date of payment and the date the payment is made. [↑](#footnote-ref-9)
10. The first Coface Corporate Payment Survey for Germany was published in 2016. [↑](#footnote-ref-10)
11. Balance points = share of people expecting a better economic situation than the year before – share of people expecting a worse economic situation than the year before [↑](#footnote-ref-11)
12. There were years when the current economic situation was seen more negative, but this is the first year with so negative expectation levels for the coming year. [↑](#footnote-ref-12)
13. In this question, participants were able to choose several answers. This is why the share of the answers do not add up to 100%. [↑](#footnote-ref-13)
14. Switzerland, Norway, Lichtenstein and Iceland [↑](#footnote-ref-14)
15. Again, several answers were possible per participant. [↑](#footnote-ref-15)