P R E S S R E L E A S E

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Poland Payment Survey: reduced payment delays, but a challenging outlook

Despite the economic slowdown, Coface's latest survey on business payments in Poland shows that payment delays have systematically shortened since 2017 – but the impact of the coronavirus outbreak on the Polish economy remains to be seen.

Payment terms: transport and construct offer the most generous credit periods

Poland's GDP growth reached 4.1% in 2019 – a slowdown from the 5.1% recorded in 2018 – and is expected to slow further: Coface anticipates GDP growth in Poland to reach 3.3% in 2020. A relatively favourable macroeconomic environment has created supportive conditions for businesses in previous years. However, the full impact of the COVID-19 coronavirus remains to be observed, notably concerning trade partners. The coronavirus' knock-on effects could further impact the economic outlook for Poland.

Half of the Polish companies surveyed declared that they impose average credit periods of up to 30 days. Declining payment terms were observed particularly in the 91 to 120 days range, with a decrease of 1.3 percentage points and an overall average decrease in the credit period: from 47.3 days in 2018 to 47 days in 2019.

In this context, 59% of surveyed companies expect that the credit periods offered to small-and medium-sized clients will not change in the coming months. By contrast, credit periods granted to large clients were expected to increase for 60% of surveyed companies.

Payment delays slightly shorter

With 9 in 10 companies experiencing payment delays in 2019, they appear to be standard practice in Polish business. Nevertheless, the average payment period (57.2 days in 2019) has slightly shortened: nearly 3 days shorter that reported in 2018. In neighbouring Germany, Poland's main trading partner, average payment delays were three weeks shorter: 35.5 days, according to the latest Coface Germany Payment Survey. In Turkey, average payment delays equalled 40.7 days for domestic sales, and 58.1 days for export sales according to the latest Coface Turkey Payment Survey.

However, the various sectors of the economy continue to face significant payment delays at different degrees. Although the transport sector was one of the five surveyed to report reduced delays – along with agri-food, chemicals, automotive and construction –, 70% of transport companies reported payments that were overdue by more than half a year while the average in the transport sector reached 121.7 days. The average payment delays in the construction sector also surpassed 100 days (104.2). Both sectors were among the most generous in offering long average credit periods (50% of the transport companies surveyed and 38% in construction offered credit periods of more than 90 days).

Among the sectors experiencing an increase in payment delays (textile, paper-wood, pharmaceuticals, retail, metals, ICT, and energy), the metals sector recorded the highest increase: almost 13 days from 53 to 66 days. This deterioration in the metals sector was already highlighted when Coface downgrade its risk assessment for the sector in Poland from Medium Risk to High Risk.

Sales could stabilize

Despite a further slowdown of GDP growth, 50% of companies responded during the survey that

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they expected their profitability to rise in the short-term, and 10% of companies expected their profitability to remain at the current level. At that time, the textile-clothing, automotive, and energy sectors were the ones that expected the largest improvement in sales. Conversely, the pharmaceuticals, metals, and construction sectors forecasted lower sales in the coming months. According to the Poland Payment Survey, a large majority of sectors anticipate that the number of outstanding receivables will decrease over the following months. Although Poland has not yet been strongly affected by the COVID-19 outbreak, entrepreneurs might have offered less optimistic responses had the survey taken place in early 2020, due to the negative shock that this health crisis has had on the global economy.

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