

Atradius Payment Practices Barometer Eastern Europe

Survey of payment trends in B2B trade



About the Atradius Payment Practices Barometer

The Atradius Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world. The 2022 edition of the Atradius Payment Practices Barometer survey findings for Eastern Europe is a valuable opportunity to hear directly from companies in the local industries about how their business operations are coping with the disruptive impact of the current challenging economic and trading circumstances.

Of course, this survey is a snapshot taken in a very volatile economic environment, and the findings should be viewed with this in mind. The survey was conducted at the beginning of the last quarter of 2022.

Topics covered include: the impact of late or non-payment on the industries polled, the average time it takes to turn overdue B2B invoices into cash, how businesses manage payment default risks related to selling on credit to B2B customers, and expected challenges to profitability during the coming months.

More insights into the survey findings by country can be found in the reports that form this edition of the Atradius Payment Practices Barometer for Eastern Europe.





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Survey results

Overview of the key survey findings

Selling on credit remains a vital component of B2B trade

- A clear result of our survey is that selling on credit to B2B customers continues to be an important factor across the industries polled in Eastern Europe. Overall, we found that 44% of sales in B2B trade was transacted on credit during the past twelve months. Companies in Poland and Hungary were the most inclined to sell on credit during this period, making half of their sales to B2B customers on credit. Nearly one in two businesses polled across the region told us they changed their trade credit policy during the past year, with many companies in the Czech Republic and Slovakia saying they offered trade credit to B2B customers significantly more often than in the past.
- Almost 40% of companies polled said the main reason to offer credit terms in B2B trade was to win new business. This was most often the case for respondents in Slovakia. Offering credit to encourage repeat business from existing B2B customers was most often cited by companies polled in Turkey. Adoption of a more prudent trade credit policy, due to a heightened perception of the risk of B2B customer payment default, was reported by 36% of businesses in the region. This percentage was highest in the Czech Republic at 50%. Many companies polled said they often refused requests for trade credit from B2B customers due to lack of information about their past payment performance and current credit quality. This was most often reported by companies polled in Hungary.
- The average payment term granted to B2B customers during the past year by companies polled across Eastern Europe is 42 days from invoicing. In both Turkey and Poland this figure rises to an average of 50 days. Our survey found that 46% of companies polled did not alter payment terms offered to B2B customers in the past twelve months. This stable approach was reported most often by businesses in Hungary. Where a change was made across the region, it was mostly to extend credit for a longer period rather than a shorter term.
- This was particularly the case for companies polled in Turkey, who did so to encourage repeat business from existing B2B customers. The main factor across the region in deciding on length of payment terms was the terms received from their own suppliers. Again, this was most often reported by businesses in Turkey. Another factor in setting payment terms was profit margins on sales, which played a key role in both the Czech Republic and Slovakia. The cost of obtaining funds from external financing sources while waiting for B2B customer payments was an influential factor for 25% of companies across the region, and equally relevant in all individual markets and industries polled in Eastern Europe.

Range of measures used across region to contain swings of DSO

- Late payments currently affect an average of 43% of all sales to B2B customers across industries polled in Eastern Europe. The hardest hit market appears to be the Czech Republic, where late payments affect 52% of B2B trade, while in Slovakia the figure is 47%. Companies polled across the region told us they have to wait an average of three weeks longer than the invoice due date to be paid.
- The chief reason for late payments across the region was reported to be liquidity shortfalls experienced by B2B customers, particularly noted in Poland and Hungary. Administrative delays in the payment process, which can disguise customer liquidity problems, was the second most likely reason for late payments, and most often reported by Turkish companies. Disputes with customers about late or non-payment of invoices was cited by 25% of businesses polled, notably in Turkey, Slovakia and the Czech Republic.
- Deterioration of Days Sales Outstanding (DSO) was reported by 48% of businesses polled across Eastern Europe in the past twelve months. The most severe worsening of DSO was experienced by companies polled in Turkey, who told us it came with a deterioration of their cashflow and a need to take measures to protect their liquidity position.
- These included dedicating extra time and resources to resolve unpaid invoices, as well as slowing down payments to their own suppliers to retain cash in-house and reduce the need to seek external financing. 46% of businesses polled in Eastern Europe said they were able to contain DSO swings during the past twelve months, chiefly due to increased offering of discounts for early payment of invoices aimed at speeding up cash inflows. Successful containment of DSO swings by adopting these measures was most often reported by companies surveyed in Poland.



Survey results

Overview of the key survey findings

Rising appetite for benefits of credit insurance amid economic turbulence

- In-house retention and management of the risk of B2B customer payment default was the strategy most widely adopted across Eastern Europe during the past twelve months. 63% of companies polled said they took this approach in trying to minimize the impact on the business of customer payment default and thus protect cashflow. It was most popular in Turkey, where 79% of companies polled said they used in-house retention and management of customer credit risk, and then in Hungary, where the figure was 71%.
- Across most of the markets and industries polled in the region, the measures taken within this framework involved enhancing internal credit risk and monitoring capabilities, the avoidance of credit risk concentration, and selling on credit where applicable. However, nearly 50% of companies polled said this approach incurred higher credit management costs for the business.
- One in two companies polled across Eastern Europe said that having to set aside large cash reserves aside, to cover losses from defaulting B2B customers, could be detrimental to growth. They also expressed uncertainty about being able to set aside enough funds to absorb the hit of a large write-off that was highly likely to occur in the current unsettled economic and trading environment.
- This may be the reason why many companies polled showed an increased interest towards using credit insurance, with the expressed intention of doing so during the coming months. Businesses polled said this would help to protect cashflow, reduce bad debt reserves and free up capital. They said that in this way they could be competitive in domestic and foreign markets by offering liberal payment terms to B2B customers, thus creating additional selling power and safe trade credit offering.

Widespread concern that global economic downturn will prompt insolvencies

- By far the major concern looking ahead for companies across the markets and industries polled in Eastern Europe is deep uncertainty about the effects of the ongoing global economic downturn. Businesses told us they fear the interplay of high inflation, the energy crisis, geopolitical tensions and increasing costs of production input could delay or even hamper rebound of their domestic economies.
- This anxiety was most acutely felt in Bulgaria and Hungary, while there was also particular concern about the pandemic expressed by companies polled in Bulgaria. A severe deterioration of the insolvency landscape is expected by one-third of businesses polled across all markets and industries in Eastern Europe. There was also an equally widespread fear that this could affect recovery of certain industries which have been significantly impacted by supply chain disruptions.
- Against this background, however, 44% of companies polled in Eastern Europe told us they anticipate some improvement in the payment behaviour of B2B customers with whom they intend to trade more frequently in the coming months. This was particularly noted in Turkey. 46% of businesses polled across the region said they expect cashflow struggles as they try to protect their liquidity position against swings of DSO.
- The figure for this concern rises to 55% in the Czech Republic. With the exception of Hungary, there is widespread optimism among companies polled in Eastern Europe about the prospects for growth in the coming year. However, more than 25% of businesses polled in the region said they feel negative about any improvement in B2B customer payment behaviour, and they said this could encourage more use of credit insurance during the year ahead.

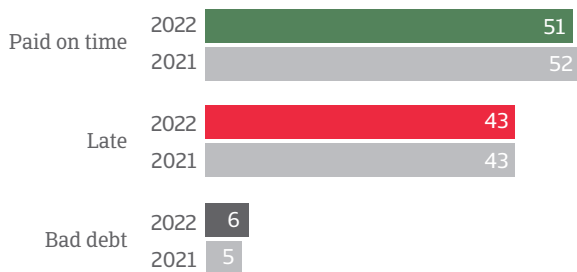
Key figures and charts of the survey can be found on the following pages

Survey results

Late payments and cash flow

Eastern Europe

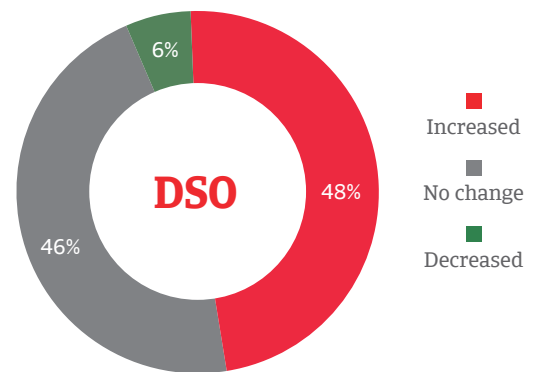
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2022/2021)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - December 2022

Eastern Europe

% of respondents reporting DSO changes over the past 12 months

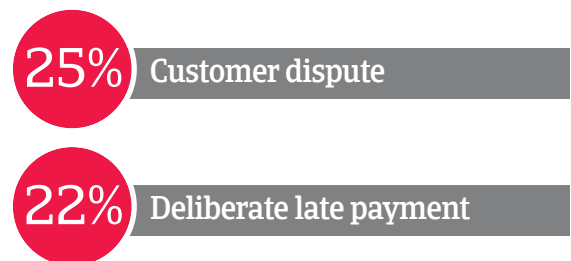
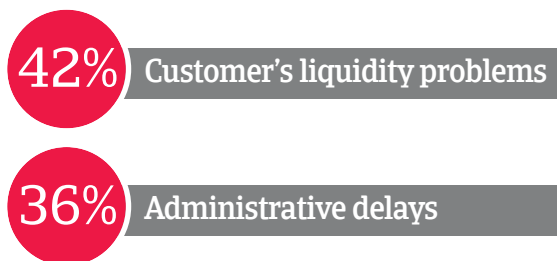


Sample: all survey respondents
Source: Atradius Payment Practices Barometer - December 2022

Eastern Europe

Main reasons that B2B customers pay invoices late

(% of respondents)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - December 2022

SURVEY QUESTION

What measures did you put in place to protect your cash flow against customer credit risk?

- #1 Delay payments to my own suppliers
- #2 Increase time, costs and resources spent on resolving unpaid invoices
- #3 Strengthen credit control process



Survey results

2023 industry outlook

Eastern Europe

Looking into 2023: top 5 concerns expressed by businesses in the industry

(% of respondents)



* Due to the interplay among higher energy prices, commodity prices surge, inflation, supply chain disruptions and geopolitical tensions

Sample: all survey respondents

Source: Atradius Payment Practices Barometer - December 2022

SURVEY QUESTION

How do you expect your average DSO to change over the next 12 months?

(% of respondents)

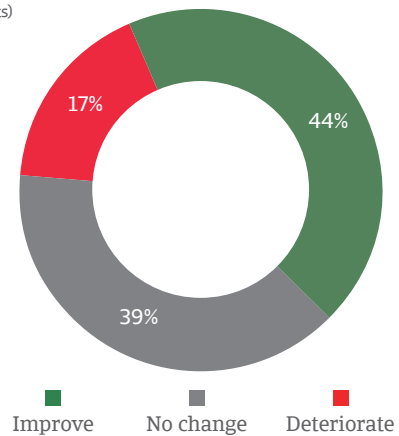
14% Improve
40% No change
46% Deteriorate



Eastern Europe

Looking into 2023: how do you feel about your potential business growth?

(% of respondents)



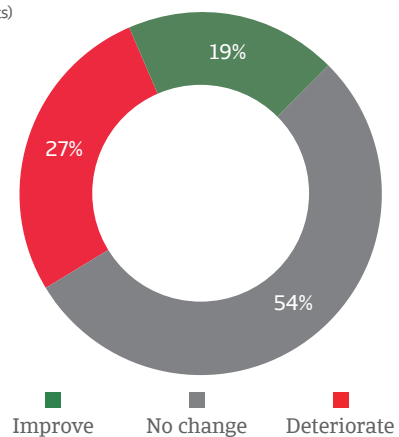
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - December 2022

Eastern Europe

Looking into 2023: how do you expect the payment practices of your B2B customers to change?

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - December 2022

Survey design

Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Eastern Europe are the focus of this report, which forms part of the 2022 edition of the Atradius Payment Practices Barometer. A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 235 interviews in total.

All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Eastern Europe were surveyed, and the appropriate contacts for accounts receivable management were interviewed.
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us to compare data referring to a specific sector crossed by each of the economies surveyed.
- **Selection process:** Companies were selected and contacted by use of an international Internet panel. A screening for the appropriate contact, and for quota control, was conducted at the beginning of the interview.
- **Sample:** N=1,279 people were interviewed in total. A quota was maintained according to three classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: beginning of the last quarter of 2022.

Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the December 2022 Payment Practices Barometer of Atradius, available at www.atradius.com/publications
[Download in PDF format](#) (English only).

Sample overview – Total interviews = 1,279

	2021		2022	
COUNTRY	n.	%	n.	%
Turchia	200	14,3	235	17
Polonia	200	14,3	241	17
Repubblica Ceca	200	14,3	202	14
Ungheria	200	14,3	200	14
Romania	200	14,3	-	-
Slovacchia	200	14,3	201	14,4
Bulgaria	200	14,3	200	14,3
TOTAL	1.400	-	1.279	100,0
Business sector	n.	%	n.	%
Manufacturing	610	43,6	446	35
Wholesale	390	27,9	262	20
Retail trade/ Distribution	227	16,2	308	24
Services	173	12,4	263	21
TOTAL	1.400	100,0	1.279	100,0
Business size	n.	%	n.	%
Micro enterprises	646	46,1	563	44
SME - Small enterprises	211	15,1	223	17
SME - Medium enterprises	349	24,9	292	23
Large enterprises	194	13,9	201	16
TOTAL	1.400	100,0	1.279	100,0
Industry	n.	%	n.	%
Agri/Food	307	21,9	239	19
Chemicals	378	27,0	469	37
Construction	65	4,6	25	2
Consumer Durables	225	16,1	201	16
Steel/metals	286	20,4	235	18
Transport	77	5,5	84	7
Construction materials	62	4,4	26	2
TOTAL	1.400	100,0	1.279	100,0

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If after reading this report you would like more information about protecting your receivables against payment default by your customers you can visit the [Atradius website](#) or if you have more specific questions, please [leave a message](#) and a product specialist will call you back. In the Publications section you'll find many more Atradius publications focusing on the global economy, including country reports, industry analyses, advice on credit management and essays on current business issues.

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For more insights into the B2B receivables collection practices in Eastern Europe and worldwide, please go to atradiuscollections.com

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