



Atradius Payment Practices Barometer

Poland

Focus on B2B payment practices in the agri-food, chemicals and consumer durables industries



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“
Rising credit management and debt collection costs is something that an increasing number of businesses in Poland have struggled with in recent times.
”

Pawel Szczepankowski
Atradius Country Manager for Poland

Businesses emerge from pandemic recession

According to data published by the OECD, following a decline of 2.7% in 2020, Poland's GDP is projected to recover by 3.7% in 2021 and to grow by 4.7% in 2022. The caveat is that this is dependent on successful containment of the pandemic. These observations can be seen on the ground in the results of this year's Atradius Payment Practices Barometer survey, where although most businesses told us they expect to see growth next year, a significant proportion expressed concern over the potential for ongoing pandemic effects to cause a negative impact.

On the whole, however, among the businesses we surveyed in the agri-food, chemicals and consumer durables sectors the overall sentiment was upbeat. Small improvements were apparent in the levels of overdue invoices and negligible or no change was evident among other key payments indicators.

The country's industries are not out of the woods yet. We don't yet know whether we will see further Covid-19 variants impacting trade and movement and we are still likely to see an uptick in insolvencies. However, the mood among most businesses is cautiously optimistic.

As Poland and its export markets are poised to grow in the post-pandemic months and years, this is the perfect time for businesses to leverage the opportunities provided by credit insurance. It provides businesses with the peace of mind that they will be paid, giving them the confidence to engage with new customers while placing a cap on credit management and debt collection costs.

Rising credit management and debt collection costs is something that an increasing number of businesses in Poland have struggled with in recent times. In addition to helping contain costs, Atradius credit insurance provides businesses with access to valuable market intelligence, enabling them to make informed strategic business decisions.



Payment practices in Poland

The results of this year's Payment Practices Barometer survey shows signs of businesses beginning to emerge from the challenges of the pandemic recession. Nearly 40% of the total value of B2B sales is currently overdue, an improvement on last year's 44%, although 41% also told us they had to wait longer than last year to cash in overdue invoices. 6% of the total value of B2B invoices is more than 90 days overdue and the same percentage was written off. Both remained unchanged year-on-year.

Trade credit is popular among businesses in Poland. Nearly half of all B2B sales were transacted using credit this year (49%, compared to 55% last year). Businesses report favouring trade credit as way of providing short-term finance to customers. When applications for credit are refused, this is usually due to a perceived decline in customer creditworthiness. The country's average payment terms are 40 days. This has increased from last year's 38 days, but the difference is largely just down to variations in businesses' standard payment terms.

Among risk management techniques used by businesses in Poland, discounts for prompt payment of invoices, is favoured most followed by payment reminder letters. Although many businesses were able to contain DSO (Days Sales Outstanding), this tended to be patchy, and many businesses have struggled to contain deteriorating levels of DSO.

Interestingly amid some predictions of growth, many businesses still expect to see an increase in poor payments behaviour and even insolvencies, caused largely by ongoing effects of the pandemic. Within this context there appears to be an increased appetite for trade credit insurance.

When asked whether the pandemic had permanently influenced business operations, 58% of the respondents told us they have permanently adopted home working. Many businesses mentioned having introduced aspects of digitalisation, including an increase in the use of E-commerce in their daily operations.



Agri-food

Late payments and cash flow

Industry sees fewer late payments than last year

40% of the businesses polled in the Polish agri-food industry told us that B2B payment practices deteriorated over the past year, and it took them longer than last year to convert overdue invoices into cash. Interestingly, the same percentage of businesses reported the same issue last year. 52% revealed no change (49% last year) and the remainder saw improvements in invoice-to-cash turnaround.


Late payments affected 39% of the total value of B2B invoices, a small improvement on last year's 43%. Notably, the proportion of write-offs decreased to 6% of the total value of invoices, down from 9% last year. Although not marked, the decrease signals successful collection efforts.

These positive signs in the agri-food collections results point to improvements in credit management practices. Indeed, a quarter of the industry told us they increased safeguarding measures to protect cash flow over the past year. These chiefly involved spending more time and employing more resources to collect unpaid invoices and strengthening their credit control procedures. That said, the most common approach to boosting cash flow reported was delaying payments to suppliers (45%).

SURVEY QUESTION

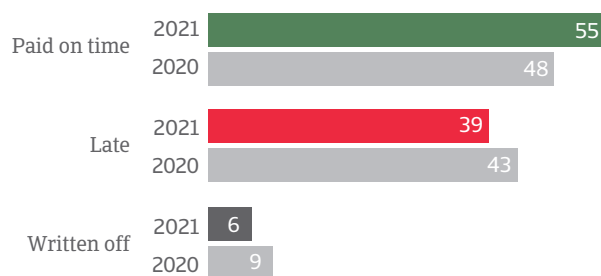
What measures did you put in place to protect your cash flow against customer credit risk?

- #1** Delay payments to your own suppliers
- #2** Increase time, costs and resources spent on chasing overdue invoices
- #3** Strengthen internal credit control process



Agri-food industry in Poland

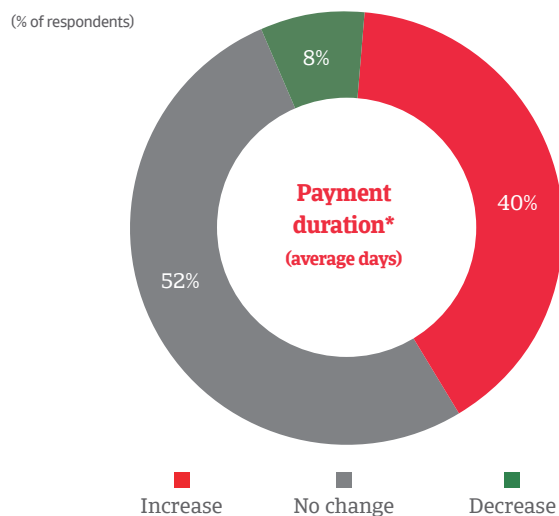
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

Agri-food industry in Poland

average time it takes to convert overdue invoices into cash (change over the past year)



* Payment term + payment delay

Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021



Agri-food

Approach to credit management and DSO

Credit risk kept in-house

The majority of the agri-food industry relied on internal resources to manage customer payment risk this year. This was reported by 55% of the industry, a slight dip on the 58% reporting the same last year. They told us they opted to rely on their own internal credit management resources by setting aside bad debts reserves (self-insurance). 38% of businesses told us they took out trade credit insurance, a significant reduction from last year's 52%.

52% of the businesses that opted for internal management of credit risk sent invoice payment reminders. This is a small increase on last year's 49%. A smaller percentage (26%) outsourced debt collection to a specialist agency (this is the same as last year). However, it is worth noting an increase in requests for cash payments which may have helped reduce the percentage of overdue invoices and write offs this year.

46% of the businesses that opted to retain customer credit risk in-house told us that they had experienced a significant increase in administrative costs. However, improvements in internal trade debt collection enabled them to finance their operations from their own receivables.

Majority focus on maintaining status quo

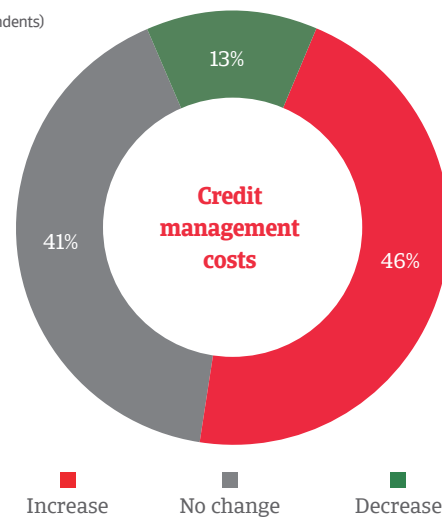
Looking ahead, the vast majority of respondents told us they intend to keep on using the same credit management tools and techniques as they use now. However, in addition, 32% told us they intend to retain credit risk in-house and 23% plan to employ credit insurance.

25% of the businesses chiefly planning on self-insurance, intend to offer discounts for early payments discounts to customers. In terms of DSO, 30% of respondents expect to see increases next year, 52% expect no change and the remaining number expect a decrease.

Agri-food industry in Poland

change in credit management costs (2021/2020)

(% of respondents)



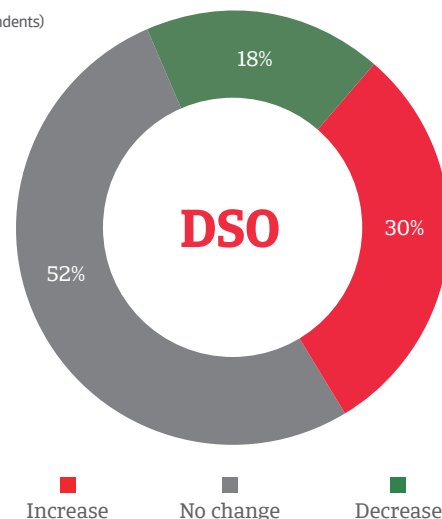
Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

Agri-food industry in Poland

expected DSO changes over the next 12 months

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



Agri-food

2022 industry outlook

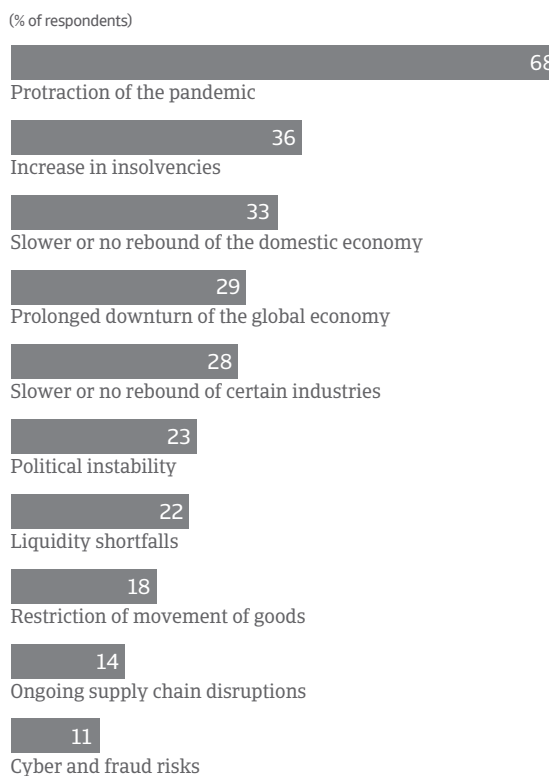
Business outlook is muted

68% of the industry expressed concern that ongoing impacts of the pandemic could hamper a rebound of the domestic economy and cause customer insolvencies or payment delays leading to liquidity issues next year. Despite this, 66% told us they believe the industry faces a positive outlook and that credit sales could stimulate demand and opportunities for business growth.

When asked to indicate which of the pandemic-induced changes in the way they do business will become a permanent feature going forward, 58% told us they will continue to practise home working, 50% intend to adopt E-commerce and 41% will continue using the digital technology they first used following the outbreak of the pandemic.

Agri-food industry in Poland

Looking into 2022: top ten concerns expressed by businesses in the industry




Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

SURVEY QUESTION

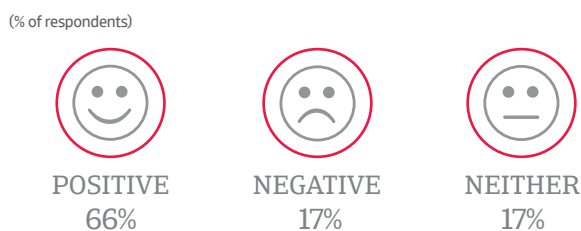
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business?
(ranking by % of respondents)

- #1** Home working (administrative staff)
- #2** E-commerce
- #3** Increased digitalization



Agri-food industry in Poland

how businesses feel about their possible growth in 2022



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021



Chemicals

Late payments and cash flow

Write-offs double in just one year

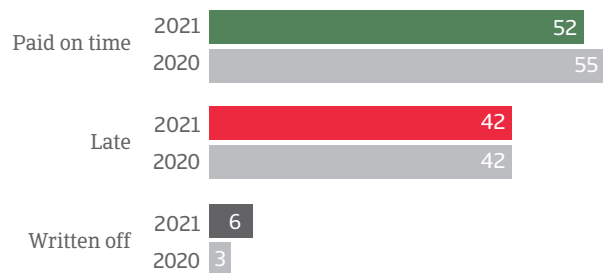
43% of B2B invoices in Polish chemicals industry were reported overdue this year, a slight improvement on the 45% reported last year. In addition, 45% reported no change in payment timings (same as last year) and 12% reported a decrease (10% last year). 42% of the total value of B2B invoices remained outstanding at the due date. This is the same as last year.

One significant year-on-year change could be seen in the percentage of businesses that spent more time and resources on chasing unpaid invoices. 44% reported spending more this year, compared to 26% last year. This increase in the amount spent on debt collection may be in response to spiralling bad debts. 6% was reported as written off this year, compared to just 3% last year. This represents an enormous amount of lost sales revenue, some of which could have potentially threatened the viability of some businesses, particularly smaller operations.

To mitigate the impact of liquidity shortages, nearly one third of the businesses we spoke to admitted delaying payment to suppliers. A sizeable number also resorted to external financing to enable business operations and meet short-term payment obligations.

Chemicals industry in Poland

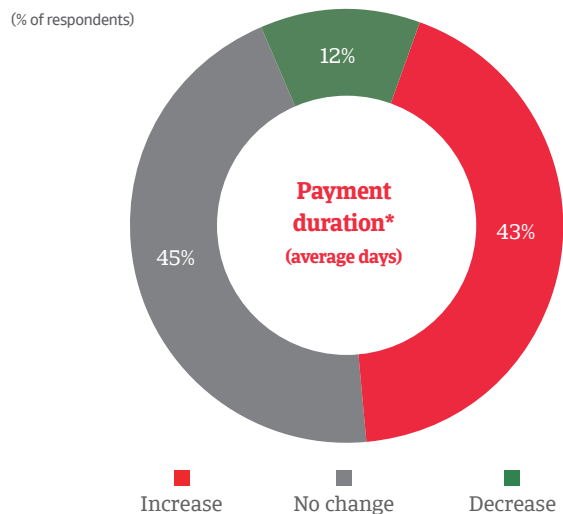
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

Chemicals industry in Poland

average time it takes to convert overdue invoices into cash (change over the past year)



* Payment term + payment delay

Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

SURVEY QUESTION

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

- #1** Increase time, costs and resources spent on chasing overdue invoices
- #2** Strengthen internal credit control procedures
- #3** Delay process to my own suppliers



Chemicals

Approach to credit management and DSO

Multifaceted approach to managing credit risk

Perhaps unsurprisingly given the high increase in credit management costs and the doubling of write-offs, half of the industry opted to remain uninsured and retain the risks of offering credit in-house. However, the 50% reporting self-insurance this year still represents a year-on-year reduction compared to the 60% reporting the same last year. 46% benefitted from credit insurance, a reduction on last year's 52%.

For the businesses relying on internal resources to collect unpaid invoices, the most commonly practised credit management technique is overdue invoice reminders. 46% told us they spent more on managing their credit departments this year, compared to 29% who reported no changes and 25% recording a decrease in credit management administration costs. Businesses also reported an increase in capital costs associated with external financing and debt collection.

Majority of chemicals sector braced to take hit of bad debts

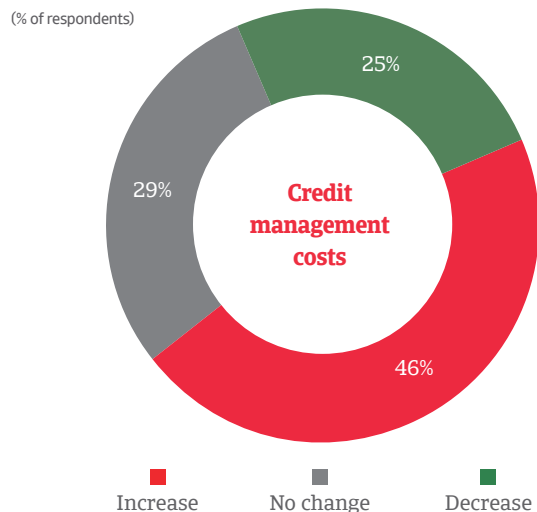
Looking ahead at the coming months, most of the businesses polled in the industry told us they plan to continue with the same approach to credit management that they currently have. However, a small percentage plans to move to retaining and managing customer credit risk internally.

Among those planning to rely on their own resources, the majority intends to increase the offer of discounts for early invoice payments and to spend more in-house on collecting overdue trade debts rather than outsourcing it to specialist agencies. In short, the majority of businesses in the Polish chemicals sector will have to take the hit if a customer goes bust or fails to pay. This is favoured over outsourcing customer credit risk to a credit insurance provider.

A possible explanation of this position could be the fact that nearly half of the businesses polled do not anticipate any significant issue in regard to the effective management of their cash flow position over the coming months. 48% do not expect difficulties with DSO, with just 29% anticipating deterioration and a similar percentage (23%) expecting improvement.

Chemicals industry in Poland

change in credit management costs (2021/2020)

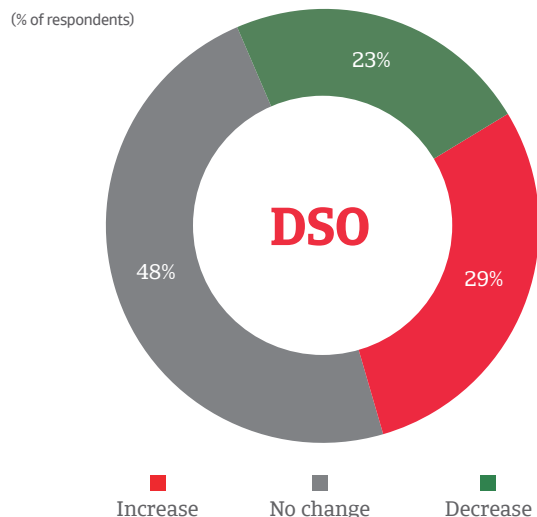


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

Chemicals industry in Poland

expected DSO changes over the next 12 months



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



Chemicals

2022 industry outlook

Growth contingent on pandemic containment

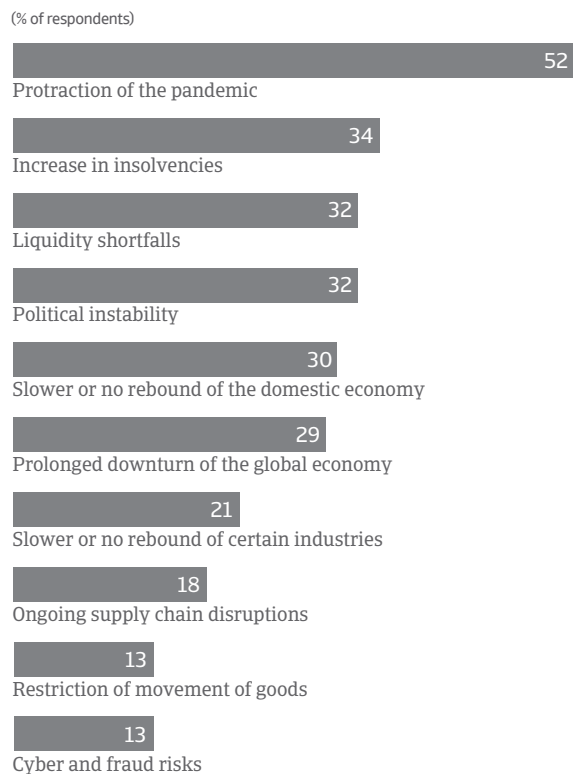
Looking ahead into 2022, 52% of the industry expressed concern that any ongoing effects of the pandemic could negatively impact business and result in a slower or even no economic rebound over the next year. This could trigger an increase in the risk of non-payment from B2B customers and lead to liquidity shortfalls. However, for the most part, the industry is optimistic and 60% believe they will see industry growth next year.

Against this background, trading on credit is expected to play a greater role in next year's business environment. 39% of businesses told us they will offer credit more often to stimulate sales.

When assessing the more positive impacts of the pandemic, much of the industry cited the trade opportunities arising out of increased E-commerce. In addition, 43% told us they adopted digital technology during the pandemic and 55% reported planning on retaining home working.

Chemicals industry in Poland

Looking into 2022: top ten concerns expressed by businesses in the industry



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021

SURVEY QUESTION

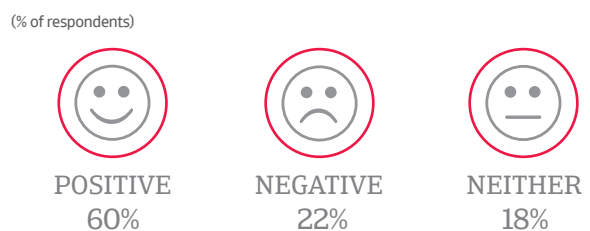
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1** Home working
- #2** Increased digitalization
- #3** E-commerce



Chemicals industry in Poland

how businesses feel about their possible growth in 2022



Sample: all survey respondents
Source: Atradius Payment Practices Barometer - November 2021



Consumer durables

Late payments and cash flow

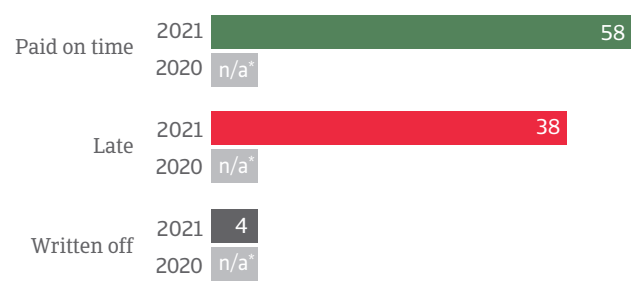
40% of invoices are overdue

42% of the consumer durables industry reported an increase in payment delays this year. The same percentage reported no year-on-year change and 16% told us they had experienced a reduction in payment delays compared to last year. In terms of value, late payments affect approximately 40% the total value of B2B invoices and 4% were written off.

36% of the survey respondents told us they spent more time and employed additional resources on trying to collect unpaid invoices. Several respondents also revealed withholding payment to suppliers in order to protect their own cash flows.

Consumer durables industry in Poland

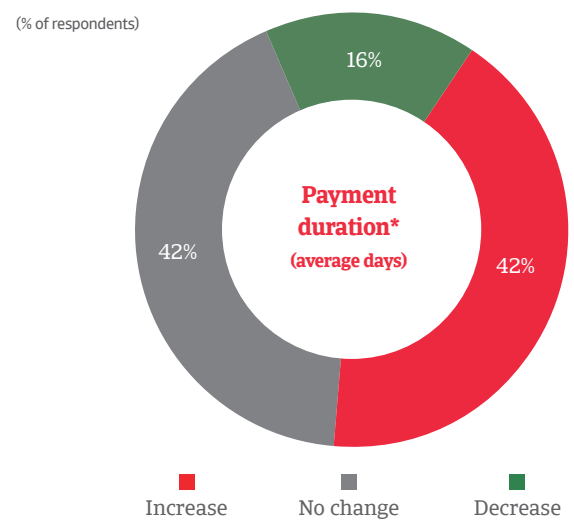
% of the total value of B2B invoices paid on time, overdue and written off as uncollectable (2021/2020)



n/a = not available
 Sample: all survey respondents
 Source: Atradius Payment Practices Barometer - November 2021

Consumer durables industry in Poland

average time it takes to convert overdue invoices into cash (change over the past year)



* Payment term + payment delay
 Sample: all survey respondents
 Source: Atradius Payment Practices Barometer - November 2021

SURVEY QUESTION

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

- #1** Increase time, costs and resources spent on chasing overdue invoices
- #2** Strengthen internal credit control procedures
- #3** Delay process to my own suppliers

Consumer durables

Approach to credit management and DSO

Cash is king among risk averse

67% of the Polish consumer durables industry favours cash over credit sales. The widespread preference for cash may explain why 42% of businesses reported no increase in late payments over the past year. For businesses choosing to trade on credit, 67% reported offering discounts for early payment to accelerate cash inflows and minimise the risk of customer payment default. A large percentage also reported sending invoice payment reminders and adjusting payment terms. The latter is considered by businesses in the Polish industry as a key point of negotiation in dealings with B2B customers.

Mitigation of credit risk and protection of cash flow is largely performed through factoring (58% of respondents). This appears to be adopted more often than credit insurance which was reported by 48% of respondents.

More than half of the businesses that chose to remain uninsured reported increased costs associated trying to collect outstanding invoices. These include costs incurred with external borrowing while waiting for invoices to be paid. This ranks as the second highest cost reported by businesses.

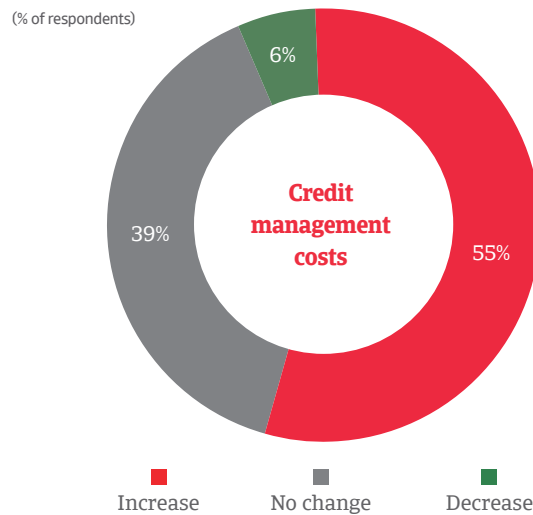
Increasing appetite for credit insurance next year

Although the majority of businesses in the Polish consumer durables industry told us they intend to continue with the same approach to credit management over the coming months (largely cash sales, or prompt payment discounts and overdue invoice reminders), a significant minority expressed an interest in trade credit insurance. This is possibly due to an increasing acknowledgement that credit insurance can be a more cost-effective credit management approach, particularly in terms of credit checks and due diligence.

Looking at DSO trends, 46% of the industry does not anticipate any significant changes, 30% expects deterioration and 24% anticipates improvement.

Consumer durables industry in Poland

change in credit management costs (2021/2020)

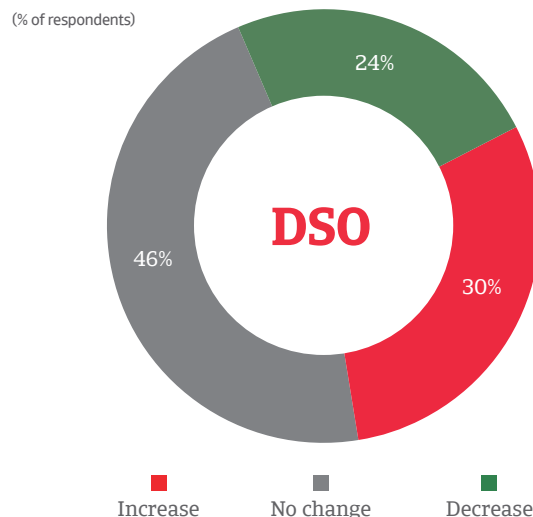


Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

Consumer durables industry in Poland

expected DSO changes over the next 12 months



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021



Consumer durables

2022 industry outlook

Business confidence largely positive for 2022

68% of the businesses in the consumer durables industry feels positive about their growth next year, 21% are negative and the remainder anticipates neither growth nor contraction.

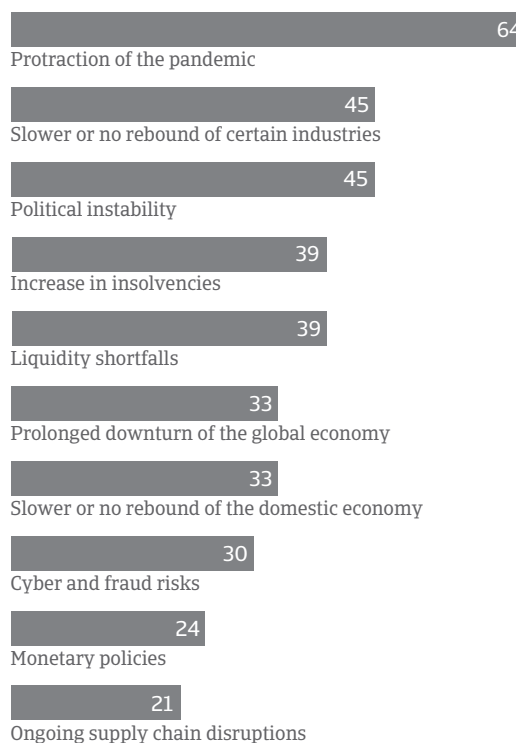
This optimistic view appears to be largely based on the opinion that credit sales will continue at increased pace to stimulate demand (as anticipated by 27% of respondents), or at least will continue at the current pace (27% of respondents) over the next twelve months. 64% admitted their growth optimism was contingent on global containment of the pandemic and successfully managing vaccination programmes. Failure to achieve this could impact the global economy and hamper the rebound of Polish export businesses.

Looking at the more positive pandemic impacts, 67% told us that they will keep on developing E-commerce activities that they started or increased during the pandemic and 61% told us that they will continue to allow home working.

Consumer durables industry in Poland

Looking into 2022: top ten concerns expressed by businesses in the industry

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

SURVEY QUESTION

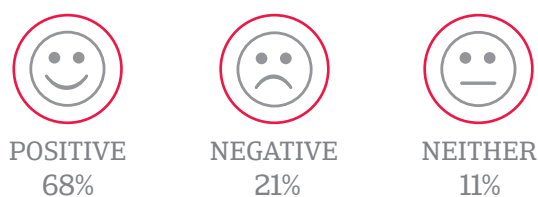
The pandemic has affected businesses significantly. Which of the following do you expect to become a permanent change in the way you do business? (ranking by % of respondents)

- #1** E-commerce
- #2** Home working
- #3** Increased digitalization

Consumer durables industry in Poland

how businesses feel about their possible growth in 2022

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021

Survey design

Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the 'Atradius Payment Practices Barometer'. This report, which is part of the 2021 edition of the Atradius Payment Practices Barometer for Europe, focuses on Poland. 200 companies from the Polish agri-food, chemicals and consumer durables industries have been surveyed. Due to a change in research methodology for this survey, year-on-year comparisons are not feasible for some of the results, although last year's values are used as a benchmark where possible throughout the survey.

The survey was conducted exclusively for Atradius by CSA Research.

Survey scope

- **Basic population:** the appropriate contacts for accounts receivable management were interviewed.
- **Sample design:** the Strategic Sampling Plan enables to perform an analysis of country data crossed by sector and company size.
- **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=200 people were interviewed in total.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration.
Interview period: Q3 2021.

Poland - total interviews 200

Industries surveyed			
Agri-food			
Chemicals			
Consumer durables			
Sector			
Companies interviewed	Agri-food (%)	Chemicals (%)	Consumer durables (%)
Manufacturing	50	38	39
Wholesale trade	17	13	6
Retail trade/Distribution	26	34	42
Services	7	16	12

Company size			
Agri-food			
Chemicals			
Consumer durables			
Companies interviewed	Agri-food (%)	Chemicals (%)	Consumer durables (%)
Micro enterprises	65	34	30
SME - Small enterprises	14	27	30
SME - Medium enterprises	19	25	36
Large enterprises	2	14	3

Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the November 2021 Payment Practices Barometer of Atradius, available at www.atradius.com/publications
[Download in PDF format](#) (English only).

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