



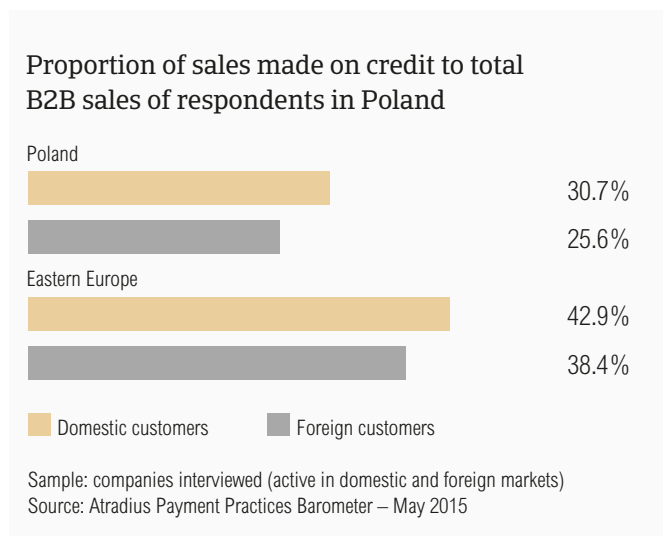
Atradius Payment Practices Barometer

International survey of B2B payment behaviour
Survey results for Poland

Survey results for Poland

Sales on credit terms

Consistent with the survey pattern, respondents in Poland seem to be more inclined to use trade credit in B2B sales with domestic customers than with customers abroad. An average of 30.7% of the total value of domestic sales and 25.6% of foreign B2B sales were made on credit. Both averages are notably lower than the survey averages for Eastern Europe (42.9% domestic and 38.4% foreign) and Western Europe (44.9% domestic and 37.7% foreign). Taken together, these findings highlight that Polish respondents are less open to using trade credit than their peers in Europe.



More information in the [Statistical appendix](#)

Over the past two years, the proportion of B2B credit-based sales on the Polish domestic market fell sharply (around 11 percentage points). Conversely, the percentage of foreign sales on credit showed an oscillating trend, with an increase at the beginning of 2014, followed by a decrease in the same period of this year. These decreases may be explained by an upswing in domestic and foreign overdue payments and an increase in delinquency rates (invoices unpaid 90+ days after the due date) over the past two years. Due to these changes, Polish respondents have a more conservative approach in regard to B2B transactions on credit terms.

Average payment term

Domestic B2B customers of respondents in Poland are given an average of 24 days from the invoice date to pay invoices. This term, which is the same as that recorded in Hungary, remained substantially stable over the past two years, and is six days shorter than the average for Eastern Europe (the average for Western Europe is 34 days).

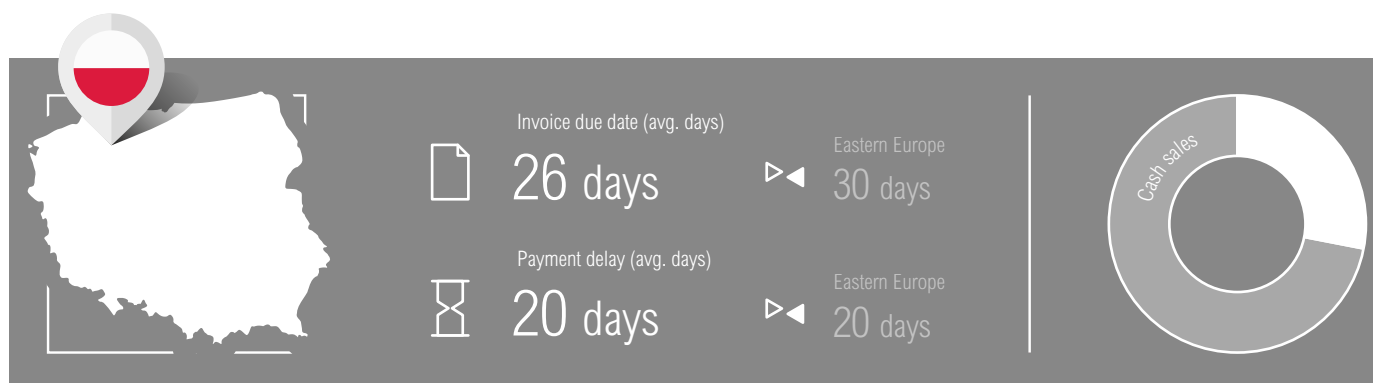
Foreign B2B customers of Polish respondents are given a little more time to pay invoices, averaging 27 days. This average term, which remained stable over the past two years, is in line with that observed in Hungary and is four days shorter than the average for Eastern Europe (the average for Western Europe stands at 32 days).

Overdue B2B invoices

Domestic B2B invoices in Poland are more likely to be paid late than foreign invoices are. An average of 35.5% of domestic B2B invoices and 29.3% of foreign ones remained unpaid after the due date. Both figures are lower than the averages for Eastern Europe (41.2% domestic and 34.2% foreign) and Western Europe (40.2% domestic and 35.4% foreign).

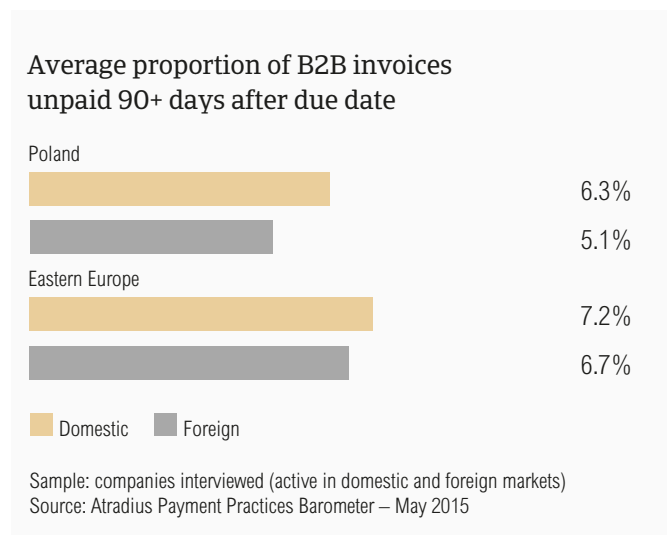
Over the past two years, consistent with the survey pattern, Poland saw an increase in domestic and foreign overdue payments. Domestically, overdue levels in Poland increased by around 7 percentage points, a markedly low level as compared to the foreign overdue levels which increased around 13 percentage points. This means that the domestic figure is lower and the foreign one is in line with the survey average. However, it is worth noting that the increase in foreign overdue invoices is the highest of all the countries surveyed in Eastern Europe, along with that recorded in Slovakia.

Domestic delinquency rates in Poland, appear to be almost as high as foreign ones. 6.3% of the total value of domestic B2B receivables were reported to be delinquent and are likely to turn into collection cases. This percentage is lower than the averages for Eastern Europe (7.2%) and Western Europe (7.6%). Foreign delinquency rates average 5.1% of the total value of foreign B2B receivables. This compares to the 6.7% average for Eastern Europe



and 7% average for Western Europe. It is worth noting that, delinquency rates in Poland showed fluctuation over the past two years, with a decrease at the beginning of 2014, followed by an increase in the same period of this year.

Invoice late payment (domestic and foreign) is reflected in the Days Sales Outstanding (DSO) figure posted by Polish respondents, averaging 80 days (nearly 10 days longer than reported two years ago). This is significantly above the 59 day average for Eastern Europe (average for Western Europe stands at 48 days). The DSO figure in Poland is also the longest of all the countries surveyed in Eastern Europe, matched only by Hungary. This may reflect a higher volume of long outstanding invoices of high value than in other countries in Europe.



More information in the [Statistical appendix](#)

Average payment delay

Domestic and foreign B2B customers of respondents in Poland pay their overdue invoices, on average, 20 days after the due date. This is in line with the survey average for Europe. This means that, on average, Polish suppliers receive payments on B2B invoices around 45 days after the invoice date. The average for Eastern Europe is around 50 days, while that for Western Europe 56 days.

Over the past two years, the Polish domestic market saw a considerable fluctuation of the average payment delay. The foreign average payment delay followed the same pattern. However, the result is that now respondents in Poland receive payments on domestic B2B invoices around one week earlier, and on foreign invoices around 10 days earlier, than recorded two years ago.

Invoice late payment, and the cost of carrying trade debts, can have a negative impact on the profitability of a company. This may be the reason why cost containment is regarded by more respondents in Poland (20%) than in Eastern Europe (16%) and Western Europe (18%) as one of the greatest challenges to business profitability in 2015. However, the majority of the respondents in Poland (25%) consider a possible decline in their trade flows as the greatest challenge they will be facing this year. The response rate in Eastern Europe is 22% and in Western Europe 20%.

Key payment delay factors

57.6% of the companies surveyed in Poland (60% in Eastern Europe and 51.4% in Western Europe) reported that domestic late payment is most often due to the B2B customers' lack of liquidity. For 40.5% of respondents in Poland (41.4% in Eastern Europe and 37% in Western Europe), this is the most frequent reason for foreign payment delays as well. The percentage of Polish respondents reporting late invoice payment due to financial difficulties of B2B customers fell sharply at the beginning of 2014, and increased again this year, more notably on the domestic market.

In Poland, the second most frequently reported reason for invoice payment delays is the perception that B2B customers use outstanding invoices as a form of financing. This is in line with observations in both Eastern and Western Europe. Domestically, this was reported by nearly 40% of respondents, slightly above the 34.8% respondents in Eastern Europe (34.1% respondents in Western Europe). Nearly 30% of Polish respondents attributed this reason to foreign payment delays, slightly more than in Eastern Europe (25.5%) and in Western Europe (29.4%). It is worth noting that more respondents in Poland (20%) than in Eastern Europe (around 10%) attributed domestic and foreign late payments to invoice disputes.



Uncollectable accounts

The proportion of B2B receivables reported by respondents in Poland as uncollectable (around 1%) is consistent with the average for Eastern Europe (average for Western Europe is 1.2%). Domestic write-offs outweigh foreign ones. Most of the respondents in Poland (30%) reported that uncollectable domestic B2B receivables originate most often from the construction sector.

Foreign B2B write-offs occurred mainly in the services, consumer durables, construction and chemicals sectors. The majority of Polish respondents (56%) said that B2B receivables were uncollectable because the customer went bankrupt or out of business. The second most often cited reason for write-offs is the failure of collections attempts (37% of respondents). Both response rates are in line with the survey average.

For more insights into the B2B receivables collections practices in Poland, please see the Global Collections Review by Atradius Collections (free download after registration), available from May 19, 2015 on www.atradiuscollections.com.

Top challenge to business profitability in 2015: falling demand of products and services



Sample: companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – May 2015

More information in the [Statistical appendix](#)

Payment practices by industry

Survey respondents in Poland reported granting trade credit terms mainly to B2B customers belonging to the following sectors: chemicals, construction, consumer durables, services and textile. B2B customers in the chemicals and construction sectors are extended payment terms above the country average. Customers in the chemicals sector are given the longest payments terms (averaging 35 days for domestic and 37 days for foreign) followed by customers in the construction sector (30 days for domestic and 32 days for foreign).

Domestically, the construction sector generates a proportion of overdue invoices above the country average (around one third of the sectors' credit sales value is past due). However, late payments due to insufficient availability of funds occur most often in the chemicals sector (68% of respondents), which records the longest payment delays, along with the construction sector. It is, however, the services sector that generates overdue payment levels that are above the country average.

Over the coming 12 months, most respondents in Poland expect the payment behaviour of B2B customers in the chemicals sector to deteriorate slightly (nearly 45% of respondents in respect to domestic customers and around 30% in respect to foreign customers). Polish respondents expect an improvement in the payment behaviour of foreign B2B customers in the textile sector. No other significant changes are expected in the payment practices of B2B customers in other sectors.

To learn more about the Survey design of the Atradius Payment Practices Barometer, please see the [report for the region](#).

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.

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The [Statistical appendix](#) to this report is part of the May 2015 Payment Practices Barometer of Atradius (survey results for Eastern Europe) available at www.atradius.com/Publications/Payment Practices Barometer. This appendix is available for download in PDF format (English only).

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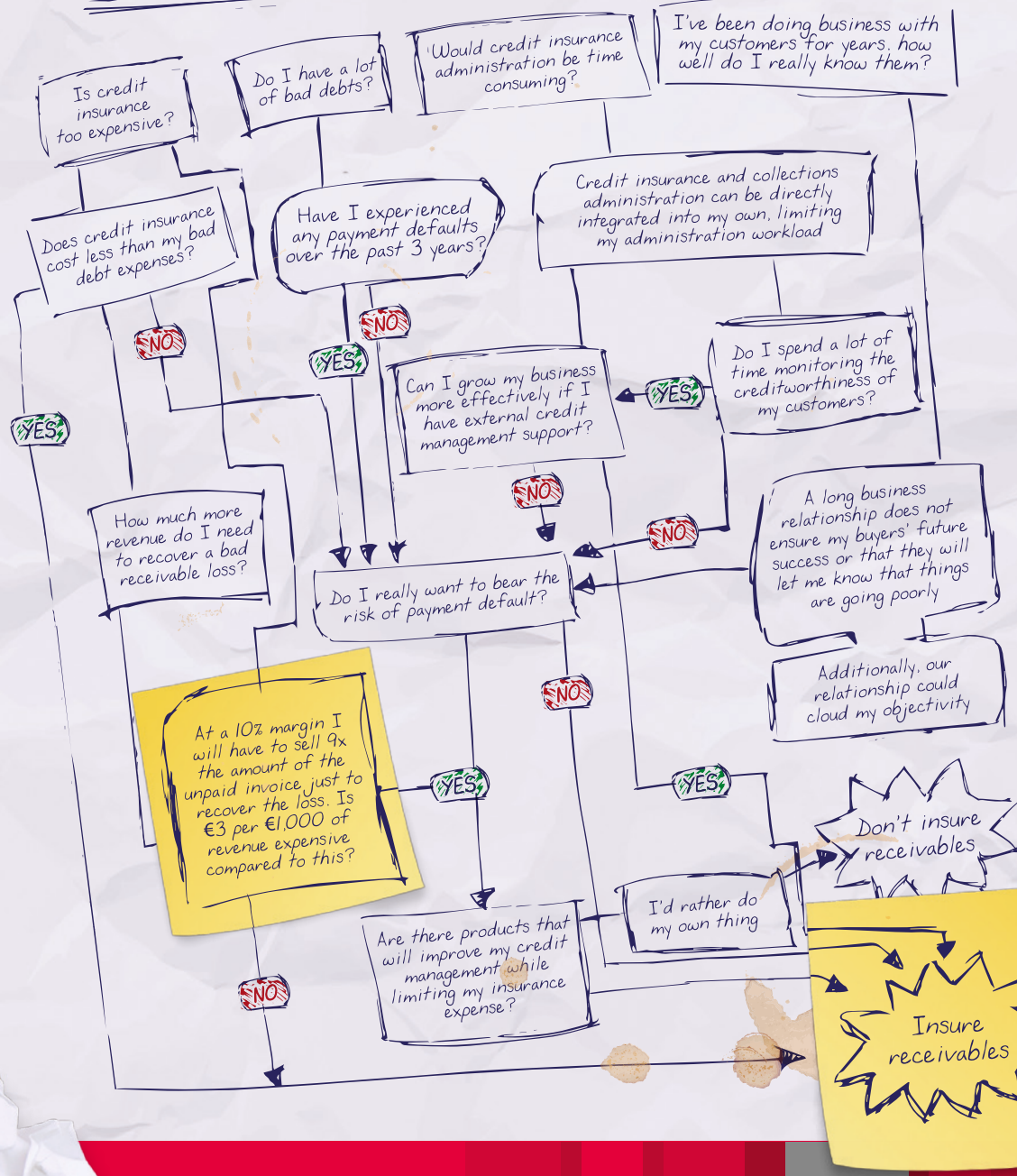
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