



Atradius Payment Practices Barometer 2024



B2B payment practices trends

Germany

Cashflow concerns mount amid bleak credit risk landscape





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.

Our survey provides us with the opportunity to hear directly from companies polled about how they are coping with the impact of the current challenging economic and trading environment on payment behaviour of their B2B customers. This can give valuable insights into how businesses are paid by their B2B customers, and how they tackle the pain points caused by poor payment practices.

The findings about what measures are undertaken to fund a sudden need for cash, and what credit management tools they use to mitigate the risk of long-term cash flow problems, may also be valuable information in helping understand how companies respond to the crucial issue of late or non-payment in the current uncertain times.

However, the survey also has a strong focus on the challenges and risks that companies polled believe they will encounter during the coming months, and their expectations for future business growth.

The results of our survey can supply useful insights into the current dynamics of corporate payment behaviour in B2B trade, and identify emerging trends that may shape its future. This can be extremely useful to companies doing business, or planning to do so, in the markets polled.

In this report, you will find the survey results for Germany.

The survey was conducted between the end of Q1 and the beginning of Q2 2024. The findings should therefore be viewed with this in mind.



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Germany

B2B payment practices trends

Cashflow concerns mount amid bleak credit risk landscape

A strong reliance on the use of trade credit in B2B transactions is evident across all sectors in our survey of German companies. This strategy is designed to encourage sales during a period in which the economy is struggling to achieve growth and in which demand for products and services fluctuates as inflation and a tight monetary policy put pressure on borrowing costs. 50% of B2B sales in the construction industry are currently made on credit, aiming to foster repeat business, while an almost similar percentage of credit-based B2B sales by German automotive businesses are chiefly meant to maintain a competitive advantage and protect market leadership as the global industry shifts towards hybrid/electric vehicles.

Although a comparatively lower percentage of B2B sales in the German consumer durables sector are transacted on credit, an overwhelming 92% of companies say they offer trade credit in an attempt to build long-term customer relationships.

This desire to encourage repeat business and foster B2B customer loyalty is also evident in the lenient payment terms that many German companies currently offer. Half of the businesses surveyed in the construction industry are taking this strategy of giving increased payment flexibility to customers, and the average payment term in this sector now stands at 54 days from invoicing.

Key survey findings

- As the German economy struggles to grow businesses across all sectors of our survey show strong reliance on the use of trade credit to facilitate B2B sales. This approach aligns with volatile demand in an economic climate where inflation and tight monetary policy put pressure on borrowing costs.
- 50% of B2B sales in the German construction industry are made on credit, mainly to encourage repeat business, and a substantial 81% of companies offer trade credit. These figures are almost identical in the automotive sector. Although only 32% of B2B sales in the consumer durables sector are made on credit, 92% of businesses say they offer trade credit to customers.
- Relatively lenient payment terms are extended across all sectors in Germany to foster sales. 50% of companies are offering longer terms than last year, and the average payment stands at 54 days. In the consumer durables sector 56% of businesses are extending terms, while the average term is 40 days. Only 35% of companies offer longer terms in the automotive industry, but the average term is 47 days.

Almost the same percentage of businesses in the consumer durables sector tell us they are extending longer payment terms to B2B customers, with the average term now at 40 days. The policy of offering increased payment flexibility to B2B customers is, in contrast, comparatively less widespread in the automotive industry.

Key figures and charts on the following pages

(continued on page 5)



Germany

Here, 35% of businesses say they are opting for a more lenient payment policy compared to the previous year, which points to a widespread preference for more stable payment terms for customers within the German automotive industry. The average term in this sector now stands at 47 days from invoicing.

Offering more trade credit and increasingly lenient payment terms amid the challenging economic climate means companies in Germany are having to grapple with the consequences of a deteriorated credit risk landscape. Overall, customer credit risk affects 57% of B2B invoices issued by businesses polled in Germany, while bad debts stand at 10% of all invoices. Our survey finds the construction industry hardest hit by customer credit risk, with late payments affecting 62% of all B2B invoices, and bad debts amounting to a staggering 13% of all B2B invoices. An almost identical situation is evident in the consumer durables sector, while the automotive industry, which is also suffering, records a comparatively lower percentage of late payments and bad debts impacting the industry, 50% and 8% respectively. The significant worsening of payment practices of B2B customers, evident across all sectors of the survey, causes immediate cashflow issues as well as difficulties in meeting financial obligations. Other red flag consequences include delays to crucial investment plans, rising costs of borrowing and reliance on short-term finance, along with companies slowing down payments to their own suppliers.

Another impact for German companies of the deterioration in B2B payment practices is a worsening of Days-Sales-Outstanding (DSO), especially in the construction industry. A significant 47% of businesses in this sector report an increase in DSO compared to the previous year, with the average collection time standing at 87 days from invoicing. In the automotive industry, where 39% of companies saw a worsening in DSO during the past 12 months, the average collection time is 68 days.

- The credit risk landscape is clearly deteriorating. Late payments across all sectors stand at 57% of all B2B invoices, up from 51% last year, while bad debts are also rising to 10% of all B2B invoices, up from 8%. Companies say this is causing immediate cashflow problems, difficulties in meeting financial obligations, and investment delays.
- Another consequence is concern about worsening Days-Sales-Outstanding (DSO). 47% of German construction companies express this worry, with DSO at an average of 87 days. 39% of businesses in both the consumer durables and automotive sectors say DSO is deteriorating, with their average standing at 45 days and 68 days respectively.
- German companies have a variety of approaches in seeking finance. In the construction sector 57% of businesses say trade credit is their primary source of finance, while 79% of the consumer durables sector prefer bank credit. 45% of automotive companies look to trade credit, while 53% employ bank credit as their main source of finance.

Widespread deterioration of DSO is also evident in the consumer durables sector, where DSO currently stands at a 45-day average. The long waits to receive payments from B2B customers put a focus on the ability of businesses to access working capital to help secure ongoing operations. In the construction sector 57% of companies say trade credit is their main source of finance. Nearly four out of five businesses surveyed in the consumer durables sector report bank credit as the primary finance option, while just over half in the automotive sector prefer bank credit and 45% seek trade credit.

Key figures and charts on the following pages

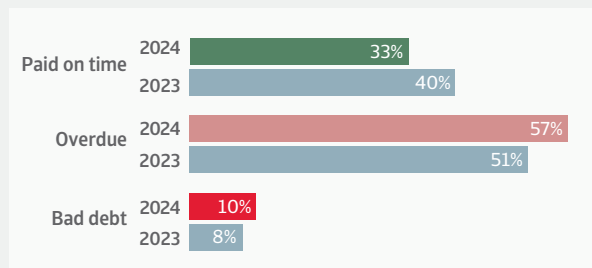




Germany

Germany

% of the total value of B2B invoices paid on time, overdue and bad debt (2024/2023)

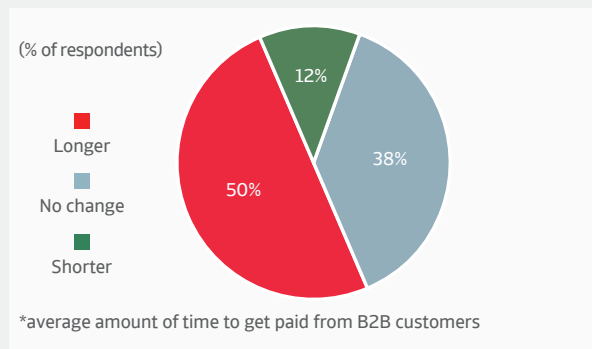


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Germany – 2024

Germany

% of respondents reporting changes in payment duration* over the past 12 months

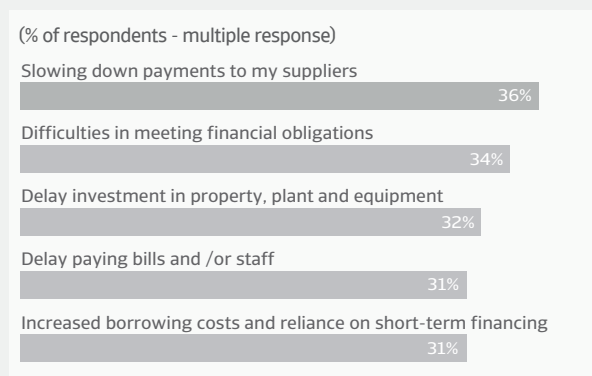


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Germany – 2024

Germany

Over the past 12 months, have late payments from your B2B customers led your company to experience any of the following situations?



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Germany – 2024

Germany

What are the main sources of financing that your company used during the past 12 months?

- 62% Bank loans
- 52% Trade credit
- 40% Invoice financing
- 27% Internal funds

(% of respondents - multiple response)

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Germany – 2024

Germany

Looking ahead

Widespread alarm about insolvency risk upward trend

Anxiety about weak growth in the domestic economy is a major concern for companies surveyed in Germany, both in the short term and looking further forward. This is amplified by worries about a persistently low consumer confidence, along with a lack of significant momentum in the job market posing challenges to a robust consumer rebound in the near term. From an industry-specific perspective, businesses surveyed in the German automotive sector express concern over the challenging transition driven by tightening emissions standards worldwide, leading to a significant shift towards hybrid and electric vehicles, which confronts car manufacturers. In response, German carmakers are making substantial investments to safeguard their market dominance. Another significant short-term concern shared by German automotive businesses and those in the consumer durables sector relates to the potential disruptions caused by cyber threats to their day-to-day business operations. Companies in the construction industry express particular concern about their capability to secure new clients or projects in the coming 12 months due to sharp monetary policy weighing heavily on the sector.

Looking further ahead, environmental and sustainability issues, including the increasing emphasis on sustainable business practices and environmental regulations affecting operations, are long-term concerns for companies in the German construction sector.

Key figures and charts on the following pages

Key survey findings

- A wide range of concerns emerge among German companies in our survey, both short-term and looking further ahead. There is widespread anxiety about the outlook for growth in the domestic economy, as well as worry about persistently low consumer confidence negatively affecting consumer spending.
- Potential cyber-threat disruptions that could affect business operations are a concern for both the German automotive and consumer durables sectors. The construction industry has a particular worry about its capability to secure new clients and projects during the coming months.
- There is long-term anxiety across all sectors about environmental and sustainability issues, especially in the construction sector. Widespread worry about the impact of an ongoing shortage of skilled staff on the long-term business outlook is expressed by German construction and automotive industries. German consumer durables businesses have worries about technological obsolescence impacting business operations.

They also express worry about the ongoing downward trend in construction investment due to high interest rates, along with intense competition limiting their long-term growth potential.

(continued on page 8)



Germany

Interestingly, in both the construction and automotive industries there is also widespread worry about the impact of an ongoing shortage of skilled staff on the long-term business outlook. Concerns about potential policy changes related to regulatory compliance, along with sector-specific worries about technological obsolescence resulting from the failure to adopt or integrate new innovations, are common anxieties emerging from our survey of German consumer durable businesses.

Most of the companies across all sectors in Germany anticipate a struggle to meet their financial obligations during the coming months, which includes the need to slow down payments to their own suppliers to reduce the risk of liquidity bottlenecks. Accompanying this negative outlook is widespread pessimism about the future trend of insolvency risk associated with trading on credit with B2B customers. Just over 70% of the businesses surveyed foresee an increased risk of insolvency arising from B2B trade, highlighting concern about its impact on cashflow and financial stability.

This negativity is particularly evident in the construction sector, and in the German automotive industry where 41% of companies also anticipate a deterioration in B2B customer payment practices during the next 12 months. Great uncertainty about the future trajectory of payment practices of B2B customers can be seen among German consumer durables businesses, which show a widespread consensus about negative expectations for insolvency risk during the months ahead.

The diverse expectations of German companies about debt collection efficiency and cashflow management in the coming year are evident in our survey. Overall, 39% of German businesses polled anticipate deterioration, while the remaining are either more optimistic or uncertain.

- Our survey reveals a mixed range of opinion about prospects for B2B payment practices. 36% of companies across all sectors expect a deterioration, while the remaining businesses polled anticipate either improvement or no change in payment behaviour. Pessimism is most prevalent in the automotive industry.
- Risk of insolvency is widely expected to increase. Just over 70% of companies surveyed across all sectors in Germany anticipate a negative trend of insolvency risk. Construction businesses are the most negative in this regard.
- Days-Sales-Outstanding (DSO) is expected to deteriorate according to 39% of companies surveyed in Germany. The remaining respondents are either optimistic or uncertain. Construction businesses are the most pessimistic, while consumer durables companies anticipate no significant change in DSO over the next year. Businesses across the automotive industry do not have a clear opinion.

46% of businesses in the construction industry say they anticipate a deterioration in Days-Sales-Outstanding (DSO) during the next 12 months, which signals heightened concern about the risk of financial instability, particularly for those who rely on prompt payments to sustain their operations. In contrast, 45% of companies in the German consumer durables sector expect no change in DSO, suggesting stability in payment collection. The automotive industry has no clear-cut opinion, with one-third of businesses optimistic about DSO and the rest either uncertain or pessimistic.

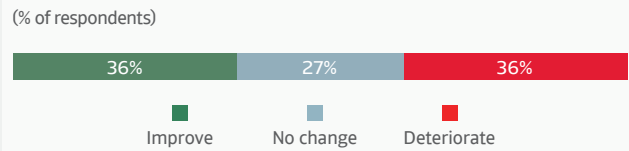
Key figures and charts on the following pages



Germany

Germany

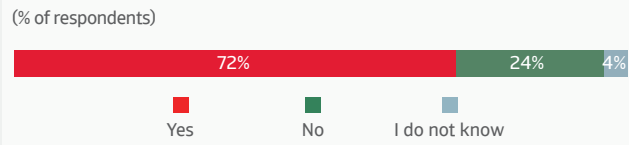
Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Germany – 2024

Germany

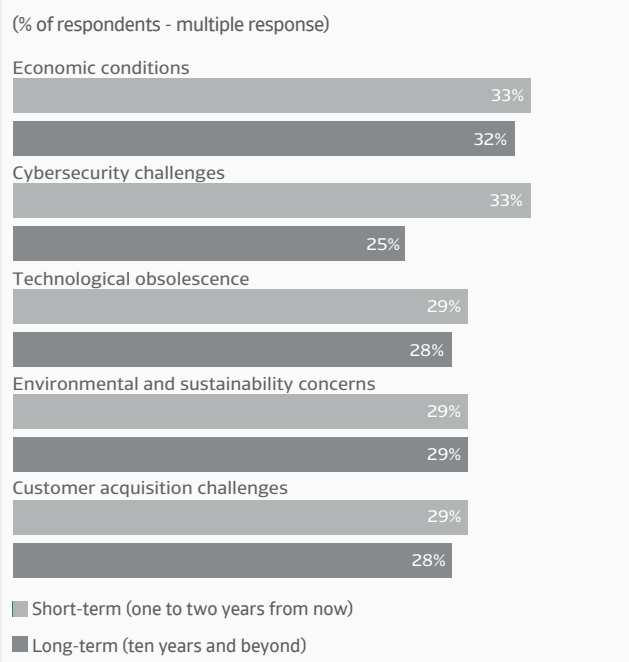
Do you see an increased insolvency risk for your customers in the next 12 months?



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Germany – 2024

Germany

Looking ahead: top 5 concerns expressed by businesses polled



Sample: all survey respondents
Source: Atradius Payment Practices Barometer Germany – 2024

Germany

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

- 23% Improve
- 38% No change
- 39% Deteriorate

(% of respondents)

Sample: all survey respondents
Source: Atradius Payment Practices Barometer Germany – 2024

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Germany are the focus of this report, which forms part of the 2024 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 215 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Germany 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=215 people were interviewed in total. A quota was maintained according to four classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: The survey was conducted between the end of Q1 and the beginning of Q2 2024. The findings should therefore be viewed with this in mind.

Sample overview – Total interviews = 215

Business sector	Interviews	%
Manufacturing	100	58
Wholesale trade	46	21
Retail trade/Distribution	38	18
Services	31	3
TOTAL	215	100
Business size	Interviews	%
SME: Small enterprises	33	15
SME: Medium enterprises	82	38
Medium Large enterprises	70	33
Large enterprises	30	14
TOTAL	215	100
Construction	70	33
Consumer Durables	71	33
Automotive	74	34
TOTAL	215	100

Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2024 Payment Practices Barometer of Atradius, available at www.atradius.com/publications [Download in PDF format](#) (English only).

Interested in finding out more?

Please visit the Atradius website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

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To find out more about B2B receivables collection practices in Germany and worldwide, please visit atradiuscollections.com.

For Germany please visit atradius.de

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