

## PAYMENT SURVEY



By **Christiane von Berg,**

Economist Austria, Benelux, Germany & Switzerland based in Mainz, Germany

## Germany Corporate Payment Survey 2024: Simmering under the lid

### Executive summary

**T**he eighth edition of Coface's survey on corporate payment experience in Germany was conducted in June to August 2024<sup>1</sup>, with 774 companies participating. Without any new major risk events impacting the economy, the payment behaviour of

German companies differs not a lot from our findings of 2023. Again 80% of all participating companies offered payment terms in 2024 (79% in 2023). The general preference for short credit terms in Germany remained unchanged: the average payment term was again 32.1 days in 2024. It is the lowest in all countries, where Coface is publishing corporate payment studies<sup>2</sup>.

The payment delay figures show only small changes as well. The number of companies reporting new payment delays this year normalized further and went up modestly to a share of 78% in 2024, markedly above that of the 2020-2022 period, but not as high as 2019 (85%). The average duration of payment delays increased only slightly to 30.8 days in 2024 (+0.7 days relative to 2023), which is still noticeably below the pre-pandemic average. However, this apparent peace and quiet is deceptive. While the payment behaviour itself remained roughly unchanged, the credit risks out of accumulated overdue payments between 6 months and 2 years shot up in 2024. 16% of all participating companies reported accumulated ultra-long overdue payments that have a share of 2 or more percent of their annual turnover. Last year it was still 9%. Machinery is the sector mostly

impacted with 30% reporting overdue payments above 2% of their annual turnover. From Coface's experience 80% of these overdue payments are never paid back. Therefore, these overdue payments represent a noticeable business risk and could lead ultimately into insolvency.

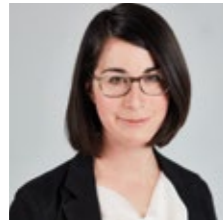
Although no further big economic risk was added to the overall economic obstacles, the sentiment of German companies is worse than ever. While 9% of our participants think that their business situation this year is better than last year, this was overcompensated by the majority of 48% that are pessimistic. Taken together, this results in a balance of -39 points, which is even more pessimistic than the companies' sentiment after the beginning of the pandemic in 2020 or the start of the war in Ukraine. The business outlook is neither a reason for hope. All in all, German companies expect a stable business outlook in 2025. The political uncertainty in Germany as well as around the world could be a reason for this cloudy outlook as it is seen as the biggest risk for export business by our participants. Indeed, Germany further lost support as a good business location compared with 2023, while the United States and other EU-countries gained popularity. The ongoing concentration on "friendly" countries could be related to de-risking strategies. 16% of Germany companies have used de-risking measures in 2024, up from 12% in 2023. 30% of the participating companies expect to implement such strategies in the coming three years.

<sup>1</sup> The survey was conducted between 24 June and 16 August 2024.

<sup>2</sup> Coface is offering annual corporate payment studies for Germany, France, Poland, China, Latin America and Asia-Pacific.

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**CHRISTIANE VON BERG**  
Coface Economist,  
Austria, Benelux,  
Germany & Switzerland  
Mainz, Germany

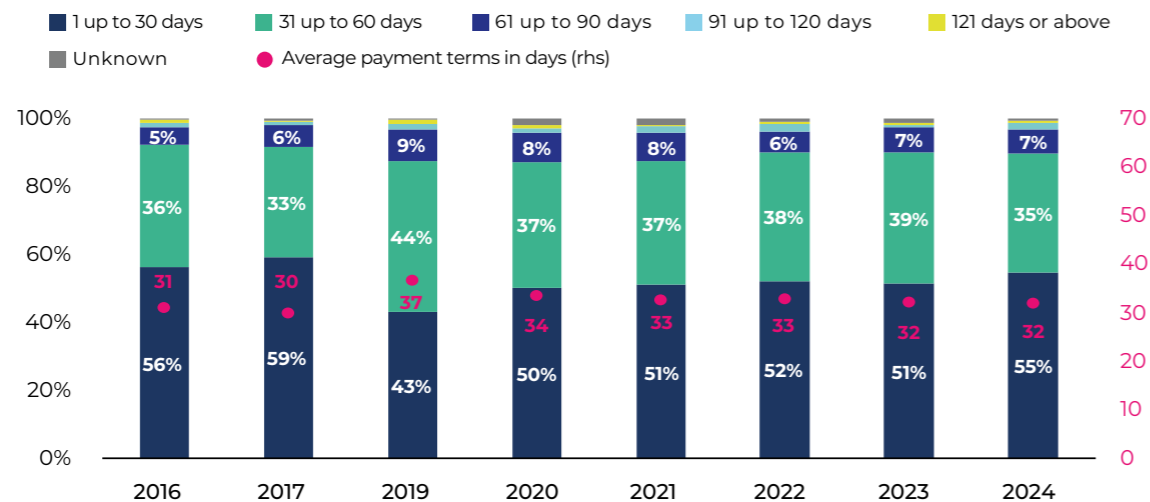
## PAYMENT TERMS<sup>3</sup>: MORE COMPANIES PREFER VERY SHORT PAYMENT TERMS

• According to the data of our payment survey, German companies did not change much in their behaviour regarding the offer of payment terms. In 2024, 80% of all participants offered them, minimal changed from the 79% in 2023. It represents a normalization process from the low levels of the pandemic-period and comes back to the pre-pandemic levels of 2019 (81%). While overall payment terms seem to be unchanged, there is some dynamic in the detail-view. In 2024, 9 out of 10 exporting companies offer payment terms in 2024. This is the highest share in the history of this survey and a sharp increase from the 79% in 2023. Exporters named mainly that this is a standard in their designated markets or that the credit risks are insured as the main reason for this high share. The payment terms of

domestic operating companies remained almost unchanged (79% in 2024). Looking at the different sectors, the export-oriented ones are in the lead regarding credit terms. 94% of all participants in the machinery sector are offering payment terms this year, followed by automotive (90%), agri-food (89%) and metals (86%). Finance-Consulting is the sector were less than half of the companies (48%) offer payment terms.

• Short-term payment terms (between 1 to 60 days) dominate the German business landscape. 90% of companies that provide payment terms request payments to be made within 60 days in 2024, which is unchanged from 2023 and 2022 (Chart 1). The distribution of the other time-ranges for payment terms showed slightly

**Chart 1:**  
Payment terms in Germany<sup>4</sup>



Source: Coface Corporate Payment Survey Germany 2024

In 2024,

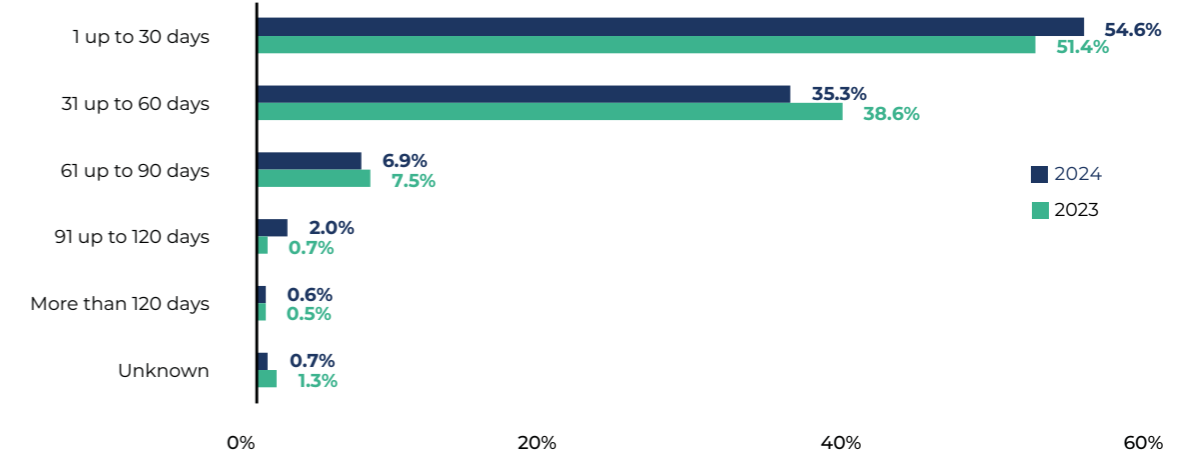
**80%**

of our survey participants offered payment terms. This is almost as high as the pre-pandemic-level.

<sup>3</sup> Payment term – the timeframe between when a customer purchases a product or service and when payment is due.

<sup>4</sup> Due to technical reasons, Coface did not publish a Corporate Payment Survey for Germany in 2018.

**Chart 2:**  
Payment terms in Germany



Source: Coface Corporate Payment Survey Germany 2024

more dynamic, with more companies offering terms between 91 and 120 days (Chart 2). This is balanced out via less companies offering payment terms between 61 and 90 days. In the end the average payment term of all companies in the German economy remained unchanged at 32.1 days. Generally, payment terms tend to shorten in times of financial-stress when companies want to cash in as soon as possible to improve their cash-flow.

• While the average payment terms of all participating companies have not changed, changes in individual sectors were visible in 2024 (Chart 3). The finance-consulting sector recorded the largest reduction in its payment term (by 7.2 days). Other significant reductions were observed in the wood sector (by 4.5 days) and the retail-wholesale trade sector (by 3.7 days). Ultimately,

wood has now the shortest payment terms with an average of 21.1 days, while the automotive sector – even with a shortening of its payment terms – remains the most generous one with 45.8 days.

• When looking for explanations for offering payment terms, our survey shows that many companies have no other choice. 56% of all German companies stated that it is standard in the market in 2024. This is however lower than the high of 62% that confirmed this in 2022. Besides, the fact that their credit risk is insured (14% in 2024) supported the payment terms. However, the confidence in the customer seems to be decreasing again. Only 6% of the participants named it, while the share of companies naming the tight liquidity of the customers as the main reason increased again to 13% (the highest share since 2021).

**Chart 3:**  
Average payment terms by sectors (in days)<sup>5,6,7</sup>



Source: Coface Corporate Payment Survey Germany 2024

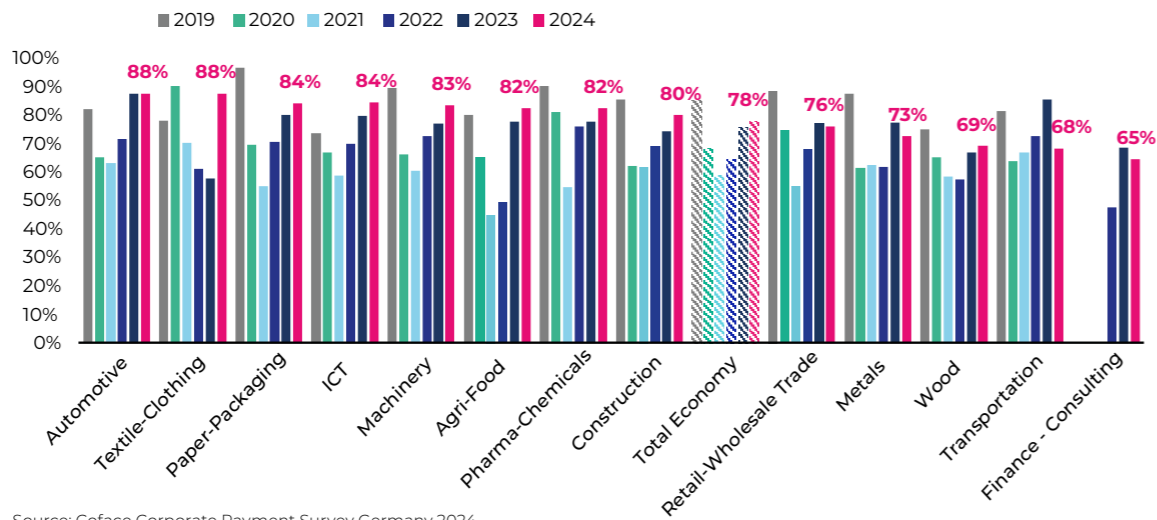
<sup>5</sup> We ask our participants to give answers in time-ranges. As our lowest category is 1 to 30 days, the minimum average payment term is 15 days in our survey. We keep the category 1 to 30 days, although in Germany the "normal" payment term begins at 14 days, to make the data comparable to the results of our other international corporate payment surveys.

<sup>6</sup> ICT = Information and Communication Technology

<sup>7</sup> We show the results only for sectors with 15 or more answering companies per question. This is not always the case for the textile-clothing sector or transportation in this study.

## 2 PAYMENT DELAYS<sup>8</sup> FINANCIAL RISKS ARE RISING SHARPLY

**Chart 4:**  
Share of German companies reporting new payment delays by sector and year<sup>9</sup>

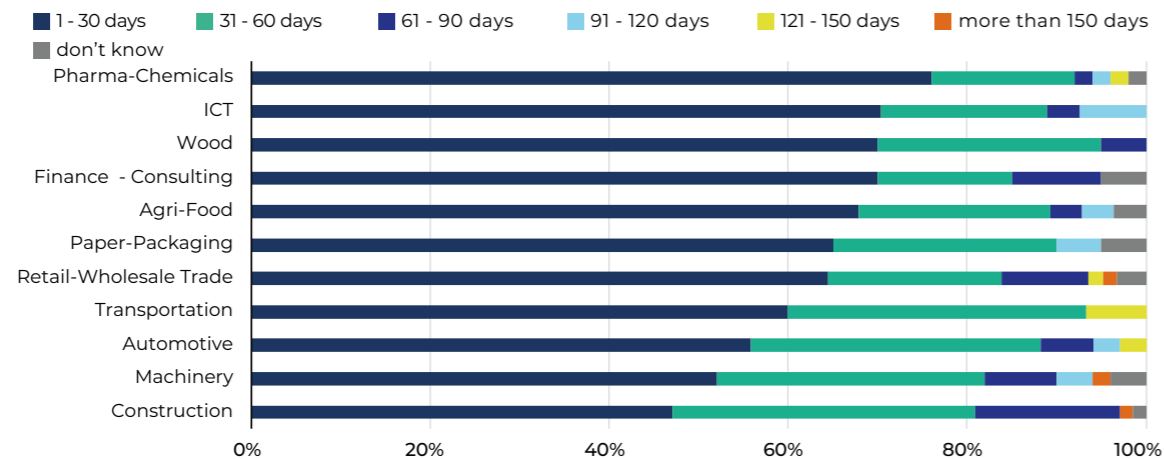


Source: Coface Corporate Payment Survey Germany 2024

Since the publishing of our payment survey in 2021, the number of companies who reported new payment delays in the current year increased noticeably from the low of 59% in 2021 to 78% in 2024. While not yet reaching the pre-pandemic average of 82%, the share is now much closer. The main exceptions are the automotive, textile-clothing, agri-food and ICT sectors, where more payment delays were protocolled in 2024 than in 2019 (Chart 4).

Pharma-chemicals is the only sector where 3/4 of all companies had to wait only up to 30 days for their money in 2024 (Chart 5). In contrast, some companies in the construction sector (1.5%), retail-wholesale trade (1.6%) and machinery (2.0%) had to wait more than 150 days for the payments to be done. Last year, these extreme long payment delays were reported only in the finance-consulting sector.

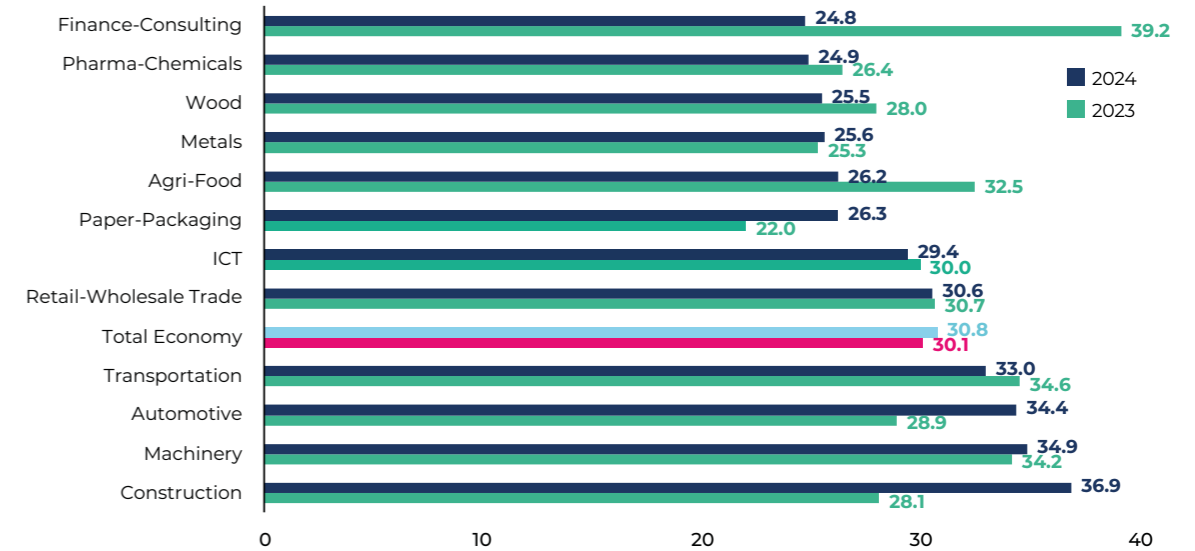
**Chart 5:**  
Payment delays in 2024 by sector



Source: Coface Corporate Payment Survey Germany 2024

<sup>8</sup> Payment delays – the period between the due date of payment and the date the payment is made.  
<sup>9</sup> The sector finance-consulting was only introduced in the Coface survey in 2022.

**Chart 6:**  
Average payment delays by sectors (in days)



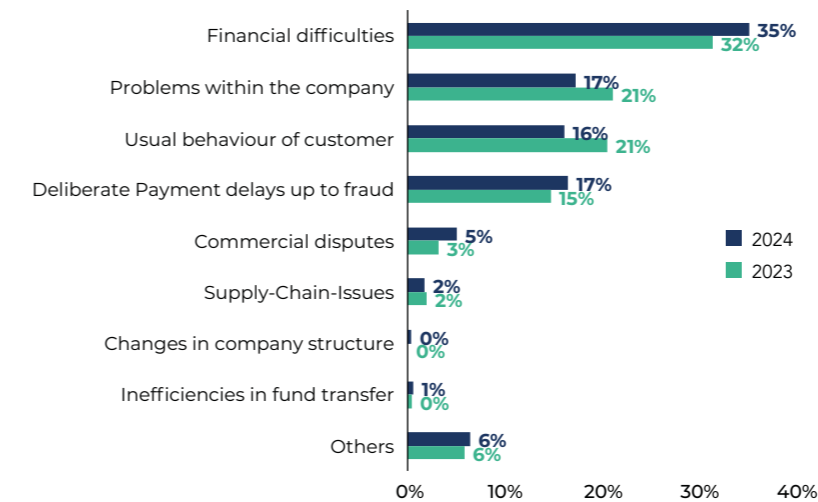
Source: Coface Corporate Payment Survey Germany 2024

The average duration of new payment delays increased the fourth year in a row. In 2024, the delay time went up by 0.7 days compared to 2023, from 30.1 to 30.8 days (Chart 6), yet remaining far below the pre-pandemic average of 39.7 days. The trend in payment delays is uneven. In 7 out of 12 sectors it decreased in 2024, while in 5 sectors it increased. The strongest decreases were reported in the finance-consulting sector (-14.5 days) and in agri-food (-6.3 days) while the largest increases were observed in construction (+8.8 days) and automotive (+5.5 days), reflecting the very challenging environment in these sectors. Companies operating in the finance-consulting sector have now the shortest waiting time with an average of 24.8 days, while companies in the construction sector must be the most patient with an average waiting time of 36.9 days. Except for automotive and transportation, the payment delays in 2024 remain below the pre-pandemic level.

Adding payment terms (if any) to payment delays indicates the total waiting time between the purchase of a product and the payment of the invoice. This indicator – known as days sales outstanding (DSO) – increased from 54.9 days in 2023 to 55.7 days in 2024. However, this level remains moderate compared to the DSO in pre-pandemic times. The average DSO of all sectors stood at 65.8 days in 2019. The fastest sector this year is finance-consulting, with a DSO of 41.9 days. Automotive is by far the sector with the longest DSO with 74.8 days, a noticeable increase from the 65.5 days in 2023.

According to our survey results, the main reason behind payment delays remains clients' financial difficulties, cited by 35% of participants (Chart 7). Despite this increase, the share is noticeably below the pre-pandemic average, when almost 49% of participants named this factor. To the TOP 4 reasons belonged as well that customers deliberately delay payments to support their cash flow up to the point of fraud, as well as inefficient invoicing systems or that this is the usual behaviour of their customers. Coming back to the specific reasons for the financial difficulties of companies that led in the end to payment delays, 26% of our participants answered that the customers of their customers are paying too late, which results in a domino-effect. This is tightly followed by the lack of demand in Germany (22% up from 14% in 2023). Rising production, commodity or input costs in general remained another important issue, however with declining impact: from 38% in 2022 to 16%

**Chart 7:**  
What are the main reasons for payment delays? (share of answers in percent)



Source: Coface Corporate Payment Survey Germany 2024

**16% of all participants report that the accumulated ultra-long payment delays represent a share of 2% or more of their annual turnover**



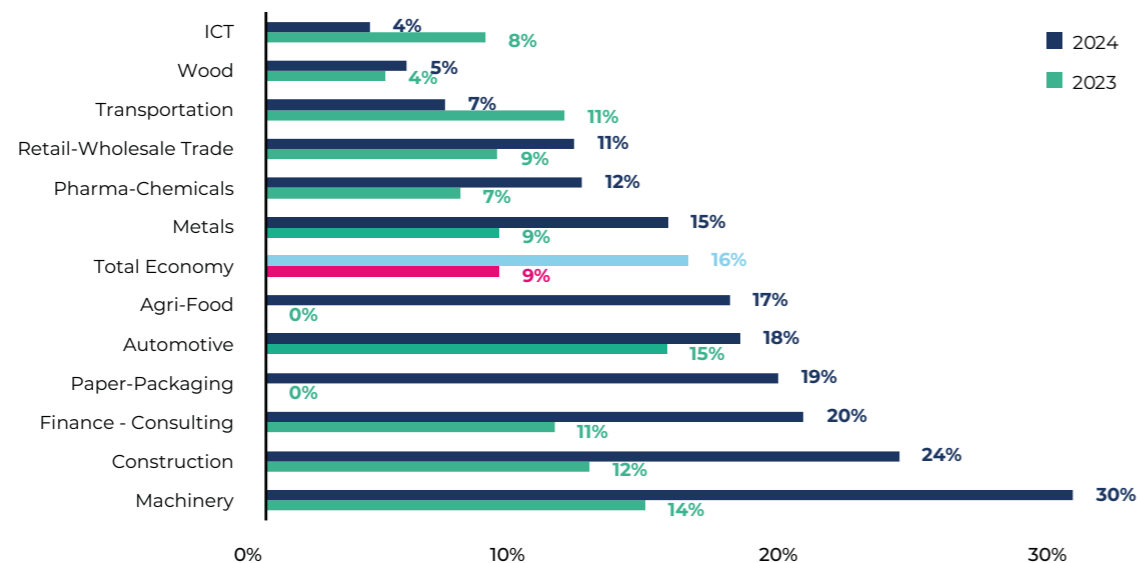
in 2024. It was followed by the reason of missing funding options, which surprisingly decreased to 10% in 2024, the lowest level since the beginning of the survey in 2016. In times of high interest rates and tightening credit conditions, missing funding options was expected to be seen as a bigger problem.

The financial risks associated with late payments for German companies have increased noticeably in 2024. In total, 16% of participants reported that the share of overdue payments between 6 months and 2 years represents 2% or more of their annual turnover. This is an increase of 7 percentage points and the highest level in the history of our Germany payment studies, well above the pre-pandemic average of 11%. This indicator is seen as a threshold for high non-payment risk – 80% of such delays were never paid based on Coface's experience. The trend to higher financial risks is also visible in the sectoral comparison (Chart 8). Except for the transportation sector, where the financial risk declined as well as information and communication technology (ICT), it increased in all other sectors. The strongest increase is visible in the paper-packaging sector, where the share of overdue payments representing 2% or more went up from 0% in 2023 to almost 20%. The agri-food sector shows a similar picture. Nevertheless, the financial risk out of overdue payments seems to be the highest in the machinery sector, followed by construction

and finance-consulting. 2.1% of our participants even said that the overdue payments represent more than 10% of their turnover – a record high and only comparable with the level of 2016. In 7 out of 12 sectors, participants reported such heavy overdue payments. Automotive is in the lead (6%), followed by paper-packaging (5%), metals (3%), pharma-chemicals, machinery, retail-wholesale trade (2% each) and construction (1%).

This increasing financial risk is already resulting in a surging number and volume of corporate insolvencies in Germany. In May 2024, the monthly number of insolvencies was the highest in 8 years<sup>10</sup>. This is not an outlier. Overall, from January to May insolvencies went up by 29% year-over-year. Not only the number, but also the size of the insolvencies (measured via the expected claims out of insolvencies by the Federal Statistical office of Germany) are getting up. From January to May there were a total of 134 instances of insolvencies with claims exceeding EUR 25 million, compared with only 50 in January-May 2023. In total, the sum of expected claims reached in the first five months of 2024 EUR 26.1 billion, an increase of 118% YOY and it is almost the same level as the total sum of the year 2023 (EUR 26.4 billion). Given, the ongoing stagnation of the German economy with a weak outlook for the manufacturing sector (see next abstract), the period of high insolvency numbers will probably go on for a longer time.

**Chart 8:** Share of accumulated overdue payments between 6 months and 2 years that represents 2% or more of the annual turnover of a company

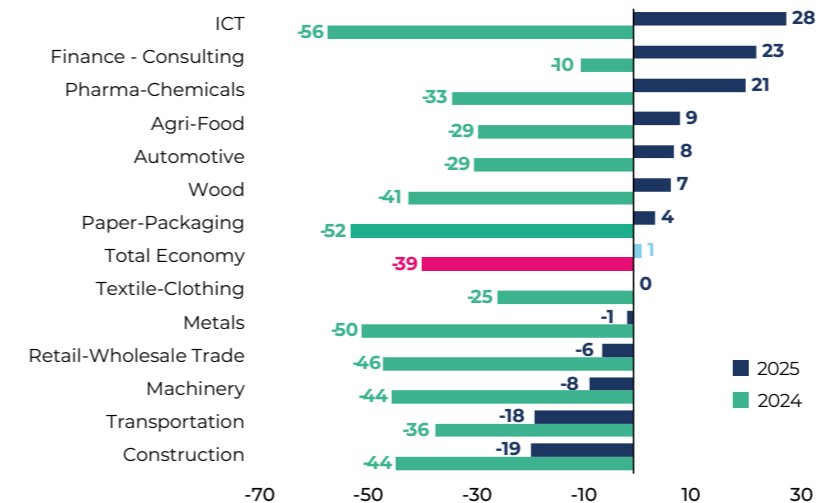


Source: Coface Corporate Payment Survey Germany 2024

<sup>10</sup> Destatis: Beantragte Regelinsolvenzen im Mai 2024: +25.9% zum Vorjahresmonat, [https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/06/PD24\\_230\\_52411.html](https://www.destatis.de/DE/Presse/Pressemitteilungen/2024/06/PD24_230_52411.html)

### 3 ECONOMIC EXPECTATIONS POLITICAL UNCERTAINTY BECOMES THE MAIN RISK FOR BUSINESS

**Chart 9:** What is the current business situation for the year 2024 and what is the business outlook for your company for 2025 compared to the year before? (figures in balance points<sup>11</sup>)

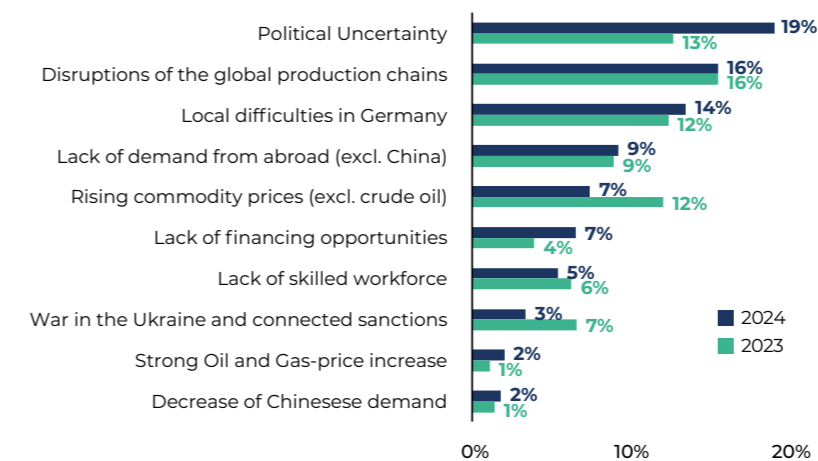


Source: Coface Corporate Payment Survey Germany 2024

Pessimism has taken over companies' assessment of the economic situation in 2024 compared to 2023. 48% of our participants said that their current business situation has deteriorated between 2023 and 2024. Only 9% of the participants reported an improvement, the rest announced an unchanged business situation. In total, the balance of answers reached a new lowest with -39 points (Chart 9). Even at the beginning of the global COVID-19 pandemic in summer 2020 German companies were less pessimistic (balance of -37 points<sup>12</sup>) and after the start of the war in Ukraine, people expected still a stable development (+1) for 2022 and a decrease in activity in 2023 (-24). A way out of this pessimism is not really on the horizon. Company's representatives expect overall a stable development for the coming year. The share of optimist and pessimist are balancing each other out. The sector trend is uneven. 7 out of the 13 sectors are looking at a slightly brighter future in 2025. ICT stands out with +28 points, levelling only partly out the deterioration of this year with -56 points. Conversely, the outlook for construction, transportation, machinery and retail-wholesale trade is further deteriorating.

Already in the last surveys we could observe a fast change in the main risks for (export) business activity. Last year there were several main factors, led by the supply-chain issues (16%) that were the reason for a pessimistic view on the economic outlook. This year, this factor is still important but was overtaken by political uncertainty that reached the top-position (Chart 10). While this political uncertainty includes geopolitical uncertainty as well, it is probably highly related to the domestic one as a result of the confusing communication style of the German government with announcing measures to the public that are not final discussed in the coalition and only partly realized in the end. This has led to a fall in investment expenditures and is pushing down the sentiment of investment good's producers to the lowest level since mid-2020, according to the ifo business climate of August 2024<sup>13</sup>. In third place comes Germany related local difficulties (14%). This can include high local production costs, bureaucracy or taxes for example. Other factors that were the main reason for (export) business concerns in the past have decreased. While in 2022 the rising commodity prices and the war in Ukraine were two main issues, they have calmed

**Chart 10:** What is the main risk for your business in the future?



Source: Coface Corporate Payment Survey Germany 2024

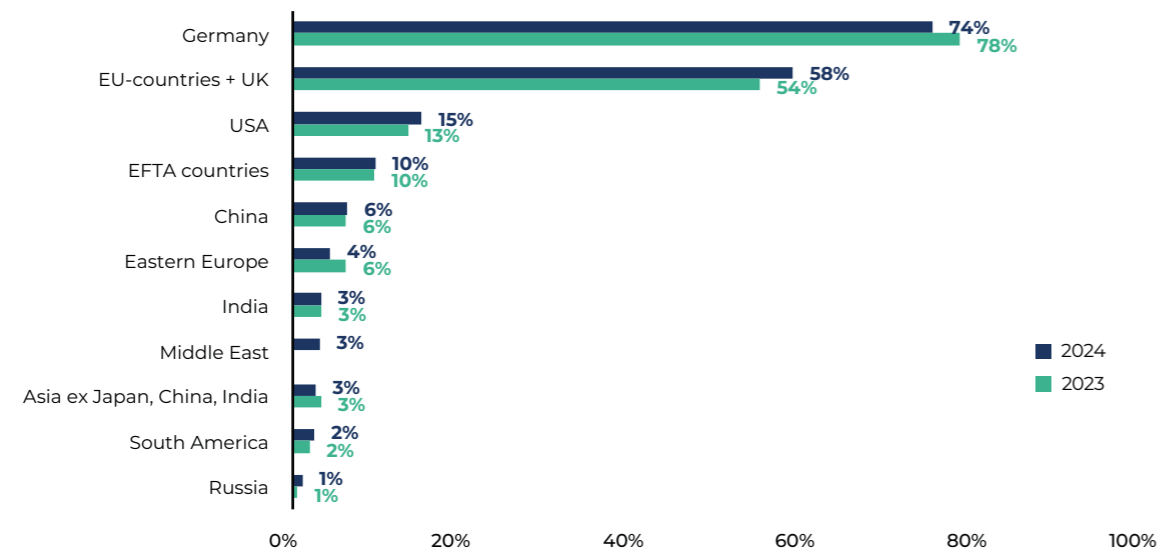
<sup>11</sup> Balance points = share of people expecting a better economic situation than the year before - share of people expecting a worse economic situation than the year before

<sup>12</sup> Coface Germany Corporate Payment Survey 2020: German companies have switched to "crisis mode" and offer less payment terms.

<sup>13</sup> ifo Institute: ifo Business Climate Index deteriorates (August 2024), <https://www.ifo.de/en/facts/2024-08-26/ifo-business-climate-index-deteriorates-august-2024>



**Chart 11:**  
What are the markets with the biggest opportunities for you in the coming year? (max. three answers possible<sup>14</sup>)



Source: Coface Corporate Payment Survey Germany 2024

down noticeably, as countries and companies adapted to the new conditions and in its result also commodity prices decreased again.

Germany remains the country with the most opportunities for surveyed companies in 2024 (unsurprisingly, as 67% of respondents are mainly active on the German market). However, the importance of Germany is falling to a new low. From a high of 91% in 2020, the share has decreased to 74% in 2024<sup>15</sup> (Chart 11), this is noticeable below the pre-pandemic level of 83%. The general reduction of the focus on Germany away to other destinations is in line with a normalization process after the safe-haven effect from the COVID-19 pandemic. However, the further decrease in the following years 2023 and 2024 hints that Germany as a business location is less attractive given the very high production costs (especially labour and energy costs), the over-boarding bureaucracy and the stagnation of the economic activity since 2022. The United States seem to have benefited from this situation. Their popularity in our survey is increasing steadily since 2021 and reached - with 15% of the

participants naming it - the highest level since the beginning of the time-series in 2016. The other big winners in this year's survey are the EU-countries excluding Germany (58% up from 54%). In the last 12 months, the growth prospects here have been better than in Germany, with the simultaneous advantage of common regulation and the duty-free trade opportunities of the EU internal market. China remains an important export partner, but its loss in popularity since the very strict COVID-19 measures took longer than expected in 2022 is confirmed again in 2024. Only 6% of the participants see the best business opportunities there versus 11% in 2019.

Making export-business seems to be harder than ever with many risks going on. China's economy is not as buoyant as in the last decade, the US trade policy will be very dependent on the outcome of November presidential election, the war in Ukraine is going into its third year with no end in sight, escalating tensions in Middle-East are bringing up freight rights, and climate events endanger supply- and production chains as well as transportation ways. To make their business

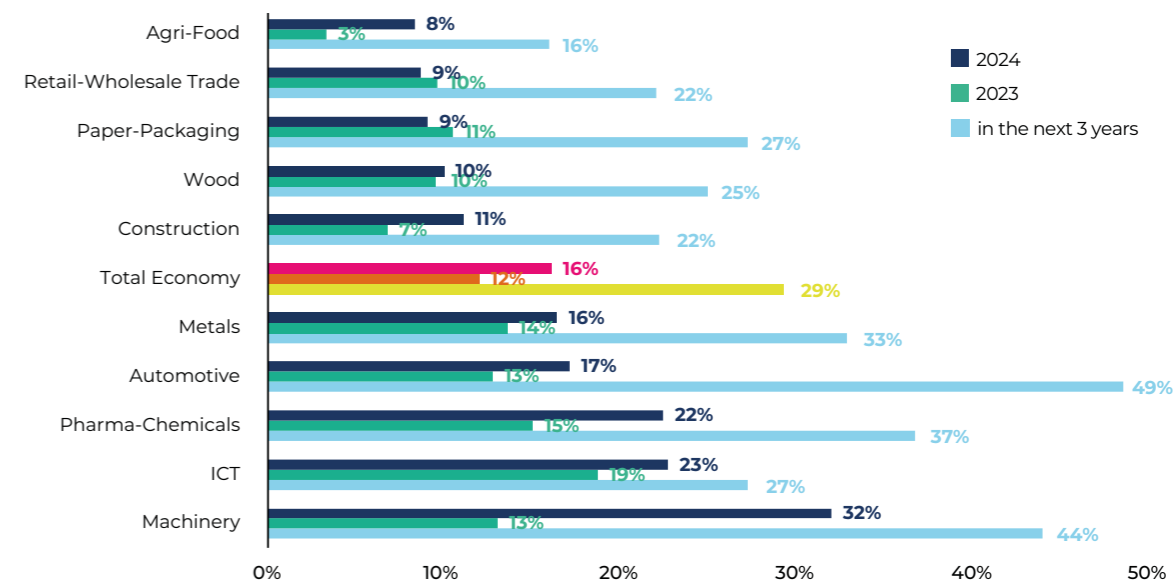
<sup>14</sup> As there are several answers possible, the numbers add not up to 100% in this chart.

<sup>15</sup> In this question, participants were able to choose several answers. This is why the share of the answers do not add up to 100%.

more resilient, 16% of our participants said that they incorporated "de-risking" measures in their trade-business, either voluntarily through changing their business relationships or involuntarily via decisions of governments and other organizations (Chart 12). This represents an increase from the 2023-level, and this trend is set to accelerate: almost 30% of respondents expect to incorporate "de-risking" strategies in the next three years. Indeed, it seems that the pressure for "de-risking" has increased. Last year only 26% expected to work with "de-risking" measures in the near future. Almost all sectors increased their measures to reduce trade-risks. The strongest progress was made in the export-intensive sectors with machinery sticking out especially. One third of all companies have already "de-risking" measures in place. This should increase by additional 12 percentage points until 2027. Relatively low progress was made in the automotive sector. Here, the share of companies that have implemented measures rose only by 4 percentage points up to 17% in 2024, however with an outlook that almost half of all companies would work with "de-risking" strategies until 2027.

Also, de-risking strategies have changed. Last year, it seemed that many companies were still unsure about the right strategy. This year, the answers concentrated on four main measures. 41% of companies increase the numbers of suppliers, customers or banks to diversify the business relationships (up from 29% in 2023). Furthermore, 24% named "near-shoring" as their main strategy, meaning that supply chains and production are located in the main market's continent, in this case often the EU or even Germany directly. In 2023, only 13% of our participants favoured this move. Moreover, 9% tried to exclude explicitly China as much as they can in their production and supply-chain in 2024, compared with 11% last year. It could be interpreted that the risk of unsecure supply and production chains is not a specific Chinese problem anymore, like in 2022. Finally, companies said they would at least not exclude any company on the customer side, if the payment is secured by a payment in advance or an export credit insurance (9% in 2024, unchanged from 2023).

**Chart 12:**  
Are you already experiencing "de-risking" in your company (answers 2023 and 2024) or do you expect to experience it in the next three years? (share of positive answers per sector<sup>16</sup> in percent)



Source: Coface Corporate Payment Survey Germany 2024

<sup>16</sup> Only sectors with at least 15 answers are shown for a reliable analysis. This excludes in this case textile-clothing, transportation and finance-consulting.

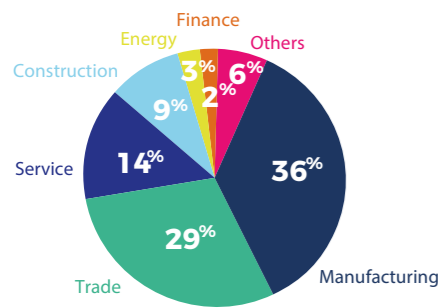
APPENDIX



A TOTAL OF  
**774**  
COMPANIES PARTICIPATED  
IN THE PAYMENT SURVEY

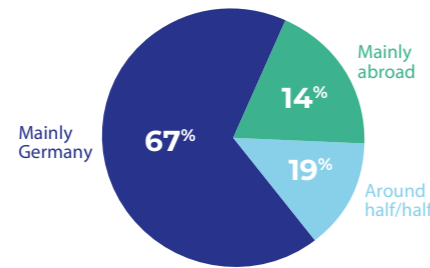
Who were the respondents?

MAIN BUSINESS ACTIVITY



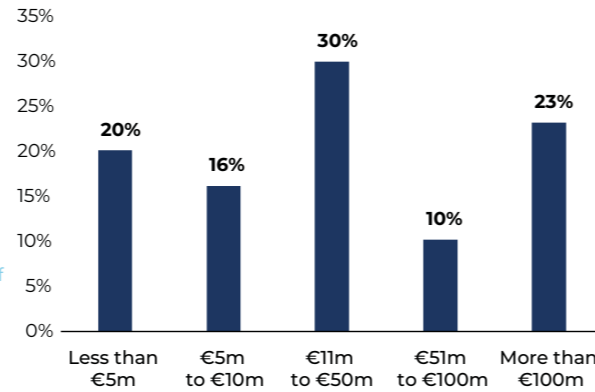
Source: Coface Corporate Payment Survey Germany 2024

RELEVANT MARKET



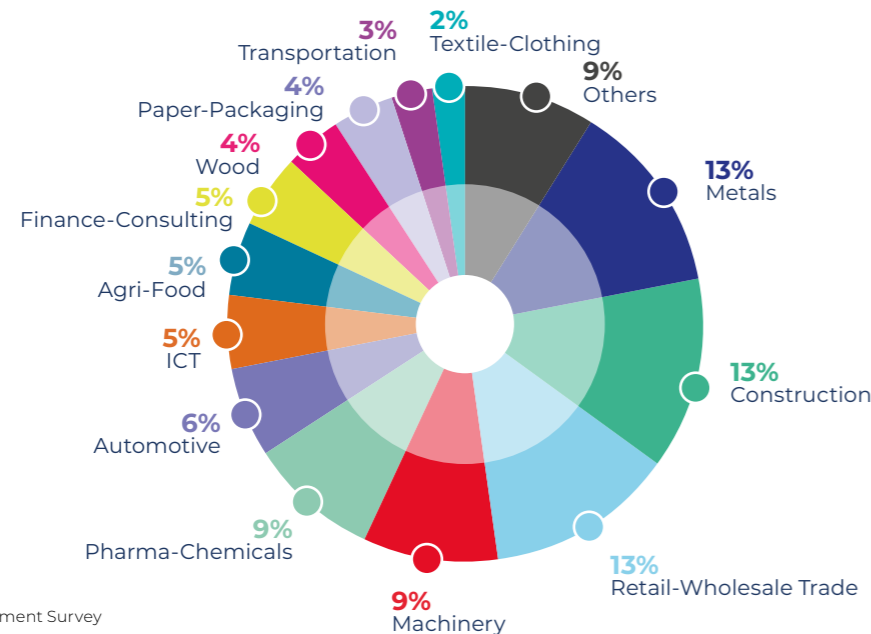
Source: Coface Corporate Payment Survey Germany 2024

SIZE BY TURNOVER



Source: Coface Corporate Payment Survey Germany 2024

SECTORS OF SURVEYED COMPANIES



Source: Coface Corporate Payment Survey Germany 2024

GLOSSARY



PAYMENT TERM

The time frame between when a customer purchases a product or service and when the payment is due.

PAYMENT DELAY

The period between the payment due date and the date the payment is made.

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