

# Atradius Payment Practices Barometer Eastern Europe

Annual review of international corporate  
payment behaviour of companies in the region



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by Thomas Langen Senior Regional Director Germany, Central and Eastern Europe of Atradius	
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“ *Businesses throughout Eastern Europe, especially those involved in export and international trade, would be well advised to take steps to protect their accounts receivable now, before we enter the more challenging insolvency conditions that 2022 is likely to present.* ”

Thomas Langen

Senior Regional Director Germany, Central and Eastern Europe of Atradius

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## Buoyant business mood tempered by downside risks

The story of this year's Payment Practices Barometer Survey can be summarised with the phrase: holding steady. Most of the benchmarks showing year-on-year payments behaviour remained relatively stable for the majority of businesses that we interviewed across the region. For example, the percentage of write-offs recorded this year is the same percentage as reported last year; 5% of the total value of B2B invoices. Interestingly, this is half the volume written off in Western Europe. Half of the region's businesses reported no change in their levels of DSO (Days Sales Outstanding).

However, 39% of the businesses we polled in this survey anticipates an increase in insolvencies. Economic Research published by Atradius in October 2021 points to Italy, the UK and Australia as facing the greatest insolvencies risk next year, sparing Eastern Europe from the most severe predictions. But this does not mean that businesses located in the region will be immune from insolvency risk. An insolvency in one country can quickly create a supply chain reaction, often crossing borders and severely affecting businesses along the chain that can topple when important customers go bust.

Certainly, as governments finish withdrawing Covid support fiscal

packages both in domestic markets and markets located abroad, we are likely to see an increase in the number of insolvencies. Businesses throughout Eastern Europe, especially those involved in export and international trade, would be well advised to take steps to protect their accounts receivable now, before we enter the more challenging insolvency conditions that 2022 is likely to present.

The other interesting result that stands out in the survey this year is the large percentage of businesses reporting the adoption or increased use of digital tools. In individual countries some of the results are significant. For example, 74% of the businesses polled in Slovakia told us they had permanently adopted digitalisation during the pandemic. As the movements of people and goods were curbed or altered during the height of the pandemic, many businesses sought digital and online solutions for everything from remote working to e-commerce and more. For the majority of the businesses we spoke to, the adoption of these innovations will be permanent. It will be interesting, moving forward, to see how this influences trade, trade credit, business relations and overall growth.



# Overview of payment practices in Eastern Europe

The results of this year's Payments Practices Barometer Survey of Eastern Europe reveal that half of all B2B sales involved trade credit. Although there was some variation across countries, the average for the region has not changed compared to one year ago. 43% of the total value of sales was reported overdue this year, a slight improvement on last year's 45%. Write-offs amounted to 5%, the same percentage as last year.

Businesses offering credit to customers told us they did so to stimulate sales, both by encouraging repeat business with existing customers and to win new customers. Businesses refused credit requests when they perceived a higher risk of payment default from the customer. Many businesses also told us they turned down credit requests because of increased financing costs.

56% of the businesses we polled across the region protected their accounts receivable with trade credit insurance this year.

66% of the region opted to retain credit risk in-house, ideally by setting aside bad debt funds (up from 62% last year). Most of these relied on internal resources to collect overdue invoices, largely by sending invoice payment reminders. 44% told us they spent more time and resources on collecting unpaid invoices this year and 38% said they paid more sourcing external financing. Many of these businesses told us they planned to take out credit insurance next year as a more cost effective solution for maximising cash flow and minimising collection costs.

49% of businesses told us that they were able to contain their DSO (Days Sales Outstanding) this year and 45% told us that their DSO had deteriorated.

Looking ahead, 73% of the region predicted growth in 2022. 51% of these told us they expect their customers' payment practices to improve over the coming months. This may explain why over half of these plan to offer trade credit more often over the next year, largely as a way to stimulate demand. This optimistic outlook, however, is tempered by acknowledgement of downside risks. Primary among these is ongoing uncertainty about the evolution of the pandemic and its continuation into 2022. This has the potential to prolong the global economic downturn, and could have a negative impact on domestic economies, triggering an increase in insolvencies. This may explain why most of the businesses polled across Eastern Europe told us that they either plan to continue with the same approach to credit risk management next year, or plan to involve credit insurance more often in their credit management plans.

When asked which pandemic-induced changes are likely to become a permanent feature of the way they do business, 57% said increased digitalisation and 51% said home working. 39% told us that they had adapted to changes in customer demand, and reshaped supply chains.

Further insights into the country level results of this year's Atradius Payment Practices Barometer survey can be found, free to download, in the Atradius website's Publications section.



# Survey results

## Late payments and cash flow

### Businesses in Eastern Europe contain late payments

The total value of the B2B invoices reported overdue by businesses across Eastern Europe this year was 43%. Although marginally less than the 45% reported overdue last year, this is better than the 53% recorded overdue by businesses in Western Europe. Write-offs in Eastern Europe amounted to 5% of the total value of invoices in the region and represented no year-on-year change (Western Europe: 10%).

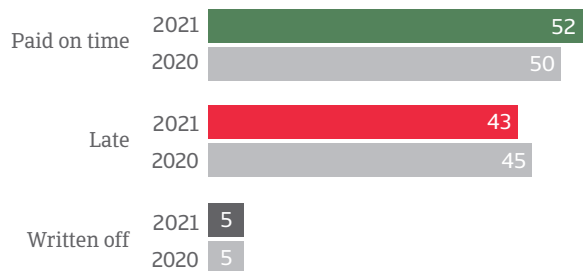
Among the businesses reporting late payments in the region, Turkey recorded the highest percentage (54% of the total value of B2B invoices). SMEs were hit the hardest, with 44% of invoices overdue, along with manufacturing businesses (also 44%) and chemicals businesses (48%). The Czech Republic recorded the highest percentage of write-offs (8% of the total value of B2B invoices and up from 4% last year). SMEs reported a 7% write-off rate, manufacturing 6% and the chemicals industry 7%.

45% of businesses across the region told us that it took longer than last year to collect overdue invoices. A similar percentage reported no change (44%) and 11% were able to collect invoices more quickly than last year.

Digging into the detail, 56% of businesses in Slovakia told us that it took them longer than last year to collect overdue invoices, along with 49% of large enterprises, 54% of the manufacturing sector and 56% of the steel/metals industry. Among the businesses reporting no year-on-year change, 56% were in Romania, 44% were SMEs, 52% services and 53% the agri-food industry. More than a quarter of businesses in Hungary were able to collect invoices more quickly than last year (26%), along with 12% of SMEs in Eastern Europe, 15% of the wholesale sector and 25% of the transport sector.

### Eastern Europe

% 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





# Survey results

## Most businesses work to protect liquidity

87% of businesses in the region adopted credit management measures to protect liquidity. Among these, they most frequently reported increasing the amount of time and resources spent on chasing overdue invoices (regional average: 44%). This was most common among large enterprises (48%), the manufacturing sector (48%) and the steel/metals industry (60%). Among individual countries, this was reported most often by businesses in Slovakia (65%).

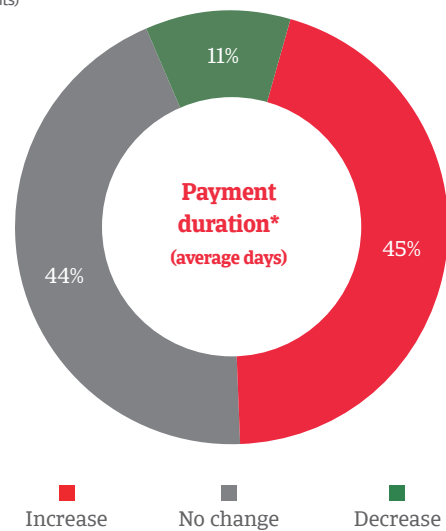
38% of the region's respondents told us they sought external financing from banks and other financial institutions. This was most often reported by large enterprises (43%), the manufacturing sector (45%), the steel/metals industry (57%) and by businesses in Slovakia (60%).

37% of respondents across Eastern Europe told us they enhanced the processes they used to monitor and assess customer credit quality. This was most frequently reported by SMEs (46%), the manufacturing sector (44%), the steel/metals industry (54%) and 68% of businesses in Slovakia.

## Eastern Europe

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

(% of respondents)



\* 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** Pursue external financing
- #3** Strengthen internal credit control process



# Survey results

## Approach to credit management and DSO

### Slovakia tops table on almost every credit management metric

Self-insurance is the most commonly reported approach to credit management by the region's businesses (66%, up from 62% last year). This was reported by 80% of businesses in Slovakia, followed by 77% in Hungary and 71% in the Czech Republic. It was most commonly cited by large enterprises (64%), manufacturing businesses (73%) and the machines industry (79%).

Overdue payment reminders are the most frequently adopted credit management technique in the region (reported by 60% of respondents). They were also listed by 73% of businesses in Slovakia, 66% in Romania, 73% of large enterprises, 58% of the manufacturing sector and 73% of construction materials businesses.

56% of the region told us they adjusted customer credit terms, 70% of businesses in Slovakia, 64% in Turkey, 66% of large enterprises, 61% of businesses polled in the manufacturing sector and 69% of the construction materials industry.

Credit insurance was used by an average of 56% of businesses across the region. This was reported most often in Slovakia (72% of businesses polled told us so) followed by 69% in Turkey. 68% of large businesses reported using credit insurance, 63% of the wholesale sector, 69% of construction materials and 68% of steel/metals.

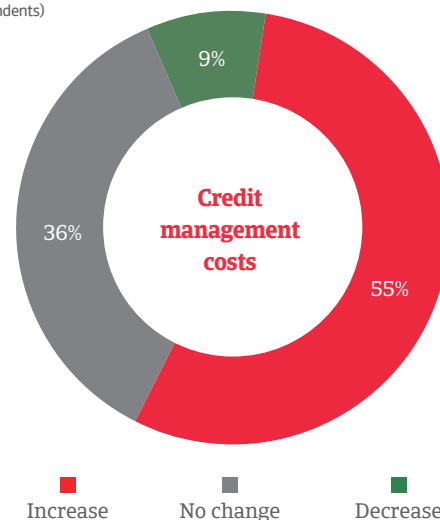
55% of businesses in the region incurred increased administration costs for the in-house management of customer credit risk. This was reported most often in Slovakia (72%) and the Czech Republic (64%). It was recorded by 65% of large enterprises in the region, 61% of construction materials businesses and 73% of the steel/metals industry.

Among the businesses describing increased credit management costs, 45% told us they had spent more on sourcing external financing. This includes 69% of the businesses polled in Slovakia and 61% in Turkey. It was also reported by 45% of SMEs, 45% of the manufacturing sector, 71% of construction materials and 57% of steel/metals.

### Eastern Europe

change in credit management costs (2021/2020)

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021





# Survey results

43% of businesses relying on in-house resources to collect overdue invoices reported an increase in costs. Slovakia topped the table again (61%), followed by Turkey (55%) and Romania (54%), along with 53% of large enterprises, 48% of the manufacturing sector, 65% of construction materials businesses and 54% of steel/metals.

## Region plans to retain approach to credit management

Most businesses intend to retain their current approach to credit risk management next year. Among these, 47% of businesses plan to ask for payment in cash and intend to use letters of credit. Businesses most often plan to offer discounts for early payment of invoices and to send overdue payment reminders. In addition, 49% told us they plan to increase retaining and managing the risk of payment default in-house. This was reported by 68% in Slovakia, 51% in the Czech Republic and 51% in Turkey, as well as 65% of large enterprises, 57% of the manufacturing sector, and 65% of steel/metals businesses.

40% of the businesses polled across Eastern Europe told us they plan to use credit insurance more often over the coming months. This was most commonly reported in Slovakia (70%) and Turkey (54%), by large enterprises (65%), in the manufacturing sector (57%), construction materials industry (60%) and steel/metals (56%).

41% of respondents told us they will ask for payment guarantees. This was reported most often in Slovakia (68%) and Turkey (56%), among SMEs (48%), by the services sector (48%) and by the chemicals industry (64%).

38% of the businesses polled across Eastern Europe intend to outsource the collection of trade debts to an external agency next year. This was reported most often in Slovakia (64%) followed by Turkey (47%), 45% of the region's large enterprises, 49% of the manufacturing sector and 46% of the transport industry.

## Majority expects DSO deterioration

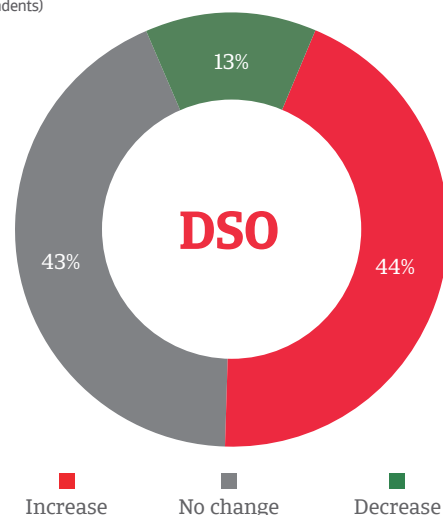
44% businesses polled across Eastern Europe expect DSO to worsen over the coming months. This was reported most frequently by businesses in Slovakia (62%) and the Czech Republic (50%), as well as by large enterprises (48%), the manufacturing sector (52%), construction materials (60%) and steel/metals (61%).

An average of 43% expects to see no change in their DSO levels. This was also reported by 50% of businesses in Poland, 46% of SMEs, 46% of the services sector and 51% of agri-food. Just 13% of the region anticipates an improvement in DSO. This was highest in Poland (21%), followed by Hungary and Bulgaria both at 20%, 16% of SMEs, 15% of the services sector and 23% of the transport industry.

## Eastern Europe

expected DSO changes over the next 12 months

(% of respondents)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer - November 2021





# Survey results

## 2022 outlook

### Pandemic expected to continue in 2022

Most of the businesses polled expressed concern over the possible continuation of the pandemic into 2022 (53%). This was most often the case for businesses in Turkey (75%) and Romania (73%). It is also a concern shared by 56% of SMEs, 57% of businesses in the services sector, 82% of construction materials businesses and 71% of the construction sector.

42% of the businesses we spoke to told us they have concerns over the health of their domestic economies. This was most frequently reported by businesses in Slovakia (68%), Bulgaria (47%) and the Czech Republic (46%), and by SMES (46%), the manufacturing sector (46%) and by the steel/metals industry (58%).

In addition, 41% told us they are concerned over the possibility of a prolonged downturn of the global economy extending into next year. This was echoed by 62% of businesses in Slovakia, 43% of the region's SMEs, 43% of the services sector and 56% of the transport industry.



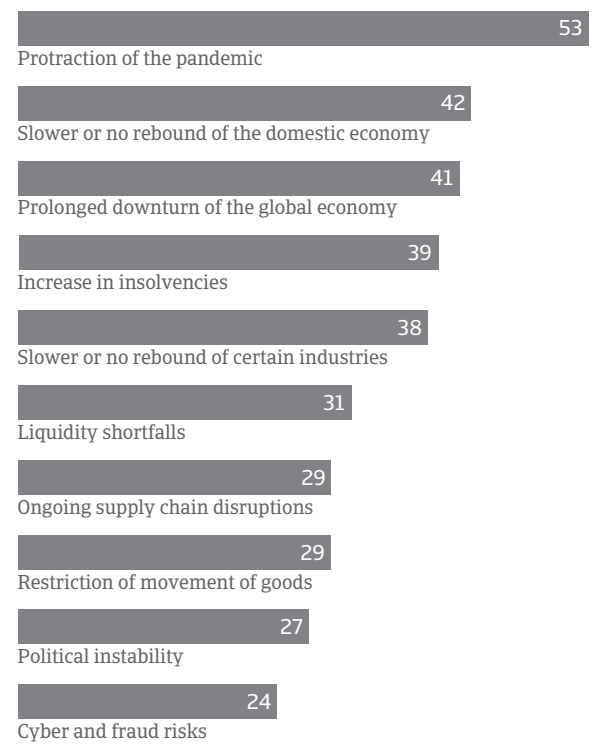
A regional average of 39% anticipates an increase in insolvencies next year. 57% of businesses in Slovakia reported this, 51% in Turkey, 41% of the region's SMEs, 41% of services businesses, 49% of steel/metals and 45% of consumer durables.

Almost three-quarters of the region's businesses anticipate growth next year (73%). This growth outlook is shared by 87% of the businesses polled in Slovakia, 84% in the Czech Republic and 79% in Turkey, 80% of the region's large enterprises, 79% of the manufacturing sector and 86% of the steel/metals industry.

### Eastern Europe

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

(% of respondents)



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



# Survey results

36% of businesses surveyed in Eastern Europe told us they expect to use trade credit more often next year in order to stimulate demand and 29% intend to offer credit in order to give their customers additional time to pay. 22% intend to retain the same level of credit use as this year and the remainder plan to reduce the frequency with which they offer credit. The countries reporting the greatest appetite for credit use next year include Turkey and Romania (both 45% of respondents). Across the region, the intention to increase the use of trade credit was reported by 39% of large enterprises, 41% of manufacturing businesses, and 57% of the construction materials industry. 39% of businesses in the Czech Republic plan to offer credit to give their customers more time to pay, along with 32% of the region's SMEs, 33% of the wholesale sector, and 34% of the chemicals industry.

When asked whether the pandemic had impacted the way they do business and whether these impacts may be permanent, the majority of businesses polled across the region pointed to an increased use of digital tools, describing increased digitalisation (regional average: 57%), enabling home working (regional average: 51%) and expanding the use of ecommerce (regional average: 46%).

## Businesses increase use of digitalisation

74% of the businesses polled in Slovakia told us they had permanently adopted digitalisation, along with 65% of businesses polled in the Czech Republic and 62% in Turkey. This was also most commonly reported by the region's large enterprises (63%), the manufacturing sector (61%), the steel/metals industry (70%) and construction materials (69%). Slovakia also topped the list of businesses reporting the adoption of home working (61%) followed by Poland with 58% and Romania and Turkey, both with 56%. 63% of the region's large enterprises enabled home working for their staff during the pandemic, as well as 63% of the region's distribution and services sectors, 60% of construction materials and 57% of agri-food. 58% of businesses in Slovakia and 52% of businesses in Turkey told us they had permanently adopted ecommerce. This was also reported by 48% of large enterprises, 50% of the manufacturing sector, 56% of steel/metals businesses and 59% of consumer durables.

Outside of digitalisation, an average of digitalisation, 39% of the businesses we polled in the region told us that the pandemic had led to changes in customer demand and the same percentage noted changes in supply chains. 58% of businesses in Slovakia told us they were now facing changes to customer demand, 38% of the region's SMEs, 38% of both the wholesale and services sectors and 55% of the steel/metals industry. 70% of businesses in Slovakia told us their supply chains had been reshaped, 39% of Eastern Europe's SMEs, 39% of the manufacturing sector and 57% of steel/metals.

## Eastern Europe

how businesses feel about their possible growth in 2022

(% of respondents)



**POSITIVE**  
73%



**NEGATIVE**  
16%



**NEITHER**  
11%

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** Increased digitalisation
- #2** Home working
- #3** E-commerce



# 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 Eastern Europe. 1,400 companies from Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia and Turkey have been surveyed. The businesses polled operate in the region's agri-food, chemicals, construction, construction materials, consumer durables, steel-metals and transport industries. 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.

CSA Research conducted the survey exclusively for Atradius.

## 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=1,400 people were interviewed in total.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration.  
Interview period: Q3 2021.

## Eastern Europe - total interviews 1,400

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Bulgaria  
Czech Republic  
Hungary  
Poland  
Romania  
Slovakia  
Turkey

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### Sector

Companies interviewed	n.	%
Manufacturing	610	44
Wholesale	390	28
Retail trade/distribution	227	16
Services	173	12

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### Company size

Companies interviewed	n.	%
Micro enterprises	646	46
SME - Small enterprises	211	15
SME - Medium enterprises	349	25
Large enterprises	194	14

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# 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](http://www.atradius.com/publications)  
[Download in PDF format](#) (English only).

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For more insights into the B2B receivables collection practices in Eastern Europe and worldwide, please go to [atradiuscollections.com](http://atradiuscollections.com)

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