

# PAYMENT BEHAVIOUR OF COMPANIES COLLAPSES - INVOICES ARE PAID LATER AND LATER



Companies in Rhineland-Palatinate with the greatest delay in payment

There are regional differences in the average latepayment. Companies in Rhineland-Palatinate overdraw the payment deadlines the most - on average by 56 days. Companies in Bremen (average delay 45 days) and Hamburg (43 days) also pay bills with a severe delay. The best situation is in Saarland, where companies pay on average 25 days late.

The worst payment behaviour is currently evident in the cultural, entertainment and leisure sectors. When invoices are paid, they are currently paid 62 days late (January 2020: 32 days). Payment behaviour in the hospitality industry has also plummeted. If in January invoices were paid on average 33 days late, it is currently 59 days. It looks better with the energy suppliers. While invoices were paid 27 days late in January, the current number is 29 days.





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11.5 percent of companies fail to pay bills or pay late

Regardless of the average delay in payment, the analysis by CRIFBÜRGEL shows that more than one in ten companies (11.5 percent) in Germany are currently not paying the bills or are paying late. The rate of non-paying and late paying is highest in Berlin at 18.9 percent. In Bremen, too, the rate is 18.2 percent higher than the national average. The payment behaviour is currently best in Thuringia – where only 8.2 percent of the companies either fail to pay the bills or are late. Corporate morale has dropped sharply facing the corona pandemic. This is shown by data from the information service provider CRIFBÜRGEL, who analyzed the payment behaviour of around 450,000 companies for the analysis.



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The average delay in payment increases to 34.4 days

Overdue invoices are currently paid in Germany with a delay of around 34.4 days (as of June 2, 2020). In January 2020, the average late payment was still 26.4 days.

“From mid-April, the payment behaviour of companies deteriorated dramatically. We are currently increasingly observing liquidity-friendly behaviour on the part of companies”, comments CRIFBÜRGEL Managing Director Dr. Frank Schlein about the current figures. Germany's companies grant their creditors an average payment term of 26 days. For non-payers or late payers, bills are currently only paid after an average of 60 days. “For companies, the behaviour means that they have to wait for their money more than twice as long as originally calculated. This makes them involuntarily their customers' lenders” says Schlein.

This behaviour is often at the expense of medium-sized and small businesses, because lack of liquidity, e.g. triggered by late or unpaid bills is considered one of the most common causes of bankruptcy. In addition, an invoice that was not paid or paid too late by the customer or client means higher administrative effort and additional costs. In the worst case, a vicious circle develops because companies have to forego their own investments longer than planned due to late invoices or cannot process orders. Small companies can get themselves into economic difficulties if their customers hesitate to pay. It is already clear that in view of the Corona crisis, after a 10-year decline in corporate insolvencies in 2020, significantly more companies in Germany will again go bankrupt. Provided that the effects of the corona pandemic on the economy are just as strong as in the 2008 financial crisis, CRIFBÜRGEL expects over 29,000 corporate insolvencies this year.

From the analysis of the industries it becomes clear that companies from logistics are currently increasingly affected by payment problems. Currently 29.3 percent of the companies do not pay the bills or only pay them late. However, payment behaviour has also plummeted in the hospitality industry (24.9 percent non-payment rate or late payment rate).

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Data basis:

Based on the B2B business database DDMonitor, CRIFBÜRGEL regularly analyzes the creditworthiness and payment behaviour of more than 450,000 companies. Participants of the DDMonitor (German Debtors Monitor) deliver the payment experiences made with their business partners anonymously.