

# COFACE ECONOMIC PUBLICATIONS

## PAYMENT SURVEY



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## Poland Payment Survey 2023: Stock building makes payment delays shorter but only temporarily

**T**he seventh edition of Coface's survey on payment experience in Poland was carried out in November 2022 with 356 companies participating in the study. This was already a period when the economic consequences of the war in neighbouring Ukraine had materialised, and companies were even able to partly adapt to them. Nevertheless, high inflation, costs of inputs, increased interest rates and concerns on subdued demand led to the loss of the growth momentum. Coface estimates GDP growth in Poland at a weak level considering pre-pandemic standards, namely 1.0% in 2023 after 4.4% in 2022.

So far, the general picture on payment liquidity in Poland remains favourable. Our study shows that Polish companies experienced average payment delays of 51.8 days, i.e. 5 days less than in our previous survey. The shortening of payment delays was supported by companies' willingness to build up stocks of products and components to avoid suffering from ongoing price increases, therefore making payments even faster than requested. Macroeconomic data confirmed that inventories growth contributed on average to more than half of Polish GDP growth in the last seven quarters, i.e. since the post-pandemic rebound started. However, this favourable picture hides the devil

in the details. Energy-intensive sectors that have already suffered much from higher commodity prices recorded longer payment delays. Those include chemicals, paper-wood and agri-food, with the latter suffering not only from higher electricity costs, but also agricultural and fertilizers prices. In these sectors, payments are made with an average delay of 2 months or more. On the other hand, the largest improvement in the shortening of payment delay periods was recorded in the transport sector, which had usually reported the longest payment delays in previous surveys.

Furthermore, the outlook is pessimistic. According to our survey, all sectors anticipate that the amount of outstanding receivables will increase in the coming months. This reflects crucial challenges that companies experience: domestic obstacles of fiscal burden and high labour costs, as well as the consequences of the war in Ukraine including higher costs of commodities, components, supply chain disruptions and already perceived drop in revenues. This corresponds to gradually increasing business insolvencies in Poland. Considering both asset liquidation insolvencies and official restructuring proceedings announced by courts, such proceedings already soared by 23% in the first three quarters of 2022 compared with the same period of last year.

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