



PRESS RELEASE

France Corporate Payment Survey 2024:

Longer and more frequent delays, against a backdrop of heightened political and social risks

Hong Kong S.A.R, September 18th, 2024 – The second edition of the Coface survey on payment behavior shows a lengthening of the average payment period, while 85% of companies have also experienced payment delays, with the majority indicating that they are longer and more numerous than in 2023. This deterioration in payment behavior is reflected in a further rise in insolvencies, which have now stabilized at much higher levels than in 2019 and 2023.

Payment delays, a widespread practice

In 2024, as in the previous year¹, the practice of granting payment terms² remains widespread in France: **97% of the businesses surveyed granted payment terms to their customers**, regardless of the sector or size of the business, and this percentage exceeded 90% in all sectors. **The average payment term has increased: it now stands at 51 days, compared with 48.2 days last year**, and is still significantly longer than those granted in Germany³ (32 days) and Poland⁴ (42 days), while remaining well below those recorded in China⁵ (70 days) and the rest of Asia⁶ (64 days).

A sign that the practice is well established is that **95% of very small businesses⁷** - which are relatively less inclined to grant payment terms - still do so. They do, however, grant shorter payment terms, with **40% of them offering terms of less than one month** (compared with less than 20% for larger companies).

Late payment: the situation continues to deteriorate

¹ Business payment survey in France: Longer and more frequent late payments, small businesses in the front line. 8 November 2023

<https://www.coface.com.hk/news-economy-and-insights/france-longer-and-more-frequent-payment-delays-with-small-companies-in-the-firing-line>

² Payment period: time between when a customer buys a product or service and when payment is due.

³ Survey on the payment behaviour of companies in Germany: Pressure mounts under the lid. 12 September 2024

<https://www.coface.com.hk/news-economy-and-insights/germany-corporate-payment-survey-2024-simmering-under-the-lid>

⁴ Poland Payment Survey 2023: Slightly shorter payment delays but not for all sectors. 19 December 2023

<https://www.coface.com.hk/news-economy-and-insights/slightly-shorter-payment-delays-but-not-for-all-sectors-in-poland-in-2023>

⁵ China Payment Survey 2024: Payment delays continued to shorten, but corporates increasingly cautious. 1 March 2024

<https://www.coface.com.hk/news-economy-and-insights/payment-delays-in-china-continued-to-shorten-but-corporates-increasingly-cautious>

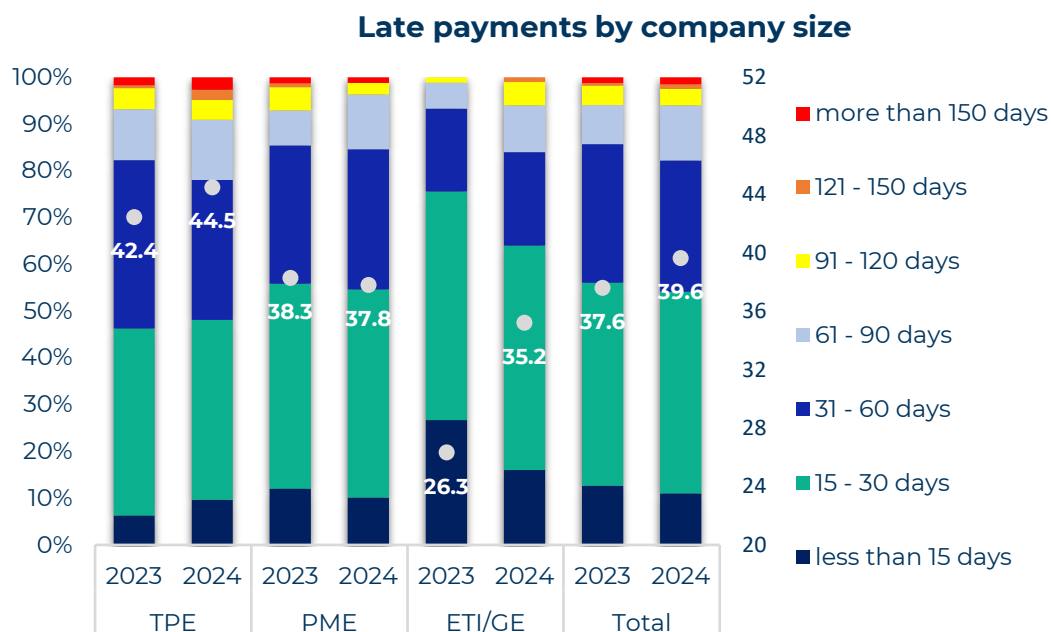
⁶ Asia Payment Survey 2024: Overall improvement but worsening payment behaviour in textile and construction. 4 June 2024

<https://www.coface.com.hk/news-economy-and-insights/coface-asia-corporate-payment-survey-2024-overall-improvement-but-worsening-payment-behaviour-in-textile-and-construction>

⁷ A VSE is defined here as any business with a turnover of less than €2 million and an SME as any business with a turnover of between €2 million and €50 million.

85% of companies surveyed experienced **late payment⁸ in 2024**, compared with 82% last year. These delays are more frequent than in Germany (78% of companies), Poland (49%), China (62%) and the rest of Asia (60%), where - as last year - payment terms granted are longer but delays less frequent.

The majority of SMEs report that late payments have been more frequent than in the previous year: 89% of SMEs say they have experienced late payments (compared with 88% in 2023). This percentage is also very high for ETIs, large companies and VSEs, with 84% and 80% of companies respectively, compared with 78% last year.



Company size remains a determining factor in the length of delays. **73% of VSEs have noted an increase in these delays, compared with 'only' 55% of ETIs and large companies.** While the majority of companies report payment delays of less than 30 days, 46% have experienced delays of more than one month.

Although **no sector has been spared**, the automotive, energy, pharmaceuticals, agri-food, financial services and construction sectors have been particularly hard hit this year, with more than 25% of companies in these sectors reporting delays of more than 2 months.

Of the companies that have experienced late payment, 40% attribute it to their **customers' financial difficulties**, far ahead of **organizational problems** (27%) and **cash flow management without financial difficulties** (20%).

Business insolvencies well above pre-COVID levels

After remaining at particularly low levels until mid-2022, **the number of business insolvencies rose sharply in 2023, before remaining clearly above pre-COVID levels** in the first half of 2024. **39,506** insolvencies were recorded in the first 7 months of the year, up 23% on 2023 and 26% on 2019.

⁸ Late payment: payment after expiry of the payment period.



This dynamic affects **all sectors and all sizes of business**. Businesses with sales of less than €250,000 are the hardest hit, accounting for 87% of insolvencies. Persistent pressure on margins and cash flow should keep insolvencies high in the second half of 2024 and (at least) in the first half of 2025.

Worsening economic outlook and multiple risks

As last year, the negative outlook for customer payment behaviour is in line with **relatively pessimistic economic expectations**. Whatever their size, the companies surveyed largely expect business to worsen or, at best, to remain stable in France and around the world.

While this observation is similar for companies of all sizes, **exporting companies** are more optimistic, against a **backdrop of relative recovery in world trade**. The outlook for cash flow is more nuanced, in a context where financing costs and, to a lesser extent, wage costs will remain high, even though many companies will have to continue repaying their PGE.

While the main risks mentioned by companies - namely recruitment difficulties, the cost of raw materials and the slowdown in global demand - remain broadly unchanged from last year, one risk has moved straight into first place: the **political and social environment in France**, quoted by 37% of companies.

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