

THE FACTORING SERVICES MARKET IN POLAND BEFORE AND DURING THE COVID-19 PANDEMIC

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Abstract

The purpose of the article/hypothesis: The aim of the article is to analyze the factoring services market in Poland for the years 2011-2022, with particular emphasis on the period of the crisis caused by the COVID-19 pandemic. The following research hypothesis has been adopted in the article: factoring can be an attractive source of financing economic activity, especially during periods of restricted access to traditional sources of financing caused by the COVID-19 pandemic.

Methodology: The sources of data on the factoring services market in Poland were statistical data from the Polish Factors Association (PZF) and the Central Statistical Office (GUS). The characteristics of the Polish factoring market for the years 2011-2022 were analyzed from two perspectives: the factoring clients (number of clients, number of invoices, and the value of receivables financed through factoring, the structure of enterprises using factoring according to PKD codes, and by voivodeships in Poland) and the factors (number of entities engaged in factoring, bank/non-bank factoring, domestic/foreign factoring, recourse/non-recourse factoring). Structural, dynamic, and average value indicators were used for data analysis.

Results of the research: The study results confirm the growing popularity of factoring as a source of financing for economic activities. In the years 2011-2022, the number of factoring clients increased nearly threefold, while the number of financed invoices and the value of receivables purchased by factoring clients quadrupled. From the perspective of factoring clients, there were changes in the structure of institutions providing factoring services (non-bank factoring dominates), and the role of recourse factoring in domestic factoring increased. During the pandemic period, the share of recourse factoring was even higher, indicating a reluctance of factors to assume risk in uncertain conditions.

Keywords: factoring, factoring services, factoring client, factor, Polish Factors Association (PZF), Central Statistical Office (GUS).

JEL Class: G23, G32.

INTRODUCTION

Factoring emerged in Europe in the 1960s and quickly gained popularity. Currently, as much as 65% of all receivables worldwide are serviced by banks and factoring companies in Europe [www1]. According to FCI (Factors Chain International) data, the turnover of factoring in Europe in 2022 amounted to 3.659 billion euros. It is estimated that over the past twenty years, the volume of factoring services has been increasing annually by 8.68% [www2].

Factoring is more popular in countries with higher levels of economic development and well-established credit information bureaus. This form of short-term financing can also be beneficial in countries with imperfect debt enforcement mechanisms because, in certain cases, factoring assumes the risk of non-payment by customers [Klapper, 2006].

In the literature, it is often pointed out that factoring is frequently directed towards small and medium-sized enterprises (SMEs) because it allows for the immediate receipt of cash without the need for collateralizing a loan or increasing the company's debt burden. [Summers and Wilson, 2000]. This form of financing is also attractive to rapidly growing businesses planning to make significant capital investments [Asselbergh, 2002].

Many suppliers use factoring to mitigate the effects of trade credit [Tian et. al., 2020]. Previous research confirms that a company with limited cash resources can improve its cash flows, profitability, and financial liquidity by using factoring [Banerjee, 2003]. The benefits of factoring are noticeable not only for the company utilizing factoring but also for all participants in the supply chain [Tian et. al., 2020].

There are many criteria that businesses consider when choosing sources of financing for their economic activities. The primary factors influencing the choice of capital include the overall attractiveness, which encompasses factors like availability, flexibility, and cost. In times of crisis, as witnessed during the COVID-19 pandemic, alternative sources of financing gain more popularity because the entire economy, including businesses in general, faces financial challenges. Consequently, there is a need to explore alternative sources of financing, among which factoring undoubtedly plays a significant role.

The aim of the article is to analyze the factoring services market in Poland for the years 2011-2022, with particular emphasis on the period of the crisis caused by the COVID-19 pandemic. In theoretical considerations, the essence and basic types of factoring were outlined, and the advantages and disadvantages of factoring were presented, along with the factors determining the use of factoring. In the research section, an analysis of the utilization and evaluation of the attractiveness of factoring services in Poland for the years 2011-2022 was presented.

1. ADVANTAGES AND DISADVANTAGES OF FACTORING

At present, there is no specific legal concept of a factoring agreement in Polish law, and therefore it is referred to as an unnamed agreement. Consequently, there are no uniform regulations that standardize the relationships involved in the factoring process. The permissibility of entering into such agreements arises from the general principle of contracting agreements.

Factoring is often compared to sales agreements and loan agreements. Kouvelis and Xu [2021] classify non-recourse factoring as the sale of receivables, while recourse factoring is considered a loan agreement, as the recovery of receivables represents a potential liability to the supplier. Such classifications may not be recognized in Polish law because the subject matter of a loan agreement and a sales agreement cannot be receivables.

The primary advantage of factoring is the ability to manage receivables. One of the positive outcomes of using factoring in businesses is the elimination of payment delays, increased cash flow turnover, and improved financial liquidity [Wejer-Kudełko i Ogrodnik, 2019]. The use of factoring also enables businesses to provide their customers with more favorable payment terms for deliveries and services [Nowak i Przybylski, 2017].

The ability to manage receivables is closely related to the financial function, which involves increasing cash in the business without a simultaneous increase in debt. As a result, the client (factorant) can allocate available funds for various purposes and improve their credit rating [Marcysiak i Marcysiak, 2015].

Another function of factoring is the administrative function. This function primarily involves managing the settlements of transferred receivables or paid obligations of the client (factorant). Factoring also allows for the minimization of the risk associated with granting trade credit and the risk of dealing with unreliable suppliers [Kreczmańska-Gigol, 2013].

Transferring the risk to the financial institution that occurs during the conclusion of factoring agreements is associated with a protective function. In addition to assuming the risk of debtor non-payment, the protective function may involve assessing the creditworthiness of debtors and establishing limits on the value of trade credit [Kreczmańska-Gigol, 2013].

Factoring agreements can also include additional services (the service function of factoring). These services may include: managing settlements with the debtor of the client, sending reminders to customers who are delaying payment of trade credit, financial and accounting advisory, tax advisory, industry analysis, and more [Kreczmańska-Gigol, 2013].

The use of factoring comes with certain negative consequences, which include high administrative service costs (interest, commission, margin). Another issue relates to a change in the way settlements are made with customers, which can potentially weaken business relationships. Additional challenges may include the need to train employees involved in factoring-related transactions and the necessity to alter document processing procedures [Wejer-Kudęłko i Ogrodnik, 2019 oraz Rutkowski, 2016].

2. FACTORS DETERMINING THE UTILIZATION OF FACTORING

Many authors point to factors that influence an increase or decrease in interest in factoring. J. Kubiak [2008] states that the attractiveness of factoring is influenced, among other things, by the availability of this source of financing. The author emphasizes that factoring is characterized by greater accessibility than trade credit due to the lack of a need for restrictive collateral. Factoring companies do not analyze the creditworthiness of the company, and a blank promissory note is sufficient as security for the factoring agreement. Furthermore, the reduction of turnover thresholds for which factoring services are provided has made factoring more accessible to small businesses.

According to M. Popović [Popović 2018], factors influencing the development of the factoring industry include greater availability of factoring compared to bank loans and the growing awareness of businesses about the benefits of factoring. The author also notes that increased interest in factoring occurs during economic crises when entrepreneurs are forced to seek new sources of financing.

K. Kreczmańska-Gigol [2015] presents factors conditioning the development of factoring for the small and medium-sized enterprises (SMEs) sector. The author divided the factors into two groups: (1) factors conditioning the supply of factoring services and (2) factors shaping the demand for factoring services. Among the factors conditioning the supply of factoring services, the author mentions, among other things, the types and scope of offered factoring services and ancillary services (e.g., economic information, receivables insurance), the competencies of employees employed in the factoring industry, legal regulations governing factoring activities, and the entities offering factoring services (number, scope of operations, financial situation of factoring companies).

Among the barriers to the use of factoring services by Polish companies, very high costs of using factoring and reluctance to take on the risk of debtor

insolvency by factoring companies are indicated [Podedworna-Tarnowska 2007, Czarnecki 2007].

Another significant barrier is the lack of regulation in Polish law for factoring services. The factoring agreement is classified as a so-called unnamed contract, which, among other things, causes the issue of the inability to exempt factoring services from the value-added tax (VAT), as is the case with financial intermediary services. Additionally, there is no possibility of including factored receivables that have become uncollectible in tax-deductible costs [Kubiak 2008].

3. DATA SOURCES AND METHODOLOGY

The research objective was to analyze the market of factoring services in Poland in the years 2011-2022, with a particular emphasis on the period affected by the crisis caused by the COVID-19 pandemic. For the purposes of the research, a research hypothesis was adopted that factoring can be an attractive source of financing for business activities, especially during periods of limited access to traditional sources of funding due to the COVID-19 pandemic. To verify the hypothesis, data from the Polish Association of Factors (PZF) and the Central Statistical Office (GUS) were used. The acquired source material enabled the analysis of the factoring services market in Poland from 2011 to 2022 from two perspectives:

- 1) the factoring clients: the number of factorants, the number of invoices, and the value of receivables financed through factoring, the structure of companies using factoring according to the Polish Classification of Activities (PKD), and a breakdown by voivodeships in Poland.
- 2) the factors: the number of entities engaged in factoring activities, bank/non-bank factoring, domestic/foreign factoring, and recourse/non-recourse factoring.

The Polish Association of Factors (Polski Związek Faktorów or PZF) is a self-governing industry organization whose task is to represent entities providing factoring services in Poland. The main objectives of PZF include educating entrepreneurs, promoting services, fostering orderly cooperation within the organization, and collaborating with other entities to promote market development [www3, dostęp 1.09.2023]. The Polish Association of Factors represents approximately 90% of the entire factoring market. Therefore, the data obtained from this organization will be compared with the data from the Central Statistical Office (GUS), which is annually published in the form of a report on

the factoring activities of financial companies in Poland [*Działalność faktoringowa ...*, 2011-2022].

4. FACTORING SERVICES MARKET IN POLAND FROM 2011 TO 2022 (FACTORING CLIENTS' PERSPECTIVE)

The analysis of the factoring services market from the perspective of factorants shows that factoring is gaining significant popularity among Polish entrepreneurs. Figure 2 illustrates the number of factorants from 2011 to 2022.

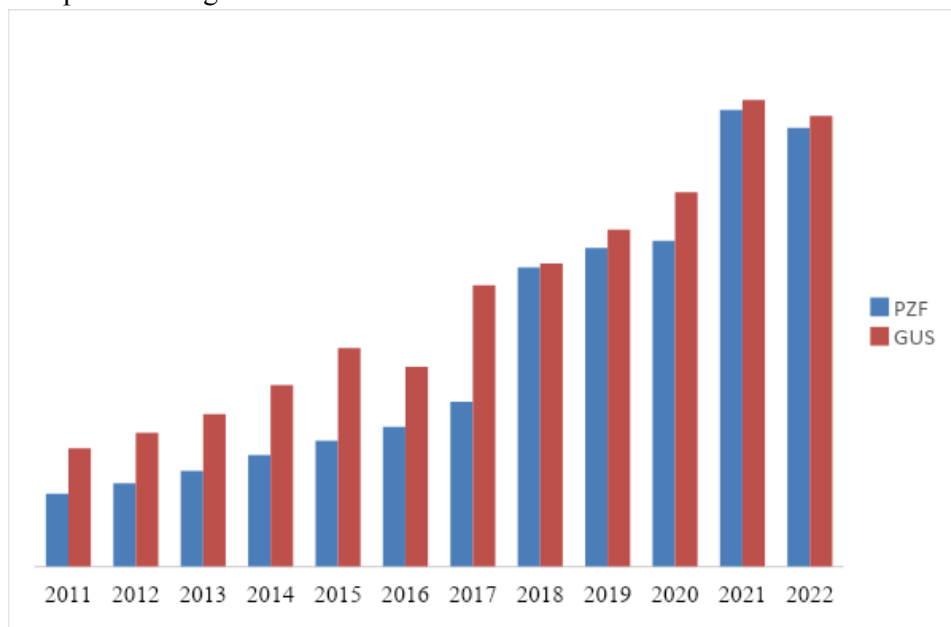


Figure 1. The number of factorants in Poland from 2011 to 2022 (in thousands)
Source: own study based on [www4, dostęp 1.09.2023], [www5, dostęp 1.09.2023] and [*Działalność faktoringowa ...*, 2011-2022].

According to data from the GUS, during the analyzed period, the number of factorants increased from 6.7 thousand in 2011 (4.1 thousand according to PZF data) to 25.5 thousand in 2022 (24.8 thousand according to PZF data). This means that there was a 282% growth in the number of factoring service clients during the study period (503.4% according to PZF clients).

The increase in the number of factoring service clients is associated with the growth in the number of financed invoices, as presented in Figure 3.

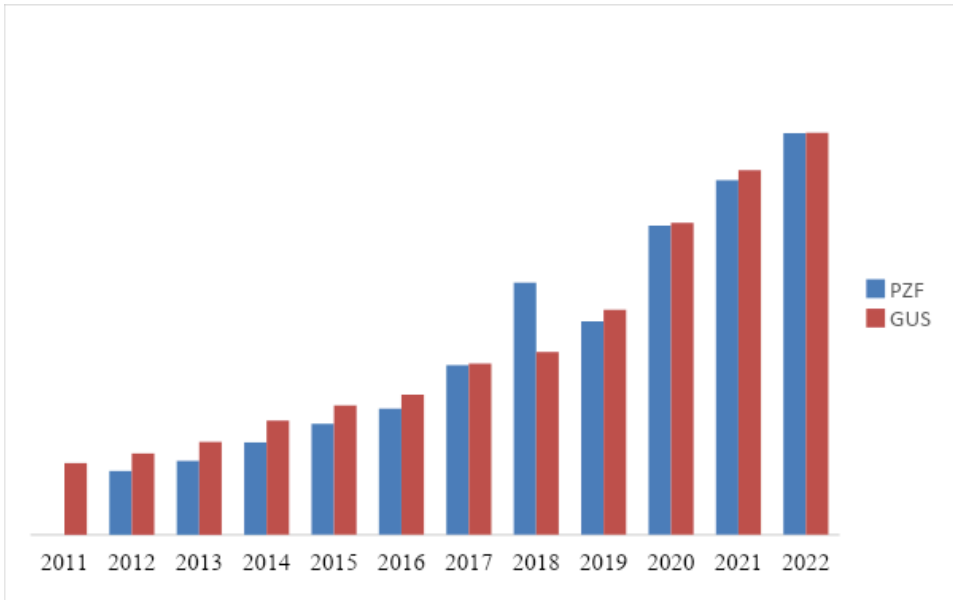


Figure 2. The number of financed invoices by factors in Poland from 2011 to 2022 (in million PLN)

Source: own study based on [www4, dostęp 1.09.2023], [www5, dostęp 1.09.2023] and [*Działalność faktoringowa ...*, 2011-2022].

According to GUS data, from 2011 to 2022, the number of financed invoices by factors increased from 4.3 million to 23.9 million, representing a growth of 460.4%. Even greater growth in the number of invoices was recorded by the Polish Association of Factors (PZF), which saw a 528.9% increase from 2012 onward¹.

The above data should be related to the value of factoring receivables purchased by factors from 2011 to 2022. This data is presented in Figure 4.

Data published by the GUS also shows a significant increase in the value of receivables serviced by factoring companies. As can be observed, in 2011, the turnover of factorants amounted to 94.9 billion PLN, while in 2022, these turnovers reached 476.9 billion PLN, representing a growth of 402.7% in the value of serviced receivables. For factoring companies affiliated with PZF, the growth during the same period was even greater, amounting to 586.4%.

¹ The Polish Association of Factors (PZF) does not have data for the year 2011.

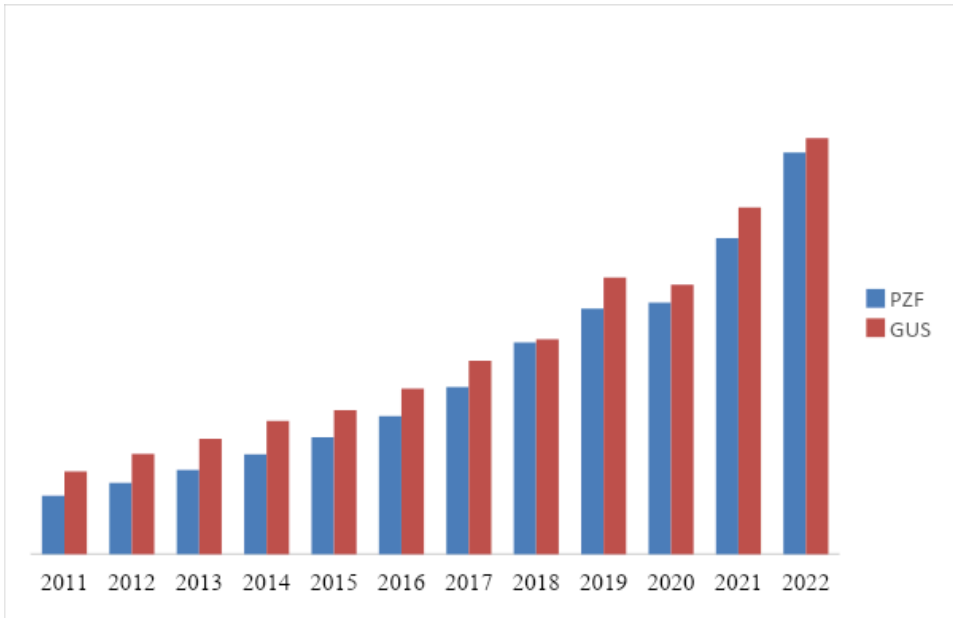


Figure 3. The value of receivables purchased by factoring companies in Poland in the years 2011-2022 (in billion PLN)

Source: own study based on [www4, dostęp 1.09.2023], [www5, dostęp 1.09.2023] and [Działalność faktoringowa ..., 2011-2022].

According to GUS data, the annual dynamics indicator of the number of factoring clients in Poland reached its highest level in 2017. In that year, the number of new clients of factoring services increased by 4,600 entities, which is a 40.9% increase compared to 2016. Meanwhile, the largest increase in the number of factoring clients in absolute terms was recorded in 2021. In that year, the number of clients of factoring services increased by 5,200, which was a 24.6% increase compared to the previous year.

In the case of the number of invoices financed by factoring companies, the highest growth in dynamics occurred in 2020, which was the year when the COVID-19 pandemic was announced in Poland. In that year, the number of financed invoices increased by as much as 38.6% year on year, and it was greater by 5.2 million invoices compared to the previous year.

On the other hand, the highest growth in the dynamics of the value of receivables purchased by factoring companies within a year was observed in 2019 (a growth rate of 28.8% year on year). It's worth noting that an equally high level of dynamics in receivables factoring occurred in 2021 as well, with a

growth rate of 28.6% year on year. In 2021, factoring companies increased their turnover by 88.3 billion PLN, reaching a value of purchased receivables close to 400 billion PLN.

According to the assumptions, factoring is targeted towards small and medium-sized enterprises (SMEs) seeking additional sources of financing. To verify this thesis, Figure 5 presents the structure of the number of factoring clients based on turnover with the factor.

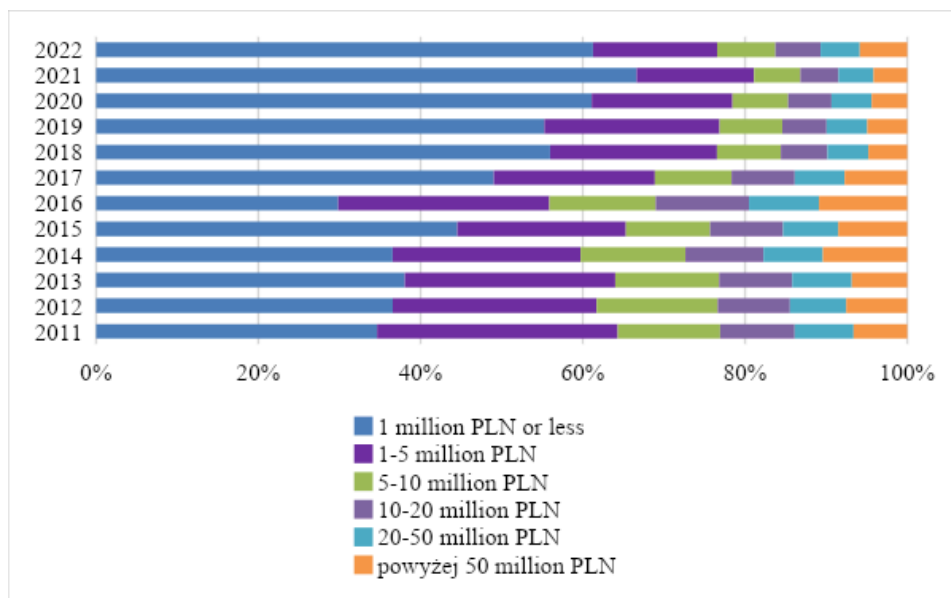


Figure 4. The structure of factoring clients based on turnover with the factor in Poland in the years 2011-2022 (in percentage)

Source: own study based on [Działalność faktoringowa ..., 2011-2022].

In the years 2011-2022, the dominant group of factoring clients were entities whose turnover with the factor did not exceed 1 million PLN. Throughout the analyzed period, they constituted 47.5% of all factoring clients. It should be noted that with the increase in the number of businesses using factoring services, the significance of this group in the structure of the studied entities grew. Another important aspect is that the combined total of businesses whose turnover with the factor did not exceed 1 million PLN and those with turnovers in the range of 1-5 million PLN accounted for the majority of the analyzed businesses throughout the entire period. From 2011 to 2018, they constituted an average of over 60% of the businesses, while in the years 2019-2022, they averaged around 80% of the turnover of factoring clients. The smallest group

consists of factoring clients whose turnover with the factor accounted for only 7% of all entities, and these are the groups with turnovers ranging from 20-50 million PLN and above 50 million PLN. Based on these findings, it can be confirmed that factoring primarily serves the financing needs of small and medium-sized enterprises (SMEs).

To investigate in which sectors of the economy factoring is most popular, an analysis of the number of clients using factoring services based on their economic activity (PKD 2007) was conducted. To standardize the data and ensure comparability, the average share of each group of entities in the total number of factoring clients during the analyzed period was calculated. Based on the obtained results, individual groups of factoring clients were classified according to their significance - as shown in Figure 6.

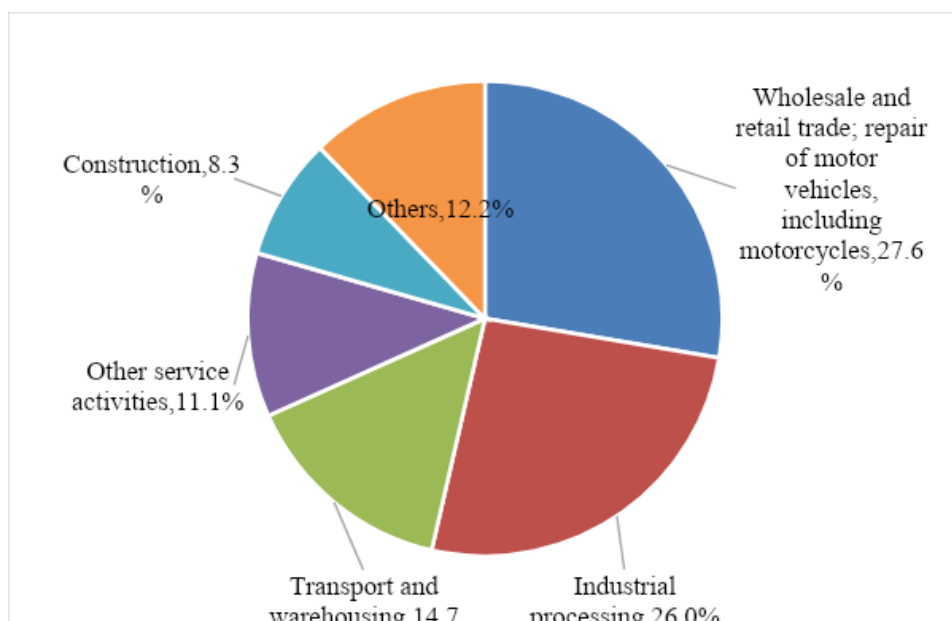


Figure 5. The structure of factoring clients in Poland according to PKD (Polish Classification of Activities) in the years 2011-2022 (in percentage)

Source: own study based on [Działalność faktoringowa ..., 2011-2022].

As can be observed, the largest group of businesses using factoring in the analyzed period is represented by wholesale and retail trade. From 2011 to 2022, this sector accounted for 27.6% of all clients of factoring services. The second-largest group consists of businesses from the industrial processing sector,

with a share of 26%. It's worth noting that companies from these two groups together make up more than half of all factoring clients in Poland.

Trade and industry are indeed popular sectors in the Polish economy, characterized by fast-paced product exchange. Combined with selling on deferred payment terms, businesses often need funding to support their operations. Factoring allows them to obtain funds without waiting for customer payments, enabling them to purchase a larger quantity of goods. In the broader perspective, this can lead to increased turnover and profit, assuming higher sales revenue and no financial liquidity issues. However, it's important to acknowledge that these sectors simultaneously experience significant financial liquidity issues and insolvency challenges [*Niewypłacalności firm ...*, 2022]. As a result, businesses in these sectors may encounter difficulties in acquiring financial resources. Therefore, factoring has become an attractive financing option for them.

Another significant group among factoring clients comprises companies involved in transportation and warehousing. During the analyzed period, they accounted for 14.7% of all factoring clients. The next positions in the ranking were occupied by companies in other service activities, constituting 11.1%, and construction, constituting 8.3%. Other entities represented a small percentage of all factoring clients within the 15 economic sectors. Collectively, during the analyzed period, they made up 12.2% of the total businesses utilizing factoring.

Another important aspect to consider is the analysis of the structure of factoring usage in Poland on a provincial level. Knowing that factoring is most popular in the primary types of socio-economic activities carried out by businesses, one can assume that it also dominates in provinces where the level of entrepreneurship, including the number of enterprises, is the highest. In the years 2008-2020, the provinces with the highest level of entrepreneurship were Mazowieckie, Wielkopolskie, and Dolnośląskie. Additionally, Mazowieckie province ranks first in Poland in terms of the number of micro and small businesses per 1,000 inhabitants, while Wielkopolskie province leads in terms of the number of small businesses [*Raport o stanie...*, 2022: 39-42].

To standardize and make the data comparable, the average shares of the number of factoring clients in the total for the analyzed period were calculated. The collected data was then presented in pie charts to conduct an analysis of the utilization of domestic factoring in different provinces of Poland. Figure 7 illustrates the average share of the number of businesses using domestic factoring by province in the total number of domestic factoring clients.

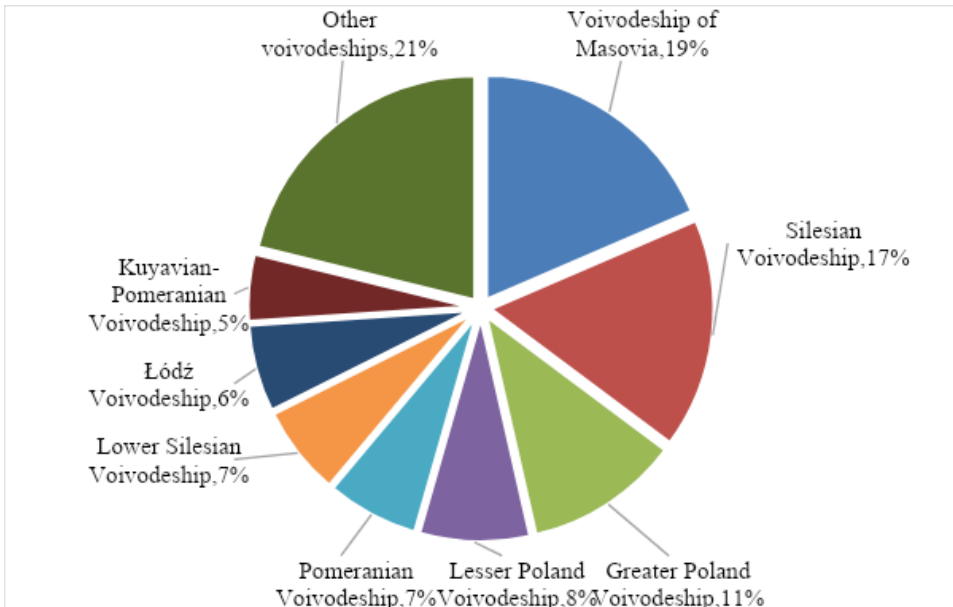


Figure 6. The structure of factoring clients in Poland broken down by provinces in the years 2011-2022 (in percentage)

Source: own study based on [Działalność faktoringowa ..., 2011-2022].

Analyzing the number of factoring clients in various provinces, it's worth noting that the highest number of businesses using factoring is located in the Masovia (18.6%), Silesian (16.6%), and Greater Poland (11.3%) voivodeships. Together, they account for an average of 46.5% of all domestic factoring clients during the analyzed period. Lesser Poland, Pomeranian, Lower Silesian, Łódź, and Kuyavian-Pomeranian voivodeships range from 5% to 8% of all domestic factoring clients. Meanwhile, businesses in other voivodeships constitute the smallest group of factoring clients, where the share of individual provinces does not exceed an average of 3.5% of all businesses during the analyzed period.

5. FACTORING SERVICES MARKET IN POLAND IN THE YEARS 2011-2022 (FACTOR PERSPECTIVE)

In the Polish factoring market, both banks and non-bank companies offer factoring services. To investigate which group dominates the factoring services market, both groups need to be analyzed. The basis for this analysis is a comparison of the number of active entities providing factoring services in the

market from 2011 to 2022, as accessibility is one of the most crucial criteria. Such a comparison has been presented in Figure 8.

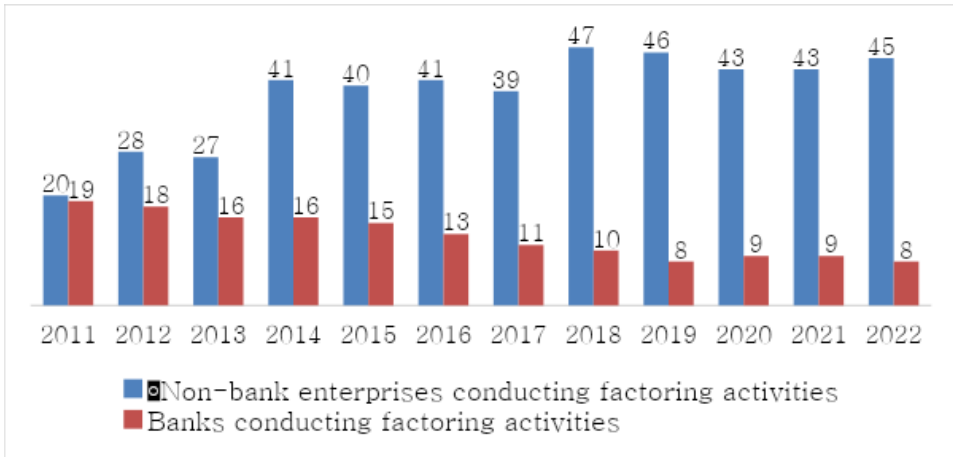


Figure 7. The number of entities conducting factoring activities in Poland from 2011 to 2022

Source: own study based on [Działalność faktoringowa ..., 2011-2022].

Analyzing the number of active entities conducting factoring activities in Poland from 2011 to 2022, it is evident that non-bank companies significantly dominate over banks. Throughout the studied period, only in 2011 was the number of entities in both groups similar, but in each subsequent year, the disparity became increasingly pronounced. Since 2018, non-bank companies have accounted for over 80% of factors. It is also worth noting that while the number of bank companies has consistently declined, there has been a growing trend among non-bank companies, confirming the dominance of this group in the factoring services market. Regarding the actual number of entities conducting factoring activities, there are fluctuations during the analyzed period, but their number has remained above 50 companies since 2014. Although the number of companies providing factoring services remains relatively small on a macroeconomic scale, this confirms the niche nature of factoring as a source of financing. However, the fact that the number of factors has increased by 14 entities over ten years indicates a growing interest in factoring services and the increasing popularity of providing such services.

Based solely on this data, it can be assumed that the Polish factoring market is dominated by non-bank companies. To validate this hypothesis, more detailed

data on the number of clients (factoring clients) using factoring services with a breakdown between the banking and non-banking sectors should be analyzed. Figure 9 presents the structure of the number of clients using factoring services in Poland from 2011 to 2022.

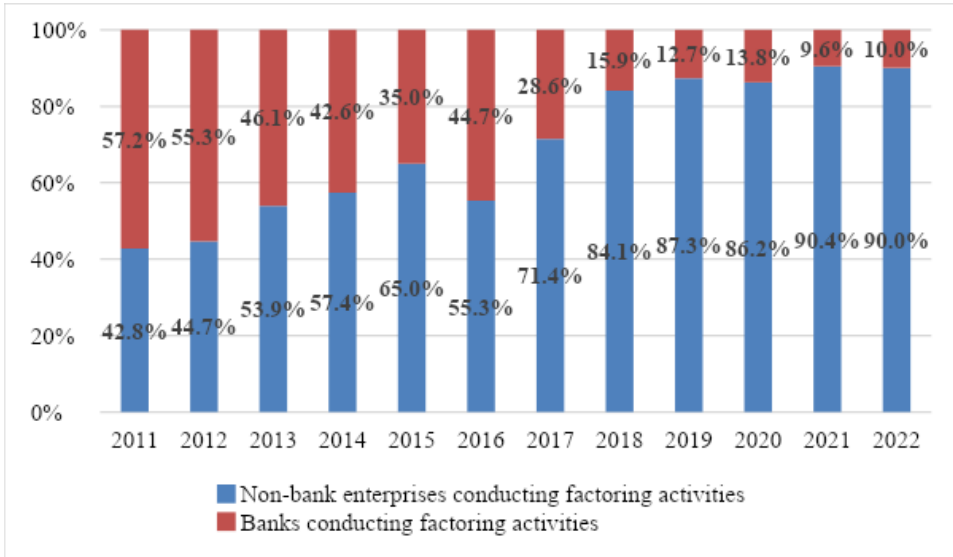


Figure 8. The structure of factoring clients using factoring services within a year, divided into bank and non-bank factoring in Poland from 2011 to 2022 (in percentage)

Source: own study based on [Działalność faktoringowa ..., 2011-2022].

Analyzing the number of clients using banking and non-banking factoring services within a year during the study period, it is evident that the popularity of banking factoring declined in favor of non-banking factoring. In the initial period (2011-2012), businesses were more inclined to use factoring services provided by banks. However, in the subsequent years, this popularity waned, and businesses preferred the services of non-bank companies. This trend led to the situation where, in recent years, only about 10% of factoring clients use factoring services provided by banks. This trend confirms the dominance of the non-banking sector in the Polish factoring market, which may result from banks discontinuing factoring services as they became less popular among clients, leading to the closure of factoring-related branches.

Another characteristic of the Polish factoring market from the factor's perspective is the division between domestic and international factoring. The

structure of the number of clients using domestic and international factoring is presented in Figure 10.

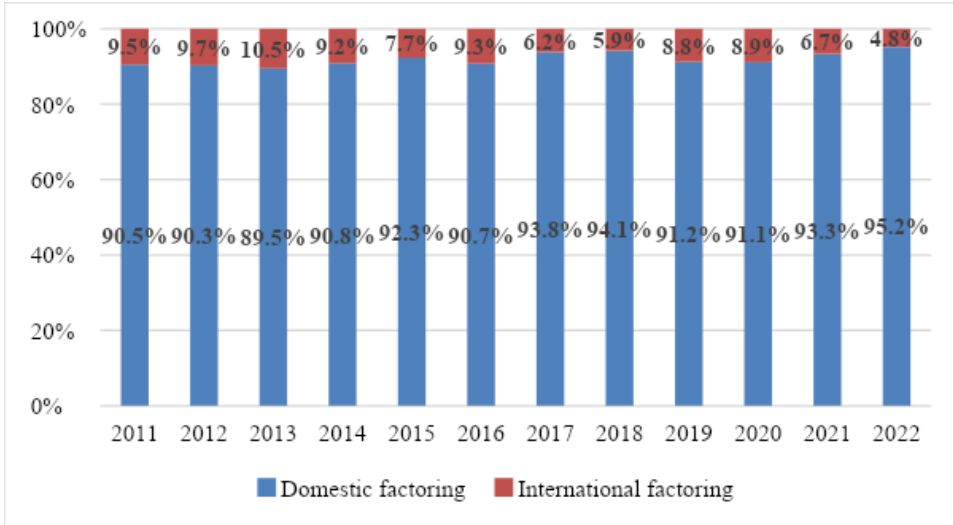


Figure 9. The structure of factoring clients using factoring services within a year, divided into domestic and international factoring in Poland from 2011 to 2022 (in percentage)
 Source: own study based on [Działalność faktoringowa ..., 2011-2022].

In the Polish market, domestic factoring clearly dominates, and this is evident in the structure of factoring clients. During the study period, clients of domestic factoring accounted for an average of about 92% of the total number of factoring clients, while clients of international factoring made up only about 8% of the total. It's worth noting that the increase in the number of clients for both forms of factoring resulted from the overall increase in the number of factoring clients and did not directly lead to significant changes in the structure of the utilization of a particular form of factoring.

Within domestic factoring, it is possible to divide factoring into full recourse factoring (with recourse) and non-recourse factoring (without recourse). Such a division allows for determining who bears the risk of debtor insolvency when using factoring services. The structure of the number of clients using non-recourse and recourse factoring is presented in Figure 11.

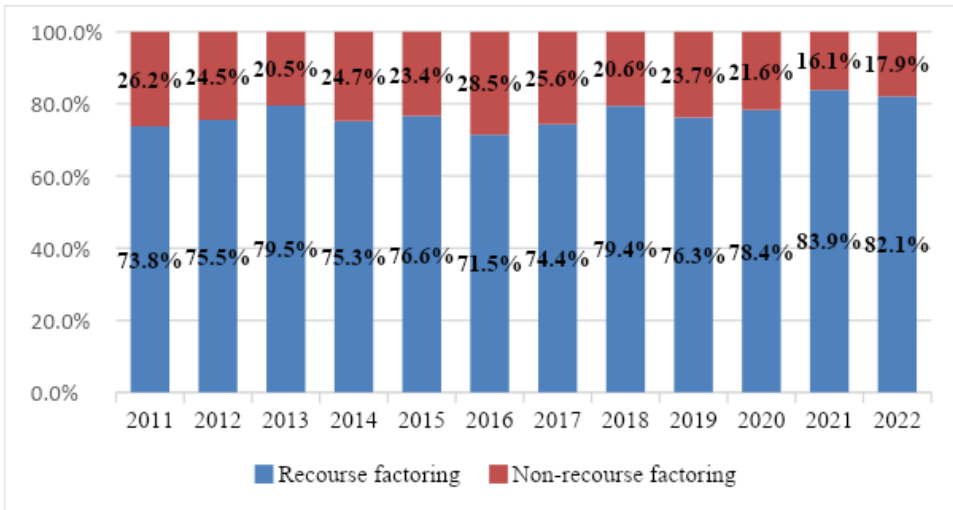


Figure 10. The structure of factoring clients using factoring services within a year, divided into non-recourse factoring and recourse factoring in Poland from 2011 to 2022 (in percentage)

Source: own study based on [*Działalność faktoringowa ...*, 2011-2022].

During the analyzed period, among factoring clients in the Polish market, businesses that use factoring with recourse clearly dominate. The average share of recourse factoring in domestic factoring during the study period was 77.2%. This means that Polish factors prefer to enter into partnerships with clients on the basis of recourse factoring, where the risk of debtor insolvency is transferred to the factoring clients, resulting in lower risk for factoring service providers. It's worth noting that there has been an increase in the share of recourse factoring since 2020. This could have been influenced by the COVID-19 pandemic, where factors were concerned about debtor insolvency and were reluctant to enter into agreements with new clients, assuming greater risk, on the terms of recourse factoring.

To assess the current state of development of the factoring services market in Poland, the above conclusions should be compared with the number of active businesses in Poland. Table 1 presents the number of businesses conducting economic activities in Poland, divided into micro, small, medium, and large enterprises, along with the share of factoring clients in the total number of enterprises. Comparative data is limited to 2021 since GUS has not yet published a *Report on the activities of non-financial enterprises for 2022*.

Table 1. The number of active businesses in Poland in the years 2011-2021 (in thousands) and the share of factoring clients in the total number of businesses in Poland in the years 2011-2021 (in percentage)

Year	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total	1784,60	1794,94	1771,46	1842,59	1914,14	2013,36	2077,03	2150,29	2211,60	2261,86	2355,98
Micro	1710,60	1719,19	1693,79	1764,60	1838,37	1937,25	2004,29	2078,74	2144,16	2194,24	2288,84
Small	55,00	57,07	59,13	59,17	56,71	57,20	53,76	52,66	48,91	49,51	48,73
Medium	15,82	15,48	15,33	15,47	15,63	15,35	15,34	15,21	14,78	14,43	14,62
Large	3,19	3,20	3,22	3,36	3,43	3,57	3,64	3,65	3,75	3,67	3,79
Factoring clients	0,37%	0,42%	0,49%	0,56%	0,64%	0,56%	0,76%	0,80%	0,86%	0,94%	1,12%

Source: own study based on [*Działalność przedsiębiorstw niefinansowych, 2011-2021*] and [*Działalność faktoringowa ..., 2011-2021*].

Considering the above data, it's important to note that businesses using factoring services represent a small fraction of all active businesses in Poland. Apart from 2021, factoring clients didn't even account for 1% of the total number of businesses conducting economic activities in Poland. This illustrates that despite increasing interest among businesses in this source of financing, factoring in Poland is still in its early stages of development.

However, it's important to note that the dominant group of businesses in Poland is comprised of micro-enterprises, whose numbers continue to grow while the other groups of businesses remain at similar levels. Micro and small enterprises have limited access to most sources of financing, which is why factoring has become an attractive source of funding for them. The popularity of factoring services among this group of businesses can be confirmed by the simultaneous increase in the number of businesses using factoring services and the growth of micro-enterprises in the Polish market. This is most noticeable in the recent years analyzed (2019-2021), where despite a decline in the number of small, medium, and large enterprises, the popularity of factoring in Poland is on the rise.

6. DISCUSSION

Factoring emerged in Poland in the years 1993-1994. Initially, factoring did not gain much interest among entrepreneurs and developed very slowly due to a lack of experience and trained personnel. Since 2007, there has been a dynamic increase in turnover of factored receivables [Sobol 2020], and in 2022, their

share in relation to GDP was 15%, allowing Poland to rank 6th among European Union countries [Ciechomska-Barczak 2023].

Factoring is indeed an attractive source of financing for businesses. One of its greatest advantages is the variety of factoring transaction forms, which provide an individualized approach to the situation and requirements of the business. Factoring also allows for the quick acquisition of funds in the foreseeable future, eliminates the problem of delays in settling receivables, and insolvency of customers, and improves the financial liquidity of the enterprise. More detailed analyses, however, indicate a lack of direct impact of using factoring services on improving the profitability indicators of the company [Kubiak 2008].

The analysis of statistical data clearly indicates that the factoring services market is growing dynamically. According to GUS data, from 2011 to 2022, there was an increase in:

- the number of factoring clients by 282%,
- the number of financed invoices by 460.4%,
- the value of receivables purchased by factors by 402.7%

Factoring is primarily aimed at small businesses, and it's important to note that they, along with micro-enterprises, constitute the largest segment of the business market in Poland. The research results show that 46% of factoring clients during the study period did not have turnover with the factor exceeding 1 million Polish zlotys. The growing popularity of factoring was observed in most sectors of economic activity. However, it is most popular in the trade sector (which represented 27.6% of factoring clients during the study period), manufacturing industry (26%), transportation (14.7%), and other service activities (11.1%). The largest number of factoring clients is in the Mazowieckie and Wielkopolskie voivodeships, which dominate the Polish market in terms of both entrepreneurial development and the number of enterprises.

It's quite interesting to note that the COVID-19 pandemic had a positive impact on the factoring services market. Analyses show that in 2020, there was a 38.6% increase in the number of financed invoices compared to 2019. In 2021, the value of receivables purchased by factors reached nearly 400 billion PLN, indicating a 28.6% year-on-year growth in dynamics. It's also worth noting that in the same year, the highest number of entities using factoring services was recorded, with 26,358 factoring clients.

Taking into account the turnovers of factoring companies affiliated with the Polish Factors Association on a quarterly basis in the years 2020-2021, the results were not initially favorable. In the first quarter of 2020, there was a 16% YoY increase in factored receivables, and in subsequent quarters, the annual growth did not exceed the 3% YoY level. Only from mid-2021, there was a rebound, and in the following quarters, factoring turnovers increased by more

than 24% YoY. Czajkowski's research [2023] indicates that the slowdown in the factoring market in the initial period of the pandemic was due to employee illnesses, the need to organize work and establish new procedures in the new pandemic reality, as well as government COVID-19 relief packages that discouraged companies from using factoring.

From the factoring company's perspective, the non-bank sector clearly dominates the factoring market. In recent years, non-bank enterprises engaged in factoring services have serviced approximately 90% of all factoring clients. Additionally, it's worth noting that domestic factoring is significant in the Polish market, accounting for an average of 92% of all factoring clients, while international factoring represents only 8% of all factoring clients.

The Polish factoring market from 2011 to 2022 was dominated by recourse factoring, in which the risk of non-payment by the debtor did not pass to the factor. The average share of clients using factoring services within recourse factoring during the study period was 77.2% of domestic factoring. During the COVID-19 pandemic, the share of recourse factoring was even higher, indicating a reluctance among factors to assume risk.

The market of factoring services in Slovakia is characterized by a slightly different structure. In 2022, the share of factoring turnovers in relation to GDP in this country was 2.7% [Ciechomska-Barczak 2023]. In Slovakia, factoring services are primarily provided by banks. Furthermore, there are not as significant differences observed between the turnover sizes of non-recourse factoring and recourse factoring, with non-recourse factoring exhibiting greater growth dynamics [Koišová and Ivanová 2015].

Factoring in Hungary shows significant developmental potential. In 2022, factoring turnovers increased by 22.5% compared to 2021, constituting 7.1% of the GDP [Ciechomska-Barczak 2023]. Analyses by Čulková et al. [2018] indicate that after the 2009 crisis in Hungary, there was a significant increase in the dynamics of recourse factoring services (64% YoY in 2011 and 69% YoY in 2012). Banks played a major role in the development of factoring in this country, perceiving it as a good alternative to traditional bank credit.

The factoring market in Romania is not as well-developed as in Poland. In 2022, the share of factoring turnovers in relation to GDP was 2.7% [Ciechomska-Barczak 2023]. Reasons for the lack of significant interest in this form of short-term financing include the high cost of factoring operations, consisting of commission and risk premium, as well as the absence of legal regulations regarding factoring services [Vasilescu 2010]. Additionally, significant barriers to the development of factoring are macroeconomic conditions and the lack of an adequate offering of factoring services by banks [Orheian 2013].

The factoring market in Croatia also does not fully exploit its potential. In 2022, the share of the value of factored receivables in relation to GDP was only 2% [Ciechomska-Barczak 2023]. Baresa et al. [2012] point out that psychological factors, particularly the increased trust of businesses in the economy, can influence the development of factoring in Croatia. The authors see an opportunity for the factoring market to grow due to the country's membership in the European Union. Other factors mentioned by the authors include greater awareness among businesses regarding the benefits of using factoring and increased transparency in legal regulations concerning factoring.

7. CONCLUSIONS

This article focuses on the analysis of the factoring services market in Poland from 2011 to 2022. The results of this analysis confirm that Poland is a leader in the utilization of factoring in Central and Eastern Europe. In 2022, the value of factoring turnovers reached 476.9 billion PLN. The significant growth in the competitiveness of the Polish economy and the increase in the number of businesses had a major impact on the development of the factoring services market.

It is essential to emphasize that factoring is particularly directed towards micro and small businesses with limited access to other sources of financing. The main advantage of factoring is its greater availability and flexibility compared to bank loans.

The results of the analysis of factoring turnovers confirmed that initially, the pandemic caused disruptions in the functioning of factoring in Poland, mainly due to the need to reorganize the work and organizational procedures of factoring companies. However, in the years 2021-2022, factoring companies quickly recovered from losses and returned to the development path that was in place before the pandemic.

Based on the presented findings, a positive verification of the research hypothesis was conducted, according to which factoring can be an attractive source of financing business activities, especially during periods of constrained access to traditional sources of financing caused by the COVID-19 pandemic. The research results confirm the hypothesis of Kreczmańska-Gigol [2015] that economic downturns lead to an increase in factoring turnovers due to constrained access to bank loans due to additional collateral requirements imposed by banks. In such times, businesses are forced to seek additional sources of financing because their existing assets do not provide sufficient security for the significantly higher risk recognized during economic crises. Factoring can indeed be considered an attractive source of financing, as

evidenced by the growing popularity of factoring services in the Polish market, particularly during the pandemic. It should be noted, however, that businesses financing themselves through this funding source still represent a small percentage of the total number of businesses in the Polish market.

This paper presents how the market of factoring services developed in Poland during the examined period and the economic consequences the COVID-19 pandemic had on this market. Future work could focus on analyzing the development of factoring services in Poland compared to the European Union and selected EU member states [Włodarczyk and Ostrowska 2017] and on analyzing the determinants of factoring development in the Visegrád Group countries [Čulková 2018].

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RYNEK USŁUG FAKTORINGOWYCH W POLSCE PRZED I W CZASIE PANDEMII COVID-19

Streszczenie

Cel artykułu/hipoteza: Celem artykułu jest analiza rynku usług faktoringowych w Polsce w latach 2011-2022, ze szczególnym uwzględnieniem okresu kryzysu spowodowanego pandemią COVID-19. W artykule przyjęta została następująca hipoteza badawcza: faktoring może stanowić atrakcyjne źródło finansowania działalności gospodarczej, szczególnie w okresie utrudnionego dostępu do tradycyjnych źródeł finansowania wywołanego pandemią COVID-19.

Metodyka: Źródłami danych na temat rynku usług faktoringowych były dane statystyczne z Polskiego Związku Faktorów (PZF) oraz Głównego Urzędu Statystycznego (GUS). Charakterystyki polskiego faktoringu w latach 2011-2022 dokonano z dwóch perspektyw: faktorantów (liczba faktorantów, liczba faktur oraz wartość wierzytelności sfinansowanych za pomocą faktoringu, struktura przedsiębiorstw korzystających z faktoringu według PKD oraz w podziale na województwa w Polsce) oraz faktorów (liczba podmiotów prowadzących działalność faktoringową, faktoring bankowy/niebankowy, faktoring krajowy/zagraniczny, faktoring bez regresu/z regresem). Do analizy danych wykorzystano wskaźniki struktury, dynamiki oraz wartości średnie.

Wyniki/Rezultaty badania: Wyniki badania potwierdzają wzrost popularności faktoringu jako źródła finansowania działalności gospodarczej. W latach 2011-2022 prawie trzykrotnie wzrosła liczba faktorantów, natomiast czterokrotnie zwiększyła się liczba finansowanych faktur oraz wartość wierzytelności wykupionych przez faktorantów. Z perspektywy faktorantów zmianie uległa struktura instytucji świadczących usługi faktoringowe (dominuje faktoring niebankowy) oraz zwiększyła się rola faktoringu z regresem w faktoringu krajowym. W okresie pandemii udział faktoringu z regresem był jeszcze wyższy, co świadczy o niechęci podejmowania ryzyka przez faktorów w warunkach niepewności.

Słowa kluczowe: faktoring, usługi faktoringowe, faktorant, faktor, Polski Związek Faktorów, Główny Urząd Statystyczny.

JEL Class: G23, G32.