



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Economic Letter

Irish company births and insolvent liquidations during the COVID-19 shock

Niall McGeever, Cecilia Sarchi and Maria Woods

Vol. 2020, No. 13

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New company registrations fell sharply between March and May 2020, coinciding with the introduction of restrictions to reduce the growth rate of COVID-19 cases. This decline occurred in all sectors, but was largest in Accommodation and Food and in Arts, Entertainment and Recreation. The rate of new registrations rebounded in the summer to almost pre-pandemic levels in September, although levels remain lower than in 2019. The insolvent liquidation rate *fell* in April due to the temporary inability of company directors to convene creditors' meetings safely. Insolvent liquidations returned to pre-pandemic trends over the summer and, despite indications of significant financial distress among firms, there is no evidence as yet of a marked increase in insolvencies. The cumulative effect of government supports, loan payment breaks, forbearance from other creditors, and pre-existing financial buffers have likely held down the insolvent liquidation rate.

1. Introduction

In this *Letter*, we analyse trends in new company registrations ("births") and insolvent liquidations since the onset of COVID-19 pandemic in March 2020. The severity of the COVID-19 shock and the modest liquid asset holdings of many Irish firms raises the question of how the pandemic is affecting business dynamism and failure rates. We are further motivated to develop as close-to-real time indicators of business conditions as possible to inform policymakers in the uncertain period ahead.

We compile a database of new company registrations and insolvent liquidations from January 2001 to September 2020 using comprehensive historical data on corporate document filings with the Companies Registration Office (CRO) and a range of other timely sources.

New firm registrations are down on the same period in 2019. Registrations fell sharply across all sectors between March and May 2020, before rebounding over the summer months. Insolvent liquidations also *fell* at the onset of the pandemic due to the inability of directors to convene creditors' meetings safely, but returned to pre-pandemic levels over the summer. Despite evidence of acute financial distress among firms ([Keenan and Lydon, 2020](#); [Lambert et al., 2020](#)), there is no indication so far of an increase in insolvent liquidations. The cumulative effect of government supports, loan payment breaks, forbearance from other creditors, and pre-existing financial buffers have likely held down the insolvent liquidation rate. While the short-term liquidity needs of firms appear to have been met thus far in the crisis, the low insolvency rate may not last indefinitely given the vulnerable state of

¹ We thank Mark Cassidy, Sharon Donnery, Reamonn Lydon, Paul Lyons, Vasileios Madouros, Fergal McCann, Rory McElligott, Caroline Mehigan, and Gerard O'Reilly for comments. We also thank Allan Steel for technical assistance and officials at the Companies Registration Office for helpful discussions. The views we express in this *Letter* are our own and do not necessarily reflect the views of the Central Bank of Ireland.
Email: niall.mcgeeve@centralbank.ie; cecilia.sarchi@centralbank.ie; maria.woods@centralbank.ie

many firms and the pressures associated with further waves of COVID-19 cases and a potentially adverse Brexit outcome.

The insolvency trend we document in Ireland is similar to that experienced in other countries. [Banerjee et al. \(2020\)](#) show that bankruptcies remained low as of July 2020 among a sample of advanced economies. While this likely reflects the substantial government supports to firms, it also reflects explicit policy choices in some jurisdictions to temporarily reduce the threat of insolvent liquidation through procedural changes and moratoria.

A marked reduction in new firm formation or a spike in insolvencies could lower the productive capacity of the economy and negatively affect output and employment. A number of studies show that new firms are important for productivity and employment growth ([Akcigit and Ates, 2020](#); [Gourio et al., 2016](#); [Haltiwanger et al., \(2013\)](#)). Using Irish data, [Lawless \(2013\)](#) similarly finds that young firms contribute disproportionately to employment growth. While a certain level of company insolvency over time is inevitable and even desirable to ensure resource re-allocation to productive firms, the failure of otherwise viable firms due to the pandemic could reduce output and productivity growth.

A wave of corporate insolvencies can also have indirect macro-financial effects. Elevated levels of non-performance in corporate loan books may reduce access to finance for productive firms. This could stall economic recovery and lead to further company insolvencies. These dynamics have motivated research on the role of liquidations in financial crises ([Banerjee et al., 2020](#); [Kearns \(2003\)](#); [Kelly et al., \(2014\)](#); [Lawless and McCann, 2013](#); [Vlieghe, 2001](#)).

The remainder of this *Letter* is structured as follows. Section 2 introduces the data. Sections 3 and 4 present our findings on new company registrations and liquidations, respectively. Section 5 concludes.

2. Data

Our primary data source is a daily historical record of all submissions made to the [Companies Registration Office](#) (CRO). Table 1 summarises pre-COVID 19 trends. Panel (a) shows that there were 235,914 companies on the register at end-2019. New registrations averaged around 22,500 annually between 2017 and 2019. The number of companies leaving the register ranged from 13,000 to 15,000. Note that these dissolution figures relate to the *end* of a number of different processes. A small number of dissolved companies are restored to the register each year upon application to the CRO or the courts.

Table 1: Summary of activity on the company register

(a) New company registrations, restorations, and dissolutions by year

Type	2016	2017	2018	2019
New company registrations	20,951	22,304	22,428	22,723
Company dissolutions	15,221	12,748	15,138	13,233
Company restorations	516	557	579	443
Number of companies at year-end	207,677	217,770	225,898	235,914

(b) Initiations of company dissolution by process and year

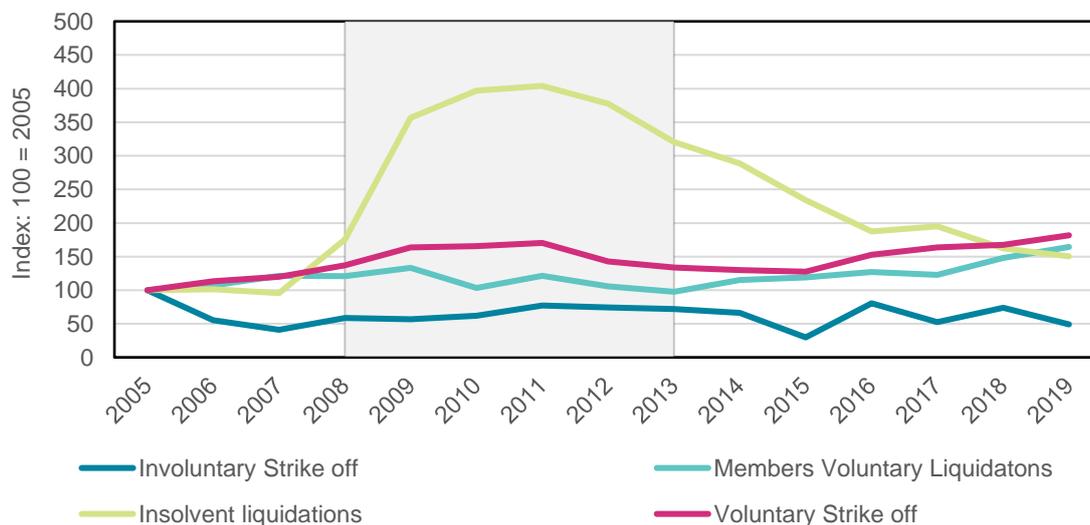
Process	Status	2016	2017	2018	2019
Voluntary strike-off	Solvent	5,137	5,494	5,508	6,025
Members' voluntary liquidation	Solvent	1,102	1,046	1,298	1,424
Creditors' voluntary liquidation	Insolvent	595	614	509	471
Court-ordered liquidation	Insolvent	59	67	59	55
Involuntary strike-off	Unclear	8,302	5,420	7,619	5,068
		15,195	12,641	14,993	13,043

Source: CRO, CRIF Vision-Net, Iris Oifigiúil, Stubbs Gazette; authors' calculations.

Note: The liquidation figures above are based on the effective date of each liquidation event (i.e., the date of the relevant resolution or court order), rather than the date at which the notification was registered by the CRO.

Panel (b) of Table 1 lists the five main processes by which companies leave the register. A *voluntary strike-off* occurs when a company with assets and liabilities below €150 requests to be removed. A *members' voluntary liquidation* is where the directors of a company make a declaration of solvency and a liquidator is then appointed. A *creditors' voluntary liquidation* is initiated by the company's own directors and necessitates a creditors' meeting where a vote is held to confirm the appointment of a liquidator. A *court-ordered liquidation* results from a judgement of insolvency and is typically initiated by the company itself or its creditors. Lastly, an *involuntary strike-off* is where the CRO acts to remove a company from the register for failing to submit an annual return and financial statements.²

Figure 1: Company Dissolution (2005-2019)



Source: CRO and authors' calculations

Note: Shaded area refers to the Irish Banking crisis (2008-2013).

We focus our attention on new company registrations and insolvent liquidations. We define the latter as the sum of creditors' voluntary liquidations and court-ordered liquidations. This is same approach

² See [Courtney \(2016\)](#) and [Murphy-O'Connor and Gahan \(2019\)](#) for further details.

taken by [Kearns \(2003\)](#) and [Kelly et al. \(2014\)](#). While only a minority of dissolutions, insolvent liquidations are of particular interest due to their cyclical nature and their potential to generate large losses for creditors (Figure 1 and [Kelly et al. \(2014\)](#)). Panel (b) of Table 1 shows that the number of insolvent liquidations trended down from 654 in 2016 to 526 in 2019. During the Irish banking crisis, there were 1,200-1,400 insolvent liquidations per annum in the years 2009 to 2011. Members' voluntary liquidations relate to solvent companies, are utilised extensively by financial vehicles, and appear to be much less cyclical.³ Lastly, it is worth noting also that strike-off proceedings were suspended at the onset of the pandemic in conjunction with the extension of annual return deadlines. Therefore, solvent liquidations and strike-off proceedings are outside of the scope of this *Letter*.

Our analysis relies on a number of related sources. First, we collect daily data on all documents submitted to the CRO since 2001. These data provide the date at which the CRO received each submission, registered them, and the date at which the relevant events occurred. For insolvent liquidations, the data include the date on which the relevant resolution was passed or on which the relevant court petition was heard. Accuracy in dating of these events and timeliness in observing events are crucial for our monitoring purposes. Second, we collect supplementary data regarding recent insolvent liquidation events that have yet to be notified to the CRO from [CRIF Vision-Net](#), [Iris Oifigúil](#), [Stubbs Gazette](#). Third, we draw on a number of additional sources to address remaining data gaps on the economic activity⁴ of insolvent companies. This is relatively small issue, with coverage in the CRO data at roughly 90 per cent, between 2018 and 2020. We do this by setting up a data integration exercise using additional granular databases such as the Central Bank of Ireland's Register of Institutions and Affiliates Database (RIAD) and CRIF Vision-Net.⁵

3. What impact is Covid-19 having on new company registrations?

Figure 2 shows the new company registration rate between January 2001 and September 2020⁶. The rate averages around 9.5 per cent per annum and appears to be broadly pro-cyclical.

The initial Covid-19 shock coincided with a sharp temporary decline in new company registrations. The new company registration rate fell to 5.3 per cent in April and 6.1 per cent in May.⁷ These two months, along with August 2008, have the lowest new company registration rates in our sample. The rate rebounded strongly over the summer and had returned to pre-pandemic levels by September.

According to the CRO, over 90 per cent of applications to register a new company are made online. Thus, the decline in April and May cannot be explained by pandemic-related restrictions or procedural delay. Instead, it likely reflects a temporary decline in both new enterprise formation and stalled investment decision-making by pre-existing corporate groups during this uncertain period.

Figure 2: New company registration rate (%): January 2001 – September 2020

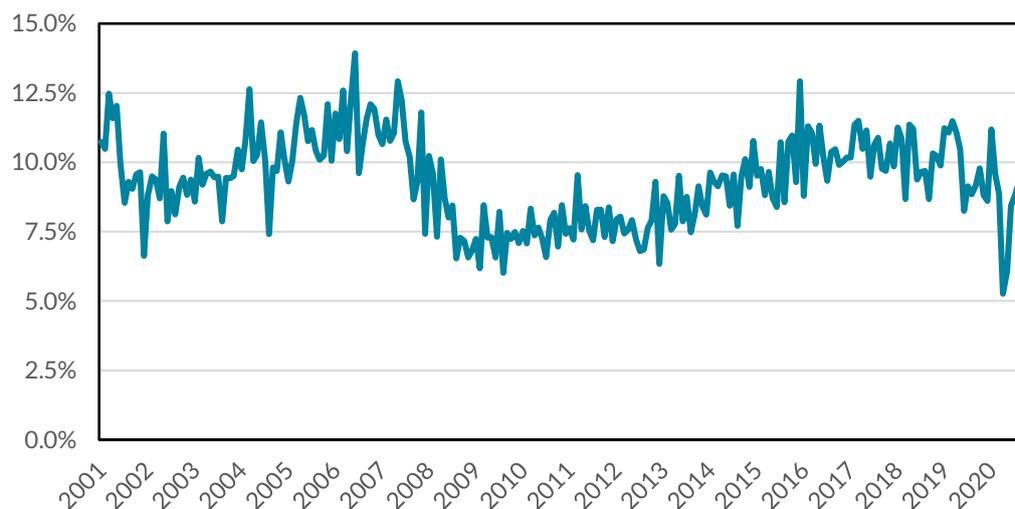
³ Members' voluntary liquidation data up to September 2020 do not show significant changes from 2019.

⁴ Economic activity is either classified in the original data source based on NACE Rev. 2 or, when available in the original data source based on NACE Rev. 1.1, is converted from NACE Rev. 1.1 into NACE Rev. 2 following the conversion table published by the [European Commission](#).

⁵ Less than 2 per cent of the data between 2018 and 2020 cannot be linked to a sector of economic activity.

⁶ Our sample focuses on registrations of Irish companies, excluding external companies establishing branches and companies undergoing a transfer of Societas Europaea registered office. The data relate to individual companies and information on group structure is unavailable.

⁷ We find very similar results when we examine application receipt dates rather than incorporation dates.



Source: CRO and authors' calculations.

Notes: New company registrations each month times 12 divided by the number of companies on the register. To account for the suspension of strike-off proceedings at the onset of the pandemic, we adjust our denominator slightly by assuming that the rate of strike-offs in 2020 is equivalent to the average rate from 2017 to 2019.

New company registrations by sector

Table 2 shows that all sectors saw declines in new company registration over the period March and May 2020 relative to 2019. Public health restrictions were most acute during these months, with non-essential services closed. This factor combined with an environment of high economic uncertainty may have influenced new business plans across many sectors. The largest declines during this period were, perhaps unsurprisingly, in Accommodation and Food and Arts, Recreation and other services. New registrations in these sectors were down 50 per cent on the same period in 2019.

As restrictions eased in the summer, the level of new company registrations showed signs of recovery in many sectors (Table 2). Compared with the equivalent month in 2019, all sectors recorded at least one month of higher registrations between June and September. An emerging trend in the Wholesale and Retail trade category is the consistent increase in new registrations in "retail sales via mail order houses or via internet" and in "other retail sales not in stores, stalls or markets" between June and September relative to the same period in 2019. This trend is also reflected internationally. [US Census Bureau](#) data show higher new business applications by non-store (e.g., internet sales) retailers, within the retail category, during 2020.

Consumer caution regarding in-store purchases or future restrictions may have played a role in this development. It may also be that Covid-19 has accelerated a previous trend of moving towards e-commerce. If restrictions were to continue into the future, particularly on non-essential retail, a strong on-line presence may provide a buffer for some shops.

Table 2: Annual Growth in New Firm Registrations – by sector

	Mar to May ^a	Jun ^a	Jul ^a	Aug ^a	Sept ^a
Primary Industries & Utilities (A, B, D, E)	-44%	43%	19%	13%	11%
Manufacturing (C)	-34%	24%	-13%	48%	-5%
Construction & Real Estate (F, L)	-41%	-16%	-12%	13%	-1%
Wholesale & Retail Trade (G)	-38%	51%	43%	50%	46%
Information, Communication & Transportation (J, H)	-31%	8%	6%	24%	2%
Accommodation & Food Service (I)	-49%	-19%	10%	-25%	8%
Financial & Insurance (K)	-15%	-27%	-18%	8%	22%
Professional & Administrative activities (M, N)	-36%	44%	-17%	-15%	-23%
Public Administration & Defence, Education, Health (O, P, Q)	-29%	3%	8%	13%	23%
Arts, Recreation and other services (R, S)	-50%	-13%	35%	23%	2%
All Sectors	-36%	7%	0%	9%	3%

Source: CRO and authors' calculations.

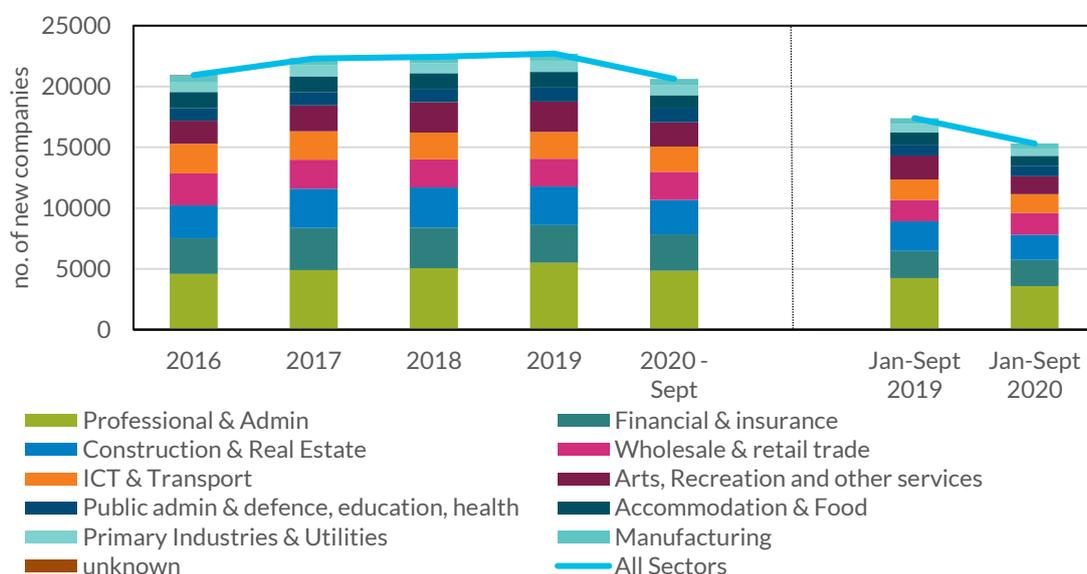
Note: ^aAnnual growth rates relative to the same period in 2019.

The marked decline in registrations earlier in the year, however, means that both year-to-date and annual figures are around 10 per cent lower in September than in 2019 (Figure 3). Notwithstanding this, sectoral shares remain broadly unchanged with no evidence of significant sectoral shifts up to September. Despite negative growth rates of Professional and Administrative Sector registrations⁸ between July and September, this service-related category along with Financial and Insurance services continue to dominate followed by the Construction and Real Estate sectors. The CSO's

⁸ The professional and administrative category is quite broad covering a number of subcategories- Professional, Scientific and Technical activities, Administrative and Support service Activities. Growth rates also vary greatly given the small numbers in some categories. However the highest and consistent declines were in *business and other management consultancy* and in *renting and leasing of aircraft equipment*.

[Business Demography data](#) show that employment shares for new enterprises⁹ in the Irish business economy¹⁰ were highest in the services and construction sectors between 2014 and 2018 highlighting the importance of monitoring sectoral activity.

Figure 3: Sectoral decomposition of company registrations: 2016 – 2020 (Sept)



Source: CRO and authors' calculations.

Note: For comparability with annual data, 2020-September covers the 12-month sum.

4. What impact is Covid-19 having on insolvent liquidations?

Figure 4 shows the insolvent liquidation rate from January 2001 to September 2020. The rate, which is the number of annualised insolvent liquidations as a percentage of all active companies, was roughly 0.25 per cent per annum before both the Global Financial Crisis and the Covid-19 shock. The immediate impact of Covid-19 shock was to sharply *reduce* insolvent liquidations. The annualised rate was exceptionally low at 0.07 per cent in April 2020 and 0.10 per cent in May. The rate reverted to pre-pandemic levels in June, as restrictions eased and practitioners adapted to the new environment.

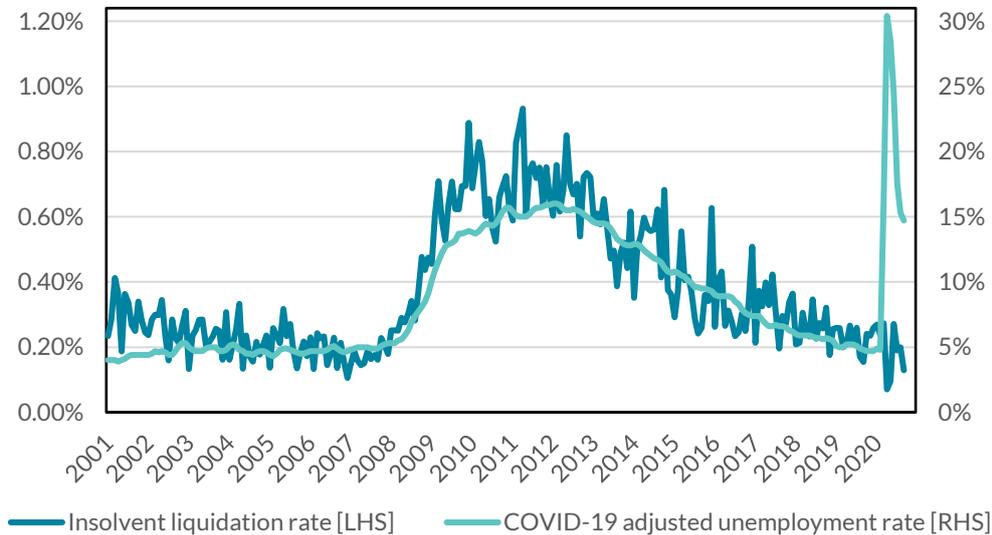
The decline in insolvencies in April is due principally to the inability of company directors to safely convene creditors' meetings. Prior to the pandemic, it was a requirement to hold a physical meeting with creditors to initiate a creditors' voluntary liquidation. This became impractical during the acute phase of public health restrictions and so the main channel for insolvent liquidations was blocked. This procedural issue was resolved relatively quickly. In late-April, the Consultative Committee of

⁹ The definition of an enterprise birth in the CSO's business statistics is based on the entity creating new production factors such as jobs and excludes mergers, firm restructuring activity and break ups among entities. There may be differences, therefore, between these data and the CRO data.

¹⁰ The business economy is defined as NACE Rev.2 sectors B-N and excludes finance holding companies.

Accountancy Bodies - Ireland issued guidance that creditors' meetings could be held by telephone or video conferencing.¹¹ The Oireachtas later amended company law to formally provide for this.¹²

Figure 4: Insolvent liquidation rate and unemployment rate (Jan 2001-Sep 2020)



Source: CRO, CRIF Vision-Net, CSO, Iris Oifigiúil, Stubbs Gazette.

Notes: The insolvent liquidation rate is defined as number of court-ordered and creditors' voluntary liquidations initiated each month times 12 divided by the number of companies on the register. To account for the suspension of strike-off proceedings at the onset of the pandemic, we adjust our denominator slightly by assuming that the rate of strike-offs in 2020 is equivalent to the average rate from 2017 to 2019. Liquidation initiations are observed through CRO submissions and notices published by CRIF Vision-Net, Iris Oifigiúil, and Stubbs Gazette. The CSO's COVID-19 adjusted unemployment rate accounts for temporary pandemic-related income support claimants.

The contrast between the insolvent liquidation rate and current labour market conditions is unusual. Since 2001, the insolvent liquidation rate has generally tracked monthly unemployment. The rate rose steadily in late-2007 and early-2008, in line with a rising unemployment rate. Focusing on the Irish financial crisis, [Kelly et al. \(2014\)](#) show that prevailing macroeconomic conditions explain Irish firm survival rates. The lack of a significant time lag between job loss and firm insolvency in Ireland may be explained by a relatively swift insolvency initiation procedure (e.g., 3 to 5 weeks for creditors' voluntary liquidations¹³), modest liquid asset holdings by firms, or high leverage.

Government supports to firms, loan payment breaks from banks, and forbearance from other creditors are likely applying downward pressure on the insolvent liquidation rate. The most pressing issue for firms at the onset of the crisis was the need to meet or defer expenses.¹⁴ The government have implemented a range of policies, which have substantially reduced the wage costs of firms, deferred or waived certain tax liabilities, and expanded the existing suite of loan support schemes. The range of policy supports available to Irish Small and Medium-Sized Enterprises is discussed in

¹¹ [https://www.charteredaccountants.ie/docs/default-source/technical-documents/technical-releases-alerts/technical-alert-01-2020---guidance-for-ips-on-s587-meetings-\(covid-19\).pdf?sfvrsn=2](https://www.charteredaccountants.ie/docs/default-source/technical-documents/technical-releases-alerts/technical-alert-01-2020---guidance-for-ips-on-s587-meetings-(covid-19).pdf?sfvrsn=2)

¹² <https://data.oireachtas.ie/ie/oireachtas/bill/2020/15/eng/memo/b1520s-memo.pdf>

¹³ Correspondence with insolvency practitioners.

¹⁴ See the Central Bank of Ireland Financial Stability Review 2020-I and [McGeever, McQuinn, and Myers \(2020\)](#).

[Lambert et al. \(2020\)](#). The Office of the Director of Corporate Enforcement issued a statement in June to reassure company directors facing solvency concerns that the context of the pandemic would be considered in any future assessment of their behaviour.¹⁵

Irish retail banks have also provided important liquidity relief to households and firms in the form of temporary loan payment breaks. The uptake of these payment breaks was higher in sectors with higher utilisation rates of government employment supports and for firms with weaker *ex ante* credit quality.¹⁶ There is also anecdotal evidence of forbearance from commercial landlords and some partial evidence of low rent collection rates.¹⁷ Pre-existing liquidity buffers, though modest in many cases, are also likely playing a role.¹⁸

The literature also suggests that new firm entry rate can also play a role in driving liquidations if existing firms are displaced or new firms fail. Therefore, it will be important to monitor both registrations and liquidations as an indicator of business conditions in the coming months.

Focusing on the sectoral impact...

As insolvent liquidations are typically cyclical, the sectoral impact may correspond to the profile of the economic shock. For example, [O'Brien and Stuart \(2014\)](#) find that construction sector recorded a high number of liquidations during the Irish banking crisis. The current crisis has led to an asymmetric impact on sectoral economic activity. The [Quarterly National Accounts for 2020Q2](#) show pronounced declines in sectors such as Arts and Entertainment, Primary Industries, Construction, Distribution, Hospitality and certain services. Between end-March and end-July 2020, the Accommodation and Food sector followed by Wholesale and Retail Trade had the highest percentage share of [Covid-19 related income supports](#). By end-August, both Wholesale and Retail Trade and Accommodation and Food sectors continued to rely on income supports¹⁹.

Given the small number of liquidation events, we aggregate the daily sectoral data to quarterly to examine broad trends. Figure 5 compares the quarterly outturn across six broad sectors of economic activity between 2018Q1 and 2020Q3. Following a relatively high figure for the first quarter, the marked decline in the second quarter of 2020 is evident relative to the previous two years. Insolvent liquidations are a third less than 2019Q2 with all sectors experiencing annual contractions. While there has been a pick-up between July and September, quarterly figures remain below those in 2019. Liquidations were higher in the Wholesale and Retail Trade sectors but the 2020 number was close to 2018Q3 figures. The broad Public Administration and Other Categories sector was also marginally higher.

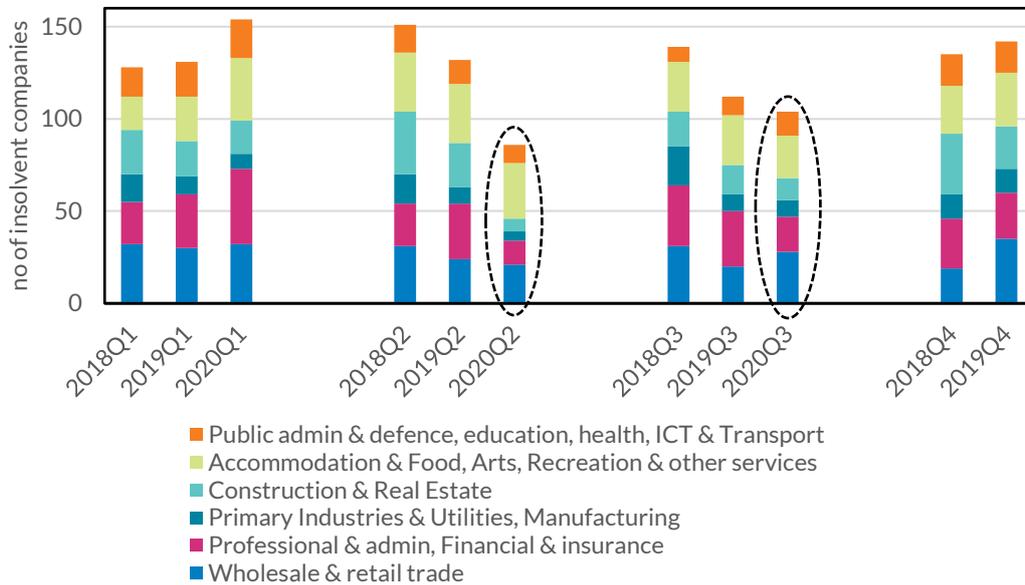
¹⁵ [https://www.odce.ie/Portals/0/Documents/Functions/Covid Statement 4 June 2020.pdf](https://www.odce.ie/Portals/0/Documents/Functions/Covid%20Statement%204%20June%202020.pdf)

¹⁶ See [Duignan and McGeever \(2020\)](#) and [Gaffney and Greaney \(2020\)](#).

¹⁷ <https://www.hammerson.com/media/press-releases/debt-liquidity-and-rent-collection-update/>
https://www.davy.ie/binaries/content/assets/davy/corporate-institutional/real-estate/dipf/2020/davy-real-estate_dipf-quarterly-report.pdf

¹⁸ See also the Central Bank's [Financial Stability Review 2020 I](#) and [SME Market Report 2020](#).

¹⁹ See [Keenan and Lydon \(2020\)](#) for a discussion of the Covid-19 related wage subsidy schemes.

Figure 5: Sectoral decomposition of quarterly insolvent liquidations (2018Q1-2020Q3)

Source: CRO, CRIF Vision Net and authors' calculations

Notes: Liquidation initiations are observed through CRO submissions and notices published by CRIF Vision-Net, Stubbs Gazette, and Iris Oifigiúil. A small number of observations (roughly 1.5% across the sample) without a NACE identifier are excluded from this figure. Other internal central bank datasets and CRIF Vision Net were used to fill the small percentage of remaining data gaps on the sector of economic activity for insolvent companies although a small percentage remain unidentified.

Using a further disaggregation, we also examine if the pandemic and related restrictions have affected the sectoral share of liquidations between March and September 2020 relative to the previous years (Table 3). Although the ordering differs slightly, the top four categories driving insolvent liquidations are the same in both years. Services sectors such as Professional and Administrative activities, Accommodation and Food combined with Construction/Real Estate and Distribution sectors comprise these categories. Wholesale and Retail trade followed by Accommodation and Food have higher shares than in 2019: such trends may be reflective of the sectoral profile of the current crisis. Looking further down the table, we see that other categories with relatively smaller shares such as Arts, Recreation and Other Services and the broad Public Administration and other category also have higher shares than 2019. Looking deeper into Public Administration and other category, we find that Health categories contributed most but as noted, these are small numbers overall.

While no significant sectoral shifts have emerged between March and September, certain sectors such as Accommodation and Food and Wholesale/Retail Trade are displaying signs of higher liquidations during the pandemic and relative to 2019. These trends are aligned with the labour market, as both sectors were the highest recipients of the Pandemic Unemployment Payment (PUP) between March and September. To a lesser extent, we also see the Arts and health sectors recording higher numbers. These sectors would also have been affected by, respectively the restrictions and nature of the public health crisis.

Table 3: Insolvent Liquidations by Sector

	Sectoral Share - % of Total	
	2019 (Mar- Sept)	2020 (Mar-Sept)
Professional & Administrative activities (M, N)	21.6	13.9
Wholesale & Retail Trade (G)	18.0	24.1
Construction & Real Estate (F, L)	16.3	10.6
Accommodation & Food Service (I)	14.8	18.0
Information, Communication & Transportation (J, H)	8.1	6.9
Arts, Recreation and other services (R, S)	8.1	9.8
Manufacturing (C)	6.7	6.5
Financial & Insurance (K)	2.8	2.0
Public Administration & Defence, Education, Health (O, P, Q)	1.8	6.5
Primary Industries & Utilities (A, B, D, E)	1.4	1.2
Unknown	0.4	0.4
All Sectors	100.0	100.0

Source: CRO, CRIF Vision Net and authors' calculations

Notes: Data are ordered by percentage share in 2019. Data in red denote a higher outturn than in 2019. Liquidation initiations are observed through CRO submissions and notices published by CRIF Vision-Net, Stubbs Gazette, and Iris Oifigiúil. Other internal central bank datasets and CRIF Vision Net were used to fill the small percentage of remaining data gaps on the sector of economic activity.

Beyond September, further restrictions (as introduced in October 2020) to deal with the pandemic could have significant sectoral effects particularly for hospitality, leisure and non-essential retail. As with future economic activity, the outlook for liquidations is highly uncertain and will be heavily dependent on the delicate balance between Government business supports, private-sector forbearance, the duration of the crisis and financial distress among firms. There are challenges for policy makers given the economic uncertainty. As noted in the Central Bank's [Quarterly Bulletin 2020Q4](#) policies measures have a role in supporting the future productive capacity of the economy, while also adapting to evolving economic conditions and being sustainable over the longer-term.

5. Conclusion

New company registrations for Irish companies declined sharply during the acute phase of the public health measures. The decrease is evident across all sectors but marked in the hospitality and leisure sectors. The heightened uncertainty at the onset of the pandemic may have led to fewer new firms being created and stalled investment decision-making by pre-existing corporate groups. Between June and September, there was some evidence of new registration growth across many sectors although earlier falls mean a lower outturn than in 2019. There is evidence in recent months of growth in registrations in the online and non-store retail sub-sectors. Growth in e-commerce, consumer preferences and altered trading conditions for the retail sector may be explanatory factors. Given the importance of new firms for employment, the evolution of firm registrations will be a key indicator during the pandemic and beyond. Further work will investigate longer-term structural trends at a sectoral level in new firm creation using these data.

Insolvent liquidations also fell significantly in April 2020 due to the inability of company directors to convene physical meetings with creditors, which was a legal requirement prior to recent legislative changes. The insolvency figures between June and September 2020 show a return to pre-pandemic levels, despite the scale of the economic shock. While insolvencies typically follow the economic cycle, the cumulative effect of government business supports, loan payment breaks from retail banks, other forms of forbearance from other creditors, and pre-existing liquidity buffers are likely applying downward pressure on the insolvent liquidation rate. These measures will not, however, last indefinitely. Further, financial distress could become more acute, particularly for sectors negatively affected by public health restrictions, consumer caution, indebtedness or the materialisation of an adverse Brexit scenario. Given the economic uncertainty, the indicators in this *Letter* will provide useful insights into business conditions in the coming months. Also further data points and analysis will provide insights into whether the typical empirical determinants of these indicators have changed during the current crisis.

T: +353 (0)1 224 6000
E: xxx@centralbank.ie
www.centralbank.ie



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