

Monthly Credit Risk Insights by Alares

Hi Colleague,

The ATO and major lenders are showing no signs of reprieve as insolvencies remain at historical highs.

Key highlights in October

- Insolvencies continue to track more than 40% above historical levels.
- The ATO and major lenders remain the dominant forces driving the high insolvency numbers.
- Small business restructuring appointments (SBR) spiked again in October.

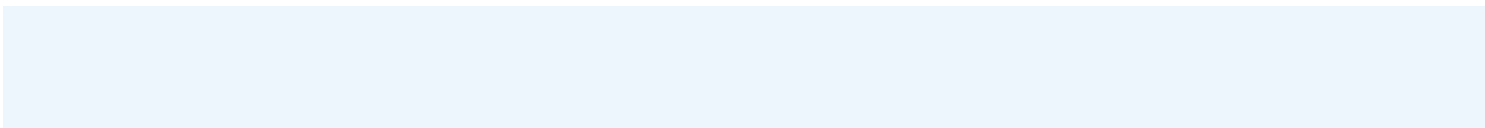
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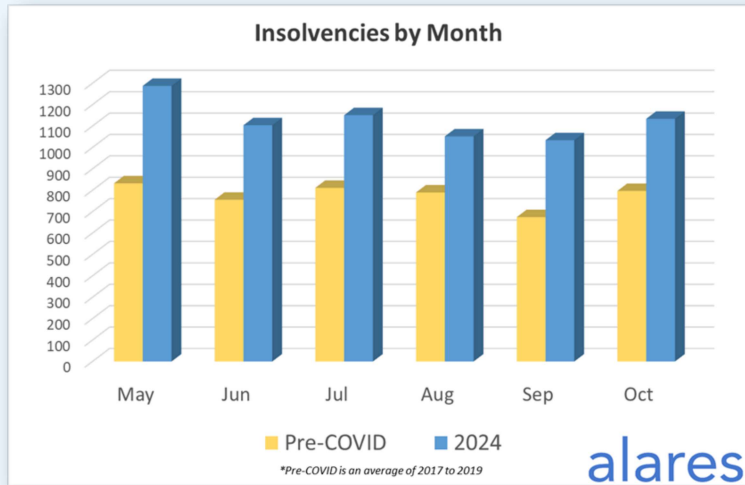
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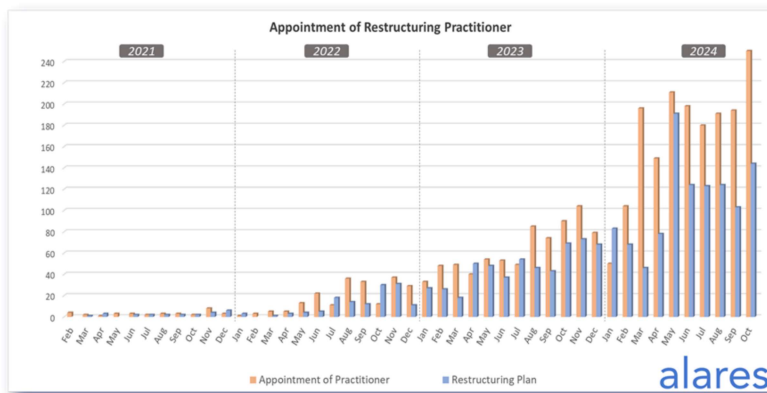
Insolvencies remain well above historical levels

Insolvencies in October were more than 40% above historical (pre-COVID) numbers, indicating that the insolvency "catch up" is still ongoing.



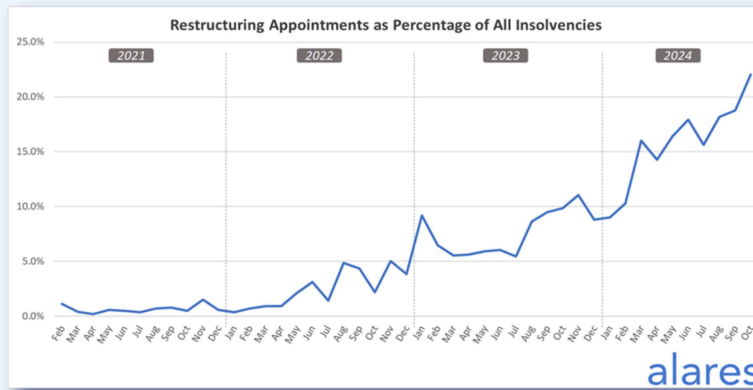
Small business restructuring (SBR) appointments spiked again in October

The second half of October in particular saw a flood of new SBR appointments, likely in an attempt to have SBR plans approved prior to Christmas.



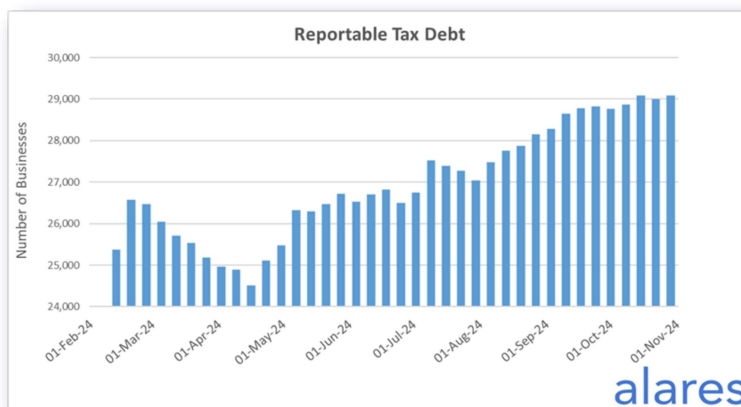
Small business restructuring accounts for an increasing percentage of all insolvency appointments

October was the first month in which SBRs accounted for more than 20% of all new insolvency appointments.



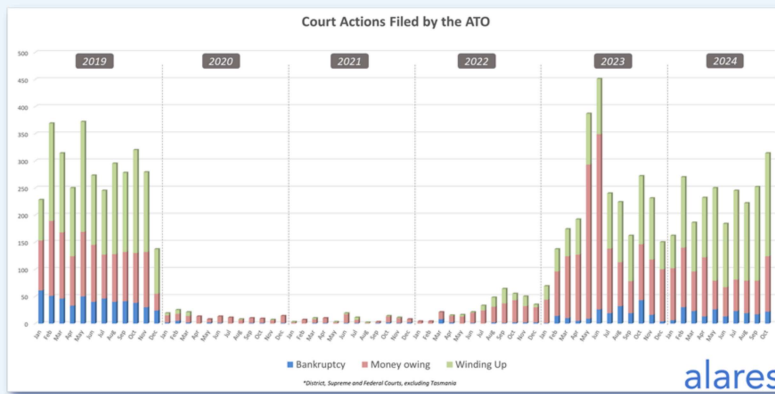
The ATO remains the dominant driver of SBRs and insolvencies more broadly

The ATO's outstanding tax debt reporting remains in full swing with ~29,000 businesses being subject to reporting in October (more than \$100k outstanding for more than 90 days without effective engagement).



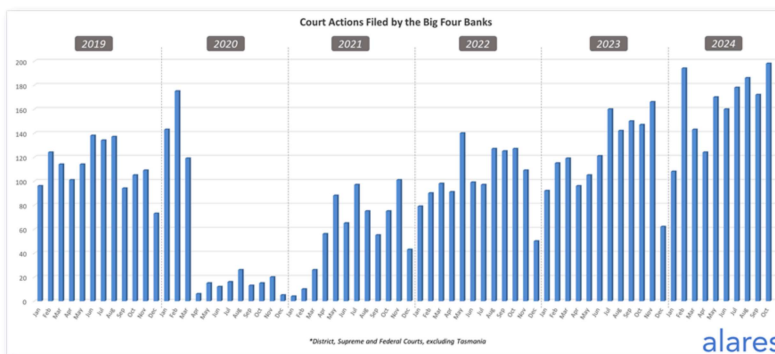
In addition to outstanding tax debt reporting, the ATO has continued to ramp up Court recoveries

ATO-initiated winding up applications remain at multi-year highs.



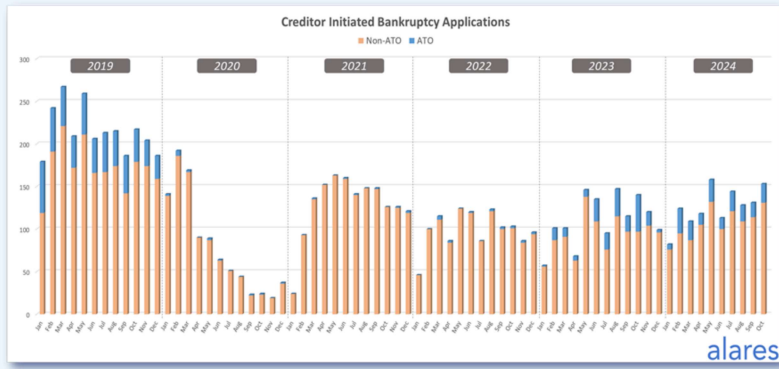
Similarly, the big four banks continue to increase their Court recoveries

Court actions filed by the major lenders are significantly higher than historical levels and are currently showing no signs of reprieve.



Creditor-initiated bankruptcy applications continue to show small signs of increase

After a steady decline over many years, bankruptcy sequestrations are slowly starting to rise.



Alares provides critical due diligence data that is **NOT** captured by other providers.

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