

Monthly Credit Risk Insights by Alares

Hi Colleague,

Insolvencies spiked again in October after a meaningful drop in August and September. Are these new appointments increasingly driven by current economic conditions, or are legacy issues still being flushed out? Stay tuned to see if October represents the new post "catch up" normal, or if numbers start trending back to historical norms.

Key highlights in October

- Insolvencies peaked in October back towards all-time monthly highs.
- Small business restructuring (SBR) appointments also spiked, after a prolonged decline over recent months.
- The ATO remains the dominant driver as enforcement activity continues at full throttle.

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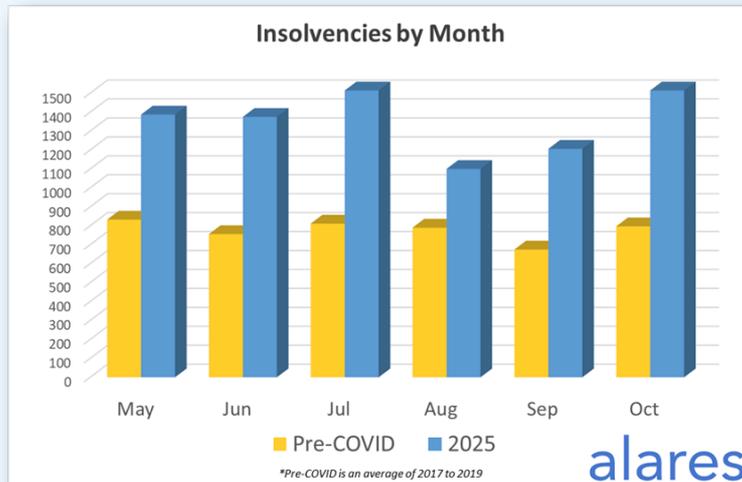
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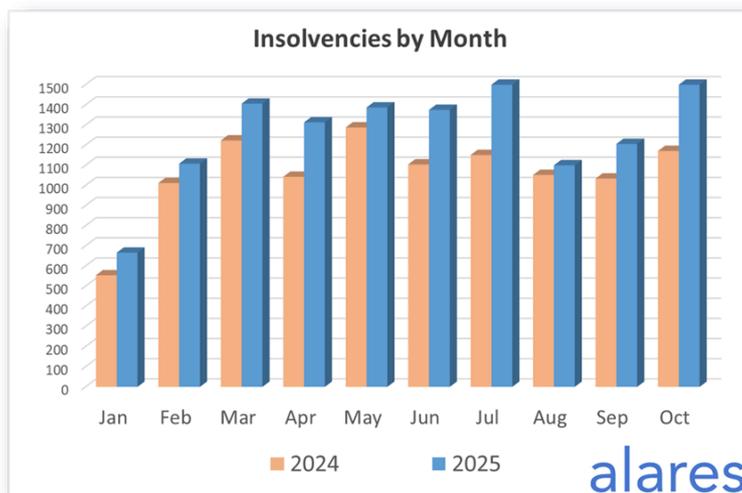
Insolvencies are again near all-time highs

The momentary reprieve in August and September was short-lived as numbers spiked again heading towards year-end.



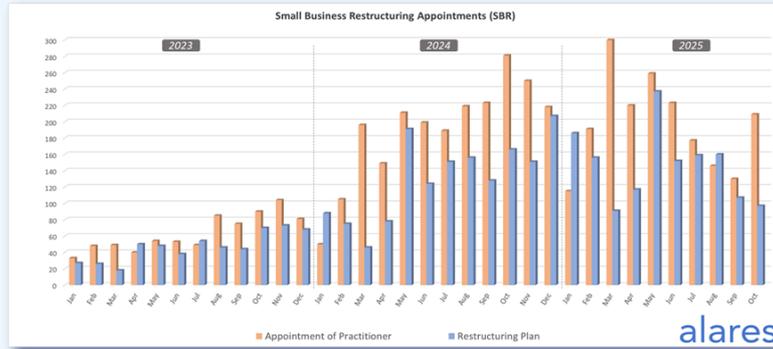
2025 numbers continue to track above the previous highs from 2024

2025 is destined to set an unwanted record as numbers continue to track above prior highs from 2024.



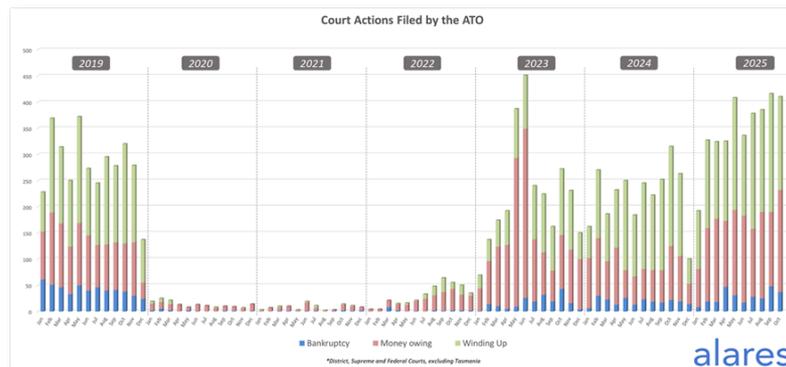
Small business restructuring (SBR) appointments spiked in October

This marks the first monthly increase since May after new SBR appointments dropped for the past four consecutive months.



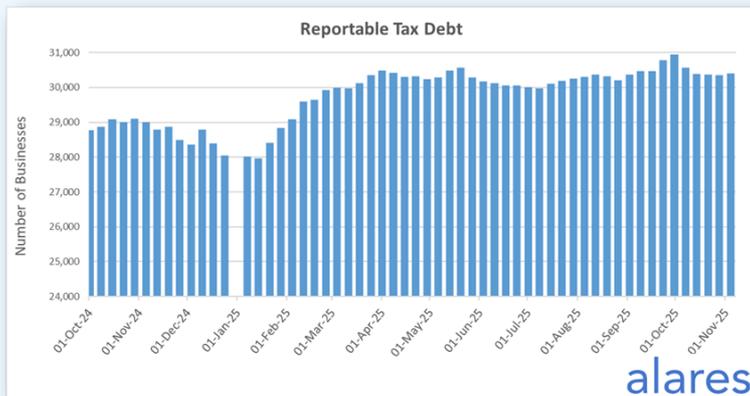
The ATO continues to enforce at full pace with tens of billions in tax debts still to collect

The ATO's Court enforcement activity remains at all-time high levels and is showing no sign of slowing down.



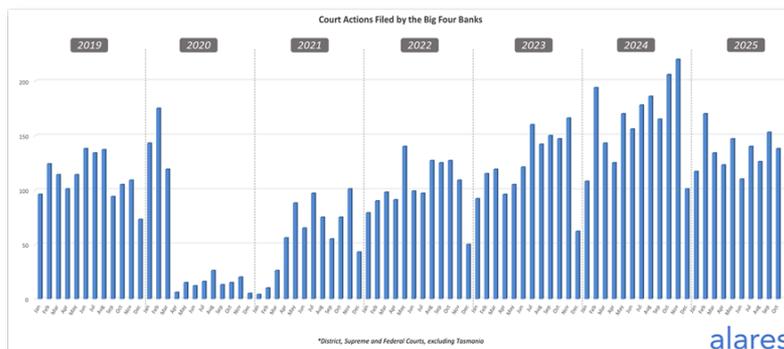
Similarly, the ATO's disclosure of business tax debts continues at pace

More than 30,000 businesses remain subject to outstanding business tax debt disclosure with 400~500 new businesses consistently being added to the list each week. In terms of credit risk this continues to have a substantial impact on the ability of these businesses to access trade credit and finance.



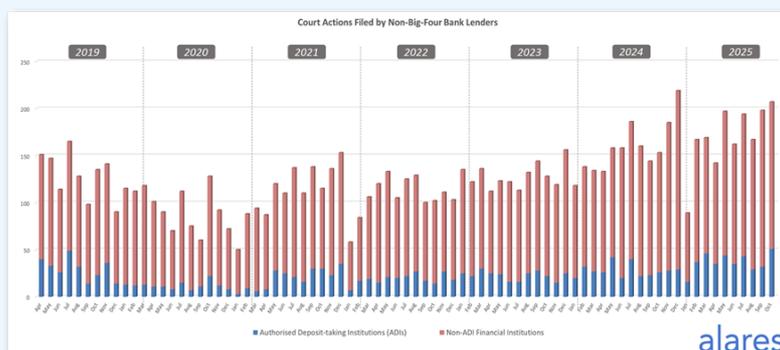
The big four banks, on the other hand, continue to ease up on their Court recoveries on a year-on-year basis

Current numbers remain slightly above historical levels, but well below the peaks from 2024.



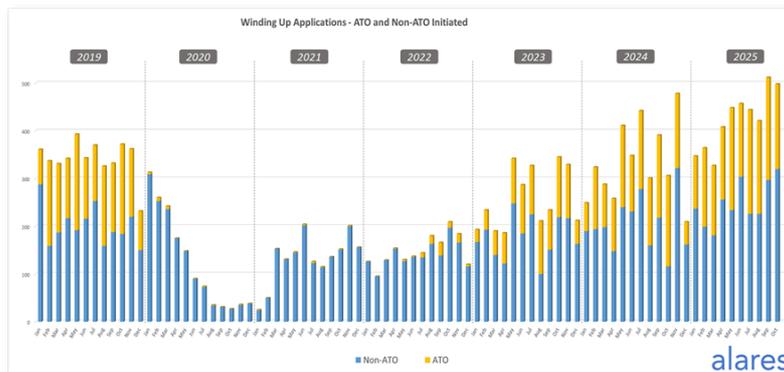
The reduction in Court activity from the big-four banks continues to be offset by the non-big-four lenders

Lenders outside the big-four continue to fill the gap in terms of Court recoveries, with deposit taking institutions in particular increasing their enforcement.



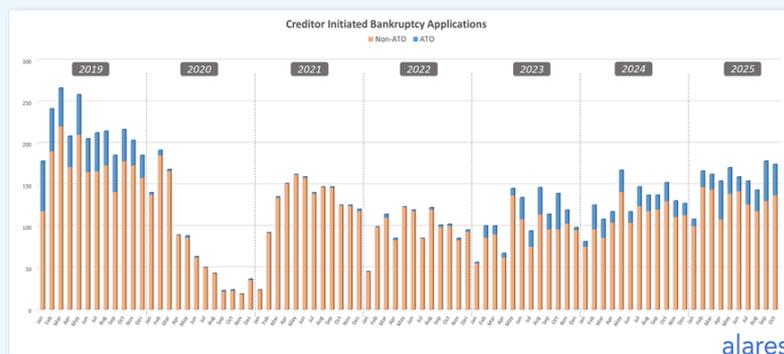
Winding up applications remain at all-time highs

Both ATO-initiated and non ATO-initiated winding up applications remain at or near all-time highs, potentially foreshadowing some worrying times ahead.



Creditor-initiated bankruptcy sequestrations continue to simmer alongse

Overall numbers are still below historical highs, but there has been a noticeable upward trend now since the 2022 lows.



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