
Northern Ireland Individual & Corporate Insolvencies

Q3 2013 Update

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N. Ireland Personal & Corporate Insolvencies Summary

- ❑ In Q3 2013, 717 individuals were declared insolvent in Northern Ireland (NI). This represented a decrease of 19.8% q/q and a fall of 15.0% on the same quarter in 2012. Over the last four quarters to Q3 2013 there were 3,203 personal insolvencies within NI. This represents a decrease of 0.5% relative to the same period one year previous. In addition, the latest four quarter period represented a slight decrease from NI's recent record high in personal insolvencies.
- ❑ Over the year to Q3 2013 (*4 quarter period*), the number of personal insolvencies in NI was more than double (+114%) that which prevailed prior to the start of the credit crunch (Q3 2007). This compares with an increase of 4% for Scotland with the number of insolvencies in England & Wales some 8% **below** its pre-credit crunch level. Meanwhile, NI's personal insolvencies have increased more than five-fold since 1998.
- ❑ Despite the sharper rise in NI's insolvency figures, the incidence of personal insolvency remains broadly the same in both NI and in England & Wales. However, the latest figures reveal that NI's individual insolvencies per capita (> 18 years) has risen above that of England & Wales for the first time. NI's personal insolvency rate of 23.6 per 10,000 of adult population compares with 22.8 for England & Wales.
- ❑ Looking ahead, the debt overhang (*linked primarily to property*) & more intense squeeze on NI's household finances could see a further widening in NI's insolvency rate gap with England & Wales. Since 2007 NI's personal insolvency rate has more than doubled whereas the equivalent rate for England & Wales is lower than it was in 2007.
- ❑ In the 24 quarters (*6 years*) since the credit crunch began in Q3 2007 there have been 14,713 personal insolvencies and 1,869 corporate insolvencies in NI. This compares with 6,888 personal insolvencies and 747 corporate insolvencies in the 23 quarter period* preceding the start of the credit crunch (*corporate insolvencies data only begins Q1 2002*).
- ❑ In Q3 2013, there were 69 company liquidations in NI. This represented a 23.2% q/q decrease relative to Q2 2013 & was 27.4% below the Q3 2012 figure. Looking over the year to Q3 2013 (*4 quarter period*) there were 315 corporate insolvencies which represents a significant fall on 2012's record high of 410 insolvencies. Whilst NI's corporate insolvencies have increased by almost 6 times the percentage increase in England & Wales during the credit crunch, NI's corporate insolvency rate (0.5%) still compares favourably with Scotland (0.6%) and England & Wales (0.6%).

Summary Table: NI Personal & Corporate Insolvencies

Northern Ireland Corporate & Personal Insolvencies

	Individuals				Companies		
	Total	Bankruptcy Orders	Individual Voluntary Arrangements	Debt Relief Orders	Total	Compulsory Liquidations	Creditors Voluntary Liquidations
2007	1,338	898	440	...	164	122	42
2008	1,638	1,079	559	...	209	158	51
2009	1,958	1,236	722	...	247	164	83
2010	2,323	1,321	1,002	...	382	250	132
2011	2,839	1,615	1,112	112	345	209	136
2012	3,189	1,452	1,231	506	410	252	158
2013*	3,203	1,313	1,348	542	315	190	125
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2013 Q3 Q/Q % Change	-19.8%	-32.6%	-7.6%	-16.8%	-23.2%	-24.6%	-20.9%
2013 Q3 Y/Y % Change	-15.0%	-17.9%	-17.0%	-3.5%	-27.4%	-23.3%	-34.3%
Last 4 quarters Y/Y % Change	-0.5%	-12.8%	8.0%	16.1%	-21.4%	-24.6%	-16.1%
% rise since credit crunch began**	114.0%	40.3%	139.0%	...	116.0%	79.0%	213.0%

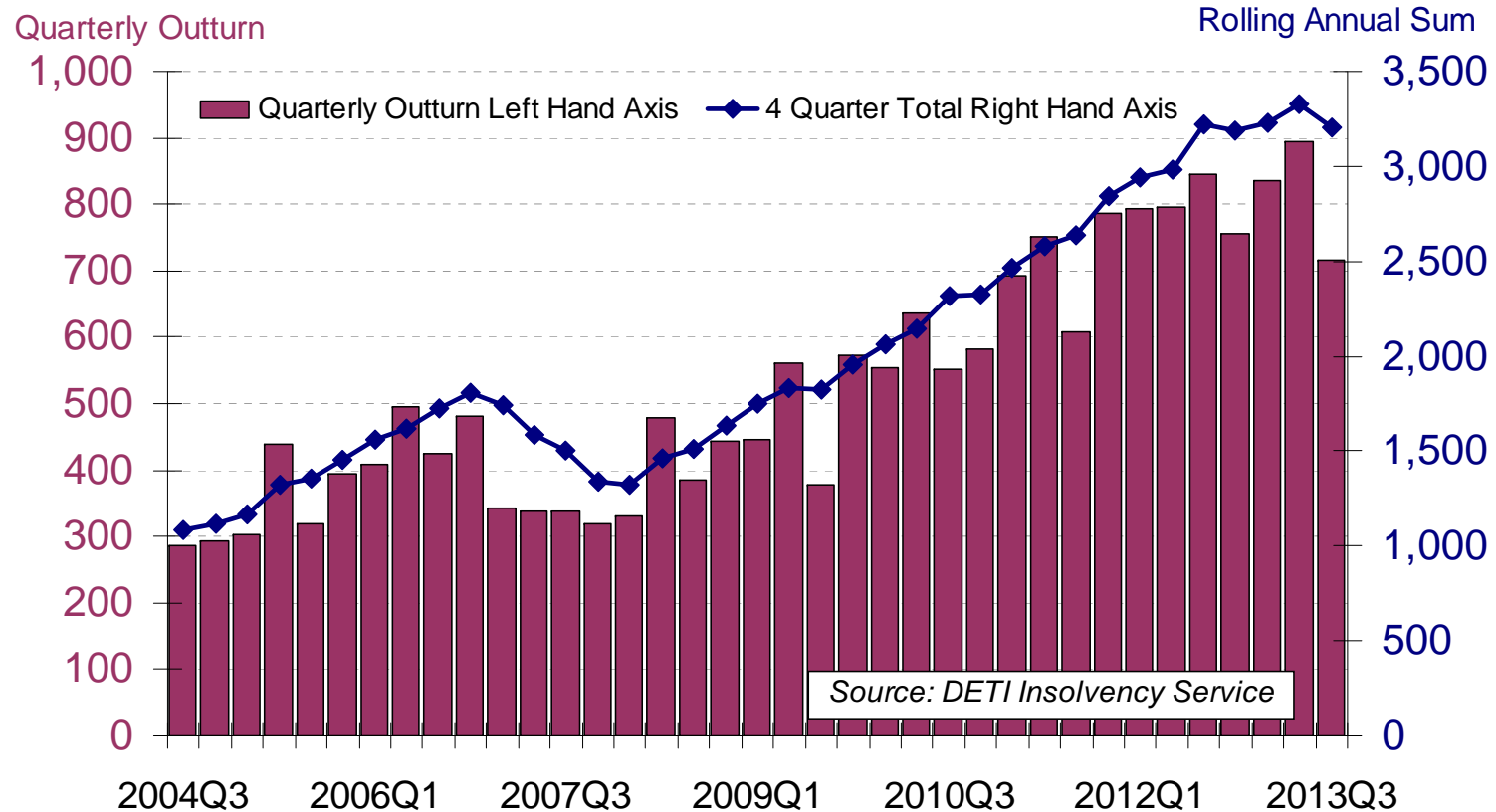
*Source: DETI Insolvency Service, * Last 4 quarters to Q3 2013, **Relative to 4 quarters up to Q3 2007*

Personal or Individual Insolvencies

*Includes: Bankruptcy Orders, Debt Relief
Orders (DROs) and Individual Voluntary
Arrangements (IVAs)*

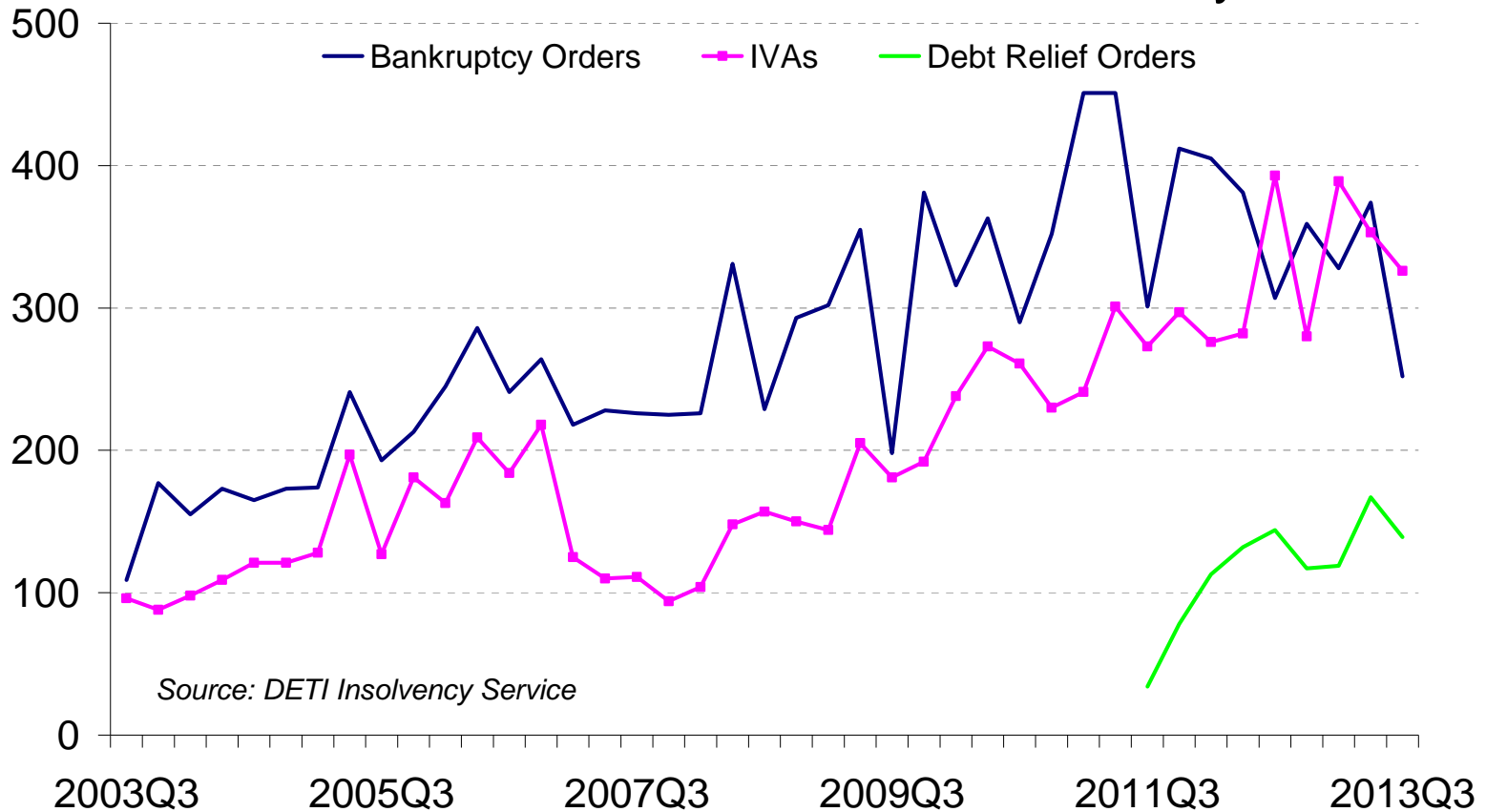
717 individuals became insolvent in Q3 2013 bringing the 4 quarter total to 3,203. Down from the recent record high

NI Individual Insolvencies



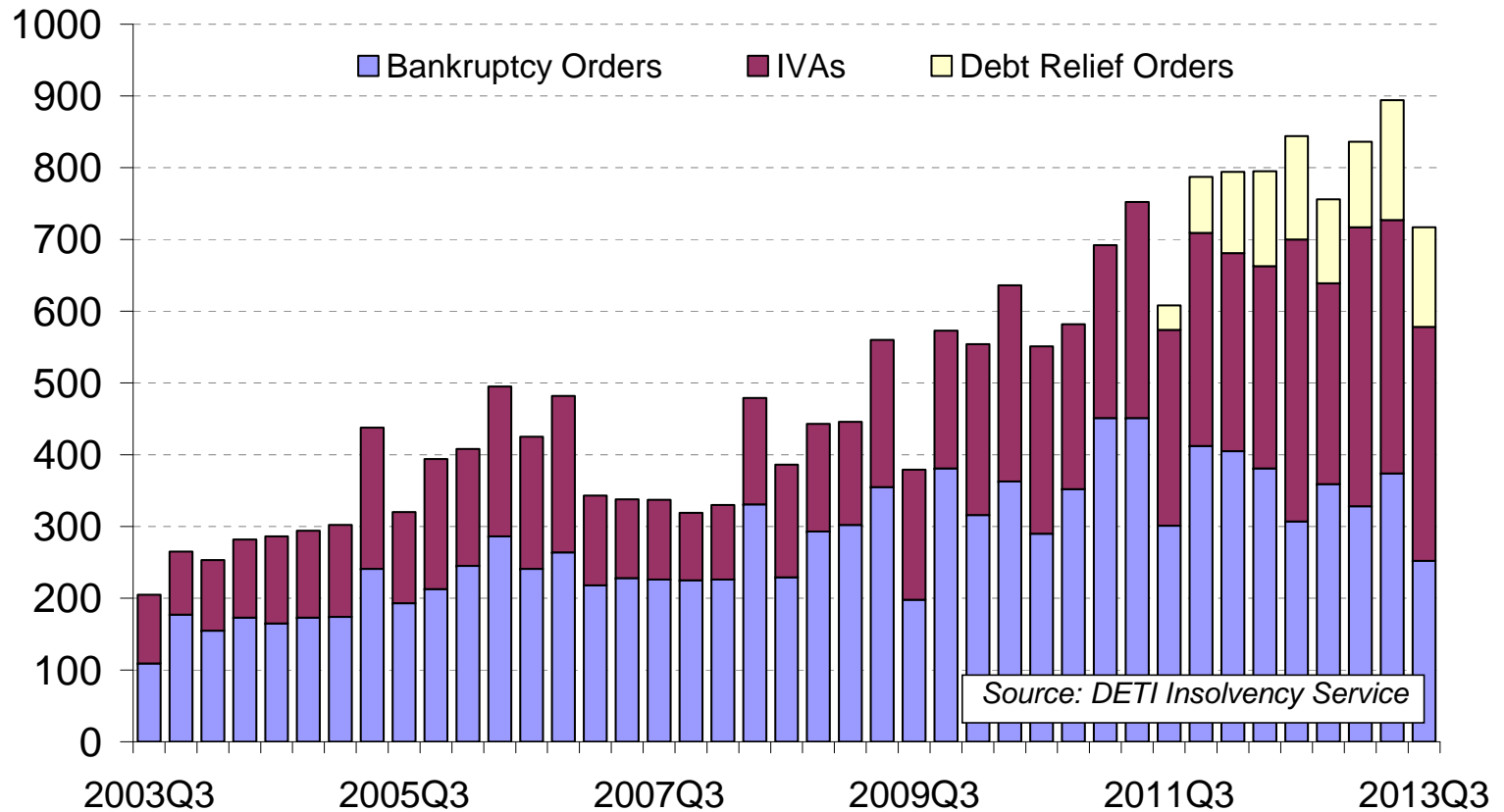
Bankruptcy Orders fall by almost a 1/3rd q/q in Q3 whilst IVAs post a fall of almost 8%

NI Personal Insolvencies - Quarterly

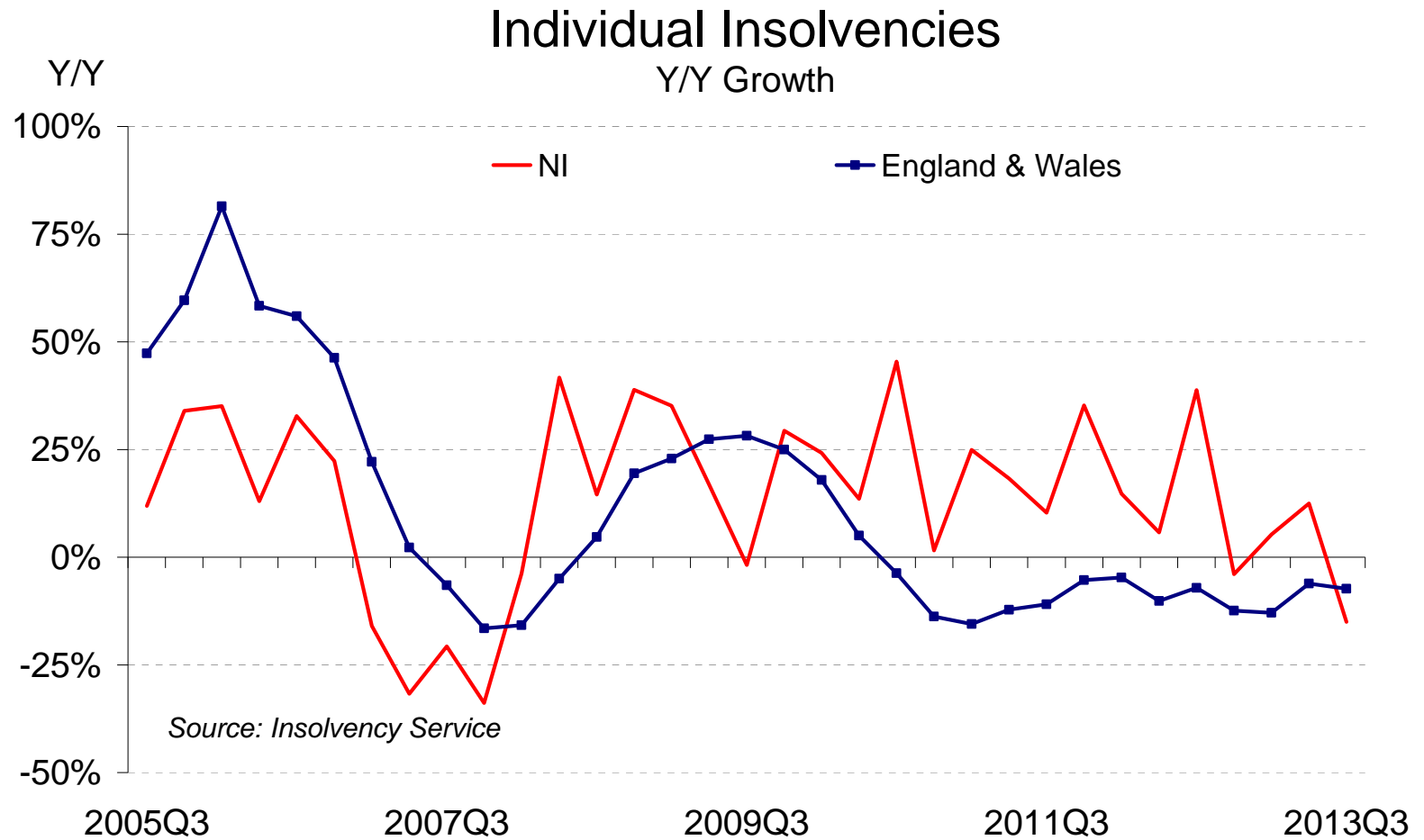


IVAs were the most common form of insolvency in Q3 2013 accounting for 45% of insolvencies

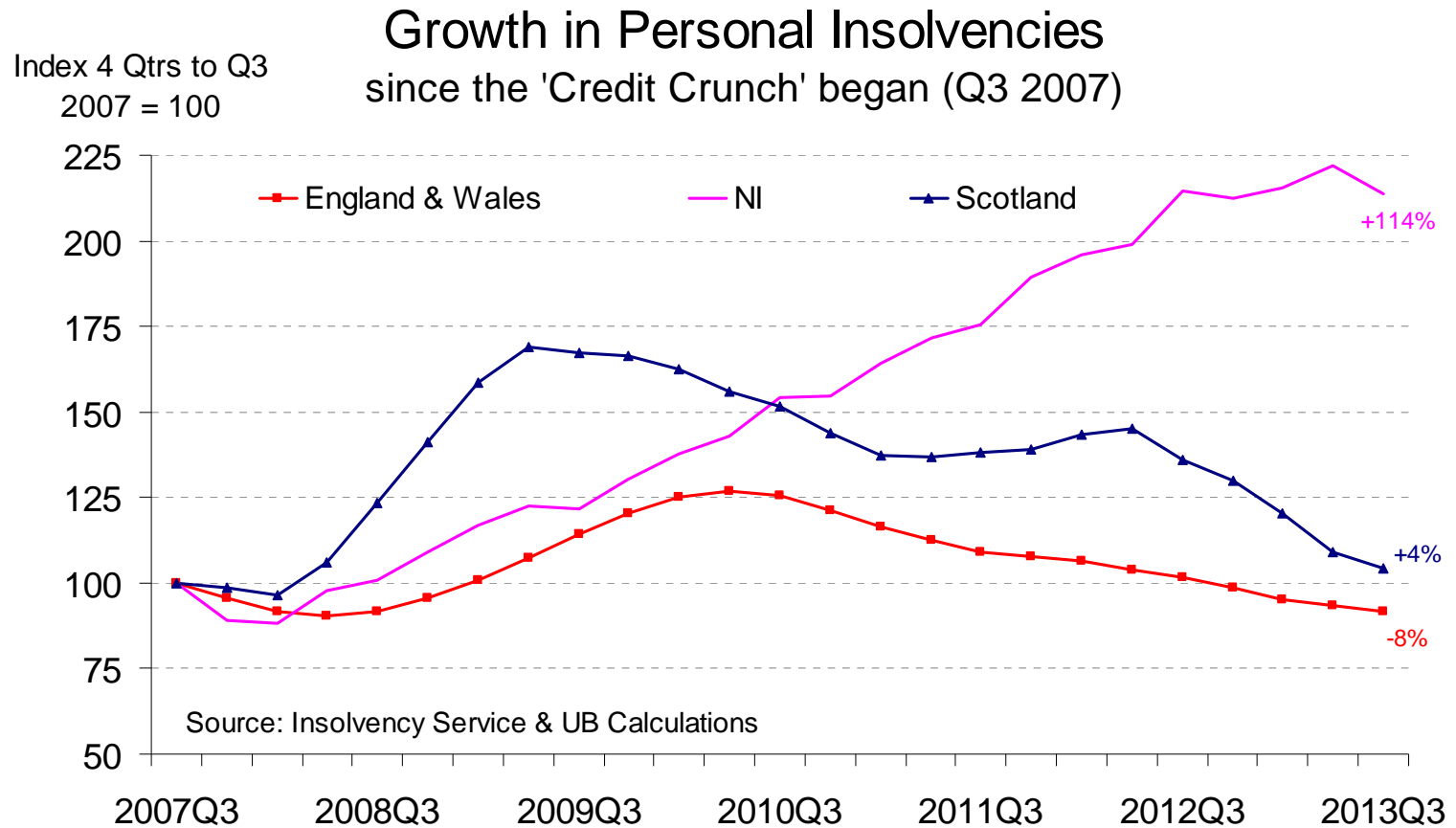
NI Personal Insolvencies



NI's insolvencies have been rising (from a lower base) at a faster rate during the downturn than England & Wales

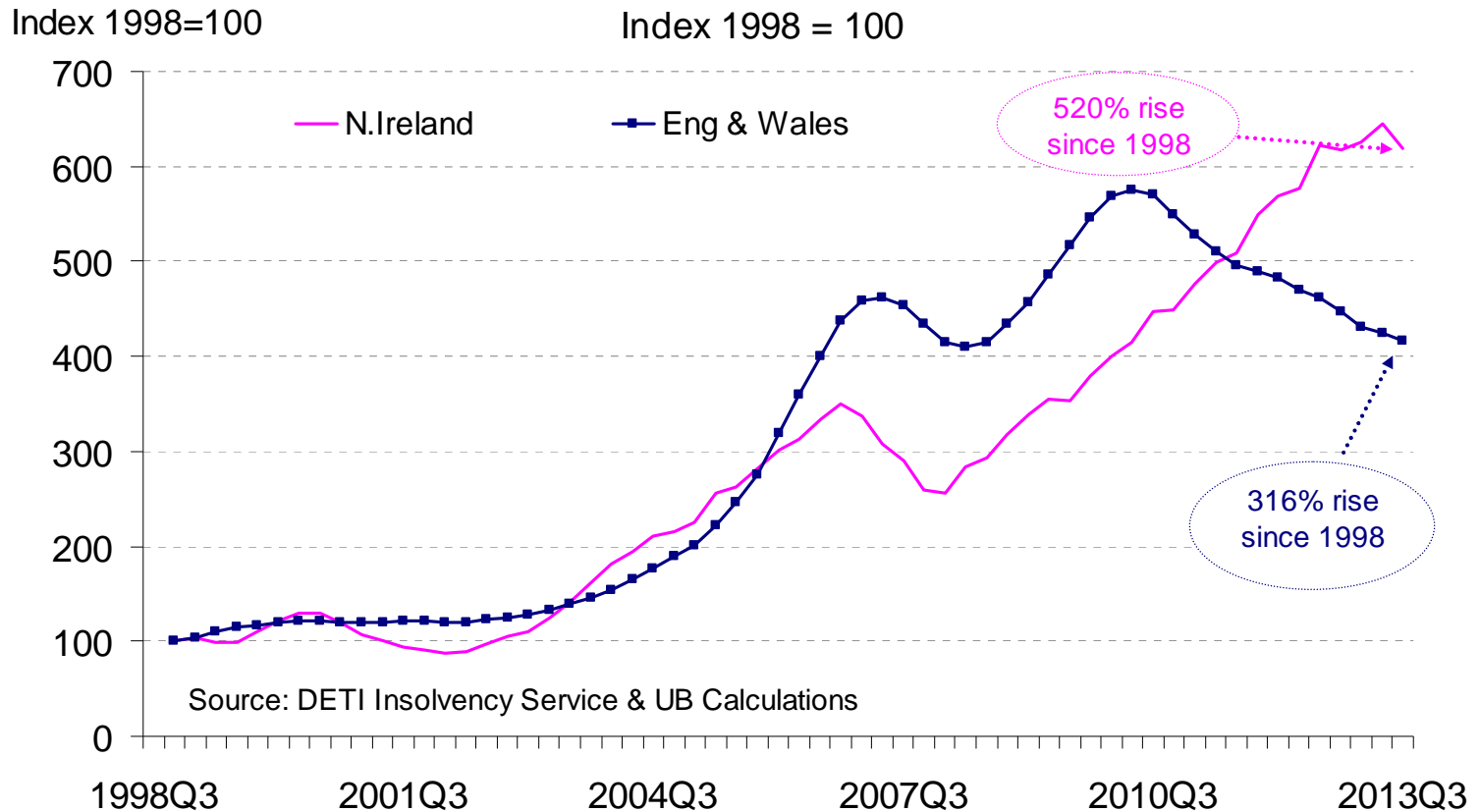


NI's personal insolvencies have risen by 114% since credit crunch began. In England & Wales insolvencies are now lower

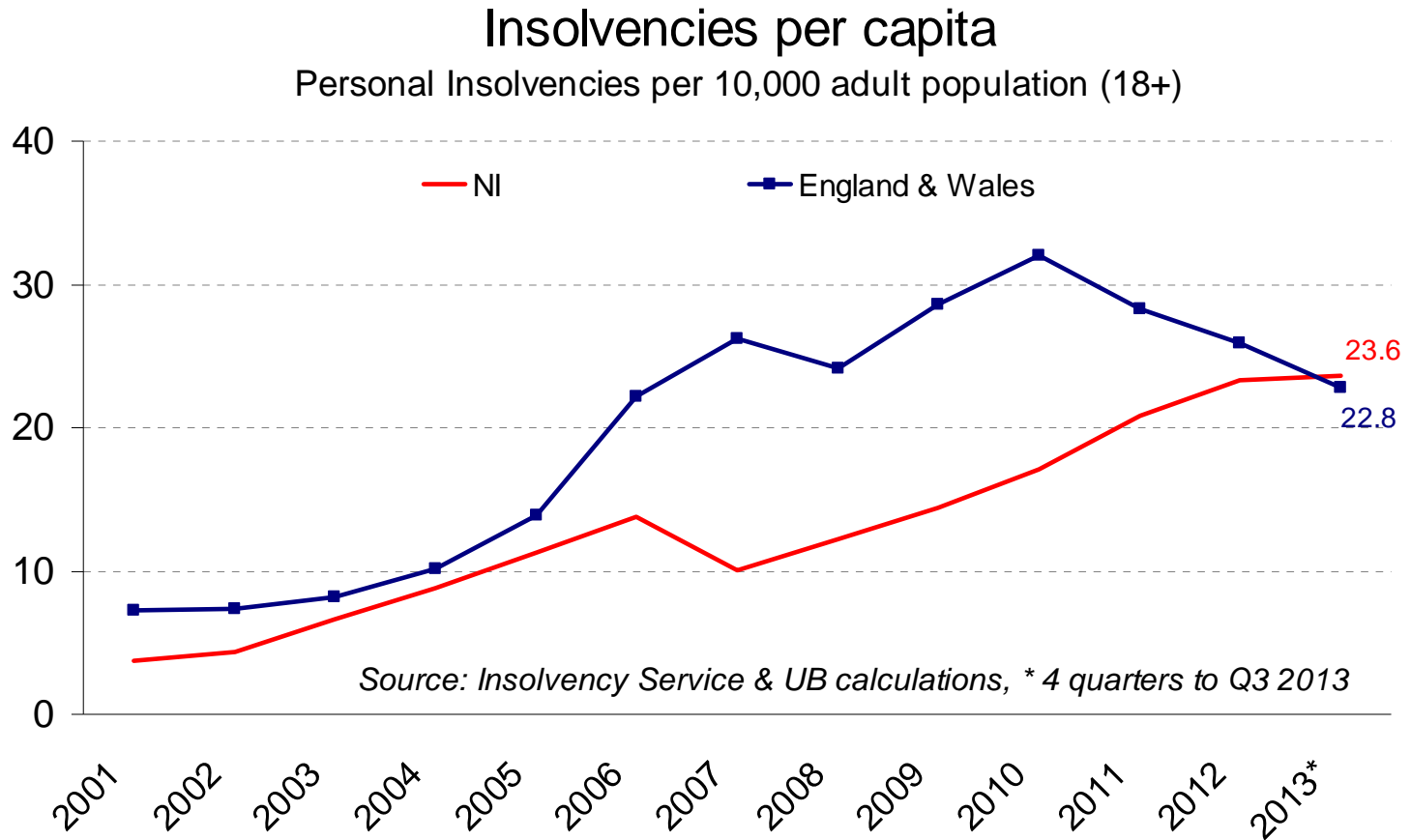


NI's personal insolvencies in Q3 2013 were over 6 times greater than the corresponding quarter back in 1998

Growth in Personal Insolvencies since 1998



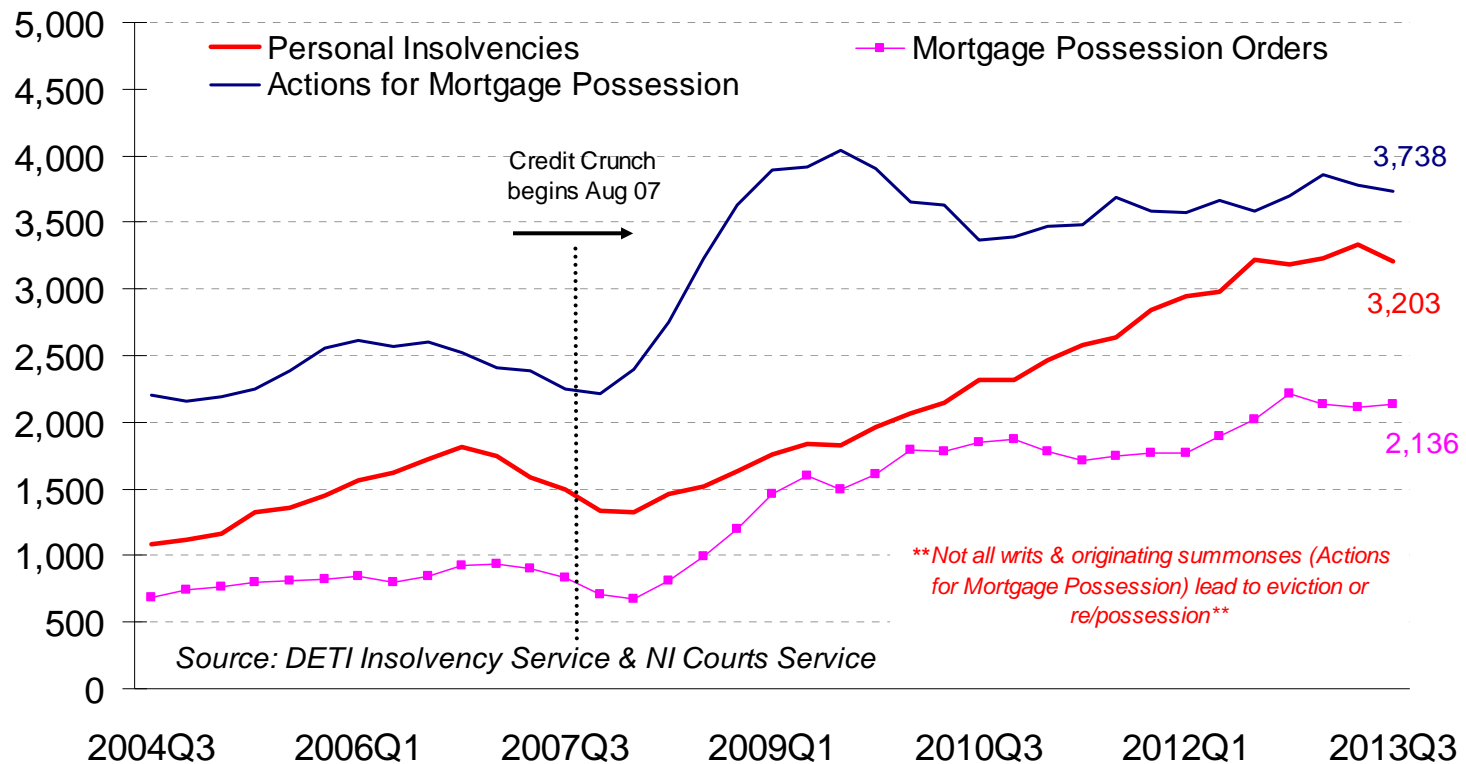
N.Ireland's personal insolvency rate is now above that of England & Wales for the 1st time



The rise in personal insolvencies is just one sign of consumer stress

NI Consumer Stress

Rolling 4 Quarter Total

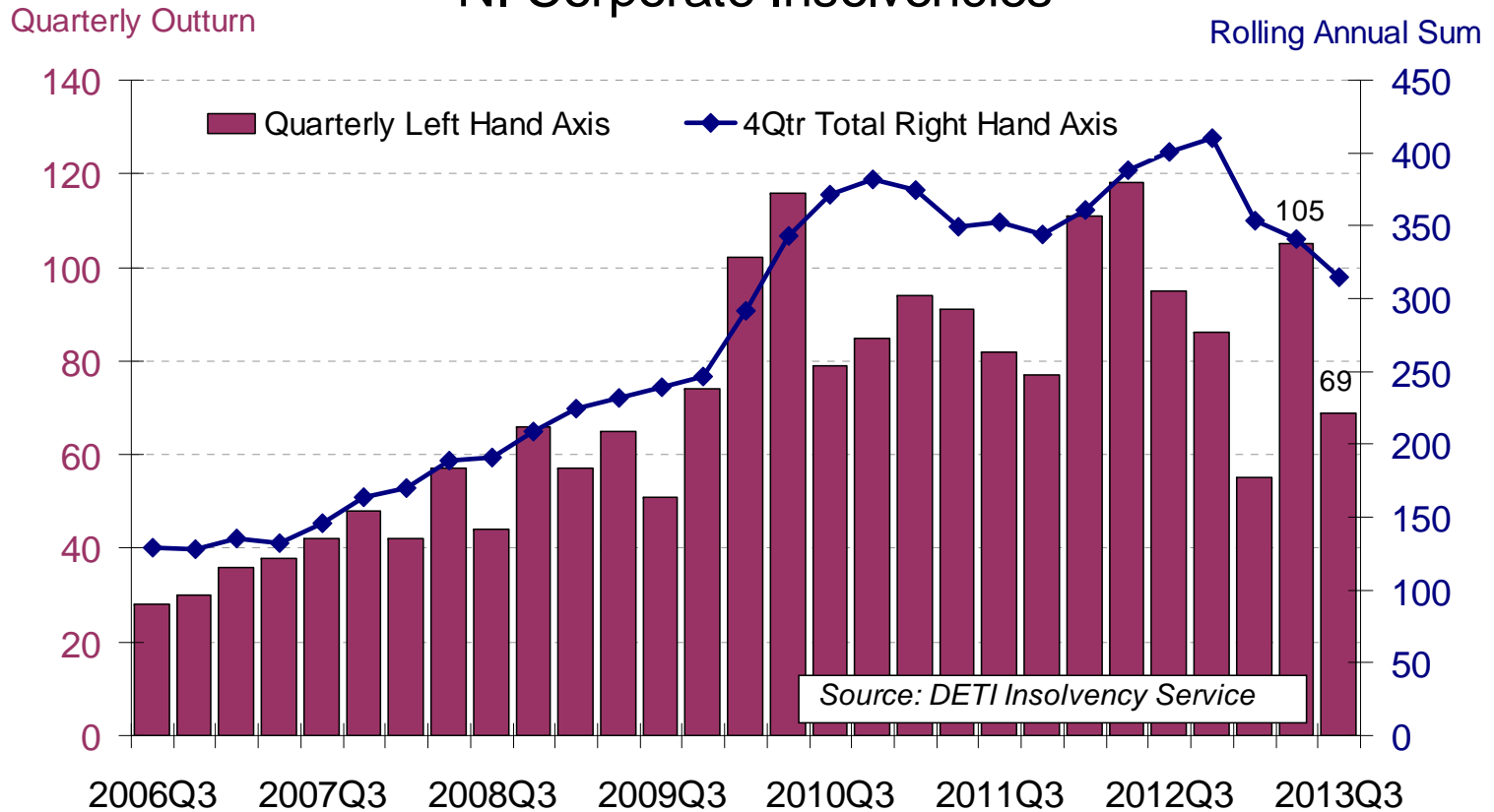


Corporate Insolvencies

*Includes: Compulsory Liquidations and
Creditors' Voluntary Liquidations*

69 local firms became insolvent in Q3 2013, a 34% decrease on the Q2 figure & 27% below Q3 2012

NI Corporate Insolvencies



Some casualties during the consumer downturn

Clinton
CARDS

barratts

PAST  TIMES
the perfect present

Thomas
Cook

GAME

La SENZA

REPUBLIC

habitat 

Blacks
THE OUTDOOR EXPERTS

JJB
SPORTS

Laser
direct

d₂

JESSOPS

The co-operative
travel

WOOLWORTHS

GEOX

Advice for life

TJ HUGHES
Making famous brands affordable

dekko
live work relax

mfi

Tiso
The Outdoor Specialist

adams

Xtra-vision

hmv

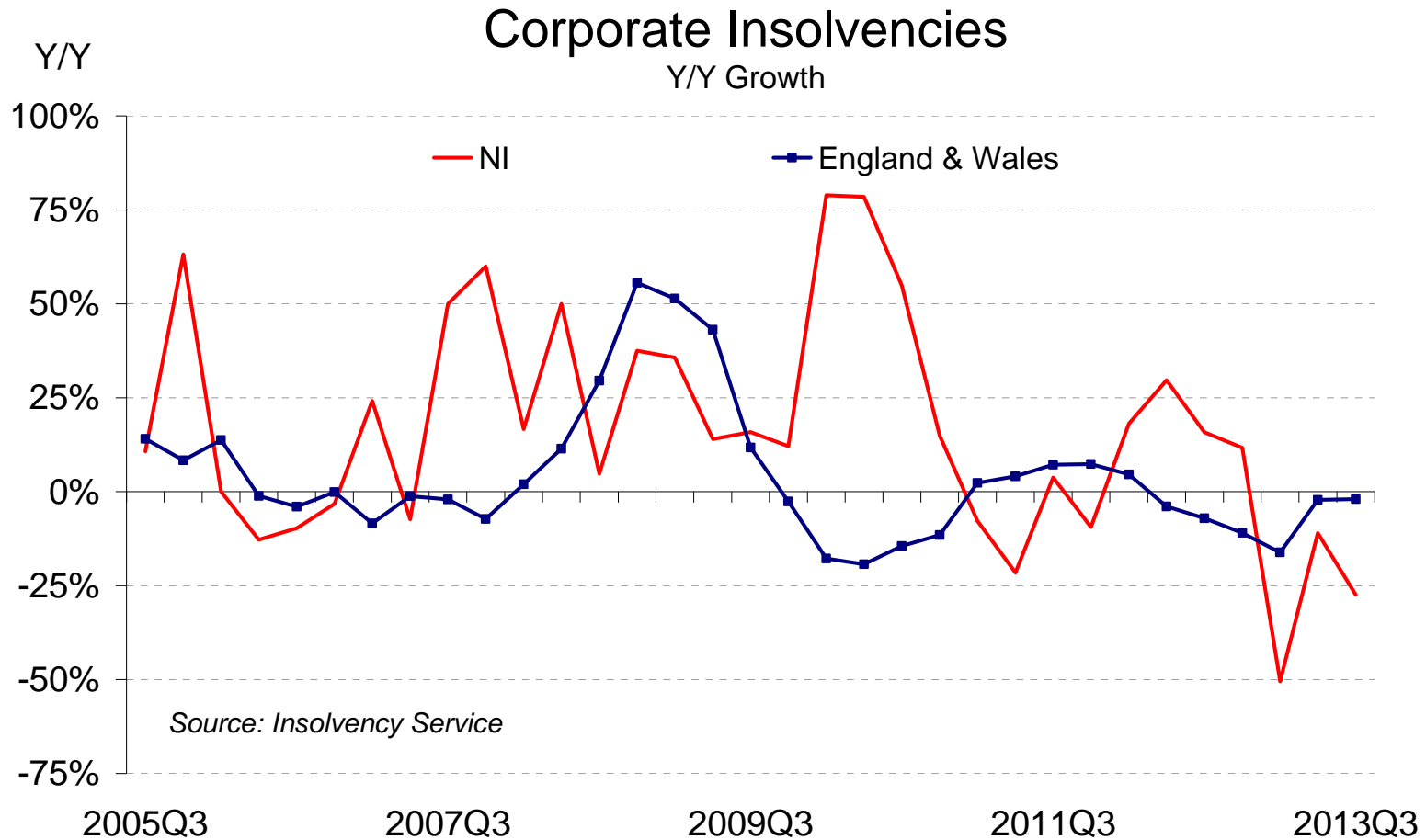
FLOORS-2-GO
THE FLOORING SPECIALIST

fultons

PEACOCKS

zavvi²

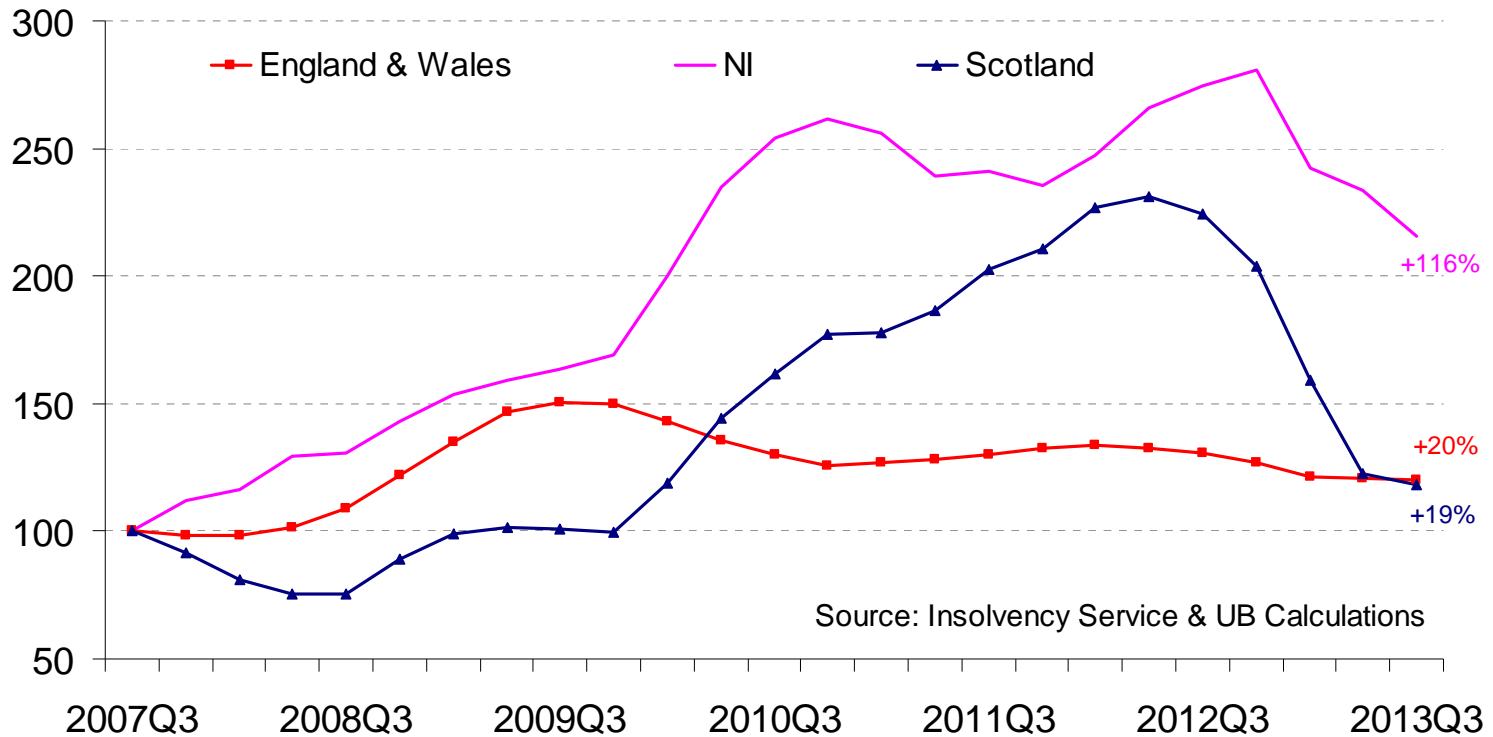
N.Ireland's annual growth rate in corporate insolvencies falls by 27% in Q3 2013 versus -2% for England & Wales



NI corporate insolvencies have risen by almost 6 times the rate in England & Wales since credit crunch began

Growth in Corporate Insolvencies since the 'Credit Crunch' began (Q3 2007)

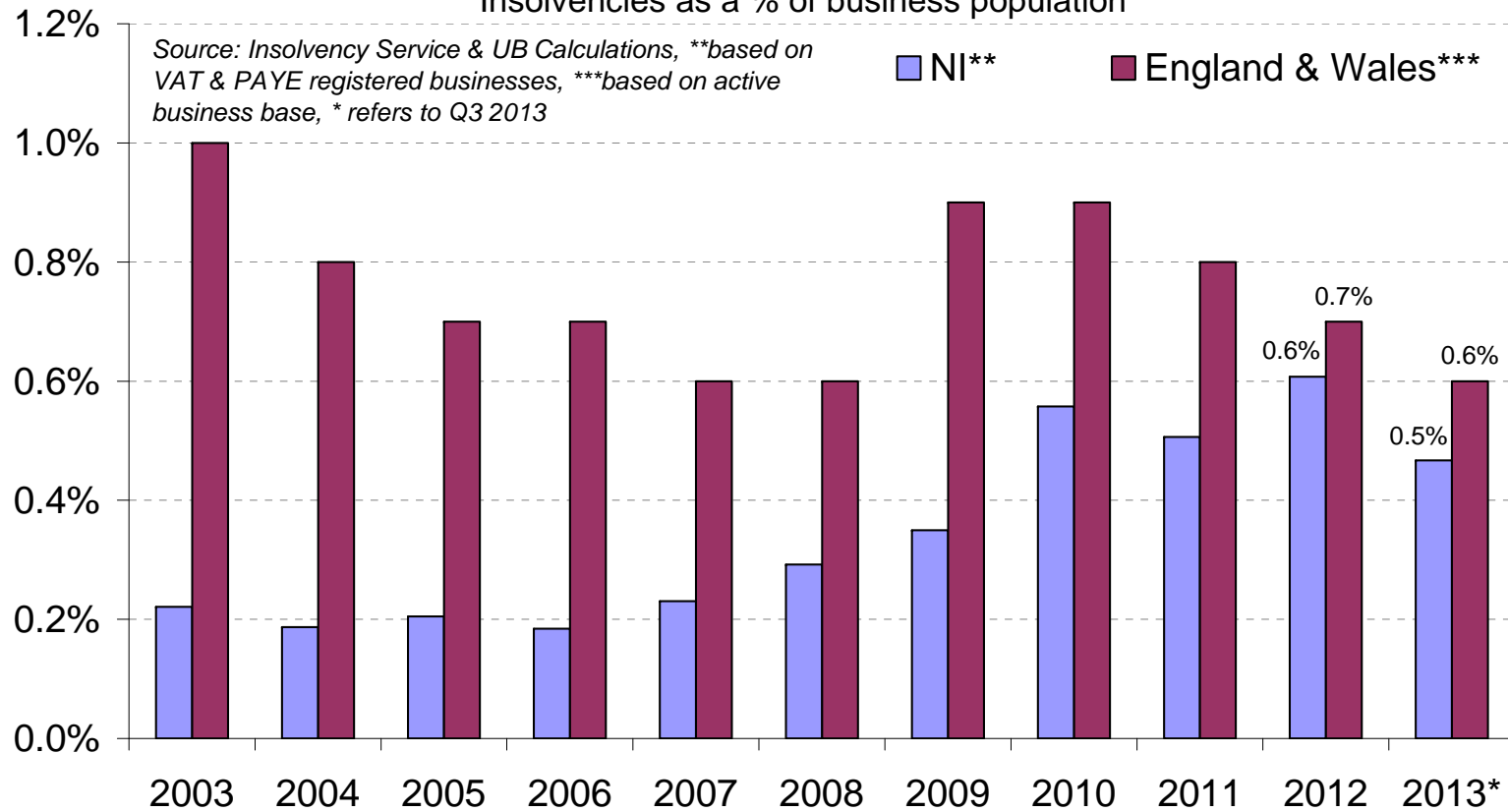
Index 4 Qtrs to Q3
2007 = 100



But NI's corporate insolvency ratio remains below that of England & Wales though it has been converging

Corporate Insolvency Ratio

Insolvencies as a % of business population



Detailed Table: NI Personal & Corporate Insolvencies

	Individuals				Companies		
	Total	Bankruptcy Orders	Individual Voluntary Arrangements	Debt Relief Orders	Total	Compulsory Liquidations	Creditors Voluntary Liquidations
2005	1,454	821	633	...	138	85	53
2006	1,809	1,035	774	...	128	78	50
2007	1,338	898	440	...	164	122	42
2008	1,638	1,079	559	...	209	158	51
2009	1,958	1,236	722	...	247	164	83
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2011	2,839	1,615	1,112	112	345	209	136
2012	3,189	1,452	1,231	506	410	252	158
2007 Q1	343	218	125	...	36	29	7
Q2	338	228	110	...	38	29	9
Q3	338	227	111	...	42	28	14
Q4	319	225	94	...	48	36	12
2008 Q1	330	226	104	...	42	37	5
Q2	479	331	148	...	57	42	15
Q3	386	229	157	...	44	27	17
Q4	443	293	150	...	66	52	14
2009 Q1	446	302	144	...	57	34	23
Q2	560	355	205	...	65	46	19
Q3	379	198	181	...	51	27	24
Q4	573	381	192	...	74	57	17
2010 Q1	554	316	238	...	102	49	53
Q2	636	363	273	...	116	92	24
Q3	551	290	261	...	79	55	24
Q4	582	352	230	...	85	54	31
2011 Q1	692	451	241	...	94	61	33
Q2	752	451	301	...	91	56	35
Q3	608	301	273	34	82	43	39
Q4	787	412	297	78	77	48	29
2012 Q1	794	405	276	113	111	72	39
Q2	795	381	282	132	118	72	46
Q3	844	307	393	144	95	60	35
Q4	756	359	280	117	86	48	38
2013 Q1	836	328	389	119	55	30	25
Q2	894	374	353	167	105	66	39
Q3	717	252	326	139	69	46	23
Latest Quarter Q/Q % Change	-19.8%	-32.6%	-7.6%	-16.8%	-34.3%	-30.3%	-41.0%
Latest Quarter Y/Y % Change	-15.0%	-17.9%	-17.0%	-3.5%	-27.4%	-23.3%	-34.3%
Last 4 quarters Y/Y % Change	-0.5%	-12.8%	8.0%	16.1%	-21.4%	-24.6%	-16.1%
% rise since credit crunch began*	114.0%	40.3%	139.0%	...	116.0%	79.0%	213.0%

Source: DETI Insolvency Service, * Relative to 4 quarters up to Q3 2007

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Individual insolvencies fall from record high

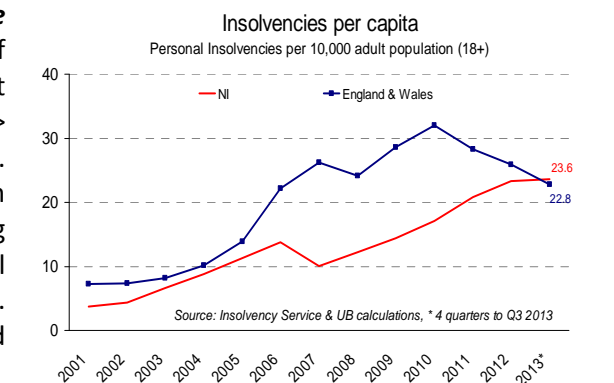
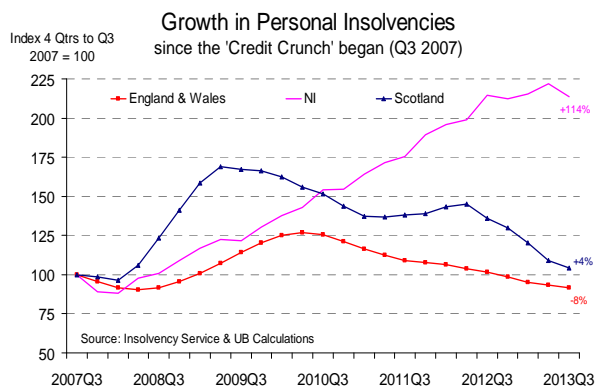
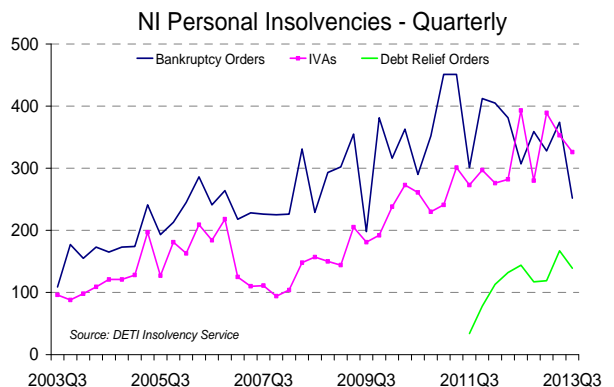
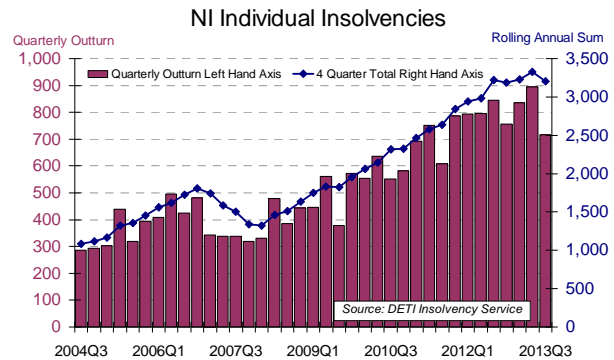
Northern Ireland's personal & corporate insolvency figures for Q3 2013 were released on 1st November 2013. Personal insolvencies in NI hit a record high of 3,189 in 2012. This trend continued into 2013 with 3,330 insolvencies recorded over the 4 quarters to Q2 2013. However, a significant fall in Q3 2013 has brought the rolling 4 quarter total down to 3,203. In the latest quarter, 717 individuals were either declared bankrupt (*or chose bankruptcy*), or entered into either an *Individual Voluntary Arrangement (IVA)* or a *Debt Relief Order (DRO)*. The latter came into effect on 30 June 2011 as an alternative route into personal insolvency. The Q3 outturn represented a quarterly fall of 19.8% (-177) and was 15.0% below the corresponding figure in Q3 2012. The latest quarterly decrease was driven by a 33% fall (-122) in the number of bankruptcy orders. Meanwhile DROs & IVAs fell by 16.8% (-28) and 7.8% (-27) respectively. It is noted that the latest 4 quarter outturn (*to Q3 2013*) is more than double (+114%) the 4 quarter period that pre-dates the credit crunch. In the 24 quarters (6 years) since the credit crunch began in Q3 2007 there have been 14,713 personal insolvencies in NI. This compares with 6,888 insolvencies in the 24 quarter period preceding the start of the credit crunch.

Individual insolvencies still following a downward trajectory in GB

Personal insolvencies in NI have only started to fall. However, the corresponding figures for England & Wales (E&W) having been falling since 2010. Meanwhile Scotland's insolvency peak occurred one year earlier in 2009. Looking at the most recent figures for Q3 2013, it is noted that personal insolvencies in E&W were 7.3% below the corresponding quarter in 2012. Since the Q1 2010 peak, personal insolvencies have fallen by 27%. Meanwhile, the total number of insolvencies over the latest 4 quarter period is 8% **below** its pre-credit crunch level (*Q4 2006 to Q3 2007*). Scotland's personal insolvencies in Q3 2013 were 16.1% lower than Q3 2012 and are just 4% above their pre-credit crunch level.

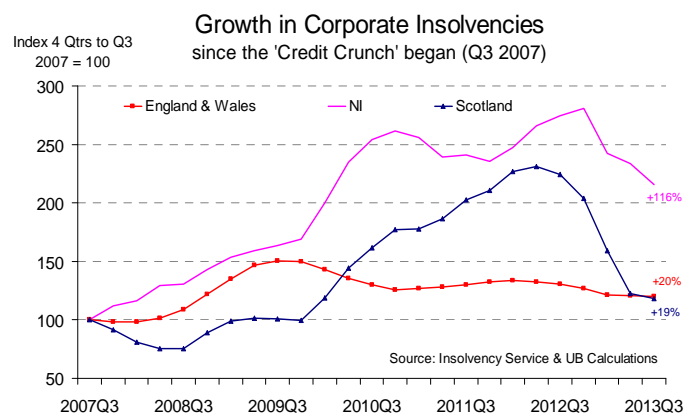
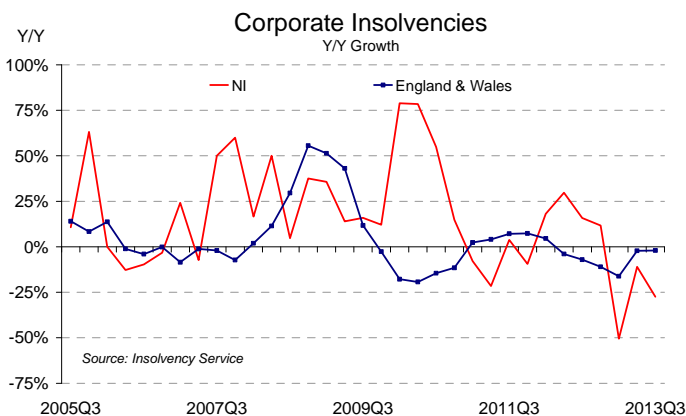
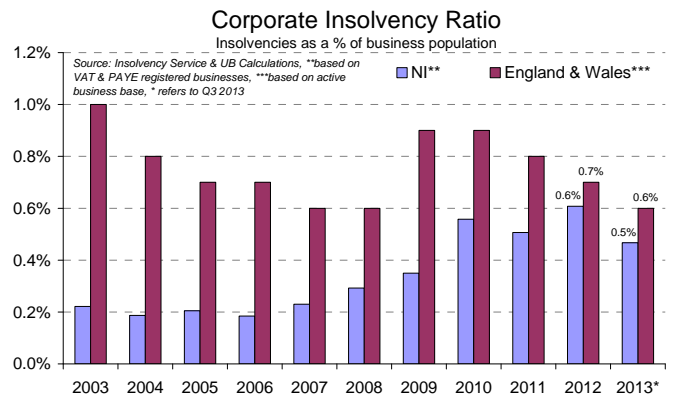
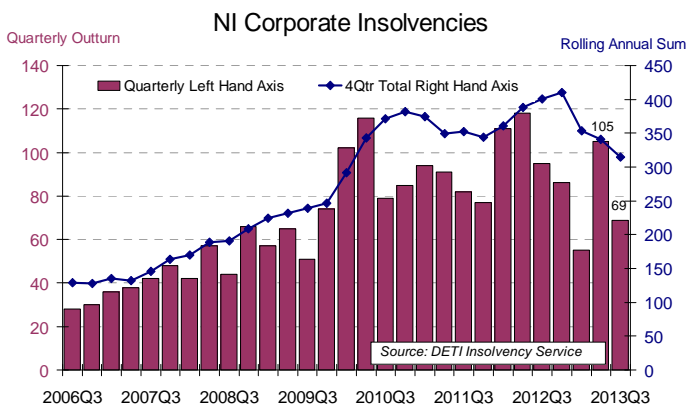
NI individual insolvency rate above England & Wales for the 1st time

Despite the sharper rises in NI's insolvency figures, the incidence of personal insolvency in NI and E&W is broadly the same. The latest figures, however, reveal that NI's individual insolvencies per capita (> 18 years) has risen above that of England & Wales for the first time. NI's personal insolvency rate of 23.6 per 10,000 of adult population compares with 22.8 for E&W. Looking ahead, the debt overhang (*linked primarily to property*) and the more intense squeeze on local household finances could see a further widening in this rate gap. Since 2007 NI's personal insolvency rate has more than doubled whereas the equivalent rate for E&W is lower than in 2007 (26.2).



Northern Ireland corporate insolvencies fall by 34% q/q in Q3 2013 and 27% y/y

In Q3 2013 there were 69 company liquidations (or corporate insolvencies) in NI, which represents a quarterly fall of 34% and 27% lower relative to Q3 2012. Last year was a record year for corporate insolvencies in NI with 410 in total. However, the latest four quarter corporate insolvency total has fallen to 315. Nevertheless, the latter is 116% above the level that prevailed before the credit crunch began (146). Meanwhile, corporate insolvencies in England & Wales fell by 8.7% q/q in Q3 2013 and were 2.0% below the same quarter in 2012. Corporate insolvencies peaked in 2009 for England & Wales with the latest four quarter period to Q3 2013 20% below this recent high. Furthermore, corporate insolvencies within England & Wales are just 20% above the levels that prevailed prior to the credit crunch. It is noted that Scotland also experienced a surge in corporate insolvencies that was much steeper than in England & Wales. However, corporate insolvencies in Scotland have fallen sharply in recent quarters. In Q3 2013, the number of corporate insolvencies was 8.9% lower relative to the corresponding quarter in 2012. Clearly, NI's corporate sector has been exhibiting more signs of financial distress than their counterparts in Great Britain. Two key factors behind this are the direct and indirect exposure to the severe property downturn and the Republic of Ireland's economy. However, it should be noted that NI's corporate insolvency rate (0.5%), which is corporate insolvencies expressed as a proportion of the business base, compares favourably with both England & Wales (0.6%) and Scotland (0.6%). Therefore an important factor behind NI's surge in insolvencies is due to the fact that insolvencies were coming off a very low base. Since the credit crunch began in 2007 Q3, 1,869 firms in NI have been declared insolvent.



A summary table of insolvency data is highlighted overleaf. For further information check out the weblinks below:

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201311/index.htm>

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201311/table6.pdf>

<http://www.insolvencydirect.bis.gov.uk/otherinformation/statistics/201311/alltables.xls>

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