
CASE STUDY RESEARCH

Impact of the Covid-19 pandemic on business registries

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Introduction

The European Business Registry Association (EBRA), in collaboration with its sister organizations - the Association of Registers of Latin America and the Caribbean (ASORLAC), the Corporate Registers Forum (CRF) and the International Association of Commercial Administrators (IACA) - conducted case study research about the impact the COVID-19 pandemic has had on business registries.

A five-question questionnaire (available [here](#)) was distributed to all member jurisdictions in March 2021, with a submission deadline in April 2021.

What follows is a brief analysis of the 53 responses received ([23](#) from EBRA member jurisdictions, [10](#) from ASORLAC, [7](#) from CRF and 13 from IACA) organized by case study topic.

The case studies have been published in full by each organization and are available on the respective websites.

Case studies analysis

1. COVID-19 in your country

COVID-19 has affected social life and economy vastly in the majority of responding jurisdictions around the globe.

The pandemic implied a major change in habits, with the decree of the State of emergency, which allowed restrictions on the movement of people and the decision to close services to the public in order to reduce transmission of the virus. Only essential services were fully maintained running. As a result, in most of the analyzed countries consumption fell sharply, revenues decreased, while the unemployment rate intensified.

Companies have been badly affected by this unpredictable health crisis.

This situation has led the international economic environment to adapt, leading many sectors to radically rethink their operating methods in order to continue to exist. While imposing challenges, in many countries this shift accelerated technology adoption and capitalized on years of investment and effort to expand broadband accessibility.

School closures and work-from-home seem to have been a challenge for employees across the responding jurisdictions.

Governments introduced support measures for businesses and employees, including grants and furlough payments, to mitigate the economic impact and allow businesses to remain viable during the pandemic and also to partially offset the expected spike in unemployment. In IACA jurisdictions, for instance, various stimulus packages have been made available to businesses across most industries under different Federal Acts - such as the Coronavirus Aid, Relief, and Economic Security (CARES) Act and the American Rescue Plan Act.

These programs might be the reason solvency indicators do not reflect the extent of the impact of the crisis on the business sector and, as highlighted in the response from [Slovenia](#), the health crisis could have more serious negative effects on the business environment than the available data for 2020 show.

The pandemic and the health protection measures associated with it continue to determine significant economic and social consequences. The most heavily impacted sectors seem to be those most restricted by the lockdowns, i.e., businesses related to travel, hospitality, transport, and also cultural and creative industries, and sectors integrated into the global supply chain, such as the automotive and textile industries.

Smaller countries report that the movement in their economies largely depends on the epidemiological situation in their trade partners. The crisis seems to have highlighted the interdependence of national economies in such a globalized world, both in terms of supply and demand.

[Singapore](#) witnessed the worst recession in its history in 2020. A few sectors such as e-commerce, domestic logistics, supermarkets, and technology-intensive and biomedical sectors performed well, thanks to changes in consumer behaviour, rising digitalisation, and strong demand for semiconductors and medical supplies. Financial services as well as parts of manufacturing held up reasonably well. But high-contact sectors, such as tourism-related industries, were badly hit.

Overall, respondents describe a situation characterized by a generalised GDP contraction in 2020 followed by a sharp rebound in 2021, with a significant and persistent increase in debt and deficit, as well as in the unemployment rate. A common thread among the responses is a general sense of uncertainty and hesitation related to making predictions about returning to pre-crisis levels in terms of economic recovery, the damage inflicted on the productive tissue, the evolution of financial markets and its possible implications for access to credit of households and businesses.

Registries also share the awareness that responding effectively to a crisis requires timely, credible information. COVID-19 has substantially increased the demand for data and analysis that illuminate the challenges as households, businesses, and governments gravitate toward a new normal. While disorienting in the near term, the longer-term impacts of these changes may prove transformative, accelerating many of the trends towards digitalization and automation, and the changes in the quality of work that were underway prior to the pandemic.

Some jurisdictions, such as [France](#), observed a sort of paradox of the 2020 business registries situation. In fact, while a crisis of this magnitude should paralyze entrepreneurship and see business failures soar, the situation today looks quite different: business start-ups are at an all-time high, while many industries are paralyzed. This paradoxical dynamic can also be seen in the opening of insolvency proceedings, which has fallen sharply despite a difficult economic situation. The exemptions from charges, the freezing of the state of suspension of payments, partial unemployment, loans guaranteed by the State, or the solidarity funds seem to have helped to preserve corporate treasuries and absorb the impact of the crisis on business failures. Similarly, [Kazakhstan](#) observed a rapid growth in business registrations especially during the 2020 fourth quarter, with a 11% increase in relation to the previous period in 2019.

2. Impact of COVID-19 on workload and operations

The outbreak of Covid-19 presented unprecedented challenges to all of the jurisdictions which responded to the survey. This was particularly evidenced in the measures that jurisdictions were required to take to ensure two overriding priorities:

- that individual business registers were able to provide business continuity to their customers;
- that the safety and wellbeing of members of staff were maintained.

Most jurisdictions saw a consistency in the fundamental aspects of their businesses, with the number of companies being incorporated and dissolved not seeing a significant decrease or increase in numbers. Given the unique nature of the Covid-19 crisis, and its negative economic impact due in particular to lockdowns, this can be regarded as rather surprising.

Most jurisdictions made some effort to increase the ability of customers to file documents electronically, rather than in paper format. This proved to be challenging for many jurisdictions; however others - such as [Italy](#), [the Netherlands](#), [Colombia](#), and Indiana (US) - benefitted from operating practices already assisted by strong electronic practices. The [UK](#), having

established digital services over 20 years ago and having improved and augmented them many times since, experienced high digital take-up.

In other jurisdictions (as [Chile](#), [Perù](#) and [Kazakhstan](#)), procedures in their Business Registries were already automated, but still improvements and updates have been necessary in order to solve the digital challenges of the pandemic. In few cases, as in Connecticut, it was decided to completely replace the business registry system to facilitate remote work and integrate help desk services. Several jurisdictions also allowed greater flexibility in the filing requirements for companies, including extending reporting period deadlines for annual accounts.

Despite all these organizational challenges, certain jurisdictions reported that average processing times for filings in the trade register remained unscathed, and even decreased, both for incorporations and for changes (for instance, [North Macedonia](#)).

There was not a great deal of consistency across jurisdictions in relation to the opening of offices to provide customer services. Whilst all jurisdictions were mindful of the need to reduce staff numbers on site, and minimise direct contact between customers and staff, there were different approaches to doing so. Some registers continued to operate, more or less, as normal whilst others, such as [Portugal](#), insisted on prior booked appointments for customers. Other jurisdictions closed their front facing offices entirely throughout the pandemic.

The most striking impacts of the Covid-19 outbreak on business registers were the measures taken by different jurisdictions to enable staff to work from home in order to ensure business continuity. Examples were enabling greater flexibility in working hours, increasing capacity of servers and networks to allow for remote working, ensuring every member of staff was equipped with suitable hardware (including laptops, headsets, and furniture). The impact of home working cannot be overstated given that for many jurisdictions, including [Slovenia](#) and the UK, this has been the first time in their history that a majority of staff have worked remotely.

Overall, the way that jurisdictions have adapted their working practices to maintain core functions and deliver services within the required timescales has been impressive, despite the challenges.

3. Impact of COVID-19 on development projects and strategy

Continuous work and investment in digitalization seems to have paid real dividends for reporting registries in the pandemic. After an initial abrupt halt, registries have been quick to regroup and adapt to the new circumstances in order to resume planned projects without significant delays, concessions or deviation from development plans. The new way of working and new mandates in the distribution of state aid for companies have required registries to rethink priorities and temporarily re-route resources, as well as to adopt more agile development approaches. The most important challenge has been the availability of staff at various stages of the pandemic, as well as decreased budget support.

Registries are reporting acceleration of projects for online filing for the very few procedures that had not been completely digitalized prior to the pandemic. For example, [Estonia](#) has quickly reorganized to enable remote authentication for notaries in the app. 5% of filings that require notarial intervention. Several countries in [South America](#), including Costa Rica, Chile, Ecuador and Peru, have reported accelerated expansion of the one-stop-shop concept for businesses by adding functionalities in existing systems and by simplifying procedures. [Singapore](#) has moved to conducting online inspections on public accountants and corporate service providers. Michigan has upgraded its financial transactions system to allow for seamless processing of online payments.

Moreover, it is extraordinary to see that in this period some registries have implemented completely new registries and processes from scratch – some driven by pressing legislation, and some by the need for further digitalization (for example, several secured transactions upgrades in [Serbia](#), the register of beneficial owners in [North Macedonia](#), the digital registry program in [Jersey](#), the Statistical Observatory in [France](#), expanding the scope of digitized non-filing interactions in the UK, an appointment vetting service in Indiana, etc.).

A very interesting approach was taken by Companies House in the [UK](#), which suspended all project-based activity for six months in order to address the challenges posed by the pandemic in terms of freeing up the necessary teams and resources. This has enabled them to rapidly develop and upgrade previously developed functionalities and to quickly explore and assess the viability of proposals, deploying them iteratively from very early-on. In [North Macedonia](#), a standing Project Management Office has been identified as being key to keeping the impetus for projects by being able to make decisions quickly in order to coordinate ongoing projects. In Singapore, even pre-COVID-19 staff was actively encouraged to acquire skills in data analytics, domain driven design and robot process automation, which made ACRA better prepared to adopt digital tools swiftly and efficiently. Having in place remote online notarial procedures has greatly assisted several U.S. jurisdictions, including Ohio and Indiana, and these procedures were even further upgraded during the pandemic. In [Latvia](#), employee mental health has been systematically tackled and regular feedback has resulted in ongoing re-evaluation of processes and re-planning of tasks.

In conclusion, it seems that registries are demonstrating resilience and innovation, all the while stepping up to support the companies in these trying times not just to fulfill their statutory obligations, but also to recover and grow.

4. COVID-19 and companies

Even though the responses vary in extensiveness, and are certainly not exhaustive, it is apparent, that most of the responding jurisdictions have taken similar measures for their companies to cope with the pandemic. First, there was a range of measures taken to safeguard health by reducing personal contact in the workspace. Another range of measures was taken to support companies affected by the pandemic by adjusting terms and conditions and by providing financial support.

In order to provide protection by reducing personal contact, various digital facilities were either established or enhanced, such as online meetings, videoconferences, online registration, online hearings, online authentication methods, online delivery of filings, online transactions as well as online trainings and webinars. For the same purpose, regulations regarding the holding of annual general meetings, like those concerning summoning, notary's duties, use of online channels, remote voting, participation of stakeholders, facilitating written agreements out of session, were adjusted to the new situation. In addition to these measures, working from home was encouraged while public institutions restricted access to their buildings.

On the other hand, there were measures taken to support companies affected by the pandemic directly by adjusting terms and conditions, such as suspending time limits, extending deadlines, refraining from official intervening measures, postponing dissolutions of companies, suspending strike-off processes as well as abolishing the stakeholders' right of separation. In addition, there were some financial steps taken by governments to support companies suffering from the consequences of these measures, such as tax reduction, discounts for rental costs, exemptions of payment, modalities for extended repayment of bank loans, reduction of fees for late payment and payment of reduced hours compensation.

[Sweden](#) presents a remarkably rich catalogue of measures organized according to measures taken by the registry (e.g., generous accommodation for defaulting companies) and measures taken by the government (e.g., reduced employer and deductibles for young people).

IACA jurisdictions too have taken a range of temporary emergency measures to support companies by issuing orders allowing virtual meetings, suspending time limits, extending deadlines e.g., to hold annual general meetings or for annual returns, suspending operational activities of placing entities into dissolution status as well as accepting e-signatures for filings. These measures were complemented by financial supports, such as exemptions of payment, reduction of fees for late payment or extending time limits for paying annual fees. Even more, business entities in Ohio were

assisted by other government agencies with funding to help to pay for mortgage/rent, utilities, salaries, wages, business supplies or equipment.

Indiana reports on impressive efforts taken to streamline administrative processes. By simplifying reinstatement processes 4 to 6 weeks processing time was taken. A further reduction of processing time was also achieved by providing personal service to businesses in need rather than rejecting the filing.

As expected, [CRF jurisdictions](#) supported enterprises in similar ways as mentioned above. Kazakhstan has temporary suspended imposing fines and sending preliminary notices and written notices to companies which do not comply to obligations. Enforcement activities have been suspended too. Labuan has temporary extended time to submit audited financial statements, has waived the processing fee and eased incorporation processes. As online registration of companies was already implemented in Myanmar there were no problems to face in this concern. Companies were also allowed to proceed compulsory meetings electronically. Singapore's Jurisdiction has extended time for companies to hold their annual general meetings and file their annual returns, as well as introduced alternative arrangements such as conducting these meetings via digital means. Insolvency regulations were adjusted to allow small companies to restructure their debts with a lower creditor approval threshold and rehabilitate the business or to be wound up speedily and economically with a reduction in scope of the liquidator's functions. Finally, Uganda has implemented digital and online services and has emphasized virtual accessibility to services. Annual general meetings requirements were accommodated.

The reporting [ASORLAC](#) jurisdictions too have adopted measures to simplify business activities and bring them in line with public health recommendations in a similar manner as the other mentioned reporting jurisdictions. The majority has implemented regulations to enhance holding non-face-to-face meetings and established the extension of deadlines in various fields to support companies. Several registry services are carried out by virtual means to avoid personal contact and safeguard health. It is

worth noting, that the [Chilean government](#) has developed and implemented a range of instruments and programmes granting financial support.

5. The “New Normal”

The responses clearly show that all countries are determined to face the challenges of digitisation and not to return to the pre-crisis status. After having to learn that digital tools allow health protection and therefore allow business to continue in difficult times the main focus is set on developing and improving those tools. Enabling staff to work from home, modernising digital processing and further digitising filing procedures are being promoted and advanced in post crisis times.

The case study from [Spain](#) connects the "new normal" with current digitalisation projects at European level and the role EBRA could play in this. In addition, the case study by [Latvia](#) deserves mentioning as it stresses the further need of improvement of accessibility and modernisation of e-services. Latvia has planned multiple initiatives to further enhance their e-services such as the improvement of remote (mobile) work environment for employees of the register.

The pandemic has also encouraged many IACA jurisdictions to explore new workspace and work schedule models. Louisiana may maintain a new hybrid work structure involving splitting their weeks between in-office and remote working, for some of their sections. Indiana is considering whether they can reduce the workspace that is required. They present a cohort model for scheduling staff by creating teams of 3, which proved to be a good measure in case quarantine becomes necessary. Improvements to existing IT systems are also often mentioned, for example to provide clients their corporate information in digital formats that facilitate trusted transactions in the digital economy (Canada-Federal), as well as cloud-based access to the registry (Connecticut) and a cloud-based voice service (North Dakota) were implemented.

From [CRF jurisdictions](#), Kazakhstan aims for a full automation of all internal and external processes and also Singapore aims to become a fully digital

organisation. Labuan FSC aspires to conduct every meeting or attending course virtually in the future and has introduced working from home guidelines. Myanmar will review whether the legal rules enacted for the period of the pandemic will be adopted permanently and Uganda tries to find appropriate legal reforms to accommodate such principles as virtual meetings.

By creating and implementing a Service Continuity Management System [Costa Rica](#) seeks to ensure that in the event of future contingencies, the services provided suffer the least possible impact and continuity can be guaranteed. [Mexico](#) aims to adopt strict measures for early detection and isolation of affected patients. Chile reports the pandemic showed the need for the state to provide digital services to citizens and entrepreneurs. This has accelerated the implementation of initiatives that digitise the state and promote digitisation in business. For [Perù](#) the new normality means that all services can be provided electronically. In Colombia, the Chamber of Commerce of Bogotá expects to continue with the implementation of simplification of formalities, which would imply less time and procedures in business formalisation processes.

Generally, reporting jurisdictions announce a period of reflection, to assess their development strategies in light of the developments of the past year, and re-prioritize as necessary. The same approach of analysis and investigation is underlined also in terms of assessing how the new ways of working could be optimized to better cater for the future and make registries even more resilient.