Box 2: Alternative Indicators to Measure Historical Rates of Business Start-ups and Closures in Colombia - Financial Stability Report, First Half of 2021

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This box offers an analysis of business start-ups and closures in Colombia using information from two sources: The Confecámaras Single Business and Social Registry (RUES in Spanish) and the Integrated Contributions Settlement Form (PILA in Spanish) of the Ministry of Health and Social Protection. Since this analysis is based on sources with representative samples of the business structure that formally operates in the country, it is an important tool for monitoring financial stability due to the high exposure of credit institutions to these agents (54.0% as of January 2021).

The fragility of the corporate sector is usually assessed using traditional indicators related to the financial situation of companies such as those presented in the Corporate sector section of this report (e.g., insolvency, default, and bankruptcy). This information, although quite useful due to the granularity it provides with respect to the financial statements of companies, does not allow for an analysis of business start-ups and includes a reduced sample of companies since it is restricted to those that are monitored by the Superintendency of Corporate Affairs or that have active lending operations with the credit institutions monitored by the Financial Superintendency of Colombia.

The results of this analysis indicate that, between 2019 and 2020, the rate of business start-ups has experienced a decrease at the aggregate level and the closure rate has been on an upward trend since 2015. The tendency of the closure rate was accentuated during the last year and has increased by a greater magnitude compared to the change seen in the start-up rate. In addition, the rate of employment destruction by economic sector exhibits the same behavior as the closure of companies. Finally, we find that the difference between business start-up and closure rates is highly correlated with the real annual growth rate of the gross domestic product (GDP) for the period analyzed.

Fuente: https://d1b4gd4m8561gs.cloudfront.net/en/publications-research/financial-stability-report/box-2-first-half-2021