



Transparency of the insolvency proceeding – benefits and costs of the open information access in the Czech Republic

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- 2) Role of public e-Government registers as tools for improvement of business environment
- 3) Insolvency registers in the EU – selected cases
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- 5) Costs and benefits of the Czech electronic insolvency register in Czech Republic
- 6) Recommendations for future development



Introduction to the topic



Lack of transparency of Czech institutions (including courts and justice in general) decreases the trustworthiness of Czech institutions and of the establishment

Transparency has several benefits – enhances efficiency of public control, improves G2B and G2C communication, increases legal certainty

The e-Governmental tools are suitable instruments for improvements of both transparency and accountability of institutions

Case study: Czech electronic insolvency register

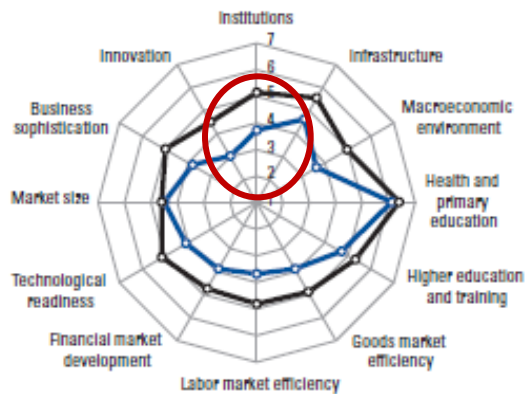
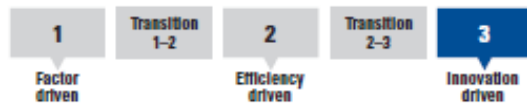


Electronic public registers and e-Gov as tools for improvement of business environment and competitiveness

➤ Global competitiveness Index 2010/2011 (World Economic Forum)

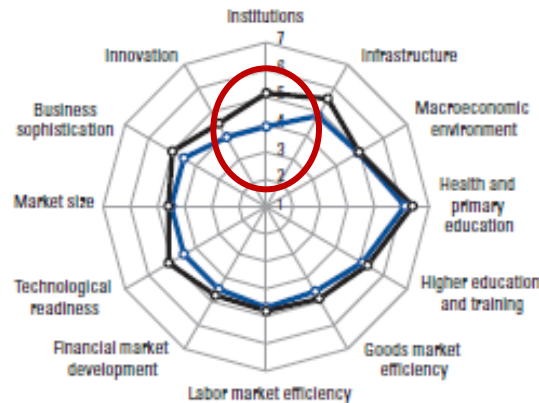
Greece (83th)

Stage of development



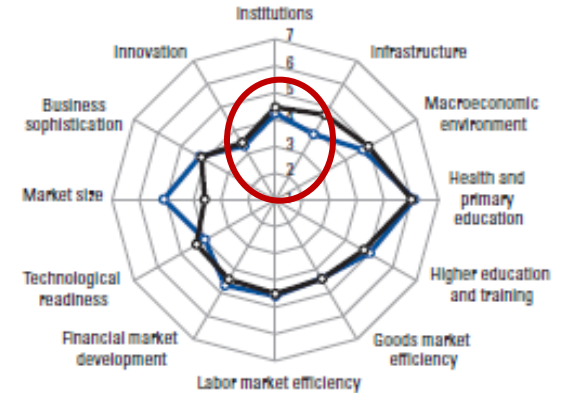
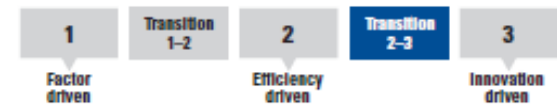
Czech Republic (36th)

Stage of development



Poland (39th)

Stage of development



Countries with weak institutional environment (non-transparent, corrupt, bureaucratic, etc.) have subefficient business environment → negative impacts on competitiveness



Electronic public registers and e-Gov as tools for improvement of business environment and competitiveness

➤ Ease of Doing Business Index 2011 (World Bank)

Winners (1st to 3rd place): Singapore, Hong Kong, New Zealand

Czech Republic (63rd), Poland (70th)

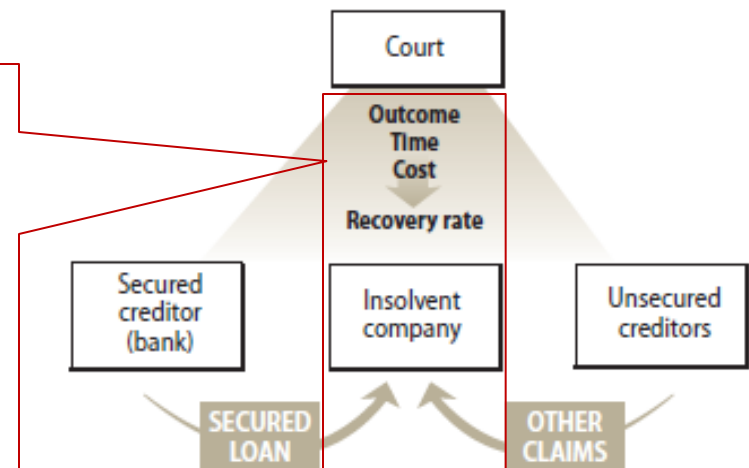
Improvement from 82nd position due to Insolvency law reform

ers.⁷ A parallel trend was to improve the infrastructure of bankruptcy systems. In 2006 the Czech Republic increased transparency by introducing an online register for documents produced in the course of proceedings. In 2009 the United Kingdom allowed court documents to be signed and filed electronically as part of the courts' greater use of information technology.

Electronic insolvency register serves as information platform for all participants of the proceeding

What do they have in common?

- Efficient regulation
- Effective and transparent institutions (including justice)



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- Foreign Business

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- Food & Beverage
- Information
- Manufacturing
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- Private Healthcare
- Retail & Business Services
- Retail
- Transport & Storage
- Wholesale Trade

GOVERNMENT

- Assistance (grants, loans...)
- Taxes & GST
- Laws & Regulations
- Contracts & Tenders

BUSINESS TOPIC S

- Business Excellence
- Hiring & Training
- Import / Export
- Protect Your Ideas
- Selecting Partners
- Venturing Abroad

BUSINESS FUNDING

- Loans (borrow money)
- Equity (sell shares)

CASE STORIES

Learn how two-man firms to regionally-known companies got started, helped on Government assistance to grow their business or launch innovative concepts, and took on overseas markets.

Need More

EXIT STRATEGY

- Family Succession
- Selling Your Business
- Terminate Your Business

QUICK FIND

Use these tools to quickly find:

- Government Assistance
- e-Services
- Funding Options
- Licenses & Permits (DOLB)

WHAT'S NEW RSS Feed MORE

SPRING Initiative Attracted Over 200 SMEs
SMEs invested \$2 million in technology to upgrade business.

Singapore GDP by Q3 Shows 14.9% Qo-Quarter
Economy still expanded 10.3% on-year.

ACRA Seeks Public Feedback for Business Registration Act
To update the Act to the current business environment.

UPCOMING EVENTS MORE

- 19 Oct 10 Regional Tax Update Series: Inbound Investment into Japan - New Opportunities and Challenges
- 21 Oct 10 Company's Tax Obligations for Year of Assessment 2010
- 21 Oct 10 Invitation to Attend "Meet the Experts Business Clinic - Oct 2010"

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- Send EnterpriseOne a question or feedback.

Perfect e-Gov services for citizens and foreigners

Efficient regulation

Very transparent institutions (including data availability)

Insolvency recovery rate 91.3% (DB 2011)

Source: <http://www.business.gov.sg>



New Zealand

Ministry of Economic Development
Manatū Ōhanga

Insolvency and Trustee Service

Home Personal insolvency SIO Company liquidation Creditor information Customer support Online Services

Home > Site tools > About us > Statistics > Insolvency procedure statistics > Cumulative totals

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Cumulative totals

New Zealand bankruptcy adjudications

	2009-2010	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
July	296	165	305	305	261	266	289
August	560	308	625	627	551	535	556
September	868	497	880	925	810	806	793
October	1118	690	1195	1234	1059	1043	1033
November	1399	903	1387	1575	1322	1307	1236
December	1629	1101	1465	1825	1493	1490	1427
January	1788	1259	1578	2097	1697	1676	1631
February	2016	1491	1736	2392	1950	1946	1864
March	2306	1757	1901	2729	2266	2190	2113
April	2559	2024	2081	2973	2527	2480	2325
May	2804	2295	2258	3294	2822	2745	2542
June (end of year total)	3054	2521	2469	3593	3087	2995	2792

Last updated 27 July 2010

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Nearly all governmental agendas (including statistics) available online – best practice example

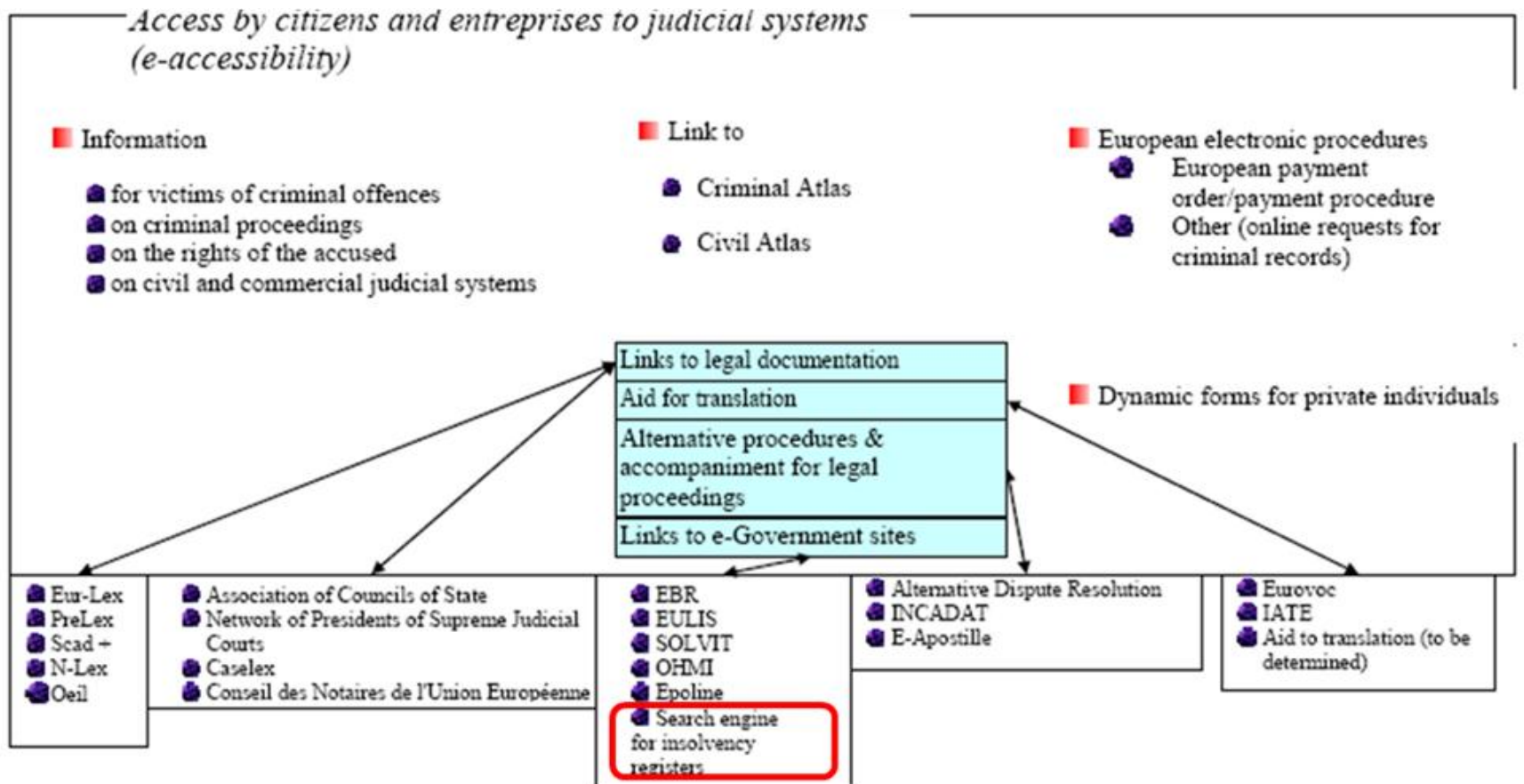
Deployment of efficient e-Gov tools with interactive features

Source: <http://www.insolvency.govt.nz>



Insolvency registers in the EU – selected cases

➤ Electronic Insolvency Registers as part of EU e-Justice



Source: COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT AND THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE Towards a European e-Justice Strategy; COM(2008)329 final



Insolvency registers in the EU – selected cases

Feature of the Insolvency Register	CZ	UK	IRL	F	I	E	SK	D	DK
Established by law (public)	✓	✓	✓	X	X	X	X	✓	✓
Managed by public entity	✓	✓	✓	X	X	X	X ^f	✓	✓
Stand-alone register	✓	✓ ^d	X	X	X	✓	✓	X ^h	X ⁱ
Insolvent companies	✓	✓ ^d	✓ ^e	✓	✓	✓	(✓)	✓	✓
Insolvent individuals	✓	✓ ^d	X	X	X	X	(✓)	X	X
Electronic version available	✓	✓	✓ ^e	✓	✓	✓	✓	✓	✓
Official electronic delivery	✓ ^a	X	X	X	X	X	X	✓	✓
Basic services free-of-charge	✓	✓ ^d	✓	X	✓	✓	✓	✓	✓
Advanced services free-of-charge	✓ ^a	✓ ^d	X	X	X	X	X	X	X
Watch dog services available	X ^a	✓	X	✓	✓	✓	✓	X	X
Statistics publicly available	X	✓	X	✓	X	X	X	X	X
Interactive communication with court	X	X	X	X	X	X	X	X	✓
Interlink with other registries	✓ ^b	✓ ^d	✓	✓	✓	X	(✓)	✓	✓
Download of documents from debtors file	✓	✓	X	X	X	X	X	✓	✓
Possibility to fill in official documents electronically	X	✓	X	X	X	X	X	✓	✓
Possibility to exchange information with foreign insolvency registries	X ^c	X	X	X	X	X	(✓)	X	X ⁱ
Possibility of print out of official records	X	X	X	X	X	X	X ^f	✓	✓
E-score ^j (number of ✓ in columns from 4. – 17)	8	11	4	5	5	4	4 (8)	8	9

Source: Chvalková J. – Mejstřík, M. "Impacts of the electronic Insolvency Register on the Czech business environment", in 7th Annual Eastern European e/Gov Days : eGovernment & eBusiness Ecosystem & eJustice Conference Proceedings, ISBN 987-3-85403-255-7, Prague 2009

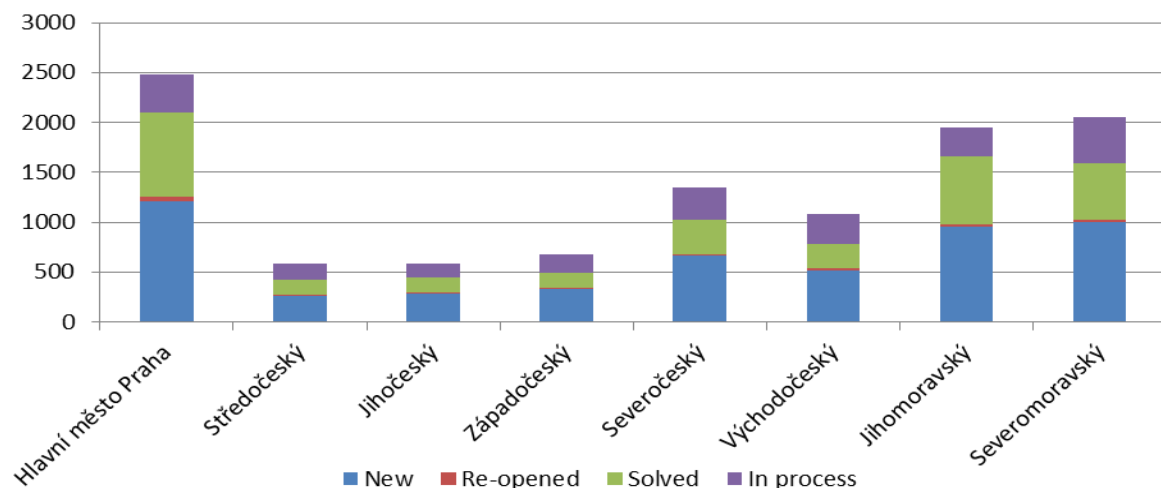


Insolvency law reform in the Czech Republic

- Took place in 2006 (137/2006 Coll. Insolvency Act, as amended), nevertheless effective since H1 2008
- New insolvency law replaced the old Bankruptcy and Settlement Act, which was considered inefficient and even harmful for business environment in Czech Republic (only few settlements, usually bankruptcy and company closure)
- In 2008/2009 the new Insolvency Act was tested by the crisis and modified by a anti-crisis set of measures
- '
- Important part of the insolvency law reform is the insolvency register

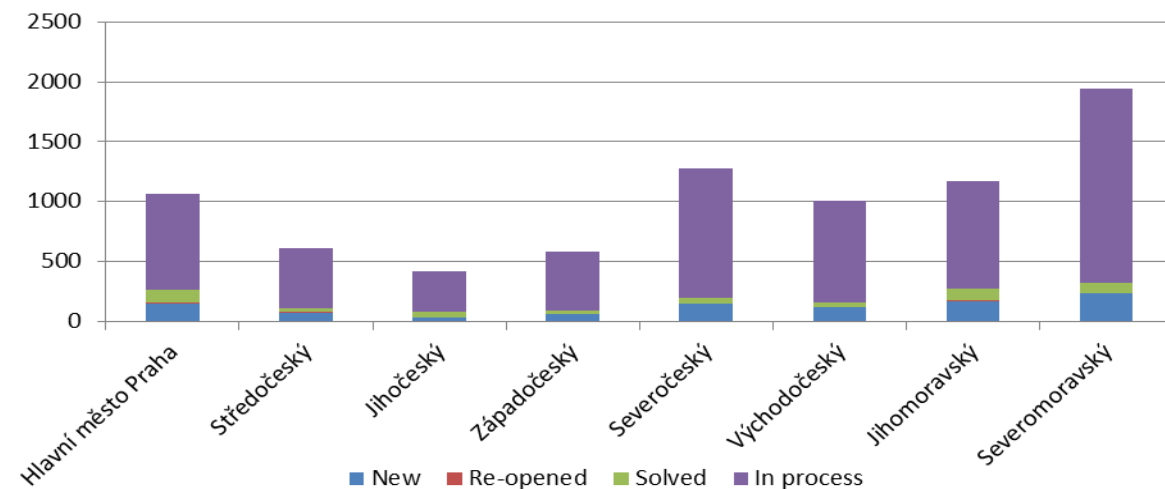


Insolvency in Czech Republic in numbers – market exit as crucial aspect of doing business



2008:
10 759 proceedings
Out of it 516 proceedings
solved by superior courts
(cca. 5%)

**In total 71% petitions filed
by debtors**



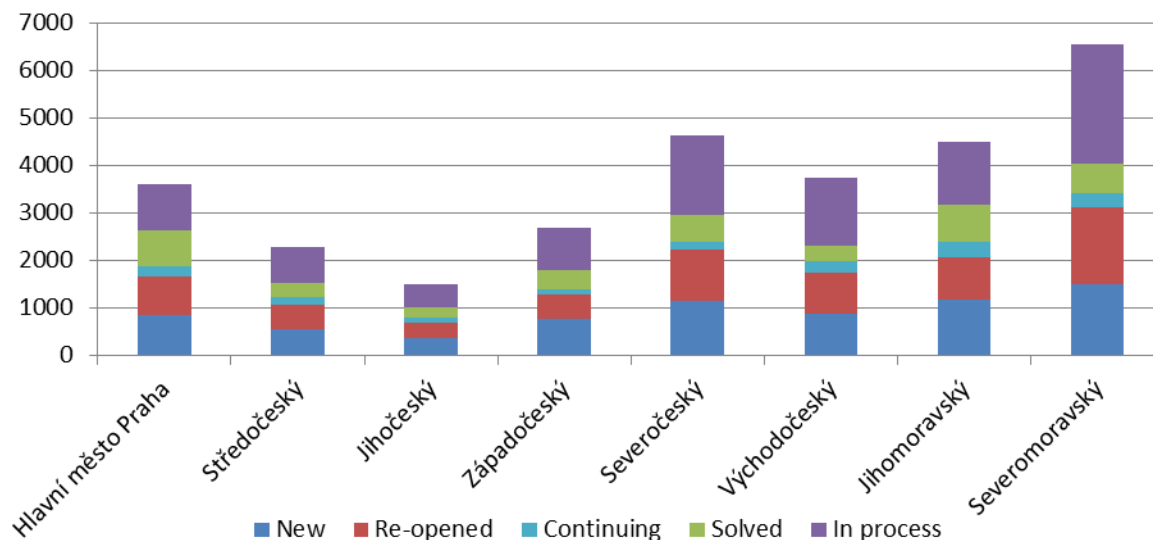
2009:
8090 proceedings
Out of it 266 proceedings
solved by superior courts
(cca. 3%)

**44% petitions filed by
debtors**

Source: <http://www.justice.cz>



Insolvency in Czech Republic in numbers – market exit as crucial aspect of doing business



H1 2010:
29,490 proceedings
 Out of it 1,050 solved by
 superior courts (cca.
 3,5%)

Region	2008		2009	
Hlavní město Praha	14,28	27,35	1	45
Středočeský	0	0	0	0
Jihočeský	36,05	41,50	0	11
Západočeský	24,14	36,03	0	11
Severočeský	22,42	51,70	2	46
Východočeský	30,49	71,31	2	32
Jihomoravský	43,16	32,06	1	44
Severomoravský	25,17	54,21	2	51
	24,46	39,27	8	240
	Average length (days)		No. Proceedings ≥ 6M	

Average length of
 proceedings seems
 relatively short due to large
 amounts of petitions
 declined (mainly citizens)

Increasing length in time
 (belated crisis effects)



Insolvency in Czech Republic in numbers

The screenshot shows the top part of the Justice.cz website. At the top left is the logo "Justice.cz" and the text "Oficiální server českého soudnictví." followed by a search bar and a "hledej" button. Below this is a horizontal navigation menu with links to various departments: "Ministerstvo spravedlnosti", "Soudy", "Státní zastupitelství", "Rejstřík trestů", "Justiční akademie", "Institut pro kriminologii a sociální prevenci", "Probační a mediační služba", and "Vězeňská služba". Below the navigation menu is a row of service icons: "eJustice", "ePodatelna", "infoSoud", "infoData" (highlighted with a red box), "Reforma justice", "Domácí vězení", "infoDeska", and "infoJednání".

New data feature of the Czech Justice.cz platform

The screenshot shows the "Insolvenční rejstřík" (Insolvency Register) section. It features a search bar with "Hledat" and "Název subjektu" fields, and a "Zadejte obchodní firmu, název" input field. Below the search bar are links for "Formuláře ke stažení" and "Další informace". The "Aktuality" (News) section is also visible, with a red arrow pointing to the date "21.10.2010" next to the headline "Ministr spravedlnosti se zúčastnil mezinárodní právnické konference v Bratislavě".

Search engine for the Czech Insolvency Register



Costs and benefits of the Czech electronic insolvency register in Czech Republic

Major positive impact of Czech electronic insolvency register – enhanced availability of informations on proceedings, debtor, creditors – free-of-charge and online

Insolvenční rejstřík

V insolvenčním rejstříku lze vyhledat pouze dlužníky, proti kterým bylo zahájeno insolvenční řízení po 1. lednu 2008. Dlužníky, proti kterým bylo zahájeno konkursní či vyrovnací řízení před 1. lednem 2008, lze vyhledat v [Evidenci úpadců](#).

Příjmení/název	<input type="text"/>
Vyhledat pouze dle začátku příjmení/názu	<input checked="" type="checkbox"/>
Jméno fyzické osoby	<input type="text"/>
IČ	<input type="text"/>
Datum narození	<input type="text"/>
Rodné číslo fyzické osoby	<input type="text"/>
Obec	<input type="text"/>

Spisová značka	<input type="text"/> INS <input type="text"/> / <input type="text"/>
vedená u	<input type="text"/>

Stav řízení	<input type="text"/>
v období od	<input type="text"/>
do	<input type="text"/>
<input type="radio"/> Aktuální řízení	<input checked="" type="radio"/> Aktuální i ukončená řízení

Akce	<input type="text"/>
v období od	<input type="text"/>
do	<input type="text"/>

Příjmení insolvenčního správce	<input type="text"/>

Max. počet zobrazených položek	<input checked="" type="radio"/> 50 <input type="radio"/> 100 <input type="radio"/> 200



Novinka : Monitoring insolvenčního rejstříku

Datum: Období: --

[Údaje o rejstříku](#) | [Aktuální info](#) | [Kontakt](#) | [Obchodní rejstřík](#) | [Seznam insolvenčních správců](#) | [Evidence údajů o cizozemském rozhodnutí](#) | [Formuláře](#)

Ministerstvo spravedlnosti ČR, Vyšehradská 16, 128 10 Praha 2, Česká republika



<http://ies.fsv.cuni.cz>

Snímek 14
www.eeip.cz



Costs and benefits of the Czech electronic insolvency register in Czech Republic

Detail insolvenčního řízení KORFIL a.s.

Aktuální stav

V úpadku

Spisová značka: KSBR 39 INS 4769 / 2008 vedená u Krajského soudu v Brně
 Jméno/název: KORFIL a.s.
 IČ: 26899701 ([viz obchodní rejstřík](#))
 Rodné číslo / Datum nar.: /

Sídlo společnosti: Adresa
 Brno, Uzbecká 32, PSČ 625 00

Předběžný správce
 - kancelář: Insolvenční správce
 Michal Zámečník
 Brno, Stará Osada 27, PSČ 615 00, Okres Brno-město

Historie insolvenčního řízení

Oddíl A - Řízení do úpadku		Oddíl B - Řízení po úpadku		Oddíl C - Incidenční spory		Oddíl D - Ostatní		Oddíl P - Přihlášky	
Okamžik zveřejnění		Okamžik zveřejnění		Popis	Dokument	Vedlejší dokument	Datum právní moci		
1.	26.11.2008	11:26		Insolvenční návrh spojený s návrhem na povolení reorganizace	plný text (194 kB)				
2.	26.11.2008	11:26		Vyhláška o zahájení insolvenčního řízení	plný text (123 kB)				
3.	28.11.2008	11:12		Návrh - přílohy	plný text (3715 kB)				
4.	28.11.2008	11:18		Pověření asistenta soudce	plný text (137 kB)				
5.	28.11.2008	13:36		Dotaz	plný text (136 kB)				
6.	28.11.2008	13:58		Dotaz	plný text (108 kB)				
7.	28.11.2008	14:09		Dotaz	plný text (153 kB)				
8.	01.12.2008	08:28		Dotaz	plný text (118 kB)				
9.	01.12.2008	08:37		Dotaz	plný text (119 kB)				
10.	01.12.2008	09:02		Výzva na zálohu na náklady řízení	plný text (131 kB)				
11.	01.12.2008	09:18		Výzva dlužníkovi k vyjádření se k insolvenčnímu návrhu	plný text (144 kB)				
12.	01.12.2008	09:46		Výzva	plný text (139 kB)				
13.	01.12.2008	09:54		Vyjádření dlužníka	plný text (3544 kB)				
14.	03.12.2008	10:10		Výzva k opravě nebo doplnění návrhu na povolení reorganizace	plný text (122 kB)				
15.	03.12.2008	10:34		Nařízení jednání	plný text (127 kB)				
16.	04.12.2008	14:45		Sdělení věřitele	plný text (106 kB)				
17.	08.12.2008	13:40		Sdělení	plný text (543 kB)				
18.	08.12.2008	13:48		Sdělení	plný text (298 kB)				
19.	09.12.2008	10:36		Sdělení	plný text (1777 kB)				
20.	09.12.2008	11:21		Přistoupení k řízení (§ 107 IZ)	plný text (861 kB)				
21.	10.12.2008	10:56		Přistoupení k řízení (§ 107 IZ)	plný text (6364 kB)				
22.	10.12.2008	11:04		Návrh - přílohy	plný text (6904 kB)				
23.	10.12.2008	15:20		Výzva k podávání přihlášek pohledávek	plný text (163 kB)				

Benefits:

- Decreasing counterparty risk (possibility to check the situation of business partners)
- Decreasing transaction costs of insolvency proceeding (online monitoring)
- Decreasing costs of coordination (creditors among themselves, court and creditors etc.)



Costs and benefits of the Czech electronic insolvency register in Czech Republic

Benefits:

- Counter-party risk reduction:
 - Time-savings – simple possibility of monitoring (suppliers, clients, other business partners)
 - In case of huge number of clients/entities to be monitored – possibility to use a watch dog system – the Ministry of Justice offers plug in (savings e.g. for banks, energy companies and also for social security and health security administrations)
 - Decrease in cost of new transactions (easy way of control whether the potential business partner is or was in insolvency)
 - Easing operational risk monitoring and analysis
- Inducing new and more efficient tools for monitoring of business partners
 - Paid services combining e.g. Data from the insolvency register with data from annual reports published in commercial register etc. – potential deployment in research
- **Decreasing transaction costs of monitoring of the insolvency proceedings**
- **Decreasing costs of obtaining information on the debtor and creditors, court actions etc.**



Costs and benefits of the Czech electronic insolvency register in Czech Republic – example

- **Reduction of costs of business partner monitoring - example:**
 - Fees for paid insolvency registers about 5 – 15 EUR for a set of information on a requested company
 - According to the data of Czech Credit Bureau* there is over 340,000 companies in the Czech Republic
 - If each of them would control annually two of its business partners and would pay an average price of EUR 10 for their documentation download, the savings would be during the first year of electronic insolvency register **170,000,000 CZK**
 - In reality the number of downloads will probably be higher (especially during the crisis)
- **Decrease in costs of obtaining information about debtor and creditors - example:**
 - Creditors – savings of costs of obtaining information (postal services, phone costs, copy and print services for getting copies from the file); savings of time and salaries of employees that would otherwise be obtaining the information
 - Debtor – important saving of money and time for insolvency monitoring
 - As of June 2010 there are **25,530 ongoing proceedings**, each of them could be followed by 10 creditors; during each proceeding each of the creditors will check 3 times the file (costs – incl. wages, time, services cca. 350 CZK) – **savings during the first year would be about 268,000,000 CZK**



Costs and benefits of the Czech electronic insolvency register in Czech Republic – example

Costs:

- **Electronic Insolvency Register overheads:**
 - Purchase price about 150 mil. CZK* and units of millions CZK of operational costs
 - Annual costs of e-Justice development – incl. registers - cca. 383 mil. CZK** (shall be completed in 3 – 5 years)
- **Costs caused by shortened deadlines:**
 - The electronic publishing of documents within the insolvency proceeding led to decrease of deadlines
 - Necessity of more frequent monitoring of the register (software prices between 8 – 20 ths. CZK/year and unlimited number of monitored entities)
- **Reputational costs in case of unjust or ill-founded petition**
 - Depends on type of company – 1) healthy large companies Hochtief, Strabag, OHL ŽS (low reputation risk; wrongful petitions might be a consequences of long delays with invoice payments of these companies – up to several months delay); 2) companies de facto in insolvency that are hesitating to file the petition – possible to blackmail them
 - Upcoming law amendment
 - Should be taken into account that these cases are quite rare



Recommendations for future development

Stakeholders		Stage 1	Stage 2	Stage 3	Stage 4
Internal	Insolvency courts	Coordination of practices among insolvency courts and judges, dissemination of information, electronic delivery	X	X	X
	Insolvency trustees	Coordination of practices among insolvency trustees, dissemination of information	X	X	X
	State administration	Extraction of data about market exits, personal insolvencies for evaluation of policies	X	X	X
External	Debtors	Information dissemination, possibility to quickly publish reactions on information in the register	X	X	X
	Creditors	Information dissemination about the debtor, other creditors etc.	X	X	X
	Public (potential stakeholders)	Information dissemination - catalogue of initiated and running insolvency proceedings	X	X	X
			Basic web technology - board for posting of scanned documents		
			Electronic data interchange by email or electronic forms		
			Electronic signature, electronic filing, interoperable technology		
			Vertical and horizontal integration of technologies from stages 1,2,3, integration with other registers		

Czech Republic is good in posting information, yet pretty bad in terms of interactive e-Gov services

In case of insolvency register it would be in some cases very useful to introduce interactive features

Also, greater interconnectivity with other e-Gov systems is important



Recommendations for future development

Interactive features:

- Use of electronic data filing for data collection

Efficient data use:

- Combination with other data and information sources – e.g. Commercial register, Enterprise Register, Pledges Register, Land Register...
- Publishing of aggregate data – linked data, xml – boost research and analysis (effective use of data both by scholars as well as businesses)

Education of users:

- E-learning and efficient manuals (online)



Thank you for your attention!
Questions? Comments?

Questions could be also addressed to:

jana.chvalkowska@eeip.cz

