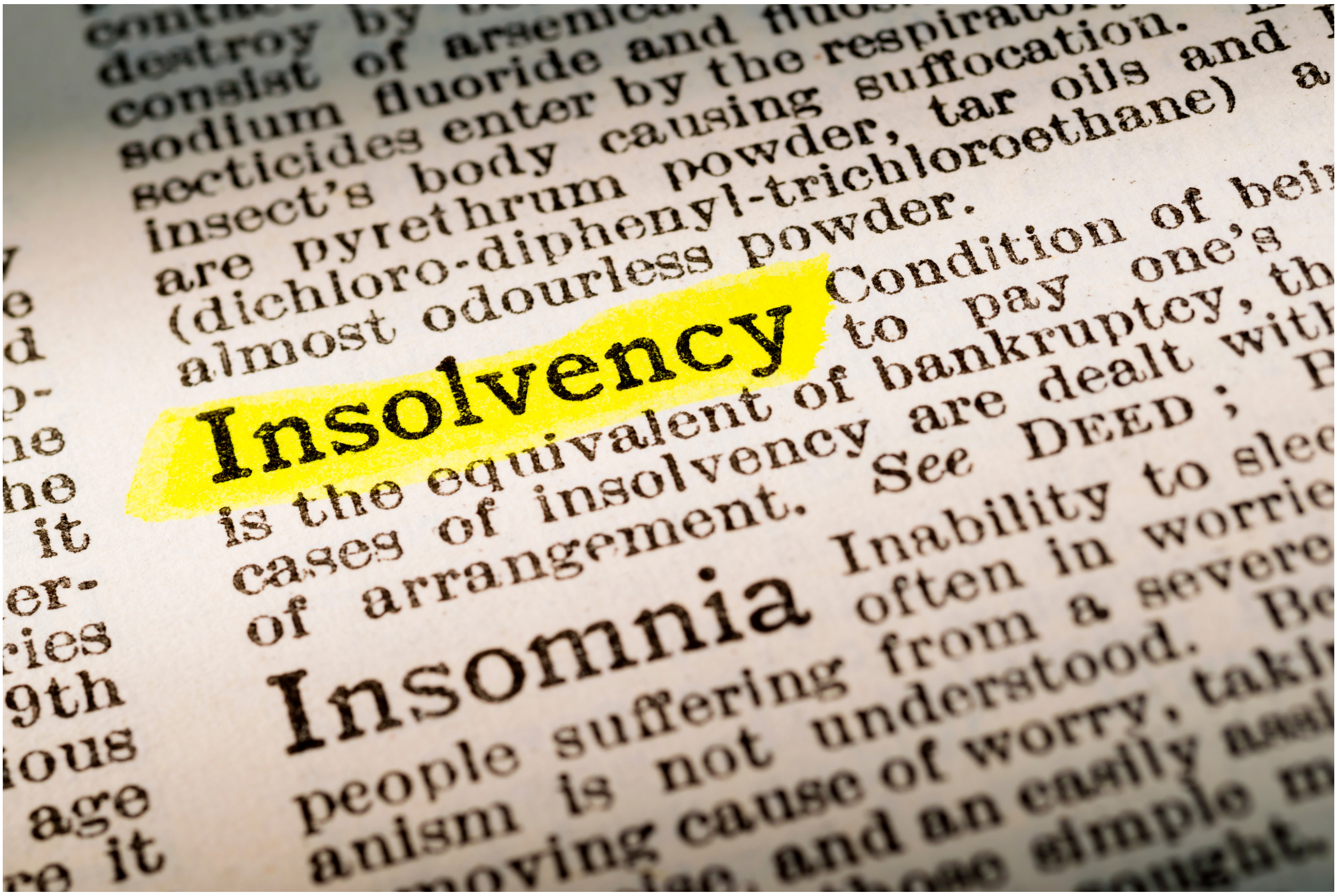
CRIF BUERGEL STUDY: RAPID INCREASE OF PRIVATE INSOLVENCIES IN GERMANY

Private insolvencies in Germany jumped in the 1st quarter of 2021. In the first three months of the year, there were 31,821 private insolvencies, 56.5 percent more than in the same period last year (Q1 2020: 20,328). These are the key findings from the "Debt Barometer 1st Quarter 2021" of the information service provider CRIFBÜRGEL.

After ten years of falling case numbers, private insolvencies will rise again in 2021. "Currently we assume up to 110,000 private insolvencies and thus a doubling of the numbers this year," says CRIFBÜRGEL Managing Director Dr. Frank Schlein. In 2020, there were a total of 56,324 private insolvencies in Germany.



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"The significant increase in insolvencies is currently mainly due to the fact that many private individuals held back corresponding applications last year. They wanted to benefit from a legal reform that will in future allow those affected by private insolvencies to obtain residual debt discharge after just three years, instead of after six as was previously the case. Since this reform is a great advantage, many applicants have been waiting for the corresponding resolution of the Bundestag," explains Dr. Schlein.

The reduction of the residual debt discharge procedure to three years will also apply retroactively to all insolvency proceedings filed from October 1, 2020. This will also enable those debtors who have fallen into insolvency as a result of the Covid 19 pandemic to be supported in making a fresh economic start.

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The wave of insolvencies directly caused by the Corona pandemic will then begin in the 2nd half of 2021 and continue into 2022. The economic consequences of the Corona pandemic will not only threaten the existence of employees in the low-wage sector, but will also be clearly felt in the middle-income sector, e.g. through short-time working. In addition, higher unemployment will again lead to more personal insolvencies, as affected consumers have less money to spend while costs remain high. This leaves people with less money to meet their obligations such as loan payments, rents or financing. In the long run, less income leads first to overindebtedness and then to personal insolvency.

The northern German states are also more affected by private insolvencies than the south of Germany in the 1st quarter of 2021. Bremen, for example, leads the statistics with 76 private insolvencies per 100,000 inhabitants. It is followed by Hamburg with 57 insolvency cases per 100,000 inhabitants. The national average in the first three months of the year was 38 private bankruptcies per 100,000 inhabitants. Bavaria (26 cases per 100,000 inhabitants), Hesse (29) and Thuringia (30) recorded the fewest private insolvencies in Q1 2021.

In the statistics for absolute private insolvency figures, North Rhine-Westphalia (8,142), Lower Saxony (4,146) and Baden-Württemberg (3,479) lead the way.
Private insolvencies increased in all German states. Mecklenburg-Western Pomerania (up 86.7 percent), North Rhine-Westphalia (up 81.1 percent), Hamburg (up 77.5 percent) and Thuringia (up 75.3 percent) led the way. Saxony-Anhalt reported only a slight increase (plus 0.3 percent).

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59.1 percent (18,813) of private insolvencies were reported by men. Men also lead the way in a relative comparison of the sexes. For every 100,000 men, 46 private insolvencies were reported. This compares with 31 private bankruptcies per 100,000 female inhabitants. However, the increase was greater among women (61.2 percent) than among men (53.4 percent).

Private insolvencies increased across all age groups in Q1 2021. The largest increases occurred primarily in the two youngest age groups. Among 18-20-year-olds, 83 citizens* had to file for personal insolvency, an increase of 93 percent. In the 21-30 age group, the number of cases rose by 84.9 percent to 5,171 insolvencies (Q1 2020: 2,797).