CRIF BÜRGEL DEBT BAROMETER: PRIVATE INSOLVENCIES RISE BY 50 PERCENT IN GERMANY

Private insolvencies in Germany increased significantly in the first half of 2021. In the first six months of the year, there were 57,992 private insolvencies, 49.9 percent more than in the same period last year (H1 2020: 38,695). These are the key findings from the "Debt Barometer 1st Half 2021" of the information service provider CRIFBÜRGEL

After ten years of falling case numbers, private insolvencies are on the rise again in 2021. Because: In the 1st half-year 2021 there were already more private insolvencies than in the entire year 2020 (56,324).

The trend of rising private insolvencies continues in July. The number rose by 93 percent to 8,835 insolvencies (July 2020: 4,572 private insolvencies).

"Currently, our forecasts are for up to 120,000 private insolvencies in 2021. This would more than double the previous year's figures," says CRIFBÜRGEL Managing Director Dr. Frank Schlein.

"The sharp rise in insolvencies in the first half of the year is largely due to the fact that many private individuals held back corresponding applications for private insolvency last year. Those affected wanted to benefit from a legal reform under which, as of this year, consumers are freed from their residual debts after three years instead of six, as was previously the case," explains Dr. Schlein.

The reduction also applies retroactively to insolvency proceedings filed from October 1, 2020.

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"Starting in May, we are now seeing an increase, including insolvencies directly caused by the Corona pandemic. This wave of insolvencies will then start to intensify from the 2nd half of 2021 and continue into 2022," says Dr. Schlein.

The Corona pandemic has shown how quickly unforeseeable external events can unexpectedly put people in financial distress. In Germany, approximately 6.8 million citizens are considered over-indebted. For many of these people, a shock on the income side can mean an increased risk of personal insolvency.

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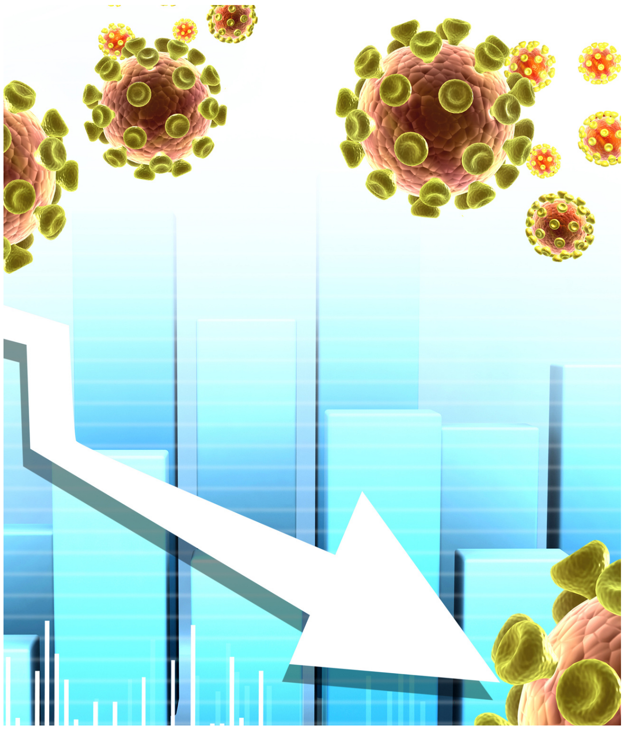
The economic consequences of the Corona pandemic are not only threatening the existence of employees in the low-wage sector, but are also clearly felt in the middle-income sector, e.g. through short-time working. In addition, higher unemployment is again leading to more personal insolvencies, as affected 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.

Many people who suffered drops in income during the Corona pandemic, for example due to unemployment or short-time working, tried to hang on and cope with their financial situation on their own. However, the financial reserves of many of those affected have been depleted.

The proportion of formerly self-employed people who have to file for personal insolvency is also currently rising sharply. Solo self-employed and fee earners from a wide range of sectors have lost almost all of their income from one day to the next during the pandemic. As a result, their income, which was often already low, fell further and their savings were quickly eaten up - loans, installment payments or rents can now no longer be paid.



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Private insolvencies by federal state: Bremen, Hamburg and Lower Saxony lead the insolvency rankings

Nationwide, there were 68 private insolvencies per 100,000 inhabitants in the 1st half of 2021. The northern German states are also more affected by private insolvencies in the first six months than the south of Germany. Bremen, for example, leads the statistics with 135 private insolvencies per 100,000 inhabitants. It is followed by Hamburg with 97 and Lower Saxony with 94 insolvencies per 100,000 inhabitants. In the 1st half of 2021, Bavaria (47 cases per 100,000 inhabitants), Baden-Württemberg (53) and Hesse (57) recorded the fewest private insolvencies.

In absolute terms, the states of North Rhine-Westphalia (14,749), Lower Saxony (7,546) and Bavaria (6,227) lead the insolvency statistics.

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Percentage changes: Increases in all federal states

Private insolvencies increased in all German states. Mecklenburg-Western Pomerania and Hamburg led the way, with private insolvencies up 74.2 percent. There were also significant increases in North Rhine-Westphalia (up 67.1 percent), Thuringia (62.3 percent) and Berlin (up 60 percent).

Private insolvencies by age: significant increases among older German citizens

Private insolvencies rose across all age groups in H1 2021. The biggest increases were in the 31-40 age group in particular (up 55.3 percent). However, more and more older German citizens are also currently having to file for personal insolvency. In the age group 61 and older, the number of cases rose by 52.2 percent.

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