# DEBT BAROMETER 2018-2019: PRIVATE INSOLVENCIES FALL TO THEIR LOWEST LEVEL SINCE 2004

"In 2018, private insolvencies fell to their lowest level since 2004. In total, 88,995 private individuals, including former self-employed persons, had to file for bankruptcy last year. This means that consumer insolvencies in Germany fell by 5.4 percent for the eighth time in succession - in 2018. These are the key findings of the CRIFBÜRGEL study "Debt Barometer 2018". In contrast to corporate insolvencies, CRIFBÜRGEL expects private insolvencies to fall further in 2019 to 84,000 cases.

"The renewed decline in the number of private insolvencies is primarily due to the continued good development of employment and income among private individuals," says CRIFBÜRGEL Managing Director Christian Bock. Basically, there are six main causes which can lead the persons concerned into a financially precarious situation and thus trigger a private insolvency. The reasons include unemployment and reduced work, income poverty, failed self-employment, uneconomical household management, changes in the family situation such as divorce or separation and illness. The main reason for the renewed decline in private insolvencies is the currently low unemployment rate. "Unemployment and the associated decline in income are by far the main drivers of private insolvency. If the number of employees rises, consumer insolvencies fall. If unemployment rises, there will inevitably be more insolvencies in Germany, as people will have less money at their disposal while costs remain high," explains Bock.


A comparison between northern and southern Germany shows the influence of unemployment on the number of private insolvencies. In relative comparison, Bremen has 166 private insolvencies per 100,000 inhabitants, not only the highest number of private bankruptcies, but also the highest unemployment rate in February 2019 (9.8 percent).

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By contrast, the lowest number of private insolvencies was in Baden-Württemberg (72 per 100,000 inhabitants), where the unemployment rate was also lowest at 3.2 percent. Another reason for fewer private insolvencies is of a methodical nature: many over-indebted citizens who use an attachment protection account (P-account) see no need to register a private insolvency. Their income is so low that it is less than the attachable amount of 1,133.80 euros per month. These persons therefore deliberately do not file for private insolvency, even though they are in debt.

With the exception of the Saarland, the well-known North-South insolvency gap will continue in 2018. Bremen is the insolvency leader in the relative comparison of the federal states with 166 ies per 100,000 inhabitants. This is followed by Lower Saxony (150 insolvencies per 100,000 inhabitants), Saarland (146), Schleswig-Holstein (145) and Hamburg (143). The national average in 2018 was 107 private bankruptcies per 100,000 inhabitants. Baden-Württemberg (72) and Bavaria (73) are well below this figure. In terms of absolute private insolvency figures, North Rhine-Westphalia (22,329), Lower Saxony (11,872) and Bavaria (9,405) are the most populous federal states in the insolvency statistics.

Mannheim leads the insolvency ranking of the30 largest cities with 224 bankruptcies per 100,000 inhabitants. The three NRW cities of Gelsenkirchen (223 insolvencies per 100,000 inhabitants), Mönchengladbach (214) and Dortmund (189) also reported many private insolvencies. As in the last two years, the lowest number of private insolvencies in a city comparison was in Stuttgart. In the capital of Baden-Württemberg, 70 private insolvencies per 100,000 inhabitants were reported.

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In 2018, the number of private insolvencies declined in all 16 federal states. Bremen (minus 16.6 percent), Rhineland-Palatinate (minus 11.5 percent), Baden-Württemberg (minus 10.4 percent) and Saxony-Anhalt (minus 10.2 percent) reported double-digit declines.

It is a myth that private individuals must first be highly indebted in order to slip into private insolvency. Across all age groups, the average debt of those affected is around 30,000 euros. For those under 30, however, the figure is much lower. Here the average debt amount is just under 11,000 euros. With increasing age, the average debt of German citizens in the age group 61 and older also rises to up to 45,000 euros. The overwhelming majority of private individuals in insolvency have debts above all with banks, mail order companies, insurance companies, public authorities, landlords, energy suppliers and telephone companies.

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