Private insolvencies fall again - More older Germans affected by a private insolvency

The number of private insolvencies in Germany continues to decline. In the first half of 2019, 42,235 consumers had to file for bankruptcy - the lowest number since 2004. The number of private bankruptcies fell by 1.4 percent year-on-year (H1 2018: 42,846). This is the conclusion reached by the information service provider CRIFBÜRGEL in the new study "Debt Barometer 1st Half 2019". For 2019 as a whole, CRIFBÜRGEL currently expects up to 88,000 private insolvencies in Germany, the ninth consecutive decline for the year (2018:88,995).

"The renewed decline in private insolvencies is due to the continued low unemployment rate in Germany. Thanks to rising wages and a positive situation on the labor market, the domestic economy has developed well in recent years," says CRIFBÜRGEL Managing Director Christian Bock. "Nevertheless, the trend reversal in private insolvencies has been initiated. We expect more private insolvencies in Germany in 2020. The economic downturn is slowly leaving its mark on the labor market as well. Since the insolvency statistics mainly reflect the past, they are a kind of rear view mirror, these developments will only have an impact on the insolvency figures in 2020," says Bock.

Basically, there are six main causes that can lead those affected 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 vast majority of private individuals in insolvency are mainly in debt with banks, mail order companies, insurance companies, public authorities, energy suppliers and telephone companies.

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Private insolvencies are already on the rise in three age groups. In the age group 31 to 40, 11,308 people - 2.3 percent more than a year ago - had to file for private insolvency (first half of 2018: 11,057). After two years of falling case numbers, the number of private insolvencies in the age group 61 and older is also on the rise again. The number of private insolvencies among older German citizens rose by 2.2 percent to 4,795 (share of insolvencies: 11.4 percent).

The reasons for a private insolvency in old age result from the problematic labor market in the past and the change in the forms of employment. These include, for example, the increase in low-wage employment and, as a result, a correspondingly low old-age pension. In many cases, the fact that pensions are not sufficient is also due to an employment balance with interruptions.

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The risk of private insolvency in old age is also increased by high costs in the event of illness. Those affected by private bankruptcies in the "61 years and older" age group also include former self-employed persons, as they often fall by the wayside with their old-age provision because they are not obliged to do so. These developments, in conjunction with demographic change, will lead to a growing population group facing financial problems in old age.

There has also been a surprising increase in private insolvencies in the 51- to 60-year-old age group. In this group, too, the number of cases rose by 2.2 percent to 8,555. In total, the two oldest age groups account for 31.6 percent (13,350 private insolvencies in absolute terms) of insolvencies in Germany. In other words: Almost one in three private insolvencies in Germany is registered by a German citizen who is at least 51 years old.

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A trend in private insolvencies continued in the first half of 2019: the North remains the stronghold of insolvency in Germany. Most private bankruptcies occurred in Bremen in the first six months. Calculated on 100,000 citizens, 83 were insolvent. This is followed by a north-south divide: The other insolvency leaders are Schleswig-Holstein and Lower Saxony, each with 74 private insolvencies per 100,000 inhabitants, and Hamburg (69). The national average in the first half of 2019 was 51 private insolvencies per 100,000 inhabitants. The federal states of Saxony-Anhalt (68), Saarland (66), Mecklenburg-Western Pomerania (64), Brandenburg (60), North Rhine-Westphalia (57) and Berlin (54) also rank above the average. In the first half of 2019, Bavaria (32 cases per 100,000 inhabitants), Baden-Württemberg (35) and Thuringia (45) reported the lowest number of private insolvencies.

In the statistics of absolute private insolvency figures, North Rhine-Westphalia (10,162), Lower Saxony (5,871) and Bavaria (4,165) are the most populous federal states. Even though there was a 1.4 percent decline in private insolvencies nationwide, the number of cases rose in nine federal states. Saxony-Anhalt led the way with an increase of 8.3 percent. There were also significantly more private bankruptcies than a year ago in Lower Saxony and Bremen (plus 7.2 percent each) and in Rhineland-Palatinate (plus 6.3 percent). Thuringia (minus 15.1 per cent) and Bavaria (minus 14.5 per cent), on the other hand, reported double-digit declines. There were also significantly fewer private bankruptcies in Saarland (minus 7.9 per cent), Hamburg (7.8 per cent) and Baden-Württemberg (minus 7.6 per cent).

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