



Summary

Bankruptcies: Causes and debts 2015

November 2016

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This report contains the results of a study on debts and causes of bankruptcies that were finalized in 2015. The study was conducted by Statistics Netherlands and commissioned by the Scientific Research and Documentation Centre of the Dutch Ministry of Security and Justice. The methodology used in the study is similar to that used in earlier CBS-studies on debts and causes of finalized bankruptcies.

An important difference with the previous studies conducted by Statistics Netherlands is that not every bankruptcy was investigated. Instead, a stratified random sample was used, except for 'businesses and other organisations' employing more than hundred persons. In the latter case all bankruptcies were investigated. The results of this research remain fully comparable with the results obtained in previously conducted studies by Statistics Netherlands.

In comparison with the previous studies the conditions, under which the study was performed, changed as well. Several relevant changes occurred in regulations, the economic climate is different now than it was several years ago and trends like flexible private companies and flexible labour forces are emerging.

The most important findings in this study on debts and causes of bankruptcies that were finalized in 2015 are:

- *Increase in the number of finalized bankruptcies:* Compared to the previous study from 2010 the number of finalized bankruptcies increased from 7,639 to 8,964 in 2015 (+17.3 percent). The increase is fully caused by 'businesses and other organizations' of which the number of bankruptcies increased from 5,868 in 2010 to 7,602 in 2015 (+29.6 percent). In the same period, the number of finalized bankruptcies of natural persons decreased from 1,771 in 2010 to 1,362 in 2015 (-23.1 percent).
- *Increase of the share of economy induced bankruptcies:* In 2015 47.4 percent of the finalized bankruptcies of 'businesses and other organizations' was related to economic causes. Economic factors were by far the most common cause for bankruptcy. In 2010 33.4 percent of the finalized bankruptcies was related to economic causes. The difference in prevalence between economic causes and runner up 'mismanagement' was substantially bigger in 2015 than in 2010.
- *Increase of the total debt of finalized bankruptcies of 'businesses and other organizations':* The total debt of finalized bankruptcies of 'businesses and organisations' increased from 4.3 billion euro in 2010 to 4.9 billion euro in 2015 (+13.6 percent). Compared to 2004 the total debt increased by 151.0 percent. The amount of debts increased from 1.9 billion euro to 4.9 billion euro.
- *Increase of unpaid debts of finalised bankruptcies of 'businesses and other organizations':* The unpaid debt of finalized bankruptcies of 'businesses and organisations' increased from 3.9 billion euro in 2010 to 4.4 billion euro in 2015 (+14.2 percent). Compared to 2004 the unpaid debt increased from 1.7 billion euro to 4.4 billion euro in 2015 (+153.0 percent).
- *Decrease of the average unpaid debts of finalised bankruptcies of 'businesses and other organizations':* The average unpaid debt of bankruptcies of 'businesses and other organizations' that were finalized in 2015 amounted 582 thousand euro and 660 thousand euro in 2010 (-11.8 percent).

- *Unpaid debts of ‘businesses and other organizations’ largely caused by private businesses:* The unpaid debt of private companies attributed 90.7 percent to the total unpaid debt of bankruptcies of ‘businesses and other organisations’ that were finalized in 2015. Compared to 2010 the share of private companies to the unpaid debt increased by 7.0 percent point.
- *Share of confirmed disadvantaging increased:* The percentage confirmed disadvantaging equalled 17.3 percent in 2015. Compared to 2010 this percentage increased with 5.5 percent point.
- *Share of confirmed and probable disadvantaging increased:* Disadvantaging (consisting of the categories confirmed and probable disadvantaging) occurred in 30.1 percent of the finalized bankruptcies of ‘businesses and other organizations’; 6.5 percent point higher compared to 2010. The increase in disadvantaging observed in 2015 is mostly due to confirmed disadvantaging.

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