

The Indebtedness of Men and Women: A Study of Personal Bankruptcies in the Czech Republic

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Abstract : Debt relief (also labelled personal bankruptcy) is a bankruptcy settlement method which was implemented into Czech legislation by the Insolvency Act (Act No. 182/2006 Coll. on Insolvency and its Resolution) on 1 January 2008. The need to implement the institute of personal bankruptcy arose from the excessive over-indebtedness of many inhabitants of the Czech Republic after the crisis that arose around 2008 and 2009. The contribution analyses the development in the manner in which households approach personal bankruptcy and assesses and surveys the differences between indebtedness among men and women. The first section analyses the development in numbers of filed personal bankruptcy petitions and the successfulness thereof; it likewise analyses the impact of other economic influences (regional differences, unemployment etc.). The differences between debtors in dependency to gender are also surveyed. A survey of insolvency proceedings for 664 persons whose insolvency proceedings were commenced in 2008 was conducted, whilst the data were acquired from the publicly accessible insolvency register. The hypothesis on the equality of the average debt level of men and women was tested when comparing indebtedness in dependency to debtor gender. At a significance level of 0.05, the test confirmed that the mean value of debt level for women is lower than the mean value of debt level for men. Through analysis of further results, it was found that the average level of debt among women was CZK 537 thousand, while the average level of creditor satisfaction reached 46.2%. Men in the monitored sample had an average level of reported receivables of CZK 652 thousand, satisfaction of their creditors reached 58.8%. The main changes in the institute of personal bankruptcy are then evaluated in the closing discussion, and the impacts of these changes for households are assessed. The development of legislation in the Czech Republic and practice are shifting towards broader usage of personal bankruptcy, especially insofar as it can now also be used by entrepreneurs. Furthermore, the amendment of the Insolvency Act has enabled married couples to apply for joint debt relief, which has improved the position of the marriage partner with lower income and who would not get permission for debt relief on his/her own (mostly women are at issue). In current practice, the condition of adequate income is also solved by the fact that another person (usually a family member) undertakes to donate a certain monthly sum throughout the duration of the debt relief. Personal bankruptcy can thus be completed also by individuals to whom it would previously have been denied by the court.

Keywords : debtor, households, insolvency act, over-indebtedness, personal bankruptcy

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