CONSUMER BANKRUPTCIES ARE EXPECTED TO SURGE IN 2021-22: ARE YOU READY TO HANDLE THE VOLUME?

According to the U.S. Census Bureau, close to half of all households in the U.S. experienced at least some loss of employment income since March 2020. Yet consumer bankruptcy filings were much lower than 2019 levels. The impact of pandemic relief measures resulted in the lowest level of bankruptcy filings in **nearly 35 years.**

2020 DATA TRENDS:

>4M
Homeowners using forbearance

>70M
Americans filed for unemployment in 2020

10M
Jobs did not come back

Write-offs rose to **7.99%** in 2Q20 from 7.46% in 1Q20

The 513,000 filings in 2020 represent a **30% reduction** from bankruptcy volumes from previous years

Medical debt **rose 7%** in 2020

Households are **2.5 times more likely** to file for bankruptcy in the year immediately following a job loss, with rates persisting for 2-3 years

WHAT'S BEHIND THE LOW CONSUMER FILINGS:

Stimulus checks, PPP loans, unemployment relief, loan forbearance, credit payment extensions, government eviction protections.

COVID-19 IMPACTS: SHORT TERM DECLINE

Chapter 13 New Filings

— 2019 — 2020

WHAT'S AHEAD?

Looking forward, the American Bankruptcy Institute forecasts what could be a record number of consumer filings. Eventually the economic stress that millions of Americans have been under will likely give way, translating into one more significant burden for financial institutions to manage.

- **Consumer bankruptcies could soar** from approximately 500,000 in 2020 to over 1 million in 2021.

- **Changes to consumer bankruptcy proposed** in the Consumer Bankruptcy Act of 2020 introduced by Congress last year. If passed, Chapter 7 and 13 bankruptcies would be replaced with a new Chapter 10 classification. This change would require significant rework for a lending team.

GET READY WITH ETHOS™ BANKRUPTCY INTELLIGENCE

Manage your bankruptcies more efficiently and more effectively with this automated tool that will help your institution:

- **Increase Recoveries** – Receive automated, daily notifications across all 94 court districts with Credit Bureau matching. Receive 95% of notifications within 24 hours.

- **Accurately identify 99.98% bankruptcies** – From a single dashboard receive active notifications, file proof of claims and monitor account activity.

- **Confidently comply with changes to code** – FIS will keep track of all bankruptcy rules and changes so that you are not left behind trying to figure out the new laws if they go into effect.

- **Lower Operational Costs** – Increase efficiencies by eliminating manual reviews and significantly reducing PACER bills with integrated tools.

- **Reduce Legal Risk** – Immediately comply with automatic stay orders, never miss court-required actions and accurately generate and file court documents according to rules and regulations.

- **Simplify Workflow** – Monitor key dates and access all documents using a single, easy-to-use digital tool.

BANKRUPTCY INTELLIGENCE STATS:

1.4 BILLION ACCOUNTS MONITORED

7 LEVELS OF DATA VALIDATED, INCLUDING SSN

20 MILLION ANNUAL STATUS UPDATES

>95% OF ALL BANKRUPTCIES AVAILABLE WITHIN 24 HOURS OF FILING

99% DATA ACCURACY WITH CREDIT BUREAU MATCHING