

New Solvency Registry in Greece - Digitalization Game Changer

The recent overhaul of the insolvency framework by virtue of 'Law 4548/2020 on Debt Settlement and Facilitation of Second Chance'(the Insolvency Law) has proved a game-changer as far as digitalization and data collection is concerned in Greece, writes Yiannis Bazinas of Bazinas Law Firm.



In particular, the Insolvency Law has established a unified Solvency Registry, where all notifications regarding the various insolvency and restructuring procedures must be published.

Such information ranges from the issuance of insolvency judgments and the ratification of rehabilitation agreements to less consequential procedural steps, such as the sealing of the insolvent estate, the conclusion of contracts by the insolvency practitioner etc. Judging from the breadth of available information, the Solvency Registry constitutes the first ever database on insolvency and restructuring statistics in the country.

The system first took effect in March 2021. Since then, there have been a total of 1097 registry entries designated as the filing of insolvency applications. The vast majority of such applications (88%) relate to individual debtors, which was an expected development, considering that the new Insolvency Law extended insolvency eligibility to consumers for the first time. A striking feature is that most insolvency applications (90%) have been filed during 2022. This can be partially attributed to the delayed familiarization of debtors with the new available procedures but also reflects the growing financial pressures that businesses and households are currently facing, as a result of inflation and the energy crisis.

According to the registry, there have been 336 declarations of insolvency, 89% of which relates to natural persons, whereas the remaining have been dismissed, withdrawn or currently pending before the insolvency courts. The absence of any reliable historical data makes it difficult to consider emerging trends but the general impression is that the number of insolvency filings and judgments is significantly higher than previous years, which can largely be attributed to the inclusion of consumers within the new Insolvency Law's scope.

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