

## Statistics Update: Second Chance and New Challenges in Greece

**The reform of the insolvency framework under Law 4738/2020 for Debt Restructuring and the Provision of a Second Chance has brought significant changes to the approach of insolvency and pre-insolvency procedures in Greece,** *report Yiannis Bazinas and Katerina Fanouraki (Bazinas Law Firm, Athens, Greece)*



The creation of a unified digital database, in accordance with the requirements of Directive 2019/1023 of the European Parliament and the Council on a framework for preventive restructuring, provides complete and transparent access to information covering all stages of insolvency and restructuring procedures, enabling institutions to understand market trends and assess the effectiveness of the new framework.

In 2023, insolvency filings registered with the Electronic Solvency Registry reached 1.700, 90% of which concerned consumers. In 2024, the number of registered filings has already risen to 1.930, with only 8.5% concerning filings of legal entities. This pattern, in correlation with the number of filings in previous years, reveals a steady increase in applications by consumers, which may be attributed to the onset of a more widespread financial distress as a result of inflation and the energy crisis affecting many households. The above statistical data enable us to reach the conclusion that a significant portion of consumers is willing to undergo insolvency, since the simplified and expedited insolvency procedure for "small and medium-sized" debtors, combined with the possibility of automatic discharge from remaining debts for all individuals, offers a swift social and economic reintegration.

Rehabilitation proceedings remain significantly less common than insolvency proceedings, proving that formal restructuring tools are in practice relevant only for larger corporate debtors. In 2023, there were 28 applications for the ratification of rehabilitation agreements, 26 of which were eventually approved, whereas so far in 2024 so far, 45 applications have been submitted and 27 rehabilitation agreements have been ratified. The data thus shows a significant uptick in rehabilitation proceedings, indicating that corporates are trying to take advantage of prevailing macroeconomic conditions in order to prepare ahead of a potentially imminent economic downturn.

Overall, the digitization of insolvency procedures, although valuable, is still subject to improvement, as there is a need for adaptation to current institutional changes in the justice system, while continuous training of those involved in insolvency procedures is deemed essential, with the aim of improving the understanding and implementation of the new legal framework, as well as enhancing the efficiency of the procedures. .