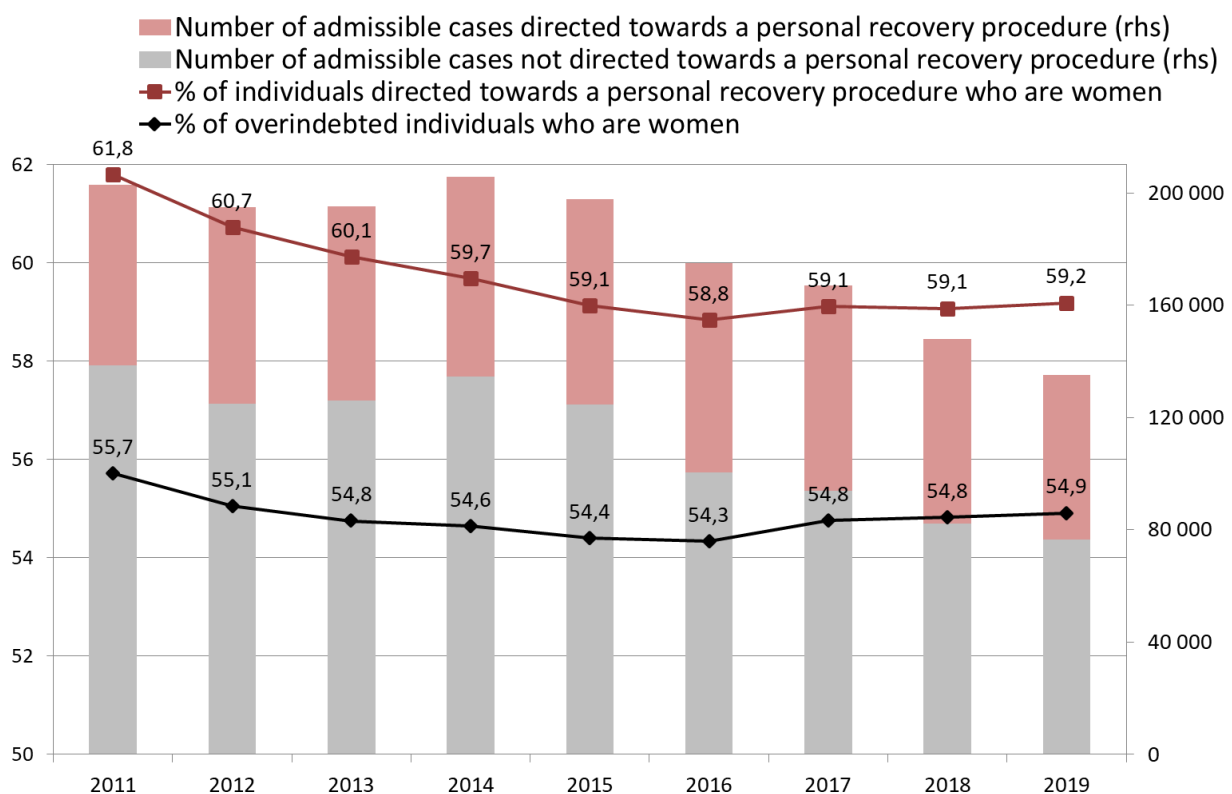


Overindebtedness, women and single parenthood

By [Nicoletta Berardi](#), [Guillaume Gaulier](#), Karine Jean, Dominique Nivat & [Soledad Zignago](#)

The procedure for dealing with overindebtedness has been in existence for 30 years. Women have long been more vulnerable to it than men. In recent years, the overindebtedness procedure has affected the most financially vulnerable individuals, notably women raising children on their own. They account for 26% of overindebted women, almost three times their share in the total female population.

Chart 1: Admissible overindebtedness applications and proportion of women



Sources: Household overindebtedness typological surveys, authors' calculations.

Note: The personal recovery procedure, or total debt forgiveness, is open to debtors who are in the most difficult financial situations and who are incapable of repaying what they owe.

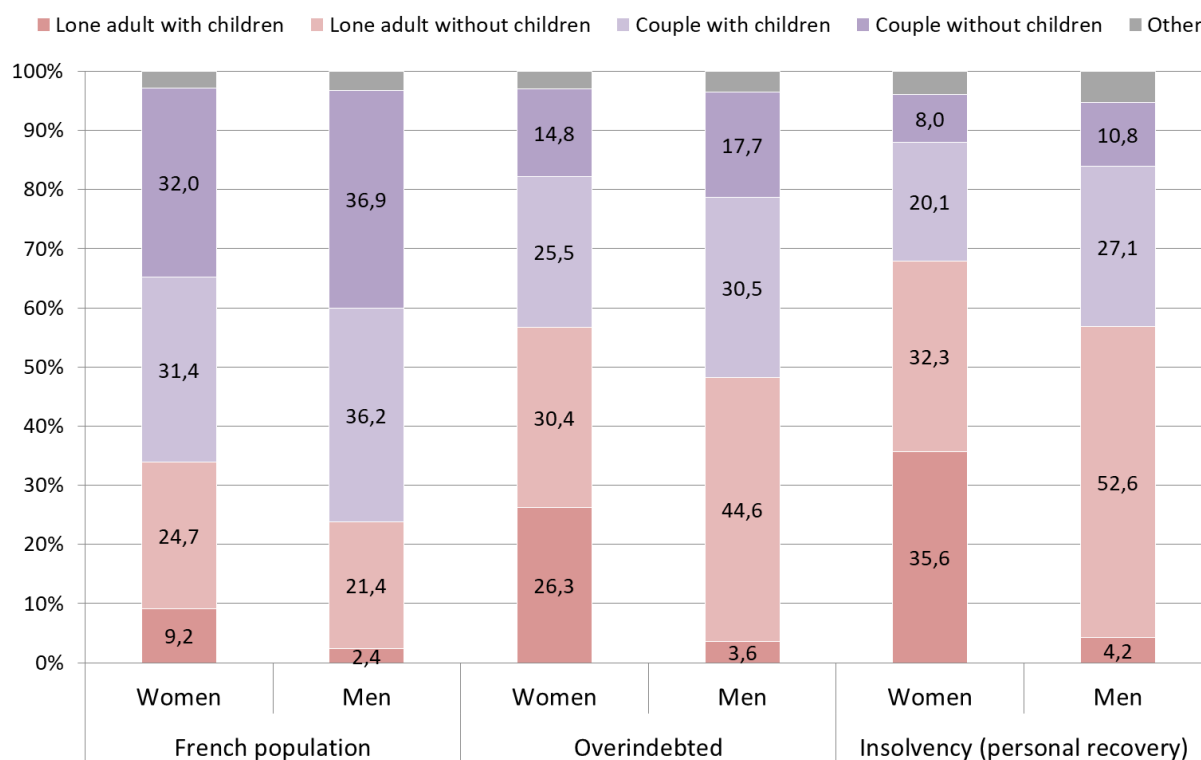
The overindebtedness procedure, which is aimed at individuals and households that are clearly unable to repay all their debts, is thirty years old. The number of applications filed, which had increased in the 1990s and 2000s, fell by 38% between 2014 and 2019, thanks to the legislation against abusive lending practices, the reduction in unemployment and the improvement in household solvency thanks to lower interest rates and to loan renegotiations. The legal framework for assisting over-indebted households, the methods of dealing with applications and even the goals of the procedure have changed profoundly over the past thirty years, as has the profile of the applicants. In the 1990s, a large proportion of overindebted households had financial resources but were struggling to repay too many loans, in particular consumer loans. Over the years, the overindebtedness has affected the most financially vulnerable individuals, in particular women raising children on their own.

Even though the situation improved at the start of the current decade, women are still more overindebted than men: in the age groups most affected by overindebtedness (25 to 54 year olds), they accounted for 55% of debtors whose overindebtedness application has been considered admissible in France in 2019 (Chart 1, [Household overindebtedness - 2019 typological survey](#)), even though they only slightly outnumber men within the age group concerned (less than 51%).

Debts are not solely made up of loans. Increasingly, they include unpaid rents, tax debts, water or electricity bills, school canteen fees, etc. When the household debt commission considers that the debtor is not able to repay his/her debts (given his/her resources and unavoidable expenses), it imposes a write-off of all debts. The proportion of women in these most precarious situations (so-called "personal recovery" or personal insolvency) is even higher: their share exceeds 59%.

The main difference between over-indebted women and men lies in the composition of households: 26.3% of overindebted women are the head of a single-parent family (against 9.2% in the French female population, see Chart 2). In comparison, 3.6% of indebted men are the head of a single-parent family (against 2.4% in the French male population). The over-representation of single-parent mothers is even greater among the most destitute over-indebted population, since their share rises to 35.6% of overindebted women who have had all their debts written off.

Chart 2: A breakdown by household type that differs according to gender



Source: Household overindebtedness typological surveys, authors' calculations

Key: In 2019, single-parent mothers accounted for more than 26% of overindebted women, while single-parent fathers represented less than 4% of overindebted men.

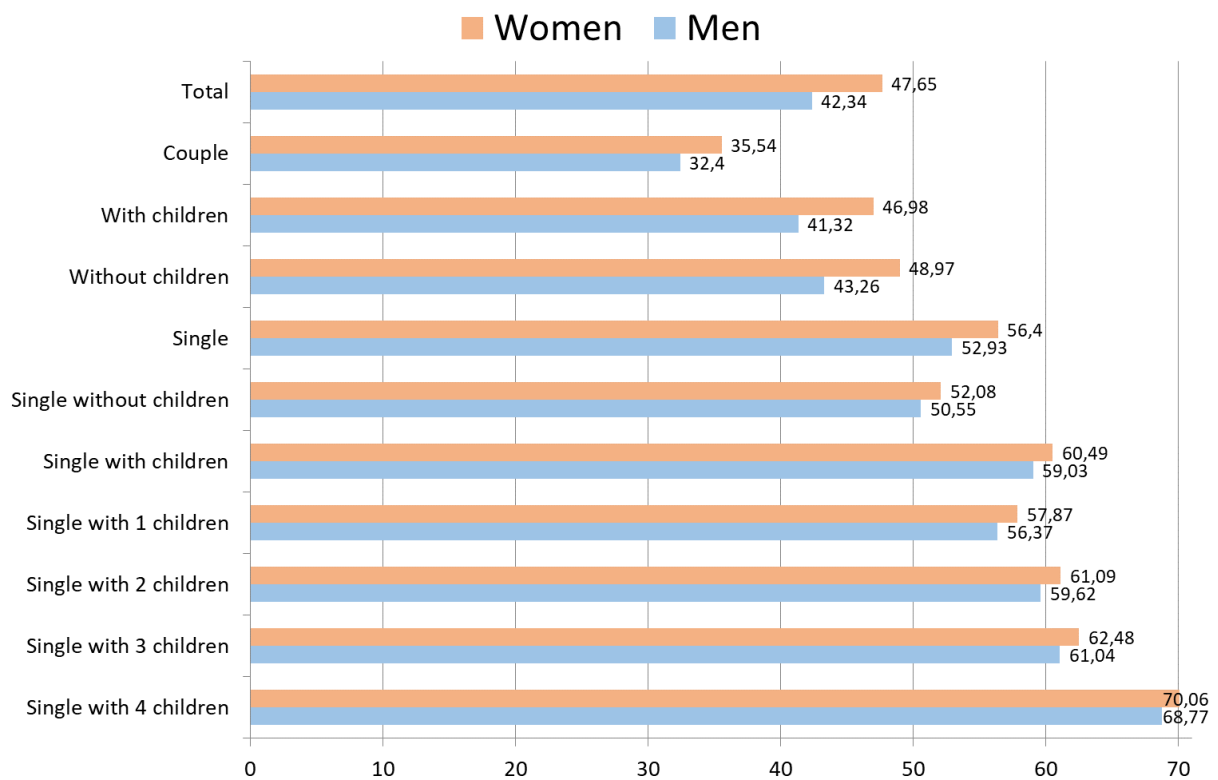
Thus, women are not more indebted than men simply because they are women, because their average wage is 24% lower than that of men (INSEE, 2017) or because they are unable, for example, to properly manage their budgets. They are more indebted in particular because they are much more likely than men to be the head of a single-parent family. This single parenthood implies daily financial difficulties: in 2019, the median income of overindebted single-parent families headed by a woman stood at EUR 897 per consumption unit. This figure is 14% below the poverty line, but also 21% below the median income of overindebted women living alone, 10% below that of couples with child(ren) and 26% below the median income of couples without children. Single parents are also less available in terms of hours or less mobile, which prevents women from accessing better professional opportunities. Finally, over-indebted single-parent mothers, only a third of whom declare themselves to be single, are of course all the more vulnerable as they do not receive any maintenance payments.

Heads of single-parent families are therefore more likely to benefit from a total write-off of their debts if their financial situation is deemed to be irretrievably compromised. According to our calculations, for a (40-year old) woman living alone, the probability of benefiting from a total debt write-off increases from 52% if she has no children to 58% if she has one child,

and up to 70% if she has more than three children, as shown in Chart 3 (from Berardi, Gaulier, Nivat, Monteil & Zignago, 2019).

The fact that overindebted single-parent mothers are more likely than other debtors to have their debts completely written off through a personal recovery procedure not only reflects their greater vulnerability to overindebtedness, but also shows that the over-indebtedness procedure makes it possible to propose effective solutions that deal with situations in a differentiated manner. The households most in difficulty are those that are offered the most radical solutions, giving them a real second chance after the application has been dealt with.

Chart 3: Probability of a (40-year-old) overindebted person being directed towards a PRP



Note: Probabilities were estimated using a logit model, see Berardi et al. (2019) for more details.