

18 people declared bankrupt on a daily basis

PETALING JAYA: A staggering 18 people were declared bankrupt every day in the first five months of 2022, the Insolvency Department has revealed.

Its data, posted on its website, showed that between January and May, 2,694 persons were declared bankrupt, bringing the number of bankruptcies in the country to 274,628.

Nearly 60% of those who were declared bankrupt from 2018 until May this year were between 25 and 44 years old.

Another alarming fact is that more than 200 of those declared bankrupt since 2018 were aged 25 or younger.

Almost half of the 46,132 persons declared bankrupt from 2018 until May this year were dragged down by personal loans, with other reasons including vehicle hire purchases, business loans, and outstanding credit card payments.

"The number of petitions (by debtors and creditors) filed every day in 2022 is 17.

"The number of cases registered every day in 2022 stands at 18," the department said.

However, the number of bankruptcies in the country has steadily decreased from over 16,000 cases per year in 2018 to about 6,500 cases last year.

The significant reduction could be attributed to the amendment to the Insolvency Act on Sept 20, 2020 that increased the bankruptcy threshold from RM50,000 to RM100,000.

Over 58% of those who were declared bankrupt in 2018 until May this year owed sums ranging from RM100,000 to RM499,999, while

almost 8% are in the RM500,000 to RM999,999 bracket, and about 5% have debts of over a RM1mil.

Selangor has the highest number of bankruptcies, with 72,608 cases up until May 2022, followed by the Federal Territories (46,876) and Johor (32,441) cases.

Commenting on the data, consumer financial expert Prof Dr Mohamad Fazli Sabri said having 18 people declared bankrupt every day was alarming even though the number might be far lower than previous years.

"If we multiply 18 by 365 days, we will have close to 6,600 cases a year. Although the numbers might be lower than the previous year, we need to remember that the threshold for bankruptcies was RM30,000 before it was increased to RM50,000, and now RM100,000," he said.

"So we cannot be making an apple-to-apple comparison between this year and the previous years, but having 18 individuals declared bankrupt every day is something that we should be concerned about."

Fazli, who is also the dean of the Human Ecology Faculty at Universiti Putra Malaysia, advised the public to seek help from professionals prior to making any new loan commitments.

"The fact that many of them fall into bankruptcy due to personal loans is something that is worrying because we have no idea why they have taken loans; they could have spent the money on something that was not a necessity.

"But it is also possible that these people are

The number of bankruptcy cases (from 2018 to April 2022)

By age group	Year					Total	%
	2018	2019	2020	2021	2022		
Under 25 years	139	54	21	20	5	239	0.52
25-34 years old	4,139	2,603	1,741	1,060	370	9,913	21.49
35-44 years old	5,958	4,574	3,150	2,535	996	17,213	37.31
45-54 years old	4,022	3,087	2,211	1,802	806	11,928	25.86
55 years old and above	2,106	1,707	1,204	1,116	503	6,636	14.38
No information	118	26	24	21	14	203	0.44
TOTAL	16,482	12,051	8,351	6,554	2,694	46,132	100
By gender							
Male	11,760	8,923	6,116	4,874	1,980	33,353	72.95
Female	4,722	3,128	2,227	1,671	709	12,457	27.00
No information	0	0	8	9	5	22	0.05
TOTAL	16,482	12,051	8,351	6,554	2,694	46,132	100
Factors leading to bankruptcy							
Personal loan	4,636	5,706	4,457	3,267	1,268	19,334	41.91
Purchase vehicle	3,392	1,543	1,006	690	212	6,843	14.83
Business loan	1,424	1,846	1,223	1,202	547	6,242	13.53
Housing loan	1,982	1,138	583	459	259	4,381	9.58
Credit card	1,811	880	600	438	121	3,850	8.35
Others	1,770	425	91	126	92	2,504	5.43
Corporate guarantor	626	221	114	118	67	1,146	2.48
Income tax debt	275	261	158	147	72	913	1.98
Social guarantor	540	15	2	0	0	557	1.21
EPF contributions	0	0	105	92	52	249	0.54
Scholarships/study loans	26	16	12	15	4	73	0.16
TOTAL	16,482	12,051	8,351	6,554	2,694	46,132	100

Source: Malaysian Department of Insolvency.

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taking loans to pay their debts. They should have sought advice from the experts, for example, the Credit Counselling and Debt Management Agency (AKPK)," he added.

Echoing his concern was SME committee chairman of the Associated Chinese Chambers of Commerce and Industry of Malaysia, Koong Lin Loong, who believes many plunged into

bankruptcy due to a lack of financial management.

"Having 18 falling into bankruptcy daily is a scary thing. Imagine tomorrow, there will be another batch, and then the day after.

"So, I think it is important to stress the importance of individual financial planning," Koong said.