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The Distinctive Features of Women in the Australian Bankruptcy System: An Empirical Study

According to data published by Australian Financial Security Authority (AFSA), Australian women and men offer strikingly similar reasons for their entry into bankruptcy. *Yet a more detailed analysis of AFSA's data indicates that* women and men often go bankrupt in very different social and economic circumstances. This empirical study draws upon a unique dataset, obtained from AFSA, containing the deidentified records of more than 28,000 individuals. It also draws upon a series of focus groups with the staff of three non-profit organisations, including financial counsellors and consumer solicitors. It finds that, in general, women in bankruptcy are likely to be economically disadvantaged, relative to men, as measured by income, access to wages, reliance on government benefits, real estate ownership and utilities debt. It also finds that women in bankruptcy are much more likely than men to be single with dependants, and that these women experience a greater degree of gendered disadvantage than other women in the bankruptcy system.

Key words: bankruptcy, dependants, empirical, gender, women

1. Introduction

When Australian men and women enter the bankruptcy system, they offer strikingly similar reasons for their financial difficulties. At the commencement of bankruptcy, all individuals are required to complete a Statement of Affairs form. In this form, they must provide detailed information about their financial circumstances, including their assets, debts, income and source of income. They are also required to nominate the 'main cause' of their financial problems (AFSAe 2016: 9). The Australian Financial Security Authority (AFSA), the regulator of Australia's personal insolvency system, reports that both men and women nominate 'unemployment or loss of income' as 'the main cause' of non-business related, or personal, insolvency.¹ For both men and women, 'excessive use of credit' is the second most common cause, while 10 per cent of men and 16 per cent of women nominate 'domestic discord or relationship breakdown' (AFSA 2016a). Such data suggests that men and women have very similar reasons for declaring bankruptcy.

This article seeks to gauge the extent to which women and men enter bankruptcy in response to different social and financial circumstances. It represents the first empirical study of women in bankruptcy to be conducted in Australia. It utilises a unique and significant dataset, obtained from AFSA, containing the deidentified records of more than 28,000 individuals who declared bankruptcy between 2007 and 2016. It also draws upon a series of focus groups, involving staff at three non-profit organisations with expertise in assisting people in financial hardship. The article compares the economic and social circumstances of Australian men and women in bankruptcy, focussing on family situation, income, source of income, real estate ownership and utilities debt. It finds evidence that women in bankruptcy are much more likely to be single with dependants, to rely on government benefits and to be struggling to meet basic living costs, as evidenced by utilities debts. By contrast, men are more likely to own real estate and report higher annual incomes in the year leading up to bankruptcy. These findings suggest that, while men and women nominate similar reasons for their bankruptcies, their bankruptcies are often influenced by very different social and economic factors.

2. Background

Previous studies of women in bankruptcy

To date, almost all academic studies of women in bankruptcy (Shuchman 1983; Wiseman 1989; Driscoll 1994; Davis 1998; Burns 2002; Sullivan 2005; Ben-Ishai 2005; Kalsem 2006; Coco 2013; Hansen and Miller 2016; Catherine 2018) have been published in the United States (US). Since neither US courts nor government agencies publish regular statistics on the gender of bankrupt debtors (Sullivan et al. 1999: 15-17; Warren 2002: 27; Catherine 2018: 39), these scholarly studies provide the most reliable insight into the phenomenon of female bankruptcy in the US. In 1983, Philip Shuchman estimated that male individuals constituted 32 per cent of US bankruptcy filers, while female individuals made up 31 per cent and the remaining 37 per cent were 'joint' filers, married couples filing a single bankruptcy application (1983: 289).² Shuchman identified 'a substantial, perhaps even dramatic, increase in the number of separate female bankrupts within the [preceding] decade' (1983: 289). He noted that, in comparison with men, female debtors were more likely to be living with dependent children (1983: 289). In their pioneering study, *As We Forgive Our Debtors*, Teresa Sullivan, Elizabeth Warren and Jay Westbrook presented a more detailed profile of single women in bankruptcy.³ According to their data, which was based on bankruptcies filed in 1981, 'single-filing' women made up only 17 per cent of bankruptcies (1999: 17, 149).⁴ Yet they found that, compared with other debtors in the sample, these women were 'persistently at the lowest end of all income measures', including incomes, assets and debt levels (1999: 155). More recently, Elizabeth Warren has claimed that single women constitute 'the largest group in bankruptcy' in the US (2002: 27), making up 39 per cent of bankruptcies in 2001 (2002: 27). Writing with Amelia Tyagi, she has argued that single mothers in the US are '50 percent more likely than married parents to go bankrupt, and three times more likely than childless people – married or single' (Warren and Tyagi 2003: 104).⁵

US commentators have offered various explanations for the apparent rise in single female bankruptcies over recent decades. In 1983, Schuchman speculated that many single women going bankrupt might be in financial hardship because they cannot obtain support from former spouses (1983: 289). Drawing upon their more detailed data regarding the financial circumstances of single women in bankruptcy, Sullivan, Warren and Westbrook suggested that these women might be peculiarly vulnerable to 'small disruptions' such as a 'short layoff', or unexpected expenses such as medical bills, because their incomes were so

much lower than those of other people entering bankruptcy (1999: 155-56). In a similar vein, Warren and Tyagi drew a connection between the increasing numbers of single women declaring bankruptcy and the increasing prevalence of two income households. They pointed out that '[a]s growing numbers of married mothers enter the workforce, the income gap between single and married parents is growing' (2003: 113). They suggested that, due to the increasing prevalence of dual income families, single income households have been '[p]ush[ed]... down the economic ladder', with the result that these households are 'more likely to go bankrupt 'than ever before' (2003: 9, 114). By contrast, Hansen and Miller have suggested that the increasing number of women in bankruptcy could be 'a sign of progress' in the sense that it reflects women's increasing access to credit (2016: 34). This possibility is also acknowledged by Sullivan, Warren and Westbrook, who note that 'for decades, few women filed for bankruptcy on their own, because few had credit on their own (1999: 147).⁶

Australian public data

To date, there have been no Australian academic studies focussing on women in bankruptcy.⁷ Yet in contrast to the US, where there is very limited public data regarding the operation of the bankruptcy system, Australian researchers have access to detailed statistical data gathered by AFSA, the government body charged with overseeing the Australian bankruptcy system (AFSA 2016c; AFSA 2016d). Statistics published by AFSA suggest that in Australia, women consistently make up around 40 per cent of those declaring bankruptcy. In contrast to Warren's findings in the US, AFSA's statistics suggest that the proportions of Australian men and women in bankruptcy are remarkably stable over time. According to AFSA's 2011 Profiles of Debtors report, women constituted between 42 and 45 per cent of bankrupt debtors between 2003 and 2011 (2012: 8). AFSA's more recent statistics, published on its website, indicate a slight decline in the proportion of women in the bankrupt population. The statistics show that women made up 41 per cent of bankrupt debtors in 2013, 40 per cent in 2014 and 39 per cent in 2015.⁸ As noted above, all debtors are required to nominate the 'main cause' of their financial problems when completing the Statement of Affairs that must be lodged at the commencement of a bankruptcy. They must nominate a single cause, choosing from a list of ten 'business related' and seven 'non business related' causes (AFSA 2016e: 9). AFSA's data indicates a high degree of similarity between the causes of bankruptcy nominated by men and women in this context. For both men and women, 'unemployment or loss of income' is most commonly identified as 'the main cause' of non-

business related, or personal, insolvency. 'Excessive use of credit' and 'domestic discord or relationship breakdown' are the two other 'main causes' of personal insolvency, for both men and women (AFSA 2016a).

Purpose of the study

There appears to be a disjuncture between the US studies of women in bankruptcy and the statistics published by AFSA. While the US research points to increasing numbers of women entering the bankruptcy system, AFSA's data suggests that Australian women's representation in the bankruptcy system has remained remarkably stable over time. It is possible that this apparent contrast reflects real differences between the economic circumstances of women in these countries. Women in the US are more likely than men to be impoverished. In 2014, the poverty rate was 14.7 per cent among women but only 10.9 per cent among men (National Women's Law Center 2015: 1). The high cost of medical care in the US may contribute to this situation, particularly for single mothers: in bankruptcy, single mothers report very high levels of medical debt, compared with other demographic groups (Schuchman 1983: 289). Increasing rates of bankruptcy among American single mothers may also be influenced by US welfare policy, particularly the 1996 legislation that abolished the programme known as Aid to Families with Dependent Children, dramatically restricting single mothers' access to income support (Edelman 2001: 1075). By contrast, Australian single mothers have access to a universal health care system offering free or subsidised treatment and medicines. Moreover, since the 1980s, the Australian social security system has included a range of family payments designed to supplement the incomes of low-income single parents (Brownlee and King 1989: 123-45). Empirical research demonstrates that these payments have made 'a substantial contribution to the alleviation of poverty among families with children' since their introduction (Brownlee and King 1989: 141). Eligibility for these payments has been restricted in recent decades (McKenzie et al. 2016) and there is growing evidence that Australian single mothers who rely solely upon social security are 'extremely stretched financially' (Craig 2005: 522). Even so, on the whole, rates of poverty among men and women in Australia remain very similar: the Australian Council for Social Services (ACOSS) reports that 13.8 per cent of women and 12.8 per cent of men lived in poverty in 2014 (Australian Council of Social Service 2016:32). It is possible that in comparison with their counterparts in the US, Australian women's access to better income support, as well as free or subsidised health care, reduces their vulnerability to bankruptcy.⁹

This study seeks to supplement the data currently published by AFSA, in order to gauge the extent to which women and men experience different social and financial circumstances at the time of bankruptcy. It compares key social and financial attributes of men and women in bankruptcy in Australia, to determine whether or not there are any striking differences between these two groups that are not reflected in AFSA's data. Drawing upon a large dataset of individual bankruptcy records, and a series of focus groups with financial counsellors, consumer solicitors and other consumer advocates, the study attempts to establish the extent to which men and women in Australia go bankrupt for different reasons. Specifically, it seeks to ascertain whether or not responsibility for dependent children has a decisive impact on women's circumstances at the commencement of bankruptcy and their reasons for declaring bankruptcy.

3. Methodology

The AFSA data set

The quantitative data in this study is derived from a large data set provided by AFSA in 2016. AFSA supplied the authors with the de-identified records of 28,683 bankruptcies initiated between 1 July 2007 and 20 June 2016, representing a random sample of all bankruptcies filed during this period.¹⁰ The data set provided a snapshot of each debtor's¹¹ circumstances at the time of bankruptcy. It recorded each debtor's gender, age, occupation, income, primary income source, family situation and spouse's income, where relevant. It recorded his or her state of residence and geographic location.¹² It also recorded the cause of bankruptcy, as nominated by each person when completing his or her Statement of Affairs at the commencement of bankruptcy; or, in the case of an involuntary bankruptcy, on the basis of information supplied by creditors. It included details of each person's unsecured assets and liabilities at the time of bankruptcy. It listed the primary source from which he or she obtained information about bankruptcy, such as AFSA, a financial counsellor or private practitioner such as a bankruptcy trustee.

Debtors who declared a business-related bankruptcy were excluded from the sample.¹³ This was for three reasons. First, AFSA treats business and personal debtors differently, with respect to the information it collects through the Statement of Affairs. When debtors are asked to identify the cause of their bankruptcy, for example, business and personal debtors are asked to select from entirely separate lists of potential causes.¹⁴ Second,

compared with men, only a small number of women declare business-related bankruptcy: while business bankruptcies accounted for 27 per cent of male bankruptcies in our sample, they accounted for only 15 per cent of female bankruptcies. Third, the debtors in our sample who declared business-related bankruptcy exhibited very different social and financial characteristics from those who declared personal bankruptcy. With respect to occupation, the disparity was quite sharp. For example, business debtors were far more likely to work in managerial occupations (14 per cent) or 'technical and trades' occupations (24 per cent) than personal debtors (8 per cent and 12 per cent, respectively). Construction and trade workers made up more than one in ten business debtors (11 per cent), but only 3 per cent of personal debtors. These differences held for both male and female debtors. Debtors declaring business bankruptcy were older, on average, and were much more likely to have partners, than those who declared personal bankruptcy.¹⁵ Debtors declaring a business-related bankruptcy also reported appreciably larger assets and debts, and much higher incomes, than those declaring personal bankruptcy.¹⁶ Given the striking differences between debtors in business and personal bankruptcy, any attempt to aggregate the two groups would have adversely affected the analysis. Any perceived differences between male and female debtors would have been confounded by the different proportions of business-related bankruptcies reported by these two groups.¹⁷

The AFSA data set was subject to some limitations. All the data was derived from the Statement of Affairs forms completed by each person at the commencement of bankruptcy. Since this is a time of considerable stress for many debtors (reference omitted to preserve the peer review process), it is possible that some of this is inaccurate or incomplete. Additionally, in the spreadsheet created by AFSA, key financial data was recorded in bands, rather than in precise figures. This meant that, for example, an individual's credit card debt was expressed as a range, such as '\$0.01-\$4999.99'. This affected the accuracy of means and medians calculated based on the data. A further limitation emerged in relation to real property assets and mortgage debts. AFSA advised that its data is unreliable in this respect, since people frequently fail to include all relevant information in the Statement of Affairs form.¹⁸ For this reason, AFSA employs its own formula to determine whether or not a debtor owns real property at the time of bankruptcy, by gathering and cross-referencing information from various parts of the Statement of Affairs. AFSA used these business rules to report home ownership rates among debtors in its Profiles of Debtors publications until 2011 (2012:

25). The authors used the same rules to measure real property ownership among individuals in the sample.

Some adjustment was also required in relation to the data concerning spousal income, which the authors used to calculate debtors' total household income. When reporting their spouses' incomes in the Statement of Affairs, debtors are invited to provide either a fortnightly or an annual figure. As noted above, AFSA's spreadsheet recorded this data in bands, rather than in precise figures. This meant that the data was imprecise with respect to spousal incomes reported as fortnightly amounts. For example, 116 people reported fortnightly spousal income in the '\$1-\$4,999' range. This translated to a potential annual income as low as \$26 or as high as \$129,974. To arrive at more precise estimates of total household incomes, spousal incomes reported over periods of less than a year were stripped from the data set and replaced with imputed annual incomes. These imputed annual incomes were based upon the average spousal incomes of those individuals who reported their spouses' income in annual figures. These imputed incomes were adjusted for gender. Men were imputed with the average female spousal income, while women were imputed with the average male spousal income. Records adjusted in this way accounted for 12.2 per cent of the total data set.¹⁹

Even allowing for these limitations, the data set represents an extraordinarily rich source of information about the financial and social circumstances of Australians in bankruptcy. To gauge the extent to which certain groups within the sample were advantaged or disadvantaged, relative to others, this article focusses on the following key indicia: household income, source of income, credit card, personal loan and utilities debt and real estate ownership (defined so as to include owners of properties subject to a mortgage). The authors look to debtors' total household income, rather than individual income, to gauge their relative economic disadvantage. This is because focussing purely on individual income would fail to account for the higher fixed expenses faced by single-income households, as a proportion of income. The authors also look to primary source of income to gauge individuals' relative advantage or disadvantage. Debtors who derive their income primarily from wages or salary are deemed to be advantaged, while those who rely on government benefits or pensions as their main source of income are deemed to be disadvantaged. Home ownership (calculated using AFSA's formula described above) is also viewed as an attribute of relative financial advantage. The incidence of utilities debt,²⁰ in particular, is viewed as a useful indicator of financial distress, since it suggests an inability to meet basic living

expenses. By contrast, higher levels of credit card and personal loan debt can be regarded as somewhat less reliable indicators of financial distress, since access to such forms of credit is generally restricted to those with higher incomes and more significant assets (Hansen and Miller 2016: 80). The absence of credit card or personal loan debt can thus be viewed as a sign of financial vulnerability, rather than strength. The study also examines the primary cause of bankruptcy, as stated on each debtor's Statement of Affairs. The authors subjected the data to a range of statistical tests. Inferential statistical procedures, including t-tests and chi-square tests of independence, were employed to test for differences between groups within the sample and to establish whether or not such differences were statistically significant. Multiple regression techniques were employed to test the impact of social characteristics, such as gender and family situation, on debtors' financial circumstances at the time of bankruptcy.

Focus groups

Due to the dearth of prior research on the subject of women's bankruptcy in Australia, the authors elected to conduct a series of focus groups in order to identify the most significant issues affecting women in bankruptcy. Ethics approval was granted in September 2016. The focus groups were conducted in October 2016. The authors conducted three focus groups in total. The participants in these focus groups were all employees of not-for-profit organisations, selected on the basis of their expertise in assisting people in financial hardship. Participants included solicitors, financial counsellors, social workers and policy workers. The number of participants in each focus group ranged from four to seven, including a facilitator. The first focus group (focus group 1) took place in a large regional city in Victoria. The participants were a solicitor, two financial counsellors and a social worker. The second focus group (focus group 2) took place in Melbourne. It involved solicitors and policy workers from organisations with specialist knowledge of the financial problems experienced by women. The third focus group (focus group 3) involved solicitors and financial counsellors working in a remote regional centre in Victoria. It was conducted via Skype. Each focus group lasted for approximately 90 minutes. Each was recorded and professionally transcribed. In each focus group, the facilitator led participants through a series of questions regarding their interaction with people who declared bankruptcy or who were contemplating bankruptcy. Participants were asked about the impact of bankruptcy

upon their clients' finances, health, relationships and general wellbeing. They were also invited to suggest ways in which the bankruptcy system could be made more accessible and effective in relieving financial hardship. In this context, participants were asked to describe the specific concerns and experiences of women in the bankruptcy system.

4. Results

This section reports the results of statistical analysis of the AFSA data.

Social characteristics

Table 1 shows the gender and family situations of debtors in the sample. Women accounted for approximately 46 per cent of the 22,517 personal bankruptcies in the sample.²¹ In some respects, the women in the sample did not appear strikingly different from the men. They were younger, but this difference was relatively slight: the men in the sample were 44 years old, on average, while the average age of women in the sample was 43. There were some differences between the occupational profiles of men and women in the sample. Women in the sample were more likely than men to be 'community and personal service workers', 'clerical and administrative workers' and 'sales workers', while men were more likely to be 'technicians and trades workers', 'machinery operators and drivers' or 'labourers'. However these differences were broadly consistent with wider social trends (Workplace Gender Equality Agency 2016: 7). As in AFSA's published statistics, unemployment and 'excessive use of credit' were the two most common causes reported by both men and women in the sample. Unemployment was cited as the main cause of bankruptcy by 34.4 per cent of men and 34.3 per cent of women, while 'excessive use of credit' was cited by 23.7 per cent of men and 24.2 per cent of women. For women, 'domestic discord or relationship breakdown' was the third most common cause, cited by 16.2 per cent of women in the sample. 'Domestic discord or relationship breakdown' was cited by 9.7 per cent of men, making it slightly less common than 'ill health' (10.0 per cent) and 'other causes' (10.7 per cent).

Analysis of debtors' family circumstances revealed a more notable demographic difference between men and women in the sample. Single people with no dependants constituted 45 per cent of the sample. Individuals with spouses and dependants made up 24 per cent of the total. Those with spouses but no dependants comprised 17 per cent of the total sample. In all three groups, men outnumbered women, making up approximately 60 per cent of each group. Single people with dependants constituted the smallest category, accounting

for only 14 per cent of the sample overall. Yet of all single people with dependants, 78 per cent were female. Overall, almost one quarter (24 per cent) of women in the sample were single with dependants, while only six per cent of men fell into this category.

[Table 1]

Financial characteristics

Income

Table 2 shows the average annual household incomes of men and women in the sample overall. It also shows the average annual incomes of men and women grouped according to family situation.

[Table 2]

Source of income

Table 3 shows the proportion of men and women in each of these groups who identified wages or salary as their primary source of income. Table 4 shows the proportion of individuals in each group who identified government benefits or pensions as their main source of income.

[Tables 3 and 4]

Real estate ownership

Table 5 shows the rates of real estate ownership among men and women in the sample, overall and grouped according to family situation.

[Table 5]

Utilities debts

Table 6 shows the proportion of individuals in each group reporting utilities debts.

[Table 6]

Credit card and personal loan debt

Tables 7 and 8 show the mean credit card and personal loan debts of individuals in each group.

[Tables 7 and 8]

Causes of bankruptcy

Table 9 shows debtors' most commonly cited causes of bankruptcy by gender.

[Table 9]

Summary

Table 10 summarises the key differences between the social and financial characteristics of men and women in the personal bankruptcy sample.

[Table 10]

5. Interpretation of the Data

This section interprets the data reported in Part IV. It outlines key differences between men and women in the sample overall, with respect to financial and social characteristics, including family situation. It proceeds to discuss the distinguishing features of women with dependants, noting that these women appeared to be disadvantaged, relative to other debtors in the sample. The section outlines possible reasons for this disparity, including housing costs and caring responsibilities. It concludes by considering the possible impact of relationship breakdown upon women in bankruptcy, drawing upon evidence gathered in focus groups with financial counsellors, consumer solicitors and other advocates.

Differences between men and women

In all categories (overall and grouped by family situation), men reported higher average incomes than women. They were more likely to derive these incomes primarily from wages and salary and less likely to rely on government benefits. Men were more likely than women to own or be purchasing real estate, suggesting that they were, in general, more financially secure prior to declaring bankruptcy. Overall, men appeared to have greater access to credit than women, as evidenced by their higher credit card debts and slightly higher personal loan

debts. Women were more likely to report utilities debts, suggesting that they experienced greater difficulty meeting basic living expenses prior to declaring bankruptcy. While strikingly similar proportions of men and women said that their bankruptcies were caused by unemployment or the excessive use of credit, women were much more likely than men to identify relationship breakdown or domestic discord as the cause. As discussed above, women in bankruptcy were much more likely than men to be single with dependants. This disparity was stark: as noted above, 78 per cent of all single people with dependants were female. AFSA defines 'dependants' broadly, so as to include spouses, parents and 'invalid relative[s]' (2016e: 4). Nevertheless, it is likely that most of these individuals were single parents, since these figures broadly reflect the gender composition of single parent families in the wider Australian population.²²

The impact of sole parenthood

Single women with dependants appeared to be disadvantaged on several measures, relative to other groups in the sample. The income gap between men and women in the sample was widest between single men with dependants and single women with dependants. While, on average, men in the sample earned \$5,621 more than women in the year prior to bankruptcy, single men with dependants earned \$9,929 more than single women with dependants. As with income, the gender gap in real estate ownership widened among single people with dependants. While the overall gap between male and female rates of real estate ownership was only four per cent, it grew to 10 percentage points between single men and women with dependants. On several other measures, single women with dependants also appeared to experience a greater degree of gendered disadvantage than other women in the sample. While women were generally less likely to cite wages as their main source of income (43 per cent, compared with 53 per cent of men), single women with dependants were much less likely to earn wages than their male counterparts (37 per cent, compared with 56 per cent of single men with dependants). Similarly, while women were in general more reliant on government benefits (54 per cent, compared with 39 per cent of men), single women with dependants were substantially more likely than single men with dependants to rely on this income source (61 per cent, compared with 36 per cent of men). Rates of utilities debt were also strikingly high among women in this group. Forty-four per cent of single women with dependants reported utilities debts. By comparison, utilities debts were reported by 31 per cent of single men with dependants and 32 per cent of women generally. Overall, men and

women in the sample reported very similar levels of personal loan debt, an average of \$11,083 for women and \$12,911 for men. Yet average personal loan debts were much lower among single women with dependants than among single men with dependants. The average personal loan debt of single women with dependants was \$8,847, whereas for their male counterparts, it was \$14,325.

These figures suggest that the single women with dependants in the sample faced unique social and economic pressures, in the period leading up to their bankruptcies. It is likely that, for many women in this group, caring responsibilities acted as a significant barrier to full time paid employment, resulting in lower incomes, higher rates of reliance upon government benefits (McKenzie et al. 2016; Cook and Noblet 2012) and less access to credit. Compared with single fathers, single mothers in Australia are more likely to be caring for children under five, who require the most intensive and time-consuming care (ABS 2007: 2; Bradbury 2008). They are also more likely to be precariously employed, in roles that offer less flexibility, fewer leave entitlements and less security of tenure (Huntley 2014; Sheen 2017). In this context, it seems likely that the single mothers in the sample were particularly likely to have trouble finding and maintaining paid work. Given that such women earned lower incomes than their male counterparts, it is also likely that they had to devote a greater proportion of their incomes to fixed household running costs. This is borne out by the relatively high proportion of women in this group who reported utilities debt. It is conceivable that the unique financial attributes of these women – low incomes, limited access to employment and relatively high fixed living costs – contributed in many cases to their bankruptcies.

It is possible that costs associated with purchasing a home also played a unique role in the bankruptcies of some women in this group. While real estate ownership among single women with dependants was relatively low (18 per cent), it was higher among women in this group than among single women or men with no dependants (15 and 17 per cent, respectively). This is striking, since single women with dependants were much more likely to rely on government benefits than either single men or single women with no dependants. It is possible that some single mothers in the sample were paying off a family home purchased with a former partner. This may have led some of them to experience financial distress when their household income dropped suddenly, as a consequence of relationship breakdown. It is also possible that some women in this group purchased homes independently, motivated by a desire to provide stable housing for their families (Kupke et al. 2014 :872), but subsequently

fell into financial hardship due to the combined effects of high mortgage payments, limited earning capacity and relatively high living costs.

The views of consumer advocates: the impact of relationship breakdown

This interpretation of the AFSA data is supported by qualitative data gathered in the three focus groups with financial counsellors, consumer solicitors and other consumer advocates. Participants identified relationship breakdown as a leading cause of financial hardship among their female clients. They described seeing many female clients who had allowed their male partners to control their household finances. Some linked this phenomenon to family violence. '[I]t's probably one of the most common forms of family violence,' said one participant, 'the man basically being the boss of the finances, allocating a very small amount for the woman to spend herself...' (Participant 1, focus group 1). Participants explained that, as a consequence of family violence, many of their female clients found themselves heavily indebted at the conclusion of a relationship. 'You can end up with a survivor of family violence coming in with a tax debt that she knew nothing about,' said one participant, when she 'in fact didn't even receive the income that caused that debt to accrue' (Participant 2, focus group 1). 'A lot of debts can be in women's names', another explained. 'They've taken out a credit card and things like that to help them get by' (Participant 1, focus group 3). Some participants described female clients who went bankrupt due to joint debts with former partners. Often, 'where there is a joint loan... the woman will keep paying and the man will just walk away,' one said. 'If they [creditors] can't get hold of one party they will harass the one that they can get hold of' (Participant 2, focus group 3). 'I had one woman that struggled for years to pay her share of it,' one participant said. 'He wasn't paying his, and she ended up going bankrupt after that. She said, "I'm not struggling any longer"' (Participant 1, focus group 3).

Participants consistently identified single women with children as being at particularly high risk of financial distress. They stated that many single women with dependants received little or no financial support from their former partners:

I'd be lucky to have one or two women a year that are receiving child support. That can be a contributing factor to their debt... being unable to manage financially, using the credit cards and things like that... It's very rare for someone to be getting child support or their correct amount of child support. (Participant 1, focus group 3)

They identified high living costs, including housing costs, as major drivers of hardship among single mothers. One participant said that many female clients felt a strong 'need to retain the home and sense that I just can't lose the family home. It's so much more than bricks and mortar. It's everything' (Participant 1, focus group 2). One participant described her typical female clients as

single following a relationship breakdown some years before. They've struggled on for years and years, trying to maintain the mortgage, using credit to do so, using credit to look after the kids, to educate the kids... and just can't do it any longer... (Participant 1, focus group 3)

The participants emphasised that the financial cost of single motherhood can be long term, with such women continuing to suffer financial disadvantage well into their 'thirties, forties, fifties, even up to sixties' (Participant 1, focus group 3).

Women will battle on because they've got children. They will try to keep things going normally with children, try to keep the house... when they clearly can't afford it, because of the children. Then when the children leave home or have grown up, that's when we are more likely to see them. (Participant 1, focus group 3)

This suggests that the AFSA data may not fully capture the impact of single parenting on women in the bankruptcy system. It is possible that some women, categorised by AFSA as 'single with no dependants', may be entering bankruptcy late in life due to the long term impacts of single parenthood.

6. Conclusion

While AFSA's published data indicates that men and women declare bankruptcy for similar reasons, this study finds that women's bankruptcies often take place in a social and financial context very different to that of the typical male debtor. It finds that, in general, women in bankruptcy are likely to be economically disadvantaged, relative to men, as measured by income, access to wages, reliance on government benefits, real estate ownership and utilities debt. It also finds that women in bankruptcy are much more likely than men to be single with dependants. The study finds that women who are single with dependants experience a greater degree of gendered disadvantage than other women in the bankruptcy system, identifying a greater disparity between single mothers and single fathers than between women and men generally. It postulates that this disparity may be due to these women's significant caring responsibilities, which limit their capacity to earn an income while also imposing higher

living costs, including higher housing costs. The study poses a stark contrast to the ‘causes of bankruptcy’ data published by AFSA. It suggests that, while men and women offer similar explanations for their financial problems, their entry into bankruptcy often takes place in very different social and economic circumstances.

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Endnotes

¹ In 2016-17, among non-business debtors, 34 per cent of men and 33 per cent of women nominated 'unemployment or loss of income' as the main cause of their personal insolvency (AFSA 2016a). These statistics relate to all forms of personal insolvency, meaning they include debtors who enter into debt agreements or personal insolvency agreements. For reasons outlined below, business-related bankruptcies are not discussed in this study.

² Under US bankruptcy law, married debtors may file either individually or 'jointly' with their spouses. Sullivan, Warren and Westbrook assert that 'the overwhelming majority of single filers are not people living with spouses.' They explain that filing jointly is cheaper

and simpler than filing two separate bankruptcy petitions, making it ‘likely that most married couples living together would file a joint bankruptcy’ (1999: 150).

³ Their findings were based upon the first iteration of the Consumer Bankruptcy Project, which remains the largest and most comprehensive empirical study of bankruptcy to be conducted in any jurisdiction. This collaborative project has been underway since 1981 and has involved four discrete studies to date, conducted in 1981, 1991, 2001 and 2007 (Sullivan et al. 1989; Sullivan et al. 2000; Warren & Tyagi 2004; Porter 2012).

⁴ The relatively small proportion of ‘single-filing’ women in Sullivan, Warren and Westbrook’s sample reflects the fact that this sample contained a much larger proportion of joint filers. Whereas joint filers made up 37 per cent of Schuchman’s sample, they made up 57 per cent of Sullivan, Warren and Westbrook’s sample (1999: 149). Because the data discussed in their study was collected for only one year, Sullivan, Warren and Westbrook were unable to verify or contradict Schuchman’s claim that female bankruptcies were becoming more common (1999: 147).

⁵ More recent studies do not provide statistics on the proportion of women (single or partnered) declaring bankruptcy in the US. A study published in 2016 cites Sullivan, Warren and Westbrook’s research (Hansen and Miller 2016: 34-35).

⁶ Other recent US studies of women in bankruptcy have tended to be theoretical rather than empirical in nature. See, eg, Coco, which analyses bankruptcy law with regard to the ‘processes of symbolic violence... [that] work to enforce a principle of economic inferiority and financial exclusion of women’ (2013: 196). Many of these more recent articles have also focussed specifically on the impact of the Bankruptcy Abuse Prevention and Consumer Protection Act (2005). See, eg, Burns (2002), Kalsem (2006).

⁷ For recent Australian empirical bankruptcy research, more generally, see Ali et al (2017a); Ali et al (2017b).

⁸ Women made up 8,350 of 20,511 bankrupt debtors in 2013; 7,145 of 18,041 in 2014; and 6,945 of 17,762 in 2015. See dataset entitled ‘Gender all debtors time series’, available at AFSA (2016b).

⁹ This is consistent with a 2006 US study that found that ‘an increase in [welfare] benefits decreases the possibility of [debt] default’ among divorced women (Lyons and Fisher 2006: 341). This study was based on analysis of data gathered by the Panel Study of Income Dynamics between 1991 and 1995 (2006: 325), prior to the abolition of the Aid to Families with Dependent Children programme.

¹⁰ The data was collected from 1 July 2007 as this was the date on which AFSA adopted its current data management and reporting system. The data file was produced on 20 June 2016 and includes all records entered up until that date. The data set contained approximately ten per cent of all bankruptcies filed during this period.

¹¹ Throughout the article, an individual who declares bankruptcy is described as a ‘debtor’. This term is widely used by US scholars, including Sullivan, Warren and Westbrook, as an alternative to the more emotive term, ‘bankrupt’.

¹² Individuals in the sample were coded by AFSA as residing in a ‘major city’, ‘inner regional’, ‘outer regional’, ‘remote’ or ‘very remote’ area. This coding was based upon Australian Bureau of Statistics (ABS) classifications (ABS 2018).

¹³ AFSA defines a ‘business-related bankruptcy’ as ‘one in which an individual’s bankruptcy is directly related to his or her proprietary interest in a business’ (AFSA 2012: 15). Its data is based upon information provided by debtors when completing the Statement of Affairs form, which must be lodged at the commencement of every bankruptcy (AFSA 2016e).

¹⁴ In the Statement of Affairs, each debtor is asked to specify the ‘main cause’ of his or her bankruptcy, choosing from a list of ten ‘business related’ and seven ‘non business related’ causes. The ‘non business’ causes are: ‘Unemployment or loss of income’, ‘adverse legal action’, ‘liabilities due to guarantees’, ‘gambling, speculation & extravagance in living’, ‘ill health or absence of health insurance’, ‘domestic discord or relationship breakdowns’ and ‘excessive use of credit facilities including losses on repossessions, high interest payments and pressure selling’. The ‘business related’ causes are: ‘Economic conditions affecting industry, including competition, credit restrictions, fall in prices or increases in costs’; ‘Lack of business ability including underquoting or failure to assess potential of business’; ‘Excessive interest payments on loan monies and capital losses on repayments’; ‘Excessive drawings including failure to provide for taxation’; ‘Inability to collect debts due to disputes, faulty work or bad debts’; ‘Failure to keep proper books of account and costing records’; ‘Lack of sufficient initial working capital’; ‘Gambling or speculation’; and ‘Seasonal conditions including floods and drought’. Debtors are also invited to state ‘[an]other reason not listed’ (AFSA, 2016e, p. 9).

¹⁵ The average age of all people declaring business bankruptcy was 46 (with 17 per cent aged under 35). The average age of those declaring personal bankruptcy was 43 (with 28 per cent aged under 35). Sixty-one per cent of all those who declared business-related bankruptcy had partners, while only 41 per cent of personal bankrupts had partners.

¹⁶ People who declared business-related bankruptcy reported average incomes of \$41,734 in the year prior to bankruptcy: for personal bankrupts the figure was \$34,510. Average unsecured assets for all business bankrupts was \$382,964 (versus just \$154,722 for personal bankrupts); while average unsecured debts for business bankrupts was \$450,392 (as against just \$147,916 for all personal bankrupts). Figures relating to secured assets and debts are not reported as these are considered unreliable, for reasons outlined in endnote 18.

¹⁷ For a more detailed discussion of the distinctive attributes of debtors who declare business bankruptcy in Australia, see [reference omitted to preserve the peer review process].

¹⁸ AFSA advised that when individuals complete the Statement of Affairs, they frequently record a mortgage but no real property asset. Others list their homes as assets, but do not list a corresponding mortgage debt, though in subsequent dealings with AFSA they disclose that they do in fact have mortgage debts. Still others fail to record either real property assets or mortgage debts, though these are subsequently identified by AFSA. AFSA speculates that this may be due to debtors misunderstanding the form, or, in some cases, being unsure of value of their homes or the extent of their mortgage debts.

¹⁹ Debtors who reported spousal income in annual figures accounted for 19.0 per cent of the data set. The remaining 68.8 per cent of debtors reported no spousal income.

²⁰ Because most utilities debts were reported in the ‘\$1-\$4,999’ band, the article does not cite average utilities debts, but rather reports the proportion of debtors in particular groups who reported any utilities debt.

²¹ This proportion is higher than the overall proportion of women in bankruptcy because women are concentrated in personal, rather than business-related, bankruptcy. When citing the results of the authors’ statistical analysis, most figures have been rounded to the nearest whole number.

²² According to the 2016 Census, 81.8 per cent of Australian single parents are female (ABS 2018).

Tables

Table 1: Debtors grouped by gender and family situation

Family situation (% of sample)	Women (%)	Men (%)	Chi-Sq (Pearson)	df	Signif	Stat Sig
Single with dependants (14)	78	22	1571.894	1	0.000	**
Single, no dependants (45)	41	59	182.026	1	0.000	**
With spouse and dependants (24)	40	60	81.623	1	0.000	**
With spouse, no dependants (17)	39	61	73.733	1	0.000	**

Note: In all cases, chi-square tests of independence used; ** indicates significance at the 0.01 level; * indicates significance at the 0.05 level

Table 2: Debtors' mean household incomes (dollars)

	Women	Men	t-value	df	Signif	Stat Sig
All	42,985	48,606	12.51	22502	0.000	**
Single with dependants	34,080	44,009	8.92	881	0.000	**
Single, no dependants	28,613	32,270	8.65	10146	0.000	**
With spouse and dependants	68,154	71,338	3.03	4877	0.002	**
With spouse, no dependants	60,793	60,823	0.03	3576	0.980	

Note: In all cases t-tests used (unequal variances estimate; 2-tailed significance); mean household figures in nominal dollars; where there are inaccurate spousal contributions to the calculation of total income (due to extreme banding effects), the spouse income figure is

imputed from the overall average for each gender. ** indicates significance at the 0.01 level;
 * indicates significance at the 0.05 level

Table 3: Proportion of debtors citing wages as primary source of income (%)

	Women	Men	Chi-Sq (Pearson)	df	Signif	Stat Sig
All	43	53	236.243	1	0.000	**
Single with dependants	37	56	78.954	1	0.000	**
Single, no dependants	42	47	22.520	1	0.000	**
With spouse and dependants	48	68	229.749	1	0.000	**
With spouse, no dependants	47	47	0.002	1	0.960	

Note: In all cases, chi-square tests of independence used; ** indicates significance at the 0.01 level; * indicates significance at the 0.05 level

Table 4: Proportion of debtors citing government benefits as primary source of income (%)

	Women	Men	Chi-Sq (Pearson)	df	Signif	Stat Sig
All	54	39	535.708	1	0.000	**
Single with dependants	61	36	140.337	1	0.000	**
Single, no dependants	55	47	66.445	1	0.000	**
With spouse and dependants	49	22	417.962	1	0.000	**
With spouse, no dependants	48	42	14.735	1	0.000	**

Note: In all cases, chi-square tests of independence used; ** indicates significance at the 0.01 level; * indicates significance at the 0.05 level

Table 5: Debtors' real estate ownership rates (%)

	Women	Men	Chi-Sq (Pearson)	df	Signif	Stat Sig
All	22	26	44.259	1	0.000	**
Single with dependants	18	28	30.555	1	0.000	**
Single, no dependants	15	17	4.799	1	0.028	*
With spouse and dependants	34	36	4.456	1	0.035	*
With spouse, no dependants	32	35	4.700	1	0.030	*

Note: In all cases, chi-square tests of independence used; ** indicates significance at the 0.01 level; * indicates significance at the 0.05 level

Table 6: Proportion of debtors with utilities debts (%)

	Women	Men	Chi-Sq (Pearson)	df	Signif	Stat Sig
All	32	25	114.146	1	0.000	**
Single with dependants	44	31	34.444	1	0.000	**
Single, no dependants	29	27	2.513	1	0.113	
With spouse and dependants	31	24	34.485	1	0.000	**
With spouse, no dependants	20	20	0.211	1	0.646	

Note: In all cases, chi-square tests of independence used; ** indicates significance at the 0.01 level; * indicates significance at the 0.05 level

Table 7: Mean credit card debts (\$)

	Women	Men	t-value	df	Signif	Stat Sig
All	16,189	22,079	14.71	21910	0.000	**
Single with dependants	12,737	19,219	5.45	893	0.000	**
Single, no dependants	16,308	17,843	2.85	10008	0.004	**
With spouse and dependants	16,051	25,219	10.42	5406	0.000	**
With spouse, no dependants	21,799	29,618	6.78	3670	0.000	**

Note: In all cases t-tests used (unequal variances estimate; 2-tailed significance); mean credit card debt figures in nominal dollars; ** indicates significance at the 0.01 level; * indicates significance at the 0.05 level

Table 8: Mean personal loan debts (\$)

	Women	Men	t-value	df	Signif	Stat Sig
All	11,083	12,911	2.11	22506	0.035	*
Single with dependants	8,847	14,325	2.90	761	0.004	**
Single, no dependants	8,923	9,902	2.75	9799	0.006	**
With spouse and dependants	16,093	18,870	0.88	5205	0.378	
With spouse, no dependants	13,457	11,996	-0.62	2242	0.536	

Note: In all cases t-tests used (unequal variances estimate; 2-tailed significance); mean personal loan debt figures in nominal dollars; ** indicates significance at the 0.01 level; * indicates significance at the 0.05 level

Table 9: Most commonly cited causes of bankruptcy by gender (%)

	Women	Men	Chi-Sq (Pearson)	df	Signif	Stat Sig
Unemployment	34	34	0.070	1	0.792	
Excessive use of credit	24	24	0.567	1	0.451	
Domestic discord/relationship breakdown	16	10	213.514	1	0.000	**
Ill health	12	10	13.144	1	0.000	**
Other causes	11	6	139.783	1	0.000	**
All other causes	14	22	254.901	1	0.000	**

Note: In all cases, chi-square tests of independence used; ** indicates significance at the 0.01 level; * indicates significance at the 0.05 level

Table 10: Overview of differences between men and women in the sample

	Women	Men	Chi-Sq (Pearson)	t-value	df	Signif	Stat Sig
Mean household income	42,985	48,606		12.51	22502	0.000	**
Wages primary source of income (%)	43	53	236.243		1	0.000	**
Government benefits primary source of income (%)	54	39	535.708		1	0.000	**
Real estate ownership (%)	22	26	44.259		1	0.000	**
Utilities debt (%)	32	25	114.146		1	0.000	**
Mean credit card debts (\$)	16,189	22,079		14.71	21910	0.000	**
Mean personal loan debts (\$)	11,083	12,911		2.11	22506	0.035	*

Note: In rows 1, 6, and 7 (mean household income, mean credit card debts, and mean personal loan debts, respectively) t-tests were used (unequal variances estimate; 2-tailed significance); all dollar figures refer to nominal dollar values. For all other rows (2 to 5), chi-square tests of independence used. For all tests, ** indicates significance at the 0.01 level; * indicates significance at the 0.05 level