

Another opinion expressed is that many bankrupts are individuals who have recently migrated to the community. Again, such a conclusion is not borne out by the facts. Sixty-five per cent of the petitioners had lived in Flint (the location of this study) during the six years preceding filing for bankruptcy. Seventy-nine per cent of the bankrupts had lived at least within the county and 93 per cent of the bankrupts had lived within the state. Although he remains a resident of the community for several years, the bankrupt tends to move frequently. Forty-four per cent had moved three or more times while 25 per cent moved four or more times in the measured time period.

SOURCES OF CREDIT

The potential bankrupt has a wide variety of creditors. They range from doctors to commercial banks. Determination of which creditor is the most important in the individual's financial plight is fraught with difficulties, not the least of which is choosing the criteria for measuring importance. Two criteria employed here are the amount of debt owed each type of creditor and the number of creditors of each type owed.

Types of Creditors

In terms of the amount of debt owed to each type of creditor, financial institutions as a group (commercial banks, sales finance companies, small loan companies, and credit unions) were quite important. They held 47 per cent of the bankrupts' debt at the time of his filing for bankruptcy (Table 5). Commercial banks and sales finance companies held the largest amount of debt, 17 and 16 per cent respectively. Most of the debt held by these two institutions was for the purchase of durable goods as opposed to personal loans.⁸ Medical service creditors (doctors, dentists, druggists, etc.) were the next most important group for they held 15 per cent of the debt. They were followed by retailers with 12 per cent of the debt. Small loan licensees were the only financial institutions, other than banks and sales finance companies, of major importance. They held 11 per cent of the debt. Credit unions were next, but held only three per cent of the debt.

Although financial institutions are of prime importance in terms of the amount of debt, they are of much less significance in terms of the number of creditors owed. In this case retailers rank first followed closely by the medical group. Thirty-one per cent of the creditors were retailers and 28 per cent were medical service suppliers. These two groups held many small debts compared to a smaller number of larger debts held by financial institutions. The average debt per retail and medical creditor was \$47 and \$44 respectively for small loan licenses, sales finance companies and commercial banks. Thus, to the extent that collateral pressure is the function of the number of creditors, retail and medical service creditors were possibly more important than financial institutions.

Amount of Debt and Number of Creditors Owed

All creditors, as a group, had claims against the average bankrupt of \$3,184 (median). However, 19 per cent of the bankrupts owed less than \$2,000 and 47 per cent owed less than \$3,000 (Table 6). The mean number of debts was 16, or two greater than the median (Table 7). The higher mean was due to a few individuals with extremely large numbers of creditors. Over one-fourth of the bankrupts had 20 or more creditors and one petitioner had 75 creditors.

Financial Behavioral Patterns

Observation of the bankrupts' financial behavior in the 12 months preceding bankruptcy is interesting. It seems reasonable to expect that an individual in financial trouble will recognize that he has overextended himself. If this is so, it then should be reasonable to expect that the individual would not assume

⁸ In tabulating the data all personal loans were placed in the category "small loan licensees" and all sales finance debt was placed in the "sales finance company" category.