Corporate bankruptcies on the rise and no relief in sight? A Swiss perspective

Daniel Hayek
Prager Dreifuss, Zurich

Mark Meili
Prager Dreifuss, Zurich

Oliver Jany
Prager Dreifuss, Zurich

The article analyses the drivers behind the recent increase in corporate bankruptcies globally and in Switzerland. While post-pandemic effects, together with ongoing economic, geopolitical and political uncertainty, are widely regarded as the primary causes of rising insolvencies worldwide, these factors are less pronounced in Switzerland. In the Swiss context, the surge in corporate bankruptcies is primarily attributed to a recent legislative amendment to insolvency law, which came into force on 1 January 2025. This regulatory change is identified as the key driver of the recent increase in corporate insolvencies in Switzerland.

Introduction

Corporate bankruptcies are on the rise. Recent data from the Swiss Federal Department of Economic Affairs, Education and Research (EAER) indicates that, in 2025, corporate bankruptcy proceedings in Switzerland increased by nearly 20 per cent compared to 2024 – a new and concerning record.

Switzerland, however, is not alone. The increase in bankruptcies is a worldwide phenomenon. While the specific factors may vary by country, the underlying trend appears to be rooted in post-pandemic corrections, and general economic and political uncertainties, as well as geopolitical conflicts, all of which have collectively increased financial distress among companies.

Switzerland, while remaining relatively unharmed by these general factors, also adopted new bankruptcy rules that further increase pressure on corporations. Assessing and comparing the global and Swiss perspective on rising corporate bankruptcies thus creates valuable insights into understanding and tackling this trend.

Global drivers of rising corporate bankruptcies

Numbers

Global statistics indicate a global increase of corporate bankruptcies in 2025, a trend that is likely to continue in 2026. While the numbers vary, studies indicate that corporate bankruptcies worldwide increased by more than six per cent by the end of 2025 and are expected to further increase by more than five per cent in 2026. This would translate into five consecutive years of increasing bankruptcies (2022–2026).[1]

In the eurozone, corporate bankruptcies increased by 19 per cent on average, particularly in France, +17 per cent; Germany, +23 per cent; and Italy, +45 per cent in 2024.[2] According to Eurostat, bankruptcy declarations increased by 2.5 per cent in Q4 2025 compared to Q3 2025 across all sectors and are now at the highest level since Q1 2019.[3]

In Q4 2025, the number of bankruptcies in the eurozone increased in all sectors, compared to Q4 2024. The largest increases were recorded in accommodation and food services (+40.9 per cent), information and communication (+29.5 per cent), education and social services (+25.6 per cent) as well as transportation (+20.6 per cent), while the sectors of financial services (+17.5 per cent), construction (+11.6 per cent), industry (+4.7 per cent), and trade (+1.1 per cent) experienced moderate to low growth of bankruptcies. On the other hand, the insolvencies are also offset by a number of new company start-ups.

Comparing Q4 2025 with Q3 2025, among the EU countries, the highest increases in registrations of new businesses were observed in Spain (+7.6 per cent), Romania (+5.7 per cent) and Italy (+5.4 per cent). The largest decreases in registrations of new businesses

were observed in Ireland (-32.2 per cent), Luxembourg (-15.2 per cent) and Portugal (-11.4 per cent).[4]

In the United States, according to some reports, corporate bankruptcies increased by 22 per cent in 2024 compared to 2023.[5] In Q1 2025, bankruptcies increased to 23,300, which is roughly the same as Q2 2020, with 22,500, but almost double as in Q2 2022, with 12,700.[6]

Overall, the numbers clearly indicate a worldwide increase in corporate bankruptcies. This raises the question as to why we are observing such a development.

Key drivers

The key drivers for the near-global increase in corporate bankruptcies are manifold. Some of the key drivers are believed to be: (1) delayed effects of the Covid-19 pandemic; (2) current economic; (3) geopolitical; and (4) political instability.

Post-pandemic effects

One of the reasons for the upward trend of corporate bankruptcies could be a result of the aftermath of the Covid-19 pandemic. Higher interest rates, inflationary pressures and the withdrawal of state-support measures increased financial distress for companies. While financially fragile undertakings could rely heavily on governmental support measures during the pandemic, these financial aids (ie, state-backed loans, moratoria for bankruptcy proceedings or wage subsidy programmes) have expired or are to be returned to the state. Companies who failed to adjust and restructure in time after the pandemic are now facing the (delayed) consequences of the pandemic.

General economic uncertainty

Another reason is considered to be general economic uncertainty, which increases financial distress on companies. Studies have found that the geopolitical environment and international trade dynamics have a deep impact on the economic stability of companies worldwide.[7]

Economic – and political – uncertainty is caused by the unpredictable imposition of tariffs from the Trump administration (15 per cent in the EU, ten per cent in the United Kingdom, 35 per cent in Canada, 50 per cent in Brazil and 25 per cent in India). Tariff negotiations and agreements further increase this uncertainty, as companies are unable to adequately predict future business opportunities. In Switzerland, for example, a recent agreement led to a tariff reduction from 39 per cent to 15 per cent.[8] These tariffs are affecting US-dependent supply chains, which could potentially lead to a domino effect in the case of one bankruptcy.

Economic uncertainty is further increased by the central banks who generally kept interest rates high until mid-2024 in order to fight increasing inflation. Only recently have the central banks slowly reduced interest rates.

Geopolitical conflicts

Another reason for the increased number of insolvencies are geopolitical conflicts, for example, in Ukraine, Gaza, Iran, Venezuela and other countries, which generally increase tension on supply chains and trade routes.[9]

Geopolitical conflicts increase insolvency rates by disturbing or even disrupting supply chains, driving up raw material and energy costs, restricting financing and dampening demand. Additionally, exchange rate volatility and sanctions may put further pressure on companies, especially those with international exposure or high resource dependence, thereby increasing liquidity problems and the risk of insolvency.

Political uncertainty

Political uncertainty equally increases insolvency rates by creating investment hesitation, for example, due to the unpredictable imposition of tariffs; regulatory risks; and declining demand. Volatile financial and commodity markets add cost pressures, while reduced business confidence may limit access to talent and new markets. Together, these factors heighten liquidity stress and the risk of insolvency for companies.

The Swiss perspective

In Switzerland, the number of bankruptcies is approaching an all-time high.

Numbers

Based on figures published by the EAER, 9,314 companies filed for bankruptcy by the end of 2025. This represents an 18.6 per cent increase compared to 7,856 bankruptcies filed in 2024.[10] The number of corporate liquidation proceedings even surged by nearly 54 per cent to 1,209 cases.[11] Similarly, the numbers of the Swiss economic information service CRIF show that a total of 8,387 companies went bankrupt in the first nine months of 2025,[12] suggesting a 19.5 per cent increase in corporate bankruptcies

from January 2025 to September 2025 compared to the same period in 2024. September marked the highest monthly figure of the year, with 1,433 cases.

Interestingly, regional differences in the Cantons are rather striking. While Zurich (1,617), Vaud (884), Aargau (711) and Geneva (742) had the highest overall numbers of bankruptcies in 2025. Up until September 2025, Valais (+65 per cent) and St. Gallen (+59 per cent) had the strongest increases by percentage. On the other hand, Glarus (-30 per cent), Uri (-20 per cent), Basel-Landschaft (minus ten per cent), and Ticino (minus two per cent) even recorded declines in insolvency proceedings.

Based on the CRIF report, the sectors most affected were construction (1,192 cases), hospitality (872), and retail (606). Other large percentage increases were observed in building services, gardening and landscaping (+41.5 per cent), in other predominantly personal services such as hairdressing and beauty salons (+37.5 per cent), and in the hospitality industry (+26.2 per cent). According to the EAER, the leisure industry was also particularly affected as well as the information technology and business services (both +80 per cent), accommodation and food services (+51 per cent), and the craft sector, which recorded an increase of 38 per cent.

It is, however, noteworthy that Switzerland recorded a new peak in business creation in 2025, with a total of 55,654 newly registered companies, representing an increase of 5.1 per cent compared to 2024. At the same time, the number of company closures also remained high, with nearly 15,000 cases recorded over the year. Overall, these figures indicate continued strong entrepreneurial activity, albeit accompanied by a parallel rise in business discontinuations.[13]

Reasons

Interestingly, the main drivers for the global increase of corporate bankruptcies seem to have had a relatively small impact on Switzerland. Switzerland's economy remained largely unaffected by Covid-19 due to its liberal approach to the pandemic, and recovered relatively fast compared to other countries in Europe. While Switzerland suffered a dip of 3.5 per cent of its gross domestic product (GDP) in 2020, neighbouring countries, such as Austria, Italy and France, lost double that amount, and Spain and the UK lost triple that amount.[14] Due to its strong economic ties to Europe and other parts of the world, Switzerland is also less affected by worldwide economic and political uncertainties or geopolitical crises. As mentioned, arguably the most impactful economic burden on Switzerland, US tariffs, have just been significantly reduced from 39 per cent to 15 per cent.

We believe that a recent legislative change to the insolvency law that came into effect on 1 January 2025 is one of the key drivers for the surge in corporation bankruptcies in Switzerland. This change in the law is part of a broader revision of the Debt Collection and Bankruptcy Act (DEBA), which aims to combat the misuse of bankruptcy proceedings and make it more difficult to delay bankruptcies.[15]

In particular, as of 1 January 2025, government creditors must file for bankruptcy proceedings for outstanding public law claims (eg, taxes, fees and charges; fines; and contribution claims for compensation funds) against debtors registered in the commercial register rather than pursuing debt collection through seizure. Before then, proceedings involving outstanding public law claims often ended with a certificate of loss through attachment, which had little impact on the continuation of business operations. As a consequence, many struggling businesses continued to operate despite arrears, particularly towards social security funds because the previous law merely resulted in the realisation of assets, not in a bankruptcy. However, the continuation of operations sometimes occurred to the disadvantage of creditors and especially companies' employees, whose social security contributions had not been paid. The new regulation is intended to close this gap and ensure that public law claims are taken seriously and settled. Now, failure to settle such public law claims will lead to the opening of bankruptcy proceedings, which will typically result in the end of a company's operational activities.

Summary and a look into the future

In summary, the global spike of corporate bankruptcies does not stop in Switzerland. Although numbers seem to vary among cantons and sectors, overall, in 2025, Switzerland reported a nearly 20 per cent overall increase in corporate bankruptcies. In Switzerland, one (specific) key driver for this result is the recent legislative change to the insolvency law that came into effect on 1 January 2025. The change is intended to close enforcement issues regarding outstanding public law claims.

For 2026, the numbers of corporate bankruptcies in Switzerland are not expected to drop. Although there are many chances and challenges currently being debated in Switzerland, like the usage of artificial intelligence as an early distress system, as of today, there is currently no indication of a reversal of this trend.

Notes

1 See www.allianz-trade.com/en_BE/news/latest-news/global-insolvency-report-march-2025.html accessed 27 April 2026.
2 See www.allianz.com/en/economic_research/insights/publications/specials_fmo/250318-global-insolvencies.html accessed 16 February 2026, p 3.
3 See https://ec.europa.eu/eurostat/web/products-eurostat-news/w/ddn-20260216-1 accessed 27 April 2026.
4 See https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Quarterly_registrations_of_new_businesses_and_declarations_of_bankruptcies_-_statistics accessed 27 April 2026.
5 See n 2 above.
6 See https://tradingeconomics.com/united-states/bankruptcies accessed 16 February 2026.
7 See www.mdpi.com/2078-2489/16/7/525 accessed 16 February 2026.
8 The reduction is in force and was backdated to 14 November 2025.
9 See n 6 above.
10 See www.kmu.admin.ch/kmu/en/home/new/interview/2026/bankruptcies-expected-remain-high-year.html accessed 27 April 2026.
11 See www.kmu.admin.ch/kmu/en/home/new/news/2025/rise-bankruptcies-business-start-ups-2025.html accessed 27 April 2026.
12 See www.crif.ch/en/news-events/news/corporate-bankruptcies-rise-by-almost-20-percent/ accessed 16 February 2026.
13 See www.kmu.admin.ch/kmu/en/home/new/news/2026/record-number-new-businesses-created-2025.html accessed 27 April 2026.
14 See https://dievolkswirtschaft.ch/de/2024/12/die-schweiz-kam-besser-durch-die-pandemie-als-viele-andere-laender/ (only available in German and French) accessed 16 February 2026.
15 See n 11 above.

About the authors

Daniel Hayek is a managing partner and head of the Insolvency and Restructuring team at Prager Dreifuss in Zurich, Switzerland. Prager Dreifuss has extensive experience in complex national and international insolvency and restructuring cases. He can be contacted at **daniel.hayek@prager-dreifuss.com**.

Mark Meili is a partner and a member of the Insolvency and Restructuring team at Prager Dreifuss in Zurich, Switzerland. He can be contacted at **mark.meili@prager-dreifuss.com**.

Oliver Jany is an associate and a member of the Insolvency and Restructuring team at Prager Dreifuss in Zurich, Switzerland. He can be contacted at **oliver.jany@prager-dreifuss.com**.