



# March Credit Indicator



## Credit insights indicate optimism on the horizon as New Zealand crawls out of recession

The most up-to-date credit insights available in New Zealand

The national economy likely emerged from recession at the end of last year after experiencing one of its most challenging periods in over three decades.

Looking at the latest New Zealand credit insights, green shoots of optimism can be observed.

The number of consumers in arrears is down 11,000 month-on-month, indicating signs of gradual credit cycle recovery.

Mortgage arrears improved slightly month-on-month, with 23,000 reported past due, 400 fewer than last month. The annual rate of growth has eased in recent months, indicating that early arrears have now stabilised, with new mortgage lending up 22% year-on-year.

Consumer credit demand held steady in Q1 of 2025, indicating that consumer confidence is slowly recovering; mortgage applications for new homes rose 13% year-on-year, while credit card demand continues to improve alongside retail energy and personal loans, sitting at +22%, +16.7%, and +1.1% respectively.

Although financial hardship cases fell last month with the rate of increase easing overall, they remain up 16% year-on-year. While this shows the current economic climate is continuing to bite, it is positive to see individuals taking proactive steps to front-foot financial hardship with lenders.

Turning to the business credit insights picture, we saw business credit default rise 18% year-on-year across all sectors, whilst credit demand is up 6% across the board.

Company liquidations are up 37% year-on-year, and 23% month-on-month. Residential building construction, property operators, and café / takeaway food companies were the most common types of businesses to be placed into liquidation during the last year.

Liquidations are up 20% year-on-year in the agriculture sector; however, signs of recovery are emerging with growers, dairy and livestock farmers seeing positive trends in recent months as strengthening export returns support national economic recovery.

With a new financial year upon us, now is the time to reflect on the past year of economic challenges and set goals to mitigate any further bumps in the road.

As part of this process, it's important to seek out advice from trusted advisers to make the most of the tentative optimism on the horizon and ensure we all put our best foot forward in FY26.

**Keith McLaughlin**  
Managing Director



## Arrears show signs of gradual recovery

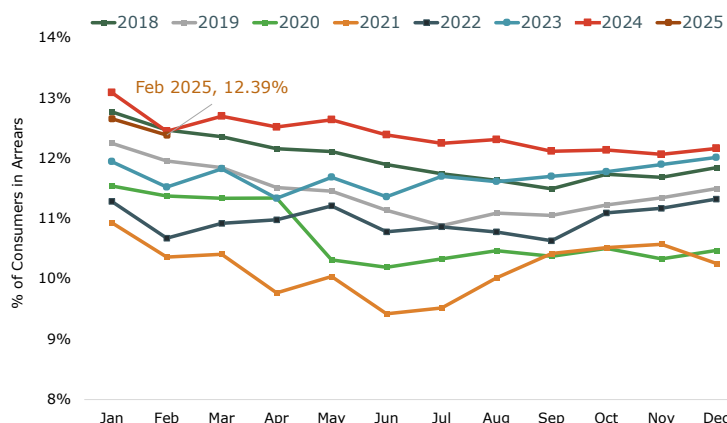
The number of people behind on their payments dropped in February 2025 to 480,000, representing 12.39% of the credit-active population, down 11,000 month-on-month.

The current arrears rate is 1% lower year-on-year, marking the second consecutive month in which arrears are lower than last year, indicating early signs of a gradual credit cycle recovery.

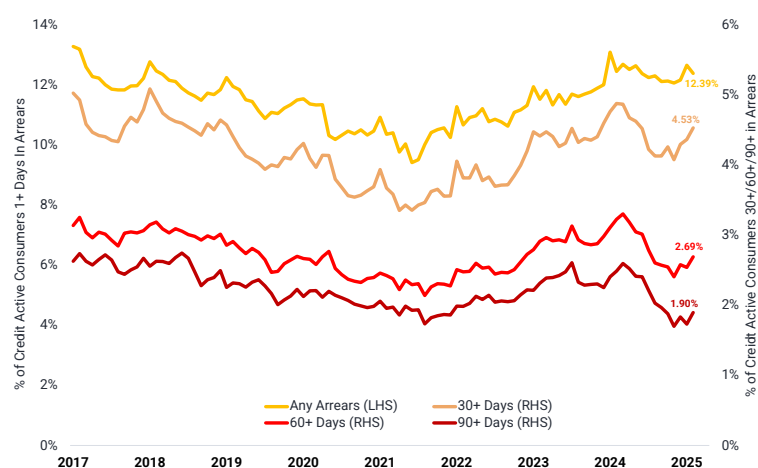
175,000 consumers are currently 30+ days past due – an improvement by 7.3% year-on-year - of which 73,000 are 90+ days in arrears.

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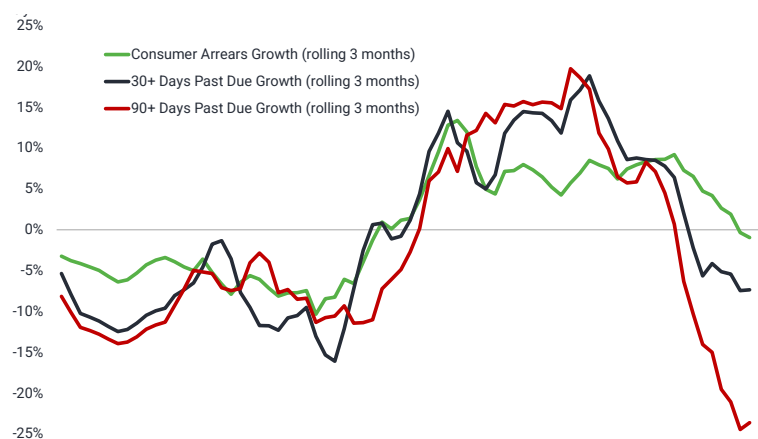
### Consumer Arrears Trends



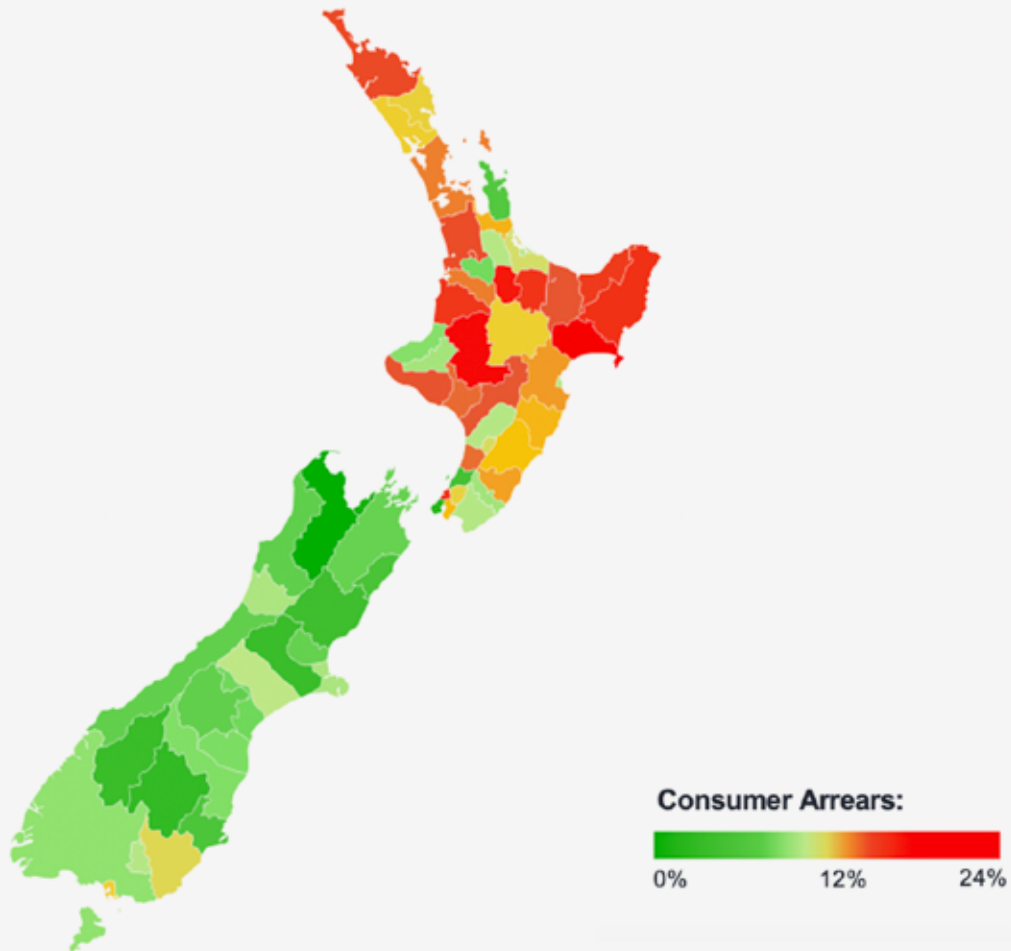
### Consumer Arrears: 1+/30+/60+/90+ Days Past Due



### Consumer Arrears Trending Down



### Consumer arrears across the country



Lowest Arrears Areas		
	District	Arrears %
1	Tasman District	8.82%
2	Nelson City	9.18%
3	Wellington City	9.57%
4	Central Otago District	9.94%
5	Queenstown-Lakes District	10.19%
6	Selwyn District	10.22%
7	Hurunui District	10.42%
8	Kapiti Coast District	10.50%
9	Kaikoura District	10.55%
10	Dunedin City	10.58%

Highest Arrears Areas		
	District	Arrears %
1	Wairoa District	18.58%
2	Ruapehu District	17.44%
3	Kawerau District	17.31%
4	South Waikato District	17.19%
5	Porirua City	16.46%
6	Gisborne District	16.38%
7	Rotorua District	16.24%
8	Waitomo District	16.12%
9	Opotiki District	15.94%
10	Far North District	15.10%

## Mortgage arrears ease

Mortgage arrears improved slightly in February, with 23,300 home loans reported past due, 400 fewer than January.

This represents a 3% increase year-on-year, however, the annual rate of growth has eased in recent months, indicating that early arrears have now stabilised. New mortgage lending is up 22% year-on-year.

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Home Loan Arrears



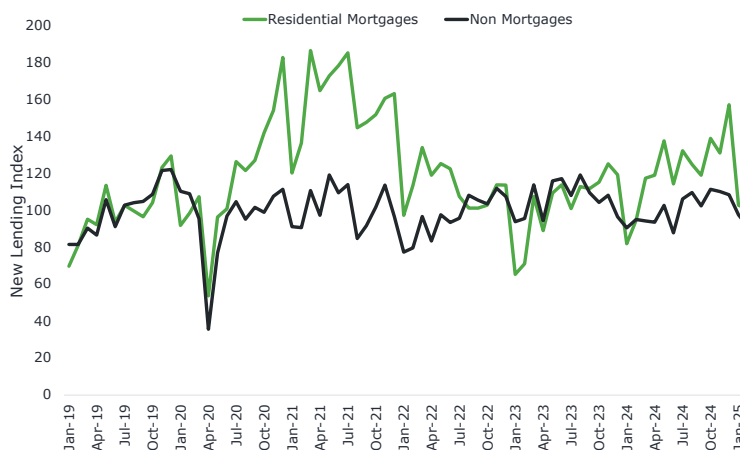
## Mortgage lending rises

New mortgage lending rose 22% year-on-year but remains 18% lower than the same period in 2021, during the property market boom. Lower interest rates have contributed to increased market activity.

Non-mortgage lending, including credit cards, vehicle and personal loans, BNPL and overdrafts, is up 3.9% in the February quarter compared to the same period last year, driven primarily by increased household spending over the summer period.

Overall, new household lending increased by 20.2% year-on-year.

New Consumer Lending (Indexed to 2019)



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## A mixed picture of household arrears

Credit card arrears improved slightly to 4.5% in February, which is 4% lower year-on-year, whilst personal loan arrears rose to 9.8% in February, slightly up from 9.7% in January, but are 2% lower year-on-year.

Buy Now, Pay Later (BNPL) arrears fell to 8.5% in February, which is lower than the 9.6% reported in the same month last year.

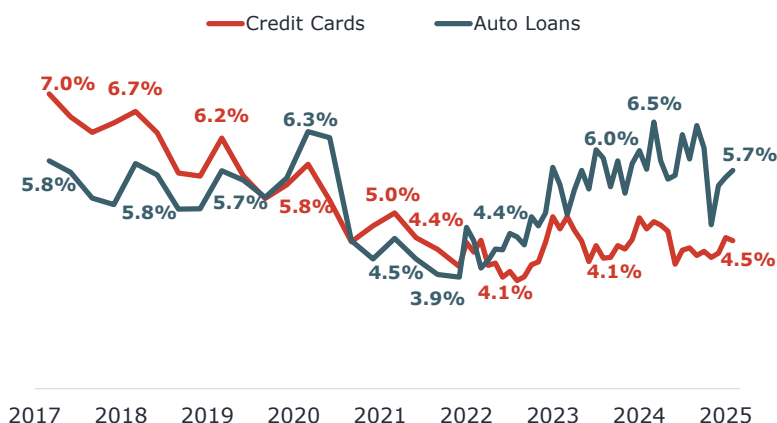
Vehicle loan arrears rose to 5.7% in February, slightly up from 5.6% in January, unchanged on last year.

The proportion of households behind on retail energy payments improved 4.5% in February and are 7% lower year-on-year.

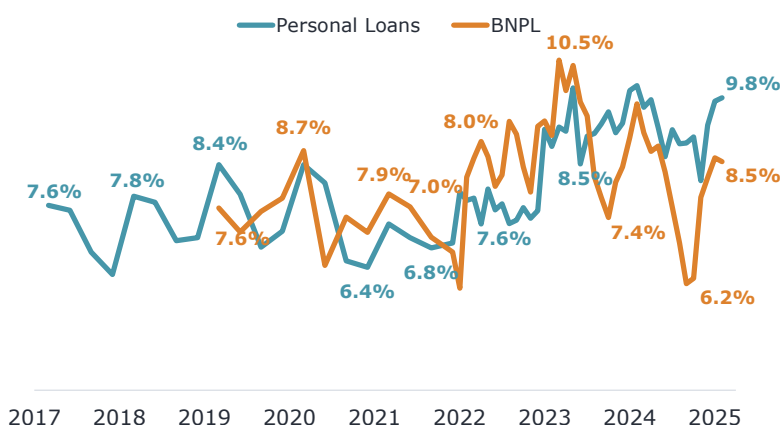
The percentage of mobile and broadband accounts reported as past due increased to 10.9% in February and are 5% higher year-on-year.

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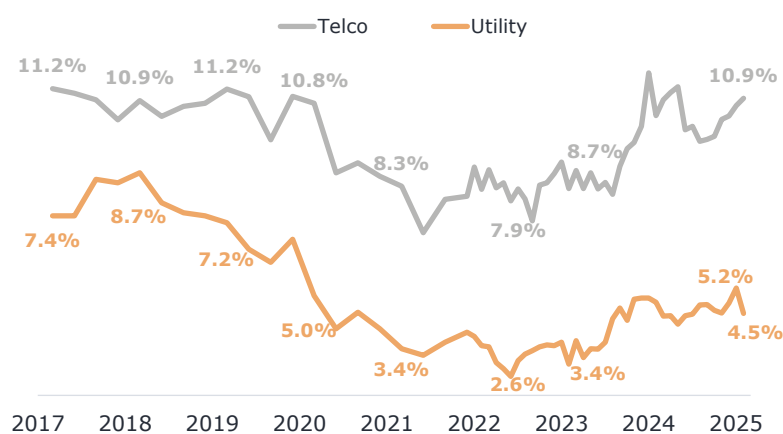
### Credit Card & Auto Loan Arrears



### Personal Loan & BNPL Arrears



### Telco & Utility Arrears

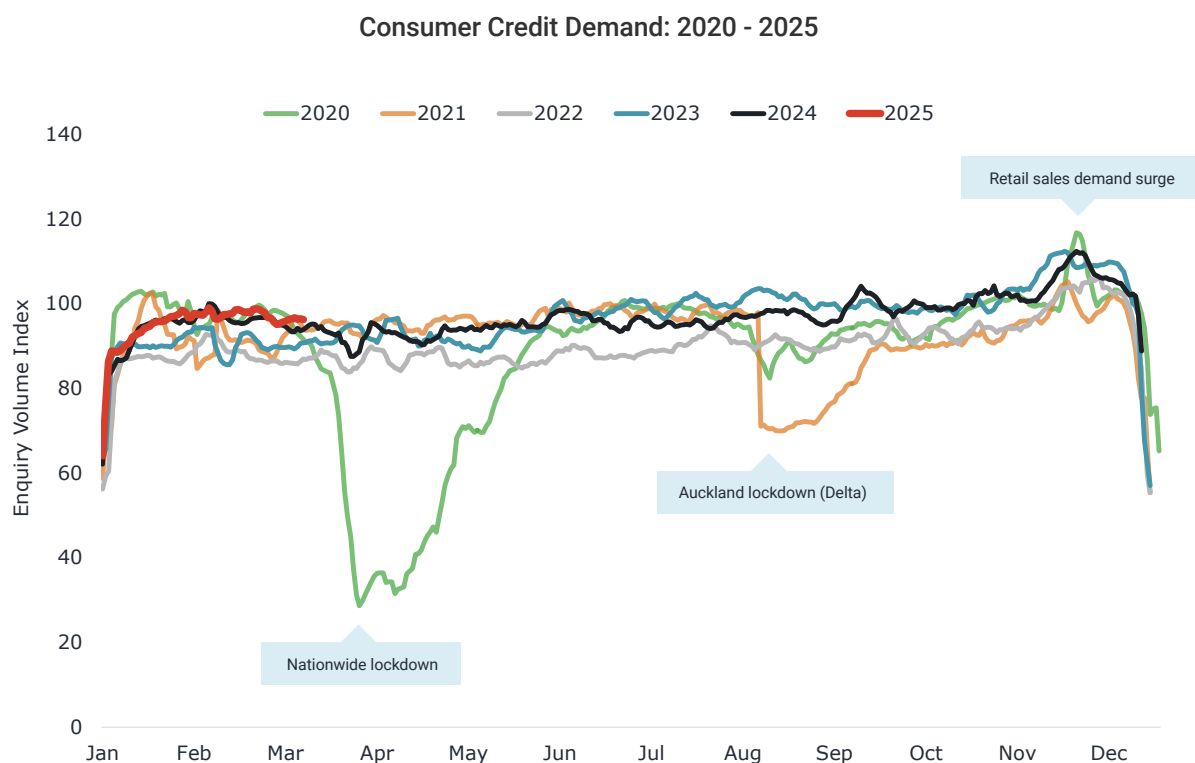


## Consumer credit demand gains momentum

Consumer credit demand is gradually gaining momentum, up 0.6% compared to last year.

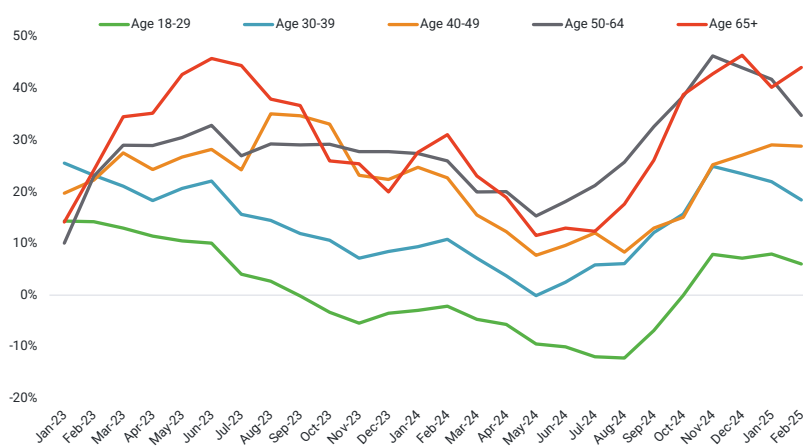
Mortgage applications for new homes rose 13% year-on-year, while credit card demand continues to improve (+22% year-on-year) alongside retail energy (+16.7%) and personal loans (+1.1%).

The recent growth in credit card applications can be observed across all age groups but is more pronounced among consumers aged 40 years or older.

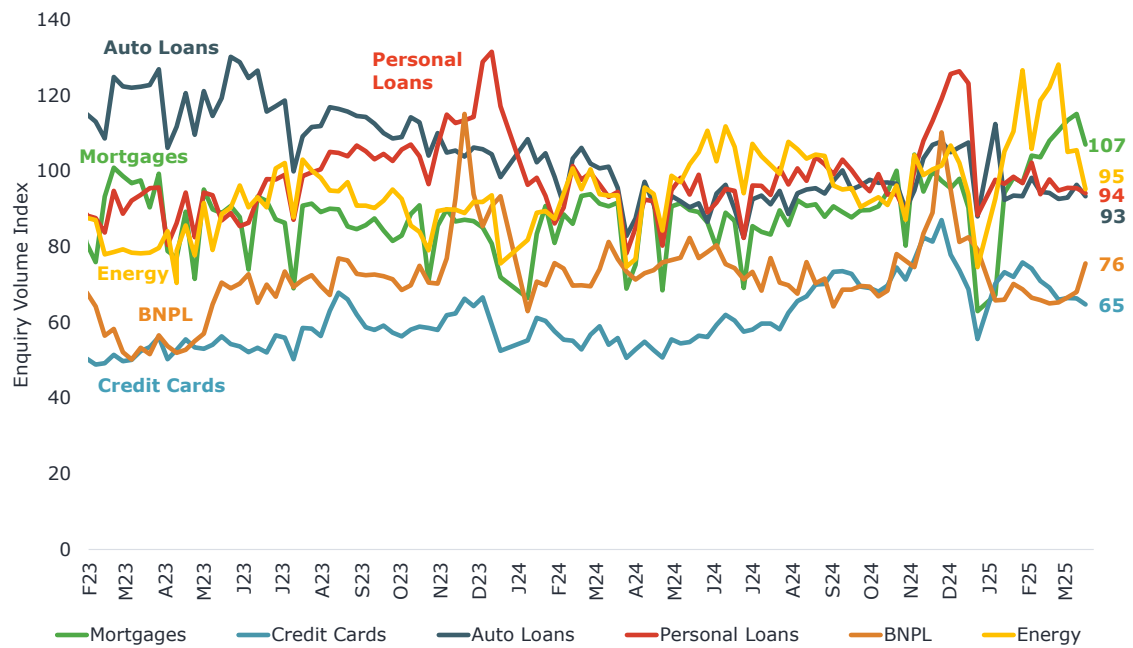


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### Credit Cards Annual Growth in Applications



### Credit Demand by Product Type



### Year-on-year change %

	Mortgages	+13.0%
	Auto Loans	-6.9%
	Credit Cards	+22.0%
	Personal Loans	+1.1%
	BNPL	-5.9%
	Retail Energy	+16.7%

Year-on-year comparison of 3 month rolling averages

## Snapshot of Buy Now Pay Later accounts

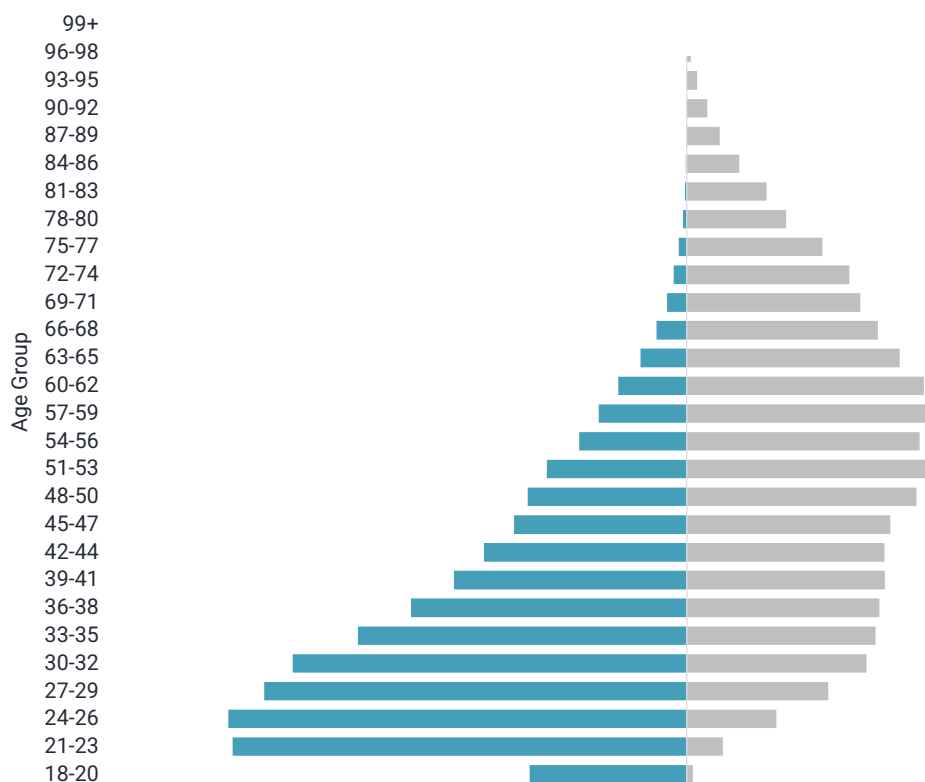
There are currently 940,000 consumers across the country with BNPL accounts on their credit file, of which 42% hold BNPL accounts with multiple providers.

For nearly half (41%) of all new-to-credit consumers, BNPL is their first credit event, followed by mobile and broadband services.

The average age of the typical BNPL customer is 36 years old, compared to 55 years old for credit card customers.

The average credit score for active BNPL consumers is 633, compared to over 800 for credit card borrowers and 637 for personal loan consumers.

Age Profile: BNPL v Credit Cards



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## Financial hardship cases and consumer credit defaults up

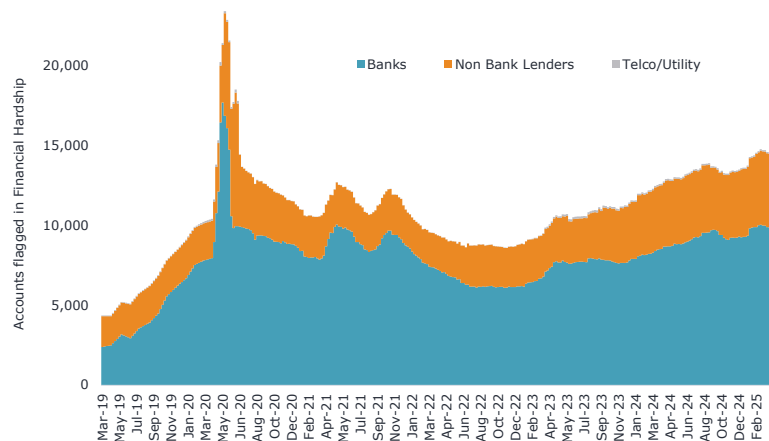
Although financial hardship cases fell last month with the rate of increase easing overall, they remain up 16% year-on-year.

46% of hardships relate to mortgage payment difficulties, with 30% and 16% relating to credit card debt and personal loan repayments respectively. The highest rate of financial hardship cases is with those aged between 35 and 49.

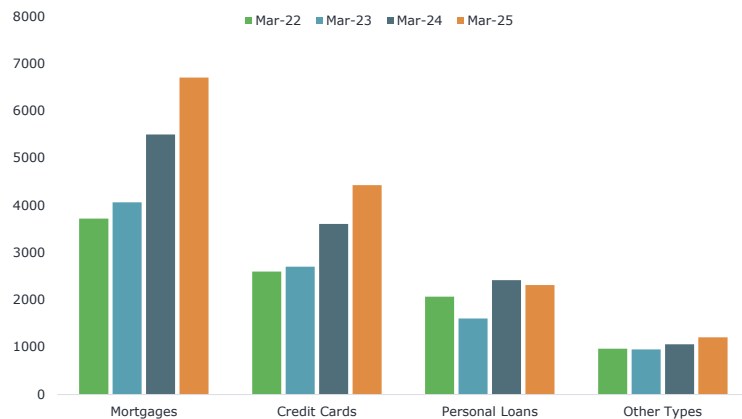
Consumer credit defaults have risen by 40% year-on-year as the current economic challenges continue to impact many.

The volume of court judgments peaked last year; however, encouragingly, volumes are down 10% so far in 2025.

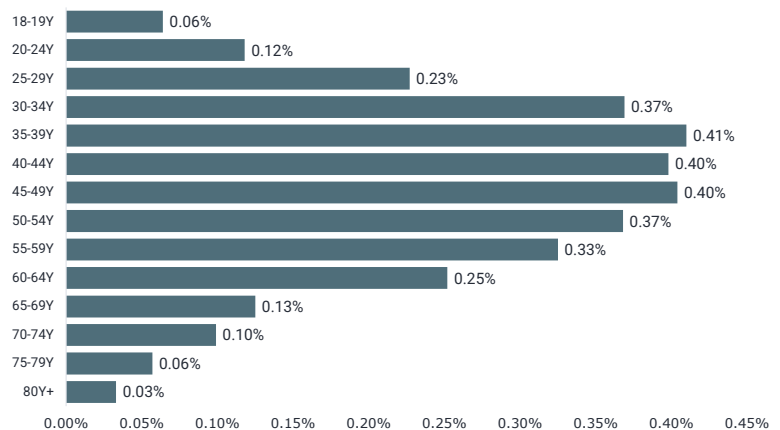
### Financial Hardship Growth



### Financial Hardship by Product Type

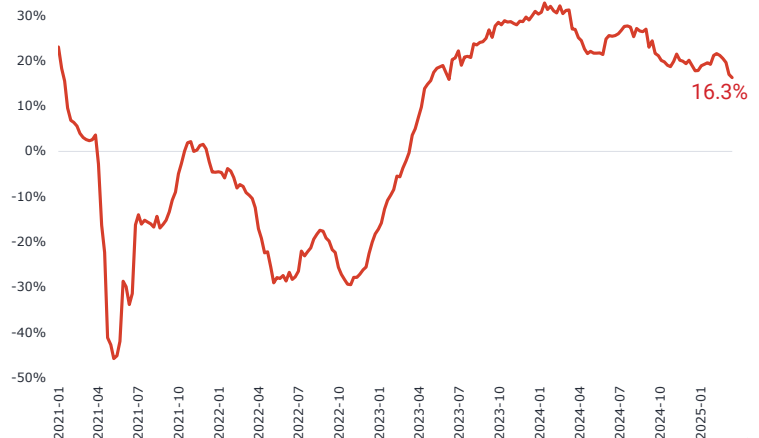


### Financial Hardship by Age Group

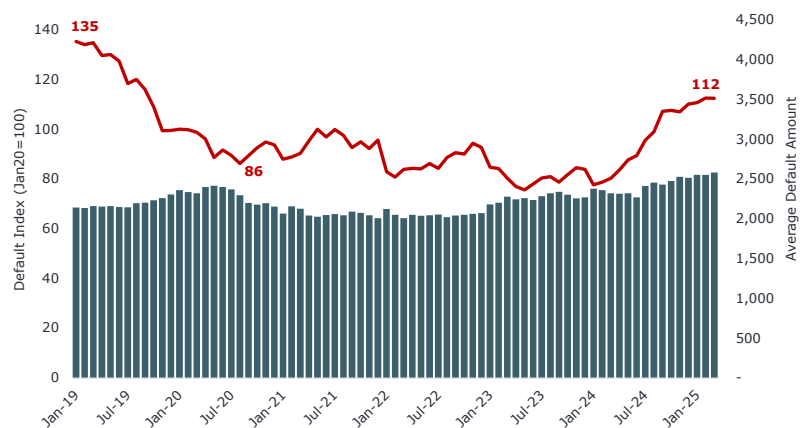


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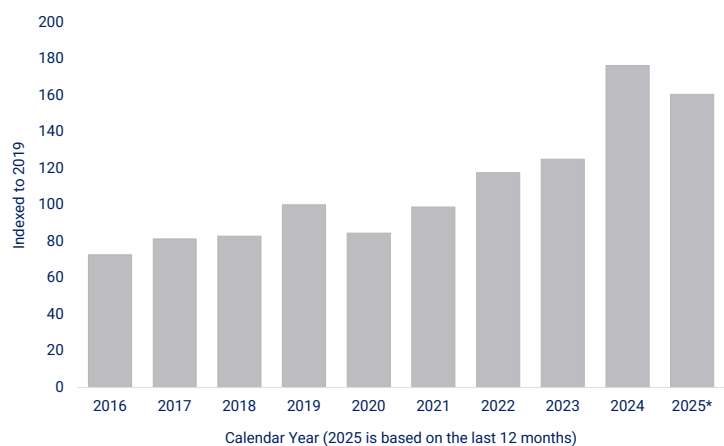
Annual Change in Financial Hardship Cases



Credit Defaults up 40% on Last Year



Court Judgments down 10% on 2024



## Business credit defaults and demand up

Business credit defaults are up 18% year-on-year across all sectors, with the transport and construction industries bearing the brunt of these defaults at +38% and +35% respectively.

Business credit demand is up 6% year-on-year, with demand increasing by 27% in the arts and recreation services sector, 17% in the property sector, and 17% in the retail sector year-on-year.

The average credit score for new credit applications is now 748, compared to 744 last month.







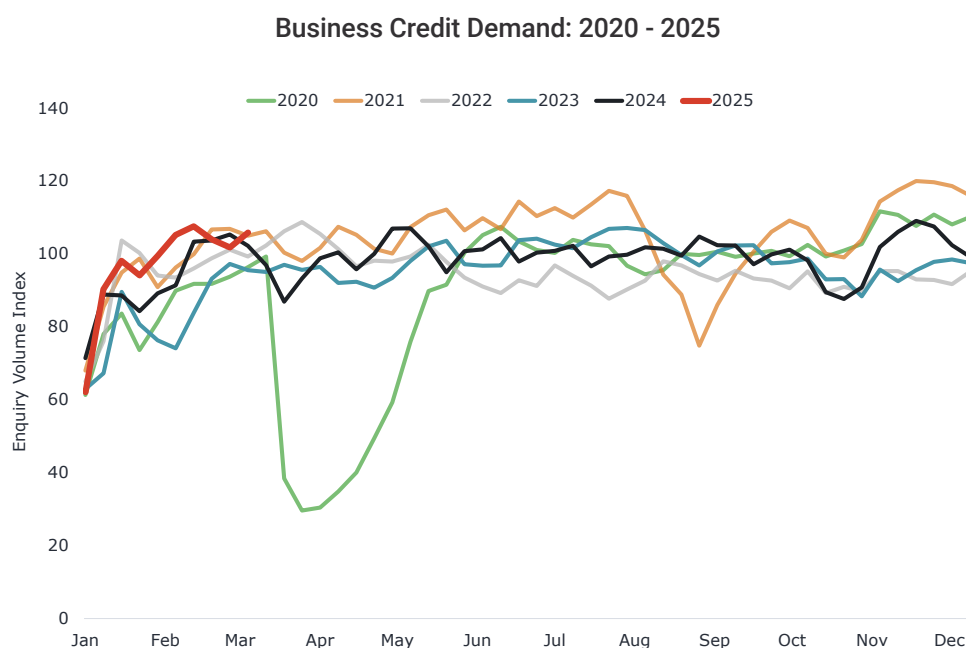
	Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
	Construction	+0%	+35%	750 ↓	+47%	2.4X
	Hospitality	+6%	+12%	735 ↓	+57%	2.5X
	Retail Trade	+16%	+4%	762 ↓	+2%	1.0X
	Transport	-5%	+38%	719 ↓	+80%	2.4X
	Property / Rental	+17%	+1%	813 ↓	+38%	0.8X
	Manufacturing	+9%	+19%	773 ↓	+49%	1.8X
	All Sectors	+6%	+18%	784 ↓	+37%	1.0X

Table above shows 'year-on-year' comparisons using 12 month rolling averages.

The Liquidation rating is the proportion of liquidations divided by the proportion of businesses in a given sector.



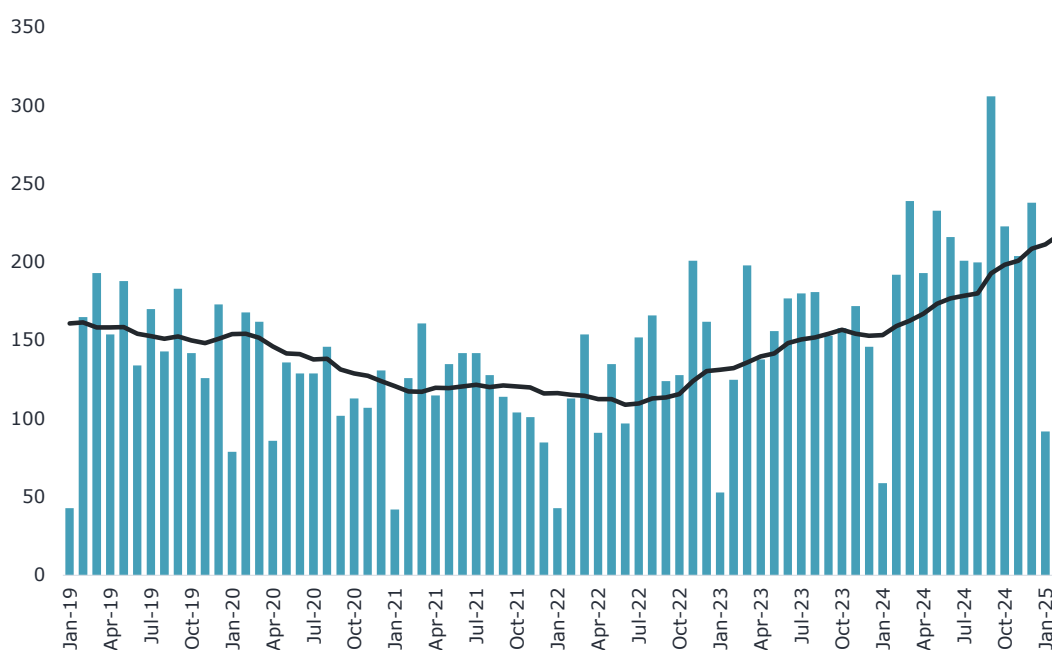
## Company liquidations on the rise

Company liquidations are up 37% year-on-year, with 236 company liquidations in February 2025 compared to 192 in February 2024.

31% of the company insolvencies in February were from the construction sector, followed by 12% in the hospitality industry and 10% in the property sector.

Residential building construction, property operators, and café / takeaway food companies were the most common types of businesses to be placed into liquidation during the last year.

Company Liquidations



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## Spotlight on the agriculture sector

There are over 34,000 registered companies in the agriculture sector, representing nearly 5% of all registered companies in New Zealand.

Over the past year, 95 companies in the agriculture industry were placed into liquidation, up 20% from 79 the previous year.

Signs of recovery across the sector are emerging, however, with growers, dairy and livestock farmers seeing positive trends in recent months as strengthening export returns support national economic recovery.

Meanwhile, the forestry and logging sectors continue to face challenges due to lower demand.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
<b>Agriculture, Forestry and Fishing</b>	<b>34,437</b>	<b>4.7%</b>	<b>8%</b>	<b>40%</b>	<b>796</b>	<b>20%</b>	<b>0.8X</b>
Agriculture (Farming & Growing)	17,677	2.4%	9%	50%	789	-12%	0.6X
Dairy Cattle Farming	6,308	0.9%	5%	63%	773	0%	0.5X
Fruit and Tree Nut Growing	2,630	0.4%	34%	25%	820	-90%	0.1X
Mushroom and Vegetable Growing	589	0.1%	-34%	100%	766	-	1.0X
Other Livestock Farming	3,001	0.4%	15%	67%	782	-44%	0.5X
Sheep, Beef Cattle and Grain Farming	4,026	0.6%	10%	100%	808	50%	0.6X
Agriculture, Forestry and Fishing Support Services	5,517	0.8%	3%	27%	731	84%	1.8X
Fishing, Hunting and Trapping	700	0.1%	36%	-25%	746	-67%	0.4X
Forestry and Logging	1,322	0.2%	-8%	100%	744	69%	4.7X

There are over 34,000 registered companies in the agriculture sector, representing nearly 5% of all registered companies in New Zealand.

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Last updated March 31, 2025.

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## Centrix data

Centrix provides the most up-to-date credit insights available in NZ and holds the richest dataset of payment credit information available in New Zealand. Our extensive and unique credit information database comprises of comprehensive credit information, utility data and supporting credit risk information aggregated from a wide range of sources.

### Specifically our data comes from:

- 92 registered banks, finance companies, utility companies, telcos, and other business contributors to Comprehensive Credit Reporting (CCR), providing payment behaviour data. Major bank contributors include ANZ, ASB, BNZ, Westpac, Kiwibank, TSB Bank, and The Co-Operative Bank.
- Credit enquiries, when businesses or individuals apply for finance – indicative of real time credit demand.
- Monthly snapshots of arrears trends and exposure (open accounts and credit limits).
- Fintech providers such as Buy Now Pay Later (BNPL) etc.
- Payment history on more than 95% of individuals and most credit active businesses within New Zealand.
- Defaults loaded by collections agencies and credit providers.

### Glossary of Terms:

- Credit demand - real time - a leading indicator of consumer and business confidence.
  - Consumer - applies to individuals that apply for finance, telco, broadband, power, tenancy, and utility accounts.
  - Business - applies to businesses that apply for credit terms with any goods and services providers including finance.
- Payment arrears - a one month lag indicator – data contributors typically report the payment status of their customers the month after the payment is due.
- Defaults - a lag indicator - a default will be listed on a credit file where a payment over \$125 is overdue by at least 30 days and the credit provider has tried to recover the money.

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