April Credit Indicator

CENTRIX

Economic uncertainty remains decisive for Kiwi credit trends in Q1 2025

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

At the beginning of April, the Reserve Bank of New Zealand reduced the Official Cash Rate (OCR) to 3.5%, reaching the lowest it's been since October 2022.

In response to the OCR cuts, we saw many of the major banks cut interest rates to reflect this shift in monetary policy, in some cases making it easier for people to borrow and lock in lower interest rates for their mortgages.

In April we saw an upswing in credit demand year-on-year, as well as growth in new lending for both mortgage and non-mortgage credit products.

Despite this, we continue see a mixed bag for Kiwi households and businesses. For example, overall consumer arrears climbed month-on-month in March – but are down when compared to the same time last year.

While personal loan arrears reached double digits for the first time since February 2024, it's encouraging to see vehicle, credit card and Buy Now Pay Later arrears all down year-on-year.

Furthermore, financial hardship figures continued to slow after climbing consistently since November 2022, with the main pain points for households being mortgage repayments, followed by credit card debt and personal loan repayments.

This is an interesting trend to observe and suggests that despite the economic uncertainty, many individuals are proactively addressing financial hardship by engaging with lenders.

Despite ongoing pressures, Kiwi businesses continue to show resilience in the face of challenging, uncertain circumstances.

Company liquidations have risen by 35% over the past year, with transportation companies and construction firms particularly affected by ongoing financial pressures.

The manufacturing sector is also facing difficulties, driven by reduced demand and uncertainty around global trade policies.

With the New Zealand Government's annual budget coming up this month, all eyes will be on the Finance Minister to see where fiscal tightening will occur to deliver a surplus to New Zealand's economy.

Keith McLaughlin
Managing Director

Arrears increase month-on-month, down year-on-year

In March 2025, the number of consumers in arrears increased to 489,000, up 9,000 from the previous month, representing 12.61% of the credit-active population (up from 12.39%).

This rise aligns with the typical seasonal peak in arrears following summer when household finances are often strained.

Despite the month-on-month increase, the current arrears rate is 0.7% lower compared to the same period last year, which could signal signs of recovery in the credit cycle.

Notably, 174,000 consumers are over 30 days past due, with 74,000 of them exceeding 90 days in arrears.

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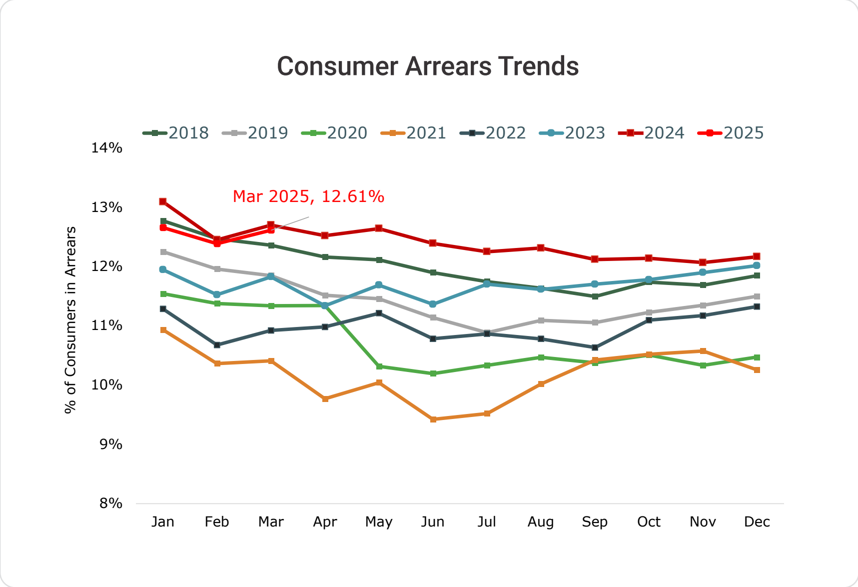
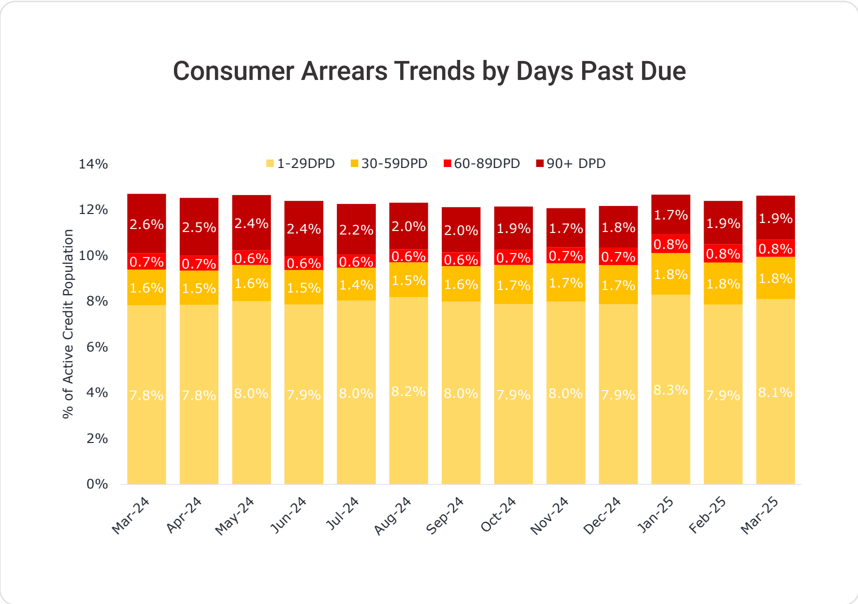
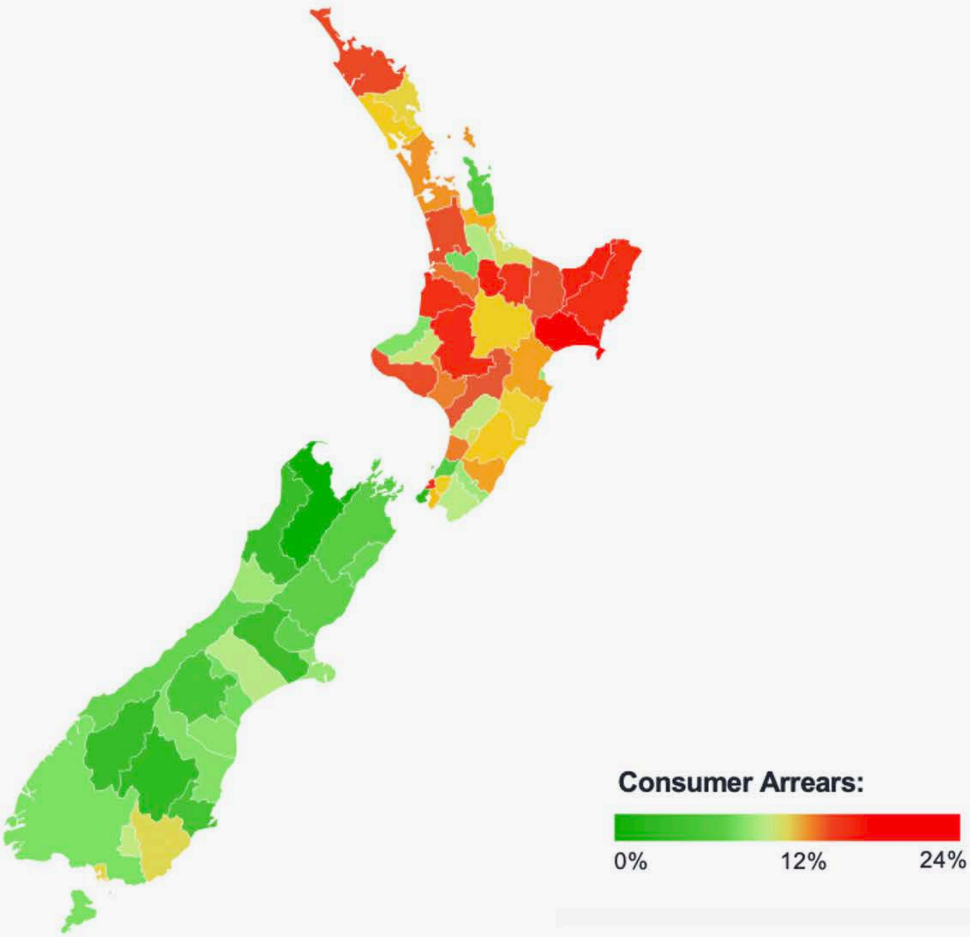




Consumer arrears across the country



	Lowest Arrears Areas	
	District	**Arrears %**
1	Tasman District	8.85%
2	Nelson City	9.07%
3	Wellington City	9.47%
4	Central Otago District	9.81%
5	Queenstown-Lakes District	9.96%
6	Buller District	10.03%
7	Selwyn District	10.11%
8	Dunedin City	10.34%
9	Mackenzie District	10.41%
10	Kapiti Coast District	10.62%

	Highest Arrears Areas	
	District	**Arrears %**
1	Kawerau District	18.21%
2	Wairoa District	17.90%
3	Opotiki District	16.73%
4	South Waikato District	16.67%
5	Ruapehu District	16.38%
6	Gisborne District	16.26%
7	Waitomo District	16.16%
8	Porirua City	16.13%
9	Rotorua District	16.02%
10	Far North District	14.95%

Personal loan arrears in double digits since Feb '24

In March, personal loan arrears exceeded 10% for the first time since February last year, reflecting a significant 4% year-on-year increase.

On the other hand, vehicle loan arrears rose marginally to 5.8%, up from 5.7% in February, but remained lower than the previous year. Credit card arrears also increased slightly to 4.7%, though they were 3% lower year-on-year.

Buy Now, Pay Later (BNPL) arrears continued to decline, falling to 8.4% in March, marking a 7% year-on-year decrease.

Retail energy arrears rose slightly to 4.6%, up 4% compared to the previous year, while telco arrears (mobile/broadband) remained unchanged at 10.9%, consistent with the same period last year.

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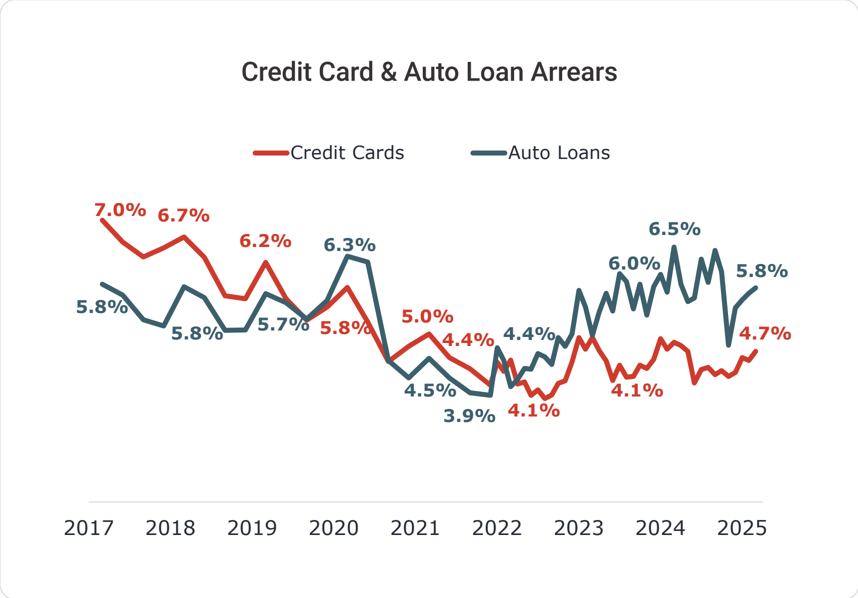
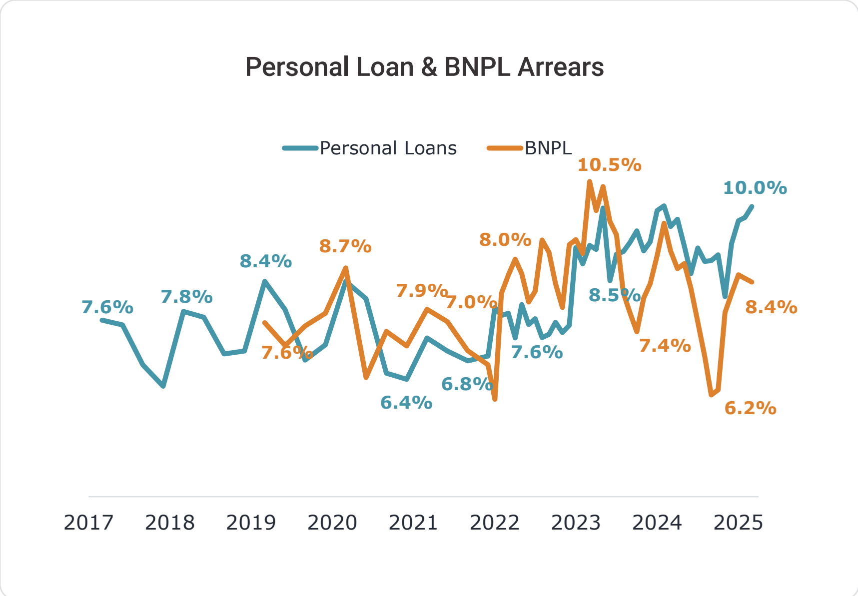
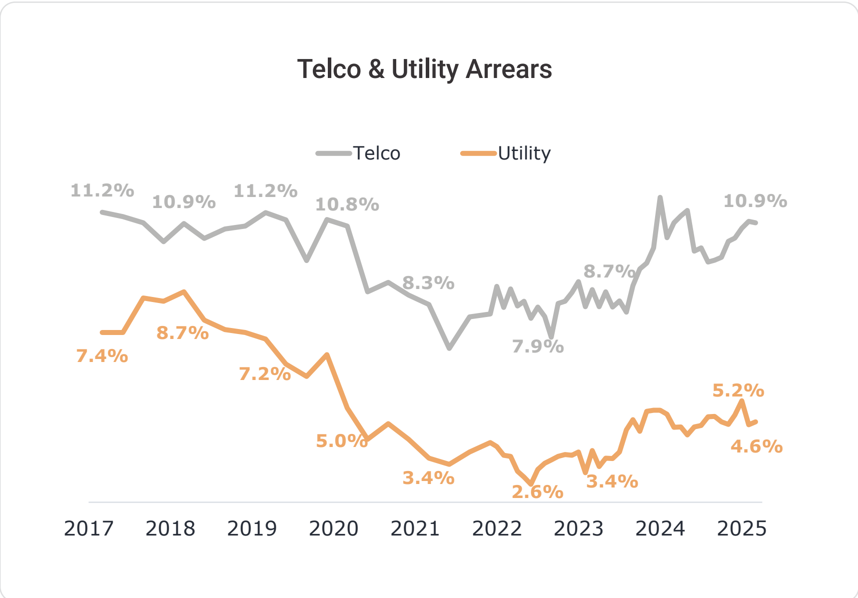


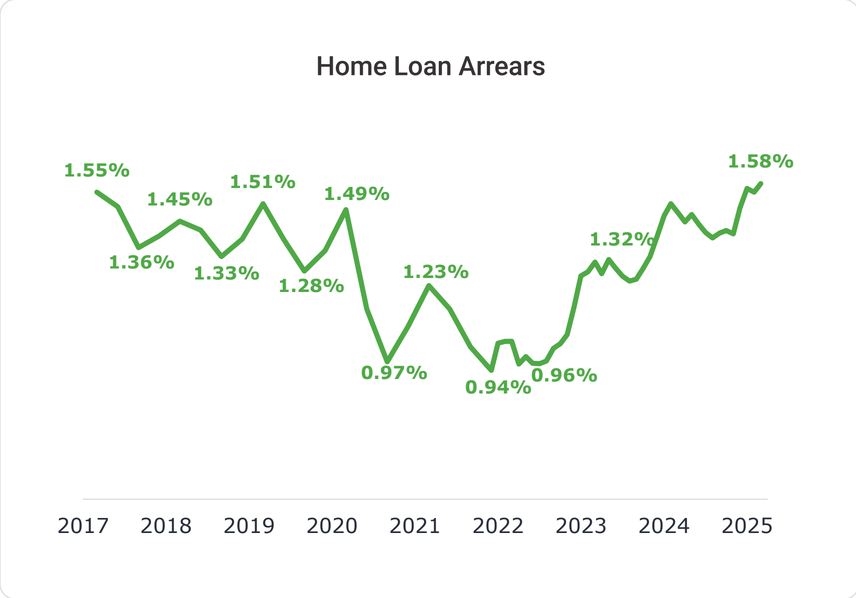


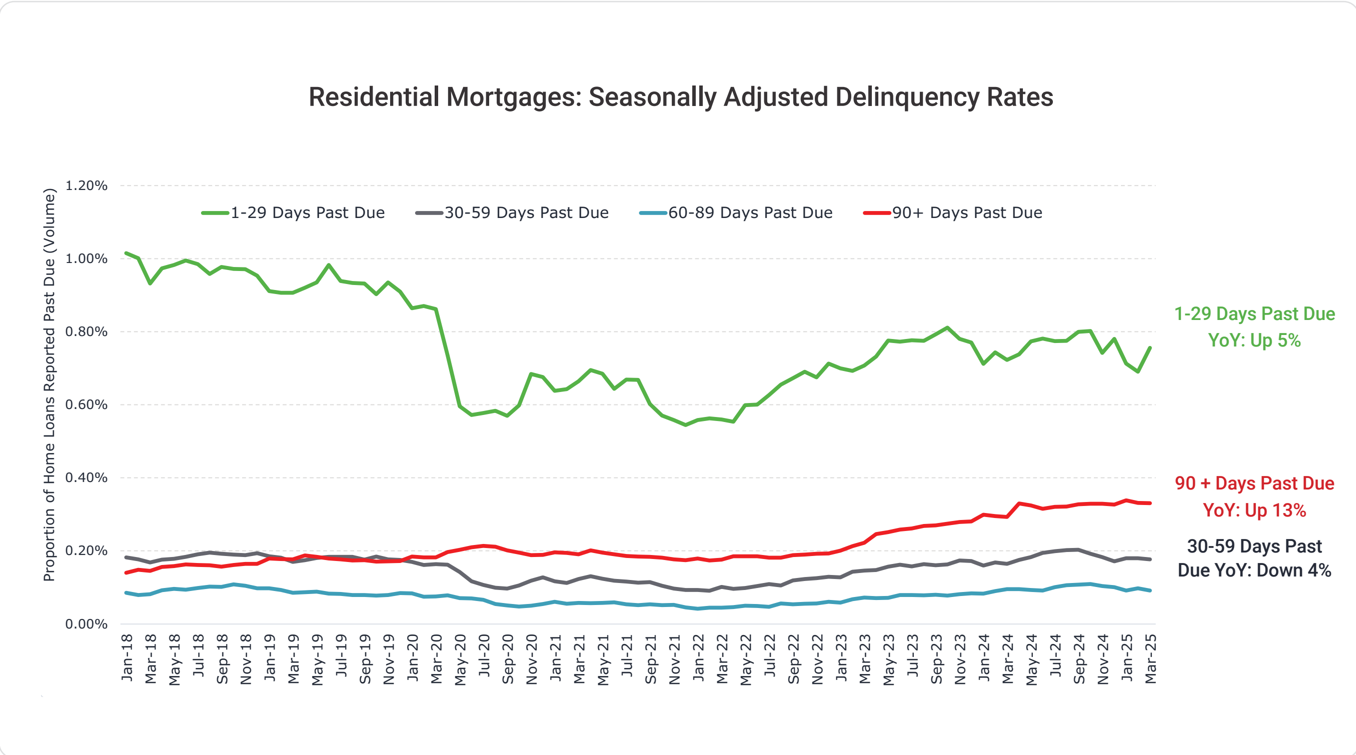


Annual mortgage arrears up

In March, home loan arrears exceeded seasonal expectations, with 24,000 residential mortgage accounts reported as past due - 700 more than the previous month and a 7% year-on-year increase.

The arrears rate rose slightly to 1.58%, up from 1.55% in February. However, loans overdue by 90+ days have shown stability.





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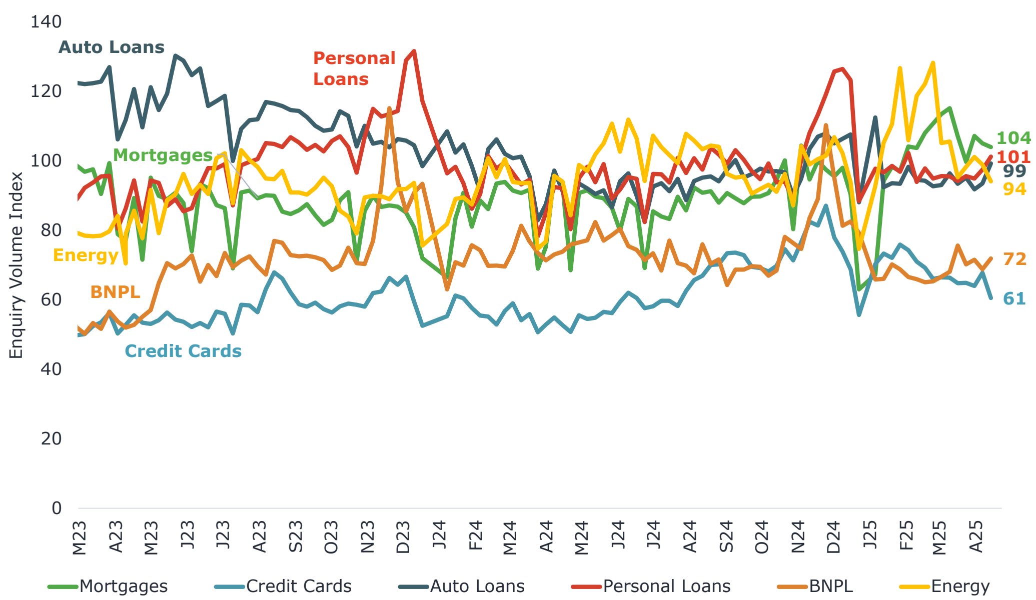
Credit demand edges higher

Demand for consumer credit edged higher, growing 2.4% year-on-year. Credit card applications continued to improve, up 23.8% year-on-year, while demand for auto loans declined 4% and Buy Now Pay Later dropped 6.5%.

Meanwhile, mortgage applications surged by 17.8%, reflecting increased activity in the property market as borrowers seek better interest rates.

Credit Demand by Product Type



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Year-on-year change %

Mortgages	+17.8%
Auto Loans	-3.6%
Credit Cards	+23.8%
Personal Loans	+3.2%
BNPL	-6.5%
Retail Energy	+17.5%

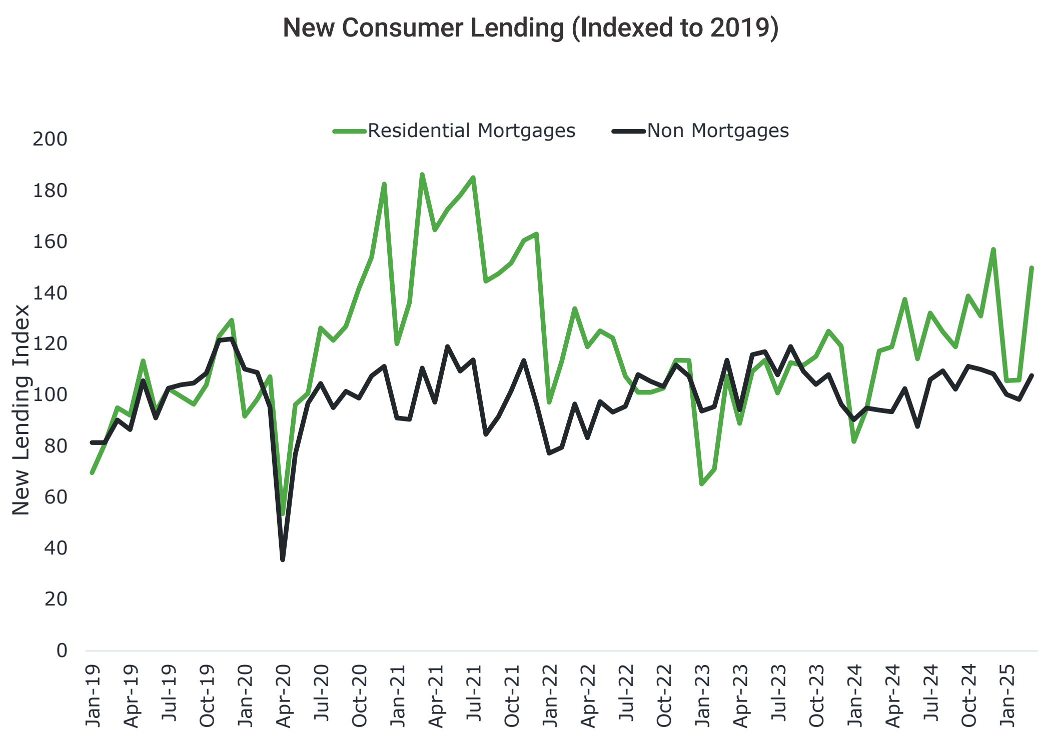
Year-on-year comparison of 3 month rolling averages

Overall household lending up year-on-year

New mortgage lending rose by 23.3% compared to the same period last year, driven by increased market activity. However, it remains 18% below the levels seen during the 2021 property market boom.

New non-mortgage lending, which includes credit cards, vehicle loans, personal loans, Buy Now Pay Later, and overdrafts, grew by 7.1% year-on-year, with vehicle loan activity being a key contributor.

Overall new household lending increased by 21.7% year-on-year.



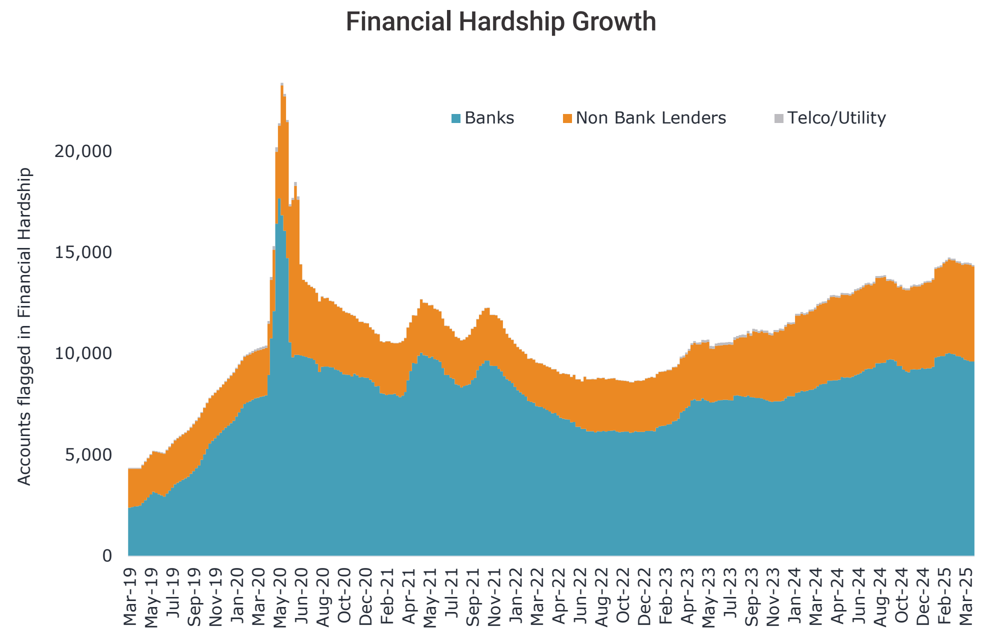
Overall new household lending increased by 21.7% year-on-year.

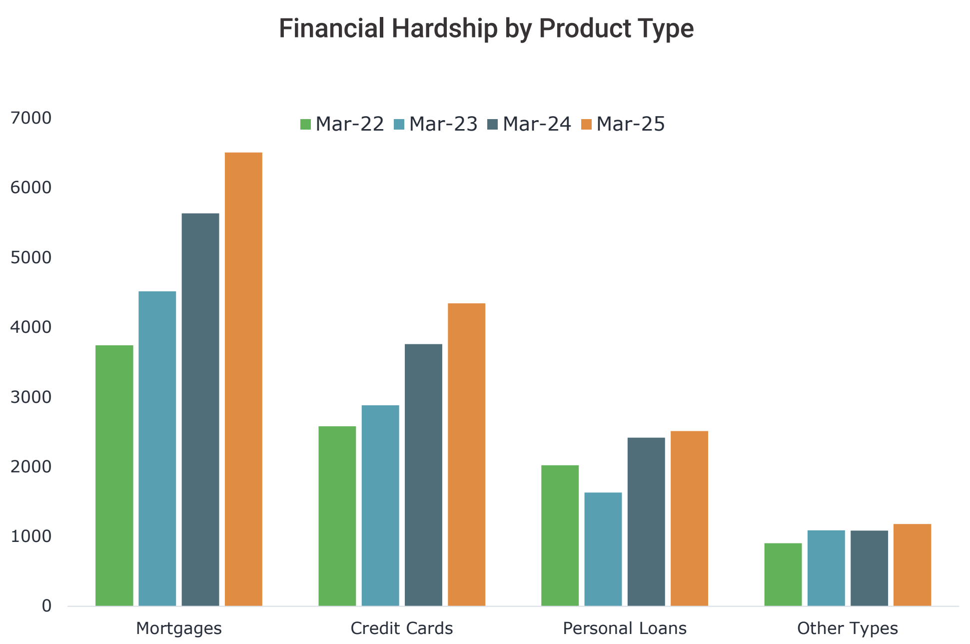
Financial hardship figures slowing down

There were 14,400 accounts are reported in financial hardship in March, a decline of 200 from the previous month but remain up 11.5% year-on-year.

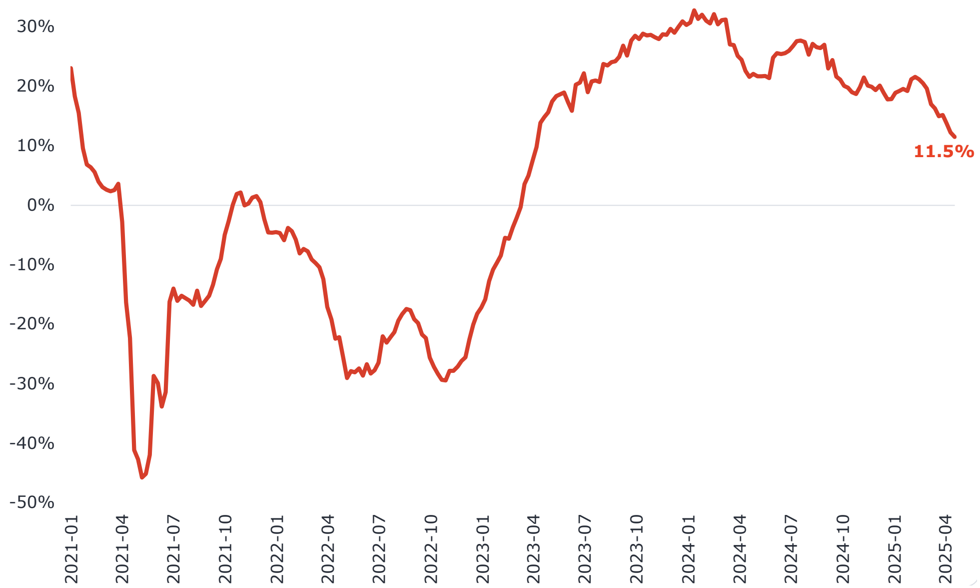
Although financial hardship cases have been rising since November 2022, this has shown a slowdown in recent months.

Mortgage payment difficulties account for 45% of these cases, followed by credit card debt at 30% and personal loan repayments at 17%. The highest rate of financial hardships is observed among individuals aged 35 to 49.

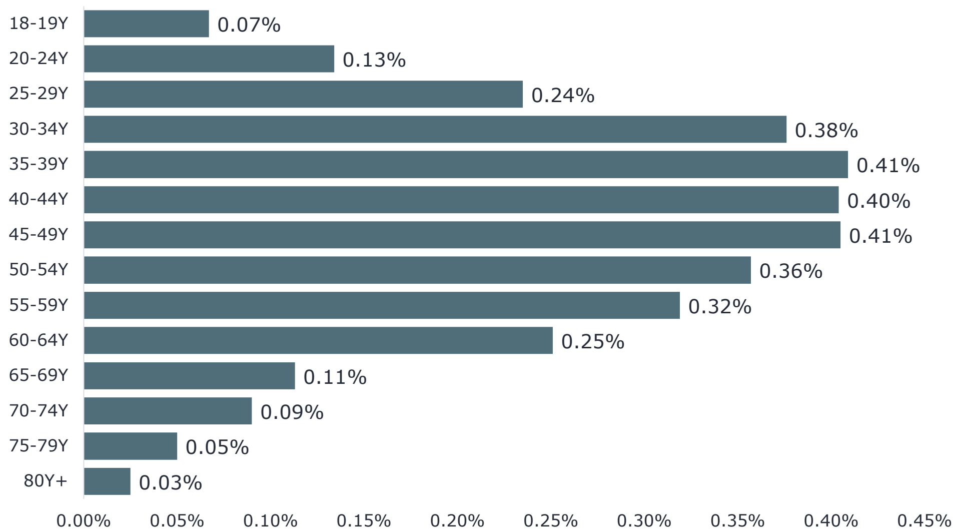




Annual Change in Financial Hardship Cases



Financial Hardship Rate by Age Group



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Snapshot of Over 65 Kiwi credit trends

There are 948,000 credit-active consumers aged 65 and over, with 23% of them aged 80 or above. Among this group, 16% hold mortgages, with an average loan size of $266,000. Nearly 22,000 borrowers aged 65+ have mortgages exceeding $500K.

Credit cards are the most popular financial product for this demographic, with 63% holding at least one and many managing multiple cards. The average credit score for credit-active consumers aged 65 and above stands at 833.

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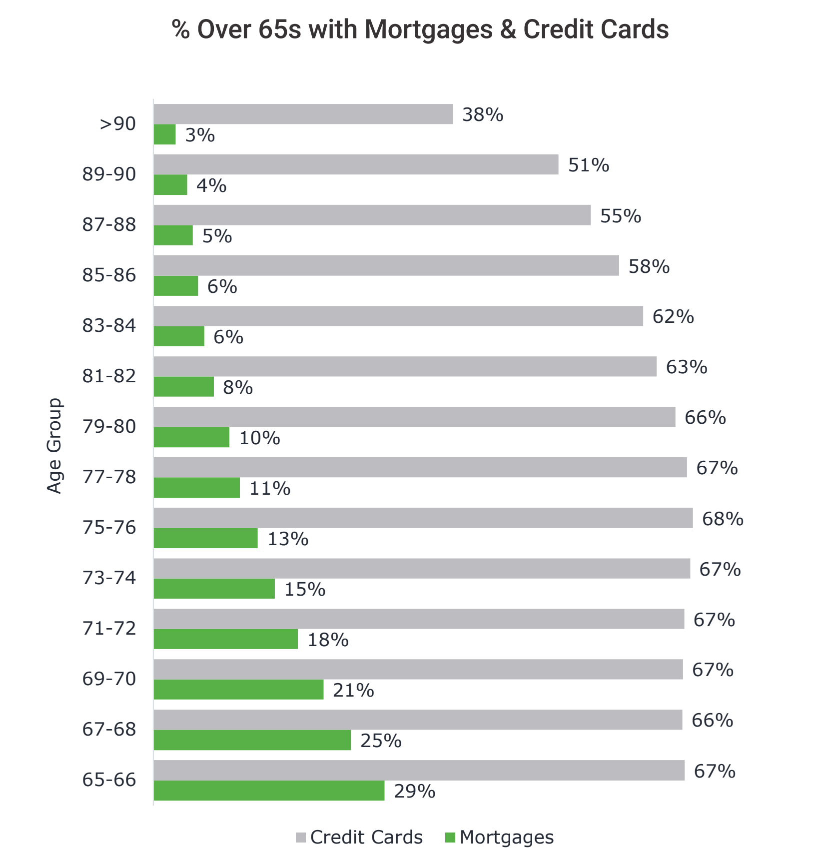
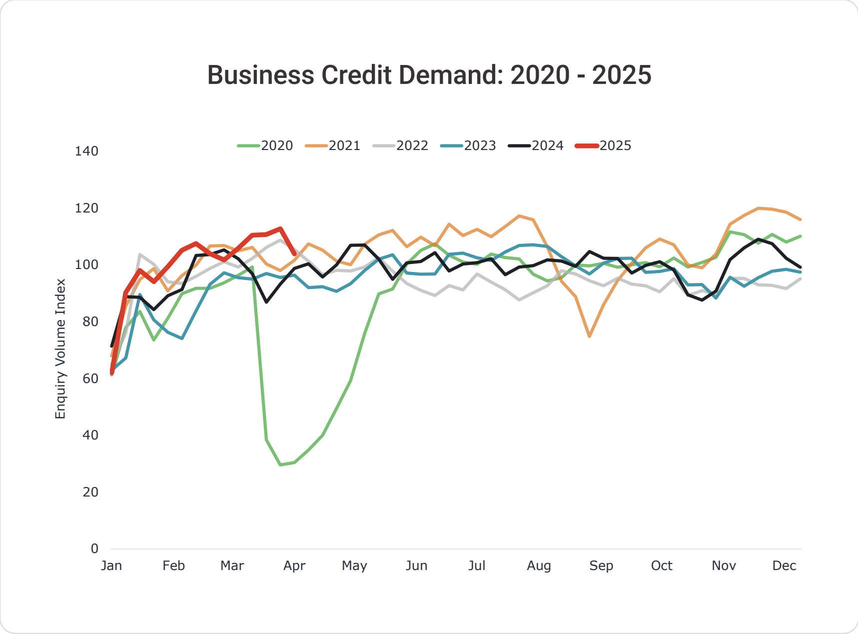


Business credit demand, defaults up

Business credit demand has risen by 9% year-on-year, with notable increases across the arts and recreation services sector (+23%), followed by property (+21%) and financial/insurance services (+20%).

However, business credit defaults were also up year-on-year across the board – most notably in transport (+38%), construction (+29%) and manufacturing (+26%).



Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
Construction	+3%	+29%	747 ↓	+50%	2.4X
Hospitality	+13%	+16%	731 ↓	+52%	2.5X
Retail Trade	+19%	+8%	760 ↓	+3%	1.0X
Transport	+3%	+38%	716 ↓	+70%	2.4X
Property / Rental	+21%	+7%	808 ↓	+29%	0.8X
Manufacturing	+13%	+26%	770 ↓	+49%	1.8X
All Sectors	+9%	+18%	781 ↓	+35%	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.

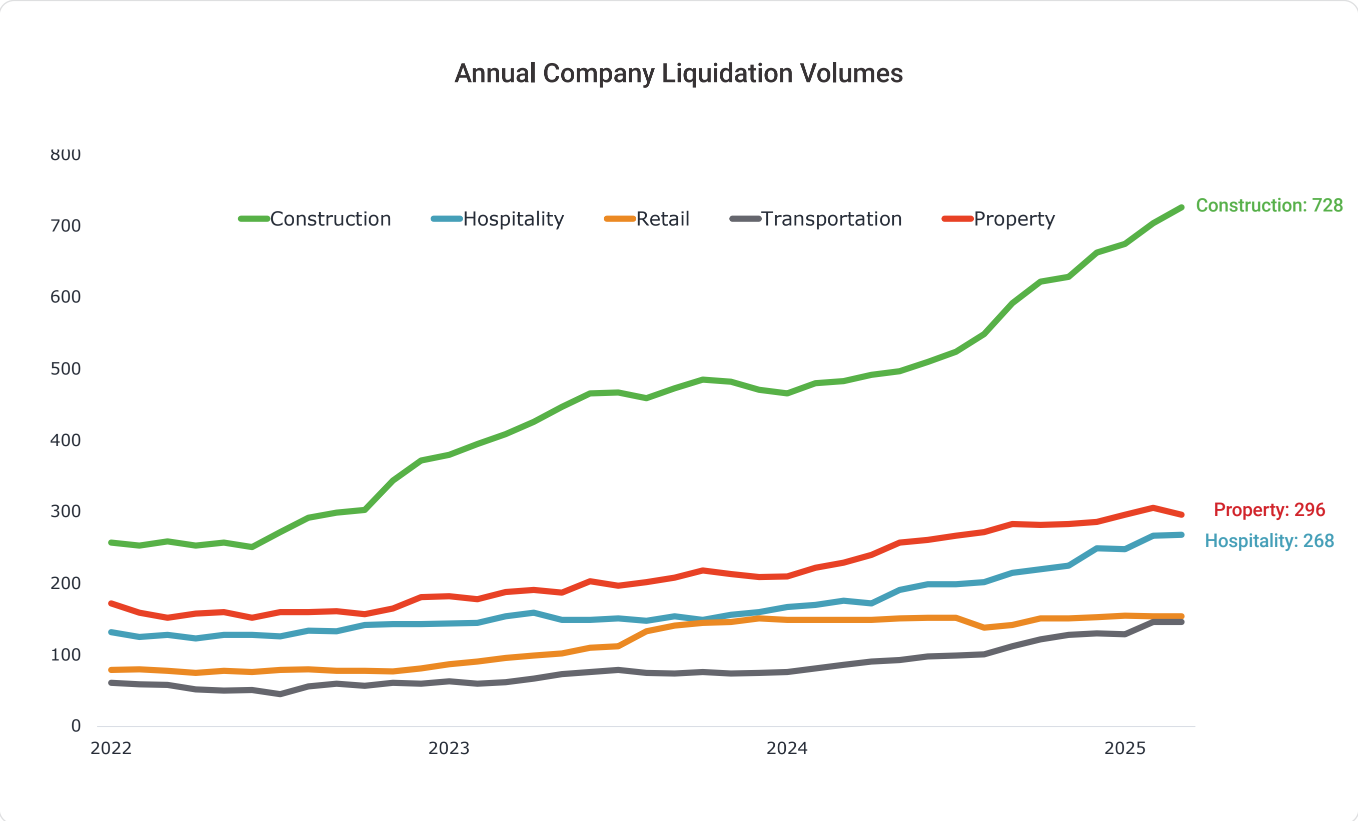
Business credit demand has risen by 9% year-on-year, with notable increases across the arts and recreation services sector (+23%), followed by property (+21%) and financial/insurance services (+20%).

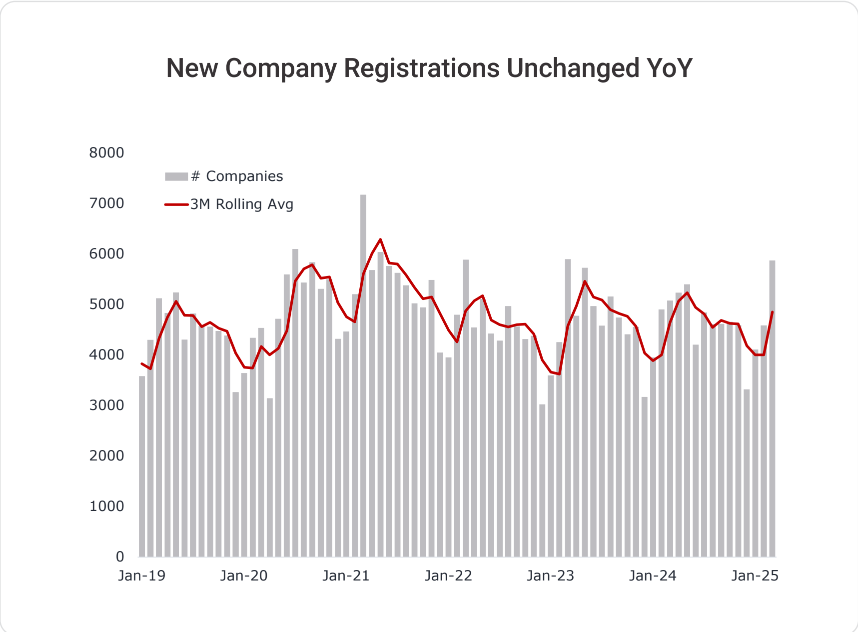
All sectors continue to face liquidations

Company liquidations increased by 35% over the past year compared to the previous period. Construction firms continue to face significant challenges, with more than 720 building companies entering liquidation in the last 12 months.

In March 2025, company insolvencies totalled 268, slightly lower than the 284 recorded in March 2024. Meanwhile, company liquidations rose to 257, up from 239 in the same period last year.

Residential new home builders, cafés and takeaway food outlets, and property developers have recorded the highest number of company failures.





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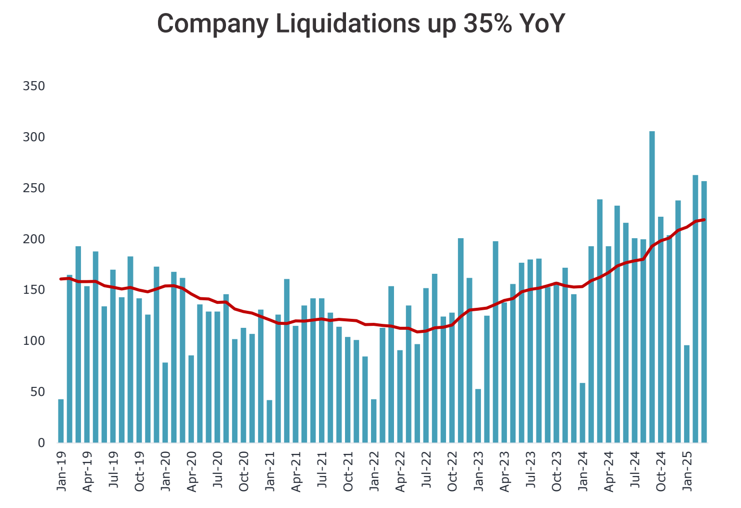

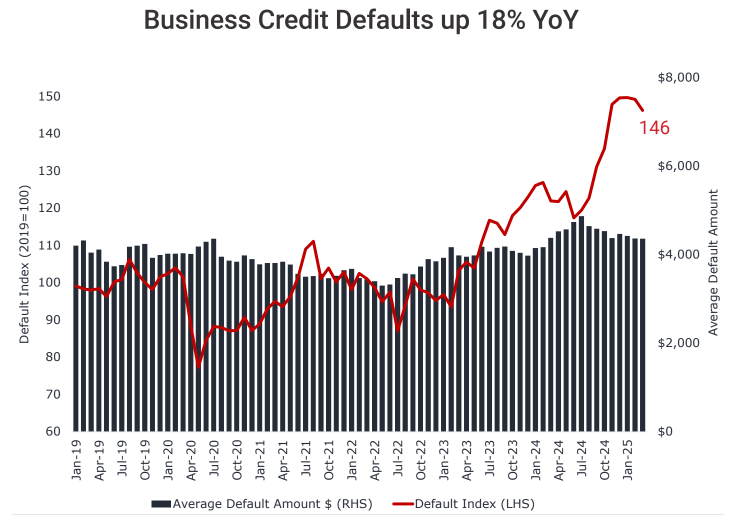

Spotlight on the manufacturing sector

The manufacturing sector comprises over 25,000 registered companies, making up 3.5% of all registered businesses. Over the past year, 164 manufacturing companies entered liquidation, a 49% increase from the previous year's 110.

Businesses in beverage, tobacco, fabricated metal, and furniture manufacturing continue to face difficulties due to declining demand and global uncertainty surrounding trade tariffs, which may significantly affect exports.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
Manufacturing	**25,612**	**3.5%**	**13%**	**26%**	**770**	**49%**	**1.8X**
Basic Chemical and Chemical Product Manufacturing	1,366	0.2%	0%	29%	734	0%	1.4X
Beverage and Tobacco Product Manufacturing	1,647	0.2%	24%	0%	770	40%	5.1X
Fabricated Metal Product Manufacturing	1,994	0.3%	4%	33%	761	200%	3.2X
Food Product Manufacturing	4,256	0.6%	49%	43%	749	21%	1.1X
Furniture and Other Manufacturing	2,781	0.4%	24%	11%	779	31%	3.8X
Machinery and Equipment Manufacturing	5,304	0.7%	4%	44%	762	138%	0.4X
Non-Metallic Mineral Product Manufacturing	748	0.1%	-2%	13%	767	300%	0.0X
Polymer Product and Rubber Product Manufacturing	523	0.1%	-9%	100%	774	33%	1.1X
Printing	1,529	0.2%	1%	-4%	785	-25%	0.0X
Textile, Leather, Clothing and Footwear Manufacturing	1,318	0.2%	15%	0%	781	50%	2.3X
Transport Equipment Manufacturing	1,408	0.2%	-10%	20%	778	83%	0.6X
Wood Product Manufacturing	1,180	0.2%	14%	13%	786	-73%	0.0X

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Last updated April 30, 2025.

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.