June Credit Indicator

CENTRIX

Signs of the times: Household arrears level out while company liquidations remain high

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

There are signs our economy is beginning to head in the right direction, albeit with a few bumps along the way.

According to Stats NZ, gross domestic product (GDP) grew by 0.8% in the March quarter, slightly above the expected 0.7%. Despite this quarterly growth, the economy is still 1.1% smaller than it was a year ago.

At the same time, we saw many of the major banks cut interest rates again, which could have an impact on household finances over the coming months.

Our latest data shows customer arrears continued to show signs of stability in May, with the number of individuals behind on payments climbing slightly to 485,000 - up from 483,000 in April - but down 1% year-on-year.

Among those, 180,000 consumers were more than 30 days past due, with 81,000 over 90 days in arrears. Residential mortgage arrears declined to 1.44%, with 21,900 accounts past due - 700 fewer than in April.

Vehicle loan arrears also dipped slightly to 5.5%, matching last year's level. Credit card arrears improved to 4.0%, the lowest since September 2022, and personal loan arrears dropped to 9.4%, though still slightly above last year's 9.2%.

In contrast, Buy Now, Pay Later arrears rose to 9.0%, slightly higher than a year ago. Retail energy arrears remained steady at 4.3%, about 5% higher year-on-year. Telecommunications arrears, including mobile and broadband, edged up to 11.2%, unchanged from last year.

Nearly 15,000 accounts are currently reported in financial hardship, marking an increase of 300 from the previous month. This continues a steady upward trend that began in November 2022. Mortgage payment difficulties account for 46% of these cases, having risen by 19% year-on-year.

For Kiwi business owners, credit demand has grown by 9% compared to the same period last year, with notable increases in the retail trade (25%), hospitality (23%), and financial and insurance services (18%) sectors.

However, this growth has been accompanied by a 14% rise in business defaults across all industries.

Company liquidations have risen 27% year-on-year, partly due to increased enforcement activity by the IRD. The construction sector has been hit the hardest – over 750 building firms have gone into liquidation in the past 12 months.

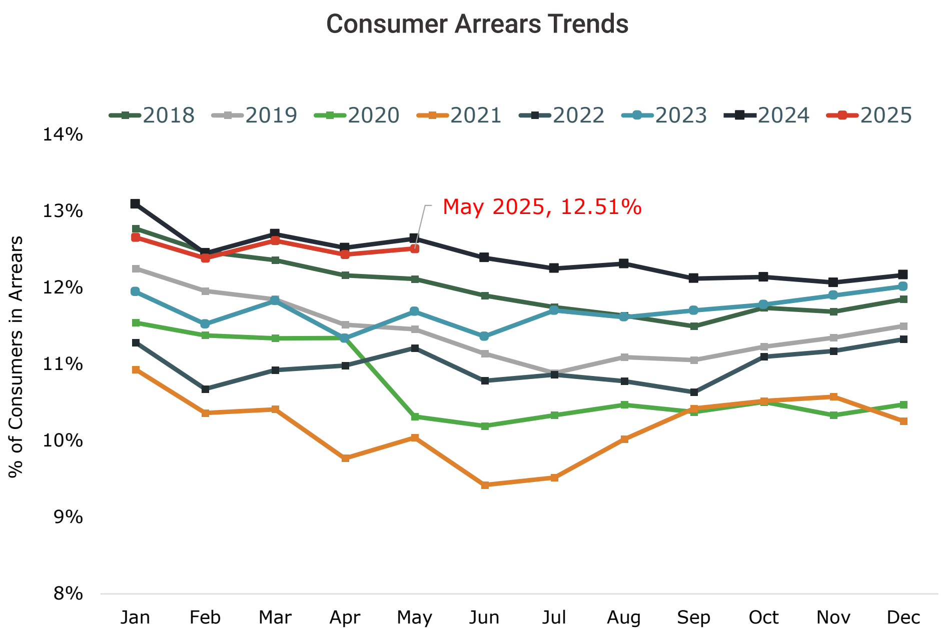
Businesses, particularly in construction, property, and hospitality, continue to face significant challenges. The highest rates of business failures have been seen in residential construction, property development and operations, hospitality (especially restaurants and cafés), and road freight transport.

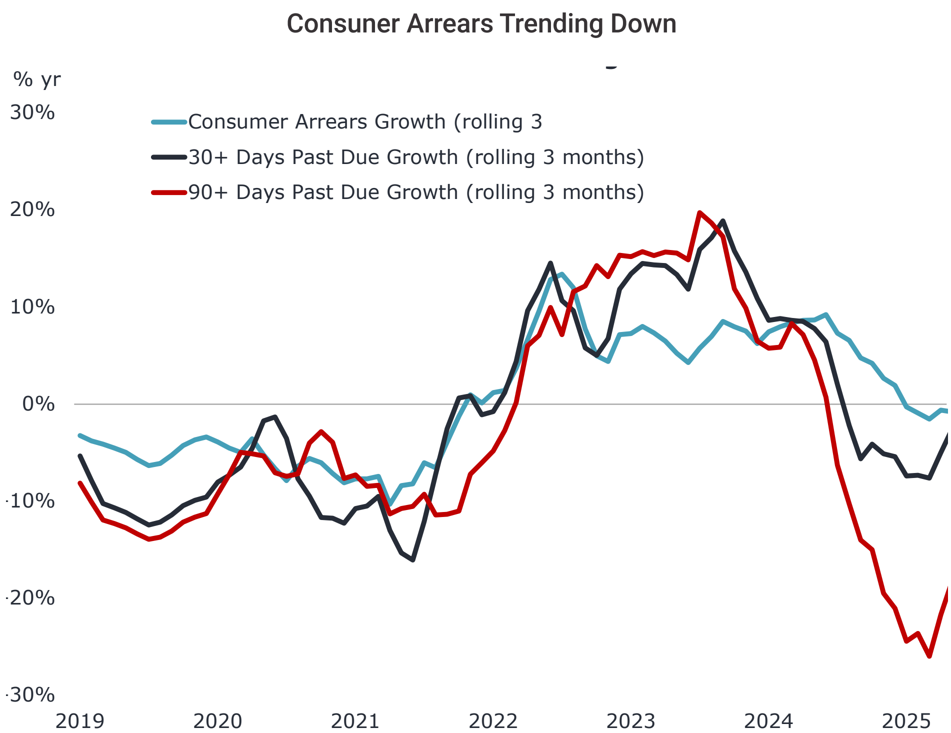
Keith McLaughlin
Managing Director

Arrears continue to stabilise

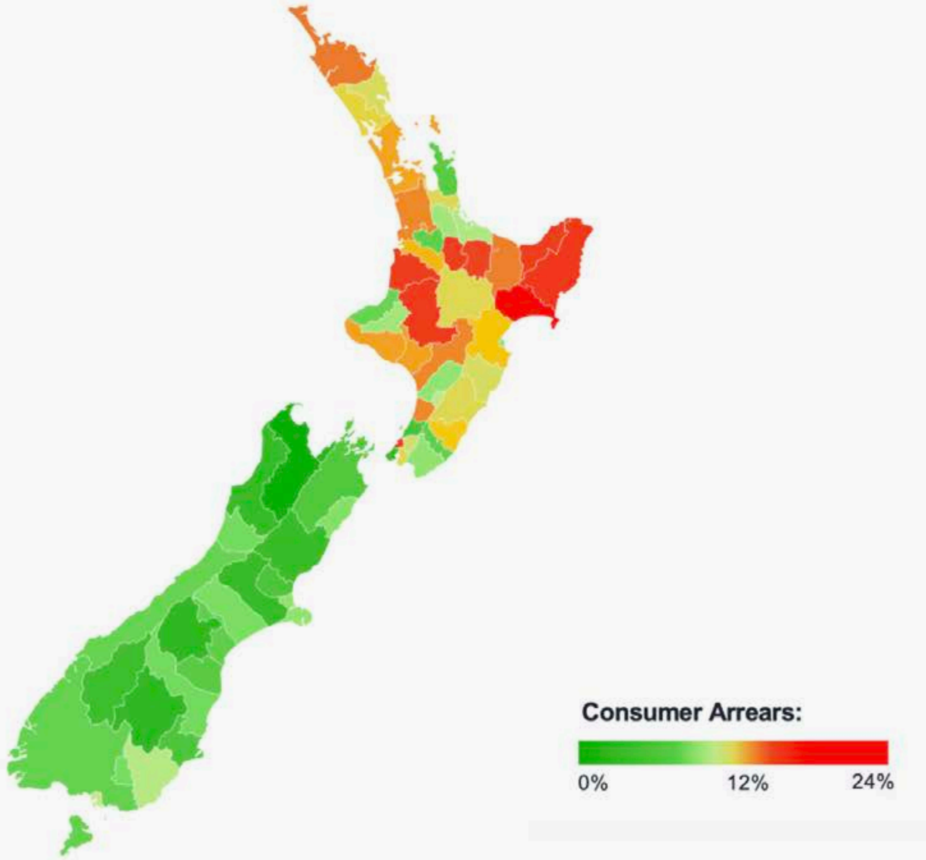
Consumer arrears continued to stabilise in May, with 12.51% of the credit-active population reported in arrears, a slight increase from 12.43% the previous month. The number of individuals behind on payments rose slightly to 485,000, up from 483,000 in April. However, this figure remains 1% lower than the same time last year, reflecting ongoing year-over-year improvement.

Currently, 180,000 consumers are more than 30 days past due, with 81,000 of them over 90 days in arrears.





Consumer arrears across the country



	Lowest Arrears Areas	
	District	**Arrears %**
1	Tasman District	8.22%
2	Nelson City	8.98%
3	Central Otago District	9.43%
4	Mackenzie District	9.44%
5	Wellington City	9.55%
6	Buller District	9.76%
7	Selwyn District	9.79%
8	Hurunui District	9.88%
9	Queenstown-Lakes District	10.12%
10	Kapiti Coast District	10.43%

	Highest Arrears Areas	
	District	**Arrears %**
1	Wairoa District	18.30%
2	Kawerau District	18.07%
3	Gisborne District	16.49%
4	Ruapehu District	16.42%
5	Waitomo District	16.26%
6	South Waikato District	16.23%
7	Opotiki District	16.22%
8	Porirua City	16.10%
9	Rotorua District	15.99%
10	Far North District	14.75%

Consumer arrears continued to stabilise in May, with 12.51% of the credit-active population reported in arrears, a slight increase from 12.43% the previous month. The number of individuals behind on payments rose slightly to 485,000, up from 483,000 in April. However, this figure remains 1% lower than the same time last year, reflecting ongoing year-over-year improvement.

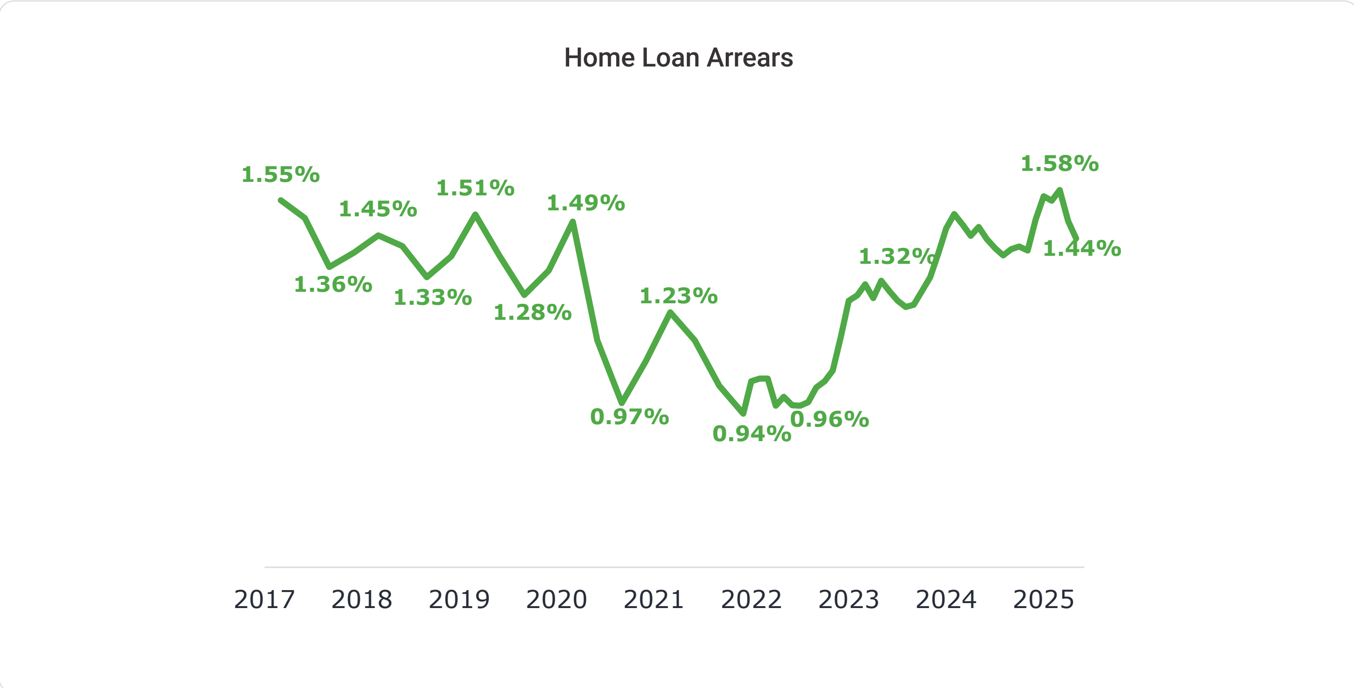
Home loan, personal loan arrears drop month-on-month

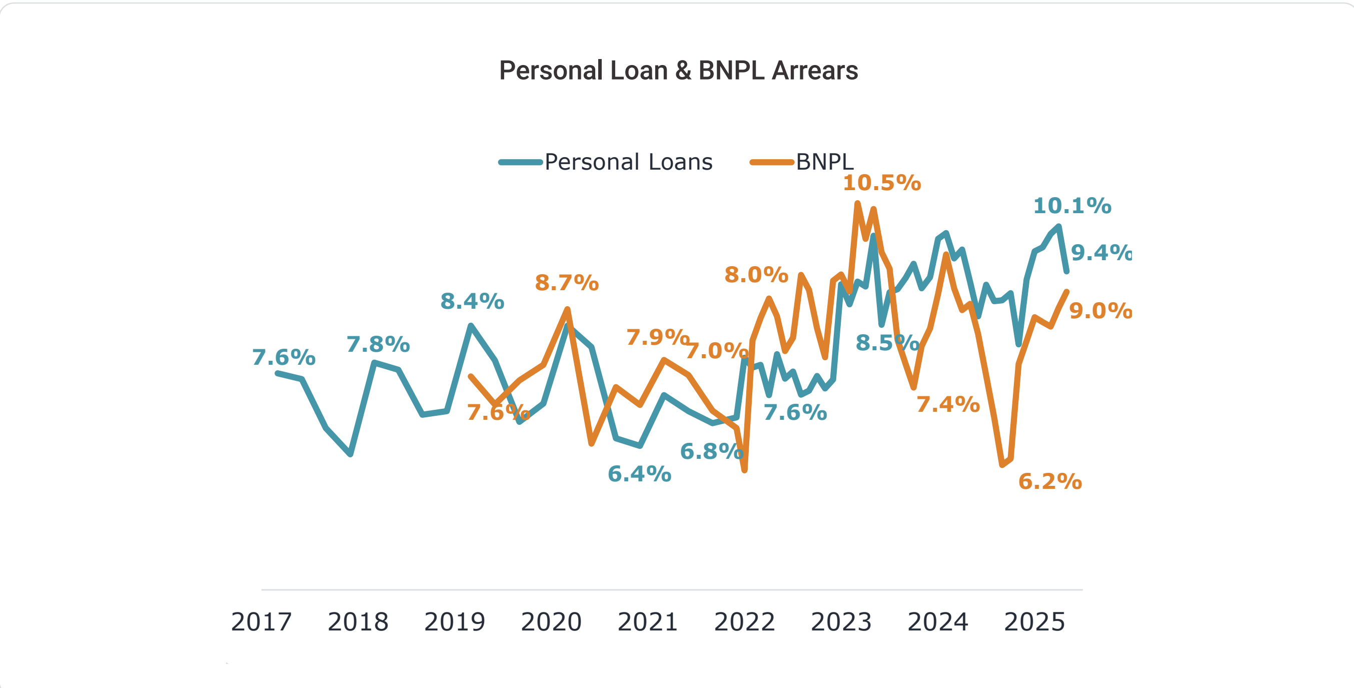
In May, residential mortgage arrears declined to 1.44%, down from 1.49% the previous month and 2% lower than the same time last year, with 21,900 accounts reported past due — 700 fewer than in April. Vehicle loan arrears also saw a slight decrease to 5.5%, matching last year's level.

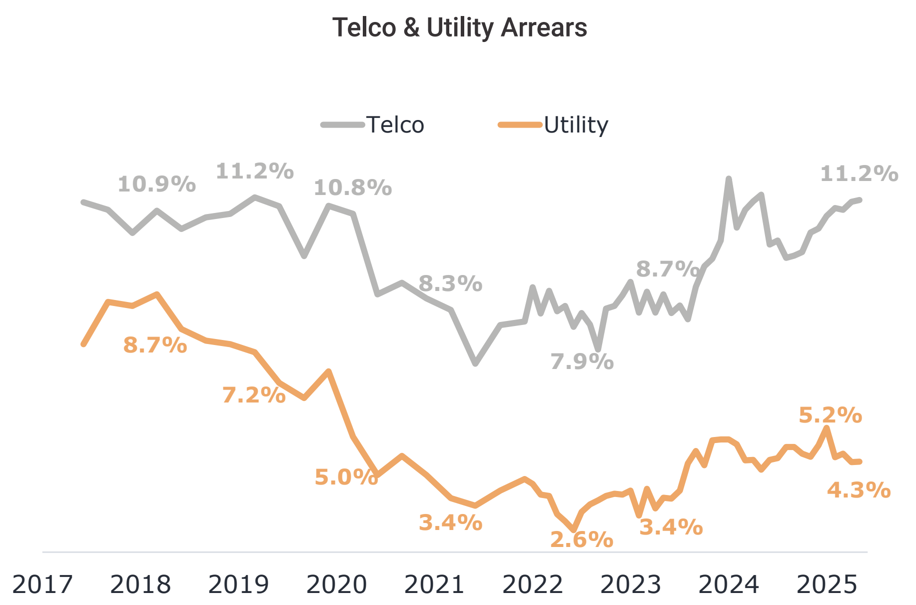
Credit card arrears improved to 4.0%, marking the lowest rate since September 2022. Personal loan arrears dropped from 10.1% to 9.4%, though this remains slightly above the 9.2% recorded in May last year.

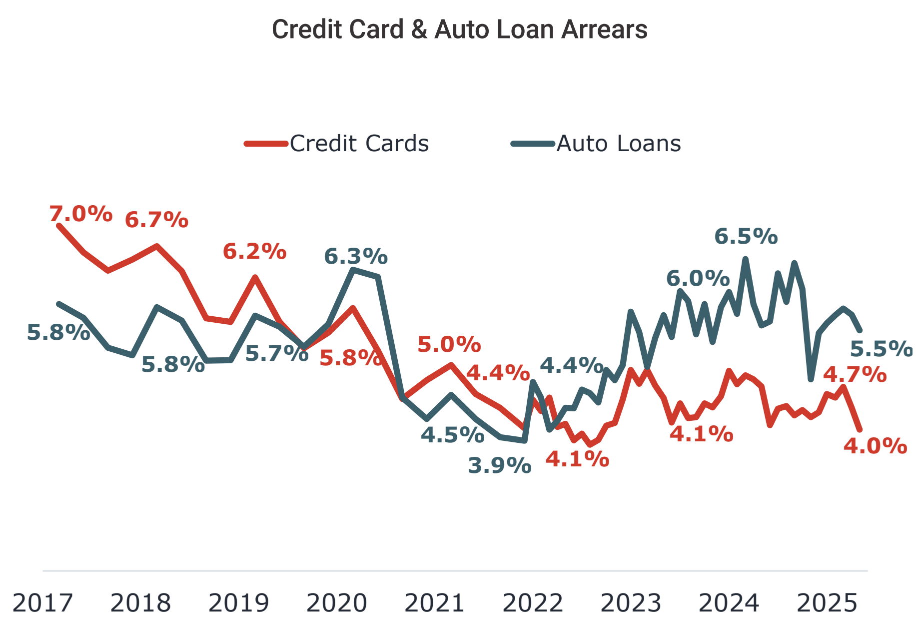
In contrast, Buy Now, Pay Later arrears rose to 9.0%, slightly higher than a year ago. Arrears in retail energy payments held steady at 4.3%, which is about 5% higher than the same period last year.

Meanwhile, the proportion of overdue telecommunications accounts, including mobile and broadband, edged up slightly to 11.2%, remaining unchanged year-on-year.









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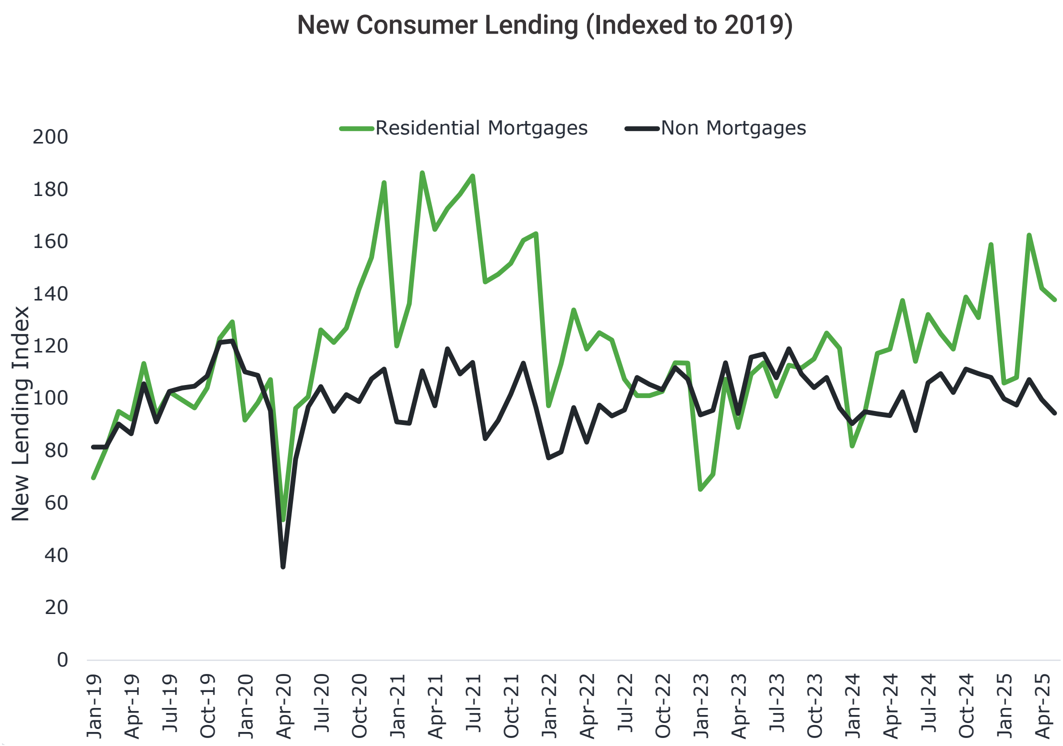
New mortgage borrowing drives upswing in lending

In the May quarter, total new household lending rose by 17.1% compared to the same period last year. This growth was largely driven by an 18.6% year-on-year increase in new residential mortgage lending, reflecting heightened market activity and borrowers seeking better rates.

However, despite this rebound, mortgage lending remains below the levels seen during the 2021 property boom.

New non-mortgage lending, which includes credit cards, vehicle and personal loans, Buy Now Pay Later, and overdrafts, also saw a modest increase of 1.3% year-on-year, primarily due to recent growth in personal loans and vehicle finance.



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Credit demand edges higher

Consumer credit demand rose by 7.2% year-on-year, with growth seen across all credit types but driven by mortgage enquiries, which were up 21.8% year-on-year as interest in home lending begins to grow.

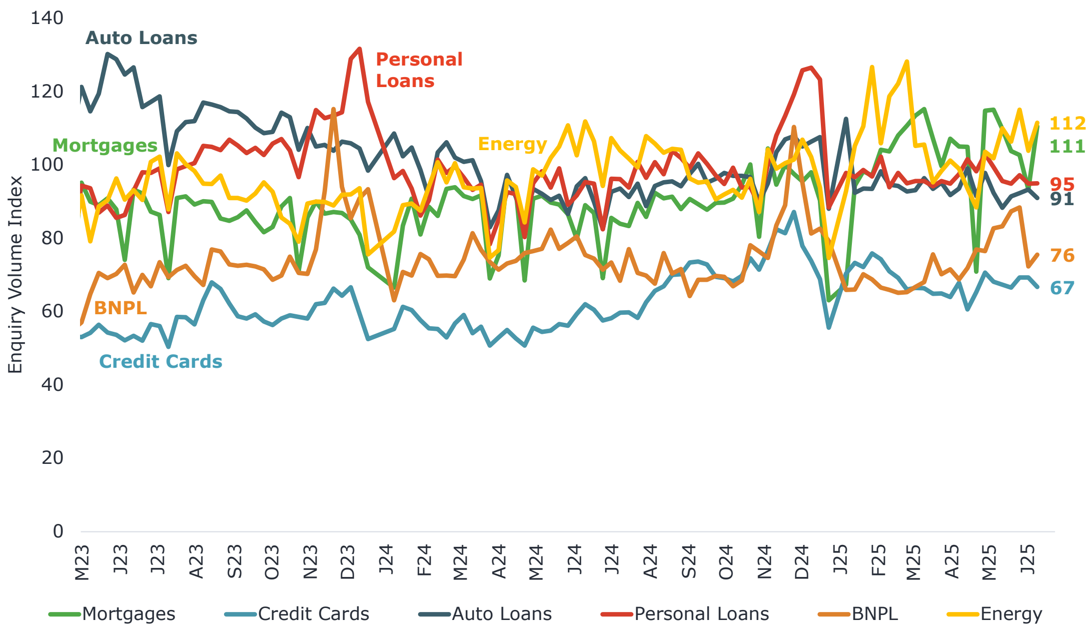
Credit card applications led the increase with a 20.8% rise, followed by a 6.8% uptick in personal loan applications and a modest 0.9% increase in Buy Now Pay Later applications.

Year-on-year change %

Mortgages	**+21.8%**
Auto Loans	**+2.7%**
Credit Cards	**+20.8%**
Personal Loans	**+6.8%**
BNPL	**+0.9%**
Retail Energy	**+6.2%**

Year-on-year comparison of 3 month rolling averages

Credit Demand by Product Type

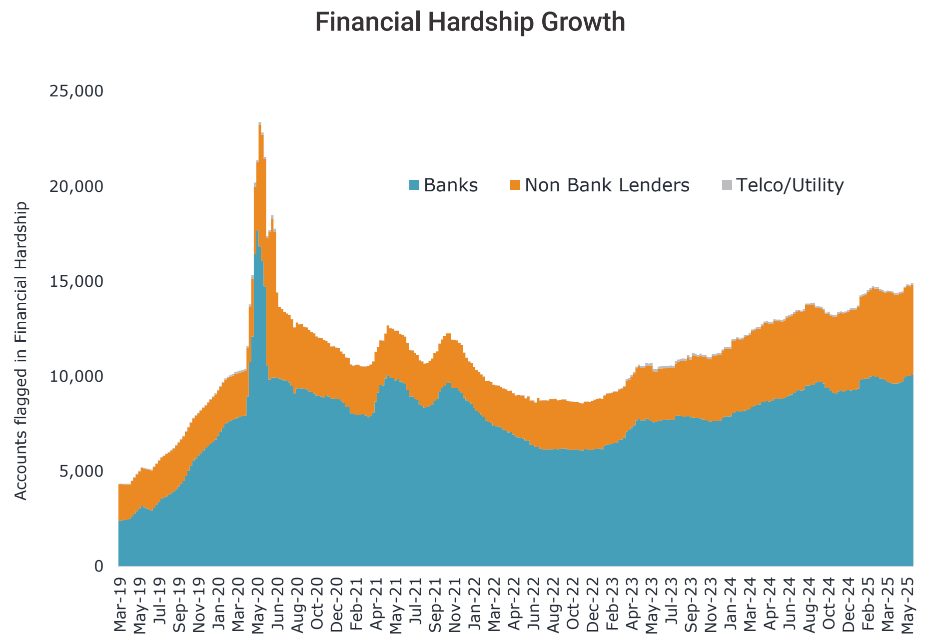


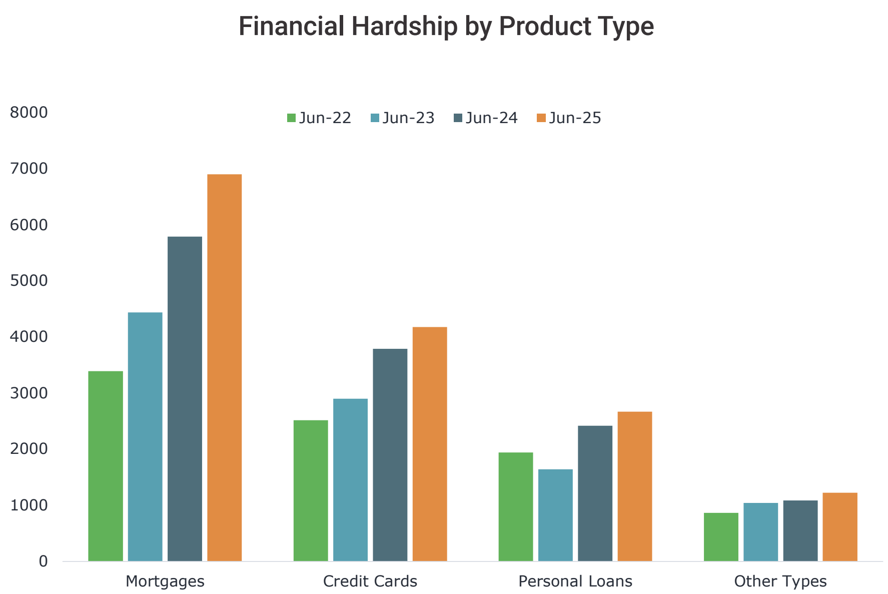
Consumer credit demand rose by 7.2% year-on-year, with growth seen across all credit types but driven by mortgage enquiries, which were up 22% year-on-year as interest in home lending begins to grow.

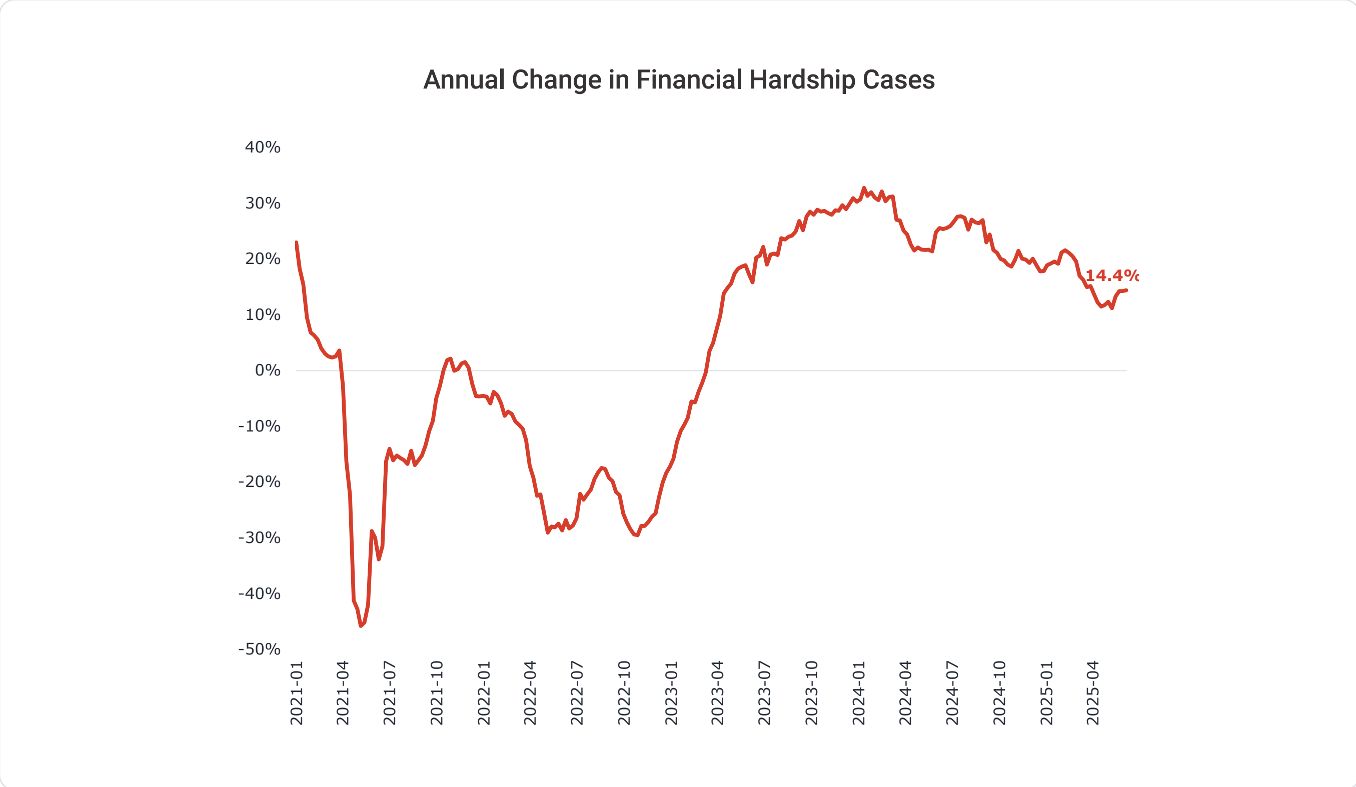
Financial hardship figures remain up year-on-year

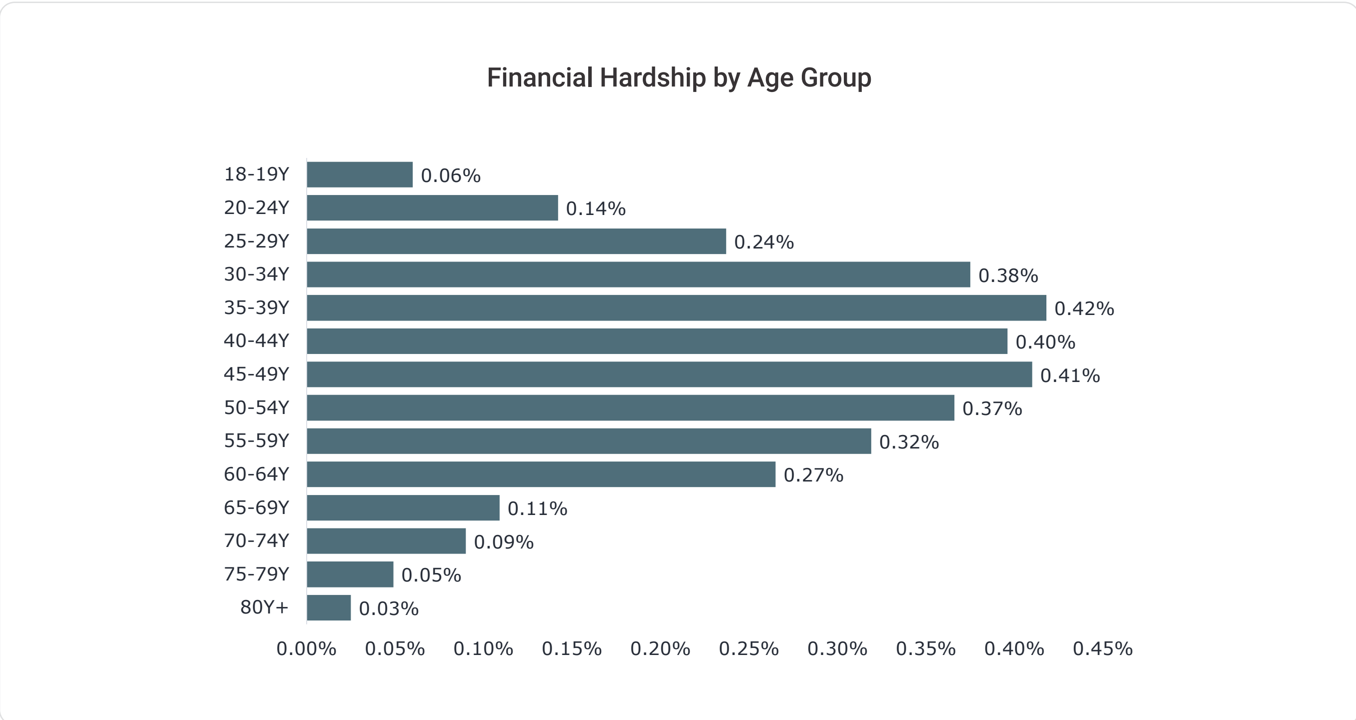
Currently, there are nearly 15,000 accounts reported in financial hardship, which is an increase of 300 from the previous month. The number of hardship cases has been steadily rising since November 2022 and is now 14.4% higher than a year ago.

Almost half of these cases (46%) are due to difficulties with mortgage payments, which have increased by 19% year-on-year. Credit card debt accounts for 28% of the cases, while 18% are related to personal loan repayments. The age group most affected by financial hardship is those between 35 and 49 years old.









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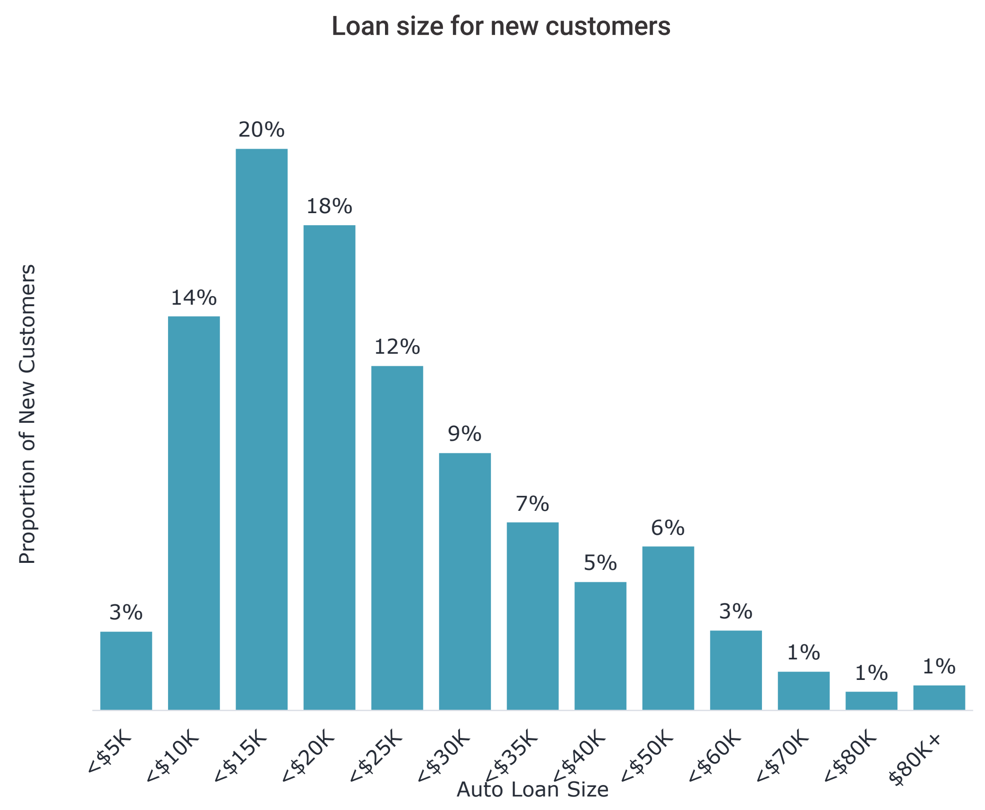
Snapshot of auto lending

The average size of a new auto loan is approximately $22,700, reflecting a continuing upward trend over recent years. More than 20% of new borrowers are taking out loans between $10,000 and $15,000.

The rate of auto loans that are 30 or more days past due is currently 3.1%, which is lower than the 3.4% recorded in February but still higher than 2.4% year-on-year.

The average age of auto loan borrowers is around 42, a figure that has remained stable, with 19% of borrowers under 30 and 26% aged 50 or older. The average credit score among these borrowers is 667, slightly below the national average of 744.



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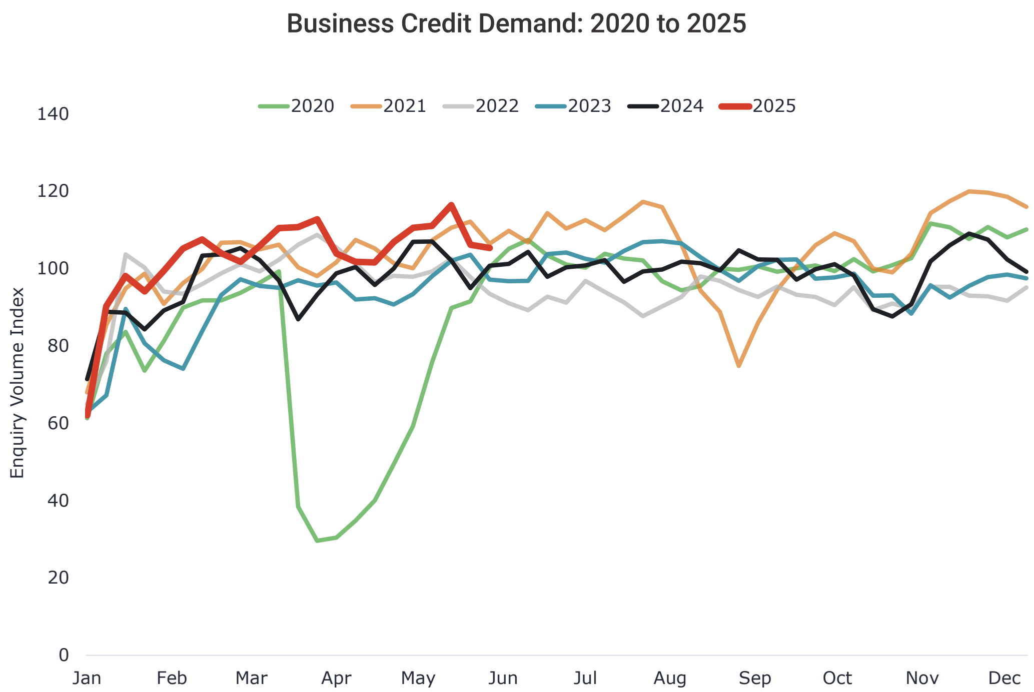
Business credit demand, defaults up

Business credit demand has increased by 9% compared to the same period last year.

Over the past 12 months, the retail trade sector has seen a 25% rise in credit demand, while the hospitality industry has grown by 23%, and financial and insurance services have experienced an 18% increase.

Furthermore, business defaults climbed across all sectors as well, up 14% overall.



Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
Construction	+1%	+23%	748 ↓	+52%	2.5X
Hospitality	+23%	+2%	730 ↓	+47%	2.5X
Retail Trade	+25%	+2%	759 ↓	+7%	1.1X
Transport	+3%	+23%	716 ↓	+63%	2.4X
Property / Rental	+17%	+9%	806 ↓	+11%	0.7X
Manufacturing	+9%	+29%	770 ↓	+37%	1.8X
All Sectors	+9%	+14%	780 ↓	+27%	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.

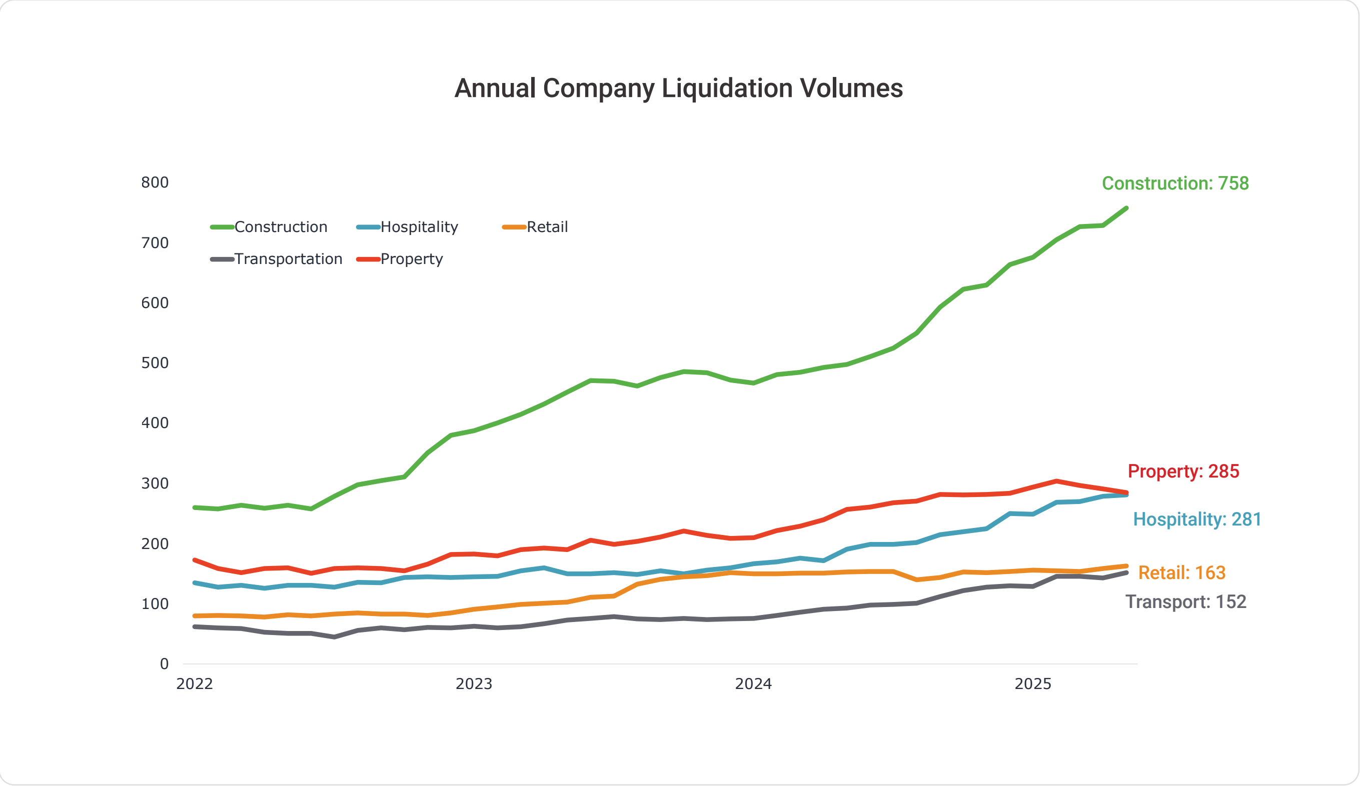
Liquidations recorded across all sectors

Company liquidations have risen 27% year-on-year, partly due to increased enforcement activity by the IRD.

The construction sector remains particularly vulnerable, with over 750 building firms having gone into liquidation over the past 12 months.

It continues to be a challenging period for small businesses, especially in the construction, property, and hospitality sectors.

The highest rates of business failures have been observed in residential construction, property development, property operations, hospitality - especially restaurants and cafés - and the road freight transport industry.



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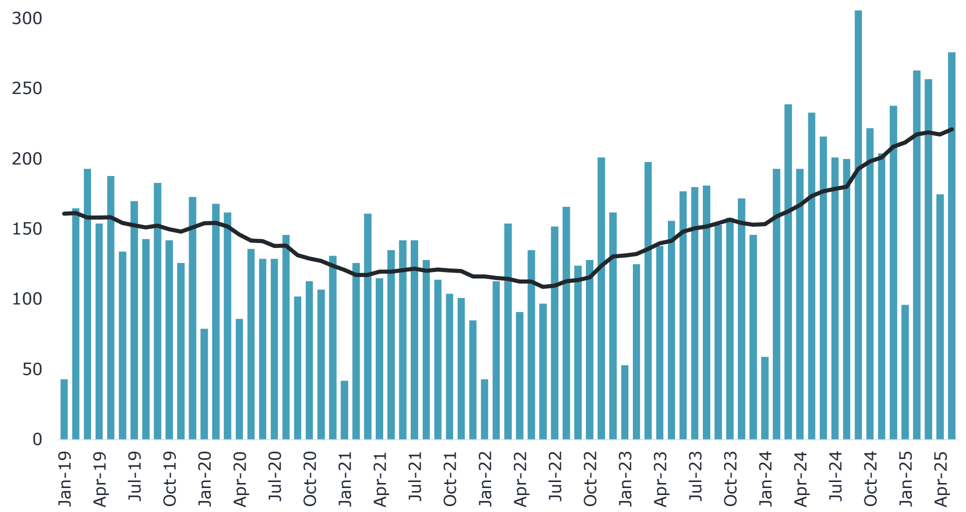
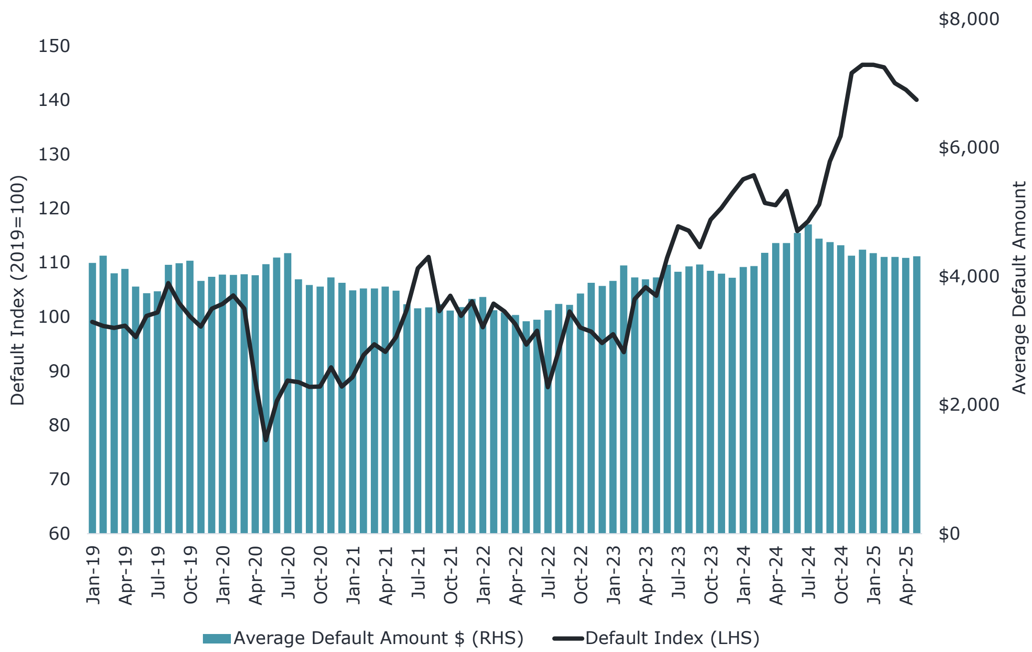
Company Liquidations up 27% YoY



Business Credit Defaults up 14% YoY



Spotlight on the financial and insurance sector

There are over 90,000 registered companies in the financial and insurance sector, making up more than 12% of all registered businesses. In the past year, 105 companies in this sector went into liquidation, the same number as the previous year.

While business failures have declined in areas such as financial asset investing, financial services, and holding companies, there has been an increase in liquidations among insurance services, brokers, and trustee services.

Despite these shifts, the sector's overall credit health remains strong, with an average credit score above 800.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
Financial and Insurance Services	**90,484**	**12.2%**	**18%**	**34%**	**819**	**0%**	**0.3X**
Financial Asset Investing	11,437	1.5%	0%	8%	811	-8%	0.8X
Financial Services	5,627	0.8%	7%	-7%	791	-35%	0.6X
Holding Company	6,287	0.8%	26%	67%	784	-32%	0.8X
Insurance Services	1,055	0.1%	-12%	50%	799	200%	0.8X
Insurance broking service	1,222	0.2%	36%	-40%	785	100%	0.5X
Mortgage broking service	1,743	0.2%	46%	71%	799	-	0.3X
Trustee service	56,962	7.7%	33%	80%	830	76%	0.1X

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Last updated June 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:

- 93 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.