



July Credit Indicator

CENTRIX

Kiwi households and businesses navigate uncertainty against turbulent economic headwinds

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

Last month the Reserve Bank opted to hold the Official Cash Rate (OCR) steady at 3.25%, pausing an 11-month rate-cutting cycle.

This decision signals a wait-and-see approach as policymakers seek greater clarity on both domestic economic conditions and global trade dynamics.

The move reflects a broader slowdown in New Zealand's economic recovery, persistent inflationary pressures, and the ripple effects of international tariffs, all factors that will shape future OCR decisions and influence national credit activity.

Our latest credit data paints a similarly complex picture.

The slight year-on-year improvement in arrears we've observed so far this year have plateaued, with figures now largely unchanged compared to the same time last year.

In June, the number of individuals behind on payments fell by 7,000 to 478,000, representing 12.36% of the credit-active population.

Mortgage arrears showed a modest improvement, dropping to 1.41%, with 21,600 home loans past due, 300 fewer than in May.

Mortgage enquiries surged by 16.7%, driven by heightened refinancing activity. With 79% of mortgages due to be repriced over the next 12 months, many borrowers may benefit from lower rates.

Centrix data reveals nine out of ten personal loans are now issued to borrowers with a credit score of 505 or higher, up from 450 in early 2020.

This shift underscores the impact of the CCCFA and ongoing economic pressures, prompting lenders to maintain tighter credit policies.

On the business front, credit demand has risen 8% year-on-year, with notable growth in the retail and hospitality sectors (+23%) and financial, insurance, arts, and recreation services (+22%).

However, company liquidations are up 26% year-on-year, though the pace of increase is slowing. Construction remains the leading contributor to liquidations, followed by hospitality, which has now overtaken property as the second-largest affected sector.

Small businesses continue to face significant challenges, particularly sole proprietors managing multiple ventures.

This group is experiencing elevated debt stress - more than double that of non-business owners - often relying on home equity to sustain operations.

In light of these trends, it's crucial for Kiwi households and businesses to maintain a clear understanding of their financial health and seek guidance from trusted advisors to navigate the economic uncertainties ahead.

Keith McLaughlin
Managing Director

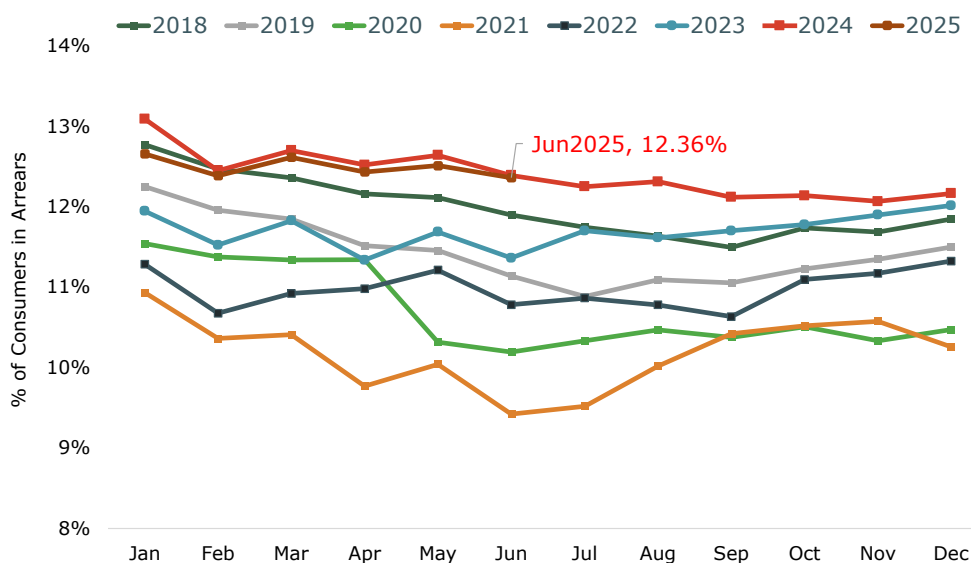


Arrears improvement trend tapers off

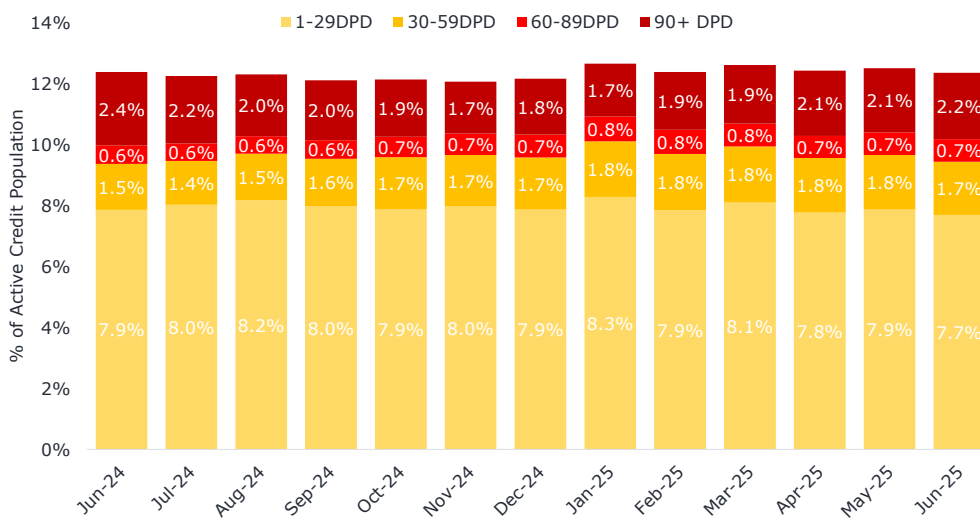
The number of people behind on payments improved to 478,000 in June 2025 – down 7,000 from May – representing 12.36% of the credit-active population.

These figures are largely unchanged from a year ago, which begs the questions – is the trend of year-on-year arrears improvement coming to an end?

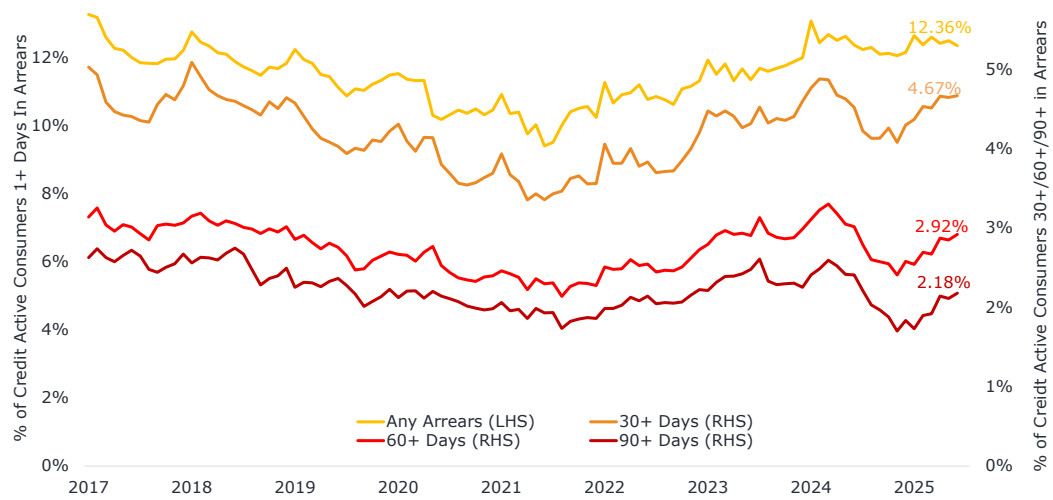
Consumer Arrears Trends



Consumer Arrears Trends by Days Past Due



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

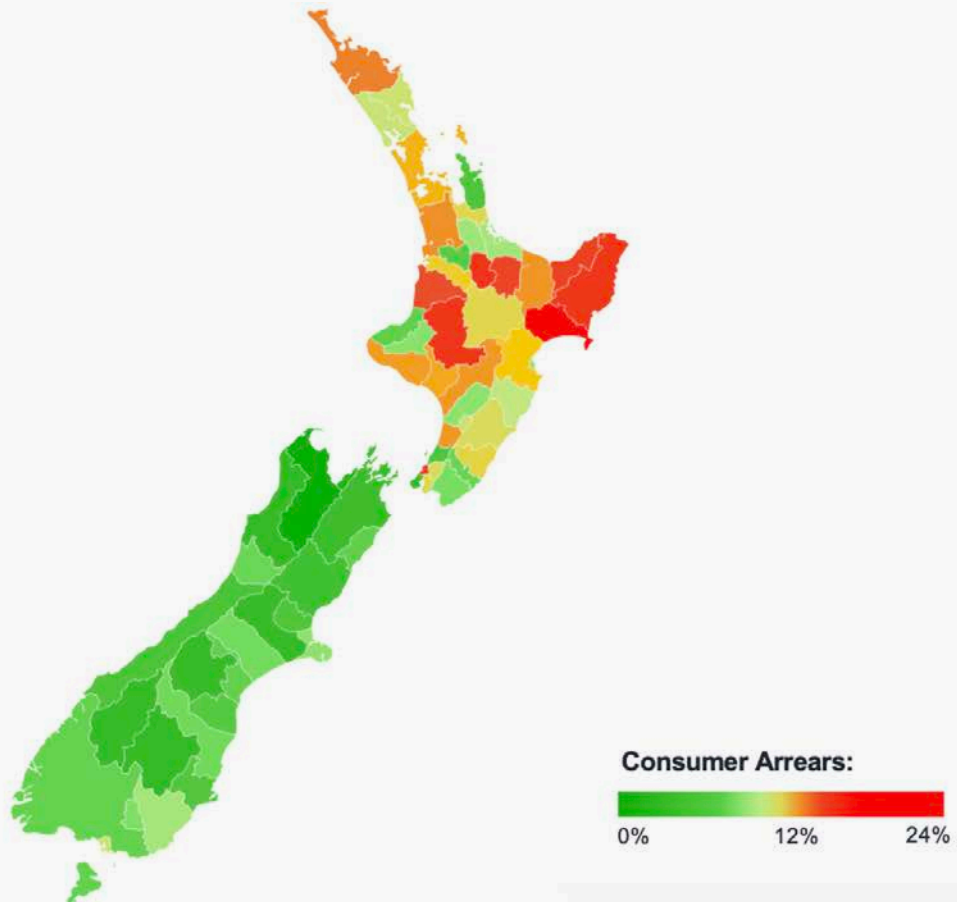


Consumer Arrears Trend



Is the trend of year-on-year arrears improvement coming to an end?

Consumer arrears across the country



Lowest Arrears Areas		
	District	Arrears %
1	Tasman District	8.20%
2	Nelson City	8.80%
3	Wellington City	9.51%
4	Buller District	9.53%
5	Central Otago District	9.54%
6	Queenstown-Lakes District	9.60%
7	Selwyn District	9.61%
8	Mackenzie District	9.68%
9	Marlborough District	9.87%
10	Hurunui District	10.08%

Highest Arrears Areas		
	District	Arrears %
1	Wairoa District	18.12%
2	Kawerau District	17.47%
3	South Waikato District	16.42%
4	Gisborne District	16.37%
5	Ruapehu District	16.35%
6	Opotiki District	15.95%
7	Porirua City	15.80%
8	Rotorua District	15.79%
9	Waitomo District	15.46%
10	Far North District	14.53%

Mortgage arrears improve

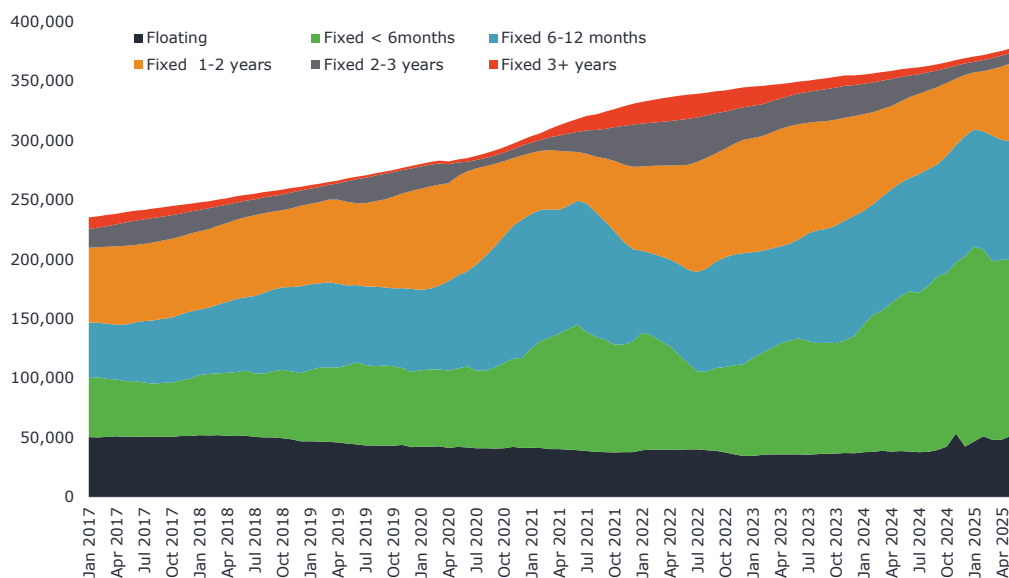
Mortgage arrears improved to 1.41% in June, with 21,600 home loans past due, 300 fewer than the previous month.

Mortgage enquiries rose 16.7%, driven in part by increased refinancing activity. Over the next 12 months, 79% of mortgages are set to be repriced, likely at lower rates.

Home Loan Arrears



Residential Mortgages: Repricing Maturity



Mortgage enquiries rose 16.7%, driven in part by increased refinancing activity.

Other arrears down across the board

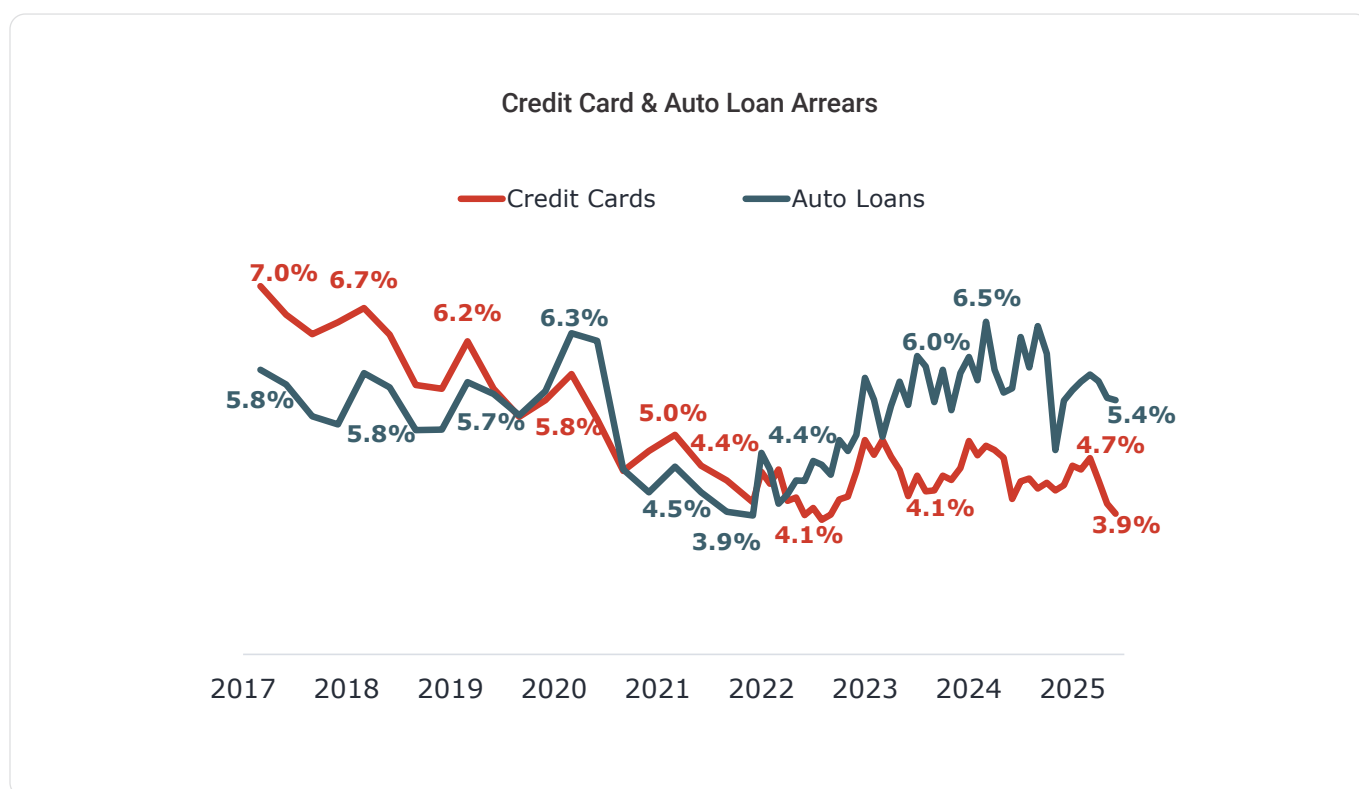
Vehicle loan arrears edged down to 5.4% in June, slightly below the level recorded a year ago.

Credit card arrears improved to 3.9% in June, the first time they have fallen below 4% since September 2022. They are down 6% compared to a year ago.

Personal loan arrears improved to 9.3%, while Buy Now Pay Later (BNPL) arrears fell to 8.4% in June.

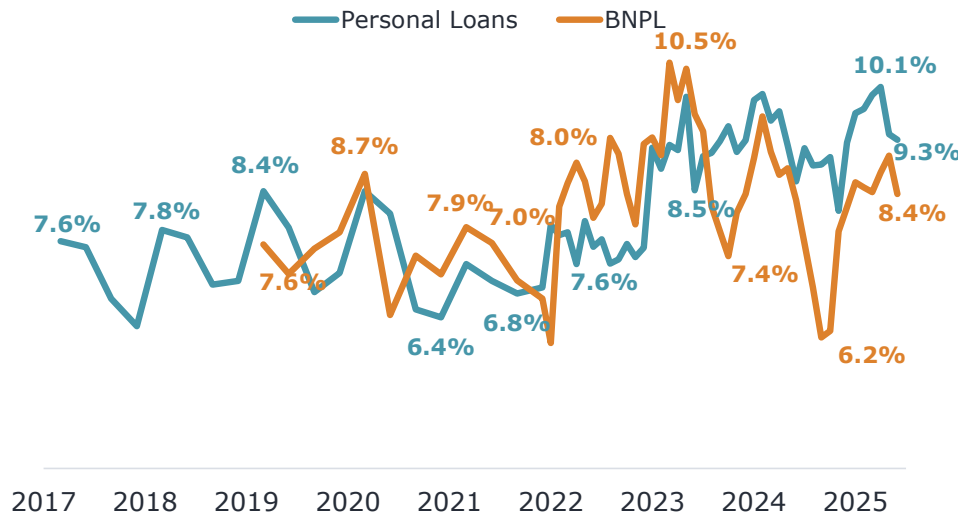
The proportion of households behind on retail energy payments fell to 3.7% in June, the lowest level since July 2023.

The percentage of telco / communications (mobile / broadband) accounts reported as past due fell slightly to 10.6% in June, though remains 6% higher than the same time last year.

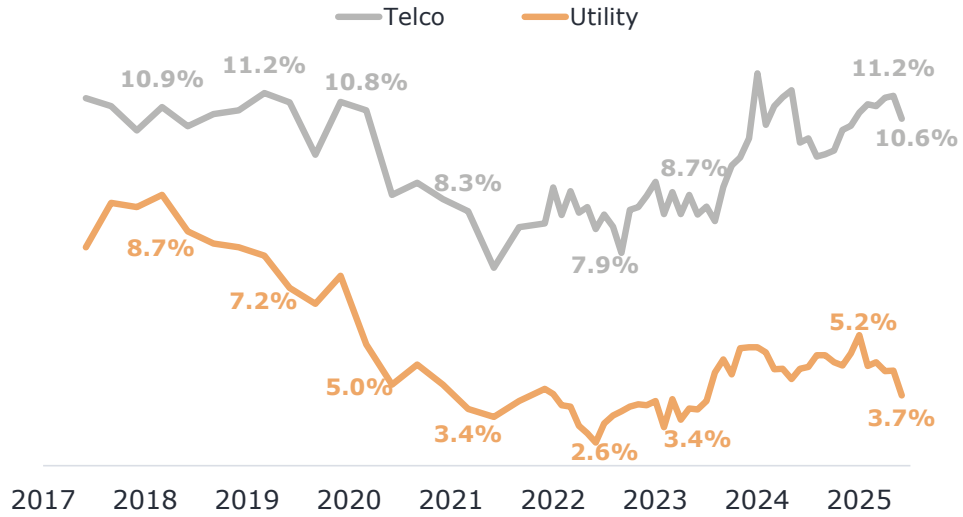


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Personal Loan & BNPL Arrears



Telco & Utility Arrears



Personal loans credit performance

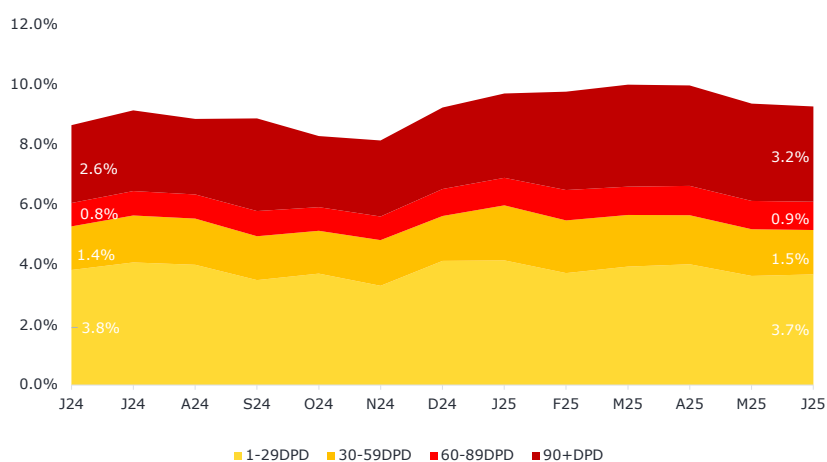
Personal loans 30+ days past due improved to 5.6% in June, though remain higher than the 4.8% reported in June last year.

90+ day arrears held steady at 3.2% in June but remain higher than the 2.6% recorded a year ago, as economic conditions continue to impact many borrowers.

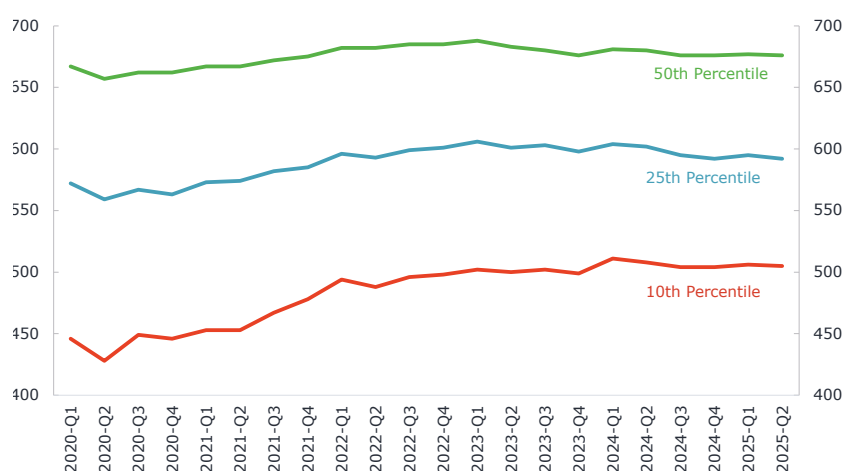
Currently, nine out of ten personal loans are granted to borrowers with a Centrix score of 505 or higher (10th percentile), up from 450 at the start of 2020.

This shift reflects the impact of the CCCFA and economic conditions, which have prompted lenders to tighten credit policies, with no sign of easing yet.

Personal Loan: Proportion of Accounts in Arrears



Credit Score at Origination: Personal Loans



Currently, nine out of ten personal loans are granted to borrowers with a Centrix score of 505 or higher (10th percentile), up from 450 at the start of 2020.

New mortgage lending up

Approved new mortgage lending is up 21.2% in the June quarter compared to the same period last year, but remains 13% below the same period in 2021, during the property market boom.

This reflects increased market activity and borrowers increasingly looking to refinance for lower rates.

New non-mortgage lending – including credit cards, vehicles and personal loans, BNPL - is also up 5.5% year-on-year, primarily driven by increased activity in personal loans and vehicle finance in recent months.

Overall, new household lending increased by 19.9% year-on-year.

New Consumer Lending (Indexed to 2019)



Approved new mortgage lending is up 21.2% in the June quarter compared to the same period last year.

Residential mortgage snapshot

There are currently 1,200,000 consumers holding a residential mortgage, of which 117,000 borrowers owe more than a million dollars on their home.

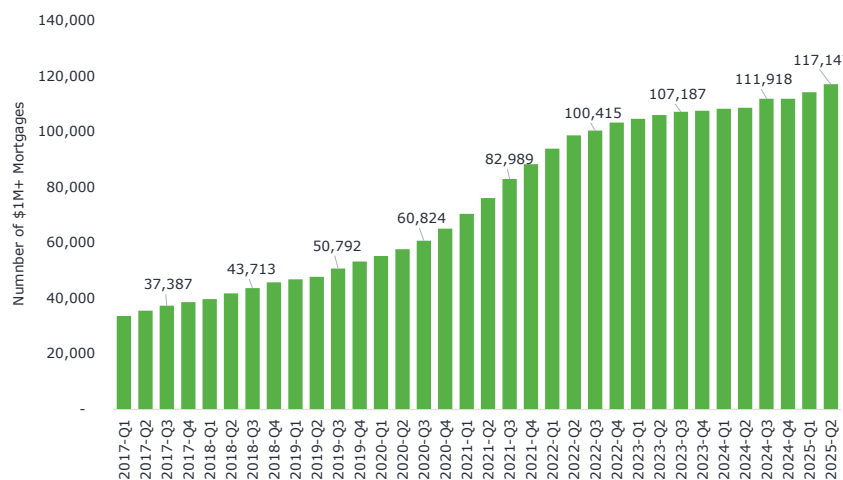
The average mortgage size is now \$518,000, up 3.4% over the past year. Auckland has the highest regional average at \$688,000.

The average mortgage for a new first home buyer is up 4.6% from a year ago, slightly below the market peak in early 2022, but up 64% since the beginning of 2018.

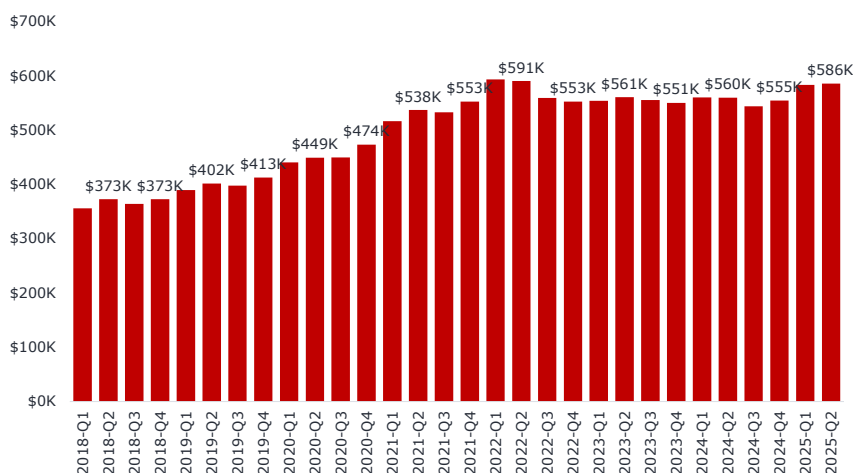
The average age of mortgage holders is now 49.2 years and has been gradually rising over the past few years.

The average age of borrower when the loan term ends is currently 68 years old.

One Million Dollar Mortgages



First Home Buyers: Mortgage Size



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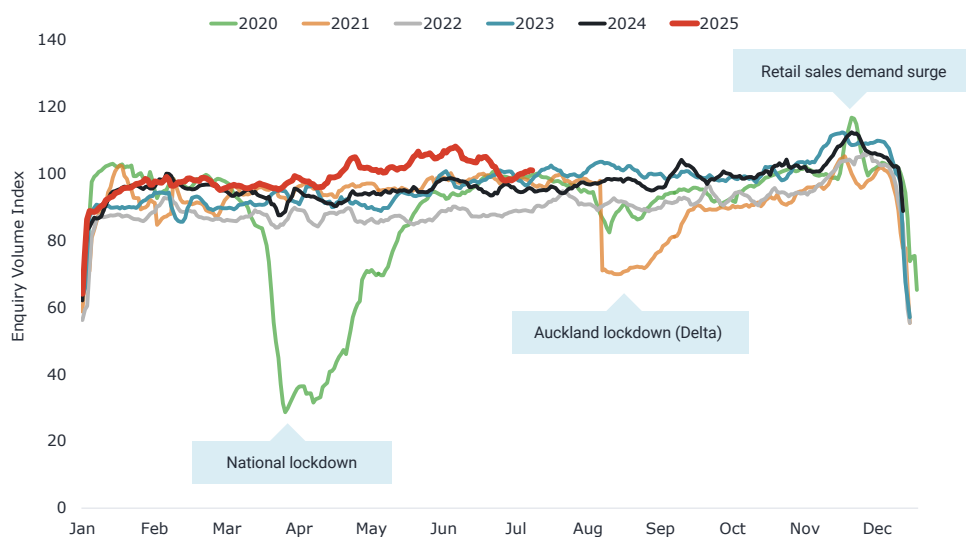
Auckland has the highest regional average at \$688,000.

Consumer credit demand rises

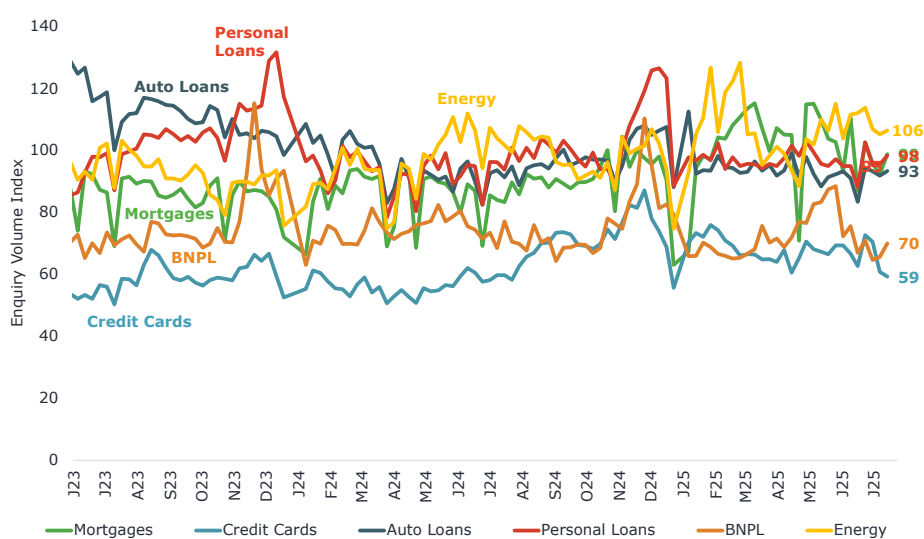
Consumer credit demand has risen 7.9% year-on-year, with growth across most credit types.

Credit card applications are up 15.4%, personal loans have increased by 3.1%, retail energy has increased by 2.9%, auto loans are up by 0.7%, while BNPL applications have edged down by 0.7%.

Consumer Credit Demand: 2020 - 2025



Credit Demand by Product Type



Consumer credit demand has risen 7.9% year-on-year, with growth across most credit types.

Financial hardship cases dip

Currently there are nearly 14,450 accounts reported in financial hardship, a decrease of 550 in the last month. The number of accounts is up 7.1% year-on-year, however, although the rate of increase has eased in recent months.

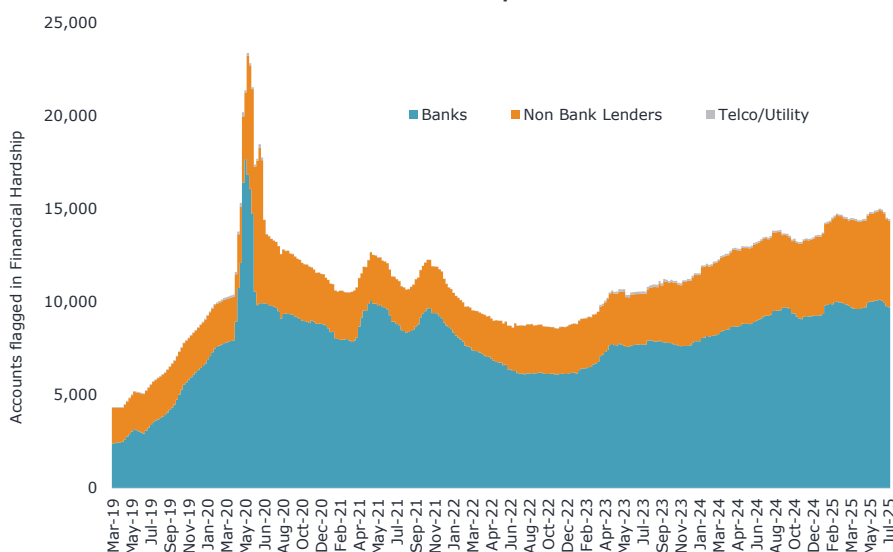
Financial hardship cases have been generally rising since November 2022.

Almost half (45%) of hardship cases relate to mortgage payment difficulties, which are up 7% year-on-year.

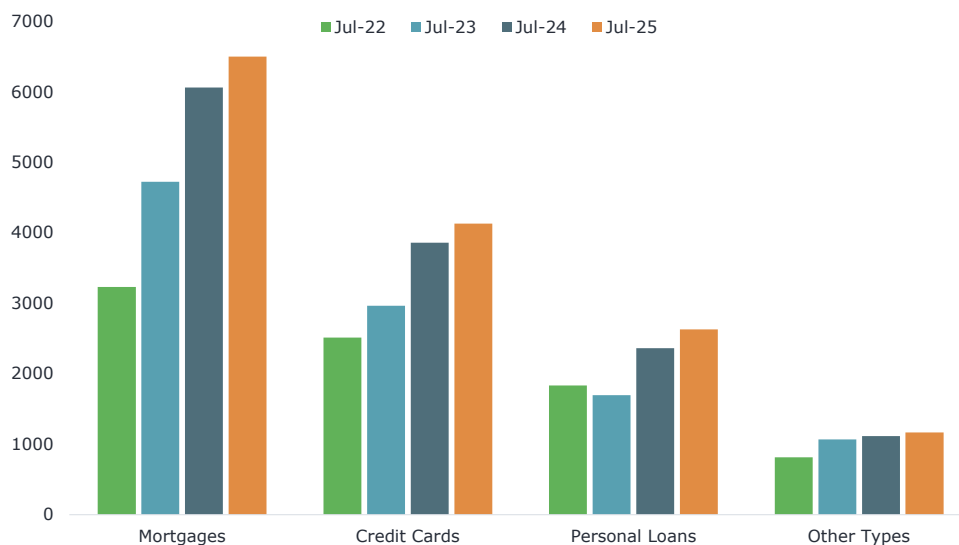
Credit card debt (29%) and personal loan repayments (18%) make up the remainder of financial hardship cases.

The highest rate of financial hardships is with those aged between 35 and 49 years old.

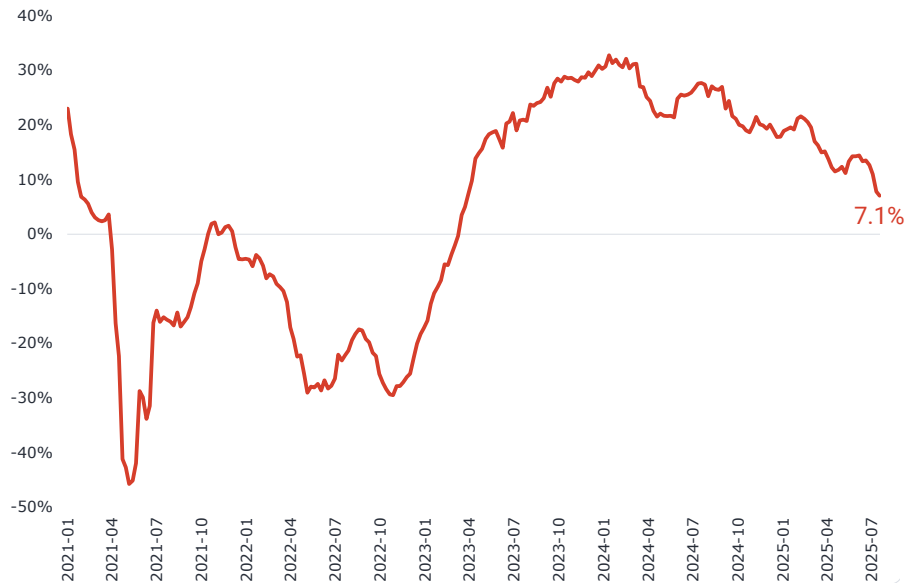
Financial Hardship Growth



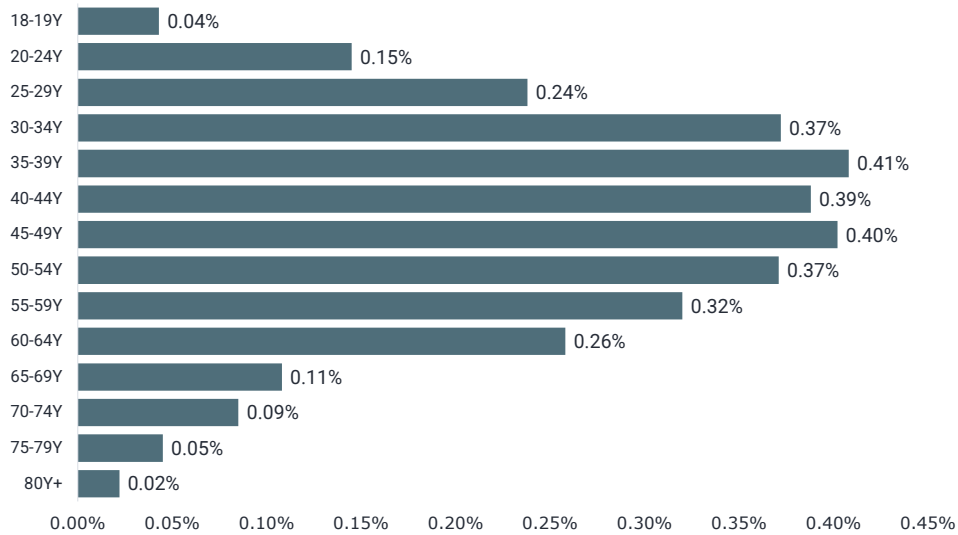
Financial Hardship by Product Type



Financial Hardship Growth



Financial Hardship by Age Group



Currently there are nearly 14,450 accounts reported in financial hardship, a decrease of 550 in the last month.

Business credit defaults up across the board

Credit defaults are up across all business sectors year-on-year, sitting at +13% overall.

The worst hit industries are manufacturing (+31%) and property / rental (+21%), followed by construction (+14%), transport (+11%), hospitality (+4%) and retail trade (+3%).

It is important to note a credit default is a lag indicator, and usually occurs several months following missed payments.

	Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
	Construction	+0%	+14%	748 ↓	+48%	2.5X
	Hospitality	+23%	+4%	730 ↓	+45%	2.6X
	Retail Trade	+23%	+3%	759 ↓	+7%	1.1X
	Transport	+4%	+11%	717 ↓	+47%	2.3X
	Property / Rental	+13%	+21%	807 ↓	+8%	0.7X
	Manufacturing	+4%	+31%	771 ↓	+23%	1.7X
	All Sectors	+8%	+13%	781 ↓	+26%	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.

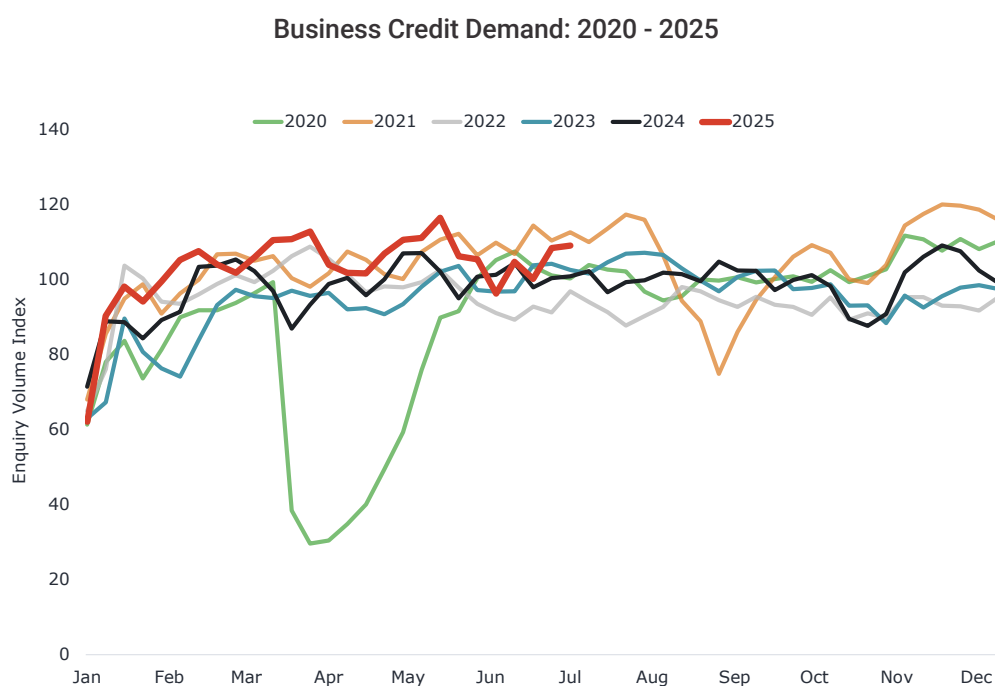
Credit defaults are up across all business sectors year-on-year, sitting at +13% overall.

Business credit demand up

Business credit demand is up 8% year-on-year.

Credit demand has increased by 23% in the retail trade and hospitality sectors over the past year, with financial / insurance and arts / recreation services up 22%

The average credit score for new credit applications has fallen to 737, down 24 points year-on-year, compared to 747 last month.



Business credit demand is up 8% year-on-year.

Company liquidations continue

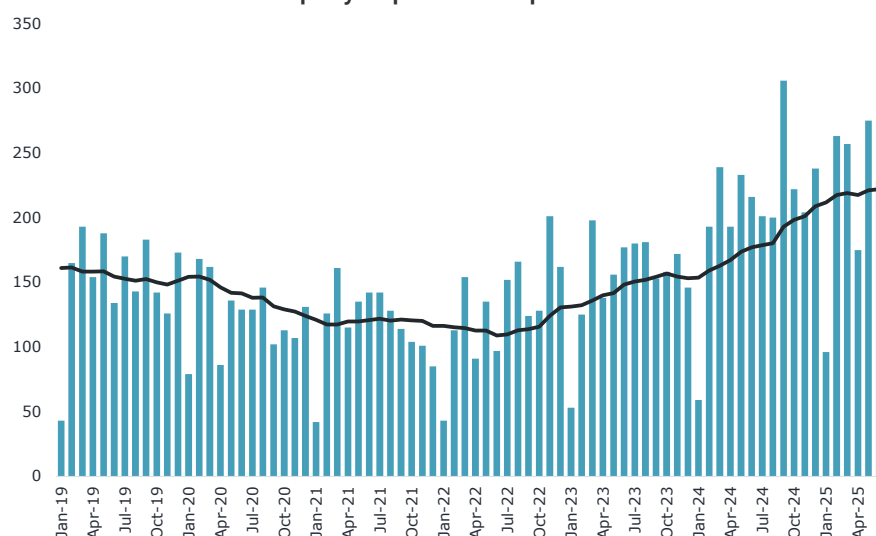
Company liquidations are up 26% year-on-year, although the rate of this growth continues to ease. The number of liquidations are partly due to increased enforcement activity by the IRD.

The hospitality sector has now overtaken the property sector as the second-largest industry contributing to company liquidations.

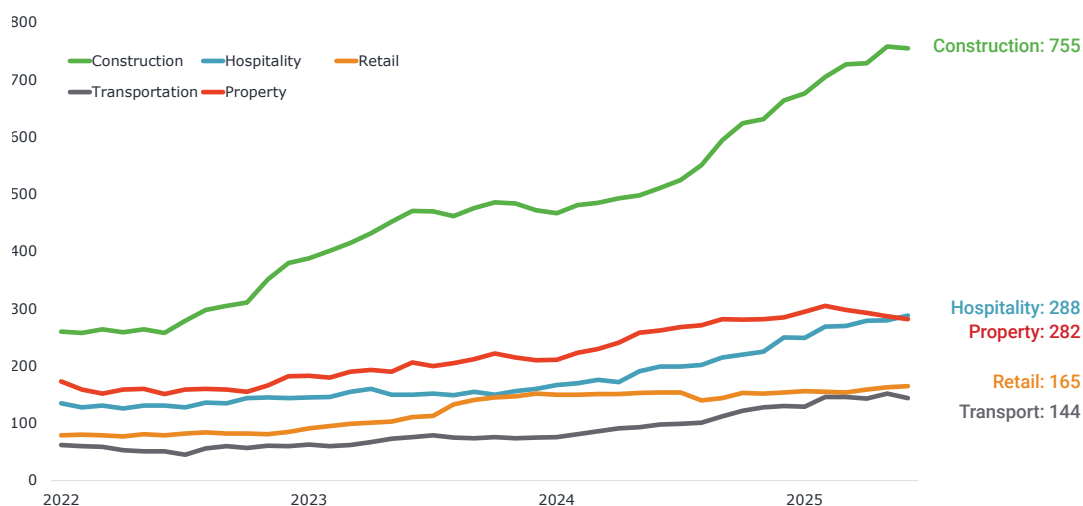
Construction remains the leading industry contributing to company liquidations, with 755 construction companies liquidated in the past year – an increase of 48% compared to the previous year.

This continues to be a challenging environment for small to medium enterprises, with elevated stress across multiple sectors.

Company Liquidations up 26% YoY



Annual Company Liquidation Volumes

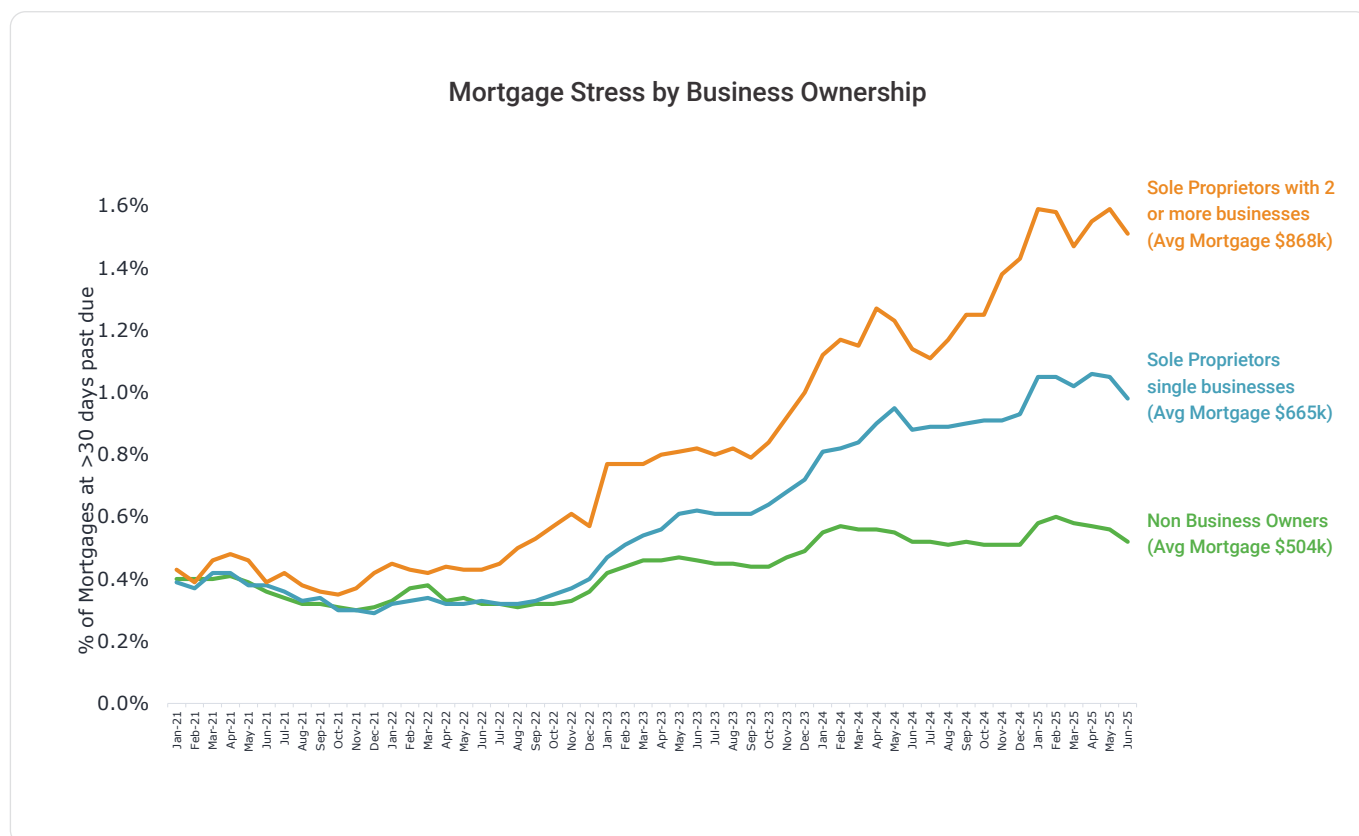


Company liquidations are up 26% year-on-year, although the rate of this growth continues to ease

Small business challenges

Small businesses are facing elevated levels of mortgage stress, with sole proprietors who own more than one business experiencing more than double the debt stress of non-business owners.

Many rely on home equity to fund and sustain their operations, increasing their financial vulnerability.



Small businesses are facing elevated levels of mortgage stress, with sole proprietors who own more than one business experiencing more than double the debt stress of non-business owners.

Spotlight on the hospitality sector

New Zealand's hospitality sector is emerging as one of the most vulnerable industries in the current economic climate.

Hospitality businesses are more than two times (2.6%) likely to fail as the typical New Zealand business, with cafés, restaurants, and pubs / clubs particularly at risk.

Over the last year, 288 hospitality companies were placed into liquidation, up from 199 in the same period last year. This is clear sign that the industry continues to struggle with rising operating costs and shifting consumer spending patterns.

The average credit score for the sector has fallen to 730, down from 742 a year ago. Clubs and pubs experienced the largest decline, dropping to around 700, while hotels and accommodation providers continue to maintain a much higher average credit score of 790.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
Accommodation and Food Services	31,154	4.2%	23%	4%	730	45%	2.6X
Accommodation	5,749	0.8%	12%	23%	790	123%	1.4X
Cafes	4,170	0.6%	34%	35%	724	-9%	2.9X
Catering Services	1,317	0.2%	59%	4%	713	140%	2.5X
Coffee shops	1,192	0.2%	39%	9%	717	-11%	1.9X
Restaurants	6,081	0.8%	14%	-5%	703	58%	4.4X
Takeaway Food Services	8,201	1.1%	39%	7%	714	64%	2.0X
Clubs (Hospitality)	660	0.1%	20%	-25%	693	220%	6.8X
Pubs, Taverns and Bars	1,627	0.2%	-2%	-3%	702	10%	3.8X

New Zealand's hospitality sector is emerging as one of the most vulnerable industries in the current economic climate.

Last updated July 31, 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.

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