



August Credit Indicator

CENTRIX

Kiwi households and businesses remain under pressure despite easing interest rates

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

Last month, the Reserve Bank cut the Official Cash Rate (OCR) to 3.00%, continuing its monetary easing cycle in response to subdued economic growth and softening inflation.

With 36% of fixed mortgages set to roll-off within the next six months, this could signal relief for these borrowers.

However, it's worth remaining cautious around the ongoing uncertainty of New Zealand's economic recovery.

Centrix credit data for August paints a mixed picture against a turbulent economic backdrop.

Consumer arrears have edged up to 12.41% of the credit-active population, with 480,000 individuals behind on payments - 2,000 more than last month.

After six months of improved arrears positions when compared to last year, last month was marginally worse than 2024.

However, late-stage arrears (90+ days past due) have eased slightly, suggesting some early signs of stabilisation.

Mortgage arrears improved to 1.38%, with 21,200 home loans past due, down 400 from June.

Refinancing activity continues to surge, with mortgage enquiries up 16% as borrowers seek to benefit from lower rates.

New mortgage lending rose 24.4% year-on-year, while non-mortgage lending increased 11.5%, driven by stronger demand for personal loans and credit cards.

Despite these positive lending trends, financial stress remains elevated, particularly among younger consumers and sole proprietors.

Business credit defaults are up 8% year-on-year, and company liquidations remain elevated by 26% compared to the same period last year, led by the construction and hospitality sectors.

The Real Estate sector has experienced increased liquidations when compared to last year. High interest rates and weak migration have resulted in a decline in property sales. Investors have also been impacted as rental yields remain under pressure.

As we head into spring, there is no doubt that while some indicators are improving, many Kiwi households and businesses continue to face financial challenges.

Staying informed and seeking trusted financial advice will be key to navigating the months ahead.

Monika Lacey
Chief Operating Officer

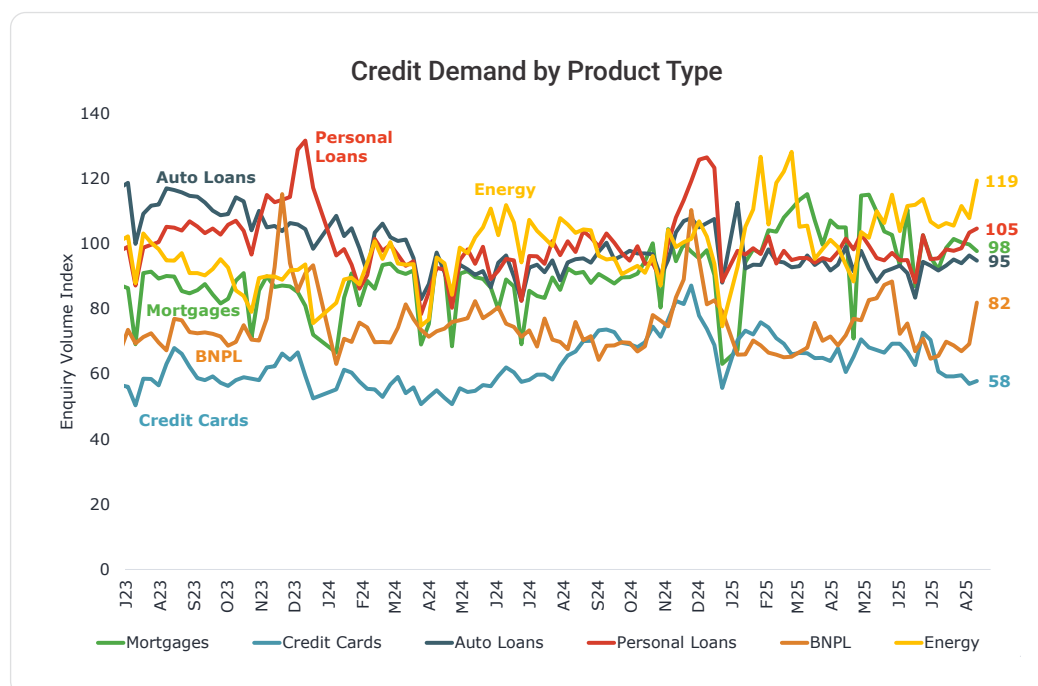
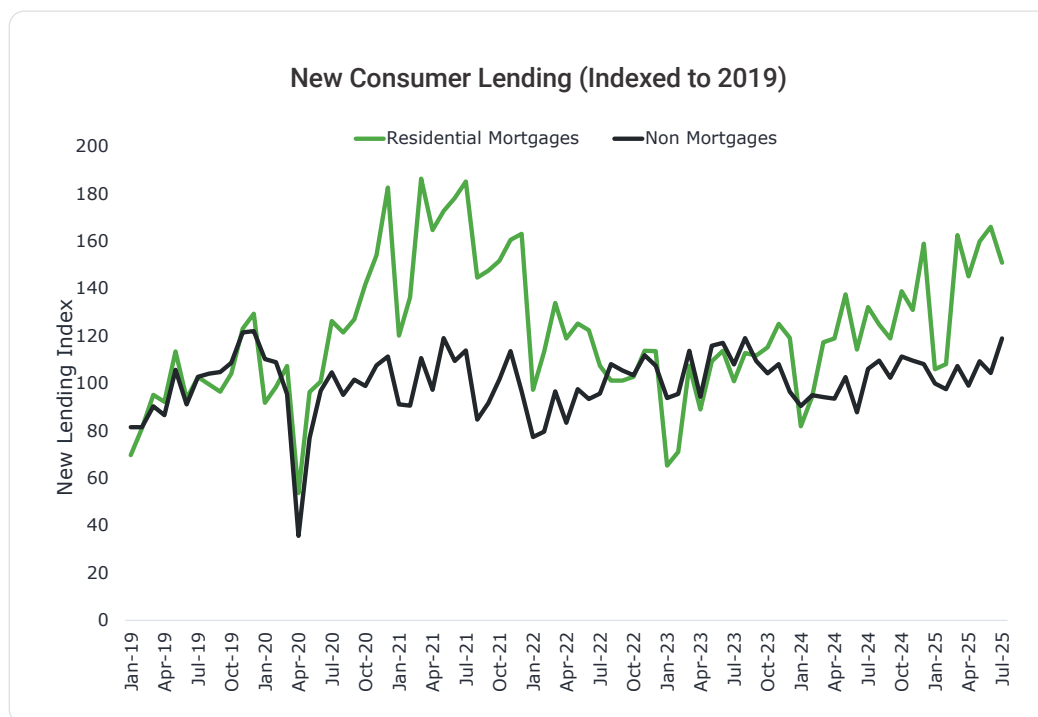


New mortgage and non mortgage lending up

Approved new mortgage lending is up 24.4% in the July quarter compared to the same period last year. This reflects increased market activity and borrowers increasingly looking to refinance for lower rates.

New non-mortgage lending is up 11.5% year-on-year, reflecting stronger market activity in specialist lending, (credit cards, vehicle and personal loans, and Buy Now Pay Later (BNPL). Mortgage enquiries are up 16%, with increased refinancing a key factor behind the rise.

Overall, new household lending increased by 23.3% year-on-year.



New non-mortgage lending is up 11.5% year-on-year, reflecting stronger market activity in specialist lending, (credit cards, vehicle and personal loans, and Buy Now Pay Later (BNPL).

Consumer arrears on the rise

Consumers reported in arrears rose to 12.41% of New Zealand's credit active population in July, 1.3% higher than a year ago.

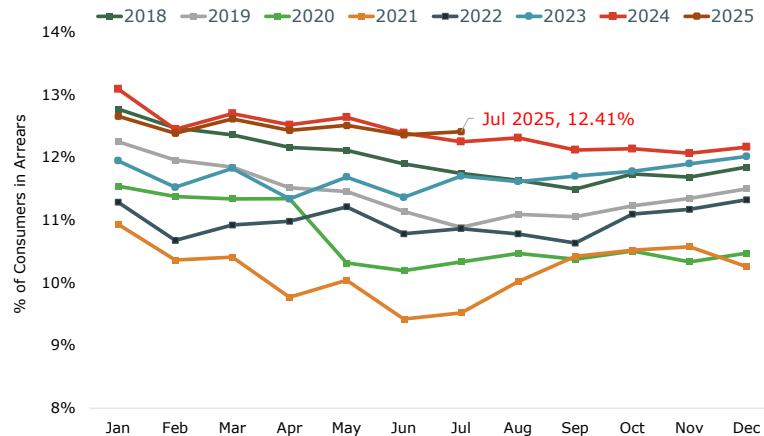
The number of people behind on payments increased to 480,000 – up 2,000 from June.

After six months of improved arrears positions when compared to last year, last month was marginally worse than 2024. One month does not make a trend but this is something to keep an eye on.

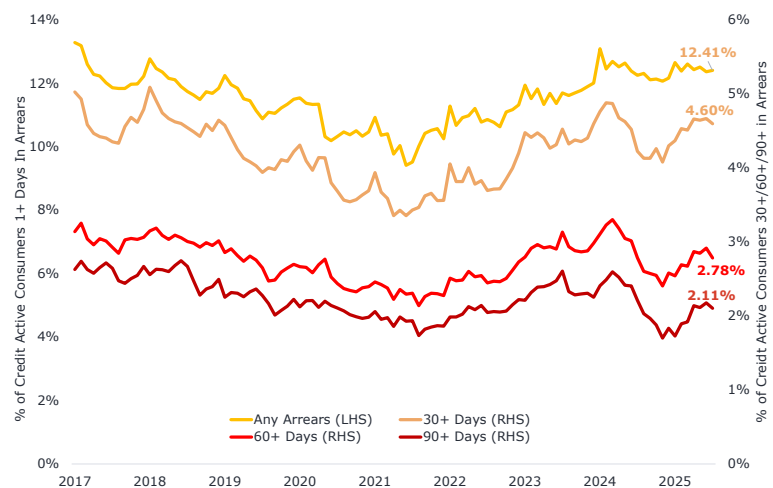
The number of 90+ days past due improved to 81,000, with the pressure on late-stage arrears showing signs of easing.

Consumers reported in arrears rose to 12.41% of New Zealand's credit active population in July, 1.3% higher than a year ago.

Consumer Arrears Trends



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



Mortgage arrears improve

Mortgage arrears improved to 1.38% in July, with 21,200 home loans past due – 400 fewer than the previous month.

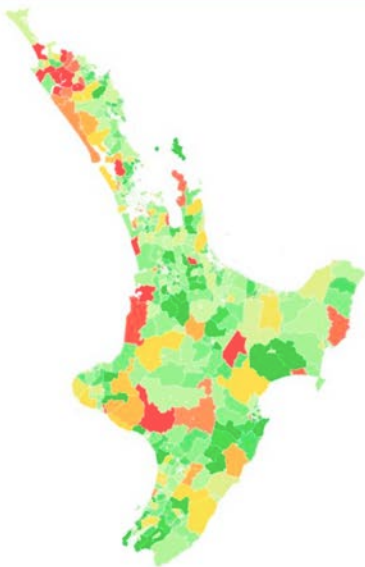
The improvement was most evident in early arrears, while 30+ day arrears have stabilised.

Mortgage arrears improved to 1.38% in July, with 21,200 home loans past due – 400 fewer than the previous month.

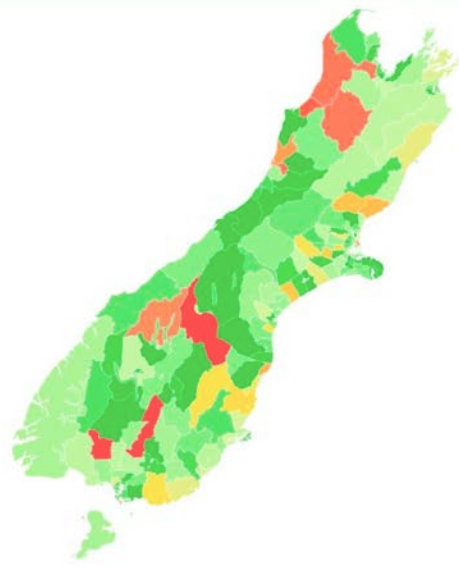
Home Loan Arrears



NORTH ISLAND



SOUTH ISLAND



% of Residential Mortgages reported 30+ days past due

0% 1% 2%

Lowest Arrears Areas

Mackenzie District
Queenstown-Lakes
Wellington City
Otorohanga District
Selwyn District

Highest Arrears Areas

Kawerau District
South Taranaki District
South Waikato District
Hauraki District
Far North District

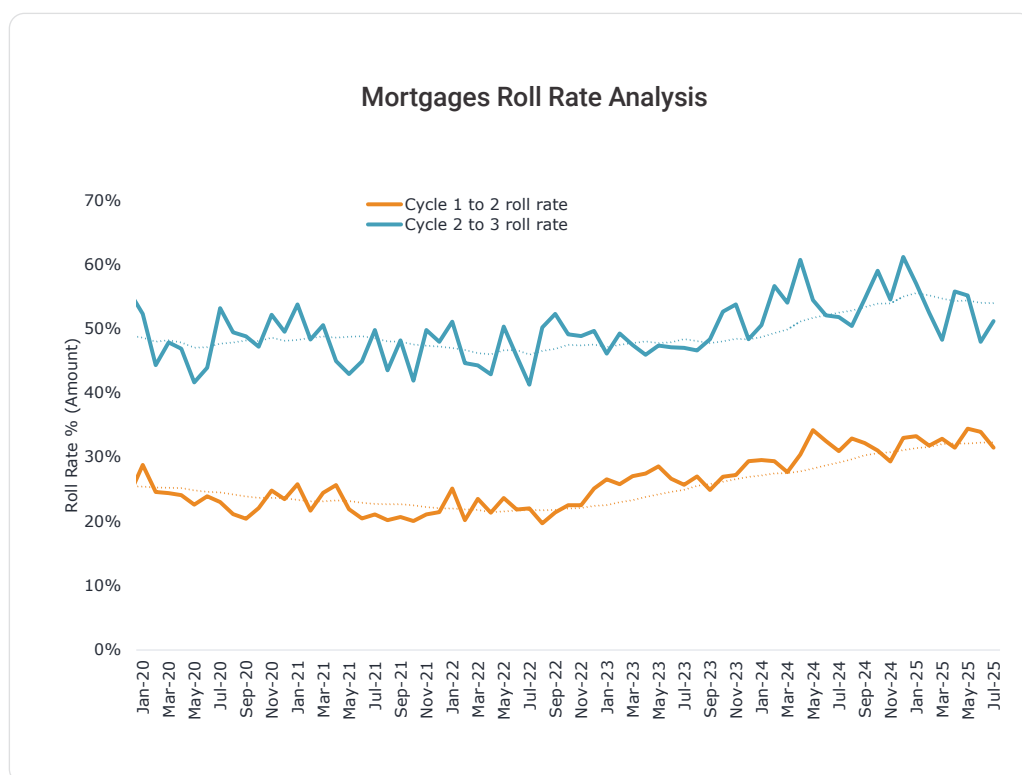
Mortgage credit performance snapshot

The 'roll rate' represents the proportion of accounts transitioning from one delinquency cycle to the next. If the roll rate increases, it means people are taking longer to pay.

The roll rate from Cycle 1 (1-29 DPD) to Cycle 2 (30-59 DPD) has increased from 21% in early 2022 to 32% currently.

The Cycle 2-3 roll rate has also risen, from 46% to 54% over the same period, reflecting the challenging economic environment.

Arrears on new home loans were rising during the cost-of-living crisis period. However, these trends have eased in recent months, showing early signs of improvement.



The roll rate from Cycle 1 (1-29 DPD) to Cycle 2 (30-59 DPD) has increased from 21% in early 2022 to 32% currently.

Specific consumer arrears mostly improve

Vehicle loan arrears improved to 5.2% in July, marking a significant improvement over the 6.3% reported in July last year.

Credit card arrears remain at 3.9% in July, the lowest level since August 2022, and are 12% lower than a year ago.

Personal loan arrears improved for the fourth consecutive month, reaching 9.1% in July, the same level as a year ago.

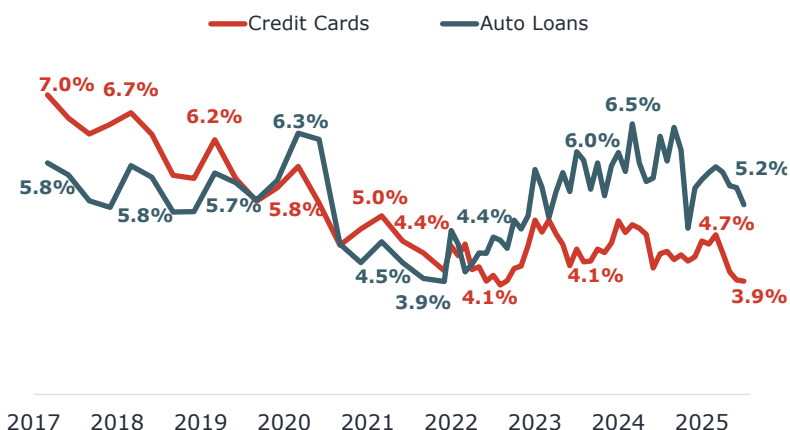
BNPL arrears also fell to 7.3% in July, broadly in line with levels seen this time last year.

The proportion of households behind on retail energy payments rose to 4.2% in July, reflecting the impact of higher winter power bills.

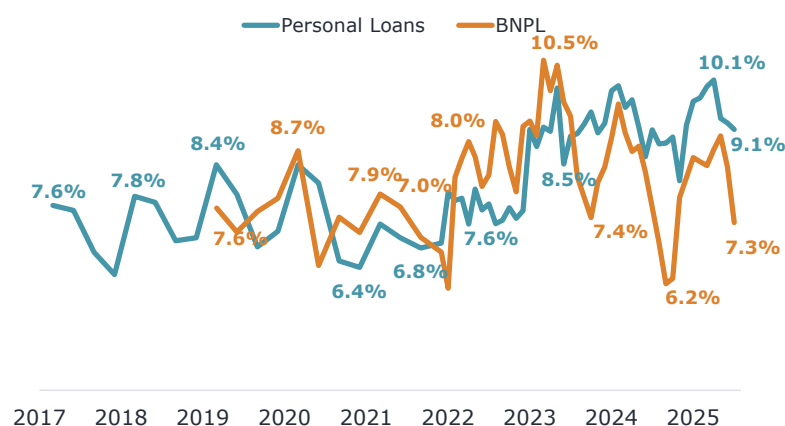
The percentage of telco / communication accounts (mobile / broadband) reported as past due fell again to 10.4% in July, just 2% higher than the same time last year.

Vehicle loan arrears improved to 5.2% in July, marking a significant improvement over the 6.3% reported in July last year.

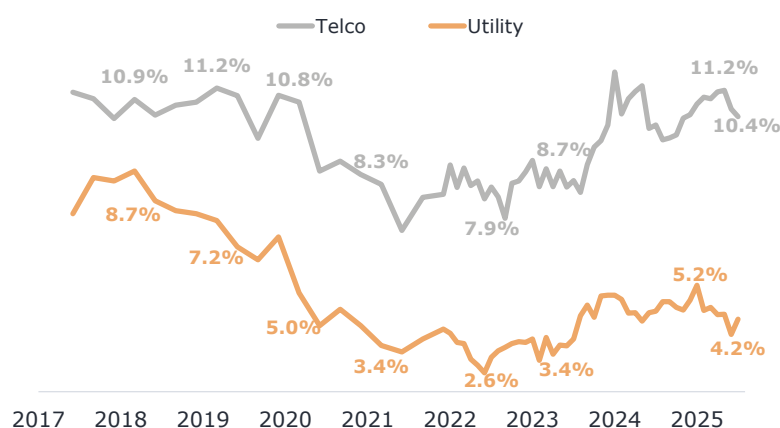
Credit Card & Auto Loan Arrears



Personal Loan & BNPL Arrears



Telco & Utility Arrears



Financial stress skewed

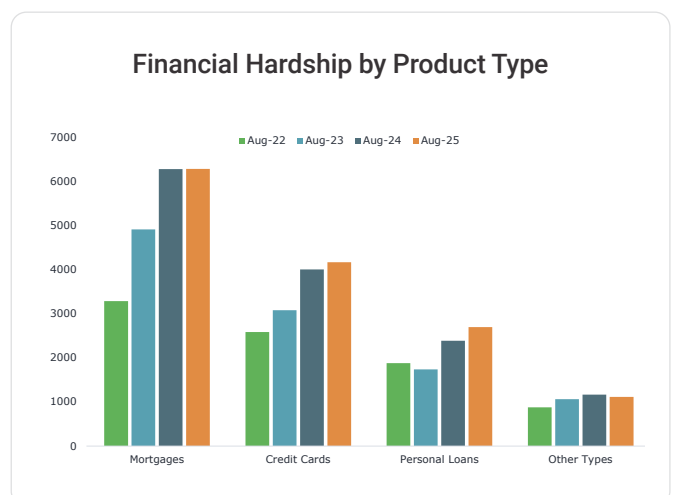
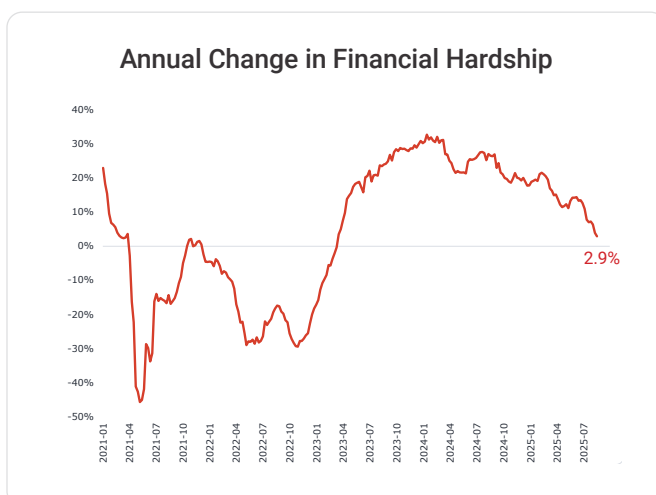
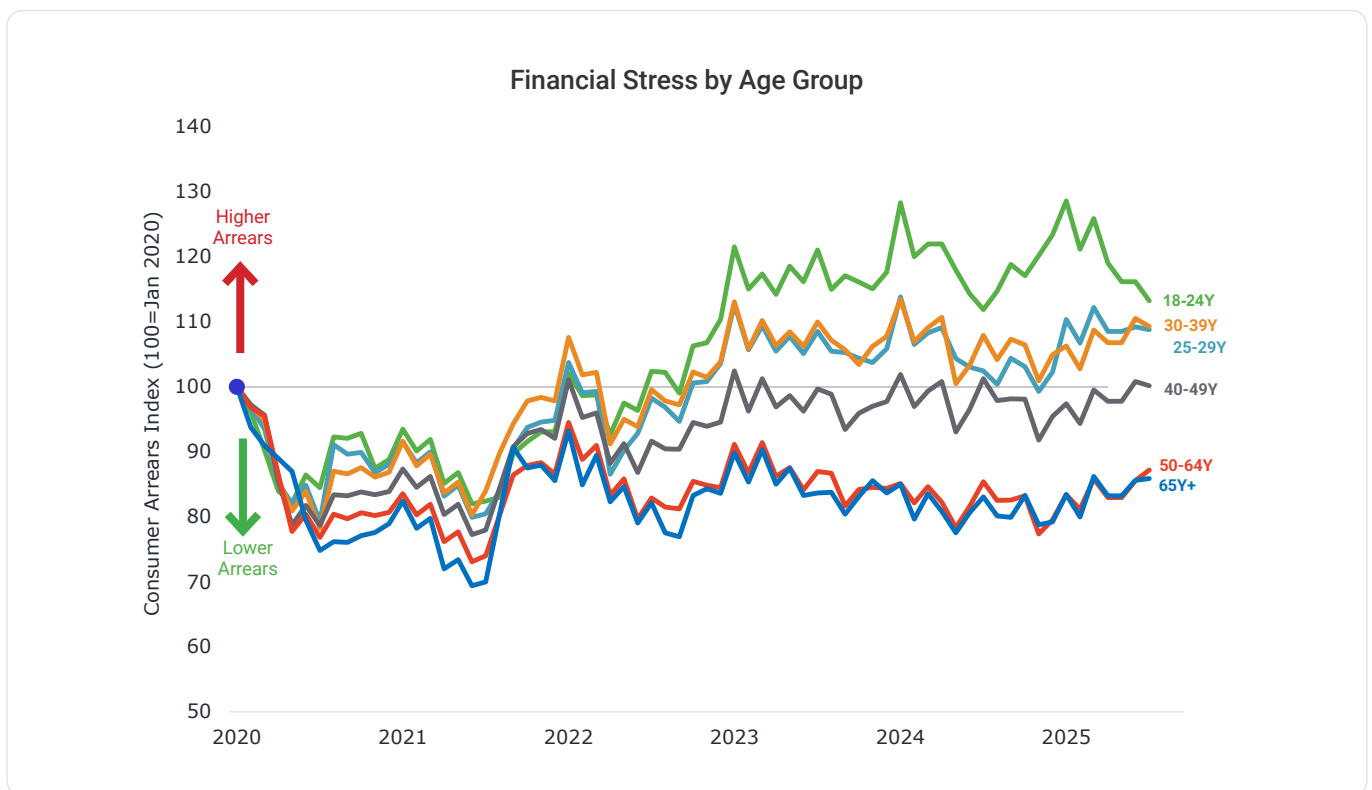
Consumers under 25 continue to be the hardest hit by financial stress, as they typically have limited financial buffers and greater exposure to instability. However, signs of welcome relief have begun to emerge in recent months.

Middle-aged Kiwis, who often face multiple financial responsibilities, continue to face stress in keeping up with debt obligations while maintaining their lifestyle. Those aged 50+ are generally faring better, with lower levels of financial stress – especially among those who own their homes outright.

Looking at the broader financial hardship picture, there are nearly 14,270 accounts reported in financial hardship, a decrease of 180 in the last month.

Financial hardship cases have generally been rising since November 2022, although volumes have begun to ease in the last couple of months.

Forty four percent of hardships relate to mortgage payment difficulties, with a further 29% related to credit card debt. Personal loan hardships are up 13% year-on-year, accounting for 18% of all hardship cases.



Consumer credit defaults up YoY

Consumer credit defaults are up 4% year-on-year, however the rate of increase has eased in recent months.

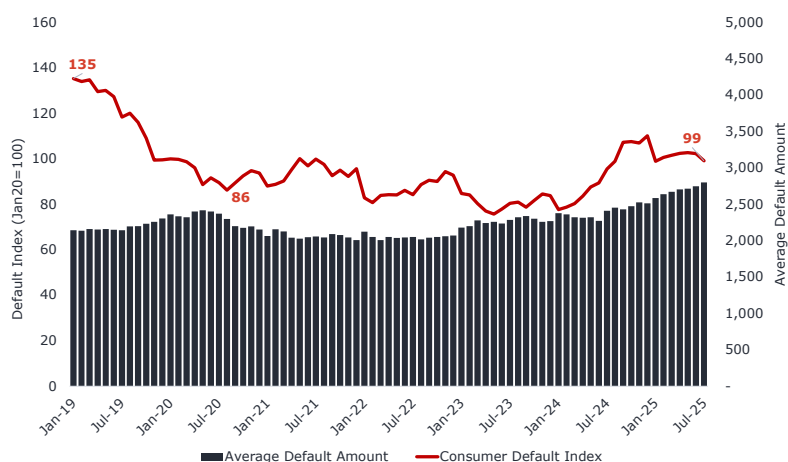
The proportion of credit application enquiries returning financial hardship alerts remains just above 0.5%.

The volume of court judgements peaked last year; however, encouragingly, volumes are down 4% so far in 2025.

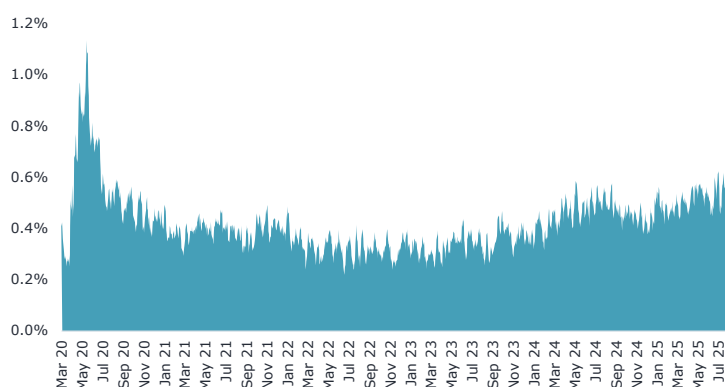
Personal insolvencies are largely unchanged year-on-year.

Consumer credit defaults are up 4% year-on-year, however the rate of increase has eased in recent months.

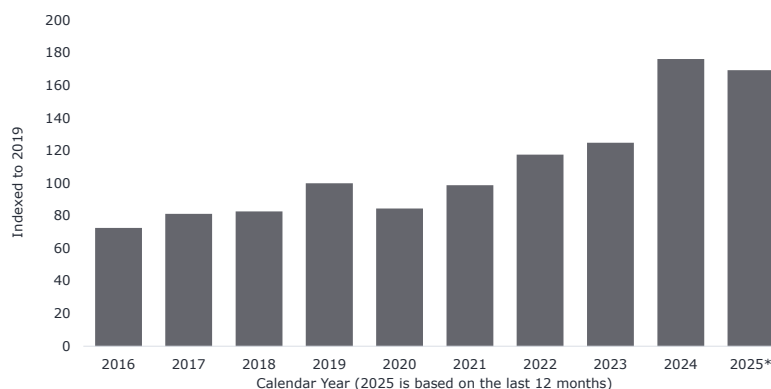
Credit Defaults up 4% on Last Year



Credit Enquiries with Hardship Alerts at 0.51%



Court Judgments down 4% on 2024

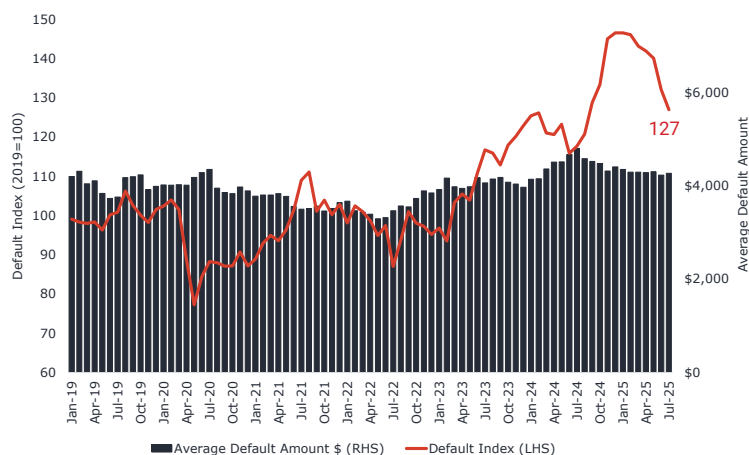


Business credit defaults up YoY

Business credit defaults are up 8% across the board year-on-year, however the rate of growth continues to ease.

The manufacturing industry is the worst hit, with credit defaults up 19% year-on-year, followed by the property / rental sector with credit defaults up 13% compared to the same period last year.

Business Credit Defaults up 8% YoY









	Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
	Construction	-3%	+5%	747 ↓	+46%	2.5X
	Hospitality	+27%	+4%	728 ↓	+49%	2.6X
	Retail Trade	+25%	+3%	758 ↓	+2%	1.0X
	Transport	+2%	+3%	715 ↓	+55%	2.4X
	Property / Rental	+12%	+13%	806 ↓	+7%	0.7X
	Manufacturing	+0%	+19%	770 ↓	+20%	1.6X
	All Sectors	+6%	+8%	780 ↓	+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.

Company liquidations significantly up

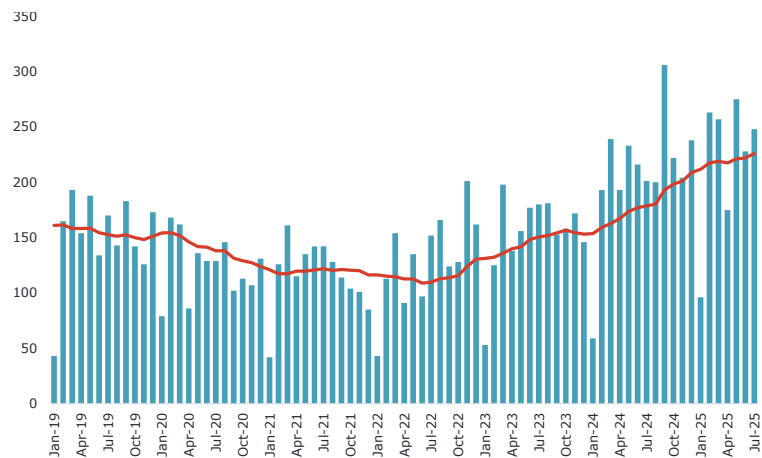
Company liquidations are up 26% year-on-year - partly due to increased enforcement activity by the IRD - with the construction industry remaining the leading industry contributing to these liquidations.

A total of 765 construction companies liquidated in the past year, an increase of 46% compared to the previous year. However, the rate of growth now appears to be stabilising.

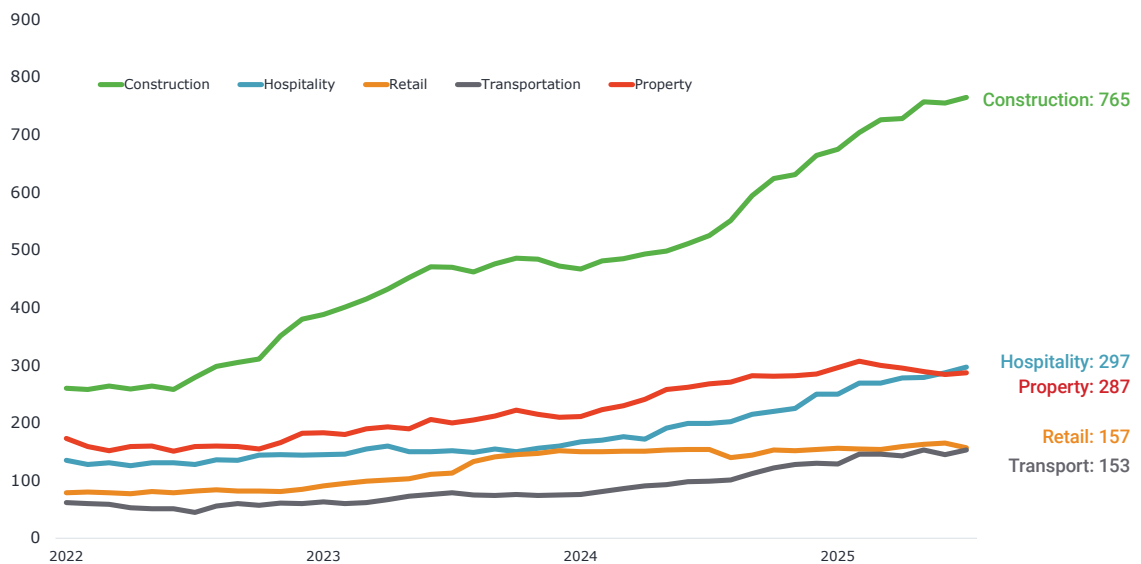
The hospitality is the second-largest industry contributing to company liquidations, with 297 recorded in the past year – up 49% on the prior year.

This also continues to be a challenging period for SMEs, with elevated stress across multiple sectors.

Company Liquidations up 26% YoY



Annual Company Liquidation Volumes



Company liquidations are up 26% year-on-year - partly due to increased enforcement activity by the IRD - with the construction industry remaining the leading industry contributing to these liquidations.

Spotlight on the Rental, Hiring, and Real Estate sector

In the past 12 months, 287 property companies were placed into liquidation, up from 268 in the same period last year. Residential property developers experienced the highest volume of liquidations.

There are over 110,000 registered in the Rental, Hiring, and Real Estate sector, equating to 15% of all registered companies.

High interest rates and weak migration have resulted in a decline in property sales. Investors have also been impacted as rental yields remain under pressure.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
Rental, Hiring and Real Estate Services	110,822	15.1%	12%	13%	806	7%	0.7X
Property Operators and Real Estate Services	89,682	12.2%	17%	7%	801	59%	0.8X
Real Estate Services	4,195	0.6%	-3%	-6%	765	6%	1.2X
Investment - commercial property	12,647	1.7%	2%	-19%	807	-3%	0.8X
Investment - residential property	22,767	3.1%	37%	-4%	787	7%	0.7X
Rental of commercial property	7,375	1.0%	-9%	-14%	829	-31%	0.3X
Rental of residential property	21,524	2.9%	20%	63%	827	-45%	0.1X
Residential property development	7,612	1.0%	52%	50%	736	21%	3.2X
Building contractor	724	0.1%	-4%	29%	694	83%	6.0X
Rental and Hiring Services (except Real Estate)	7,778	1.1%	-7%	29%	776	23%	0.9X

Last updated August 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.

The information in this report is of a general nature only and is provided on the basis that Centrix is not providing professional advice. Centrix makes no representations of any kind in relation to the information. Use of the information in the report is at your sole risk. Centrix disclaims all warranties and accepts no responsibility or guarantees the accuracy or completeness of the report. The information in this report should not be used as a substitute for financial, business or other appropriate professional advice.