September Credit Indicator

CENTRIX

Credit trends improve as GDP contraction and labour market challenges persist

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

Last month, the Government fronted on the latest GDP figures, which suggests New Zealand's economy continues to navigate a challenging environment.

The country experienced a sharp GDP contraction of 0.9% in the June quarter, a steeper decline than anticipated, with broad-based weakness across manufacturing, construction, and primary industries.

This economic softness has also been reflected in the labour market.

Despite these headwinds, there are signs of stabilisation, supported by the Reserve Bank's decision to lower the Official Cash Rate to 3.0% in August, with further reductions expected to help stimulate activity.

Amid these broader economic shifts, credit trends in September offer a more positive outlook. Consumers reported in arrears fell to 12.09% of the credit-active population in August, 1.8% lower than a year ago, with the number of people behind on payments declining to 468,000 – down 12,000 from July.

Mortgage credit performance continues to strengthen, with arrears improving to 1.36% in August and 20,900 home loans past due, 300 fewer than the previous month.

Notably, 90+ day delinquencies have now fallen for the fourth consecutive month, and mortgage enquiries rose 10.6%, largely driven by increased refinancing activity.

Credit demand is strengthening, with consumer credit demand up 5.6% year-on-year, led by strong growth in personal loan applications – the highest level since December last year – and increased mortgage refinancing enquiries.

Business conditions are also showing signs of improvement, even as company liquidations remain elevated – up 26% year-on-year. The rate of increase has eased in recent months, and sectors such as agriculture, mining, and information media are now showing improving liquidation trends.

Credit defaults are declining in construction, retail, and transportation, reflecting early signs of economic recovery.

However, we continue to see increased company insolvencies driven in part by increased enforcement activity from Inland Revenue, which is now responsible for nearly 70% of all liquidation applications, compared to 30–40% during the Covid years.

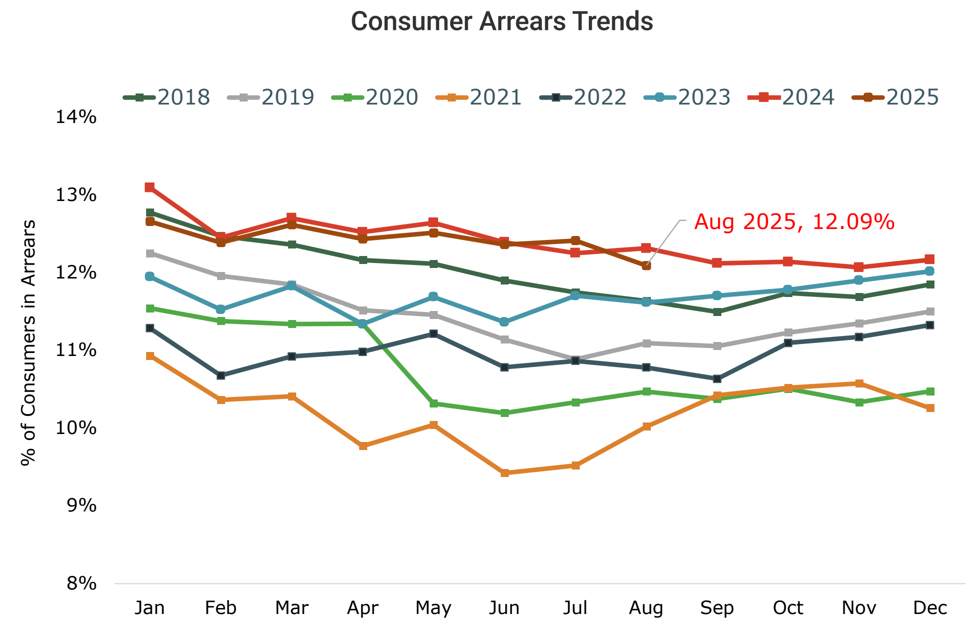
While challenges remain and the economy is still operating below potential, the improvement in arrears, strengthening mortgage performance, and rising credit demand all suggest consumers and businesses could be beginning to regain confidence, offering some hope of a more positive outlook for New Zealand's credit markets.

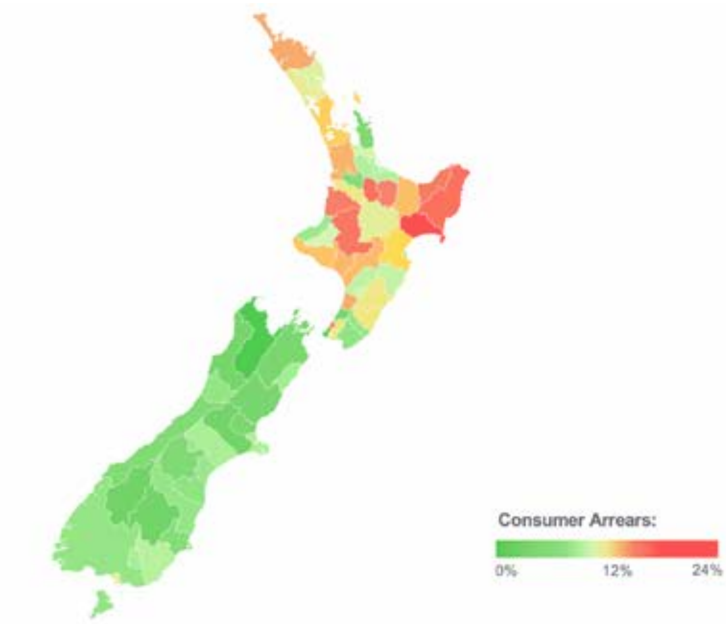
Monika Lacey
Chief Operating Officer

Arrears improve across the board

Consumers reported in arrears fell to 12.09% of the credit active population in August, 1.8% lower than a year ago.

The number of people behind on payments declined to 468,000, down 12,000 from July, while those 90+ days past due also improved, falling to 77,000.





Lowest Arrears Areas		
	District	Arrears %
1	Tasman District	7.96%
2	Nelson City	8.71%
3	Wellington City	9.00%
4	Queenstown-Lakes District	9.25%
5	Central Otago District	9.33%
6	Selwyn District	9.38%
7	Buller District	9.58%
8	Hurunui District	9.72%
9	Marlborough District	9.83%
10	Waimakariri District	9.87%

Highest Arrears Areas		
	District	Arrears %
1	Wairoa District	17.42%
2	Kawerau District	17.00%
3	Gisborne District	16.14%
4	South Waikato District	16.09%
5	Ruapehu District	15.92%
6	Opotiki District	15.74%
7	Waitomo District	15.60%
8	Rotorua District	15.33%
9	Porirua City	15.31%
10	Far North District	14.21%

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Specific arrears categories mostly improve

Credit card arrears fell to their lowest level since comprehensive credit reporting (CCR) began over a decade ago, improving to 3.7% in August, 15% lower than a year ago.

Vehicle loan arrears improved to 5.1% in August, marking a significant improvement over the 5.9% reported last year.

Personal loan arrears improved again, reaching 9.0% in August, though this remains higher than a year ago.

Buy Now, Pay Later (BNPL) arrears edged up to 7.4% in August, also marginally above the levels seen this time last year.

The proportion of households behind on retail energy payments rose to 4.3% in August, reflecting the impact of higher winter power bills.

In contrast, the percentage of telco / communication accounts (mobile / broadband) reported as past due fell again to 10.1% in August, though this remains 5% higher than at the same time last year.

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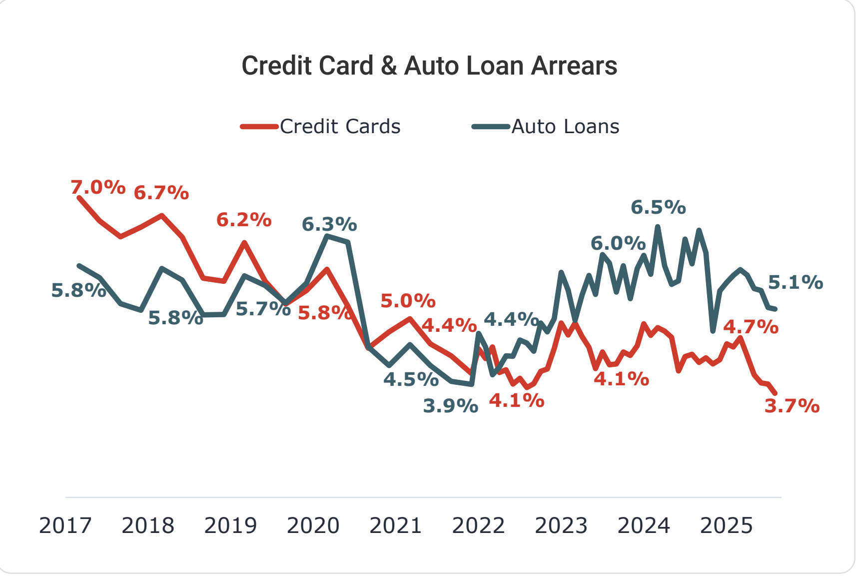
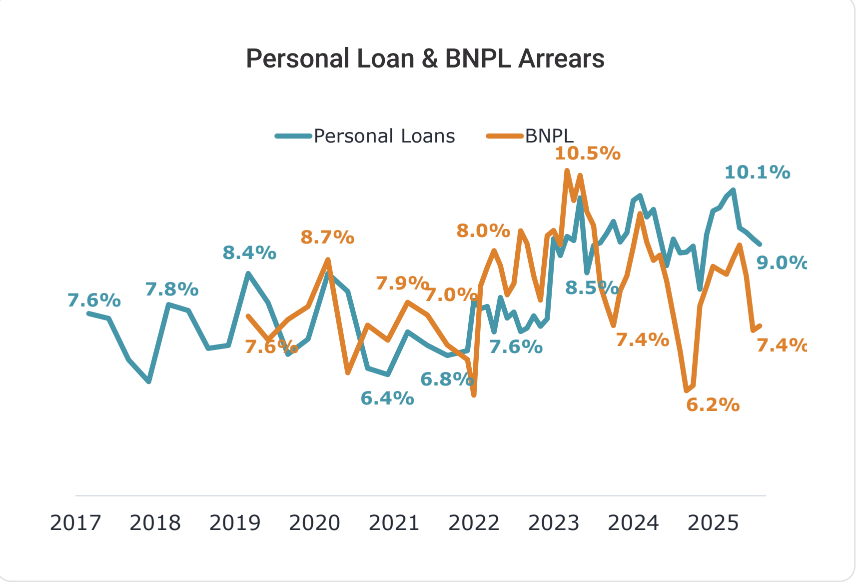
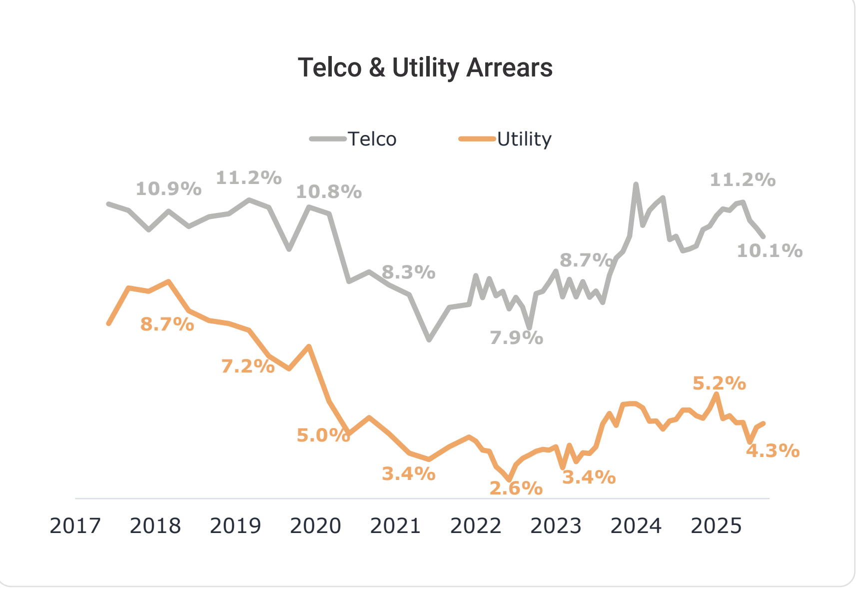




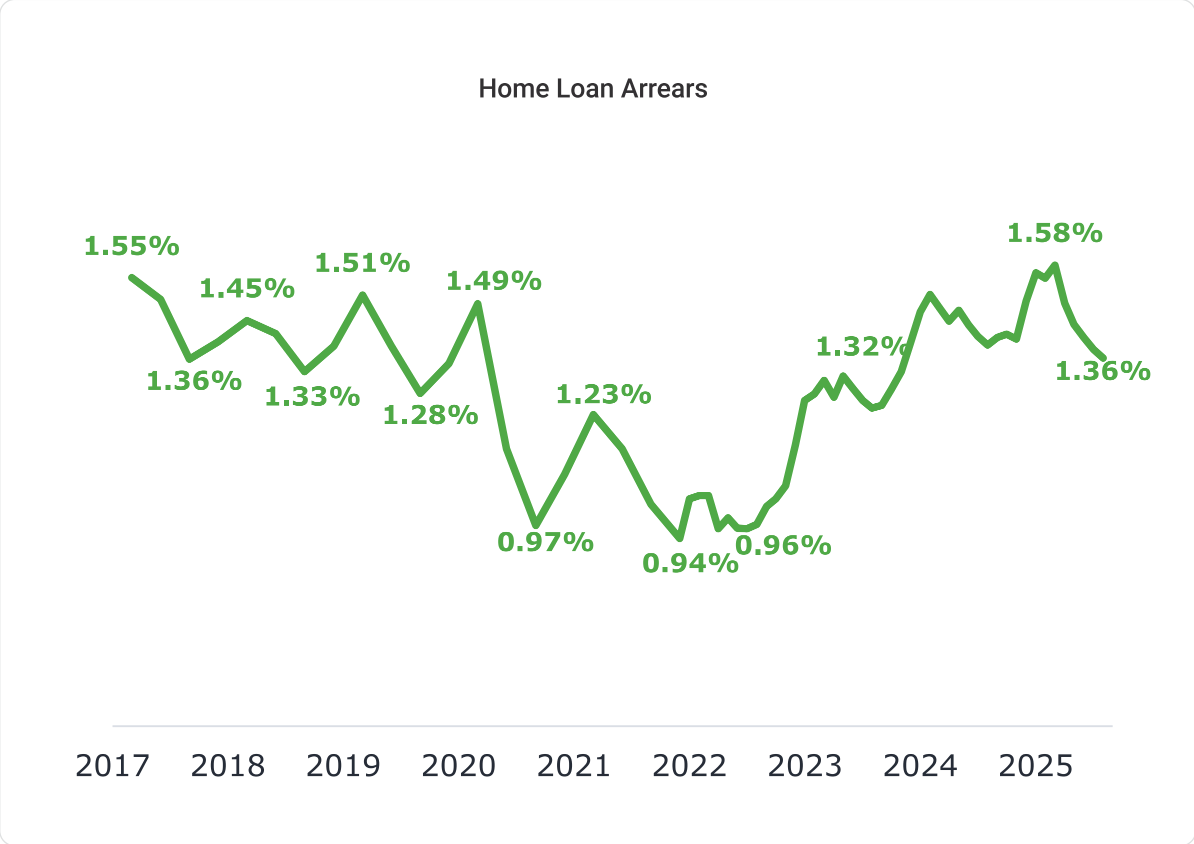


Mortgage arrears improve

Mortgage arrears improved to 1.36% in August, with 20,900 home loans past due, 300 fewer than the previous month.

90+ day delinquencies fell for the fourth consecutive month.

Mortgage enquiries rose 10.6%, largely driven by increased refinancing activity.



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Credit demand, new household lending rises

Consumer credit demand rose 5.6% year-on-year, driven by strong growth in personal loan applications (+4.4%), which reached their highest level since December last year.

Mortgage refinancing enquiries also contributed to this increase. Business credit demand is also up 5% year-on-year.

Approved new mortgage lending us up 29.6% in the August quarter compared to the same period last year, but remains 6% 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, vehicle and personal loans, BNPL and overdrafts - is up 11.4%, driven largely by stronger growth in unsecured personal loans in recent months.

Overall, new household lending increased by 28% year-on-year.

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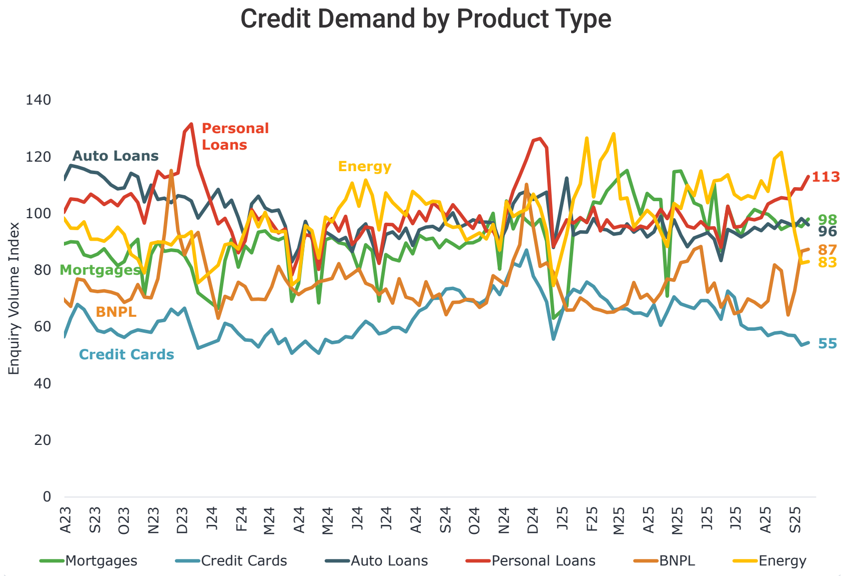
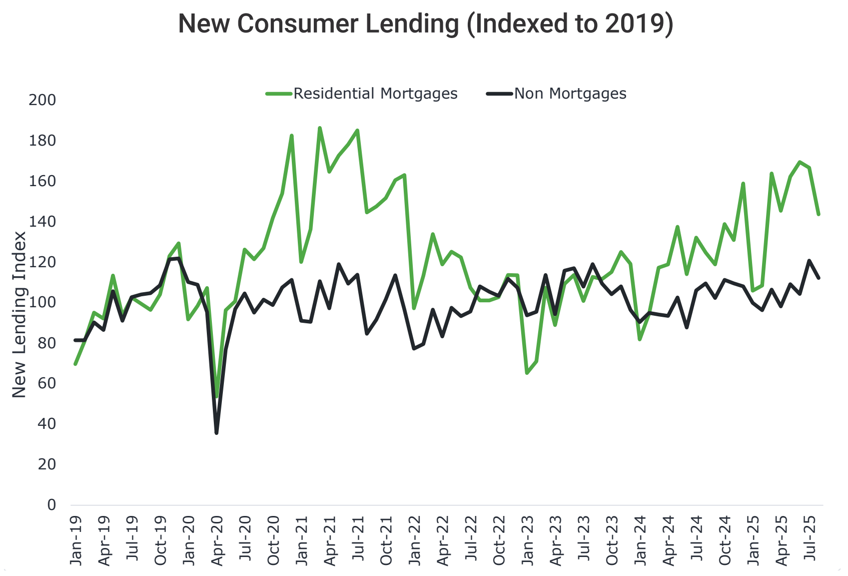




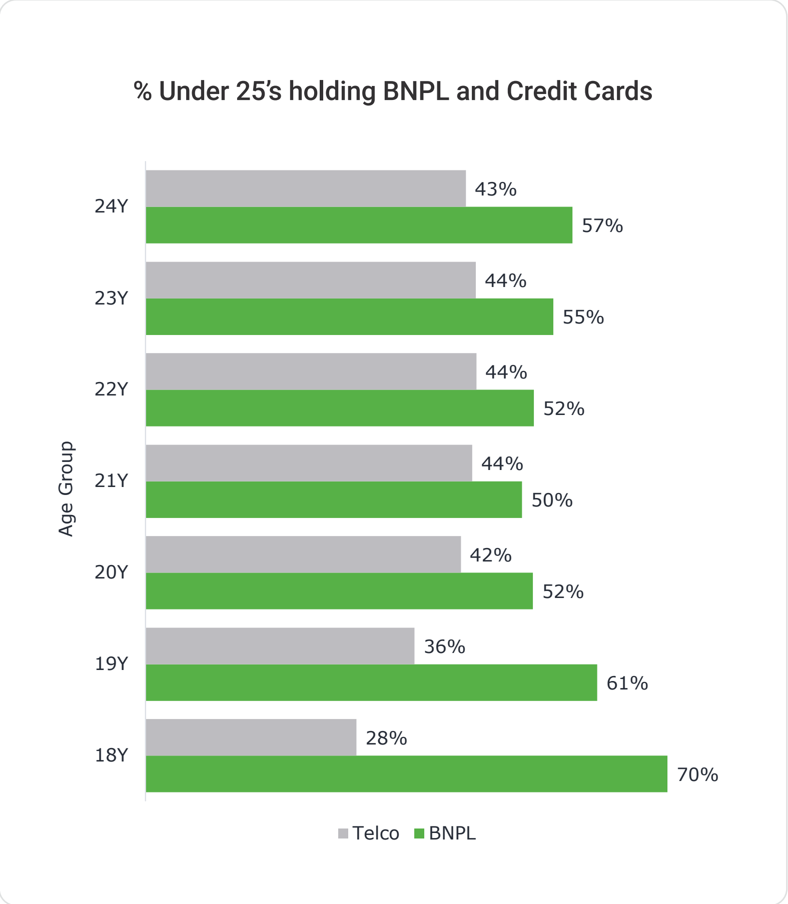
Under 25 years spotlight

Under 25-year-olds represent 288,000 credit-active consumers across the country, 27% of whom are aged between 18 and 20.

The most popular credit product for this age group is BNPL, with nearly 44% of under 25s choosing BNPL as their first credit product followed by telco.

Only one in 14 consumers under the age of 25 currently hold a credit card, with an average limit of $3,900. The average age of a typical credit card holder has now risen to 56.

The average credit score for credit-active consumers in this age group is 613, compared to the national average of 745.



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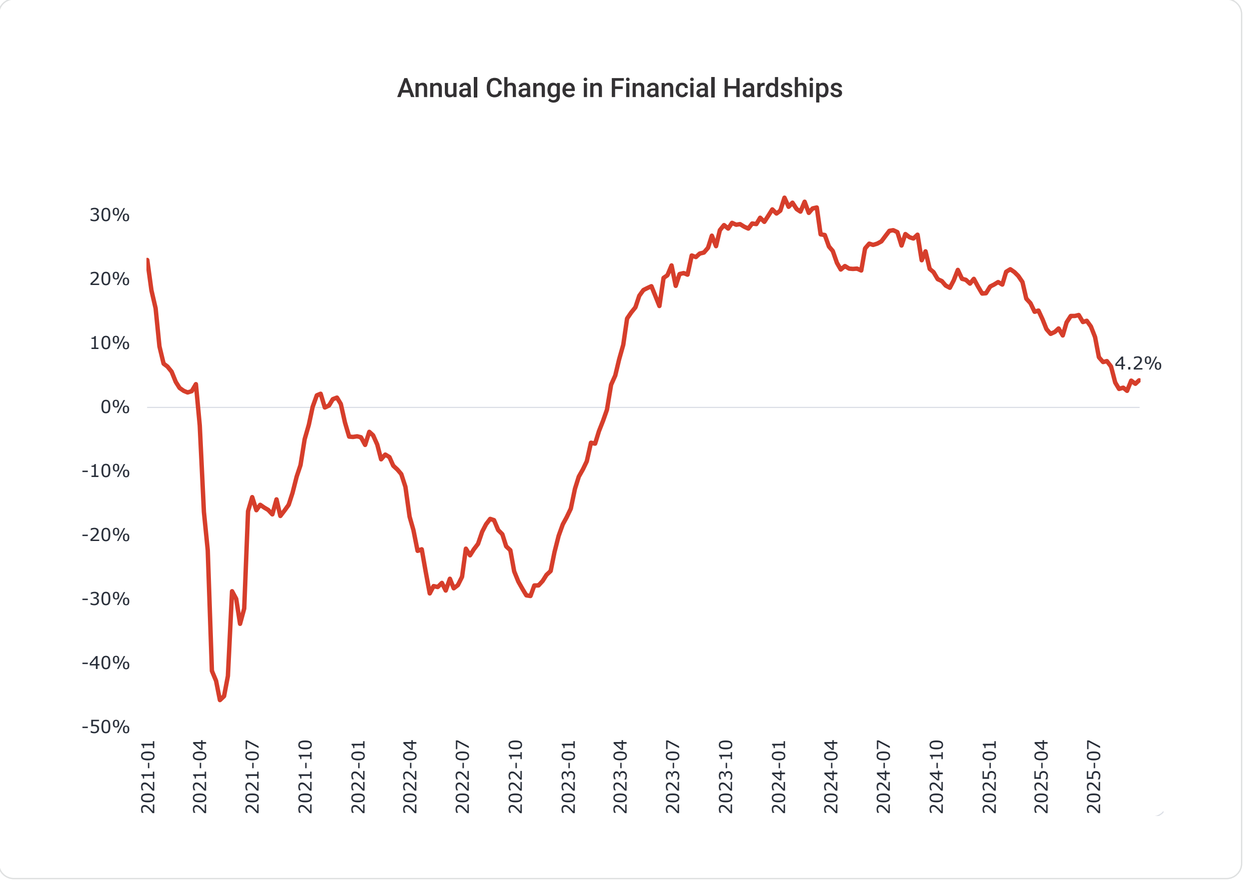
Financial hardship cases decline

Currently there are nearly 14,250 accounts reported in financial hardship, a decrease of 20 in the last month.

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

The number of financial hardship accounts is up 4.2% year-on-year, although the rate of increase has eased in recent months.

Proportionally, 44% of hardships relate to mortgage payment difficulties, with a further 29% related to credit card debt. Personal loan hardships are up 36% year-on-year, accounting for 19% of all hardship cases.



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Business credit demand up, company closures up

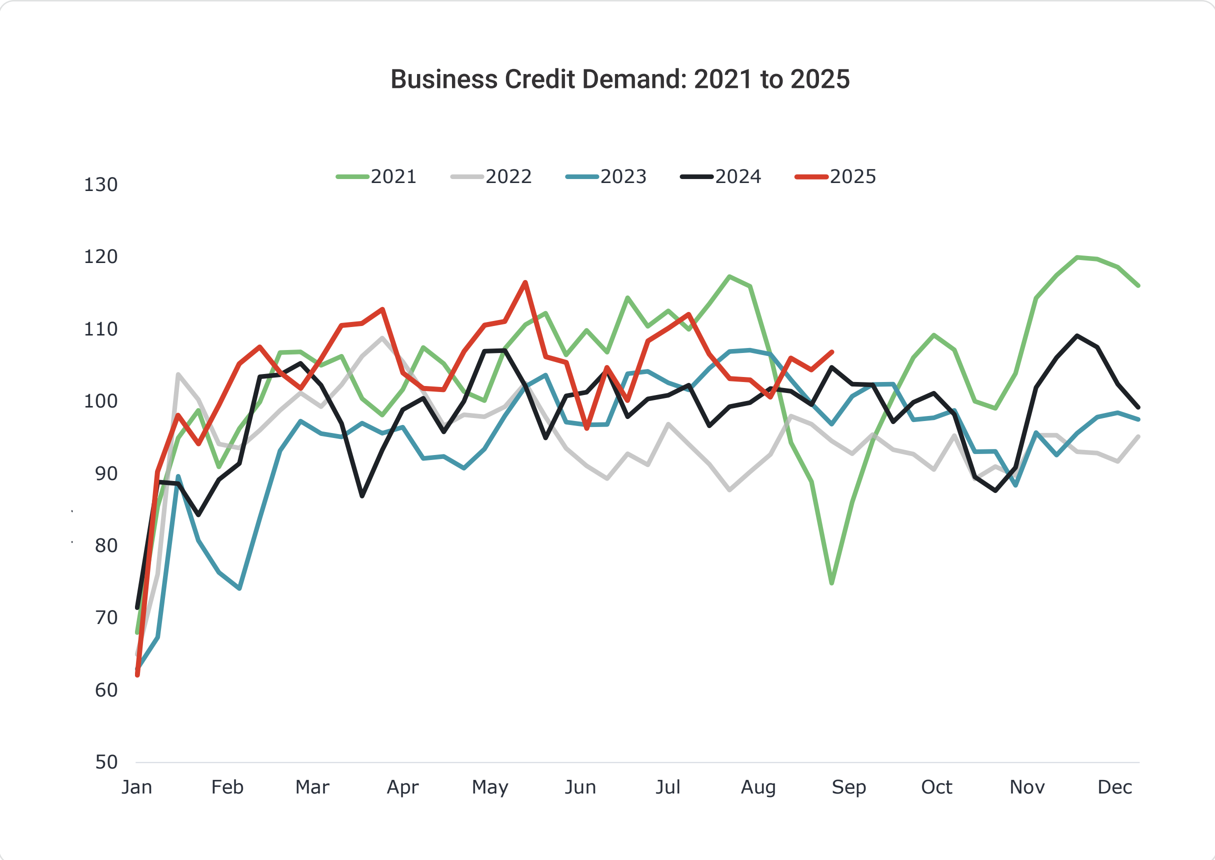
Business credit demand has increased by 5% year-on-year, with the hospitality sector leading the pack with a 30% rise in credit demand over the past 12 months, followed by retail trade (+22%) and financial and insurance services rose (+15%).

The average credit score for new credit applications has climbed to 751, which is 11 points lower than a year ago but up from 738 last month.

Construction remains the leading industry for company liquidations, with 761 firms liquidated in the past year – a 38% increase – though this represents just 0.90% of all registered companies in the sector.

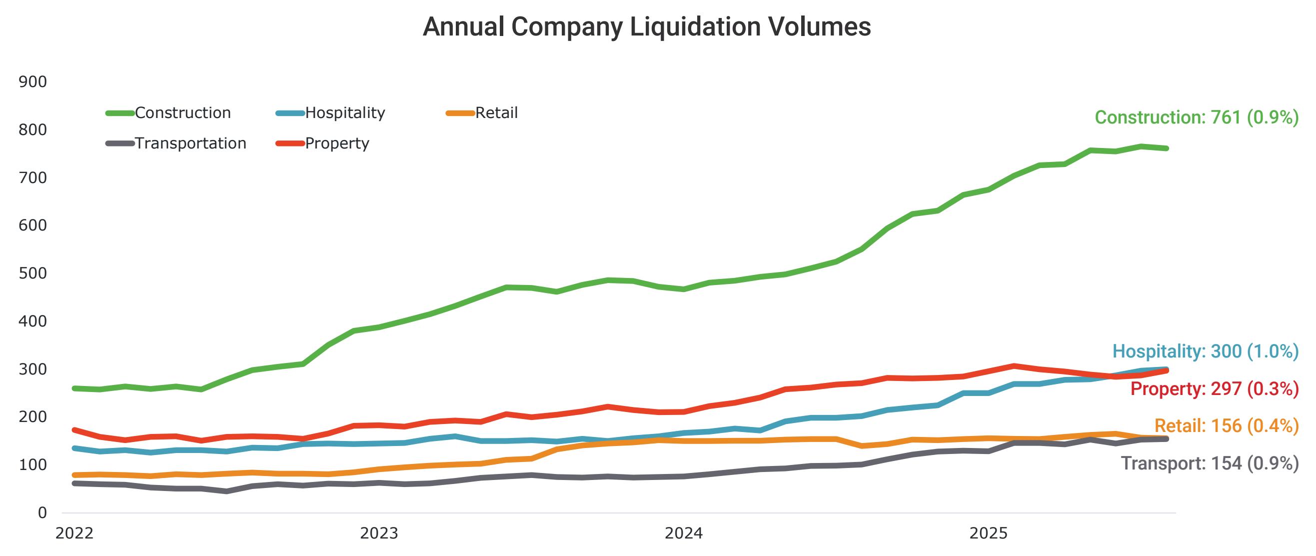
The hospitality sector is the second largest contributor, with 300 liquidations in the past year, up 49% on the previous year.

Meanwhile, liquidation trends are now improving in agriculture, mining, and information media.



	Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
	Construction	-6%	-6%	753 ↓	+38%	2.5X
	Hospitality	+30%	+0%	731 ↓	+49%	2.6X
	Retail Trade	+22%	-2%	762 ↓	+12%	1.0X
	Transport	-1%	-7%	719 ↓	+52%	2.4X
	Property / Rental	+9%	+11%	807 ↓	+10%	0.7X
	Manufacturing	+0%	+13%	775 ↓	+21%	1.6X
	Agriculture	+9%	+2%	795 ↑	-7%	0.7X
	All Sectors	+5%	-1%	784 ↓	+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.



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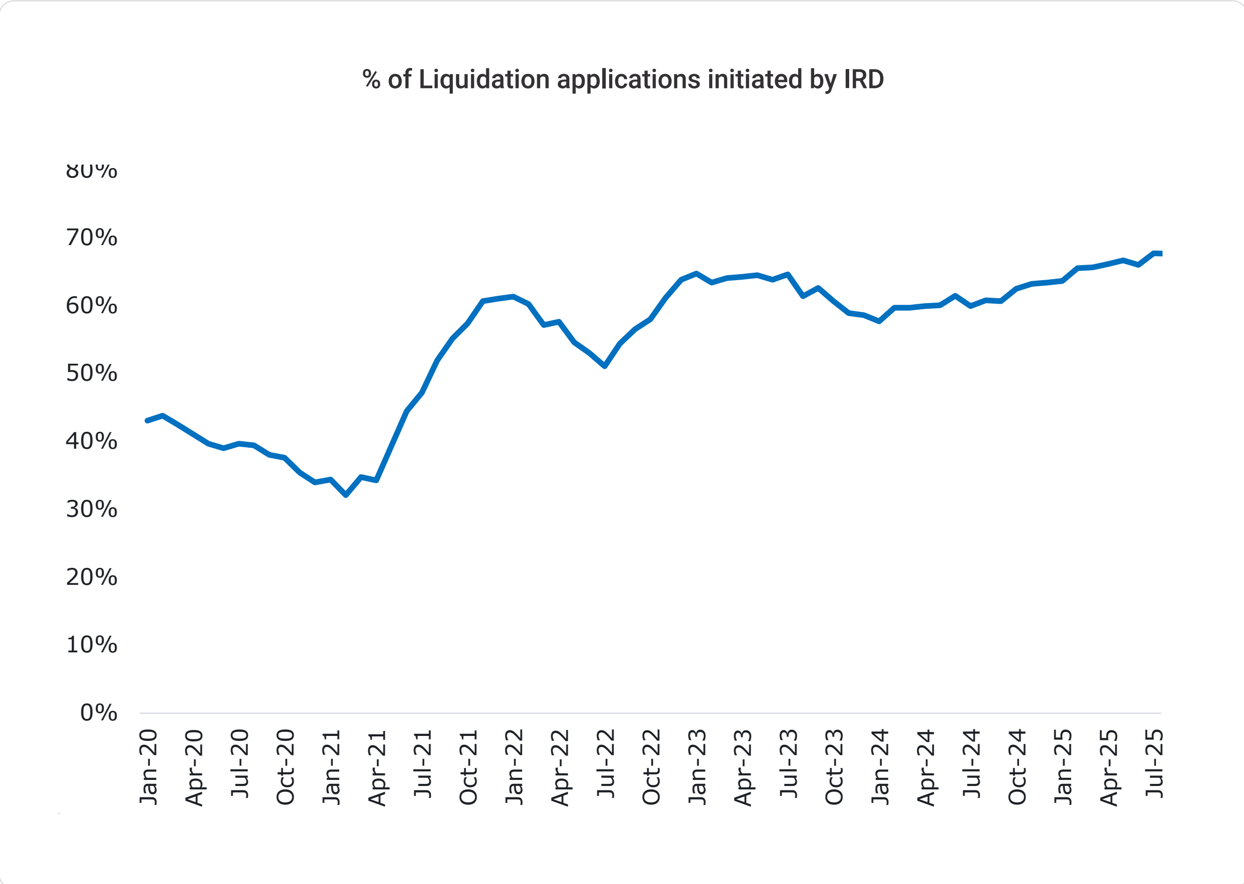
Increased IRD activity contributing a rise in company insolvencies and liquidations

Company liquidations in New Zealand have risen 26% over the past year, largely due to increased enforcement by Inland Revenue (IRD), which has intensified tax debt collection after a more lenient approach during the Covid years.

IRD now initiates nearly 70% of all liquidation applications, up from 30 – 40% in 2020/21. As of 31 March 2025, New Zealand's total tax debt stood at $9.3 billion, including $3.5 billion in income tax and $3.3 billion in GST.



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Highlight on the transportation sector

There are over 17,000 registered companies in New Zealand's transportation sector, making up 2.3% of all registered companies.

In the past year, 154 transportation companies were placed into liquidation – a 52% increase from the previous year, with road freight firms most affected.

These figures highlight ongoing challenges for the road freight industry and underscore the need for further government investment in infrastructure to support sector growth.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
Transport, Postal and Warehousing	**17,229**	**2.3%**	**-1%**	**-7%**	**719**	**52%**	**2.4X**
Air and Space Transport	468	0.1%	-37%	100%	745	-60%	1.2X
Pipeline and Other Transport	951	0.1%	2%	-19%	672	217%	5.5X
Scenic and Sightseeing Transport	632	0.1%	-4%	-67%	794	-	-
Postal and Courier Pick-up and Delivery Services	2,695	0.4%	7%	3%	658	73%	1.9X
Rail Transport	19	0.0%	-	-	771	-	-
Road Freight Transport	5,347	0.7%	-6%	-6%	695	32%	4.0X
Road Passenger Transport	2,051	0.3%	28%	29%	715	-	1.3X
Transport Support Services	2,270	0.3%	-7%	-19%	747	0%	1.1X
Warehousing and Storage Services	672	0.1%	33%	67%	825	50%	2.4X
Water Transport	171	0.0%	-67%	-100%	793	-	-

In the past year, 154 transportation companies were placed into liquidation – a 52% increase from the previous year, with road freight firms most affected.

Last updated September 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.