January Credit Indicator

CENTRIX

Strong credit demand, mixed arrears, and rising business liquidations shape start to year

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

Welcome back to the first of our 2026 Credit Indicator Reports as Kiwi households and businesses alike hope for sustained economic recovery after a challenging few years.

In January, Stats NZ reported the Consumer Price Index rose 0.6% in the three months end December, which brought Aotearoa New Zealand's annual inflation rate up to 3.1%, while retail spending was subdued in December after reaching a high-water mark in November.

Despite this, our data shows consumer credit demand opened the year with solid momentum, rising 9.4% year on year, driven by stronger mortgage applications and elevated personal loan borrowing through the holiday period.

Furthermore, new household lending also strengthened over the December quarter. Lending for new mortgages was up 14.3% while non mortgage lending also climbed 12.0%, supported by active summer housing markets and people taking advantage of the lower cash rate to refinance to lower interest rates.

Arrears trends were mixed heading into the new year. Overall consumer arrears rose seasonally to 12.07% in December but remain lower than a year ago and broadly in line with 2023 levels.

Mortgage arrears were stable and continue to sit below last year's levels, while credit card arrears increased slightly.

Vehicle loan arrears, however, climbed 6% year-on-year, indicating mounting repayment pressure for some households.

Personal loan arrears also rose, whereas essential services such as retail energy and telco accounts saw continued improvement, providing some relief for household budgets.

Business credit demand lifted modestly, up 0.7% year-on-year, with growth concentrated in hospitality, education/training, and retail trade.

However, rising liquidations underscore ongoing financial strain across parts of the economy, as well as the IR's ongoing crackdown on outstanding debts.

Company failures are now at their highest level since 2010, with hospitality, retail trade, transport and construction seeing significant increases.

Despite this broad rise, there are signs of resilience: agriculture recorded an 11% decline in liquidations, and several other industries showed improving stability.

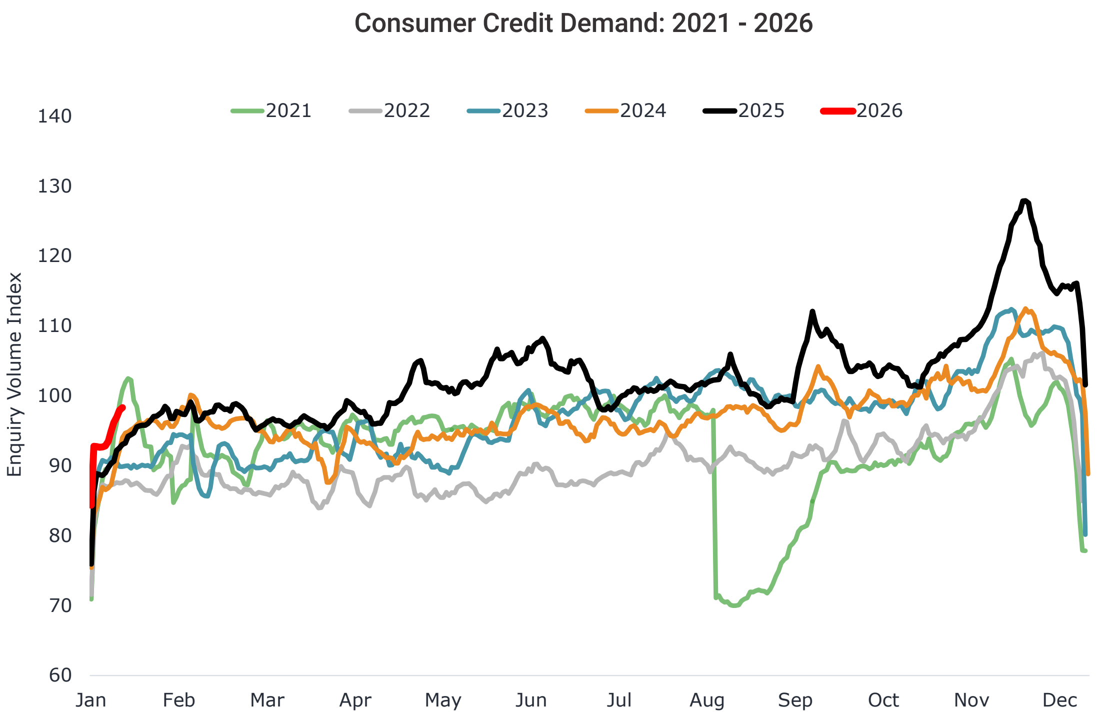
Monika Lacey
Chief Operating Officer
Centrix

Mortgage, personal loan demand high

Consumer credit demand began the year on a strong note, up 9.4% year-on-year, which was driven by heightened borrowing over the holiday period.

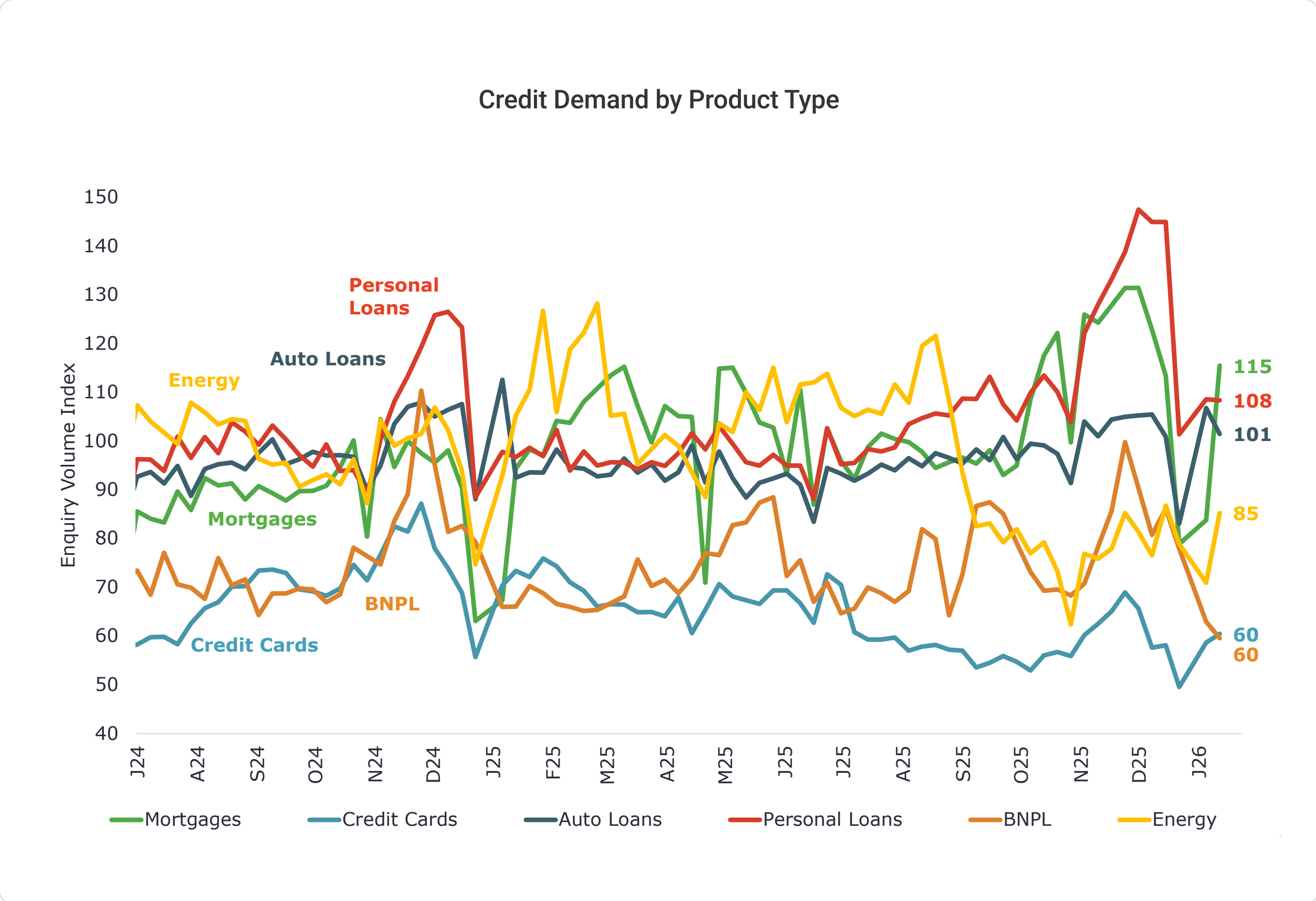
There was particularly sturdy growth in mortgage applications and personal loans, which could be reflective of increasing confidence in the housing market heading into the new year.

On the other hand, demand weakened for credit cards, BNPL products and retail energy.



	Year-on-year change %
Mortgages	+27.0%
Auto Loans	+2.7%
Credit Cards	-19.9%
Personal Loans	+15.5%
BNPL	-6.1%
Retail Energy	-19.9%

Year-on-year comparison of 3 month rolling averages



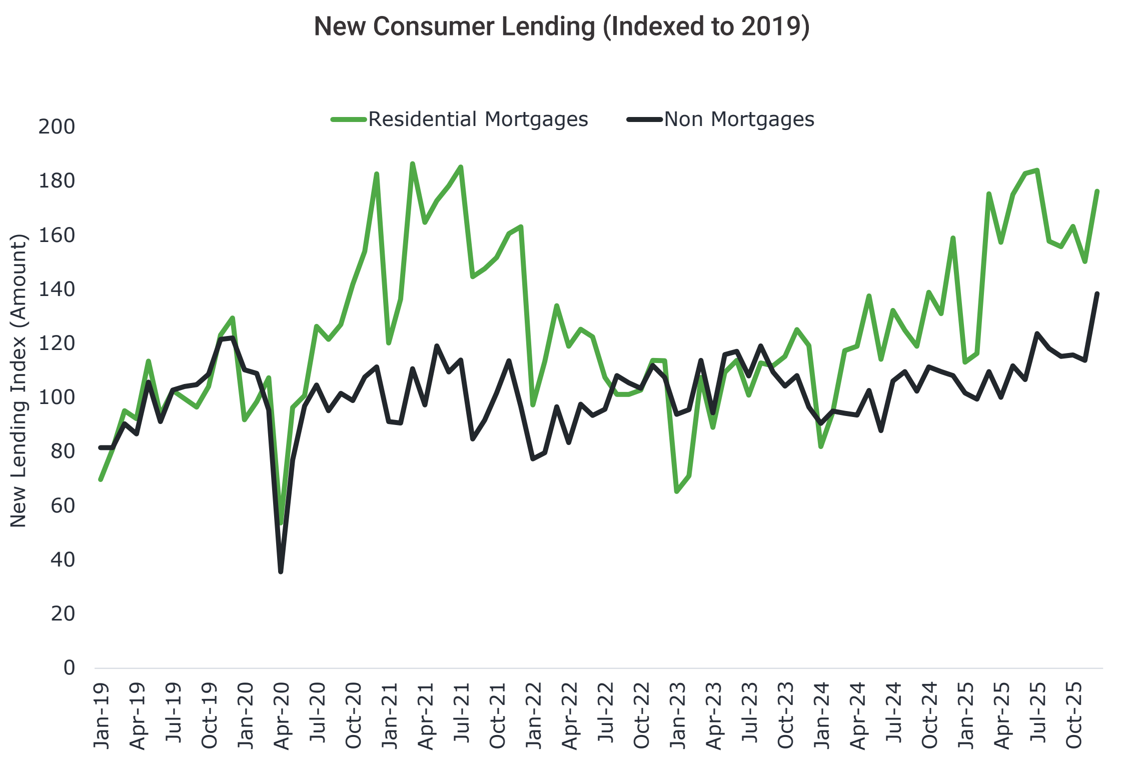
Consumer credit demand began the year on a strong note, up 9.4% year-on-year, which was driven by heightened borrowing over the holiday period.

New household lending up overall for December quarter

Approved new household lending strengthened markedly over the December quarter, with new mortgage lending up 14.3% and non-mortgage lending up 12.0% compared with the prior year.

Growth in residential mortgages reflected increased summer market activity and a rise in refinancing as borrowers took advantage of lower interest rates following recent OCR cuts.

Non-mortgage lending was driven mainly by strong demand for unsecured personal loans and vehicle lending, lifting overall new household lending 14.1% year-on-year.



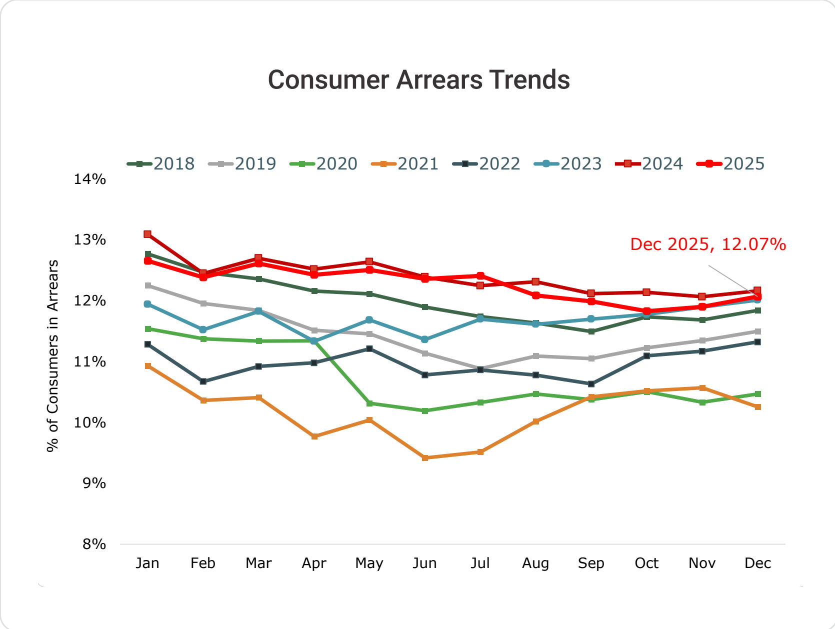
Approved new household lending strengthened markedly over the December quarter, with new mortgage lending up 14.3% and non-mortgage lending up 12.0% compared with the prior year.

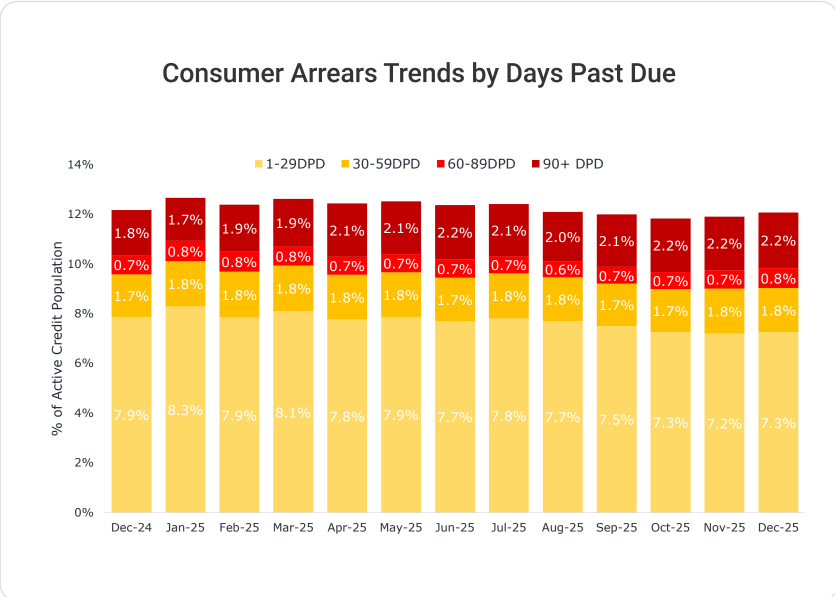
Consumer arrears see seasonal rise

Consumer arrears increased modestly in December in line with normal seasonal patterns, with 12.07% of the credit-active population behind on payments. While this is up on November (11.90%), it remains down 0.8% year-on-year.

The number of consumers in arrears rose to 471,000, while those 90+ days past due stood at 87,000, reflecting typical summer pressures on household cash flows, as well as a lagged effect from the economic conditions of last year.

Overall, arrears remain broadly in line with 2023 levels, despite short-term seasonal tightening.



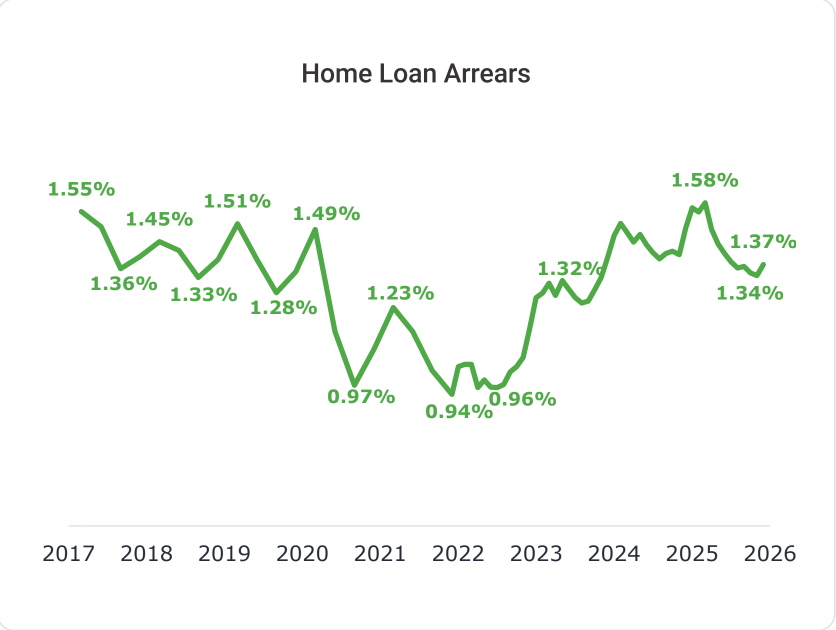


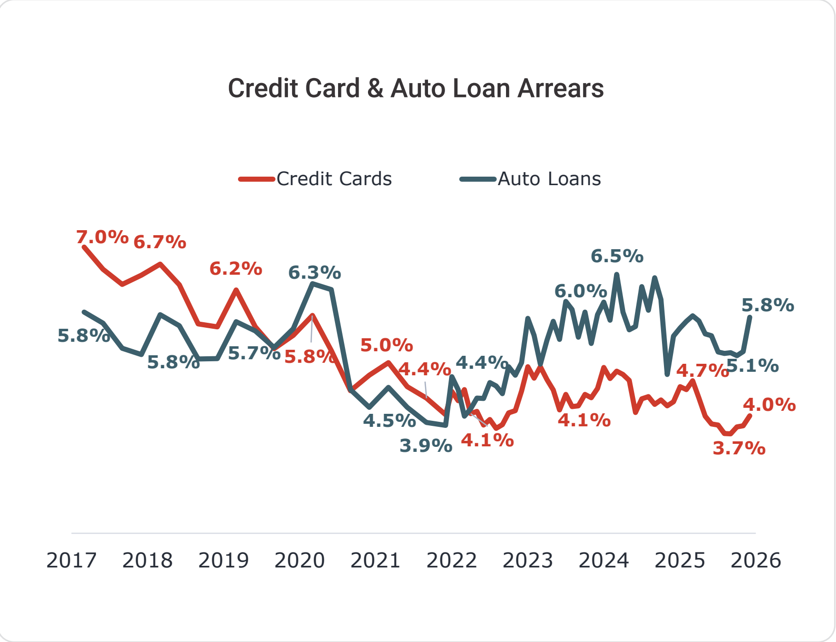
Consumer arrears increased modestly in December in line with normal seasonal patterns, with 12.07% of the credit-active population behind on payments. While this is up on November (11.90%), it remains down 0.8% year-on-year.

Mortgage arrears steady, vehicle loans under pressure

Mortgage arrears edged up slightly to 1.37% in December – in line with seasonal trends – but remain 8% lower year-on-year, with 21,800 mortgage accounts reported as past due.

Credit card arrears also rose modestly to 4.0%, their highest level since May, yet are still 6% lower than a year ago. In contrast, vehicle loan arrears increased to 5.8%, sitting 6% higher year-on-year, which could indicate pressure for households on vehicle repayments.



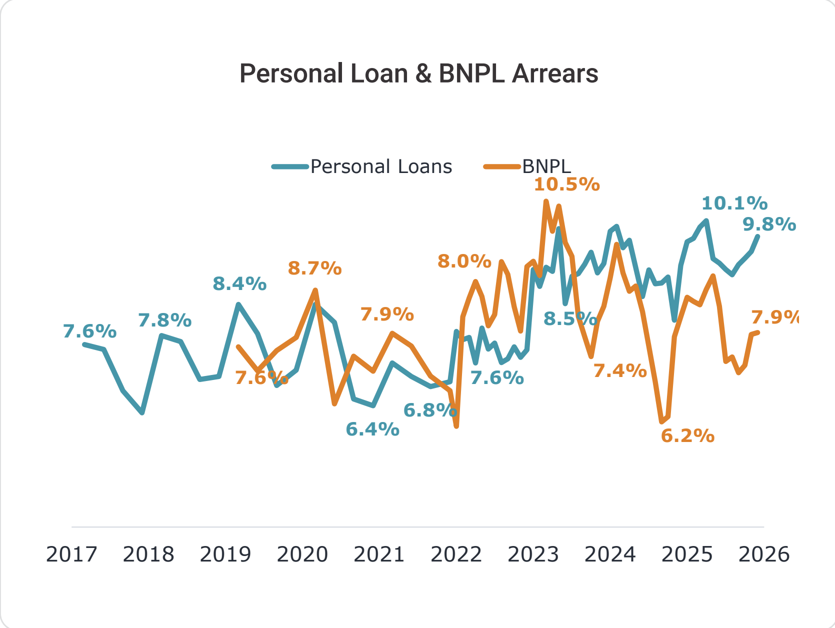


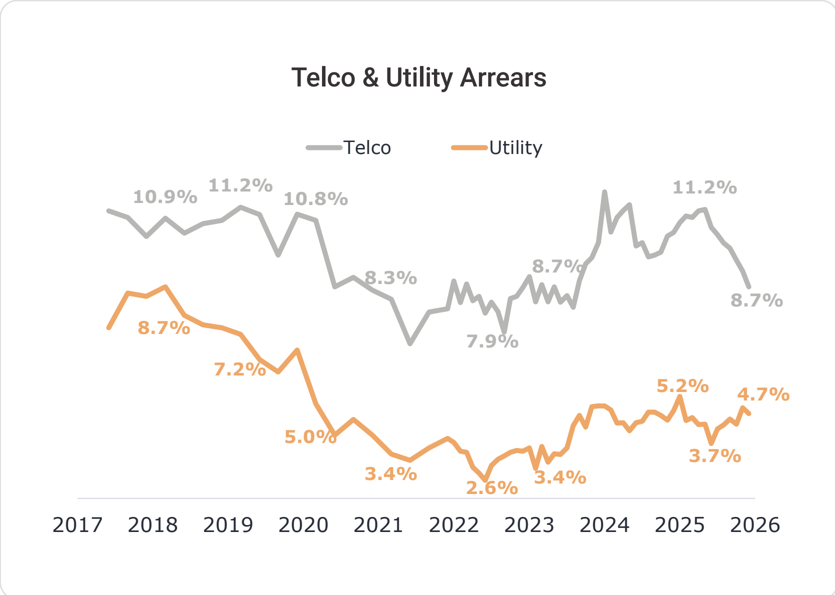
Mortgage arrears edged up slightly to 1.37% in December – in line with seasonal trends – but remain 8% lower year-on-year, with 21,800 mortgage accounts reported as past due.

Personal loan arrears up, utilities down

Personal loan arrears rose to 9.8% in December, up 6% year-on-year, and BNPL arrears edged higher to 7.9%, though they remain 4% lower than a year ago.

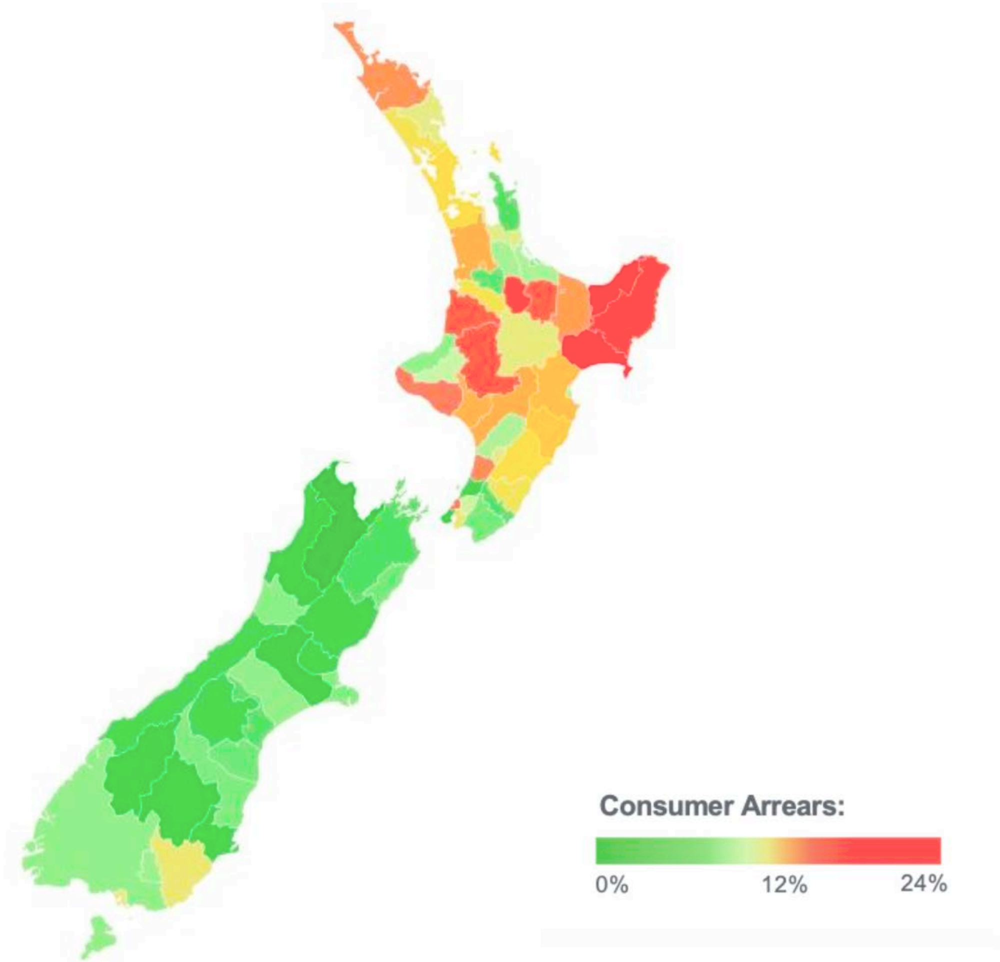
Retail energy arrears fell to 4.7%, supported by lower summer power bills, while telco and communications arrears also improved for a fifth consecutive month, declining to 8.7% in December.





Retail energy arrears fell to 4.7%, supported by lower summer power bills, while telco and communications arrears also improved for a fifth consecutive month, declining to 8.7% in December.

Arrears remain divided between North and South



Lowest Arrears Areas		
	District	Arrears %
1	Tasman District	8.16%
2	Nelson City	8.36%
3	Wellington City	8.96%
4	Selwyn District	9.19%
5	Queenstown-Lakes District	9.38%
6	Central Otago District	9.39%
7	Buller District	9.58%
8	Dunedin City	9.71%
9	Waimakariri District	9.83%
10	Kapiti Coast District	9.85%

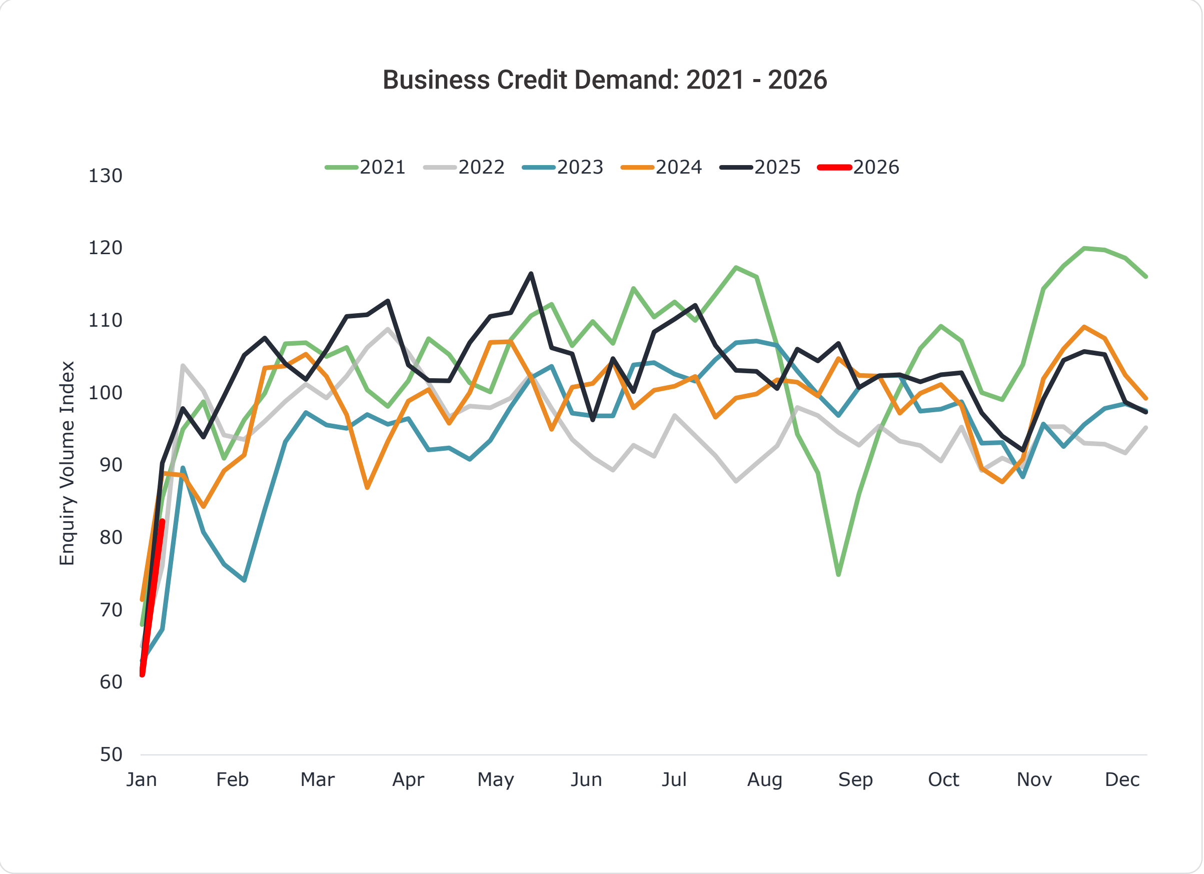
Highest Arrears Areas		
	District	Arrears %
1	Wairoa District	17.92%
2	Kawerau District	17.89%
3	Opotiki District	17.63%
4	South Waikato District	16.65%
5	Gisborne District	16.51%
6	Ruapehu District	16.01%
7	Waitomo District	15.90%
8	Rotorua District	15.85%
9	Porirua City	15.39%
10	South Taranaki District	14.96%

Business credit demand up

Business credit demand edged slightly higher, rising 0.7% year-on-year over the period.

Growth was highly concentrated in a few sectors, led by a 38% increase in hospitality credit demand, reflecting improving trading conditions and funding needs.

Education and training (+17%) and retail trade (+13%) also recorded solid gains, while demand elsewhere remained subdued.



Business credit demand edged slightly higher, rising 0.7% year-on-year over the period.

Company failures highest since 2010

Rising company failures in New Zealand reach their highest annual level since 2010.

Business liquidations increased unevenly across sectors, with the sharpest rises in hospitality (+50%), retail trade (+34%) and transport (+27%), highlighting ongoing financial stress in these sectors despite improving credit conditions.

Construction (+13%), manufacturing (+12%) and property/rental (+17%) also recorded higher liquidations, even as credit defaults declined and average credit scores improved in many areas.

In contrast, agriculture stood out as the most resilient sector, with liquidations down 11% year-on-year, supported by stronger credit demand and improving financial health.

	Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
	Construction	-13%	-21%	756 ↑	+13%	2.3X
	Hospitality	+38%	-8%	728 ↓	+50%	3.1X
	Retail Trade	+13%	-12%	762 ↑	+34%	1.2X
	Transport	-5%	-21%	723 ↑	+27%	2.4X
	Property / Rental	+3%	+4%	807 ↓	+17%	0.8X
	Manufacturing	-9%	-11%	777 ↑	+12%	1.6X
	Agriculture	+11%	-21%	795 ↑	-11%	0.6X
	All Sectors	+1%	-16%	784 ↑	+17%	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.

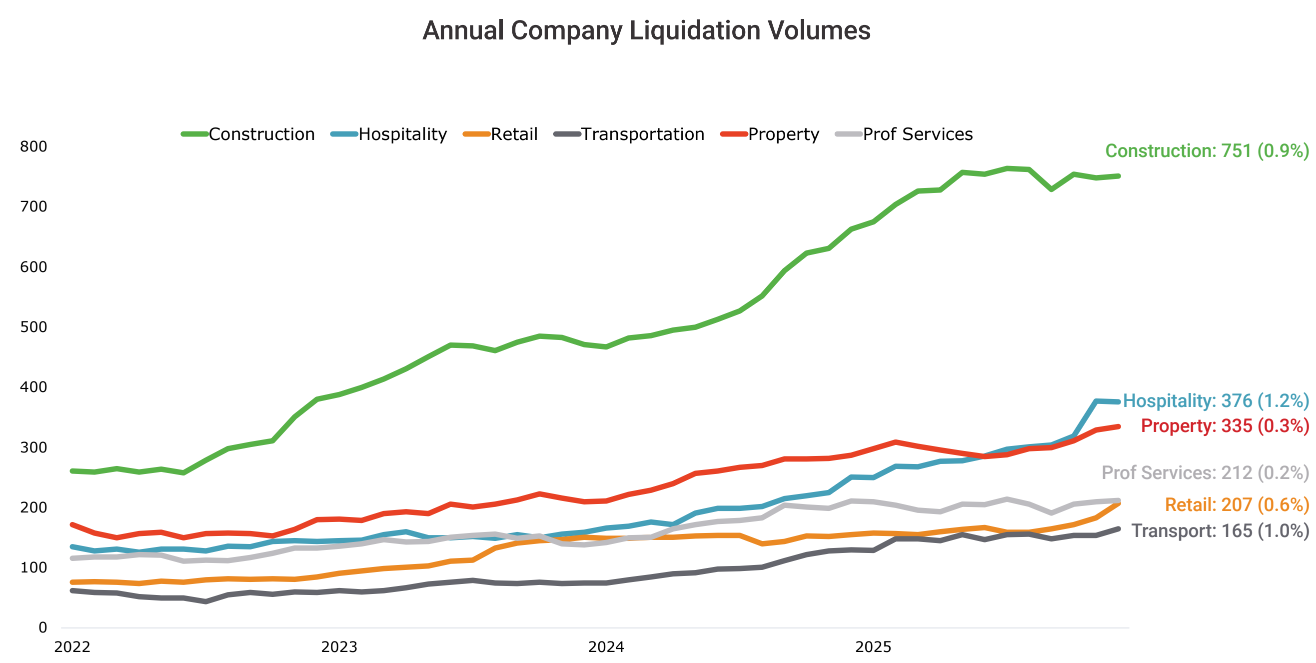
Business liquidations increased unevenly across sectors, with the sharpest rises in hospitality (+50%), retail trade (+34%) and transport (+27%), highlighting ongoing financial stress in these sectors despite improving credit conditions.

Construction, hospitality lead liquidations

Construction remains the leading contributor to company liquidations, with 751 firms liquidated in 2025 – up 13% on the previous year. However, this represents just 0.9% of all registered construction companies.

The hospitality sector ranks second, recording 376 liquidations, a sharp 50% increase year-on-year, reflecting ongoing financial pressure in the industry.

Despite these increases, early signs of improvement are emerging, with liquidation trends easing in 6 of the 19 industry sectors. Notable improvements are being seen in agriculture, wholesale trade, and information media and telecommunications services.



Construction remains the leading contributor to company liquidations, with 751 firms liquidated in 2025 – up 13% on the previous year. However, this represents just 0.9% of all registered construction companies.

Spotlight on wholesale sector

The wholesale trade sector includes nearly 20,000 registered companies, making up around 3% of all registered businesses.

Over the past year, the sector has benefited from strong growth in agricultural, grocery, liquor, and commission-based wholesaling, supporting overall performance.

Liquidations have improved, with 79 wholesale companies liquidated over the past 12 months compared with 94 the year prior, a 16% reduction that reflects strengthening sales conditions.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
Wholesale Trade	**19,805**	**2.7%**	**1%**	**-30%**	**769**	**-16%**	**1.0X**
Agricultural Product Wholesaling	951	0.1%	68%	-62%	785	-67%	0.3X
Mineral, Metal and Chemical Wholesaling	744	0.1%	32%	-63%	790	100%	1.4X
Timber and Hardware Goods Wholesaling	1,411	0.2%	-11%	-79%	782	-38%	0.9X
Commission-Based Wholesaling	1,960	0.3%	15%	-53%	781	-29%	0.7X
Grocery, Liquor and Tobacco Product Wholesaling	3,652	0.5%	7%	-21%	748	-14%	1.3X
Machinery and Equipment Wholesaling	2,814	0.4%	-9%	-49%	795	-63%	0.6X
Motor Vehicle and Motor Vehicle Parts Wholesaling	1,638	0.2%	1%	2%	727	11%	1.6X
Furniture, Floor Coverings and Other Goods Wholesaling	4,752	0.6%	-7%	-2%	768	-26%	0.8X
Pharmaceutical and Toiletry Goods Wholesaling	643	0.1%	-24%	-33%	759	100%	1.6X
Textile, Clothing and Footwear Wholesaling	965	0.1%	-7%	-40%	768	0%	0.8X

Over the past year, the sector has benefited from strong growth in agricultural, grocery, liquor, and commission-based wholesaling, supporting overall performance.

Last updated January 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:

- 94 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.
- Credit defaults loaded by collections agencies and credit providers.
- Significant company tax debts loaded by Inland Revenue.

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.

NEW ZEALAND MADE ®