



February Credit Indicator



Lending activity rebounds while arrears follow seasonal changes

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

Last month, the Reserve Bank held the Official Cash Rate at 2.25%, signalling their intention to hold at this level for the foreseeable future to help drive stabilisation.

The goal is to help inflation return to within the target band in the current quarter, with sights set on trending toward the 2% midpoint over the next twelve months.

Looking at our latest data, we can see the market beginning to react to this economic climate. Consumer credit demand is up 8.3% year-on-year, with mortgage and personal loan enquiries remaining strong.

In fact, mortgage refinancing has been a defining feature of recent lending activity, reaching record levels in December largely driven by cashback offers as competition between the major banks intensified.

New mortgage lending rose 34.0% year-on-year in the January quarter, while new non-mortgage lending increased 15.9% over the same period.

We've also seen arrears moving through their typical post-holiday peak. While arrears lifted seasonally (up to 12.56% in January), this remains down overall year-on-year.

Residential mortgage arrears rose slightly to 1.42% in January from 1.37% in December, reflecting normal seasonal trends. Despite the monthly increase, mortgage arrears are 9% lower year-on-year as the economic recovery continues.

However, there are still signs of household pressure as personal loan arrears reach the highest level recorded in the past decade – climbing to 10.2% in January, up 6% year-on-year.

This is also reflected in the financial hardship trends. While overall cases are down year-on-year, personal loan hardships are up 45% year-on-year and now account for nearly a quarter (24%) of all hardship cases.

Looking at how Kiwi businesses are performing, company liquidations are up 16% year-on-year. Nearly 70% of all liquidation applications are initiated by Inland Revenue (IR), compared with 30 – 40% in 2020/21.

Construction continues to account for the highest number of liquidations, with 758 firms entering liquidation over the past year, followed by hospitality, which recorded 382 liquidations – a 53% increase year-on-year.

While overall liquidation levels remain high, the percentage of businesses impacted is low and signs of improvement are emerging across seven of the 19 industry sectors – notably in agriculture, wholesale trade, and information media and telecommunications services.

The road to recovery seems to be coming into clearer view, but there are still challenging times ahead as the economy turns a corner.

As always, it's important for any households or businesses struggling with their finances to speak the experts to avoid doing long-term damage to their financial health.

Monika Lacey
Chief Operating Officer
Centrix

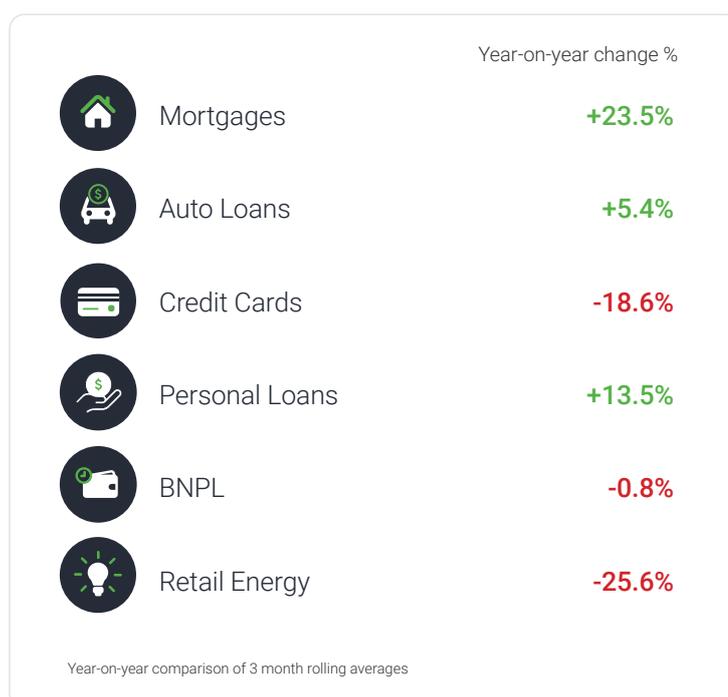
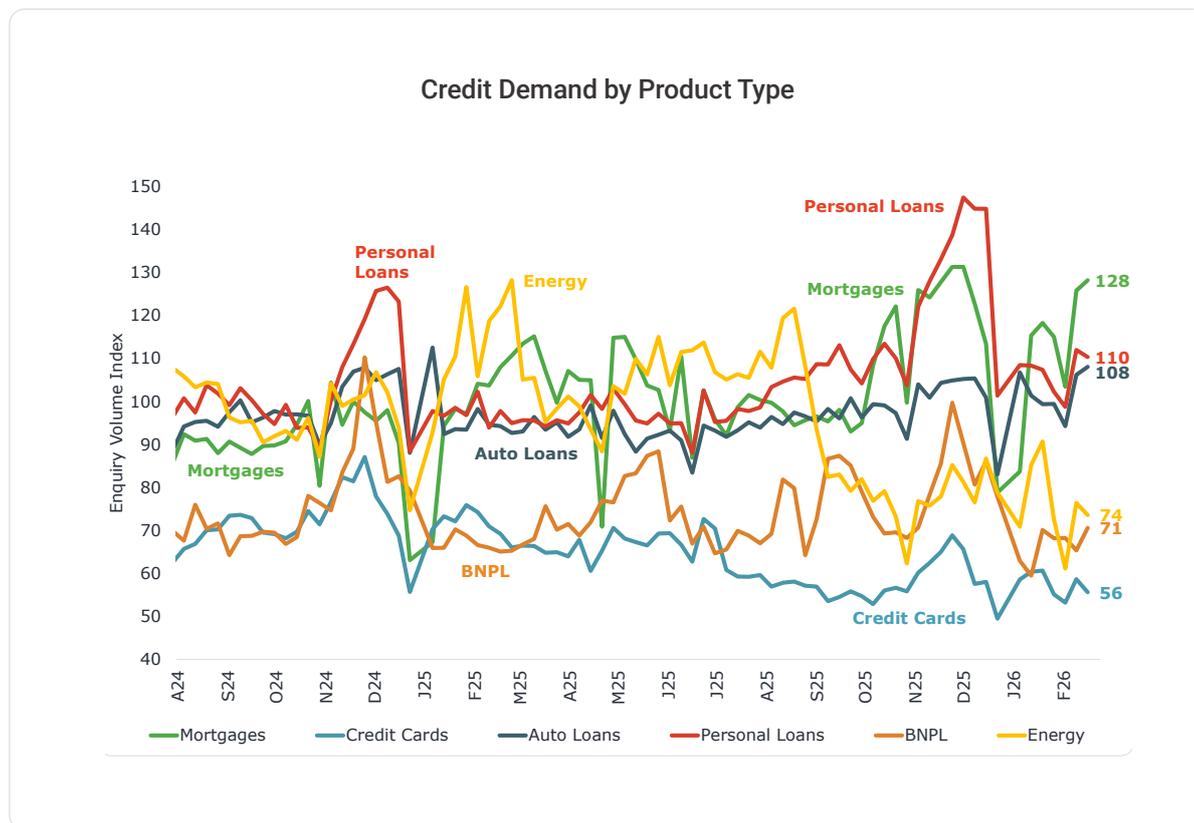


Credit demand remains above last year, but has eased

Consumer credit demand rose 8.3% year-on-year, although enquiry volumes have eased in recent weeks.

Mortgage enquiries are up 23.5% and personal loan enquiries are up 13.5%, while auto loan demand is up 5.4%.

In contrast, credit card demand is down 18.6% and retail energy enquiries are down 25.6%. Buy Now Pay Later enquiries are broadly stable at -0.8%. Business credit demand remains more subdued, declining 1.0% year-on-year.

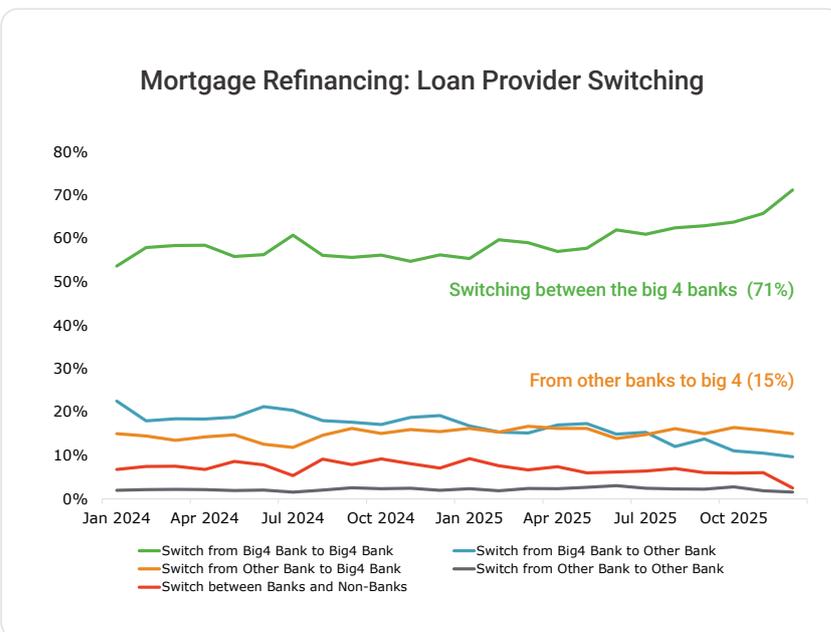
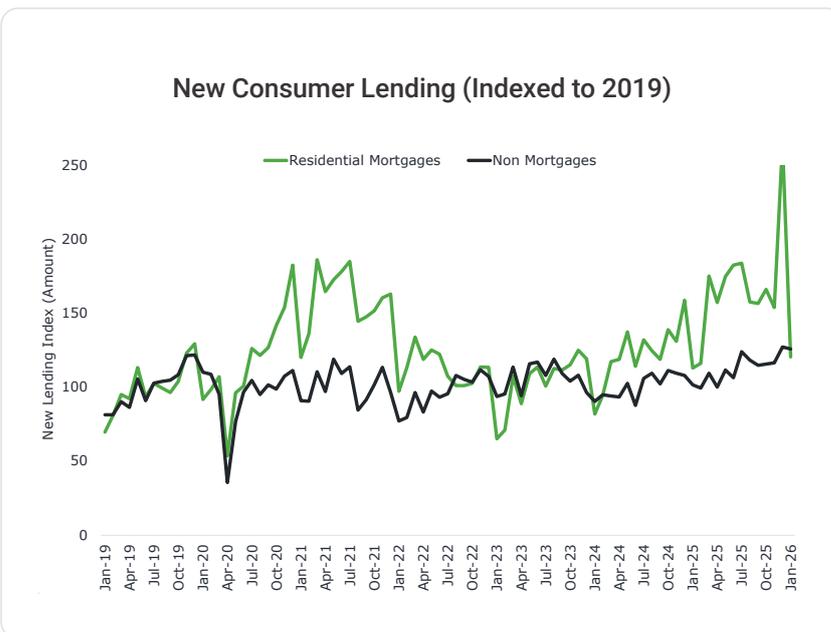


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New household lending lifts as refinancing stays elevated

Approved new mortgage lending is up 34.0% year-on-year in the January quarter, while new non-mortgage lending is up 15.9%, lifting overall new household lending 32.5% year-on-year.

Refinancing was a key driver, with 46% of new mortgage lending in December for refinancing. Switching is increasingly concentrated among major lenders, with 71% of switching now occurring between the Big 4 banks, up from 56% a year ago.



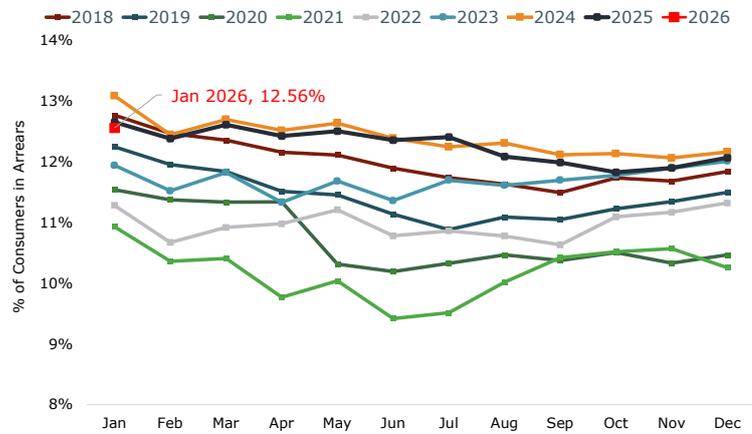
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Arrears reach the expected seasonal peak

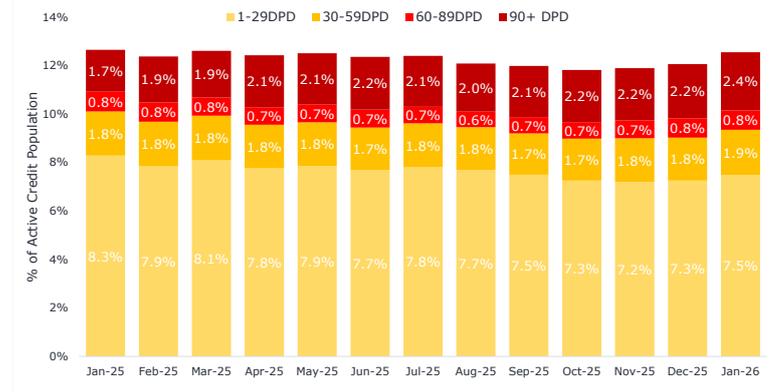
Consumer arrears typically peak in January following the holiday period, and this seasonal pattern has again been reflected in the latest data. Despite the seasonal lift, arrears were recorded 0.8% lower than a year ago.

In January, overall consumer arrears rose to 12.56% of the credit-active population, up from 12.07% in December. The number of people behind on payments increased to 491,000, up 20,000 month-on-month, with 94,000 now 90+ days past due.

Consumer Arrears Trends



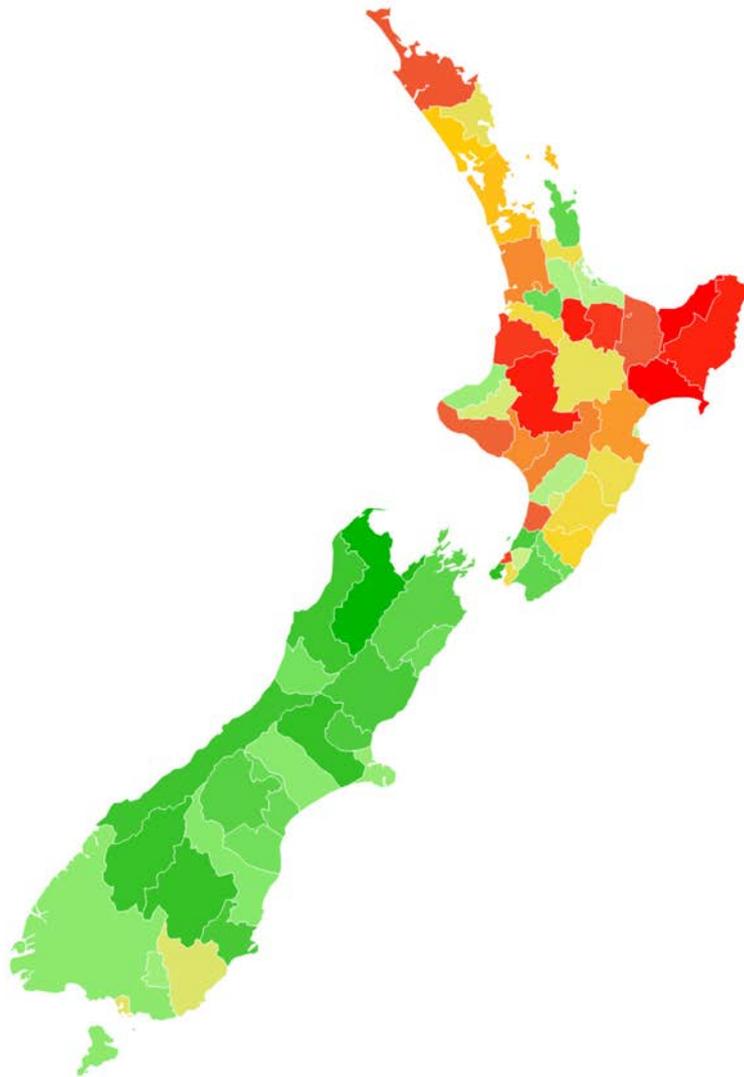
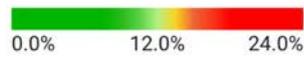
Consumer Arrears Trends by Days Past Due



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Arrears remain divided between North and South

Consumer Arrears



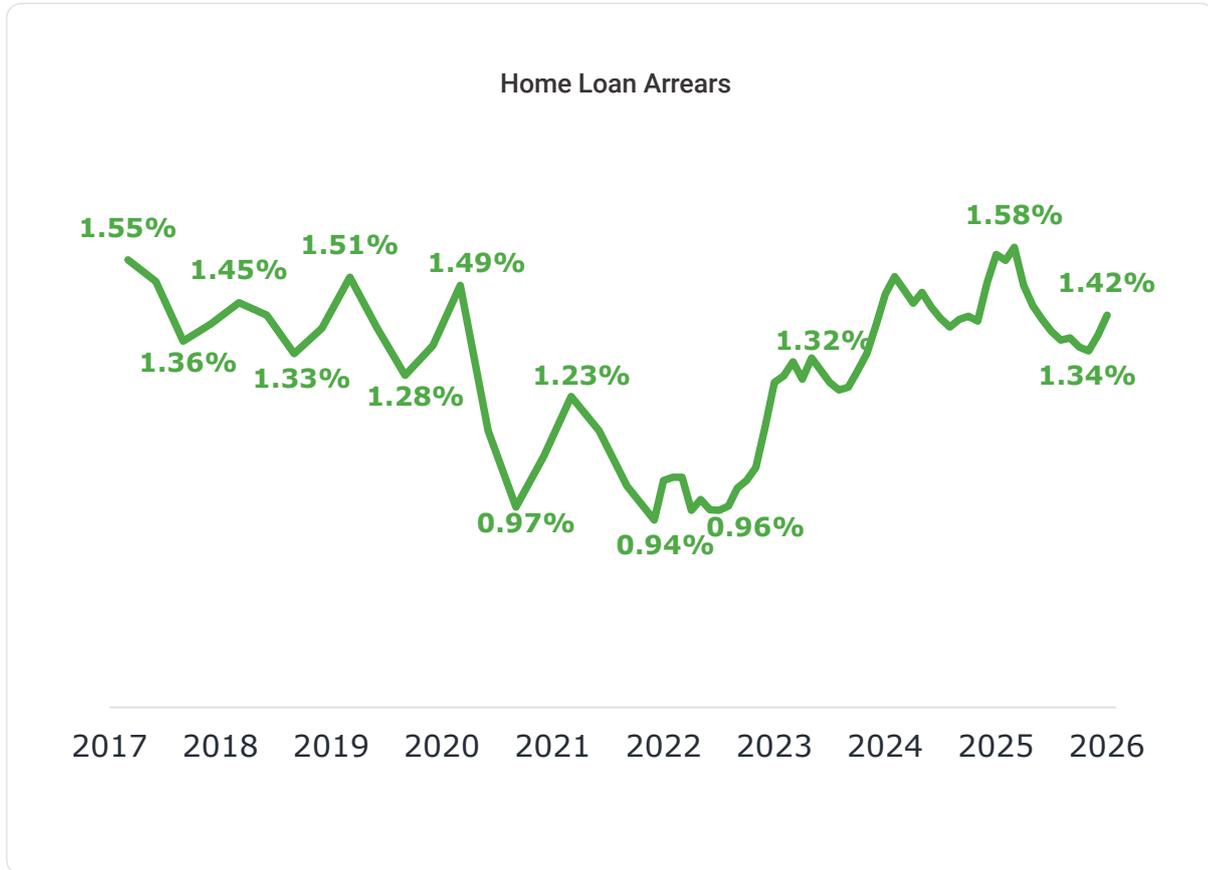
Lowest Arrears Areas	
District	Arrears %
1 Tasman District	8.29%
2 Nelson City	8.79%
3 Wellington City	9.27%
4 Selwyn District	9.46%
5 Central Otago District	9.51%
6 Queenstown-Lakes District	9.60%
7 Buller District	9.89%
8 Westland District	9.90%
9 Dunedin City	10.21%
10 Hurunui District	10.23%

Highest Arrears Areas	
District	Arrears %
1 Wairoa District	18.25%
2 Kawerau District	18.25%
3 Opotiki District	17.89%
4 Ruapehu District	17.15%
5 South Waikato District	17.15%
6 Gisborne District	17.04%
7 Rotorua District	16.47%
8 Waitomo District	16.39%
9 Porirua City	15.93%
10 Far North District	15.26%

Mortgage arrears improve year-on-year, while vehicle stress rises

Mortgage arrears rose to 1.42% in January, with 22,600 home loans past due. Despite the month-on-month lift, mortgage arrears are 9% lower year-on-year.

Auto loan arrears rose to 6.2%, up 11% year-on-year and the highest level in two years. Credit card arrears edged up to 4.2%, the highest since April, while still 8% lower than a year ago.

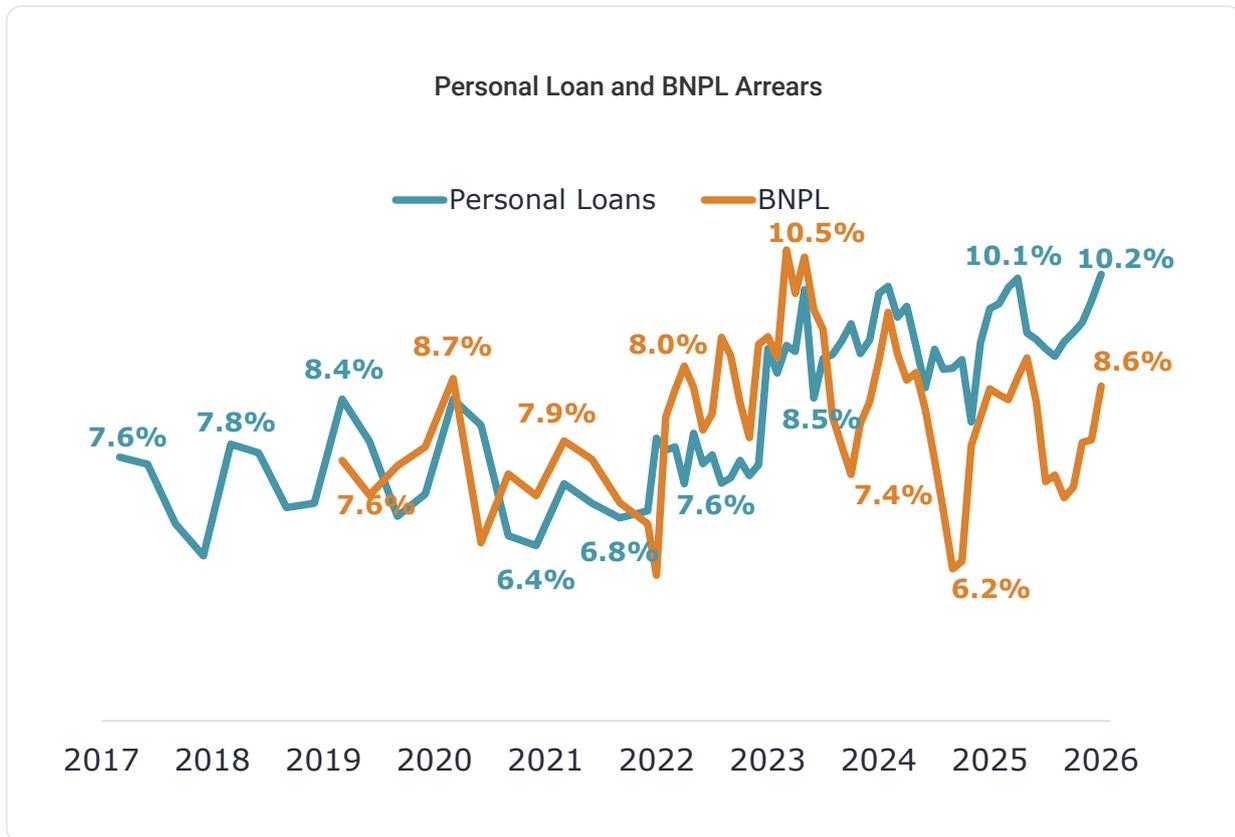


Auto loan arrears rose to 6.2%, up 11% year-on-year and the highest level in two years.

Personal loan arrears hit a new high

Personal loan arrears rose to 10.2% in January, the highest level in the past decade – up 6% year-on-year – while Buy Now Pay Later climbed to 8.6% and remain broadly unchanged from a year ago.

Retail energy arrears fell slightly to 4.6%, while telco and communications arrears increased to 9.4%, remaining 13% lower than a year ago. Seasonally adjusted mortgage delinquencies continued to improve, with 1–29 day delinquencies down 11% and 90+ day delinquencies down 9% year-on-year.



Personal loan arrears rose to 10.2% in January, the highest level in the past decade – up 6% year-on-year.

Hardship eases overall, but personal loan hardship rises

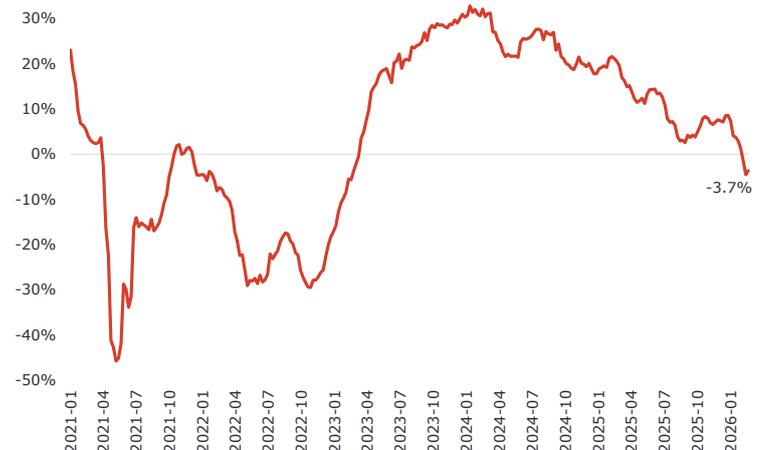
There are currently over 14,200 accounts reported in financial hardship, down around 600 since last month and 3.7% lower year-on-year.

Mortgages remain the largest component of hardship cases at 38% and are declining, followed by credit cards at 32%. Personal loan hardships are up 45% year-on-year and now account for 24% of hardship cases.

Financial Hardship by Product Type



Annual Change in Financial Hardship Cases



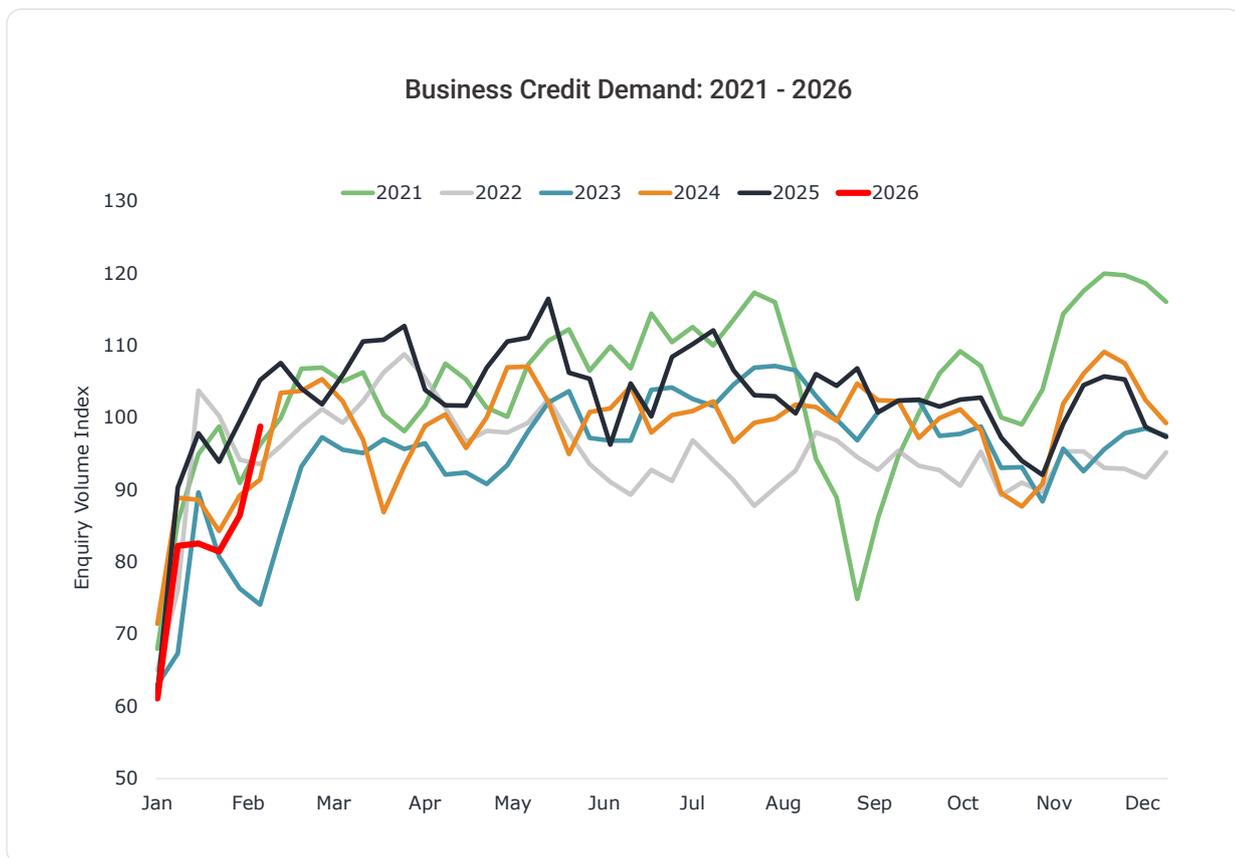
Personal loan hardships are up 45% year-on-year and now account for 24% of hardship cases.

Business demand subsided as liquidations stay elevated

Business credit demand is down 1.0% year-on-year, and the average credit score for new applications has eased to 739.

New business registrations total 60,850 over the past 12 months, up 10% year-on-year, while company closures are broadly unchanged at 50,900.

Company liquidations rose to 2,952 on a rolling 12-month basis, up 16% year-on-year. January recorded 121 insolvencies and 115 liquidations, the highest January total since 2013.



New business registrations total 60,850 over the past 12 months, up 10% year-on-year.

Construction and hospitality lead liquidations

Construction remains the leading contributor with 758 firms (0.9% of sector) liquidated over the past year. Hospitality is second, with 382 (1.2% of sector) liquidations, up 53% year-on-year.

Nearly 70% of liquidation applications are initiated by Inland Revenue, up from 30–40% during 2020/21. Inland Revenue is reporting more tax debt defaults to Centrix, which continues to influence reported insolvency activity.

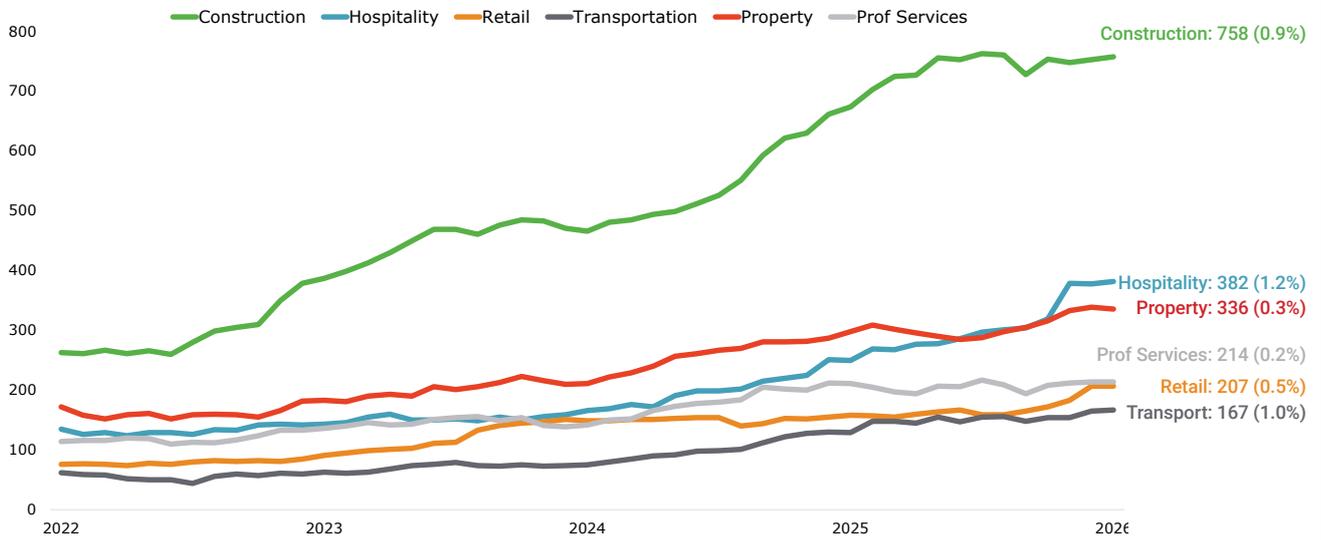
Despite elevated totals, improving liquidation trends are now being observed across seven of 19 industry sectors, notably agriculture, wholesale trade, and information media and telecommunications services. Business credit defaults are down 17% year-on-year on a rolling 12-month basis.

	Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
	Construction	-14%	-22%	755 ↑	+12%	2.3X
	Hospitality	+34%	-8%	726 ↓	+53%	3.1X
	Retail Trade	+8%	-9%	763 ↑	+31%	1.2X
	Transport	-5%	-25%	723 ↑	+29%	2.5X
	Property / Rental	-1%	+5%	806 ↓	+13%	0.8X
	Manufacturing	-12%	-20%	778 ↑	+11%	1.6X
	Agriculture	+10%	-27%	795 ↑	-13%	0.6X
	All Sectors	-1%	-17%	783 ↑	+16%	1.0X

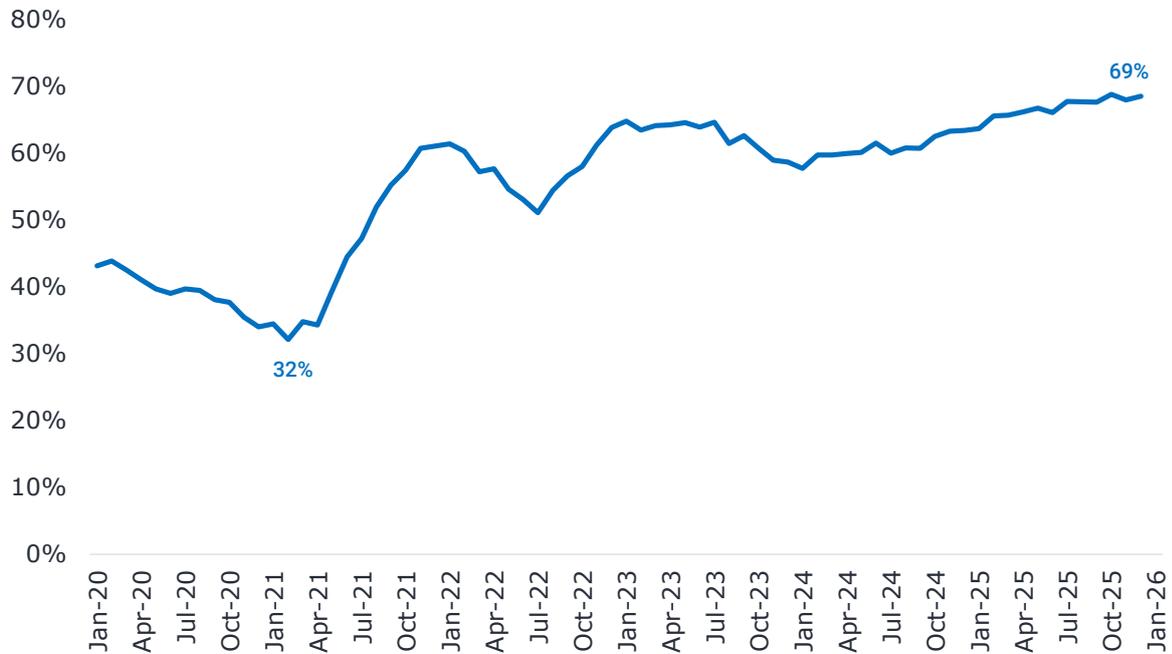
Table above shows 'year-on-year' comparisons using 12 month rolling averages.
The Liquidation rating is the proportion of liquidations divided by the proportion of businesses in a given sector.

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Annual Company Liquidation Volumes



Proportion of Liquidation Applications Initiated by the IR

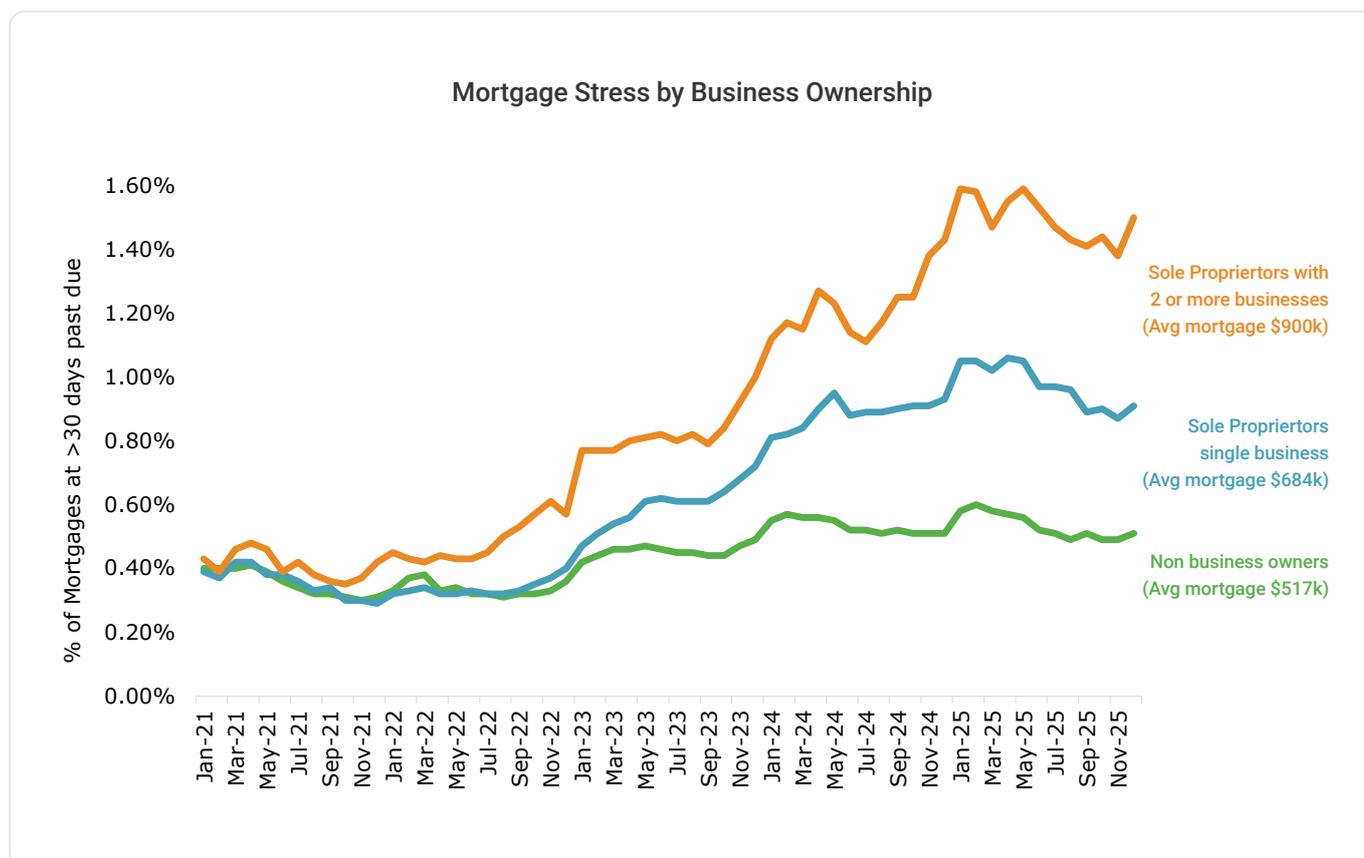


Small business owners leveraging home equity for funds

Mortgage stress (home loans 30+ days past due) is higher among sole proprietors than non business owners, reflecting this personal financial exposure.

Stress levels are even more pronounced for sole proprietors who own two or more businesses, with mortgage stress more than double that of non-business owners.

Many small businesses are where the economy is largely made up of “mum and dad” business owners, with many relying on their home equity to fund and sustain their businesses.



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Agriculture supports recovery as liquidation trends improve

The agriculture sector comprises over 34,000 registered companies and remains one of the industries showing improving liquidation trends.

Over the past year, 84 agriculture companies were placed into liquidation, improving from 97 a year earlier.

Sector indicators show strengthening credit conditions, with credit demand up 10%, defaults down 27%, and an average credit score of 795.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
Agriculture, Forestry and Fishing	34,107	4.6%	10%	-27%	795	-13%	0.6X
Agriculture (Farming & Growing)	18,651	2.5%	24%	-36%	789	-20%	0.4X
Dairy Cattle Farming	6,856	0.9%	23%	-43%	775	-31%	0.3X
Fruit and Tree Nut Growing	2,720	0.4%	20%	-46%	817	200%	0.8X
Mushroom and Vegetable Growing	590	0.1%	24%	57%	764	400%	2.2X
Nursery and Floriculture Production	472	0.1%	-18%	-100%	807	-75%	0.5X
Other Livestock Farming	3,004	0.4%	15%	-32%	788	20%	0.5X
Sheep, Beef Cattle and Grain Farming	4,326	0.6%	37%	-33%	806	-	-
Agriculture, Forestry and Fishing Support Services	5,872	0.8%	1%	2%	738	13%	1.5X
Fishing, Hunting and Trapping	731	0.1%	-2%	33%	754	-	-
Forestry and Logging	1,396	0.2%	3%	-67%	762	-64%	1.6X

Sector indicators show strengthening credit conditions, with credit demand up 10%, defaults down 27%, and an average credit score of 795.

Last updated February 2026.

This report contains the most up-to-date credit insights currently available in New Zealand - specifically, February credit activity and January arrears (reported in February).

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:

- 95 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.

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