July Credit Indicator

CENTRIX

Consumer arrears fall to their lowest level since 2021

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

The Reserve Bank increased the Official Cash Rate to 2.50% earlier this month, its first increase in three years, as it moved to keep a lid on rising inflation pressures.

That concern was reinforced by the subsequent release of the June-quarter Consumer Price Index, which showed annual inflation had risen to 4.1%. Higher fuel, electricity, council rates, and housing-related costs were among the main contributors, adding further pressure to household and business budgets at a time when the economic recovery remains uneven.

Against this backdrop, Centrix's latest data shows consumer credit performance continuing to improve. Consumer arrears fell to their lowest level since 2021 in June, residential mortgage arrears reached their lowest point since December 2022, and financial hardship cases declined year-on-year.

However, the improvement is uneven. There are still 84,000 consumers who are 90 or more days behind on payments, most of whom are renters. Personal loan hardship has increased 37% year-on-year and now makes up 24% of all hardship cases.

Consumer credit demand remains subdued, with growth concentrated in mortgages, vehicle loans and personal loans. Demand for credit cards, Buy Now Pay Later, and retail energy has fallen sharply, while new mortgage lending has eased following a strong start to the year.

Business conditions also remain mixed. Credit demand has softened and company closures and liquidations remain elevated, particularly across hospitality and retail trade. Construction still accounts for the largest number of liquidations, although its annual trend is beginning to ease.

At the same time, business defaults are declining and the average credit quality of new applicants has improved, suggesting active borrowers are generally performing more strongly.

Small business owners remain particularly exposed where personal and business finances overlap. Sole proprietors who own multiple businesses are experiencing nearly three times the mortgage stress recorded among non-business owners.

The improvement in arrears is encouraging, but elevated inflation, higher interest rates and winter costs leave the outlook finely balanced. Households and businesses concerned about repayments should speak with their lender or a trusted financial adviser early.

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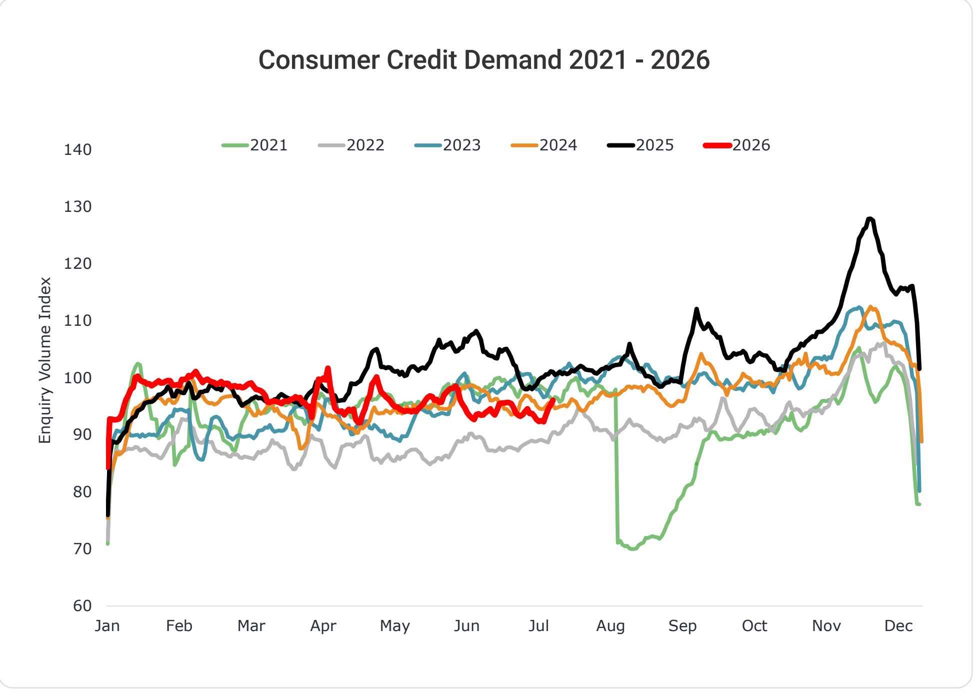
Monika Lacey
Chief Operating Officer
Centrix

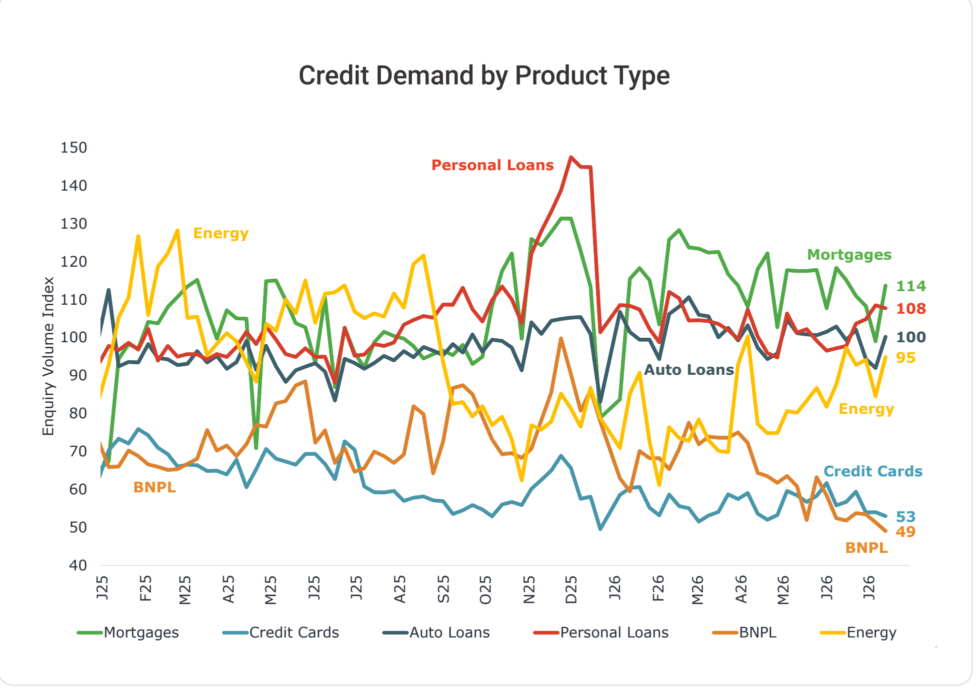
Consumer credit demand remains subdued as households stay cautious

Consumer credit demand declined 7.3% year-on-year, indicating households remain cautious about taking on additional debt despite improving repayment trends.

Demand remains concentrated in larger, purpose-driven borrowing categories. Mortgage enquiries increased 10.5% year-on-year, while auto loan demand rose 8.0% and personal loan enquiries increased 4.8%.

In contrast, demand for more flexible credit products remains muted. Credit card enquiries fell 15.8%, retail energy enquiries declined 20.7%, and Buy Now Pay Later demand was down 24.9%.





Indexed to 2019 (weekly average)

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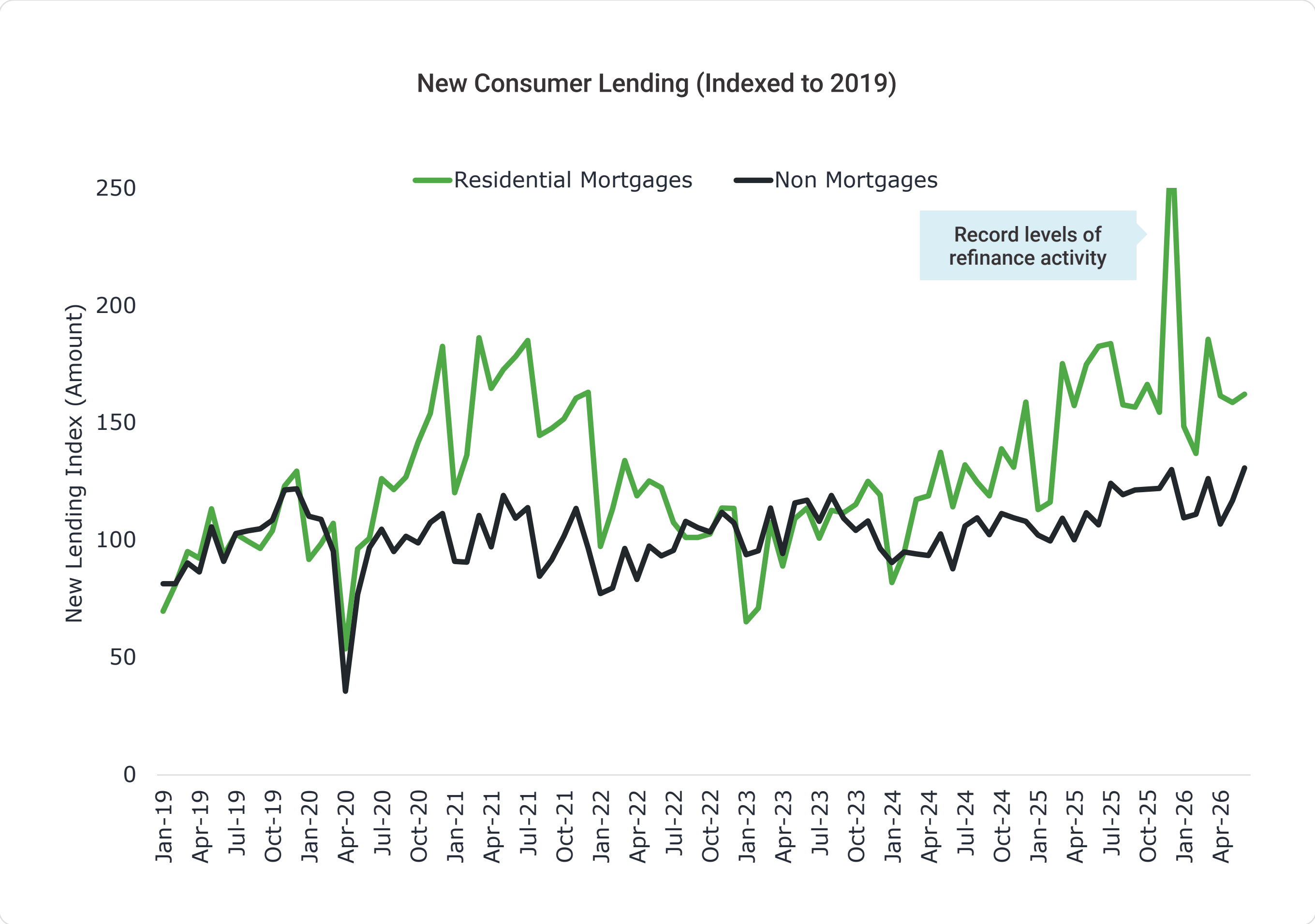
New household lending slows as mortgage activity eases

New household lending has lost momentum following a stronger start to 2026, decreasing 4.5% year-on-year during the June quarter.

Approved new mortgage lending was down 5.6% compared with the same quarter last year, as property purchasers have become more cautious in response to rising interest rates.



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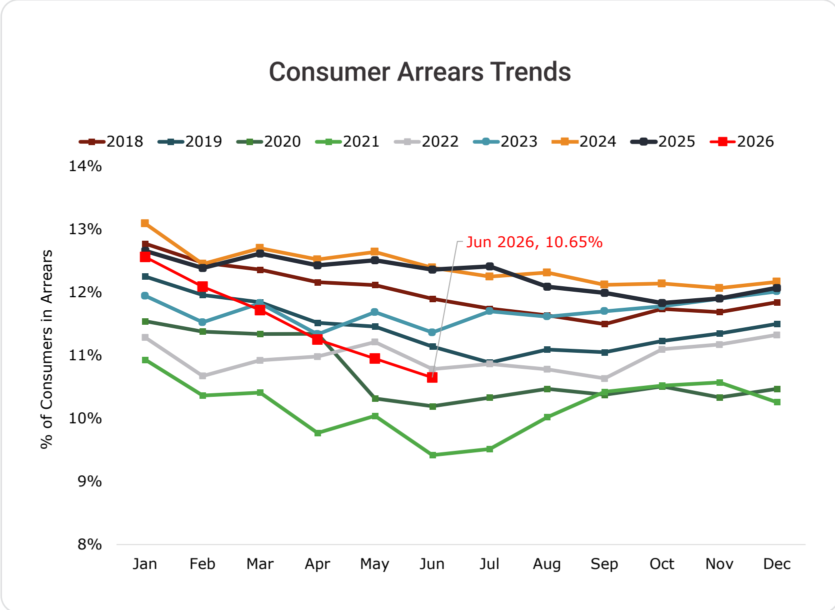
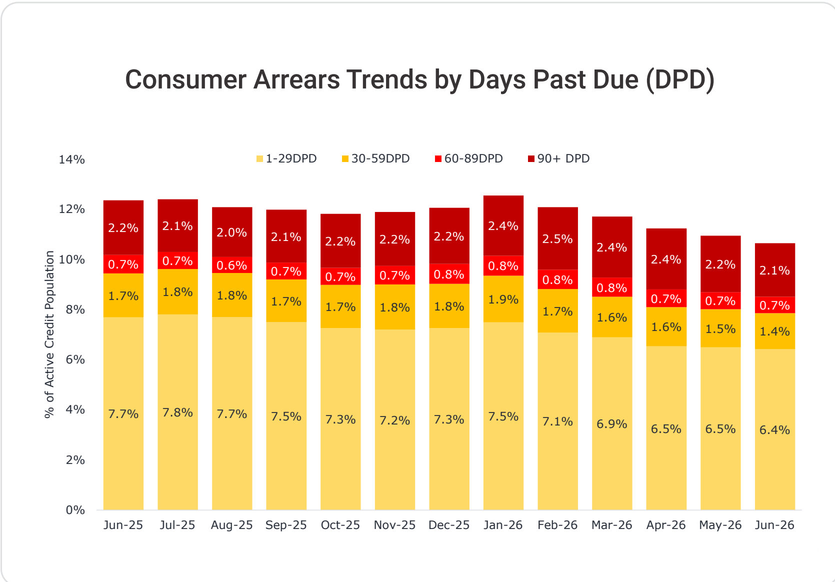
Consumer arrears fall to their lowest level since 2021

Consumer arrears improved again in June, falling to 10.65% of the credit-active population – their lowest level since 2021.

The number of consumers behind on payments declined to 420,000, down 12,000 from May. The arrears rate is now 13.9% lower than a year ago, indicating repayment pressure has eased for many borrowers.

Deeper financial pressure remains for a sizeable group, with 84,000 consumers still 90+ days past due. Renters continue to be disproportionately represented, accounting for approximately 70,000 of these cases.





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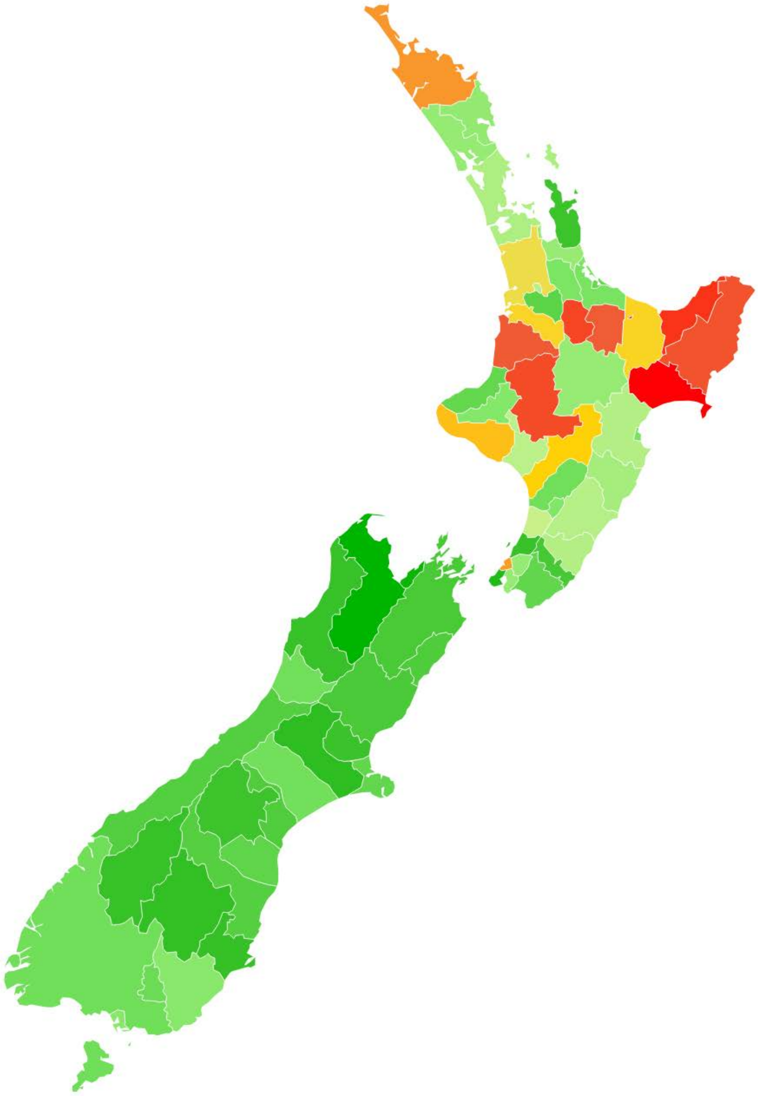
Arrears across New Zealand



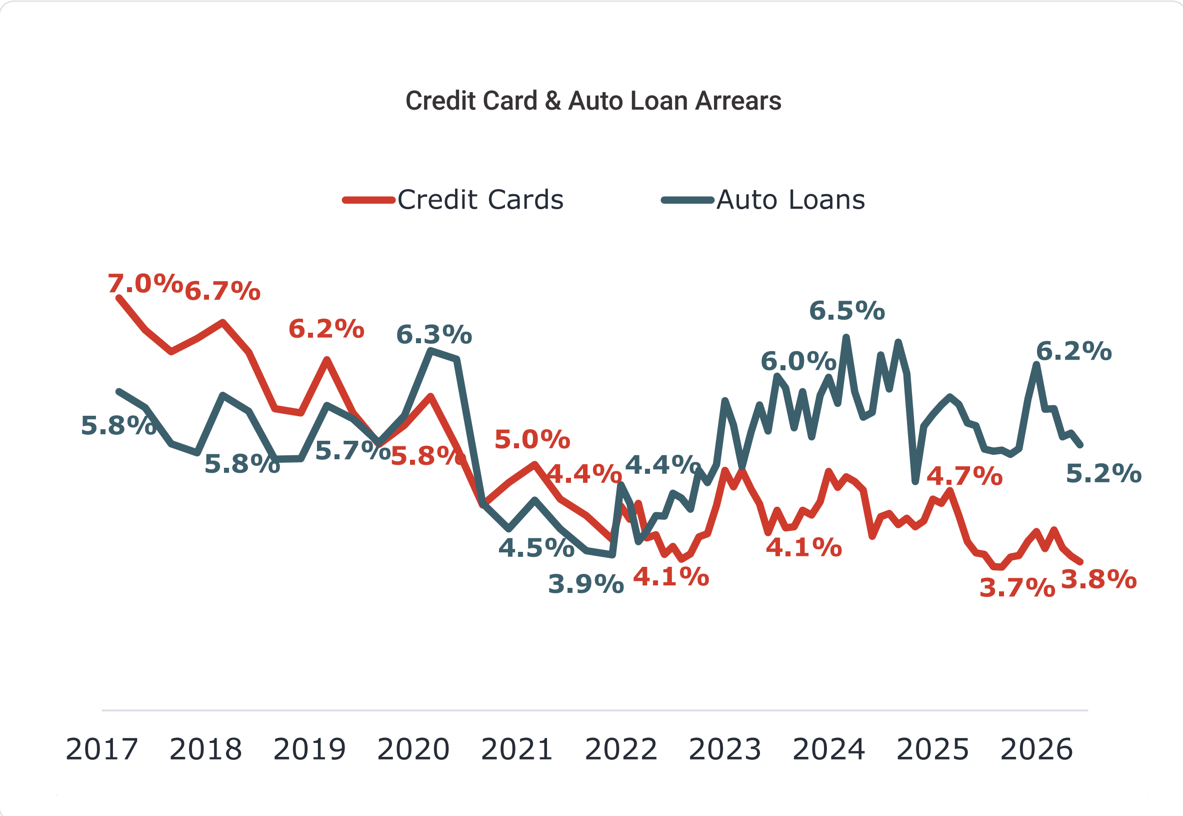
Lowest Arrears Areas		
	District	Arrears %
1	Tasman District	7.09%
2	Nelson City	7.26%
3	Wellington City	7.75%
4	Selwyn District	8.11%
5	Central Otago District	8.30%
6	Dunedin City	8.42%
7	Queenstown-Lakes District	8.49%
8	Buller District	8.51%
9	Kapiti Coast District	8.55%
10	Waimakariri District	8.68%

Highest Arrears Areas		
	District	Arrears %
1	Wairoa District	16.35%
2	Kawerau District	15.69%
3	Opotiki District	15.26%
4	South Waikato District	14.81%
5	Ruapehu District	14.64%
6	Gisborne District	14.44%
7	Waitomo District	14.24%
8	Rotorua District	14.20%
9	Far North District	13.40%
10	Porirua City	13.29%

Credit card and auto-loan arrears remain stable

Credit card arrears improved to 3.8% in June and remain at historically low levels, broadly unchanged from a year ago.

Auto-loan arrears also eased, falling to 5.2% from 5.4% in June 2025.



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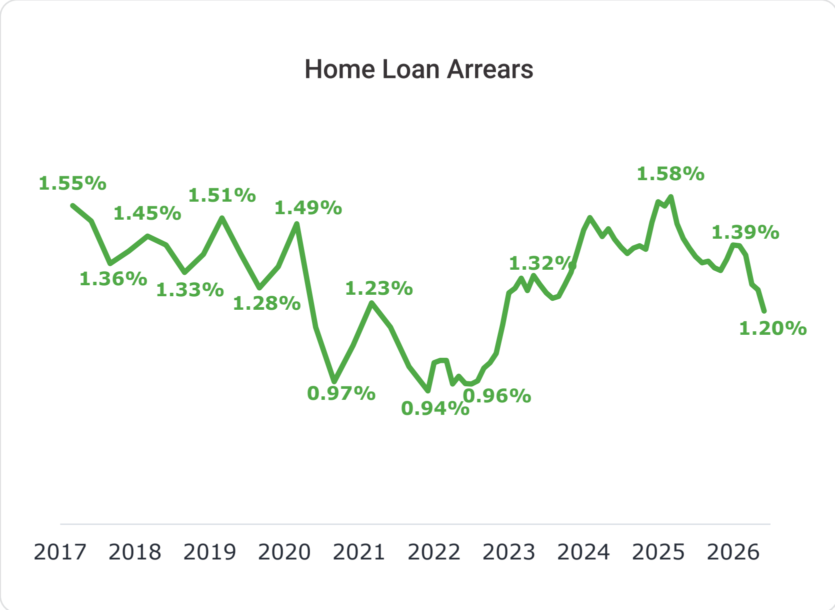
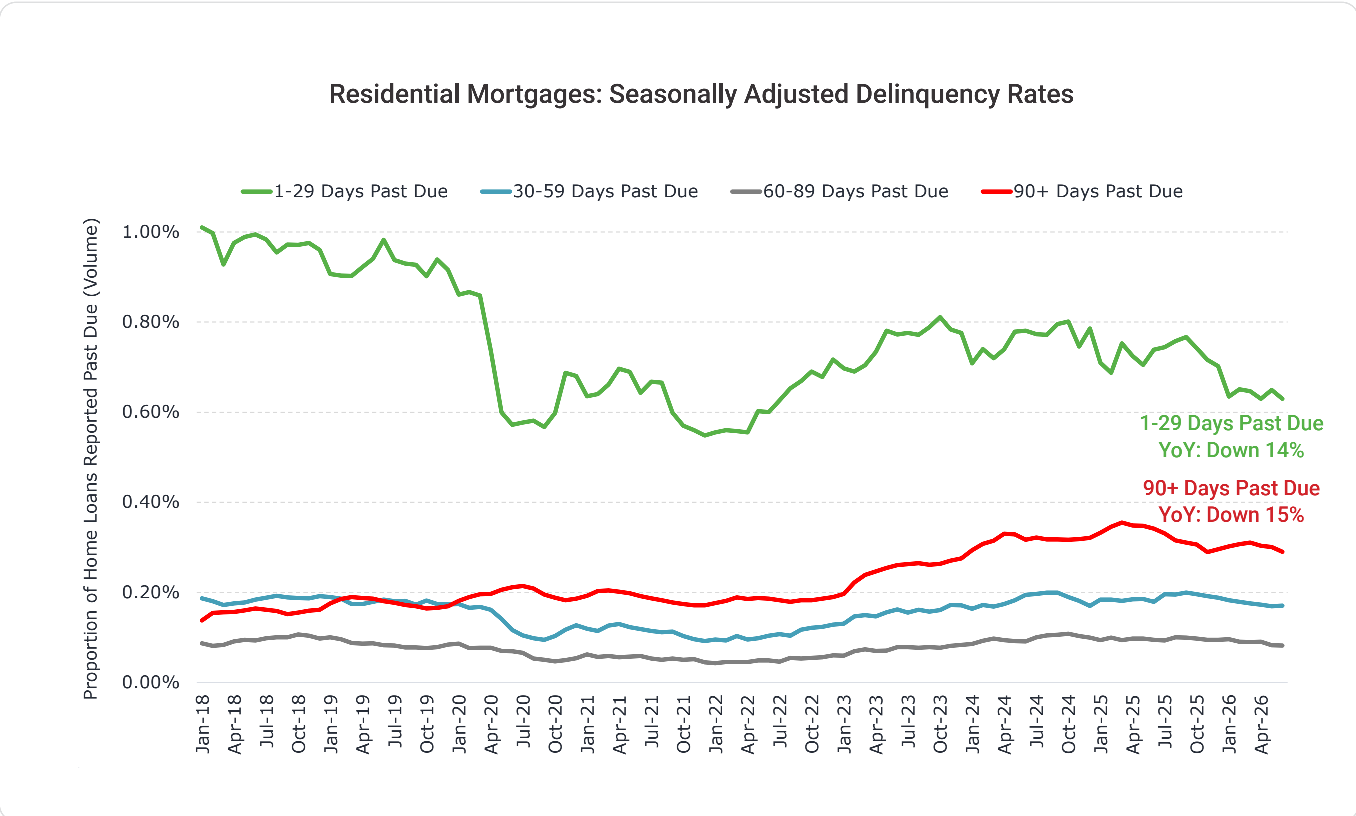
Mortgage arrears reach their lowest level since December 2022

Residential mortgage arrears improved again in June, falling to 1.20% – their lowest level since December 2022.

There are 19,600 mortgage accounts past due, representing a 15% year-on-year improvement.

Seasonally adjusted delinquencies also improved, with 1–29-day arrears down 14% and 90+ day arrears down 15% year-on-year.





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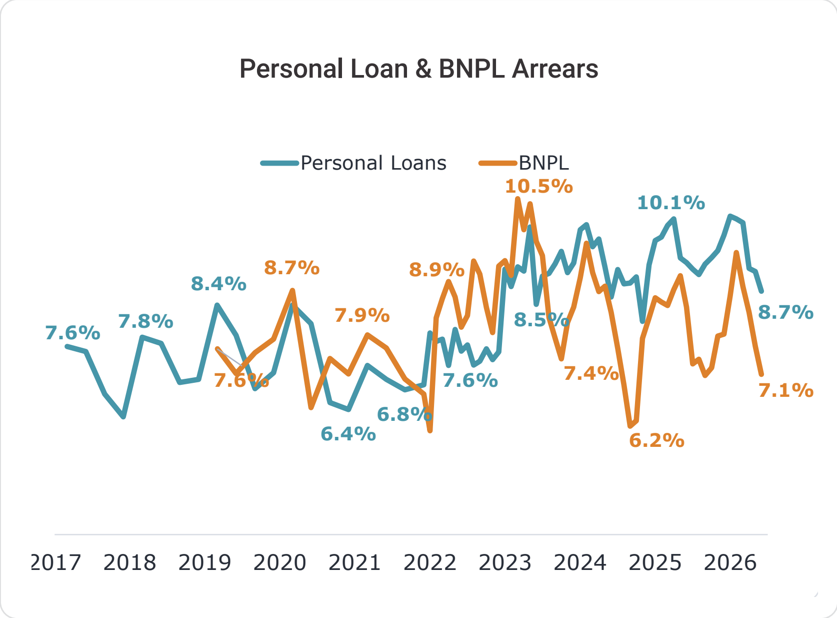
Personal loan and BNPL arrears improve

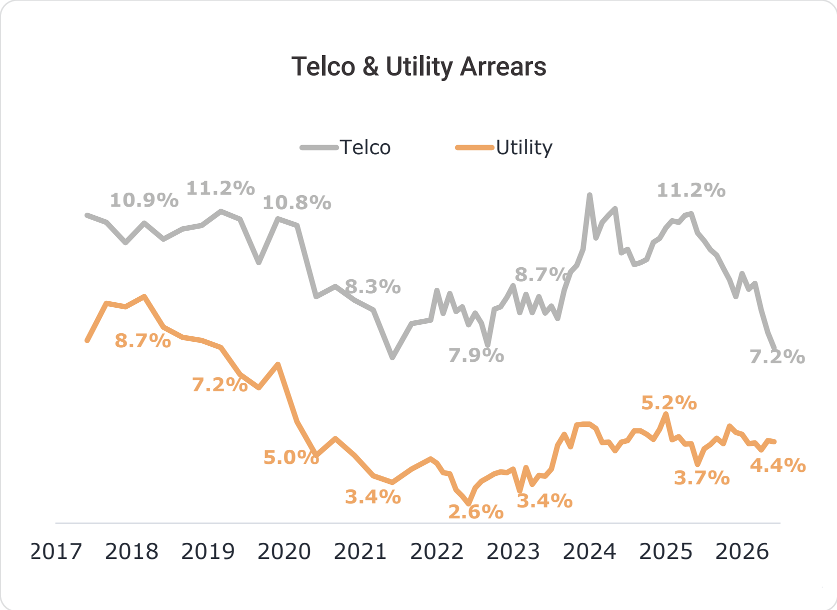
Personal loan arrears improved to 8.7% in June and are now 6% lower than a year ago.

Buy Now Pay Later arrears also declined, falling to 7.1% and sitting 15% below the level recorded at the same time last year.

Telco and communications arrears improved to 7.2%, continuing the easing trend across mobile, broadband and subscription television accounts.

Retail energy arrears remained at 4.4%, although levels may increase during the remainder of winter as higher power bills place additional pressure on household budgets.





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Financial hardship remains below last year, but personal loan cases rise

There are currently 13,550 accounts reported in financial hardship, down 150 from May and 6.3% lower than a year ago.

Credit cards are now the largest contributor, accounting for 35% of all financial hardship cases and recently overtaking mortgages. Mortgage-related hardship accounts for 34% and continues to decline.

Personal loan hardship has increased 37% year-on-year and now represents 24% of all hardship cases. Consumers aged between 35 and 39 continue to record the highest incidence of financial hardship.

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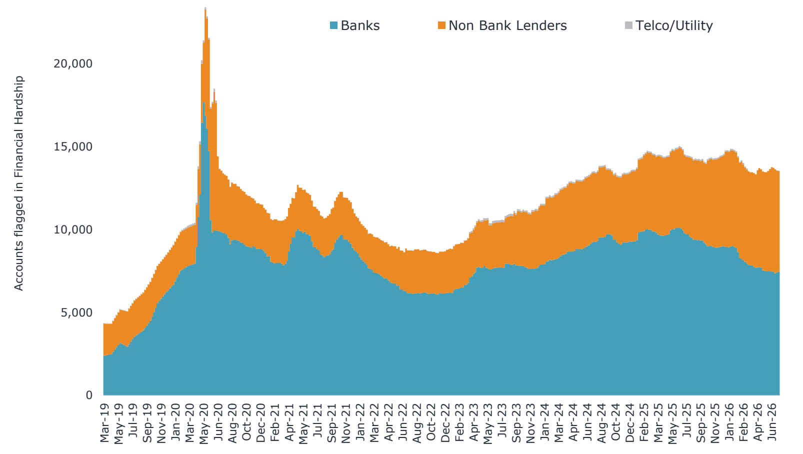
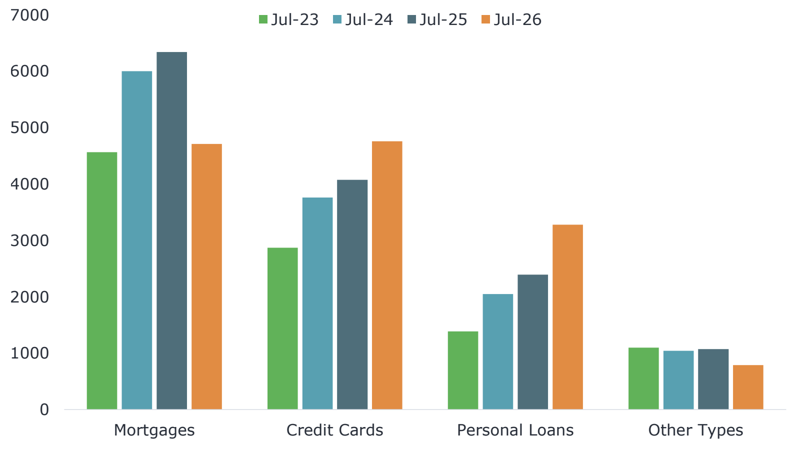
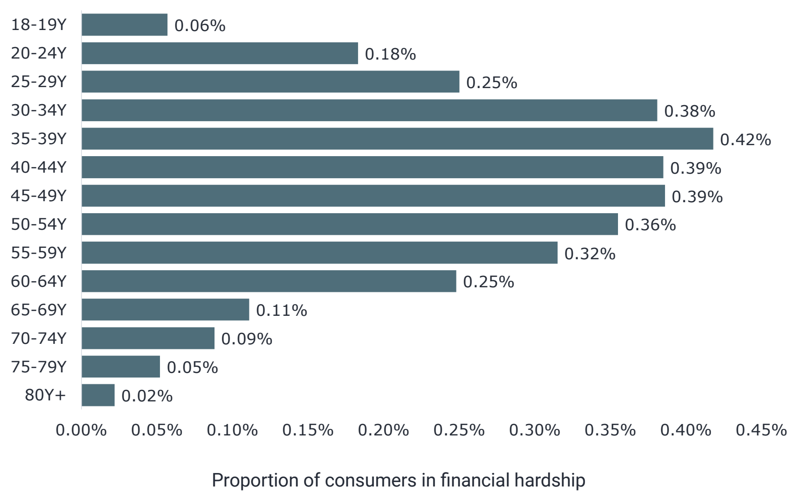
Financial Hardship Growth



Financial Hardship by Product Type



Financial Hardship Rate by Age Group



New Zealand's credit card market continues to mature

The number of consumers holding a credit card has declined steadily since 2019, reflecting fewer new borrowers entering the market.

There are now approximately 1.99 million credit card holders – 12% fewer than in 2019. During the same period, the number of borrowers holding multiple credit cards has fallen 45% to approximately 550,000.

The average age of a credit card holder has increased by six years during the past decade to 57. In contrast, the average age of new customers has remained relatively stable at around 42.

This suggests the ageing profile of the credit card market is being driven largely by declining numbers of new customers, particularly younger borrowers, rather than a material increase in the age at which people first take out a card.

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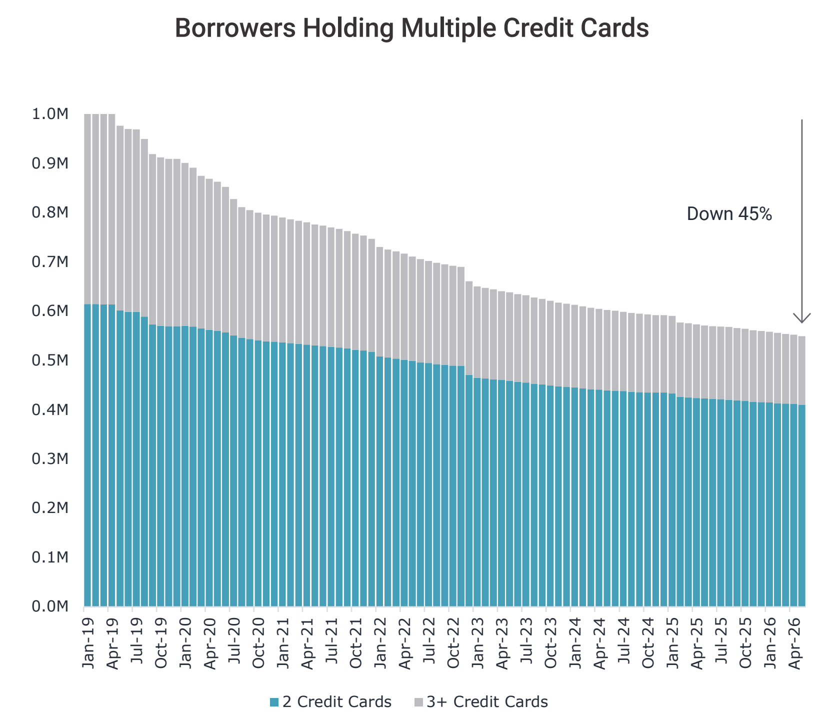
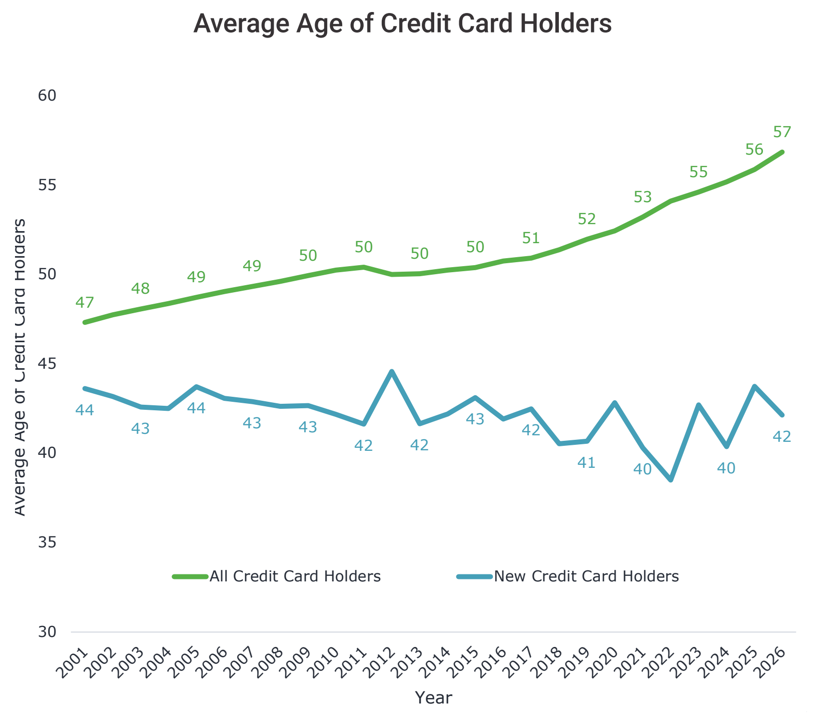




Business credit demand eases as applicant quality improves

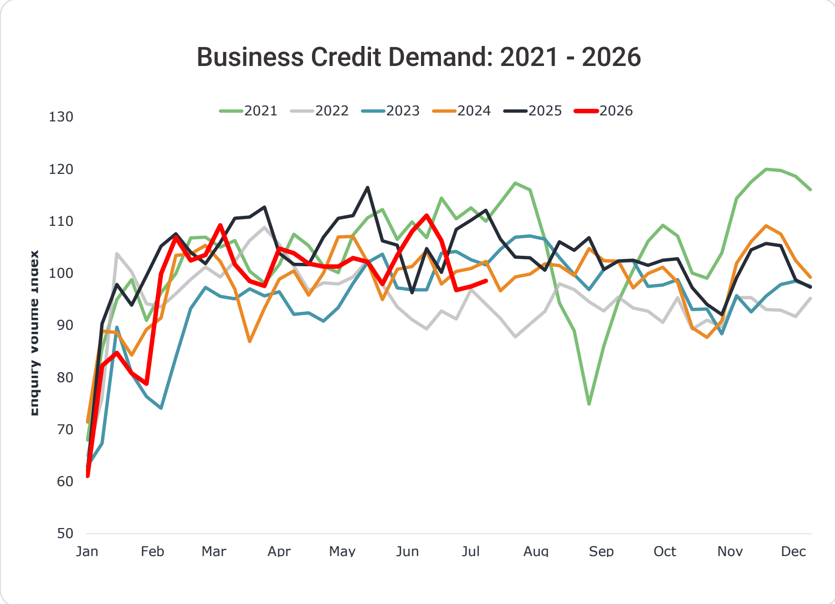
Business credit demand declined 4.3% year-on-year, although current activity remains broadly consistent with longer-term trends.

Sector performance remains mixed. Hospitality credit demand increased 12%, agriculture rose 10%, and financial and insurance services increased 3%.

New company registrations increased 9% to 62,100 during the past 12 months.

The average credit score for new business credit applications increased to 744 in June, seven points higher than a year ago and up from 741 in May.

Business credit defaults also declined 13% year-on-year, indicating improving repayment performance among many active businesses.



Year-on-year comparison based on 3 month rolling averages

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Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
Construction	-11%	-19%	757 ↑	+0%	2.2X
Hospitality	+12%	+0%	729 ↑	+47%	3.3X
Retail Trade	-5%	-15%	764 ↑	+39%	1.3X
Transport	-9%	-5%	729 ↑	+2%	2.1X
Property / Rental	-2%	+8%	807 ↑	+18%	0.7X
Manufacturing	-10%	-26%	781 ↑	-6%	1.4X
Agriculture	+10%	-31%	793 ↑	+22%	0.7X
All Sectors	-4%	-14%	785 ↑	+15%	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.

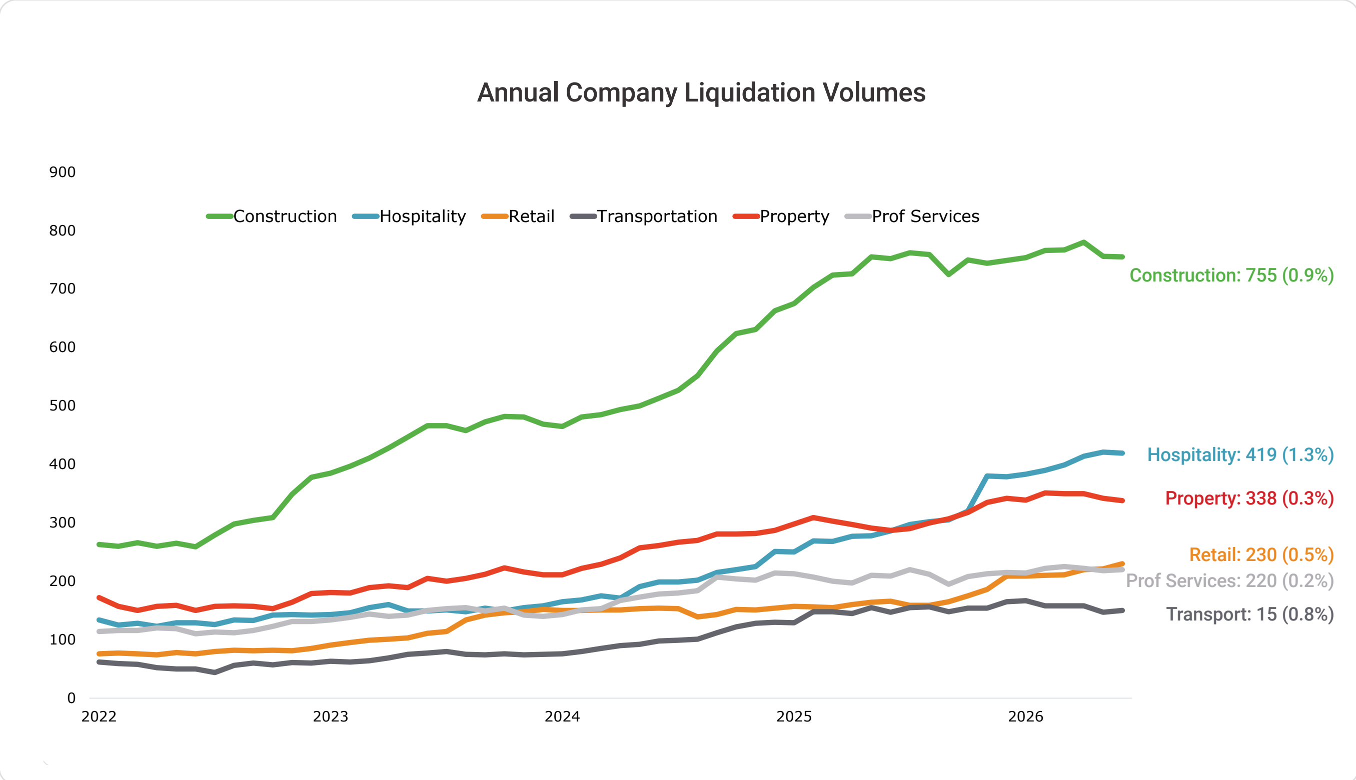
Construction leads company liquidations as hospitality and retail failures rise

New company registrations increased 9% to 62,100 during the past 12 months. Company liquidations increased 15% year-on-year to 3,073, while company closures rose 16% to 52,050.

Construction remains the largest contributor to company liquidations, with 755 firms liquidated during the past year (0.9% of the sector), although the annual trend is beginning to ease.

Hospitality recorded 419 liquidations (1.3% of the sector), up 47% year-on-year, while retail trade liquidations increased 39% to 230 (0.5% of the sector). Rising operating costs continue to place pressure on margins, particularly among food retail and hospitality businesses.

There were 286 company insolvencies in June, compared with 252 in June 2025. Of these, 266 companies were placed into liquidation, with construction, hospitality and property accounting for the largest shares.



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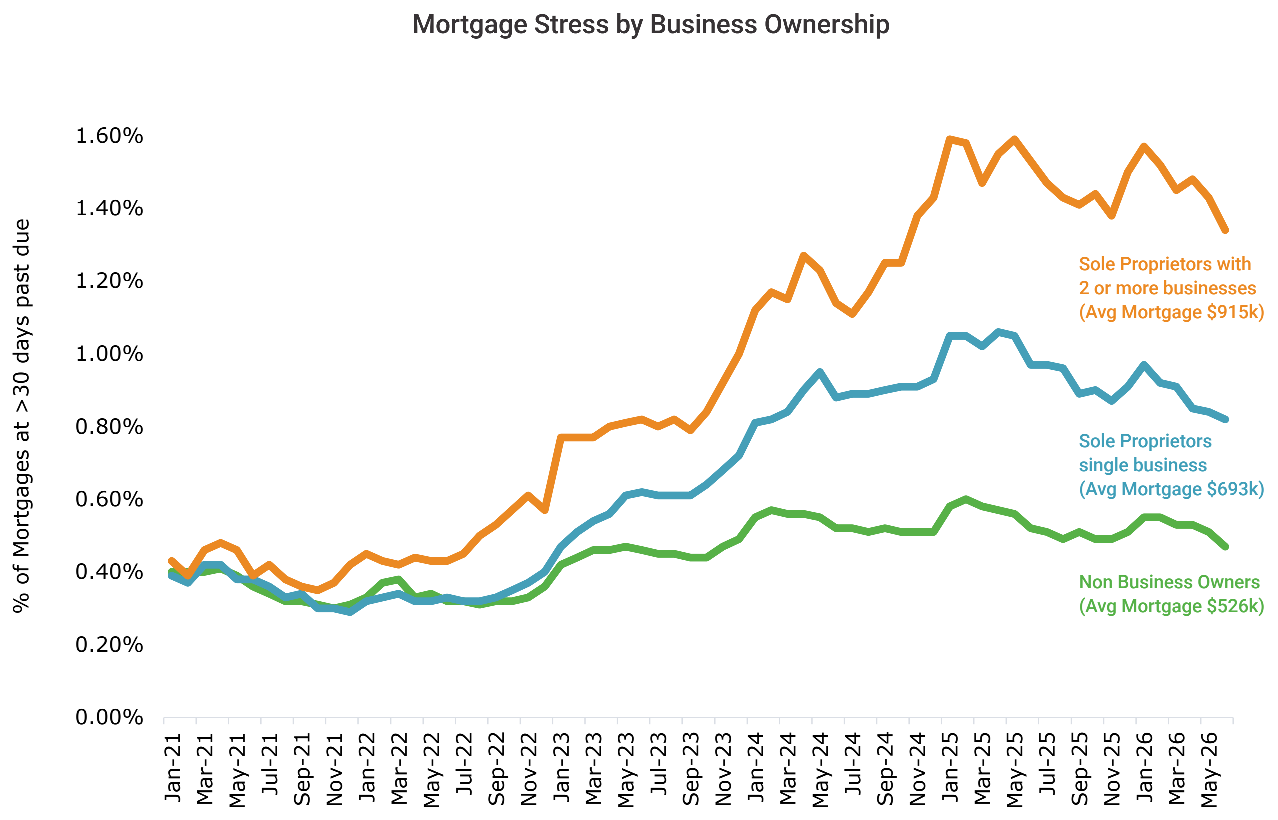
Small business owners face significantly higher mortgage stress

Mortgage stress is higher among sole proprietors than among consumers who do not own a business, reflecting the close relationship between personal and business finances.

Sole proprietors who own two or more businesses are experiencing nearly three times the level of mortgage stress recorded among non-business owners.

This group also carries higher average mortgage balances, at approximately $915,000, compared with $693,000 for sole proprietors with one business and $526,000 for non-business owners.

Many sole proprietors use home equity to fund or sustain business operations. While this provides access to capital, it also increases their personal financial exposure when trading conditions weaken or borrowing costs rise.



Sole proprietors who own two or more businesses are experiencing nearly three times the level of mortgage stress recorded among non-business owners.

Last updated July 2026.

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

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 comprises of comprehensive credit information, utility data and supporting credit risk information aggregated from a wide range of sources.

Specifically our data comes from:

- 99 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.
- Inland Revenue (IR) information about unpaid tax debts that meet the statutory reporting criteria..

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.