

October Credit Indicator

Household arrears remain lower than last year as personal loan hardships continue to rise

CENTRIX

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

Latest figures released by Stats NZ show annual inflation eased to 3.7% in the September quarter, down from 4.1% in June. While annual inflation has eased, it remains above the Reserve Bank's target range, with petrol and electricity prices still higher than a year ago and continuing to put pressure on household budgets.

And last week, the Reserve Bank held the Official Cash Rate at 2.75%, as inflation remained above its target range and the economic recovery continued to be uneven.

Against this backdrop, our latest data shows household repayment performance remains stronger than a year ago, despite a small increase in consumer arrears during September.

The proportion of credit-active consumers behind on payments edged up to 10.88%, although arrears remain 9.3% lower than a year ago. Mortgage arrears held at 1.19%, their lowest level since December 2022, and are down 13% year-on-year.

There are still signs of financial pressure among some borrowers. Financial hardship has started to rise again, particularly among personal loan borrowers, while consumer credit defaults have also increased.

Borrowing activity remains mixed. Mortgage and credit card enquiries have strengthened, but overall consumer credit demand remains below last year's levels. New household lending has also softened, largely due to weaker mortgage approvals, while non-mortgage lending has remained relatively stable.

For businesses, credit demand has increased 7% year-on-year, although defaults and company liquidations have also risen. Construction continues to account for the largest number of liquidations, while hospitality and retail trade have recorded particularly large annual increases.

Professional services has fared better, with defaults declining and liquidation rates remaining below the national average.

While the improvement in consumer arrears is encouraging, rising hardship and business failures show that financial pressure has not eased for everyone.

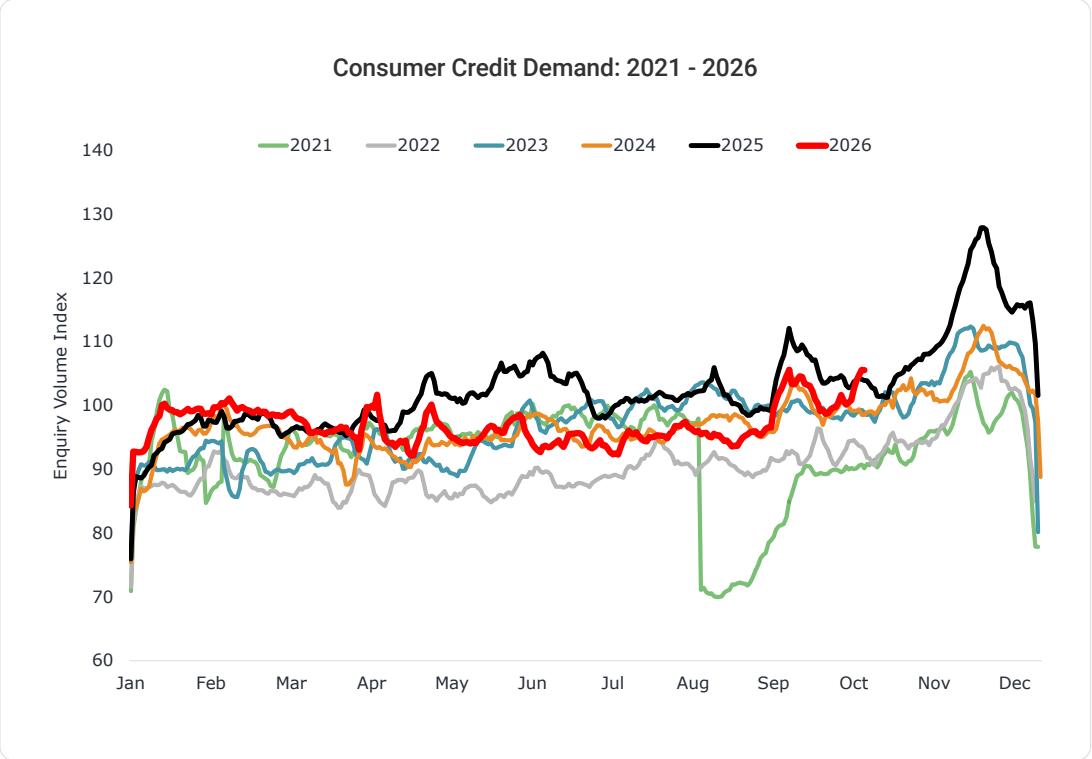
With borrowing costs remaining elevated, households and businesses concerned about meeting repayments should speak with their lender or a trusted financial adviser early to understand their options.

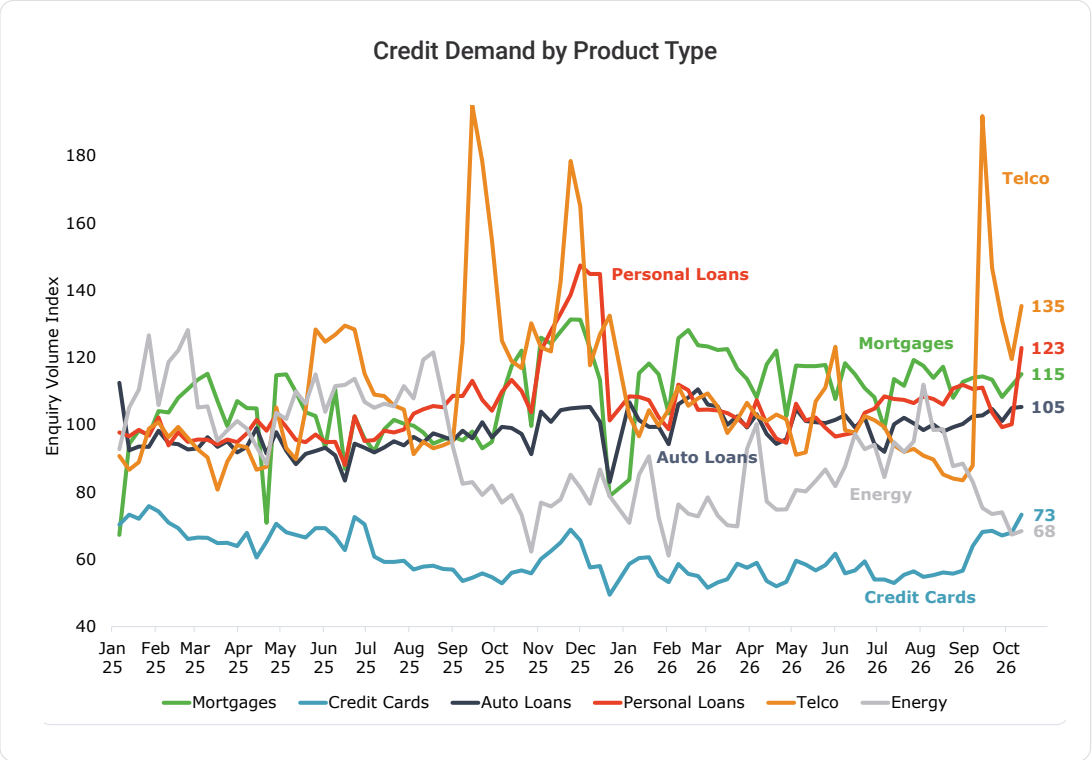
Monika Lacey
Chief Operating Officer
Centrix

Mortgage and credit card enquiries strengthen despite weaker overall credit demand

Consumer credit demand was 4.9% below a year ago on a three-month rolling basis, although enquiry activity for several major lending products has strengthened.

Mortgage enquiries increased 14.4% year-on-year, while credit card demand rose 9.5% and auto loan enquiries increased 4.7%. Personal loan demand was up 1.2%. In contrast, telco and retail energy enquiries remained below last year, down 10.1% and 10.2% respectively.

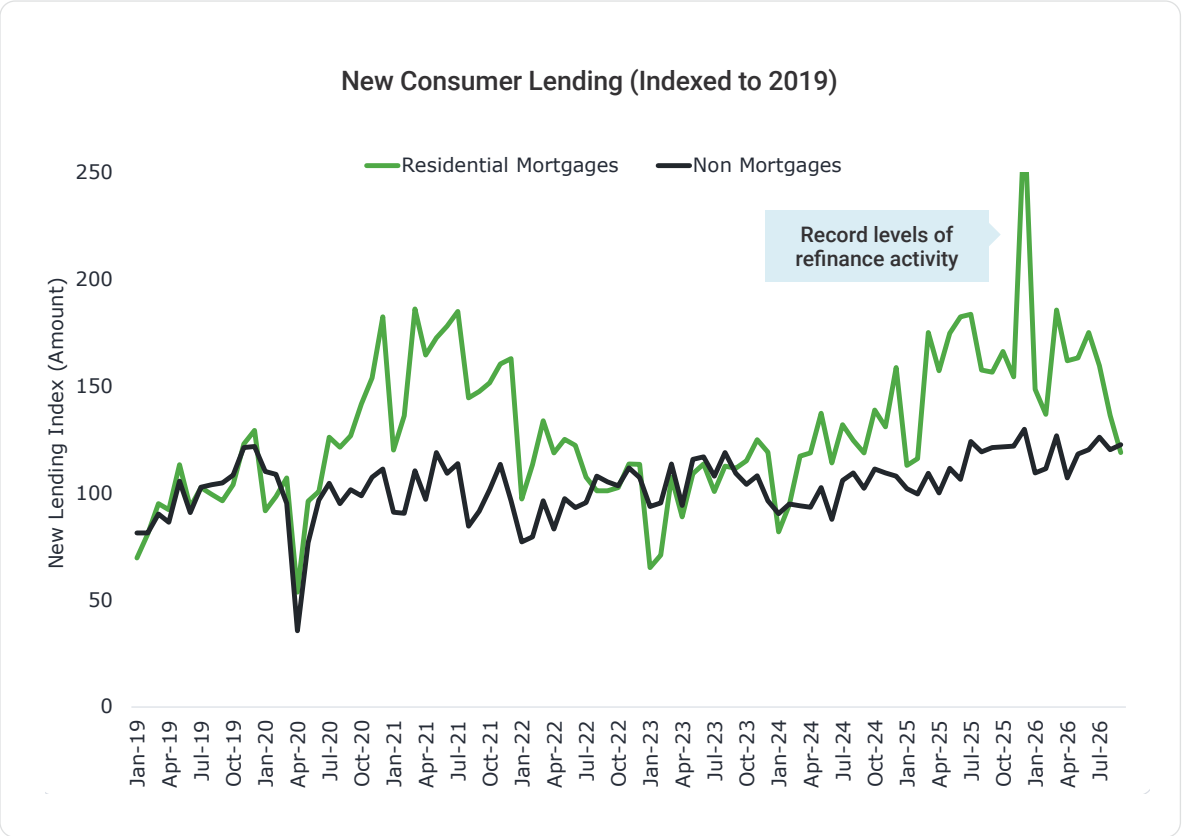




Weaker mortgage approvals continue to weigh on new household lending

Despite stronger mortgage enquiries year-on-year, approved new mortgages were 16% lower during the September quarter compared with a year earlier.

Overall household lending was down 14% year-on-year, while non-mortgage lending was unchanged, with vehicle finance providing much of the support for activity.

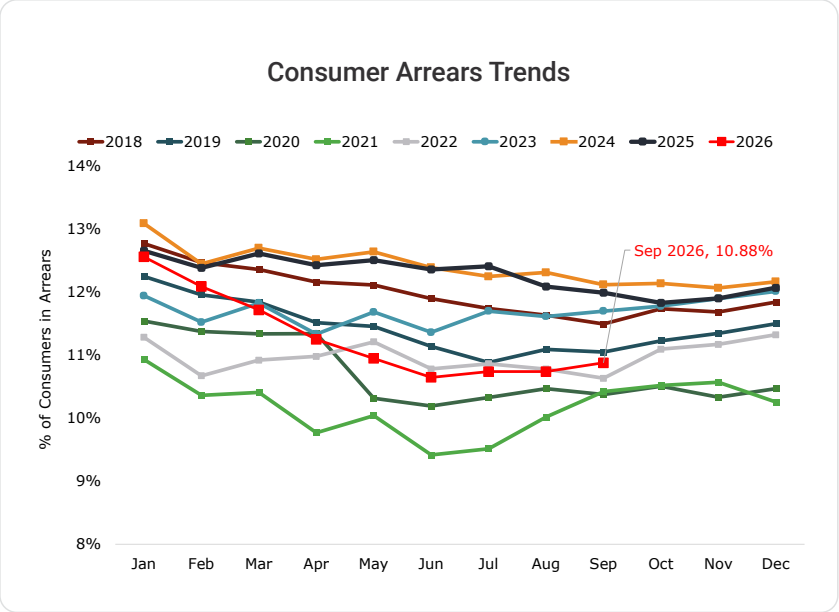


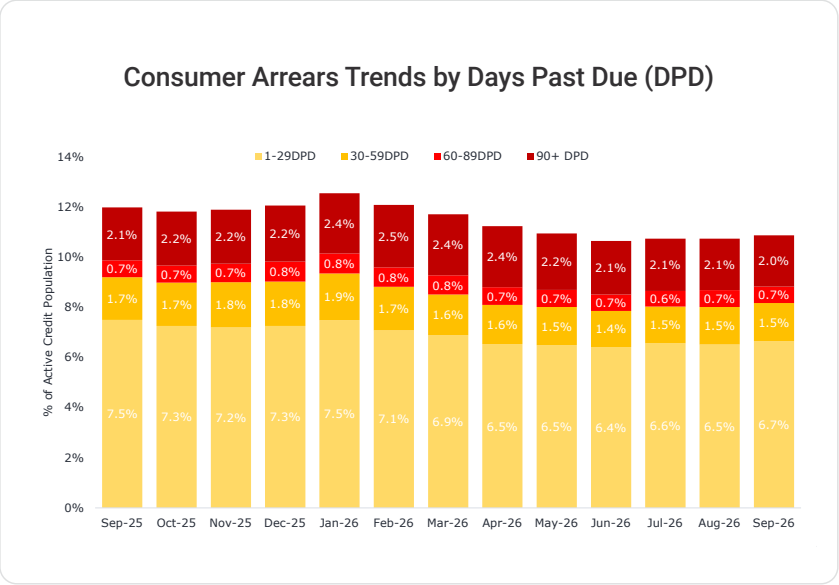
Despite stronger mortgage enquiries year-on-year, approved new mortgages were 16% lower during the September quarter compared with a year earlier.

Consumer arrears edge higher in September but remain well below last year

The proportion of credit-active consumers in arrears increased slightly to 10.88% in September, from 10.74% in August, with 430,000 people behind on payments. However, the arrears rate remains 9.3% lower than a year ago.

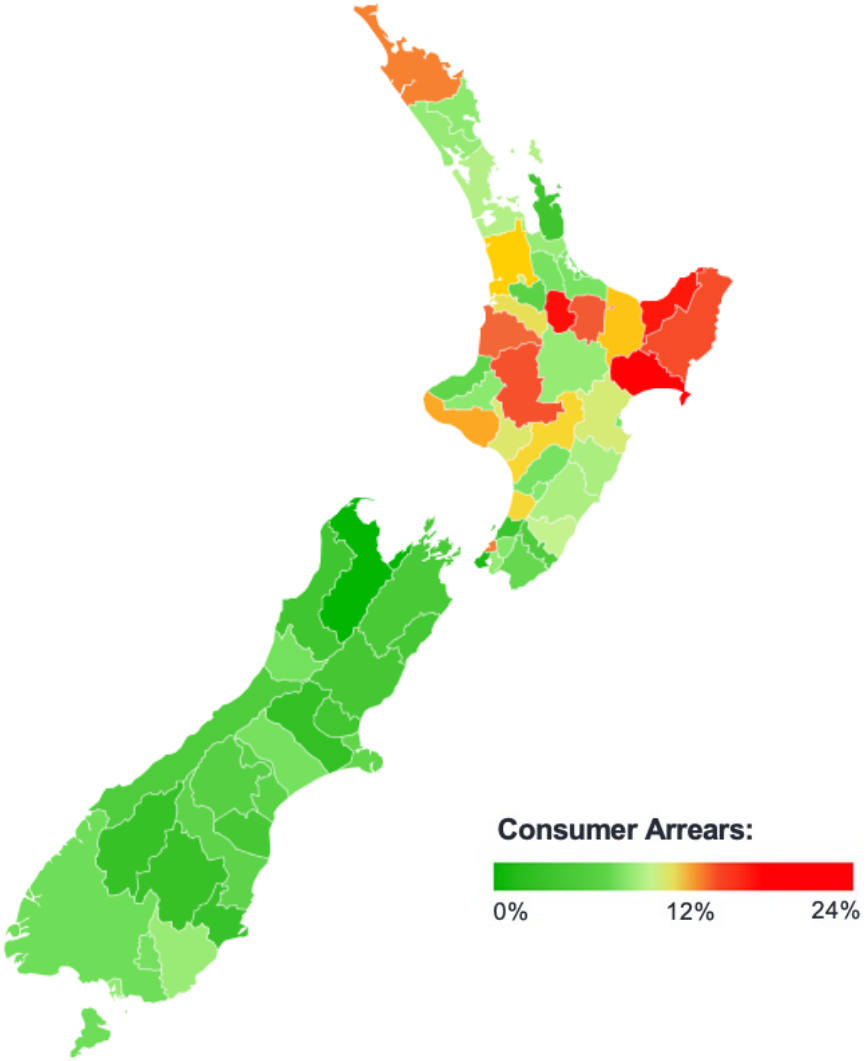
There are still 81,000 consumers who are 90+ days past due, highlighting continued pressure among borrowers experiencing more persistent repayment difficulties. Consumer arrears remain below year-ago levels across all delinquency categories.





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Arrears across New Zealand



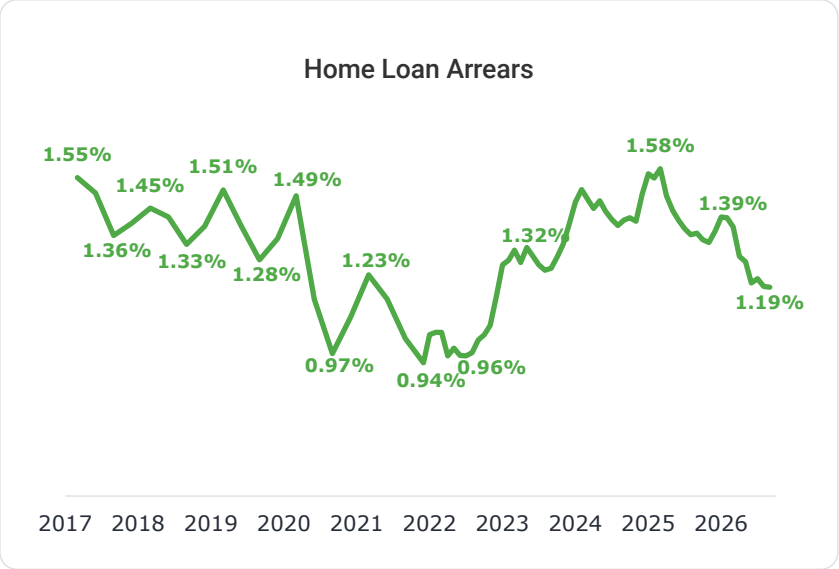
Lowest Arrears Areas		
	District	**Arrears %**
1	Tasman District	7.21%
2	Nelson City	7.27%
3	Wellington City	7.83%
4	Selwyn District	8.27%
5	Queenstown-Lakes District	8.32%
6	Central Otago District	8.60%
7	Dunedin City	8.63%
8	Kapiti Coast District	8.71%
9	Waimakariri District	8.83%
10	Buller District	8.92%

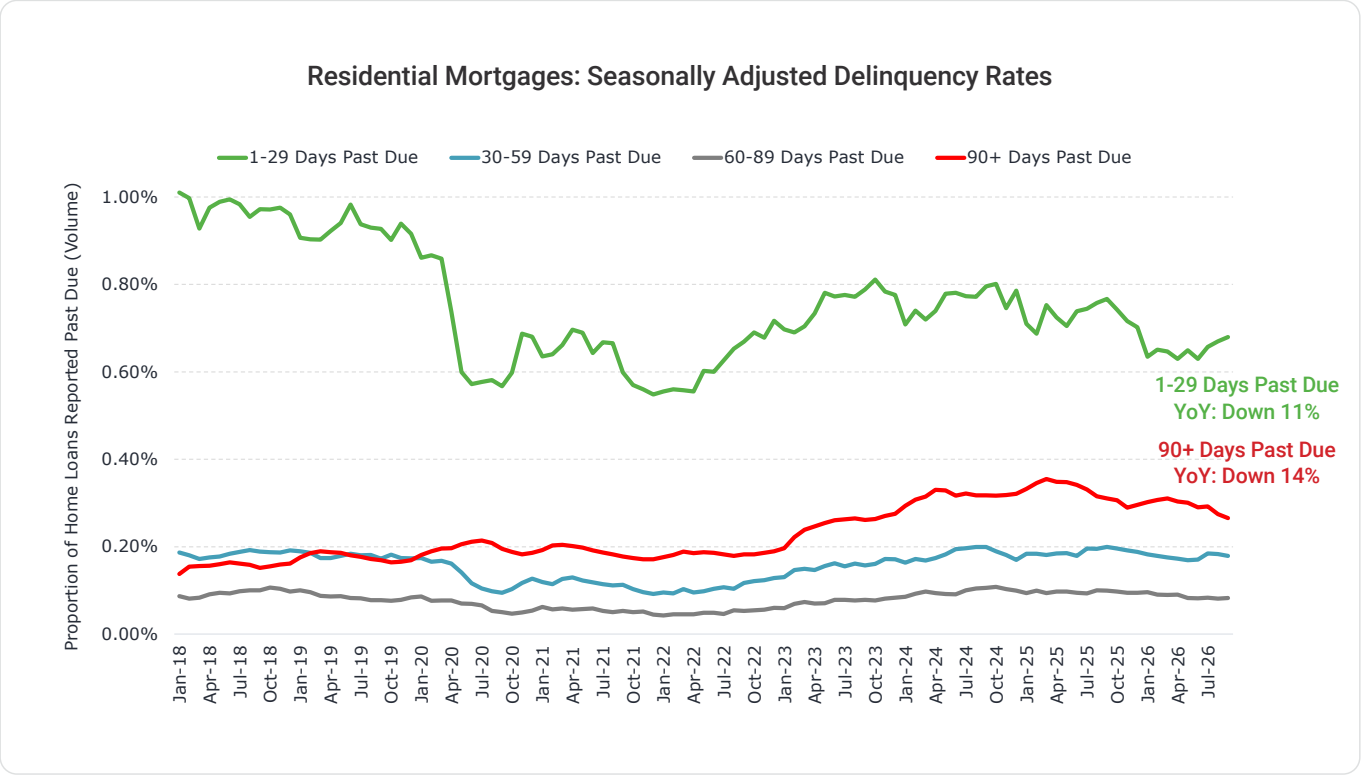
Highest Arrears Areas		
	District	**Arrears %**
1	Wairoa District	16.41%
2	Kawerau District	16.26%
3	Opotiki District	15.95%
4	South Waikato District	15.25%
5	Gisborne District	15.23%
6	Waitomo District	14.74%
7	Rotorua District	14.59%
8	Ruapehu District	14.34%
9	Porirua City	14.01%
10	Far North District	13.83%

Mortgage arrears remain at their lowest level since December 2022

Residential mortgage arrears held at 1.19% in September, with 19,600 home loan accounts past due. Mortgage arrears were 13% lower than a year earlier and remain at their lowest level since December 2022.

The improvement extends to more serious mortgage repayment difficulties. On a seasonally adjusted basis, mortgages 1–29 days past due were down 11% year-on-year, while those 90 or more days past due declined 14%.





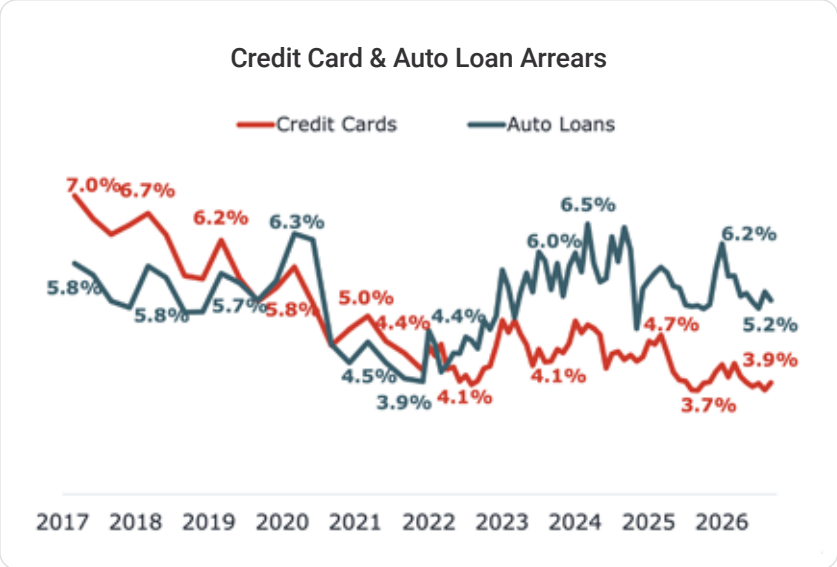
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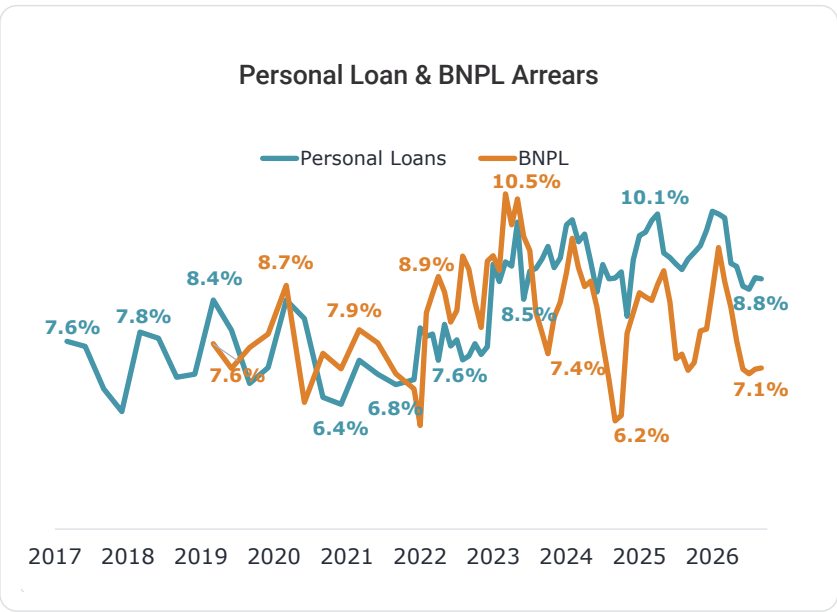
Utility arrears rise as other consumer lending products remain steadier

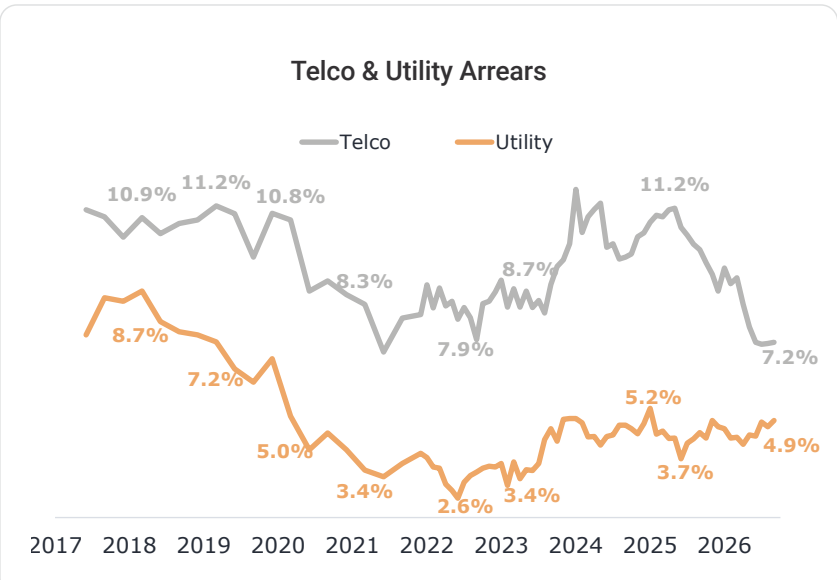
Retail energy arrears increased to 4.9% in September, 8% higher than a year ago. This contrasts with the generally steadier performance of other major consumer lending products.

Personal loan arrears eased to 8.8%, down 4% year-on-year, while Buy Now, Pay Later (BNPL) arrears held at 7.1%. Auto loan arrears fell to 5.2% but remained slightly above the 5.1% recorded a year earlier. Credit card arrears increased marginally to 3.9%, and telco arrears held at 7.2%.

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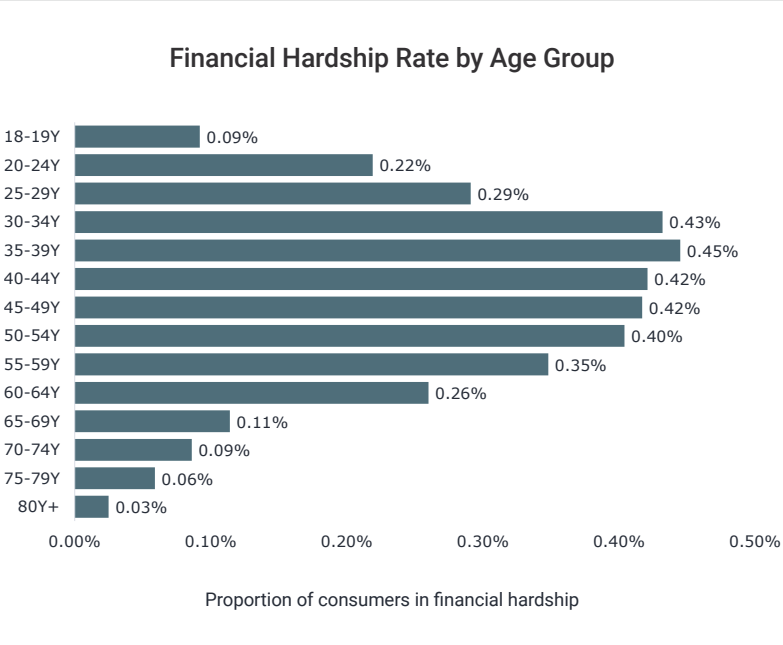
Personal loan hardship continues to grow despite more stable arrears

Financial hardship accounts have begun increasing again after easing earlier in the year, reaching 15,300 in October, up 800 from the previous month and 7.8% year-on-year.

Personal loan hardship volumes were 32% higher year-on-year and have more than doubled since 2023, making personal loans the fastest-growing source of hardship.

Mortgages account for 38% of reported hardship cases and credit cards a further 34%. Consumers aged 35–39 continue to record the highest incidence of financial hardship. Consumer credit defaults were also 21% higher than a year ago, reinforcing the uneven nature of the improvement in overall repayment performance.



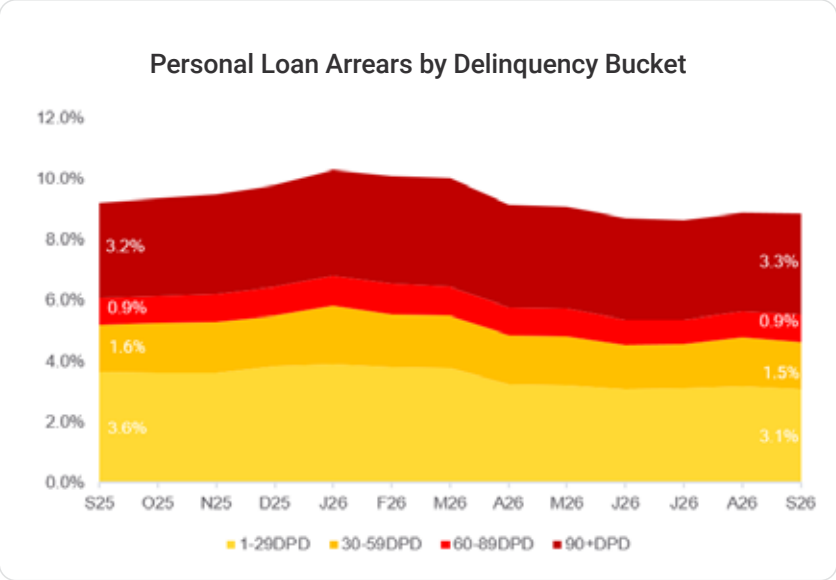


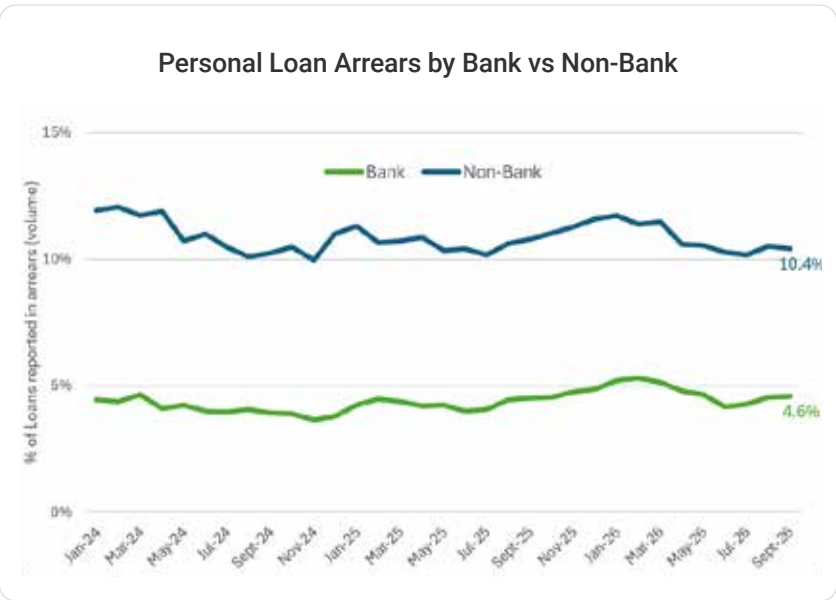
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Bank and non-bank personal loan arrears remain far apart

Personal loan credit performance differs materially between bank and non-bank lenders. In September, 10.4% of non-bank personal loans were in arrears, compared with 4.6% of bank-issued personal loans. This difference has persisted during the past two years.

Nevertheless, there has been an improvement in the earliest stages of delinquency. Personal loans 1–29 days past due fell to 3.1%, from 3.6% a year ago, their lowest level since the end of 2021. This suggests recent repayment performance has improved for some borrowers even while formal personal loan hardship continues to increase.



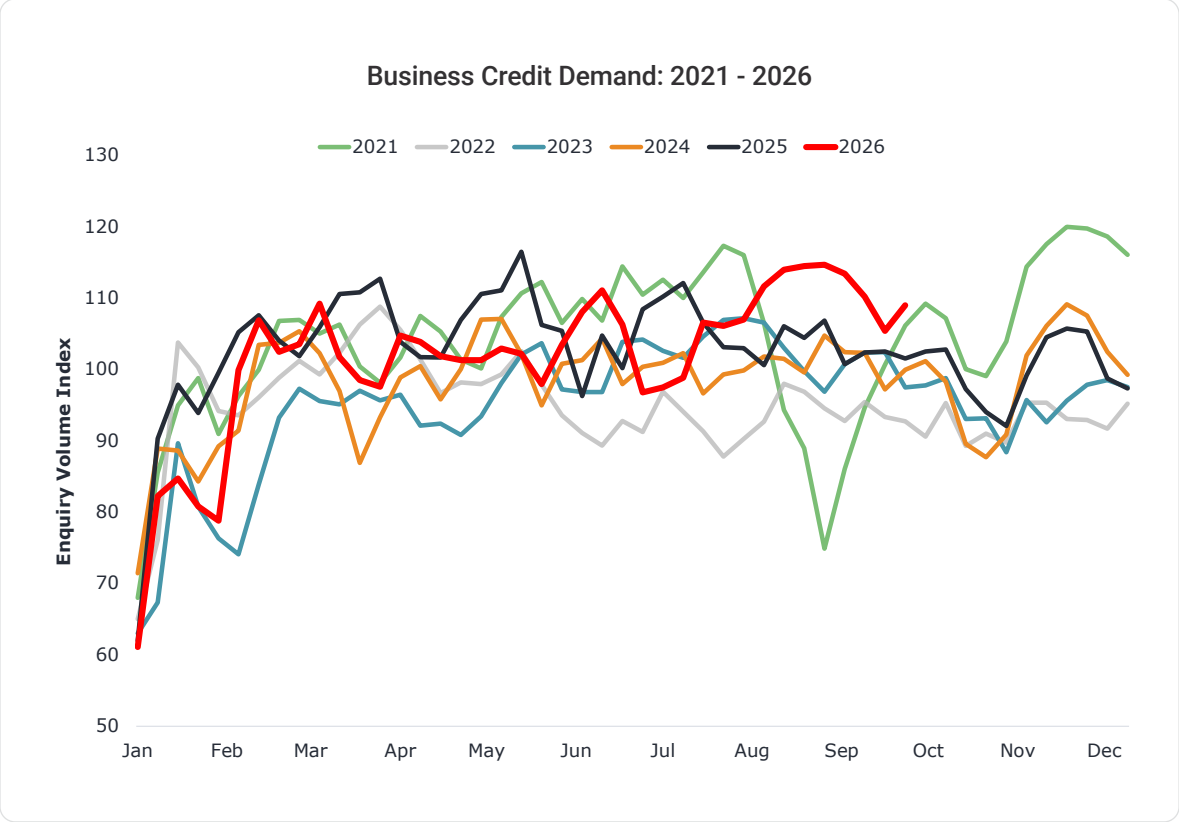


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Business credit demand strengthens as defaults turn higher

Business credit demand increased 7% year-on-year on a three-month rolling basis, with enquiry activity strengthening in recent weeks. Agriculture recorded the strongest growth at 23%, followed by financial services at 19% and hospitality at 11%.

Business credit defaults increased 6% on a rolling 12-month basis. The average credit score for new business credit applications was 736 in September, 11 points lower than a year ago and down from 739 in August. Together, the results suggest stronger demand is occurring alongside some deterioration in the credit quality of new applicants.



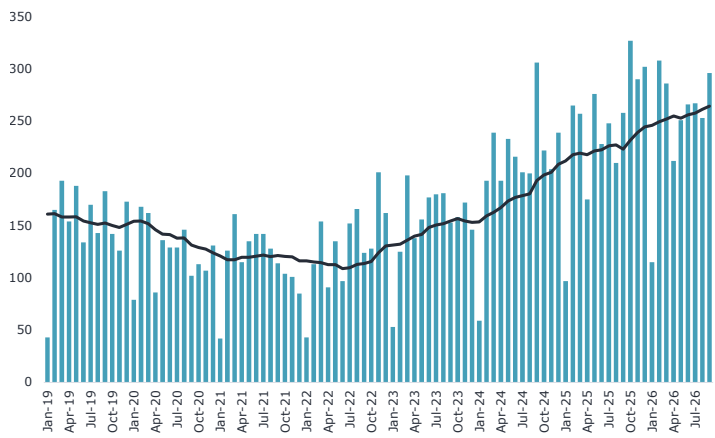
Year-on-year comparison based on 3 month rolling averages

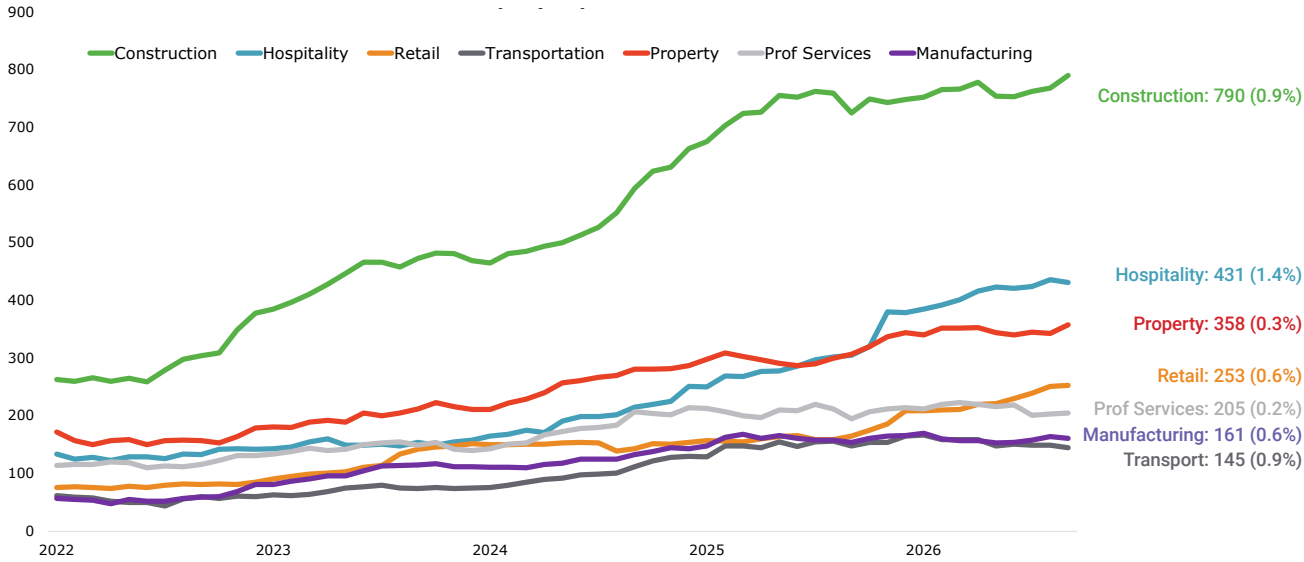
Agriculture recorded the strongest growth at 23%, followed by financial services at 19% and hospitality at 11%.

Annual company liquidations rise as September insolvencies exceed last year

Company liquidations reached 3,173 during the rolling 12 months to September, up 18% year-on-year. During the same period, new company registrations increased 4% to 61,650 and company closures rose 3% to approximately 52,000.

There were 314 company insolvencies during September, compared with 281 in September 2025. Of these, 296 companies were placed into liquidation, compared with 258 a year earlier. Insolvencies include receiverships and voluntary administrations as well as liquidations, so the measures should be considered separately.





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Hospitality and retail liquidations climb while construction leads by volume

Construction remained the largest contributor to company liquidations, with 790 firms liquidated during the past 12 months, up 9% year-on-year. This represents approximately 0.9% of registered construction companies. The sector also accounted for 24% of company insolvencies during September.

Hospitality recorded 431 liquidations during the past year, up 41%, while retail trade liquidations increased 53% to 253. Hospitality liquidations represented 1.4% of registered firms in the sector, with a liquidation rate 3.3 times the all-sector average. These figures indicate that business pressure remains concentrated in some consumer-facing industries.

Sector	Credit Demand	Credit Defaults	Avg Credit Score	Company Liquidations	Liquidation Rating
Construction	+6%	+5%	752 ↓	+9%	2.2X
Hospitality	+11%	+21%	725 ↓	+41%	3.3X
Retail Trade	+2%	-6%	760 ↓	+53%	1.4X
Transport	+2%	-+19%	723 ↓	-2%	2.0X
Property / Rental	+8%	+11%	805 ↑	+17%	0.8X
Manufacturing	-3%	+1%	779 ↑	+4%	1.5X
Agriculture	+23%	-11%	789 ↓	+0%	0.6X
All Sectors	+7%	+6%	782 ↓	+18%	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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Professional services maintains stronger credit quality despite more liquidations

The professional, scientific and technical services sector contains 93,749 registered companies, representing 12.5% of businesses. Its average credit score was 805, and credit defaults declined 15% year-on-year.

There were 205 professional services company liquidations during the past year, 6% more than in the preceding 12 months, although the sector's liquidation rate remained below the all-sector average. Within architectural, engineering and technical services, defaults declined 21% and liquidations fell 10%, pointing to a comparatively stronger position than the sector-wide liquidation trend.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
Professional, Scientific and Technical Services	**93,749**	**12.5%**	**7%**	**-15%**	**805**	**6%**	**0.5X**
Computer System Design and Related Services	16,738	2.2%	8%	12%	804	-3%	0.4X
Advertising Services	2,329	0.3%	28%	-12%	767	20%	1.2X
Architectural, Engineering and Technical Services	20,617	2.8%	7%	-21%	796	-10%	0.7X
Architectural Services	3,767	0.5%	-3%	-25%	819	-25%	0.8X
Engineering Design and Consulting Services	10,261	1.4%	1%	-26%	786	-3%	0.8X
Other Specialised Design Services	4,706	0.6%	21%	3%	784	-31%	0.5X
Accounting Services	6,344	0.8%	-10%	8%	829	100%	0.4X
Legal Services	3,048	0.4%	14%	50%	817	75%	0.6X
Management and Related Consulting Services	32,096	4.3%	14%	-26%	795	18%	0.5X
Other Professional, Scientific and Technical Services	4,105	0.5%	30%	19%	791	133%	0.4X
Scientific Research Services	1,820	0.2%	-1%	40%	795	-67%	0.4X
Veterinary Services	613	0.1%	-50%	-67%	845	0%	0.4X

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Last updated October 2026.

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

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:

- 100 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.

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