EQUIFAX

Nga Maramatanga

July 2025 Credit Insights

Economic Overview

GDP

Quarterly Q1 2025: **+0.8%**

Quarterly Q4 2024: **+0.5%**

Next update 18 Sept 2025

Official Cash Rate

As at 09 July 2025: **3.25%**

Next update 20 August 2025

Consumer Price Index

As at March 2025: **+2.5%**

Up from +2.2% in Dec 2024

Next update 21 July 2025

Consumer Confidence

As at June 2025

98.8 June 2025

92.9 May 2025

Unemployment Rate

As at March 2025: **5.1%**

Unchanged from Dec 2024

Next update 6 August 2025

Business Confidence

As at June 2025

46.3 June 2025

36.6 May 2025

Source: StatsNZ, RBNZ, ANZ-Roy Morgan Consumer Confidence Survey, ANZ Business Outlook survey

Consumer Credit

General highlights, credit demand, and credit health

Amidst a slowly recovering domestic economy, the OCR remains unchanged, reflecting inflation risks and global uncertainty

Depositor Compensation Scheme Comes into Effect

The Depositor Compensation Scheme came into effect on the 1st of July, aiming to bring further stability into the country's financial system by providing protection to depositors.

The programme guarantees up to $100,000 per customer deposit, funded by risk-based levies. Licensed institutions, including banks, building societies, credit unions, and finance companies, will pay these levies into a dedicated fund. The Reserve Bank of New Zealand will manage the fund and its payout procedures if a licensed deposit-taker fails.

Investor Confidence is Making a Cautious Comeback [#3]

Investor confidence is gradually returning, according to Sharesie’s latest quarterly index report. The platform ranks investor confidence on a scale of 0 to 100 based on aggregate data from its 800,000+ users. The latest quarter showed confidence peaking at 55 in June 2025 (albeit with some volatility through the quarter), indicating a more balanced appetite after a more cautious 39 index value last quarter on the back of market uncertainty driven by tariffs and geopolitics. Sharesies continue to observe steady deposits with more buying than selling, suggesting a long-term mindset towards wealth building.

RBNZ Holds OCR at 3.25% [#1]

The Monetary Policy Committee has held the Official Cash Rate at 3.25%. While annual consumer price inflation is expected to rise towards the top of the 1-3% target band by mid-2025, it should return to around 2% by early 2026 due to spare capacity and easing domestic pressures. New Zealand's recovery is supported by strong export prices and lower interest rates. However, global policy uncertainty and tariffs are projected to dampen global growth, likely slowing New Zealand's recovery and reducing inflationary pressures. The economic outlook remains highly uncertain, with future OCR decisions dependent on recovery speed, inflation persistence, and tariff impacts.

Consumer Confidence Lifts in June [#2]

Consumer sentiment in June saw a welcome 6-point surge to 98.8, significantly recovering from May's dip. This rise was underpinned by an 8-point jump in the forward-looking index. Optimism is emerging, with a net 20% expecting improved financial positions. However, a net 7% still deem it a poor time for major purchases, reflecting ongoing caution among households. Furthermore, inflation expectations hit 4.9%, a new high since April 2023, largely influenced by recent food price trends.

[#1] Reserve Bank of New Zealand

[#2] ANZ-Roy Morgan Consumer Confidence Survey

[#3] Sharesies Index

May 2025 saw a sharp reversal for Personal Loans while other products observed marginal improvements

Home Loan 30DPD+ arrears were down by a nominal 1bp in May 2025, remaining flat since the start of the year. Improvement is expected in the coming months based on previous mid-year patterns, supported by falling interest rates providing repayment relief for borrowers.

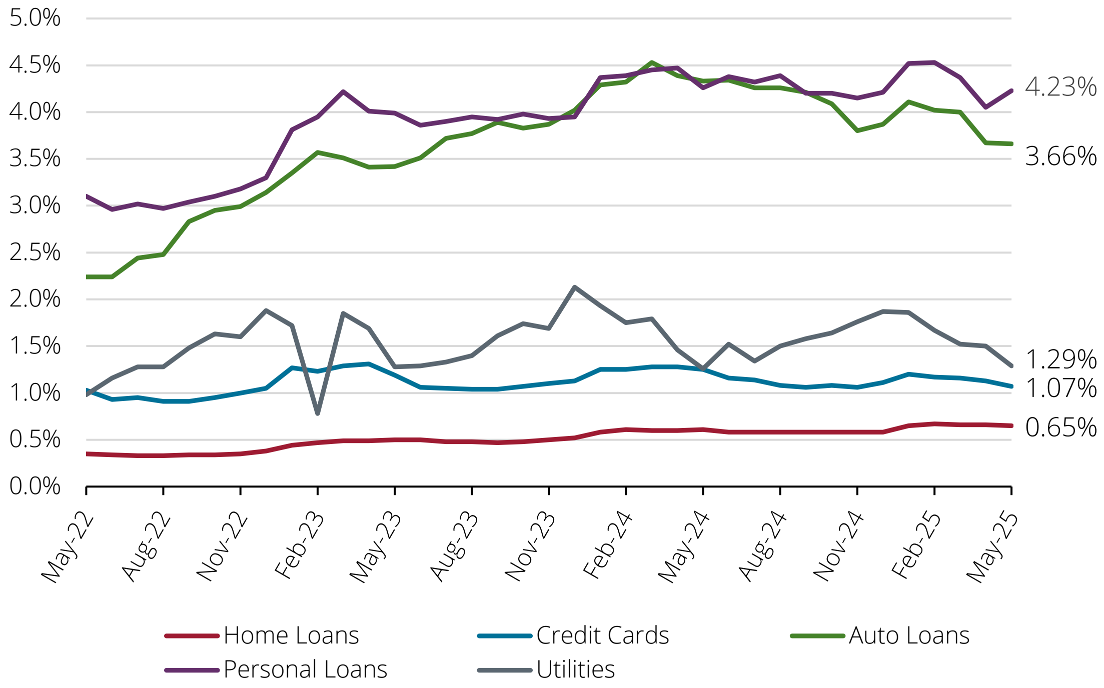
Personal Loan 30DPD+ arrears climbed 17bps, erasing much of April's gains. Despite the deterioration, the position remains largely on par with the level seen the same time last year, with the broad trend remaining relatively flat.

Credit Card 30DPD+ arrears registered a 6bps decrease, extending a four-month trend that has seen a 13bps reduction from January's high, confirming long-term stability.

Auto Loan 30DPD+ arrears saw a nominal 1bps reduction in Auto Loan 30DPD+ arrears. Despite little movement, it still fits with the general downward trend that has emerged since Q1 2024 (down 87bps since the peak).

Consumer Credit Arrears Trends (30DPD+)

Percentage of Accounts in Arrears



Home Loan hardship volumes surged in May, contrasting with steady Personal Loans and declining Credit Card hardships

Hardship Volumes on Bureau

May 2025 brought a mixed picture in hardship volumes across all products, with:

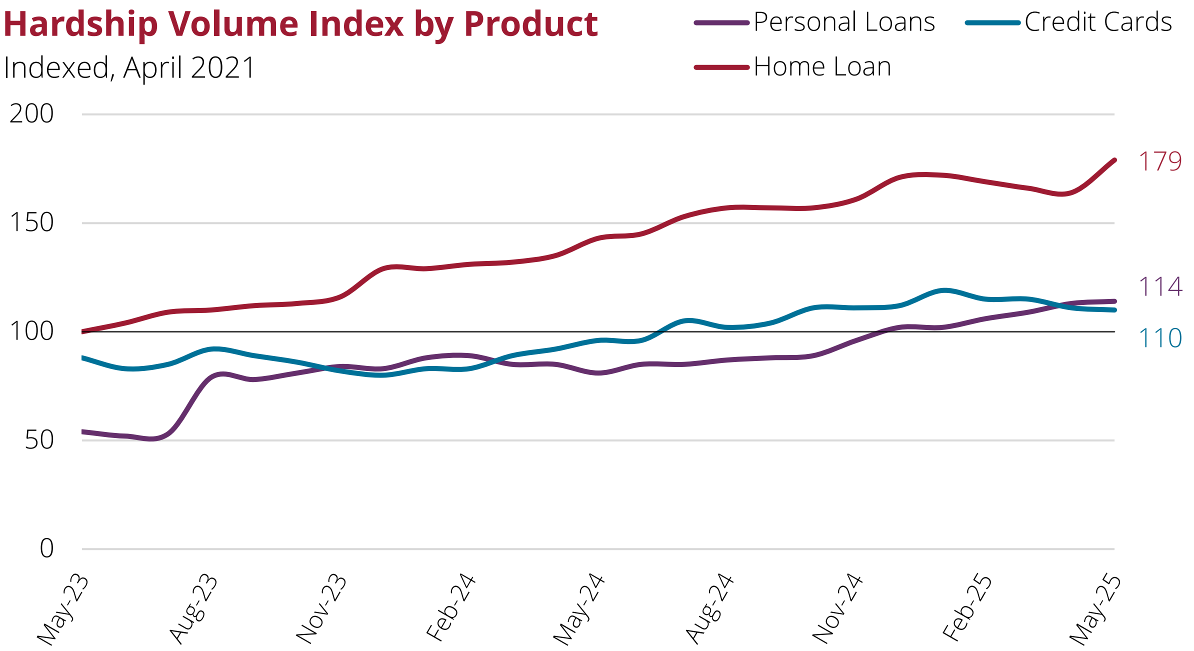
- Credit Card hardships down by 1.4% month-on-month
- Home Loans hardships up 9.3%
- Personal Loan volumes up 0.2%.

Home Loan hardship volumes continue to climb, remaining the primary driver of the overall increase in hardship across all products. Conversely, Credit Card hardships continue to subside, a trend observed since the start of the year. Personal Loan hardships are, however, slowly increasing.

This occurs against the backdrop of an increased number of people withdrawing early from their KiwiSaver on hardship grounds, up 35.1% year-on-year. [#1]

Hardship Volume Index by Product

Indexed, April 2021



Movement	Home Loans	Credit Cards	Personal Loans
Month-on-Month	+9.3%	-1.4%	+0.2%
Year-on-Year	+25.1%	+13.8%	+39.8%

[#1] Inland Revenue Department

Home Loans
Demand & Credit Health Insights

An overview of the New Zealand Property Market

Powered by VALOCITY

Property values remain flat despite rate cuts

The New Zealand housing market continues to see little change in the first half of 2025 despite retail mortgage rates falling. The national Valocity Value Index has dipped by a nominal 0.16% ($4,000) since March and $8,500 year-to-date.

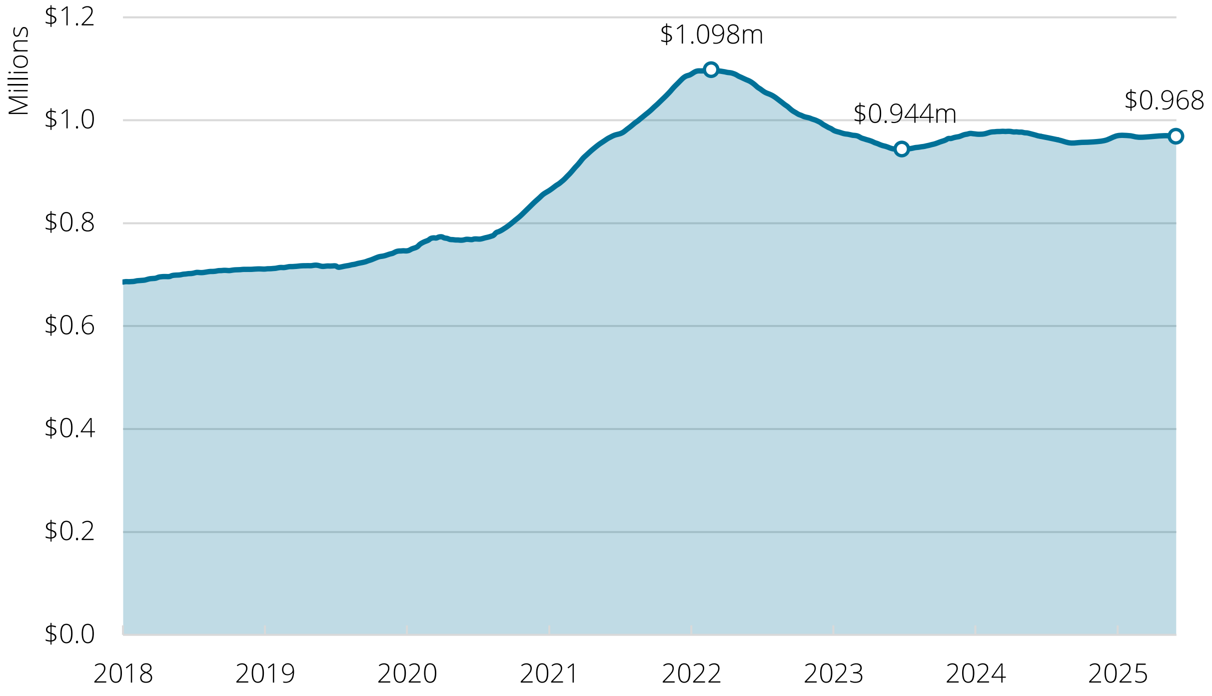
Increased buyer interest hasn't sparked price rises

While mortgage registrations jumped 22% last quarter following ongoing rate cuts, inventory levels remain high and sale prices suppressed as economic headwinds persist. After declining from its 2021 highs, the national median sales price has remained between $750k-$800k since mid-2022, and is not expected to recover until pent up housing inventory is cleared.

Auckland Council's long-delayed revaluation, released in June 2025, uses property values from May 1, 2024. As these figures are now over a year old and were compiled for rate allocation, not current market guidance, buyers and sellers should use more up-to-date market data.

Valocity Value Index – Nationwide

National Average Property Value



An overview of the New Zealand Property Market

Powered by VALOCITY

A look at property values across the regions

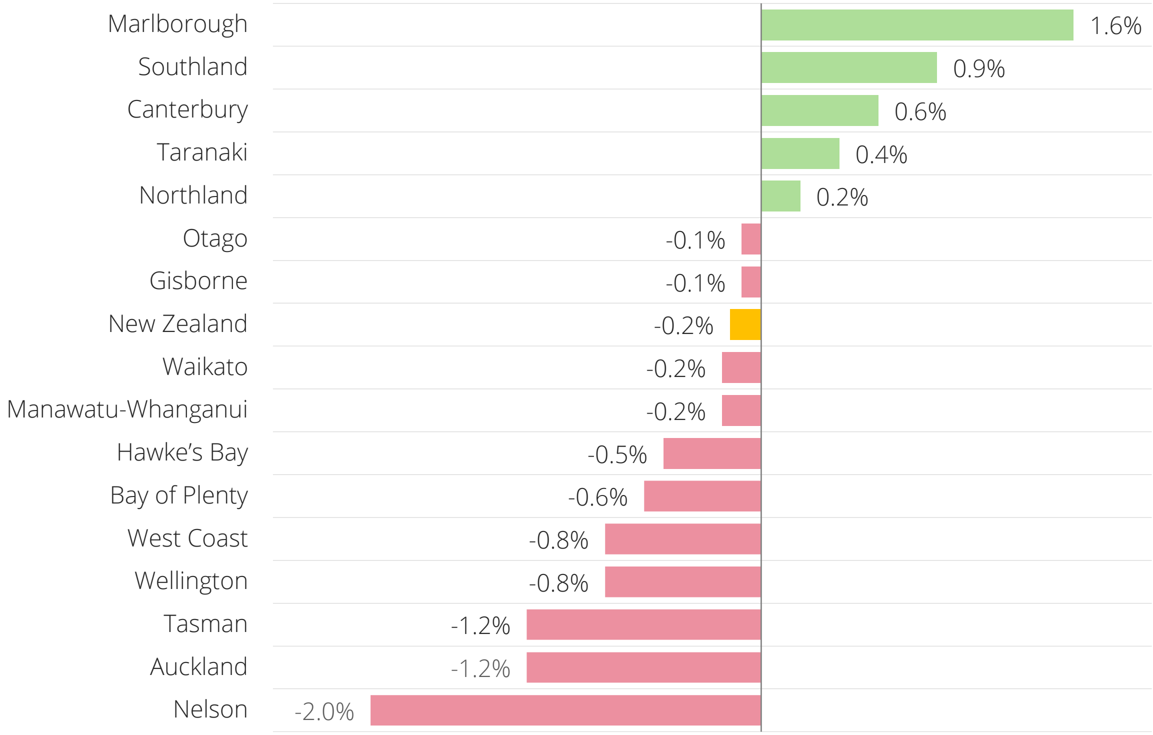
The vast majority of regions in New Zealand experienced a decline in property values this quarter, with a few regions showing notable growth.

The little growth observed in the quarter was most prevalent in the South Island with Marlborough (+1.6%), Southland (+0.9%), and Canterbury (+0.6%) leading the way. More modest gains were seen in Taranaki (+0.4%) and Northland (+0.2%). The notable declines seen in the quarter were Nelson (-2.0%), followed by Auckland and Tasman (-1.2% each), then Wellington alongside the West Coast (-0.8% each).

Wellington continues to slide in property values, down 4.4% year-on-year and down 21.4% since June 2021. Buyers remain hesitant, as public sector job losses and infrastructure challenges have eroded confidence.

Quarter-on-Quarter Change in Property Values

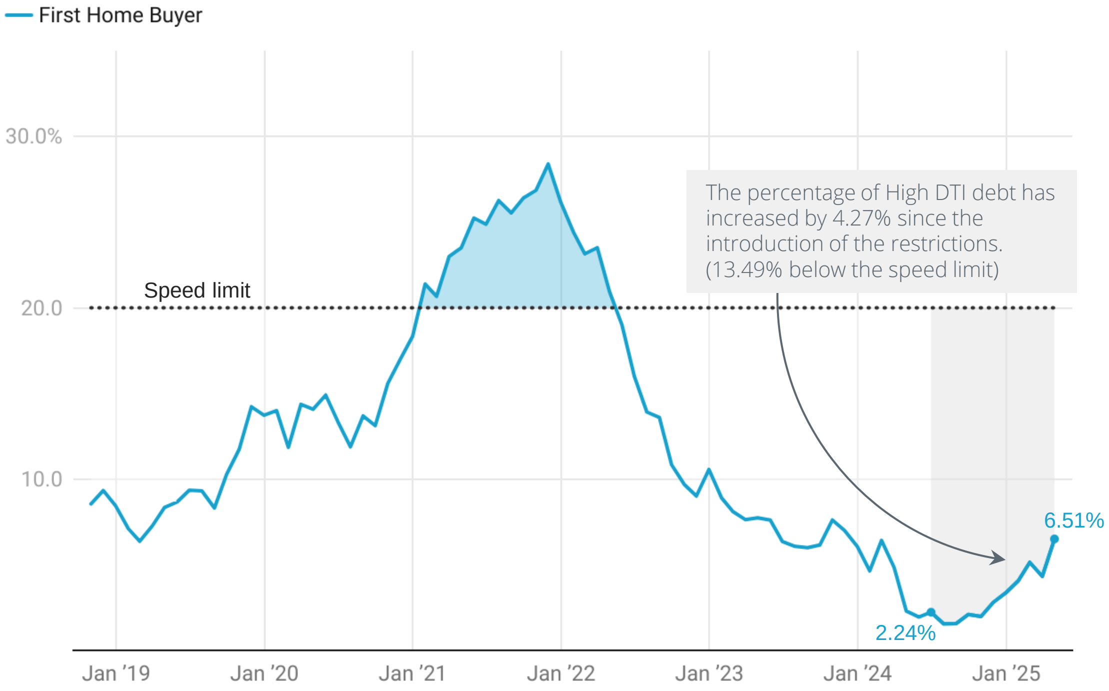
June 2025 vs. March 2025; Valocity Value Index



Owner occupier high DTI lending rises as lenders adapt, but ample headroom remains

Owner Occupier High DTI Lending #1

Monthly; Percentage of New Commitments ($) >6.0x DTI ('Unknown DTI' Excluded)



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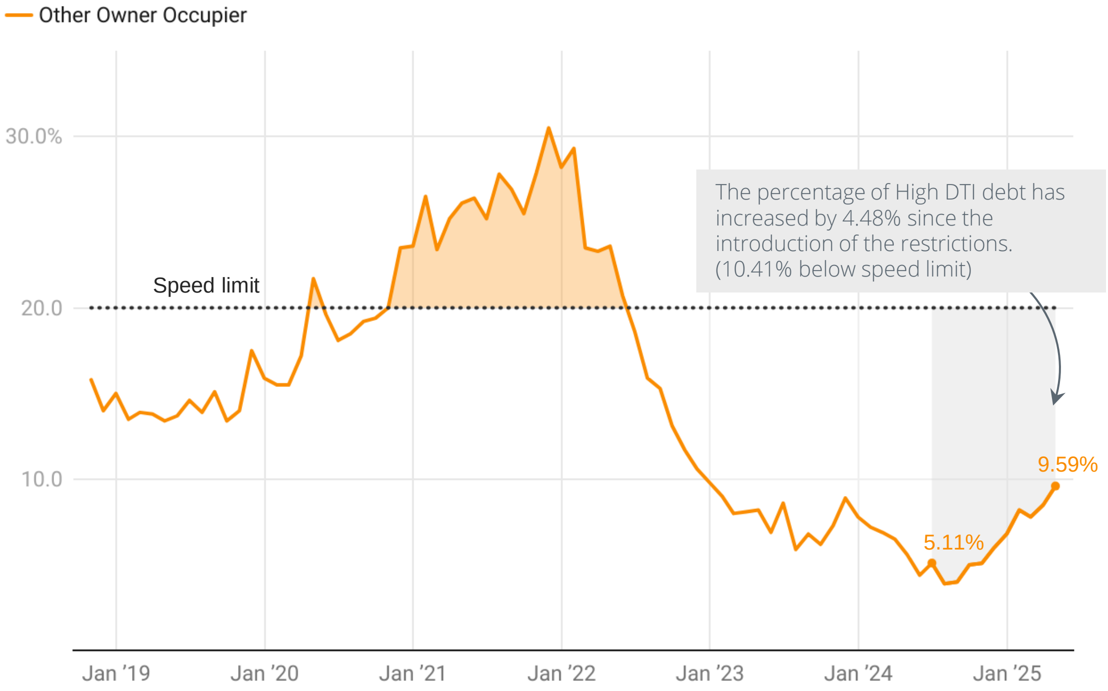

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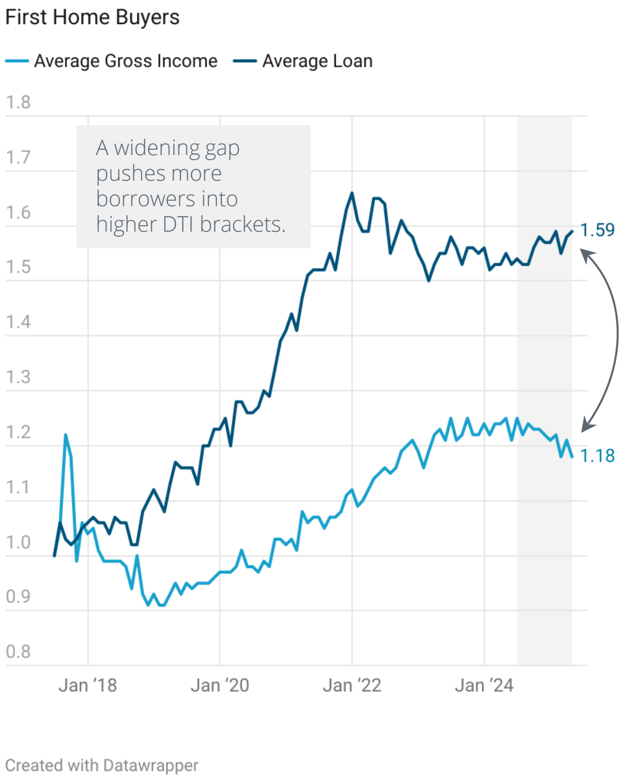
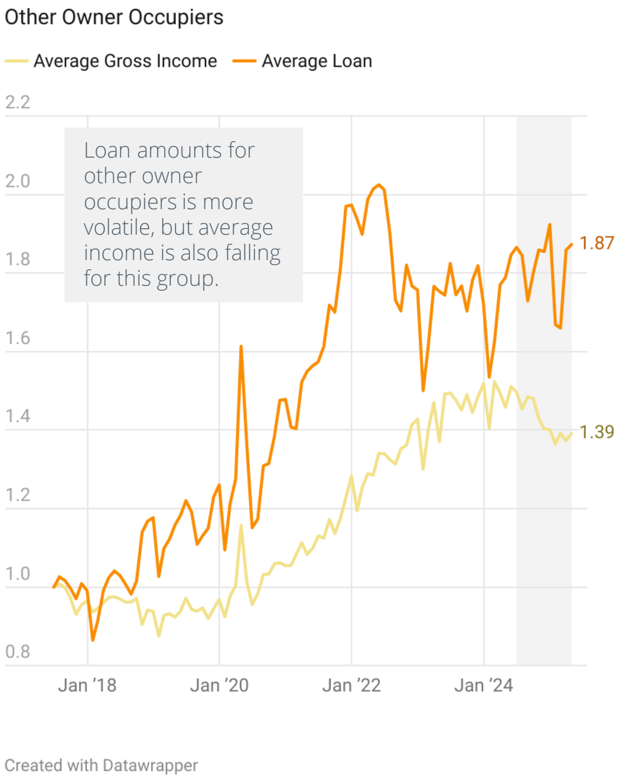
#1 Reserve Bank of New Zealand

The recent increase in High DTI lending are being driven by both higher loan amounts and falling average incomes

Owner Occupier Income vs Loans Index

Monthly; Indexed to June 2017





A deeper analysis of RBNZ data reveals the increase in High DTI lending for owner-occupiers is being driven by both sides of the coin: average gross incomes for owner-occupiers have generally declined, while average loan amounts have risen, particularly for first home buyers. This combination inherently pushes more borrowers into higher DTI classifications.

Lenders appear to be growing more comfortable operating within the DTI framework, increasingly lending to borrowers at higher debt-to-income ratios while maintaining overall compliance.

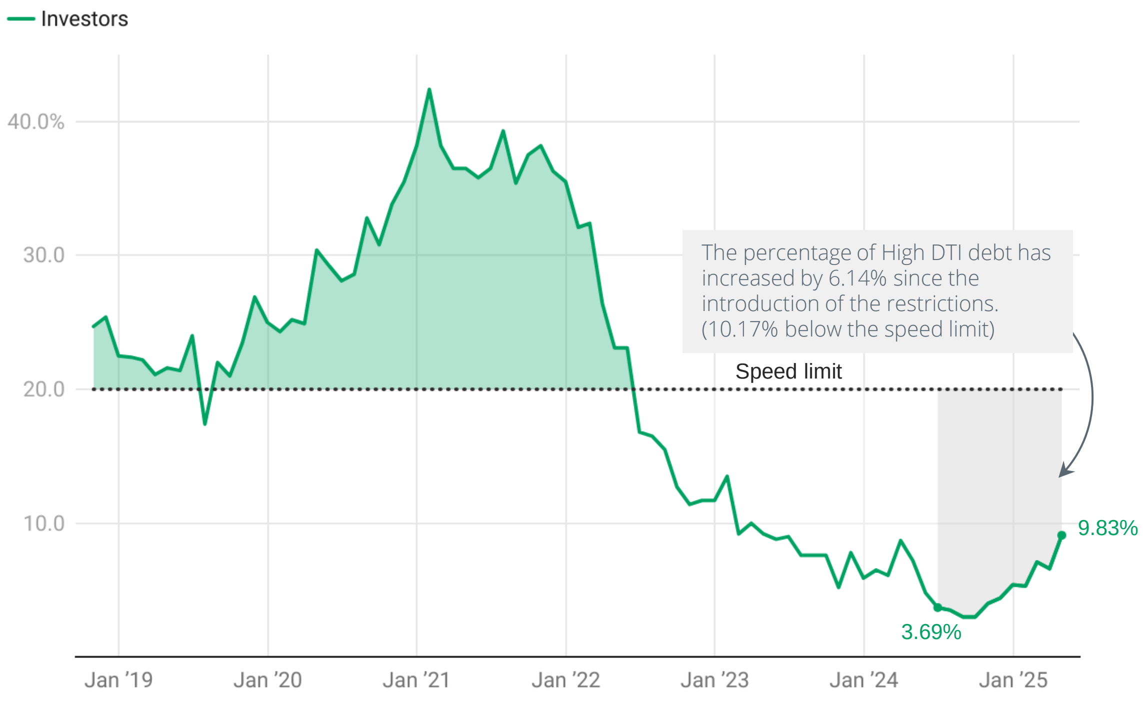
Furthermore, with the housing price index remaining sluggish, many of these loans are likely at higher loan-to-value ratios, suggesting smaller initial deposits, potentially facilitated by factors such as KiwiSaver withdrawals for housing.

[#1] Reserve Bank of New Zealand

Investment lending has also seen increases to High DTI lending post-introduction of the new restrictions

Investment High DTI Lending [#1]

Monthly; Percentage of New Commitments ($) >7.0x DTI ('Unknown DTI' Excluded)



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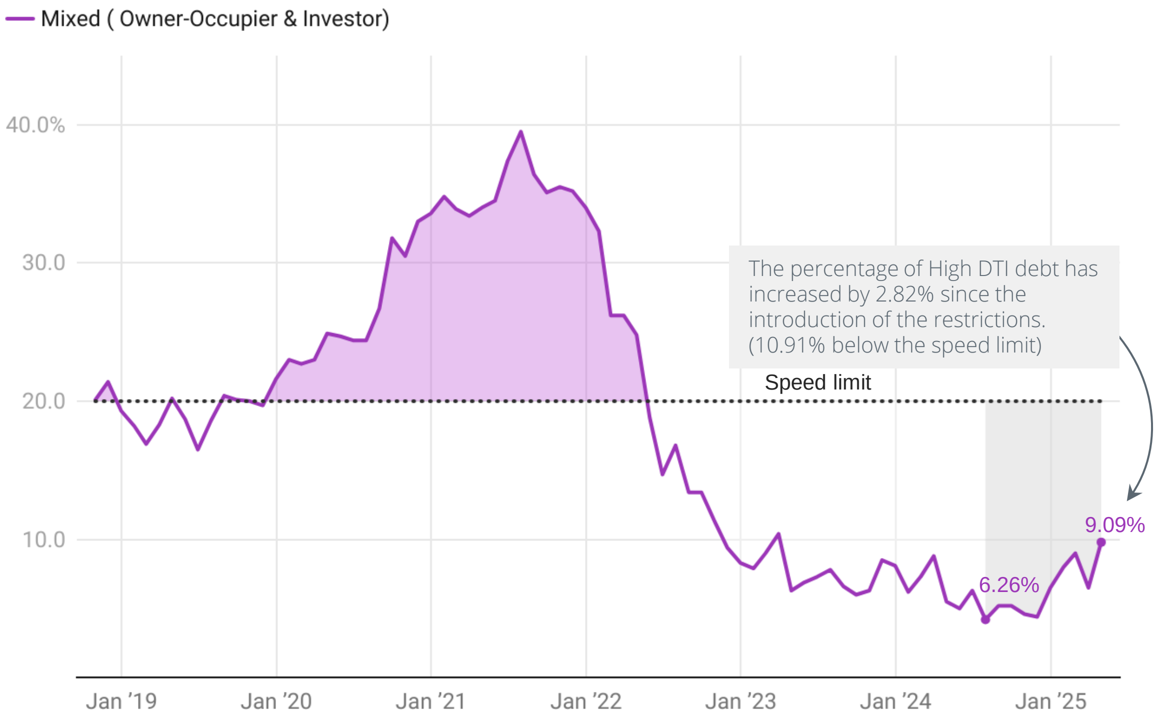

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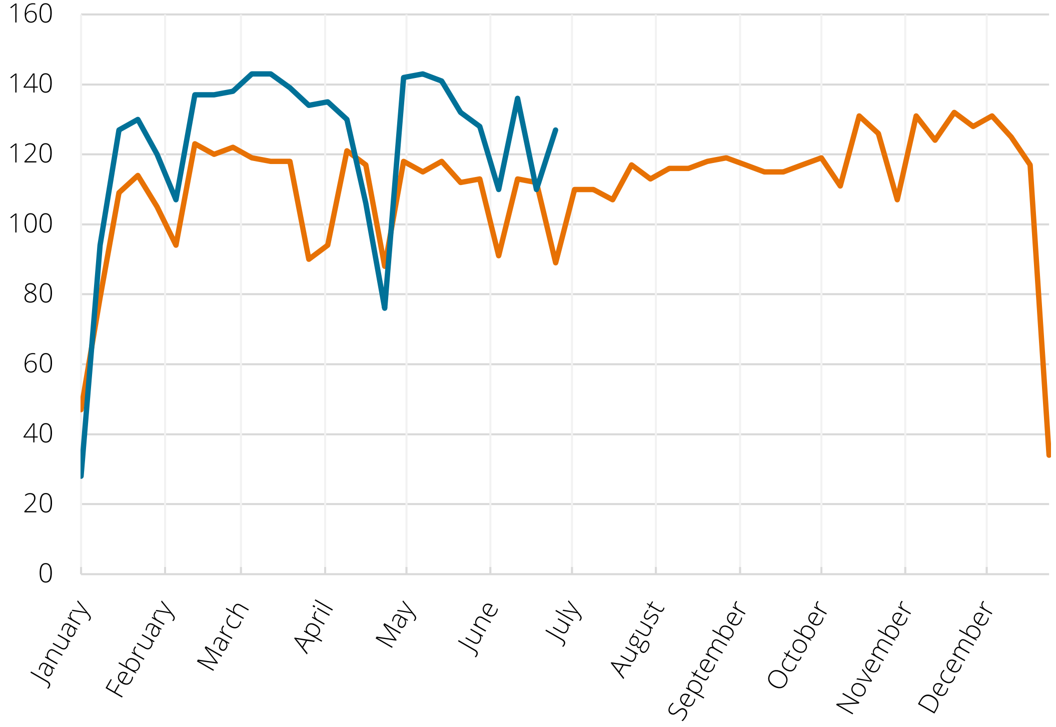
[#1] Reserve Bank of New Zealand

Home Loan enquiries saw fluctuations in June in wake of a couple shorter weeks, but overall levels remain higher than last year

Home Loans – Weekly Enquiry Volume

Weekly, Indexed to January 2019



Home Loan weekly enquiries maintain their high levels coming into winter, despite some recent volatility through June due to the two public holidays in the month.

YTD volumes in 2025 now show a 15.8% increase over the same period in 2024 - a figure that has grown as the year has progresses. Elevated enquiry levels continue to be influenced strongly by a competitive market and buyers shopping around. Heightened refinance activity comes against the backdrop of nearly a third of owner-occupiers choosing floating rates when taking on new commitments [#1] suggesting still further expectation of interest rate cuts ahead.

Furthermore, in light of the prevailing credit conditions, lenders may also be adjusting their lending policies and application processes, particularly concerning credit checks on prospective and existing borrowers, which would naturally influence enquiry trends on the bureau.

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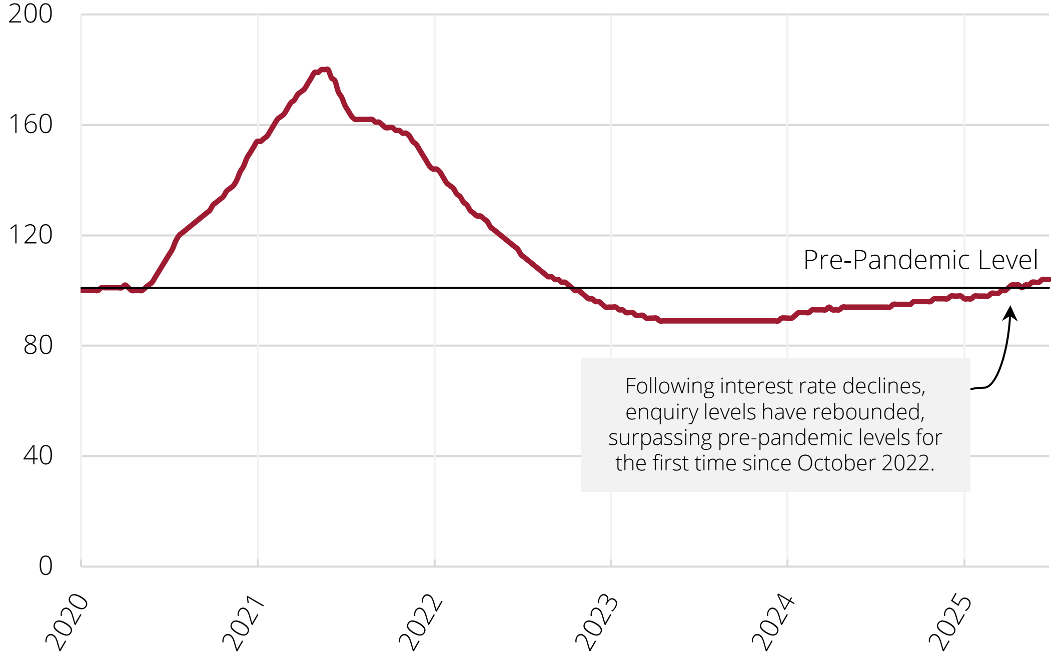
[#1] Reserve Bank of New Zealand

Long-run Home Loan enquiries are now above pre-pandemic levels. The recent movements are driven by middle-aged borrowers

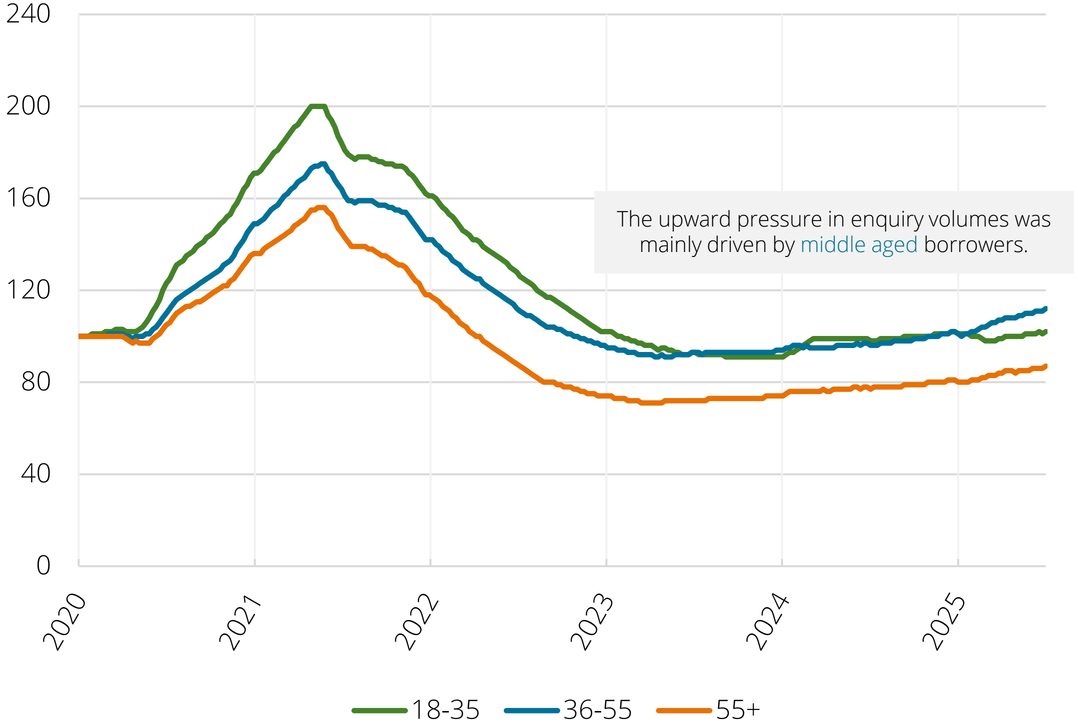
Home Loans – Long-Term Enquiry Trend

Rolling 52-Week Trend, Indexed to December 2019



Home Loans – Long-Term Enquiry Trend

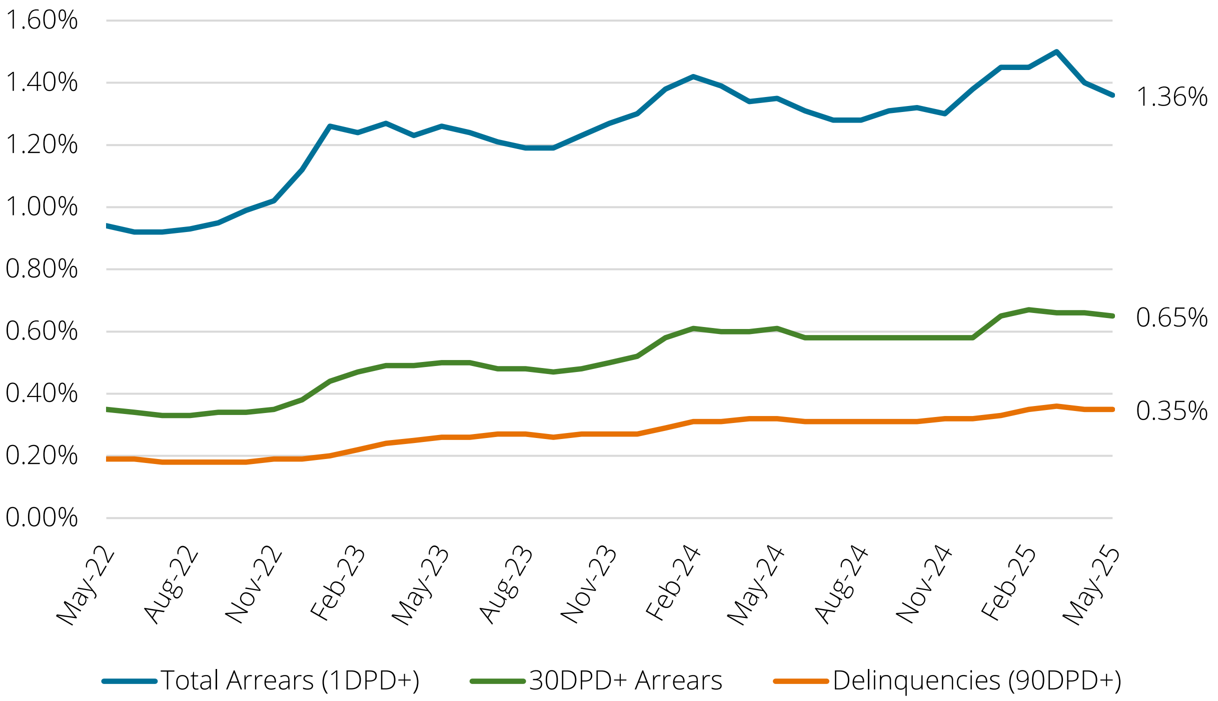
Rolling 52-Week Trend, Indexed to December 2019, By Age Group



Home Loan arrears saw little movement in May 2025, maintaining the flat trend seen over the past few months

Home Loans – Overall Arrears

Percentage of Accounts in Arrears



30DPD+ Arrears

Month-on-Month Change: -1bps

Year-on-Year Change: +5bps

Home Loan 30DPD+ arrears were down by a nominal 1bps in May 2025, remaining broadly flat since the start of the year. Improvement is expected in the coming months based on previous mid-year patterns, supported by falling interest rates providing repayment relief for borrowers.

Delinquent Accounts (90DPD+)

Month-on-Month Change: No change

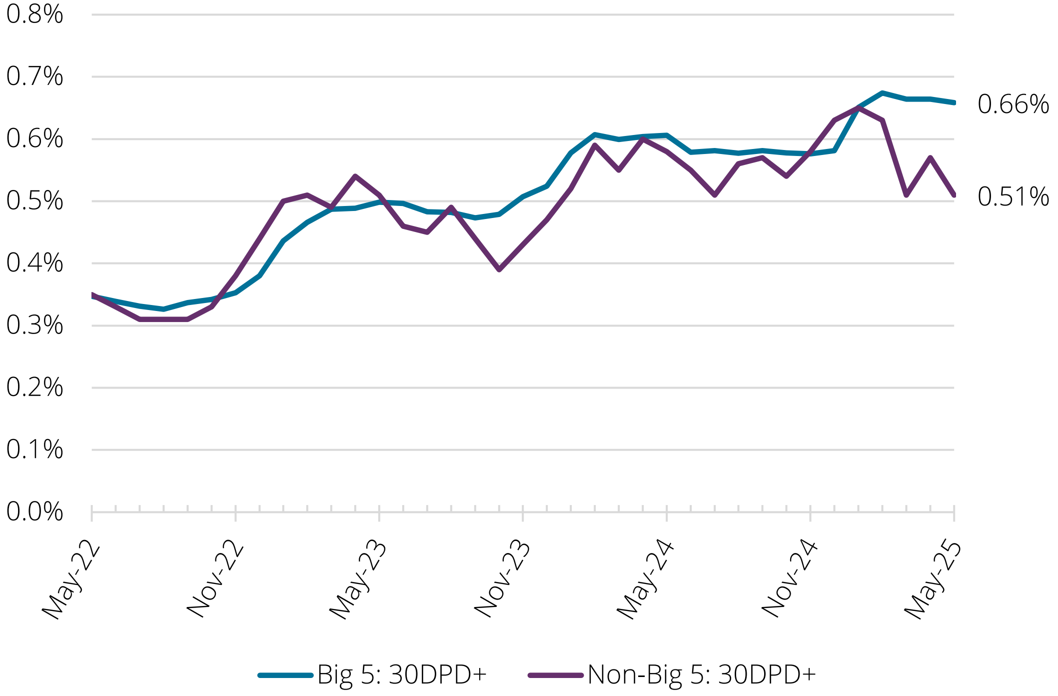
Year-on-Year Change: +3bps

Late-stage arrears again remain unchanged month-on-month with the long-running (albeit slow) deterioration appearing to have halted. The current position remains slightly elevated year-on-year.

The 'Non-Big 5' cohort saw further improvements through May 2025, while the 'Big 5' slips in 90DPD+ Home Loan Arrears

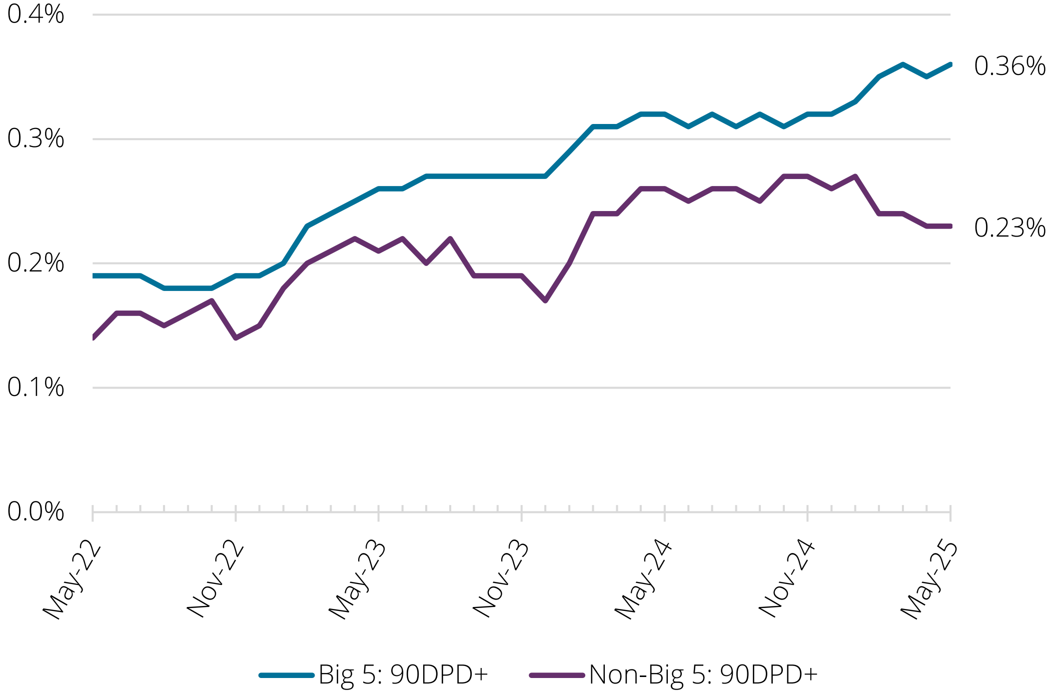
Big 5 vs. Non-Big 5: 30DPD+ Home Loan Arrears

Percentage of Accounts in Arrears



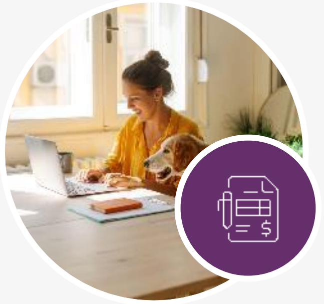
Big 5 vs. Non-Big 5: 90DPD+ Home Loan Arrears

Percentage of Accounts in Arrears



Personal Loans

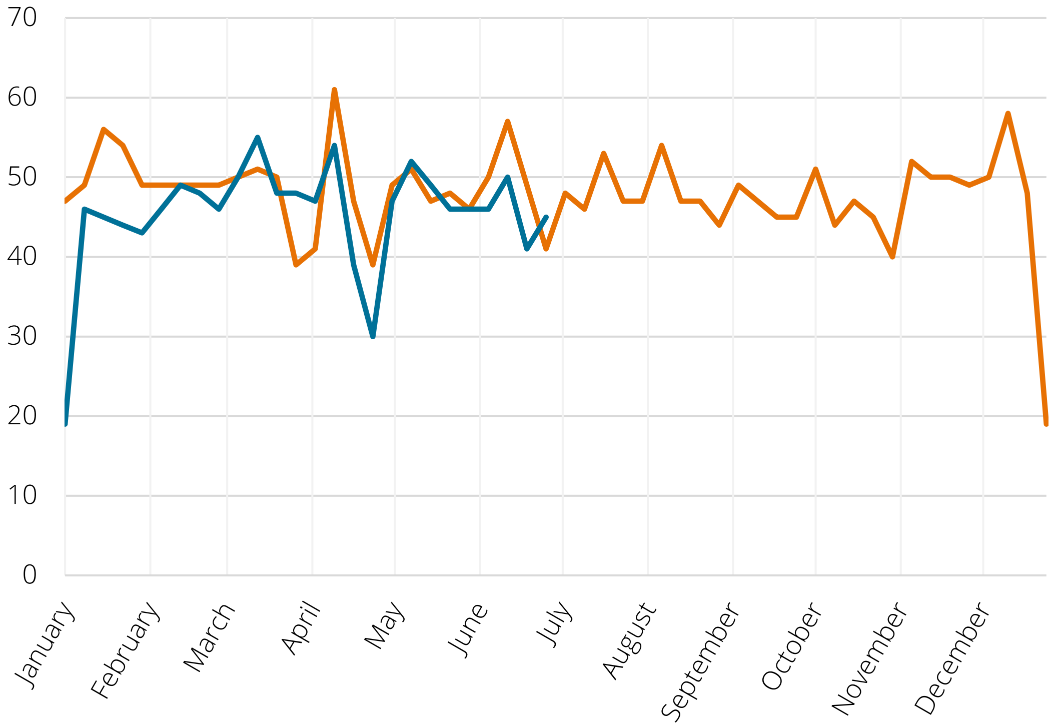
Demand & Credit Health Insights



Personal Loan enquiry volumes remain subdued heading deeper into winter, with YTD enquiries tracking below last year's levels

Personal Loans – Weekly Enquiry Volume

Weekly, Indexed to January 2019



Heading into winter, Personal Loan weekly enquiries remain muted and we are unlikely to see much change as we head further into winter. YTD enquiry volumes are currently down 6.85% compared to the same period in 2024.

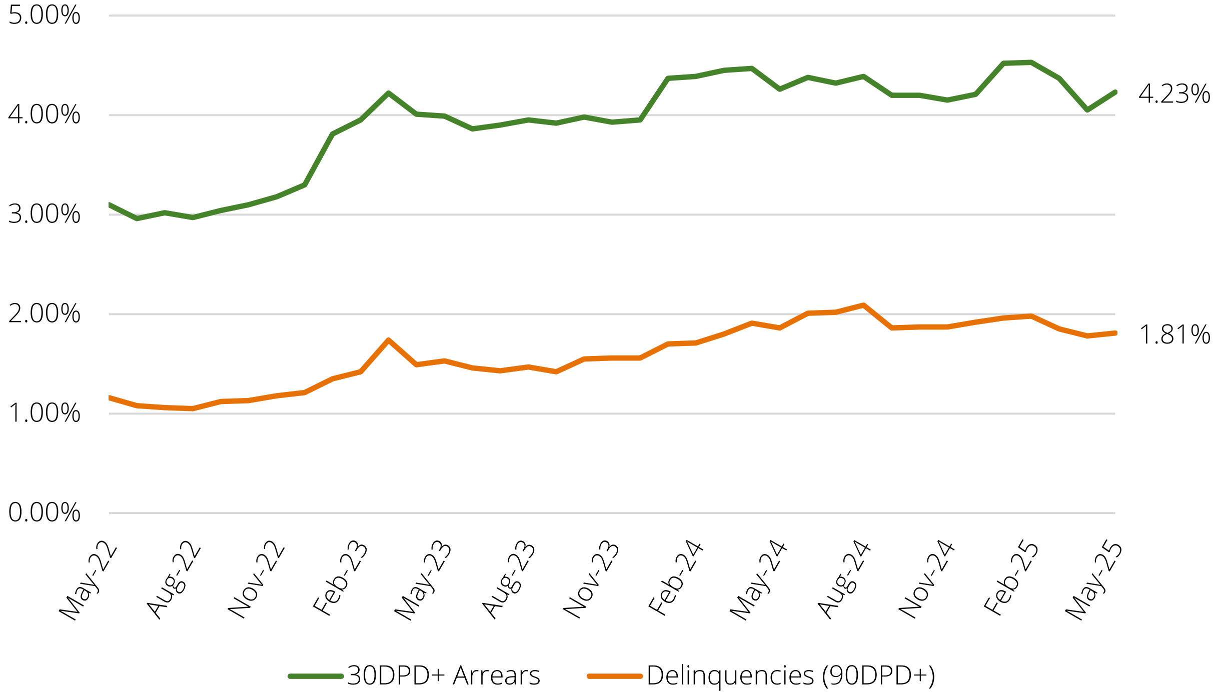
Soft enquiry volumes continue against the backdrop of negative consumer sentiment towards buying big ticket household items (with a net 7% of people thinking its a *bad* time). [#1] Personal Loans are often used to fund such purchases, and thus, despite recent improvements in this sentiment suggesting there is light at the end of the tunnel, the market remains in a weak position for now.

[#1] Roy Morgan – ANZ Research: June 2025 Consumer Confidence Survey

Both 30DPD+ and 90DPD+ arrears rose in May 2025, but current levels remain slightly better than last year

Personal Loans – Overall Arrears

Percentage of Accounts in Arrears



30DPD+ Arrears

Month-on-Month Change: +17bps

Year-on-Year Change: -4bps

In May 2025, Personal Loan 30DPD+ arrears climbed 17bps, erasing much of April's gains. Despite the deterioration, the position remains largely on par with the level seen the same time last year, with the broad trend remaining relatively flat.

Delinquent Accounts (90DPD+)

Month-on-Month Change +3bps

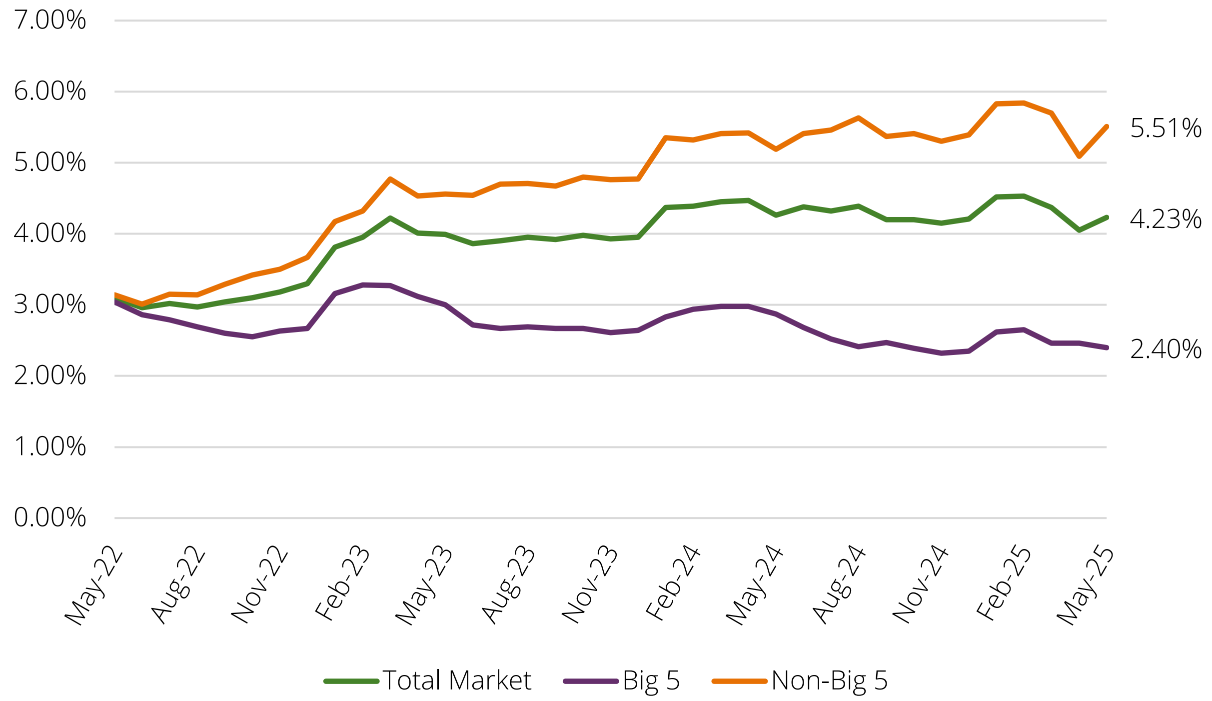
Year-on-Year Change: -5bps

A minor rise in 90DPD+ arrears occurred in May, maintaining levels seen earlier this year. The overall trend seems to have flattened from its August peak last year, holding under 2.00%.

The 'Non-Big 5' cohort drove the sharp increase in overall 30DPD+ arrears, meanwhile the 'Big 5' saw further improvement

Personal Loans – 30DPD+ Arrears by Lender Cohort

Percentage of Accounts in Arrears



'Big 5' 30DPD+ Arrears

Month-on-Month Change: -6bps

Year-on-Year Change: -47bps

'Big 5' 30DPD+ arrears improved further, dropping 6bps from April, continuing a downward trend to finish 47bps lower year-on-year.

'Non-Big 5' 30DPD+ Arrears

Month-on-Month Change: +42bps

Year-on-Year Change: +33bps

By contrast, the 'Non-Big 5' lenders experienced a sharp increase through May, underpinning the increase in overall Personal Loan 30DPD+ arrears and continuing the long running deterioration for the cohort.

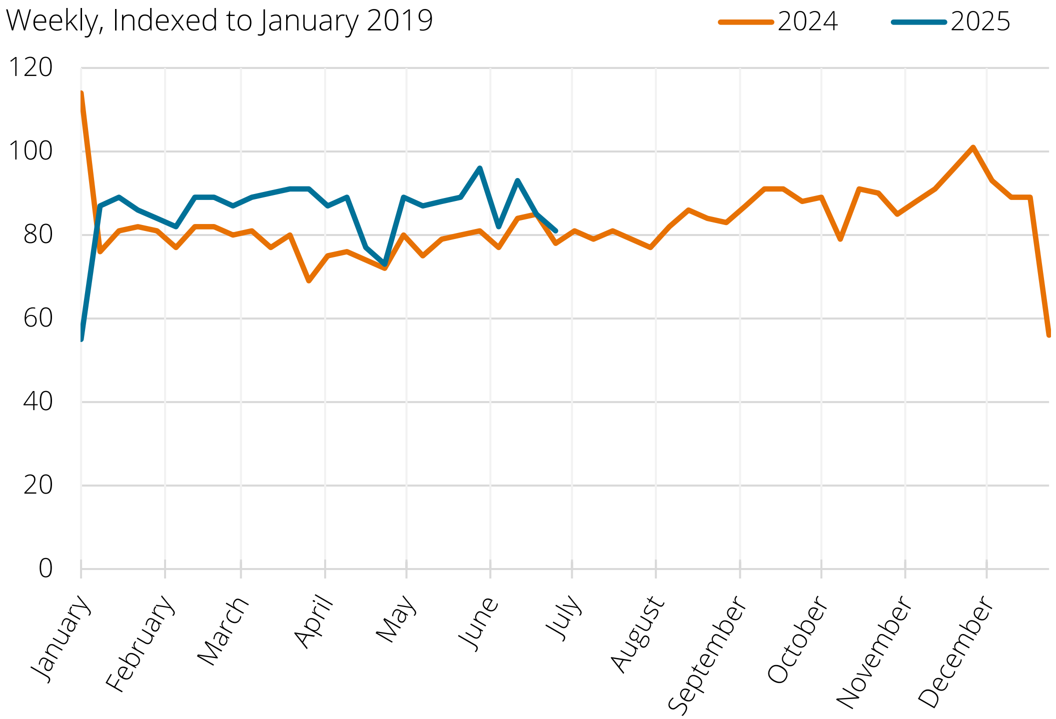
Credit Cards

Demand & Credit Health Insights

Despite recent fluctuations due to June's public holidays, Credit Card enquiries performed strongly vs. last year's levels

Credit Cards – Weekly Enquiry Volume

Weekly, Indexed to January 2019



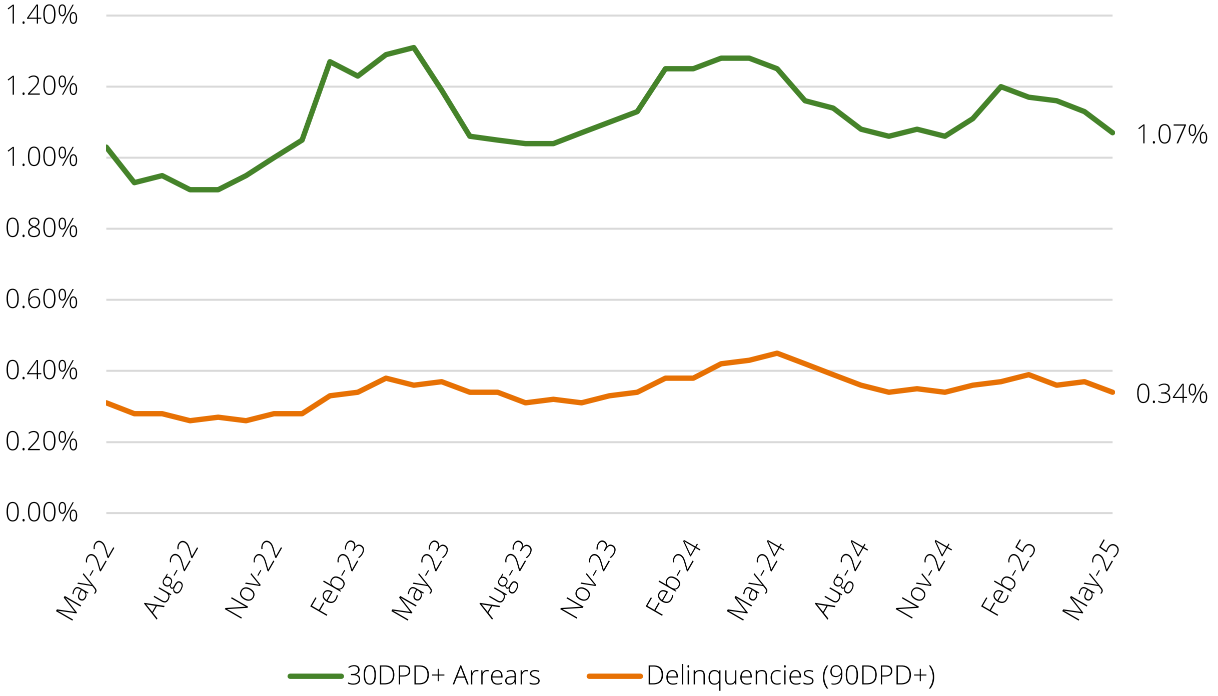
Credit Card enquiry volumes experienced some softness and volatility through June 2025 on the back of the two short weeks in the month. However, the year-to-date picture remains positive with an increase of 6.98% compared to same period in 2024.

Moreover, this YTD growth is despite an unusual surge in enquiries during early 2024. When adjusted for this anomaly, the like-for-like comparison reveals a more substantial 10.4% year-to-date increase.

Both 30DPD+ and late-stage arrears saw improvements for Credit Cards in May 2025, demonstrating robust long-term trends

Credit Cards – Overall Arrears

Percentage of Accounts in Arrears



30DPD+ Arrears

Month-on-Month Change: -6bps

Year-on-Year Change: -18bps

In May 2025, Credit Card 30DPD+ arrears registered a 6bps decrease, extending a four-month trend that has seen a 13bps reduction from January's high, confirming long-term stability.

Delinquent Accounts (90DPD+)

Month-on-Month Change: -3bps

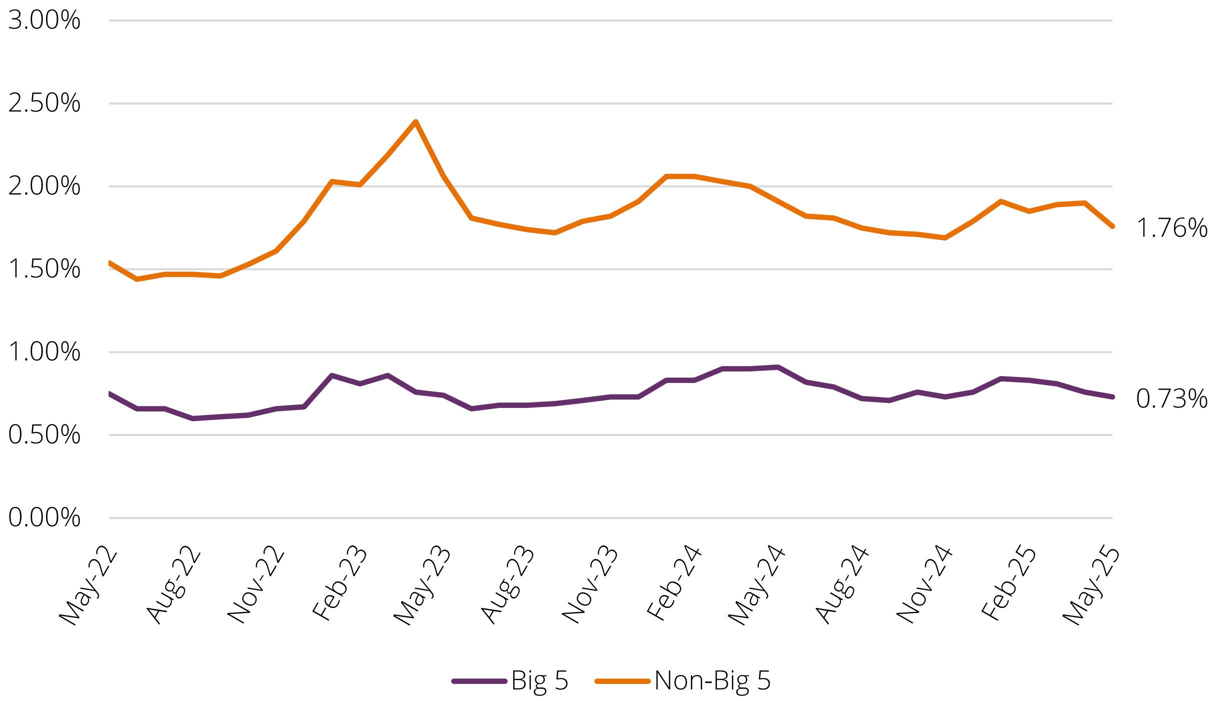
Year-on-Year Change: -11bps

Late-stage Credit Card arrears reduced by 3bps in May 2025, securing an 11bps improvement year-on-year. The reliable long-term trend is now holding beneath the 0.4% mark.

Both 'Big 5' and 'Non-Big 5' cohorts saw improvement in 30DPD+ Credit Card Arrears through May 2025

Credit Cards – 30DPD+ Arrears by Lender Cohort

Percentage of Accounts in Arrears



'Big 5' Arrears (30DPD+)

Month-on-Month Change: -3bps

Year-on-Year Change: -18bps

The long-term trend in 30DPD+ arrears for the 'Big-5' cohort continues to be relatively stable unlike other products. Roughly moving in line with seasonal trends, May 2025 saw another 3bps month-on-month decrease. This cohort continues to track well below the 'Non-Big-5' trends.

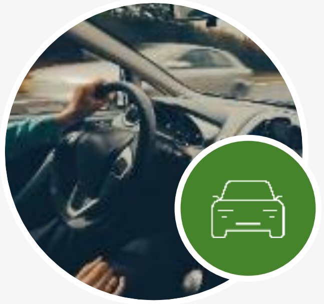
'Non-Big 5' Arrears (30DPD+)

Month-on-Month Change -12bps

Year-on-Year Change: -13bps

The 'Non-Big 5' also followed with a 12bps decrease month on month, achieving a 13bps gain when measured against the same period of the previous year.

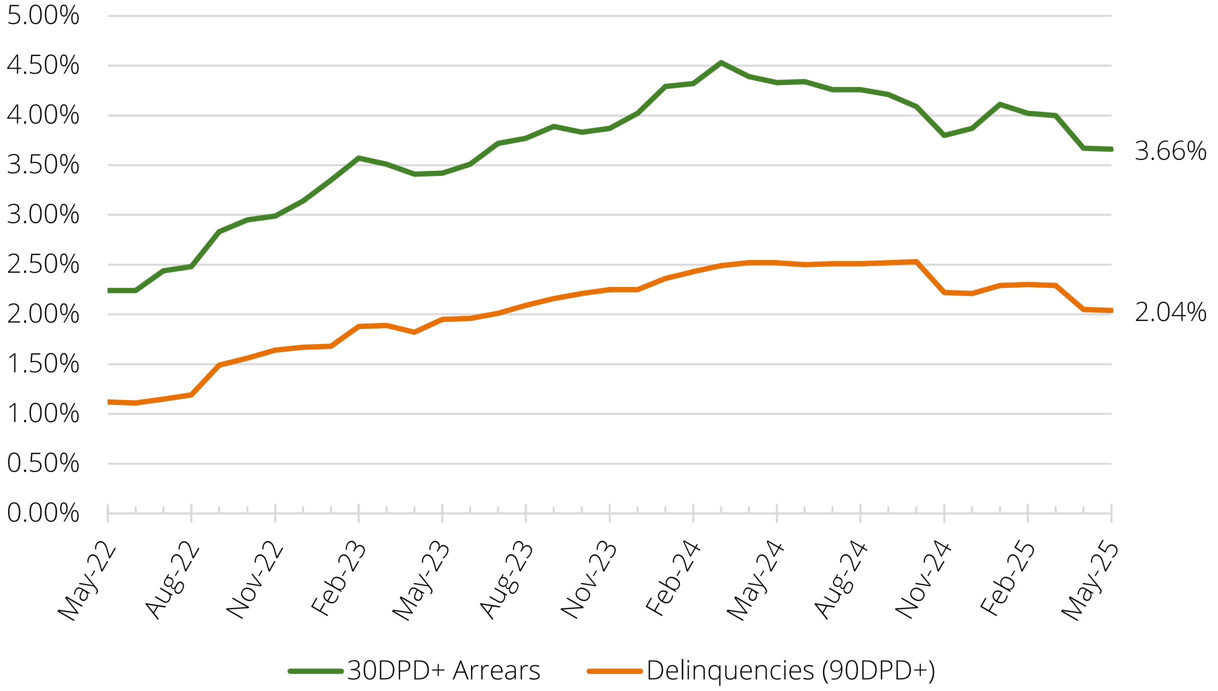
Auto Loans
Credit Health Insights



May 2025 saw little change, with both 30DPD+ and 90DPD+ arrears seeing nominal improvement through the month

Auto Loans – Overall Arrears

Percentage of Accounts in Arrears



30DPD+ Arrears

Month-on-Month Change: -1bps

Year-on-Year Change: -67bps

May 2025 saw a nominal 1bps reduction in Auto Loan 30DPD+ arrears. Despite little movement, it still fits with the general downward trend that has emerged since Q1 2024 (down 87bps since the peak).

Delinquent Accounts (90DPD+)

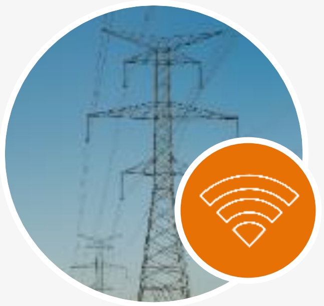
Month-on-Month Change: -1bps

Year-on-Year Change: -48bps

Auto Loan 90DPD+ arrears saw a nominal decrease again in May, building on the improvements seen since October 2024, and is down 48bps since the same time last year. However, we note that much of this improvement reflects heightened write-off activity in late 2024.

Utilities

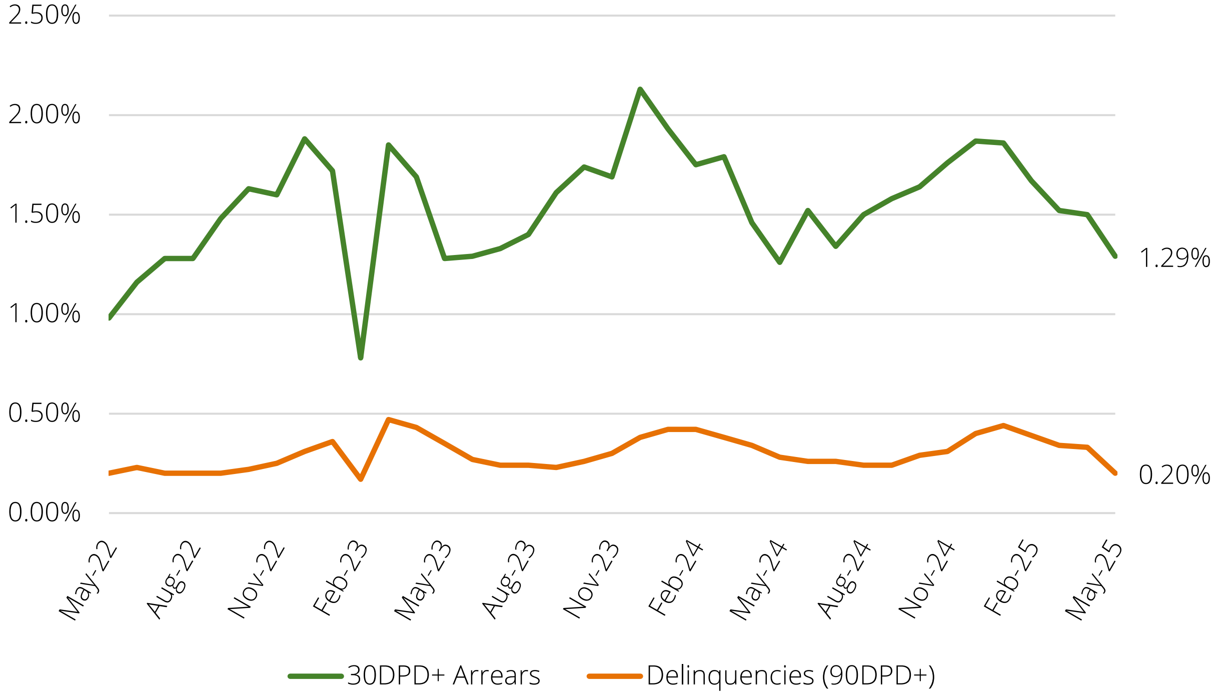
Credit Health Insights



Both 30DPD+ and late-stage utilities arrears saw further declines in May 2025, consistent with mid-year seasonal patterns

Utilities – Overall Arrears*

Percentage of Accounts in Arrears



30DPD+ Arrears

Month-on-Month Change: -21bps

Year-on-Year Change: +3bps

Delinquent Accounts (90DPD+)

Month-on-Month Change: -12bps

Year-on-Year Change: -8bps

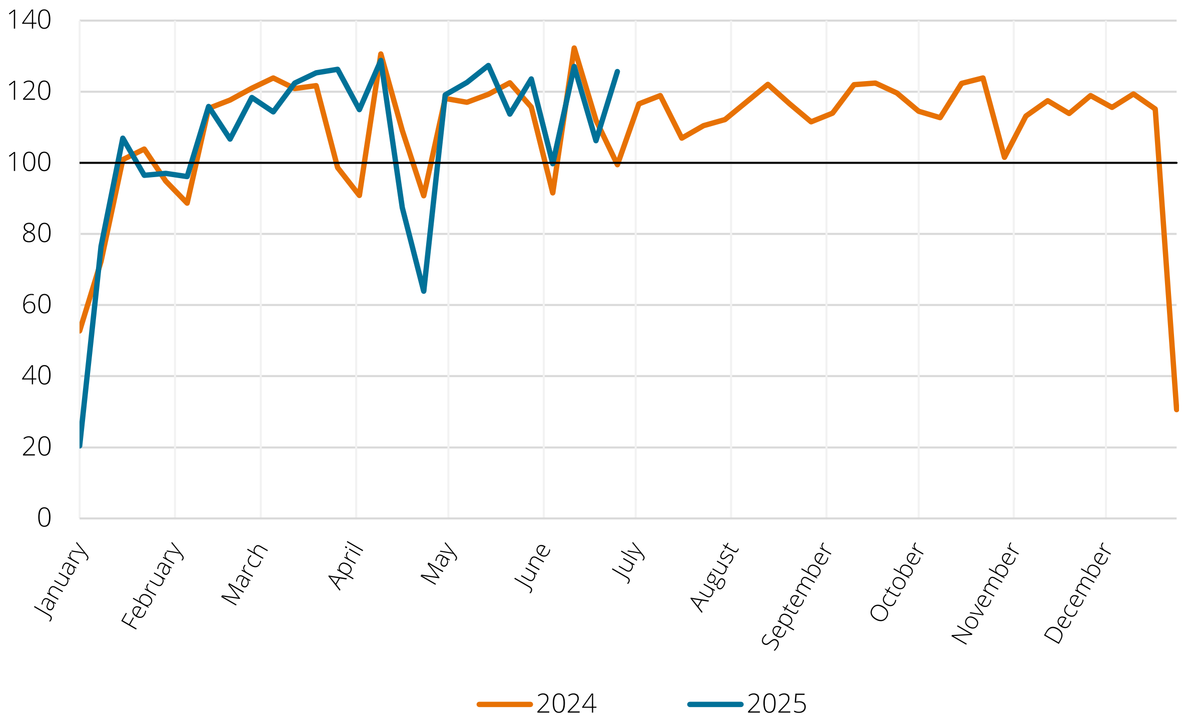
Commercial Credit

General highlights and credit demand.

Commercial Credit enquiries saw fluctuation in June due to the public holidays, but are consistent with last year's trends

Commercial Credit Demand – Weekly Enquiry Volume

Indexed Weekly, January 2020



Overall Commercial Credit Demand (to Week 26)

2025 Year-to-Date vs Same Period in 2024: +0.4%

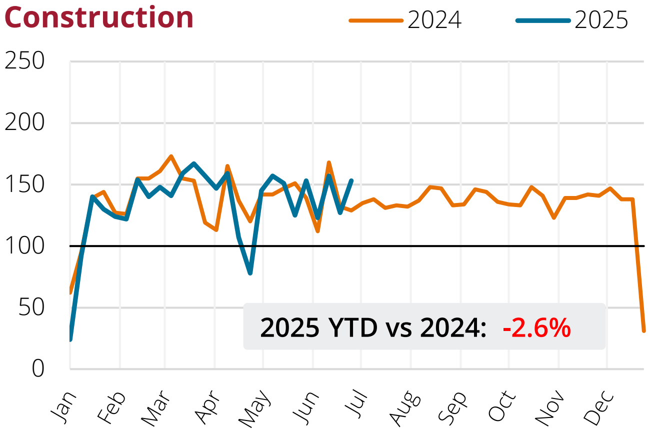
Halfway through the year and enquiry volumes are effectively on par with the first half of 2024 on a YTD basis.

As the next page illustrates, overall commercial enquiries are being buoyed by a substantial increase in credit enquiries from Rental, Hiring, and Real Estate borrowers. This uplift is likely driven by property investors capitalising on the prevailing lower interest rates.

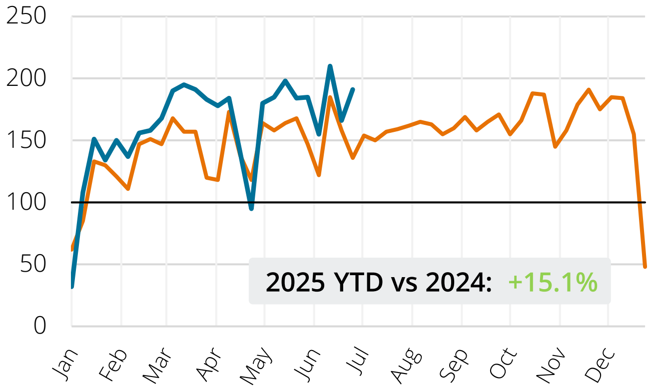
Enquiry volumes in the Construction sector remain subdued, decreasing 2.6% year-on-year. Additionally, the Transport, Postal & Warehousing sector and the Accommodation & Food sector have both faced significant YTD drops in enquiries this year.

Surging Rental & Real Estate enquiries show faster year-to-date growth, but this is likely driven by refinance activity

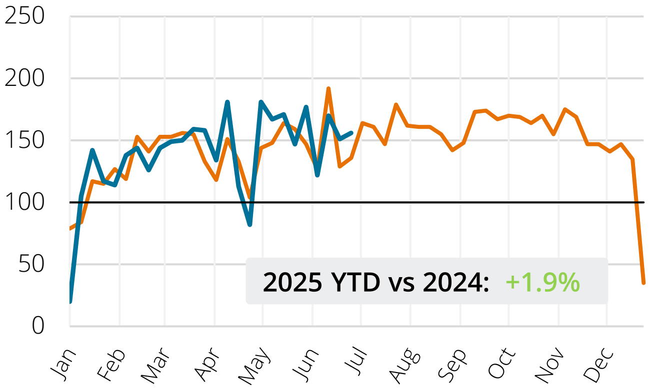
Construction



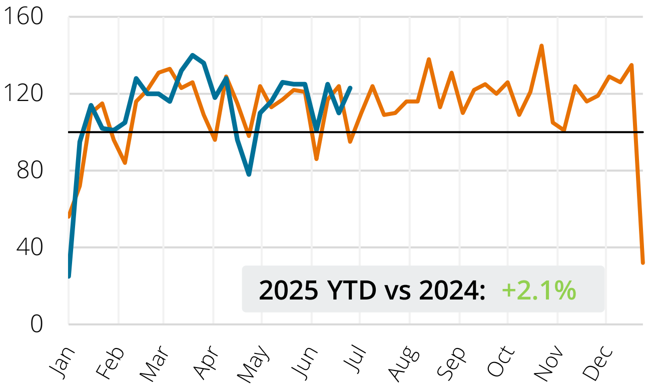
Rental, Hiring, & Real Estate



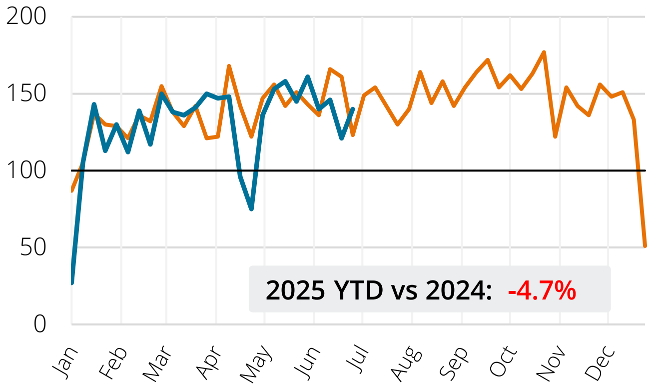
Retail Trade



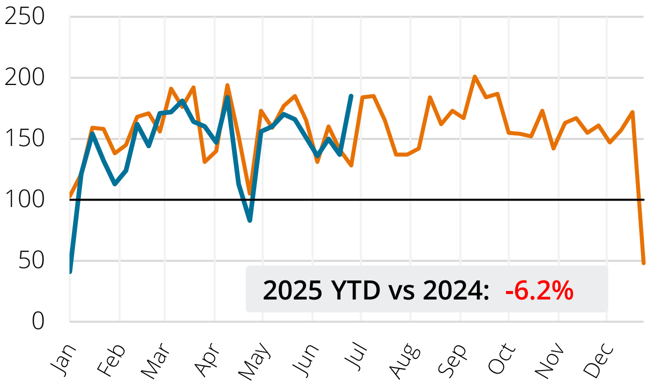
Prof, Scientific & Tech Services



Accommodation & Food

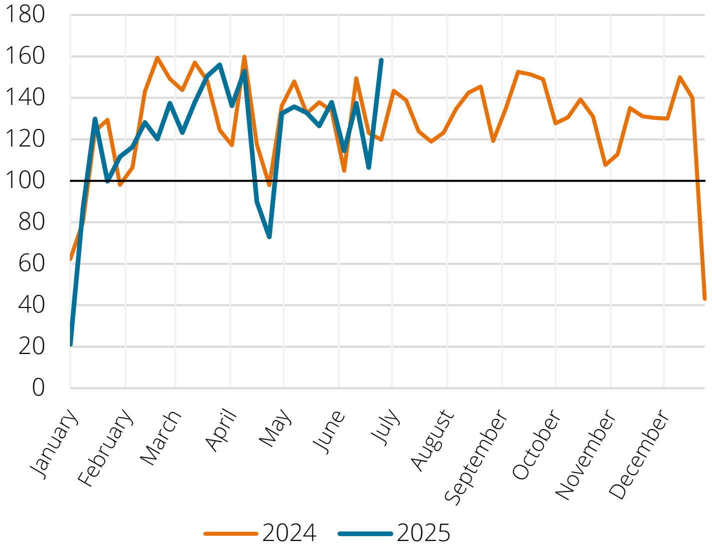


Transport, Postal & Warehousing

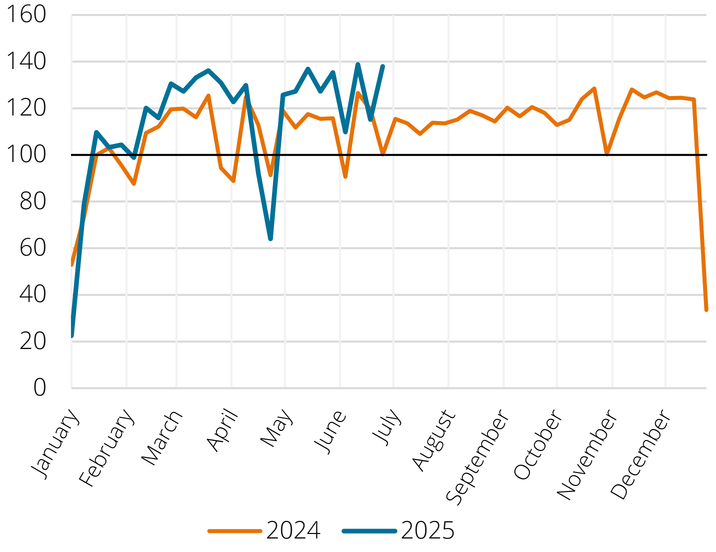


Business Loans continue to be the primary driver of overall commercial enquiry growth year-on-year, as other products decline

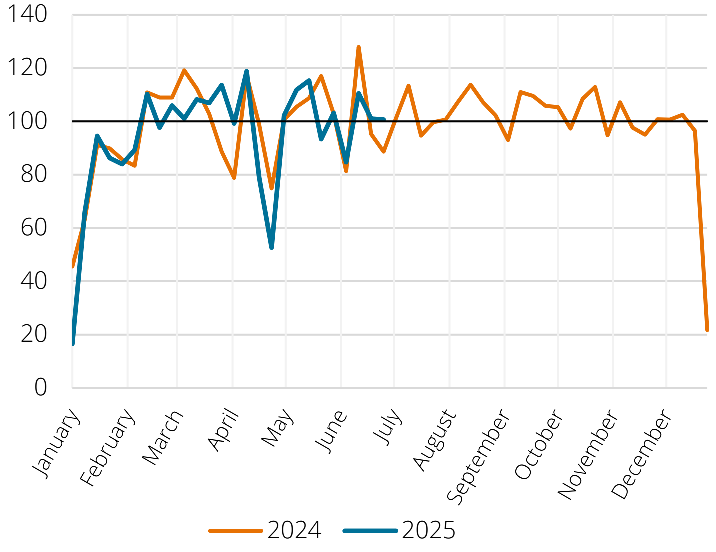
Asset Finance Demand Index
Indexed Weekly, January 2020



Business Loans Demand Index
Indexed Weekly, January 2020



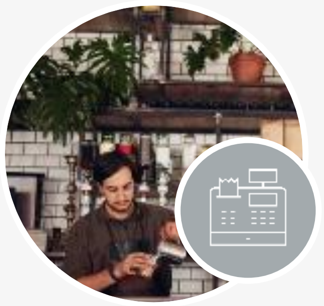
Trade Credit Demand Index
Indexed Weekly, January 2020



Asset Finance demand for 2025 YTD is 3.4% lower than the same period in 2024.

Business Loan demand for 2025 YTD is 9.7% higher than the same period in 2024.

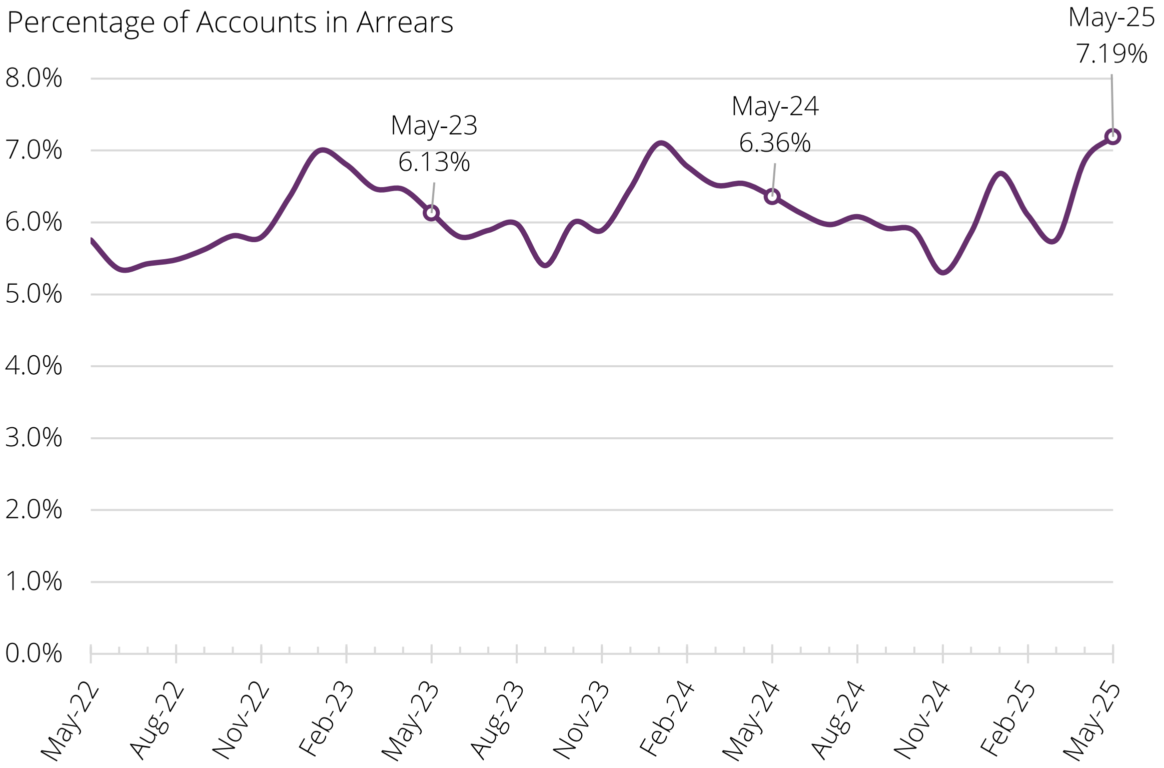
Trade Credit demand for 2025 YTD is 1.1% lower than the same period in 2024.



60DPD+ Trade Credit arrears saw month-on-month deterioration in May across all major sectors

Commercial Arrears (60DPD+)

Percentage of Accounts in Arrears



60DPD+ By Major Industry Sectors

Percentage of Accounts in Arrears

	May-25	MoM Change	YoY Change
Overall	7.19%	+32bps	+83bps
Construction	9.33%	+49bps	+122bps
Accommodation and Food	9.21%	+17bps	-125bps
Rental, Hiring & Real Estate	12.08%	+48bps	+475bps
Retail	6.47%	+11bps	-296bps
Professional & Technical Services	4.90%	+34bps	-8bps
Transport, Postal & Warehousing	5.93%	+58bps	-112bps

Global Credit Trends

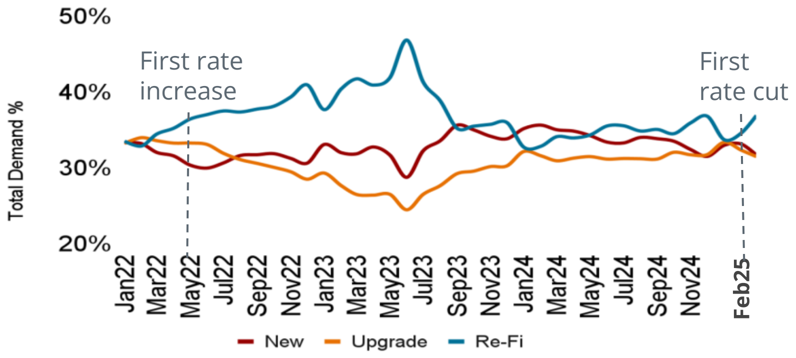
Global Consumer Credit Insights Report Q1 2025

Australia | Refinance resurges as borrowers capitalize on shifting economy

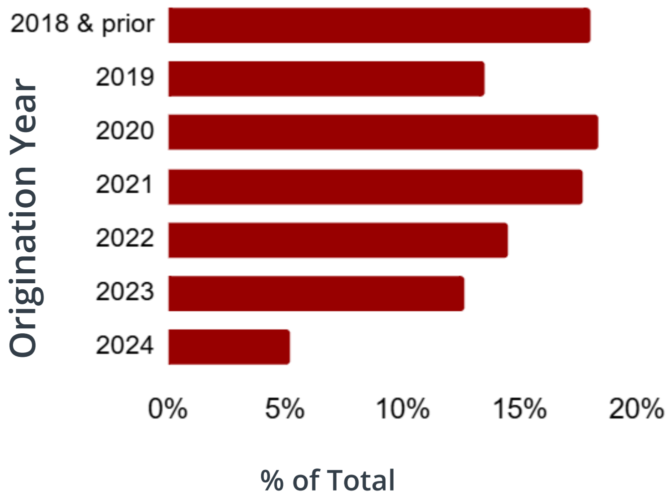
The first rate cut for Australia in over 4 years sparked a rapid acceleration in refinance activity in Q1'25, mirroring the impact of the initial interest rate decrease during Covid-19, which triggered a 10% surge within six months. External refinancing demonstrates a YoY increase exceeding 20% in March '25.

Most current mortgage refinance activity stems from loans issued during historically low interest rates, with investors comprising nearly 80% of the March '25 total and showing strong interest in the market, possibly expecting future rate decreases. Concurrently, Tier 2 and Mutual banks are gaining ground in this sector, significantly increasing their combined market share.

Proportion of demand by inquiry type



Q1'25 refinanced applications by year of origination



What does this mean for customers?

- The resurgence in demand creates significant opportunities for lenders to acquire new and risk-appropriate new customers, by strategically expanding mortgage portfolios through proactive marketing efforts aimed at consumers likely to refinance.
- Prioritize quality data to optimize loan conversions, ensuring confident risk and affordability assessments, especially given the ongoing challenges of the high cost of living for most Australian households.

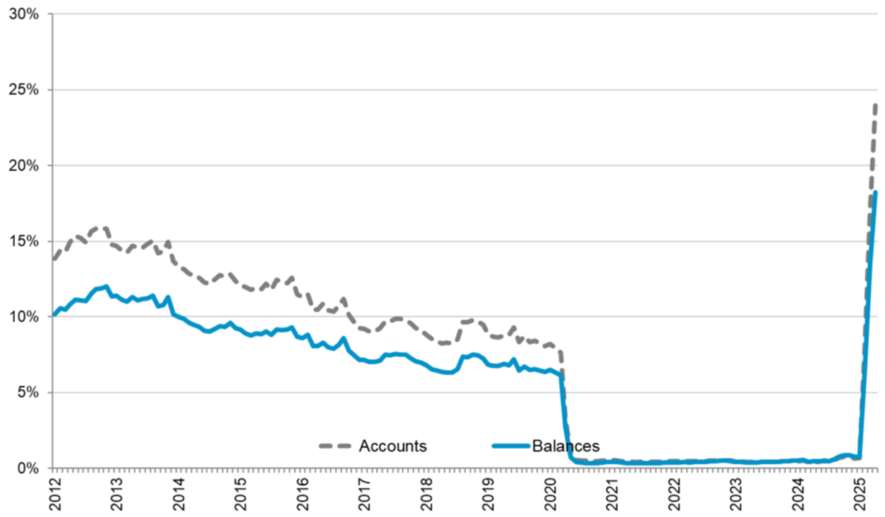
After 4 years of forbearance and a 1 year on-ramp to repayment period that ended in September ‘24, federal student loan delinquency reporting resumed. February ‘25 was the first month reflecting non-deferred delinquency, jumping to pre-pandemic (PP) numbers in both the unit 90+ days past due (dpd), as well as in the $ 90 dpd metric.

One month later, student loan delinquency continued to "catch up", doubling from February to March. Looking ahead into the first month of Q2’25 (April), the 90+ metrics are almost 3x the pre-pandemic numbers.

However, there are positive signs relating to student loans: in the Equifax U.S. National Consumer Credit Trends Report, reflecting March ’25, data, we have observed the following:

- Outstanding student loan balances are $1.315 trillion, a 13.1% decrease in total balances YoY.
- Outstanding student loan accounts stood at 147.8 million, a decrease of 17.3% YoY.

Severe Delinquency Rate
90+ Days Past Due (DPD)
or in Bankruptcy



What does this mean for customers?

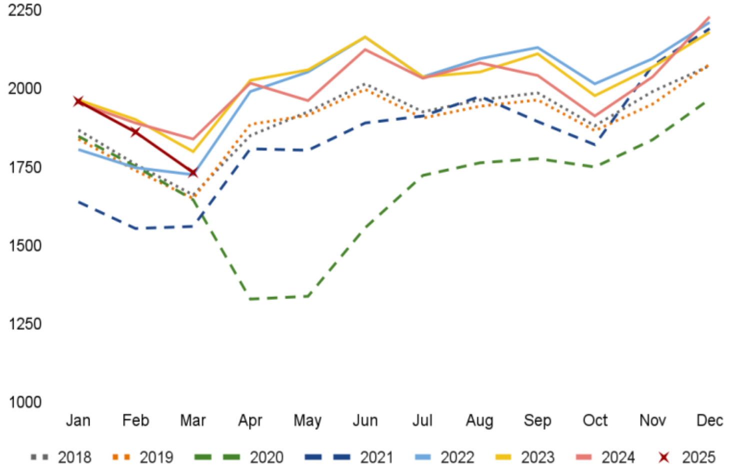
- It’s essential for lenders to understand evolving portfolio risks in the wake of these updates. Pressure testing portfolios can help better understand the impacts of student loan delinquency and what behaviors they should expect from borrowers based on past credit history.
- Consumers with accounts reported 90+ dpd could see a significant points drop in risk scores – limiting access to credit and making credit cards and loans even more expensive.

Source: Equifax Credit Trends; Data through April, 2025; Not seasonally adjusted

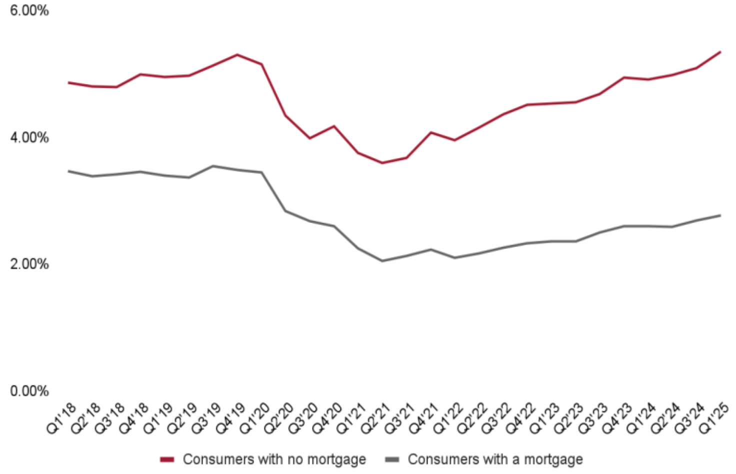
Economic uncertainty continued to impact credit usage and consumer financial health across Canada: Over 1.4 million consumers (1 in 22) missed at least one credit payment in Q1'25. Although mortgage holders experienced some stabilization thanks to steady interest rates, financial strain remained acute for non-mortgage consumers. Delinquency rates among non-mortgage holders rose 8.9% YoY, compared to 6.5% for mortgage holders.

Card spending slows but balances continue to rise: Average monthly credit card spend per card holder fell by $107 dollars during Q1'25, dropping to the lowest level since March '22. The average credit card pay rate decreased to 52.9% in Q1'25, down 32 bps. Younger consumers (under 35 years old) showed a more dramatic shift, with their average pay rate falling 392 bps from 62.9% to 58.9%.

Average credit card spend per credit card consumer (inflation adjusted)



Consumer Delinquency Rate: consumers with at least 1 missed payment



What does this mean for customers?

- Segmented Risk Strategies: Given the divergence in delinquency trends, strategies must be highly segmented to differentiate between mortgage and non-mortgage holders, and especially to address the increasing vulnerability of younger consumers.
- Proactive Portfolio Monitoring: The disconnect between slowing spending and rising debt/falling pay rates on credit cards signals that traditional spending metrics might not fully capture financial stress. Lenders should enhance monitoring for early signs of stress, such as declining pay rates and increasing utilization, even if spending volumes are down, particularly for high-risk segments.

The State of UK Consumer Finances

The latest Equifax data reveals a contrasting picture for UK consumers – on the one hand economic headwinds are hindering mortgage recovery, but on the other hand the previous year saw a notable increase in credit card activity, suggesting a shift in consumer confidence and behaviour. Similarly, despite increasing debt levels, repayment behaviours remained relatively stable throughout the year.

38%
Average monthly mortgage payment increase (since Jan '22)

58%
increase in average new mortgage repayment

Credit card debt up
4.5%
on pre-pandemic levels
£1,546 average per active card

11%
of new mortgages at loan terms >35 years

24%
drop in mortgage originations vs. 2022

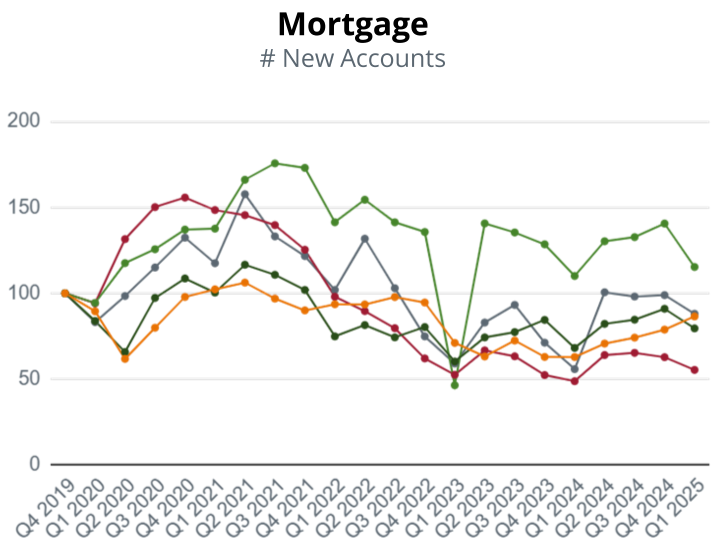
36%
of consumers using BNPL with an average of **£66** /mo

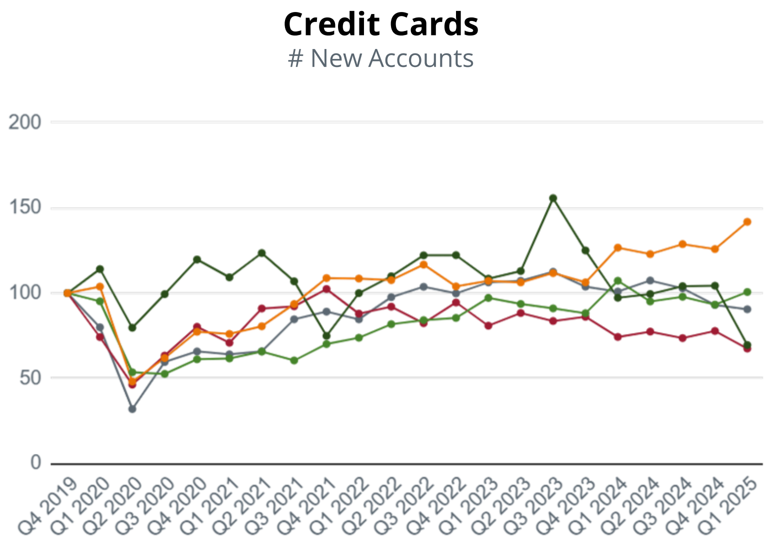
What does this mean for customers?

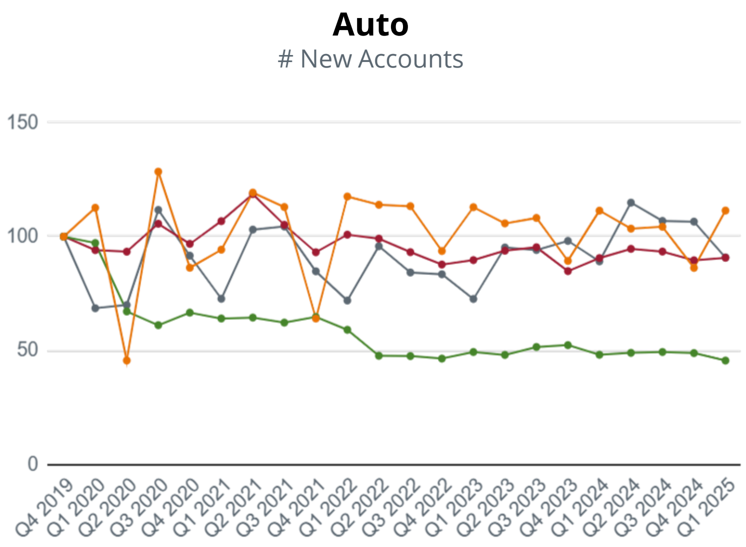
- To help foster a more resilient debt landscape, lenders can proactively identify consumers at risk of missing payments and engage with them sooner. Shortening the window between missed payments and active engagement can empower consumers to address financial challenges before they escalate.
- Use data and analytics to provide tailored support and solutions to understand individual consumer circumstances and offer appropriate support like tailored payment plans, or benefits assistance.

Demand

The mortgage market largely remains subdued. Growth in unsecured continues, partly driving by established price increases for some regions.







● US ● CA ● AR ● EC ● BR ● UK ● ES ● IN ● AU ● NZ

Demand

North America

Canada

New mortgage originations jumped 57.7% YoY in Q1’25, but most of this activity stemmed from renewals and refinancing. This reflects the onset of the so-called “Great Renewal,” as a wave of pandemic-era mortgages comes up for renewal.

Meanwhile, non-mortgage lending generally remained subdued. The notable exception was auto loans, primarily driven by a strong auto market as buyers moved to lock in purchases before anticipated price hikes.

South America

Argentina

Demand experienced a modest decrease relative to Q4’24, and is projected to remain stable.

Ecuador

Non-mortgage inquiries increased 7.8% compared to Q4’24, trending towards the levels of the prior quarter.

Brazil

In Q1’25, credit demand remained stable compared to the previous quarter.

Europe

Spain

Growth was predominantly driven by domestic demand, which expanded by 1.1% QoQ. Concurrently, the housing market experienced a strong upswing: mortgage registrations climbed 44.5% YoY, and the average mortgage amount increased by 14.3%, a positive trend now driving higher property sales and prices.

Asia & Oceania

Australia

Mortgage demand accelerated in Q1’25, driven by consumers seeking to refinance in the wake of interest rate changes. Investor activity currently dominates the refinance market, accounting for up to 80% of total inquiries in recent months.

New Zealand

Mortgage inquiries increased by increased by 18.7% YoY, driven largely by a competitive market and borrowers shopping around. Credit card inquiries saw a small increase over the same period, up 4.1% YoY.

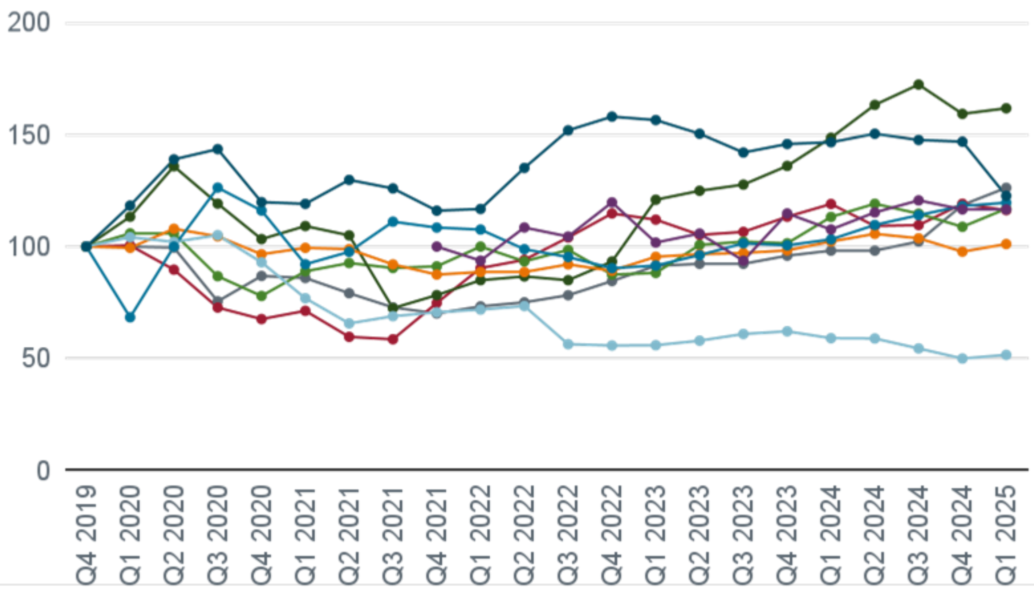
India

Mortgage demand continued to increase with a growth of 15% in demand compared to Q4’24.

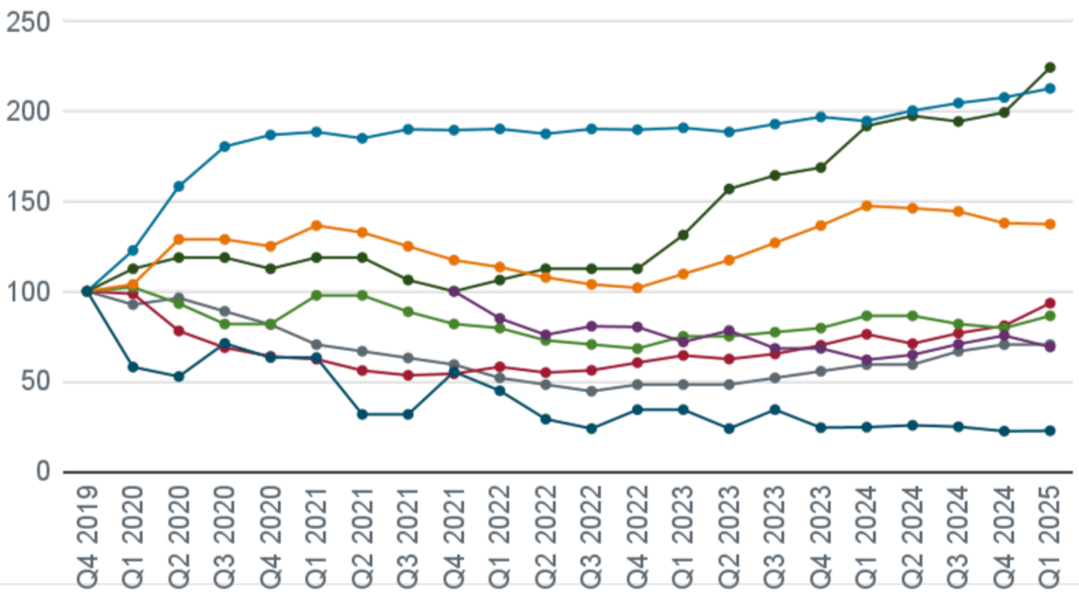
Delinquencies

Over the past several quarters, personal loan delinquency rates have shown a consistent increase across the majority of regions. Mortgage delinquencies are beginning to rise in several regions.

Personal Loans
90+ Delinquency (#)



Mortgages
90+ Delinquency (#)



US CA AR EC BR UK ES IN AU NZ

Delinquencies

North America

United States

Non-mortgage delinquencies have decreased YoY in key categories including installment balances (8%) and credit card accounts (6%). Mortgage balance delinquencies (0.79%) continue to climb to almost reach pre-pandemic levels (0.80%). Mortgage delinquent accounts (0.81%), while also increasing, are not as close to pre-pandemic levels (0.86%).

Canada

Delinquency rates across all credit products in Canada have now surpassed pre-pandemic levels. Ontario continued to remain a hotspot for financial stress in the country, experiencing the most pronounced increase in these rates. Notably, significant increases were also observed among younger consumers, particularly for credit card and auto loans.

South America

Argentina

Early signs of increase in defaults are starting to show, associated with the increase of credit lending.

Ecuador

Personal loan delinquency has continued to increase since 2024, driven by the economic downturn.

Europe

United Kingdom

Following on from positive delinquency trends at the back end of 2024, Q1’25 has demonstrated a more mixed picture, with modest increases in delinquency levels observed across certain account types.

Oceania

Australia

While the number of account delinquencies is stable compared to last year, the dollar amounts in delinquencies are rising for most credit types. A significant increase in mortgage delinquencies over 90 days past due indicates borrowers with larger loans are struggling to repay, causing a pronounced accumulation of debt.

New Zealand

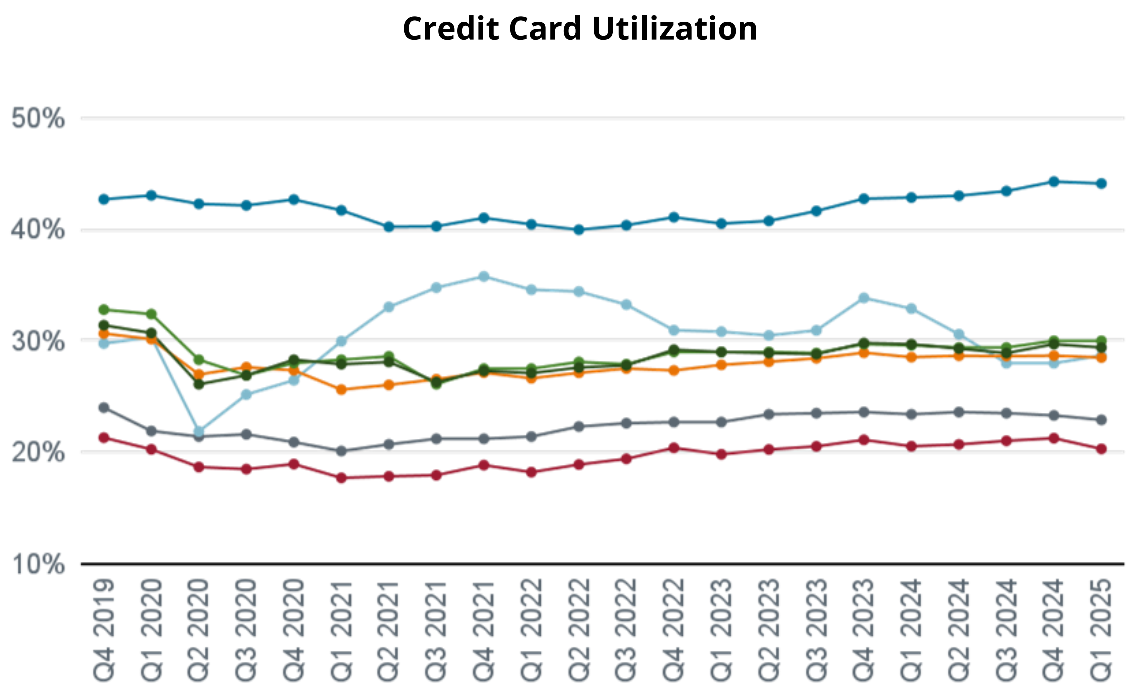
Late-stage mortgage delinquencies are up a nominal 5bps YoY, but a slow upwards trend is persistent. Deterioration in other products has leveled off, with YoY movements either being roughly on par or below Q1’24.

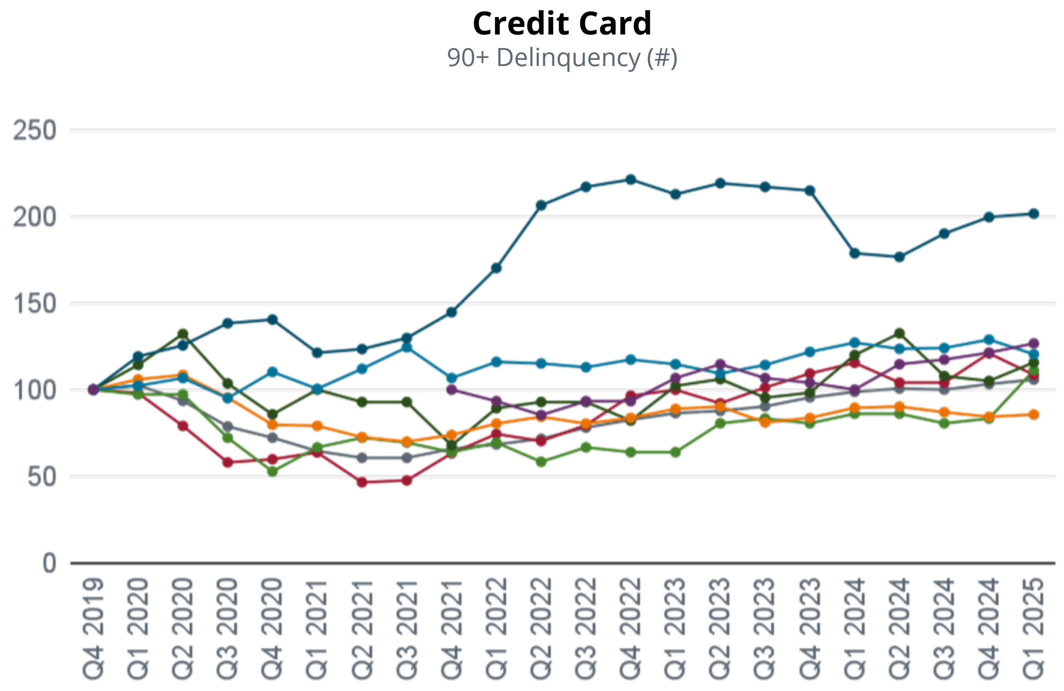
India

Mortgage delinquency saw a 3 bps decline YoY. Non-mortgage loans saw a 82 bps decline across products.

Credit Cards

Card delinquencies are trending upwards, past pre-pandemic levels in most countries.





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