



# Consumer Credit Demand Index

By Equifax, 2022 Q4

# Preface

*Equifax Australia has an over 50-year history of Credit Reporting in Australia and was established in 1967.*

*Today Equifax is the largest Credit Report Bureau in Australia helping customers and financial institutions.*

*The CCDI provides Australians with a comprehensive and authoritative sources of credit demand information within the public interest.*

*Equifax is a leading provider of Credit Related Research and Insights for the Australian Market and provides data & insights products & services for Credit, Identity, Fraud, Marketing, and Human Resource.*

The Quarterly Consumer Credit Demand Index by Equifax measures the volume of credit card and personal loan applications that go through the Equifax Consumer Credit Bureau by financial services credit providers in Australia. Credit applications represent an intention by consumers to acquire credit and in turn spend; therefore, the index is a lead indicator. This differs to other market measures published by the RBA which measure credit provided by financial institutions (i.e. balances outstanding).

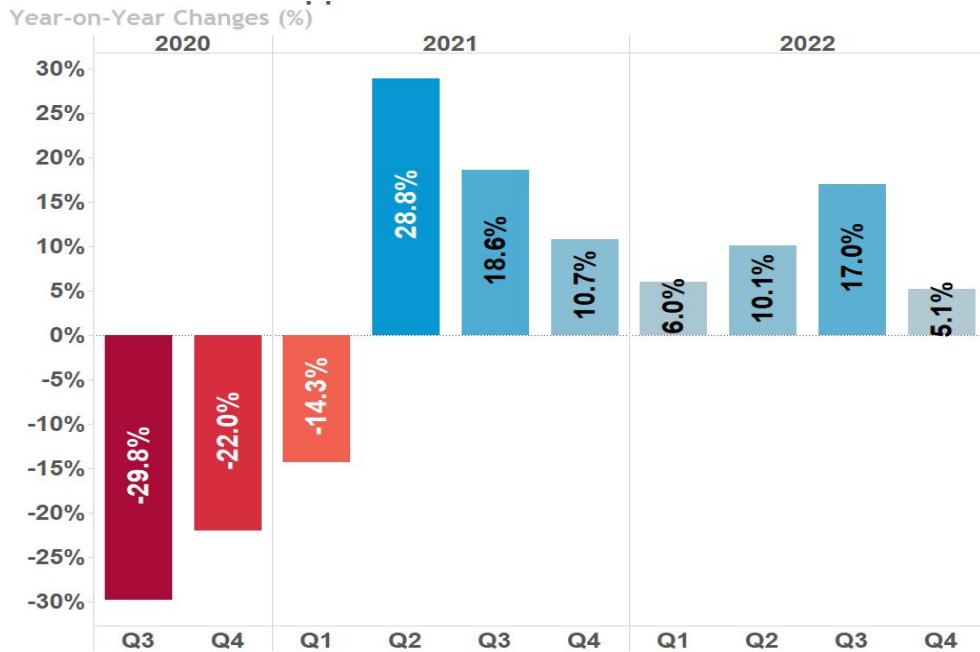
## Release Notes 2022-12-31:

- *Quarterly change figures against Q4 2020 have been included on top of Q4 2022 to provide a comparison against pre-pandemic level volumes.*
- *Revised color scheme used on the Consumer Macro Credit Demand view, so that growth is indicated in blue whereas decline is indicated in red.*
- *Revised color scheme used on BNPL Generations view to make it easier to distinguish between generations.*
- *Recreated the Telco and Utility Credit Demand view to show indexed volume rather than indexed 12-month moving average volume for ease of interpretation.*

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# Consumer Macro Credit Demand

By QTR vs previous year



Macro Credit Demand represents an intention by consumers to acquire credit and in turn spend; therefore, the index is a lead indicator for consumer spend.

This differs to other market measures published by the RBA which measure credit provided by financial institutions (i.e. balances outstanding).

Overall consumer credit demand

**5.1% (YoY 2021)**

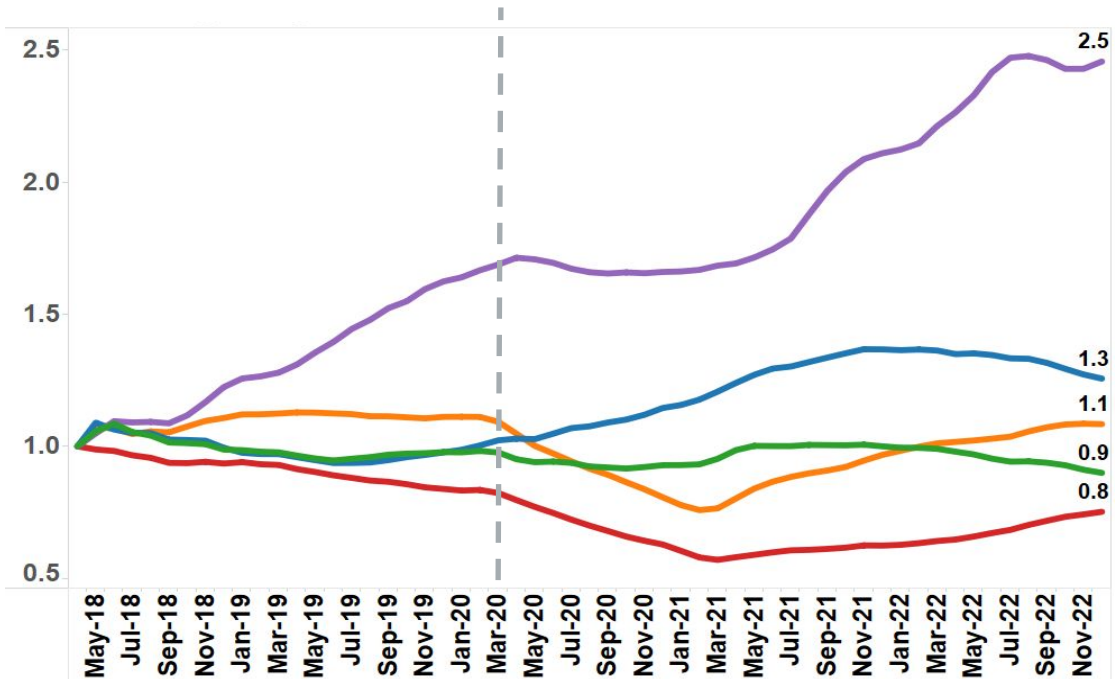
**16.4% (YoY 2020)**



#### Note:

- Consumer Credit Demand Index is derived from Credit Card, Personal Loan, Auto Loan and Buy Now Pay Later enquiry volumes aggregated over the quarter.
- CCDI quarterly volume is a comparison against the same quarter in the previous year.

- Total consumer credit demand improved in 2022Q4 by 5.1% vs. 2021Q4.
- Credit Demand has increased by 16.4% compared to the Q4 2020 when the nation was grappling with the impact of COVID on the economy.



- Mortgage demand decreased in Q4 2022 after multiple cash rates rises from May 22 to Dec 22. Demand is expected to keep adjusting downwards as the market is expecting further tightening.
- Unsecured credit showed strong demand growth. Credit card demand grew 21.3% and Personal loan demand increased 4.8% compared to Q4 2021. A mixture of factors contributing to growth in unsecured lending, such as return of international travel and increasing cost of living pressures.
- BNPL growth slowed down and reached the same level as Q4 2021 as demand for traditional loan products returned to consumers.

\*ABS, Australian National Accounts: National Income, Expenditure and Product, Quarterly estimates of key economic flows in Australia, including gross domestic product (GDP), consumption, investment, income and saving

## Quarterly Demand Change (vs Same Qtr 2021/2020)

Mortgage  
-16.1% / -8.7%



Credit Card  
21.3% / 13.4%



Buy Now Pay Later  
-0.2% / 26.4%



Personal Loan  
4.8% / 28.7%




Auto Loans  
-14.4% / -17.1%

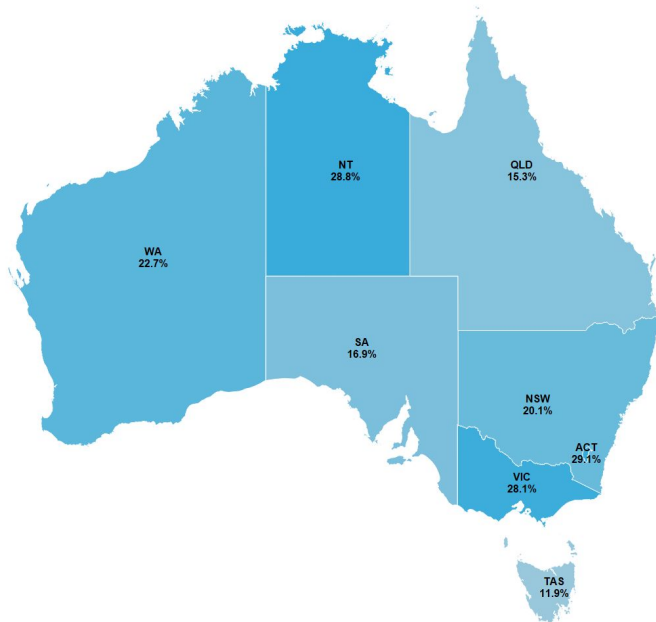


## Demand: Credit Card (vs Same Quarter 2021)

**DEMAND**  
Credit Card  
Increased by  
21.3%% YoY



In Q4 2022, Credit Card demand was up by 21.3% compared with Q4 2021. Strong credit card demand increased across all states in Q4 2022 as travel increases in holiday season.



- ACT recorded the highest credit card demand (29.1%) in 2022Q4.
- All the states registered high growth in demand in CC 2022Q4.
- Increase in travel this holiday season has led to a strong increase in demand for credit cards.

# Arrears: Credit Card

**ARREARS**

**Credit Card Arrears decreased 0.1% QoQ**

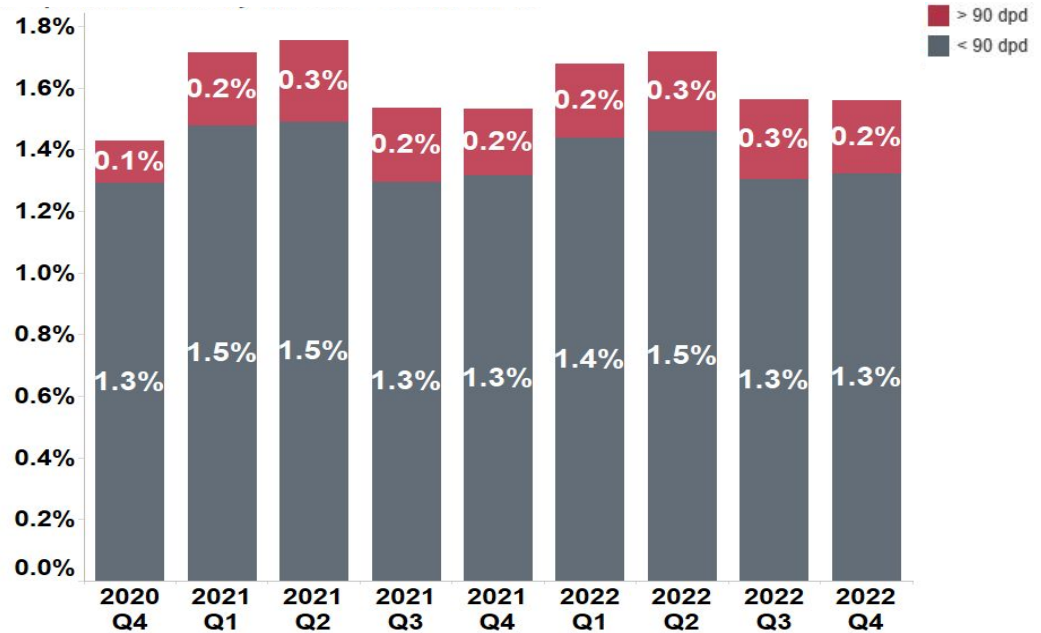


Credit card arrears remained at similar levels compared to the same time last year but higher than 2020Q4. At the time, Australia saw the highest household savings ratio\* of 20.3% in comparison to the current quarter of 8.7%.

Note: All CCR providers have supplied RHI only until November 2022

- Credit card arrears for more than 90 days remain same of open accounts in Q4 from during 2022 Q4.
- Arrears less than 90 days remained at 1.3% compared to 2022 Q4.

\*Source- ABS,

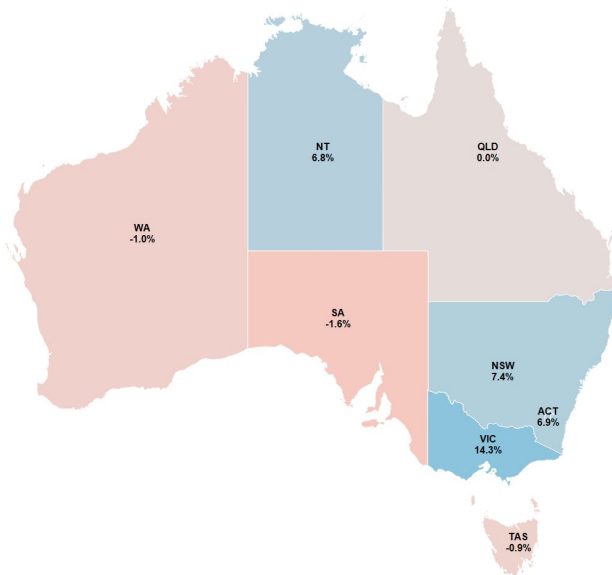


# Demand: Personal Loan (vs Same Quarter 2021)

**DEMAND**  
**Personal Loan**  
**Increased**  
**+4.8% YoY**



In Q4 2022, Personal Loan demand increased by 4.8% as compared to Q4 2021. Personal Loan demand has been gradually increasing throughout 2022.



\*Source: Equifax

- Similar to last quarter VIC shows high growth in demand (14.3%)
- SA and WA experienced marginal reduction in demand vs. Q4 2021
- QLD personal loan demand maintained same levels as same quarter in the prior year



# Arrears: Personal Loan

**ARREARS**

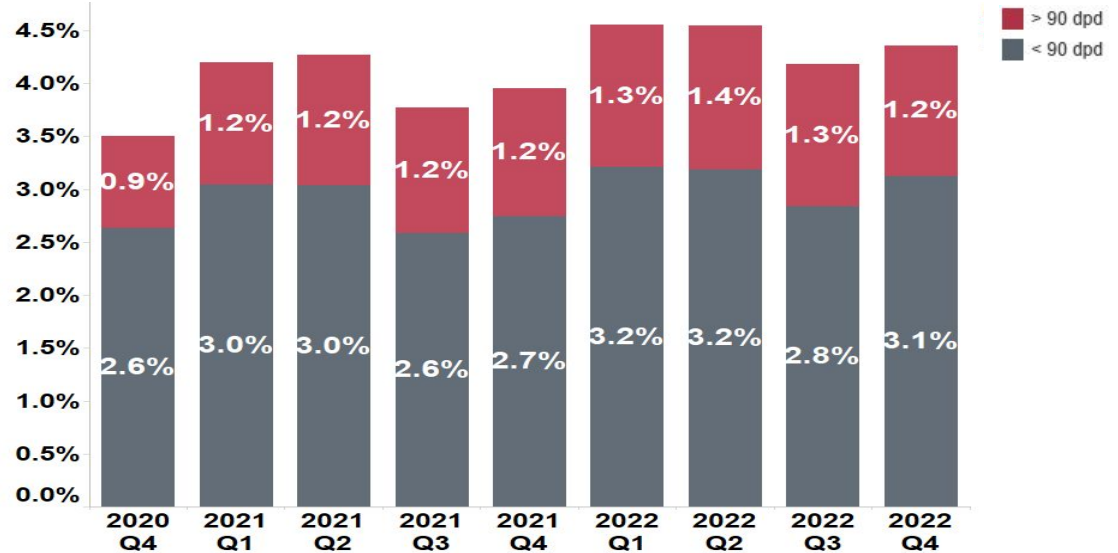
**Personal Loan Arrears increased 0.2% QoQ**



Under 90 days arrears in personal loan increased by 0.4% compared to 2021Q4. This is likely to rise in the first half of 2023, due to the after-effects of the holidays season and increasing cost of living pressures. Unsecured arrears also continue to grow in similar markets like the UK, US and Canada.

Note: All CCR providers have supplied RHI only until November 2022

- Personal loan arrears under 90 days increased from 2.7% for 2021 Q4 to 3.1% for 2022 Q4.
- Arrears over 90 days have similar level as 2021Q4.



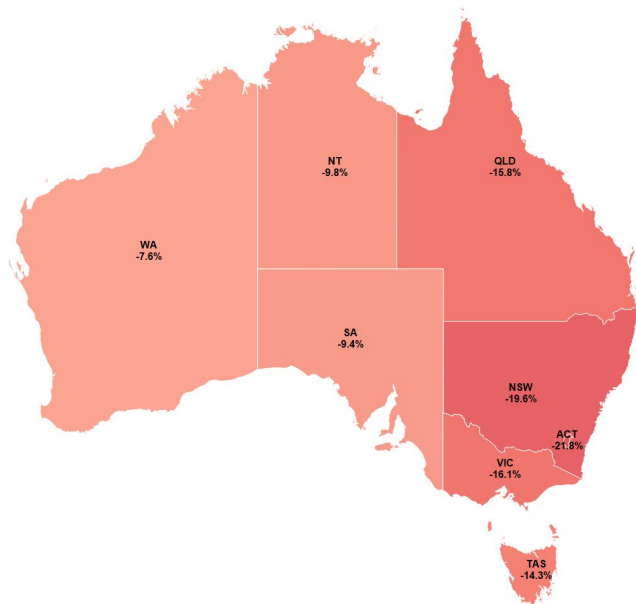
# Demand: Mortgages (vs Same Quarter 2021)

**DEMAND**

Mortgage  
Decreased  
-16.1% YoY



Q4 2022 has seen a decline in mortgage demand. Higher interest rates and rising cost of living are leading to a decrease in mortgage demands. Demand is falling quarter on quarter across all states, with ACT falling the most followed by NSW.



- National mortgage demand fell 16.1% compared to 2021 Q4.
- Sharpest fall in mortgage demand in ACT, falling 21.8% compared to same quarter last year. Followed by NSW, falling 19.6%, and VIC falling 16.1%.
- Western states not as affected by reducing mortgage demand as eastern states in Q4 2022

# Arrears: Mortgages

**ARREARS**

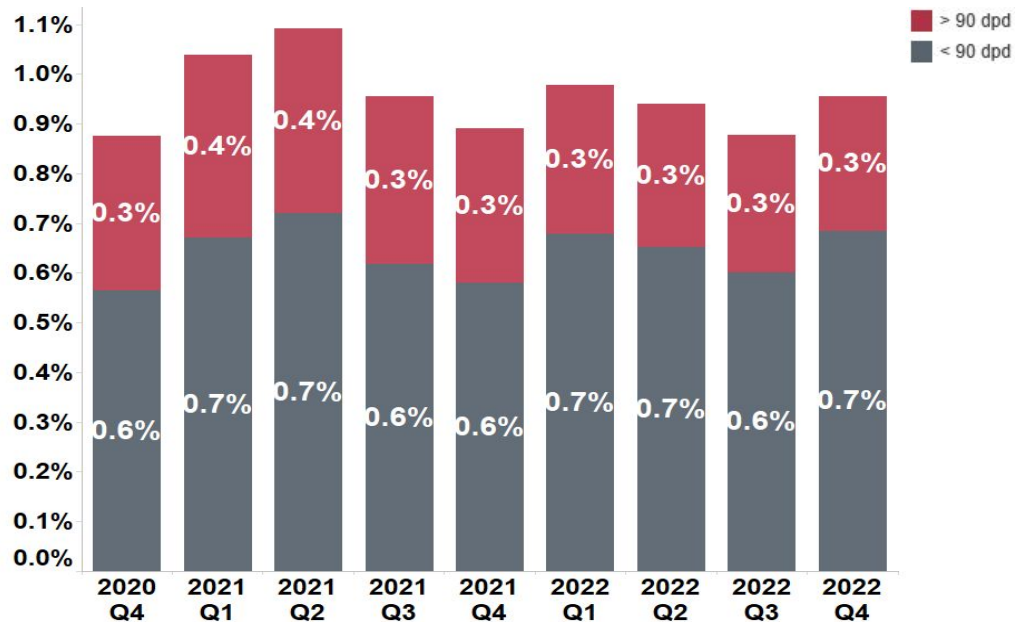
**Mortgage Accounts in Arrears increase 0.1% QoQ**



Mortgage arrears slightly higher than same quarter last year. RBA cash rate increases since April 22 starting to impact mortgage arrears to date.

Note: All CCR providers have supplied RHI only until November 2022

- Mortgage arrears over 90 days look similar as 2021 Q4.
- Arrears under 90 days increased QoQ from 0.6% to 0.7%



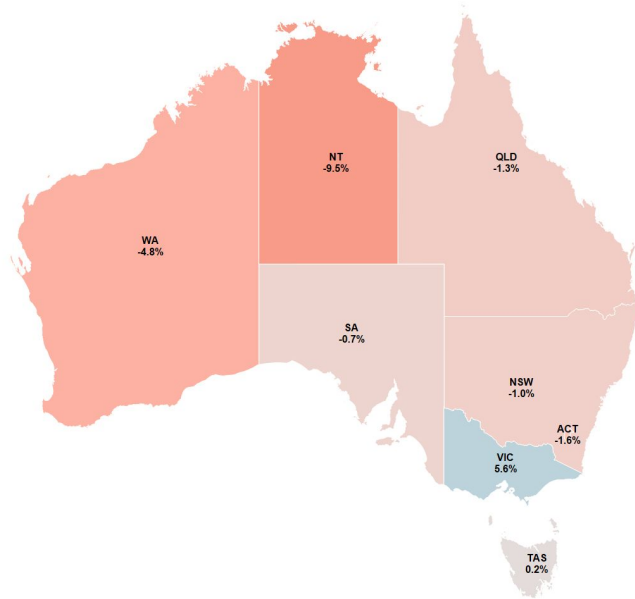
## Demand: Buy Now Pay Later (vs Same Quarter 2021)

**DEMAND**

Buy Now Pay Later  
Decreased  
-0.2% YoY



BNPL demand slowed down in 2022 Q4 and marginally declined over 2021 Q4 level as consumer demand shifts more towards a positive cashflow focus. All states have shown reduction in demand for BNPL except VIC.




- VIC showed highest demand among all states and NT showed highest shortfall followed by WA.
- Number of new BNPL entrants have slowed down over the past 6 months suggesting that the segment is reaching saturation.

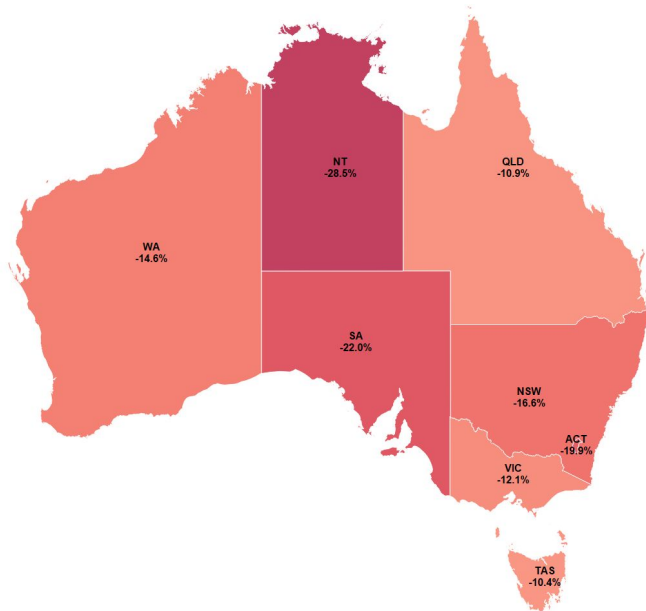
## Demand: Auto Loan (vs Same Quarter 2021)

**DEMAND**

Auto Loans  
reduced by  
-14.4% YoY



Auto loan demand decreased by 14.4% in 2022Q4 as compared to the same quarter in 2021. Varying rates of growth across different states.



- NT saw the greatest decreased at 28.5%, followed by SA 22.0%, ACT 19.9%, NSW 16.5%, and WA 14.6%.

# Definitions/ Key Terms

Macro Credit Demand (previously Credit applications)	Macro Credit Demand represents an intention by consumers to acquire credit and in turn spend; therefore, the index is a lead indicator. This differs to other market measures published by the RBA, which measure credit provided by financial institutions (i.e. balances outstanding).
Personal Loan	Includes account types such as Personal Loan Revolving and Personal Loan Fixed excluding Buy Now Pay Later subscribers. *For improved quality and accuracy, there has been a series recalibration, affecting data beginning Q3 2016 until present. Also, Buy Now Pay Later subscribers have been removed from the Personal Loan Portfolio.
Credit Card	Includes account types Credit Card & Charge Card. *For improved quality and accuracy, there has been a series recalibration, affecting data beginning Q3 2016 until present.
Mortgage	Includes account type Real Estate Mortgage.



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