



# June Credit Indicator



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

## Arrears and liquidations persist as uncertainty for remainder of 2024 looms

In the latest GDP figure announcement, we saw a small return to growth following two quarters of technical recession.

However, many commentators believe this is unlikely to make any material, tangible difference for Kiwi households.

The challenging economic climate continues to persist. For example, we saw consumer arrears climb last month – largely driven by telco and mortgage repayments – as pressure from the cost-of-living crisis endures.

Despite falling in April, we've also seen auto arrears gradually increase over the last few years, another sign economic pressures are continuing to impact people's larger, more substantial repayment obligations.

On the other hand, the proportion of households behind on energy payments has slightly decreased, which is an encouraging sign as we enter the chilly winter months.

The demand for credit continues to subside and non-mortgage lending is down year-on-year for the May quarter.

However, residential mortgage lending is up over the same period, which could be a signal the housing market is starting to warm up as average values decline, and buyers begin to take advantage of the conditions.

On the business side, we've seen company defaults and liquidations rise in May with 233 companies placed in liquidation – the highest May figure recorded since 2014.

Year-on-year, all sectors have seen liquidations rise with retail trade companies experiencing the largest increase annually followed by the property/rental and transportation sectors.

While we've observed an increase in liquidations across the country, there's been a significant increase in the rate of South Island companies going into liquidation over the first quarter of 2024 when compared to the same period last in 2023.

Business credit defaults have also risen year-on-year, which further points to the overarching economic tension being experienced across the country as weaker consumer demand flows through to impacting businesses.

There's plenty of uncertainty about the future, with many anticipating the challenging conditions to persist well into 2025.

For anyone who is feeling the pinch, it's important to seek advice early to help get through without impacting their future financial wellbeing.

**Keith McLaughlin**  
Managing Director

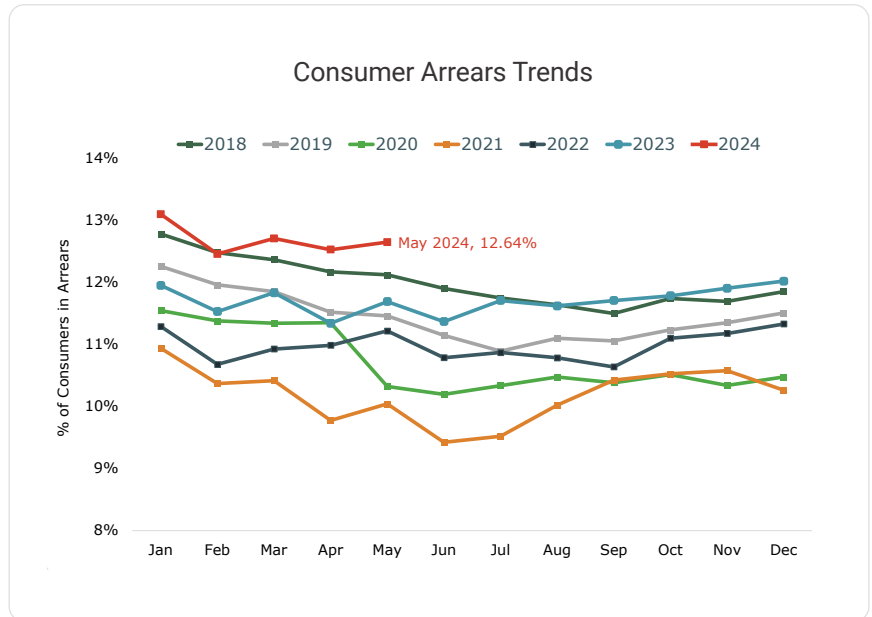


## Arrears begin to climb again

The number of consumers falling behind on payments increased by 16,000 in May, with arrears tracking 8.2% higher year-on-year.

Percentage wise, the number of consumers reported in arrears in May rose to 12.64% of the credit active population (up from 12.52% in the month prior), which translates to 474,000 people behind on payments (compared to 458,000 in April).

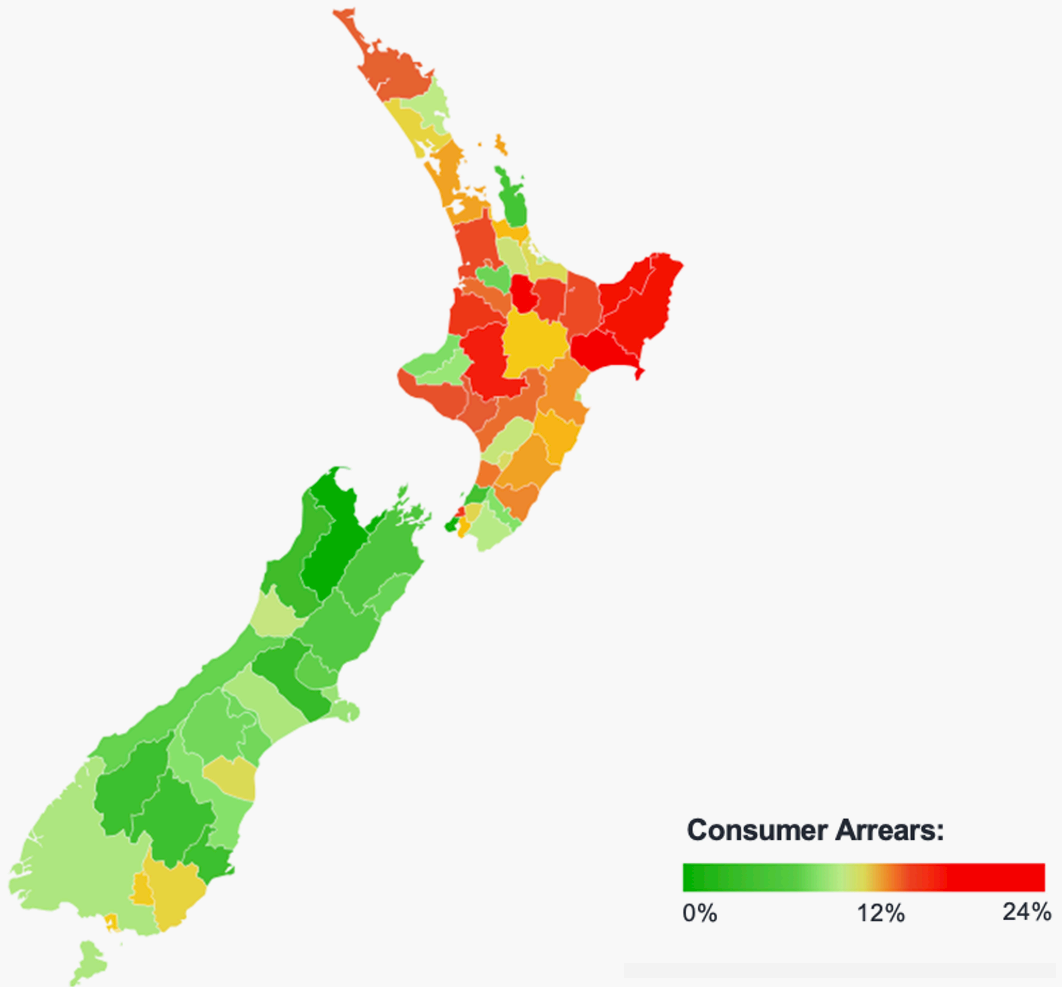
Of these, 173,000 consumers are currently 30+ days past due, and 114,000 are at 60+ days in arrears. Encouragingly the number of people with non-performing loans (90+ days behind on their payments) has fallen to 90,000, unchanged year-on-year.



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May 2024	1+ Days in Arrears	30+ Days in Arrears	60+ Days in Arrears	90+ Days in Arrears
<b># Consumers</b>	474,000	173,000	114,000	90,000
<b>% Credit Actives</b>	12.64%	4.63%	3.05%	2.42%
<b>vs May 2023</b>	+8.2%	+8.5%	+3.9%	-0.3%
<b>vs May 2021</b>	+25.9%	+34.9%	+29.2%	+21.6%
<b>vs May 2019</b>	+10.4%	+13.3%	+8.5%	+3.8%
<b>vs May 2017</b>	+3.3%	+4.6%	+0.2%	-9.0%

## Consumer arrears across the country



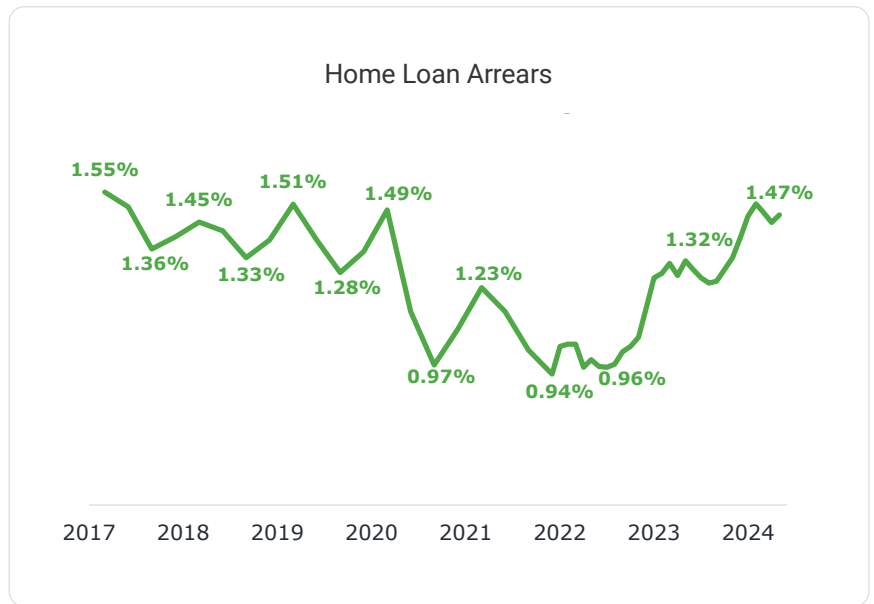
Lowest Arrears Areas	
District	Arrears %
1 Nelson City	9.16%
2 Tasman District	9.42%
3 Wellington City	9.77%
4 Selwyn District	10.54%
5 Dunedin City	10.63%
6 Central Otago District	10.63%
7 Hurunui District	10.69%
8 Buller District	10.82%
9 Marlborough District	10.88%
10 Kapiti Coast District	10.93%

Highest Arrears Areas	
District	Arrears %
1 Wairoa District	18.33%
2 Kawerau District	17.78%
3 South Waikato District	17.06%
4 Ruapehu District	17.02%
5 Gisborne District	17.01%
6 Opotiki District	16.73%
7 Rotorua District	16.19%
8 Porirua City	15.97%
9 Waitomo District	15.84%
10 Waikato District	15.08%

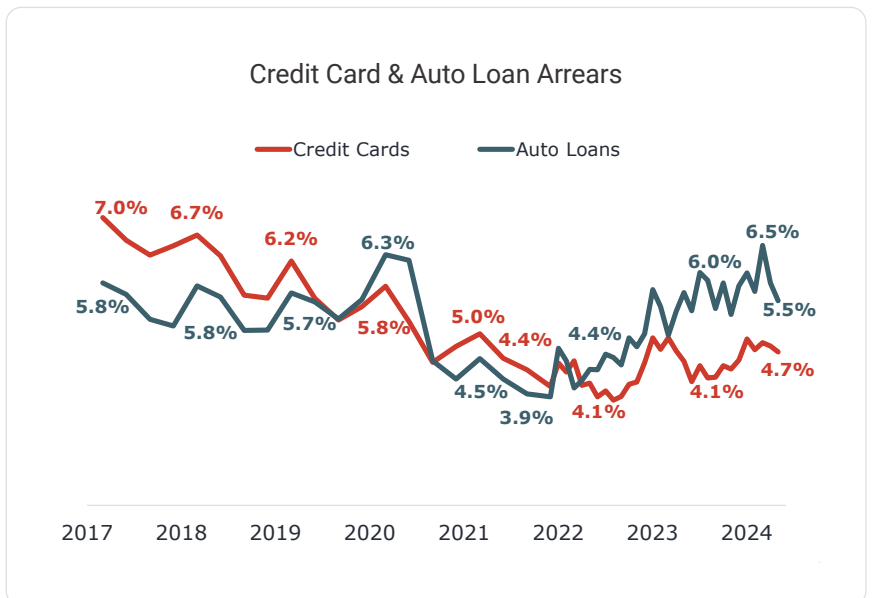
## Mortgage arrears up slightly, credit card and auto arrears down

Mortgage arrears rose slightly in May, with 22,000 home loans now past due - up 12% year-on-year and a return to 2019 pre-pandemic levels.

On the other hand, vehicle loan arrears dropped to 5.5% in May (compared to 5.7% in 2023), while credit card arrears fell to 4.7% in May and remain below historical levels.



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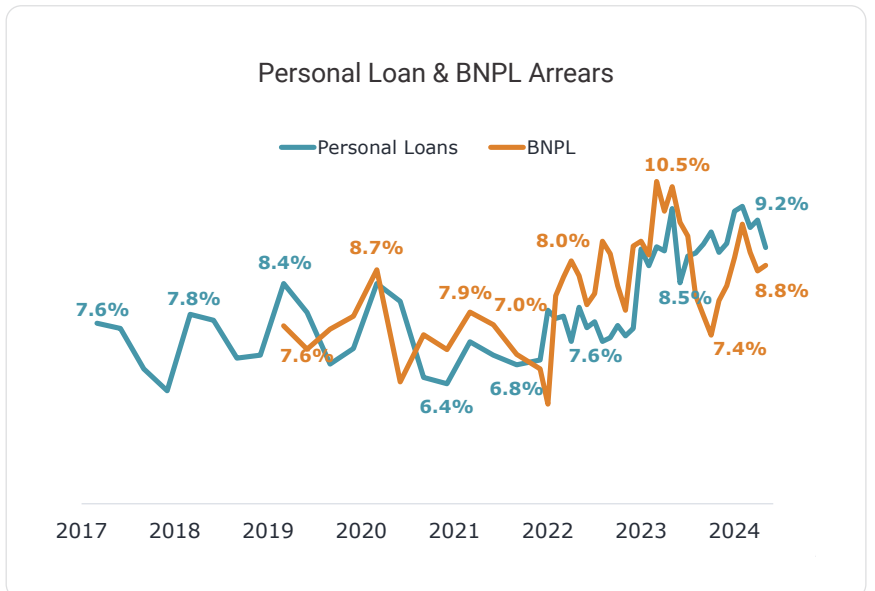
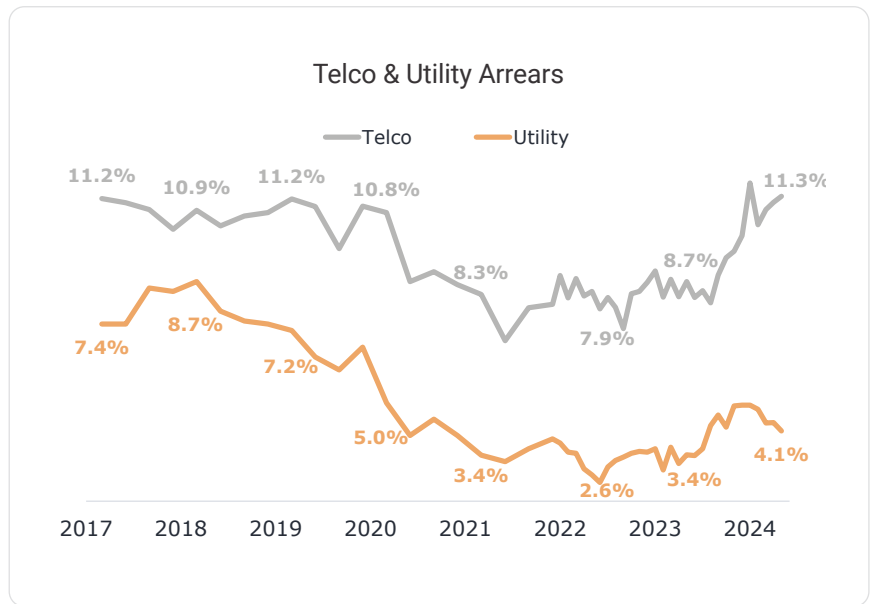


## Energy payment arrears improve ahead of winter

The number of households behind on energy payments has improved in May, dropping to 4.1% of accounts nationwide. This is an encouraging sign as we head into the cooler winter months.

Furthermore, personal loan arrears also improved in May (down to 9.2%). However, Buy Now, Pay Later (BNPL) arrears rose slightly to 8.8% in May.

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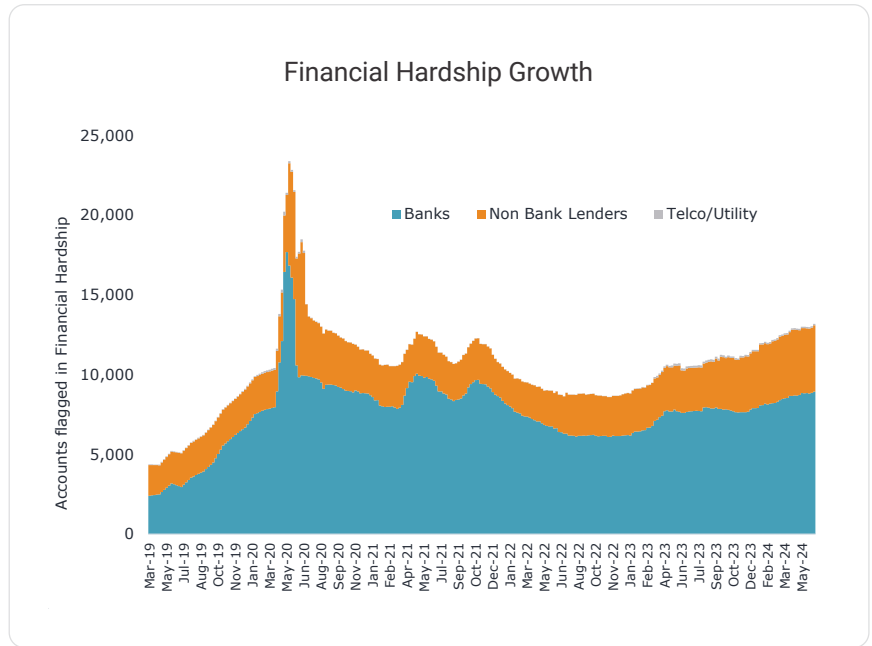


## Hardships up year-on-year

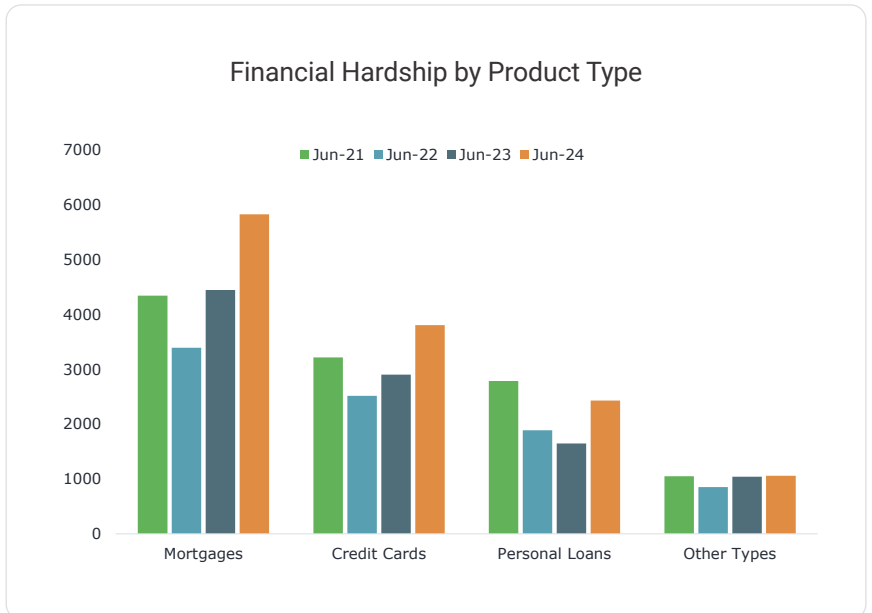
There are currently 13,150 accounts reported in financial hardship, up 25% year-on-year. This figure has been rising since November 2022 as the cost-of-living crisis continues to bite Kiwi households.

Mortgages repayment difficulties make up almost half of these hardships (44%), alongside credit card debt (29%) and personal loan repayments (19%).

The highest rate of financial hardship is seen for those aged between 35 and 39 years old.



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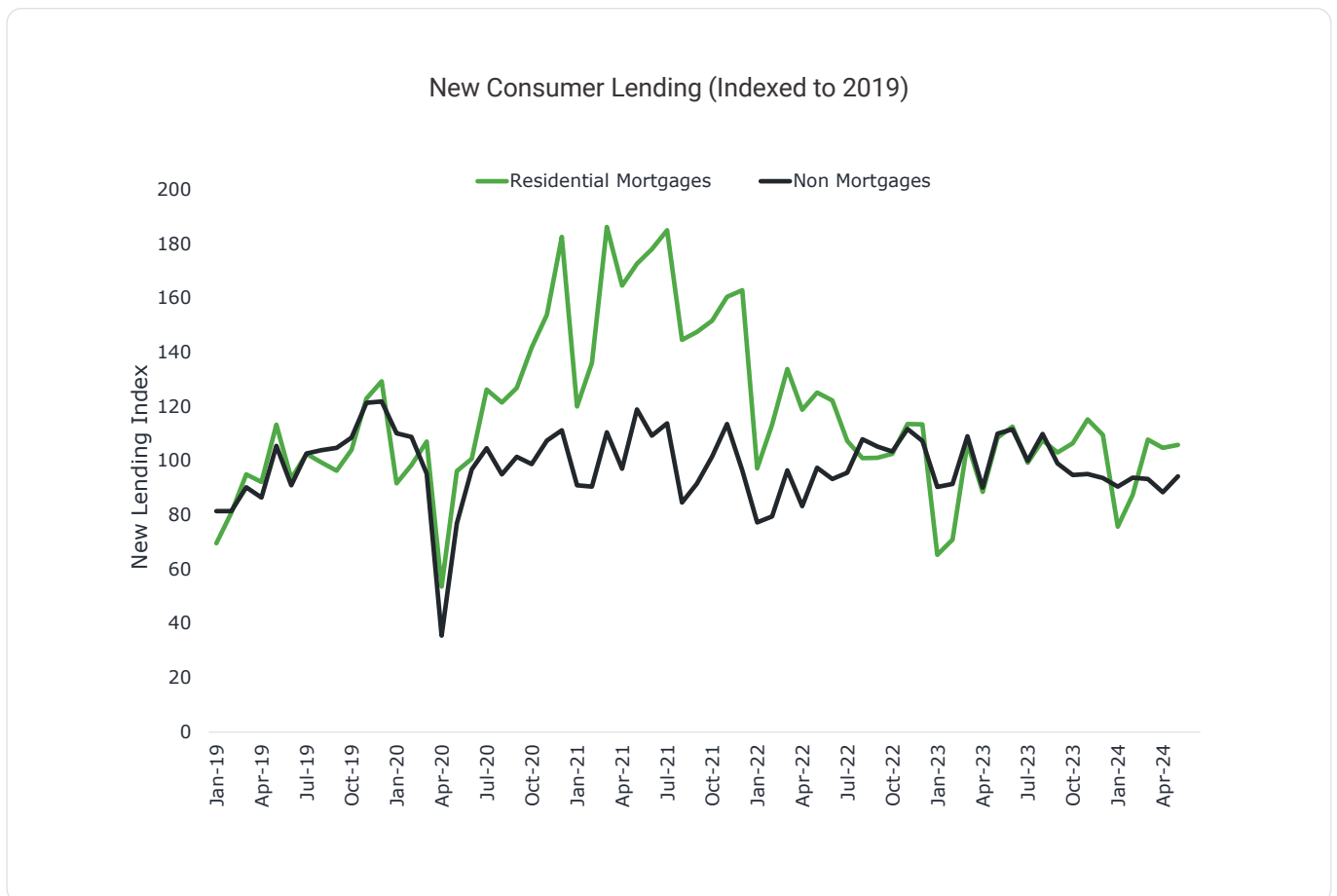


## Mortgage lending up year-on-year

Looking to lending, new residential mortgage lending for the May quarter was 4.9% higher than the same period last year – but still 39% lower than the same period in 2021 during the property market boom.

Furthermore, non-mortgage new lending (credit cards, vehicle/personal loans, BNPL and overdrafts) is down 10.7% year-on-year, impacted significantly by the lower volume of new car sales compared to 2023.

Overall new household lending is 3.3% higher on a year-on-year basis..



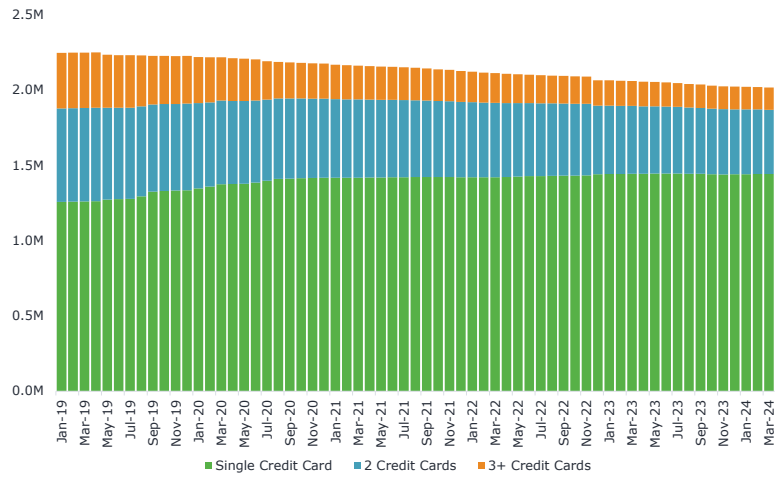
*New residential mortgage lending for the May quarter was 4.9% higher than the same period last year – but still 39% lower than the same period in 2021 during the property market boom.*

## Credit card spotlight

In New Zealand, there are 2,000,000 consumers currently holding an active personal credit card, with 115,000 new accounts opened in the last 12 months. This was up 4,000 on the prior year, but lower than the 250,000 new accounts opened in 2019.

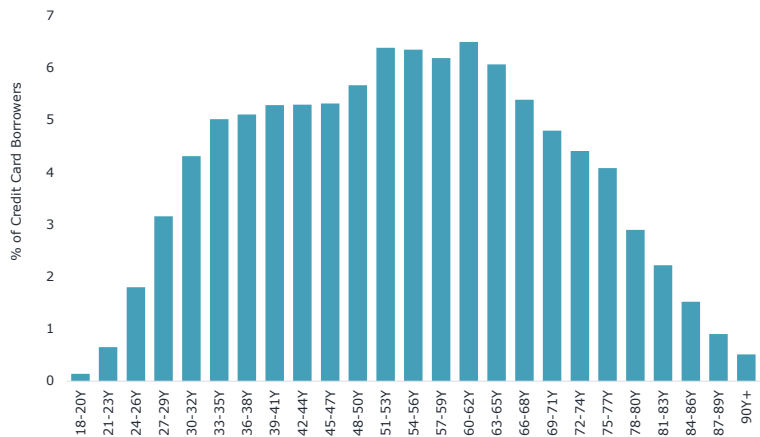
The average credit limit is \$7,716 – up 4.1% (up over \$300) since the beginning of 2020. Additionally, the average age of a credit card user in New Zealand is 54.9 years old (up 3.5 years since the beginning of 2020).

### Number of Credit Card Borrowers



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### Credit Card Borrowers: Age Profile





## Company insolvencies, liquidations continue to climb

There were 269 company insolvencies in May 2024 - compared to 161 in May 2023 – with 23% of insolvencies occurring in the construction sector, followed by property/hiring (16%) and hospitality (10%).

Furthermore, company liquidations are on the rise across the country, up 22% year-on-year. There were 233 companies placed into liquidation in May 2024 – the highest May total since 2014.

Reporting Month	April-24	May-24
Total number of company insolvencies	203	269
Number of companies placed into liquidation	193	233
Number of company receiverships	8	19
Number of voluntary administrations	2	17
Top Industry Sectors	Construction (22%)	Construction (23%)
	Property (17%)	Property (16%)
	Prof Services (9%)	Hospitality (10%)
	Manufacturing (7%)	Wholesale (9%)
	Services (6%)	Prof Services (7%)
	Wholesales (6%)	Retail Trade (7%)

Source: Centrix business data






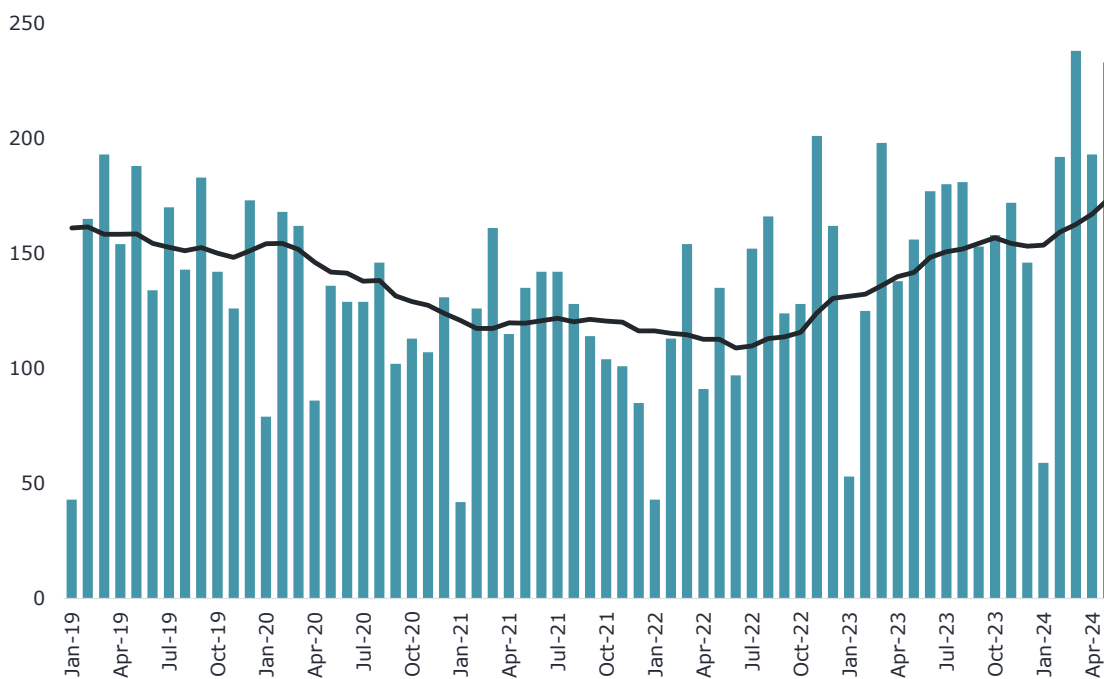
Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
 Construction	+9%	+22%	759 ↓	+9%	2.1X
 Hospitality	+16%	+2%	743 ↓	+25%	2.2X
 Retail Trade	+16%	+20%	770 ↓	+44%	1.2X
 Transport	+8%	+28%	732 ↓	+34%	1.9X
 Property / Rental	+15%	+41%	816 ↓	+37%	0.8X
All Sectors	+13%	+17%	789 ↓	+22%	1.0X

Table above shows year-on-year comparisons using 12 month rolling averages.

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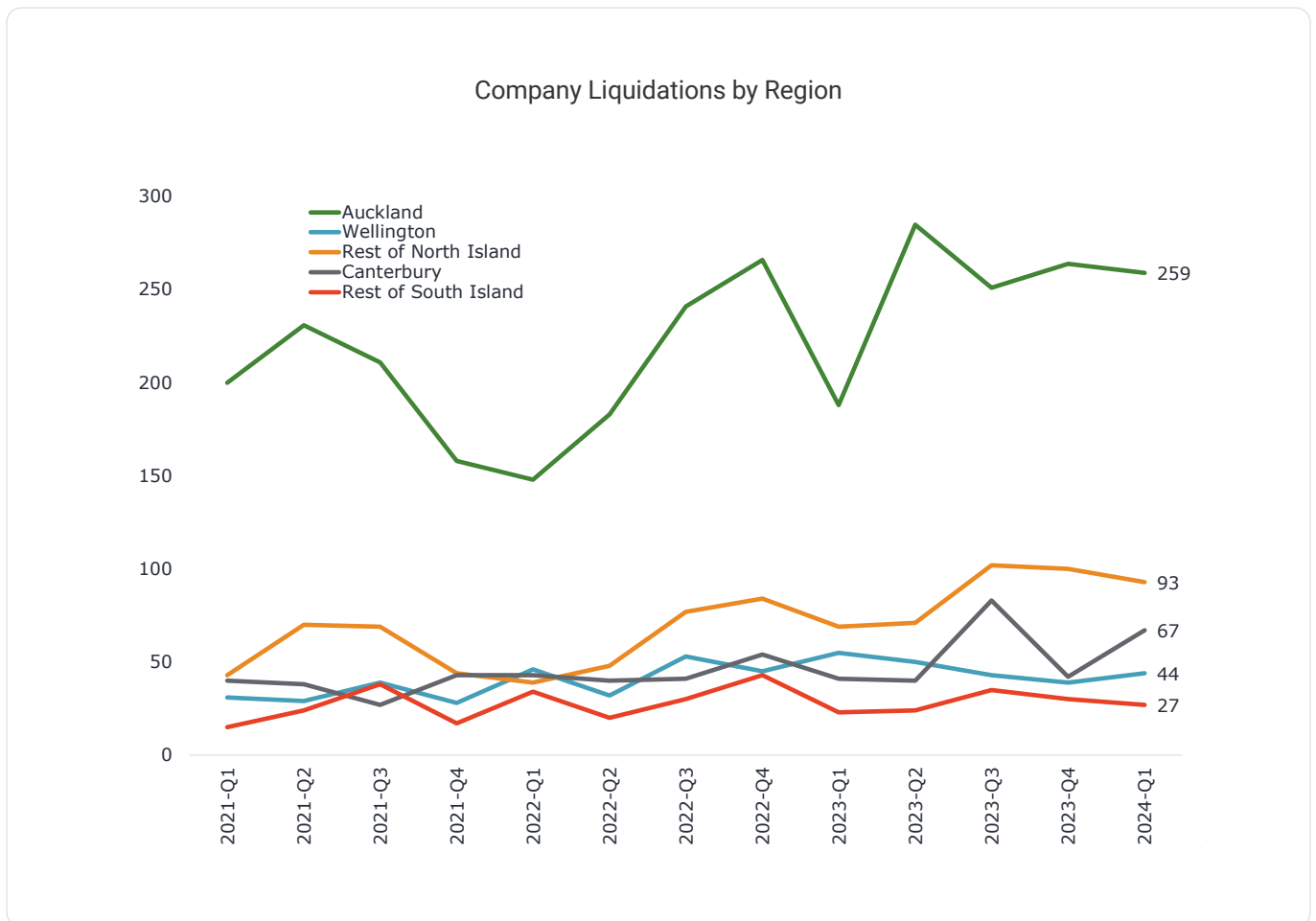
Company Liquidations up 22% Year-On-Year



## South Island liquidations up significantly year-on-year

Over the first quarter of 2024, there were 94 company liquidations in the South Island – up 47% year-on-year and largely driven by the Canterbury region.

There were 259 liquidations in Auckland over the same period (+38% year-on-year) and 137 liquidations across the rest of the North Island (+10% year-on-year).



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## Retail liquidation spotlight

Over the last 12 months, retail liquidations have increased by 44% compared to the previous year, with food retailers experiencing the highest volume of liquidations. There were 14 retail companies placed into liquidation in May 2024, the highest monthly since August 2023.

Business credit defaults have also risen by 20% year-on-year, indicating that the industry is still facing challenges with weak consumer demand and a struggling economy.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)			
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Liquidation Rating
<b>Retail Trade</b>	<b>43,012</b>	<b>5.9%</b>	<b>16%</b>	<b>20%</b>	<b>770</b>	<b>1.2X</b>
Food Retailing	7,881	1.1%	27%	1%	747	1.2X
Fuel Retailing	561	0.1%	31%	-55%	801	1.3X
Motor Vehicle and Motor Vehicle Parts Retailing	3,357	0.5%	6%	33%	755	2.3X
Non-Store Retailing and Commission Based Trade	6,869	0.9%	27%	-9%	759	0.4X
Clothing, Footwear and Personal Accessories Retailing	5,781	0.8%	-7%	23%	762	1.4X
Department Stores	114	0.0%	-	-	751	-
Electrical and Electronic Goods Retailing	2,037	0.3%	11%	11%	764	1.6X
Furniture, Floor, Houseware and Textile Goods	2,200	0.3%	30%	42%	777	1.6X
Hardware, Building and Garden Supplies Retailing	1,620	0.2%	-2%	0%	792	1.3X
Pharmaceutical and Other Store-Based Retailing	7,828	1.1%	11%	74%	779	1.2X
Recreational Goods Retailing	2,641	0.4%	25%	67%	793	1.1X

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Last updated June 30, 2024.

## 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:

- 90 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.
- Defaults loaded by collections agencies and credit providers.

### 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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