January Credit Indicator

CENTRIX

The Million Dollar Question: What does 2025 have in store for our economy?

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

As we round out the first month of 2025, it's evident Kiwi households and businesses are ready for more financial stability against a backdrop of global uncertainty and a challenging local environment.

Last month, Stats NZ released the latest Consumer Price Index, which increased by 2.2% in the December 2024 quarter, compared with the December 2023 quarter.

While slightly higher than the Reserve Bank's forecast, the general sentiment is this will be unlikely to prevent a further Official Cash Rate cut this month.

Looking at the credit trends, we can see relief would be welcome for many households and businesses across the country.

Following the festive season, we've observed the seasonal uptick in consumer arrears as people lean on credit products to help celebrate the end of the year.

Specifically, arrears for personal loan arrears rose to 9.2% in December – up from 8.1% in November. Despite this uptick, the year-on-year comparison showed a relatively stable pattern.

Buy Now, Pay Later (BNPL) arrears also experienced a slight rise to 8.2% in December, but remain marginally lower when compared year-on-year (8.4%).

Furthermore, residential mortgage arrears were up 7% year-on-year in December, climbing to 1.50% in December (compared to 1.41% in November).

Reported financial hardships are also up 19% year-on-year – with nearly half of these (46%) relating to mortgage repayment difficulties.

New lending also increased in December with new residential mortgage lending up 13.4% year-on-year.

Lower interest rates and reduced lending restrictions like revisions to the Credit Contracts and Consumer Finance Act are likely contributing to increased market activity.

Holiday spending drove new non-mortgage lending up 1.5% year-on-year across credit cards, vehicle and personal loans, BNPL, and overdrafts.

For Kiwi businesses, the festive season remained taxing as business credit defaults and liquidations continue to put stress on sectors across the country.

Specifically, construction remains hard hit with defaults and liquidations (up 40% and 41% year-on-year respectively). Residential new home builders recorded the highest number of annual liquidations, with 235 liquidations over the 12-month period.

The transport industry has also experienced a dramatic increase in business liquidations, with 131 companies placed into liquidation this year compared to 73 in 2023 - representing a substantial 79% year-on-year rise.

While many were waiting for relief, at this stage it's unclear what 2025 has in store for Kiwi households and businesses.

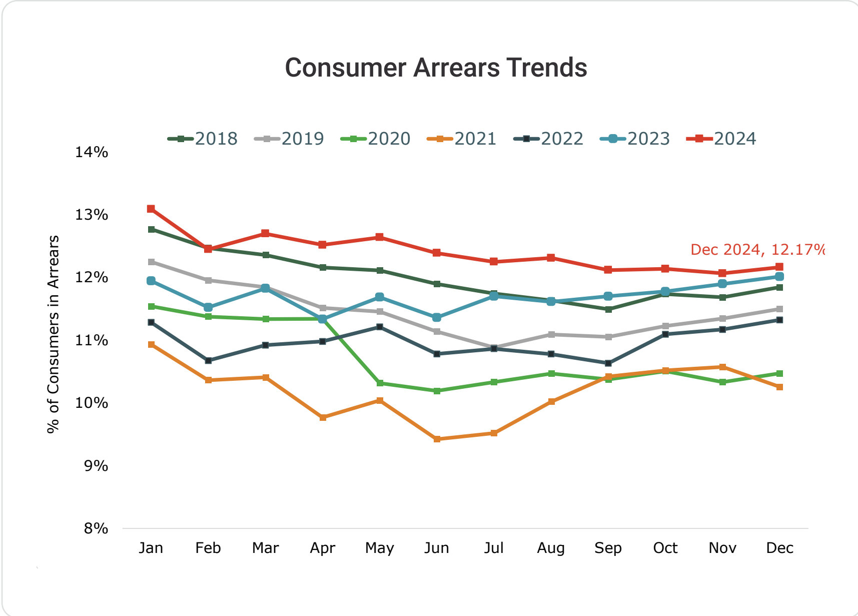
For anyone who is feeling the pinch post-Christmas, it's important to get in control of your financial situation by speaking with an expert to avoid causing any long-term damage to your financial health.

Keith McLaughlin
Managing Director

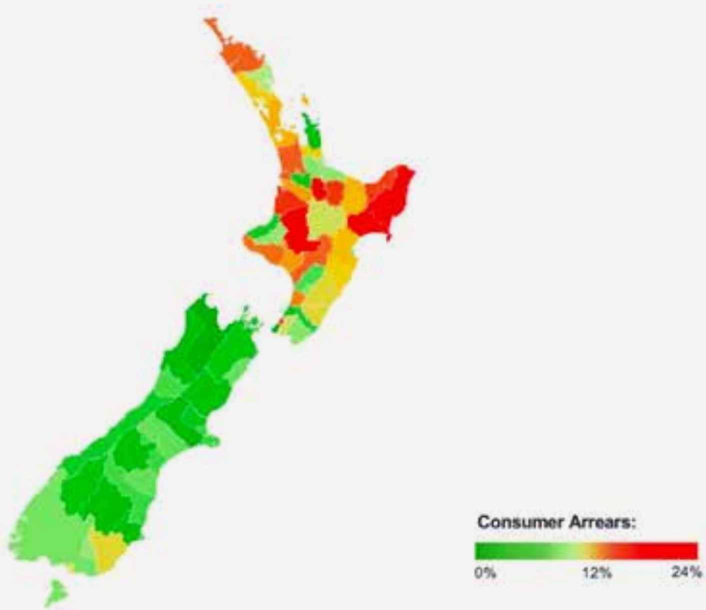
Seasonal rise in consumer arrears begins

The number of people behind on their payments increased in December 2024, in line with seasonal expectations, reaching 470,000, up 6,000 month on month.

The current arrears level is 1.3% higher year on year. However, the rate of increase has moderated in recent months. In fact, consumers that are 30+ days in arrears have improved by 5.4% year-on-year.



Consumer arrears across the country



Lowest Arrears Areas		
	District	Arrears %
1	Nelson City	8.73%
2	Tasman District	8.80%
3	Wellington City	9.21%
4	Selwyn District	9.84%
5	Central Otago District	10.06%
6	Buller District	10.10%
7	Mackenzie District	10.24%
8	Dunedin City	10.32%
9	Thames-Coromandel District	10.34%
10	Hurunui District	10.44%

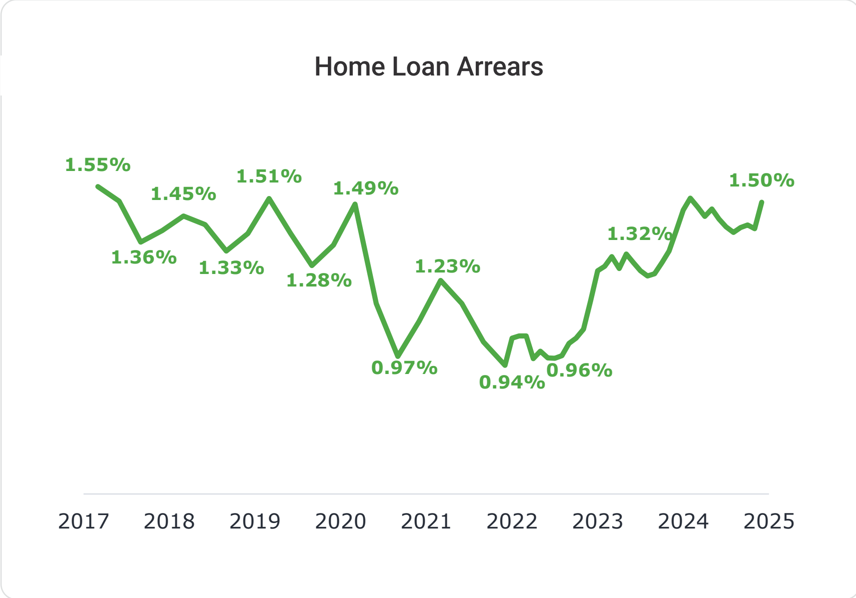
Highest Arrears Areas		
	District	Arrears %
1	Wairoa District	16.70%
2	Ruapehu District	16.54%
3	Kawerau District	16.46%
4	Gisborne District	16.01%
5	South Waikato District	15.89%
6	Waitomo District	15.17%
7	Porirua City	15.17%
8	Rotorua District	15.04%
9	Opotiki District	14.91%
10	Waikato District	14.42%

The number of people behind on their payments increased in December 2024, in line with seasonal expectations, reaching 470,000, up 6,000 month on month.

Mortgages arrears increase in December

Residential mortgages reported in arrears rose in line with seasonal expectations to 1.50% in December – up from 1.41% in November – and are 7% higher year-on-year. There are now 22,100 mortgage accounts reported past due (1,100 higher than prior month).

Credit card arrears rose slightly month-on-month in December but are 5% lower year-on-year.



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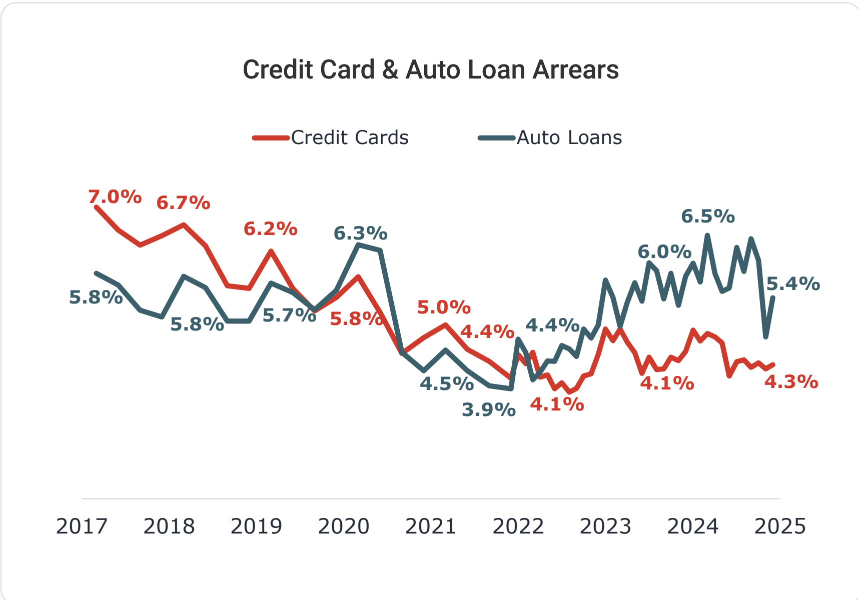

Personal loan arrears climb in December

Looking at the seasonal trends, personal loan arrears increased to 9.2% in December – up from 8.1% in November – but remained flat year-on-year. BNPL arrears also rose to 8.2% in December, although this remains lower than December 2023 (8.4%).

The proportion of households behind on retail energy payments rose slightly month-on- month to 4.8% in December and are 3% lower year on year.

The percentage of telco/ communication accounts reported past due was 10.4% in December, up slightly year-on-year.

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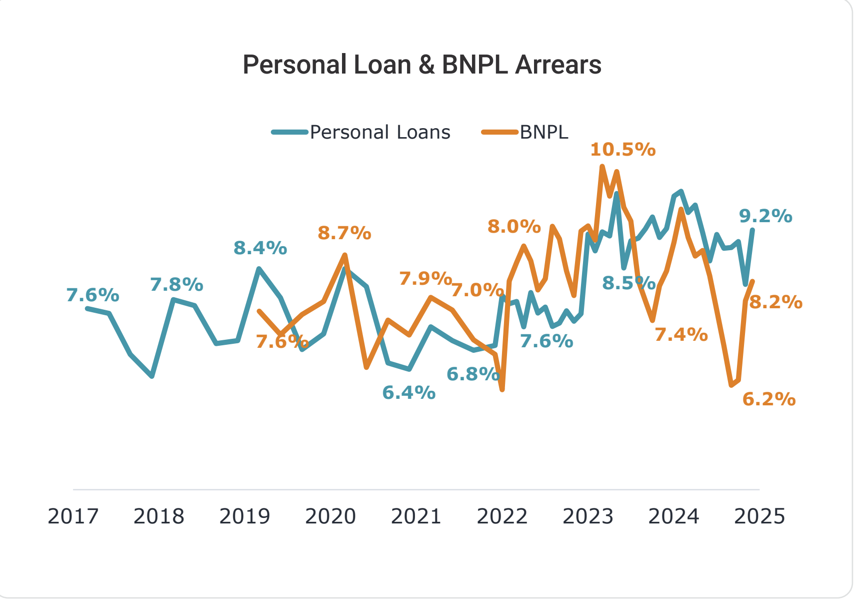
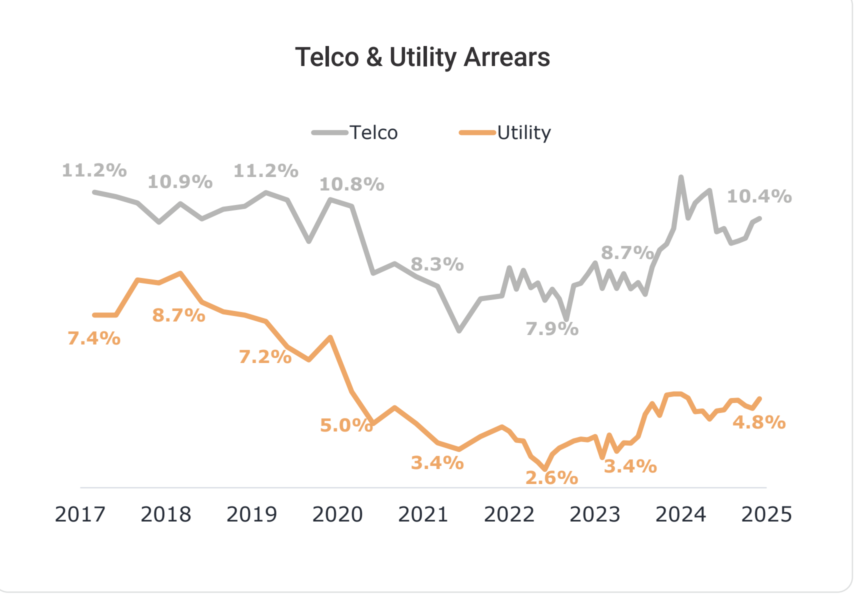


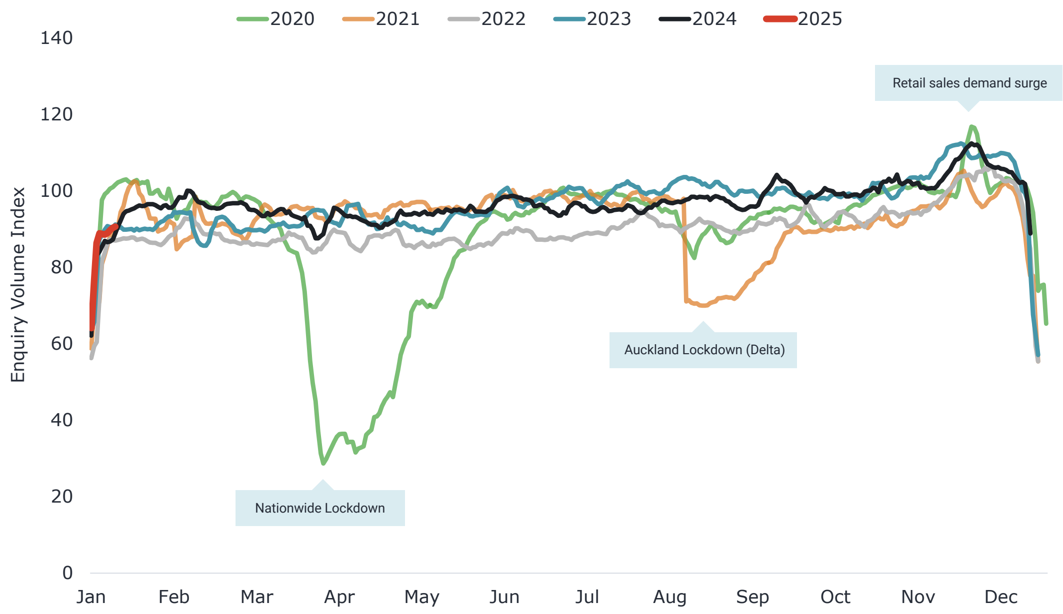


Consumer credit demand up

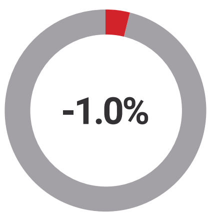
Consumer credit demand began the year 1% lower compared to the same period last year. However, the festive spending season drove increased demand for credit cards, personal loans, and BNPL services.

Specifically, credit card demand was up 22.4% year-on-year, while demand for auto loans fell 8.4% in January 2025.

Consumer Credit Demand: 2020 - 2025

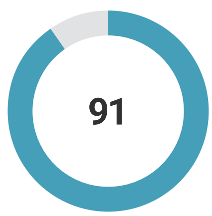


Credit Demand Change Year-on-year



Year-on-year comparison of 3 month rolling averages

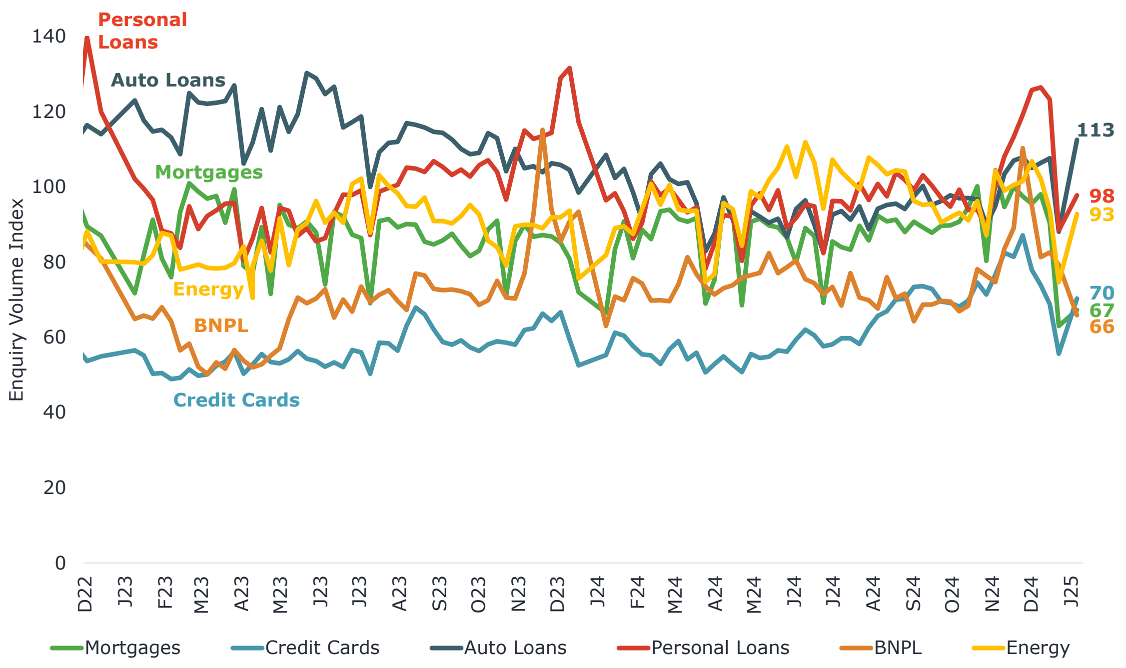
Credit Demand Enquiry Volume Index



7-Day Rolling Average Indexed to 2019

Consumer credit demand began the year 1% lower compared to the same period last year.

Credit Demand by Product Type



Year-on-year change %

Mortgages	+9.9%
Auto Loans	-8.4%
Credit Cards	+22.4%
Personal Loans	-5.3%
BNPL	-2.7%
Retail Energy	+10.1%

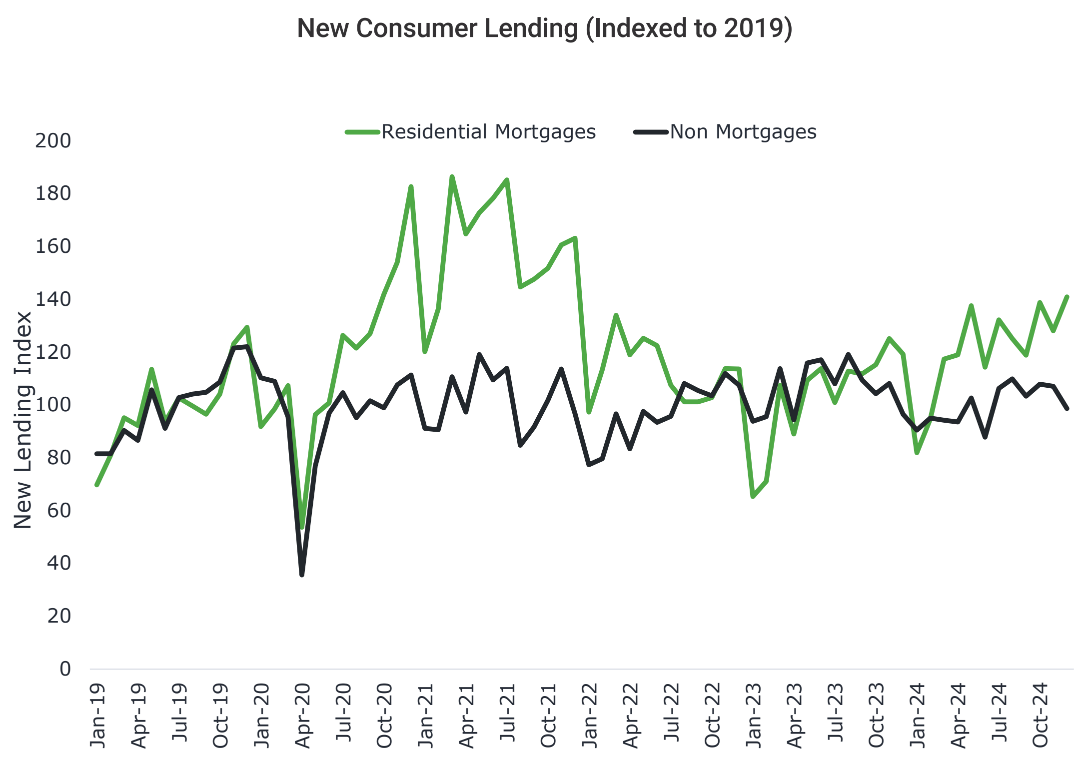
Year-on-year comparison of 3 month rolling averages

New approved lending climbed

Overall new household lending increased by 12.4% year-on-year, driven by both increases in new mortgage and non-mortgage lending.

New residential mortgage lending is 13.4% higher year-on-year but remains 14% lower than the same period in 2021 during the property market boom.

Furthermore, new non-mortgage lending – including credit cards, vehicle and personal loans, BNPL, and overdrafts – is 1.5% higher year-on-year, driven primarily by increased demand during the holiday spending.



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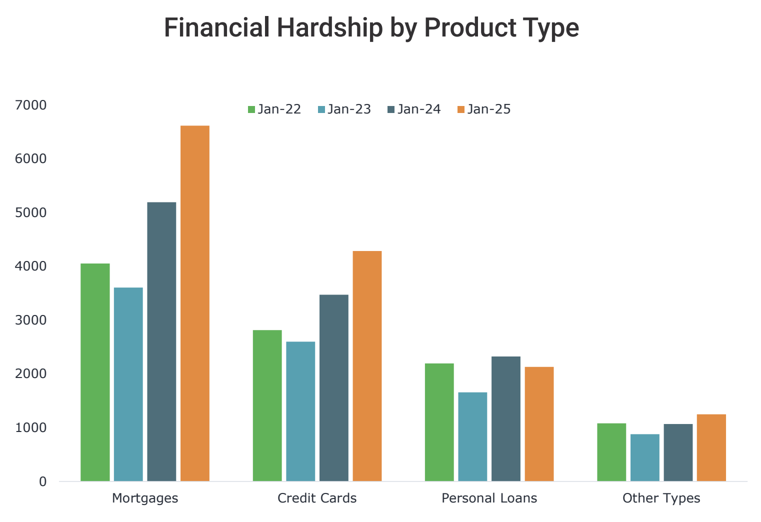
Financial hardship cases up significantly

There are currently 14,300 accounts reported in financial hardship – up 19% year-on-year – with nearly half of these (46%) relating to mortgage repayment difficulties.

Furthermore, 30% of financial hardship relate to credit card debt and 15% personal loan repayments.

Highest rate of financial hardship is with those aged between 35 and 49 years old, an age bracket who are likely to have mortgage repayment obligations to meet.



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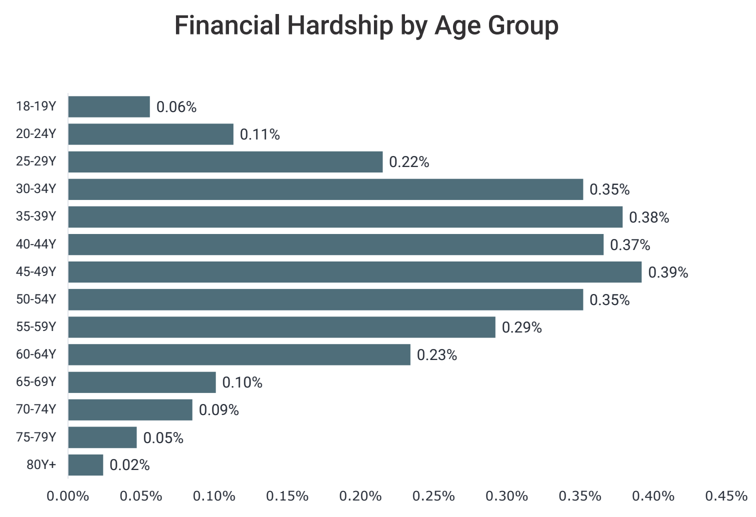


Business credit defaults remain high

Business credit defaults remained high year-on-year in December. Construction credit defaults remain high (+40% year-on-year) alongside the transport sector (+36% year-on-year).

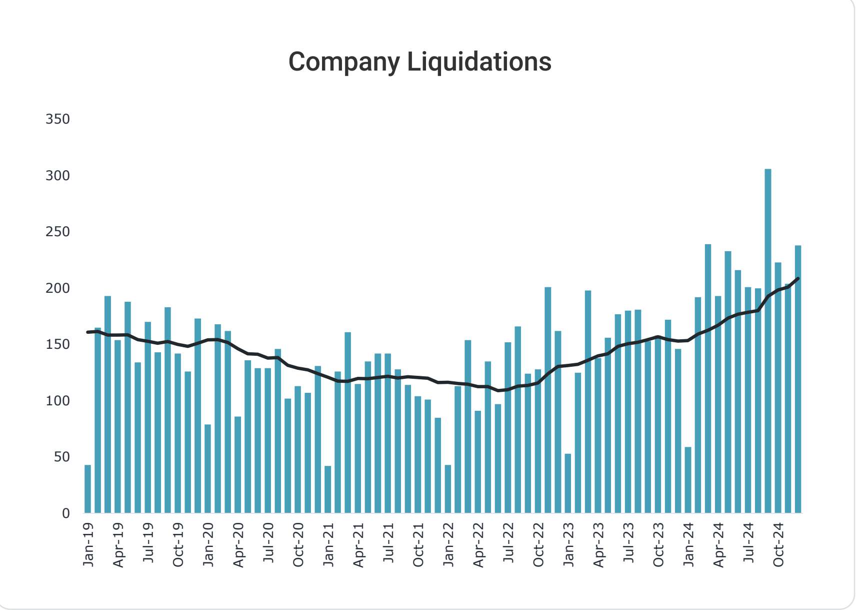
Sector	Δ Credit Demand	Δ Credit Defaults	Avg Credit Score	Δ Company Liquidations	Liquidation Rating
Construction	+1%	+40%	751 ↓	+41%	2.3X
Hospitality	+0%	+17%	736 ↓	+55%	2.4X
Retail Trade	+9%	+8%	763 ↓	+2%	1.0X
Transport	-2%	+36%	722 ↓	+79%	2.2X
Property / Rental	+13%	+9%	810 ↓	+35%	0.8X
Manufacturing	+9%	+9%	774 ↓	+28%	1.6X
All Sectors	+5%	+22%	783 ↓	+36%	1.0X

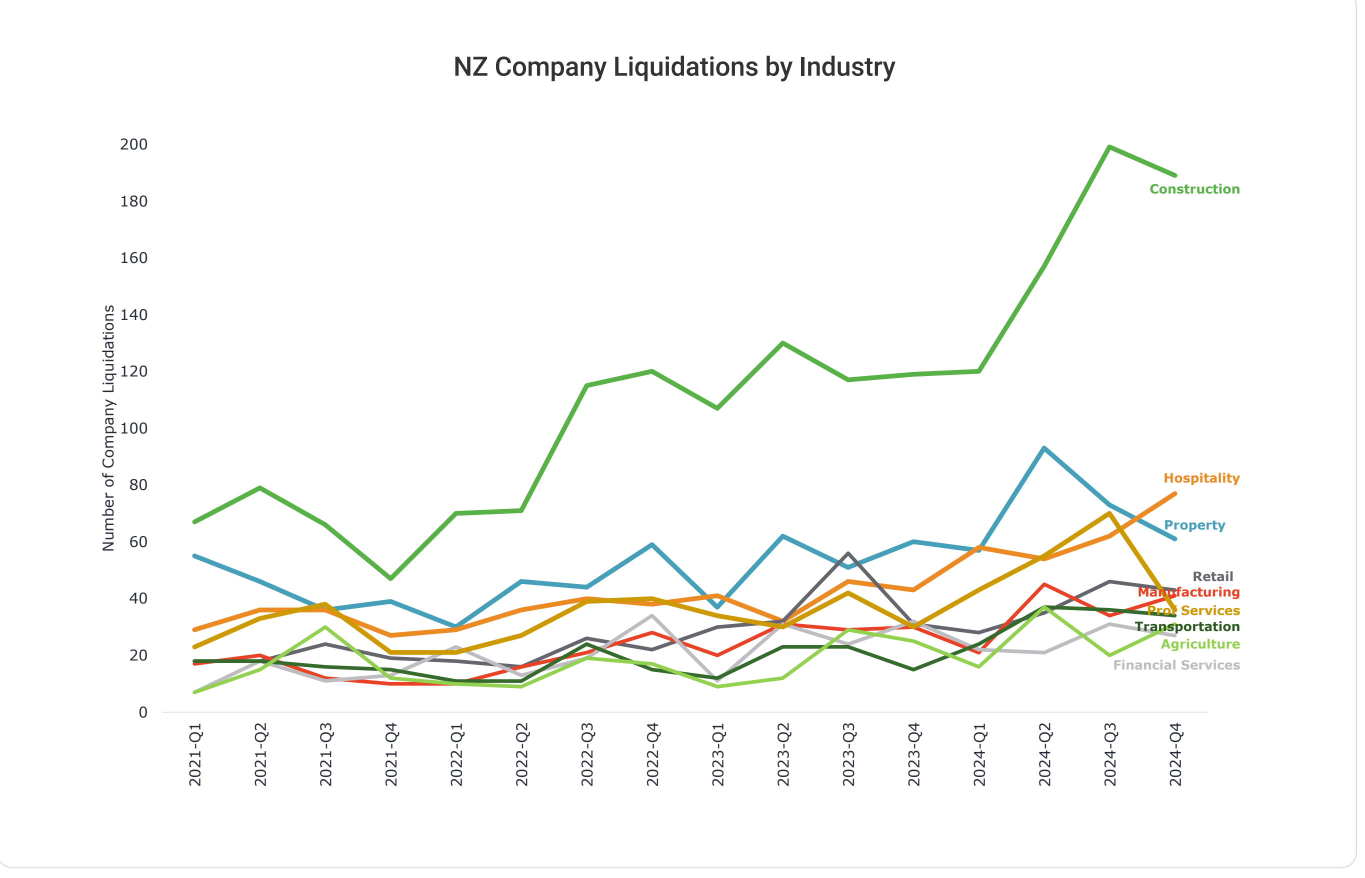
Table above shows 'Year-on-year' comparisons using 12 month rolling averages.
The Liquidation rating is the proportion of liquidations divided by the proportion of business in a given sector.

Company liquidations

Overall company liquidations increased by 36% in December 2024 compared to 2023, with construction companies continuing to face significant challenges. There were nearly 200 building firms liquidated in Q4.

Residential new home builders, restaurants, and property developers have experienced the highest volumes of company collapses during 2024.





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Spotlight on transportation sector

There are over 17,000 registered companies in the transport, postal, and warehousing sector.

In 2024, 131 companies in this sector were placed into liquidation, compared to 73 in 2023—an increase of 79% year-on-year. This highlights the challenges the sector is facing due to higher costs and reduced demand across the economy.

Road freight, postal/courier and delivery services have experienced increasing volumes of company insolvencies and credit defaults in recent months.

Industry Classification Description	Registered Companies		Key Credit Indicators (YoY Change)				
	#	%	Δ Credit Demand	Δ Defaults	Credit Score	Δ Company Liquidations	Liquidation Rating
Transport, Postal and Warehousing	**17,217**	**2.4%**	**-2%**	**36%**	**722**	**79%**	**2.2X**
Air and Space Transport	464	0.1%	-8%	-67%	730	0%	1.3X
Pipeline and Other Transport	895	0.1%	11%	86%	658	333%	4.2X
Scenic and Sightseeing Transport	626	0.1%	-35%	0%	788	200%	1.4X
Postal and Courier Pick-up and Delivery Services	2,675	0.4%	-20%	81%	660	122%	2.2X
Rail Transport	15	0.0%	-	-	773	-	-
Road Freight Transport	5,223	0.7%	1%	34%	688	89%	4.0X
Road Passenger Transport	1,991	0.3%	1%	19%	723	-20%	0.6X
Transport Support Services	2,257	0.3%	-3%	-27%	744	13%	1.2X
Warehousing and Storage Services	671	0.1%	22%	100%	815	150%	2.2X
Water Transport	160	0.0%	-25%	-	794	-	-

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Last updated January 31, 2025.

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:

- 92 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.