



# Consumer Credit and Business Stress Report

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# Summary observations

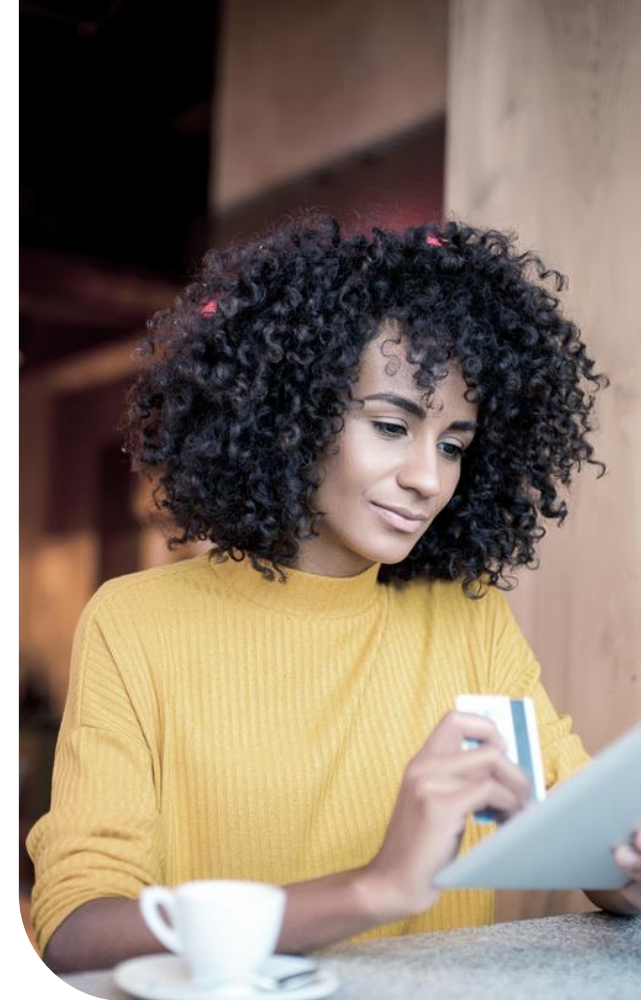
Consumer credit delinquency appears to be stable currently, following a period of rising arrears in 2024. By contrast, businesses are showing signs of higher trade payment stress; notably in hospitality, food retail, food and construction materials manufacturing and finance.

Experian's inaugural diagnostic report into New Zealand's credit consumer and business trading sectors has uncovered mixed news for the economy as we head into 2026. From the consumer's standpoint, conditions in NZ may be improving slightly, as the rise in consumer credit delinquencies has abated in the last 6 months (albeit, following the expected seasonal trend), while consumer demand for credit products appears to be growing again. While delinquencies appear to be modestly higher than in 2023, there has been no appreciable rise since late 2024, suggesting that there is no clear evidence of rising delinquency rates.

Although this may be a sign of better trading conditions for 2026, lenders will need to act cautiously, as 2025 has also seen a large rise in the take-up of Personal Loans and in Home Loans with high DTIs and LVRs. As these loans begin to mature, there may be a risk of higher delinquency rates returning to NZ. Therefore, while consumer credit conditions appear to be stable, lenders will need to be primed to pro-actively manage these risks, should they appear. Monitoring of portfolios will remain a key theme for risk management into 2026, especially if interest rates and/or unemployment were to rise.

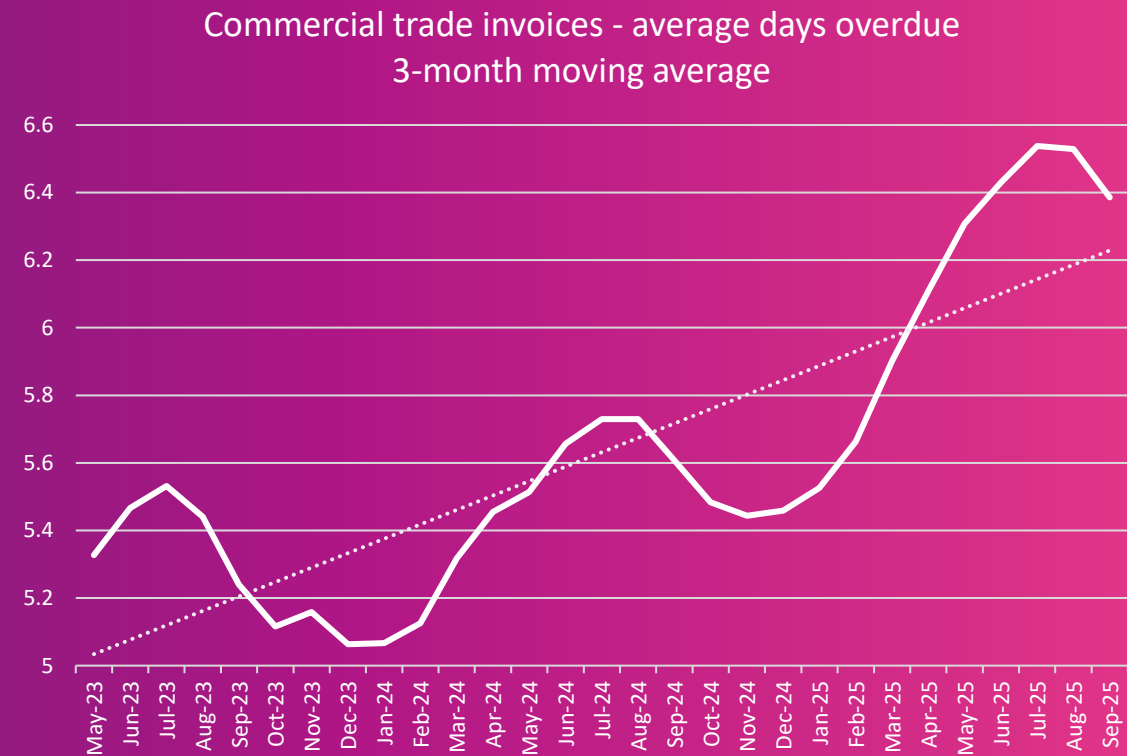
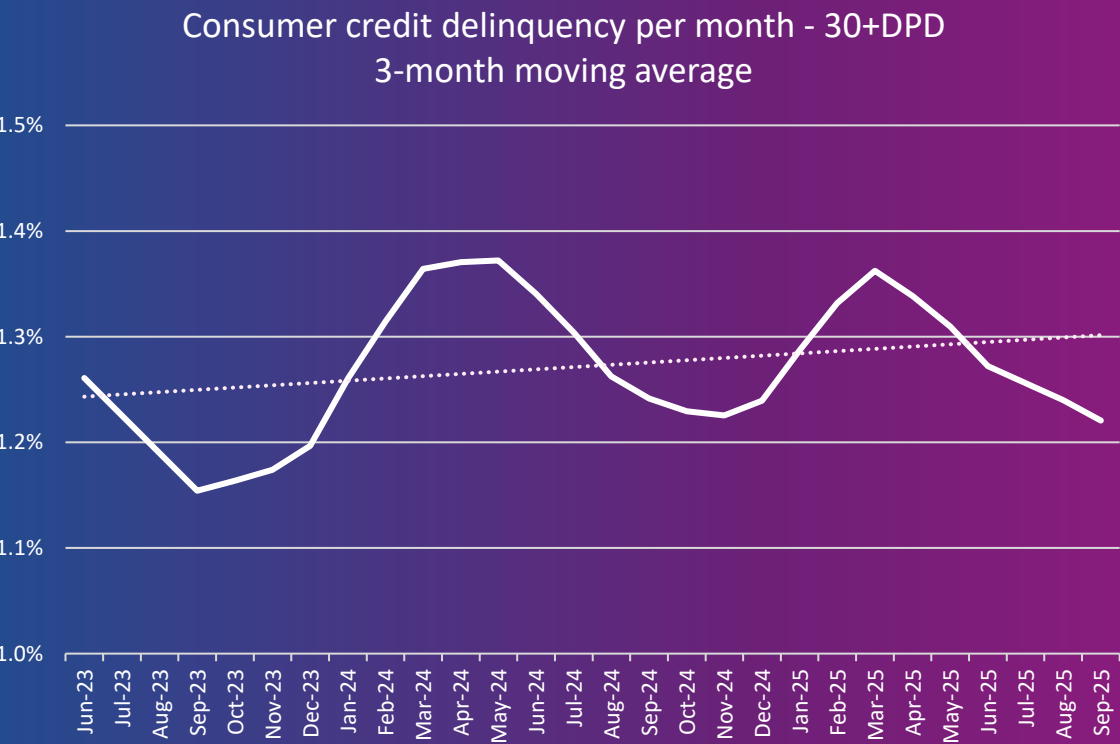
By comparison, businesses in several industries have struggled to pay invoices or have failed to grow significantly. To illustrate the former point, while the year to September 2024 saw a moderate rise in the number of days that invoices were paid late (up from 5.24 days to 5.61 days - or around 7% later), the year to September 2025 saw a significantly greater rise (up from 5.61 days to 6.39 days - around 14% later or twice the previous year's deterioration).

The struggle to pay trade invoices has not been isolated to businesses that are operating in regional or rural parts of NZ, nor to businesses in niche industries. In fact, those trading in the two major urban hubs have struggled more than those trading in most other regions – e.g. food services businesses in Auckland and Wellington, as well as retail, real estate and financial services businesses in Auckland were amongst the latest payers. More broadly, businesses operating in the hospitality, food retail and food manufacturing industries have struggled nationally, as have businesses in the property management, financial services, performing arts and materials manufacturing sectors (i.e. businesses manufacturing wood and metal products for building and construction). By contrast, the agricultural sector (and support industries), as well as the medical/hospital and telecommunications sectors have shown more stable trade payment performance. That said, while some of these industries have shown stable trade performance, they have also shown signs of slowing business activity. Finally, while businesses in Auckland have been slow to pay invoices, the stand-out region for business trading stress is Taranaki, which has suffered a substantial fall in the economic wellbeing of its population.



# The underlying credit stress indicators @ September 2025

Consumer Credit Delinquency (30+DPD rate on consumers' credit holdings) and Overdue Trade Payments (no. of days business invoices are past due) - June 2023 to September 2025



# Overview

## Key observations for the September 2025 quarter



### Consumer credit delinquency is stable

Though the trend since June 2023 would suggest that consumer credit delinquency has deteriorated slightly, on closer inspection, this deterioration occurred in FY2023/24. In the year to September 2025, we have observed broadly stable consumer credit arrears. That said, today's delinquency rate is higher than 2 years ago, and any recent improvement has only followed the usual annual credit arrears cycle. As such, credit risk should continue to be monitored closely by lenders, especially as the economy remains quite fragile



### Business trading stress is rising

By contrast, businesses appear to be suffering from a heightened level of stress, as noted from the deterioration in the time taken to pay outstanding invoices. Experian's trade payment data shows that, in Q3-2025, businesses were taking over 14% longer to pay their bills than they were twelve months earlier, with the rise showing no sign of abating.



### Higher take-up of credit again but exposure is rising

The September quarter saw a notable rise in the take-up of consumer credit and home lending, as compared to the same time last year. On a percentage basis, today's mortgage applicants were more likely to borrow larger amounts, relative to their income and to the property's value, than borrowers in each of the previous 2 years. While possibly an artefact of lower interest rates, this larger debt exposure may give rise to growing financial problems amongst borrowers if unemployment or interest rates were to rise.



### Hospitality, construction and selected manufacturing and agriculture businesses have contracted

Key business segments that showed some of the weakest growth in the year to September included property management, residential construction, housing materials manufacturing, clothing and footwear manufacturing, entertainment, dining and bars, livestock farming and fruit and vegetable farming. Many of these industries underpin the broad economy and as such, substantially lower interest rates have been needed to reinvigorate economic activity.

# Demand for consumptive credit and home lending has risen substantially in 2025, while housing debt has also grown

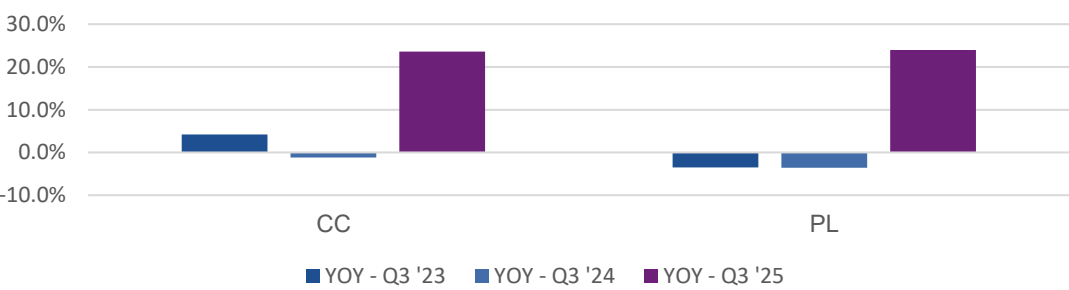
While the number of new credit cards and personal loans opened by consumers grew by 24% YoY in the September quarter, the number of new home loans underwritten grew by 28% and new home loan debt by 36%

The take-up of new credit cards and personal loans rose healthily in Q3-2025 (year-on-year), rising by 24% against the same time last year. Some of this growth could be attributed to consumers using credit for consumption, while budgets remain tight, and as a method for spreading/amortising the impact of rising costs. In addition, this shift back to credit cards is consistent with that seen in Australia and may have also arrested the prior shift to BNPL services. This again, may suggest that consumers are looking to spread their credit commitments over a longer term than that available through BNPL products.

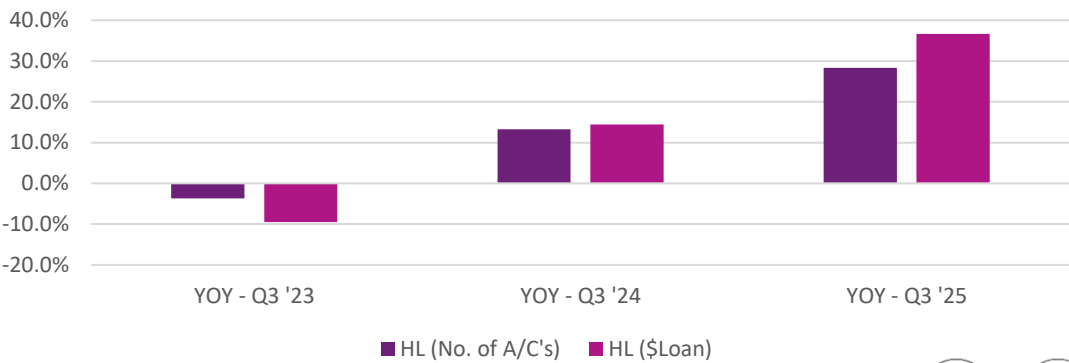
On the one hand, this may be positive news, if it points to consumers preferring to use more structured products to fund consumption, or to repay existing debts during a period of lower interest rates. However, it may also be a sign that struggling households are taking out higher-priced finance to fund their consumption. Given this uncertainty, lenders are alerted to this significant change in consumer behaviour and are advised to monitor the risk of their customers as these loans mature.

Similarly, with interest rates falling, there has been a sharp rise in the take-up of new home loans (either as new purchases or as refinances). The 3<sup>rd</sup> quarter of FY24/25 has seen a 28% rise in new home loans written and a 37% rise in new home loan exposure. While this speaks to better borrowing conditions for consumers, it may also suggest that borrowers are taking on higher debts in a lower interest rate market. Again, monitoring by lenders of this higher exposure risk is recommended so that the effects of stretched household budgets and borrowing overcommitment can be avoided (or at least, mitigated).

YoY growth in new consumptive credit accounts –  
Credit Card and Personal Loans opened in September quarter

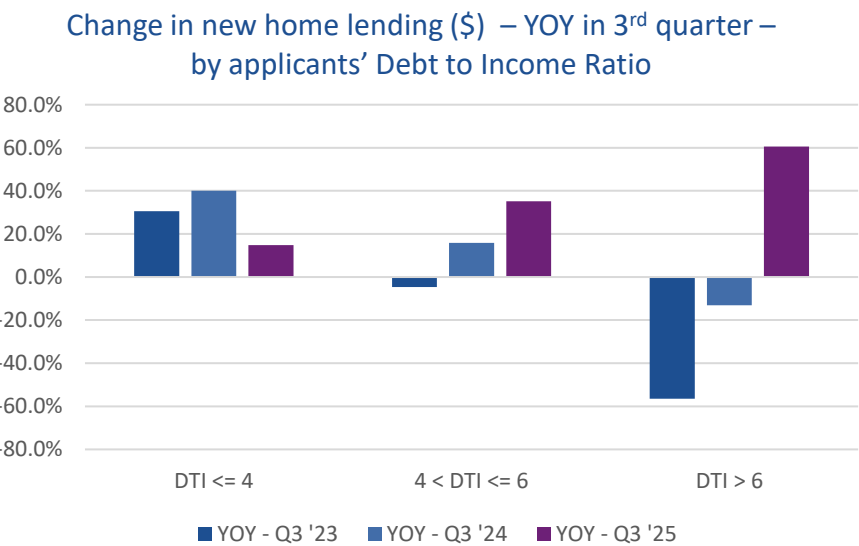
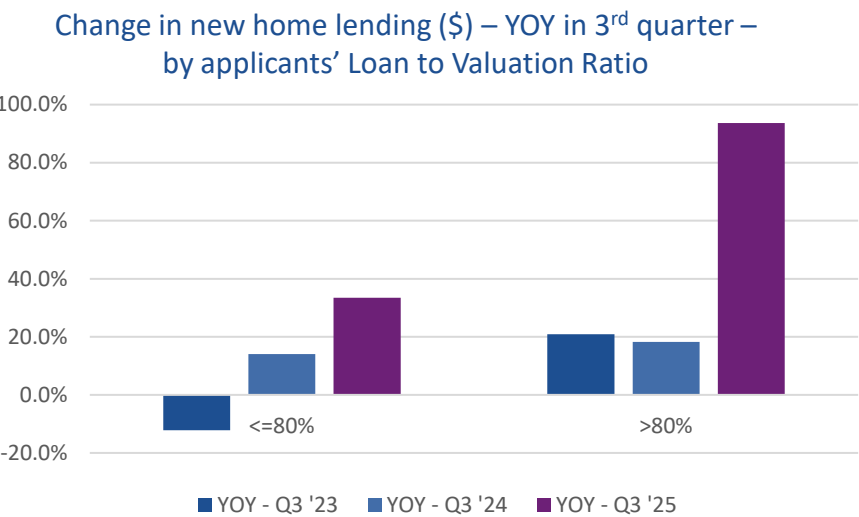


YoY growth in mortgage credit –  
Home Loans opened in September quarter (by number and value)





# Growing demand for home loans is being coupled with a rise in loans with higher LVR and DTI



With lower interest rates and stable inflation resulting in more manageable household finances, the 3<sup>rd</sup> quarter has seen a sizeable increase in mortgage debts that are relatively high when viewed against household incomes and property valuations.

To illustrate, the quarter has seen a 90% rise in home lending to consumers whose loans are more than 80% of a property's valuation (now accounting for 13% of all loan exposure) and a 60% rise in home lending to borrowers who are taking on a debt more than 6-times their annual income (now accounting for 20% of all loan exposure).

On the one hand, the rise in higher LVR and DTI loans implies that both first-home buyers and consumers, who are upgrading to higher-value properties, are returning to the housing market. On the surface therefore, this may suggest that NZ is heading into better economic times, which may benefit the construction, building renovation, real estate and home lending sectors through 2026.

Conversely, this higher exposure may exacerbate a rise in property prices, reducing housing affordability for the young. Similarly, it may also lead to higher levels of housing debt, creating a risk of indebtedness especially amongst younger borrowers – this having clear ramifications for both households and lenders (even during a period of lower interest rates).

Lenders will need to be especially cautious when setting affordability policy so that rises in interest rates do not contribute to a detrimental financial outcome for borrowers (i.e. from a rise in unsustainable debts and then, from a potential property crash). The financial risk to lenders' home loan portfolios will need to be closely managed by monitoring both home loan delinquencies and broader consumer delinquencies of mortgage holders. Monitoring of household expenditure would also be recommended.



# Household savings and essential spending may be stabilising

After a substantial fall in savings due to inflationary pressures in 2022/23, there is an indication that budgets may be slowly stabilising; equally, real consumption may be falling and there are signs of higher prices again

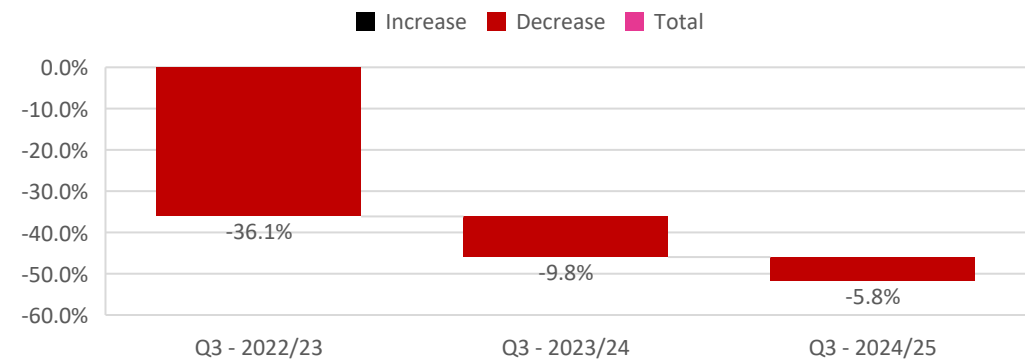
As shown in the adjacent graph, Q3-2023 saw average household savings (as seen in Experian’s bank statement and consumer spending data) erode by around 36% YOY, and by a further 10% in Q3-2024. This situation was brought about through a rapidly rising cash rate to 5.5% by May 2023, which stayed stubbornly high up to mid 2024 (with a peak inflation rate of 5.7%).

With a lower cash rate today (down to 2.25% from 4.25% at the start of the year) and inflation at 3%, savings have fallen only modestly (around 6%) YOY in Q3-2025. This suggests that today, household are less likely to tap into their savings when meeting expenses (or perhaps, they have fewer savings left to tap into). Either way, households may be managing their budgets through lower spending and/or higher disposable income, rather than from withdrawing their cash reserves. That said, one alternative view is that some households may be using credit to mask their financial problems. If so, lenders should consider tracking all spending that is fuelled by credit.

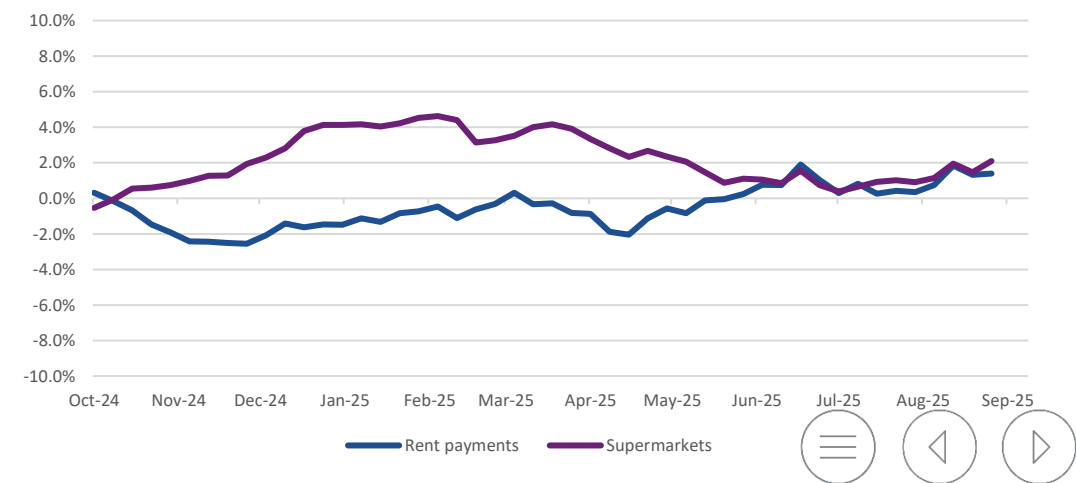
Stable rental costs may have also helped to ease the financial pressure on consumers, as illustrated in the adjacent graph, which shows that monthly rental expenses have not risen by more than 2% over the last 12 months and, in several months, have not risen at all. Similarly, expenditure at supermarkets has not risen substantially either, other than from higher consumption around Christmas. As such, basic staple expenses appear to be under tighter control today than in 2023/24. One cautionary note, however, is that we have seen this expenditure rising in Q3 and, while this is not yet showing as a long-term trend, lenders may need to be more watchful again when scrutinising household budgets and assessing loan serviceability.

Ultimately, while this apparent improvement in household finances is positive news, if these prevailing conditions were to result in higher household debt, this could present a tangible exposure risk for lenders. The growth in mortgage and consumer debt, as well as in household consumption, should therefore be closely monitored through 2026.

YOY change in savings balance



Difference in average weekly spending – 8 week moving average baselined to average spend in September 2024



Growth Index – annual rise in business trading activity



■ Trading Growth - Moving Average, Half Year to Sept 2025

## Where have businesses grown in 2024/25?

Looking at business growth in the year to September 2025, conditions have varied widely between geographic regions. At its broadest level, the South Island has seen much higher levels of economic activity than the North Island, with business growth rising between 2 – 4%, as compared to businesses contracting by up to 2% on the North Island. (i.e. based on trade invoice activity).

This rise in the economic activity of South Island businesses is likely to have been driven by growth in the dairy and aquaculture sectors, as well as better commodity prices for manufactured goods. Increased tourism is also noted to have contributed positively to growth on the South Island, with Otago and Canterbury having seen the bulk of this growth - businesses growing by 4% in both regions. Housing is also noted to have contributed, both through land development and new construction.

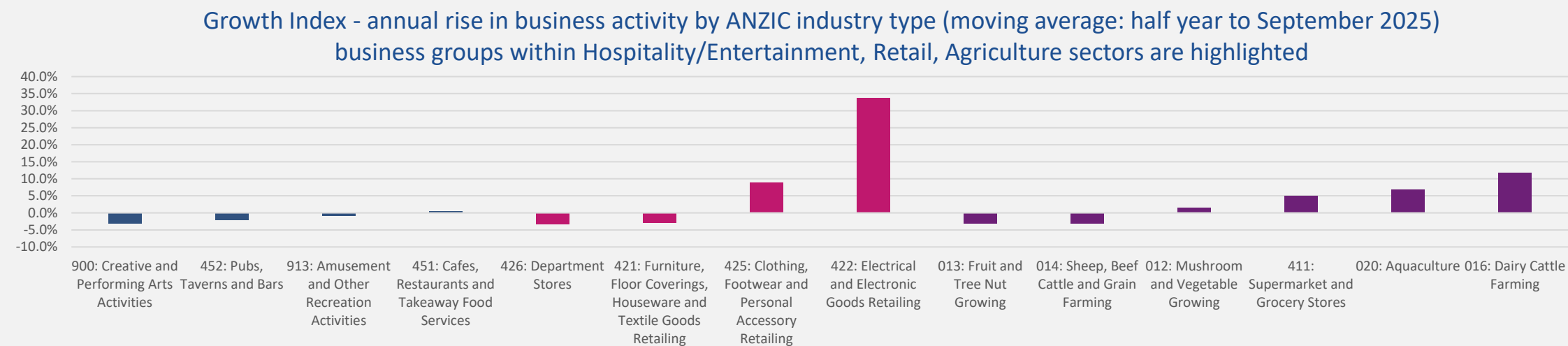
By contrast, while business activity in some North Island regions has not fallen substantially, many sectors have seen a contraction. Economically, sluggish trading has occurred in regions such as Taranaki and Gisborne, as well as in the major urban centres (with both Auckland and Wellington seeing more business closures and weaker GDP).

Overall, the North Island has been slower to recover from the 'cost of living' crisis, with stagnant business trading activity resulting in higher unemployment (which has, in turn, reduced household consumption, adding further to the slowdown in business activity). With the two largest urban regions showing some of the weakest economy activity, this may weigh on NZ's overall growth through 2025 and into 2026.





# Nationally, selected agriculture and retail are growing, whereas hospitality/entertainment and general retail are floundering

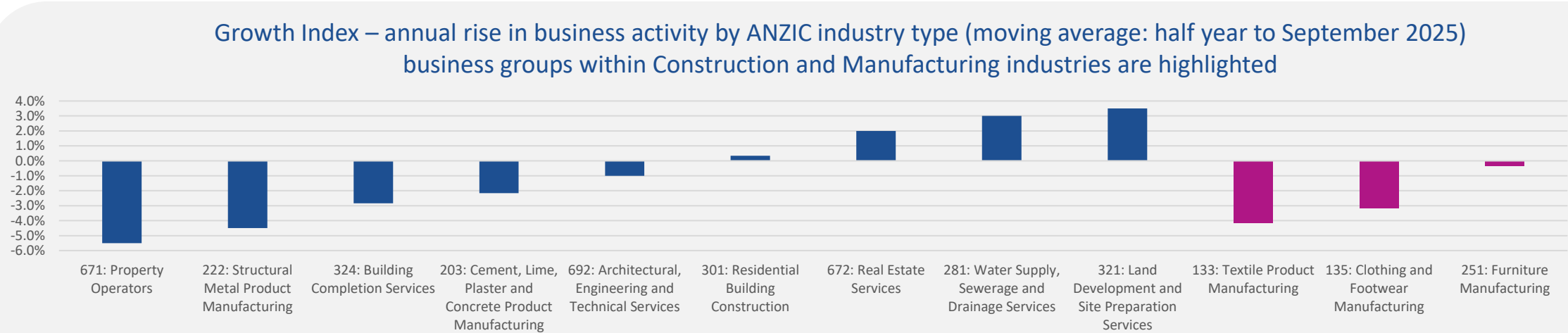


Seen from a national perspective, the strongest business growth to September 2025 was observed in the electronic retail, clothing retail, grocery retail, dairy farming and aquaculture sectors. Focusing on agriculture firstly, Experian’s trade invoice payment data showed that dairy farming and aquaculture grew by 12% and 7% respectively, outstripping the growth seen in the other agricultural sectors (i.e. the livestock and fruit growing sectors both contracted around 2% while the vegetable growing sector had near zero-growth). These results may be a warning for both the grocery retailing and food wholesaling sectors (which both saw growth over 2024/25), as the sluggishness seen recently in the farming sector may have a knock-on effect if lower output affects the food supply chain. Conversely, this could be a sign of price-makers and price-takers, where the agricultural sector is taking a smaller slice of the ‘revenue pie’. If so, the current situation may lead to a fall in the supply of unprofitable agricultural goods going forward. As agriculture is a staple of the NZ economy, this sluggish growth may be a bellwether for the broader economy.

Selected parts of the retail sector were also key drivers of growth, with especially strong growth seen in the electronic goods sector in FY2024/25 (35% higher than seen in 2023/24), and in the specialist retail clothing and footwear sectors (10% higher). However, furniture, housewares and retail textile businesses contracted slightly (3% lower), as did department stores, suggesting that consumer demand was very targeted. In particular, electronic goods are becoming staple purchases, as products like Smartphones, become essential items.

The picture for restaurants, bars, pubs, cafes, theatres, concert and entertainment venues remains bleak, with businesses in these sectors stagnating (or going backwards). Across each sector, this zero-growth translates into a contraction in trading when factoring in the effects of inflation. It therefore appears that New Zealanders have substantially curtailed ‘going out’, perhaps opting instead for in-house entertainment. Monitoring of these industries is highly recommended for lenders and suppliers into these businesses.

# Growth in real estate and construction is mixed while spending on clothing may be helping importers rather than local manufacturers



Experian’s research shows that businesses in the property sector had mixed fortunes during 2024/25, with those operating in the construction and property management sectors having contracted while those operating in the real-estate sales, maintenance and land development having grown. This contrast may reflect the broader economic environment, in that wealthier New Zealanders may have started to trade properties again, as lower interest rates have provided greater liquidity, while property developers have begun to sub-divide land and set-up basic hygiene infrastructure in preparation for a resurgence in property development through 2026. That said, the market for new housing developments appears to have lagged the rest of the real estate sector over 2024/25 (with construction businesses, materials manufacturers and body corporate management businesses having contracted). As such, the outlook for the housing sector remains unclear.

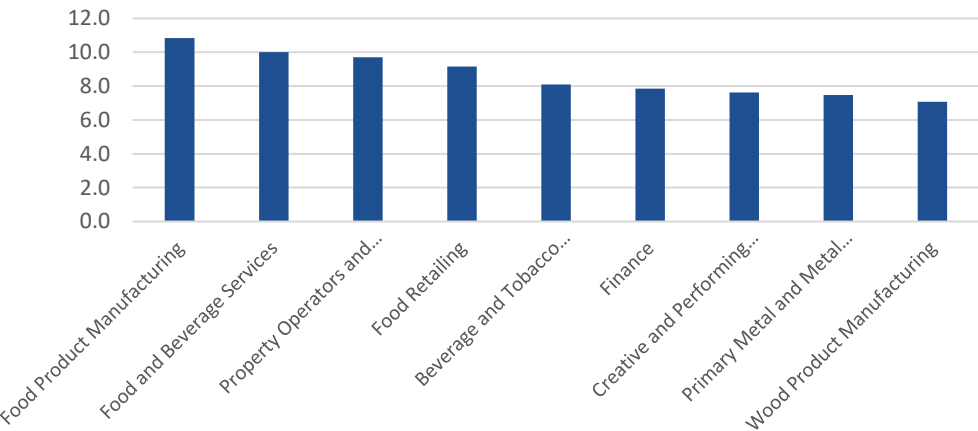
We can see this possible scenario in the above graph, where the land development sector (i.e. preparing land for sub-division and building) has grown by 4%, the sewerage/drainage sector by 3% and the real estate services sector (i.e. estate agents) by 2%. By contrast, building construction, completion and building design businesses, as well as the building materials manufacturers have not grown (some contracting by up to 4%). Worst of all, property operator/management businesses have contracted by over 5%.

The above findings may illustrate the mis-alignment seen in the broader market where younger, new families, are grappling with living costs while building construction costs, for materials and labour, continue to rise. Nonetheless, there may be some early signs that NZ is seeing the start of a property-led turnaround, albeit, with any growth being potentially fuelled by higher mortgage debts (when compared to property valuations and household incomes). As such, any rise in property growth through 2026 may also come with higher consumer and commercial credit risk.

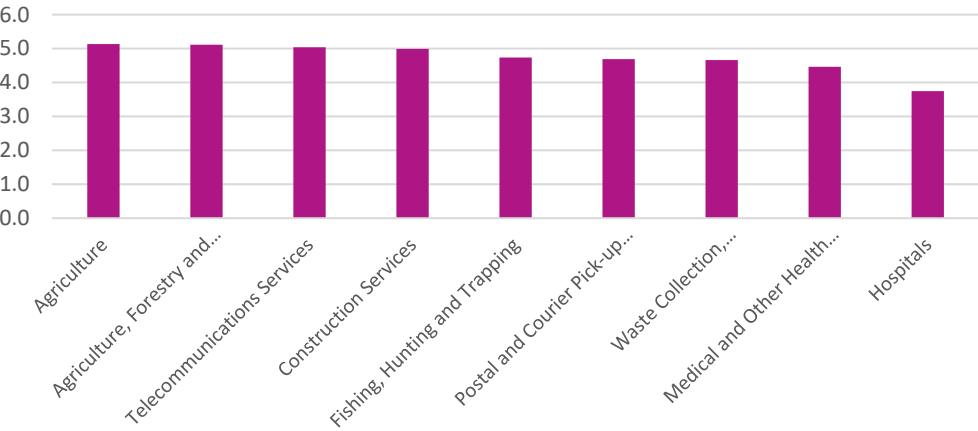
Separately, the broader clothing and household manufacturing sectors have also struggled over the last 12 months, with the furniture manufacturing sector posting no growth, while the clothing, textiles and footwear sectors have all seen a 3-4% contraction (even before factoring in the negative effects of inflation). This may be a particularly sobering finding, as it also suggests that the rise seen in the retail clothing sector has not necessarily helped the local manufacturing industry. As such, this demand may have instead, benefitted the clothing and textile import sectors.

# Food and real estate businesses are slower to pay bills, whilst agriculture and health are amongst the fastest

Business trade payments in September quarter – industries with highest days overdue



Business trade payments in September quarter – industries with lowest days overdue



Nationally, businesses showing the worst signs of invoice payment stress are operating in the food manufacturing, food services, real estate, construction materials manufacturing, financial services and entertainment sectors.

Part of this stress is directly influenced by the impact to household budgets from recent high inflation and interest rates, as well as unemployment, which have affected consumers’ choices for eating out, buying groceries and seeing shows and concerts. This has had a knock-on effect to the hospitality sector as well as to food retailing and food manufacturing, especially on discretionary items.

In addition, the observed effect on real estate agent services, real estate maintenance services, construction materials manufacturing, and consumer finance and broker services is likely to be a hangover from lower demand for real estate and especially, for ‘new-builds’, and for credit consumption until 2025. Again, this will be due mainly to historically higher interest rates, inflation and unemployment having had an adverse effect on real estate developments and sales, mortgage refinancing. With more stable inflation and interest rates in place currently, as well as modest GDP growth, the hope is for a better outlook for jobs going into 2026 (with there being some sign that this may be the case from the recent rise in credit).

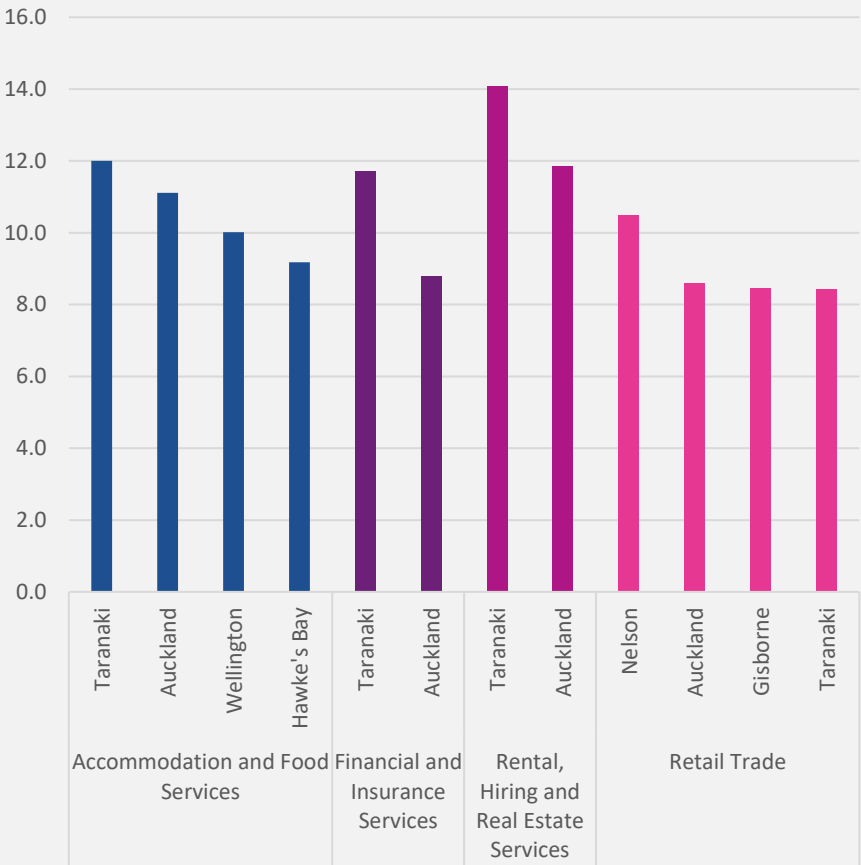
Showing the best invoice payment performance, and therefore greatest resilience to economic shocks, are the agriculture (and support) industries, health care, waste collection, education and telecoms sectors. This suggests that industries supporting staple and necessary consumption choices (i.e. core living requirements) have shown the highest level of trading stability.



# Regionally, several industries are showing especially high stress



Business trade payments in September quarter – highest days overdue by industry and region



Looking at trading stress across regions, the performance of businesses in the major North Island cities is of particular concern (given their contribution to national GDP).

Specifically, businesses trading in Auckland and operating in the hospitality (food services), real estate, financial services and retail sectors are finding it hardest to pay their bills, with businesses in these industries paying their invoices near 9-11 days late on average (or between 35% and 70% later than the national average over all industries).

Similarly, the hospitality sector in Wellington is also showing signs of invoice payment stress, with much of this stress being a direct result of tighter household budgets.

Looking beyond the main urban centres, businesses in Taranaki are showing the worst effects of difficult trading conditions. Across most industries, businesses in this region are paying invoices later than similar businesses from other parts of New Zealand. In particular, the hospitality, finance (e.g. broker) and real estate sectors are performing worst, each paying their invoices between 12 and 14 days late (over 2-times later than the average over all industries nationally).

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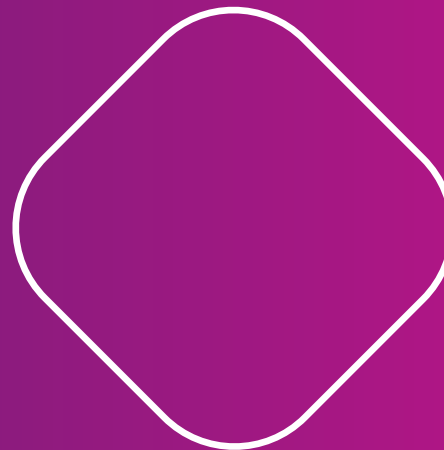
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