Consumer Credit and Business Stress Report

New Zealand | July 2026

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Summary observations

Consumer credit and business trading risk appears to be stable with some signs of tentative improvement. However, key behavioural indicators point to a material rise in the credit risk of lower-wealth households and to the trading risk of businesses from property and food related sectors.

Experian's report into New Zealand's consumer credit and commercial trading sectors has uncovered mixed outcomes for householders and businesses. As a headline insight, the risk of both consumers and businesses has improved over the longer term. For consumers, the 30+ day delinquency rate has fallen by around 7% in the last 2 years (from 1.4% in April 2024 to 1.35% in 2025 and 1.3% currently), while, for businesses, the number of days that invoices remain overdue has fallen by near 10% (from above 5.5 days to below 5 days).

However, while consumer credit risk has fallen gradually over the last 2 years, the improvement in business invoice payments has only been seen recently (falling from a peak of 6-days overdue in mid-2025 to today's low – circa 20% improvement). In addition, while it can be partly explained by typical post-Christmas behaviour, this year has seen a slight worsening in credit performance again, and this has occurred while some industries and (potentially lower-wealth) consumers have shown signs of rising credit stress.

Focusing on consumer risk first, we found that, while 'home loan delinquency' remained stable in the year to April, 'personal loan delinquency' deteriorated. Specifically, the 30+ day delinquency rate of personal loans climbed to 6% in April 2026 (12% higher than in April 2025 in relative terms) while, at the same time, the demand for personal loans rose significantly; the number of active loans climbing by 5.5% in the 15 months to April. Similarly, payments to debt collection firms were 25% higher in the four-months to April 2026 when compared to the same period in 2025. This deterioration in risk occurred at a time when the inflation rate on household essentials rose substantially. For example, while overall CPI rose by only 3.1% in the year to March, inflation on energy rose by 12%; on council rates and meat products, by 8%; on fruit and vegetables, by 7% and on education, by 5%. Therefore, materially higher living costs coincided with growing demand for higher-risk credit and deterioration in the loan repayment behaviour of these credit consumers.

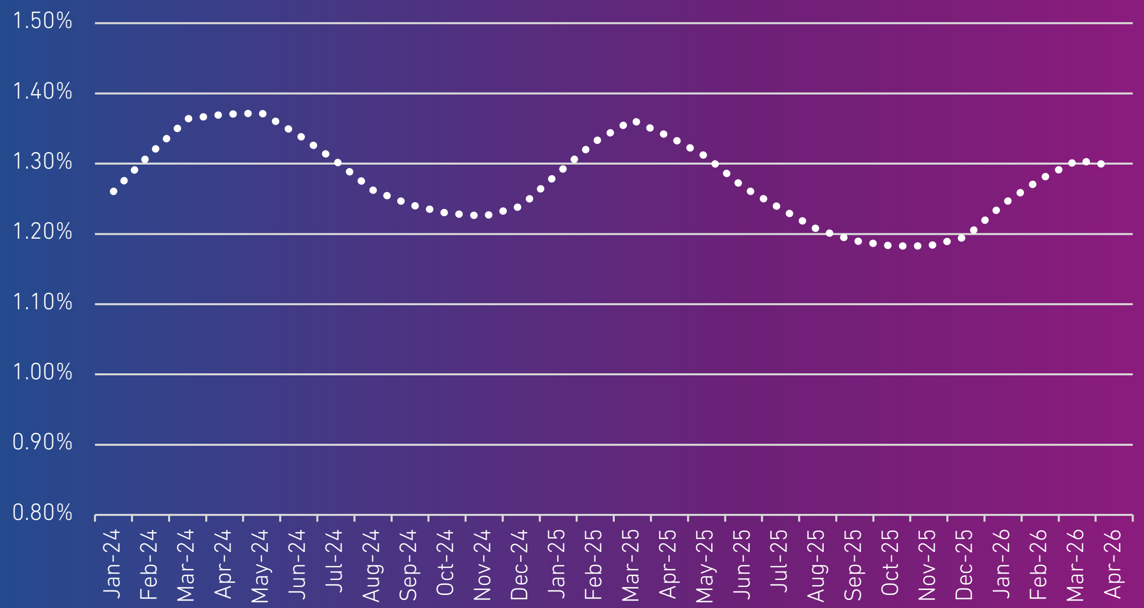
That said, with higher inflation on essential goods and services, we also saw a rise in home loan debts in 2026, when compared to household incomes. Therefore, although higher debts may have resulted from lower interest rates, it does raise the concern of credit risk spilling over into lower-risk consumer groups, if these systemic economic factors affect the New Zealand population more broadly (especially if interest rates were to rise again).

Focusing on business trading risk, higher inflation appears to have had a detrimental effect on parts of the hospitality, food retail and food manufacturing sectors, as well as, on the real estate and property development sectors. Moreover, higher trading stress may have added to slower growth in businesses that supply good and services to these sectors. Therefore, the headline improvement in consumer credit and trade payment risk come with cautionary footnotes; highlighting the need for risk managers to closely monitor both business and consumer risk into 2027.

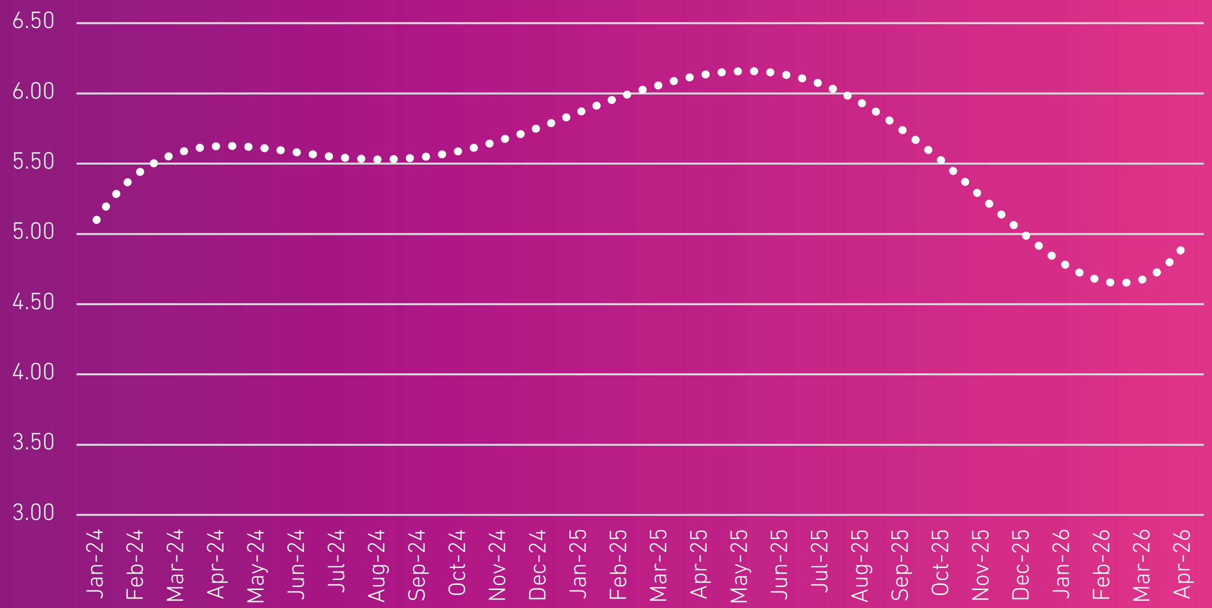
The underlying stress indicators - April 2026

Consumer credit delinquency and overdue trade payment rate –
January 2024 to April 2026

Consumer credit delinquency per month –
30+ day delinquency rate since January 2024



Trendline of commercial trade invoices -
Average overdue days since January 2024



Overview

Key observations to April 2026

Stable consumer credit delinquency and business trading risk may be masking a two-speed economy

New Zealand has seen an improvement in both consumer credit risk and business trading risk over the last 2 years. However, while the overall risk has improved, lower-wealth consumers have shown signs of credit payment stress recently, which may have impacted consumer-facing businesses.

Lower-wealth consumers are showing signs of credit stress

While the risk of credit card and home loan borrowers has remained stable, lower-wealth consumers that hold a personal loan have struggled to make credit repayments on-time, noting that the 30+ day past due rate on personal loans has risen by around 15% since mid-2025.

Inflation on essential purchases may be causing consumers to change their consumption decisions

Although inflation has only risen moderately on average (3.1% annually in March 2026), consumers have been hard hit by a higher inflation rate on essential goods and services. This includes rises in energy costs, property rates, staple foods (including meat, fruit and vegetables) and education costs. Inflation on these items has risen between 5% and 12%. Furthermore, we have seen a substantial rise in the percentage of consumers who have taken on larger home loan debts (with 1 in 5 borrowers now taking on a home loan debt more than 6-times their annual income).

Businesses supporting the food and property sectors are showing the greatest financial strain

The hospitality, food retail and food manufacturing sectors have all shown an increase in trade payment stress recently. Similarly, businesses in construction and real estate have also shown greater stress. This now appears to have spilled over into the trading activity of businesses that supply goods and services to these sectors – i.e. in the food production, fertilizer production, farming/agriculture, building design, building completion and building materials sectors.

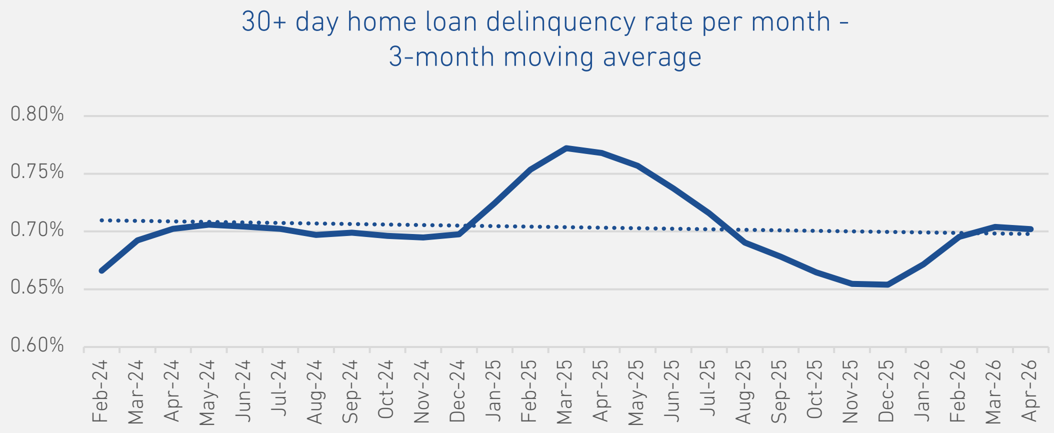
National credit risk remains stable while consumer risk may be diverging

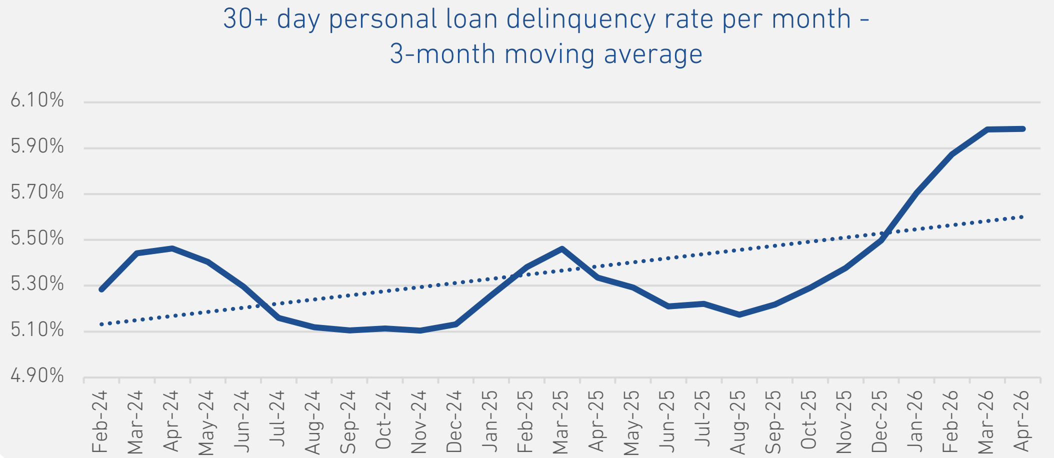
The risk of personal loan holders has risen significantly over the last 12 months, suggesting that consumers with limited equity, lower cash-flows and lesser access to low-cost finance may be showing greater signs of credit stress

While wealthier New Zealanders appear to be showing resilience to tighter household finances, lower-wealth consumers appear to be struggling at present. This is consistent with the experience seen in Australia recently (as noted in Experian's Consumer Barometer for June 2026), which suggests that financially related credit stress may be a consistent issue on both sides of the Tasman at present.

This divergence in the credit risk of wealthier and less-wealthy consumers is depicted in the adjacent diagrams; the higher graph showing the delinquency rate on home loans and the lower graph showing the delinquency rate on personal loans. Although the loan repayment record of home loan borrowers shows clear signs of seasonality (tracing the usual pattern of rising delinquencies post-Christmas followed by falling delinquencies early in the new tax year), the long-term trend indicates a broadly stable repayment pattern – i.e. the 30+ day past-due rate is consistently centred near 0.7% throughout the last 2 years. This suggests that home loan borrowers have continued to service their debt obligations, even as tighter household budgets may have necessitated a change in spending priorities. In essence, the family home has remained their highest priority. While not depicted here, we have also seen a similar trend for credit card users, with card delinquencies falling over the last two years.

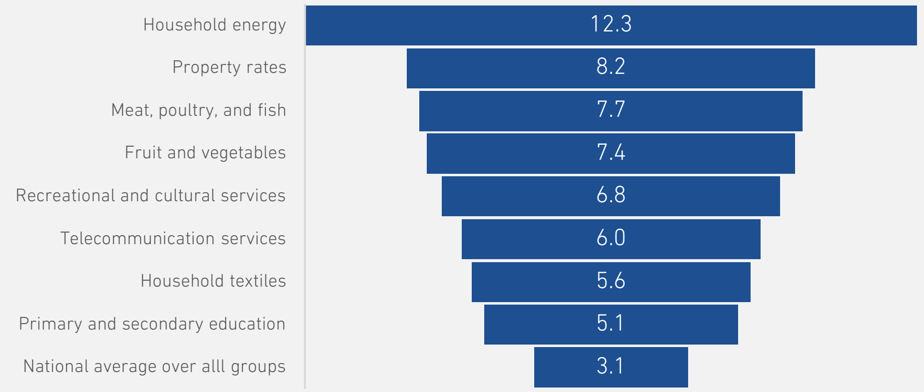
However, the situation for personal loan borrowers is materially different. From the adjacent diagram we observe that the 30+ past due rate has risen near 10% over the last 2 years and by around 15% since mid-2025. This recent shift to higher risk is especially concerning as there is little evidence of any moderation (apart from a modest, seasonal improvement in the new tax-year). This may indicate that consumers, who have stretched cash-flows, minimal savings and no visible housing equity, are struggling with their credit obligations.





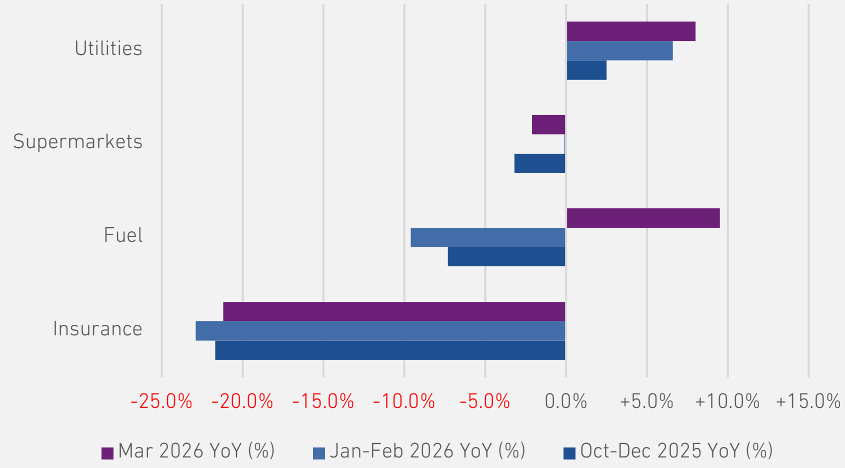
Higher inflation on key household items may be changing consumer spending patterns

Annual inflation on key household categories to March 2026



Source : Stats NZ

Percentage change in spending on household/domestic costs



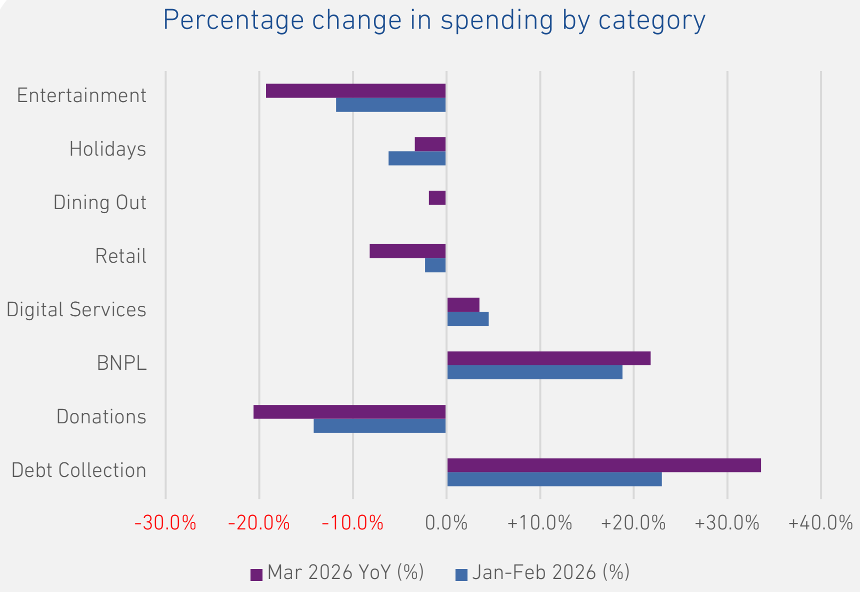
The financial impact to less-wealthy households can be seen in the adjacent diagrams. From the top graph we can see that the average CPI figure published in New Zealand may be masking the significant rise in inflation on core spending categories. While inflation has risen 3.1% overall in the year to March 2026, inflation on several essential goods and services has risen by at least double this average – energy costs having risen by 12%, council rates by 8%, basic fresh food by 7%, education and telco services by 5-6% respectively.

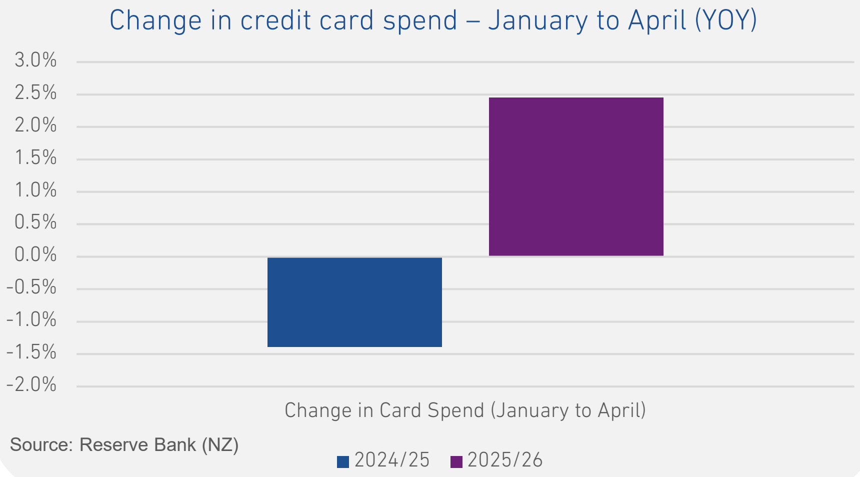
Higher prices for essential goods and services affect less-wealthy households disproportionately, as falling consumption reduces their basic well-being, potentially resulting in less affordable accommodation, harsher housing conditions and poorer diets. However, where their consumption remains primarily inelastic, tighter finances can mean that households juggle borrowing costs and basic consumption – in which case, the outstanding debts may come under greater pressure, leading to higher delinquencies (especially on debts that are of lesser importance to the consumer).

Experian's consumer spending data shows some of these possible impacts to household expenditure. From the lower graph, it appears that household spending on energy has risen around 7-8% (YoY) in the March quarter, while potentially tighter fuel supply and higher costs have also led to a substantial rise in petrol/diesel expense – rising near 10% in March (due partly to the Gulf conflict).

However, in contrast, higher inflation has led to a fall in grocery and insurance consumption – spending on groceries stagnating in early 2026 and falling 2% in March. The fall in insurance spending has been even more notable – now 20% lower YoY (while insurance premiums have remained stable). This suggests that households have looked to curtail consumption as budgets have tightened; taking on more personal risk by reducing insurance cover while also trading-down to cheaper grocery items and juggling debt obligations.

Discretionary spending declines amid greater use of BNPL and credit cards





Source: Reserve Bank (NZ)

Higher inflation has also had a material impact on discretionary spending, as people move to 'paying on terms', staying at home, reducing their philanthropy spend while also becoming more strained by overdue debts.

In terms of lifestyle choices, New Zealand consumers significantly reduced their spending on entertainment (including 'live shows', concerts and sports events); this category falling by over 10% (YoY) early in 2026 and 20% in March (as fuel prices added to financial strain). Similarly, spending on travel fell at a time when taking a holiday tends to be in high-demand, while direct retail spending also fell and dining-out spend was flat (with real consumption falling).

Lower spending on entertainment was even more significant when considering the inflation rate on recreation and cultural activities (7%), suggesting that real consumption may have fallen by over 20% in early 2026 (YoY). Similarly, stagnant dining-out and falling entertainment spend occurred as spending on 'digital services' rose (albeit modestly, at around 3%). This suggests that consumers may have shifted their priorities to 'staying at home' rather than 'going out' when choosing entertainment options (this is consistent with the behavioural change observed in Australia.)

New Zealanders have also spent more on the credit card this year (rising by 2.5% YoY). While this may be a sign of better economic conditions for some consumers, it may also mean that consumers have moved away from spending their own money, in favour of spending on credit. This is especially feasible when looking at the fall in direct retail spending and the substantial increase in using BNPL services (up around 20% YoY in 2026).

Tougher economic conditions for, at least, some New Zealanders may also be seen from the fall in philanthropy spend (down 15-20% YoY in Q1-2026) and from higher debt collection expenditure (rising over 20% in 2026 and peaking in March at 30% as fuel prices impacted budgets). Therefore, while some consumer segments may be doing well economically, lower-wealth New Zealanders appear to be showing heightened stress from rising prices and overdue debts. Recipients of charitable funds will be struggling most, firstly, from higher living costs and then, from falling philanthropic spend.

Households may be reducing credit card exposure while taking on more personal and home loan debt

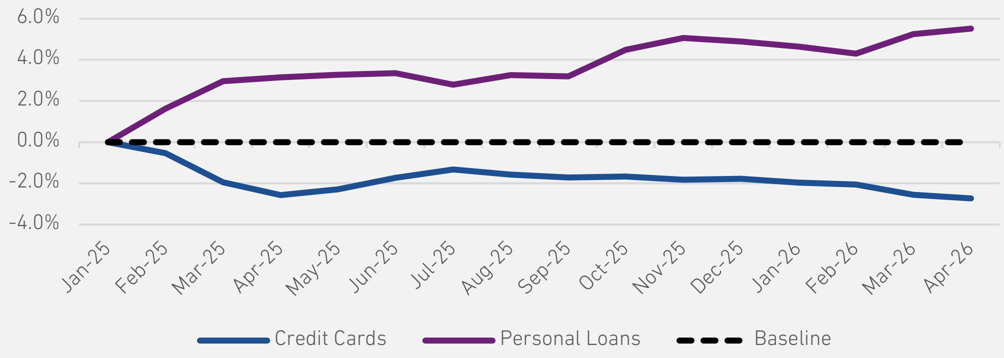
Experian's consumer credit data shows that credit card ownership has fallen over the period January 2025 to April 2026; down by 1.3% in the six-months to July 2025 and then, by another 1.4% in the nine months to April 2026. Therefore, although consumers have, on average, spent more on the credit card in 2026, they have consolidated their ownership of cards. This has occurred at a time when the number of active personal loans has risen, and consumers have shifted to higher home loan debts (relative to incomes).

This result may suggest that, rather than discarding the credit card altogether, consumers have become more discerning users of credit (by closing non-essential credit holdings). If so, it may mean that the recent improvement in credit card risk is due to more selective use of the product and not to an organic improvement in the risk profile of credit users. For example, the credit card may have shifted away from being used as a mass market credit product to instead, the preferred spending instrument of higher-wealth consumers.

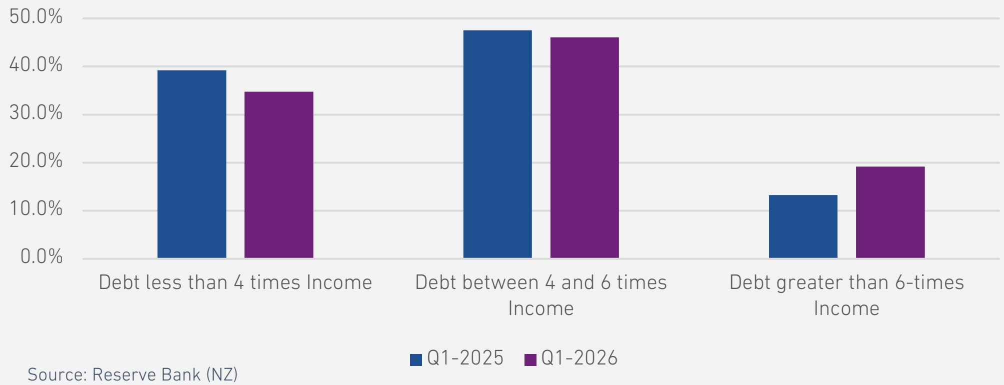
By contrast, we have seen a substantial increase in the take-up of personal loans – the total number of active loans rising 5.5% in the 15-months to April 2026 and around 2.3% since September 2025. In some cases, this rise may be a sign that consumers are turning to highly structured forms of credit as a way of managing their spending (i.e. away from overspending on revolving credit). Equally, this finding may indicate that consumers are turning to more expensive, near-prime credit, which, if so, may lead to a rise in the number of financially strained households.

Consumers also appear to be taking on larger home loan debts today. For example, focusing on the March quarter, the adjacent diagram shows that the proportion of large-debt home loans taken on by consumers (i.e. debts that are at least 6-times higher than a borrower's income) has risen from 13% in 2025 to 19% in 2026. On the positive side, as lower interest rates are available today, this may indicate that consumers can service larger debts. However, even if true, these larger debts may lead to stressed budgets if they are taken on during a time of rising inflation. Also, if we see a return to higher interest rates, larger debts may exacerbate any existing strain on budgets (a clear warning sign for lenders that will require close monitoring over 2026/27).

Change in the number of credit Cards and personal loans
(Cumulative percentage change since January 2025)



Percentage of new home loans ($) by
applicants' debt to income ratio



Source: Reserve Bank (NZ)

Trading stress is most pronounced in food and property sectors

The trend is particularly notable in Auckland and Wellington

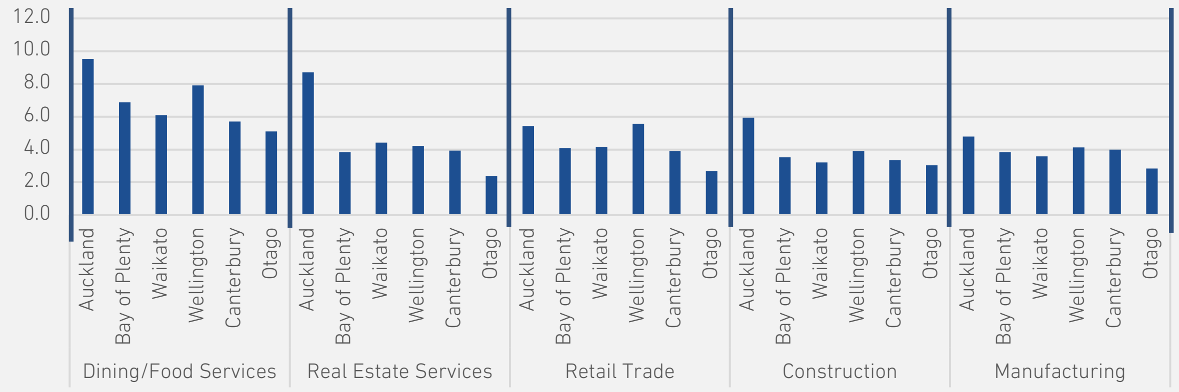
Higher inflation and changes in consumer demand are having an uneven effect on businesses. While the hospitality and real estate sectors are experiencing tough conditions, the general retail and manufacturing sectors are showing more resilience to tighter consumer spending. That said, there are clear exceptions to this from both a geographical and business segment perspective.

Focusing on the more urbanized parts of New Zealand, businesses in Auckland and Wellington are generally underperforming those from other parts of the country. This is shown in the adjacent diagram, which shows that hospitality businesses in Auckland are paying trade invoices when they are 10 days overdue and in Wellington, when 8 days late (compared to 5-6 days late in Canterbury and Otago). Similarly, retail businesses in both Auckland and Wellington are finding it harder to pay their trade invoices than businesses in other parts of New Zealand, as are real estate and construction businesses in Auckland.

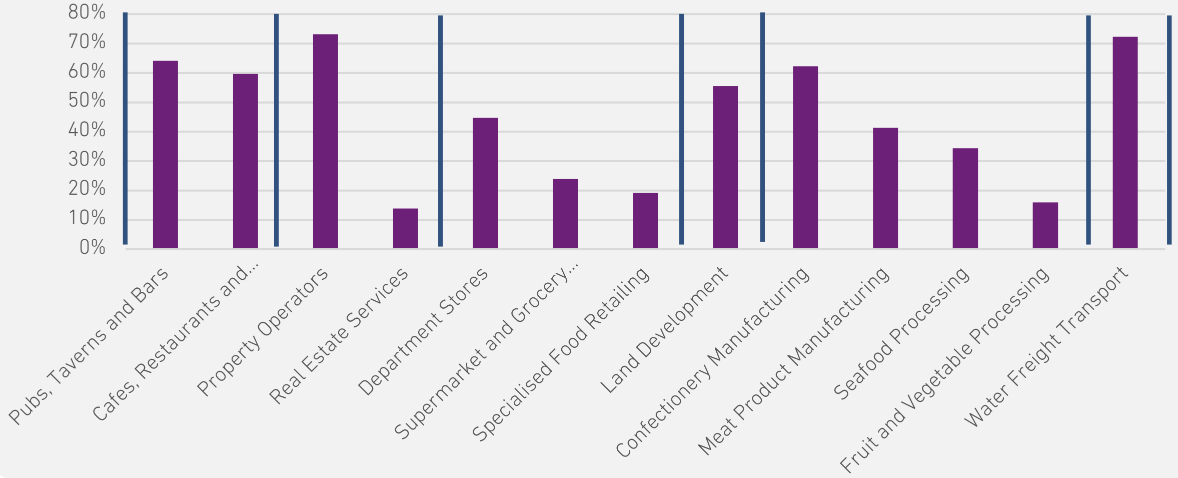
Therefore, while there are reports of a tentative economic recovery in Auckland, this improvement has not yet led to a better trade payment record. Businesses in Wellington also continue to underperform, due in part, to a contracting government sector, indicating that close monitoring of business activity in both regions is still a fundamental requirement.

Looking more closely at business segments within each major industry, we note that invoice payments are being made significantly later by restaurants, cafés and bars (paid 60% later than the national average), land developers and property operators (50-70% later), department stores (40% later), several food manufacturing sectors (e.g. 30% later in the meat processing sector) and in the food retail sector (20% later). Overall, we are still seeing signs of financial problems in the hospitality, property management, property development, food retail, general retail and food manufacturing segments (even as other manufacturing segments are performing quite well). From very recent business activity, we can also add the water-freight segment to this group (paying invoices 70% later), potentially due to the Gulf conflict.

Business invoices - Average days overdue in April 2026
(by larger regions and key industries)



Business invoices - Average days overdue (by ANZSIC Group)
(Percentage worse than national average in April 2026)



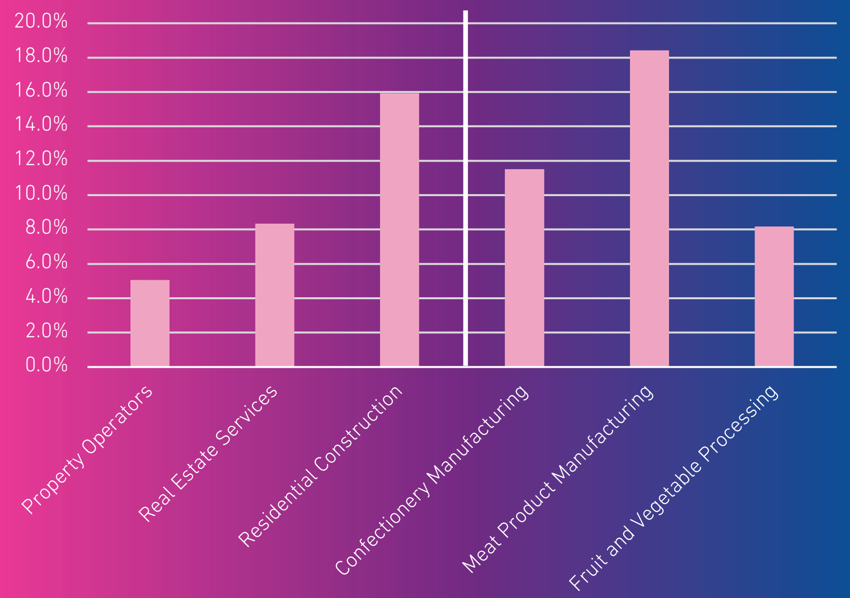
Trend points to further trading stress in property and food businesses

Ranking of industries (worst to best) by combination of currently overdue trade, recent trade behaviour and insolvency dynamics

Worst Sectors
- Accommodation and food services
- Rental, hiring and Real estate services
- Retail trade
- Construction

Best Sectors
- Agriculture, forestry and fishing
- Information media and telecommunications
- Health care and social assistance
- Education and training

Percentage change in the number of days that trade payment are overdue – January to April 2026



Having analysed the trading behaviour of businesses, Experian has isolated industries that have the highest and lowest risk of trading stress through 2026. At the better end, even though these sectors are affected by higher inflation, businesses in the education, health care, telecommunication and agricultural sectors are performing soundly. Each sector has a superior record of 'overdue' invoices payments and a relatively low rate of business failures (both recently and over the longer-term).

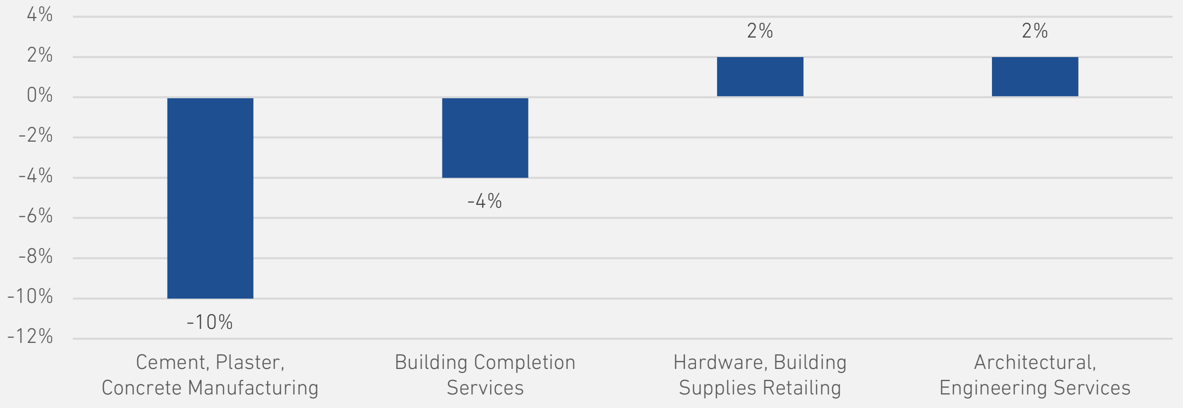
At the other extreme, the hospitality, real estate, retail and construction sectors have shown the highest trading risk, both in terms of the overdue trade payments and insolvencies. Therefore, even allowing for the improvements to trading that has been noted in the media, these sectors remain ones to monitor currently.

Analysing recent business performance at a more granular level (ANZSIC 3-digit), the worst trends for overdue trade payments were seen in real estate, building construction and food manufacturing businesses. For example, since the start of 2026, trade payments from the residential construction sector deteriorated by 16%, in the real estate agency and property management sectors (by 5-8%) and in meat product manufacturing (by 18%), fruit and vegetable processing (8%) and confectionary manufacturing sectors (12%).

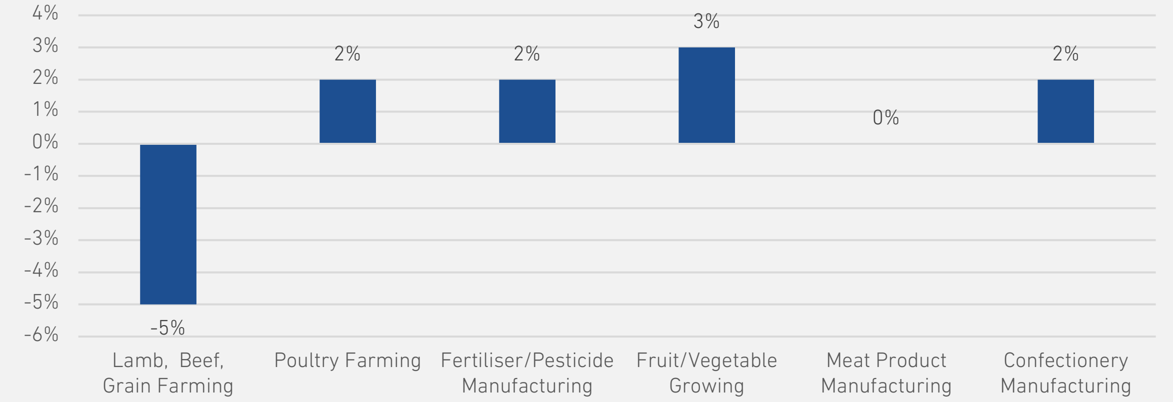
We estimate that businesses in these sectors have been especially hit by problems that have affected consumers – i.e. sluggish GDP, growing underemployment, tight cashflows and falling consumer confidence (and an especially higher rate of unemployment in Auckland and Wellington) - and from higher input costs on fuel, building materials and fertilizers. Some of this strain may have been caused by the Gulf conflict, which created supply bottlenecks and input cost inflation. Higher inflation on household staples will have added to the strain on consumer demand, causing business confidence to fall. How this business risk evolves through 2026 will need to be monitored by creditors.

Business growth is also weak in food and property related sectors

Growth Index – Annual rise in business activity to April 2026
ANZSIC business segments supporting the construction sector



Growth Index – Annual rise in business activity to April 2026
ANZSIC business segments supporting the food sector



Coinciding with tougher trading conditions in food manufacturing, food retail, real estate and construction, businesses that supply goods and services to these sectors saw sluggish trading growth over the last year.

For example, manufacturers of raw building materials, including cement, concrete and plaster, saw trading activity contracting by 10% in the year to April, while the trading activity of building firms that finalise construction projects shrank by around 4%. Other segments, while still showing some growth, grew at below-CPI levels. This includes building supplies and hardware businesses as well as architectural planning, project management and construction engineering businesses (trade activity growing by around 2%, or sub-CPI).

Similarly, the trading problems that affected food manufacturing businesses also affected their suppliers. For instance, trading activity in beef, lamb and grain farming businesses fell by 5% and in poultry farming and fruit and vegetable farming rose by only 2% and 3% respectively (i.e. below CPI). Lower trading activity in these businesses also coincided with sluggish growth in the fertilizer manufacturing segment (i.e. activity growing only 2%). While meat producers and confectionery makers already saw a rise in overdue trade invoices, they also suffered from lower business growth (with zero growth and a 2% rise respectively).

The cause of this slowing growth may have come from both ends of their business operations. From the supply side, this may have been caused by higher prices on imported raw materials while, from the demand side, this may have been a result of lower consumer demand, as households traded down to cheaper produce and from changes to household spending priorities (to higher energy, housing tax and education expenses).

These findings are not isolated to New Zealand, as Experian has seen a similar pattern in Australia over 2025/26. For example, from the supply-side, some of the causes of this sluggish growth may be due to bottlenecks in shipping freight (not least, because of the Gulf conflict that has affected the movement of goods over Q1 and Q2 2026). This has potentially affected the volume of trade into New Zealand as well as the cost of imported materials – i.e. the cost of raw building materials (for construction), of fertilizers (for farming) and of imported foods.

Definition of the consumer credit and business stress indicators

Background notes:

Definition and tracking

The New Zealand Consumer Credit and Business Stress Indicators, respectively, track the credit payment behaviour of consumers that hold consumer credit facilities and the term credit repayment behaviour of businesses that make invoice payments to suppliers.

For consumers, their payment behaviour is monitored according to the change in the 30+ days past-due status across all credit products. The indicator tracks this 30+ days (or 2+ payments) overdue status since January 2024, showing the percentage of accounts at 30+ days in each month. While the diagnostic graph shown in the report may change from time to time in future, unless defined otherwise in the published slide, it will be shown as a 3-month moving average (representing the average payment delinquency rate over the preceding 3-month period). This is done to smooth any monthly volatility.

For businesses, their payment behaviour is taken as the average number of days that trade invoices are overdue per month (averaged across industries, regions and size of businesses). This metric is tracked monthly and while the underlying method may change from time to time in future, unless stated otherwise, the published graph will be shown as a trendline that describes the general change in overdue days (i.e. removing unnecessary volatility).

Underlying data composition

The underlying stress indicators and supporting data insights are drawn from a combination of Experian proprietary data sources and externally sourced reports (typically from government agencies).

The consumer credit repayment data is sourced from Experian's comprehensive credit bureau, being one of the major consumer bureaus operating in New Zealand. It contains the credit details of several million consumer credit accounts from the banking and finance sector.

The business invoice data is sourced from Experian's proprietary trade program, which operates as one of New Zealand's most comprehensive commercial data sharing services (forming a large part of Experian's core commercial reporting service). The program enables New Zealand private and public companies to share their customer/debtor invoice data with Experian.

Insights that support Experian's findings are also contained in this report. If derived from external sources, the insight is obtained from nationally recognised data providers, such as Stats NZ and the RBNZ, and may include economic and lending data. If derived from internal sources, the insight may be taken from Experian's national database of business insolvency and legal action data, and from its database of summarised and depersonalised consumer spending activity.

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