

MEDIA RELEASE

Credit card appetite drives improved retail credit demand

Home lending demand remains soft

Equifax NZ Quarterly Consumer Credit Demand Index: September Quarter 2022

- Overall consumer credit demand reduced by -6.0 % (vs September qtr. 2021)
- Mortgage credit demand reduced by -31.8% (vs September qtr. 2021)
- Unsecured credit demand (comprising personal loans and credit cards) up +7.1% (vs September qtr. 2021)

AUCKLAND, November 8th 2022: The latest *Quarterly Consumer Credit Demand Index* reveals an improving trend in overall consumer enquiry volumes for the quarter ending September 2022 vs the previous quarter. The result for the quarter was driven by a sharp rise in the appetite for credit cards.

Released today by Equifax New Zealand, the global data, analytics and technology company and leading provider of credit information and analysis, the Credit Demand Index measures applications for retail credit products, including credit cards, personal loans, and home loans.

Unsecured credit demand is up 7.1% year-on-year for the September quarter, which has been driven mainly by an 18% uplift in credit card volumes. Mortgage demand continues to be well down on 2021, falling by 31.8% in the September quarter year-on-year. Mortgage demand also experienced lower performance by comparison with unsecured credit demand, although quarterly volumes for 2022 to-date are at or above pre-pandemic levels.

Equifax Managing Director Angus Luffman says the improved trend in credit cards is across most regions, with Auckland being the strongest. "Only three regions - Gisborne, Wanganui, and Marlborough - experienced softer demand for unsecured credit with a year-on-year reduction in credit card enquiries of -7.8%, -6.3% and -8.0%, respectively. Personal loan demand has declined in most regions, except for Auckland (up +15.0%) and Wellington (up +1.3%) in the September 2022 quarter."

"Whilst there are different trends for credit card and personal loan demand, there are common trends in the average amounts for credit applications, which have increased quite substantially over the course of 2022", says Luffman.

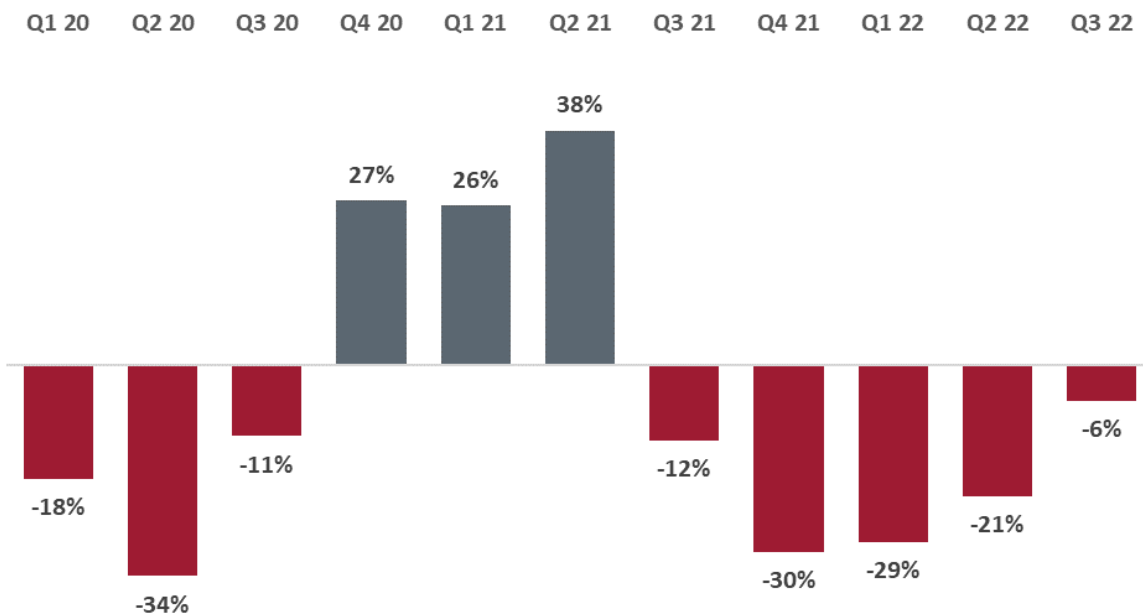
Across all age bands, average credit card enquiry amounts are increasing, most notably for consumers aged between 21 and 25 years; from 2021 to 2022 to-date, this segment has experienced a 35.1% increase in average credit card enquiry amount to \$4,800. For comparison, the average credit card enquiry amount for all consumers across the same periods has increased by 22% to \$6,400.

"We're also seeing some increases for personal loan enquiry amounts, with an average enquiry amount in 2022 at \$17,000. By age bands, consumers aged below 25 years represent the largest increase in average personal loan enquiry amount; from 2021 to 2022, this increase has been 15.6% to \$14,300. The increase in the cost of goods and underlying assets will play through to the amount of unsecured credit being applied for."

Mortgage demand for the September 2022 quarter dropped by -31.8%, year-on-year. Mortgage applications are a lead indicator of housing turnover and therefore price movement. “Whilst there has been some improvement over the course of 2022, mortgage demand remains very soft. A significant proportion of consumers remain cautious about the market, with concerns around future OCR increases, together with reductions in house valuations. “We expect cautiousness to remain in 2023 as the Reserve Bank seeks to tackle inflationary pressures through OCR changes,” says Luffman.

In the regions, Canterbury has been consistently better against earlier quarters, with a year-on-year reduction in home loan enquiry volumes of 26.8% in the September 2022 quarter. The West Coast and Taranaki were the big improvers against previously quarterly movements, down 22.3% and 24.4% respectively, for the same period.

CHART: Consumer Credit Demand Index, Year-on-Year Changes (%)



[ENDS]

ABOUT EQUIFAX INC.

At Equifax (NYSE: EFX), we believe knowledge drives progress. As a global data, analytics, and technology company, we play an essential role in the global economy by helping financial institutions, companies, employees, and government agencies make critical decisions with greater confidence. Our unique blend of differentiated data, analytics, and cloud technology drives insights to power decisions to move people forward. Headquartered in Atlanta and supported by more than 11,000 employees worldwide, Equifax operates or has investments in 25 countries in North America, Central and South America, Europe, and the Asia Pacific region. For more information, visit www.equifax.co.nz or follow the company’s news on [LinkedIn](#).

NOTE TO EDITORS

For more information, please contact:

Serena Benson

0220770767

info@serenabenson.com

DISCLAIMER

Purpose of Equifax media releases:

The information in this release does not constitute legal, accounting, or other professional financial advice. The information may change, and Equifax does not guarantee its currency or accuracy. To the extent permitted by law, Equifax specifically excludes all liability or responsibility for any loss or damage arising out of reliance on information in this release and the data in this report, including any consequential or indirect loss, loss of profit, loss of revenue or loss of business opportunity.