



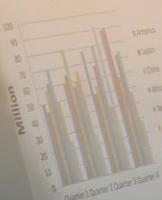
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NZ COVID-19 Consumer Insights

April 2020

Finance Report

Summary



Summary



Summary

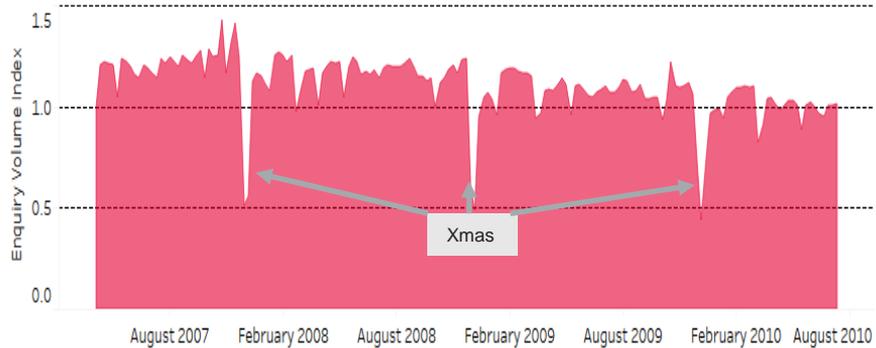


Impact of Covid-19 more severe than Global Financial Crisis (GFC) Consumer Enquiry Volume

GFC

EFX Enquiry Volume - GFC

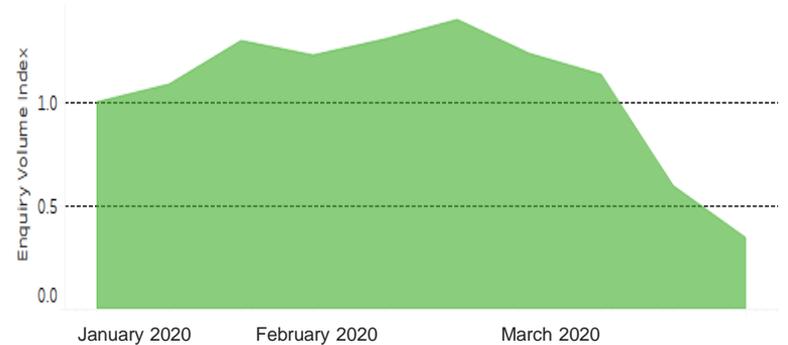
Figures Indexed to May 2007 - Weekly Figures



Covid-19 Crisis

EFX Enquiry Volume - Covid-19 Crisis

Figures Indexed to Jan 2020 - Weekly Figures



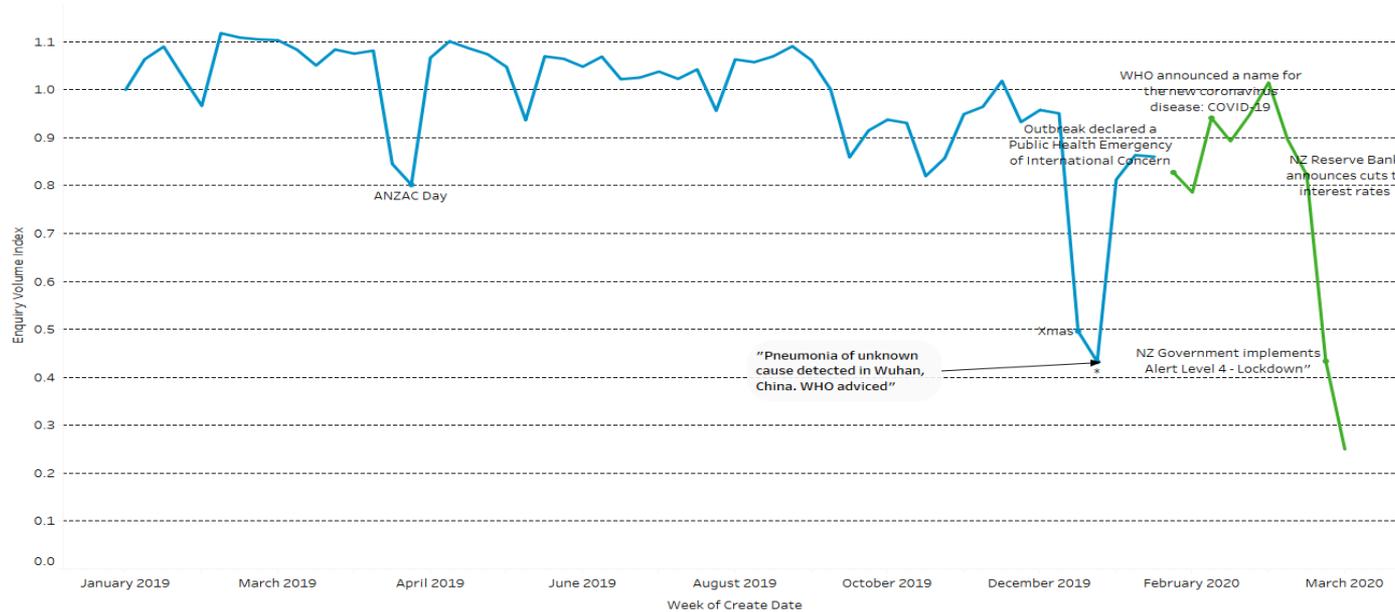
Consumer enquiry volumes dropped gradually after the Global Financial Crisis of 2007. Whilst consumer enquiries had been decreasing in the latter part of 2019, likely due to quotation enquiries, there has been an extenuated decline in volume since January 2020 attributed to media commentary around Coronavirus.

Consumer enquiry decline abrupt after lockdown to level 4

■ Covid-19 Crisis
■ Normal

A pronounced and immediate decline in enquiry volumes is seen post Level 4 "lockdown"

Consumer Enquiry Volume Index - By Events
1st Jan 2019 onwards



% Weekly Change - Figures

Covid-19 Crisis Period

Week of Create Date

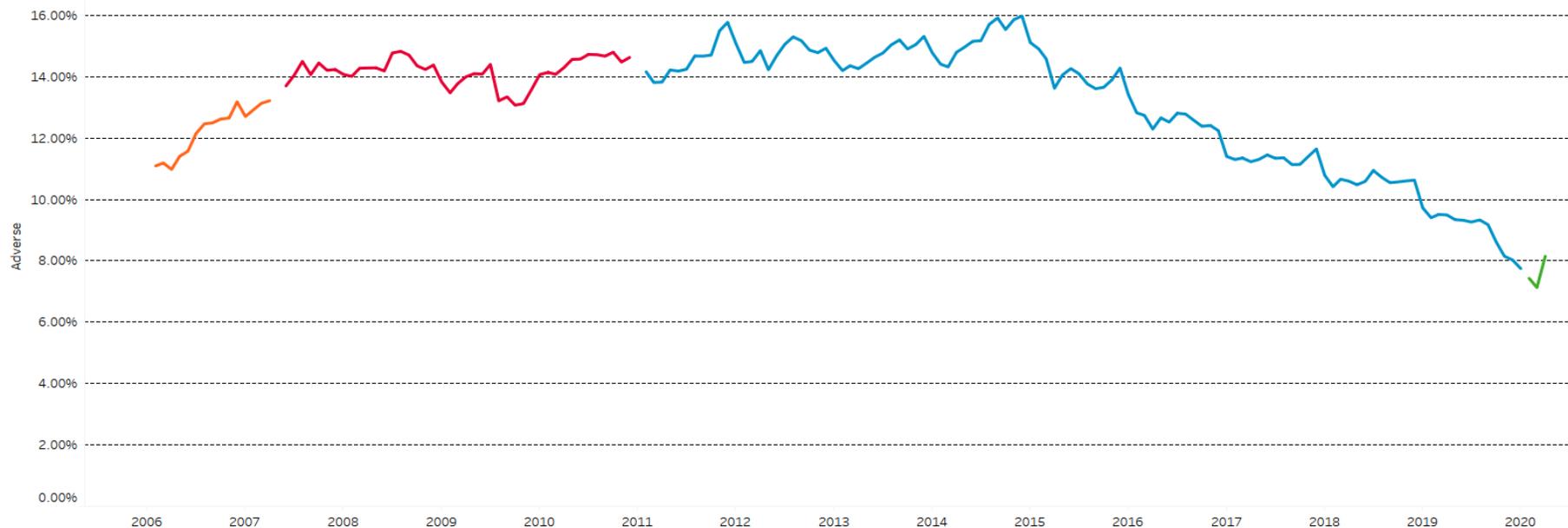
Week of Create Date	% Weekly Change
27 January 2020	
3 February 2020	7.93%
10 February 2020	19.74%
17 February 2020	-5.12%
24 February 2020	6.16%
2 March 2020	7.09%
9 March 2020	-11.74%
16 March 2020	-8.24%
23 March 2020	-47.24%
30 March 2020	-42.35%

Consumer Credit Stress starting to increase

Crisis Period Detail

- Pre GFC
- GFC
- Post GFC
- Covid-19 Crisis

EFX Adverse Rates



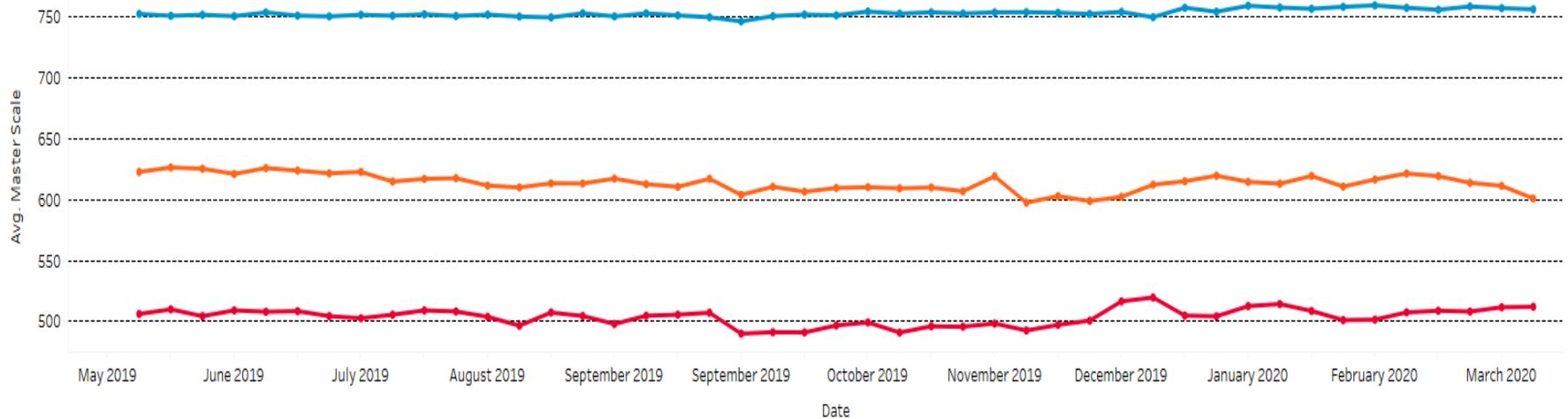
Consumer credit files with defaults gradually rose over the first year of the GFC. Defaults during CV19 are expected to rise quickly from what has been several years of decreasing credit risk.

Consumer Credit Scores

Credit cards starting to deteriorate

- Personal Loan – Week of create date
- Mortgage – 17 May 2019 to 23 March 2020
- Credit Card – and Null values

Equifax Apply Avg. Positive Score - By Portfolio



- Mortgages are well placed to manage the coming headwinds that the Coronavirus will bring but credit cards were already showing early signs of rising stress
- Both credit cards and personal loan scores are expected to see increased volatility in the ensuing months – but potentially delayed by repayment holidays. Personal loans are considered the highest risk portfolio.

Accounts in hardship

- have quadrupled over the last 12 months from a low base

Payment Status – Hardship & Arrears

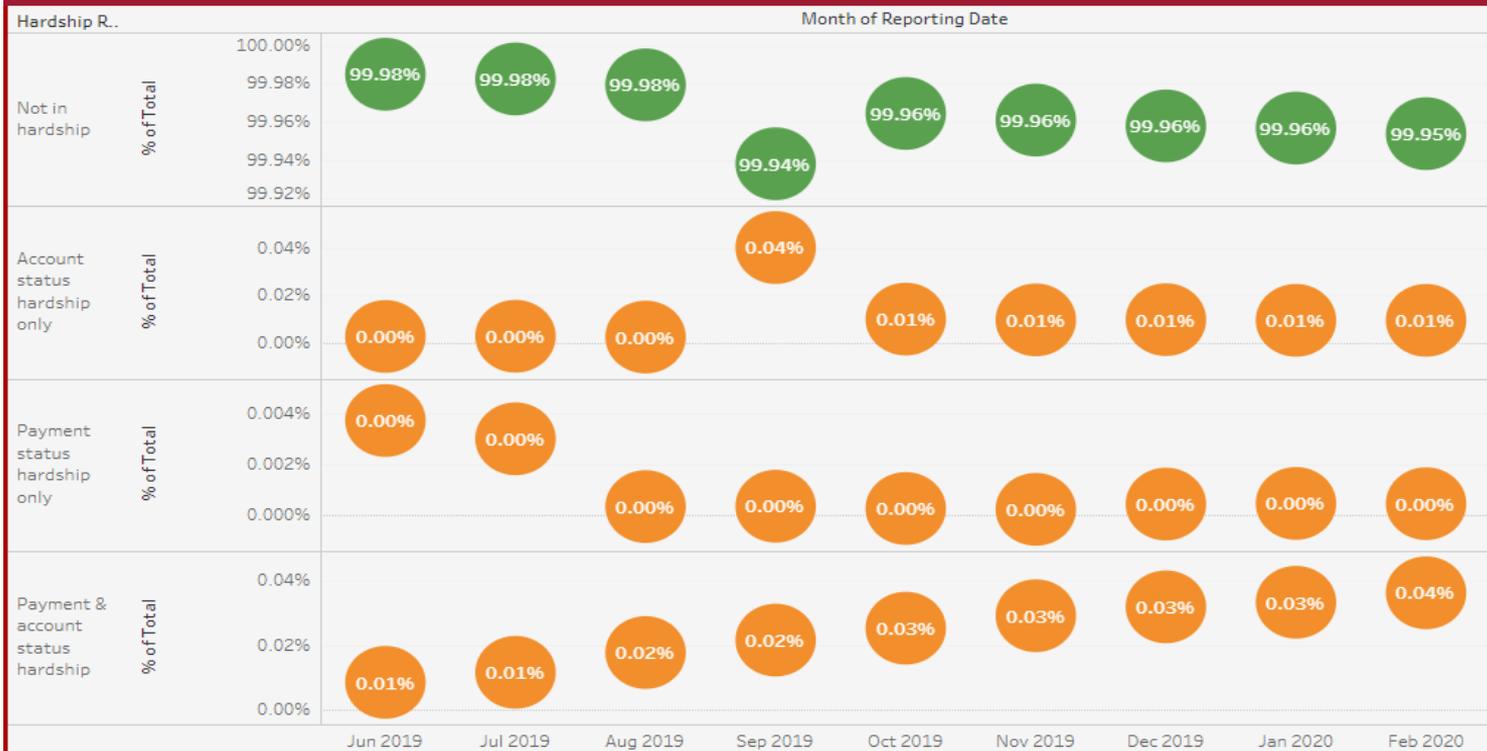


Post agreement within RCANZ members around Hardship treatments and loan repayment holiday arrangements, we will see data on this from April onwards and will update our reporting to reflect uptake of these facilities. Please note that not all payment agreements made at this time will be considered formal hardship arrangements as different credit providers look to be flexible in what they can offer to their customers.

Hardship Flags

– expecting an increase caused by Covid-19

Overall Hardship Trends



Clients currently have three choices of hardships flags:

- Account Status only
- Payment status only
- Account **and** payment status

Clients mostly use the joint hardship flag by noting hardship under both payment and account status. There is industry alignment to use payment status N (No Payment Due) for payment holidays and similar agreements during this time to show that customers under such agreements are meeting their obligations.

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