NZ COVID-19 Consumer & Commercial Insights

24 April 2020

Key Observations

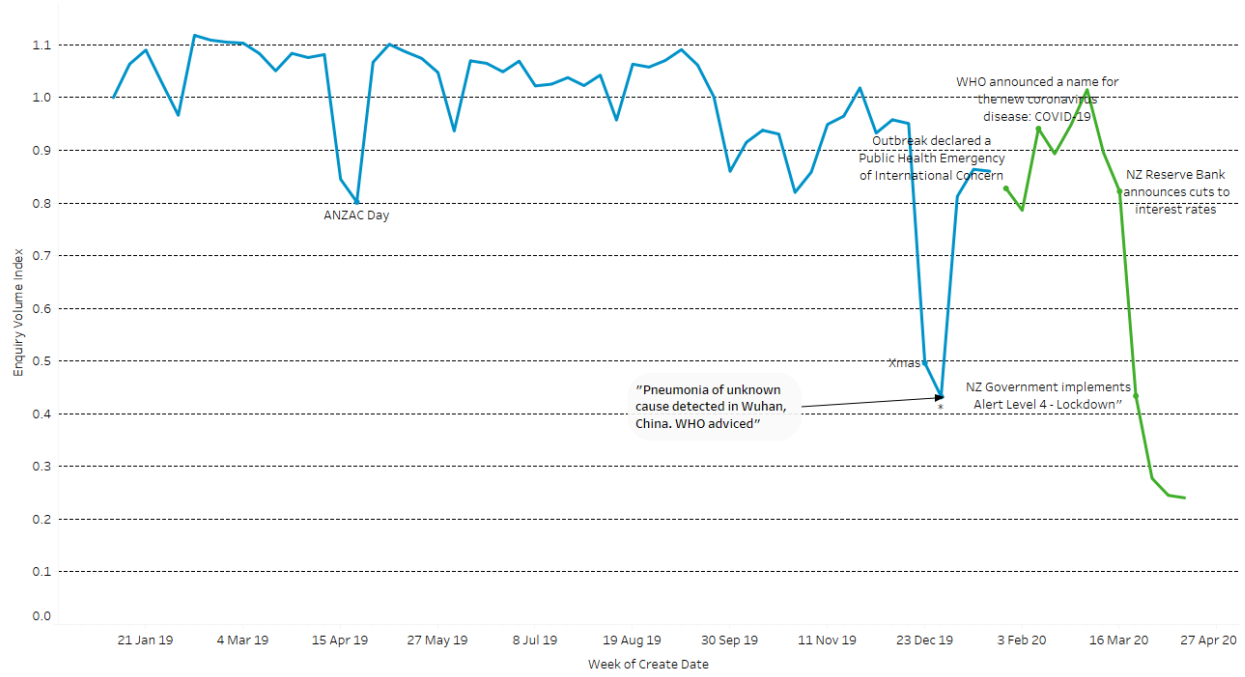
- The decrease in consumer credit demand shows signs of slowing with the rate of decline decelerating week on week
- Week on week, consumer applicant scores are showing signs of stabilisation and/or improvement, with the exception of Personal Loans applicants
- Week on week commercial credit demand has rebounded sharply since early April
- Key primary sectors such as Agriculture, Forestry & Fishing as well as tourism related sectors (accommodation) have suppressed credit demand, as does retail and education which are impacted by lock down under Level 4 of the governments COVID-19 response plan

Consumer Insights

Negative credit demand trend is slowing, with sub 2% week on week decline to 13 April

Normal
COVID-19 Crisis

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

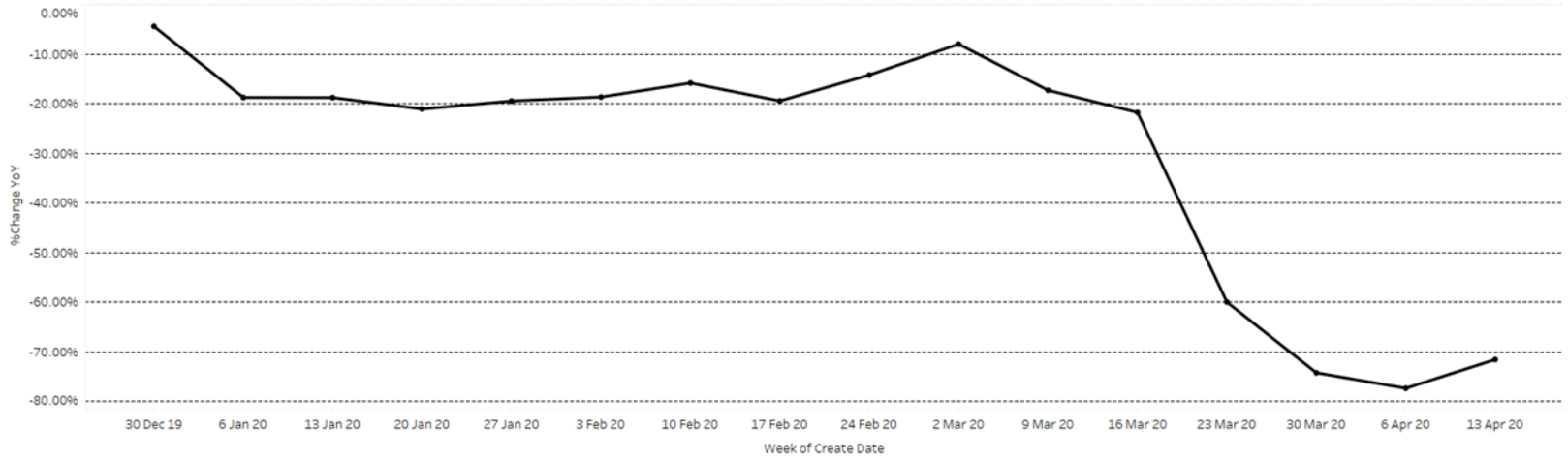


% Weekly Change - Figures
Covid-19 Crisis Period

Week of Create Date	
27 January 2020	
3 February 2020	7.93%
10 February 2020	19.73%
17 February 2020	-5.07%
24 February 2020	6.11%
2 March 2020	7.09%
9 March 2020	-11.73%
16 March 2020	-8.26%
23 March 2020	-47.23%
30 March 2020	-36.05%
6 April 2020	-11.65%
13 April 2020	-1.88%

Year on year credit demand had reduced, but the bottom of the slide may have been reached and passed

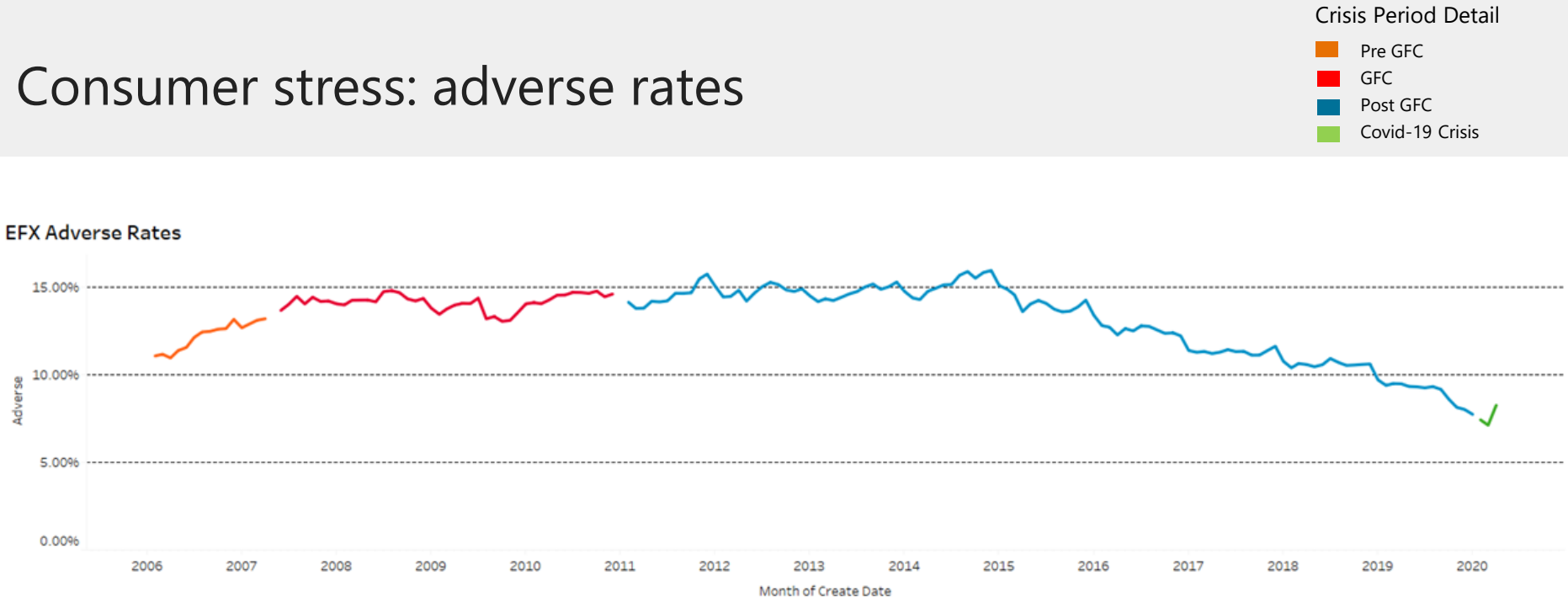
EFX Enquiry Volume Variance vs Same time LY



%YoY Change Weekly Figures

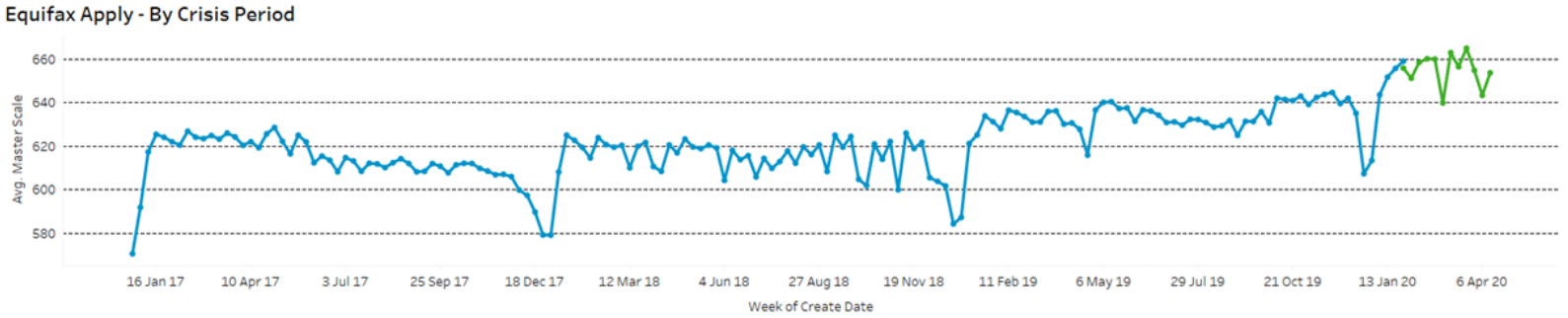
30 December 2019	6 January 2020	13 January 2020	20 January 2020	27 January 2020	3 February 2020	10 February 2020	17 February 2020	24 February 2020	2 March 2020	9 March 2020	16 March 2020	23 March 2020	30 March 2020	6 April 2020	13 April 2020
-4.42%	-18.75%	-18.78%	-21.09%	-19.46%	-18.66%	-15.84%	-19.45%	-14.23%	-8.00%	-17.31%	-21.76%	-59.98%	-74.22%	-77.34%	-71.55%

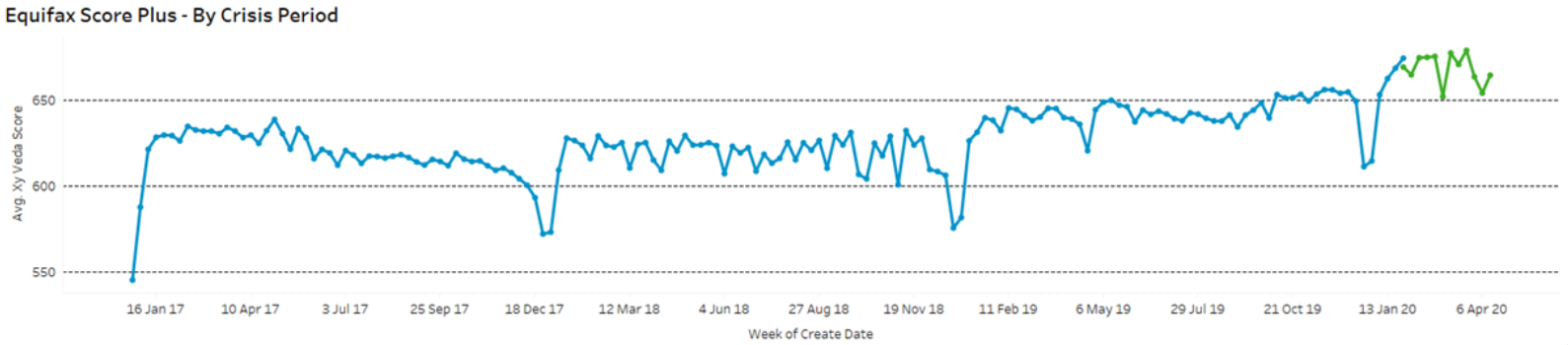
Consumer stress: adverse rates



Adverse rates are a lag indicator towards financial stress and hardship.
Adverse rates have started to tick up slightly, however the trend is still lower than same time last year.

Equifax Apply (CCR Powered) and Equifax Score Plus are leading indicators of default risk. Scores are showing signs of week on week improvement

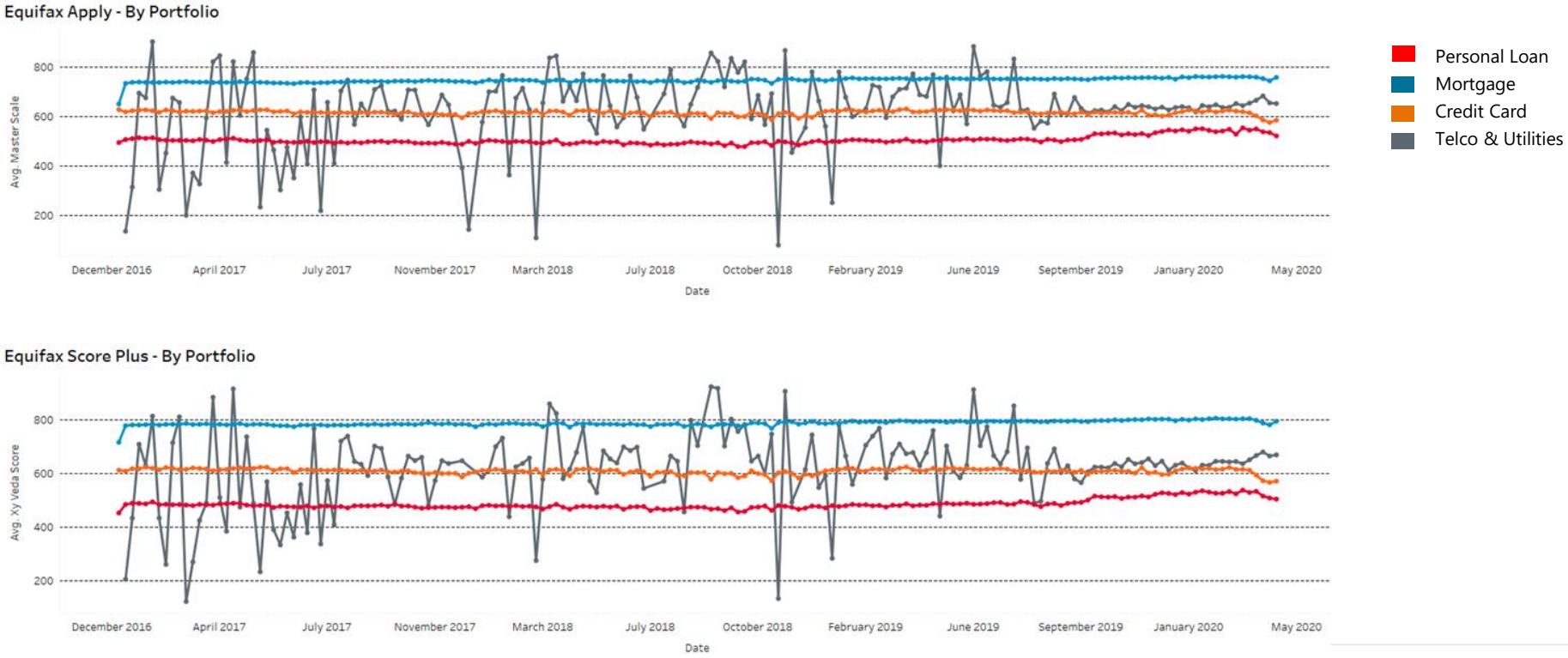




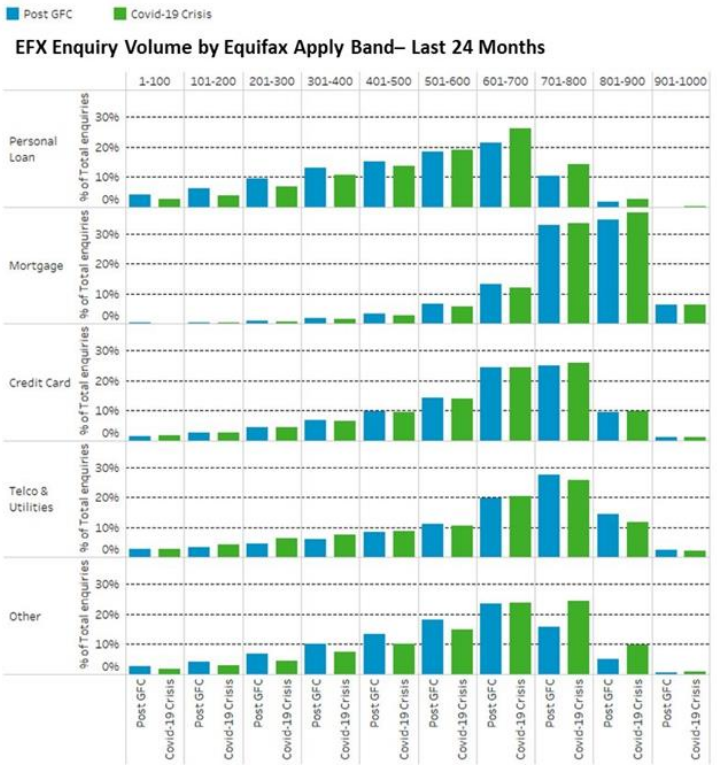
Crisis Period Long
- Post GFC
- Covid-19 Crisis

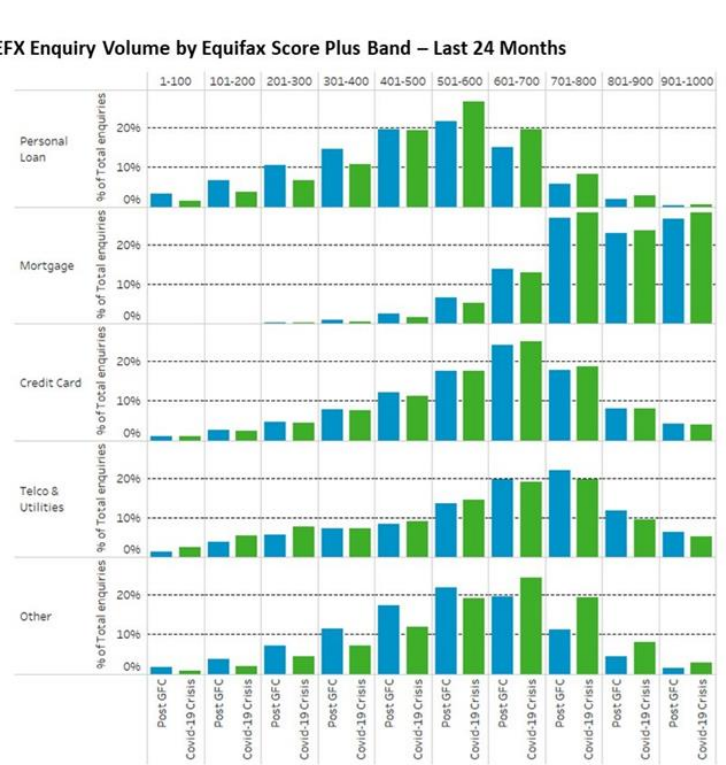
At portfolio level, applicant scores show signs of stabilisation

..with the exception of Personal Loans



Applicants in higher credit bands are seeking credit during COVID-19 at a higher rate than the post GFC period





Age group spikes more evident than during the GFC

Particularly in the 31 – 45-year old's age group, seeking unsecured financial products

Average score and week on week volume change by region

Equifax Apply

Equifax Apply

By Portfolio & % WoW Change in Volume

Region	17 February 2020 Covid-19 Crisis		24 February 2020 Covid-19 Crisis		2 March 2020 Covid-19 Crisis		9 March 2020 Covid-19 Crisis		16 March 2020 Covid-19 Crisis		23 March 2020 Covid-19 Crisis		30 March 2020 Covid-19 Crisis		6 April 2020 Covid-19 Crisis		13 April 2020 Covid-19 Crisis	
	Avg. Score	% WoW Change Vol	Avg. Score	% WoW Change Vol	Avg. Score	% WoW Change Vol	Avg. Score	% WoW Change Vol	Avg. Score	% WoW Change Vol	Avg. Score	% WoW Change Vol	Avg. Score	% WoW Change Vol	Avg. Score	% WoW Change Vol	Avg. Score	% WoW Change Vol
Auckland Region	651.9		648.7	10.49%	631.9	13.11%	653.6	-13.67%	652.4	-9.75%	659.5	-49.44%	658.6	-34.52%	638.5	-13.61%	647.5	-1.47%
Bay Of Plenty Region	639.3		644.0	-2.19%	624.8	18.28%	640.5	-19.09%	639.3	-3.68%	639.9	-54.94%	639.2	-36.07%	637.2	10.95%	622.0	-11.20%
Canterbury Region	660.3		657.6	8.37%	638.8	19.69%	650.7	-25.26%	652.9	-0.85%	659.2	-49.35%	638.5	-36.74%	630.9	-6.57%	648.9	1.14%
Gisborne Region	614.4		638.2	-13.21%	566.0	15.94%	620.1	-18.13%	606.5	0.00%	655.7	-63.36%	575.4	-10.42%	581.6	-32.56%	625.8	-27.59%
Hawkes Bay Region	643.1		645.8	13.75%	602.5	30.02%	642.9	-29.54%	636.9	-6.38%	618.2	-52.95%	613.7	-28.99%	595.4	-4.08%	589.6	-12.77%
Manawatu-Wanganui Region	619.6		640.8	2.12%	611.3	2.64%	642.9	-20.37%	646.3	-6.45%	643.2	-49.01%	611.1	-36.23%	583.3	-16.67%	626.8	20.00%
Marlborough Region	659.7		654.3	31.87%	644.4	0.83%	677.9	-28.93%	615.2	13.95%	681.6	-63.27%	631.8	25.00%	674.5	-46.67%	520.1	-12.50%
Nelson Region	696.3		672.5	-5.21%	659.2	10.99%	674.2	-11.88%	641.6	-10.11%	702.3	-51.25%	651.7	-28.21%	627.1	-10.71%	667.8	-14.00%
Northland Region	652.5		623.1	-10.58%	600.8	34.35%	615.0	-34.09%	615.7	-2.59%	633.8	-38.50%	615.8	-53.96%	572.6	34.38%	635.6	-12.79%
Otago Region	677.2		682.8	3.08%	653.3	8.69%	677.4	-12.71%	668.7	-10.51%	676.7	-60.07%	684.9	-27.31%	664.9	9.25%	670.1	-5.82%
Southland Region	622.1		626.4	-7.61%	603.6	46.27%	640.3	-24.40%	637.5	-7.45%	636.0	-55.56%	575.2	-48.28%	594.9	-15.00%	621.8	21.57%
Taranaki Region	673.1		686.4	0.46%	635.0	-2.73%	658.4	-14.95%	635.8	5.49%	654.8	-67.19%	611.7	-11.11%	642.8	-41.07%	620.8	48.48%
Tasman Region	644.1		684.1	127.27%	682.0	-56.00%	655.1	72.73%	711.0	15.79%	776.9	-63.64%	693.0	-62.50%	730.3	200.00%	697.5	-33.33%
Waikato Region	642.7		634.7	-0.62%	629.4	21.93%	635.5	-17.48%	634.1	-6.15%	636.3	-54.87%	658.6	-33.61%	613.8	-5.31%	620.4	-0.33%
Wellington Region	684.7		681.8	-2.10%	662.3	14.99%	678.4	-12.10%	669.2	-10.68%	690.0	-49.05%	673.1	-28.86%	672.6	-18.32%	671.3	-4.49%
West Coast Region	674.4		690.8	59.26%	603.7	34.88%	630.0	-37.93%	632.3	25.00%	672.5	-62.22%	602.5	-41.18%	486.6	40.00%	629.9	-35.71%
Grand Total	656.2		654.5	4.90%	634.4	15.68%	654.7	-17.01%	651.0	-7.33%	660.2	-51.27%	652.6	-33.66%	636.8	-9.61%	645.0	-2.77%

Average score and week on week volume change by region

Equifax Score Plus

Equifax Score Plus

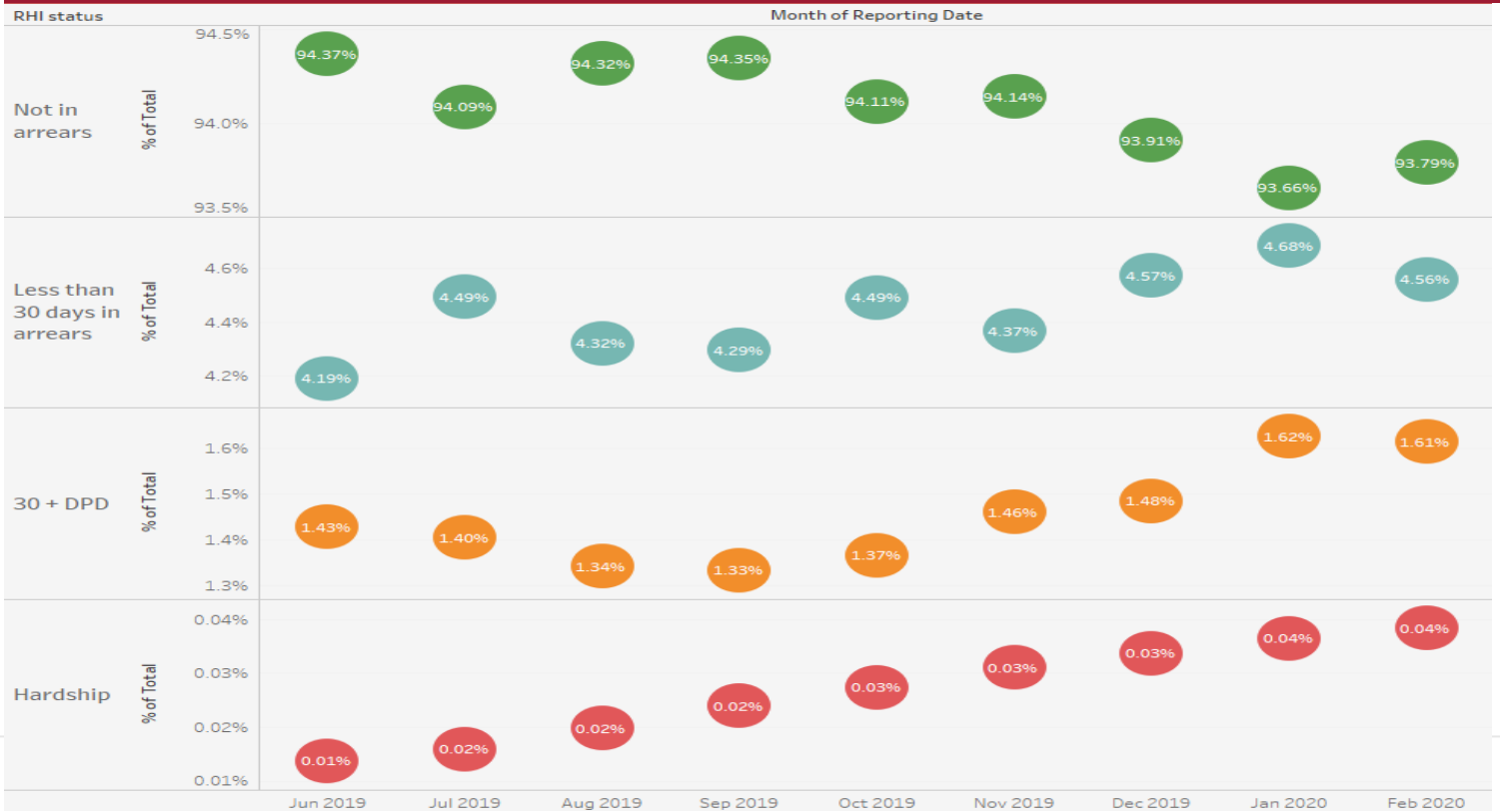
By Portfolio & % WoW Change in Volume

Region	17 February 2020 Covid-19 Crisis		24 February 2020 Covid-19 Crisis		2 March 2020 Covid-19 Crisis		9 March 2020 Covid-19 Crisis		16 March 2020 Covid-19 Crisis		23 March 2020 Covid-19 Crisis		30 March 2020 Covid-19 Crisis		6 April 2020 Covid-19 Crisis		13 April 2020 Covid-19 Crisis	
	Avg. Score Plus	% WoW Change Vol	Avg. Score Plus	% WoW Change Vol	Avg. Score Plus	% WoW Change Vol	Avg. Score Plus	% WoW Change Vol	Avg. Score Plus	% WoW Change Vol	Avg. Score Plus	% WoW Change Vol	Avg. Score Plus	% WoW Change Vol	Avg. Score Plus	% WoW Change Vol	Avg. Score Plus	% WoW Change Vol
Auckland Region	655.2		654.5	9.95%	637.1	13.44%	657.3	-13.83%	655.9	-9.43%	666.0	-49.92%	661.9	-33.92%	639.0	-13.23%	652.5	-1.76%
Bay of Plenty Region	647.9		654.3	-2.54%	628.6	18.42%	653.6	-19.21%	648.9	-3.07%	659.8	-55.06%	653.3	-35.95%	642.1	9.98%	639.0	-8.51%
Canterbury Region	670.0		670.3	7.98%	643.8	20.18%	659.1	-26.10%	662.2	-0.22%	672.2	-48.70%	643.3	-37.36%	642.5	-6.49%	654.6	0.94%
Gisborne Region	623.3		643.1	-10.69%	564.0	14.08%	625.3	-19.14%	623.7	3.05%	666.5	-64.44%	585.3	-8.33%	577.6	-31.82%	640.0	-26.67%
Hawkes Bay Region	656.6		644.1	13.10%	614.1	31.27%	647.7	-31.32%	651.5	-4.50%	620.9	-52.91%	630.9	-29.05%	594.5	-3.36%	582.9	-11.81%
Manawatu-Wanganui Region	643.8		653.0	4.24%	617.9	2.03%	666.2	-20.11%	649.0	-6.35%	639.6	-48.43%	591.0	-35.68%	586.0	-16.06%	636.4	15.65%
Marlborough Region	665.9		654.2	27.47%	642.0	6.03%	694.9	-30.08%	622.1	15.12%	640.3	-62.63%	618.7	24.32%	703.4	-47.83%	517.0	-12.50%
Nelson Region	714.1		681.0	-5.61%	652.3	9.73%	708.4	-12.32%	634.8	-10.11%	713.3	-51.25%	631.9	-28.21%	662.3	-5.36%	664.3	-18.87%
Northland Region	646.8		644.6	-9.03%	606.2	35.11%	635.2	-32.77%	621.2	-4.20%	645.0	-38.60%	600.2	-51.43%	567.7	26.47%	620.7	-11.63%
Otago Region	689.1		704.4	2.92%	677.9	8.79%	700.9	-13.04%	677.3	-10.04%	678.1	-60.00%	660.3	-25.42%	675.7	5.59%	683.3	0.53%
Southland Region	645.4		639.9	-7.53%	609.5	44.96%	665.1	-23.80%	660.5	-8.42%	638.8	-55.17%	589.0	-48.72%	628.7	-13.33%	629.5	19.23%
Taranaki Region	672.5		700.5	-2.22%	644.3	-2.27%	667.6	-15.35%	654.8	6.59%	670.3	-66.49%	653.9	-12.31%	645.9	-40.35%	604.1	47.06%
Tasman Region	660.4		681.5	127.27%	668.8	-56.00%	702.4	72.73%	755.7	21.05%	869.5	-65.22%	640.7	-62.50%	718.4	200.00%	608.0	-22.22%
Waikato Region	644.4		644.2	-0.17%	634.1	21.66%	635.3	-17.16%	637.6	-5.98%	640.3	-55.02%	654.2	-33.20%	616.6	-5.52%	609.2	3.90%
Wellington Region	696.6		698.2	-2.74%	678.1	15.82%	696.9	-12.08%	689.6	-11.31%	702.8	-49.01%	685.0	-29.07%	689.2	-17.36%	674.1	-3.48%
West Coast Region	686.4		719.4	59.26%	602.7	34.88%	690.8	-37.93%	647.2	30.56%	674.9	-63.83%	638.1	-35.29%	473.4	27.27%	603.9	-35.71%
Grand Total	663.5		664.2	4.60%	641.8	16.00%	663.9	-17.21%	659.2	-7.06%	668.5	-51.39%	656.2	-33.35%	642.8	-9.50%	648.5	-2.01%

Accounts in hardship

Have quadrupled over the last 12 months from a low base

Payment Status – Hardship & Arrears

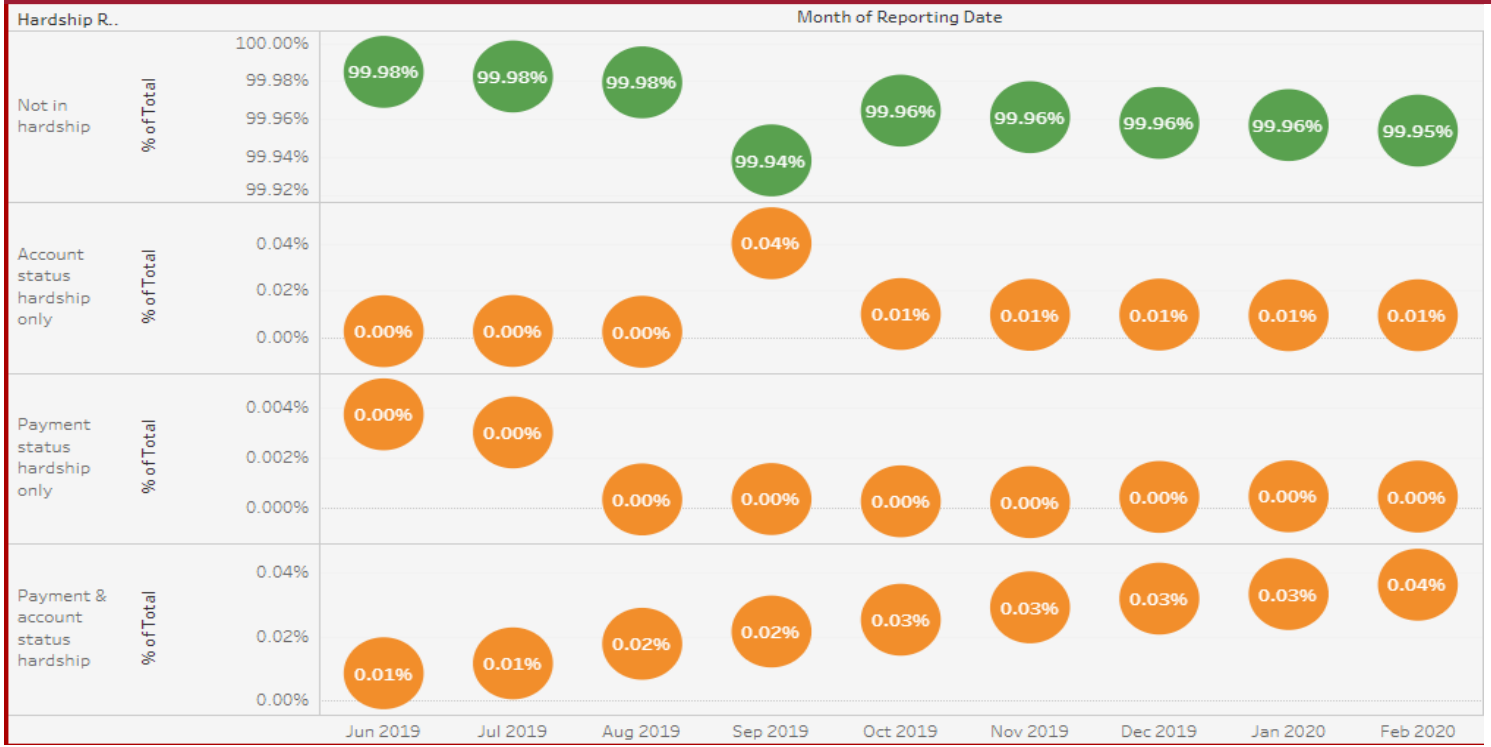


Post agreement within RCANZ members around Hardship treatments and loan repayment holiday arrangements, Hardship volumes will begin to increase post April's CCR data loads

Hardship flags

Expecting an increase caused by Covid-19

Overall Hardship Trends



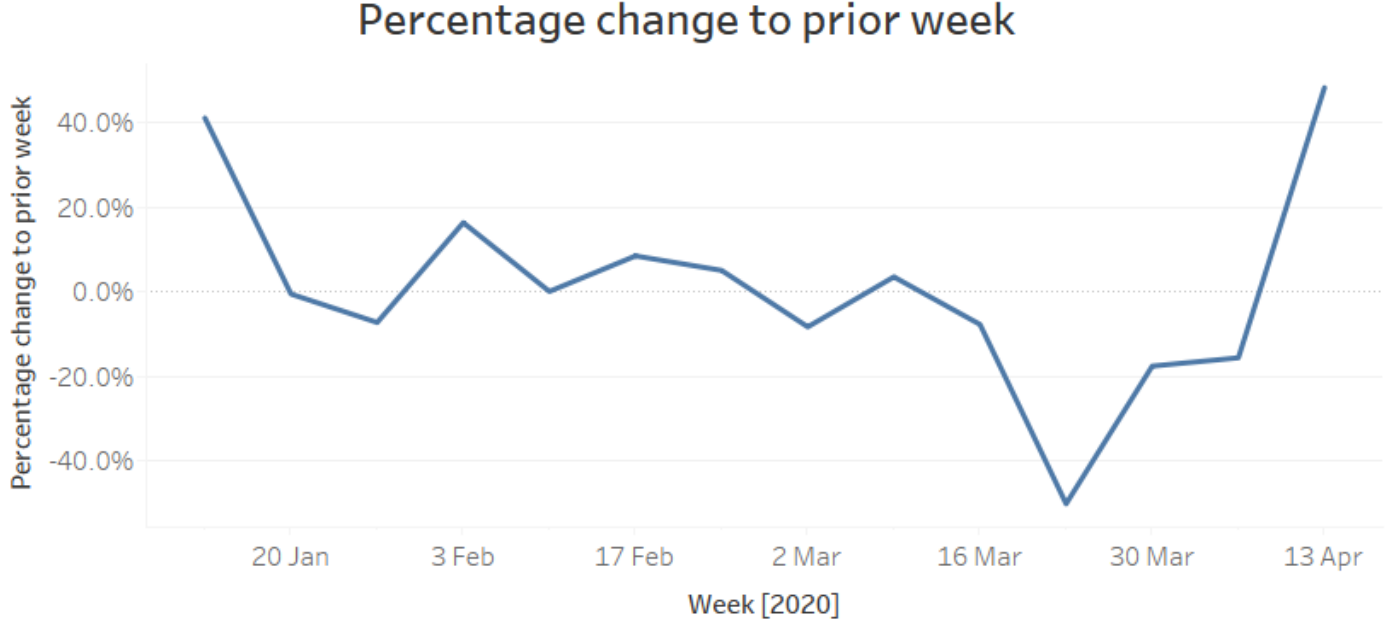
Clients have three choices of hardships flags:

- 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

Commercial Insights

Week on week commercial credit demand has seen a very positive shift in the weeks since w/c 6th April



Commercial Credit Enquiries

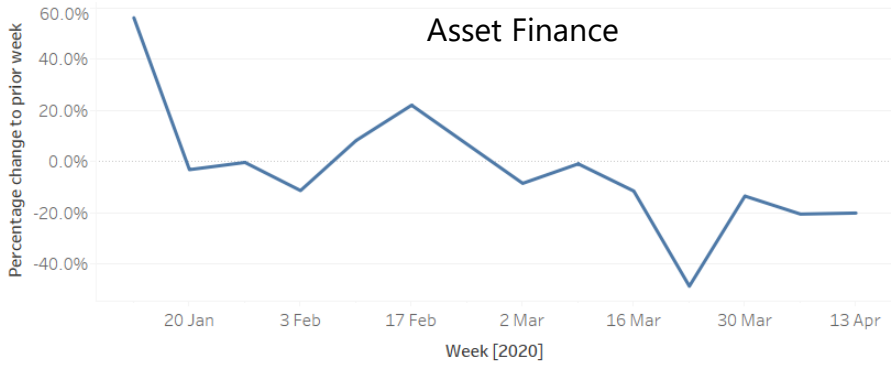
Glossary

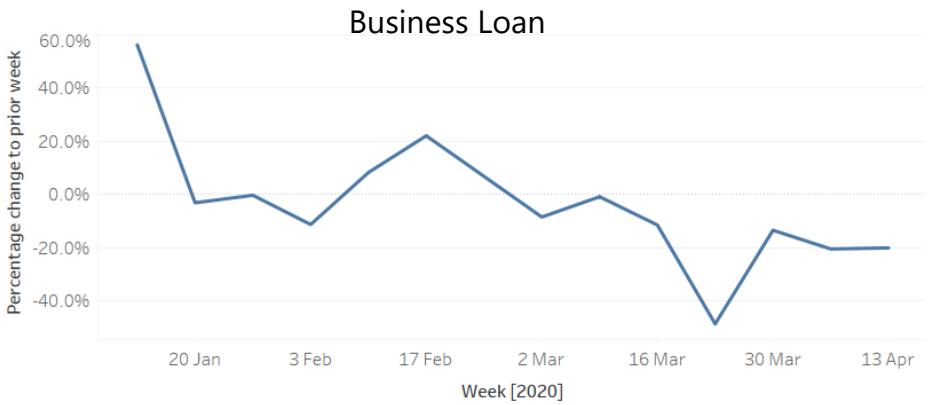
Subscriber department taken from ANZSIC code.

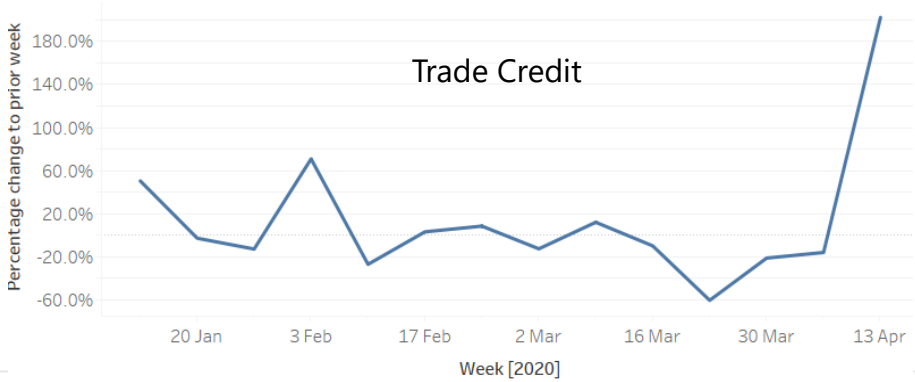
Saturday and Sunday excluded from day on day variance.

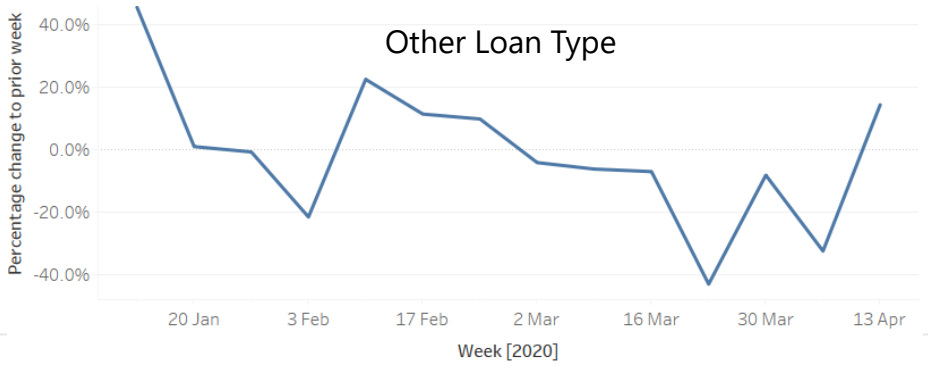
Indexed relative to average weekly volume in Nov-2019

Asset and Business loans remain suppressed since pre COVID-19, whilst Trade Credit has bounced back strongly since w/c 6th April

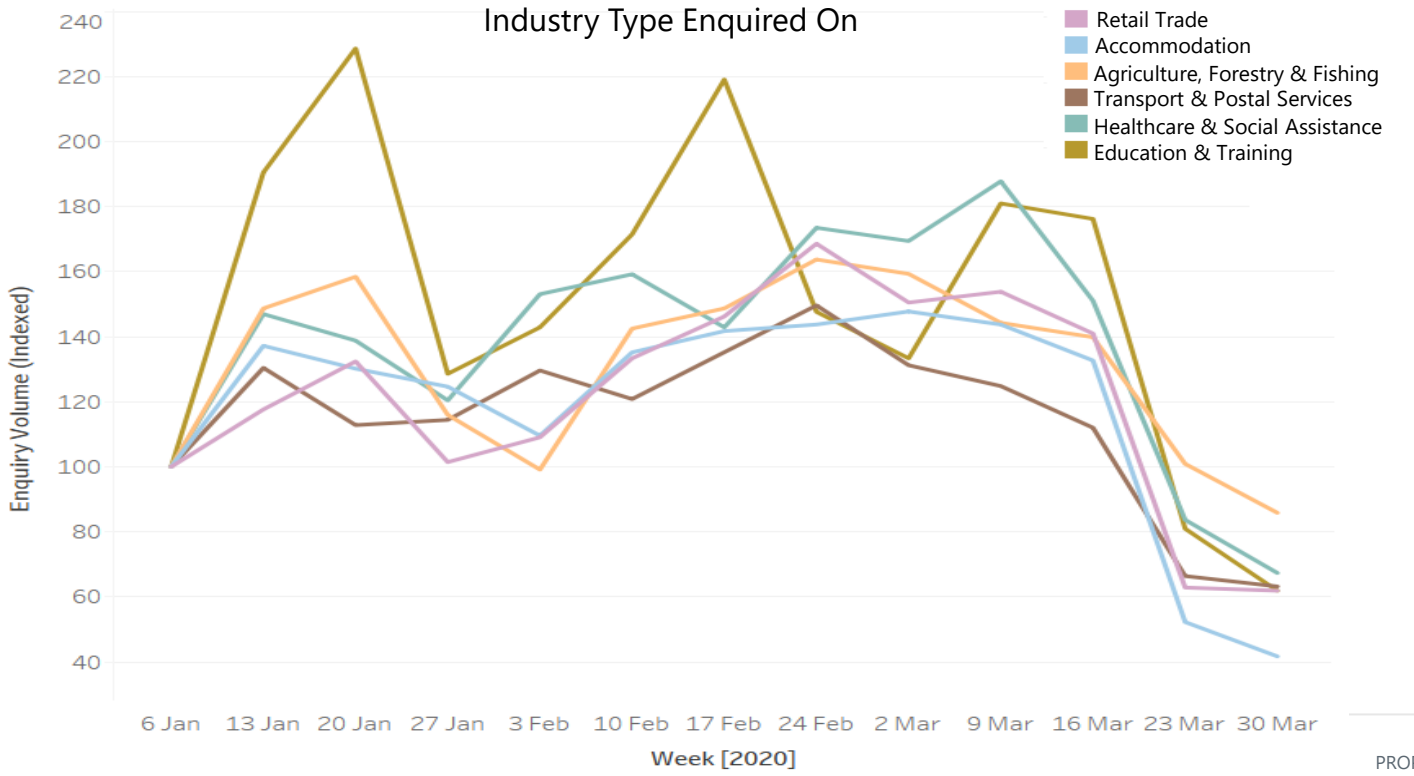






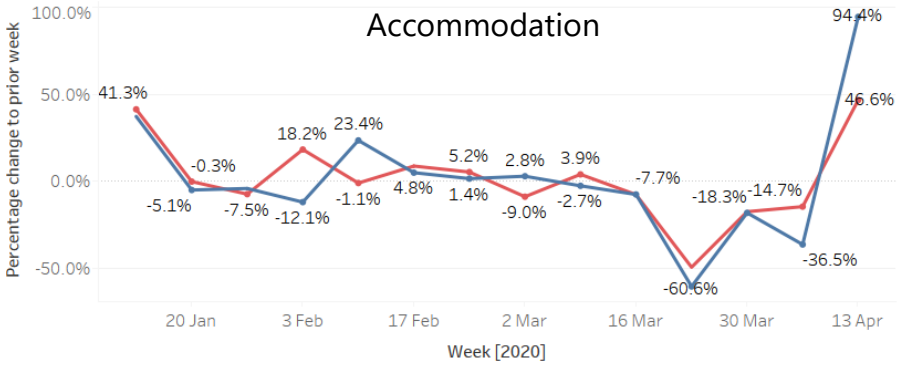


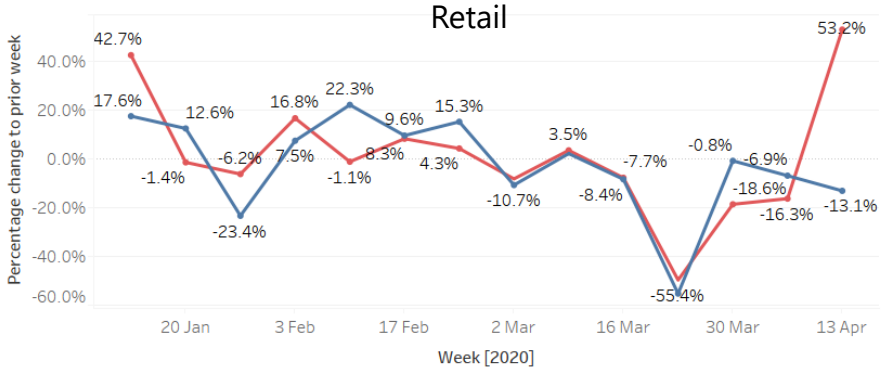
Credit demand amongst key market segments affected by Level 4 lock down whilst already softening, has as expected decreased dramatically

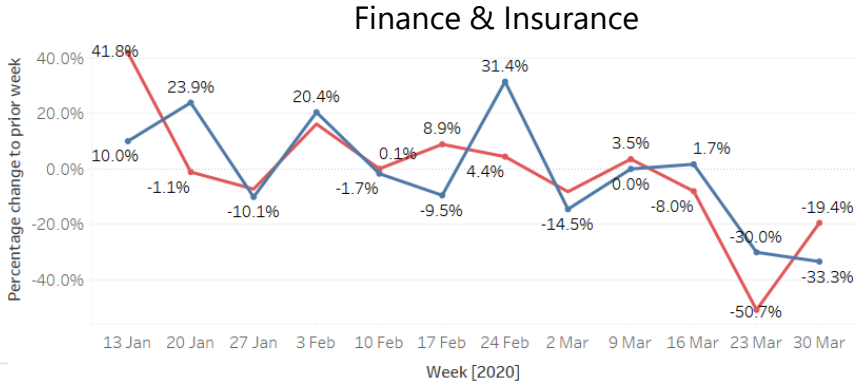


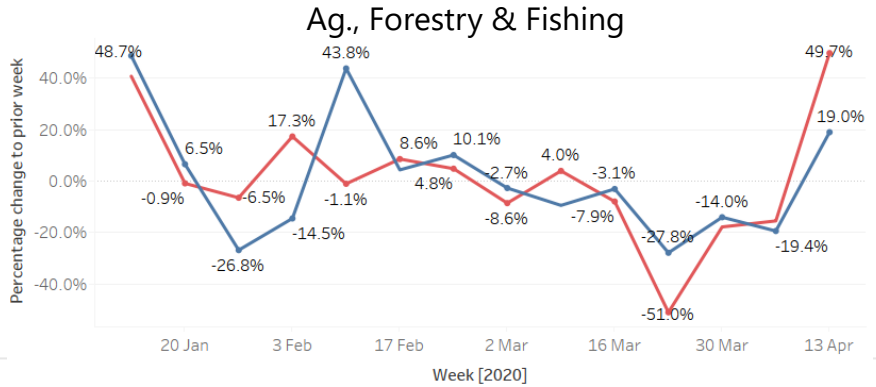
Demand in Finance & Insurance has rebounded slower in comparison to the overall market

Market
Industry observed









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