Global Credit Trends

Emerging credit trends from the first half of 2025

1H 2025 RELEASE

The credit landscape in some regions showed strong resilience. Consumers and industry adapted to economic shifts, leading to stable delinquency rates and changing financial behaviors.

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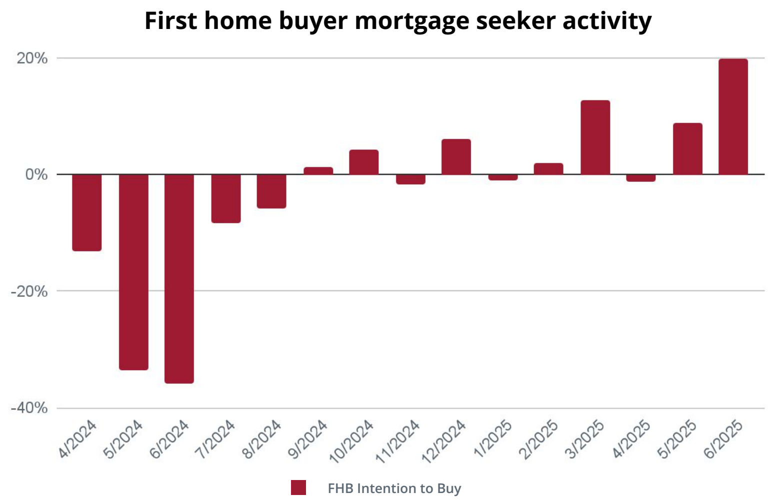
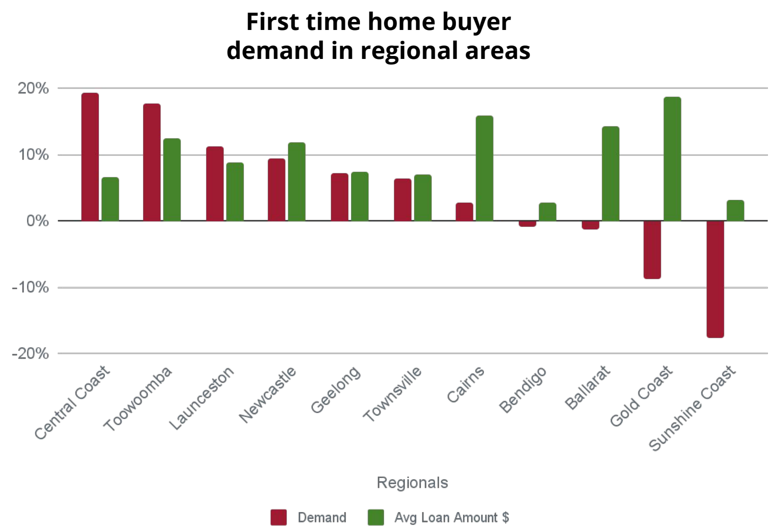
Young buyers drive regional housing

First time home buyer mortgage seeking activity is showing promising YoY growth, accelerating in Q2'25 with a ~9% increase. This surge is largely driven by younger buyers looking for affordable options.

Over half of all first time home seekers in 2025 are under 35. Notably, the 18-25 age group has seen 20% YoY growth, highlighting increased engagement from the youngest segment of buyers.

Younger buyers are increasingly turning to more affordable regional areas and smaller capital cities for homeownership. Conversely, activity is declining in expensive markets like Sydney and Melbourne, as price remains a key factor in their search for accessible options.





What does this mean for customers?

- As the origination market rebounds due to interest rate cuts, it is important for lenders to review affordability criteria to proactively identify and mitigate potential affordability issues among borrowers, ensuring sound risk management practices
- Younger borrowers may have limited credit histories, making risk assessment challenging for credit providers. To improve their ability to evaluate this segment, credit providers should collaborate with data providers who can offer more extensive historical data and alternative data

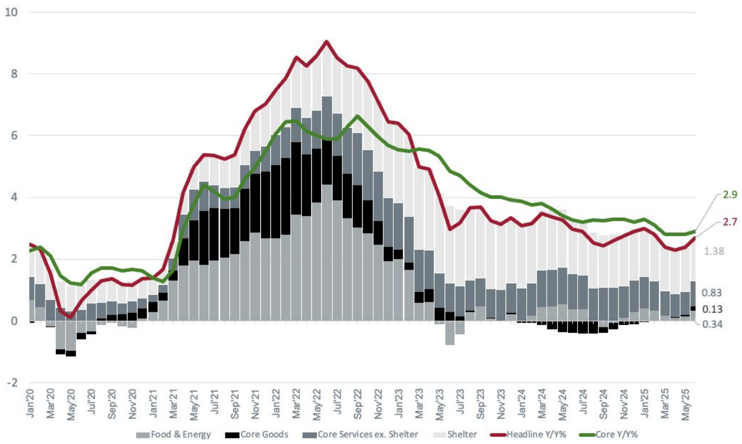
Most delinquencies down, mixed signals in mortgage

Recent trends indicate a moderation in the US labor market, with the pace of job creation slowing. Headline job growth is currently below the average three-month target of 150K, with approximately half of private industries experiencing little to no change in payrolls and the majority of new jobs concentrated in the healthcare sector.

The economic landscape is also seeing a shift in inflation dynamics, as headline inflation has risen from the lows observed in Q1'25. Data on core goods prices suggests that the impact of new trade agreements and associated tariffs may be influencing price levels. At the beginning of 2025, businesses built up inventories and consumers accelerated purchases, but these trends appear to be subsiding in Q2'25, pointing to evolving economic conditions.

Core good prices see increases

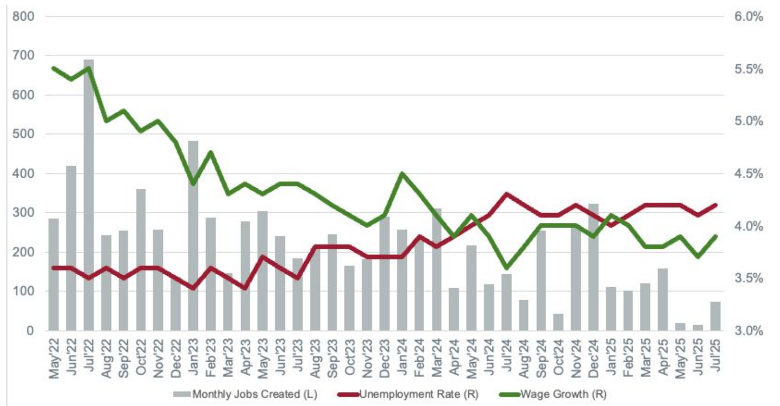
Contributions to CPI by month



Source: Bureau of Economic Analysis, Chart: Equifax Advisors

Bureau of Labor Statistics job revisions show slowing job growth

Seasonally adjusted, in thousands of jobs and percentage



Source: Bureau of Labor Statistics, Chart: Equifax Advisors

What does this mean for customers?

- Optimize holiday season credit strategies, preparing for potential price shifts in late 2025
- Focus on resilient segments while addressing emerging needs of other segments; the upper end of the "K-shaped economy" is holding firm, but pressures on the lower end continue to mount
- Leverage positive trends in consumer behavior with proactive adjustments, as delinquencies have improved across many loan categories
- Develop targeted strategies to support customers during economic shifts, such as slower spending

Fiscal changes drive consumer behavior in the housing market

1H’25 delivered a significant swing in UK consumer behavior. Changes to property purchase taxation (Stamp Duty) prompted a "pull forward" of demand in March ‘25, driving a temporary 49% MoM increase in mortgage originations, with a concentration in specific lending bands as buyers rushed to lock in lower tax rates.

Cliff Edge £400k - £550k

The Epicentre: High incentive for first-time buyers purchasing properties between £500k and £625k.

Motivated Movers £200k - £400k

The £2,500 Savers: Movers buying over £250k and first-time buyers under £425k threshold.

Baseline Market £0 - £200k

The Unmotivated & Secondary Effects: Remortgage activity and property purchases under £250k.

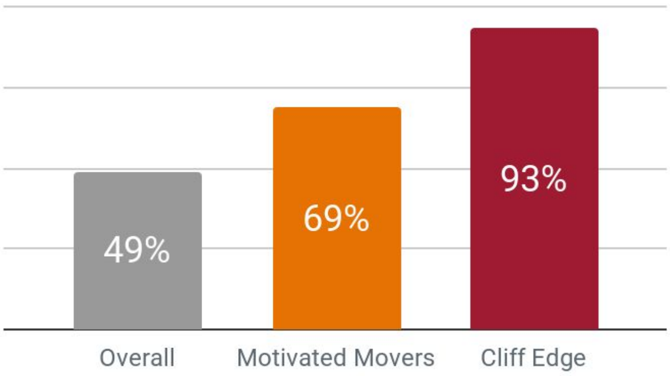
High End & Prime £550k+

The Diminishing Incentive: Higher-value home movers purchasing properties over £625k.

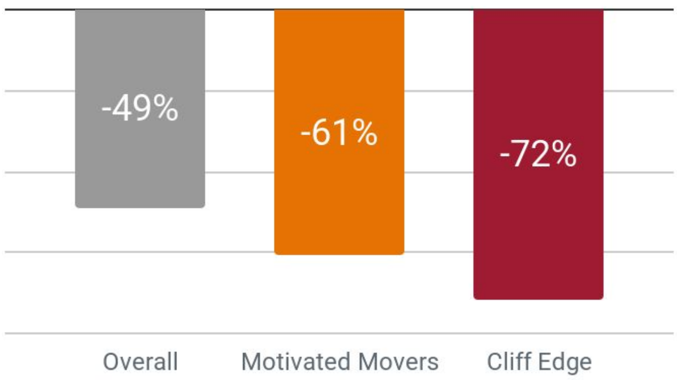
What does this mean for customers?

- Mortgage affordability pressures are likely to persist as increased tax burdens impact purchase deposit levels, particularly for first-time buyers
- Continuous portfolio monitoring remains key, in order to proactively identify and manage emerging customer stress
- This additional squeeze on mortgage affordability could also fuel new demand in unsecured lending, creating growth opportunities in personal loans and credit cards but also elevating the credit risk profile of new homeowners

March ‘25 The Rush to Buy



April ‘25 The Market Cools



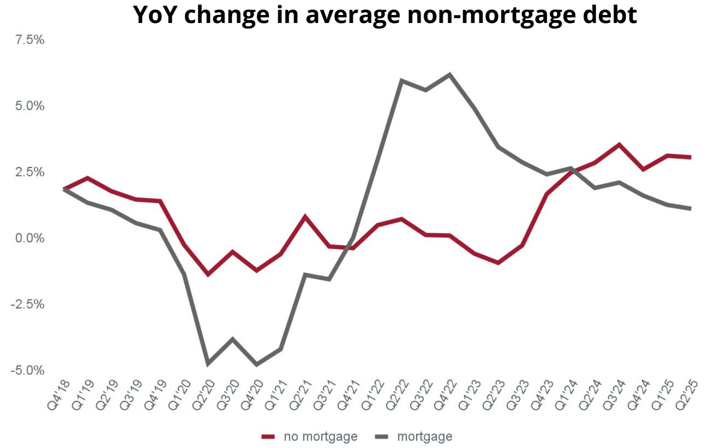
Delinquency levels stabilize; financial gaps widen for some

Overall Delinquency Stabilizes but Remains High: The overall delinquency rate shows early signs of stabilization, with 7K fewer Canadians missing a payment QoQ. Yet, the number of people missing payments is still up 118K YoY.

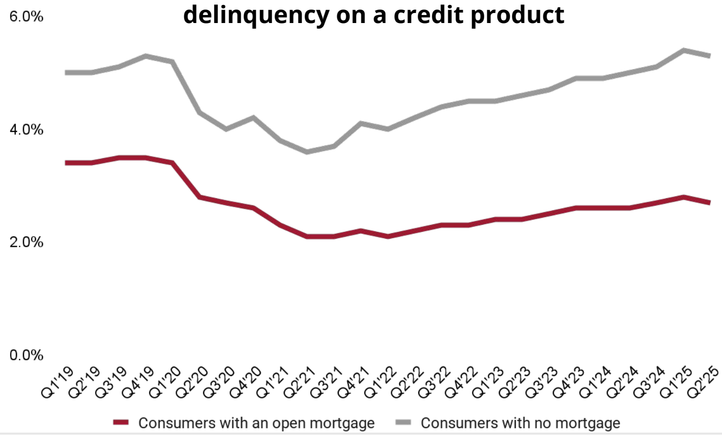
Growing Financial Divide: A clear and widening gap exists between Canadians with and without mortgages. Non-mortgage holders are struggling significantly more, with their missed payment rate nearly double that of mortgage holders. This gap has nearly doubled since 2019.

Financial Strain for Younger Generations: Gen Z and late Millennials are facing significant financial pressure, with their average non-mortgage debt rising and credit card and auto loan delinquency rates climbing by almost 20% YoY. In contrast, the broader population is showing a slight improvement in delinquency rates QoQ, highlighting a growing age-based divide.

Generation Z and Late Millennials
YoY change in average non-mortgage debt



Consumers with at least one delinquency on a credit product



What does this mean for customers?

- **Growing Divide in Risk Profiles:** A critical and widening gap in credit performance exists between mortgage and non-mortgage holders. Lenders could adjust their risk models to account for this significant divergence in financial health
- **Focus on High-Risk Portfolios and Demographics:** The financial stress is most pronounced in non-mortgage products such as credit cards and auto loans, especially among Gen Z and Millennials. These groups are facing the combined pressure of a slowing labor market and elevated inflation, which is driving rising debt levels used for day-to-day living. Lenders can increase vigilance and reevaluate lending standards for these segments

Brazil

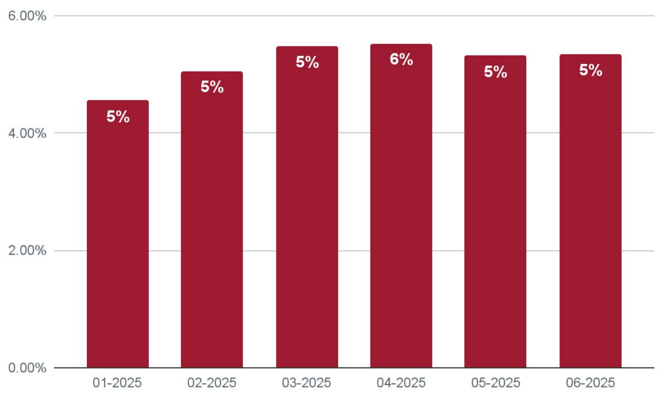
Tightest monetary policy since mid 00's amid trade uncertainties

Brazil entered 2025 with persistent inflationary pressures and renewed monetary tightening. The Brazilian Central Bank (BCB) raised the Selic rate to 15% by mid-June, its highest since 2006, aiming to re-anchor inflation expectations that had drifted consistently above the target. Despite cooling growth indicators, the BCB signaled a "high-for-longer" stance as price rigidity in core services inflation remained a concern.

Brazilian Real (BRL) posted a strong YTD recovery, but fundamental imbalances remain. GDP growth in local terms decelerated to ~2.2% in 1H'25, with weakness expected to extend into 2H'25 amid tighter financial conditions and global trade uncertainties.

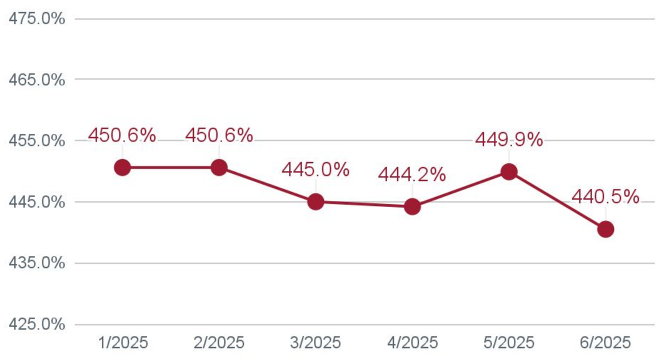
The labor market remained robust, with unemployment dropping to 5.8%, indicating persistent labor demand. Fiscal credibility challenges and external risk have introduced additional volatility in asset pricing.

YoY inflation rate[1]



Revolving credit card interest rates[2]

Annual percentage



What does this mean for customers?

- Borrowing costs for credit cards, personal loans, auto loans and installments (BNPL) have risen sharply
- Lenders are passing higher funding costs onto consumers and new credit applications face stricter approval criteria, especially among informal borrowers
- Real income growth is not keeping up for lower-income families, which increases reliance on credit to maintain living standards
- Inflation above 5% is eating into real wages, even as employment holds strong. Essentials (like food, utilities, rent) are more expensive than in early 2024

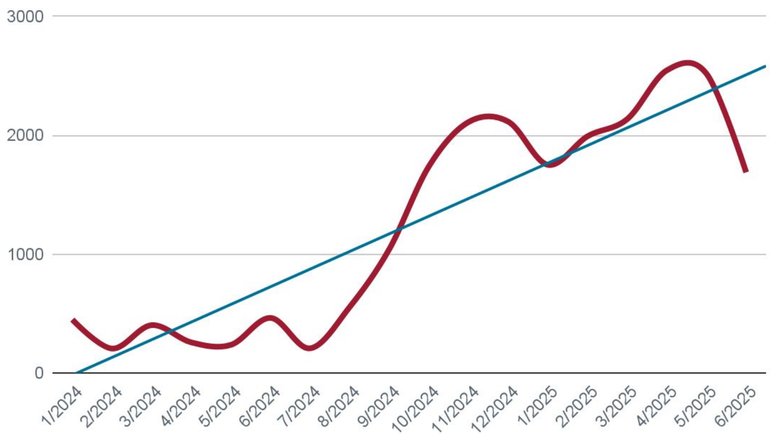
[1]Brazilian Institute of Geography and Statistics (IBGE)
[2]Brazilian Central Bank

Government-driven growth and rising delinquency

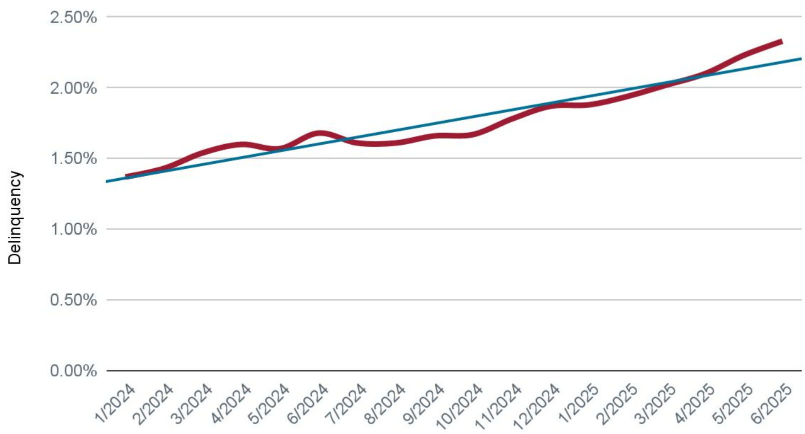
The mortgage market began a reactivation process in mid-2024, after five years of weak performance. This recent evolution occurred amid greater economic stability, lower inflation levels, and incentives for banks to resume their role as financial intermediaries. Outstanding balances for mortgage loans originations grew significantly in 1H’25, with increases across all bank groups (primarily in national private banks).

However, there has also been a steady rise in the number of mortgage delinquencies, with levels trending higher than recent years.

Originated mortgage loans



90+ Mortgage loans delinquency



What does this mean for customers?

- Upcoming policy changes may make it more difficult for consumers to secure a mortgage in the coming months

Global insight

Monetary loosening is slowing down across several regions. Most regions are processing and adapting to shifts in economic policy.

United States
The US economy has gained some clarity as trade deals with key trade partners have been signed. Recent revisions to labor growth have raised uncertainty around the strength of the labor market with signs pointing to softness. US consumers are still holding strong, however, as several key loan categories have shown decreasing delinquency rates.

Canada
Canada's economy is showing signs of widespread deceleration, with a cooling labor market, slowing GDP, and a widening trade deficit. While headline inflation has eased due to lower gasoline prices, cost-of-living pressures persist as inflation for food and shelter remains elevated.

United Kingdom
The UK economy presented a mixed picture through 1H'25. While growth continued in Q2, the pace moderated from Q1'25, and consumer confidence saw a slight lift in August. However, persistent inflation, which rose to 3.8% in July, will likely lead the Bank of England to pause its cycle of rate cuts as it assesses the outlook.

Spain
The economy sustained a 2.8% YoY growth, driven by robust domestic demand despite a negative contribution from external demand. Q2'25 also saw labor market gains as the unemployment rate fell from 11.4% to 10.3%.

Australia
Significant moderation in inflation has helped align aggregate demand and supply. This led the Reserve Bank of Australia to reduce cash rates in both May and August 2025, bringing it down to 3.6%, which has notably boosted mortgage activity across the region.

Brazil
Brazil's Central Bank continued aggressive tightening, raising the Selic to 14.75% in May '25 and then to 15% in mid-June, the highest level since 2006, marking the seventh straight hike.

India
Mortgage lending increased by 7% YoY due to rising urbanization and better affordability. Non-mortgage debt increased by 45% due to strong economic growth.

New Zealand
Inflation saw a slight increase to 2.7% in June '25, nearing the upper bound of the 1-3% target range; however, it is projected to decrease as tradables inflation stabilizes. To counter a softening labor market and stimulate economic activity amid uncertainty from trade conditions, cash rates should be lowered in Q3'25.

Ecuador
In Q2'25 the economy is beginning to show recovery after a decline in credit demand at the end of 2024. While GDP growth remained modest, there were signs of a slight recovery: production in non-oil sectors, such as agriculture and manufacturing, showed unexpected resilience, helped by commodity price stability and government incentives. Standard & Poor's has upgraded Ecuador's credit rating from "negative" to "stable."

Argentina
Rising loan defaults have led to stricter credit policies. More consumers have recurring payment delays, likely due to stagnant salaries and an inability to keep up with long-term inflation. These factors are clearly having a significant impact. As a result, interest rates are higher and credit activity is lower. While 1H'25 shows an improvement in comparison to 1H'24, it's a transitional period and isn't expected to match the performance of future quarters.

		GDP/Capita	Inflation		Interest Rate		Unemployment	
		+/- %YoY*	Percent	+/- YoY#	Percent	+/- YoY#	Percent	+/- YoY*
North America	US	1.36% ▲	**2.70%**	-0.30 ▼	**4.33%**	-1.00 ▼	4.10%	0.00 ▲
	CA	0.47% ▲	**1.70%**	-0.80 ▼	**2.75%**	-1.75 ▼	6.90%	0.50 ▲
South America	AR	5.80% ▲	**5.90%**	-232.0 ▼	**31.42%**	-86.00 ▼	7.90%	0.80 ▲
	EC	3.40% ▲	**1.36%**	-0.30 ▼	**8.46%**	-2.94 ▼	3.50%	0.40 ▲
	BR	0.71% ▲	**5.35%**	-2.37 ▼	**15.00%**	4.50 ▲	5.80%	-1.30 ▼
Europe	UK	0.77% ▲	**3.80%**	-1.60 ▼	**4.00%**	-1.00 ▼	4.70%	0.50 ▲
	ES	1.30% ▲	**2.30%**	-1.10 ▼	**2.40%**	-1.25 ▼	10.29%	-0.98 ▼
Oceania & Asia	AU[1]	-0.40% ▼	**2.10%**	-1.70 ▼	**3.60%**	-0.75 ▼	4.20%	0.10 ▲
	NZ[2]	-2.40% ▼	**2.70%**	-0.60 ▼	**3.00%**	-2.25 ▼	5.20%	0.50 ▲
	IN	6.40% ▲	**2.10%**	-2.98 ▼	**5.50%**	-1.00 ▼	5.60%	-3.60 ▼

*Data shows change in percentage compared to this quarter last year

#Data shows change in basis points compared to this quarter last year

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1. ABS.gov
2. stats.nz

Demand

Unsecured credit growth has slowed due to lower interest rates and inflation; mortgage refinance activity grew in some regions

North America

Canada
Overall demand for new credit has slowed, with new originations falling for most non-mortgage credit products. This reflects a greater caution from both consumers and lenders, with new credit now limited to the lowest-risk consumers. The mortgage market was influenced by increased renewals and refinancing, with limited new buyers, particularly in Ontario and British Columbia.

South America

Argentina
A continued decrease in demand, caused by a decline in consumption recorded in June.

Ecuador
Non-mortgage inquiries increased 1.2% between Q1'25 and Q2'25, trending towards the levels of the prior year.

Brazil
In Q2'25, credit demand has moderated compared to the previous quarter. While credit growth remains positive, the pace has slowed, a trend that began in 2H'24. This is a result of a tight monetary policy environment and a more cautious approach from lenders.

Europe

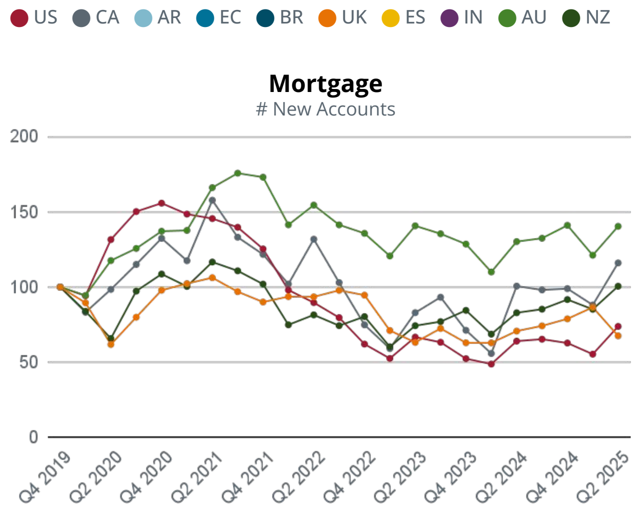
Spain
Credit demand increased in 1H'25, particularly in home acquisition loans, thanks to lower interest rates, favorable expectations in the housing market, and greater consumer confidence.

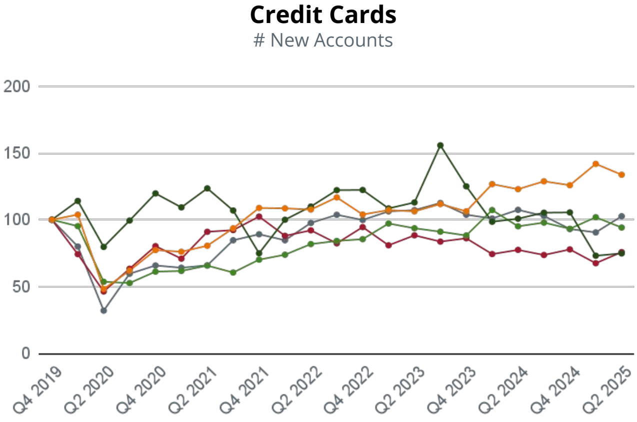
Oceania & Asia

Australia
Mortgage demand saw a consistent 5% YoY increase for 1H'25, largely due to two rate cuts. Refinancing and upgrading existing mortgages were the primary drivers of this activity, while new mortgage originations are anticipated to rise later. Proactive debt consolidation accelerated in 2025, leading to a net decrease of 4.2% in active credit card accounts YoY.

New Zealand
In 1H'25, mortgage inquiry volumes were up 15.9% year-over-year, largely due to a competitive market and increased borrower comparison shopping. Meanwhile, credit card inquiries stabilized towards the end of the first half, remaining 8.9% higher than the previous year.

India
Overall demand for mortgages softened notably compared to last quarter, while non-mortgage lending remained resilient.





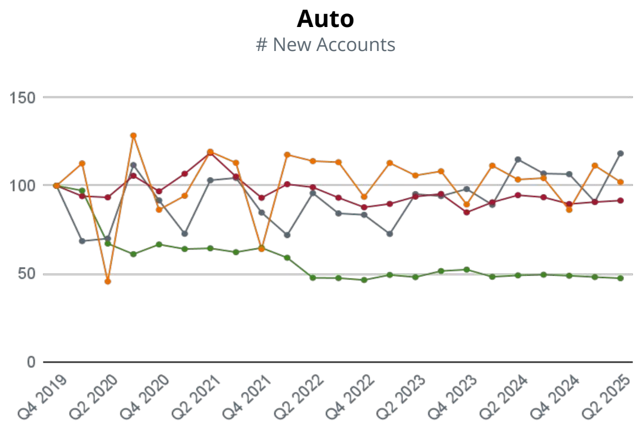
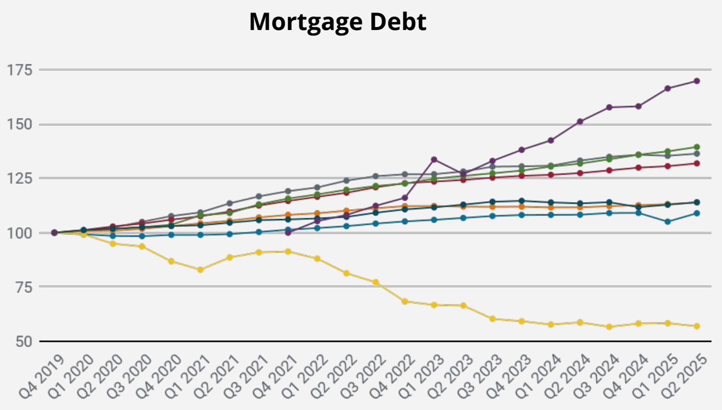
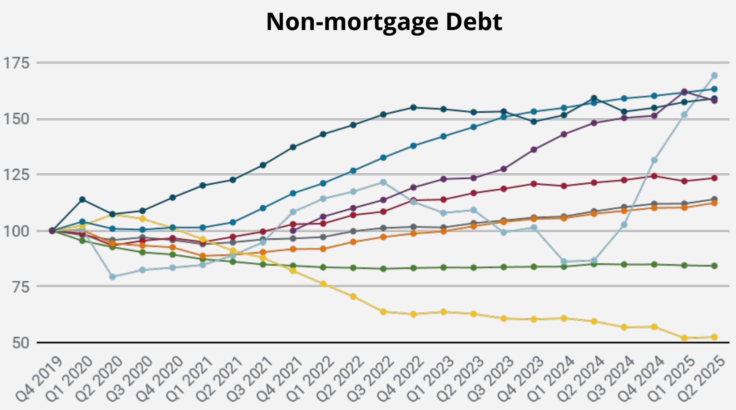


Chart data is indexed as of Q4'19, except India which is Q4'21.
The New Zealand index was rebased in Q4'21 due to account adjustments and Q3'23 reflects provider adjustment processes.
Chart data may not include all countries represented in the chart legend.

Overall debt

Debt expansion has moderated for some regions with looser monetary controls in place





US CA AR EC BR UK ES IN AU NZ

Mortgage debt

United States
Mortgage debt continues to increase at a steady rate, up 3% YoY.

Canada
Mortgage growth continued to slow, reaching its smallest YoY increase by the end of 1H'25.

Australia
Mortgage debt sustained high amortized limit growth in the past five years at 5.7% compared to last year. Mortgage demand has returned, evidenced by a sustained 5% increase in the average mortgage limit per account.

Brazil
The share of non-mortgage debt in total household debt has increased. While mortgage debt continues to grow, its pace has been slower than non-mortgage debt, particularly credit card and personal loans.

India
Mortgage debt registered modest growth, indicating steady demand in the housing segment.

Spain
Spanish household mortgage debt showed a trend towards moderation and stability in 1H'25, an improvement over 2024.

Non-mortgage debt

United States
While historically Q1 trends downward after the holidays and Q1'25 was no different, Q2'25 is trending up as per usual but at a slower rate of 1.7% YoY. The increase continues to mainly be driven by credit card debt (3.2%) and installment loans (1.3%) while auto remains relatively flat (0.6%).

Canada
Total consumer debt climbed to $2.58 trillion, marking a 3.1% YoY increase, while average non-mortgage debt per consumer rose to $22,147, as households continue to feel the pressure of rising costs for vehicles, groceries, mortgages, and rent.

United Kingdom
The gradual long term increasing trend in credit card balances continues into 2025, demonstrating the strong demand and supply in the market. Total credit card debt is now 7.6% above pre-pandemic levels.

Argentina
The growth is attributed to a significant rise in installment loan debt. This trend indicates a strong consumer appetite for long-term financing.

Ecuador
Non-mortgage debt continues to slightly increase QoQ because of lack of demand.

Chart data is indexed as of Q4'19, except India which is Q4'21.
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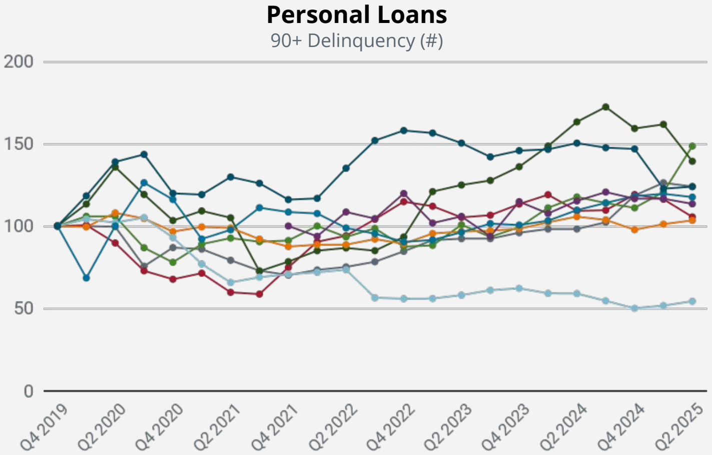
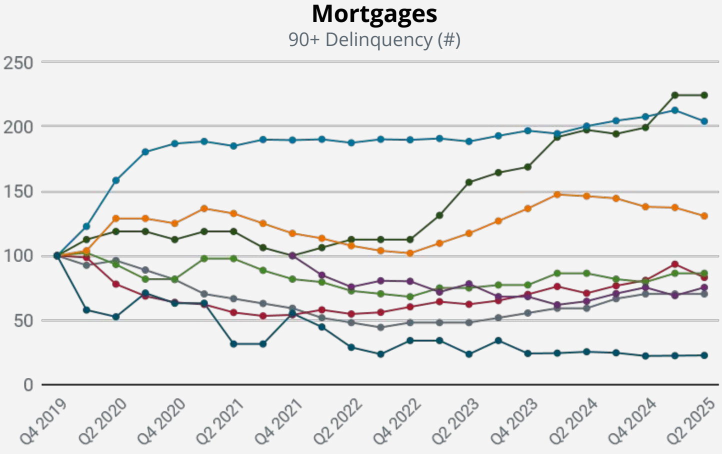
Delinquencies

Delinquency rates showed signs of stabilization towards the end of 1H'25, following a period of previously elevated levels





North America

United States
Non-mortgage delinquencies continue to decrease YoY mostly due to installment (8%) while auto remains flat. Mortgage delinquencies (0.68%) continue to climb to pre-pandemic levels (0.80%). Mortgage delinquent accounts (0.72%) are increasing, but not as close (0.86%).

Canada
Despite early signs of stabilization, consumer credit performance remains strained. Close to 1.4 million Canadians missed a credit payment in Q2'25, a number that was 7K fewer than Q1'25 but still 118K higher YoY.

South America

Argentina
The rise in delinquency is due to recurring late payments, a symptom of underlying issues related to wage stagnation and the ongoing inflation.

Ecuador
Delinquency rates remain relatively stable, with a subtle decline across different products.

Brazil
The overall delinquency rate should remain stable for the rest of 2025, based on a resilient labor market and continued high interest rates, which pressure borrowers, but also encourage a more cautious approach to new debt.

Europe

United Kingdom
Following a mixed picture at the start of the year, delinquency rates have since stabilized. This welcome development suggests the market is finding its footing, as consumers continue to adapt to the financial climate and resume the positive trajectory observed at the end of 2024.

Oceania & Asia

Australia
Despite the relief provided by rate cuts, signs of lingering financial stress persist. A key trend has emerged across mortgages, credit cards, and personal loans, where the dollar value of delinquent accounts is rising for Q2'25 (+10.1% , +9.6% , and +22.2% respectively), even as the rate of delinquent accounts remains stable or improves.

New Zealand
Late-stage mortgage delinquencies remained consistent in 1H'25. The overall trend, which had been steadily increasing, now appears to have peaked and is showing signs of decline.

India
Credit cards continue to be the highest risk segment, mortgages are showing a gradual but notable rise in stress, while auto loan delinquencies remain elevated but more stable.

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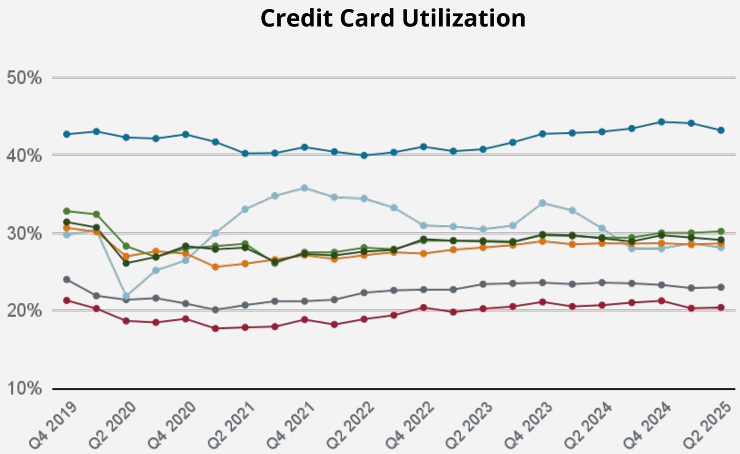
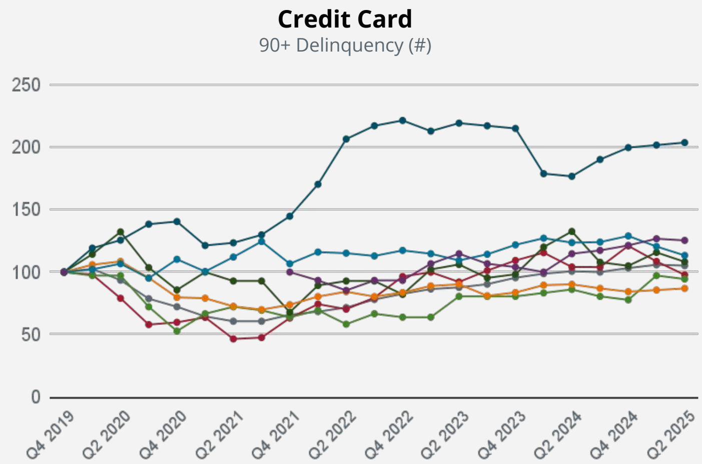
Credit cards

Card delinquencies are trending upwards, past pre-pandemic levels in most countries





Card utilization

United States
The typical utilization climb is significantly slowing as 1H'25 is down approximately 300 bps YoY.

Canada
Credit card utilization rates continued to fall, as rising credit limits outpaced the growth in balances.

Argentina
Credit card utilization has remained stable, a trend primarily supported by both debt and credit limit consistency. Consumers are not significantly increasing their spending or leveraging their full borrowing capacity.

Ecuador
Credit card utilization remains stable, supported by steady debt and limits.

India
Credit cards within the open market segment declined in 1H'25, resulting in both lower acquisitions and also lower limits on new acquisitions.

Delinquencies

United States
Credit card 90+ day delinquency continues to decrease, in both dollars (5%) and number of accounts (6%), to be comparable to late 2023 / early 2024 levels.

Canada
Credit card delinquency rates continued to rise, with younger consumers, especially those under 25, are experiencing the highest delinquency rates and the fastest increase in missed payments.

Brazil
Credit card interest rates, particularly for revolving credit, have reached historic highs. According to the Central Bank, the average interest rate on revolving credit climbed to nearly 450% annually by May '25. This makes it difficult for borrowers to pay off their debt, directly contributing to higher delinquency.

Australia
Early credit card delinquencies remain high, reflecting continued consumer pressure. While 90+ delinquency rates were stable in 1H'25, a jump in total credit limits in late delinquency highlights increasing financial stress for cardholders with larger lines.

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Non-mortgage: Includes Buy Now Pay Later, credit cards, installment loans, personal loans and automobile loans. Availability and coverage will vary by region. Debt: Money borrowed by consumers at a point in time. Refers to amortised limit or outstanding balance depending on data collected from each region, except Spain which reports just defaulted assets because Spanish Bureau manages negative data only. Delinquency (#): The delinquency rate refers to the percentage of loans that are 90 or more days past due.