Global Credit Trends

Emerging credit trends from 2024

Q1 2025 RELEASE

Steady recovery from inflation continues around many regions. However, uncertainty looms for growth prospects as regions unravelling impacts from evolving trade and economic policy conditions.

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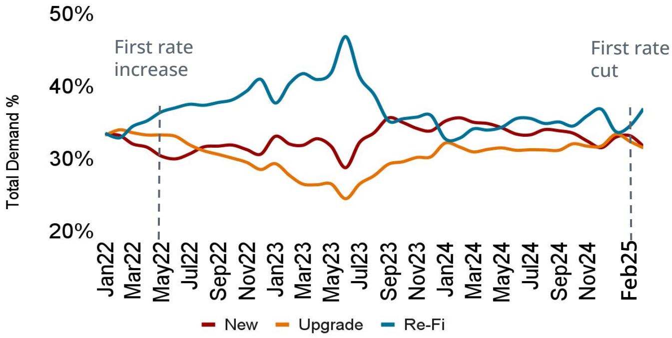
Refinance surges as borrowers capitalize on shifting economy

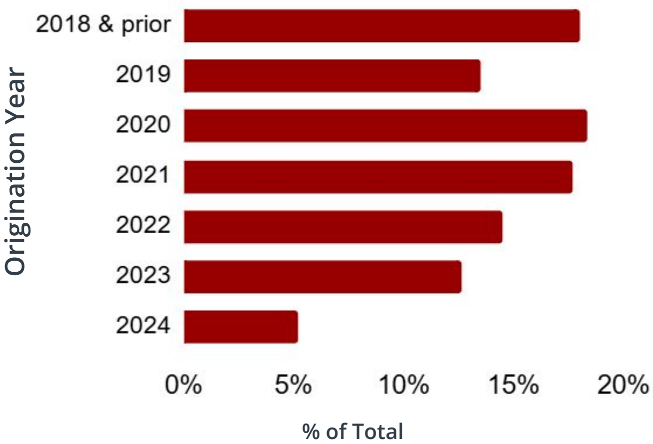
The first rate cut for Australia in over four years sparked a rapid acceleration in refinance activity in the first quarter of the year, mirroring the impact of the initial interest rate decrease during Covid-19, which triggered a 10% surge within six months. The volume of mortgage accounts externally refinanced grew 20% compared to March last year.

Most current mortgage refinance activity stems from loans issued during historically low interest rates, with investors comprising nearly 80% of the March 2025 total and showing strong interest in the market. Concurrently, Tier 2 and Mutual banks are gaining ground in this sector, significantly increasing their combined market share.

Proportion of demand by inquiry type



Q1'25 refinanced applications by year of origination



What does this mean for customers?

- The resurgence in demand creates significant opportunities for lenders to acquire new and risk-appropriate new customers, by strategically expanding mortgage portfolios through proactive marketing efforts aimed at consumers likely to refinance.
- Prioritize quality data to optimize loan conversions, ensuring confident risk and affordability assessments, especially given the ongoing challenges of the high cost of living for most Australian households.

Student loan delinquency now showing on delinquency trends

After 4 years of forbearance and a 1 year on-ramp to repayment period that ended in September ‘24, federal student loan delinquency reporting resumed. February ‘25 was the first month reflecting non-deferred delinquency, jumping to pre-pandemic (PP) numbers in both the unit 90+ days past due (dpd), as well as in the $ 90 dpd metric.

One month later, student loan delinquency continued to "catch up", doubling from February to March. Looking ahead into the first month of Q2’25 (April), the 90+ metrics are almost 3x the pre-pandemic numbers.

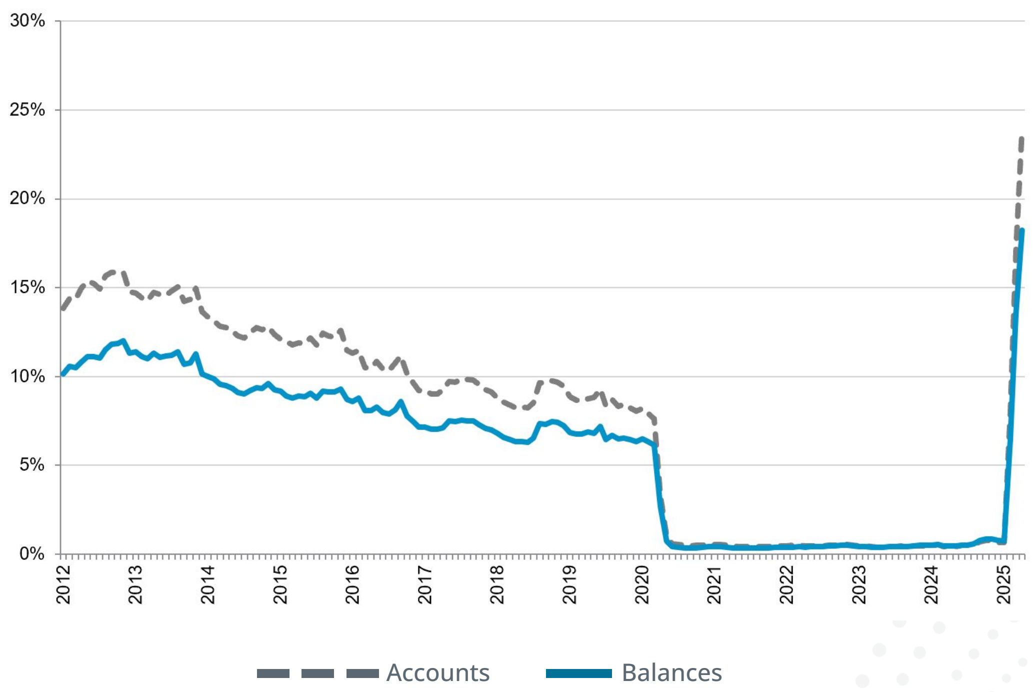
However, there are positive signs relating to student loans: in the Equifax U.S. National Consumer Credit Trends Report, reflecting March ’25, data, we have observed the following:

- Outstanding student loan balances are $1.315 trillion, a 13.1% decrease in total balances YoY.
- Outstanding student loan accounts stood at 147.8 million, a decrease of 17.3% YoY.

What does this mean for customers?

- It’s essential for lenders to understand evolving portfolio risks in the wake of these updates. Pressure testing portfolios can help better understand the impacts of student loan delinquency and what behaviors they should expect from borrowers based on past credit history.
- Consumers with accounts reported 90+ dpd could see a significant points drop in risk scores – limiting access to credit and making credit cards and loans even more expensive.

Severe Delinquency Rate
90+ Days Past Due (DPD) or in Bankruptcy

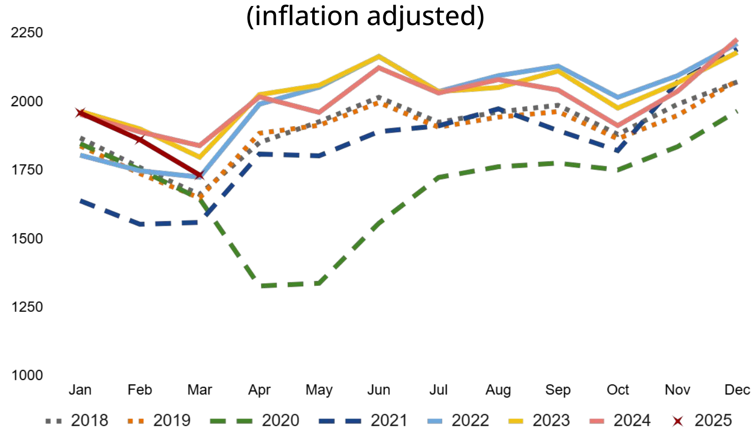


Widening financial divide between homeowners and non-homeowners

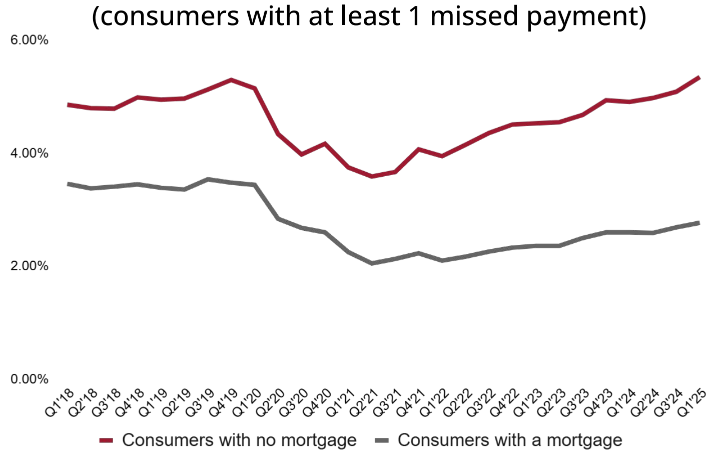
Economic uncertainty continued to impact credit usage and consumer financial health across Canada: Over 1.4 million consumers (1 in 22) missed at least one credit payment in Q1'25. Although mortgage holders experienced some stabilization thanks to steady interest rates, financial strain remained acute for non-mortgage consumers. Delinquency rates among non-mortgage holders rose 8.9% YoY, compared to 6.5% for mortgage holders.

Card spending slows but balances continue to rise: Average monthly credit card spend per card holder fell by $107 dollars during Q1'25, dropping to the lowest level since March '22. The average credit card pay rate decreased to 52.9% in Q1'25, down 32 bps. Younger consumers (under 35 years old) showed a more dramatic shift, with their average pay rate falling 392 bps from 62.9% to 58.9%.

Average credit card spend per credit card consumer
(inflation adjusted)



Consumer Delinquency Rate
(consumers with at least 1 missed payment)



What does this mean for customers?

- Segmented Risk Strategies: Given the divergence in delinquency trends, strategies must be highly segmented to differentiate between mortgage and non-mortgage holders, and especially to address the increasing vulnerability of younger consumers.
- Proactive Portfolio Monitoring: The disconnect between slowing spending and rising debt/falling pay rates on credit cards signals that traditional spending metrics might not fully capture financial stress. Lenders should enhance monitoring for early signs of stress, such as declining pay rates and increasing utilization, even if spending volumes are down, particularly for high-risk segments.

Consumers face economic headwinds yet remain resilient

The State of UK Consumer Finances
The latest Equifax data reveals a contrasting picture for UK consumers – on the one hand economic headwinds are hindering mortgage recovery, but on the other hand the previous year saw a notable increase in credit card activity, suggesting a shift in consumer confidence and behavior. Similarly, despite increasing debt levels, repayment behaviors remained relatively stable throughout the year.

38%
average monthly mortgage payment increase (since Jan '22)

58%
increase in average new mortgage repayment

24%
drop in mortgage originations vs. 2022

11%
of new mortgages at loan terms >35 years

Credit card debt up
4.5%
on pre-pandemic levels
£1,546 average per active card

36%
of consumers using BNPL with an average of **£66** /mo

What does this mean for customers?

- To help foster a more resilient debt landscape, lenders can proactively identify consumers at risk of missing payments and engage with them sooner. Shortening the window between missed payments and active engagement can empower consumers to address financial challenges before they escalate.
- Use data and analytics to provide tailored support and solutions to understand individual consumer circumstances and offer appropriate support like tailored payment plans, or benefits assistance.

Global insight

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

United States
Consumers and businesses expressed increased pessimism in the latest sentiment surveys, creating contradiction between hard and soft economic data. Hard data, like job growth, inflation and spending are still trending positively, but uncertainty from recent global trade policy decisions has created stress with market volatility.

Canada
The end of Q1'25 saw overall inflation ease to 1.7% due to lower energy costs, yet essentials such as groceries and shelter continued to get more expensive. The unemployment rate continues to rise, signaling a difficult job market. The economy saw modest growth, primarily driven by exports (influenced by trade policy uncertainties), even as domestic demand remained flat.

United Kingdom
The UK economy started 2025 robustly, with Q1'25 GDP growth exceeding expectations, inflation nearing target levels, and the Bank of England initiating an additional rate cut. However, lingering consumer caution alongside wider global uncertainties are likely to test this rebound in the immediate future.

Spain
In Q1'25, the Spanish economy maintained its resilience, with GDP growth driven by a strong rebound in investment. Inflation kept its downward trend, positioning Spain among the faster-growing large economies in the Eurozone.

Australia
Research bank of Australia kept cash rate at 4.10% in April '25. GDP rose 1.6% and inflation remains at 2.4% , however, the Reserve Bank is still cautious to ensure inflation stay within target of 2-3% for longer. As trade conditions evolve, there is mounting speculation of further rate cuts soon.

Brazil
Brazil's Selic rate reached 14.25% in Q1'25, a steady increase when compared to Q4'24. Unemployment reached 7.0%, above 6.2% registered in the previous quarter. The relation between gross debt to GDP slightly fell to 75.9%.

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
Headline inflation rose slightly to 2.5% in Q1'25, driven by the imported component, but is still within the 1-3% target. The Reserve Bank will cut the cash rate by 25 bps to 3.5% in April and are widely expected to trim another 25 bps in May on the back of weak growth.

Ecuador
In Q1'25, financial institutions tightened credit approval standards, driven by a cautious economic outlook and perceived risk. Despite this, the external sector showed resilience. Total exports continued to grow, while non-oil imports also posted a 5.5% recovery. This positive trade balance led to an increased inflow of foreign currency, bolstering the economy and setting the stage for a potential easing of credit conditions in the future.

Argentina
The economy showed signs of recovery,with strong performances in agriculture, mining, fishing, and energy, particularly oil & gas. The stronger peso challenges price competitiveness within the Latin American market. Stabilization of activity is anticipated, as signs of rising default rates will likely lead financial entities to regulate activity, tempering economic growth and setting a more controlled outlook.

		GDP/Capita	Inflation		Interest Rate		Unemployment	
		+/- %YoY*	Percent	+/- YoY#	Percent	+/- YoY#	Percent	+/- YoY*
North America	US	1.31% ▲	**2.30%**	-1.10 ▼	**4.33%**	-1.00 ▼	4.20%	0.30 ▲
	CA	0.47% ▲	**1.70%**	0.94 ▲	**2.75%**	-2.25 ▼	6.90%	0.70 ▲
South America	AR	2.10% ▲	**8.52%**	-232.00 ▼	**29.00%**	-51.00 ▼	6.40%	-0.70 ▼
	EC	0.60% ▲	**0.30%**	-1.34 ▼	**8.54%**	-1.99 ▼	3.30%	-0.50 ▼
	BR	-2.72% ▼	**5.50%**	0.49 ▲	**14.25%**	2.00 ▲	7.00%	0.80 ▲
Europe	UK	0.42% ▲	**2.60%**	-1.20 ▼	**4.50%**	-0.75 ▼	7.00%	0.80 ▲
	ES	7.00% ▲	**2.30%**	-1.10 ▼	**2.65%**	-0.50 ▼	11.36%	0.76 ▲
Oceania & Asia	AU[1]	-0.70% ▼	**2.40%**	-1.70 ▼	**4.35%**	-0.25	4.00%	0.30 ▲
	NZ[2]	-2.20% ▼	**2.20%**	-2.50 ▼	**4.35%**	-0.25 ▼	4.00%	0.60 ▲
	IN	6.40% ▲	**3.16%**	-5.40 ▼	**6.00%**	-4.00 ▼	5.10%	-3.70 ▼

*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

Economic pressures continue to push consumers towards unsecured credit, while the mortgage market returns in a controlled manner.

North America

Canada

New mortgage originations jumped 57.7% YoY in Q1'25, but most of this activity stemmed from renewals and refinancing. This reflects the onset of the so-called "Great Renewal," as a wave of pandemic-era mortgages comes up for renewal. Meanwhile, non-mortgage lending generally remained subdued. The notable exception was auto loans, primarily driven by a strong auto market as buyers moved to lock in purchases before anticipated price hikes.

South America

Argentina

Demand experienced a modest decrease relative to Q4'24, and is projected to remain stable.

Ecuador

Non-mortgage inquiries increased 7.8% compared to Q4'24, trending towards the levels of the prior quarter.

Brazil

In Q1'25, credit demand remained stable compared to the previous quarter.

Europe

Spain

Growth was predominantly driven by domestic demand, which expanded by 1.1% QoQ. Concurrently, the housing market experienced a strong upswing: mortgage registrations climbed 44.5% YoY, and the average mortgage amount increased by 14.3%, a positive trend now driving higher property sales and prices.

Oceania & Asia

Australia

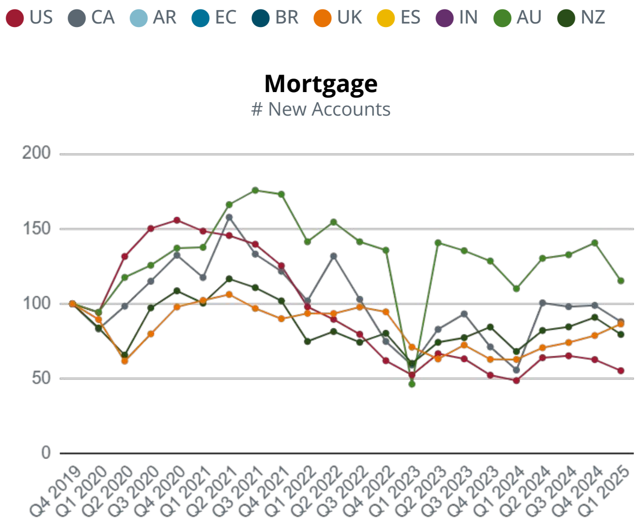
Mortgage demand accelerated in Q1'25, driven by consumers seeking to refinance in the wake of interest rate changes. Investor activity currently dominates the refinance market, accounting for up to 80% of total inquiries in recent months.

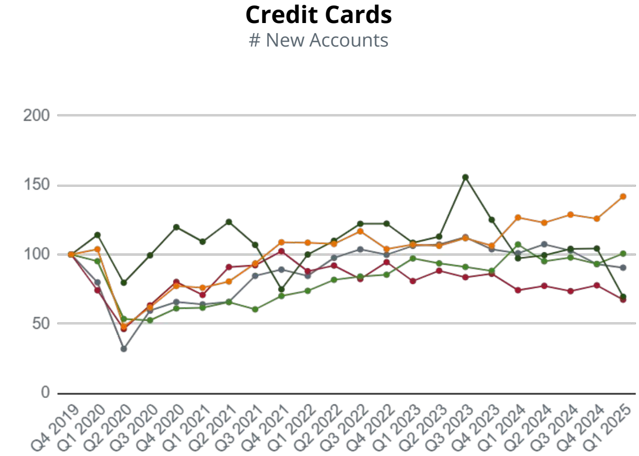
New Zealand

Mortgage inquiries increased by increased by 18.7% YoY, driven largely by a competitive market and borrowers shopping around. Credit card inquiries saw a small increase over the same period, up 4.1% YoY.

India

Mortgage demand continued to increase with a growth of 15% in demand compared to Q4'24.





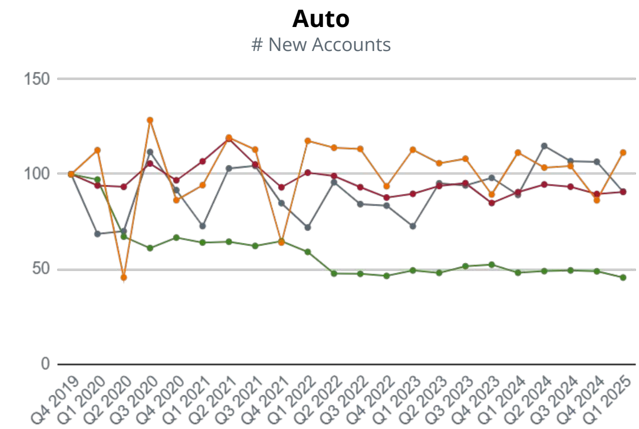
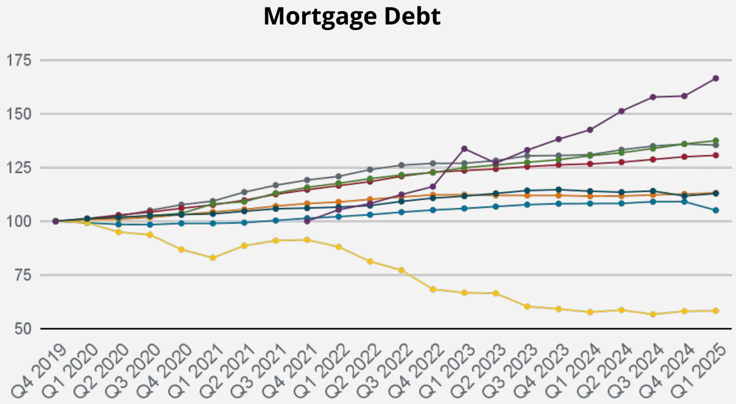
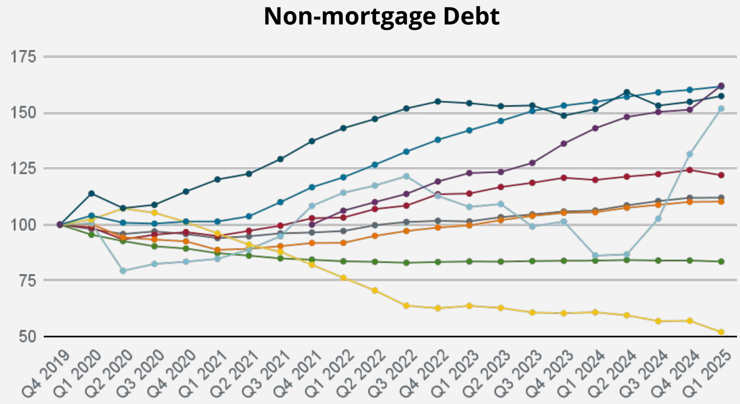


Chart data is indexed as of Q4'19, except India which is Q4'21.
The New Zealand index was rebased in Q4'21 due to account adjustments and Q3'23 reflects provider adjustment processes.
Chart data may not include all countries represented in the chart legend.

Overall debt

The rate of growth in mortgage debt is slowing down as consumers are more cautious and lenders tightening up policies.





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Mortgage debt

United States
Mortgage debt continues to increase, up 3% in Q1'25 compared with Q1'24, as well as growing at a slightly larger pace comparing the two quarters.

Canada
Mortgage debt grew 3.5% YoY, a much slower pace than past years.

Australia
Overall mortgage debt increased due to persistently rising mortgage borrowings driven by property prices. Amortized limits rose 5% YoY, highest in the last 5 years.

Brazil
Both mortgage debts and non-mortgage debts remained stable compared to Q1'25. While mortgages represent a significant portion of household debt, a larger share is composed of non-mortgage debt, particularly credit card debt and payroll loans.

India
Mortgage debt increased by 17% YoY and non-mortgage debt increased by 41% annually.

Non-mortgage debt

United States
While non-mortgage debt increased YoY, just shy of 2%, the rate of increase significantly decreased compared to previous first quarters. The YoY increase is mainly being driven by credit card debt (3.5%) and installment loans (1.5%) while auto is more flat (0.6%).

Canada
Total non mortgage debt in Canada went up by 5.4% from Q1'24, driven primarily by auto loans while average non-mortgage debt per consumer reached $21,859, up 2.7%.

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 4.3% above pre-pandemic levels.

Argentina
Non-mortgage debt saw a more pronounced increase, a shift from the even growth observed in Q4'24, driven by an increase in commercial lending.

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

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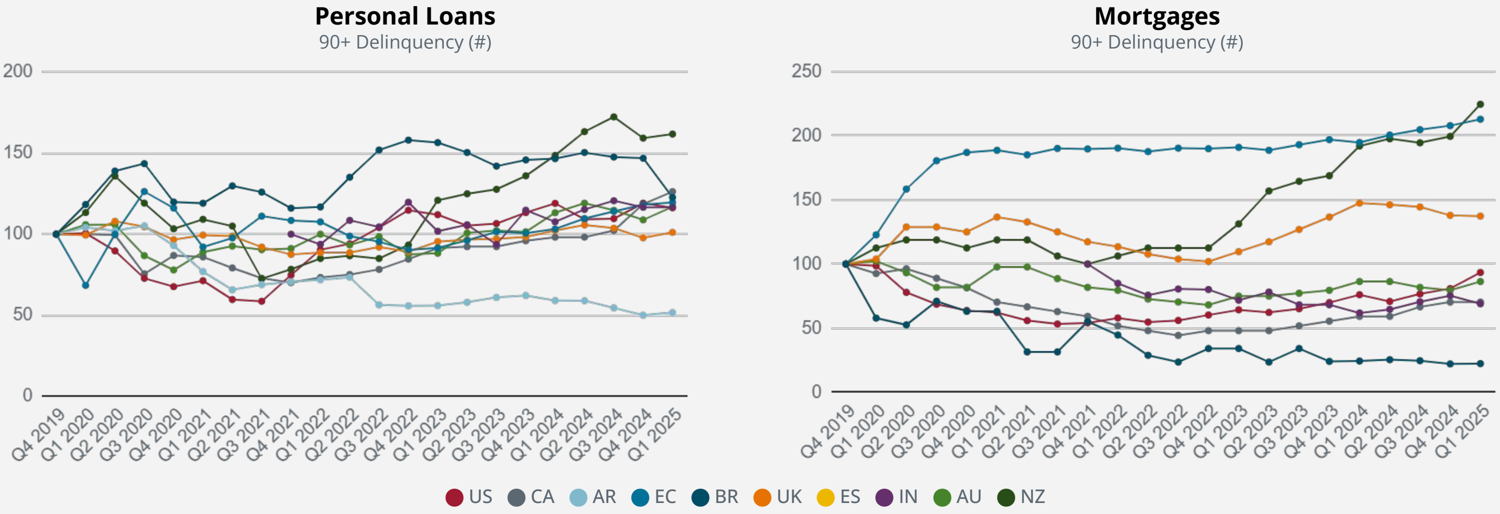
Delinquencies

Over the past several quarters, personal loan delinquency rates have shown a consistent increase across the majority of regions. Mortgage delinquencies are beginning to rise in several regions.



North America

United States
Non-mortgage delinquencies have decreased YoY in key categories including installment balances (8%) and credit card accounts (6%). Mortgage balance delinquencies (0.79%) continue to climb to almost reach pre-pandemic levels (0.80%). Mortgage delinquent accounts (0.81%), while also increasing, are not as close to pre-pandemic levels (0.86%).

Canada
Delinquency rates across all credit products in Canada have now surpassed pre-pandemic levels. Ontario continued to remain a hotspot for financial stress in the country, experiencing the most pronounced increase in these rates. Notably, significant increases were also observed among younger consumers, particularly for credit card and auto loans.

South America

Argentina
Early signs of increase in defaults are starting to show, associated with the increase of credit lending.

Ecuador
Personal loan delinquency has continued to increase since 2024, driven by the economic downturn.

Europe

United Kingdom
Following on from positive delinquency trends at the back end of 2024, Q1'25 has demonstrated a more mixed picture, with modest increases in delinquency levels observed across certain account types.

Oceania & Asia

Australia
While the number of account delinquencies is stable compared to last year, the dollar amounts in delinquencies are rising for most credit types. A significant increase in mortgage delinquencies over 90 days past due indicates borrowers with larger loans are struggling to repay, causing a pronounced accumulation of debt.

New Zealand
Late-stage mortgage delinquencies are up a nominal 5bps YoY, but a slow upwards trend is persistent. Deterioration in other products has leveled off, with YoY movements either being roughly on par or below Q1'24.

India
Mortgage delinquency saw a 3 bps decline YoY.
Non-mortgage loans saw a 82 bps decline across products.

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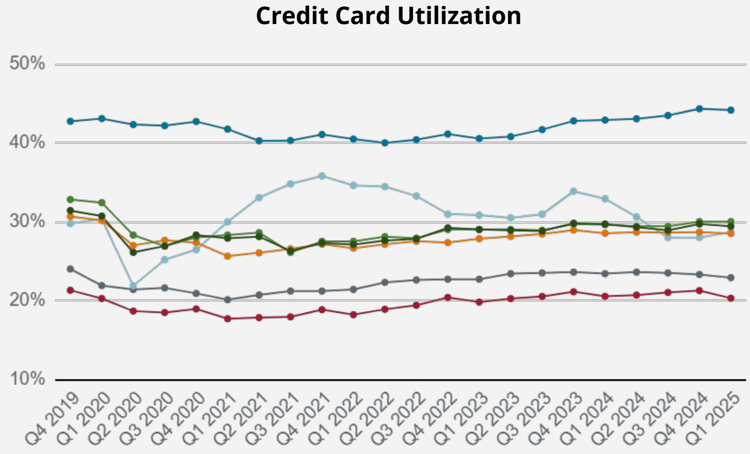
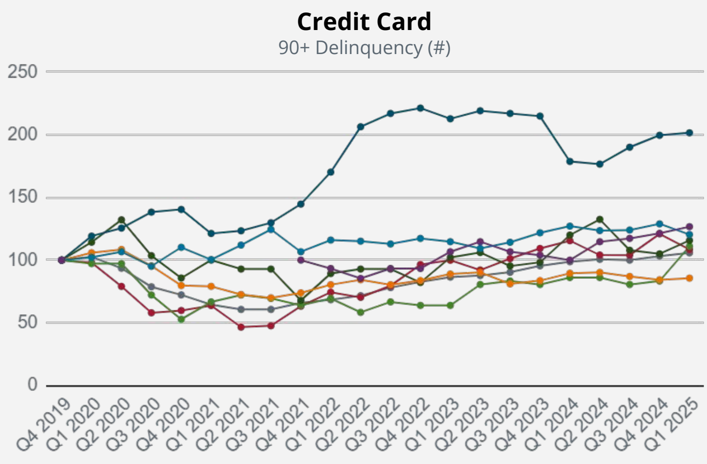
Credit cards

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





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Card utilization

United States
While utilization on average is increasing, Q1'25 is down 20 bps compared to Q1'25 and down 100 bps compared to Q4'24.

Canada
Despite a slowdown in credit card debt and new originations, credit utilization levels remains consistent.

Argentina
Increased utilization due to the increase of balances is becoming evident, demonstrating growth QoQ.

Ecuador
Credit card utilization remains stable, supported by steady debt and limits. There is a slight decrease in credit card delinquency.

Delinquencies

United States
After approaching pre-pandemic highs, credit card 90+ day delinquency has slightly decreased, in both dollars and number of accounts, to be comparable to early 2024 levels.

Canada
The highest credit card 90+ day delinquency rates were observed among younger consumers under the age of 26, at 5.38%, a significant 21.7% increase YoY. Overall, this rate stood at 3.76%, marking a 15.8% increase.

Brazil
The delinquency rate for credit cards remained stable.

India
Credit card delinquency increased by 83 bps YoY, signaling that credit card stress is increasing in the Indian economy.

Australia
Holiday debt is catching up with consumers, with both early and late-stage delinquencies rising against last quarter and last year. The average limit for accounts in late delinquencies has surged by 19.3%.

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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.