

**CENTRIX**

# **Impact of COVID-19 on Consumer Credit Applications**

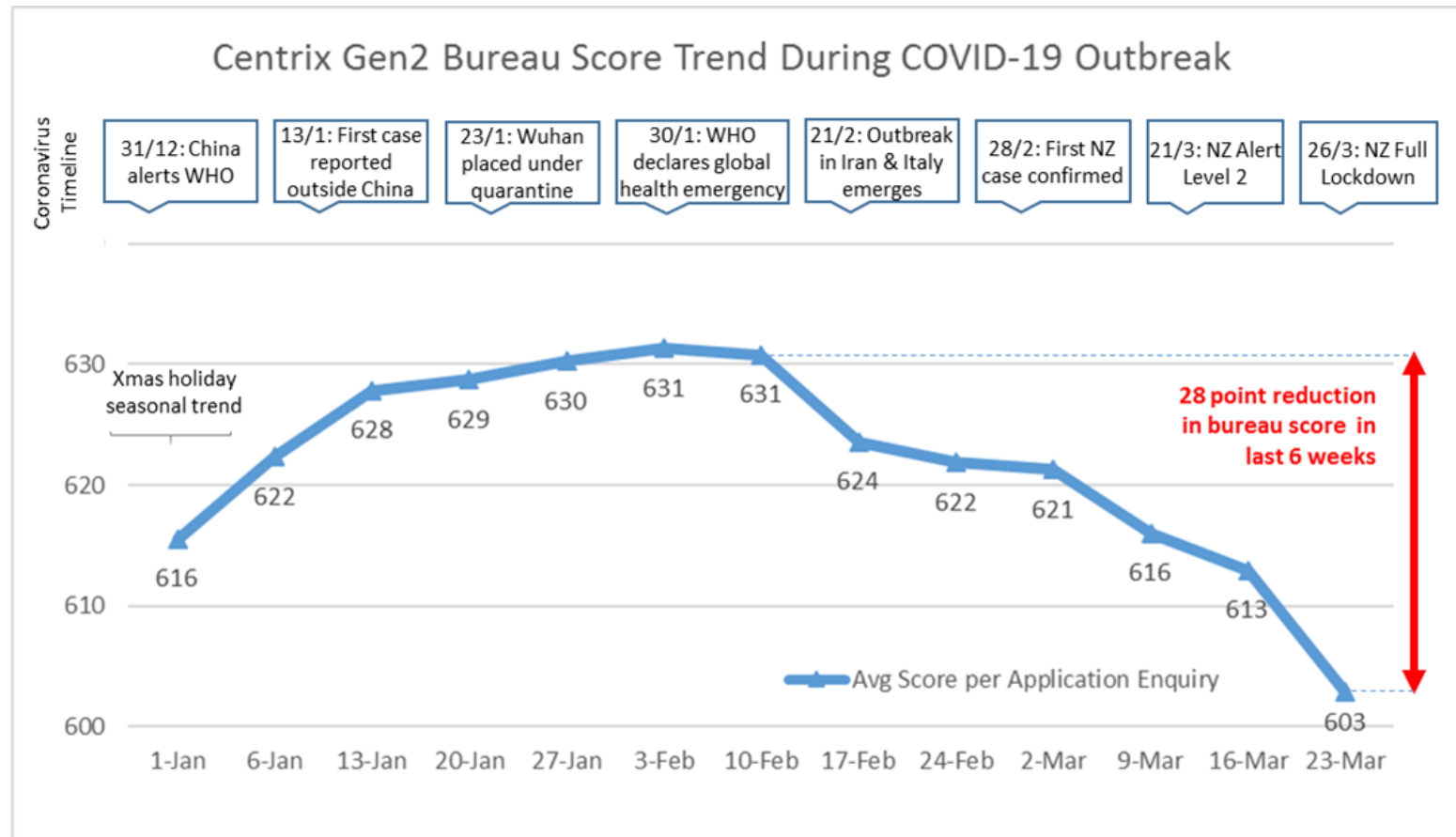
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Update for week ending 27<sup>th</sup> March 2020

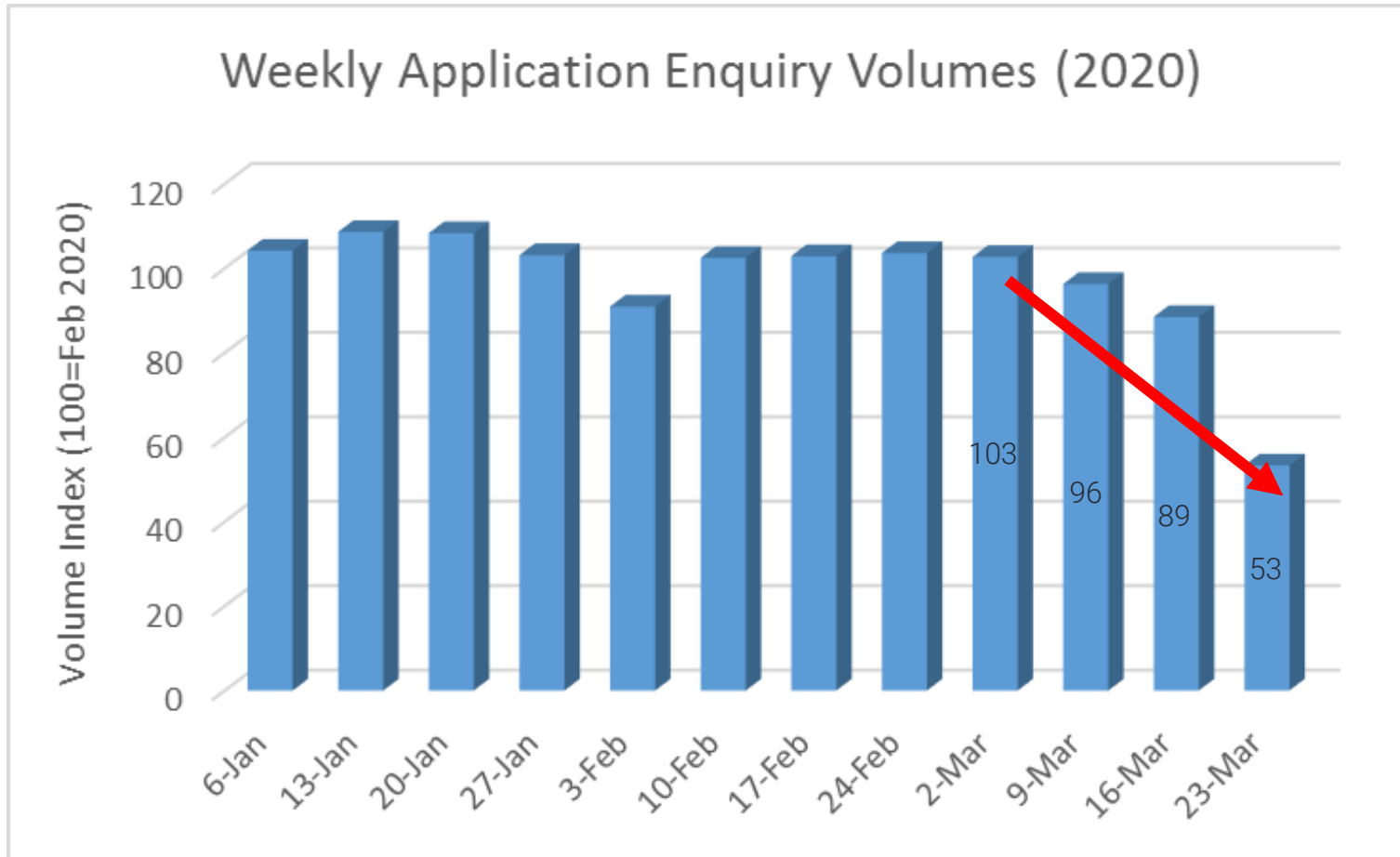
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# Credit Scores Fall Sharply

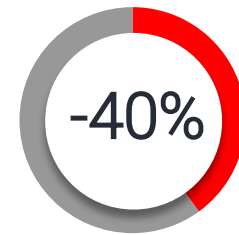
Centrix score is a leading indicator of default risk, average scores on application enquiries have dropped **28 points** since the global outbreak of COVID-19.



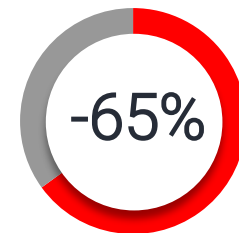
# Credit Demand crashes by 65% since Alert 4



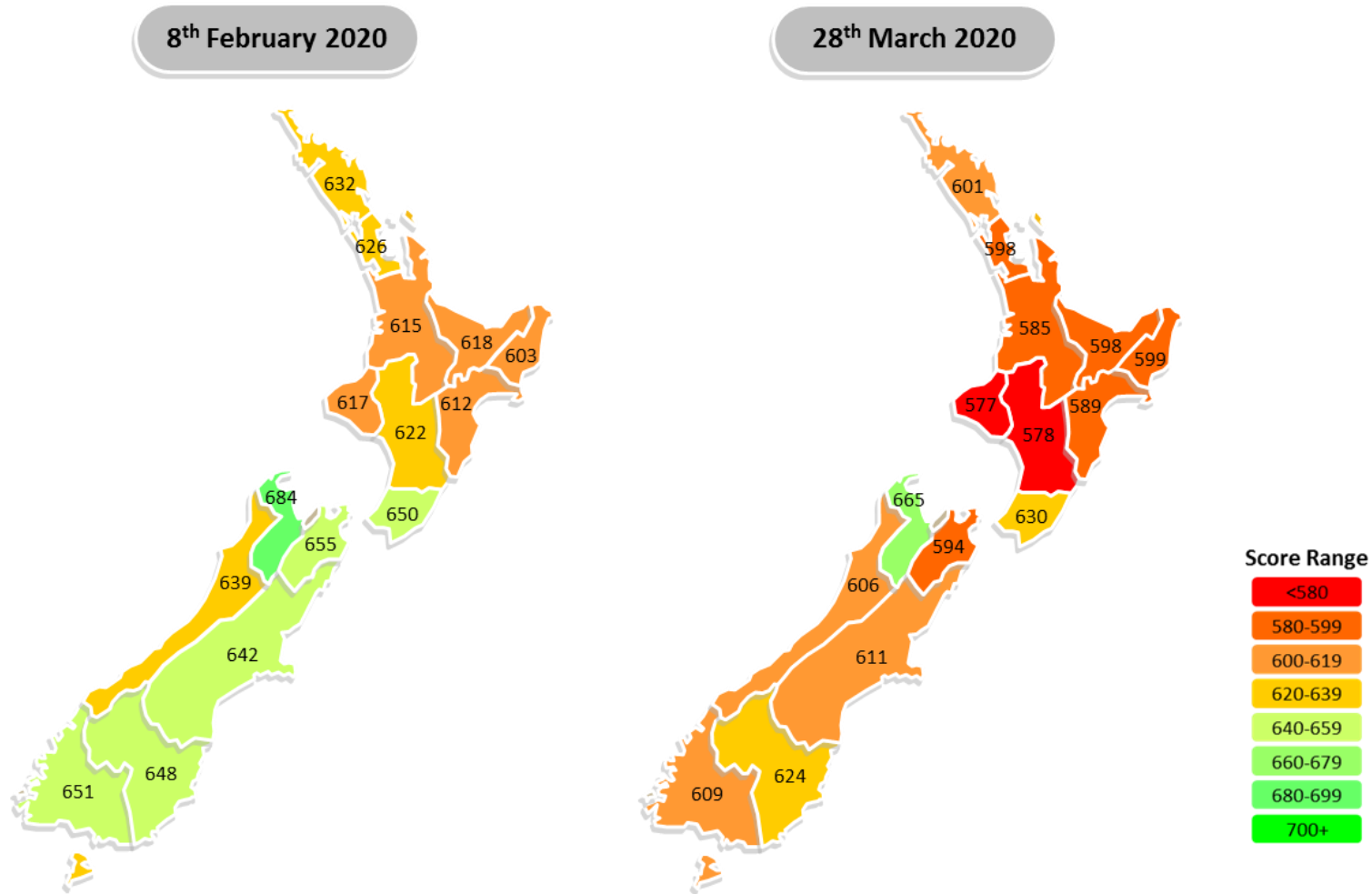
Credit Demand Down 40%  
This Week vs Last Week



Credit Demand Down 65%  
Since Level 4 Lockdown



# Geographical Regional View



Decline in the quality of credit enquiry applications is reflected across all geographic regions north and south.

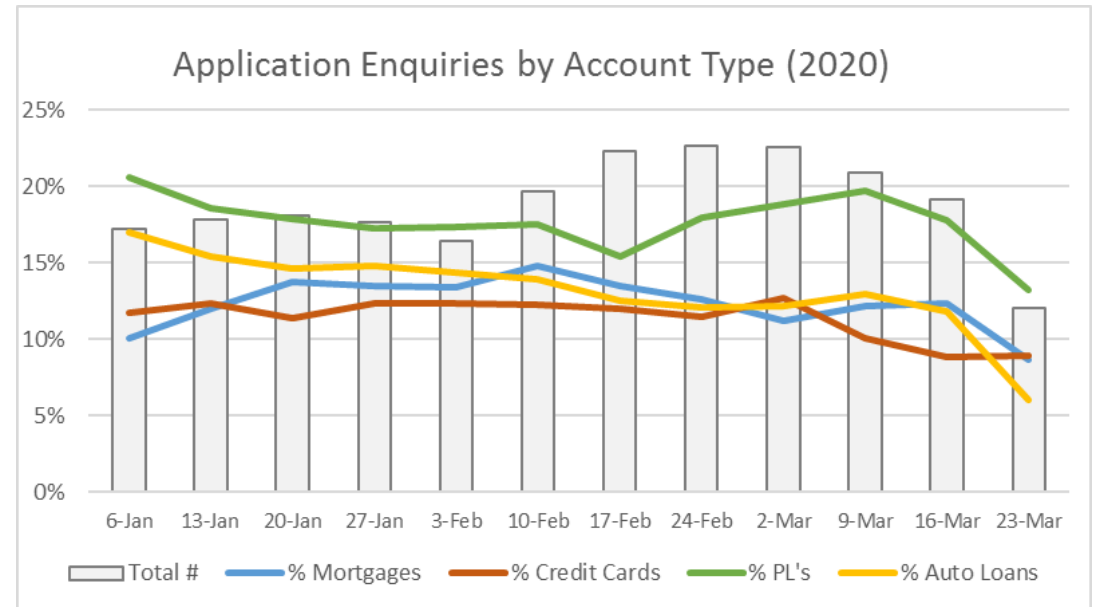
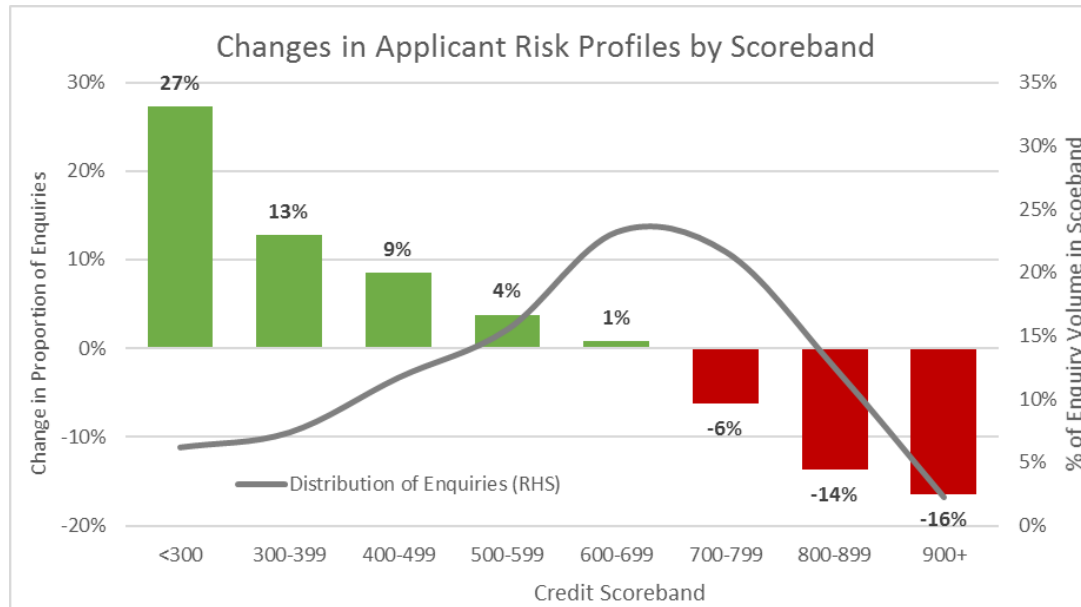
Main Centres:

- Auckland down 28 points
- Wellington down 20 points
- Christchurch down 31 points

# Changes in Applicant Risk Profiles and Product Mix

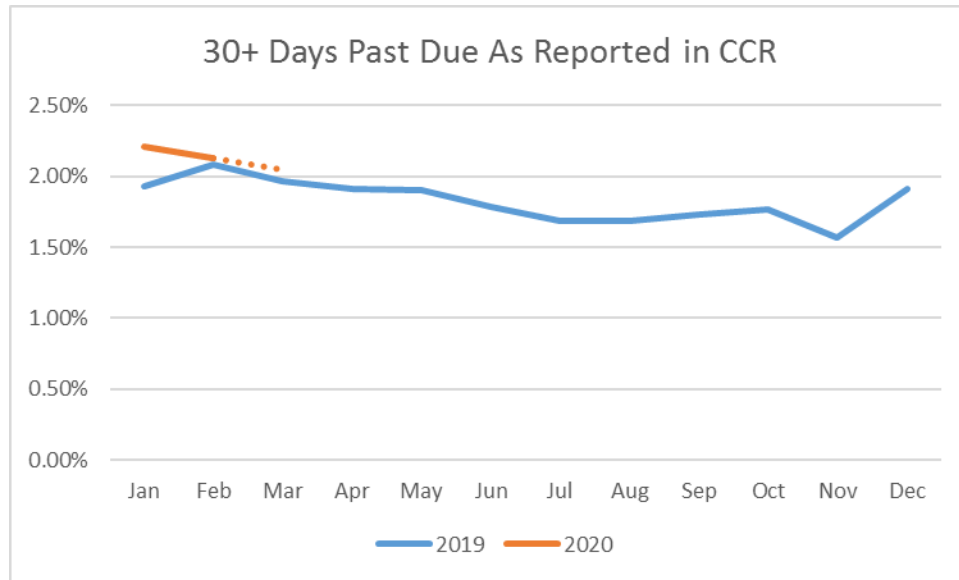
Consumers with high scores are no longer as active whereas credit demand in low score segments remain strong.

Product mix is shifting which is contributing to the drop in score. Personal Loans and Auto finance has dropped sharply in last 2 weeks. Mortgages down this week also.

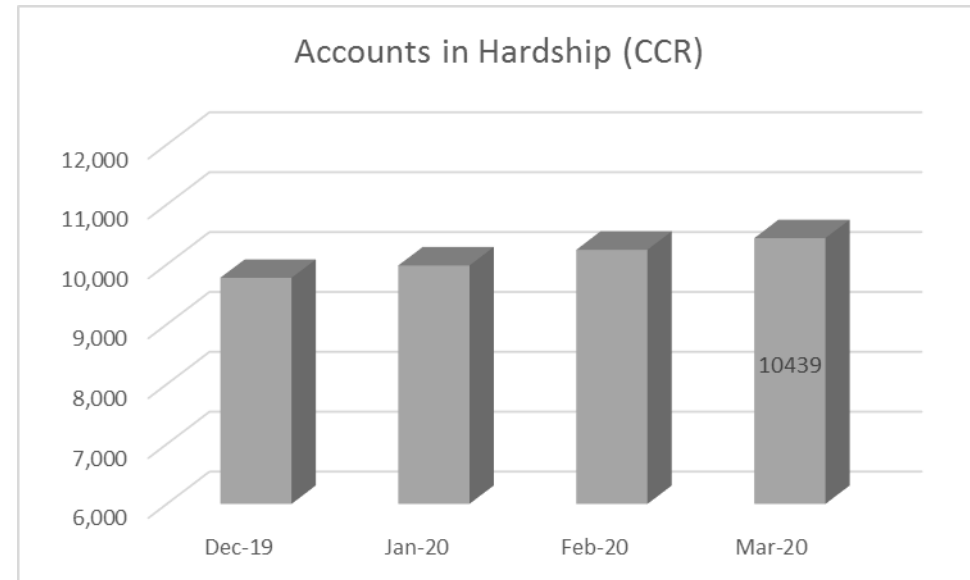


# No Signs of Impact on Arrears or Hardship

It is still too early to observe any COVID-19 impact on arrears levels or Hardship flags as reported in Comprehensive Credit Reporting (CCR).

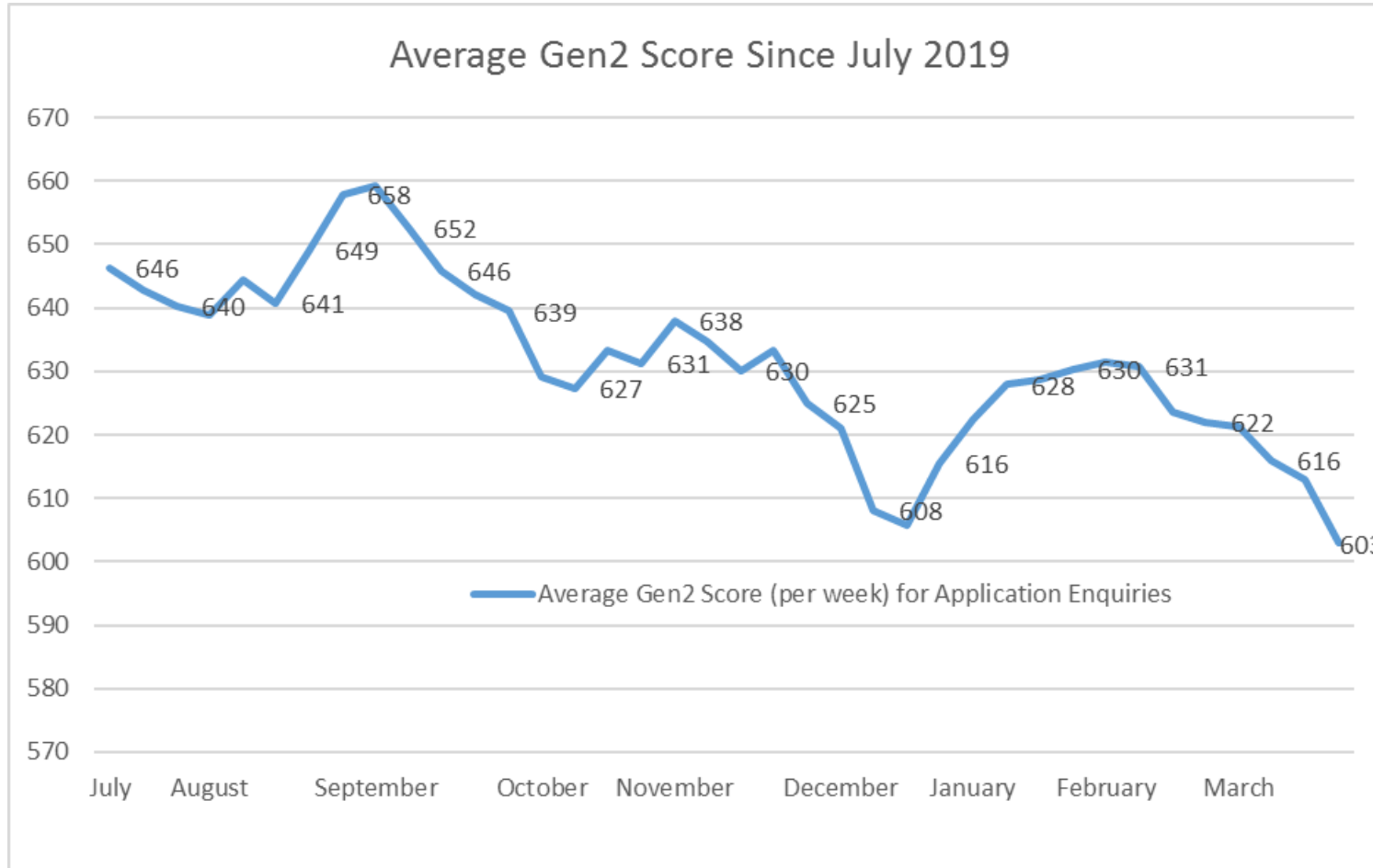


- Arrears levels showing no significant deterioration at this stage.
- March data only a partial view as not all repayment data is uploaded yet



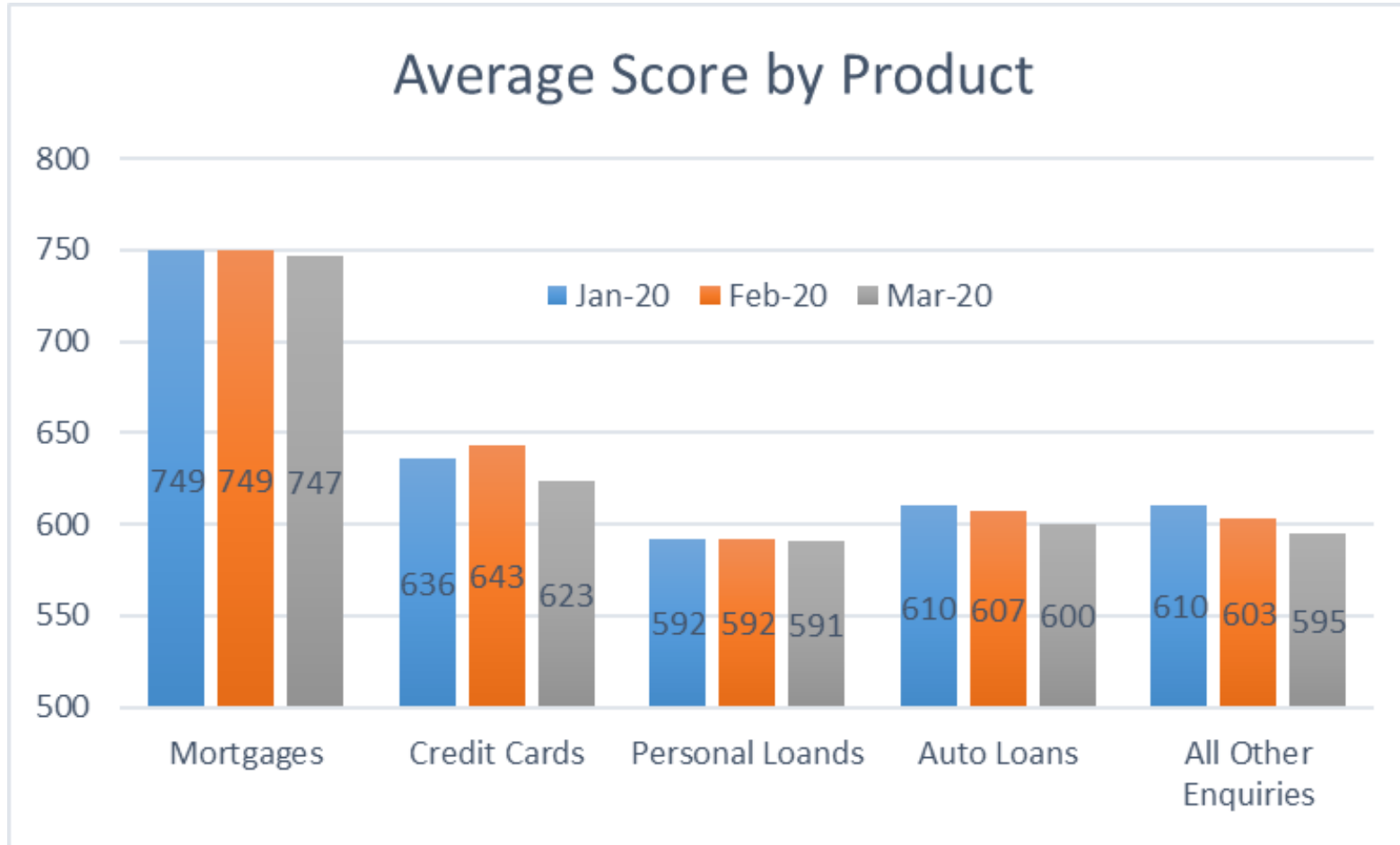
- There has been no sudden spike in the number of accounts being reported in hardship
- Hardship cases has been gradually increasing as more CPs start reporting these events

# Score Trends Since July 2019



- Centrix Gen 2 bureau score went live in June 2019
- There was a transitional period of circa 3 months as credit providers moved from gen 1 to gen 2
- Score trends stabilized from October 2019
- Seasonal reduction in credit scores observed over the Xmas holiday period.

# Score Trend By Product Type



Score movements since February:

- Mortgages down 2 points
- Credit Cards down 20 points
- Personal loans held flat
- Auto Loans down 7 points
- Other down 8 points



**Thank you**

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