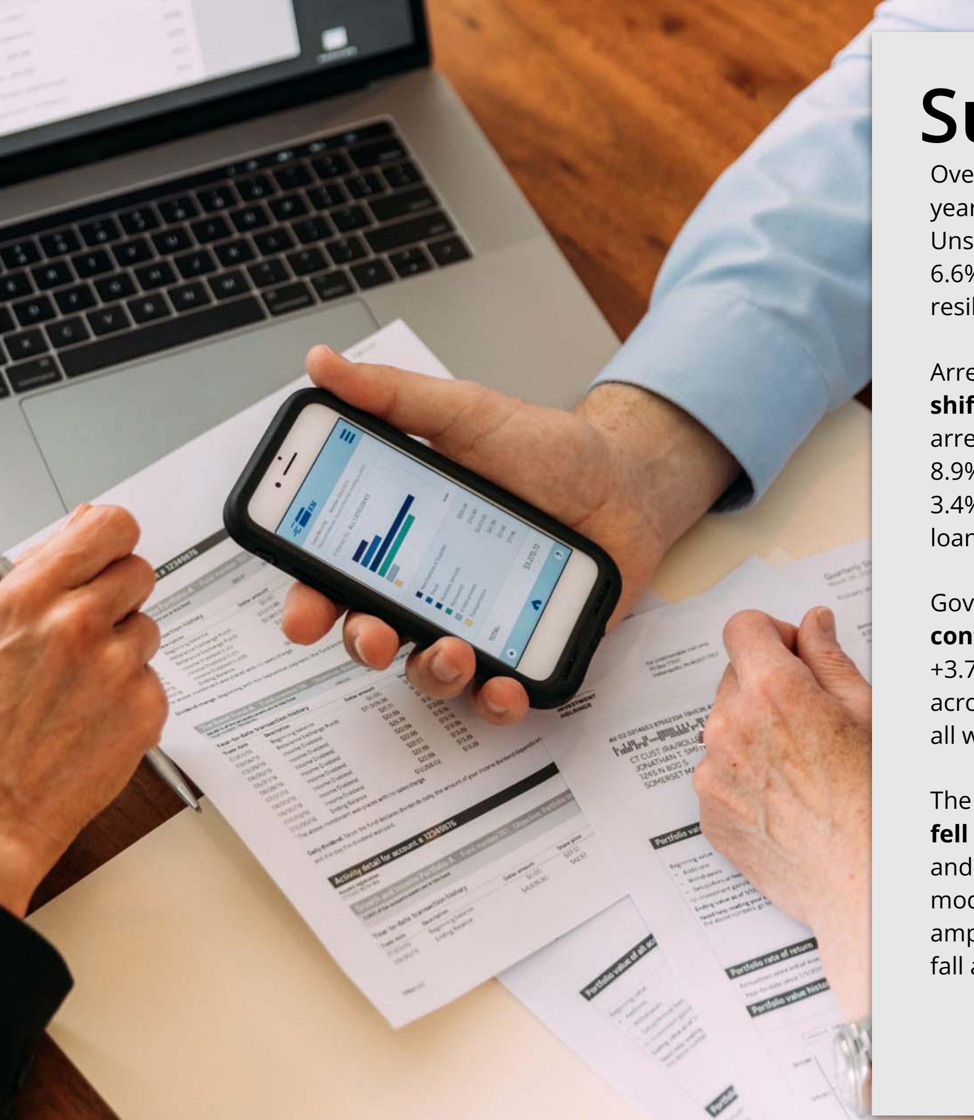
EQUIFAX

Market Pulse

Quarterly Consumer Credit Insights

Q2 2026



Summary

Overall **credit demand softened in Q2 2026**. Secured credit fell 8.4% year-on-year, as Mortgage demand declined 9% and Auto Loans dropped 5.7%. Unsecured credit declined 9.6%, driven by a 35.2% slide in BNPL demand and a 6.6% fall in Credit Card demand, while Personal Loans were the only area of resilience, edging up 0.1%.

Arrears performance remained uneven across portfolios, highlighting a **mixed shift in underlying credit stress**. Mortgage performance improved, with 90+ day arrears easing 3 basis points, although the average overdue balance increased 8.9%. Credit Card late arrears were unchanged, while delinquent balances rose 3.4%, pointing to higher exposure within current economic conditions, personal loans follow similar trends.

Government tax reforms and the RBA's May 2026 rate hike drove a **sharp contraction** across consumer credit. Mortgages were hit hardest, swinging from +3.7% YoY growth pre-reform to a -12.5% drop post-reform. This pullback swept across all product categories, with personal loans, auto, and credit card demand all weakening in tandem.

The mortgage contraction hit loan sizes as well as volumes. Average loan amounts **fell in seven of eight markets** between March and June, led by Hobart, Brisbane and Sydney, against a national average of -$8K (-1.1%). Critically, our forecasting model had already anticipated a cyclical cooling into H2, but the reform materially amplified the downturn beyond model expectations, and we project demand to fall a further 13% over the second half of 2026 if current conditions persist.

Macroeconomic Update

Australian Economic Indicators: Q2 2026 Snapshot

June 2026

3.8%

Annual Consumer Price Index

The Consumer Price Index rose 3.8%, down from 4.0% in the 12 months to May 2026. The largest contributors to annual inflation were Housing (+6.8%), Food and non-alcoholic beverages (+3.3%) and Recreation and culture (+3.3%)

June 2026

4.4%

Unemployment rate

In June 2026, the unemployment rate rose by 0.1ppt to 4.4% in seasonally adjusted terms, with the number of unemployed people increasing by 12,700 to 686,800 people

Aug 2026

4.35%

Official cash rate

In August 2026, the RBA maintained the official cash rate at 4.35%. This decision follows evidence of softening underlying inflation. However, the Board noted that significant upside risks, particularly persistent inflationary pressures and higher fuel prices, remain critical factors in their outlook.

May 2026

6.2%

Household saving ratio

The household saving to income ratio fell to 6.2%, with the growth in gross disposable income (+0.4%) outpaced by the rise in nominal household consumption (+1.1%)

Sources: Reserve Bank of Australia, Australian Bureau of Statistics
Note: Updated on 11/8/26

Consumer Credit Trends

Overview of Q2 2026

Consumer Macro Credit Demand

Overall consumer credit demand contracted year-on-year, driven by a decline in secured lending alongside a sharper drop in unsecured credit products

Macro Credit Demand represents an intention by consumers to acquire credit and in turn spend; therefore, the index is a lead indicator for consumer spend.

This differs to other market measures published by the RBA which measure credit provided by financial institutions (i.e. balances outstanding).

Secured consumer credit demand
-8.4% (YoY vs 2025)

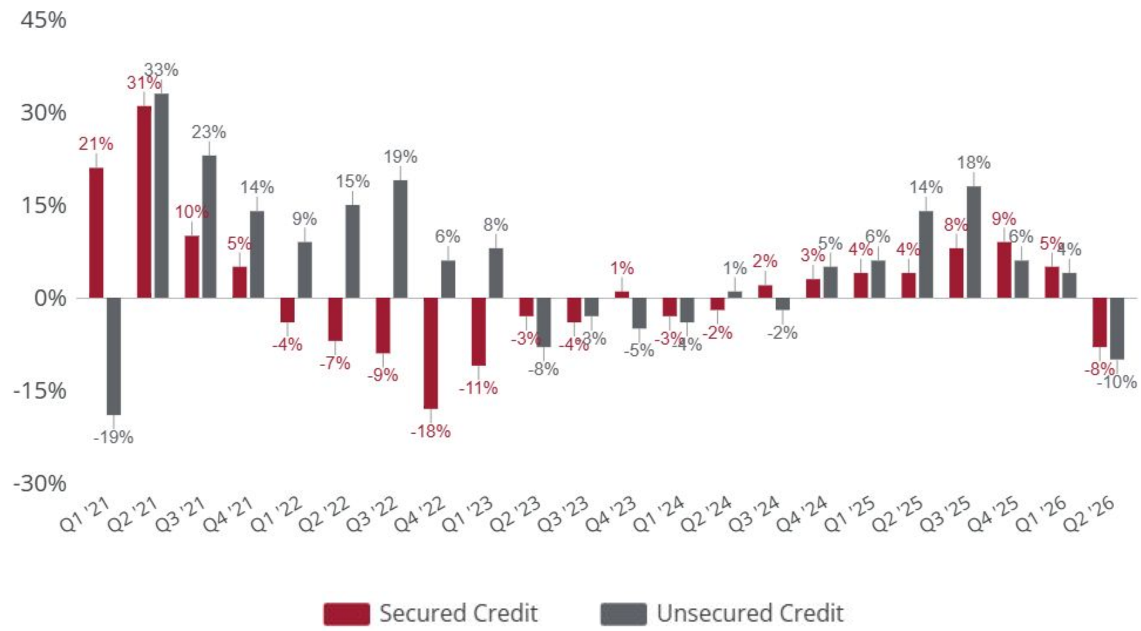
Unsecured consumer credit demand
-9.6% (YoY vs 2025)

Note:

- Consumer secured Credit Demand Index is derived from Mortgage, Auto Loan enquiry volumes aggregated over the quarter.
- Consumer unsecured Credit Demand Index is derived from Credit Card, Personal Loan and BNPL enquiry volumes aggregated over the quarter.
- Consumer Credit Demand quarterly volume is a comparison against the same quarter in the previous year.

Quarterly Demand Movement

Secured vs Unsecured Credit



SOURCE: Equifax Australia

Consumer Credit Demand

Falling mortgage demand dampens secured lending, while a sharp pullback in Buy Now Pay Later and credit cards triggers a broad contraction across unsecured credit

Secured Credit

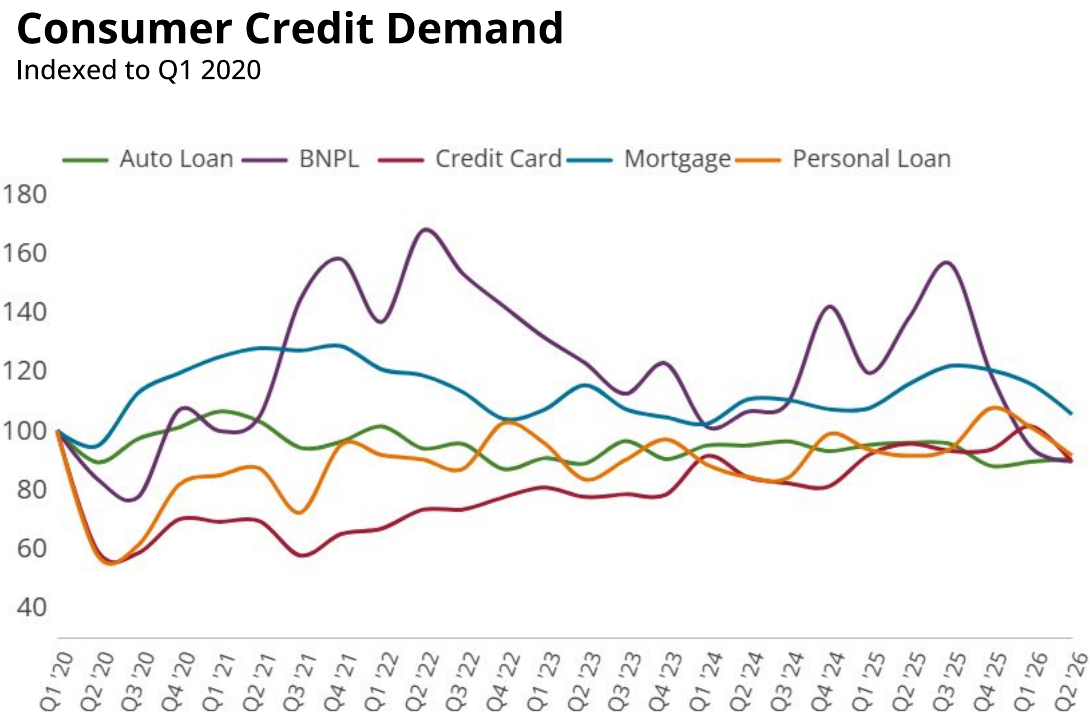
-8.4% vs Q2 2025

Mortgage	**-9.0%**
Auto Loans	**–5.7%**

Unsecured Credit

-9.6% vs Q2 2025

Credit Card	**-6.6%**
Buy Now Pay Later	**-35.2%**
Personal Loans	**+0.1%**



SOURCE: Equifax Australia

Mortgage Portfolio

2026 Q2

Net change

Accounts (#)

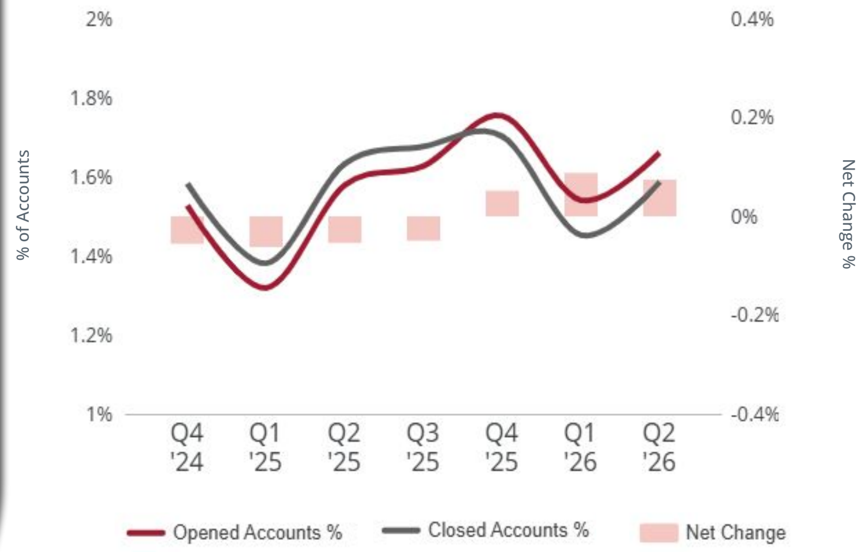
0.4% vs 25 Q2

Amortised limits ($)

+7.2% vs 25 Q2

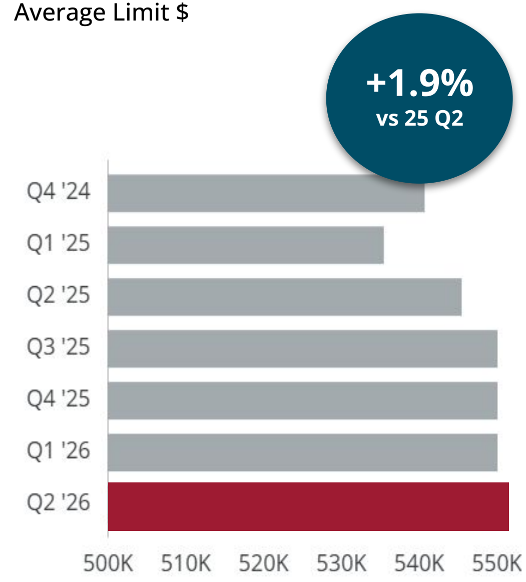
Opened and Closed Accounts

As proportion of portfolio %



New Accounts Opened

Average Limit $



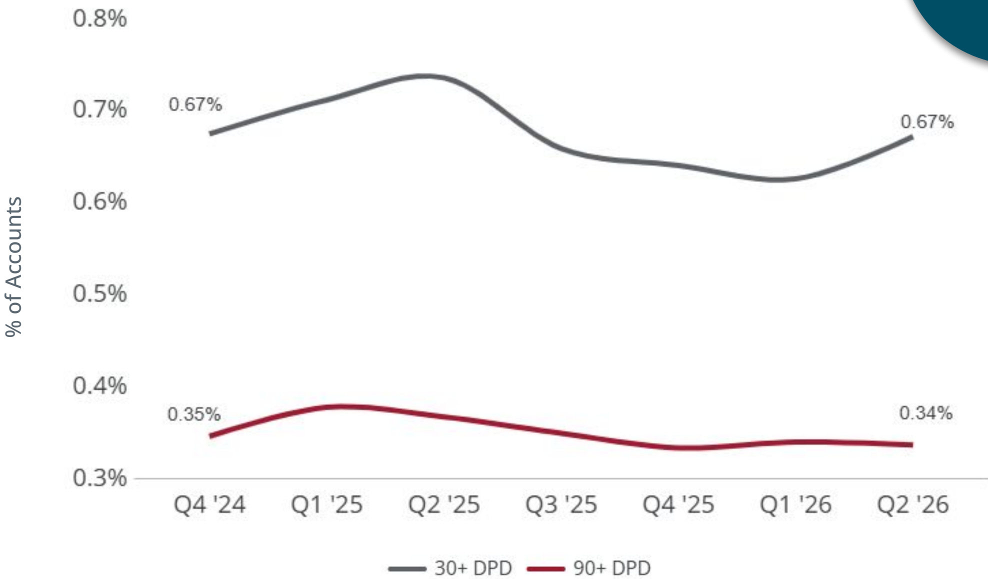
Despite a fall in applications, the total value of mortgage credit limits increased by 7.2% over the same period fueled by a 12% jump among 18–25 year-olds and an 8.3% increase in the 44–55 age bracket . This suggests that while fewer people are seeking mortgages, those who are, are borrowing more. This is supported by a 1.9% rise in the average limit for a newly opened mortgage, which reached over $550k in Q2 2026.

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to May 2026

Delinquency rate

Accounts in arrears as % of portfolio

0.34%
90+ DPD



Slight improvement of 3 bps in arrears compared to the same time last year. However, the average loan amount for these late accounts has swelled by 7.5% nationally. This increase was most prominent in NSW and VIC, where the average loan balance overdue grew by 10.5% and 7%, respectively.

Mortgage Arrears

2026 Q2

-3bps
Vs 25 Q2

90+ DPD
% of active accounts

-0.6%
Vs 25 Q2

90+ DPD
Change in total limits

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to May 2026

Credit card Portfolio

2026 Q2

Net change

Accounts (#)

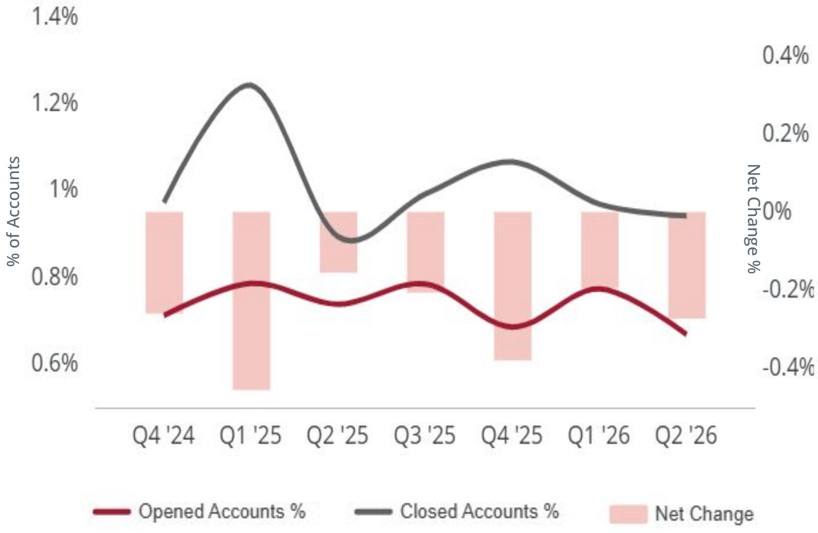
-2.8%
vs 25 Q2

Amortised limits ($)

-0.7%
vs 25 Q2

Opened and Closed Accounts

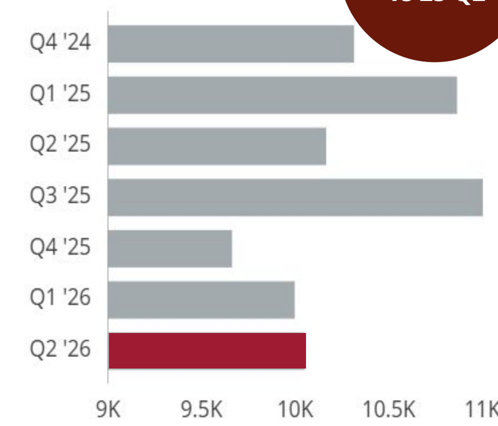
As proportion of portfolio %



New Accounts Opened

Average Limit $

-3.8%
vs 25 Q2



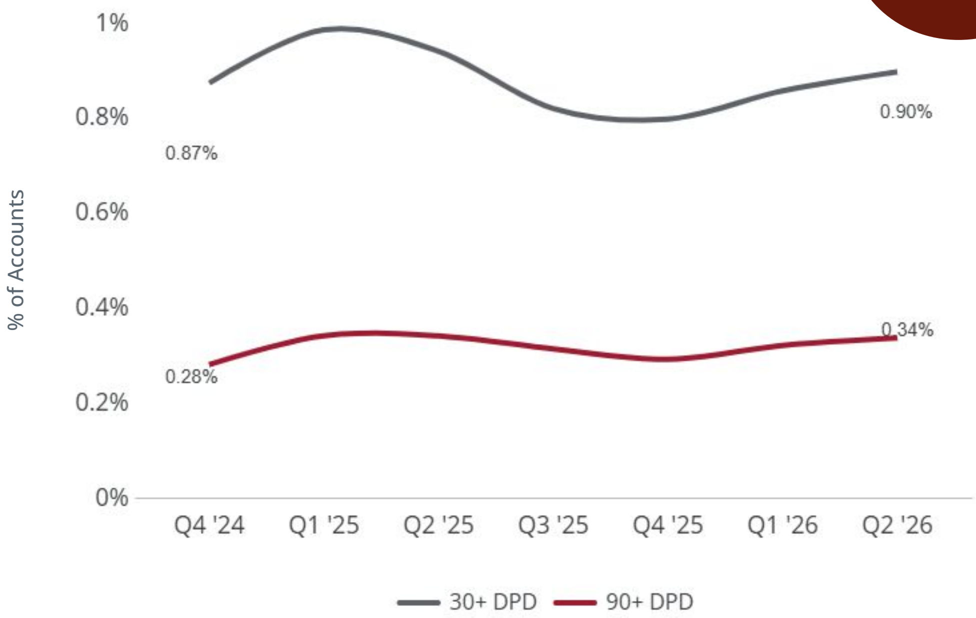
The credit card market contracted in the second quarter of 2026, consistent with falling consumer demand. Compared to Q2 2025, the total number of active credit card accounts declined by 2.8%. Lenders also appear to be tightening access to credit, with the average limit for newly opened accounts decreasing by 3.8%. This contraction was sharpest in Tasmania (-22%) and Queensland (-19%), with the 55–65 age bracket experiencing the steepest decline at -26.6%.

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to May 2026

Delinquency rate

Accounts in arrears as % of portfolio

0.34%
90+ DPD



The total value of credit limits tied to late arrears accounts increased by 3.4% over the same period last year. This uptick was particularly pronounced in Queensland (+7.7%) and among specific age groups, led by borrowers aged 65 and over (+13%) and those aged 18–25 (+12%) . This indicates that while the proportion of late payers has not worsened, the financial exposure associated with them is growing.

Credit card Arrears

2026 Q2

0 bps
Vs 25 Q2

90+ DPD
% of active accounts

+3.4%
Vs 25 Q2

90+ DPD
Change in total limits

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to May 2026

Personal loan Portfolio

2026 Q2

Net change

Accounts (#)

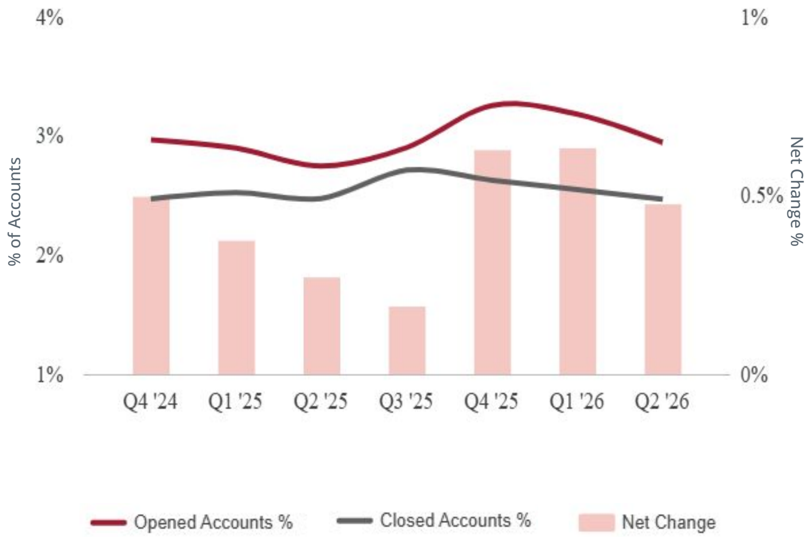
+5.5%
vs 25 Q2

Amortised limits ($)

+5.9%
vs 25 Q2

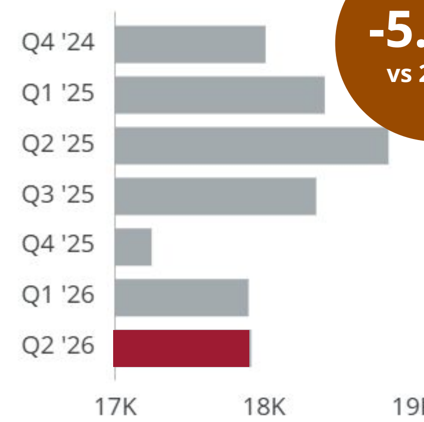
Opened and Closed Accounts

As proportion of portfolio %



New Accounts Opened

Average Limit $



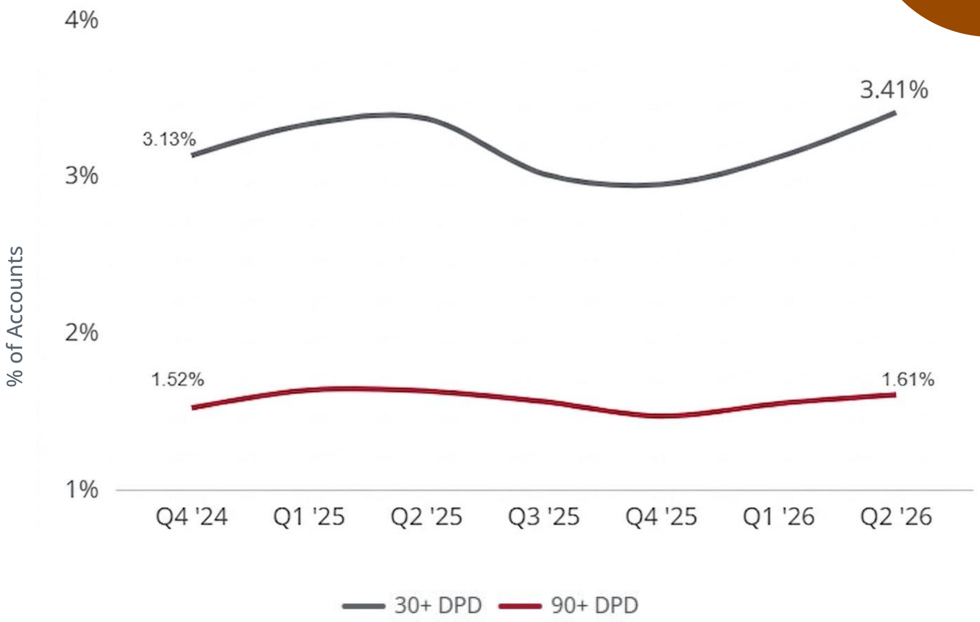
-5.7%
vs 25 Q2

The personal loan market stood out as a growth area in Q2 2026. The total value of credit limits grew by 5.9% driven by strong regional lifts in Victoria (8.4%) and New South Wales (6.6%), and heavily supported by older demographics, including a 16% surge in the 65+ age group and a 10% increase among those aged 55–65. This contrasts with the general decline seen in other credit products.

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to May 2026

Delinquency rate

Accounts in arrears as % of portfolio



1.61%
90+ DPD

While arrears rates saw a minor improvement, the total value of credit limits on these arrears surged by 14.1%. This suggests that while fewer people are falling seriously behind, those who do have larger loan balances. The value of overdue accounts for consumers in the 36-45 age group grew by 13.7%, indicating rising financial pressure on this demographic.

Personal loan Arrears

2026 Q2

-2 bps
Vs 25 Q2

90+ DPD
% of active accounts

+14.1%
Vs 25 Q2

90+ DPD
Change in total limits

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to May 2026

BNPL Portfolio

2026 Q2

Net change

Accounts (#)

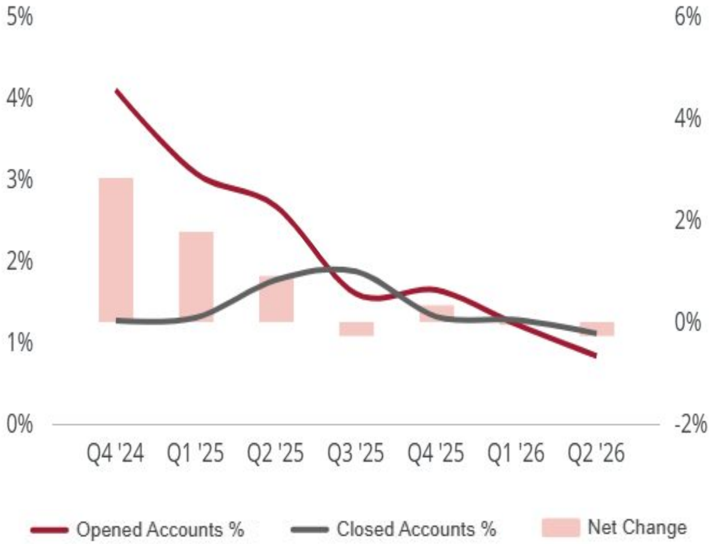
-1.7% vs 25 Q2

Limits ($)

-0.1% vs 25 Q2

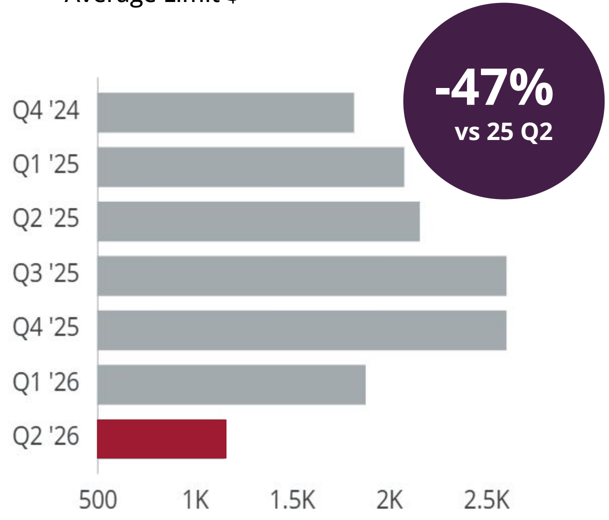
Opened and Closed Accounts

As proportion of portfolio %



New Accounts Opened

Average Limit $



The total number of accounts fell by 1.7% compared to the previous year, and total credit limits edged down by 0.1%. The most telling indicator of the market shift was a 47% year-over-year drop in the average credit limit for newly opened BNPL accounts.

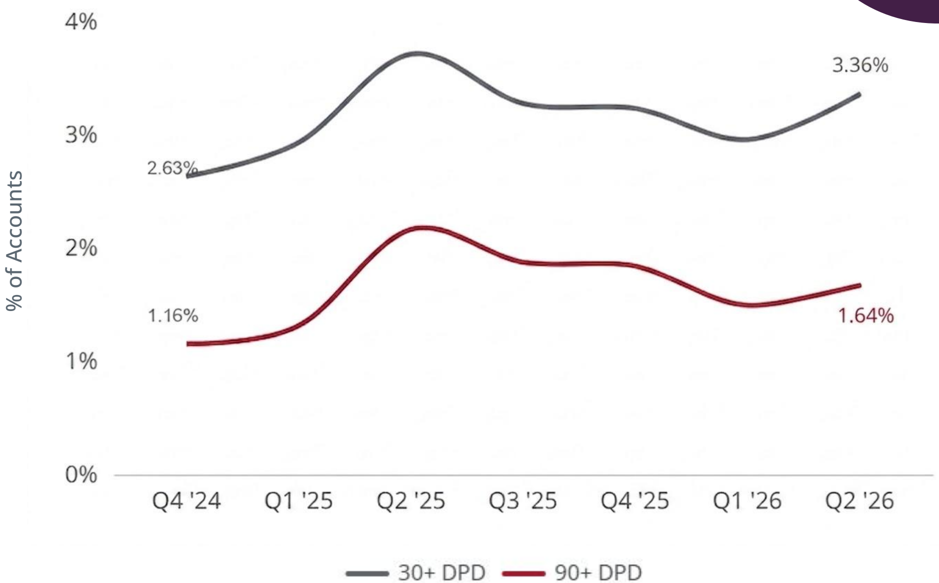
This trend is largely attributed to providers pivoting their strategies away from BNPL offerings and toward personal loan products

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to May 2026

Delinquency rate

Accounts in arrears as % of portfolio

1.64%
90+ DPD



Late arrears rates have gone up from the previous quarter, up +14bps. The total credit limits associated with these overdue accounts also saw an increase of 16%. The jump was highest in ACT (+23%) and VIC (+18%), and hit middle-aged borrowers hardest, increasing by 25% across both the 46-55 age group.

BNPL Arrears

2026 Q2

+14bps
Vs 26 Q1

90+ DPD
% of active accounts

+16%
Vs 26 Q1

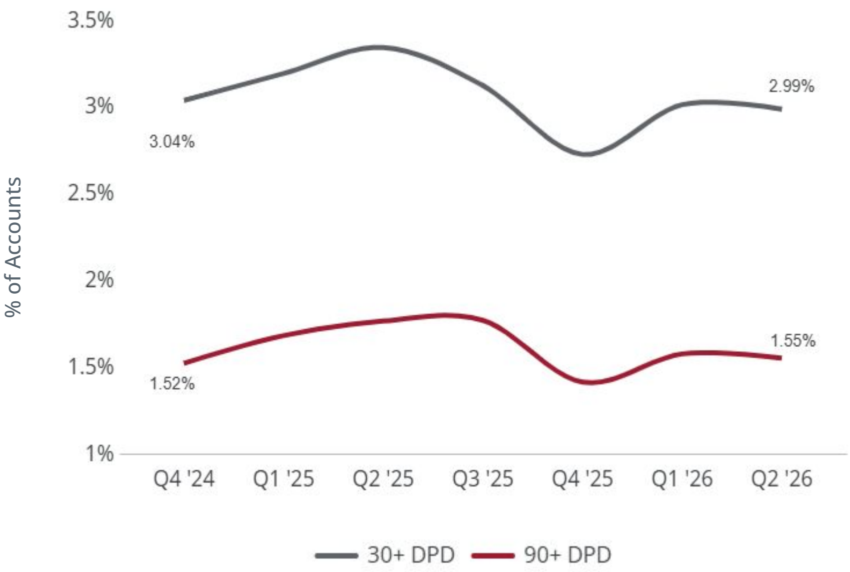
90+ DPD
Change in total limits

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to May 2026

Delinquency rate

Accounts in arrears as % of portfolio

1.55%
90+ DPD



The auto loan portfolio showed positive signs regarding consumer repayment behavior in Q2 2026. The rate of late arrears accounts fell to 1.55%, a notable improvement of 18 basis points compared to the same quarter last year. Furthermore, the total credit limits for these overdue loans decreased by 4% year-over-year. This positive trend was supported by regional data, with the amount in arrears in Victoria declining by 7%.

Auto loan Arrears

2026 Q2

-18 bps
Vs 25 Q2

90+ DPD
% of active accounts

-4%
Vs 25 Q2

90+ DPD
Change in total limits

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to May 2026

Financial Hardship

2026 Q2

Net change

Mortgage hardship accounts

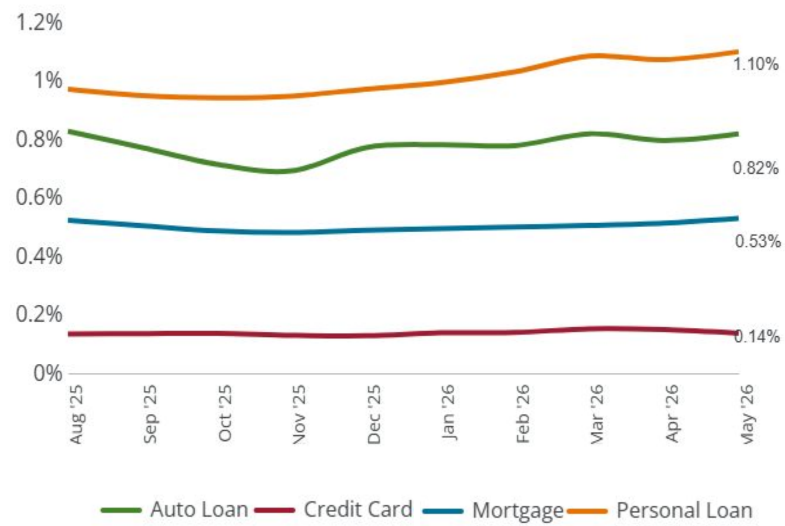
+5.3% vs 26 Q1

Non-Mortgage hardship accounts

+5.6% vs 26 Q1

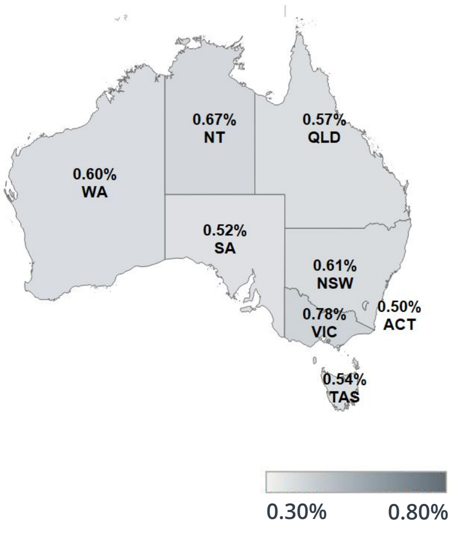
Hardship rate

Accounts in hardship as % of portfolio



Mortgage Hardship

By State



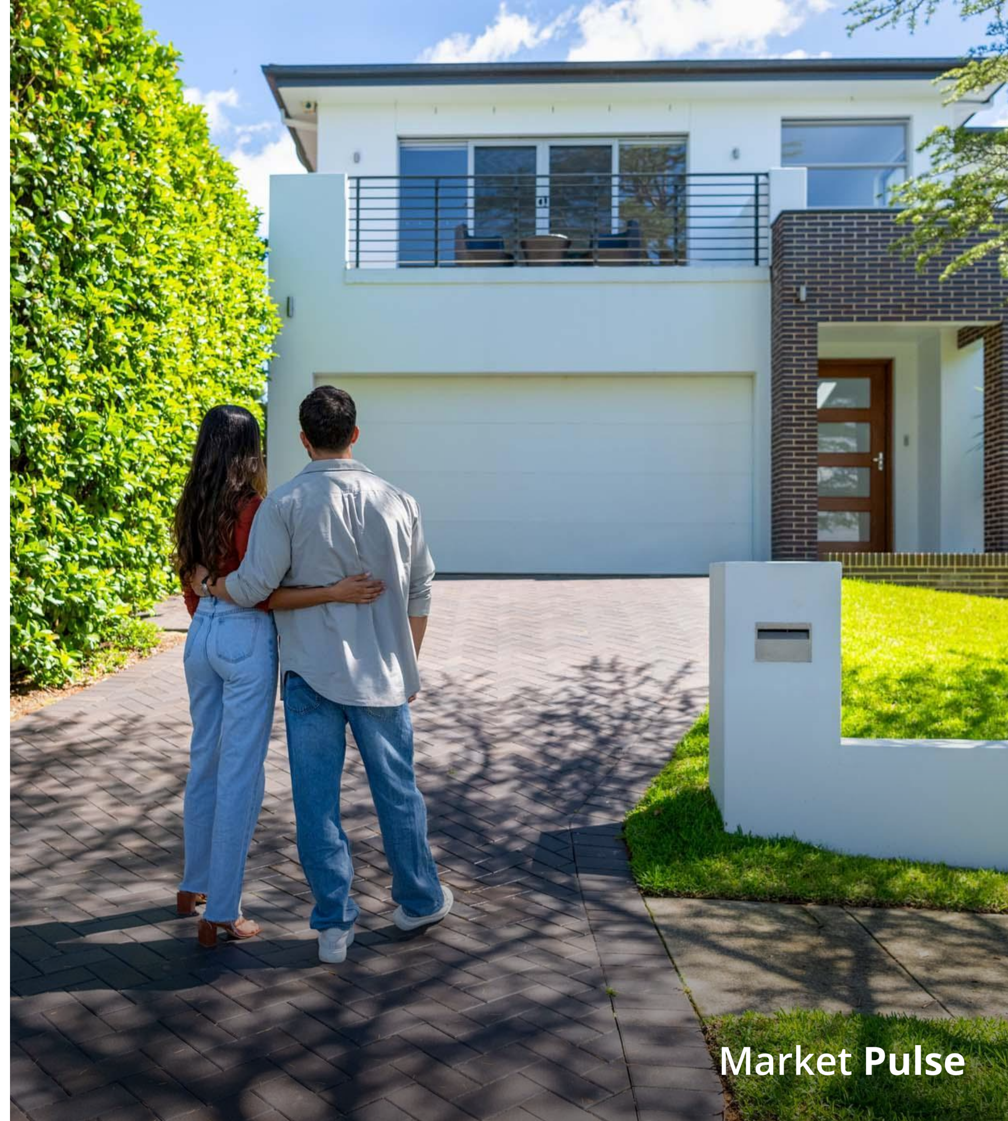
Mortgage and non-mortgage hardship accounts both jumped over 5% quarter-on-quarter. Personal loans saw the highest overall hardship rate at 1.10%, while VIC emerged as the national hotspot, leading the country in both mortgage and total hardship rates. This widespread increase highlights growing consumer stress under sustained economic pressures, with auto loans also feeling the squeeze at a 0.82% hardship rate. Meanwhile, credit cards remained the most resilient product, maintaining the lowest rate of financial stress at just 0.14%.

SOURCE: Equifax Australia.
NOTE: All CCR providers have supplied RHI up to May 2026

Consumer Spotlight

Q2 2026

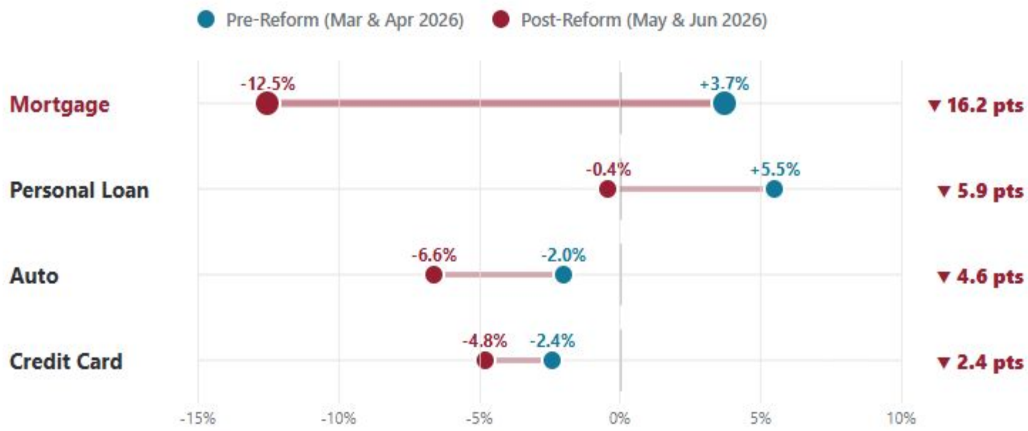
The Impact of Tax Reform on Demand Trends

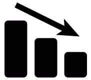


Mortgages bear the brunt as policy change cools demand

In the two months after the Budget announcement, demand growth reversed across every major credit product, but the swing was sharpest in Mortgages, which flipped from expansion to a double digit contraction

DEMAND CHANGE BY PRODUCT VS. PREVIOUS YEAR





Mortgage Demand Reverses Sharply: Before the announcement, mortgage demand was growing at **+3.7%** YoY during March and April.

Following the tax reforms, momentum broke in May and June, triggering a significant **-12.5%** contraction as buyers rapidly recalibrated their intentions

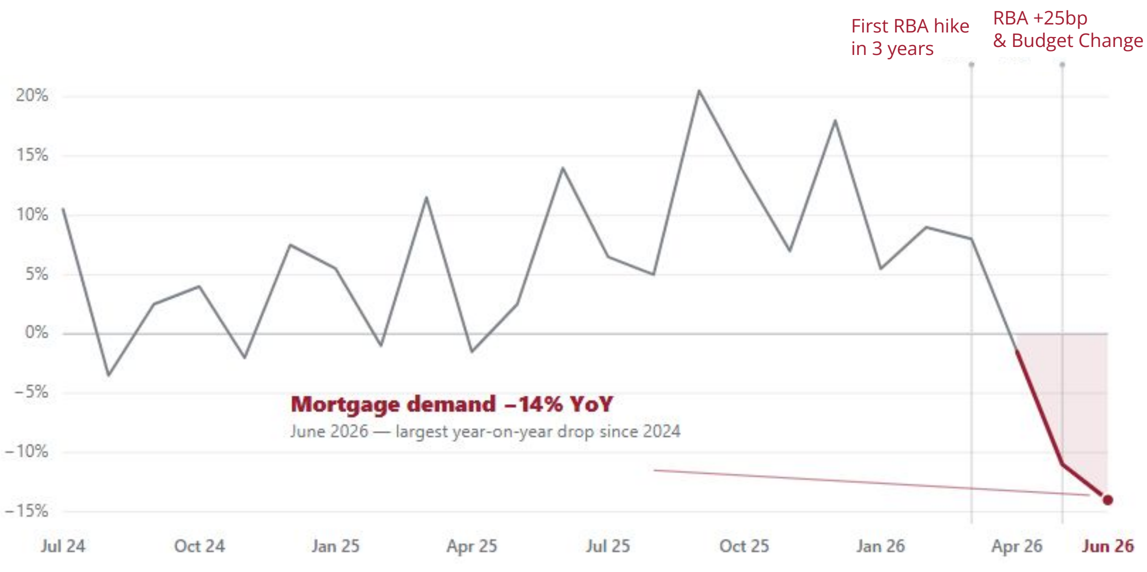
The cooling effect extended past mortgages into other lines. Personal Loans slid from +5.5% growth down to a flat -0.4%, while Auto loan demand deepened its decline to -6.6%, indicating a broader, macro-driven retreat in general consumer borrowing confidence

SOURCE: Equifax Australia

The double impact of May 2026

After 18 months of resilient growth, mortgage demand suffered its sharpest fall in two years- the product of two policy changes landing in the same month, with first home buyer demand most impacted

MORTGAGE DEMAND CHANGE (YoY)



* Mortgage demand, year-on-year % change

While demand began to soften slightly in April following the RBA's March rate hike, the market dropped significantly in May.

The combination of another 25bp rate increase (to 4.35%) and the announcement of sweeping changes to negative gearing and CGT discounts triggered an immediate **-11%** contraction in demand

Rather than bouncing back, the demand deficit deepened in June **(-14%)**, representing the first clean month of the new post-reform environment. This confirms that the May decline was not a temporary pause.

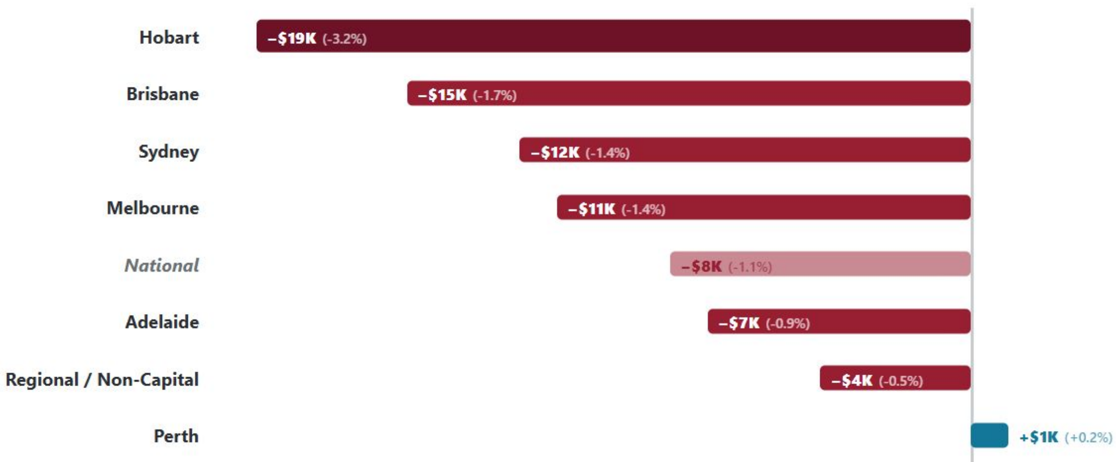
First home buyer demand dropped 15% the post reform period vs. last year, while refinances fell 11% inthe same period

SOURCE: Equifax Australia.

Size of individual mortgages is also shrinking

Not only is the volume of new loans decreasing. Across Australia's capital cities, this downward trend is widespread; with the exception of Perth, every state has experienced a contraction in average loan values, though the extent of this shift varies by region

AVERAGE LOAN AMOUNT PRE & POST REFORM



While the nationwide average loan amount decreased by just over 1%, translating to an $8,000 contraction per mortgage, major metros contracted more strongly.

Brisbane (-$15K), Sydney (-$12K), and Melbourne (-$11K) all recorded significant double-digit drops, performing worse than the national average.

* Change in average loan amount: Mar 2026 vs Jun 2026

Perth was the only market to record positive movement post-reform.

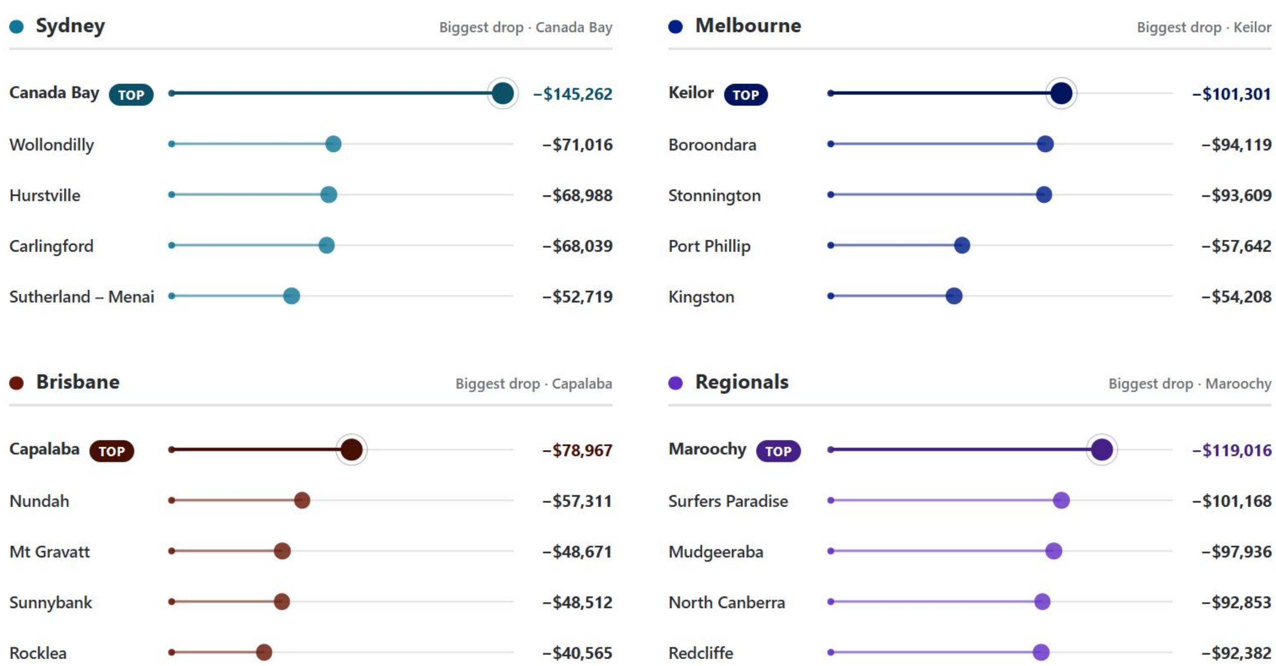
Interestingly, Regional and Non-Capital areas were significantly more insulated (-$4K) than the National average (-$8K) and major eastern seaboard capitals.

SOURCE: Equifax Australia

Identifying areas of sharpest decline

Regional analysis highlights significant six-figure declines in average loan sizes. These areas represent rapidly repricing markets for lenders, while simultaneously offering emerging affordability windows for prospective buyers

*** Top 5 declines per market Pre vs. Post budget**



* Comparison between Mar 26 vs Jun 26. Change in average loan size vs. prior period per SA3 region.

Sydney: Canada Bay led the entire cohort, with average loan size down $145K.

Melbourne: Premium corridors were hit hardest- Keilor −$101K, with Boroondara and Stonnington each around −$94K.

Brisbane: Milder but broad- Capalaba (−$79K) topped a cluster of $40–60K falls.

Regionals: Lifestyle markets led — Maroochy (−$119K) and Surfers Paradise (−$101K) saw the biggest drops.

Takeaway: For buyers, the steepest drops mark the sharpest affordability improvements. For lenders, expect volume and margin pressure to concentrate here first.

SOURCE: Equifax Australia

National affordability pockets

As loan sizes drop, Melbourne and Adelaide offer the lowest average entry points, borrowing capacity across the nation's most affordable suburbs has seen six-figure swings YoY

* Top 3 lowest average loan amount per market Pre vs. Post budget

Perth and Adelaide currently offer the lowest entry points, with Kwinana ($526K) and Gawler -($565K) leading the affordability ranks, though no major capital suburbs still feature average loan sizes under the half-million mark. This post-budget affordability is driven by recalibrations in buyer intent, highlighted by sharp drops since March 2026 in areas like Brisbane's Capalaba (-$79K) and Sydney's Wollondilly (-$71K). Brisbane mirrored this downward trend uniformly across all of its most affordable pockets. However, select suburbs like Adelaide's Playford (+$15K) and Perth's Kwinana (+$8K) bucked the trend, indicating that localized demand can still drive loan size expansion even in a tightening macroeconomic environment.

* Comparison between Mar 26 vs June 26. Change in average loan size vs. prior period per SA3 region.

SOURCE: Equifax Australia

Key Terms

Macro Credit Demand (previously Credit applications)	Macro Credit Demand represents an intention by consumers to acquire credit and in turn spend; therefore, the index is a lead indicator. This differs to other market measures published by the RBA, which measure credit provided by financial institutions (i.e. balances outstanding).
Personal Loan	Includes account types such as Personal Loan Revolving and Personal Loan Fixed excluding Buy Now Pay Later subscribers. *For improved quality and accuracy, there has been a series recalibration, affecting data beginning Q3 2016 until present. Also, Buy Now Pay Later subscribers have been removed from the Personal Loan Portfolio.
Credit Card	Includes account types Credit Card & Charge Card. *For improved quality and accuracy, there has been a series recalibration, affecting data beginning Q3 2016 until present.
Mortgage	Includes account type Real Estate Mortgage.
Secured Credit	Includes Account types mortgage and Auto Loan.
Unsecured Credit	Includes Account type Credit card , Buy Now Pay Later and Personal Loan.
Opened Accounts as a Proportion of active Accounts	Newly Opened Accounts during the reporting month as a Proportion of Active Accounts.
Closed Accounts as a Proportion of active Accounts	Newly Closed Accounts during the reporting month as a Proportion of Active Accounts.
Active Accounts	Total Number of Active Accounts for the Respective Account Type.
Owner Occupied	Consumers with only one active mortgage, or the first mortgage account if more than one. Also with an address change within 3 months of account open.
Investment	Second or more mortgage account without an address change within 3 months of account open.
Renovation	Mortgage Enquiry of less or equal to $100k with an already existing mortgage account.
New Mortgage/First Home Buyer	First mortgage enquiry/account on record for a consumer.
Re-fi	A new enquiry made with different lender from an existing mortgage account.
Upgrade	A new enquiry made with the same lender from an existing mortgage account.

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