

MasterCard Papers

April 2009

Issue 15



March overview

Outstandings

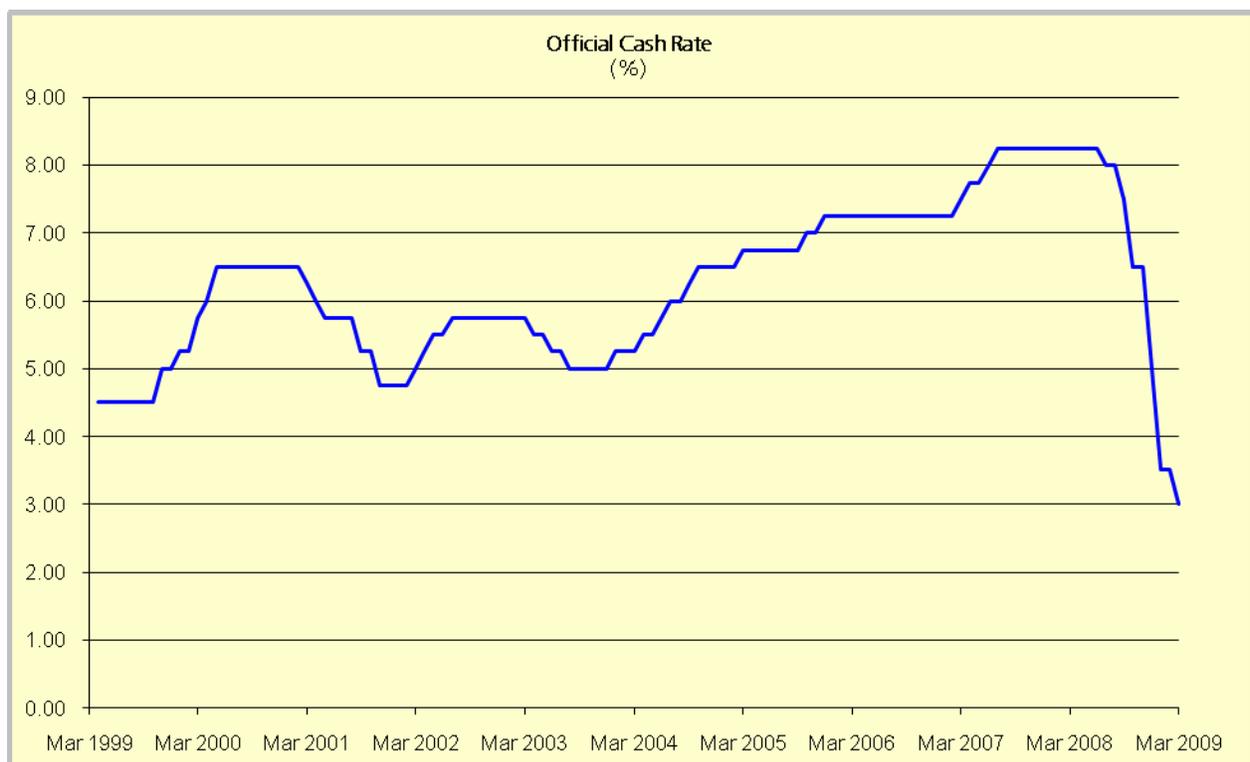
- Outstandings across all NZ cards in March 2009 fell by just over \$50 million to \$5.218 billion
- That brings annualised growth for credit card outstandings to a record low of 2.31%

Electronic Card Transactions

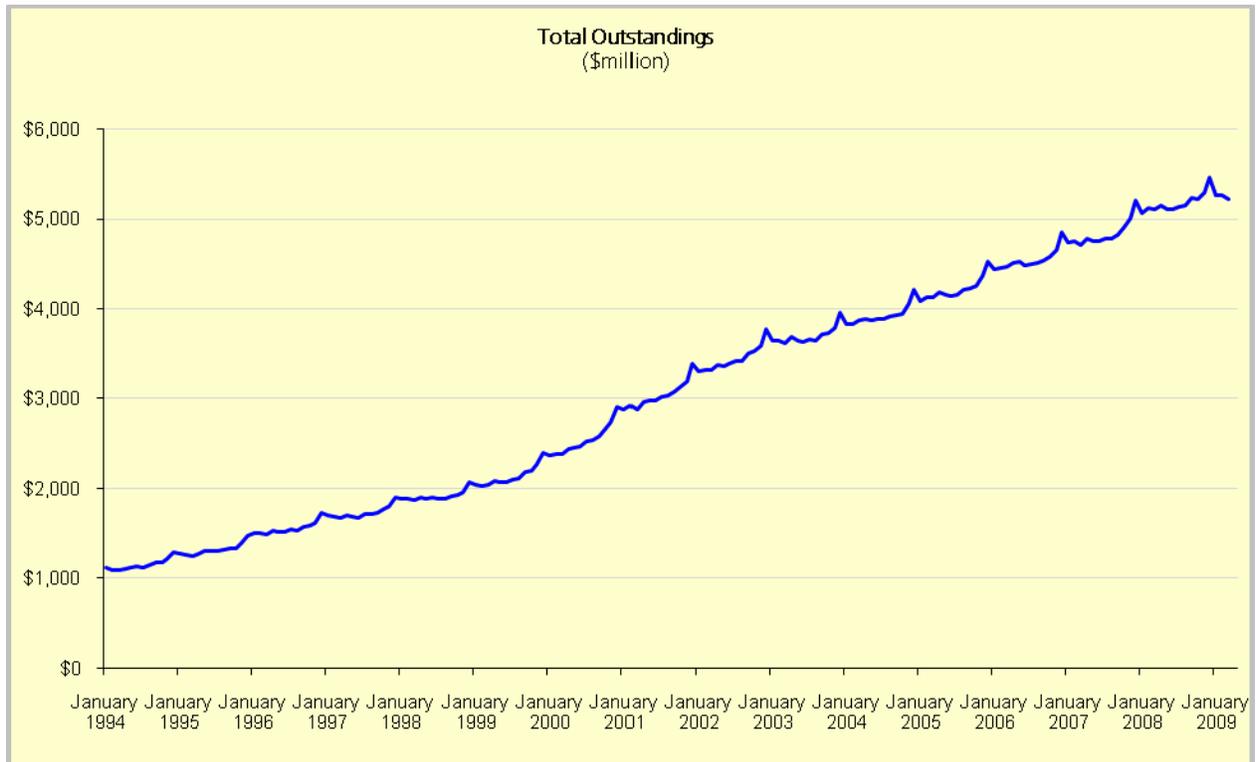
- The value of card transactions increased in March by \$361 million to \$4.7797 billion.
- The number of transactions also saw growth in March 2009, up 9 million transactions to 90 million.

Other stats

- Credit limits on NZ issued cards continue to fall (down to \$17.689 billion), as did utilisation which fell to 29.50%. This combination underlines a consolidation of unsecured borrowing.
- Household debt rose by \$648 million in March 2009 to \$175.767 billion.
- Credit card outstandings as a percentage of total household debt fell slightly to 2.97%.

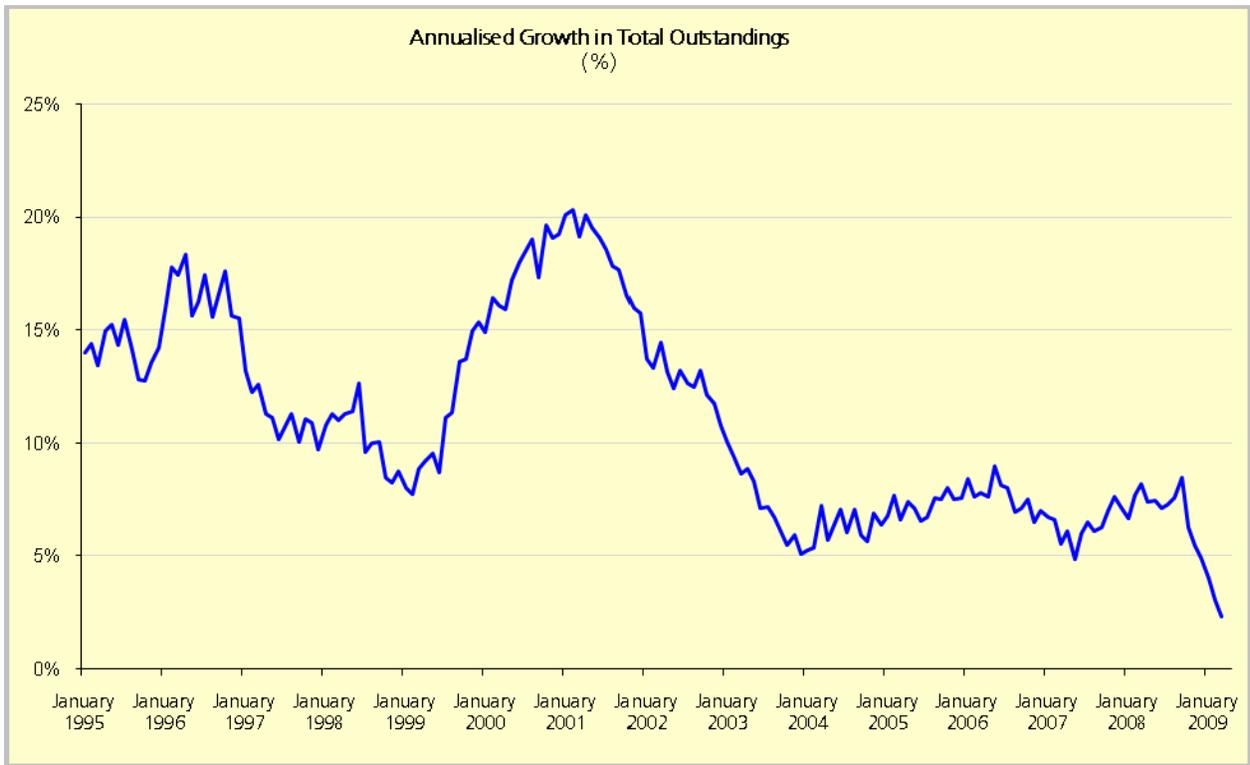


Total Outstandings

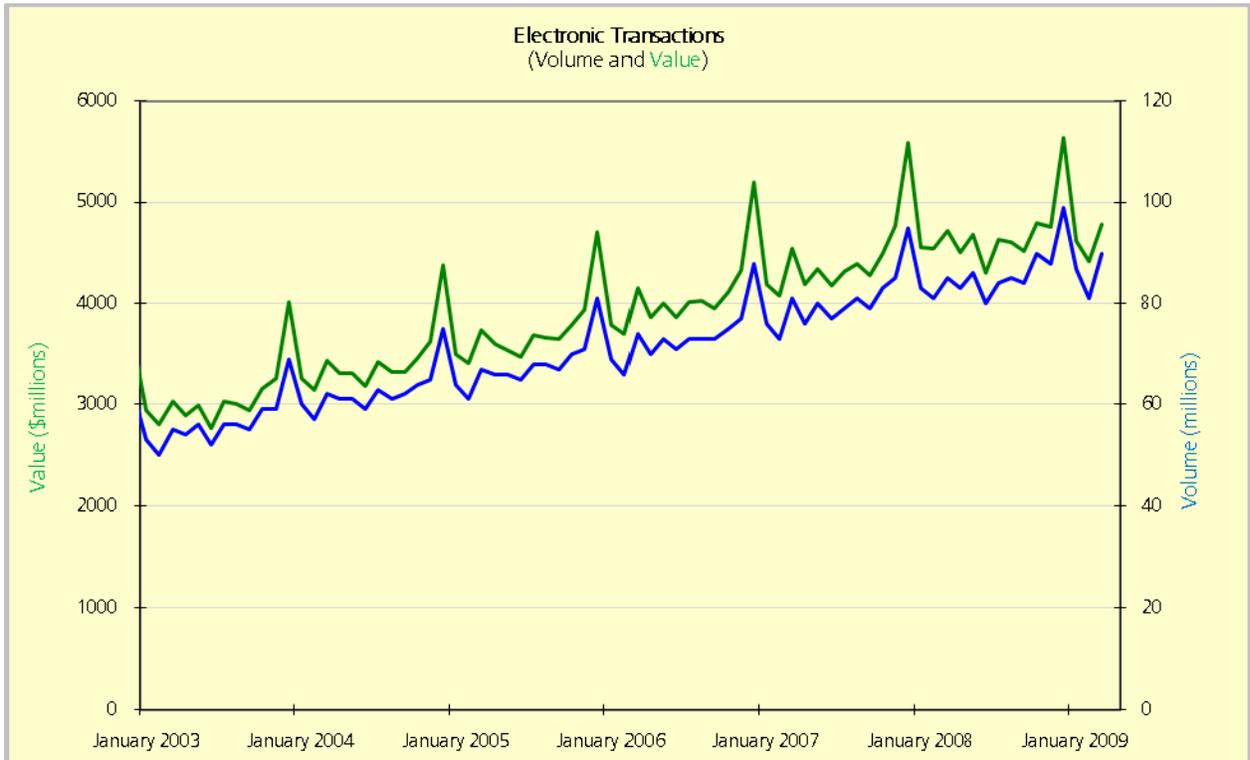


According to the RBNZ, outstandings across all NZ cards in March 2009 fell by just over \$50 million (1%) to \$5.218 billion. This is a continued slowing in the rate of growth of credit card outstandings as demonstrated by the chart above, showing both a preference by consumers to use cards as a payment tool (and not just a way to borrow) and a general softening in demand for unsecured lending.

The chart below shows that the annualised rate of growth for Credit Card outstandings sits now at a record low 2.31%.



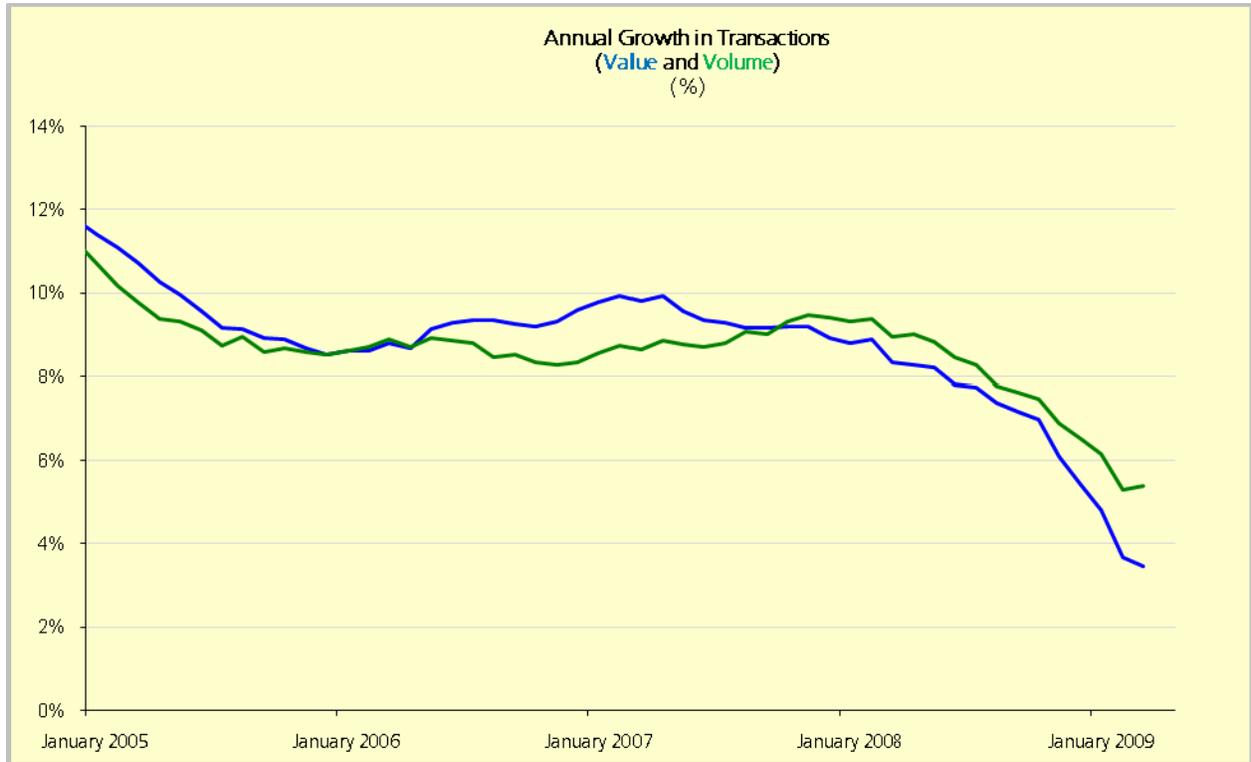
Transactions



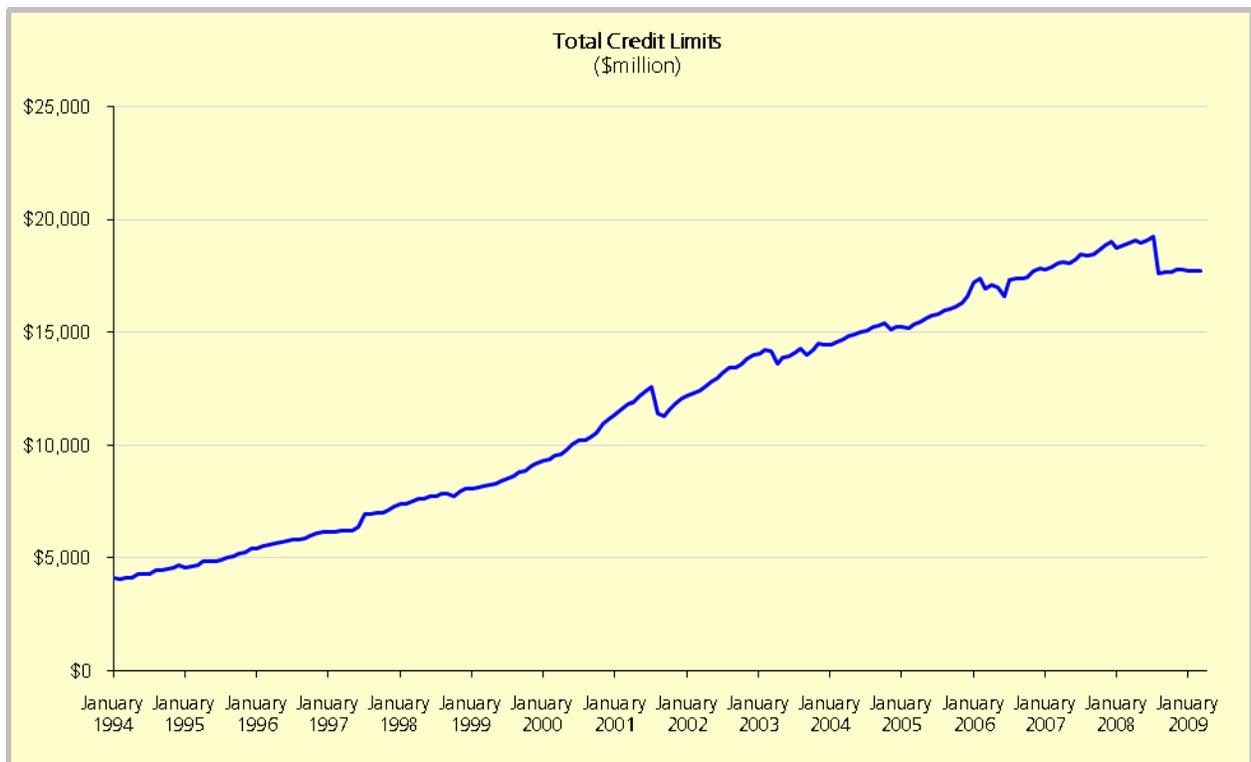
The March Statistics NZ release of electronic card transactions shows solid growth in both the volume and value of transactions.

Values increased by \$361 million in the month of March to \$4.779 billion (above chart, green line left axis), bringing the total value of transactions in the previous 12 months to \$56.275 billion. That represents annualised growth for the year of 3.46% (chart below) – the slowest on record.

The number of transactions also saw growth in March 2009, up 9 million transactions to 90 million (above chart, green line, right axis), bringing the total number of transactions for the preceding 12 months to 1.037 billion. That is an annualised growth rate of 5.39% – the first increase in 12 months and only the third upward movement since October 2007.



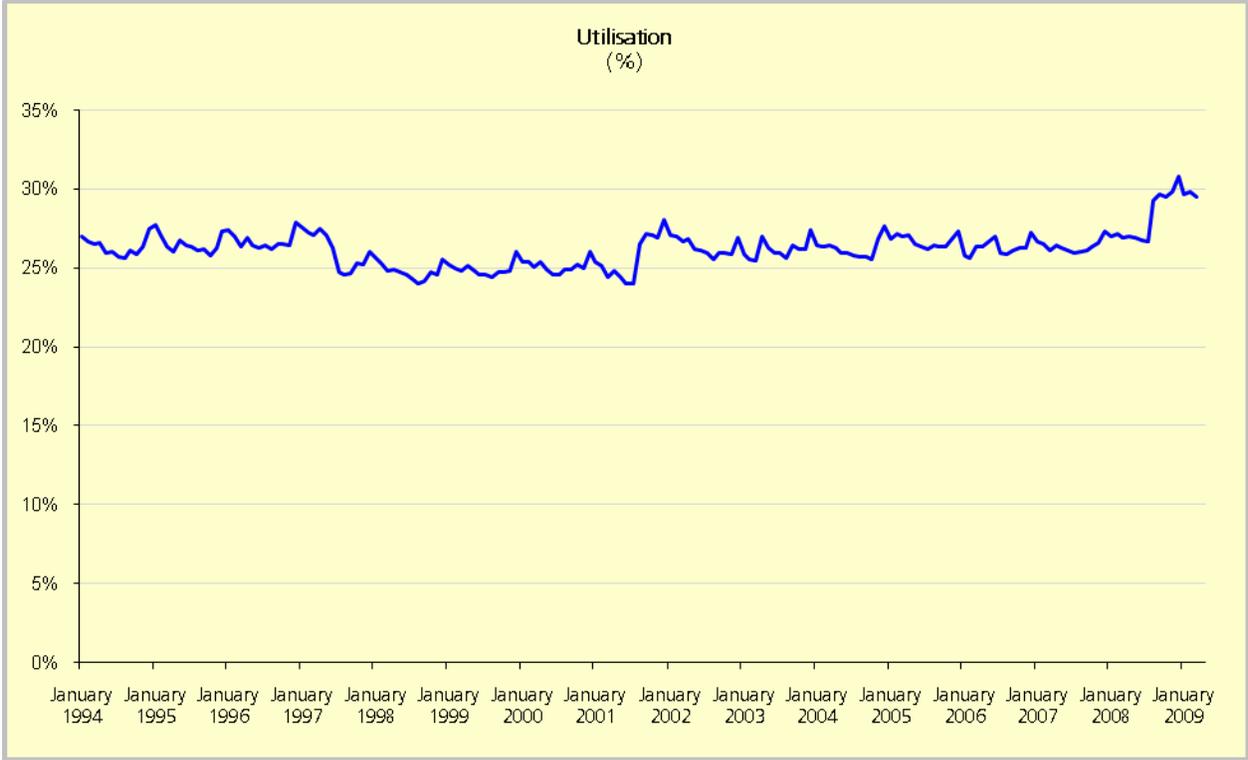
Credit Limits and Utilisation*



Credit card limits on NZ cards fell yet again in March 2009 to \$17.689 billion – the fourth consecutive monthly drop. Whilst these drops have been relatively small (down 11, 25, 25 and 6 million consecutively) when compared to the growth peaks between June 2007 and July 2008, they nonetheless represent consolidation of debt options by consumers and a general softening in demand for credit cards as a borrowing option.

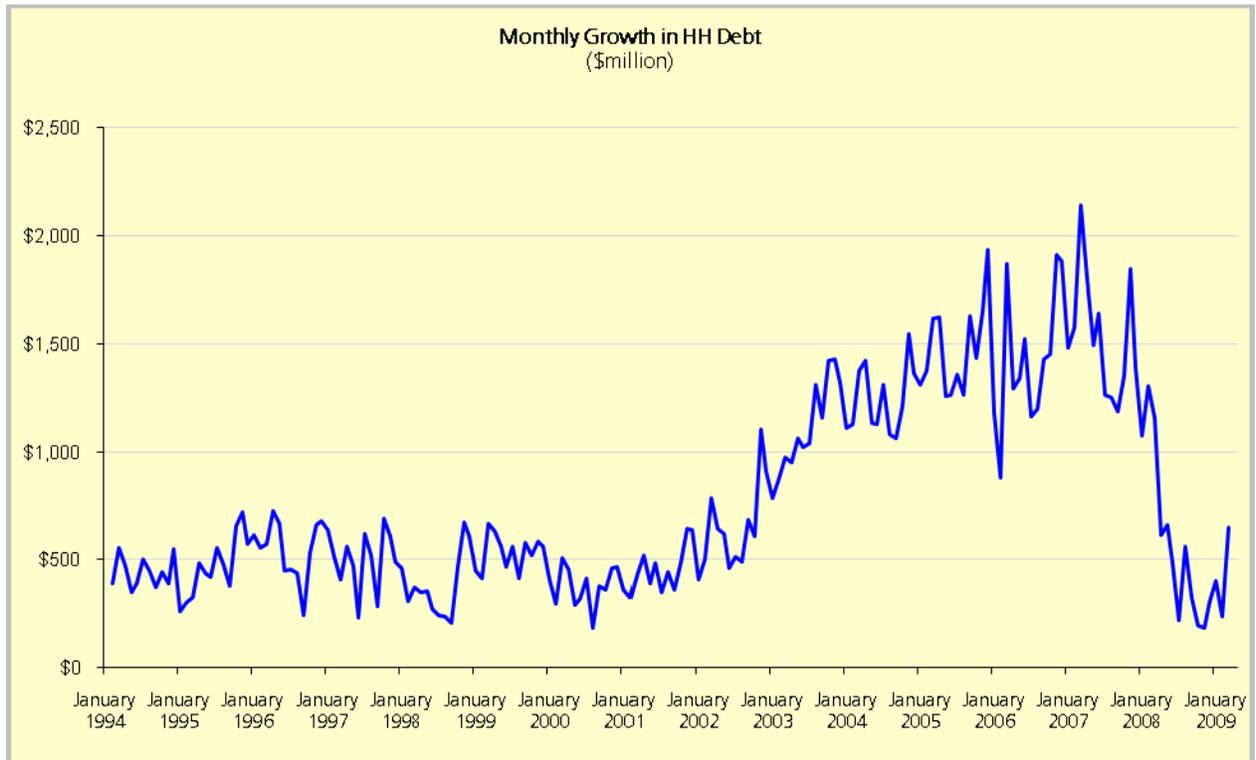
This further underlines the trend for consumers to use credit cards as a payment solution, increasing the volume of transactors (people who spend and repay before paying interest).

This is also borne out in the RBNZ’s utilisation statistics (chart below) which show that in March 2009, utilisation (the measure of the amount of available credit limits actually being used by cardholders) dropped almost 0.3% to 29.50%.



*As previously indicated, the August series break by the RBNZ in the collection of credit limits statistics throws the tracking of both that data series and utilisation somewhat, but the above chart clearly shows an upward movement in utilisation.

Household Debt



According to the RBNZ, Household debt rose by \$648 million in March 2009 to \$175.767 billion. This was the largest monthly increase since May 2008 (chart above) and comes off the back of a \$589 million increase in mortgages. (March 2009 saw the RBNZ's 50 basis points reduction in the Official Cash Rate to a record low of 3%.)

Credit card outstandings as a percentage of total household debt fell slightly to 2.97% from 3.01% in February (chart below). This percentage tends to see small seasonal movements, but has essentially remained stable for two years now.



For further information or copies of any of the above charts, please contact nzstats@mastercard.com

The statistics from this paper are sourced from Statistics NZ and the RBNZ's monthly release of payments data.