

# CONSUMER CREDIT DEMAND INDEX

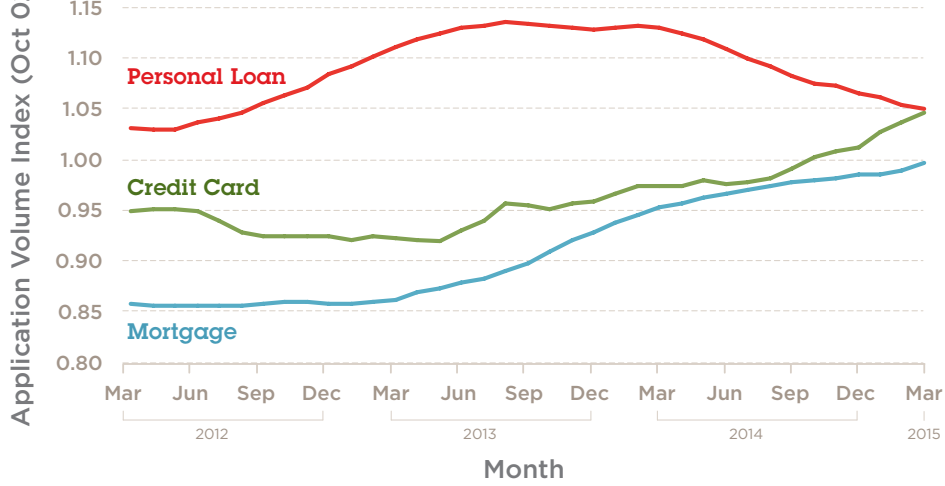
VEDA QUARTERLY  
January - March 2015



## STRONGEST GROWTH IN CREDIT CARD DEMAND IN ALMOST A DECADE

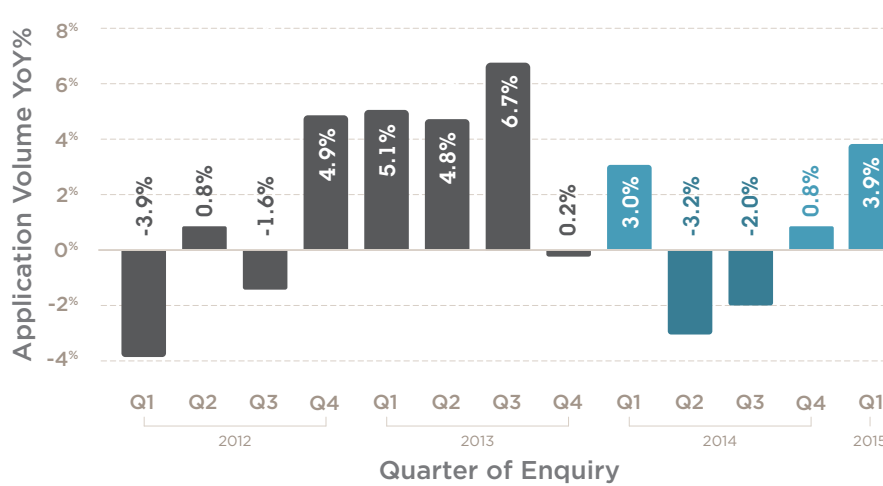
### Consumer Credit applications

12 MONTH ROLLING AVERAGE



### Consumer Credit Demand

QUARTERLY YOY%



\* Veda recomputes the entire index over its lifetime every quarter so there will be a slight adjustment to the above historical figures.

### CDI

Overall consumer credit demand grew **+3.9%** (VS MARCH QUARTER 2014).



Credit card applications up **+13.5%** (VS MARCH QUARTER 2014).



Personal loan applications down **-5.2%** (VS MARCH QUARTER 2014).



Growth in mortgage applications picked up nationally to **+5.5%** (VS MARCH QUARTER 2014).



SYDNEY, AUSTRALIA: 22 APRIL 2015

The *Veda Quarterly Consumer Credit Demand Index*, which measures the volume of credit card and personal loan applications processed through Veda's Consumer Credit Bureau, saw a lift in consumer credit demand compared with the same period last year.

with annual growth of **+3.9%** VS MARCH QUARTER 2014.

Demand for credit cards, for the quarter, were up by **+13.5%**

contraction in demand for personal loans VS MARCH QUARTER 2014. **-5.2%**

The March quarter experienced the **strongest growth in credit card demand** since 2006.



Angus Luffman, Veda's General Manager of Consumer Risk, said the high demand for credit cards were being driven by **two main factors**.

**1st factor** Strong marketing activity by the major card issuers which continued to drive churn in the market.

**2nd factor** An improved level of consumer sentiment in the quarter.



"It's important to put the 13.5% increase in credit card applications in the context of RBA's latest data. This reported that while the number of purchases per account grew by 7%, the average spend per transaction declined by 2.9% and credit card balances grew at a modest annual rate of 1.6% in the December quarter 2014 compared with the same period in 2013."

"This indicates an emerging trend in the changing nature of credit card use. Credit cards are increasingly being used as payment tools, with people making repayments on existing purchases instead of using them for new borrowing."

"Consumer sentiment lifted following the Reserve Bank's cut to the cash rate, and ended the quarter at around its long term average despite some weakness in the labour market."

"In the same period we experienced a mild improvement in personal loan applications which declined at -5.2% in the March quarter versus -5.9% in the December quarter 2014. This is likely linked to improved consumer sentiment showing up in household goods purchases and spending on larger items. Any return to growth is likely to be linked to growth in vehicle purchases."



Released today, the *Veda Quarterly Consumer Credit Demand Index* provides an early indication of movements in consumer spending and retail sales.

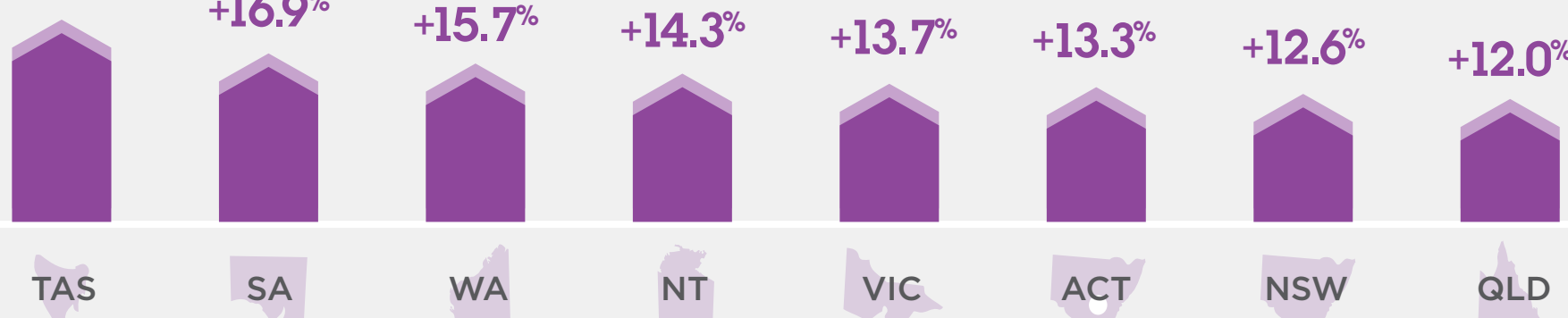


## CREDIT CARD APPLICATION



Growth in credit card applications was up **+13.5%** IN THE MARCH QUARTER.

Application numbers lifted significantly across all states and territories.

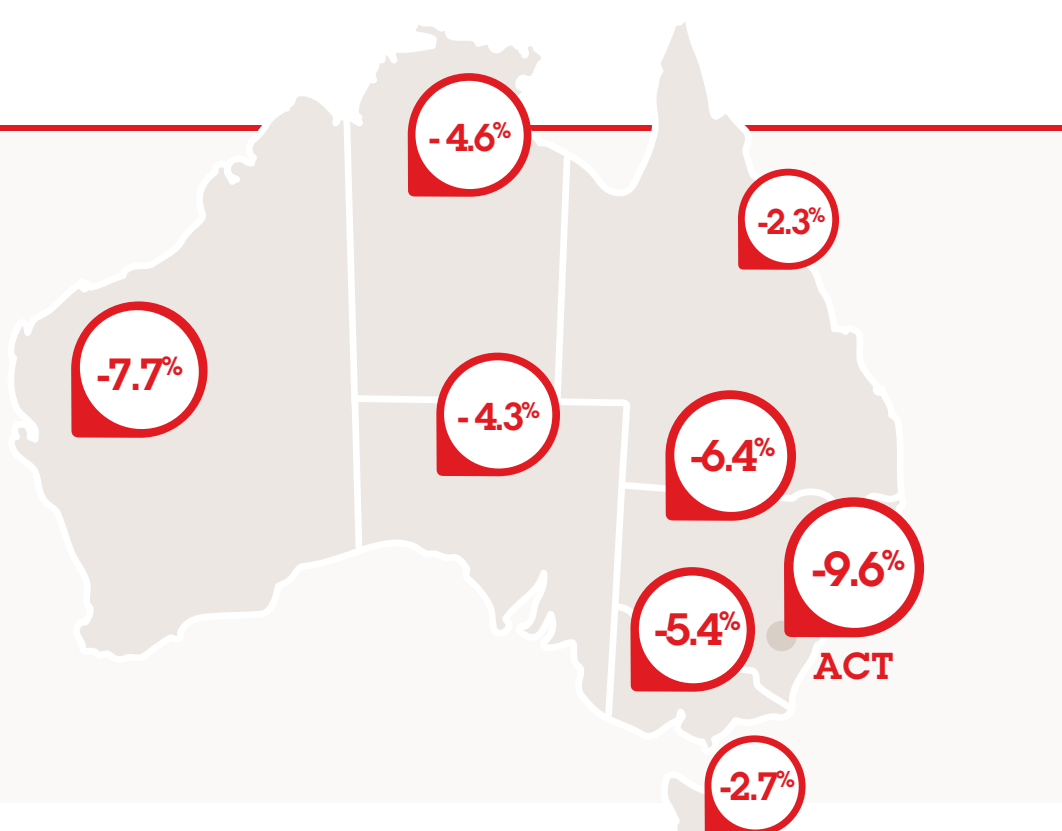


## PERSONAL LOAN APPLICATIONS



Nationally, personal loan applications continued to decline **-5.2%** IN THE MARCH QUARTER.

However the pace of decline has eased.



## MORTGAGE APPLICATIONS



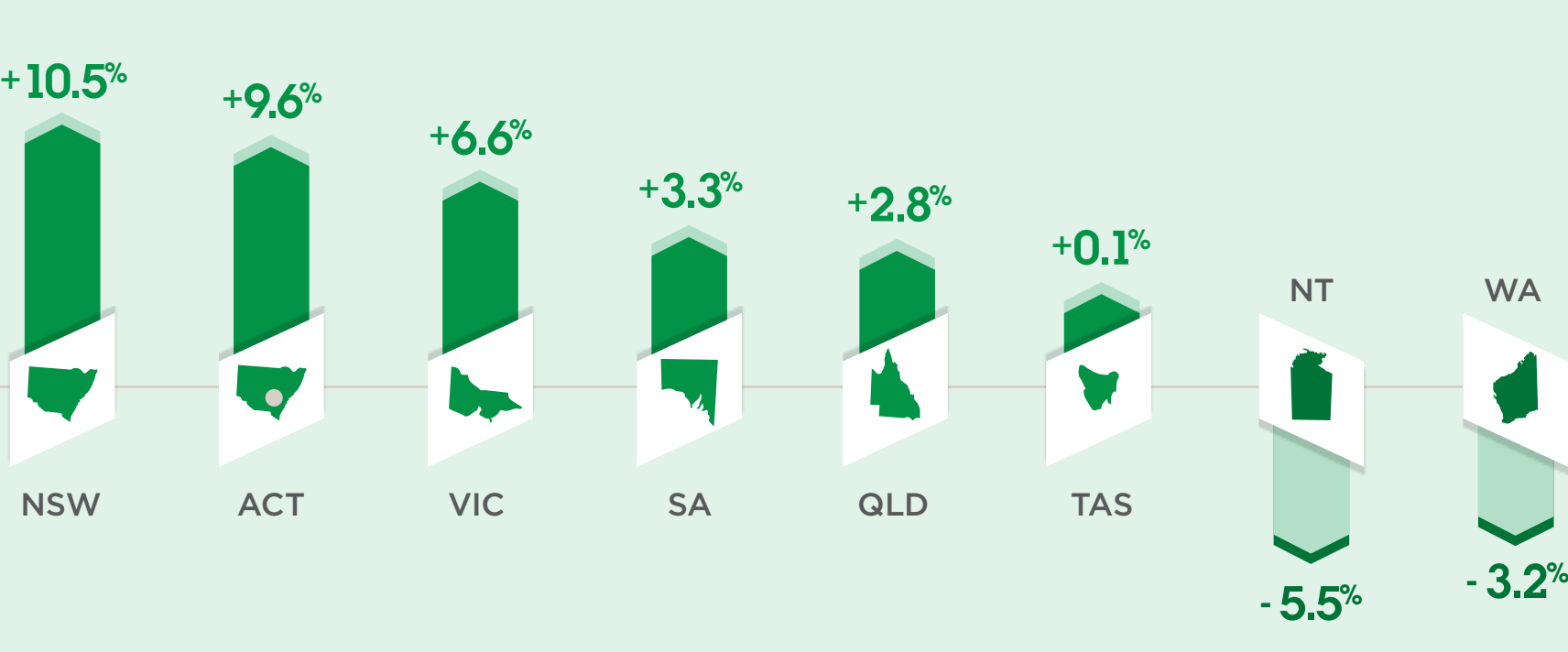
Mortgage application growth picked up for the first time in twelve months.

annual rate of growth from: **+2.7%** to **+5.5%** IN THE DECEMBER QUARTER. IN THE MARCH QUARTER.

Despite this rise in mortgage applications, the annual rate of growth is still well down on the peak of 14.4% recorded in the quarter 2013.

Mortgage applications are not part of the *Consumer Credit Demand Index*, but are a good lead indicator of future activity in home buyer demand and housing turnover. Historically, movements in Veda mortgage demand have tended to lead movements in house prices by around six to nine months.

This continues to be backed up by the data, with the slowdown in the annual growth in Veda mortgage applications, first observed in the March quarter of 2014, later reflected in an easing in the annual rate of house price growth from the June and September quarters 2014 across most markets.



Despite starting out slowly in January, mortgage applications saw an improved rate of growth in the March quarter, suggesting demand in the housing market remains strong.

"The Reserve Bank's decision to cut interest rates in February seems to have reignited mortgage application demand. The trend of easing growth rate of mortgage applications seen over the past 12 months has been broken this quarter, a trend particularly evident in the second half of the quarter."

Angus Luffman  
Veda's General Manager of Consumer Risk

"However it is too early to tell whether this growth signals a turning point that will be sustained over the coming months."

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### About Veda

Veda (ASX:VED) is a data analytics company and the leading provider of credit information and analysis in Australia and New Zealand. From its core credit bureau business established in 1967, Veda has expanded to deliver a suite of credit and other analytical products targeted to specific industry segments.

Veda is built on the largest, most comprehensive and current data source in Australia and New Zealand with information on around 20 million credit active people

and 5.7 million commercial entities. The breadth and depth of our data, and the knowledge it delivers help customers take a proactive and informed approach in making decisions.

Veda's customers use data intelligence provided by Veda to make decisions on credit risk, verify identity and employee background, reduce identity theft and fraud, and undertake digital marketing strategies. [www.veda.com.au](http://www.veda.com.au)

NOTE TO EDITORS The *Veda Quarterly Business Credit Demand Index* measures the volume of credit applications that go through the Veda Commercial Bureau by credit providers such as financial institutions and major corporations in Australia. Based on this it is a good measure of intentions to acquire credit by businesses. This differs to other market measures published by the RBA/ABS, which measure new and cumulative dollar amounts that are actually approved by financial institutions.

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