

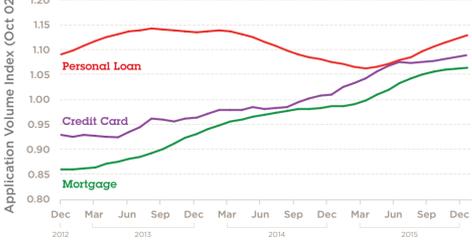
CONSUMER CREDIT DEMAND INDEX

VEDA QUARTERLY
October - December 2015



PERSONAL LOANS DRIVE STRONG GROWTH IN CONSUMER CREDIT DEMAND

Consumer Credit Applications 12 MONTH ROLLING AVERAGE



Consumer Credit Applications QUARTERLY YOY%



CDI

Overall consumer credit applications **up +9.7%**
(VS DECEMBER QUARTER 2014).

Credit card applications **steady at +7.5%**
(VS DECEMBER QUARTER 2014).

Personal loan applications **rise +11.9%**
(VS DECEMBER QUARTER 2014).

Growth in mortgage applications **eases to +2.9%**
(VS SEPTEMBER QUARTER 2014).



SYDNEY, AUSTRALIA: 28 JANUARY 2016

Released today, the *Veda Quarterly Consumer Credit Demand Index*, measuring the volume of credit card and personal loan applications

showed a lift of **+9.7%**

IN CONSUMER CREDIT DEMAND IN THE DECEMBER QUARTER COMPARED WITH THE SAME PERIOD IN 2014.

Overall consumer credit application growth was driven by an **increase in:**



Credit card applications

UP FROM **+1.7%**
IN THE SEPTEMBER QUARTER TO

+7.5%
IN THE DECEMBER QUARTER



Personal loan applications

UP **+11.9%**
IN THE DECEMBER QUARTER



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



Angus Luffman, General Manager of Consumer Risk, said the growth in demand for personal loans, building on positive results from the previous quarter, could be attributed to several factors.

“Despite the **challenges** posed by the downturn in mining-related construction, retail spending has remained robust due to low interest rates settings, a strengthening jobs market and rising consumer sentiment late last year.



Auto finance applications in particular have experienced an upswing, with **car sales rising by 6.0%** over the year to November 2015, helping **drive the growth** in personal loan applications.”



“Another trend carrying through from the previous quarter is the proportion of new personal loan applications coming from alternative lenders.

Interestingly, the quality of applicants approaching non-traditional finance providers has been steadily improving over the past two years, as evidenced by the increase in applicants’ average credit scores, or VedaScores. The average age of borrowers using alternative lenders is creeping up as these lenders shift from being primarily a channel for younger consumers. The age of applicants is now on par with the market average.

It’s still early but, if this trend continues, **it may be an indication that alternative lenders are becoming a more mainstream option for borrowers.**”

Angus Luffman
Veda’s General Manager of Consumer Risk



CREDIT CARD APPLICATION



Growth in credit card applications improved slightly to **+7.5%**

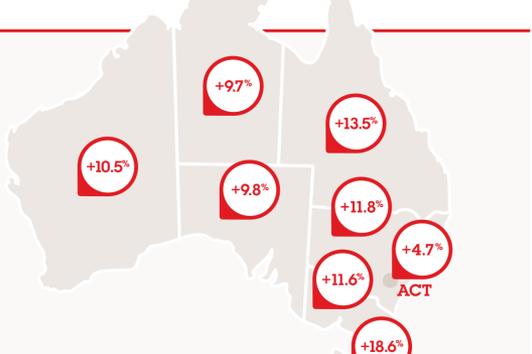
IN THE DECEMBER QUARTER, COMPARED TO DECEMBER 2014.



PERSONAL LOAN APPLICATIONS



Growth in personal loan applications remained **strong** in the December quarter.



Strong growth in household goods retailing late last year and **improving growth** in car sales are both consistent with the stronger growth being seen in **personal loan applications**.



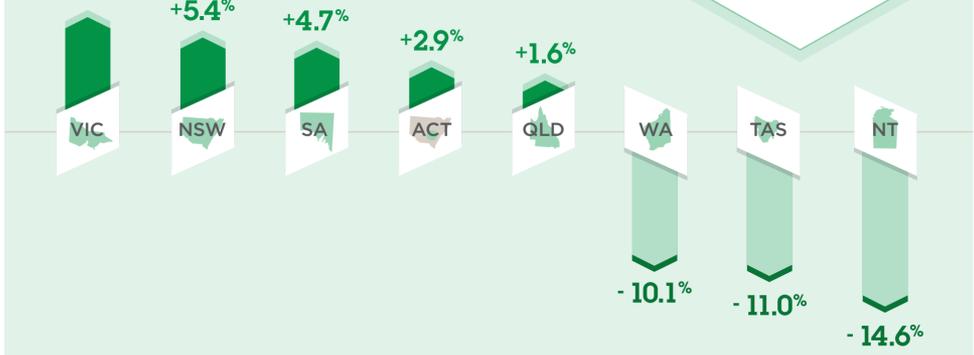
MORTGAGE APPLICATIONS



Demand for mortgages cooled significantly in the December quarter.

MORTGAGE APPLICATIONS GROWTH SLOWED IN ALL JURISDICTIONS EXCEPT THE NT

THE SHARPEST SLOWDOWN WAS SEEN IN NSW



Historically, movements in Veda mortgage applications have tended to lead movements in house prices by around six to nine months, with mortgage applications a good indicator of home buyer demand, and an excellent indicator of housing turnover.



The **slowing demand for mortgages** is consistent with other recent indications of **cooling in the housing market**, including **falling auction clearance rates** and a **fall in house prices** in November and December.

The index has been trending to support a softer housing market after the most recent **mortgage demand peaked in June 2015**. The latest data suggests more **subdued housing market conditions heading into 2016**.

“Veda’s latest mortgage application data shows a second consecutive quarter of **significant decrease in growth in mortgage applications**, which **slowed to just 2.9%** in the December quarter. The slowdown in mortgage application growth was slowest in NSW, and could be seen in all jurisdictions except the NT.

The fall in mortgage applications suggests **cooling conditions in the housing market heading into 2016**, especially in light of the Australian Prudential Regulation Authority’s (APRA’s) changes to investment lending. It also suggests less support for retail spending from the housing market in the months ahead.”

Angus Luffman
Veda’s General Manager of Consumer Risk



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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

NOTE TO EDITORS The *Veda Quarterly Consumer Credit Demand Index* measures the volume of credit card and personal loan applications that go through the Veda Consumer Credit Bureau by financial services credit providers in Australia. Credit applications represent 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).

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