TransUnion

TRANSUNION CREDIT INDUSTRY INSIGHTS REPORT

Quarterly Overview of Consumer Credit Trends Released by TransUnion Canada

Third Quarter 2024



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Executive Summary

Macroeconomic consumer trends

While the Canadian economy continues its positive trajectory in terms of inflation control and monetary policy, there remain some emerging, potential, future challenges relative to other core economic measures that may impact the Canadian credit market.

The economy lost momentum in Q3 and it's expected weak, below-potential growth will persist through the remainder of 2024 and much of 2025. The economy continues to grind along in a modest growth channel of around 1%–1.5%, holding below potential and opening up more slack. GDP growth will likely improve gradually during 2025 as interest rates fall, household finances convalesce, and the labour market improves despite being weighed down by a shrinking population. As the impact of lower interest rates and inflation continue to filter into the economy, our expectations are productivity should start to normalize late into 2024. Additionally, with ongoing population growth, household consumption will likely be a key driver of overall real GDP.

Canada's headline inflation rate slowed to 1.6 % below the Bank of Canada's 2% target in September 2024 and was the smallest since February 2021. On a month-over-month basis, broad prices fell by 0.4%, driven by a 7.1% decline in gasoline prices. Shelter costs, which account for almost 30% of the CPI basket, remained elevated and rose 5.0% in September, primarily driven by mortgage interest costs which rose to 16.8% and rent prices which rose 8.0% year over year. CPI inflation will likely rise back to the 2% target in Q4 and edge higher in early 2025. Weak growth will continue to add slack and keep inflationary pressures at bay in the near term, but tighter labour markets and new tariffs will likely push inflation to 2.5% by mid-2027.

The Bank of Canada continued to cut rates 50bps in October, and current economic consensus is another 50bp cut in December. This will bring the policy rate to 3.25% (the top of the Bank's neutral range estimate) before four consecutive 25bp cuts lower it 2.25% by June 2025.

The labor market has been a relative pillar of stability during this economic cycle; however, conditions are cooling with continued loosening in October. Slow job creation and still strong population growth will likely drive the unemployment rate above 7% by early 2025 — before the sharp slowing in permanent and temporary residents causes the labour market to tighten.

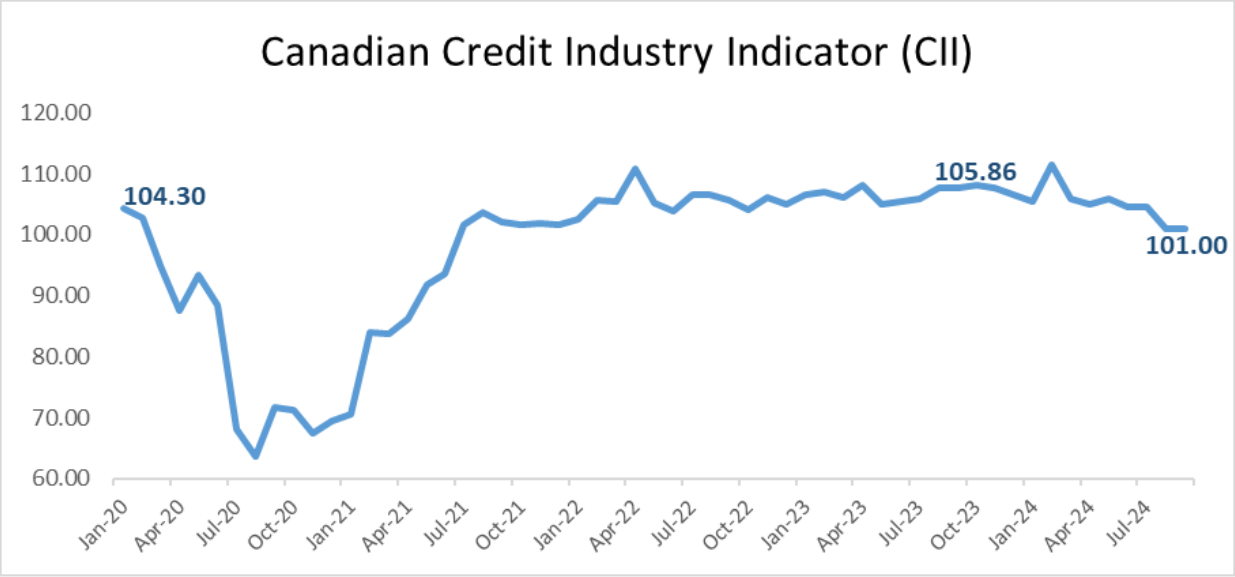
The federal government's new Immigration Levels Plan reduces the target for permanent resident admissions by more than 20% to less than 400,000 annually over 2025–2027. It also introduces targets to lower the share of temporary residents to 5% of the population by the end of 2026. This will impact the volume of available new credit consumers entering the market — an area that's been driving tremendous origination growth over the previous three years.

Consumer debt levels in Canada remained high, particularly for credit cards and personal loans. The higher cost of living, driven by inflation, led many Canadians to rely more heavily on credit to cover everyday expenses. While household net worth rose by almost 4% in the first half, households remain highly indebted, with liabilities equivalent to 177% of income. This debt service burden, which is already historically high, is expected to rise higher as mortgages continue to reprice at higher rates in the months ahead. Delinquency rates, an important indicator of financial health and stability, have shown a nuanced pattern in recent months. While overall delinquency rates have not spiked dramatically, there was an observable uptick in missed payments on credit cards and unsecured loans. This trend suggests while many Canadians are managing to meet their mortgage obligations, possibly due to the prioritization of securing housing, they're struggling with other forms of debt. The increasing financial strain could lead to a broader rise in delinquencies if inflation persists and economic conditions do not improve significantly.

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The implications of these trends are significant for both the financial sector and broader economy. Financial institutions are facing higher default risks, prompting tighter lending standards and more rigorous credit assessments. For consumers, the increased financial strain may lead to reduced spending — which could dampen economic growth. Policymakers are closely monitoring these developments, balancing the need to control inflation with potential adverse effects on consumer credit and overall economic stability. As Canada navigates these challenges, the interplay between interest rates, consumer debt and economic health remains an important area of focus.

TransUnion's Canada Credit Industry Indicator



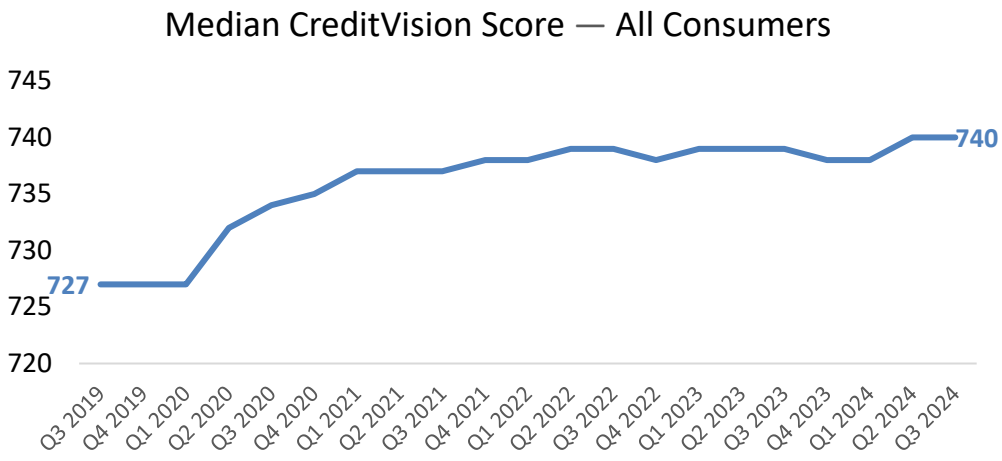
TransUnion's Credit Industry Indicator (CII) is a measure of consumer credit health in Canada that's an integral part of our Credit Industry Insights Report (CIIR) package. It offers a Canada-specific measure of aggregated consumer credit health trends and metrics over time summarized into a single indicator. It covers lender credit supply and consumer credit demand, behaviours, performance and delinquencies. Some specific examples include credit inquiry volumes, account origination volumes, balance changes and delinquency rates. The CIIR provides a way for lenders to benchmark their portfolios and look at trends in the market.

In September 2024, the CII for Q2 2024 in Canada was 100, down -7 points YoY and continuing a 5-month decline. All elements of the index were down from prior year values, with the two strongest negative drivers being slowing balances and continued increase in delinquency rates. It's important to note the CII is not an index, so it should not be seen as an absolute measure of whether the credit market is healthy or not. Rather, the current CII should be viewed in comparison to prior periods to understand the direction the market is moving, where it's trending, and how underlying variables are impacting the indicator.

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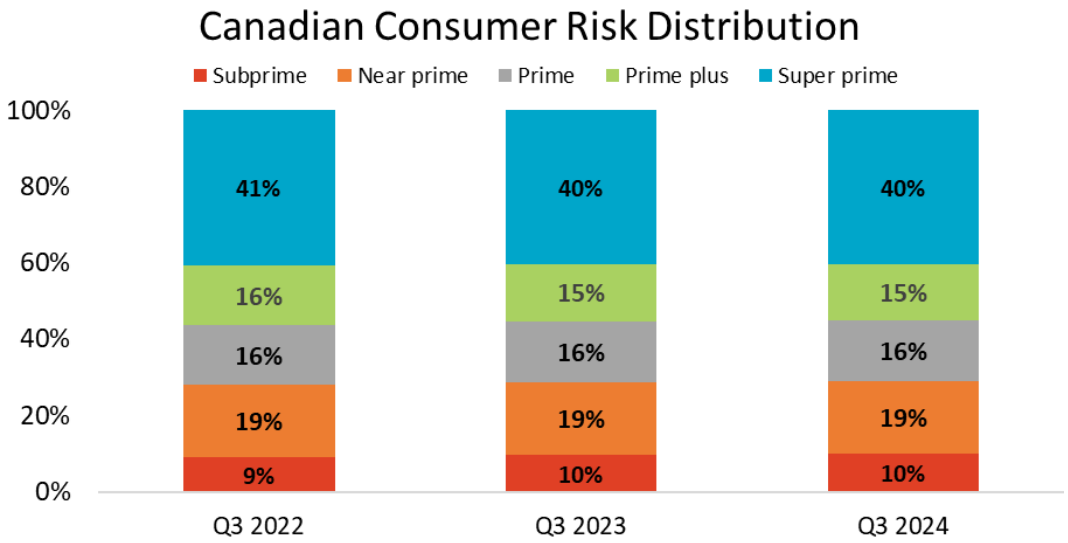
Risk scores and distributions

Median CreditVision® scores trended higher for several years up to and through the pandemic, but growth moderated recently and ended Q3 2024 at 740. The slowing within the upward trend is due to several factors. First, balances have risen significantly over the past few quarters and continued to increase in Q3 2024. In addition, delinquency rates climbed across most products — negatively impacting scores. Despite these challenges, the long-term trend remains positive as the median CreditVision® Credit Score has generally trended higher over the past several years.



The significant cost of living increase in Canada over the past three years negatively impacted many consumers. Meanwhile, another segment of consumers has been better able to handle rising inflation as they were able to lock in low interest rates on their homes, providing an additional level of stability to their monthly debt obligations.

The consumer risk distribution in the chart below is reflective of these recent trends. Despite some pockets of volatility among Canadian credit consumers, the vast majority remains prime or above — and this has stayed consistent for over a decade.



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Total consumer balances and participation

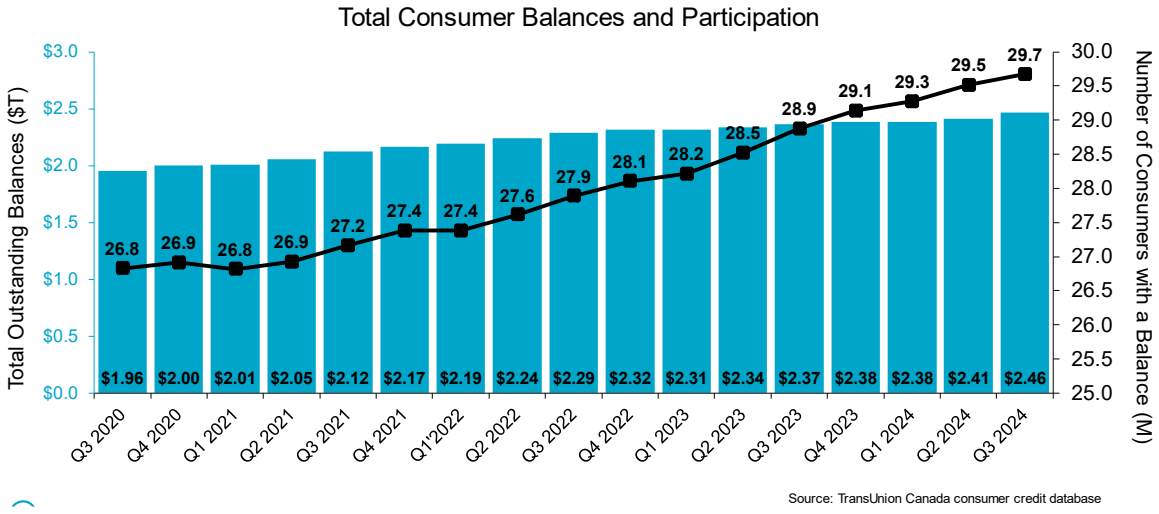
As interest rates and inflation continued their descent through Q3, Canadians continued to build debt as total outstanding balances across all products increased by 4.1%, reaching a new record of $2.5 trillion. While overall debt continued to rise in Canada, it's important to understand the composition of increased balances.

Credit participation (the number of Canadians with access to credit) grew 3.1% YoY as the number of Canadians with access to credit rose to 32.2 million in Q3 2024. At the same time, the number of consumers carrying a credit balance rose 2.8% YoY in Q3 2024.

Younger Canadians are behind the bulk of the increase: Millennials and Gen Z drove $1.1 trillion in outstanding balances — up 10% year over year. These two cohorts now account for approximately 45% of all outstanding credit debt in Canada. Gen Z consumers continue to be the fastest growing segment as more consumers enter the credit market and increasingly take on more types of debt (besides revolving credit card debt).

Mortgage debt remained the largest proportion of consumer debt. The average mortgage balance per consumer was up 3.3% year over year to $359K, while average consumer non-mortgage debt fell for the fourth consecutive quarter to $25,944.

While the number of credit-active consumers increased across most risk tiers, the proportion of subprime consumers accounted for the largest increase, growing at 5.6% YoY. This is partly due to a slight shift in risk distribution as a small segment of consumers remain struggling and have migrated into subprime from other risk tiers. While this riskier segment had the highest rate of growth and should be of some concern to lenders, prime and better consumers still represent over 70% of total consumers with a balance, indicating a relatively healthy risk distribution of the consumer credit population.



Source: TransUnion Canada consumer credit database

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Average minimum payment due per Canadian consumer

As illiustrated below, balances continued to rise across all products, increasing monthly minimum payment due obligations for consumers. Mortgage payments continue to lead this growth — driven by high interest rates increasing 11% on average year over year. All products have seen increases in the minimum payment due. Credit card balance growth was primarily driven by consumers spending more on cards while paying down less on their monthly balances due. Card spend increased 3% YoY, at the same time, payment toward outstanding balances fell 1% from the prior year. The proportion of consumers who are only making the minimum required payment was up 8 bps from the prior year. These trends tend to indicate likely cash flow challenges, as well as increased reliance on revolving debt to make ends meet for a growing number of consumers in these segments.

Personal loan payments led percentage growth in monthly payment due — with an average increase of 13% year over year. Following personal loans were mortgages which were up 11% year over year. The chart below shows the average minimum payment due has been climbing higher across most products. Although rising minimum payment obligations have pressured consumers, strength in the job market and positive real wage growth helped them address this challenge.

Change in Minimum Payment Due by Product

	Q3 2024	YoY growth rate
Mortgage	$ 2,393	10.7%
Credit cards	$ 120	9.1%
Personal loans	$ 88	13.2%
Line of credit	$ 488	5.2%
Auto finance	$ 695	6.8%

As the Bank of Canada continues to reduce the interest rate, we expect some of this payment shock to lessen, providing future relief to many consumers struggling to maintain payments.

Originations

Falling interest rates and continued growth in the number of Canadian consumers using credit drove a spike in new origination volumes as new credit grew 5.3% overall, representing $ 123 billion in new balances. New auto loans had the highest growth rate of 7.1% followed by a resurgence in mortgage originations up 6.53% YoY. All major products saw increases on new loans except lines of credit which was down 8.4%.

Mortgage originations gained some momentum in a lower rate environment (up 6.5% year over year), but totals remain depressed over the long-term. While it's true the BoC will almost certainly continue to cut its policy rate, those reductions will only impact variable mortgage rates directly as fixed mortgage rates (which most Canadians still prefer) are priced on Government of Canada (GoC) bond yields. These yields factor in the Bank of Canada's expected policy-rate path. But unlike variable mortgage rates, they're not directly impacted by its specific movements. GoC bond yields are also significantly influenced by the direction of US Treasury yields — which have moved steadily higher of late. For that reason, fixed mortgage rates may be set to rise even as the BoC cuts and our variable mortgage rates fall. Credit cards were up 3.7%, issuing over 1.2 million cards as this market continues to grow, albeit at a portion of the pace seen even a year ago.

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Delinquencies

The economy weathered a few major pitfalls since the pandemic, including high costs of living, supply chain shortages and housing dynamics that drove up prices, as well as headwinds from rising rates. While Canada's credit market has been resilient overall, we continue to see segments of consumers become less resilient as these conditions wear on over time. Delinquencies have picked up in 2024 and will likely increase into next year among weaker borrowers.

High costs of living and the unemployment rate reaching 6.6% are contributing to higher levels of missed payments. Overall serious consumer delinquency continues to rise on a year-over-year basis, up 17 basis points to 1.73%. However, a 2 bps drop from the previous quarter (the second consecutive quarter with a slight decrease in delinquency rates) could be an early sign consumers may be feeling some positive effects of a recovering economy.

As balances continue to rise across various products, consumers are facing increasingly higher minimum payment obligations. Driven by steady high interest rates, mortgage payments continue to lead this growth and have increased 11% on average year over year.

All products have seen increases in the minimum payments due.Non-mortgage missed payments rates are driving overall delinquencies. Non-mortgage serious delinquency rates (90 days past due) are up 17 bps from the prior year at 1.71%. These are the highest values since early 2019.

The impact of delinquency was not uniform as the impacts of current higher costs of living vary across Canada's provinces, which in turn influences payment capacities and delinquency rates. Furthermore, specific regional economies can be more susceptible to economic shifts in unemployment and productivity — further placing strain on consumers.

The table below shows the regional variances in performance. Alberta leads all provinces with 2.21% serious consumer delinquency followed by Manitoba (2.02%) and New Brunswick (1.99%). Ontario experienced the highest rise in delinquencies in Q3 at 24 bps YoY followed by Manitoba at 19 bps.

Total Consumer-Level Delinquency (90 Days Past Due) by Province

	Q2 2023	Q2 2024	YoY bps
Canada	1.74%	1.73%	17
AB	2.18%	2.21%	17
MB	2.03%	2.02%	19
NB	2.03%	1.99%	-4
SK	1.96%	1.97%	6
NS	1.96%	1.94%	5
ON	1.83%	1.84%	24
NL	1.87%	1.80%	-4
PEI	1.74%	1.69%	-2
BC	1.66%	1.64%	12
QC	1.24%	1.21%	14

Delinquency rates are a lagging indicator, and we expect lowered inflation combined with interest rate reductions may provide a relief valve for some struggling consumers. Lenders should continue to distinguish between resilient and more vulnerable consumers in risk strategies, as well as monitor for early warning signals of delinquency. Consumers facing pressure should focus on making at least minimum payments on outstanding credit where possible.

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Bankcard Summary

BANKCARD METRICS	Q3 2024	Q-O-Q Change	Y-O-Y Change
Number of Accounts	50.3MM	1.43%	7.09%
Outstanding Balance	$120.8B	2.22%	10.76%
Total Credit Lines	$494.3B	2.27%	10.38%
Average Balance	$3,117	0.74%	3.67%
Average Credit Line	$9,971	0.83%	3.11%
Number of Consumers With Access to an Active Trade	28.2MM	0.34%	3.10%
Number of Consumers Carrying a Balance	24.7MM	0.92%	3.63%
Origination Volumes (Q2 2024)	1.8MM	1.85%	3.73%
Average New Account Credit Line	$6,246	(1.83%)	4.80%
Account Delinquency Rate (90+ DPD)	0.58%	1 bps	7 bps
Consumer Delinquency Rate (90+ DPD)	0.90%	2 bps	12 bps
Balance Delinquency Rate (90+ DPD)	1.09%	1 bps	21 bps

Bankcard originations trended lower in recent quarters, though totals remained elevated in longer-term comparisons. The recent decline in origination totals was primarily attributed to a pull-back within non-prime tiers, with growth concentrated within prime and better risk segments. Lenders have become more conservative within their risk tier mixes at origination in an effort to bring down delinquency rates. Bankcard originations grew 3.7% year over year; however, momentum remained relatively flat to the previous quarter. Originations grew across all risk tiers except subprime — with prime consumers leading volume growth at 9.7% year over year followed by near prime at 7.5%. Subprime originations fell -1.4%.

Origination growth varied across generations. Gen Z showed the largest, positive, year-over-year growth at 11% as this cohort continues to rapidly enter the credit market. Millennials were the next largest (5%) followed by Gen X (1.1%). Older generations were less active in new originations: Baby Boomer originations down -2.9% and the Silent Generation down -13.7%.

A record 28.2 million consumers had access to an active bankcard with 24.7 million carrying a balance. This number grew 3.6% from the previous year as average monthly payment amounts shrank in recent months. Despite the recent decline in origination totals, bankcard balances continued to rise. Total outstanding balances in the Canadian market hit a historic high of $121 billion, improving 10.8% year over year, fueled primarily by growth in new card volume, higher spend and lower payment rates.

The rise in total balances also resulted in an increase in average balance per account — which climbed 3.7% year over year. Growth in this category was reflected across the risk spectrum but was most pronounced within the non-prime tiers (up 3.8%). The rise in balances coupled with higher interest rates pressured consumers as a declining percentage were able to make payments beyond the minimum due. Pressure on the consumer has contributed to the rise in bankcard delinquency rates.

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When looking at generational trends, Gen Z led year-over-year average balance growth with a 17.6% increase — followed by Millennials at 11.2%, Gen X at 76%, Baby Boomers at 3.5%, and surprisingly, the Silent Generation experienced a first increase in six years (up 0.3%).

Overall pressure on the consumer related to the higher costs of living and lower savings rates contributed to the rise in bankcard delinquency rates. Bankcard serious consumer-level delinquency totals (90+ DPD) continued to climb higher to 0.90% in Q2 2024, up 12 bps year over year. Dollar weighted delinquency (% balance 90+ DPD) also increased 21 bps to 1.09%. Recent bankcard vintage curves reflected deterioration as well. The combination of higher delinquency rates and deteriorating vintage curves resulted in the recent rise in bankcard charge-off totals.

Installment Loan Summary

INSTALLMENT LOAN METRICS	Q3 2024	Q-O-Q Change	Y-O-Y Change
Number of Accounts	2.9MM	1.10%	0.52%
Outstanding Balance	$51.0B	2.24%	4.11%
Average Balance	$17,657	0.90%	2.86%
Number of Consumers Carrying a Balance	2.7MM	0.75%	(0.19%)
Origination Volumes (Q2 2024)	377.4K	17.86%	3.76%
Average New Account Balance	$18,272	8.00%	(4.02%)
Account Delinquency Rate (60+ DPD)	2.26%	28 bps	28 bps
Consumer Delinquency Rate (60+ DPD)	2.32%	29 bps	29 bps
Balance Delinquency Rate (60+ DPD)	1.45%	18 bps	37 bps

Unsecured personal loan originations rebounded, reflecting a lower funding rate environment that has allowed some FinTech/alternative lenders to increase growth momentum over the past six months. For Q2 2024, originations jumped 3.8% year over year, marking a turnaround in loan origination. Lenders have shifted their risk tier mixes at origination, with an increasing percentage being held by below prime consumers and a declining share held by prime and better. The rebound in new loan originations was almost exclusively focused on the subprime market, up 14.8% from prior year — followed by near prime up 3%. Prime and better originations were down 4% overall, led by super prime decreasing -5.9% year over year followed by prime plus (-5.6%) and prime (-0.6%). FinTech and alternative lenders fuelled much of this growth with this lender segment's origination volume up 15% from prior year — while major banks (-0.6%) and credit unions (-1.1%) slowed volumes over that same period. Lower interest may be helping this segment as cost of funds is becoming more affordable, and many lenders are now at the activation stage of renewed smart growth strategies.

Despite the increase in originations, average new loan amounts have decreased. The average new account balance in Q2 2024 was $18,272, a 4% year-over-year decline. This decline was seen across all risk tiers except subprime which saw an 2.2% year-over-year increase. Declines were most pronounced in prime (-4.7%), prime plus (-3.8%), near prime (-1.2%) and prime plus (-0.3%).

Total outstanding balances continued to grow to $51 billion. This represents an increase of 4.1% year over year and 2.2% over the previous quarter. Year-over-year total balance growth was driven primarily by subprime (up 15%)

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followed by near prime (7.5%), prime (0.2%) and super prime (0.3%). These gains were slightly offset by declines in above prime plus lending (falling -0.3%). These numbers were partially driven by the increasing volume share of alternative lenders in the Canadian market that are generally targeting higher-risk consumers.

Lender strategies at origination had a significant impact on delinquency rates. Unsecured personal loan serious delinquency rates accelerated year over year, largely due to the increased share of below prime originations. Serious consumer-level delinquency rates (60+ DPD) increased 29 bps to 2.32%. Similarly, the proportion of balances in delinquencies increased 37 bps to 1.45%. In addition, recent vintage performance outperformed the previous year and helped slow the overall rate in charge-off growth.

Auto Loan Summary

AUTO LOAN METRICS	Q3 2024	Q-O-Q Change	Y-O-Y Change
Number of Accounts	6.2MM	(0.20%)	(0.79%)
Outstanding Balance	$157.1B	1.77%	4.74%
Average Balance	$25,644	1.95%	5.45%
Number of Consumers Carrying a Balance	6.3MM	(0.14%)	(0.69%)
Origination Volumes (Q2 2024)	485.4K	19.10%	7.09%
Average New Account Balance	$37,361	2.16%	(1.83%)
Account Delinquency Rate (60+ DPD)	0.85%	2 bps	4 bps
Consumer Delinquency Rate (60+ DPD)	0.93%	3 bps	4 bps
Balance Delinquency Rate (60+ DPD)	0.74%	3 bps	6 bps

Perhaps, some pent-up demand — as consumers stayed away from auto purchases while loan rates remained high — is now affecting auto loan growth. Auto sales continued to grow, pushing up loan volumes. Auto origination volumes grew 7.1% year over year and ended the quarter at 485,400. In year-over-year terms, origination growth was observed across all risk tiers except subprime. Growth was led by super prime (+16.7%), prime plus (+8.3%) and prime (+6.2%) followed by near prime (+3.9%). Subprime was the only segment with reduced volume, down 16% year over year.

Auto balances ended Q3 2024 at $157 billion, representing a 4.7% year-over-year and 1.8% quarter-over-quarter increase. While the number of accounts decreased slightly, total balances saw a more significant rise due to higher average balances for newer accounts. Affordability remained a major challenge with average monthly payments climbing for both new and used vehicles, primarily due to elevated interest rates. Year-over-year average balance growth was up 5.5%, led by super prime (6.7%) and followed by prime plus (5.5%), prime (5.3%), subprime (5%) and near prime (4.2%).

The trend of average loan amounts continues as consumers opt for larger, more expensive vehicles driving up loan values. Higher auto prices and interest rates have led to significant increases in average monthly payments for both new and used vehicles since 2021. Fortunately, prices have eased for both new and used vehicles over the past year, leading to slight declines in average monthly payments at time of origination as well. In Q2 2024, the average amount financed for new vehicles decreased 1.8% year over year to $37,361; however, continued high interest rates drove average monthly payments up 6.8% to $695.

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Higher monthly payments pressured consumer wallets, contributing to a recent rise in auto delinquency rates. Auto serious account-level delinquency rates (60+ days past due) ended Q3 2024 at 0.85%, up 4 bps from the prior year. Auto serious consumer-level delinquency totals (60+ DPD) increased 4 bps year over year to 0.93%. Vintage delinquency curves also reflected recent weakness in comparison to previous years. This within the used vehicle market, which is the primary reason for rising auto delinquency rates. Newer loan vintages are underperforming compared to previous years, with the weakness primarily seen in the non-prime tiers, though recent deterioration has been observed across all risk tiers.

Lines of Credit Summary

LINE OF CREDIT METRICS	Q3 2024	Q-O-Q Change	Y-O-Y Change
Number of Accounts	12.4MM	0.37%	2.24%
Outstanding Balance	$273.4B	1.30%	3.61%
Total Credit Lines	$747.5B	1.00%	3.37%
Average Balance	$39,403	(0.21%)	1.05%
Average Credit Line	$61,108	0.45%	1.09%
Number of Consumers With Access to an Active Trade	12.0MM	0.45%	1.53%
Number of Consumers Carrying a Balance	7.1MM	1.22%	0.84%
Origination Volumes (Q2 2024)	354.1K	5.74%	(8.38%)
Average New Account Credit Line	$64,891	25.66%	15.52%
Account Delinquency Rate (60+ DPD)	0.41%	3 bps	11 bps
Consumer Delinquency Rate (60+ DPD)	0.44%	3 bps	11 bps
Balance Delinquency Rate (60+ DPD)	0.47%	1 bps	9 bps

Lines of credit (LOCs) continued to lag in new account volume offset by slight growth in balances. In Q2 2024, overall account volume had a modest increase of 2.4% compared to the prior year's quarter as growth was inhibited by slowing originations driven by higher interest rates. The number of consumers carrying a balance was relatively flat at 0.8%, and of those, the average balance saw a slight uptick of 1.05%. Contributing to these flat account and balance trends, originations in Q2 2024 remained slow (down -8.4% compared to the prior year period), while average new loan amounts grew quickly (up 15.5% YoY). Many lines of credit (especially HELOCs) had a variable interest rate and were generally in lower demand during a period of possible rising interest rates.

On the delinquency front, consumer-level delinquency was up 11 bps to 0.44% year over year. Similarly, balance delinquency was also up 9 bps to 0.47%. It's important to note these delinquency rates are still at relatively low levels, which is in line with the risk profiles of LOC borrowers: Nearly 65% of balances in Q3 2024 were held by borrowers in the super prime and prime plus risk tiers.

As interest rates continue to lower, we expect to see increased activity in lines of credit — specifically HELOC. Several factors contribute to the appeal of HELOCs in the current economy. For example, with mortgage rates around 5.5%, many homeowners' mortgages have an interest rate that's lower than the current market rate. Additionally, non-mortgage debt remained high across all products and delinquencies are increasing. These conditions may incentivize homeowners and lenders to leverage near-record home equity levels to alleviate debt pressures.

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Mortgage Loan Summary

MORTGAGE LOAN METRICS	Q3 2024	Q-O-Q Change	Y-O-Y Change
Number of Accounts	6.7MM	1.94%	1.61%
Outstanding Balance	$1819.3B	2.26%	3.65%
Average Balance	$274,246	0.19%	1.87%
Number of Consumers Carrying a Balance	8.6MM	1.20%	0.76%
Origination Volumes (Q2 2024)	265.3K	73.15%	6.53%
Average New Account Balance	$345,600	1.71%	2.46%
Account Delinquency Rate (60+ DPD)	0.25%	1 bps	6 bps
Consumer Delinquency Rate (60+ DPD)	0.26%	2 bps	6 bps
Balance Delinquency Rate (60+ DPD)	0.23%	2 bps	9 bps

Lower interest rates sparked a resurgence in mortgage activity as home sales transactions marked their second straight monthly increase, driving origination gains. Recent Bank of Canada interest rate cuts brought some energy to Canada's housing market through Q3, offsetting a continued soft market. In Q2 2024, origination volumes improved, up 6.5% from the prior year.

Higher average financing amounts also drove market growth as the mortgage market in Canada expanded to $1.8Trillion. Limited supply has been the primary factor in maintaining home prices at current levels, even within a rising interest rate environment. The average new home finance loan increased 2.5% to $345,600. Purchase and renewal originations continued to be the primary driver in Q3 2023 as elevated mortgage rates eroded demand for rate and term refinance.

The impact of higher home prices and elevated interest rates has driven the average mortgage payment up by double digits over the past two years. This created a payment shock as there has been an increase of 39% in minimum payments on average for renewing or new mortgage trades. In Q3 2024, the minimum monthly mortgage payment due increased 10.7% to $2,393.

Mortgage consumer-level serious delinquency rates (90+ DPD) have been climbing over the past several quarters, increasing by six basis points year over year and two basis points quarter over quarter to 0.26%. Mortgage roll-forward delinquency rates remained elevated — with recent vintage curves reflecting declining performance compared to prior years. Despite rising delinquency rates, the strength of the job market and prevalence of consumers with a credit score of 760+ within the mortgage portfolio limited the impact on delinquencies. Over 86% of consumers with mortgages are prime or better risk.

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