TransUnion

TRANSUNION CREDIT INDUSTRY INSIGHTS REPORT

Quarterly Overview of Consumer Credit Trends Released by TransUnion Canada

Fourth 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 challenges relative to other core economic measures that may impact the Canadian credit market — not the least of which include a tumultuous political landscape.

Canada's economy is experiencing a period of sluggish growth with real GDP projected to increase by 1.3% for the year. The outlook for 2025 remains cautious with anticipated real GDP growth of 1.5%, reflecting ongoing trade tensions and geopolitical uncertainties that are expected to limit investment spending and weaken business confidence. However, Canada's economy should benefit from lower interest rates, new mortgage lending rules and improving global demand. The Bank of Canada (BoC) is largely expected to continue easing monetary policy with smaller rate cuts, which should continue to support steady growth in consumer spending, housing investment, and house prices. This might be slightly offset by the increase in mortgage debt, making the economy vulnerable to higher interest rates or income shocks.

Canadian employment ended 2024 on a strong note, exceeding consensus expectations as the unemployment rate landed at 6.7%. Despite this positive development, the unemployment rate remained 1% higher than at the start of the year, indicating persistent economic slack. The participation rate held steady at 65.1% and the employment-to-population rate improved. However, elevated joblessness was more widespread across demographic groups compared to earlier in the year. Additionally, employment gains were well-distributed across sectors and provinces, with Alberta and Quebec showing notable improvements[1]. The solid job gains cast doubt on further interest rate cuts by the Bank of Canada through 2025 — following aggressive cuts in 2024. However, the looming possibility of US tariffs and the Canadian dollar's struggles may influence the Bank's decisions.

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. Household spending, a key driver of the economy, is expected to be more restrained due to higher unemployment and cautious consumer behaviour, particularly among low-income households. Despite these challenges, personal savings rates are growing, providing some buffer for future spending. The Bank of Canada has maintained a stable inflation rate around 2%, but further monetary easing is anticipated to address excess capacity in the economy and support labour market conditions.

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.

A potential offset to rising outstanding debt levels is the household debt-to-income ratio declined for the sixth consecutive quarter, falling to 173.1% as income growth continued to outpace debt growth. The debt service ratio (total household debt payments as a percentage of disposable income) also fell to 14.7% from 15.0% last quarter.

The economic outlook for Canada in 2025 is fraught with significant uncertainties due to potential policy shocks both domestically and from the United States. The upcoming federal election in Canada creates future uncertainty as well

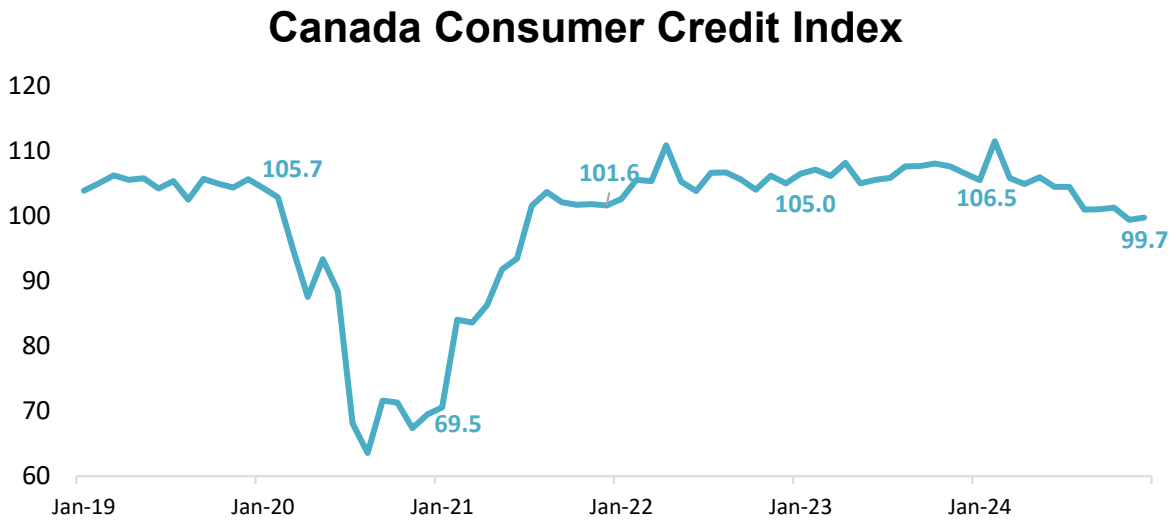
[1] Statistics Canada. Table 14-10-0287-01 Labour force characteristics, monthly, seasonally adjusted and trend-cycle

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as near-term, fiscal stimulus measures, with more expected. The result of the Canadian election could potentially alter the nation's economic and fiscal policies, creating substantial shifts in the economic landscape.

Compounding these domestic uncertainties, Donald Trump's return to the White House brings renewed US policy unpredictability and the threat of tariffs. While it is anticipated President Trump may implement small, targeted tariffs that might not significantly impact the economic outlook, the risk of a blanket 25% US tariff on Canadian imports remains. Such a scenario, coupled with proportional retaliatory tariffs from Canada, may drive the Canadian economy into a recession in 2025.

TransUnion's Canada Credit Industry Indicator



TransUnion's Credit Industry Indicator (CII) is a measure of consumer credit health in Canada that is 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.

The CII for end of Q4 2024 in Canada was 99.8, falling to its lowest level since July 2021. A lower index value indicates a deterioration in the overall health of the Canadian retail credit market, reflecting declining consumer behaviours and weakening market conditions. All elements of the index were down from prior year values, with the three strongest, negative drivers being slowing balances, declining demand and continued increase in delinquency rates. It is 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 is trending, and how underlying variables are impacting the indicator.

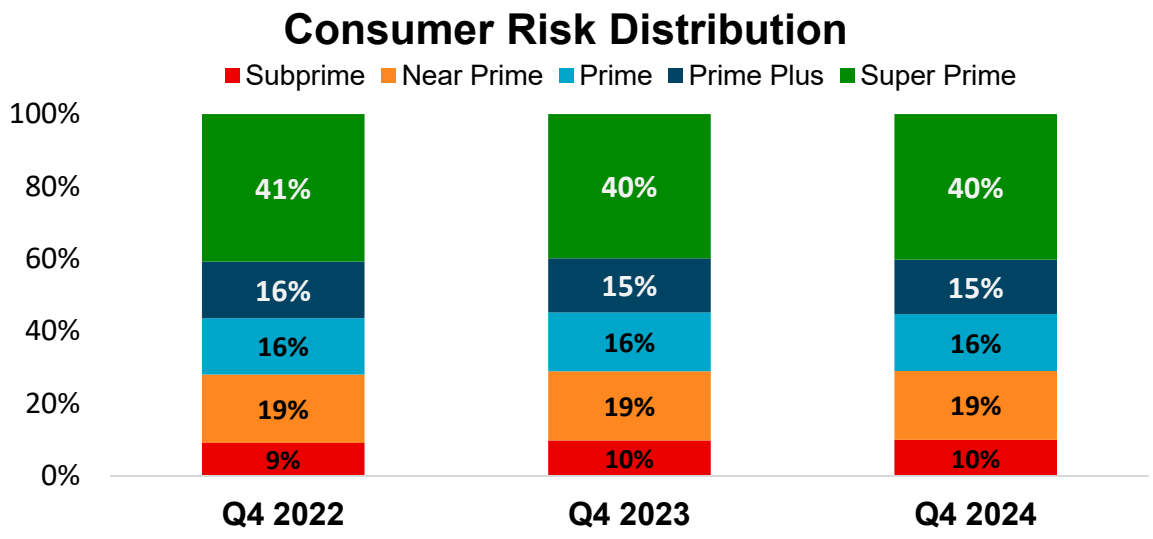
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Risk scores and distributions

Median CreditVision® scores trended higher for several years up to and through the pandemic, but growth moderated recently and ended Q4 2024 at 742. 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 Q4 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 having locked in low interest rates on their homes, providing an additional level of stability to their monthly debt obligations.

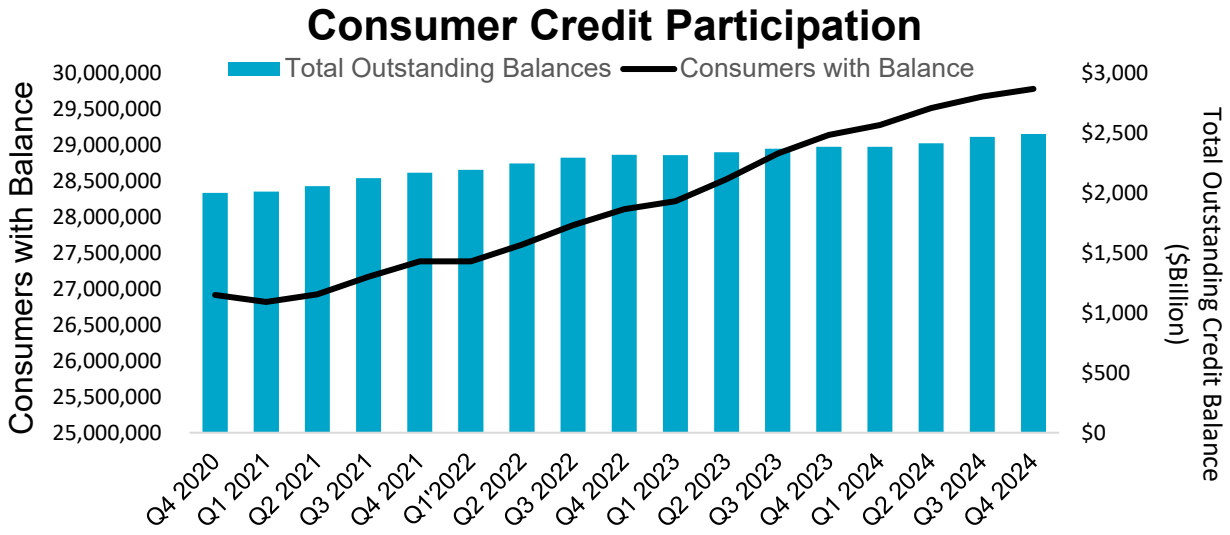
The consumer risk distribution in the chart below is reflective of these current trends – which have have influenced the changing distribution of consumer risk. Notably, the proportion of subprime consumers increased 10.6% YoY, which accelerated from 3% over the prior YoY period. While this increase in subprime consumers is something lenders should monitor, the proportion of total outstanding debt this segment holds remains small at only 5% of total debt in Canada. 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

Despite interest rates and inflation continuing their respective declines through Q4 2024, Canadians' total outstanding balances across all credit products surged by 4.5%, reaching a historic high of $2.5 trillion.



Credit participation grew 2.5% year over year, with 32.3 million Canadians now having access to credit. Millennials and Gen Z were at the forefront of this increase, collectively holding $1.1 trillion in outstanding balances (a 10% rise year over year). Notably, Gen Z consumers represented the fastest-growing segment with a 29% increase in credit participation as they diversify their debts beyond revolving credit card debt.

Non-mortgage debt grew 5.8% due in part by growth in auto loan balances (+ 5.4%) driven by loan size, and lines of credit (+4.3%) benefitting from higher utilization as interest rates fall.

Balances continued to rise across revolving products in Q4 2024, with growth seen across all revolving products. Line of credit balances grew 4.2%, while credit card balances continued their torrid pace, growing 9.2%. Although the rate of growth has been slowing, the overall increase remains significant.

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Average minimum payment due per Canadian consumer

As illustrated below, balances continued to rise across most products, increasing monthly minimum payment due obligations for consumers. Mortgage payments continued to lead this growth by dollar value. All products (save lines of credit) saw increases in 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. Personal loan payments led percentage growth in monthly payment due with an average increase of 14% year over year. Following personal loans were mortgages — which were up 9% 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

	Q4 2024	YoY growth rate
Mortgage	$ 2,411	9.4%
Credit cards	$ 121	6.1%
Personal loans	$ 90	13.9%
Line of credit	$ 463	-0.6%
Auto finance	$ 704	6.3%

Originations

While some tightening among lenders and slight pullback in demand for new credit remained, origination volumes contributed to the growth in debt as new credit grew 4.7%, representing $ 126.8 billion in balances. The continued growth in credit cards was driven partly by the influx of Gen Z consumers into the credit market — as their first products are typically credit cards. New mortgage originations stalled as real estate supply increased more than expected, and still elevated interest rates continued to leave some buyers on the sidelines.

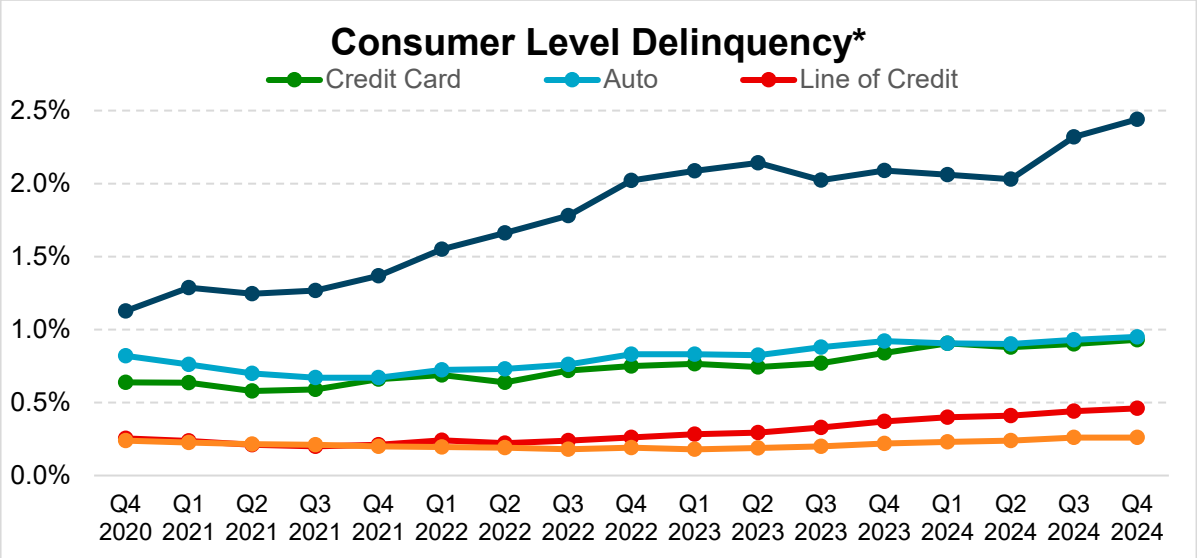
Origination totals showed mixed results in Q3 2024, with some lenders adopting a more expansive stance — while others became more cautious. Market factors also influenced origination trends across various products. Fuelled by lower rates, year-over-year growth was led by unsecured personal loan (7.1%), mortgage (5.1%) and auto (7.1%). On the other hand, year-over-year declines were most notable in bankcards (-4.2%) and lines of credit (0.3%). The continued growth in credit cards was driven partly by the influx of Gen Z consumers into the credit market — as their first products are typically credit cards. New mortgage originations rebounded as lower interest rates brought some buyers off the sidelines and drove a surge in home purchases. We expect as interest rates continue to lower, refi volumes will start to grow again, propelling a surge in the mortgage sector.

Originations slowed across all risk tiers as a combination of slowing demand and lender tightening continued through Q3. Subprime originations fell furthest (at -4.2%) from the prior year.

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Delinquencies

The current economic landscape is unique as we observed a rise in consumer loan delinquency rates, even though unemployment remains at stable levels. Additionally, while unemployment is low, interest rates on consumer loans remain high due to tighter monetary policy. The economy is also emerging from a period of rapid inflation, which has led to higher prices for most consumer goods. The increase in delinquencies may reflect this confluence of high interest rates and high prices, rather than current employment conditions. This trend can be seen as part of a normalization process as opposed to a cause for alarm. Overall, serious consumer delinquency continued to rise on a year-over-year basis, up 16 basis points to 1.83%, reaching a five-year high and back on par with the pre-pandemic levels.



* Consumer delinquency is measured as 90 DPD for cards and 60 DPD for all other products

From a demographic perspective, Gen Z consumers are driving high delinquency rates: up YoY 26 bps to 2.74% in Q4 2024. This is accelerated from the prior year-over-year (Q4'22-Q4'23) growth of 19 bps. Gen Z credit consumers are feeling more impact from inflation and the high cost of living, which may strain their budgets. Additionally, many also lack financial literacy, making it harder to manage debt effectively.

Serious Consumer Delinquency Rates by Generation

	Q4 2024	Q4 2023	Q4 2022
Silent Generation	0.80%	0.76%	0.72%
Baby Boomers	0.90%	0.85%	0.80%
Gen X	1.75%	1.60%	1.46%
Gen Y/Millennials	2.38%	2.24%	2.09%
Gen Z	2.74%	2.48%	2.29%

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.

The table below shows the regional variances in performance. Alberta led all provinces with 2.29% serious consumer delinquency followed by Manitoba (2.13%) and New Brunswick (2.099%). Ontario experienced the highest rise in delinquencies in Q3 at 24 bps YoY followed by Manitoba at 17 bps.

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

	Q4 2023	Q4 2024	Y/Y
Canada	1.65%	1.81%	16
Alberta	2.12%	2.29%	17
Manitoba	2.02%	2.13%	11
New Brunswick	2.14%	2.09%	-5
Saskatchewan	1.96%	2.01%	5
Nova Scotia	1.99%	2.00%	1
Ontario	1.70%	1.95%	24
Newfoundland	1.93%	1.88%	-5
Prince Edward Island	1.81%	1.79%	-2
British Columbia	1.60%	1.72%	12
Quebec	1.19%	1.31%	12

Delinquency rates are a lagging indicator, and we expect lowering inflation combined with interest rate reductions may provide a relief valve for some struggling consumers.

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Bankcard Summary

BANKCARD METRICS	Q4 2024	Q-O-Q Change	Y-O-Y Change
Number of Accounts	50.8M	0.98%	6.70%
Outstanding Balance	$124.7B	3.23%	9.18%
Total Credit Lines	$503.9B	1.94%	10.01%
Average Balance	$3,193	2.44%	3.40%
Average Credit Line	$10,073	1.03%	3.19%
Number of Consumers With Access to an Active Trade	28.3M	0.52%	2.58%
Number of Consumers Carrying a Balance	24.8M	0.38%	2.86%
Origination Volumes (Q3 2024)	1.8M	(1.88%)	(4.22%)
Average New Account Credit Line	$5,963	(4.54%)	3.32%
Account Delinquency Rate (90+ DPD)	0.60%	2 bps	5 bps
Consumer Delinquency Rate (90+ DPD)	0.93%	4 bps	9 bps
Balance Delinquency Rate (90+ DPD)	1.12%	4 bps	15 bps

Bankcard originations trended lower in recent quarters, though totals remained elevated in longer-term comparisons. The recent decline in origination totals was not even across risk segments. Lenders have become more conservative within their risk tier mixes at origination in an effort to bring down delinquency rates. Bankcard originations fell -4.2% year over year. Origination results were mixed across risk tiers, with prime consumers leading volume growth at 3.7% year over year followed by near prime at 0.4%. Prime plus originations dropped -0.8% followed by super prime, down -2.8%. The largest drop was in subprime originations, falling -6.9%.

A record 28.3 million consumers had access to an active bankcard, with 24.8 million carrying a balance. This number grew 2.8% from the previous year as average monthly payment amounts shrank in recent months. Despite slower origination growth, balances reached a record high, increasing 9.2% YoY to $124 billion. This increase primarily resulted from higher spend on existing cards, with a sustained stretch of reduced originations seeming to curb balance growth.

The rise in total balances also resulted in an increase in average balance per account — which climbed 3.4% year over year. Growth in this category was reflected across the risk spectrum but was most pronounced within the prime and better risk tiers (up 3.1%). 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.

Overall pressure on consumers related to 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 0.93% in Q4 2024, up 9 bps year over year. Dollar-weighted delinquency (% balance 90+ DPD) also increased 15 bps to 1.12%. 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.

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Installment Loan Summary

INSTALLMENT LOAN METRICS	Q4 2024	Q-O-Q Change	Y-O-Y Change
Number of Accounts	2.9M	0.14%	0.97%
Outstanding Balance	$51.3B	0.60%	4.35%
Average Balance	$17,724	0.38%	2.50%
Number of Consumers Carrying a Balance	2.7M	(0.16%)	0.13%
Origination Volumes (Q3 2024)	367.6K	(2.61%)	7.13%
Average New Account Balance	$18,826	3.03%	0.73%
Account Delinquency Rate (60+ DPD)	2.38%	12 bps	34 bps
Consumer Delinquency Rate (60+ DPD)	2.44%	12 bps	35 bps
Balance Delinquency Rate (60+ DPD)	1.55%	9 bps	34 bps

Personal loan originations climbed 7.1% year over year, reflecting a lower funding rate environment that has allowed some FinTech/alternative lenders to increase growth momentum over the past six months. For Q3 2024, newly originated balances jumped 7.9% year over year to $5.8MM, marking a turnaround in loan origination. Lenders continued to rebalance their risk tier mixes at origination, with an increase in above prime originations. The rebound in new loan originations was seen across all risk tiers; prime and better originations were up 9% overall, led by super prime improving 10.4% year over year followed by prime (8.9%) and prime plus (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 remained relatively flat. The average new account balance in Q3 2024 was $18,826, a 0.7% year-over-year increase. Lenders expanded risk appetite by issuing larger loans to below prime consumers. Average new loan amounts issued to subprime consumers increased 5% from the prior year, and new loan amounts issued to near prime consumers were up 2% year over year. Declines in new loan amounts were seen in prime (-3%), prime plus (-2.3%) and super prime (-3%).

Total outstanding balances continued to grow to $51.3 billion. This represented an increase of 4.4% year over year and 0.6% over the previous quarter. Year-over-year total balance growth was up across all risk tiers as lending expanded across the market, driven primarily by subprime (up 14%) followed by near prime (7%), prime plus (1.6%), super prime (1.4%) and prime ((0.7%). These gains were slightly offset by declines in above prime plus lending (falling -0.3%). Growth in below prime volume was 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.

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Auto Loan Summary

AUTO LOAN METRICS	Q4 2024	Q-O-Q Change	Y-O-Y Change
Number of Accounts	6.2M	(0.10%)	(0.54%)
Outstanding Balance	$159.9B	1.79%	5.35%
Average Balance	$26,111	1.82%	5.84%
Number of Consumers Carrying a Balance	6.3M	(0.02%)	(0.44%)
Origination Volumes (Q3 2024)	473.6K	(2.42%)	7.06%
Average New Account Balance	$38,371	2.71%	0.23%
Account Delinquency Rate (60+ DPD)	0.88%	3 bps	3 bps
Consumer Delinquency Rate (60+ DPD)	0.95%	2 bps	2 bps
Balance Delinquency Rate (60+ DPD)	0.75%	1 bps	2 bps

A series of positive forces are influencing auto loan growth, including rising new vehicle inventory levels, price stabilization and increased new incentives. Auto sales continued to grow, pushing up loan volumes. Auto origination volumes grew 7.1% year over year. Some lender pullback was evident as origination growth skewed toward higher risk consumers. Growth was led by super prime (+21.2%), prime plus (+9.3%), prime (+3.1%) and near prime (+0.2%). Subprime was the only segment with reduced volume, down 17% year over year.

Auto balances ended Q3 2024 at $160 billion, representing a 5.4% 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 as average monthly payments climbed for both new and used vehicles, primarily due to elevated interest rates. Year-over-year average balance growth was up 5.8%, led by super prime (7.9%) and followed by prime plus (6.1%), prime (5.7%), subprime (4.3%) and near prime (4.3%).

The trend of average loan amounts continued as consumers opted for larger, more expensive vehicles, driving up loan values. Higher auto prices and interest rates 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 Q3 2024, the average amount financed for new vehicles barely increased at 0.2% year over year to $38,371; however, continued high interest rates drove average monthly payments up 6.3% to $704.

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 Q4 2024 at 0.88%, up 3 bps from the prior year. Auto serious consumer-level delinquency totals (60+ DPD) increased 2 bps year over year to 0.95%. 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 underperformed compared to previous years, with the weakness primarily seen in the non-prime tiers, though recent deterioration has been observed across all risk tiers.

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Lines of Credit Summary

LINE OF CREDIT METRICS	Q4 2024	Q-O-Q Change	Y-O-Y Change
Number of Accounts	12.4M	0.26%	1.95%
Outstanding Balance	$276.1B	1.02%	4.29%
Total Credit Lines	$755.2B	1.03%	3.95%
Average Balance	$39,701	0.75%	1.68%
Average Credit Line	$61,585	0.78%	1.96%
Number of Consumers With Access to an Active Trade	12.1M	0.67%	1.98%
Number of Consumers Carrying a Balance	7.1M	0.06%	1.04%
Origination Volumes (Q3 2024)	349.9K	(1.16%)	(0.33%)
Average New Account Credit Line	$67,163	3.50%	12.51%
Account Delinquency Rate (60+ DPD)	0.42%	1 bps	8 bps
Consumer Delinquency Rate (60+ DPD)	0.46%	1 bps	9 bps
Balance Delinquency Rate (60+ DPD)	0.47%	(1 bps)	4 bps

Lines of credit (LOCs) continued to lag in new account volume offset by slight growth in balances. In Q3 2024, overall account volume was up 1.95% 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 up slightly at 1%, and of those, the average balance saw a small uptick of 1.7%. Contributing to these flat account and balance trends, originations in Q3 2024 remained slow (down -0.3% compared to the prior year period), while average new loan amounts grew quickly (up 12.5% YoY). Many lines of credit (especially HELOCs) had variable interest rates and were in lower demand during a period of possible rising interest rates.

On the delinquency front, consumer-level delinquency was up 9 bps to 0.46% year over year. Similarly, balance delinquency was also up 4 bps to 0.47%. It is important to note these delinquency rates remain relatively low, which is in line with the risk profiles of LOC borrowers: Nearly 66% of balances in Q4 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 4.5%, many homeowners' mortgages have an interest rate that is 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	Q4 2024	Q-O-Q Change	Y-O-Y Change
Number of Accounts	6.7M	(0.09%)	1.60%
Outstanding Balance	$1833.6B	0.78%	4.01%
Average Balance	$276,447	0.80%	2.06%
Number of Consumers Carrying a Balance	8.6M	0.02%	0.89%
Origination Volumes (Q3 2024)	269.3K	1.49%	5.13%
Average New Account Balance	$352,795	2.08%	(1.81%)
Account Delinquency Rate (60+ DPD)	0.25%	(0 bps)	4 bps
Consumer Delinquency Rate (60+ DPD)	0.26%	(0 bps)	4 bps
Balance Delinquency Rate (60+ DPD)	0.23%	0 bps	7 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 the end of 2024, offsetting a continued soft market. In Q3 2024, origination volumes improved, up 5.1% from the prior year.

Higher average financing amounts also drove market growth as the mortgage market in Canada expanded to $1.8 trillion. While affordability may remain a challenge for many, housing prices have seen a little reprieve as values slowed slightly, making affordability a bit better. The average new home finance loan decreased 1.8% to $352,795. Purchase and renewal originations continued to be primary drivers in Q3 2023 as elevated mortgage rates eroded demand for rate and term refinance.

The impact of higher home prices and elevated interest rates drove the average mortgage payment up by double digits over the past two years. This created a payment shock as there's been an increase of 39% in minimum payments on average for renewing or new mortgage trades. In Q4 2024, the minimum monthly mortgage payment due increased 9.4% to $2,411.

Mortgage consumer-level serious delinquency rates (60+ DPD) have been climbing over the past several quarters, increasing by 4 basis points year over year 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.

The introduction of 30-year amortizations for insured mortgages is projected to enhance the borrowing capacity for first-time homebuyers. This policy change, coupled with lower interest rates, may fuel Canada's resale housing market in the coming year. While lower interest rates and relaxed mortgage rules will improve household finances in the short term, they can also potentially lead to increased mortgage debt.

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Report Overview and Definitions

The TransUnion Industry Insights Report is a quarterly overview summarizing data, trends and insights on the Canadian consumer lending industry.

Data pulled from TransUnion's consumer credit database of nearly 30 million files — which profile nearly every credit-active consumer in Canada.

Full view of all data records (not a sample) over the most recent nine quarters

Both account-level and consumer-level views of key metrics and trends

Data and trends for the national population overall, as well as breakdowns within consumer credit score risk tiers

Analysis of individual consumer loan product types: bankcard, installment loan, auto loan and line of credit, as well as aggregate views of all revolving and all non-revolving loans

Risk Tier Definitions

RISK TIER	CREDITVISION RISK SCORE RANGE
Super prime	800+
Prime plus	760–799
Prime	720–759
Near prime	640–719
Subprime	300–639

Product Definitions

PRODUCT CATEGORY	DEFINITION
Bankcard	Revolving account, open account or line of credit reported by a bank, finance company, national card or credit union; loan types include credit card, business credit card and secured credit card
Installment	Secured or unsecured fixed payment loans reported by a bank, finance company or credit union, or a department store, furniture store, appliance store, home improvement store
Auto	Loans reported by an auto dealer or auto finance company for financing of new and used vehicles; loan types include auto loans and auto leases
Line of credit	Revolving account, open account or line of credit reported by a bank, finance company, national card or credit union; can be secured or unsecured

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PRODUCT CATEGORY	DEFINITION
All revolving loans	All revolving accounts, open accounts or line of credit accounts, including the above bankcard and line of credit categories, as well as other revolving-type accounts not included in the above categories, including private label credit cards
All non-revolving loans	All installment accounts and fixed payment accounts, including the above installment and auto categories, as well as other non-revolving accounts not included in the above categories, including student loans and other installment loans

Data Definitions

DATA CATEGORY	DEFINITION
Total account volumes	Total number of accounts that are open or closed-with-a-balance or closed-and-delinquent, at quarter-end
Total account balances	Total dollar amount of accounts that are open or closed-with-a-balance, at quarter-end
Total credit lines	Total dollar amount of the credit lines of open revolving-type accounts, at quarter-end
Total open-to-buy	Total dollar amount of the open-to-buy (open account credit lines minus balances) of open revolving-type accounts, at quarter-end
Average account balance	Total account balances divided by the number of open-with-a-balance and closed-with-a-balance accounts, at quarter-end
Average credit line	Total credit lines divided by the total number of open revolving-type accounts with a credit line greater than zero, at quarter-end
Average open-to-buy	Total open-to-buy divided by the total number of open revolving-type accounts with a credit line greater than zero, at quarter-end
Unit delinquency rates	Total number of delinquent open and closed accounts (including accounts in credit counselling, repossession or charge-off) at quarter-end divided by the total number of open or closed-with-a-balance or closed-and-delinquent accounts
Dollar delinquency rates	Total dollar amount of delinquent open and closed accounts (including accounts in credit counselling, repossession or charge-off) at quarter-end divided by the dollar balances of open or closed-with-a-balance accounts
Total new account volumes	Total number of new accounts reported opened during the calendar quarter
Total new account balances	Total dollar balances of new accounts reported opened during the calendar quarter, including open and closed-with-a-balance accounts, at quarter-end
Total new account credit lines	Total dollar amount of the credit lines of new, open revolving-type accounts reported opened during the calendar quarter, at quarter-end
Total new account open-to-buy	Total dollar amount of the open-to-buy (open account credit lines minus balances) of new, open revolving-type accounts reported opened during the calendar quarter, at quarter-end

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DATA CATEGORY	DEFINITION
Average new account balance	Total new account balances divided by the number of new accounts open-with-a-balance and closed-with-a-balance — reported opened during the calendar quarter
Average new account credit line	Total new account credit lines divided by the total number of new, open revolving-type accounts — reported opened during the calendar quarter
Average new account open-to-buy	Total new account open-to-buy divided by the total number of new, open revolving-type accounts — reported opened during the calendar quarter
Number of consumers with access to an active trade	Total number of consumers with access to at least one open revolving-type account, including authorized account users, at quarter-end
Number of consumers with a balance present	Total number of consumers with at least one open or closed account with a balance greater than zero, not including authorized users, at quarter-end
Percentage of borrowers with a delinquent balance	Total number of consumers with at least one open or closed account with a past-due balance greater than zero (30+, 60+, 90+ days past due) divided by the number of consumers with at least one open or closed-with-a-balance account, at quarter-end
Average number of accounts per consumer	Total number of open and closed-with-a-balance accounts divided by the total number of consumers with at least one open or closed-with-a-balance or closed-and-delinquent accounts, at quarter-end
Average total balance per consumer (of consumers with a balance)	Total dollar balances of all open and closed accounts divided by the number of consumers with at least one open or closed account with a balance or closed account that's delinquent, at quarter-end
Average credit line per consumer (of consumers with a credit line)	Total dollar credit lines of all open revolving-type accounts divided by the number of consumers with at least one open account with a credit line greater than zero, at quarter-end
Average open-to-buy per consumer	Total dollar open-to-buy of all open revolving-type accounts divided by the number of consumers with at least one open account with a credit line greater than zero, at quarter-end
Number of new collections accounts	Total number of new collections accounts reported during the quarter
Total new collections account dollars	Total dollar amount of new collections accounts reported during the quarter

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Report Generation Timing

Each quarter's data and calculations are generated from the data available on the last day of the quarter. There is typically a time lag between a new account opening date and when lenders report new accounts to credit reporting companies. As a result of this time lag, a significant number of new accounts opened during a quarter may not yet be reported as of the quarter-end date. In order to enable more accurate and robust reporting of new accounts, all new account counts and balances in this report are measured one quarter in arrears, with the latest quarter of data reflected being the quarter prior to the current report date.

A note about the calculation of total utilization

To derive total utilization, we use the following formula:

$$\text{Total utilization} = 1 - \left[\frac{\text{Total open-to-buy}}{\text{Total credit lines}}\right]$$

We do not calculate utilization as the ratio of total balance to total credit lines because the total balance measure includes balances on closed accounts that have balances, while total credit lines are zeroed out for closed accounts. Credit lines are only calculated where credit is actually available — a closed account cannot be used for further purchases and hence, should have a credit line of $0. Thus, calculating total utilization as total balances divided by total credit lines may lead to inaccurate utilization rates under certain circumstances.

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