



An Industry Point of View

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TransUnion's second Industry Insights Report for Hong Kong in 2025 and the analysis in this presentation is based on data from the Credit Reference Platform under Credit Data Smart (CDS), following the full migration by the end of November 2024. Future reports and presentations will continue to leverage data from this source.

In this session, we will:



Set the stage with a snapshot of Hong Kong's consumer credit market



Unpack the key forces shaping demand and performance across key credit products

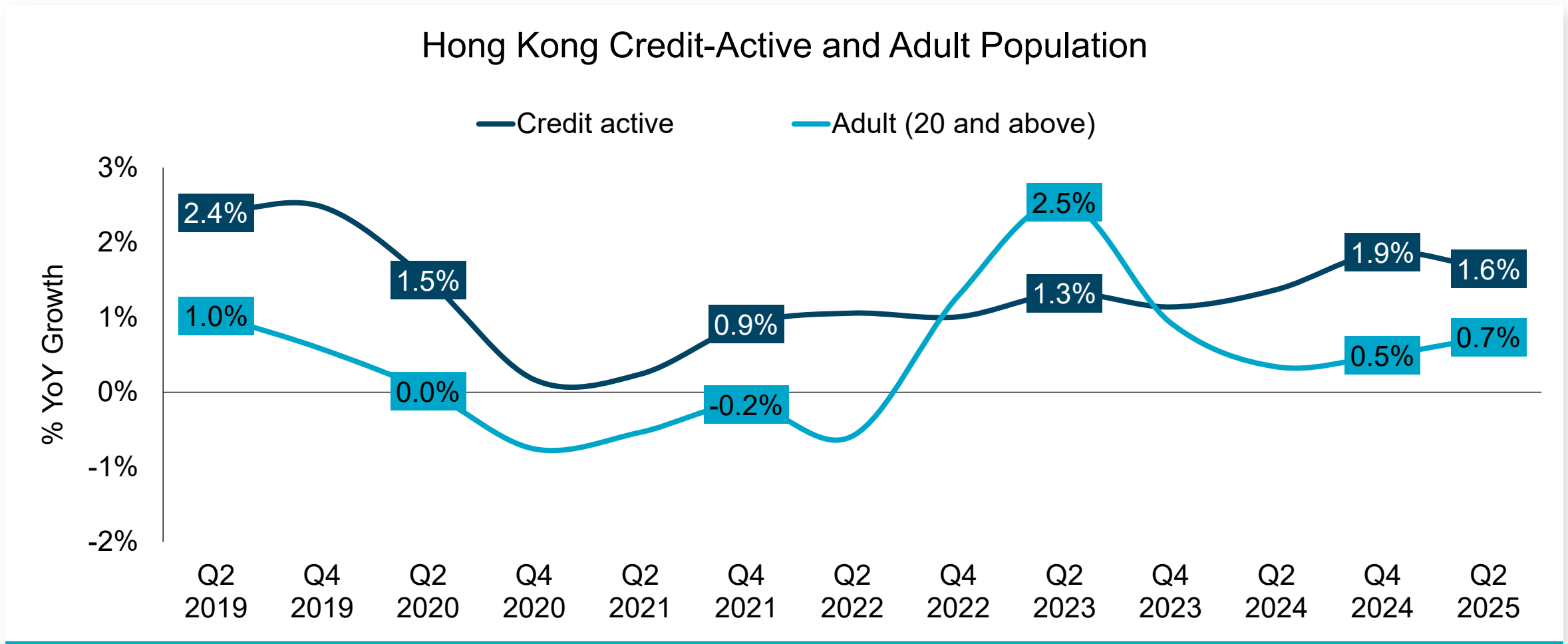


Translate market insights into lender strategies for growth and resilience

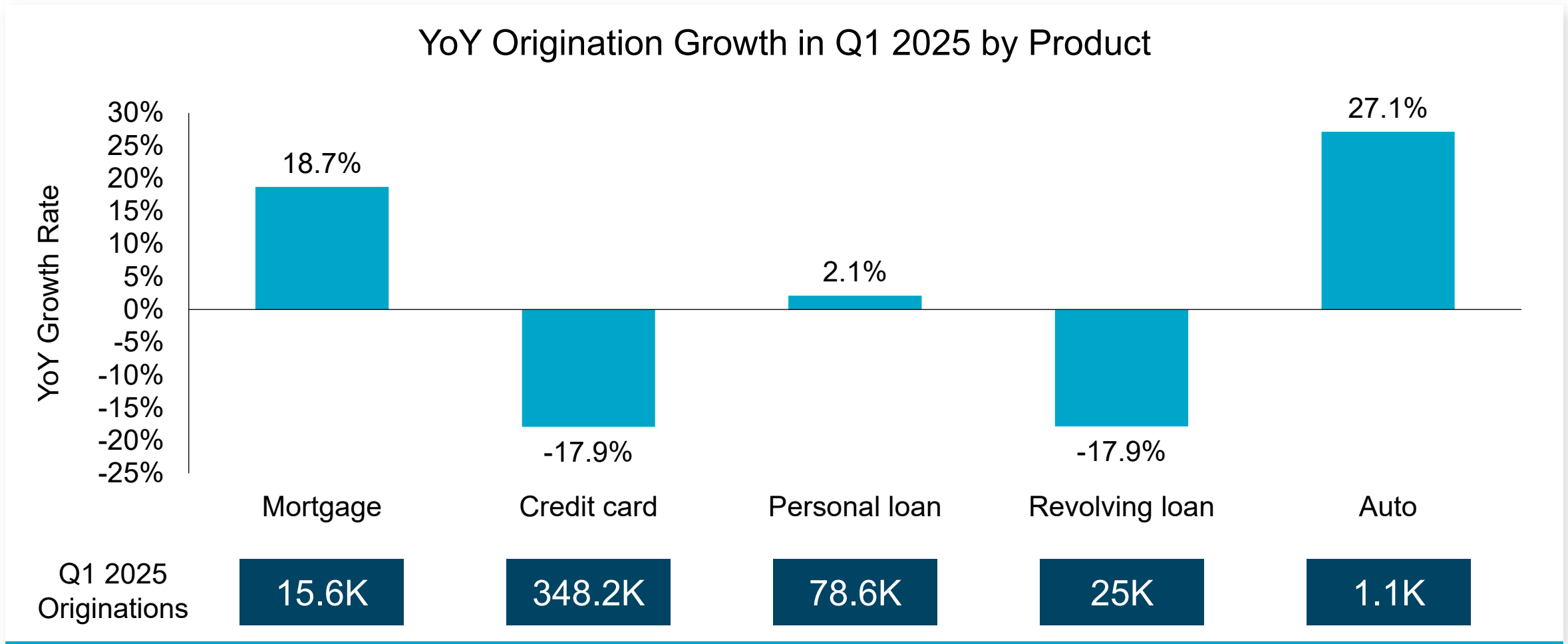
Consumer Credit Health



Deepening penetration signals growth is coming from existing adults, not demographics

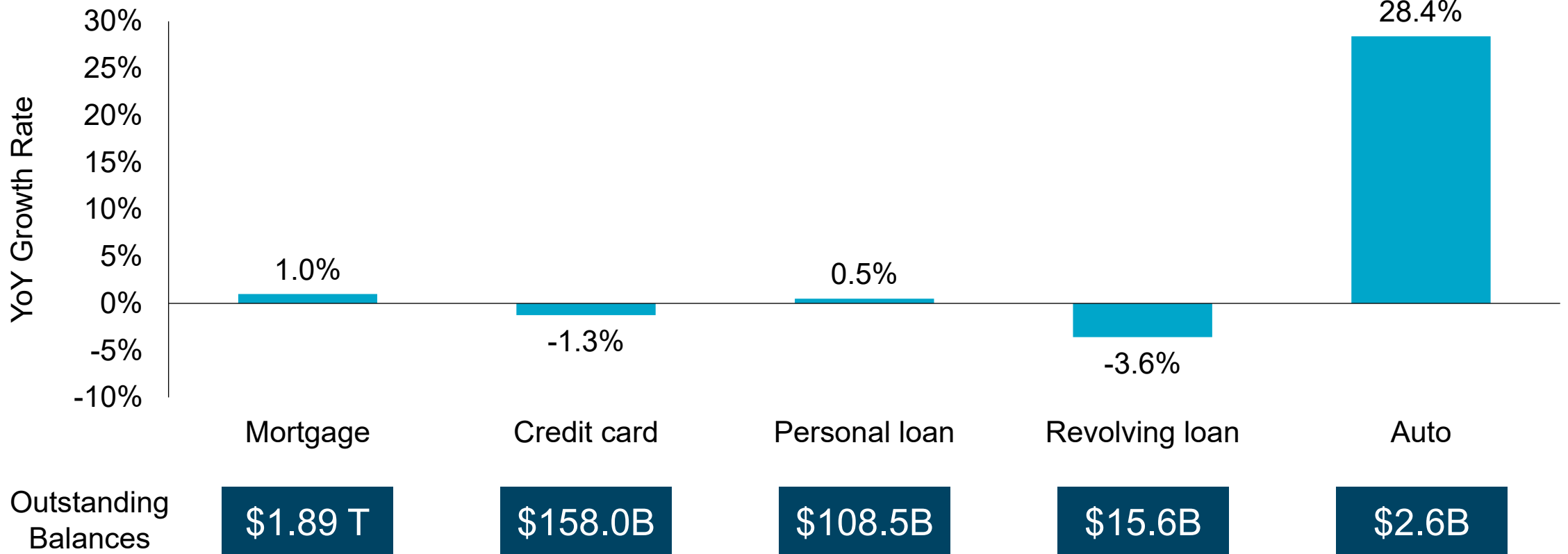


Origination growth diverges sharply in Q1 2025, with secured lending driving origination growth and revolving credit struggling

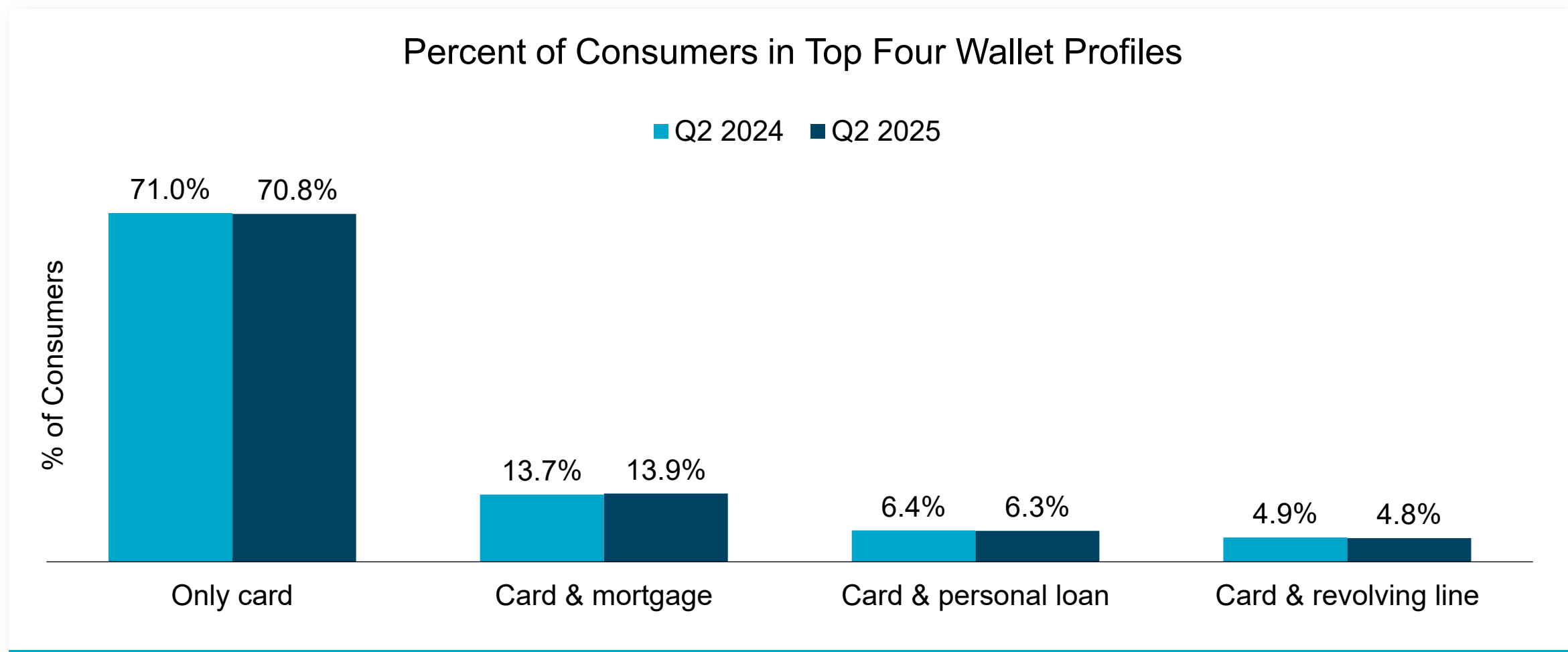


Balance growth is concentrated in secured products as consumers shift their consumption focus

YoY Outstanding Balance Growth in Q2 2025 by Product

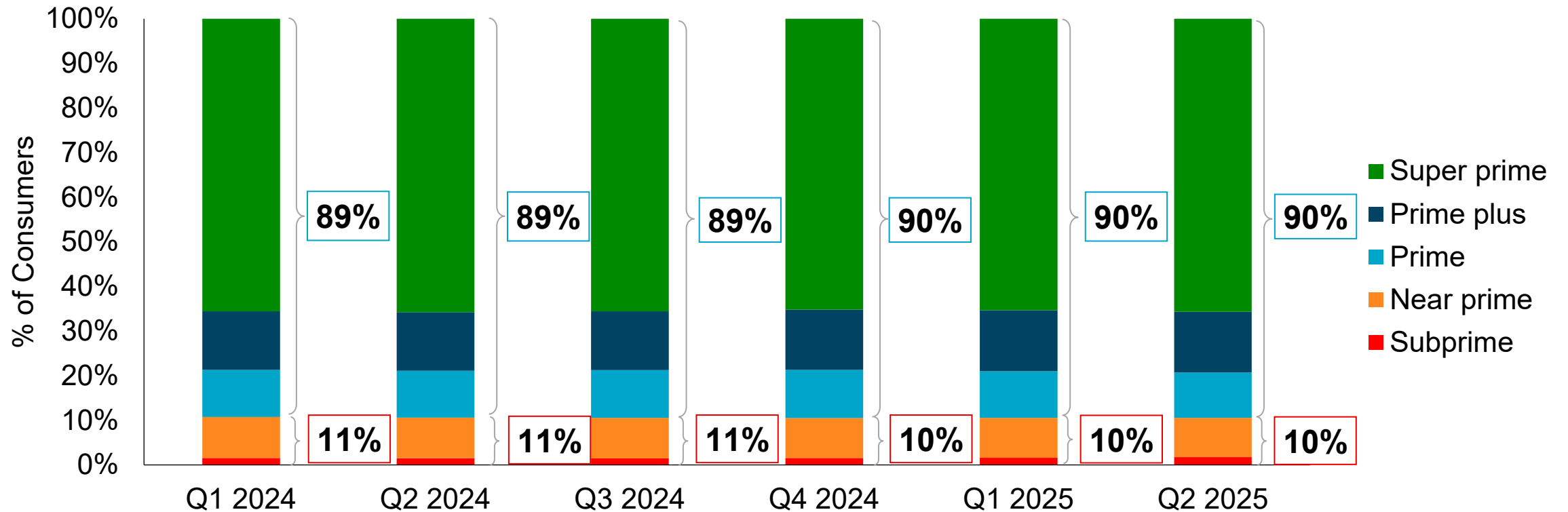


Consumers' wallets remain concentrated in single-product relationships; cross-sell is the biggest untapped lever



Risk concentration stable in above prime categories, but rising subprime volumes point to creeping exposure

Risk Distribution of Hong Kong Credit Active Population



TransUnion CreditVision® risk score: Subprime = JJ to II; Near prime = HH to DD; Prime = CC; Prime plus = BB; Super prime = AA



Risk stability masks churn rate as nearly one in three prime plus borrowers downgraded, highlighting early stress signals

YoY Risk Tier Migration Q2 2025

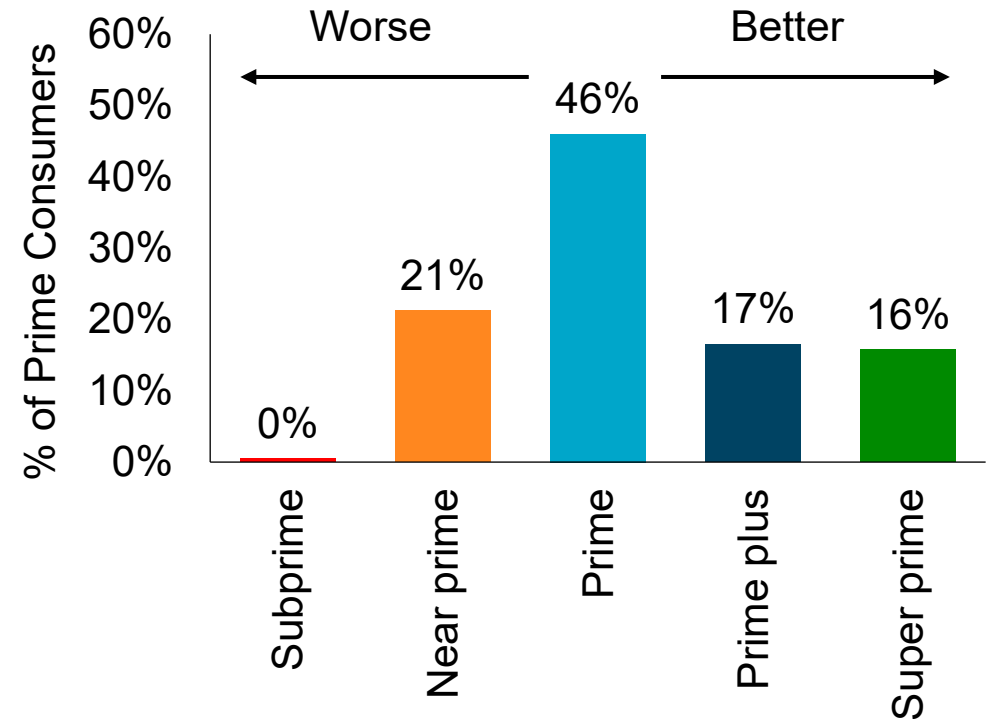
Risk tier Q2 2025	Worse *	Same	Better **
Super prime	12%	88%	NA
Prime plus	29%	38%	33%
Prime	22%	46%	32%
Near prime	7%	65%	28%
Subprime	NA	44%	56%

TransUnion CreditVision® risk score: Subprime = JJ to II; Near prime = HH to DD; Prime = CC; Prime plus = BB; Super prime = AA

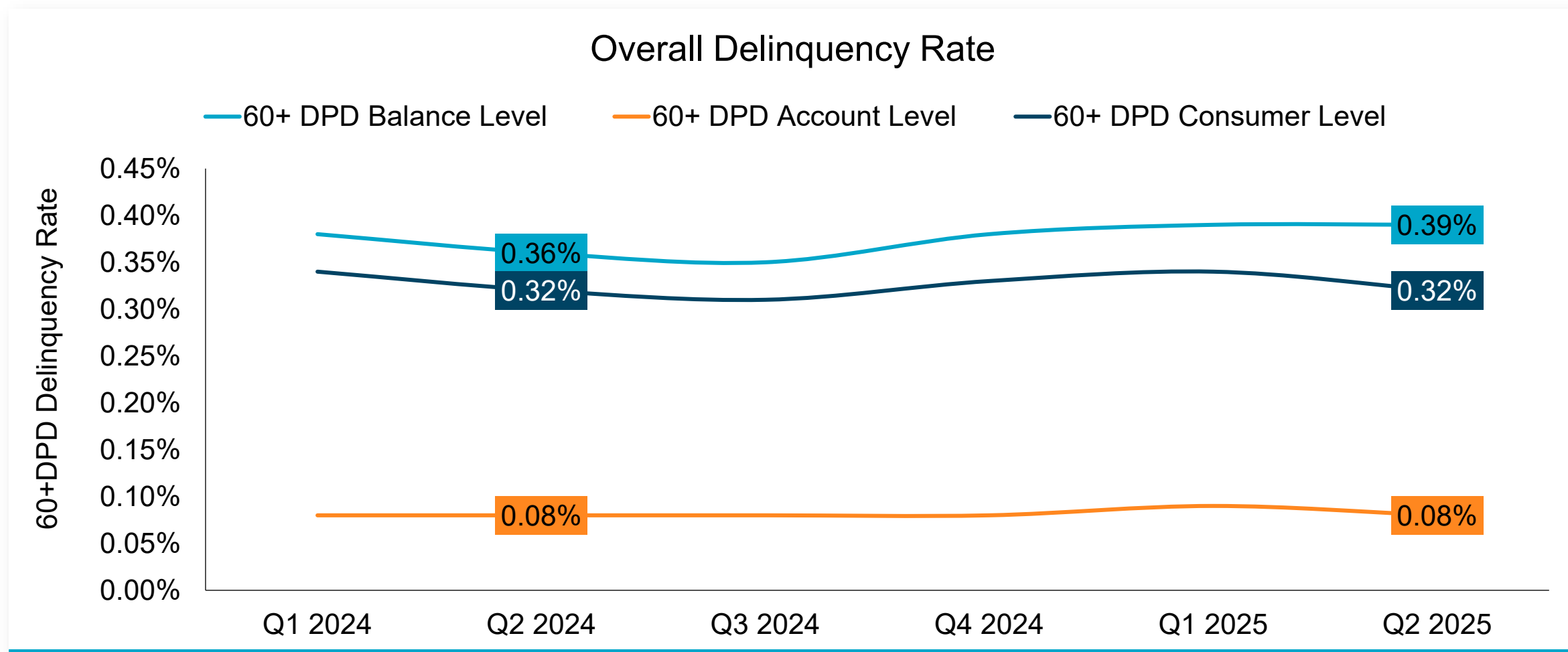
* Worse refers to consumers whose scores dropped one or more risk segments; for example, from prime to near prime.

** Better refers to consumers whose scores improved one or more risk segments; for example, from prime plus to super prime.

Risk Tier Migration for Prime Segment (Q2 2024 versus Q2 2025)



Delinquencies remain low and stable, but flat trends may mask early stress pockets



In summary:

Entry and participation

- Credit-active growth outpaced adult population – penetration, not demographics, is driving expansion.
- Secured originations rebounded (mortgage, auto) — while cards and revolving lines declined.

Preference and behaviour

- 70% of consumers remain single-product focused; cross-sell is the biggest untapped lever.
- Outstanding balances stabilized overall, with growth concentrated in secured products.

Risk and performance

- Risk distribution steady in above prime categories, but subprime volumes are creeping up in absolute terms.
- Delinquencies remain flat, though risk migration shows early stress in the prime plus segment.



Credit Cards



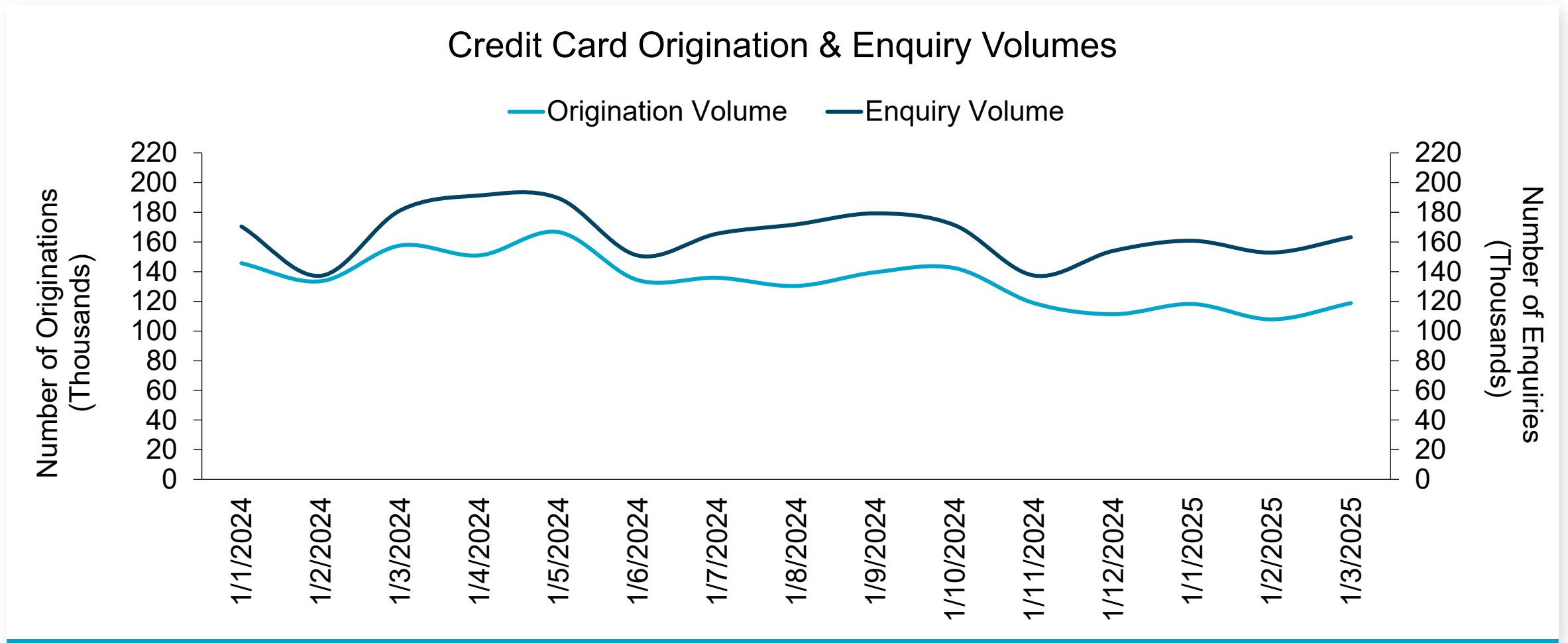


Credit card

	Actual values	YoY growth
Q1 2025 originations	348.2K	-17.9%
Q1 2025 average credit limit of originations	\$67.7K	5.4%
Q2 2025 outstanding balances	\$158.0B	-1.25%
Q2 2025 number of consumers carrying a balance	3.53M	0.74%
Q2 2025 consumer delinquency (90+ DPD)	0.11%	0 bps

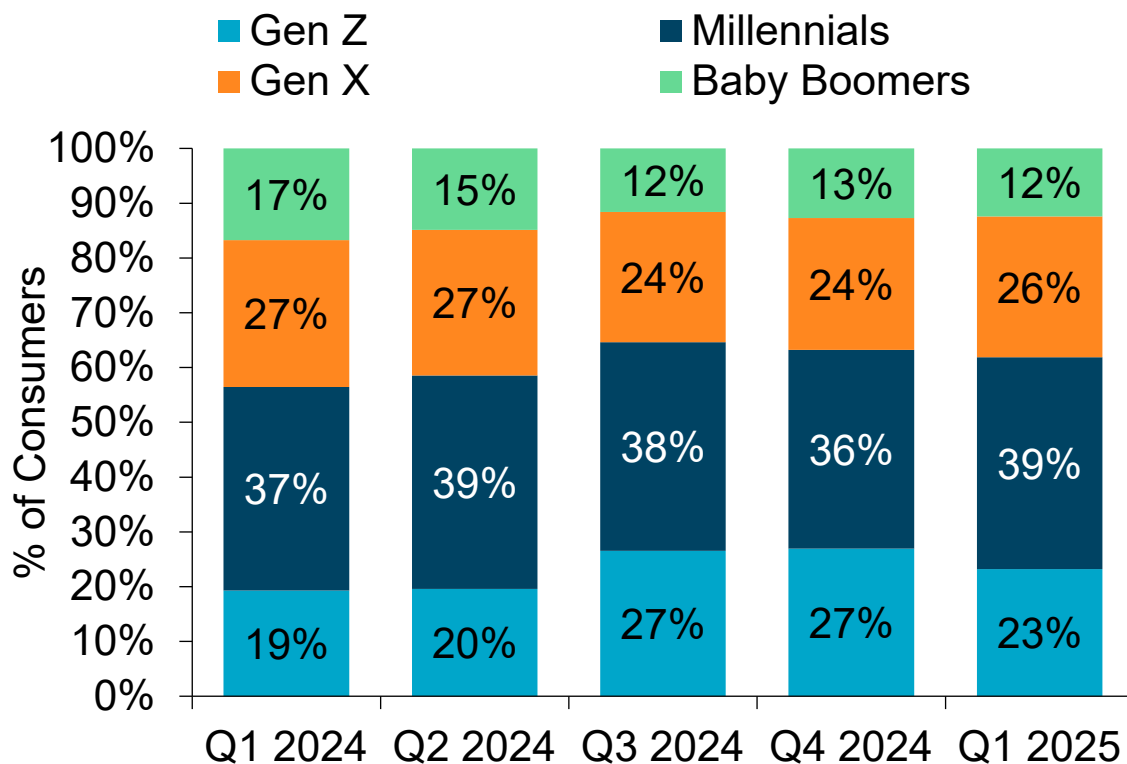


Card demand softens vs. last year, but tighter supply widens the gap as originations lag enquiries

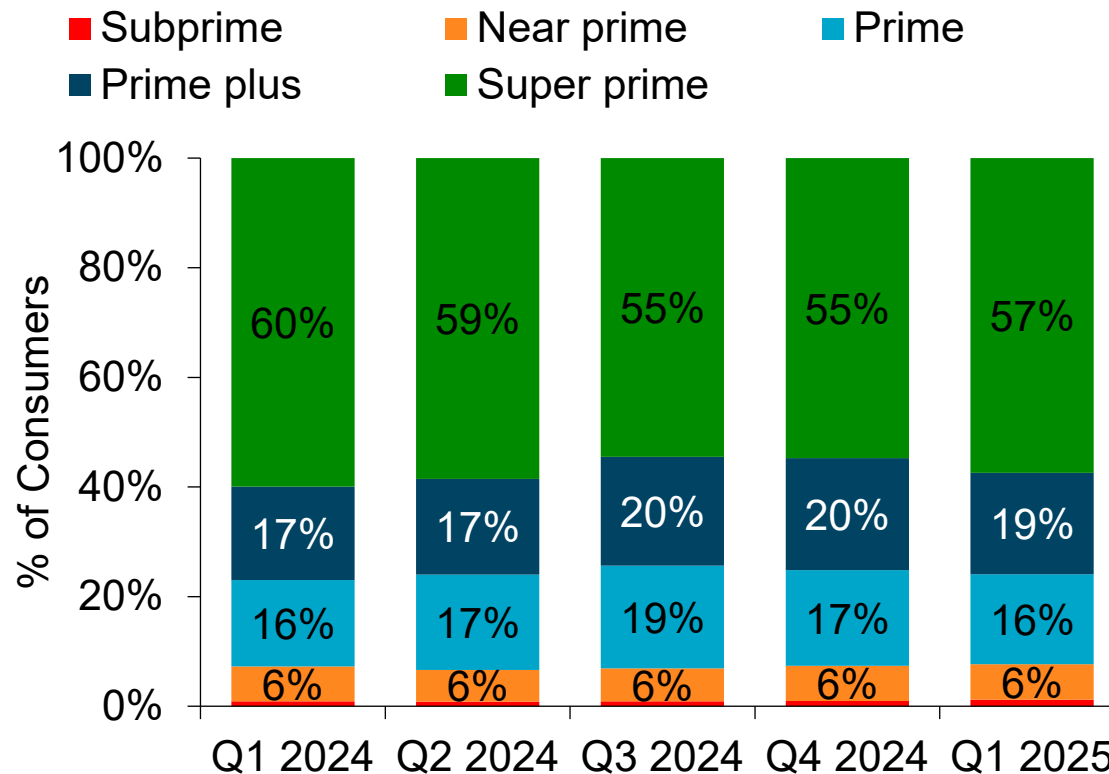


Gen Z originations fall on youth employment headwinds — while money lenders drive broader risk appetite below prime

Origination Distribution by Generation



Origination Distribution by Risk Tier



Origination Period: Jan - Sep for years shown

TransUnion CreditVision® risk score: Subprime = JJ to II; Near prime = HH to DD; Prime = CC; Prime plus = BB; Super prime = AA



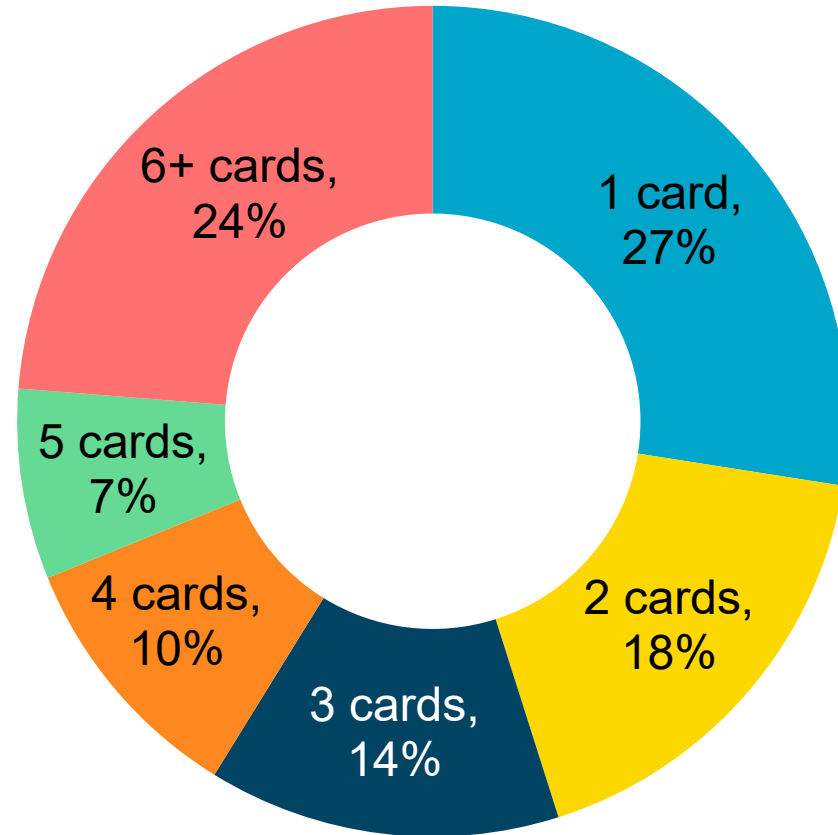
High card penetration and fragmented wallet means issuers will continue to fight for share

4,549,398
consumers

19M
cards

26
card issuers

Number of cards in wallet

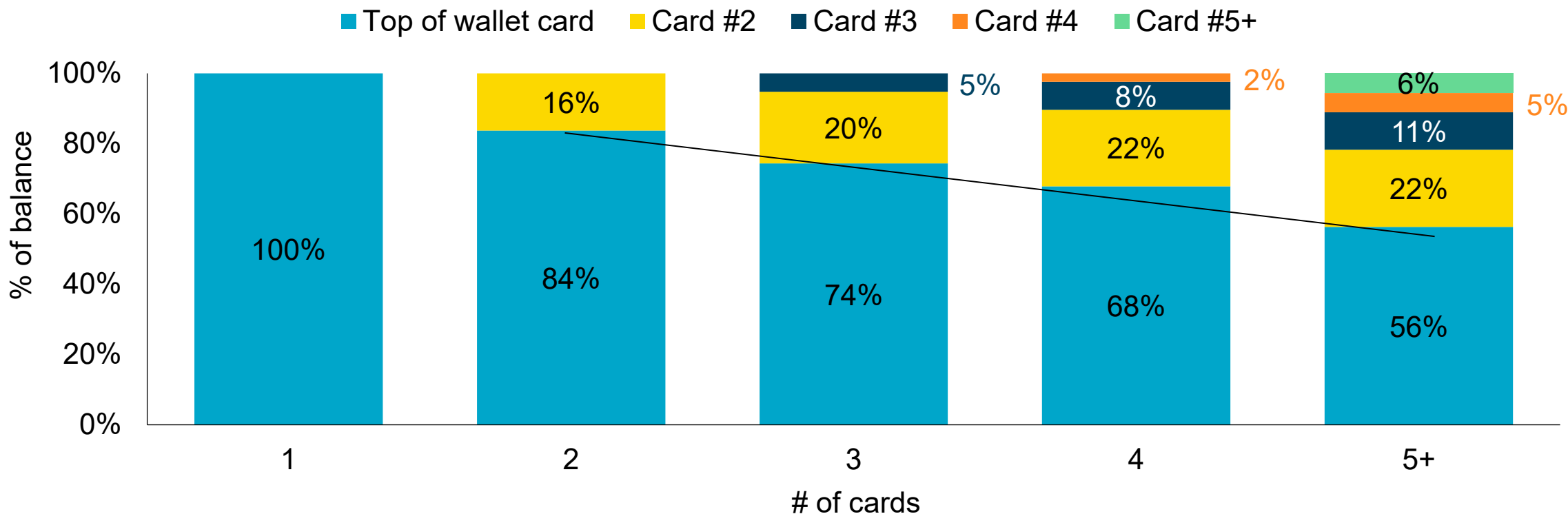


Data as at end of Q1 2025



Winning top of wallet is crucial — even among super prime consumer; 70%+ of balances sit on just one card

Balance Distribution by Number of Cards for Super Prime Consumers for Q2 2025

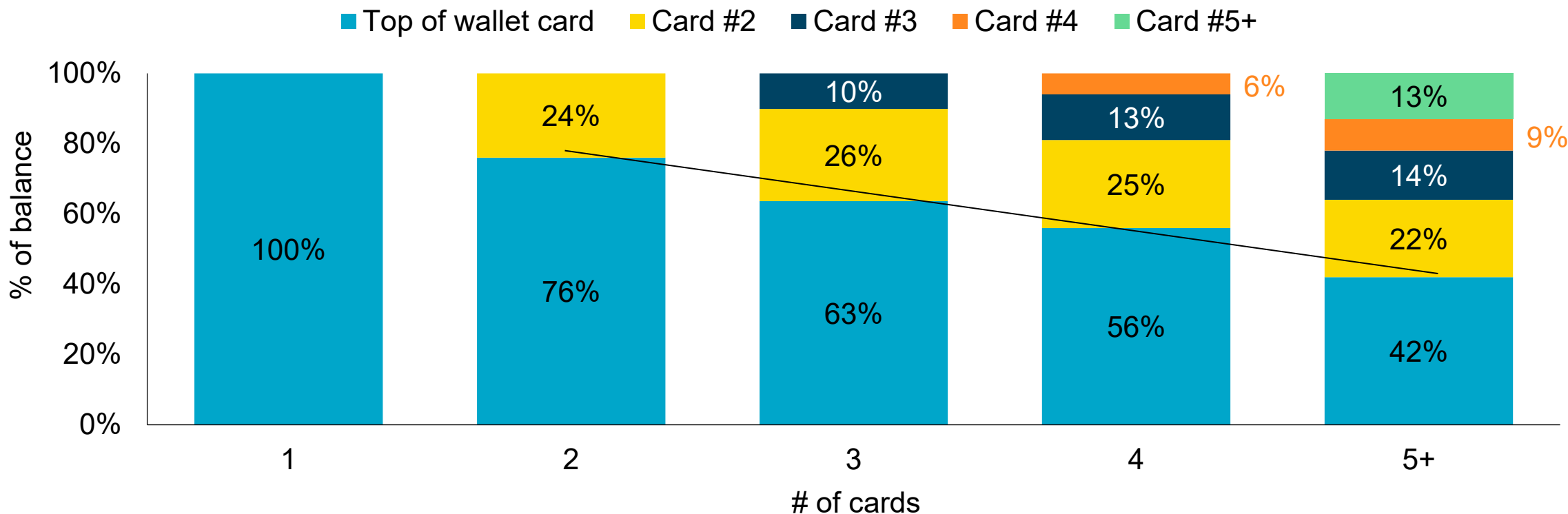


TransUnion CreditVision® risk ranges
Super prime = AA



Subprime consumers spread balances across cards — but unlike super prime, this amplifies risk exposure

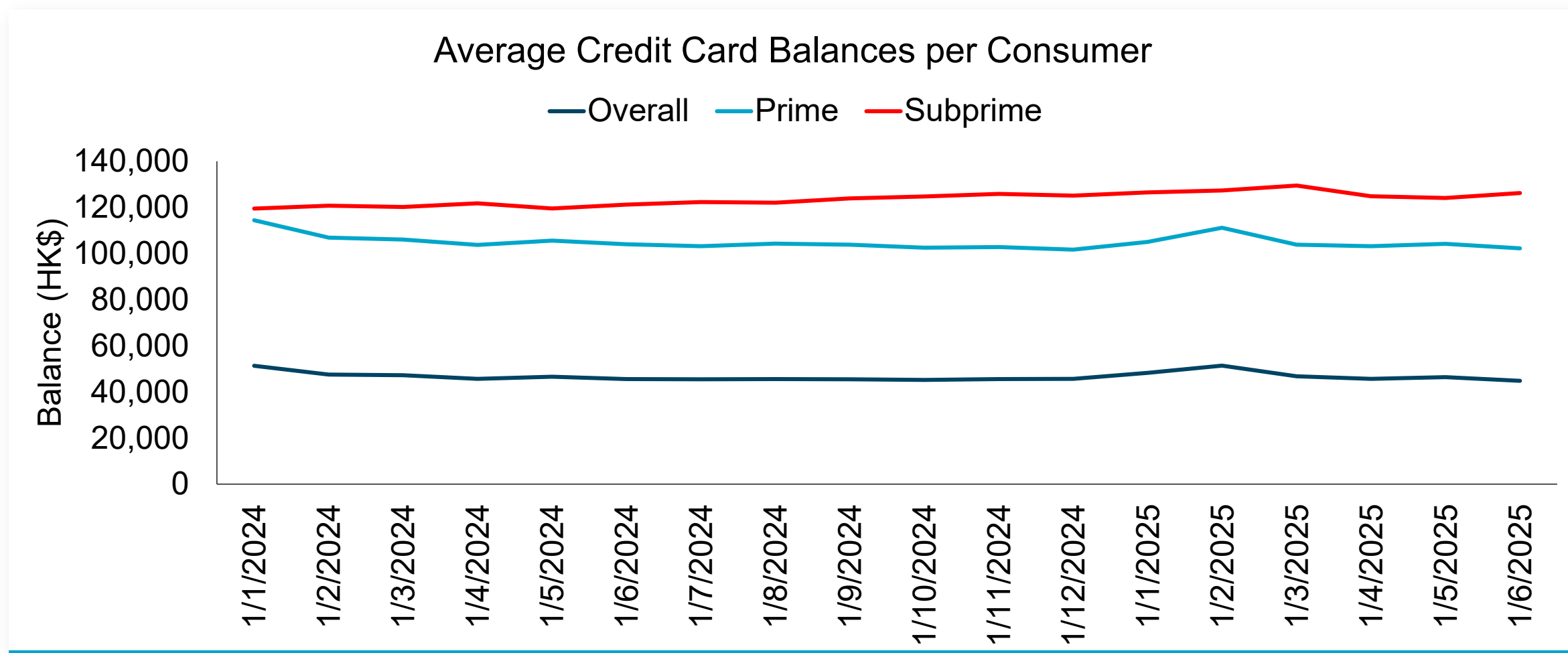
Balance Distribution by Number of Cards for Subprime Consumers for Q2 2025



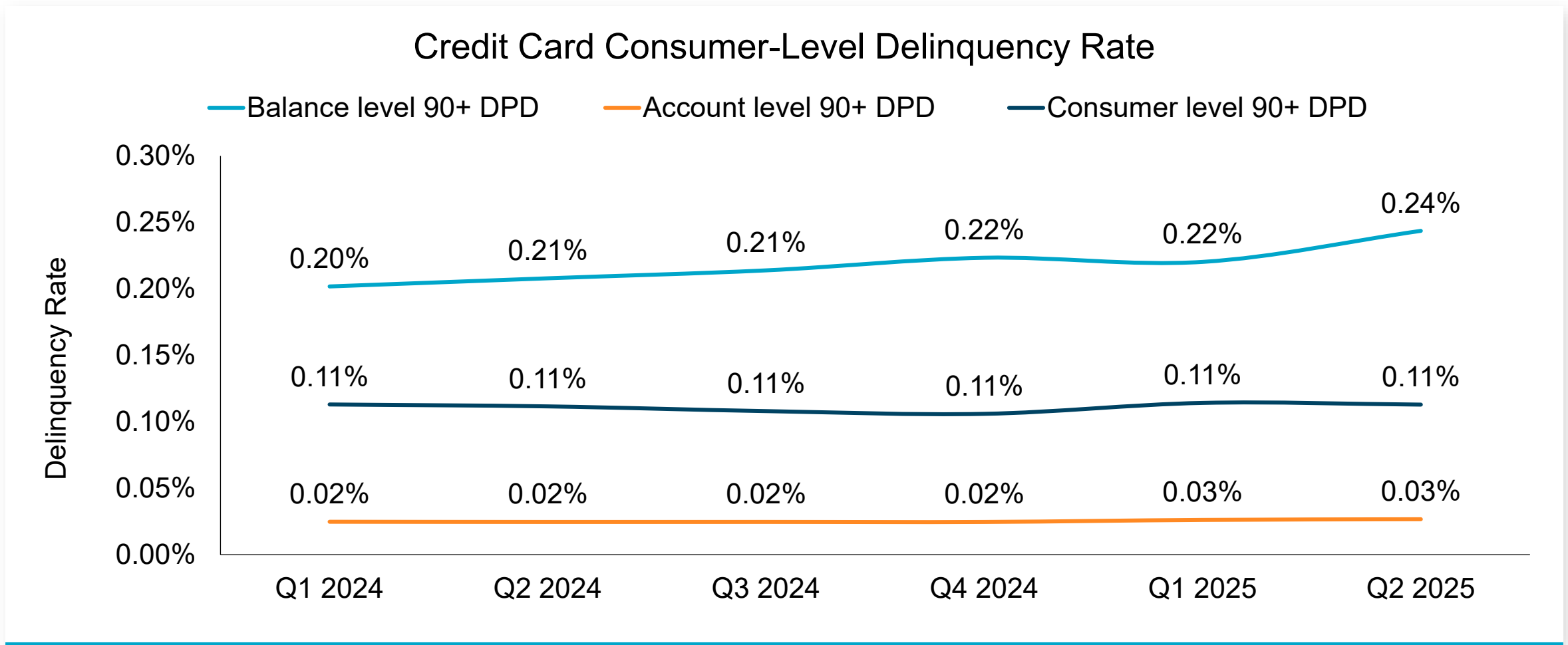
TransUnion CreditVision® risk ranges
Subprime = II-JJ



Subprime consumers carry the heaviest card balances, highlighting elevated repayment risks

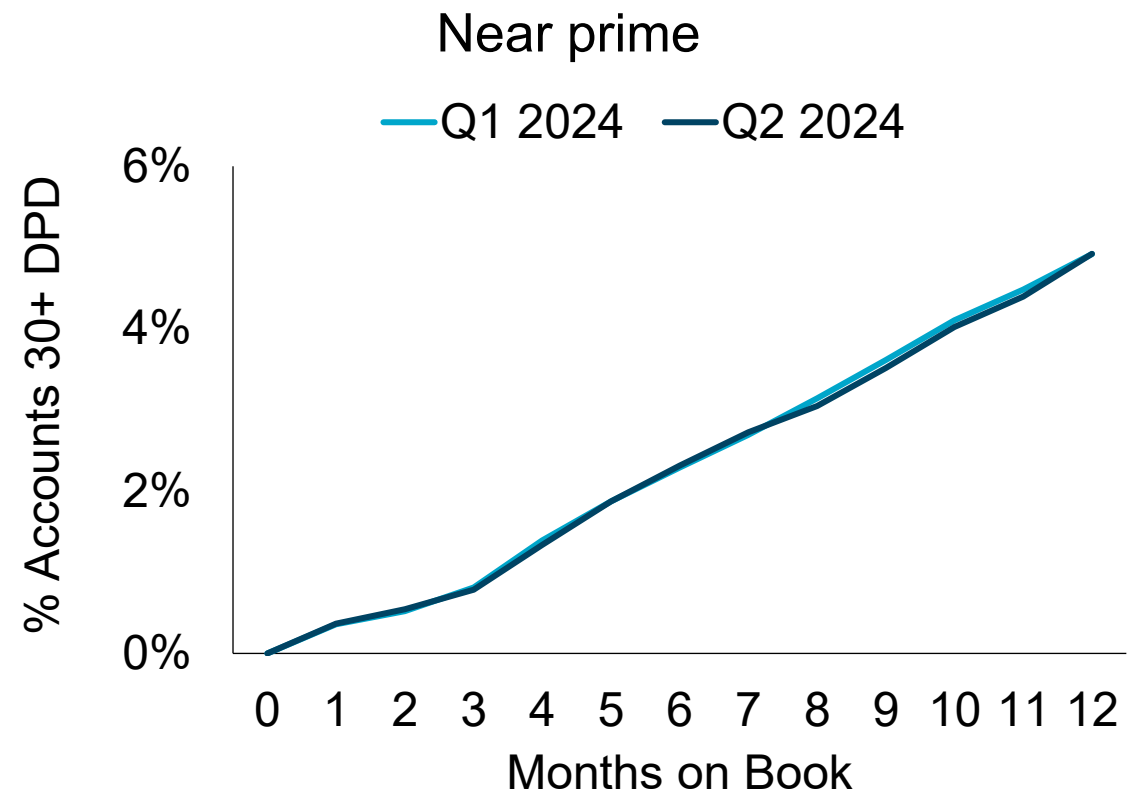
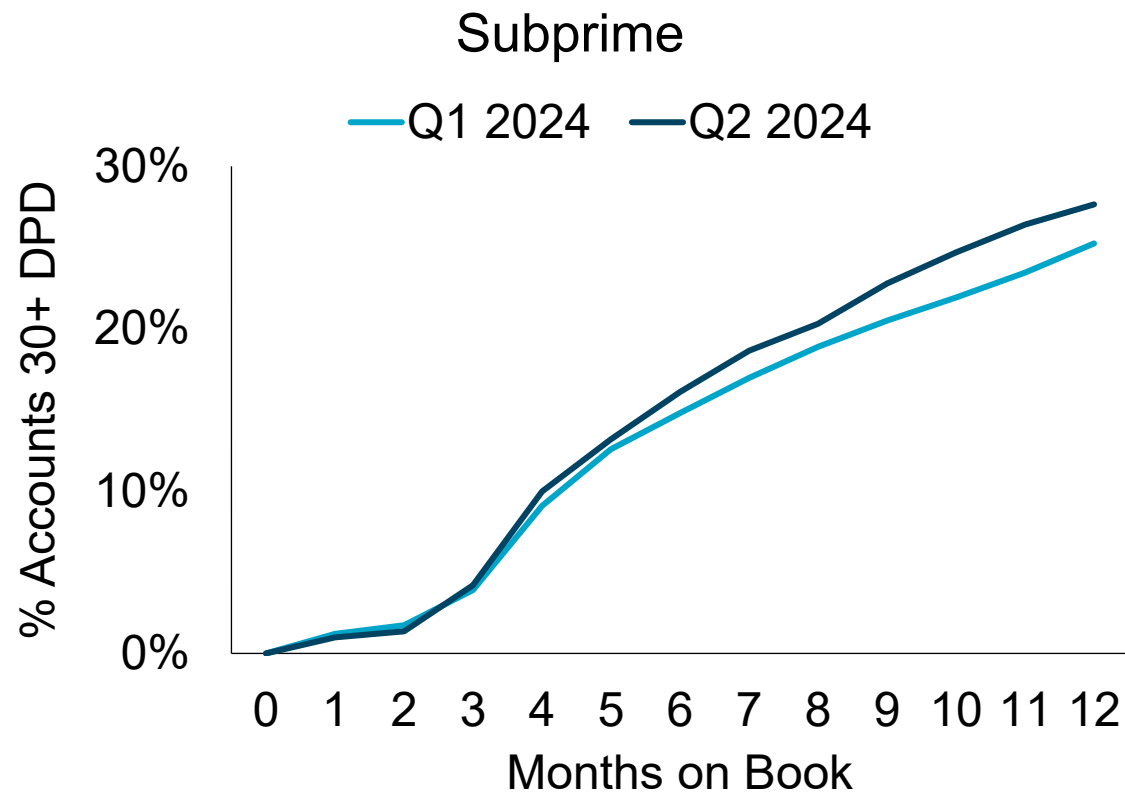


Delinquencies remain low but show gradual upward creep within the balance category



Subprime vintages deteriorating faster — while near prime shows mild upward pressure

Vintage Delinquency Rate Credit Card By Risk Tier



Key takeaways for Hong Kong's credit card market

Younger generations under pressure

- Gen Z origination share is slipping, likely reflecting youth unemployment and affordability constraints.
- Older generations, especially Gen X and Boomers, are stable.

Risk appetite broadening, but performance diverging

- Money lenders are driving expansion into higher-risk tiers.
- Subprime balances are spread across multiple cards, but delinquency vintages show early stress.

Competitive wallet dynamics intensify

- With 19M cards across 4.5M consumers, issuers must compete on rewards, experience and product innovation to secure and sustain top-of-wallet status.

Personal Loans



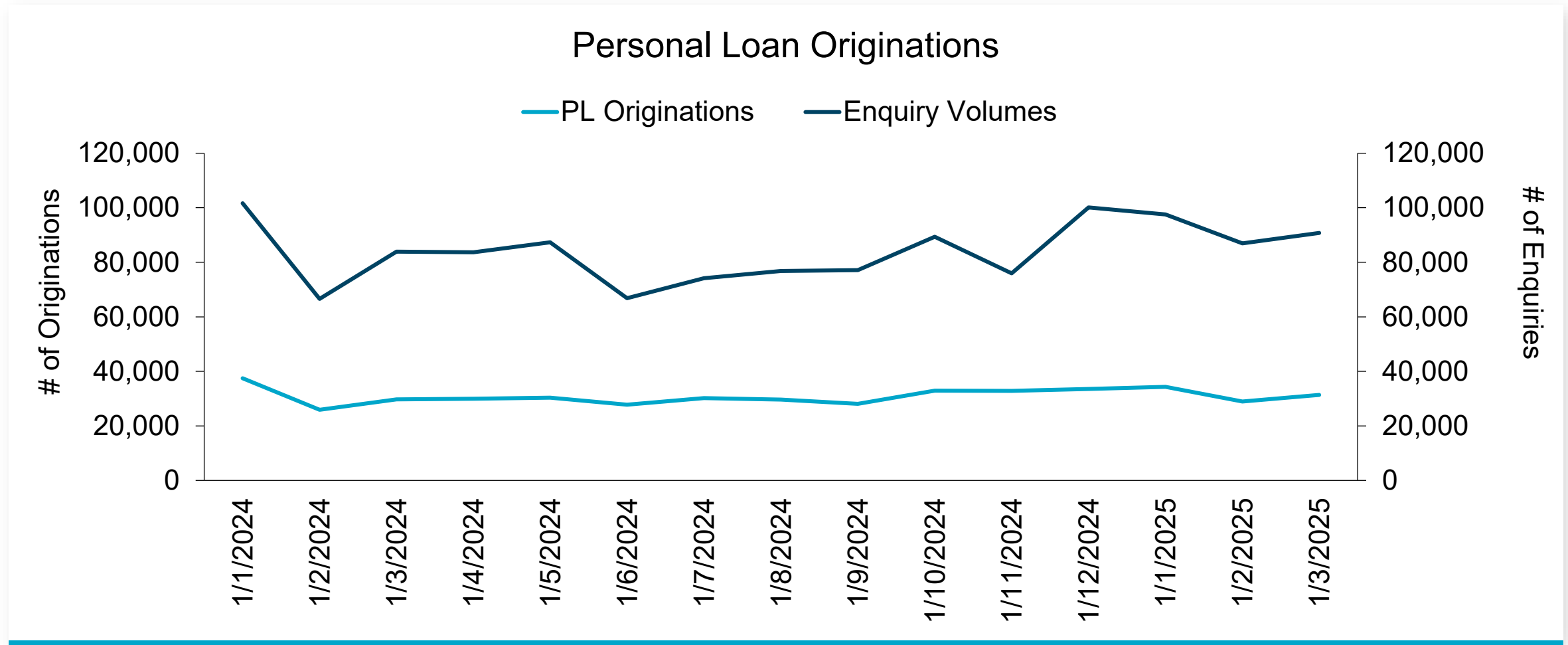


Personal loan

	Actual values	YoY growth
Q1 2025 originations	78.6K	2.12%
Q1 2025 average opening amount of originations	\$216.9K	1.95%
Q2 2025 outstanding balances	\$109B	0.93%
Q2 2025 number of borrowers	407.2K	0.2%
Q2 2025 consumer delinquency (60+ DPD)	0.98%	-7 bps



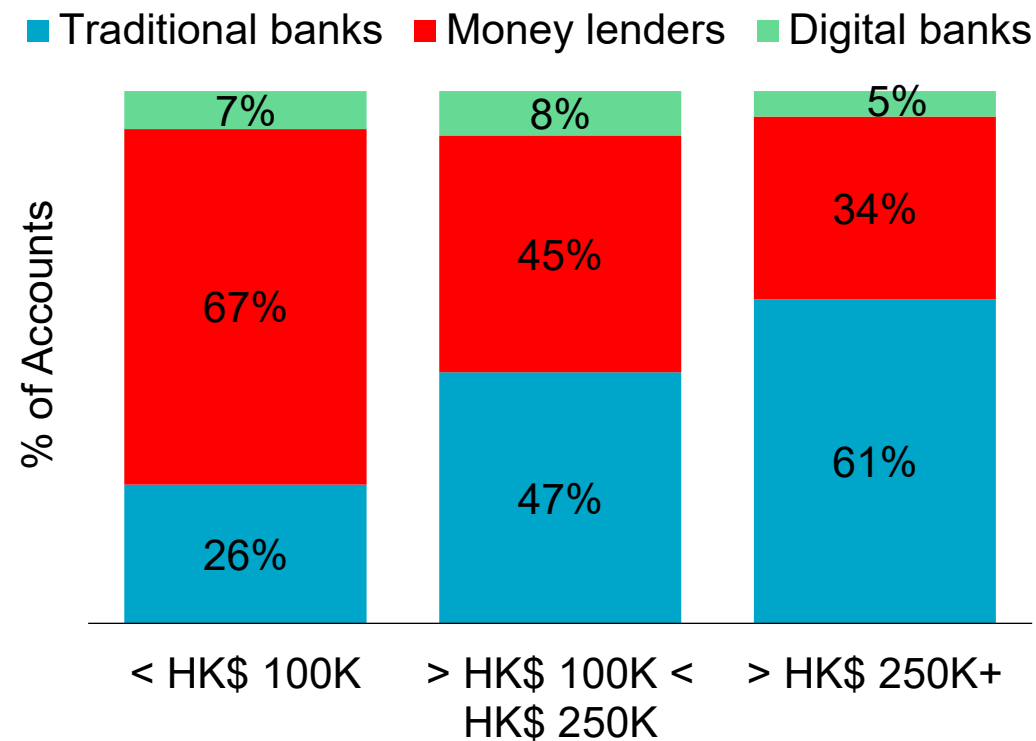
Personal loan demand stable, though enquiry volumes outpace originations



Loan ticket sizes diverge as money lenders dominate small loans; banks focus on larger tickets

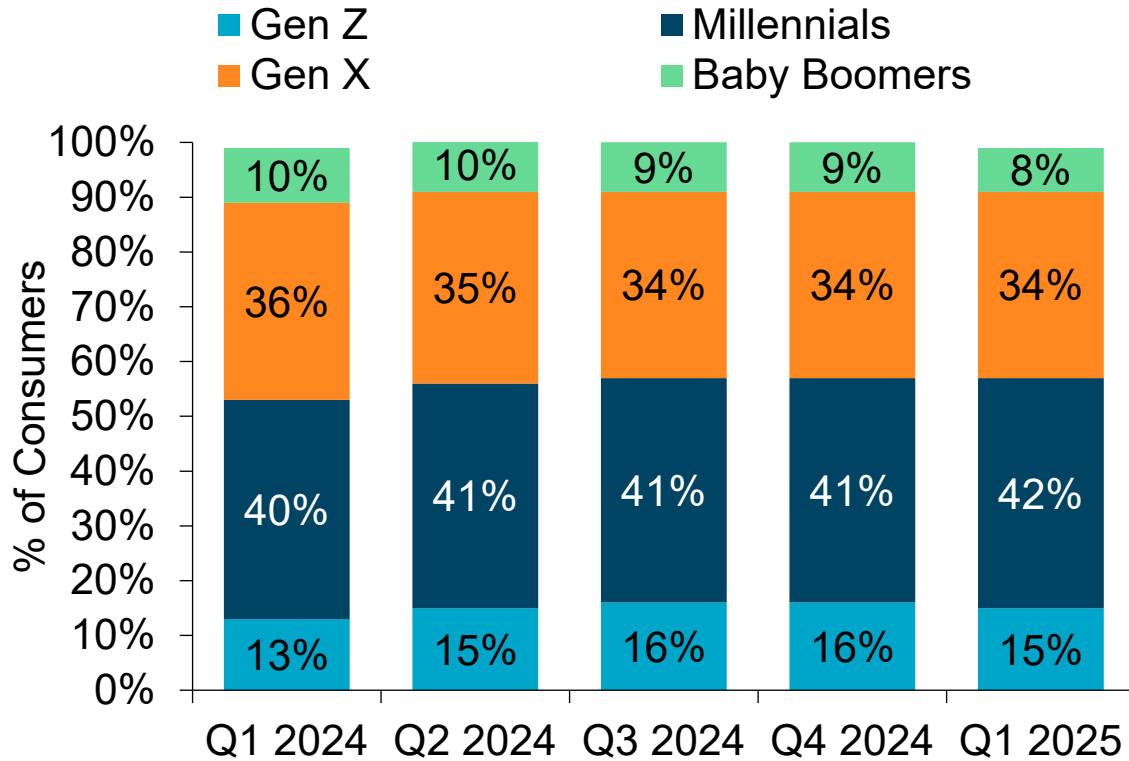
HK\$	<100K loan amount	>100K < 250K loan amount	> 250K+ loan amount
Total loan originations Q1 2025	41.7K	21.1K	20.9K
Share of originations	49.81%	25.19%	25.0%
Number of consumers	33.3K	20.1K	21.2K
Share of consumers	44.7%	26.9%	28.4%
Gen Z borrowers	60.5%	24.1%	15.4%
Millennial borrowers	41.1%	28.2%	30.7%
Share of score <prime	51.0%	25.6%	23.4%

Q1 2025 Origination Share by Value and Lender Type

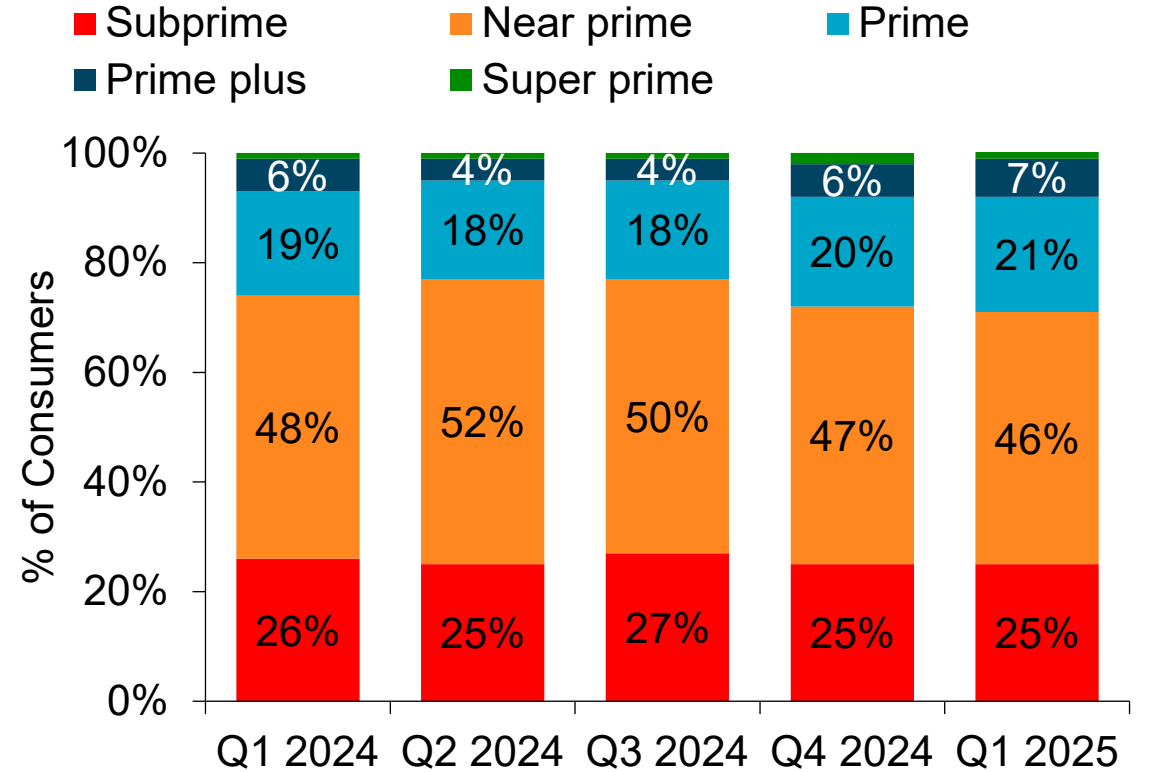


Younger generations and higher-risk tiers continue to shape origination growth

Origination Distribution by Generation



Origination Distribution by Risk Tier

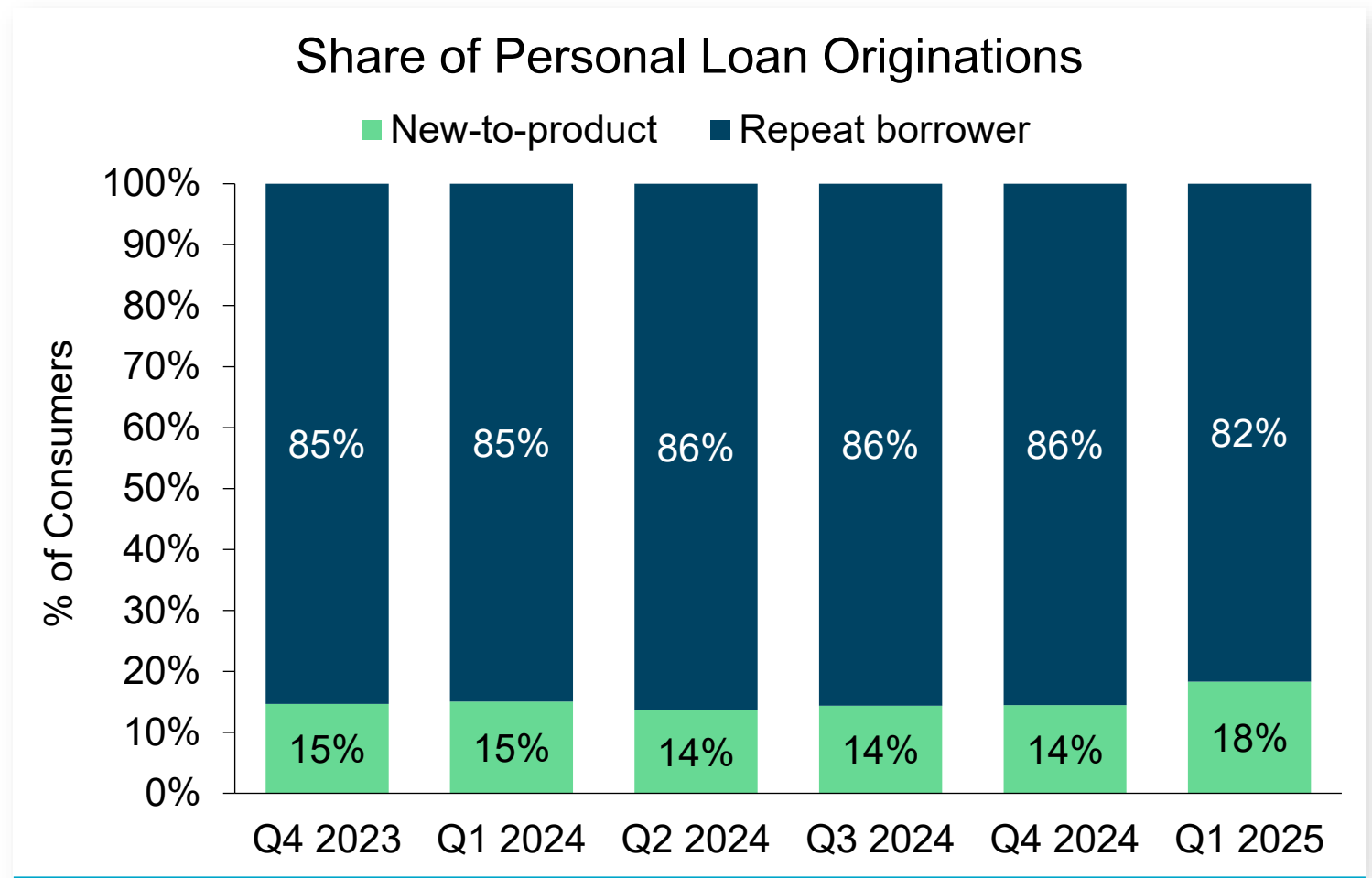


TransUnion CreditVision® risk score: Subprime = JJ to II; Near prime = HH to DD; Prime = CC; Prime plus = BB; Super prime = AA

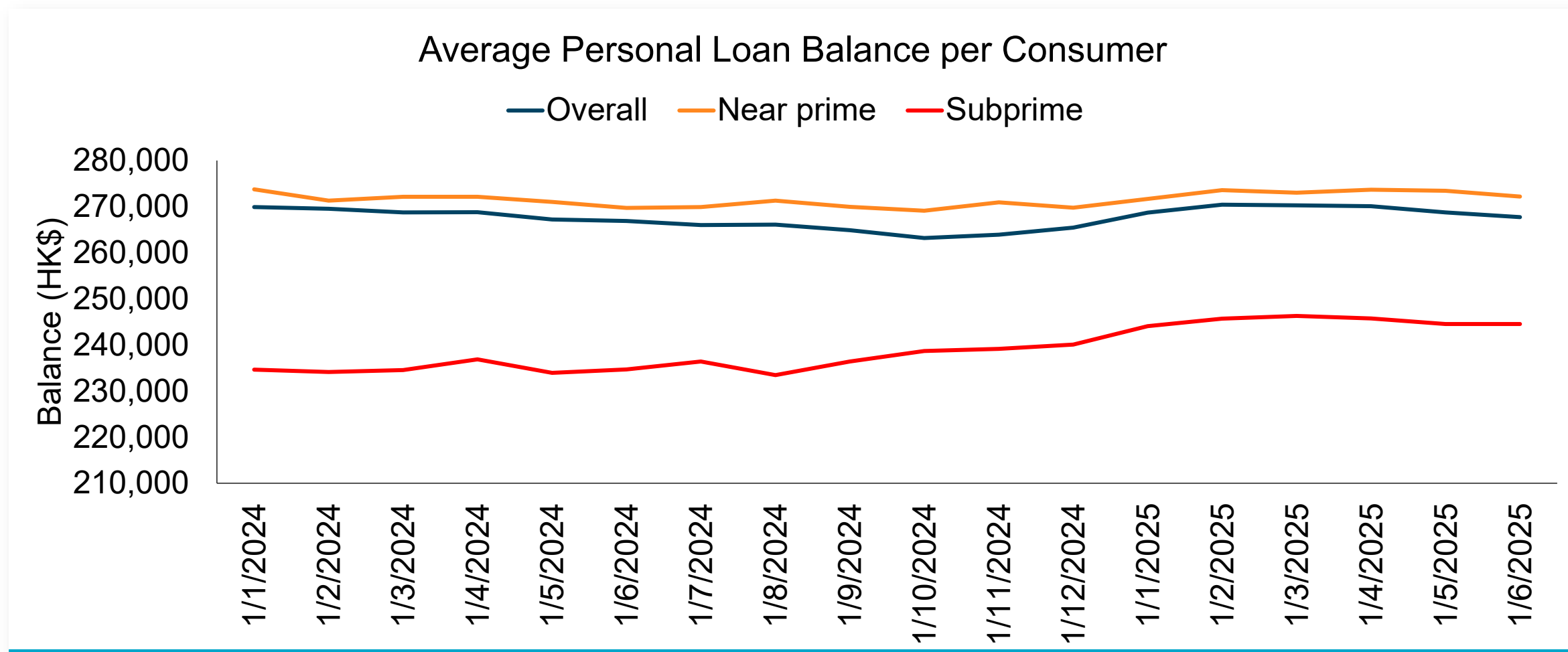


Personal loan growth remains concentrated among repeat borrowers, though Q1 2025 saw a modest rise in new-to-product participation

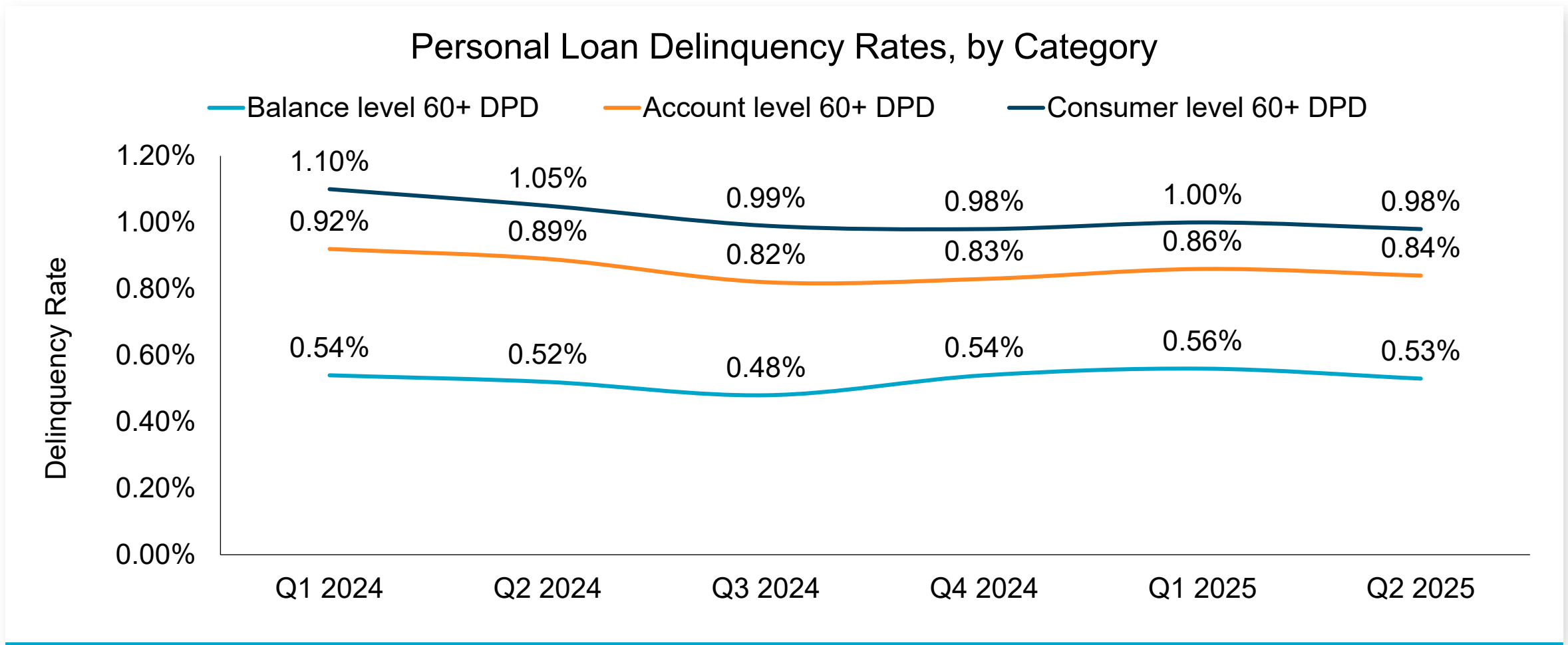
Customer type	Description
New-to-product	No personal loan ever in wallet
Repeat borrower	Existing borrower taking out a familiar product



Near prime borrowers' anchor market balances — while subprime shows gradual upward shift

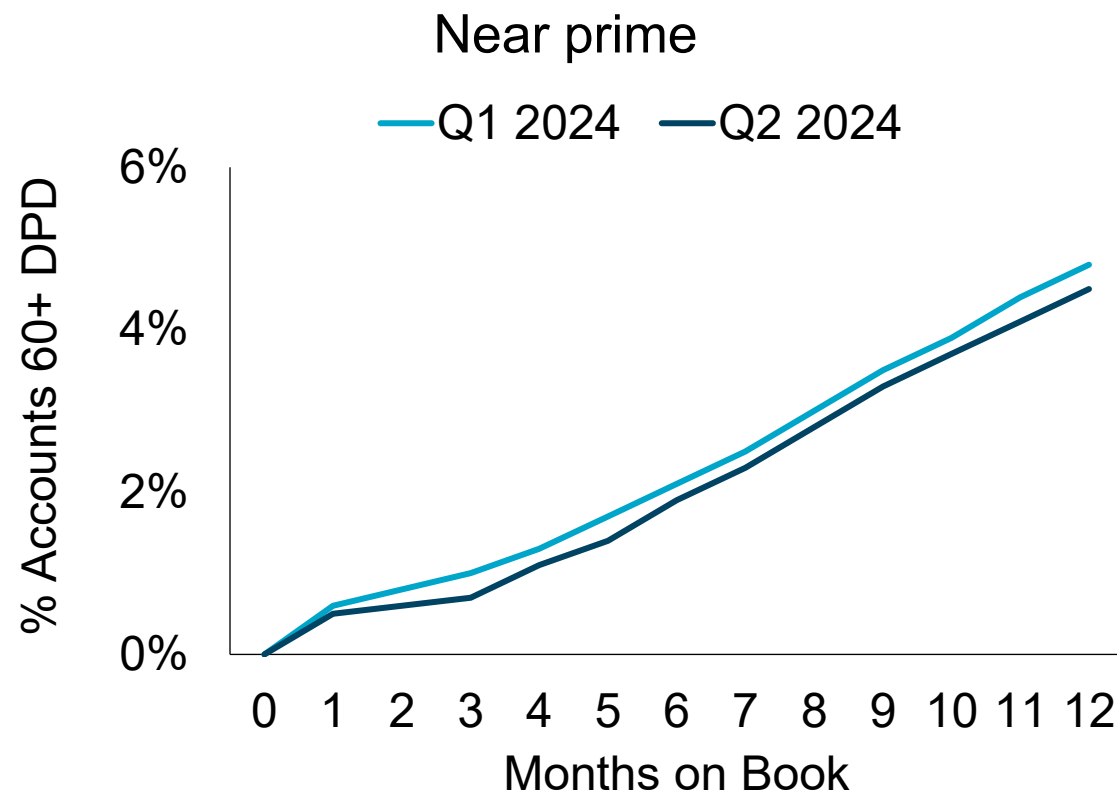
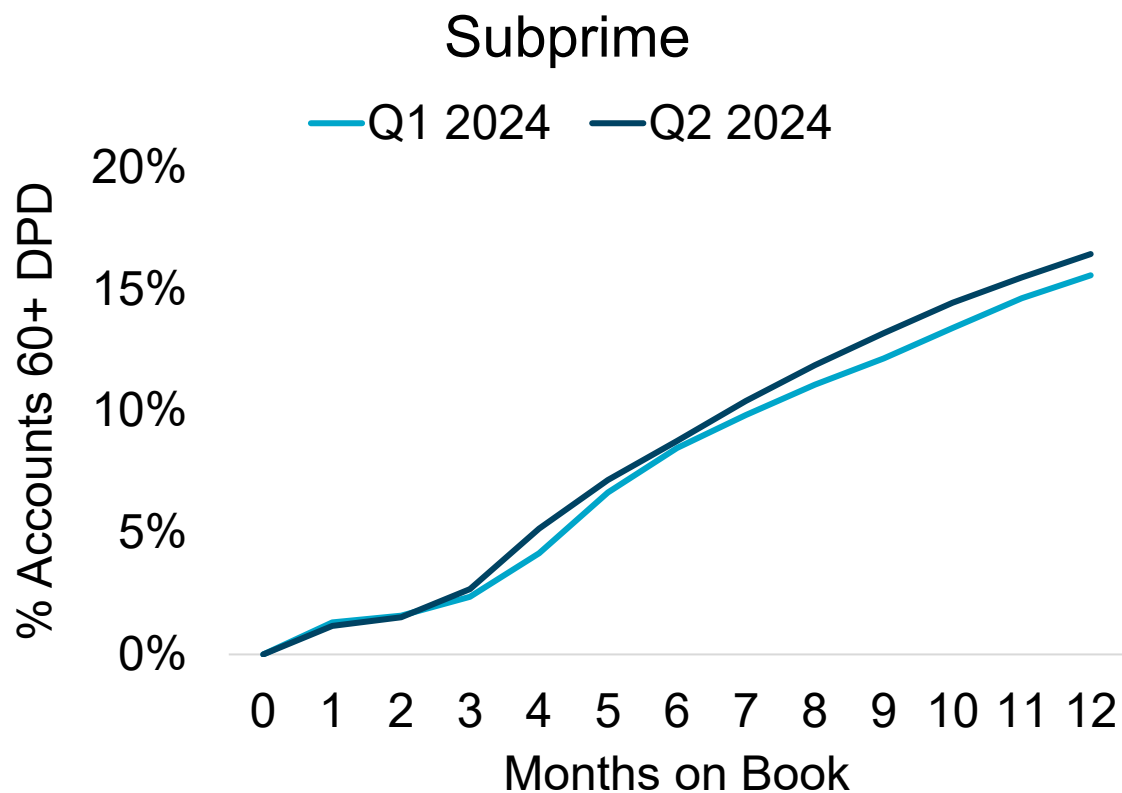


Personal loan delinquencies remain stable, with only marginal shifts across categories



Subprime delinquencies accelerate sharply — while near prime shows steadier climb

Vintage Delinquency Rate of Personal Loans With Ticket Size <100K By Risk Tier



Key takeaways for Hong Kong's personal loan market

Growth driven by repeat borrowers

Personal loan expansion continues to rely heavily on repeat borrowers, with only a small share of new-to-product consumers entering the market.

Small-ticket loans dominate but carry higher risk

Origination volumes remain concentrated in loans under HK\$100K, often skewed toward younger and subprime borrowers, leading to elevated delinquency risks.

Stable overall performance but widening risk differentiation

While aggregate delinquency rates are stable, subprime segments show steep deterioration versus near prime and above, underscoring the need for closer monitoring.



Revolving Line



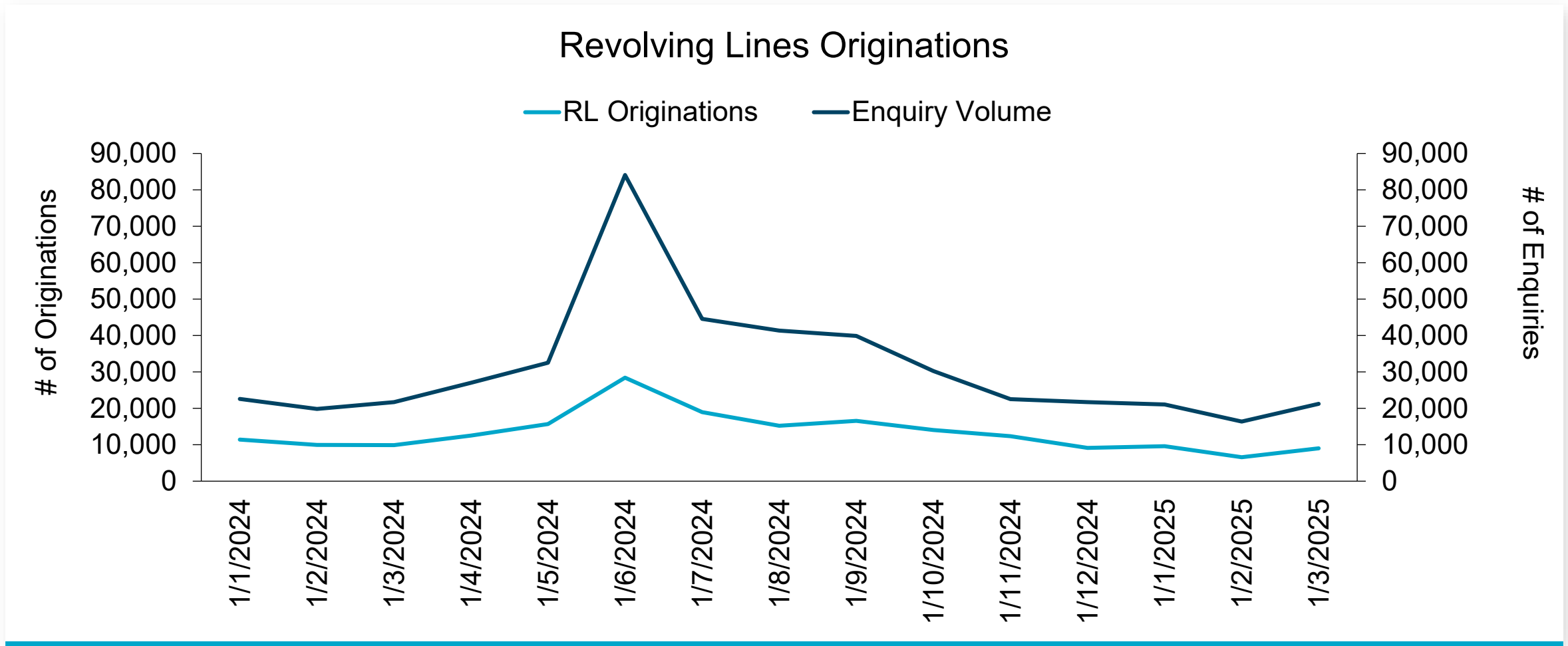


Revolving line

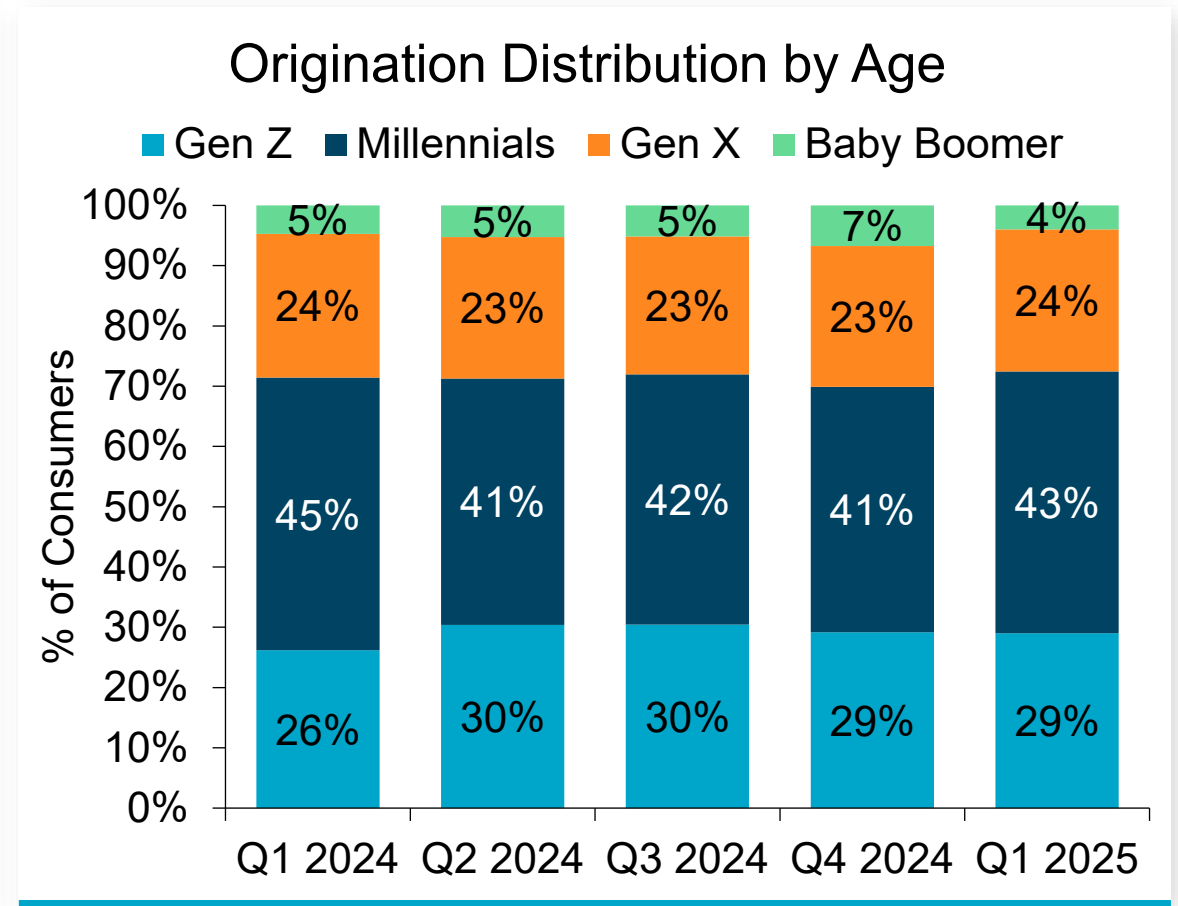
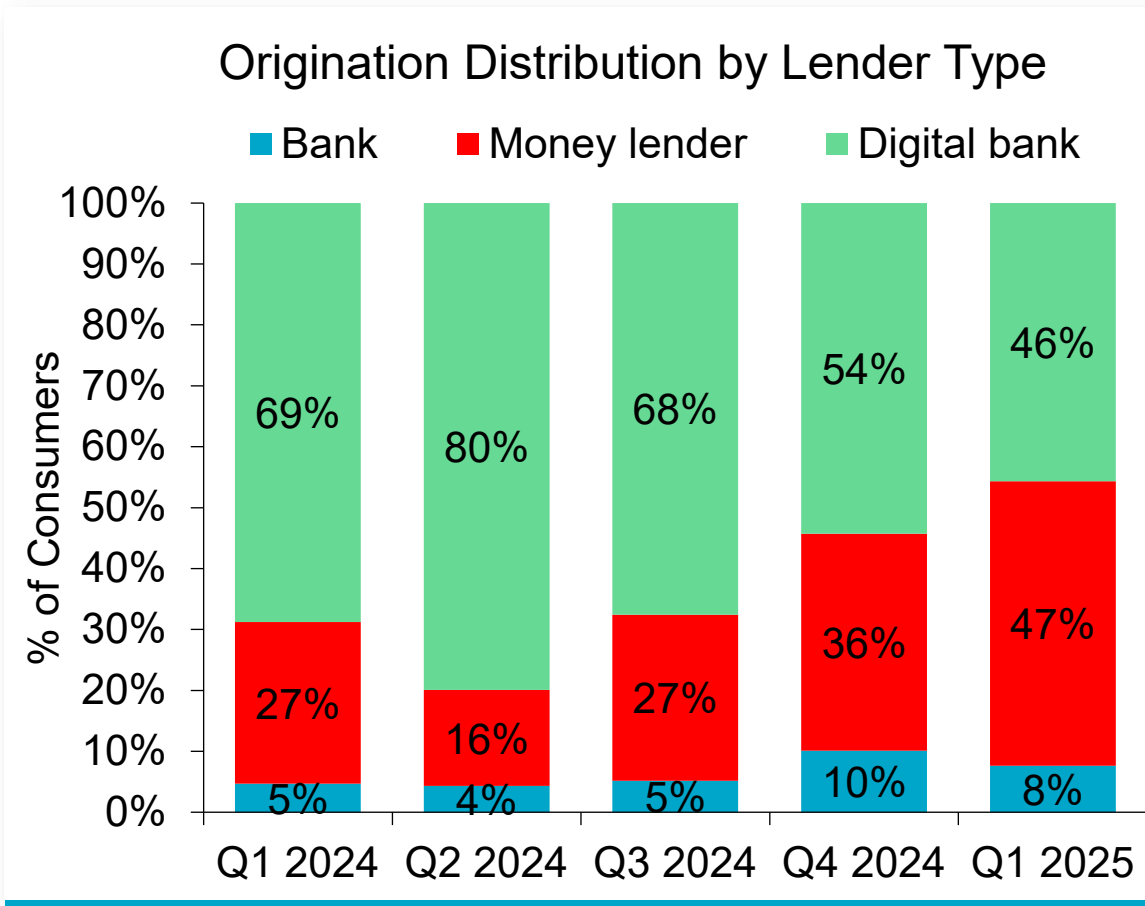
	Actual values	YoY growth
Q1 2025 originations	24.6K	-17.9%
Q1 2025 average credit limit of originations	\$58.8K	24.5%
Q2 2025 outstanding balances	\$15.6B	-3.6%
Q2 2025 number of borrowers	472.6K	2.1%
Q2 2025 consumer delinquency (60+ DPD)	1.06%	26 bps



Revolving line demand spiked mid-2024 but has since normalized as lender campaign activity eased

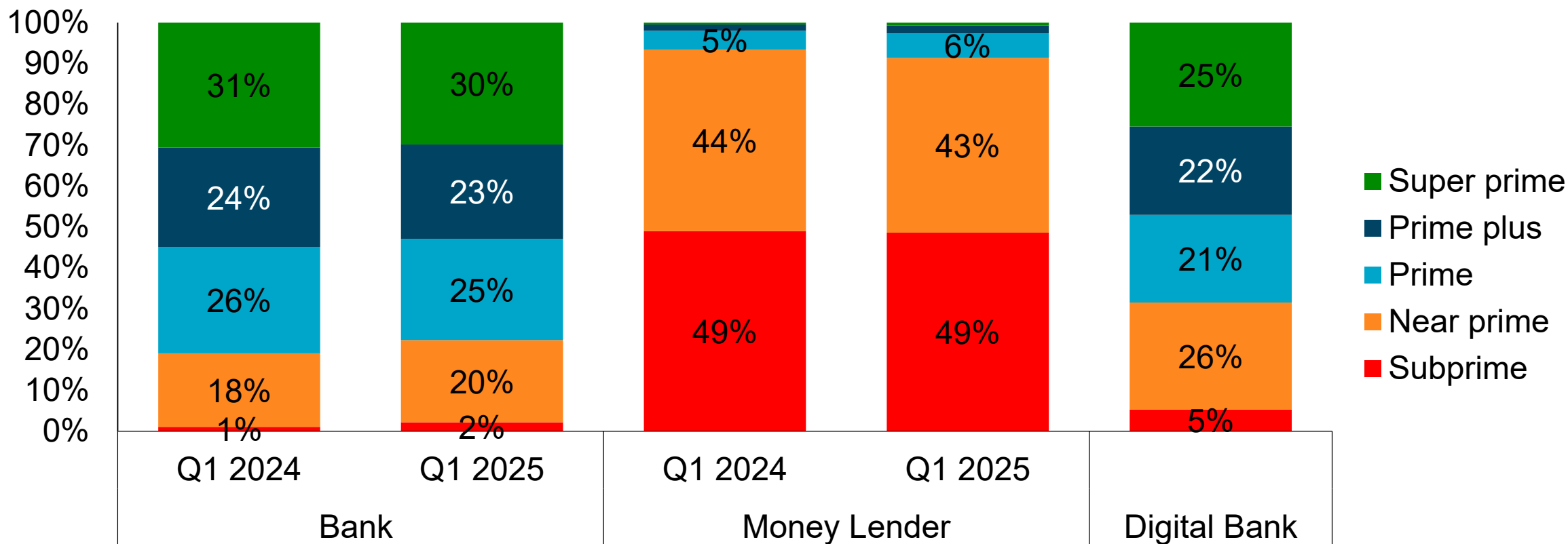


Digital bank share has eroded as money lenders gain ground; borrowers age mix remains steady



Money lenders concentrated in higher-risk segments — while banks and digital banks maintained broader risk distribution

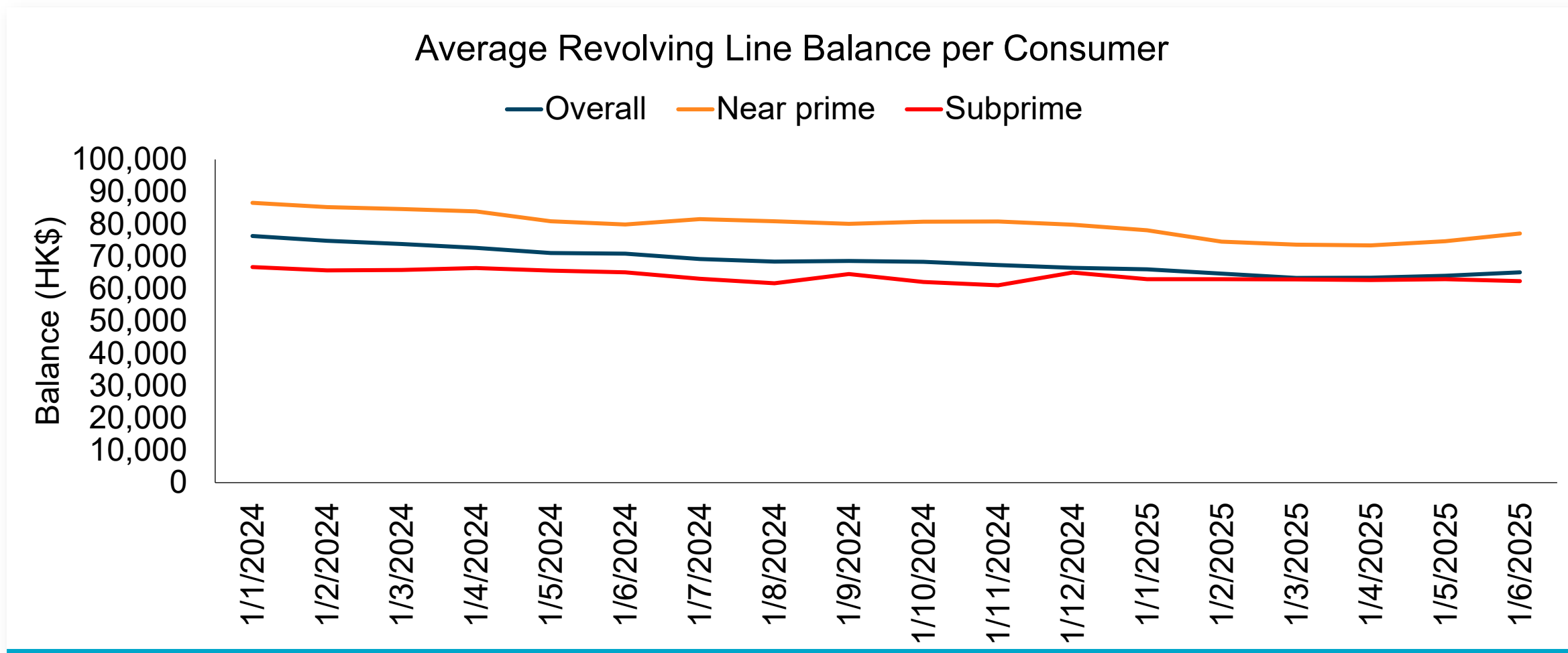
Risk Distribution of Revolving Line Originations by Lender Type



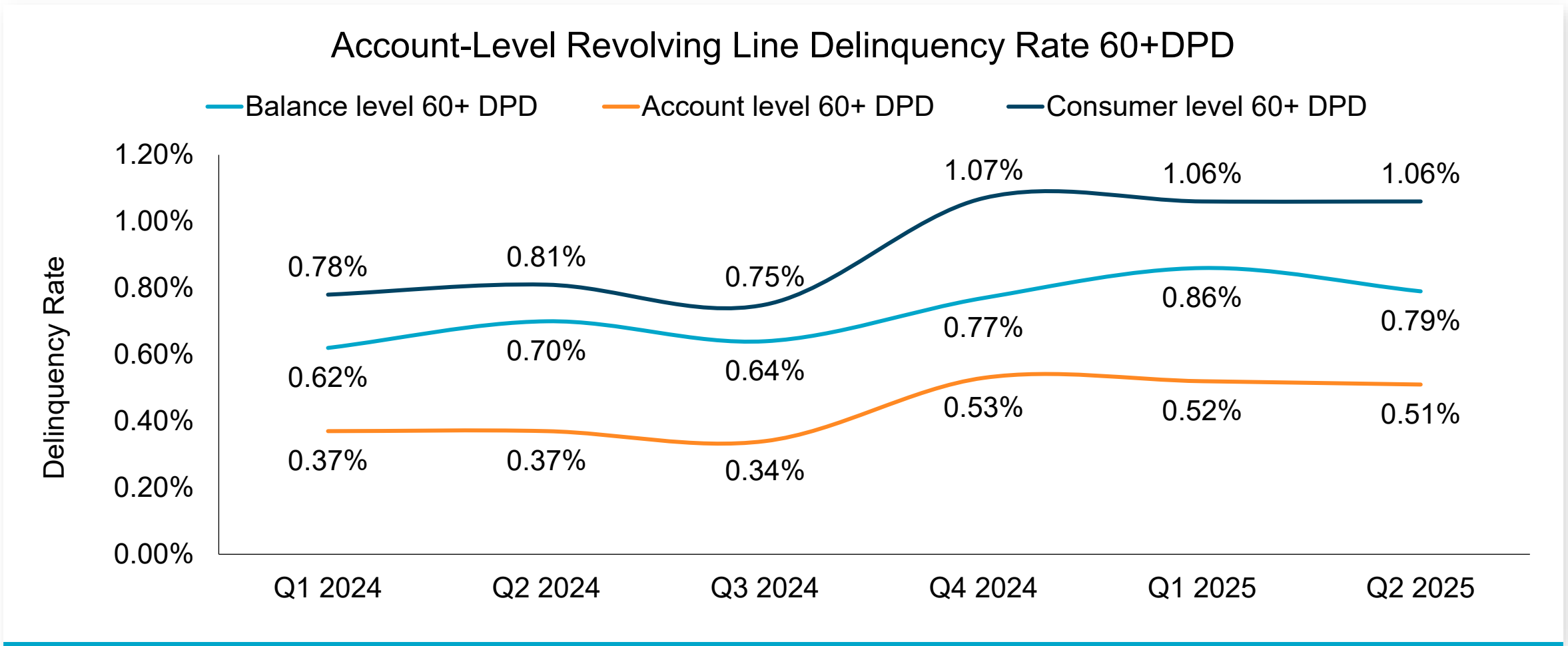
TransUnion CreditVision® risk score: Subprime = JJ to II; Near prime = HH to DD; Prime = CC; Prime plus = BB; Super prime = AA



Average revolving line balances remain steady across risk tiers



Revolving line delinquencies ticked up in late 2024 but have since stabilized



Key takeaways for Hong Kong's revolving line market

Demand peaked but has since stabilized

Revolving line originations surged mid-2024 but moderated in H2 and into 2025 as lender campaigns eased, settling into more stable demand levels.

Borrowers base expands despite lower originations

While originations contracted year over year, the number of borrowers still grew modestly, supported by higher credit limits at origination.

Risk remains contained but diverge by lender type

Overall delinquency rates have stabilized around the 1.1% mark, but money lenders show heavy subprime exposure — in contrast to banks and digital banks that lean prime and above.

Implications for Lenders to Consider



Implications for lenders to consider

Rethink growth strategies amid shifting demand

- With card and loan demand stabilizing and revolving line growth moderating post-peak, lenders need to recalibrate acquisition strategies.
- Campaign activity and targeting should shift toward sustainable growth segments rather than one-off spikes in demand.

Optimise digital vs. traditional channels

- Digital banks have lost share in revolving lines — while money lenders and banks have gained ground.
- Lenders should evaluate channel performance and refine digital propositions to remain competitive, especially among the younger demographic.

Deepen engagement with younger borrowers

- Growth in personal loans is concentrated in Gen Z and Millennials, often through digital channels.
- This presents an opportunity to capture long-term relationships but requiring tailored underwriting and education to manage higher risk profiles.

