

TRANSUNION INDUSTRY INSIGHTS REPORT

Overview of Consumer Credit Trends Released by TransUnion Hong Kong

November End 2024*



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Executive Summary

The Hong Kong consumer credit market showed different trends across products, highlighting how lenders are adapting to changing conditions. Credit cards and mortgages remained relatively stable with modest growth, while auto loans and personal loans shrank in a controlled manner. Revolving lines is undergoing major changes driven by digital banks. Despite these different paths, there's a common theme: Lenders have become more cautious about risk while adjusting to changes in how consumers behave and how competition is evolving.

Credit card and mortgage accounts both showed moderate growth (credit cards steady at 19.05 million accounts despite slight YoY decline; mortgages up 1.45% YoY to 702.82 thousand), signalling continued consumer confidence in these core financial products. In stark contrast, auto loans contracted sharply (-7.02% YoY to 15.40 thousand accounts), suggesting a structural decline in vehicle financing. Personal loans showed a milder contraction (-1.15% YoY to 598.79 thousand accounts), while revolving credit accounts have grown substantially (+6.24% YoY to 579.83 thousand) despite significant quarterly volatility.

A common thread across all segments was the notable pullback in origination values, even as account volumes continue growing. Average new credit card lines decreased by 6.55% YoY, new auto loan amounts by 16.52% YoY, new personal loan balances by 2.93% YoY, and most dramatically, new revolving credit lines by 32.75% YoY. Mortgage origination volumes were down 25.23% YoY despite recent quarterly momentum. This consistent reduction in new credit amounts reflects a market-wide recalibration toward more conservative lending.

Portfolio quality exhibited mixed indicators with some showing early signs of risk. Auto loans, revolving credit and mortgage delinquencies all increased slightly, though from extremely low bases. Personal loans presented a mixed picture with improving account-level metrics but deteriorating balance-level delinquencies. Only credit cards maintained essentially stable delinquency rates. These subtle shifts merit close monitoring, particularly in revolving credit where rapid growth in digital bank originations coincided with the most significant increases in delinquency rates.

The transformative role of digital banks was perhaps the most significant market-wide development, most visibly in the revolving credit segment where they now account for over two-thirds of originations. These lenders are fundamentally reshaping competitive dynamics by focusing on smaller-limit products with faster approvals, driving explosive origination growth (+76.38% YoY) but with substantially smaller credit lines. This digital disruption has yet to fully impact other products but represents a structural shift that traditional lenders must navigate.

Overall, the Hong Kong consumer credit market demonstrated disciplined adaptation to economic uncertainties. Lenders across all products appeared to be prioritising existing customer relationships over aggressive new account acquisition, maintaining strong portfolio quality while carefully managing exposure through reduced credit limits and tightened underwriting. As Hong Kong continues to face property market challenges and broader economic pressures, this balanced approach positions the market well for sustainable performance, though digital disruption will likely continue to reshape competitive dynamics — especially amongst younger consumer segments who represent the growth pipeline for Hong Kong's consumer credit market.

All the data in dollar amount in the report is in HKD.

Bankcard Summary

BANKCARD METRICS	Sept.– Nov. 2024	Q-O-Q change	Y-O-Y change
Number of Accounts	19.05M	0.03%	-0.26%
Outstanding Balance	160.55B	0.35%	1.43%
Total Credit Lines	1.43T	0.1%	0.74%
Average Balance (per consumer)	45.58K	0.1%	0.28%
Average Credit Line (per consumer)	405.94K	-0.15%	-0.41%
Number of Consumers With Access to an Active Trade	4.52M	0.63%	2.06%
Number of Consumers Carrying a Balance	3.52M	0.25%	1.16%
Origination Volumes (June–Aug. 2024)	406.02K	-13.46%	-9.14%
Average New Account Credit Line (June–Aug. 2024)	62.21K	-1.13%	-6.55%
Account-Level Delinquency Rate (90+ DPD)	0.02%	0 bps	0 bps
Consumer-Level Delinquency Rate (90+ DPD)	0.1%	0 bps	0 bps
Balance-Level Delinquency Rate (90+ DPD)	0.22%	1 bps	2 bps

Source: TransUnion Hong Kong consumer credit database

The Hong Kong credit card market presented a picture of calculated restraint as 2024 came to a close. While the market holds steady at 19.05 million accounts, with minimal quarterly growth and a slight yearly decline, outstanding balances crept upward to \$160.55 billion — a 1.43% year-over-year increase. This divergence between account numbers and balances tells a story of Hong Kong consumers using their existing cards more intensively rather than acquiring new ones, possibly reflecting both consumer caution and the impact of increasing living costs (particularly rising rental costs) that pushed more spending onto revolving credit.

Behind the topline figures lies a more nuanced consumer landscape. The 4.52 million Hong Kong residents with active credit cards (up 2.06% year-over-year) and 3.52 million carrying balances revealed a market where credit cards remain an essential financial tool. Most notably, single cardholders have grown by 5% in volume year over year, significantly outpacing overall consumer growth. This signals a meaningful shift in preferences for some consumers (27%) as they increasingly focus on a primary card rather than maintaining multiple options. The average consumer now carries a substantial \$45,580 balance while having access to a generous \$405,940 in credit lines, though this available credit has marginally contracted over the past year. This considerable gap between utilisation and availability demonstrates both untapped growth potential and prudent risk management in a mature market.

Perhaps most telling was the sharp pullback in new account originations, declining 13.46% quarter over quarter and 9.14% year over year to just 406,020 new accounts between June and August. This decline aligns with the single-cardholder growth trend as issuers face a market where consumers are becoming more selective about their credit relationships. Lenders are issuing fewer cards and offering more modest initial credit lines (now averaging \$62,210, down 6.55% from last year). This cautious stance on new business hasn't compromised portfolio quality as delinquency rates remained remarkably low across all metrics.

The credit card market demonstrated both resilience and restraint. Lenders appeared to prioritise depth over breadth, focusing on existing customer relationships rather than aggressive expansion. This strategy has maintained exceptional portfolio quality despite economic uncertainties, with ample headroom for growth through increased utilization. As Hong Kong navigates potential economic headwinds, this balance between prudence and potential positions the market for sustainable performance, provided broader economic conditions remain supportive.

All the data in dollar amount in the report is in HKD.

Auto Loan Summary

AUTO LOAN METRICS	Sept.– Nov. 2024	Q-O-Q change	Y-O-Y change
Number of Accounts	15.40K	-0.39%	-7.02%
Outstanding Balance	2.85B	-0.34%	-7.87%
Average Balance (per consumer)	189.01K	0.06%	-0.95%
Number of Consumers Carrying a Balance	15.14K	-0.38%	-6.96%
Origination Volumes (June–Aug. 2024)	1.14K	26.05%	26.05%
Average New Account Balance (June–Aug. 2024)	252.80K	-13.82%	-16.52%
Account-Level Delinquency Rate (60+ DPD)	0.18%	3 bps	4 bps
Consumer-Level Delinquency Rate (60+ DPD)	0.19%	3 bps	4 bps
Balance-Level Delinquency Rate (60+ DPD)	0.14%	4 bps	0 bps

Source: TransUnion Hong Kong consumer credit database

The Hong Kong auto loan market continued its significant contraction with the portfolio shrinking across nearly all categories. Active accounts fell to just 15.40 thousand, down 7.02% year over year, while outstanding balances declined more steeply to \$2.58 billion, representing a 7.87% year-over-year reduction. This persistent market downsizing has occurred for some time, creating a substantially smaller auto finance market than previous years. Despite this contraction, the average loan size per consumer has remained relatively stable at \$189 thousand, dipping just slightly by 0.95% compared to last year.

While the overall trend shows continued market shrinkage, a modest growth in volume appeared in recent origination activity. The June to August 2024 period resulted in 1,140 new auto loans — a volume that while minor in absolute terms, represented a significant 26.05% increase both quarter over quarter and year over year. This uptick, however, must be viewed in context of the market's diminished size; these new loans still represent only a tiny fraction of the overall portfolio of 15.40 thousand accounts. Additionally, the average new loan amount decreased substantially to \$252 thousand, down 16.52% from the previous year, suggesting a shift toward more affordable vehicles, particularly electric vehicles which are under the government subsidised one-for-one replacement scheme.

Portfolio quality showed emerging signs of pressure with modest increases in delinquency rates across all measures. Account-level and consumer-level delinquency rates (60+ days past due) increased by four basis points year over year to 0.18% and 0.19%, respectively. Balance-level delinquency rose more sharply quarterly, up four basis points to 0.14%, though it remained unchanged from the previous year. These small but consistent increases in delinquency within a shrinking portfolio warrant careful monitoring — as they could signal growing financial stress among remaining borrowers.

The Hong Kong auto loan market thus presented a picture of structural decline with tentative signs of stabilisation. While notable in percentage terms, the modest uptick in originations remained too small to reverse the market's overall contraction. This suggests a fundamental reshaping of Hong Kong's automotive financing market, potentially driven by changing consumer preferences, environmental regulations, and economic pressures affecting vehicle affordability. Lenders in this space face the challenge of finding sustainable business models within a market that has significantly diminished in size and may continue to evolve in response to these structural forces.

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Mortgage Summary

MORTGAGE METRICS	Sept.–Nov 2024	Q-O-Q change	Y-O-Y change
Number of Accounts	702.82K	0.26%	1.45%
Origination Volumes (June–Aug. 2024)	14.86K	14.8%	-25.23%
Account-Level Delinquency Rate (60+ DPD)	0.05%	1 bps	1 bps

Source: TransUnion Hong Kong consumer credit database

Despite the residential property market in Hong Kong experiencing a prolonged slump with consecutive quarterly price declines since the COVID pandemic, the mortgage portfolio grew to 702.82 thousand accounts, a modest quarterly increase of 0.26% and year-over-year growth of 1.45%. This continued expansion in mortgage accounts against the backdrop of falling property prices suggests financial institutions may adapt their lending approaches to support transactions in a buyer-friendly market.

Recent origination activity painted a picture of a market in transition. The June to August 2024 period produced 14.86 thousand new mortgages, representing a robust quarterly surge of 14.8% yet remaining significantly below last year's levels with originations down 25.23% year over year. This quarterly uptick amid the property slump could indicate early signs of opportunistic buying as prices become more attractive, or reflect refinancing activity as existing homeowners seek to capitalise on changing rate environments during a period of property devaluation.

Portfolio quality remained remarkably strong despite the challenging property market. With account-level delinquency rates (60+ days past due) at just 0.05% — only one basis point higher than both the previous quarter and previous year — Hong Kong borrowers continued to prioritise mortgage payments even as their properties potentially lose value. This payment discipline speaks to the deeply entrenched cultural importance of property ownership and debt obligation in Hong Kong, even when facing potential negative equity situations.

The mortgage market thus revealed a complex interplay between falling property values and financial sector adaptation. While the sustained property slump dampened mortgage activity dramatically over the past two years, growing account numbers and recent origination momentum suggest lenders may find new opportunities in this environment. However, the gap from prior year origination volumes indicates the market remains well below its previous capacity, reflecting the substantial structural challenges that continue to reshape Hong Kong's property and mortgage market.

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Unsecured Personal Loan Summary

UNSECURED PERSONAL LOAN METRICS	Sept.–Nov 2024	Q-O-Q change	Y-O-Y change
Number of Accounts	598.79K	-0.4%	-1.15%
Outstanding Balance	106.29B	-1.33%	-1.31%
Average Balance (per consumer)	264.30K	-0.94%	-0.71%
Number of Consumers Carrying a Balance	404.41K	-0.37%	-0.69%
Origination Volumes (June–Aug. 2024)	71.98K	-1.15%	-4.6%
Average New Account Balance (June–Aug. 2024)	205.41K	-0.1%	-2.93%
Account-Level Delinquency Rate (60+ DPD)	0.82%	-2 bps	-1 bps
Consumer-Level Delinquency Rate (60+ DPD)	0.96%	-3 bps	-1 bps
Balance-Level Delinquency Rate (60+ DPD)	0.53%	1 bps	4 bps

Source: TransUnion Hong Kong consumer credit database

The unsecured personal loan market showed consistent contraction across all risk segments, indicating some pullback in lender risk tolerance. The portfolio reduced to 598.79 thousand accounts, down 1.15% year over year, while outstanding balances declined at a similar rate to \$106.29 billion, representing a 1.31% year-over-year reduction. This decline across risk tiers suggests a systematic shift in lender risk appetite rather than targeted adjustments to specific segments. The average loan balance per consumer also decreased to \$264.3 thousand, falling by 0.71% compared to last year.

New business activity mirrored this controlled contraction with origination volumes for June to August 2024 reaching 71.98 thousand, down 4.6% from the previous year. This represented a significant inflow of new accounts (equivalent to 12% of the existing portfolio), though at a somewhat reduced pace from historical levels, despite increasing enquiry volumes, further highlighting lender caution. Average opening loan value was \$205.41 thousand, reflecting a decrease of 2.93% year over year. This modest reduction in loan size suggests lenders remain cautious in their underwriting.

Portfolio performance was mixed, with account-level and consumer-level delinquency rates improving while balance-level delinquencies slightly deteriorated. The 60+ days past due rate at the account level improved to 0.82%, down one basis point year over year, while the consumer-level rate similarly improved to 0.96%. However, the balance-level delinquency rate increased by four basis points year over year to 0.53%, suggesting while fewer accounts and consumers are falling behind, those that do tend to have larger balances. This divergence indicates potential stress emerging among higher-balance borrowers — even as overall portfolio performance remains solid.

The personal loan market thus presented a picture of controlled adjustment rather than significant disruption. The market-wide contraction across all risk segments suggested a recalibration of risk appetites throughout the industry in response to changing economic conditions. Despite mixed trends, (with delinquency rates remaining below 1% across all measures), the market appears to be maintaining its underlying strength while making incremental adjustments. For lenders, this environment suggests an opportunity to refine underwriting approaches for higher-balance customers while maintaining a steady flow of new business at slightly more conservative levels.

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Unsecured Revolving Lines Summary

UNSECURED REVOLVING LINES METRICS	Sept.–Nov 2024	Q-O-Q change	Y-O-Y change
Number of Accounts	579.83K	-7.06%	6.24%
Outstanding Balance	16.67B	-0.5%	-5.07%
Total Credit Lines	48.22B	-4.6%	-2.91%
Average Balance (per consumer)	67.52K	-1.56%	-14.81%
Average Credit Line (per consumer)	197.12K	-5.61%	-12.93%
Number of Consumers With Access to an Active Trade	467.14K	-6.72%	5.08%
Number of Consumers Carrying a Balance	248.20K	1.11%	11.49%
Origination Volumes (June–Aug. 2024)	58.87K	60.38%	76.38%
Average New Account Credit Line (June–Aug. 2024)	44.83K	-16.23%	-32.75%
Account-Level Delinquency Rate (60+ DPD)	0.46%	10 bps	8 bps
Consumer-Level Delinquency Rate (60+ DPD)	0.92%	14 bps	14 bps
Balance-Level Delinquency Rate (60+ DPD)	0.71%	8 bps	13 bps

Source: TransUnion Hong Kong consumer credit database

The revolving line of credit market in Hong Kong presented a complex and dynamic landscape marked by significant lender type shifts. Account numbers grew substantially to 579.83 thousand, increasing 6.24% year over year despite the notable contraction of 7.06% the prior quarter. This annual account volume growth starkly contrasts the 5.07% year-over-year decline in outstanding balances to \$16.67 billion, signalling changing utilisation patterns. Total credit lines also contracted to \$48.22 billion, down 2.91% year over year.

The number of consumers with access to revolving credit grew by 5.08% year over year to 467.14 thousand, while those carrying balances surged to 248.2 thousand (up 11.49% year over year). However, average balances and credit lines per consumer dropped dramatically, with average balances falling 14.81% year over year to \$67.52 thousand and average credit lines decreasing 12.93% to \$197.12 thousand. This pattern clearly illustrates the growing influence of digital banks which now account for over two-thirds of originations but focus on lower-limit accounts with faster approval processes.

New business activity showcased explosive growth with origination volumes for June to August 2024 reaching 58.87 thousand, up 76.38% year over year. This remarkable increase, representing approximately 10% of the total account base in just one quarter, highlighted aggressive customer acquisition strategies in this segment. However, the average new account credit line plummeted by 32.75% year over year to \$44.83 thousand, further illustrating the market's pivot toward smaller-limit products driven primarily by digital banks.

Portfolio performance showed emerging stress across all delinquency measures. Account-level delinquency rates increased by eight basis points year over year to 0.46%, while consumer-level and balance-level rates rose more sharply by 14 and 13 basis points to 0.92% and 0.71%, respectively. These consistent increases merit close attention, particularly as they coincide with significant growth in accounts and a shift toward digital bank originations. The revolving credit market reflects traditional lenders losing share to digital entrants that are rapidly expanding the market with smaller-limit products. This shift brings both opportunities for growth and emerging challenges in risk management that will likely reshape competitive dynamics within this portfolio.

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*TransUnion's last Industry Insights Report for Hong Kong in 2024 is based on the final sets of credit data until end of November before the full migration to Credit Data Smart (CDS). Future reports will be based on data from the Credit Reference Platform under CDS.



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