The nCino Research Institute:
Credit Risk Report

Q1 2025

A New Benchmark

The nCino Research Institute (nRI) is proud to present our inaugural Credit Risk Report, a comprehensive quarterly analysis designed to provide financial institutions with unparalleled visibility into consumer credit health across the United States.

In today's complex and rapidly evolving economic landscape, financial institutions need more than raw data—they need actionable intelligence that illuminates emerging trends and supports strategic decision-making. The Credit Risk Report addresses this need by delivering timely, data-driven insights on consumer credit behavior, delinquency patterns, and charge-off trends across various loan types and geographic regions.

The Credit Risk Report represents a cornerstone offering of the nCino Research Institute, available to members of nCino's Data Community. By combining anonymized data from leading financial institutions with analysis from our team of distinguished economists—led by Dr. Taylor D. Nadauld and featuring experts from institutions including MIT, Wharton, and the Swiss Finance Institute—we deliver intelligence that simply cannot be found elsewhere.

Highlights

- Aggregate consumer credit risk has increased over the past two years, peaking at 0.89% in January 2025 before tapering off slightly in the following months, settling at 0.73% in March 2025.
- Total portfolio delinquencies continue to trend higher, reaching a median delinquency rate of 0.73%, led by large increases in credit card delinquencies.
- Median auto loan and credit card delinquency rates now stand at 0.83% and 1.48%, respectively.
- Median net charge-offs reached 0.27% in 2025 Q1.
- Total delinquencies, led by credit card delinquencies, are most concentrated in the South, whereas auto delinquencies are more concentrated in the Midwest.
- Charge-offs cluster in the South, Pacific West, and Texas.

The inaugural release of the nCino Credit Risk report paints a mixed picture for the credit health of the U.S. consumer. As highlighted, aggregate consumer credit risk has increased over the past two years, with notable variation across regions and loan types.

These insights allow financial institutions to adjust risk management strategies to account for regional differences, anticipate potential shifts in portfolio performance, make informed decisions about lending policies and reserves, and benchmark their performance against national trends.

While total delinquency rates were somewhat muted at 0.73% in March, they have increased over the past two years, peaking at 0.89% in January 2025, up from 0.68% in Q1 2024 and 0.55% in Q1 2023. The multi-year increase in delinquencies is consistent with increased consumer debt over the same period, and likely reflects some of the economic headwinds consumers are experiencing. Moreover, because delinquencies are a lagging indicator of consumer strength, we anticipate that inflationary pressures, labor market uncertainty, and increased debt levels will continue to nudge delinquencies higher over the coming year.

Importantly, many of the loans in the sample were originated during the 2020–2022 period when real disposable income temporarily spiked due to fiscal stimulus programs. Real disposable income declined sharply after those peaks as stimulus effects faded and households experienced shrinking financial buffers, which likely contributed to the gradual deterioration in repayment performance.[1]

The national delinquency figure of 0.73% masks considerable geographic variation. Total delinquencies are highest among states in the Southeast; Oklahoma, Georgia, and Louisiana all report delinquency rates over 1.00%. In contrast to its neighbors in the South, Tennessee reports the lowest total delinquency rate in the country at 0.36%. States in the West and Mountain West are all trending below 0.50%, with the exception of Colorado which sits just below 1.00%. States in the Northeast and Midwest hover close to the national average.

1 U.S. Bureau of Economic Analysis, Real Disposable Personal Income [DSPIC96], retrieved from FRED, Federal Reserve Bank of St. Louis; [https://fred.stlouisfed.org/series/DSPIC96], June 3, 2025.

About the nCino Sample

nCino analyzed loan-level data from a sample of 2,135,503,625 loans sourced directly from 1,178 participating financial institutions across all 50 states for the period January 2020–March 2025. The loan balance outstanding for Q1 2025 totaled $1,865,724,770,001.

Loans were analyzed by level of delinquency, with 30–59 days past due considered early delinquency, 60–89 considered mid-delinquency, and 90+ days past due considered severely delinquent.

Loans were segmented by product type and geographic region to allow for comparative analysis. Descriptive statistics were used to measure delinquency incidence and severity across time periods and categories. Trend analysis was applied to monitor changes in delinquency rates over time.

Data underwent standardization and quality checks to ensure consistency across institutions, including normalization of delinquency reporting standards.

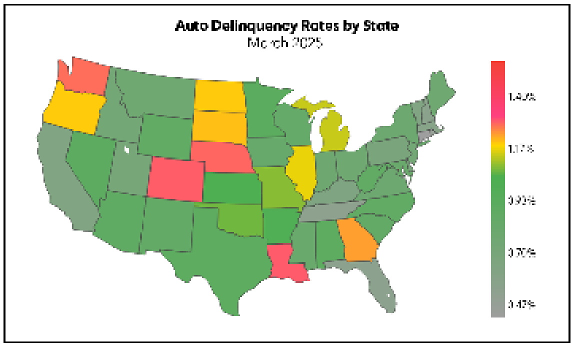
While care was taken to normalize reporting standards and exclude outliers, the analysis does not capture modifications or forbearance agreements, which may understate the full extent of credit risk exposure.

Auto and credit card delinquencies both peaked in January, reaching an inflection point before declining. Median total delinquencies only declined by 12 basis points for the same period, indicating that nonconsumer loan delinquencies are increasing while consumer delinquencies are decreasing.

Auto Delinquencies

Auto delinquencies peaked at 1.07% in January before receding slightly to 0.88% by quarter's end. The current rate and the reported 0.90% rate in Q4 2024 represent an increase over the 0.62% median delinqucy rate reported in Q1 2023.

Large increases in the real cost of autos in recent years have resulted in an 18.8% increase in outstanding auto debt since Q1 2021. Lenders continue to respond to price increases by offering longer maturity loans in an effort to keep monthly debt payments manageable. As a result, consumers are taking longer to pay off auto loans, thereby increasing the risk of default.



The auto loan delinquency heat map reveals elevated delinquencies in the states of Colorado, Nebraska, Washington, Louisiana, and the District of Columbia. In contrast, the Intermountain West, Mid-Atlantic, and Northeast report muted delinquency rates.

Credit Cards

National median credit card delinquencies ended Q1 at 1.48%, an increase from 1.37% in 2024 and 0.92% in 2023. Similar to auto debt, the increase in credit card delinquency rates is also a reflection of substantial increases in outstanding credit card debt over recent years.

An outstanding credit balance of $770 billion reported in Q1 2021 ballooned to $1.18 trillion in Q1 2025, an increase of 53.5%. We expect credit card delinquncies to continue to be a hotspot in the credit landscape as consumers grapple with making payments on ballooning debt. Delinquencies are highest in New York, followed by Nevada, Texas, Kansas, Georgia, and North Carolina.

Net Charge-Offs

nCino data reveals a national median net charge off rate of 0.27%, an increase from the 0.22% and 0.14% in 2024 and 2023, respectively. The increased charge-off rate mirrors increased delinquency rates and will likely trend higher given the observed increases in delinquencies. The Upper Midwest states of North and South Dakota and Montana reported the lowest rates while the Southeast and Pacific regions of the U.S. report the largest, highlighted by a nation-leading 0.39% rate in North Carolina. The Upper Midwest states of North and South Dakota and Montana report the lowest rates.

What to Expect

nRI Quarterly Credit Risk Reports combine rigorous statistical analysis with expert economic interpretation to deliver:

- **Comprehensive Delinquency Tracking**: Monitor median delinquency rates across total portfolios (currently 0.73%), auto loans (0.83%), and credit cards (1.48%)
- **Multi-Year Trend Analysis**: Understand how current metrics compare to previous years and identify emerging patterns
- **Geographic Intelligence**: Visualize regional variations in credit risk with detailed heat maps revealing where delinquencies and charge-offs cluster, with unprecedented granularity
- **Economic Context**: Connect delinquency trends to broader economic factors including inflation, labor market dynamics, and consumer debt levels
- **Forward-Looking Assessments**: Gain insights into anticipated credit risk developments based on current economic indicators