



Consumer Pulse Study

COVID-19's current and future impact on household budgets, spending and debt

HONG KONG Q2 2021

TransUnion's quarterly survey helps to understand how consumers' personal finances have been impacted by the COVID-19 pandemic. The study measures changing consumer attitudes and behaviour based on the dynamics of income, debt and identity theft. The analyses and insights inform decision-making to empower consumers and help businesses create economic opportunity for consumers.

KEY TAKEAWAYS



Negative financial impact of the pandemic on Hong Kong consumers faded out gradually

In Q2, the economic recovery in Hong Kong became apparent with 45% of Hong Kong respondents reporting their household income was currently impacted, down 11 percentage points from Q1. In particular, 59% of Gen X consumers reported being currently impacted, down three percentage points from Q1. The outlook is more optimistic now as 53% of respondents expected the negative impact will continue in the future, down eight percentage points from Q1. Across generations, 61% of Gen X expect the negative impact to continue, down three percentage points from Q1. Given the more promising economic situations, only 28% of respondents expect to be unable to pay their current bills/loans in full, down six percentage points from Q1.



Hong Kong consumers changed their financial plans to cope with the negative financial impact

Personal loan, private student loan and buy now, pay later are top three payment categories which Hong Kong respondents said they'll be unable to pay. To cope with negative financial impacts of the pandemic, 49% said they'll decrease discretionary personal spending, and 48% will decrease large purchases in the next three months.



Gen X most likely to apply for credit

Gen X is the generation that said they're most likely to apply for credit; 47% saying they'll do so in the next year compared to 40% overall. Nearly half of all Hong Kong residents (46%) think access to credit is important to achieve their financial goals, and 48% believe they'd be approved for a credit or lending product if they needed one. Checking credit is still considered important; 97% of respondents said monitoring credit is very, moderately or slightly important.

FINANCIAL HARDSHIP

Household income (HHI) and bill payment impact

In Q2 2021, 75% of Hong Kong respondents said their household income had been negatively impacted by the COVID-19 pandemic at any point – 45% were currently impacted, down 11 percentage points from Q1. Regarding economic outlook, 53% expect their household income will be negatively impacted by the COVID-19 pandemic in the future, down eight percentage points from Q1.

Respondents said their household income decreased in the past month due to reduced salary (27%) or work hours (25%), or job loss (17%).

Twenty-eight percent of respondents said they'll be unable to pay any of their current bills and loans in full, down six percentage points from Q1. Among Hong Kong consumers who have these bills and loans, the top categories where they expect they'll be unable to pay are: personal loan (35%), private student loan (34%), buy now, pay later (31%), auto lease (30%) and auto loan (26%).

Only 19% of Hong Kong respondents said they had received financial accommodation in the past year, down four percentage points from Q1. On another positive note, 95% of respondents indicated they're prepared financially for when the accommodation period ends.

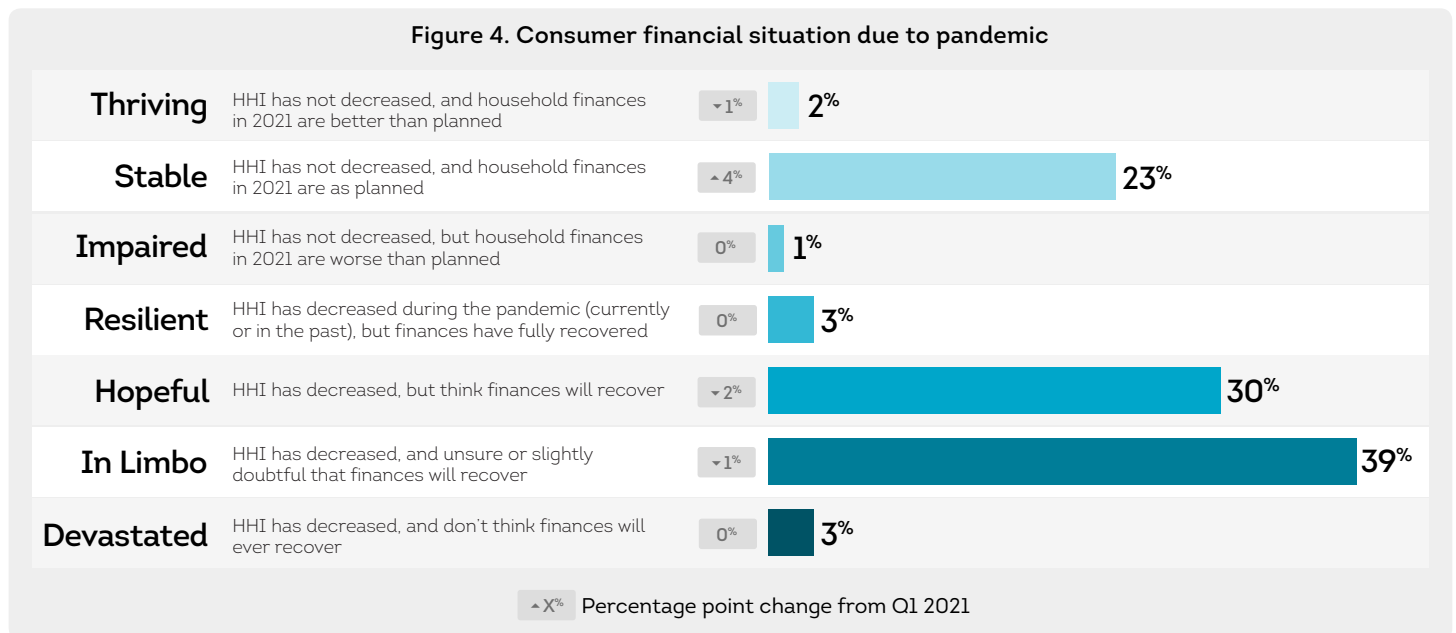
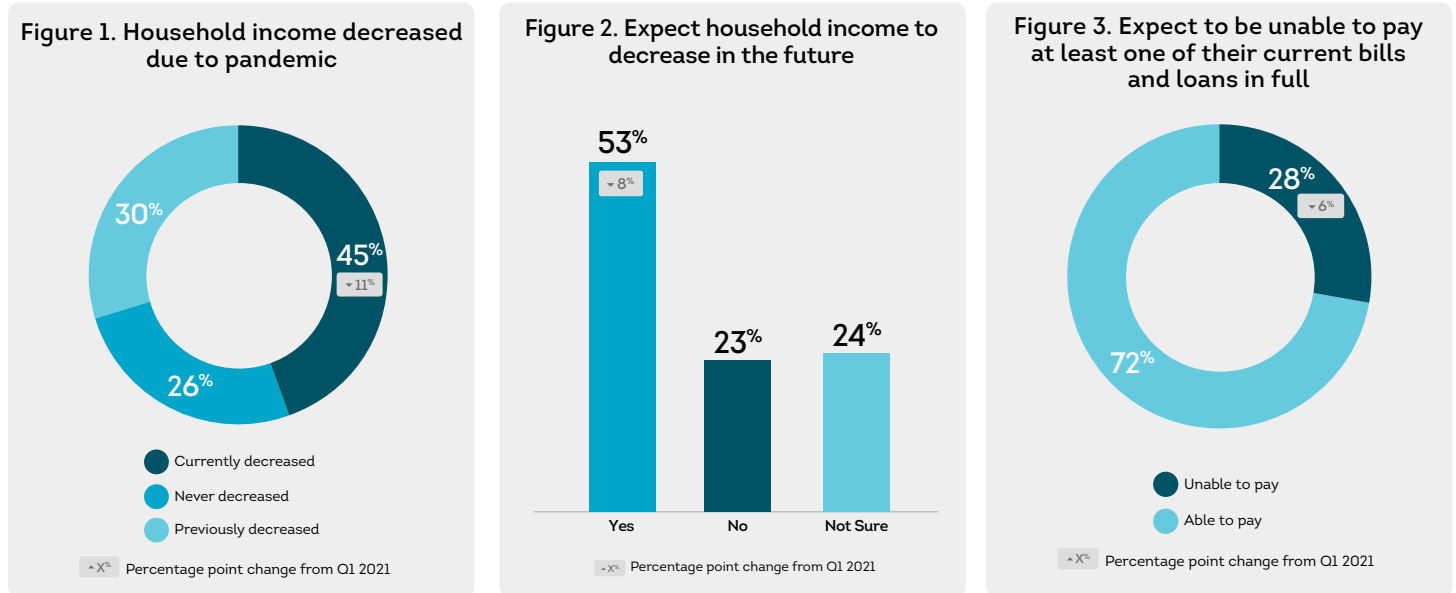


Figure 5. Bills and loans unable to pay (among those with these bills/loans)

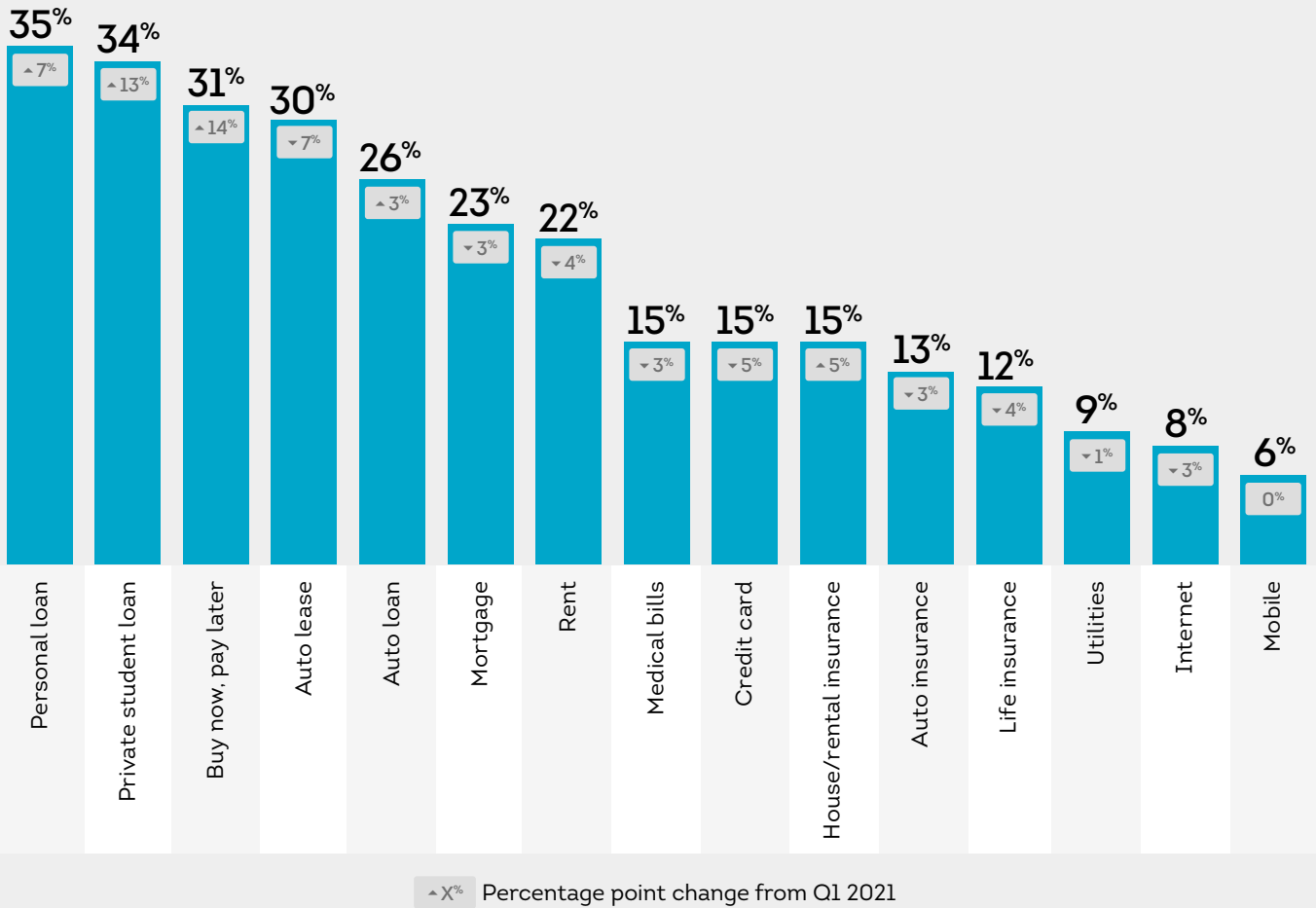


Figure 6. Plans to pay current bills or loans (among those unable to pay bills/loans)

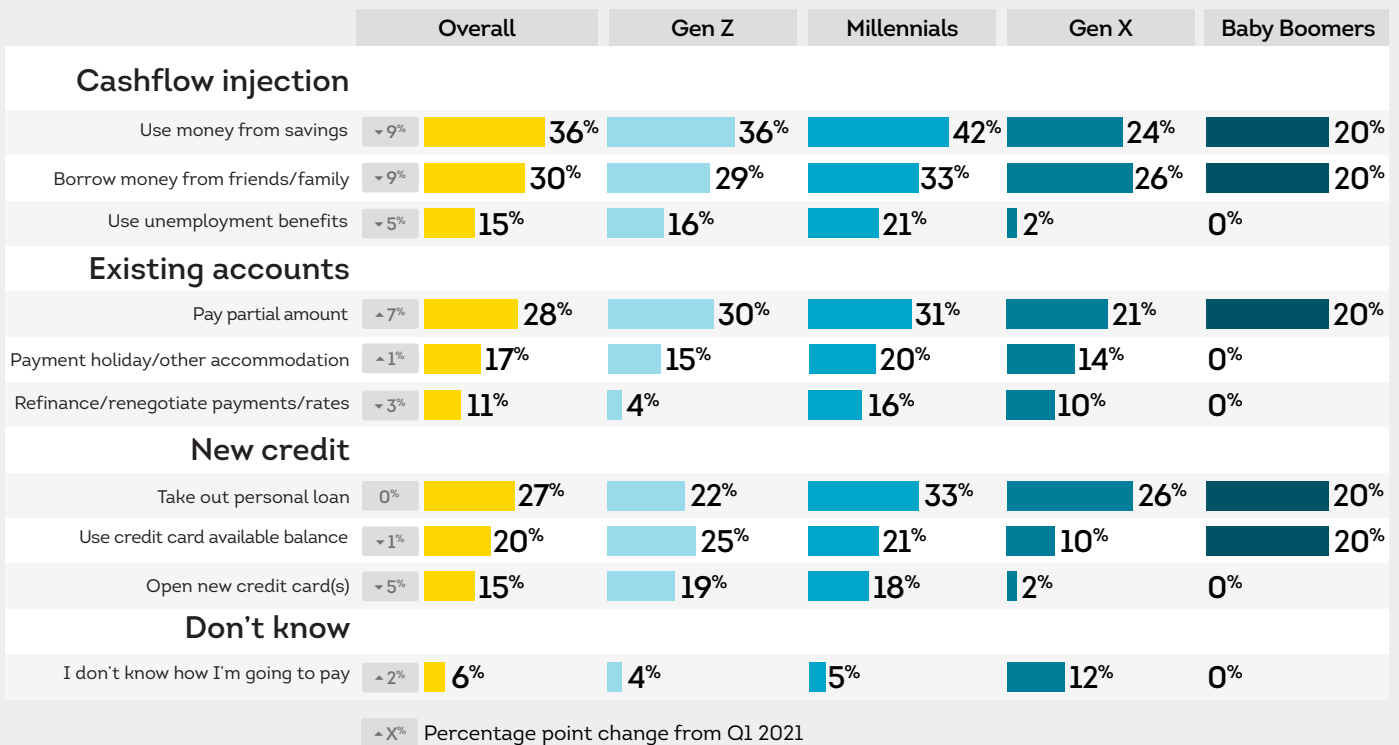
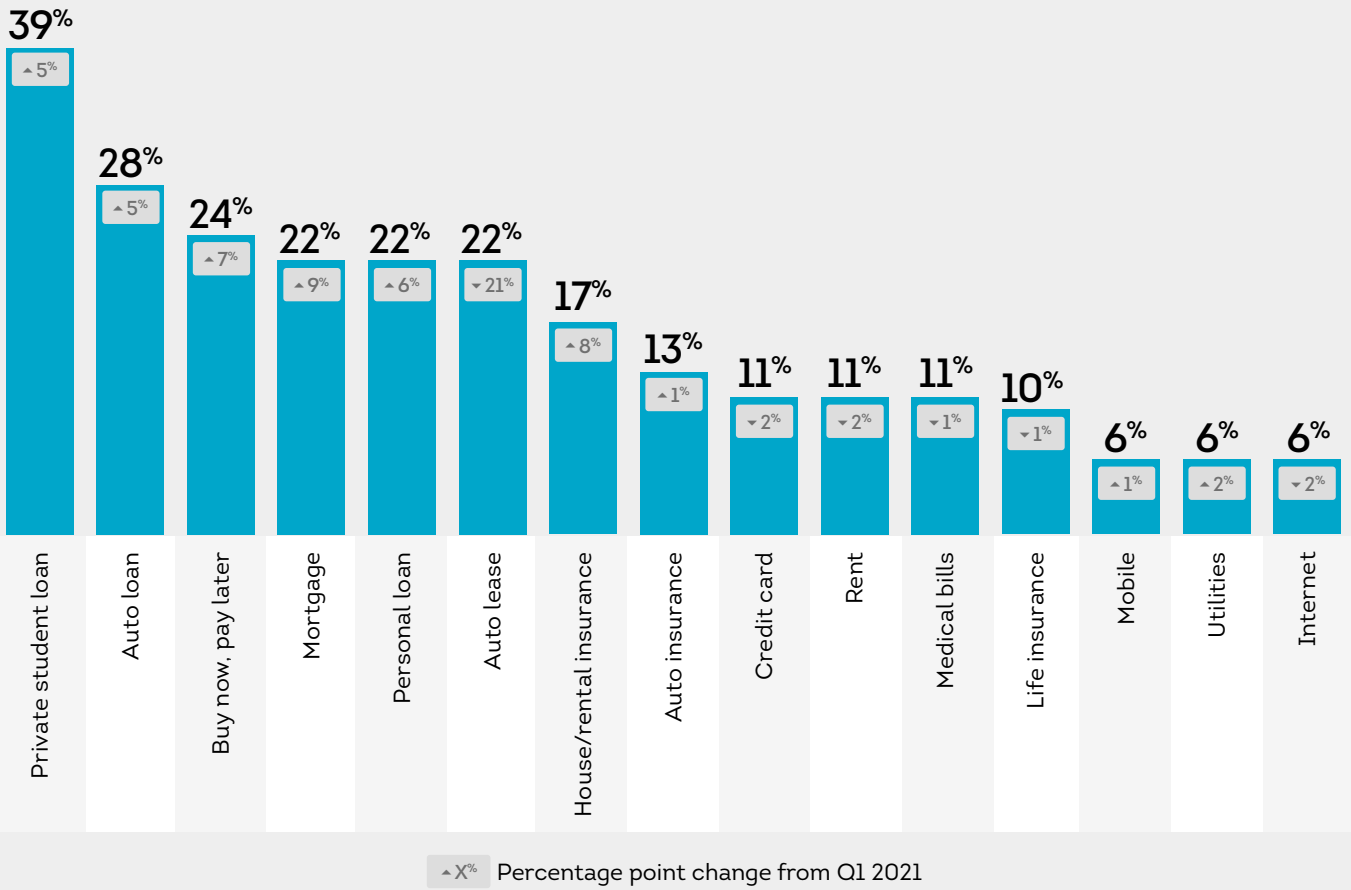


Figure 7. Types of bills or loans enrolled in financial accommodation in past year (among those with that bill/loan)



FINANCIAL INCLUSION

Attitudes and plans for economic participation

About half (46%) of all Hong Kong respondents think access to credit is important to achieve their financial goals, and 48% believe they'd be approved for a credit or lending product if they needed one.

Gen Xers said they have greater credit needs than other generations with 47% indicating they plan to apply for new credit in the next year, up eleven percentage points from Q1. This compares to 40% of all respondents who said they plan to apply for new credit or refinance existing credit within the next year, down six percentage points from Q1.

In terms of the top credit products, Hong Kong consumers said they plan to apply for new personal loans (43%), credit cards (42%) and auto loan or lease (20%) the most.

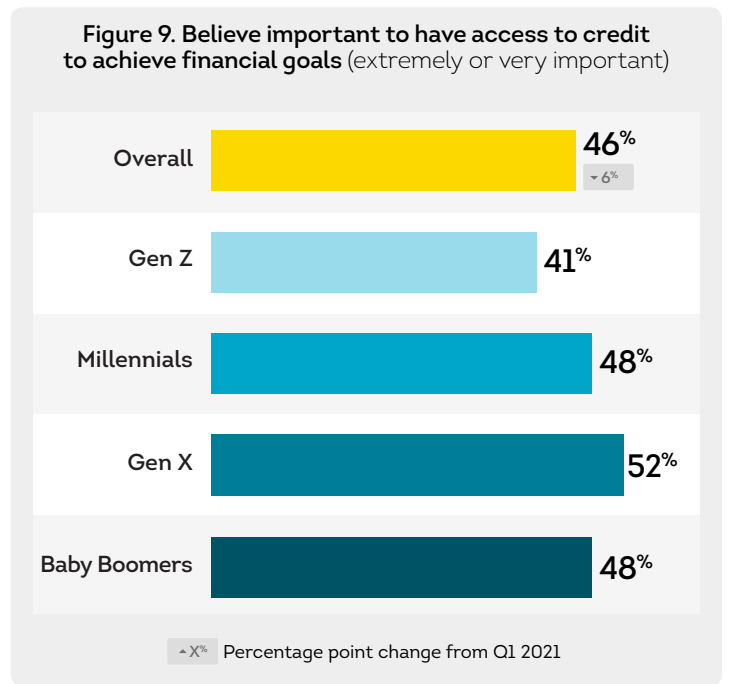
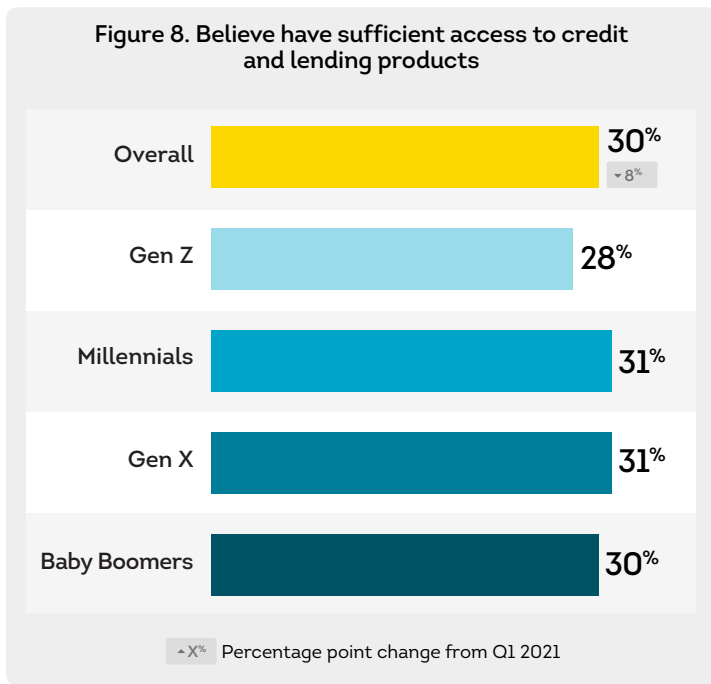
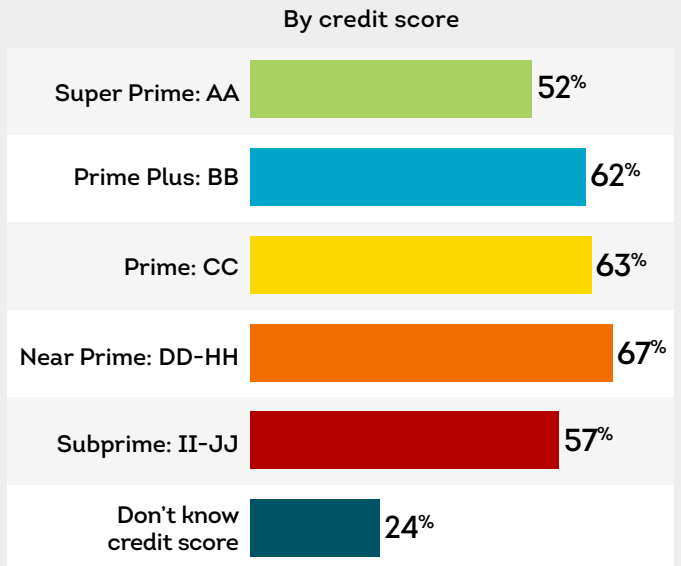
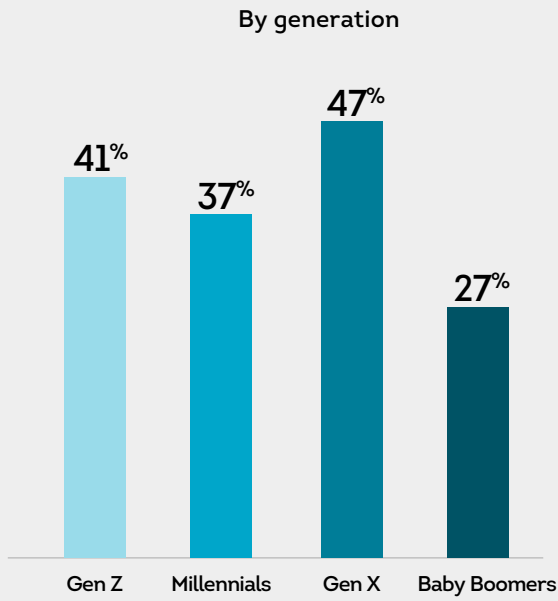


Figure 10. Plan to apply for new credit or refinance existing credit within the next year



Self-reported credit score ranges

Figure 11. Expected change in number of online transactions over the next three months

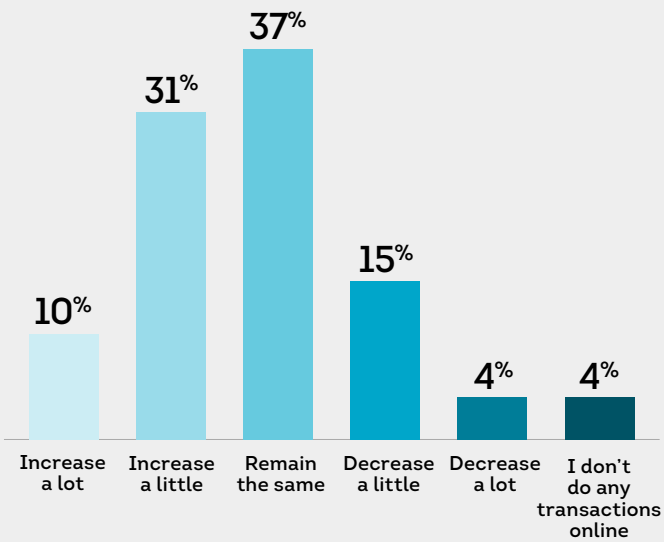
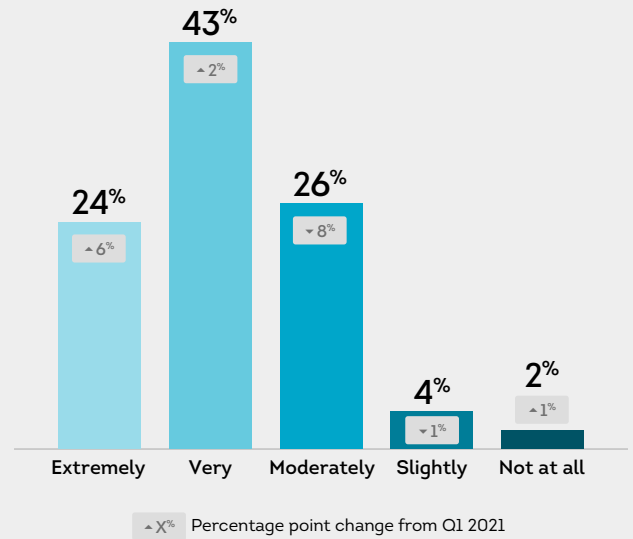


Figure 12. Believe monitoring credit is important



+X% Percentage point change from Q1 2021

Figure 13. Changes to household budget in the last three months

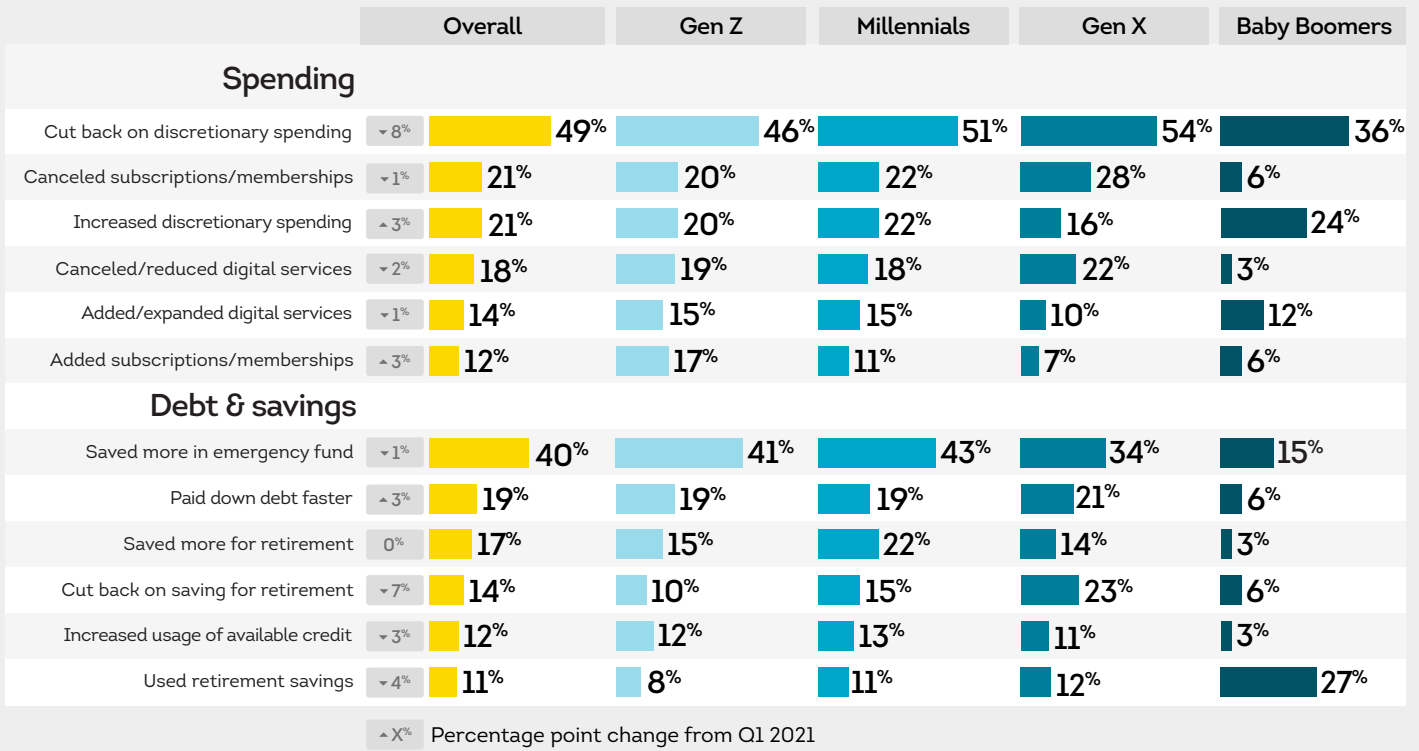
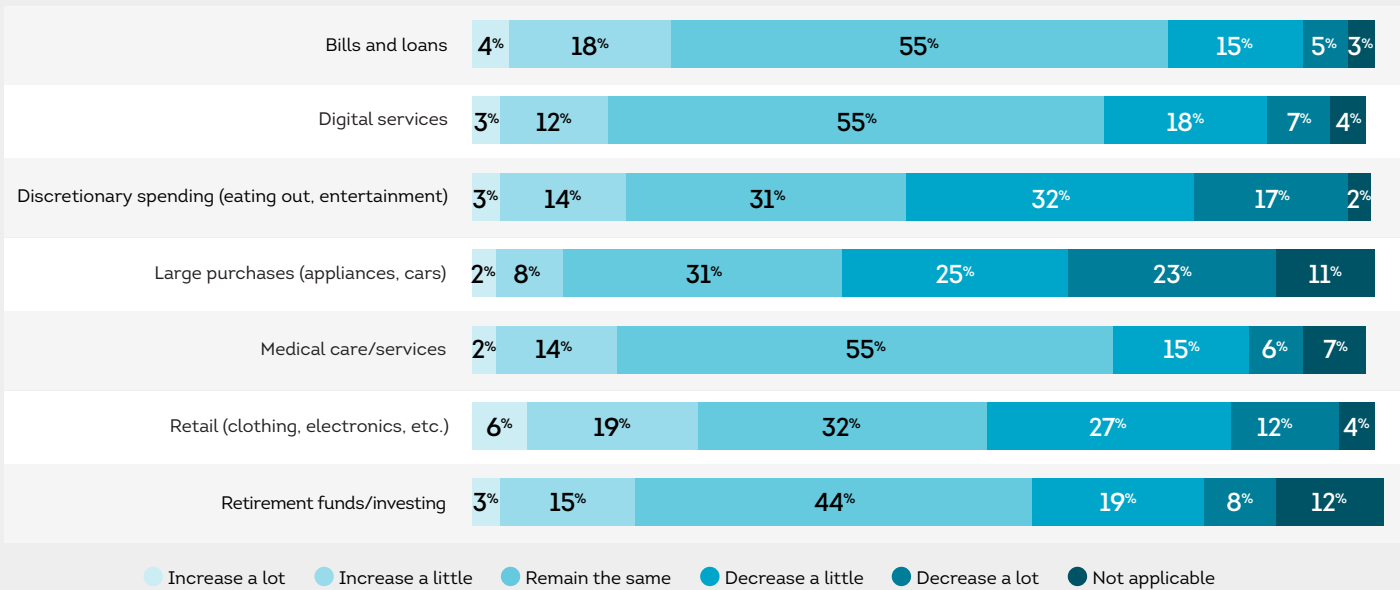


Figure 14. Expected change to household spending over next three months



COVID-19 related digital fraud

With 41% of respondents expecting their number of online transactions to increase over the next three months, a large percentage are already seeing that translate into increased digital fraud. In fact, 37% said they were targeted by a digital fraud scheme related to COVID-19. The younger generations appear to be in the crosshairs of fraudsters the most, with 40% of Gen Z saying they'd been targeted with digital fraud related to COVID-19. Phishing continued to be most common digital fraud scheme related to COVID-19 reported by Hong Kong consumers.

Figure 15. Personal experience with digital fraud attempts related to COVID-19

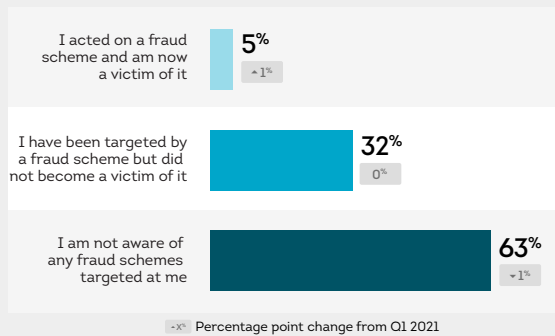


Figure 16. Digital fraud related to COVID-19 by generation

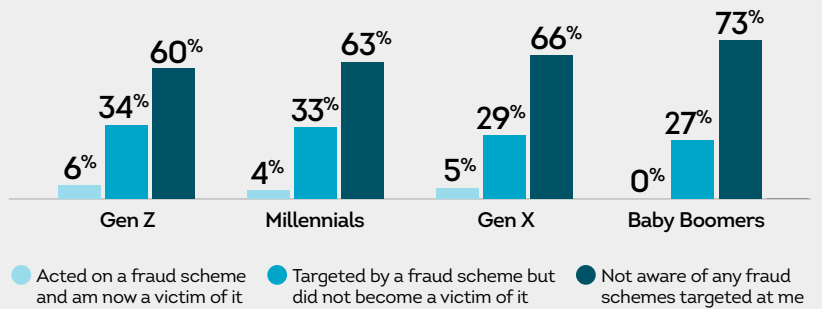
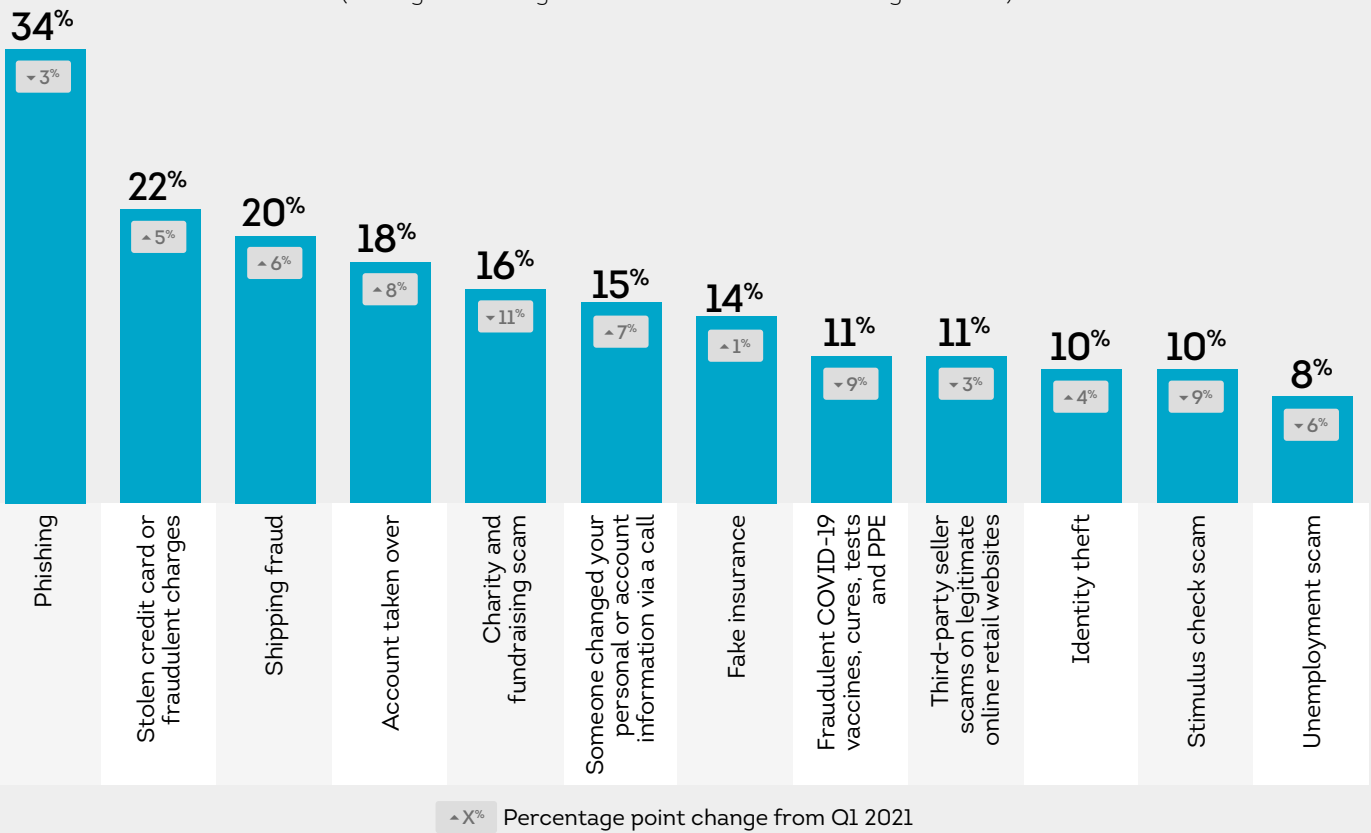


Figure 17. Most frequent fraud schemes targeting consumers (among those targeted with COVID-19 related digital fraud)



Methodology

This online survey of 783 adults in Hong Kong was conducted June 1–June 21, 2021 by TransUnion in partnership with third-party research provider, Qualtrics® Research-Services. Adults 18 years of age and older residing in Hong Kong were surveyed using an online research panel method across a combination of computer, mobile and tablet devices. Survey questions were administered in English and Chinese. To increase representativeness across Hong Kong resident demographics, the survey included quotas to balance responses to the census statistics on the dimensions of age, gender, household income, race and region. Generations are defined as follows: Gen Z, born 1995–2003; Millennials, born 1980–1994; Gen X, born 1965–1979; and Baby Boomers, born 1944–1964. These research results are unweighted and statistically significant at a 95% confidence level within $\pm 3.50\%$ percentage points based on a calculated error margin.

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