

Consumer Pulse Study

Consumer behaviours and attitudes about current and future household budgets, spending and debt

Hong Kong Q2 2022

TransUnion's quarterly survey explores how consumers' personal finances have changed and what changes they expect in the future. The study measures shifting consumer attitudes and behaviour based on the dynamics of income, debt and identity theft. The analyses and insights give consumers a voice and inform businesses' decision-making as they seek to create economic opportunity for consumers.

KEY TAKEAWAYS



Impacts of the pandemic's fifth wave persist

The majority of consumers continued to experience sustained impact on household incomes – which began in the previous quarter due to the latest omicron wave. On the other hand, the seasonally adjusted unemployment rate fell from 5.4% to 5.1%¹ in the three months ending May 2022. Together with the fact the government gradually relaxed social distancing measures, this should ultimately help improve the job market and alleviate pressures on household incomes.



Despite facing challenges, consumer sentiment improved

In light of an improving job market and upcoming second round of government consumption vouchers to be shared with the public, more consumers said they'd increase discretionary spending, and expected to maintain or increase other kinds of spending in the coming three months. Incremental consumer spending is expected to stimulate the use of credit cards which were the most favoured product among those who planned to apply for new credit.



A gap between recognising the importance of credit and taking action

While most consumers recognised the importance of monitoring credit regularly and accessing credit to achieve financial goals, a much smaller percentage of consumers actually took action. This may be due to several interrelated reasons, including an expectation they may not have sufficient access to credit, perceived complexity of the application process, and costs.

¹ https://www.censtatd.gov.hk/en/press_release_detail.html?id=5059

Household income (HHI), spending and bill payment impact

Eighty-one percent of respondents said household income stayed the same or decreased in the last three months. Similarly, 69% of respondents expected this situation to continue over the next 12 months. A decrease in household income may have resulted in one in five respondents (22%) having reported they'll be unable to pay bills or loans.

Despite the sustained pressure of the omicron wave from Q1, the impact on the employment market remained at a relatively low level. Eighteen percent of consumers said their salary had been reduced (down four percentage points); 14% of consumers reported someone in their household lost their job (slightly up two percentage points); and a further 16% reported work hours were reduced (down two percentage points). There was a five-percentage point decrease in consumers who reported someone in their household was furloughed (10%).

In Q2, 4% more consumers (24%) said they increased discretionary spending in the last three months versus fewer consumers (45%; down one percentage point) who cut back. In the coming three months, over half (66%) of respondents expected to maintain or increase their online/in-store shopping, (54%) discretionary spending, and (76%) digital subscriptions.

Figure 1. Household income change last three months

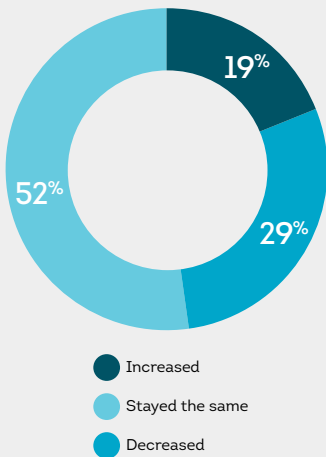


Figure 2. Expected household income change next 12 months

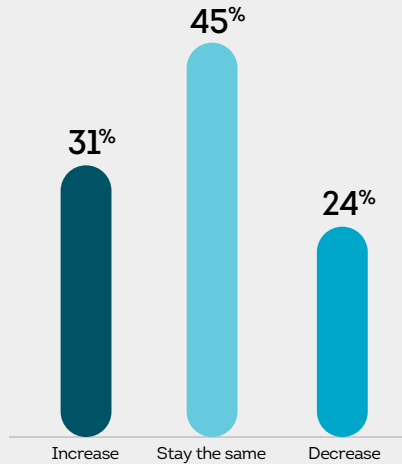


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

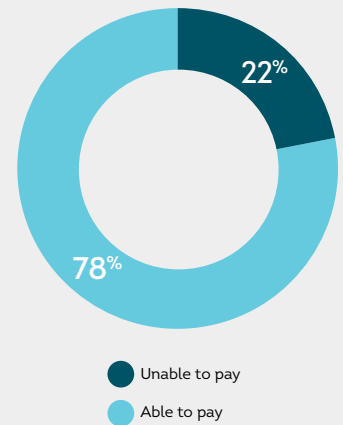


Figure 4. Reasons for change in current household income

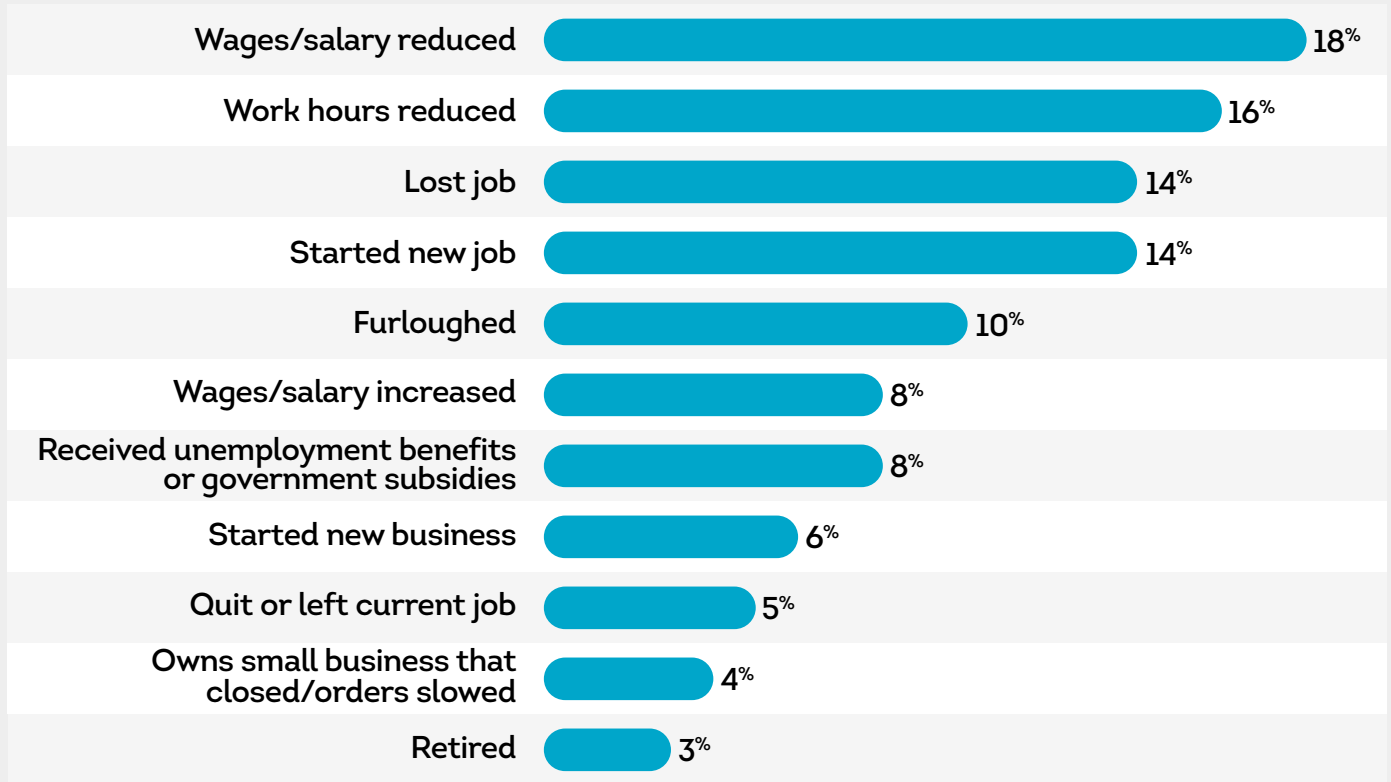


Figure 5. Changes to household budget in the last three months

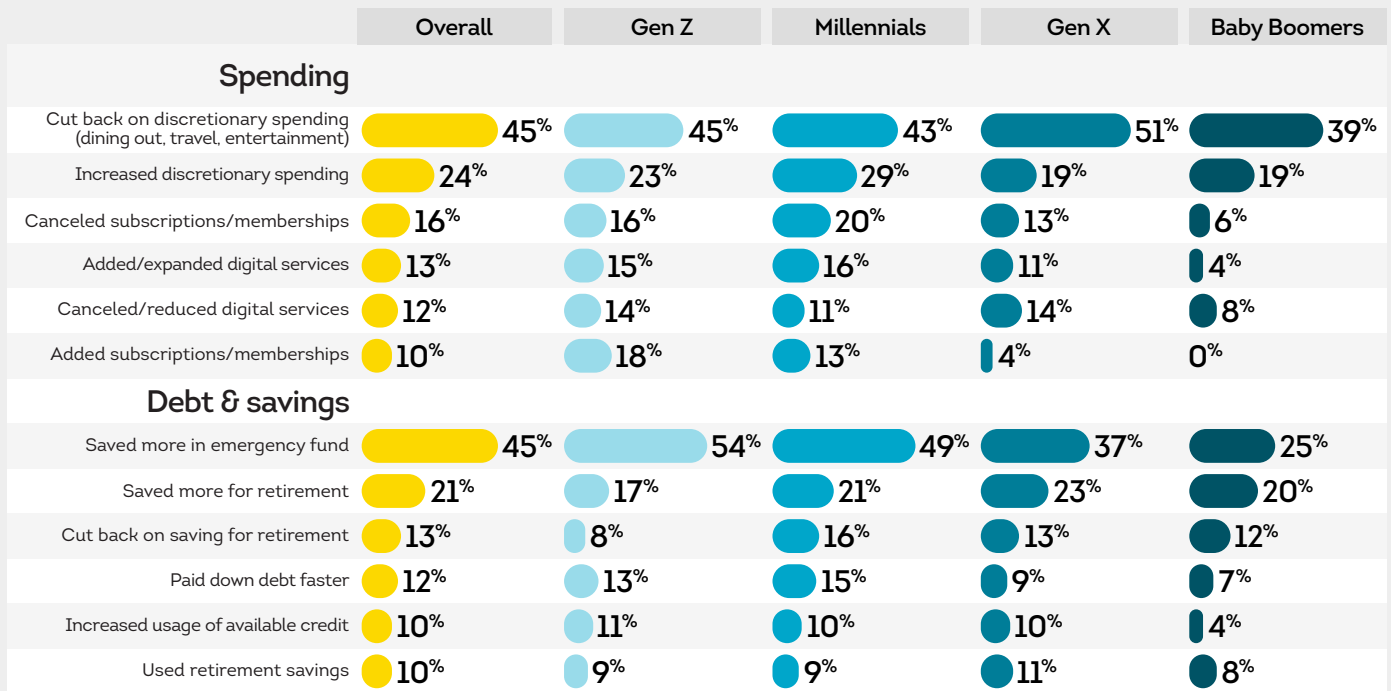


Figure 6. Plans to pay current bills or loans (among those unable to pay bills/loans)

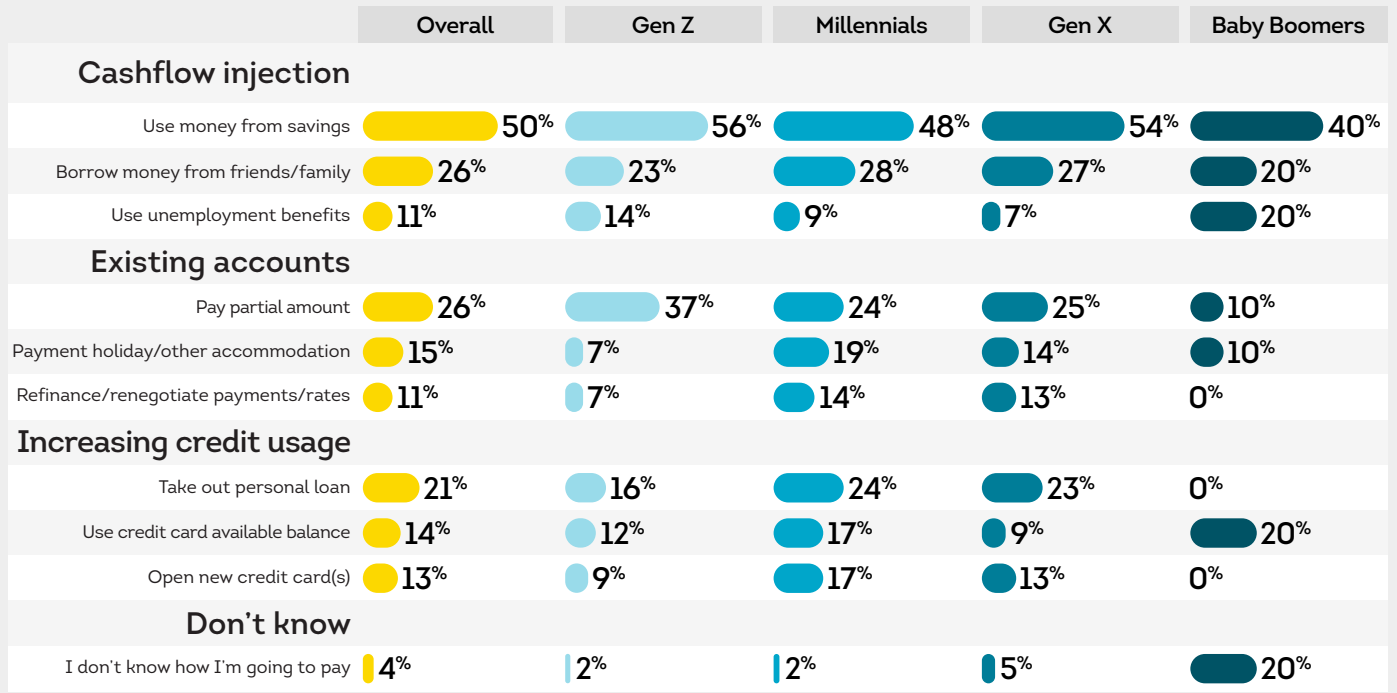
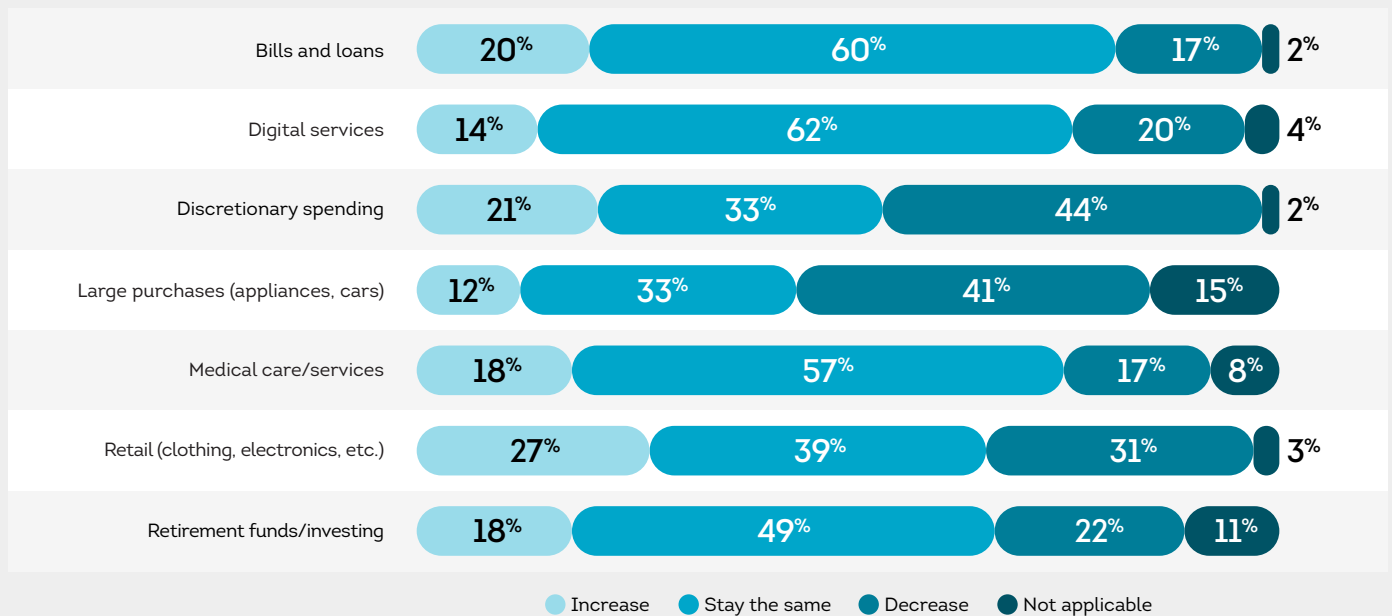


Figure 7. Expected change to household spending over next three months



Attitudes and plans for economic participation

Ninety-five percent of respondents placed importance on accessing credit to help achieve their financial goals, while only 44% believed they had sufficient access to credit. Looking across generations, Millennials believed in the importance of credit the most (97%), and 48% felt they had sufficient access to it.

Only 36% of respondents planned to apply for new credit. The younger generations (47% of Gen Z and 41% of Millennials) had more desire to apply for credit than Gen X (29%) and Baby Boomers (12%).

Among those who planned to apply for new credit, credit cards (52%) were the most popular product followed by new personal loans (41%) and new mortgages (32%).

Banks and money lenders may need to consider simplifying onboarding because the biggest reason consumers cited for not applying for credit was the process was cumbersome (30%), cost was too high (28%) and found alternative funding (25%).

Figure 8. Believe important to have access to credit and lending products to achieve financial goals

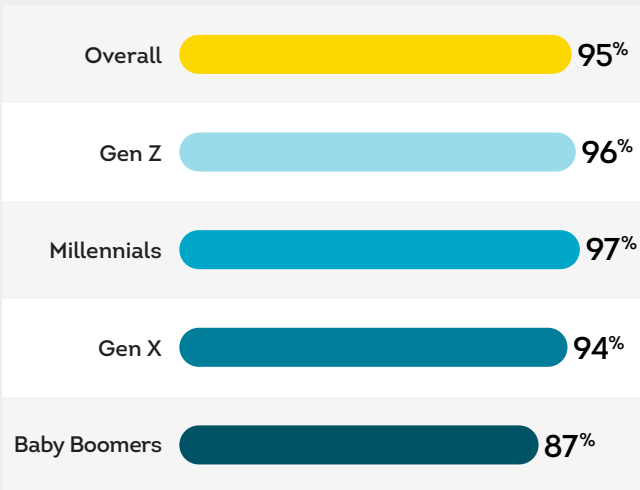


Figure 9. Believe have sufficient access to credit and lending products

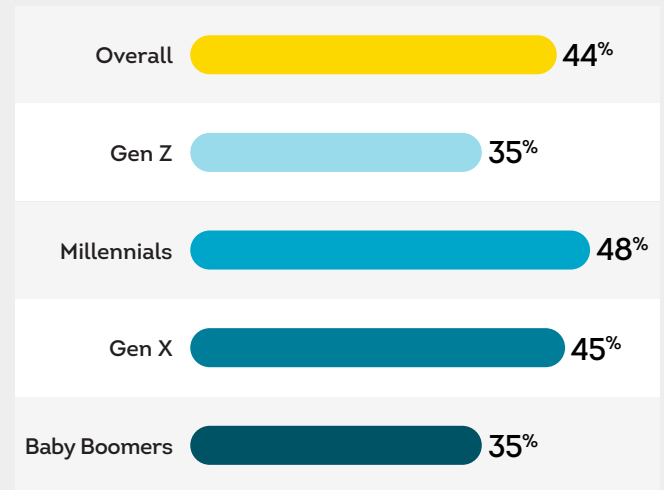


Figure 10. Plan to apply for new credit or refinance existing credit within the next year

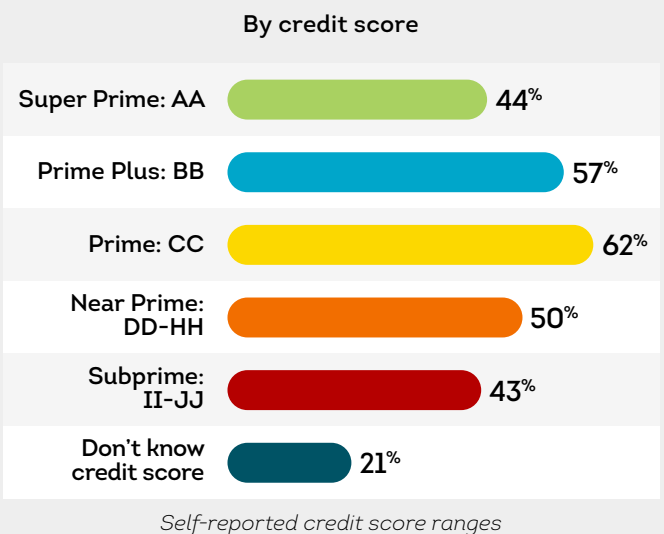
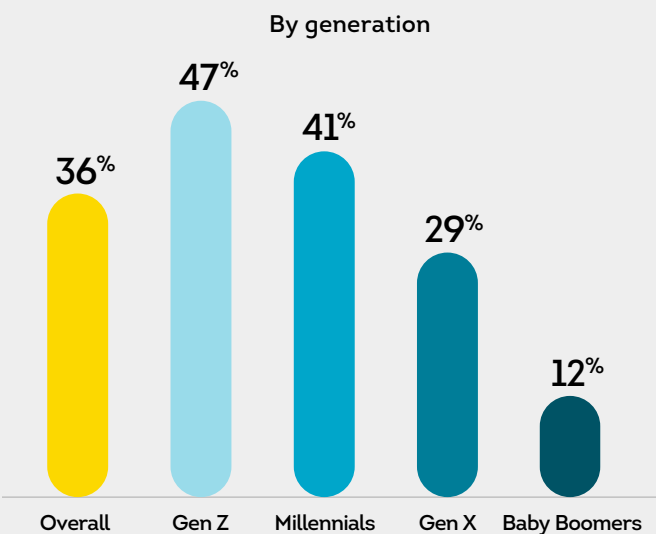


Figure 11. Type of new credit and loan activity planned in next 12 months

(among those who plan to apply for new or refinance existing credit)

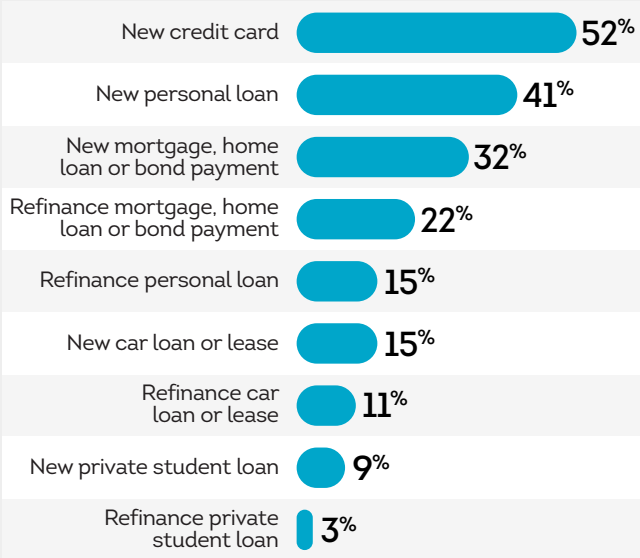


Figure 12. Abandoned plan to apply for new credit or refinance

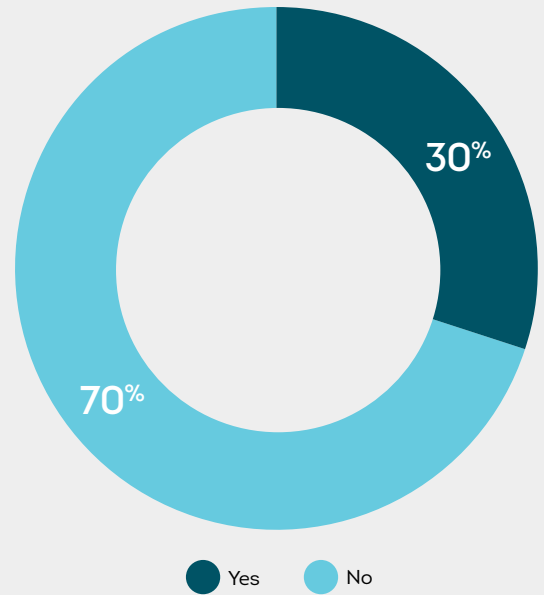
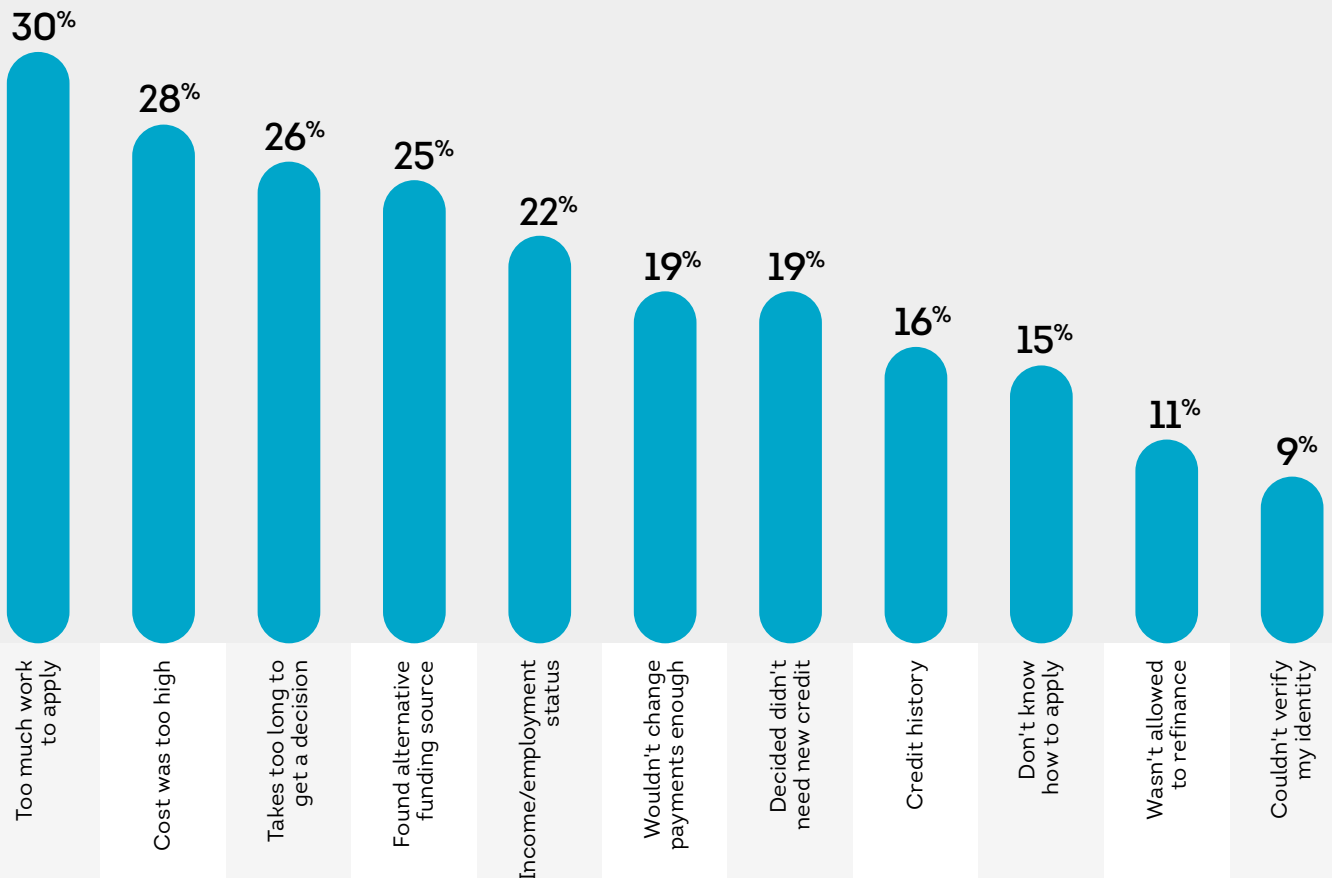


Figure 13. Reasons for abandoning application for new credit or refinance



Attitudes and behaviour to manage financial choices

Ninety-six percent of respondents recognised the importance of monitoring their credit situations, and roughly half (49%) of respondents monitored their credit monthly or more frequently.

Hong Kong consumers are entrenched in transacting online: 86% of respondents utilised online transactions, with Millennials using these services the most (90%). Nineteen percent of all respondents said they conducted more than half their transactions online. However, among frequent users, only 12% of Gen X were doing so to this level compared to around 20% on average within other generations – which runs against common perceptions.

Twenty-two percent of respondents believed their credit scores would increase if businesses used information not included on the standard credit report, while 45% believed their credit scores would remain unchanged.

Figure 14. Credit monitoring frequency

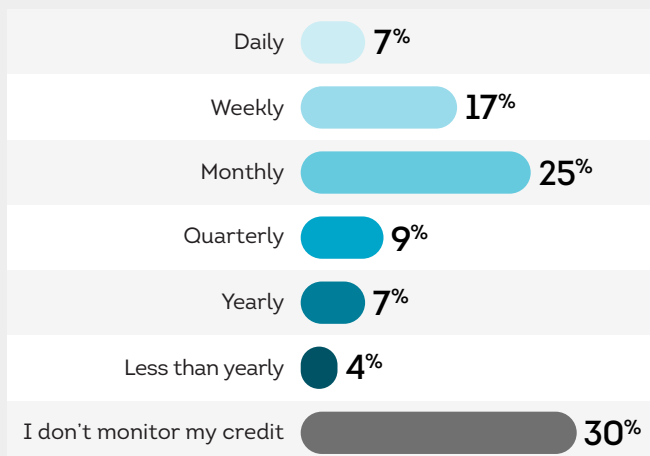


Figure 15. Believe monitoring credit is important

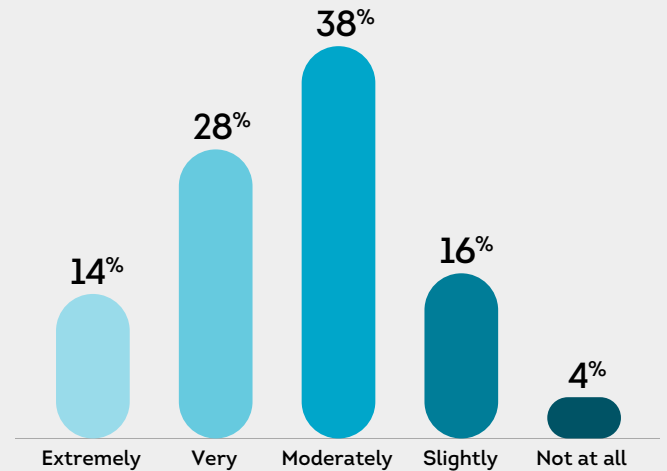


Figure 16. Percentage of transactions done online

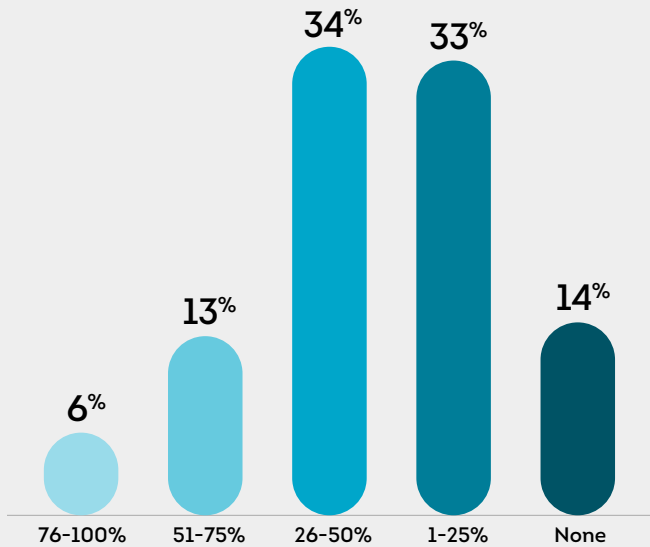
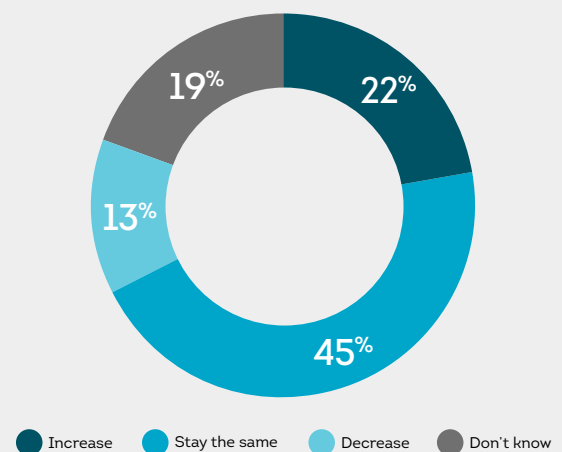


Figure 17. How believe credit score would change if businesses used information not on standard credit report



Examples provided of non-standard information include: rental payments, short-term loan history and buy now, pay later loans

IDENTITY PROTECTION

Identity risks and usage

One-third (32%) of respondents were targeted by a fraud scheme (down six percentage points), but only 5% said they became a victim after being targeted (down one percentage point).

Among those targeted, phishing (41%) continued to be the most frequent fraud scheme experienced in the last three months (up five percentage points) followed by money/gift card scams (21%, down six percentage points), and stolen credit card/fraudulent charges (21%, remained unchanged).

The majority (65%) of Hong Kong consumers were concerned about sharing their personal information because of concerns over identity theft (75%), invasion of privacy (66%), and receiving unsolicited marketing (50%). However, nearly half (49%) of respondents were willing to share personal information when applying for a credit card.

Figure 18. Personal experience with digital fraud attempts in last three months

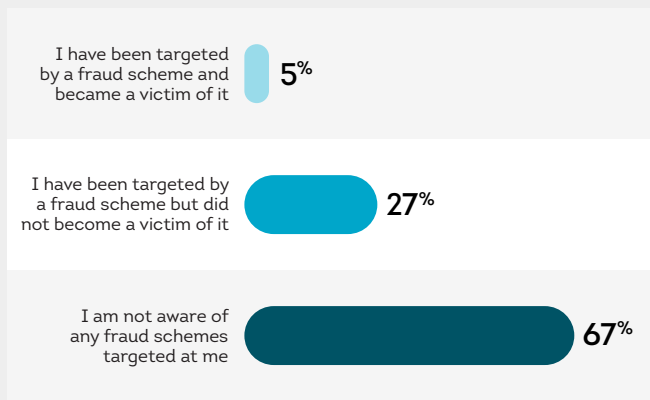


Figure 19. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)

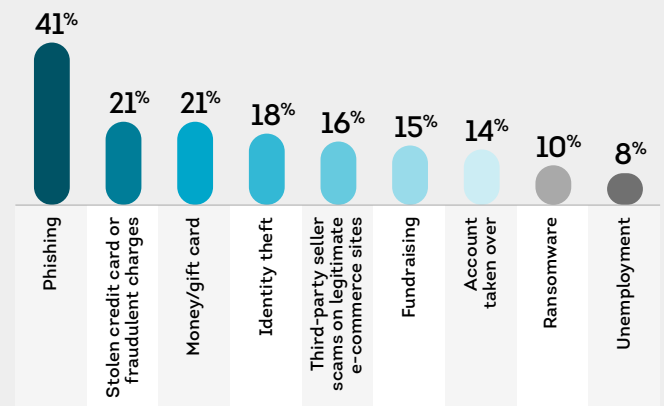


Figure 20. Concern with sharing personal information

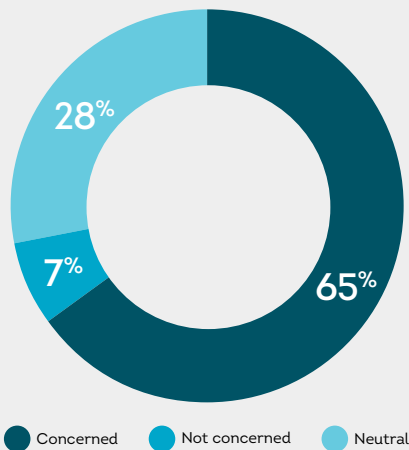
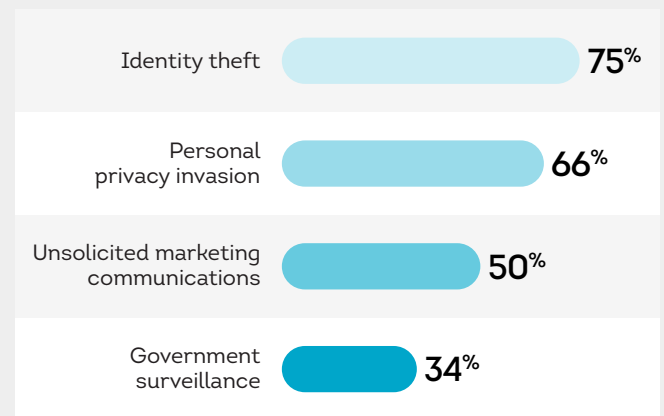


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse survey of 1,006 adults was conducted May 26–June 15, 2022 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in Hong Kong were surveyed using an online research panel method across a combination of desktop, mobile and tablet devices. Survey questions were administered in English and Chinese. To increase representativeness across resident demographics, the survey included quotas to balance responses to the census statistics dimensions of age, gender, household income and region. Generations are defined as follows: Gen Z, born 1995–2004; 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 ±3.09 percentage points based on a calculated error margin.

For previous Consumer Pulse Studies, visit
transunion.hk/consumer-pulse-study.

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