



## Consumer Pulse Study

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

Hong Kong Q3 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



#### Financial impact of the pandemic

The economic recovery persisted in Q3 2021. Fewer consumers (43% decreased 2 percentage points from last quarter) were negatively impacted with short of half (42%) of respondents optimistic about the future. Across generations, more Gen Z were optimistic (47%, increased 7 percentage points), while more Baby Boomers (37%, increased 4 percentage points) held a neutral view.



#### Buy Now Pay Later

Buy Now Pay Later (BNPL) service has been gaining popularity with 62% (increased 14 percentage points) of respondents aware of the service. However, more consumer education is required since 27% of consumers who have not used BNPL said they didn't understand the service. In particular, half of the respondents who have not used BNPL (48%) did not see the need, and some were worried about the debt (38%) and fees for missed payments (28%).



#### Payday loans

Payday loan is a new lending product gaining visibility in the market as most (80%) respondents have heard of the product and half (52%) of them believed the product would be at least somewhat valuable. However, the product is still new to the market and only 10% of consumers have used the service in the past 12 months.



#### Government consumption vouchers

Consumption vouchers have led to consumer optimism as 31% of consumers said they'll increase in-store or online retail shopping. The signal is more evident in younger generations: 38% and 33% of Gen Z and Millennials, respectively are planning to increase retail spending.

# FINANCIAL HARDSHIP

## Household income (HHI) and bill payment impact

Household income is largely unaffected (57% are not currently impacted, increased 2 percentage points), possibly aided by the enrollment of government consumption vouchers. Consumers are now more confident in their ability to pay financial obligations (76% said they'll be able to pay their bills/loans in full, increased 4 percentage points). For those who won't be able to meet their obligations, 46% (increased 10 percentage points) plan to dip into their savings to help pay their bills. They're also planning to open new credit cards (22%, increased 7 percentage points) and borrow from a friend or family (28%, decreased 2 percentage points). In terms of bills and loans they expect to be unable to pay, 26% of consumers with personal loans, 15% of mortgage holders, and 14% of renters said they won't be able to make those payments in full.

In relation to consumer expectations of the future, there was a rising trend (28%, increased 4 percentage points) in uncertainty about the impact on household income from the pandemic.

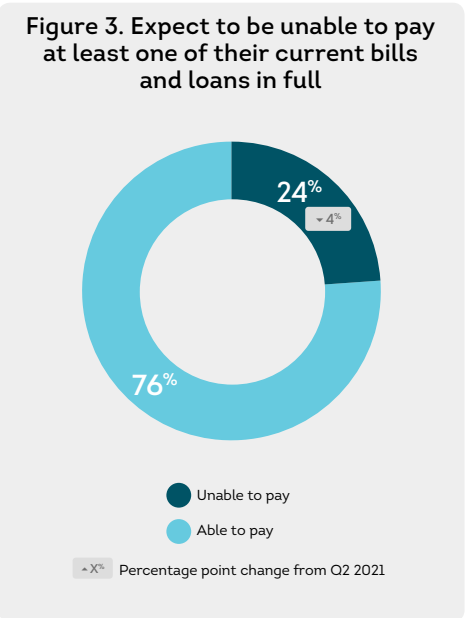
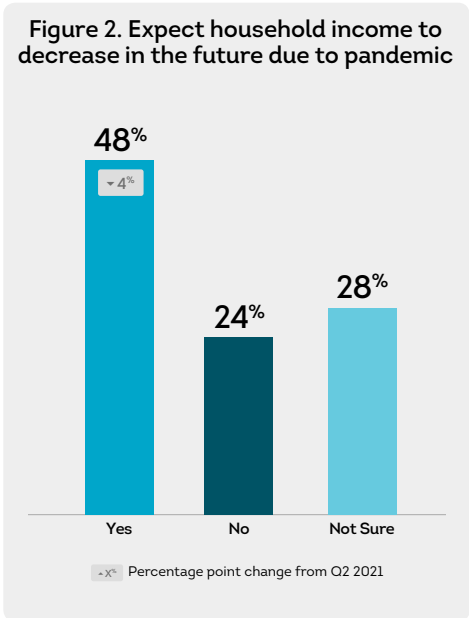
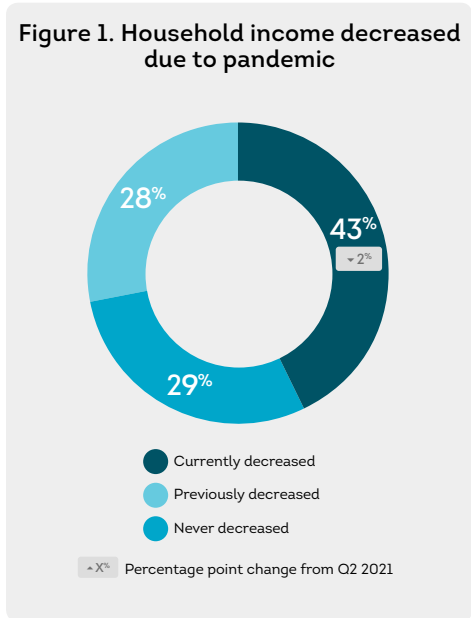
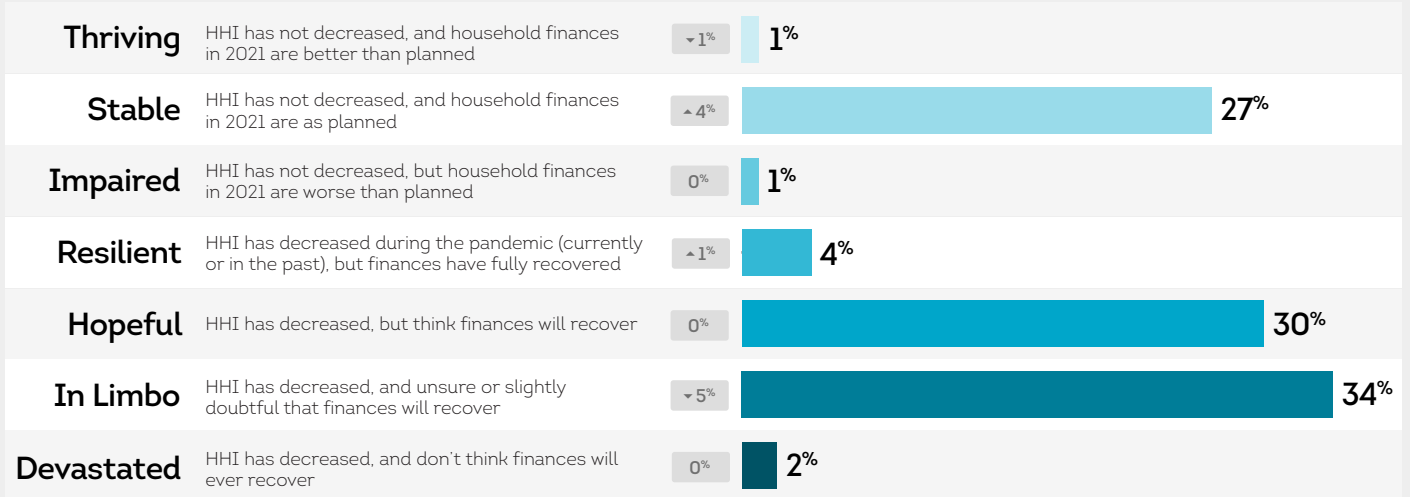
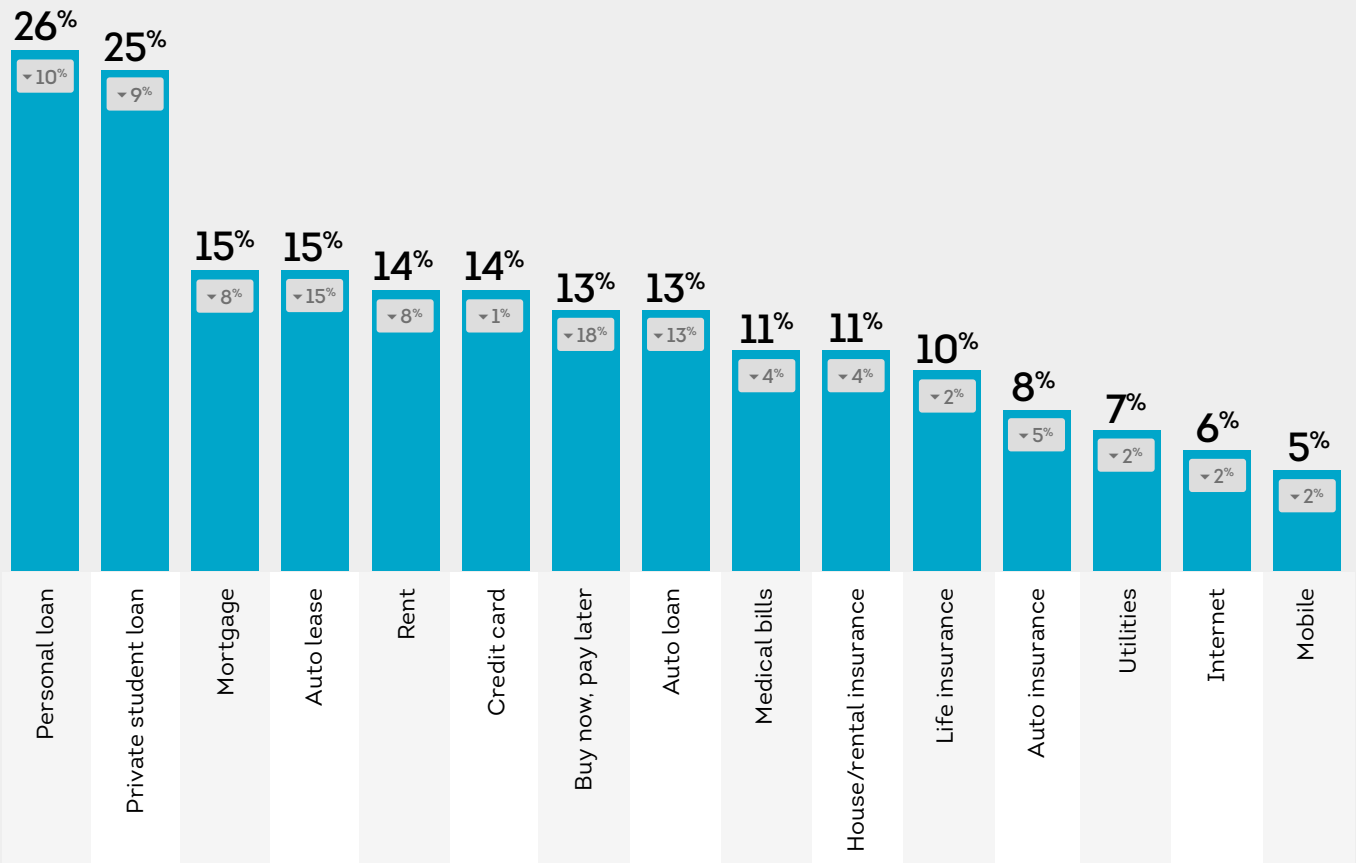


Figure 4. Consumer financial situation due to pandemic



▲ X% Percentage point change from Q2 2021

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



▲ X% Percentage point change from Q2 2021

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

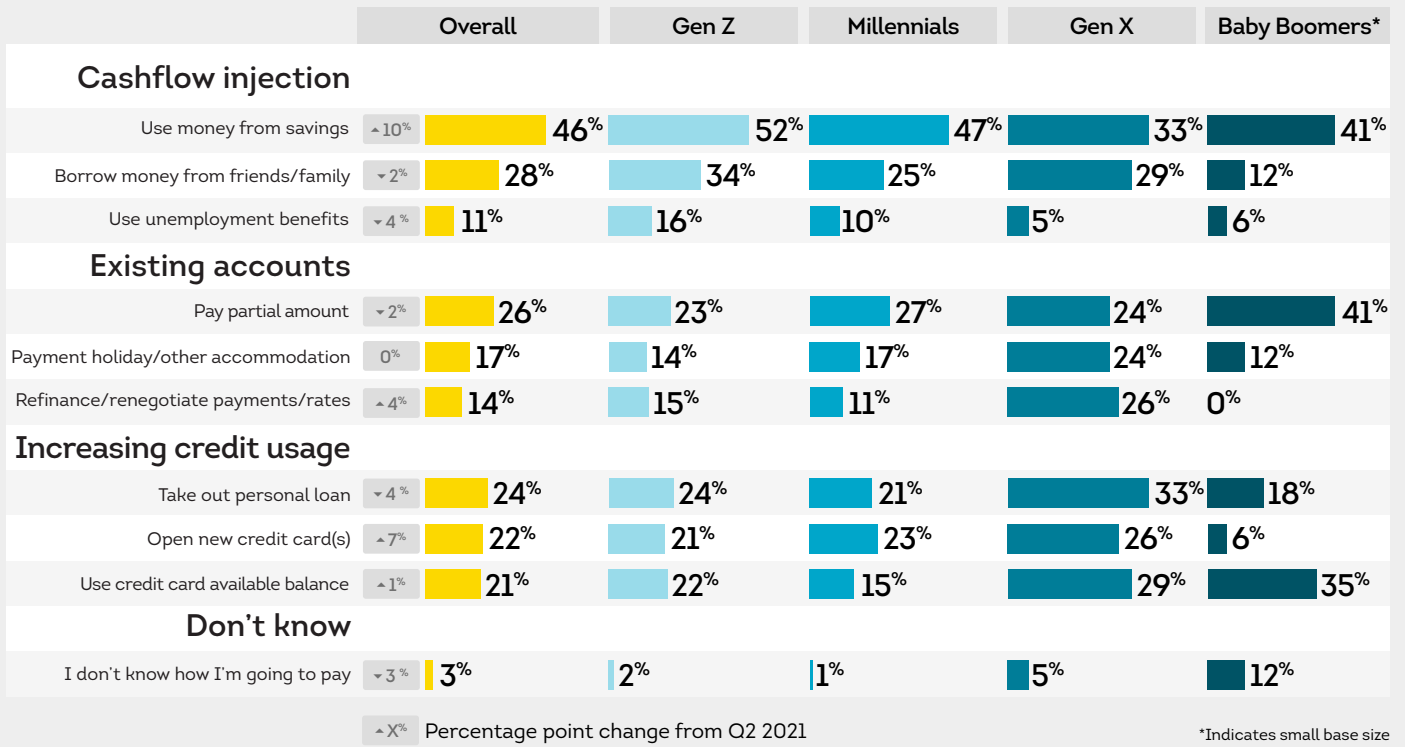
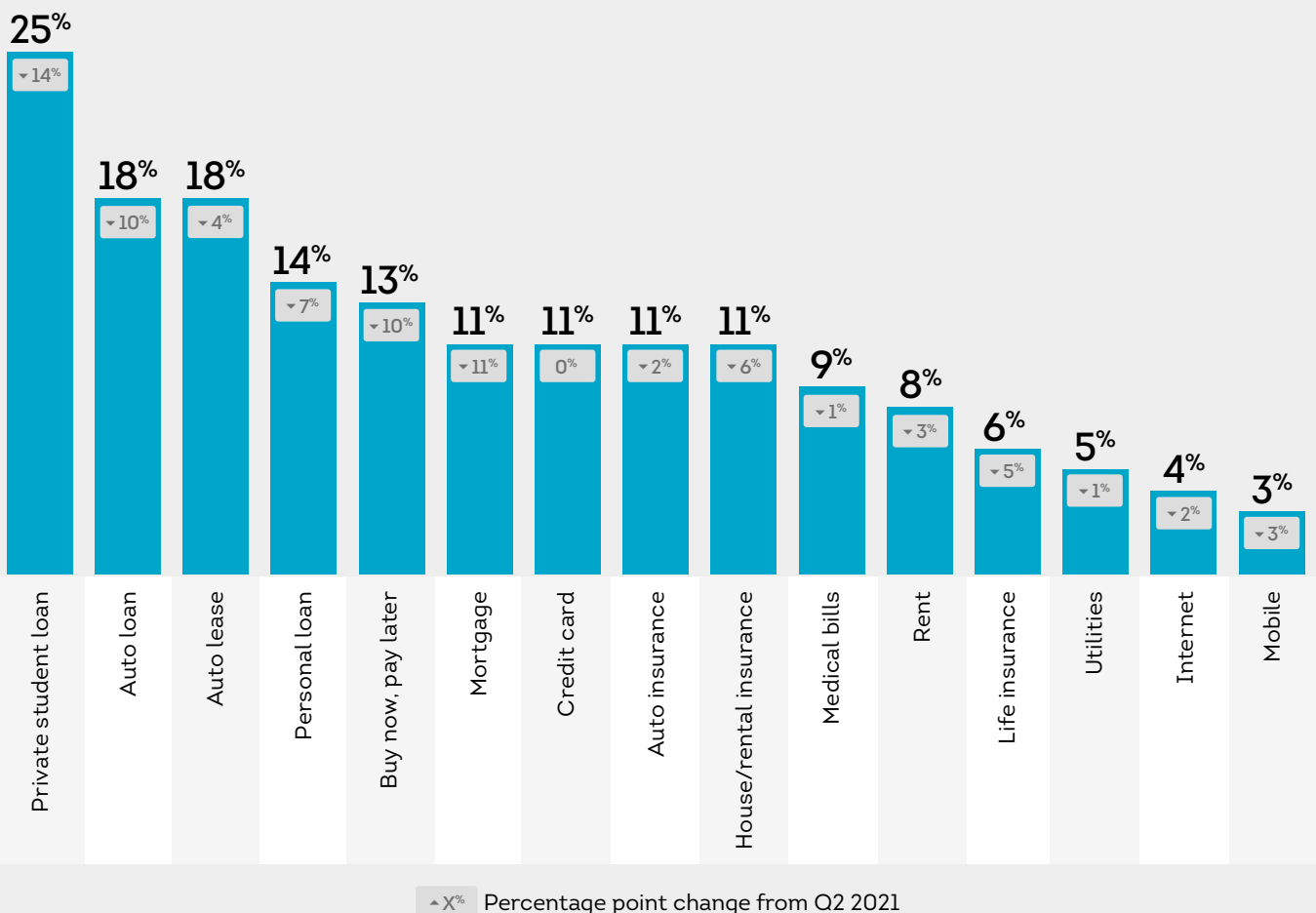


Figure 7. Types of bills or loans enrolled in financial accommodation in past year (among those with that bill/loan)



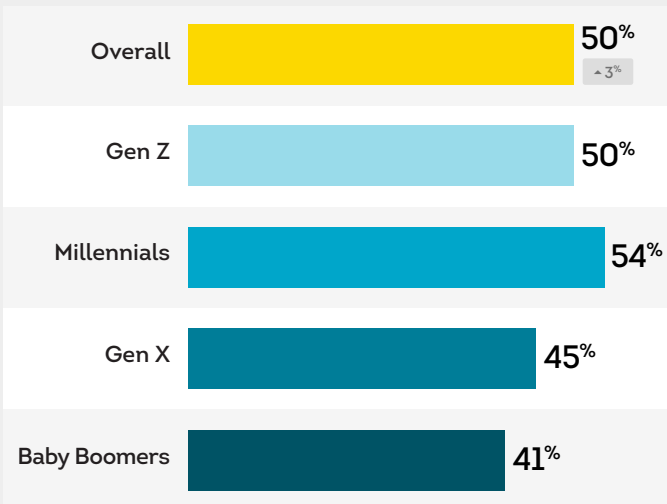
# FINANCIAL INCLUSION

## Attitudes and plans for economic participation

Hong Kong is a mature market – only 17% said they do not have sufficient access to credit; 87% believe accessing credit is at least moderately important; and 41% plan to apply for new credit or refinance. Most respondents (73%, increased 6 percentage points) feel it is extremely or very important to monitor their credit. Near prime (67%), prime plus (66%) and prime (59%) consumers had the highest intent to apply for credit or refinance.

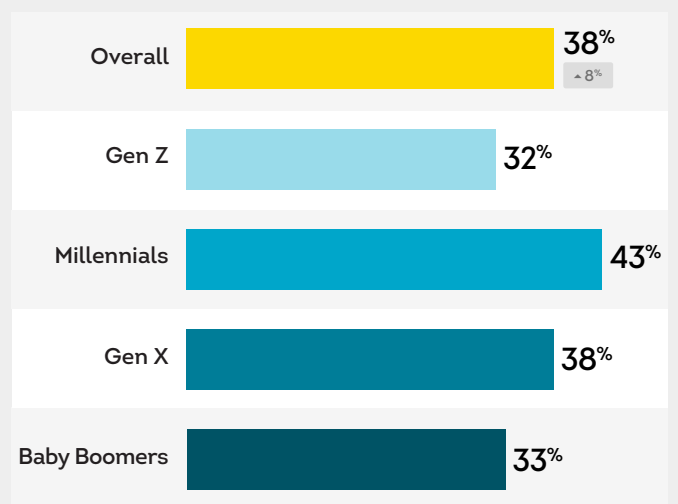
Half of the respondents (52%) cut back on discretionary spending and more are adding to their savings (23% saved more for retirement, increased 6 percentage points; 44% saved more in an emergency fund, increased 5 percentage points). Under the anticipation of government vouchers, most households (60%) expect spending on bills and loans to remain the same and more transactions to be done online (42%, increased 2 percentage points).

**Figure 8. Believe important to have access to credit to achieve financial goals (extremely or very important)**



-X% Percentage point change from Q2 2021

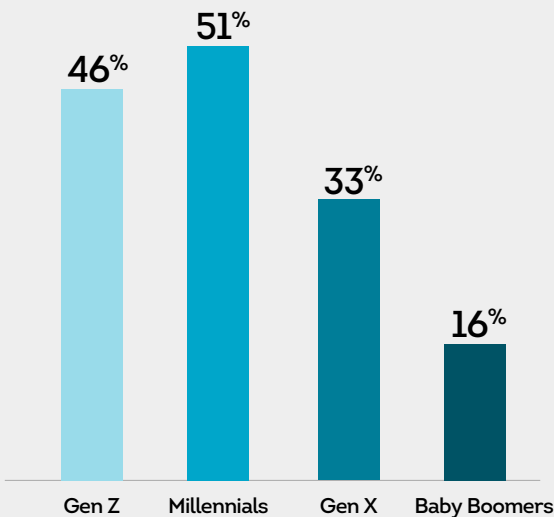
**Figure 9. Believe have sufficient access to credit and lending products**



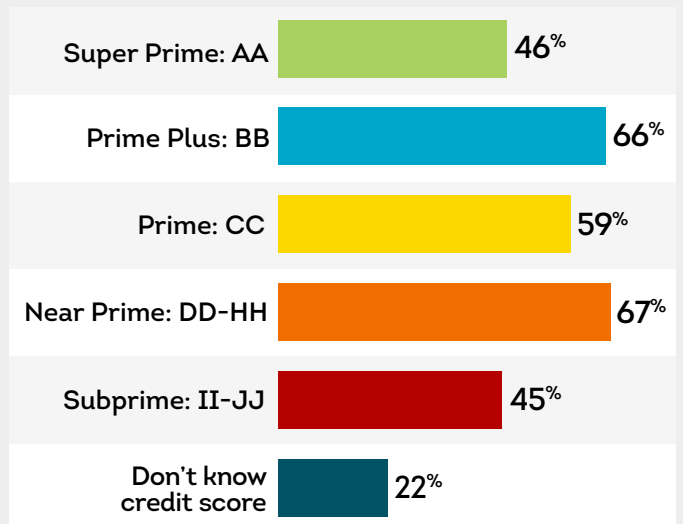
-X% Percentage point change from Q2 2021

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

By generation



By credit score



Self-reported credit score ranges

Figure 11. Believe monitoring credit is important

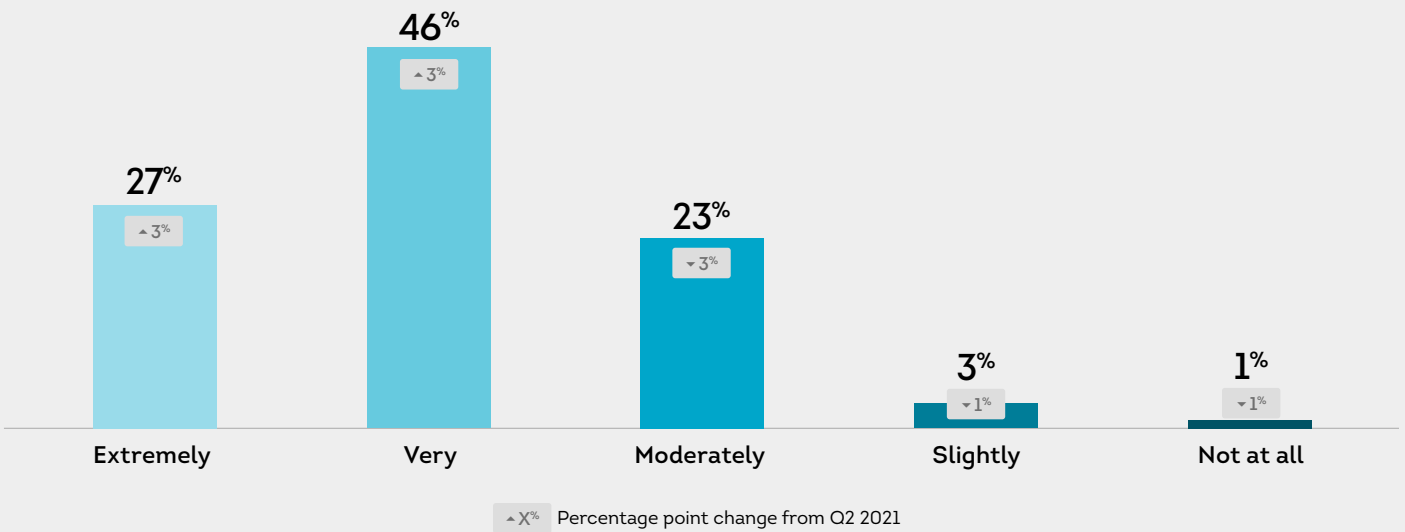


Figure 12. Changes to household budget in the last three months

	Overall	Gen Z	Millennials	Gen X	Baby Boomers
<b>Spending</b>					
Cut back on discretionary spending	▲ 3% 52%	49%	57%	52%	45%
Increased discretionary spending	▲ 2% 22%	24%	26%	17%	16%
Cancelled subscriptions/memberships	▼ 2% 19%	18%	24%	19%	8%
Added/expanded digital services	▲ 3% 18%	22%	20%	15%	6%
Cancelled/reduced digital services	▼ 2% 16%	16%	19%	12%	10%
Added subscriptions/memberships	0% 12%	15%	14%	11%	2%
<b>Debt &amp; savings</b>					
Saved more in emergency fund	▲ 5% 44%	50%	51%	29%	33%
Saved more for retirement	▲ 5% 23%	23%	25%	22%	16%
Paid down debt faster	▼ 3% 16%	18%	23%	6%	6%
Increased usage of available credit	▲ 3% 15%	18%	17%	13%	5%
Cut back on saving for retirement	0% 14%	11%	16%	17%	10%
Used retirement savings	▼ 1% 10%	8%	8%	15%	9%

▲ X% Percentage point change from Q2 2021

Figure 13. Expected change to household spending over next three months

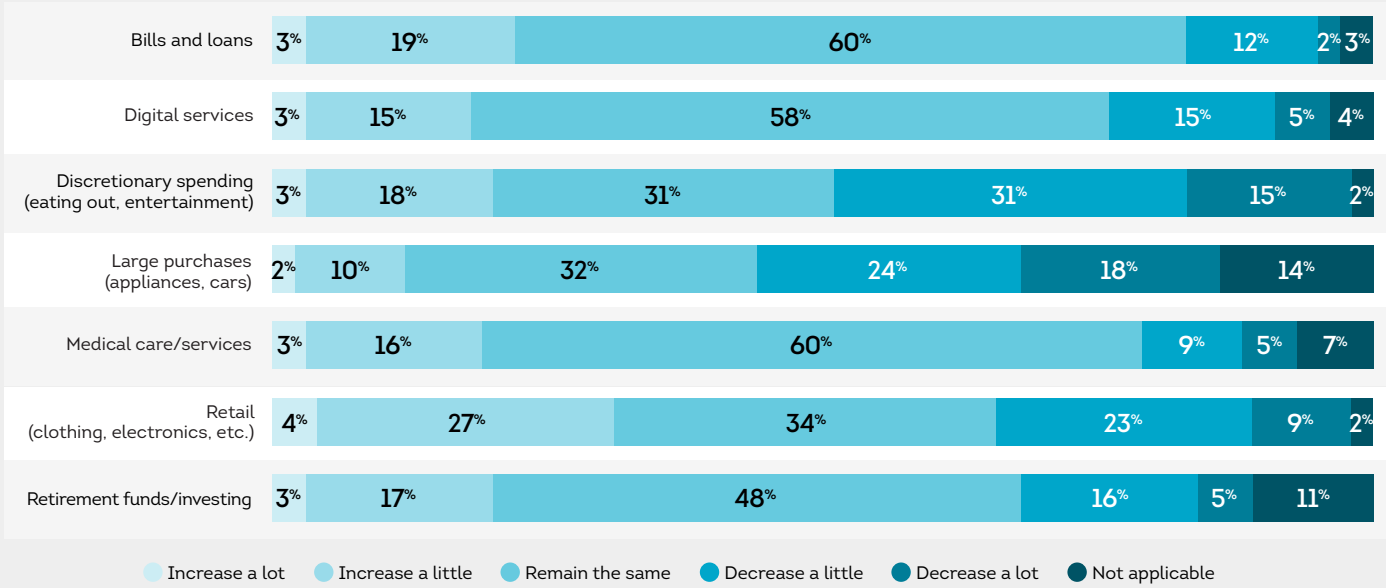
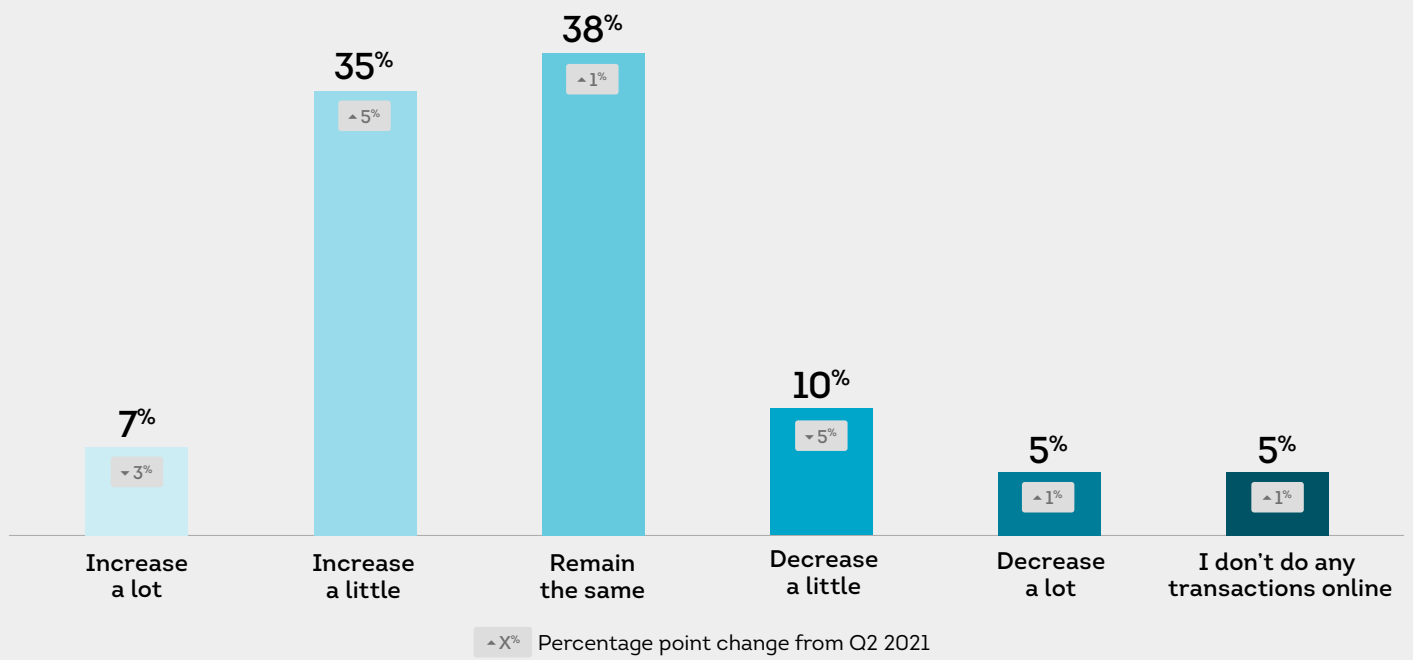


Figure 14. Expected change in number of online transactions over the next three months



## FOCUS ON FRAUD

### Experience with digital fraud

Majority of respondents (64%) weren't aware of being targeted by fraud schemes, with Baby Boomers (74%) being least aware. For those three youngest generations, one-third were targeted by fraud but did not fall victim.

The most common fraud schemes among those targeted were phishing (46%), stolen credit card (24%), and third-party seller scams (22%). Account take-over was more common among younger generations with 25% of targeted Gen Z and 23% of targeted Millennials reporting it.

Figure 15. Personal experience with digital fraud attempts in last three months

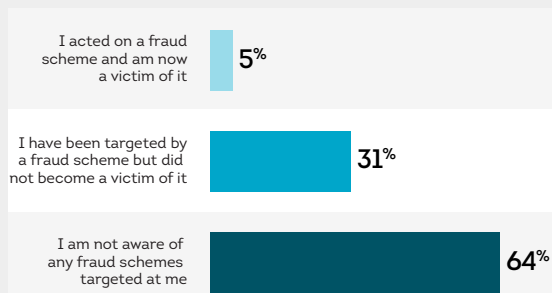
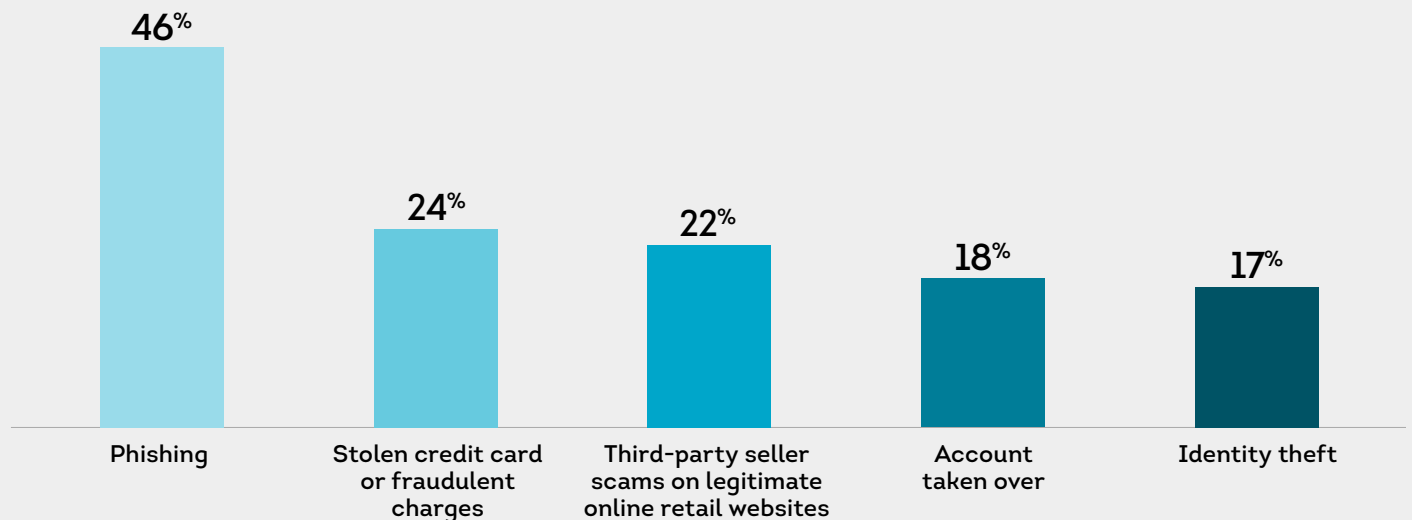


Figure 16. Digital fraud by generation



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





## Methodology

This online survey of 1,100 adults in Hong Kong was conducted August 16–31, 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 ±2.96% percentage points based on a calculated error margin.

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