



Consumer Pulse Study

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

Hong Kong Q3 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 behaviours 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



The Hong Kong economy continued to improve, albeit at a slow pace due to weaker exports.¹ The unemployment rate fell further to 4.1% in the June to August period.² This aligned with the improving economy, easing of social distancing measures, and launching of the government's Phase II Consumption Voucher Scheme and "0+3" quarantine policy (announced in late Sept.) which stimulated a surge in online searches for flights and hotels on some travel sites.³



Consumer sentiment in TransUnion's Consumer Pulse Study remained relatively upbeat amid a weakening local epidemic and further relaxing of social distancing measures. In light of the improved employment situations, more consumers reported either the same or increased income in the past three months, with a higher percentage of respondents expecting the same or growing income in the next 12 months.



Looking forward, economic activities should continue to improve (assuming the continuation of the weakening local epidemic situation), increasing consumption demand supported by the Consumption Voucher Scheme, and increasing spending and credit card activities stimulated by the '0+3' quarantine policy. However, without cross-border trade between the Mainland and Hong Kong, the Hong Kong Special Administrative Region's export performance is expected to be depressed by a worsening external environment over the remainder of the year. Tighter financial conditions may also have some dampening effects on consumer sentiment and spending.

¹ <https://www.hkeconomy.gov.hk/en/situation/development/index.htm>

² <https://www.hkeconomy.gov.hk/en/situation/development/index.htm>

³ <https://www.scmp.com/news/hong-kong/hong-kong-economy/article/3193644/hong-kong-travellers-rush-book-overseas-trips>

Household income (HHI), spending and bill payment impact

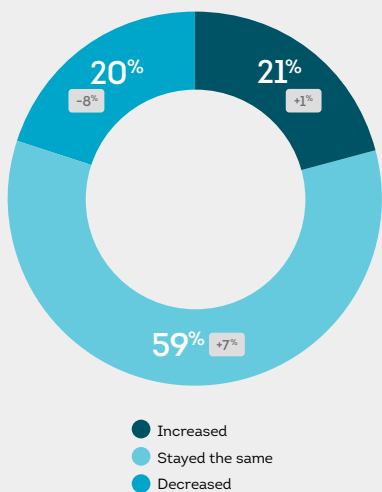
Strong labor market conditions along with relaxation in social distancing appeared to help consumers' financial situations; 66% of respondents reported at this point in 2022, their household finances were either better than or as planned. That's up from 60% last quarter. The percentage of respondents who reported worse finances was down to 34% from 40% in Q2 2022. Those who cited the same or higher income in the past three months jumped by eight percentage points from Q2 2022 to 80% in Q3.

Stable or improved consumer finances and income appeared to enhance consumers' confidence in meeting their debt obligations. In Q3 2022, 80% of respondents expected they'd be able to pay their bills and loans in full, up from 78% the previous quarter.

The new wave of the pandemic seemed to make some consumers wary about going out to spend. In Q3, 31% said they increased household spending in the past few months, down from 36% in Q2.

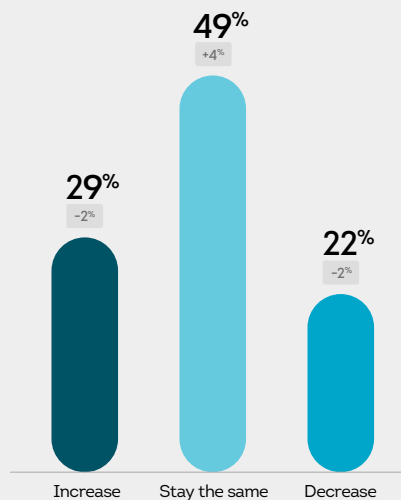
Consumer sentiment regarding inflation remained unchanged from last quarter; 95% of respondents were concerned with inflation at various degrees. Most consumers expected their spending decreases in the next three months to remain minimal in all categories except retail shopping (e.g., clothing, electronics and durable goods) and large purchases (e.g., appliances and cars) where five and four percentage points more respondents said they'll minimize their spending, respectively.

Figure 1. Household income change last three months



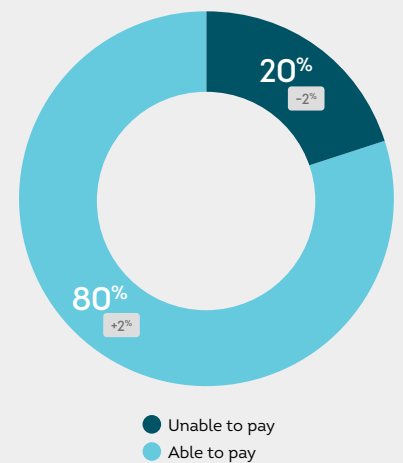
X% Percentage point change from Q2 2022

Figure 2. Expected household income change next 12 months



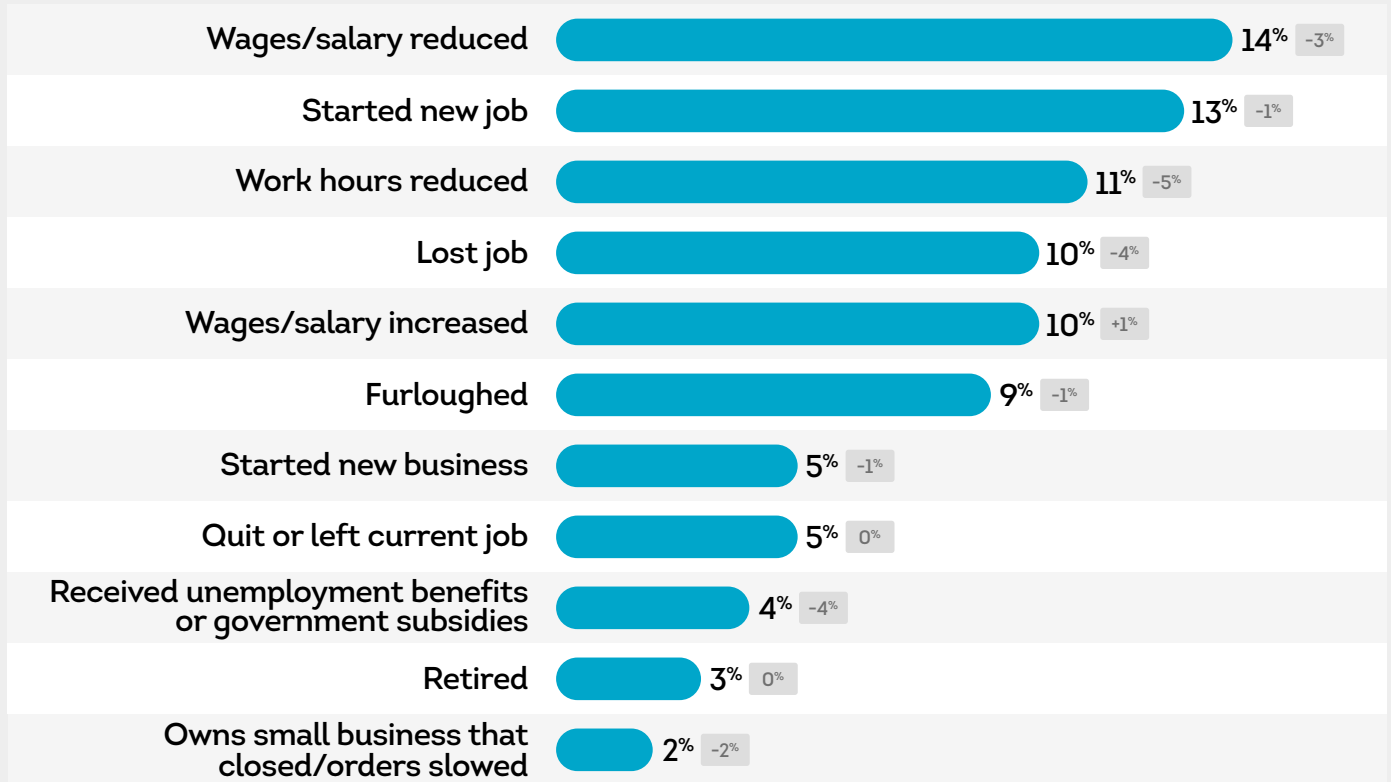
X% Percentage point change from Q2 2022

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



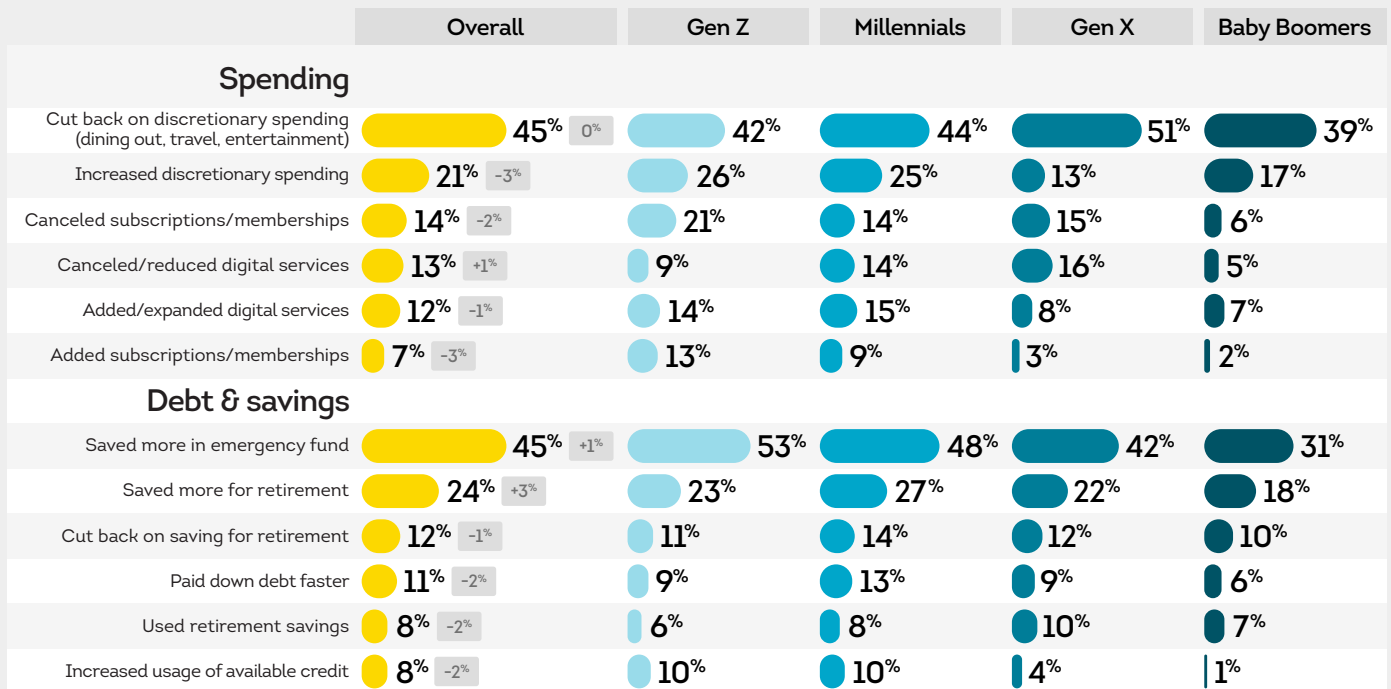
X% Percentage point change from Q2 2022

Figure 4. Reasons for change in current household income



X* Percentage point change from Q2 2022

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



X* Percentage point change from Q2 2022

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

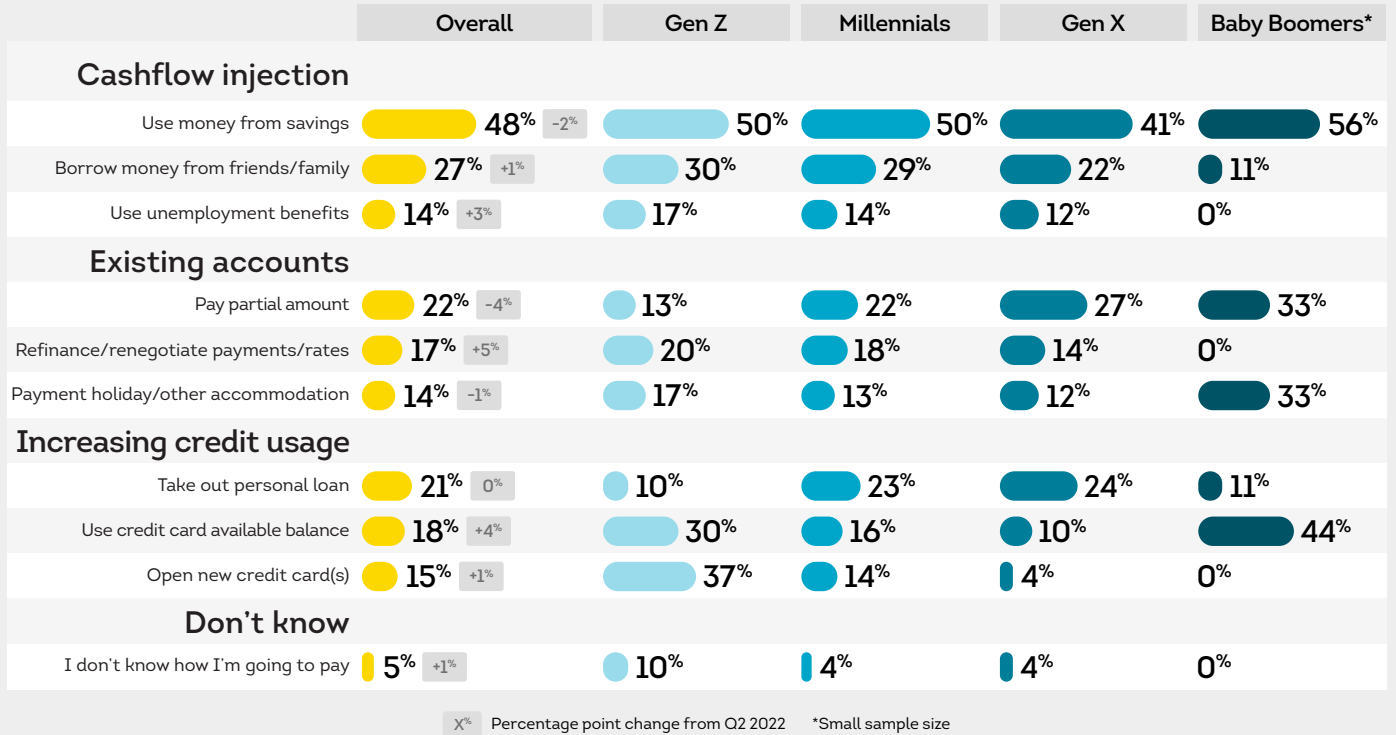
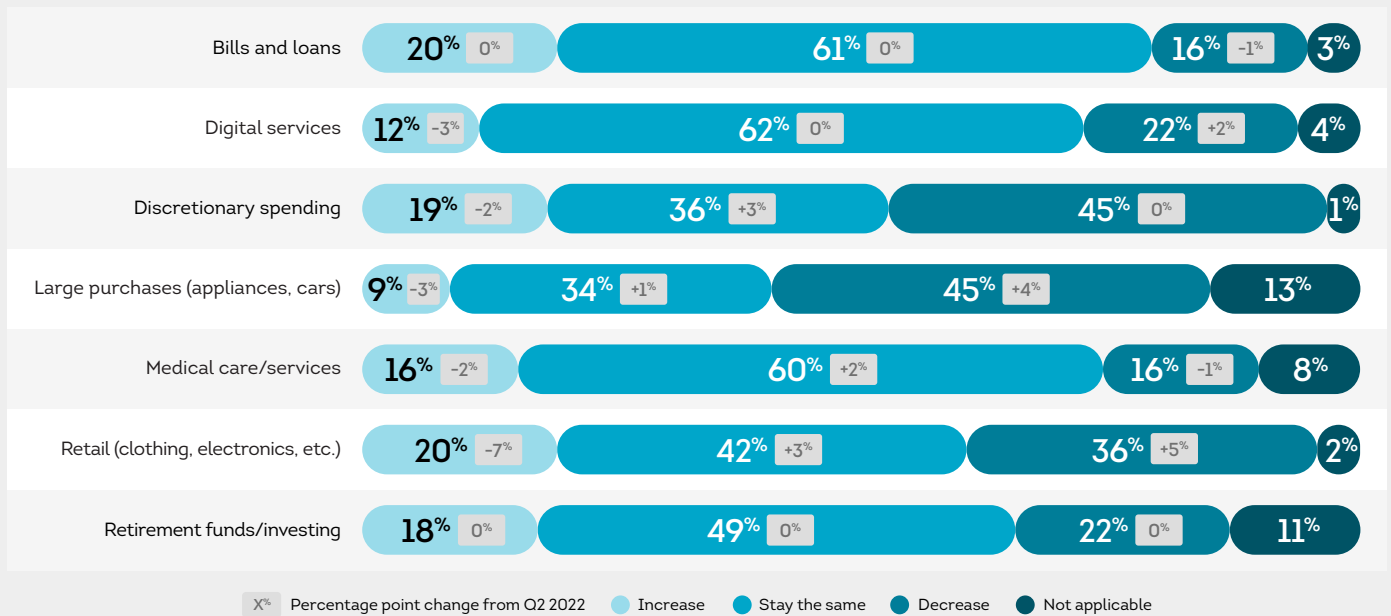


Figure 7. Expected change to household spending over next three months



Attitudes and plans for economic participation

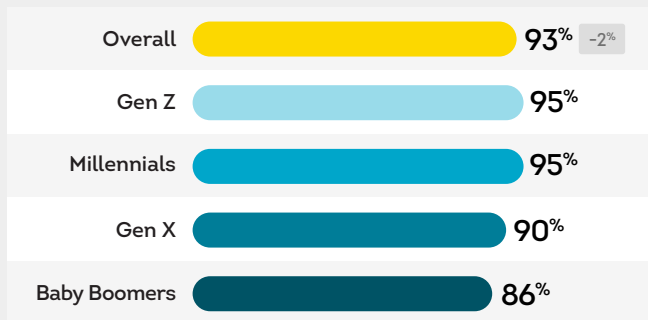
Continued improvement in economic and employment situations may have reduced consumer desire for credit products. Seventy-eight percent of respondents placed at least moderate importance in accessing credit and lending products to help achieve their financial goals, down from 80% and 86% in Q2 and Q1 2022, respectively.

For those who planned to apply for new or refinance existing credit, Gen Z showed a strong desire for a new credit card; 71% said they planned to apply for a new card in the next year. That's the highest among any generation and up significantly from 65% in Q2 and 42% in Q1 2022. Millennials and Gen X also voiced a strong interest; more than half of respondents in those age groups said they'll apply for a card within the next year.

The current high interest rate environment may have held consumers back from getting new credit. Among those who said they considered applying for new or refinancing existing credit but ultimately decided not to, the highest proportion (31%) said it was due to the cost being too high. That's three percentage points higher than Q2 2022.

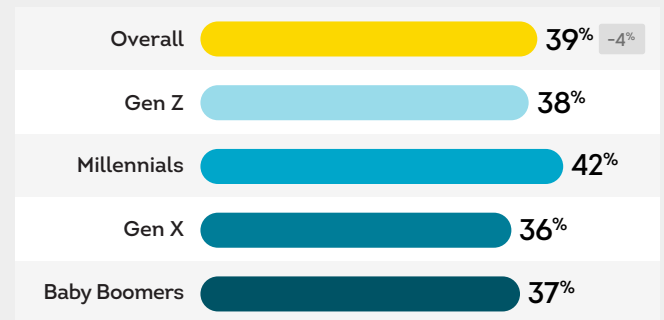
A soft housing market coupled with rising interest rates may have deterred consumers from applying for or refinance mortgages. Among those who said they're planning to apply for new or refinance existing credit, 26% of respondents said they'd apply for a new mortgage or home loan, lower than the 32% in the previous quarter. In addition, 15% reported they'd refinance a mortgage or home loan, down from 22% in the previous quarter.

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



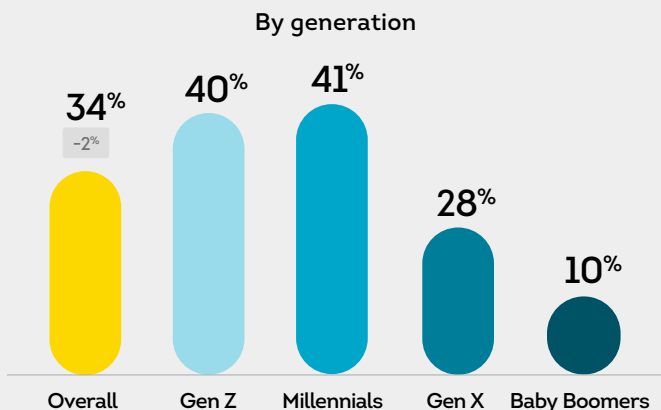
X* Percentage point change from Q2 2022

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



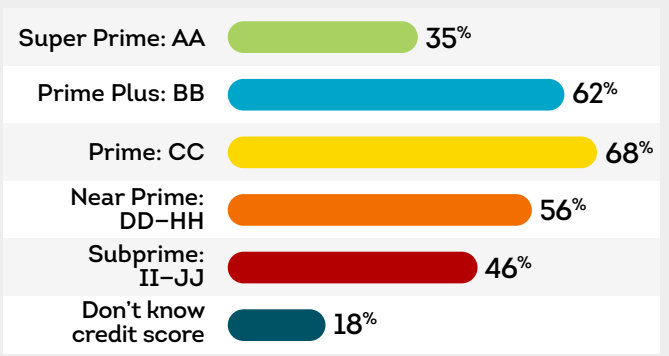
X* Percentage point change from Q2 2022

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



X* Percentage point change from Q2 2022

By credit score



Self-reported credit score ranges

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)

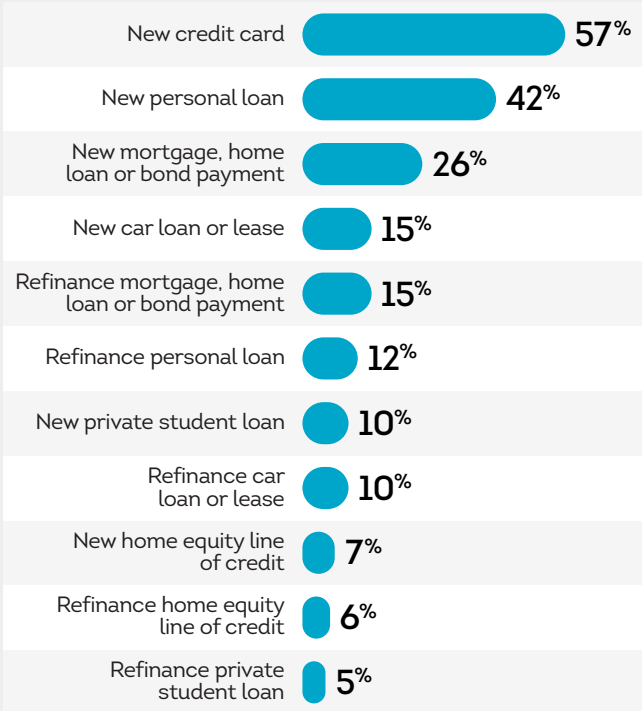


Figure 12. Abandoned plan to apply for new credit or refinance

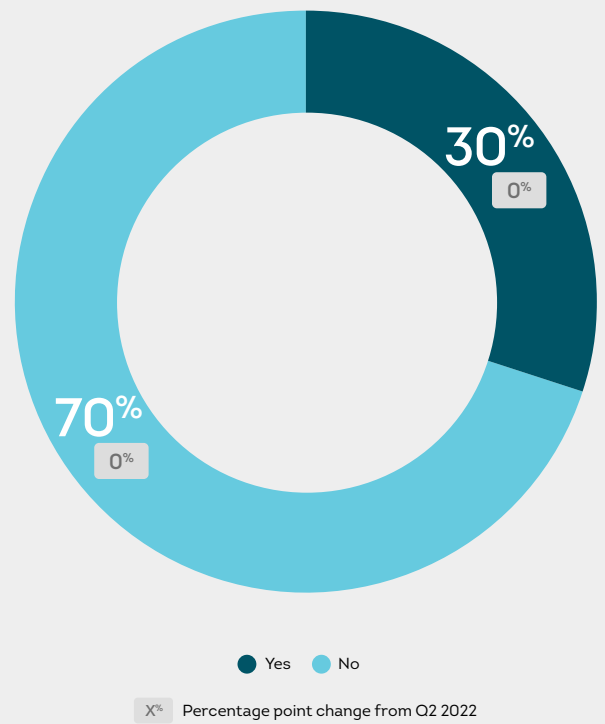
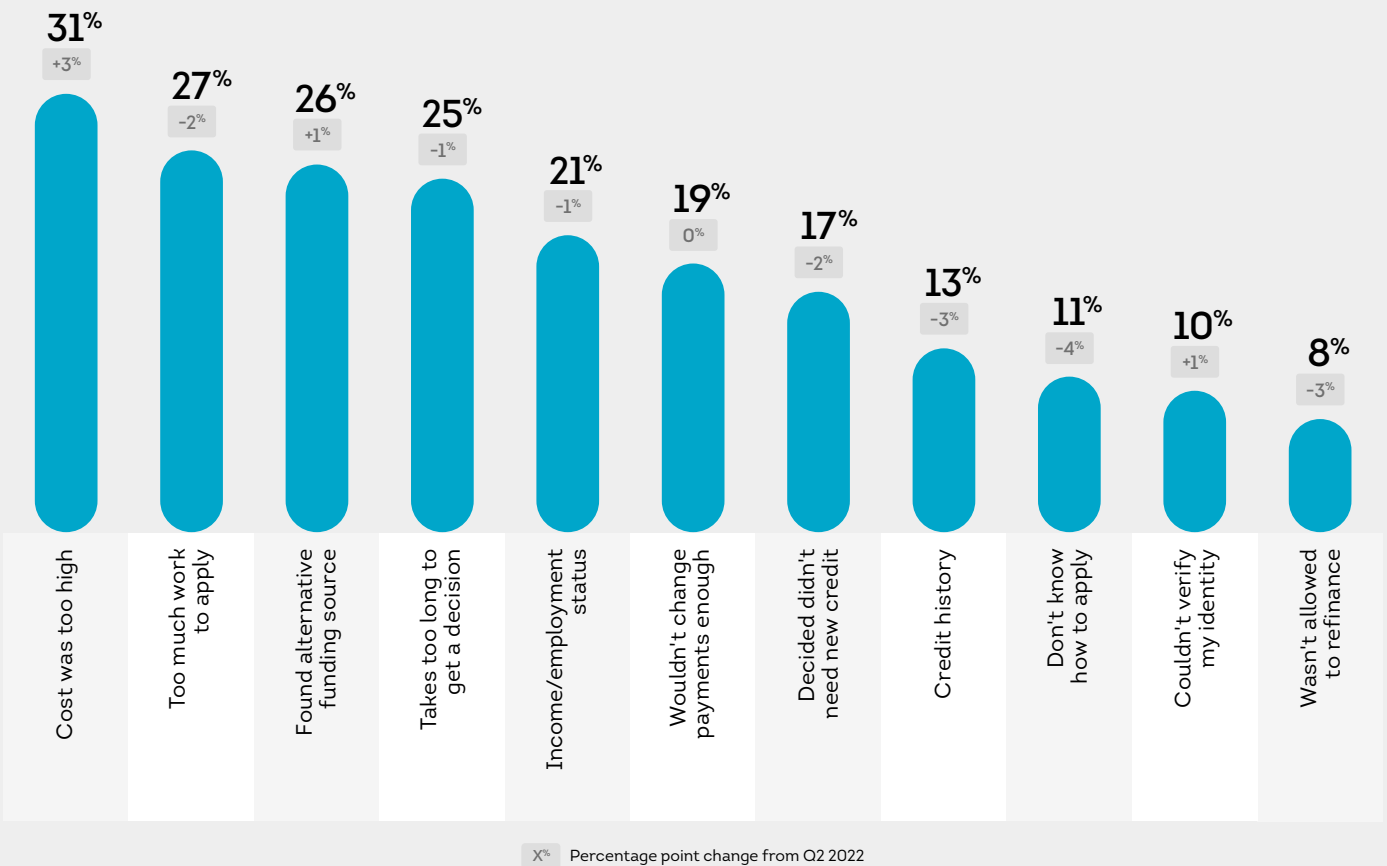


Figure 13. Reasons for abandoning application for new credit or refinance



Attitudes and behaviour to manage financial choices

The same percentage (80%) of respondents as last quarter recognized monitoring their credit was at least moderately important. The proportion of consumers who said they monitored their credit at least monthly remained the same as well at 49%.

Most (87%) Hong Kong consumers said they transacted online. Millennials said they did so the most (89%) followed by Gen X (85%). Among all respondents, 17% said they conducted more than half of their transactions online. This percentage is stable across all generations.

More respondents (49%, up from 45% in Q2) didn't think the use of information not on standard credit reports would change their credit scores. Furthermore, 20% said such information would increase their scores, down from 22% last quarter.

Figure 14. Credit monitoring frequency

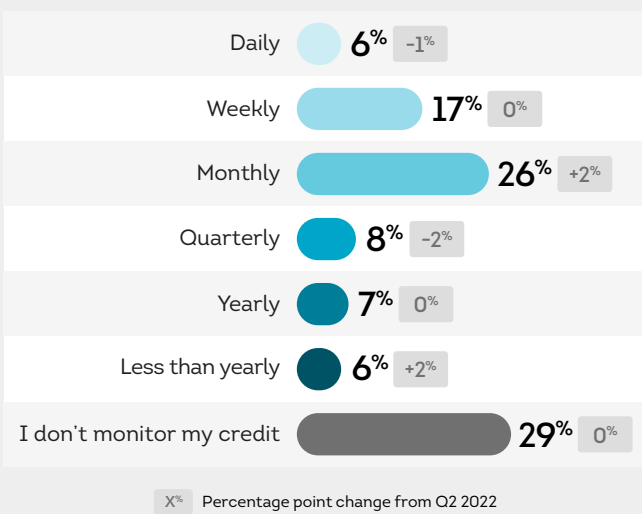


Figure 15. Believe monitoring credit is important

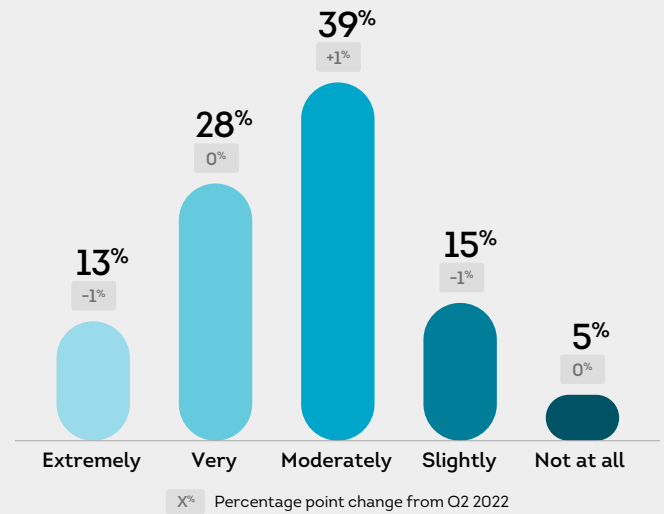


Figure 16. Percentage of transactions done online

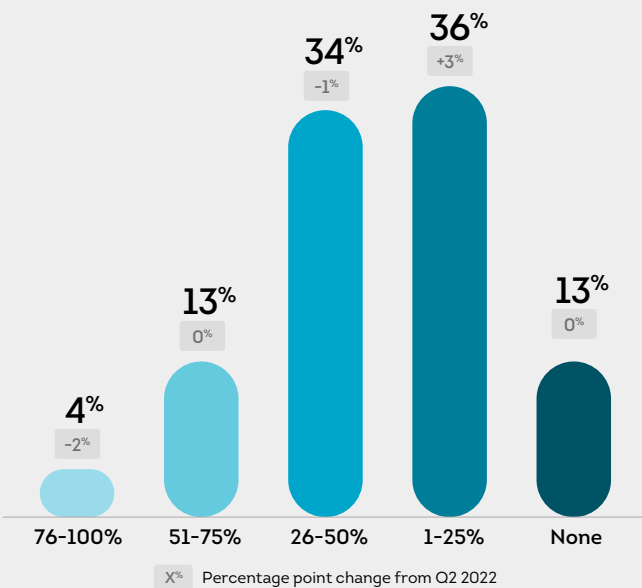
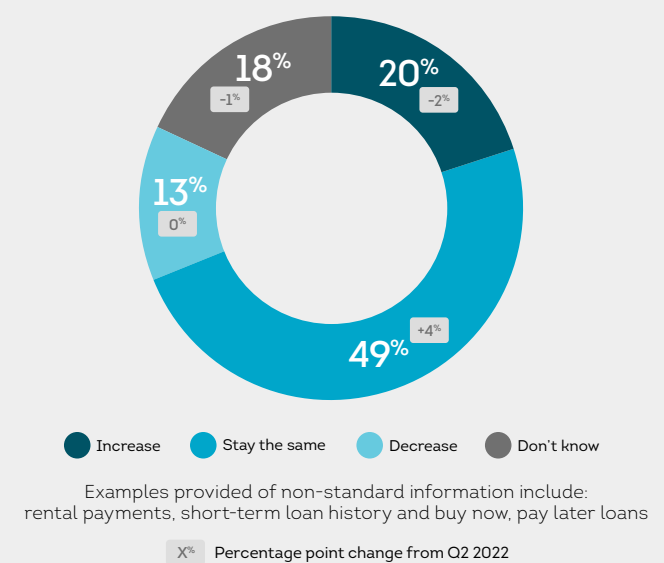


Figure 17. How believe credit score would change if businesses used information not on standard credit report



IDENTITY PROTECTION

Identity risks and usage

Those who said they were targeted by digital fraud in the last three months was slightly higher than last quarter; 34% in Q3 and 32% in Q2. However, only 4% said they had become a victim after being targeted (down one percentage point from last quarter).

Phishing and money/gift card scams were the top two types of digital fraud. Among those who said they were targeted by digital fraud in the last three months, 36% said they were targeted by phishing, down from 41% in Q2 2022. Those who said they were targeted by money or gift card scams grew by five percentage points from last quarter to 26% in Q3.

The percentage of consumers concerned with sharing personal information (65%) was quite stable compared to past quarters. The number one reason those who said they were concerned with sharing personal information was not wanting their identity stolen (75%) followed by personal invasion of privacy at 67%. Another 50% respondents said they were concerned because of unsolicited marketing communications.

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

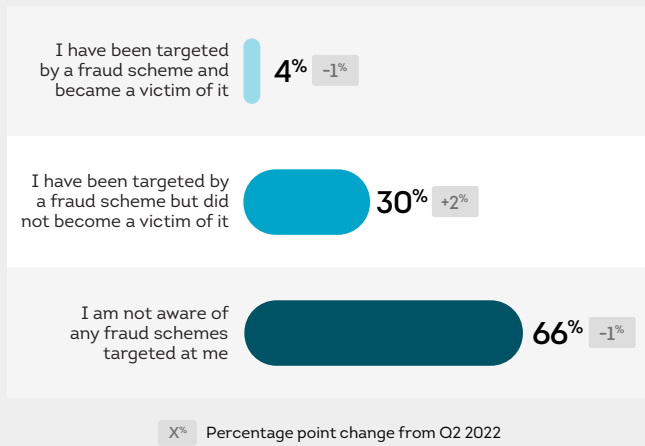


Figure 19. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)

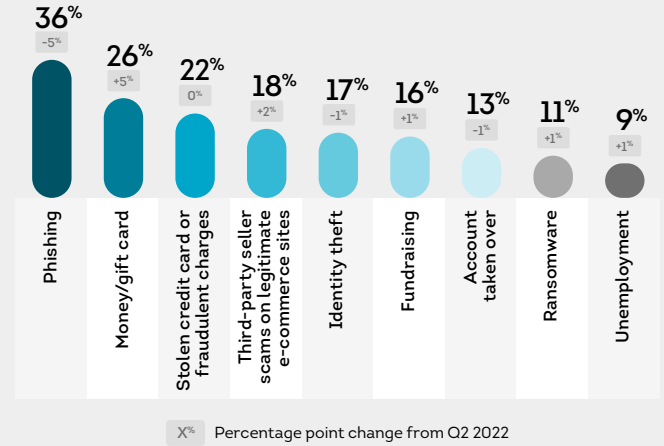


Figure 20. Concern with sharing personal information

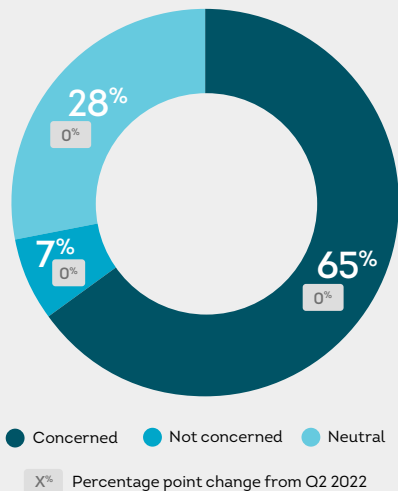
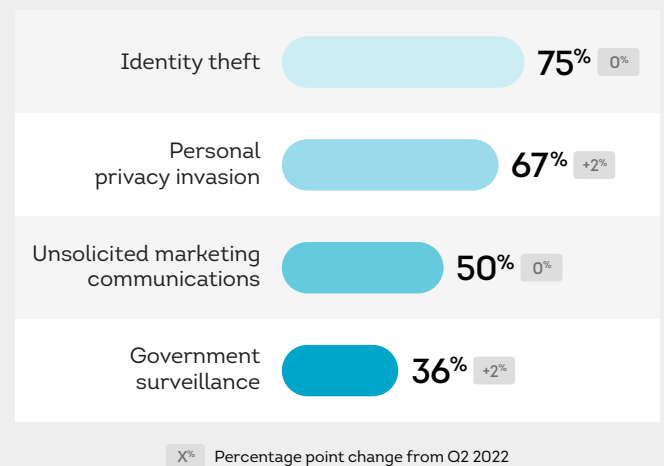


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse survey of 1,008 adults was conducted Aug. 19–Sept. 1, 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.

FOR BUSINESSES

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