



Consumer Pulse Study

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

Hong Kong Q4 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 economy in Hong Kong continued to recover at 5.4% real GDP growth.¹ In Q4 2021, most household finances have recovered (75%; increased 13 percentage points from Q3), and consumers were optimistic about finances (68%; increased 26 percentage points from Q3) in the next 12 months.

The survey showed vaccinated respondents enjoyed better than planned household finances over the unvaccinated. More than half (57%; increased 33 percentage points from Q3) of those fully vaccinated stated their finances were better than planned, with the same metric at 19% for unvaccinated respondents. Consumer finances are expected to continue to recover as the vaccination rate rises.



Spending and savings

The Oct. release of second instalment consumption vouchers provided stimulus to the economy. Just under half of respondents (49%; increased 13 percentage points) increased household spending budget, and 70% of consumers planned to spend the same or more this holiday season than last year. On the other hand, some consumers are opting to save as one-third of respondents (33%; increased 10 percentage points) saved more for retirement.



Product space shift

A changing macroeconomic environment and consumer habits have redefined the space of lending products. The top three loan products are personal loan, tax loan and revolving loan at 35%, 19% and 18%, respectively. New products, such as buy-now-pay-later (BNPL), have provided customers with different ways to manage their finances. Most respondents (78%) stated the terms and conditions are easy to understand, and 82% (increased 12 percentage points) found the service at least somewhat valuable.

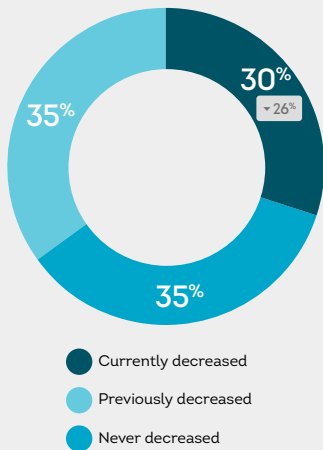
FINANCIAL HARDSHIP

Household income (HHI) and bill payment impact

Household income is largely unaffected (70% not currently affected; increased 13 percentage points from Q3); less than half of respondents (43%; decreased 5 percentage points from Q3) expected household income to be negatively impacted in the future. Possibly aided by the enrollment of government consumption vouchers, consumers are now more confident in their ability to pay financial obligations (78% said they'll be able to pay their bills/loans in full; increased 2 percentage points from Q3). For those who will not be able to meet their obligations, 17% (increased 3 percentage points) plan to refinance payments. They're also planning to use money from savings (42%; decreased 4 percentage points from Q3) and unemployment benefits (14%; increased 3 percentage points from Q3). In terms of bills and loans consumers expected to be unable to pay in full: 18% cited rent, 14% cited house insurance and 7% cited wireless bills.

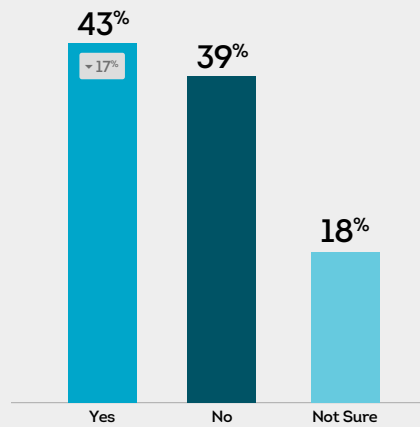
In relation to consumer expectations of the future, there was less uncertainty (18%; decreased 10 percentage points from Q3) regarding impacts from the pandemic. More respondents (39%; increased 15 percentage points from Q3) did not expect household impact to continue in the future.

Figure 1. Household income decreased due to pandemic



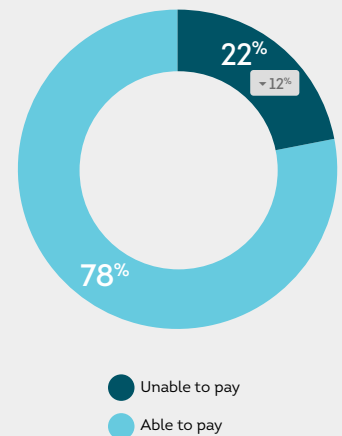
Percentage point change from Q1 2021

Figure 2. Expect household income to decrease in the future due to pandemic



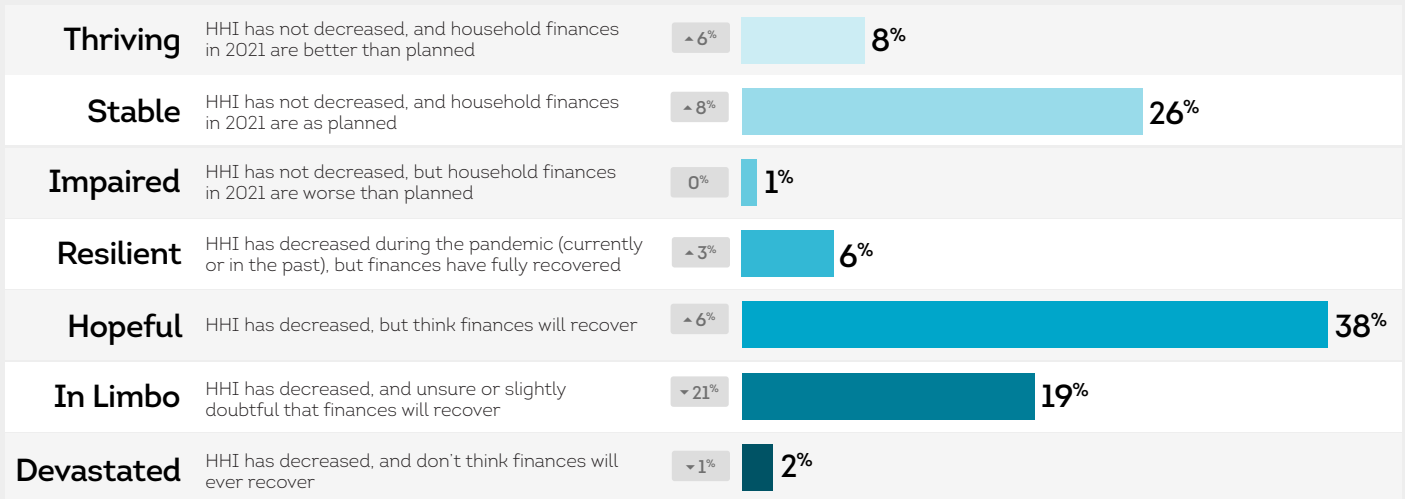
Percentage point change from Q1 2021

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



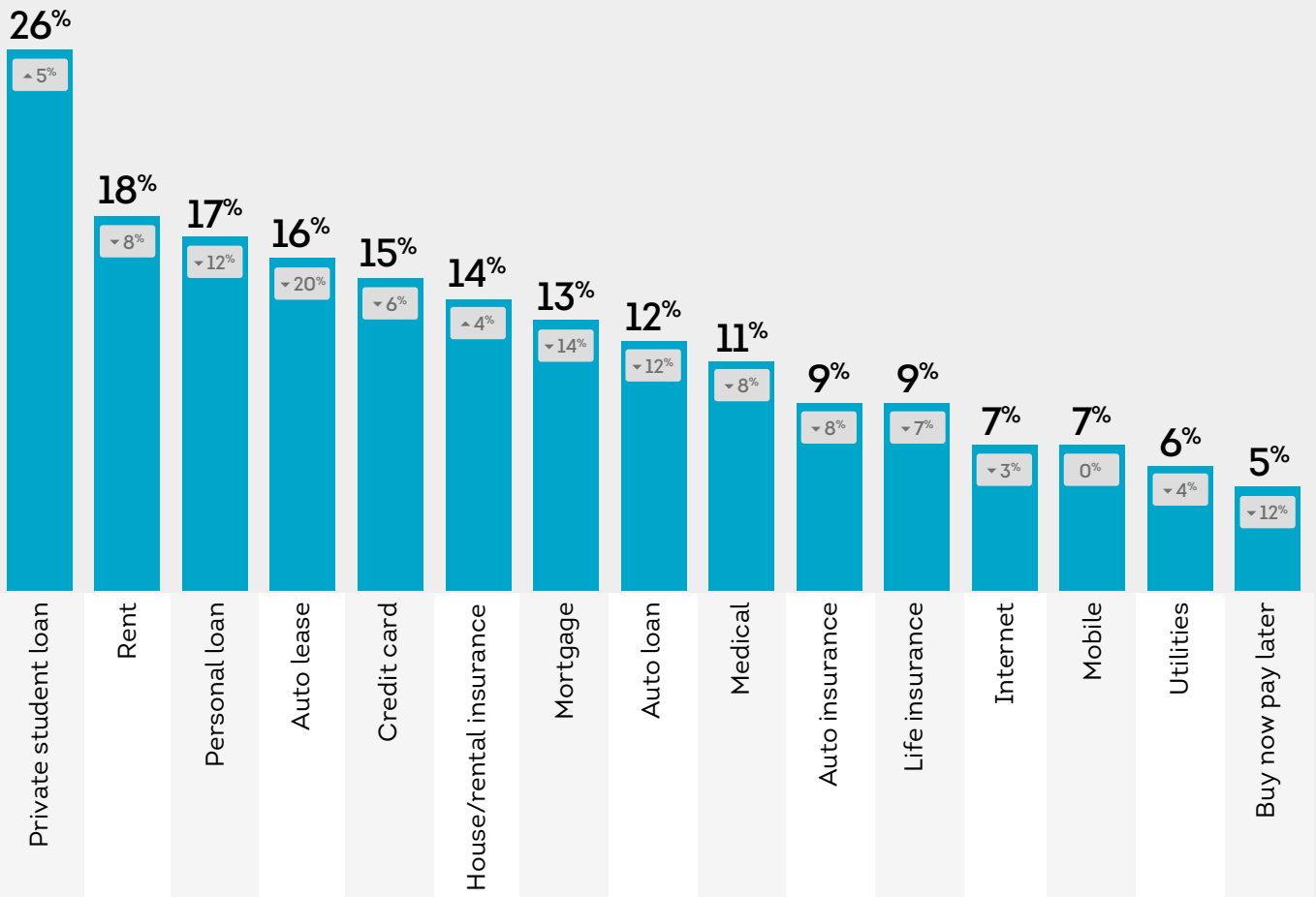
Percentage point change from Q1 2021

Figure 4. Consumer financial situation due to pandemic



▲ X% Percentage point change from Q1 2021

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



▲ X% Percentage point change from Q1 2021

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

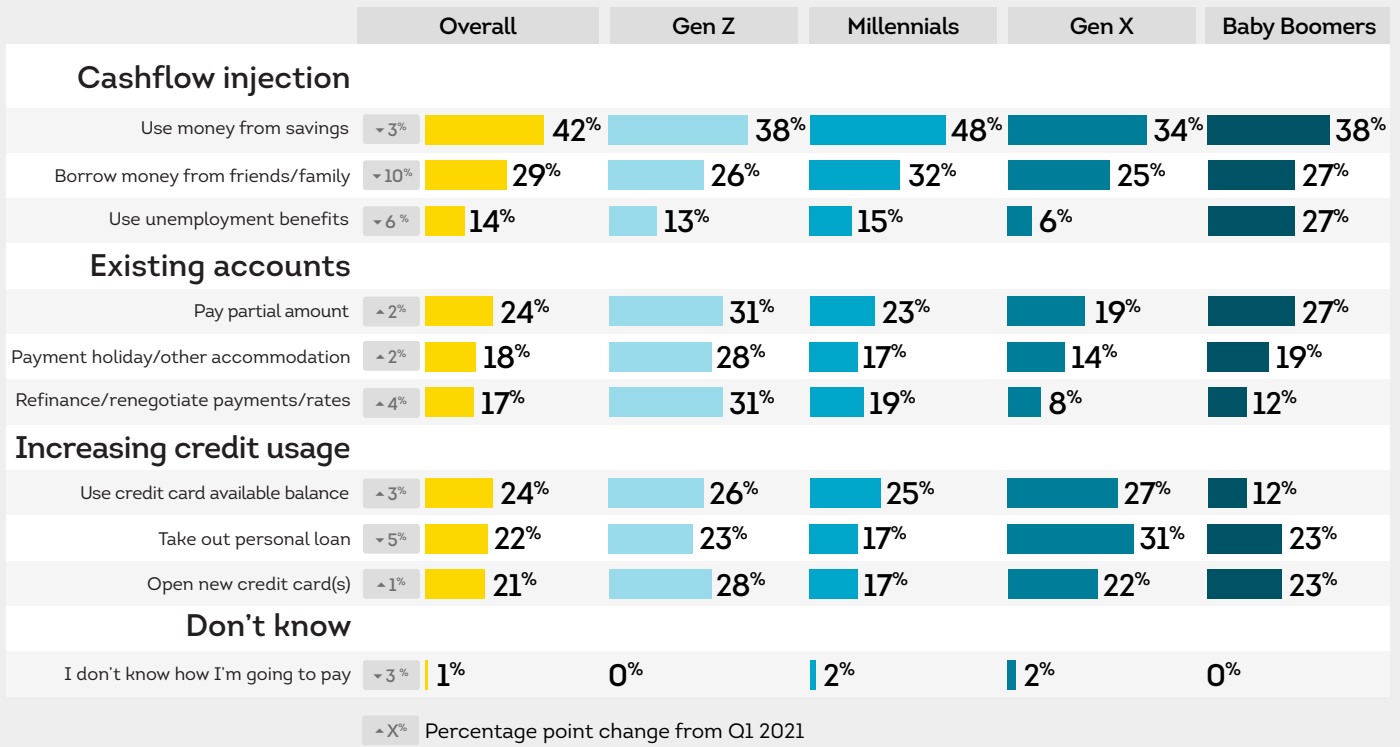
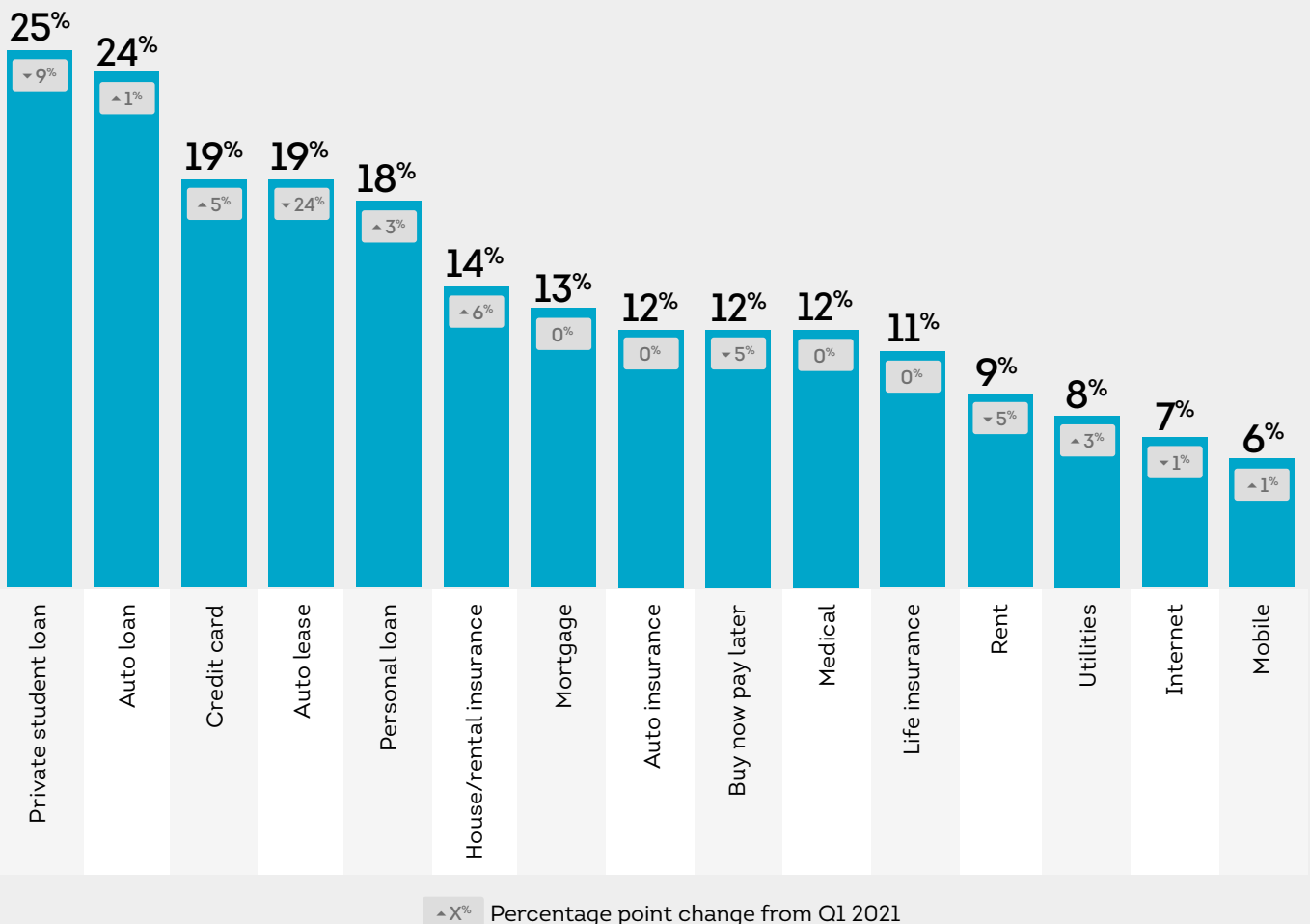


Figure 7. Types of bills or loans enrolled in financial accommodation in past year (among those with that bill/loan)



FINANCIAL INCLUSION

Attitudes and plans for economic participation

With the improving economic outlook and arrival of new loan products, only 12% said they do not have sufficient access to credit; 90% believed accessing credit is at least moderately important; and 40% planned to apply for new credit or refinance. A significant 65% of respondents (decreased 8%) felt it's extremely or very important to monitor their credit. Prime plus (70%), near prime (68%) and subprime (57%) consumers had the highest intent to apply for credit or refinance.

Forty-two percent of respondents cut back on discretionary spending and more are adding to their savings (33% saved more for retirement; increased 10 percentage points; 47% saved more in an emergency fund; increased 3 percentage points). Under the anticipation of government vouchers, nearly half of households (49%) expected spending on bills and loans to remain the same and more transactions to be done online (43%).

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

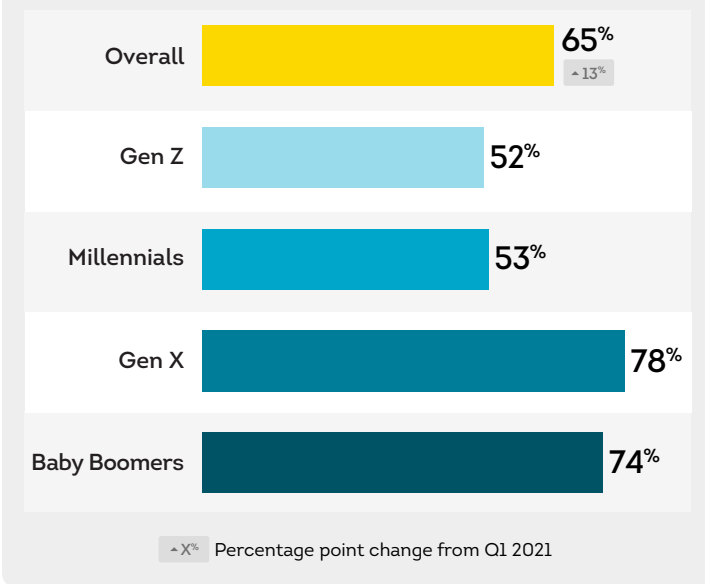


Figure 9. Believe have sufficient access to credit and lending products

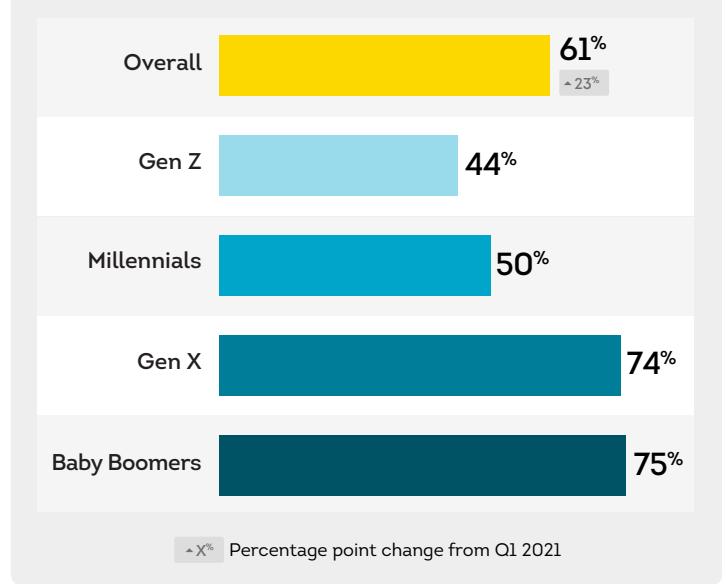


Figure 10. Plan to apply for new credit or refinance existing credit within the next year

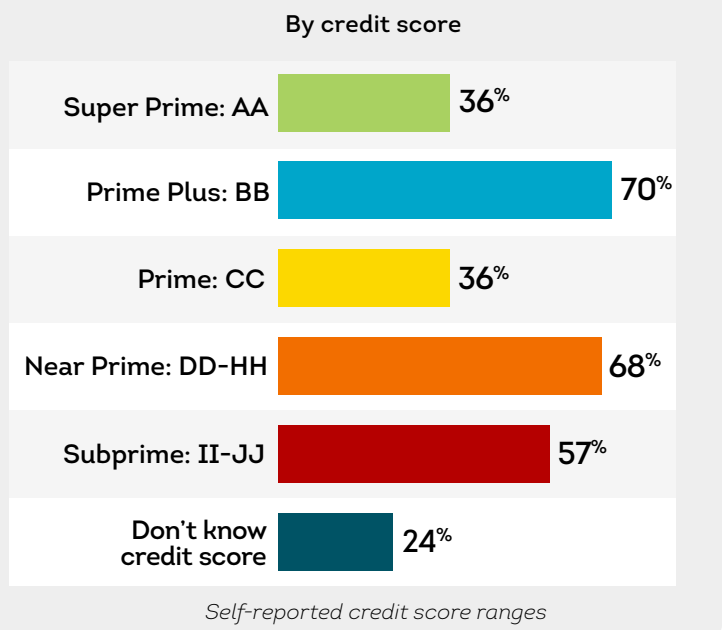
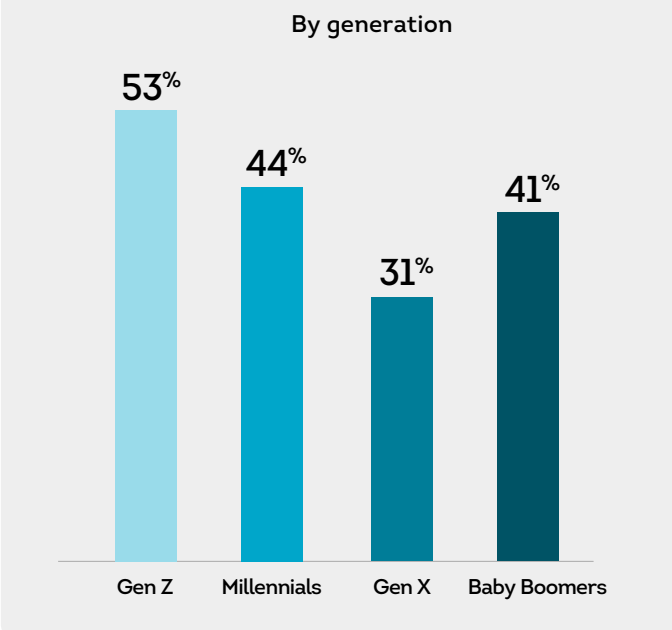


Figure 11. Credit monitoring frequency

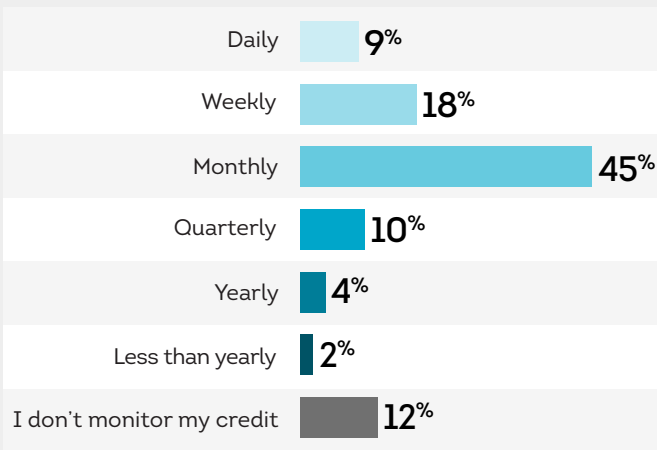


Figure 12. Believe monitoring credit is important

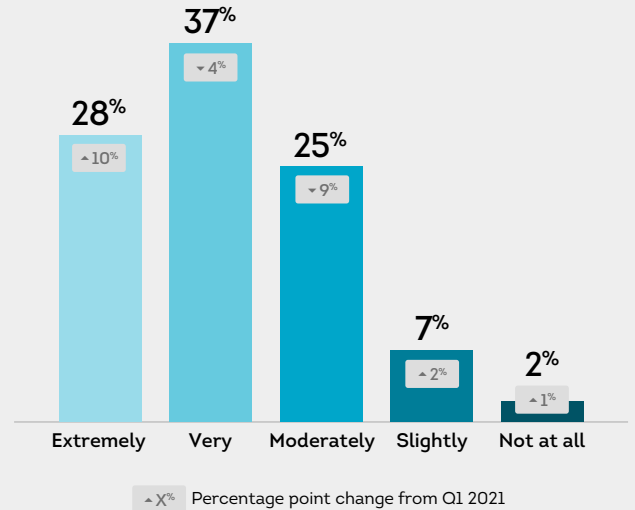


Figure 13. Changes to household budget in the last three months

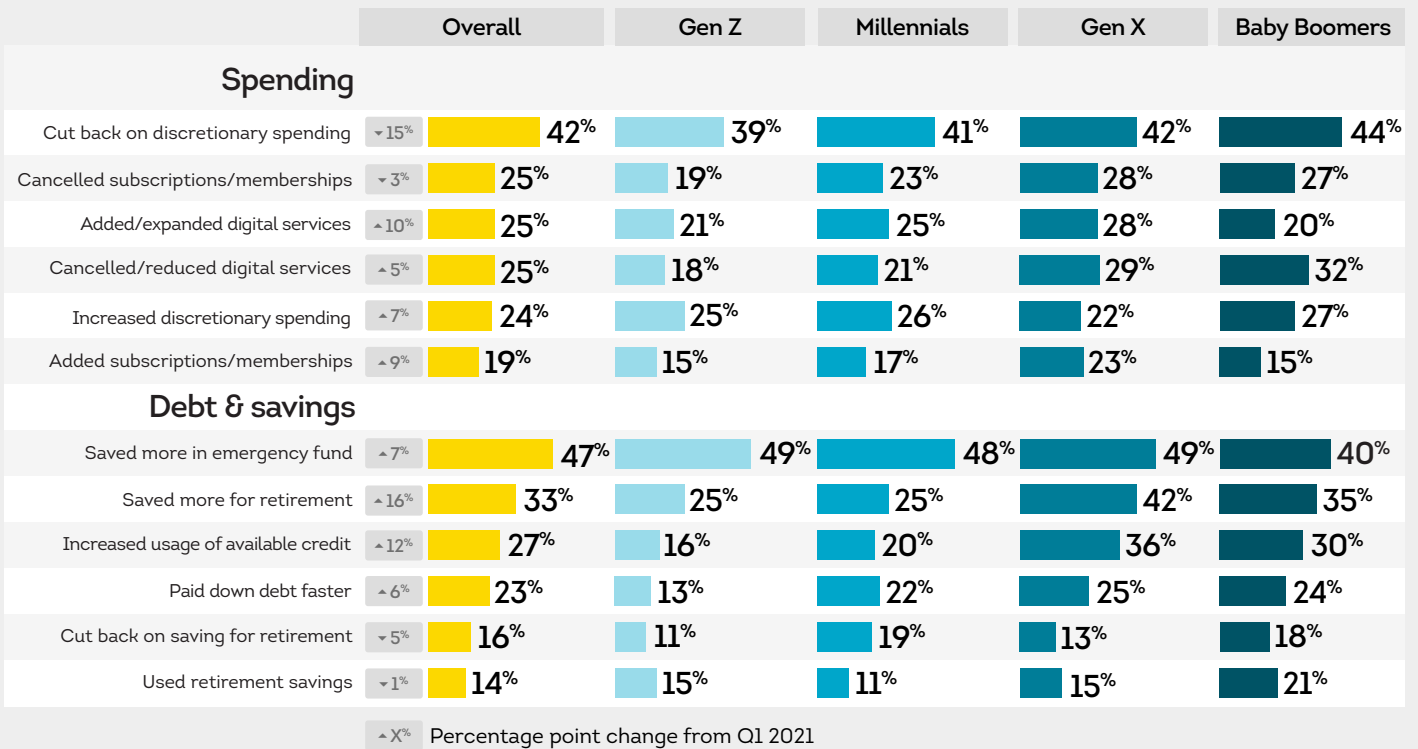


Figure 14. Expected change to household spending over next three months

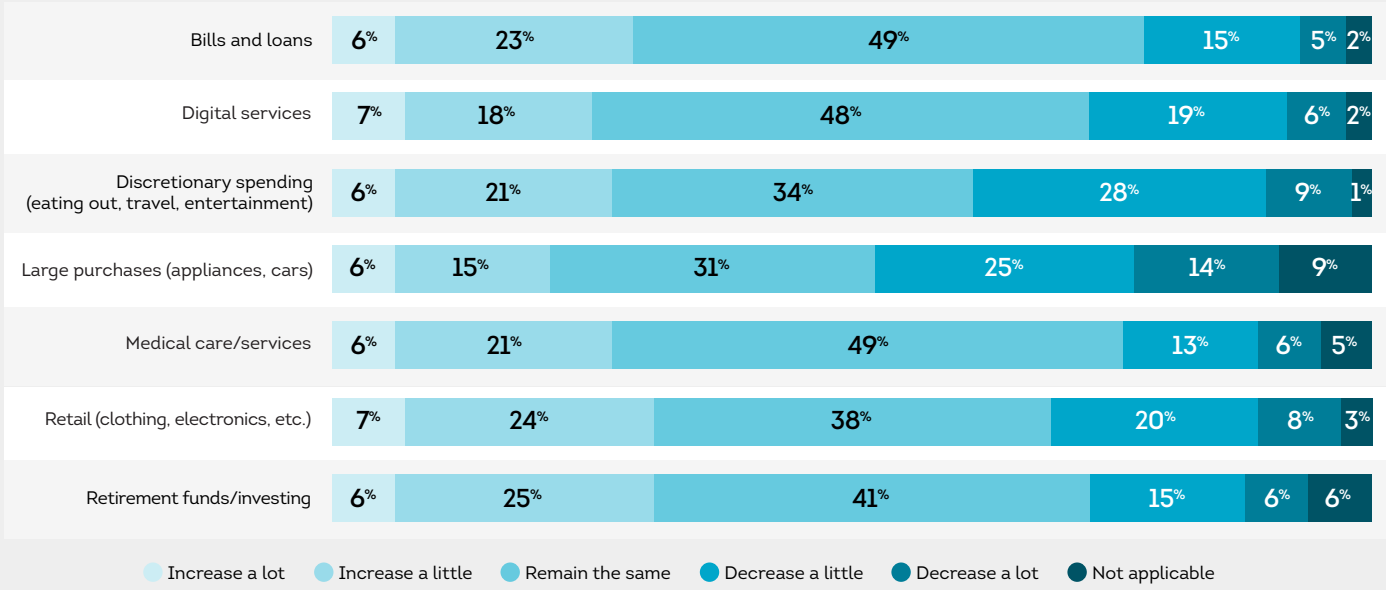
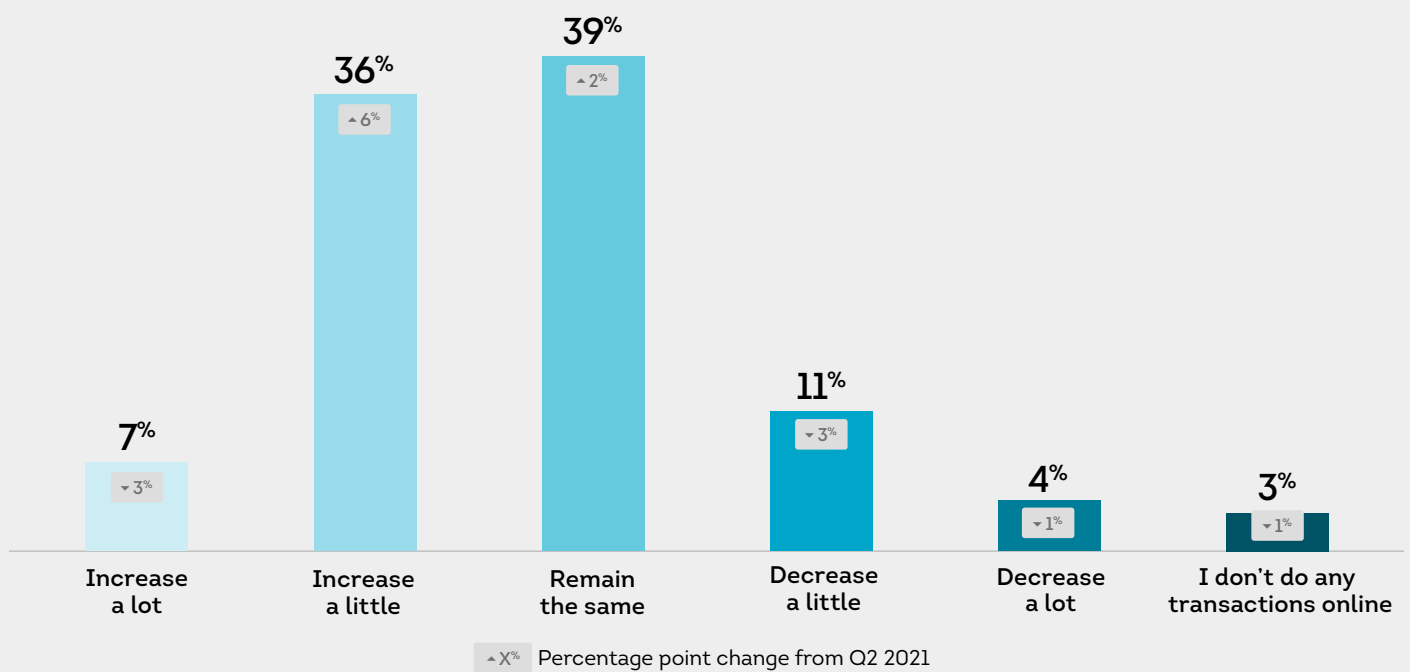


Figure 15. Expected change in number of online transactions over the next three months



FOCUS ON FRAUD

Experience with digital fraud

Sixty-seven percent of respondents weren't aware of being targeted by fraud schemes, with Baby Boomers (72%) being least aware. For the three youngest generations, about one-third were targeted by fraud but did not fall victim.

The most common fraud schemes among those targeted were phishing (40%), stolen credit card (24%), and identity theft (25%). Account takeover was more common amongst Gen X (27%) and Millennials (25%).

Figure 16. Personal experience with digital fraud attempts in last three months

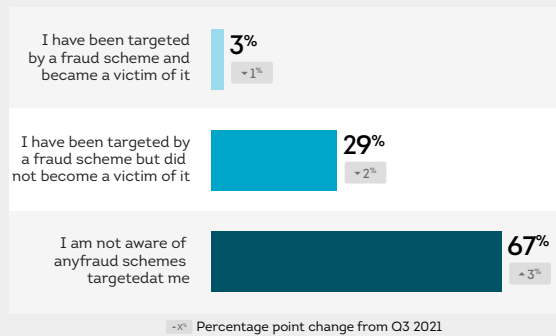


Figure 17. Digital fraud by generation

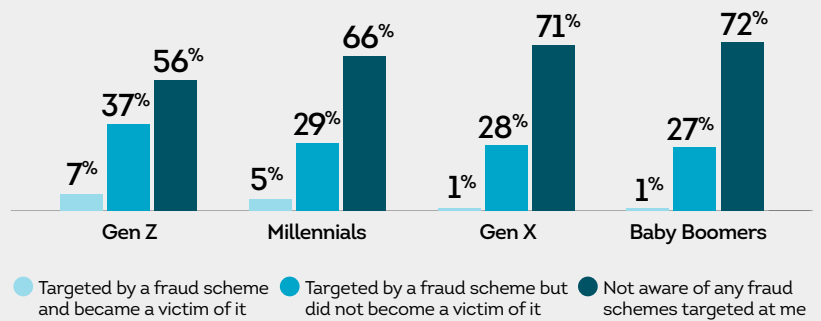
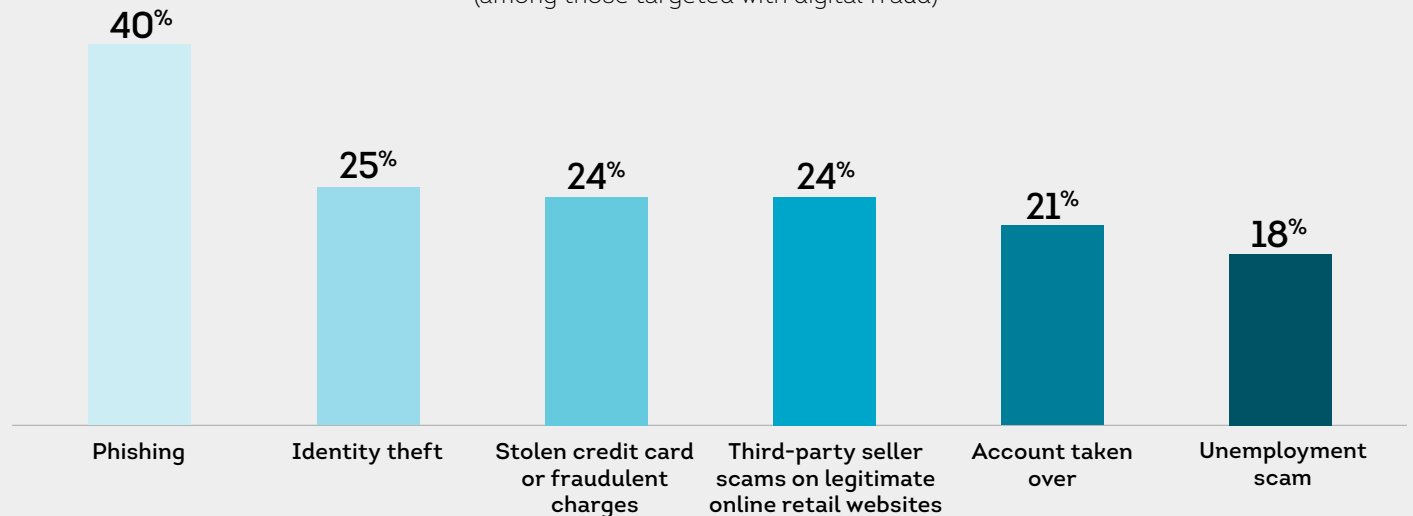


Figure 18. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)



Methodology

This online survey of 1,100 adults in Hong Kong was conducted 1-18 Nov. 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 Cantonese. All regions are represented in the study survey responses. To increase representativeness across Hong Kong resident demographics, the survey included quotas to balance responses to the census statistics dimensions of age, gender, household income and region. These research results are unweighted and statistically significant at a 95% confidence level within ±2.96% percentage points based on calculated error margin.

For previous Consumer Pulse Studies, visit
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