



Consumer Pulse Study

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

Hong Kong Q4 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



Hong Kong consumer finances holding steady: Household incomes remained relatively stable in Q4 2022, possibly buoyed by easing quarantine policies, continued labour market improvement and distribution of consumption vouchers. Most (79%) respondents stated same or increased incomes in the past three months, and more of the same is anticipated as 78% of respondents reported expecting unchanged or higher income in the next 12 months. Both numbers remained unchanged from Q3 2022.

Consumers reported increased optimism about their future household finances as previously neutral respondents became optimistic in this survey. Specifically, 36% of respondents reported being optimistic, up from 32% in the last two survey periods. Meanwhile, respondents holding neutral views decreased to 34% from 38% in the last quarter, with percentage of pessimistic respondents unchanged at 30%. Positive consumer sentiment is critical to sustained consumption and economic activities. Increased optimism was reported among all generations except Baby Boomers.



Credit product interest shifts: Consumer interest in credit products shifted away from credit cards to personal loans and revolving lines. Among those who planned to apply for new credit in the next year, refinancing personal loans or applying for or refinancing revolving lines increased 18 percentage points (p.p.). Coming with the increased interests in personal loans and revolving lines was a six p.p. decrease (51%, down from 57%) in respondents intending to apply for credit cards.



BNPL use rose with increase retail spending: Buy now, pay later (BNPL) gained remarkable traction; 48% of respondents said they used BNPL services at least once in the past year, representing a whopping 14 p.p. of growth from the last survey. The increased popularity of BNPL was likely driven by the gradual reopening of the economy, and reviving consumption activities as 49% of respondents reported using these services in a physical retail store vs. 45% last quarter.

Household income (HHI), spending and bill payment impact

Household finances held relatively steady; 41% of respondents reported household finances were as planned, reflecting a marginal decrease of three p.p. from Q3 2022 (but still above Q2 level of 38%). Similarly, the majority (57%) of respondents said their incomes stayed the same in the last three months, consistent with Q3 but well above 52% in Q2.

Consumers expected much the same in the future as more (31% this quarter vs. 29% previously) respondents expected higher income over the next 12 months; and the percentage of respondents expecting income to decrease remained unchanged from the previous quarter (22%). In addition, the vast majority (81%) of respondents reported they'd be able to pay their loans and bills in full.

When asked about consumer confidence regarding household finances, 36% of respondents reported being optimistic, up from 32% in the last two survey periods. The increased optimism came from a decrease in neutral views by the same amount, while respondents who were pessimistic about their finances remained the same at 30%. The improved sentiment reflects the positive effect of eased COVID measures and a better job market for consumers.

Despite concerns over inflation and recession, which were ranked as the top two concerns by respondents, the percentage of respondents who increased discretionary spending (e.g., eating out, travel, entertainment) in the past few months actually rose to 24% in this quarter from 21% in Q3. This again is a reflection of sustained consumer confidence.

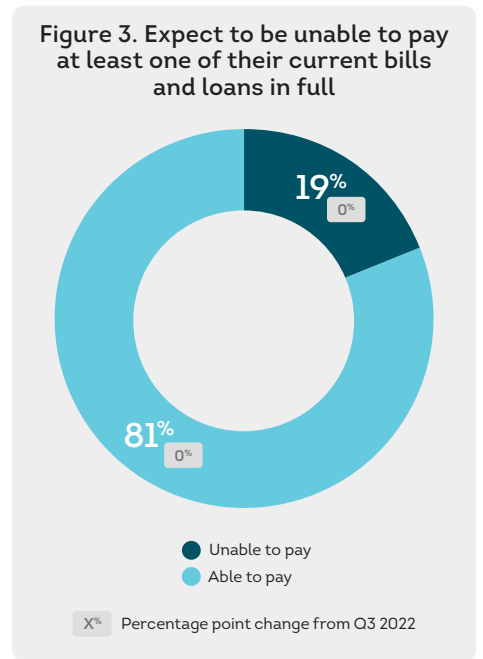
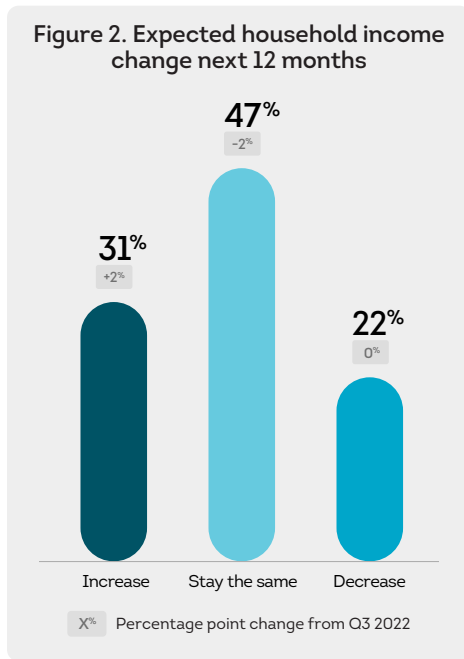
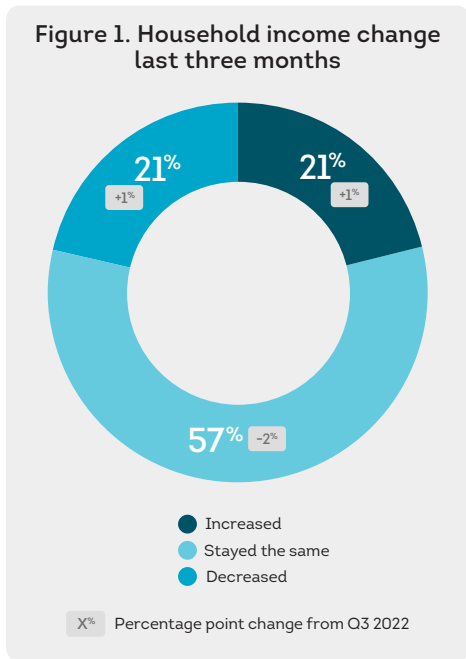
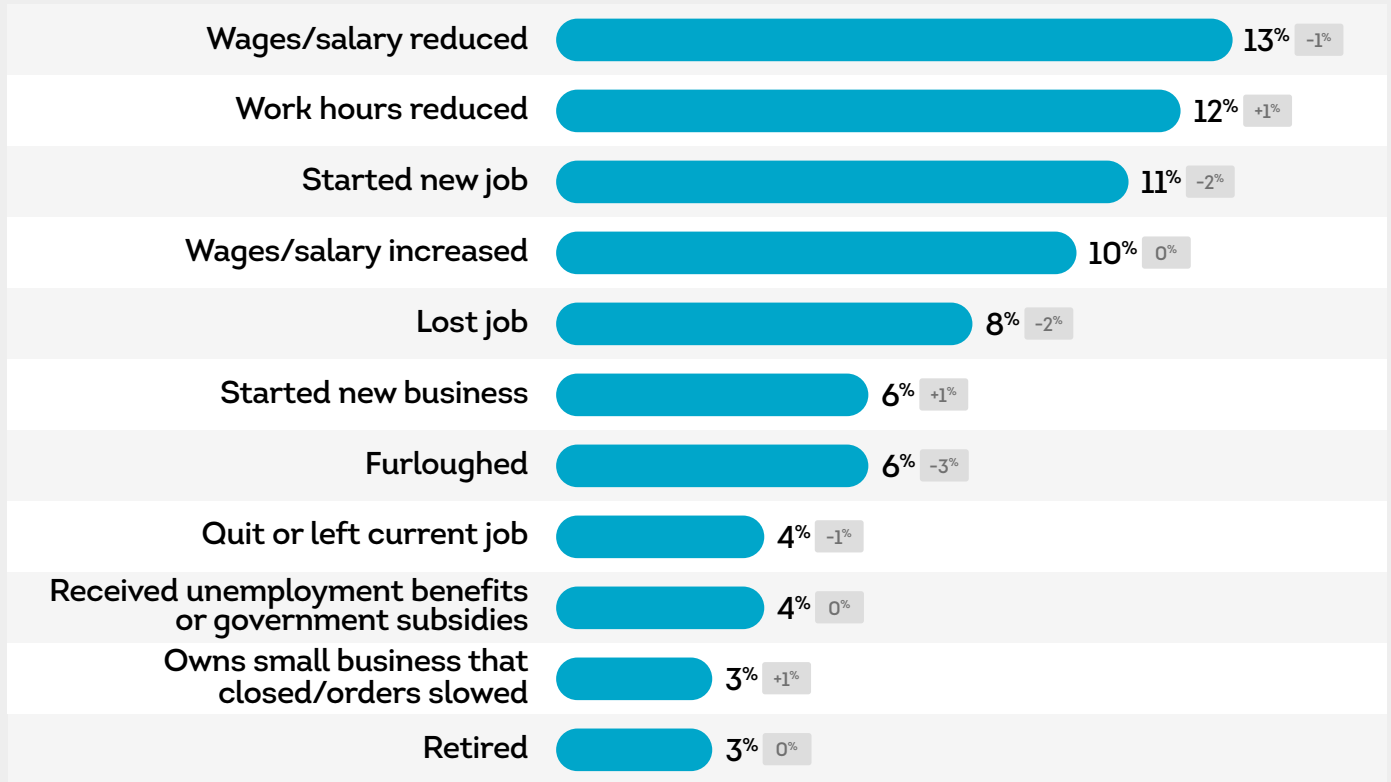
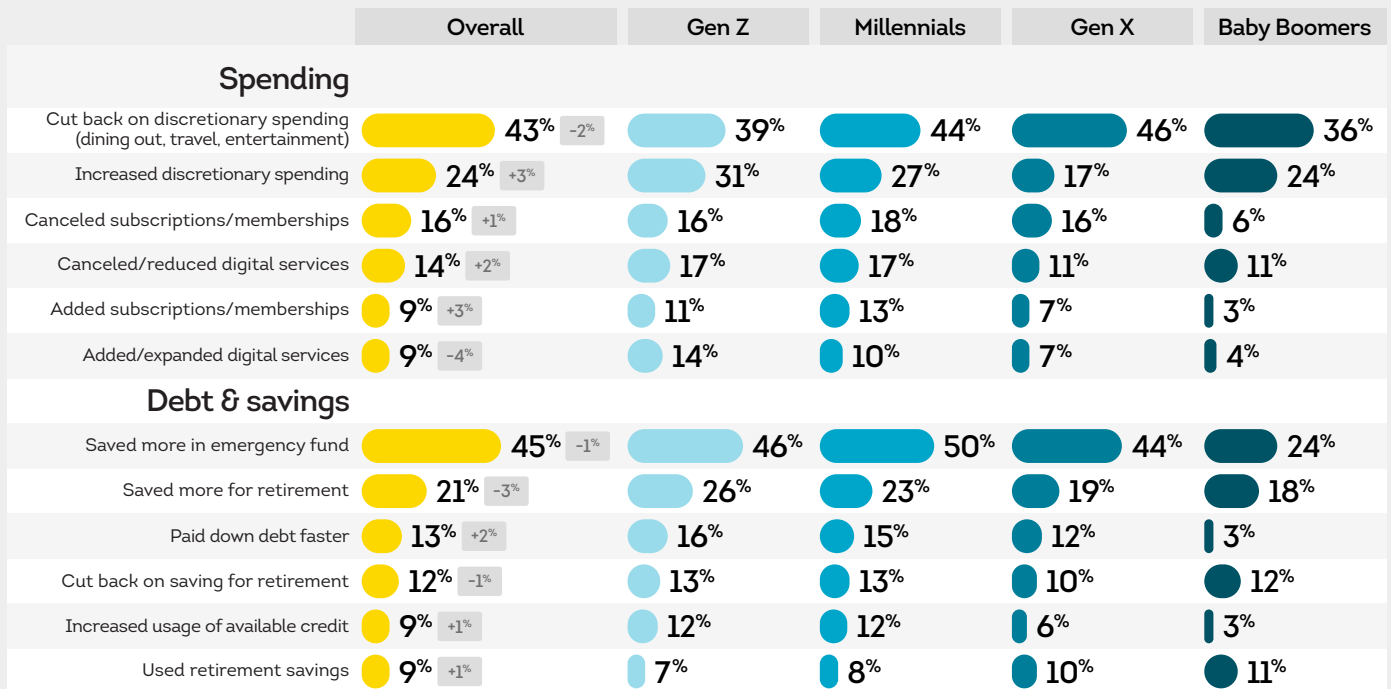


Figure 4. Reasons for change in current household income



X* Percentage point change from Q3 2022

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



X* Percentage point change from Q3 2022

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

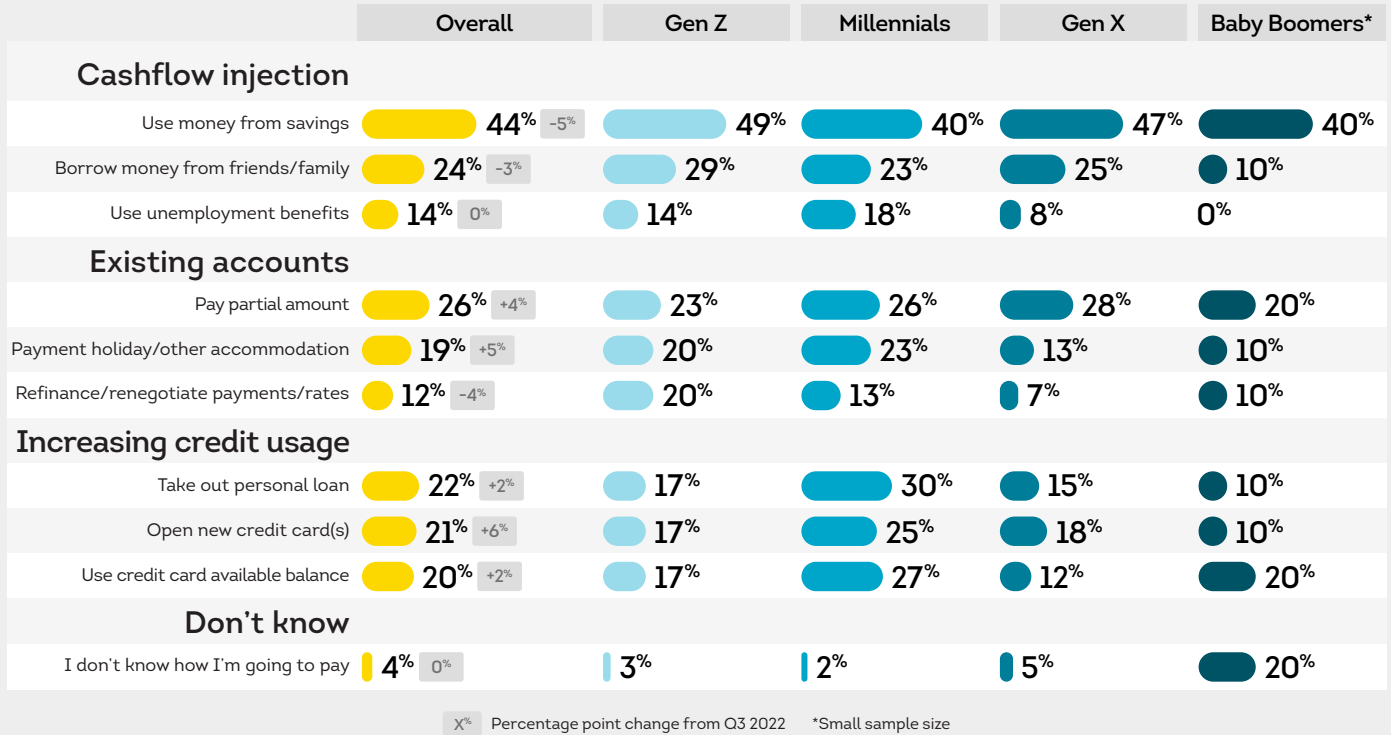
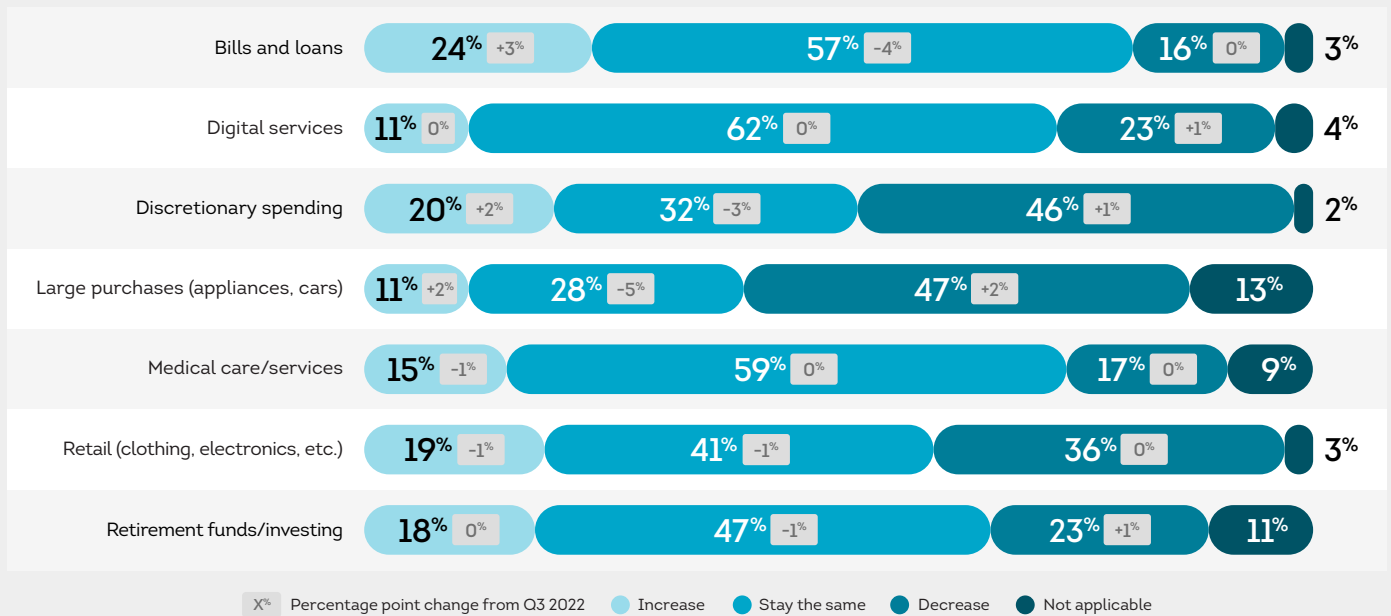


Figure 7. Expected change to household spending over next three months



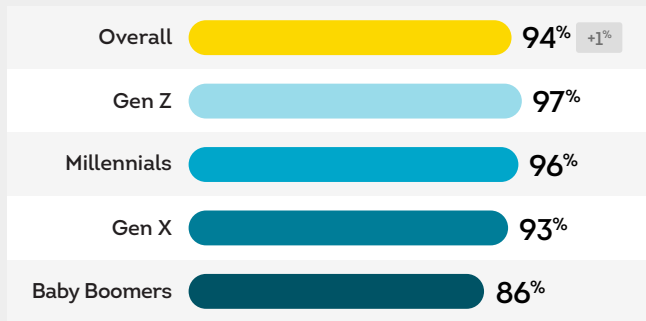
Attitudes and plans for economic participation

The percentage of Gen Z respondents who thought access to credit products was very to extremely important reached a multi-quarter high of 54%, up significantly by 20 p.p. from Q3 2022. Not only did a majority of Gen Z respondents believe credit is important, 55% said they had sufficient access to credit, and 67% believed they'd be approved if they applied.

Consumers who planned to apply for new credit continued to decrease; only 31% of respondents planned to apply for new credit in the next 12 months (down 13 p.p.). Decreased interest in new credit was reported across all generations except Gen Z where 40% of respondents planned to apply for new credit in the future, consistent with Q3.

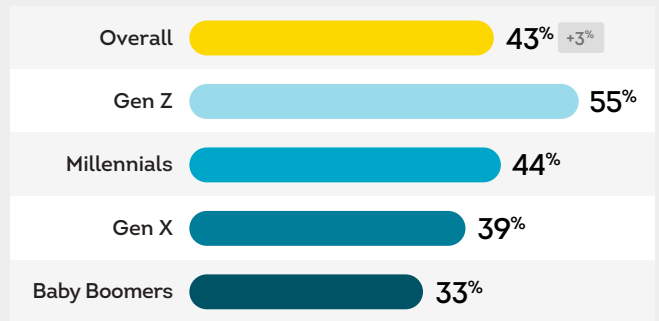
A shift in product preference was observed among consumers interested in getting new credit next year as fewer respondents planned to apply for a credit card (51% in Q4 vs. 57% in Q3). However, 18 p.p. more respondents said they planned to refinance a personal loan or apply for or refinance a revolving line next year.

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



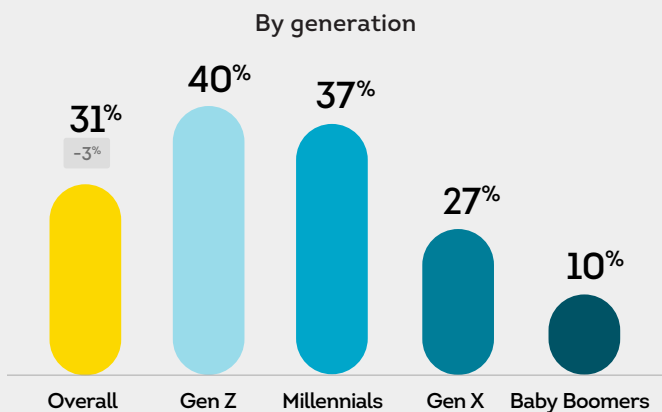
X* Percentage point change from Q3 2022

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



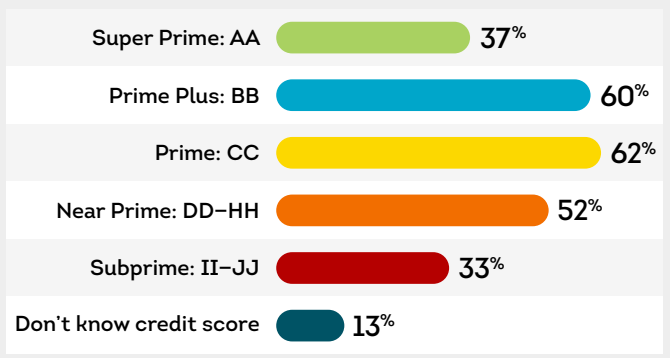
X* Percentage point change from Q3 2022

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



X* Percentage point change from Q3 2022

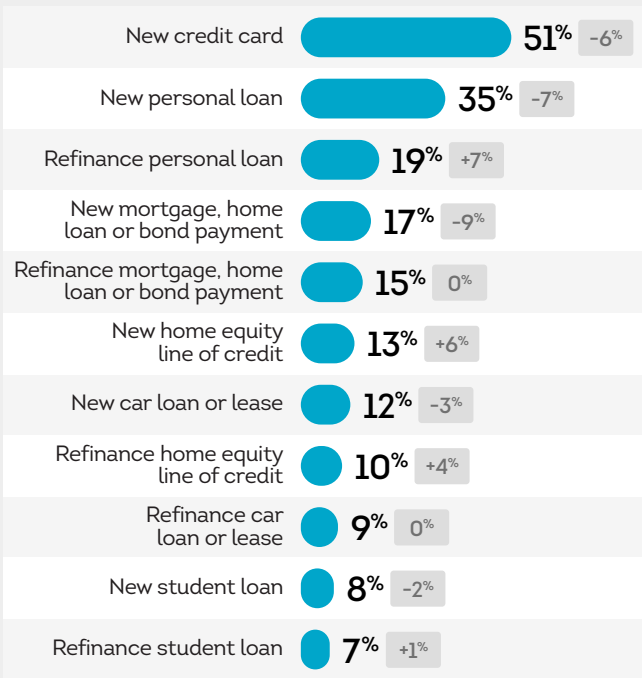
By credit score



Self-reported credit score ranges

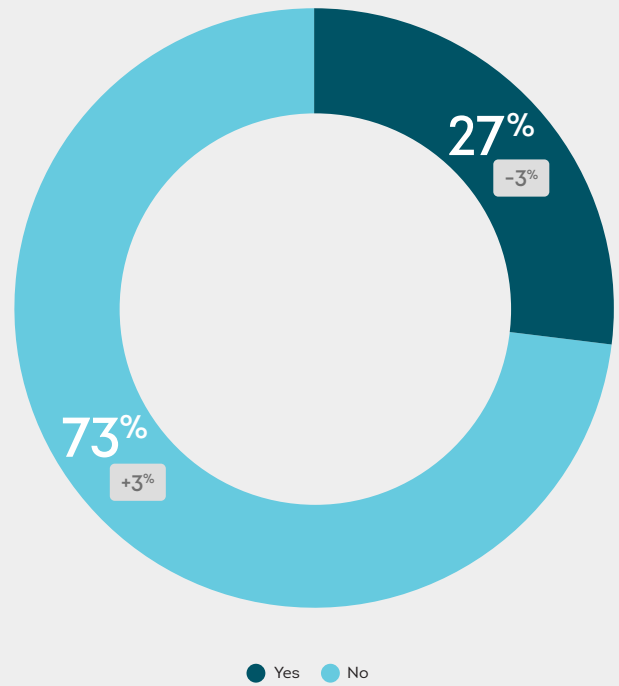
Figure 11. Type of new credit and loan activity planned in next 12 months

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



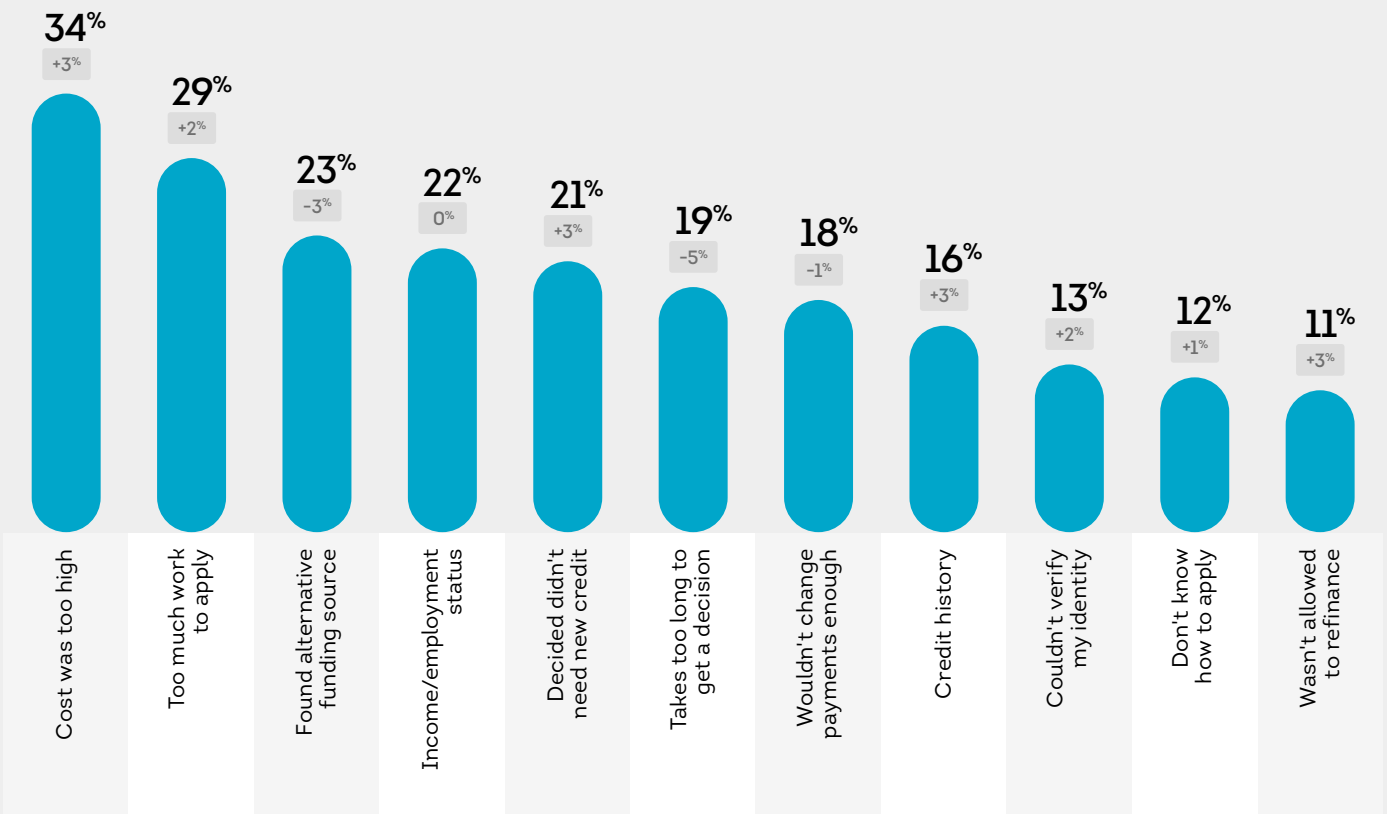
X% Percentage point change from Q3 2022

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



X% Percentage point change from Q3 2022

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



X% Percentage point change from Q3 2022

Attitudes and behaviour to manage financial choices

The vast majority (81%) of respondents recognized the importance of monitoring their credit situations; 44% of respondents monitored their credit monthly or more frequently (down 5% from Q3 survey).

Transacting online is well entrenched among Hong Kong consumers as 87% of respondents utilized online transactions; Gen Z consumers used such services the most (96%). Despite such universal adoption, only 15% of all respondents said they conducted more than half of their transactions online.

Nearly half (48%) of respondents said they used BNPL services at least once in the past year, representing a huge increase of 14 p.p. from the previous survey. Interestingly, a higher percent (49%) of respondents said they used the service in a retail store vs. on their mobile phones or computers. When using the service, the majority (71%) of respondents used credit cards to make BNPL payments.

Figure 14. Credit monitoring frequency

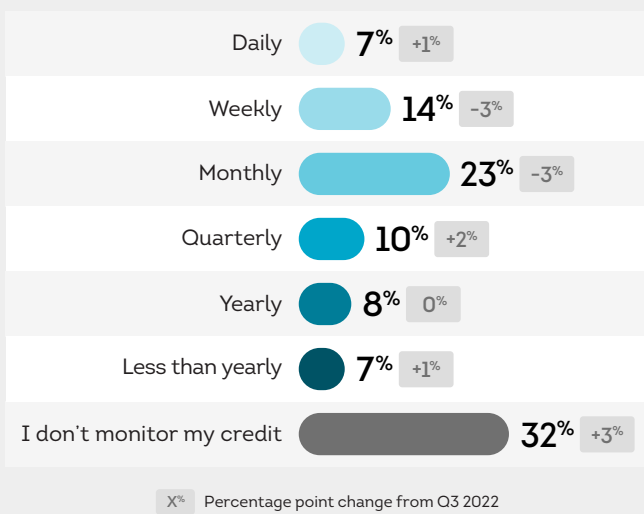


Figure 15. Believe monitoring credit is important

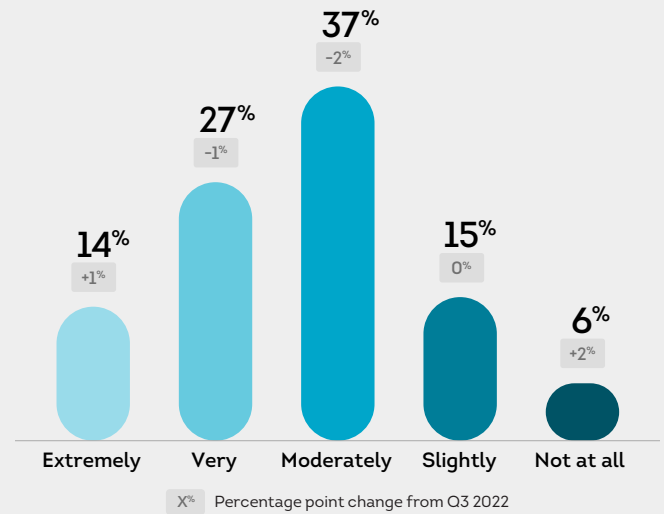


Figure 16. Percentage of transactions done online

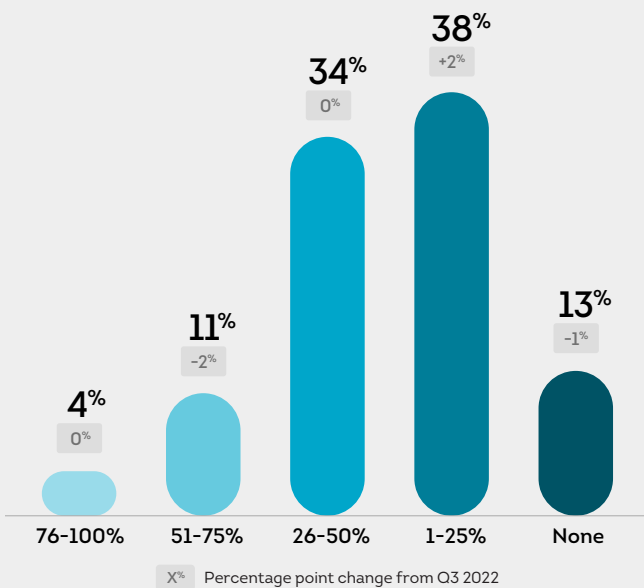
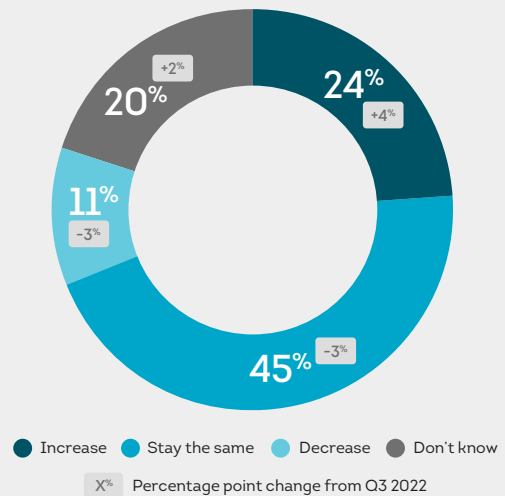


Figure 17. How believe credit score would change if businesses used information not on standard credit report

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

More than a third (35%) of respondents were targeted by a fraud scheme (a slight increase of 1%), but only 5% said they became a victim after being targeted (up one percentage point).

Among those who were targeted, phishing (45%) continued to be the most frequent fraud scheme experienced in the last three months (up nine p.p.) followed by stolen credit card/fraudulent charges (23%, up one p.p.) and money/gift card scams (18%, down eight p.p.).

The majority (69%) of Hong Kong consumers were concerned about sharing their personal information citing identity theft (78%), invasion of privacy (63%), and receiving unsolicited marketing (48%). However, 43% of respondents were willing to share personal information when it meant saving money, up from three p.p. in the previous quarter.

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

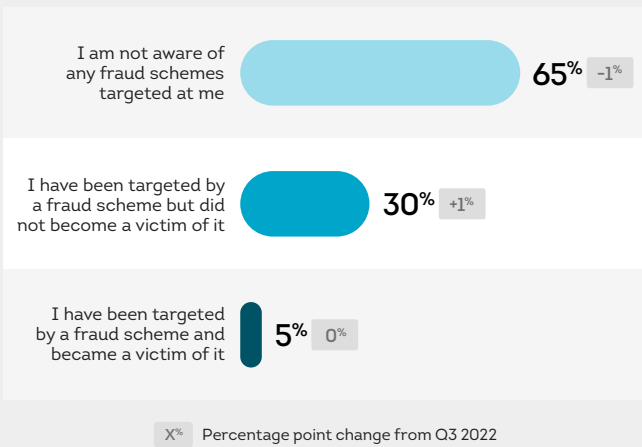


Figure 19. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)

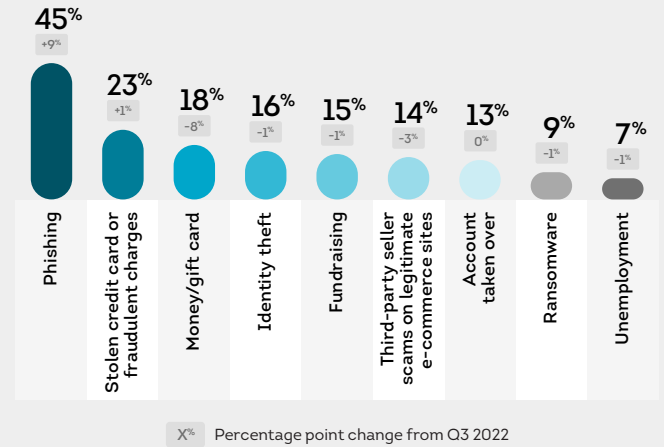


Figure 20. Concern with sharing personal information

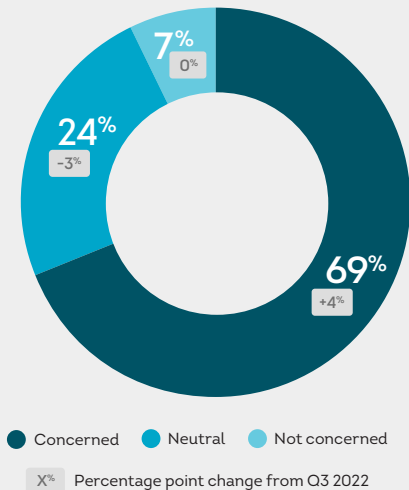
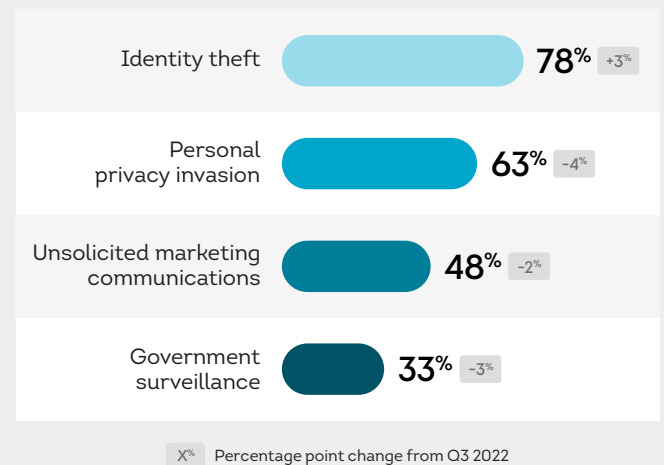


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse survey of 1,011 adults was conducted Nov. 3–15, 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 ± 3.08 percentage points based on a calculated error margin. Please note some chart percentages may not add up to 100% due to rounding or multiple answers being accepted.

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

FOR BUSINESSES

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