



Consumer Pulse Study

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

Hong Kong Q4 2023

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 Q4 2023 survey revealed a positive trend in household incomes in Hong Kong: 38% of households experienced an income increase, significantly up from 21% during the same period in the previous year. The surge in income levels was most notable among younger adults and individuals in their 40s and 50s, namely Gen Z and Gen X. Despite the encouraging financial uptick across all income brackets, there's a portion of the population (26%, up from 19% last year) who expressed concerns about meeting their bill and loan obligations, showcasing a cautious approach toward financial management amidst evolving economic conditions.



In the realm of financial inclusion, the importance of credit and lending products has grown; 49% of respondents in Q4 2023 recognised their significance, an uptick from 42% in Q4 2022. This recognition is stronger among Gen Z consumers at 62% compared to about one-third of Baby Boomers. Additionally, the intent to leverage credit, whether by applying for new credit or refinancing existing ones, increased from 31% in Q4 2022 to 41% in Q4 2023. However, barriers like high costs and fear of rejection deterred 40% of respondents from applying, revealing an area that may need addressing to further enhance financial inclusion.



On the consumer empowerment front, there was a notable increase in credit monitoring frequency, indicative of heightened financial awareness. A total of 46% of respondents in Q4 2023 deemed credit monitoring important, up from 41% in Q4 2022. Moreover, the speculation around the use of alternative data in credit assessments is growing, 33% believed their credit scores would improve if additional information were used, marking an increased consumer awareness of broader data ecosystems. Yet, a persistent concern was evident in the digital fraud sector where 39% were targeted by fraud schemes in the last three months, underscoring the need for enhanced digital security measures and educational campaigns to foster a safer digital environment for financial activities.

Household income (HHI), spending and bill payment impact

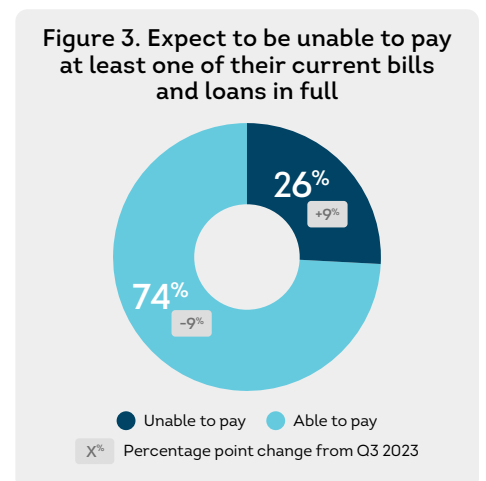
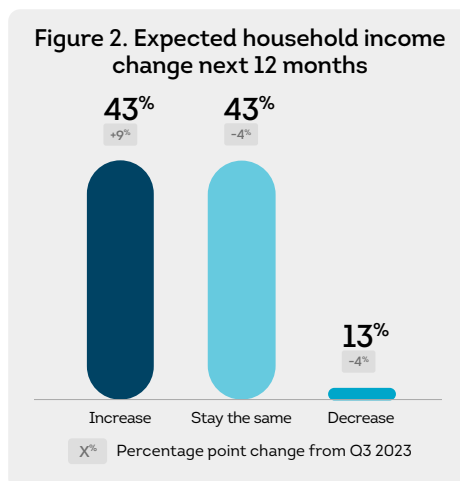
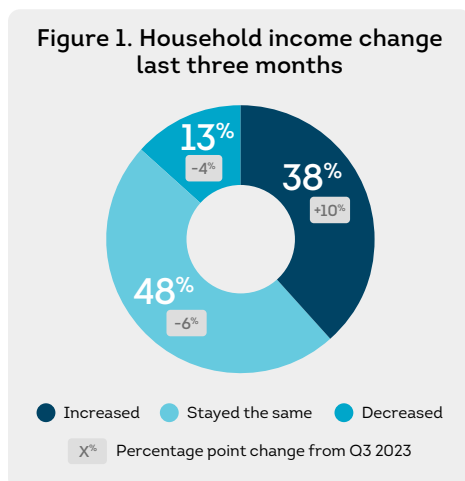
The latest survey conducted in Hong Kong for Q4 2023 brings forth encouraging news regarding household incomes. A robust 38% of households reported an increase in income – a significant leap from the 21% observed during the same period the previous year. Notably, younger adults and individuals in their late 40s and early 50s (categorised as Gen Z and Gen X) experienced the most substantial income growth. This upward trend transcended all income brackets, encompassing low, medium and high earners, indicating widespread financial improvement.

Delving into the reasons behind these changes, the survey highlighted several contributing factors. On the positive side, 15% of respondents secured new jobs, 13% received a pay raise, and 11% embarked on entrepreneurial ventures. However, not all news was positive as 12% faced job loss or reduced wages. This scenario portrays a job market teeming with opportunities, yet not without its share of challenges. The diverse financial experiences reflected in the survey underscore the dynamic nature of the employment landscape in Hong Kong.

As we look ahead, a sense of hope prevails among respondents. Around 43% were optimistic about an income increase in the upcoming year, a noticeable rise from 31% last year. This hopeful outlook stems from improved employment rates and high demand for skilled workers, driven by a regional talent shortfall observed in recent years. Moreover, individuals with more experience occupying higher-ranking positions will likely receive extra financial rewards through performance-related bonuses. This factor contributes to the overall ascent in household income, painting a promising picture for the near future.

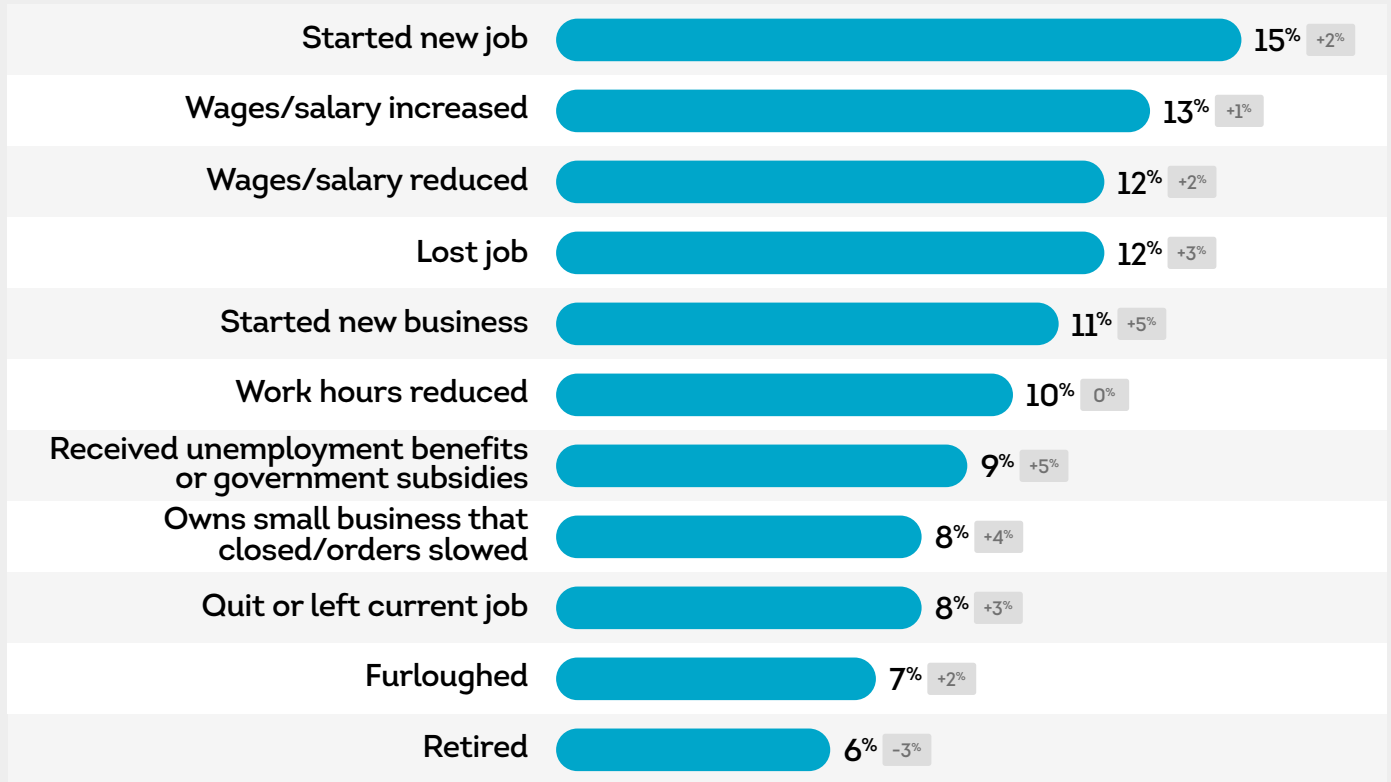
However, despite the overall positive trajectory, only some people shared the same financial comfort. The data revealed a higher percentage of respondents, 26% up from 19% last year, harboured concerns about meeting their bill and loan obligations. To navigate these financial hurdles, they considered borrowing from friends or family, utilising their savings or opting for personal loans. Concurrently, a notable percentage (about 40%) reigned in their spending on non-essential items. This cautious approach toward financial management amidst evolving economic conditions reflects a prudent strategy adopted by different income groups.

To alleviate some of these constraints for consumers, the CEO's office of the Hong Kong Special Administrative Region announced several policy changes on Oct. 25. To stimulate a slowly declining property market with immediate effect, buyer's stamp duties will be halved to 7.5% from 15% for non-permanent residents, as well those buying a second or additional home. Furthermore, eligible overseas talents are no longer required to pay stamp duties on properties subject to certain immigration conditions, and to improve fertility rates within the region, the government will be distributing HK\$20,000 for parents with newborns if at least one parent is a permanent resident within the region¹. These initiatives will provide some financial relief to consumer households, particularly those seeking homeownership within the region, and couples who have or are planning to start families.



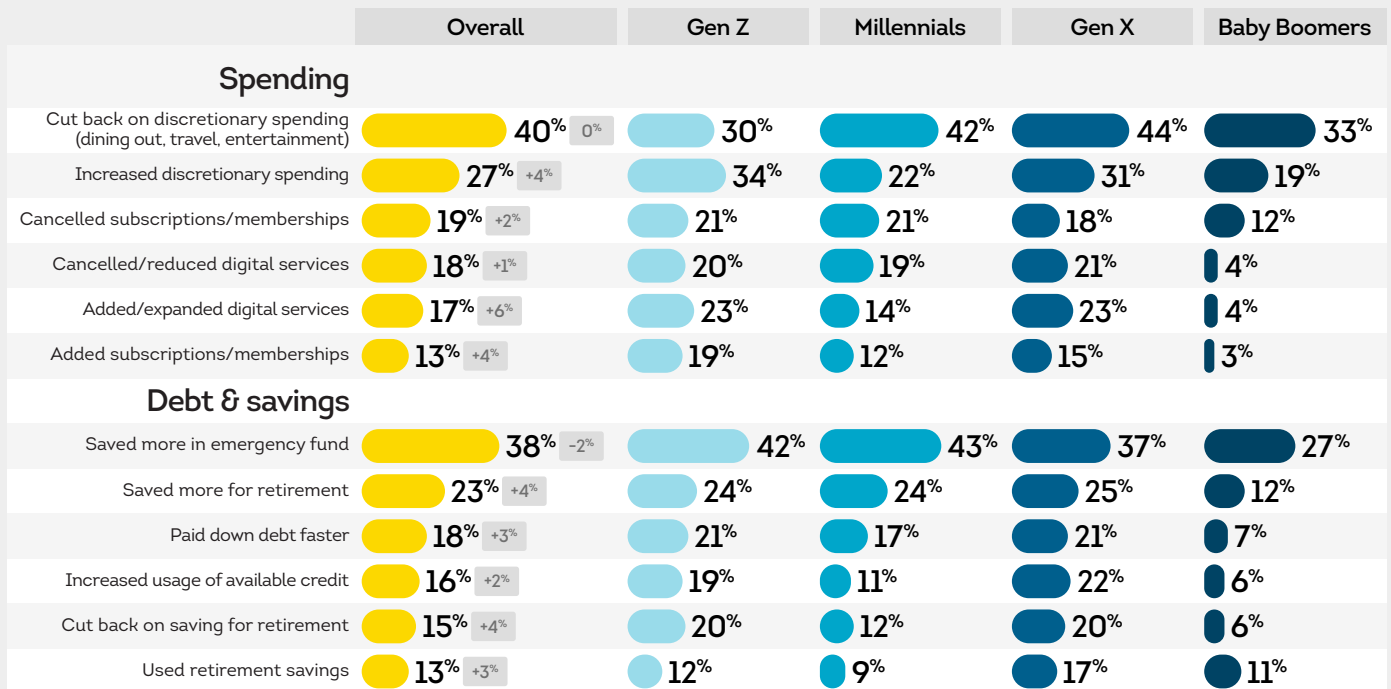
¹ <https://www.scmp.com/news/hong-kong/politics/article/3239017/john-lee-policy-address-2023-can-hong-kong-leader-deliver-city-battles-sluggish-economy-and-property>

Figure 4. Reasons for change in current household income in past month



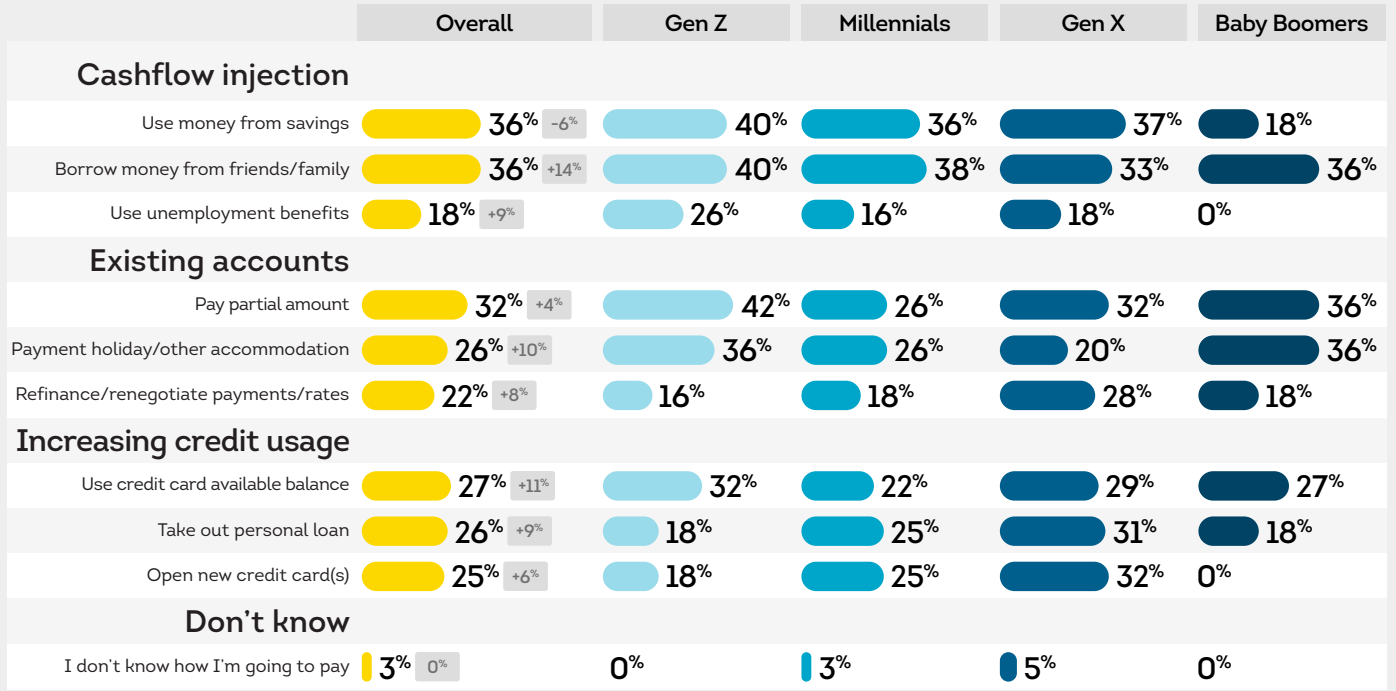
X* Percentage point change from Q3 2023

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



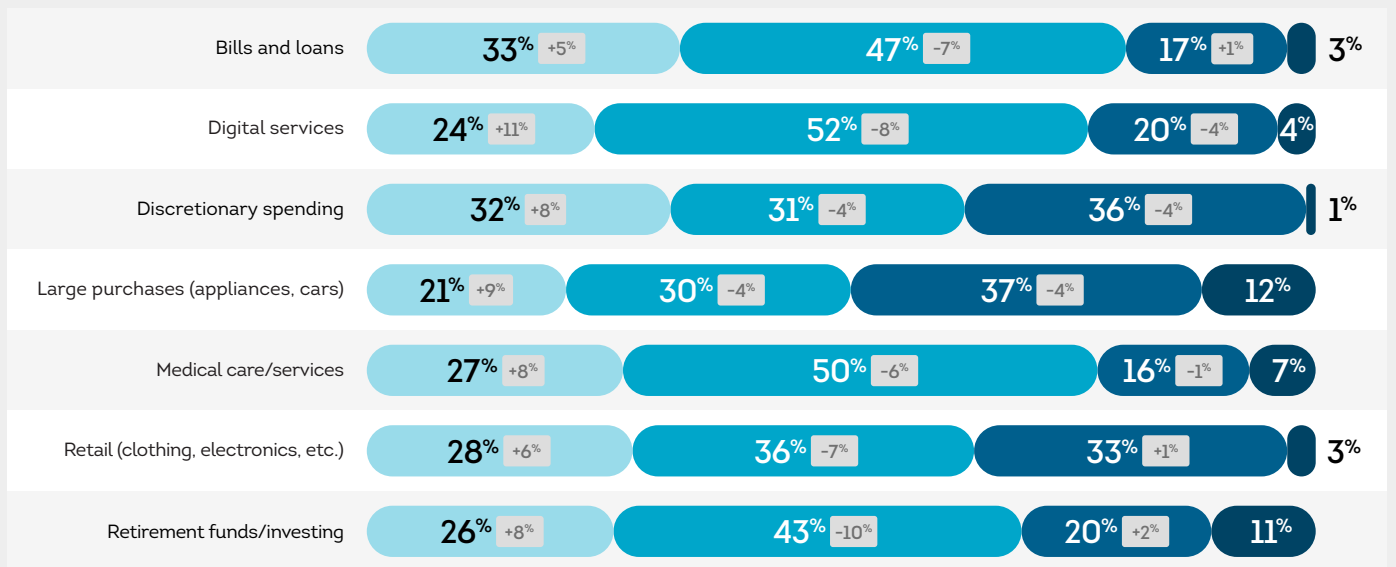
X* Percentage point change from Q3 2023

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



X% Percentage point change from Q3 2023

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



X% Percentage point change from Q3 2023 ● Increase ● Stay the same ● Decrease ● Not applicable

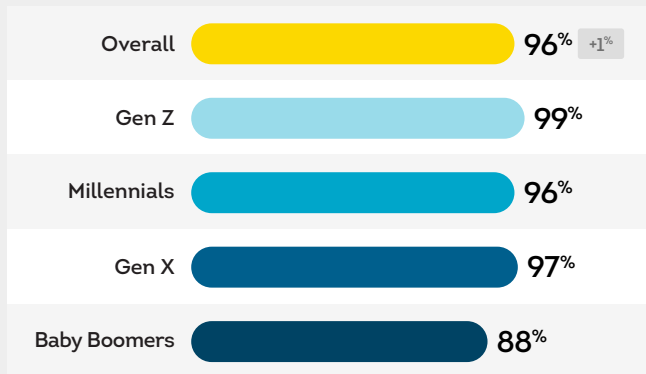
Attitudes and plans for economic participation

In Hong Kong, 49% (up from 42% in Q4 2022) of respondents in Q4 2023 saw credit and lending products as extremely or very important to their financial goals. Gen Z lead this view with 62% acknowledging credit's importance, a rise from 54%. In contrast, only about one-third of Baby Boomers agreed, hinting at a deleveraging phase as they near retirement.

Access to credit slightly improved; 47% affirmed sufficient access in Q4 2023 versus 43% in Q4 2022. This uptick was noticeable among Gen Z and Gen X, aligning credit availability with their financial goals. Conversely, Baby Boomers were less enthusiastic about credit access, reflecting a lesser need for credit.

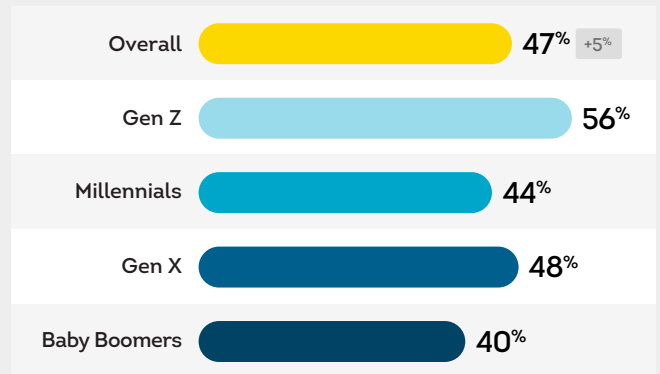
Looking ahead, 41% planned to apply for new credit or refinance existing credit, up from 31% in Q4 2022. Gen Z and Gen X showed a higher propensity; 56% and 47%, respectively eyed credit or refinancing options. Credit cards and personal loans remained popular, but interest in refinancing mortgage loans jumped from 15% in Q4 2022 to 28% in Q4 2023. However, 40% considered but avoided applying for new credit or refinancing, up from 27% in Q4 2022, deterred by high costs, cumbersome processes and rejection fears.

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



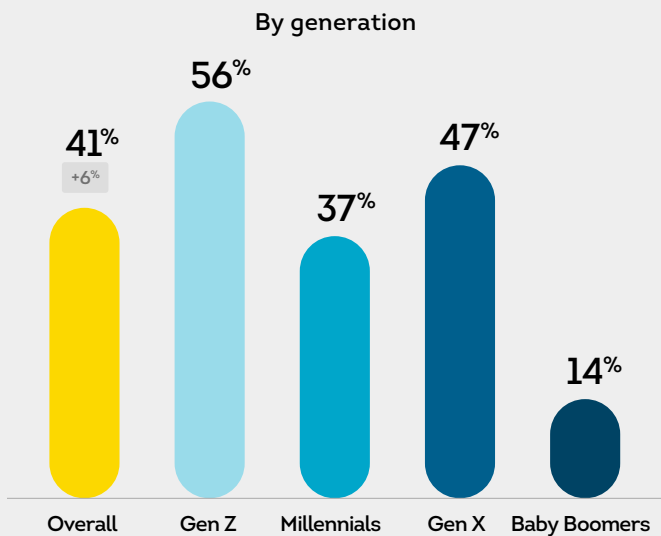
X% Percentage point change from Q3 2023

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

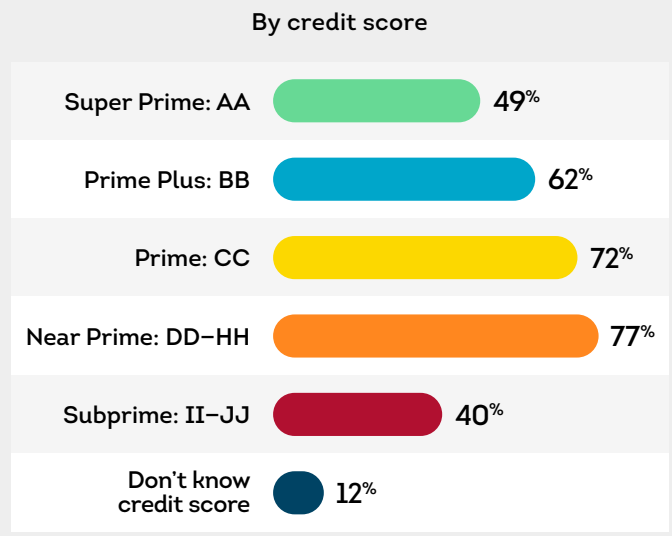


X% Percentage point change from Q3 2023

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



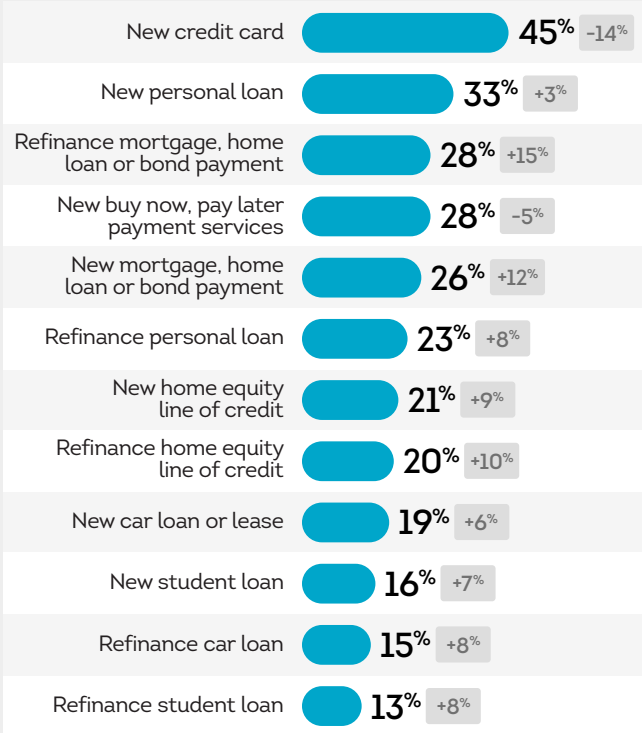
X% Percentage point change from Q3 2023



Self-reported credit score ranges

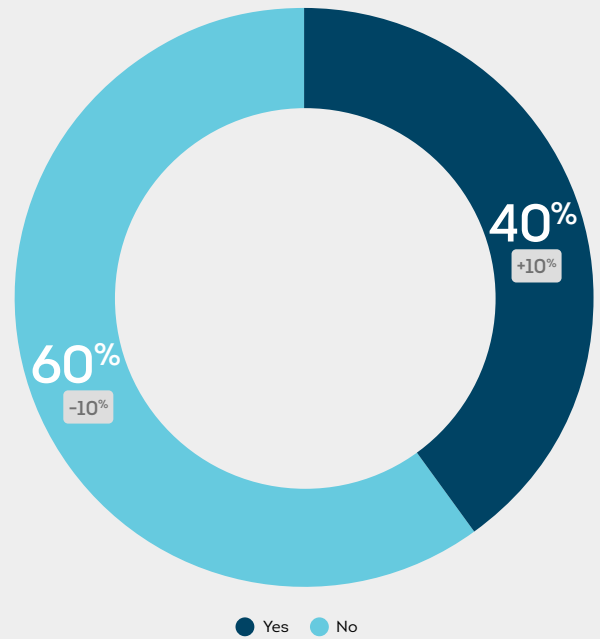
Figure 11. Type of new credit and loan activity planned in next 12 months

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



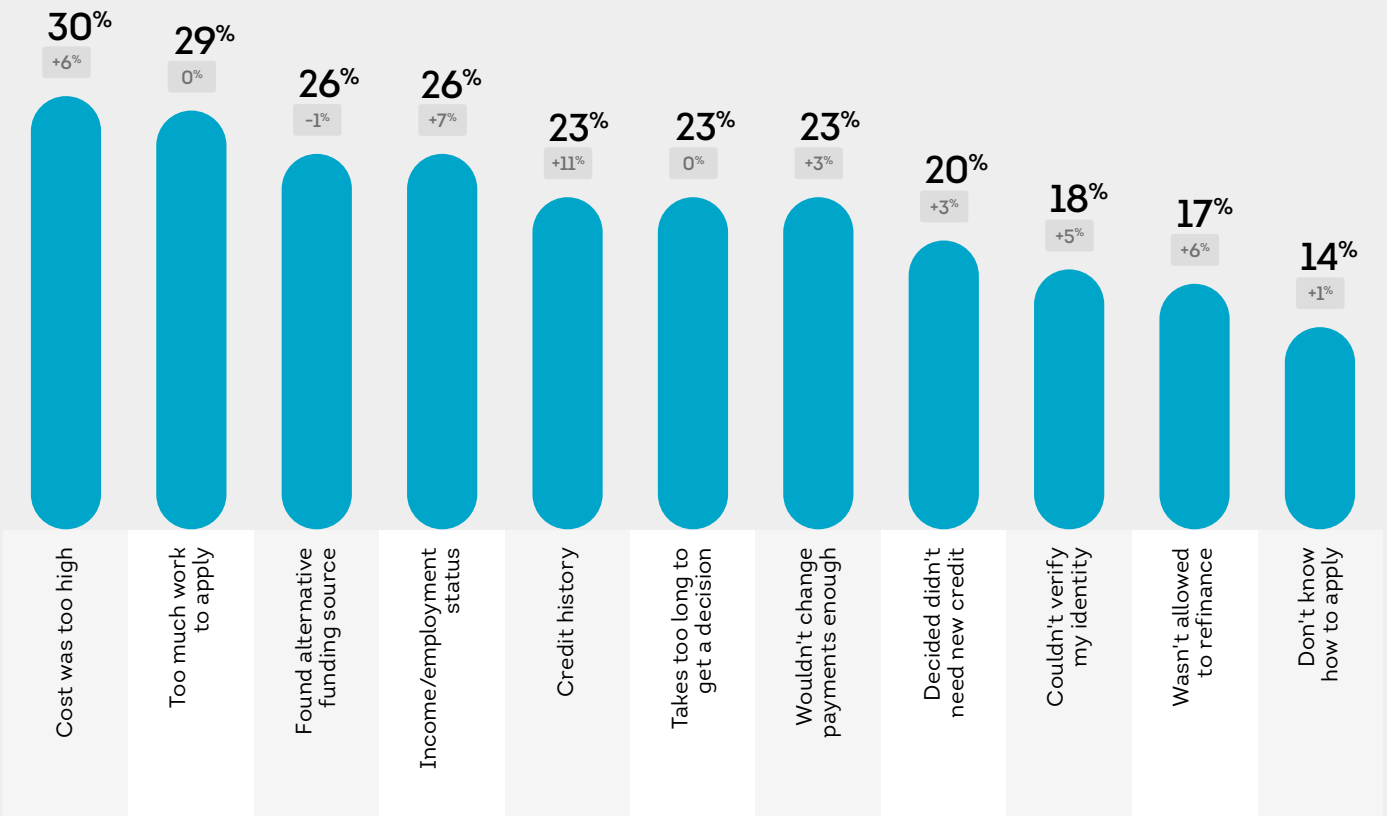
X% Percentage point change from Q3 2023

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



X% Percentage point change from Q3 2023

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



X% Percentage point change from Q3 2023

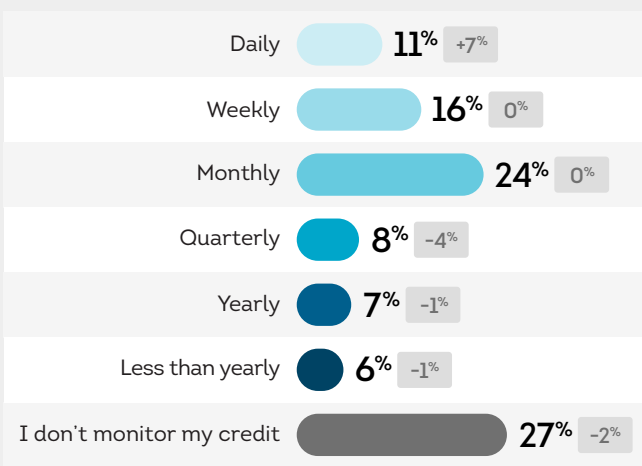
Attitudes and behaviour to manage financial choices

The data revealed a positive trend in credit monitoring; 11% of respondents in Q4 2023, up from 7% in Q4 2022, monitored their credit daily, while weekly monitoring rose slightly from 14% to 16% over the same period. However, a considerable 27% in Q4 2023 (although reduced from 32% in Q4 2022) don't monitor their credit.

Credit monitoring increasingly resonated with consumers; 46% in Q4 2023 found it extremely or very important, up from 41% in Q4 2022. This heightened awareness may be tied to easy access to credit information or educational campaigns. The percentage of online transactions remained stable on the digital front with a slight increase in the 1%-25% and 51%-75% categories. Yet, a consistent 13% have not transitioned to online transactions, indicating a potential area for digital literacy improvement.

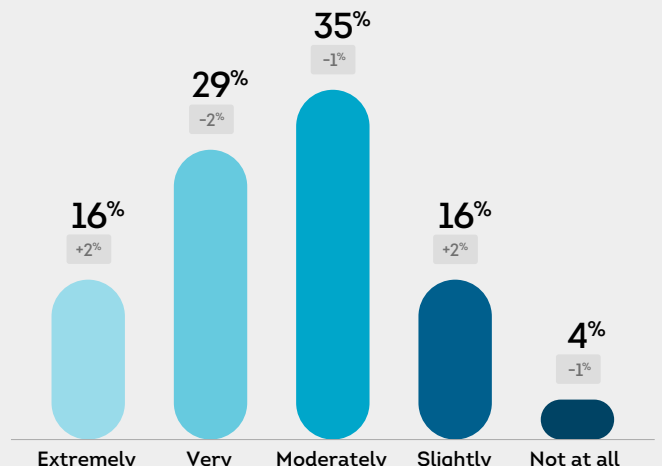
The use of alternative data in credit assessments is notable; 33% believed their credit scores would increase if businesses used information beyond standard credit reports, up from 24% in Q4 2022. This suggests a growing consumer awareness of the broader data ecosystem and its impact on credit evaluations. The 17% of "I don't know" responses, down from 20%, hints at an area where further education could empower consumers more.

Figure 14. Credit report monitoring frequency



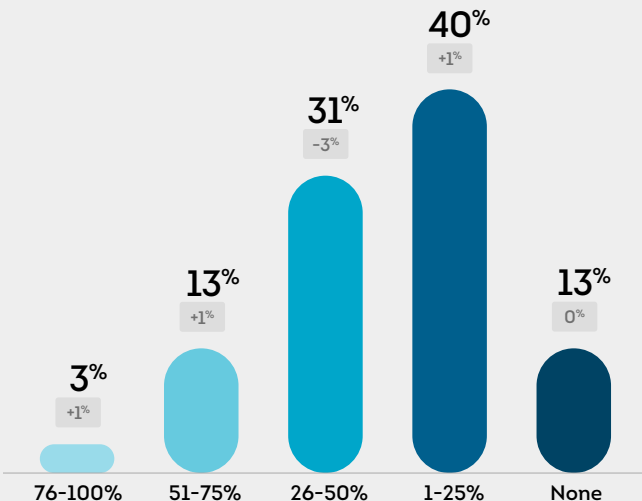
X% Percentage point change from Q3 2023

Figure 15. Believe monitoring credit report is important



X% Percentage point change from Q3 2023

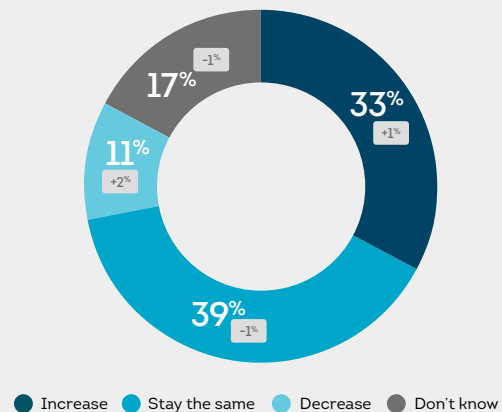
Figure 16. Percentage of transactions done online



X% Percentage point change from Q3 2023

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



X% Percentage point change from Q3 2023

IDENTITY PROTECTION

Identity risks and usage

Examining identity and fraud issues amongst Hong Kong residents unveiled a mixed landscape of awareness, experience and concern. A significant 39% of respondents were targeted by a fraud scheme in the past three months, with 6% falling victim. The primary modalities of these fraud attempts were smishing (38%), phishing (32%) and vishing (34%), followed by identity theft and stolen credit card/ fraudulent charges at 21% each. This data underscores the prevalence and variety of digital fraud attempts that residents face. The concern over sharing personal information remained high with 69% of respondents in both Q4 2023 and Q4 2022 expressing increased concern. This concern is primarily driven by the fear of identity theft (71%), personal invasion of privacy (62%), and the annoyance of receiving unsolicited marketing communications (46%).

Moreover, the frequency of credit monitoring has gradually increased, potentially as a measure against fraud. Consumers who monitor their credit daily have increased from 7% in Q4 2022 to 11% in Q4 2023, and weekly monitoring has also seen a slight uptick from 14% to 16% over the same period. Although down from the prior year, a large percentage, 27% in Q4 2023 (32% in Q4 2022), still don't monitor their credit. The data suggests a growing awareness and proactive behaviour in some population segments, while others remain unaware or inactive.

Figure 18. Personal experience with online, email, phone call or text message fraud attempts in last three months

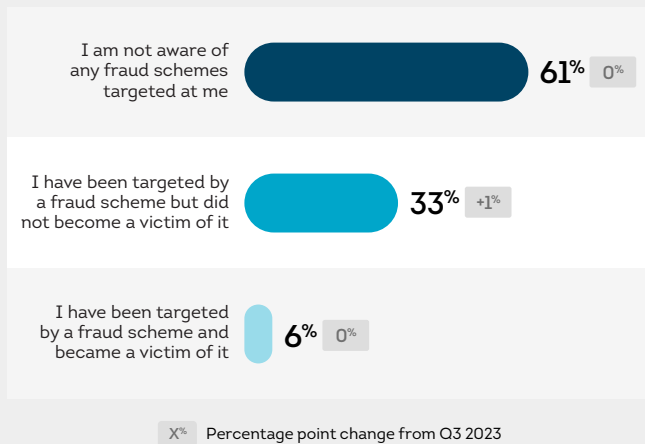


Figure 19. Most frequent fraud schemes targeting consumers
(among those targeted with online, email, phone call or text message fraud)

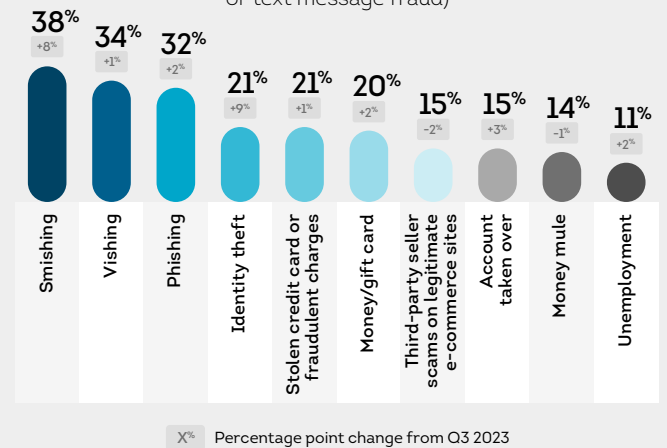


Figure 20. Concern with sharing personal information

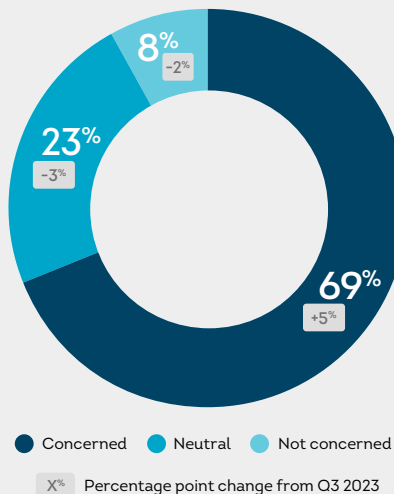
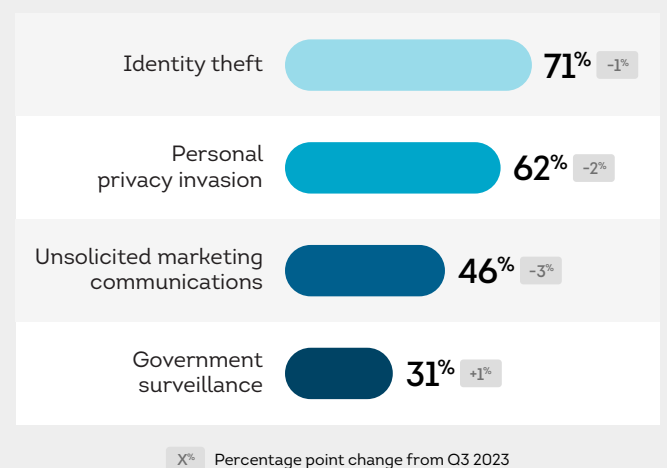


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse survey of 925 adults was conducted Oct. 3-12, 2023 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 ± 3.22 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.

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FOR BUSINESSES

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