



Consumer Pulse Study

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

Hong Kong Q1 2022

TransUnion's quarterly survey explores how consumers' personal finances have changed and what changes they expect in the future. The study measures changing consumer attitudes and behavior 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



Wave 5 dampens economic growth

The latest pandemic wave broadly impacted companies with forced business closures and tightened social distancing measures. They are hoping for a sharp recovery as tightened social distancing measures are expected to be eased.¹



Household income

The pandemic put some family members from low-income households out of work.² Our study shows that full-time, employed respondents declined (77% decreased 10 percentage points from Q4). In order to maintain the cost of living, the labour force shifted to part-time and gig work (11% increased 5 percentage points from Q4).



Government action

While consumers were using savings and borrowing from others to meet their needs, they also looked to the government for financial relief. Previous government vouchers encouraged consumers to shop online. Half of respondents (49%) expected to shop online more and 41% planned to spend less this year. The new batch of consumption vouchers will help the public steer through difficult times as about half of respondents (57%) still rely on government financial support.

¹ https://www.news.gov.hk/eng/2022/03/20220321/20220321_124329_218.html

² <https://www.scmp.com/news/hong-kong/society/article/3166019/pandemic-takes-least-one-job-away-nearly-70-cent-hong-kong>

Household income (HHI), spending and bill payment

Two-thirds (66%) of respondents said their household income stayed the same or decreased in the last three months, and 58% expected the trend to continue in the next 12 months.

Household income can be indicative of the ability to pay bills and loans. Most people reported their salaries were reduced (21%) or their work hours were reduced (18%) or furloughed (15%).

This led to an increasing trend of consumers not being able to pay their bills and loans (27% increased 5 percentage points). The plan to pay bills and loans included using savings (37%), paying a partial amount (25%), and borrowing money from a friend or family member (24%).

Almost half of households already reduced discretionary spending (46%). Nearly half of respondents said they'll further decrease discretionary spending (47%), reduce large purchases (43%) or decrease retirement funds (25%).

Figure 1. Household income change last three months

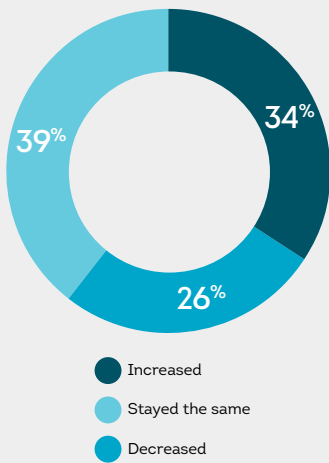


Figure 2. Expected household income change next 12 months

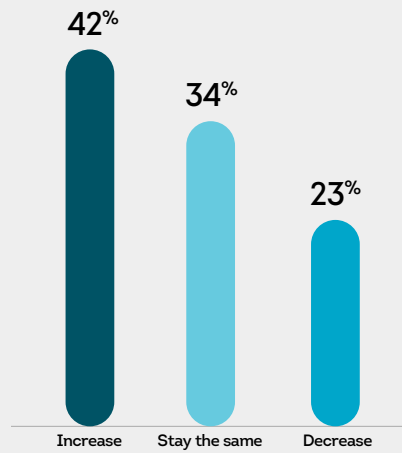


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

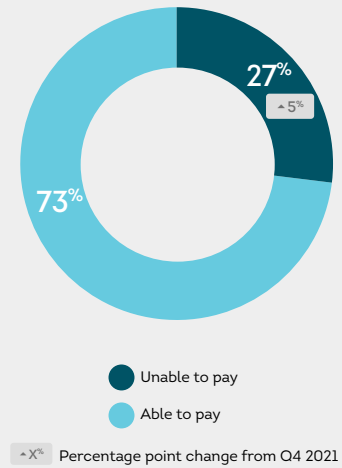


Figure 4. Reasons for change in current household income

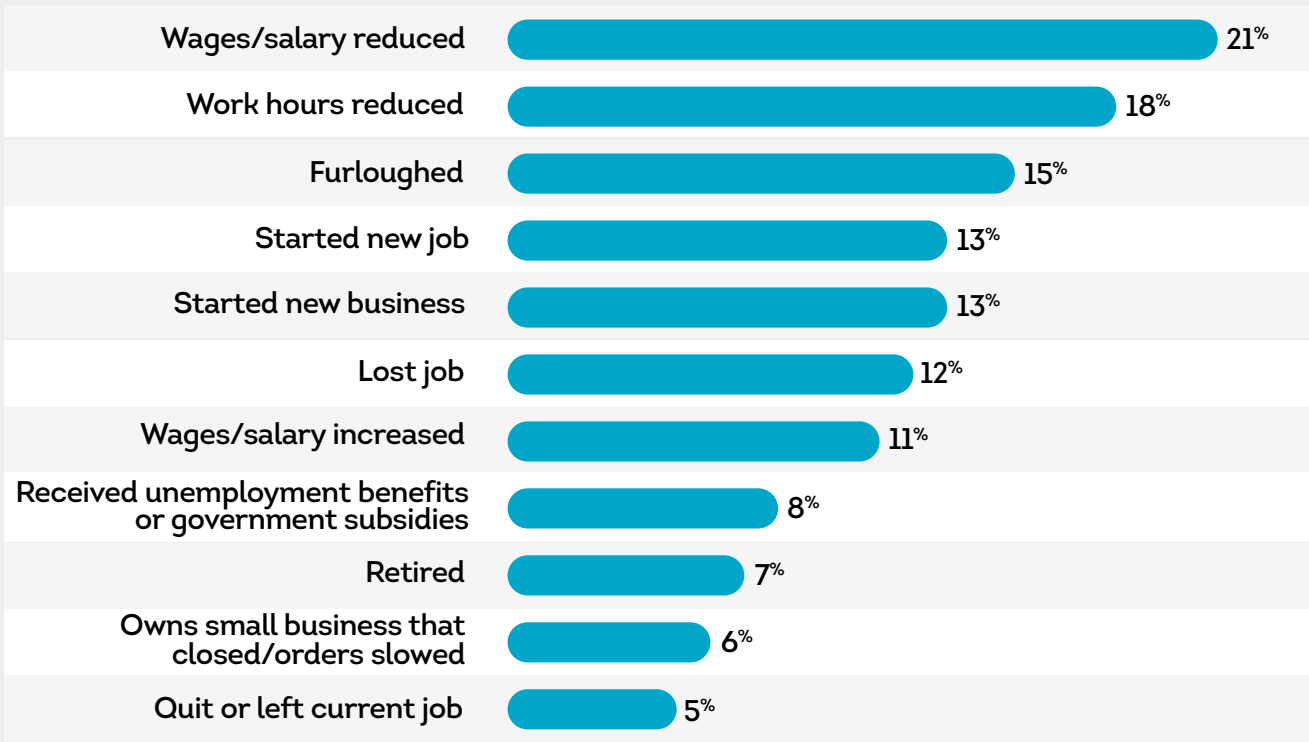


Figure 5. Changes to household budget in the last three months

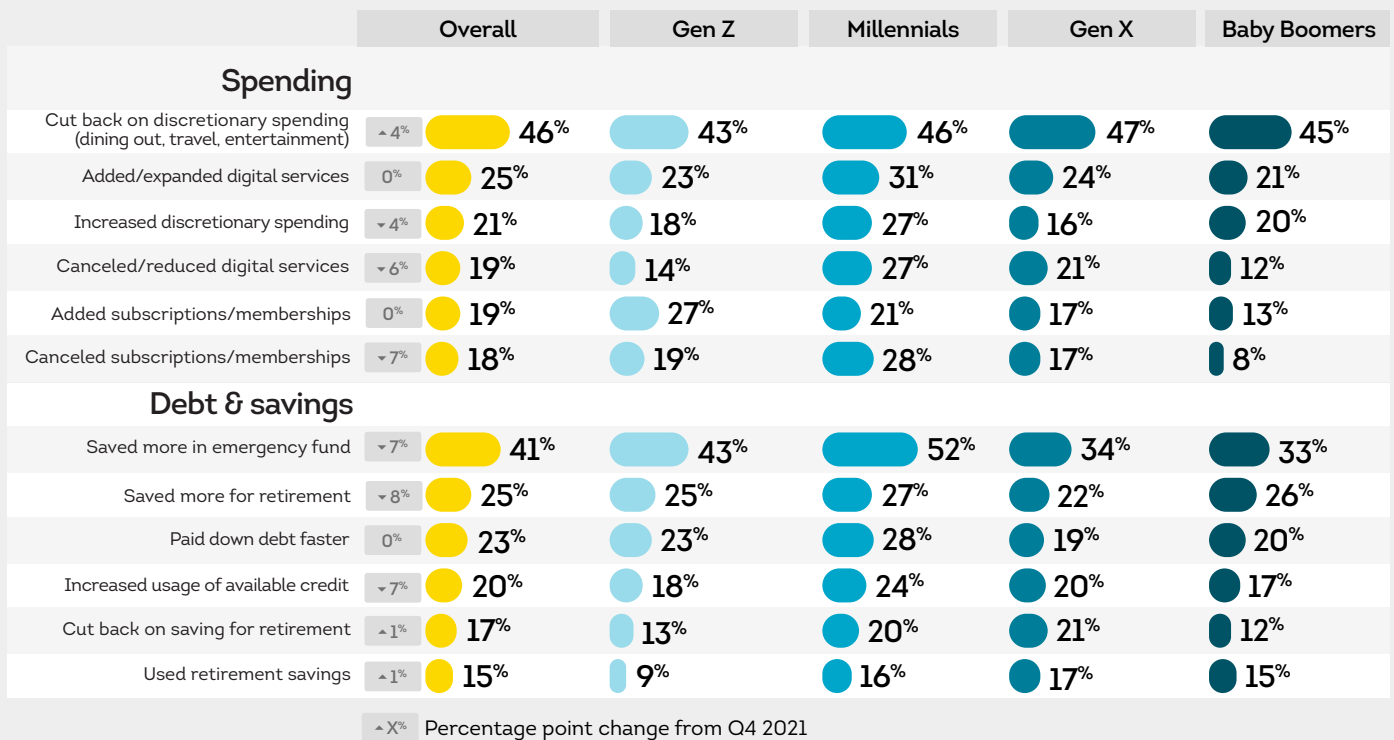


Figure 6. Plans to pay current bills or loans (among those unable to pay bills/loans)

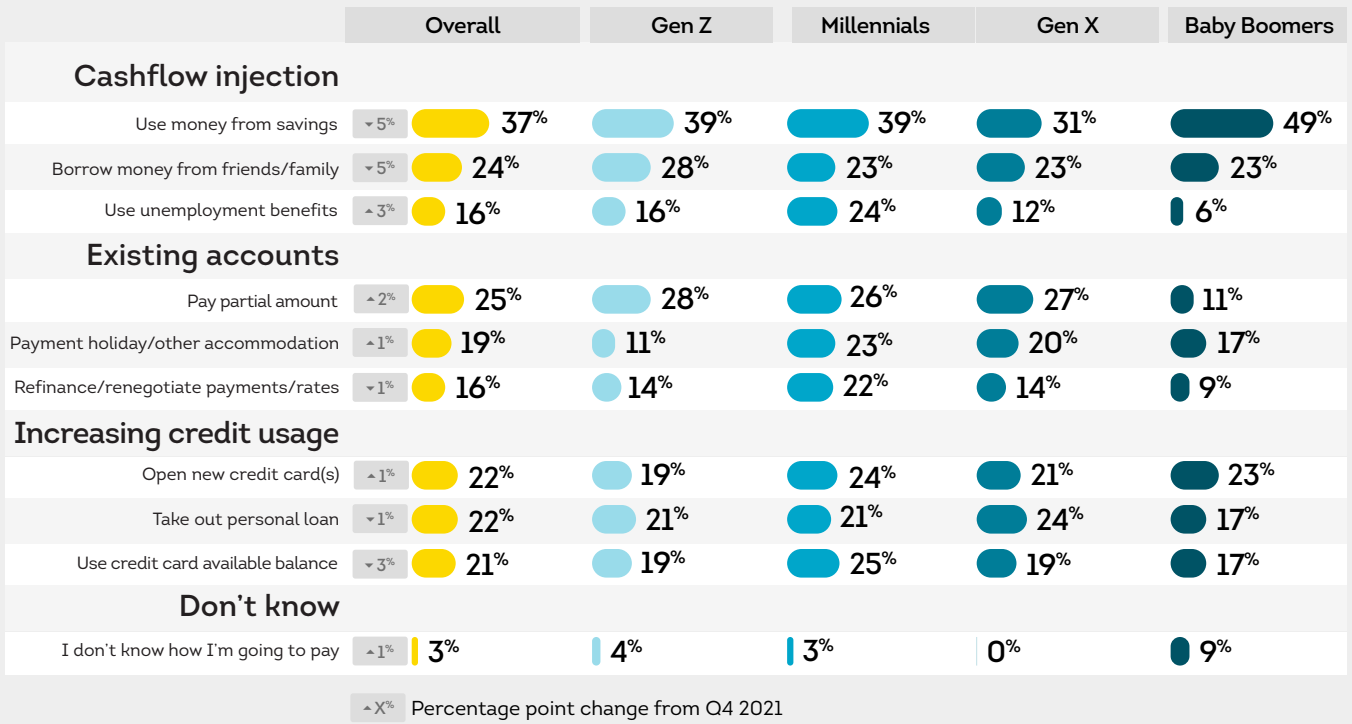
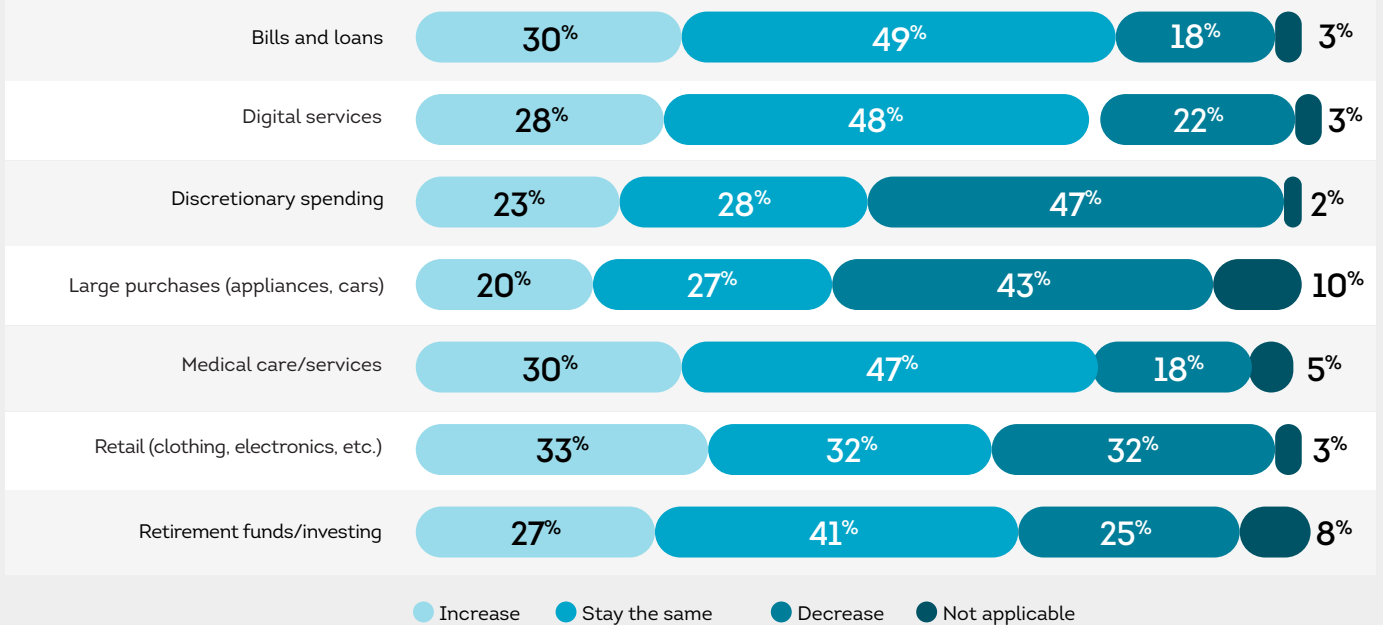


Figure 7. Expected change to household spending over next three months



Attitudes and plans for economic participation

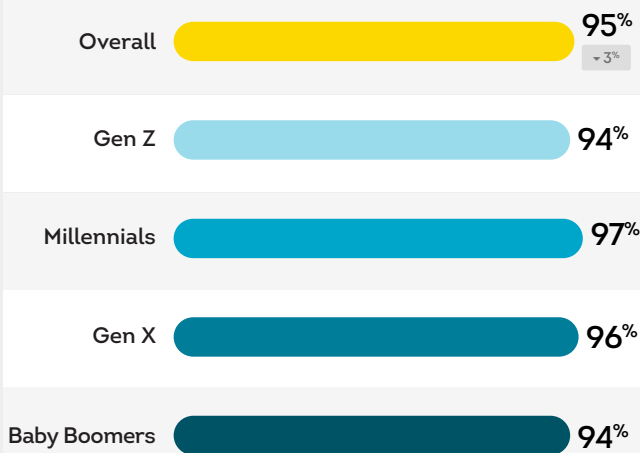
Most consumers (95%) believed access to credit is important. More than half (58%) of respondents believed they have sufficient access. Across generations, less than half (41%) of Gen Z considered access to credit as moderately important. They also held a neutral view (39%) on whether they have sufficient access.

More consumers (48% increased 8 percentage points) were planning to apply for new credit; in particular, Gen X (58%) contrasts with Baby Boomers (28%). Also, near prime (80%) respondents contrast sharply with subprime (33%) in planning to apply for credit.

Consumers were planning to apply for personal loans (46%) and auto loans (33%). Less respondents (39% decreased 5 percentage points) were planning to apply for a new credit card. Notably, half of Millennials and Gen X (52% and 51%, respectively) were planning to apply for a personal loan.

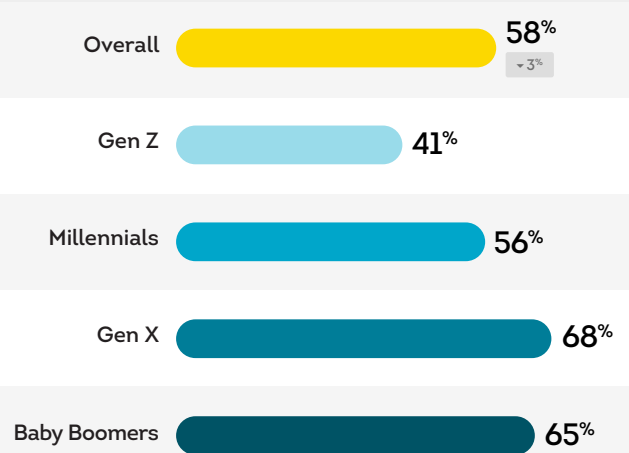
More consumers (39% increased 6 percentage points) were considering new credit. Some abandoned an application due to high costs (31%), alternative funding (28%), and process was too cumbersome (28%). More respondents (20% increased 6 percentage points) believed they would be rejected due to credit history.

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



-X% Percentage point change from Q4 2021

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



-X% Percentage point change from Q4 2021

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

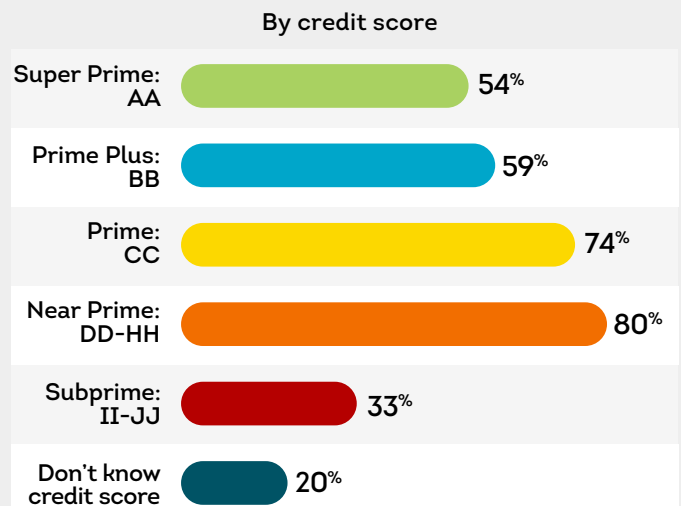
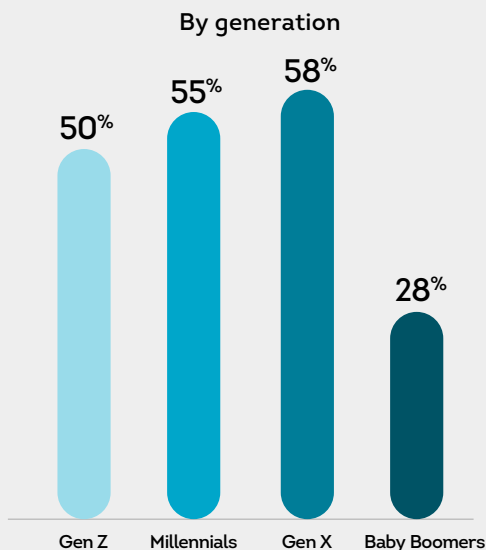
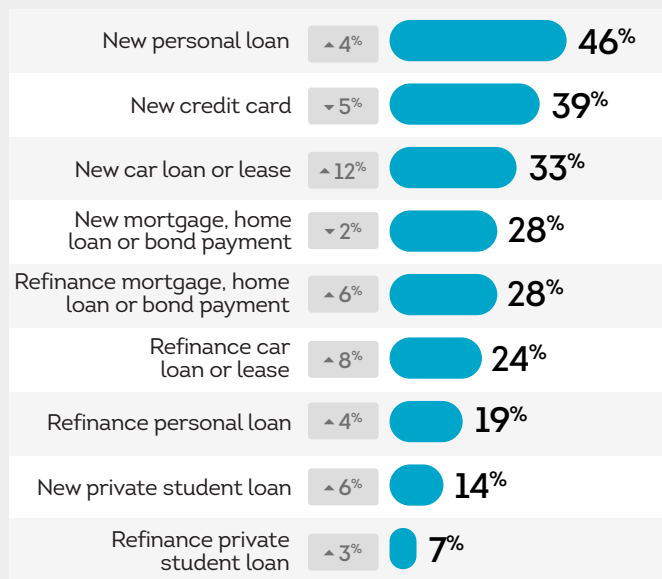


Figure 11. Type of new credit and loan activity planned in next 12 months

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



+X% Percentage point change from Q4 2021

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

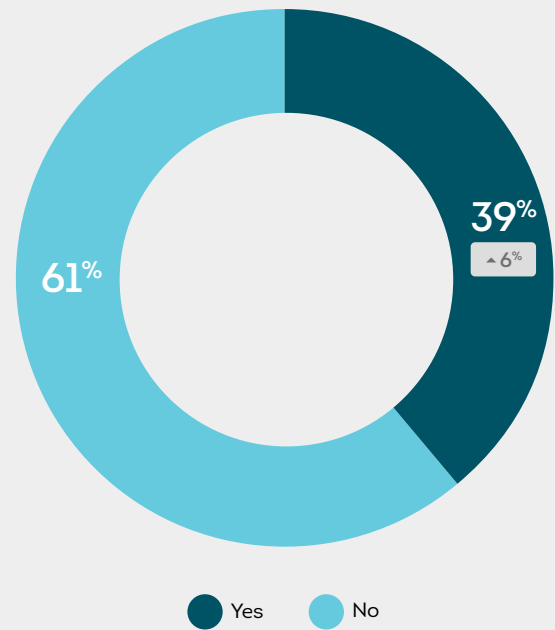
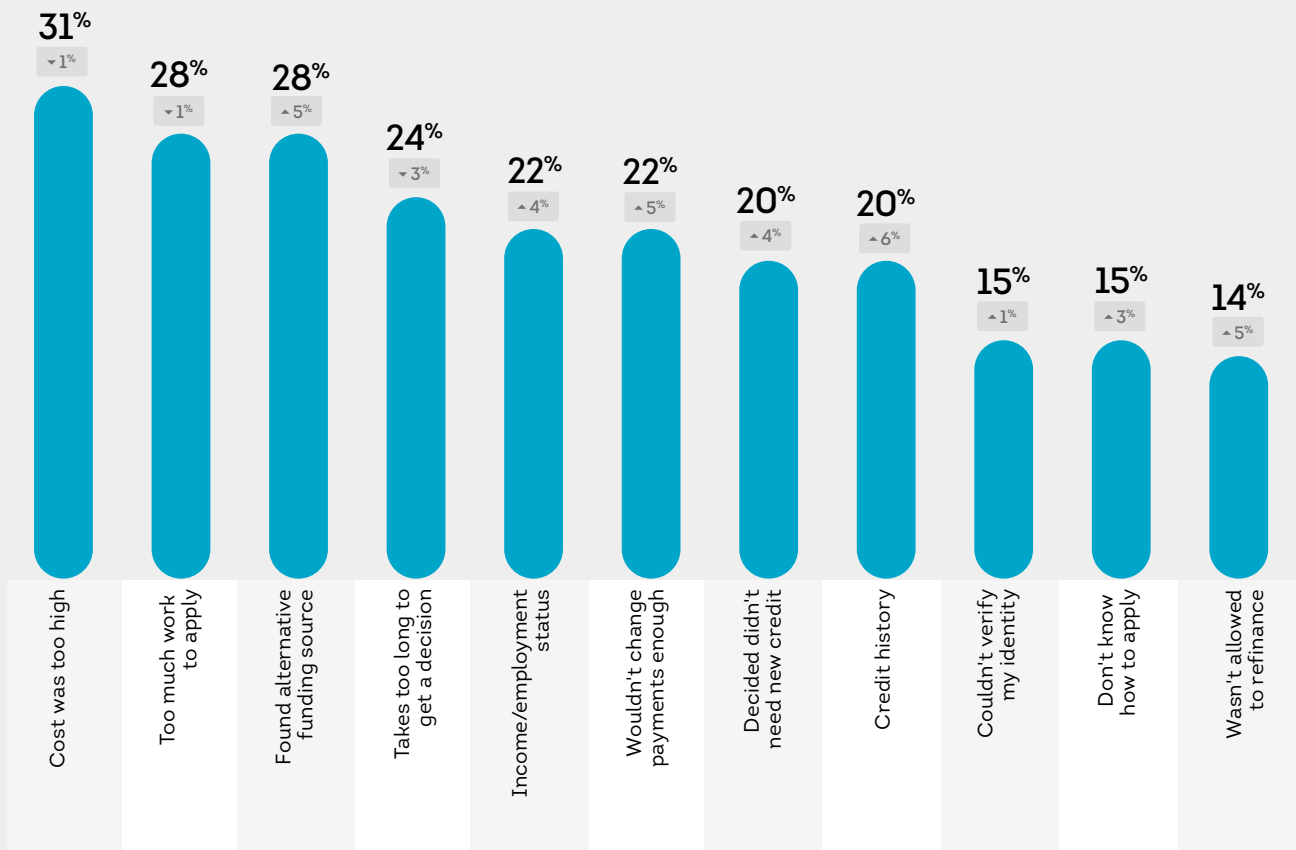


Figure 13. Reasons for abandoning application for new credit or refinance



+X% Percentage point change from Q4 2021

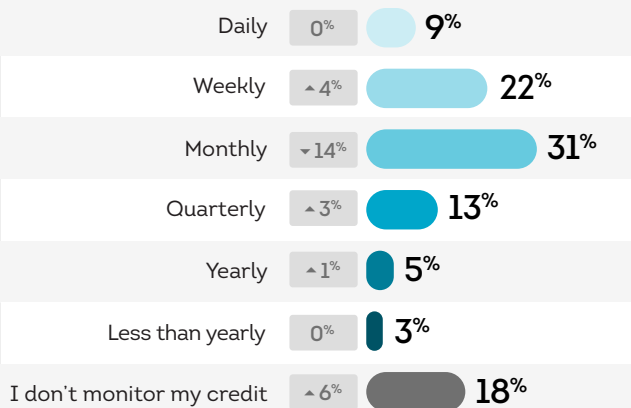
Attitudes and behavior to manage financial choices

Consumers believed monitoring credit is at least slightly important (97%); 61% of respondents said they monitor their credit at least once a month. Gen X (99%) and Gen Z (93%) respondents also believed monitoring credit is important.

Consumers are transacting online; 18% of respondents cited conducting more than half of their transactions online. One in five Millennials (20%) conducted more than half of their transactions online, whereas 14% of Gen Z does not transact online at all.

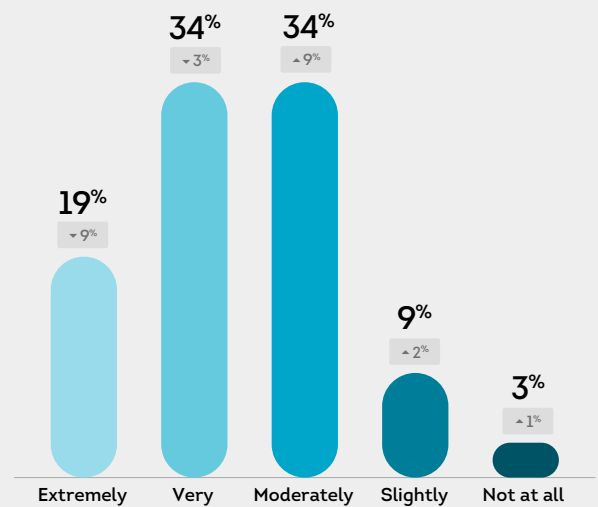
Less consumers (42% decreased 10 percentage points) believed their credit score would increase if businesses used information not on the standard credit report. Twenty-three percent of Baby Boomers (23%) didn't know how their credit scores would be affected, while Gen X (48%) and Millennial respondents (45%) thought their credit scores would increase.

Figure 14. Credit monitoring frequency



▲ X% Percentage point change from Q4 2021

Figure 15. Believe monitoring credit is important



▲ X% Percentage point change from Q4 2021

Figure 16. Percentage of transactions done online

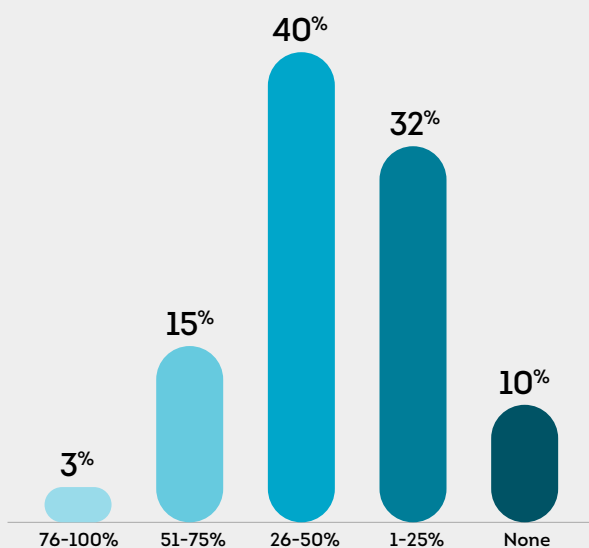
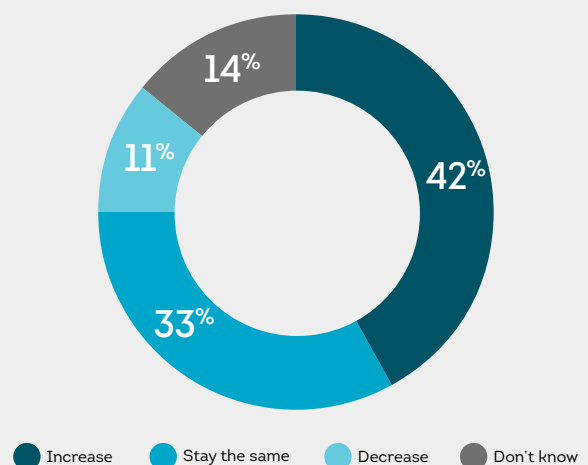


Figure 17. How believe credit score would change if businesses used information not on standard credit report



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 half (61%) of consumers were not aware of being targeted by fraud, and one-third (33%) did not become a victim of a fraud scheme after being targeted. Most Baby Boomers (80%) were not aware of being targeted – which was much higher than Gen Z (51%).

Phishing (35%) remains the top fraud scheme in the last three months, followed by identity theft (27%) and gift card scams (27%). The quarterly trend of stolen credit card or fraudulent charges is stable (22% decreased 2 percentage points).

A top consumer concern is sharing personal information with 68% consumers having cited concern with doing so. Consumers do not want their identity stolen (67%), worry about invasion of privacy (63%) and receiving unsolicited marketing communications (48%).

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

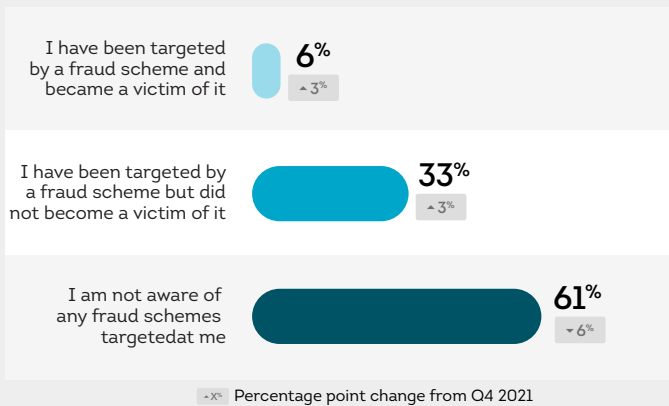


Figure 19. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)

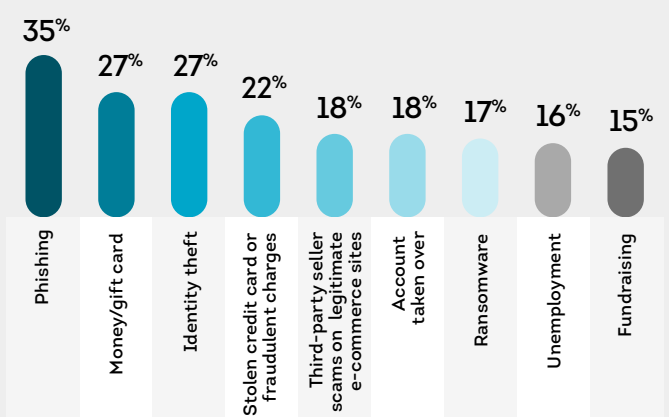


Figure 20. Concern with sharing personal information

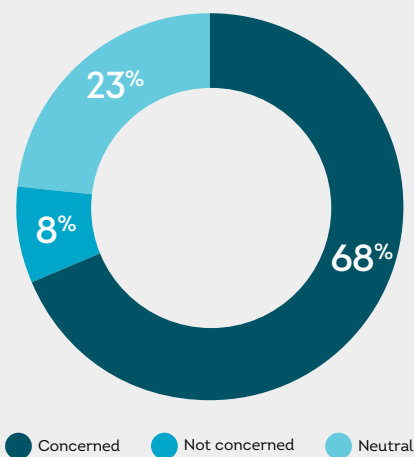
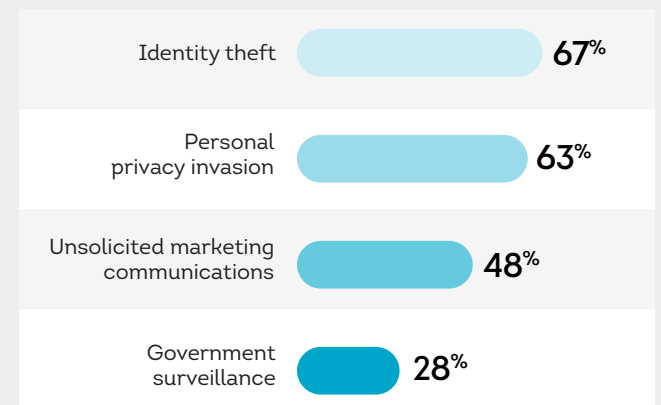


Figure 21. Reasons concerned about sharing personal information



Methodology

TransUnion's Consumer Pulse survey of 1,088 adults was conducted Feb. 14–Feb 23, 2022 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 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 ±3.0 percentage points based on a calculated error margin.

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



About TransUnion (NYSE: TRU)

TransUnion is a global information and insights company that makes trust possible in the modern economy. We do this by providing an actionable picture of each person so they can be reliably represented in the marketplace. As a result, businesses and consumers can transact with confidence and achieve great things. We call this Information for Good®.

A leading presence in more than 30 countries across five continents, TransUnion provides solutions that help create economic opportunity, great experiences and personal empowerment for hundreds of millions of people.

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