

## Consumer Pulse Study

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

South Africa 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 behaviour 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



#### Near record-high inflation creates further impediment to financial freedom

The South African economy recorded a near five-year high annual inflation rate (5.9%) toward the end of 2021; this figure eased to 5.7% in Jan. 2022 but remained close to the top of the South African Reserve bank's target range of 3%-6%.<sup>1</sup> As a result, 80% of consumers said they're making changes to their purchasing behaviour because of inflation.



#### Demand for new credit remains low

Although 88% of consumers considered access to credit and lending products important to achieve their financial goals, only 32% believed they currently have sufficient access to them. Despite the lack of adequate access, 67% of consumers indicated they had no plans to apply for new or refinance existing credit. For consumers who considered applying for new or refinancing existing credit, 42% stated they ultimately decided against it; fear of being declined due to income and employment status (31%), and the cost of new credit or refinancing being too high (30%) were the top two cited reasons.



#### Fraudsters attempts to leverage festive period for digital fraud

Of consumers who were aware of digital fraud attempts targeting them, 41% cited money/gift card scams, and 31% cited third-party seller scams on legitimate online retail websites. When it comes to sharing personal information, 87% of consumers were concerned with doing so; 76% cited fear of having their identity stolen.

<sup>1</sup> <https://www.dailymaverick.co.za/article/2022-02-16-green-shoots-south-africas-january-inflation-slows-while-retail-sales-pick-up-the-pace/>

## Household income (HHI), spending and bill payment

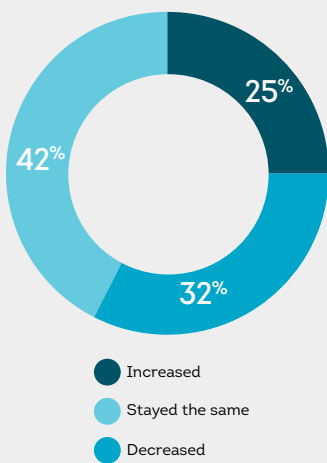
The road to recovery for South African household incomes remains bumpy. During the most recent quarter, 25% of households surveyed reported an increase in income, while 32% reported a decrease. The main reasons for reporting a decrease were job loss (29%), salary reduction (20%), and a reduction in work hours (18%). Still, South African consumers remained hopeful; 69% of respondents expected an increase in their income over the next 12 months – with only 10% having anticipated a decrease.

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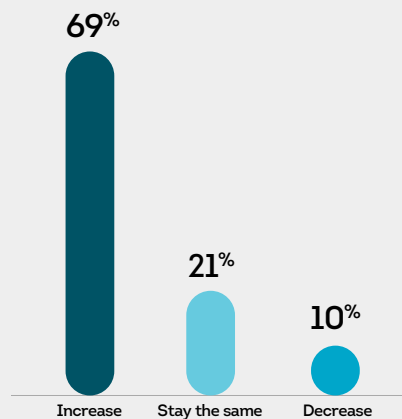
When it comes to paying current bills and loans, 56% said they’ll be able to pay them in full, a 10% improvement from Q1 2021. For those who said they’ll be unable to pay current bills and loans in full, 41% noted they’ll only pay a partial amount, and 34% planned to use money from their savings to service bills and loan repayments.

Many households did not expect increases in spending over the next three months; 53% said they’ll decrease discretionary spending; 43% said they’ll reduce large purchases, such as appliances and vehicles. Interestingly, 35% of households said they intend to increase investment and retirement fund contributions.

**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**

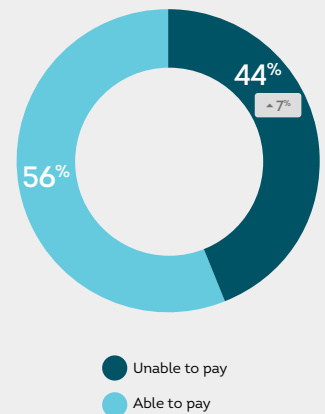


Figure 4. Reasons for change in current household income

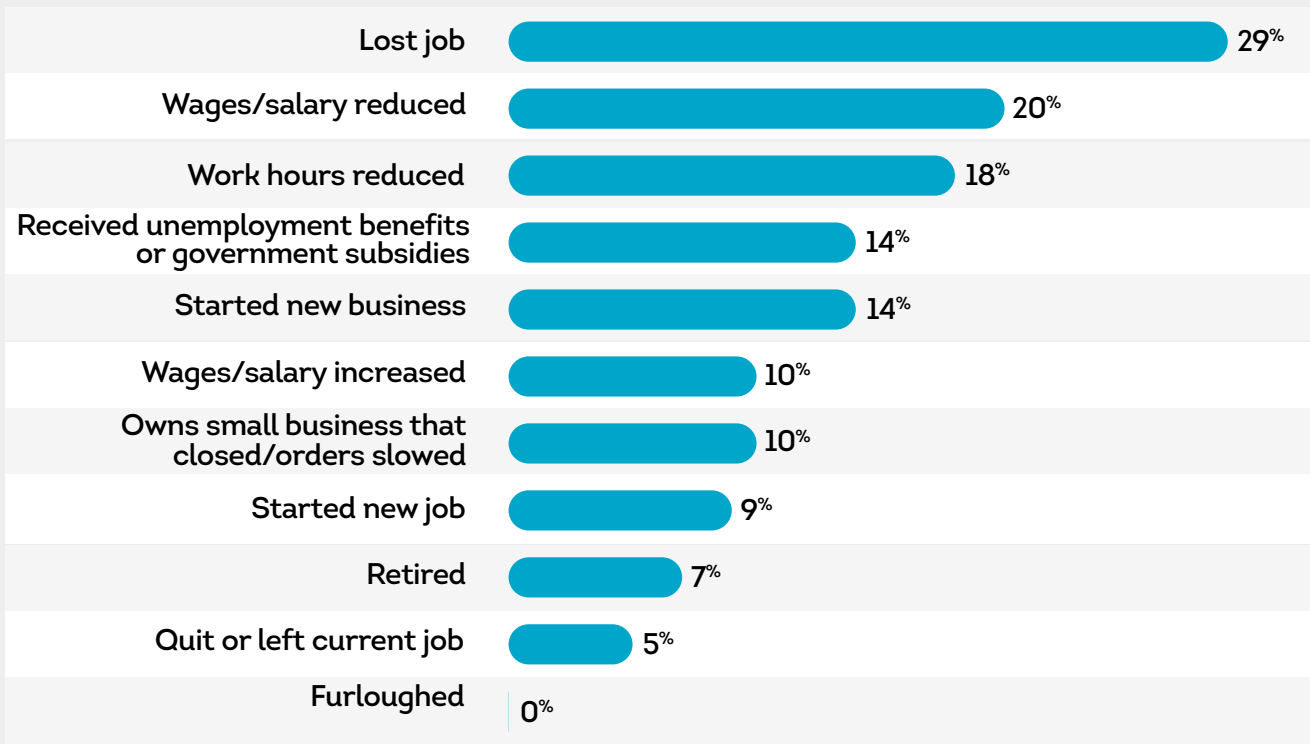


Figure 5. Changes to household budget in the last three months

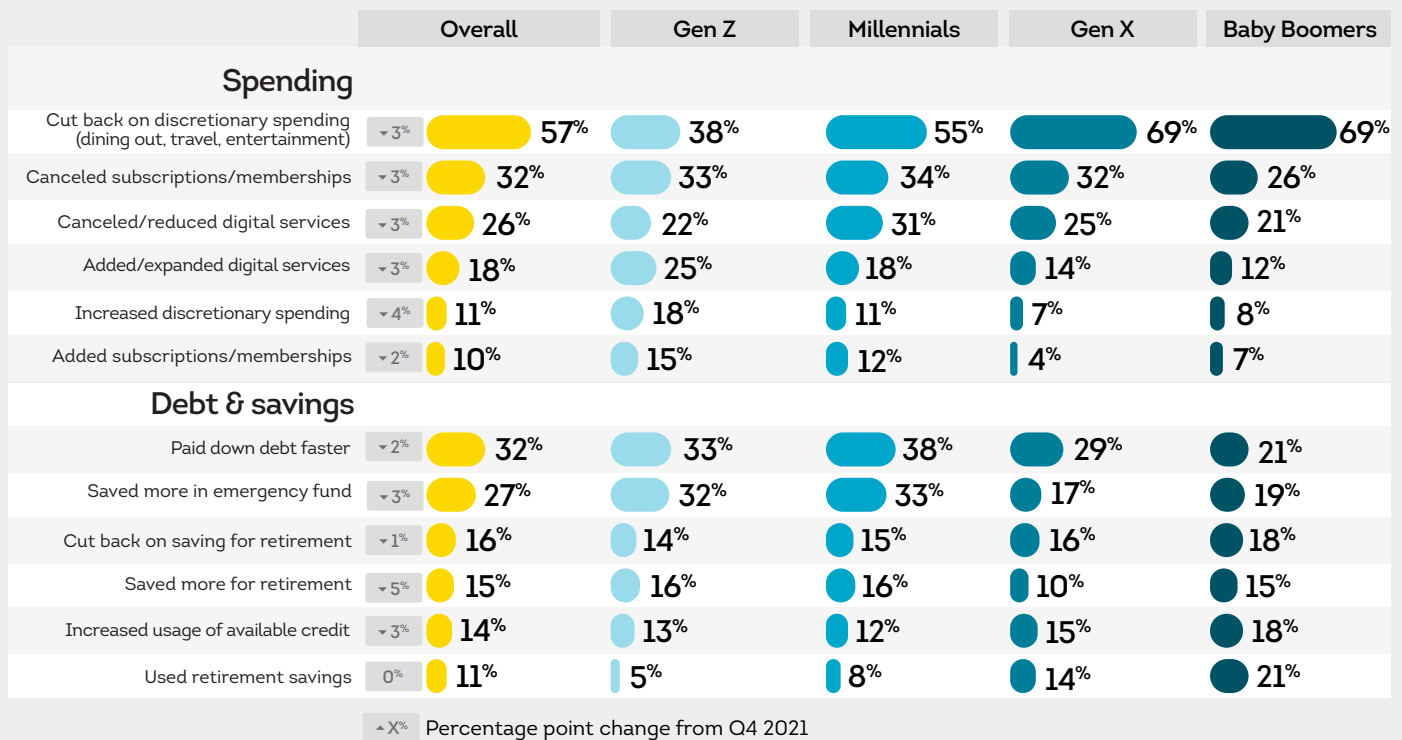


Figure 6. Plans to pay current bills or loans (among those unable to pay bills/loans)

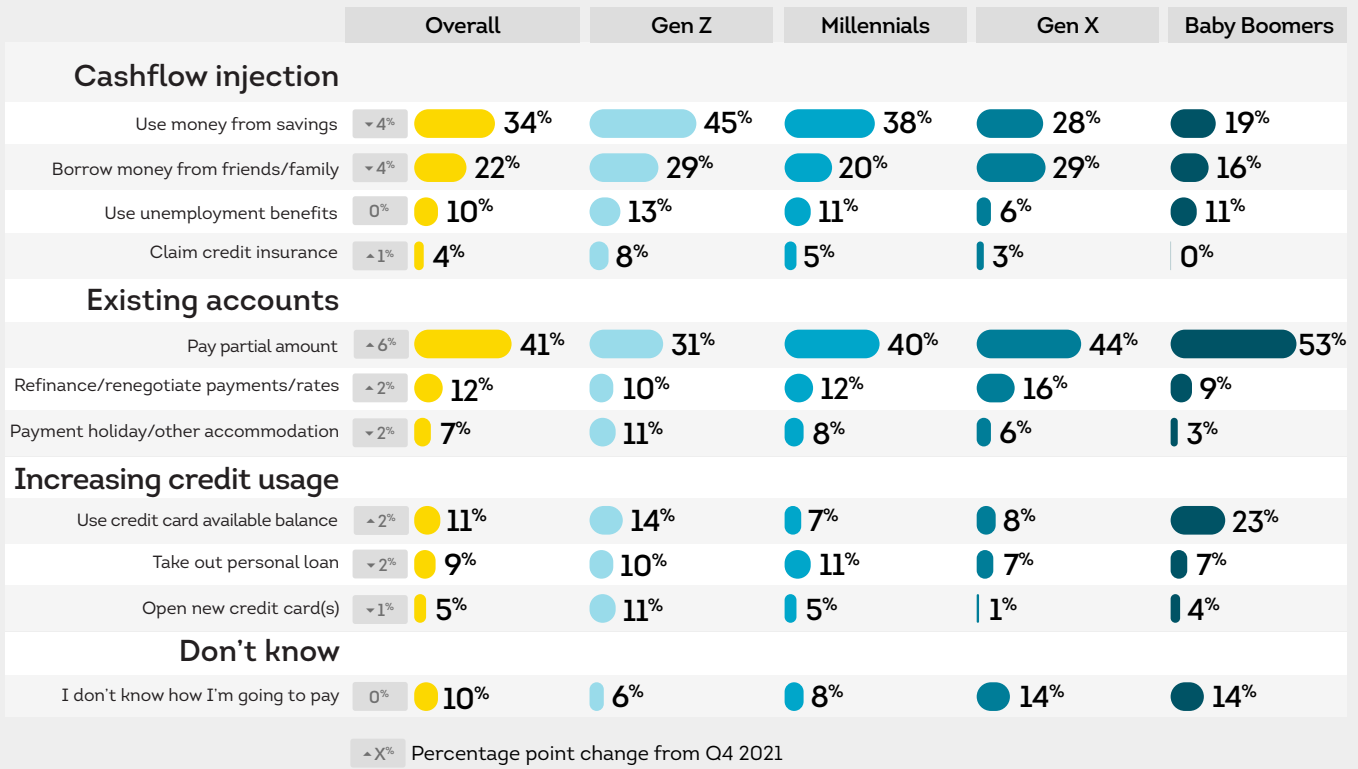
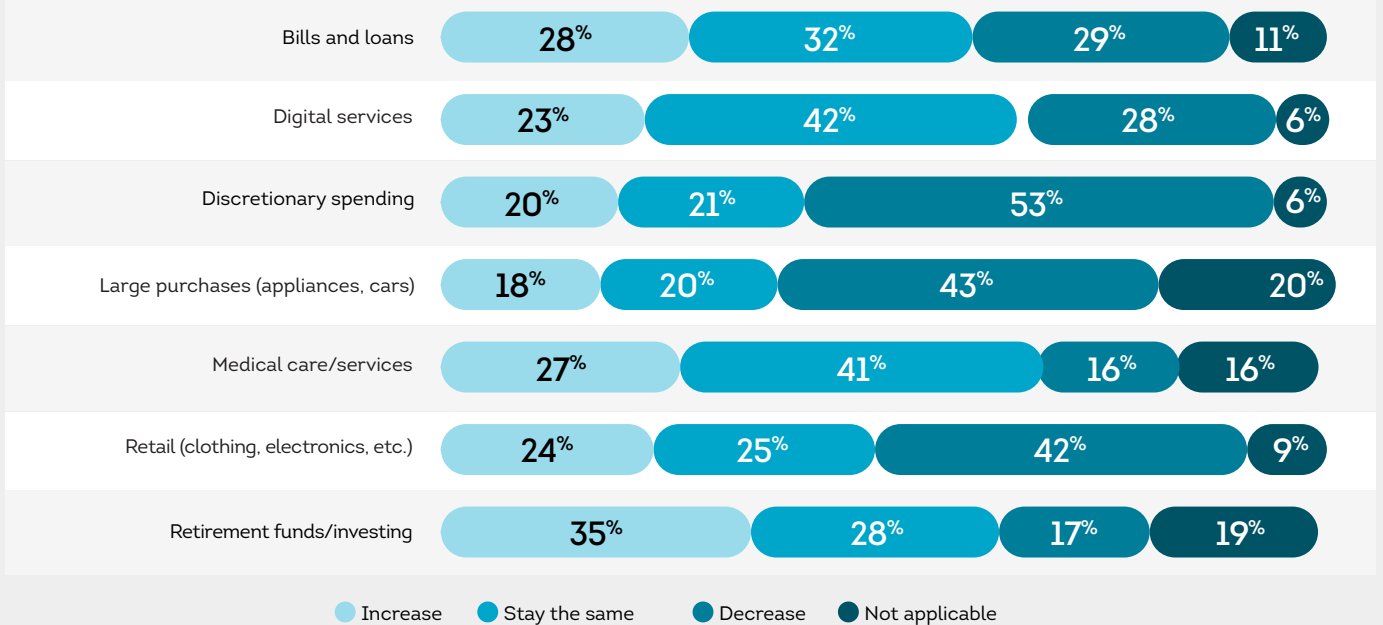


Figure 7. Expected change to household spending over next three months



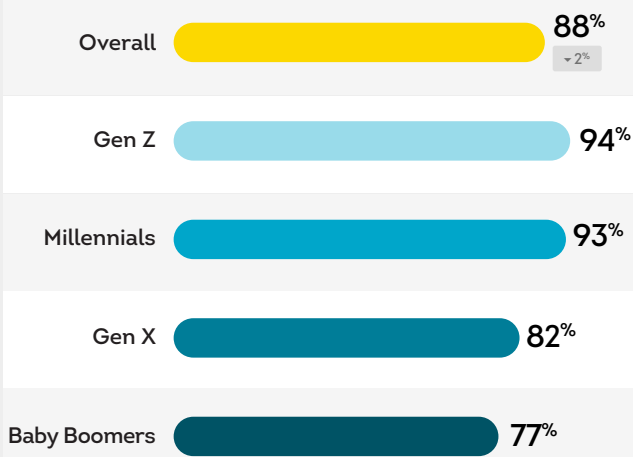
## Attitudes and plans for economic participation

Although 88% of consumers considered access to credit and lending products important, only 32% said they currently have sufficient access.

Regardless of the lack of access, demand for credit remains low with 67% of consumers having said they have no plans to apply for new credit or refinance existing credit – with the majority across all age groups answering that way. Among the 33% of consumers who said they’re planning to apply for new credit or refinance existing credit in the next year, new personal loans (39%), mortgage, home loans or bond payments (34%), and credit cards (34%) were cited as the top types of credit activity in the next 12 months.

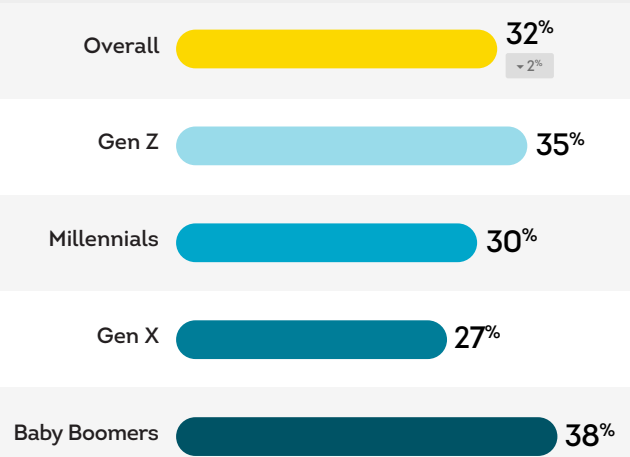
For consumers who considered applying for new credit or refinancing existing credit, 42% stated they ultimately decided against it; fear of being declined due to income and employment status (31%), and the cost of new credit or refinancing being too high (30%) were the top two cited reasons.

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



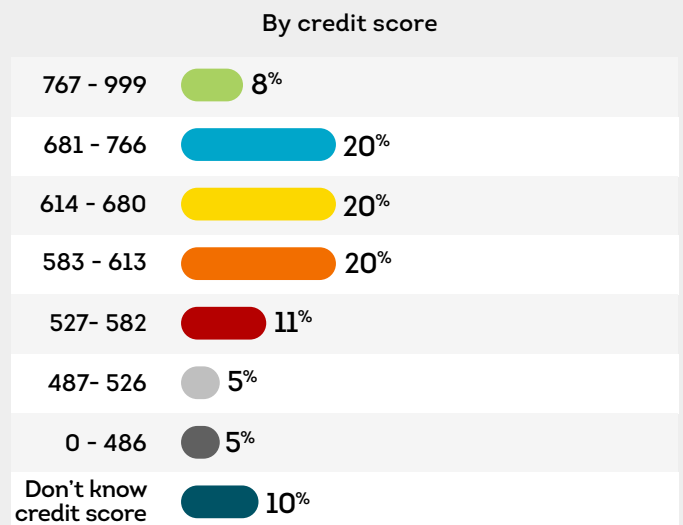
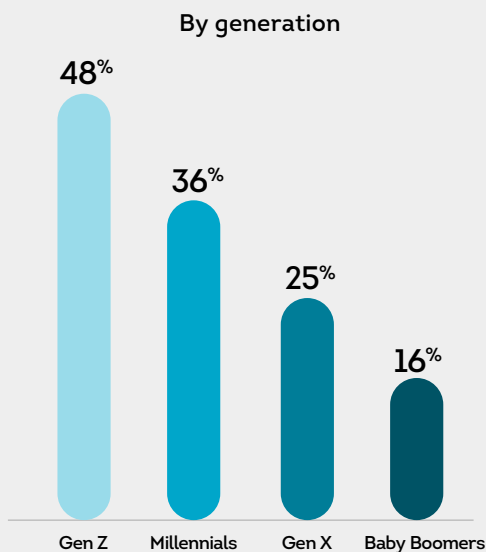
-X% Percentage point change from Q4 2021

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



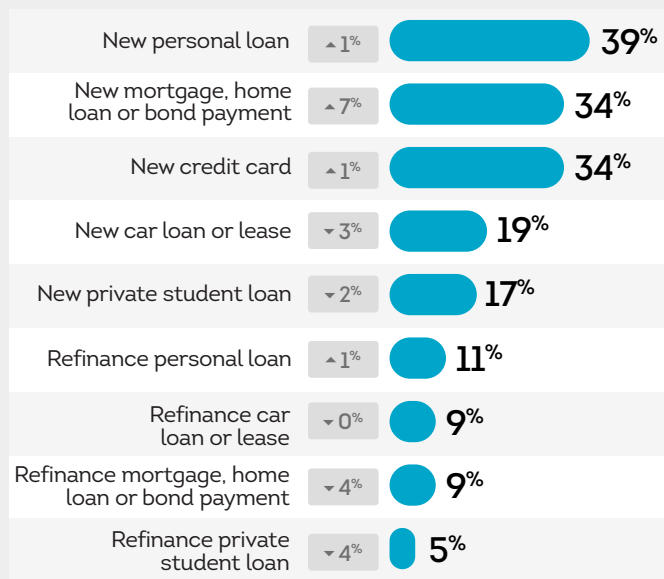
-X% Percentage point change from Q4 2021

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



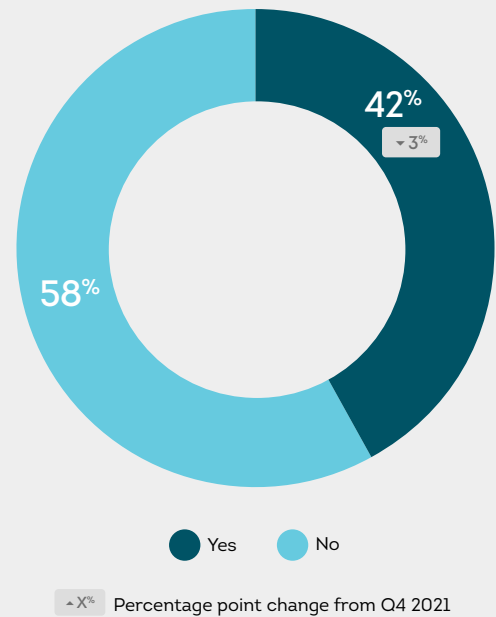
**Figure 11. Type of new credit and loan activity planned in next 12 months**

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



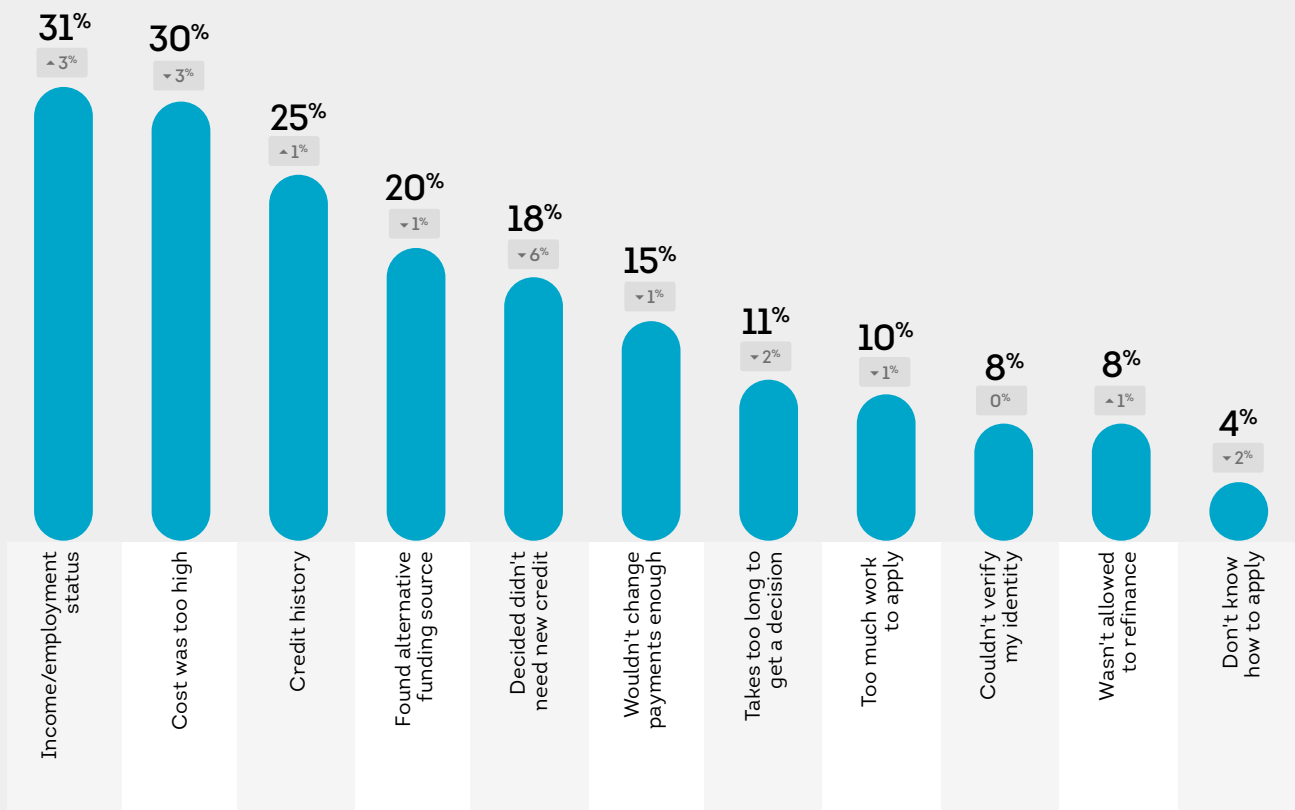
+X% Percentage point change from Q4 2021

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



+X% Percentage point change from Q4 2021

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



+X% Percentage point change from Q4 2021

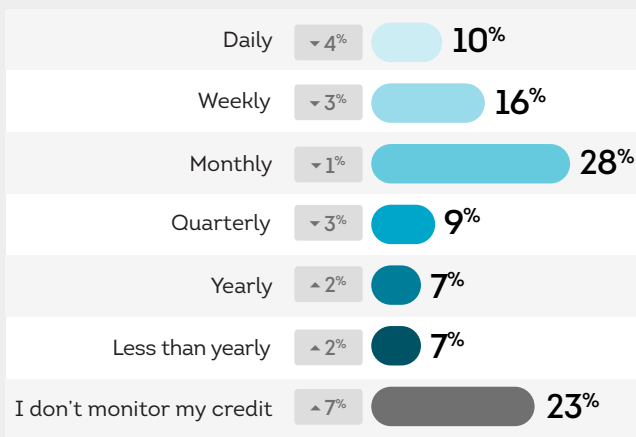
## Attitudes and behaviour to manage financial choices

Most consumers believed monitoring their credit is important, but many don't do so regularly. In fact, 82% said they believed credit monitoring is extremely, very or moderately important. However, only 54% indicated they do so at least every month. Consumers need to understand their credit scores can frequently change due to the reporting variances between respective lenders.

Perhaps due to the COVID-19 pandemic, the usage of digital channels for transactions is high; 64% of respondents indicated more than 25% of their transactions are now conducted online.

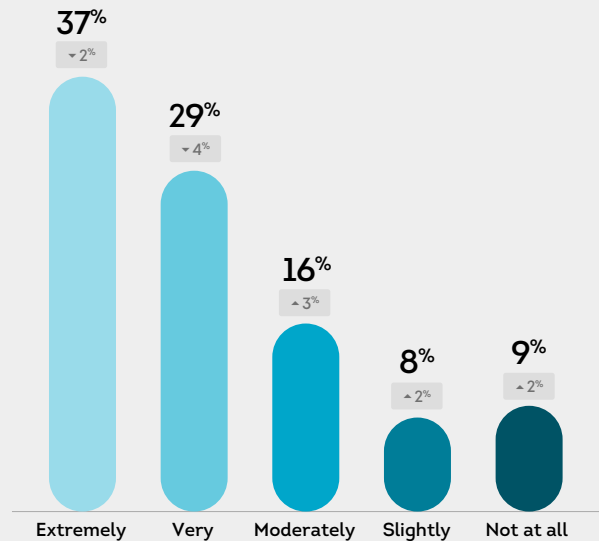
When it comes to boosting their credit scores, 48% of consumers believed alternative information not on a standard credit report, such as rental payments, gym membership payments and buy now, pay later loans, would increase their credit scores.

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

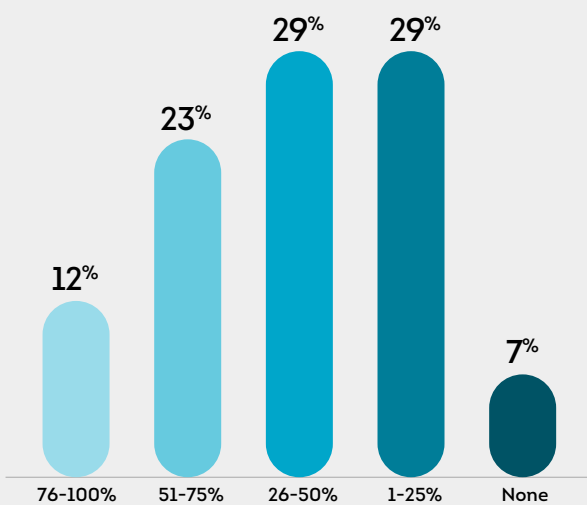
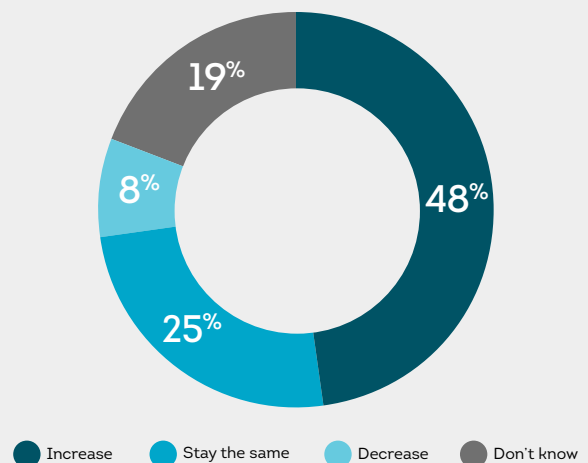


Figure 17. How believe credit score would change if businesses used information not on standard credit report



Examples provided of non-standard information include: rental payments, short-term loan history and buy now, pay later loans

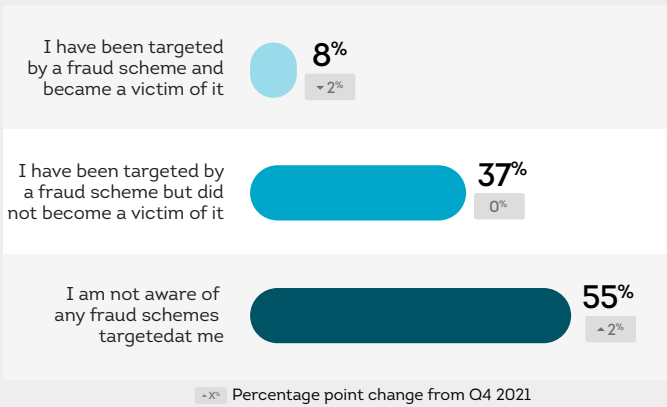
## Identity risks and usage

Those who said they've been targeted with digital fraud continues to be high at 45%, with 8% of them having said they fell victim.

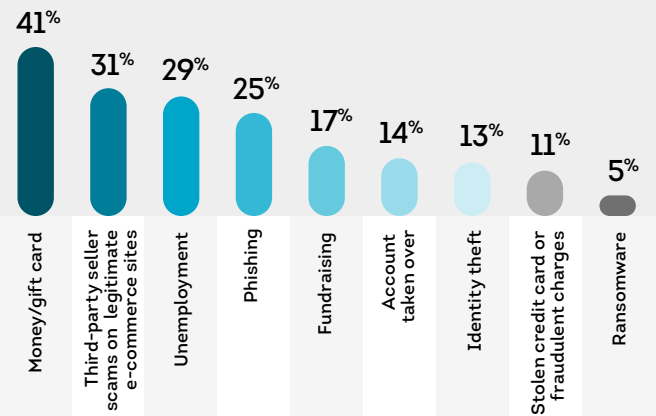
Of consumers aware of a digital fraud attempt targeted at them, 41% said it was from money/gift card scams, and 31% stated third-party seller scams on legitimate online retail websites.

Consumer concern about sharing personal information stands very high at 87%. The primary reasons cited for their concern were fear of identity theft (76%) and personal invasion of privacy (73%).

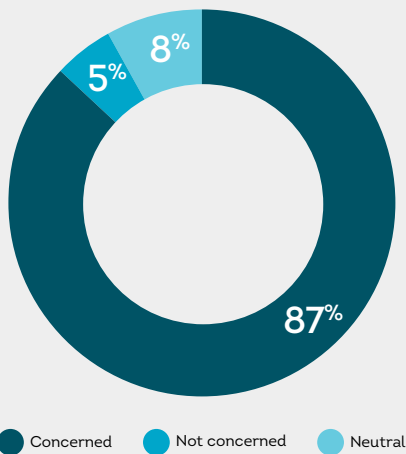
**Figure 18. Personal experience with digital fraud attempts in last three months**



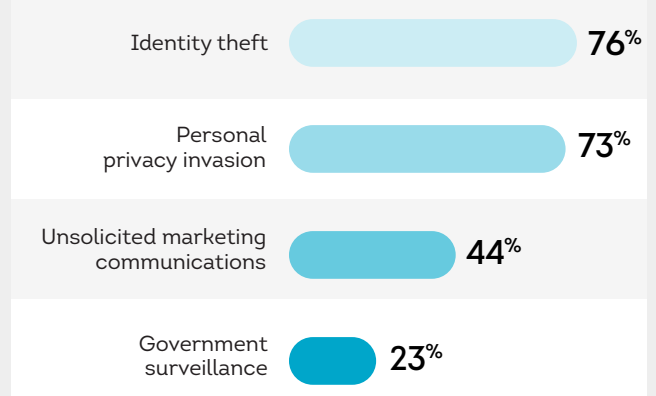
**Figure 19. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)**



**Figure 20. Concern with sharing personal information**



**Figure 21. Reasons concerned about sharing personal information**





## Methodology

This online survey of 1,050 adults in South Africa was conducted 8–17 Feb. 2022 by TransUnion in partnership with third-party research provider, Qualtrics® Research-Services. Adults 18 years of age and older residing in South Africa were surveyed using an online research panel method across a combination of computer, mobile and tablet devices. Survey questions were administered in English. All regions are represented in the study survey responses. To increase representativeness across South Africa 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 ±3.02% percentage points based on calculated error margin.

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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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