

Consumer Pulse Study

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

South Africa Q3 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 and concern regarding ability to pay loans remain high

During the middle of Aug., a month after South Africa was gripped by civil unrest, looting and the third wave of the COVID-19 pandemic, 61% of respondents indicated their household income was currently negatively impacted as a result of the crisis. Consumers remain concerned about their ability to pay their bills and loans. Forty-one percent reported they've been in arrears for a bill or loan in the past three months, indicating a substantial proportion of South Africans remain under financial pressure. Of consumers who missed payments in the last three months, 33% reported missing one and two bills or loans, and 17% missed three bills or loans. Furthermore, 79% of consumers are very or extremely concerned about the current inflation rate, and 83% are making changes to their purchasing behaviour because of inflation.



Opportunities for credit growth

However, consumers do express the need, as well as appetite for credit: 81% of households consider access to credit important or moderately important, but only 33% believe they currently have sufficient access to credit and lending products. Almost a third (31%) plan to apply for new credit or refinance existing credit within the next year – with new personal loan (43%) and new credit card (35%) applications topping the list.



South Africans less optimistic about the future

Only 3% indicated their household finances have fully recovered since being impacted by the pandemic. Exactly half (50%) said they've not recovered. Previous higher levels of optimism have decreased, likely as a result of the unrest and riots which took place in July. A lower 69% of South Africans remain optimistic (down six percentage points from June and seven from March). The proportion of consumers who are confident their household finances will fully recover in the next 12 months dropped from 52% in June to 47% in Aug.

FINANCIAL HARDSHIP

Household income (HHI) and bill payment impact

During the middle of Aug., a month after South Africa was gripped by civil unrest, looting and the third wave of the pandemic, 61% of respondents indicated their household income was currently negatively impacted due to COVID-19. This proportion has remained similar since the beginning of 2021 (62% in March and 61% in June) despite these developments.

The main reasons household incomes decreased was as a result of job loss, and reduced salary and work hours. In particular, 38% of all surveyed consumers said someone in their household lost their job, while 34% indicated someone in their household had their salary reduced and 29% had work hours cut in the past month. Forty-two percent of lower-income consumers (households earning less than R50K pa) indicated someone in their household lost their job in the past month.

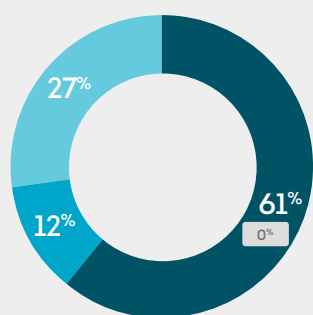
Of consumers who said their household income is currently decreased, 87% remained highly concerned about their ability to pay their bills and loans. Credit obligations remain the top concern: 47% of all consumers with Mashonisa loans reported they're unable to pay that loan; 41% of private student loan holders; 38% of personal loan holders; and 35% of retail account and credit card holders.

Forty-one percent of all consumers surveyed reported they've been in arrears for a bill or loan in the past three months, indicating just under half of consumers are still struggling to make payments.

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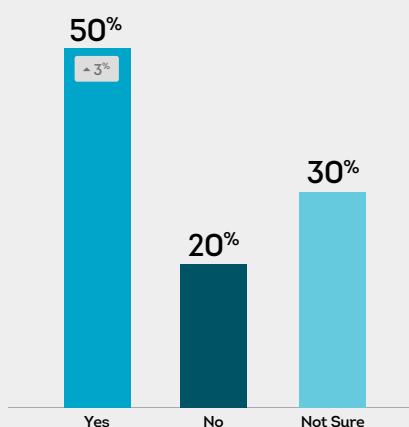
Figure 1. Household income decreased due to pandemic



● Currently decreased
● Previously decreased
● Never decreased

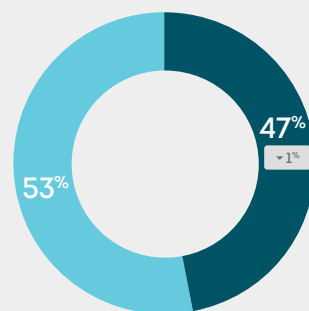
▲X% Percentage point change from Q2 2021

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



▲X% Percentage point change from Q2 2021

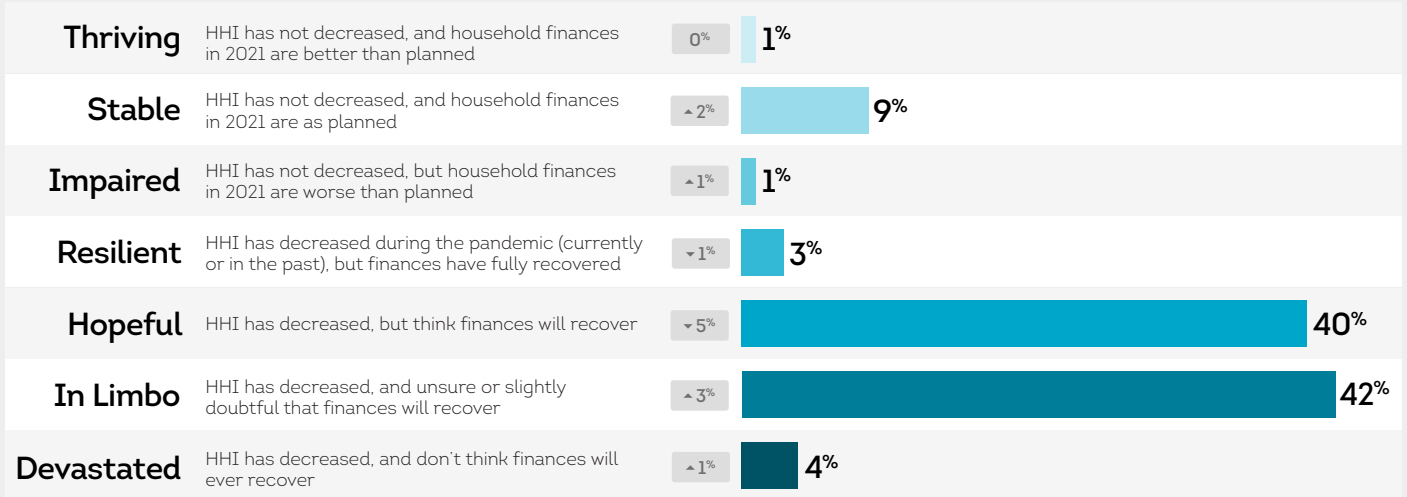
Figure 3. Expect to be unable to pay at least one of their current bills and loans in full



● Unable to pay
● Able to pay

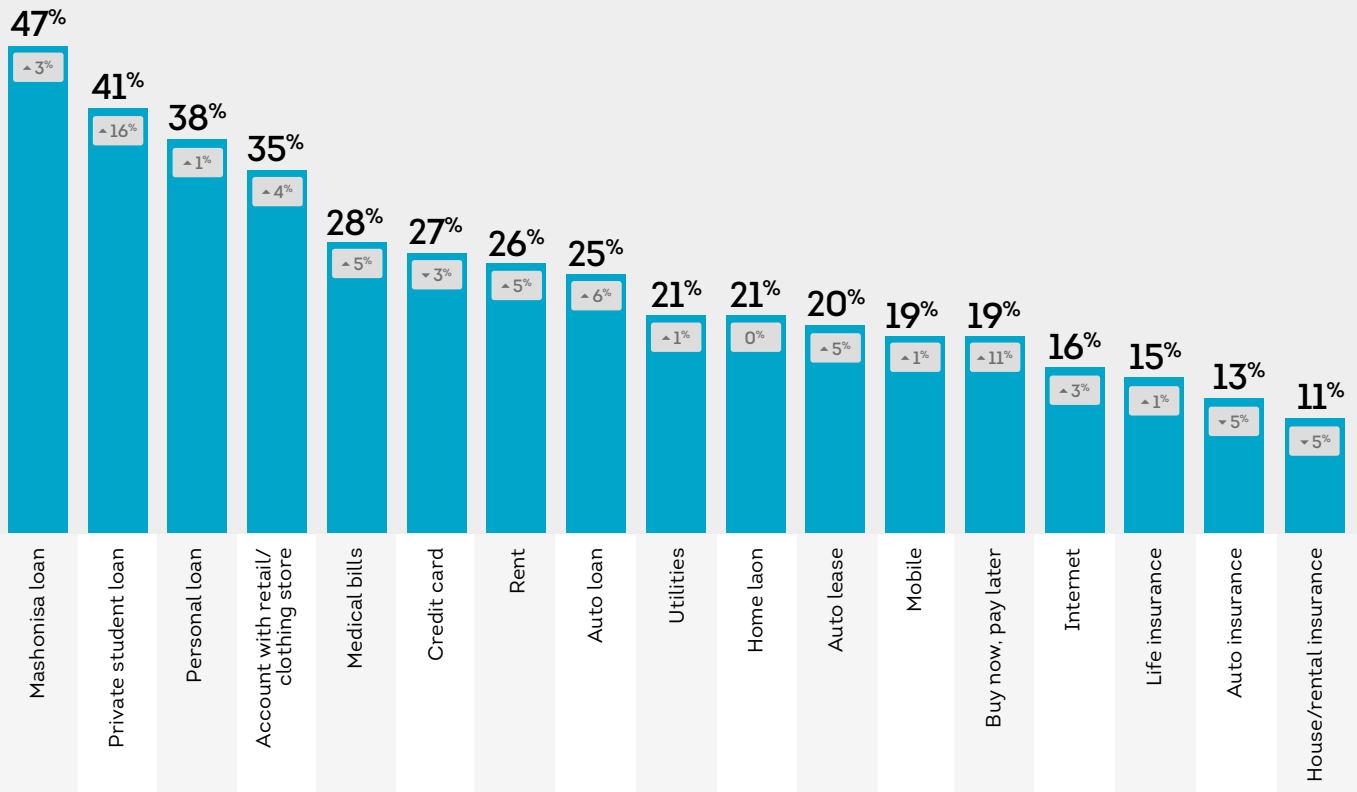
▲X% Percentage point change from Q2 2021

Figure 4. Consumer financial situation due to pandemic



-X% Percentage point change from Q2 2021

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



-X% Percentage point change from Q2 2021

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

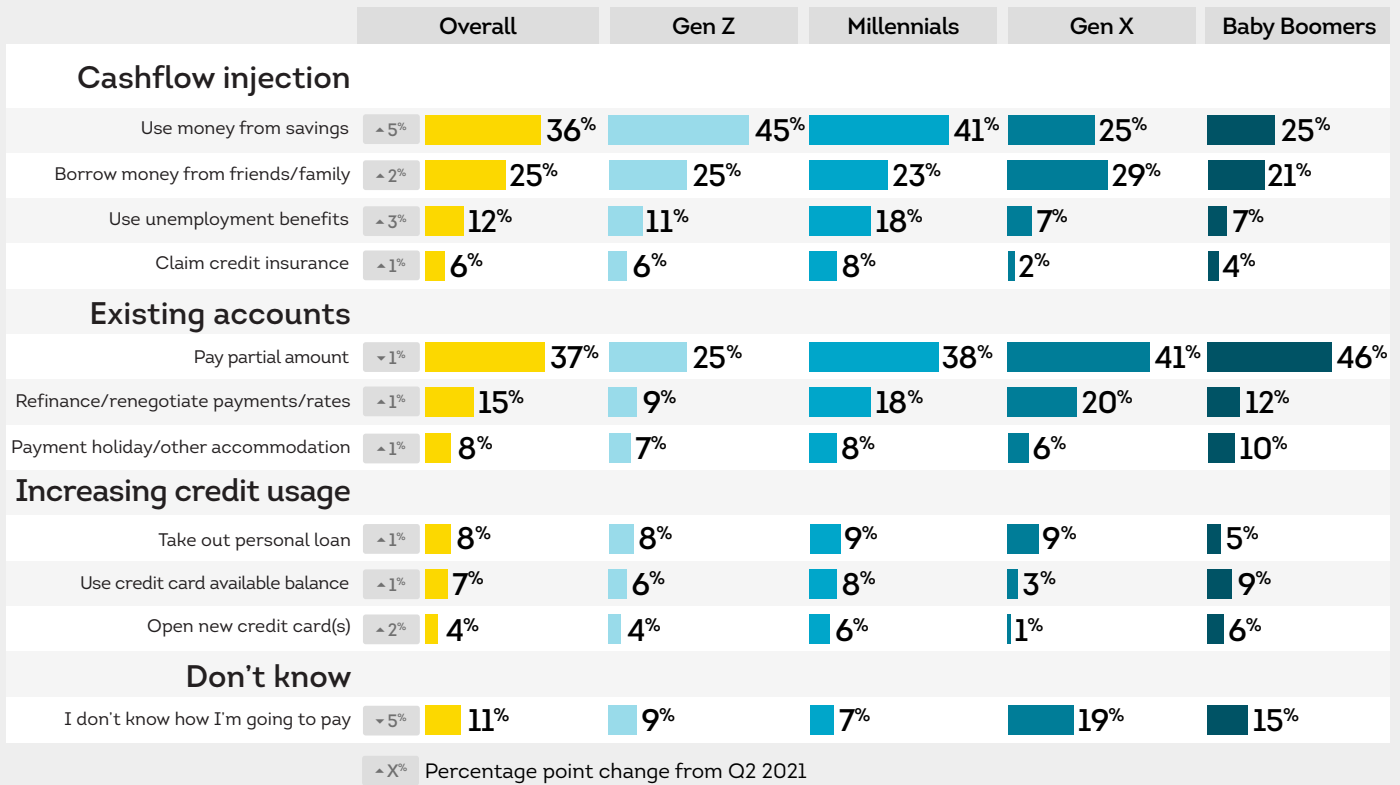
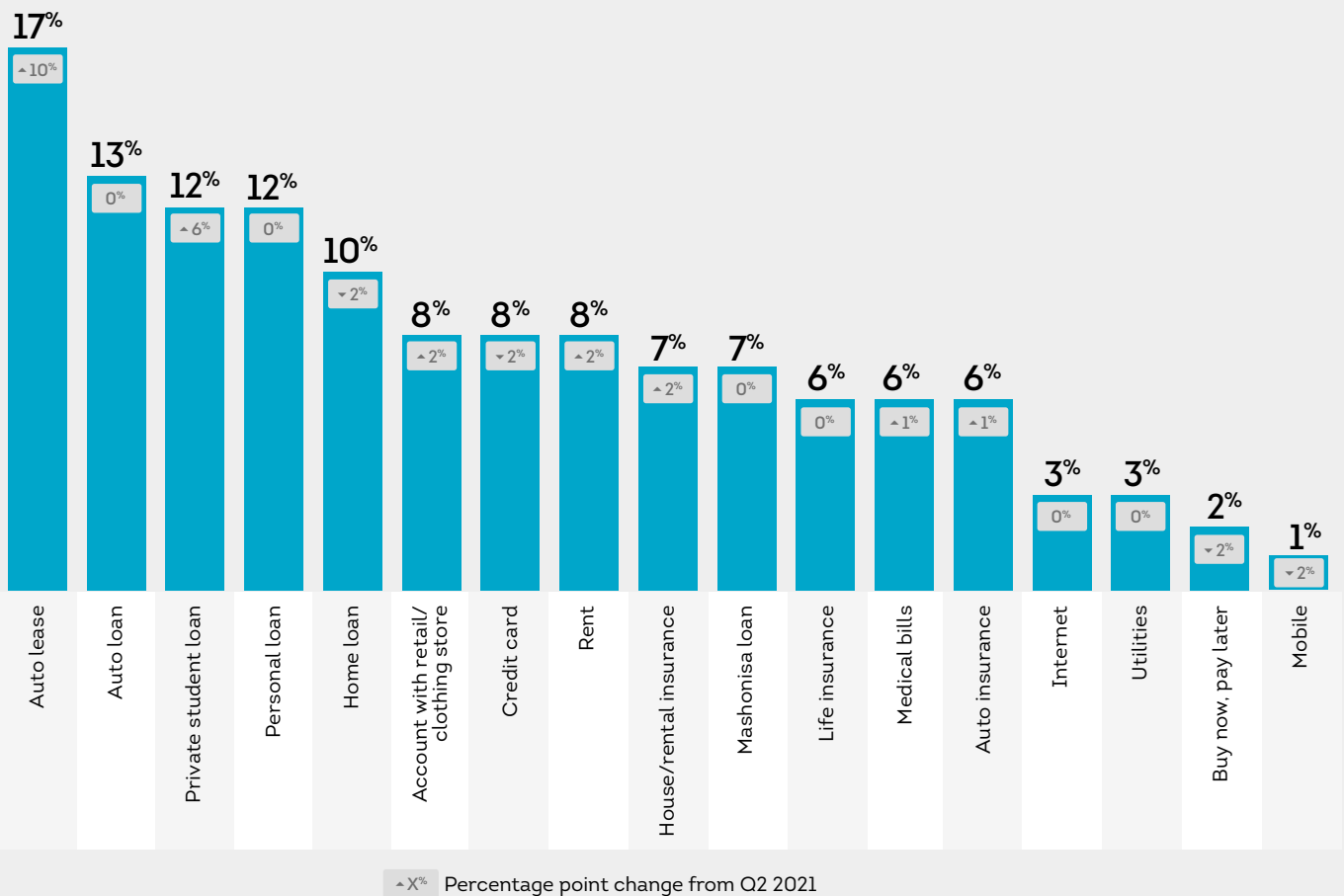


Figure 7. Types of bills or loans enrolled in financial accommodation in past year (among those with that bill/loan)



FINANCIAL INCLUSION

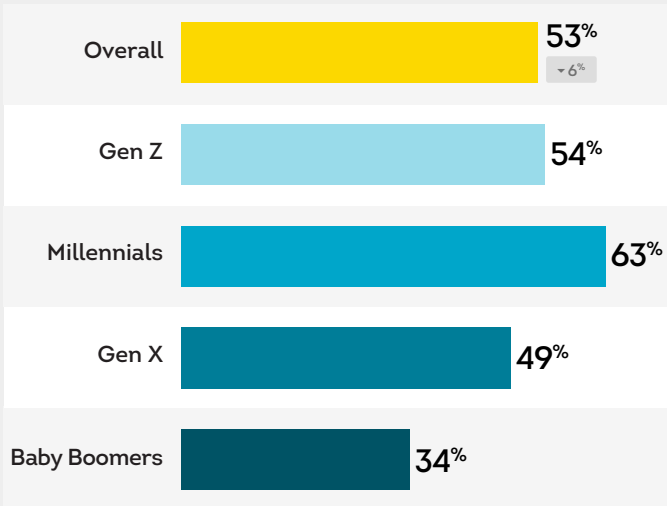
Attitudes and plans for economic participation

While 81% of households considered access to credit important or moderately important, only 33% believed they currently have sufficient access to credit.

Forty-three percent of surveyed consumers considered applying for new credit or refinancing existing credit but ultimately decided not to. The top reasons they decided against it was because they felt the cost of new credit or refinancing was too high (35%), and believed their application would be rejected due to their income/employment status (32%).

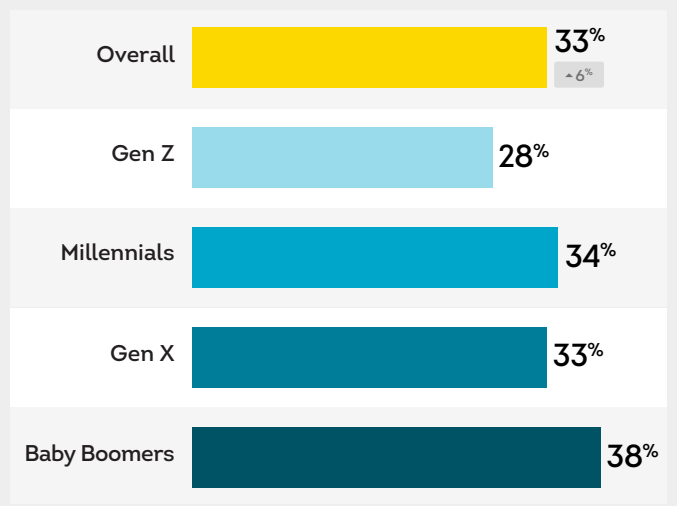
Some consumers do express appetite for credit: a third (31%) plan to apply for new credit or refinance existing credit within the next year, particularly applying for a new personal loan (43%) or credit card (35%).

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



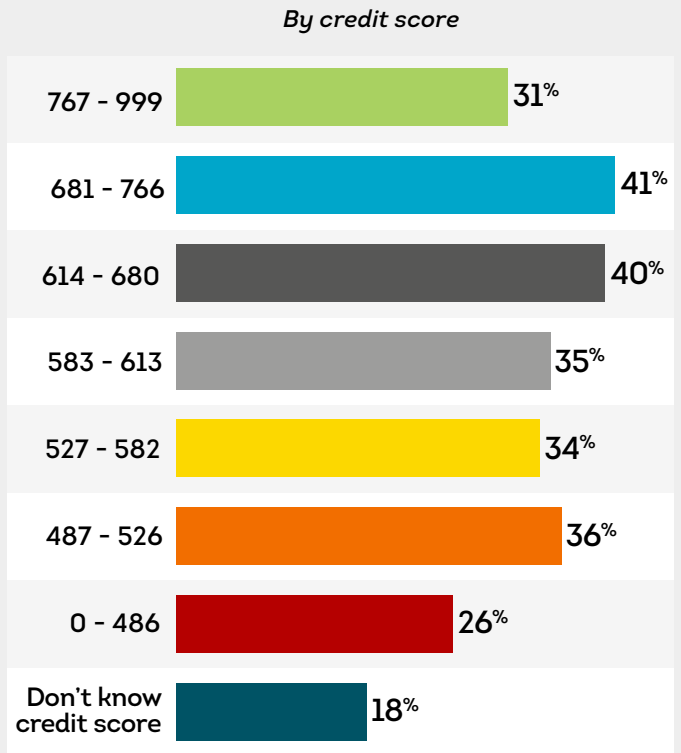
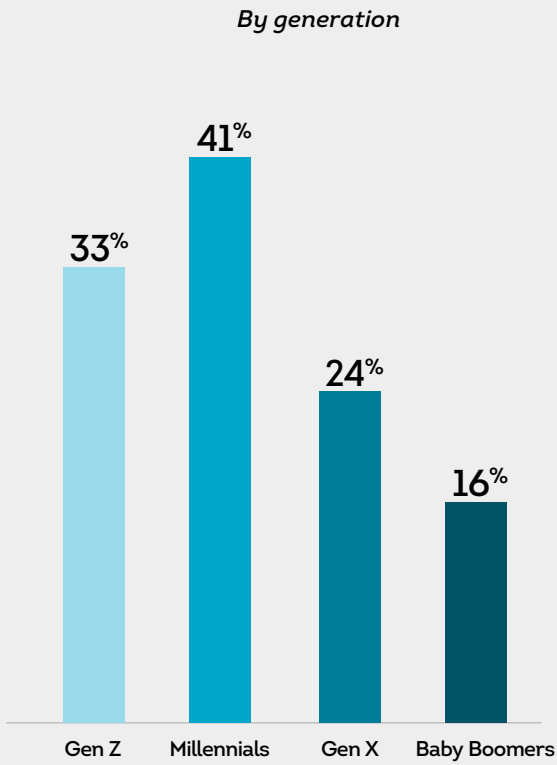
-X% Percentage point change from Q2 2021

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



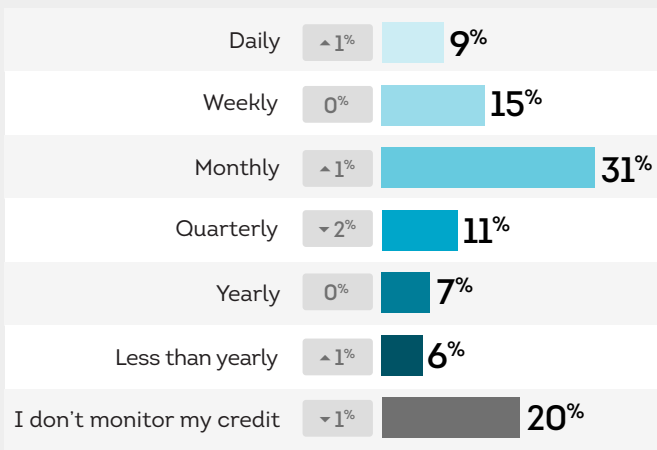
-X% Percentage point change from Q2 2021

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



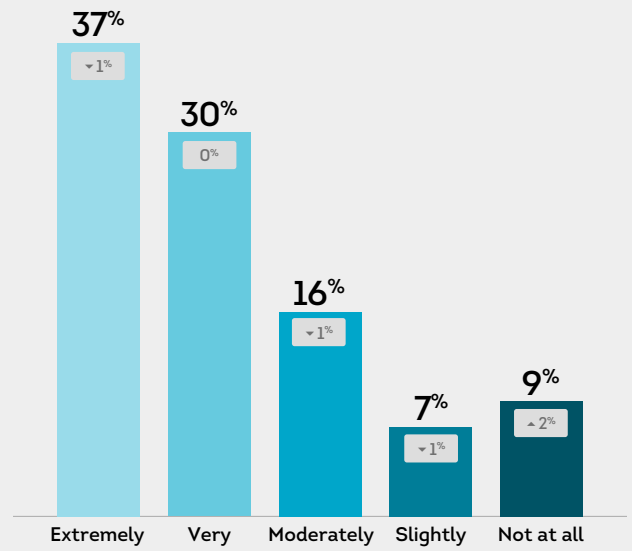
Self-reported credit score ranges

Figure 11. Credit monitoring frequency



+X% Percentage point change from Q2 2021

Figure 12. Believe monitoring credit is important



+X% Percentage point change from Q2 2021

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

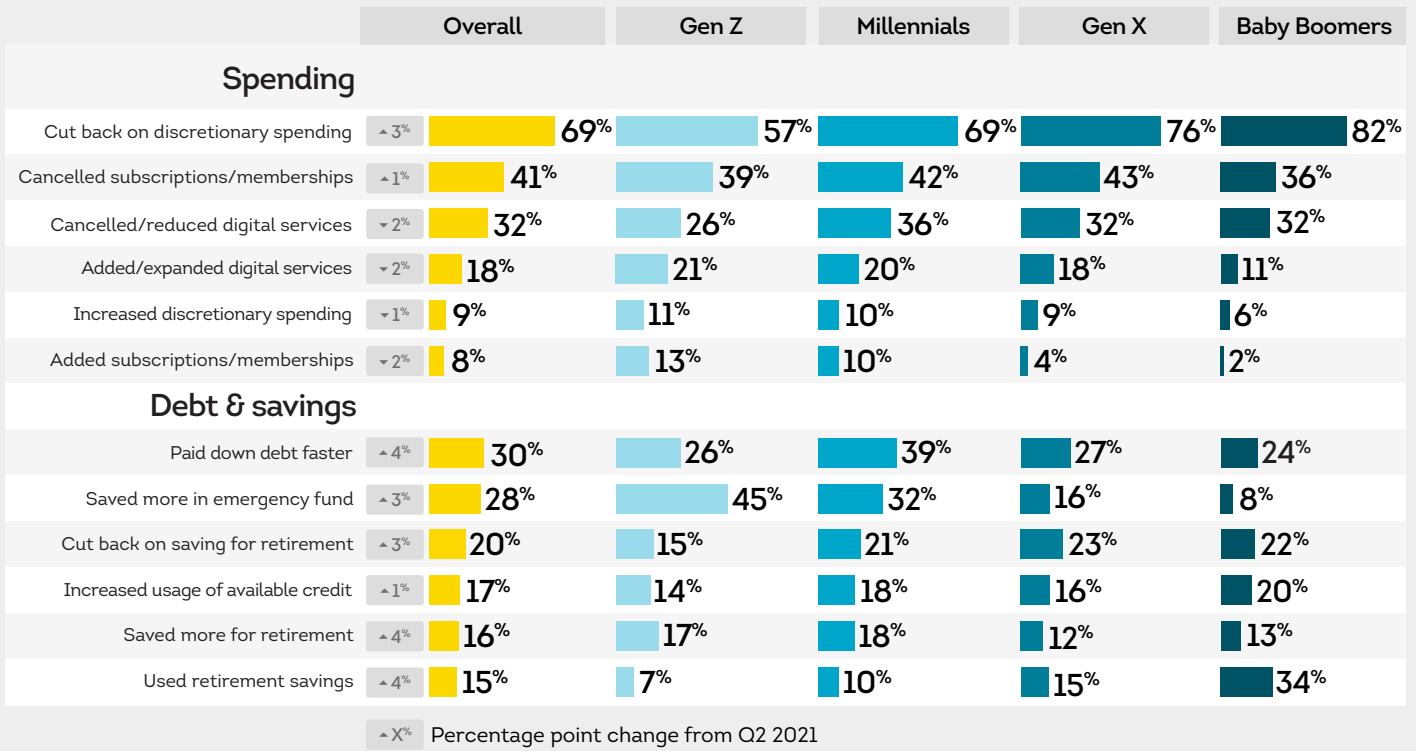


Figure 14. Expected change to household spending over next three months

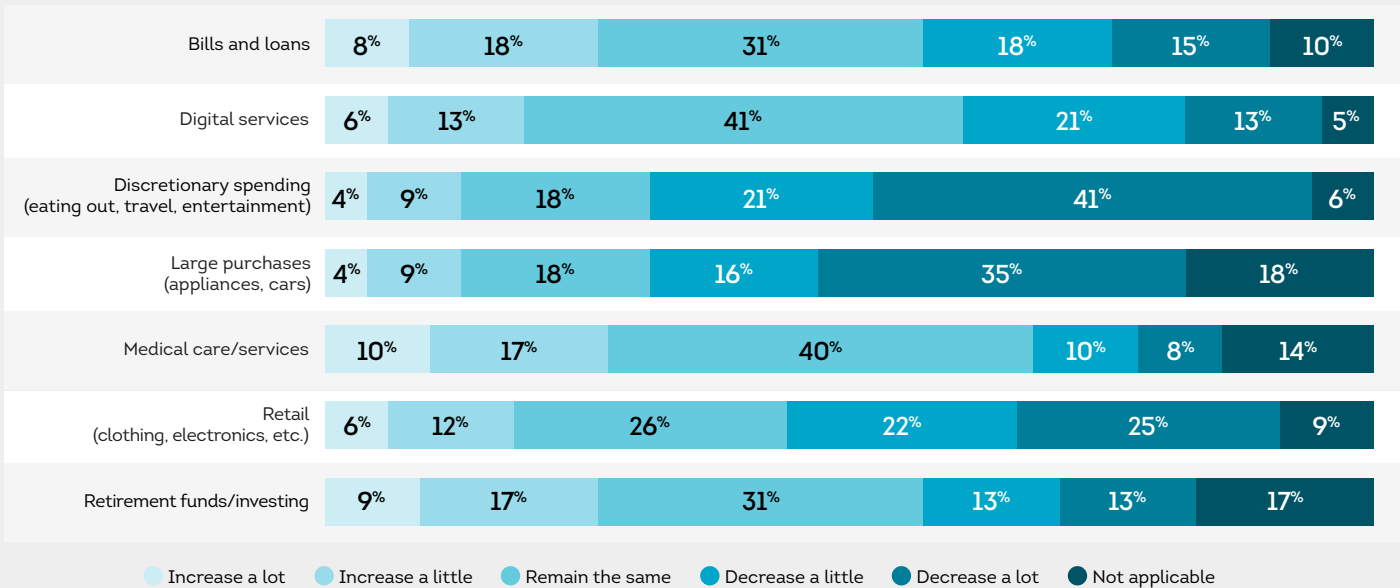
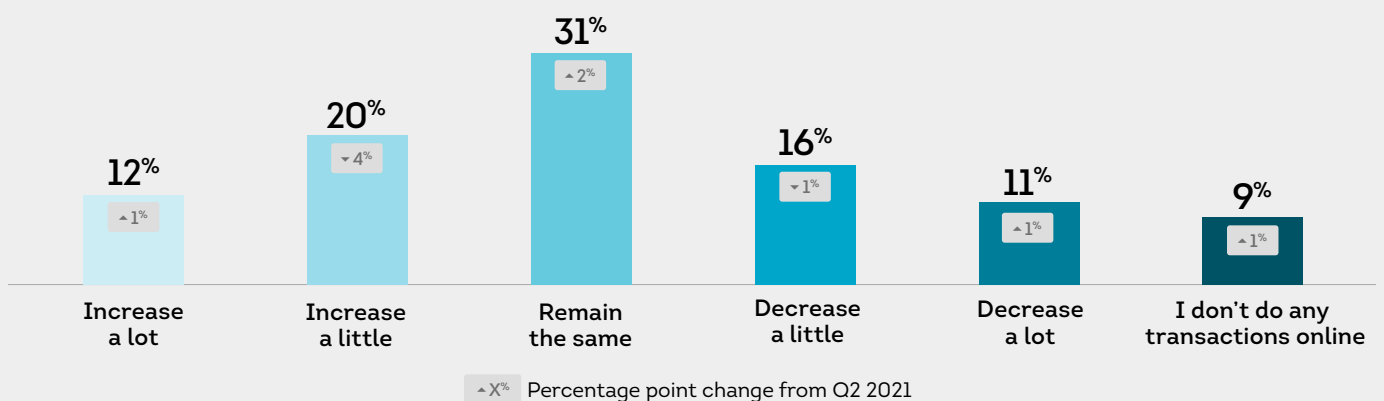


Figure 15. Expected change in number of online transactions over the next three months



FOCUS ON FRAUD

Experience with digital fraud

Two in five consumers (40%) reported they're personally aware of a digital fraud attempt targeted at them in the last three months and 5% are now a victim to it.

Of consumers who are aware of a digital fraud attempt targeted at them, 48% said it was from third-party seller scams on legitimate online retail websites and 32% stated phishing.

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

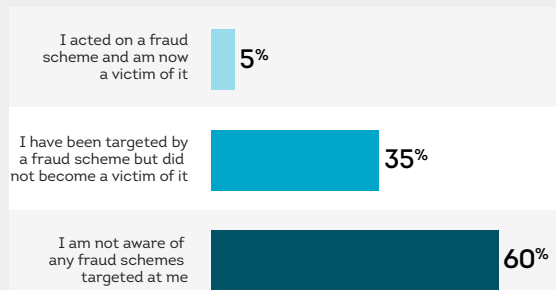


Figure 17. Digital fraud by generation

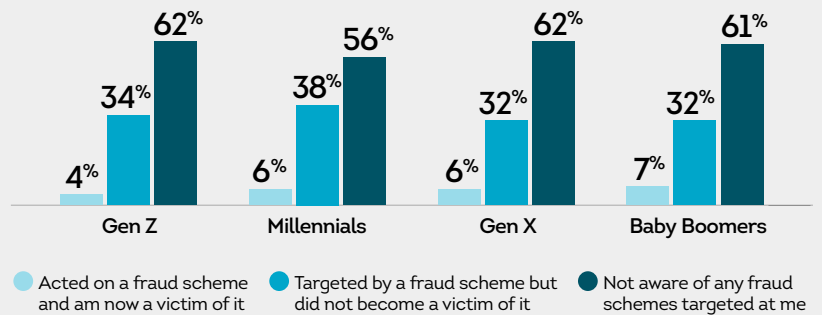
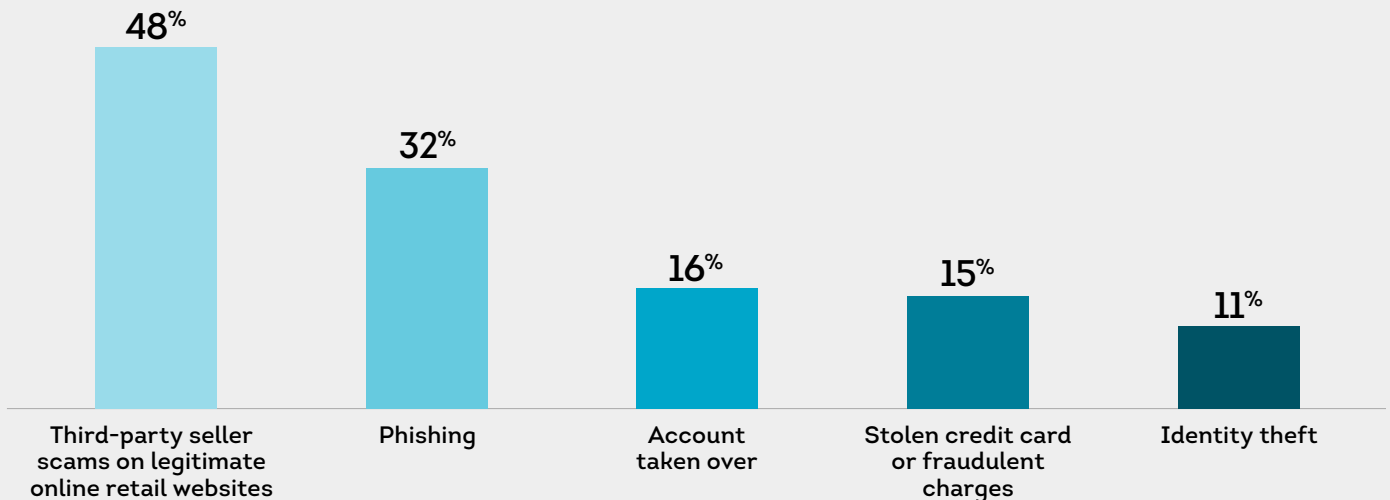


Figure 18. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)



Methodology

This online survey of 1,100 adults in South Africa was conducted 10-16 Aug. 2021 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. To increase representativeness across South Africa resident demographics, the survey included quotas to balance responses to the census statistics on the dimensions of age, gender, household income, race and region. Generations are defined as follows: Gen Z, born 1995-2003; 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 ±2.96 percentage points based on a calculated error margin.

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



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