

## Consumer Pulse Study

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

South Africa 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



#### Sustained economic uncertainty

The ongoing economic situation put pressure on South African consumers who faced sharp increases in fuel and food prices. These were the main drivers of consumer goods inflation which stabilised within the Reserve Bank's target range in Q4 2023. However, not all South African households experienced the same financial situation. While more than a third (34%) of them reported increased incomes, almost a quarter (22%) said they had a decline. Despite this, most (74%) people were optimistic about their future incomes and expected them to rise in the next year. Nevertheless, debt management was still a major concern for many, especially among Gen X and Millennial respondents.



#### Cutbacks to discretionary spending

As economic headwinds affected household disposable incomes, nearly half (47%) of consumers said they'd cut down their discretionary spending, such as dining out, travel and entertainment, in the next three months. They also planned to spend less on retail shopping and big purchases. South Africa's retail trade rose by 0.9% from a year earlier in September 2023, following a downwardly revised 0.3% decrease in the prior month and better than market forecasts of a 0.1% increase.<sup>1</sup> Retailers are hoping for a further recovery in spending during the festive season. However, as the cost of goods rose sharply (5.4%), consumers will be mindful of affordability.



#### Fraud remains a risk

Digital fraud and personal data security persisted as a major concern for many South African consumers. More than half (61%) of respondents said they were targeted by fraud schemes in the last three months, and 10% fell victim. What's more worrying is 39% of consumers didn't know they were targeted. This shows the need for regular credit report monitoring to detect fraudulent activities early and act fast. Fraud schemes often involved phishing, money/gift cards, and smishing, reflecting the need for consumers to be careful and take precautions. Given widespread experience with fraud, 87% of consumers were reluctant to share personal information because they were worried about identity theft and privacy invasion. This highlights the need for better data security measures and more secure digital environments.

<sup>1</sup> <https://tradingeconomics.com/south-africa/retail-sales-annual>

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

Over the past quarter, households reported diverse income trends. Specifically, while 34% saw an increase in incomes, this was still a slight two percentage point decrease from Q3 2023. Meanwhile, 44% of households indicated their incomes remained unchanged, yet a considerable portion (22%) reported a reduction. These figures revealed an environment of varied financial stability across the population.

Consumers remained optimistic despite current economic challenges within the country, such as higher-than-expected inflation and the risk of a continuation of an interest rate hike cycle. An observed 74% of households in Q4 2023 expected an increase in their incomes over the next 12 months. In contrast, 20% foresaw their incomes plateauing, while a small fraction (6%) anticipated a decrease. Gen Z and Millennials reported optimism in their finances in the next 12 months at 80% and 77%, respectively.

This optimism, reflecting resilience in the face of prevailing economic challenges, showcases the potential for recovery and growth. However, the picture varied when it came to debt management. Only 59% expected to meet their current bills and loan obligations, whereas 34% of Gen Z and 42% Millennial respondents indicated they won't be able to meet their bills/loan obligations.

The incomes of households changed in interesting ways. The main reasons for income growth were new business commencement (16%) and higher salaries (14%), while the main reasons for income decline were job losses (23%) and lower wages (17%). These factors showed the fragile balance between career advancement, economic security and the role of entrepreneurship in improving financial well-being.

Consumers adapted their budget strategies in response to these changes over the past three months: 29% paid down their existing debts faster; 25% saved more in emergency funds or stokvels; and 18% saved more toward their retirement.

For the next three months, almost half (47%) of respondents planned to cut non-essential spending; 38% planned to decrease their retail shopping activities and avoid big purchases. Gen X and Baby Boomers planned to make the most significant cuts in discretionary spending at 51% and 56%, respectively. Regarding fulfilling bills and loan obligations, 34% aimed to dip into their savings, while 31% planned to make at least partial payments within their means to meet their commitments. These strategies demonstrate proactive debt management. Looking ahead, expectations for changes in household spending diverged across generations. For example, 41% of Baby Boomer and Gen X expected an increase in bills and loans, while younger Gen Z consumers (38%) predicted a rise in retail expenditure. Interestingly, both Gen Z and Millennials intended to increase contributions to retirement funds and investments (44% and 40%, respectively), possibly curtailing large purchases which they predicted will decline by 35% and 40%, respectively. These expectations reflect a generational pivot toward securing long-term financial stability in the face of the current economic uncertainty.

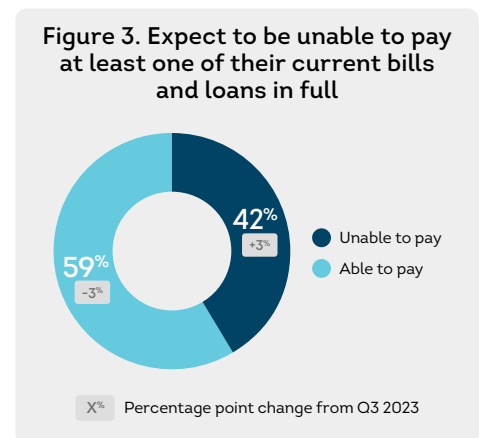
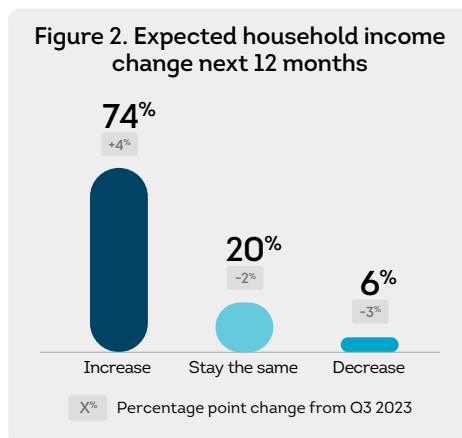
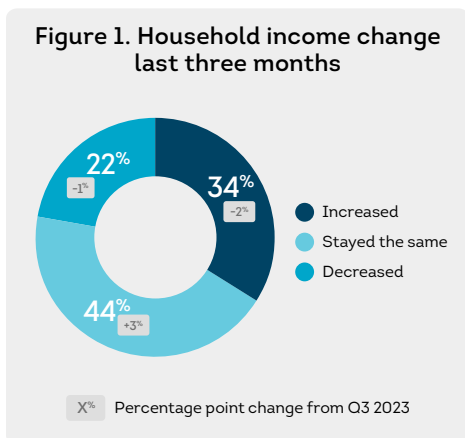
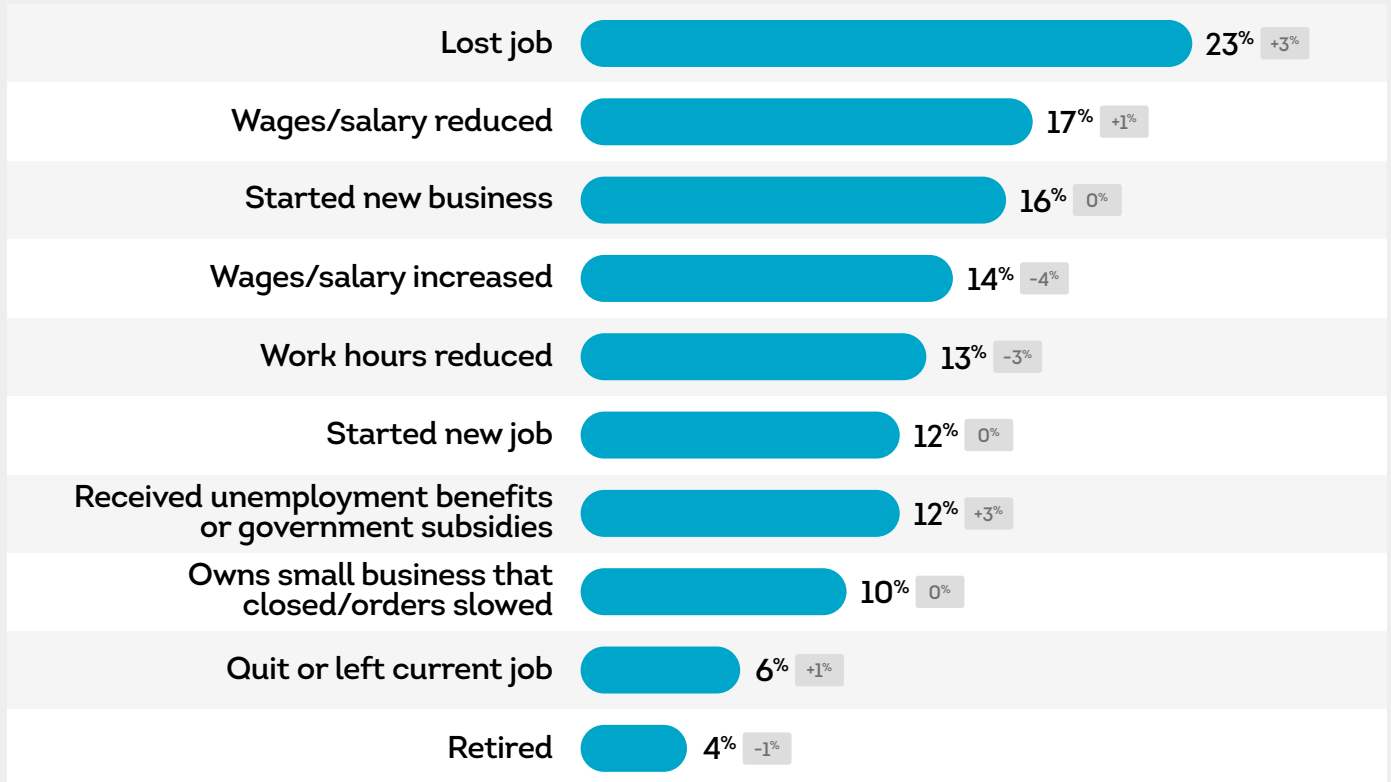
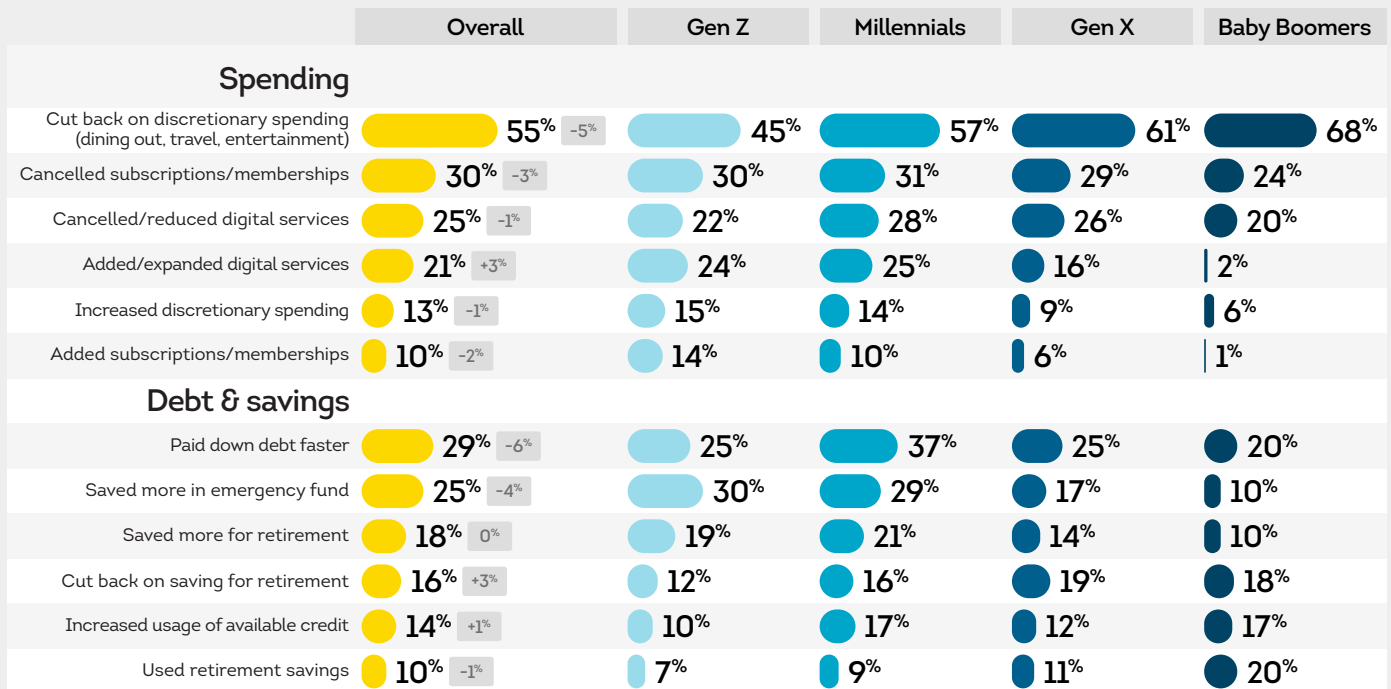


Figure 4. Reasons for change in current household income in past month



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)

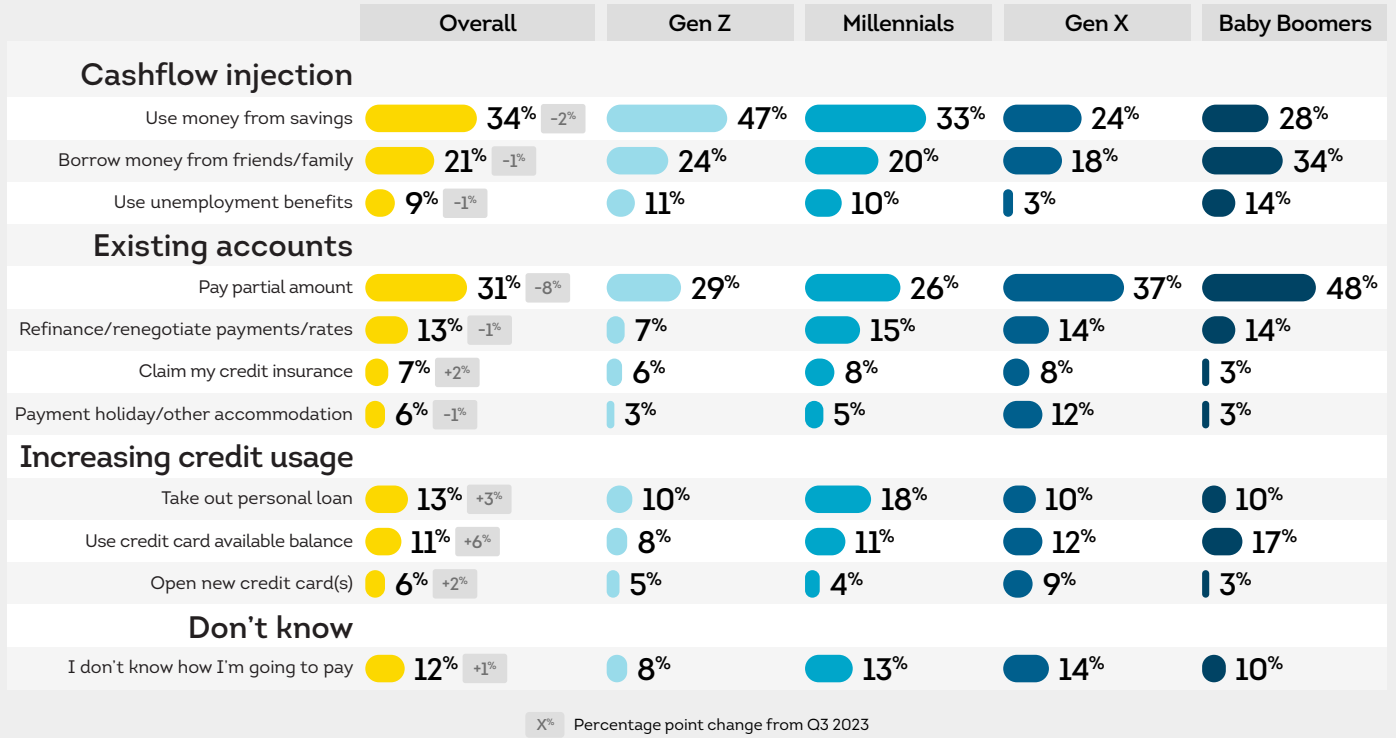
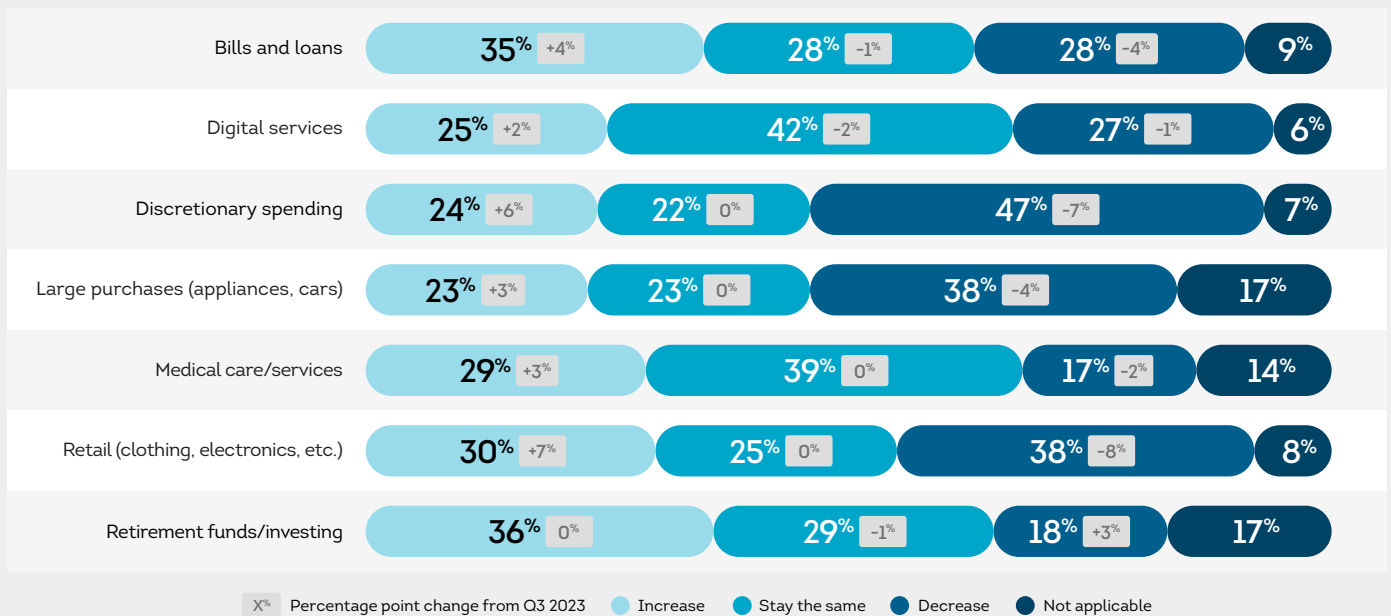


Figure 7. Expected change to household spending over next three months



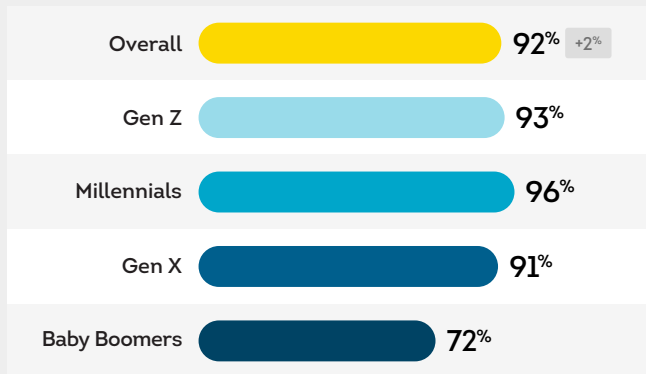
## Attitudes and plans for economic participation

Access to credit was essential for most (92%) consumers, but only a third (34%) felt they have enough access to it. Meanwhile, more than a third (38%) said they don't have sufficient access. Nearly all (93%) Gen Z consumers considered access to credit important, but only 30% believed they had sufficient access.

Credit demand amongst those surveyed declined year on year. Only a third intended to apply for new credit in the next year, mostly consistent across all generations – with the exception of Baby Boomers at 16%.

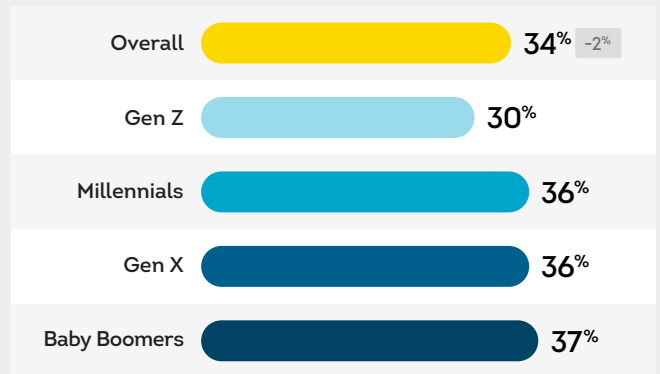
Among consumers who planned to apply for new credit, 29% planned for a new credit card and 31% for a new personal loan, similar to last year's demand. Half of consumers who considered credit ultimately applied. The rest decided not to apply because of high costs (33%), fear of rejection due to income/employment status (24%) or decided on an alternative funding source (24%). The latest increases to the repo rate brought the prime lending rate to 11.75%, a significant increase from 10.5% in Q4 2022.

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



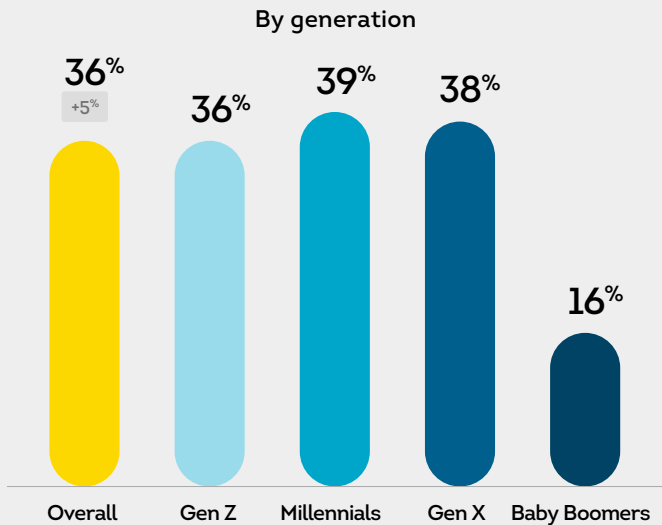
X\* Percentage point change from Q3 2023

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

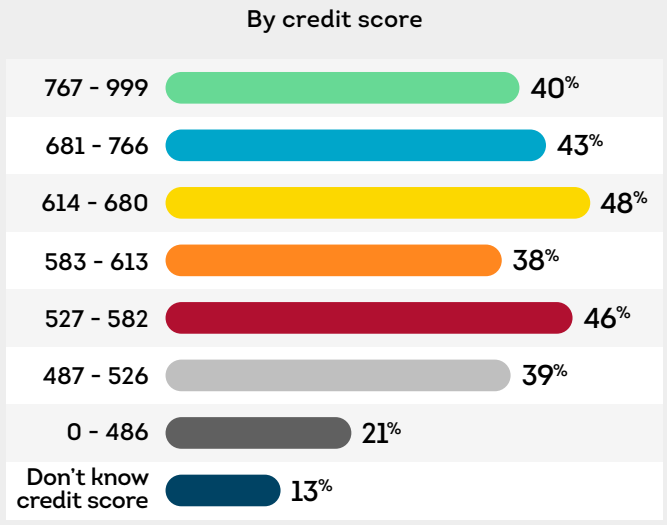


X\* Percentage point change from Q3 2023

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



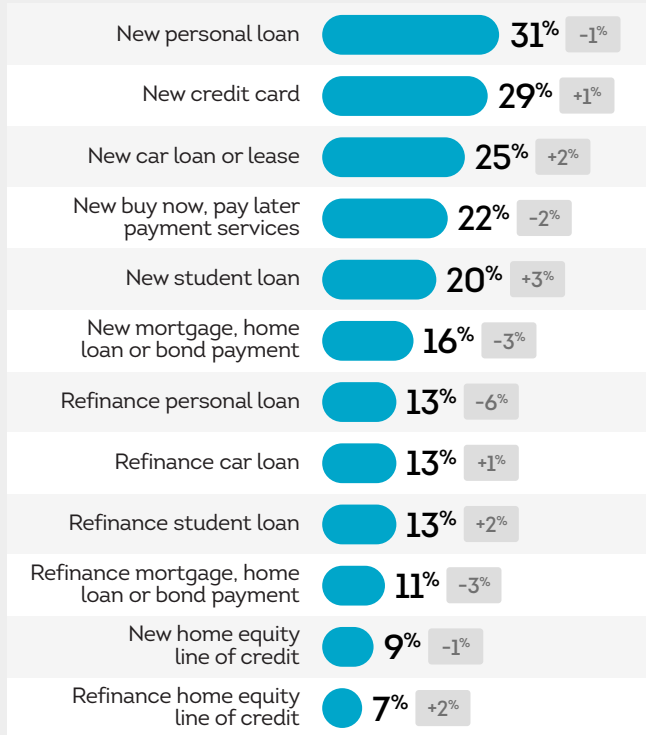
X\* Percentage point change from Q3 2023



Self-reported credit score ranges

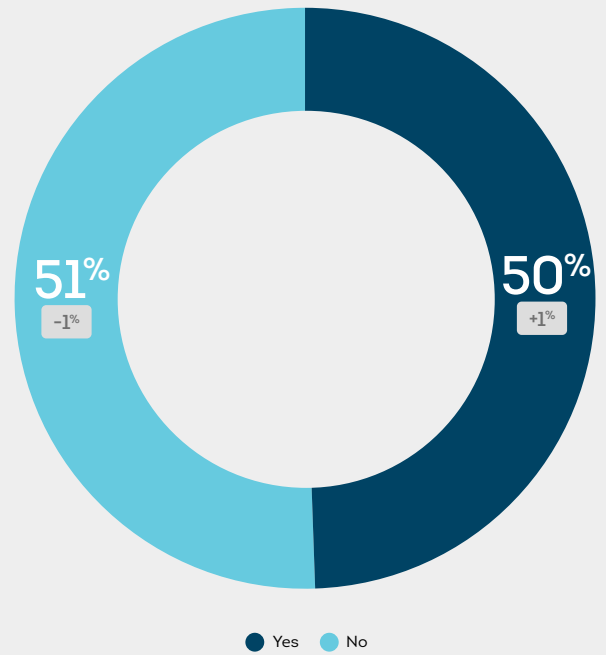
**Figure 11. Type of new credit and loan activity planned in next 12 months**

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



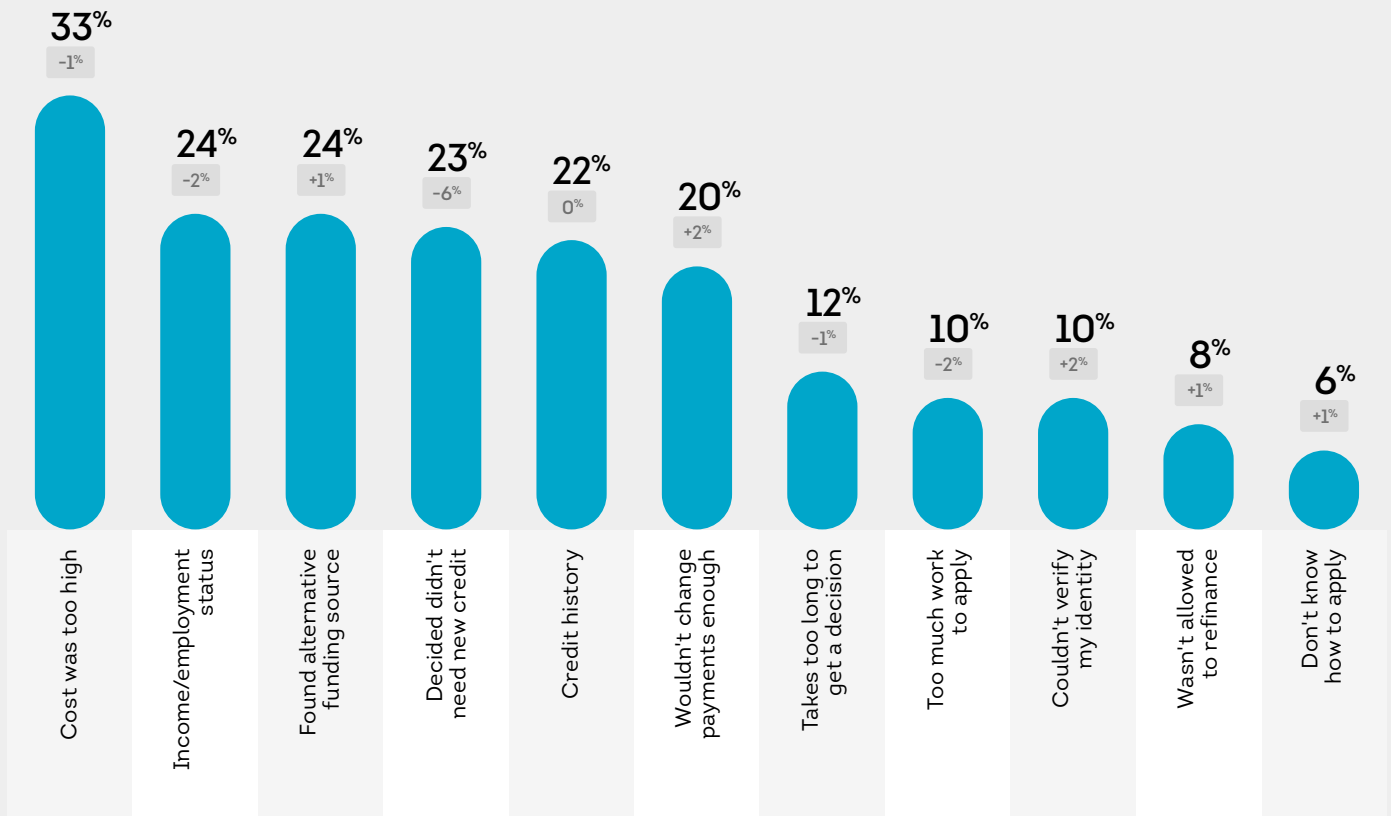
X\* Percentage point change from Q3 2023

**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

# CONSUMER EMPOWERMENT

## Attitudes and behaviour to manage financial choices

Consumers agreed monitoring their credit reports was very important (31%), if not extremely important (35%). Sixty-seven percent said they check their credit reports at least every quarter or more frequently. The frequency was higher for younger consumers (Gen Z and Millennials at 69% and 75%, respectively) as reports are more digitally accessible.

As digital platforms continue to evolve, online transactions have become the norm. Fifty-nine percent of consumers conducted at least a quarter (25%) of their transactions online, consistent with prior quarters. From a generational perspective, only 39% of Baby Boomers conducted more than 25% of their transactions online, much less than other generations.

Half of consumers believed their credit scores would improve if alternative data was included in a credit report. Gen Z (58%) and Millennial (55%) consumers felt using alternative data would increase their credit scores.

Figure 14. Credit report monitoring frequency

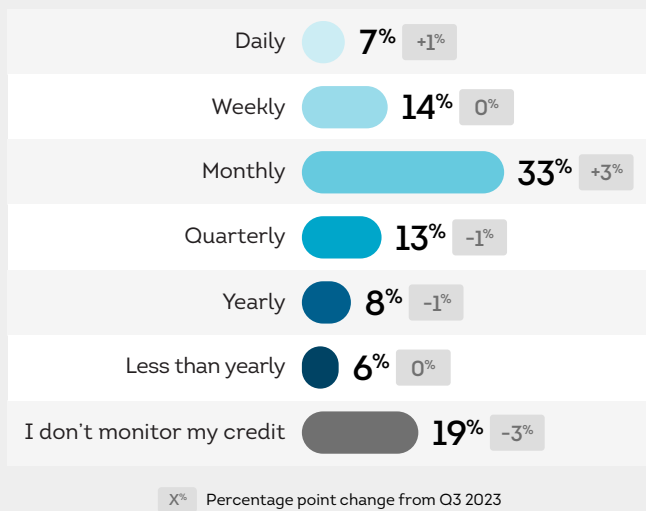


Figure 15. Believe monitoring credit report is important

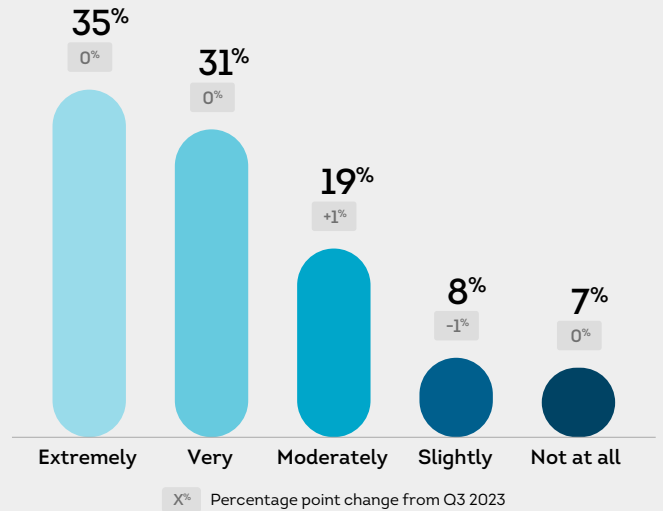


Figure 16. Percentage of transactions done online

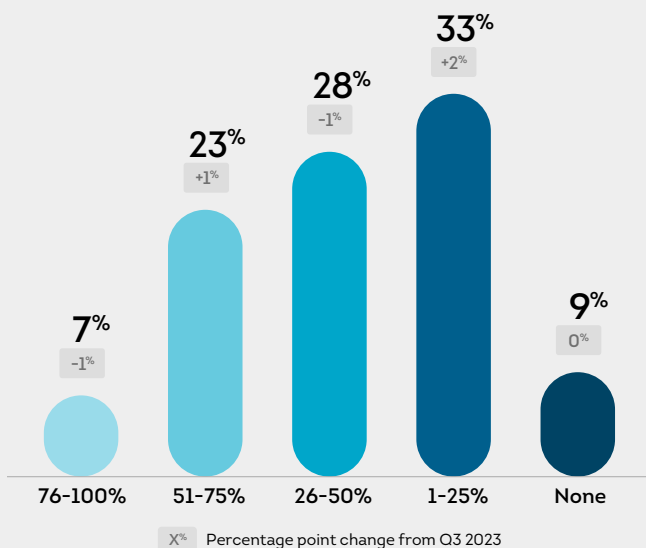
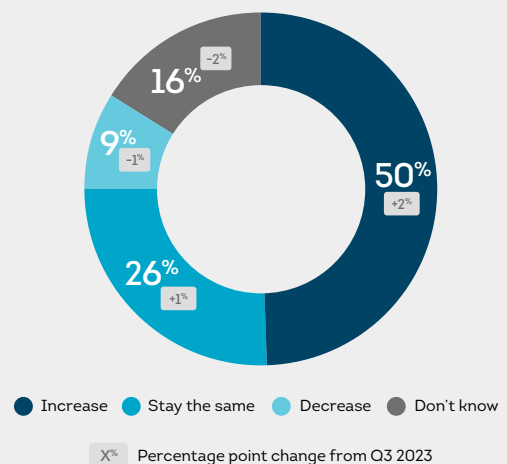


Figure 17. How believe credit score would change if businesses used information not on standard credit report

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



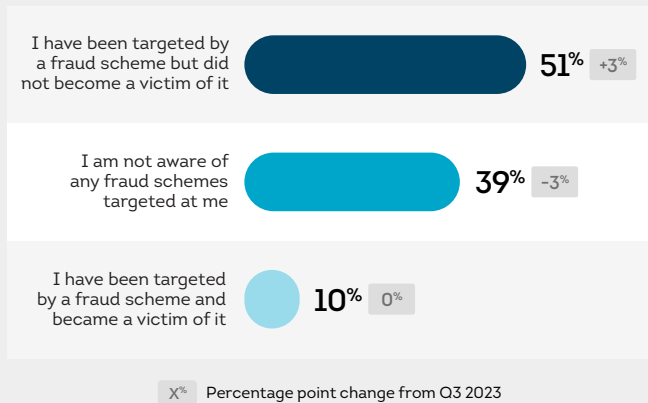
## Identity risks and usage

Fraudulent schemes were a major problem in the South African market, and many consumers were unaware of them in Q4 2023. Just over half (51%; three percentage points higher than Q3 2023) of consumers said they were targeted by fraud schemes in the last quarter, but fortunately, did not fall victim. However, 10% of consumers were not so lucky and became victims of fraud, showing how widespread and successful these schemes were. More alarming, 39% of consumers were unaware if they'd been targeted by fraud schemes – meaning some consumers might have been victimised without realising it. These numbers showed how important it is for consumers to monitor their credit reports regularly to spot fraudulent activities affecting their identities and take timely, corrective action.

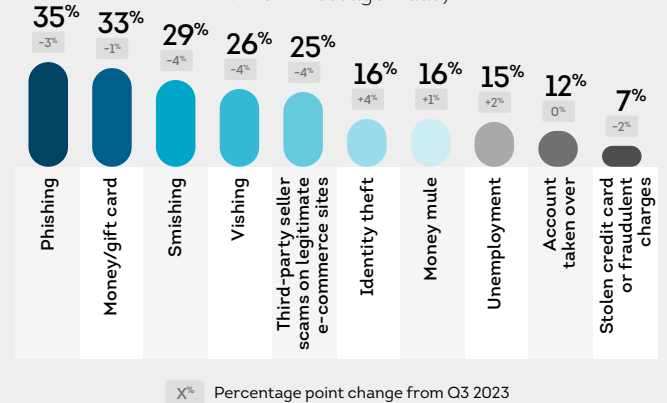
Delving into the nature of the fraud schemes, several patterns emerged. The most prevalent type of fraud attempt South African consumers faced this quarter was phishing; 35% of those targeted reported these instances. In these cases, consumers were targeted by fraudulent emails, websites or social media platforms intending to deceive and pilfer valuable data. Money/gift card scams were almost as frequent, representing 33% of reported fraud attempts. Like phishing, smishing (the practice of sending fraudulent text messages to trick recipients into divulging personal information) was reported by 29% of respondents, and vishing (fraudulent phone calls to trick consumers into revealing their data) was reported by 26%.

Consumers showed a high level of concern about the security and privacy of their personal data. Eighty-seven percent of consumers surveyed were concerned about sharing personal information, highlighting the need for data protection. Amongst these consumers, 78% were worried about having their identities stolen; 70% feared invasion of privacy; and 40% didn't want to receive unsolicited marketing communications.

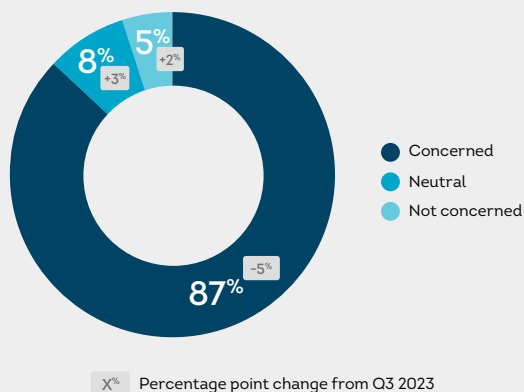
**Figure 18. Personal experience with online, email, phone call or text message fraud attempts in last three months**



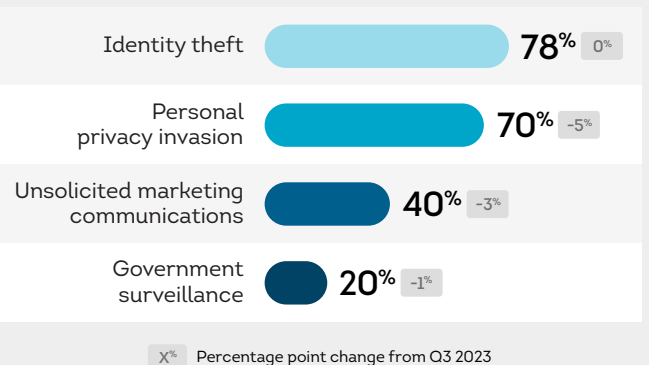
**Figure 19. Most frequent fraud schemes targeting consumers**  
(among those targeted with online, email, phone call or text message fraud)



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



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





## Research Methodology

TransUnion's Consumer Pulse survey of 1,000 adults was conducted 27 Sept.-18 Oct. 2023 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in South Africa were surveyed using an online research panel method across a combination of desktop, mobile and tablet devices. Survey questions were administered in English. 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  $\pm 3.1$  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.co.za/consumer-pulse-study](https://transunion.co.za/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.

[transunion.co.za](https://transunion.co.za)