

Consumer Pulse Study

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

South Africa Q4 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



Unemployment increases remain an impediment to financial freedom

During this period, 55% of respondents indicated their household income was currently negatively impacted due to COVID-19. This proportion decreased from Q1'2021 (62%) by 7 percentage points. Of all surveyed consumers, 34% said someone in their household lost their job, while 32% indicated someone in their household had their salary reduced and 28% had work hours cut in the past month.



There remains an underlying fear of credit

While 79% of households considered access to credit important or moderately important, only 34% believed they currently have sufficient access to credit. Forty-seven percent of consumers whose household income was impacted during the pandemic stated they considered applying for credit but ultimately decided against doing so. Major reasons for this choice were the cost of new credit being too high (34%) and fear of being declined due to the current status of their income/employment (35%).



Financially impacted consumers are becoming targets for digital fraud

Of consumers who were aware of a digital fraud attempt targeted at them, 40% said it was from third-party seller scams on legitimate online retail websites, and 26% stated they had been targeted through an unemployment scam. Consumers impacted financially by the pandemic had higher occurrences of fraud with 42% citing third-party seller scams and 30% an unemployment scam.

FINANCIAL HARDSHIP

Household income (HHI) and bill payment impact

November brought with it changed circumstances following months of lockdown – with recent civil unrest and looting. South Africans were faced with municipal elections, increased freedom of movement and gathering, and major power station breakdowns which led to increased load shedding for the month. During this period, 55% of respondents indicated their household income was currently negatively impacted due to COVID-19. This proportion decreased from Q1'2021 (62%) by 7 percentage points.

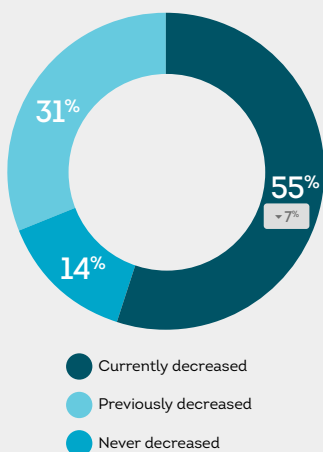
The main reasons household incomes decreased were a result of job loss, and reduced salary and work hours. In particular, 34% of all surveyed consumers said someone in their household lost their job, while 32% indicated someone in their household had their salary reduced and 28% had work hours cut in the past month. This is in line with South Africa recording its highest unemployment rate of 34.9%. Thirty-eight 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 impacted, 85% remained highly concerned about their ability to pay their bills and loans. Unsecured credit obligations remained of highest concern: 29% of all consumers with personal loans reported they're unable to pay that loan; 28% of Mashonisa loan holders; 24% of private student loan holders; and 21% of retail account and credit card holders.

Only 5% of consumers said their household income fully recovered after being impacted by the pandemic. And while 58% of consumers were hopeful their household income will recover, 42% didn't carry that same sentiment.

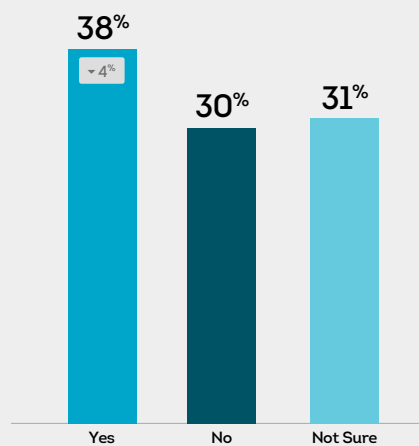
Thirty-eight percent of consumers indicated their plan to pay bills and loans will come from savings; 27% indicated a plan to borrow money from family or a friend to keep up with payments. Thirty-six percent of respondents said they plan to partially pay bills and loans based on what they can afford.

Figure 1. Household income decreased due to pandemic



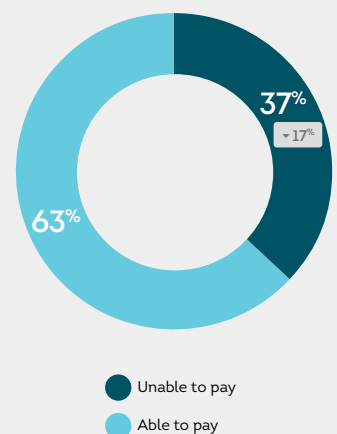
+X% Percentage point change from Q1 2021

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



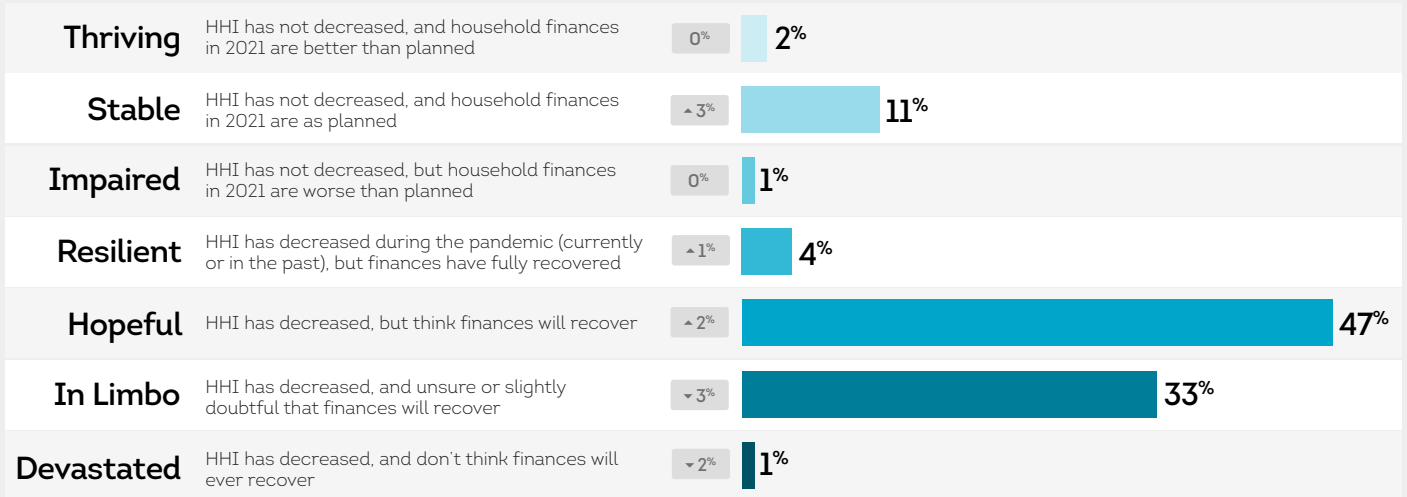
+X% Percentage point change from Q1 2021

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



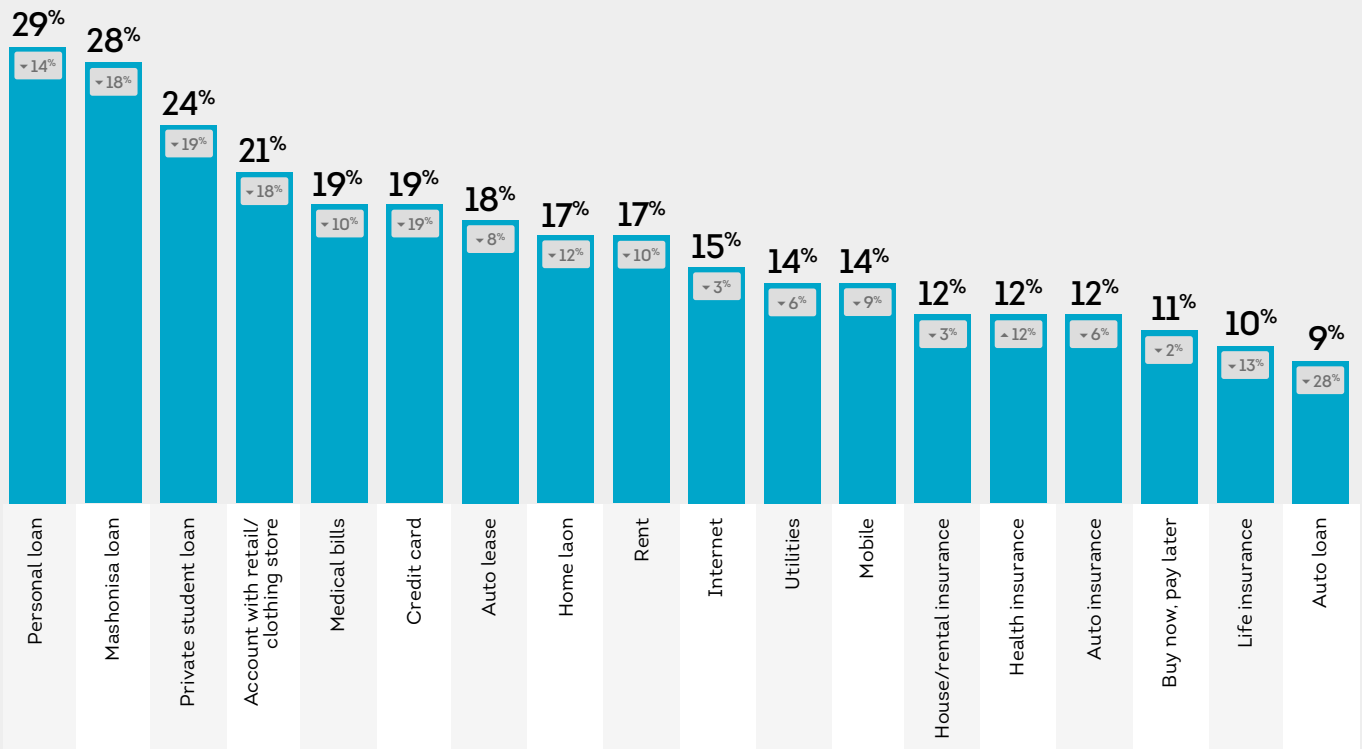
+X% Percentage point change from Q1 2021

Figure 4. Consumer financial situation due to pandemic



-X% Percentage point change from Q1 2021

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



-X% Percentage point change from Q1 2021

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

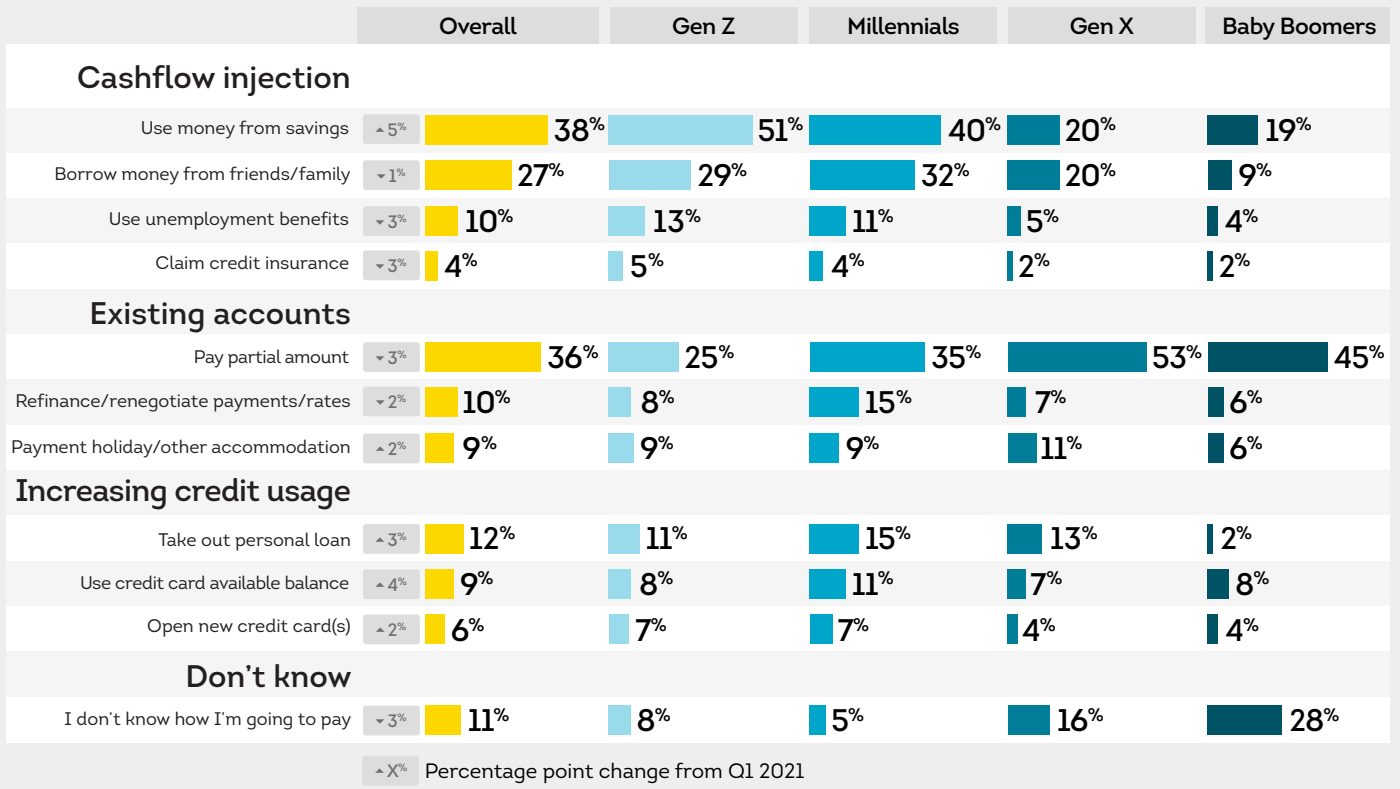
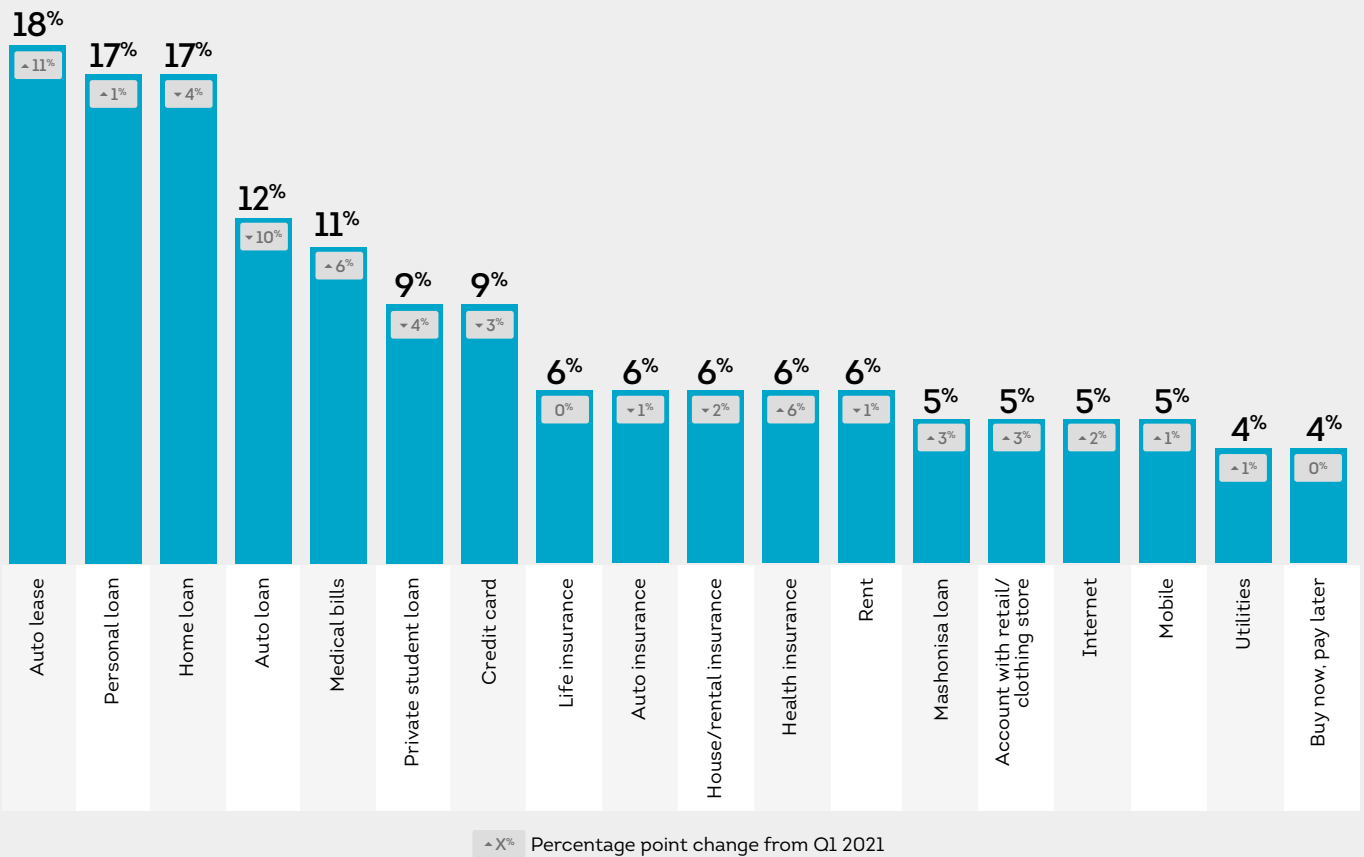


Figure 7. Types of bills or loans enrolled in financial accommodation in past year (among those with that bill/loan)



FINANCIAL INCLUSION

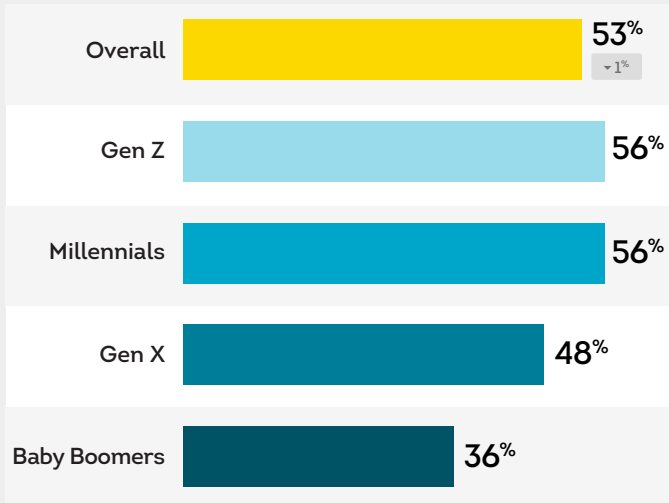
Attitudes and plans for economic participation

While 79% of households considered access to credit important or moderately important, only 34% believed they currently have sufficient access to credit.

Thirty-seven percent of surveyed consumers whose household income was impacted during the pandemic considered applying for new credit within the next year. The major loan types being considered are personal loans (45%) and credit cards (32%).

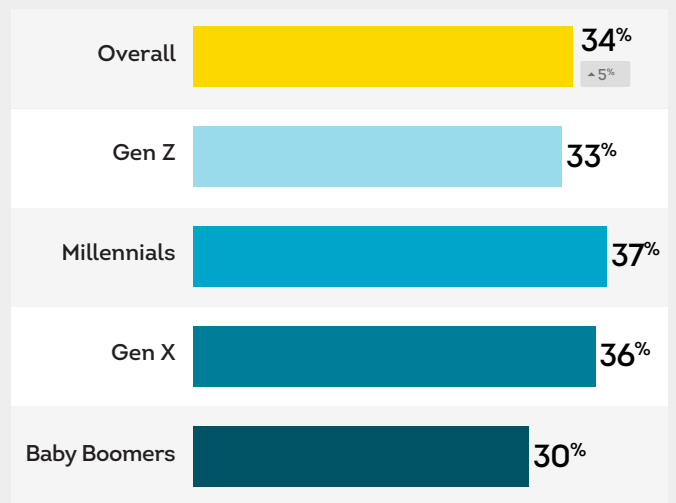
Forty-seven percent of consumers whose household income was impacted during the pandemic stated they considered applying for credit but ultimately decided against doing so. Major reasons for this choice were the cost of new credit being too high (34%) and fear of being declined due to the current status of their income/employment (35%).

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



-X% Percentage point change from Q1 2021

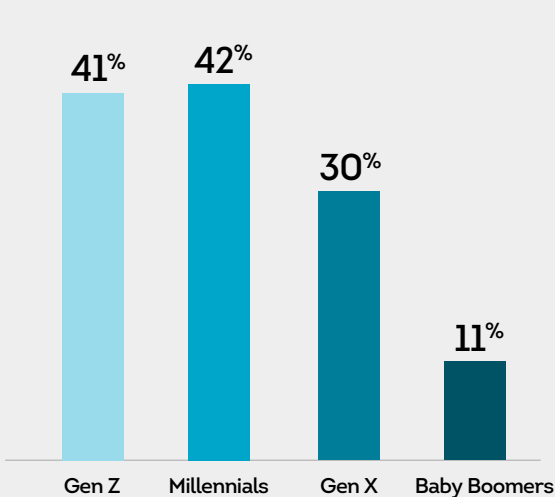
Figure 9. Believe have sufficient access to credit and lending products



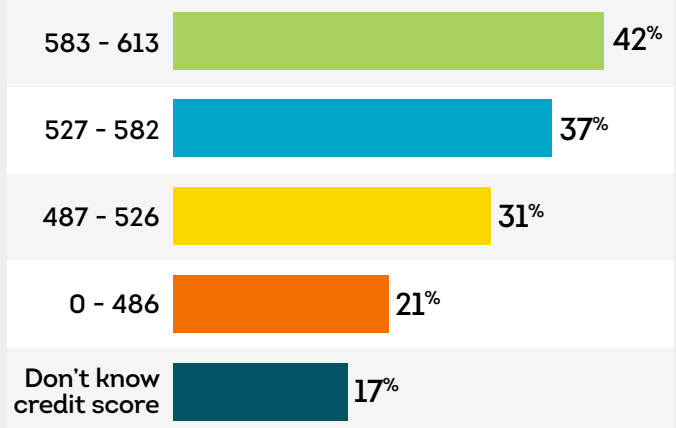
-X% Percentage point change from Q1 2021

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

By generation



By credit score



Self-reported credit score ranges

Figure 11. Credit monitoring frequency

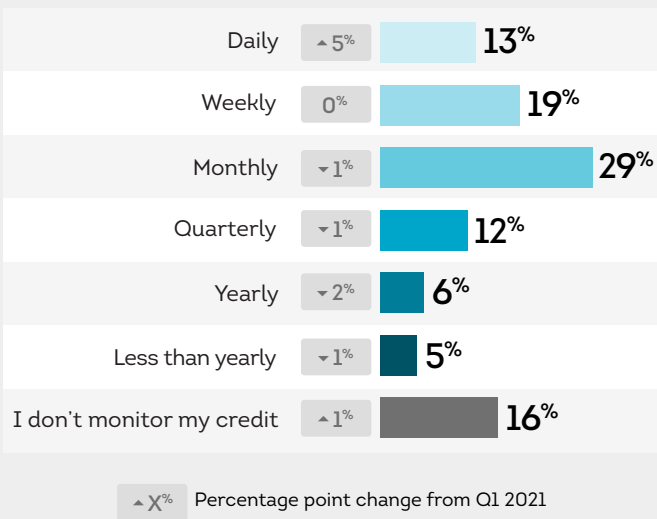


Figure 12. Believe monitoring credit is important

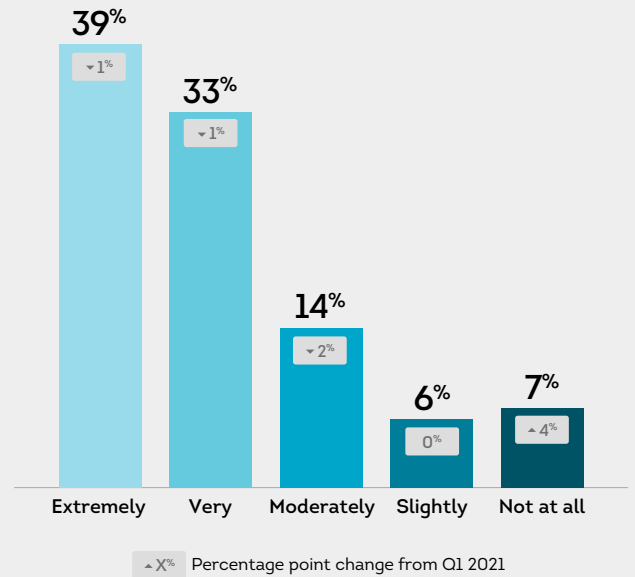


Figure 13. Changes to household budget in the last three months

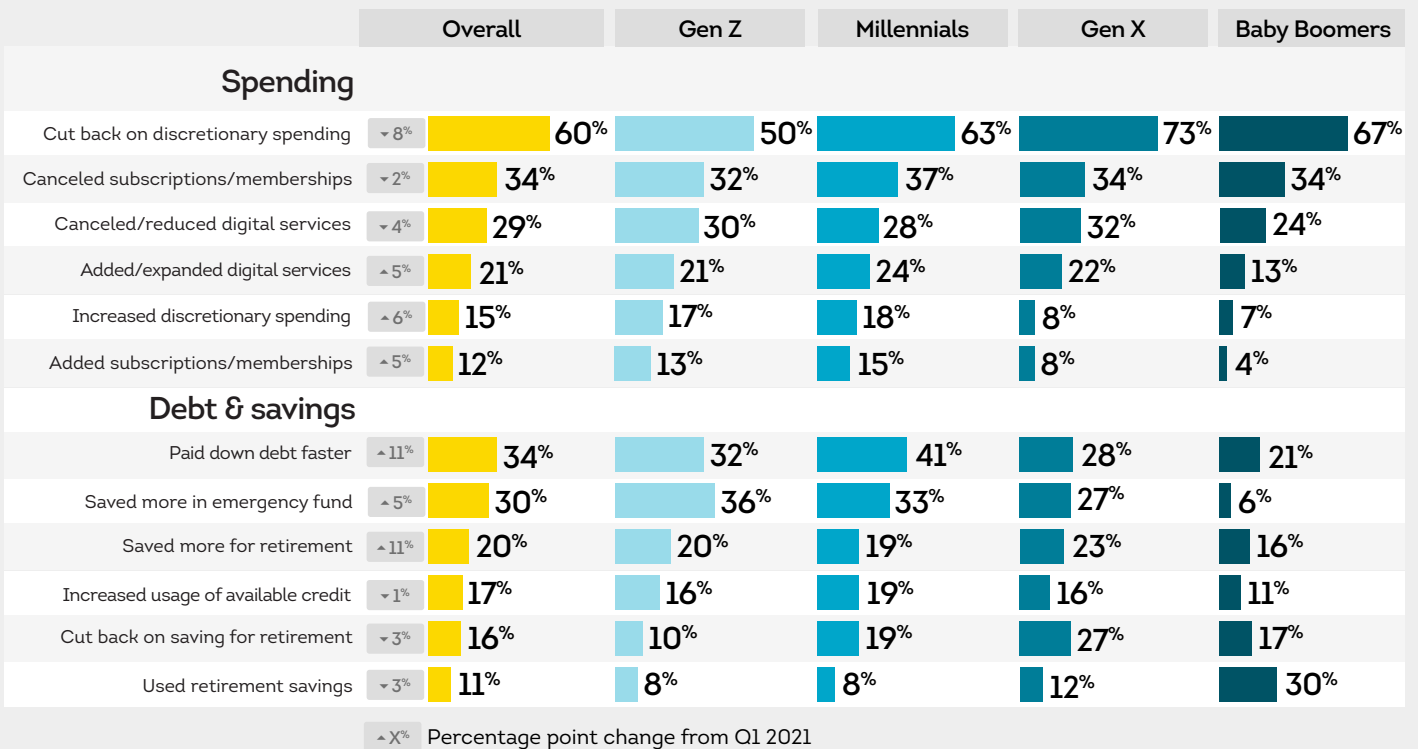


Figure 14. Expected change to household spending over next three months

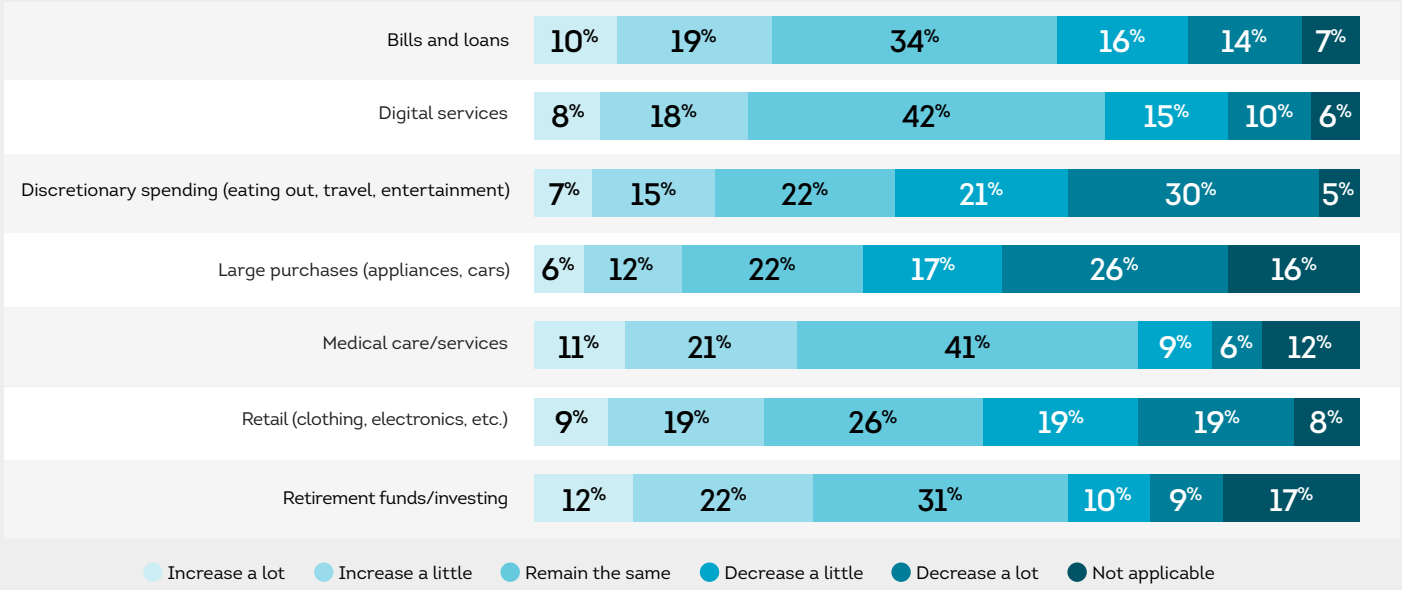
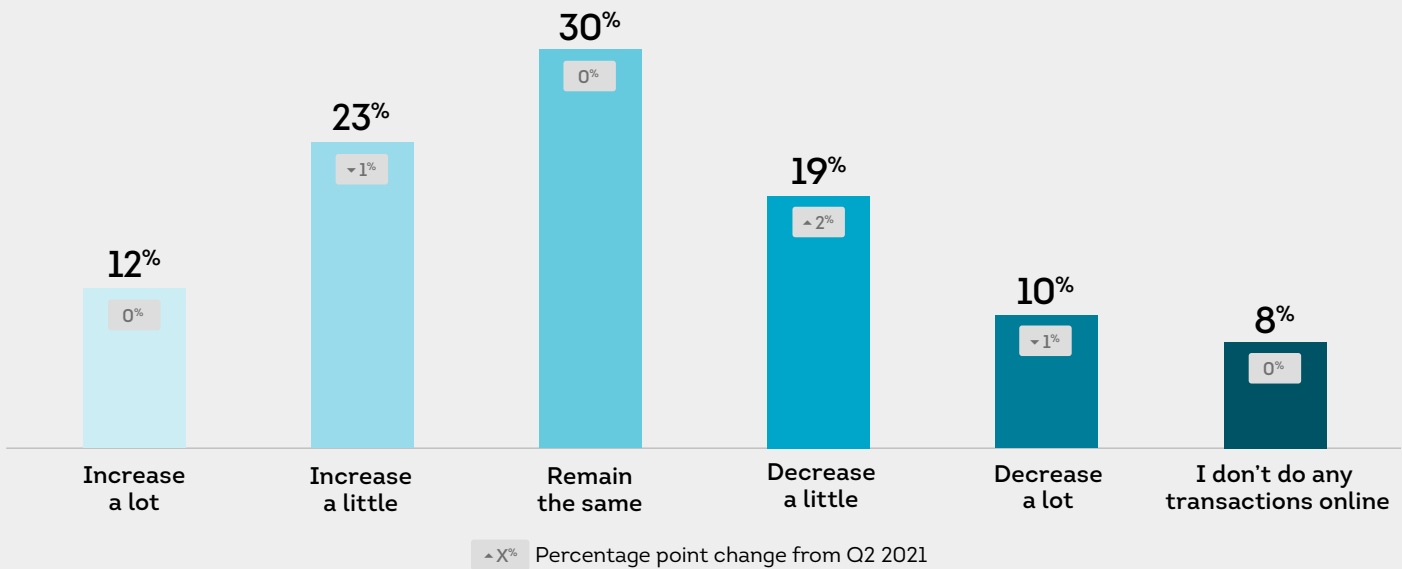


Figure 15. Expected change in number of online transactions over the next three months



FOCUS ON FRAUD

Experience with digital fraud

Forty-eight percent reported being personally aware of a digital fraud attempt targeted at them in the last three months – with 11% falling victim.

Of consumers aware of a digital fraud attempt targeted at them, 40% said it was from third-party seller scams on legitimate online retail websites, and 26% stated they'd been targeted through an unemployment scam. Consumers impacted financially by the pandemic had higher occurrences of fraud with 42% citing third-party seller scams and 30% an unemployment scam.

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

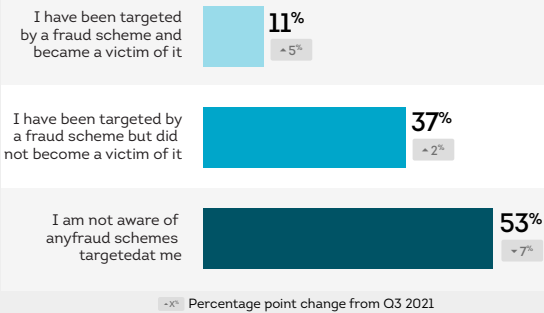


Figure 17. Digital fraud by generation

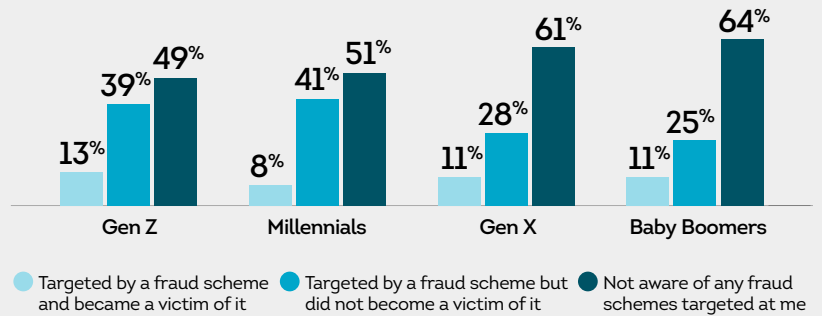
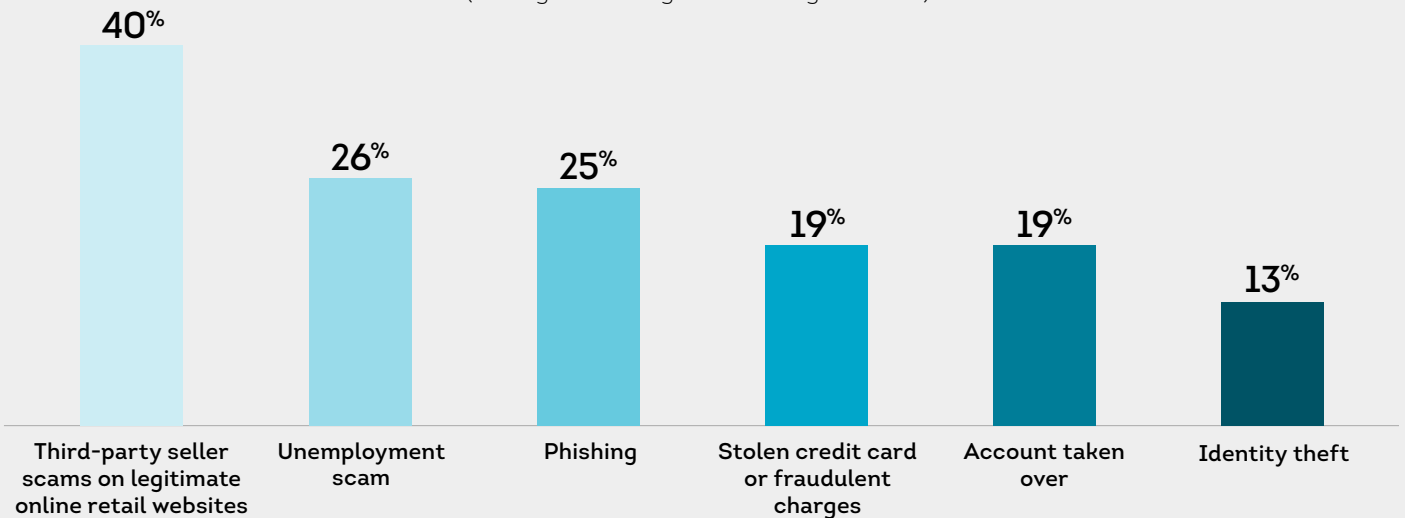


Figure 18. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)



Methodology

This online survey of 1,099 adults in South Africa was conducted 1-15 Nov. 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. 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. These research results are unweighted and statistically significant at a 95% confidence level within ±2.95% percentage points based on calculated error margin.

For previous Consumer Pulse Studies, visit
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