TransUnion

Consumer Pulse Study

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

US Q2 2022

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 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

Financial optimism drops despite income positivity: With a slight drop from Q1 2022 (4 percentage points), 55% reported optimism about their household finances in the next 12 months. Inflation for everyday goods (groceries, gas, etc.), recession and housing costs are weighing on consumer confidence; Americans said respectively, these were the first, second and third biggest concerns regarding household finances for the rest of 2022. Despite this, income appears strong with 81% of respondents having reported their income stayed the same or increased in the past three months, and 90% expected the same in the coming year. This data juxtaposition could indicate consumer concern about spending power.

Inflation eating household budgets: Nearly all Americans (95%) reported being concerned about inflation and 38% were extremely concerned (up 11 percentage points from the first time asked in Q3 2021). In fact, 64% of all Americans expected to change spending because of inflation. Of those, 52% said they'll cut discretionary spending (dining out, travel, entertainment) compared to 40% overall; 41% retail shopping (32% overall); and 40% making large purchases (32% overall) in the next three months.

Despite equally high levels of inflation concern, 3% more Millennials overall reported plans to increase discretionary spending in the next three months, while 31% more of Baby Boomers plan to decrease discretionary spending.

Fear of recession despite strong job performance: Recession concerns aren't tied to jobs. Reported changes in job status and hours worked remained consistently positive from the previous quarter. Slightly more people reported starting a new job or business (16%) than claimed losing a job or quitting (15%) in the last three months.

Housing costs and interest rates not slowing home buyers: Among those who said they plan to apply for new credit or refinance existing credit in the next year, 32% reported they will apply for a mortgage, a four-percentage point increase from Q1 2022.

Household income (HHI), spending and bill payment impact

American households continued to report positive job and income situations. For the second straight quarter, household income increased or stayed the same for 81% of respondents, and 90% expected their income to increase or stay the same in the next 12 months. The job market continued to be a bright spot for American households as slightly more people reported starting a new job or a business (16%) versus losing a job or quitting (15%) in the last three months. This is in line with May's 3.6% unemployment rate from the US Bureau of Labor Statistics.

Despite the steady income outlook, the impact of their top three concerns – inflation, recession and housing prices – is reflected in Americans' overall future spending plans. With plans to reduce expenses they can control, 17% of households were more likely to reduce discretionary spending; 7% were more likely to reduce retail shopping; and 12% were more likely to reduce large purchases in the next three months. At the same time, 24% of households were more likely to increase spending on bills and loans in the next three months, a four-percentage point increase from Q1 2022.

Inflation was the largest factor for reduced spending plans; 64% of all Americans expected to change spending because of inflation. Of those, 52% said they'll cut discretionary spending (dining out, travel, entertainment) compared to 40% overall; 41% retail shopping (32% overall); and 40% making large purchases (32% overall) in the next three months.

Different generations are reacting differently to inflation. Despite high levels of inflation concern among all generations, 3% more Millennials overall reported plans to increase discretionary spending in the next three months, making them the only generation to show a net positive change. Conversely, 31% more of Baby Boomers planned to decrease discretionary spending in the next three months.

Higher housing costs played into inflation concerns as well. According to joint TransUnion and National Apartment Association analysis of more than 300,000 rental units in the US, the median monthly rent price rose 17% from $1365 a month to $1599 a month when comparing Q1 2021 to Q1 2022. Home prices continued to rise as well. According to the S&P CoreLogic Case-Shiller US National Home Price NSA Index, home prices were up 20.6% annually in March 2022. It's not surprising then that 36% of households planned to increase spending on bills and loans, including housing, in the next three months. That's the biggest reported spending increase this quarter.

Americans ranked a recession as their second highest concern about their future finances. Those who were most concerned about a recession planned to change their spending habits. Of those who ranked recession as one of their top two financial concerns, 27% were more likely to reduce discretionary spending in the next three months and 18% were more likely to reduce spending on big purchases.

Figure 1. Household income change last three months

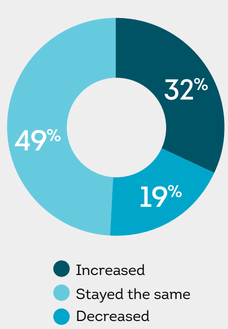


Figure 2. Expected household income change next 12 months

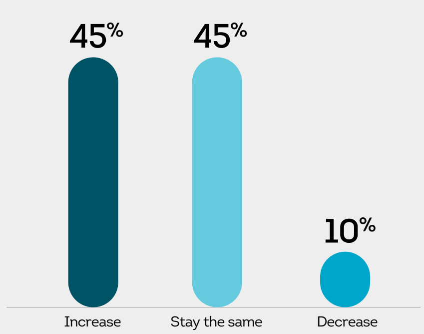


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

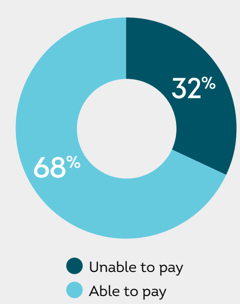


Figure 4. Reasons for change in current household income

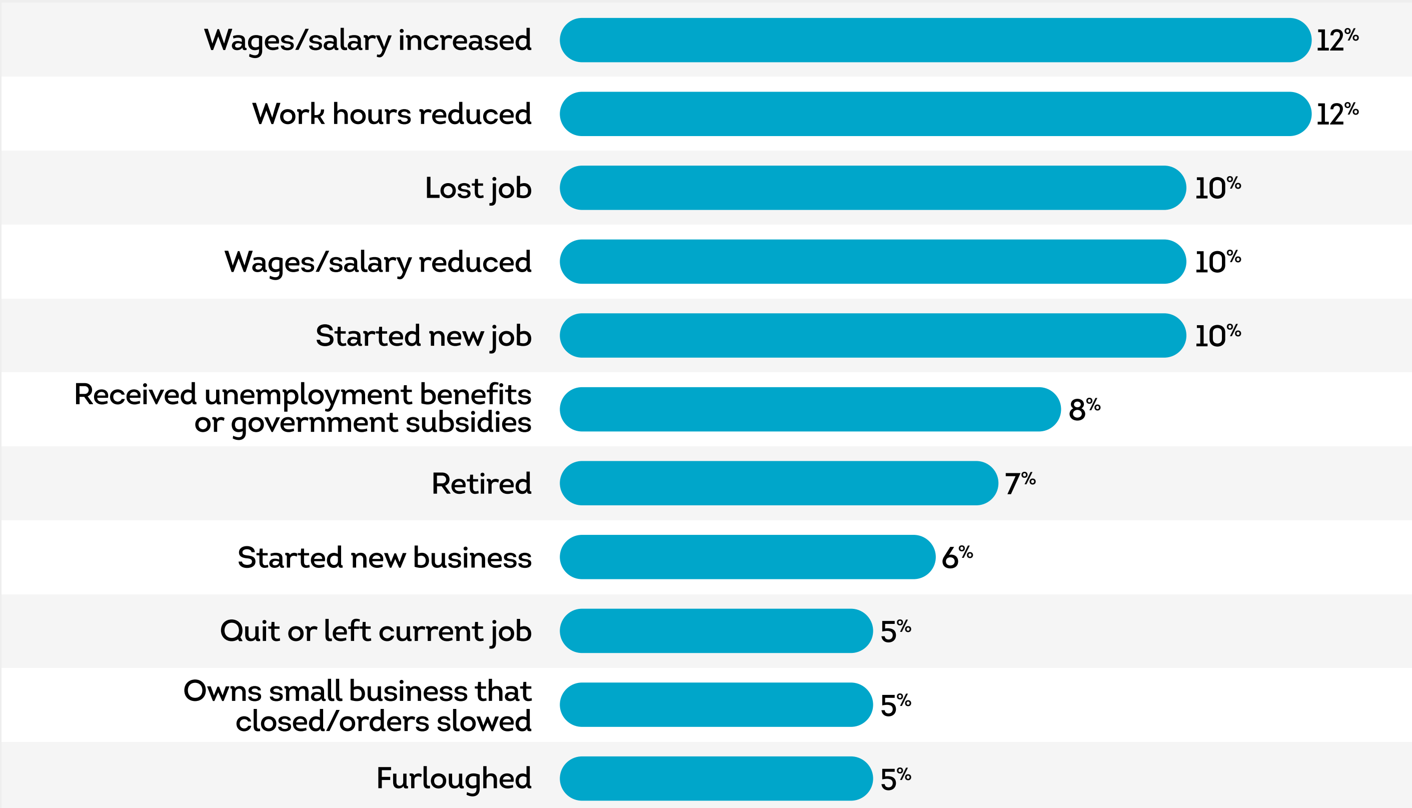


Figure 5. Changes to household budget in the last three months

	Overall	Gen Z	Millennials	Gen X	Baby Boomers
Spending					
Cut back on discretionary spending (dining out, travel, entertainment)	43%	43%	42%	51%	41%
Canceled subscriptions/memberships	24%	35%	29%	27%	13%
Canceled/reduced digital services	20%	25%	28%	21%	12%
Increased discretionary spending	16%	21%	26%	13%	7%
Added subscriptions/memberships	13%	21%	22%	13%	3%
Added/expanded digital services	13%	18%	26%	10%	3%
Debt & savings					
Saved more in emergency fund	24%	34%	32%	23%	13%
Paid down debt faster	21%	23%	29%	22%	14%
Increased usage of available credit	16%	17%	27%	15%	7%
Cut back on saving for retirement	15%	14%	19%	19%	11%
Saved more for retirement	15%	18%	23%	17%	7%
Used retirement savings	12%	9%	15%	12%	10%

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

	Overall	Gen Z	Millennials	Gen X	Baby Boomers
Cashflow injection					
Use money from savings	25%	32%	26%	21%	22%
Borrow money from friends/family	24%	28%	28%	24%	12%
Use unemployment benefits	8%	5%	15%	5%	2%
Existing accounts					
Pay partial amount	34%	34%	36%	34%	27%
Refinance/renegotiate payments/rates	15%	12%	23%	11%	11%
Payment holiday/other accommodation	14%	17%	21%	7%	5%
Increasing credit usage					
Use credit card available balance	17%	13%	24%	14%	12%
Take out personal loan	17%	21%	21%	15%	7%
Open new credit card(s)	14%	17%	19%	11%	5%
Don't know					
I don't know how I'm going to pay	20%	12%	12%	28%	31%

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

	Increase	Stay the same	Decrease	Not applicable
Bills and loans	36%	47%	12%	5%
Digital services	24%	53%	17%	5%
Discretionary spending	23%	32%	40%	4%
Large purchases (appliances, cars)	20%	32%	32%	15%
Medical care/services	24%	54%	13%	9%
Retail (clothing, electronics, etc.)	25%	39%	32%	4%
Retirement funds/investing	21%	42%	20%	17%

Attitudes and plans for economic participation

Credit was seen as important to achieve financial goals by 86% of respondents; 49% said it's extremely or very important. And 56% agreed they have sufficient access to credit and lending products. A generational divide clearly showed itself this quarter as 96% of Gen Z and Millennials and 91% of Gen X believed credit was important to their goals, while only 72% of Baby Boomers felt the same. However, 57% of Millennials, 46% of Gen X and only 41% of Gen Z said they have sufficient access to credit. Conversely, 68% of Baby Boomers said they have sufficient access.

Overall, 33% of Americans planned to apply for new credit or refinance in the next 12 months, a 5-percentage point drop from Q1 2022. Of those who planned to apply for new or refinance existing credit within the next year, 32% said they'll apply for a new home loan, an increase of four percentage points from Q1 2022. Millennials led all generations at 40%.

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

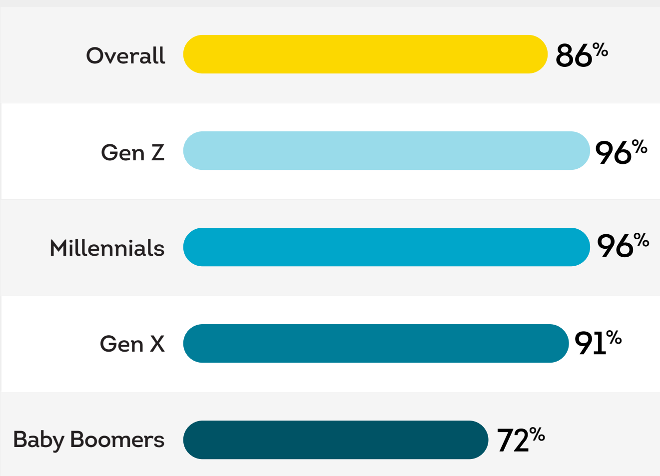


Figure 9. Believe have sufficient access to credit and lending products

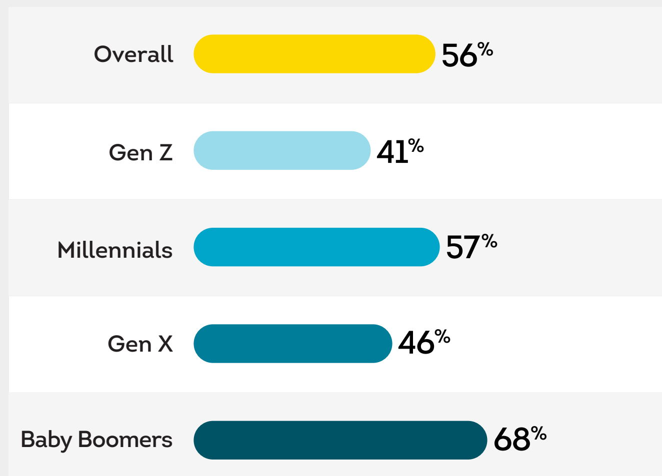
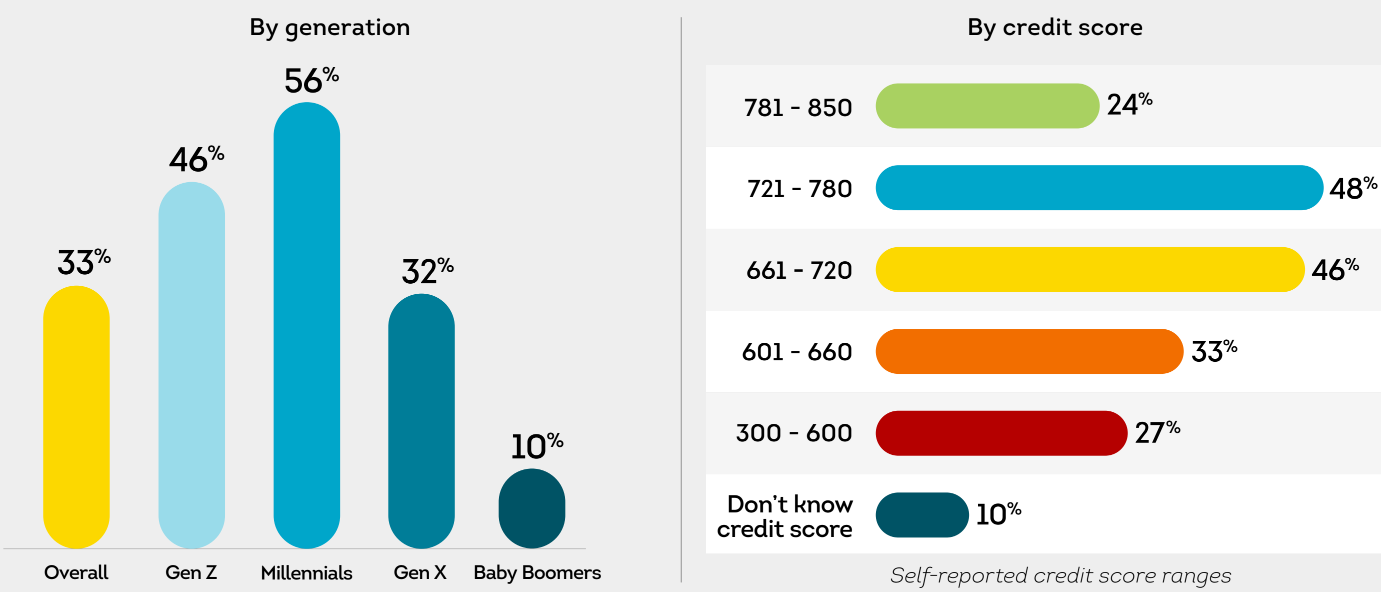


Figure 10. Plan to apply for new credit or refinance existing credit within the next year



Self-reported credit score ranges

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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)

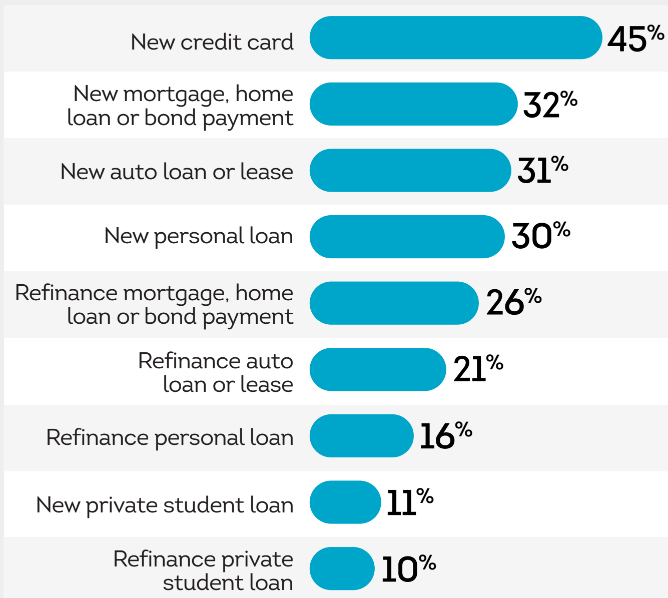


Figure 12. Abandoned plan to apply for new credit or refinance

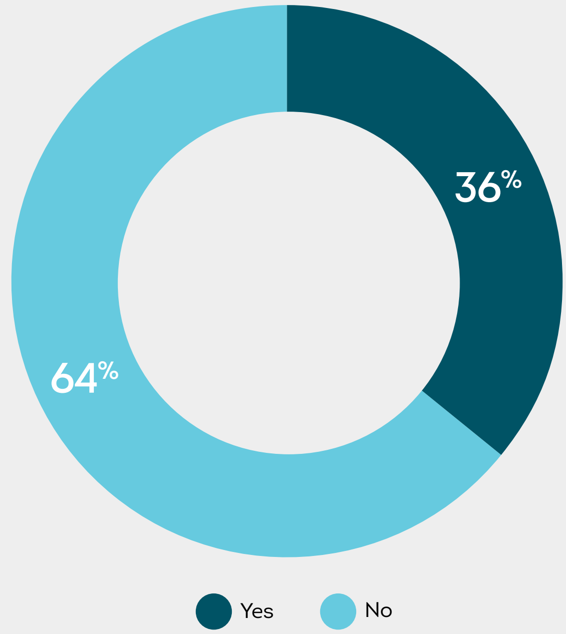
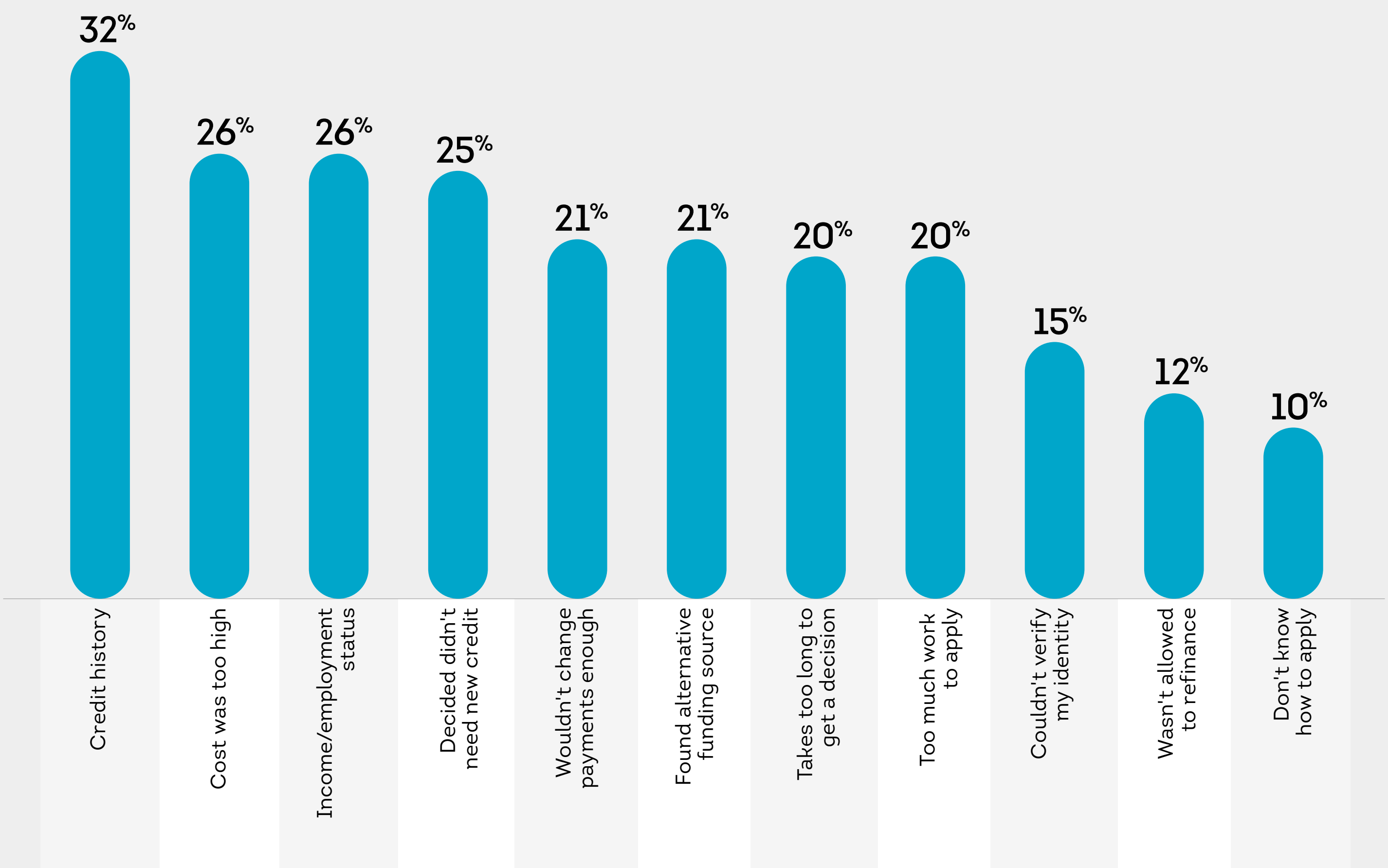


Figure 13. Reasons for abandoning application for new credit or refinance



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Attitudes and behavior to manage financial choices

Consumers appeared to understand the value of their credit report. Nearly all (94%) believed monitoring credit was at least slightly important, and 63% reported monitoring their credit at least monthly.

Younger generations believed using more data to measure credit health is especially important. Among all surveyed, 39% believed their credit score would increase if businesses used information not found on a standard credit report like rental payments and buy now, pay later loans. However, this metric jumped to 56% with Millennials and 49% among Gen Z.

More than a third (35%) of consumers reported the majority of their transactions are done online. Interestingly, Gen X and Millennials were most likely to conduct the majority of their transactions online; 41% and 39%, respectively. Surprisingly, only 25% of Gen Z reported using online channels for the majority of their transactions – the least of all generations.

Figure 14. Credit monitoring frequency

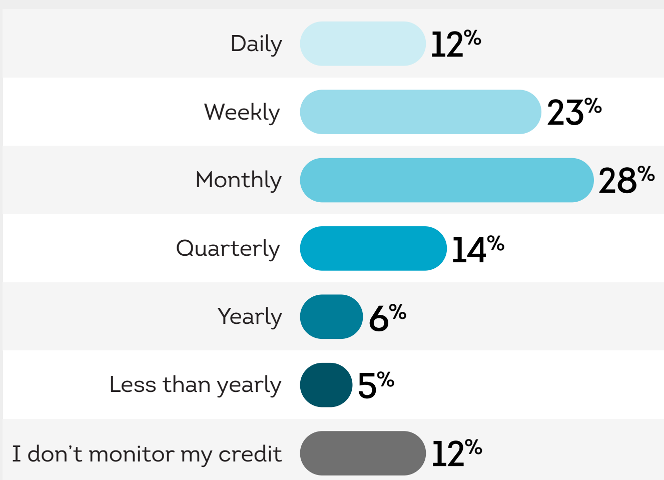


Figure 15. Believe monitoring credit is important

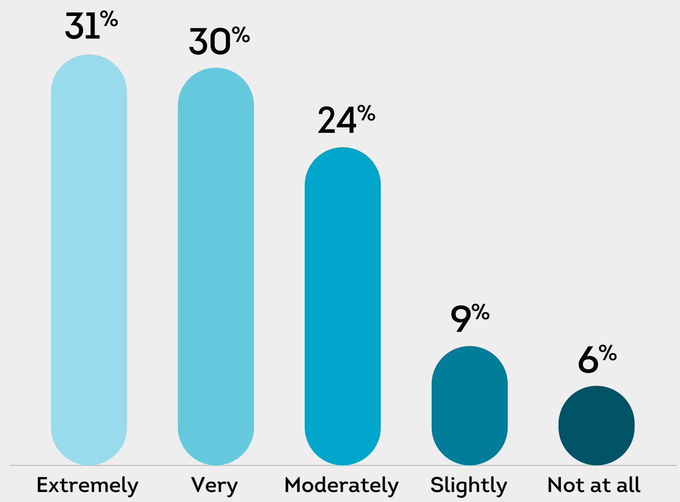


Figure 16. Percentage of transactions done online

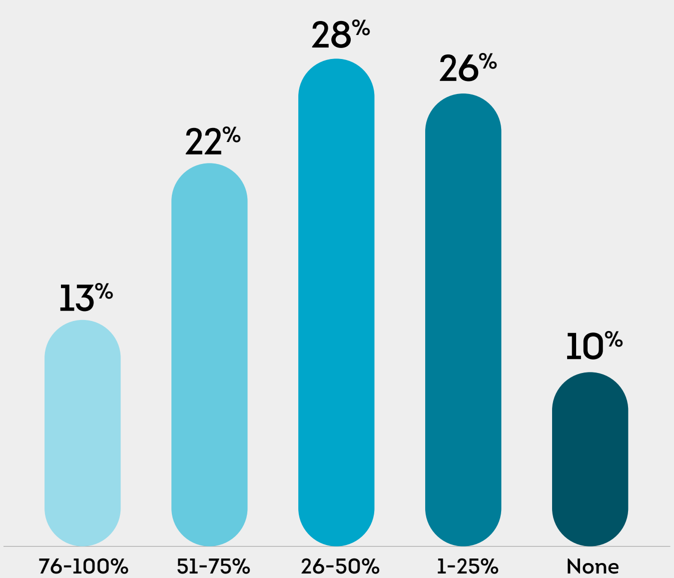
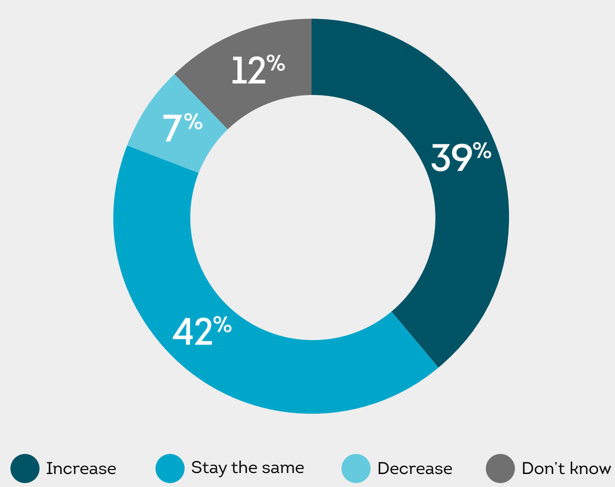


Figure 17. How believe credit score would change if businesses used information not on standard credit report



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

IDENTITY PROTECTION

Identity risks and usage

As consumers spend more time using online services, they're concerned about protecting their identity. The number of people who reported experiencing digital fraud attempts was 38%, unchanged from Q1 2022. Of those who experienced digital fraud this quarter, 11% fell victim. Of those targeted, 29% reported it was by phishing, 28% by identity theft, 26% by a money or gift card scam, and 25% by a stolen credit card or fraudulent charges.

Digital fraud is so common most Americans (76%) were concerned with sharing personal information for credit applications and opening new accounts. Not surprisingly, 72% of Americans cited identity theft as their primary concern about sharing personal information. Personal invasion of privacy was also cited by over half (59%) of respondents.

Not all data is created equal when Americans think about personal data privacy and what they're willing to share. When it comes completing an online application for a financial or credit product, Americans reported they would abandon the application if asked to provide their: Social Security number (63%), driver's license number (44%), phone number (24%) or email address (21%).

Expectations for keeping data they do share private when applying for a financial product or credit was also important. About two-thirds, (61%) of respondents reported Social Security numbers should be kept private, and 51% said credit card numbers should be kept private. On the other hand, less than 30% said personal identifiers like phone number (29%), physical address (28%) and email address (24%) should be kept private.

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

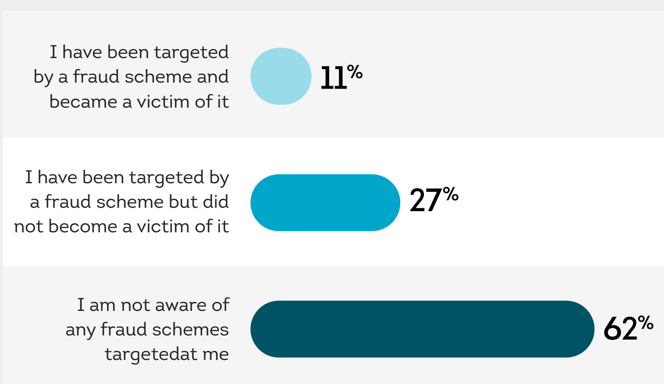


Figure 19. Most frequent fraud schemes targeting consumers
(among those targeted with digital fraud)

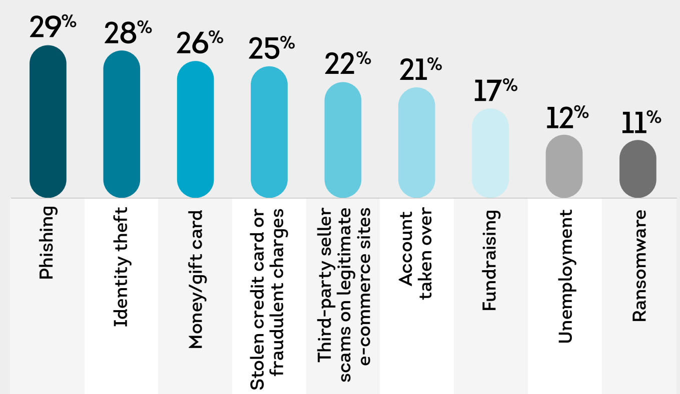


Figure 20. Concern with sharing personal information

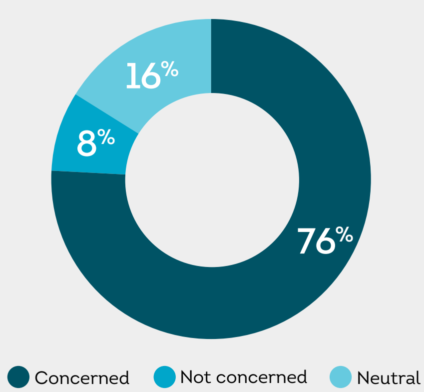
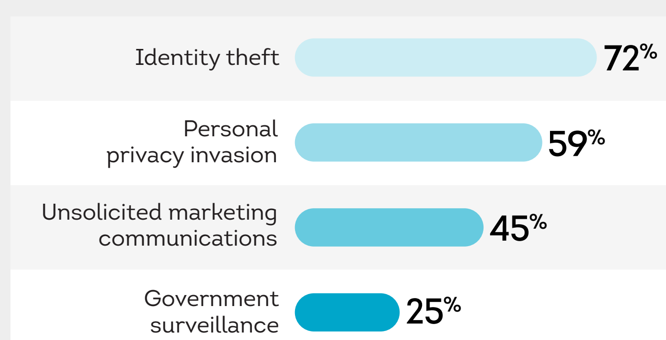


Figure 21. Reasons concerned about sharing personal information



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Research Methodology

This online survey of 2,739 adults was conducted May 12–19, 2022 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in the United States were surveyed using an online research panel method across a combination of desktop, mobile and tablet devices. Survey questions were administered in English. All states are represented in the study survey responses. To ensure general population sample representativeness across United States 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 1995–2004; 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 ±1.87 percentage points based on calculated error margin.

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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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