



Consumer Pulse Study

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

US Q2 2023

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 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



Consumer optimism driven by expected income increases and younger generations: In Q2 2023, 57% of Americans reported optimism about their household finances in the next 12 months, the highest since Q4 2021 when TransUnion began tracking it. Gen Z (73%) and Millennials (69%) were more optimistic compared to Gen X (51%) and Baby Boomers (41%).

Up from 41% in Q1, more than half (51%) of Americans expected their incomes to rise in the next 12 months – led by Millennials and Gen Z at 68% and 66%, respectively. In comparison, 46% of Gen X and 27% of Baby Boomers said the same.



Inflation has consumers in a recession state of mind: Inflation was by far the top financial concern; 79% reported it as one of their top three concerns, along with recession (53%) and increased housing prices (rent or mortgage) (45%) – both also a top three concern.

Nearly half (46%) of consumers reported their incomes did not keep up with the rate of inflation and not surprisingly, nearly the same percentage (44%) believed the US economy is currently in a recession or will be by the end of June 2023. Americans who reported inflation as a top three concern were much more negative about their financial future. For instance, 48% believed their incomes would rise in the next year compared to 61% of all others. They also expected to reduce discretionary spending (dining out, travel, entertainment) in the next three months more than other Americans; 50% of inflation concerned vs. 29% of all others.



Consumer credit appetite rising: Nearly a third (32%) of consumers reported they plan to apply for new or refinance existing credit in the coming year, an increase of three percentage points over Q1 2023 and six percentage points over Q4 2022. Given ongoing inflation, it's understandable credit cards (53%) and personal loans (27%) – which provide instant access to money – were the two most popular credit products planned for in the next year among those who said they'll apply for new or refinance existing credit. Despite higher mortgage rates and increased home prices, 21% of those who said they'd seek new or refinance existing credit planned on pursuing a mortgage or home loan.

Household income (HHI), spending and bill payment impacts

Optimism about future household finances reached its highest point (57%) since Q4 2021 (65%). In fact, fewer Americans were pessimistic about future finances as well. Those who reported pessimism about their finances in the next 12 months fell slightly to 22% in Q2 2023. Despite household financial headwinds, Americans appeared to feel good about their prospects, driven principally by expectations for higher incomes in the coming year.

More consumers (20%) reported their household incomes fell in the last three months, an increase of three percentage points from Q1 2023. Yet, 51% expected their incomes to rise in the next 12 months: This was highest among Millennials (68%) and Gen Z (66%) compared to Gen X (46%) and Baby Boomers (27%).

Inflation primary financial concern; driving reduced spending

Inflation was the number one financial concern for 43% of American consumers in Q2 and a top three concern for 79%. While there were no shortages of financial concern, inflation dominated other reported top concerns by a wide margin; recession came in at 15% and increased housing prices at 12% in Q2.

Concern about inflation resulted in significant differences in attitudes and behaviors impacting spending and finances. Of consumers who ranked inflation in their top three concerns, 41% reported household finances worse than expected compared to 25% of all others. Fewer (27%) agree their household finances are keeping up with inflation compared to 56% of all others, and just 48% believed their incomes would rise in the next 12 months compared to 61% overall. A third (34%) of inflation concerned Americans believed the US economy will enter a recession in the second half of 2023 compared to 25% of all others.

A higher percentage of Baby Boomers and Gen X said inflation is one of their top three financial concerns compared to other generations. Among those who said inflation is a top three concern, 30% were Baby Boomers and 30% Gen X. In comparison, 26% were Millennials and 14% Gen Z. Over two-thirds (67%) of the inflation concerned were planning to reduce spending to prepare for a recession compared to just 46% of all others. They were also less likely to seek new credit; only 28% of inflation concerned planned to seek new or refinance existing credit in the next 12 months compared to 41% of all others.

Financial realities impacting bill and loan payments

More than a third (38%) of consumers reported finances worse than planned at this point in the year, an increase of four percentage points over the previous quarter. As some consumers struggled, they indicated they'll adjust their debt management. In fact, 31% stated they expect to be unable to pay a current bill or loan in full, a four-percentage point increase from the previous quarter. Of those who said they'll be unable to pay fully, 41% reported they plan to pay a partial amount.

Figure 1. Household income change last three months

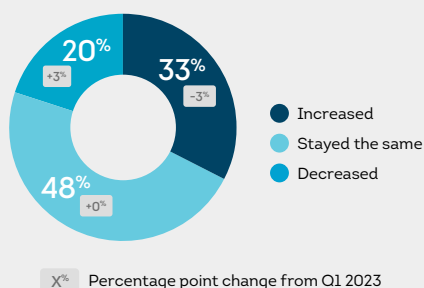


Figure 2. Expected household income change next 12 months

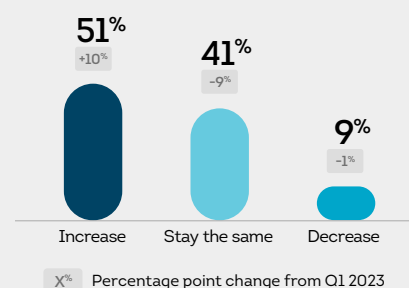


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

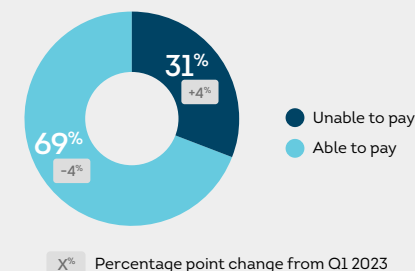
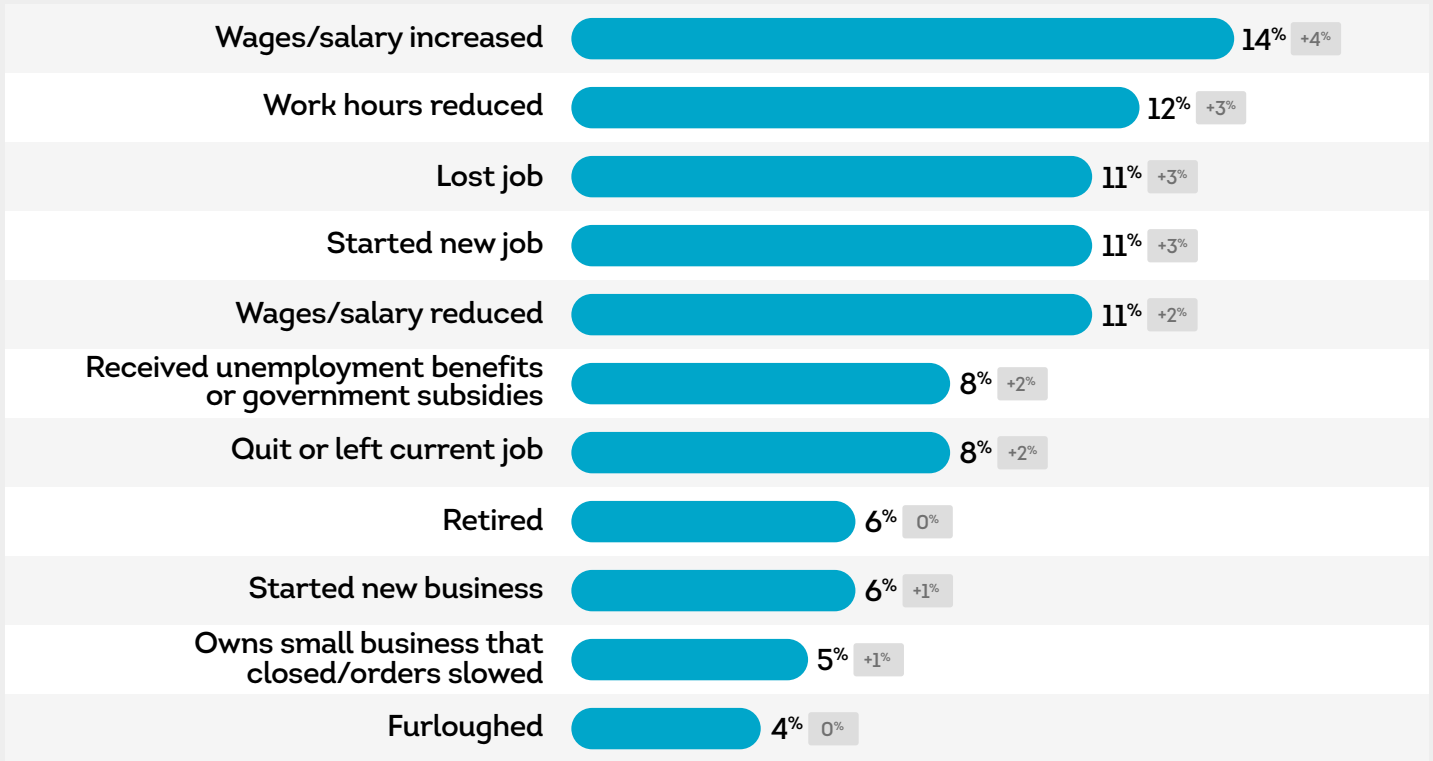
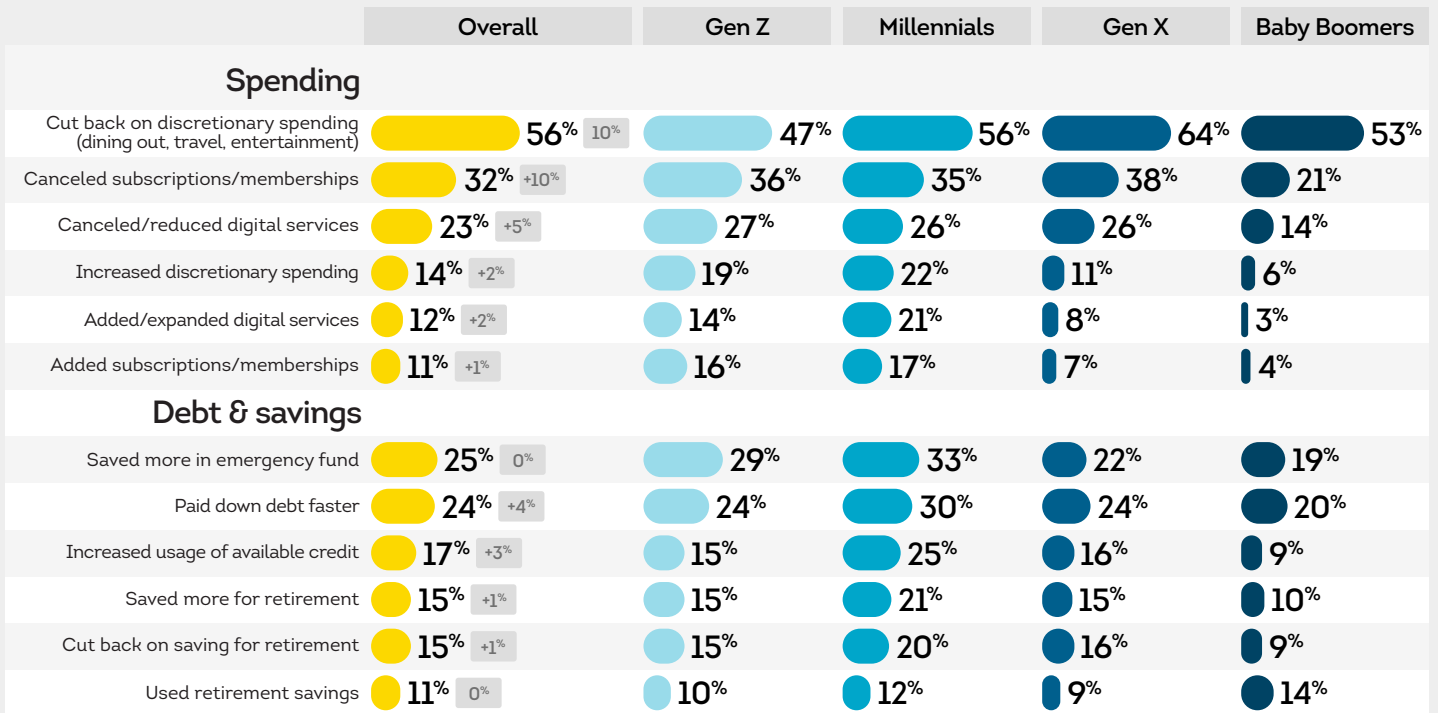


Figure 4. Reasons for change in current household income in past month



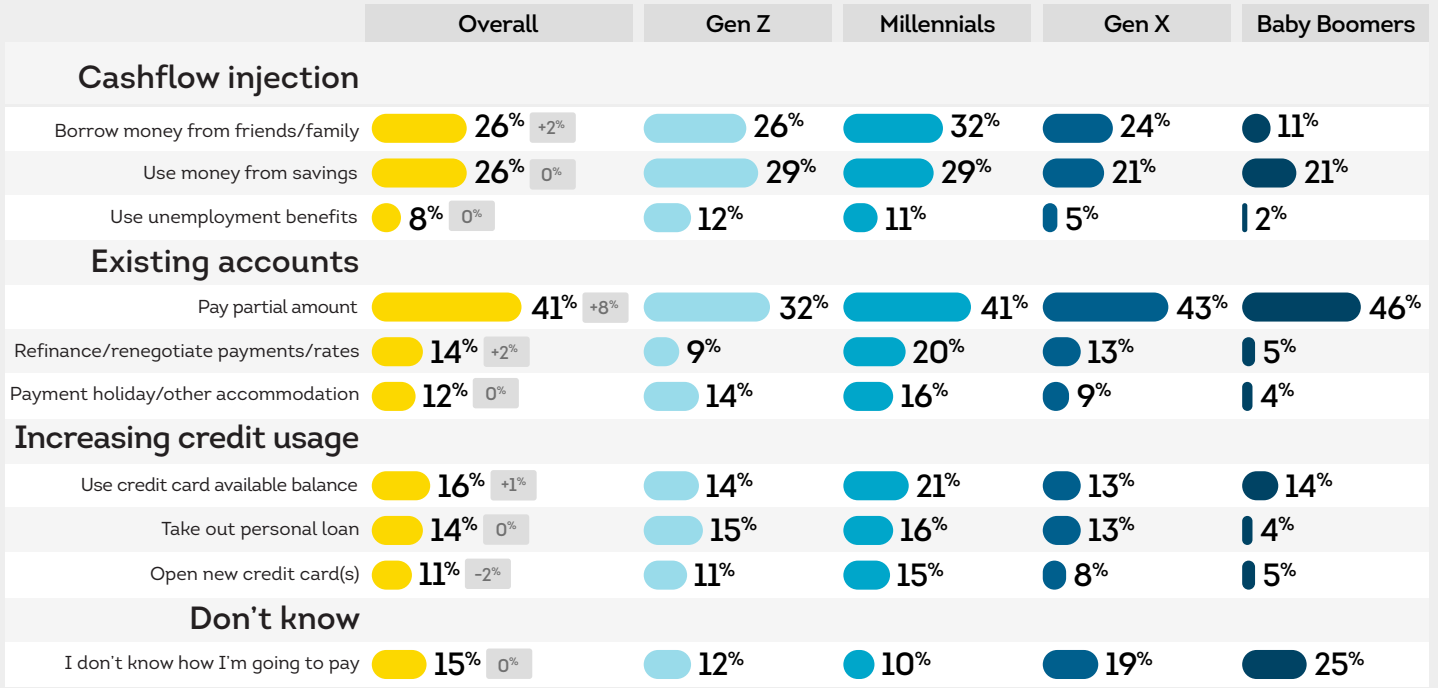
X% Percentage point change from Q1 2023

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



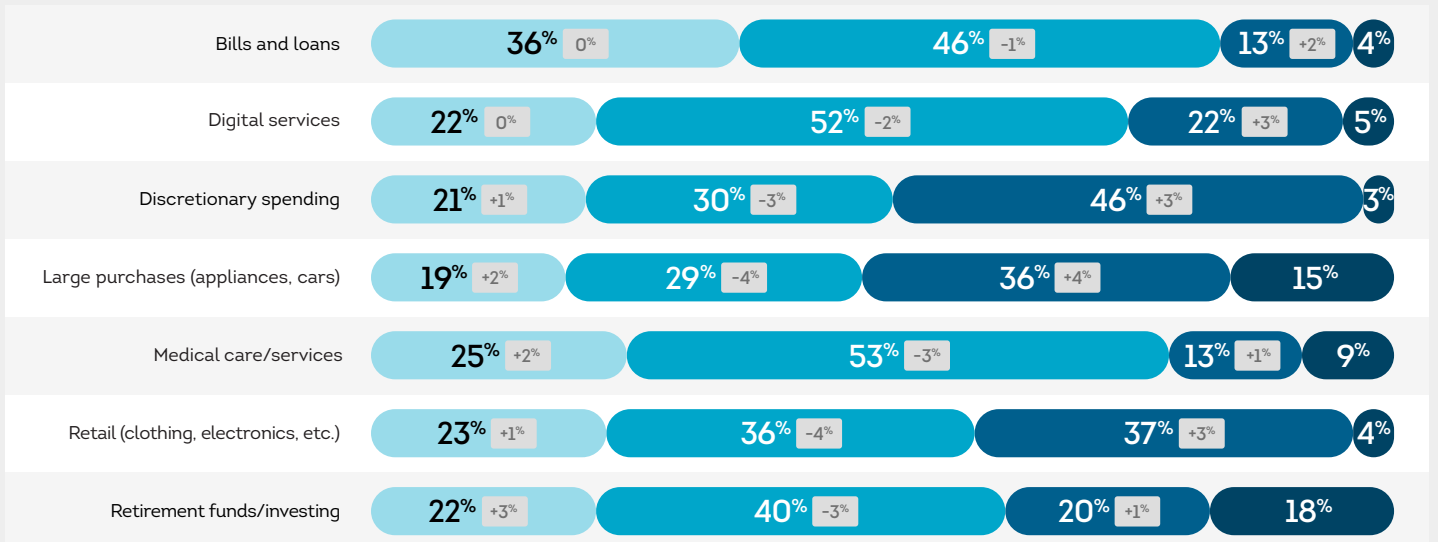
X% Percentage point change from Q1 2023

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



X% Percentage point change from Q1 2023

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



X% Percentage point change from Q1 2023 ● Increase ● Stay the same ● Decrease ● Not applicable

Attitudes and plans for economic participation

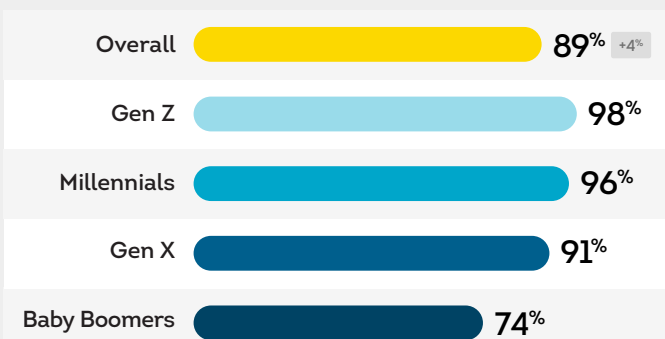
The percentage of consumers who reported having sufficient access to credit in Q2 2023 dropped substantially to 54% from 60% the previous quarter. Contrast that with the percentage of consumers who believed it's important to have access to credit and lending products to achieve financial goals which rose four percentage points from Q1 to 89%.

The gap between credit importance and adequate access was greatest among the youngest generation, Gen Z reported credit importance at 98% – followed by 96% of Millennials, 91% of Gen X and 74% of Baby Boomers. Yet, only 35% of Gen Z agreed they have sufficient access to credit compared to 54% of Millennials, 51% of Gen X, and 70% of Baby Boomers.

Home purchases impacted by high interest rates and housing prices

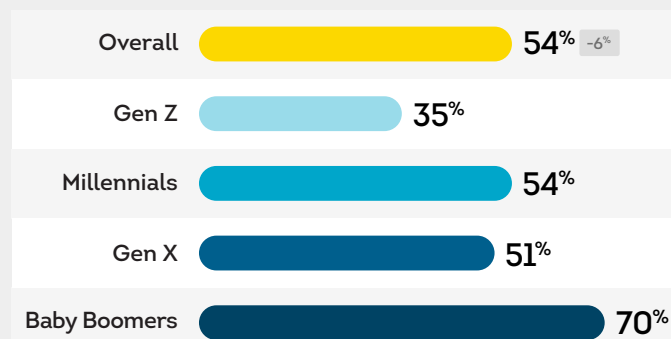
While 62% of consumers reported rising interest rates had a high or moderate impact on whether they'll apply for credit, nearly half (48%) said rising rates would stop them from considering a new home purchase in the coming year. This was second only to rising home prices (55%).

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



X% Percentage point change from Q1 2023

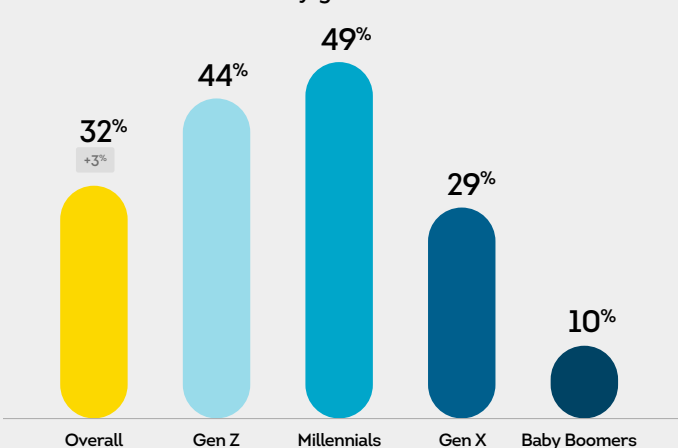
Figure 9. Believe have sufficient access to credit and lending products



X% Percentage point change from Q1 2023

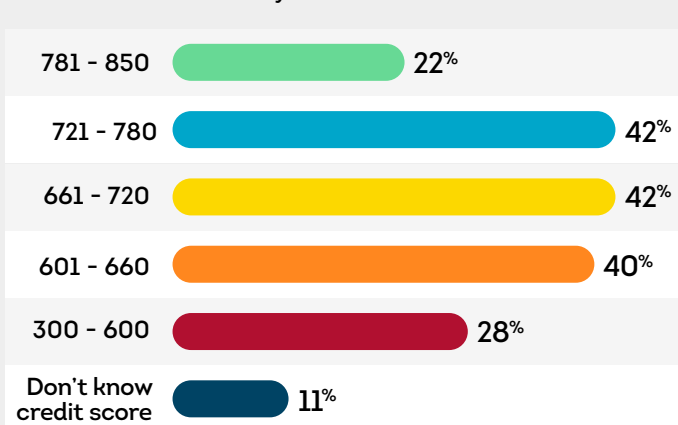
Figure 10. Plan to apply for new credit or refinance existing credit within the next year

By generation



X% Percentage point change from Q1 2023

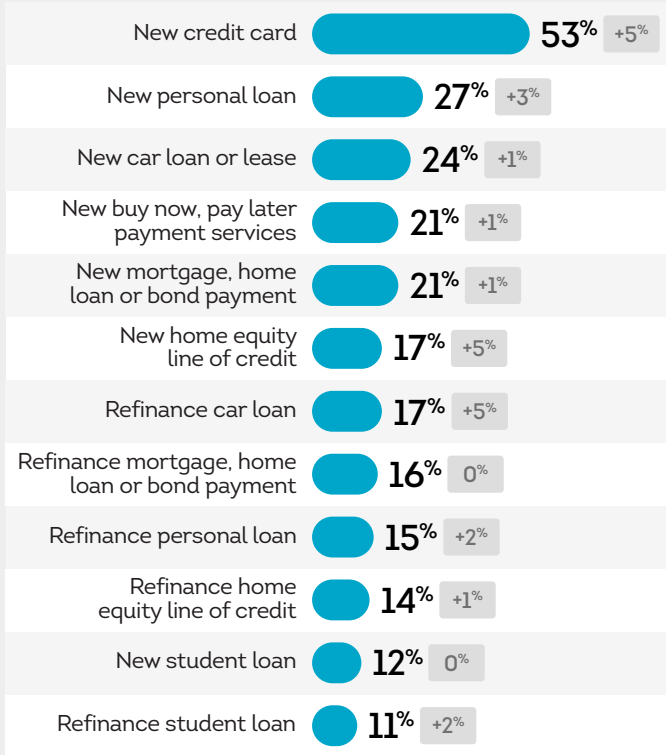
By credit score



Self-reported credit score ranges

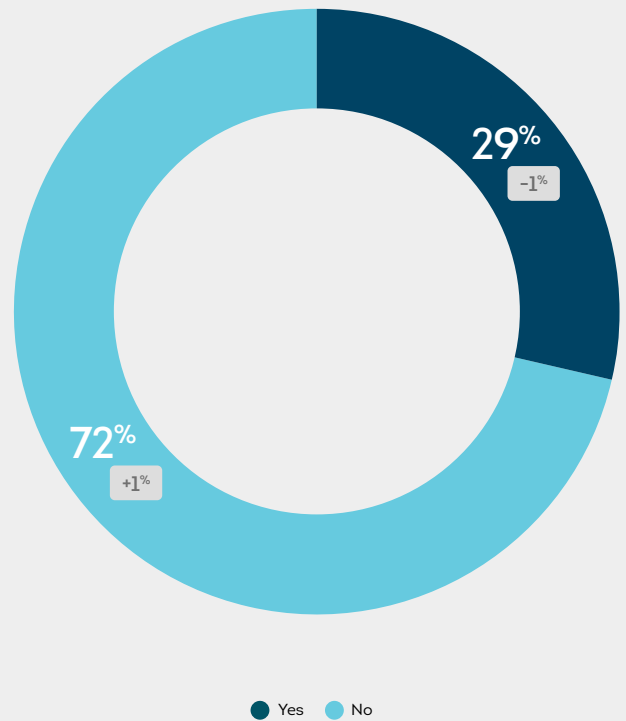
Figure 11. Type of new credit and loan activity planned in next 12 months

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



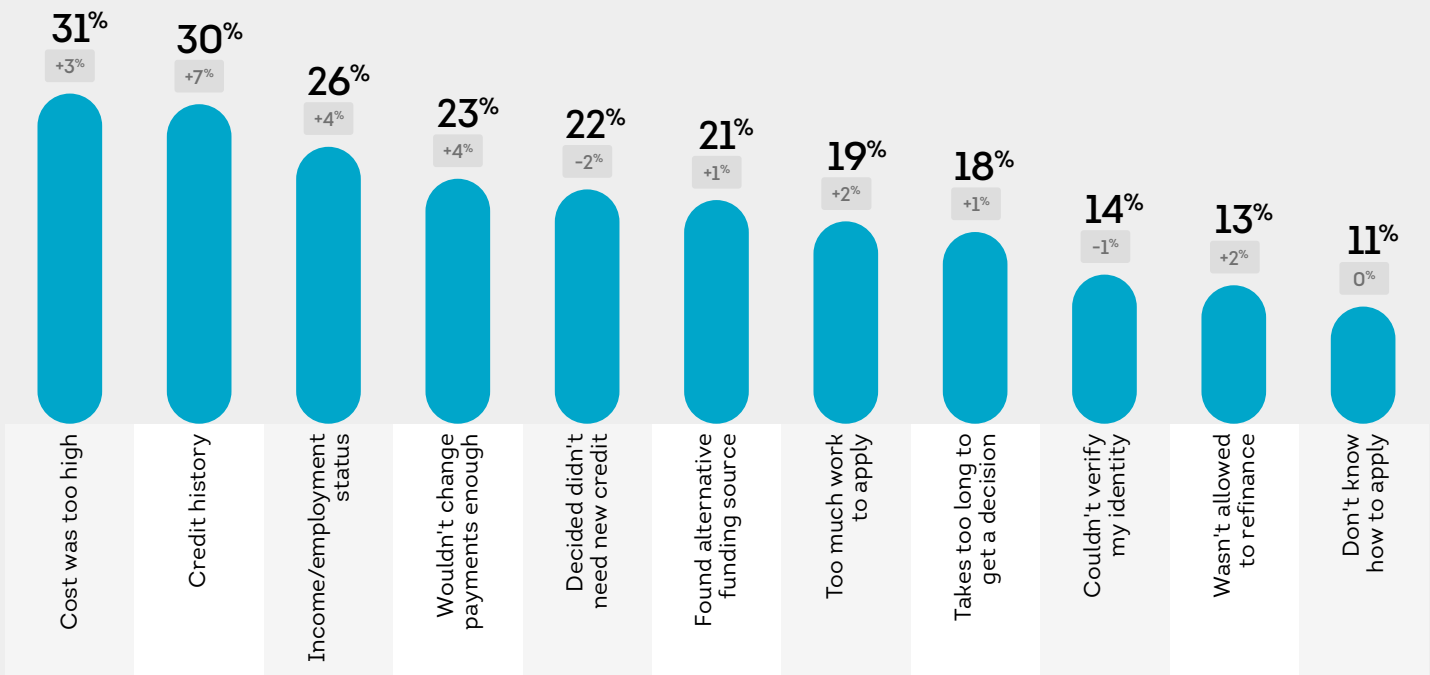
X* Percentage point change from Q1 2023

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



X* Percentage point change from Q1 2023

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



X* Percentage point change from Q1 2023

CONSUMER EMPOWERMENT

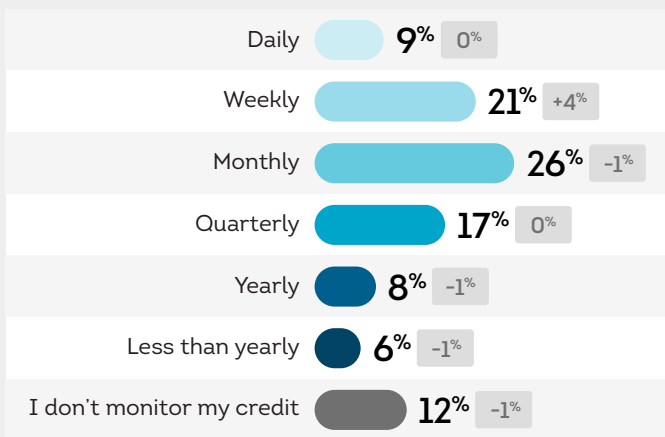
Attitudes and behaviors to manage financial choices

Nearly all (94%) consumers believed monitoring their credit reports is at least slightly important, and 56% reported monitoring their credit at least monthly. Millennials tended to be more focused on credit; 97% believed monitoring credit is at least slightly important, and 68% reported monitoring their credit at least monthly – both the highest among all generations.

Two in five (42%) consumers believed their credit scores would increase if businesses used information not found on a standard credit report, such as rental payments and buy now, pay later loans – an increase of nine percentage points over Q1 2023. This jumped to more than half (57%) of Millennials, the highest among any generation, and 50% of Gen Z.

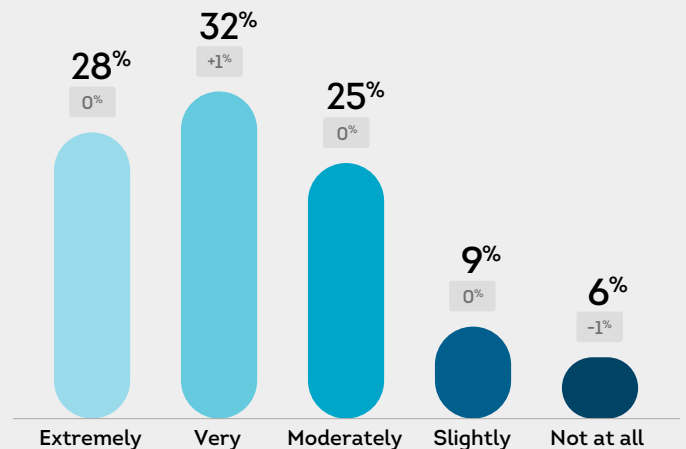
The number of consumers who reported conducting more than 50% of their transactions online grew by eight percentage points in Q2 to 44%. Nearly half, 49% and 46%, of Gen X and Millennials said they conducted the majority of their transactions online. Surprisingly, only 31% of Gen Z reported doing so; significantly fewer than the 44% of Baby Boomers.

Figure 14. Credit monitoring frequency



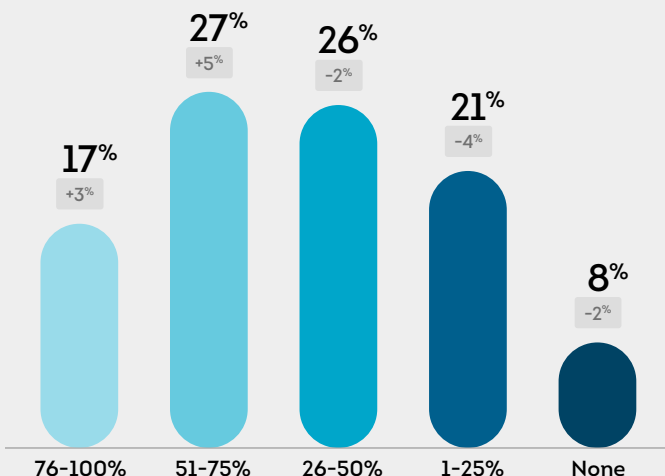
X% Percentage point change from Q1 2023

Figure 15. Believe monitoring credit is important



X% Percentage point change from Q1 2023

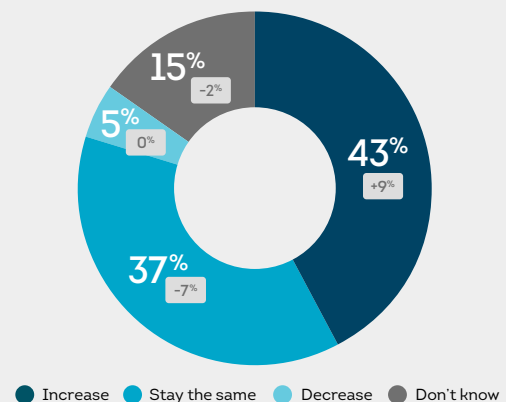
Figure 16. Percentage of transactions done online



X% Percentage point change from Q1 2023

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



X% Percentage point change from Q1 2023

Identity risks and usage

Half (51%) of respondents reported they were targeted with online, email, phone call or text message fraud over the last three months, an increase of six percentage points over Q1 2023. Of those who said they were targeted, 9% claimed they fell victim. Among consumers who said they were targeted, the most common schemes they reported experiencing over the past three months were:

- Phishing (fraudulent emails, websites, social posts, QR codes, etc. meant to steal data): 46% Q2 vs. 41% Q1
- Smishing (fraudulent text messages meant to trick you into revealing data): 42% Q2 vs. 33% Q1
- Vishing (fraudulent phone calls meant to trick you into revealing data): 37% Q2 vs. 31% Q1

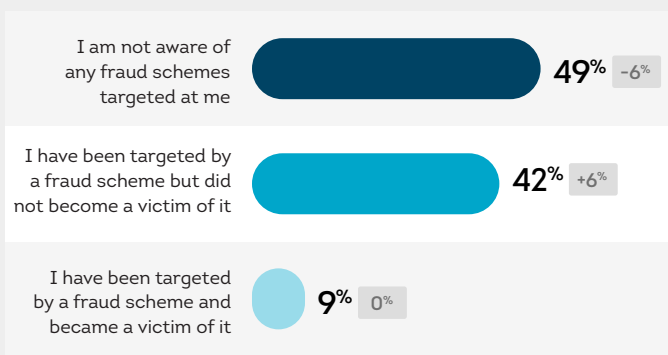
In addition, older generations appeared to be targeted more by these schemes:

- Phishing: Baby Boomers, 56%; Gen X, 52%; Millennials, 40%; and Gen Y, 32%
- Smishing: Baby Boomers, 52%; Gen X, 45%; Millennials, 38%; and Gen Y, 31%
- Vishing: Baby Boomers, 47%; Gen X, 38%; Millennials, 31%; and Gen Y, 34%

Data breaches claim more victims

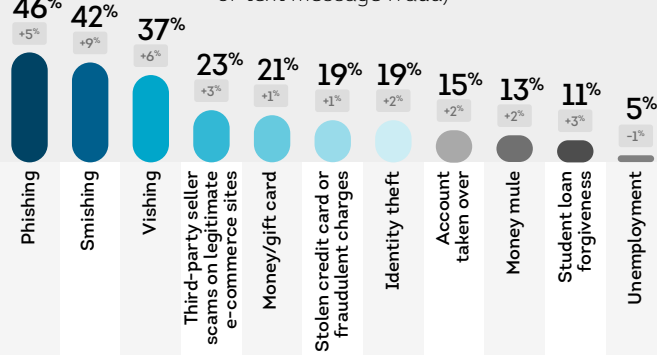
While only 9% of consumers said they'd been a victim of fraud in the last three months, 27% said they've been notified about their identities and/or online accounts being stolen in a data breach in that period – up three percentage points from Q1. The top actions consumers said they took after being notified were changing passwords on affected accounts (47%); checking accounts for unauthorized activity (45%); and checking their credit reports for fraudulent trades (36%).

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



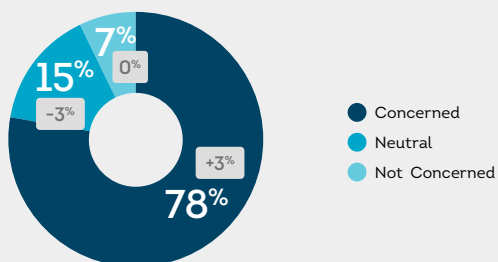
X% Percentage point change from Q1 2023

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



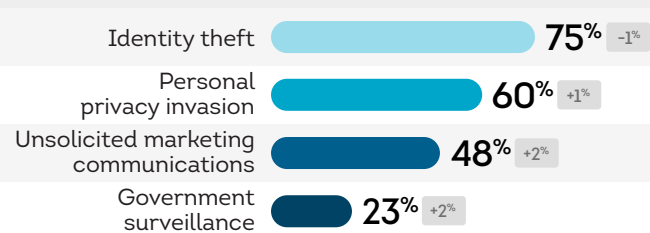
X% Percentage point change from Q1 2023

Figure 20. Concern with sharing personal information



X% Percentage point change from Q1 2023

Figure 21. Reasons concerned about sharing personal information



X% Percentage point change from Q1 2023

Research Methodology

This online survey of 3,000 adults was conducted April 25–May 9, 2023 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 1995–2005; 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 ± 1.79 percentage points based on calculated error margin. Please note some chart percentages may not add up to 100% due to rounding or multiple answers being accepted.

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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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