TransUnion

Credit Education

Empowering consumers; enabling financial inclusion

A deeper perspective on consumer motivations behind credit monitoring

TransUnion's global study focused on enabling financial inclusion by exploring the distinct profiles, motivations and future outcomes of consumers around the globe who monitor their credit. Credit monitoring consumers are defined as those who start monitoring their credit through TransUnion for the first time, and are compared to consumers who have no histories of credit monitoring with TransUnion.

Our study primarily seeks to:

- Identify the distinct characteristics of credit monitoring consumers
- Understand the various motivations behind why consumers monitor their credit
- Measure if consumers are able to achieve their financial goals through the use of credit monitoring

Motivations for consumer credit monitoring

Top global responses for consumers initially monitoring credit and what benefits they've achieved from doing so.[1]

Specific reasons for initially checking credit report

Protect against fraud	Improve my score	Free service
37%	34%	31%

Benefits realized by monitoring credit

Learned to manage credit score	Gained visibility to changes	Got better credit offers	Paid down debt
44%	39%	30%	23%

1 Percents can add up to more than 100% because consumers could select multiple options

Primary credit monitoring user segments studied

CREDIT IMPROVERS

These are consumers with subprime (poor) credit scores.[2] Credit Improvers likely use credit monitoring to understand their current credit situations and take steps to cure delinquent accounts and/or improve their credit scores – with a longer-term goal of accessing expanded credit in the future.

CREDIT SEEKERS

These consumers have better credit scores; near prime and better. They intend to open new credit accounts within the next 12 months – with the goal of using credit monitoring to ensure their credit profiles will enable them to gain approval for new credit.

CREDIT MANAGERS

These consumers also have near prime and better credit scores. Credit Managers do not intend to open new credit accounts in the near term, but are looking to manage their current debt levels by maintaining or reducing their overall balances. They may also use credit monitoring to detect and remedy fraudulent credit activity that could damage their credit standings.

2 In Hong Kong, Credit Improvers are defined as those with subprime or near prime credit scores. Credit Seekers and Credit Managers in Hong Kong are prime and above consumers.

Understanding consumer intentions to monitor credit

Credit Improvers benefit from curing existing delinquencies and score upgrades

Across markets, Credit Improvers who monitor credit showed a higher cure rate – defined as the percent of delinquent consumers who achieved current status on their loans – potentially leading to more responsible credit behaviors.

Percentage of Consumers With a Cured Delinquent Account 12 months After the Start of Credit Monitoring, by Product

● Credit Monitoring (CM) Improvers ● Non-Credit Monitoring (Non-CM) Improvers

	Credit Monitoring (CM) Improvers	Non-Credit Monitoring (Non-CM) Improvers
DEVELOPED MARKETS		
Canada: All products	20%	20%
Hong Kong: All products	24%	23%
United States: Credit card	29%	23%
DEVELOPING MARKETS		
Colombia: Credit card	9%	5%
India: Personal loan	81%	68%
South Africa: Clothing	14%	10%

Credit Improvers improved credit scores significantly

Consumers who monitored their credit saw significantly improved credit scores compared to non-credit monitoring consumers in the US, Canada, and India. These improvements were seen across all credit segments: new-to-credit (NTC), underserved and served credit consumers.

Median Score Movement From the Month Prior to Credit Monitoring to 12 Months After the Start of Credit Monitoring

● CM Improvers ● Non-CM Improvers

	Canada CM Improvers	Canada Non-CM Improvers	India CM Improvers	India Non-CM Improvers	United States CM Improvers	United States Non-CM Improvers
Overall	32%	26%	22%	16%	28%	23%
NTC	37%	29%	27%	18%	35%	23%
Underserved	35%	21%	4%	0%	27%	12%
Served	30%	25%	22%	16%	26%	22%

Credit Seekers achieve their goals of opening more credit products

Credit Seekers who monitor credit showed a higher demand for credit and opened products at a higher rate than counterparts who do not monitor credit.

Percent of Consumers With a Credit Origination Within 12 Months of Credit Monitoring, by Product Type

● CM Seekers ● Non-CM Seekers

	CM Seekers	Non-CM Seekers
DEVELOPED MARKETS		
Canada: Credit card	58%	54%
Hong Kong: Personal loan	24%	14%
United States: Credit card	42%	36%
DEVELOPING MARKETS		
Colombia: Personal loan	83%	75%
India: Personal loan	51%	18%
South Africa: Bank personal loan	79%	66%

Credit Monitoring Consumers Origination Rate Indexed to Non-Monitoring Consumers

	UNITED STATES	CANADA	COLOMBIA	INDIA	SOUTH AFRICA
OVERALL	1.2	1.2	1.4	2.1	1.2
NEW-TO-CREDIT	1.2	1.2	1.4	2.7	1.3
UNDERSERVED	1.2	1.2	1.4	1.0	1.0
SERVED	1.1	1.2	1.4	1.8	1.2

Credit Managers attain their intent of reducing debt levels

Credit Managers who monitor credit with an intention to pay down debt are generally able to attain their goals to a greater degree than those who do not monitor credit.

Percent Decrease in Overall Consumer Balances between Month Prior to Monitoring and 12 Months After Starting Credit Monitoring

● CM Managers ● Non-CM Managers

	CM Managers	Non-CM Managers
DEVELOPED MARKETS		
Canada	11%	10%
Hong Kong	35%	31%
United States	11%	10%
DEVELOPING MARKETS		
Colombia	17%	16%
India	27%	27%
South Africa	13%	15%

For the purposes of this study, we defined a consumer as monitoring their credit if they checked their credit reports at least once during our study timeframe. This study included both TransUnion consumer credit database analysis and global consumer surveys. All credit reports TransUnion has visibility into – whether directly through TransUnion, a lending partner or third-party application – were included. All data used in this study were anonymized and contained no personally identifiable information.

TransUnion's Consumer Pulse Survey of 10,151 consumers was conducted July 6–25, 2023 and 2,400 consumers in Sept. 25–Oct. 18, 2023 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in Brazil, Canada, Chile, Colombia, the Dominican Republic, Guatemala, Hong Kong, India, the Philippines, South Africa, the UK and the US were surveyed using an online research panel method across a combination of desktop, mobile and tablet devices. Survey questions were administered in Chinese (Hong Kong), English, French (Canada), Portuguese (Brazil) and Spanish (Chile, Colombia, the Dominican Republic and Guatemala). 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. Please note some chart percentages may not add up to 100% due to rounding or multiple answers being accepted.

Our study measured consumers who started monitoring their credit for the first time between July 2021 to June 2022 as our primary study population. These consumers were compared to those who had never monitored their credit through TransUnion at any time during or prior to the study period.

This study also segmented consumers into buckets of new-to-credit (NTC), credit underserved and credit served. NTC consumers were defined as consumers with no prior credit histories who opened their first-ever traditional credit products, such as a credit card or personal loan. Underserved consumers were defined as those who had at least two years of credit experience but no more than two open accounts of one single product type ever in their histories. Served consumers were defined as those who had at least two years of credit experience, and three or more open accounts or past experience with multiple different product offerings.

For more information and insights on the global TransUnion study **Credit Education: Empowering consumers, enabling financial inclusion**, download the report.

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