

Consumer Pulse Study

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

US Q4 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



Millennials driving financial optimism: Nearly three in five (56%) Americans reported optimism about their household finances in the next 12 months. Millennials had the highest optimism among generations at 71% and Baby Boomers the lowest at 44%.

Income increases reported by Millennials over the past three months (53% compared to 30% overall) appeared to drive their positive outlook and possibly resulted in their better than planned household finances: 52% vs. 31% overall. Millennials also expected higher income growth in the next 12 months at 69% vs. 51% overall.



Consumers surprised by end of student loan forbearance, making budget adjustments:

Two in three consumers (65%) with a student loan in forbearance were caught off guard this summer when the US Department of Education announced loan repayments would begin again in October 2023. Of those reporting payments resuming this fall, 36% were Millennials and 33% Gen Z.

A majority (58%) planned to make all student loan monthly payment(s) in full; 30% said they'll make a partial payment but less than the full monthly amount due; and 13% said they'll make no payments. The top ways consumers said they'll cover this additional monthly expense were reducing discretionary spending like dining out, travel and entertainment or using savings (both 33%), and getting a second job or part-time/temporary work (28%).



Compound inflation front and center: Inflation was the number one financial concern for 44% of consumers and a top three concern for 79%. Multiple years of high inflation, albeit at a slower rate of 3.7%¹ in Sept., weighed on households. Overall, only 34% said their household incomes were keeping up with the rate of inflation.



Credit card opening intent sets record: Among consumers who planned to apply for new or refinance existing credit in the next year, credit cards at 57% (the highest since TransUnion began tracking in 2020) were the most sought after product. Furthermore, credit cards were the top way consumers said they'd pay for holiday purchases (39%), and 20% of those reporting being unable to pay a current bill or loan said they'd use available credit card balances to do so – seven percentage points higher than Q4 2022.

¹ Monthly inflation rate U.S. 2023 | Statista

Household income (HHI), spending and bill payment impacts

Inflation remains a headwind for many consumers

Although the annual US inflation rate held steady at 3.7% in Aug. and Sept., down from its high of 9.1% in July 2022, nearly half (45%) said their household incomes hadn't kept up with inflation, four percentage points higher than Q3 2023. In the last three months, 40% of consumers reported household finances were worse than planned, the highest this year.

Of the (79%) for whom inflation was a top three concern, 58% said they reduced discretionary spending in the past three months compared to 39% for those not concerned about inflation. They were also less likely to apply for new or refinance existing credit in the next year (29% for inflation concerned vs. 46% not concerned). Despite compound inflationary pressure, Americans remained optimistic about their financial futures: 56% expected improved household finances in the next 12 months with Millennials (71%) leading all generations.

Millennials powering the future

More than half (52%) of Millennials reported their finances were better than planned in Q4 2023, 21 percentage points higher than overall. Their financial situations were starkly better than other generations with 37% of Gen Z saying better than planned, 24% of Gen X and 15% of Baby Boomers. A much higher percentage (53%) of Millennials said their incomes kept up with inflation compared to other generations (44% of Gen Z; 26% of Gen X; and 21% of Baby Boomers).

The positive financial position for Millennials resulted in higher economic activity – leading all generations in current and future spending and savings. Over the past three months, Millennials reported saving more in an emergency fund (35%), paying down debt faster (29%) and increasing use of available credit (28%) in the past three months. They also planned to increase spending in the next three months, including in-store or online retail shopping (40%), retirement funding and investing (40%), discretionary spending (35%) and large purchases like appliances or cars (34%).

Federal student loan forbearance ending impacts monthly budgets

Nearly two-thirds (65%) of consumers who have a federal student loan that was previously in forbearance as part of the Department of Education's COVID-19 relief program were surprised by the announcement repayment would resume in Oct. 2023. Despite that, most appeared prepared to cover increased monthly loan obligations but may sacrifice future financial goals to do so.

More than half (58%) planned to make all student loan monthly payments in full, and 30% planned to make a partial payment each month. Nearly half (45%) reported they have a monthly payment less than \$400; 33% between \$400 and \$799; and 22% said \$800 or more. To cover this additional monthly expense, 33% planned to reduce discretionary spending or use their savings; 28% said they'll get a second job/do part-time or temporary work; 25% will use money from retirement savings; 21% will use credit card available limits; and 19% will borrow from family or friends, or delay a key milestone like marriage or home purchase.

Figure 1. Household income change last three months

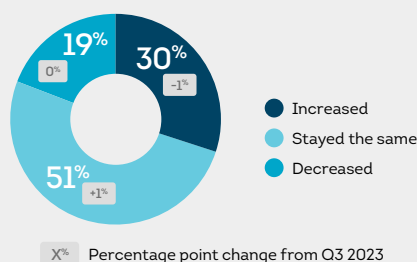


Figure 2. Expected household income change next 12 months

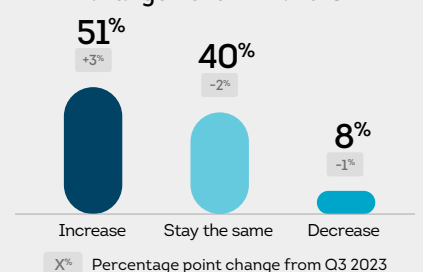


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

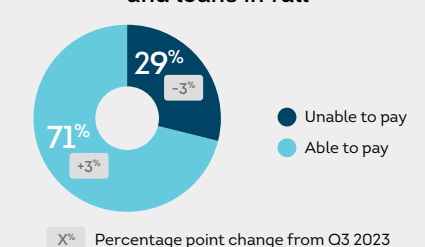
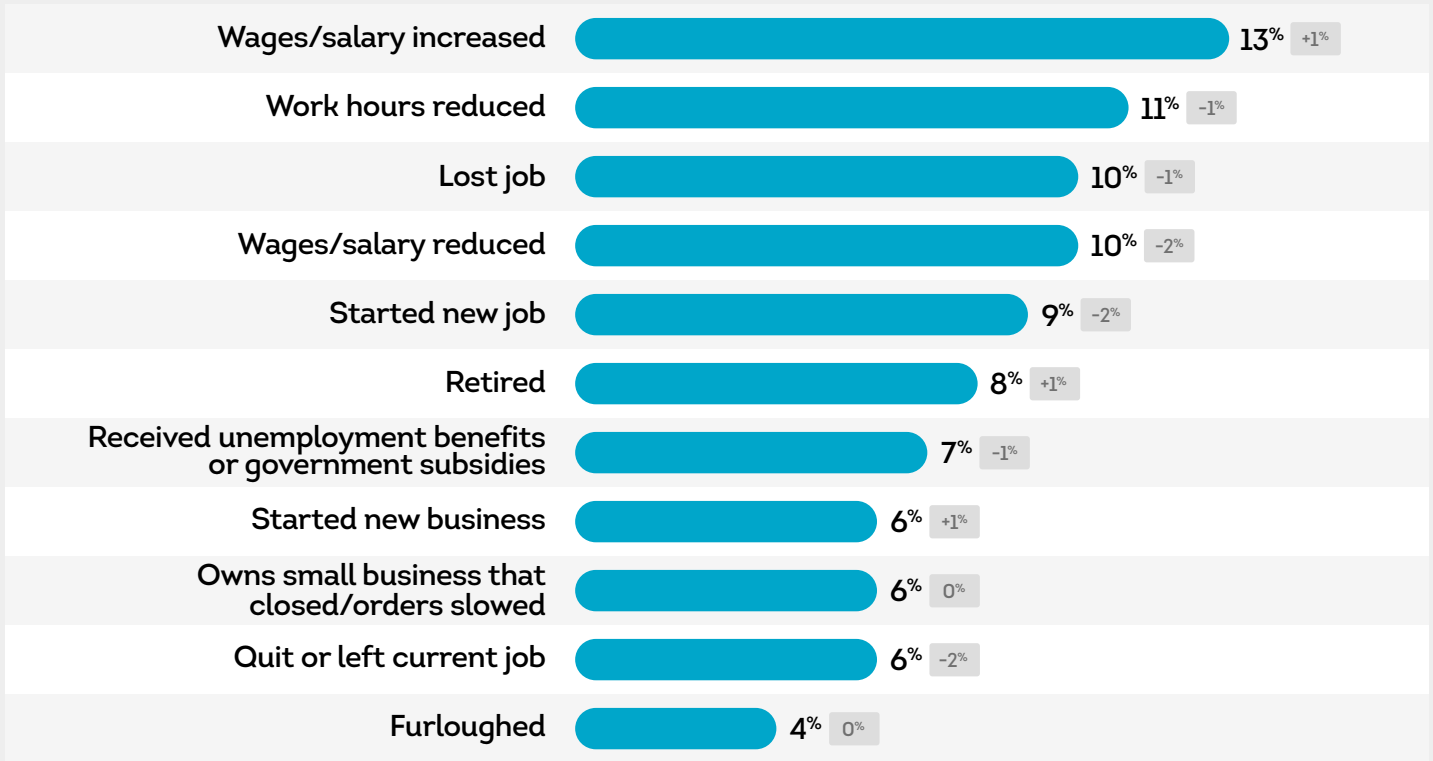
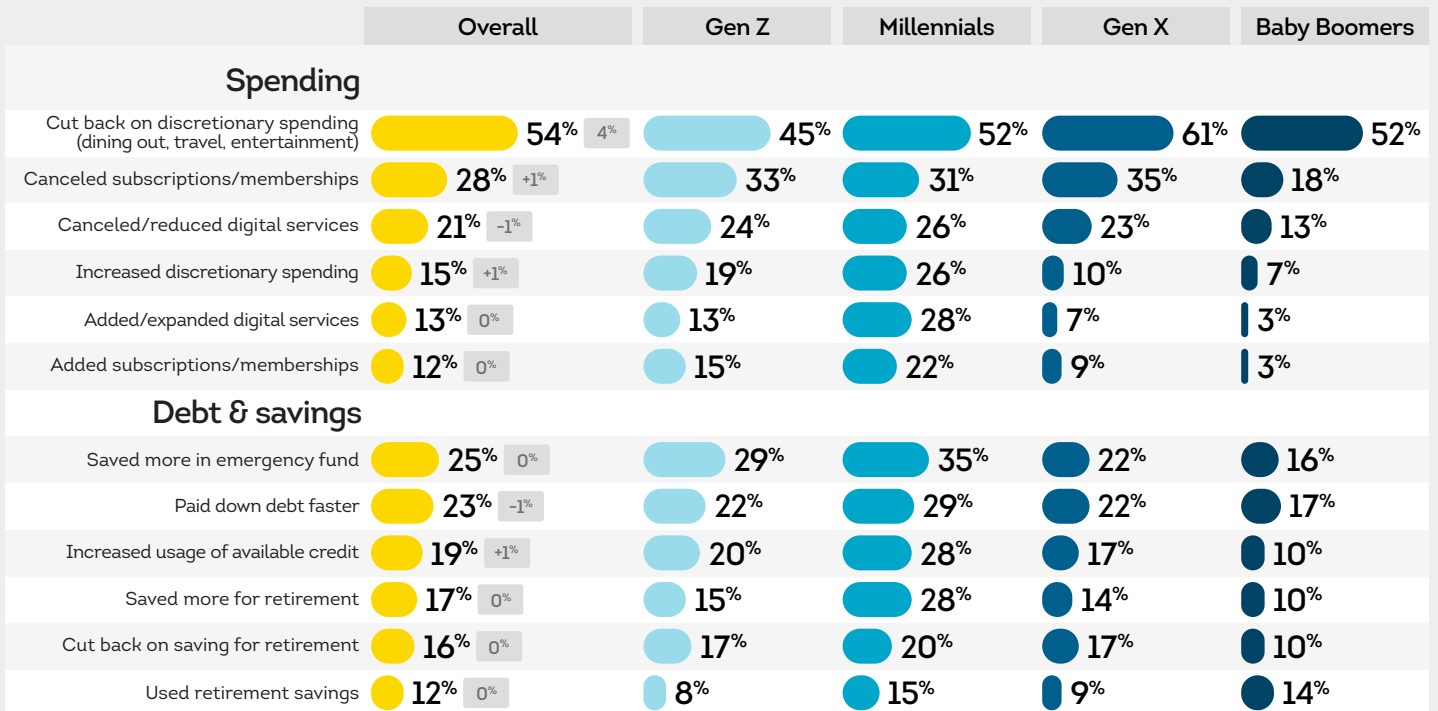


Figure 4. Reasons for change in current household income in past month



X% Percentage point change from 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)

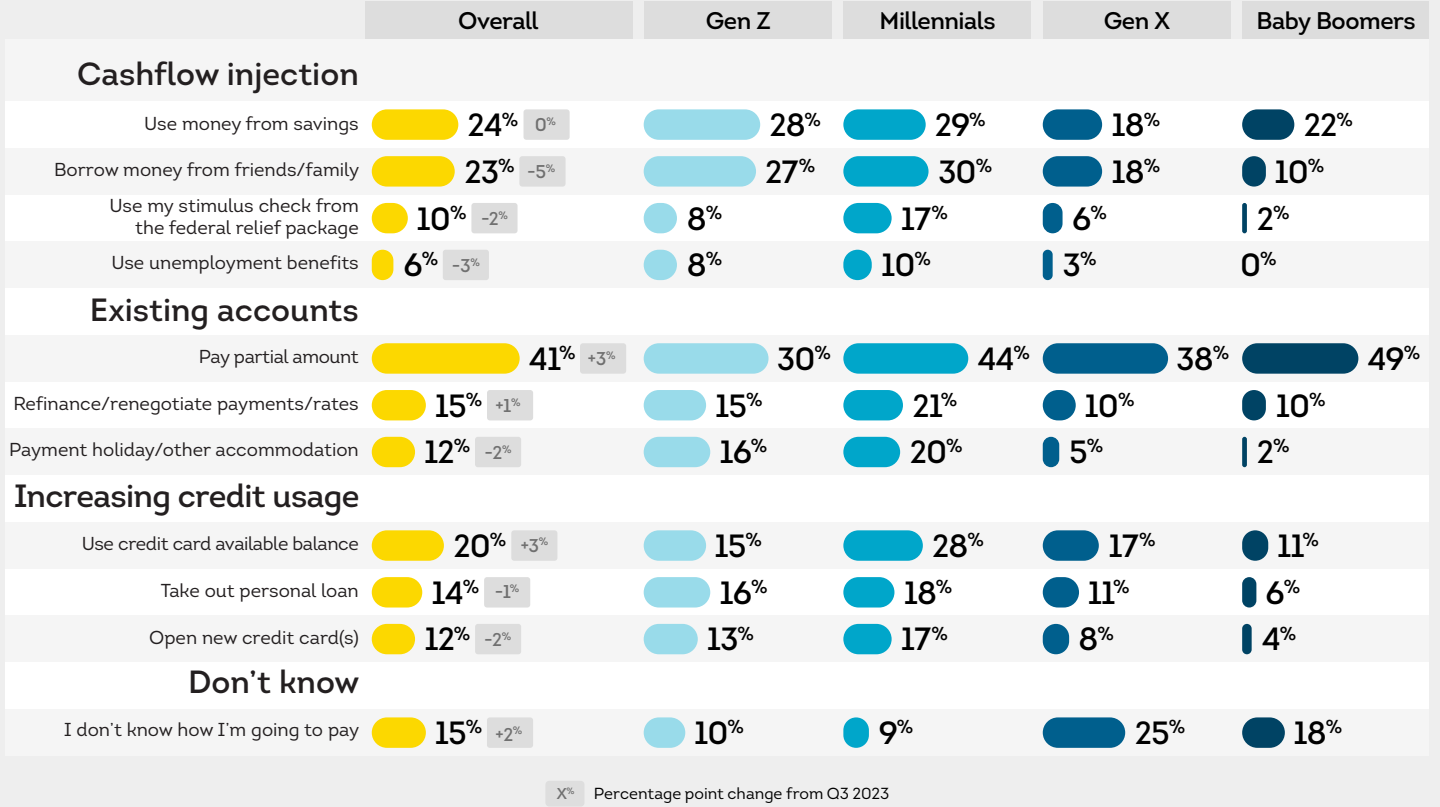
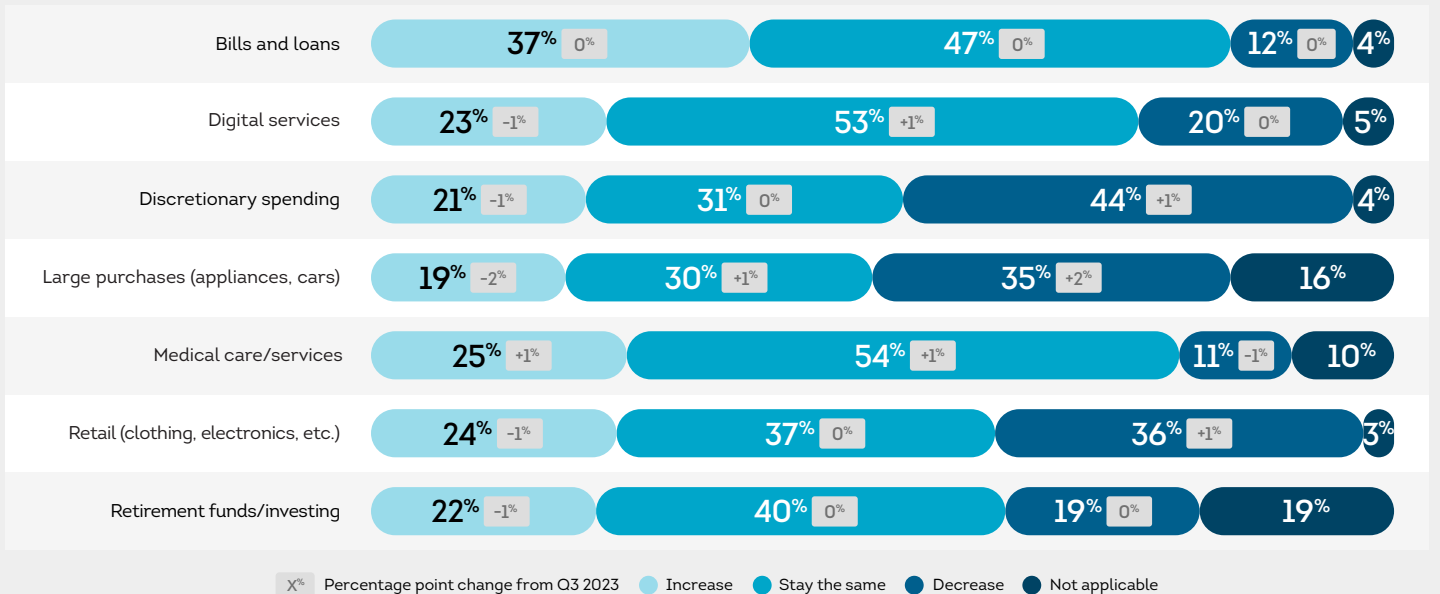


Figure 7. Expected change to household spending over next three months

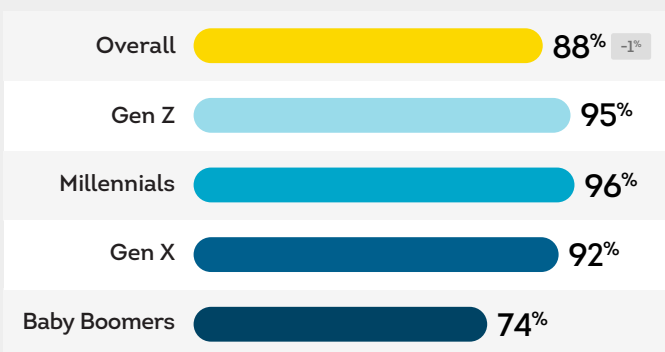


Attitudes and plans for economic participation

The percentage of consumers who reported having sufficient access to credit and lending products in Q4 2023 was 58% – led by Baby Boomers (71%) and Millennials (60%). Three-quarters of Baby Boomers believed they'd be approved for a credit or lending product if they needed one followed by Millennials (66%), Gen X (51%) and Gen Z (47%).

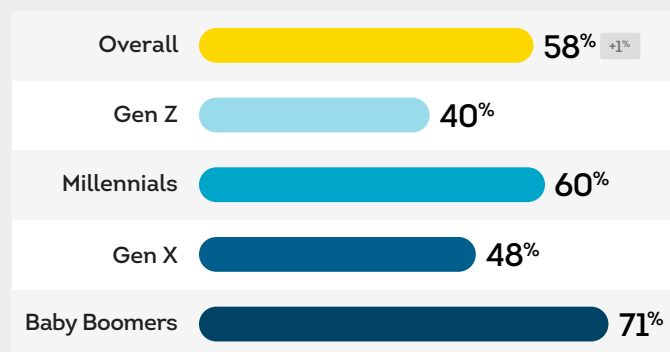
A third (33%) of all consumers planned to apply for new or refinance existing credit within the next year. More Millennials (53%) planned to do so with 60% of those seeking a new credit card, 36% a personal loan, and 33% a buy now, pay later payment service. Yet, 49% of Millennials said they considered applying for credit but chose not to do so. About a third of those cited various reasons for not seeking credit, including the cost was too high, concerns an application would be rejected due to credit history or income/employment status, or they found an alternative funding source.

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



X% Percentage point change from Q3 2023

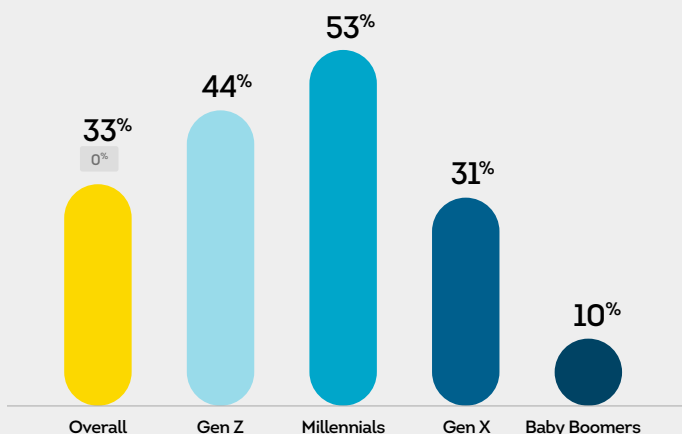
Figure 9. Believe have sufficient access to credit and lending products



X% Percentage point change from Q3 2023

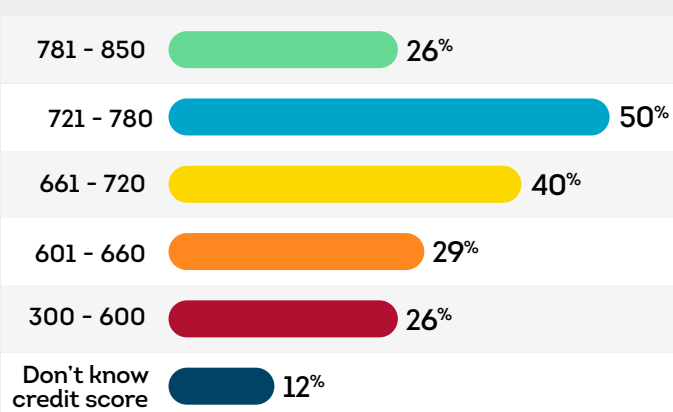
Figure 10. Plan to apply for new credit or refinance existing credit within the next year

By generation



X% Percentage point change from Q3 2023

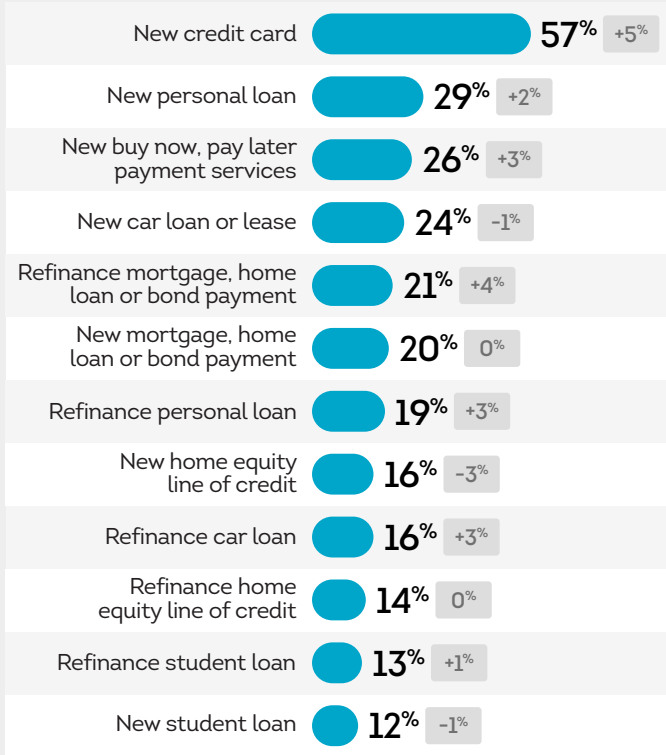
By credit score



Self-reported credit score ranges

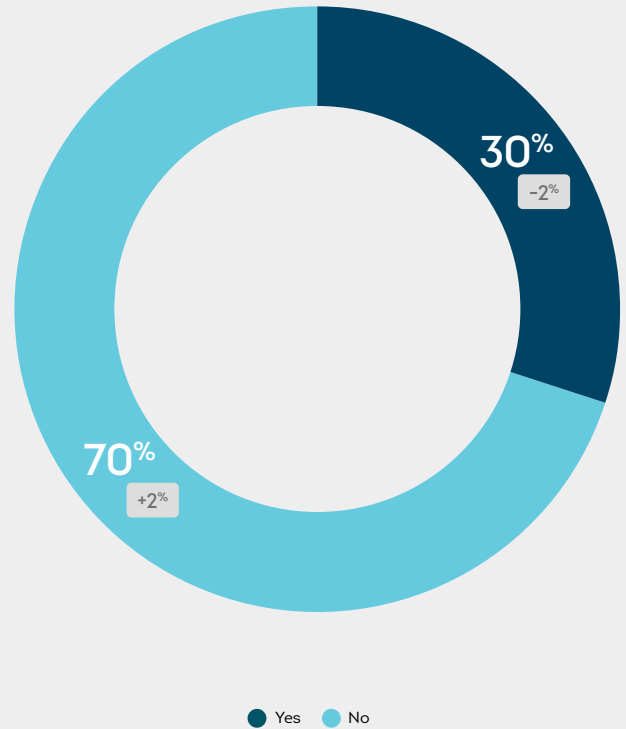
Figure 11. Type of new credit and loan activity planned in next 12 months

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



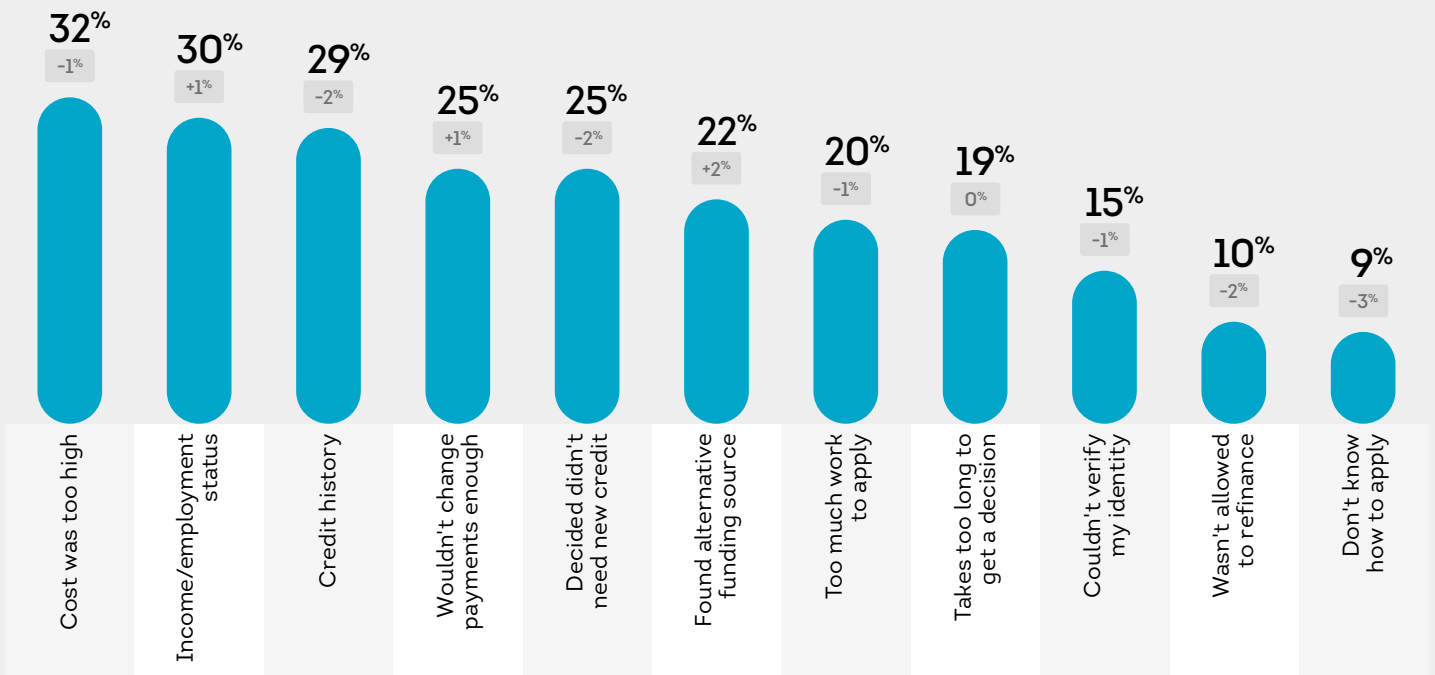
X* Percentage point change from Q3 2023

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

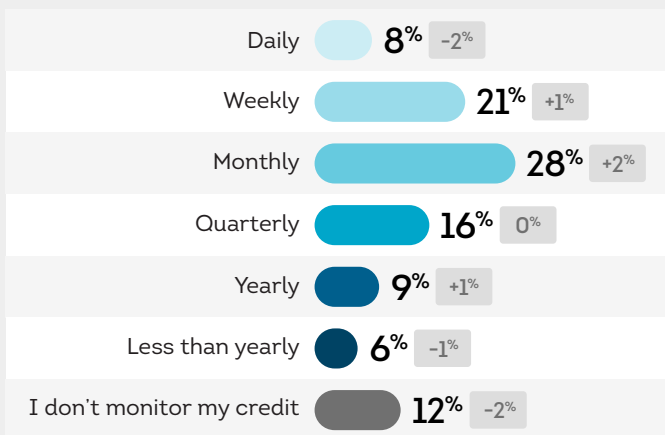
Attitudes and behaviors to manage financial choices

A majority (62%) of consumers believed monitoring their credit reports is extremely or very important, and 57% reported monitoring their credit at least monthly. Millennials were the highest among generations; 73% believed monitoring credit is extremely or very important, and 72% reported monitoring their credit at least monthly.

Over two-fifths (41%) of 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. This jumped to 60% for Millennials, the highest among any generation.

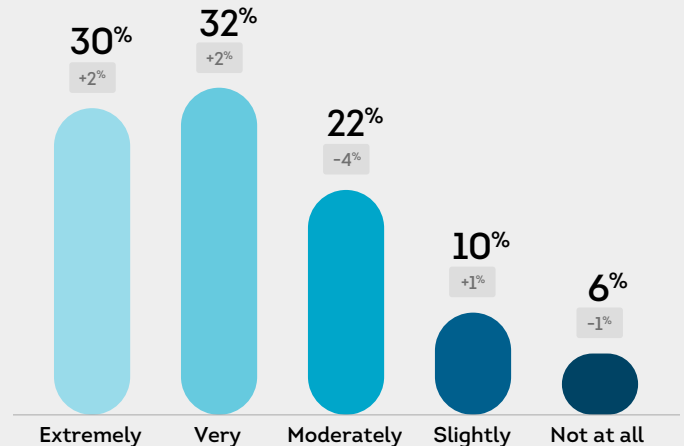
The number of consumers who reported conducting more than 50% of their transactions online was steady at 39%. Nearly half (47%) of Millennials said they conducted most of their transactions online. Concerns with identity theft (35%) was the leading stated obstacle for consumers while using technology in new ways, an increase of three percentage points from Q3 2023.

Figure 14. Credit report monitoring frequency



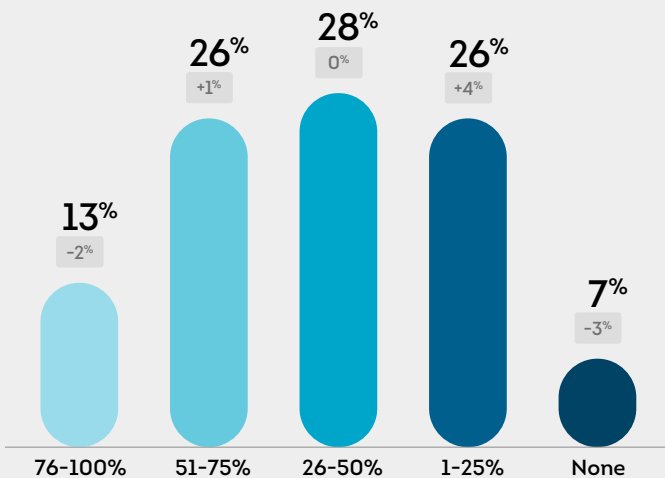
X% Percentage point change from Q3 2023

Figure 15. Believe monitoring credit report is important



X% Percentage point change from Q3 2023

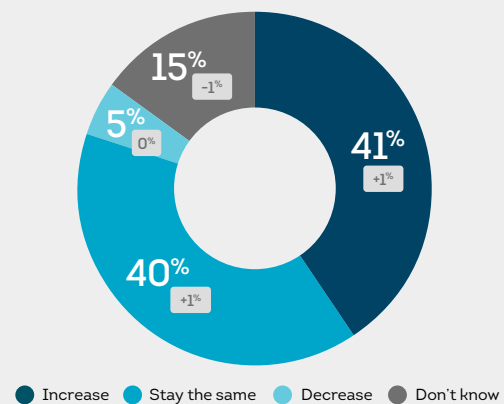
Figure 16. Percentage of transactions done online



X% Percentage point change from Q3 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 Q3 2023

Identity risks and usage

Fraud reported by half of consumers – could be much higher

About half (48%) of respondents reported they were targeted with online, email, phone call or text message fraud over the last three months, unchanged from Q3 2023. Of those who said they were targeted, 10% claimed they fell victim. Millennials reported being targeted more (53%) and 15% claimed they fell victim, at least six percentage points higher than other generations. While 53% overall said they were not aware of any fraud schemes targeting them, it's well within reason to assume many more were targeted without knowing it.

Of 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), smishing (fraudulent text messages meant to trick you into revealing data), and vishing (fraudulent phone calls meant to trick you into revealing data). The only significant change from the prior quarter was for phishing which increased by five percentage points from 39%.

Reports of data breaches raise the specter of account takeover and unauthorized activity

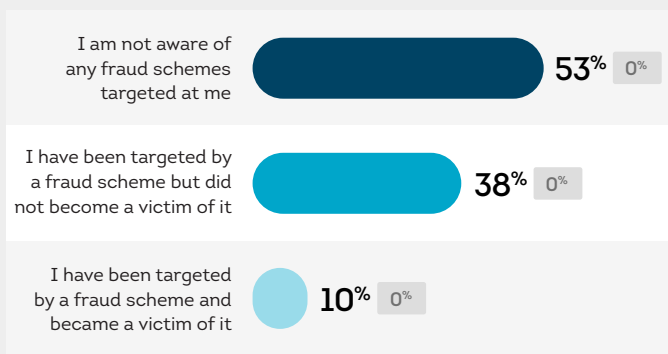
Compared to only 10% who said they were recently victims of fraud, 28% said they'd been notified about their identities and/or online accounts being stolen in a data breach in the last three months – up eight percentage points from Q4 2022. The top actions consumers said they took after being notified were checking accounts for unauthorized activity (43%); changing passwords on affected accounts (42%); changing the password on other, unaffected accounts (36%); and checking their credit reports (36%).

Concern about identity theft goes beyond financial risk

More than three-quarters (78%) of consumers reported concern with sharing personal information, and of those, 74% feared having their personal identities stolen. As for identity theft concerns beyond accessing credit cards or financial accounts, consumers expressed worry their stolen identities might be used to:

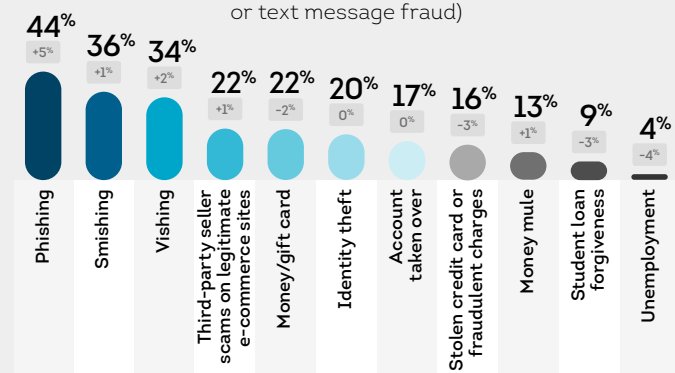
- Commit a crime (52%)
- Falsely claim government benefits (50%)
- File a false tax return (46%)
- Obtain medical services/prescription drugs (33%)
- Obtain employment (24%)
- Gain access to workplace systems (23%)

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



X% Percentage point change from Q3 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 Q3 2023

Figure 20. Concern with sharing personal information

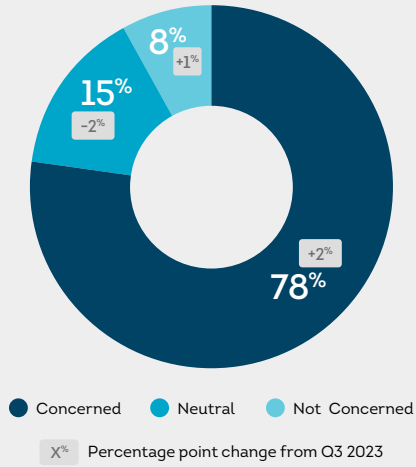
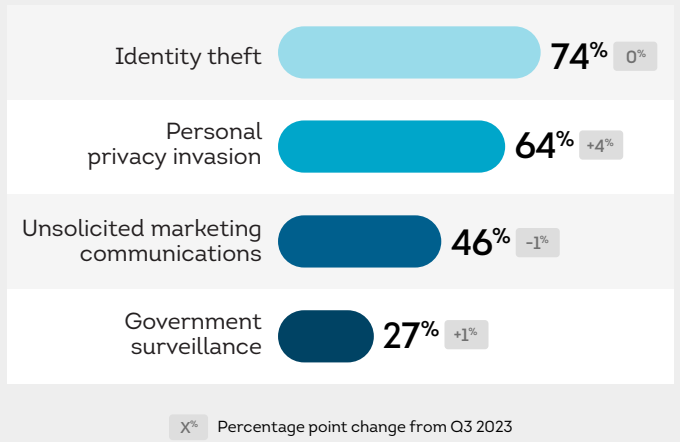


Figure 21. Reasons concerned about sharing personal information



Research Methodology

This online survey of 3,000 adults was conducted Sept. 27–Oct. 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 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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