

Consumer Pulse Study

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

US Q2 2024

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



Inflation concerns hit highest level as consumer prices stretched household budgets: Half of Americans ranked inflation for everyday goods (groceries, gasoline, etc.) as their top financial concern in Q2 2024. At the same time, 84% ranked it a top-three concern, a five percentage-point increase over Q2 2023 and the highest level since TransUnion began measuring it two years ago.

Despite the US Consumer Price Index (CPI) dropping to 3.4% in April 2024¹ (down from 4.9% the previous year), consumers felt a budgetary crunch. Nearly half (48%) of consumers reported their household incomes were not keeping up with the rate of inflation, two percentage points higher than Q2 2023 and the highest since TransUnion began measuring it in Q2 2022. This was especially true for Gen X (56%) and Baby Boomers (53%).



Despite daily living budgetary challenges, consumer financial outlook held steady: The rising prices consumers reported they're most concerned about all encompassed daily expenses like groceries (84%), gasoline (66%) and utilities (55%). Compounding consumers' concerns about inflation, their other top three financial concerns were housing prices (mortgage or rent) at 47% and interest rates at 46%.

Despite these kitchen-table issues, more than half (55%) of consumers showed resilience by remaining optimistic about their household finances in the next 12 months. This appears indicative of confidence in future income; nearly half (47%) of consumers expected to see their incomes rise in the next 12 months. Younger generations had the most positive outlooks: More than 60% of Gen Z and Millennials reported optimism about household finances in the next 12 months compared to less than 50% of Gen X and Baby Boomers.



Consumers leaned heavily on credit cards to make ends meet: About 30% of consumers intended to apply for new or refinance existing credit in the next year, and 59% of those planned to apply for a new credit card, the highest intent level TransUnion has ever measured and six percentage points higher than a year ago. Consumers concerned by inflation were even more likely to pursue a new credit card: 62% vs. 52% for all others.

¹ US Bureau of Labor Statistics, 12-month percentage change Consumer Price Index

Household income (HHI), spending and bill payment impacts

Despite rising inflation concerns, younger generations were less impacted than older Americans

While the annual US CPI held relatively steady (3.1% in January 2024 to 3.4% in April), TransUnion found nearly two-thirds (63%) of consumers were extremely or very concerned about the current rate of inflation. Half of consumers rated inflation as their top financial concern and 84% rated it as a top three concern. Of respondents surveyed, concern over rising prices of the following items jumped the most from Q1 2024: gasoline (11 percentage points/pp to 66%); dining out, takeout and meal delivery (seven pp to 40%); and groceries (four pp to 84%).

In the last three months, 48% of Americans reported their household incomes didn't keep up with the rate of inflation. However, younger generations' household finances were less impacted: 37% of Gen Z and 40% of Millennials reported their incomes didn't keep pace with inflation compared to Gen X and Baby Boomers who fared worse (56% and 53%, respectively).

Inflation-concerned households struggled to stay afloat

The impact of inflation on households reporting it as a top three financial concern affected attitudes, credit behaviors and spending. Struggling to make ends meet, just 26% of households concerned by inflation reported their incomes were keeping up with inflation compared to 54% of all others. And 42% reported their household finances were worse than planned at this point in the year compared to just 22% for all others.

Not surprisingly, inflation-concerned consumers reported cutting back on spending and planned to continue doing so. More than half (58%) said they cut back on discretionary spending (e.g., dining out, travel, entertainment) in the past three months compared to 39% of all others. Looking ahead to the next three months, 48% of inflation concerned planned to cut back compared to just 31% of all others. While they're less likely to refinance existing debt, of those who intended to apply for new or refinance existing credit, nearly two thirds (62%) of inflation-concerned consumers reported plans to apply for a new credit card in the next 12 months compared to 52% of all others.

Gen Z were most financially confident despite a rise in job concerns

Gen Z is coming of age and appeared to be the most stable of any generation in Q2 2024. Those in this cohort reported increased incomes in the past three months (45%); stated household finances were better than planned at this point in 2024 (38%); and expected their incomes to increase in the next 12 months (62%) – all higher than any other age group. The one area of concern for this generation that was significantly different than all others was jobs: Over half (51%) of Gen Z ranked jobs as a top three financial concern compared to just 36% of consumers overall – also the highest among age groups. Despite job concerns, 65% of Gen Z were optimistic about their household finances in the next 12 months – again, the highest of all generations.

Figure 1. Household income change last three months

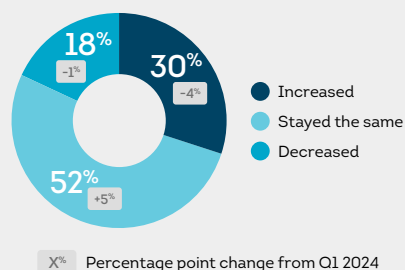


Figure 2. Expected household income change next 12 months

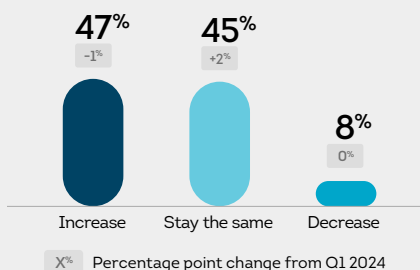


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

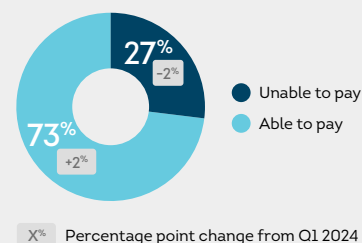


Figure 4. Optimism about household finances in next 12 months

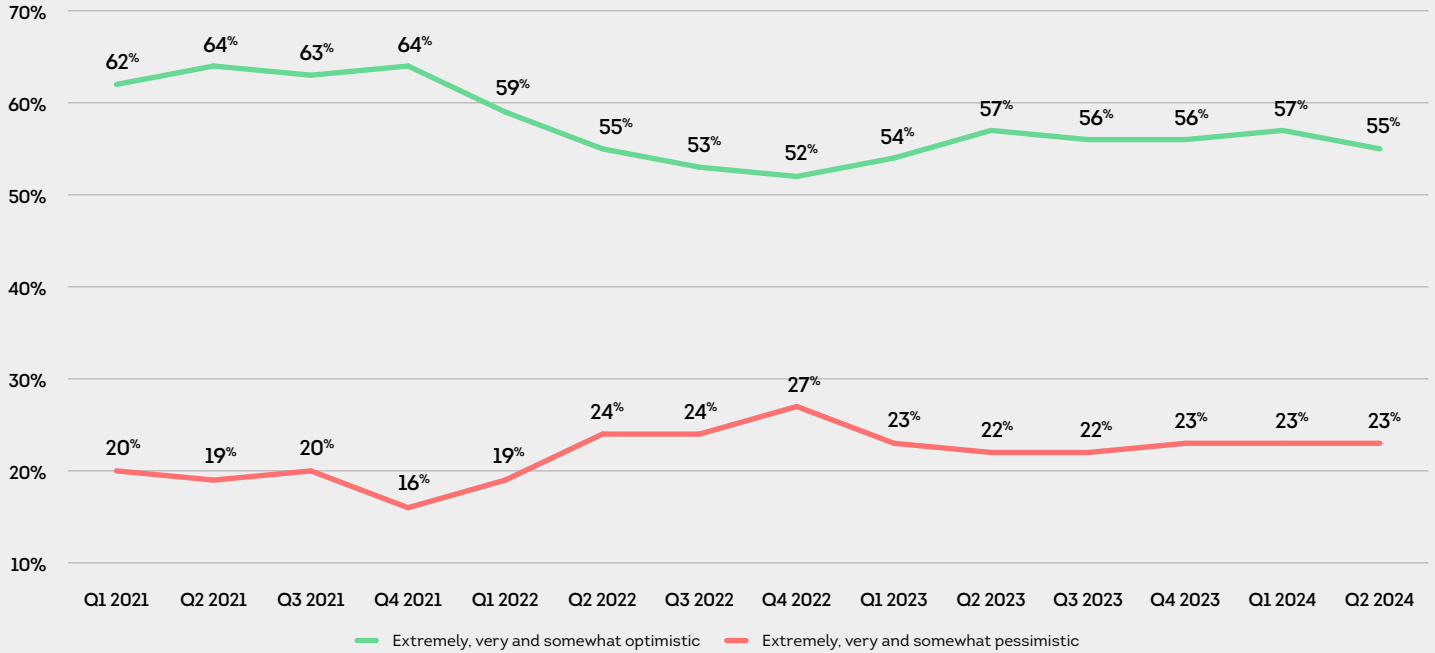


Figure 5. Biggest concerns affecting household finances in next six months
Percentage of consumers who said this concern was in their top three

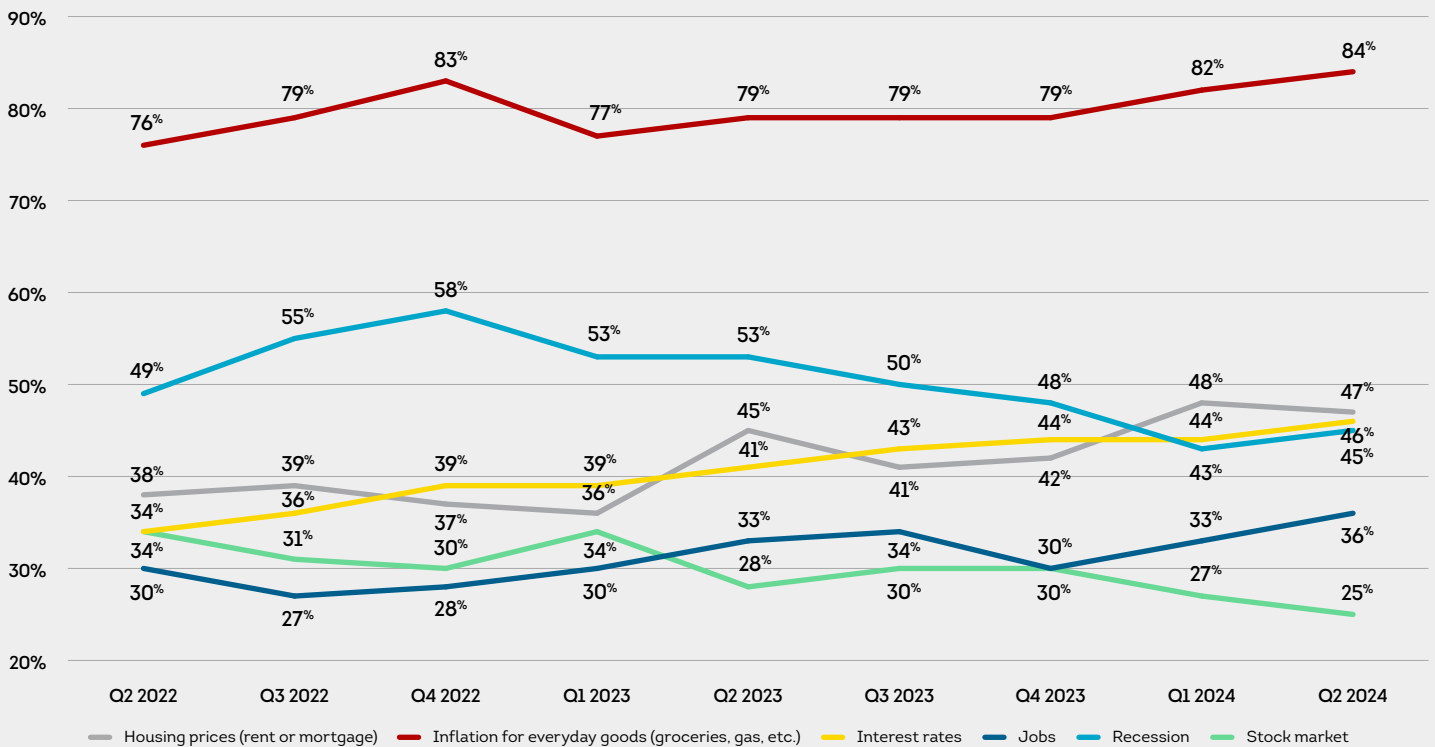
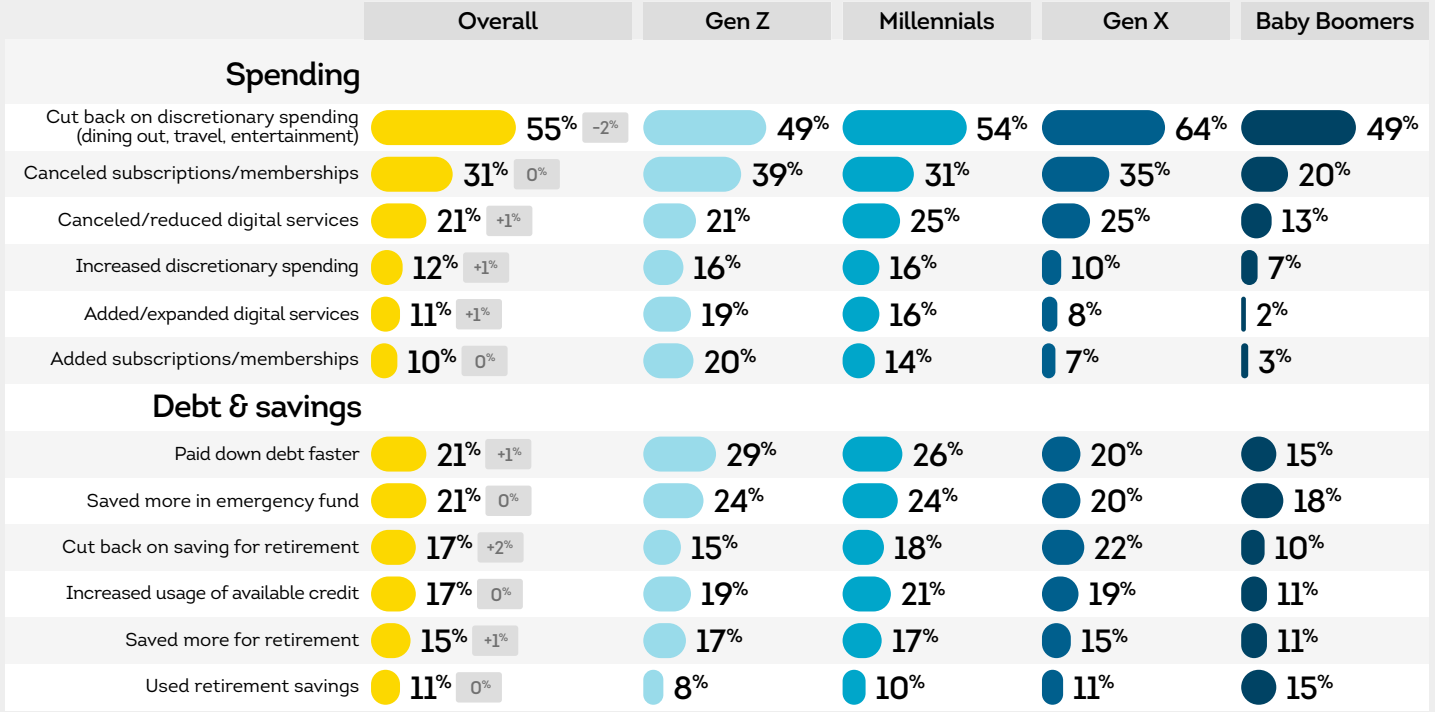
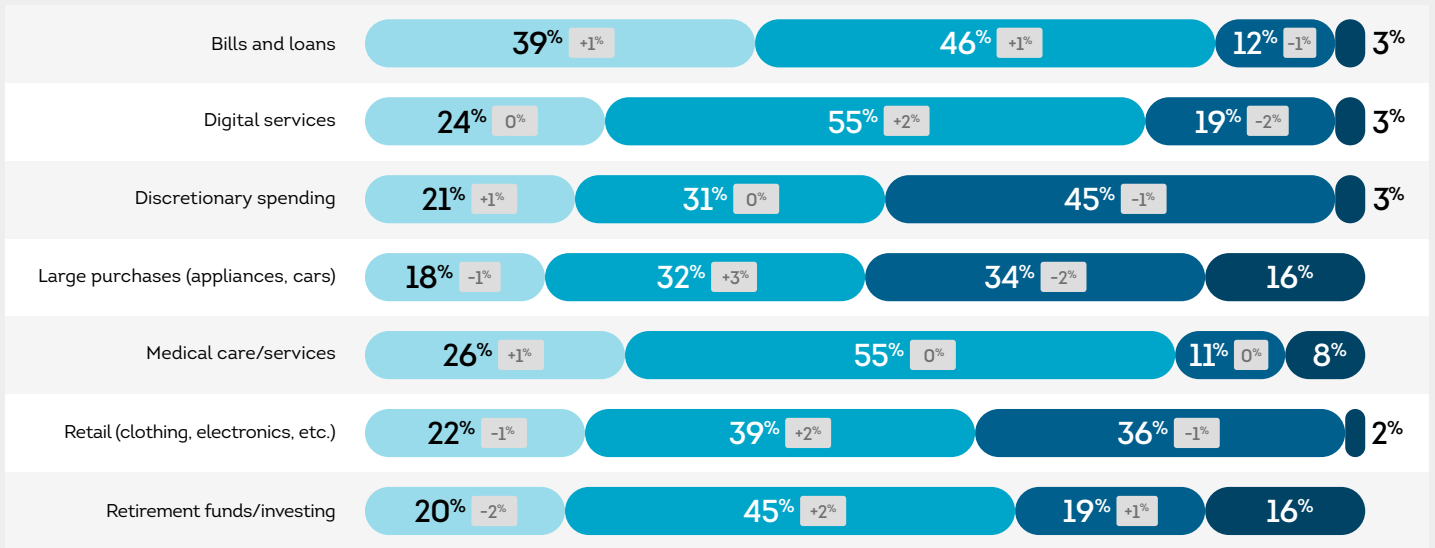


Figure 6. Changes to household budget in the last three months



X% Percentage point change from Q1 2024

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



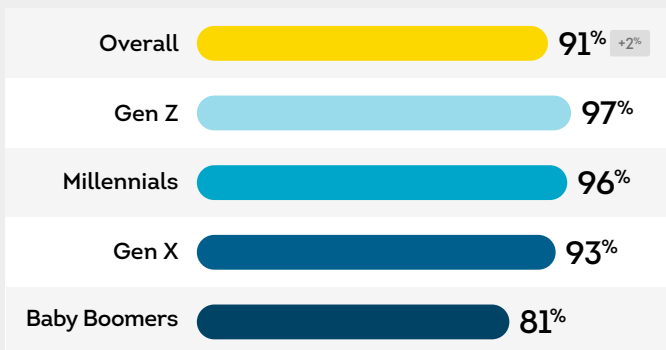
X% Percentage point change from Q1 2024 ● Increase ● Stay the same ● Decrease ● Not applicable

Attitudes and plans for economic participation

Housing prices and interest rates, while distant to inflation, were top three financial concerns for consumers in Q2 2024 at 47% and 46%, respectively. The combination of these concerns may have resulted in fewer consumers planning to seek mortgages in the coming year. Just 14% of those who planned to apply for new or refinance existing credit in the next 12 months said they'd apply for a mortgage in that time period compared to 21% in Q2 2023. However, consumers in the West (19%) were significantly more likely than those in the Midwest (11%) or South (13%) to apply for a new mortgage within the next year. Despite a shifting mix of credit seeking intent, 31% of consumers planned to apply for new or refinance existing credit in the next 12 months, nearly unchanged since Q4 2022. Of those planning to apply, 59% planned to do so for a new credit card (highest since TransUnion started tracking in Q3 2022).

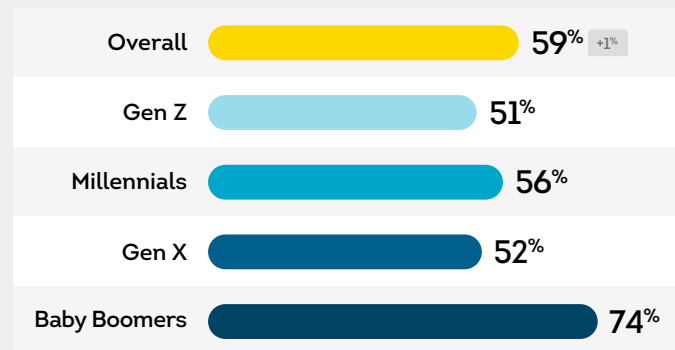
The consumer reported importance of access to credit and lending products to reach financial goals increased slightly to 91% in Q2 2024. At the same time, 59% of consumers reported they had adequate access to credit and lending products – five percentage points higher than Q2 2023. However, 32% of consumers reported they abandoned plans to apply for credit and not surprisingly, 34% of those blamed the high cost of credit or refinancing (the most cited reason for abandonment).

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



X% Percentage point change from Q1 2024

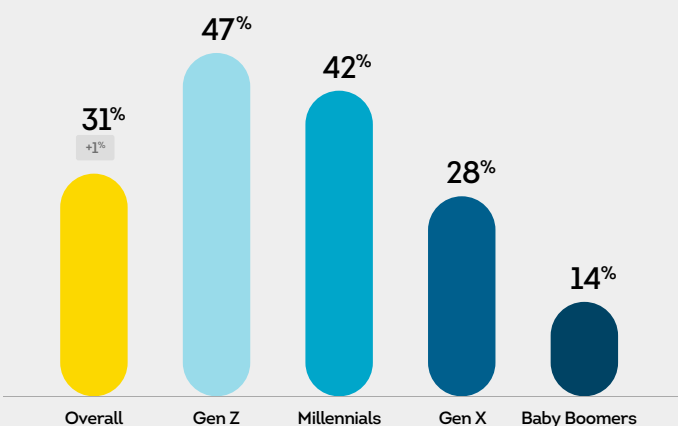
Figure 9. Believe have sufficient access to credit and lending products



X% Percentage point change from Q1 2024

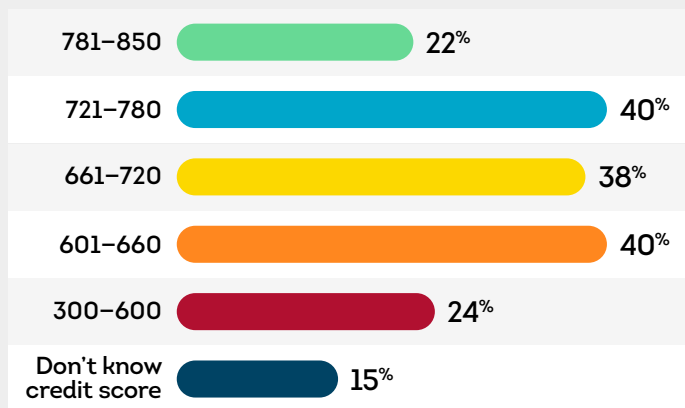
Figure 10. Plan to apply for new credit or refinance existing credit within the next year

By generation



X% Percentage point change from Q1 2024

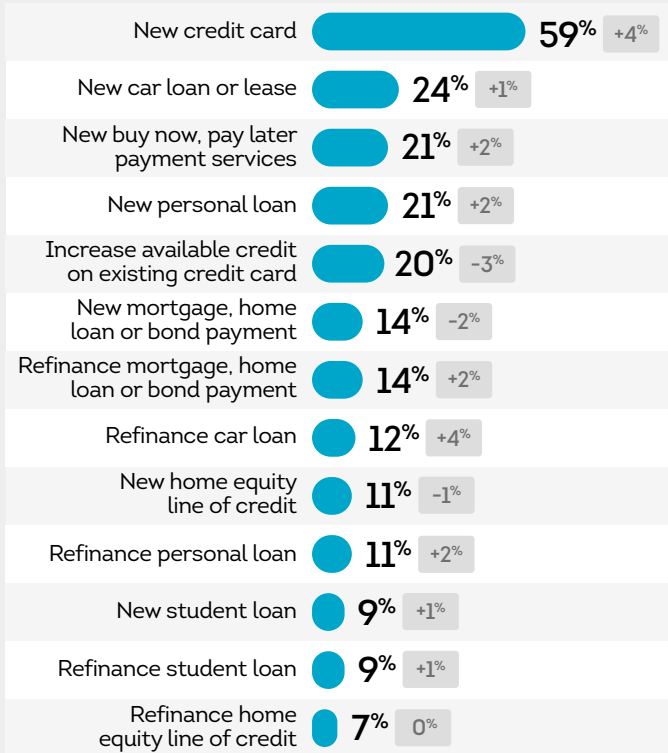
By credit score



Self-reported credit score ranges

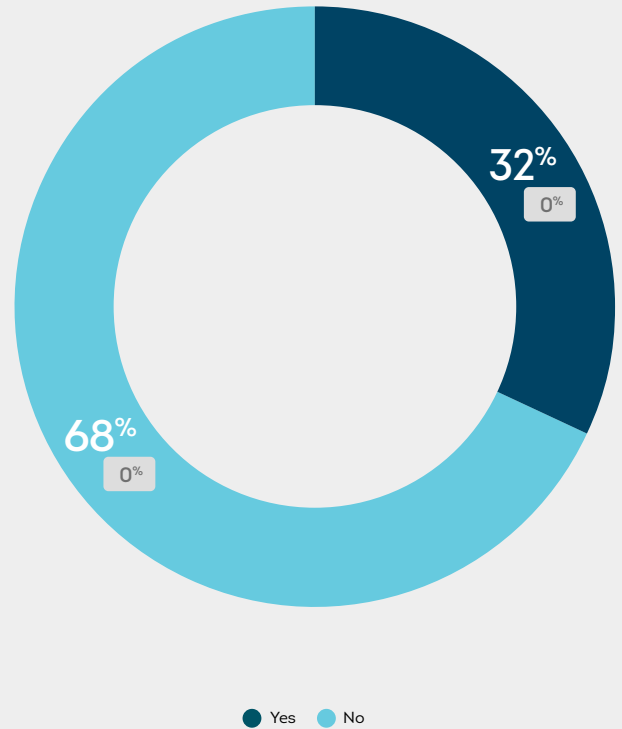
Figure 11. Type of new credit and loan activity planned in next 12 months

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



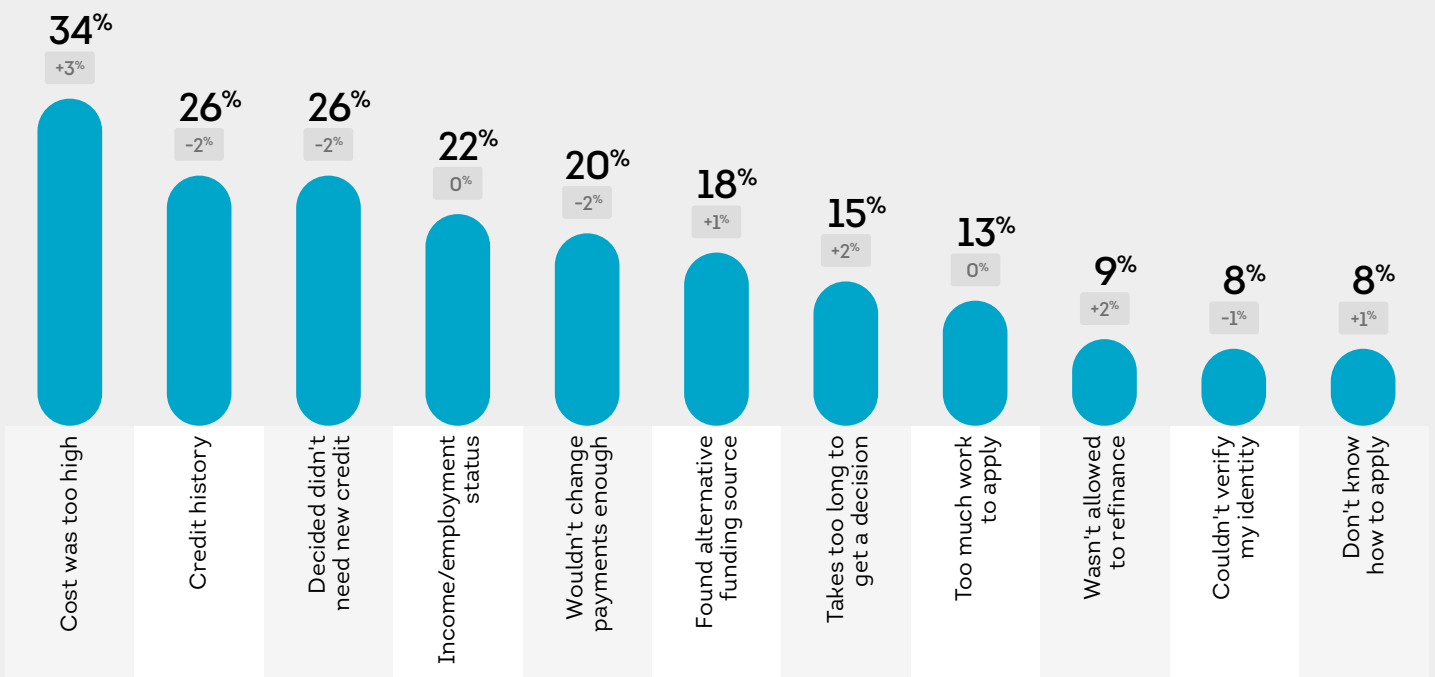
X* Percentage point change from Q1 2024

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



X* Percentage point change from Q1 2024

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



X* Percentage point change from Q1 2024

CONSUMER EMPOWERMENT

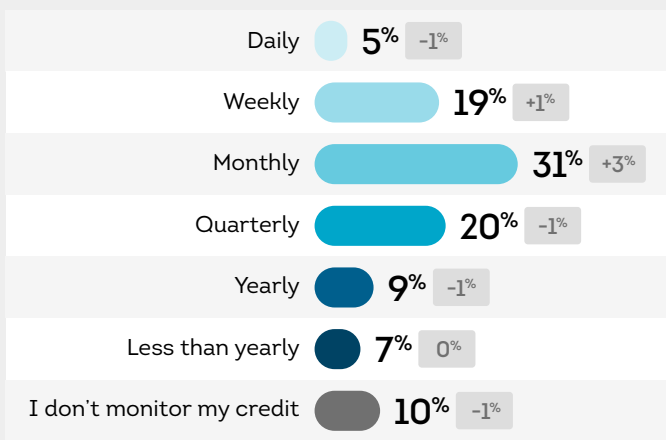
Attitudes and behaviors to manage financial choices

A majority (60%) of consumers believed monitoring their credit reports was extremely or very important, and 55% reported monitoring their credit at least monthly. While Millennials (63%) believed monitoring credit is extremely or very important, Gen Z (69%) reported monitoring their credit at least monthly – the most compared to other generations.

While 40% 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 (BNPL) loans, this jumped to 50% for Millennials and 48% for Gen Z, typically those with the least amount of credit history.

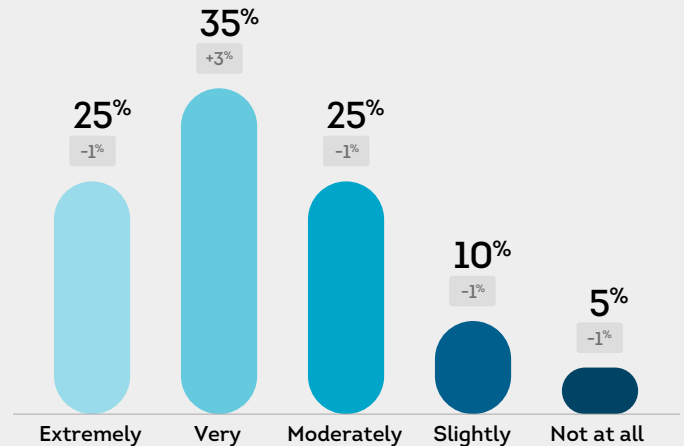
The percentage of consumers who reported conducting more than half their transactions online was unchanged from Q2 2023 at 44%. Nearly half (46%) of Millennials and Gen X said they conducted most of their transactions online, higher than other generations.

Figure 14. Credit report monitoring frequency



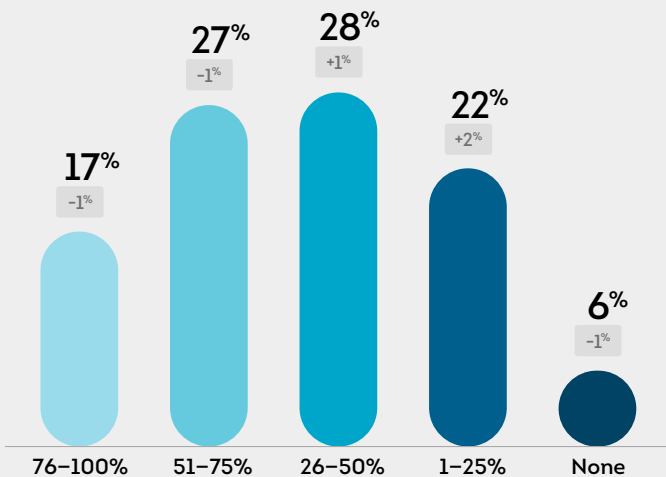
X% Percentage point change from Q1 2024

Figure 15. Believe monitoring credit report is important



X% Percentage point change from Q1 2024

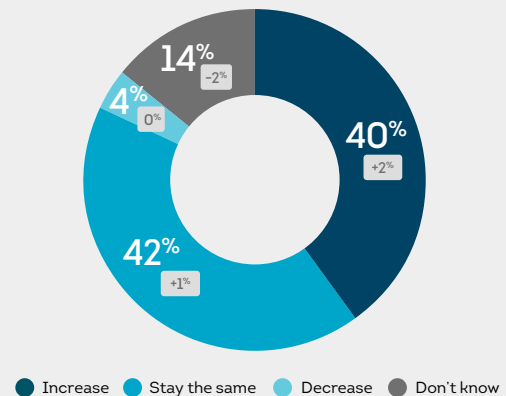
Figure 16. Percentage of transactions done online



X% Percentage point change from Q1 2024

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 2024

Identity risks and usage

Consumer identity threatened on all fronts

Identity theft (59%) was the top cyber threat consumers were most concerned may personally affect them. It's not surprising given the levels of criminal activity targeting their personal information. Over a quarter (27%) of Americans reported they were notified their identities or online account information had been stolen as a part of a data breach in the past three months.

At the same time, 40% of consumers reported they were targeted with online, email, phone call or text message fraud but didn't become a victim of it over the last three months, and another 8% were targeted and claimed they fell victim. The leading forms of fraud reported by those targeted were data-seeking scams:

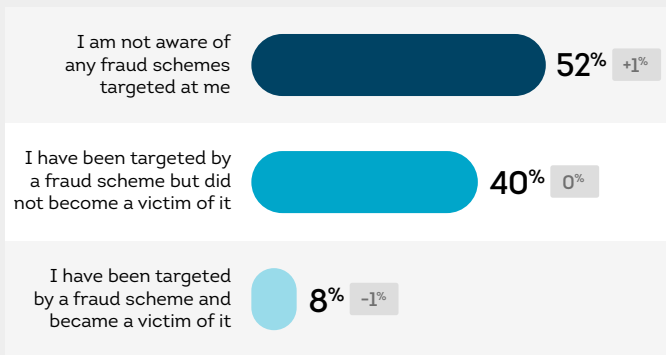
- 45% phishing (fraudulent emails, websites, social posts, QR codes, etc. meant to steal data)
- 40% smishing (fraudulent text messages meant to trick you into revealing data)
- 35% vishing (fraudulent phone calls meant to trick you into revealing data)

Concern about identity theft impacted consumer trust

When it came to consequences of identity theft beyond accessing credit cards or financial accounts, consumers expressed concern about their identities being used to commit a crime (54%), falsely claim government benefits (48%), and file a false tax return (42%). Not surprisingly, over three quarters (78%) of consumers were concerned with sharing their personal information. Identity theft (80%) was overwhelmingly the principal reason for this concern, while 60% cited invasion of personal privacy.

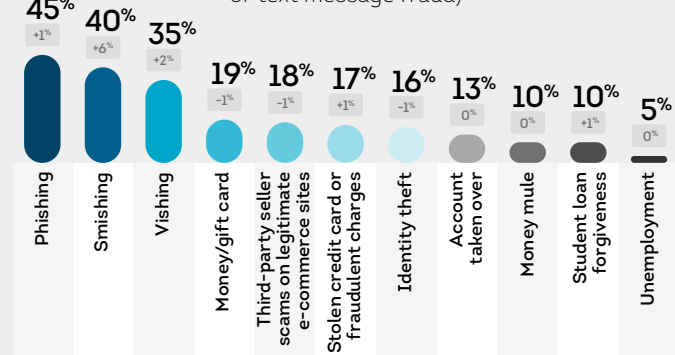
To enable greater trust, organizations may consider helping consumers overcome their seeming lack of awareness or ambivalence about identity theft risk. More than half (52%) of consumers said they were unaware of being targeted with online, email, phone call or text message fraud – consistent since Q2 2023. Among those who said they've been notified that details about their identity and/or an online account have been stolen in a data breach in the last three months, 45% said they checked for unauthorized activity and only 41% changed the password of the affected account. Most concerning among those who said they didn't take any action in the last 60 days in response to cyber security concerns, 52% said they didn't because they were unsure what action to take.

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



X% Percentage point change from Q1 2024

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 2024

Figure 20. Concern with sharing personal information

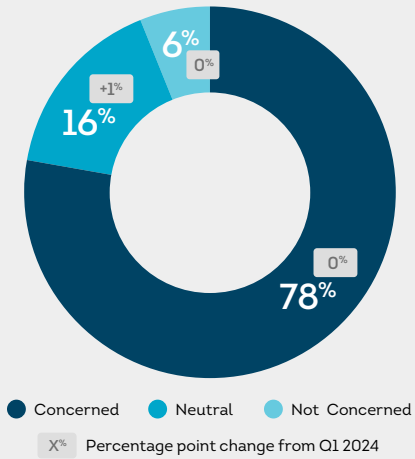
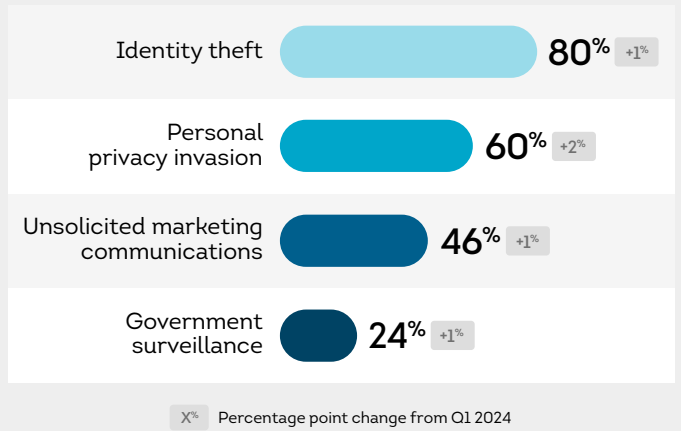


Figure 21. Reasons concerned about sharing personal information



Research Methodology

This online survey of 3,000 adults was conducted April 29–May 8, 2024 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 in this research as follows: Gen Z, 18–26 years old; Millennials, 27–42 years old; Gen X, 43–58 years old; and Baby Boomers, age 59 and above. These research results are unweighted and statistically significant at a 95% confidence level within ± 1.8 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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