

Consumer Pulse Study

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

Philippines Q1 2022

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



Economy performed better than expected

The Philippines economy is better than expected; reports in late Jan. showed its gross domestic product grew 7.7%¹ year-over-year in Q4 2021. With COVID-19 cases down², the government reopened its borders to international travelers on Feb. 10³ and expects this will further support the recovery and growth of the Philippine economy.



Household income is expected to improve

Potentially due to the reopening of borders and economic improvements, significantly more consumers (69 percentage points) expected their household income to increase in the next 12 months than decrease. Respondents planned to increase spending in some areas, which should further drive economic recovery.



Credit health monitoring and alternative data

Credit is an important way to empower consumers to achieve financial goals. While consumers welcome the use of alternative data to help lenders make loan decisions, they're also cautious about sharing personal information due to concerns regarding privacy and identity theft.

¹ <https://www.reuters.com/markets/currencies/philippine-gdp-grows-77-yy-q4-beats-forecast-2022-01-27/>

² <https://www.gmanetwork.com/news/topstories/nation/822687/philippines-posts-another-record-low-of-new-covid-19-cases-at-1-019/story/>

³ <https://www.ttrweekly.com/site/2022/02/philippines-optimistic-on-inbound-arrivals/>

Household income (HHI), spending and bill payment

Household income is an important factor to financial health. Significantly more consumers said their household income increased (36%) than decreased in the last three months, and most of them (75%) expected income to increase in the next 12 months. Over the past quarters, there's been no significant change in the ability to meet financial obligations with half of respondents (49%) having said they're able to pay their bills and loans in full.

Moreover, consumers reallocated their housing budget in the last quarter. Less respondents (45%, down 7 percentage points from Q4 2021) cut back on discretionary spending, and more consumers (16%, up 5 percentage points) added subscriptions or memberships. Among the reasons for household income improvements, 21% said they had a new job and 24% started a new business. In contrast, 22% said they lost their job and 20% had work hours reduced.

Another positive change included household spending over the next three months. More respondents said they'll increase their spending on retail shopping, discretionary personal spending, retirement funds and large purchases (all increased five percentage points from Q4 2021).

Figure 1. Household income change last three months

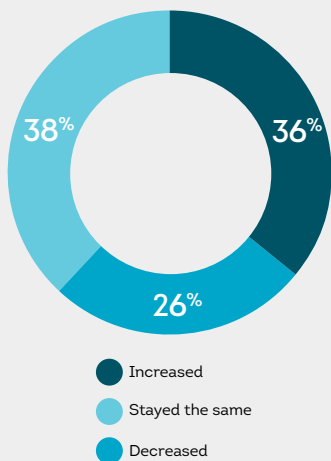


Figure 2. Expected household income change next 12 months

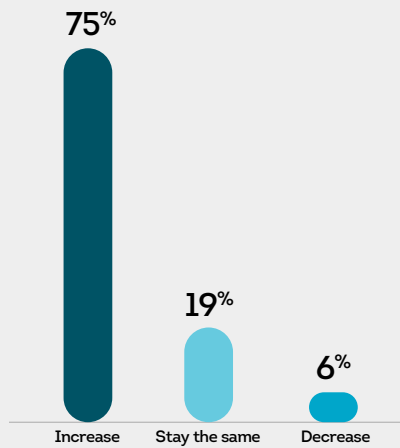


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

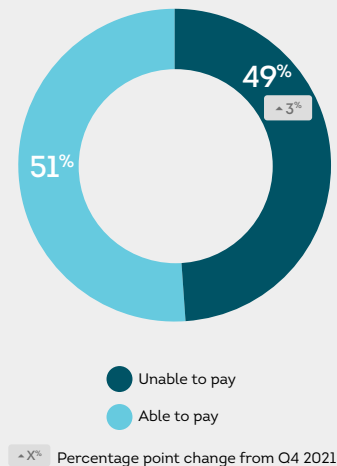


Figure 4. Reasons for change in current household income

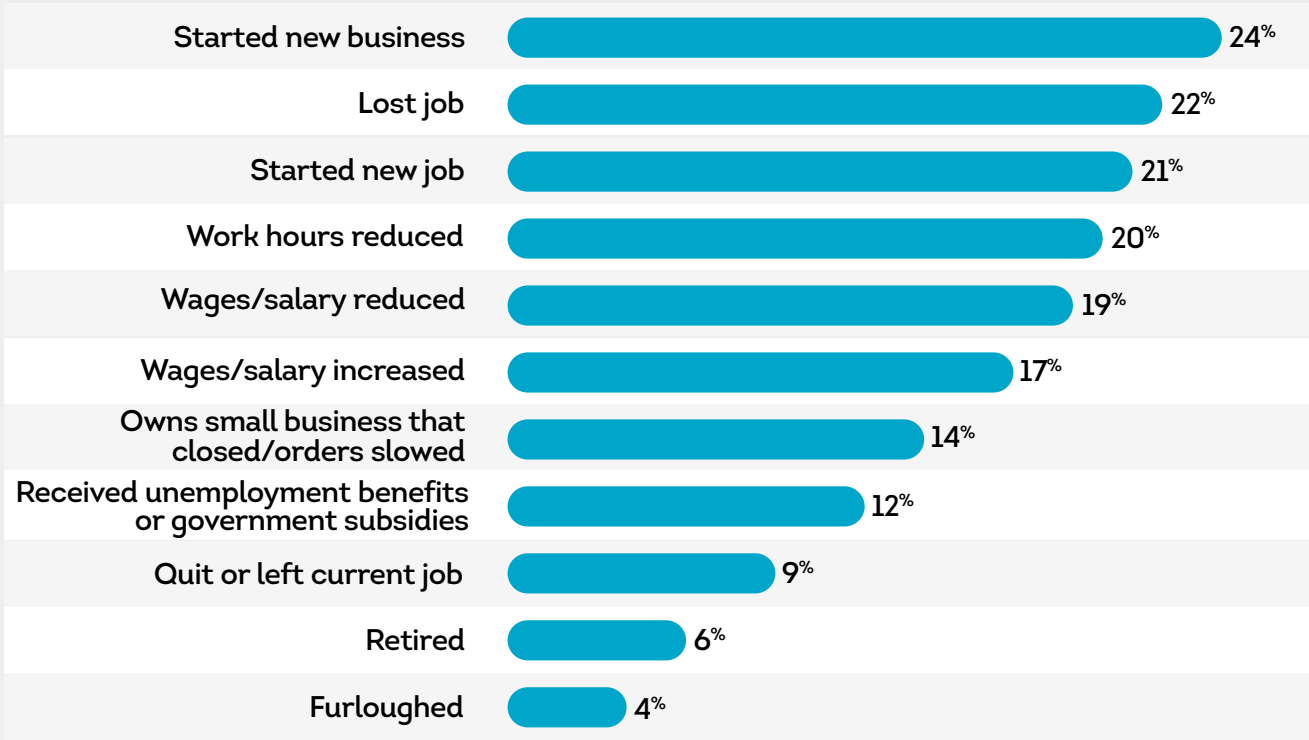


Figure 5. Changes to household budget in the last three months

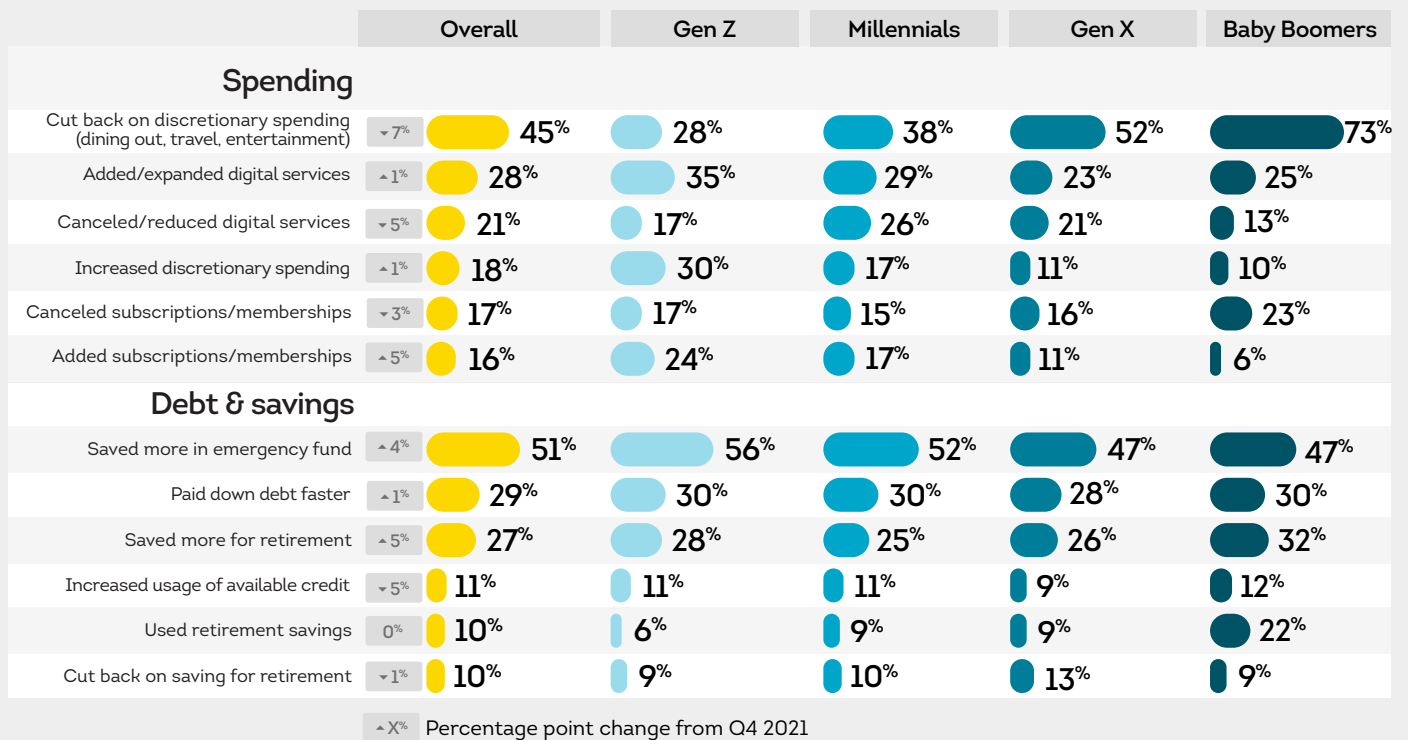


Figure 6. Plans to pay current bills or loans (among those unable to pay bills/loans)

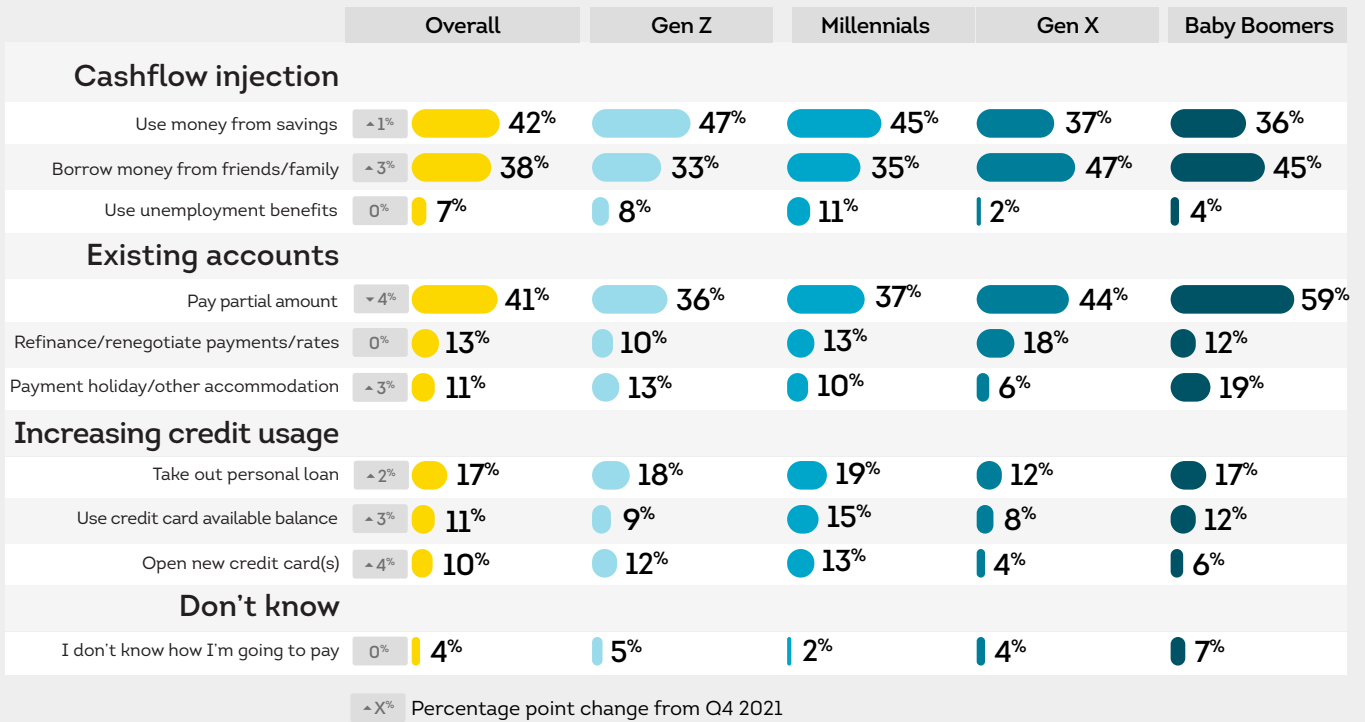
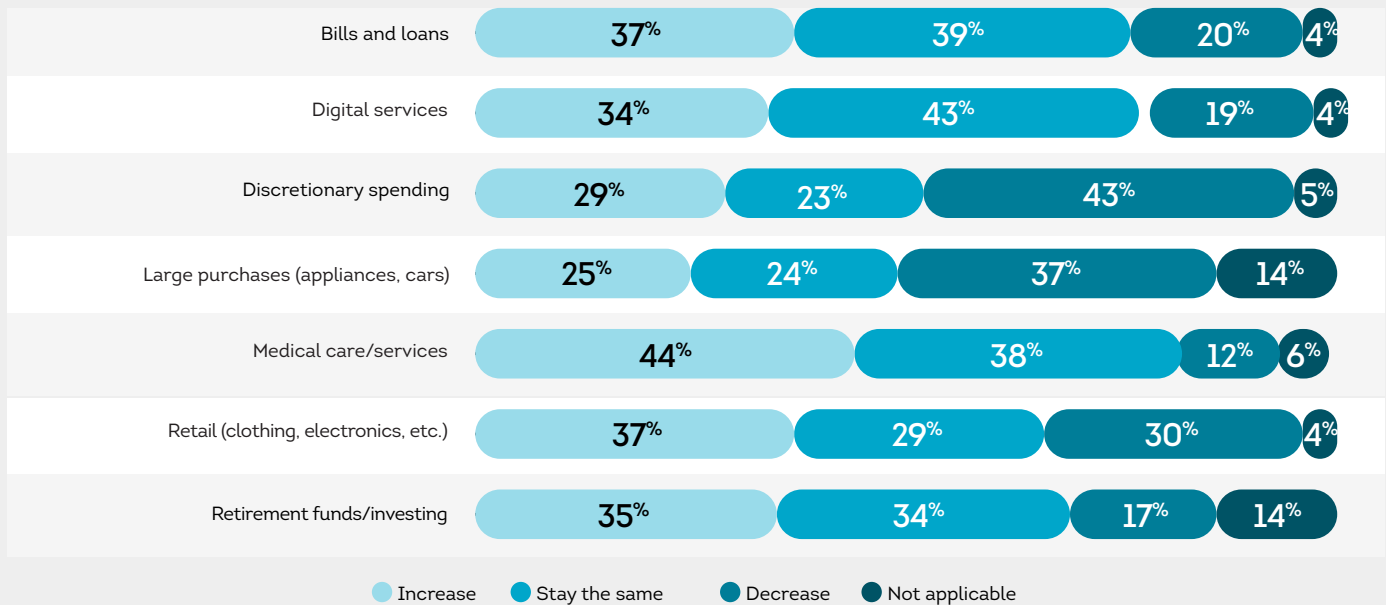


Figure 7. Expected change to household spending over next three months



Attitudes and plans for economic participation

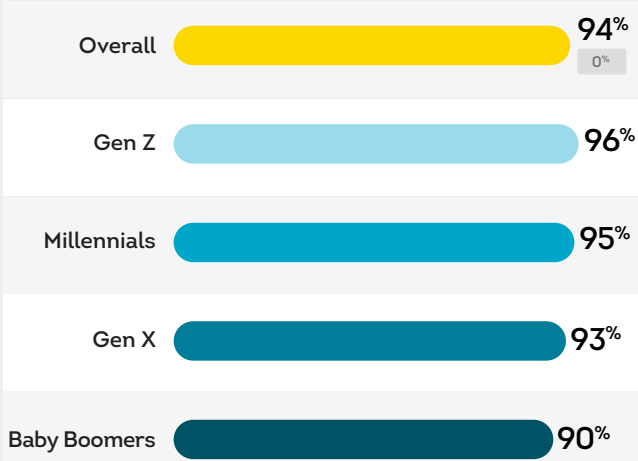
Most respondents (94%) agreed access to credit and lending products are important to achieve financial goals, but only 35% agreed they have sufficient access. Across generations, 43% of Baby Boomers (the most) and 29% of Gen Z (the least) thought they had sufficient access.

Nearly half (46%) of respondents and 50% of Gen Zers (the most of any generation) said they were planning to apply for credit in the next year. More than half (57%) of those with a credit score between 750 and 789 said they plan to apply for new credit (the highest of any credit score).

Of respondents, about half (52%, decreased three percentage points from Q4 2021) were planning to apply for a new personal loan (the highest of any credit or refinance type). The pandemic reduced the need for transportation: Those who said they plan to apply for auto loans in the next year had the biggest decline out of all new credit and refinance types from the previous quarter.

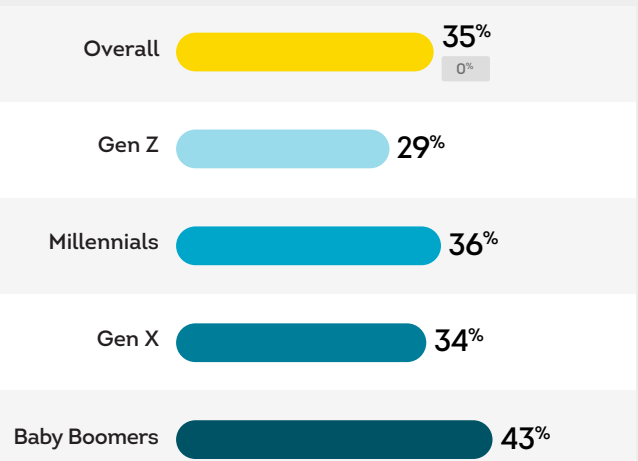
Half of respondents who considered applying for new credit or refinancing existing credit ultimately decided not to. The top two reasons were: Respondents thought the cost of credit was too high (32%) and said they found an alternative funding source (32%).

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



-X% Percentage point change from Q4 2021

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



-X% Percentage point change from Q4 2021

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

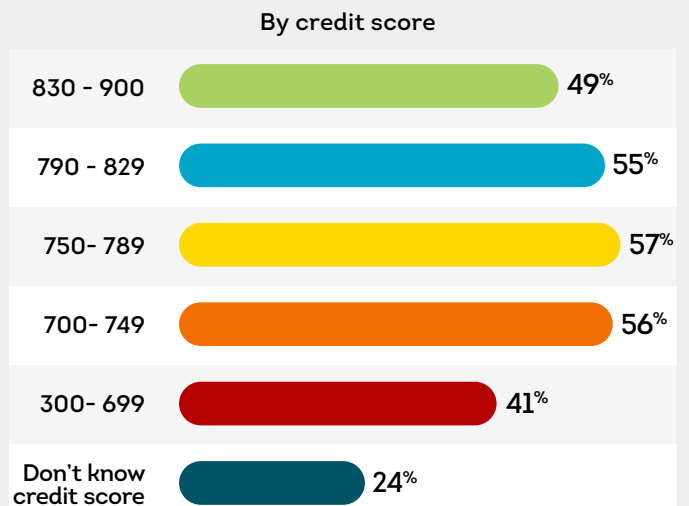
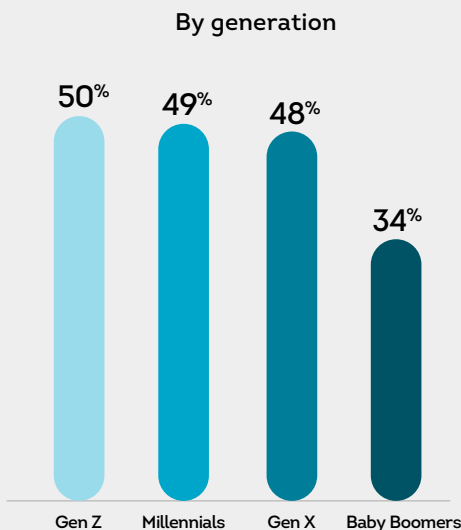
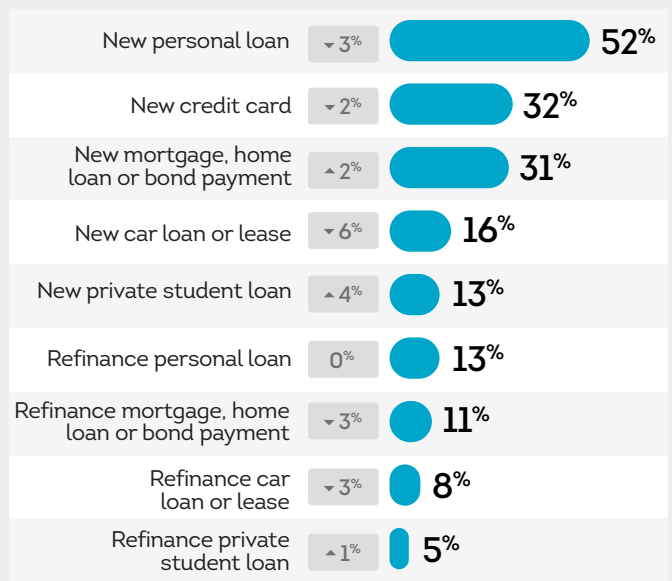
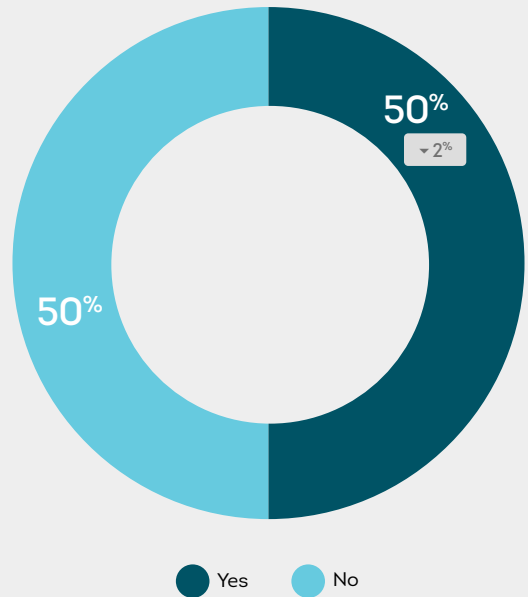


Figure 11. Type of new credit and loan activity planned in next 12 months
(among those who plan to apply for new or refinance existing credit)



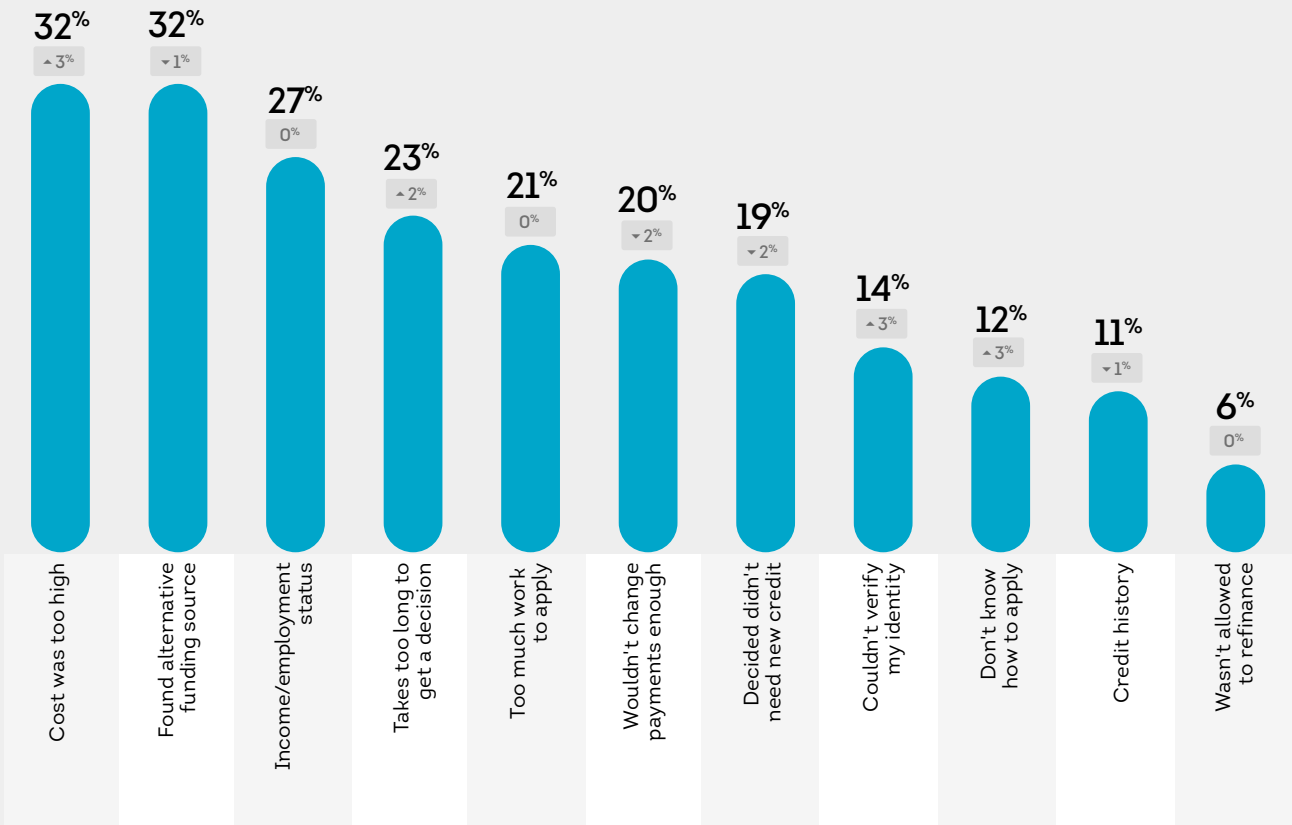
▲ X% Percentage point change from Q4 2021

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



▲ X% Percentage point change from Q4 2021

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



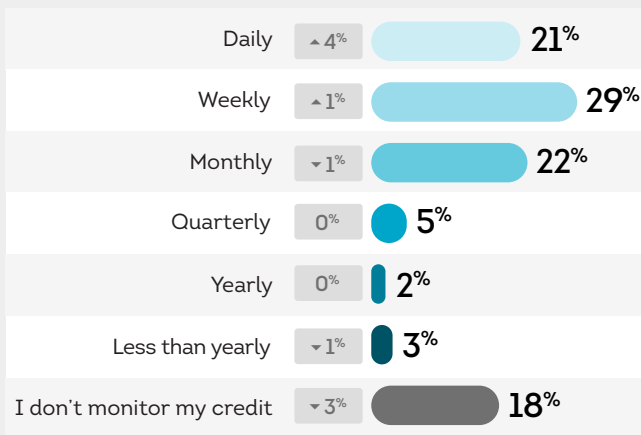
▲ X% Percentage point change from Q4 2021

Attitudes and behavior to manage financial choices

Most respondents (95%) believed monitoring their credit is important, with 72% having said they monitor their credit at least once a month. On the other hand, consumers are not used to online transactions since 76% of respondents said they conduct less than half of their transactions online.

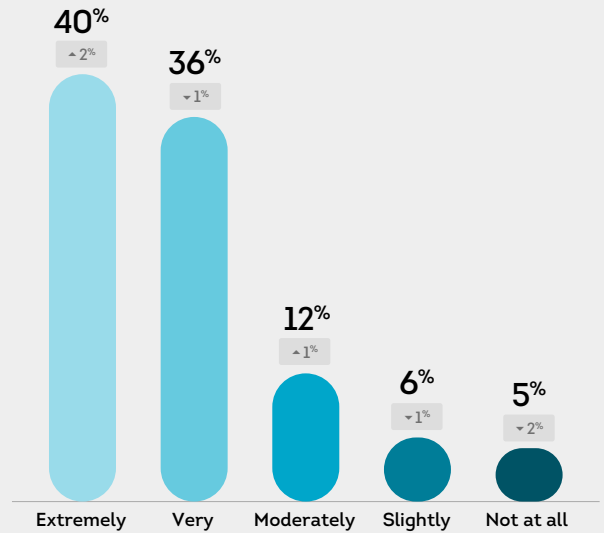
Consumers also believed alternative data would bring positive changes to their credit score. Nearly half (48%) thought their credit score would improve if non-standard information, such as rental payments, payday loans or buy now, pay later loans were accounted for.

Figure 14. Credit monitoring frequency



▲ X% Percentage point change from Q4 2021

Figure 15. Believe monitoring credit is important



▲ X% Percentage point change from Q4 2021

Figure 16. Percentage of transactions done online

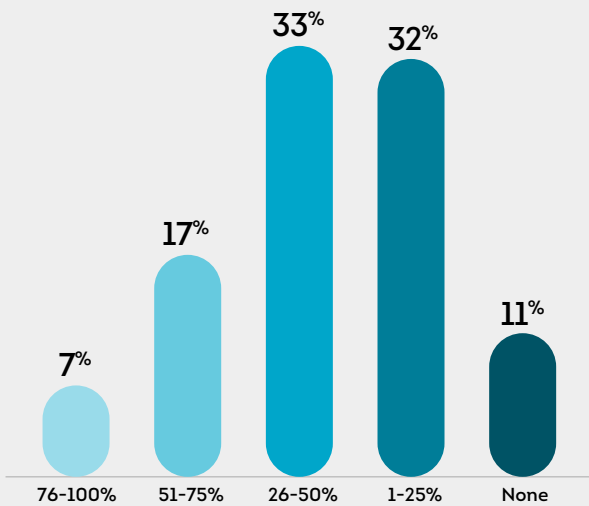
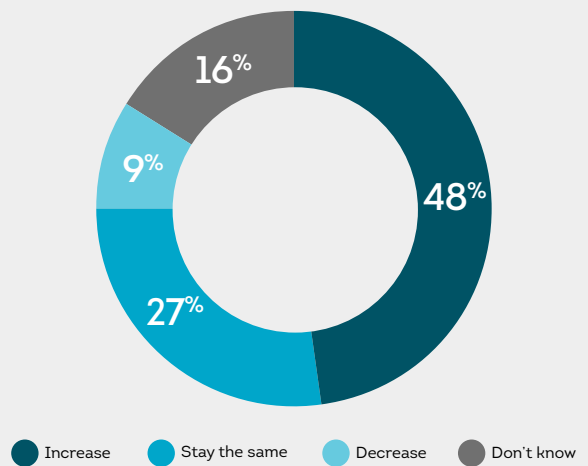


Figure 17. How believe credit score would change if businesses used information not on standard credit report



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

Identity risks and usage

Consumers need to raise awareness and understanding of identity fraud. More than half of respondents (53%) said they were targeted by digital fraud schemes in the last three months. Among those targeted, the top fraud schemes were phishing (42%), money/gift card scam (38%) and third-party seller scams on legitimate online retail websites (30%).

Most respondents (86%) were concerned about sharing their personal information. They said they're most worried about sharing their personal information due to invasion of privacy (76%) and because they don't want their identity stolen (73%). They're least worried about sharing their personal information due to government surveillance (26%), while a significant 42% are concerned about getting unsolicited marketing communications due to sharing their personal information.

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

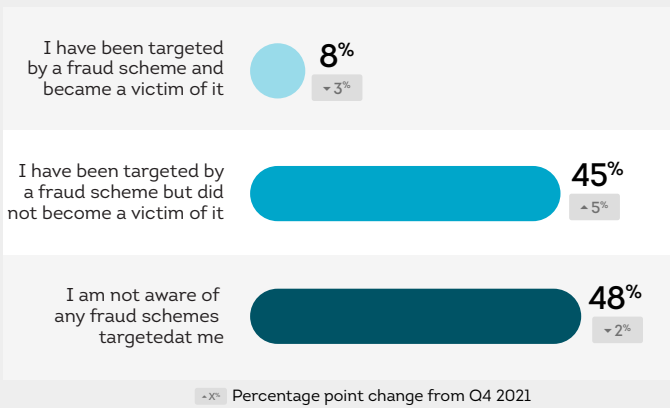


Figure 19. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)

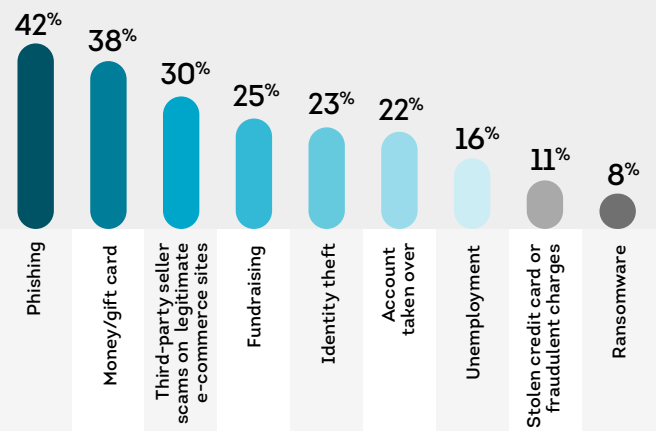


Figure 20. Concern with sharing personal information

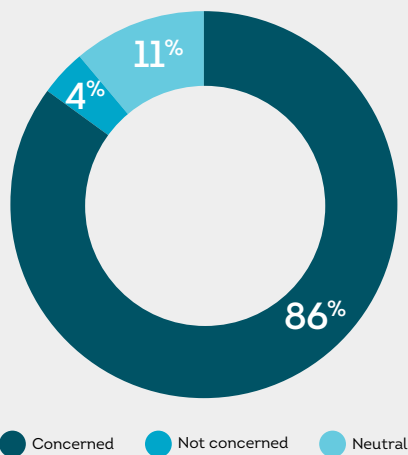
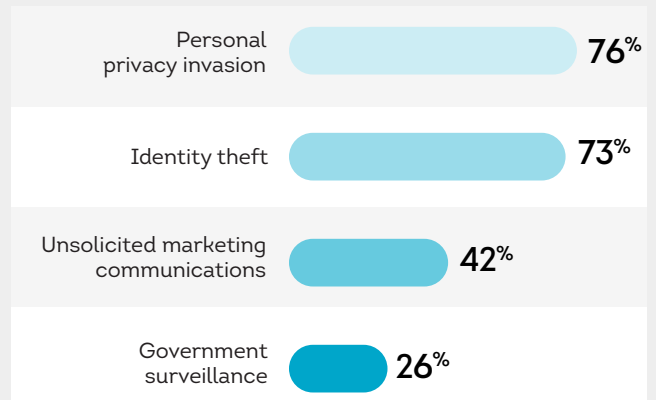


Figure 21. Reasons concerned about sharing personal information



Methodology

This online survey of 1,078 adults in the Philippines was conducted Feb. 8-23, 2022 by TransUnion in partnership with third-party research provider, Qualtrics® Research-Services. Adults 18 years of age and older residing in the Philippines were surveyed using an online research panel method across a combination of computer, mobile and tablet devices. Survey questions were administered in English. To ensure the general population sample representativeness across Philippine resident demographics, the survey included quotas to balance responses to the population statistics on the dimensions of age, gender, household income 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 ±2.99 percentage points based on a calculated error margin.

For previous Consumer Pulse Studies, visit
transunion.ph/consumer-pulse-study



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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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