

Consumer Pulse Study

COVID-19's current and future impact on household budgets, spending and debt

PHILIPPINES Q2 2021

TransUnion's quarterly survey helps to understand how consumers' personal finances have been impacted by the COVID-19 pandemic. The study measures changing consumer attitudes and behaviour based on the dynamics of income, debt and identity theft. The analyses and insights inform decision-making to empower consumers and help businesses create economic opportunity for consumers.

KEY TAKEAWAYS



Philippine consumers continue to experience negative financial impacts of the pandemic

In Q2 2021, 66% of Philippine respondents (increased 1 percentage point from Q1 2021) reported their household income was currently impacted. The impact was more prominent for the middle-aged consumers: 69% of Gen Xers and 68% of Millennials were currently impacted. The outlook is still uncertain as 54% of respondents (increased 5 percentage points) expect their household income to be impacted in the future. As such, 49% of respondents (dropped 3 percentage points) expect they'll be unable to pay their current bills/loans in full.



Philippine consumers changed their financial plans to cope with the financial impacts

A third of consumers with a private student loan, personal loan, rent payment or mortgage payment said they won't be able to pay those bills. To cope with the financial impacts of the crisis, nearly half of Philippine respondents said they reduced their discretionary spending and saved more in the past three months. Nearly half plan to continue these financial management measures in the coming three months by decreasing discretionary spending.



Philippine consumers believe access to credit and credit monitoring are important

Even though 86% (dropped 4 percentage points) of respondents believe access to credit is at least moderately important to achieve their financial goals, only 32% (dropped 2 percentage points) said they have sufficient access to credit. Amongst all respondents, 47% (dropped 8 percentage points) were planning to apply for new credit or refinance existing credit within the next year. In particular, Gen X and Millennials had greater credit needs: 52% of Gen Xers and 50% of Millennials said they plan to apply for credit or refinance. Of respondents, 94% felt monitoring credit was important, and 68% checked their credit at least monthly.

FINANCIAL HARDSHIP

Household income (HHI) and bill payment impact

In Q2 2021, 91% of Philippine respondents had experienced negative financial impact: 66% of respondents (increased 1 percentage point) were currently impacted, and 25% (dropped 3 percentage points) were impacted in the past. Regarding outlook, 54% (increased 5 percentage points) expected their household income to be impacted by the crisis in the future.

Decrease in household income changes in the past month was due to job loss (35%), reduced salary (30%), and reduced work hours (29%).

Of consumers, 85% are concerned about being able to pay their bills and loans, and nearly half (49%, dropped 3 percentage points) expect they'll be unable to pay at least one of their current bills and loans in full. In particular, among Philippine consumers with these bills or loans, a third expect to be unable to pay their private student loan, personal loan, rent, and/or mortgage.

Only 22% of Philippine respondents (dropped 6 percentage points) had received financial accommodation in the past year, and 93% (dropped 1 percentage point) had preparation to a certain extent for when the accommodation period ends.

Figure 1. Household income decreased due to pandemic

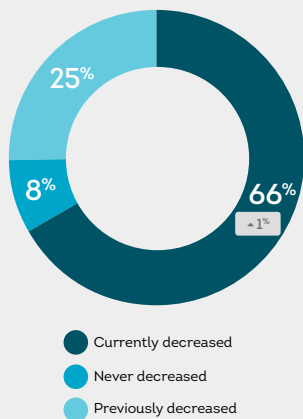


Figure 2. Expect household income to decrease in the future

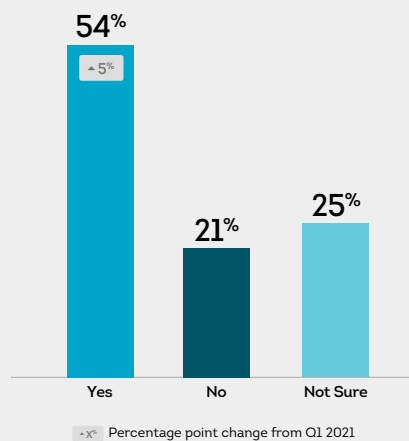


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

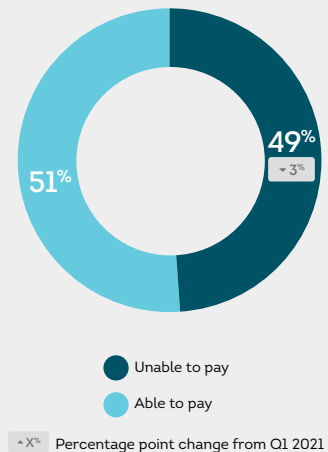
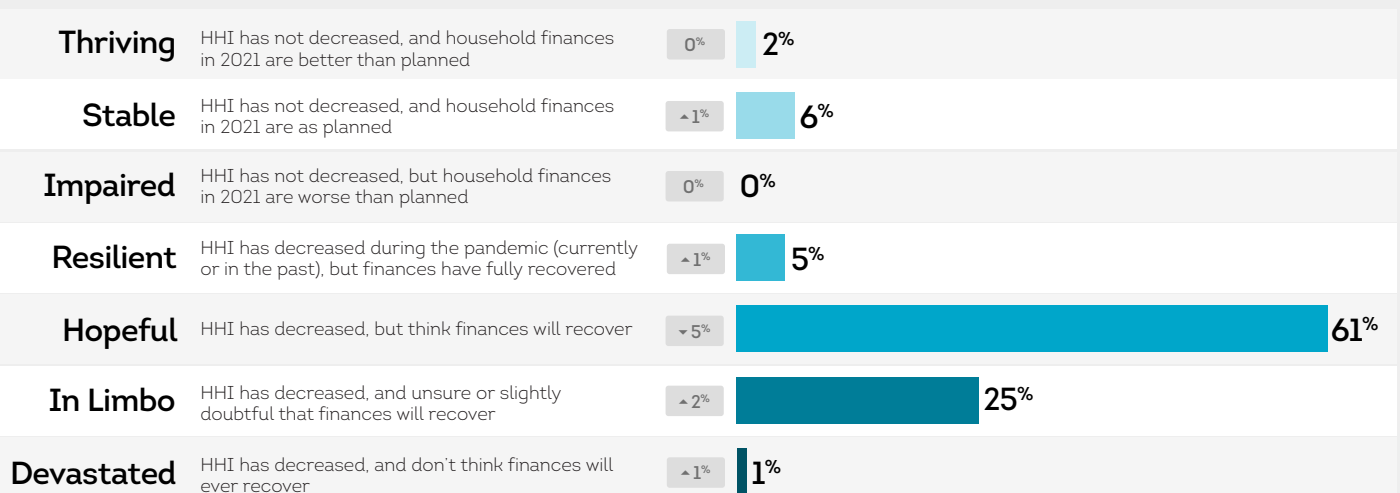
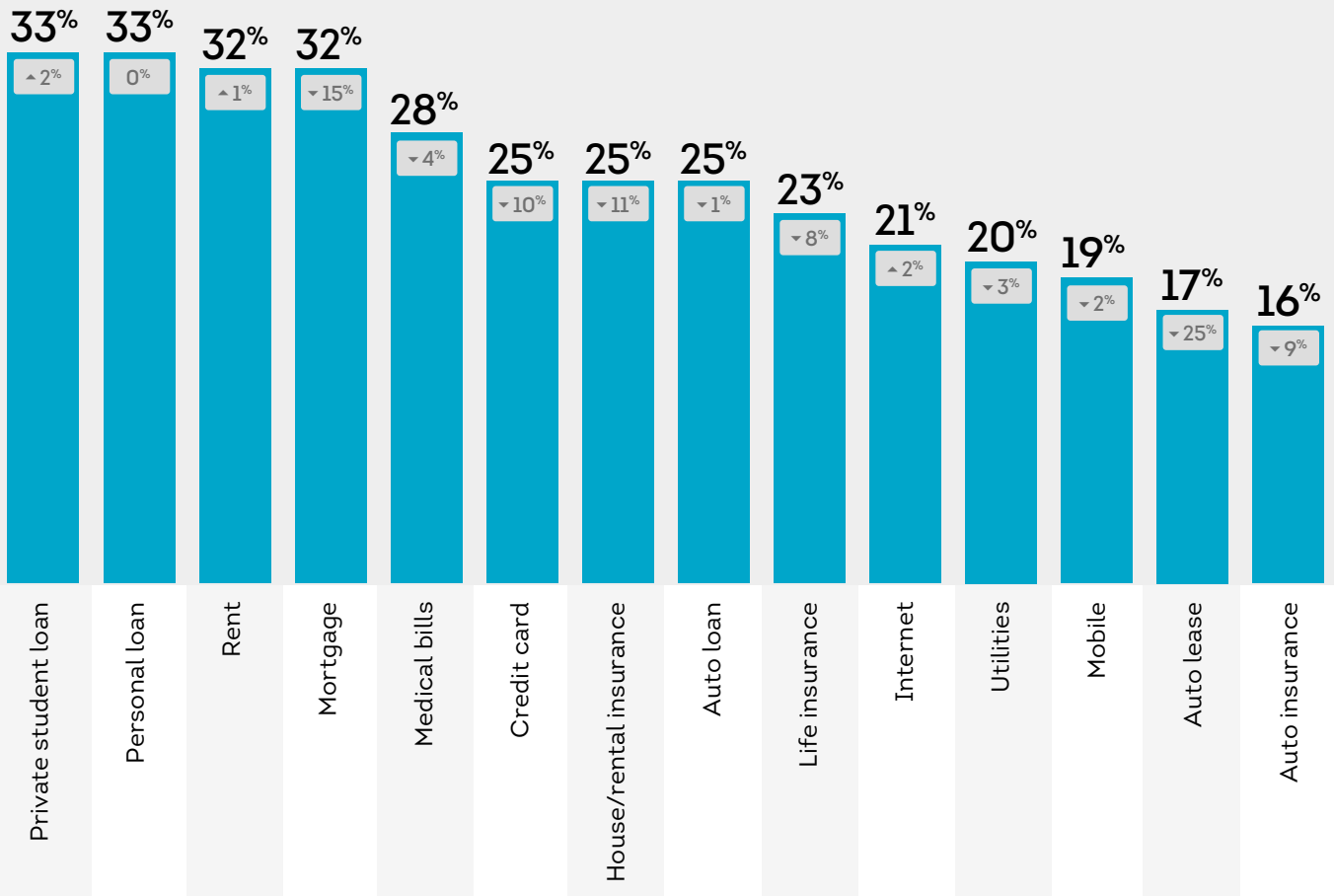


Figure 4. Consumer financial situation due to pandemic



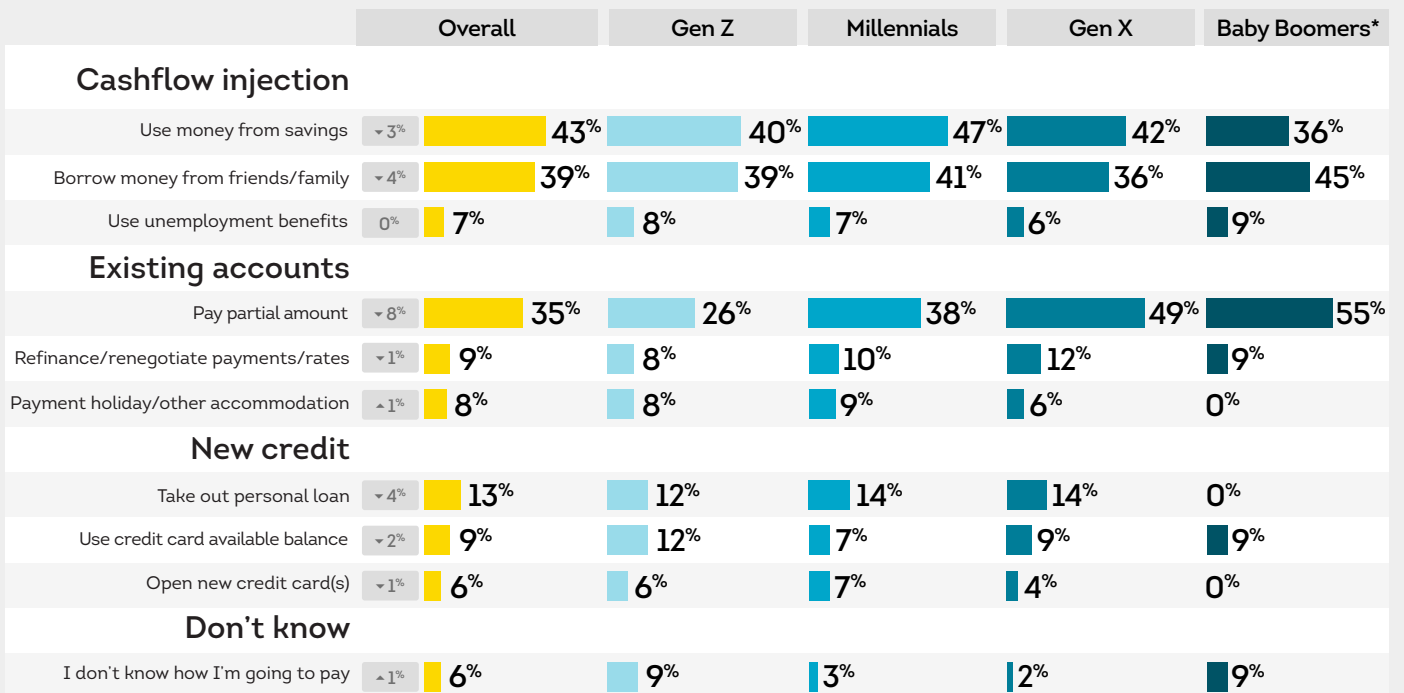
▲ X% Percentage point change from Q1 2021

Figure 5. Bills and loans unable to pay (among those with these bills/loans)



▲ X% Percentage point change from Q1 2021

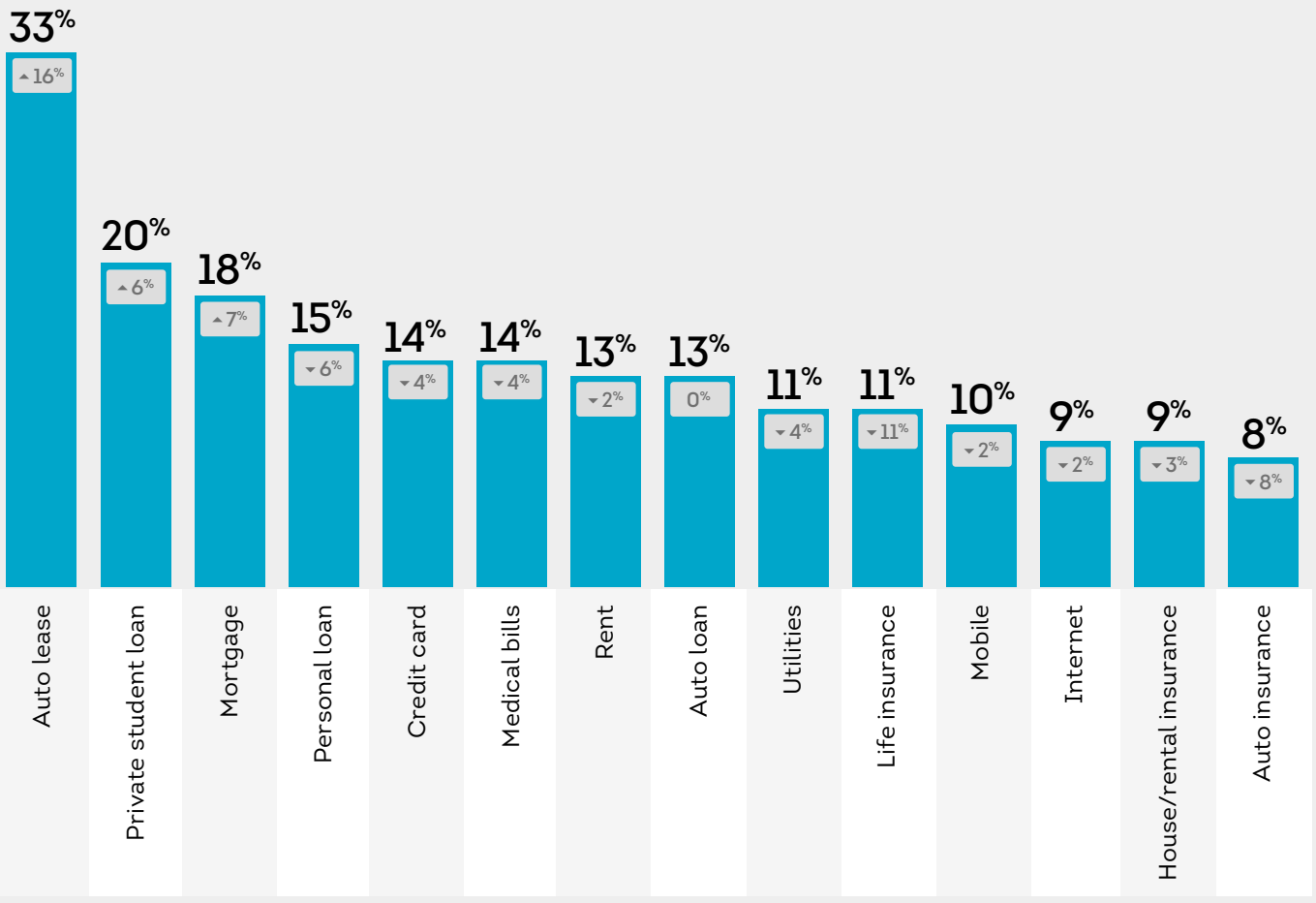
Figure 6. Plans to pay current bills or loans (among those unable to pay bills/loans)



▲ X% Percentage point change from Q1 2021

*Indicates small base size

Figure 7. Types of bills or loans enrolled in financial accommodation in past year (among those with that bill/loan)



▲ X% Percentage point change from Q1 2021

FINANCIAL INCLUSION

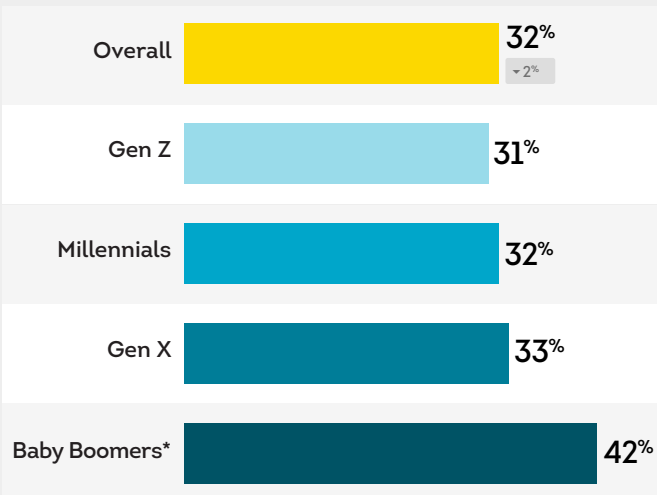
Attitudes and plans for economic participation

86% (dropped 4 percentage points) of Philippine respondents believe access to credit is at least moderately important to achieve their financial goals, but only 32% (dropped 2 percentage points) said they have sufficient access to credit or lending products.

47% (dropped 8 percentage points) are planning to apply for new credit or refinance existing credit within the next year. In particular, 52% of Gen Xers (increased 3 percentage points) and 50% of Millennials (dropped 7 percentage points) plan to apply or refinance credit.

In particular, Philippine consumers plan to apply for new personal loans (23%), credit cards (16%), and mortgages (16%).

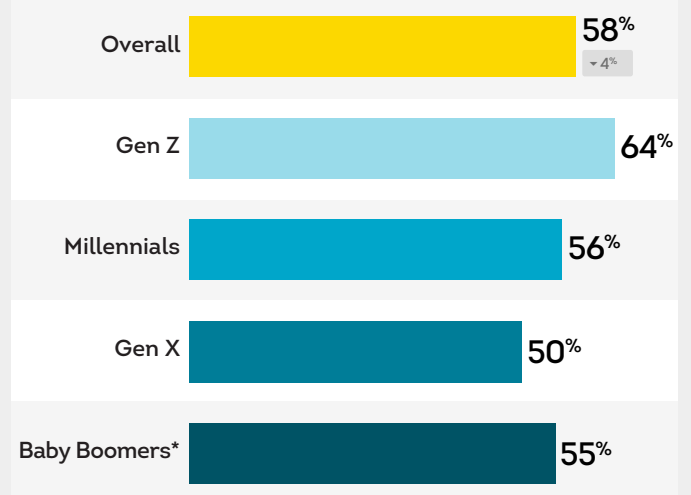
Figure 8. Believe have sufficient access to credit and lending products



-X% Percentage point change from Q1 2021

*Indicates small base size

Figure 9. Believe important to have access to credit to achieve financial goals (extremely or very important)



-X% Percentage point change from Q1 2021

*Indicates small base size

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

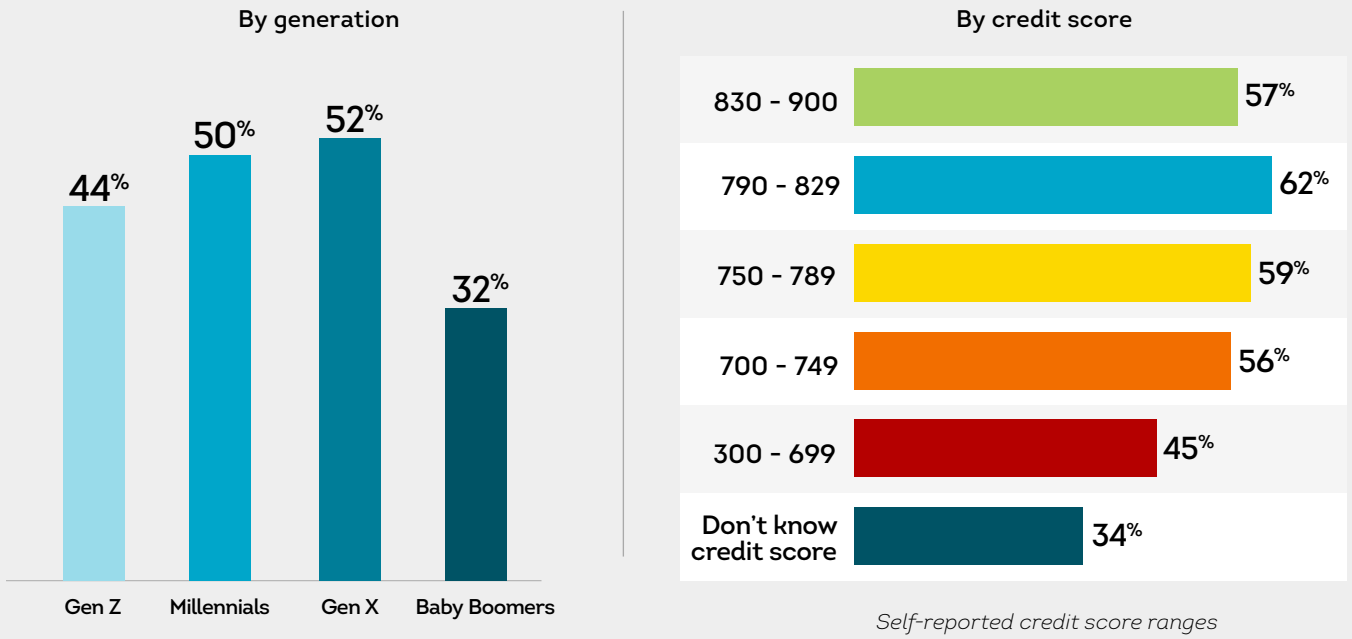


Figure 11. Credit monitoring frequency

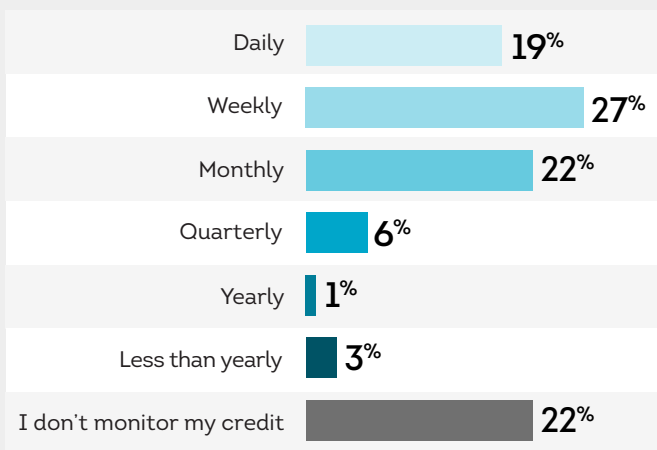


Figure 12. Believe monitoring credit is important

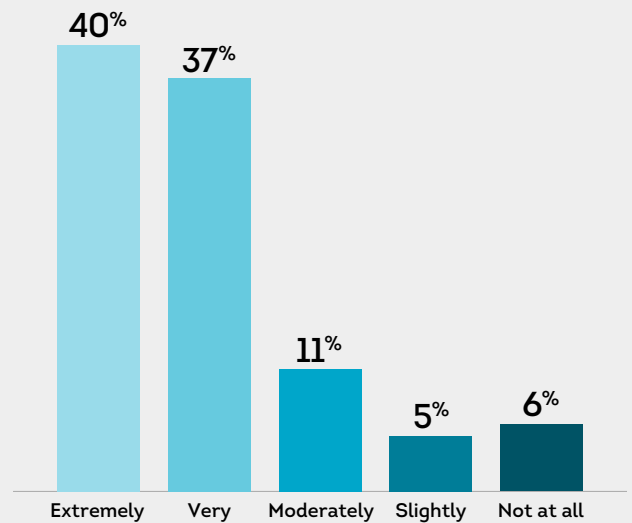


Figure 13. Changes to household budget in the last three months

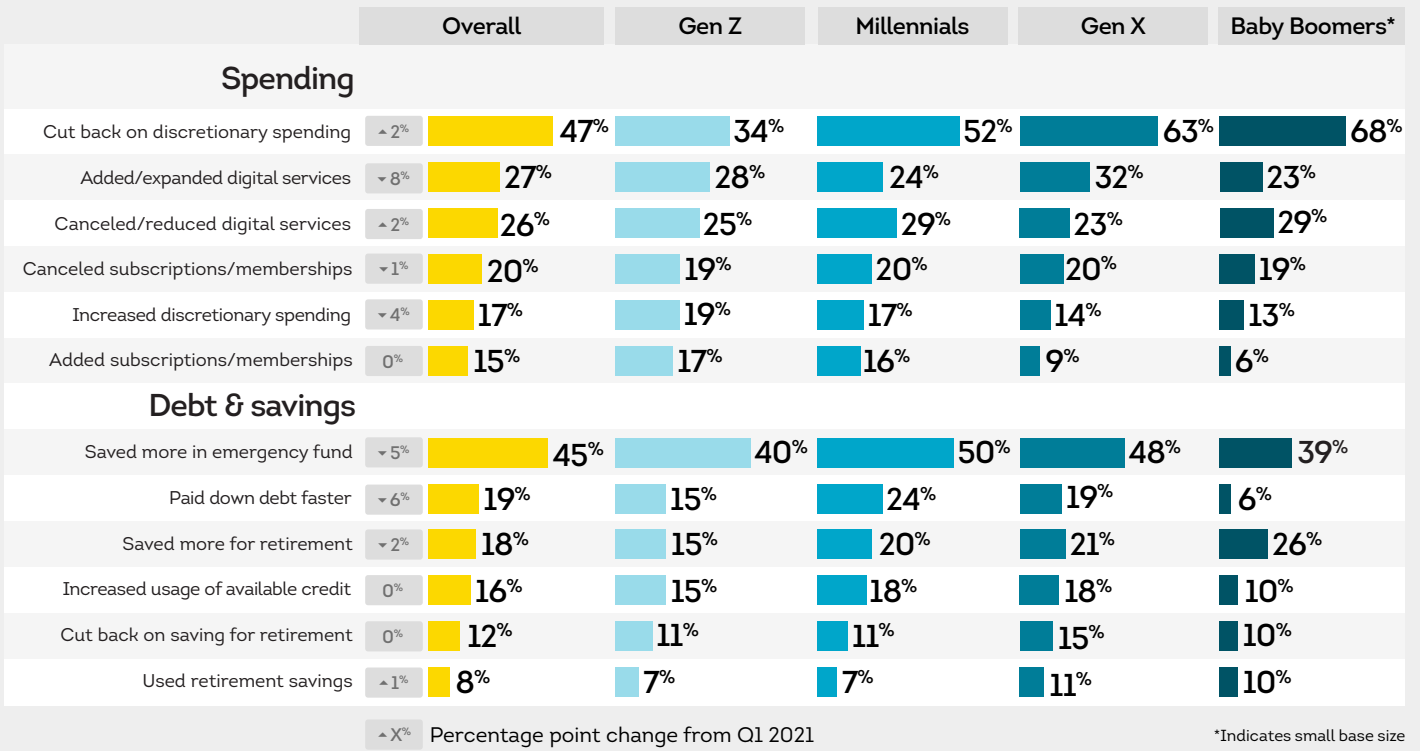


Figure 14. Expected change to household spending over next three months

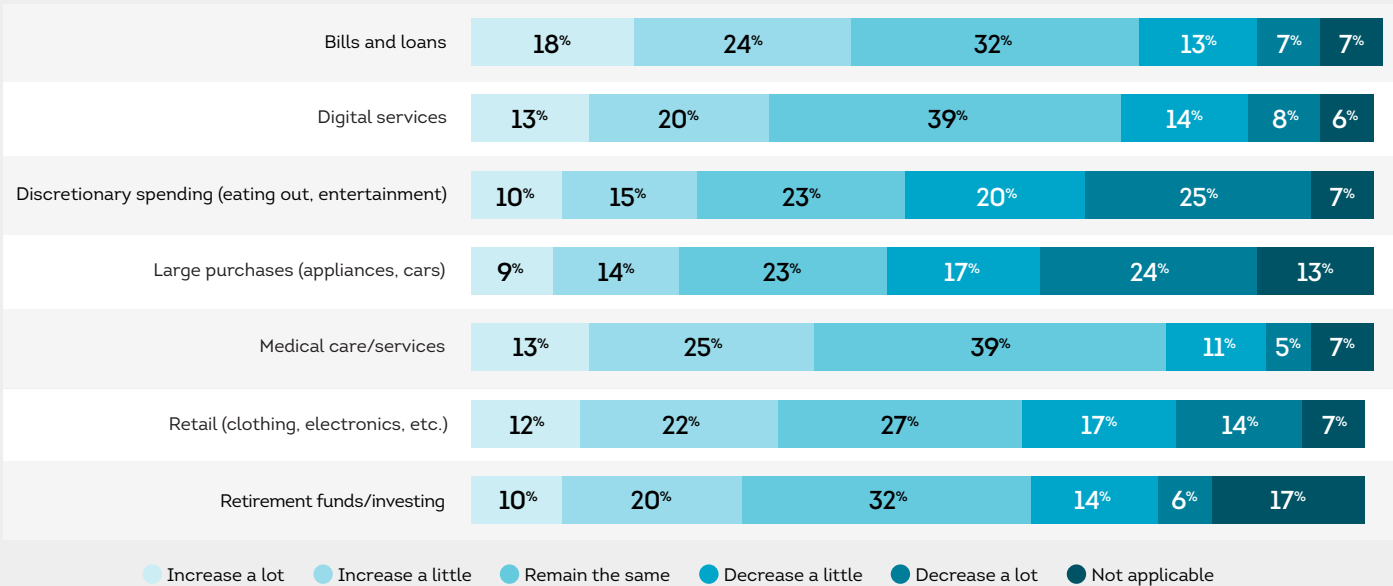
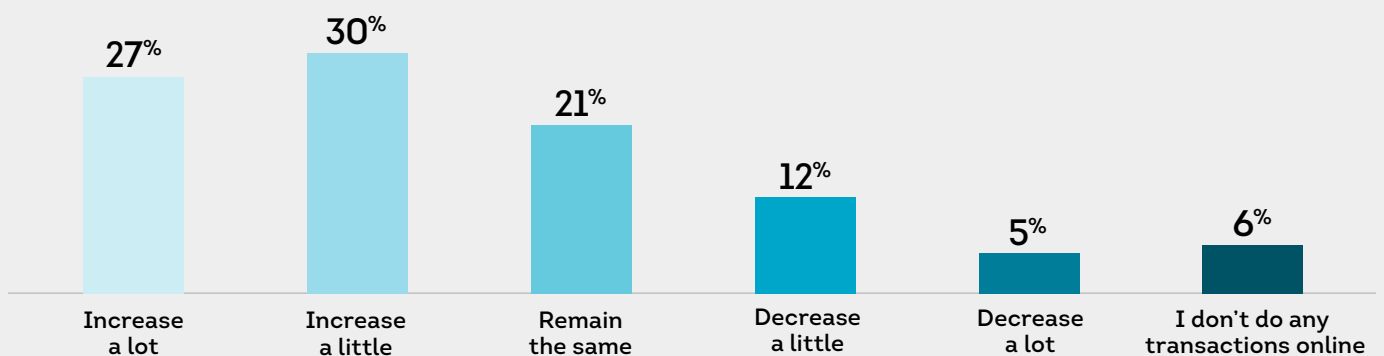


Figure 15. Expected change in number of online transactions over the next three months



COVID-19 related digital fraud

Of Philippine respondents, 57% expect their number of online transactions to increase over the next three months. Given the increased online activity levels, 6% (increased 2 percentage points) acted on a fraud scheme and are now a victim of it. The younger generation, Gen Z (7%) was more vulnerable to digital fraud (increased 3 percentage points). Phishing (40%), third-party seller scams on legitimate retail websites (29%), and shipping fraud (24%) were the most common digital fraud schemes encountered by consumers in the Philippines.

Figure 16. Personal experience with digital fraud attempts related to COVID-19

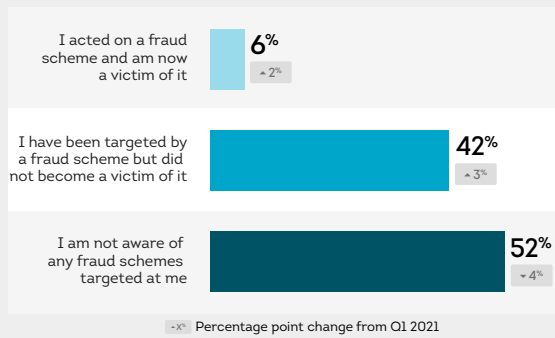


Figure 17. Digital fraud related to COVID-19 by generation

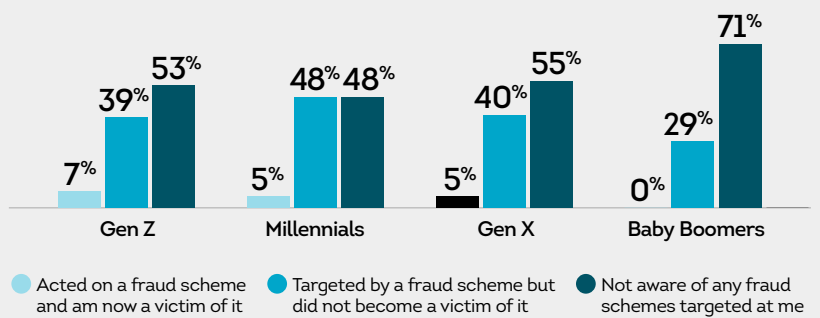
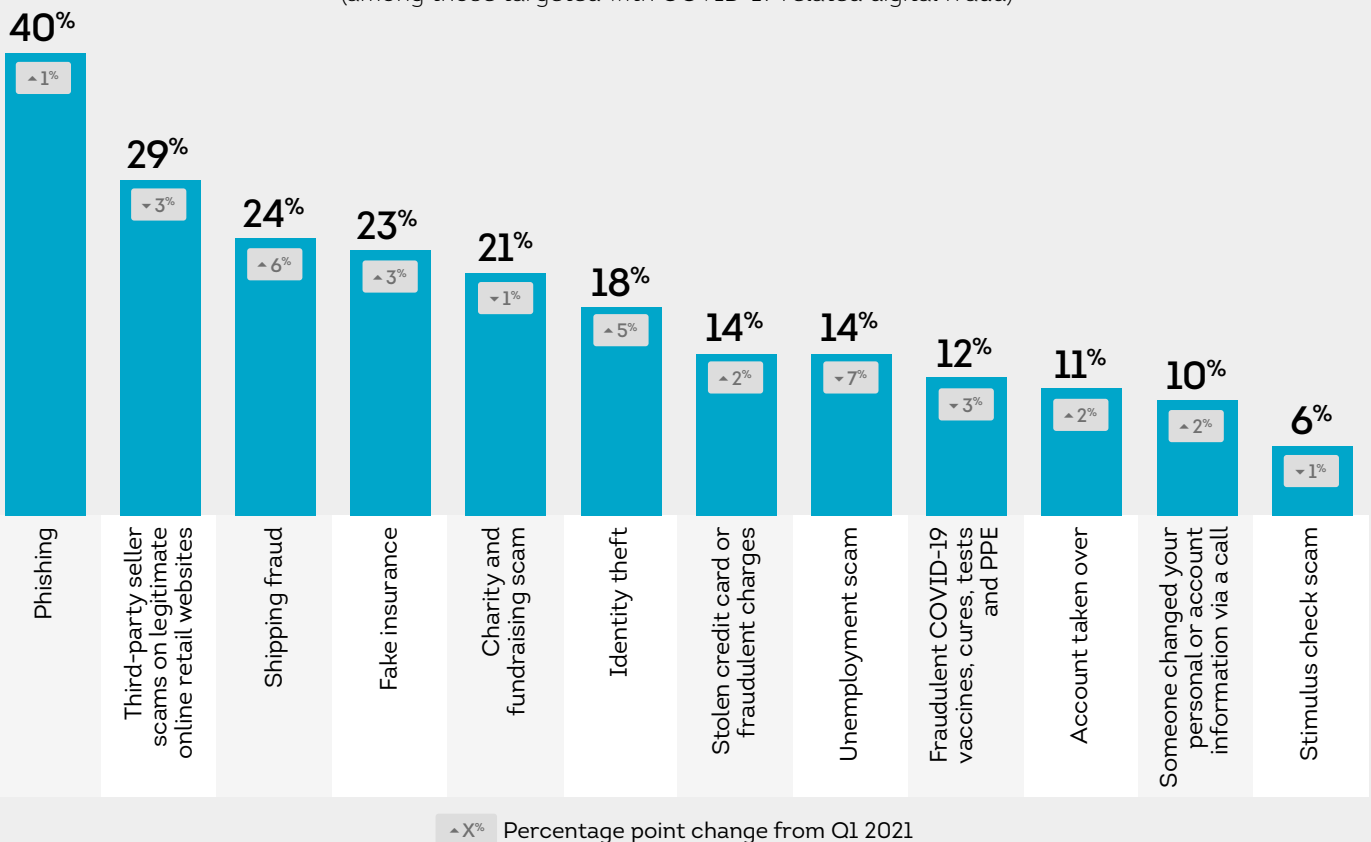


Figure 18. Most frequent fraud schemes targeting consumers (among those targeted with COVID-19 related digital fraud)



Methodology

This online survey of 1,100 adults in the Philippines was conducted June 1-16, 2021 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 1995-2003; 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 ±2.96 percentage points based on a calculated error margin.

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



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