

Consumer Pulse Study

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

Philippines Q2 2022

TransUnion's quarterly survey explores how consumers' personal finances have changed and what changes they expect in the future. The study measures shifting 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



Elections and global crisis impact local economy

After starting the year strong, the Philippine economy is expected to slow down and end its quarter-on-quarter growth. This is highly attributed to the election season affecting spending and investment of both the government and private sectors.¹ Additionally, the local inflation rate increased to 5.4% in May due to the continuous global oil price hikes.²



Tightening of belts foreseen

With 46% of Filipino consumers having used up savings to cover for bills and loans, a decrease in discretionary spending is expected in the next couple of months. A significant number of consumers also revealed they're trying to save more in emergency funds, putting a stop to the 'revenge spending' trend seen among Filipinos during the lockdown.³



Empowering consumers through alternative data

More Filipinos (95%) saw the importance of credit monitoring and made it a point to check their credit at least once a week (53%). However, with the uptick in online transactions across generations, a majority (54%) of consumers also believed their credit scores would improve if financial institutions looked beyond the standard credit report.

¹ <https://business.inquirer.net/321057/quarter-on-quarter-ph-gdp-growth-could-end-in-q2>

² <https://www.rappler.com/business/inflation-rate-philippines-may-2022/>

³ <https://business.inquirer.net/350141/uk-think-tank-revenge-spending-in-ph-likely-over-as-savings-dry-up>

Household income (HHI), spending and bill payment impact

In the second quarter of 2022, nearly half (43%) of respondents reported an increase in household income in the last three months, and 81% expected their income to increase in the next 12 months.

In terms of ability to meet financial obligations, little change was reported this quarter; 46% of households stated they were able to pay their bills and loans in full. To maintain payment of bills and loans, 46% will resort to using money from their savings, while 42% intend to pay a partial amount only, and 40% plan to borrow from family or friends.

Related to this, a majority (56%) reported saving more in emergency funds. As well, 43% of respondents reported they cut back on discretionary spending like dining out compared to 22% who increased their discretionary spending.

Moreover, the majority of Filipino consumers were looking to maintain this trend; 61% expected large purchase spending to decrease or stay the same. On the other hand, 48% expected to spend more on bills and loans.

Figure 1. Household income change last three months

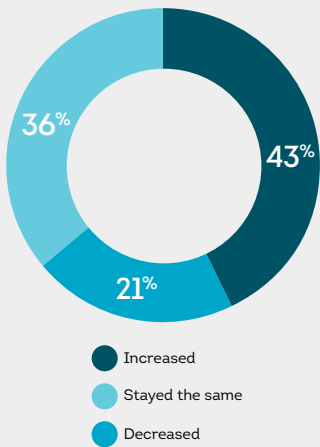


Figure 2. Expected household income change next 12 months

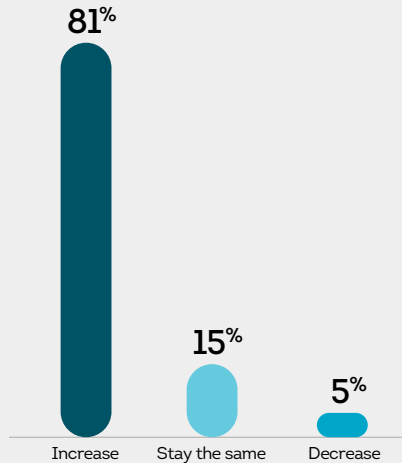


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

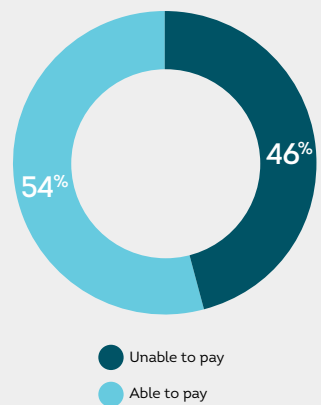


Figure 4. Reasons for change in current household income

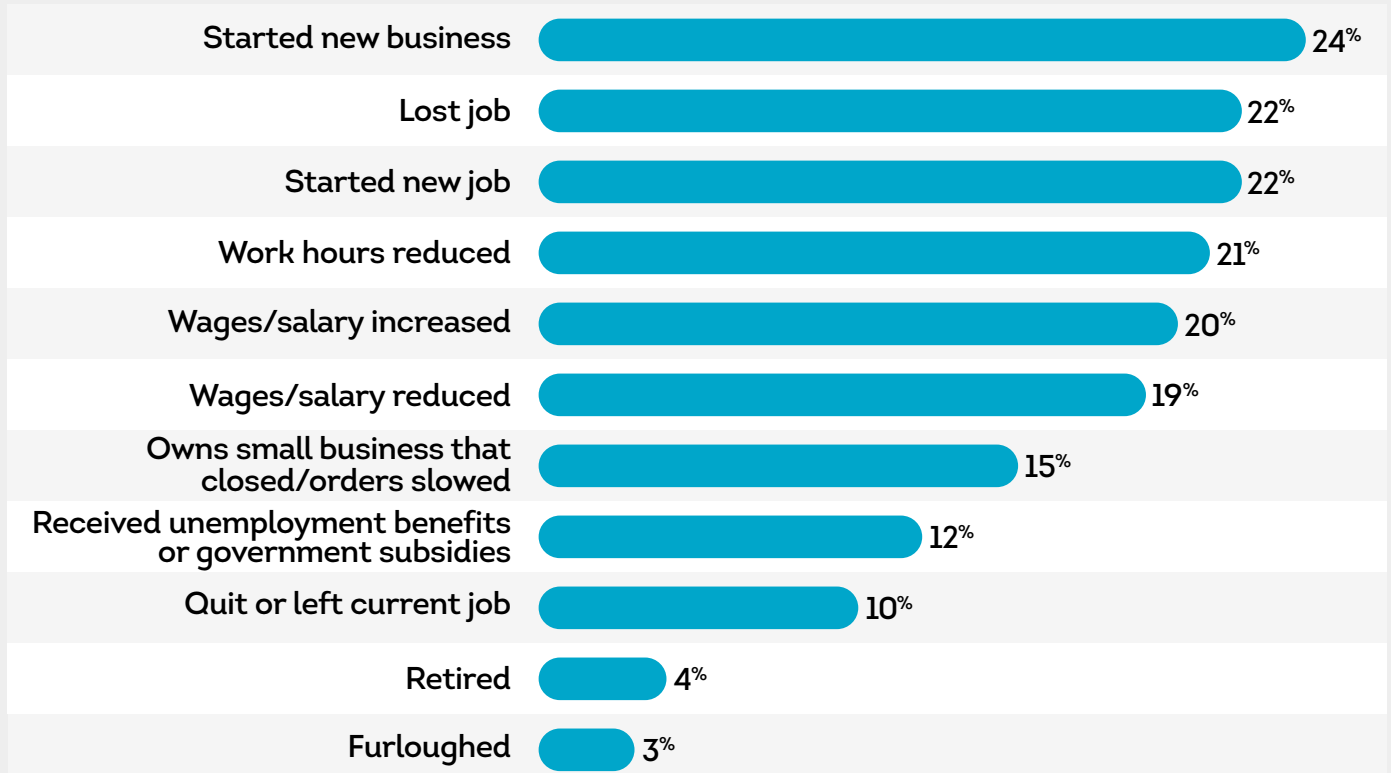


Figure 5. Changes to household budget in the last three months

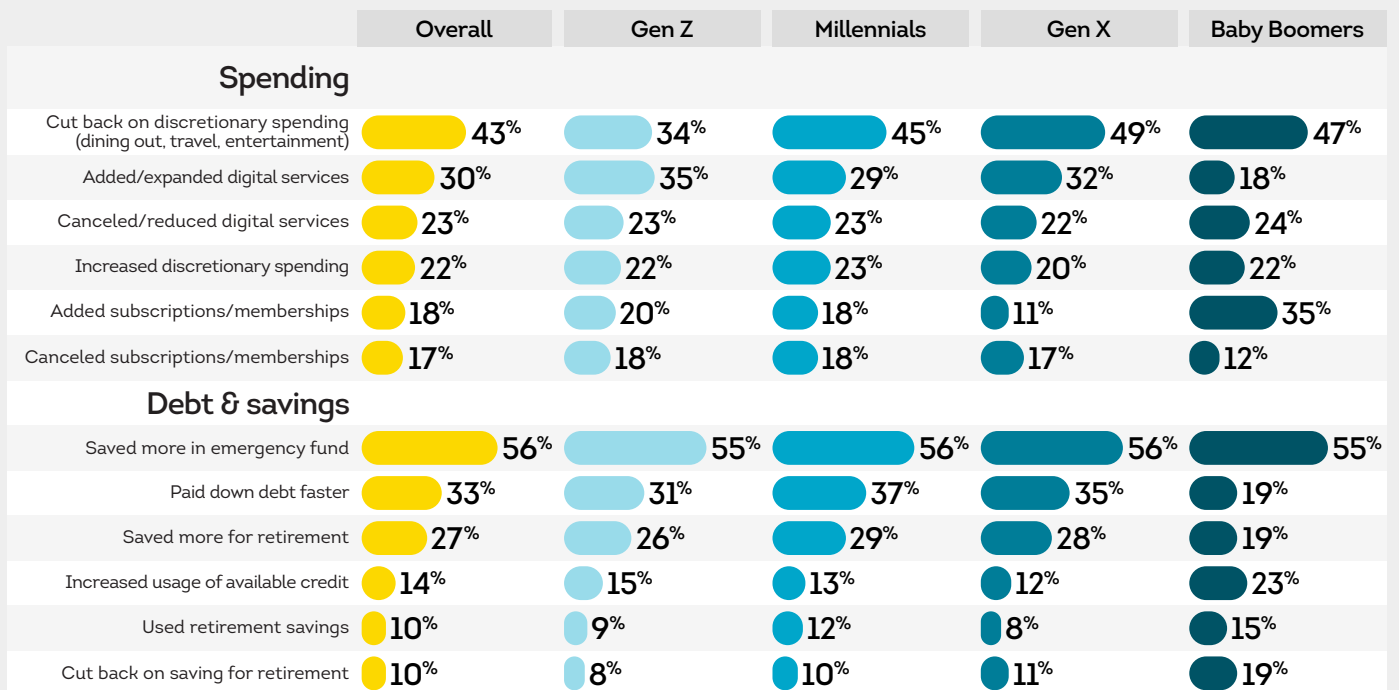


Figure 6. Plans to pay current bills or loans (among those unable to pay bills/loans)

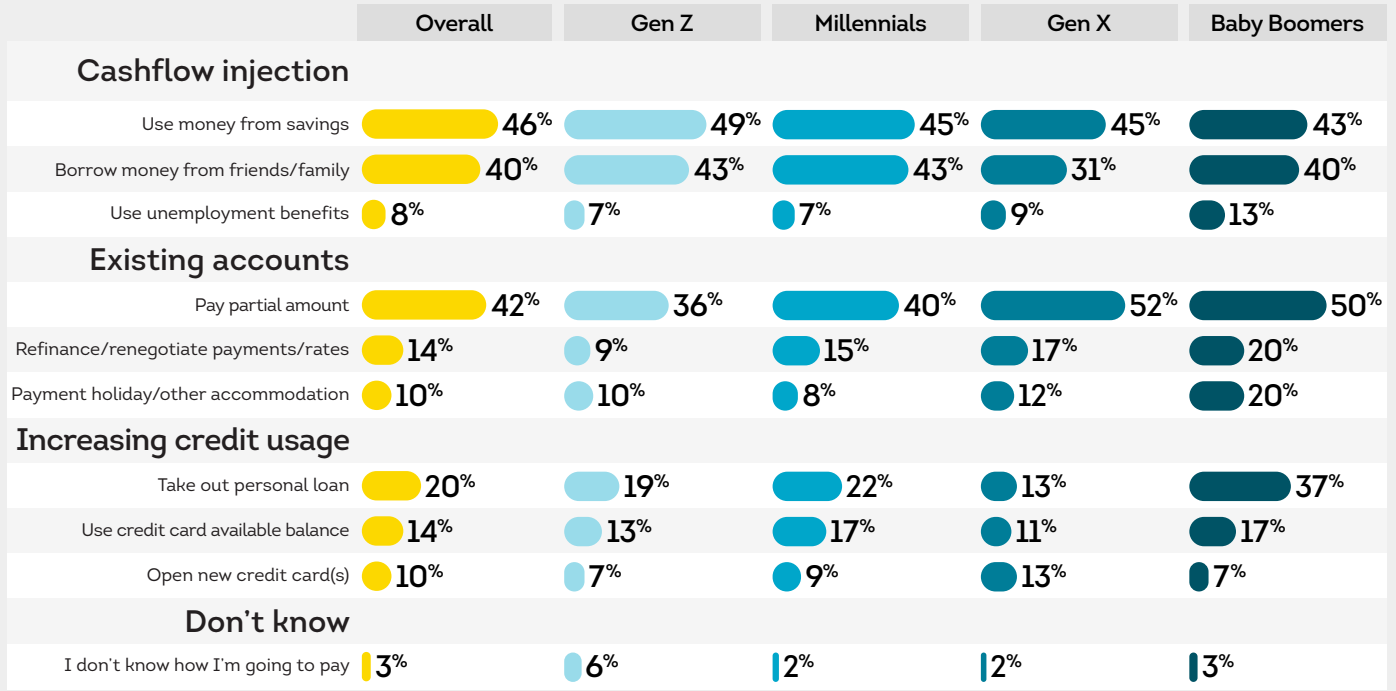
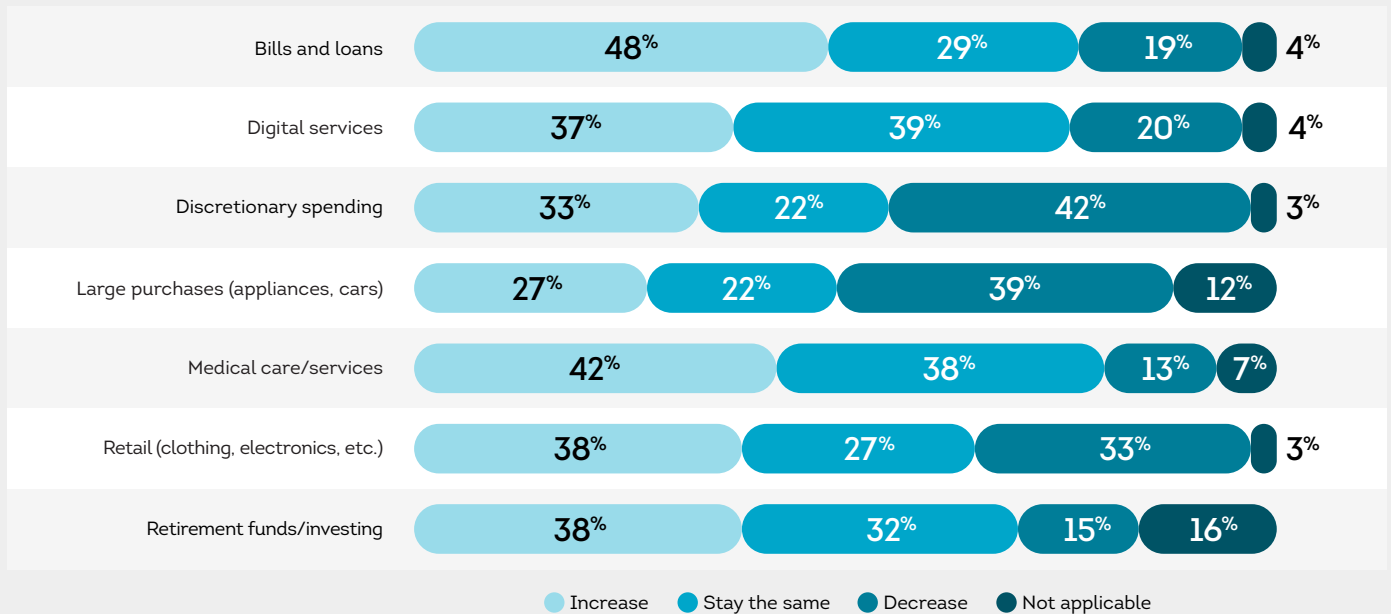


Figure 7. Expected change to household spending over next three months



Attitudes and plans for economic participation

Most respondents (96%) believed access to credit is important. However, 27% of respondents still disagreed they have enough access to credit. Across generations, more Baby Boomers (55%) felt positive they have sufficient access to credit and lending products.

More than half (55%) of respondents were planning to apply for new credit within the next year. This was consistent across generations, but Baby Boomers led the pack with 62% having reported credit application plans.

In the next 12 months, Filipinos expected to apply for new personal loans (53%) and new credit cards (41%). However, only 35% were planning to apply for a new mortgage or home loan. Notably, more Millennials and Gen X were planning to apply for personal loans at 63% and 50%, respectively.

Related to this, over half (59%) of respondents who considered applying for new credit or refinancing existing credit ultimately decided not to. Some cited the high cost of new credit or refinancing (32%), while others (30%) believed they'd be rejected due to their income or employment status.

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

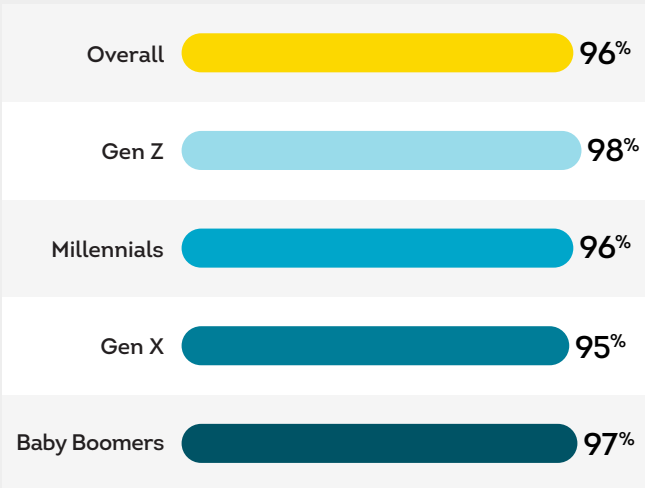


Figure 9. Believe have sufficient access to credit and lending products

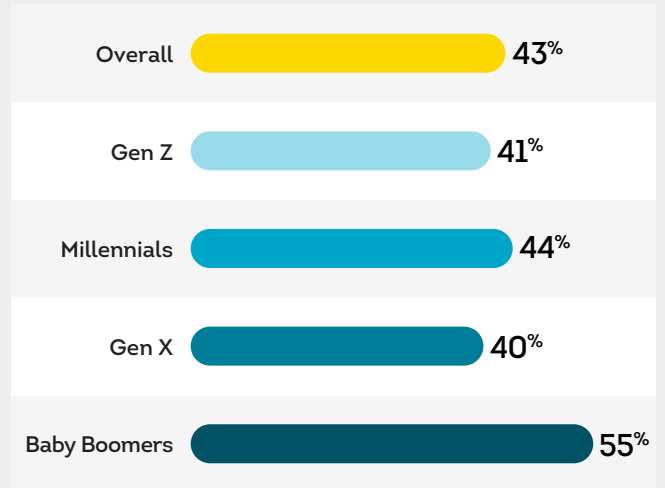


Figure 10. Plan to apply for new credit or refinance existing credit within the next year

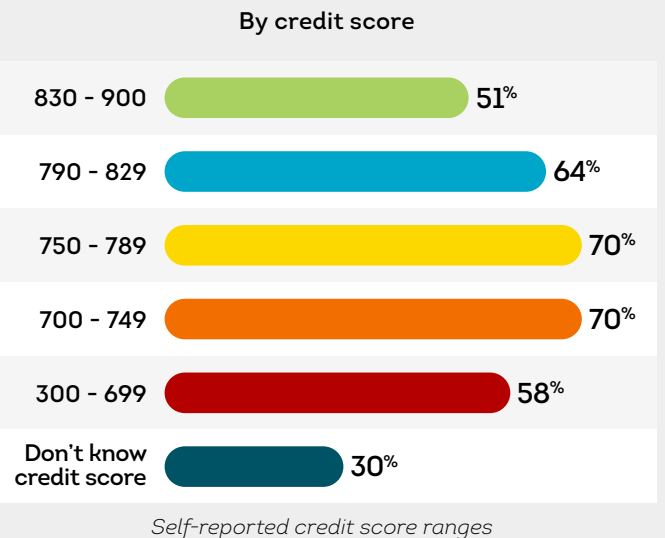
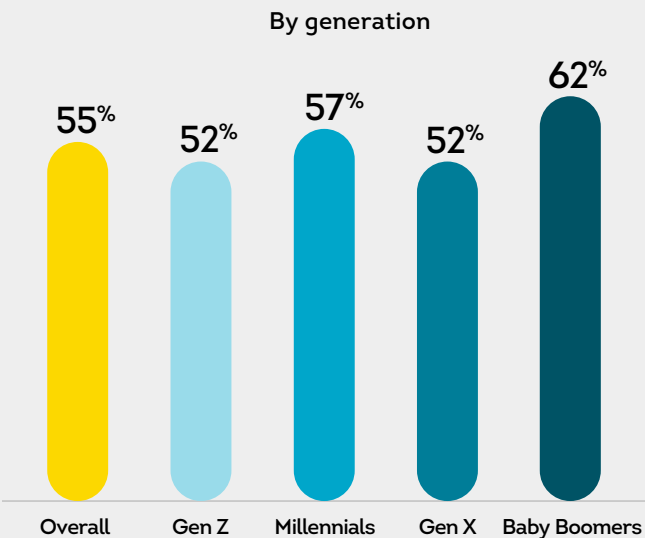


Figure 11. Type of new credit and loan activity planned in next 12 months

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

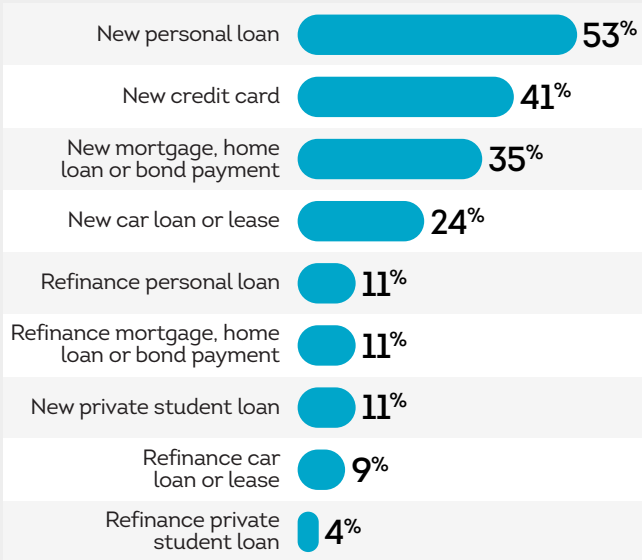


Figure 12. Abandoned plan to apply for new credit or refinance

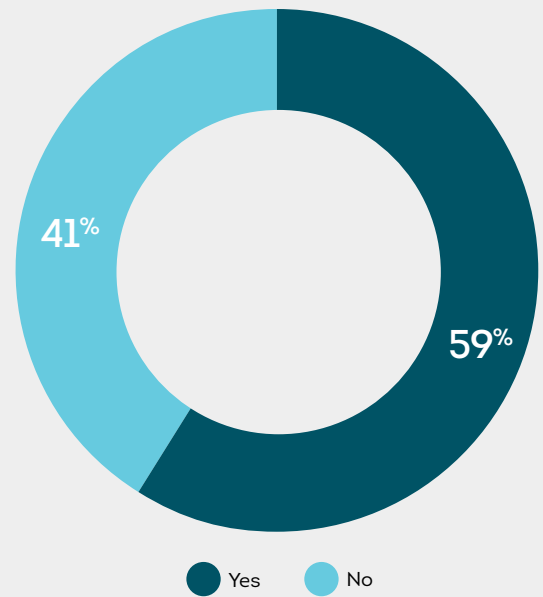
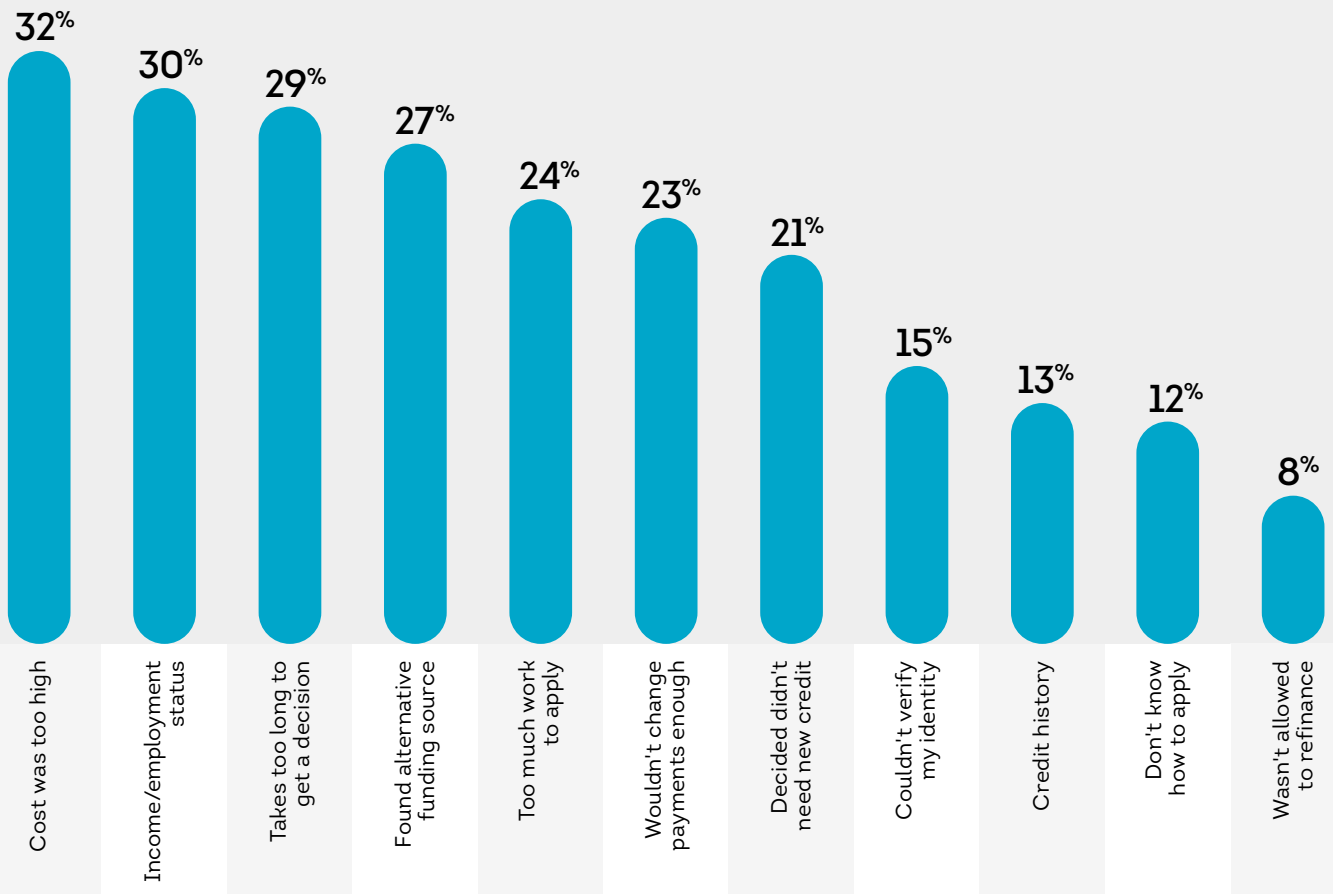


Figure 13. Reasons for abandoning application for new credit or refinance



Attitudes and behavior to manage financial choices

A significant 95% of Filipino consumers believed monitoring credit is important – with 53% monitoring their credit at least once a week. Baby Boomers (50%) and nearly half of Millennials (45%) believed monitoring credit is extremely important.

More consumers are now transacting online; 28% stated they perform most of their transactions online. Leading this trend are Baby Boomers; 46% reported more than half of their transactions are now done online. On the other hand, 13% of Gen Z does not transact online at all.

Many consumers (54%) believed their credit scores would increase if businesses used information not on the standard credit report. Baby Boomers (64%) believed their credit scores would increase, while Gen X (11%) believed their credit scores would go down.

Figure 14. Credit monitoring frequency

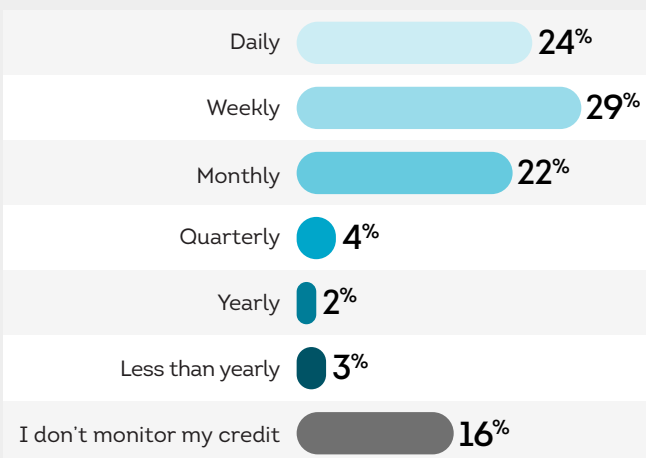


Figure 15. Believe monitoring credit is important

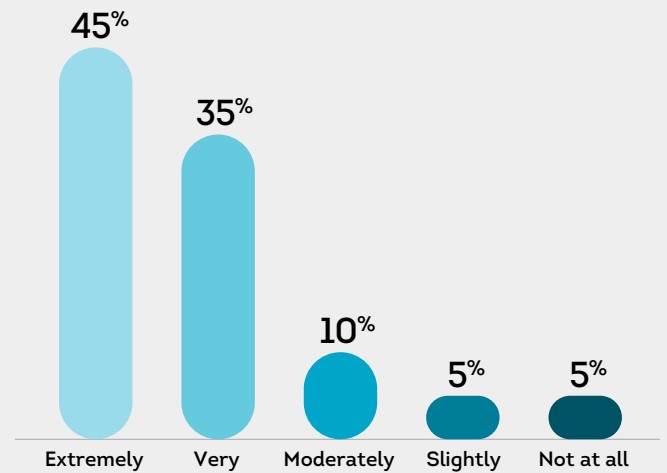


Figure 16. Percentage of transactions done online

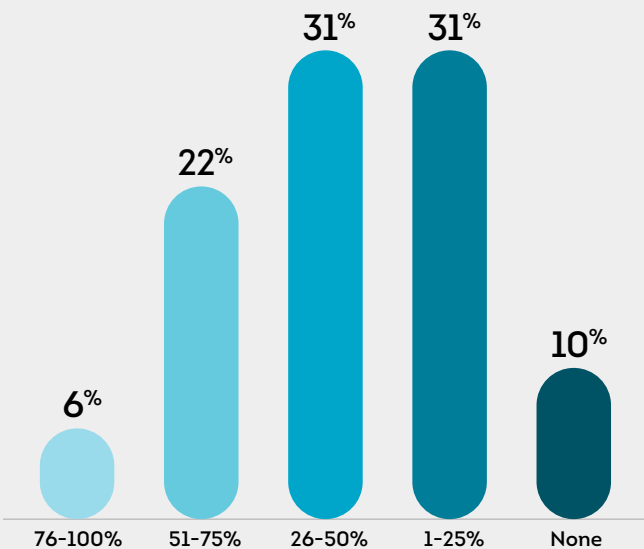
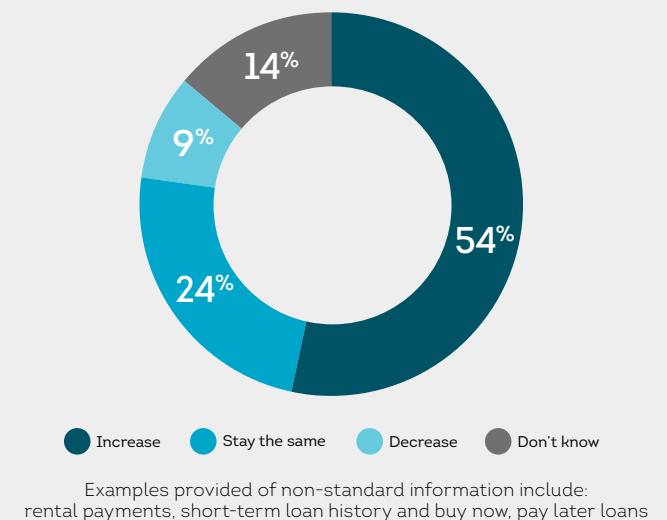


Figure 17. How believe credit score would change if businesses used information not on standard credit report



IDENTITY PROTECTION

Identity risks and usage

Close to half (44%) of consumers admitted they were not aware of any fraud schemes targeted towards them; almost as many (45%) were targeted but did not become a victim; and few (11%) claimed they ended up victims of these schemes. Nearly half (48%) of Gen X were not aware of being targeted – not much higher compared to Gen Z (43%) and Millennials (43%). However, 36% of Baby Boomers reported falling for these fraudulent schemes.

At 42%, phishing remained the top fraud scheme in the last three months. This was followed by money and gift card scams at 39%, and third-party seller scams on legitimate online retail websites at 31%. However, only 10% reported being targeted by or falling victim to stolen credit card or fraudulent charges.

Most consumers (90%) were concerned with sharing personal information, while fewer (77%) expressed worry about invasion of privacy, not wanting their identity stolen (70%) and getting unsolicited marketing communications (41%).

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

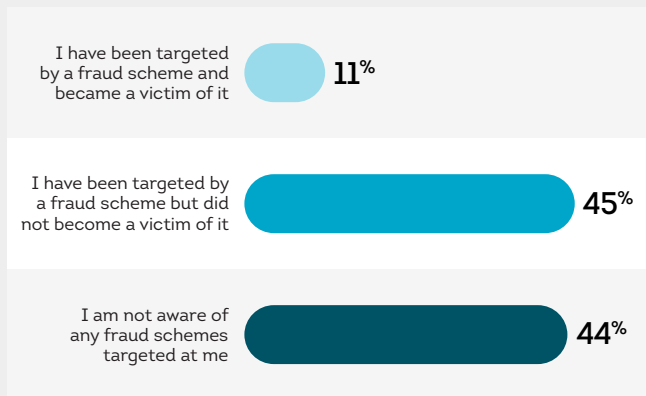


Figure 19. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)

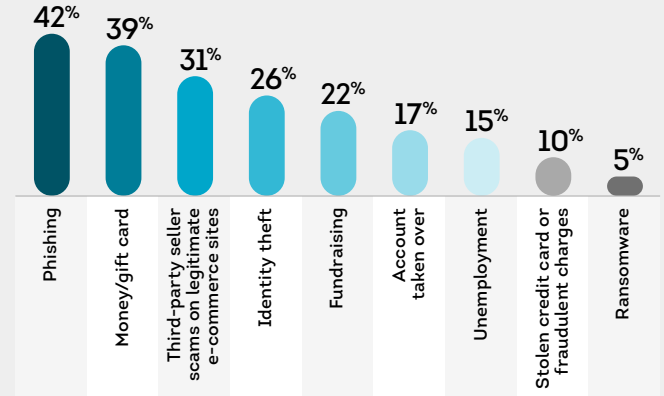


Figure 20. Concern with sharing personal information

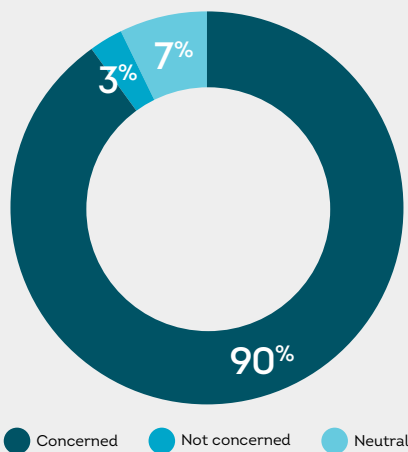
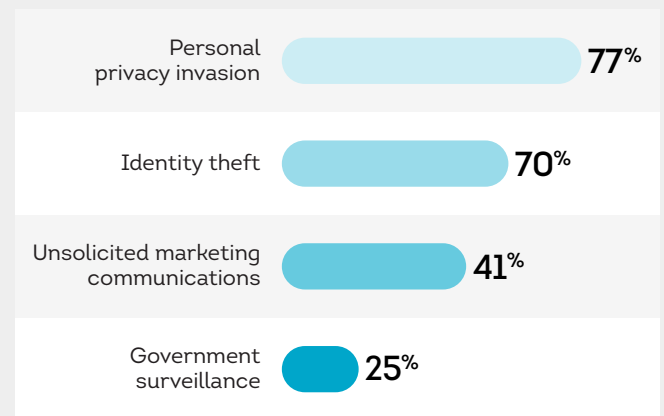


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse survey of 1,005 adults was conducted May 26–June 7, 2022 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in the Philippines were surveyed using an online research panel method across a combination of desktop, mobile and tablet devices. Survey questions were administered in English. 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. 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 ± 3.09 percentage points based on a calculated error margin.

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



About TransUnion (NYSE: TRU)

TransUnion is a global information and insights company that makes trust possible in the modern economy. We do this by providing an actionable picture of each person so they can be reliably represented in the marketplace. As a result, businesses and consumers can transact with confidence and achieve great things. We call this Information for Good®.

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.

transunion.ph