

Consumer Pulse Study

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

Philippines Q4 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



More than half of respondents vaccinated

As the government kicks off the vaccination campaign, the vaccination rate is increasing steadily: 64% of respondents said they're fully vaccinated. Millennials (66%) and Gen X (73%) respondents have the highest increase in vaccination status (up 35 and 27 percentage points, respectively from Q3). This trend is expected to continue due to the threat of the Omicron variant.



Improvements in household finance

The percentage of consumers who reported their household income is currently negatively impacted by COVID-19 decreased to 59% from 64% in Q3 and 65% in Q1. Looking toward the future, only 46% of consumers said they expect their household income will decrease due to the pandemic.



Consumers remained cautious with discretionary spending and savings

In contrast to the household income recovery, consumers are still cautious with spending. Half of respondents (52%) said they cut back on discretionary spending in the past few months compared to 45% in Q1, while only 17% increased their spending compared to 22% in Q1.

FINANCIAL HARDSHIP

Household income (HHI) and bill payment impact

Fewer households (59%; decreased 5 percentage points from Q3) reported income was currently decreased by the pandemic, and half of them believed their income will decrease in the future due to COVID-19 (46%; decreased 8 percentage points). Among generations, Baby Boomers saw the largest decrease from Q3 in households whose income is currently impacted (54%; decreased 10 percentage points). Impact of the pandemic is fading in medium (P21,914 to P131,484) and high-income groups (P131,483 or more). The two income groups showed improvements with 43% (decreased 11 percentage points from Q3) and 36% (decreased 5 percentage points), respectively having their household income currently decreased.

Having been vaccinated appears to lead to a more positive economic outlook. Fully vaccinated households (13%; no change from Q3) reported never having their household income decrease due to COVID-19, and they expected less negative impact in the future (44% compared to 50% of those who do not plan to get vaccinated).

About half of all households (46%) expect to be unable to pay their current bills and loans in full. Among them, the most popular ways they said they'll help pay current bills and loans are savings at 42% and a partial payment at 45%. The top bills and loans consumers said they won't be able to pay (among those who have these bills and loans) are personal loans (37%), mortgages and home loans (33%), and credit cards (27%).

Twenty-one percent of households reported they received a financial accommodation in the past year. Among those with these bills and loans, auto leases (26%), personal loans (19%) and credit cards (17%) were the top three that received financial accommodation. More than a third (38%) said they paid down debt as a result of receiving a financial accommodation.

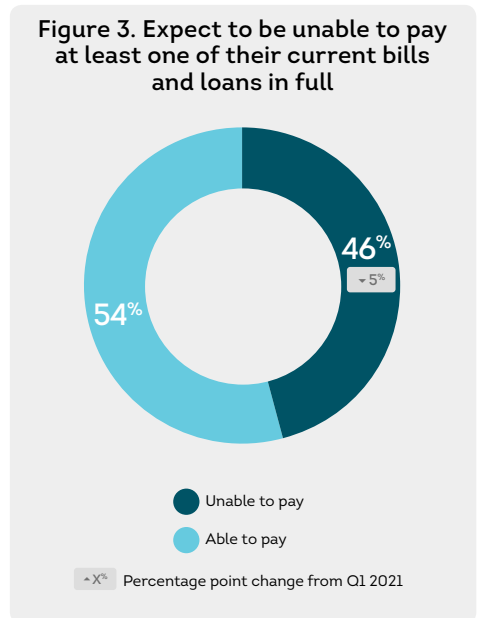
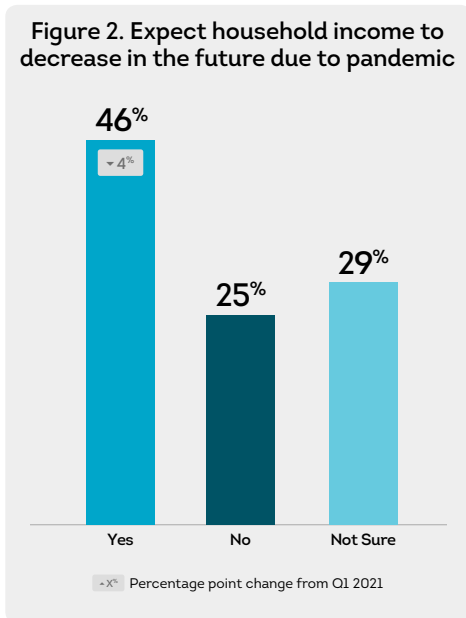
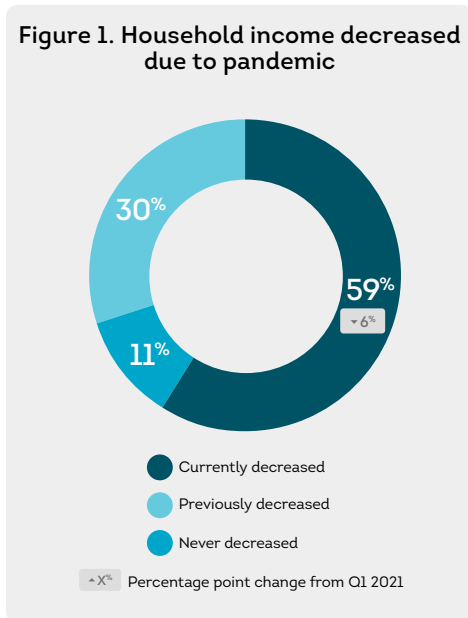
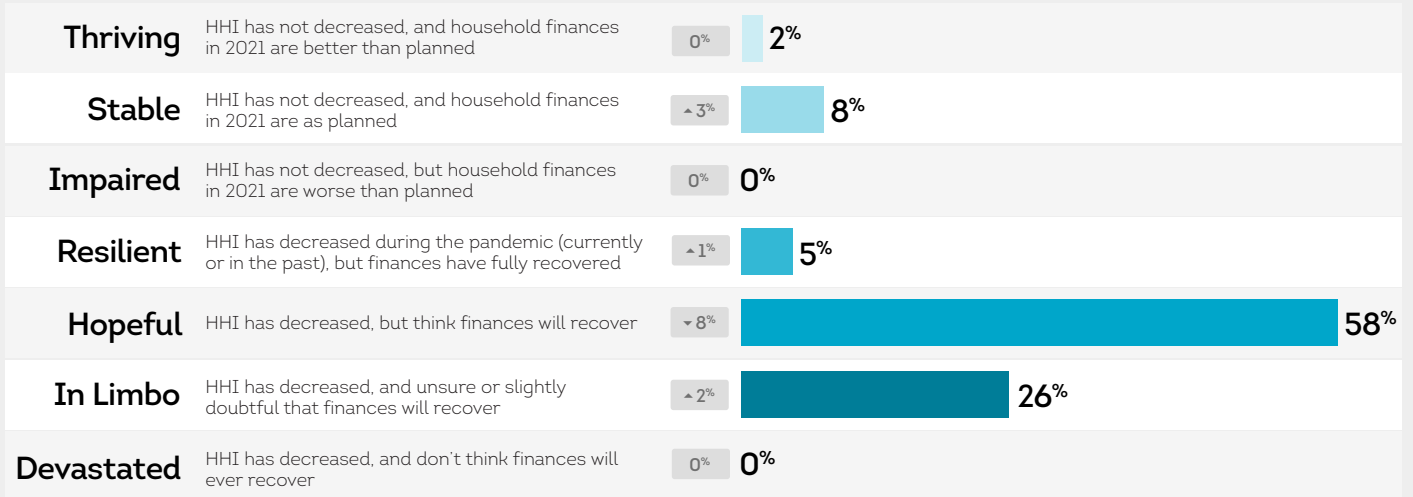
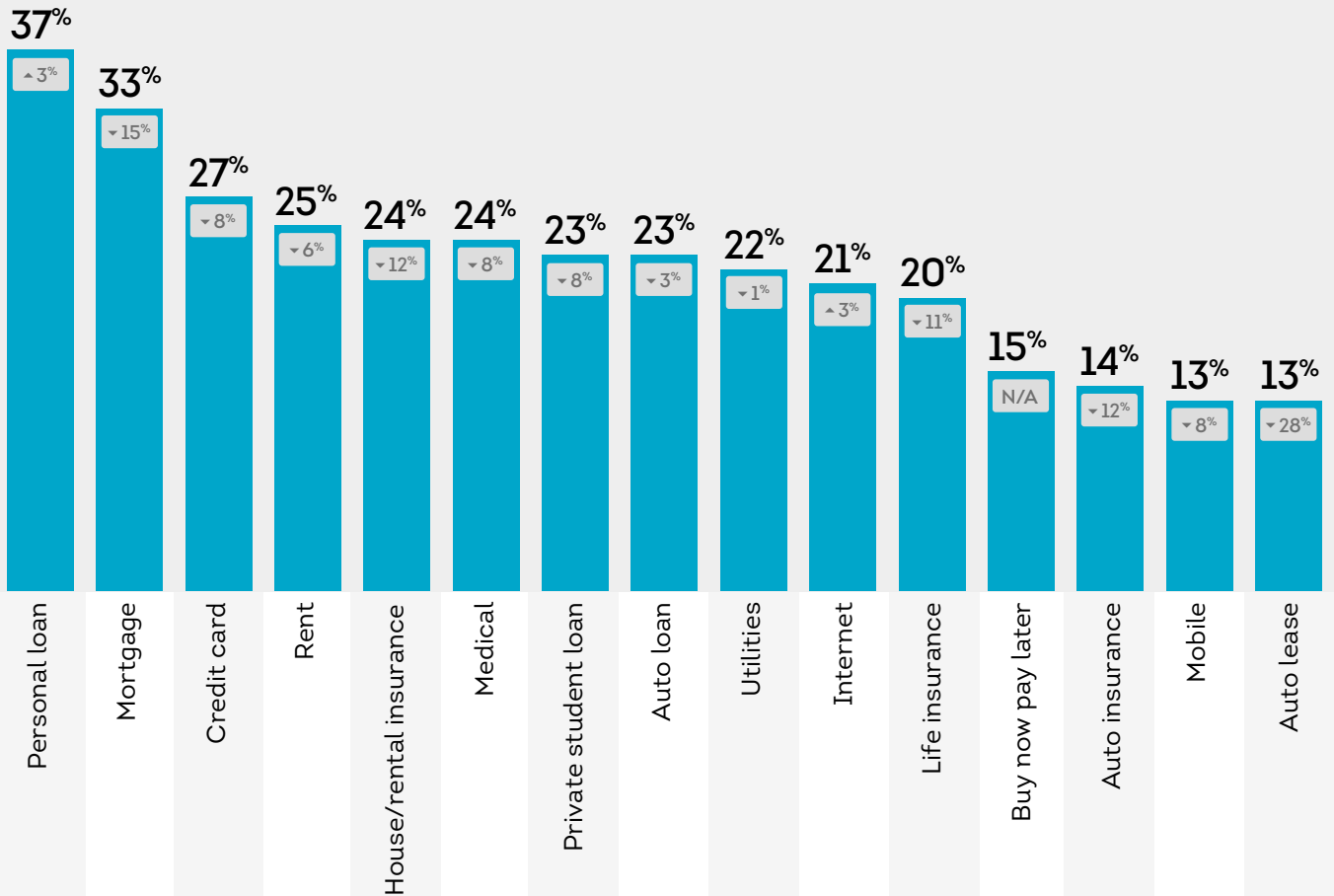


Figure 4. Consumer financial situation due to pandemic



▲ 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)

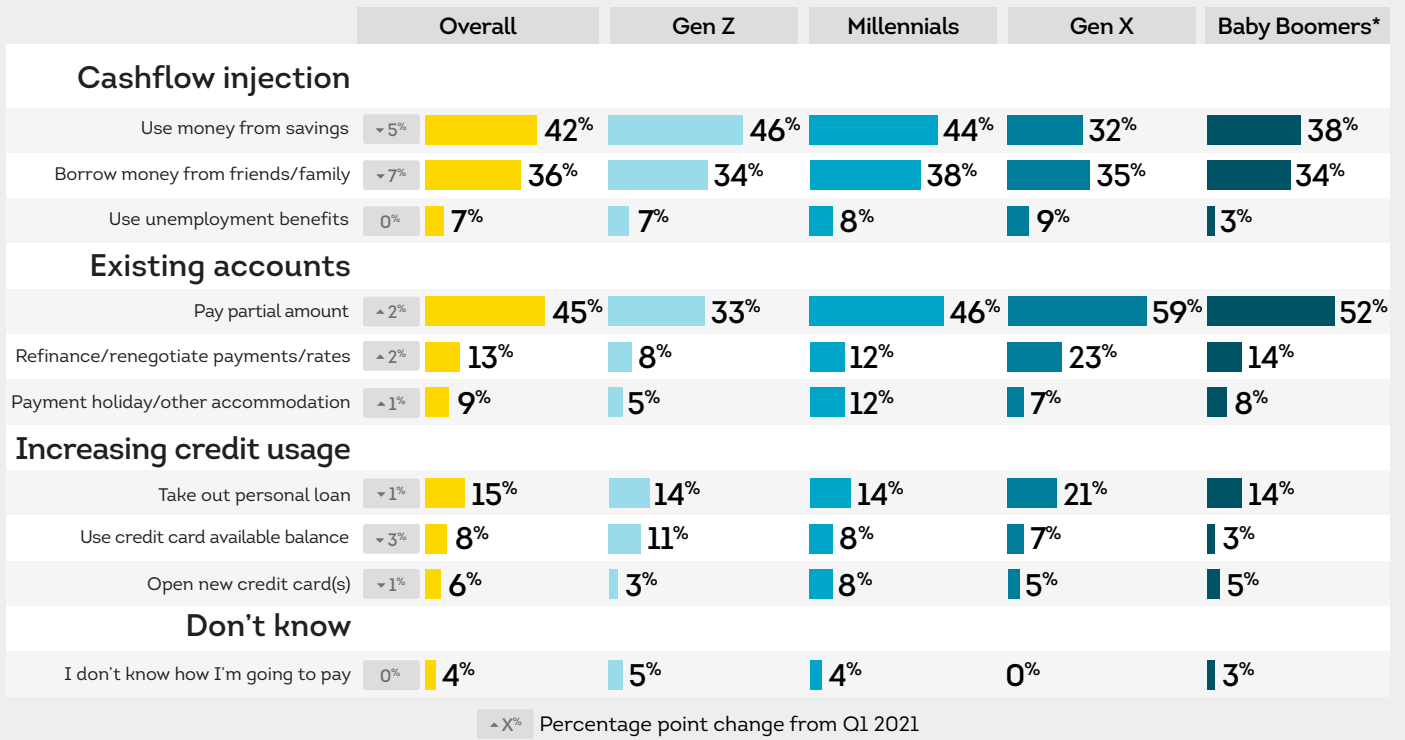
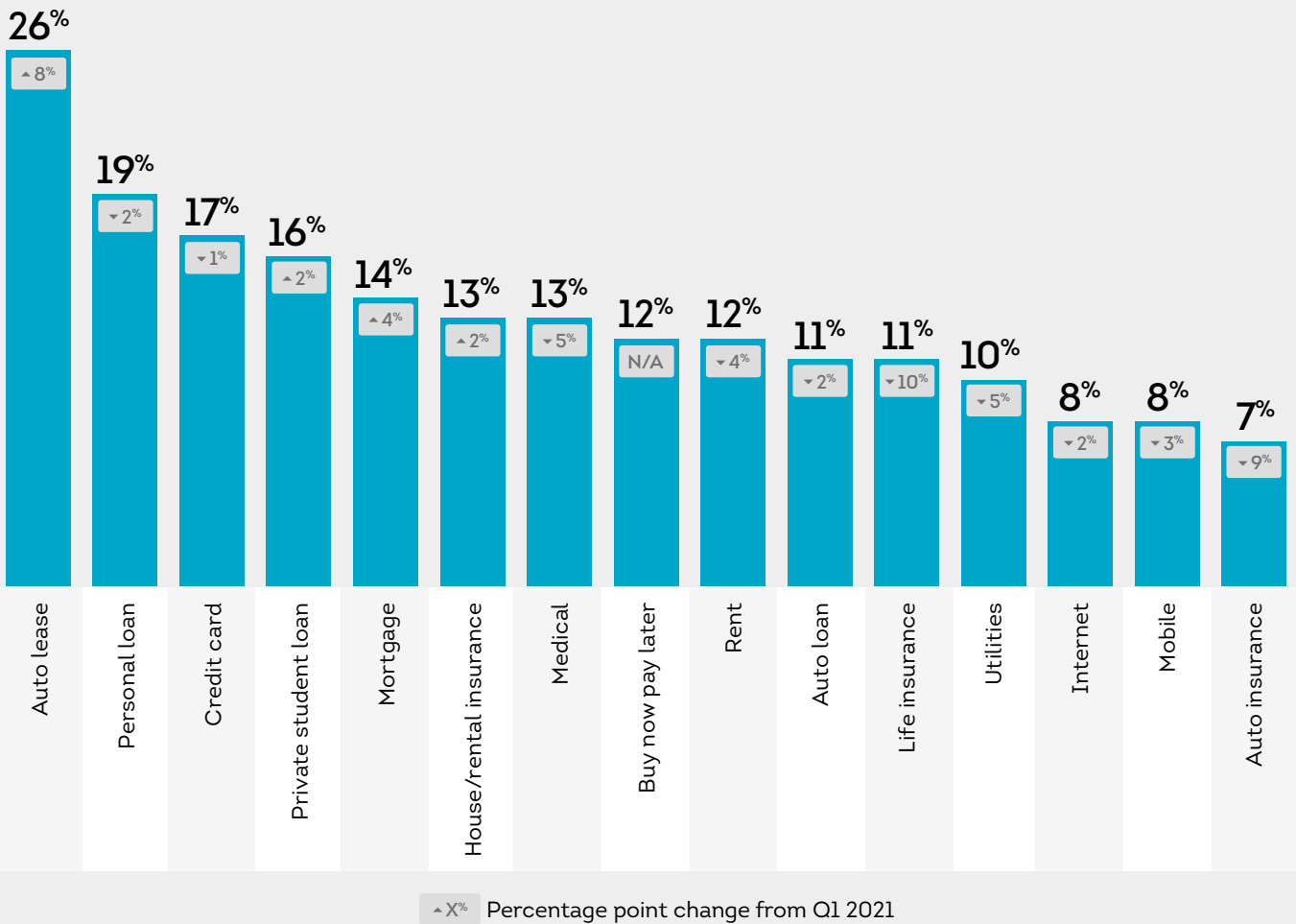


Figure 7. Types of bills or loans enrolled in financial accommodation in past year (among those with that bill/loan)



FINANCIAL INCLUSION

Attitudes and plans for economic participation

Just over half of respondents (52%) believed access to credit is important for financial goals, but only 35% said they have sufficient access to lending. More respondents (19%; increased 5 percentage points from Q3 2021) believed it's not important to achieve financial goals.

Nearly half (44%) of respondents were planning to apply for credit. Gen Z (36%) and Baby Boomers (35%) had the least respondents who said they plan to apply for credit in the next year, while Millennials had the most respondents at 51%. Over 93% of respondents believed monitoring credit is extremely, very, moderately or slightly important; with 69% monitoring credit at least once a month.

Nearly half of respondents (52%) said they cut back on discretionary spending, whereas 47% said they saved more in an emergency fund in the last three months (down 8 percentage points from Q3 and 3 points from Q1). It appears online transactions will remain stable: 53% of respondents said the number of online transactions they'll make in the next three months will remain the same or increase a little.

Figure 8. Believe important to have access to credit and lending products to achieve financial goals (extremely or very important)

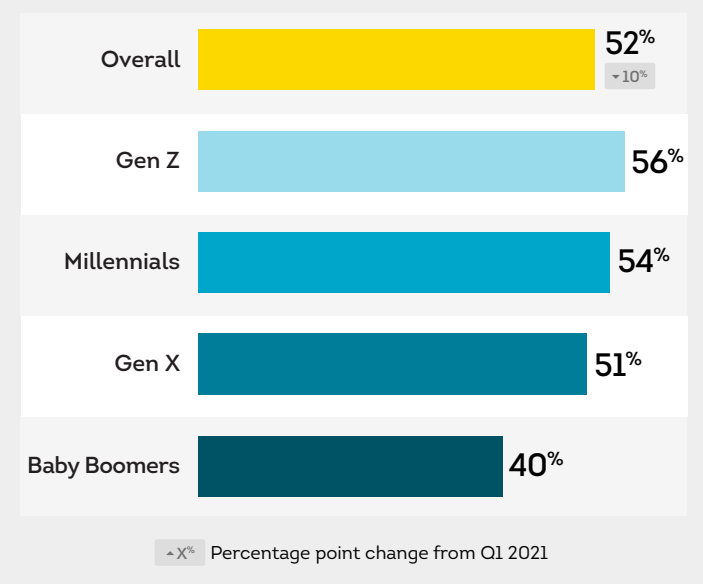


Figure 9. Believe have sufficient access to credit and lending products

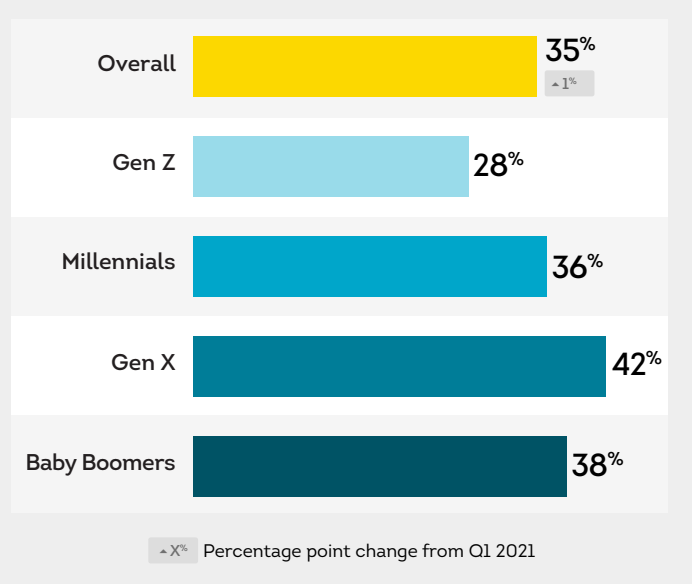


Figure 10. Plan to apply for new credit or refinance existing credit within the next year

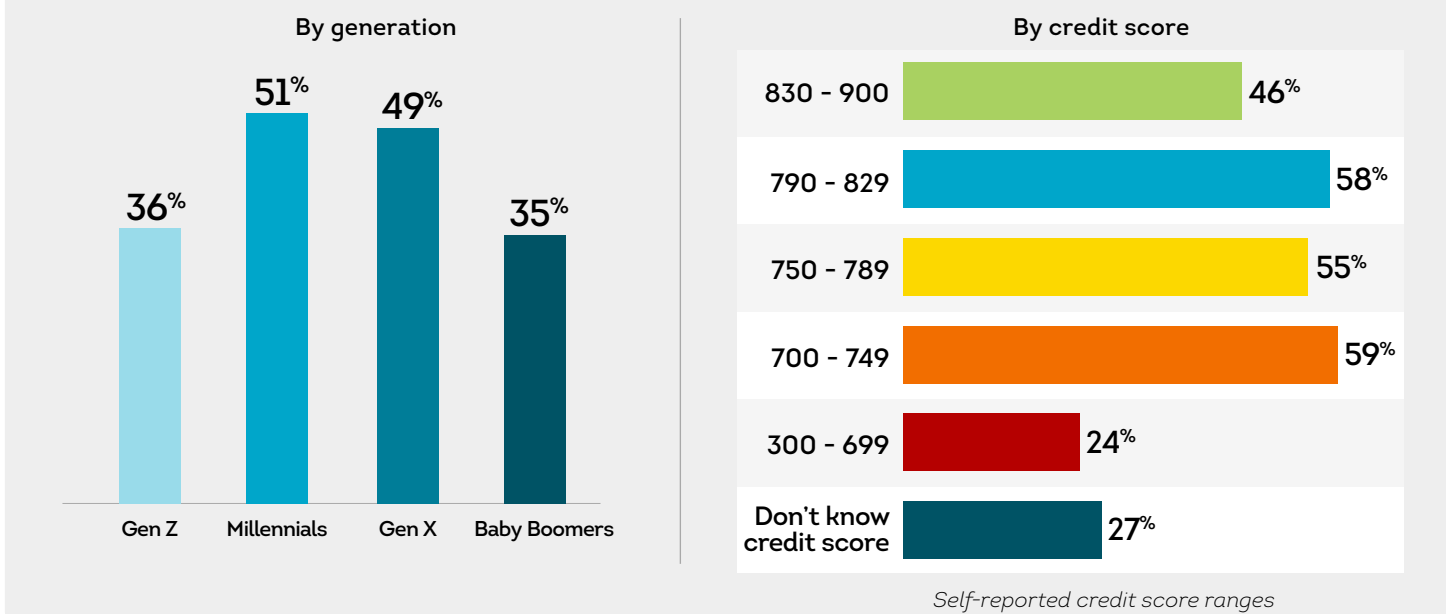
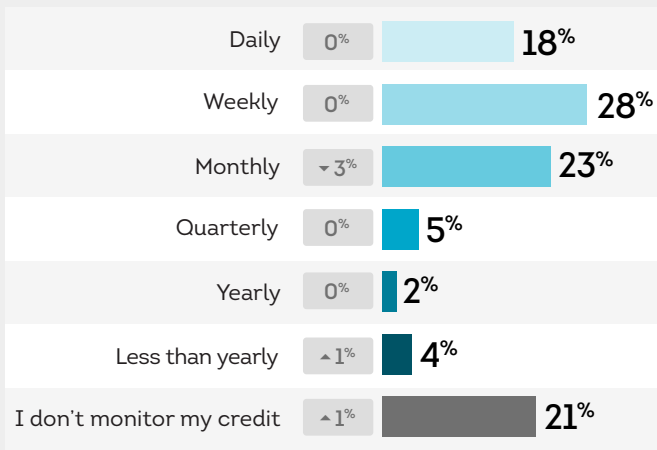
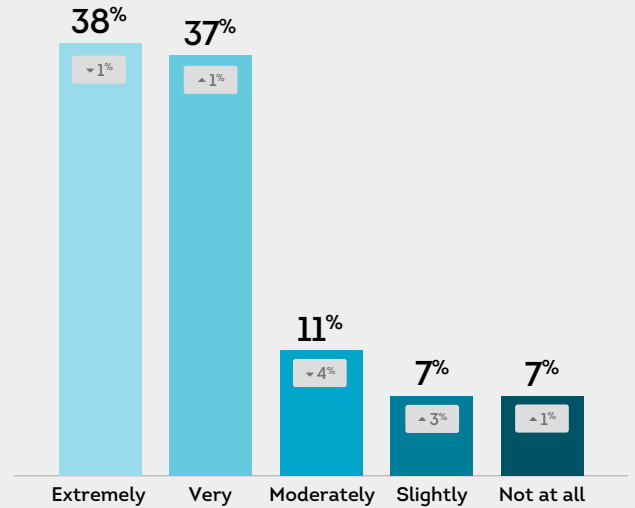


Figure 11. Credit monitoring frequency



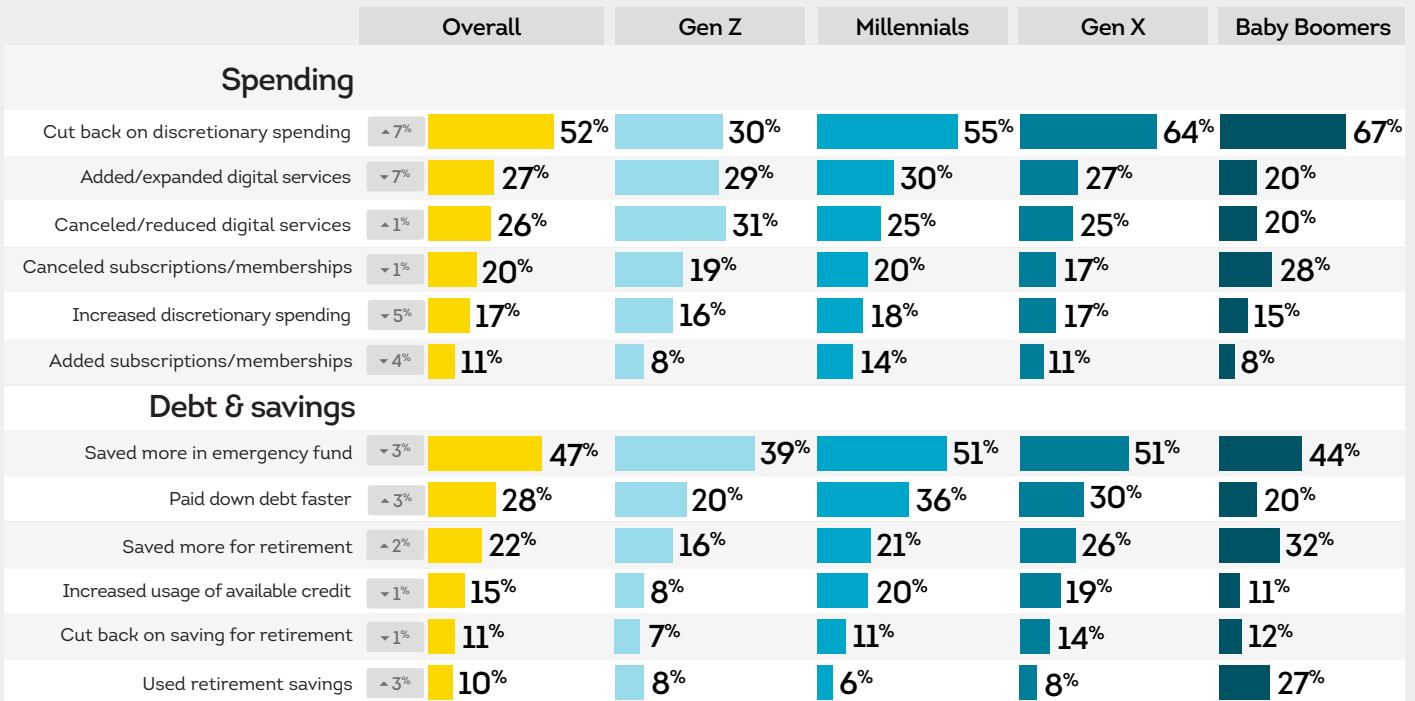
▲ X% Percentage point change from Q3 2021

Figure 12. Believe monitoring credit is important



▲ X% Percentage point change from Q3 2021

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



▲ X% Percentage point change from Q1 2021

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

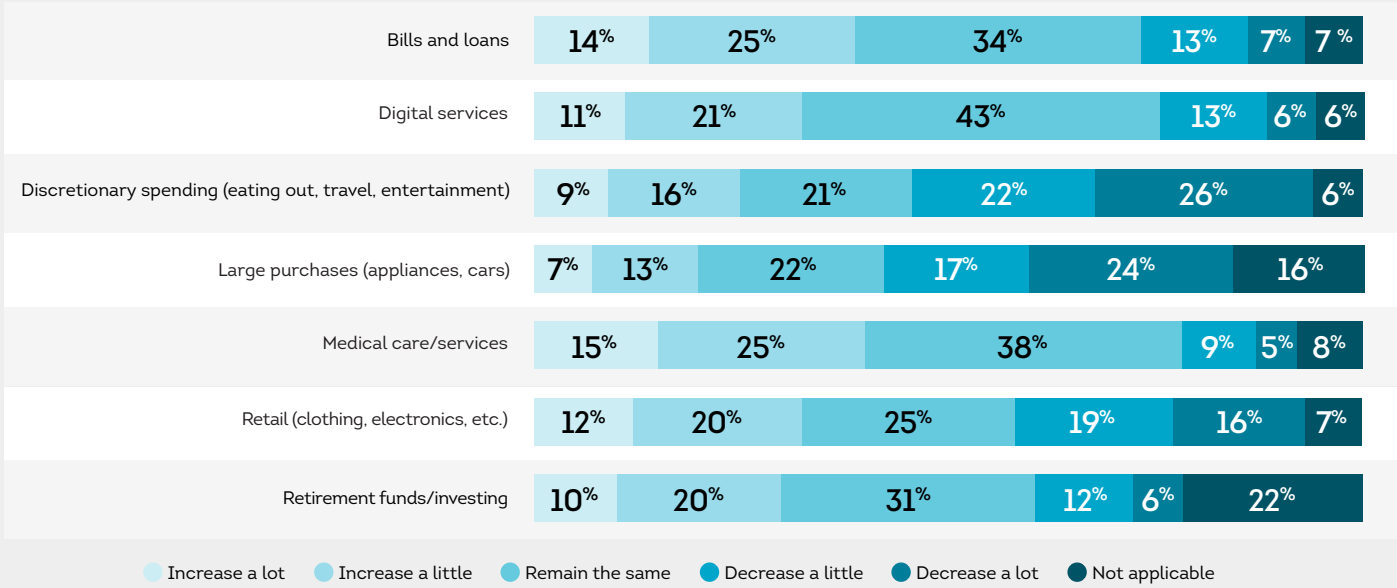
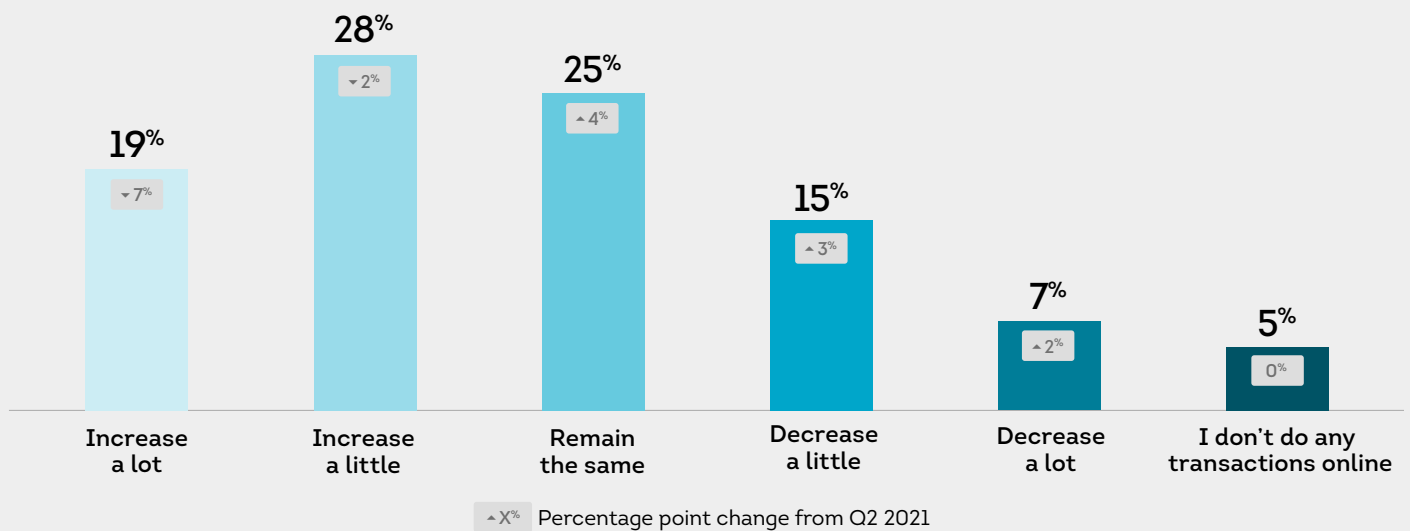


Figure 15. Expected change in number of online transactions over the next three months



FOCUS ON FRAUD

Experience with digital fraud

Half of respondents said they've been targeted by a digital fraud attempt in the last three months. Across generations, Millennials and Gen X were the most targeted at 54% and 52%, respectively.

Overall, phishing (44%) and third-party seller scams on legitimate online retail sites (39%) were the two most common tactics used for digital fraud schemes. Those findings were consistent across generations.

Digital fraud appears to be of utmost concern around the holidays: 95% of consumers said they're concerned about being victimized by digital fraud this holiday season.

Figure 16. Personal experience with digital fraud attempts in last three months

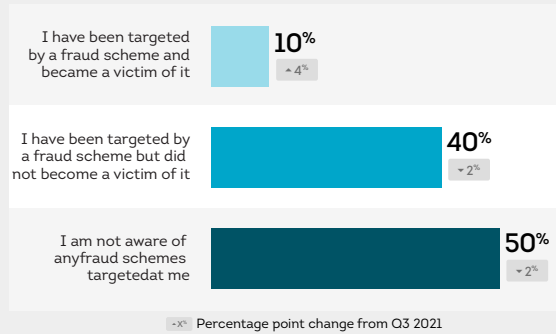


Figure 17. Digital fraud by generation

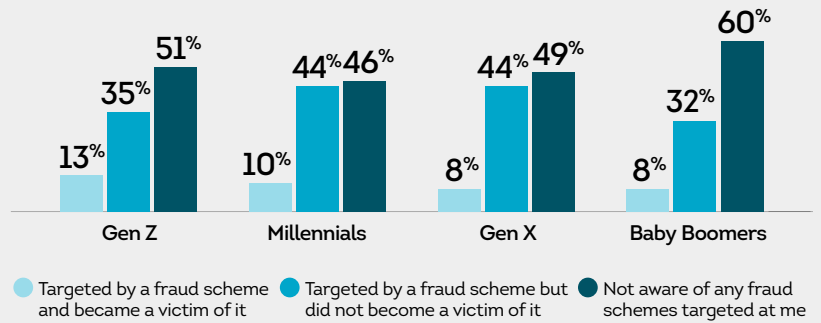


Figure 18. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)



Methodology

This online survey of 1,089 adults in the Philippines was conducted Nov. 1-8, 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 ±2.97 percentage points based on a calculated error margin.

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