TransUnion

Consumer Pulse Study

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

Philippines Q4 2023

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 behaviors 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

Amidst an environment of rising interest rates and inflation, Filipino households experienced varied changes in income; 44% reported an increase, slightly lower than the previous year's 48%. A stable 39% reported unchanged income levels and 17% faced a decrease. Despite this mixed picture, there's strong optimism for the future as 80% expected income growth; however, 43% still said they'll struggle to meet their financial obligations. The data reflects a complex landscape: Job losses affected 20%, wage reductions impacted 19%, and reduced work hours affected 15%, while 21% gained new employment, 24% started businesses, and 23% enjoyed wage/salary increases. Financial resilience was evident as households saved more and paid down debt – with cautious spending expected to continue, especially on for non-essentials.

Interest in credit and lending products as essential for financial goals dipped to 58% from 64% in Q4 2022, with Gen Z still showing strong credit regard. Access to credit seemed more challenging; only 40% felt they have enough access, down from 45% the same quarter last year. This was particularly true among Gen Z at just 37%. Plans for new credit or refinancing waned as 50% contemplated it compared to 57% last year, and 52% favored personal loans over other types of credit. However, actual follow-through was low due to high borrowing costs. Concurrently, frequent credit report monitoring declined, daily and weekly checks decreased, and 20% reported not monitoring at all, up slightly from last year. Despite a drop in the number of people who considered monitoring extremely important, most still value the practice. Online transactions saw a small increase in lower frequency users, while the number of non-participants decreased. Lastly, there was a slight dip in confidence about credit scores rising with alternative data use, signaling a gap in consumer credit knowledge.

Awareness and experience of digital fraud was high; 72% of people reported being targeted by fraudsters in the last three months, though most did not become victims. Phishing remained the top fraud scam with half of those targeted experiencing such attempts. Concerns about sharing personal information online remained extremely high at 90%, driven by fears of identity theft and privacy invasion. Although concerns about unsolicited contact and government surveillance were less pronounced, they're still noteworthy.
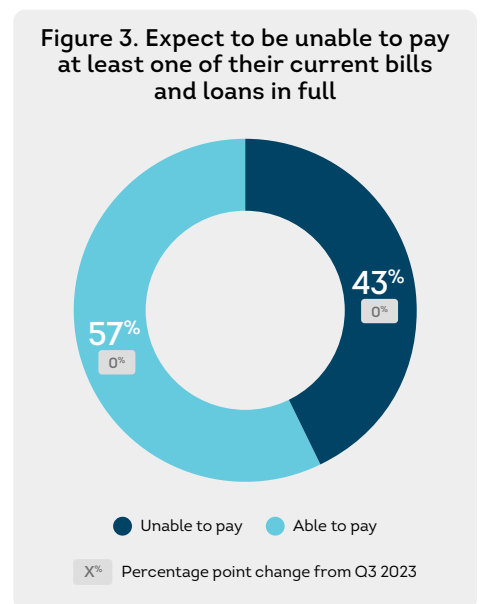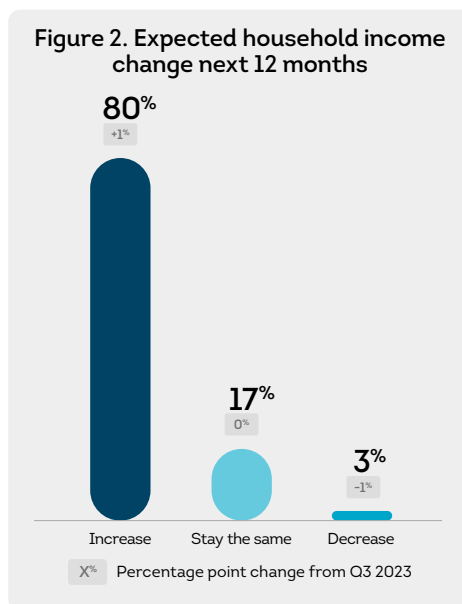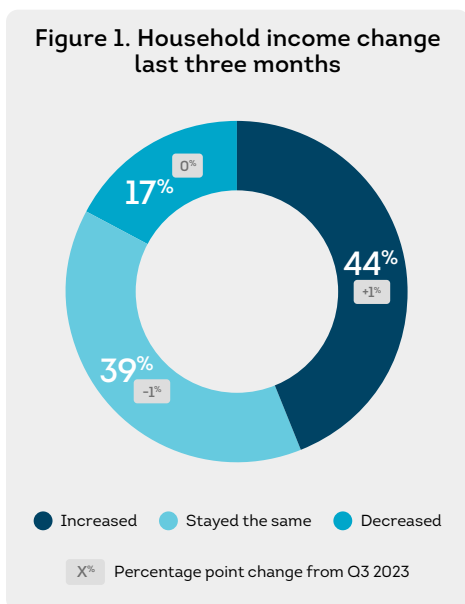
Household income (HHI), spending and bill payment impact

The Central Bank (Bangko Sentral ng Philipinas, BSP) of the Philippines raised its key interest rate to 6.5% in an unexpected move in October – after electing to keep rates unchanged in September[1]. This hike was part of the country's response to consecutive months of rising costs, particularly in essential items like food and fuel. Overall, consumer inflation saw more than a 1% price jump each month from August to September.

In terms of household income changes over the past three months, the findings remain mixed. While nearly half (44%) of Filipino households reported an increase in income (reflecting a slight decrease from the 48% reported in the same quarter of the previous year), 39% saw their income levels remain static, up from 35% in Q4 2022. Like the prior year, 17% of households experienced a decrease in income, reflecting a persistent segment of the population facing economic hardship. However, 80% of respondents remained optimistic about their income prospects over the next year, mirroring the high expectations set the previous year. Despite this optimism, there was an undercurrent of concern with 43% unsure about their abilities to meet all their bill and loan obligations – a sentiment unchanged from the previous year, indicative of an ongoing anxiety about financial liquidity among many Filipinos.
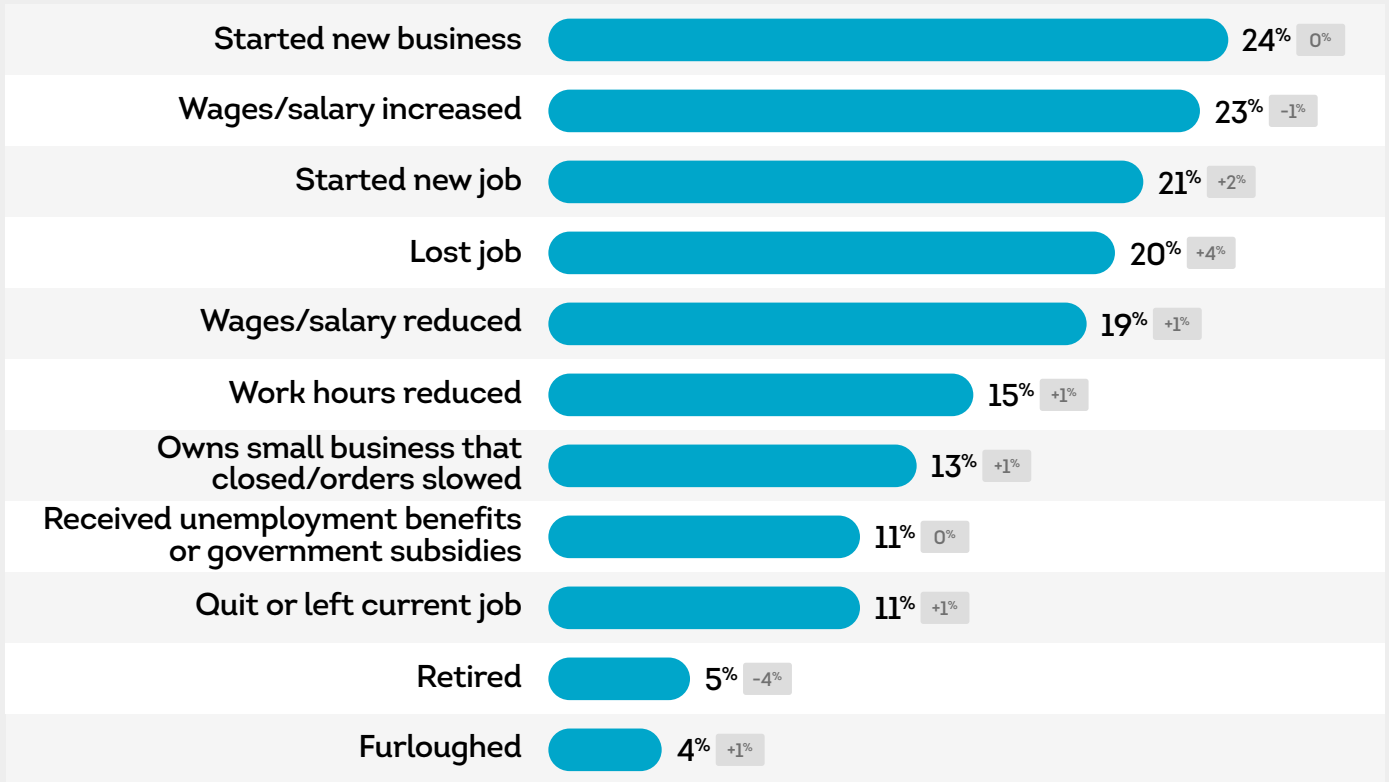
Diving into the factors influencing these income changes, the survey pointed to a spectrum of experiences. On one hand, there was the negative impact of job losses which affected 20% of households, up slightly from 18% the previous year; a slight increase in those dealing with reduced salaries or wages, now at 23%; and 15% contended with reduced work hours. On the flip side, the survey showed encouraging signs of economic resilience and opportunity among Filipinos. Despite a challenging economic environment, 21% of households had someone who started a new job, and 23% of respondents experienced an increase in their salaries or wages. Entrepreneurial spirit remained strong as well; 24% of survey respondents indicated someone in their household started a new business.

Filipino households adopted strategies that underscore their financial resilience in response to these economic pressures. Over half increased their savings for emergencies, and many accelerated debt repayments. When faced with immediate financial challenges, the top strategies included paying what they can afford (46%), using savings (45%), and borrowing from friends or family (38%). Looking ahead to spending plans over the next three months, the survey revealed a careful calibration of household budgets. While some foresaw increased spending on necessities like bills and loans (43%) and retail purchases (35%), there was a notable intention to curb spending on non-essential items (48%), big-ticket purchases (44%), and even digital services (21%). This nuanced approach to managing finances reflects a community cautiously navigating economic uncertainties.

Figure 1. Household income change last three months

- Increased 44% +1%
- Stayed the same 39% -1%
- Decreased 17% 0%

X% Percentage point change from Q3 2023

Figure 2. Expected household income change next 12 months

- Increase 80% +1%
- Stay the same 17% 0%
- Decrease 3% -1%

X% Percentage point change from Q3 2023

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

- Unable to pay 43% 0%
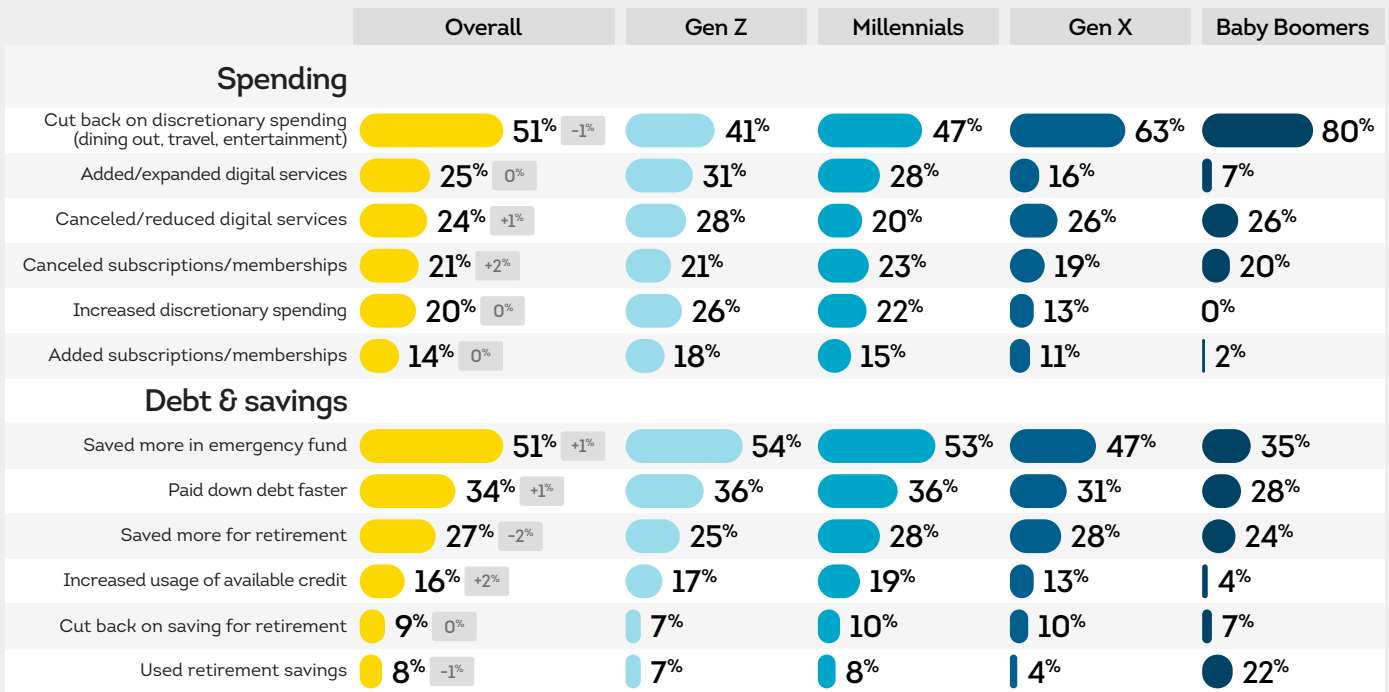- Able to pay 57% 0%

X% Percentage point change from Q3 2023

[1] Oxford Economics, Country Economic Forecast, Philippines

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Figure 4. Reasons for change in current household income in past month

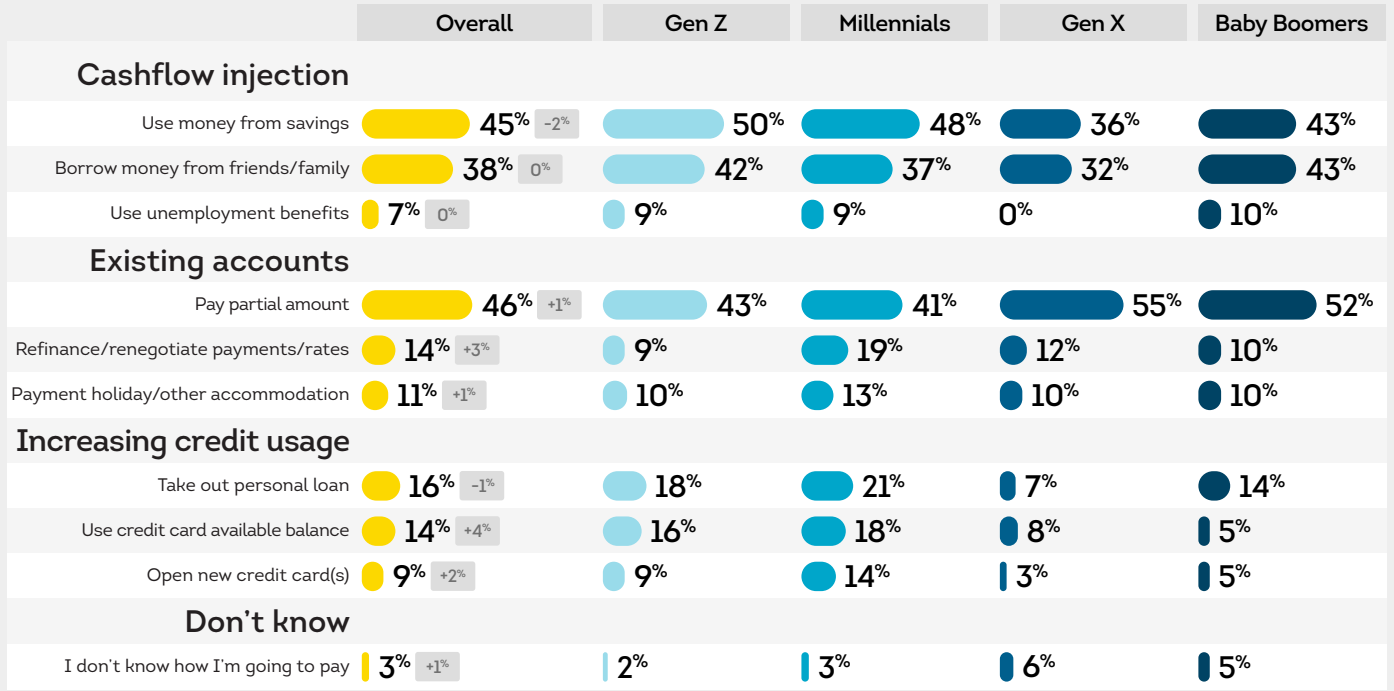| Reason	Percentage	Change from Q3 2023
Started new business	24%	0%
Wages/salary increased	23%	-1%
Started new job	21%	+2%
Lost job	20%	+4%
Wages/salary reduced	19%	+1%
Work hours reduced	15%	+1%
Owns small business that closed/orders slowed	13%	+1%
Received unemployment benefits or government subsidies	11%	0%
Quit or left current job	11%	+1%
Retired	5%	-4%
Furloughed	4%	+1%

X% Percentage point change from Q3 2023

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

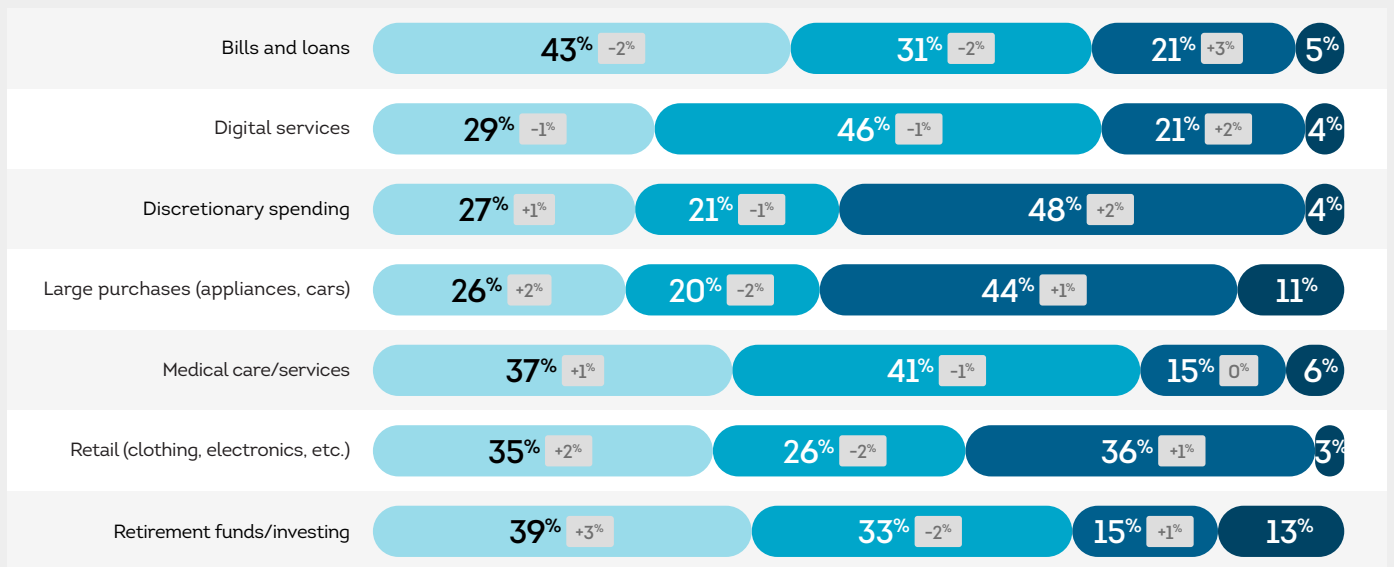|	Overall		Gen Z	Millennials	Gen X	Baby Boomers
Spending						
Cut back on discretionary spending (dining out, travel, entertainment)	51%	-1%	41%	47%	63%	80%
Added/expanded digital services	25%	0%	31%	28%	16%	7%
Canceled/reduced digital services	24%	+1%	28%	20%	26%	26%
Canceled subscriptions/memberships	21%	+2%	21%	23%	19%	20%
Increased discretionary spending	20%	0%	26%	22%	13%	0%
Added subscriptions/memberships	14%	0%	18%	15%	11%	2%
Debt & savings						
Saved more in emergency fund	51%	+1%	54%	53%	47%	35%
Paid down debt faster	34%	+1%	36%	36%	31%	28%
Saved more for retirement	27%	-2%	25%	28%	28%	24%
Increased usage of available credit	16%	+2%	17%	19%	13%	4%
Cut back on saving for retirement	9%	0%	7%	10%	10%	7%
Used retirement savings	8%	-1%	7%	8%	4%	22%

X% Percentage point change from Q3 2023

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

	Overall	Gen Z	Millennials	Gen X	Baby Boomers
Cashflow injection					
Use money from savings	45% (-2%)	50%	48%	36%	43%
Borrow money from friends/family	38% (0%)	42%	37%	32%	43%
Use unemployment benefits	7% (0%)	9%	9%	0%	10%
Existing accounts					
Pay partial amount	46% (+1%)	43%	41%	55%	52%
Refinance/renegotiate payments/rates	14% (+3%)	9%	19%	12%	10%
Payment holiday/other accommodation	11% (+1%)	10%	13%	10%	10%
Increasing credit usage					
Take out personal loan	16% (-1%)	18%	21%	7%	14%
Use credit card available balance	14% (+4%)	16%	18%	8%	5%
Open new credit card(s)	9% (+2%)	9%	14%	3%	5%
Don't know					
I don't know how I'm going to pay	3% (+1%)	2%	3%	6%	5%

X% Percentage point change from Q3 2023

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

	Increase	Stay the same	Decrease	Not applicable
Bills and loans	43% (-2%)	31% (-2%)	21% (+3%)	5%
Digital services	29% (-1%)	46% (-1%)	21% (+2%)	4%
Discretionary spending	27% (+1%)	21% (-1%)	48% (+2%)	4%
Large purchases (appliances, cars)	26% (+2%)	20% (-2%)	44% (+1%)	11%
Medical care/services	37% (+1%)	41% (-1%)	15% (0%)	6%
Retail (clothing, electronics, etc.)	35% (+2%)	26% (-2%)	36% (+1%)	3%
Retirement funds/investing	39% (+3%)	33% (-2%)	15% (+1%)	13%

X% Percentage point change from Q3 2023 ● Increase ● Stay the same ● Decrease ● Not applicable

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FINANCIAL INCLUSION

## Attitudes and plans for economic participation

Sentiment toward the importance of credit and lending products declined in Q4 2023 as 58% of individuals considered it extremely or very important to achieve financial goals, a decrease from 64% in the previous year. Gen Z consumers maintained a high regard for the importance of access to credit.

There was a noticeable drop in the perception of sufficient access to these financial products. Only 40% believed they had adequate access, down from 45% last year. Younger Gen Z consumers were concerned; only 37% expressed confidence in their access to credit.

The intention to apply for new credit products or refinance existing ones also declined with only half of respondents considering it, a decrease from 57% in 2022. Unsecured personal loans were the most sought-after product (preferred by 52% of those looking to apply) followed by credit cards and buy now, pay later services, each considered by a third of consumers.

However, the intent to apply for new credit did not always translate into action. More than half (59%) of those who planned to take on new credit or refinance ultimately decided against it, citing the high cost of borrowing as the primary deterrent.

Figure 8. Believe important to have access to credit and lending products to achieve financial goals
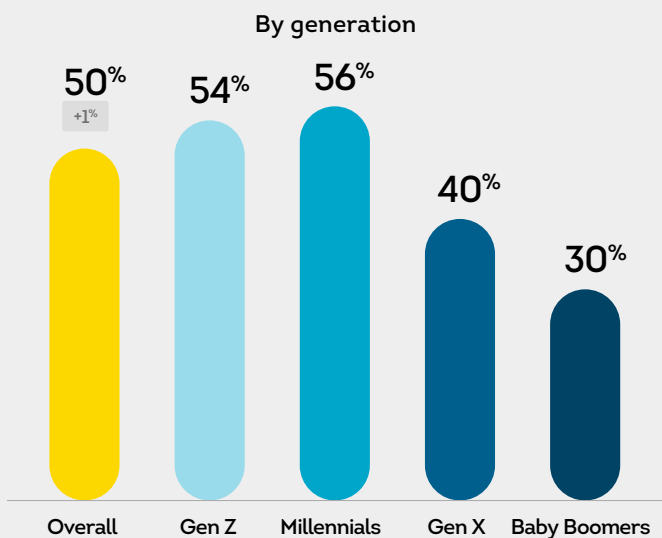
Overall	96% +1%
Gen Z	97%
Millennials	97%
Gen X	93%
Baby Boomers	96%
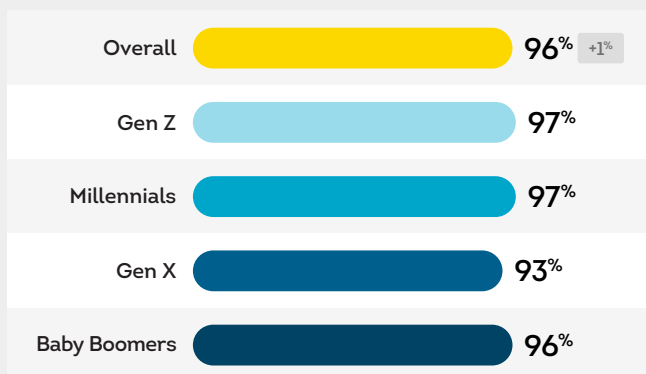
X% Percentage point change from Q3 2023

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

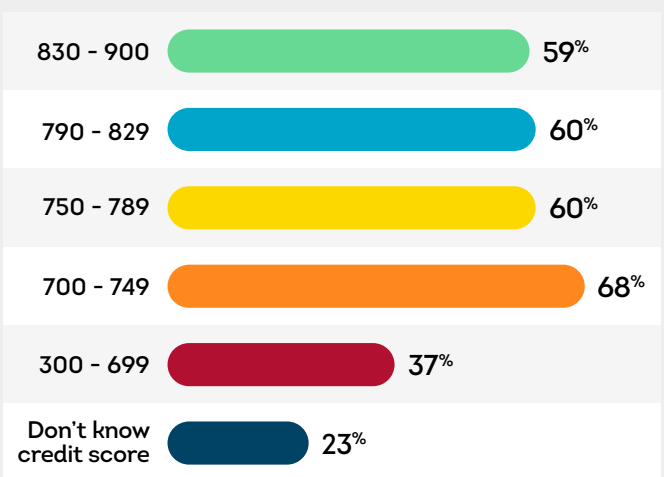|	
Overall	40% -2%
Gen Z	37%
Millennials	42%
Gen X	40%
Baby Boomers	41%
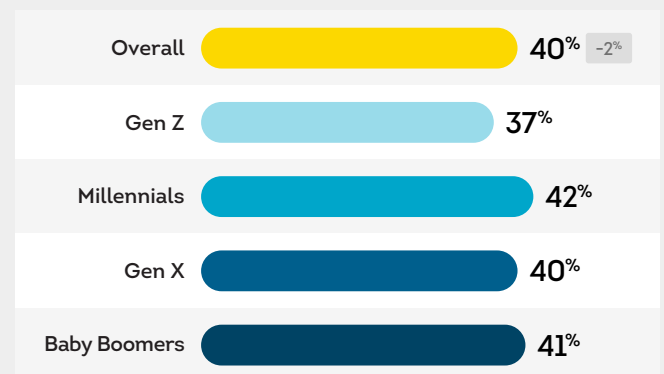
X% Percentage point change from Q3 2023

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

By generation

Overall	Gen Z	Millennials	Gen X	Baby Boomers
50% +1%	54%	56%	40%	30%

X% Percentage point change from Q3 2023

By credit score

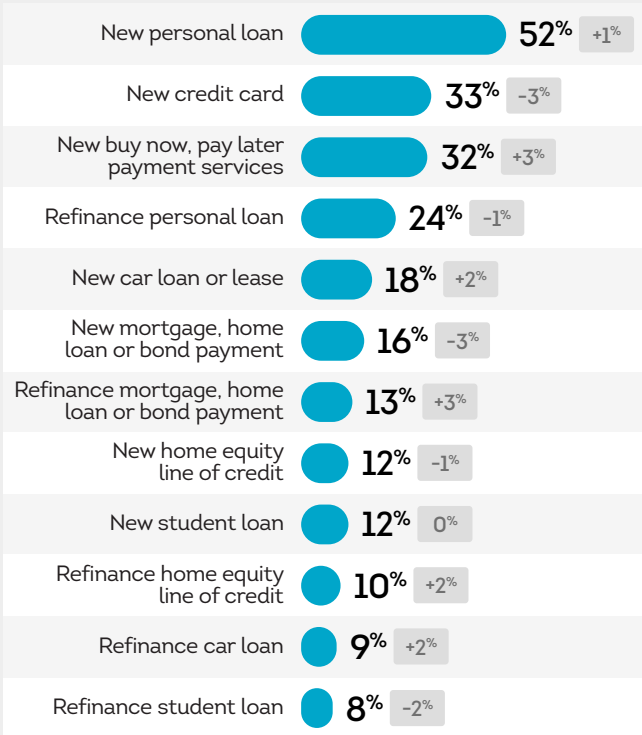|	
830 – 900	59%
790 – 829	60%
750 – 789	60%
700 – 749	68%
300 – 699	37%
Don't know credit score	23%

Self-reported credit score ranges

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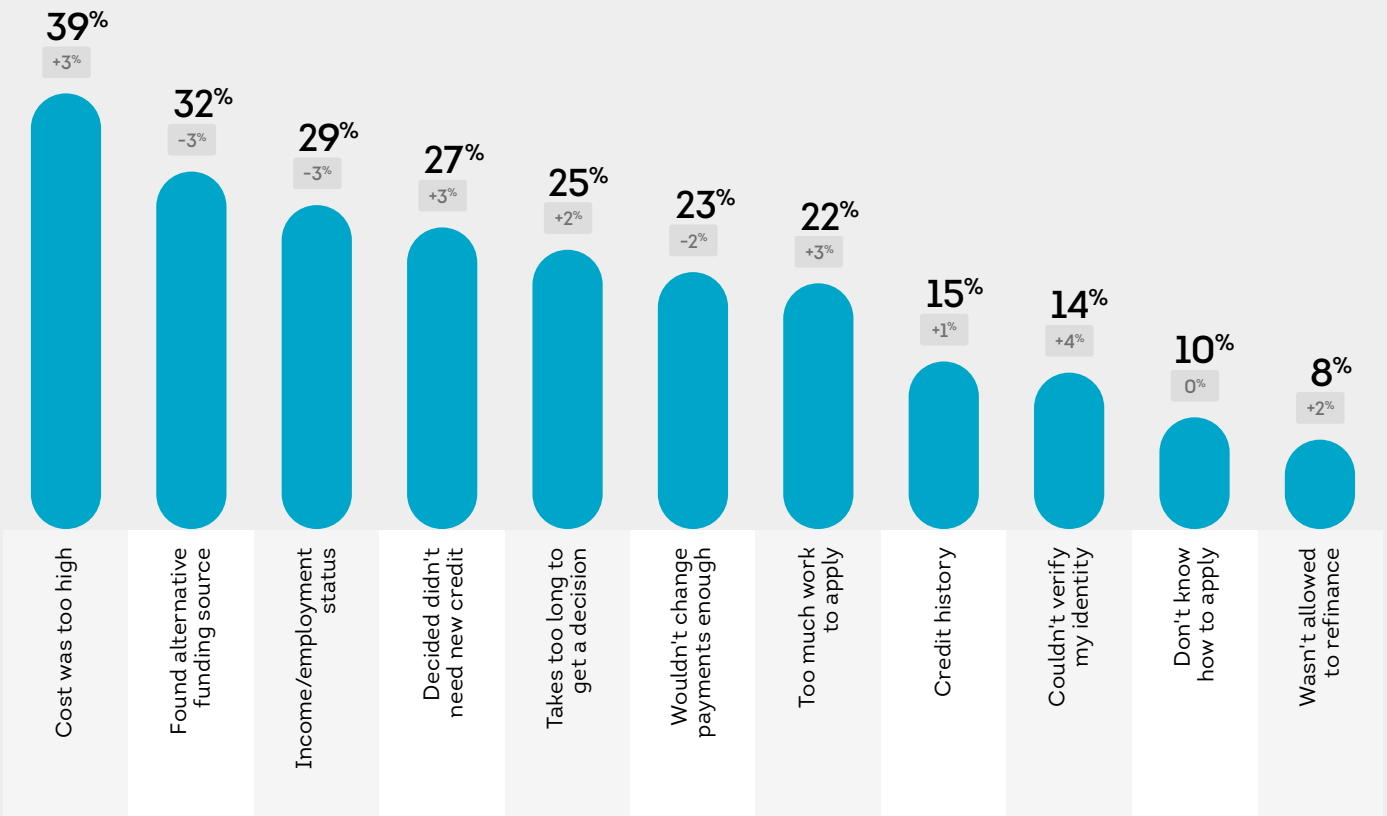(among those who plan to apply for new or refinance existing credit)

Type	%	Change
New personal loan	52%	+1%
New credit card	33%	-3%
New buy now, pay later payment services	32%	+3%
Refinance personal loan	24%	-1%
New car loan or lease	18%	+2%
New mortgage, home loan or bond payment	16%	-3%
Refinance mortgage, home loan or bond payment	13%	+3%
New home equity line of credit	12%	-1%
New student loan	12%	0%
Refinance home equity line of credit	10%	+2%
Refinance car loan	9%	+2%
Refinance student loan	8%	-2%

X% Percentage point change from Q3 2023

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

- 59% 0% — Yes
- 41% 0% — No
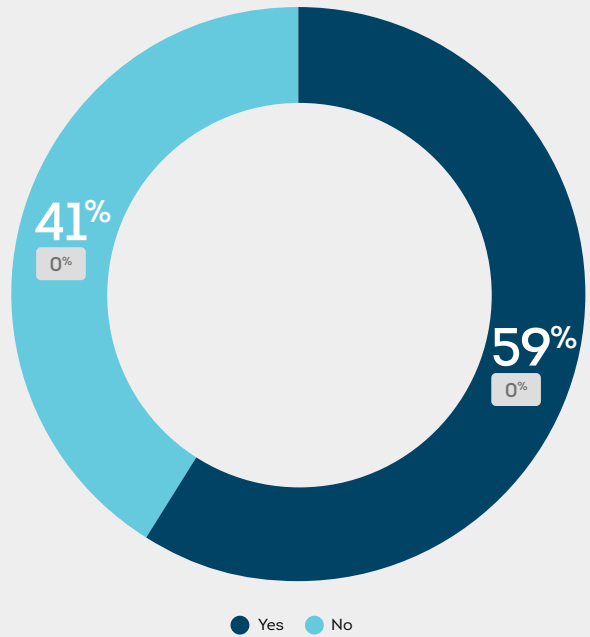
X% Percentage point change from Q3 2023

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

Reason	%	Change
Cost was too high	39%	+3%
Found alternative funding source	32%	-3%
Income/employment status	29%	-3%
Decided didn't need new credit	27%	+3%
Takes too long to get a decision	25%	+2%
Wouldn't change payments enough	23%	-2%
Too much work to apply	22%	+3%
Credit history	15%	+1%
Couldn't verify my identity	14%	+4%
Don't know how to apply	10%	0%
Wasn't allowed to refinance	8%	+2%

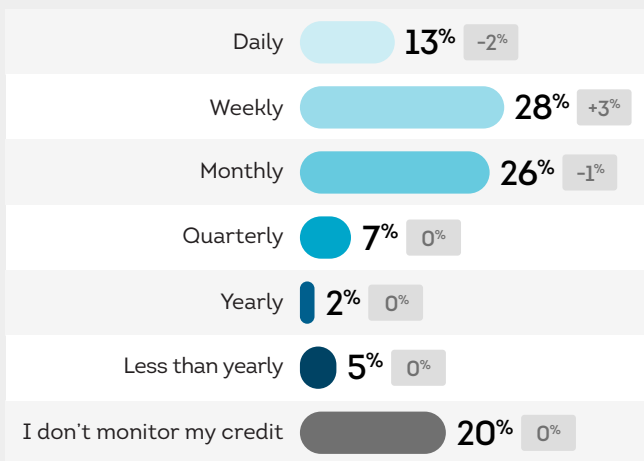X% Percentage point change from Q3 2023

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Attitudes and behavior to manage financial choices

Fewer Filipinos monitored their credit reports frequently: Daily checks fell to 13% from 18% in Q4 2022, and weekly checks dropped marginally to 28%. Monthly monitoring remained steady at 26%. While a small percentage increased their quarterly credit checks, 20% of consumer surveyed do not monitor their credit reports, up from 18% last year.

The importance attached to credit monitoring softened; those who deemed it extremely important fell to 35% from 44% in Q4 2022; yet, a strong majority still found the practice important. Online transaction behavior shifted with an uptick in those who conducted 1%–25% of their transactions online, and a slight dip in those not engaged in online transactions at all.

The perception of how non-traditional credit report data could influence credit scores showed a minor decline in those expecting an increase, down to 53% from 54% in Q4 2022. This small uptick in uncertainty reflects a need for more consumer education on credit information's impact on their financial health.

Figure 14. Credit report monitoring frequency

Daily	**13%**	-2%
Weekly	**28%**	+3%
Monthly	**26%**	-1%
Quarterly	**7%**	0%
Yearly	**2%**	0%
Less than yearly	**5%**	0%
I don't monitor my credit	**20%**	0%

X% Percentage point change from Q3 2023

Figure 15. Believe monitoring credit report is important

Extremely	Very	Moderately	Slightly	Not at all
35% 0%	**37%** -1%	**15%** 0%	**8%** +1%	**6%** 0%
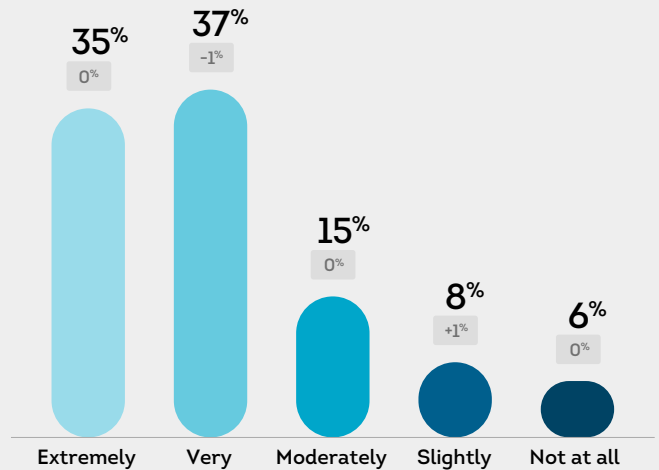
X% Percentage point change from Q3 2023

Figure 16. Percentage of transactions done online

76-100%	51-75%	26-50%	1-25%	None
6% +2%	**18%** -1%	**33%** -2%	**36%** +2%	**7%** -1%
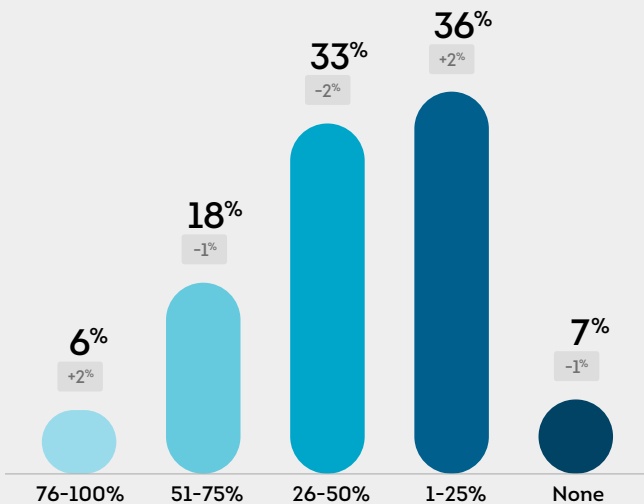
X% Percentage point change from Q3 2023

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

- Increase **53%** +1%
- Stay the same **25%** 0%
- Decrease **6%** 0%
- Don't know **15%** -1%

X% Percentage point change from Q3 2023
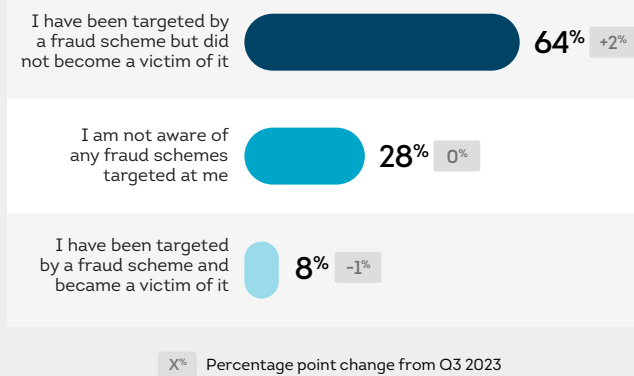
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IDENTITY PROTECTION
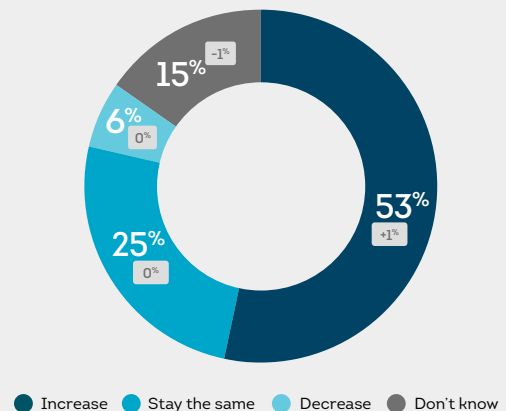
Identity risks and usage

The latest data from Q4 2023 indicated Filipinos' experiences with digital fraud were a prominent concern. Among respondents, 28% were unaware of any fraud attempts against them. A significant majority (72%) reported being targeted by fraudsters but did not fall victim, and 8% admitted to having been successfully defrauded. Phishing attacks led the types of fraud encountered (affecting 50% of those who were targeted) followed by smishing (text message-based scams) at 43%. Money or gift card scams, third-party seller scams on legitimate online retail platforms, and vishing (voice-call scams) were also prevalent, indicating a diverse range of tactics used by scammers. In a recent report published by The Philippines National Policy Anti-Cybercrime Group (PNP ACG), Filipinos lost at least P155.20 million in the first eight months of 2023 as a result of tactics employed by scammers.[2]
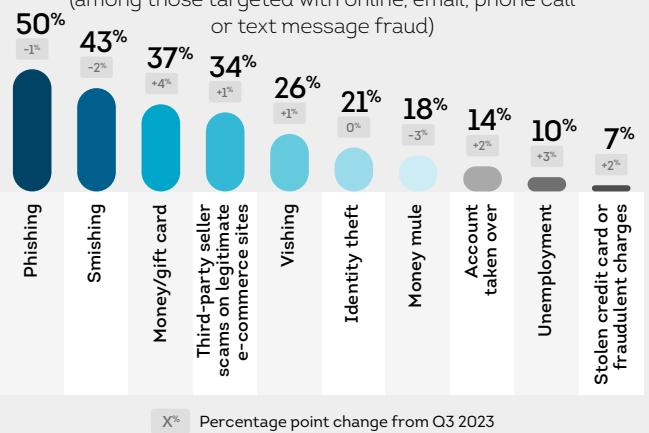
An overwhelming 90% of Filipinos expressed concern over sharing their personal information, a sentiment that has remained consistently high. The reasons for this concern were multifaceted; the same proportion as last year (75%) feared identity theft, while 80% (a slight decrease from 83% in Q4 2022) worried about personal privacy invasion. Unsolicited marketing communications were a lesser, though still significant, concern at 42%. Government surveillance concerns rose to a now troubling 27% of respondents compared to 23% the previous year.

This data paints a picture of heightened vigilance among the Filipino population regarding digital security. The consistent concern for personal information security and privacy reflects a society increasingly aware of the risks associated with the digital world. Despite a slight shift in the reasons for concern, the overarching sentiment remained one of caution and the need for better safeguards against digital fraud.
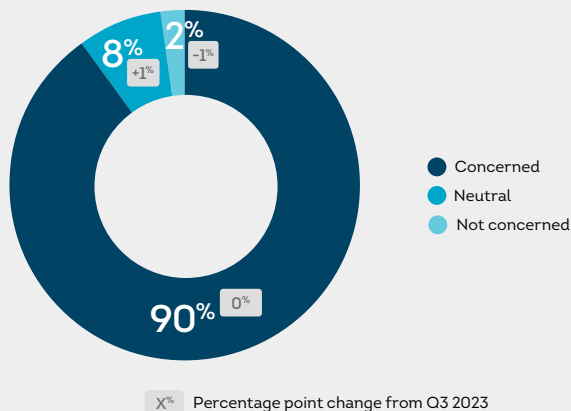

Figure 18. Personal experience with online, email, phone call or text message fraud attempts in last three months
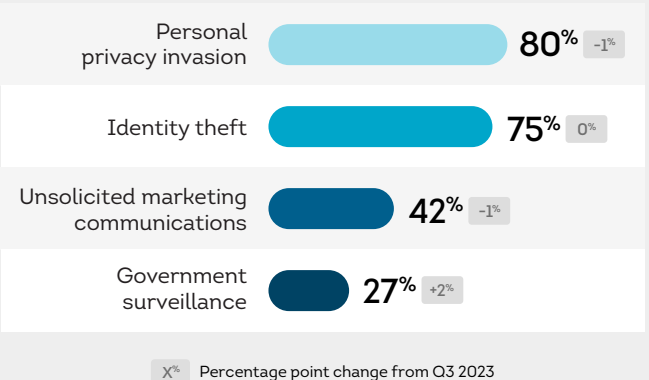
I have been targeted by a fraud scheme but did not become a victim of it	64% +2%
I am not aware of any fraud schemes targeted at me	28% 0%
I have been targeted by a fraud scheme and became a victim of it	8% -1%

X% Percentage point change from Q3 2023

Figure 19. Most frequent fraud schemes targeting consumers (among those targeted with online, email, phone call or text message fraud)

Scheme	%	Change
Phishing	50%	-1%
Smishing	43%	-2%
Money/gift card	37%	+4%
Third-party seller scams on legitimate e-commerce sites	34%	+1%
Vishing	26%	+1%
Identity theft	21%	0%
Money mule	18%	-3%
Account taken over	14%	+2%
Unemployment	10%	+3%
Stolen credit card or fraudulent charges	7%	+2%

X% Percentage point change from Q3 2023

Figure 20. Concern with sharing personal information

- Concerned 90% 0%
- Neutral 8% +1%
- Not concerned 2% -1%

X% Percentage point change from Q3 2023

Figure 21. Reasons concerned about sharing personal information

Personal privacy invasion	80% -1%
Identity theft	75% 0%
Unsolicited marketing communications	42% -1%
Government surveillance	27% +2%

X% Percentage point change from Q3 2023

[2] Rappler: Filipinos Lose P155 million to scams in 2023 as authorities try to catch up

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Research Methodology

TransUnion's Consumer Pulse survey of 907 adults was conducted 27 Sept.–10 Oct. 2023 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 ±3.26 percentage points based on a calculated error margin. Please note some chart percentages may not add up to 100% due to rounding or multiple answers being accepted.

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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