



2025 TransUnion Canada Summit

Engage & Empower

Building Trust Throughout
the Consumer Journey



Empowering the Credit Lifecycle for Younger Consumers

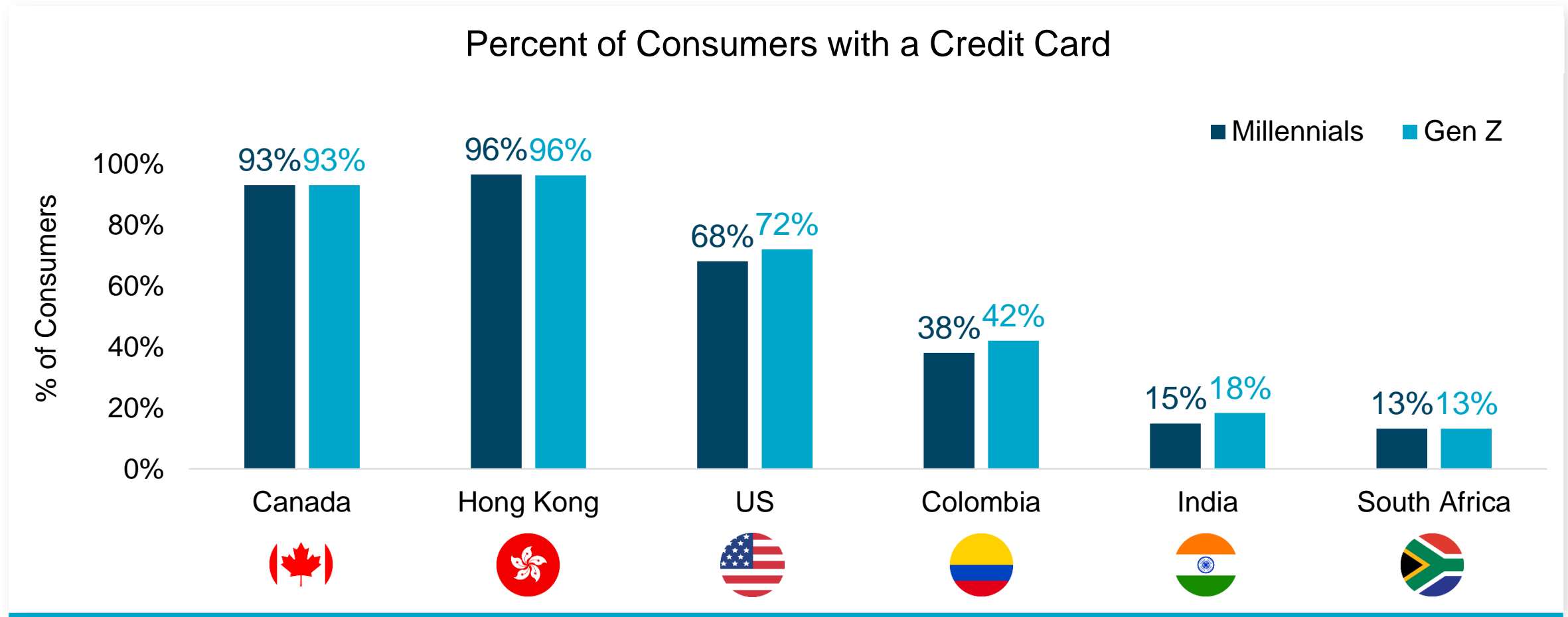
Lauren Chittenden

Manager, Research & Consulting

TransUnion



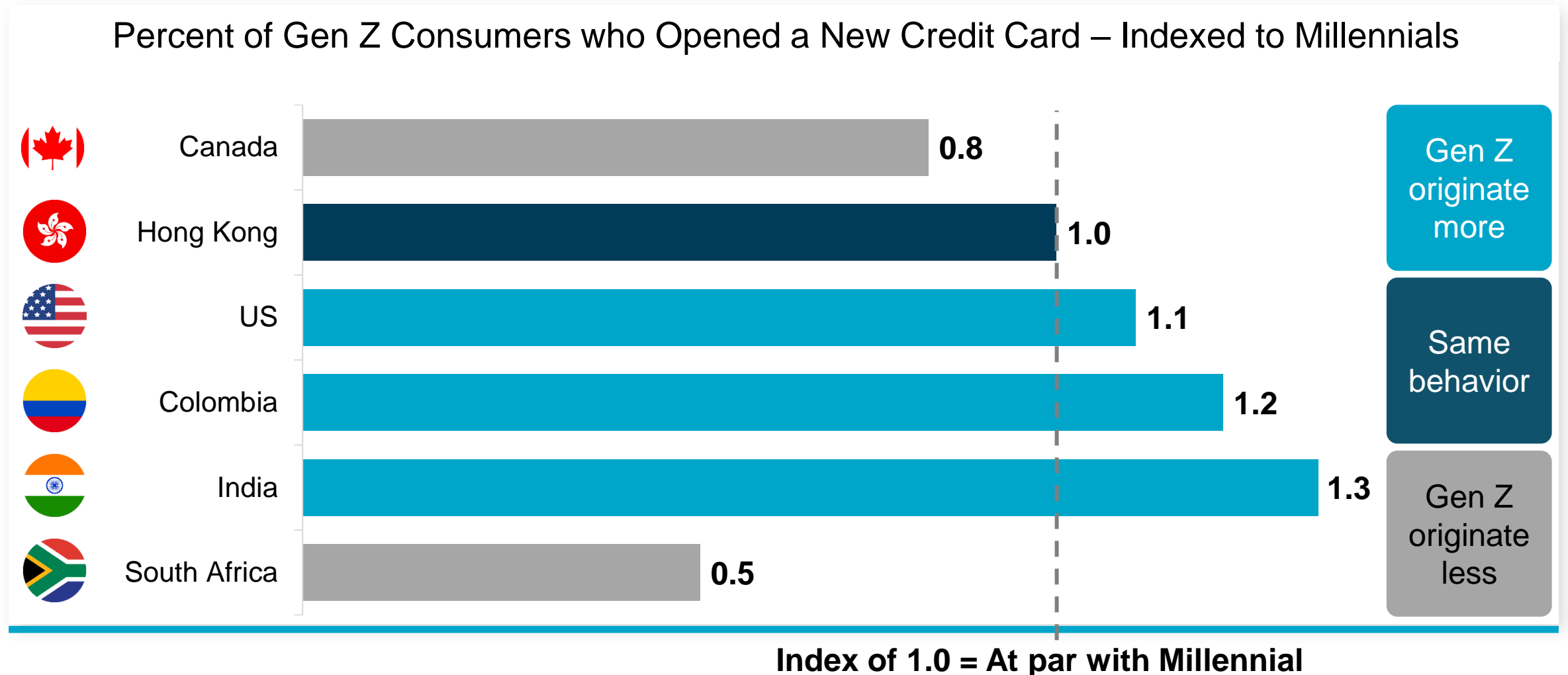
Based on our prior studies, we found that Gen Z consumers prefer credit cards – likely driven by digital acceleration in major credit markets



Millennials = born 1980-1994; Gen Z = born 1995 onward

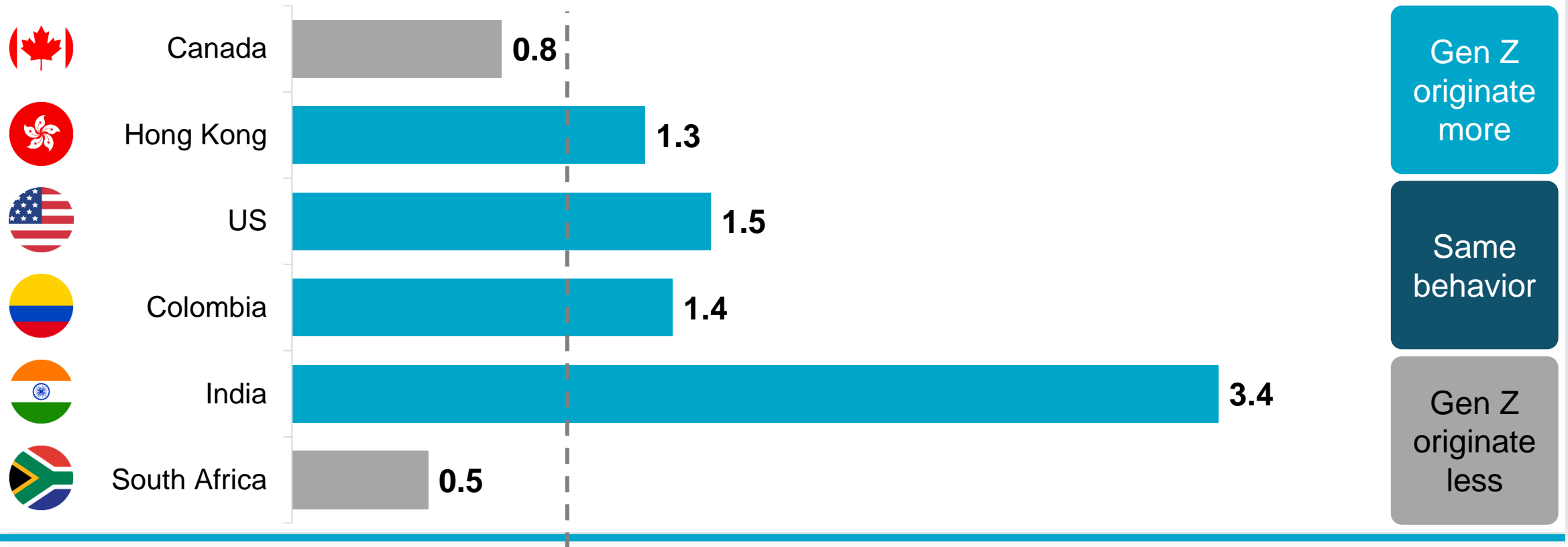


In many other regions, Gen Z consumers open new cards at the same rate or higher rate as their Millennial counterparts



In Canada, Gen Z consumers are less likely to originate new personal loans, when compared to likewise age and risk Millennials

Percent of Gen Z Consumers who Opened a New Personal Loan – Indexed to Millennials

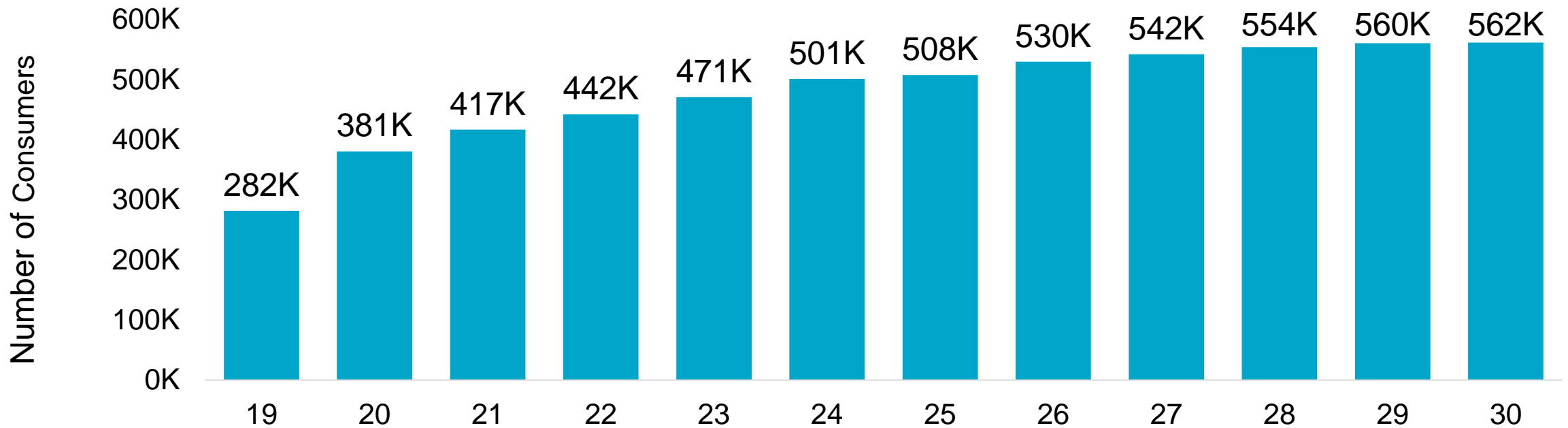


Index of 1.0 = At par with Millennial



Our session today will focus on diving deeper into the credit profile and behaviors of 5.7M credit active consumers aged 19 to 30 years old

Volume of Credit Active Consumers by Age as of June 2024



Overall Credit Active Population in Canada: 32M



In this session, we'll explore common hypotheses about younger consumers' credit preferences and behaviors in comparison to those of older consumers

1



Younger consumers don't value credit.

2



Younger consumers are disengaged and don't participate in the traditional credit market.

3



Younger consumers are irresponsible in leveraging credit.

4



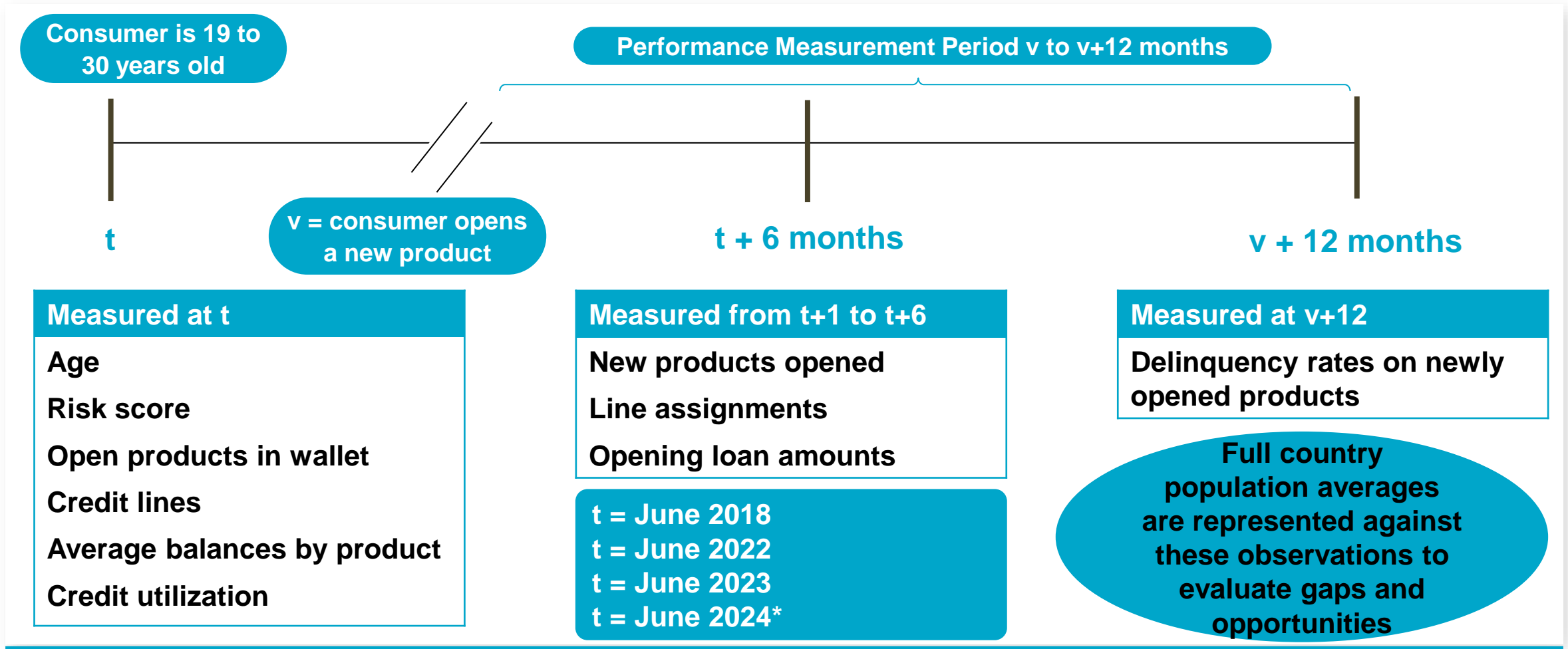
Younger consumers have low appetite for new credit, with a lack of lender loyalty.

5



Younger consumers have difficulty keeping up with their obligations.

We analyzed younger consumers' participation and behaviors over multiple years to understand shifting preferences



*12 months on book performance was not covered for this cohort

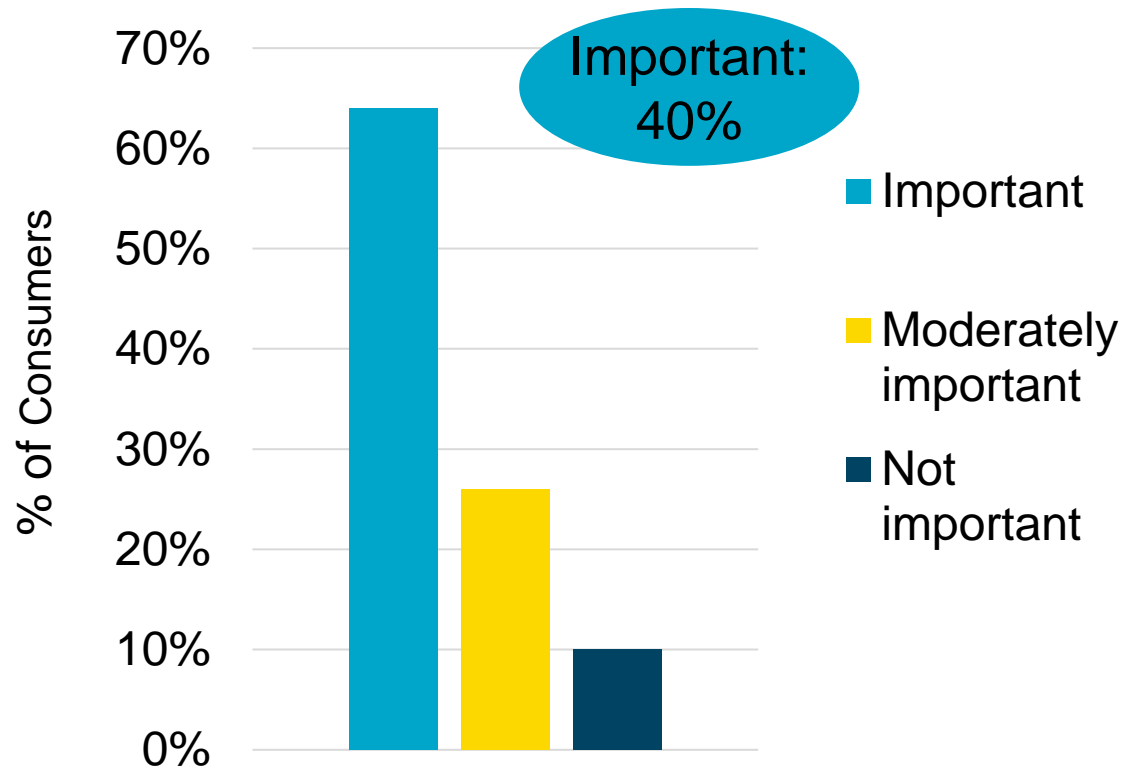
Common Myth #1:

Younger consumers don't value credit.

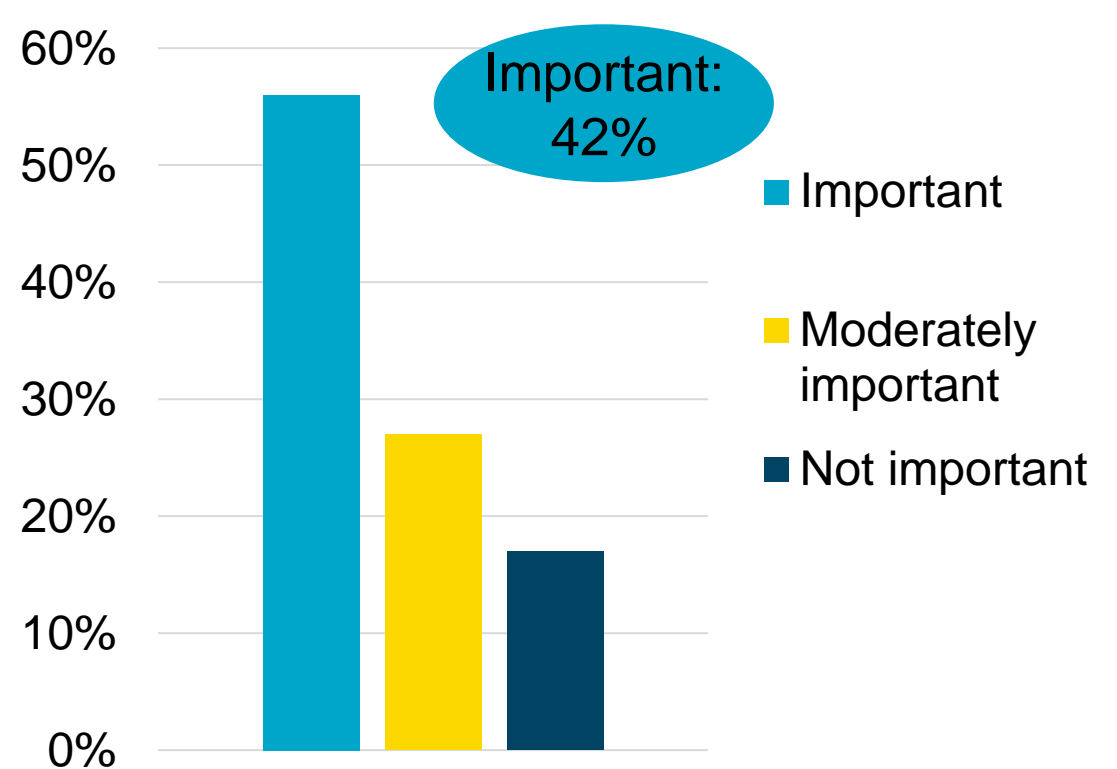


6 in 10 younger consumers consider credit important to their financial goals and 56% believe that it is important to monitor their credit

How Important Do You Think Access to Credit is to Achieve Your Financial Goals?



How Important Do You Think it is to Monitor Your Credit Report?



Common Myth #1:

Younger consumers don't value credit.

False!

The majority of younger Canadian consumers consider credit important to meeting financial needs and are concerned about monitoring their scores.



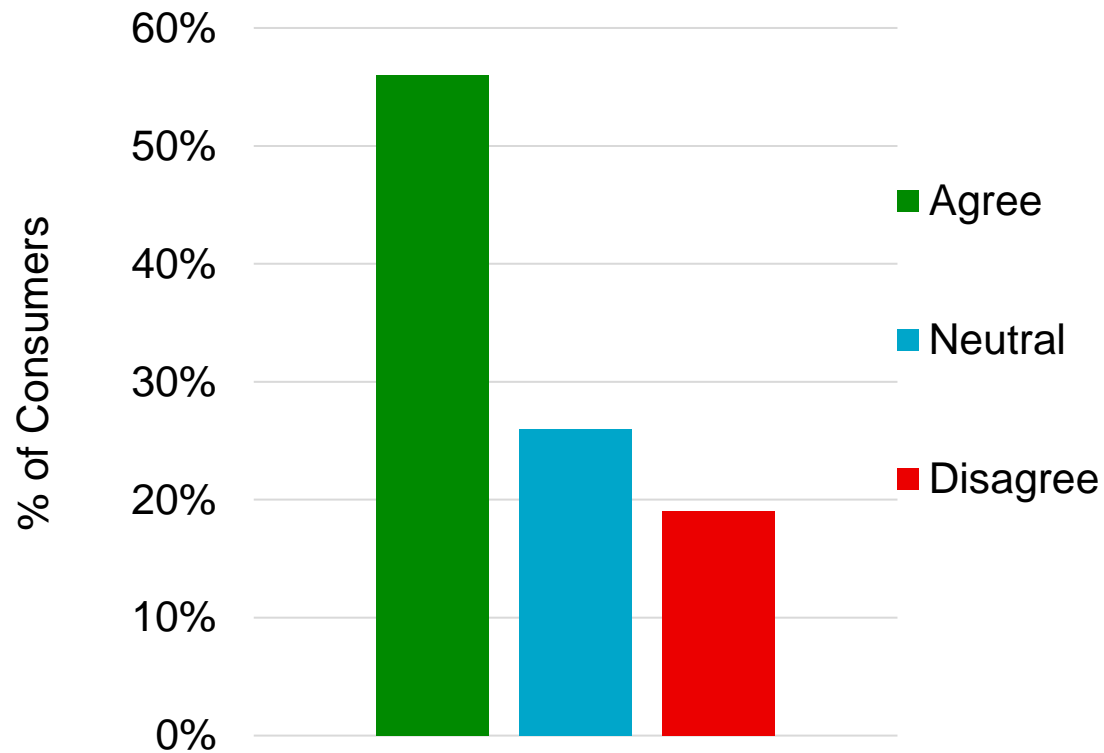
Common Myth #2:

Younger consumers are disengaged and don't participate in the traditional credit market.

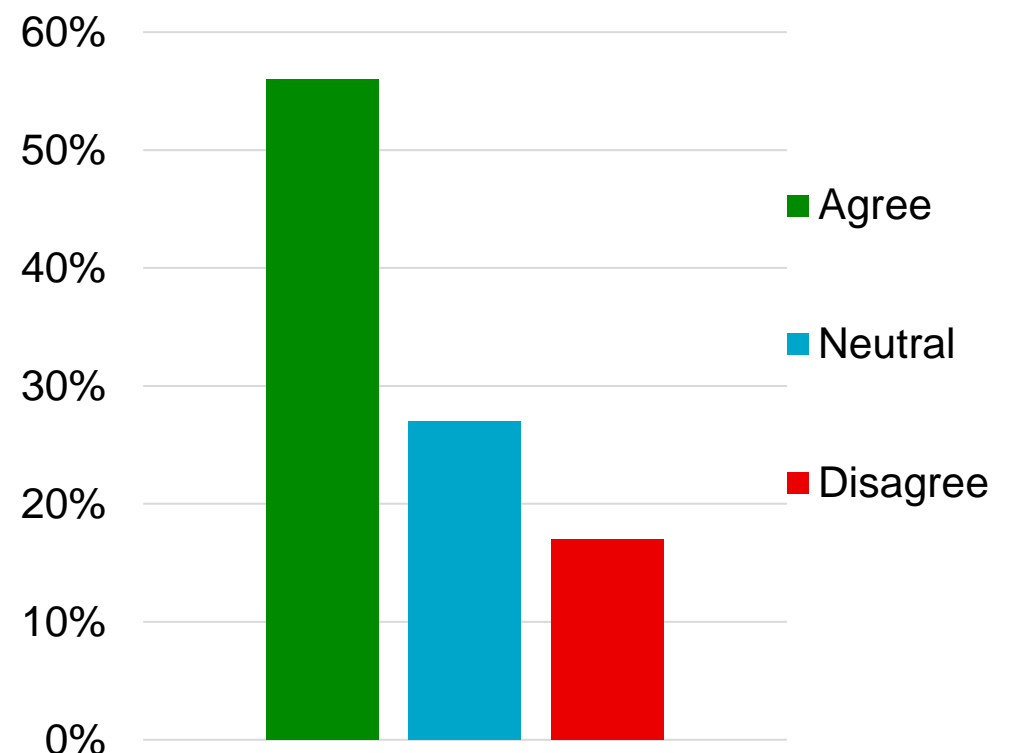


The majority of younger consumers feel confident about their access and ability to get approved for additional credit

I Currently Have Sufficient Access to Credit and Lending Products



I Believe I Would Be Approved for a Credit or Lending Product if I Needed One



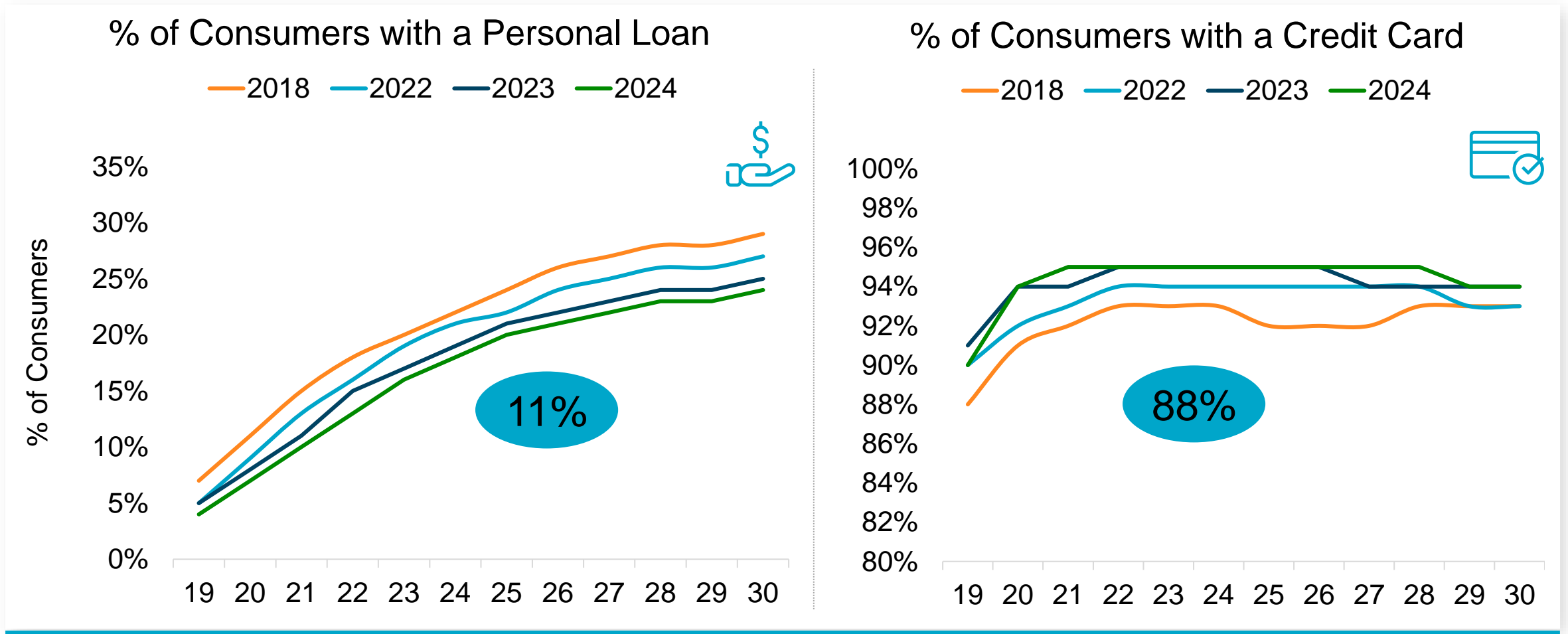
Responses filtered by age: Only includes Gen Z consumers



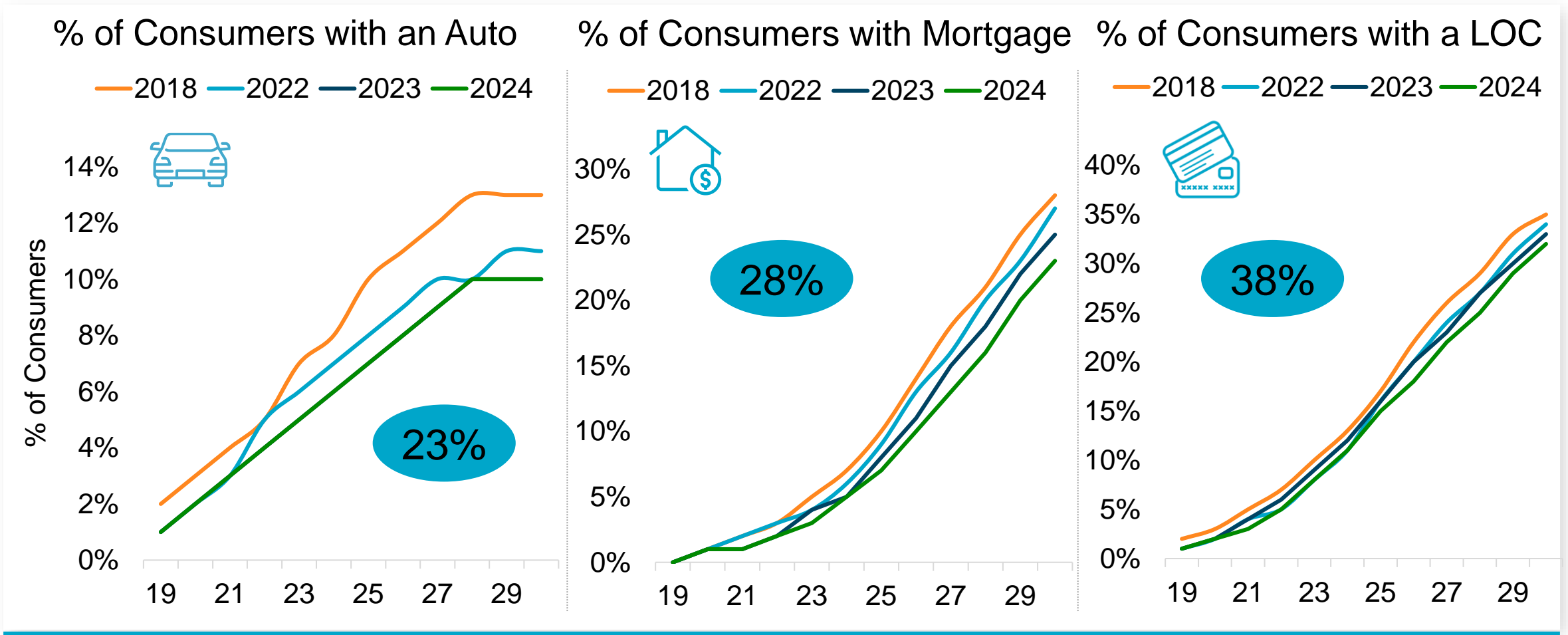
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Source: TransUnion Consumer Pulse Survey Q1 2025 13

Personal loan participation progresses with age among younger consumers. Participation is high in a matured card market and remains steady with age.



Affordability challenges have impacted participation in secured lending products in recent cohorts



Common Myth #2:

Younger consumers are disengaged and don't participate in the traditional credit market.

False!

Younger consumers demonstrate relatively high participation, with an increasing interest in holding secured products.



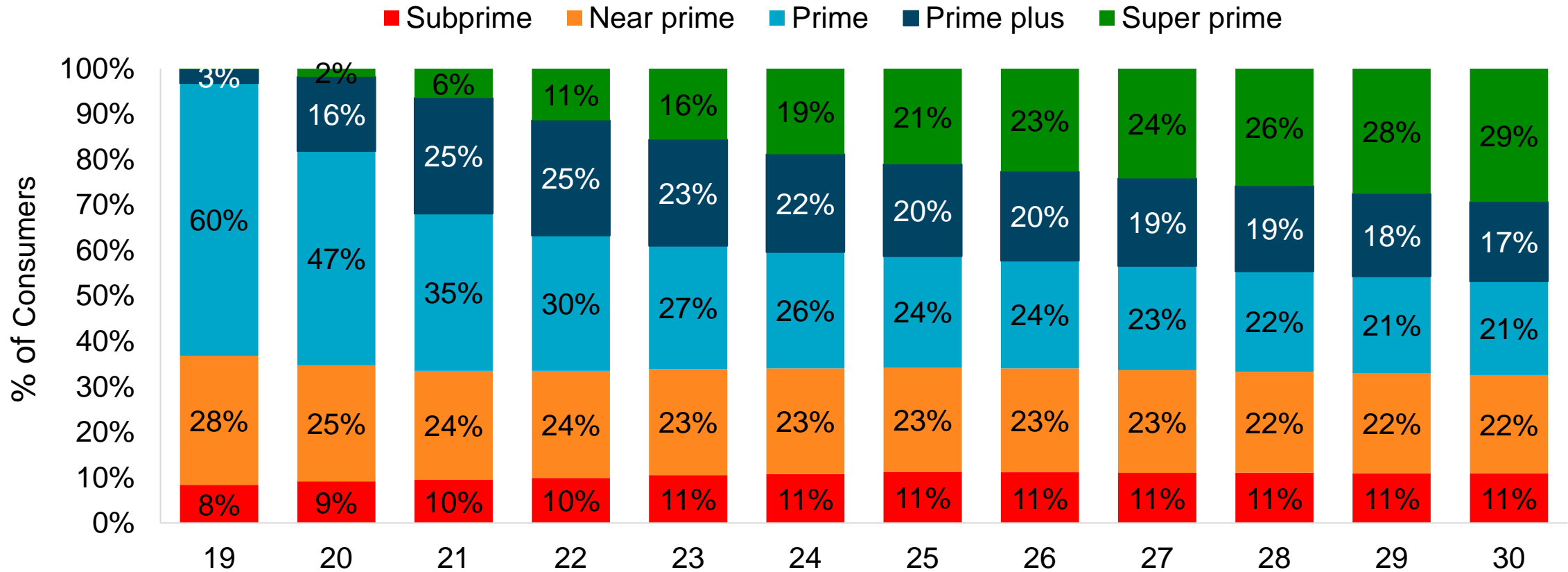
Common Myth #3:

Younger consumers are irresponsible in leveraging credit.



Credit quality improves with age, as expected, and is likely to impact our observations on credit leveraging behaviors

Risk Distribution by Age – June 2024 Cohort

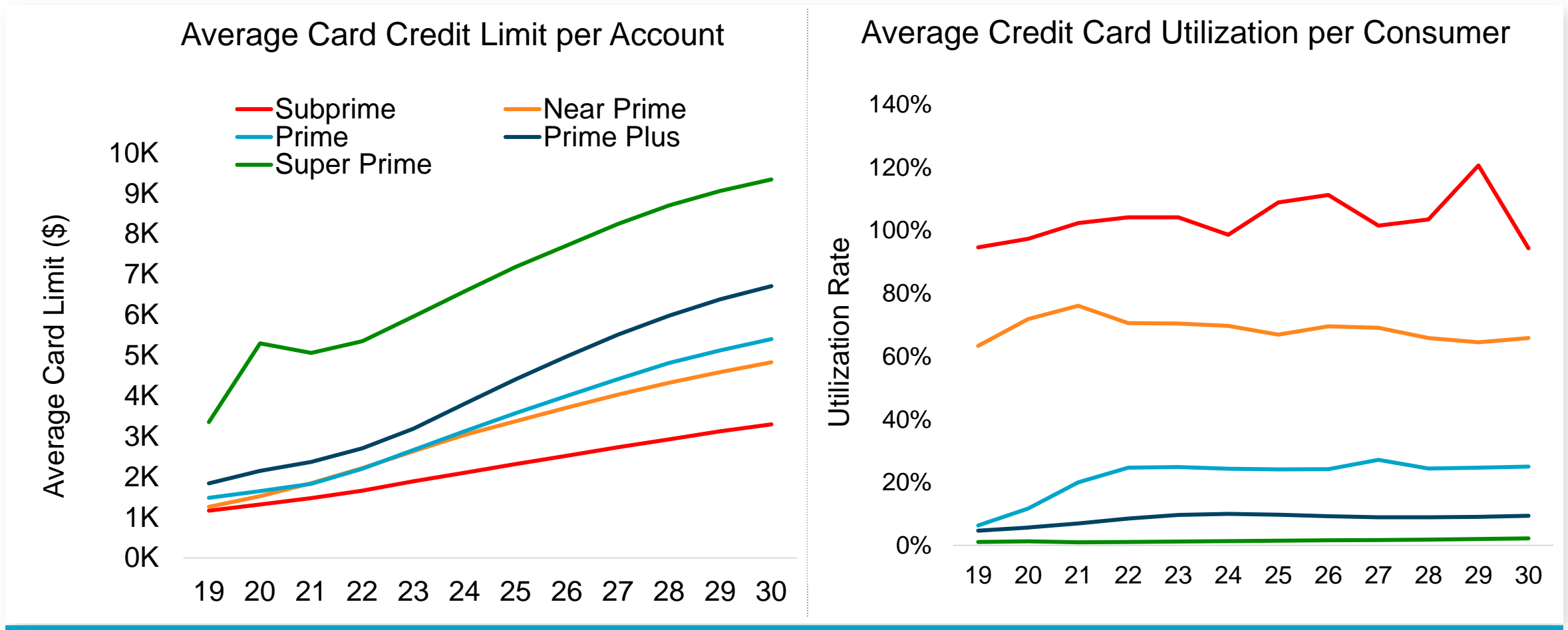


CreditVision™ risk score: Subprime = 300-639; Near prime = 640-719; Prime = 720-759; Prime plus = 760-799; Super prime = 800+

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Source: TransUnion Consumer Credit Database

While credit lines increase with age across all risk tiers, utilization rates remain steady as age progresses



CreditVision™ risk score: Subprime = 300-639; Near prime = 640-719; Prime = 720-759; Prime plus = 760-799; Super prime = 800+

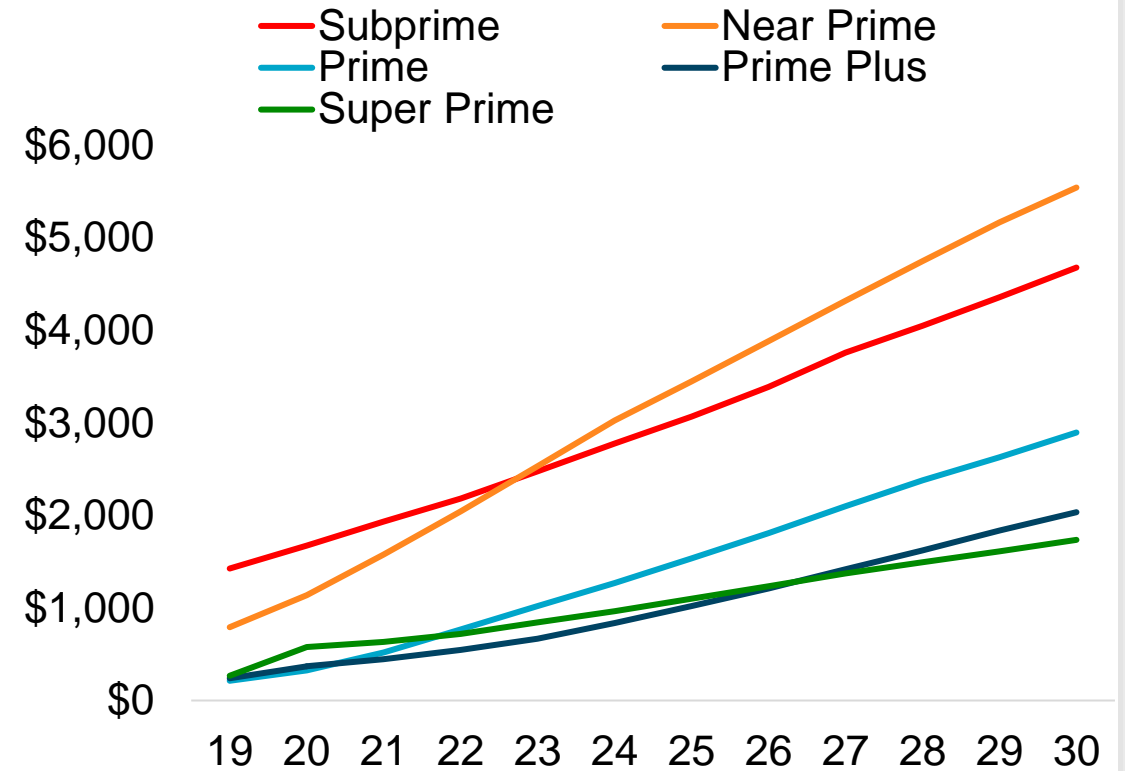
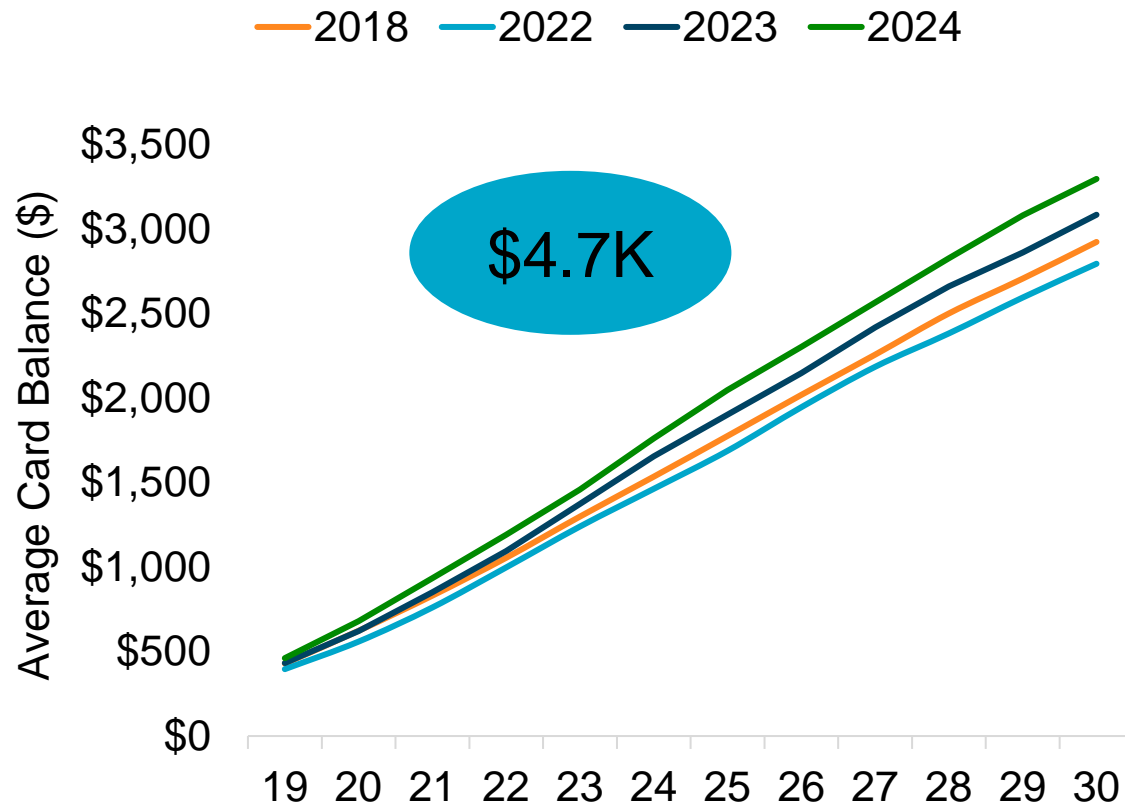


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Higher limits and steady utilization means that average balances increase with age – indicating growing consumption needs



Average Card Balance per Consumer

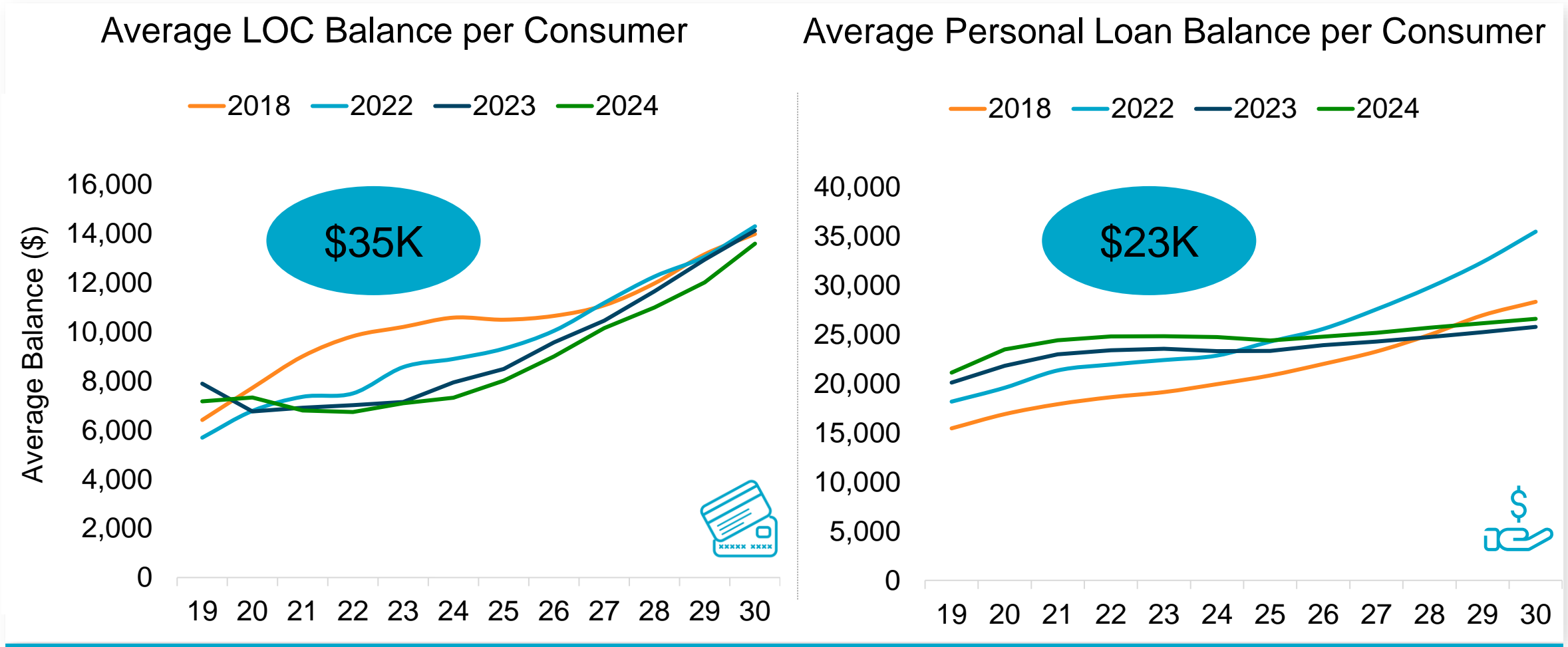


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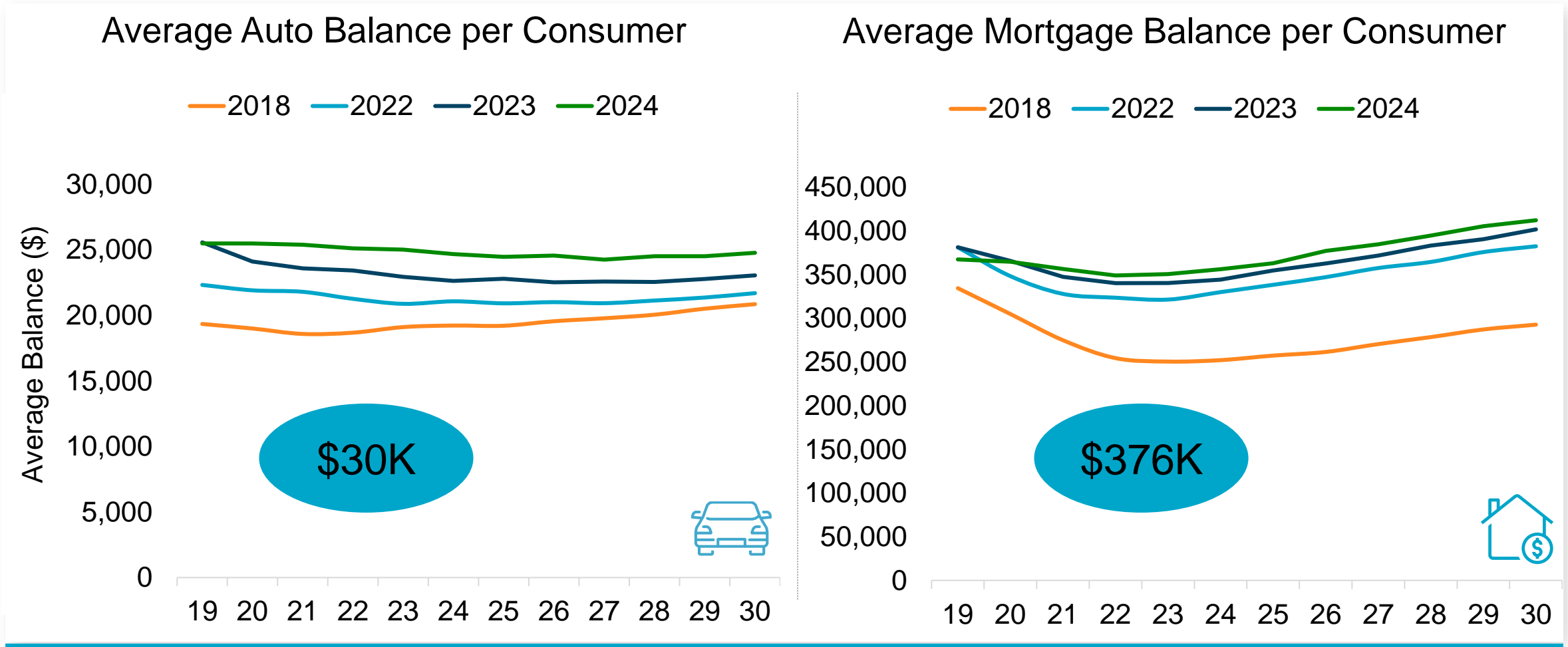
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Source: TransUnion Consumer Credit Database 20

As risk improves with age, product balances grow slightly as well



Interestingly, younger consumers maintain consistent secured product balances as they age, which are in line with the rest of the industry



Common Myth #3:

Younger consumers are irresponsible in leveraging credit.

False!

Credit utilization and average balances are well aligned with risk-based access, which grows with age as risk profiles improve.



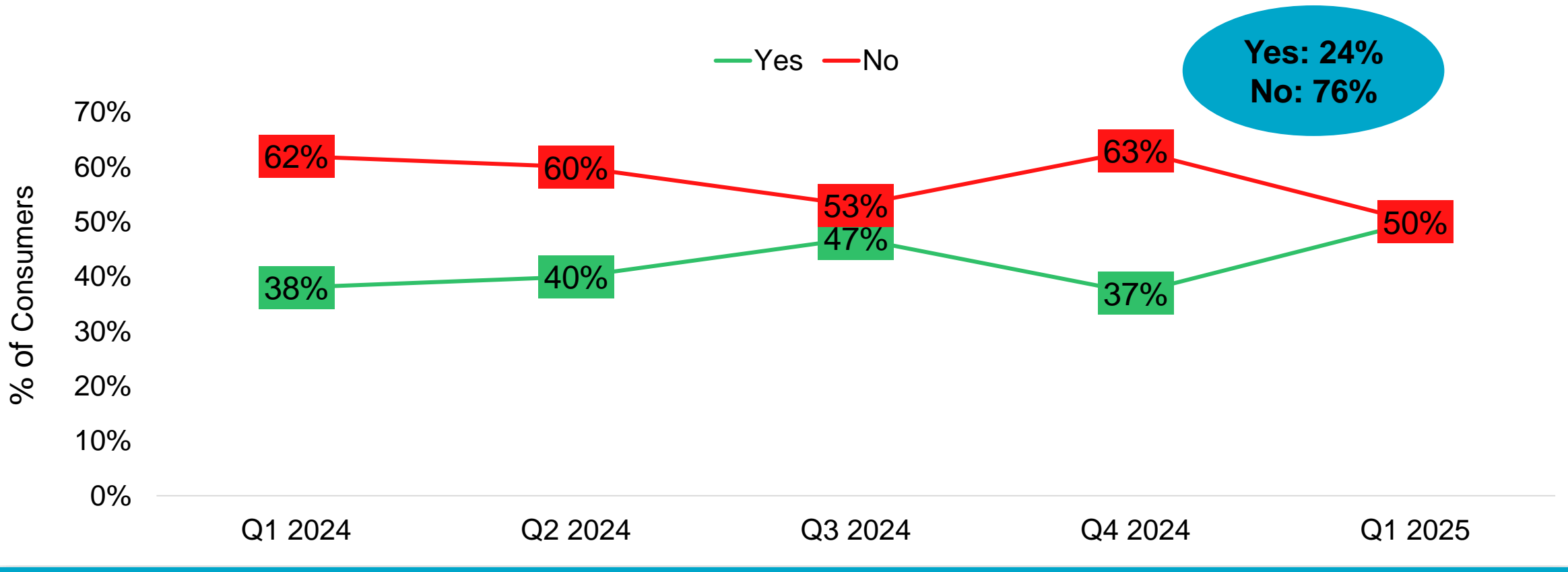
Common Myth #4:

Younger consumers have low appetite for new credit, with a lack of lender loyalty.



About 5 in 10 younger consumers plan to apply for new credit products – indicating the growing need for credit

Are You Planning to Apply For New Credit or Refinance Existing Credit Within the Next Year?



Line graph filtered by age: Only includes Gen Z consumers

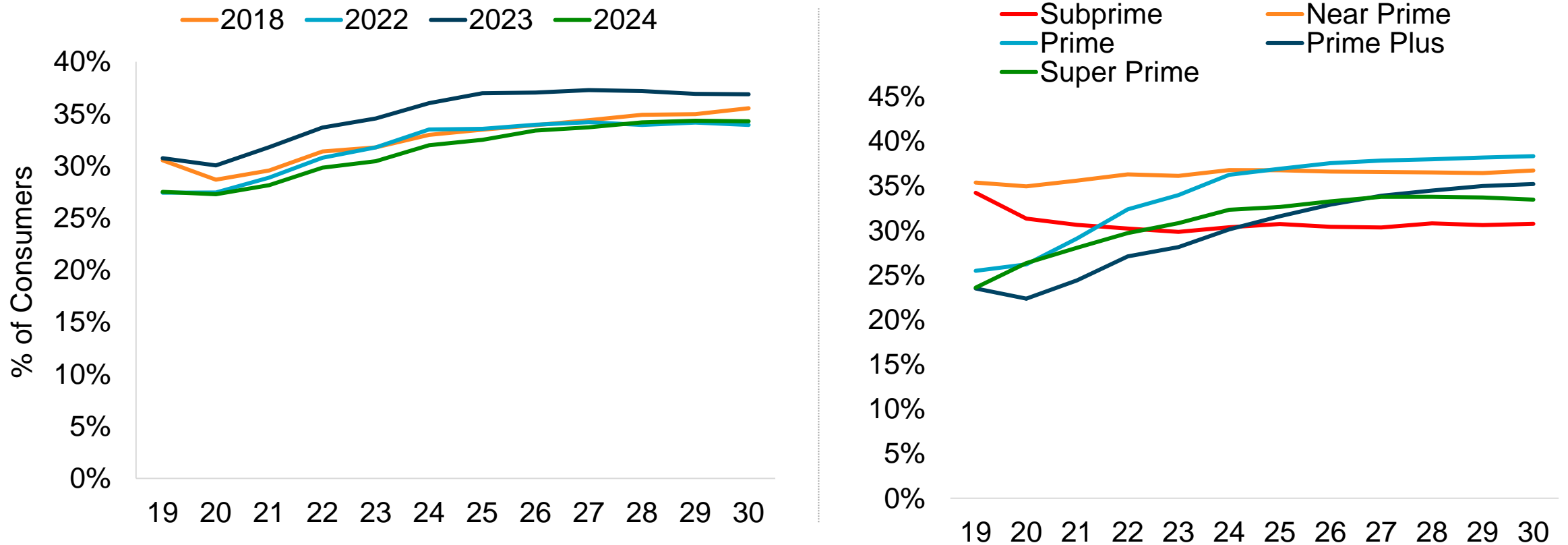


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Source: TransUnion Consumer Pulse Survey Q1 2025 25

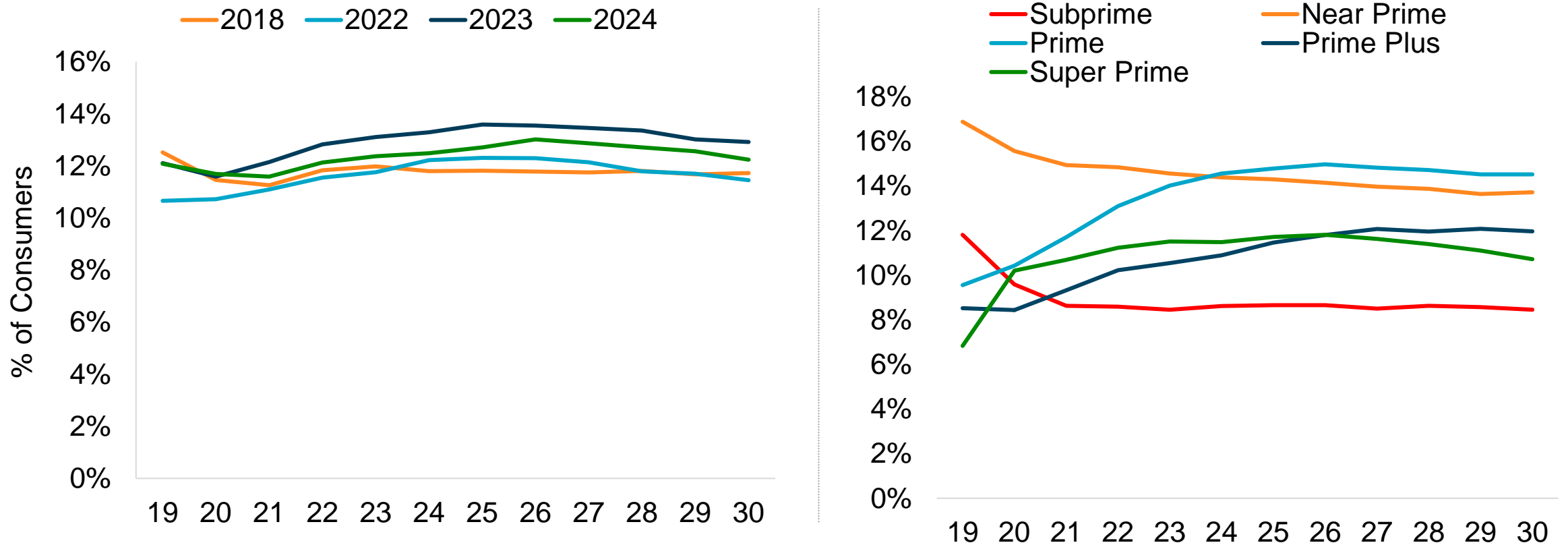
About one in three younger consumers originated a new credit product during a six-month observation period

% of Consumers with an Origination from t+1 to t+6 by Age and Risk



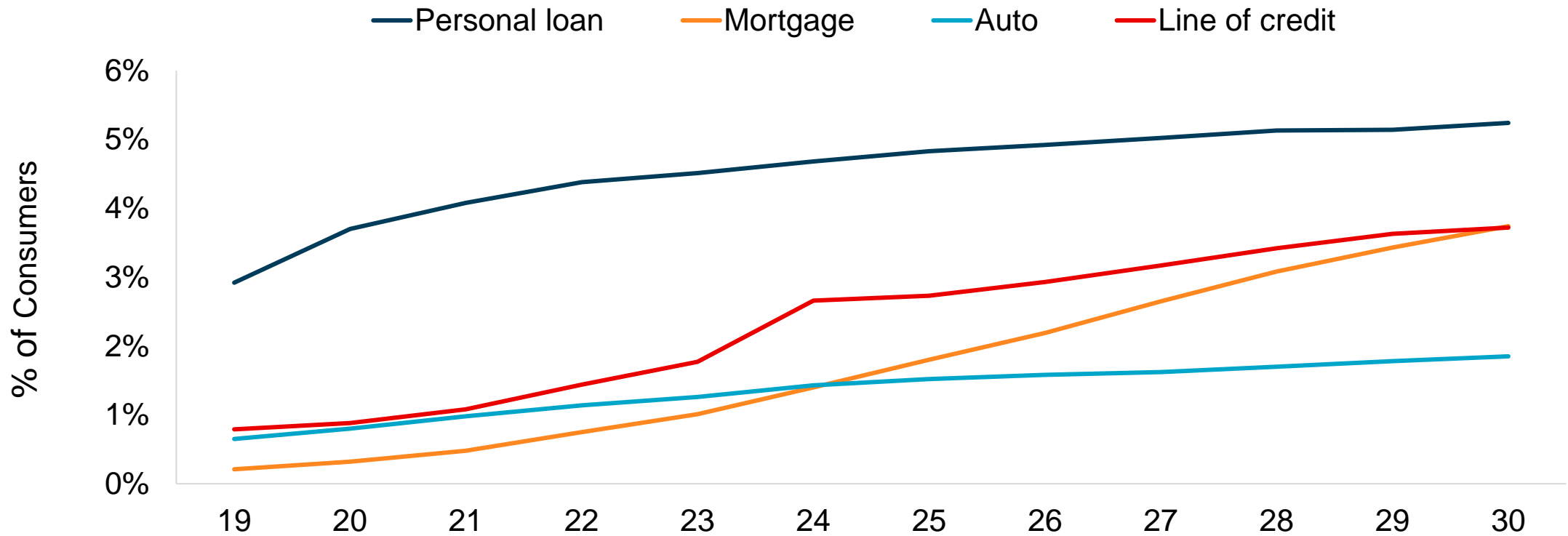
The largest share of new originations by younger consumers are credit cards

% of Consumers with a Card Origination from t+1 to t+6 by Age and Risk

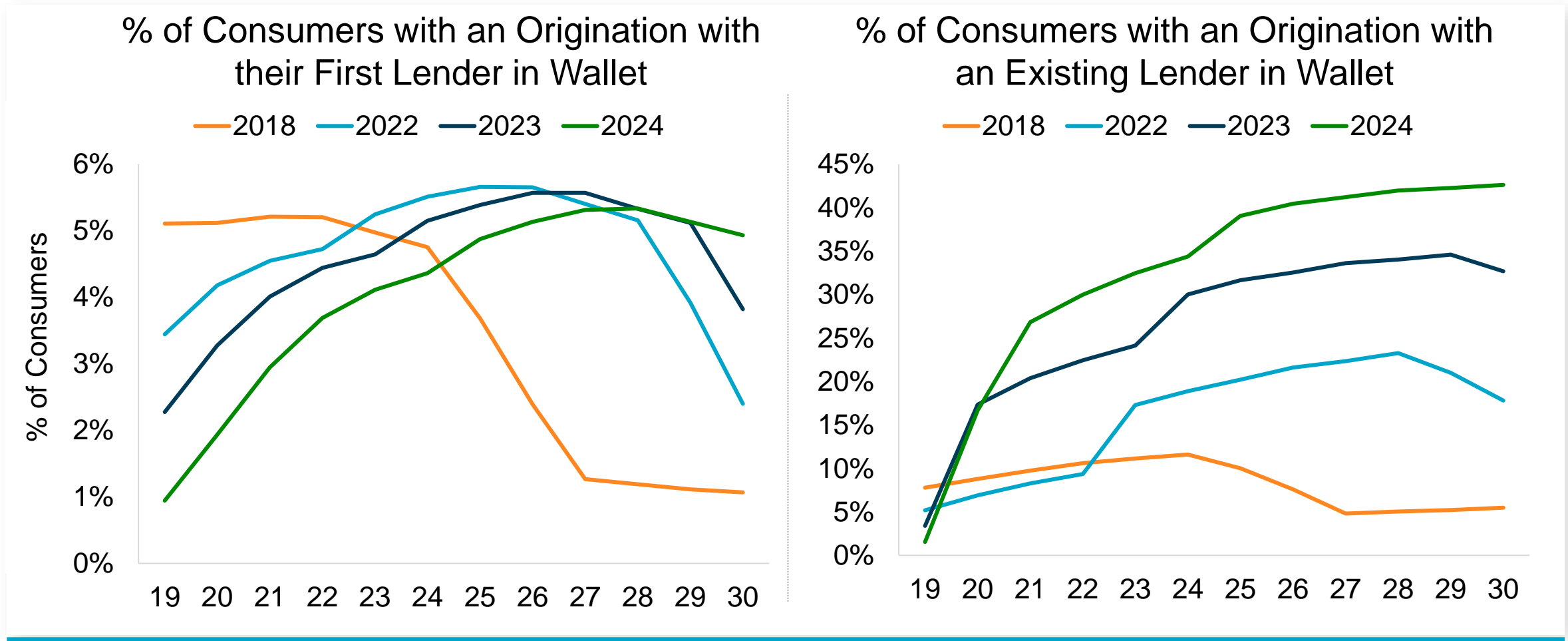


Among the other credit products, interest and penetration grows as consumers get older and their risk scores improve

% of Consumers with an Origination from t+1 to t+6 by Age and Product



As consumers get older, they are less likely to originate new accounts with their first ever lender, but they do become more loyal with age



Common Myth #4:

Younger consumers have low appetite for new credit, with a lack of lender loyalty.

False!

Younger consumers show high levels of interest in applying for new credit and demonstrate preference towards opening credit cards. Loyalty grows as they age so it's key to develop relationships early.



Common Myth #5:

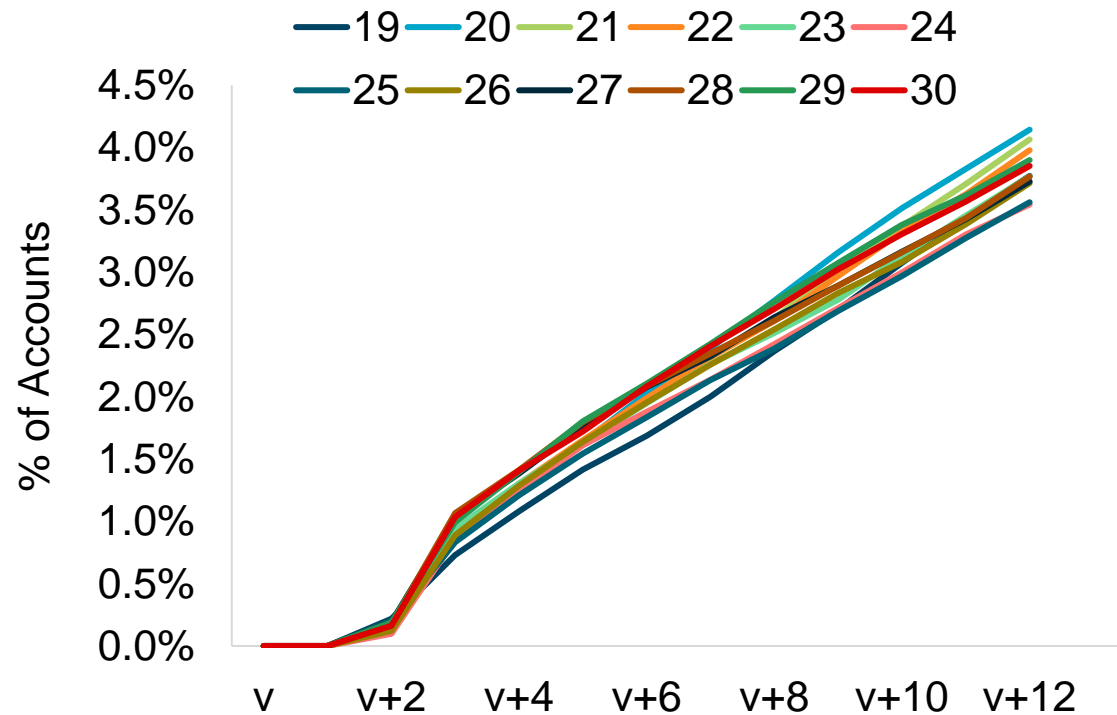
Younger consumers have difficulty keeping up with their obligations.



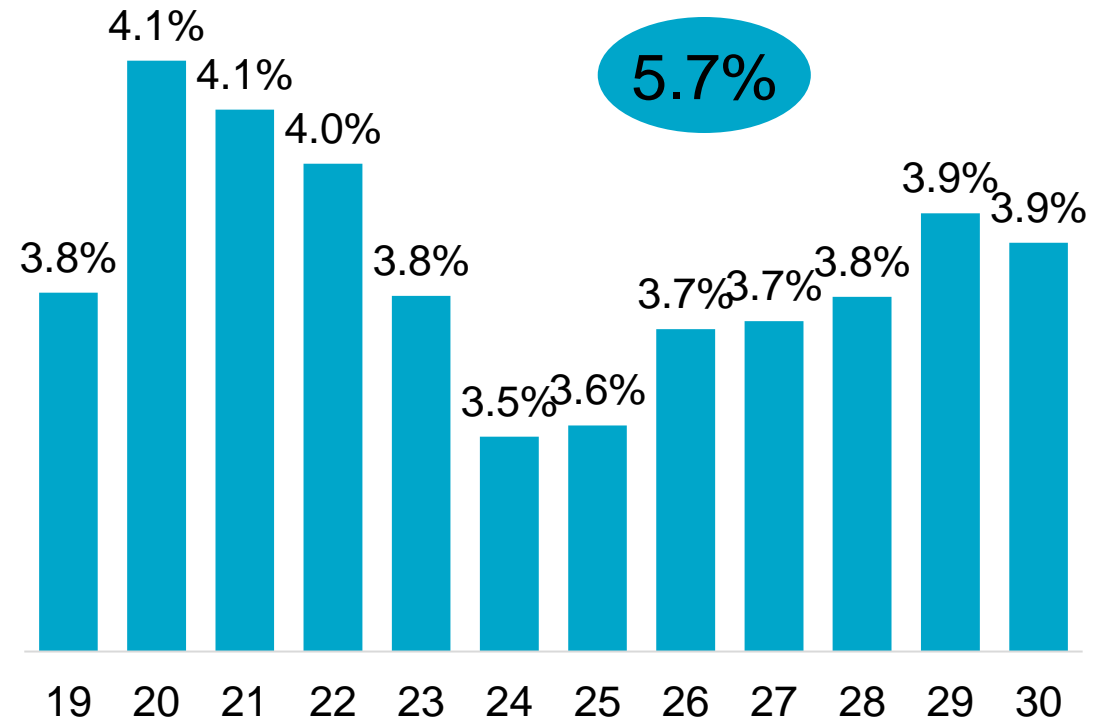
Younger consumers outperform the overall credit card industry – a profitable segment of consumers to build relationships with!



Delinquencies on Credit Card Originations, Ever 30+ in First 12 MOB, Prime Consumers

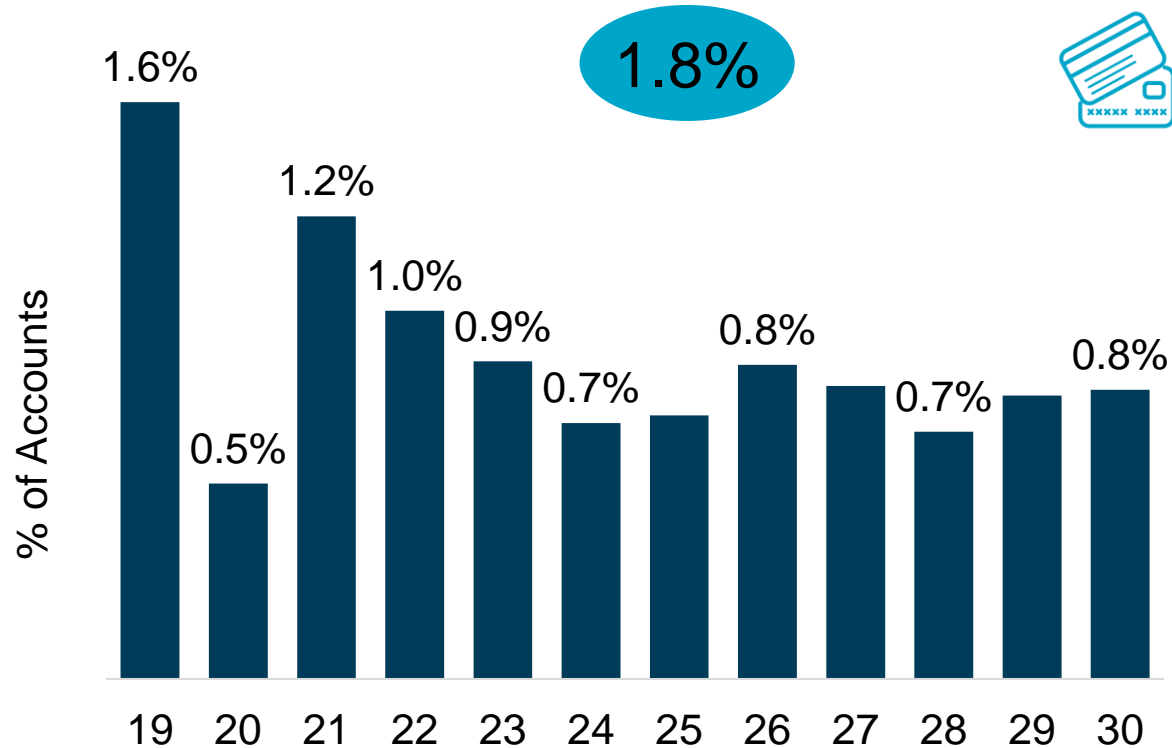


Delinquencies on Credit Card Originations, Ever 30+ in First 12 MOB, Prime

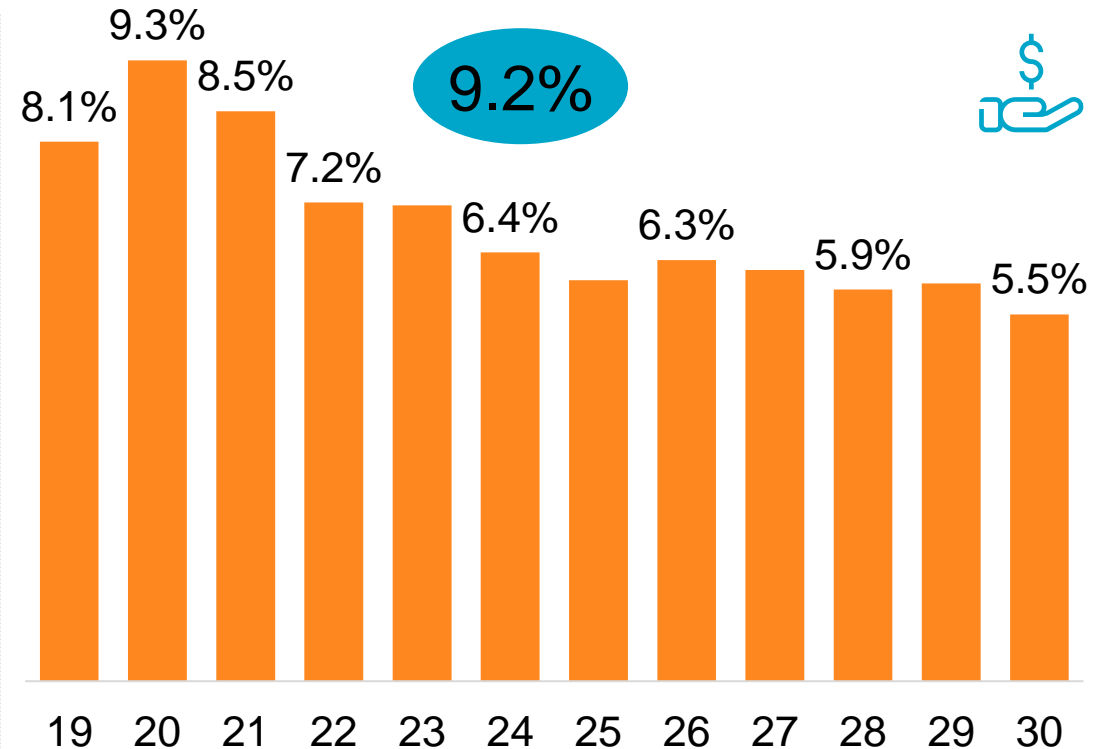


In addition to overall better performance, consumers show improved delinquencies as they age, even within the same risk band

Delinquencies on Prime Plus LOC Originations, Ever 30+ in First 12 MOB



Delinquencies on Near Prime Personal Loan Originations, Ever 30+ in First 12 MOB

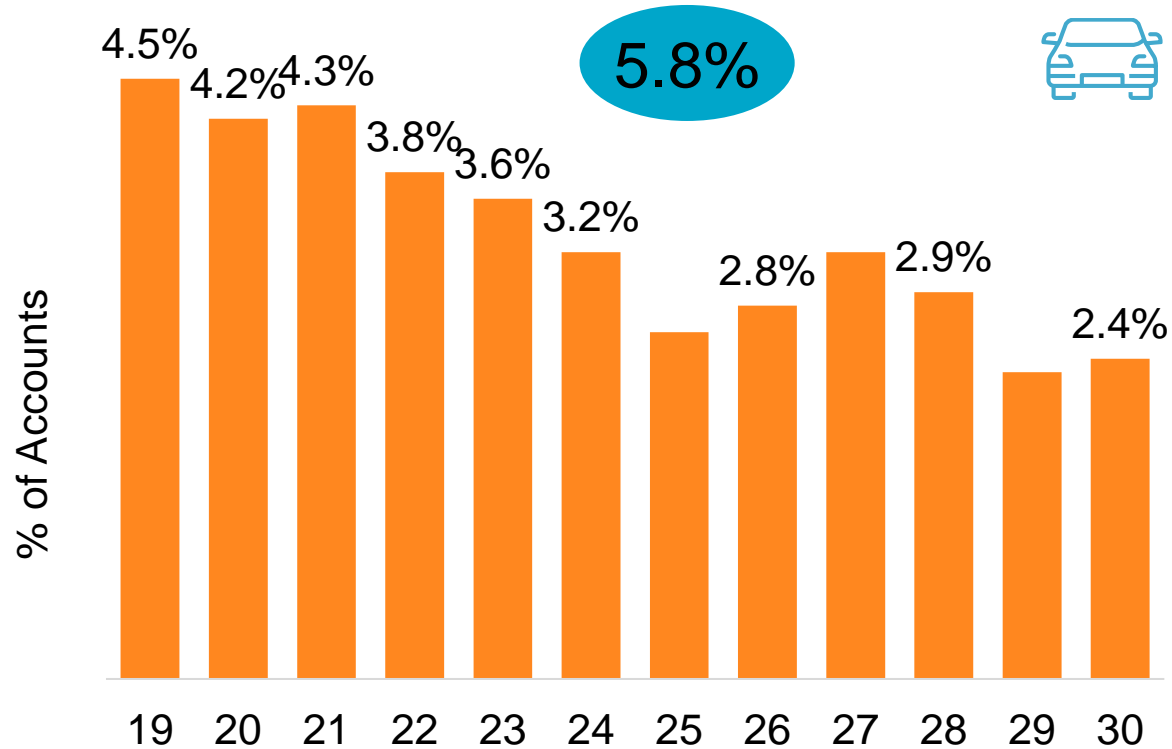


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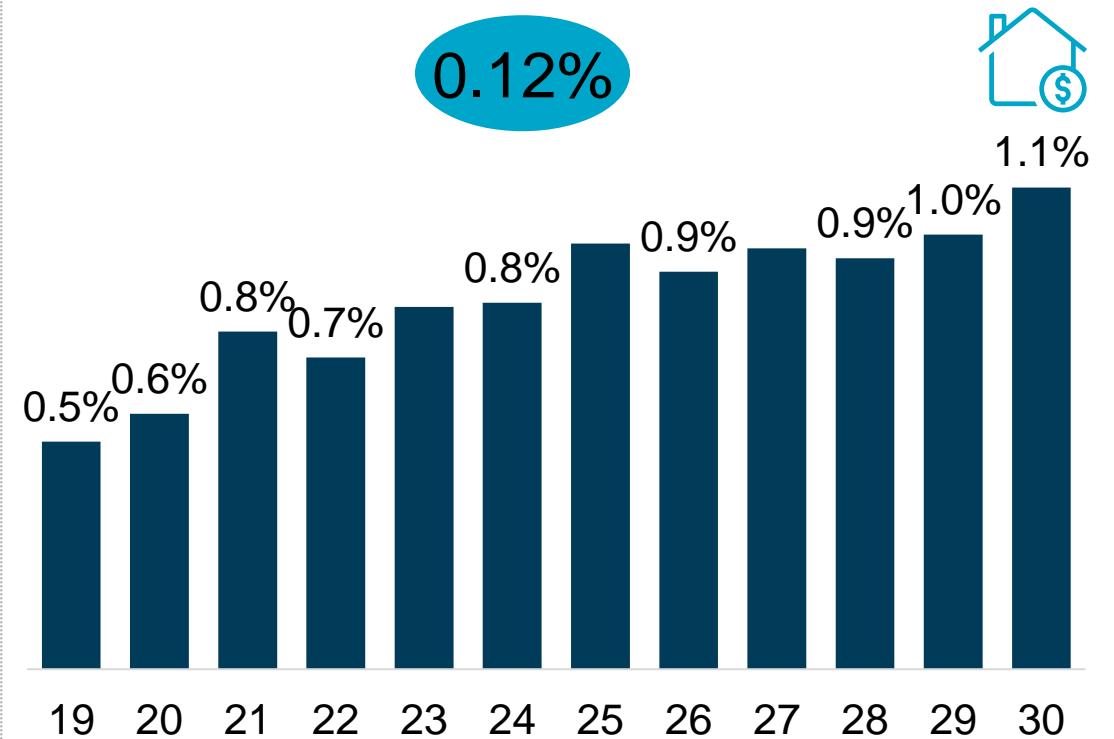
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Mortgage is the one area where younger consumers do perform worse than the overall population – affordability challenges may be a driver

Delinquencies on Near Prime Auto Originations, Ever 30+ in First 12 MOB



Delinquencies on Super Prime Mortgage Originations, Ever 30+ in First 12 MOB



Common Myth #5:

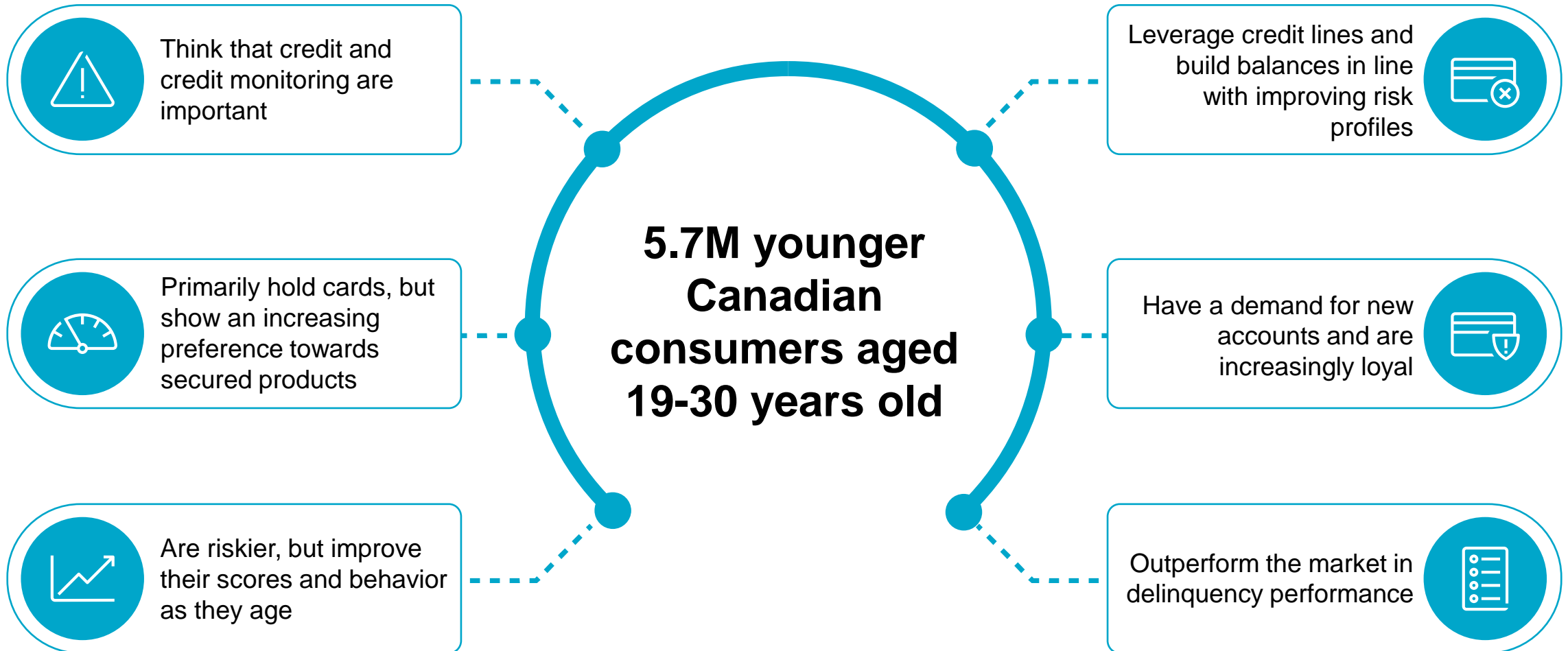
Younger consumers have difficulty keeping up with their obligations.

False!

Younger consumers outperform on the majority of their obligations, except for mortgage.



Let's summarize our findings so far: Younger consumers...

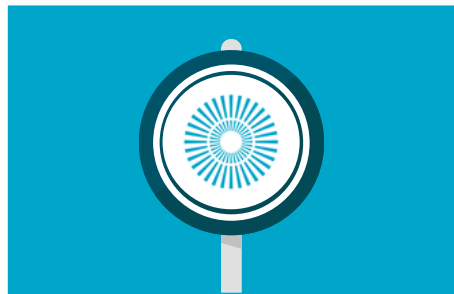


Based on these findings, we believe lenders would benefit from implementing these strategies to cater effectively to younger consumers



Credit Education

Half of younger consumers view monitoring their credit report as important for financial management



TransUnion CreditView empowers consumer credit education



Wallet Profile Graduation

The credit card market is highly penetrated, but participation in other products is still growing



TransUnion CreditVision® trended attributes and algorithms can help predict shifts in consumer needs and loyalty, and provide capacity to support campaigns



Credit Access Optimization

Credit leveraging behaviors are aligned with risk scores and don't change much as age progresses



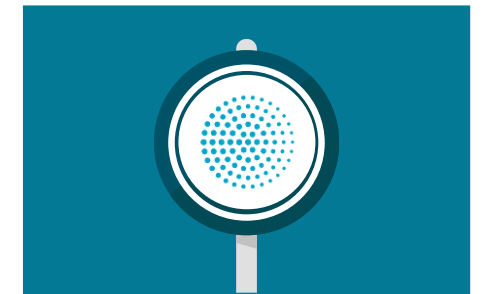
Consumer Loyalty

Only 2% of younger consumers go to their first lender in wallet for future products by the time they are 30



Early Warning Risk Prediction

Younger consumers typically perform well, but there are pockets of delinquency in mortgage and the youngest segment



TransUnion Early Warning Signals model enables early prediction of risk



Thank You!

