

Consumer Pulse Study

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

Canada Q2 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 behaviours 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



Macroeconomic pressures remained top of mind for Canadians as increased concern about inflation and rising interest rates affected consumer behaviours; demand for more credit fell and focus on savings buildup grew.



Canadians remained concerned about debt – especially regarding taking on additional credit.



Consumers were concerned about potential cybersecurity threats. While most consumers took action, over a third did not, citing they didn't know what action to take. This represents potential opportunity for lenders and associations to drive more consumer education around fraud and identity management.

Household income (HHI), spending and bill payment impact

Inflation and interest rate pressure continued to impact consumers; just over half (57%) of consumers felt their household finances were as good or better than planned, down slightly from 59% in Q2 2022.

Consumers may be able to support increased cost of goods as 24% reported increased incomes and a further 34% expected their incomes to increase over the next 12 months. This may help mitigate the effects of inflation and increased debt.

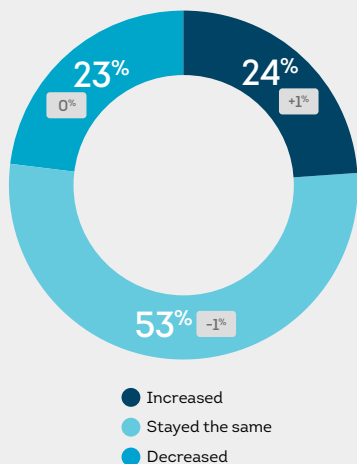
Confidence improved as 42% of consumers were optimistic about their finances over the next 12 months (up 2 percentage points from Q2 2022). Optimism was strongest with younger generations; 53% of Gen Z and 48% of Millennials. However, optimism grew the most with Baby Boomers, up 10 percentage points from last year, and least among Millennials, down 5 percentage points from Q2 2022. Despite optimism, 55% of consumers didn't feel their incomes kept up with the rate of inflation.

Canada saw record savings balances stockpiled during the pandemic. While much of that has been utilized, Canadians remained in savings mode as over a third (34%) said they prepared for a possible recession by building up savings. Gen Z (50%) and Millennials (39%) were more likely to build up savings than other generations.

The top three financial concerns of Canadians were inflation (47%), increasing housing prices (14%) and possibility of a recession (11%).

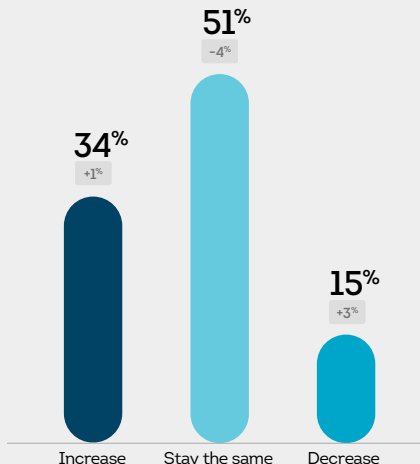
About two-thirds (68%) of respondents expected to be able to pay their bills in full. Of those that didn't, 38% planned on paying a partial amount. This was consistent with our recent market trend analysis showing revolving balances grew as more consumers reduced payments on their credit products.

Figure 1. Household income change last three months



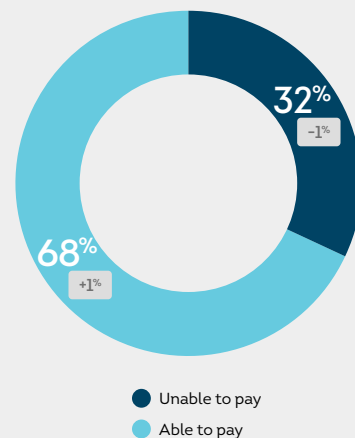
X% Percentage point change from Q1 2023

Figure 2. Expected household income change next 12 months



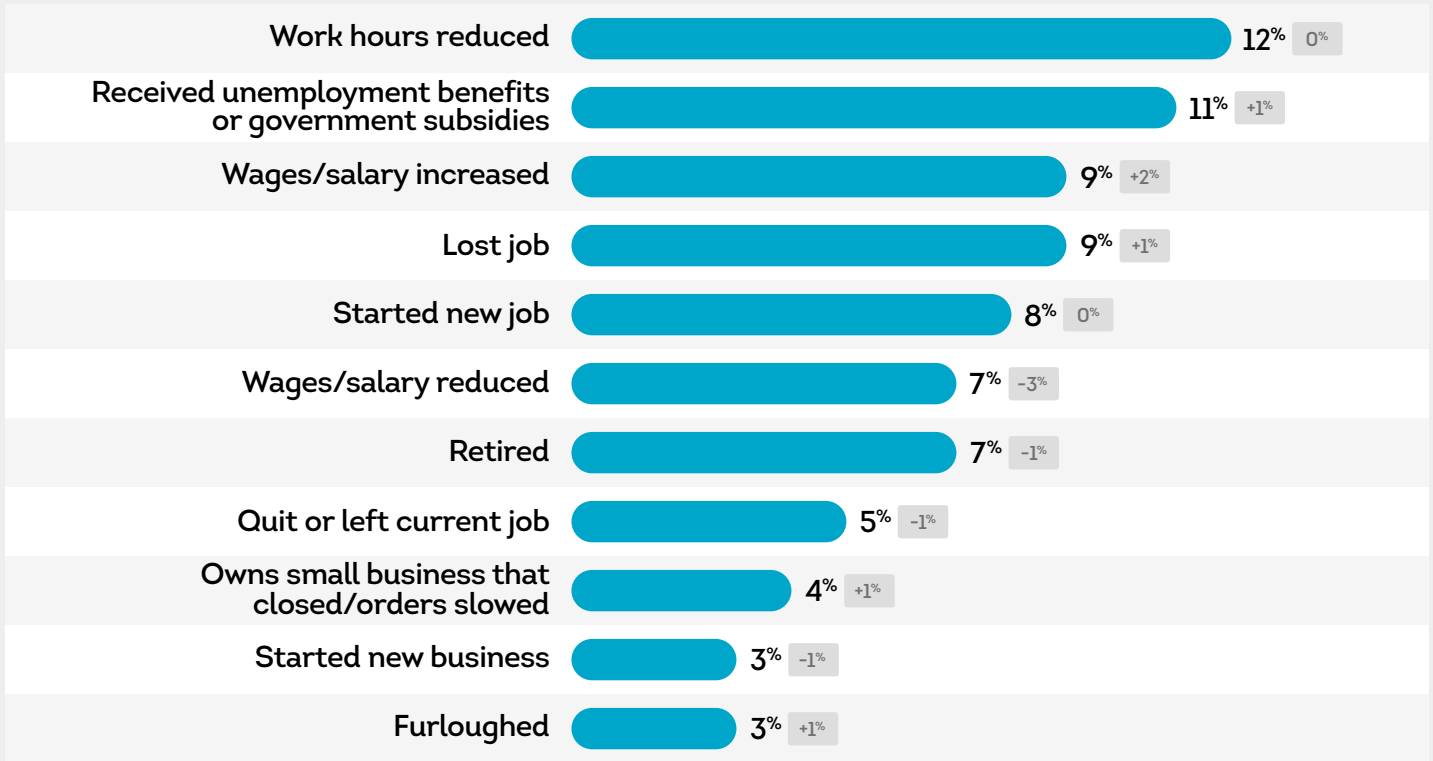
X% Percentage point change from Q1 2023

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



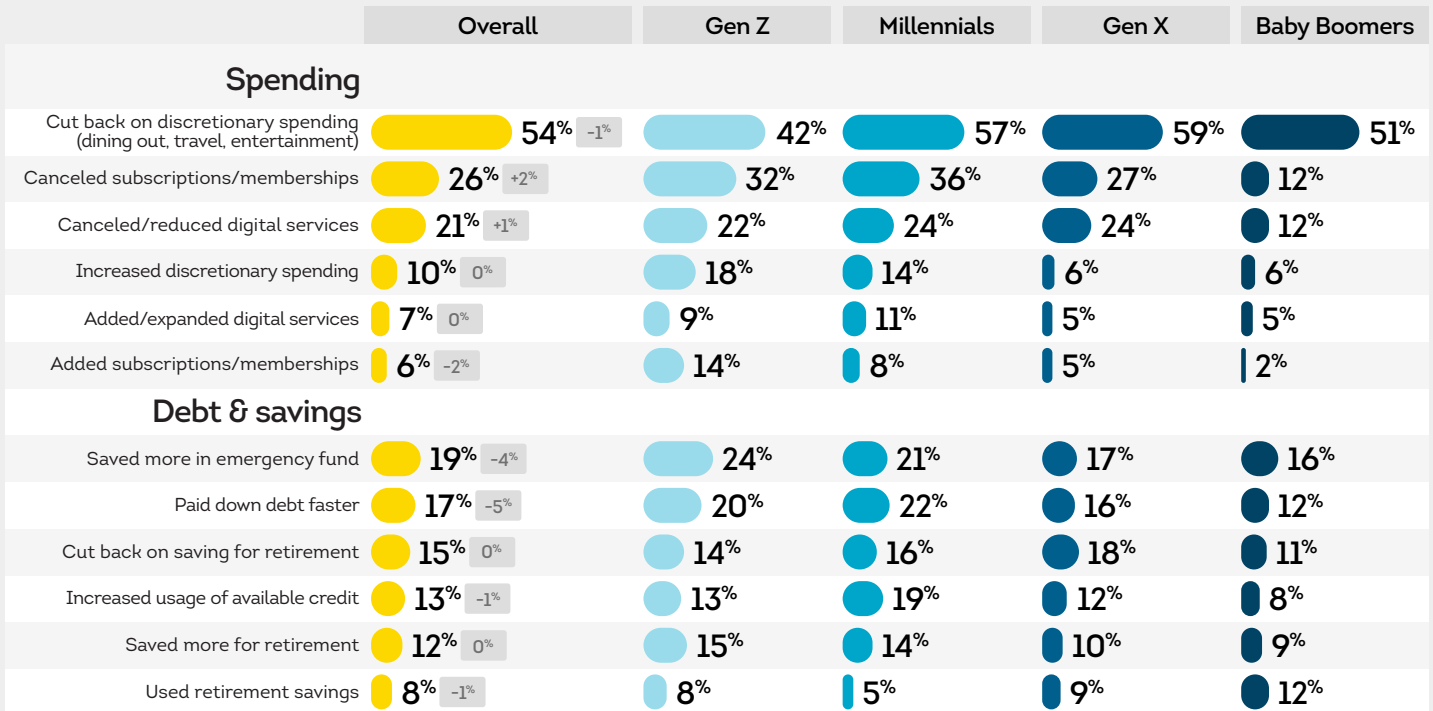
X% Percentage point change from Q1 2023

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



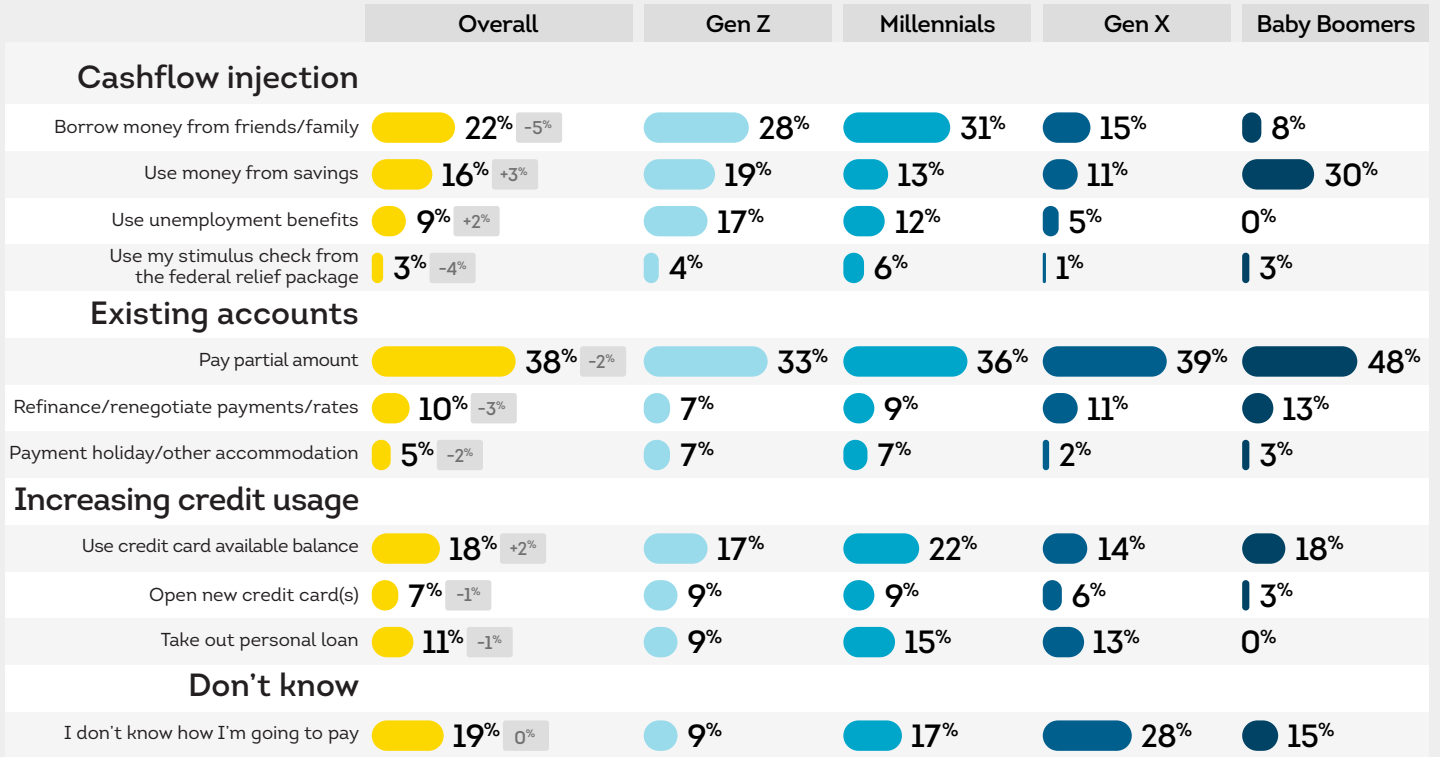
X* Percentage point change from Q1 2023

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



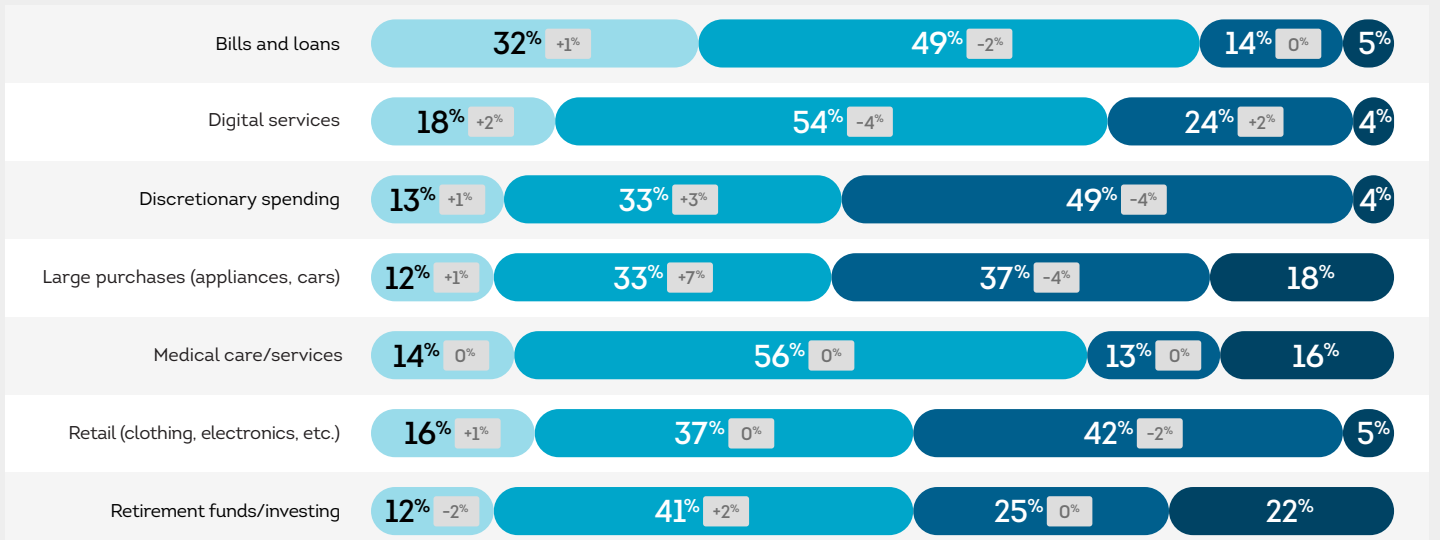
X* Percentage point change from Q1 2023

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



X% Percentage point change from Q1 2023

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



X% Percentage point change from Q1 2023 ● Increase ● Stay the same ● Decrease ● Not applicable

Attitudes and plans for economic participation

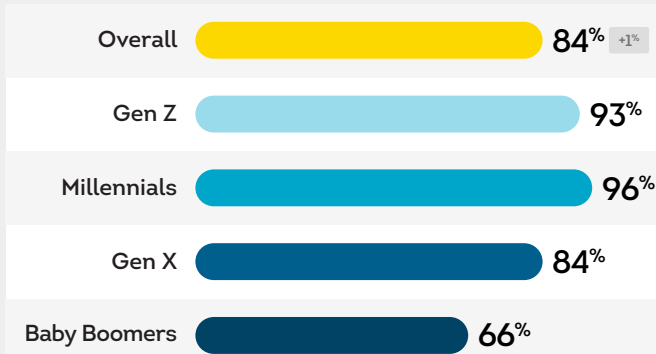
Debt is top of mind for Canadians. The top two reasons respondents don't have many credit products were they don't want to go into debt (48%) and don't need credit (32%).

Almost a quarter (24%) of Canadians indicated they planned to apply for credit or refinance in the next 12 months. This correlates to increased credit inquiry volumes, especially for below prime consumers who may seek additional credit for short-term liquidity. For consumers who planned to apply, credit card was the most common product (46%) followed by personal loans (26%) and mortgage refinancing (18%).

Of those who considered applying for credit but decided not to, the top reasons were belief they'd be rejected due to income/employment status (30%); cost of credit too was high (27%); and decided they didn't need more credit (27%). Convenience played a larger part in the decisions of younger generations; Gen Z stated it took too much work to apply at 17%.

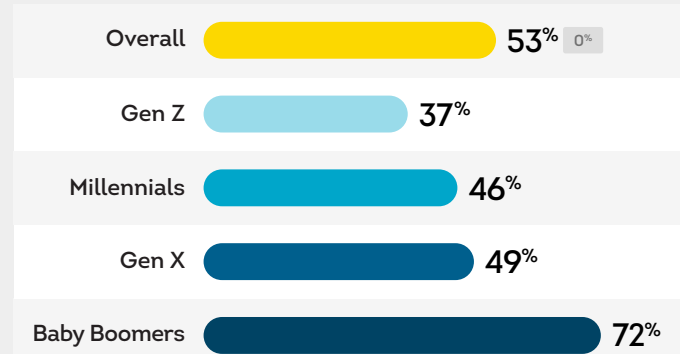
Rising interest rates also drove consumer credit application behaviour as 57% indicated higher interest affected their decisions to apply for additional credit. For products like adjustable/variable rate mortgages and lines of credit, which are more reactive to interest rate fluctuations, lower origination volumes may be due to the cost of that debt being too much for some consumers.

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



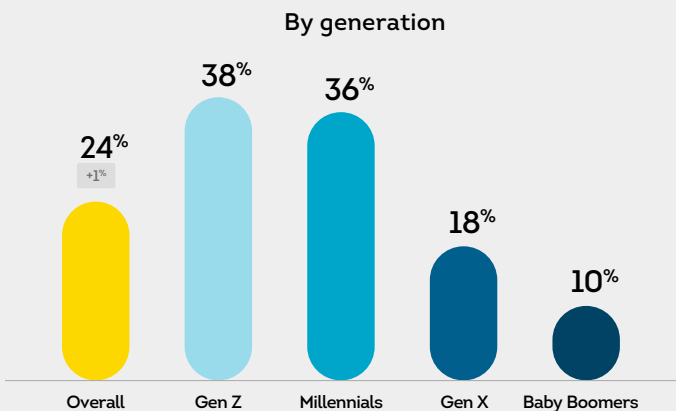
X* Percentage point change from Q1 2023

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



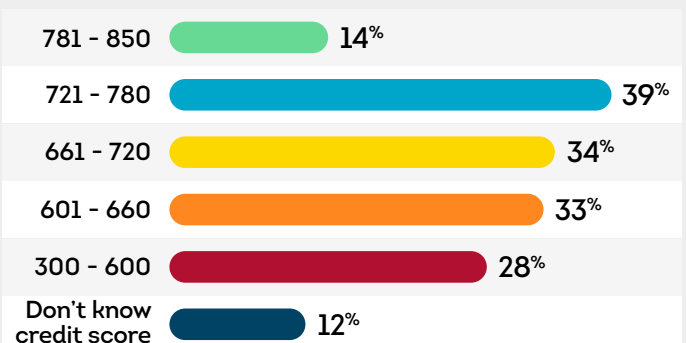
X* Percentage point change from Q1 2023

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



X* Percentage point change from Q1 2023

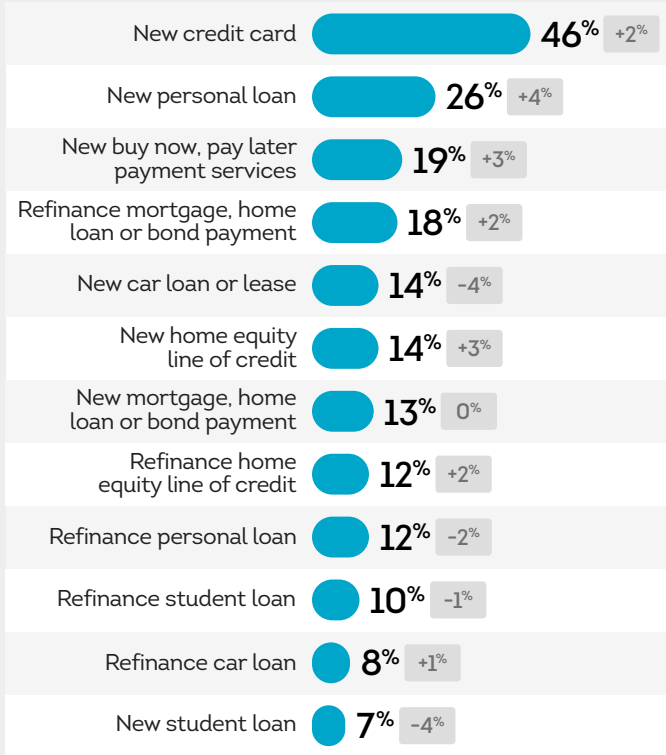
By credit score



Self-reported credit score ranges

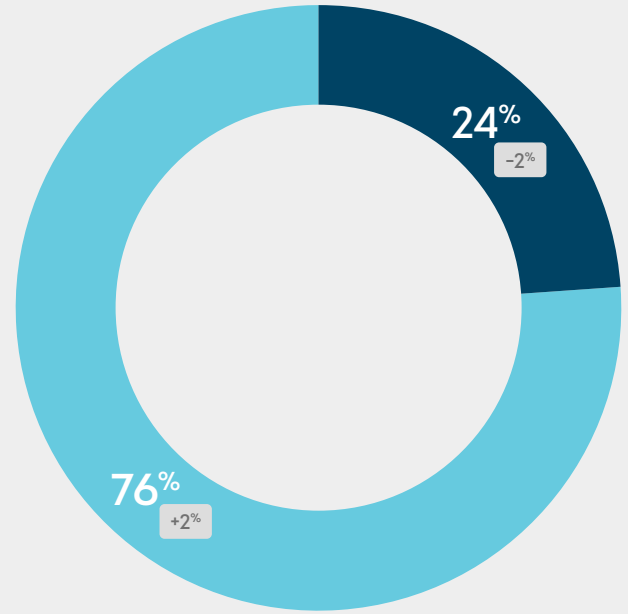
Figure 11. Type of new credit and loan activity planned in next 12 months

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



X* Percentage point change from Q1 2023

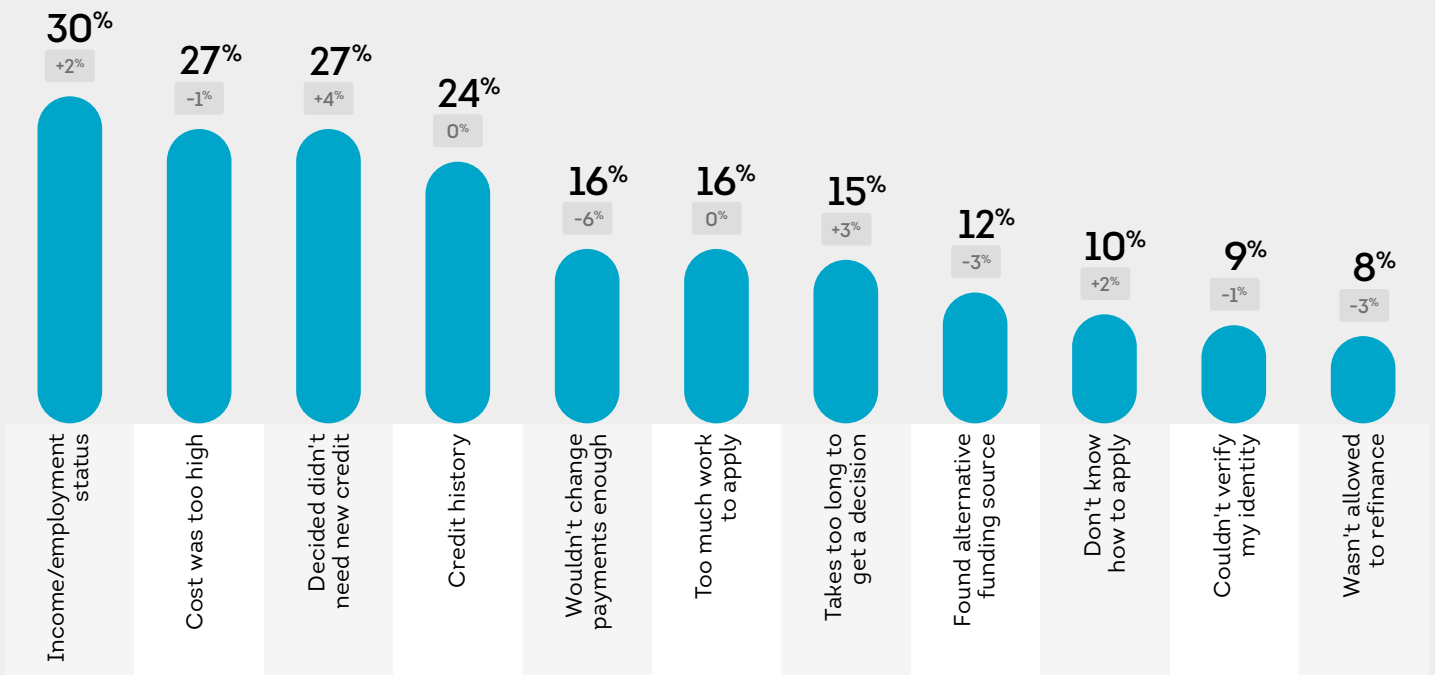
Figure 12. Abandoned plan to apply for new credit or refinance



● Yes ● No

X* Percentage point change from Q1 2023

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



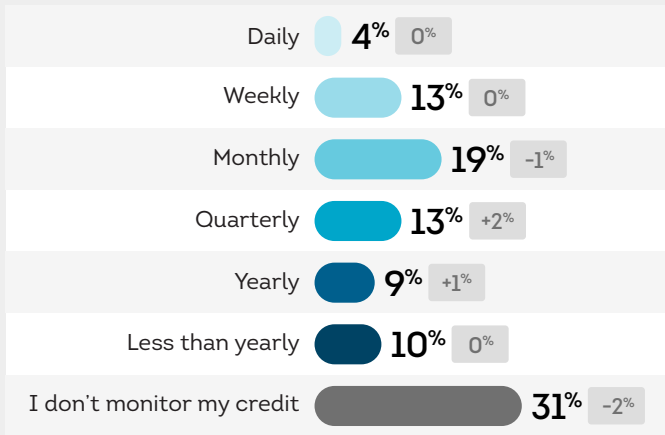
X* Percentage point change from Q1 2023

CONSUMER EMPOWERMENT

Attitudes and behaviour to manage financial choices

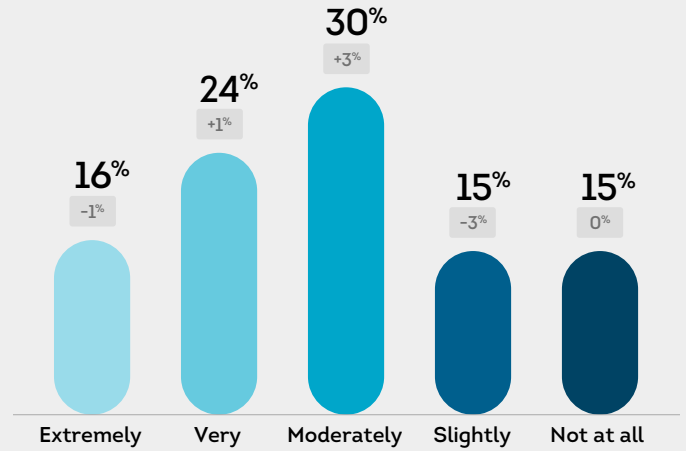
Overall, 85% of respondents believed it's important to check their credit reports. As access to scores and credit reports becomes easier, consumers checked more frequently; over a third (37%) checked at least monthly. Nearly half (46%) of consumers cited the fact it's free as the main reason they monitor their credit reports.

Figure 14. Credit monitoring frequency



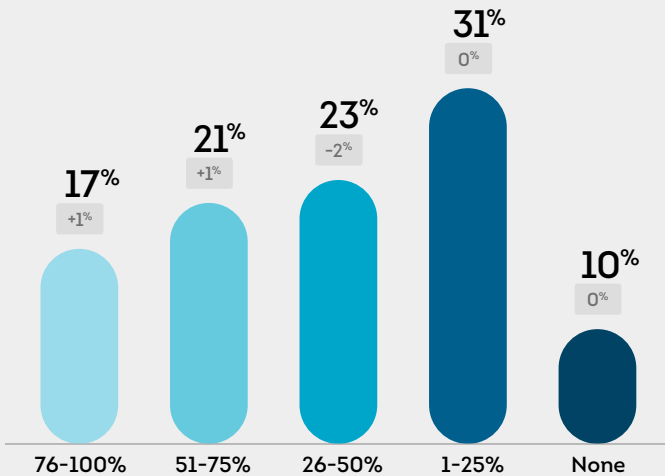
X% Percentage point change from Q1 2023

Figure 15. Believe monitoring credit is important



X% Percentage point change from Q1 2023

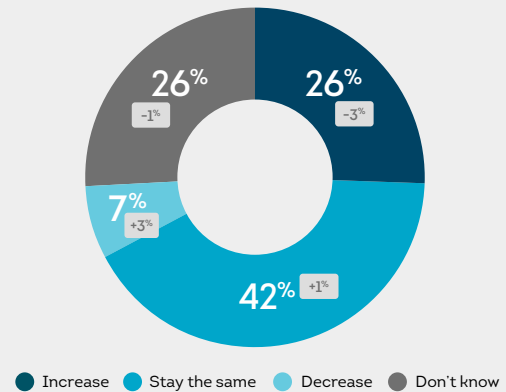
Figure 16. Percentage of transactions done online



X% Percentage point change from Q1 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



X% Percentage point change from Q1 2023

IDENTITY PROTECTION

Identity risks and usage

Overall, 48% of consumers indicated they were targeted by and 6% fell victim to a fraud scheme in the last three months.

Most (80%) Canadians reported concerns about cybersecurity: Credit card fraud (51%) and identity theft (49%) were their two biggest cyber threat concerns. However, 39% of consumers hadn't taken any action in response to those concerns, and almost half (49%) of those reported they were unsure what actions to take.

Figure 18. Personal experience with online, email, phone call or text message fraud attempts in last three months

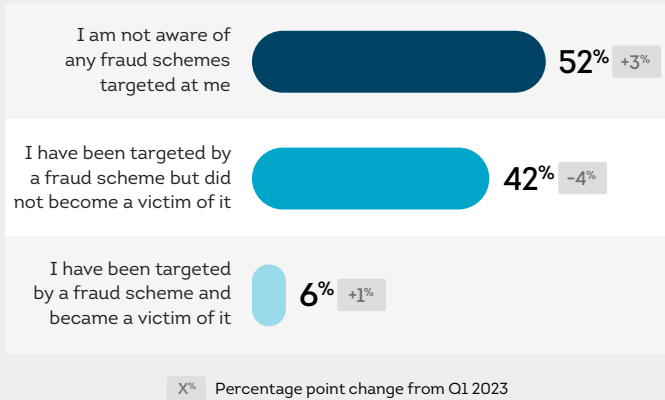


Figure 19. Most frequent fraud schemes targeting consumers
(among those targeted with online, email, phone call or text message fraud)

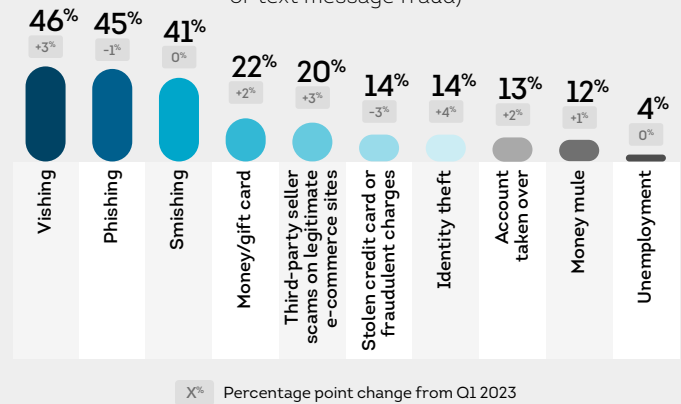


Figure 20. Concern with sharing personal information

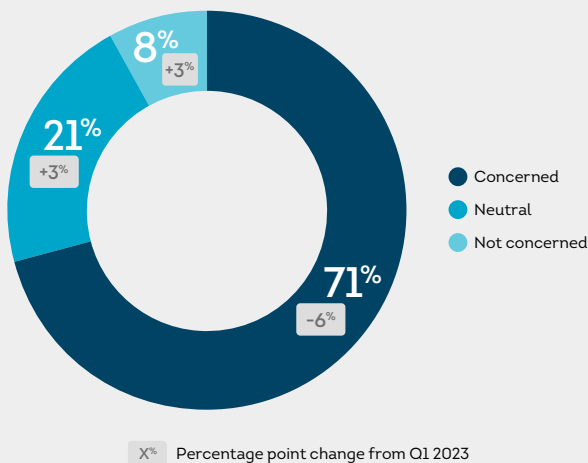
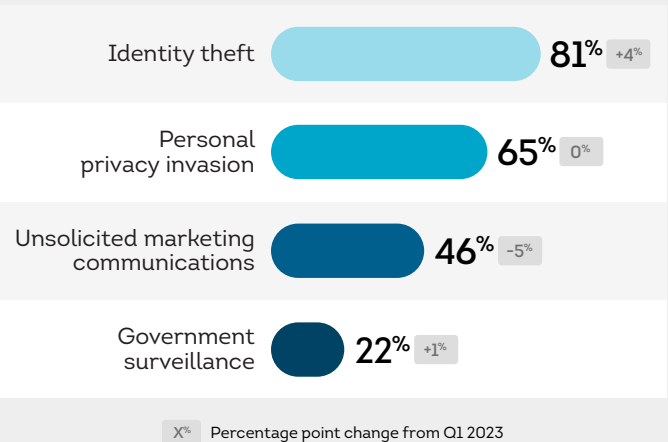


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse Survey of 956 adults was conducted 4-17 May 2023 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing Canada were surveyed using an online research panel method across a combination of desktop, mobile and tablet devices. Survey questions were administered in English and French. 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 ± 3.17 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
www.transunion.ca/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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