

Consumer Pulse Study

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

Canada Q2 2024

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



Inflation and interest rate concerns remained top of mind for Canadian consumers as economic pressures continue to shift their behaviours and demand for credit is dampened by rising interest rates.



More than half of respondents said they don't conduct the majority of their transactions online; security and privacy concerns being the main obstacles for digital adoption.



Consumers expressed worries about identity theft and cyber threats. They also reported taking proactive steps to mitigate cybersecurity concerns.

Household income (HHI), spending and bill payment impact

Among all surveyed, 46% said their household finances are worse than planned at this point in 2024, four percentage points higher than Q1 2024 and a year ago. At 53%, Gen X had the highest percentage among generations surveyed who said their household finances are worse than planned. This was likely due to them still carrying a large amount of debt like mortgages, and some nearing retirement.

Looking at all consumers surveyed, the highest percentage (57%) of respondents indicated their incomes had stayed the same in the last three months, and 47% don't expect it to change over the next year. When it comes to pay, Gen Z were the most optimistic among age groups with 62% indicating they expected their incomes to increase over the next year.

In regard to inflation, 57% of households said their incomes aren't keeping up with the current rate. Older generations had the highest percentages noting this at 66% of Gen X and 60% of Baby Boomers. Many Baby Boomers and some Gen Xers are at or near retirement and might have fixed retirement incomes – making inflationary pressures even more pronounced. Households reporting lower annual incomes (less than \$25,000 CAD) and medium annual incomes (\$25,000 to \$99,999 CAD) felt the most stress: 61% (+6 percentage points from Q1 '24) and 57% (-1 percentage point) said their incomes aren't keeping up, respectively – the highest among income levels. It's clear increased costs of living continue to pressure certain consumer segments more than others.

Inflationary pressures most concerning to households were non-discretionary spending categories. Respondents were most concerned with the increased cost of groceries (89%), gasoline for cars (61%) and utilities (52%). Pressure on non-discretionary items creates even more overall payment shock as consumers must make trade-off choices as to where money is directed. These often tend to be of more importance in their hierarchies, potentially leaving less disposable income available to cover credit debt.

Despite some segments of consumers feeling income is not keeping up with inflation, 42% of respondents indicated they're optimistic about their household finances in the next 12 months. With the prospect of looming rate decreases and lower inflation, consumers may be feeling a bit better about liquidity.

Canadian consumers remained relatively resilient despite macroeconomic volatility. Among all surveyed, 70% indicated they'll be able to pay their current bills and loans in full. Interestingly, only 65% of Gen X respondents expected to be able to pay their bills and loans in full, possibly reflecting a higher cost of debt at this stage of their lives.

Across generations among those who said they can't pay their current bills and loans in full, the highest percentage said they plan to help pay their current bills and loans with a partial amount they can afford but not the full balance (35%). This aligns with TransUnion's more recent observations of higher balances – especially for credit cards which more consumers are paying only the minimum monthly required.

Figure 1. Household income change last three months

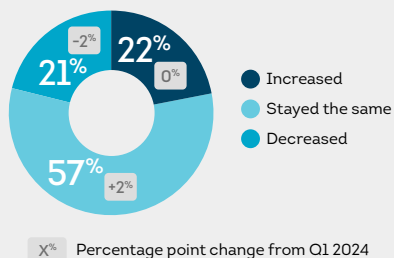


Figure 2. Expected household income change next 12 months

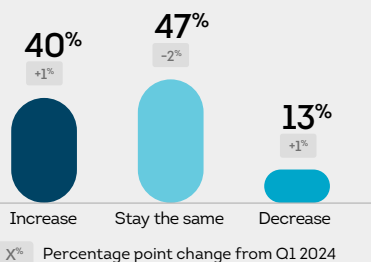


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

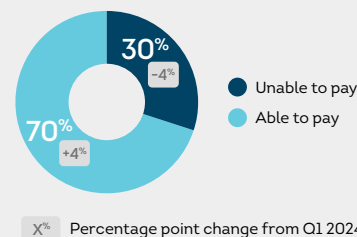


Figure 4. Optimism about household finances in next 12 months

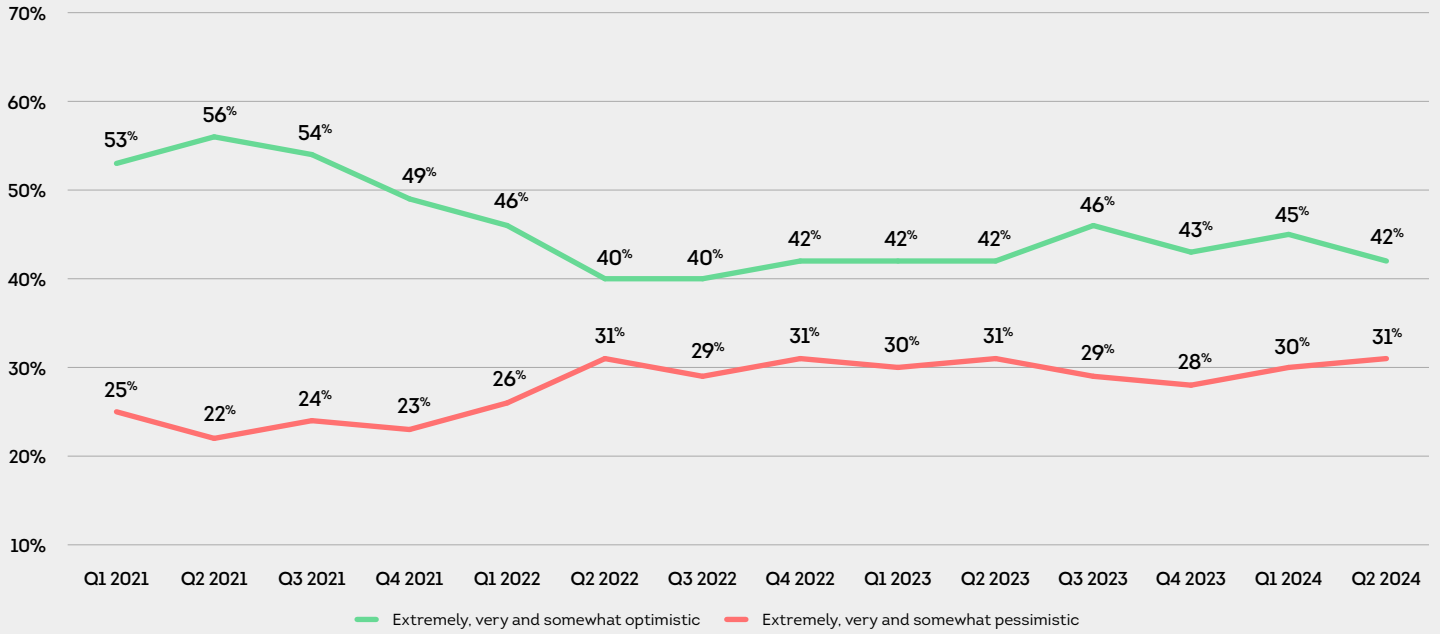


Figure 5. Biggest concerns affecting household finances in next six months
Percentage of consumers who said this concern was in their top three

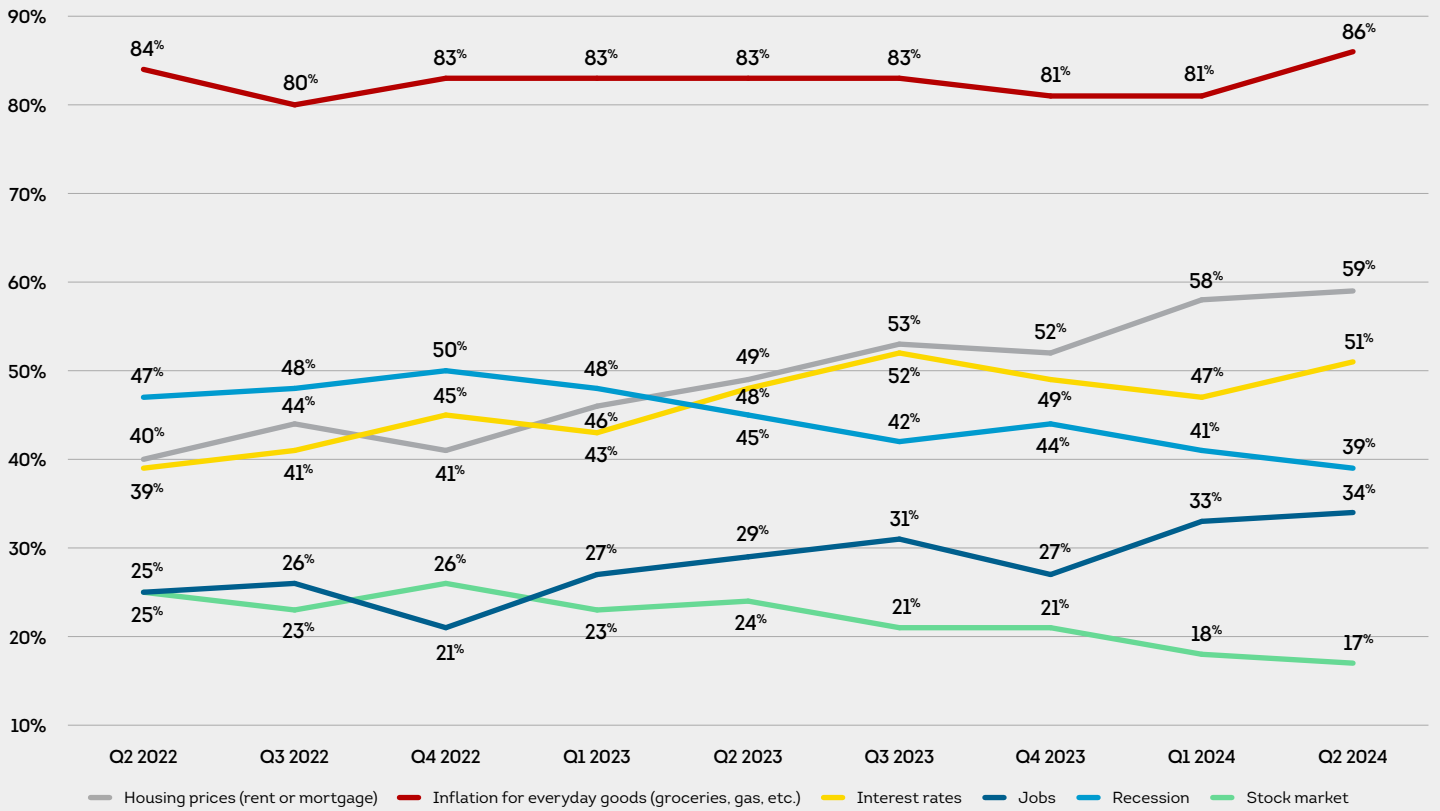
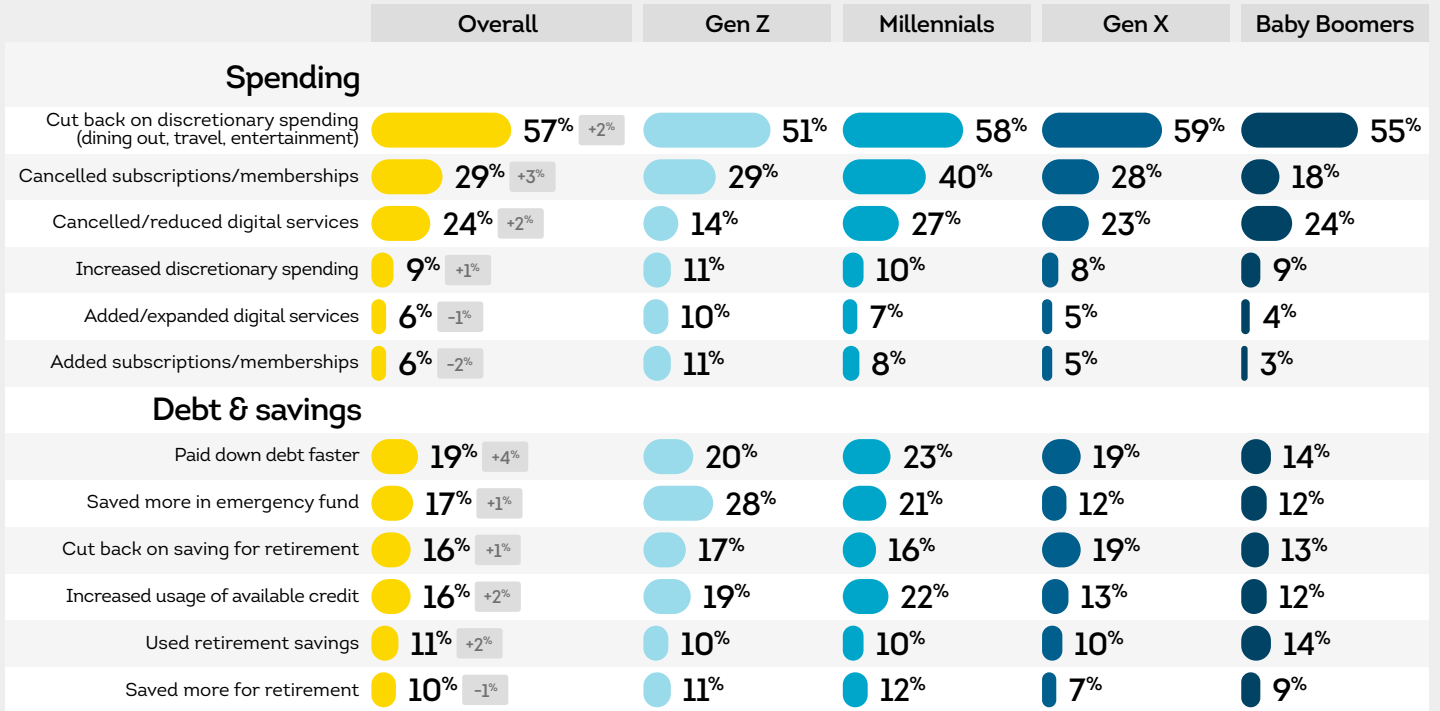
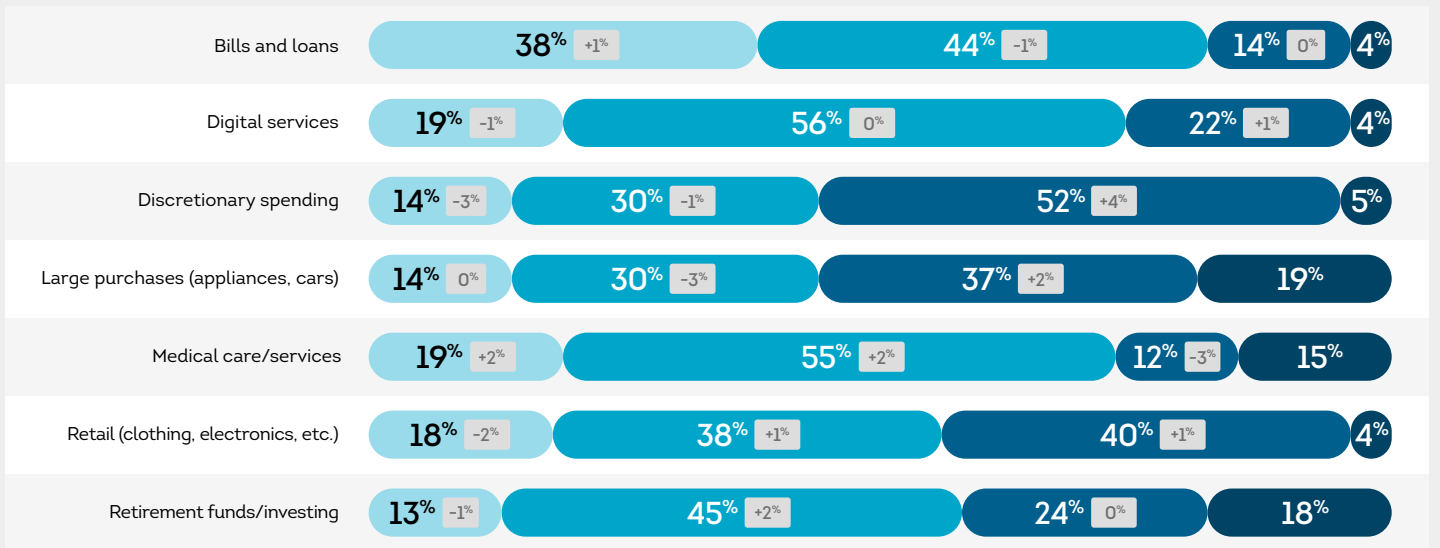


Figure 6. Changes to household budget in the last three months



X% Percentage point change from Q1 2024

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



X% Percentage point change from Q1 2024 ● Increase ● Stay the same ● Decrease ● Not applicable

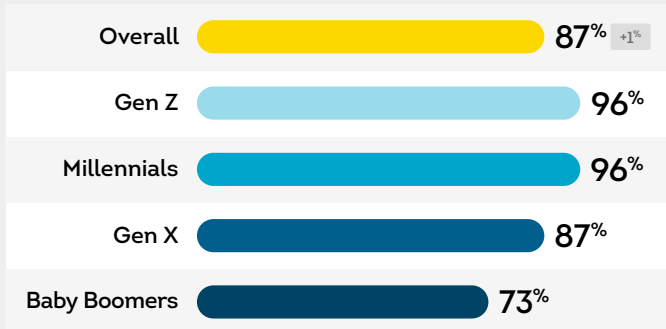
Attitudes and plans for economic participation

Over a quarter (27%) planned to apply for new credit, up four percentage points from Q1 '24 and three percentage points from a year ago. Part of this increased demand might reflect the need for additional liquidity through this economic cycle.

Some of the hesitation about whether to take on new credit was aligned to interest rates; 62% indicated rising interest rates have a moderate or high impact on whether they'll apply for credit in the next 12 months. That's up four percentage points from the previous quarter and 5 percentage points from a year ago. Younger generations were more sensitive to this as 77% of Gen Z and 74% of Millennials said rising interest rates have a moderate or high impact on whether or not they'll apply for credit in the next 12 months compared to 59% of Gen X and 47% of Baby Boomers.

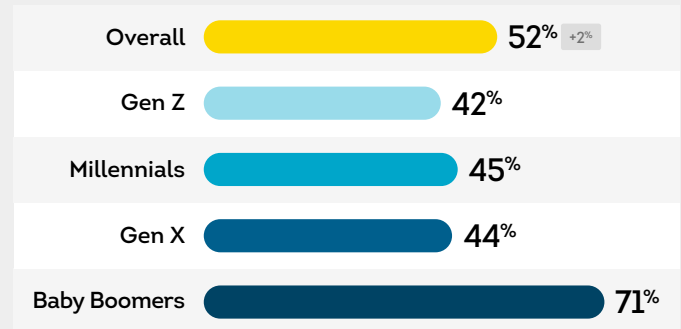
Across generations, 15% indicated they'll likely consider purchasing a new home in the next year. While this number may appear low, it's up 3 percentage points from the previous quarter. Of those who indicated they're likely to purchase, rising home prices (66%), rising interest rates (56%) and the amount needed for down payment (40%) were the top three reasons they'd stop considering purchasing a home in the next year.

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



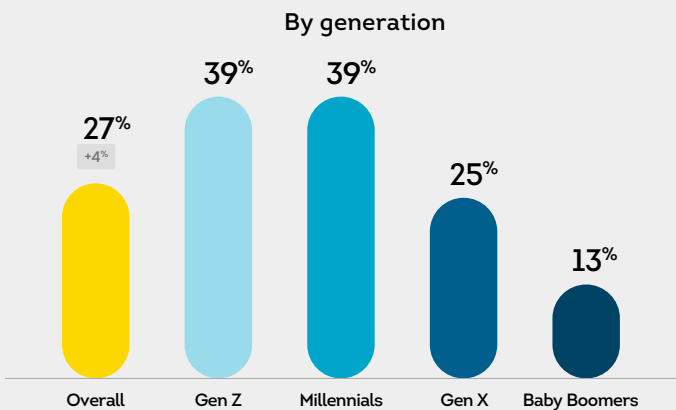
X% Percentage point change from Q1 2024

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



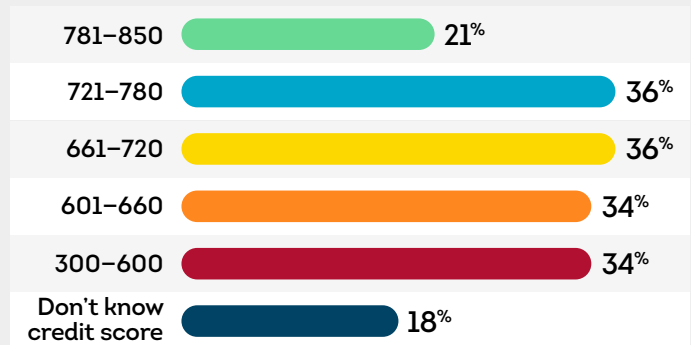
X% Percentage point change from Q1 2024

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



X% Percentage point change from Q1 2024

By credit score*

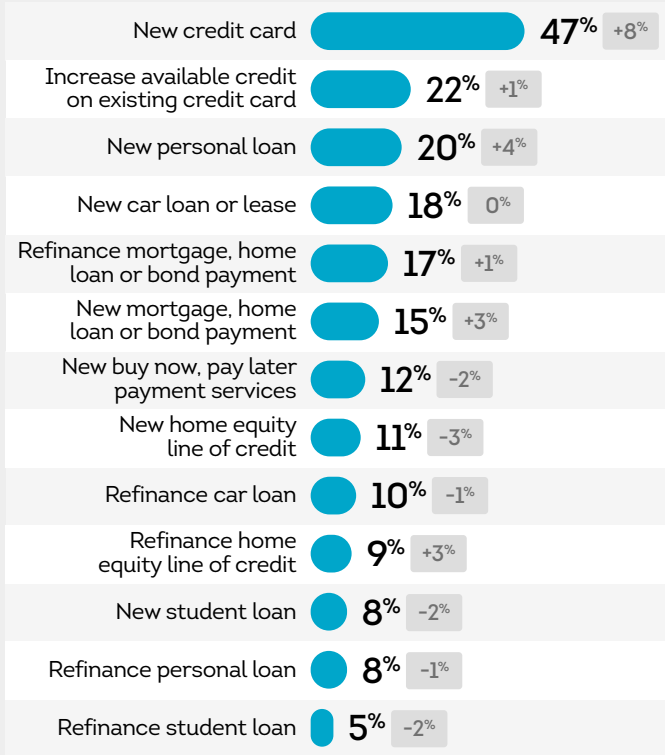


Self-reported credit score ranges

*Survey was conducted using American Credit Score ranges

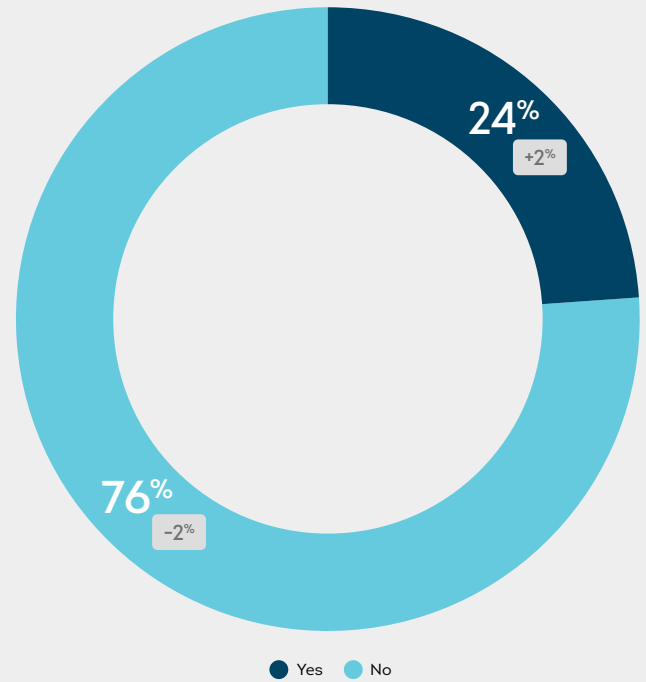
Figure 11. Type of new credit and loan activity planned in next 12 months

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



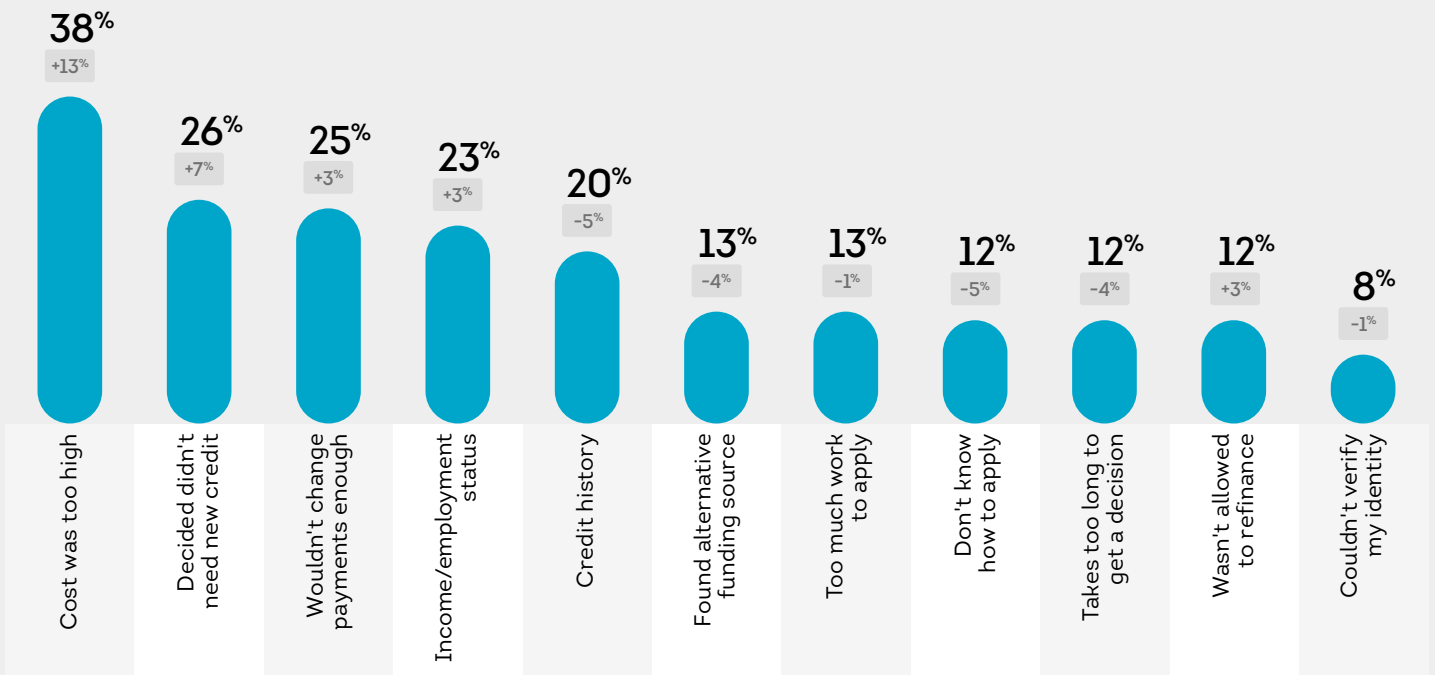
X* Percentage point change from Q1 2024

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



X* Percentage point change from Q1 2024

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



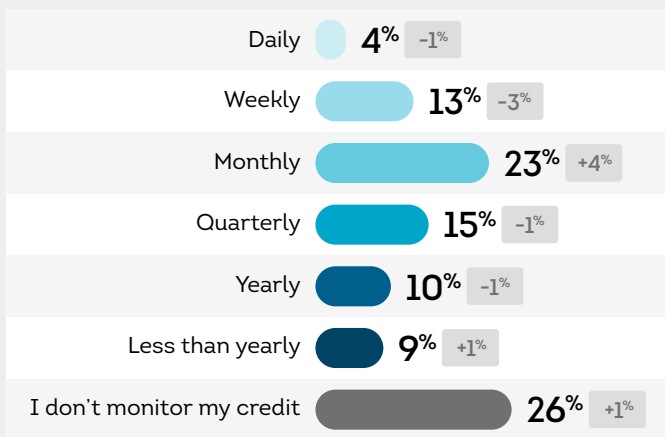
X* Percentage point change from Q1 2024

Attitudes and behaviour to manage financial choices

Consumers were still split on online usage with only 43% indicating they conduct more than half of their financial, retail and business transactions online. However, this is up five percentage points from a year ago. Interestingly, older generations said they conducted more of their transactions online. Only 28% of Gen Z said they conducted the majority of their transactions online followed by Baby Boomers at 43%, and Gen X and Millennials both at 45%.

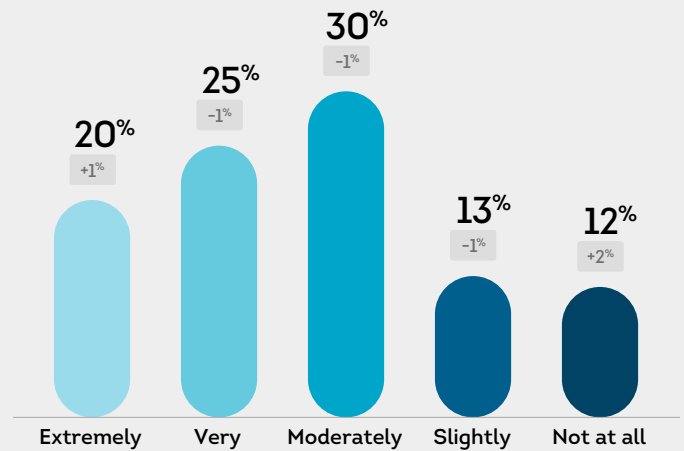
When all respondents were asked about obstacles they run into while using digital technology in new ways, the top answers were: identity theft concerns (39%); cybersecurity concerns (38%); and cost of internet service (31%). Lenders wanting to drive increased usage of online financial services may want to consider how to provide more reassurance around the safety and security of digital banking.

Figure 14. Credit report monitoring frequency



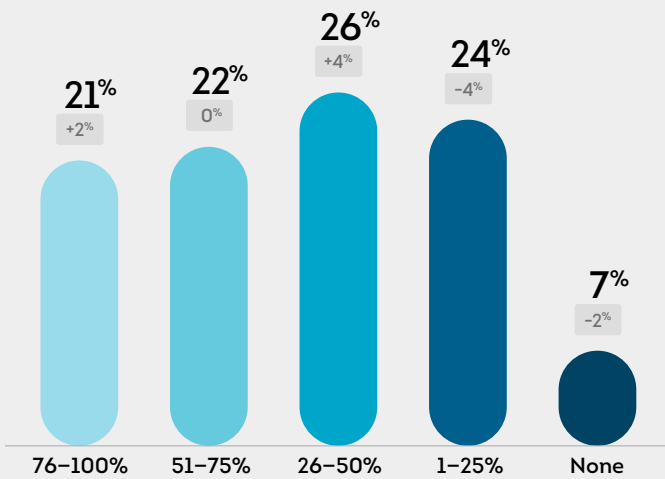
X% Percentage point change from Q1 2024

Figure 15. Believe monitoring credit report is important



X% Percentage point change from Q1 2024

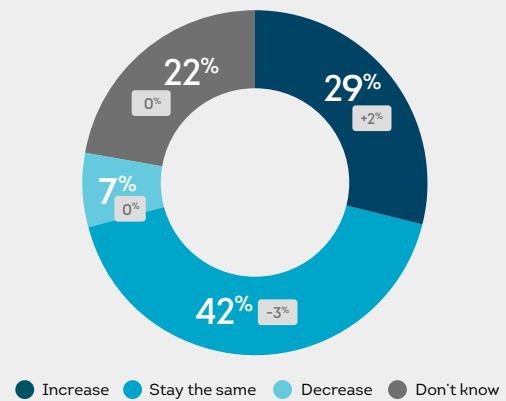
Figure 16. Percentage of transactions done online



X% Percentage point change from Q1 2024

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 2024

Identity risks and usage

When asked about the cyber threats they were most concerned about, respondents identified stolen identity (59%), credit card/payment fraud (57%), and data breaches (35%) as their top concerns.

More than half (54%) of respondents indicated they were targeted by an online, email, phone call or text message fraud attempt in the last three months. Among them, phishing (fraudulent emails, websites, social posts, QR codes, etc. meant to steal data) at 48% and smishing (fraudulent text messages meant to trick you into revealing data) at 44% were the schemes consumers said they were most targeted with in the last three months.

When it came to identity attack methods that most concerned respondents, viruses or malware (52%) was the top worry followed by personal information exposed in data breaches (51%) and email phishing (44%).

In response to cybersecurity concerns, more consumers reported taking action by changing passwords (49%, up 4 percentage points from Q2 '23); monitoring their credit reports (31%, up 7 percentage points); and modifying login options to passwordless login options or adding multi-factor authentication (23%, up 4 percentage points from when this answer was first introduced in Q3 '23).

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

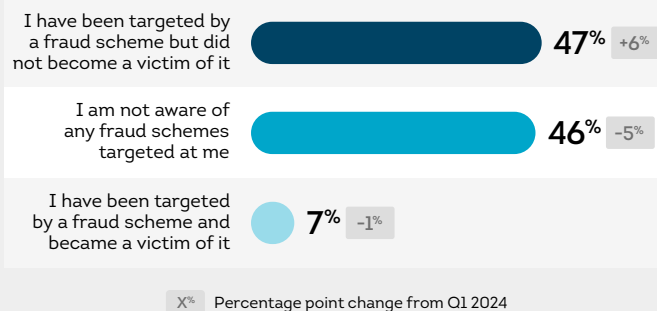


Figure 19. Most frequent fraud schemes targeting consumers
(among those targeted with online, email, phone call or text message fraud)

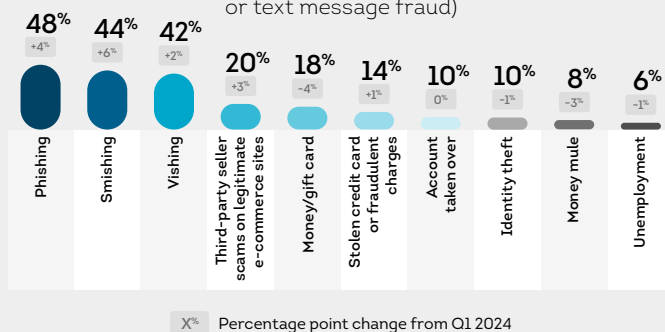
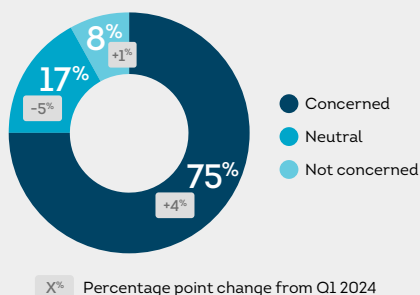


Figure 20. Concern with sharing personal information



Research Methodology

TransUnion's Consumer Pulse Survey of 1,000 adults was conducted May 1-10, 2024 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in 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 in this research as follows: Gen Z, 18-26 years old; Millennials, 27-42 years old; Gen X, 43-58 years old; and Baby Boomers, age 59 and above. These research results are unweighted and statistically significant at a 95% confidence level within ± 3.1 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.ca/consumer-pulse-study



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