TransUnion

Consumer Pulse Study

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

Kenya Q3 2022

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

Rising inflationary pressure appears to have curbed discretionary spending amongst Kenyan households over the past three months, and this behaviour is expected to continue in coming months. Households have remained resilient in servicing their bills and loan obligations; 64% of respondents indicated their ability to pay current bills and loan repayments in full.

Kenyan consumers know the importance of credit and lending products; 98% of consumers surveyed indicated they believe access to credit and lending products is important to achieve their financial goals. However, only 44% of consumers believed they currently have sufficient access to credit and lending products.

Most Kenyan consumers believed monitoring credit is very or extremely important; 77% said they monitor their credit at least every month. The practice of actively monitoring credit may have contributed to the low amount (6%) of consumers in Kenya who said they fell victim to digital fraud in the last three months. However, 37% of consumers surveyed said they were unaware if fraudulent actors targeted them, an area of concern since the assumption is that one in three consumers could have been targeted but were unaware. Due to this lack of awareness, they may have become victims of fraud without knowing it.

Household income (HHI), spending and bill payment impact

From a household income perspective, 41% of Kenyan survey respondents reported increased household income over the past three months; 31% stated their household income remained unchanged; and 28% reported a decrease. Salary reduction was the top reason (29%) consumers said they had a household income change in the last month followed by starting a new business (26%).

From an age perspective, Millennials (born between 1980 and 1994) were the only group with a higher percentage of respondents reporting reductions in household income than increases. Overall, Kenyans are primarily optimistic; 81% of survey respondents expected their income levels to increase over the next 12 months.

Many (64%) Kenyans stated they could pay any of their current bills and loans in full. However, only 35% of Baby Boomers (born 1944–1964) expected to be able to pay their current bills and loans in full. As older consumers begin to enter retirement, this type of behaviour is likely to emerge due to the limited sources of disposable income available to service debt obligations.

Regarding bills and debt management, 46% of all survey respondents who said they won't be able to pay a current bill or loan in full stated they intend to pay a partial amount that's affordable to them but not the entire outstanding balance. Another 41% of those unable to pay indicated they'll use their savings, and another 40% stated they're likely to borrow money from a friend or family member to service their current bills and debt obligations.

Among all surveyed, 56% said they cut back on discretionary spending in the past three months. Millennials, in particular, were the most active with 66% of them stating they'd reduced their discretionary spending. The cut back in discretionary spending is not surprising. In July 2022, Kenya's National Bureau of Statistics stated the country's annual inflation rate reached 8.3%, the highest reading since June 2017. It determined the primary drivers of inflationary pressure come from the prices of food and non-alcoholic beverages (up 15.3% year over year) followed by transportation (up 7%), and housing and utilities (up 5.6%). With the cost of necessities rising, 48% of respondents expected further cuts to discretionary spending in the next three months.

Figure 1. Household income change last three months

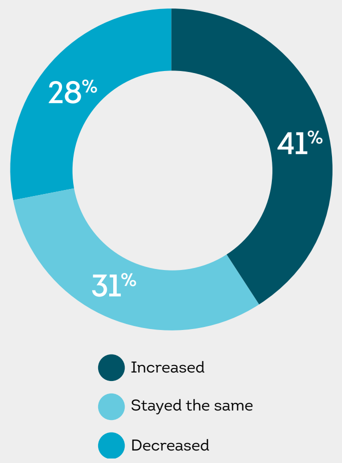

Figure 2. Expected household income change next 12 months

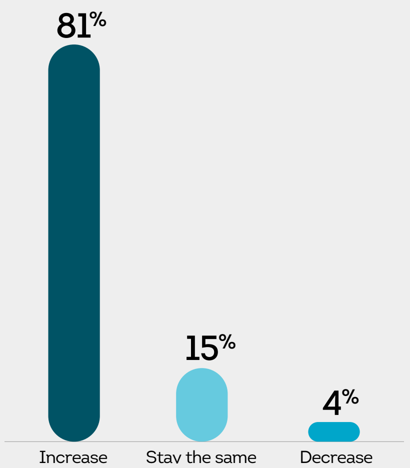

Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

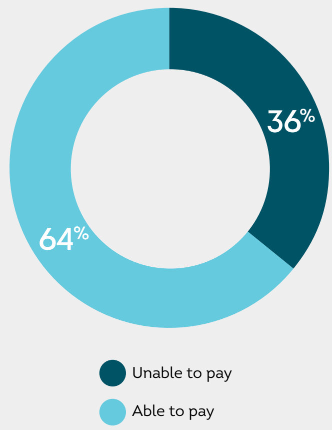

Figure 4. Reasons for change in current household income

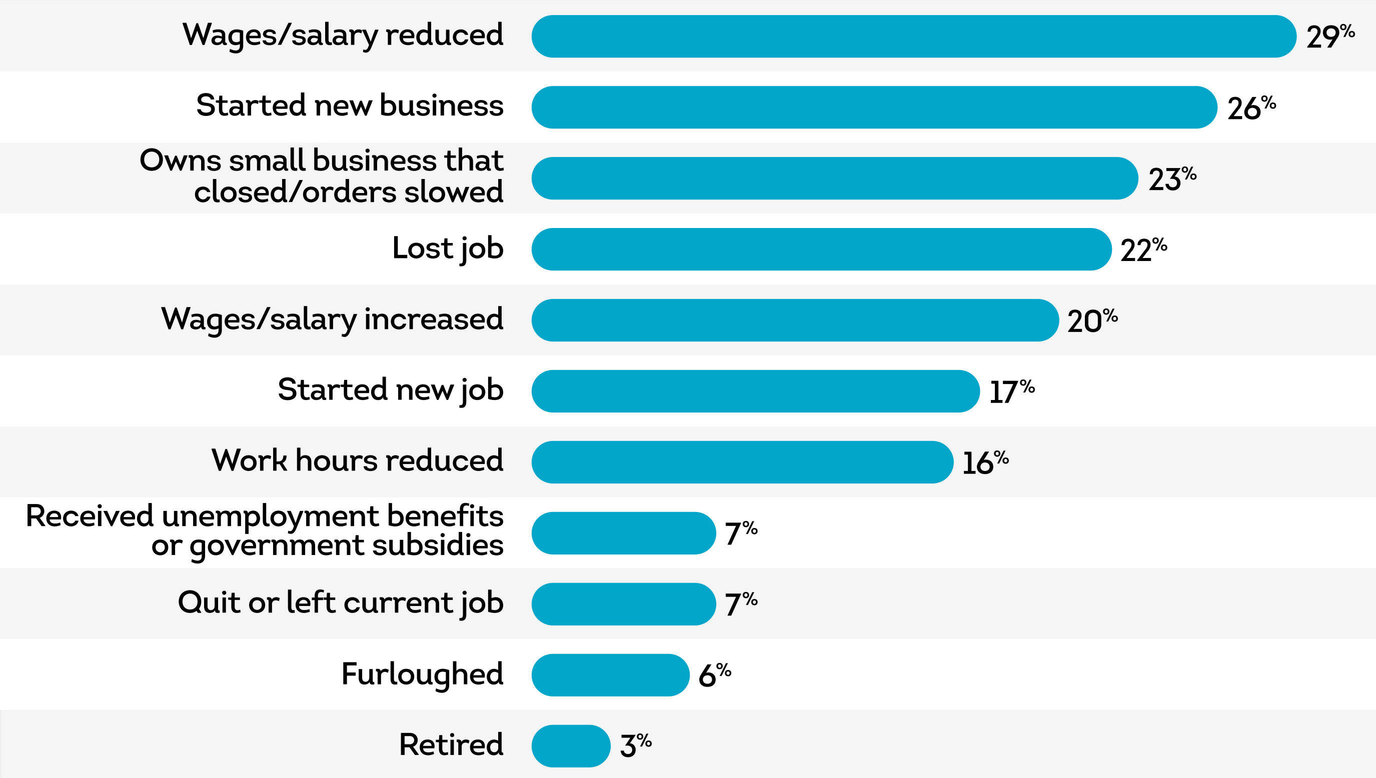

Figure 5. Changes to household budget in the last three months

	Overall	Gen Z	Millennials	Gen X	Baby Boomers
Spending					
Cut back on discretionary spending (dining out, travel, entertainment)	56%	55%	66%	51%	35%
Canceled/reduced digital services	39%	39%	44%	34%	30%
Canceled subscriptions/memberships	28%	33%	30%	21%	23%
Added/expanded digital services	24%	26%	19%	30%	23%
Increased discretionary spending	23%	18%	19%	34%	28%
Added subscriptions/memberships	16%	18%	10%	21%	15%
Debt & savings					
Saved more in emergency fund	39%	40%	36%	43%	43%
Paid down debt faster	38%	43%	40%	33%	28%
Increased usage of available credit	29%	21%	26%	46%	25%
Saved more for retirement	25%	20%	22%	38%	25%
Cut back on saving for retirement	20%	19%	23%	16%	23%
Used retirement savings	10%	8%	7%	13%	23%

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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	41%	52%	42%	37%	15%
Borrow money from friends/family	40%	36%	42%	46%	42%
Use unemployment benefits	8%	4%	4%	9%	27%
Existing accounts					
Pay partial amount	46%	46%	60%	34%	31%
Refinance/renegotiate payments/rates	18%	10%	22%	29%	15%
Payment holiday/other accommodation	14%	12%	8%	20%	23%
Increasing credit usage					
Take out personal loan	23%	16%	32%	26%	19%
Use credit card available balance	12%	9%	8%	11%	31%
Open new credit card(s)	11%	7%	6%	20%	15%
Don't know					
I don't know how I'm going to pay	1%	0%	2%	0%	0%

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

	Increase	Stay the same	Decrease	Not applicable
Bills and loans	39%	31%	28%	2%
Digital services	35%	35%	28%	2%
Discretionary spending	30%	22%	48%	1%
Large purchases (appliances, cars)	29%	20%	42%	9%
Medical care/services	38%	41%	19%	1%
Retail (clothing, electronics, etc.)	38%	21%	39%	2%
Retirement funds/investing	50%	27%	17%	6%

Attitudes and plans for economic participation

Nearly all consumers surveyed (98%) considered access to credit and lending products at least slightly important to achieve their financial goals; all age groups shared similar sentiment levels. However, only 44% of all consumers believed they have sufficient access to credit; younger consumers (Gen Z (30%) and Millennials (40%)) believed they have much lower access levels.

Most consumers (60%) surveyed planned to apply for new or refinance existing credit in the next year. From an age perspective, more than two-thirds (68%) of Baby Boomers said they intend to apply for credit within the next year – followed by Gen X at 63%, Millennials at 60% and Gen Z at 56%. Consumers with credit scores between 681–766 said they were most likely to apply for new credit.

However, 69% of all respondents said they have considered applying for new or refinancing existing credit but decided not to. Thirty-three percent of them cited the cost of new credit or refinancing as too high; 31% said they found an alternative funding source; and 26% believed their application would be rejected due to their income or employment status.

The top three credit products consumers surveyed said they intend to apply for in the coming months are a personal loan (48%), credit card (33%), and new mortgage, home loan or bond payment (28%).

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

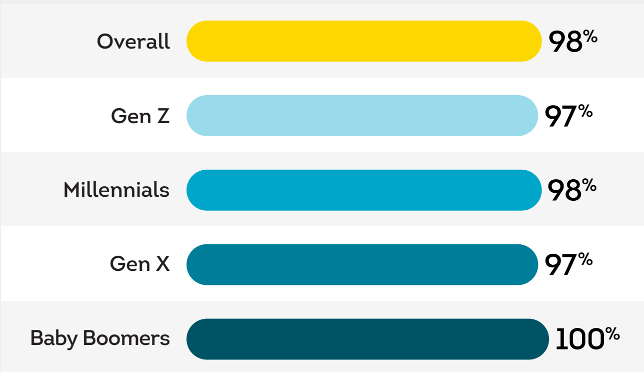


Figure 9. Believe have sufficient access to credit and lending products

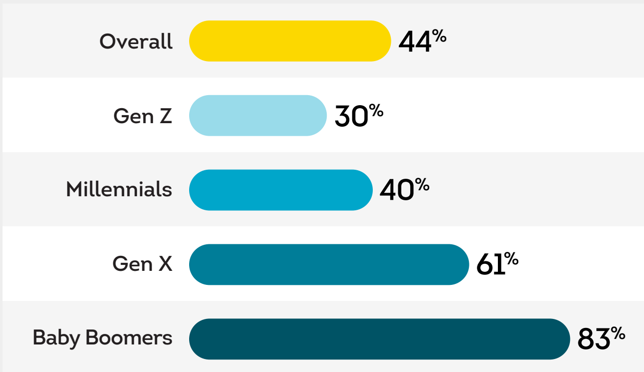
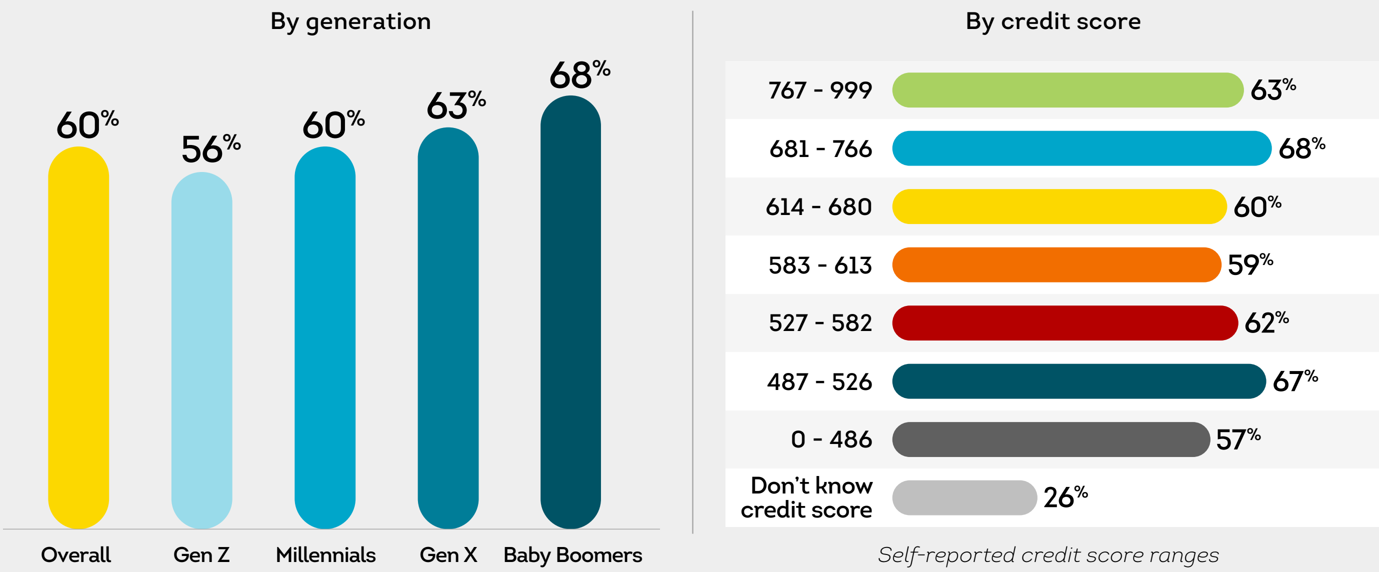


Figure 10. Plan to apply for new credit or refinance existing credit within the next year



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)

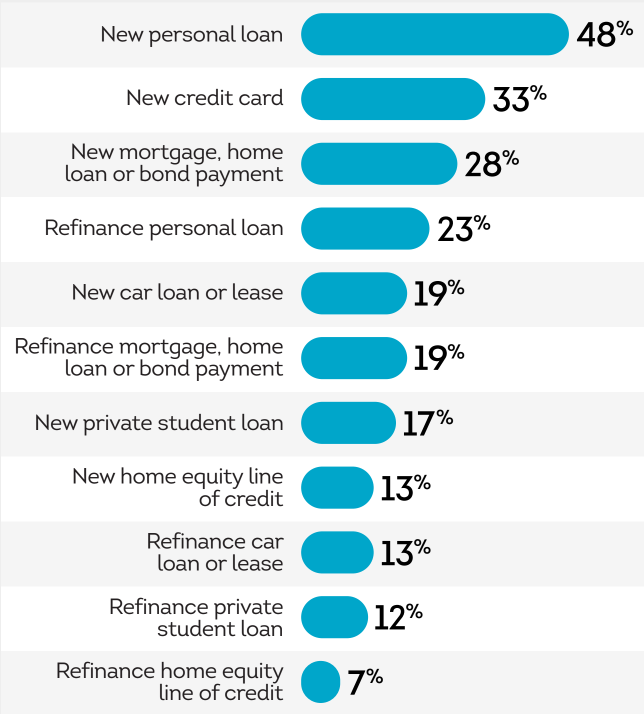


Figure 12. Abandoned plan to apply for new credit or refinance

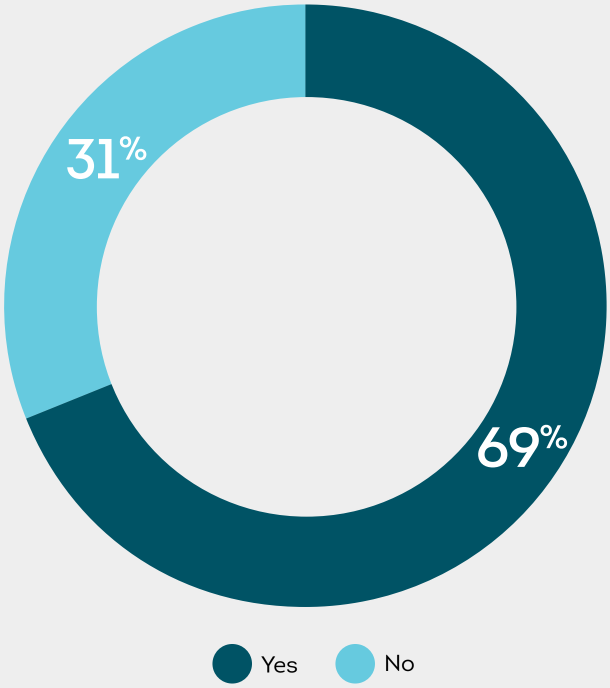
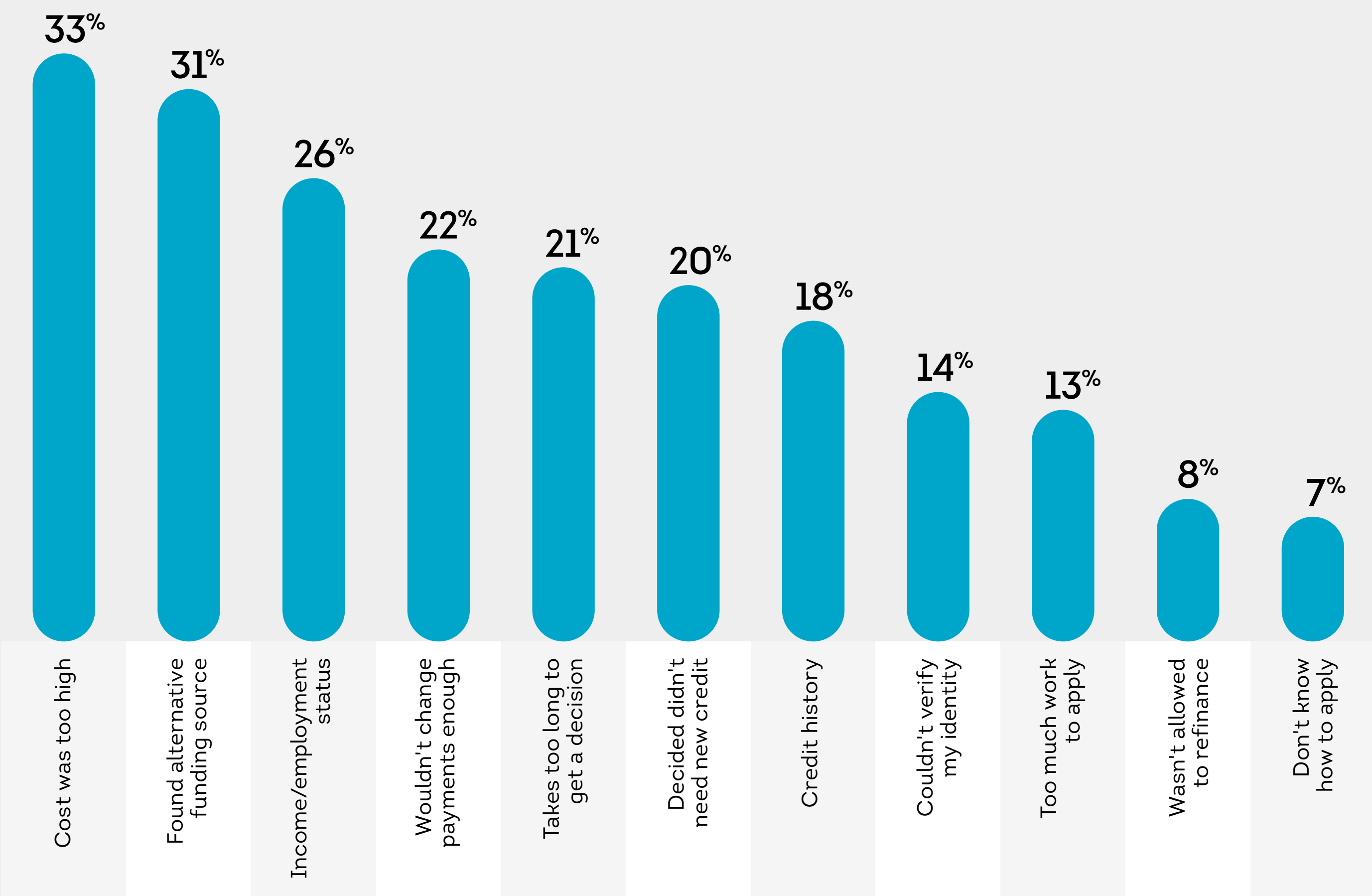


Figure 13. Reasons for abandoning application for new credit or refinance



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Attitudes and behavior to manage financial choices

Seventy-eight percent of consumers surveyed believed monitoring their credit is very or extremely important, and 77% of those surveyed said they monitor their credit at least once a month. Younger consumers were more active in monitoring their credit; 23% of Gen Z consumers and 22% of Millennials stated they monitor their credit daily compared to 9% of Gen X and 5% of Baby Boomers.

Sixty-five percent of consumers believed their credit scores would increase if businesses leveraged information not on a standard credit report. Rental payments, gym membership payments, short-term (payday) loan history and buy now, pay later products could be considered alternative data.

Two-thirds of consumers said they conduct 1%–50% of all their transactions (finances, retail and business transactions) online. When it comes to conducting the majority of transactions online, Millennials and Gen X say they conduct the most at 35% each.

Figure 14. Credit monitoring frequency

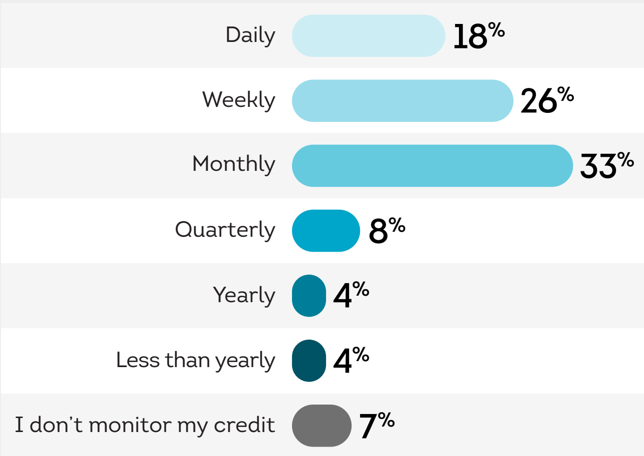


Figure 15. Believe monitoring credit is important

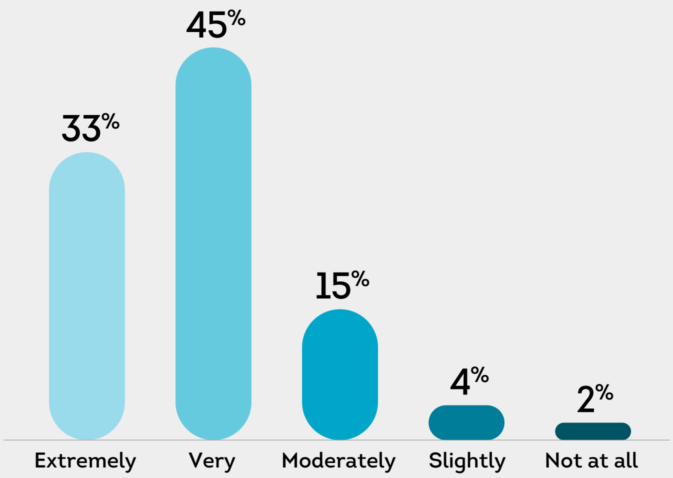


Figure 16. Percentage of transactions done online

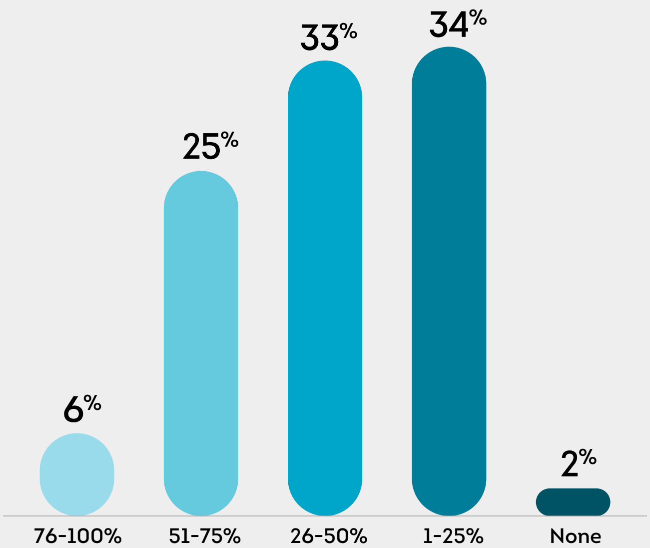
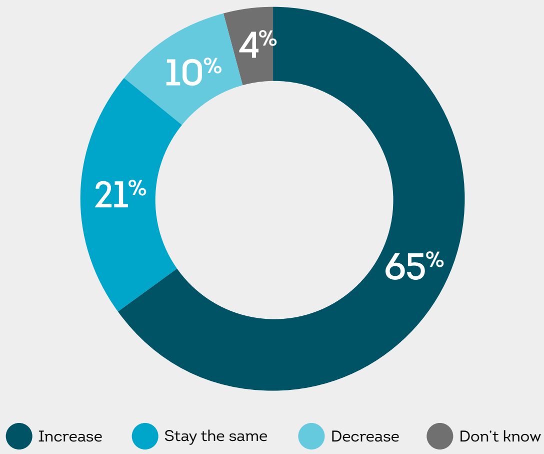


Figure 17. How believe credit score would change if businesses used information not on standard credit report



Examples provided of non-standard information include: rental payments, short-term loan history and buy now, pay later loans

Identity risks and usage

Thirty-seven percent of all consumers surveyed said they're unaware of any digital fraud schemes targeting them in the last three months. The lack of awareness was highest amongst older consumers; 58% of Baby Boomers stated they were unaware of any fraud schemes targeting them, an area of concern since the assumption is that many could have been targeted but unaware. Due to this lack of awareness, they may have become victims of fraud without knowing it.

As the ecommerce sector grows and the adoption of digital transactions continues to rise, digital fraud schemes are likely to accelerate. Consumers who said they were targeted with digital fraud in the last three months noted the following type of scams as the most common: money/gift card scams (50%), third-party seller scams on legitimate online retail websites (39%) and fundraising scams (28%). Consumers must frequently use tools like credit reports to protect themselves against fraudulent activity.

Regarding personal information, 87% of Kenyan consumers surveyed stated they're concerned about sharing this information. Younger consumers, Gen Z (91%) and Millennials (95%), expressed a higher level of concern than their older counterparts. Consumers concerned about sharing personal information cited personal invasion of privacy (79%) and the fear of having their identity stolen (61%) as primary reasons for concern.

Figure 18. Personal experience with digital fraud attempts in last three months

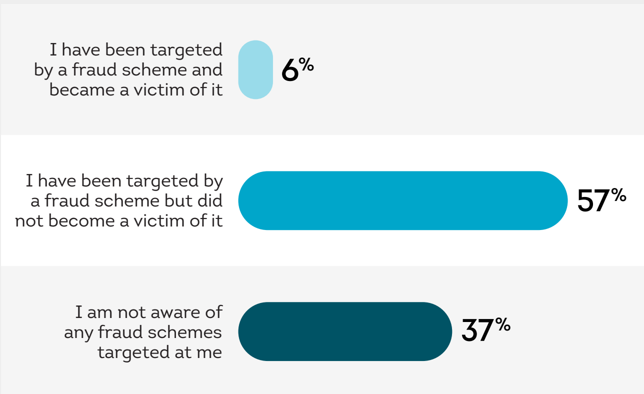


Figure 19. Most frequent fraud schemes targeting consumers
(among those targeted with digital fraud)

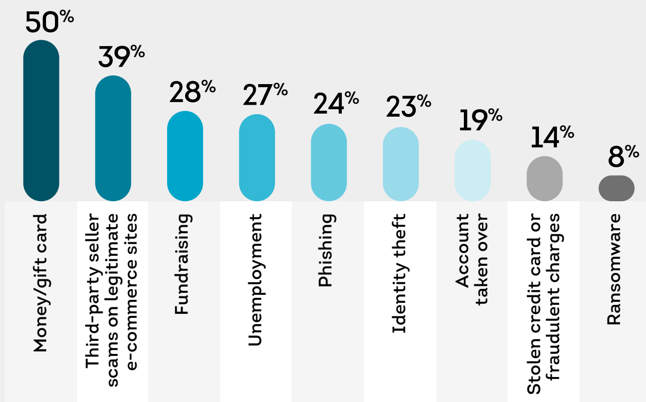


Figure 20. Concern with sharing personal information

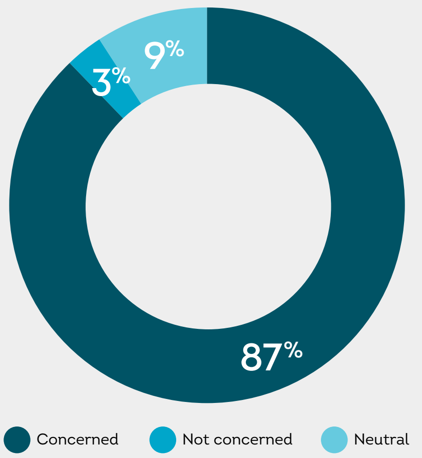
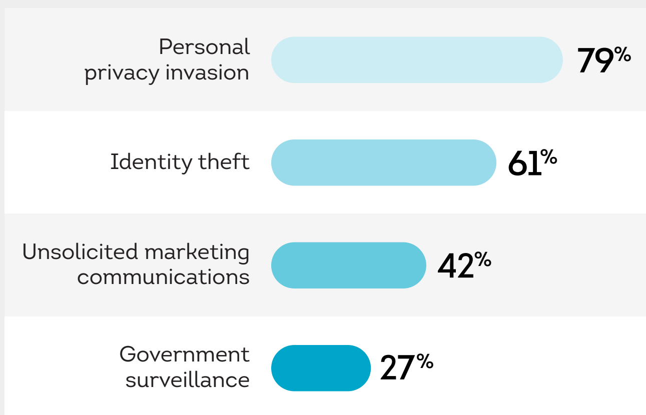


Figure 21. Reasons concerned about sharing personal information



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Research Methodology

TransUnion's Consumer Pulse survey of 500 adults was conducted 11–22 Aug., 2022 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in Kenya 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 ±4.4 percentage points based on a calculated error margin.

If you'd like more information about this report, please contact **Weihan.Sun@transunion.com**.

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