



Consumer Pulse Study

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

Botswana 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



Financial landscape and household incomes: The second quarter of 2023 showed significant variations in Botswana household incomes in the last three months: 37% saw an increase, 25% experienced a decline, and 38% saw no change. Despite these differences, 75% of respondents expected their incomes to rise the coming year. However, concerns persist as 34% of respondents cited worry about meeting their financial obligations, emphasising the need for adequate financial strategies. Reasons for income changes varied: 22% attributed it to starting a new business, 20% increased salary, and 14% found new employment, highlighting the role of job stability in financial security.



Credit access, utilisation and perception: Most (94%) Botswana consumers believed access to credit is crucial for achieving financial goals, but 65% felt their access was insufficient, especially among younger generations. Over the next year, a third of respondents planned to acquire new credit or refinance existing credit. Credit product choices varied with personal loans being the most planned. Despite this, 41% of consumers considered and then abandoned the idea of applying for credit, often due to finding alternative sources or the high cost of credit. Interestingly, despite recognising its importance, only 43% of respondents regularly (at least monthly) monitored their credit reports, suggesting financial literacy initiatives are needed.



Digital transactions and security: Half of respondents conducted at least 25% of their transactions online, led by Gen X and Millennials rather than Gen Z. This highlights Botswana's maturing digital financial ecosystem. However, concerns about digital fraud were high; 64% of respondents were targeted in the last three months and 8% became victims. The most common types of fraud included money or gift card scams, phishing and vishing. Given 94% of respondents expressed concerns about sharing personal data, including fears of identity theft and privacy invasion, there's a clear need for robust data protection measures to ensure consumer confidence in digital transactions.

Household income (HHI), spending and bill payment impact

There was a considerable disparity in Botswana household incomes in Q2 2023; 37% witnessed an increase, 25% experienced a decrease, and the remaining 38% observed no change. Such variations highlight the impact of economic conditions and personal circumstances on the financial situation in Botswana. Interestingly, the study also found 75% of consumers remained optimistic their incomes would increase in the next year. However, despite feeling comfortable with their financial commitments, a worrisome 34% of respondents were concerned about being able to meet their bills and loan obligations. These findings provide a robust and nuanced understanding of the financial situation in Botswana, helping policymakers and individuals make better-informed decisions.

The survey findings provided valuable insights into the factors that have contributed to the changes in incomes among the people of Botswana. Those who experienced an increase in their incomes attributed it to various reasons with new business ventures cited the most at 22% followed by increased salary at 20% and found new employment at 14%. Conversely, job loss was the primary cause of decreased incomes, highlighting the significance of employment stability for households' financial well-being. Due to these trends, many families made budget adjustments last quarter, such as cutting back on discretionary spending (63%), canceling subscriptions or memberships (35%) and reducing digital services expenses (27%).

To meet their financial obligations, consumers employed a range of tactics. Overall, 41% planned to make partial payments, while 28% planned to dip into their savings. A further 24% planned to rely on the help of friends or family members through borrowing. These findings reveal individuals' diverse strategies for handling financial stress and emphasise the importance of having a varied toolkit for managing personal finances.

Looking toward the future, respondents projected various adjustments to their household spending in the next quarter. While 38% anticipated increased bills and loans, and 53% expected a continued decline in discretionary spending, 45% intended to augment their retirement and investment contributions, showcasing a long-term financial perspective amidst current pressures. However, a cautious 32% expected to reduce large purchases, such as appliances and vehicles, signifying a prudent approach to significant expenditure in uncertain times. These insights provide a robust understanding of Botswana consumer's evolving financial behaviours and expectations in a dynamic economic landscape.

Figure 1. Household income change last three months

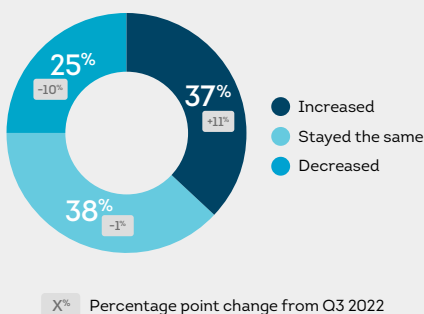


Figure 2. Expected household income change next 12 months

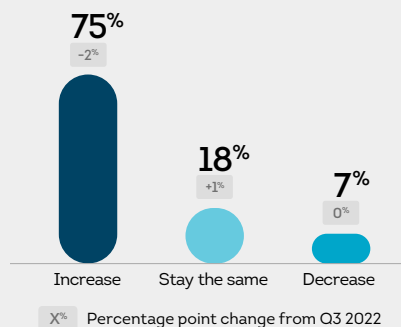


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

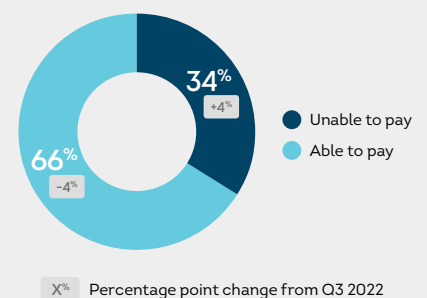


Figure 4. Reasons for change in current household income in past month

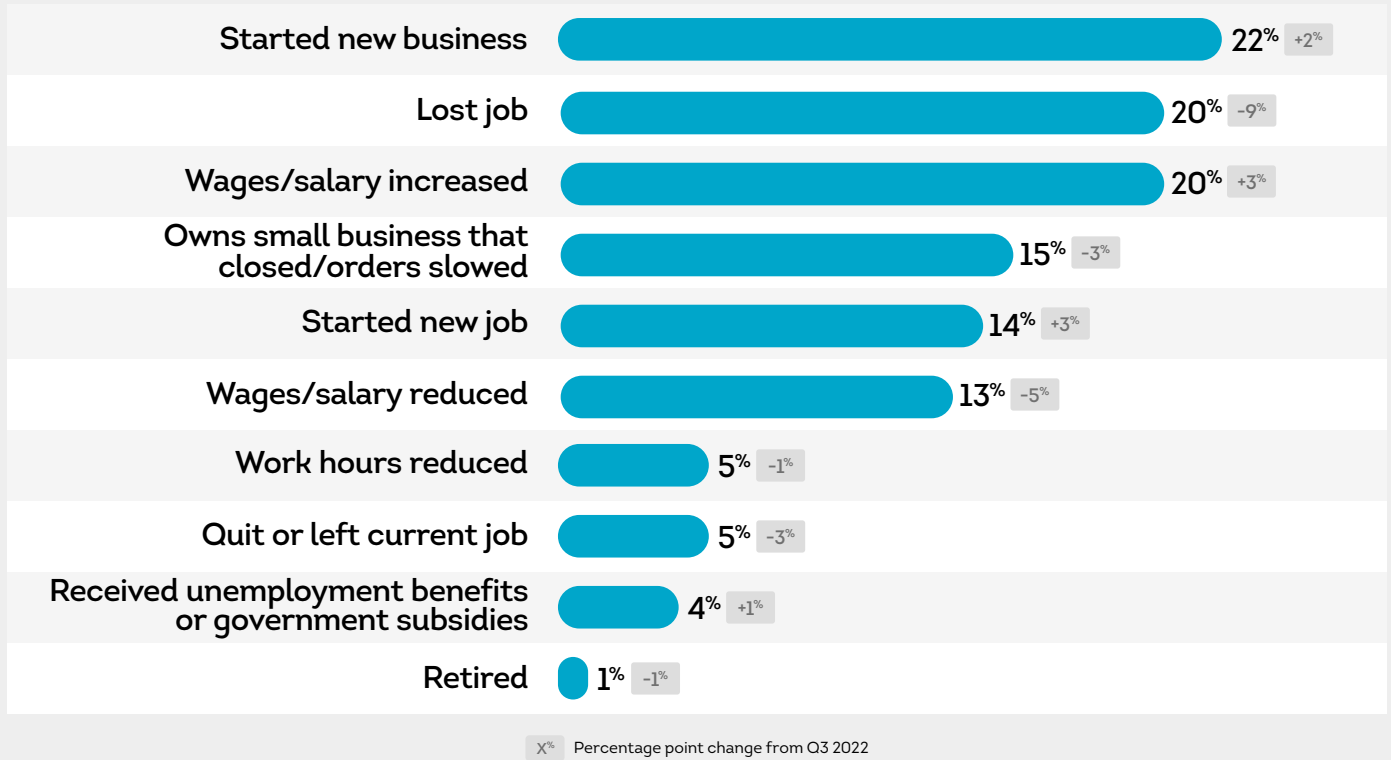


Figure 5. Changes to household budget in the last three months

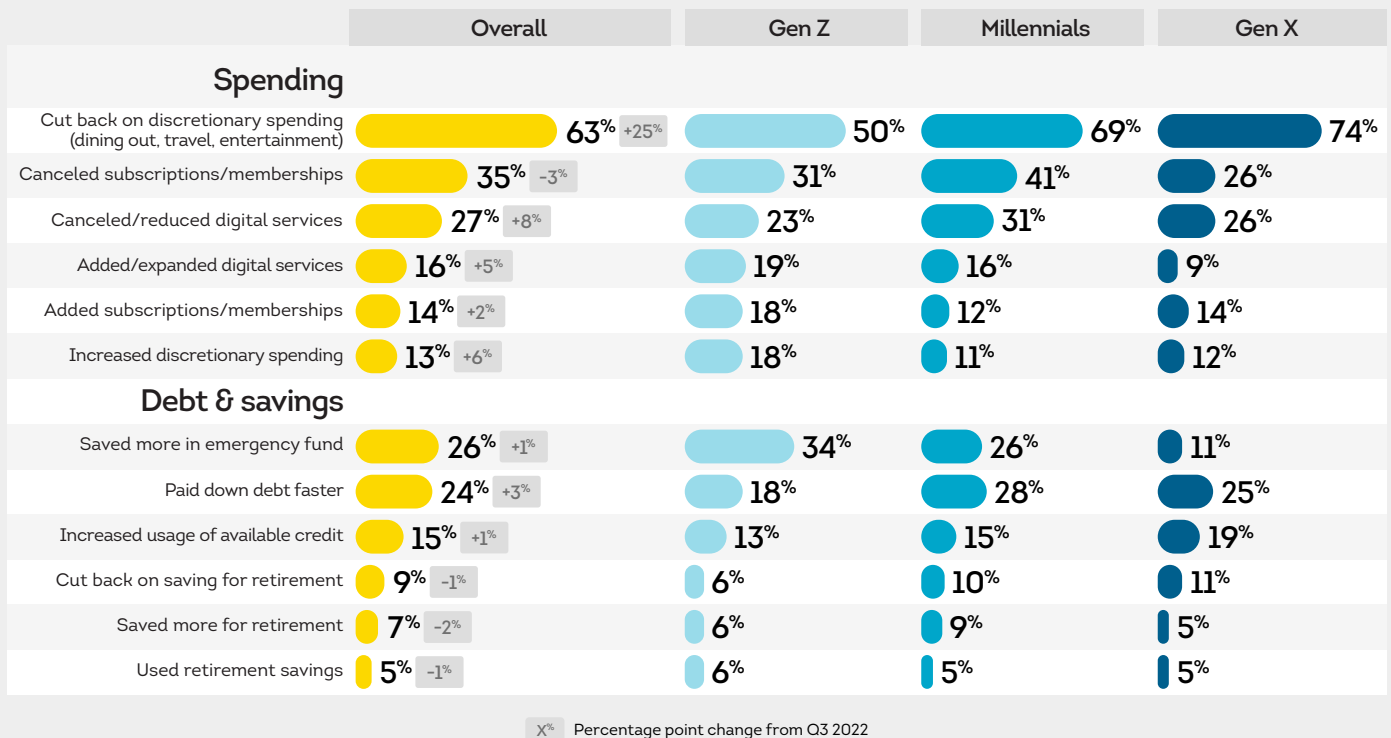


Figure 6. Plans to pay current bills or loans (among those unable to pay bills/loans)

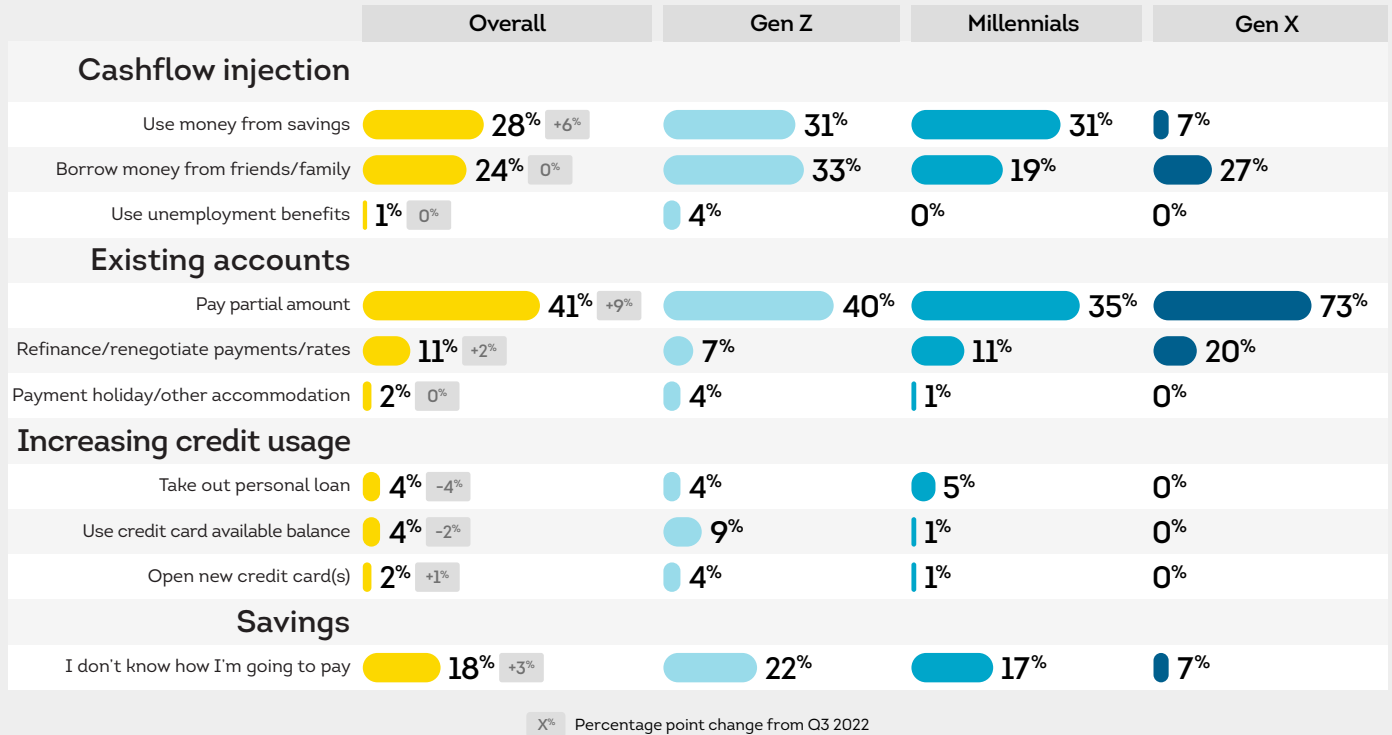
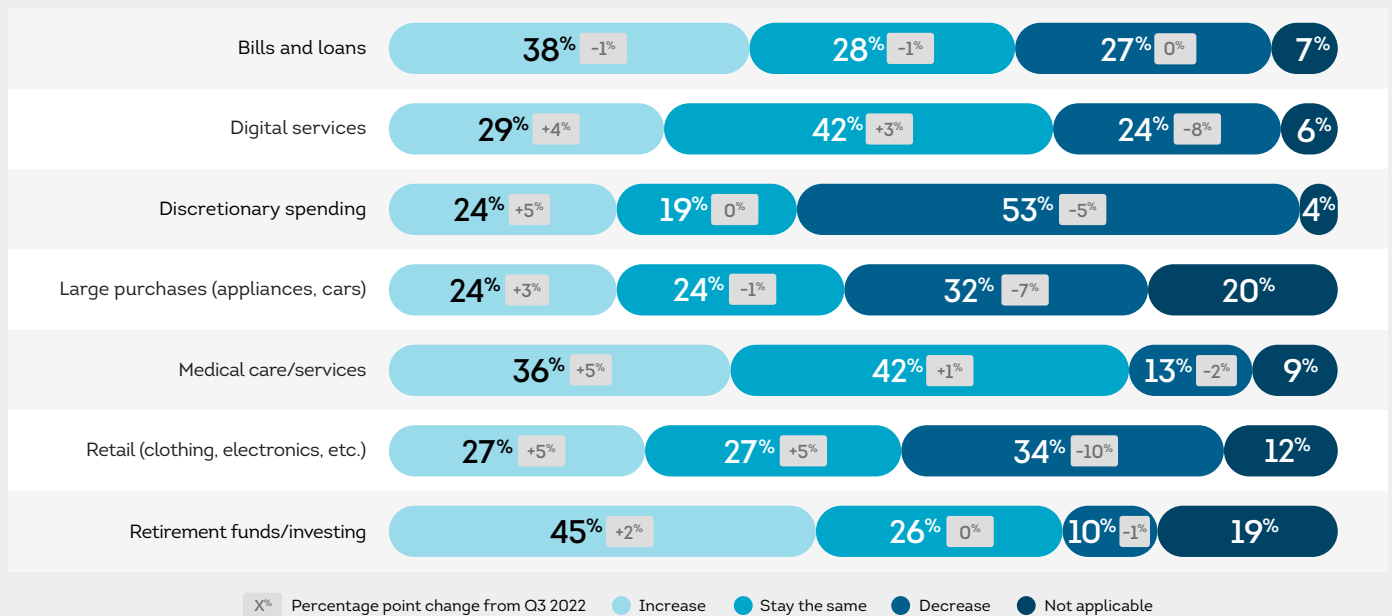


Figure 7. Expected change to household spending over next three months



Attitudes and plans for economic participation

Access to credit and lending products is crucial for financial goals, as expressed by 94% of respondents, but 65% felt they lacked adequate access to credit and lending products. Younger generations were especially concerned; 73% of Gen Z and 62% of Millennials were unsatisfied with their credit access.

Plans for new credit or refinancing over the next year differed amongst consumers. One in three Botswana consumers planned to acquire new credit or refinance existing credit, while two-thirds didn't foresee such activity. Interestingly, Gen X respondents showed a more proactive approach; 44% planned to apply for new credit products within the next year, highlighting generational differences in credit engagement. Overall, 27% planned to apply for a personal loan, 22% a new mortgage, and 21% a credit card. Preferences varied by age: Gen Z sought credit cards and Millennials eyed home loans most.

Interestingly, 41% of respondents considered applying for credit but ultimately abandoned their plans, whereas 59% followed their intent. The main reasons for abandoning applications were finding an alternative source (26%) and the perceived cost of new credit or refinancing was too high (24%).

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

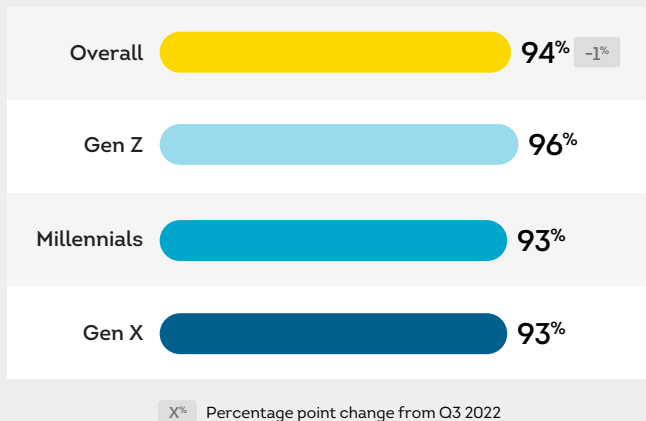


Figure 9. Believe have sufficient access to credit and lending products

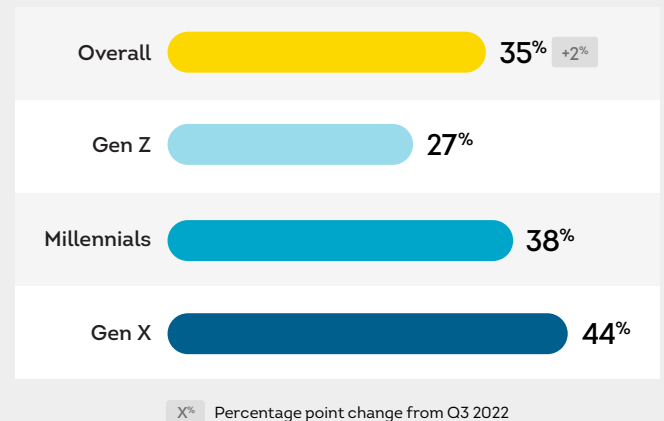


Figure 10. Plan to apply for new credit or refinance existing credit within the next year

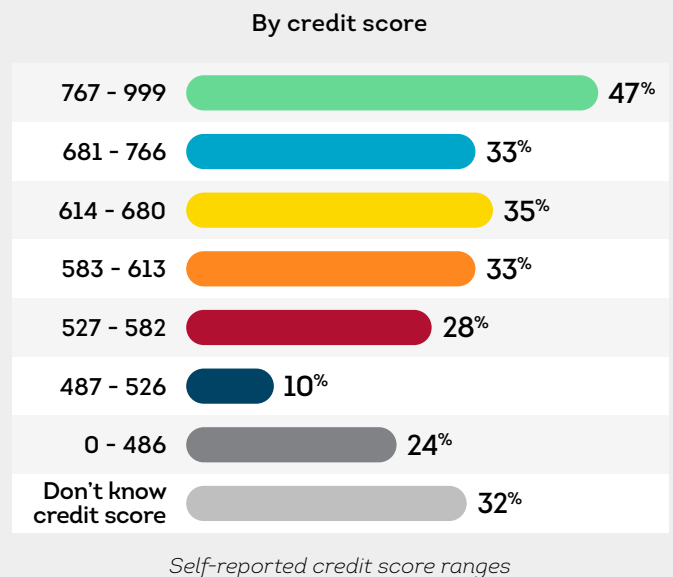
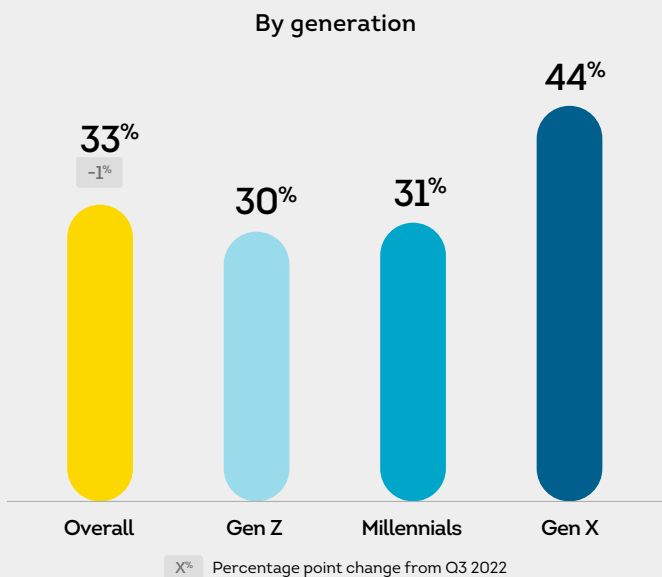
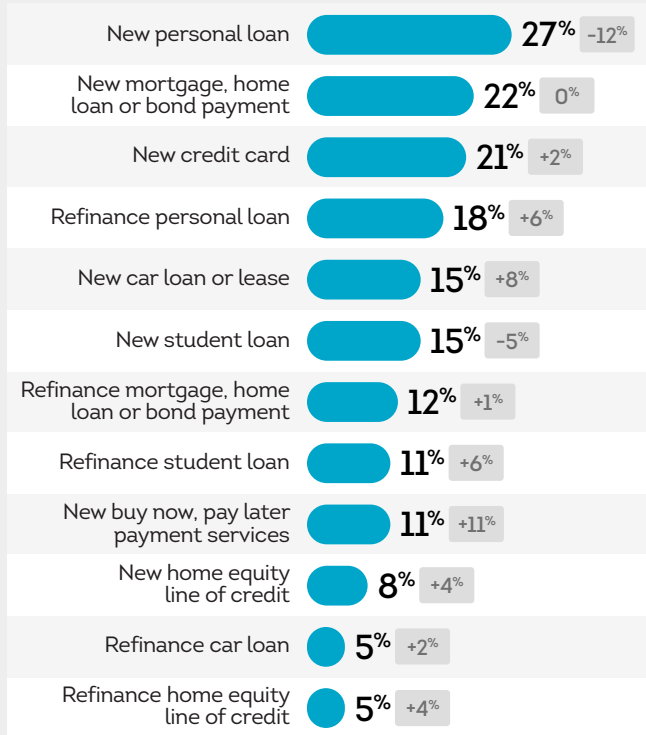


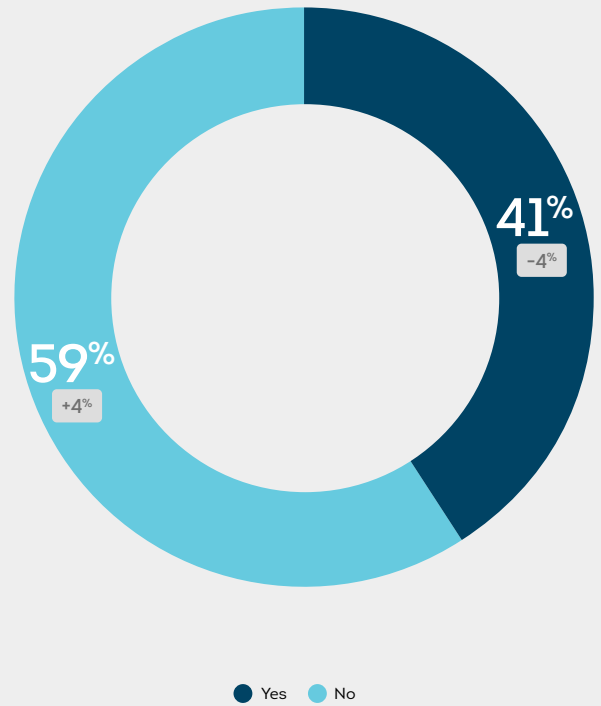
Figure 11. Type of new credit and loan activity planned in next 12 months

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



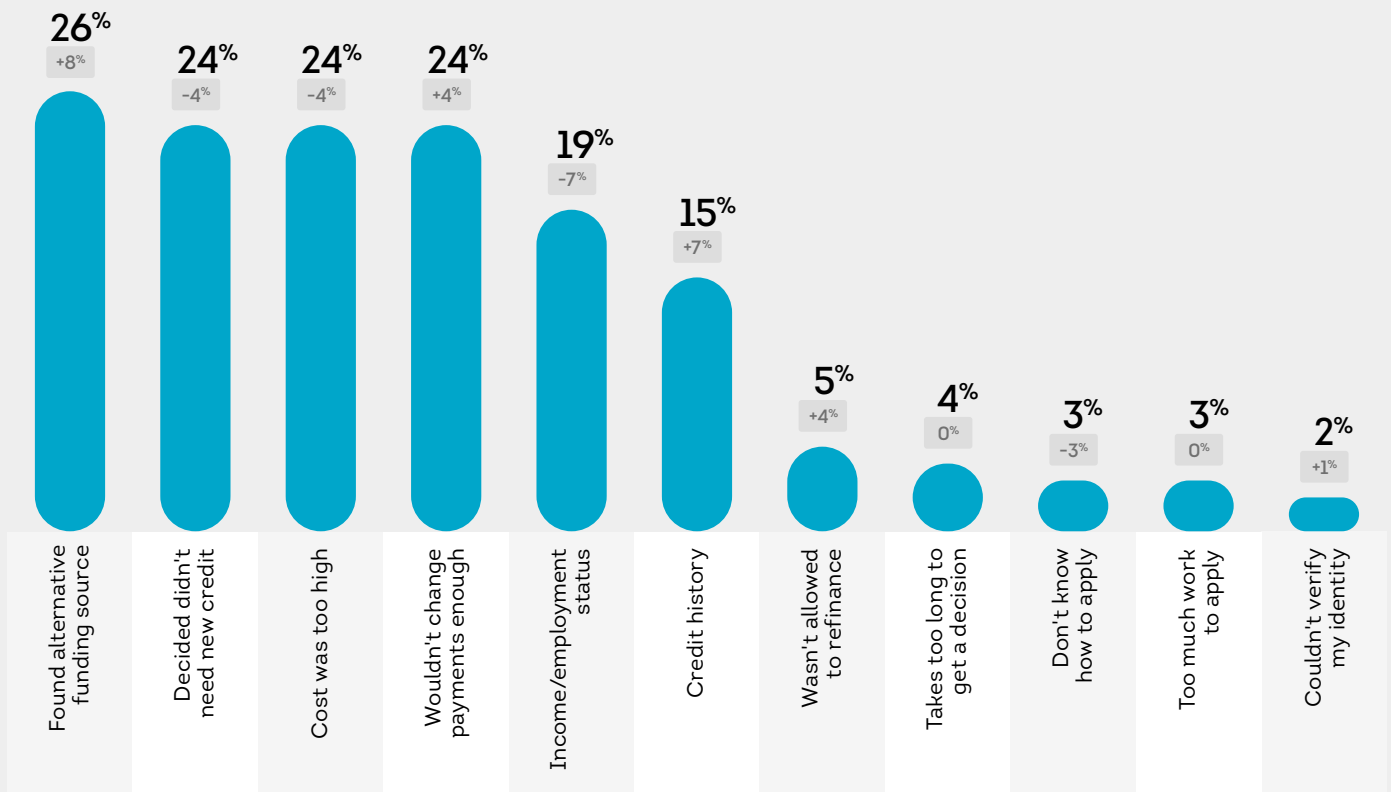
X* Percentage point change from Q3 2022

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



X* Percentage point change from Q3 2022

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



X* Percentage point change from Q3 2022

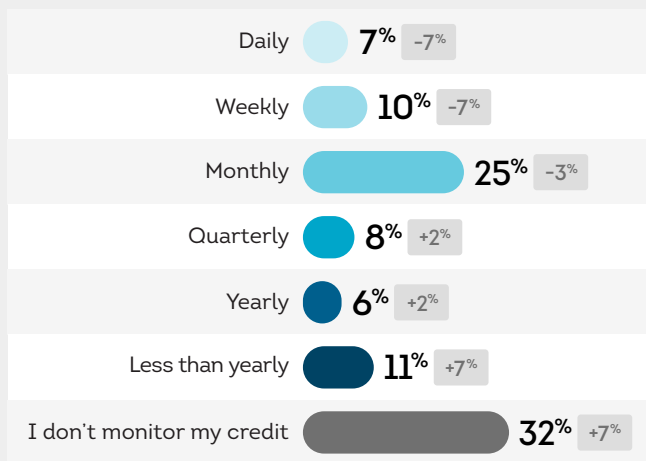
Attitudes and behaviour to manage financial choices

While 93% of Botswana consumers across all age groups recognised the importance of monitoring their credit reports, the practice was less widespread than expected. Less than half (43%) of respondents monitor their reports at least monthly, and 32% didn't monitor their credit reports at all. This disconnect suggests a potential need for financial education and awareness initiatives.

Insights into the digital transaction habits of consumers revealed half of respondents conducted at least 25% of their transactions online. Notably, it's not the younger Gen Z leading this trend, but Gen X and Millennials (at 58% and 50%, respectively) who conducted significant online transactions. This data suggests a maturing digital financial ecosystem in Botswana that transcends generational boundaries.

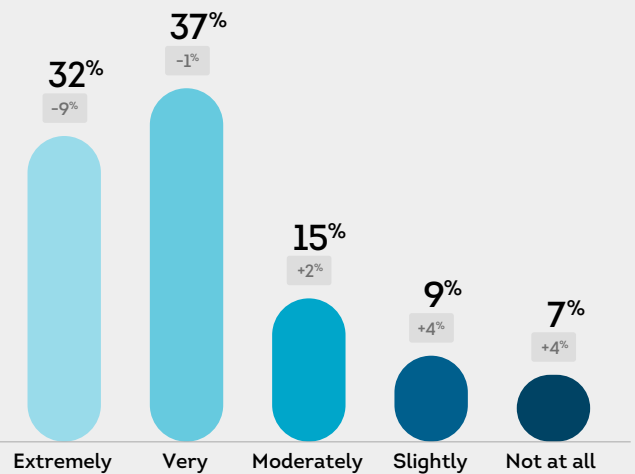
Almost half (46%) of respondents believed their credit scores would increase if businesses incorporated non-standard information into their assessments, such as rental payments, gym membership payments, short-term loan history, and buy now, pay later services. This perception reflects an evolving understanding of the potential value of diverse data points in credit scoring.

Figure 14. Credit monitoring frequency



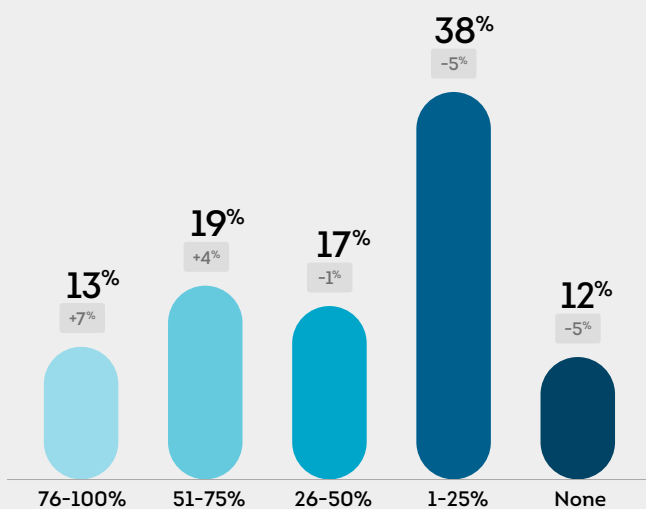
X* Percentage point change from Q3 2022

Figure 15. Believe monitoring credit is important



X* Percentage point change from Q3 2022

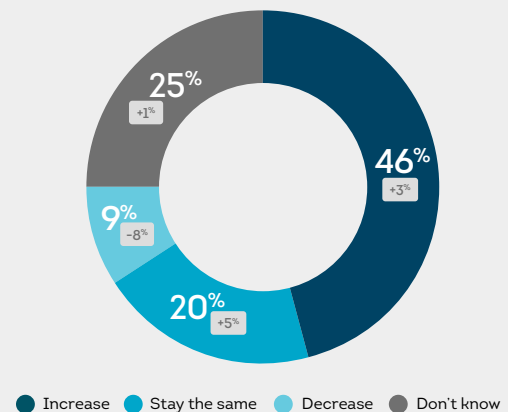
Figure 16. Percentage of transactions done online



X* Percentage point change from Q3 2022

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 Q3 2022

Identity risks and usage

The digital landscape in Botswana has showed a considerable number of consumers targeted by digital fraud schemes. According to respondents, 64% were targeted by such schemes over the past three months. Notably, these consumers managed to avoid becoming victims. However, not all were as fortunate; 8% fell prey to these schemes, underlining the genuine and present danger of digital fraudsters. Worryingly, a considerable proportion (28%) reported being unaware of any targeted fraud attempts against them, highlighting the stealth with which these fraudulent operations often act, and the importance of raising awareness and vigilance.

As far as the types of fraud schemes encountered, perpetrators used a diverse array of tactics. Money or gift card scams topped the list; a majority (51%) identified this as the most common type of fraud scheme they'd encountered. Phishing attacks involving fraudulent emails, websites or social media posts designed to steal data was reported by 35% of respondents. This reinforces the significance of email and web security in protecting consumers' data. Additionally, 38% of respondents pointed to vishing where fraudsters employ fraudulent phone calls to trick consumers into revealing their data. This underlines the need for awareness and caution during telephone interactions as well.

Consumers shared their anxieties about sharing their personal information. A staggering 94% expressed concern about divulging their details. The fear of identity theft emerged as a leading cause of the problem, affecting 80% of those surveyed. This fear goes hand in hand with a general concern about personal privacy; 77% felt apprehensive about perceived invasions of their privacy.

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

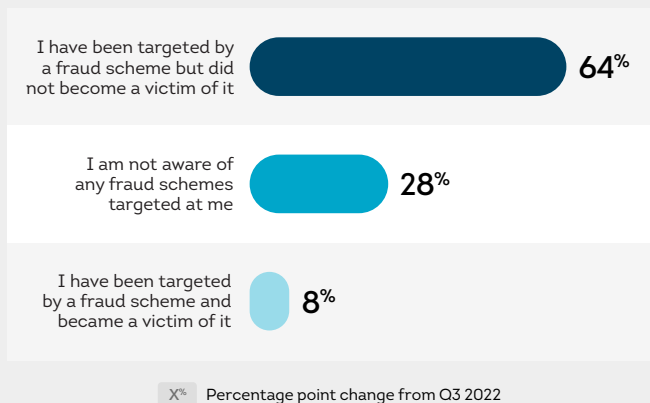


Figure 19. Most frequent fraud schemes targeting consumers
(among those targeted with online, email, phone call or text message fraud)

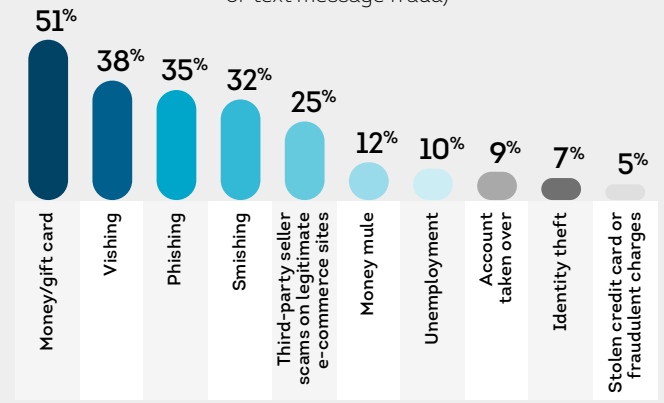


Figure 20. Concern with sharing personal information

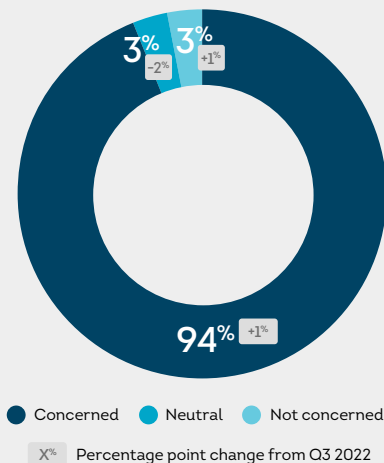
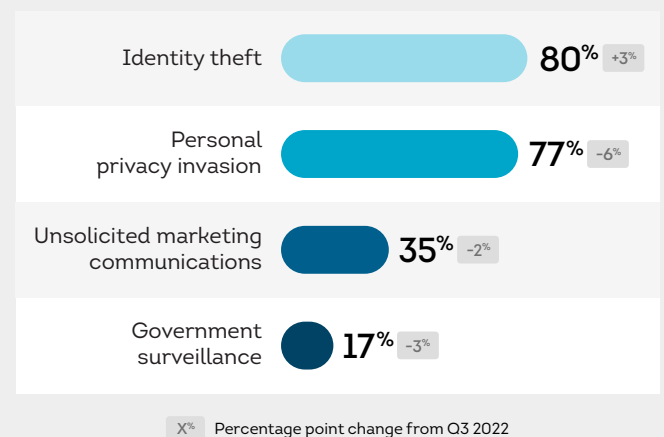


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse survey of 401 adults was conducted 5–22 May 2023 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in Botswana 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 ± 4.9 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.

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