



Consumer Pulse Study

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

Zambia 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



Incomes rose for 38% of Zambian consumers in Q2 2023, which drove debt repayment and emergency savings growth (younger generations led these trends). However, future expenditures were expected to decrease, reflecting a shift toward financial responsibility. Despite 96% of respondents who acknowledged the importance of credit for financial success, only 30% felt they had sufficient access, and 62% don't plan to apply for new credit or refinance existing loans (rising interest rates cited as a contributing factor).



The digital landscape and its impact on financial behaviour was also illuminated by the survey. While most consumers acknowledged the value of credit monitoring, 30% don't check their credit reports, indicating a need for increased education and support tools. Moreover, the perceived impact of incorporating non-traditional data into credit scores was mixed, suggesting further education on this topic is necessary. Meanwhile, a limited 28% of consumers conducted more than half their transactions online, indicating a potential growth opportunity for digital channels.



Digital fraud posed a considerable challenge; an alarming 85% of consumers were aware of fraudulent schemes directed against them in the past three months. Among these, money/gift card scams and 'smishing' were identified as the most prevalent types of fraud. Despite the high frequency of such fraudulent attempts, Zambian consumers demonstrated remarkable awareness, limiting fraudsters' success rates (just 9% of surveyed consumers fell victim to these scams). Nevertheless, fraudulent activities have managed to undermine consumer trust. Overall, 95% of Zambian respondents expressed apprehension about sharing personal information. The primary reasons for concern were fears of privacy invasion and receiving unsolicited marketing communications. This finding underscores the critical necessity of strengthening security measures and fostering trust in financial transactions and interactions.

Household income (HHI), spending and bill payment impact

In Q2 2023, 38% of Zambian consumers saw an upswing in incomes the last three months. This positive trend was most pronounced amongst Millennials and Gen Z, mainly due to the emergence of new business ventures and increased wages. Consequently, 37% of consumers prioritized the repayment of their debts.

Furthermore, the focus on emergency savings was an interesting trend that emerged. About 25% of Zambian households diligently worked toward boosting their emergency savings. Gen Z consumers led the charge in this regard, and Gen X and Millennials made substantial contributions to this prudent financial trend.

Respondents showcased diverse strategies for managing debt and loans in times of financial uncertainty. Overall, 43% chose a balanced approach and planned to pay off their debts in instalments. Close to a third prepared to dip into their savings to fulfil their financial commitments, while 29% viewed borrowing from friends and family as a practical alternative. These various tactics underscored the resilience and adaptability of Zambian consumers when navigating challenging economic landscapes.

Zambians reported an optimistic outlook for future income expectations. Around 82% of consumers anticipated increased incomes over the coming year. This positive sentiment was particularly prevalent among Gen Z and Millennials; 89% and 81%, respectively expressed confidence in their future financial opportunities and potential for economic prosperity.

Overall, 39% of Zambian consumers (predominantly Millennials and Gen X) expected an increase in their bill and loan obligations in the coming quarter. Conversely, a third of consumers predicted a contraction in retail spending, with Gen X being the most pessimistic at 44%. Nearly 50% of consumers across all age demographics indicated decreased discretionary spending. Also, 40% of respondents stated they intended to limit large purchases. This cautious outlook on future expenditures suggests Zambian consumers prioritised financial responsibility, indicating a noteworthy shift in spending habits.

Figure 1. Household income change last three months

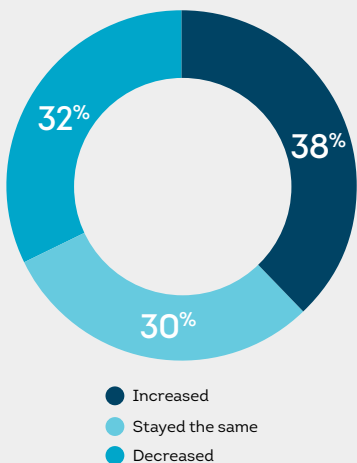


Figure 2. Expected household income change next 12 months

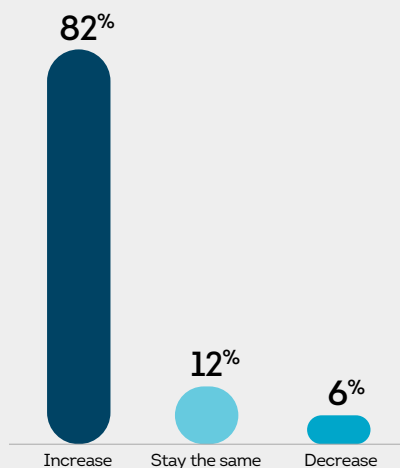


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

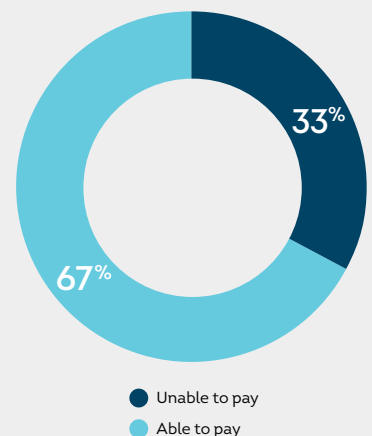


Figure 4. Reasons for change in current household income in past month

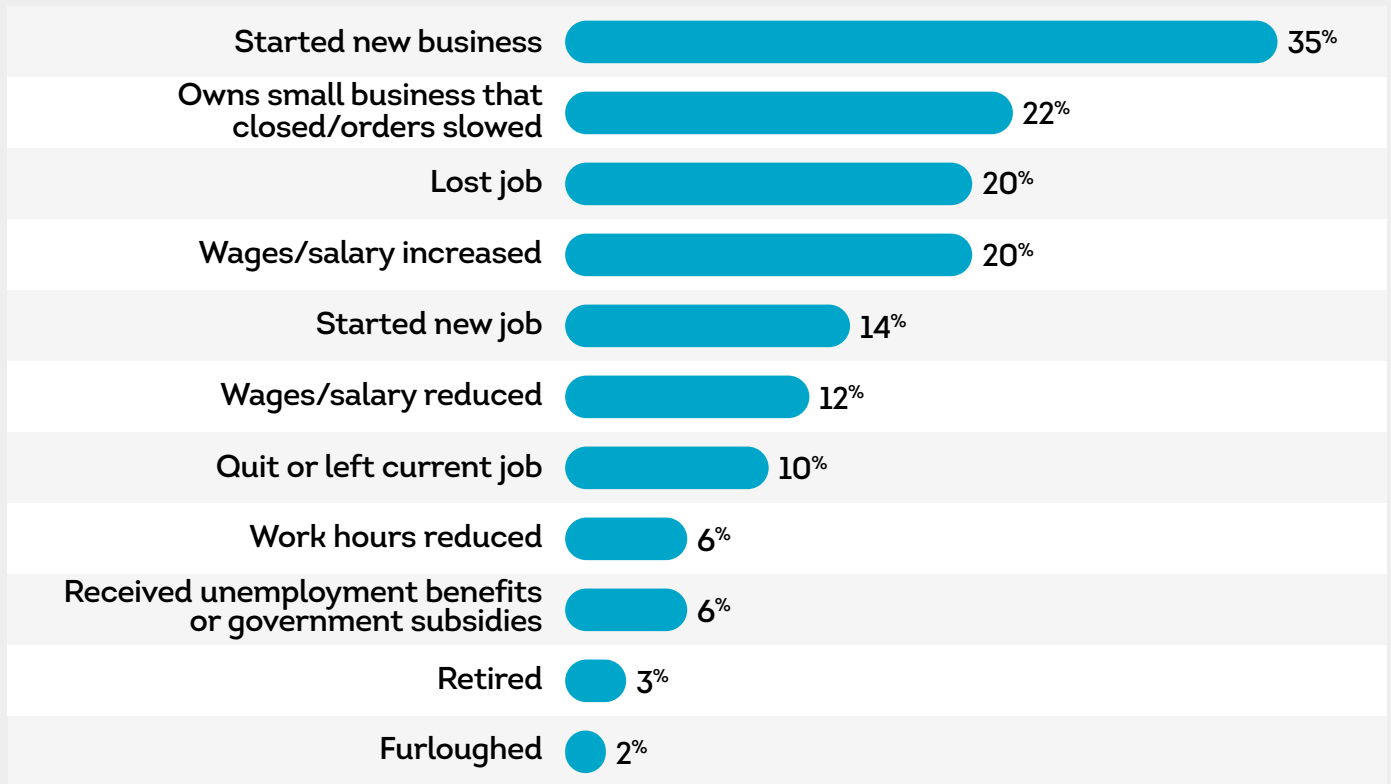


Figure 5. Changes to household budget in the last three months

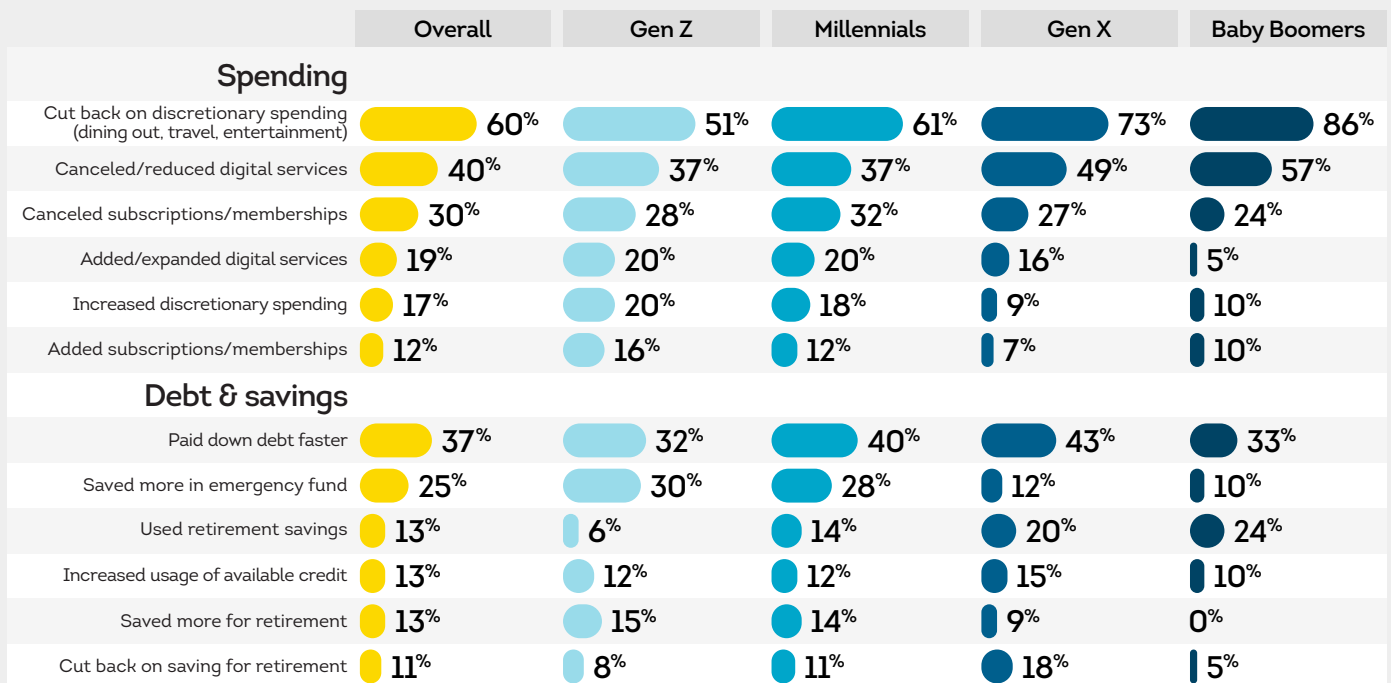


Figure 6. Plans to pay current bills or loans (among those unable to pay bills/loans)

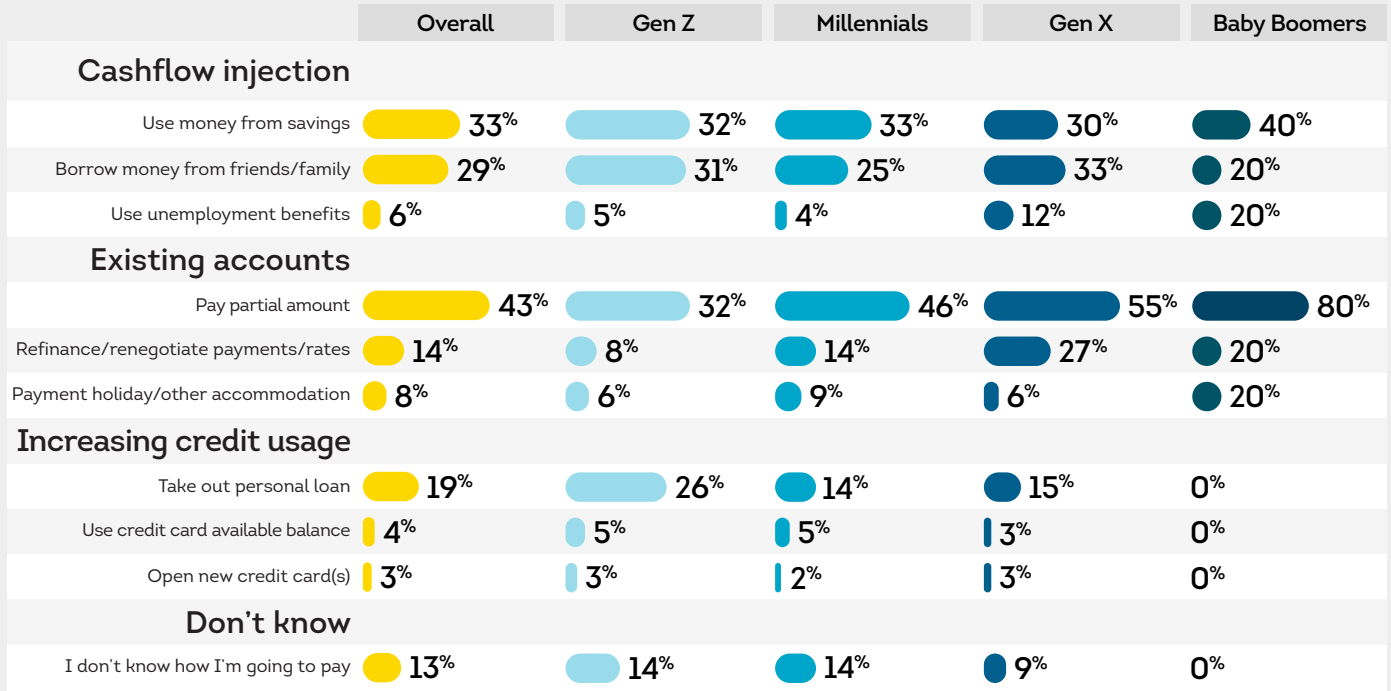
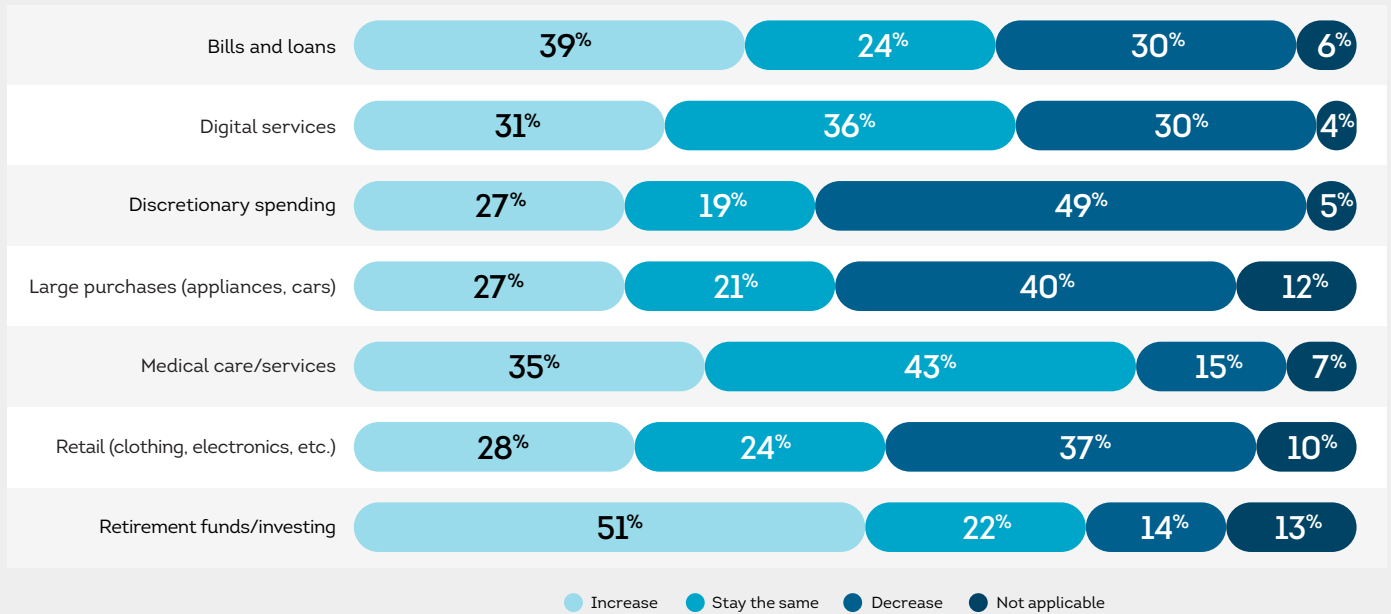


Figure 7. Expected change to household spending over next three months



Attitudes and plans for economic participation

For 96% of Zambian consumers, access to credit was vital for financial success, a sentiment that resonated particularly with younger generations. However, just 30% believed they had ample access, and Gen Z expressed the most dissatisfaction.

Interestingly, the perceived lack of access didn't translate into plans for credit applications. Over the next year, 62% did not intend to apply for new credit or refinance existing loans. This decision seemed influenced heavily by a rising interest rate environment.

For the minority who planned to engage with credit, personal loans were the product of choice followed by refinancing personal loans and new home loans. Gen Z, however, showed a marked preference for credit cards, reflecting their comfort with online transactions.

However, intention doesn't always lead to action. Nearly half who planned to apply for new credit or refinance existing loans abandoned their journeys. High costs, alternative funding sources and changed needs were cited as reasons for not following through, with abandonment exceptionally high among Millennials at 54%.

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

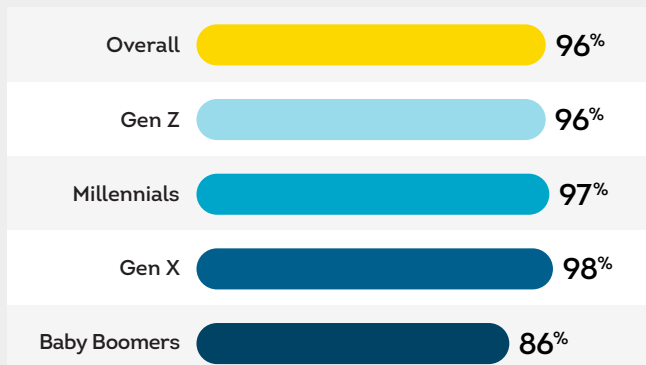


Figure 9. Believe have sufficient access to credit and lending products

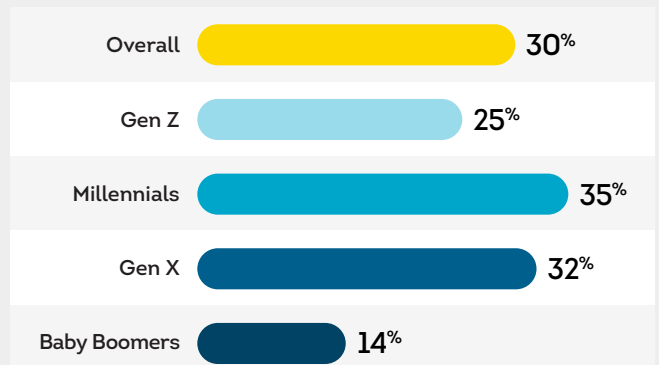
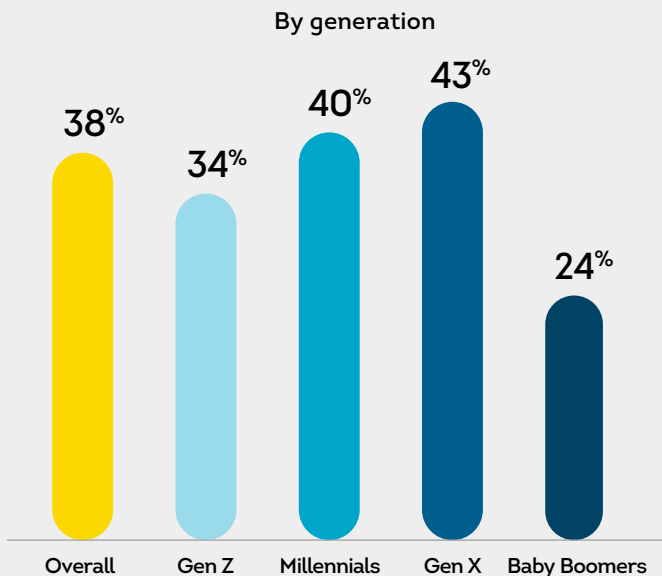
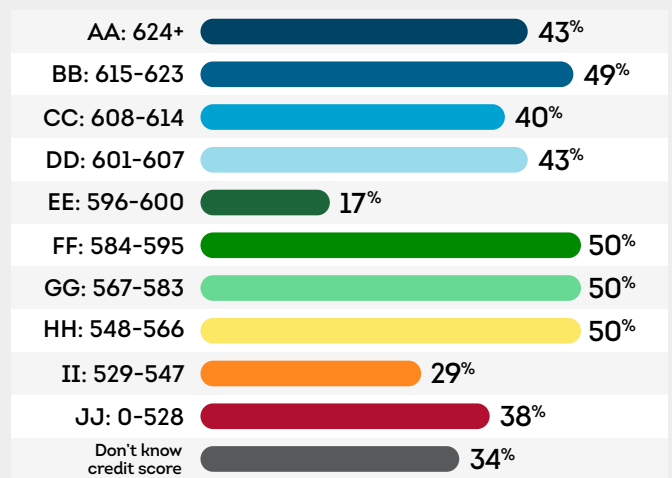


Figure 10. Plan to apply for new credit or refinance existing credit within the next year



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)

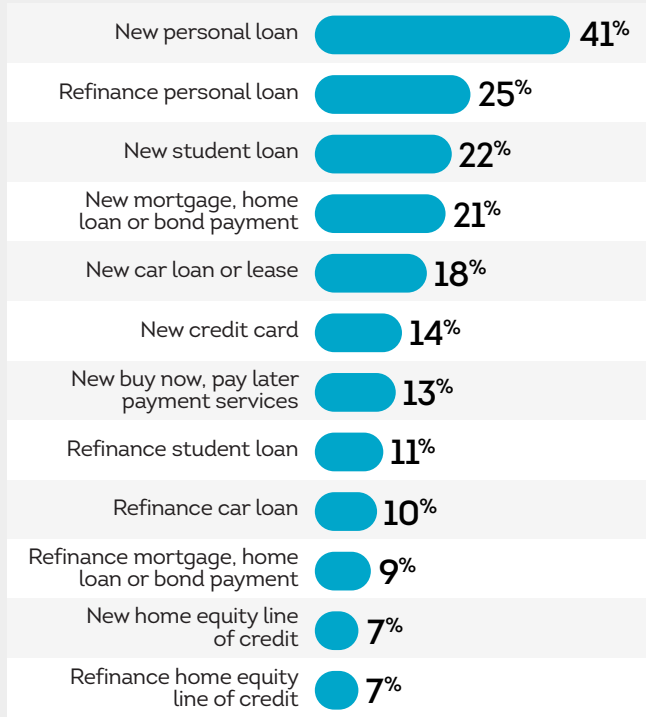


Figure 12. Abandoned plan to apply for new credit or refinance

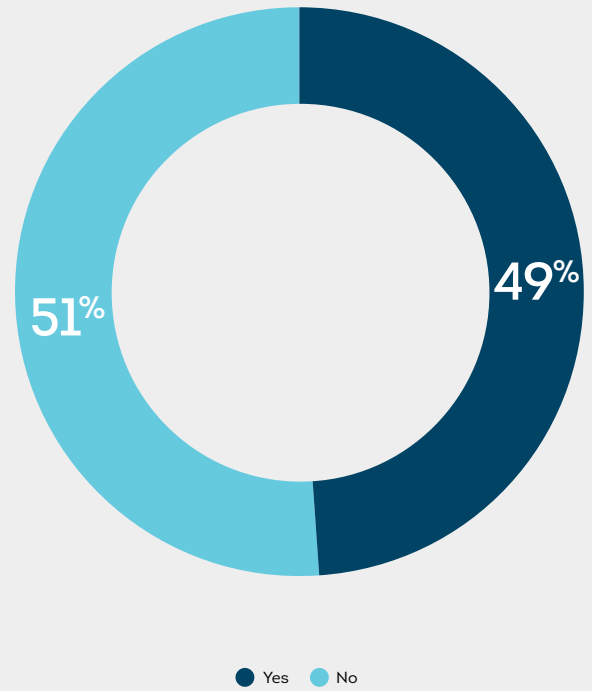
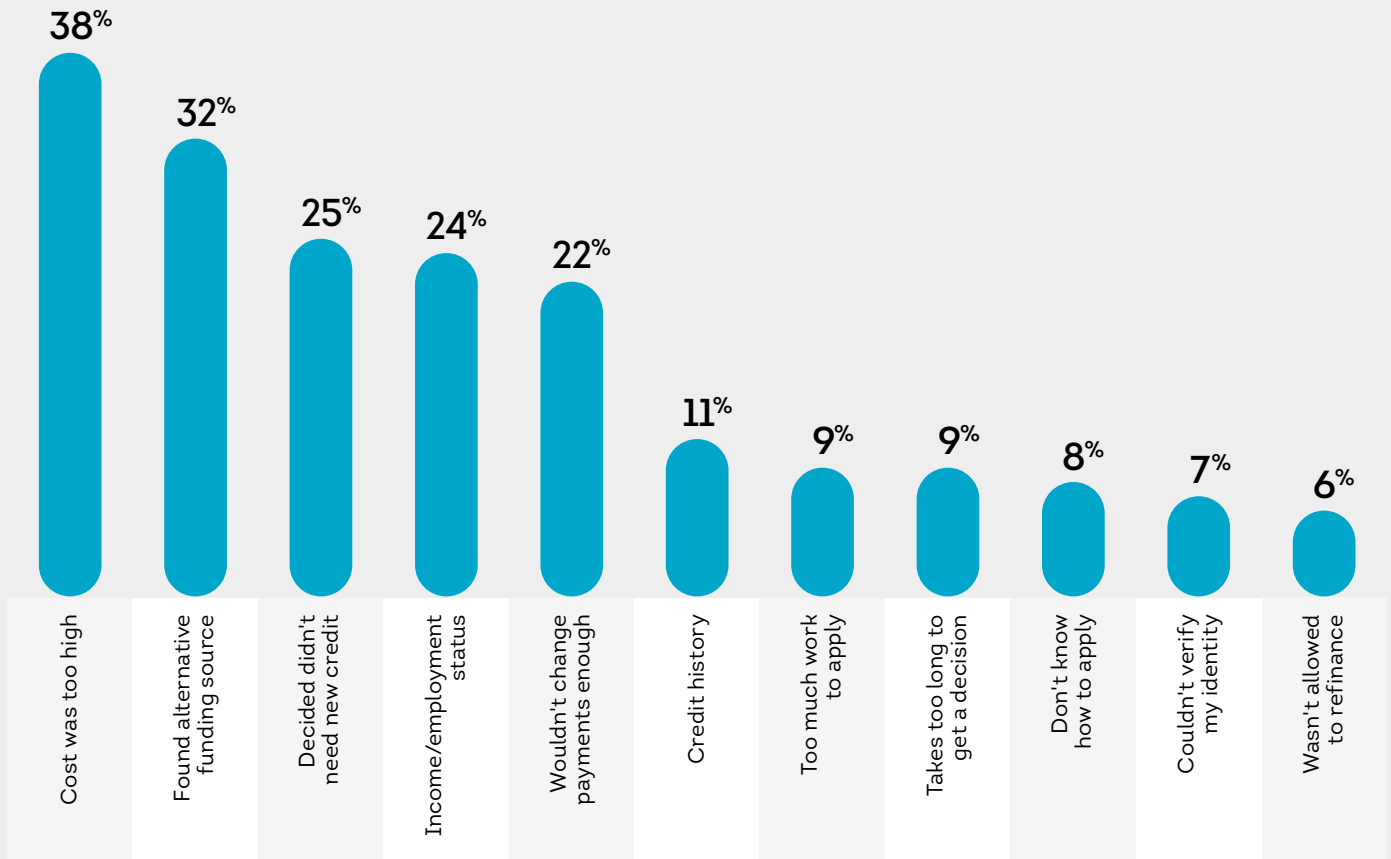


Figure 13. Reasons for abandoning application for new credit or refinance



Attitudes and behaviour to manage financial choices

Gen Z consumers appeared the most diligent in credit monitoring compared to other age groups. Over half (53%) of consumers regularly checked their credit reports at least monthly. However, it was concerning that 30% of consumers did not monitor their credit reports. Despite this, most (94%) consumers acknowledged the significance of credit monitoring. This highlights the need for more education and tools to support regular credit monitoring.

Regarding digital transaction habits, only 28% of consumers conducted more than half of their transactions online, indicating a continued reliance on traditional methods. This presents a significant growth opportunity for digital channels.

Additionally, opinions were mixed when asked about the impact of incorporating non-traditional data (such as rental payments, gym memberships, etc.) into their credit scores. While 47% believed their scores would improve, 15% expected no change, and 7% predicted a decrease. Moreover, 31% needed clarification on the impact. Educating consumers on the potential benefits is essential as lenders continue to evolve their scoring methodologies with alternative data.

Figure 14. Credit monitoring frequency

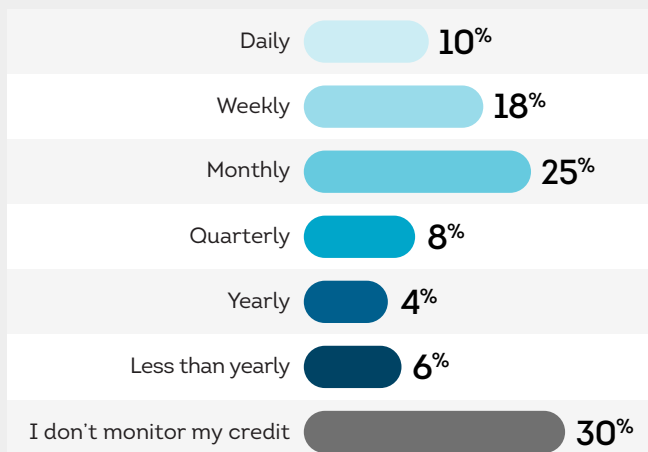


Figure 15. Believe monitoring credit is important

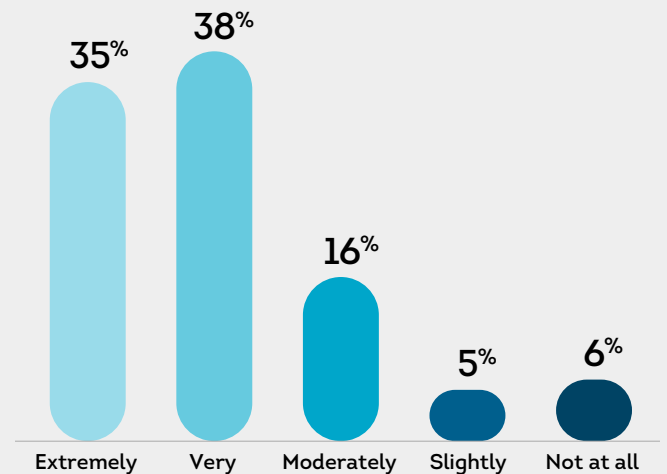


Figure 16. Percentage of transactions done online

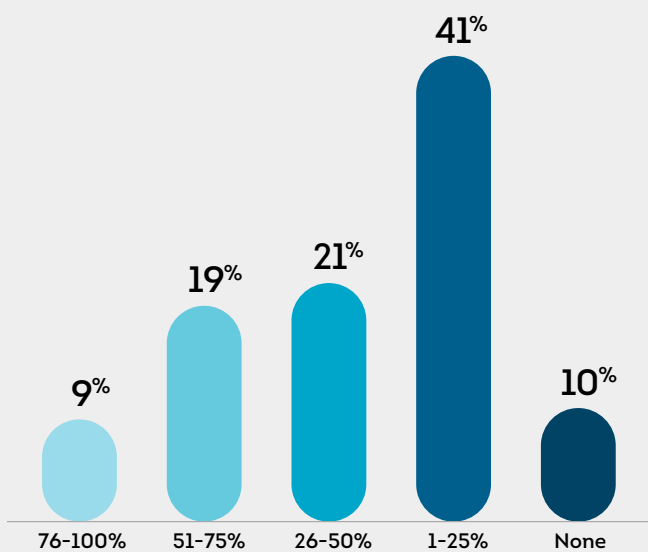
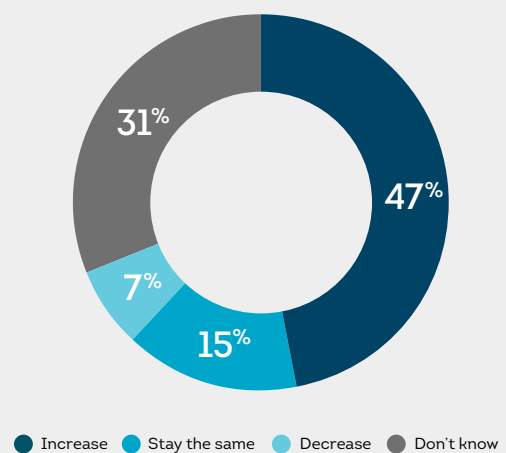


Figure 17. How believe credit score would change if businesses used information not on standard credit report

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



IDENTITY PROTECTION

Identity risks and usage

Digital fraud attempts were a pressing issue for Zambian consumers; 76% of those surveyed reported they were targeted by such schemes in the last three months, although they successfully avoided falling victim. Only 15% were unaware of any attempts, while 9%, unfortunately, became victims. The Baby Boomer generation was most affected with one in four victimised after being targeted.

The most common types of fraud schemes included money/gift card scams (46% of respondents), 'smishing' (fraudulent text messages aimed at tricking the recipient into revealing personal data) 43% of respondents, and phishing or vishing scams (one in three consumers). Smishing was reported most frequently by Millennials and Baby Boomers; the latter also reported a higher occurrence of vishing attempts at 56%.

Not surprisingly, Zambian consumers were highly concerned about the security of their personal information; 95% expressed apprehension about sharing their personal details. This sentiment was prevalent across all generations. The primary worry for 81% of respondents was the invasion of privacy, and 39% also feared unsolicited marketing communications resulting from sharing personal information. The data highlights the crucial importance of trust and robust cybersecurity measures in financial transactions and interactions.

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

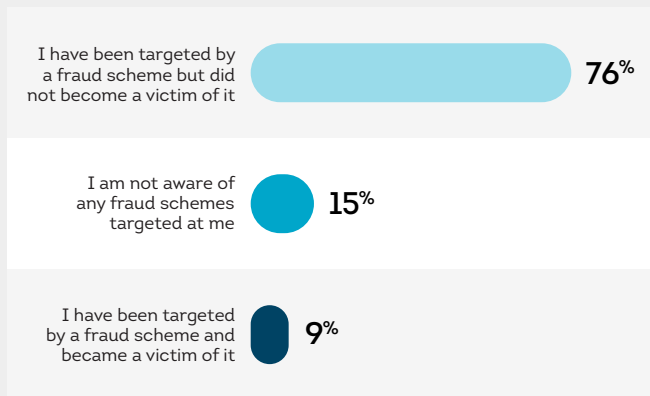


Figure 19. Most frequent fraud schemes targeting consumers
(among those targeted with online, email, phone call or text message fraud)

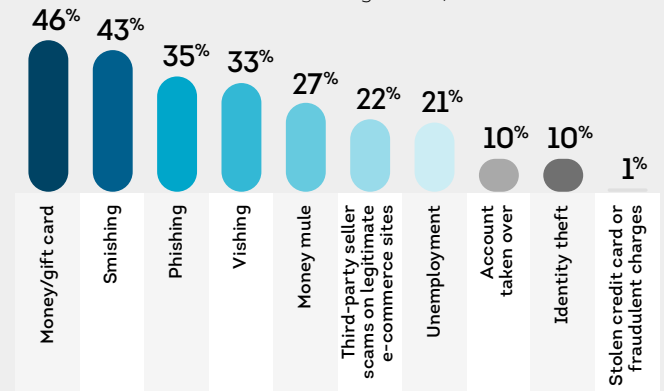


Figure 20. Concern with sharing personal information

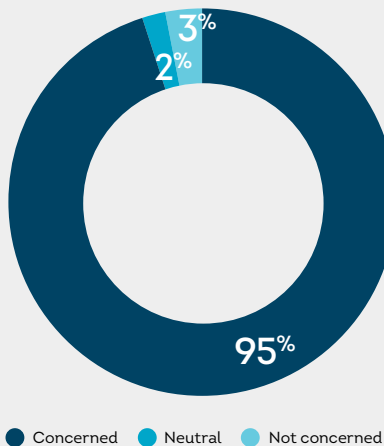
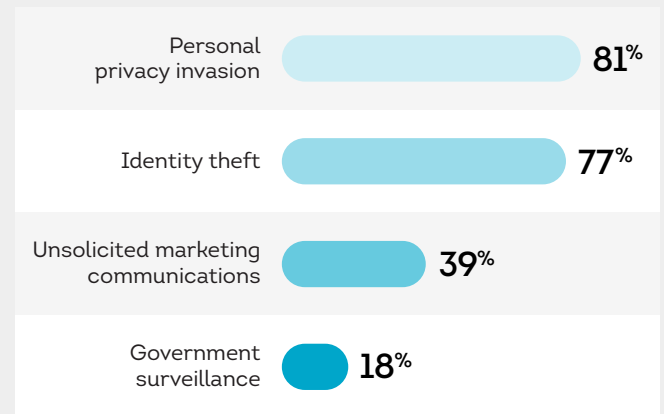


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse survey of 486 adults was conducted 2-12 May 2023 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in Zambia 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. Please note some chart percentages may not add up to 100% due to rounding or multiple answers being accepted.

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