TransUnion

Consumer Pulse Study

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

Canada Q4 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



Consumers are facing increasing financial pressure due to rising costs of living, with many reporting their finances are worse than planned. This was particularly evident among Gen X respondents. Even with inflation easing, concerns about it, housing prices and interest rates remained high.



Despite financial strains, most consumers demonstrated resilience; only a small percentage indicated they're unable to pay their current bills or loans in full. However, Millennials appeared to be less able to pay them.



New credit cards remained the most in-demand credit product as consumers struggle to maintain their spending habits. Many consumers were concerned about interest rate increases and their abilities to pay off debt. This may have led to small demand for new credit products, especially mortgages.



Consumers were concerned about fraud, with many stating they were targeted or victimized by such schemes. While they reported taking steps to protect themselves, there's still a significant gap in knowledge and action. Organizations must prioritize personal data security and deliver convenient digital experiences to meet consumer expectations and retain their business.

Household income (HHI), spending and bill payment impact

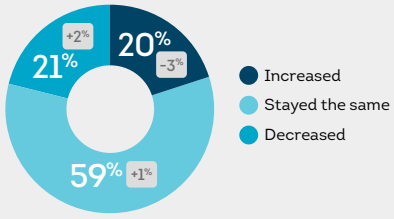
Households continued to report their finances are deteriorating, potentially driven by higher costs of living. In fact, 44% said their household finances are worse than planned so far in 2024. The majority (59%) of respondents stated their incomes remained the same in the last three months and don't expect that to change in the next 12 months (53%). Gen X (at 51%) was the generation with the highest percentage of consumers who said their finances are worse than planned so far in 2024. As inflation continues to decrease, cost of living pressures should continue to ease, relieving some stress for consumers. Almost half (44%) of respondents said Canada will not enter a recession before the end of 2024.

When asked about their biggest concerns affecting household finances in the next six months, 82% had inflation for everyday goods in their top three, 57% had housing prices (including rent or mortgage) and 45% had interest rates. Each of these continued to pressure consumer wallets and could contribute to higher delinquency rates as consumer cash flow is constrained in a high-price, high-rate environment. Again, with inflation decreasing and the Bank of Canada expected to continue lowering interest rates, consumers should see some relief into 2025.

While households reported these economic pressures, the majority remained resilient as only about a quarter (26%) indicated they'll be unable to pay at least one of their current bills and loans in full. The Millennial generation had the highest percentage of consumers who said they'd be unable to pay their current bills and loans in full at 35%. This cohort has the largest share of consumers by age group participating in Canada's credit market, holding 27% of credit accounts and surpassing Baby Boomers for the first time. Millennials also hold the largest share of debt in the Canadian credit market at $911 billion compared to other generations – approximately 38% of all Canadian debt. This is likely due to shifts in life stage as Millennials are increasingly having children, buying homes and continuing to pay off existing debt.[1]

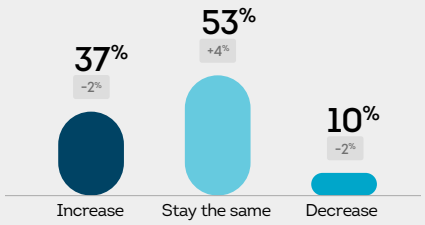
Among all respondents who said they expected to be unable to pay at least one of their current bills and loans in full, the most common way they said they'd pay them would be to instead pay a partial amount they can afford but not the full balance (34%). This was certainly the case for revolving products like credit cards where we see consumers generally paying down slightly less than their full balances while maintaining spend. As a result, we see growing revolving balances for many consumers. When asked how they expected their household spending to change, if at all, over the next three months, most consumers indicated it would remain the same (retail shopping at 42%, digital services at 59%, medical care at 57%, and retirement funds and investing at 44%).

Figure 1. Household income change last three months



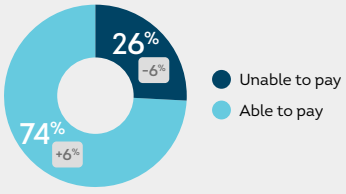
X% Percentage point change from Q3 2024

Figure 2. Expected household income change next 12 months



X% Percentage point change from Q3 2024

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



X% Percentage point change from Q3 2024

[1] Canadian Consumer Credit Market Continued to Expand, with Evident Signs of Payment Stress

Figure 4. Optimism about household finances in next 12 months

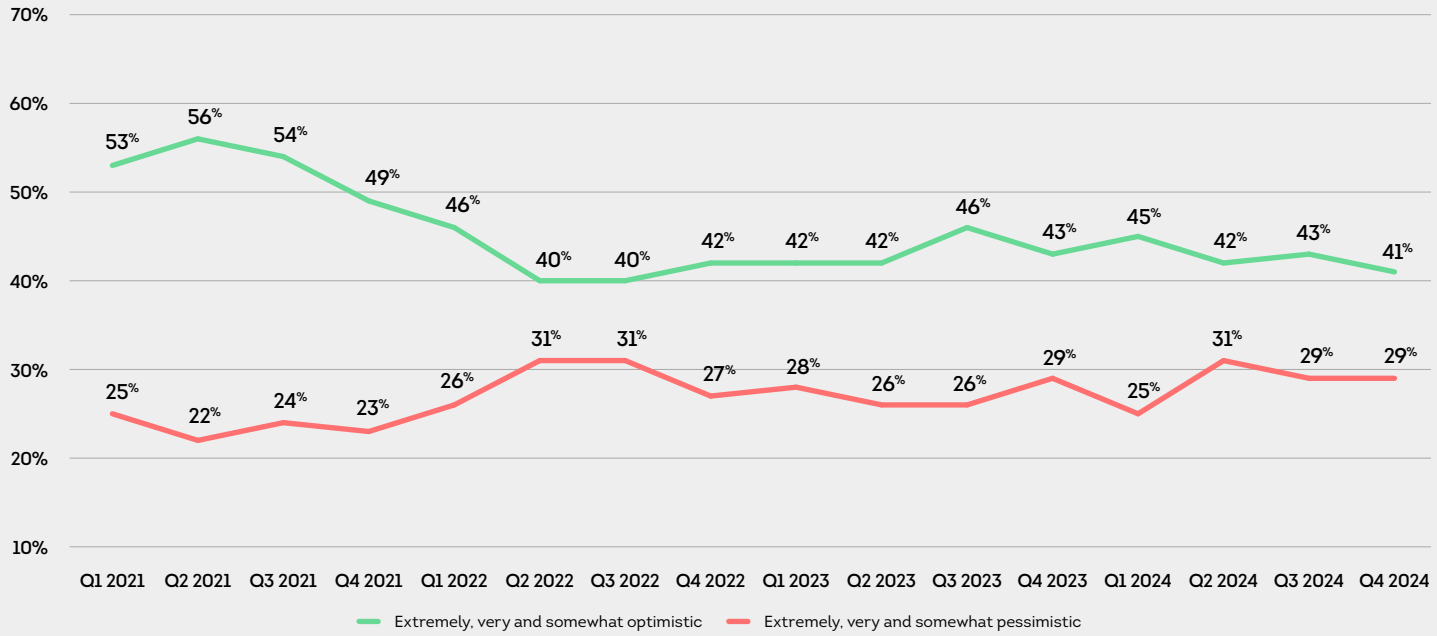
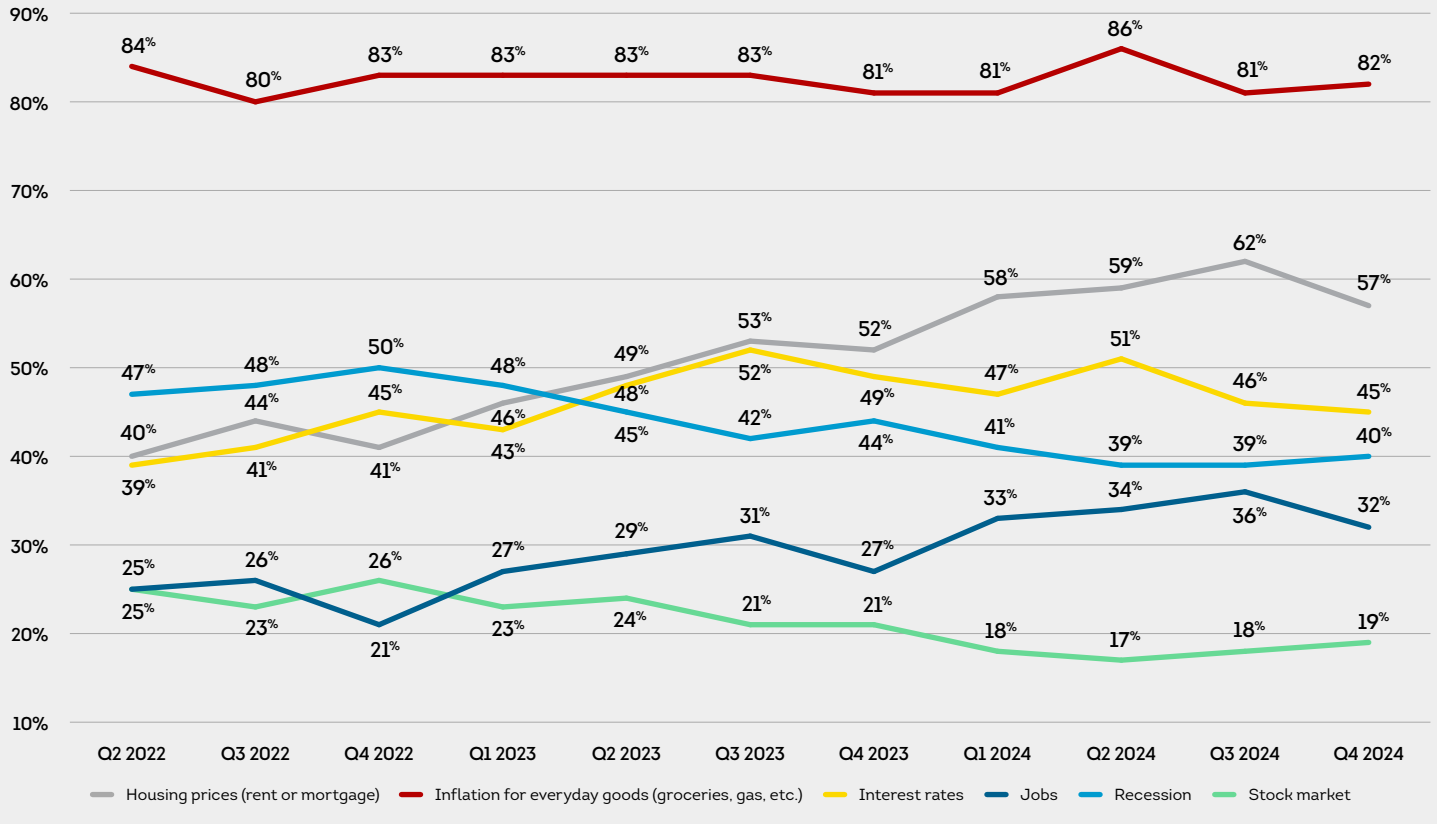


Figure 5. Biggest concerns affecting household finances in next six months

Percentage of consumers who said this concern was in their top three



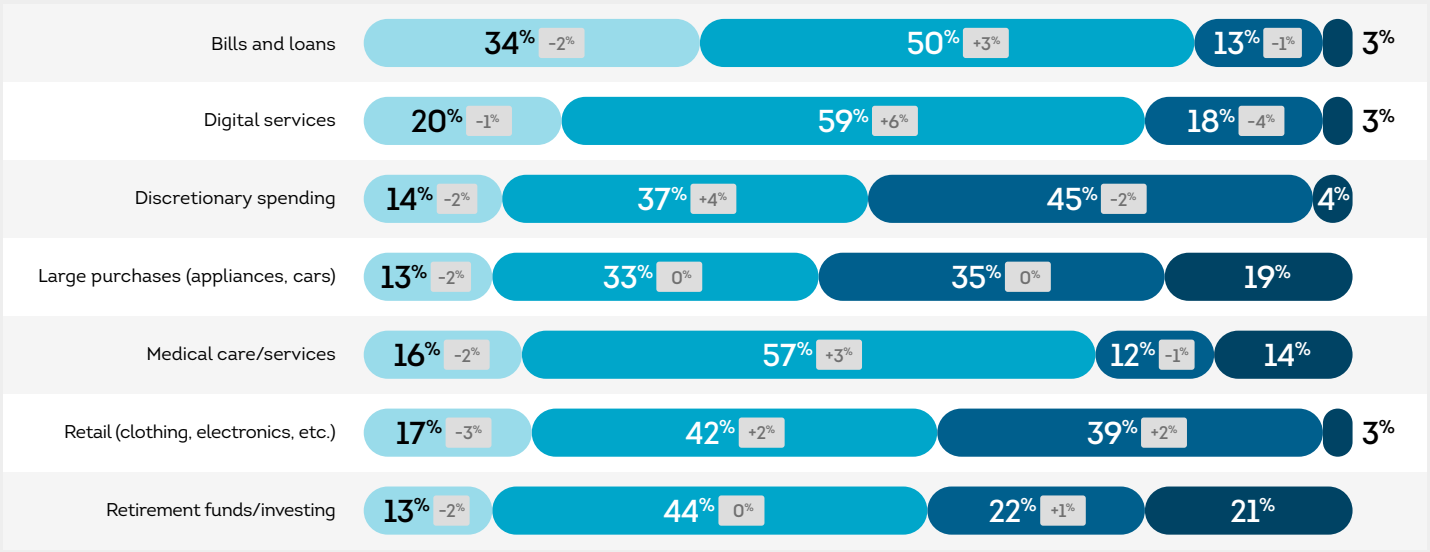
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Figure 6. Changes to household budget in the last three months

	Overall	Gen Z	Millennials	Gen X	Baby Boomers
Spending					
Cut back on discretionary spending (dining out, travel, entertainment)	54% +2%	37%	53%	64%	51%
Cancelled subscriptions/memberships	23% -5%	27%	33%	23%	15%
Cancelled/reduced digital services	18% -4%	26%	23%	21%	12%
Increased discretionary spending	10% -1%	17%	12%	8%	7%
Added/expanded digital services	8% -1%	16%	9%	8%	4%
Added subscriptions/memberships	7% 0%	20%	10%	7%	3%
Debt & savings					
Paid down debt faster	18% -1%	24%	20%	16%	16%
Cut back on saving for retirement	15% 0%	6%	17%	18%	14%
Increased usage of available credit	15% 0%	17%	22%	14%	10%
Saved more in emergency fund	13% -4%	21%	17%	10%	10%
Used retirement savings	11% +1%	11%	8%	7%	14%
Saved more for retirement	10% -1%	9%	14%	8%	10%

X% Percentage point change from Q3 2024

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



X% Percentage point change from Q3 2024 | Increase | Stay the same | Decrease | Not applicable

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Attitudes and plans for economic participation

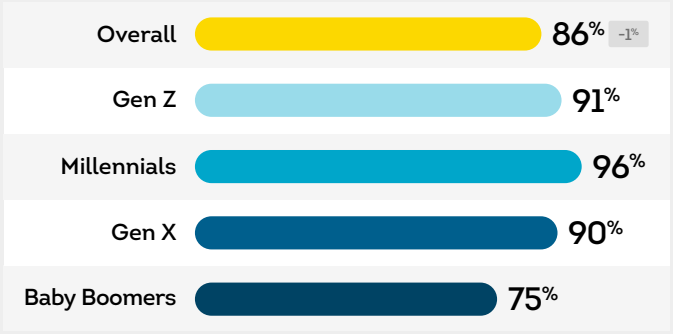
Despite 86% having said access to credit and lending products is extremely, very, moderately or slightly important to achieve their financial goals, only 57% felt they have sufficient access. Only 22% of all surveyed were planning to apply for new or refinance existing credit in the next year, and of those, the overwhelming choice of credit product they'd apply for was new credit cards at 43%, with Gen Z being the highest among generations at 46%. Many consumers take on new credit cards to offset cash flow or liquidity constraints during periods of an economic downturn.

Across generations, almost a third (30%) of respondents indicated they're uncomfortable having credit accounts like credit cards and loans. This may reflect a heightened sensitivity to the current rate environment.

Almost half (49%) of all respondents indicated they were concerned about interest rate increases and how they'll affect their abilities to pay off loans, mortgage or credit. Over three-quarters (76%) said they aren't considering purchasing a new home in the next year. Among those who said they plan to buy a new home in the next year, rising home prices (59%) and high interest rates (44%) were the top two reasons for potentially changing their minds.

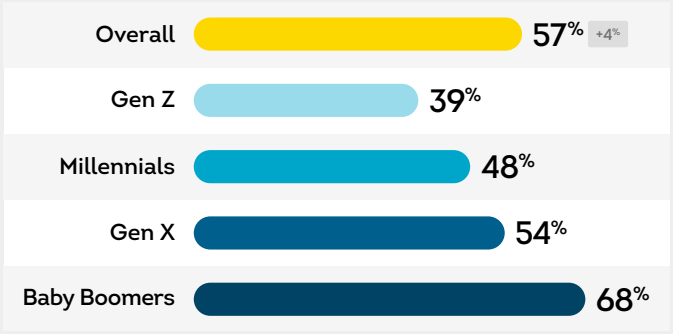
Furthermore, of respondents who said they considered applying for credit but ultimately decided not to, the top reason was cost of new credit or refinancing being too high at 30%.

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



X% Percentage point change from Q3 2024

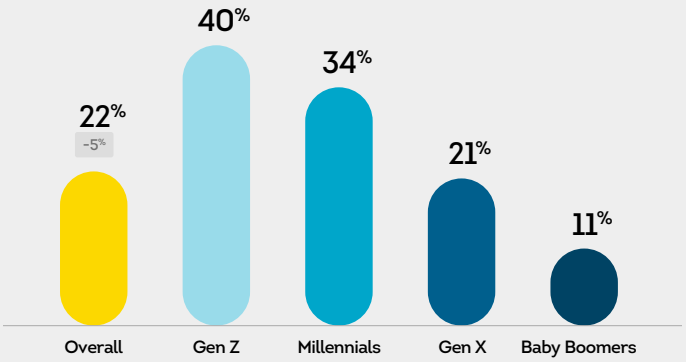
Figure 9. Believe have sufficient access to credit and lending products



X% Percentage point change from Q3 2024

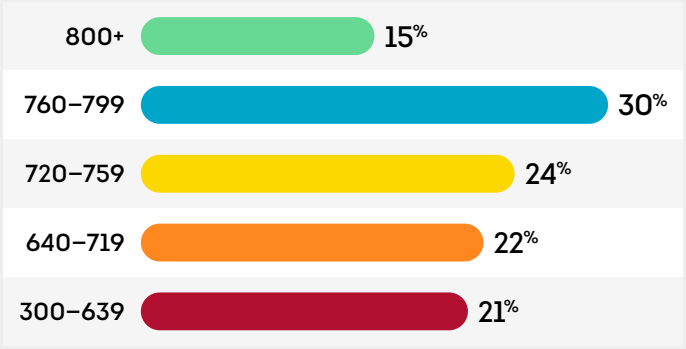
Figure 10. Plan to apply for new credit or refinance existing credit within the next year

By generation



X% Percentage point change from Q3 2024

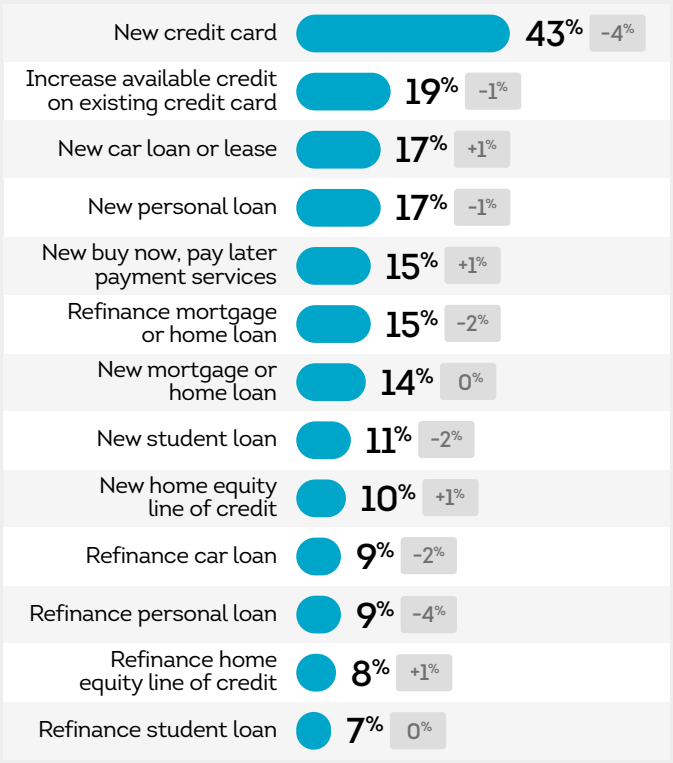
By credit score



Self-reported credit score ranges

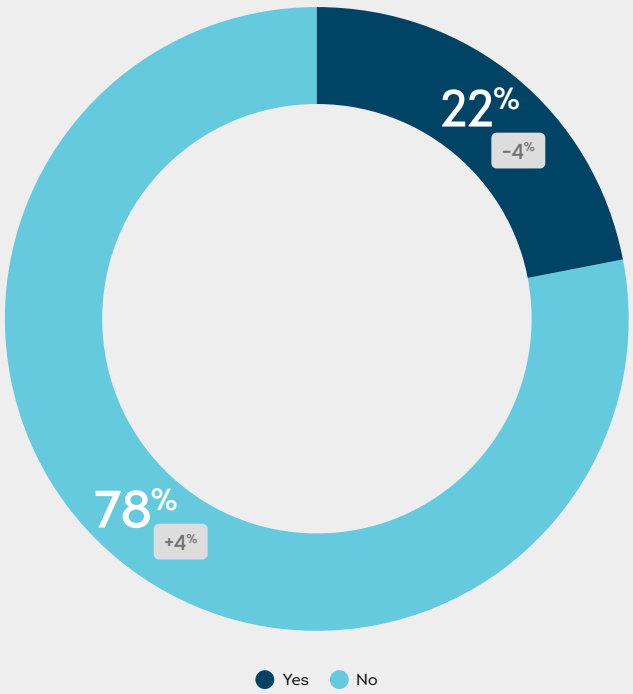
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Figure 11. Type of new credit and loan activity planned in next 12 months
(among those who plan to apply for new or refinance existing credit)



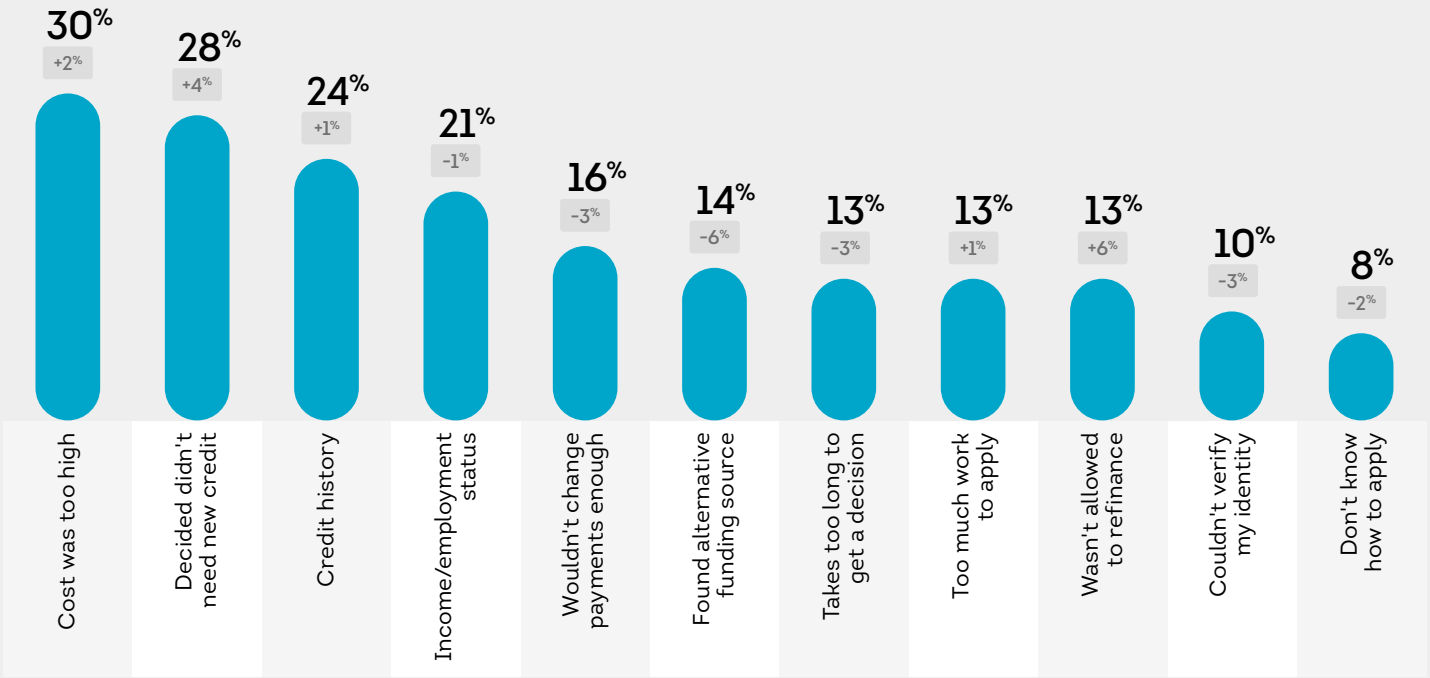
X% Percentage point change from Q3 2024

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



X% Percentage point change from Q3 2024

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



X% Percentage point change from Q3 2024

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Attitudes and behaviour to manage financial choices

Canada has a very high proportion of consumers with access to credit monitoring tools. The fact that 88% said they feel it's important to monitor their credit reports indicates how much they value this resource.

Almost three-quarters (72%) of respondents said they monitor their credit reports, with 38% doing so at least monthly.

The top reasons cited by those who check their credit reports were: it's free (44%), to protect against fraud (42%) and to monitor their reports for accuracy (41%). TransUnion published a global study in January 2024 that looked at consumer motivations for credit monitoring. That study also revealed the importance of credit monitoring and the fact that consumers would be more willing to do business with lenders that offered credit monitoring as a value-added service.[2]

Figure 14. Credit report monitoring frequency

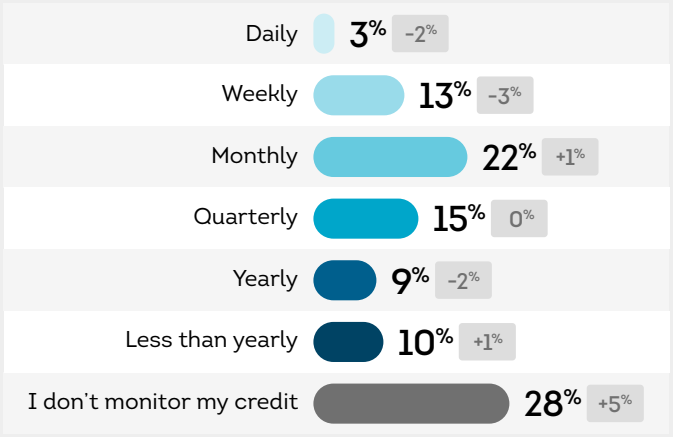


Figure 15. Believe monitoring credit report is important

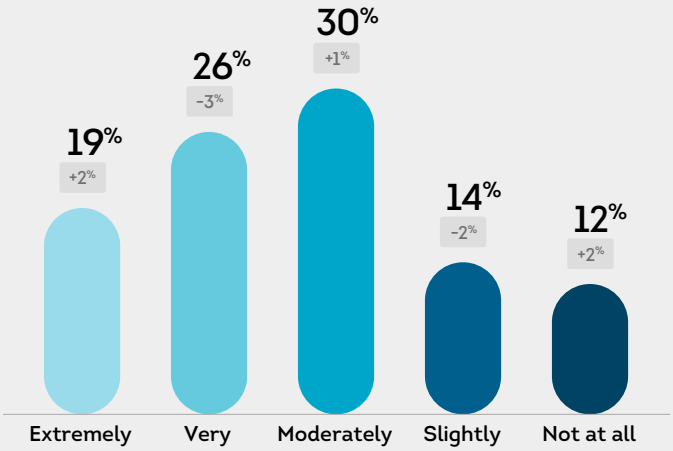


Figure 16. Percentage of transactions done online

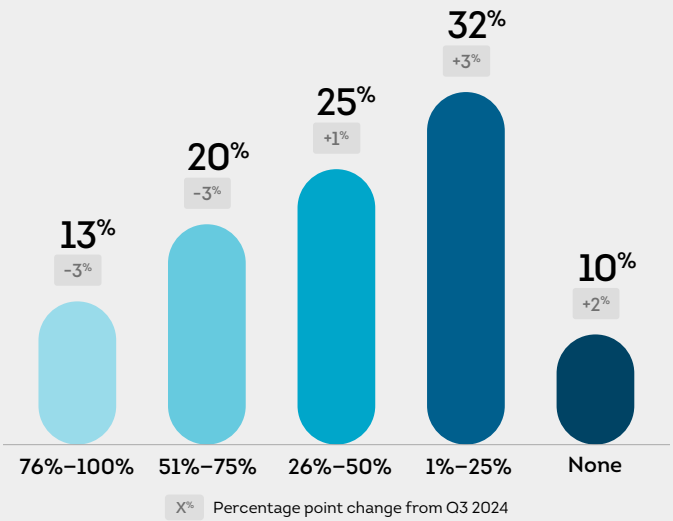
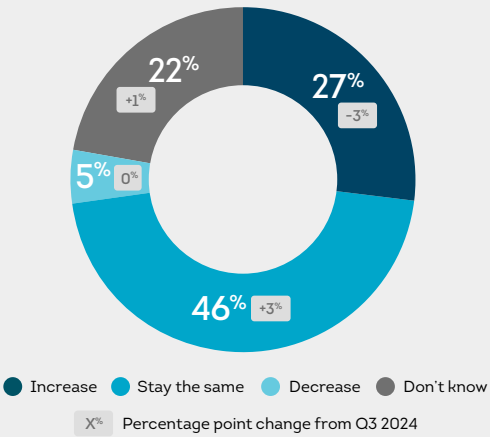


Figure 17. How believe credit score would change if businesses used information not on standard credit report

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



[2] Credit Education: Empowering Consumers, Enabling Financial Inclusion

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Identity risks and usage

Fraud and identity management continued to be top of mind for many consumers as over half (51%) of respondents reported they were targeted by online, email, phone call or text messaging fraud attempts in the last three months, and 6% indicated they became victims of that scheme. Among those who said they were targeted, phishing (44%), vishing (43%) and smishing (40%) were the top schemes they reported falling victim to in the last three months.

Cyber threats that respondents cited they were most concerned would affect them personally were stolen identity (53%) and credit/payment card fraud (52%). When asked which consequences of identity theft (beyond accessing credit cards or financial accounts) they were most concerned about, respondents said: someone might use their identities to commit a crime (53%) or falsely claim government benefits (47%).

The top action respondents said they took in the last 60 days in response to cybersecurity concerns was changing passwords (44%). However, 37% said they didn't take any action, and of those, the biggest reason cited was they were unsure what actions to take (44%).

Consumers have high expectations for organizations to protect their identities while delivering convenient experiences. In fact, in a separate TransUnion study, 59% of consumers reported they'd be likely to switch companies to get a better digital experience. Yet, consumers ranked personal data security (50%) as the top reason to do business with an online company.[3]

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

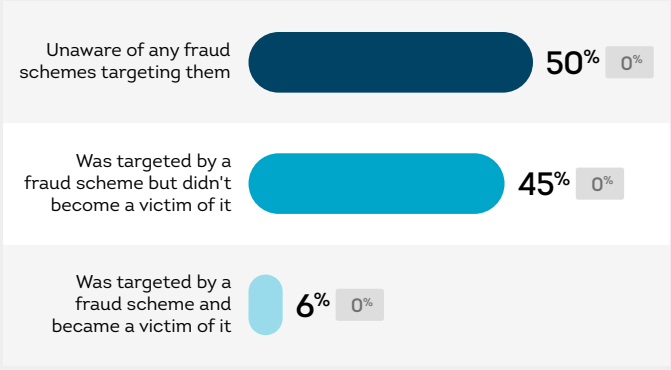
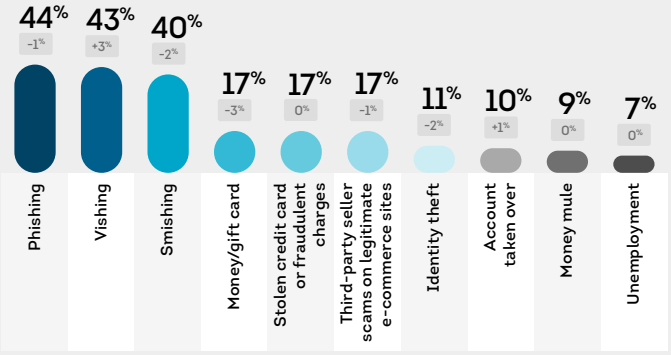


Figure 19. Most frequent fraud schemes targeting consumers
(among those targeted with online, email, phone call or text message fraud in the last three months)



[3] 2024 State of Omnichannel Fraud Report

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Figure 20. Personal experience with data breaches in the last three months

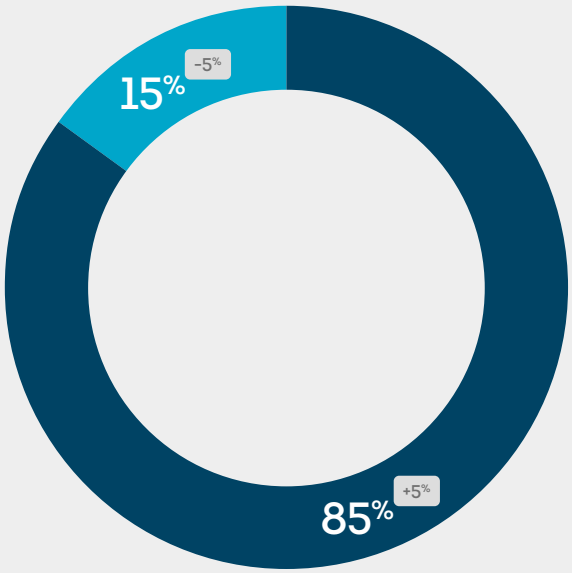


Figure 21. Most frequent actions data breach victims took

(among consumers notified in the last three months that details about their identities and/or online accounts were stolen)

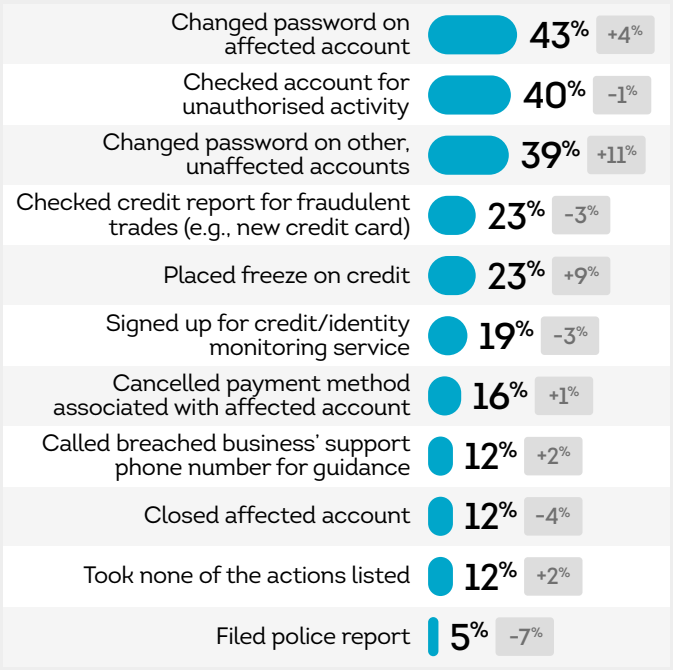


Figure 22. Actions taken in last 60 days due to cybersecurity concerns

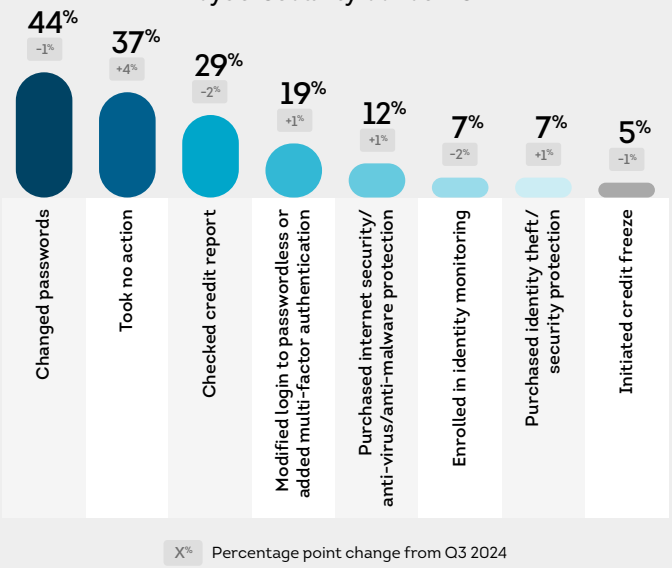
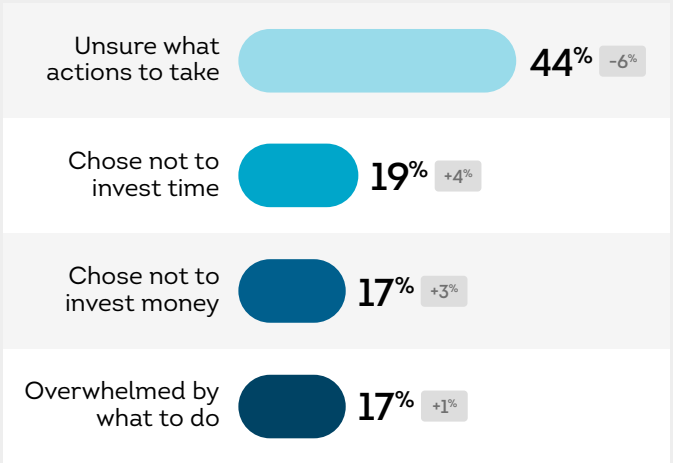


Figure 23. Reasons did nothing about cybersecurity concerns

(among those who took no action about cybersecurity concerns in the last 60 days)



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Research Methodology

TransUnion's Consumer Pulse Survey of 1,000 adults was conducted Sept. 25–Oct. 6, 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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TransUnion is a global information and insights company that makes trust possible in the modern economy. We do this by providing an actionable picture of each person so they can be reliably represented in the marketplace. As a result, businesses and consumers can transact with confidence and achieve great things. We call this Information for Good®.

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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