



Consumer Pulse Study

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

Botswana 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 opportunities for consumers.

KEY TAKEAWAYS



In Q2 2024, Botswana households experienced financial health improvements. Income gains were notable with 41% reporting increases. Outlook regarding future income improved for three quarters (77%) of households, particularly among Gen Z and Millennials. Financial stability improved as 74% noted the ability to pay bills in full, and fewer (26% versus 34% in Q2 2023) reported difficulty making payments. Debt reduction was a priority for 25% of households, as well as increased contributions to emergency funds (29%) in the last three months. Discretionary spending decreased for 56% of respondents, and 47% expected a reduction in the next three months. Consumers planned to boost spending on bills and loans (46%), retirement funds (45%), and medical care (42%) as well.



Financial inclusion rose, but the demand for credit was still muted. In Q2 2024, Botswana saw a significant rise in the importance of credit access – 96% of consumers considered it crucial. Perceived access to credit improved markedly by 10 percentage points from last year as 45% felt adequately served, notably among Millennials (48%) and Gen X (49%). Looking forward, 33% planned to apply for new or refinance existing credit, with Millennials showing the highest demand (34%). However, 50% of potential borrowers abandoned credit plans, primarily due to high credit costs (31%). Botswana's efforts have notably enhanced credit access, but challenges remain, particularly regarding affordability.



Consumer adoption of digital platforms lags and security concerns persist. Most (85%) consumers viewed monitoring their credit status as at least moderately important; however, only 44% reviewed their reports monthly (with Gen Z and Millennials most active). In Botswana, awareness of ecommerce benefits remained low with only 38% conducting half their transactions online, although up from 33% last year. Digital fraud schemes targeted 77% of respondents, with 5% of all claiming they fell victim, down from 8% last year. Almost all respondents worried about data sharing – with the top concerns being privacy invasion and identity theft. Robust data protection and privacy policies are essential for building consumer trust and responsible data handling.

Household income (HHI), spending and bill payment impact

In the second quarter of 2024, households in Botswana saw an improvement in their financial well-being.

In fact, 41% of households reported income improvements over the past three months, a notable increase of four percentage points from last year, surpassing the 21% of households that reported a decline. This trend corresponds with the rise in Botswana's formal sector earnings which saw a 13.1% increase at the end of last year compared to 8% wage growth in 2022,¹ partly due to the easing of inflationary pressures. Botswana's inflation rate significantly decelerated to 3.4% year to date in 2024, down from 5.1% in 2023 and its peak of 12.2% in 2022.² This downward trend is anticipated to continue in 2024 with inflation projected to average around 4%.³

Indeed, consumers cited higher wages and salaries (28%) as the primary factor for improved household income in Q2 2024, marking a substantial increase of eight percentage points from the previous year. Additionally, 25% of households attributed their increased incomes to starting a new business. Consumers were optimistic about future incomes as 77% expected an increase over the next 12 months, marking a three percentage-point rise from the previous year. Gen Z and Millennials exhibited the highest levels of optimism.

The proportion of consumers who could pay their bills in full rose markedly to 74%, while those who struggled to make payments dropped by eight percentage points to 26%. Forty-three percent of those unable to pay their bills in full planned to make partial payments, especially Millennials and Gen X. Furthermore, 21% of households planned to use their savings to service debts. Eleven percent planned to obtain a personal loan to cover their bills, representing a notable increase of seven percentage points compared to the previous year. In Q2 2024, 25% of households prioritised paying off debt faster. An increasing number (29%) of households (predominantly Gen Z and Millennials) reported boosting contributions to emergency funds to build financial resilience.

Over the past three months, more than half (56%) of households (primarily Millennials and Gen X) reduced their discretionary spending, while 28% cancelled subscriptions or memberships – both figures down seven percentage points from the previous year. Looking ahead to the next three months, 47% of consumers expected to reduce discretionary spending; 33% planned to cut back on retail shopping; and 32% expected to scale down on large purchases. High unemployment and income inequality could restrain demand and limit household spending growth. The devaluation of currency⁴ could also increase the price of imported goods, contributing to headwinds for consumer spending throughout 2024. The upside risk for consumer spending is the slowdown in inflation – which supports disposable income growth. Consumers expected to boost spending on bills and loans (46%), retirement funds and investing (45%), and medical care and services (42%) in coming months.

Figure 1. Household income change last three months

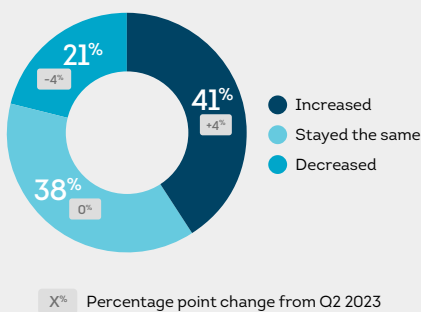


Figure 2. Expected household income change next 12 months

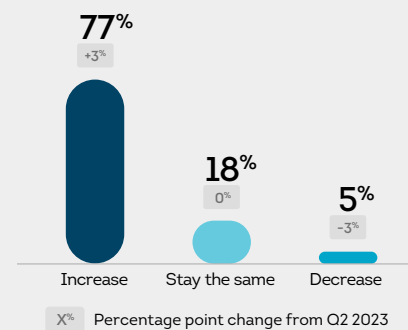
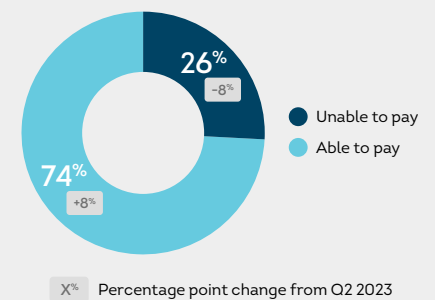


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full

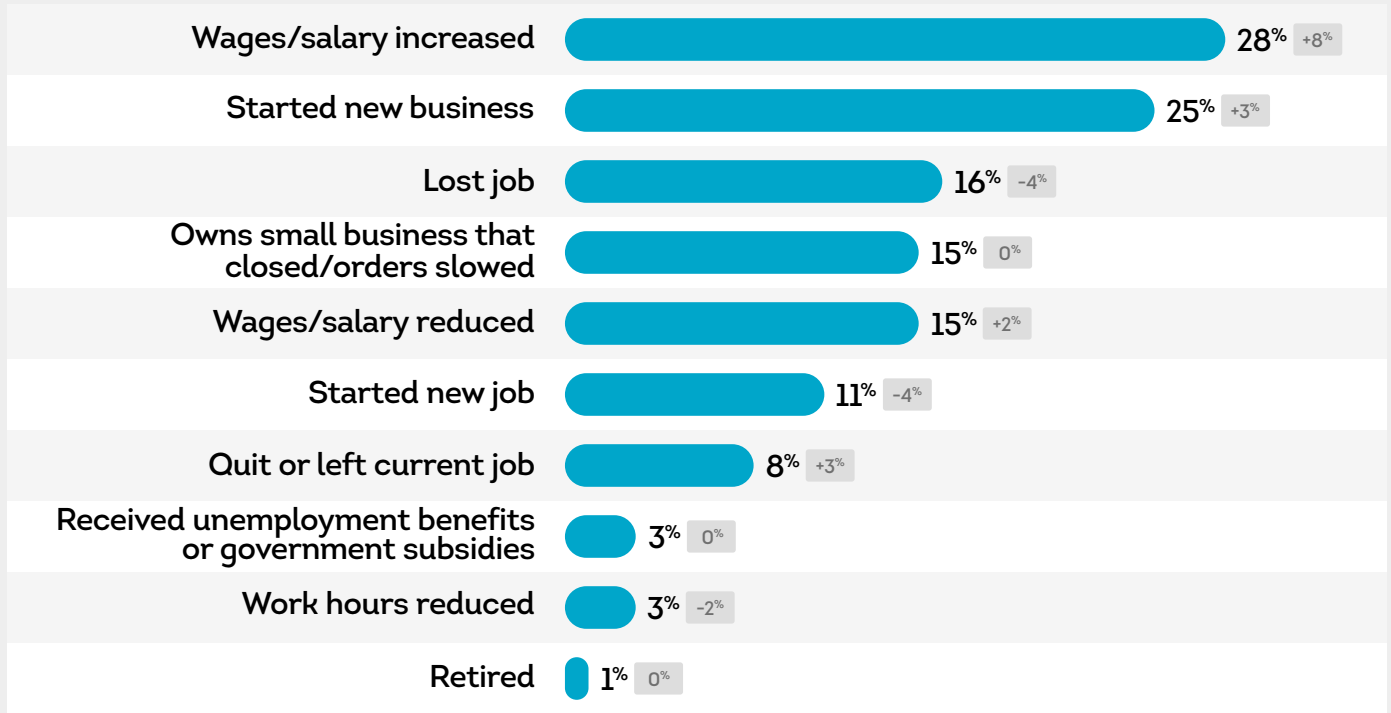


^{1,2} Statistics Botswana

³ IMF, *World Economic Outlook (April 2024)* (imf.org)

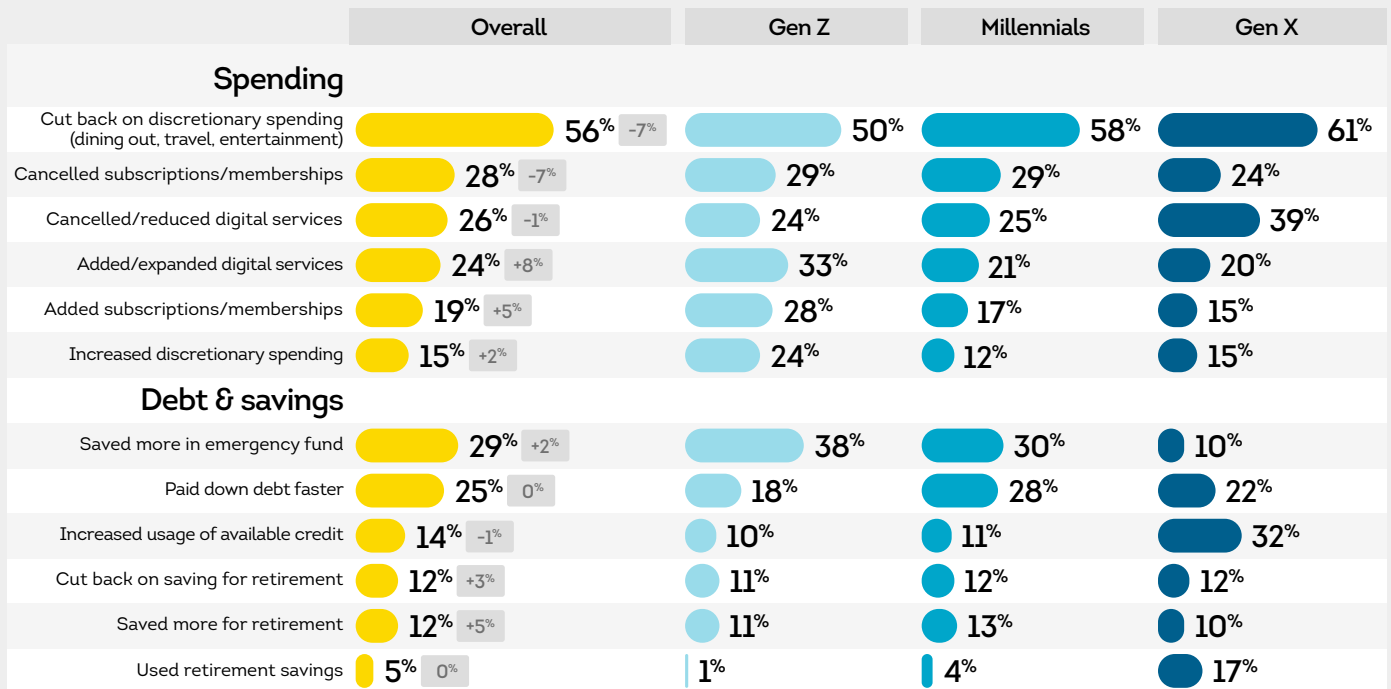
⁴ Bank of Botswana, *Monetary Policy Report - April 2024*

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



X* Percentage point change from Q2 2023

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



X* Percentage point change from Q2 2023

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

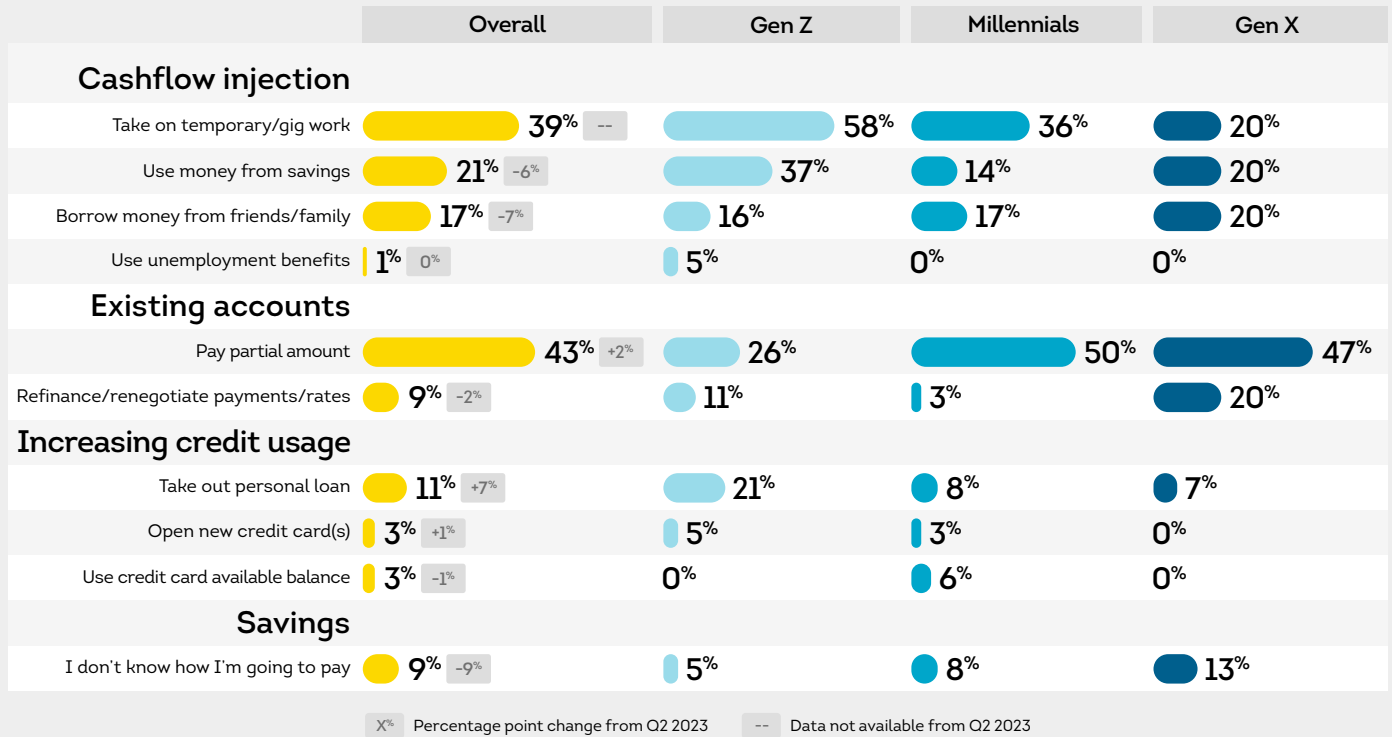
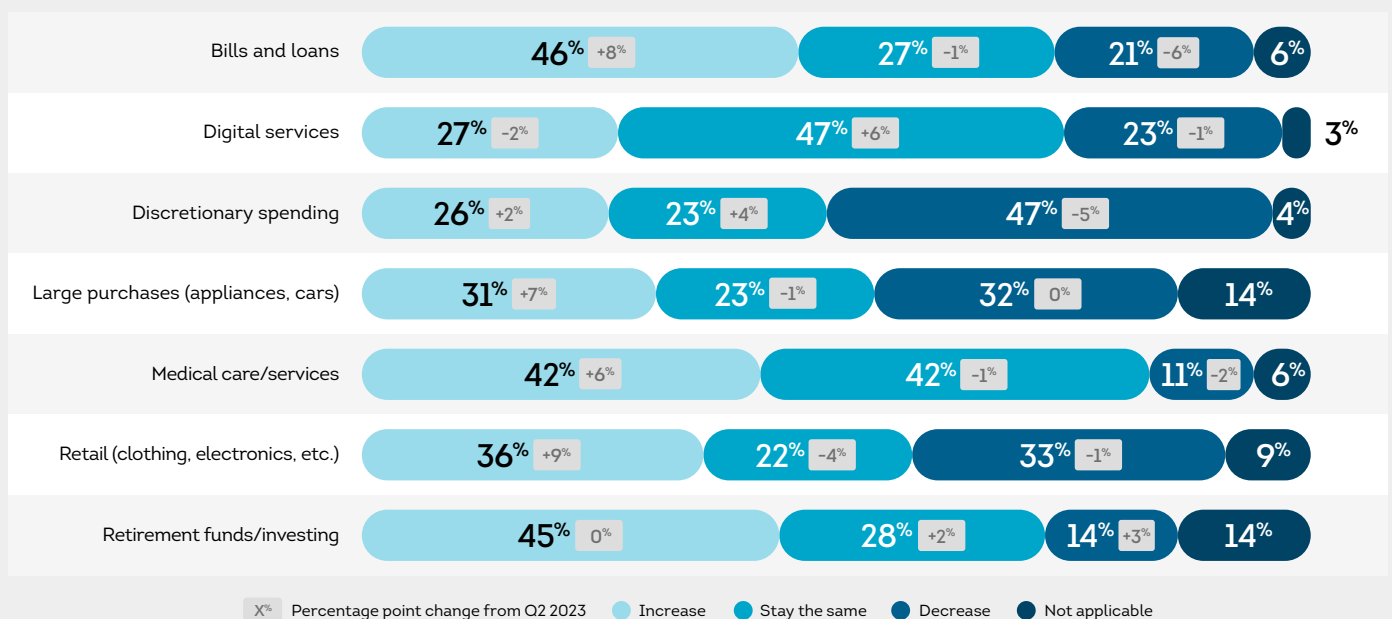


Figure 7. Expected change to household spending over next three months



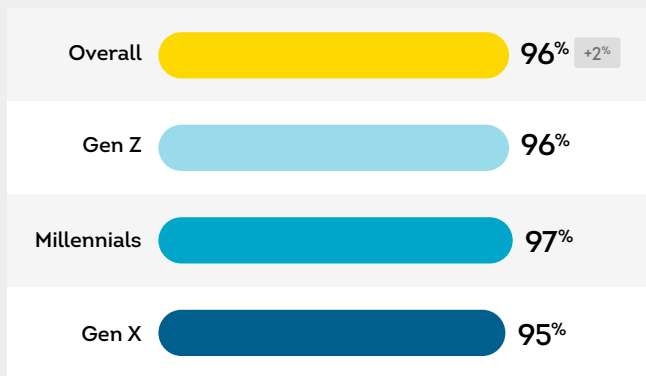
Attitudes and plans for economic participation

The vast majority (96%) of consumers deemed access to credit important. Forty-five percent of respondents felt they had adequate access; Millennials (48%) and Gen X (49%) reported the highest perceived access to credit. Botswana has made significant strides in improving consumers' access to finance and credit in Q2 2024, marking a notable 10 percentage-point increase from the previous year.

Looking ahead, 33% of consumers planned to apply for new or refinance existing credit within the next 12 months (Millennials expected the highest demand at 34%). Among those planning to apply for new or refinance existing credit within the next year, 37% indicated a demand for new personal loans, reflecting a notable nine percentage-point increase from the prior year. Gen Z (48%) and Millennials (35%) were the most interested in acquiring personal loans. Moreover, 34% overall were considering new home loans, signalling a significant 12 percentage-point rise from the previous year.

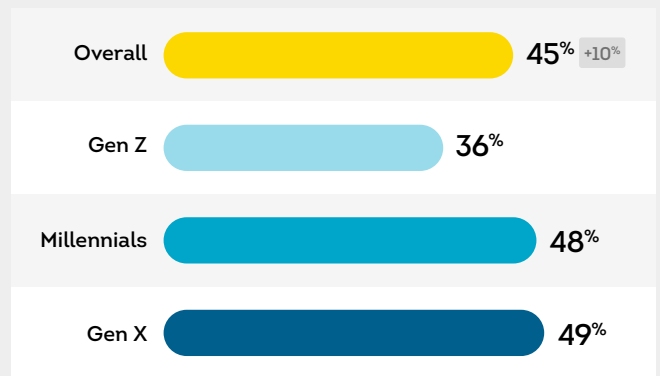
Fifty percent of those who initially planned to take out new credit ultimately decided against it. The main deterrent (cited by 31% of consumers) was the high cost of credit.

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



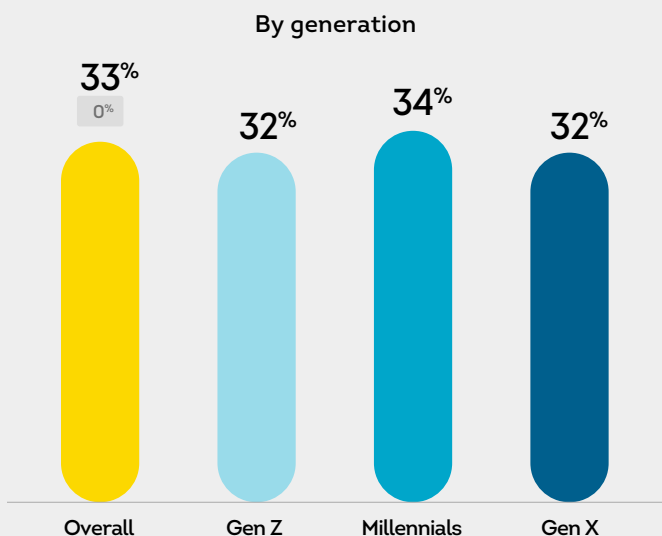
X* Percentage point change from Q2 2023

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



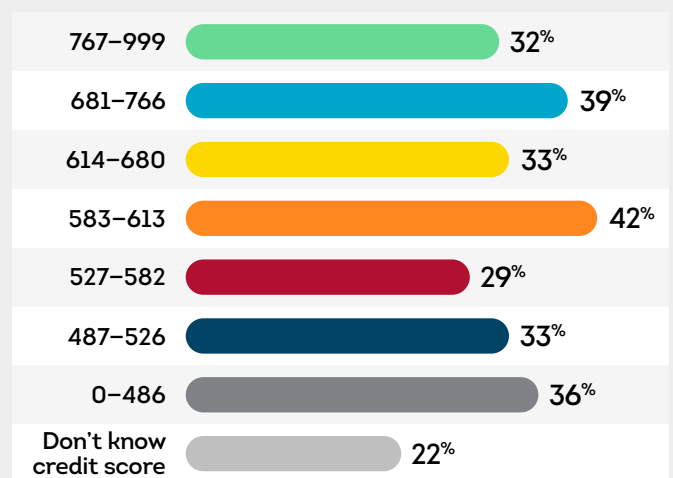
X* Percentage point change from Q2 2023

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



X* Percentage point change from Q2 2023

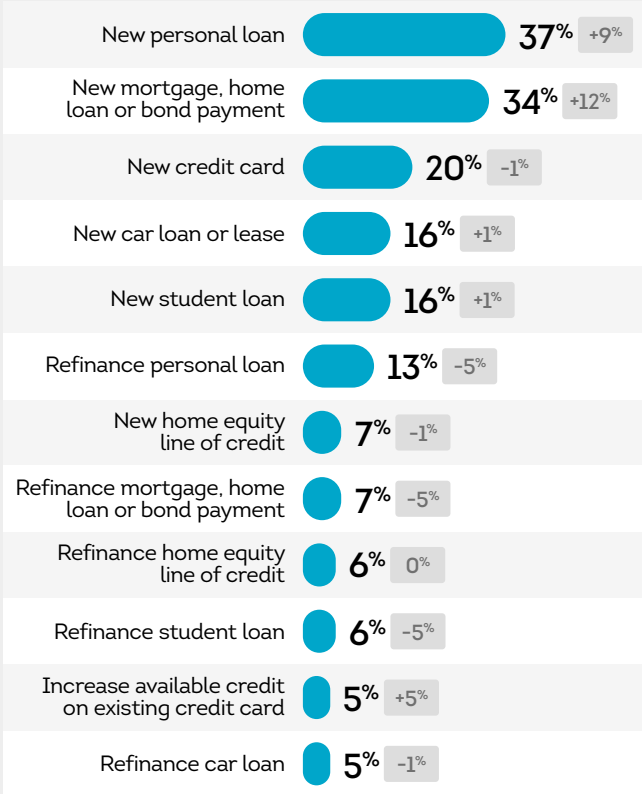
By credit score



Self-reported credit score ranges

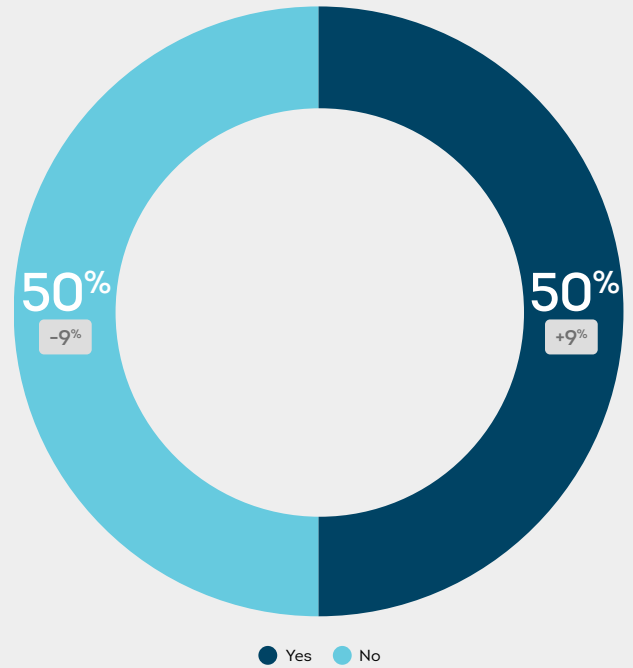
Figure 11. Type of new credit and loan activity planned in next 12 months

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



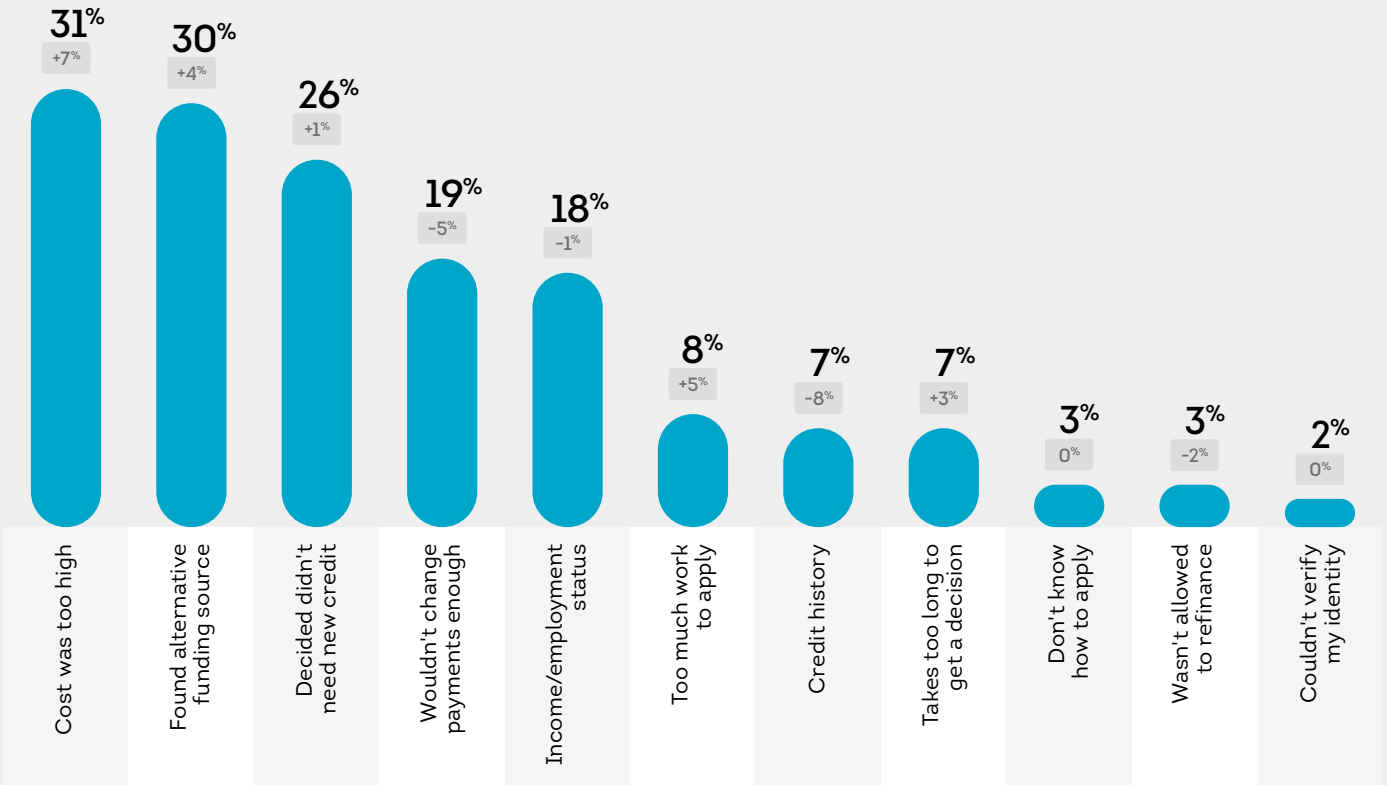
X* Percentage point change from Q2 2023

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



X* Percentage point change from Q2 2023

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



X* Percentage point change from Q2 2023

CONSUMER EMPOWERMENT

Attitudes and behaviour to manage financial choices

Most (85%) consumers considered monitoring their credit status to be extremely, very or moderately important. However, only 44% reviewed their credit reports at least monthly – with Gen Z (51%) and Millennials (47%) being the most proactive. Only 20% of Gen X regularly check their credit reports.

A growing number (55%, up from 46% last year) of respondents believed incorporating alternative information not usually included in standard credit reports – such as rental payments, gym memberships – would improve their credit scores. This indicates a shift in consumer perception toward a more robust approach to credit scoring.

Just 38% of respondents reported conducting more than half of their transactions online, though this was a six percentage-point increase from last year.

Figure 14. Credit monitoring frequency

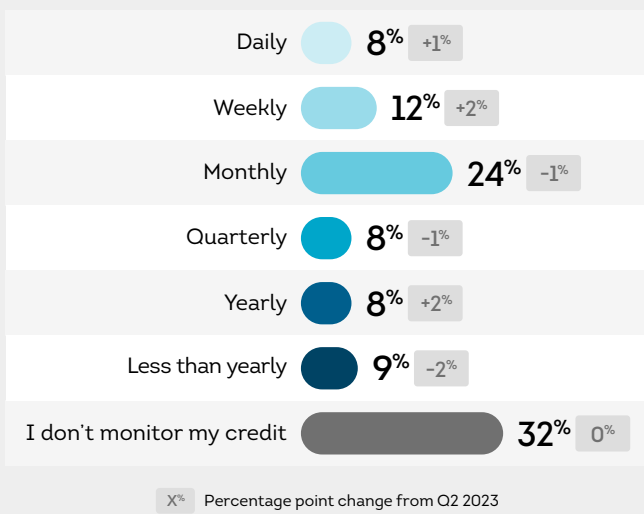


Figure 15. Believe monitoring credit is important

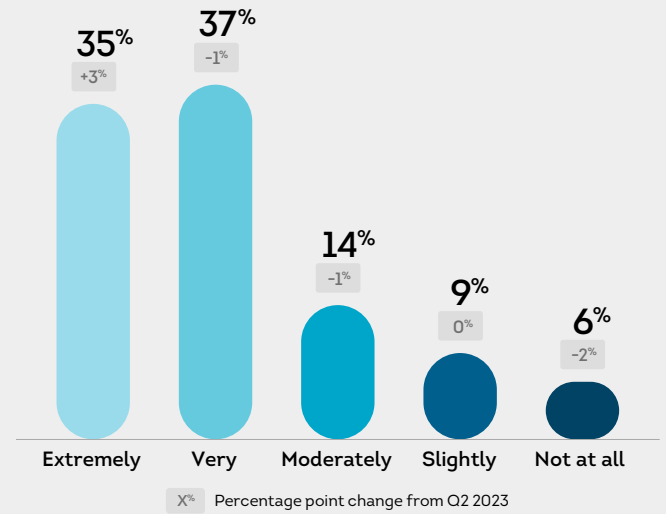


Figure 16. Percentage of transactions done online

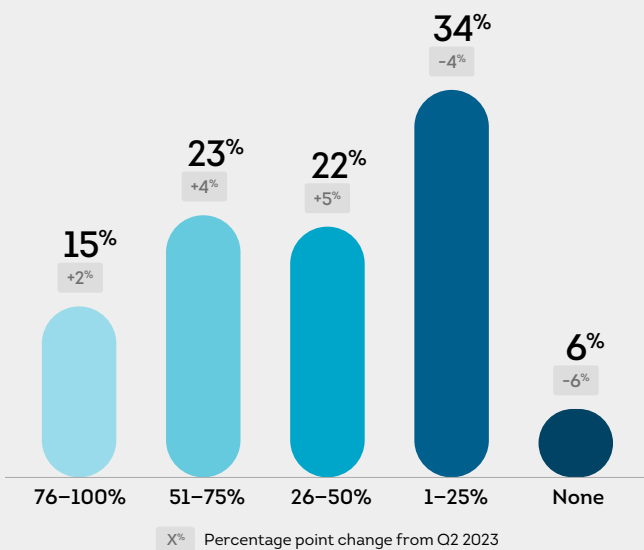
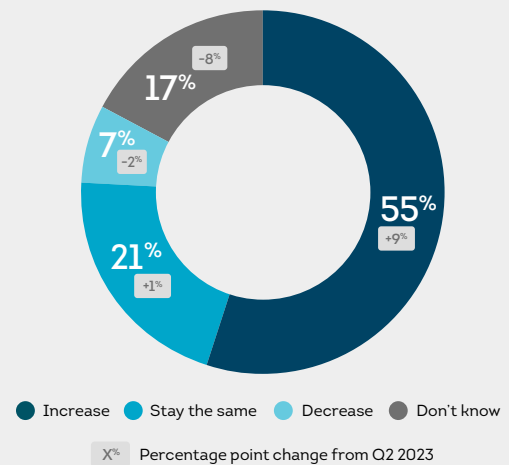


Figure 17. How believe credit score would change if businesses used information not on standard credit report

Examples provided of non-standard information include: rental payments and short-term loan history



Identity risks and usage

In the last three months, 72% of respondents were targeted by digital fraud schemes but did not fall victim, marking a notable increase of nine percentage points from last year. The number of respondents who said they were targeted and did fall victim to these scams decreased slightly in Q2 2024 to 5%, down from 8% last year. Surprisingly, 23% of consumers reported being unaware of any targeted fraud schemes, underlining the need for heightened awareness and vigilance against digital fraud.

In Q2 2024, vishing, phishing and smishing showed significant increases compared to the previous year. Vishing (involving fraudulent phone calls to obtain data and reported by 47% of respondents) emerged as the most prevalent scam, marking an eight percentage-point increase from last year. Additionally, phishing (which includes fraudulent emails, websites and social posts aimed at data theft and reported by 40% of respondents) increased by six percentage points. Smishing (fraudulent text messages targeting data extraction and reported by 38% of respondents) also saw a six percentage-point increase from Q2 last year. Money or gift card scams, while still prevalent (reported by 41% of respondents), dropped from the most reported fraud scheme last year by a notable 10 percentage points.

Nearly all (96% in Q2 2024, up from 94% the previous year) consumers expressed concerns about sharing personal information – with this worry being widespread across all generations. The main concerns regarding sharing personal information included fear of invasion of privacy (84%), worries about identity theft (77%), and receiving unsolicited marketing communications (36%). These findings highlight the importance of robust data protection measures and privacy policies. Addressing these concerns is crucial for businesses to build consumer trust and ensure responsible data handling practices.

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

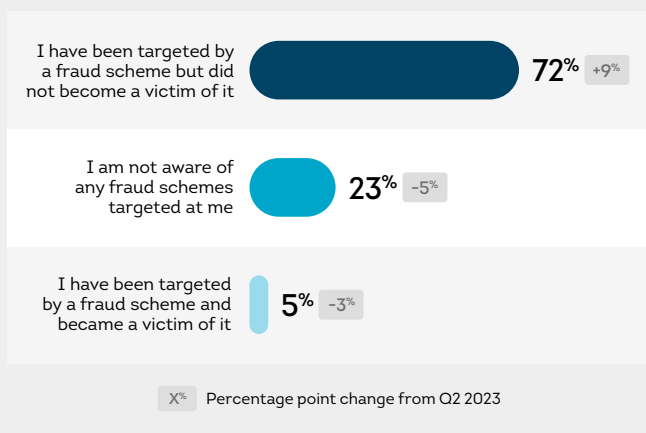


Figure 19. Most frequent fraud schemes targeting consumers
(among those targeted with online, email, phone call or text message fraud)

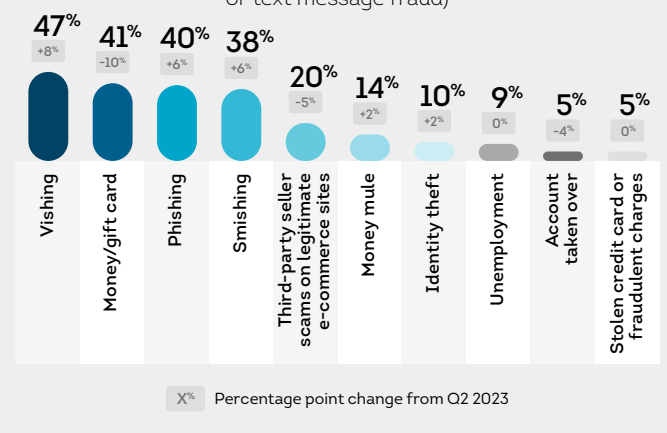


Figure 20. Concern with sharing personal information

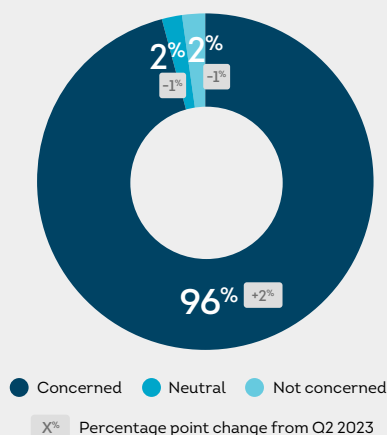
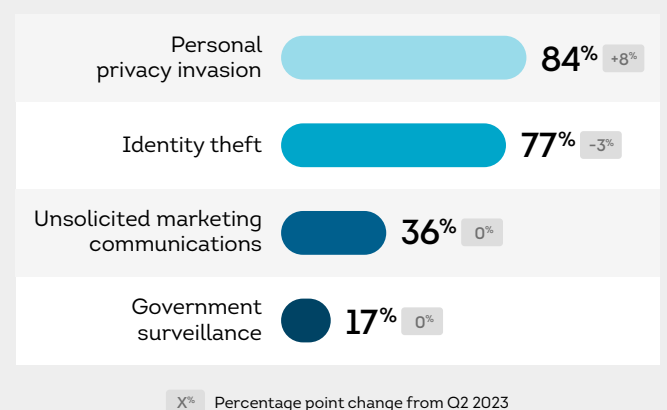


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse Survey of 265 adults was conducted 1-20 May 2024 by TransUnion in partnership with third-party research provider Dynata. Adults 18 years 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 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. Those not included in this report didn't have adequate base size. These research results are unweighted and statistically significant at a 95% confidence level within ± 6.02 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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