



# LEVERAGING SENTIMENT TO DETERMINE CONSUMER NEEDS

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Head of Growth for Africa Regions



## In this session, we'll:



**Provide** an overview of consumer sentiments on their financial health



**Discuss** the market perception on credit inclusion



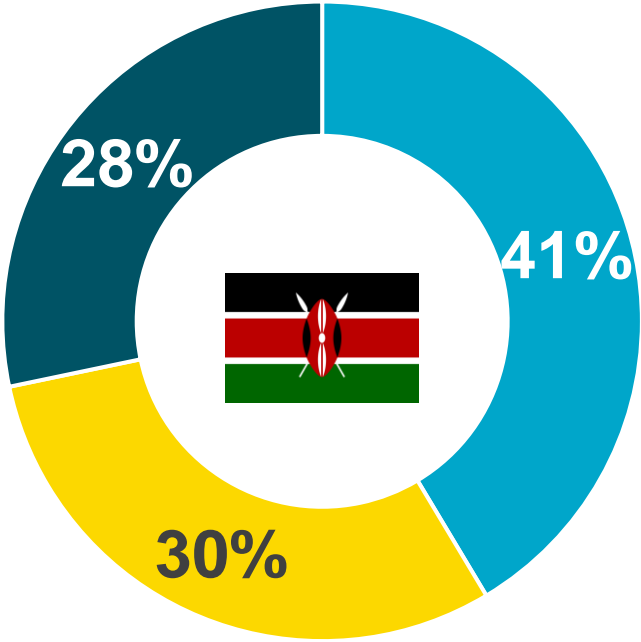
**Evaluate** consumer experiences with fraud

# CONSUMER FINANCIAL HEALTH

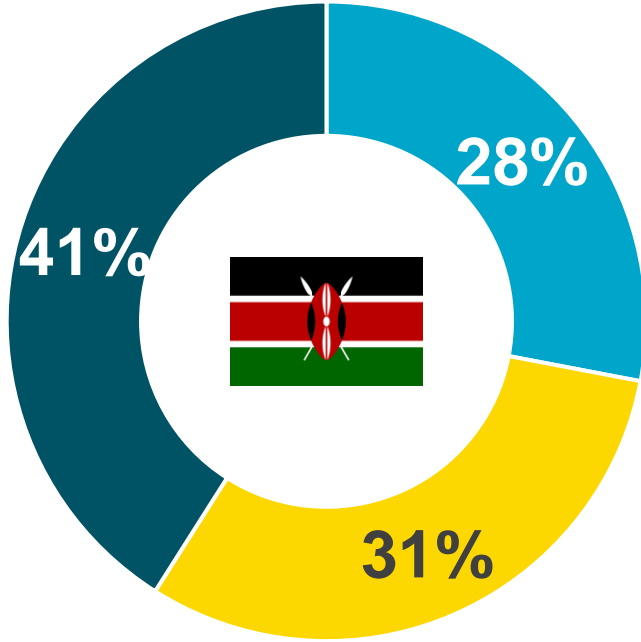
October, 2023



# Consumer sentiment on household income changes over the past three months has deteriorated significantly year on year



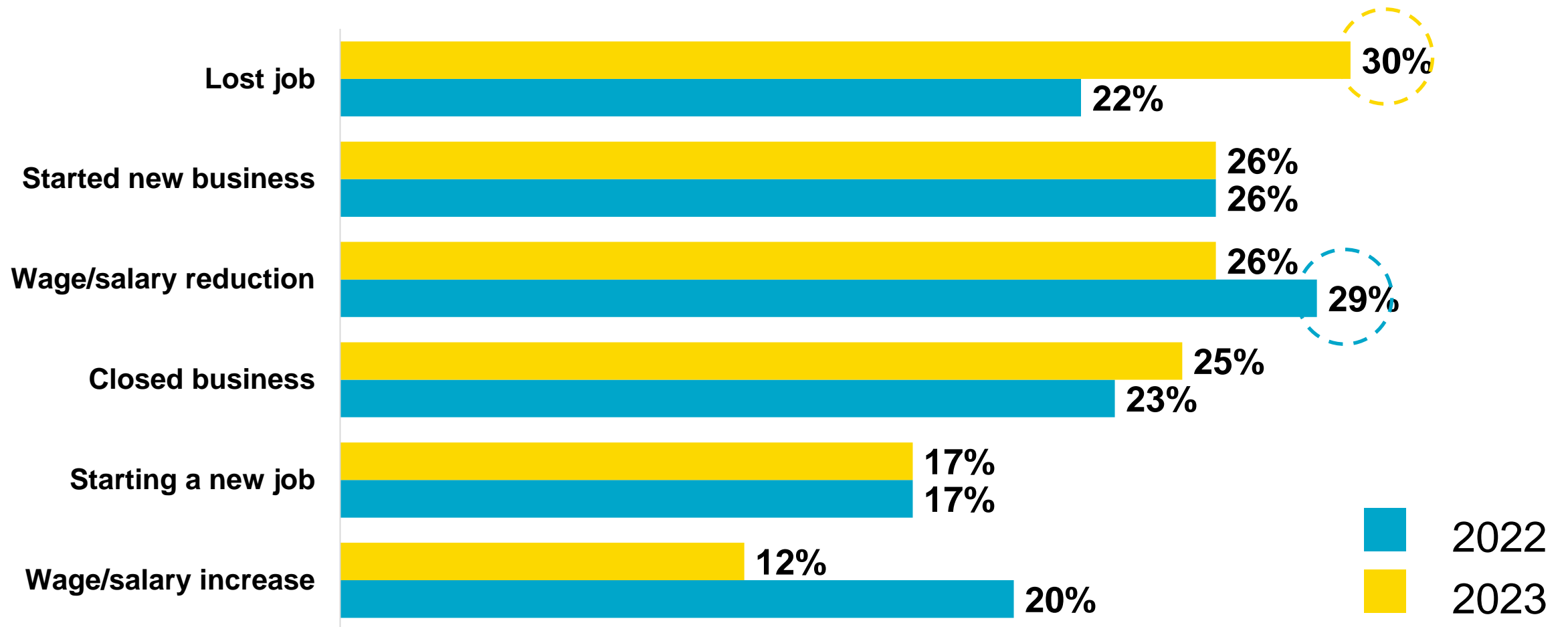
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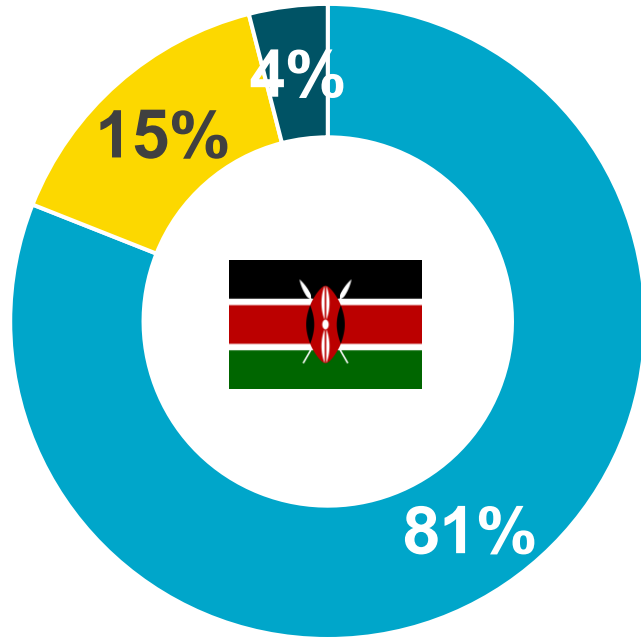
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- Increased
- Stayed the same
- Decreased

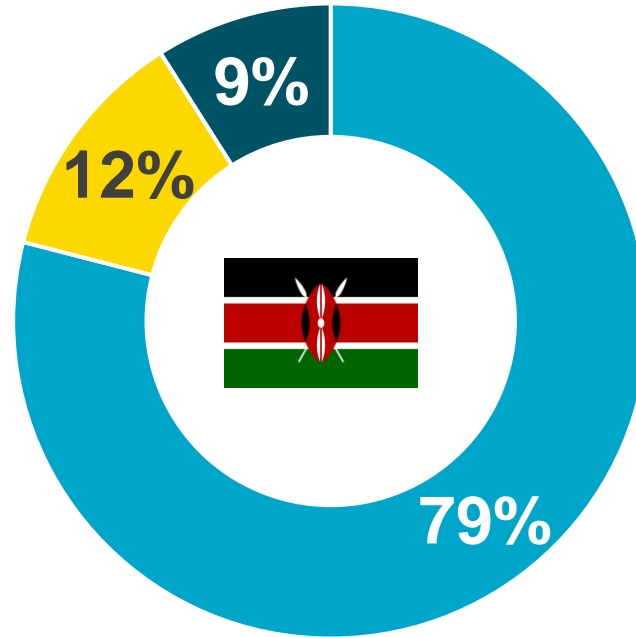
# Top six reasons for changes in current household income



# Consumer sentiment toward household income expectations for the next 12 months



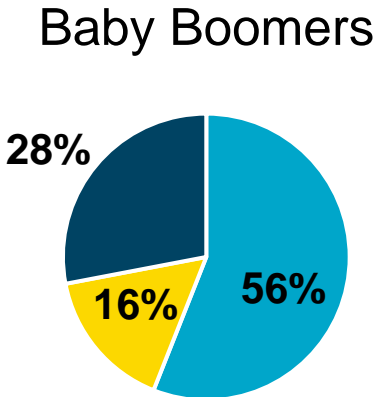
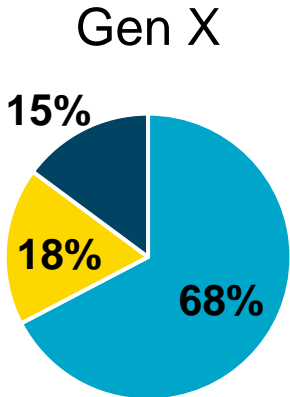
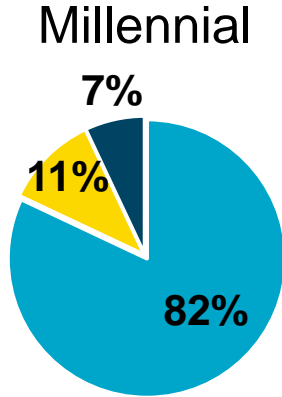
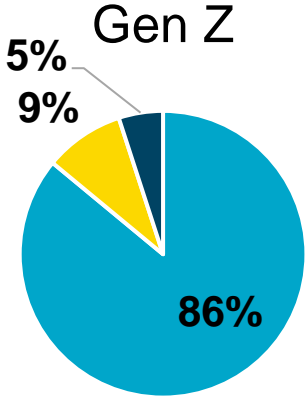
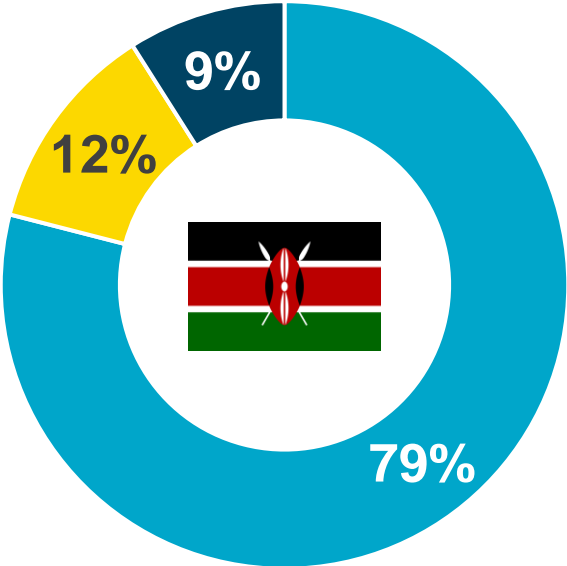
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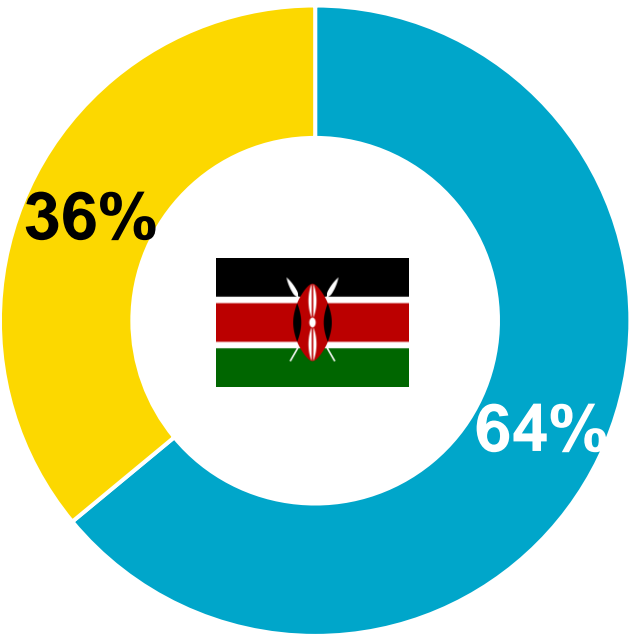
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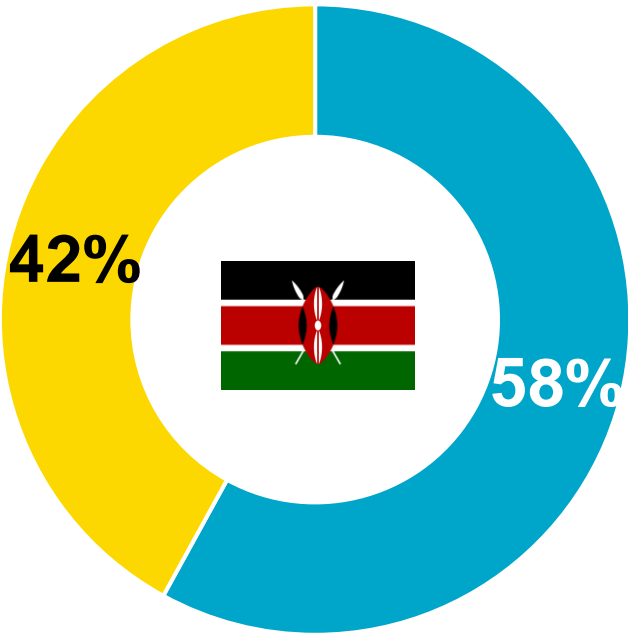
# Consumer perspectives on anticipated household income changes





# Consumer expectations on paying at least one of their bills and loans in full



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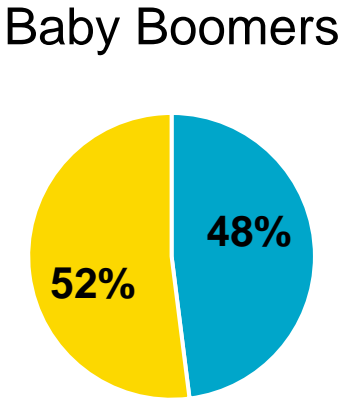
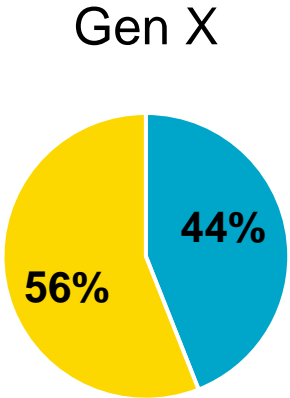
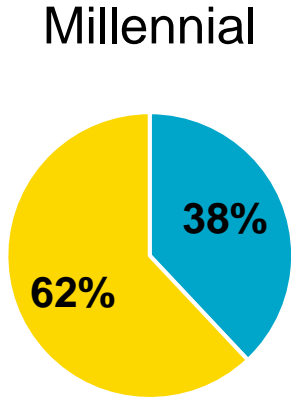
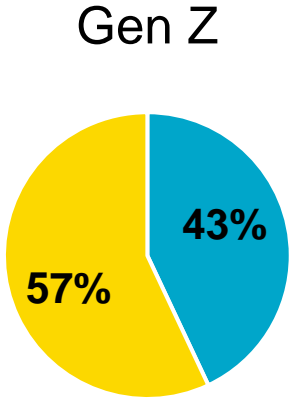
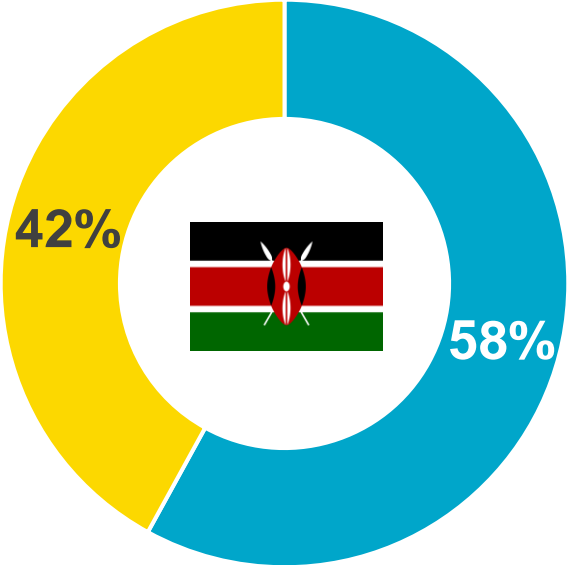




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-  Able to pay
-  Unable to pay

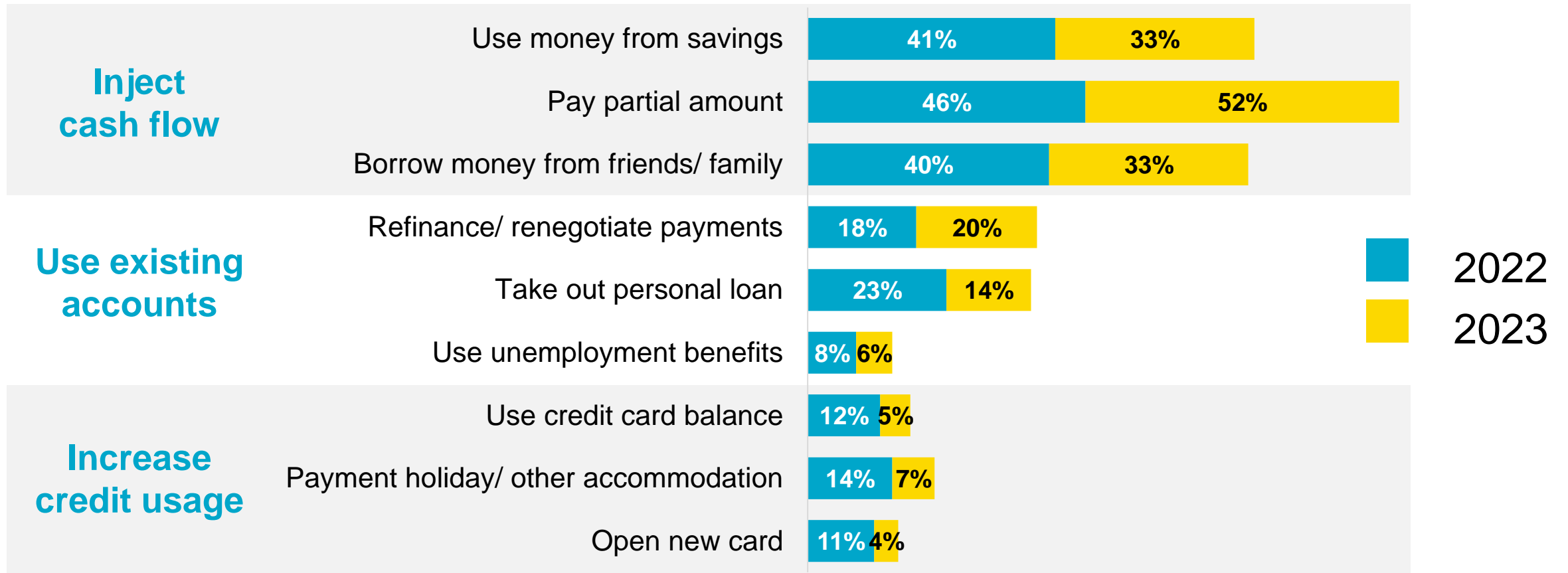


# How consumers view their ability to clear at least one debt



 Able to pay  
 Unable to pay

# Consumers unable to service their debts in full plan to...

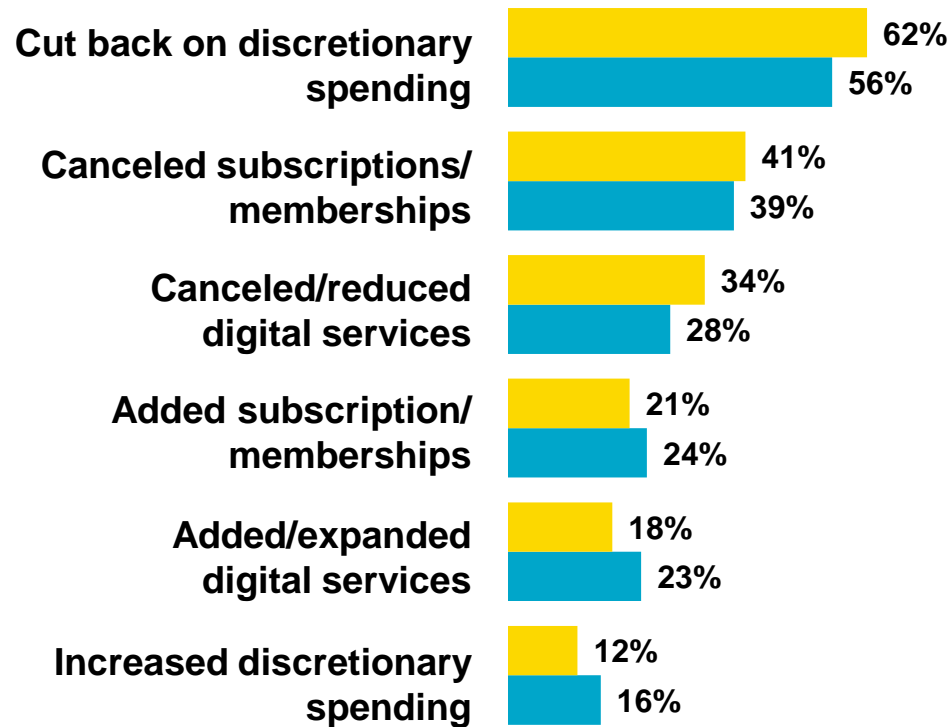


\*Multiple answers allowed



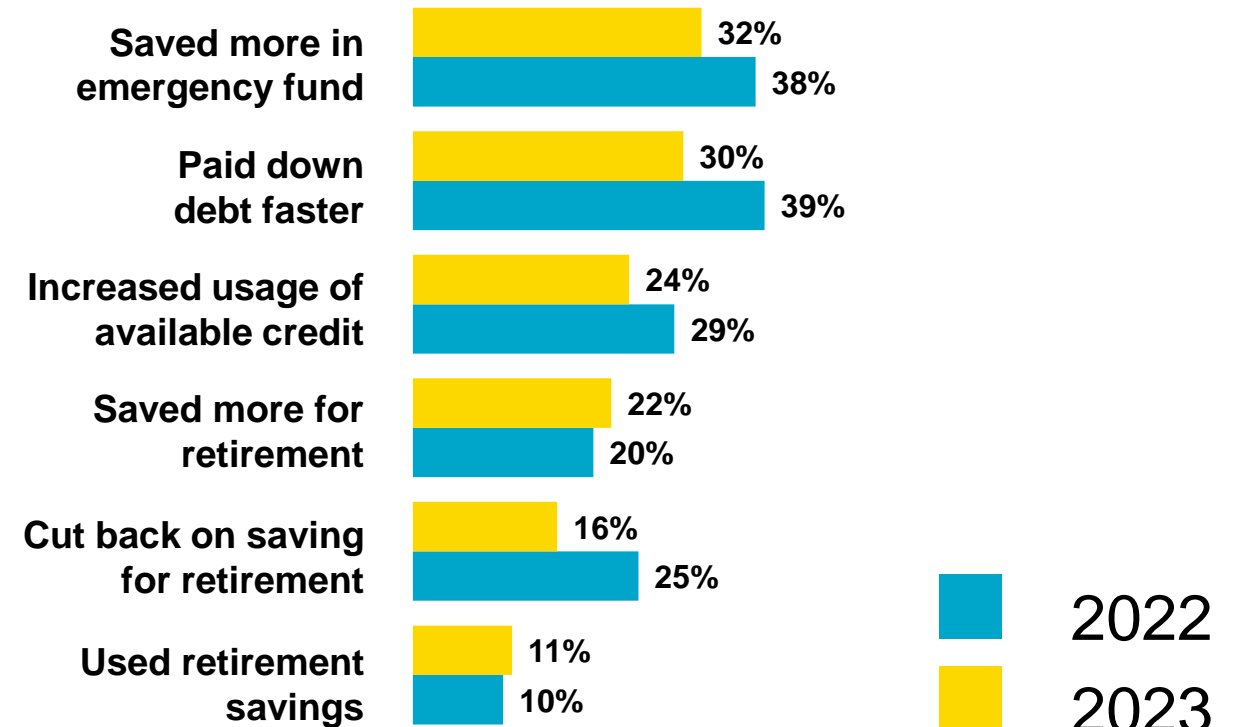
# Changes to consumer household budgets in the last three months

## Spending\*



\*Multiple answers allowed

## Debt and savings\*

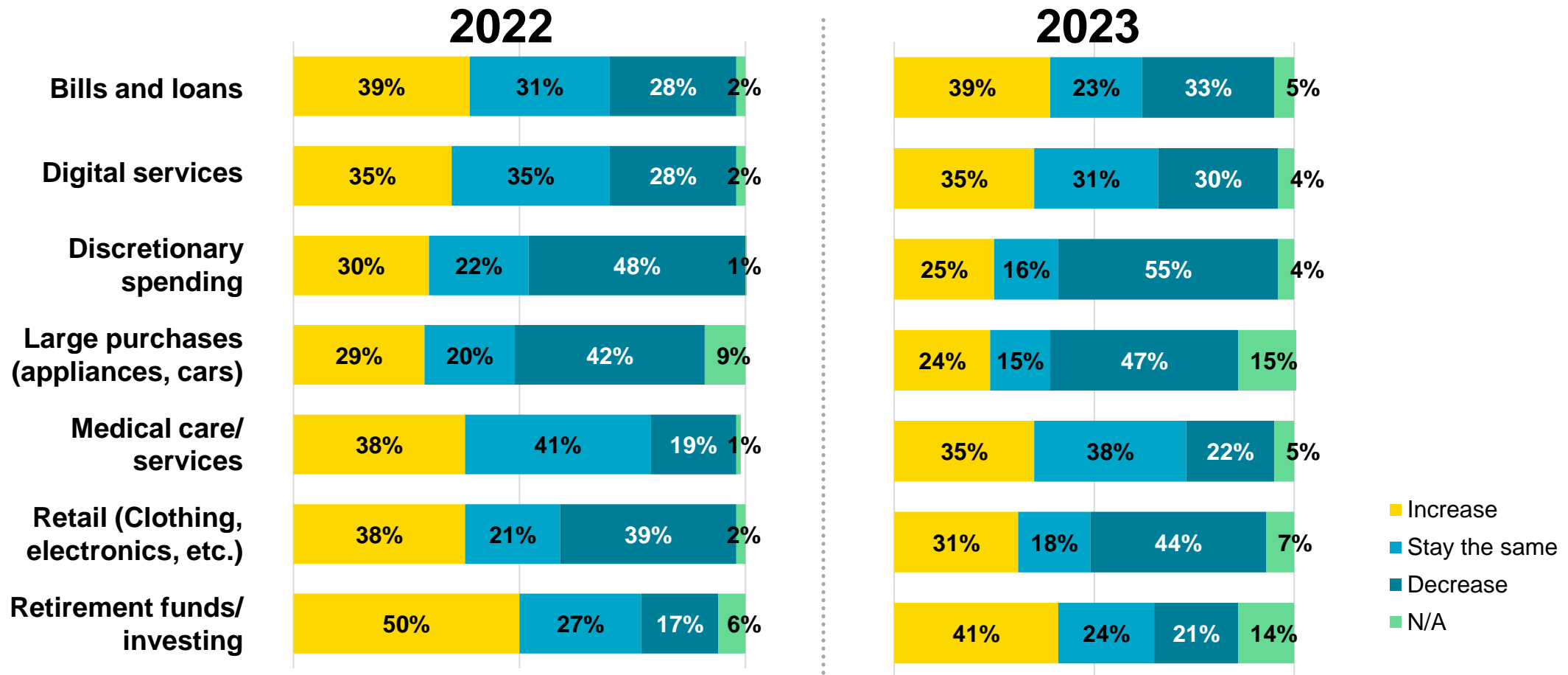


\*Multiple answers allowed

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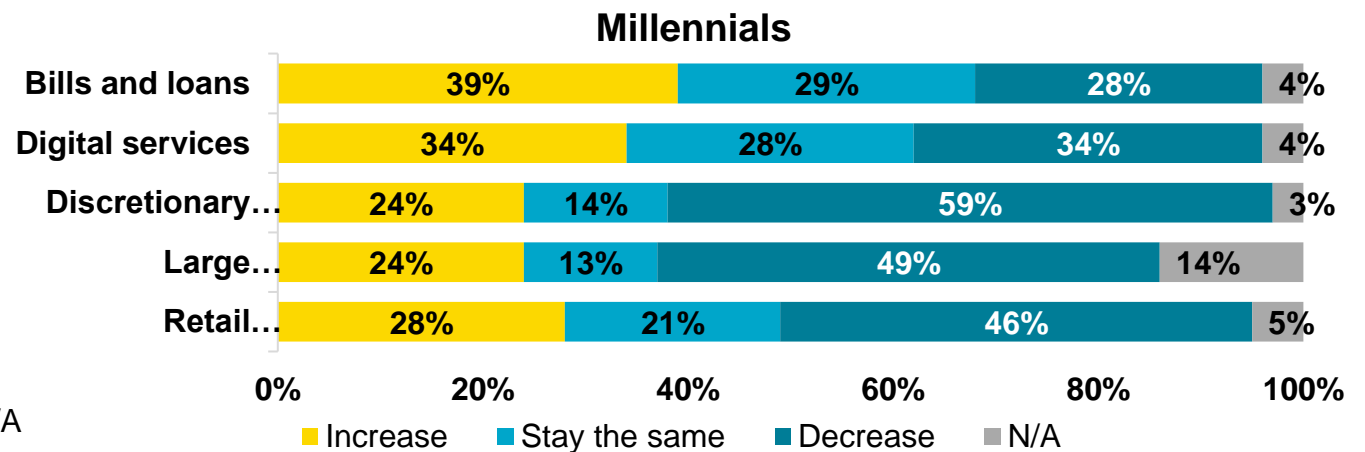
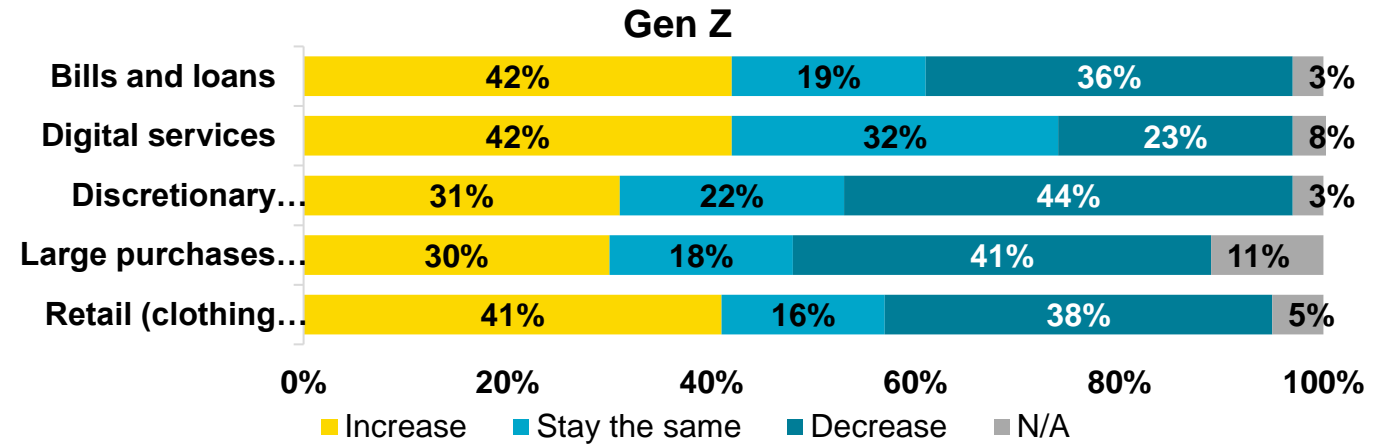
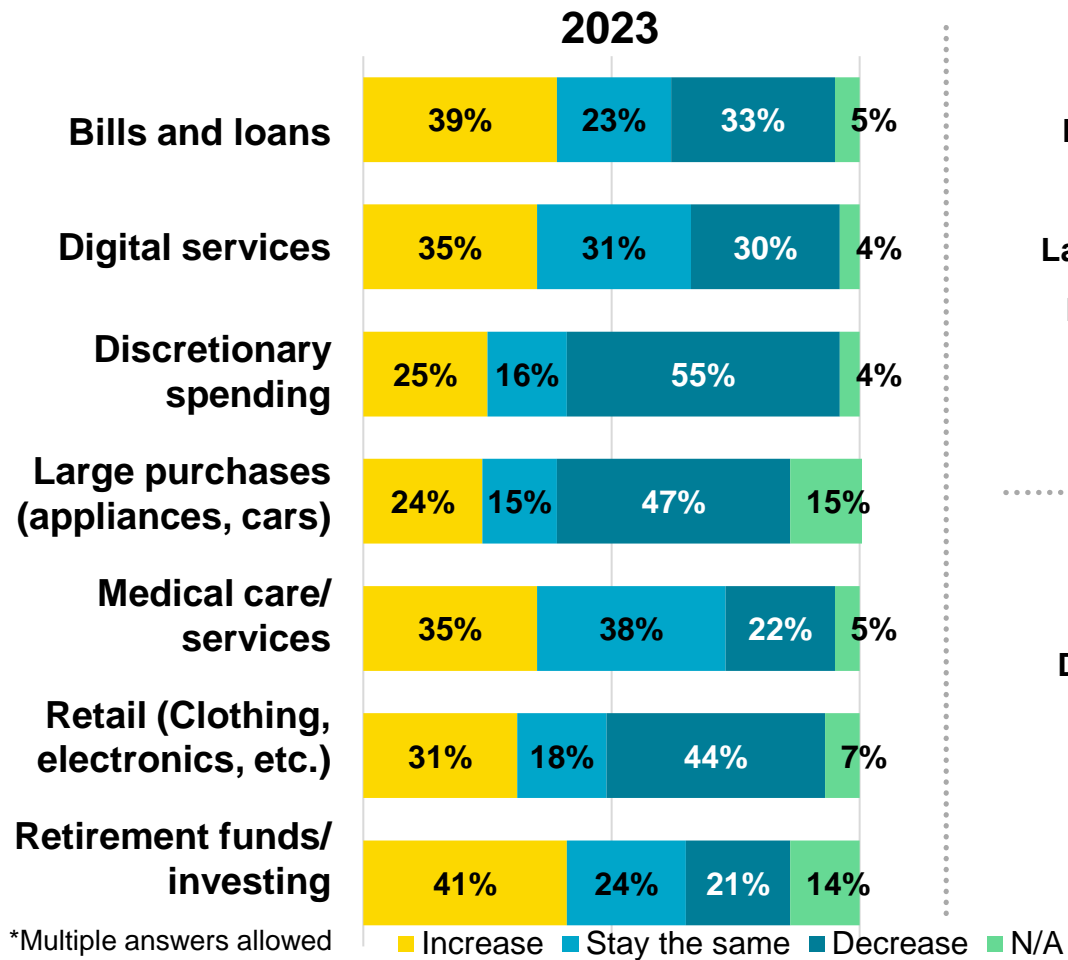
# Changes to consumer household spending in the next three months



\*Multiple answers allowed



# Changes to consumer household spending in the next three months



TransUnion Consumer Pulse Study (Kenya)

# In summary



## Household income

- **< 30% reported increased household income levels**
- Unprecedented decrease as a result of **significant job losses**
- **Optimism** about economic opportunities in the coming months



## Capacity to service

- **Declining number of consumers** able to pay at least one bill and loan in full
- Consumers are **planning to pay less** of what is due
- Those unable to repay **plan to pay partial amounts, use savings or borrow** from family/friends



## Consumer spending and saving

- About 2 in 3 Kenyans have **cut discretionary spending**
- **One in three** Kenyans have **saved** in preparation for tougher conditions
- More than half of consumers plan to **cut back on discretionary spending** and large purchases

# FINANCIAL INCLUSION

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## Consumer attitudes and plans for economic participation

**98%** believed having access to credit and lending products is essential to achieving financial goals

**Only 33%** (last year 44%) believed they currently have sufficient access to credit

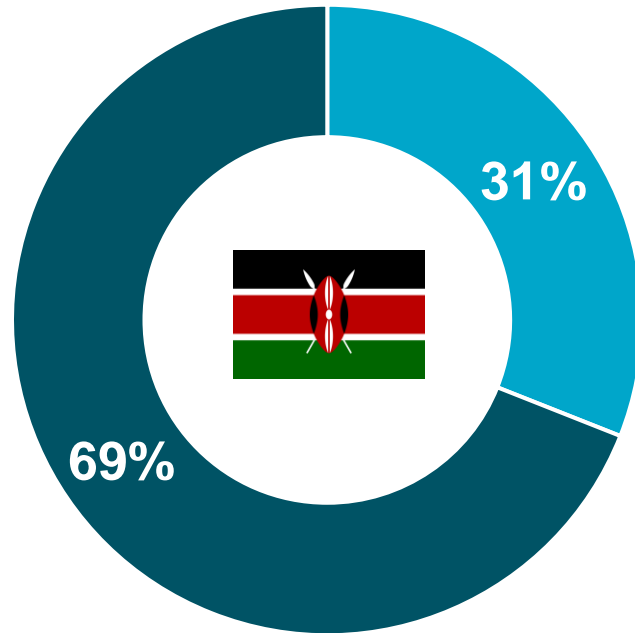
**55%** (last year 60%) planned to apply for new credit or refinance existing credit

Those who intended to apply cited these as top three products: **personal loan**, **mobile loan** and **credit card**

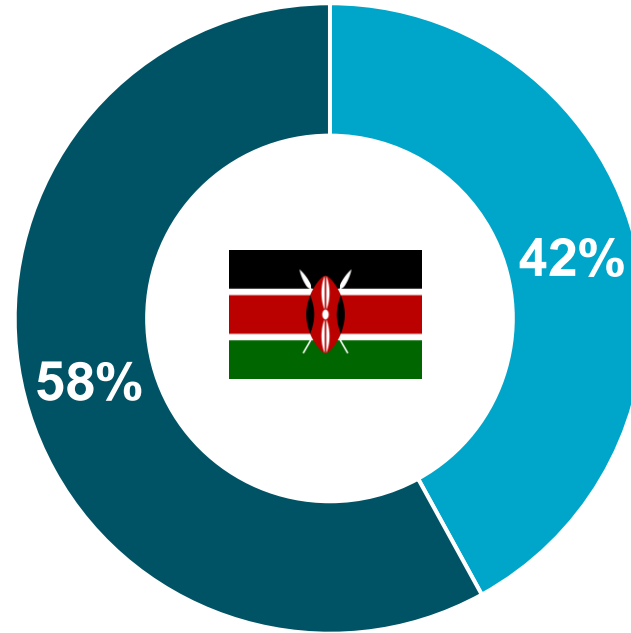




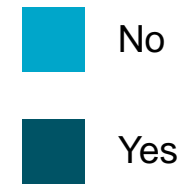
# Consumer abandonment rate for new credit/refinancing of credit products



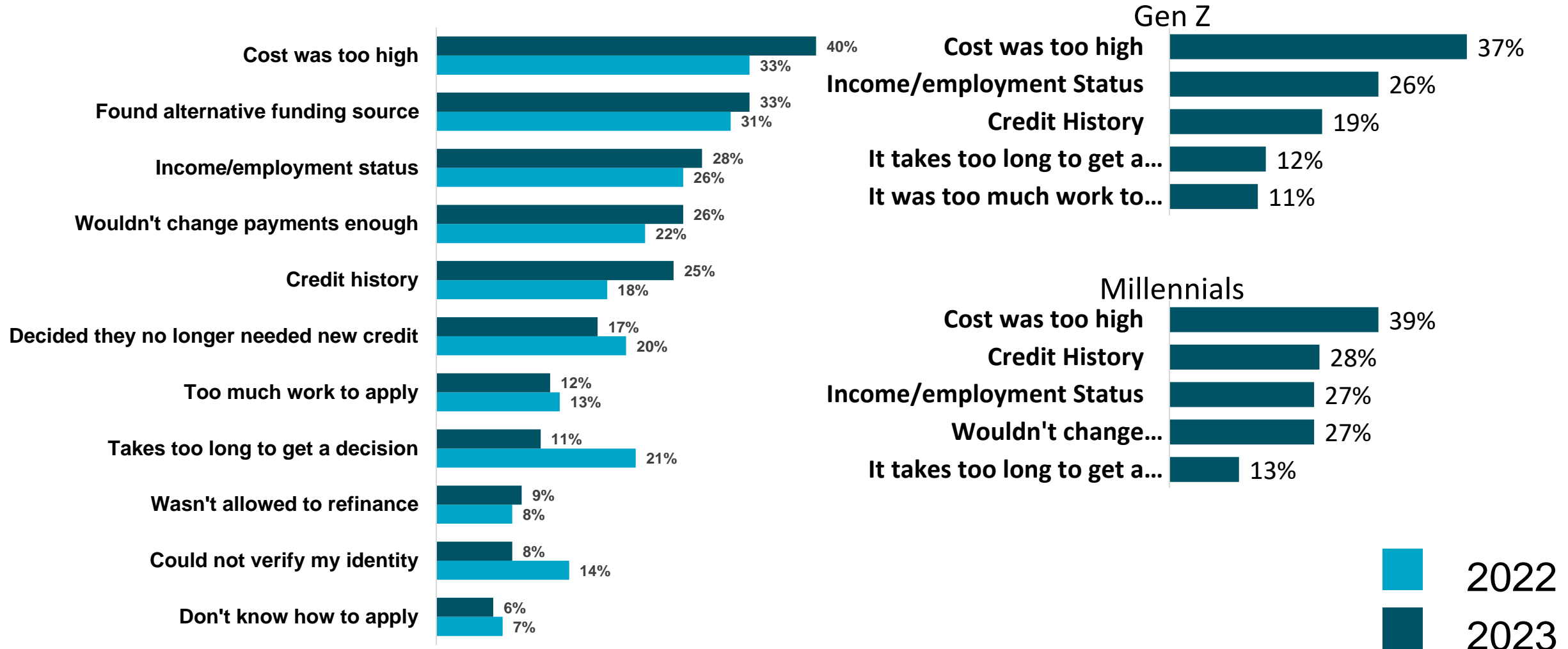
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# Main reasons why consumers abandoned their application for credit



\*Multiple answers allowed



# In summary



## Importance of credit

- Most believed **access to credit** and lending products is **essential**
- Perceived **level of access** to credit is relatively low and **declining YoY**



## Application for credit

- A **significant number** of consumers are planning to **apply for additional credit**
- While most intended to apply, **many abandoned** the application
- **Primary reason** for abandonment was **cost**



## Product preference

- Consumers intended to apply for **personal and mobile loans**

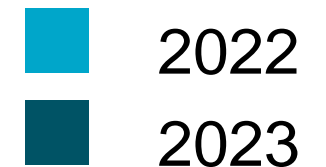
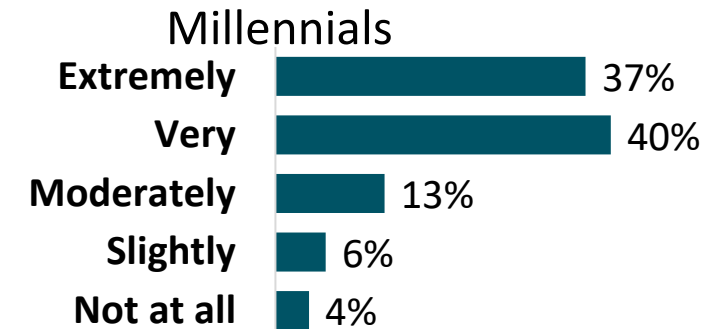
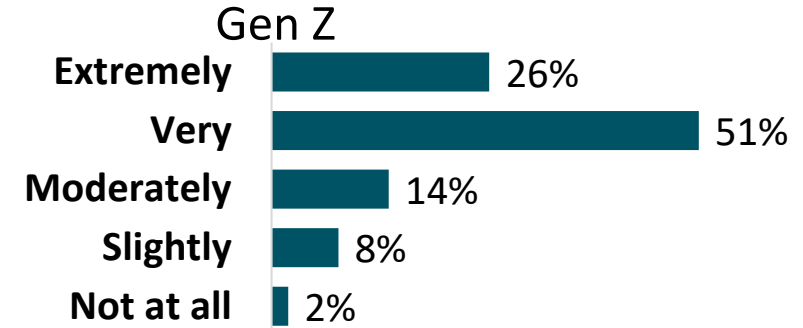
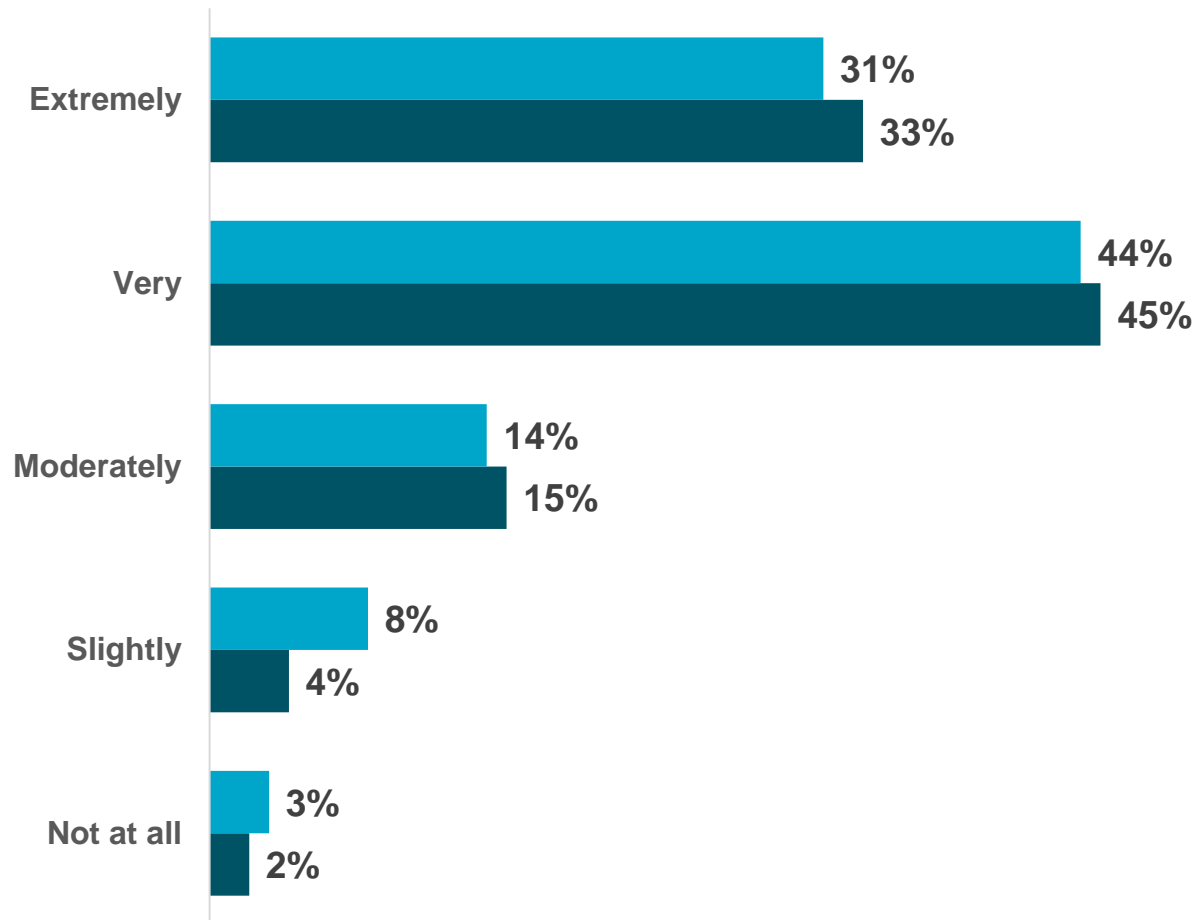


# CONSUMER EMPOWERMENT

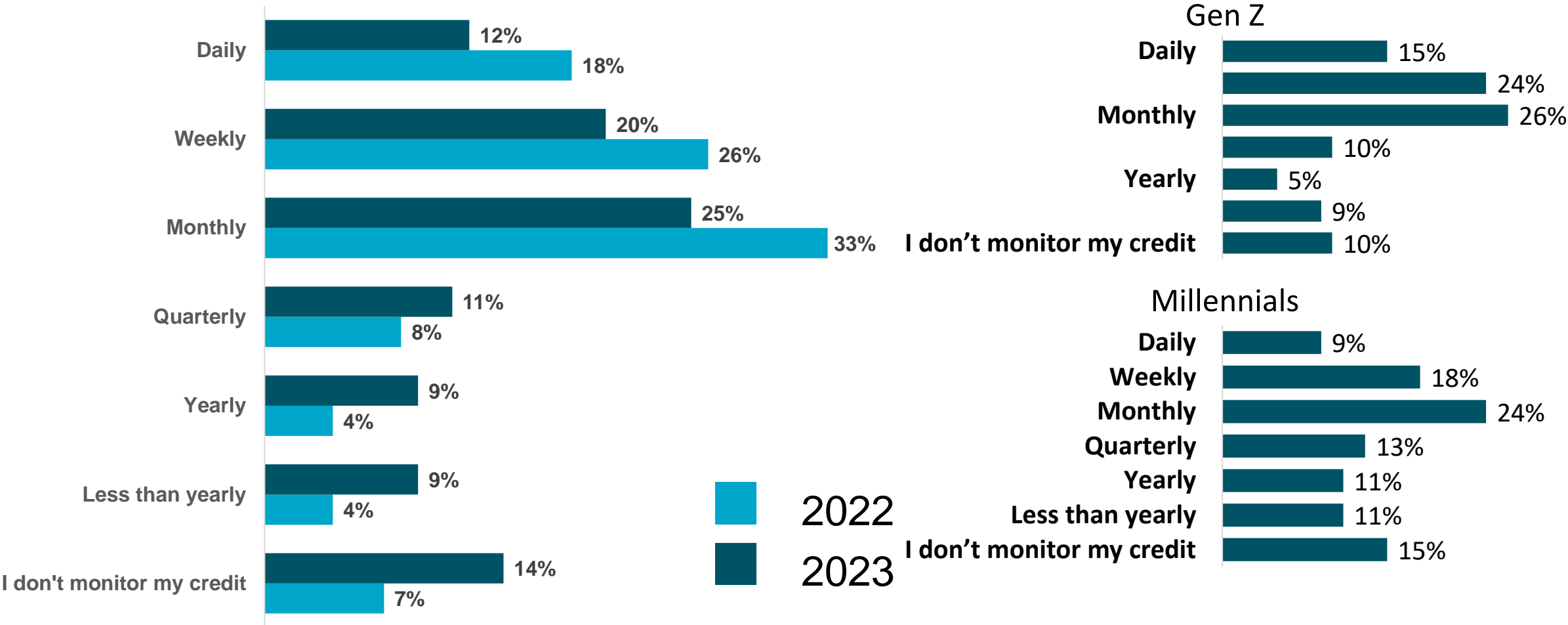
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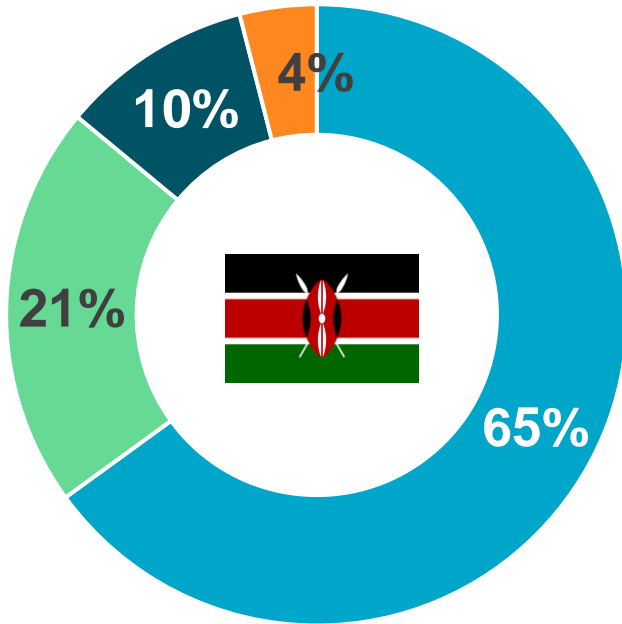
# Most consumers believed credit score/health monitoring is important



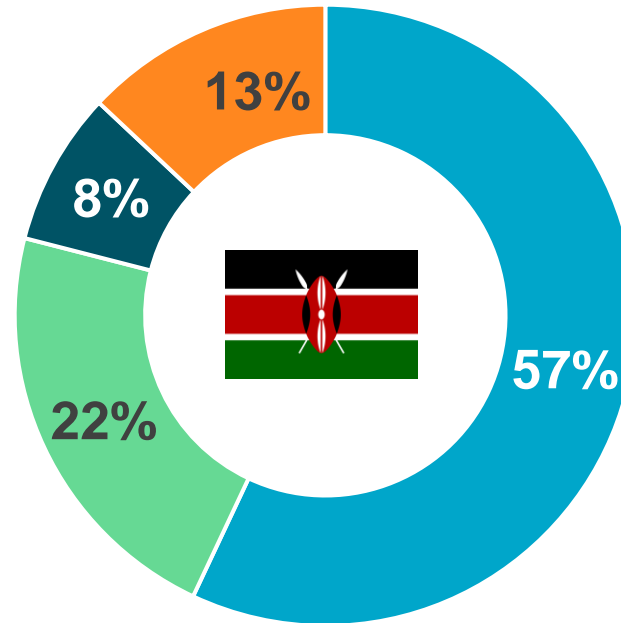
# Most consumers monitor their credit on a monthly basis



# Consumer perspective on how alternative data will impact their credit score



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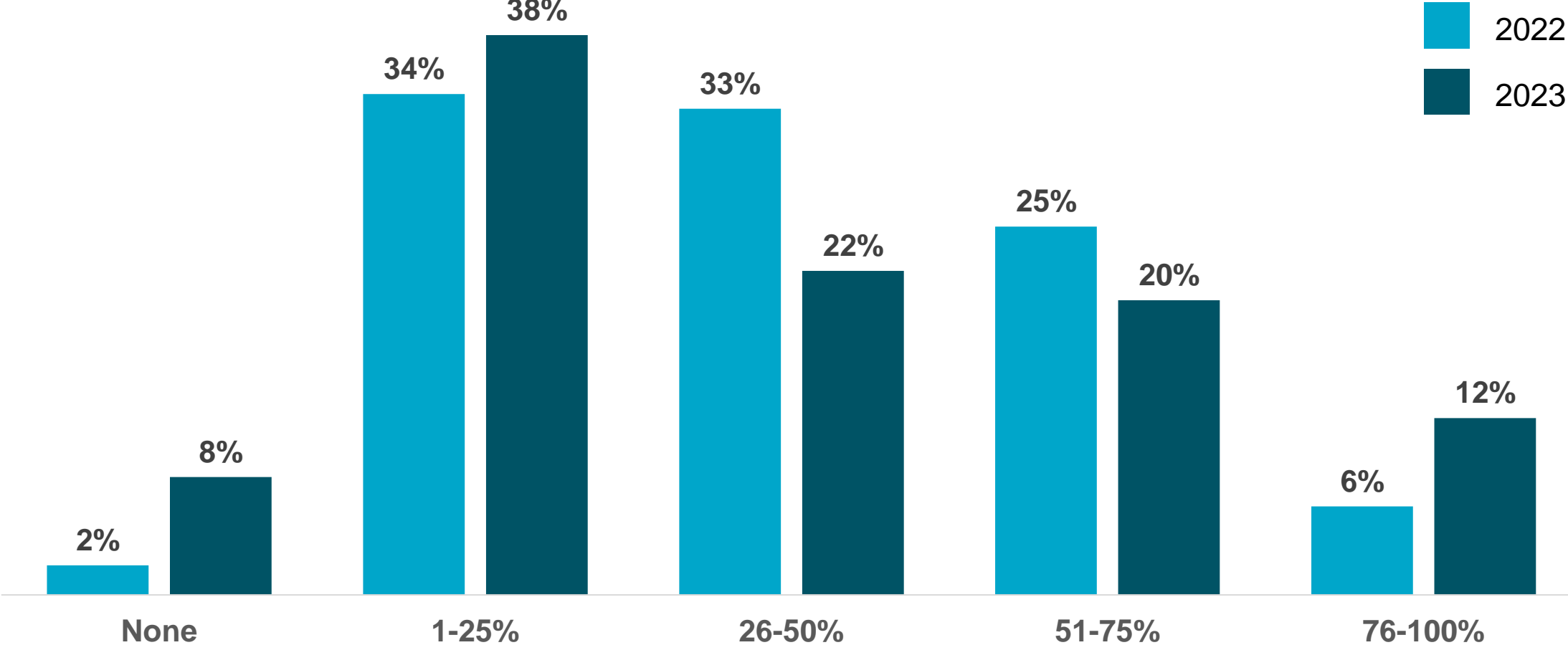
# IDENTITY PROTECTION

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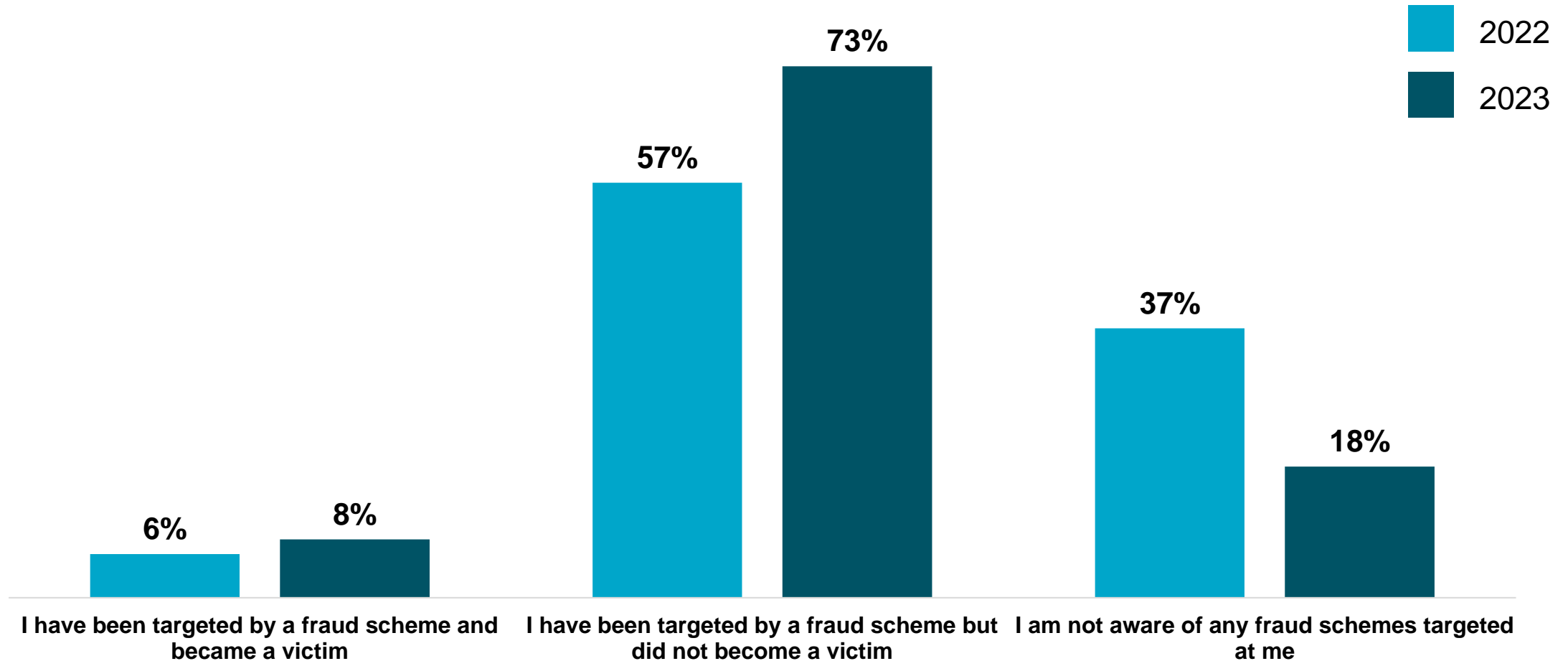




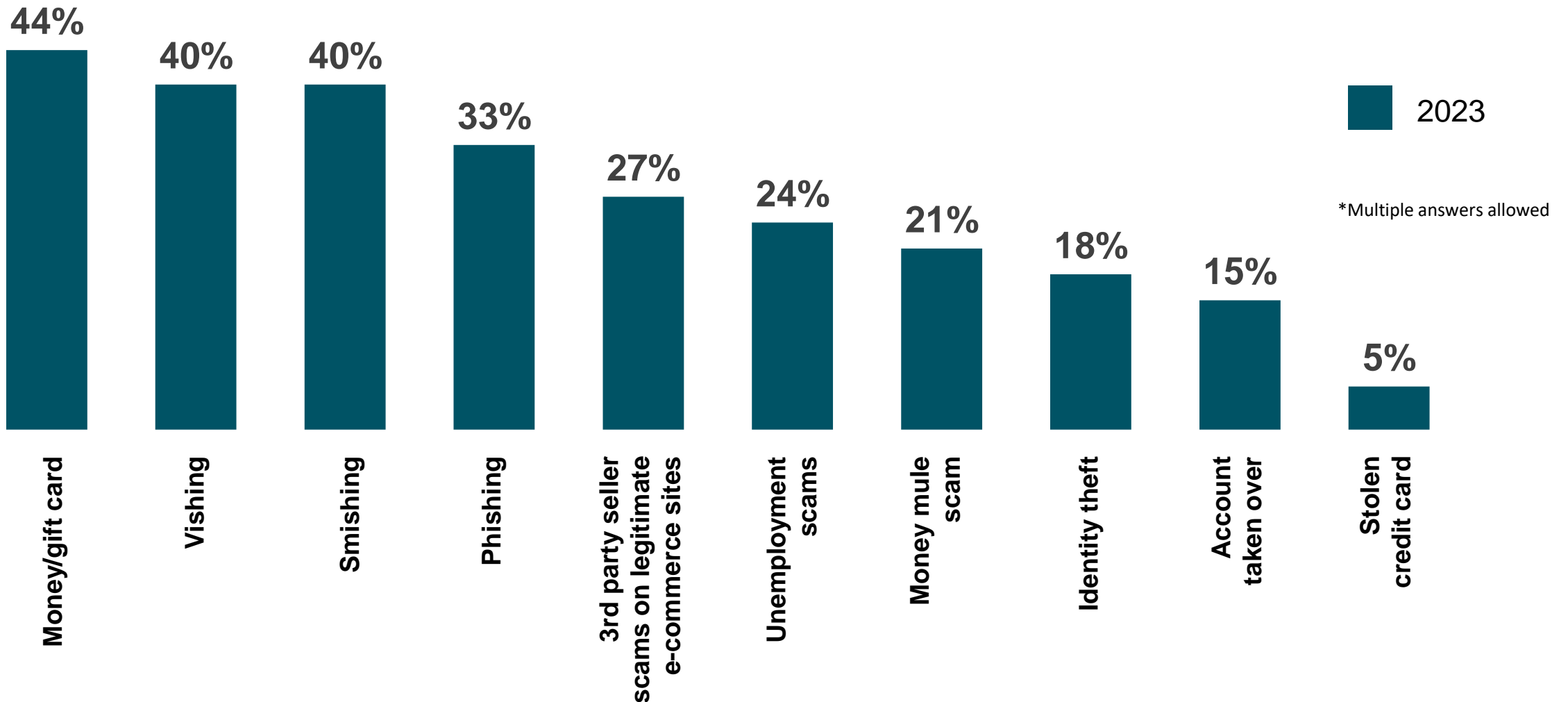
# Percentage of transactions done online



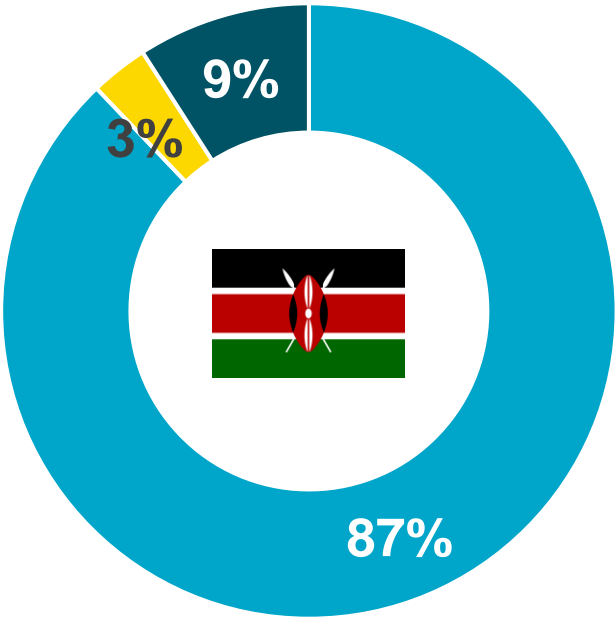
# Consumer experience with digital fraud attempts in the last three months



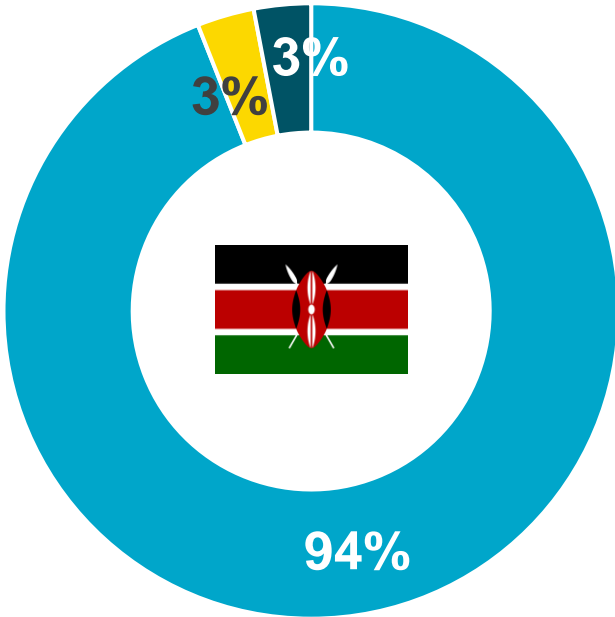
# The most frequent fraud schemes targeting consumers\*






# Consumer concerns regarding sharing of personal information



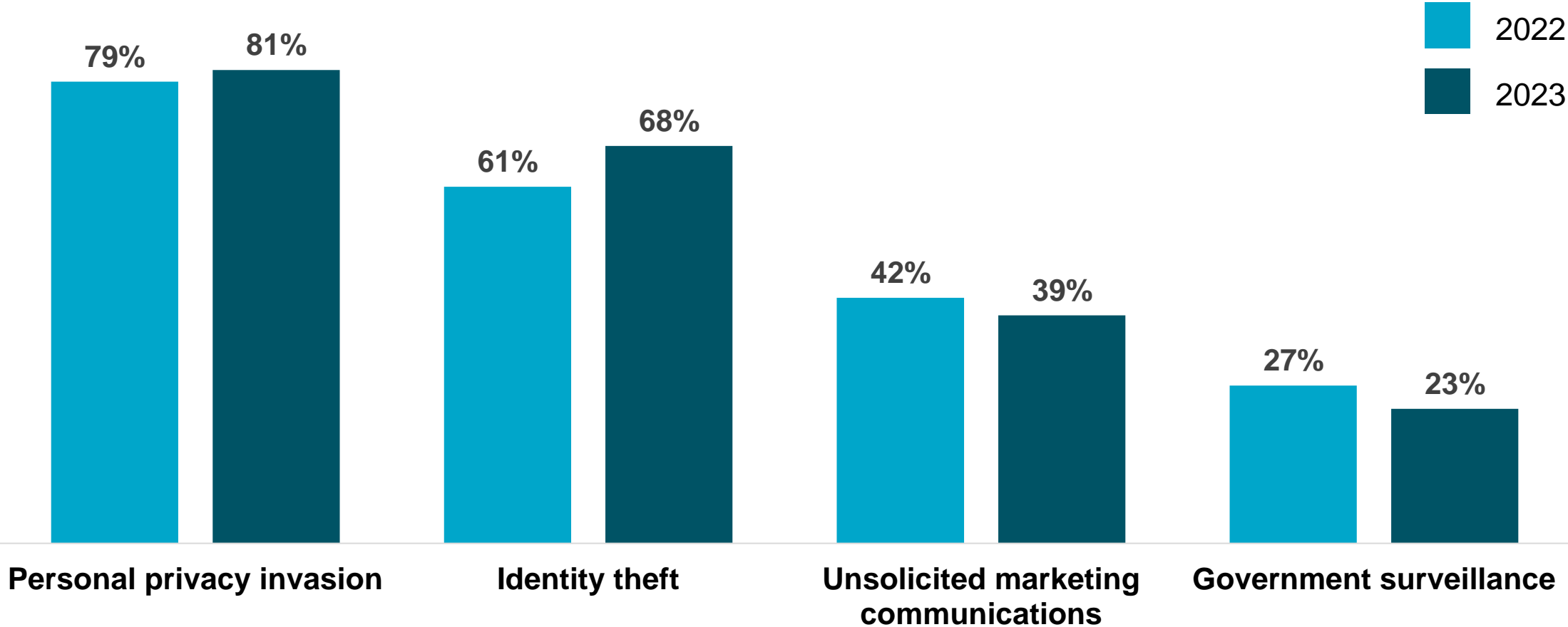
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2023

-  Concerned
-  Not concerned
-  Neutral

# Reasons for concern



\*Multiple answers allowed

# TransUnion recommendations across the customer journey



## Leverage credit education and promote awareness

- Promote financial literacy
- Create a learning experience for stickiness and loyalty



## Streamline the acquisition experience

- Leverage digital onboarding solutions
- Smooth out cumbersome processes
- Minimise applications abandonment

## Identify segments primed for prudent growth

- Gain more predictive insights during times of uncertainty
- Use trended credit data to reassess risk appetite
- Identify potentially profitable underserved consumers looking for additional credit



## Recalibrate pricing strategies to enable more tailored solutions

- Monitor their capacity to service their debt obligations
- Leverage proactive triggers and alerts



**THANK YOU**