

Consumer Pulse Study

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

Kenya 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 opportunity for consumers.

KEY TAKEAWAYS



Kenyan households experienced a modest financial rebound in Q2 2024. Despite 36% of consumers reporting income decreased in the last three months, 34% saw increases, reflecting a six percentage-point improvement from a year ago, led by gains among Gen Z and Millennials. Kenyan consumers were optimistic about their future incomes with 85% expecting an increase over the next 12 months, particularly among younger generations. Starting new businesses was a key factor for improved incomes, while the impact of job losses decreased from last year. The number of consumers able to pay their bills in full rose to 64%, while those unable to pay decreased to 36%. Debt management was crucial, especially among older generations as 43% prioritised paying debt off faster. Additionally, 56% of households, particularly among Gen X, reduced their discretionary spending in the last three months. Consumers anticipated increased spending primarily on retirement funds, bills and loans, and digital services.



Rising financial inclusion and demand for credit. Only 36% of consumers believed they have sufficient access to credit, up from 33% a year ago. Nonetheless, the increase in financial inclusion is noteworthy. Demand for credit remained relatively high in Q2 2024 as 60% of consumers planned to apply for new or refinancing existing credit within the next 12 months, a four percentage-point increase from last year. Millennials and Gen Z showed the highest demand for new credit. Among the 60% planning to apply, 51% considered new personal loans, a four percentage-point increase from last year. However, the follow-through rate on applications could be higher as 66% of those who intended to apply ultimately chose not to. The primary deterrent (cited by 41%) was the high cost of credit.



Consumers are increasingly embracing digital platforms, but security concerns remain high. Forty-two percent of consumers reported at least half of their transactions were conducted online in Q2 2024, a 10 percentage-point increase from a year ago. Notably, 72% of respondents reported being targeted by digital fraud schemes in the past three months but avoided falling victim. However, another 8% were targeted and fell victim. Vishing (45%) surpassed money or gift card scams (44%) as the most common scam, with smishing (44%) and phishing (36%) also on the rise. Concerns about sharing personal information remained very high at 91%, with primary concerns being invasion of privacy (81%) and fear of identity theft (67%), emphasising the need for robust security measures and consumer education to maintain trust in digital platforms.

Household income (HHI), spending and bill payment impact

Kenyan households experienced a modest rebound in financial health in the second quarter of 2024.

Although 36% of households reported a decrease in income over the last three months, nearly as many (34%) saw an increase, reflecting a significant six percentage-point improvement compared to Q2 2023. Gen Z and Millennials experienced the largest income gains.

Kenyan consumers were optimistic about their future incomes as 85% expected an increase over the next 12 months, a solid six percentage-point improvement from a year ago. Optimism was high across all generations, but younger generations were the most hopeful with 92% of Gen Z and 85% of Millennials anticipating increased income.

Households cited starting a new business (27%) as the primary reason for improved income in Q2 2024. A quarter of households reported their incomes declined due to job loss. However, this figure saw a significant decrease of five percentage points from Q2 2023. Formal employment in Kenya increased with growth of +4.1% in 2023 – driven by expanded job opportunities in the food services and accommodation sector attributed to a surge in tourism.¹

The number of consumers able to pay their bills in full increased significantly to 64%, while those unable to pay decreased by six percentage points to 36%. Consumers were resolute in tackling their outstanding debts; many (51%) opted to pay partial amounts if unable to settle them in full. This inclination was notably pronounced among Gen X at 61%. Meanwhile, one-third of households (especially among Millennials and Gen Z) intended to utilise savings to service their debts.

Paying debt off faster remained a priority for 43% of Kenyans surveyed (up by 10 percentage points from a year ago) as interest rates continue to rise. A growing number of households, 41% compared to 30% in Q2 2023, reported increasing their contributions to emergency funds as a strategic measure to mitigate potential payment shocks.

In the past three months, 56% of households (particularly among Gen X) reduced their discretionary spending, a decrease of seven percentage points from a year ago. Looking ahead to the next three months, 49% of consumers expected to reduce their discretionary spending, and 42% anticipated cutting back on large purchases like appliances and vehicles. Consumers expected to use increased disposable income to boost spending on retirement funds and investing (48%), bills and loans (41%), and digital services (38%). The possible easing of inflationary pressures in Kenya may lead to strong household disposable income growth, which could in turn support household consumption in 2024.

Figure 1. Household income change last three months

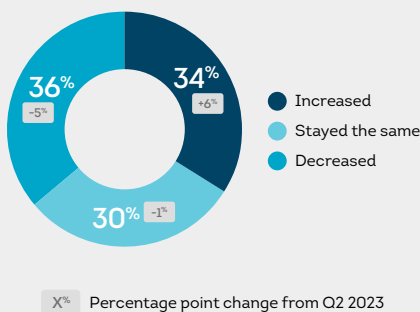


Figure 2. Expected household income change next 12 months

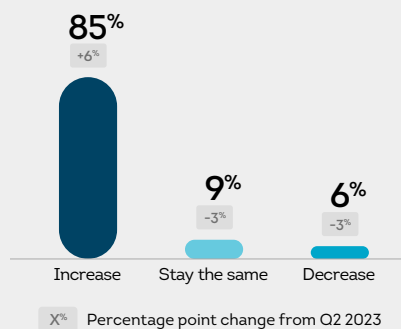
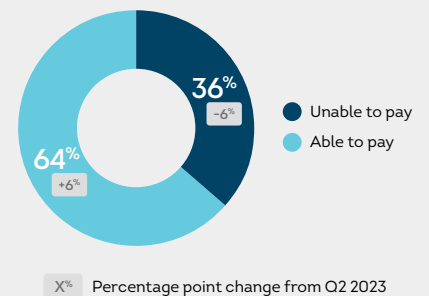
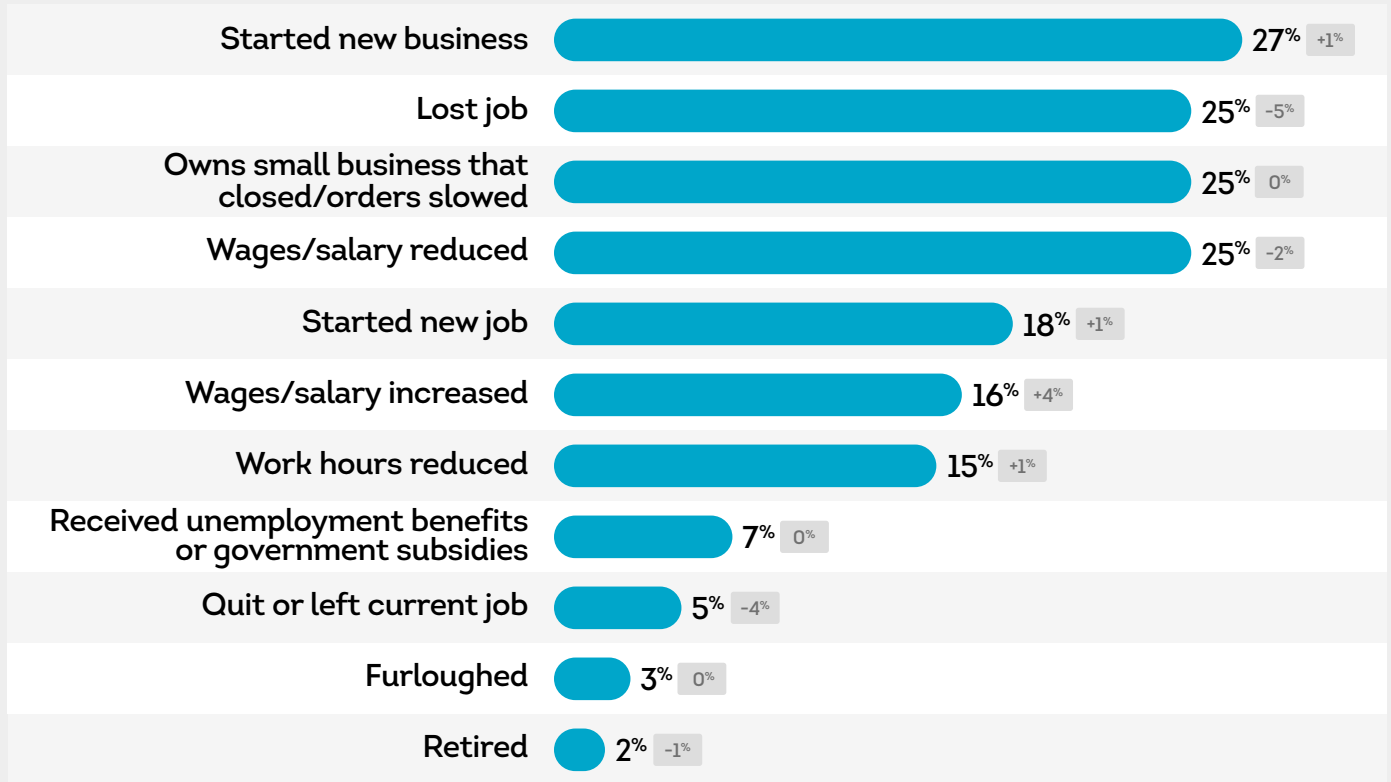


Figure 3. Expect to be unable to pay at least one of their current bills and loans in full



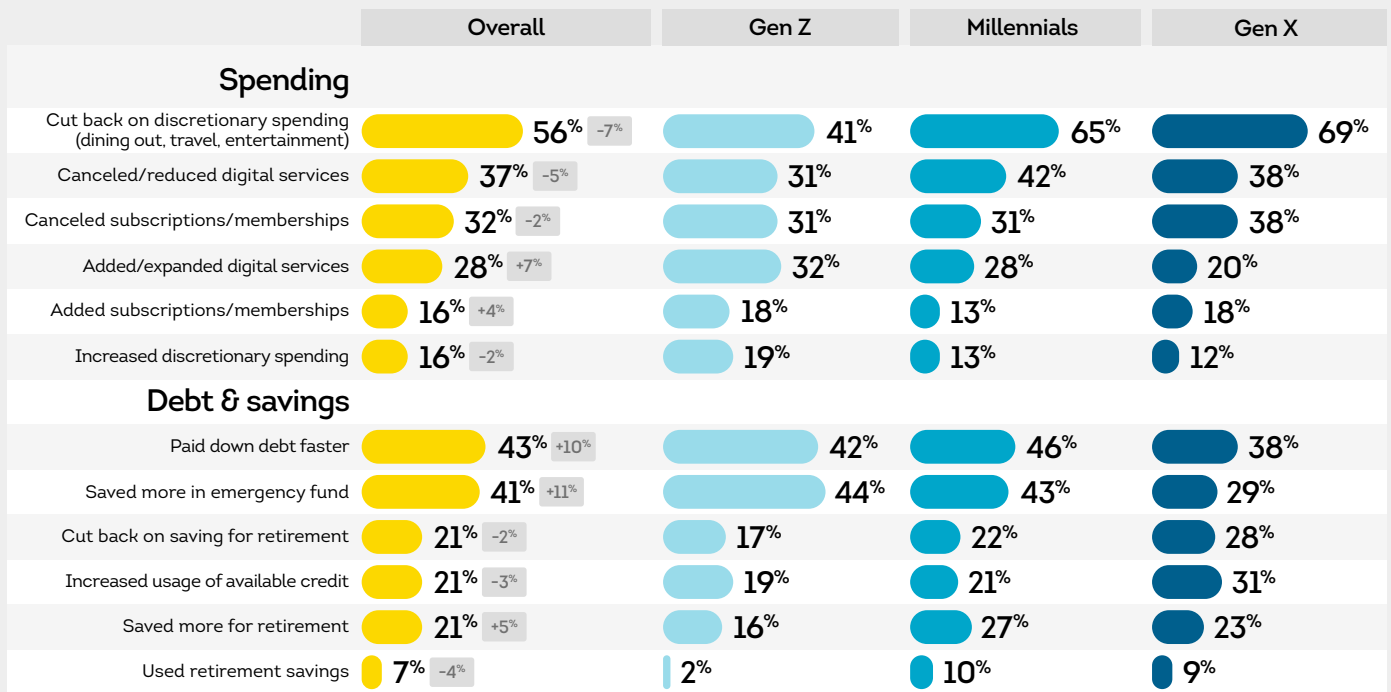
¹ Kenya National Bureau of Statistics, Economic Survey 2024

Figure 4. Reasons for change in current household income



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)

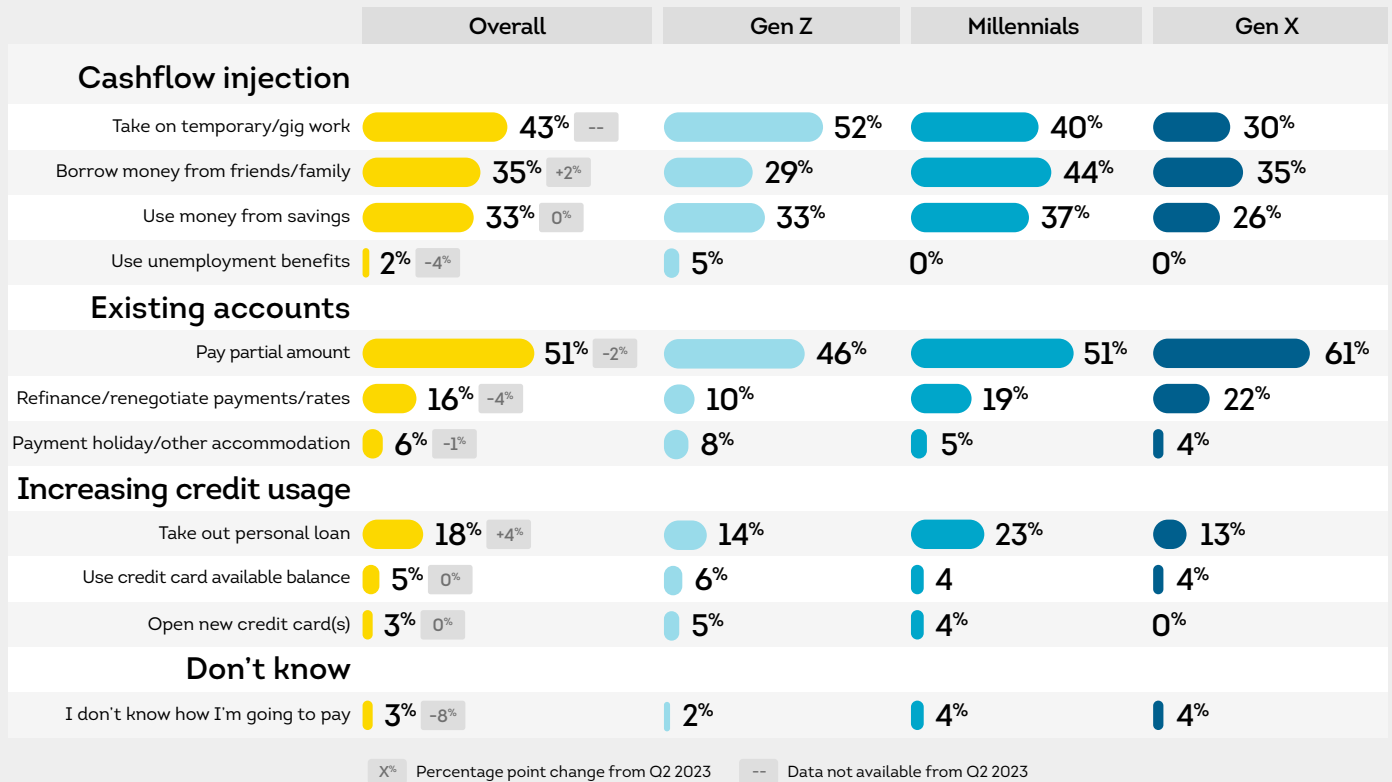
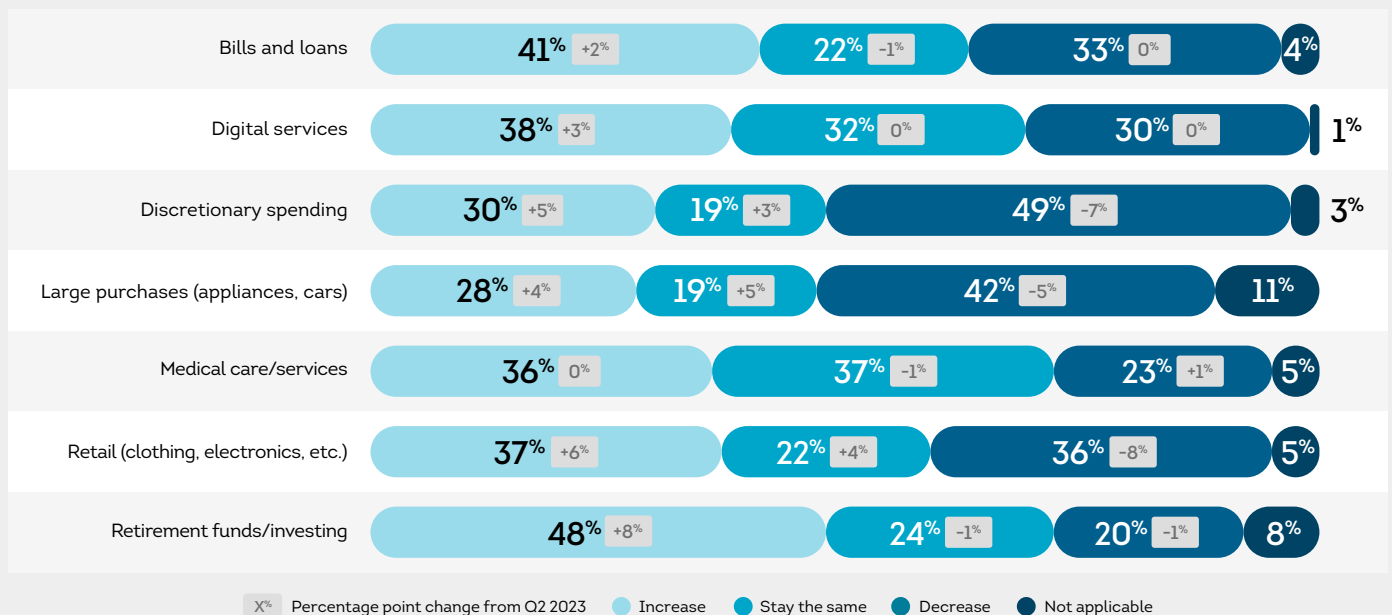


Figure 7. Expected change to household spending over next three months



Attitudes and plans for economic participation

Nearly all (99%) consumers deemed access to credit as essential. Yet, only 36% of respondents believed they have sufficient access to credit compared to 33% a year ago. The increase in financial inclusion is nonetheless noteworthy. It's mainly driven by banks adopting mobile technologies and the rise of electronic payment methods like digital wallets. These advancements are transforming the financial services landscape and increasing convenience and accessibility for consumers.

The demand for credit remained relatively high in Q2 2024 as 60% of consumers considered applying for new or refinancing existing credit within the next 12 months, a four percentage-point increase from last year. Millennials (64%) and Gen Z (60%) showed the highest demand for new credit.

Among the 60% of consumers who planned to apply for new or refinance existing credit in the next year, 51% considered new personal loans, a four percentage-point increase from a year ago. Millennials (55%) and Gen X (58%) were the most inclined to take out personal loans. Additionally, 38% of respondents were considering new mobile loans. Interest in buy now, pay later (BNPL) services grew; 33% of consumers planned to explore this option, a five percentage-point increase from Q2 last year.

However, the follow-through rate on applications could be higher as 66% of consumers who intended to apply for credit ultimately chose not to. The primary deterrent (cited by 41% of consumers) was the high cost of credit. The recent 50 basis-point increase in the policy rate raised the average commercial bank lending rate to 15.9%, the highest level in eight years², resulting in higher monthly debt payments for consumers.

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



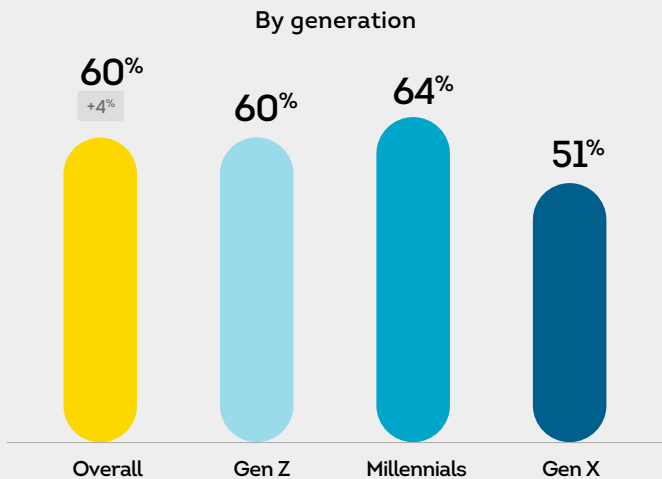
X% Percentage point change from Q2 2023

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



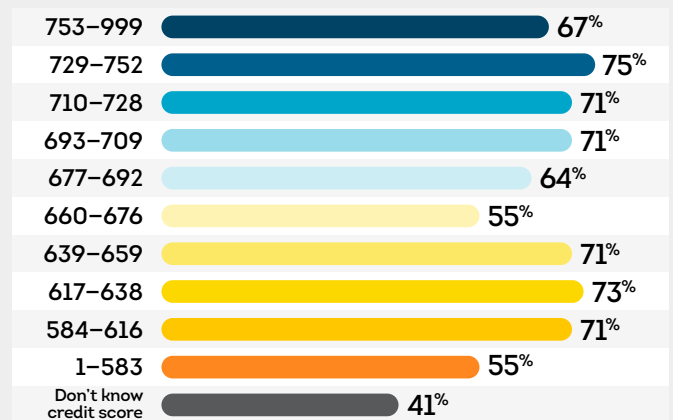
X% Percentage point change from Q2 2023

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

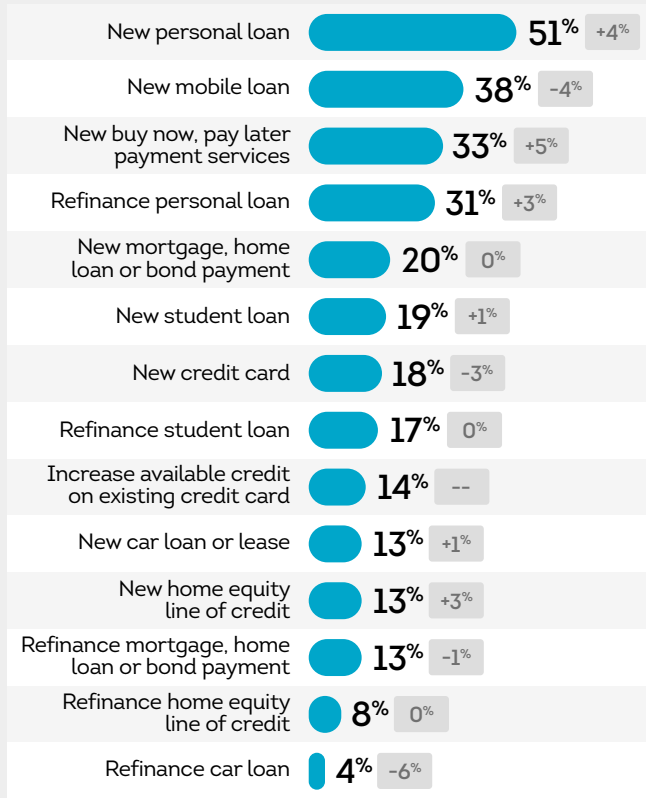


Self-reported credit score ranges

² Central Bank of Kenya, [Commercial Banks Weighted Average Rates | CBK \(centralbank.go.ke\)](https://www.centralbank.go.ke)

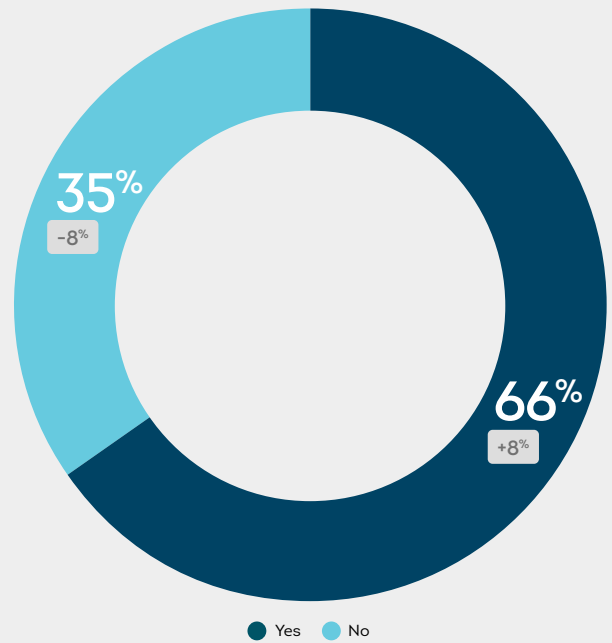
Figure 11. Type of new credit and loan activity planned in next 12 months

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



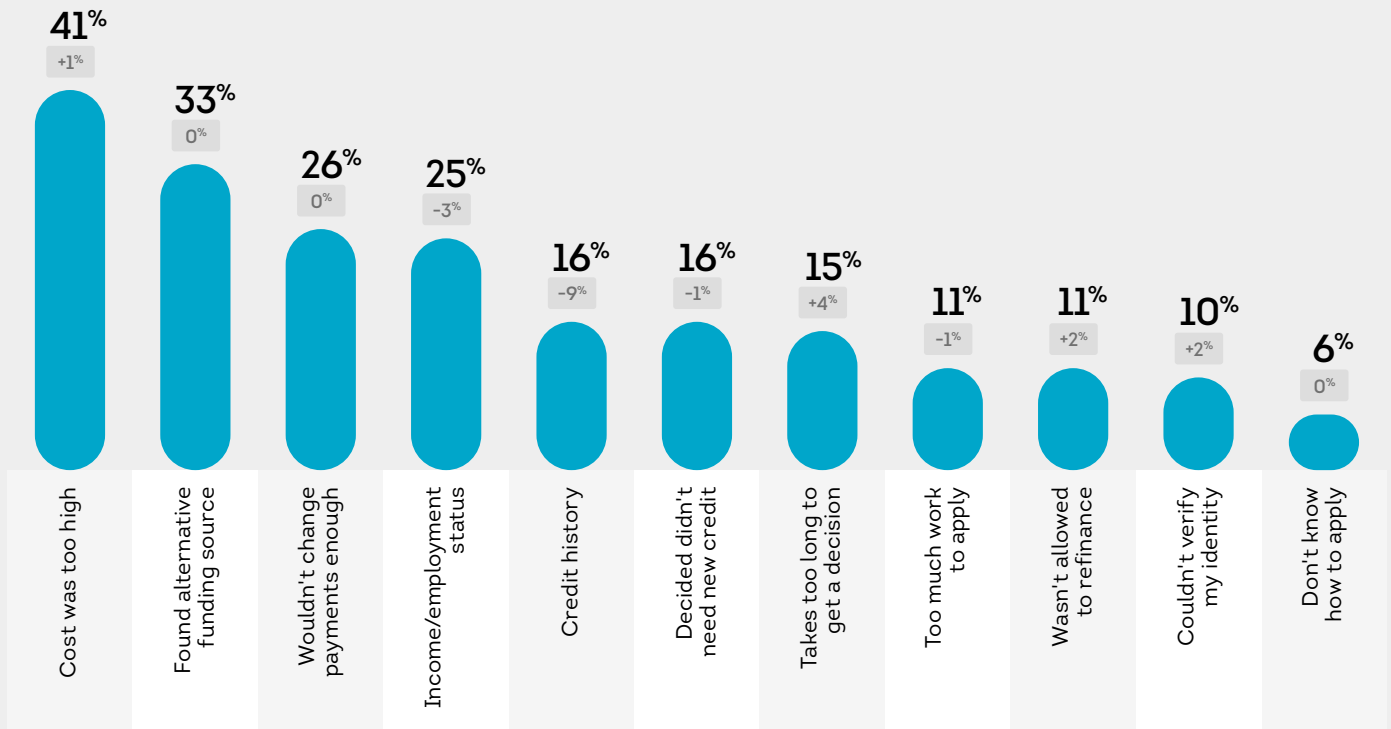
X* Percentage point change from Q2 2023 -- Data not available from Q2 2023

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

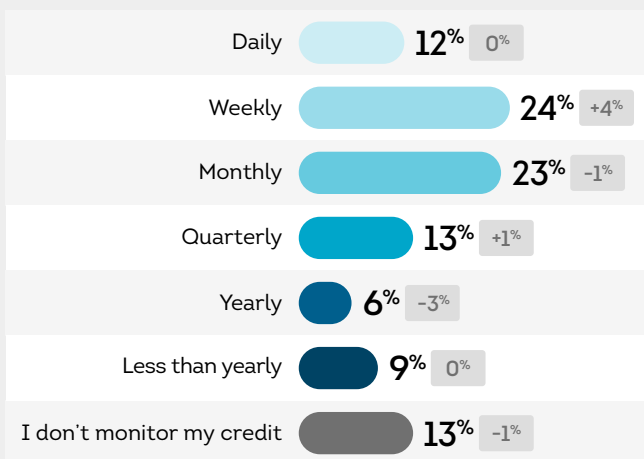
Attitudes and behaviour to manage financial choices

Most (91%) consumers considered monitoring their credit status to be extremely, very or moderately important, underscoring the need to understand and optimise their credit health. Over the past year, the frequency of credit report checks increased with 59% of surveyed individuals reviewing their reports at least monthly, up from 57% the previous year.

In terms of improving their credit scores, 60% (up from 57% last year) of consumers believed including alternative information not typically found on a standard credit report – such as rental payments, gym membership payments and buy now, pay later loans – would enhance their scores.

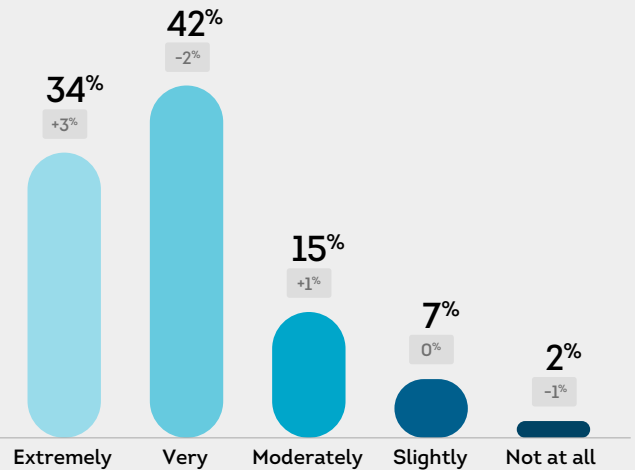
Consumers are increasingly embracing digital platforms; 42% reported at least half of their transactions are conducted online, a significant 10 percentage-point increase from a year ago. Kenya's advanced digital infrastructure – with 96% internet penetration, widespread 3G/4G coverage, and innovative mobile payment solutions like M-PESA – has significantly boosted ecommerce growth, making it one of Africa's most advanced systems.³

Figure 14. Credit monitoring frequency



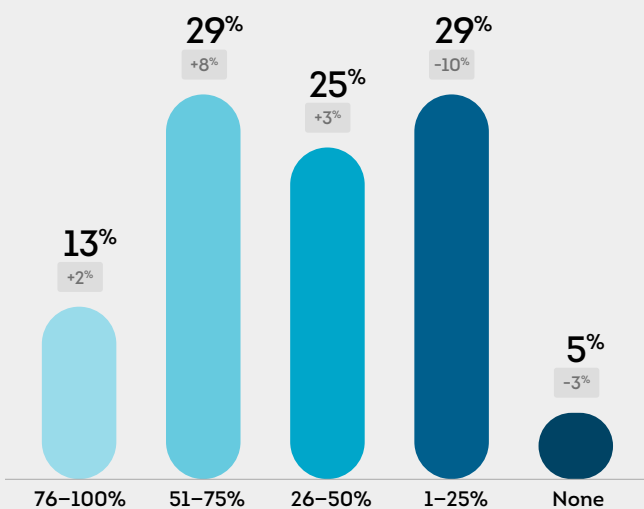
X* Percentage point change from Q2 2023

Figure 15. Believe monitoring credit is important



X* Percentage point change from Q2 2023

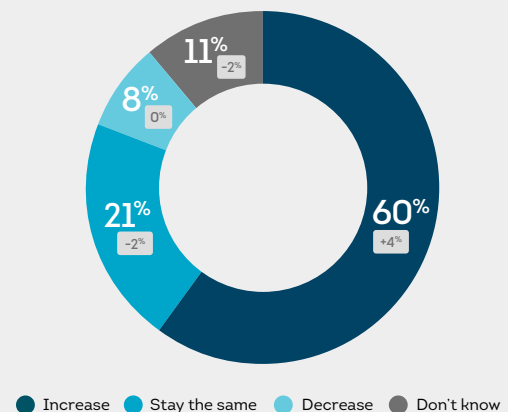
Figure 16. Percentage of transactions done online



X* Percentage point change from Q2 2023

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 Q2 2023

³ Kenya unveils e-commerce strategy to better harness the digital economy | UNCTAD

IDENTITY PROTECTION

Identity risks and usage

A notable 72% of respondents reported being targeted by digital fraud schemes in the past three months but successfully avoided falling victim. However, an additional 8% were targeted and fell victim to these schemes.

The awareness of fraudulent schemes was significantly high; only 20% of consumers reported being unaware of any fraud schemes targeted at them. The lack of awareness was lowest among the younger generations.

In Q2 2024, vishing (fraudulent phone calls to extract data) emerged as the most prevalent scam as cited by 45% of respondents, surpassing money or gift card scams at 44%. Vishing scams increased by five percentage points compared to last year. Smishing (fraudulent text messages targeting data extraction) was reported by 44%, an increase of four percentage points from Q2 last year. Additionally, phishing (encompassing fraudulent emails, websites, social posts, QR codes, etc. intended for data theft) rose by three percentage points to 36%.

Consumer concern regarding sharing personal information remained significant at 91% in Q2 2023, albeit down from 94% last year. Concerns about sharing personal information were prevalent across all generations.

The primary concerns related to sharing personal information included invasion of privacy (81%) and fear of identity theft (67%), emphasising the necessity for robust security measures and consumer education to uphold trust in digital platforms and encourage greater use of digital services among Kenyan consumers.

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

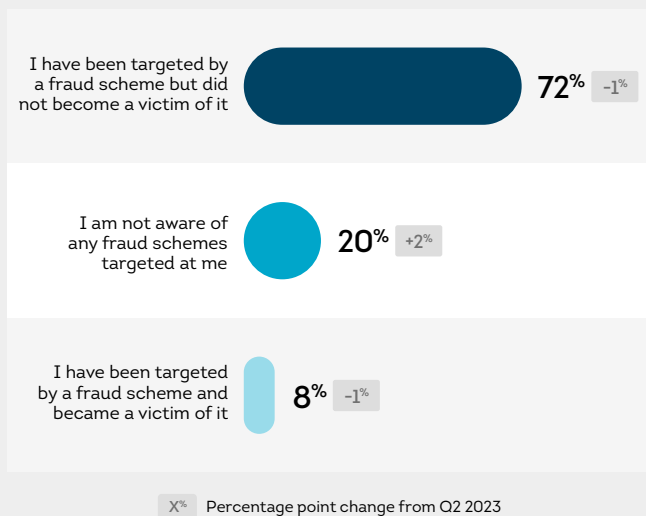


Figure 19. Most frequent fraud schemes targeting consumers
(among those targeted with online, email, phone call or text message fraud)

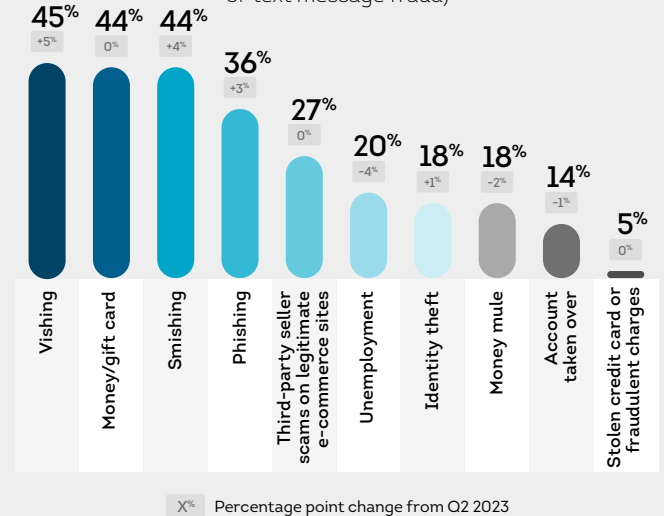


Figure 20. Concern with sharing personal information

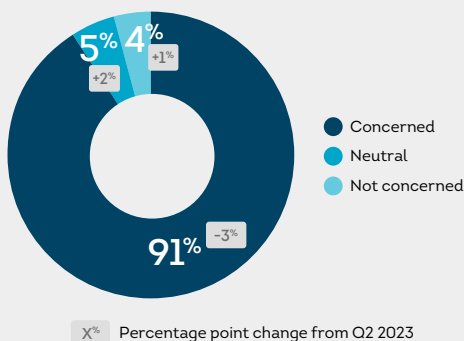
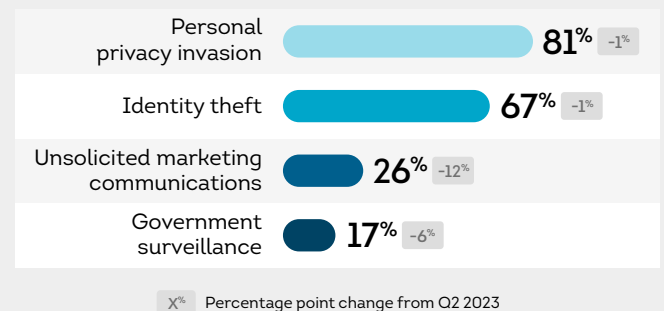


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse Survey of 400 adults was conducted 1-10 May 2024 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years of age and older residing in Kenya 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 ± 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.

For previous Consumer Pulse Studies, visit
transunionafrica.com/consumer-pulse-study/kenya



About TransUnion (NYSE: TRU)

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.

transunionafrica.com