



Consumer Pulse Study

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

Zambia 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



Zambian households reported financial downturn: Only 33% of households reported income increases in the last three months, a significant decrease from Q2 2023. Despite this, 79% expected their incomes to increase over the next 12 months, with younger generations expecting it to increase more. Financial pressure increased with 35% having said they'll be unable to pay at least one of their current bills and loans in full compared to 33% a year ago. The primary stated reasons for income decreases in the past month were someone owning a small business that closed or had orders drying up, job loss and reduced wage or salary. Among those who said they couldn't pay a current bill or loan, temporary work, partial payments and borrowing from friends or family were cited as possible avenues for payment. When it came to discretionary spending (e.g., dining out, travel and entertainment), 61% reported a reduction in the last three months, while more than half were planning to cut it in the next three months.



Slight improvement in credit access but surge in credit demand: Consumer demand for credit escalated with 48% planning to seek new or refinance existing credit within the next year, an increase of 10 percentage points (pp) from last year. While 96% of all respondents considered access to credit and lending products important to achieve their financial goals, only 32% felt they have adequate access, a slight improvement from 30% a year ago. Among those intending to apply for credit, 53% considered new personal loans (with Millennials and Gen X showing the most interest in that type of credit).



Online transactions rose amid fraud concerns: Despite 96% of respondents recognising the importance of monitoring credit reports, only 49% reported doing so at least monthly. The same percentage (49%) thought their credit scores would increase if businesses leveraged information not on a standard credit report. Ecommerce uptake is increasing; 34% of respondents, primarily younger generations, reported conducting over half their transactions online. The vast majority (83%) of consumers said they were targeted with online, email, phone call or text message fraud – the most common schemes reported included money and gift card scams, smishing, phishing and vishing. Consumer concerns about sharing personal information remained high with privacy invasion and identity theft fears being key worries, underscoring the importance of robust data protection measures.

Household income (HHI), spending and bill payment impact

Zambian households recently reported a deterioration in their financial health.

Only 33% of households reported an income increase over the last three months, a five percentage-point drop from Q2 2023. Gen X reported the smallest income gains. Zambian consumers are facing increasing pressure on disposable income due to rising inflation – which increased to 13.8% in April 2024. Zambia inflation is expected to average 13.7% in 2024.¹

Despite this, 79% of Zambian consumers expected their incomes to increase over the next 12 months, although this was three percentage points lower than a year ago. This statistic was notably higher among younger generations: 84% of Gen Z and 79% of Millennials expected their incomes to increase.

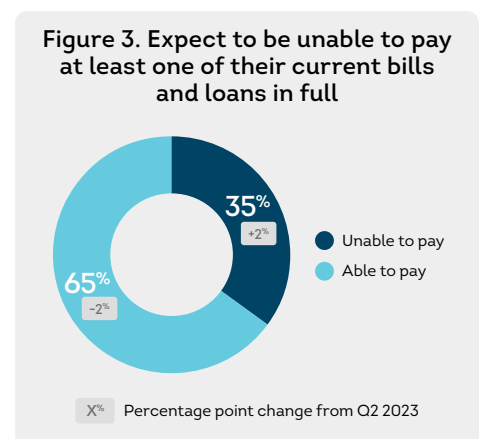
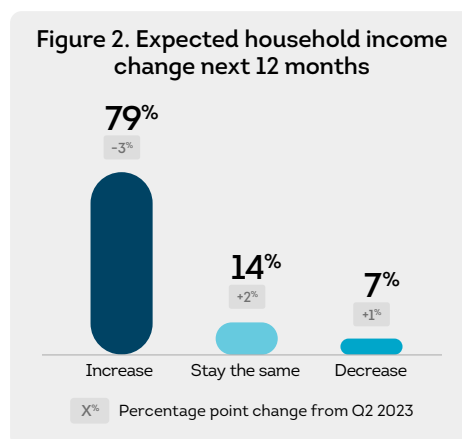
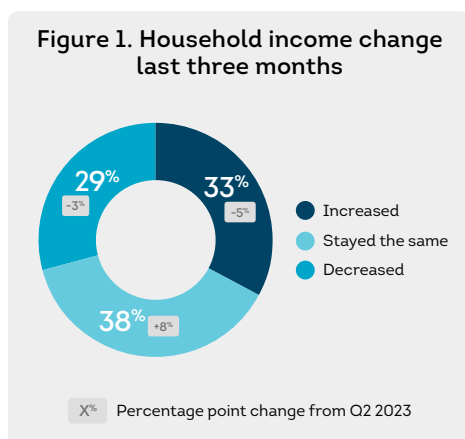
When it came to the top reasons for income decreases in the past month, 19% cited a decline in salary/wages; small business closures/orders drying up (23%); and job loss (22%). The top cited reason for an income change in the past month was starting a new business; however, this figure was down by a notable 10 percentage points from last year.

The percentage of consumers who said they're able to pay all their current bills and loans in full dropped to 65%, while those unable to pay at least one increased to 35%. The inability to pay was highest among Millennials at 42%. Among consumers reporting they were unable to pay at least one bill or loan in full, 47% said they plan to pay some of their bills and loans with temporary work, 39% intend to make partial payments, and 29% aim to borrow from friends or family.

Paying debt off faster in the last three months was a priority for 30% (down seven percentage points from a year ago) as interest rates continue to rise. Disposable incomes have been hit hard due to the increase in bank lending rates to 28% in May 2024 (their highest level since 2020).² Also in May, the Bank of Zambia raised its policy rate by 100 basis points to 13.50 to address persistently high inflation – with no anticipated monetary easing until 2025.³

More (26%) households said they're boosting contributions to emergency funds, yet a concerning trend was the rise in consumers reporting reduced retirement savings (18%, up from 11% last year).

Driven by Gen X, 61% of Zambians reported reduced discretionary spending in the past three months. Also over that time period, 50% said they cancelled or cut back on digital services, a 10 percentage-point increase from last year. Elevated inflation and tight lending conditions will continue to weigh on household consumption in 2024. Consequently, 53% planned to decrease discretionary spending, 44% cut back on large purchases, and 38% reduce retail shopping over the next year. Consumers planned to boost spending the most on bills and loans (47%), medical services (45%), and retirement funds and investing (40%) in the next three months.

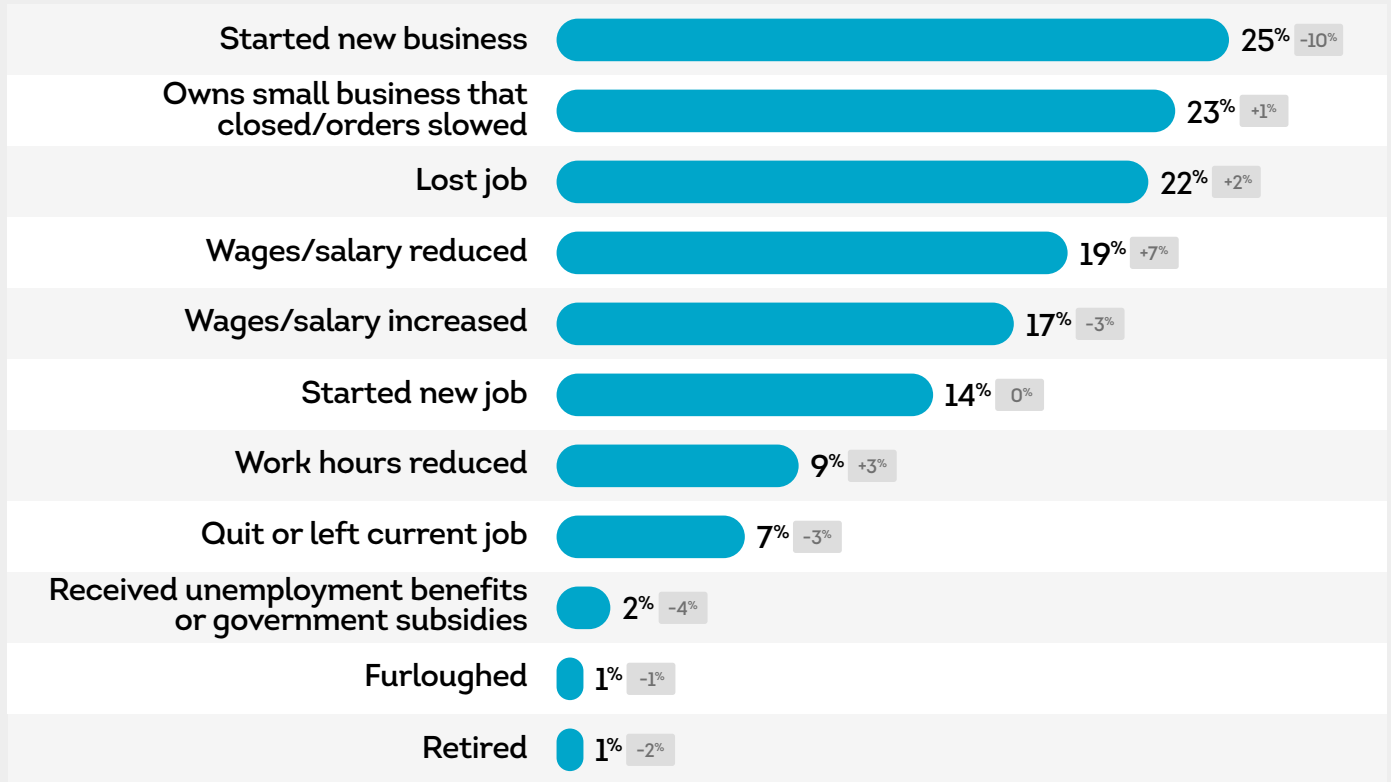


¹ Bank of Zambia, [Governors_Media_Presentation_May_2024.pdf \(boz.zm\)](#)

² Bank of Zambia, [Monetary and Financial Statistics \(boz.zm\)](#)

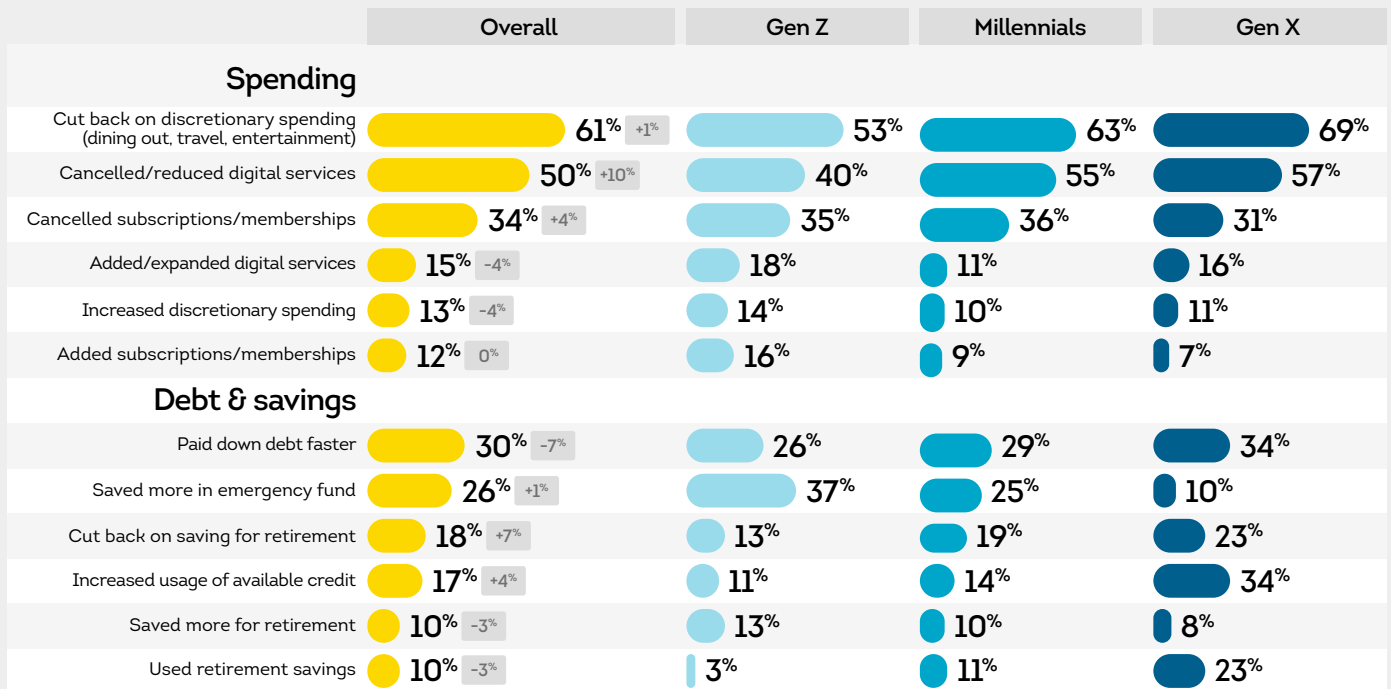
³ Bank of Zambia, [Monetary Policy Committee Statement, May 2024.MPC_Statement_Q2_2024.pdf \(boz.zm\)](#)

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)

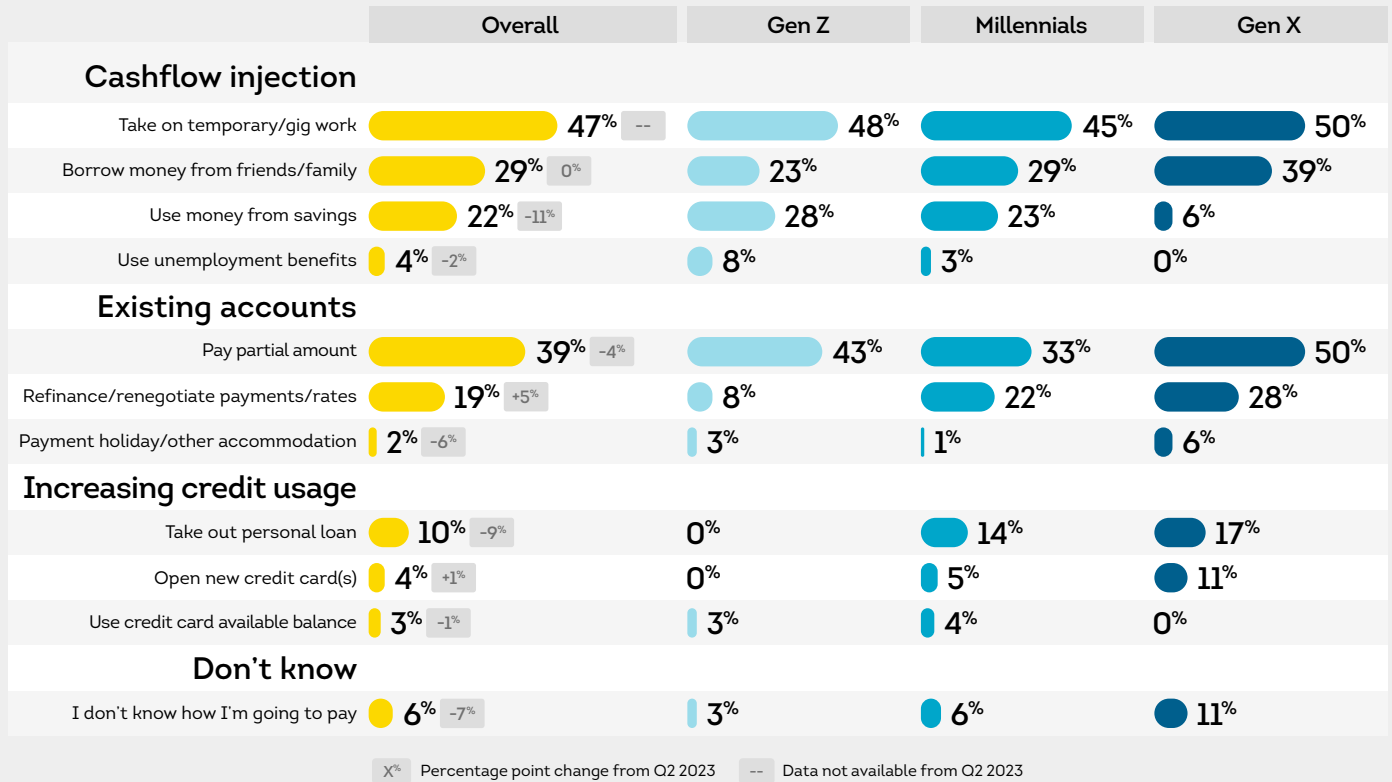
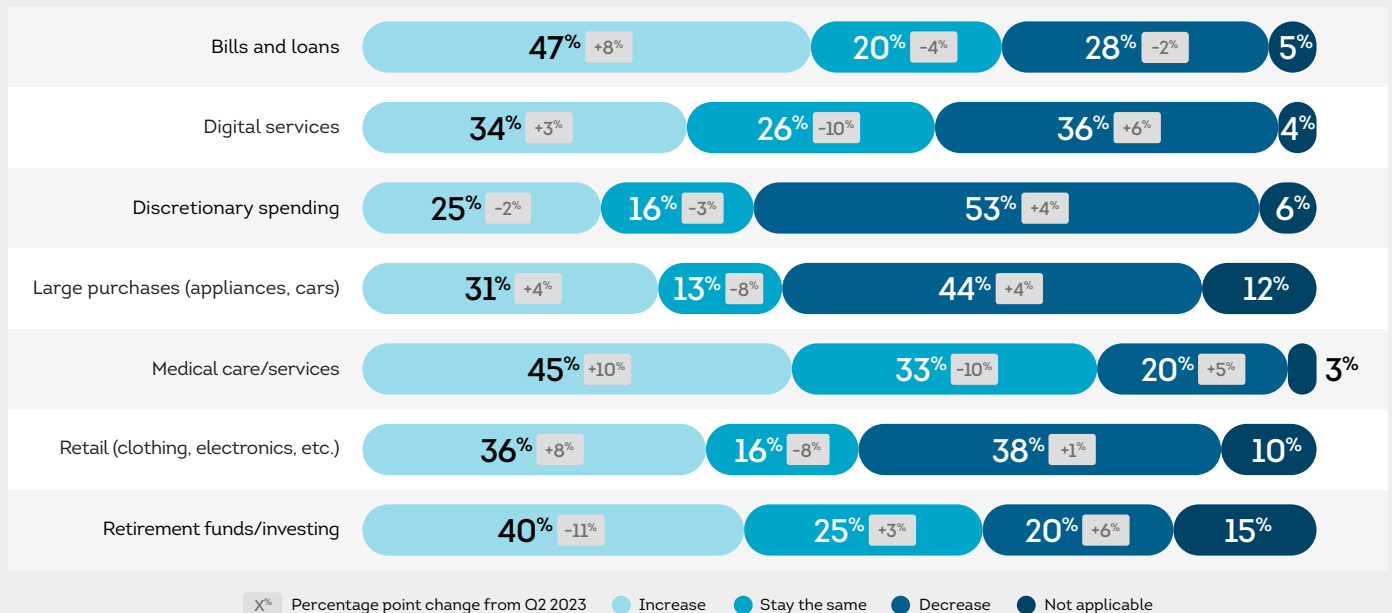


Figure 7. Expected change to household spending over next three months



Attitudes and plans for economic participation

Almost all (96%) consumers considered access to credit and lending products important to achieve financial goals, yet only 32% felt they have adequate access. However, those who believed they have adequate access saw a slight improvement from last year's 30%.

Demand for credit surged with 48% planning to seek new or refinance existing credit in the next year, a notable 10 pp increase from a year ago. Millennials and Gen X showed the highest interest in seeking credit at 54% each, while Gen Z demonstrated the least interest at 38%.

Of those planning to seek credit, 53% (the most) said they'll apply for a new personal loan in the next year, a significant 12 pp jump from last year. Millennials (57%) and Gen X (64%) showed the most appetite for new personal loans. The other top types of new credit consumers said they'll apply for in the next year were new student loans (20%) and home loans (16%).

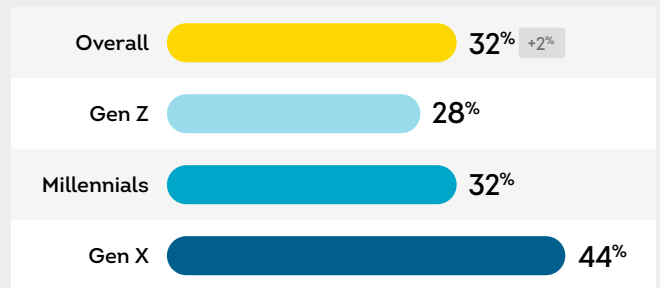
Among the 47% who said they considered applying for new or to refinance existing credit but abandoned their applications, the primary deterrent (cited by 38%) was the high cost of credit followed by income/employment status (30%) and alternative funding sources (26%).

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



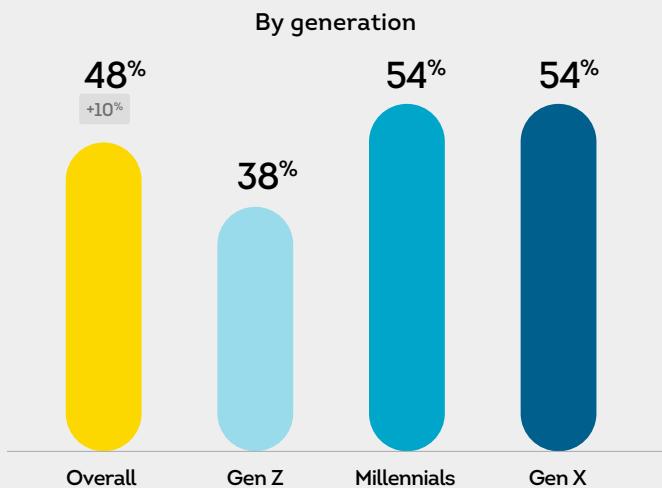
X* Percentage point change from Q2 2023

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



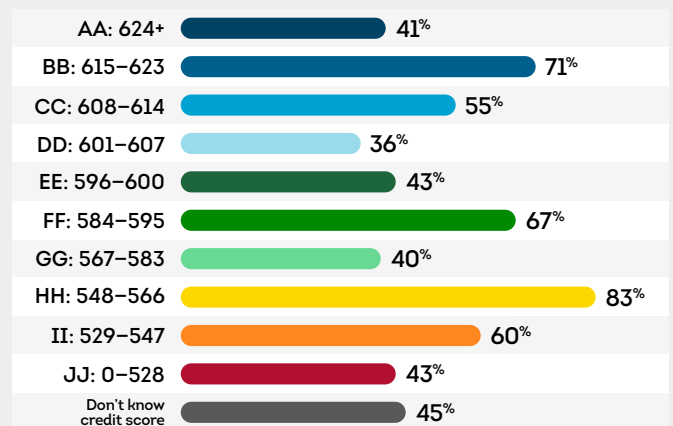
X* Percentage point change from Q2 2023

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



X* Percentage point change from Q2 2023

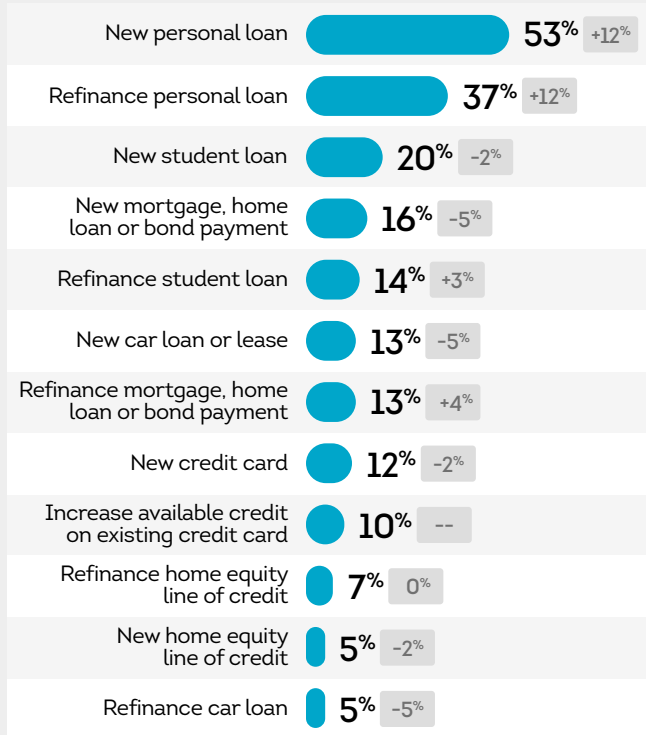
By credit score



Self-reported credit score ranges

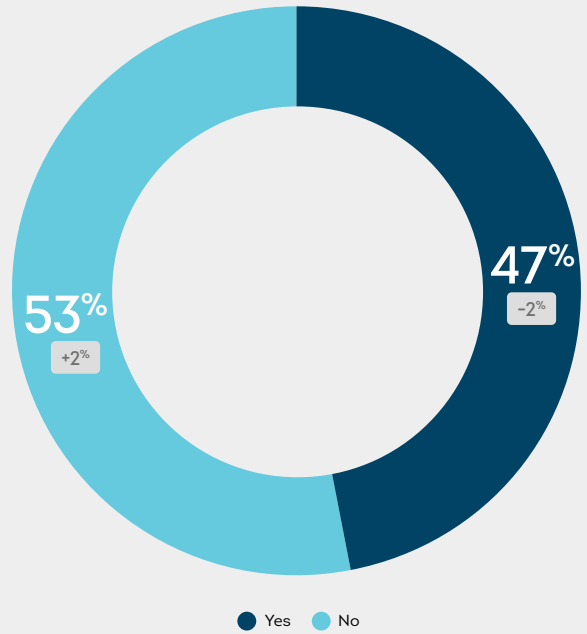
Figure 11. Type of new credit and loan activity planned in next 12 months

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



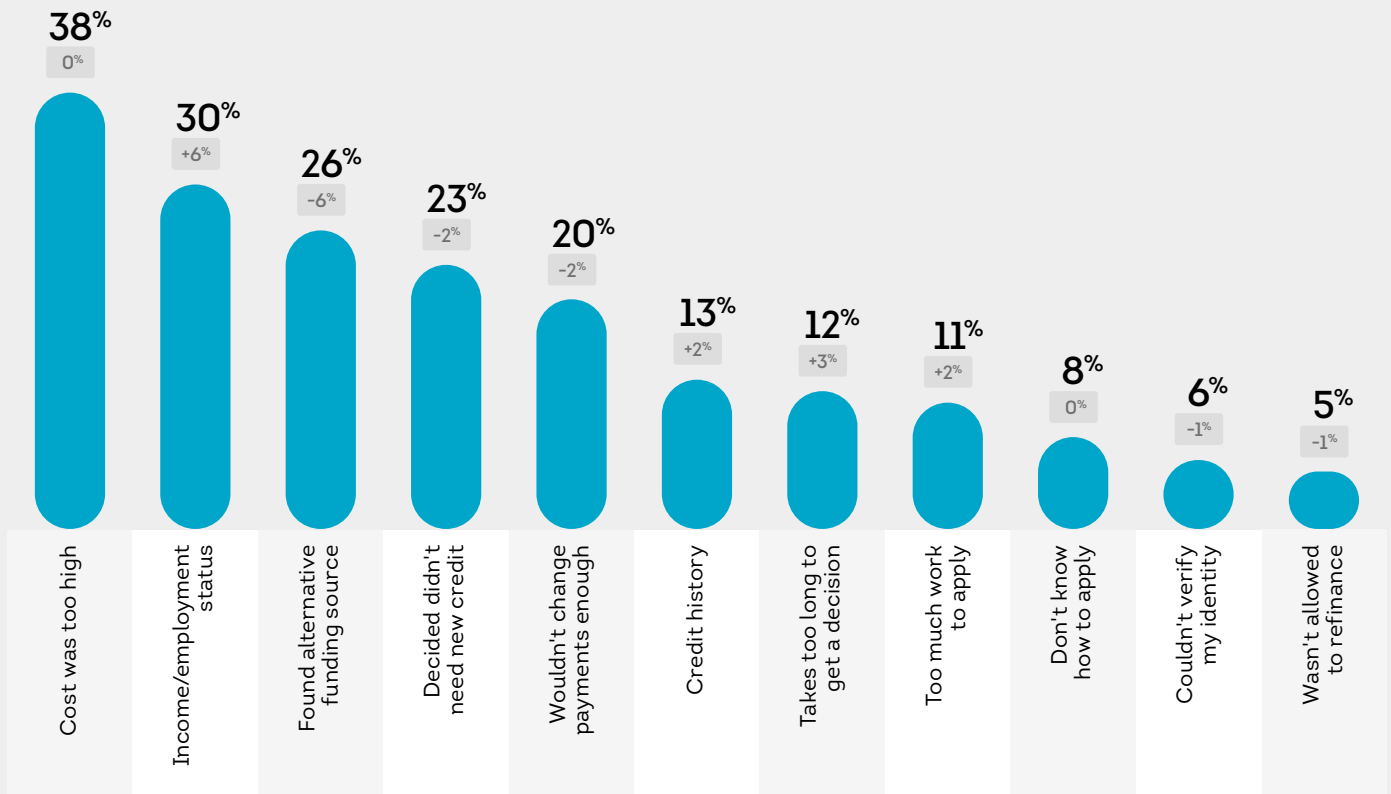
X* Percentage point change from Q2 2023 -- Data not available from Q2 2023

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

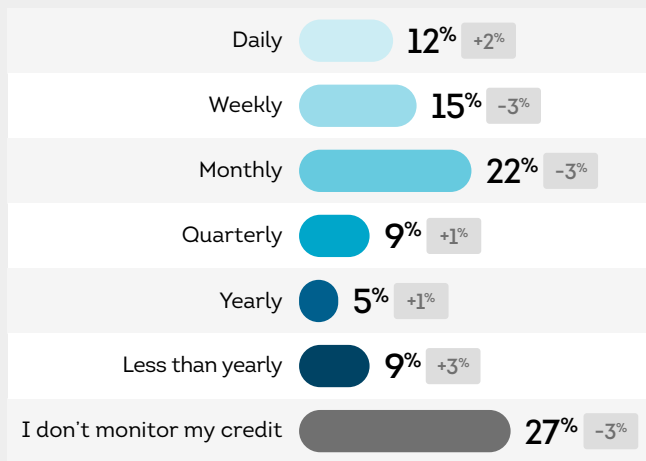
Attitudes and behaviour to manage financial choices

Although 96% of Zambians, spanning all ages, acknowledged it's important to monitor their credit reports, those who did so regularly was much lower. Just below half (49%) of respondents said they monitor their reports at least monthly, while 27% don't monitor at all (especially Gen X at 30%). This disparity underscores a need for financial awareness initiatives.

Regarding improving their credit scores, 49% of consumers (up from 47% last year) believed incorporating information not typically on standard credit reports – such as rental payments and gym memberships – would increase their credit scores.

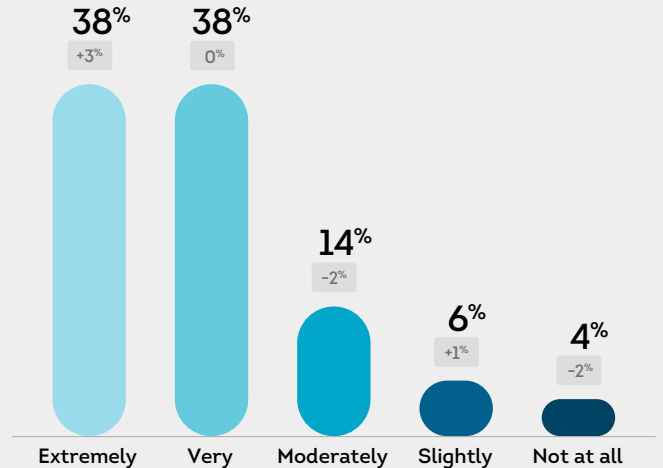
Zambia's ecommerce penetration remained low with 67% of consumers stating they conduct 50% or less of their transactions online. Nonetheless, there was a modest upward trend with 34% saying they conduct more than half their transactions online, an increase from 28% last year. Millennials said they conduct more than half their transactions online – more than any other generation. This reflects a gradual but noticeable shift toward online transactions, especially among younger generations, likely driven by factors like convenience and increased digital literacy.

Figure 14. Credit report monitoring frequency



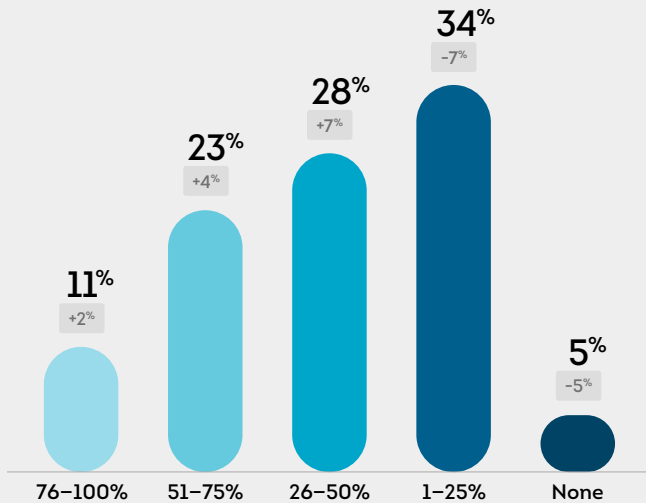
X% Percentage point change from Q2 2023

Figure 15. Believe monitoring credit report is important



X% Percentage point change from Q2 2023

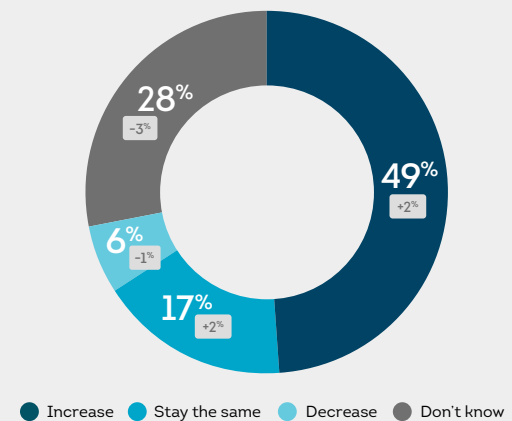
Figure 16. Percentage of transactions done online



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 and short-term loan history



X% Percentage point change from Q2 2023

IDENTITY PROTECTION

Identity risks and usage

Fraud attempts posed a significant concern for Zambian consumers; 75% reported they were targeted with but avoided falling victim to online, email, phone call or text messaging fraud in the past three months. Only 17% were unaware of any attempts, while 8% unfortunately said they were targeted and became victims.

Among those who said they were targeted, money and gift card scams were the most common reported fraud scheme in the last three months at 50%, up from 46% last year. Smishing (fraudulent text messages meant to trick you into revealing data) targeted 43%. Phishing (fraudulent emails, websites, social posts, QR codes, etc. meant to steal data) and vishing (fraudulent phone calls meant to trick you into revealing data) each were reported by 36% of those targeted. Money mule scams (moving illegally acquired money on behalf of someone else) affected 28% of respondents. These methods are becoming increasingly sophisticated and widespread, making it crucial for consumers to stay vigilant and organisations to implement strong cybersecurity protocols.

Consumer concern regarding sharing personal information remained notably high at 95% in Q2 2023, spanning all generations. The top reasons for concern with sharing personal information were: invasion of privacy (79%), fear of identity theft (77%), and receiving unsolicited marketing communications (40%). The persistent high level of consumer concern regarding personal information sharing, especially regarding invasion of privacy and fear of identity theft, highlights the critical importance of robust data protection measures and privacy policies across all sectors.

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

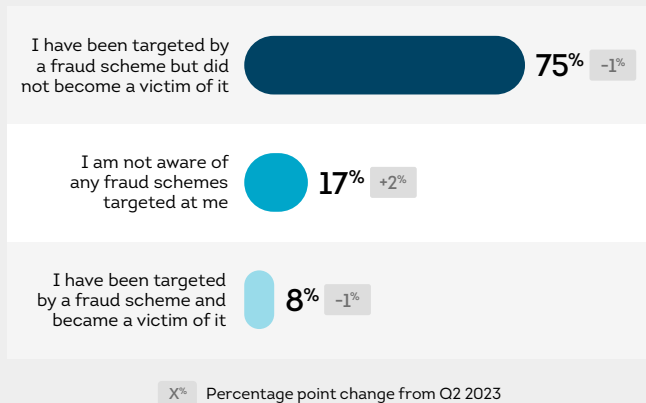


Figure 19. Most frequent fraud schemes targeting consumers
(among those targeted with online, email, phone call or text message fraud)

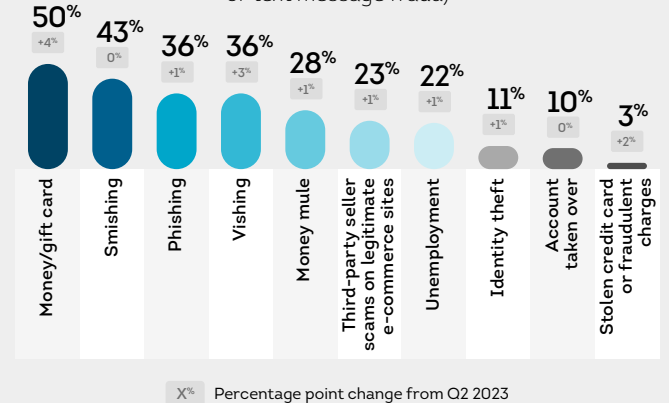


Figure 20. Concern with sharing personal information

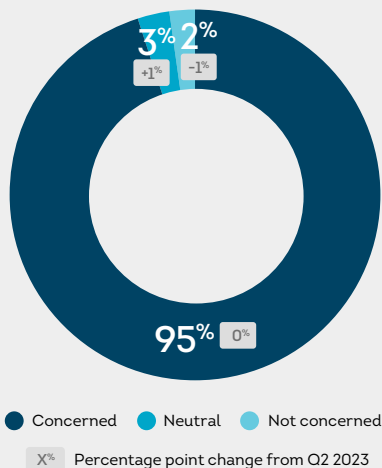
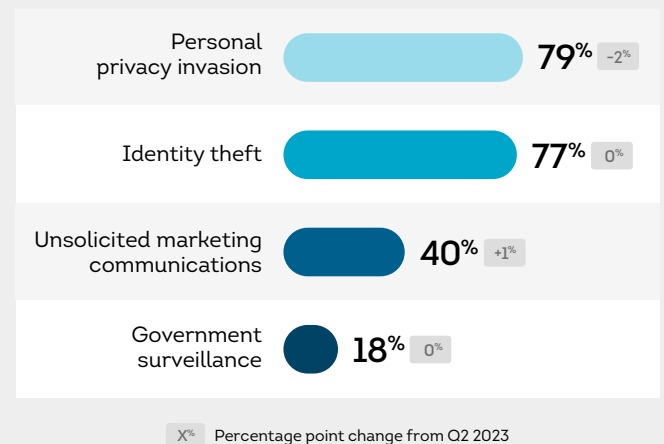


Figure 21. Reasons concerned about sharing personal information



Research Methodology

TransUnion's Consumer Pulse Survey of 392 adults was conducted 1-20 May 2024 by TransUnion in partnership with third-party research provider, Dynata. Adults 18 years 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 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 ± 5.0 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 a better understanding of how TransUnion can help your business meet the changing needs of your customers, please contact your TransUnion representative or email us at zmsupport@transunion.com



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