



2023 TRANSUNION NAMIBIA SUMMIT

NAVIGATING FINANCIAL INCLUSION:

A Path to Inclusive Growth

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

Namibia Q3 2023

Presented at the recent TransUnion Namibia Summit, this report provides a robust analysis of the current landscape of consumer financial health, credit inclusion and fraud awareness in Namibia. Utilising key findings from our Consumer Pulse Study, the report aims to offer valuable insights and actionable recommendations for industry stakeholders. From the juxtaposition of consumer optimism against financial struggles to the intricacies of credit access and fraud prevention, this report serves as a pivotal resource in understanding the complex dynamics shaping Namibia's financial ecosystem.

KEY TAKEAWAYS



Consumer financial health indicates caution but optimism: About 80% of Namibian consumers reported stagnant or declining incomes, yet a striking 73% remained optimistic about future income improvements. Despite this, almost half (45%) felt unable to clear at least one debt. Budget adjustments revealed a trend toward fiscal conservatism with 60% of consumers cutting back on discretionary spending. The dominant factors influencing these trends included job losses, wage reductions and business closures.



Credit inclusion perception shows dichotomy: While 93% of consumers believed access to credit is essential for their financial goals, only 34% felt they had sufficient access. This divide extends to the application process where 61% abandoned their new credit or refinancing applications primarily due to the time and effort required. Rising interest rates played a significant role, particularly among older demographics like Baby Boomers.



Fraud experience and concerns need addressing: An alarming 59% of consumers were targeted but didn't fall victim to digital fraud schemes in the last quarter. The top concern among 89% of consumers about sharing personal information was identity theft followed by invasion of personal privacy. These statistics underscore an urgent need for stronger security measures and widespread consumer education.



TransUnion recommendations align with consumer needs: To bridge the gaps identified in financial health, credit inclusion and digital security, TransUnion proposes streamlining acquisition experiences and leveraging educational initiatives. By employing more predictive insights during uncertain times and calibrating pricing strategies, the industry can better serve consumer needs while managing risks effectively.

FINANCIAL HEALTH

Household income (HHL), spending and bill payment impacts

The third quarter of 2023 delivered a mixed bag of outcomes for Namibian consumers. A stark 80% reported either stagnant or decreasing incomes in recent months, while only 20% experienced increases. This was in contrast to consumer sentiments about the future which revealed an optimistic 73% anticipated increased household incomes in the coming 12 months.

Despite this optimism, nearly 45% of consumers expressed they'd be unable to pay at least one of their debts. While this concern varied across demographics, it points to a universally shared stress over financial obligations. A significant 20% lost jobs and another 16% experienced wage or salary reductions, highlighting key influences on this financial strain. In response, 60% of consumers cut back on discretionary spending over the past quarter as a coping mechanism.

Moving forward, Namibian consumers are taking a pragmatic approach to their finances. About 38% intended to pay partial amounts toward their bills and loans. Additionally, 26% planned on dipping into savings to cover these obligations. In terms of future spending, 38% of consumers expected increased outlays on bills and loans over the next year. However, there was a noticeable intent to cut back on discretionary spending as reported by 48% of consumers.

FINANCIAL INCLUSION

As discussed at the recent Namibia Summit, financial inclusion remains a complex and pressing issue in Southern Africa, including Namibia. The data offered a robust snapshot of consumer sentiments, particularly regarding credit and lending products.

A resounding 93% of consumers deemed access to credit as crucial for achieving their financial goals. Despite this, a mere 34% believed they currently have sufficient access, signalling an obvious gap between need and availability.

While 35% of consumers indicated plans to apply for or refinance credit in the next year, a significant 61% abandoned these applications. This suggests although there is intent, there's a disconnect when it comes to action – primarily due to procedural hurdles like prolonged application times and cumbersome processes.

Interest rate concerns varied markedly by generation. Baby Boomers were most affected with 75% stating high impact on their credit application decisions, whereas Gen Z was least affected at 38%. This highlighted generational differences in financial planning and risk tolerance.

Consumer choices for credit products like student loans, personal loans and vehicle loans skew toward younger generations. This reflects not only product preferences but possibly future market trends.

Our recent survey unveiled pressing concerns among consumers regarding digital fraud and identity protection, offering actionable insights for institutions in the financial sector.

An unsettling 11% of consumers fell victim to targeted digital fraud in the last three months, while 59% managed to evade such attempts. Money/gift card scams, phishing, and third-party seller scams were identified as the most frequent schemes. These numbers paint a vivid picture of the immediate threats consumers face.

A hefty 89% of consumers expressed concerns about sharing personal information online. Top fears included identity theft (80%) and personal privacy invasion (76%), highlighting the imperative for robust security measures.

TRANSUNION RECOMMENDATIONS

TransUnion emphasises a multifaceted approach to enhance the customer journey while minimising risk. Starting with credit education and awareness, we advocate for a streamlined acquisition experience that reduces application abandonment. This extends to recalibrating pricing strategies and leveraging proactive triggers for more tailored solutions.

- 1. Engage:** Focus on credit education and promoting financial literacy to build customer loyalty.
- 2. Acquire:** Optimise the customer onboarding experience, leveraging digital solutions to make processes less cumbersome.
- 3. Manage:** Use predictive analytics and trended credit data to better assess risk, enabling more personalised and profitable customer relationships.

In summary, the intersection of financial inclusion and identity protection is rife with challenges and opportunities. This report aims to decode the consumer mindset and provide a blueprint for financial institutions to navigate this intricate landscape.



About TransUnion (NYSE: TRU)

TransUnion is a global information and insights company with over 12,000 associates operating in more than 30 countries, including Botswana, Eswatini, Kenya, Malawi, Namibia, Rwanda, South Africa, and Zambia. We make trust possible by ensuring each person is reliably represented in the marketplace. We do this by providing an actionable view of consumers, stewarded with care.

Through our acquisitions and technology investments we have developed innovative solutions that extend beyond our strong foundation in core credit into areas such as marketing, fraud, risk and advanced analytics. As a result, consumers and businesses can transact with confidence and achieve great things. We call this Information for Good® – and it leads to economic opportunity, great experiences and personal empowerment for millions of people around the world.

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