



Chinese Consumers Upbeat About Economic Outlook



Chinese Consumers Upbeat About Economic Outlook

The dramatic decline of the Chinese stock market this summer, and the surprise devaluation of the Chinese Yuan have impacted the global economy. How does this impact the common person in China?

In late September 2015, Visa Performance Solutions, the consulting arm of Visa Inc., designed and executed an online survey of 2,514 people across China to understand consumer view of the economic situation in China.



The structure of the Chinese economy is changing, and with all the shaking and noise from the Western media, we were surprised to learn that Chinese consumers are generally unfazed.

Chinese people, generally, have a positive outlook on the current state of the economy, and confidence that their personal financial situation will improve.

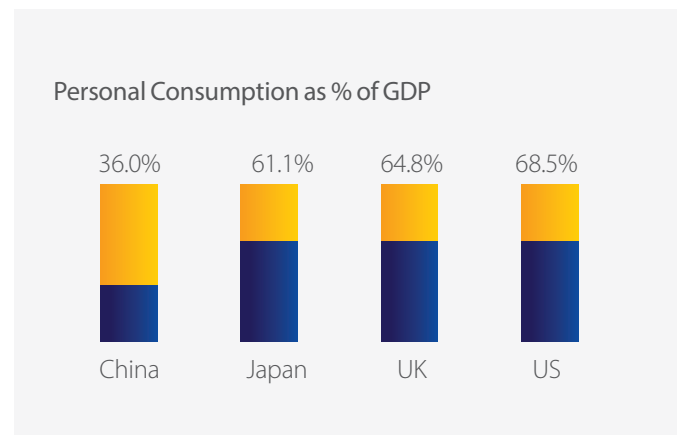
The survey findings indicate that personal consumption expenditure in China may remain stable.

From a retail category perspective, the data tells us that luxury retail and home décor growth may slow. This is no surprise, as luxury retailers have expressed concern about the devaluation of the Chinese Yuan, as well as government austerity efforts which have somewhat reduced showy displays in China.

Chinese consumers indicate that they will travel more in the coming year, both internationally and domestically. This is supported by VisaNet data, which shows that the number of active cards used at point of sale overseas by Chinese cardholders grew by 29% in the three months ending September 2015.

The desire for the latest personal electronic goods, as well as spending on health and fitness will continue to be strong.

For Chinese consumers, the sky is not falling. However, as Household final consumption expenditure is only 36%¹ of China's GDP (compared to 61.1% in Japan, 64.8% in the U.K., 68.5% in the U.S.), domestic consumption will likely play a supporting role in the changes to come.



¹ The World Bank, 2013 World Development Indicators

For Visa Performance Solution clients in China, the data suggests that card payment volume and the broader consumer financial service sector will continue to grow.

For our clients outside of China, the survey data tells us that cross-border volumes from China may remain stable, with slower growth in luxury retail.

Chinese Consumers Upbeat About Economic Outlook

Key Survey Insights: Chinese Consumer Economic Sentiment

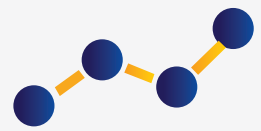
Chinese consumers are generally optimistic about the state of the economy:



58%
of people have a positive view of the current state of the economy



67%
say that the economy is the same as or better than last year



44%
of people think the economy will be better in 3 months, and 50% say it will be better in 12 months

Current view of the economy²



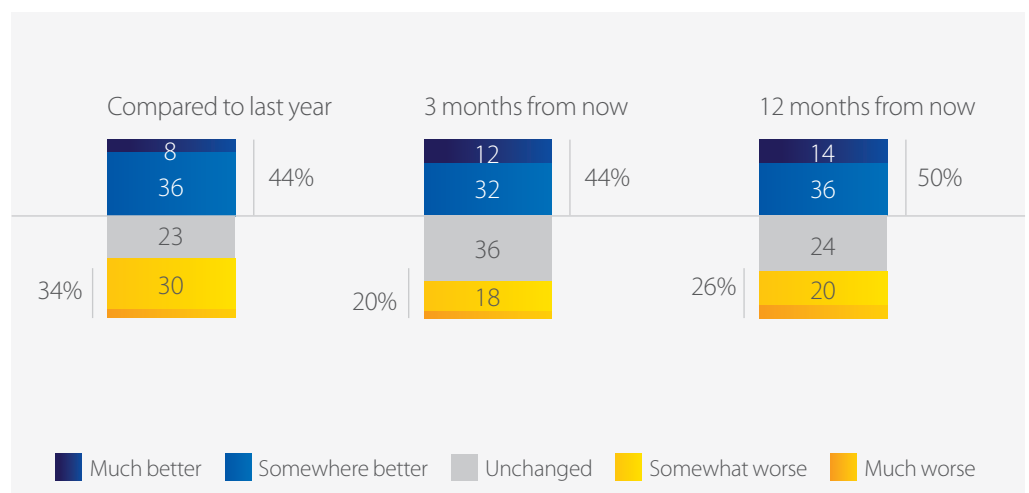
9% Excellent

49% Good

39% Not so good

3% Poor

Consumer economic sentiment – Past, Present and Future³



² Survey question: How would you describe the current state of the economy?

³ Survey question: In the future, do you think the economic conditions will be...?

Chinese Consumers Upbeat About Economic Outlook

Key Survey Insights: Chinese Consumer Economic Sentiment

The majority of people report that the economic situation has not impacted them negatively:



60% of people monitor the stock market and Chinese Yuan exchange rates⁴



22% of people say that the stock market crash negatively impacted them

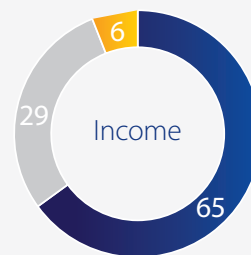


14% say the devaluation of the Yuan negatively impacted them

People in China are optimistic about their future personal financial situation:

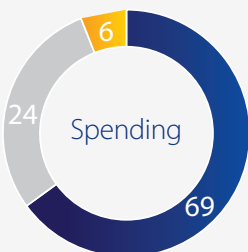


54% say they expect their financial situation to improve in the next 3 months



■ More than last year
■ Same as last year
■ Less than last year

65% expect their personal income to rise in the coming year⁵



■ More than last year
■ Same as last year
■ Less than last year

2 of 3 consumers expect to spend more than last year, which may be good news for consumer expenditure⁶



Luxury goods and home décor categories had the most people indicating they will spend less
Travel, electronic goods and financial services had the most people indicating they will spend more

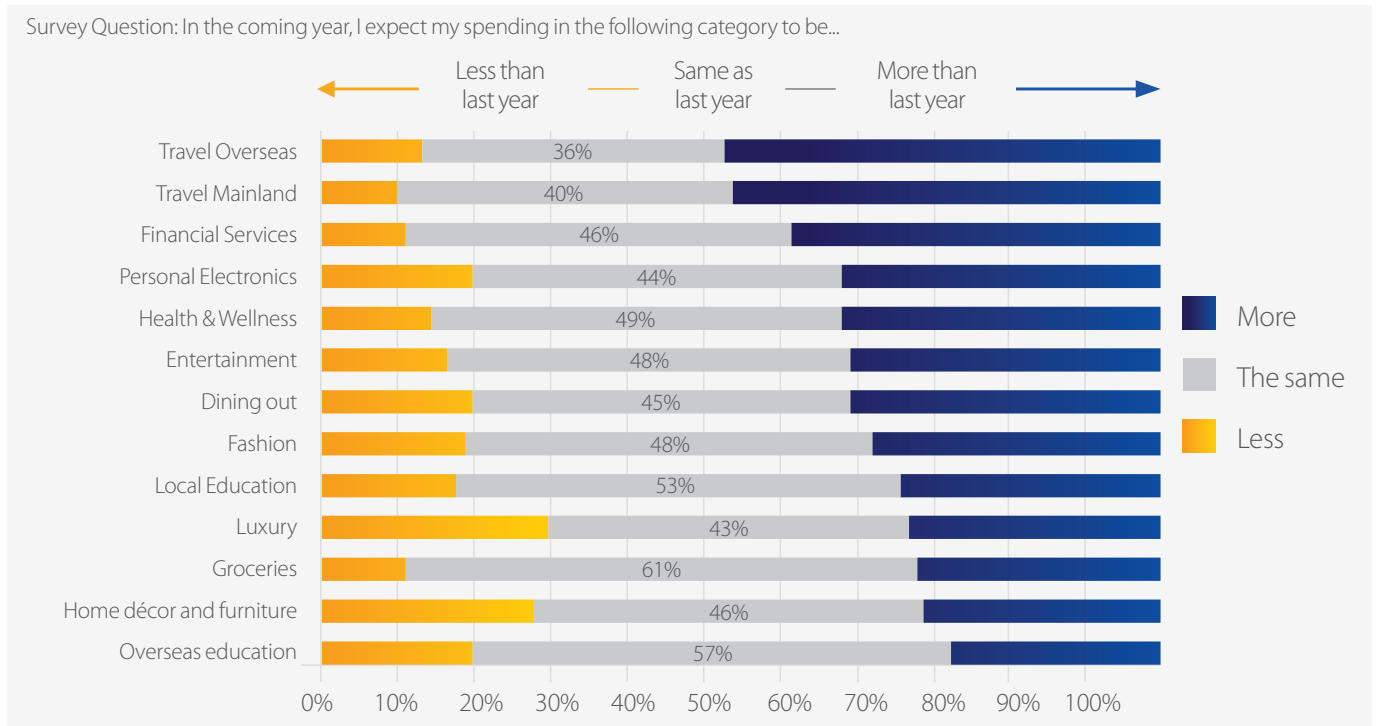
⁴ Survey question: Which of the following do you routinely monitor i.e. read or find out about or even happen to learn from your friends and family. Also, for each item, tell us how much or how little it impacts you and your family/friends.

⁵ Survey question: Thinking about your income, which of the below do you think is more likely to happen...?

⁶ Survey question: Thinking about your overall spending, which of the below do you think is more likely to happen...?

Chinese Consumers Upbeat About Economic Outlook

Personal Expenditure Expectations by Category



About the Survey

<p>Sample Size</p> <p>n=2,514</p>	<p>Target Group</p> <p>18-55 years old, monthly household income of 6,501 RMB or more, bank account holder and main decision maker or influencer in making household financial decisions</p>	<p>Methodology</p> <p>20 minute online survey</p>
<p>Sampling method</p> <p>Representative of general population with quotas on age, gender, annual household income and city Tier (1-3)</p>	<p>Fieldwork Period</p> <p>September 2015 (completed 26 September 2015)</p>	<p>Survey</p> <p>Survey was conducted by ORC International</p>

Chinese Consumers Upbeat About Economic Outlook

Taking the next step

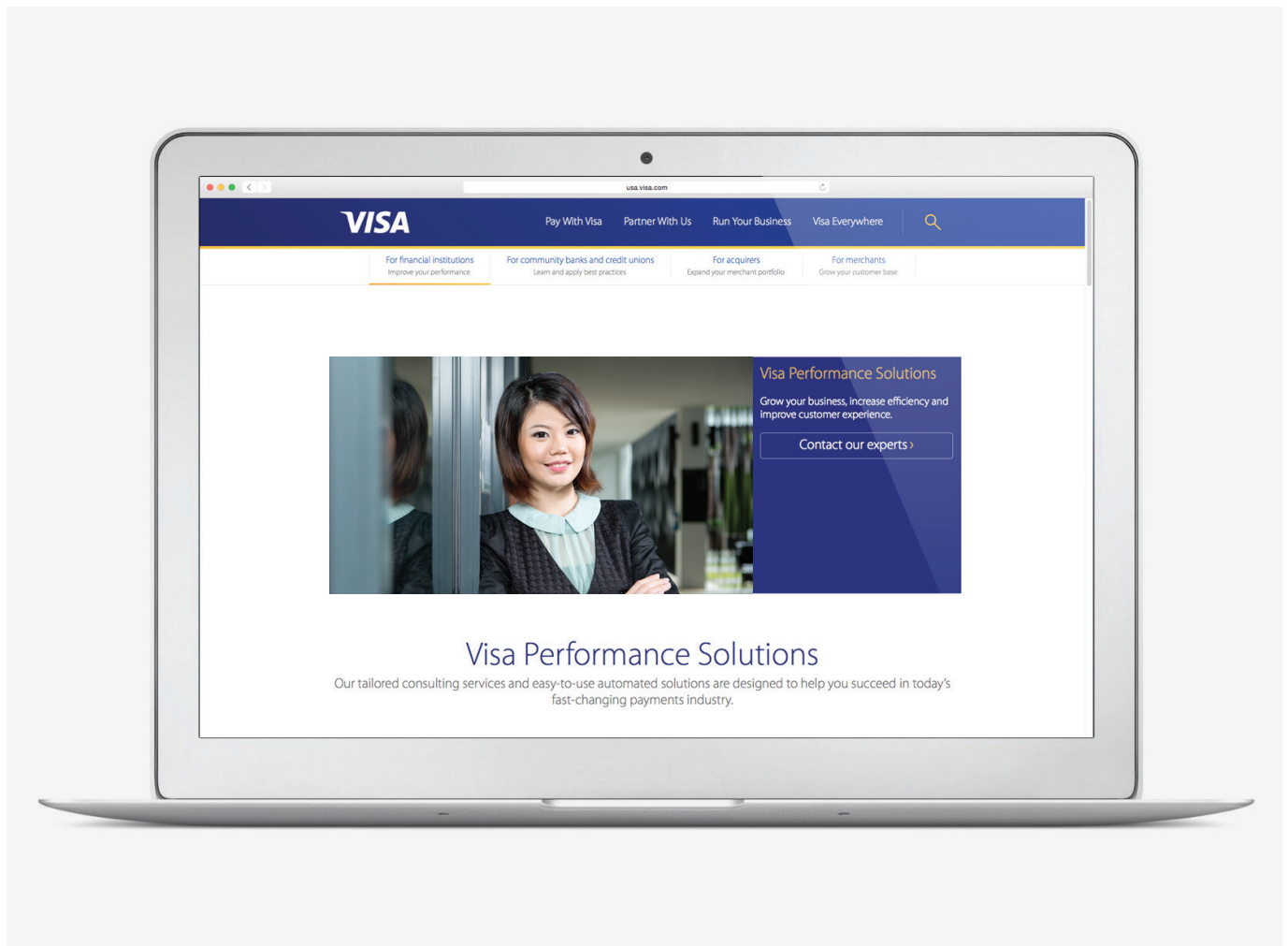
With our extensive experience in the payments industry across the globe, and proven business solutions, we are poised to support your growth.

Our consulting projects are customized to your specific needs, starting with a conversation to learn more about your challenges.

Our approach is collaborative, working with you, and across our global team of specialists.

The solutions that we craft are relevant and tailored to your business context. And, we focus on supporting your implementation, to realize the forecast benefits

For more information, please visit www.visa.com/VPS or send an e-mail to vps@visa.com



Disclaimer: The information, advice and best practice recommendations are provided for informational purposes only and should not be relied upon for business, operational, marketing, financial, legal, technical, tax or other advice. Best practice recommendations and advice should be independently evaluated in light of your specific business needs and any applicable laws and regulations. Visa is not responsible for your use of the information, advice and best practice recommendations, including errors or any kind, contained in this document.