



The COVID-19 Pandemic's Financial Impact on U.S. Consumers

The COVID-19 pandemic is creating a new reality as its impact has stretched to consumers of all generations and income levels.

TransUnion is tracking the changes of this data weekly and will be sharing it with all of you.

WEEK

6

Data collected week of
April 20

BACKGROUND

The current global COVID-19 pandemic is creating major economic and financial distress for consumers. Millions of jobs in the U.S. economy are being impacted or are at risk due to drastic demand shifts. We've conducted research to better understand consumers' perceptions about how this rapidly evolving situation is impacting their finances and subsequent ability to pay their bills. The insights in this report aim to help you make informed decisions at a time when information on consumer impact is still emerging. We are providing this report and additional resources to all so we can come together to support people during this trying time.

Key Takeaways

- The expected shortfall (\$1,016) of consumers that are financially impacted and the elapsed time until they cannot pay their bills (6.3 weeks) remains constant week-over-week. Government and company crisis-response measures such as stimulus checks (44%) and the ability to make partial payments (32%) remain two of the top three instruments Americans are using to shore up their short-term financial gap.
- In the week the government passed additional aid to support small businesses, job loss among employees of small businesses reached 1 in 5, and 67% of these consumers are experiencing financial hardship.

RESEARCH METHODOLOGY

This online survey of 3,019 adults was conducted April 20–21, 2020, by TransUnion in partnership with 3rd party research provider Qualtrics® Research-Services. Adults 18 years of age and older residing in the United States were surveyed using an online research panel method across a combination of computer, mobile, and tablet devices. Survey questions were administered in English. All states are represented in the study survey responses. To ensure general population sample representativeness across United States resident demographics, the survey included quotas to balance responses to the census statistics on the dimensions of age, gender, household income, race, and region. These research results are unweighted and statistically significant at a 95% confidence level within ±1.78 percentage points based on calculated error margin.

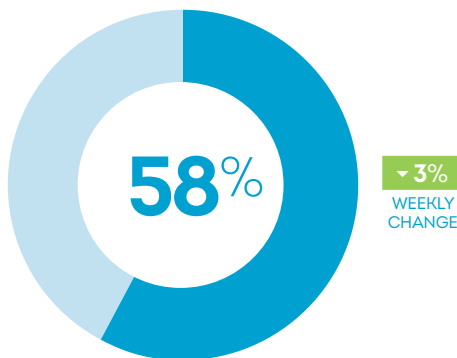
FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

In week six, consumer financial hardship dropped to 58% from 61%, a rate that is surprisingly consistent across all income groups. The overall rate of job loss among impacted consumers (18%) is consistent week-over-week. However, there is variation in income groups, with those earning less than \$50,000 reporting 26% job loss and 28% reduced work hours. Those earning \$50,000–\$99,999 report 16% job loss and 36% working hours reduction, and those earning over \$100,000 report being least impacted by job loss (11%), but having the most reduction in working hours (39%).

One in five consumers employed by small businesses report losing their job, and 40% have had their work hours reduced. In addition, 13% of financially impacted consumers who are also small business owners indicate orders are drying up or their business has closed.

Figure 1. Perceived impact



Percentage of consumers who indicated their household income has been impacted.

Figure 2. Are you expecting to be impacted in the future?

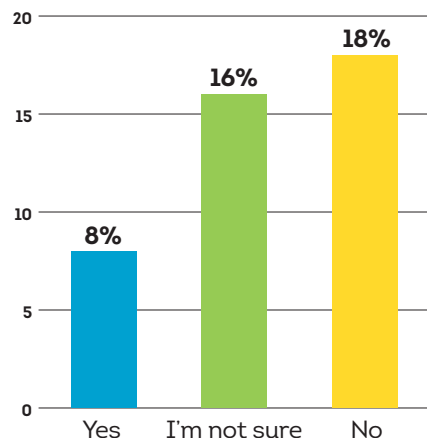


Figure 3. How is your current household income being impacted?

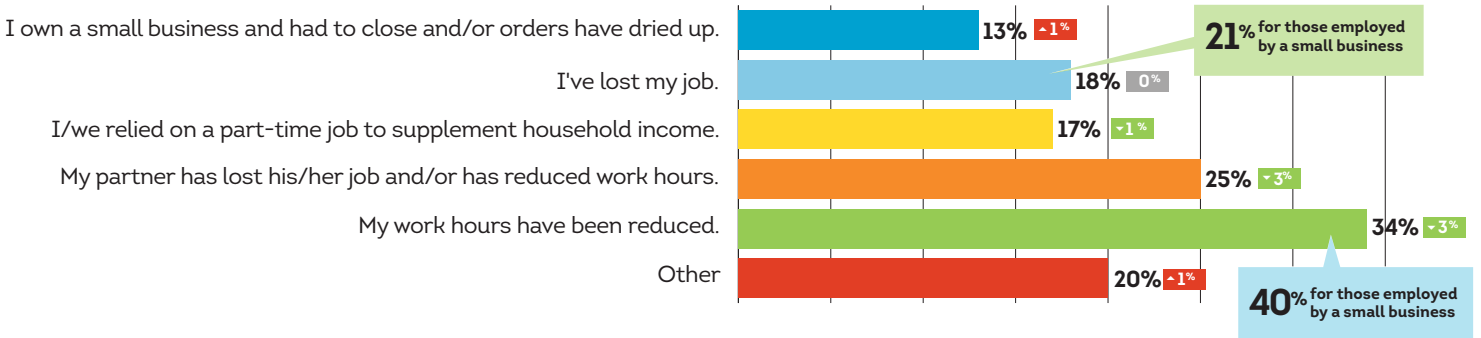
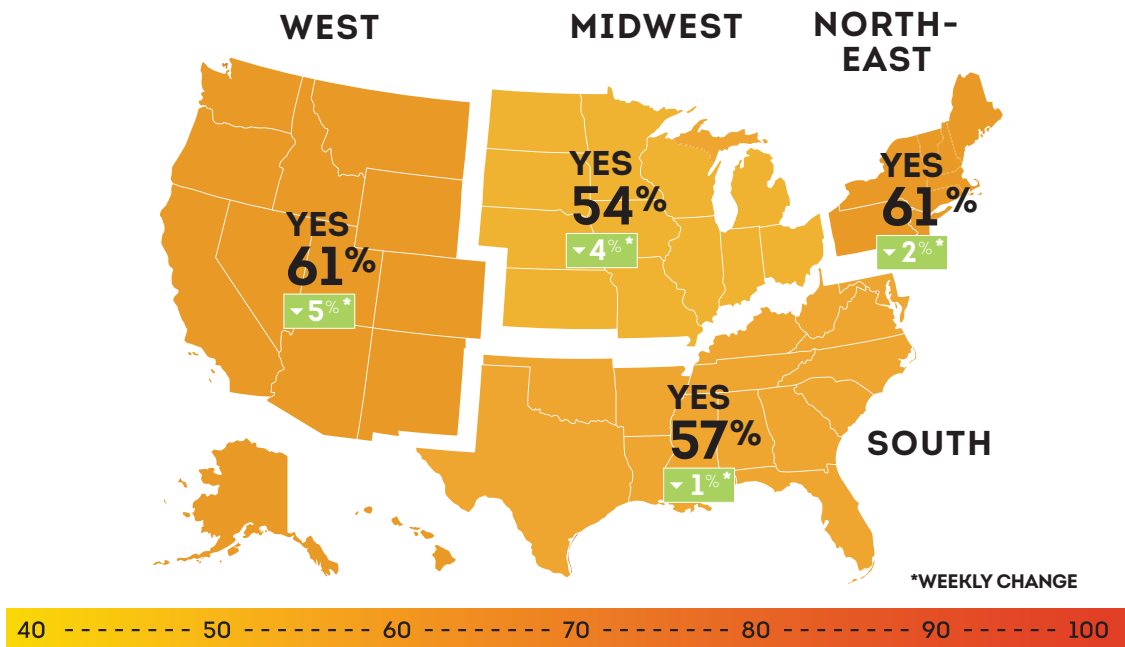


Figure 4. Regional perceived financial impact



BILLS AND LOANS

HOW MUCH OF AN IMPACT WILL THIS HAVE ON BILLS AND LOANS?

Among all impacted consumers, estimated budget shortfall remains flat at \$1,016.

Of those earning \$50,000-\$99,999, the expected shortfall dropped from \$1,088 to \$945. It is worth noting that impacted consumers in this income bracket reached out to companies at an all-time high level last week (52% week five vs. 45% week four). There is a corresponding reduction in concern about their ability to pay (64% vs. 66% week five), with 67% of this group indicating at least some companies have provided necessary guidance.

In contrast, for impacted consumers earning less than \$50,000, the expected shortfall is steadily increasing (from \$773 in week four to \$828), and three out of four of this group continue to worry about their ability to pay bills and loans. This is 10 percentage points higher than the income bracket above.

Figure 5a. How much is your budget shortfall?

On average, amount consumers who are impacted expect they will be short when paying bills or loans



Are you concerned?

65% of consumers who are impacted are concerned about their ability to pay current bills and loans.

Figure 5b. Expected budget shortfall over time.

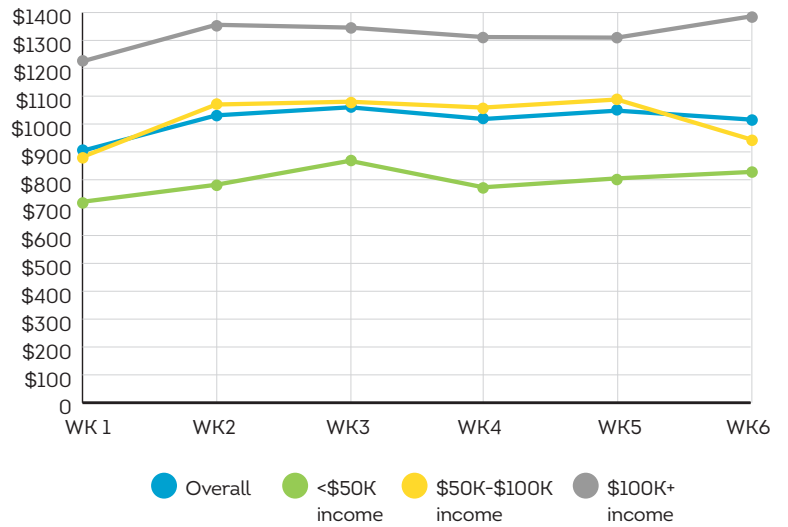


Figure 6a. What bills and loans are you concerned about your ability to pay?

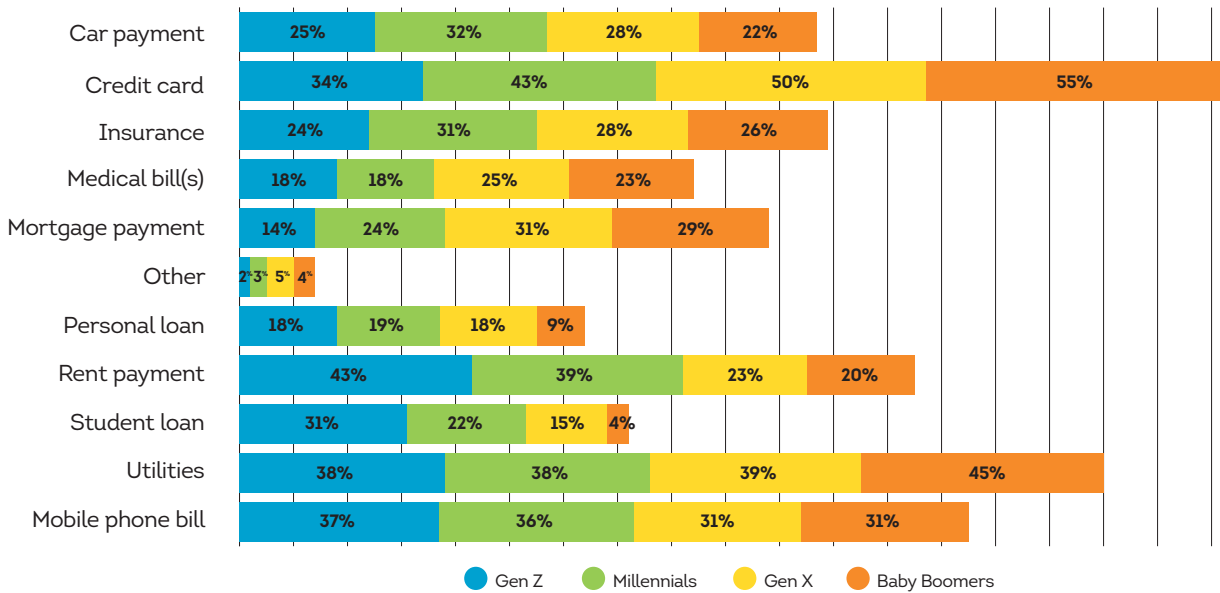
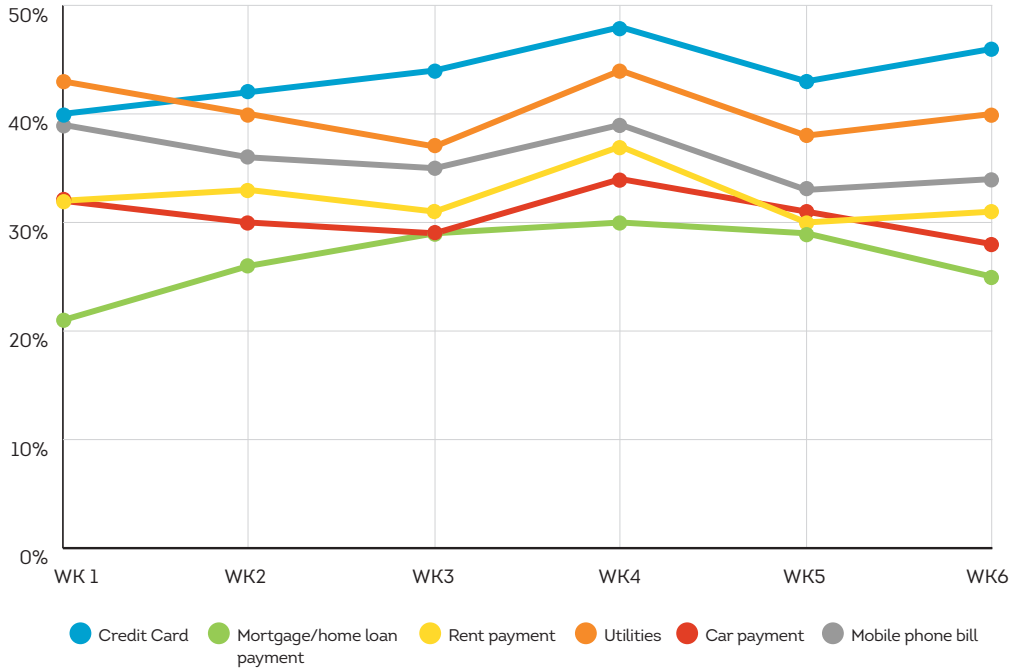


Figure 6b. Bills and loans consumers are concerned about their ability to pay over time.



NEXT ACTION

WHAT IS YOUR GAME PLAN?

Stimulus checks (44%), personal savings (36%) and making partial payments (32%) are the three strategies chosen most to meet bill and loan payments. Stimulus checks remain the top option for Millennials, Gen Xers and Baby Boomers, whereas Gen Z is using money from savings (37%).

For impacted consumers earning less than \$50,000, reliance on the stimulus check dropped from 50% last week to 44%, while turning to family and friends increased from 18% to 21% and using savings increased from 23% to 30%. Sixty percent of this income group states that companies they have accounts with have proactively reached out to provide them necessary guidance, the lowest of all income groups (\$50-\$99,999: 67%; \$100K+: 74%).

Figure 7. What is your plan to help pay your current bill(s) or loans?

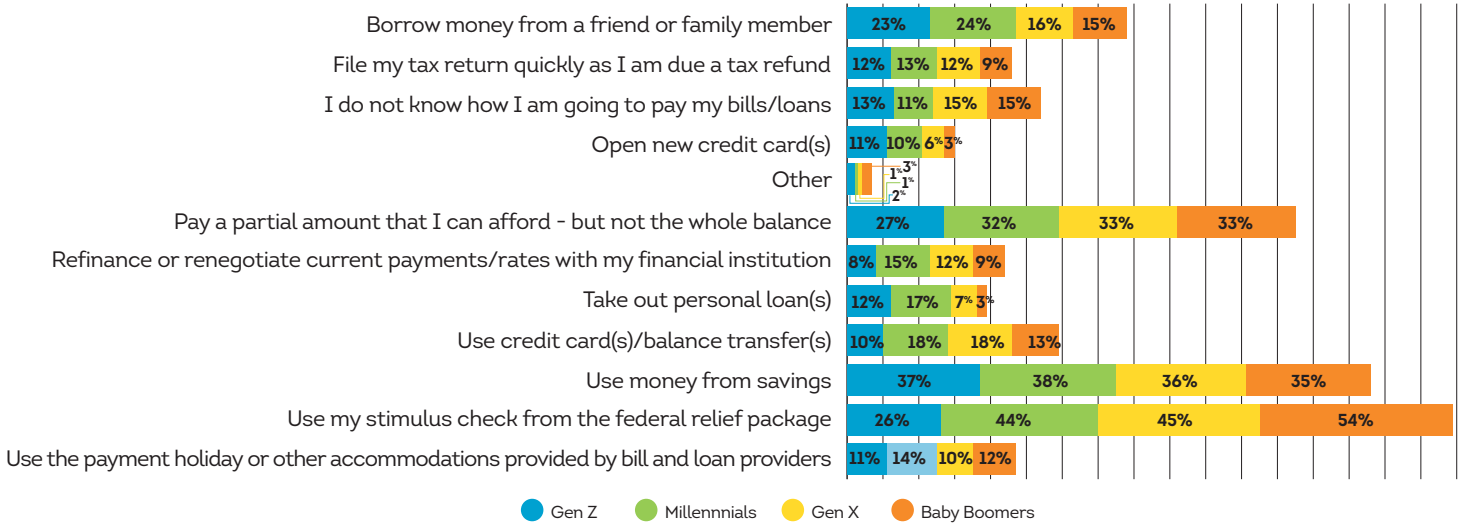


Figure 8. Have you reached out to companies you have accounts with to discuss payment options?

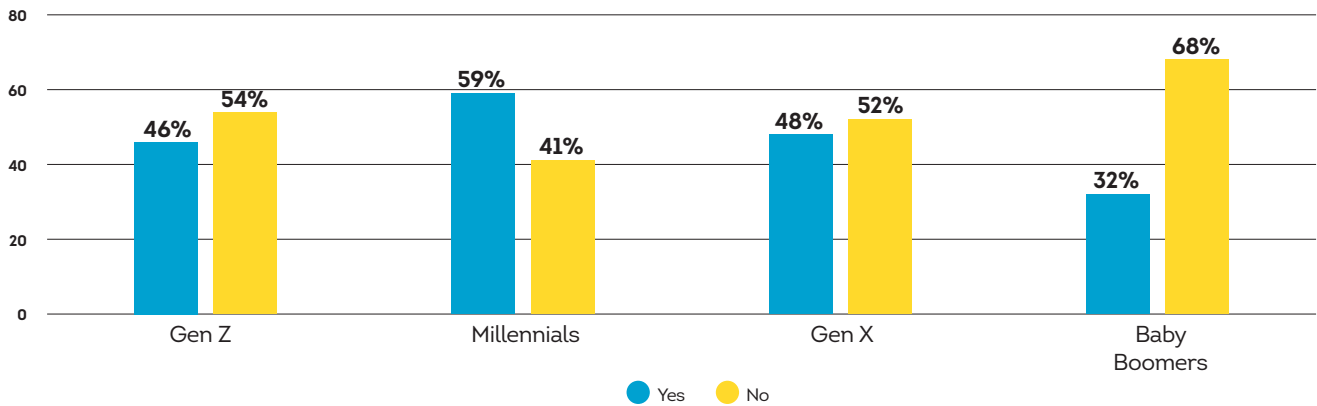
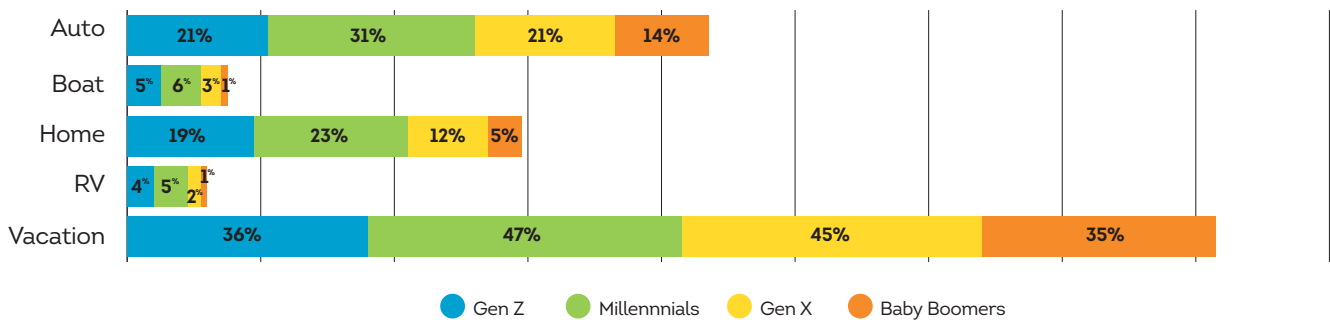


Figure 9. Are you delaying any of the following major purchases?



Other Key Insights

- The proportion of consumers who are aware they have been targeted by digital fraud schemes related to COVID-19 remains consistent week-over-week at 26%.
- For consumers seeking screening or treatment for COVID-19, the importance of cost is consistent from week five (43%). However, for those earning less than \$50,000, this increases to 47%, and for those earning \$100,000 or more, importance of cost drops to 38%.

Figure 10. How important is cost to you when evaluating potential screening or treatment?

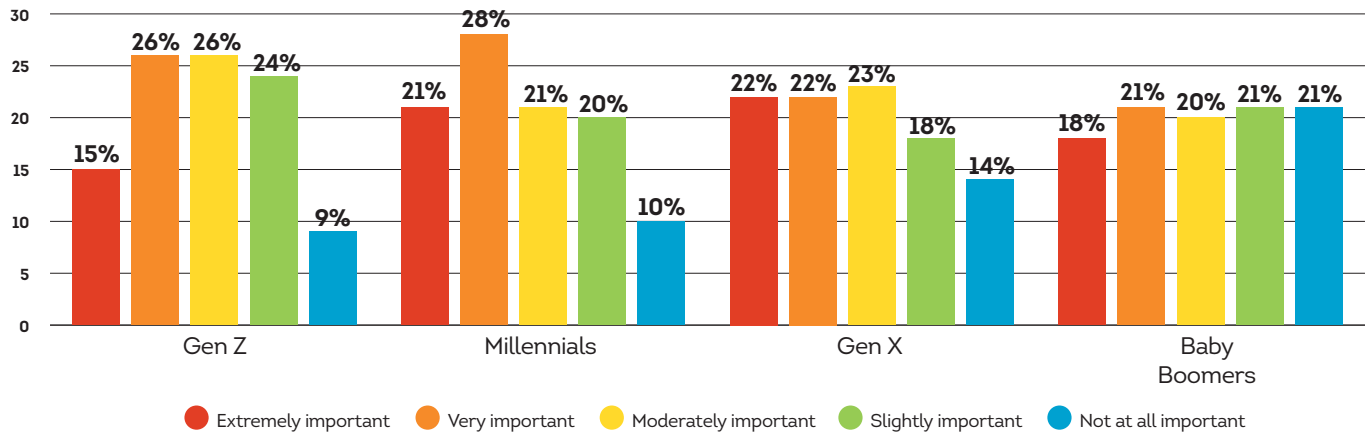
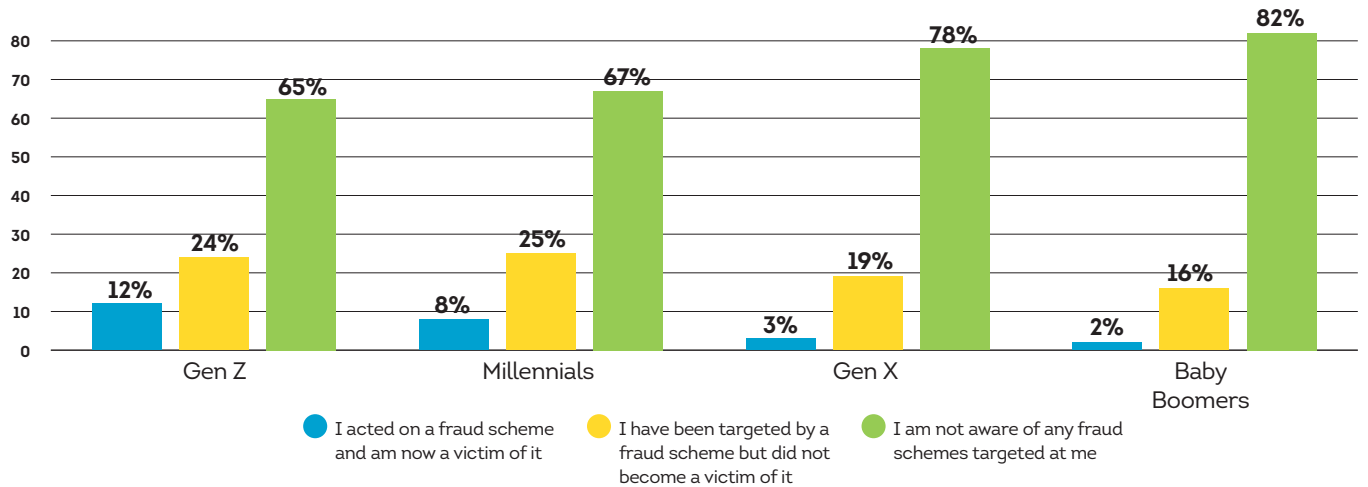


Figure 11. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?



CALL TO ACTION

If you, like many others, are concerned about your ability to pay your bills and loans in the coming weeks, we've created a [COVID-19 support center](#), which can help you learn how to manage your credit during this uncertain time. And, as always, we at TransUnion are committed to continuing to provide you the updates, tools and resources you need to help you stay in control of your credit health.

If you would like more information about this report, please contact your TransUnion representative or complete the Contact Us form at transunion.com/business.

If you are a member of the media and would like to learn more, please contact:

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