



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 consumer behavior changes and providing results to all to inform understanding and decision-making during this time of uncertainty.

13

WAVE 13 REPORT

Data collected week of **September 28**

KEY TAKEAWAYS

- Overall, 51% of Americans are financially impacted by COVID-19, the lowest level since the study started in March. Within this context, Americans are feeling optimistic, with 77% feeling positive or neutral about the future. Interestingly, Gen Z (64%) and Millennials (62%) are the most optimistic of the generations despite continued higher levels of impact (56% and 69%, respectively).
- For the first time, we asked consumers whether their household finances are tracking as planned this year. Among all Americans, one-third say their 2020 household finances are better than planned, a third are as planned and a third are worse, with stark variation among demographics.
- A quarter of all consumers have received a financial accommodation. Those who say their household finances are better than expected are twice as likely to have used an accommodation as those who say their finances are worse, indicating accommodations have provided needed benefit to many.

RESEARCH METHODOLOGY

This online survey of 3,102 adults was conducted September 30, 2020, by TransUnion in partnership with 3rd party research provider Qualtrics® Research-Services. The current wave data is compared to the previous wave, which was conducted August 26, 2020, among 3,035 adults. 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. Generations are defined as follows: Gen Z, born 1995 – 2002; Millennials, born 1980 – 1994; Gen X, born 1965 – 1979 and Baby Boomers, born 1944 – 1964. These research results are unweighted and statistically significant at a 95% confidence level within ±1.76 percentage points based on calculated error margin.

FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

With America divided nearly in half among those financially impacted by COVID-19 and those who are not, there are large gender and ethnicity variances in consumers' perceptions of their finances being better or worse than planned. There is little regional variance. Thirty-nine percent of women state their finances are worse than planned, compared to 29% of men. Asian consumers are most likely to say their finances are worse (37%). On the other hand, 49% of Black consumers indicated their finances are better, while reporting the lowest level of worse finances (26%).

Overall, job loss (18%) and work hour reduction (38%) remain stable among impacted consumers. Impacted Black and Hispanic consumers are most likely to have lost their jobs (22% and 21%, respectively) and 41% percent of Black consumers report reduced work hours. Asian consumers are least likely to report job loss (14%), but are most likely to have reduced work hours (45%). Additionally, more Black and Asian consumers say they have had to close a small business they owned (19% and 15%, respectively) than the overall population (13%). This is most notable among Black Gen Zers, 22% of whom report they have had to close their small business.

Figure 1. Overall perceived impact.

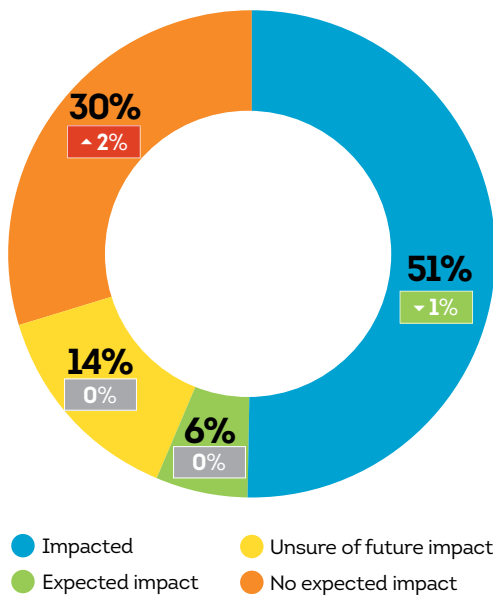


Figure 2. How is your current household income being impacted?

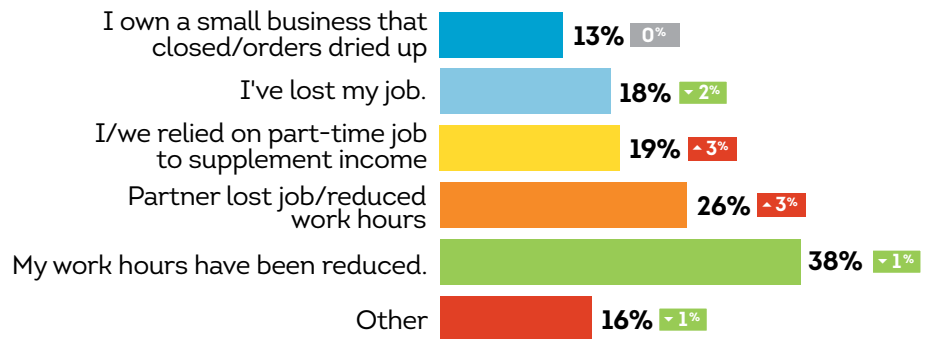
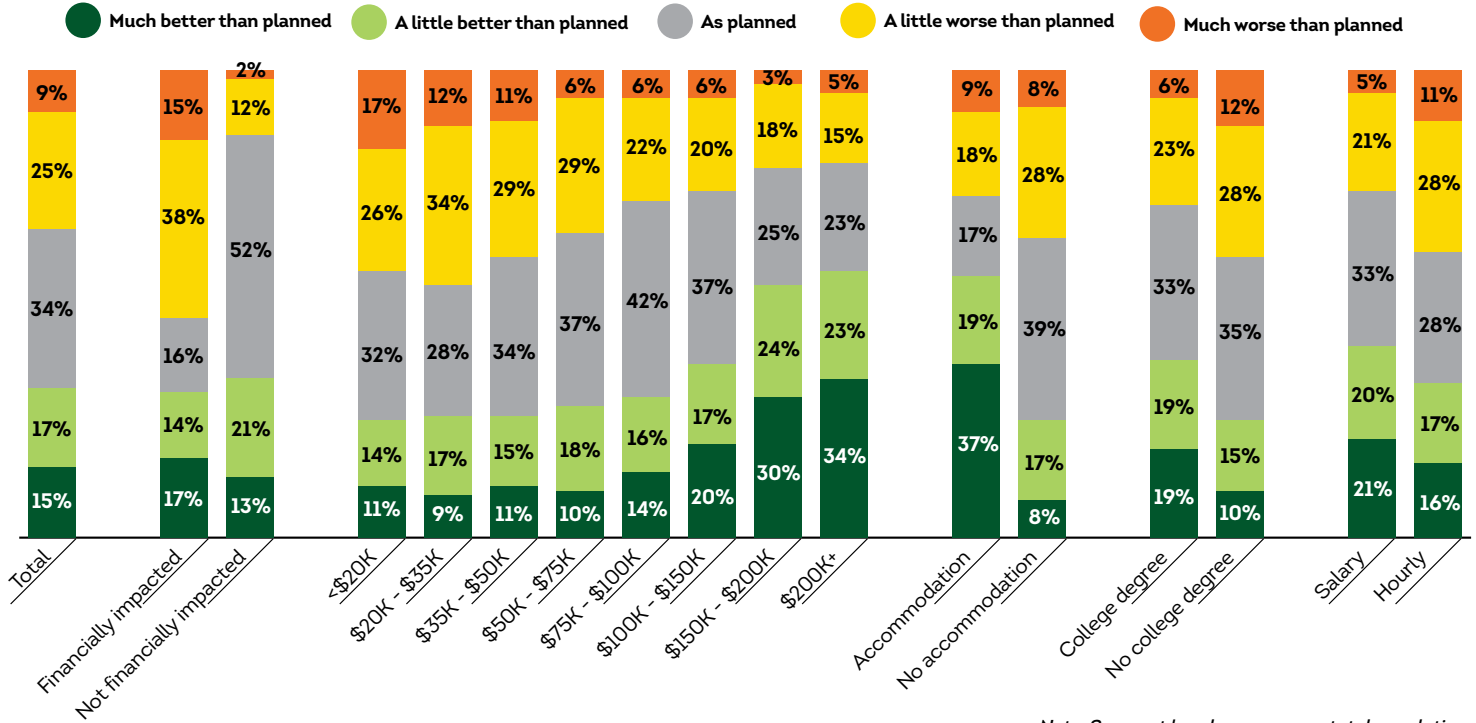


Figure 3. In 2020, are your household finances...



Note: Segment breaks are among total population

MANAGING THE HOUSEHOLD BUDGET

HOW ARE CONSUMERS CHANGING THEIR HOUSEHOLD BUDGET IN RESPONSE TO THE PANDEMIC?

Worryingly, impacted consumers now estimate they have 5.4 weeks until they will not be able to pay their bills or loans. This is the shortest timeframe since March, driven by a significant increase in those who say they will not be able to pay within the next week (+7 pp to 21%). Significant reductions are reported by Asian consumers, with a 1.1-week drop to 6.4 weeks, white consumers (-0.9 weeks to 5.1 weeks) and Black consumers, with a reduction from 6.3 to 5.5 weeks.

Conversely, concern about ability to pay bills and loans among impacted consumers fell 5 percentage points since August, to 70%. There is a corresponding reduction in consumer concern about ability to pay all credit products, except personal loans (+4 pp to 22%).

Among all consumers who state their finances are doing much better than planned, many report positive changes to their debt and savings. A quarter are saving more in an emergency fund (vs. 16% of total population), 24% are paying down debt faster (vs. 14%) and 20% are saving more for retirement (vs. 10%). As they take steps to shore up their financial health, this segment's use of available credit (15%) is 4 percentage points higher than the overall population (11%).

Consumers who have received a financial accommodation are more likely to be saving more in an emergency fund (22% vs. 15% without accommodation), paying down debt faster (19% vs. 12%) and saving more for retirement (17% vs. 8%) than those without an accommodation.

Figure 4. How much is your budget shortfall?

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



How soon will you not be able to pay?

Consumers who were impacted expect they will not be able to pay their bills or loans in 5.4 weeks.

Are you concerned?

70% of consumers who are impacted are concerned about their ability to pay current bills and loans.

Figure 5. How soon do you expect that you will not be able to pay your bills and loans?

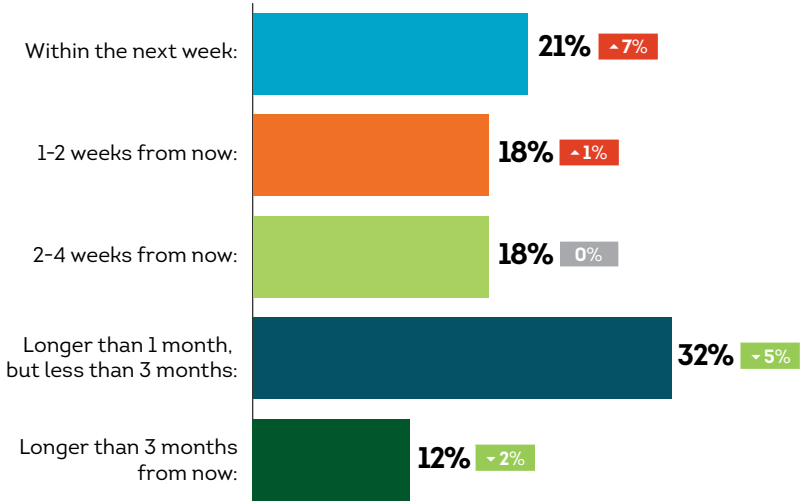


Figure 6. What bills and loans are you concerned about your ability to pay?

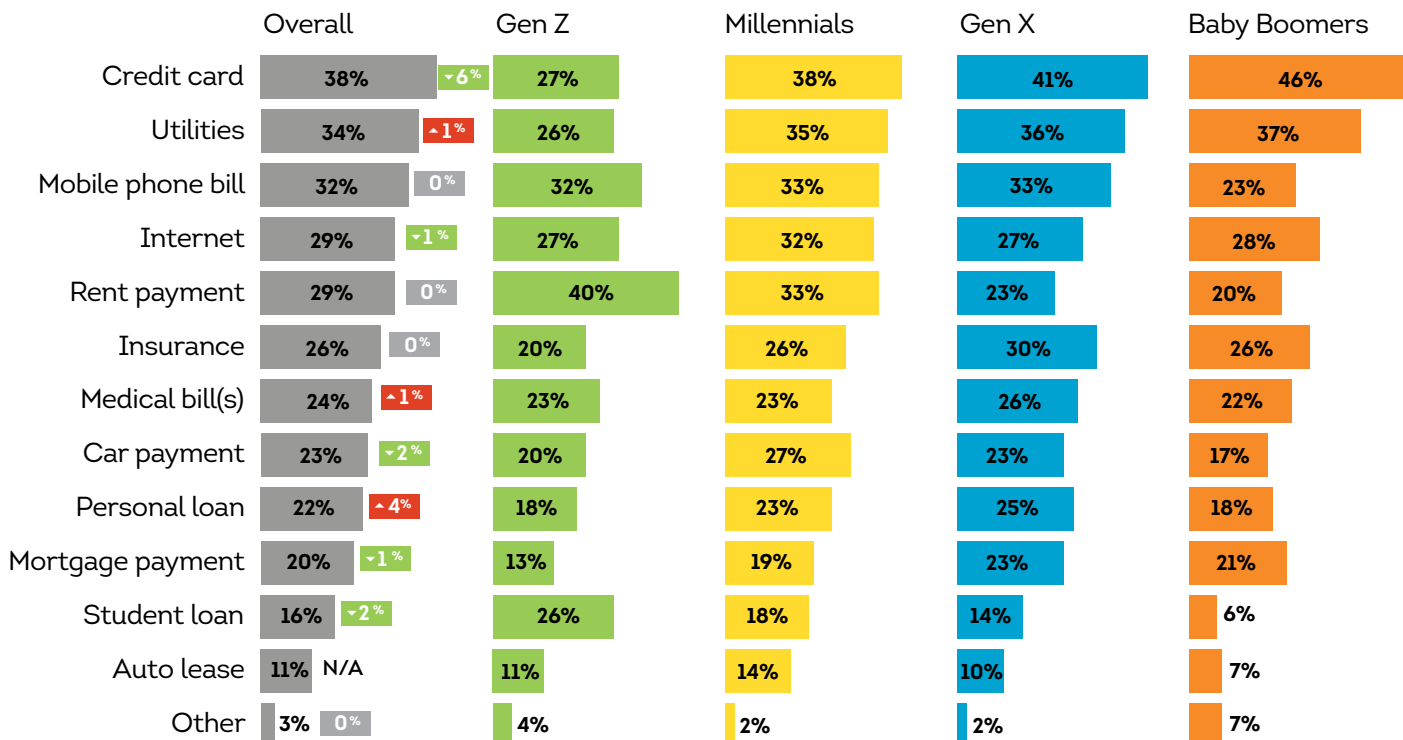
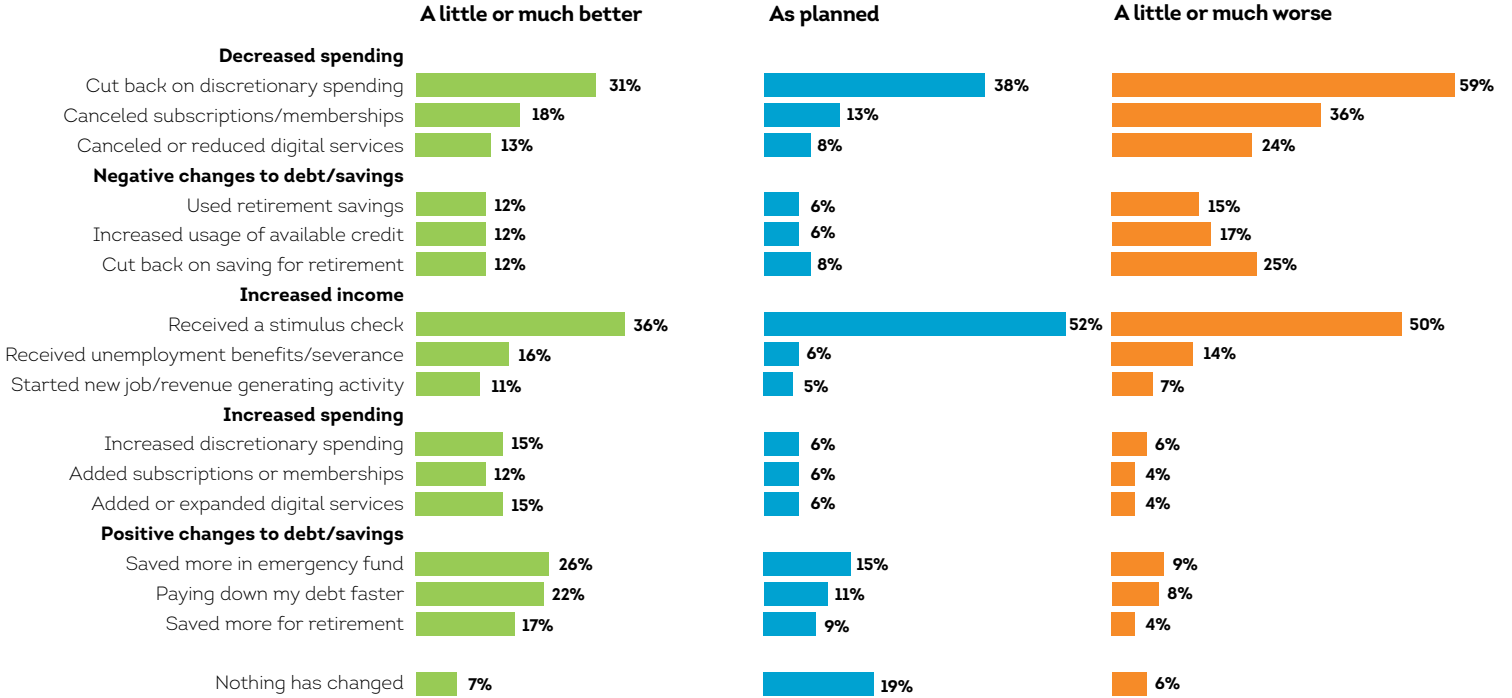


Figure 7. Changes to household budget for those whose 2020 finances are better, worse or as planned
(among total population).



RECOVERY PLANS

WHAT DO CONSUMERS PLAN FOR THEIR PATH FORWARD?

Nearly a quarter (24%) of all consumers have received a financial accommodation of some kind. Black consumers are most likely to have received a financial accommodation (33%), followed by Hispanic (28%), white (22%) and Asian consumers (19%).

Among impacted consumers who are concerned about their ability to pay their bills and loans, 63% have reached out to companies they have accounts with to discuss payment options. This is the highest level since this study began. Hispanic (+15 pp to 72%) and Gen Z consumers (+13 pp to 67%) report dramatic increases in contacting their companies about payment options, also to the highest levels of the study.

Following a steady decline since April, consumers planning to use money from savings to help pay bills and loans (-6 pp to 26%) is at its lowest level, with notable declines among Asian (-9 pp to 27%) and Hispanic (-9 pp to 22%) consumers. Nearly a quarter (23%) of impacted consumers indicate they plan to borrow from friends or family to help pay bills and loans, down 4 percentage points. When asked to select all applicable groups they plan to borrow from, 52% said parents, 47% said friends and 18% said a crowdfunding site. Plans to use credit cards/balance transfer or take out a personal loan to help pay (19% and 16%, respectively) remain at the highest levels to date, with a notable increase in use of credit card/balance transfer among Asian consumers (+17 pp to 36%) and 19% stating plans to refinance (+9 pp). Seventeen percent of impacted Americans say they do not know how they will pay their bills and loans (+3 pp). A quarter of women do not know how they will pay, the highest level since March, but only 10% of men report the same.

Figure 8. What is your plan to help pay your current bill(s) or loans?

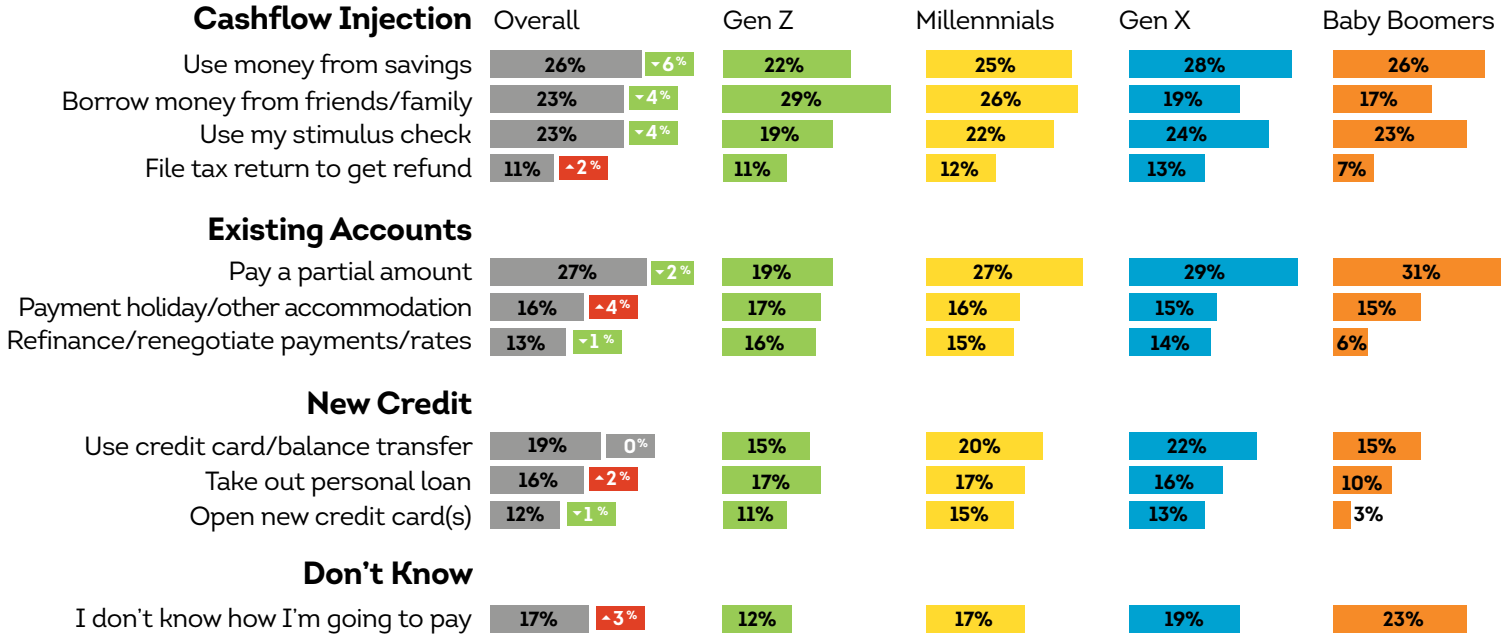


Figure 9. Have you reached out to companies you have accounts with to discuss payment options?

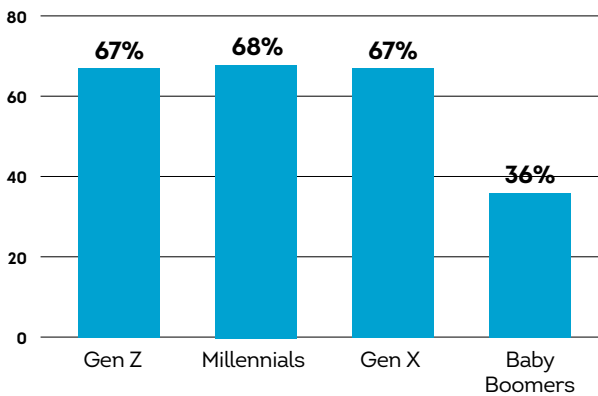


Figure 10. Loans/bills enrolled in financial accommodation (among those with financial product).

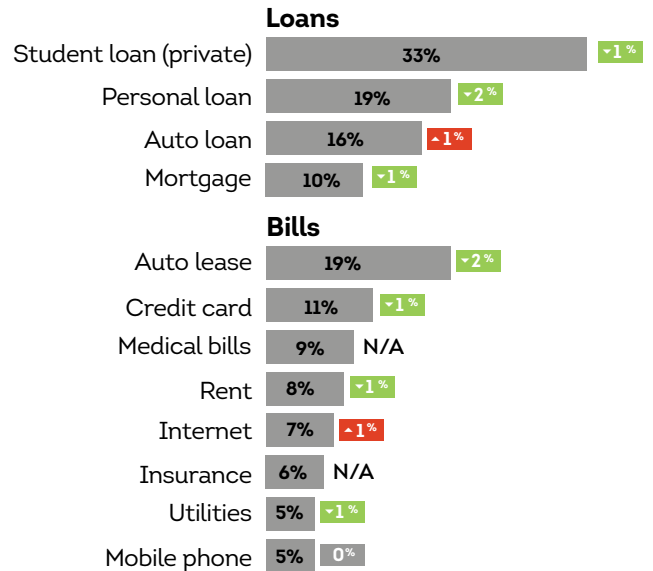


Figure 11a. Repayment preference among those with accommodations on loans (top 3 preferences).

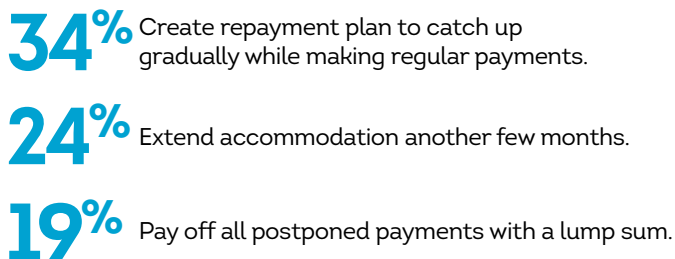


Figure 11b. Repayment preference among those with accommodations on bills (top 3 preferences).

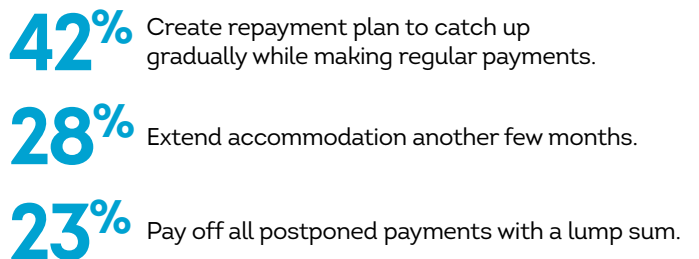


Figure 12a. Are you delaying any of the following major purchases or events?

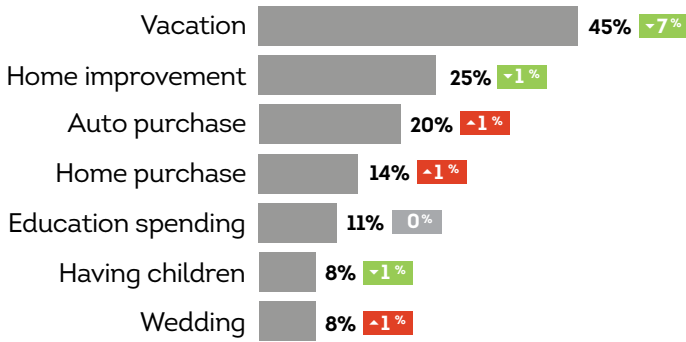
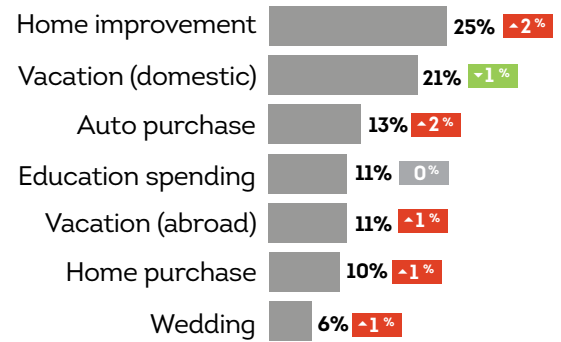


Figure 12b. Which of the following, if any, will you likely undertake in the next three months?



TAKING CARE OF YOURSELF

HEALTHCARE, DIGITAL FRAUD AND CREDIT MONITORING

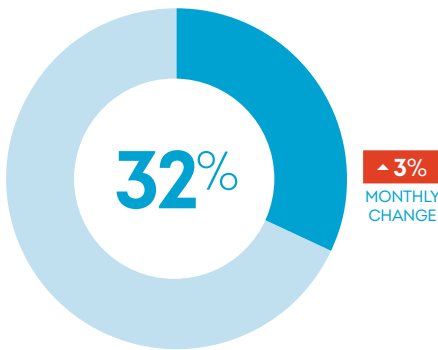
At 32%, the percentage of consumers who have delayed or canceled an elective medical appointment because of COVID-19 remains flat. Thirty-seven percent plan to reschedule as soon as their healthcare provider allows them to do so.

Over a third (34%) of consumers report being targets of digital fraud attempts related to COVID-19, the most to-date and 12 points higher than when the pandemic began. Phishing remains the most common scam (29%).

Americans are increasingly checking their credit daily (+3 pp to 10%), but less monthly (-5 pp to 26%). Frequently checking their credit is even more common among those whose household finances are much better than planned (30% check daily; 31% weekly).

For those with an accommodation, 46% say it is extremely or very important to monitor their credit, 14 percentage points higher than those without an accommodation (32%). Significantly more consumers with an accommodation check their credit daily (24%), compared to just 5% of those without accommodations.

Figure 13a. Delayed medical procedures.



Percentage of consumers who have had an elective surgery, medical appointment or procedure delayed or canceled due to COVID-19.

Figure 13b. How urgently do you plan to reschedule your elective surgery, medical appointment or procedure?

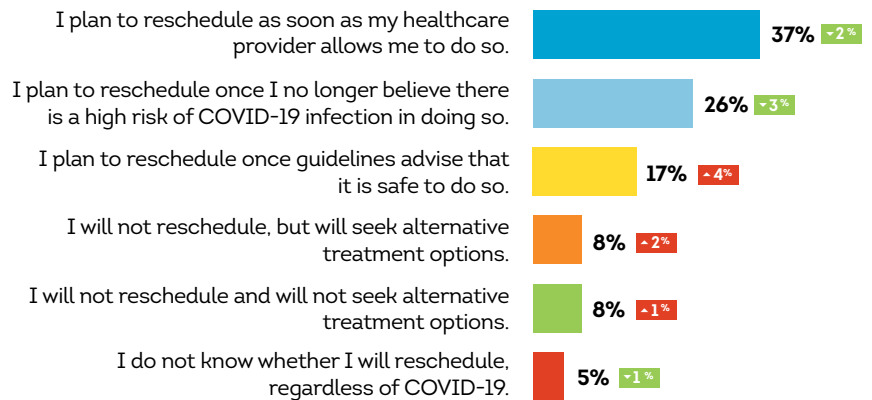


Figure 14. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

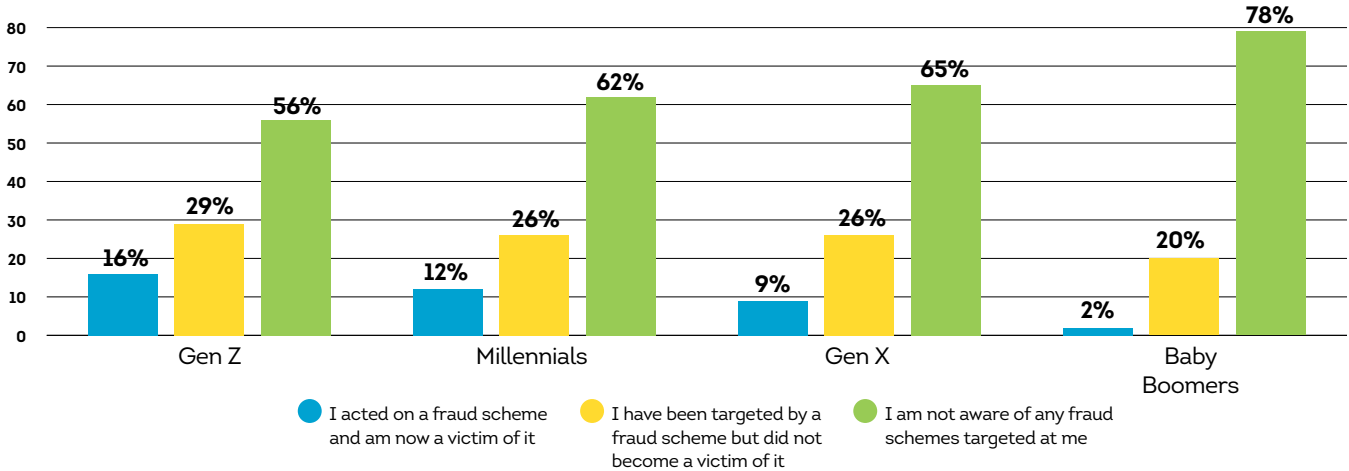


Figure 15. Frequency of checking credit.

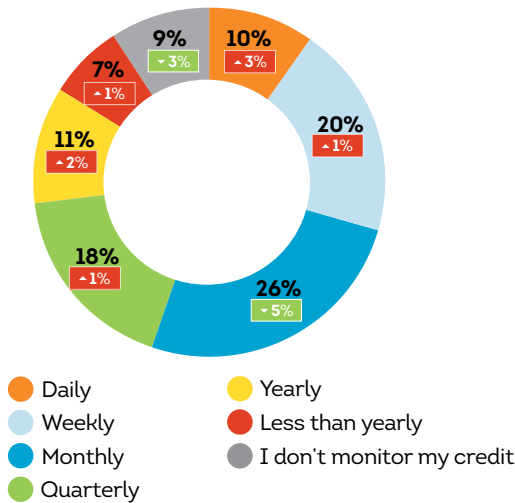
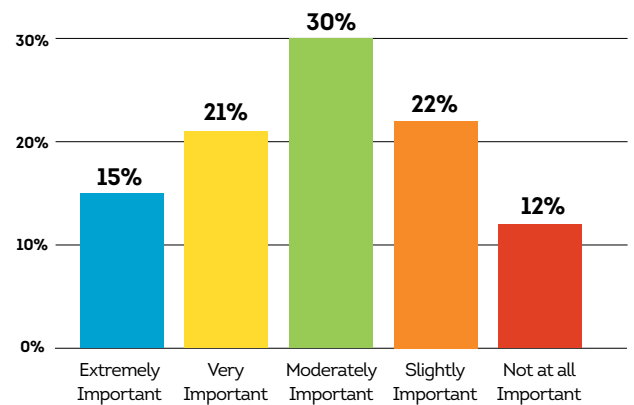


Figure 16. Importance of monitoring credit during COVID-19 pandemic.



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 and protect your credit during this 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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