



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.

9**WAVE 9 REPORT**Data collected week of **May 25**

KEY TAKEAWAYS

- Job loss for financially impacted African Americans rose to 32%, up 6 percentage points since our last study, and 14 points higher than white consumers (18%). Overall, African Americans face greater financial impact due to COVID-19 (63%) compared to white consumers (56%). Seventy-nine percent (79%) of impacted African Americans are concerned about how to pay their bills and loans compared to 64% of white consumers, and they estimate they will be unable to pay in 4.9 weeks, down from 6.0 weeks in wave 8.
- As impacted Americans exhaust planned use of the stimulus check (30% vs. 38% wave 8), consumer behavior reflecting economic anxiety has increased. A quarter (26%) of impacted consumers are cutting back on saving for retirement (+3 percentage points) and 16% are refinancing current rates (+5 pp). Intent to apply for new credit is at its highest levels since early March, with 15% intending to apply for personal loans and 12% intending to apply for new credit cards.
- As states and local communities continue adopting varied reopening plans, consumers under a stay-at-home order report higher financial impact (63%) than those in areas without such mandates (49%). Of those impacted in partially reopened areas, 59% are concerned about being able to pay their bills and loans, and they state they will run out of money in 6.4 weeks. In comparison, 74% of impacted consumers in stay-at-home areas are worried about being able to pay; this segment has 5.6 weeks until they run out of money for bills and loans.

RESEARCH METHODOLOGY

This online survey of 2,086 adults was conducted May 28 – 29, 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 May 4 – 5, 2020 among 2,063 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 ±2.15 percentage points based on calculated error margin.

FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

Overall, 58% of consumers have been impacted financially by COVID-19, up from 56% in wave 8. This is driven by Gen Z (68%), who report a 10-point increase in financial impact compared to wave 8 and now show the same level of impact as Millennials. Gen Z African Americans reported a 13-point increase in financial impact (69%), and drove the elevated level of impact among all African Americans (63%).

Gen Z also reported a sharp increase in job loss (33% vs. 24% wave 8), which drove job loss among impacted consumers to the highest level (23%) since this study began. Of impacted Gen Z African Americans, 34% have now lost their jobs, compared to 21% in wave 8. All impacted African Americans have more job loss (32%) than white consumers (18%).

Figure 1. Perceived impact.

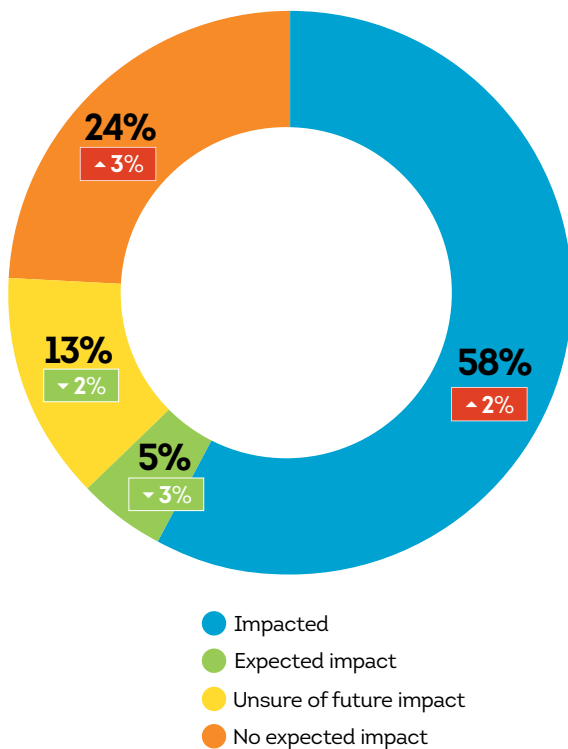


Figure 2. Perceived impact by segment.

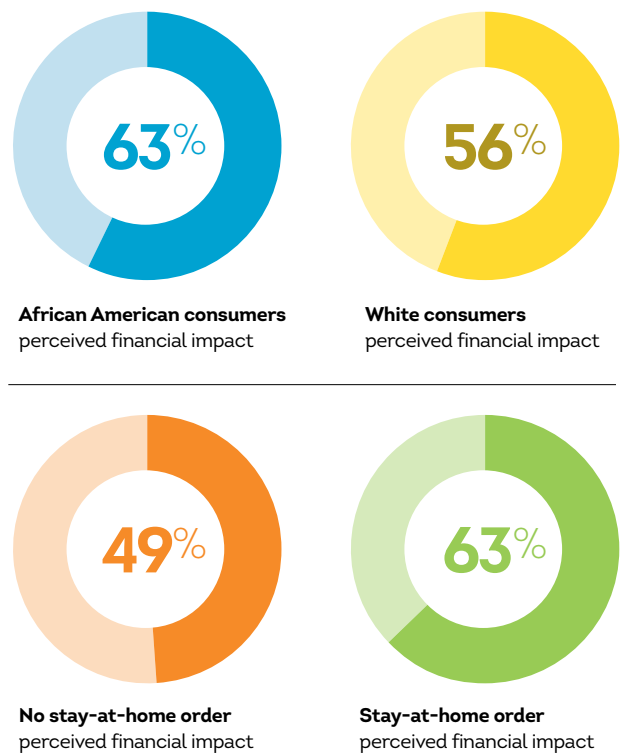
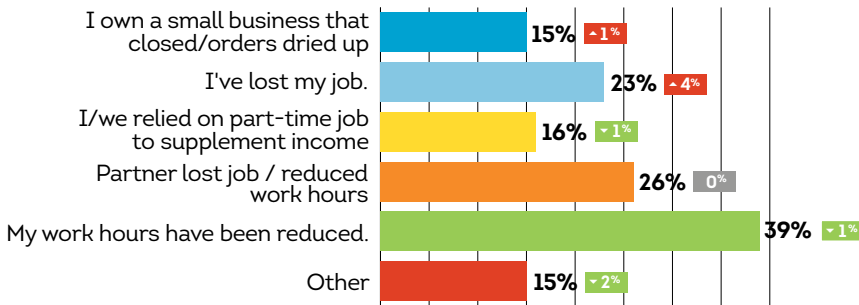


Figure 3. How is your current household income being impacted?



Job loss at small businesses

- Job loss among small business employees climbed to 25% (+8 pp from wave 8).
- Half of Gen Z consumers work at small businesses.

MANAGING THE HOUSEHOLD BUDGET

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

Impacted consumers indicated a sharp drop in time until they will not be able to pay their bills and loans (5.8 weeks vs. 6.7 weeks in wave 8). With this economic anxiety growing, concern about how to pay bills and loans increased to 70% from 66% in wave 8, primarily driven by Gen Z and Millennials (see Figure 4).

Compared to impacted white consumers, impacted African Americans are disproportionately unable to pay bills and loans to meet basic needs. African Americans report a 12-point higher inability to pay rent (37% vs. 25%), and a 10-point higher inability to pay utilities (45% vs. 35%) and car payments (35% vs. 25%). While there was a decrease in impacted African Americans' inability to pay mobile phone bills (-4 pp to 39%), they still report an 8-point higher level of inability to pay than white consumers (31%).

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 **5.8** weeks.

Are you concerned?

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

Gen Z and Millennial concern

- Gen Z concern about ability to pay bills/loans rose sharply to 77% (+13 pp from wave 8).
- 81% of impacted Millennials reported concern, up from 74% in wave 8.

Shelter and basic needs

- Most impacted consumers (54%) will not be able to pay for housing (mortgage & rent).
- At 37%, utilities are the third-highest bill/loan impacted consumers will be unable to pay.

Figure 5. What bills and loans are you concerned about your ability to pay?

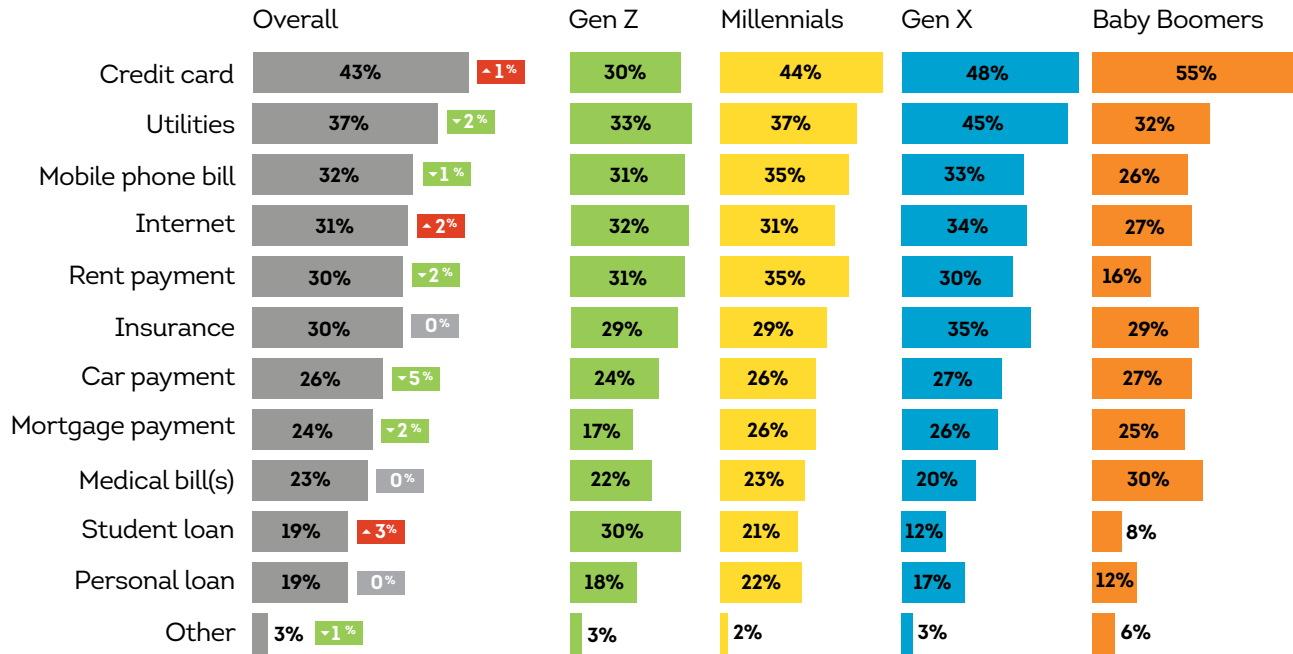
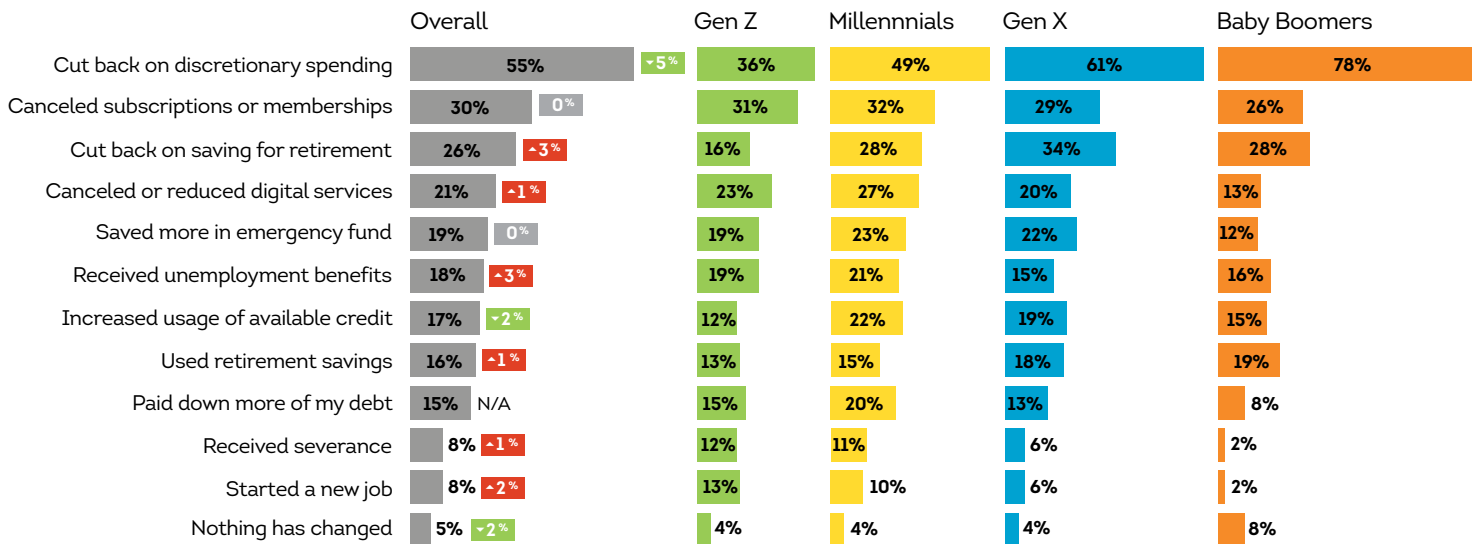


Figure 6. What has changed in your household budget during the COVID-19 pandemic?



RECOVERY PLANS

WHAT DO CONSUMERS PLAN FOR THEIR PATH FORWARD?

Significantly more consumers are reaching out to companies they have accounts with to discuss payment options (60% vs. 47% wave 8). Notably, there was a 30-point increase in impacted Gen Z consumers contacting their companies about payment options, and a 21-point increase among impacted African Americans (70%).

In turn, African Americans (37%) are more likely to leverage a financial accommodation such as a deferral, forbearance or payment holiday than white consumers (22%). Overall, a quarter (25%) of all consumers have received an accommodation. For the first time in this study, we asked consumers what bill and loan products they have received accommodations for, as well as their preferred repayment method at the end of the accommodation period; see Figures 9 and 10a/b for details.

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

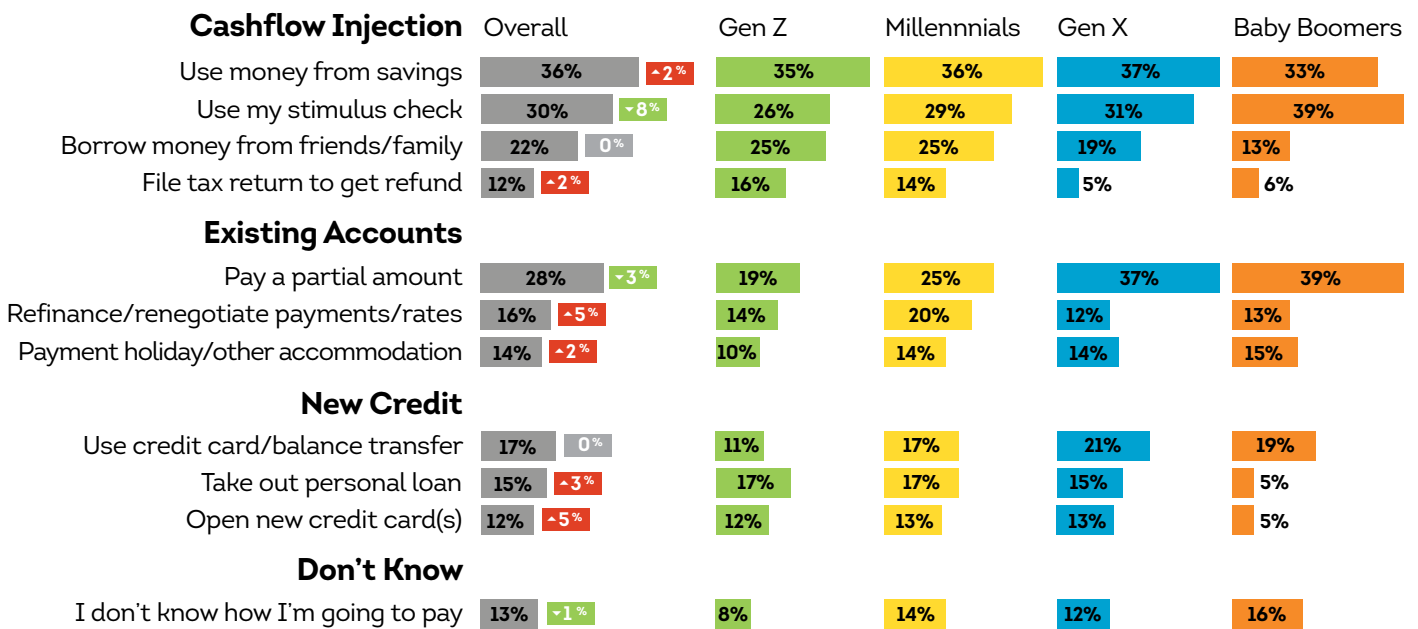


Figure 8. Have you reached out to companies you have accounts with to discuss payment options?

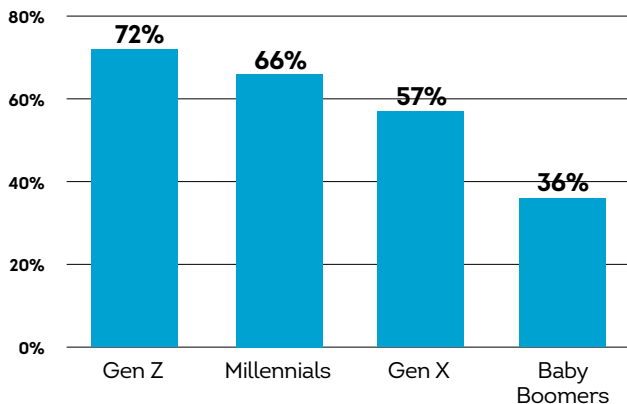


Figure 9. Loans/bills enrolled in financial accommodation (among those with financial product).

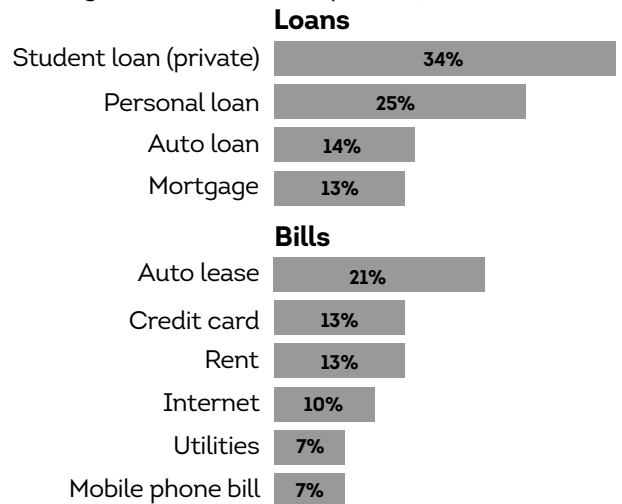


Figure 10a. Repayment preference among those with accommodations on loans (top 3 preferences).

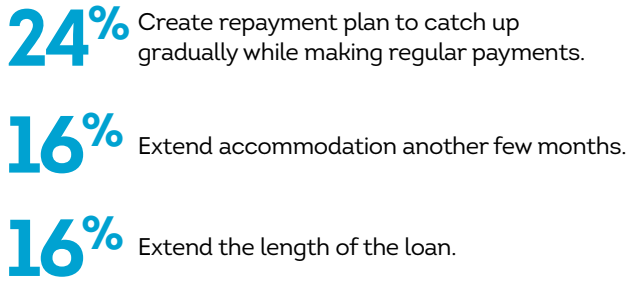
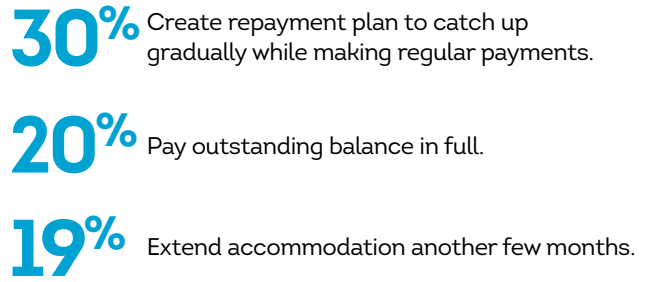


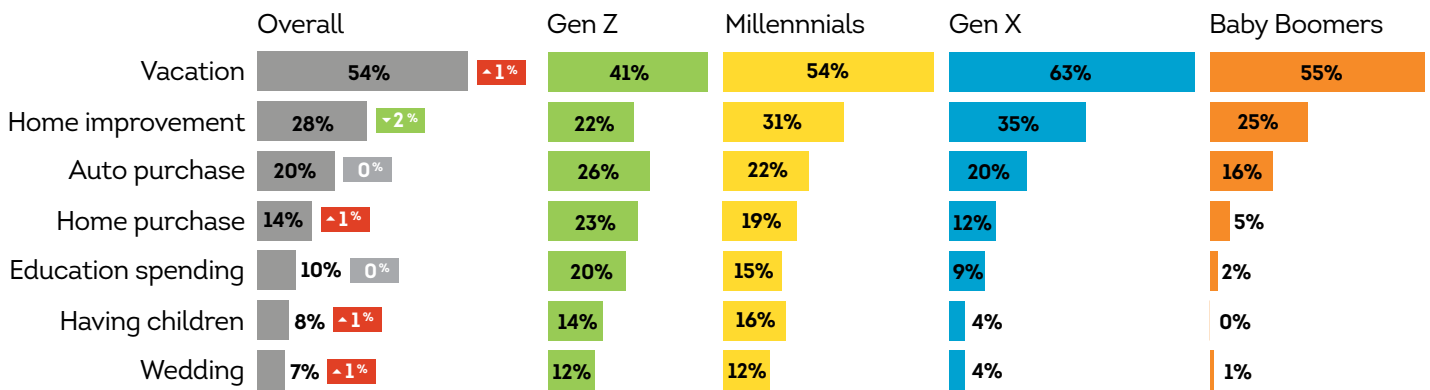
Figure 10b. Repayment preference among those with accommodations on bills (top 3 preferences).



Understanding of Accommodation:

74% of consumers who have received a financial accommodation are extremely/very confident in their understanding of the terms.

Figure 11. Are you delaying any of the following major purchases or events?



TAKING CARE OF YOURSELF

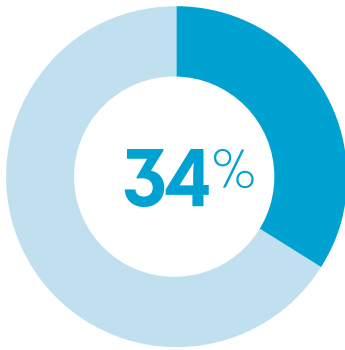
HEALTHCARE, FRAUD AND CREDIT MONITORING

Thirty-four percent of consumers now indicate they have had a non-COVID-19 related elective surgery, medical appointment or procedure delayed or canceled, up 3 points from wave 8. Consumers living under a stay-at-home order are significantly more likely to have delayed or canceled an elective surgery, appointment or procedure (37%) than those living without those restrictions (28%).

Fraudsters continue to take advantage of the current environment, with 29% of consumers reporting they have been targets of digital fraud related to COVID-19, up 4 points from wave 8. The fraud victim rate is higher for African Americans (14%) than white consumers (6%). The most common fraud scheme African Americans report being targeted by relates to COVID-19 vaccines, cures, tests and PPE (26%).

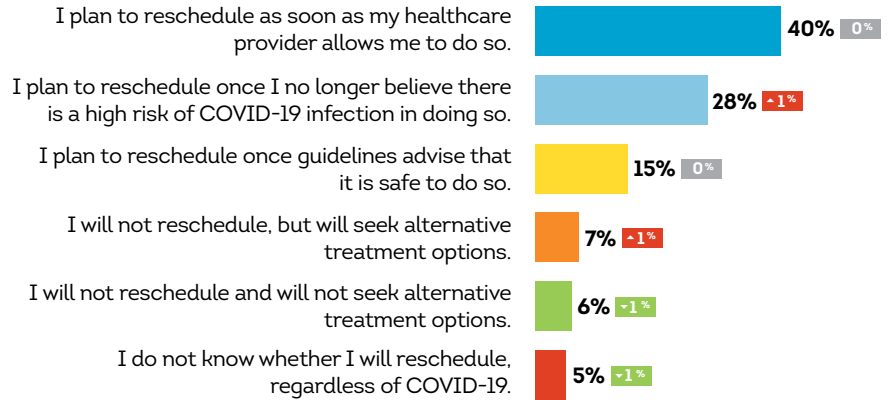
Over 37% of consumers report their belief that it is very important to monitor their credit during the pandemic, and more than half (56%) indicate they check their credit scores at least monthly.

Figure 12a. Delayed medical procedures.



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

Figure 12b. How urgently do you plan to reschedule your elective surgery, medical appointment or procedure?



Healthcare by generation

- Younger generations are more likely to skip medical rescheduling (Gen Z 23%; Millennials 20%) than Gen X (11%) and Baby Boomers (13%).
- [TransUnion's Healthcare Analysis](#) also found Baby Boomers and the Silent Generation (born before 1944) returning to healthcare facilities more than younger generations.

Generational fraud schemes

- Baby Boomers are more likely to be targeted by phishing (49%) than any other scheme.
- Gen Z is most targeted by stimulus check scams (24%).

Figure 13. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

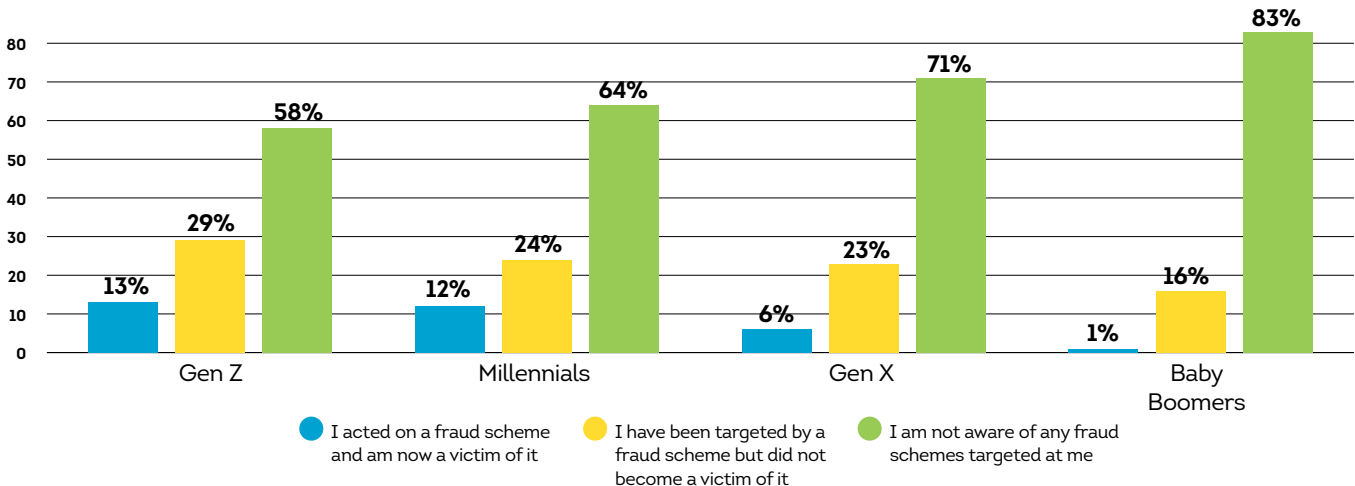


Figure 14. Frequency of checking credit score.

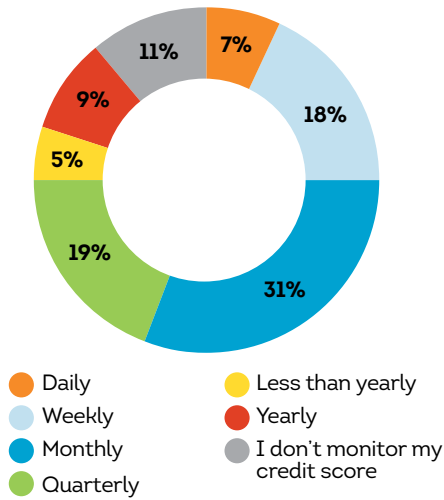
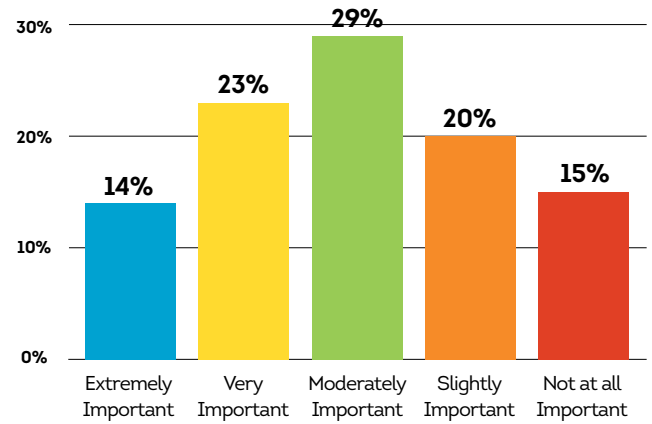


Figure 15. Importance of monitoring credit during COVID-19 pandemic.



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 your credit during this time. You can also access all our global consumer financial hardship studies from the COVID-19 support center. 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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