



The COVID-19 Pandemic's Financial Impact on UK 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

4

Data collected week of
13 APRIL

BACKGROUND

The current global COVID-19 pandemic is creating major economic and financial distress for consumers across the globe. Many jobs in the UK economy are already being impacted or at risk due to drastic demand shifts. We've conducted research to better understand consumers' perceptions and expectations for how this rapidly evolving situation is affecting their financial situation 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 percentage of consumers reporting their household income has been negatively impacted by the COVID-19 epidemic has been stable during the past three weeks. However, there has been a negative trend among consumers 45 years and older. This group started the period with a comparatively lower percentage of respondents reporting a negative impact (38% vs 69%), but the proportion of these respondents reporting a negative impact has risen significantly (48% vs. 66%).
- Despite this, Millennials (those born between 1980 and 1994) appear to be the most pinched: 70% say their household income is being negatively impacted, compared to 62% of Generation Z (those born from 1995 onwards), 59% of Gen X (those born between 1965 and 1979), and 43% for Baby Boomers (those born between 1944 and 1964).
- This is perhaps influenced by the extra level of flexibility family provides to the youngest borrowers: 32% of Generation Z respondents who state that their income is being negatively impacted include 'friends and family' in their fallback plans. This compares to 29% of Millennials, 20% of Generation X and 17% of Baby Boomers.
- Millennials find themselves less likely to fall back on savings, with 33% mentioning this in their plans - the lowest of any generation.

RESEARCH METHODOLOGY

This online survey of 1,007 adults in the UK, was conducted 13 – 14 April, 2020 by TransUnion in partnership with third-party research provider Qualtrics® Research-Services. Adults 18 years of age and older residing in the UK were surveyed using an online research panel method across a combination of computer, mobile, and tablet devices. Survey questions were administered in English. All regions are represented in the study survey responses. To ensure general population sample representativeness across the UK resident demographics, the survey included quotas to balance responses to the census statistics on the dimensions of age, gender, household income and region. These research results are unweighted and statistically significant at a 95% confidence level within ±3.09 percentage points based on calculated error margin.

FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

The downturn is being felt the hardest by Millennials (70% reporting a negative impact on household income). While younger generations were immediately sensitive to the financial impact of the lockdown and have consistently represented a higher (and stable) proportion of consumers reporting negative impact on household income, older generations are increasingly feeling the pinch. The percentage of respondents aged 45 and over reporting negative financial impacts has climbed significantly (from 38% in week one to 48% this week).

Figure 1. Perceived impact

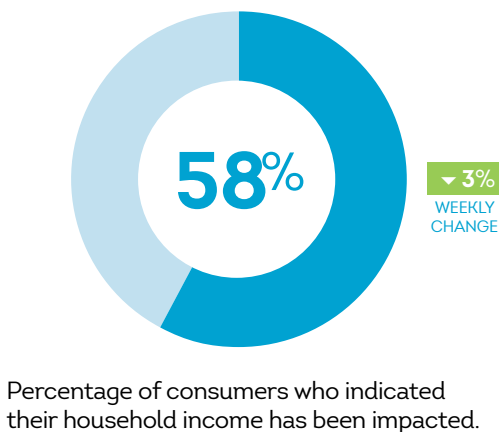


Figure 2. Are you expecting to be impacted in the future?

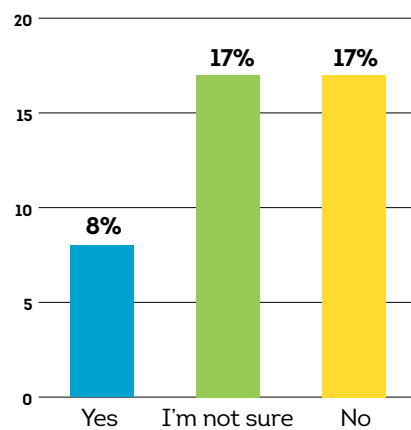


Figure 3. How is your current household income being impacted?



BILLS AND LOANS

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

While the percentage of households feeling a negative financial impact has been steady over the last four weeks, we have seen weekly sequential declines in the percentages of those who are concerned that this will translate through to missed bill payments – down from 70% in week one to 65% last week to 62% this week.

Utility and rent payments remain the two bills of most concern (45% of consumers impacted are concerned about utilities and 30% about rent), though wireless phone bills have grown as a concern (31%, up from 19% in week one) especially among consumers under 45 (35%, up from 19% in week one).

Figure 4. How much is your budget shortfall?

On average, amount consumers who were 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

6.6 weeks.

Figure 5. Are you concerned about your ability to pay your current bills and loans?

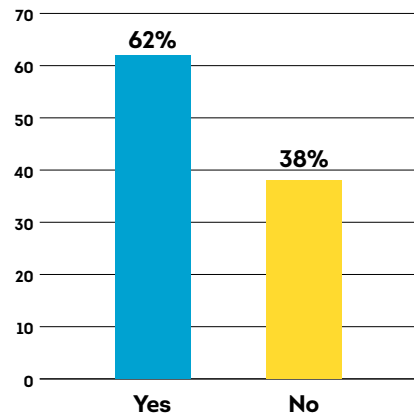


Figure 6. Regional level of concern regarding ability to pay bill(s)/loan(s)

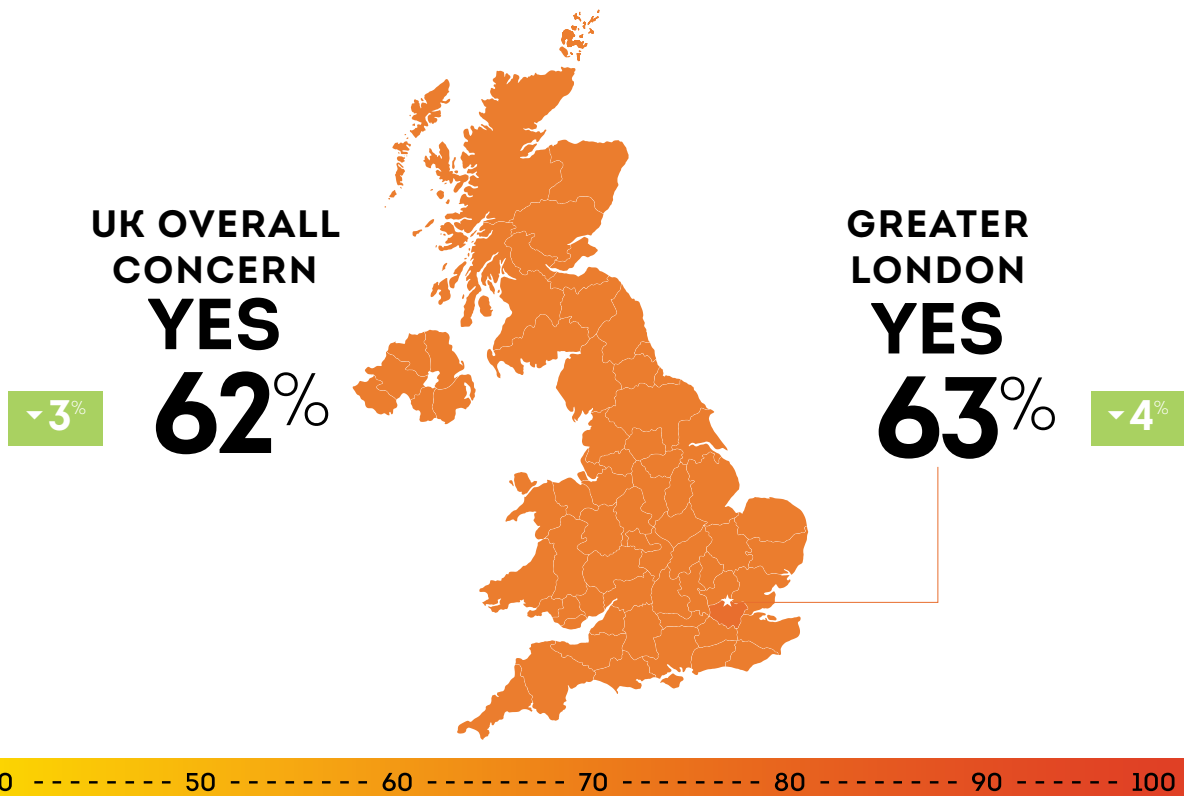
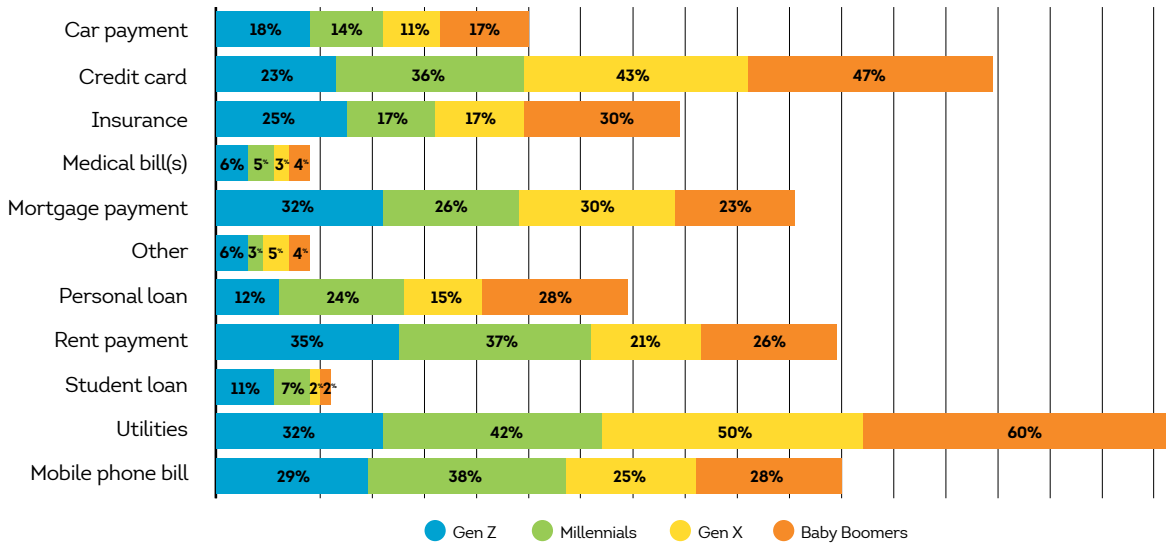


Figure 7. What bills and loans?



NEXT ACTION

WHAT IS YOUR GAME PLAN?

Approximately 70% of Millennials are feeling a negative financial impact due to COVID-19, and 68% of those impacted are concerned about their ability to pay their bills as a result. And yet, often planning to use partial payments (30%) or payment holidays (20%) to lessen the burden, under half (44%) of Millennials have proactively reached out to their lenders to discuss their options.

There has been a steady rise in UK consumers delaying a holiday. In week one, 37% said they were delaying a holiday, and this week nearly half (47%) reported delaying a holiday.

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

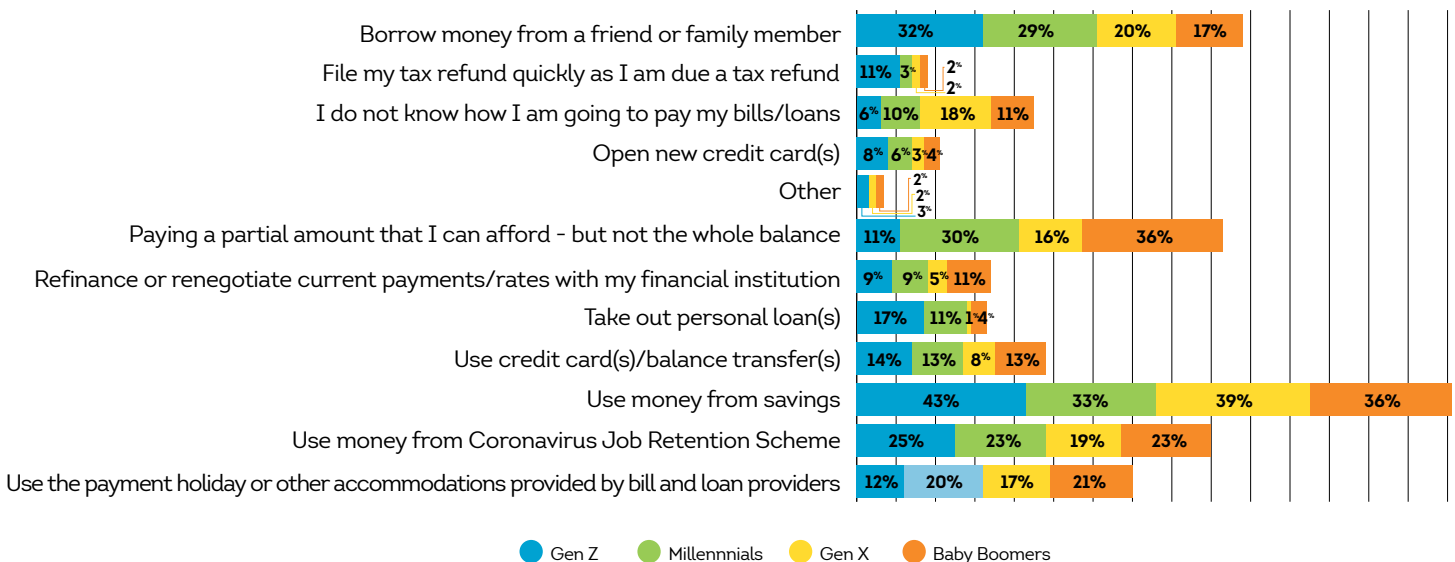


Figure 9. Have you reached out to companies you have accounts with to discuss payment options?

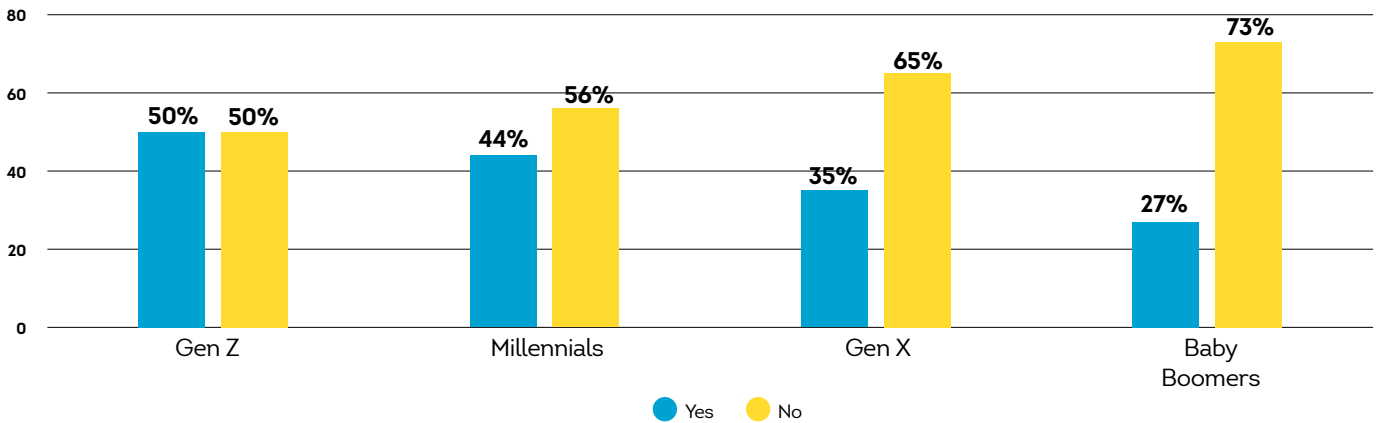
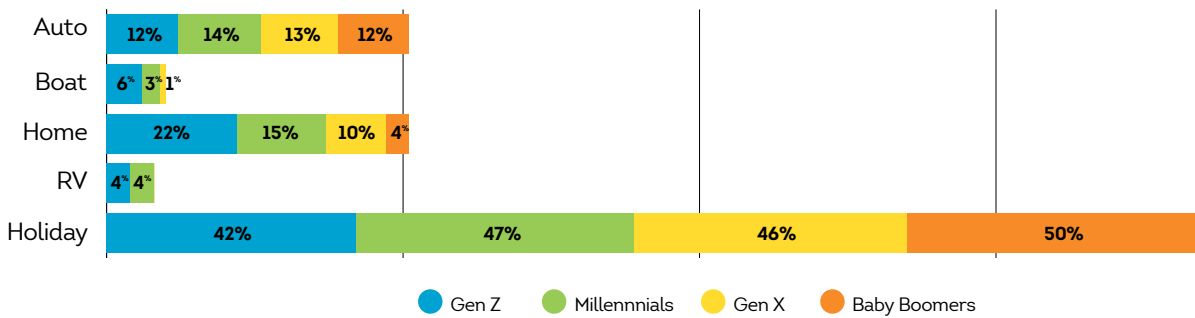


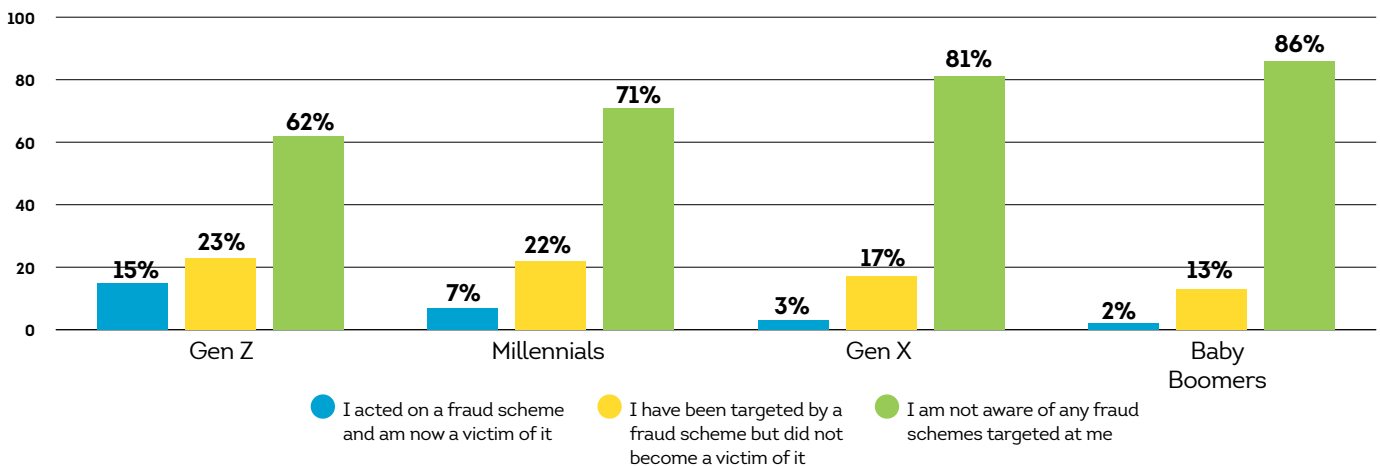
Figure 10. Are you delaying any of the following major purchases?



Other Key Insights

→ Approximately 24% of UK consumers say they have been a target of digital fraud related to COVID-19. Gen Z consumers are more likely to be aware of the schemes, with 38% reporting being targeted compared to only 14% of Baby Boomers.

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



CALL TO ACTION

If you found this information useful and would like to learn more, please come back for next week's report and visit our [UK Consumer Financial Hardship Study website](#). We at TransUnion are committed to continuing to provide you the updates, tools and resources you need to understand this evolving situation.

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

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