

Consumer Pulse Study

COVID-19's current and future impact on household budgets, spending and debt

US Q3 2021

TransUnion's quarterly survey explores how consumers' personal finances have been impacted by the COVID-19 pandemic. The study measures changing consumer attitudes and behavior based on the dynamics of income, debt and identity theft. The analyses and insights give consumers a voice and inform businesses' decision-making as they seek to create economic opportunity for consumers.

KEY TAKEAWAYS



Recovery steady, rising COVID-19 cases a concern: Americans reporting household income negatively impacted by the pandemic leveled off at 30%, a slight improvement from 32% in Q2 2021. However, possibly due to rising cases, households that expect or are unsure if their income will decrease due to COVID-19 in the future rose to 56% from 50% in Q2.

While 17% said their discretionary spending increased in the last three months, 39% of Americans expect to curtail discretionary spending (dining out, travel and entertainment) in the next three months. Possibly anticipating future hardship, those who reported saving more in emergency funds in the last three months increased to 29% from 24% in Q2.



Millennials can't catch a break: In 17 of the 18 TransUnion Consumer Pulse surveys since March 2020, Millennials reported the largest negative household income impact. In Q3, nearly half (46%) said their household income was currently negatively impacted due to the pandemic – the only generation reporting an increase from Q2.

Millennials are struggling to pay bills; 42% reported they've missed a loan or bill payment in the past three months – the highest percentage among any generation. Looking for help, 25% said they rely "a great deal" on government financial support to get through the pandemic – nearly twice that of Gen Z (13%); more than twice that of Gen X (10%); and more than four times that of Baby Boomers (6%).



Inflation adds to pandemic-related stress: Over half of Americans (55%) reported being extremely or very concerned about the current rate of inflation. Of those, 46% think they'll cut discretionary spending compared to just 23% of those who are slightly or not at all concerned about inflation.

More than 50% of all surveyed reported changing their purchasing behavior because of inflation. Those who are making changes said they're more likely to apply for credit (35% vs. 21% not changing) and plan to refinance a loan (20% vs. 10% not changing).

Household income (HHI) and bill payment impact

Nearly a third (30%) of all Americans reported their HHI is currently negatively impacted by the COVID-19 pandemic. That's a slight improvement from 32% who said their current income was impacted in Q2, and a 21% improvement since Q1 2021 when 38% indicated they were currently impacted. However, more Millennials and unvaccinated consumers reported their current HHI decreased due to COVID-19; up 7% and 14% from Q2, respectively.

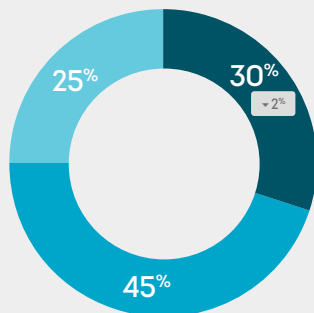
Overall, the recovery from COVID-19 financial hardship has been strong. Consumers who said their HHI was negatively impacted at some point during the pandemic are recovering. With steady improvement, 71% said their finances have at least somewhat recovered compared with 66% in Q2.

While decreased HHI due to the pandemic has leveled off, the future is more uncertain. There was an increase (12%) in consumers reporting their household income may be negatively impacted in the future due to the pandemic (56% in Q3 vs. 50% in Q2). While this runs counter to recent, positive job and unemployment reports, 56% is nearly the same number reported in Q1 2021 when winter COVID-19 case rates were rising.

When it comes to paying their bills and loans, Millennials appear to be struggling the most. Among them, 42% reported they've been past due on a bill or loan payment in the last three months compared to 31% of Gen Z; 24% for Gen X; and 9% of Boomers. Among Millennials who said they're unable to pay their bills/loans in full, 24% said they'd use the available balance on their credit card to help pay the bills, up from 18% in Q2.

The unvaccinated appear to be struggling to pay their bills and loans as well. More individuals who said they're unvaccinated (and don't intend to be) reported they'll be unable to pay any of their current bills and loans in full compared to the fully vaccinated (31% vs. 23%).

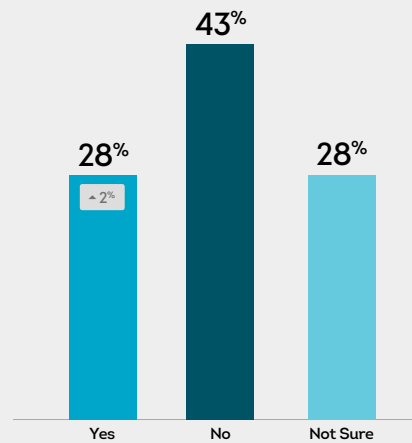
Figure 1. Household income decreased due to pandemic



- Currently decreased
- Previously decreased
- Never decreased

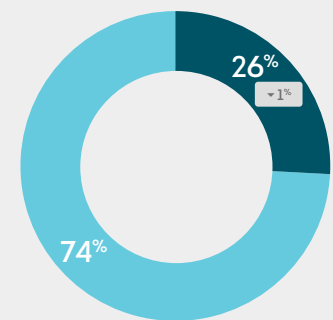
~X% Percentage point change from Q2 2021

Figure 2. Expect household income to decrease in the future



~X% Percentage point change from Q2 2021

Figure 3. Expect to be unable to pay at least one of their current bills and loans in full



- Unable to pay
- Able to pay

~X% Percentage point change from Q2 2021

Figure 4. Consumer financial situation due to pandemic

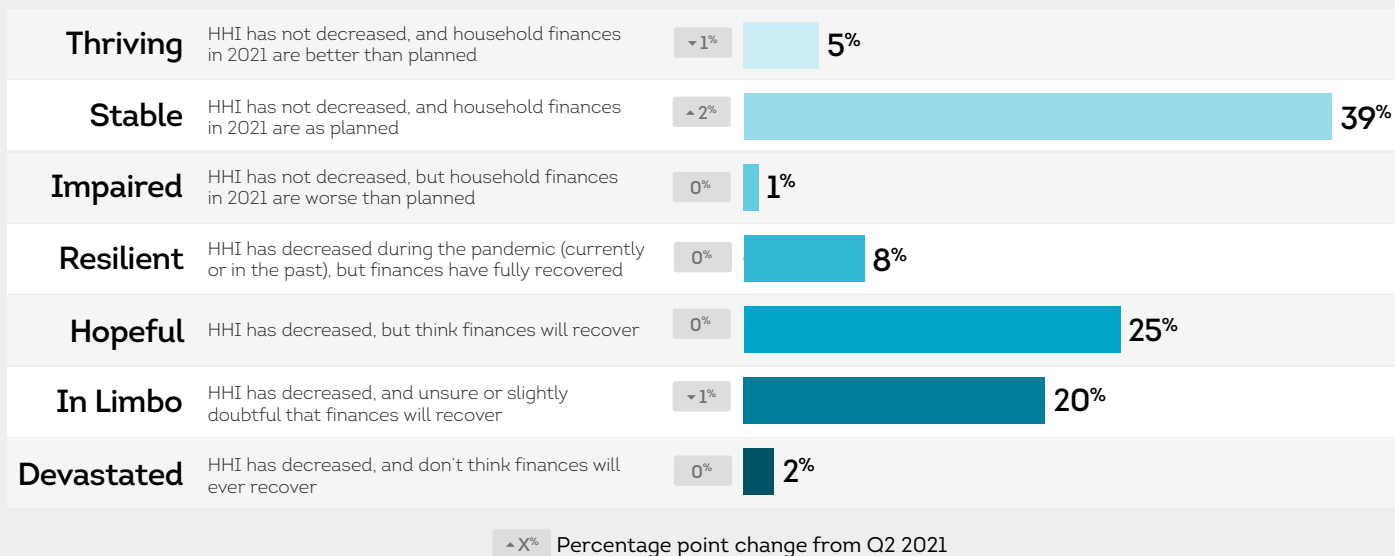


Figure 5. Bills and loans unable to pay (among those with these bills/loans)

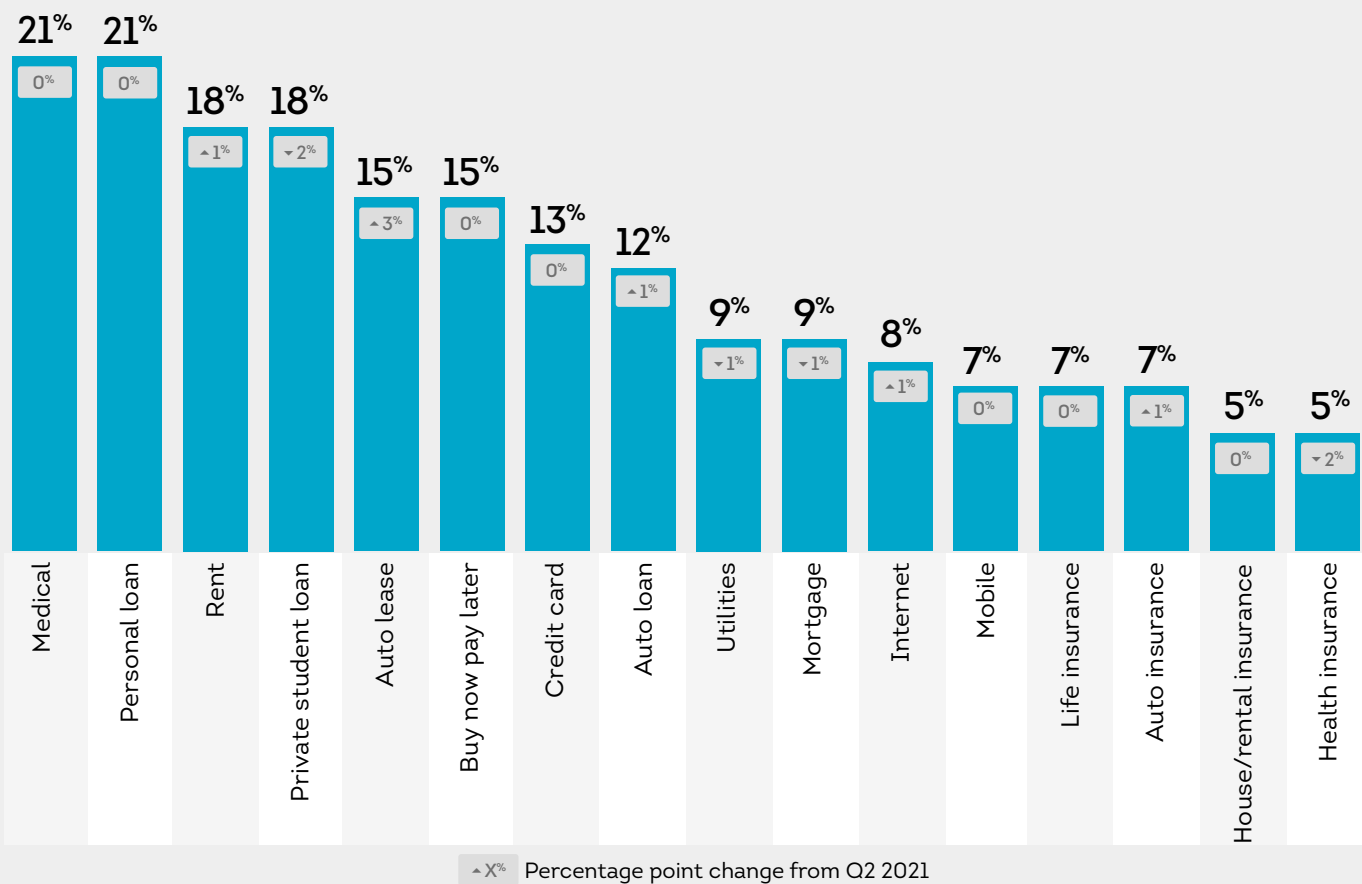


Figure 6. Plans to pay current bills or loans (among those unable to pay bills/loans)

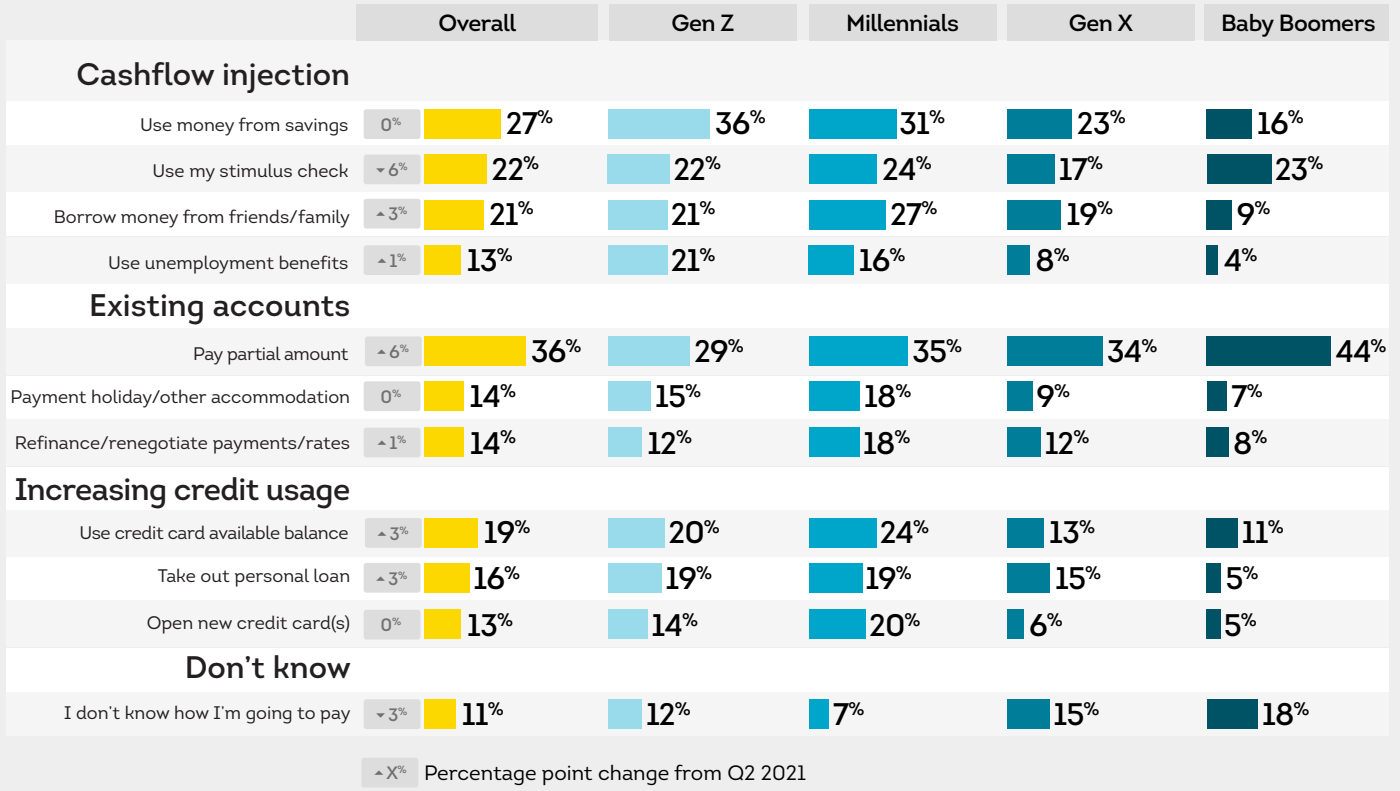
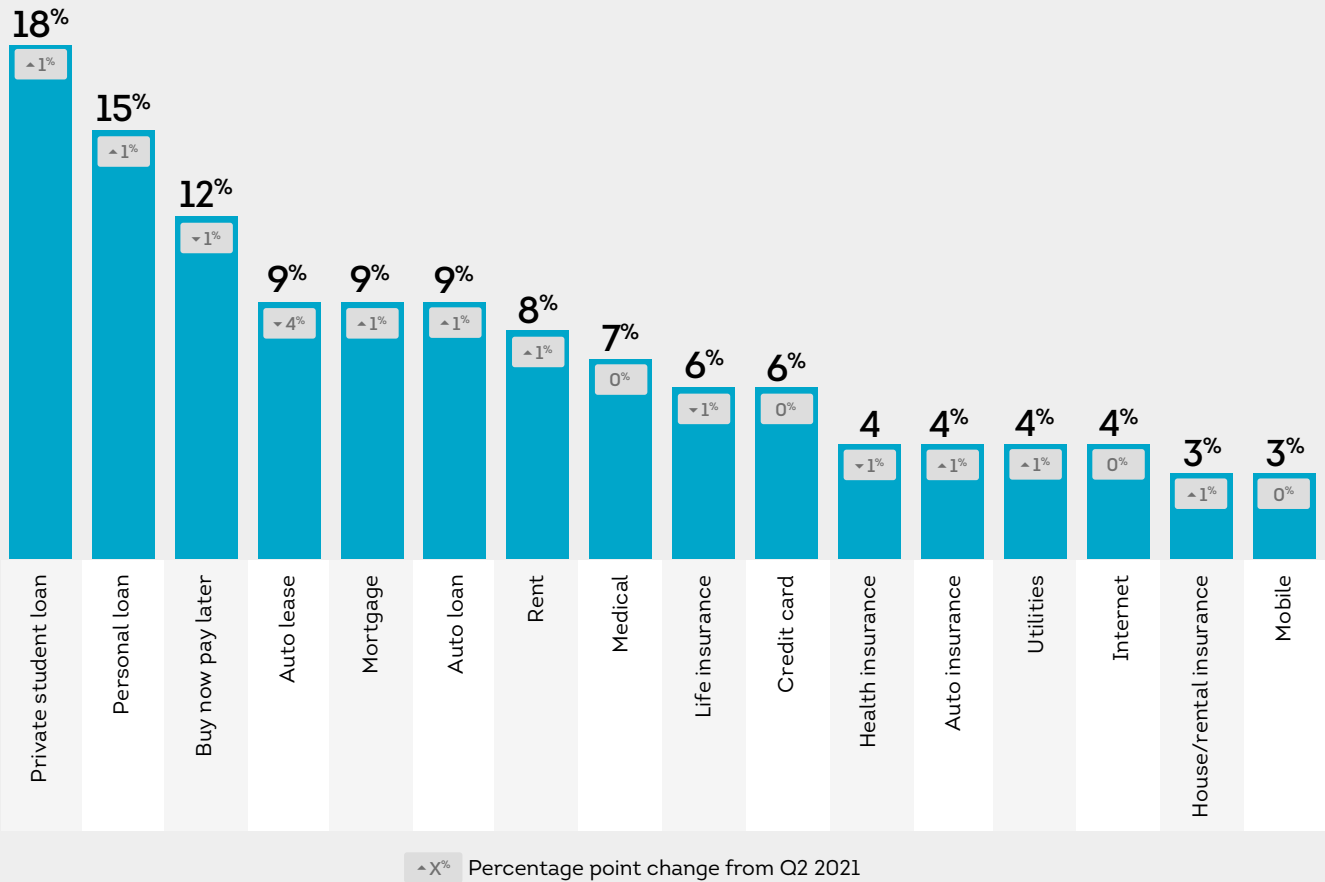


Figure 7. Types of bills or loans enrolled in financial accommodation in past year (among those with that bill/loan)

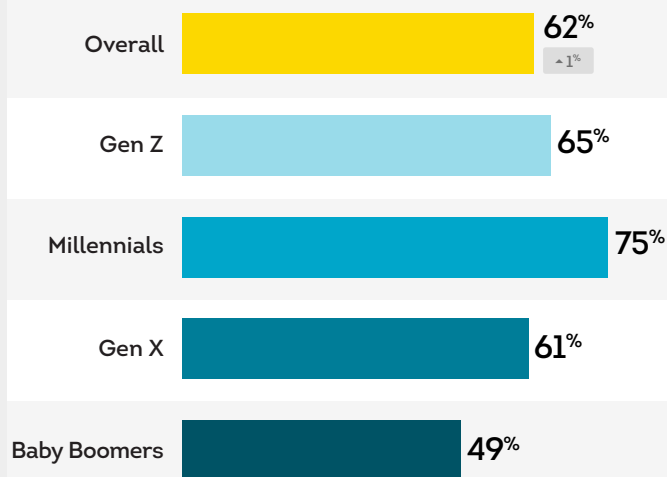


Attitudes and plans for economic participation

Consumer confidence is waning and Americans are adjusting financially due to rising COVID-19 cases. More consumers reported they'll decrease retail shopping on clothing, electronics and durable goods (29% vs. 24% in Q2); discretionary spending on eating out, travel and entertainment (39% vs. 30%); and large purchases of appliances and cars (33% vs. 27%). At the same time, consumers plan to shift spending online. Among the 30% who said they'll increase online purchases in the next three months, 78% claim it's because of the recent increase in COVID-19 cases.

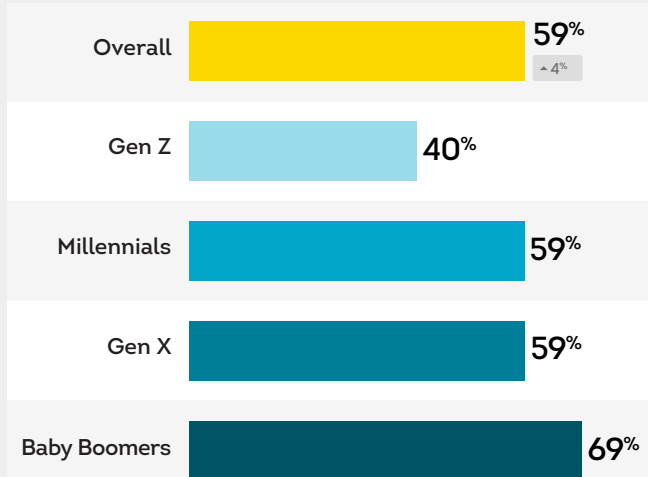
Americans are also working to ensure they have access to cash and credit. More consumers (21% over Q2) reported saving more in an emergency fund. Millennials are focused on access to credit with more than half (54%) planning to apply for credit or refinance a loan within the next year.

Figure 8. Believe important to have access to credit to achieve financial goals (extremely or very important)



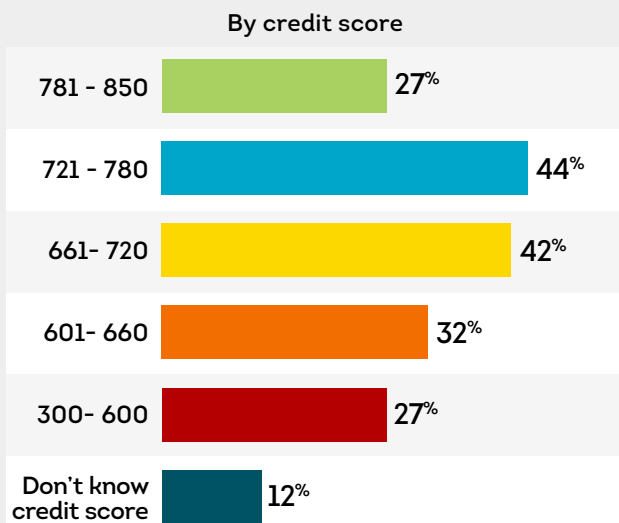
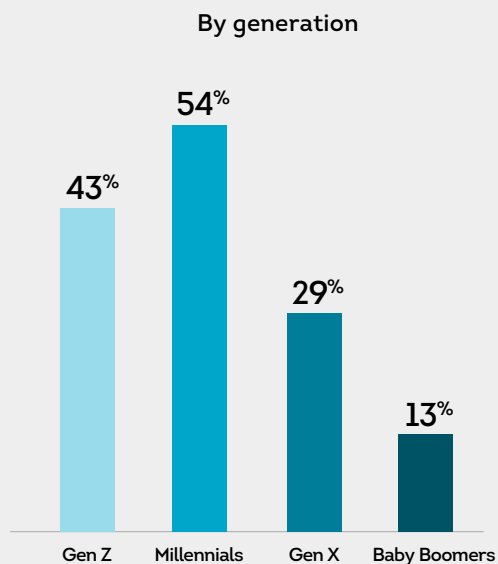
+X% Percentage point change from Q2 2021

Figure 9. Believe have sufficient access to credit and lending products



+X% Percentage point change from Q2 2021

Figure 10. Plan to apply for new credit or refinance existing credit within the next year



Self-reported credit score ranges

Figure 11. Credit monitoring frequency

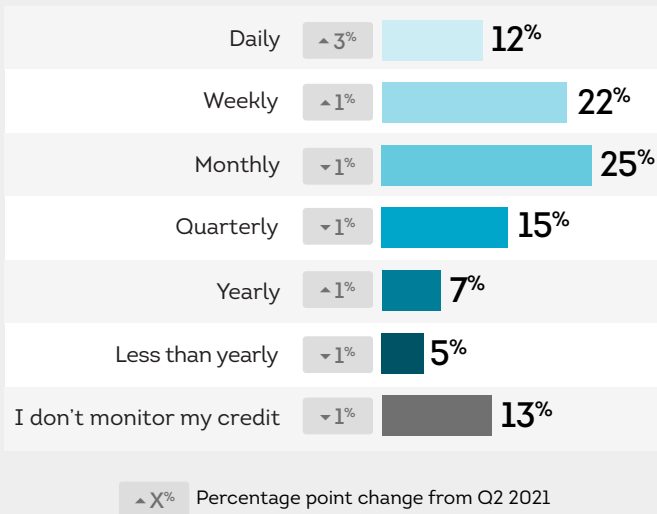


Figure 12. Believe monitoring credit is important

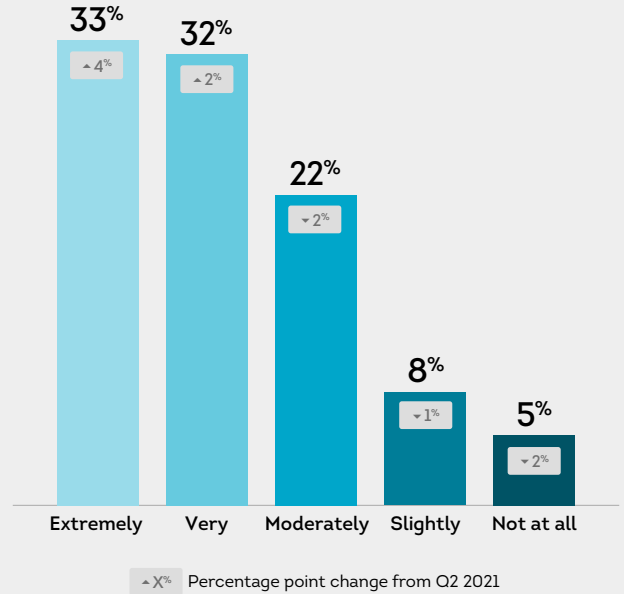


Figure 13. Changes to household budget in the last three months

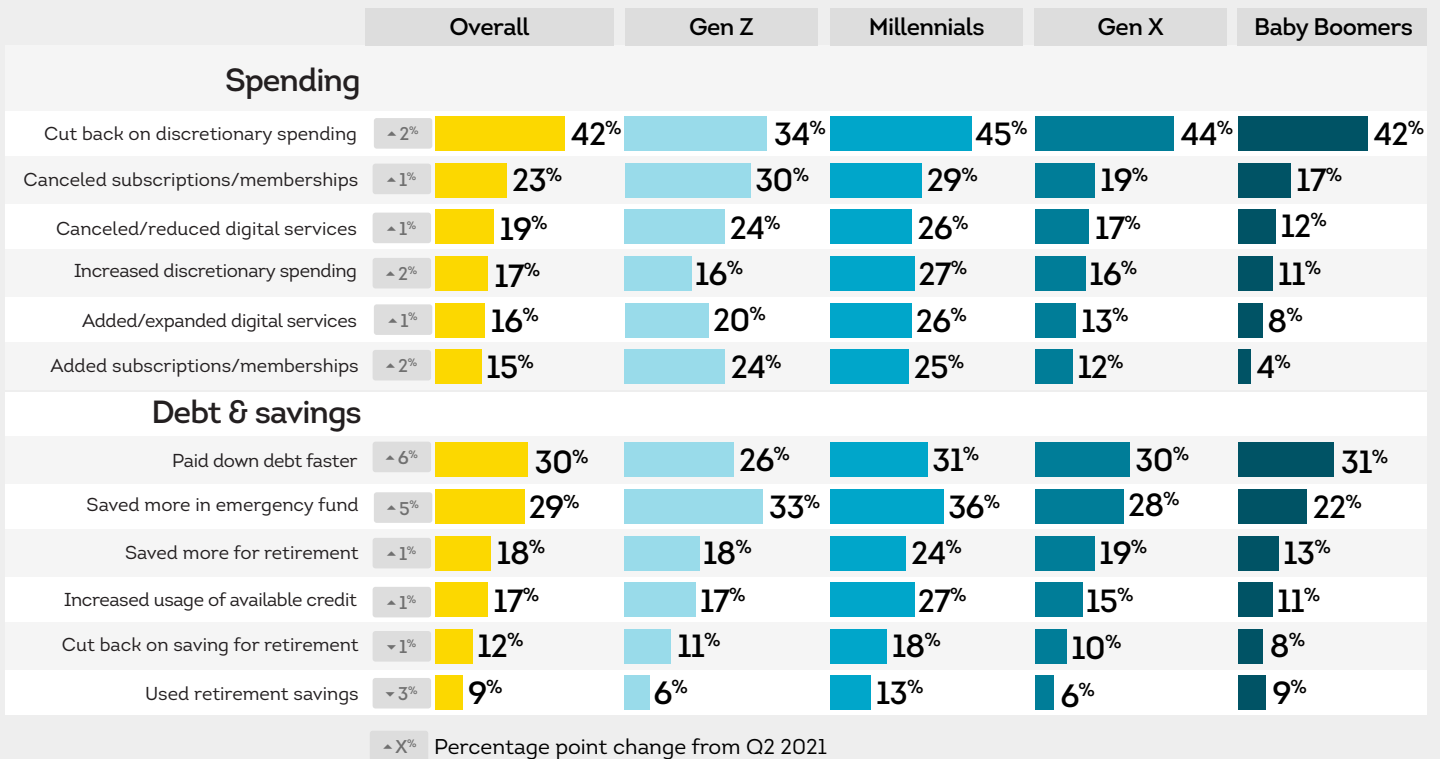


Figure 14. Expected change to household spending over next three months

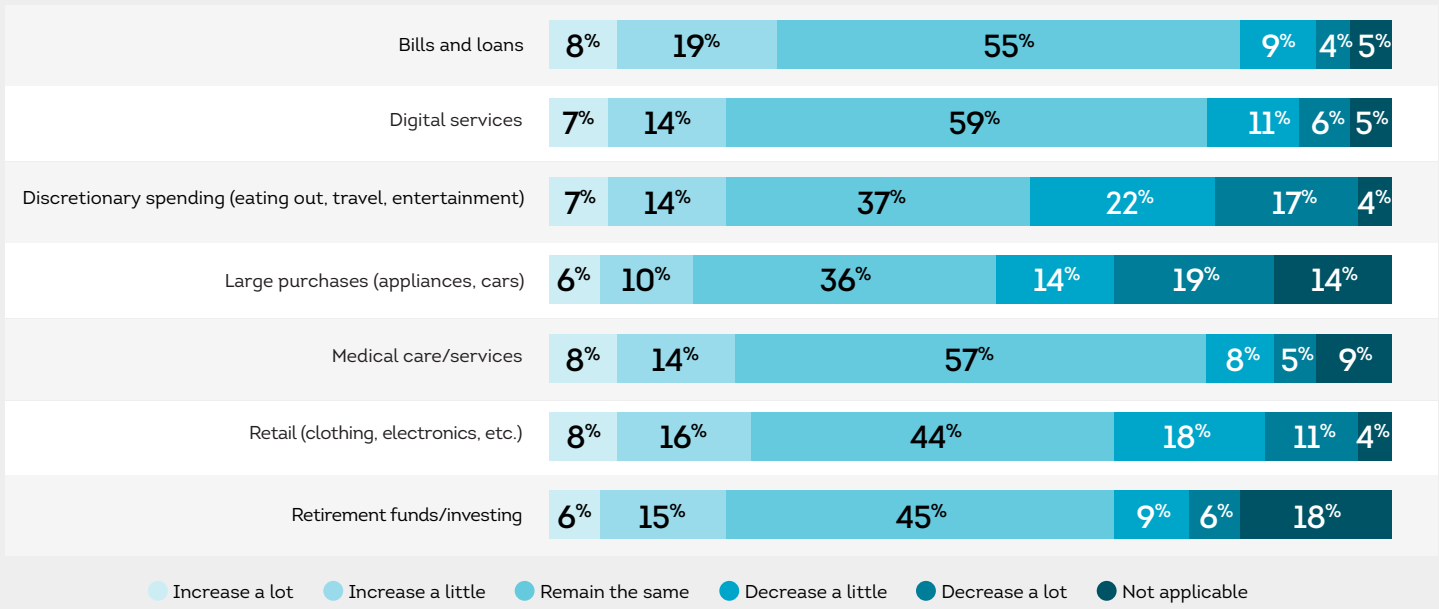
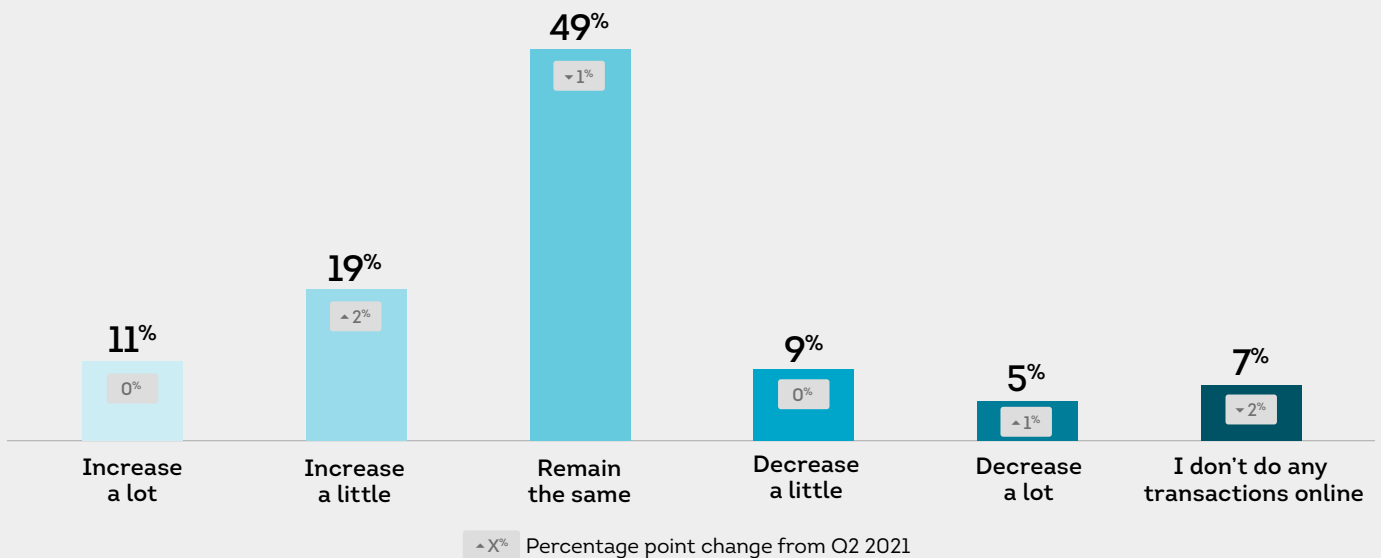


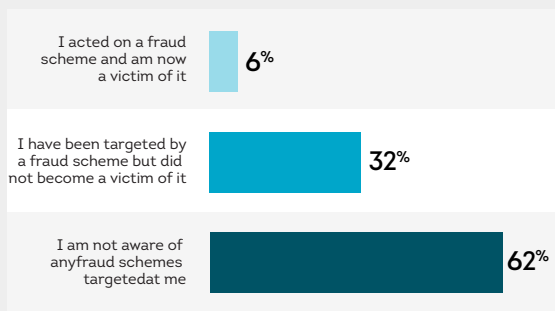
Figure 15. Expected change in number of online transactions over the next three months



Experience with digital fraud

Unlike past Consumer Pulse surveys where we asked if consumers had been targeted with digital fraud related to COVID-19, this quarter we asked if they'd been targeted with any type of digital fraud in the last three months. Thirty-eight percent answered yes, and among those, phishing (38%), third-party seller scams (31%), and stolen credit card or fraudulent charges (30%) are the most common fraud schemes reported.

Figure 16. Personal experience with digital fraud attempts in last three months



-x- Percentage point change from Q2 2021

Figure 17. Digital fraud related by generation

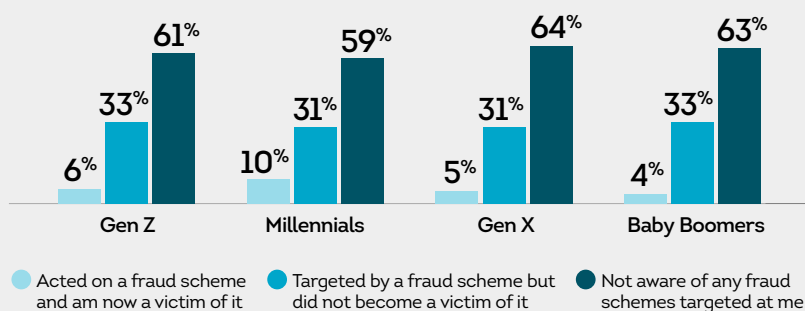
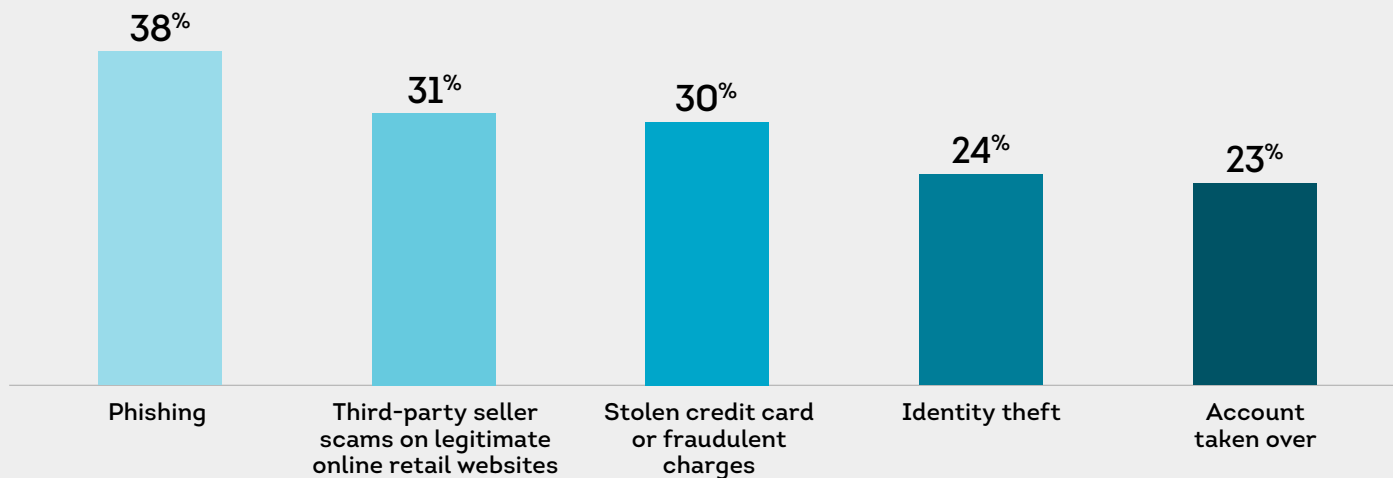


Figure 18. Most frequent fraud schemes targeting consumers (among those targeted with digital fraud)



Methodology

This online survey of 3,085 adults was conducted Aug. 3-9, 2021 by TransUnion in partnership with third-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 desktop, 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 1995-2003; 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.

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