



The COVID-19 Pandemic's Financial Impact on Hong Kong 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.

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WAVE 9 REPORT

Data collected week of November 1

BACKGROUND

The current global COVID-19 pandemic is creating major economic and financial distress for consumers across the globe. Many jobs in the Hong Kong 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 pandemic is negatively impacting the household income of 70% (Wave 8: 73%) of consumers in Hong Kong.
- Nearly half (47%) say their 2020 household finances are worse than planned (Wave 8: 44%).
- Amongst impacted respondents, 61% (Wave 8: 63%) are concerned about paying their bills.
- Ninety-three percent (Wave 8: 89%) of respondents think monitoring their credit is important during the pandemic, yet 39% (Wave 8: 34%) of respondents do not know their credit score.

RESEARCH METHODOLOGY

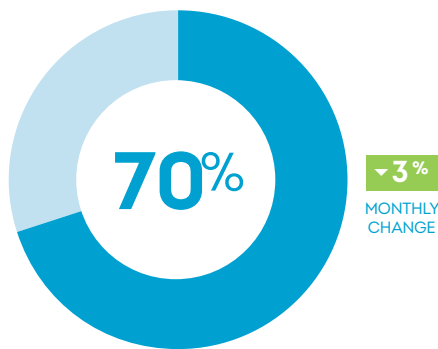
This online survey of 1,000 adults in Hong Kong was conducted November 1-5, 2020 by TransUnion in partnership with third-party research provider Qualtrics® Research-Services. Adults 18 years of age and older residing in Hong Kong were surveyed using an online research panel method across a combination of computer, mobile and tablet devices. Survey questions were administered in English or Cantonese. To ensure the general population sample representativeness across Hong Kong resident demographics, the survey included quotas to balance responses to the population 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 ±3.10 percentage points based on a calculated error margin.

FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

- Millennial and Gen X consumers are most impacted by the pandemic, with 74% (Wave 8: 75%) and 73% (Wave 8: 83%), respectively, suffering from a negative impact on their income.
- Fourteen percent (Wave 8: 12%) of impacted respondents have lost their jobs and 59% (Wave 8: 55%) have reduced working hours. Twenty percent of Gen Z respondents have lost their jobs. Sixty-two percent (Wave 8: 59%) of Millennial respondents have reduced working hours.

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?

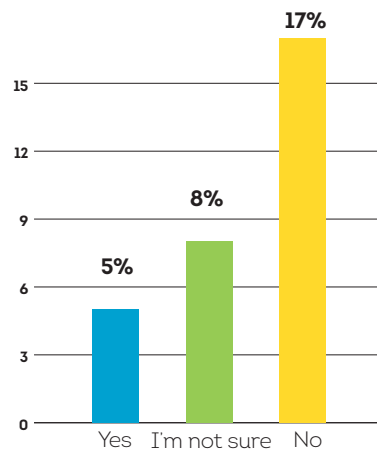
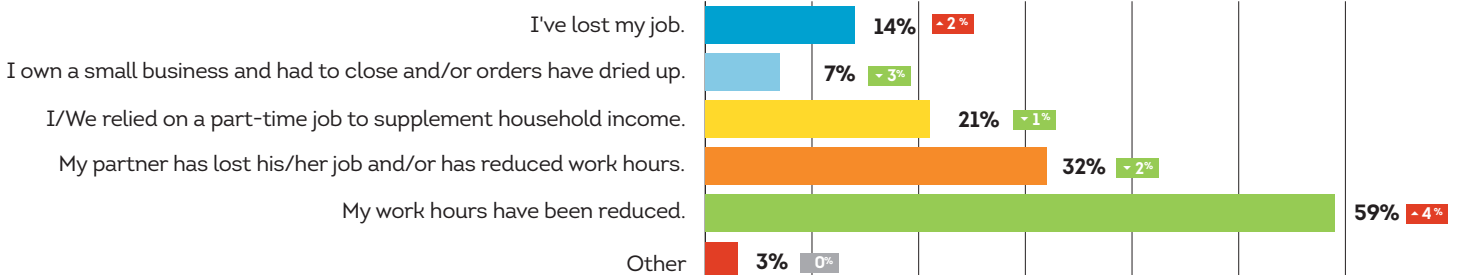


Figure 3. How is your current household income being impacted?



MANAGING THE HOUSEHOLD BUDGET

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

- Sixty-one percent (Wave 8: 63%) of impacted respondents are concerned about paying their bills and loans. Forty-three percent (Wave 8: 36%) expect to be short at least HKD8,000, and 41% (Wave 8: 35%) state they will be unable to pay their bills and loans within 4 weeks.
- The top bills and loans that impacted consumers will be unable to pay include:
 - Credit card: 46% (Wave 8: 43%)
 - Insurance: 32% (Wave 8: 30%)
 - Mortgage/home loan payment: 32% (Wave 8: 26%)
 - Personal loan: 32% (Wave 8: 28%)
 - Rent payment: 29% (Wave 8: 29%)
- To cope with financial difficulty, 53% (Wave 8: 46%) of impacted respondents have cut back on discretionary spending. Consumers are also saving, as 34% (Wave 8: 35%) are saving more in an emergency fund and 29% (Wave 8: 24%) are saving more for retirement.

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 **7.9 weeks.**

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

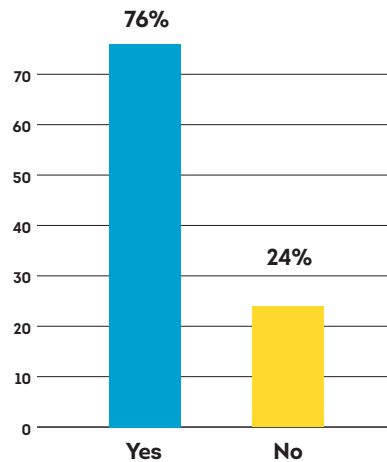


Figure 6. Regional concern over ability to pay bills/loans.

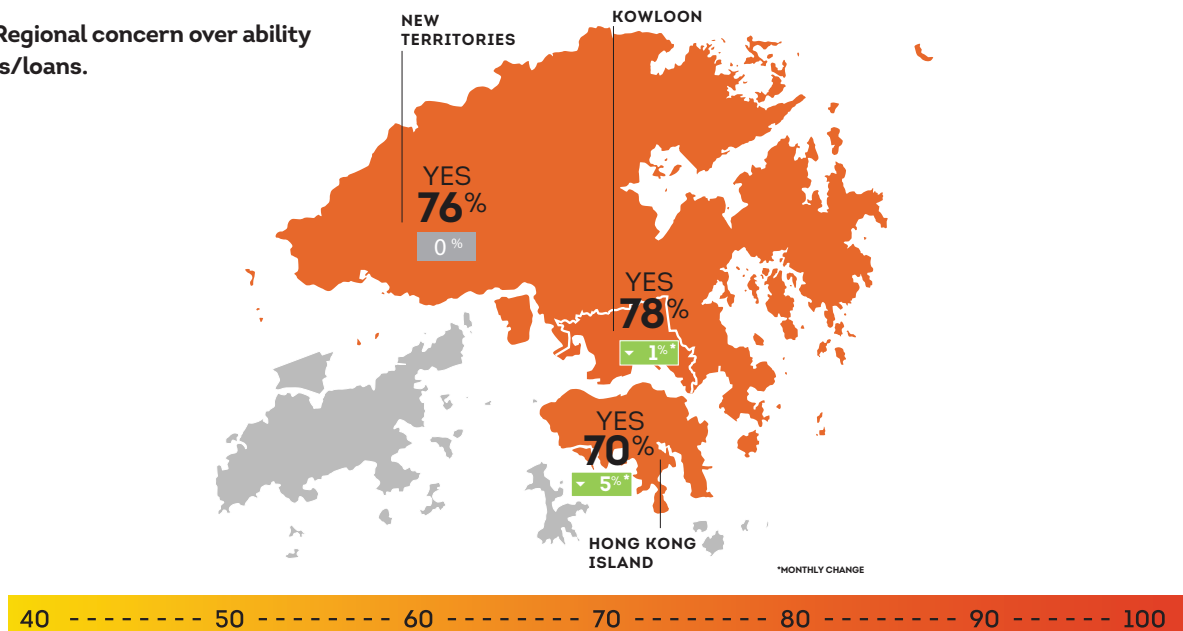
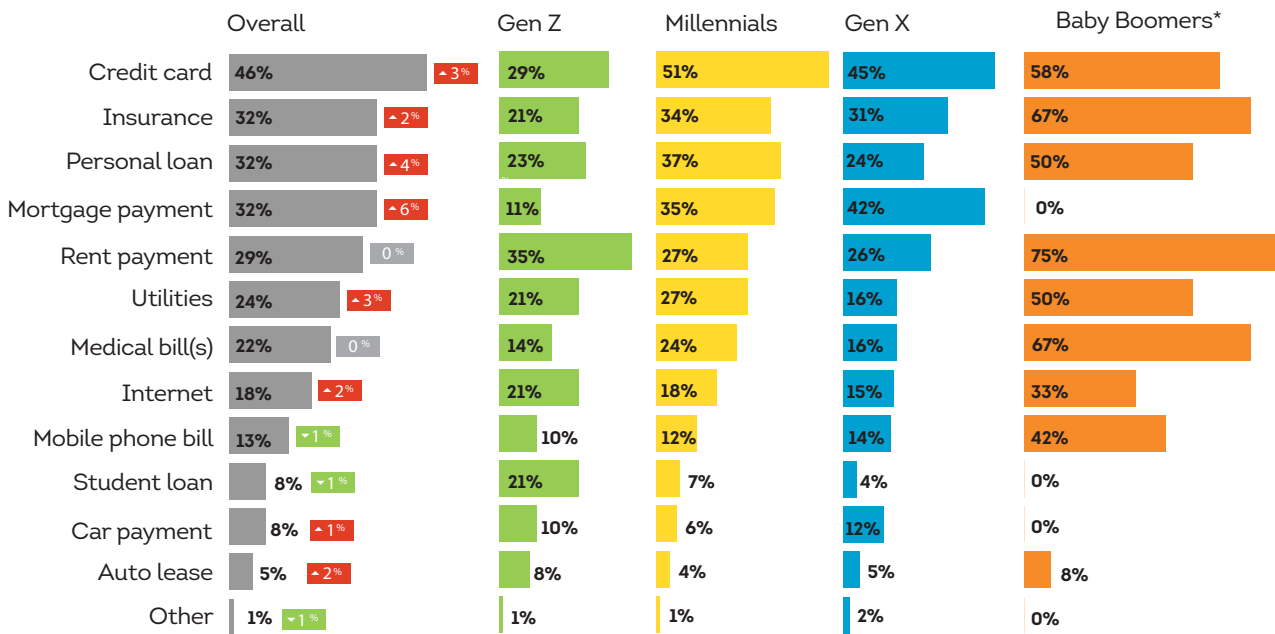
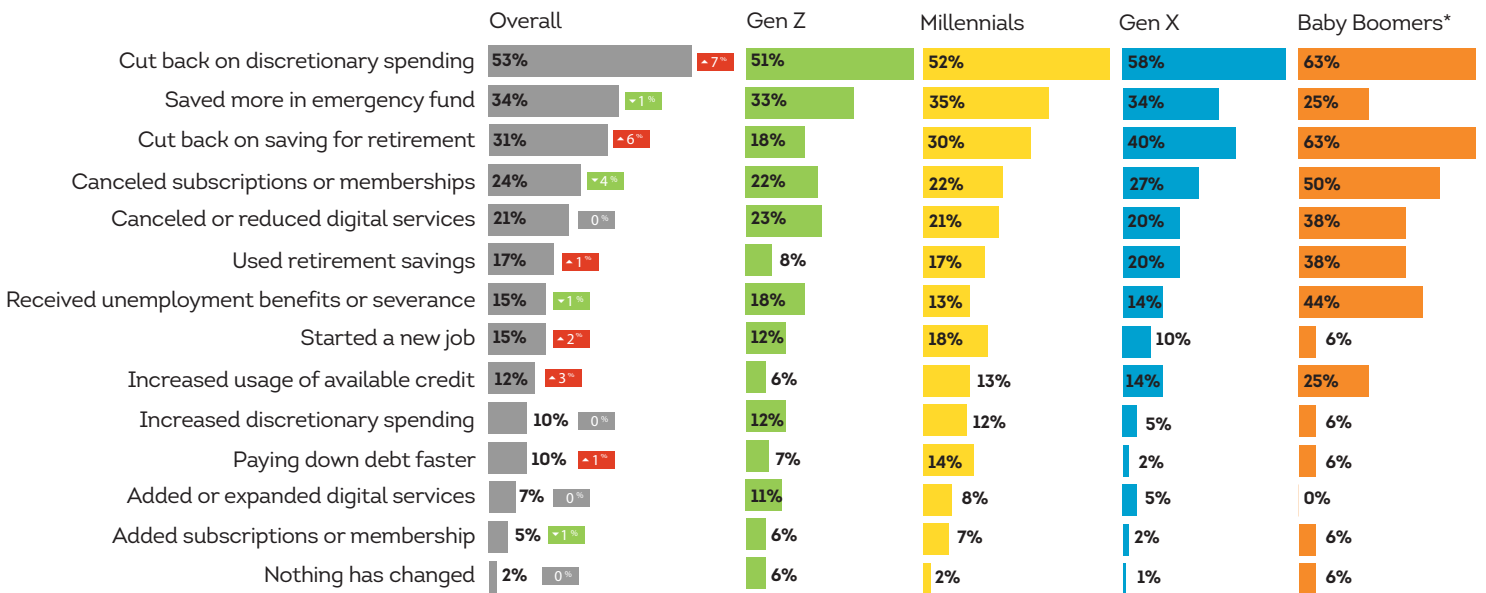


Figure 7. What bills and loans are you concerned about your ability to pay?



* Note: small base size (n<50)

Figure 8. What has changed in your household budget during the COVID-19 pandemic?



* Note: small base size (n<50)

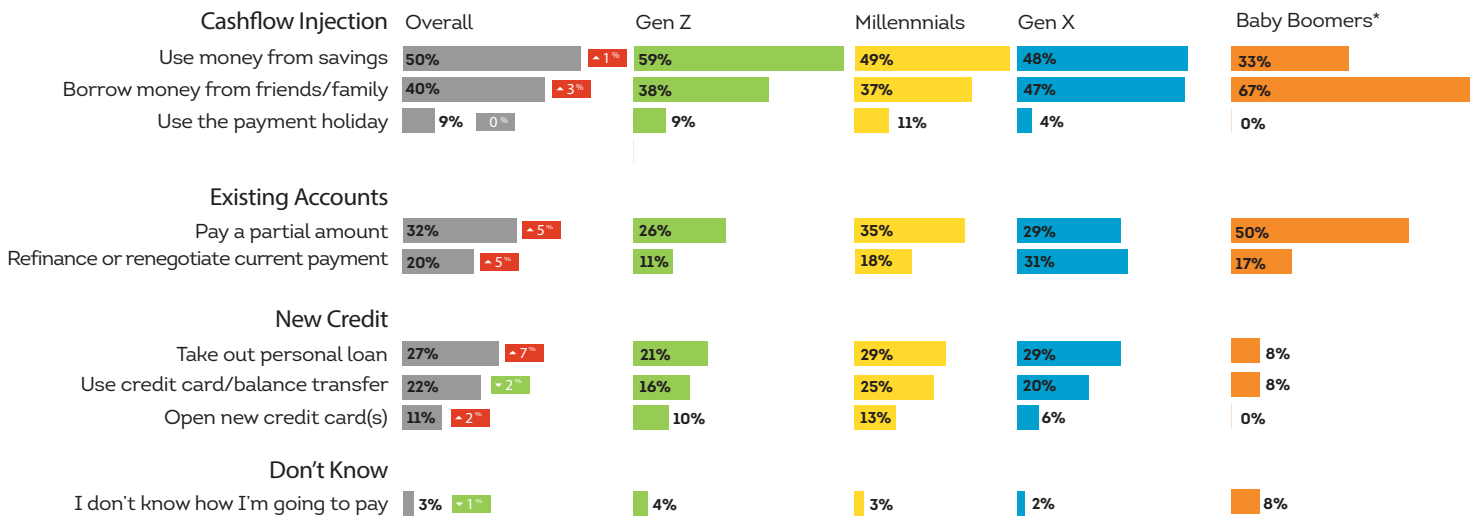
RECOVERY PLANS

WHAT IS YOUR GAME PLAN?

→ Half of impacted respondents plan to use money from savings to pay their bills and loans. Nearly as many (40%) will borrow money from friends or family. Many also plan to pay a partial amount (32%), take out a personal loan (27%) or use credit cards/balance transfers (22%) to pay their bills and loans.

- Fifty-five percent of impacted respondents have approached their companies to discuss payment options. Sixty-one percent of impacted consumers' companies have provided proactive guidance.
- Thirty-one percent (Wave 8: 33%) of consumers state they have received a financial accommodation. A third of those with a personal loan have received an accommodation, 31% of those with a mortgage have, and 30% of those with an auto loan have.
- Hong Kong consumers are delaying the following spending:
 - Vacation/holiday: 53% (Wave 8: 53%)
 - Home improvement: 26% (Wave 8: 24%)
 - Home purchase: 14% (Wave 8: 16%)
 - Spending on education: 13% (Wave 8: 11%)

Figure 9. What is your plan to help pay your current bill(s) or loans?



* Note: small base size (n<50)

Figure 10. Have you reached out to companies you have accounts with to discuss payment options?

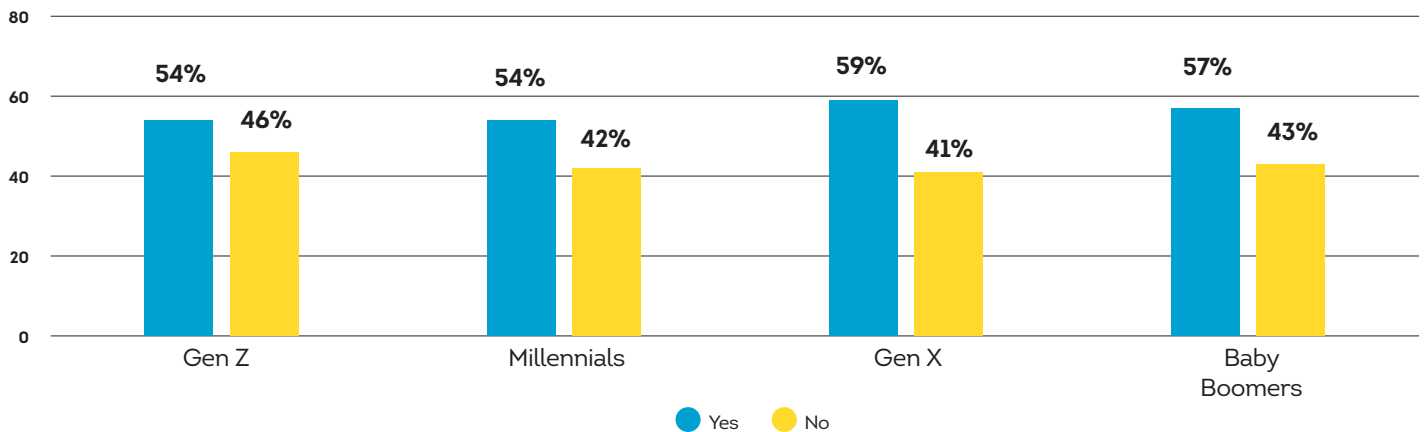


Figure 11. Loans/bills enrolled in financial accommodation
(among those with financial product).

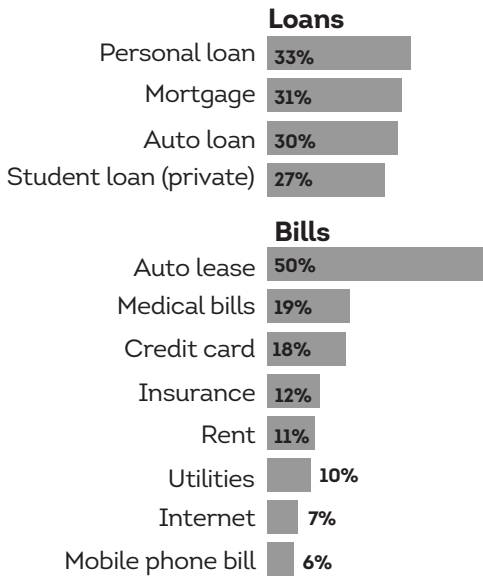


Figure 12. Repayment preference when financial accommodation period ends (top 3 options).

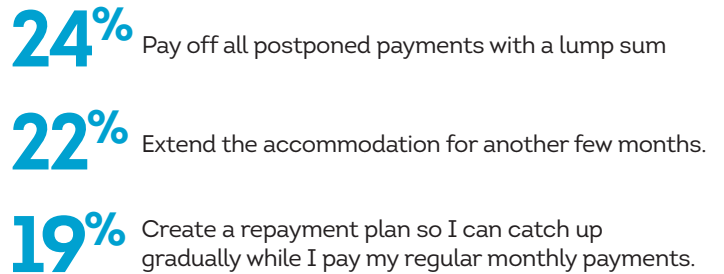
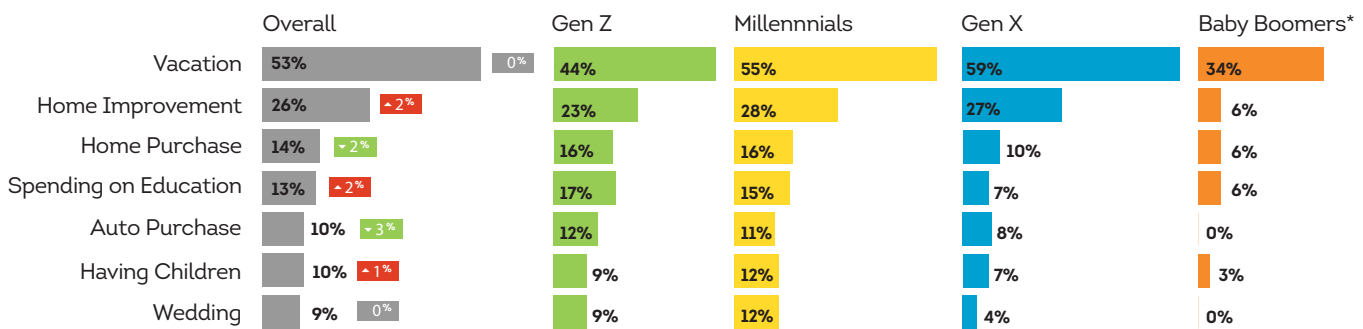


Figure 13. Are you delaying any of the following major purchases or events?



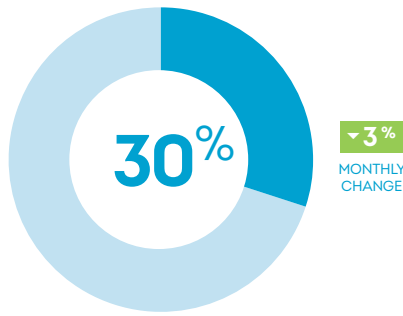
* Note: small base size (n<50)

TAKING CARE OF YOURSELF

HEALTHCARE, FRAUD, AND CREDIT MONITORING

- Thirty percent (Wave 8: 33%) of respondents canceled or delayed their non-COVID-19 medical arrangement. A quarter (Wave 8: 27%) will reschedule when they no longer believe there is a high risk of COVID-19 infection in doing so.
- Eight percent (Wave 8: 10%) of respondents have become a victim of digital fraud related to COVID-19. Among those who have been targeted, 32% (Wave 8: 25%) say it was phishing and 25% (Wave 8: 21%) say it was shipping fraud.
- Only 7% (Wave 8: 11%) of consumers think credit monitoring is not at all important during the on-going pandemic. Thirty-nine percent (Wave 8: 34%) do not know their credit score.

Figure 14a. Delayed medical procedures.



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

Figure 14b. How urgently do you plan to reschedule your elective surgery, medical appointment or procedure?

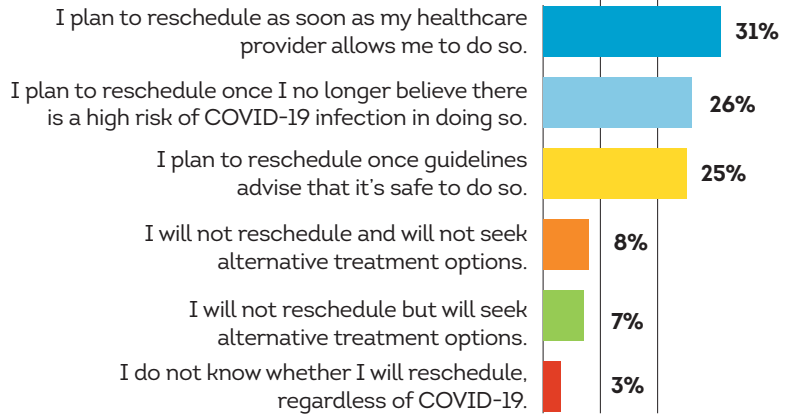


Figure 15. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

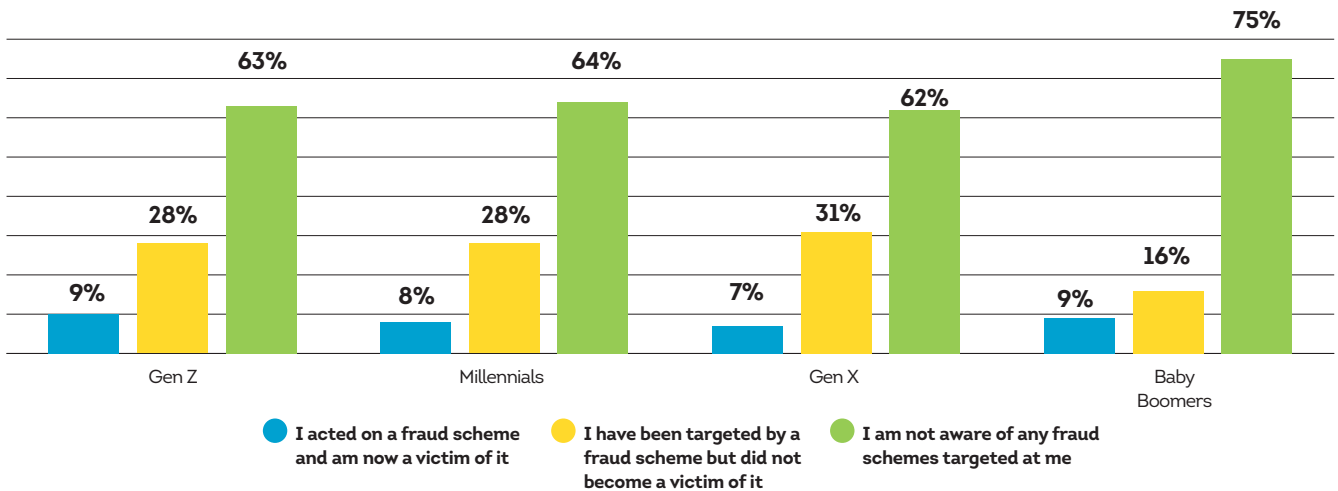
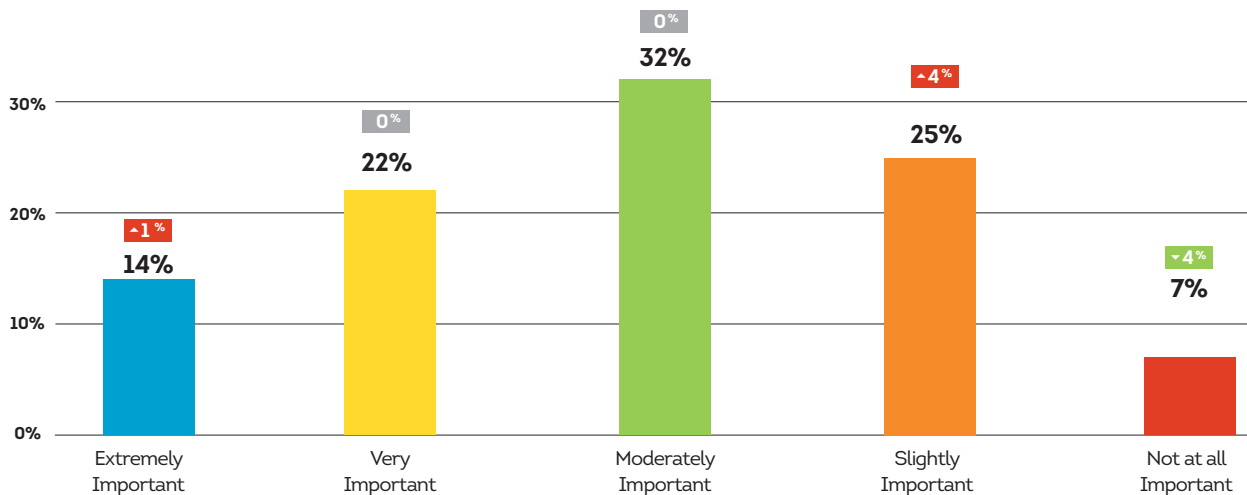


Figure 17. Importance of monitoring credit during the COVID-19 pandemic.



CALL TO ACTION

If you found this information useful and would like to learn more, please come back for next month's report and visit our [Hong Kong 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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