



The COVID-19 Pandemic's Financial Impact on Hong Kong Consumers: Consumer Pulse

Formerly Financial Hardship Report

One year after the World Health Organization declared COVID-19 a global pandemic on March 11, 2020, its economic impact continues. TransUnion is surveying consumers regarding their behavior and attitude changes based on how the crisis affected them financially. We're providing results to all to inform understanding and decision-making during this time of uncertainty.

11**WAVE 11 REPORT**Data collected **March 5-22, 2021**

KEY TAKEAWAYS

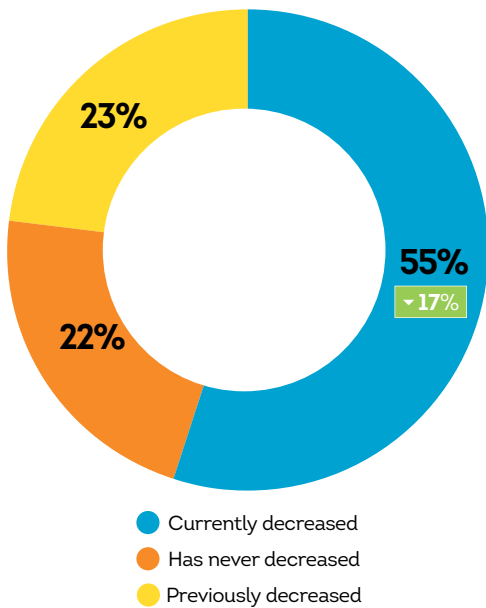
- **Prolonged financial impact:** Of respondents, 78% said their household income was negatively impacted by the pandemic, either currently or in the past. Currently, 55% of households report being negatively impacted, and 61% expect to be impacted in the future. This concern is more apparent in younger consumers: 65% for Gen Z, 63% for Millennials, 58% for Gen X, and 46% for Baby Boomers.
- **Rising concern regarding paying debts:** A significant 72% of currently impacted respondents are concerned about their ability to pay current bills/loans in full, and 42% said they'll not be able to pay their bills in less than four weeks. Auto lease, personal loans and rent are the top payment categories currently impacted respondents cited as unlikely to be able to pay.
- **Tapping into other sources and making reductions:** Respondents currently impacted are more likely to use money from savings (44%), borrow money from personal networks (41%), or take personal loans (27%) to pay current bills and loans. Among all respondents, 52% said they'll decrease discretionary personal spending (e.g., eating out, travel, entertainment), and 49% said they'll decrease large purchases like appliances and cars.
- **Credit Monitoring Importance:** Among all surveyed, 94% felt it's at least moderately important to monitor their credit.
- **Digital fraud schemes taking a toll:** Phishing, charity and fundraising scams are the most common COVID-19-related digital fraud schemes used against consumers. Among those who have been targeted, 37% cited phishing and 26% fundraising scams.

FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

- In March 2021, 78% (55% current and 23% in the past) of respondents said their household income was negatively impacted by the pandemic. More than half (61%) expect their household income to be negatively impacted by the pandemic in the future. In March 2020, 72% of Hong Kong respondents said their household income was currently decreased, 17 percentage points more than a year later.
- The reasons for how income is currently decreased is as follows: 47% had their work hours reduced; 27% of respondents lost their jobs; 19% of the respondents were furloughed.

Figure 1. Household income decreases due to pandemic



Percent changes from April 2020

Figure 2. Expect household income to decrease in the future (among total population)

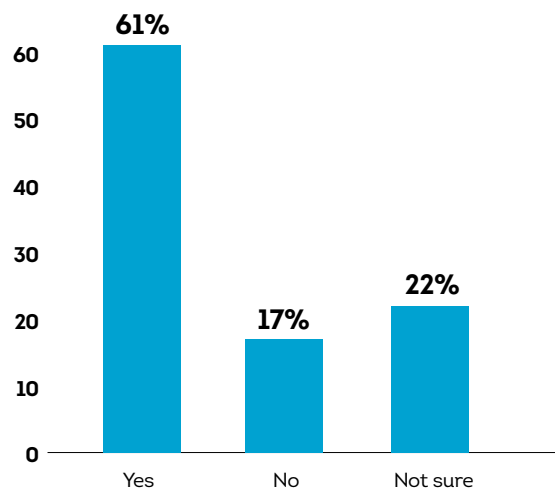
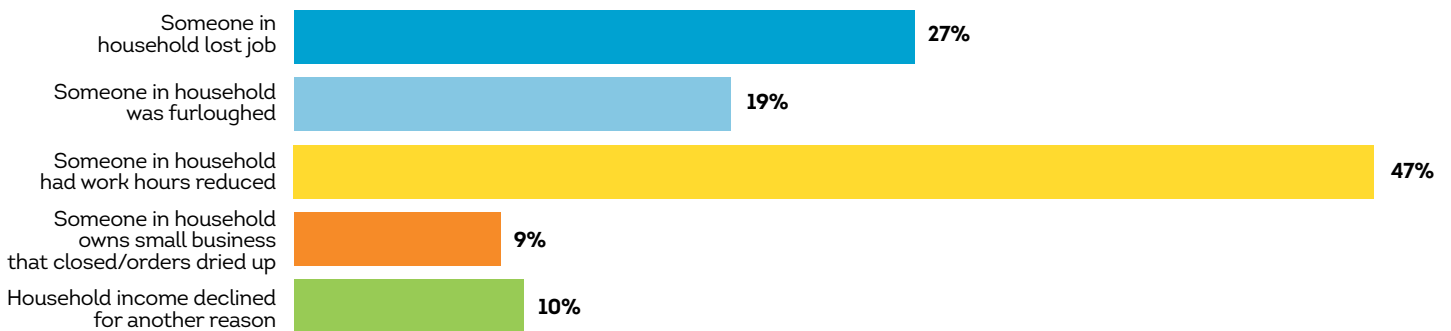


Figure 3. How income currently decreased

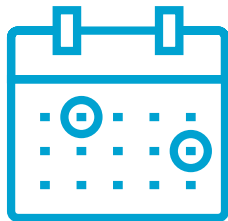


MANAGING THE HOUSEHOLD BUDGET

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

- Of those currently impacted, 72% are concerned about their ability to pay their current bills/loans in full, and 42% of currently impacted expect to not be able to pay their bills/loans in less than four weeks.
- Top bills all Hong Kong consumers say they'll most likely not be able to pay include auto leases (40%), personal loans (36%) and rent (33%).
- Consumers currently impacted made changes in savings/debts; in the last three months, 39% saved more in emergency funds; 30% cut back on savings for retirement; and 20% increased usage of available credit and retirement savings.
- Nearly all consumers (95%) report having savings for unexpected events is at least moderately important, with (20%) saying it's extremely important.

Figure 4. Average time until unable to pay bills or loans (among income currently decreased/unable to pay)



8.6 weeks

71% feel it's extremely or very important to have savings for unexpected events or financial setbacks (among income currently decreased)

78% said having savings has become more important since the onset of the COVID-19 pandemic (among income currently decreased)

Figure 5. Concerned paying bills (among income currently decreased)

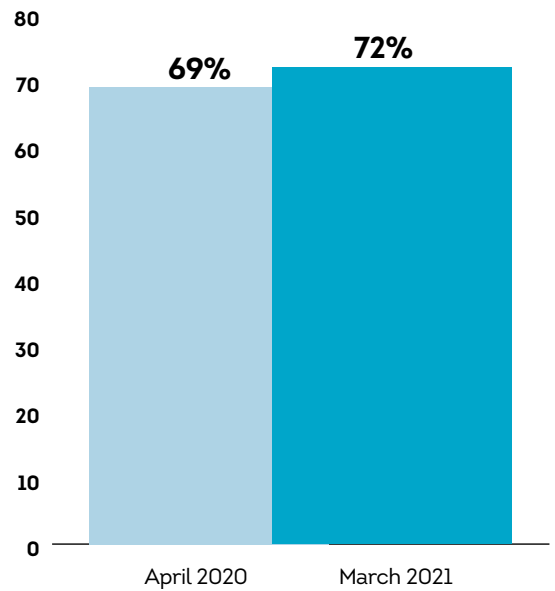


Figure 6. Which bills and loans will you not be able to pay? (among income currently decreased with these bills/loans)

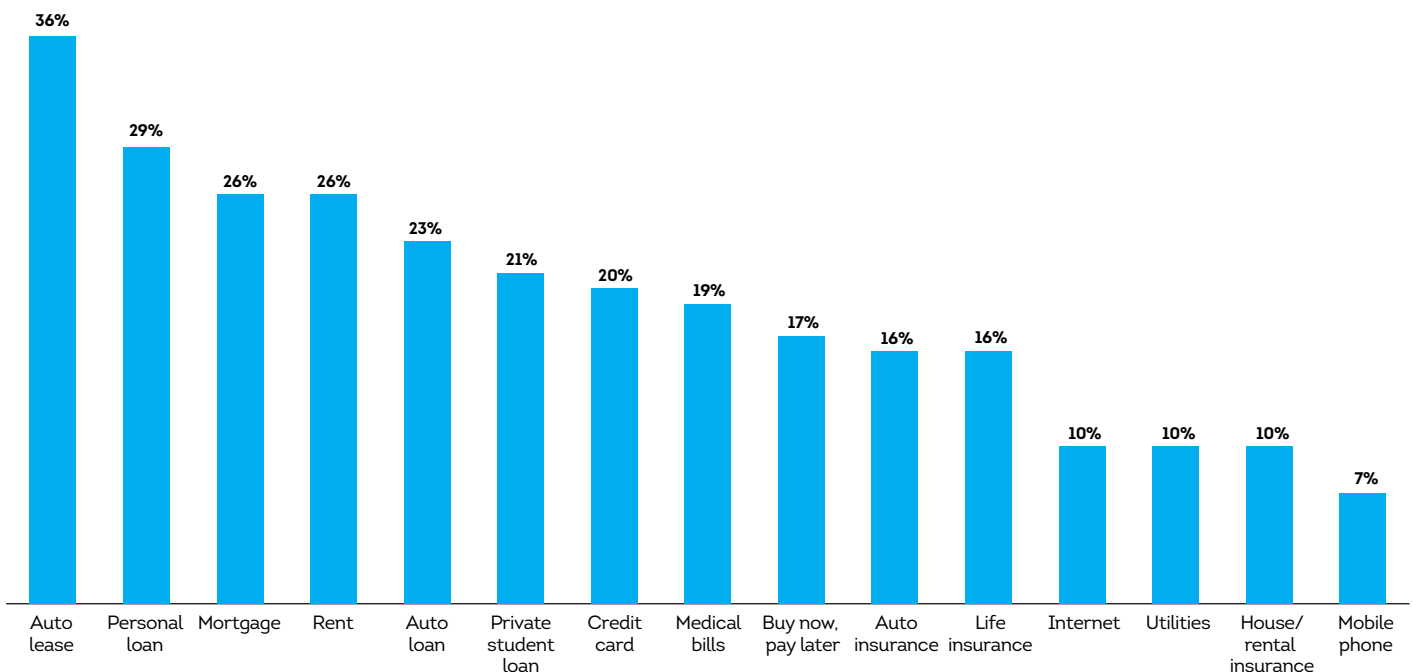
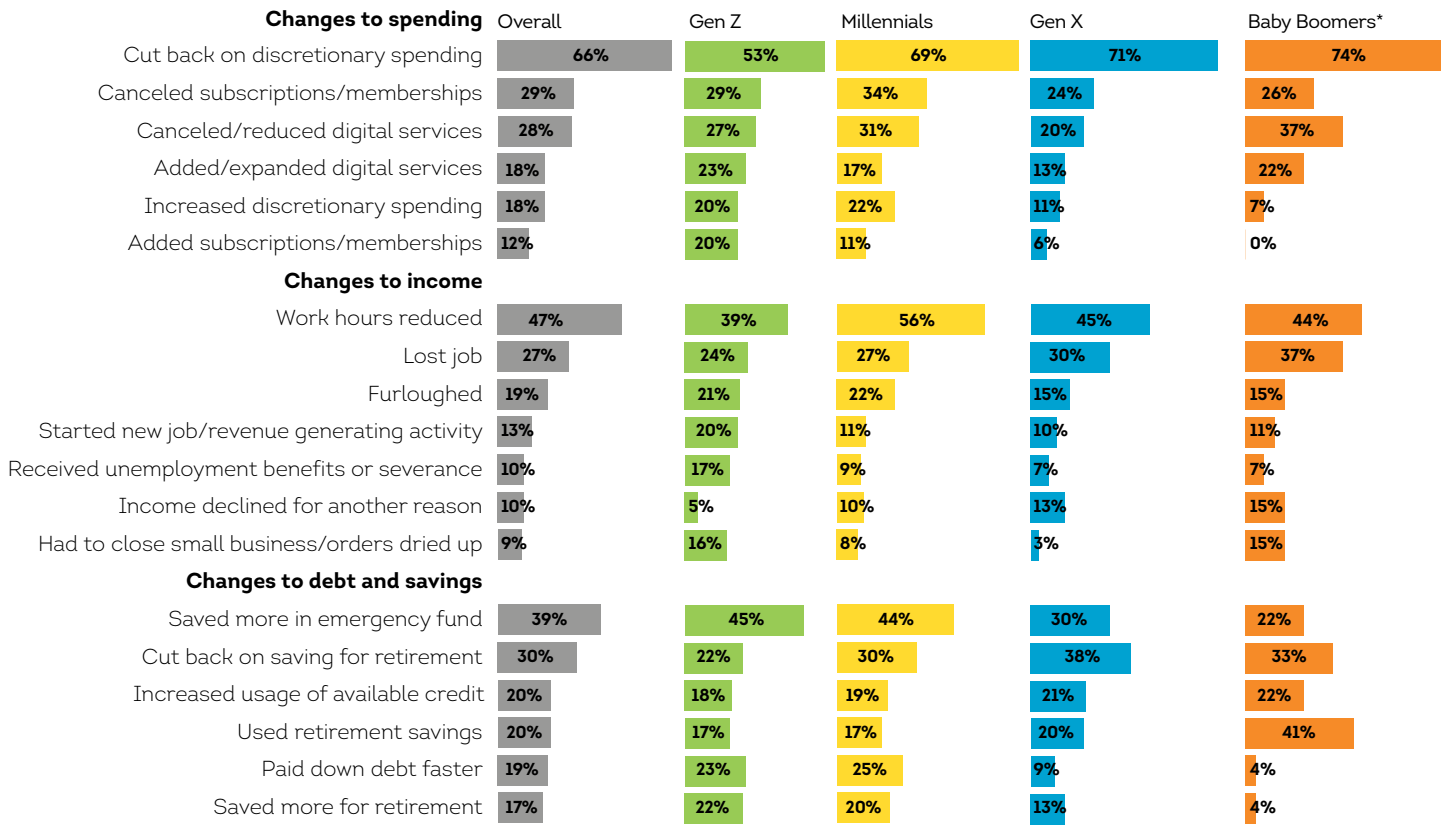


Figure 7. What has changed in your household budget? (among income currently decreased)



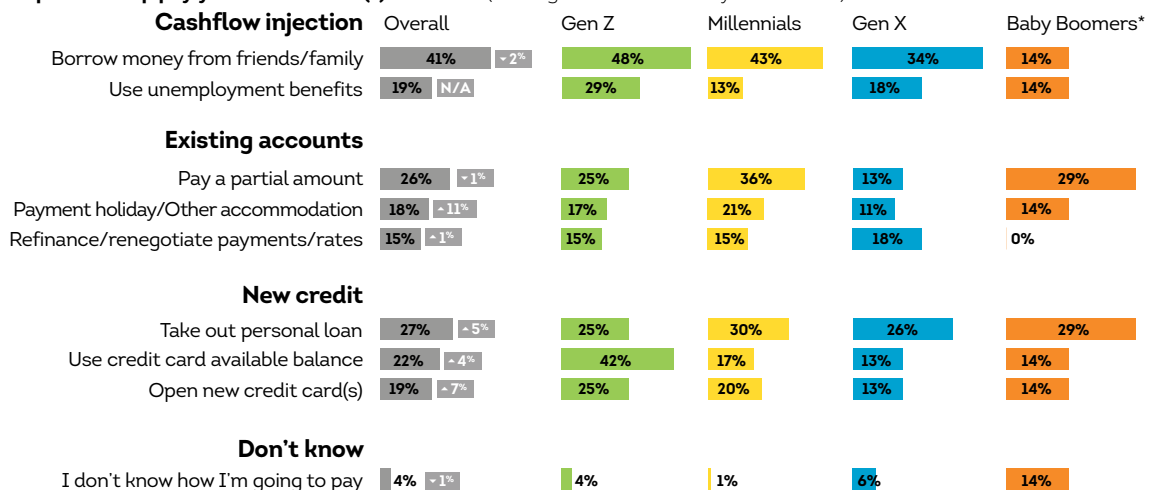
*indicates small base size

RECOVERY PLANS

WHAT DO CONSUMERS HAVE PLANNED FOR THEIR PATH FORWARD?

- Respondents with their household income currently decreased cited several ways they plan to address their obligations: 44% said they'll use money from savings; 41% will borrow money from a friend or family member; 27% will take out personal loans to pay their current bills and loans.
- Of those enrolled in financial accommodations, 42% of consumers received accommodations for auto leases, another 33% for private student loans, 23% for auto loans, 17% for purchases using 'buy now, pay later.' As accommodation periods come to an end, 97% of respondents said they're at least somewhat prepared. Some respondents did acknowledge expected changes in household spending over next three months, including 52% who will decrease discretionary personal spending (e.g., eating out, travel, entertainment); 49% will decrease large purchases (e.g., appliances, cars); and 59% and 58% said their spending on medical care/services and bills/loans, respectively, will remain the same.

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



*indicates small base size

Percent changes from April 2020

Figure 9. Loans/bills enrolled in financial accommodation (among those with that bill/loan)

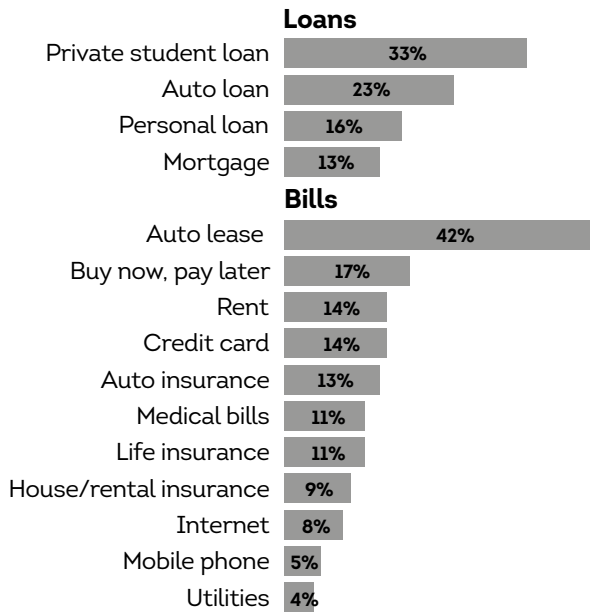


Figure 10. How prepared are you financially for when your accommodation ends? (among those with accommodation)

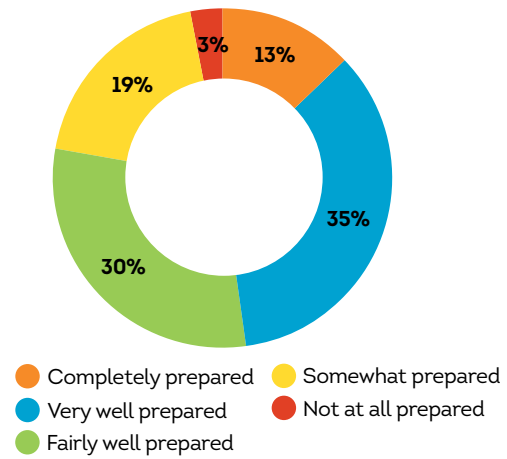
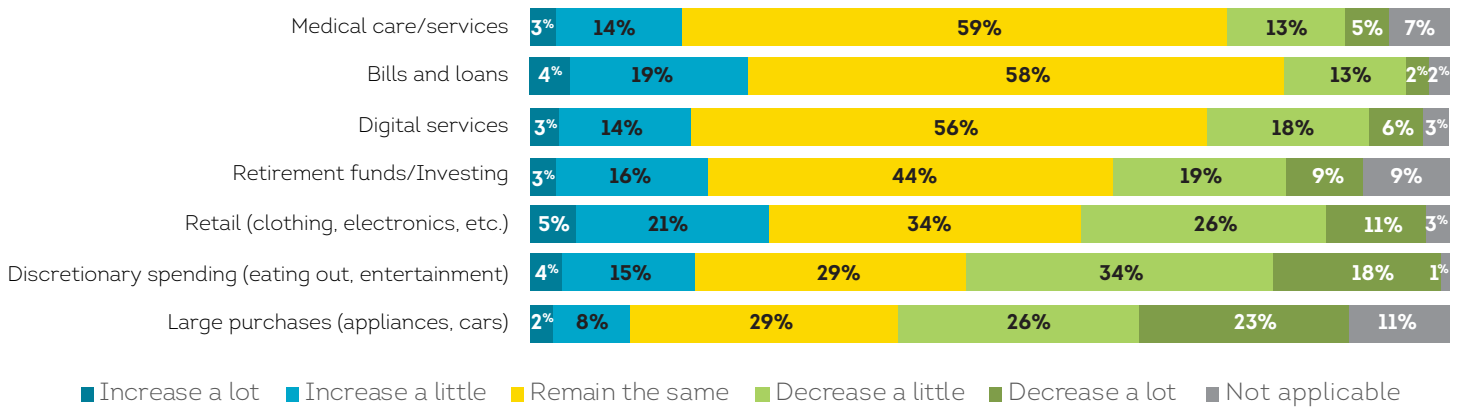


Figure 11. Expected change in household spending over next three months (among total population)



TAKING CARE OF YOURSELF

DIGITAL FRAUD AND CREDIT MONITORING

- In March, 4% of respondents were targets of a fraud scheme and became a victim of it, with Gen Z being the most victimized at 38%.
- During the most recent survey, 94% of consumers felt it's at least moderately important to monitor their credit.

Figure 12. Which statement best describes your personal experience with digital fraud attempts related to COVID-19 (among total population):

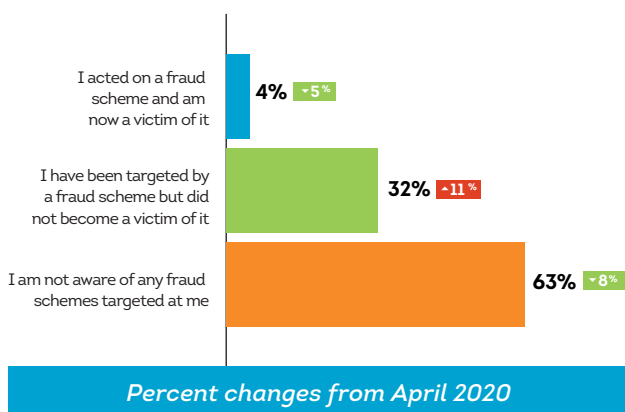


Figure 13. Fraud experience by generation (among total population):

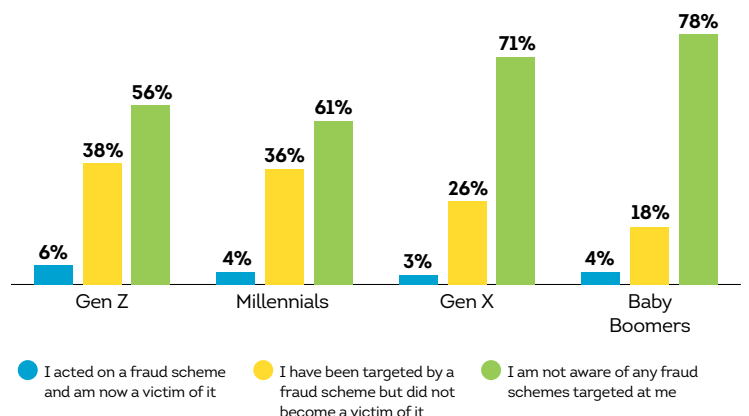
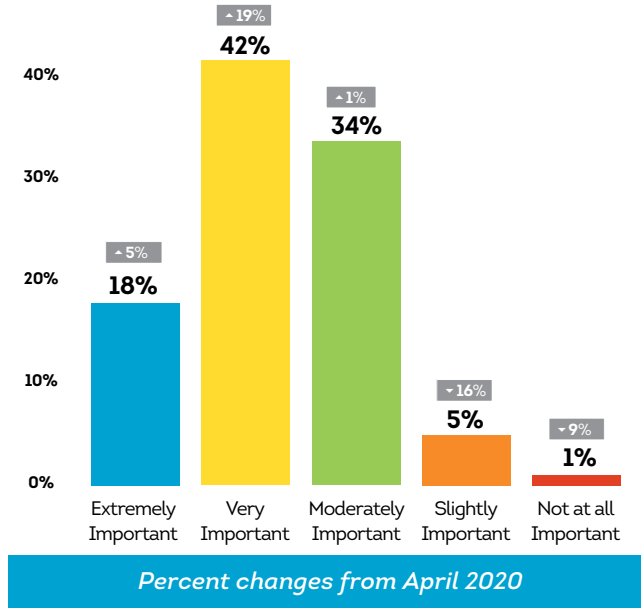


Figure 14. Importance of monitoring credit
(among total population)



RESEARCH METHODOLOGY

This online survey of 777 adults in Hong Kong was conducted March 5–22, 2021 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 and Chinese. To ensure general population sample representativeness across Hong Kong resident demographics, the survey included quotas to balance responses to the census statistics dimensions of age, gender, household income and region. These research results are unweighted and statistically significant at a 95% confidence level within ±3.52% percentage points based on calculated error margin.

LEARN MORE

If you found this information useful and would like to learn more, please visit our [Hong Kong Consumer Pulse Study web page](#). We at TransUnion are committed to continuing to provide you the updates, tools and resources you need to understand this evolving situation.

FOR MEDIA INQUIRES

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

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