



# 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 7 REPORT

Data collected week of **August 24**

### 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 proportion of respondents experiencing negative impact on household income remains high at 73% (Wave 6: 71%), clearly reflecting the onset of the third wave in mid-July.
- Amongst impacted respondents, 76% (Wave 6: 79%) are concerned about paying their bills.
- Consumers are aware of their financial health as 86% (Wave 6: 89%) of respondents find credit monitoring important during the pandemic.
- On the other hand, 44% (Wave 6: 32%) of respondents do not know their credit scores, suggesting more credit awareness and education programs are required.

## RESEARCH METHODOLOGY

This online survey of 1,100 adults in Hong Kong was conducted from August 30 - September 3, 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 ±2.95 percentage points based on a calculated error margin.

## FINANCIAL IMPACT

### WHAT IS THE SCALE AND TYPE OF IMPACT?

- Out of the 73% of respondents whose household incomes were negatively impacted, Gen Zers are most affected with a proportion of 76% (Wave 6: 70%).
- Fifteen percent (Wave 6: 21%) of impacted respondents have lost their jobs, and 56% (Wave 6: 60%) noted reduced working hours.
- Across generations, 20% of impacted Gen Z respondents (Wave 6: 24%) have lost their jobs, whereas 60% (Wave 6: 65%) of Millennial respondents have reduced working hours.

Figure 1. Perceived impact.

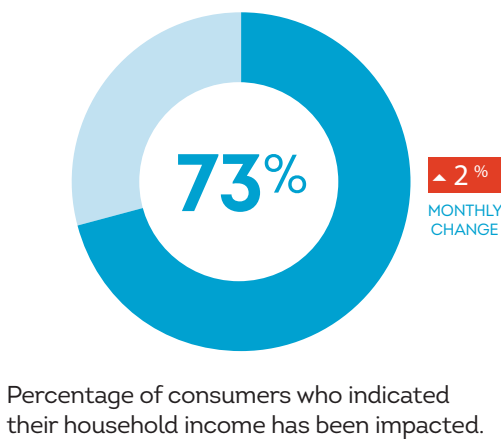


Figure 2. Are you expecting to be impacted in the future?

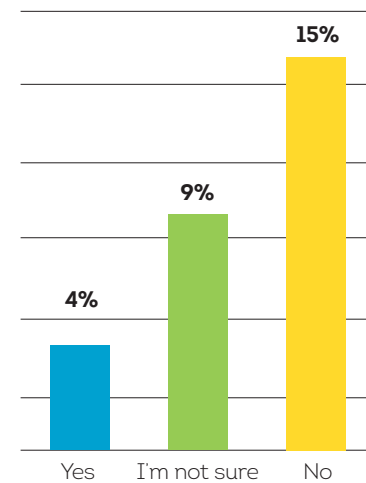
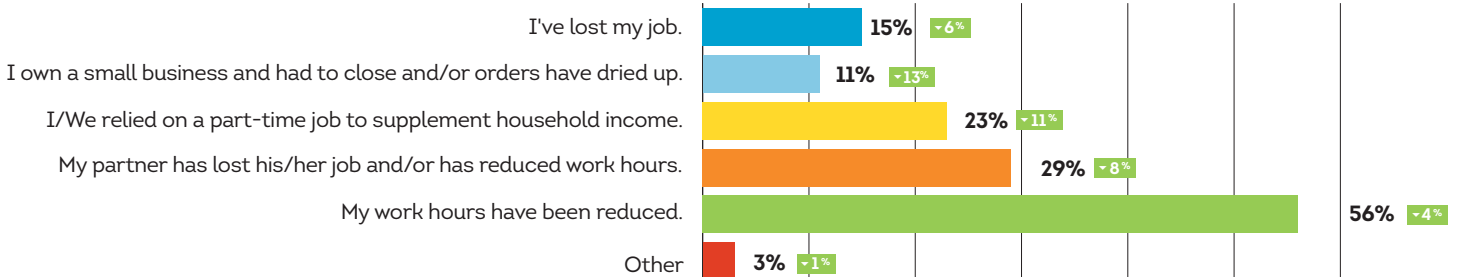


Figure 3. How is your current household income being impacted?



## MANAGING THE HOUSEHOLD BUDGET

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

- Seventy-six percent (Wave 6: 79%) of impacted respondents are concerned about paying their bills, in which 14% (Wave 6: 34%) are short more than HKD16,000, and 31% (Wave 6: 45%) will be unable to pay their obligations within four weeks.
- Forty-three percent (Wave 6: 42%) of impacted respondents are unable to pay credit cards, 34% (Wave 6: 34%) rent payments, 31% (Wave 6: 34%) personal loans, 29% (Wave 6: 31%) insurance and 19% mortgages (Wave 6: 26%).
- To deal with financial difficulty, 52% (Wave 6: 50%) of impacted respondents have cut back on discretionary spending; 33% (Wave 6: 38%) are saving more in emergency funds; and 22% (Wave 6: 23%) cut back on saving for retirement.

**Figure 4. How much is your budget shortfall?**

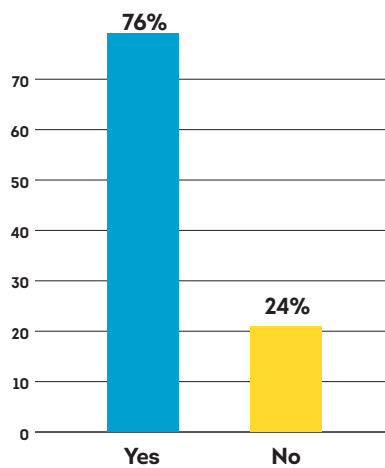
On average, amount consumers who were impacted expect they will be short when paying bills or loans.



**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 **8.3 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.**

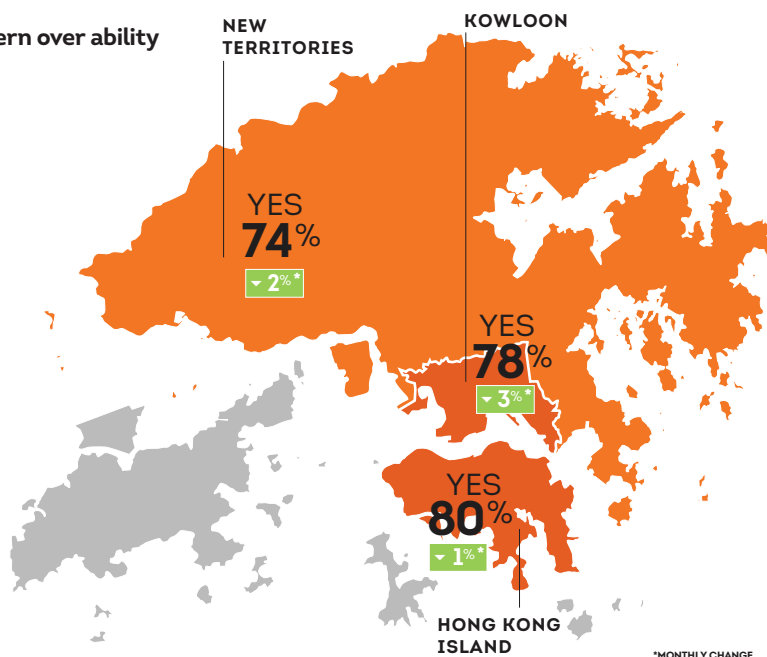
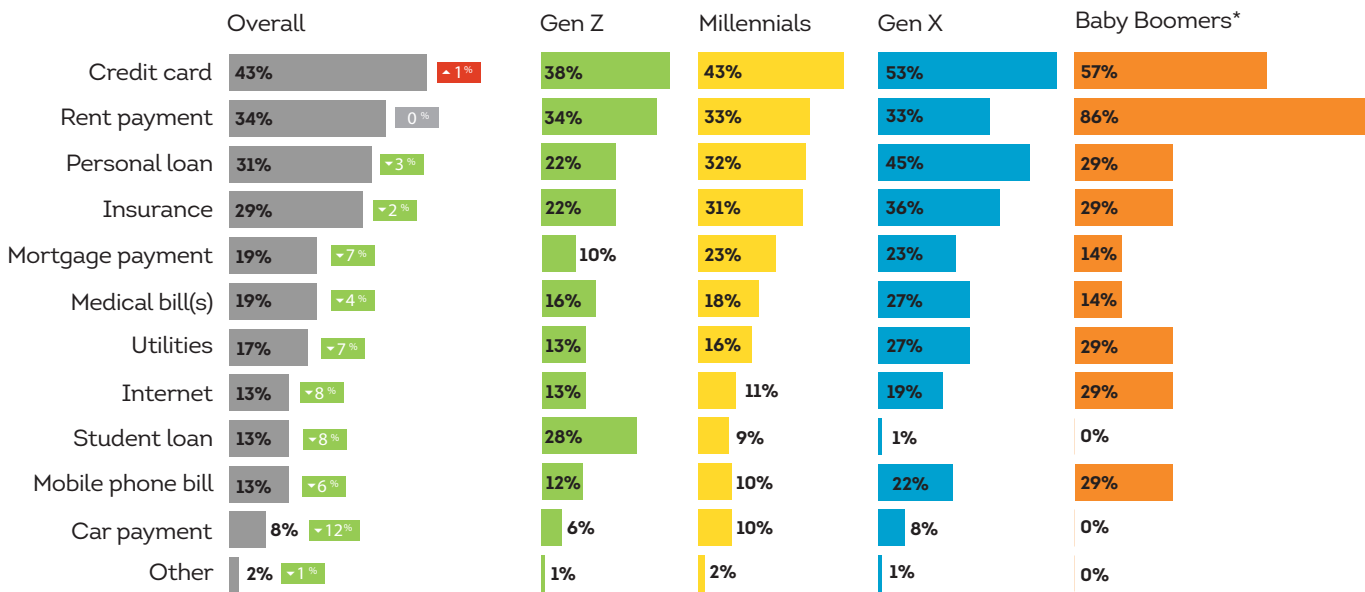
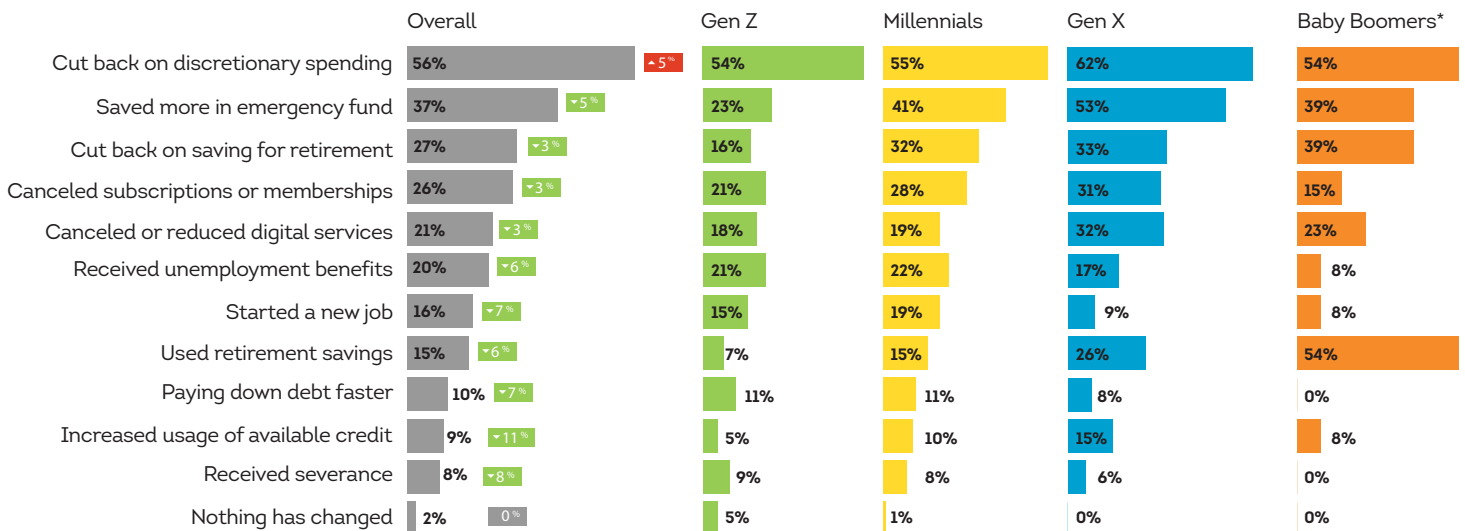


Figure 7. What bills and loans are you concerned about your ability to pay?



\* 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)

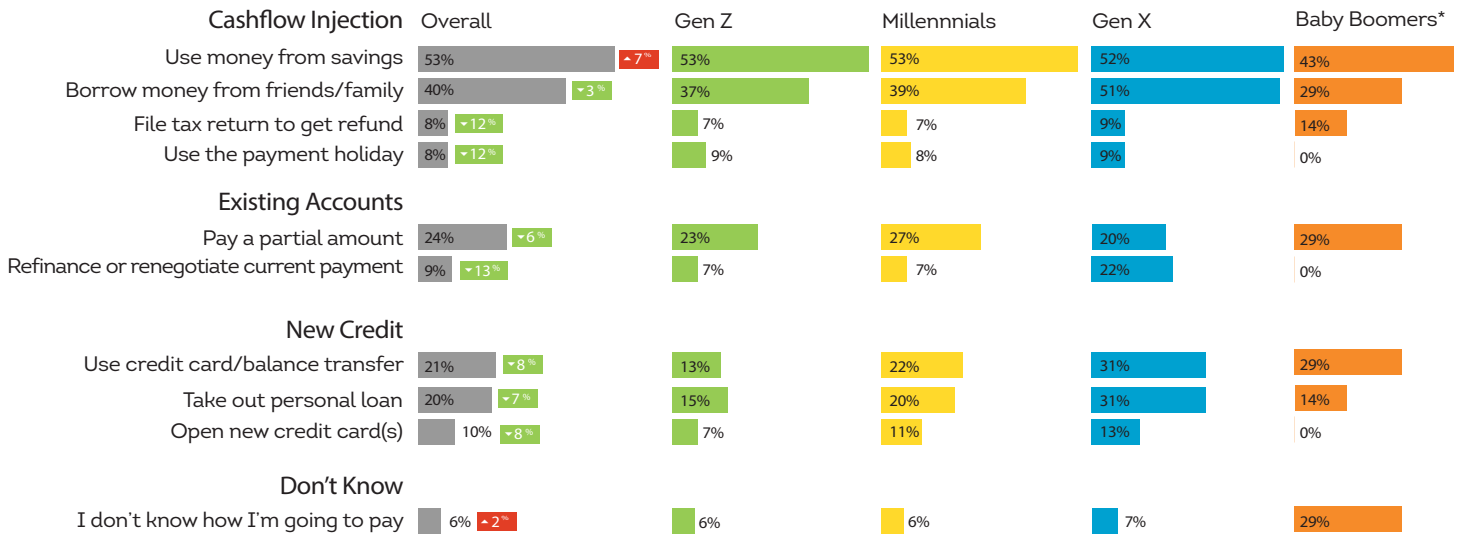
## RECOVERY PLANS

### WHAT IS YOUR GAME PLAN?

- To make up the shortfall, 53% (Wave 6: 46%) of impacted respondents plan to use money from savings, 40% (Wave 6: 43%) to borrow money from friends or family members, and 24% (Wave 6: 30%) to pay a partial amount that's affordable.
- Other than utilizing personal sources of liquidity, 52% (Wave 6: 64%) of impacted respondents have reached out to their vendors to discuss payment options, but only 62% (Wave 6: 68%) stated some or all of their vendors have provided guidance. An opportunity exists for lenders to be more proactive in supporting impacted consumers.

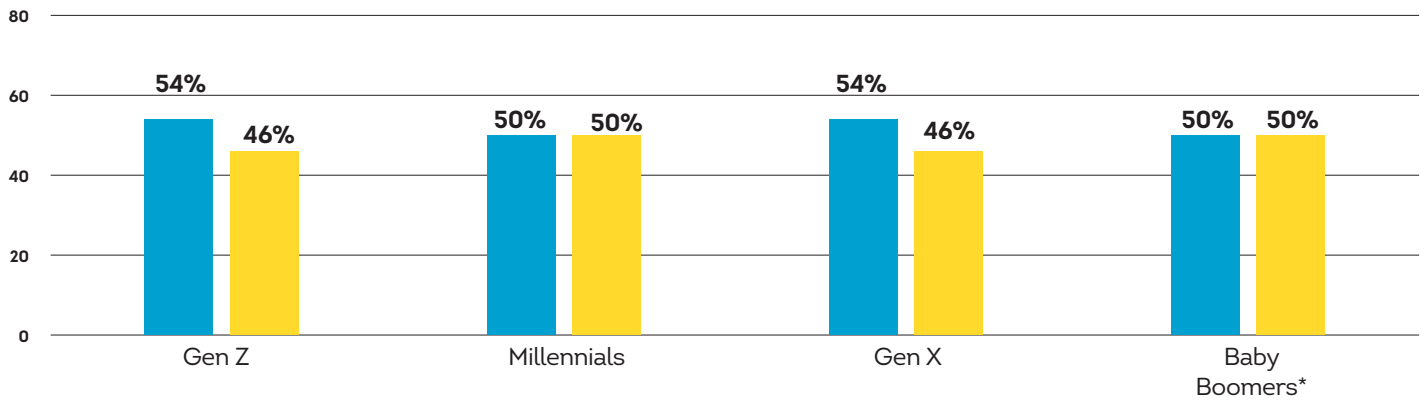
- During this difficult period, 29% (Wave 6: 40%) of respondents have received some form of financial accommodation. Among those with each of these financial products, 44% (Wave 6: 40%) have an accommodation. On their credit card, 27% (Wave 6: 28%) personal loan, and 19% (Wave 6: 28%) mortgage.
- In light of the pandemic, 52% (Wave 6: 50%) of impacted respondents will defer their vacation/holiday, 23% (Wave 6: 28%) home improvement, and 20% (Wave 6: 15%) have no plans for big events or purchases.

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



\* Note: small base size (n<50)

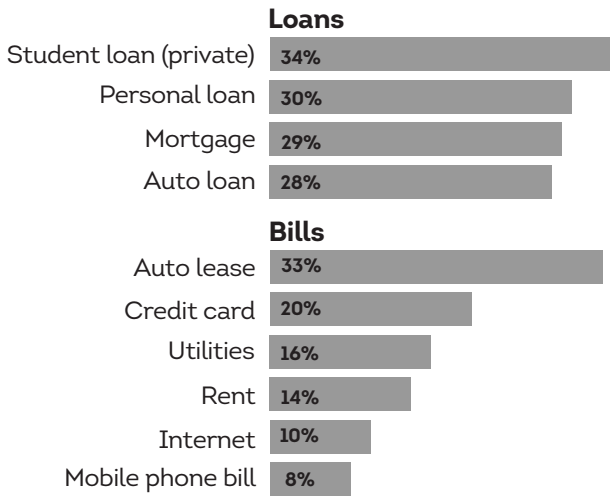
Figure 10. Have you reached out to companies you have accounts with to discuss payment options?



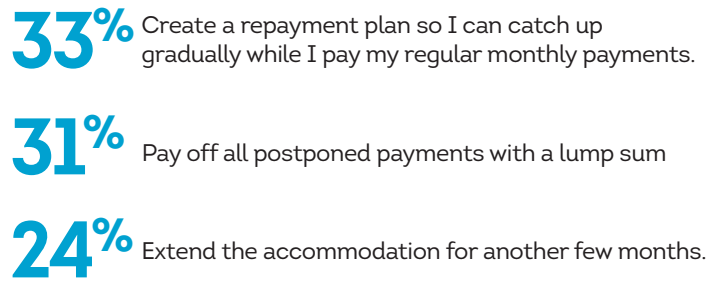
\* Note: small base size (n<50)

● Yes ● No

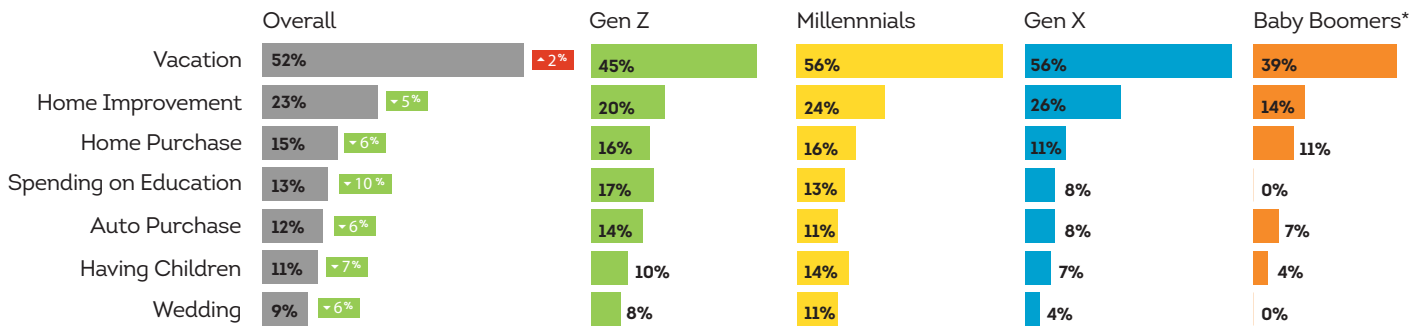
**Figure 11. Loans/bills enrolled in financial accommodation** (among those with financial product).



**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?**



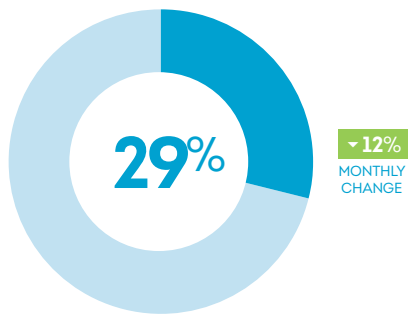
\* Note: small base size (n<50)

## TAKING CARE OF YOURSELF

### HEALTHCARE, FRAUD, AND CREDIT MONITORING

- Twenty-nine percent (Wave 6: 41%) of respondents have cancelled or delayed non-COVID-19 medical arrangements, with 33% (Wave 6: 25%) planning to reschedule when they no longer believe there's a high risk of COVID-19 infection in doing so.
- With an accelerated pace of digital transformation, digital fraud is a considerable threat to consumers with 8% (Wave 6: 13%) of respondents stating they're victims of digital fraud schemes; of those targeted, 28% (Wave 6: 30%) have encountered phishing, 19% (Wave 6: 20%) identity theft, and 19% (Wave 6: 22%) shipping fraud.
- Even though 86% (Wave 6: 89%) of respondents think credit self-monitoring is important during the ongoing pandemic, 44% (Wave 6: 32%) don't know their credit scores, suggesting more credit awareness and education programs are required.

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?

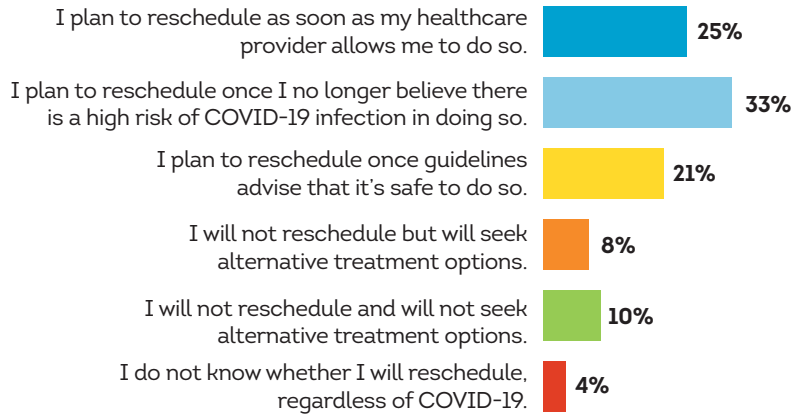


Figure 15. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

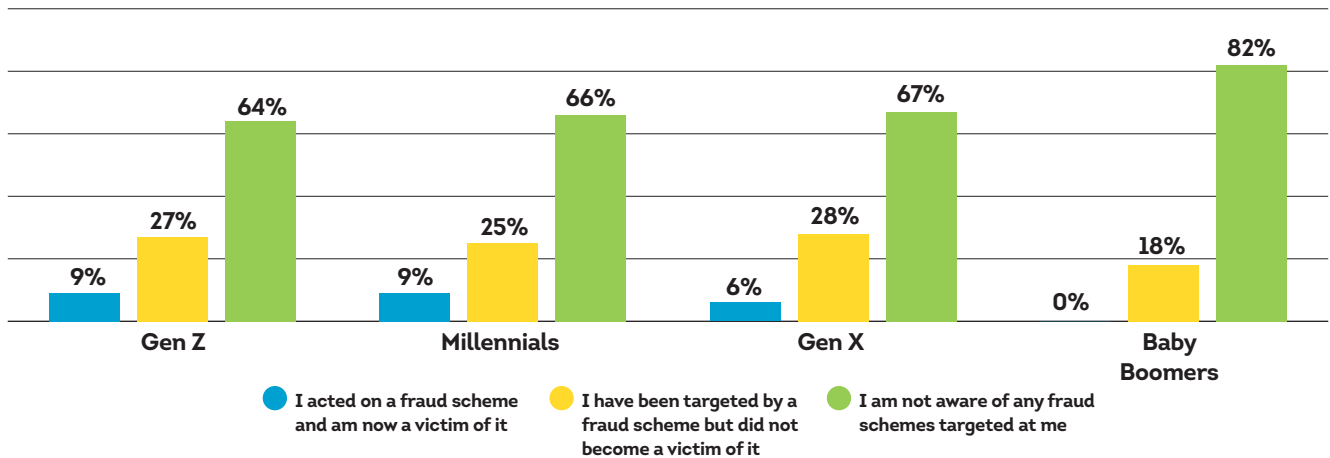
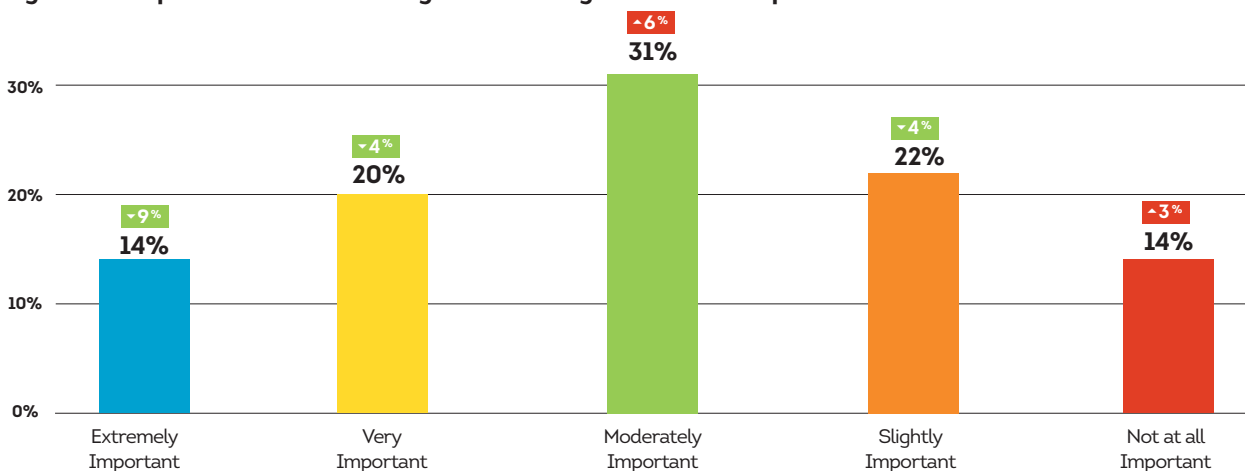


Figure 16. Importance of monitoring credit during the COVID-19 pandemic.





## 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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