



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.

8

WAVE 8 REPORT

Data collected week of October 4

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 percentage of consumers experiencing negative financial impact due to COVID-19 remains at 73%, which reflects the impact of the third wave of the pandemic that started in mid-July.
- Forty-four percent of consumers indicated their 2020 household finances are worse than planned.
- Amongst impacted consumers, 77% are concerned about paying their bills, stable with Wave 7.
- Consumers are aware of their credit health, as 89% of consumers indicate monitoring their credit is important during the pandemic (Wave 7: 86%).
- On the other hand, the percentage of consumers who do not know their credit scores dropped to 34% (Wave 7: 44%), so more credit awareness and education programs are still needed.

RESEARCH METHODOLOGY

This online survey of 1,019 adults in Hong Kong was conducted October 4-8, 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 ±3.07 percentage points based on a calculated error margin.

FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

- Gen X consumers indicate the greatest increase in negative financial impact due to the pandemic (+12 pp to 83%).
- Amongst impacted consumers, 12% have lost their jobs (Wave 7: 15%) and 55% have reduced working hours (Wave 7: 56%).
- The pandemic continues to affect employment stability of younger generations most, as 20% of Gen Z consumers have lost their jobs, and 59% of Millennial consumers have reduced working hours.

Figure 1. Perceived impact.

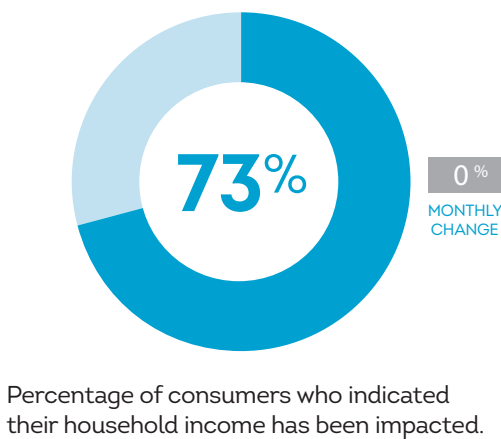


Figure 2. Are you expecting to be impacted in the future?

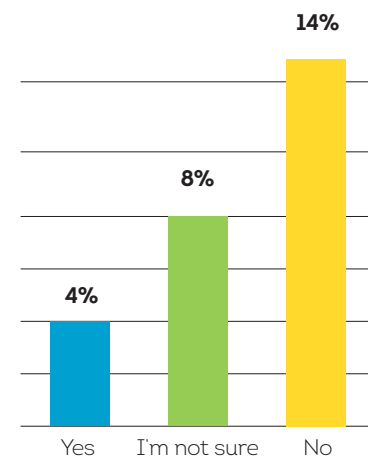
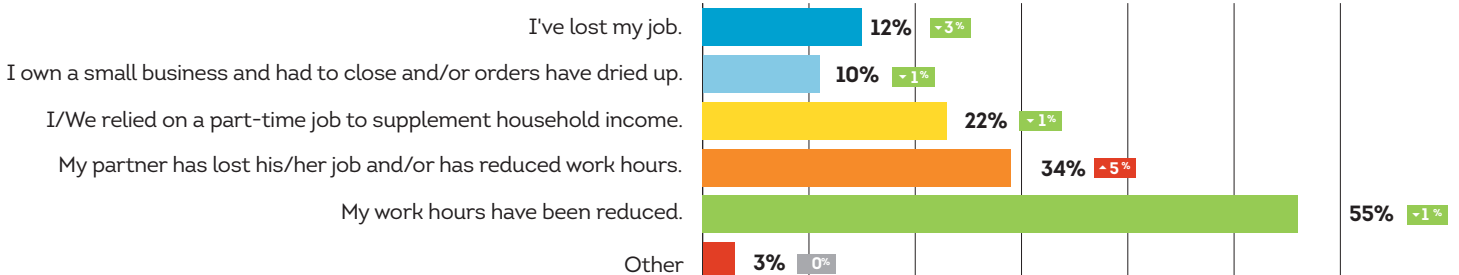


Figure 3. How is your current household income being impacted?



MANAGING THE HOUSEHOLD BUDGET

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

- Seventy-seven percent of impacted consumers are concerned about paying their bills and loans (Wave 7: 76%), and 36% will be short at least HKD8,000 (Wave 7: 38%). More impacted consumers will be unable to pay within four or fewer weeks (35%) than in Wave 7 (31%).
- The top five bills and loans impacted consumers state they are concerned about their ability to pay are credit card bills (43%), insurance (30%), rent (+5 pp to 29%), personal loan (28%) and mortgage/home loan (+7 pp to 26%).
- To cope with their financial difficulties, impacted consumers continue to adjust their household budget. Fewer now say they are cutting back on discretionary spending (-10 pp to 46%), while canceling subscriptions or memberships is at 28% (Wave 7: 26%). Meanwhile, 35% say they are saving more in an emergency fund and 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 **8.2 weeks.**

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

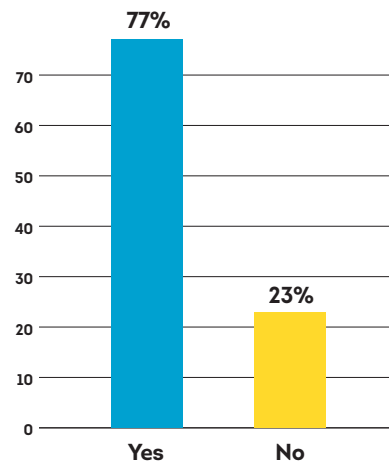


Figure 6. Regional concern over ability to pay bills/loans.

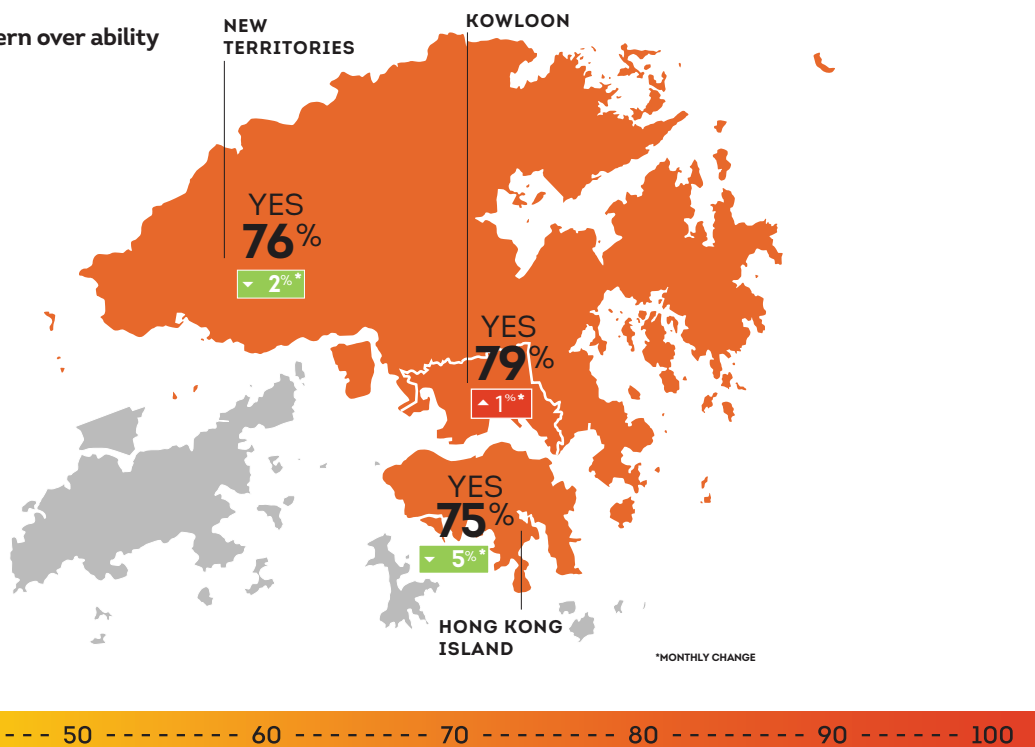
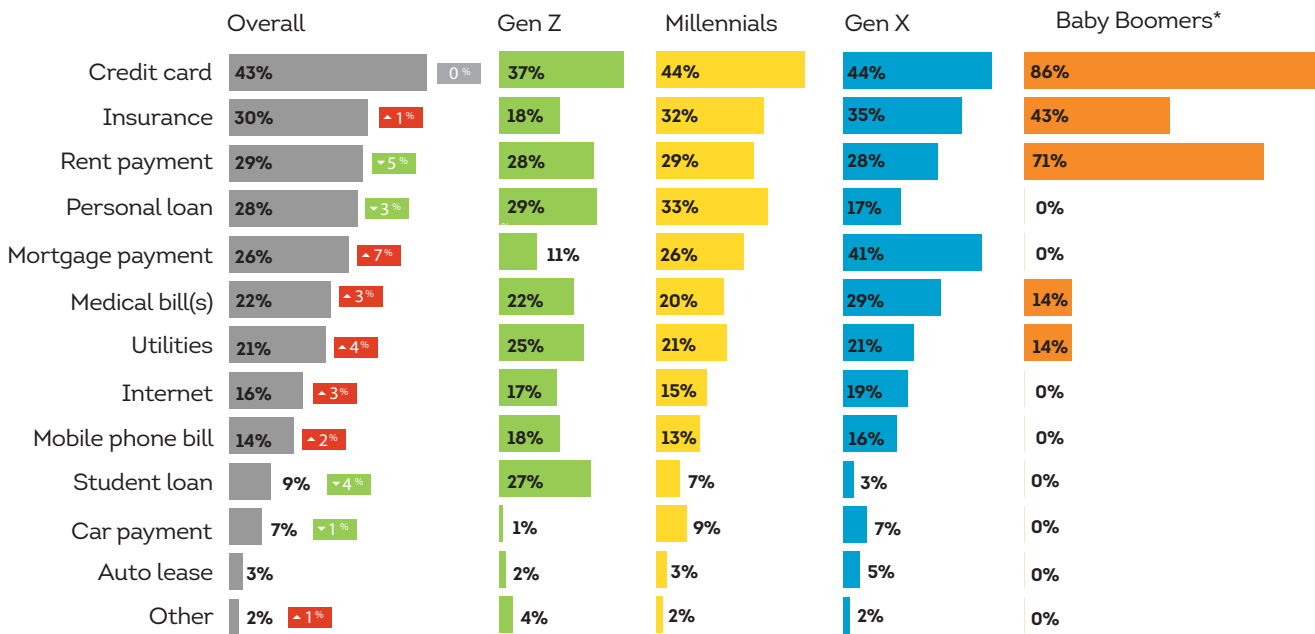
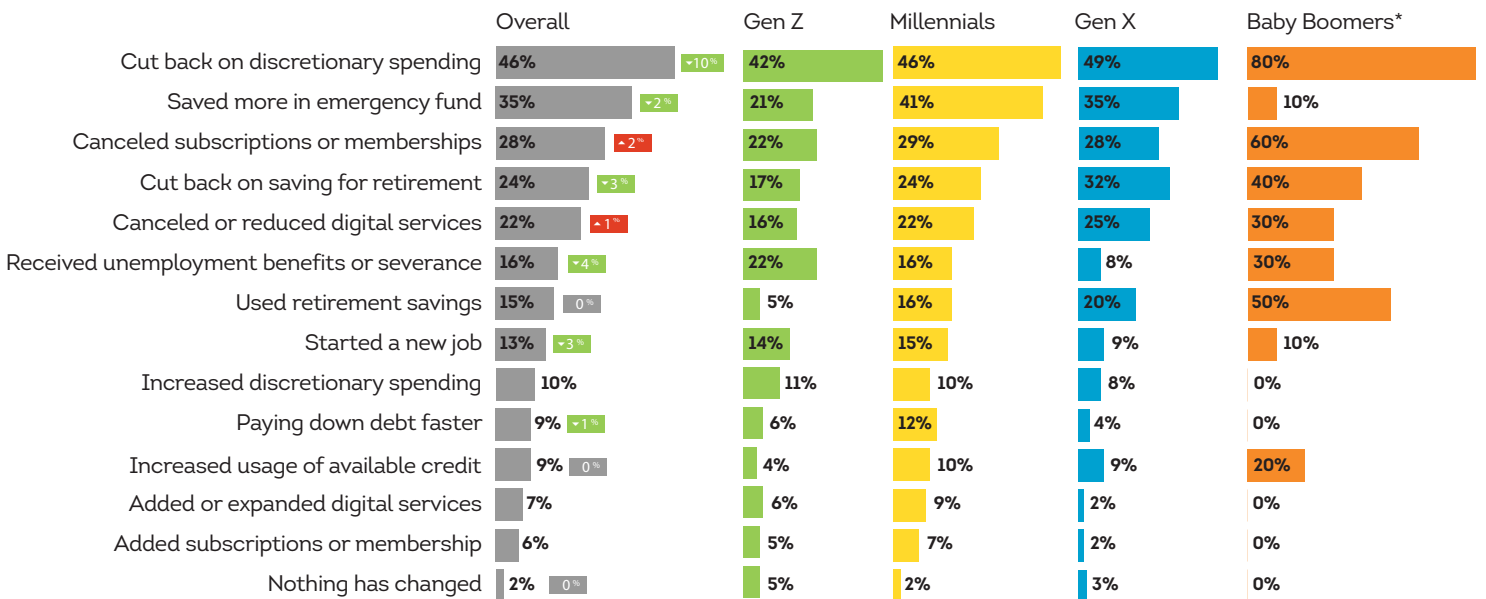


Figure 7. What bills and loans are you concerned about your ability to pay?



* 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)

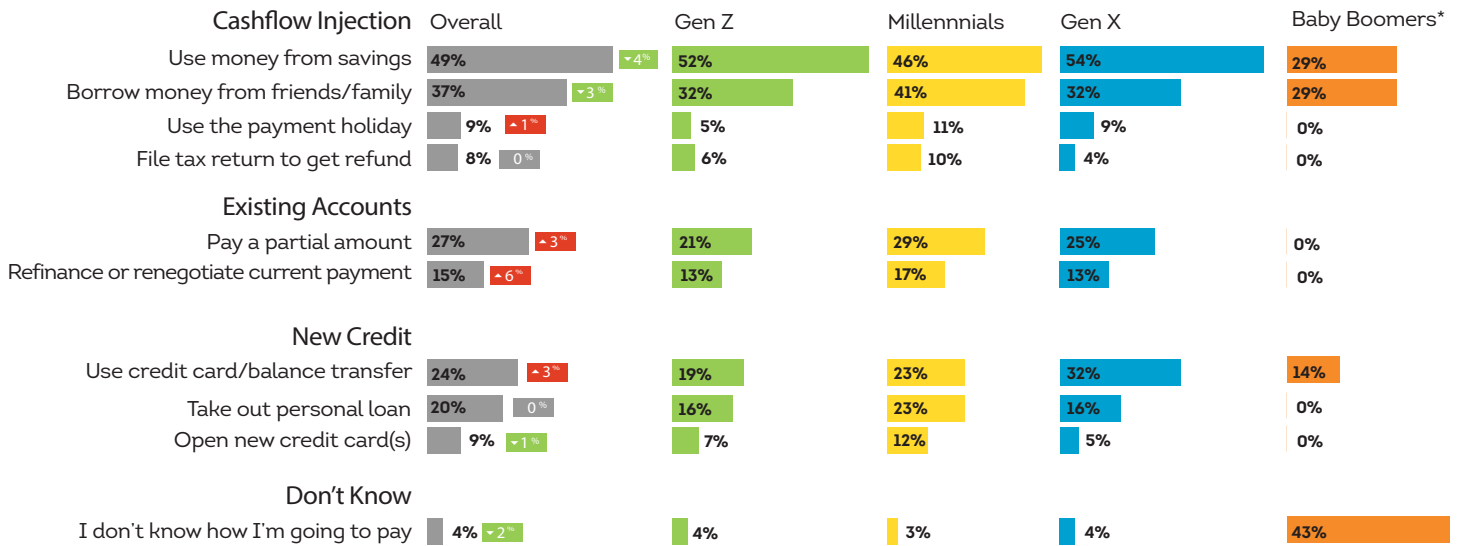
RECOVERY PLANS

WHAT IS YOUR GAME PLAN?

→ Fewer impacted consumers plan to pay their bills and loans by using money from savings (-4 pp to 49%). Other methods impacted consumers plan to use to pay bills and loans include borrowing money from friends or family members (37%), paying a partial amount (27%) and using credit cards/balance transfers (24%).

- Fifty-five percent of impacted consumers have approached companies they have accounts with to discuss payment options (Wave 7: 52%), while 64% of the companies have provided proactive guidance (Wave 7: 62%). Lenders could continue to be more proactive in supporting impacted consumers.
- During the pandemic, 33% of consumers have received a financial accommodation of some kind from their lenders (Wave 7: 29%).
- Eighteen percent of impacted consumers have received a financial accommodation for credit cards (Wave 7: 20%), while 31% have received an accommodation for an auto loan, 29% for mortgage/home loan (Wave 7: 29%) and 27% for a private student loan (Wave 7: 34%).
- Due to the pandemic, 53% of impacted consumers have delayed spending on vacation/holiday (Wave 7: 52%). Twenty-four percent are delaying home improvement expenses (Wave 7: 23%), 16% are delaying home purchases (Wave 7: 15%) and 13% are delaying auto purchases (Wave 7: 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?

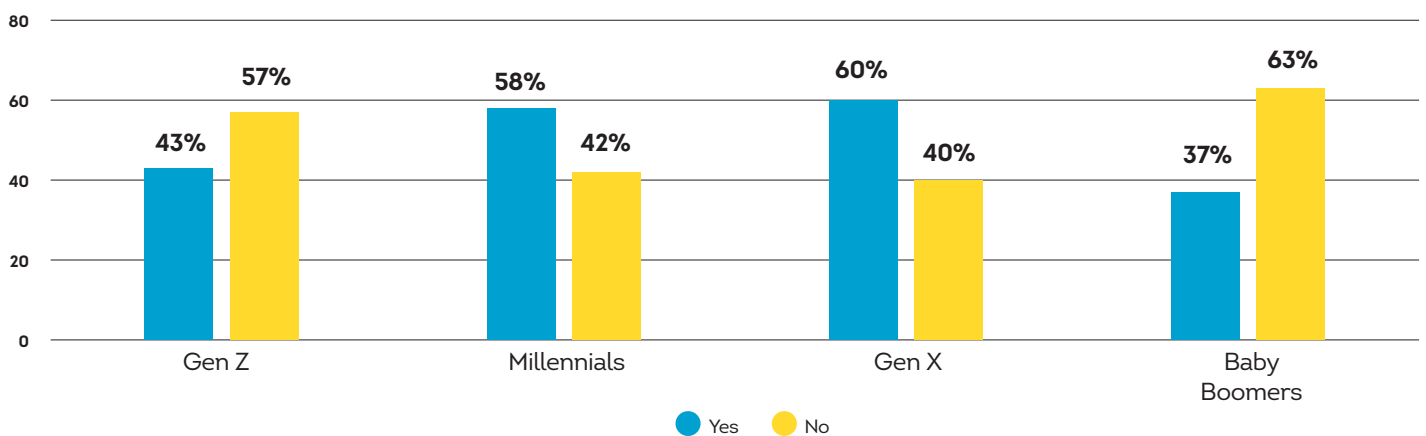


Figure 11. Loans/bills enrolled in financial accommodation
(among those with financial product).

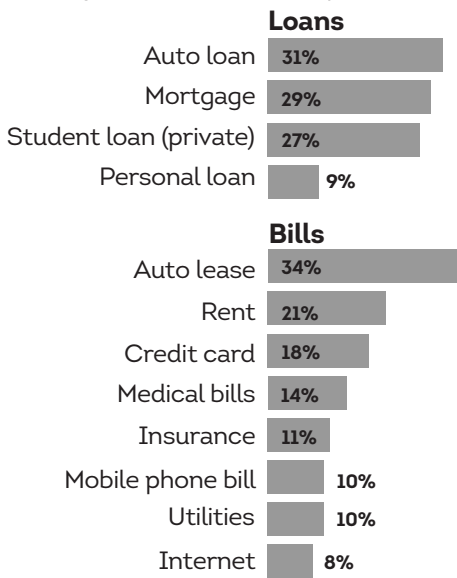


Figure 12. Repayment preference when financial accommodation period ends (top 3 options).

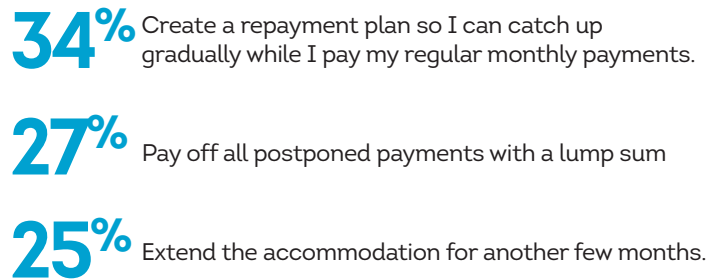
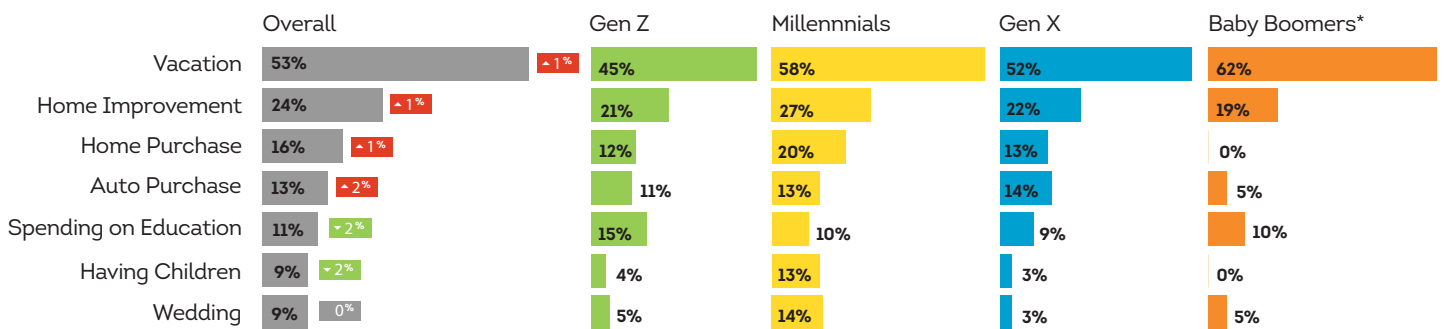


Figure 13. Are you delaying any of the following major purchases or events?



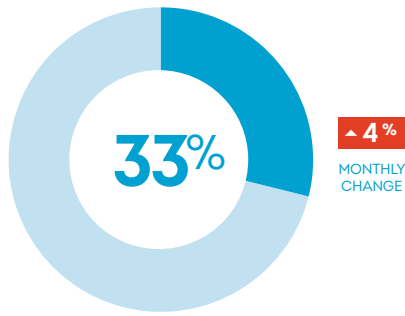
* Note: small base size (n<50)

TAKING CARE OF YOURSELF

HEALTHCARE, FRAUD, AND CREDIT MONITORING

- A third of consumers have canceled or delayed their non-COVID-19 medical appointment (Wave 7: 29%), and 27% plan to reschedule their non-COVID-19 medical appointment when they no longer believe there is a high risk of COVID-19 infection in doing so (Wave 7: 33%).
- Ten percent of consumers stated that they acted on a digital fraud scheme and became a victim of it (Wave 7: 8%), while 29% have been targeted but did not become a victim. The top digital fraud schemes related to the pandemic are phishing (25%), shipping fraud (21%), charity and fundraising scams (17%), and fraudulent COVID-19 vaccines, cures, tests, and PPE (17%).
- More credit awareness and education programs may be needed, as 11% of consumers stated that credit monitoring is not at all important during the ongoing pandemic (Wave 7: 14%). However, fewer consumers reported they do not know their credit scores (34%) compared to Wave 7 (44%).

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?

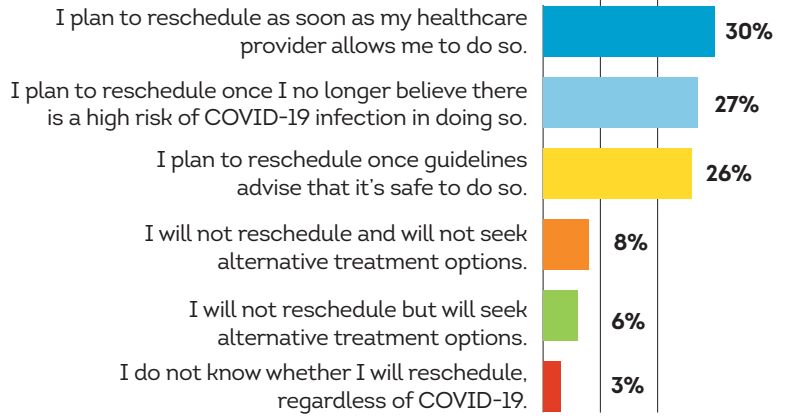


Figure 15. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

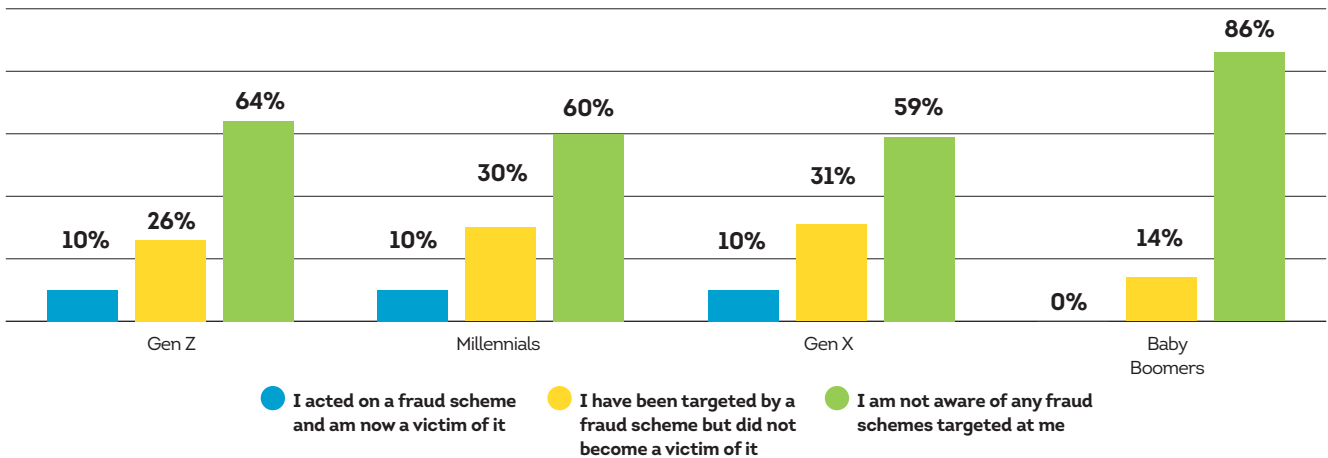
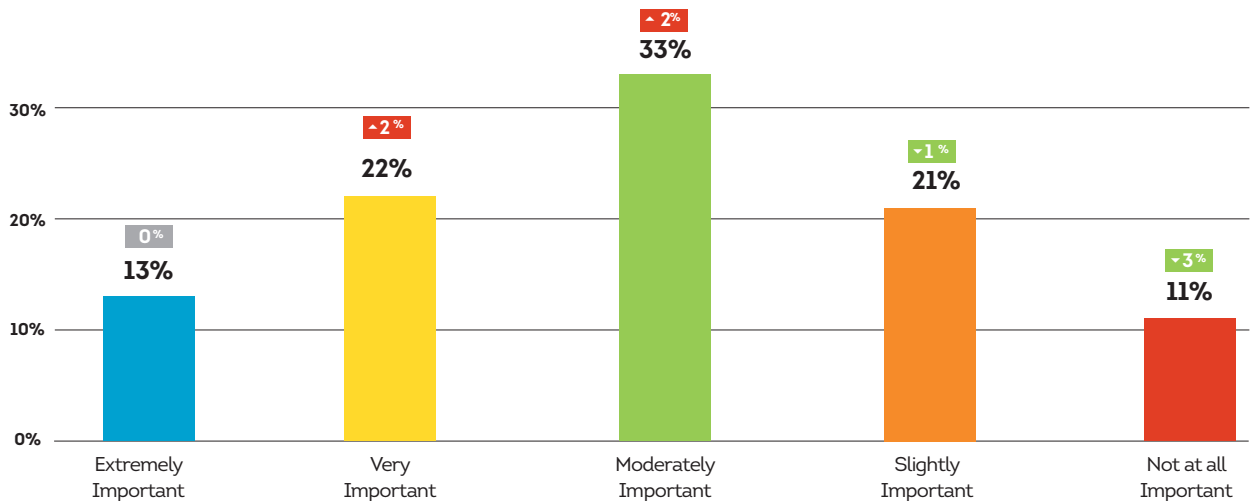


Figure 17. Importance of monitoring credit during the COVID-19 pandemic.





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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