



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 6 REPORT

Data collected week of **July 27**

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

Financial hardship resulting from COVID-19 increased month-over-month across nearly all survey measurements, accompanied by a small decline in consumer sentiment regarding the impact of the pandemic on their finances.

- The proportion of consumers in Hong Kong who said their household incomes were negatively impacted by COVID-19 increased to 71% from 68% in the prior survey.
- Five percent of the respondents expected their household incomes will be negatively impacted in the future, versus 4% in the previous survey.
- Respondents that lost their jobs due to the pandemic increased to 21% from 16% month-over-month.
- Respondents that had working hours reduced due to COVID-19 increased to 60% from 55% in the last survey wave.
- A high proportion (89%) of respondents continued to find self-credit monitoring important during the pandemic.
- A significant, but smaller, proportion of respondents (32%) did not know their credit scores.

RESEARCH METHODOLOGY

This online survey of 1,006 adults in Hong Kong was conducted from July 31 - August 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 ±3.09 percentage points based on a calculated error margin.

FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

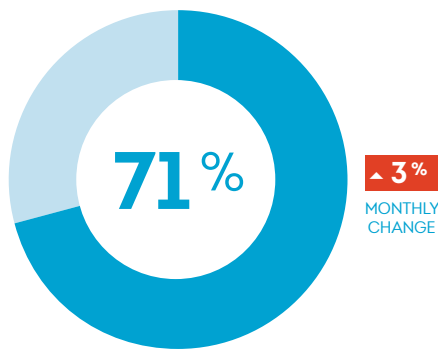
The financial impact of the pandemic continues to be strong and extensive. Survey results broken down by generational cohorts included the following:

Gen Z - Seventy percent of Gen Z consumers indicated their household incomes were negatively impacted, up from 61% in the prior survey. Twenty-four percent of Gen Z consumers indicated they lost their jobs, which was up significantly from 15% in the prior survey.

Millennials - Four percent of Millennial consumers expect their household incomes will be negatively impacted in the future, versus 3% in the previous survey wave.

Gen X - Sixty-four percent of impacted Gen X consumers had working hours reduced due to the pandemic, up sharply from 47% month-over-month.

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?

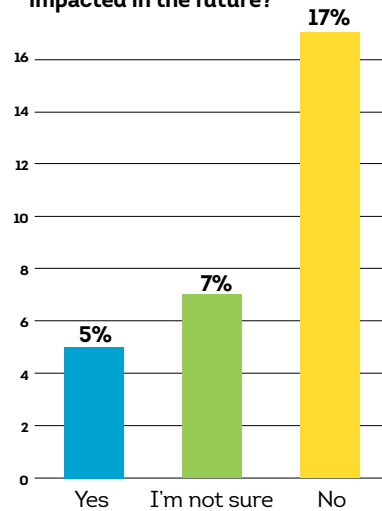
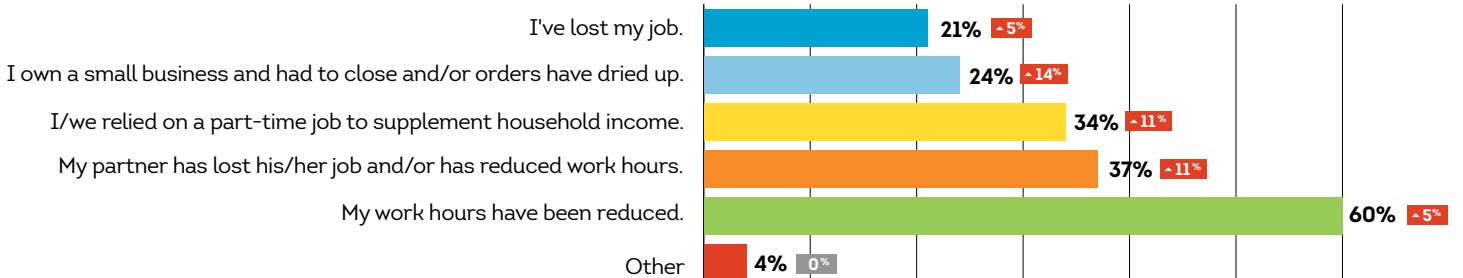


Figure 3. How is your current household income being impacted?



MANAGING THE HOUSEHOLD BUDGET

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

In line with the increased financial hardship recorded during the period, consumer concerns over bills grew stronger across several categories. Compared to last month, a larger percentage of impacted consumers (79%, up from 74%) were concerned about being able to pay their bills. Forty-five percent of impacted consumers estimated they will be unable to pay bills within four weeks, which was a marked increase from 35% in the previous survey, and the proportion of consumers estimating large shortfalls increased significantly month-over-month to 34% from 17%.

A breakdown below by bill category shows the percentages of consumers concerned about being able to pay bills, as well as short-term trends:

- Credit card: 42% (41% in the previous survey)
- Rent payment: 34% (31% in the previous survey)
- Personal loan: 34% (29% in the previous survey)
- Insurance: 31% (25% in the previous survey)
- Mortgage: 26% (16% in the previous survey)
- Car/auto loan payment: 20% (10% in the previous survey)

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

7.1 weeks.

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

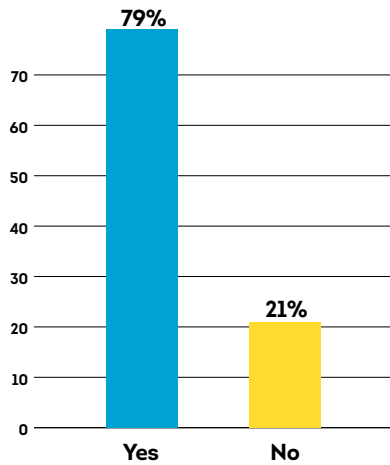


Figure 6. Regional concern over ability to pay bills/loans.

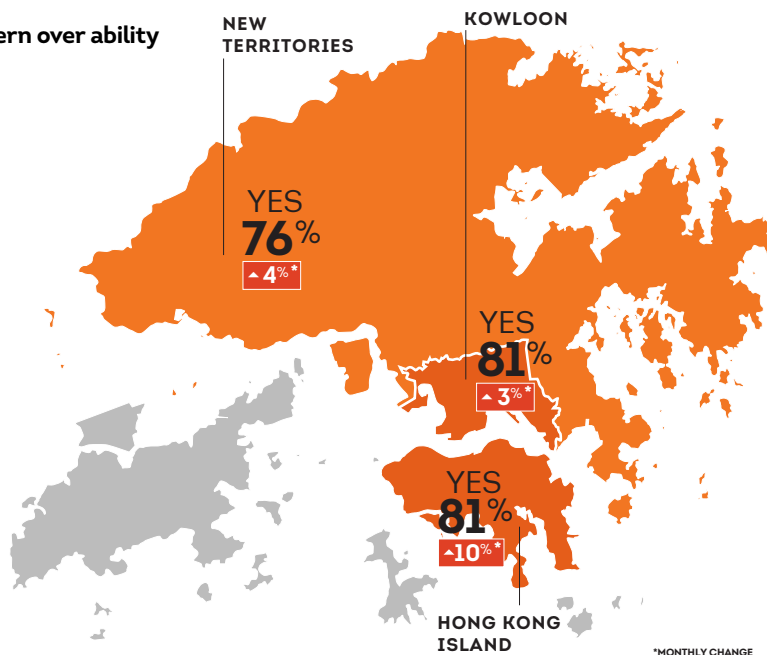
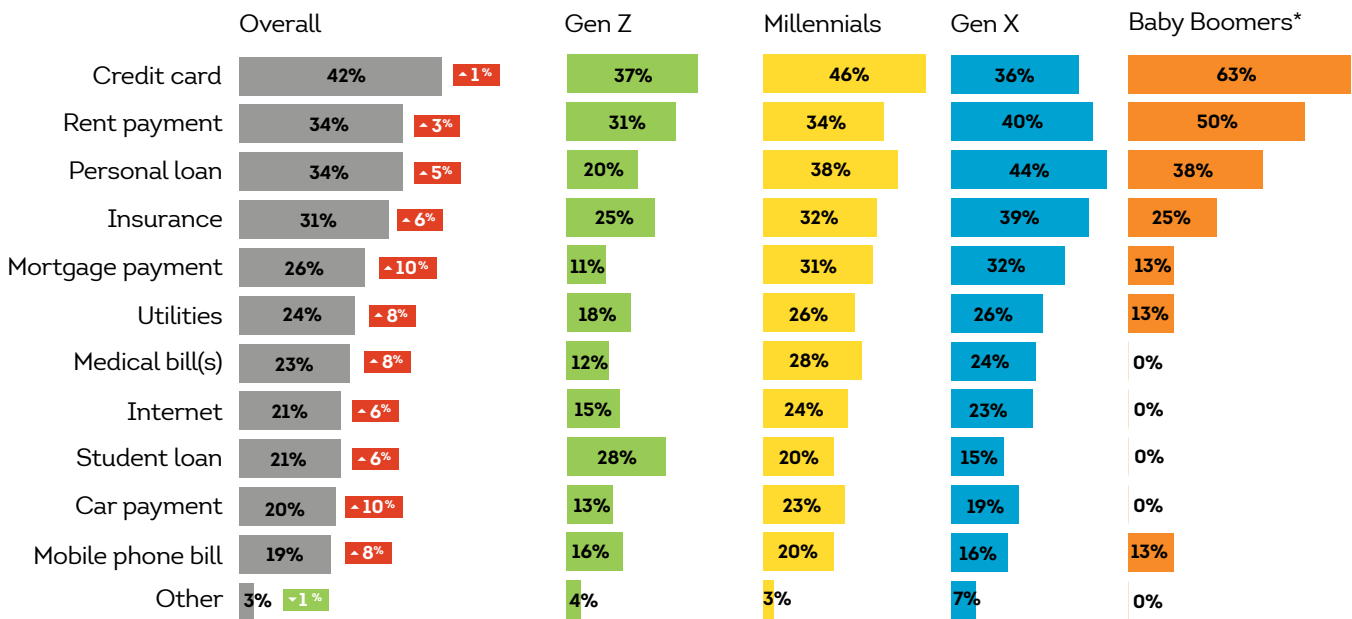
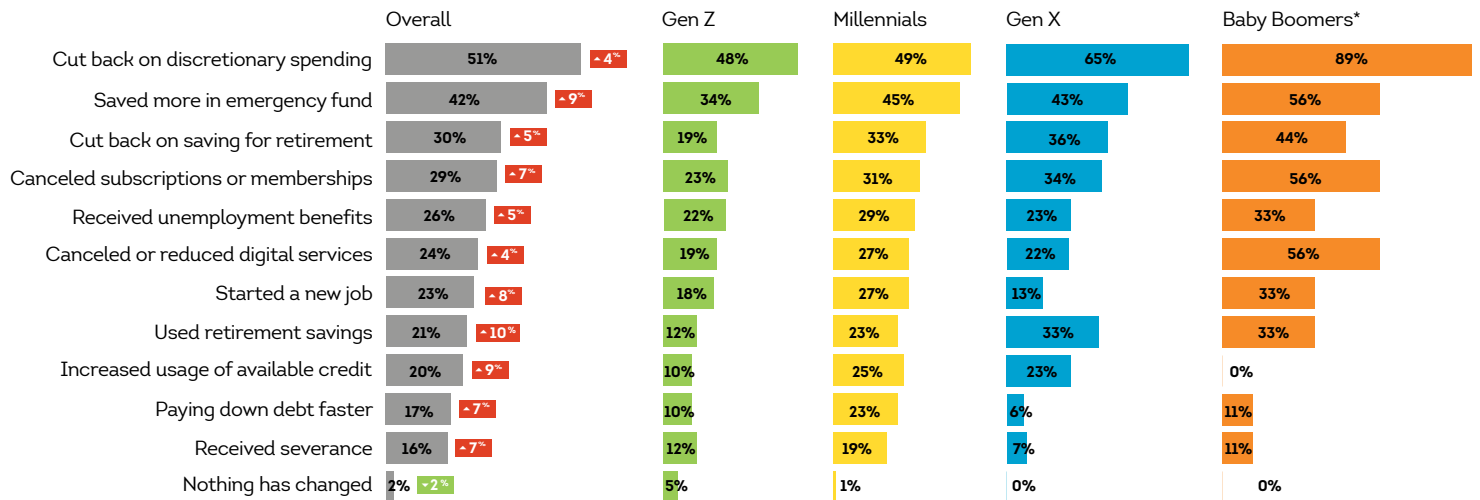


Figure 7. What bills and loans are you concerned about your ability to pay?



* 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?

Trends in consumer recovery plans reflected increased financial hardship during the period. A larger percentage of impacted consumers plan to use savings (46% versus 43% in the prior survey) or borrow money from friends or family members (43%, up from 37% last month) to pay bills. Additional consumer plans the survey noted included paying partial amounts that are affordable of bills (30%, increased from 23%), using credit cards/balance transfers (29%, up from 18%), taking out personal loans (27%, up from 22%) and refinancing or renegotiating payments/rates (22%, up from 11%).

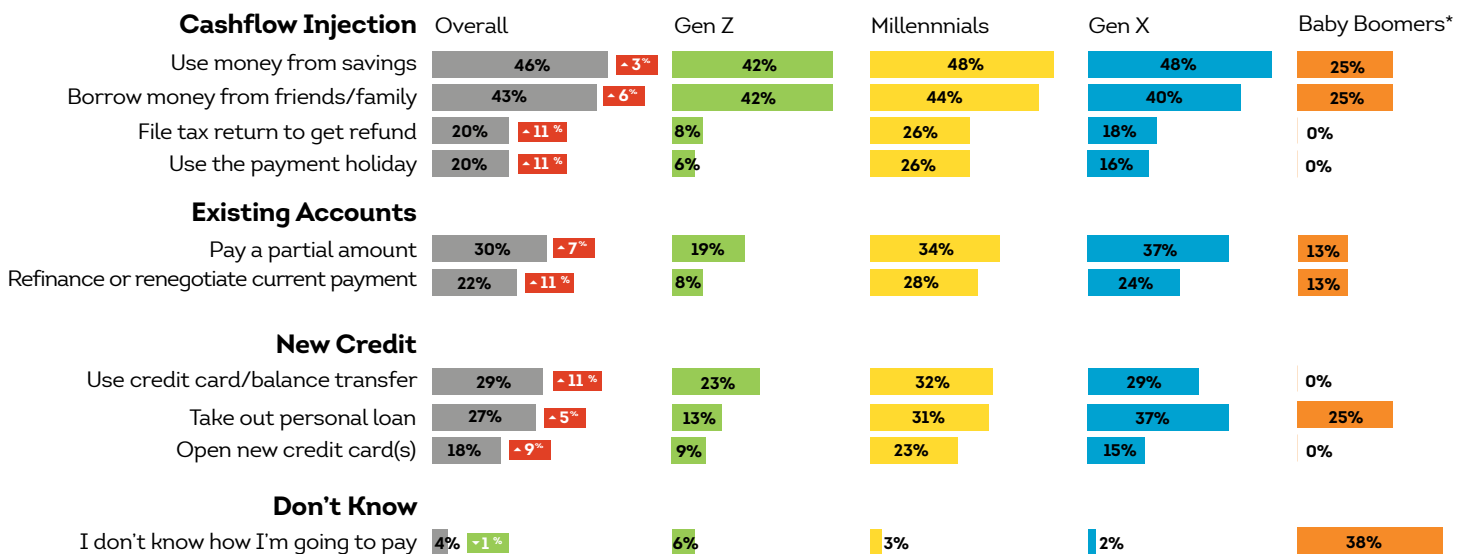
During the period, a larger proportion of impacted consumers (64%, up from 54% month-over-month) reached out to companies about payment options. Most consumers (68%, increased from 60% in the last survey) have received guidance from at least some of the companies they have accounts with.

A significantly larger proportion of consumers (40%, up from 26% in the prior survey) of all consumers have received some form of financial accommodations. Forty-nine percent (versus 38% last month) of those with an auto lease have received an accommodation, 47% of those with a mortgage (versus 26% in the previous survey), 44% of those with personal loans (compared to 36% last month), 43% of those with auto loans (up from 36% in the last survey), and 42% of those with private student loans (up from 34% in the prior survey).

Many consumers in Hong Kong continue to defer major spending and trends reflected the increase in financial hardship during the period:

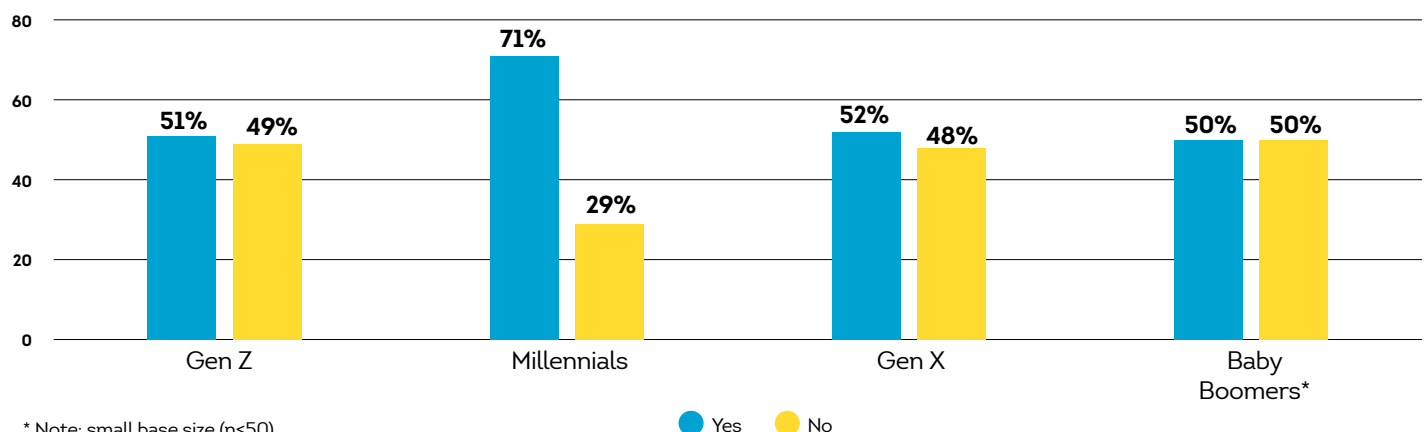
- Vacation / holiday: 50% (increased from 45% last month)
- Home improvement: 28% (increased from 21% last month)
- Spending on education: 23% (increased from 15% last month)
- Home purchase: 21% (decreased from 14% last month)
- Auto purchase: 18% (increased from 11% last month)
- Having children: 18% (increased from 10% last month)
- Wedding: 15% (increased from 9% last month)

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).

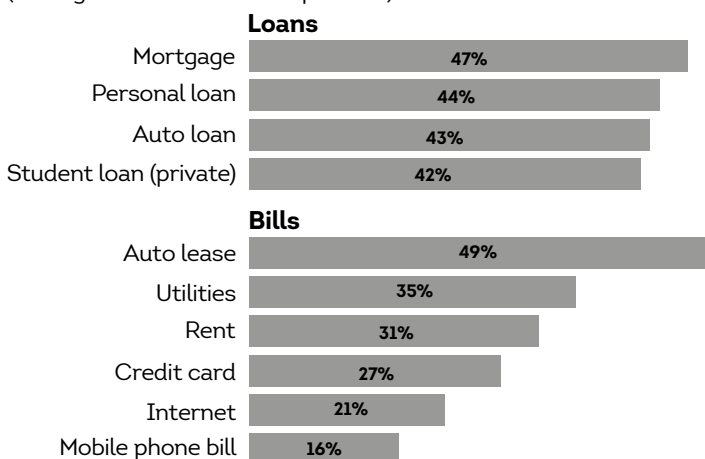


Figure 12. Repayment preference when financial accommodation period ends (Top 3 options).

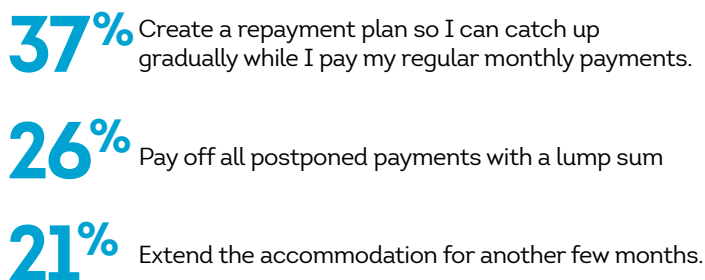
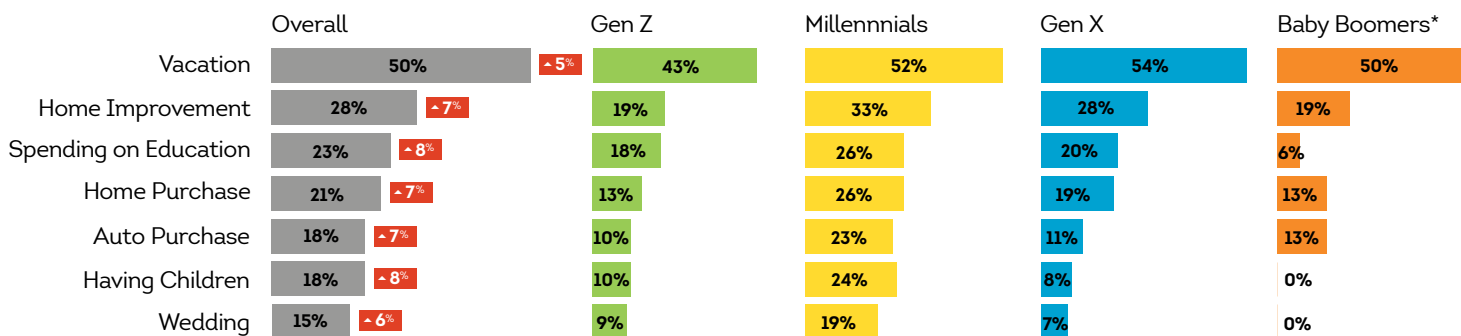


Figure 13. Are you delaying any of the following major purchases or events?



* Note: small base size (n<50)

TAKING CARE OF YOURSELF

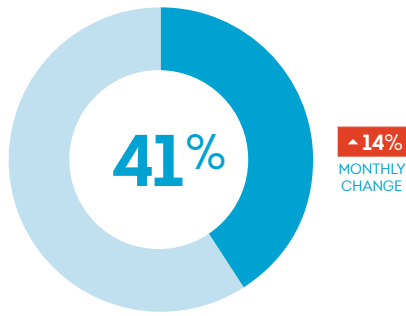
HEALTHCARE, FRAUD, AND CREDIT MONITORING

A larger percentage of consumers (41%, versus 27% last month) during this survey period said they delayed or cancelled a non-COVID-19 elective medical appointment or procedure. Of those, 38% (versus 25% in the prior survey) will reschedule their non-COVID-19 medical appoint or procedure as soon as their providers allow them to do so.

Thirteen percent of respondents (increased from 11% in the prior survey) indicated that they were victims of digital fraud related to COVID-19. Among those targeted, phishing (30%, up from 21% last month); account takeover (23%, up from 12% last month); someone changing your personal or account information via a call center (23%, up from 13% last month); fraudulent COVID-19 vaccines, cures, tests and PPE (24%, versus 19% last month); charity or fundraising scams (23%, versus 17% last month); and fake insurance (23%, versus 19% last month) were common schemes.

Eighty-nine percent (increased from 85% in the last survey) of the respondents indicated that self-credit monitoring is important during the pandemic.

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?

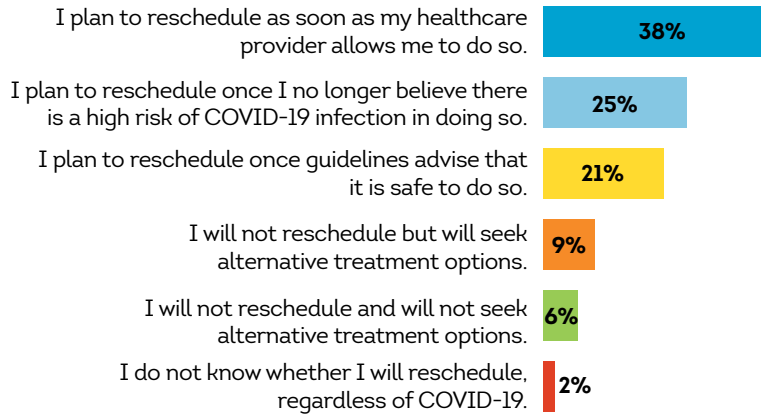


Figure 15. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

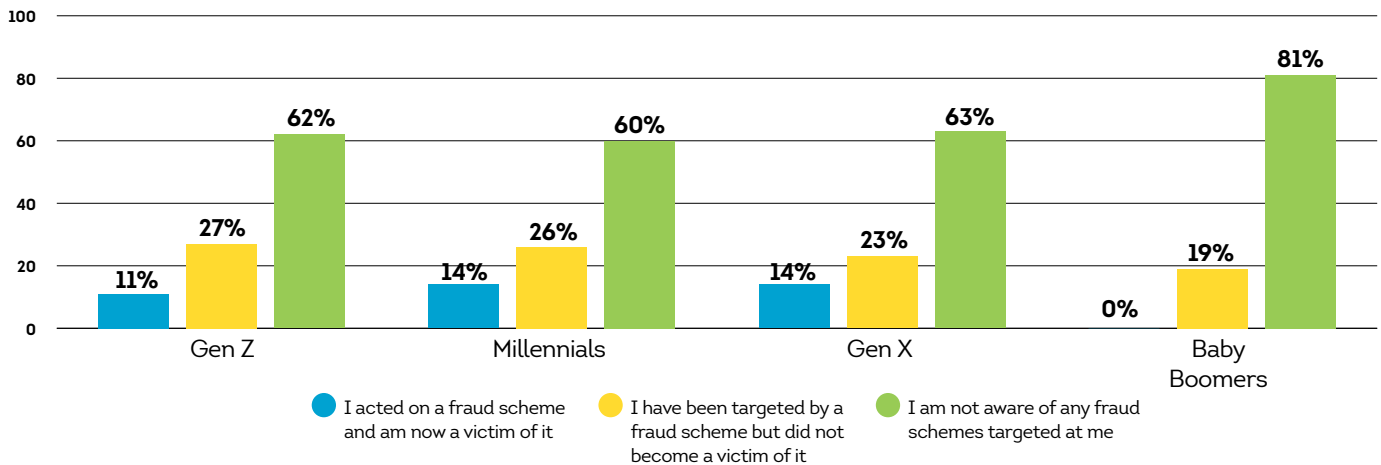
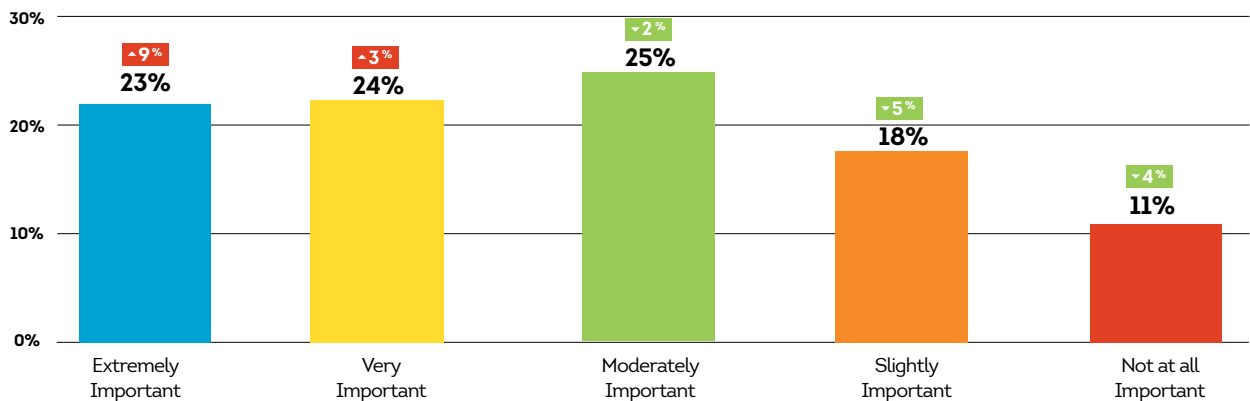


Figure 16. Importance of monitoring credit during the COVID-19 pandemic.



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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