



# 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 4 REPORT**

Data collected week of **May 25**

## 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

- After a promising decline in the last survey, the proportion of consumers in Hong Kong who said their household incomes were negatively impacted by COVID-19 increased to 75% from 68%.
  - 5% of the respondents expect their household incomes will be negatively impacted in the future, down from 7% last month.
- 19% (decreased from 23%) of impacted consumers lost their jobs.
- 54% (decreased from 58%) of impacted consumers had reduced working hours.
- Nearly all respondents (90%) believe self-credit monitoring is at least slightly important during the pandemic. However, 40% (decreased from 51%) of the respondents do not know their credit scores.

## RESEARCH METHODOLOGY

This online survey of 1,069 adults in Hong Kong was conducted from May 28 to June 1, 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 ±3.00 percentage points based on a calculated error margin.

## FINANCIAL IMPACT

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

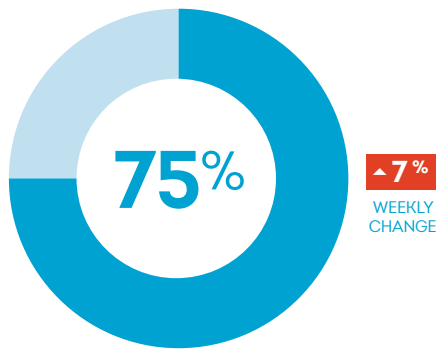
The financial impact of the pandemic continues to be widespread and deep. Survey results broken down by generational cohorts included the following:

**Gen X** – Gen X consumers registered the most financial impact during this wave of our study. Eighty-two percent (increased from 69% last wave) said their household incomes were negatively impacted.

**Gen Z** – Seventy-three percent of Gen Z said they are being negatively impacted; another 8% expect their household incomes to be impacted in the future. Among those impacted in Gen Z, over a quarter (26%) have lost their jobs.

**Millennials** – More Millennials experienced work hours reductions in this survey period (59% increased from 56% last 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?

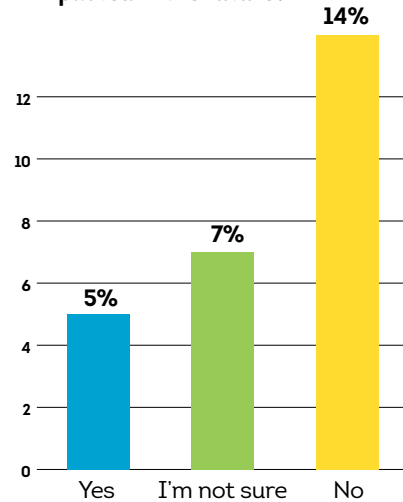
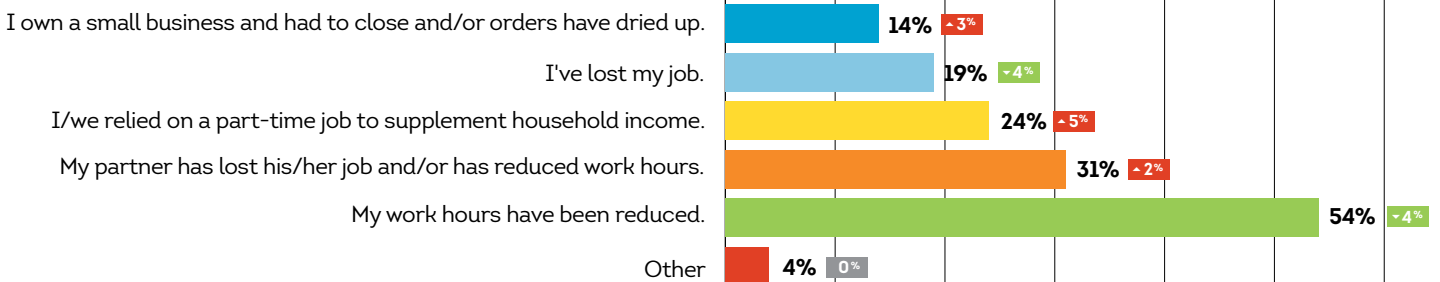


Figure 3. How is your current household income being impacted?



# MANAGING THE HOUSEHOLD BUDGET

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

Perhaps reflecting the extended nature of the pandemic and lockdowns, consumer concerns over bills increased across several categories during this wave of our survey. Compared to last month, significantly more impacted consumers (78%) are concerned about being able to pay their bills (increased from 63%). Nearly half (45% increased from 40%) of the respondents impacted will be unable to pay in 1-3 months. However, there was a decrease in the proportion of consumers estimating large shortfalls. Sixteen percent (decreased from 23%) expect to be short more than HKD16,000 when trying to pay their bills.

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

- Credit card: 46% (decreased from 47%)
- Rent payment: 33% (decreased from 40%)
- Insurance: 30% (decreased from 32%)
- Personal loan: 27% (increased from 28%)
- Mortgage: 21% (decreased from 28%)

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

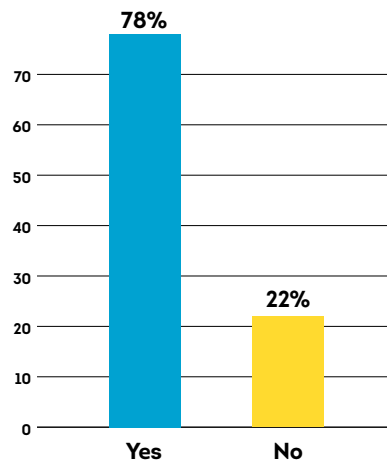
On average, amount consumers who were impacted expect they will be short when paying bills or loans.



**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 **8.1 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.**

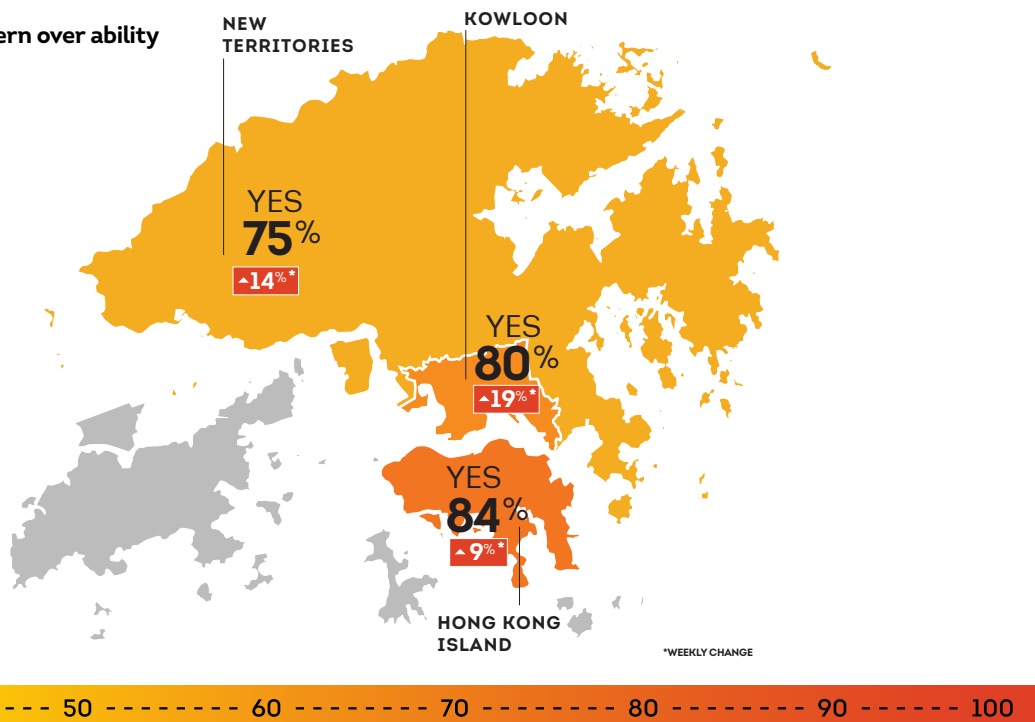
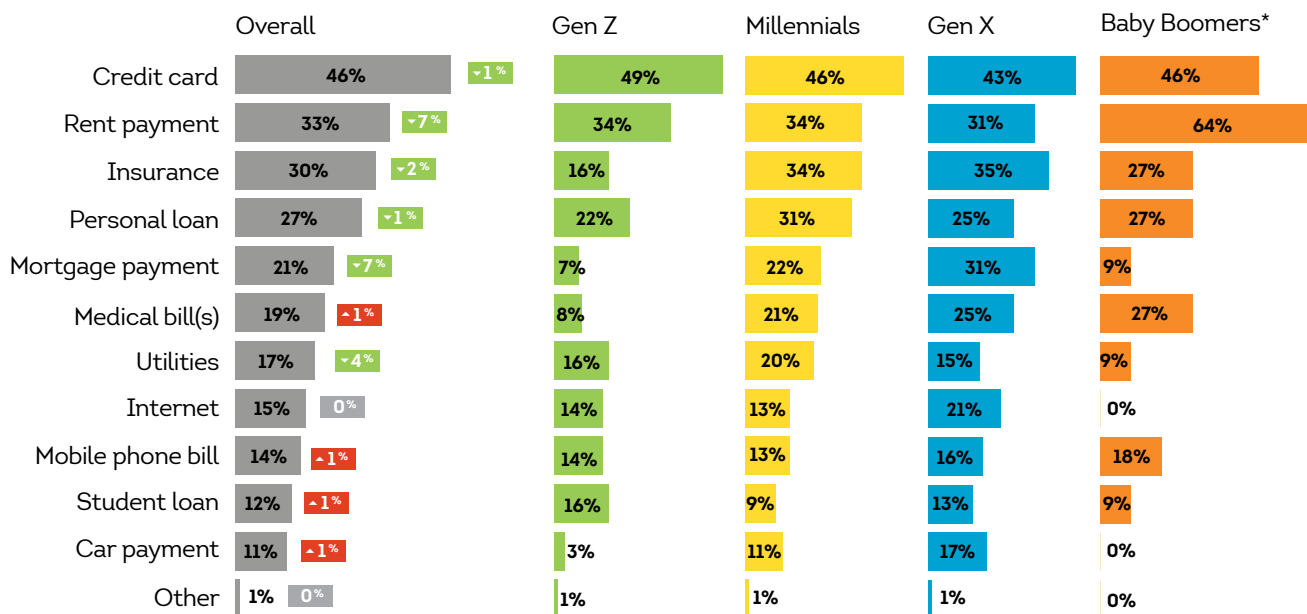
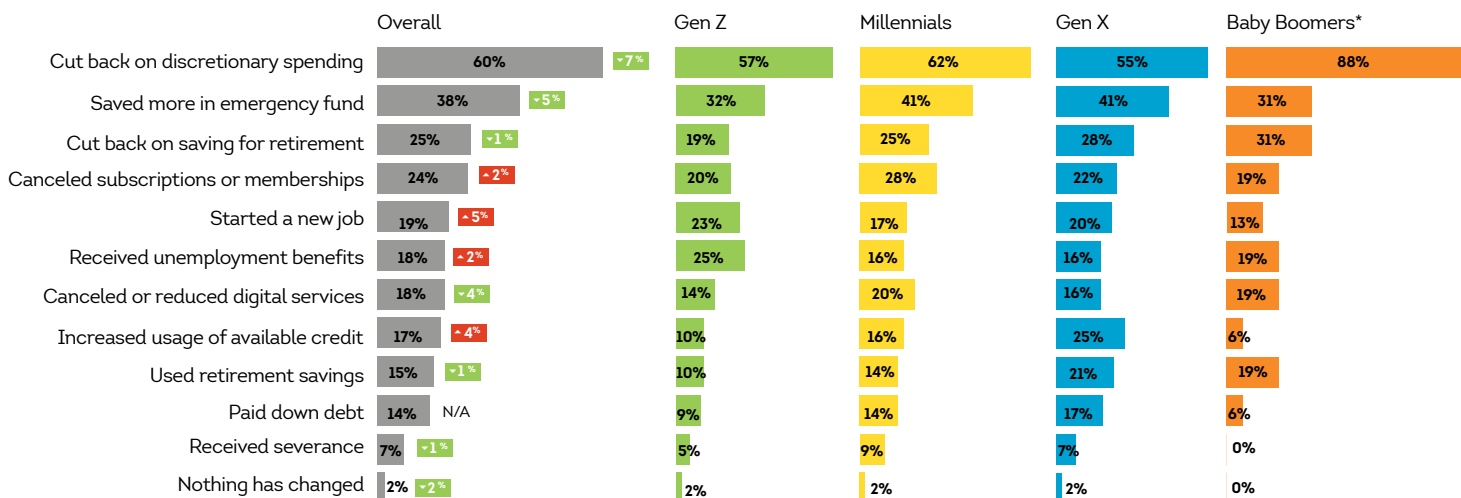


Figure 7. What bills and loans are you concerned about your ability to pay?



\* Note: small base size (n<30)

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



\* Note: small base size (n<30)

## RECOVERY PLANS

### WHAT IS YOUR GAME PLAN?

There are signs that consumers are becoming more adept at navigating the crisis. A smaller percentage of impacted consumers plan to use savings (48% decreased from 54%) or borrow money from friends or family members (39% decreased from 44%) to pay their bills, although these are still the most common methods. Additional consumer plans the survey recorded included paying partial amounts of bills that are affordable (27% increased from 26%), taking out a personal loan (23% decreased from 26%), or using a credit card / balance transfer (22% increased from 21%).

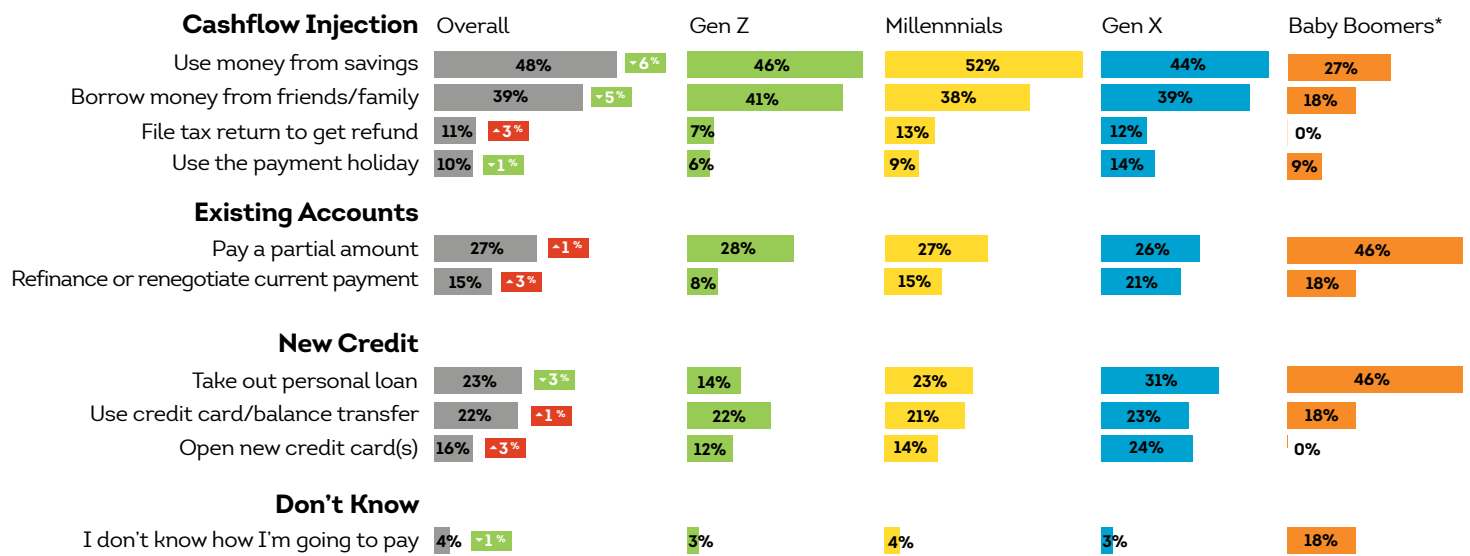
Over half (56%) of impacted consumers have reached out to companies about payment options (increased from 43%). An even greater proportion, 63%, have received guidance from at least some of the companies they have accounts with (increased from 59%).

Thirty-five percent of all consumers have received some form of financial accommodations. Thirty-nine percent of those with an auto loan have received an accommodation, 31% of those with a personal loan, and 21% of those with a credit card.

In addition, many consumers in Hong Kong plan to defer major spending:

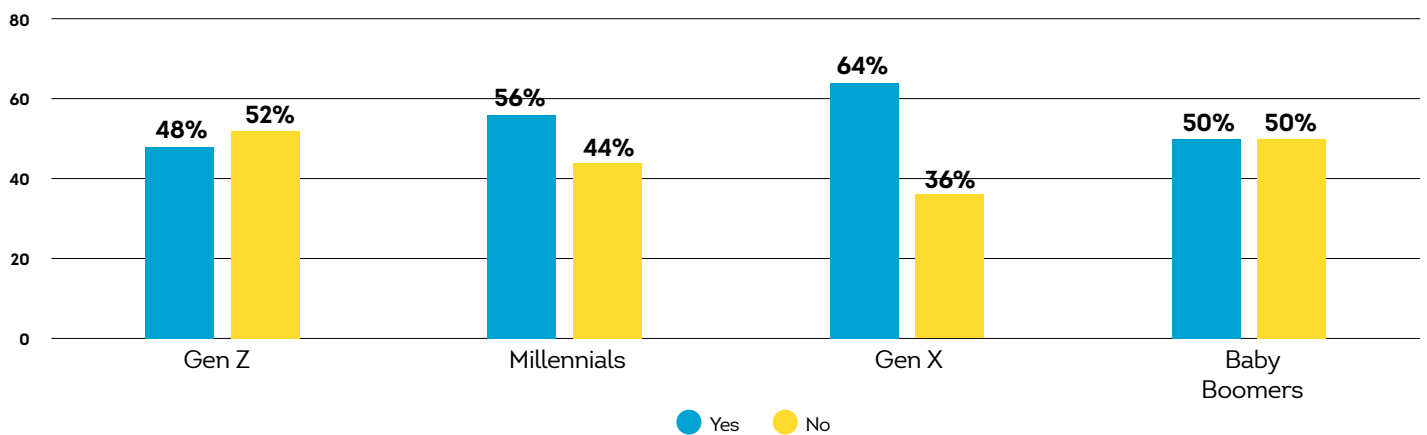
- Vacation / holiday: 49% (decreased from 56%)
- Home improvement: 20% (decreased from 21%)
- Home purchase: 15% (decreased from 16%)

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

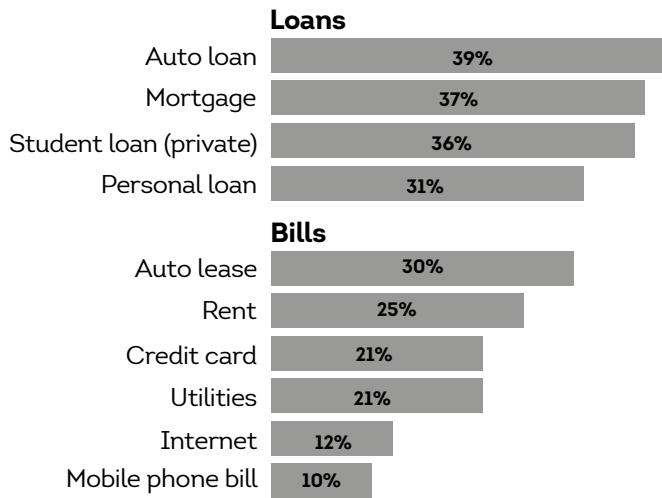


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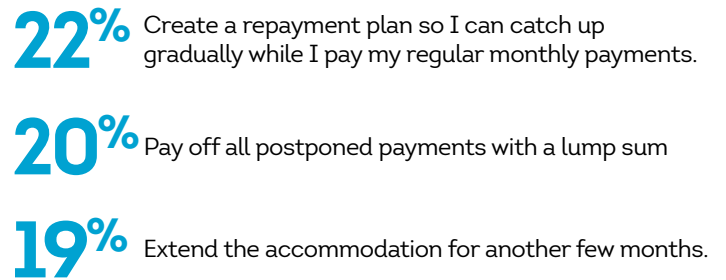
Figure 10. Have you reached out to companies you have accounts with to discuss payment options?



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



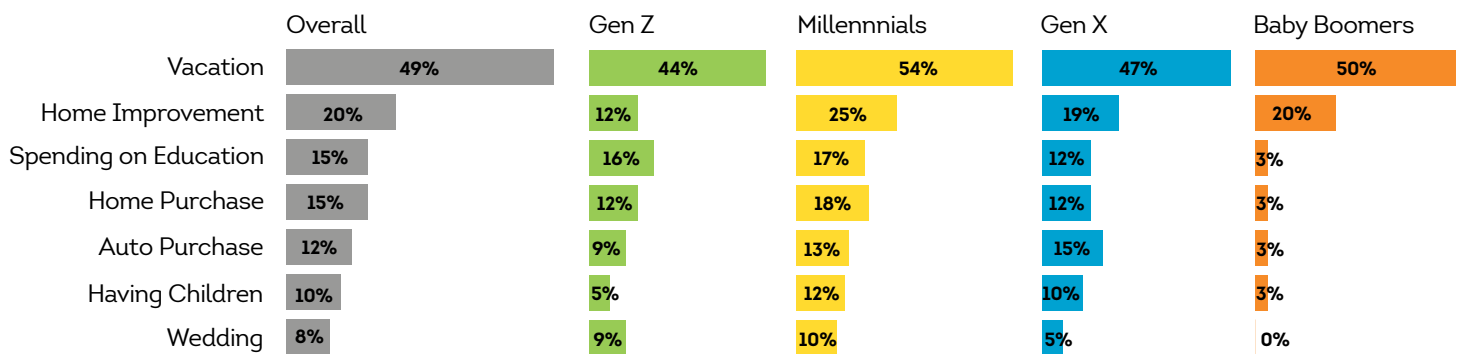
**Figure 12. Repayment preference when financial accommodation period ends (Top 3 options).**



**Understanding of Accommodation:**

**51%** of consumers who have received a financial accommodation are extremely/very confident in their understanding of the terms.

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



## TAKING CARE OF YOURSELF

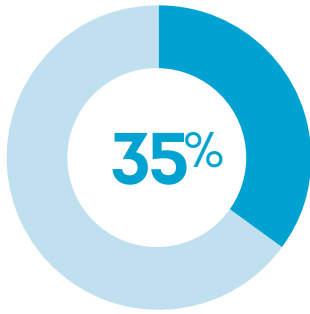
### HEALTHCARE, FRAUD, AND CREDIT MONITORING

A greater percentage of consumers (35%) during this survey period said they delayed or cancelled a non-COVID-19 elective medical appointment or procedure (increased from 26%).

Eleven percent (increased from 8%) of the respondents commented that they were victims of digital fraud related to COVID-19. Among those targeted, phishing (22%), fraudulent COVID-19 vaccines, cures, tests and PPE (19%), and identity theft (18%) were common schemes.

Ninety percent (no change from last month) of the respondents said they feel 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?

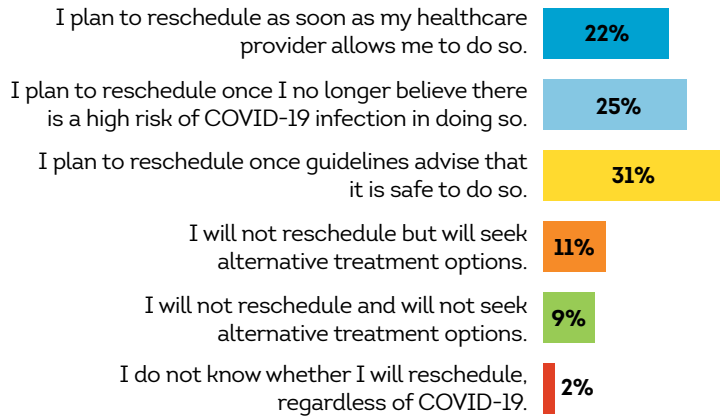


Figure 15. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

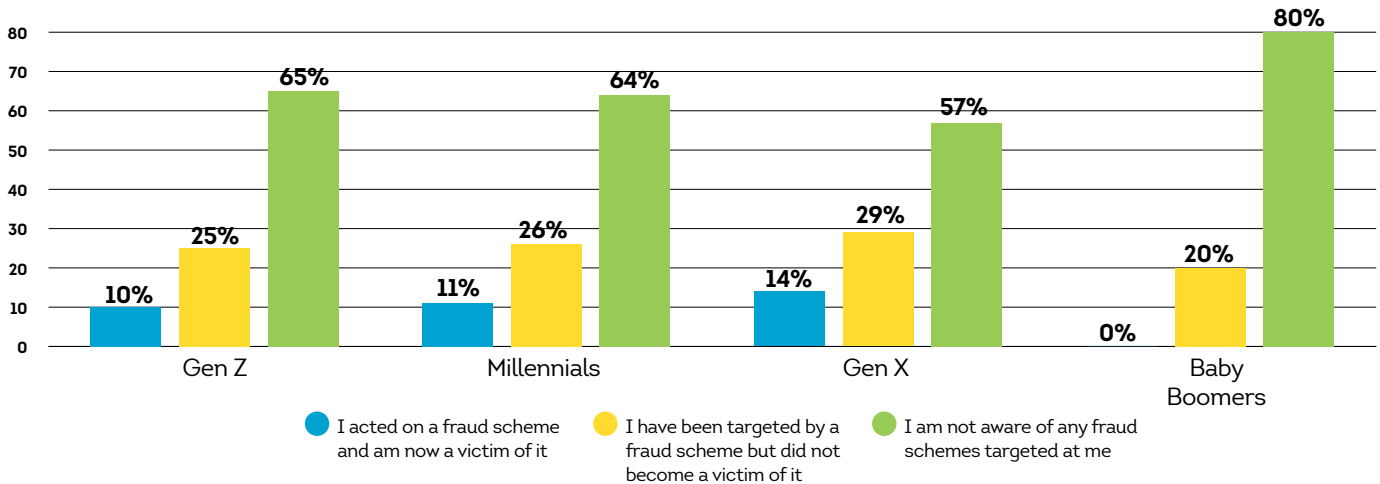
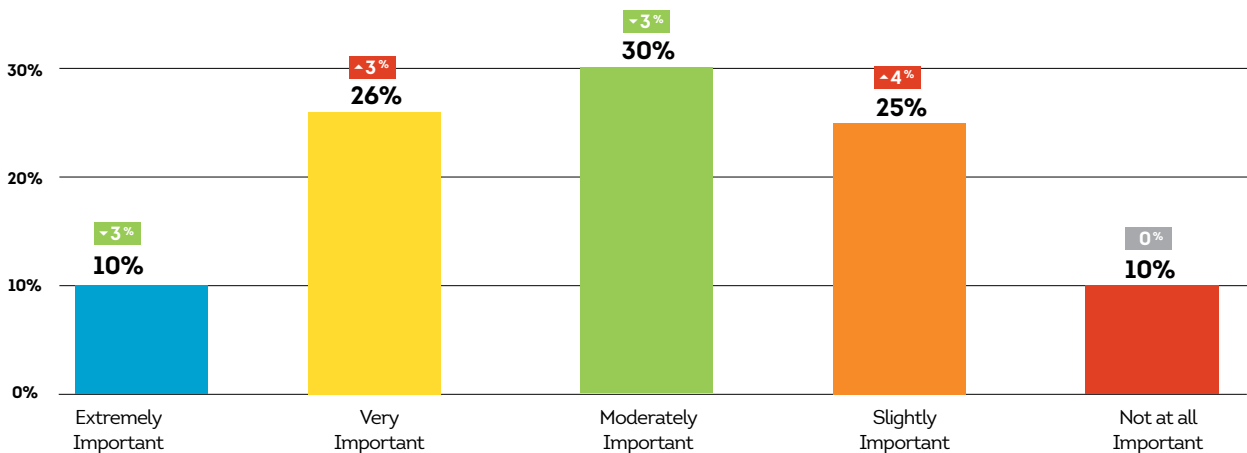


Figure 16. Importance of monitoring credit during the COVID-19 pandemic.



## CALL TO ACTION

If you found this information useful and would like to learn more, please come back for next week'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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