



# 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 the changes of this data weekly and will be sharing it with all of you.

WEEK

3

Data collected week of  
4 May

## 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 23 consecutive days of zero new cases of local COVID-19 infections, there are signs that overall market sentiment is improving:
  - 68% of consumers indicate that their income is being negatively affected by the pandemic, compared to 72% in week two.
  - 7% of consumers expect their household incomes to be impacted in the future, versus 11% in week two.
  - 63% of impacted respondents are concerned about paying their bills, versus 68% in week two.
- However, employment conditions are still highly challenging: 23% (increased from 17%) of impacted consumers lost their jobs, and 58% (increased from 56%) had reduced working hours.
- Communication between companies and consumers is expanding, with 43% (increased from 40% in week two) of impacted consumers asking companies they have accounts with for payment guidance. Fifty-nine percent (increased from 57%) of impacted consumers said companies have provided guidance on payment options.

## RESEARCH METHODOLOGY

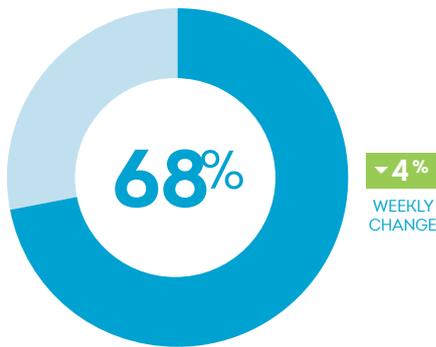
This online survey of 1,031 adults in Hong Kong was conducted from May 4 to May 11, 2020, by TransUnion in partnership with third-party research provider Qualtrics® Research-Services. Adults 18 years of age and older residing in Hong Kong were surveyed using an online research panel method across a combination 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 ±3.05 percentage points based on a calculated error margin.

## FINANCIAL IMPACT

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

The pandemic is having a greater financial impact on Millennials and Gen X consumers than other generations, with 70% (decreased from 74% in week two) of Millennials and 69% (decreased from 73% in week two) of Gen Xers indicating that their household incomes have been negatively impacted. However, only 5% of Millennials (compared to 10% of each of Gen Z and Gen X) expect their household incomes to be negatively impacted in the future.

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?

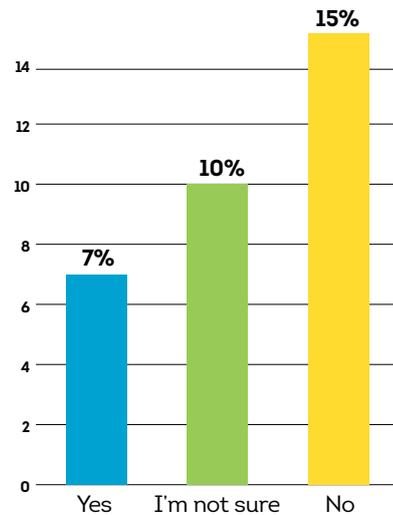
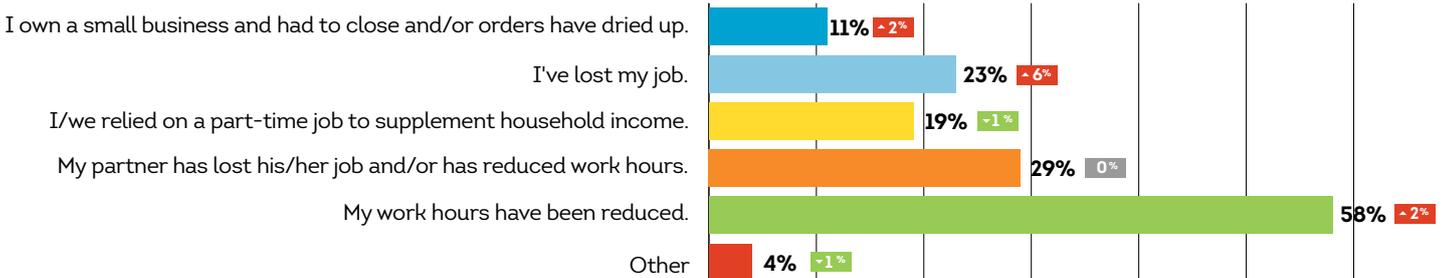


Figure 3. How is your current household income being impacted?



## BILLS AND LOANS

### HOW MUCH OF AN IMPACT WILL THIS HAVE ON BILLS AND LOANS?

Nearly two-thirds (63%) of impacted respondents are concerned about paying their bills (decreased from 68% in week two). The expenses consumers most often indicate that they won't be able to pay include shelter (28% identifying mortgages and 40% indicating rent payments), credit card bills (47%), insurance (32%), and personal loans (28%).

Twenty-eight percent of impacted respondents expect to be able to last longer than three months before being unable to pay their bills. Gen X is less confident – only 16% say they expect to be able to last more than three months.

On average, impacted respondents say they will be short HKD10,252.30 on their bills and loans. Perceptions among Gen X were more severe. They expect to be short HKD12,420.00.

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

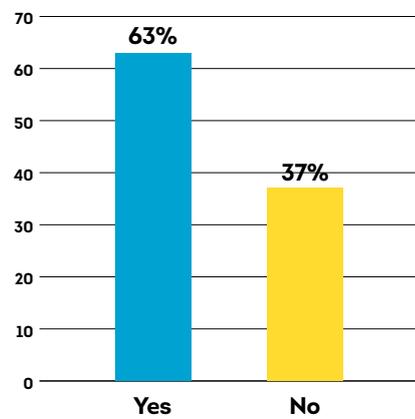
On average, amount consumers who were impacted expect they will be short when paying bills or loans.



**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 level of concern regarding ability to pay bill(s)/loan(s).**

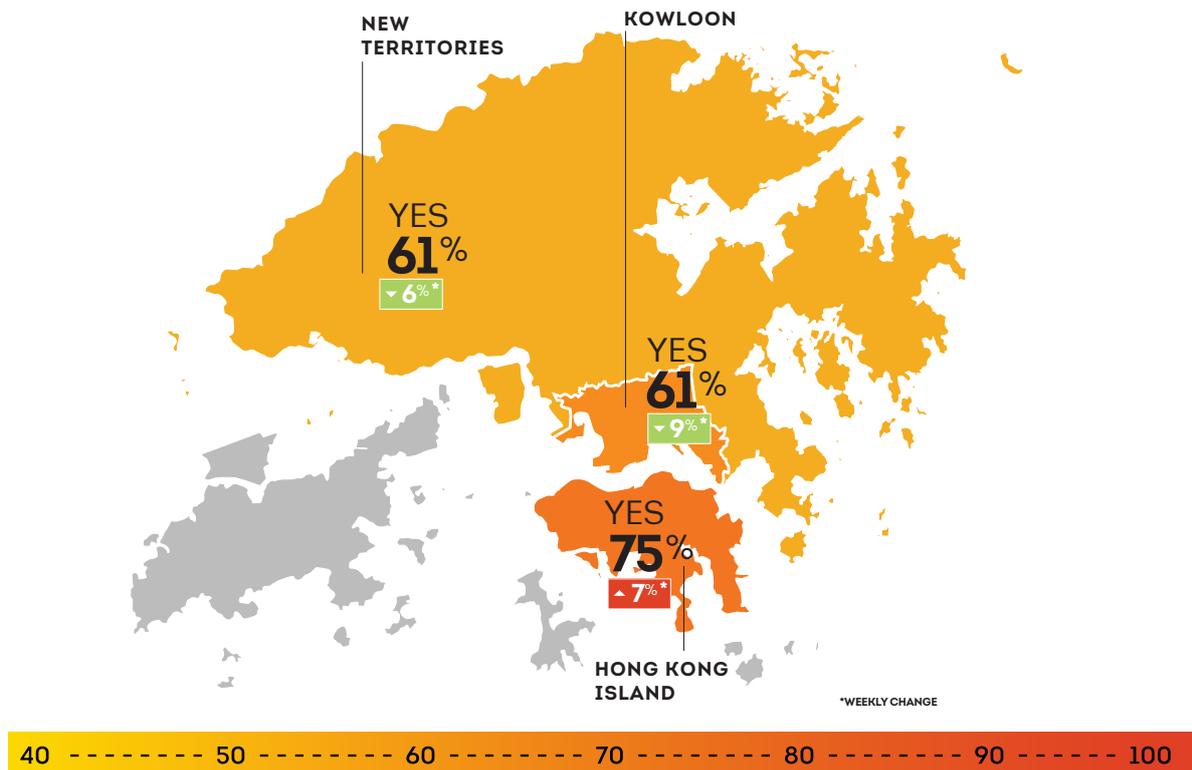
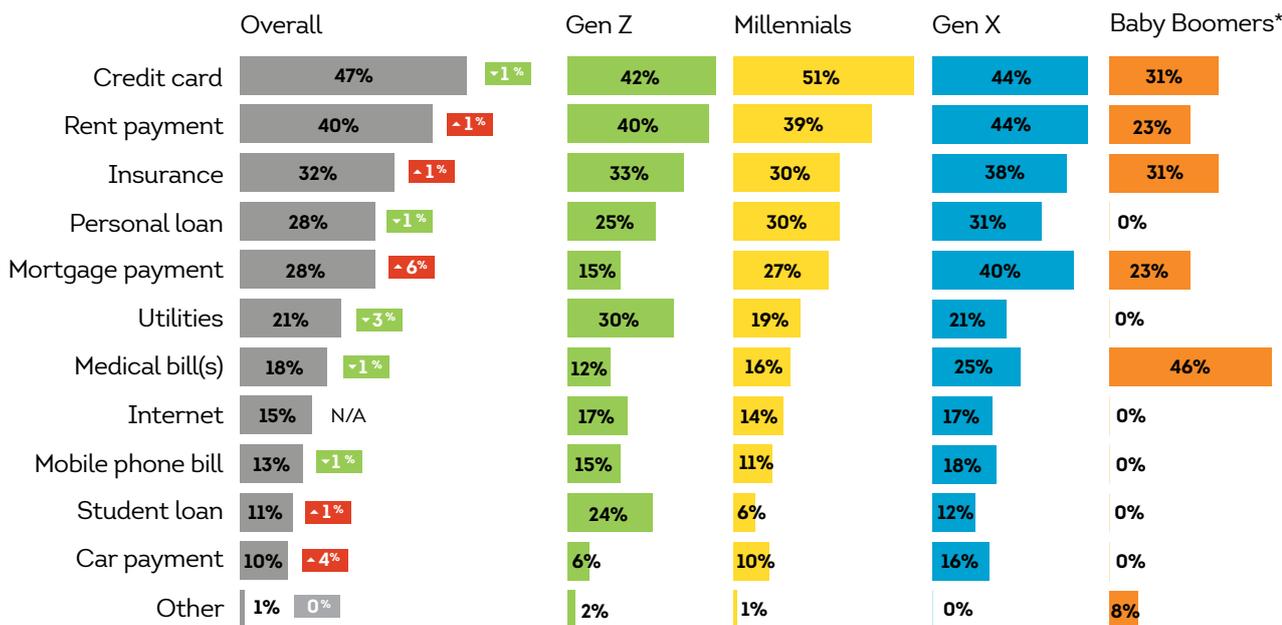


Figure 7. What bills and loans are you concerned about your ability to pay?



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

## NEXT ACTION

### WHAT IS YOUR GAME PLAN?

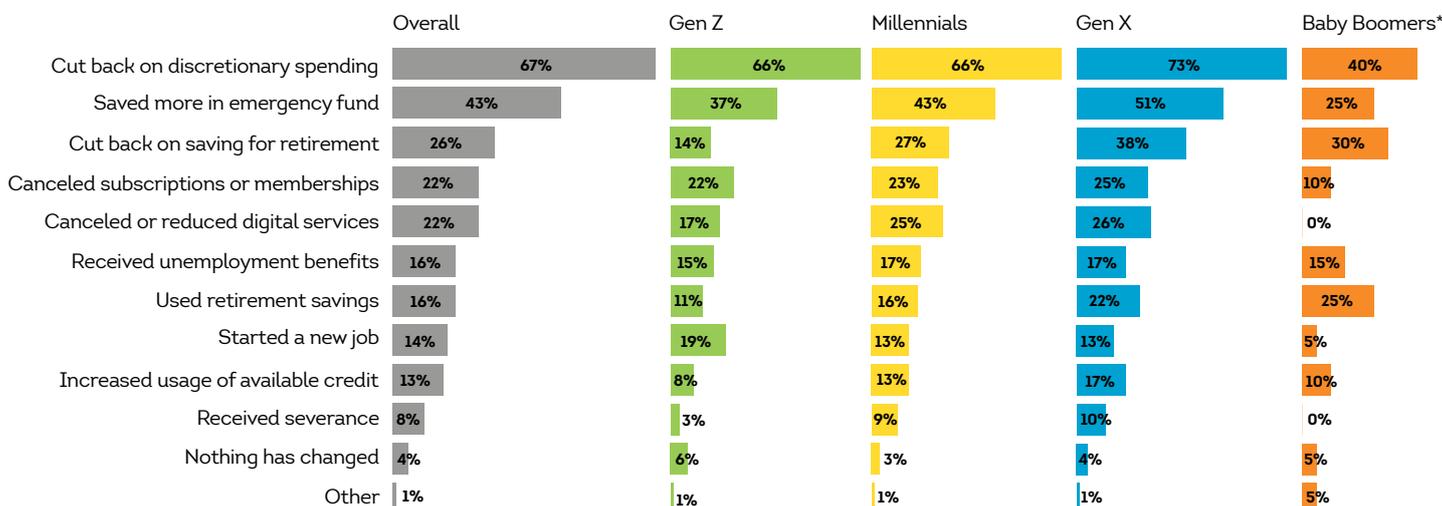
Gen X consumers in particular are making changes in their household budget because of the COVID-19 pandemic. Nearly three-fourths (73%) of impacted Gen Xers (versus 67% overall) cut back on discretionary spending (e.g., eating out, entertainment), 51% (versus 43% overall) increased saving in emergency funds, and 38% (versus 26% overall) cut back on saving for retirement.

Respondents with impacted incomes plan to pay bills with a variety of methods:

- 54% (increased from 51% in week two) plan to use savings.
- 44% (increased from 40% in week two) plan to borrow money from friends or family members.
- 26% (decreased from 29% in week two) plan to pay a partial amount that is affordable.
- 26% (increased from 23% in week two) plan to take out a personal loan.
- 21% (increased from 18% in week two) plan to use credit cards and/or a balance transfer.

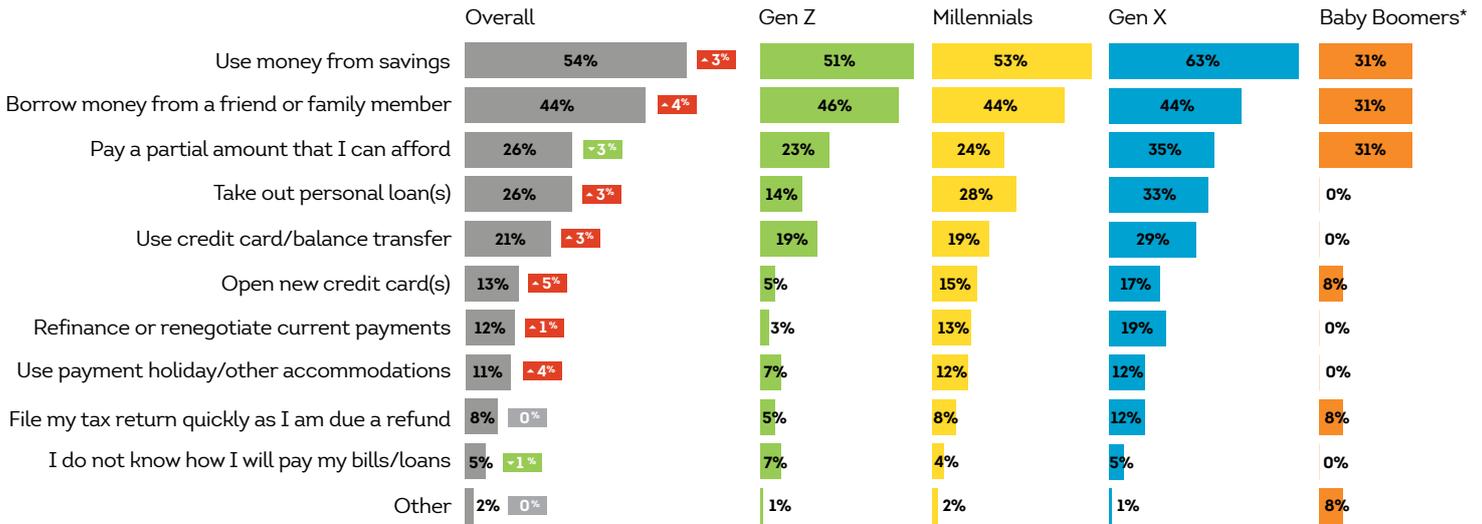
Hong Kong consumers are delaying major spending, especially vacations (56%), home purchases (16%), and home improvement projects (21%).

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



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

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



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

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

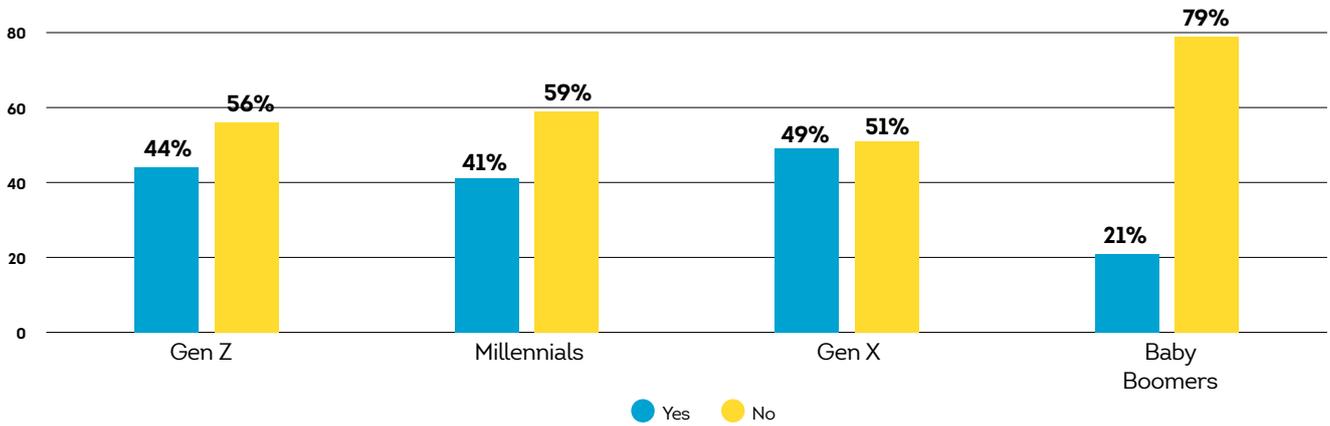
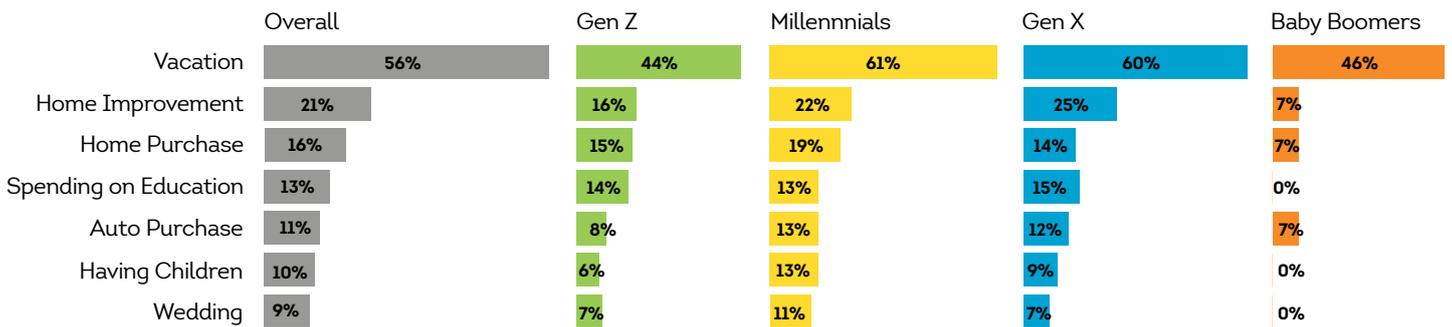


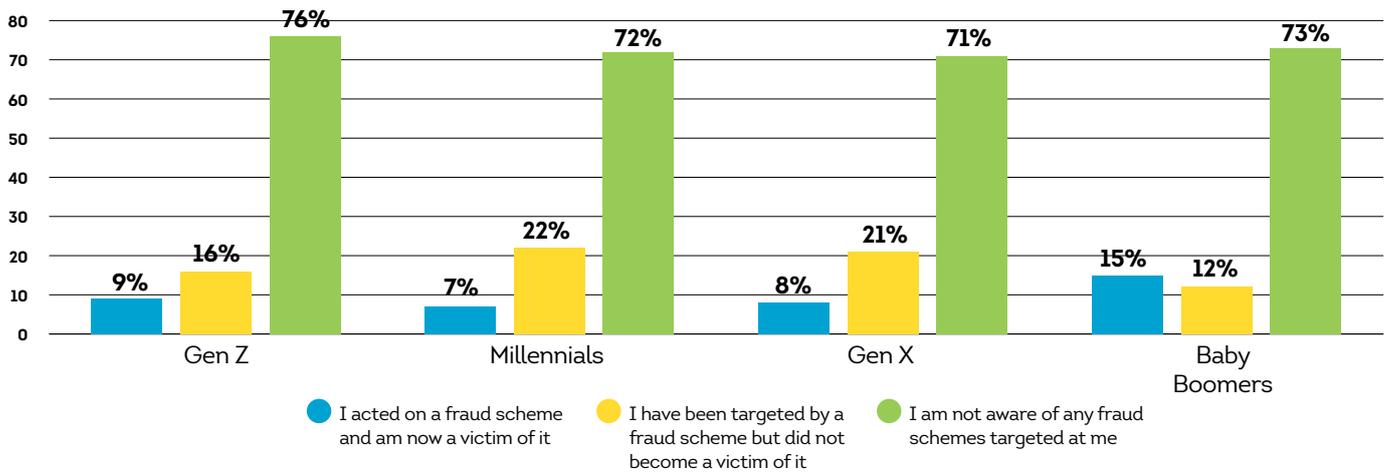
Figure 11. Are you delaying any of the following major purchases or events?



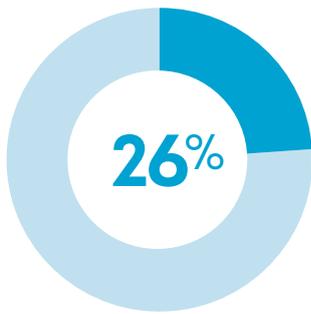
### Other Key Insights

- 8% (no change from the prior week) of the respondents were victims of digital fraud related to COVID-19.
- Over a quarter (26%) of Hong Kong consumers had an elective medical appointment or procedure delayed or cancelled because of the COVID-19 pandemic. This occurred even more so among Gen X consumers (30%).

**Figure 12. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?**

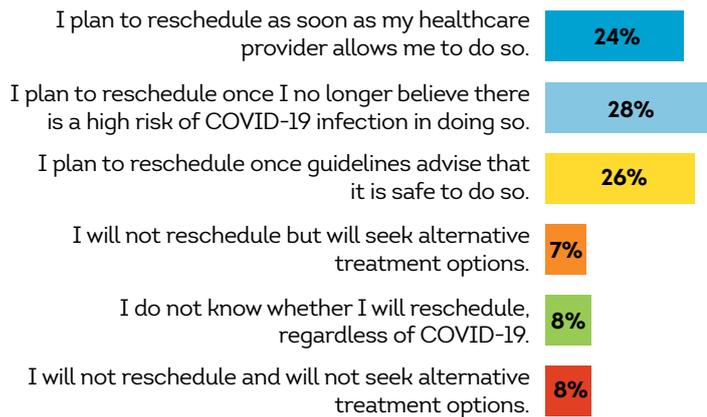


**Figure 13a. Delayed medical procedures.**



Percentage of consumers who have had an elective surgery, medical appointment or procedure delayed or canceled due to COVID-19.

**Figure 13b. How urgently do you plan to reschedule your elective surgery, medical appointment or procedure?**



**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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