



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 5 REPORTData collected week of **June 29**

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

Survey results showed financial hardship resulting from COVID-19 lessened slightly month-over-month across many measurements, accompanied by a small improvement in sentiment among consumers regarding the negative impact of COVID-19 on their finances.

- The proportion of consumers in Hong Kong who said their household incomes were negatively impacted by COVID-19 decreased to 68% from 75% in the prior survey.
- Four percent of the respondents expect their household incomes will be negatively impacted in the future, versus 5% in the previous survey.
- Respondents impacted by the COVID-19 crisis that lost their jobs decreased to 16% from 19% month-over-month.
- Respondents impacted that had their working hours reduced during the period increased slightly to 55% from 54% last month.
- A high proportion (85%) of all respondents continued to find self-credit monitoring important during the pandemic.
- A significant proportion (42%) of the respondents did not know their credit scores.

RESEARCH METHODOLOGY

This online survey of 1,021 adults in Hong Kong was conducted from July 2 - 6, 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?

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

Baby Boomers – For the first time during the pandemic, Baby Boomer consumers registered the most financial impact, with 83% of the cohort indicating their household incomes were negatively impacted, a significant increase from 53% in the last survey.

Gen Z – Six percent of Gen Z consumers responded that they expect their household incomes will be negatively impacted in the future, versus 8% in the prior survey.

Gen X – The proportion of Gen X consumers that lost jobs during the period increased slightly to 16% from 15% last month.

Millennials – More Millennials experienced working hour reductions in this survey (61% versus 59% last month), following a similar sequential increase in the last survey.

Figure 1. Perceived impact.

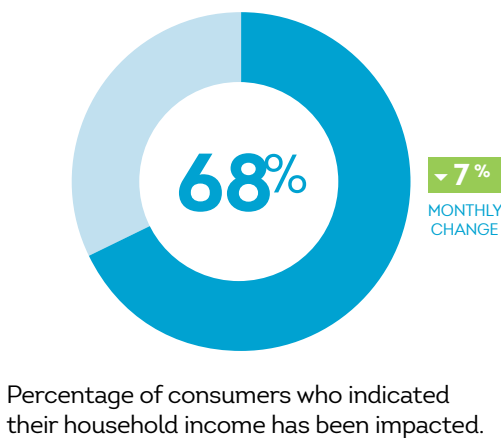


Figure 2. Are you expecting to be impacted in the future?

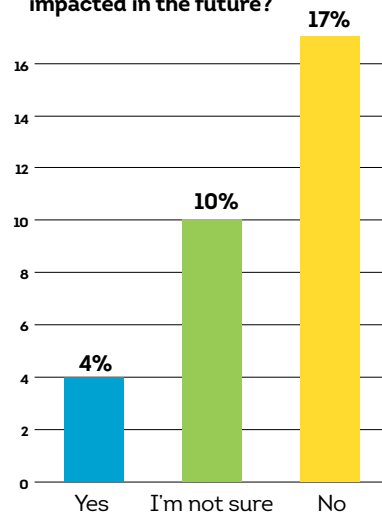
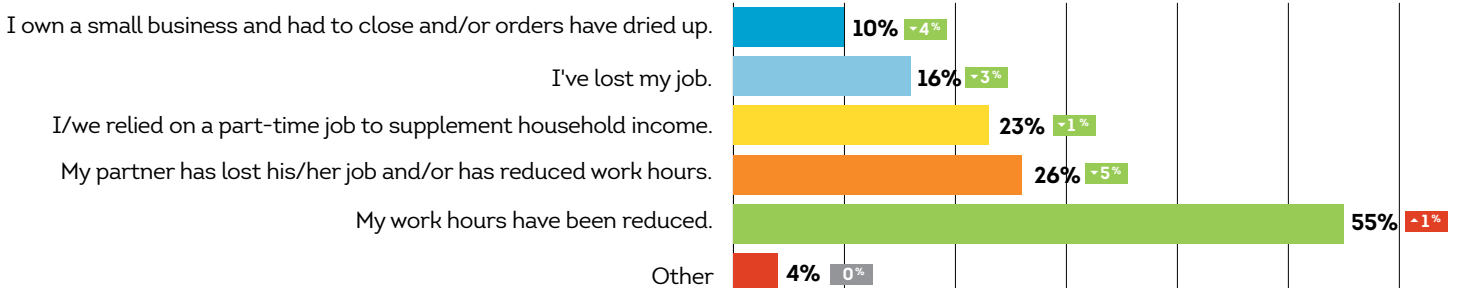


Figure 3. How is your current household income being impacted?



MANAGING THE HOUSEHOLD BUDGET

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

Perhaps reflecting the aforementioned slightly decreased financial hardships recorded during the period, consumer concerns over bills ticked down across several categories during this wave of our survey. Compared to last month, a smaller percentage of impacted consumers (74%, down from 79%) were concerned about being able to pay their bills. Similarly, 40% of impacted consumers estimated they will be unable to pay bills in one to three months, which was an improvement from 45% in the previous survey. The proportion of consumers estimating large shortfalls remained fairly steady month-over-month at 17% versus 16%.

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: 41% (46% in the prior survey)
- Personal loan: 29% (27% in the prior survey)
- Rent payment: 31% (33% in the prior survey)
- Mortgage: 16% (21% in the prior survey)
- Insurance: 25% (30% in the prior 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 **7.9 weeks.**

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

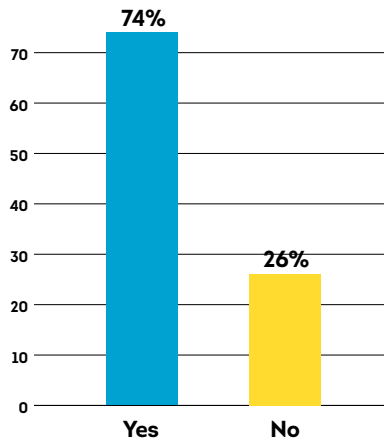


Figure 6. Regional concern over ability to pay bills/loans.

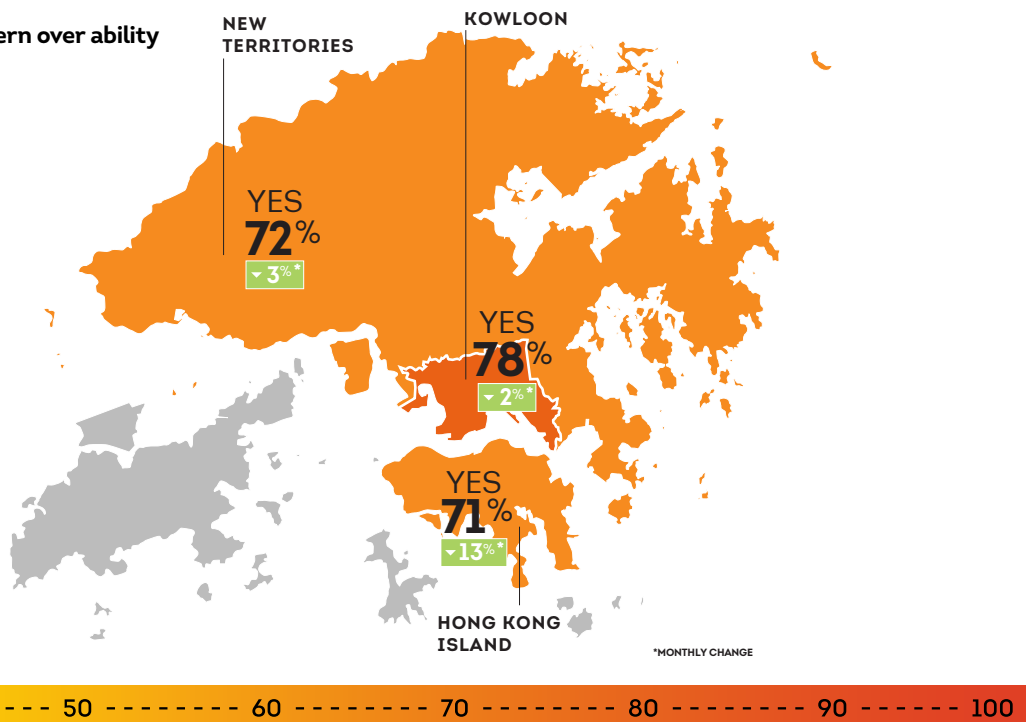
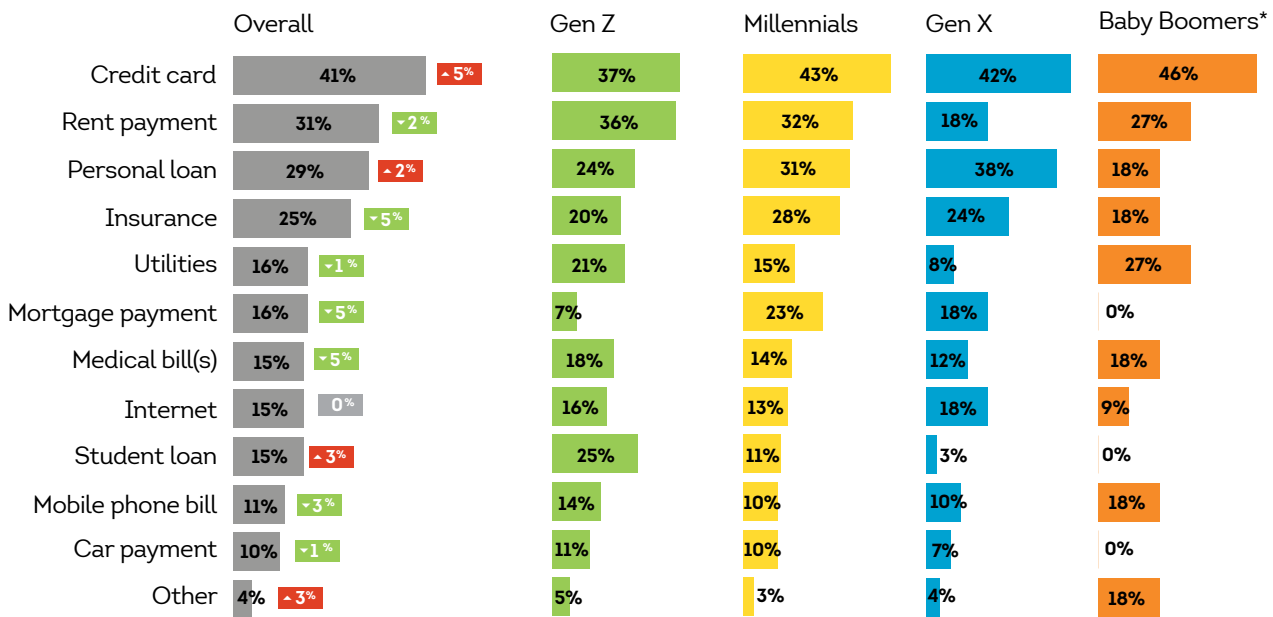
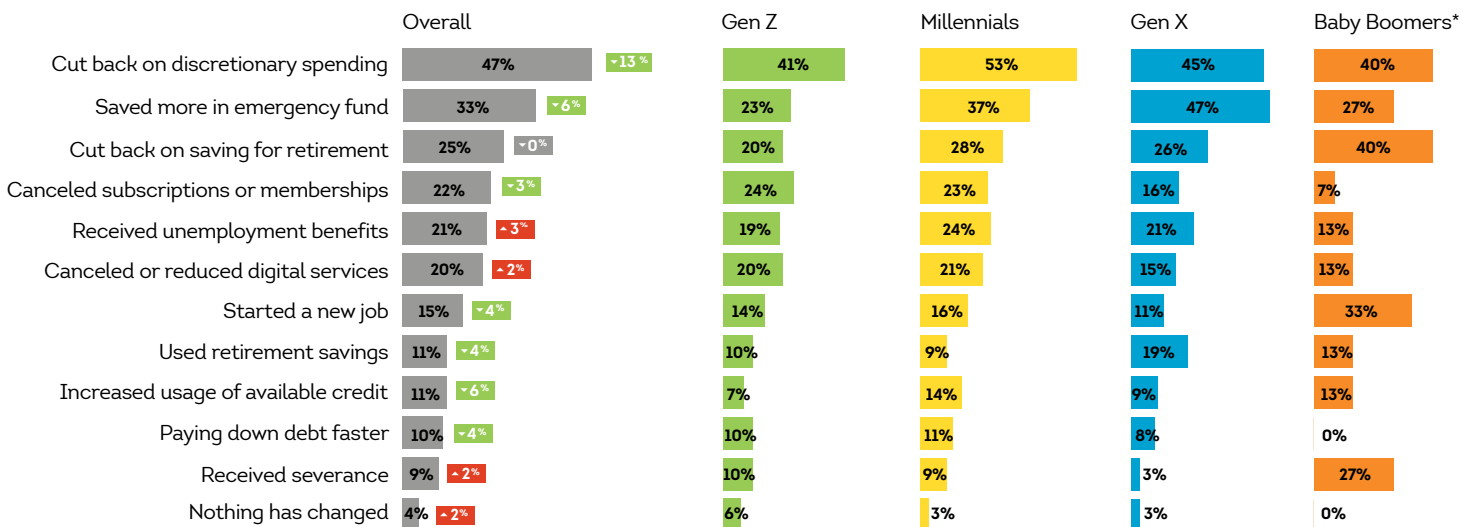


Figure 7. What bills and loans are you concerned about your ability to pay?



* 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?

Results showed that consumers are continuing to become more adept at navigating the crisis. A smaller percentage of impacted consumers plan to use savings (43% decreased from 48%, following a similar sequential decrease in the prior survey period) or borrow money from friends or family members (37% decreased from 39%, again following a sequential decrease) 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 (23% decreased from 27%), taking out a personal loan (22% decreased from 23%), or using a credit card / balance transfer (18% increased from 22%).

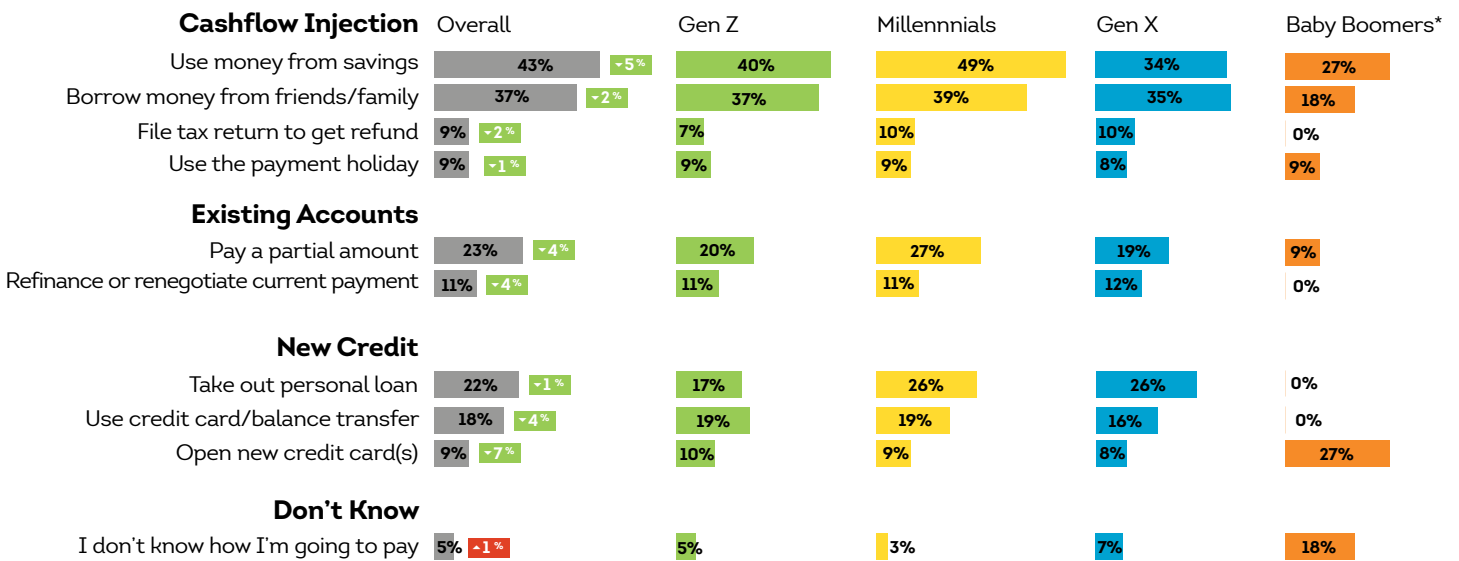
A smaller proportion of consumers (53%, down from 56%) of impacted consumers reached out to companies about payment options. Over half of consumers (63%, increased from 59%) have received guidance from at least some of the companies they have accounts with.

A significantly smaller proportion of consumers (26% versus 35% in the prior survey) of all consumers have received some form of financial accommodations. Thirty-two percent of those with a personal loan have received an accommodation, 26% of those with a mortgage, and 18% of those with a credit card.

Many consumers in Hong Kong continue to defer major spending:

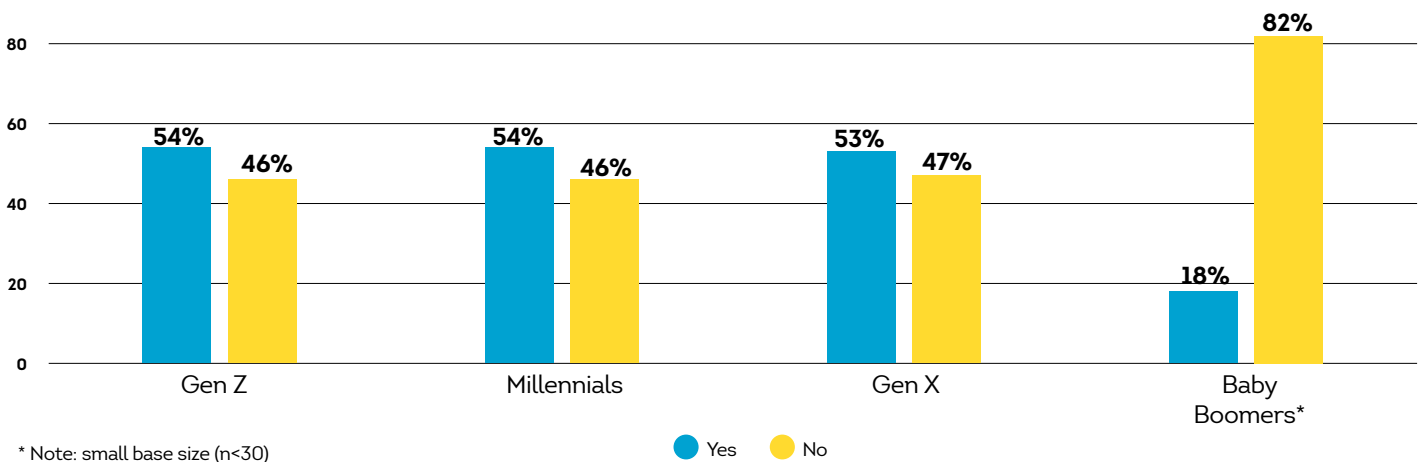
- Vacation / holiday: 45% (decreased from 50% last month)
- Home improvement: 21% (increased from 20% last month)
- Home purchase: 14% (decreased from 15% last month)

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



* Note: small base size (n<30)

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



* Note: small base size (n<30)

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

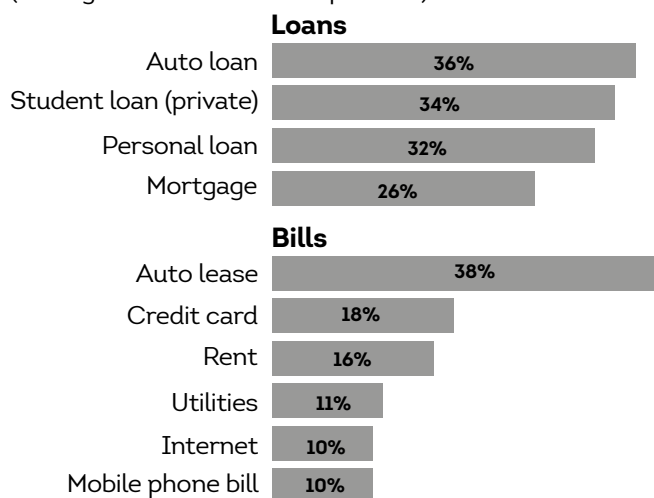
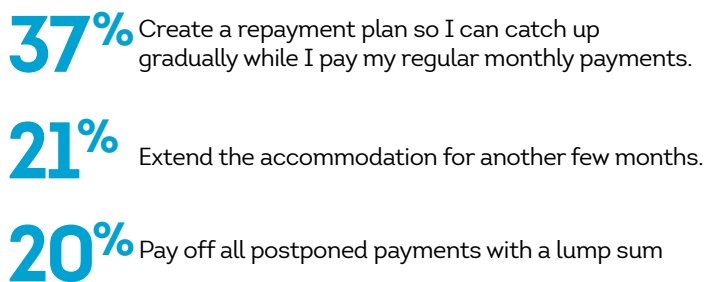


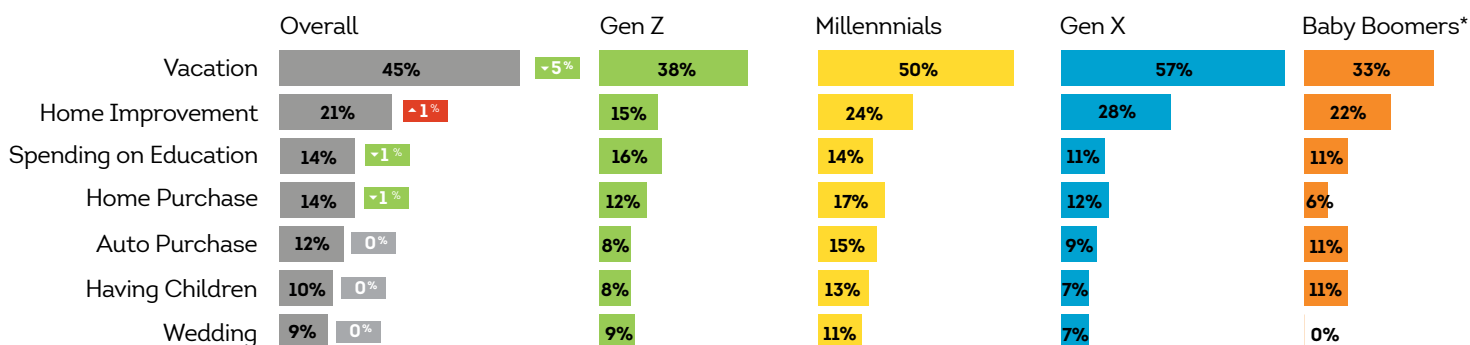
Figure 12. Repayment preference when financial accommodation period ends (Top 3 options).



Understanding of Accommodation:

49% 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?



* Note: small base size (n<30)

TAKING CARE OF YOURSELF

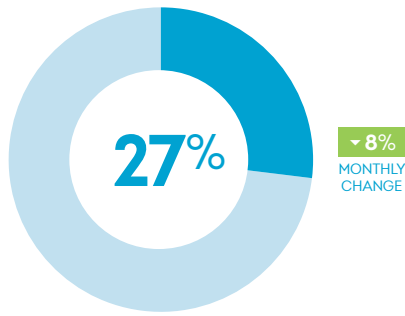
HEALTHCARE, FRAUD, AND CREDIT MONITORING

In a positive trend, a smaller percentage of consumers (27%) during this survey period said they delayed or cancelled a non-COVID-19 elective medical appointment or procedure, decreased from 35% in the prior survey). Of those, 25% (22% last month) will reschedule their non-COVID-19 medical arrangements as soon as their providers allow them to do so.

Eleven percent (unchanged from last month) of the respondents commented that they were victims of digital fraud related to COVID-19. Among those targeted, phishing (21%), fraudulent COVID-19 vaccines, cures, tests and PPE (19%), and fake insurance (19%) were common schemes.

Eighty-five percent (decreased from 91% in the prior survey) of the respondents indicated that self-credit monitoring is important during the on-going 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?

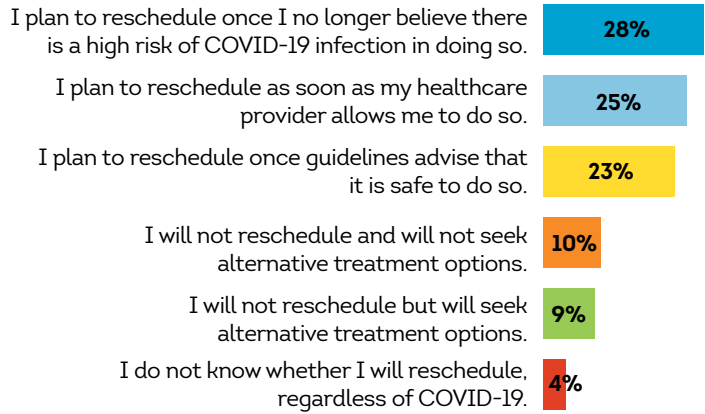


Figure 15. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?

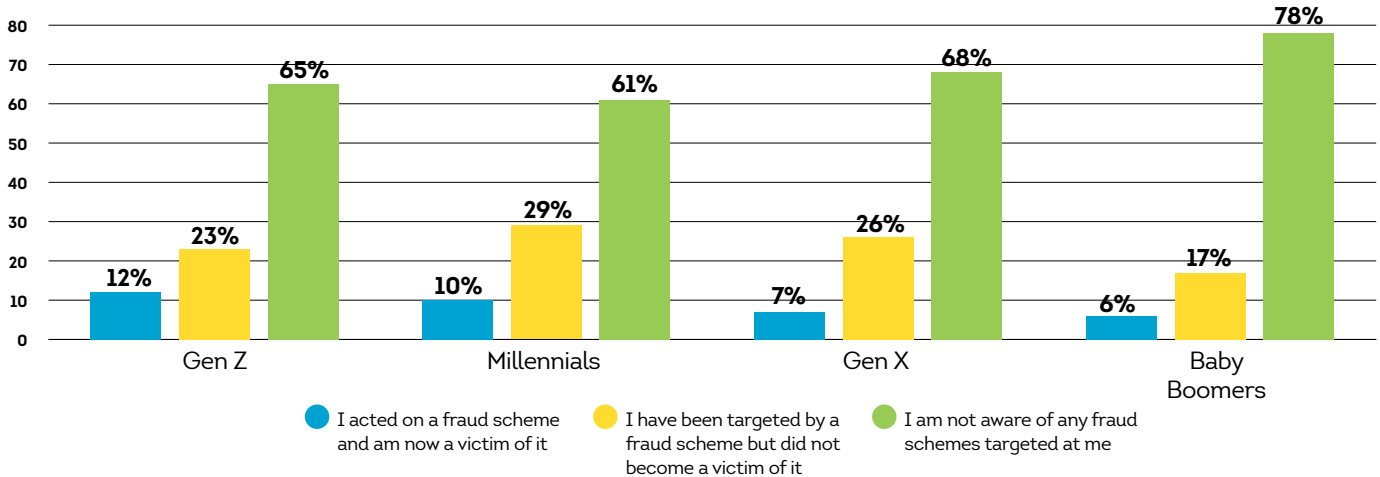
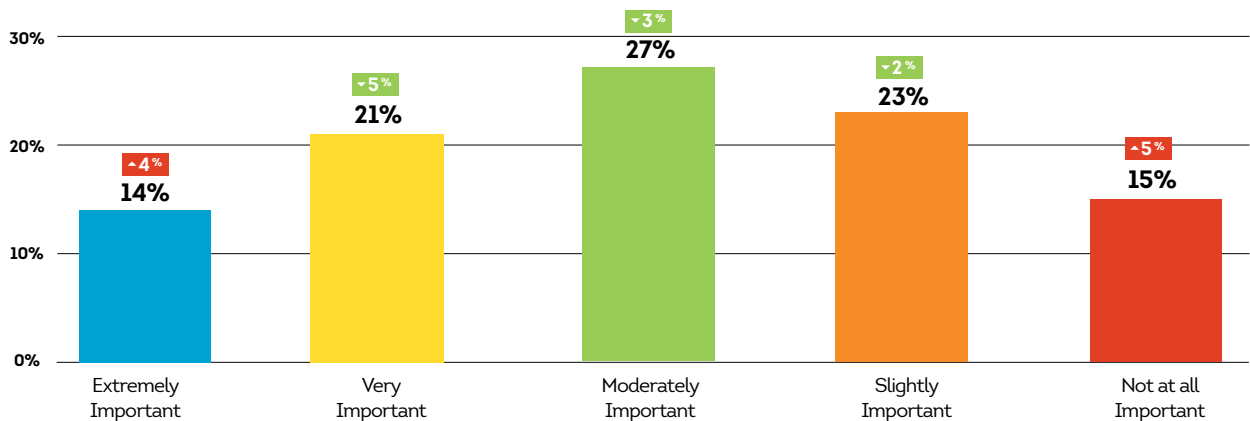


Figure 16. Importance of monitoring credit during the COVID-19 pandemic.



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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