



The COVID-19 Pandemic's Financial Impact on Philippine Consumers: Consumer Pulse

Formerly Financial Hardship Report

One year after the World Health Organization declared COVID-19 a global pandemic on March 11, 2020, its economic impact continues. TransUnion is surveying consumers regarding their behavior and attitude changes based on how the crisis affected them financially. We're providing results to all to inform understanding and decision-making during this time of uncertainty.

1

WAVE 1 REPORT

Data collected **March 5-22, 2021**

KEY TAKEAWAYS

- **Prolonged financial impact:** Of respondents, 93% said their household income was negatively impacted by the pandemic, either currently or in the past. Currently, 65% of Filipino households report being negatively impacted, with 49% expecting to be impacted in the future. This concern is more apparent in younger consumers: 55% for Gen Z vs. 46% for Millennials and Gen X.
- **Rising concern regarding paying debts:** A significant 88% of currently impacted respondents are concerned about their ability to pay current bills/loans in full, and 48% said they'll not be able to pay their bills in less than four weeks. Utilities (e.g., electricity, water, etc.) and personal loans are the top payment categories where respondents are unlikely to be able to pay.
- **Tapping into other sources and making reductions:** Respondents are more likely to use money from savings (47%), borrow money from personal networks (43%), or make partial payments (43%) to pay current bills and loans. To cope with the negative income impact, 48% of Filipinos say they'll decrease discretionary personal spending (e.g., eating out, travel, entertainment, and large purchases like appliances and cars).
- **Credit Score Knowledge:** Nearly one-third of Filipinos are in the medium risk credit range (say their credit score is 750-789 - i.e. EE-FF) and nearly a third do not know their credit score.
- **Digital fraud schemes taking a toll:** Phishing and third-party seller scams on legitimate retail websites are the most common digital fraud schemes used against Filipino consumers. Among those who have been targeted, 40% said it was phishing and 31% third-party seller scams.

FINANCIAL IMPACT

WHAT IS THE SCALE AND TYPE OF IMPACT?

- In March 2021, 93% (65% currently impacted and 28% in the past) of respondents said their household income was negatively impacted by the pandemic. Nearly half (49%) expect their household income to be negatively impacted by the pandemic in the future.
- The reasons for how income is currently decreased is as follows: 45% of respondents lost their jobs; 42% had their work hours reduced; and 24% owned a small business that closed or had their orders dry up.

Figure 1. Household income decreases due to pandemic

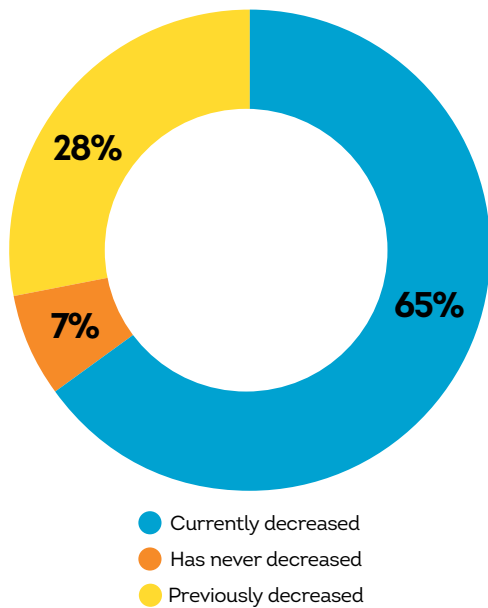


Figure 2. Expect household income to decrease in the future (among total population)

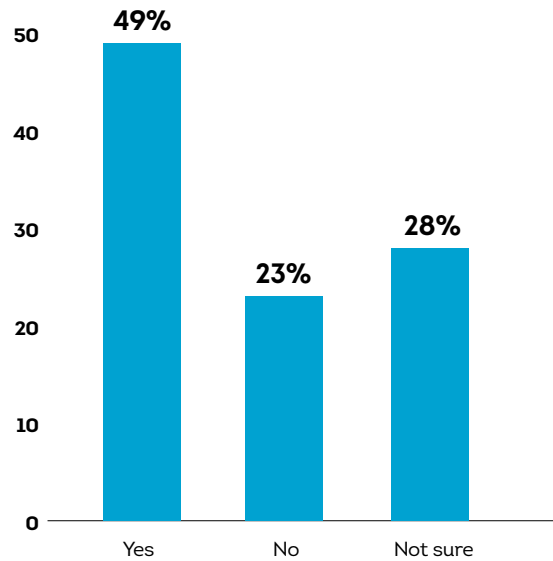
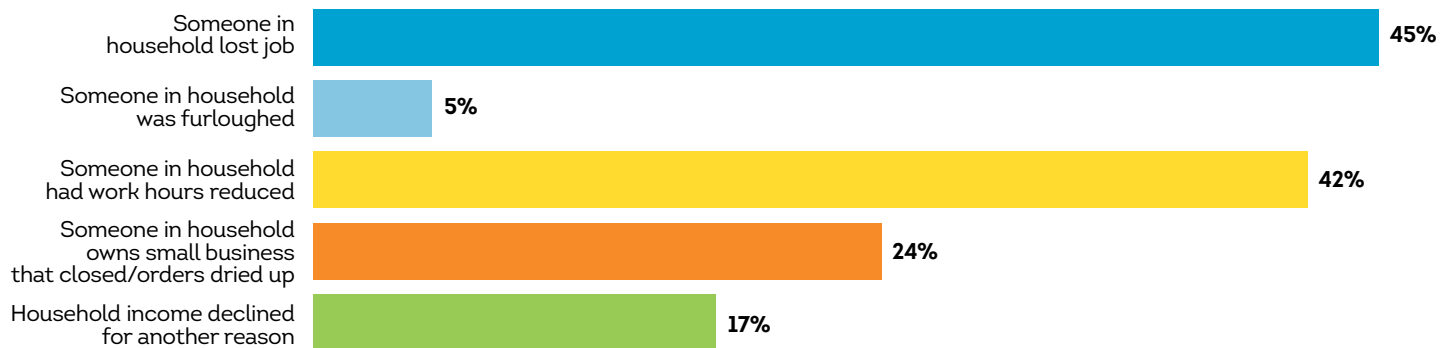


Figure 3. How income currently decreased

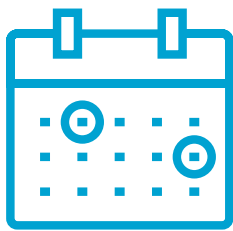


MANAGING THE HOUSEHOLD BUDGET

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

- 88% of those currently impacted are concerned about their ability to pay their current bills/loans in full. Of Filipinos currently impacted, 48% expect to not be able to pay their bills/loans in less than four weeks.
- The top bills all Filipino consumers say they'll most likely not be able to pay include auto leases (41%), house/rental insurance (36%), and credit cards (35%).
- Consumers made changes in savings/debts; in the last three months, 50% saved more in emergency funds; 25% paid down their debt faster; and 20% saved more for retirement.
- Nearly all Filipino consumers (98%) report having savings for unexpected events is *at least* moderately important, while almost two-thirds (65%) said it's extremely important.

Figure 4. Average time until unable to pay bills or loans (among income currently decreased/unable to pay)



6.6 weeks

92% feel it's extremely or very important to have savings for unexpected events or financial setbacks (among income currently decreased)

94% said having savings has become more important since the onset of the COVID-19 pandemic (among income currently decreased)

Figure 5. Concerned paying bills (among income currently decreased)

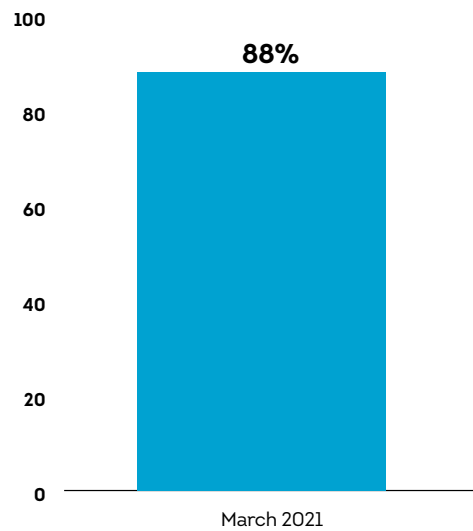


Figure 6. Which bills and loans will you not be able to pay? (among income currently decreased with these bills/loans)

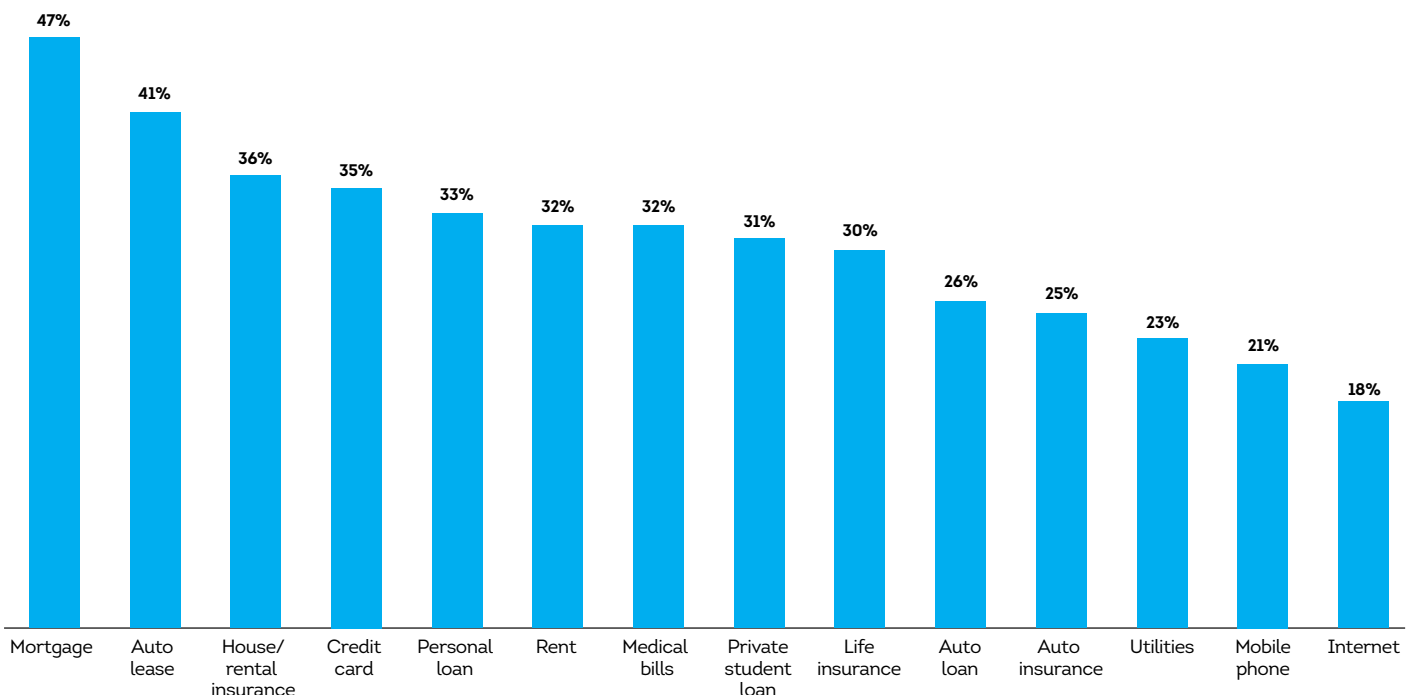
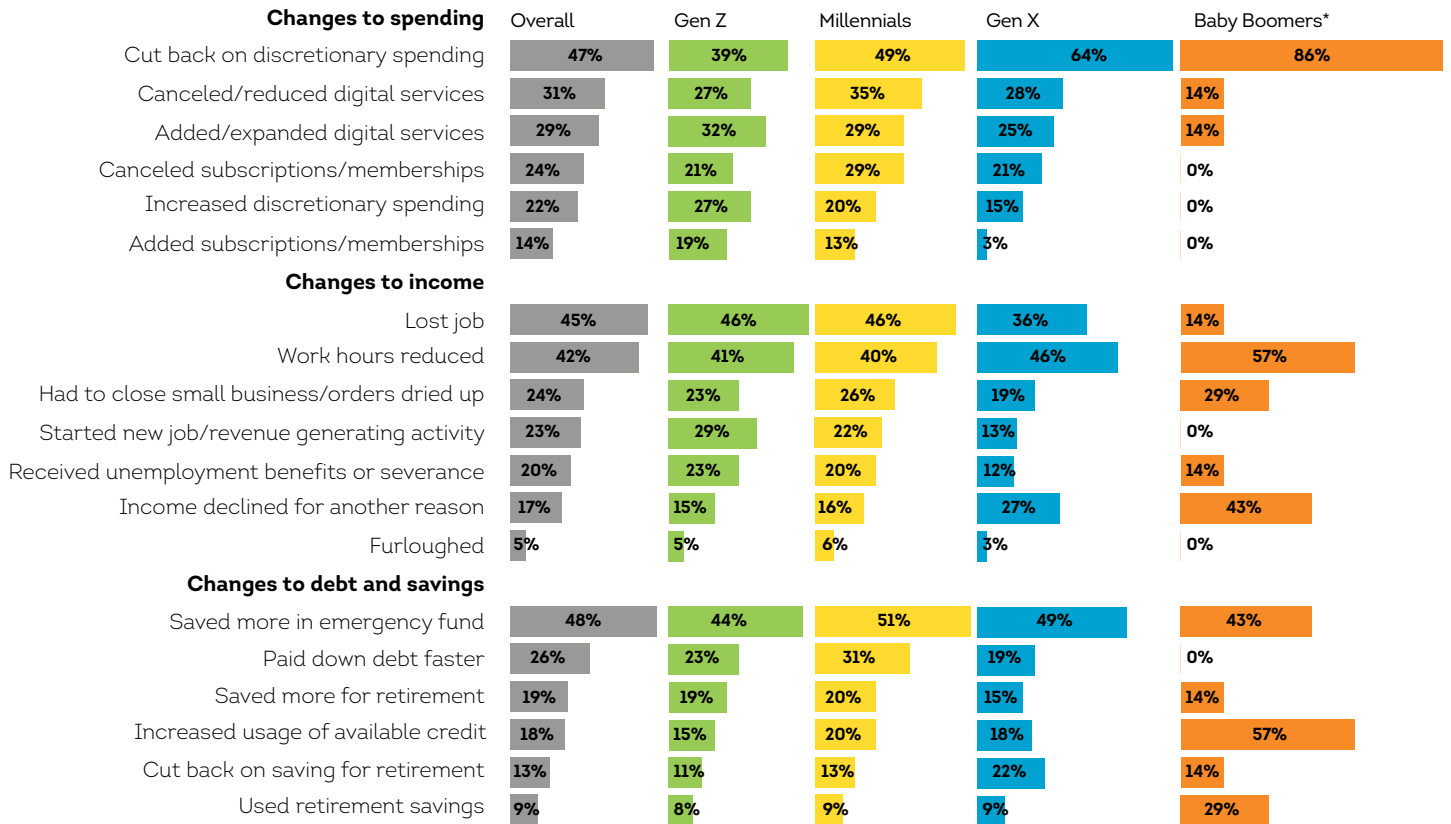


Figure 7. What has changed in your household budget? (among income currently decreased)



* indicates small base size

RECOVERY PLANS

WHAT DO CONSUMERS HAVE PLANNED FOR THEIR PATH FORWARD?

- Filipino respondents cited several ways they plan to address their obligations. Forty-seven percent said they'll use money from savings; 43% will borrow money from a friend or family member; 43% will pay a partial amount that they can afford – but not the whole balance.
- Of those enrolled in financial accommodations, 21% of consumers received accommodations for life insurance, another 21% for personal loans, and 18% for auto leases, credit cards and medical bills alike. As accommodation periods come to an end, 94% of respondents said they're at least somewhat prepared.
- Some respondents did acknowledge expected changes in household spending over next three months, including 48% who will decrease discretionary personal spending (e.g., eating out, travel, entertainment); 45% will decrease large purchases (e.g., appliances, cars); and 43% will increase spending on bills and loans (e.g., housing, utilities, insurance, credit cards).

Figure 8. What is your plan to help pay your current bill(s) or loans? (among income currently decreased)

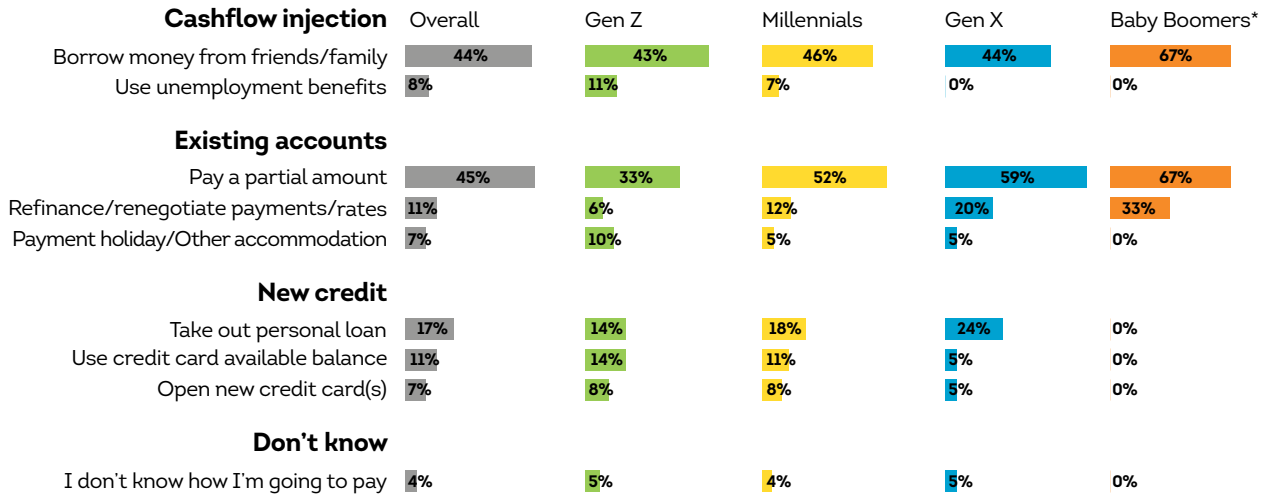


Figure 9. Loans/bills enrolled in financial accommodation (among those with that bill/loan)

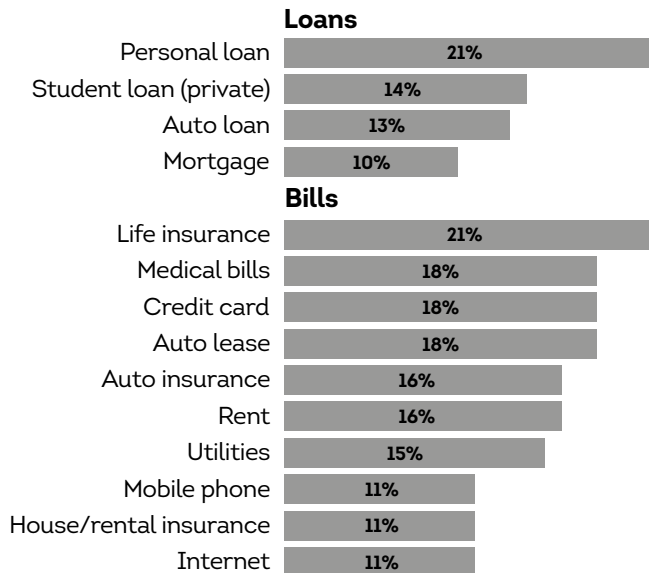


Figure 10. How prepared are you financially for when your accommodation ends? (among those with accommodation)

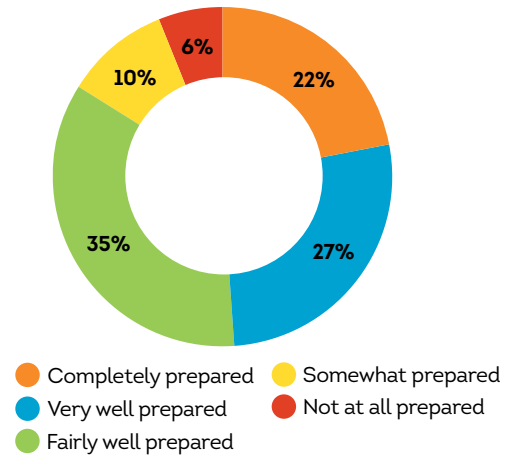
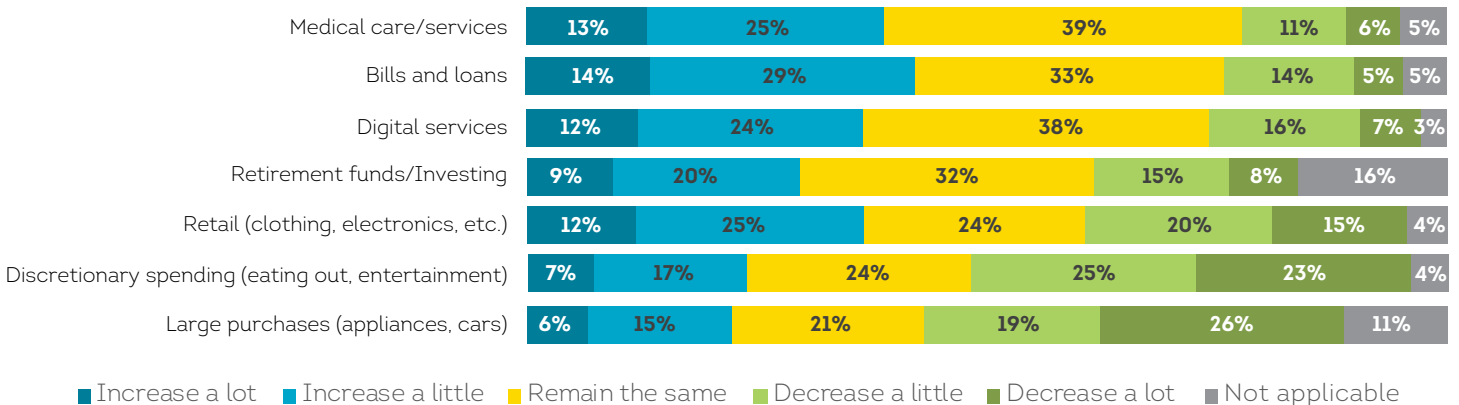


Figure 11. Expected change in household spending over next three months (among total population)



TAKING CARE OF YOURSELF

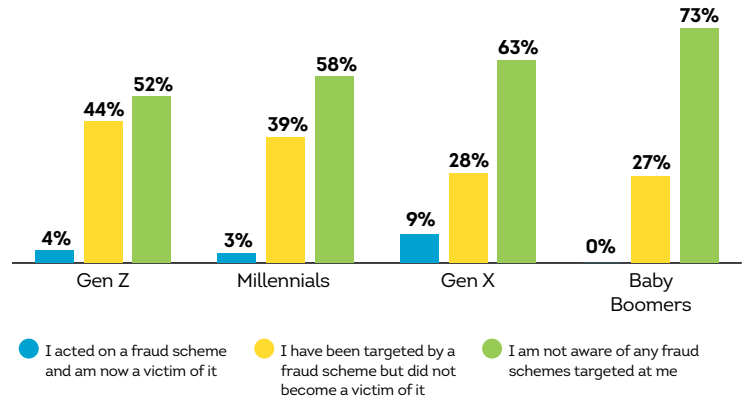
DIGITAL FRAUD

→ In March, 4% of respondents were targets of a fraud scheme and became a victim of it, including 9% of Gen X consumers.

Figure 12. Which statement best describes your personal experience with digital fraud attempts related to COVID-19 (among total population):



Figure 13. Fraud experience by generation (among total population):



RESEARCH METHODOLOGY

This online survey of 865 adults in the Philippines was conducted March 5-22, 2021 by TransUnion in partnership with third-party research provider Qualtrics® Research-Services. Adults 18 years of age and older residing in the Philippines were surveyed using an online research panel method across a combination of computer, mobile and tablet devices. Survey questions were administered in English. To ensure the general population sample representativeness across Philippine 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 ±3.33 percentage points based on a calculated error margin.

LEARN MORE

If you found this information useful and would like to learn more, please visit our [Philippine Consumer Pulse Study web page](#). We at TransUnion are committed to continuing to provide you the updates, tools and resources you need to understand this evolving situation.

FOR MEDIA INQUIRES

If you're a member of the media and would like to learn more, please contact:

David Blumberg
+1 312-972-6646