The Impact of COVID-19 on Consumer Financial Well-being and Credit Unions’ Response

Morning Consult was contracted by the Credit Union National Association (CUNA) to conduct a poll to understand how adult consumers have been financially impacted by the COVID-19 pandemic, their coping strategies, and what kinds of support would be most helpful.1 This CUNA Policy Analysis Issues Brief analyzes the results of the Morning Consult survey conducted on April 9-10, 2020, and a parallel ongoing CUNA/AACUL survey focused on credit union responses to the COVID-19 pandemic.2

Consumers’ financial well-being is under siege due to the COVID-19 crisis and the most vulnerable are the hardest hit

As a result of the COVID-19 pandemic, Americans’ already fragile financial well-being is under siege.3 At the time of the survey, nearly 17 million people had lost their jobs from mid-

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1 Dahan, Charles. “Morning Consult National Tracking Poll #200423,” CUNA Survey, April 9-10, 2020. This poll was conducted from April 9-10, 2020, among a national sample of 2200 Adults. The interviews were conducted online, and the data were weighted to approximate a target sample of adults based on age, race/ethnicity, gender, educational attainment, and region. Results from the full survey have a margin of error of plus or minus 2 percentage points.

2 The survey is being conducted by the Credit Union National Association (CUNA) and the American Association of Credit Union Leagues (AACUL). As of March 26, 2020, 374 credit unions participated. The survey will be updated as new data becomes available. Available at https://www.cuna.org/CU-Response.aspx


cuna.org/economics

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March to April 9 due to the COVID-19 crisis.\(^4\) The Morning Consult survey finds that 20% of all adults say that they have either been fired or furloughed as a result of the COVID-19 pandemic (Chart 1).\(^5\)

Vulnerable populations are being the hardest hit. For example, a higher percentage of women compared to men say they have been fired or furloughed. This is likely due to the prevalence of women being employed in the hard-hit hospitality and retail sectors. This trend is different than prior recessions when men tended to be fired or furloughed at a higher rate than women.\(^6\) This has resulted in the largest gender unemployment gap on record.\(^7\) Also, the survey finds that low-income adults are more likely to have been fired and furloughed compared to adults from other income groups. Similarly, a higher percentage of Hispanic/Latinx and Other\(^8\) (compared to whites) and young adults/Generation Z (compared to older adults) say they have been fired or furloughed due to COVID-19. These vulnerable groups are more likely to be employed in low-wage service sector jobs, which have been hardest hit by the COVID-19 recession.

The survey finds that more than half (52%) of all adults’ gross income has been impacted by the COVID-19 crisis (Chart 2). A higher percentage of the most vulnerable (i.e., women, young adults, low-income, and POC) say their income impacted by COVID-19.

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\(^7\) See [https://fred.stlouisfed.org/graph/?g=qVye](https://fred.stlouisfed.org/graph/?g=qVye)

\(^8\) Throughout this report, references to “Other” include individuals who are Two or More Races, Asian alone, Native Hawaiian and Other Pacific Islander alone, and American Indian and Alaska Native alone.
The survey also finds that nearly a quarter of all adults (24%) are concerned about making their minimum bill payments during the COVID-19 crisis (Chart 3).³ While all groups regardless of income or race/ethnicity say that they are concerned about making their minimum bill payment, more than one third of low-income adults and Black/African American adults and more than half of adults in the Other racial group say that they are concerned about being able to pay the minimum on their bills.

³ By comparison, the Federal Reserve’s “SHED Supplemental Data from April 2020” finds that 81% of adults said they could pay their April month’s bills in full while only 64% of adults who reported a job loss or reduction in hours said they could pay their April bills in full.
Of those U.S. adult consumers that indicate that they expect to receive a stimulus check, a higher percentage of all adults plan to use it to pay bills and/or debts (64%) (Chart 4). Of note, a higher percentage of upper-income adults (51%) and Black/African American adults (55%) plan to save their check compared to all other groups of adults.

If we break down what adult consumers plan to spend their stimulus check on, we see that all adults are most likely to spend it on groceries (29%) or something for themselves or their family (12%) (Chart 5). This pattern holds across income and racial/ethnic groups.

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**Chart 4. Percent of U.S. adults that plan to use their stimulus check to spend it, save it, and pay bills/debt**

Source: Morning Consult National Tracking Poll, April 9-10, 2020

<table>
<thead>
<tr>
<th>Segment</th>
<th>Spend it</th>
<th>Save it</th>
<th>Pay bills/debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Adults</td>
<td>51%</td>
<td>47%</td>
<td>70%</td>
</tr>
<tr>
<td>Low-Income (Under $50k)</td>
<td>54%</td>
<td>44%</td>
<td>63%</td>
</tr>
<tr>
<td>Middle-Income ($50k-100k)</td>
<td>49%</td>
<td>51%</td>
<td>63%</td>
</tr>
<tr>
<td>Upper Income ($100k+)</td>
<td>46%</td>
<td>51%</td>
<td>49%</td>
</tr>
<tr>
<td>Black/African American</td>
<td>43%</td>
<td>55%</td>
<td>63%</td>
</tr>
<tr>
<td>Hispanic/Latinx</td>
<td>46%</td>
<td>62%</td>
<td>66%</td>
</tr>
<tr>
<td>Other</td>
<td>38%</td>
<td>65%</td>
<td>52%</td>
</tr>
<tr>
<td>White</td>
<td>52%</td>
<td>46%</td>
<td>66%</td>
</tr>
</tbody>
</table>

**Chart 5. Breakdown of how U.S. adults plan to spend their stimulus checks**

Source: Morning Consult National Tracking Poll, April 9-10, 2020

- **Buy groceries:**
  - All Adults: 29%
  - Low-Income (Under $50k): 10%
  - Upper Income ($100k+): 12%
- **Pay for prescription medicine:**
  - All Adults: 10%
  - Low-Income (Under $50k): 10%
  - Upper Income ($100k+): 12%
- **Spend it on myself or family:**
  - All Adults: 30%
  - Low-Income (Under $50k): 20%
  - Upper Income ($100k+): 30%

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\(^{10}\) Note that the percentages do not add up to 100% because respondents were asked to respond to a separate question for each of the options (i.e., pay bills/debt, save it, spend it).
Consumers are using financial coping strategies amid the COVID-19 recession
The Morning Consult survey asked adult consumers about their coping strategies, including what they might do if they find themselves in a financial bind and how they have changed their spending habits in response to the pandemic-generated uncertainty and financial challenges.

The survey finds that if adult consumers had to borrow money in the context of the COVID-19 pandemic, a higher percentage of all adults would turn to family first (38%), then a credit union or bank (29%), followed by a credit card (20%) (Chart 6). A relatively low percentage of all adults say they would use payday lenders, pawnshops, friends, or their church. Low-income adults and POC are more likely to turn to family first compared to other adults. Only middle- and upper-income adults are more likely to first turn to a financial institution to borrow money.

![Chart 6. Percent of U.S. adults that would turn to these sources first, if they had to borrow money](source: Morning Consult National Tracking Poll, April 9-10, 2020)
If adult consumers got to the point where they had to postpone, delay, or skip paying a bill to cover other expenses, a higher percentage of all adults (40%) indicate that they would postpone, delay or skip paying their credit card bill (Chart 7). This pattern seems to generally hold across all adults regardless of income or race/ethnicity. The next highest percentage of all adults (17%) say they would postpone, delay, or skip paying their student loans to cover other expenses. By contrast, a minority of all adults would postpone rent, mortgages, or auto loan payments.

A couple of notable exceptions include Hispanic/Latinx adults who are more likely to skip paying student loans (31%).\(^\text{11}\) Finally, respondents from the “Other” racial group are much more likely to skip paying their rent or mortgage compared to other groups (22%). It is not clear why this would be the case.

\[^{11}\text{This discrepancy with other groups (i.e., a higher percentage of Hispanic/Latinx adults say they would skip paying their student loan first) may be due to some confusion around how to respond to this question since the U.S. government had already suspended payments on federal student loans as of March 13.}\]

**Chart 7. Percent of U.S. adults that would postpone, delay, or skip paying these bills to cover other expenses if they had to**

Source: Morning Consult National Tracking Poll, April 9-10, 2020

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\[^{11}\text{This discrepancy with other groups (i.e., a higher percentage of Hispanic/Latinx adults say they would skip paying their student loan first) may be due to some confusion around how to respond to this question since the U.S. government had already suspended payments on federal student loans as of March 13.}\]
The Morning Consult survey finds that since the COVID-19 pandemic began, adult consumers’ payment habits may be changing. When asked about whether they use cash, debit cards, credit cards, and digital services more than before the crisis, all adults indicated that they are using all of these forms of payment more than before the COVID-19 crisis (Chart 8). However, a higher percentage of all adults are using debit (22%) and credit cards (23%) more than any other form of payment compared to pre-crisis. The survey finds that the payment habits of different income and racial/ethnic groups vary across groups.

A higher percentage of low-income adults (24%) use debit cards more than before the pandemic compared to alternatives like credit cards (19%), digital services (18%) and cash (18%); a higher percentage of Black/African American adults (30%) are using cash more now compared to alternatives; a higher percentage of Hispanic/Latinx adults (49%) are turning to debit cards more now compared to alternatives, and white adults (64%) are more likely to use debit cards more now than alternative forms of payment.

Finally, digital services such as Apple Pay, Google Wallet, and Venmo appear to be more important than credit cards for a higher percentage of Hispanic/Latinx adults and Black/African American adults compared to before the COVID-19 outbreak. Creditcards.com reports that in 2018, a higher percentage of Black/African American adults (32%) and Hispanic/Latinx adults (28%) did not have access to credit cards compared to whites (15%). It’s not surprising that during the crisis, these populations are using alternative forms of payment like digital services more than before and more than credit cards.

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12 Note that the percentages do not add up to 100% because respondents were asked to respond to a separate question for each of the options (i.e., cash, debit card, credit card, and digital services).
U.S. adult consumers have also made significant changes to their spending habits to adapt to changing circumstances due to the COVID-19 recession (Chart 9). Nearly 40% of all adults report refraining from a major purchase or investment. Across income and racial/ethnic groups, the response is similar. The survey finds that a smaller percentage of all adults (23%) have reduced or stopped giving to charity and an even smaller percentage (13%) have increased charitable giving. The patterns are generally similar across income and racial/ethnic groups.

Note that the percentages do not add up to 100% because respondents were asked to respond to a separate question for each of the options (e.g., refrained from a major purchase/investment, reduced/stopped charitable giving, etc.).

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How credit unions can help advance member financial well-being

Survey respondents were asked about financial solutions families and individuals facing financial challenges due to the COVID-19 crisis might find helpful. Specifically, they were asked to separately rate how helpful (or not) the following interventions might be: delaying payments on existing home mortgages and loans; restructuring loans and mortgages to lower monthly payments; 90-day credit card payment deferrals; small-dollar loans with 3 months deferred payment; and cash donations to local charity groups.

Restructuring loans and mortgages to lower monthly payments, delaying payments on existing home mortgages and loans, and cash donations to local charity groups (e.g., local food banks, shelters, medical clinics) emerged as the most helpful (i.e., “very helpful”) for all adults and across income and racial/ethnic groups (Chart 10). By contrast, a smaller percentage of all U.S. adults irrespective of income or racial/ethnic group say that that small-dollar loans with 3 months deferred payment would be a very helpful financial solution. Interestingly, by far the largest percentage of Black/African American adults say that a 90-day credit card payment deferral would be a very helpful financial solution.

Chart 10. Percent of U.S. adults that indicate that these solutions are very helpful financial solutions during COVID-19 crisis
Source: Morning Consult National Tracking Poll, April 9-10, 2020

<table>
<thead>
<tr>
<th>Solution</th>
<th>All Adults</th>
<th>Low-Income (Under $50k)</th>
<th>Middle-Income ($50k-100k)</th>
<th>Upper Income ($100k+)</th>
<th>Black/African American</th>
<th>Hispanic/Latinx</th>
<th>White</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructuring loans and mortgages to lower monthly payments</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>Cash donations to local charity groups centers</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>Delaying payments on existing home mortgages and loans</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>90-day credit card payment deferral</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
<td>80%</td>
</tr>
<tr>
<td>Small-dollar loans with 3 months deferred payment</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
<td>20%</td>
</tr>
</tbody>
</table>
U.S. adult consumers have been contacting their financial institutions to seek relief from the financial burdens they face as a result of the COVID-19 pandemic. The Morning Consult survey finds that of all adult consumers who have contacted their financial institution, the highest percentage have sought to defer payments (12%), the next highest percentage requested an alternative financial response (10%) and finally, the lowest percentage have sought to take out a loan (7%) (Chart 11). All U.S. adult consumers, regardless of income or race/ethnicity are more likely to seek to defer payments when they contact their credit union or bank.

Credit unions are responding to help support their members’ financial well-being

A CUNA/AACUL survey finds that credit unions are there for their members. They are responding in a variety of ways to help members remain financially healthy. It is encouraging that how credit unions are responding line up with and go well beyond the financial needs expressed by consumers in the Morning Consult survey. Here is what credit unions are doing for their members:

- 95% of credit unions surveyed are offering modifications to existing loans
- 80% of credit unions are offering new loan products
- 85% of credit unions are waiving and reducing fees
- 64% of credit unions are offering financial counseling, debt consolidation or other services

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14 A previous version of this survey incorrectly indicated that 1% of all adults who have contacted their credit union or bank sought to find an alternative financial response. This data point has been corrected here.
15 A survey of credit union responses to COVID-19 is being conducted by the Credit Union National Association and state credit union leagues. As of March 26, 2020, 374 credit unions participated. The survey will be updated as new data becomes available.
16 For more details on how credit unions are responding to support their members’ financial health and well-being see https://www.americascreditunions.org/ and https://www.cuna.org/CU-Response.aspx
17 For more details on credit unions’ COVID-19 responses when it comes to loans, loan modifications and fee waiver see https://www.cuna.org/COVID19/Loans/
18 See https://www.cuna.org/COVID19/Counseling/
• 30% have made donations or otherwise aided community organizations

CUNA’s survey data regarding credit unions that have participated in the Small Business Administration’s Paycheck Protection Program (SBA PPP) reveals that credit unions‘ SBA PPP loans went to the smallest of small businesses. This data shows that credit unions originated billions of dollars in SBA PPP loans with an average loan size of about $65,000. In contrast, according to the SBA summary data for the largest 15 bank PPP lenders, the typical originated loan size was about $305,000, or roughly five times larger than the credit union average.

Finally, credit unions are also providing support to employees that includes childcare programs, paid leave for families who have or have a family member with COVID-19, and employee assistance programs.

**Conclusion**

In this moment of crisis, many members are stressed financially, physically, and mentally. They are losing jobs and income, facing choices regarding which bills to pay, altering their spending habits to align with their new financial reality, and grappling with questions of what to do if they fall short financially. The most vulnerable are hardest hit financially and are seeing worse health outcomes.19

Across the nation, credit unions are here for our members and staff. As one credit union CEO recently said, “My only concern is getting members to the other side of this mess and making sure my employees are safe.” Credit unions are responding quickly, responsibly, compassionately, and always with a focus on our members’ financial well-being. This is the credit union difference.

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