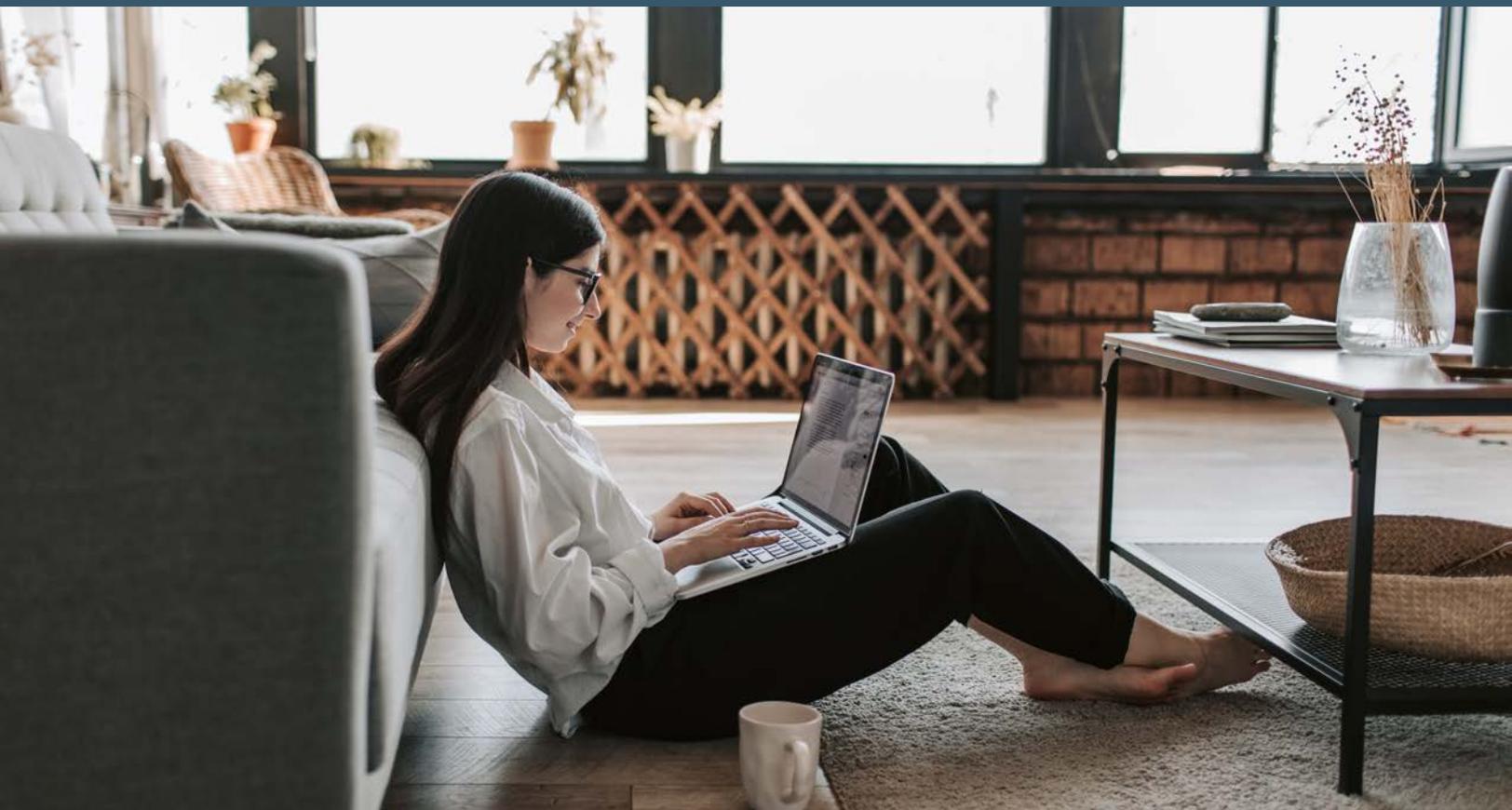


# The Consumer Money Mindset in the Time of COVID-19 2020

This unprecedented year has uncovered contrasts between challenges and opportunities in the world as a whole and in the world of money, specifically. We have seen accelerated change and adoption of new behaviors on the financial front due to COVID-19. Americans have experienced unexpected stress in their ability to make money and to manage finances. In the face of all this change, we have also been presented with the opportunity to capture the needs and imaginations of people—and help bring the next evolution of change to the future of money.

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## Overview of ongoing study context

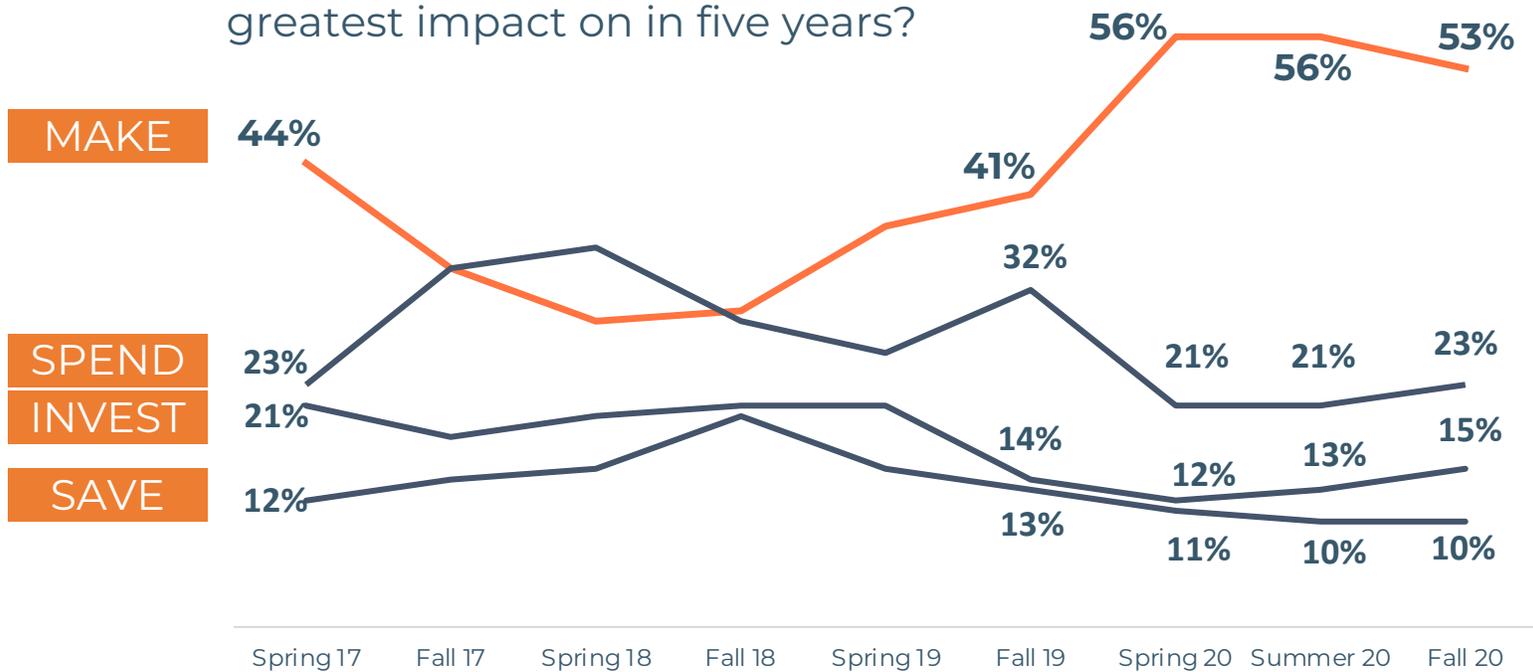
Throughout 2020, we have seen in the Logica® Future of Money Study that the importance of how Americans make money has risen. In conjunction with this trend, the importance on how we spend money has decreased. In this latest wave, we see a slight decrease in the focus on the importance of how we make money, but it's still at an all time high. We have seen the coronavirus have an impact on work—with almost half of people working fewer hours, while the other half are either no longer working, or working more hours.



# Technology will impact how we make money

Large uptick in technology impact on work in 2020, whereas payments took center stage in 2018.

What will technology have the greatest impact on in five years?



## Americans anticipate the coronavirus having the biggest impact on work—down from prior waves

	How people work	How people spend money	How people save money	How people invest money
Fall 2020	<b>44%</b>	<b>32%</b>	<b>18%</b>	<b>5%</b>
Summer 2020	50%	29%	15%	6%
Spring 2020	46%	30%	18%	6%

## How we make money

Although we found the impact on COVID-19 on work to be slightly down in this latest study wave, some changes to the way we work and make money are here to stay. One major shift is that more people will be working from home in the future, and it is likely employees will continue to look to their employers for more financial benefits during the pandemic—and perhaps beyond. We also see that many are planning to postpone retirement due to the impact of COVID-19.



# Impact of the coronavirus on work is down overall

*"It's been stressful at times because I would worry, like, am I going to have enough money? And then once I finally started doing food delivery, it's kind of just settled down and now I'm not too worried about money. We have a plan, we know exactly what we need to do, and we're just going to keep doing it." (Consumer)*



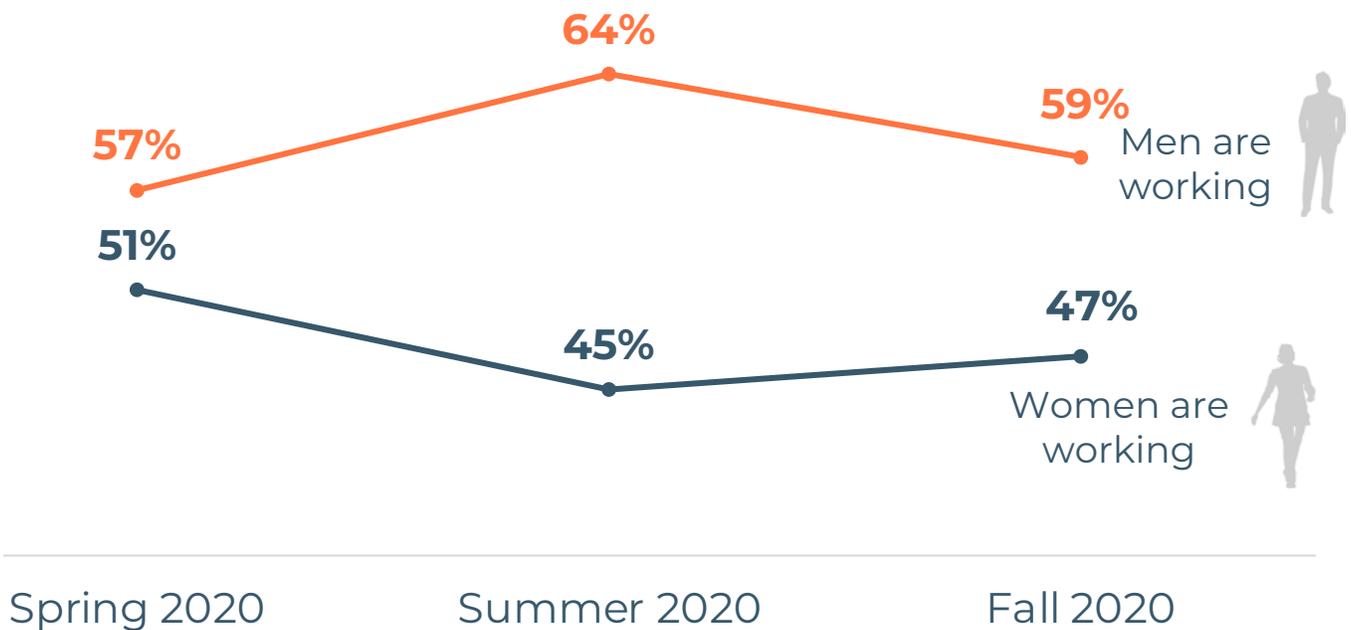
Coronavirus impacted work situation

46%	23%	31%
working fewer hours	no longer working	working more hours

Summer 2020 59%  
Spring 2020 67%

48%	28%	24%
54%	33%	13%

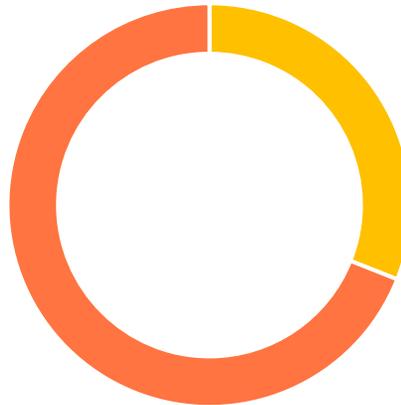
## Men are more likely to be working than women



# Of those impacted, two thirds are working less or not at all

## 69%

Working fewer hours or no longer working



## 31%

Working more hours

Workload has been reduced **40%**

Been laid off or furloughed **28%**

Need to take care of my children or supervise my children's schooling **12%**

Need to take care of a family member **7%**

Other **13%**

Increased workload at same job **49%**

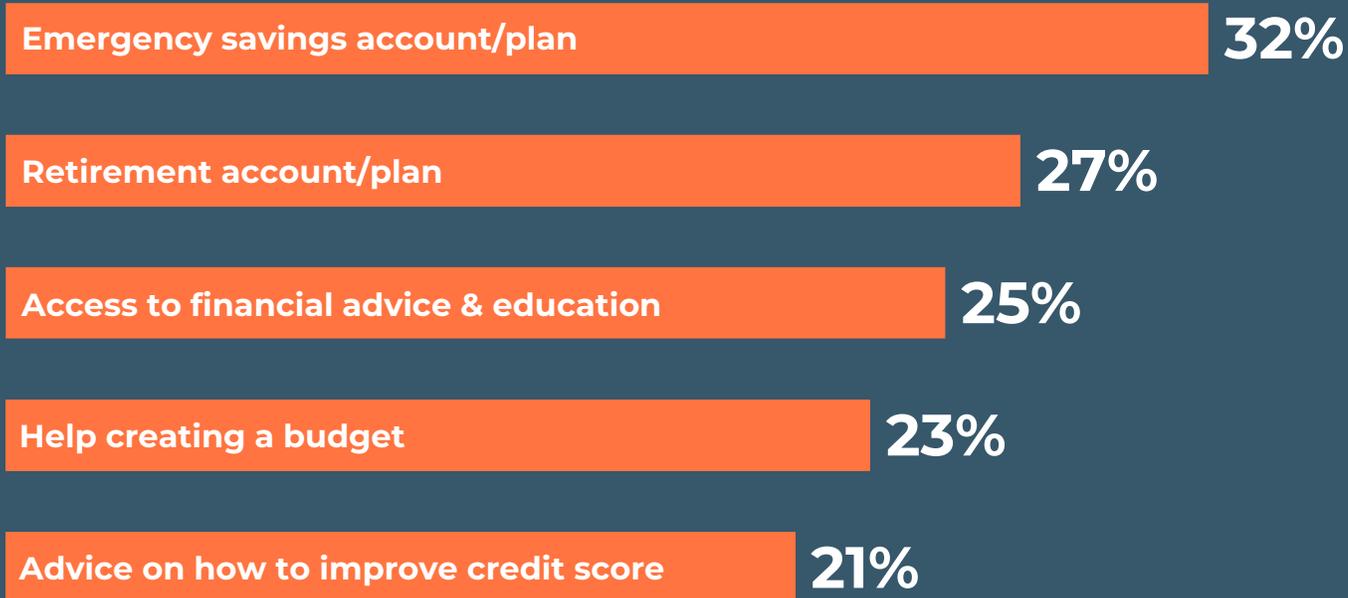
Taking care of family and working **30%**

Taking on additional jobs **19%**

Other **2%**

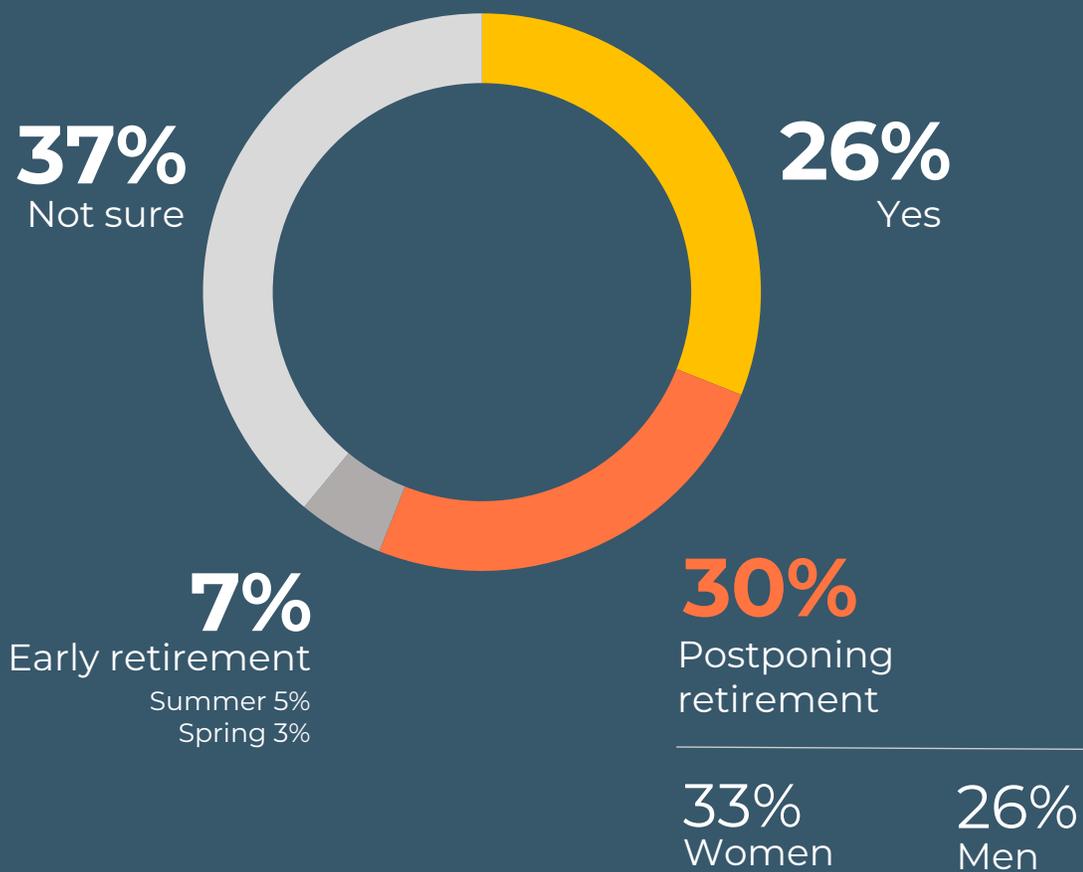
# Americans looking for more financial benefits from employers

Would like to receive from employer due to COVID-19...



# Slight uptick in people taking an early retirement, though 30% are postponing retirement

Planning to retire at the same time as they planned before March 15th



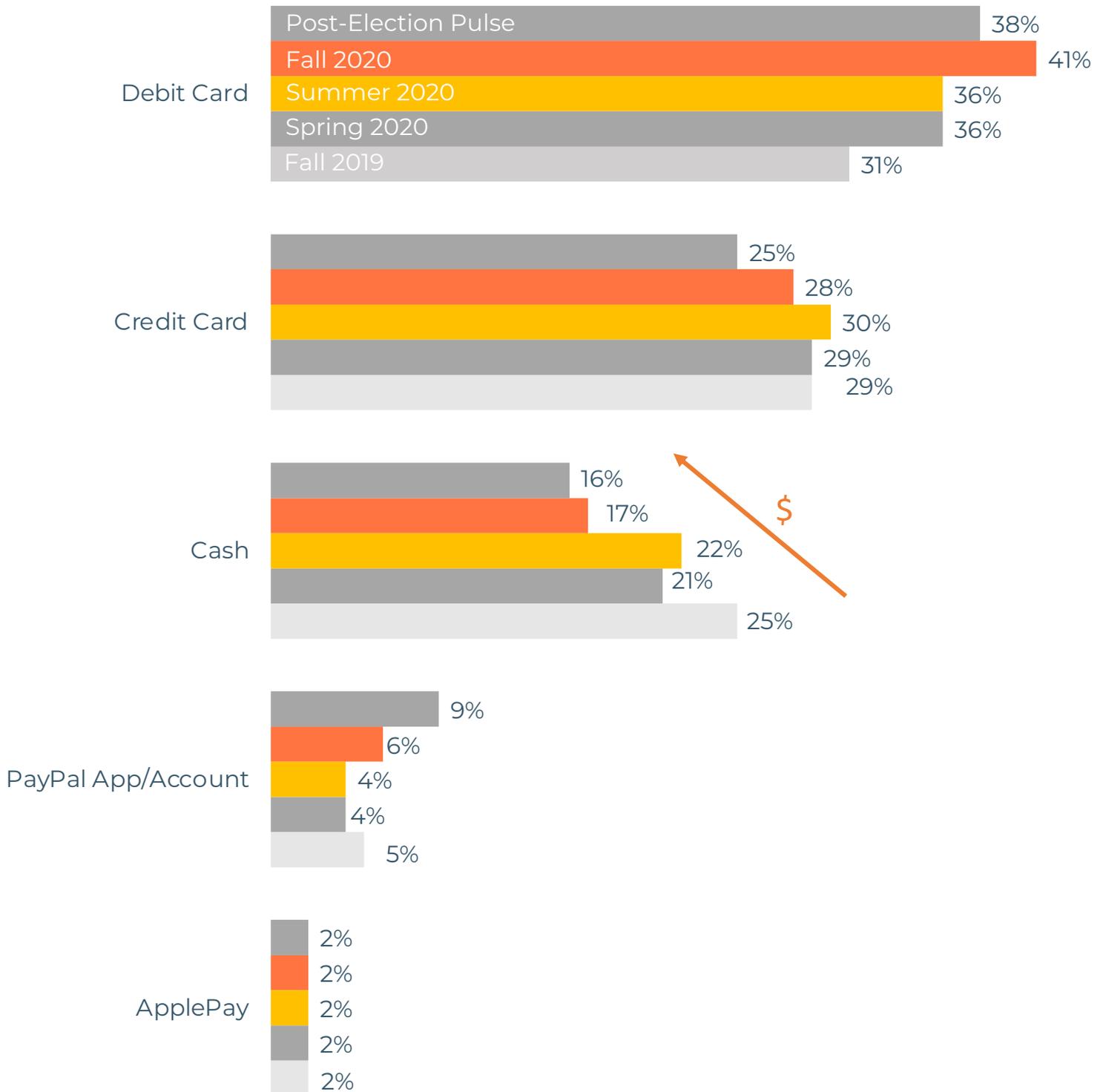
## How we spend money

During COVID-19, payments have been deeply impacted. Our ongoing Future of Money study has seen a significant decrease in the use of cash—with debit card, credit card, P2P and installment payment options all on the rise. While these shifts started before the pandemic, consumer adoption has been accelerated. Americans are open to new ways to pay, PayPal usage is at an all-time high, and the youngest generation of adults, Gen Zers, are emerging as leaders in the future of payments.



# Upward trend in debit card usage and downward trend in cash

Most recent in-person payment



# A quarter of those who selected contactless card, actually used their phone

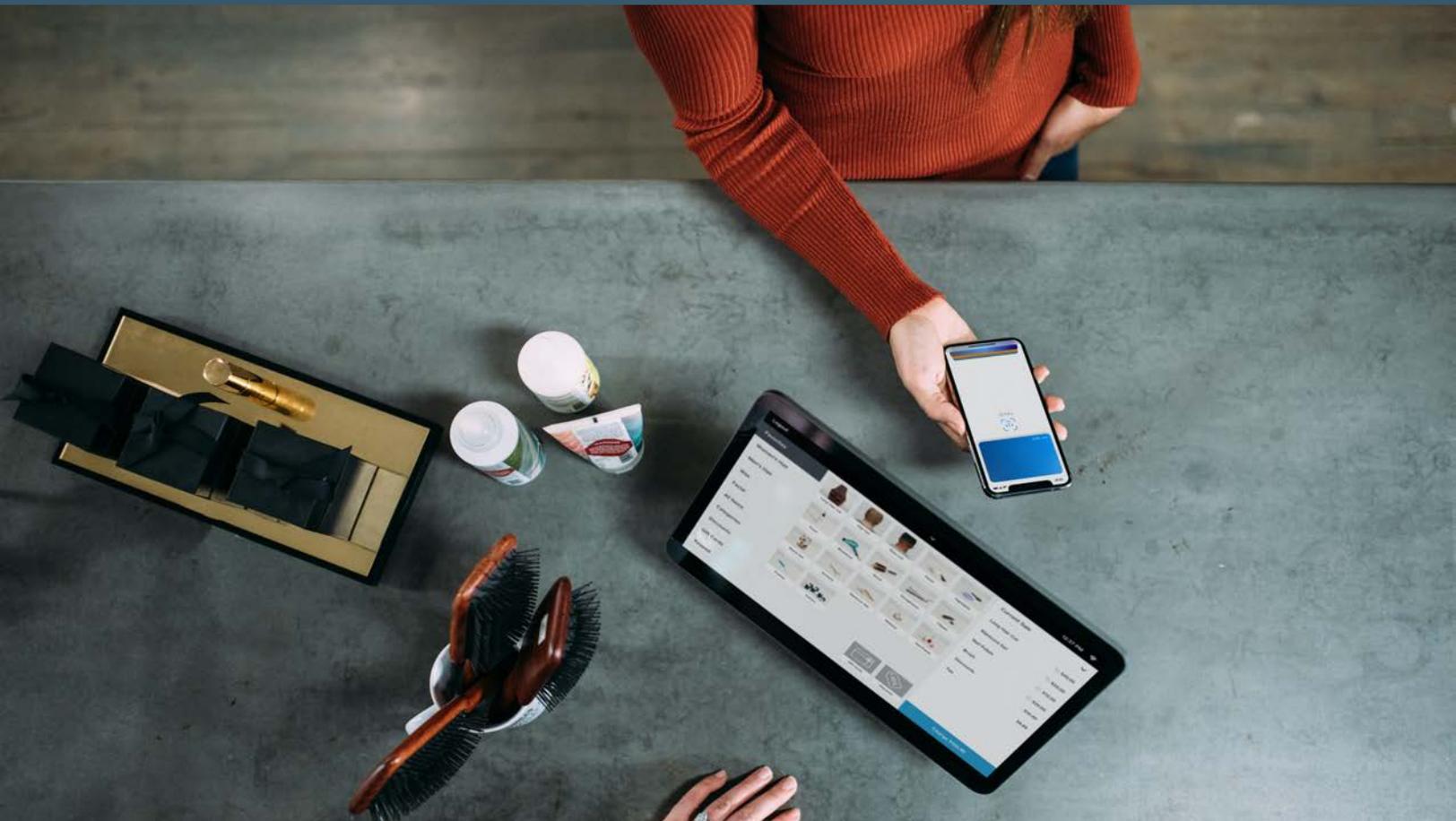
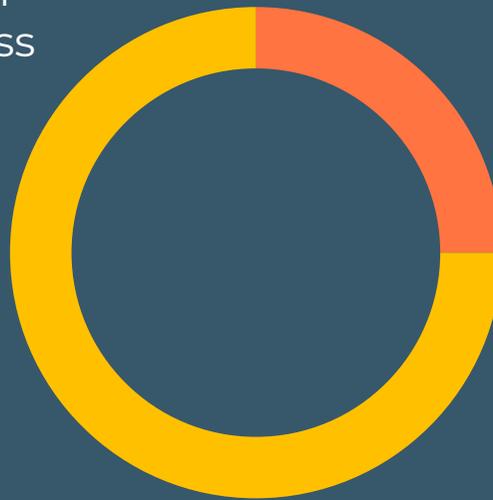
Used Phone when Selected Contactless Payment

**25%**

Yes, used card saved on phone

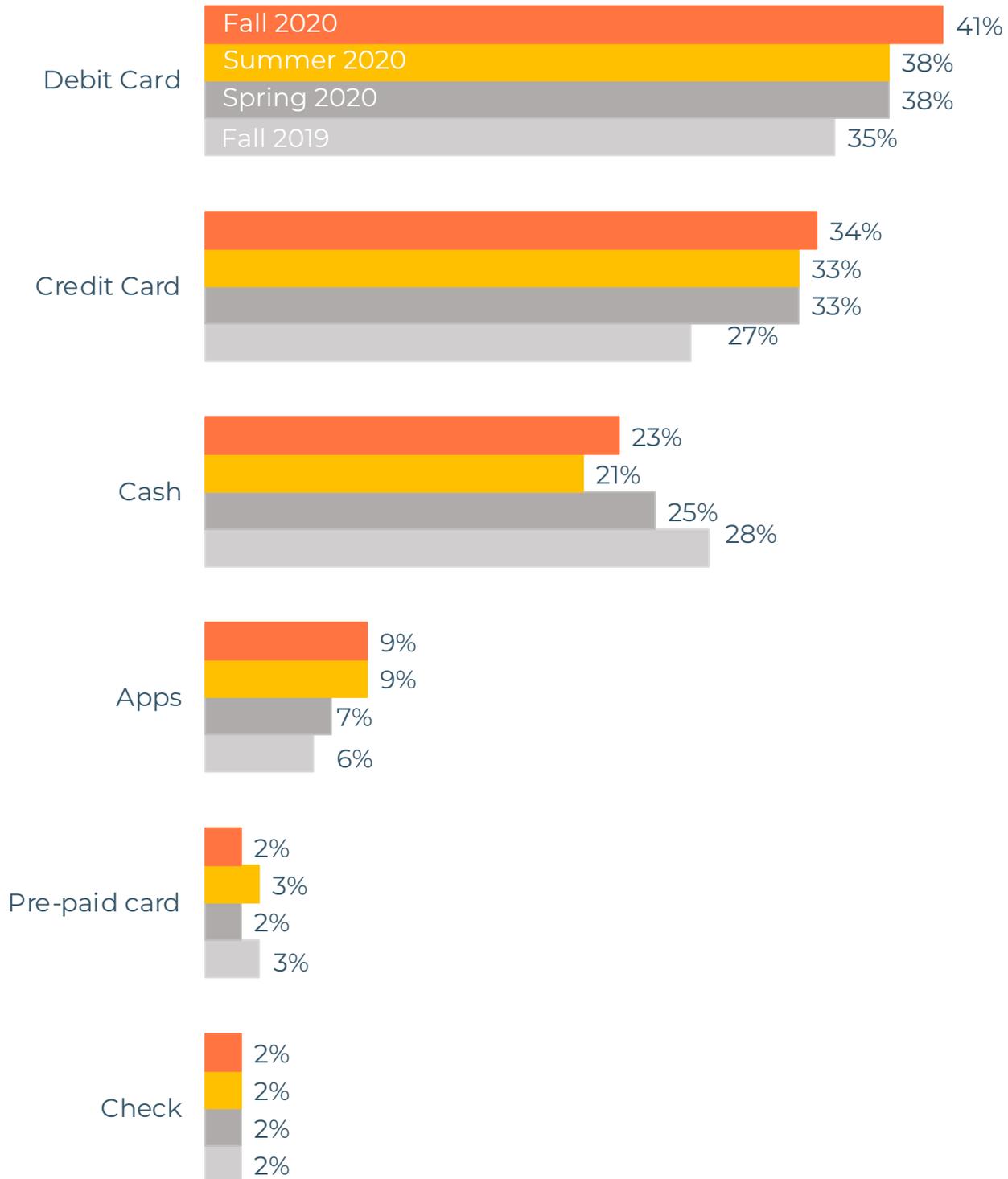
**75%**

No, used physical card



# Use of cash declines as preference for debit and credit cards rise

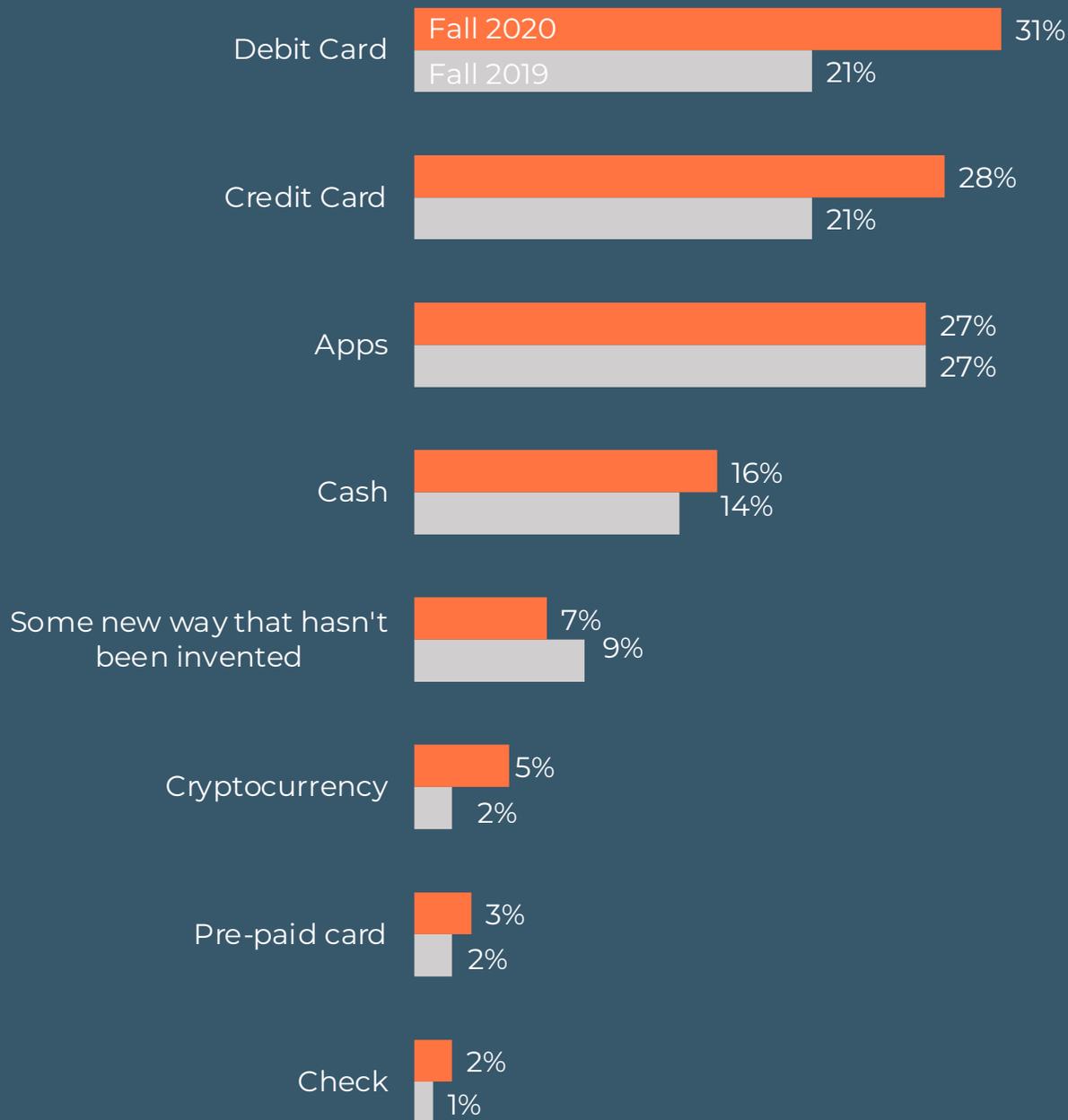
## Preference for in-person payments



# Debit, credit, and apps neck-in-neck as ways to pay in five years

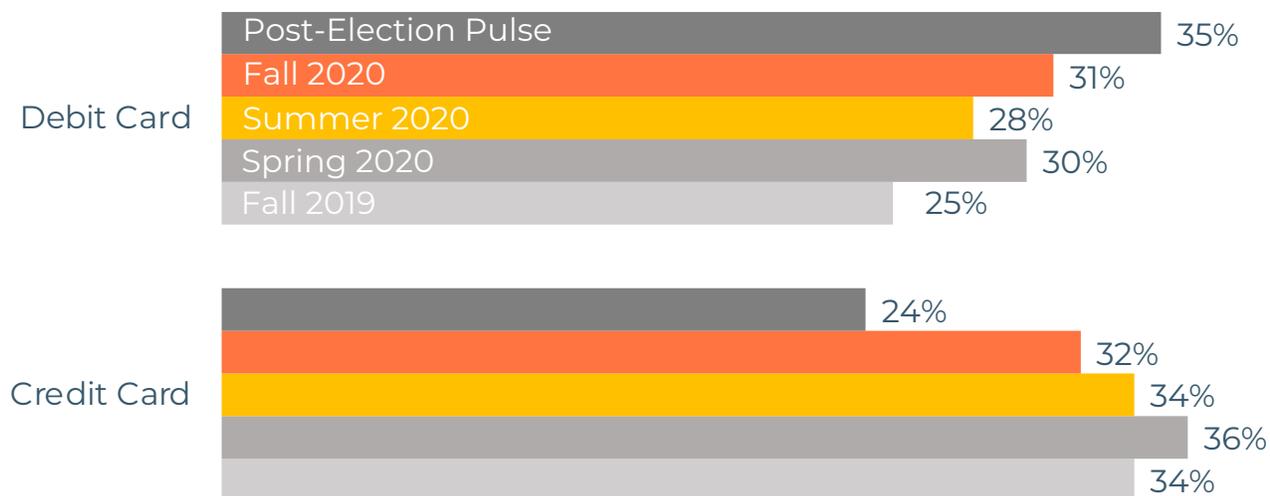
Crypto has significantly increased since Fall 2019

Most common way to pay in person in five years



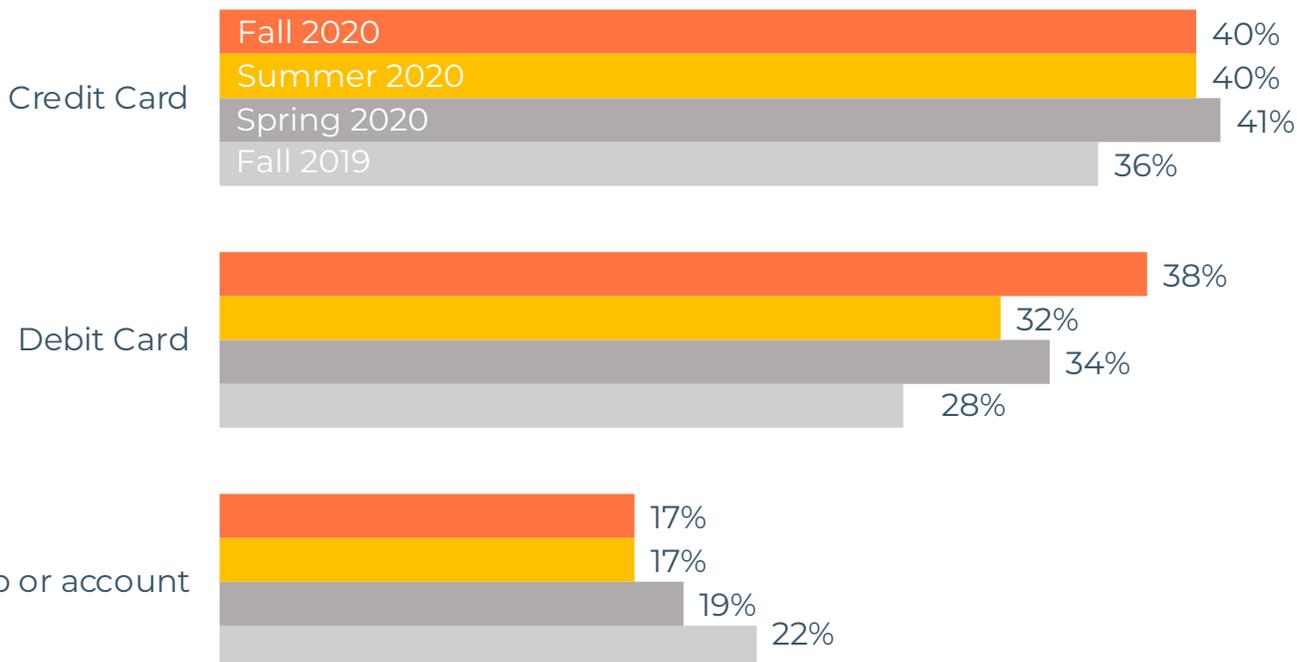
# Online payments are shifting from credit cards to debit cards

## Most recent online payment



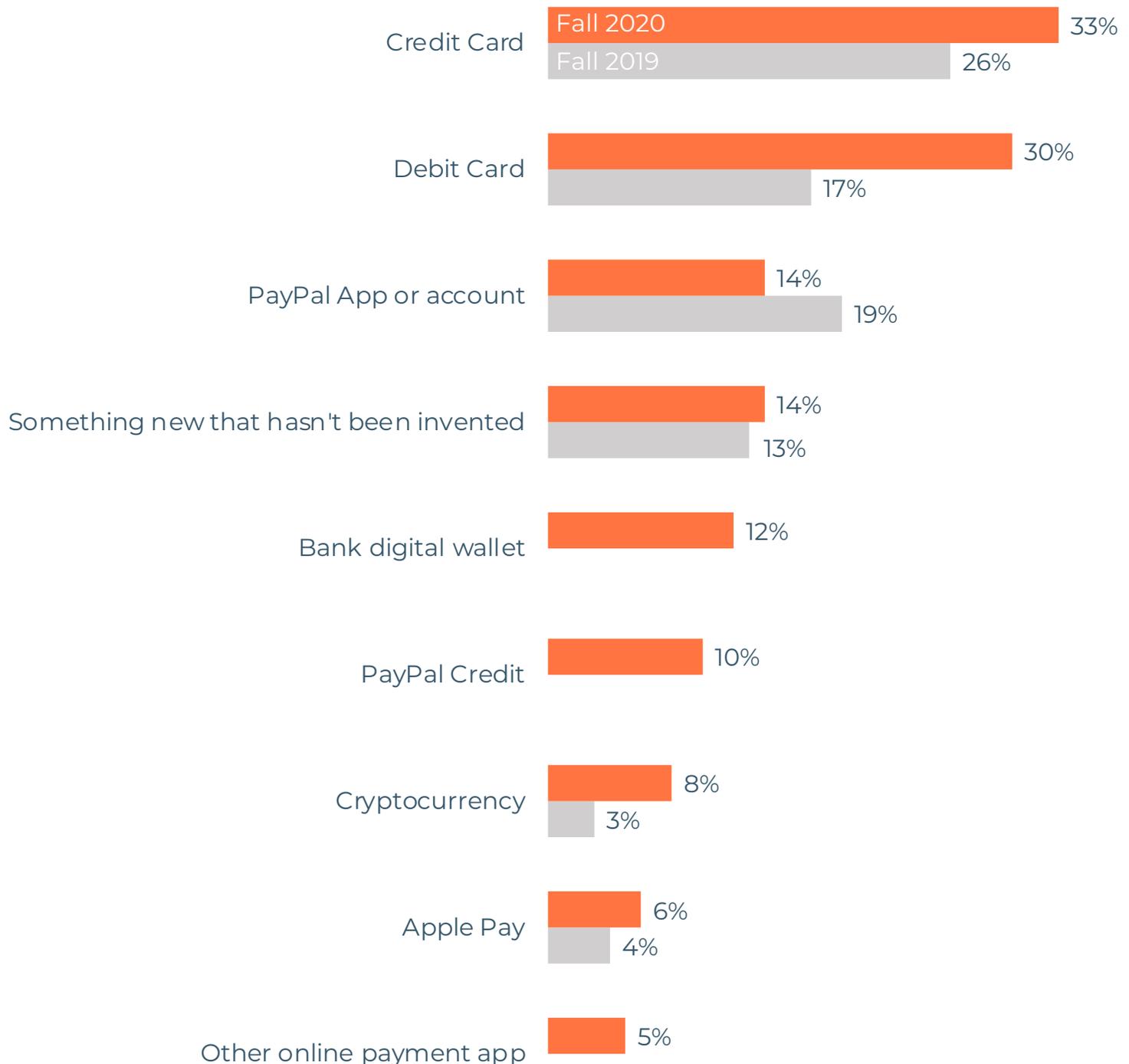
## Payment preference for credit and debit online are strong

### Preference for online payments



# Credit and debit card are still going to be the most common way to pay online in five years

Most common way to pay online in five years



# PayPal Credit sees highest awareness and usage among Buy Now/Pay Later

## 78%

Americans have heard of/use PayPal Credit

## 76%

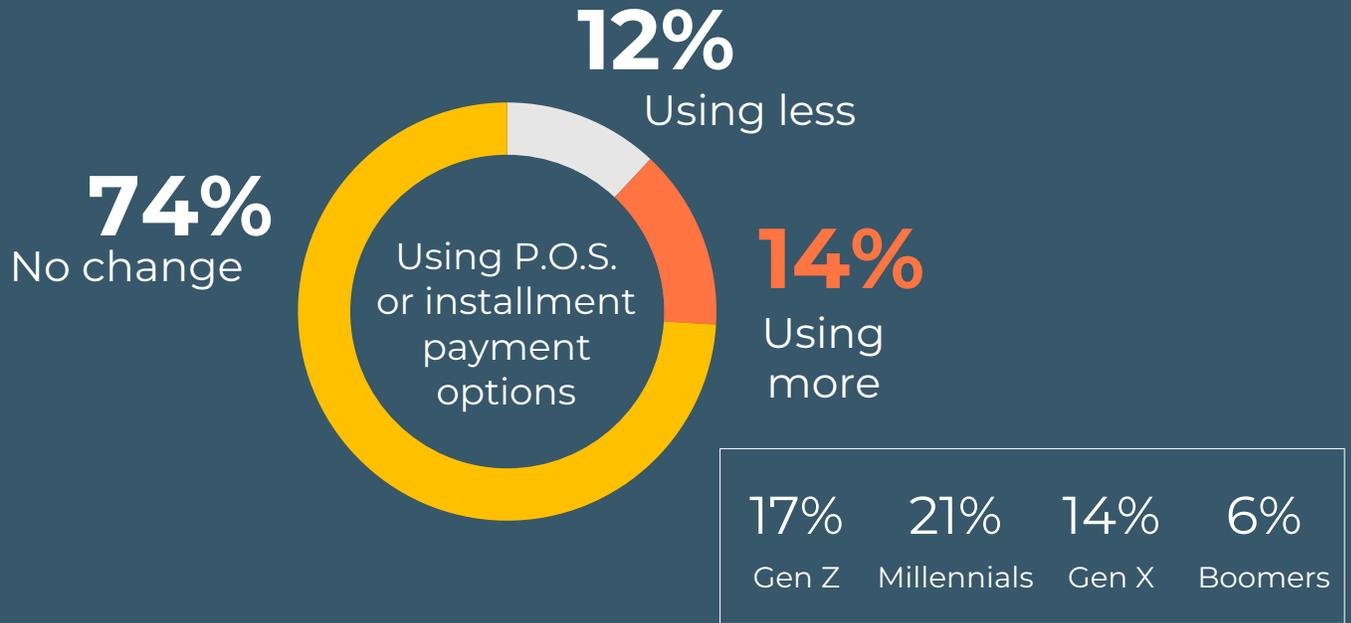
Americans have heard of/use PayPal (Summer)

## 77%

Americans have heard of/use PayPal (Spring)

	Heard of but don't use			Use		
	Spring	Summer	Fall	Spring	Summer	Fall
PayPal Credit	57%	55%	<b>53%</b>	20%	21%	<b>25%</b>
Affirm	15%	19%	<b>21%</b>	2%	3%	<b>5%</b>
Afterpay	14%	18%	<b>20%</b>	4%	4%	<b>5%</b>
Klarna	11%	16%	<b>19%</b>	2%	3%	<b>3%</b>
Amex Pay it Plan it	16%	19%	<b>19%</b>	1%	2%	<b>1%</b>
QuadPay	9%	13%	<b>14%</b>	1%	1%	<b>1%</b>
Sezzle	NA	NA	<b>12%</b>	NA	NA	<b>1%</b>
Pay in 4	NA	NA	<b>11%</b>	NA	NA	<b>1%</b>

# Increase in Buy Now/Pay Later and installment payment plans up for younger generations

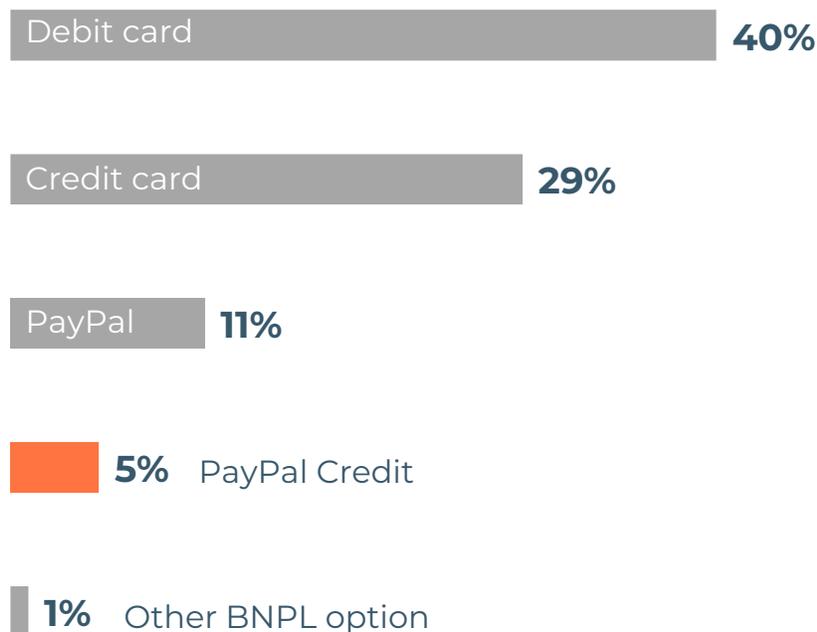


# Almost four in ten likely to use Buy Now/Pay Later this holiday season

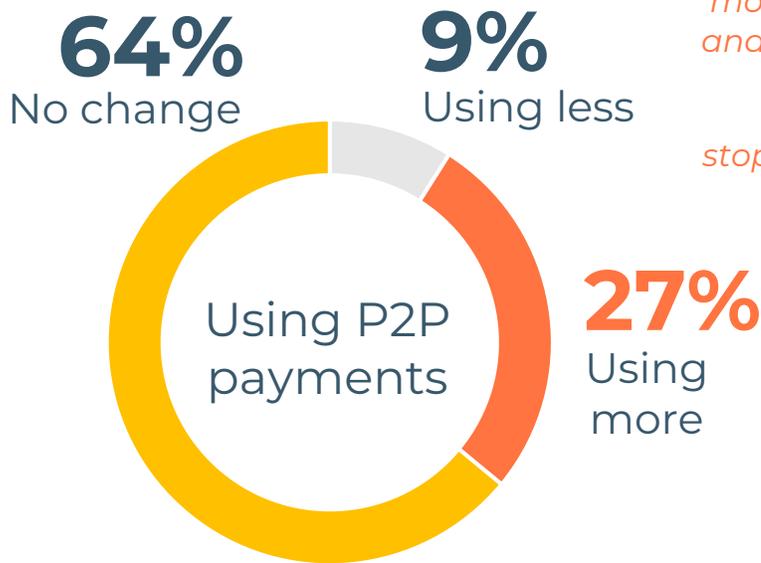


This holiday season likely to use Buy Now / Pay Later

This holiday season would be most likely to use...



# Nearly 1 in 5 Americans are using P2P more



*"I use Apple Pay. I prefer it to a physical card because of COVID. My cousin owed me money and transferred it to me via Apple Pay and that's how I started using it. I think of it as cash. I haven't figured out how to put my credit cards into Apple Pay...I will probably stop using Apple Pay once the money in there from my cousin runs out." (Consumer)*

37%	40%	29%	12%
Gen Z	Millennials	Gen X	Boomers

## P2P usage continues to trend upward among P2P users

	Heard of but don't use			Use		
	Spring	Summer	Fall	Spring	Summer	Fall
PayPal	28%	24%	<b>22%</b>	60%	64%	<b>69%</b>
Facebook Messenger	48%	47%	<b>43%</b>	23%	23%	<b>30%</b>
Venmo	46%	51%	<b>52%</b>	22%	18%	<b>20%</b>
Zelle	38%	42%	<b>43%</b>	15%	17%	<b>17%</b>
Apple Pay Cash	55%	53%	<b>56%</b>	7%	8%	<b>8%</b>
Google Pay Send	41%	42%	<b>42%</b>	3%	5%	<b>7%</b>
Square Cash	38%	40%	<b>38%</b>	3%	4%	<b>6%</b>

# PayPal balances are on the rise

Mean balance of PayPal account today

Fall 2020

**\$702**

Summer 2020

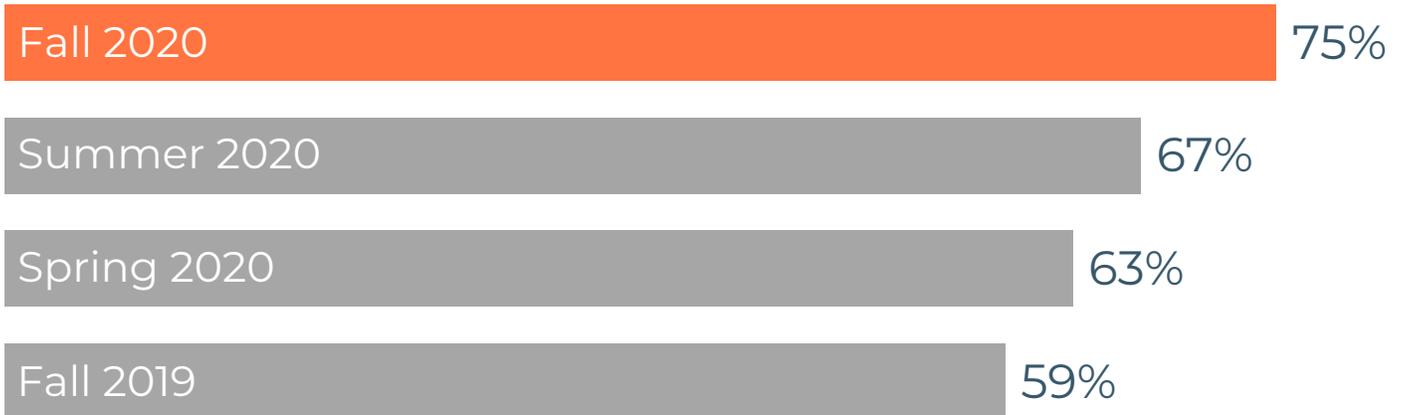
**\$572**

Fall 2018

**\$437**



# PayPal usage has trended upwards over the past year



	Gen Z	Millennials	Gen X	Boomers
Fall 2020	<b>63%</b>	<b>81%</b>	<b>80%</b>	<b>68%</b>
Summer 2020	56%	75%	71%	63%
Spring 2020	49%	64%	72%	64%
Fall 2019	51%	66%	68%	52%

# Using PayPal at checkout is how most Americans are using PayPal

<b>33%</b>	<b>19%</b>	<b>18%</b>	<b>11%</b>	<b>5%</b>	<b>4%</b>	<b>10%</b>
Online at checkout	Paid by someone via PayPal	Online using PayPal Credit checkout	Paid someone for good or service via PayPal	Paid someone back for something bought for me	Paid someone back for shared purchase	Other

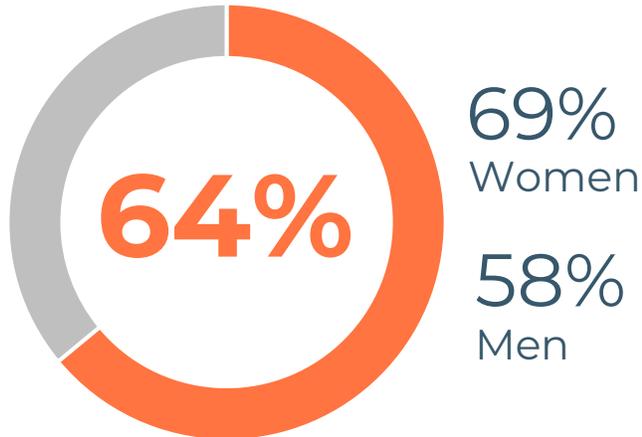


## How we manage money

Savings in the United States has shown significant growth during COVID-19, while spending is down. Our Future of Money Study shows that people are now simply spending less in most discretionary categories such as travel, experiences and dining out. And they also have an expectation of being able to pay down debt in the coming year. But those reporting job loss due to the pandemic are also reporting tapping into savings more now—and many Americans report stress about their financial situation.



# Americans are stressed, split on being able to cover monthly expenses



Somewhat or very stressed about financial situation

**28%**

Able to cover monthly expenses with nothing left over

**19%**

End up short

## 1 in 5 don't have enough savings to cover a month of expenses

**22%**

Americans don't have enough savings to cover a month of expenses



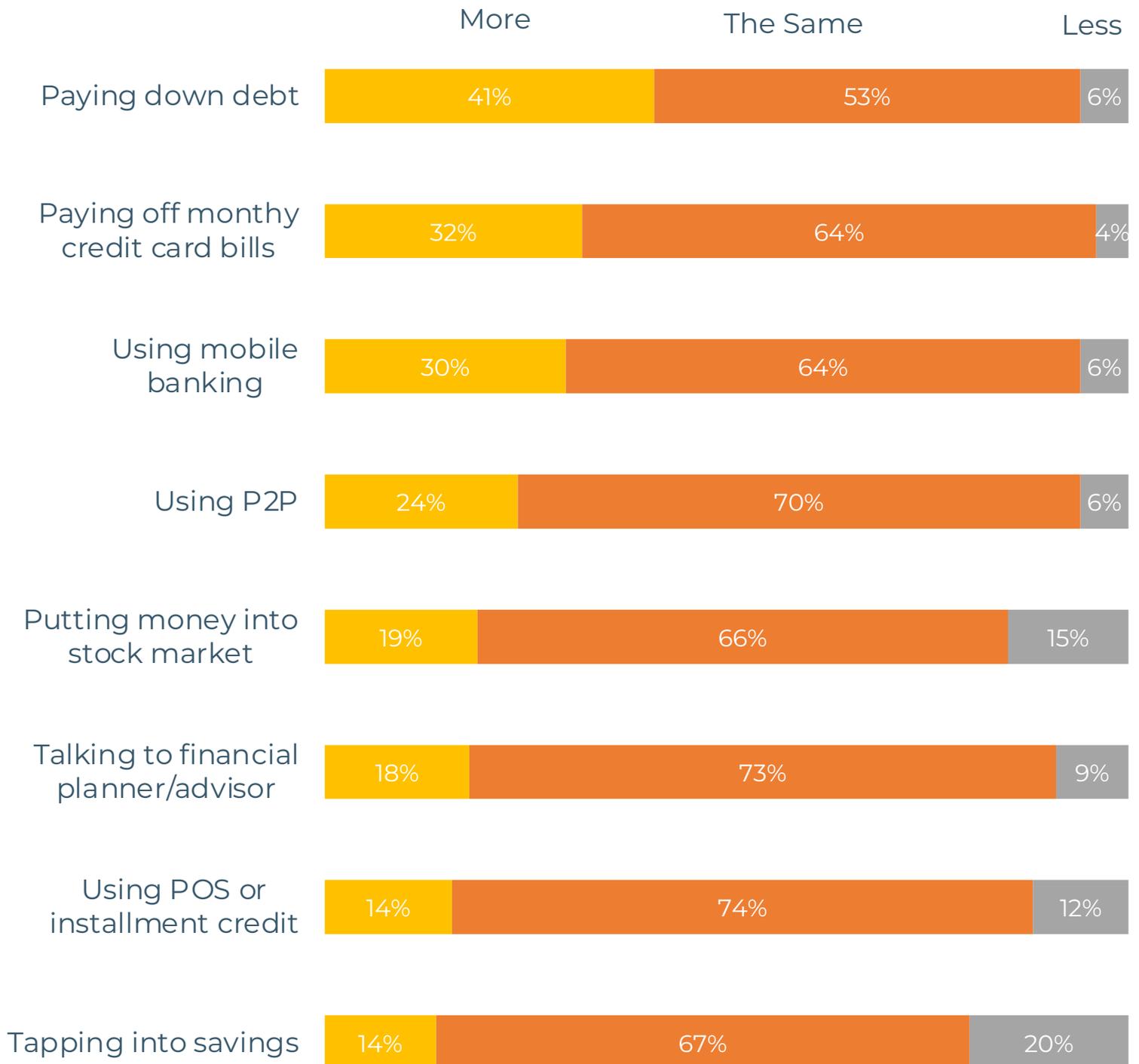
**3 months**

Median number of months Americans are able to cover with savings

## More than a quarter of Americans are raiding their savings more now

**27%** Are tapping into savings more now

# Americans expect to pay down debt more in 2021



# Higher income work more, less stressed

*"I don't save a lot. I save a couple hundred dollars a month, but other than that I don't have a huge savings account. We haven't started saving for retirement because we haven't had the financial situation where we could. I live month to month pretty much." (Consumer)*

**<\$75K**      **\$75K+**

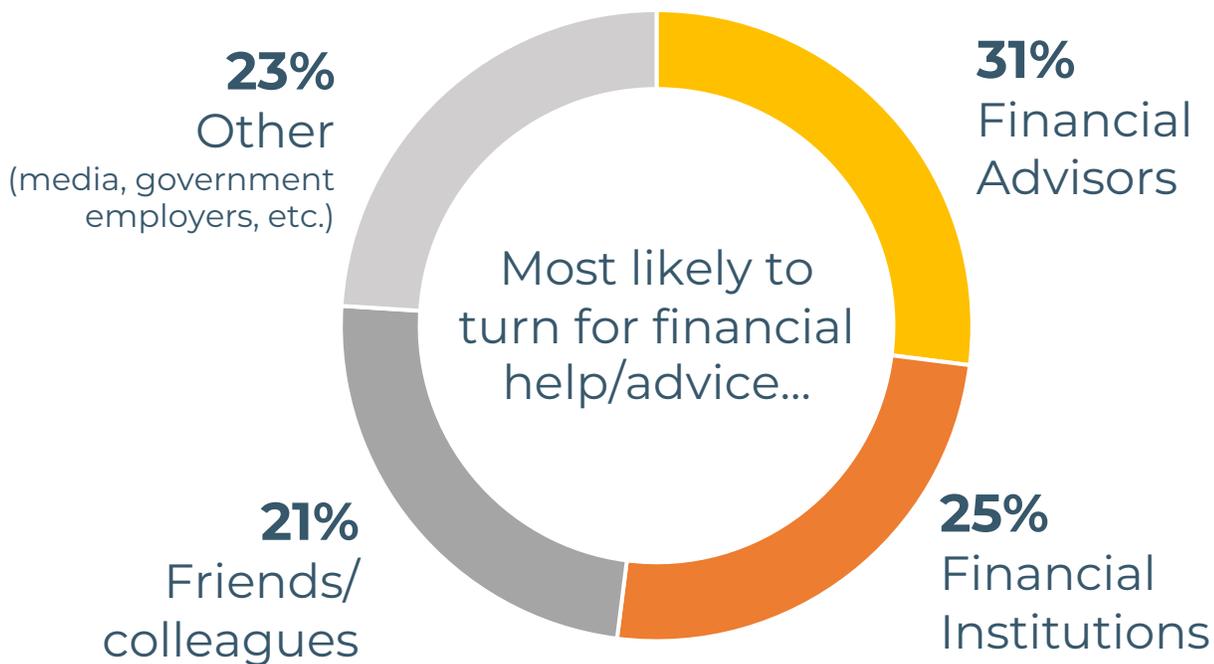
Somewhat/Very Stressed	<b>72%</b>	<b>48%</b>
End up short each month	<b>25%</b>	<b>7%</b>
Have prepared for a recession	<b>27%</b>	<b>45%</b>
Using POS credit options or buy now pay later more now	<b>16%</b>	<b>9%</b>
Tapping into savings more now	<b>29%</b>	<b>22%</b>
Non-White	<b>37%</b>	<b>23%</b>
Male	<b>45%</b>	<b>54%</b>
Deferred payments since March 15	<b>27%</b>	<b>14%</b>

## How we engage with financial brands

Trust in financial advisors, financial institutions, friends and colleagues has remained steady during COVID-19, and Americans are most likely to turn to these sources for advice. Americans are looking for a fully integrated financial brand experience—one that shows them great value, is secure, helps them manage their money and is communicated to them in a personalized, empathetic way. Right now, there are opportunities to show up for customers with a deeply engaging experience and build relationships and loyalty that will last.



# Trust and advice still solid with financial advisors and institutions

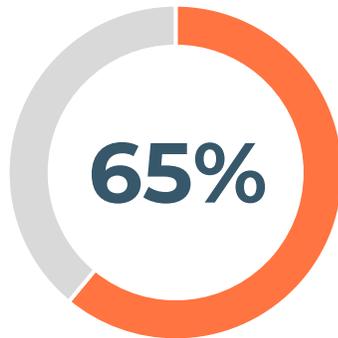


## COVID-19 resulted in change in trust level...

	Increased	Decreased	Stayed the Same
Friends/colleagues	16%	11%	73%
Financial advisors	13%	14%	73%
Financial institutions	10%	15%	75%
Media/Social Media	10%	37%	53%
Employer	6%	20%	74%
Schools	6%	27%	67%
Government	5%	52%	43%

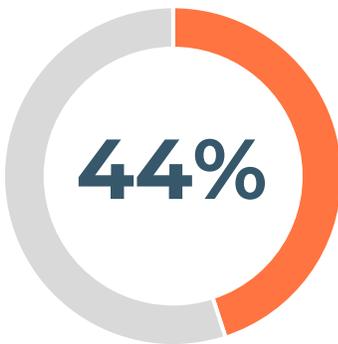
# Financial institutions can help Americans

## Wallet



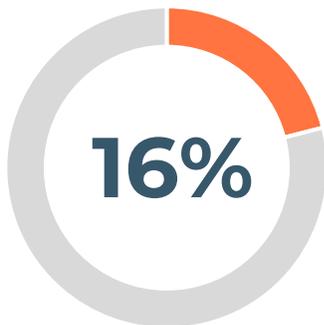
- 41%** Eliminate fees
- 33%** Provide higher interest on savings accounts
- 25%** Provide loans at lower interest rates
- 13%** Defer my payments

## Service/Advice



- 28%** Increase security against fraud
- 21%** Make online banking easier
- 16%** Give me investment ideas
- 15%** Contribute/donate to help community
- 15%** Lower customer service hold times
- 14%** Provide resources and help for budgeting
- 12%** Commit to no layoffs for their employees

## Communication



- 13%** Communicate options related to government relief
- 5%** Update their advertising and marketing to reflect the new time we are in

## Overall Implications

COVID-19 has deeply impacted the money mindset in the United States. The pandemic accelerated division in financial wellbeing of Americans, with high levels of stress for lower income, often women, and diverse groups, while higher income Americans are better able to weather this time. How people pay has also changed quickly this year, with a decrease in use of cash, increase in debit, credit, apps and payment plans. The pandemic year also caused shifts in money management, with an increased emphasis on saving and investing for those who can save.

What does all this mean for financial brands? Expectations have been driven even higher, with customers demanding better service, more integrated products and more empathetic communications.



# Predictions for financial brand impact in the future

## How we make money

The coronavirus impact on work will likely continue its downward trend in 2021, but the economic impact and the expectations for employer support will be lasting. What do you need to learn to help address the changing needs of customers and employees around work, income and employer benefits?

## How we spend money

Changes in how we spend money that were emerging before 2020 have been significantly accelerated in 2020. In 2021 and beyond, use of cash will continue to decline and alternative payment methods will continue to rise. Do you understand how to adjust your strategy to meet the increased adoption of different payment technologies?

## How we manage money

The past year has put a spotlight on how Americans are paying down debt where they can, but also trying to save more. In 2021, we expect Americans to continue to look for ways to save and build wealth. How can you meet these trending customer money management goals in the coming years?

## Financial brand engagement

During 2020, customers turned to financial brands for advice and help as they navigated uncertain times. In 2021, we anticipate that Americans will become increasingly savvy consumers of financial services and looking for great value from providers. Are you prepared to provide the guidance, integrated experience and great value that consumers are looking for?

# About the Study

## What

Ten minute online survey conducted by Logica®.

## Who

1,000 U.S. Adults 18+, balanced on gender, income, and generation, along with an augment of 200 older Gen Zers (16-23), not included in total. The results are not weighted.

## When

The study was fielded October 8<sup>th</sup> to October 14<sup>th</sup>, 2020. We have completed our 10<sup>th</sup> wave of the study, which was launched in Spring 2017.

## Post-Election Pulse

A shorter survey of eight minutes was fielded post election, November 18<sup>th</sup> to November 24<sup>th</sup>, 2020. Six in-depth qualitative interviews were conducted by KNow Research with pulse survey participants.

# About the Study

## Logica Research

Logica Research excels in creating customized marketing research solutions for complex business questions. Logica provides financial services companies, fintech companies, and growing organizations the insights they need for product development, service enhancements, and communications that will improve people's financial lives, deepen brand engagement, and drive business growth. The Future of Money Study is designed to give companies insights into how people think about money. Insights from the research that Logica has conducted for clients have been published in the largest media outlets in the world including the *New York Times*, *The Financial Times*, *The Wall Street Journal*, *CNN*, *Newsweek*, *Time*, and *USA Today*. [www.logicaresearch.com](http://www.logicaresearch.com)

## KNow Research

KNow Research is a full-service, female-driven, insights consultancy on the front lines of research, delivering fresh insights through custom research design. KNow Research conducted in-depth interviews for the Future of Money Study this wave to bring human stories to the quantitative findings. KNow Research creates qualitative research design for clients by combining methodologies from traditional in-person research with online and mobile approaches. KNow Research designs and project-manages custom qualitative research studies to suit your needs and goals. In person or online, our work will unlock insights about your brand and audience. [www.knowresearch.com](http://www.knowresearch.com)