



The Consumer Money Mindset in the Time of COVID-19

Summer 2020

In this special summer 2020 edition of our ongoing Future of Money study, we wanted to delve further into the changes COVID-19 is causing on American's financial lives. Having ongoing insight into the ever-shifting landscape of people's current money mindset can help inform the next wave of product development and communications to improve people's financial lives as the pandemic continues, and after it is considered over in the future.

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Americans Tell Their Story

"I save a little bit more. I've always saved. I don't buy the brand names I used to. Can I afford it? Ya, but I get what I need. I won't buy any clothes..."

"They are going to let people in who didn't enroll or when your spouse has a package they are letting people amend enrollment. Usually it's in January and that's it."

"I have a son who lives in Florida and he needed money and told me how to download Zelle, and he walked me through what to do to send him money."

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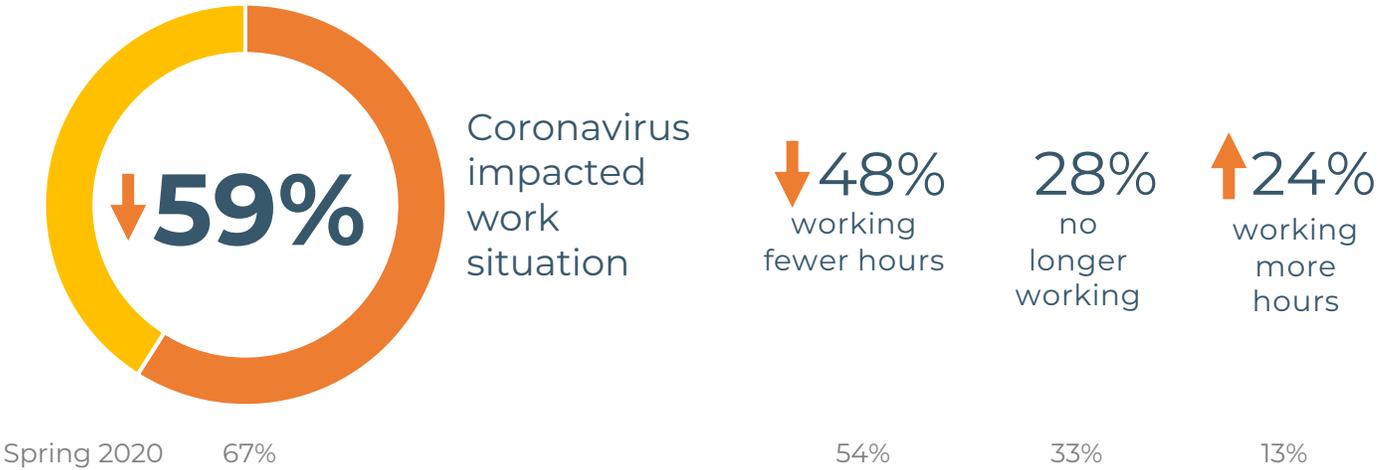
COVID-19 Impact on the Way We Work

The pandemic has certainly had far-reaching effects on working Americans. People reported having their work affected by COVID-19 in a variety of ways, ranging from working less or more hours, to being furloughed, to being laid off completely. The study also looked at how the CARES Act stimulus check was received and used by Americans, and what workers are looking for right now from their employers. We found continued attitudinal and financial divides in gender, race and politics. Retirement plans have also shifted due to COVID-19.



Impact of the Coronavirus is down overall and people are working more hours

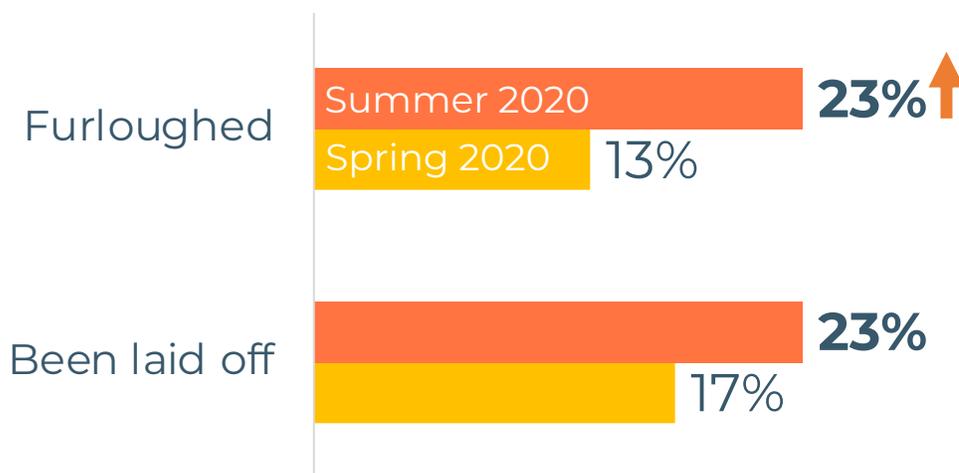
In summer 2020, 59% of people reported a pandemic-impacted work situation, down from 67% in spring 2020



Almost half of those impacted have been laid off or furloughed since March 15th

(as of mid-July)

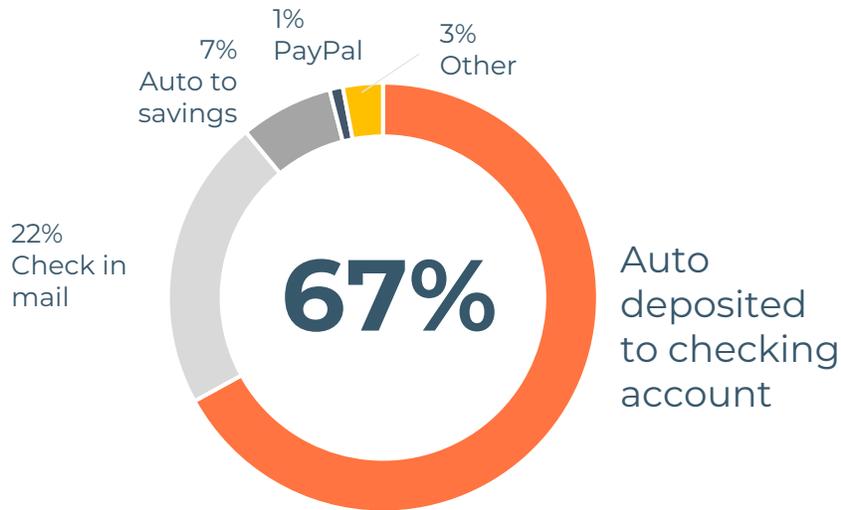
Of those impacted...



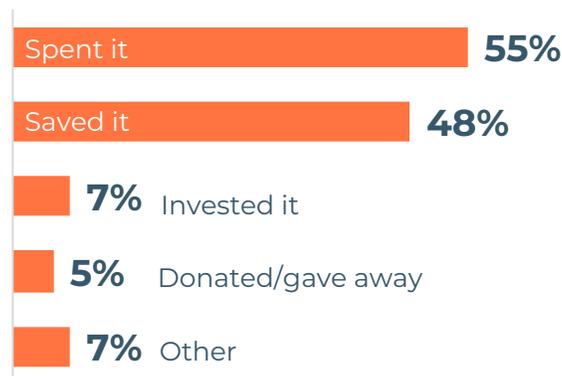
Americans split on saving vs. spending the CARES Act stimulus check

Fifty-seven percent received the CARES stimulus check

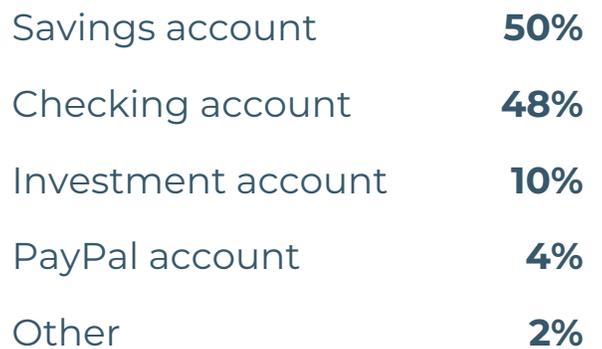
How people received the CARES stimulus check



What they did with CARES stimulus check...

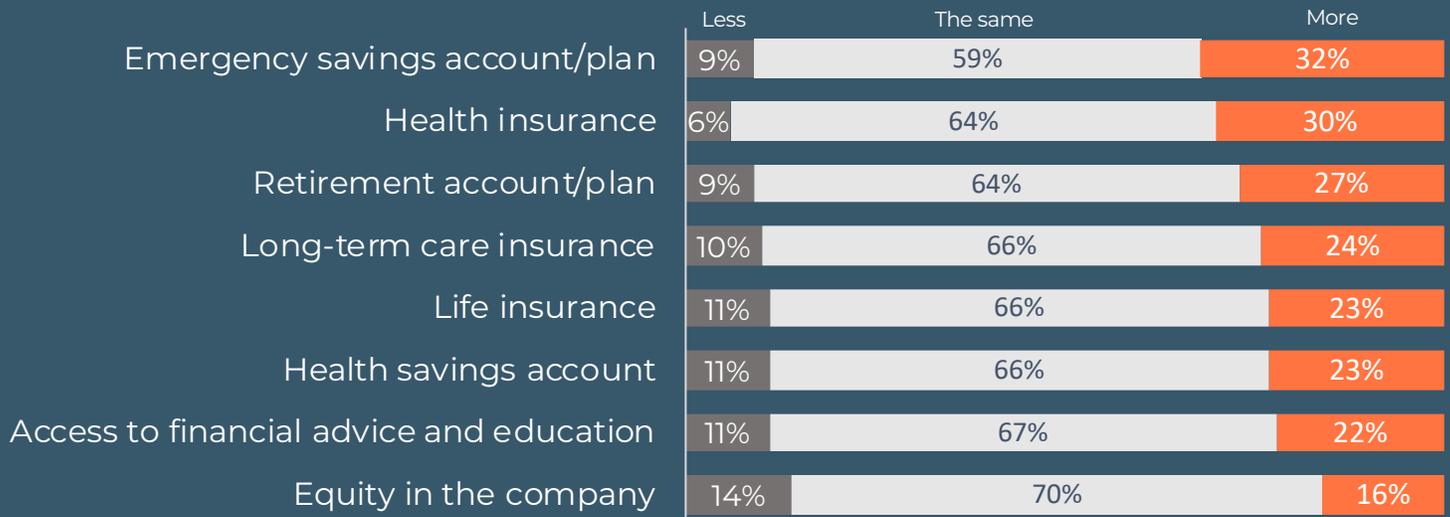


Saved/Invested CARES stimulus check in...



Americans looking for more financial benefits from employers

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



Higher income work more, less stressed

Those with household income less than \$75K are more stressed

	<\$75K	\$75K+
Working more hours	7%	14%
Received stimulus check	60%	53%
Spent the money	60%	47%
Invested the money	5%	11%
Somewhat/Very Stressed	72%	57%
End up short each month	22%	6%
Have prepared for a recession	25%	47%
Non-White	20%	9%
Male	44%	54%

Men are in a better financial position to withstand the coronavirus

More men than women have money left over after paying monthly expenses

	Men	Women
Personal Income	\$86K	\$69K
Somewhat/Very Stressed	62%	70%
Have money left over after paying monthly expenses	61%	48%
End up short each month	13%	20%

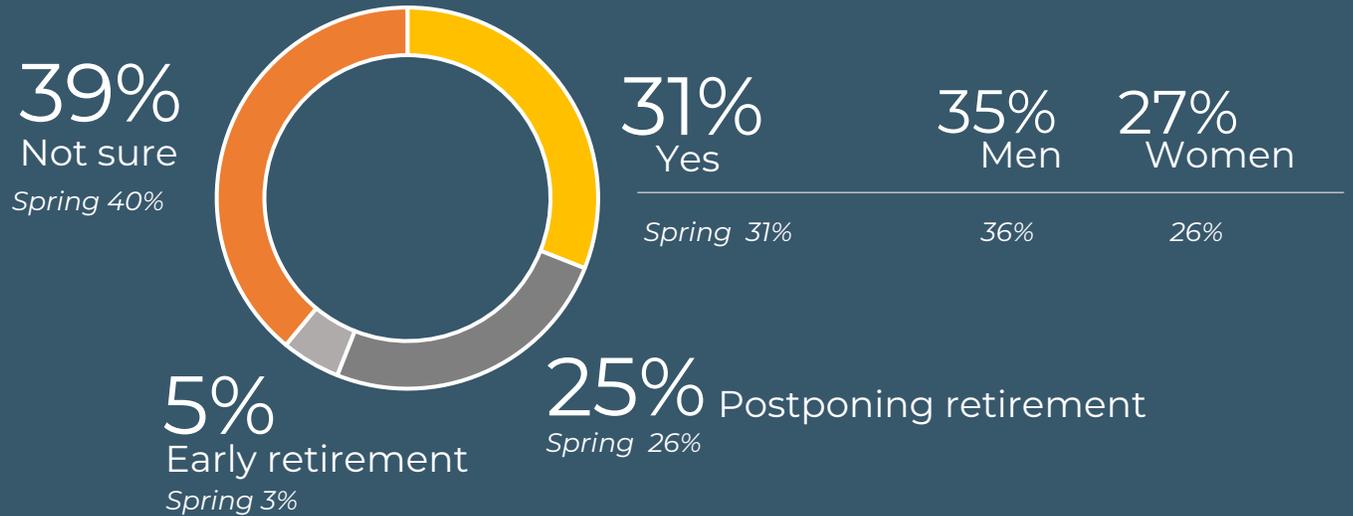
COVID-19's impact differs by race

	Whites	Diverse Groups
Household Income	\$77K	\$68K
Working fewer hours/no longer working	26%	40%
Received stimulus check	60%	50%
Somewhat/Very Stressed	63%	74%
End up short each month	14%	22%



Twenty-five percent of Americans are postponing retirement

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



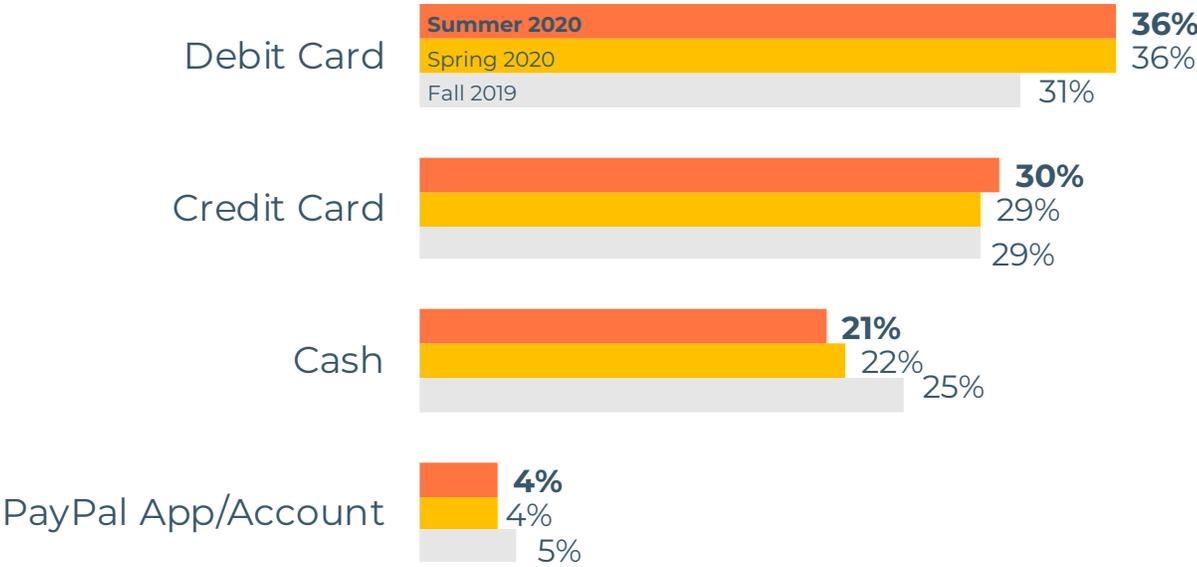
COVID-19 Impact on the Way We Pay

Not only work has been impacted, we heard how people spend in-person and online, usage of buy now/pay later options, peer to peer payment platforms and preferences. Not surprisingly, digital P2P payment usage is up as Americans think more about touchless payment options, with PayPal leading the way in usage. We also see differences in generational adoption of these platforms.

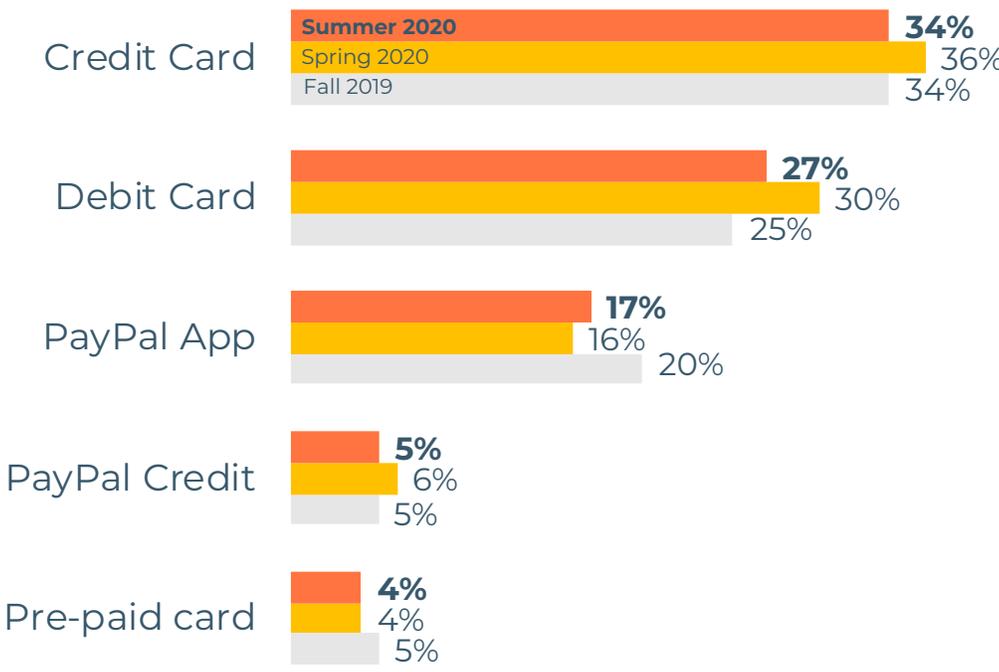


Most recent in-person payment similar in Summer wave of Future of Money research

Most recent in-person payment



Most recent online payment



PayPal Credit sees highest awareness and usage among buy now/pay later

76%

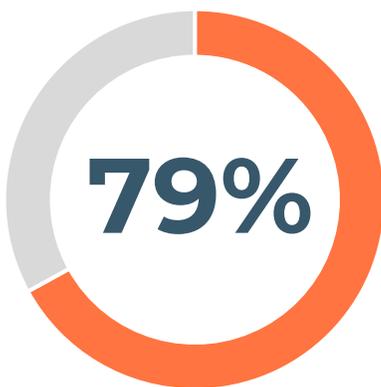
Americans have heard of and/or use PayPal Credit (Summer 2020)

77%

Americans have heard of and/or use PayPal Credit (Spring 2020)

	Heard of / Don't Use		Use	
	Summer	Spring	Summer	Spring
PayPal Credit	55%	57%	21%	20%
AfterPay	↑ 18%	14%	4%	4%
Affirm	↑ 19%	15%	3%	2%
Klarna	↑ 16%	11%	3%	2%
Amex Pay it Plan it	19%	16%	2%	1%
QuadPay	↑ 13%	9%	1%	1%

There are some small shifts in use of buy now/pay later and installment credit



No change in use of online buy now/pay later installment credit

8%
Using less

13%
Using more

9%

Gen Z	Millennials	Gen X	Boomers
25%	16%	13%	6%
15%	12%	9%	5%

Spring 2020 80%

Use of P2P by platform

There has been an increase in PayPal usage over the past few months

Summer 2020

Spring 2020

64%

60%

PayPal

23%

23%

Facebook Messenger

18%

22%

Venmo

17%

15%

Zelle

8%

7%

Apple Pay Cash



PayPal is the preferred P2P platform

Preferred P2P Platform

67%

PayPal

11%

Venmo

10%

Zelle

8%

Facebook
Messenger

\$572

Mean balance of
PayPal account
today

\$437 in Fall 2018

ApplePay Cash 2%
Google Pay Send 1%
Square Cash 1%



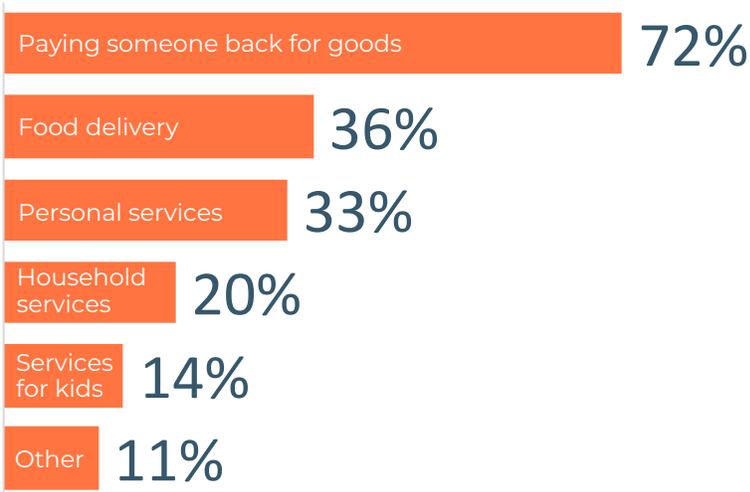
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More people are using peer to peer payments

Most P2P users are using P2P payments to pay someone back for goods

Using P2P for...

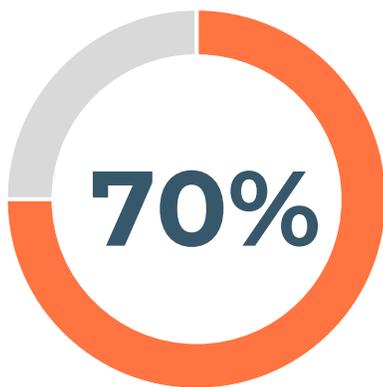


52%

Use P2P to get paid for goods/services they provide

Nearly 1 in 5 Americans are using P2P more now

Gen Z reports highest usage of P2P



No change in use of P2P

7%

Using less

23%

Using more

17%
Using more

42%

Gen Z

34%

Millennials

20%

Gen X

9%

Boomers

32%

23%

17%

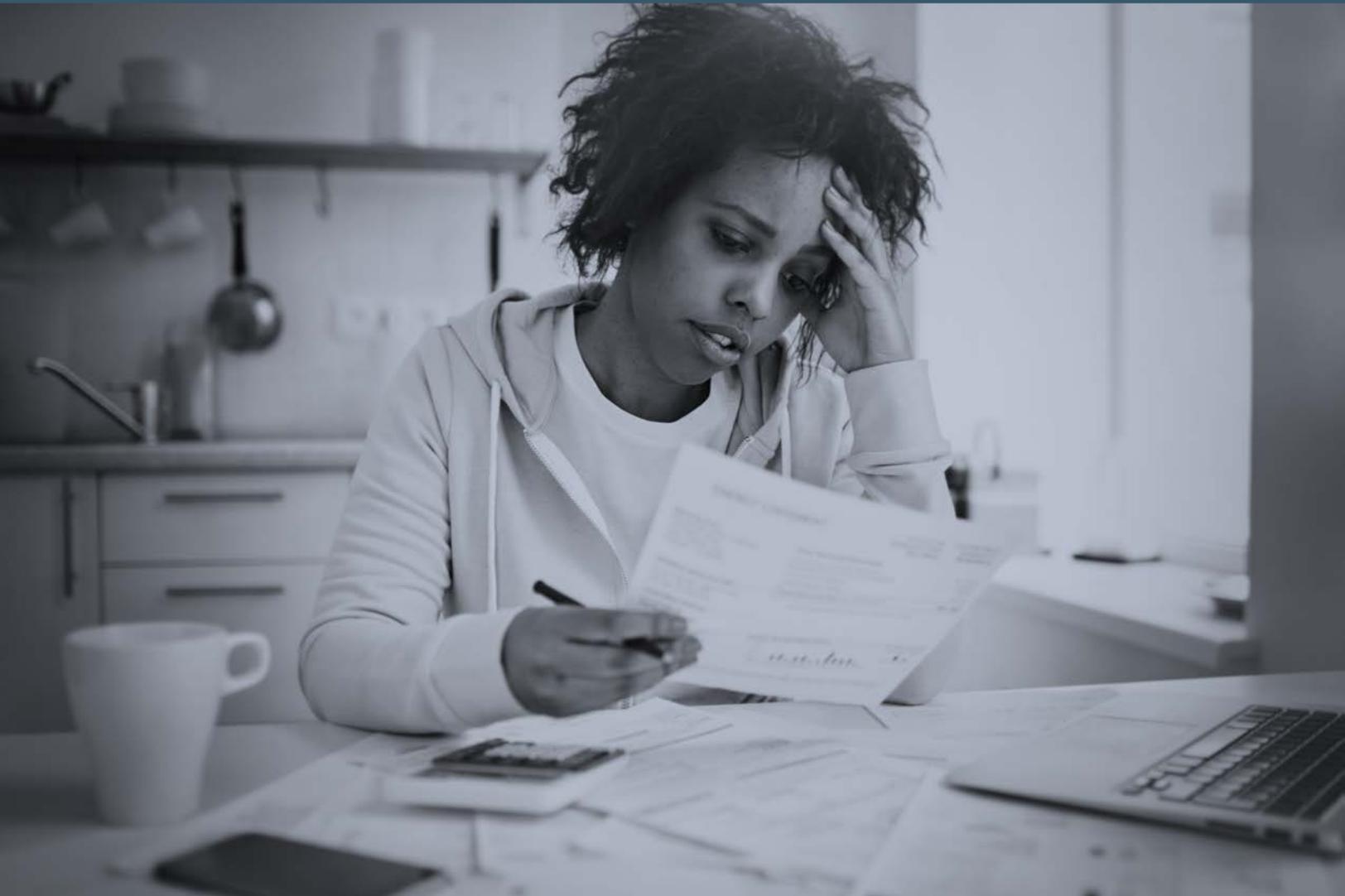
9%

Spring 2020

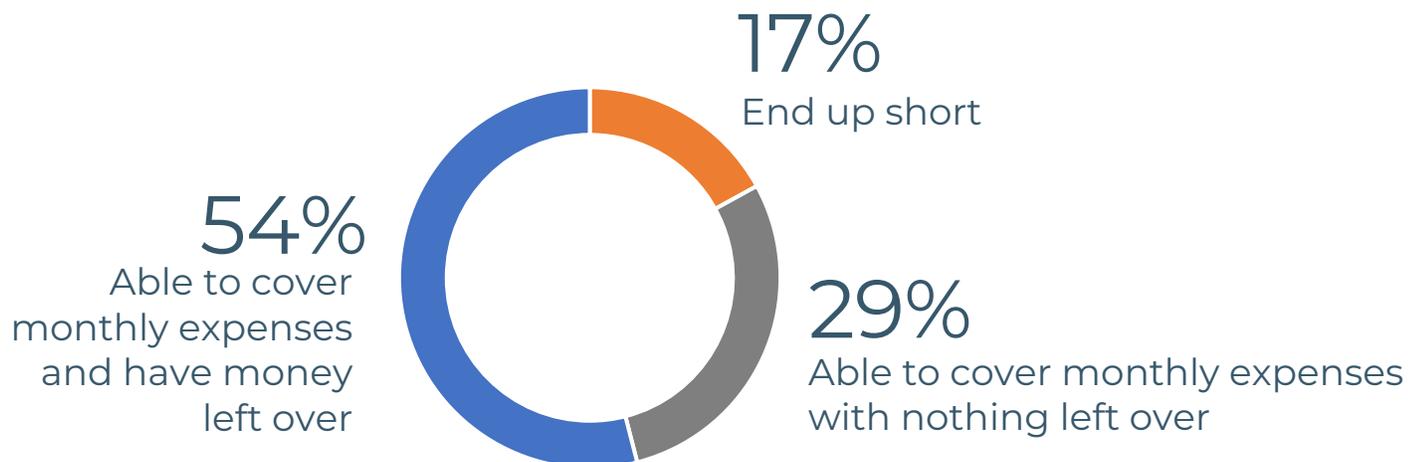
75%

COVID-19 Impact on the Way We Manage Money

Personal finance approaches and trends have shifted slightly in response to COVID-19. We looked at how Americans are saving and using their savings, and how Americans, especially women, are stressed right now about their financial situations. The pandemic has also changed the way people are making ends meet, preparing for a recession, and investing.



Americans are split on being able to cover monthly expenses



Identical data to Spring 2020

Almost a quarter of Americans are tapping into their savings more now

Similar to the spring 2020 wave of our study, 23% of people are still tapping into savings more during the pandemic

23%

Are tapping into savings more now

26%

Are tapping into savings more now (Spring)

Americans are stressed about their financial situation

Women report being more stressed than men about finances during the pandemic

67%

Somewhat or very stressed about financial situation

70%
Women

62%
Men

68%

Somewhat or very stressed about financial situation (Spring)

74%
Women (Spring)

62%
Men (Spring)

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

19%

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

4 months

Median number of months Americans are able to cover with savings

20%

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

3 months

Median number of months Americans are able to cover with savings (Spring)

How Americans are making ends meet

16% End up short each month

17% Spring

Summer

Spring

57%

54%

Go without something

35%

44%

Miss a payment or pick which bills to pay or not pay

32%

28%

Borrow from friend or family

23%

22%

Put expenses on credit card

14%

14%

Use savings



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Some Americans are preparing for a recession

Those who are prepping are setting aside money and eliminating expenses

33%

Americans report preparing for a recession

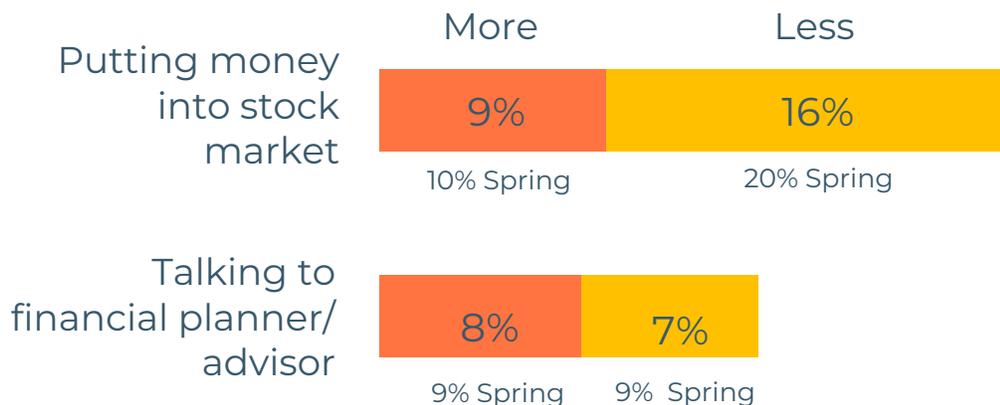
31%

Americans report preparing for a recession (Spring)

Preparation Activities

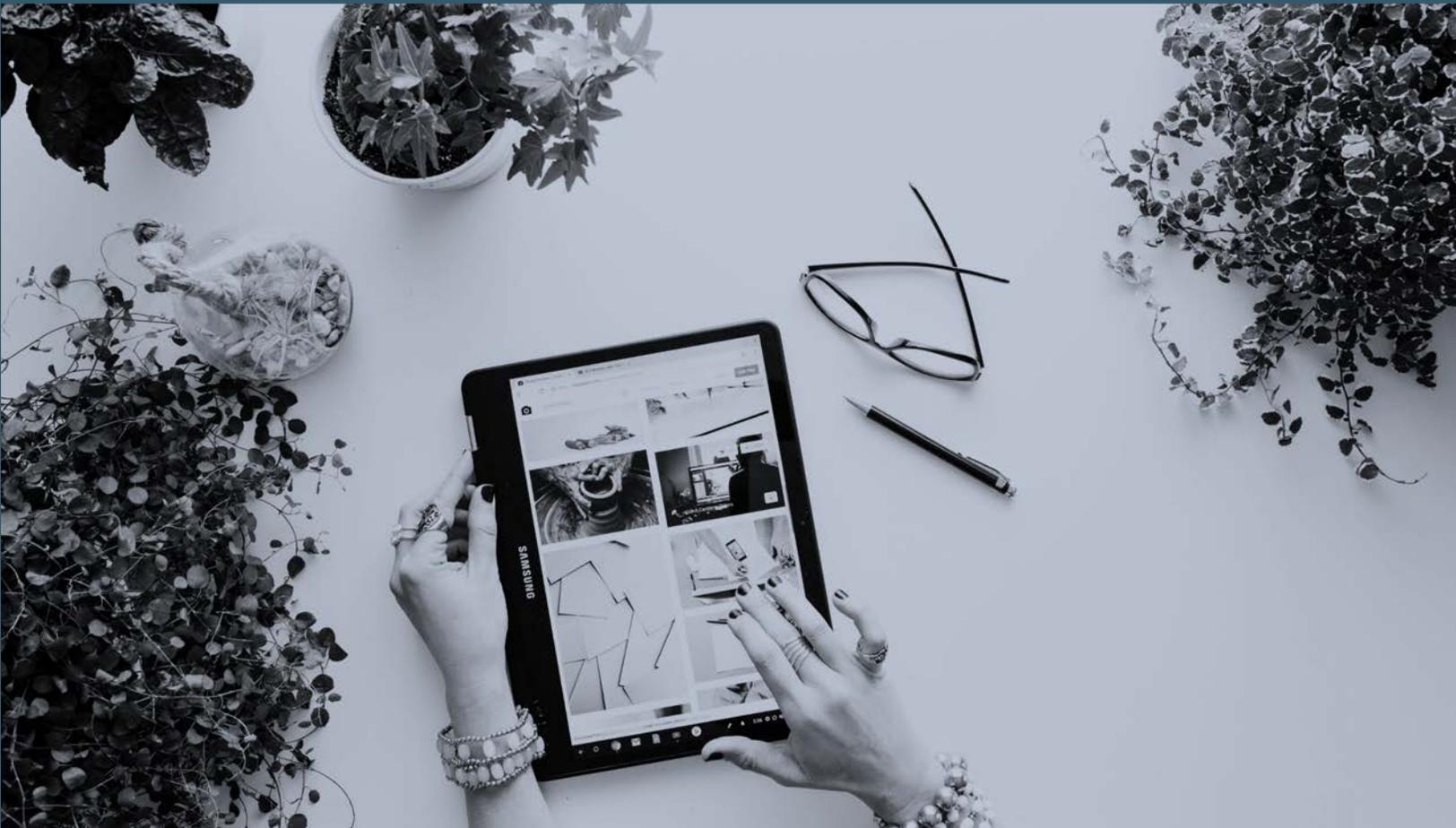
	Summer 2020	Spring 2020
Set aside money	76%	76%
Eliminate expenses	46%	52%
Additional work	26%	23%
Changed investments	23%	20%
Moved investments to cash	13%	15%
Sought advice from a financial institution	11%	13%
Applied for a loan or line of credit	6%	5%
Borrowed money from friend or family	5%	6%

Some Americans are investing more



COVID-19 Impact on Brand Engagement

People continue to want support for their wallet from financial brands through lower fees, higher interest rates on savings and options to defer payments. They are also looking for more service and advice regarding their financial options and well-being. And they continue to seek more communication from financial brands. Brand actions, in terms of how they are treating employees, and their level of customer service, are still being looked at closely by consumers.



Trust and advice still solid with financial advisors and institutions

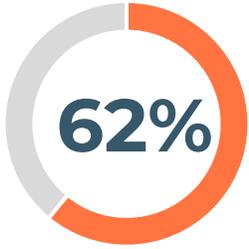


COVID-19 resulted in change in trust level...

	Increased	Decreased	Stayed the Same
Friends/colleagues	14%	10%	76%
Financial advisors	13%	9%	78%
Financial institutions	12%	13%	75%
Media/Social Media	9%	36%	55%
Government	7%	51%	42%
Employer	6%	18%	76%
Schools	6%	22%	72%

Financial institutions can help Americans

Wallet



61%
Spring

Summer

41%

32%

16%

21%

Spring

42%

29%

20%

19%

Eliminate fees

Provide higher interest on savings accounts

Defer my payments

Provide loans at lower interest rates

Service/Advice



45%
Spring

Summer

20%

15%

13%

13%

13%

Spring

24%

19%

11%

11%

9%

Contribute/donate to help community

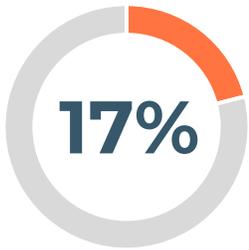
Commit to no layoffs for their employees

Provide resources and help for budgeting

Lower customer service hold times

Give me investment ideas

Communication



21%
Spring

Summer

12%

6%

Spring

17%

8%

Communicate options related to government relief

Update their advertising and marketing to reflect the new time we are in

Americans Tell Their Story

"I'm so tired of hearing 'we'll get through this together' kind of thing. It seems like it's become more of an advertising cliché than reality anymore."

"Have compassion and a little understanding that people are affected in different ways. See your customers as a person."

"I wish they would tell me 'we waived your interest until the pandemic is over.' Or advised me to 'postpone your payment at this time'."

"Companies have been good. They've waived a lot of things, forgiven fees. I think that's the right thing to do. I'm really impressed by that side of human nature."

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Overall Implications

The money mindset in America is changing and Americans are saving more and adopting technology at a faster rate than ever. Brand engagement is rapidly changing and is based on the complete experience, and people are looking for more from financial brands. How Americans engage with brands now puts pressure on rapidly evolving the experience you deliver—including product, service and communications.



Overall Implications

Product

- **Real-time payments**
- **Cash management**
- **Savings products**
- Debt/Credit management
- Investments

Experience

- **Provide advice**
- **Digital and mobile**
- **Integrated**
- **Exceptional service**
- Look at fees/pricing
- Review rates and terms
- Exceptional service

Communications

- **Empathetic**
- **Targeted**
- **Relevant**
- **Client-centered**
- Employee grounded
- Lots of it
- Community-oriented

If you aren't already, is there an opportunity to...

- Be ready to modify your communications quickly and frequently
- Develop and test a targeted campaign for people who have built up savings to move them to a wealth building offer
- Help people with real-time payments
- Create targeted campaigns direct to consumer and for corporate clients for emergency savings funds

About the Study

What

12-minute online survey conducted by Logica.
Qualitative online research with KNow Research among 33 Americans who participated in the online study using rapid, pop-up interview approach.

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.

When

The study was fielded July 8th to July 14th, 2020.
This is our 8th wave of the study, which was launched in Spring 2017.

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.

KNow Research

Qualitative online research was conducted using KNow Research's Booth™ Insights approach; an efficient pop-up approach to interviews that resulted in 33 Americans participating in quick qualitative conversations over the course of a day.