

Changes in financial health: examining the consumer impact of Covid-19

February 2021 consumer research update: infographic

Background

Indesser are tracking consumer behaviour changes and providing results to inform understanding and decision-making during this time of uncertainty.

In July 2020 we commissioned consumer research to better understand the financial impact of the pandemic on individuals and their ability to pay bills and debts.

To keep our finger on the pulse of changing consumer attitudes in the UK, we commissioned a second round of research to help deepen our understanding of the financial challenges our clients' customers are facing.

This infographic shows the key insights from our latest survey.

Key Takeaways

Overall, our latest research shows that the pandemic has not impacted the finances of people in the UK evenly.

The sense of a two-tier debt society has been exacerbated, given two thirds of people felt COVID-19 had a positive or neutral impact on their finances. Those with financial resilience paid down debt and increased savings.

However many people are struggling. Those with lower levels of financial resilience, or those directly impacted by the virus and those in industries directly affected face greater challenges. A large minority are still struggling to keep up with their bills.

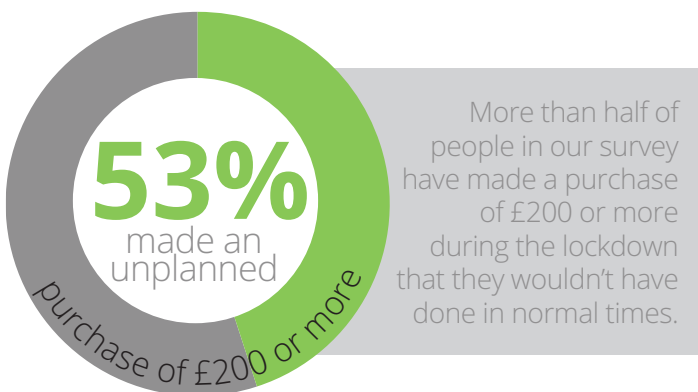
A particularly worrying sign for long-term debt is that a third of people told us they have increased their levels of borrowing since the COVID-19 outbreak. For some, this is likely to be used to cover short term income reductions.

Some consumers experienced a positive financial impact since the pandemic

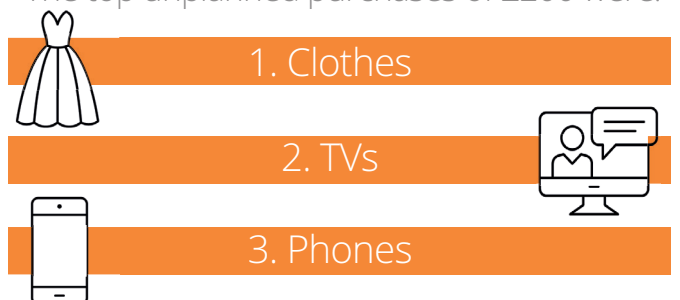
More people feel in control of their finances



We are seeing some positive indicators of financial confidence

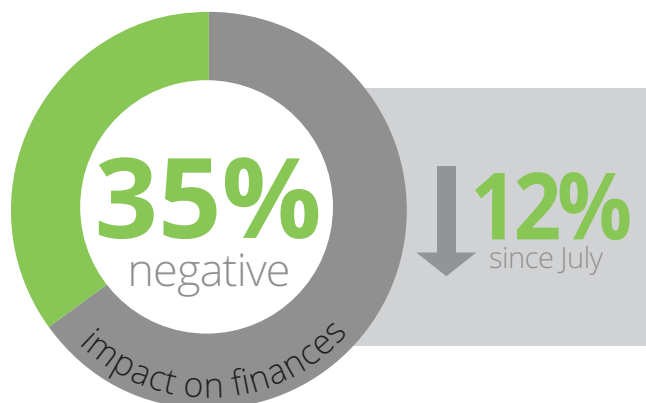


The top unplanned purchases of £200 were:



A significant proportion of consumers have experienced a negative financial impact

A slight improvement in perceived financial impact



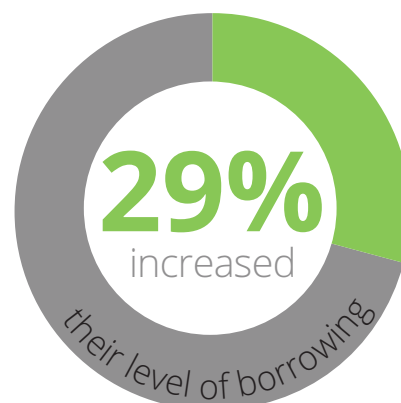
When asked if the COVID-19 outbreak had a positive or negative impact on their personal finances, 27% of consumers told us they had experienced a positive impact, 39% suggested no impact, whilst 35% told us the pandemic had a negative impact on their finances. Whilst it's worrying that more than a third of people experienced a negative impact, this figure is down by 12% since our July 2020 survey.

More people are worrying about their finances, although more feel able to pay their bills since July



Almost half the people who responded to our survey worry every day about their finances, an 8% increase since July. More than a quarter of people still feel they may not be able to pay their bills, but this figure has reduced since July - which may be a sign of improving financial confidence.

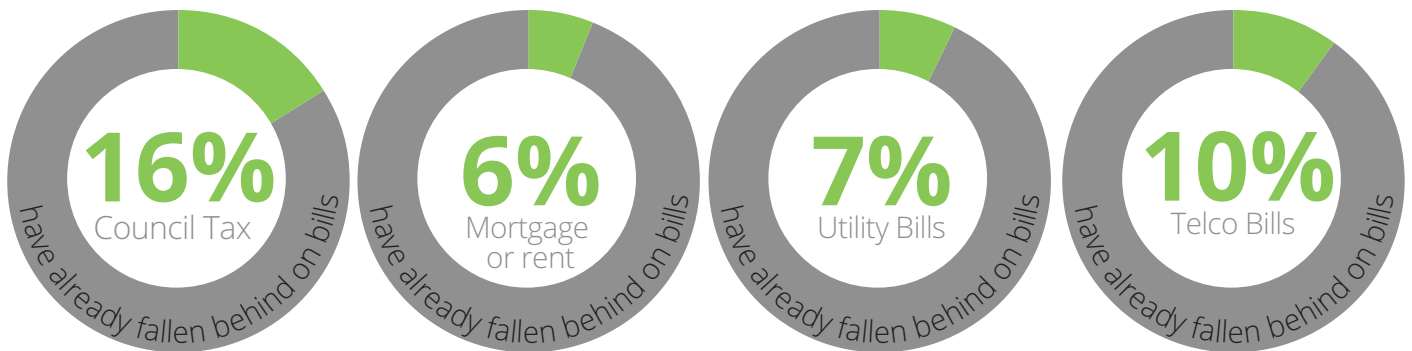
We are seeing some negative indicators of financial confidence



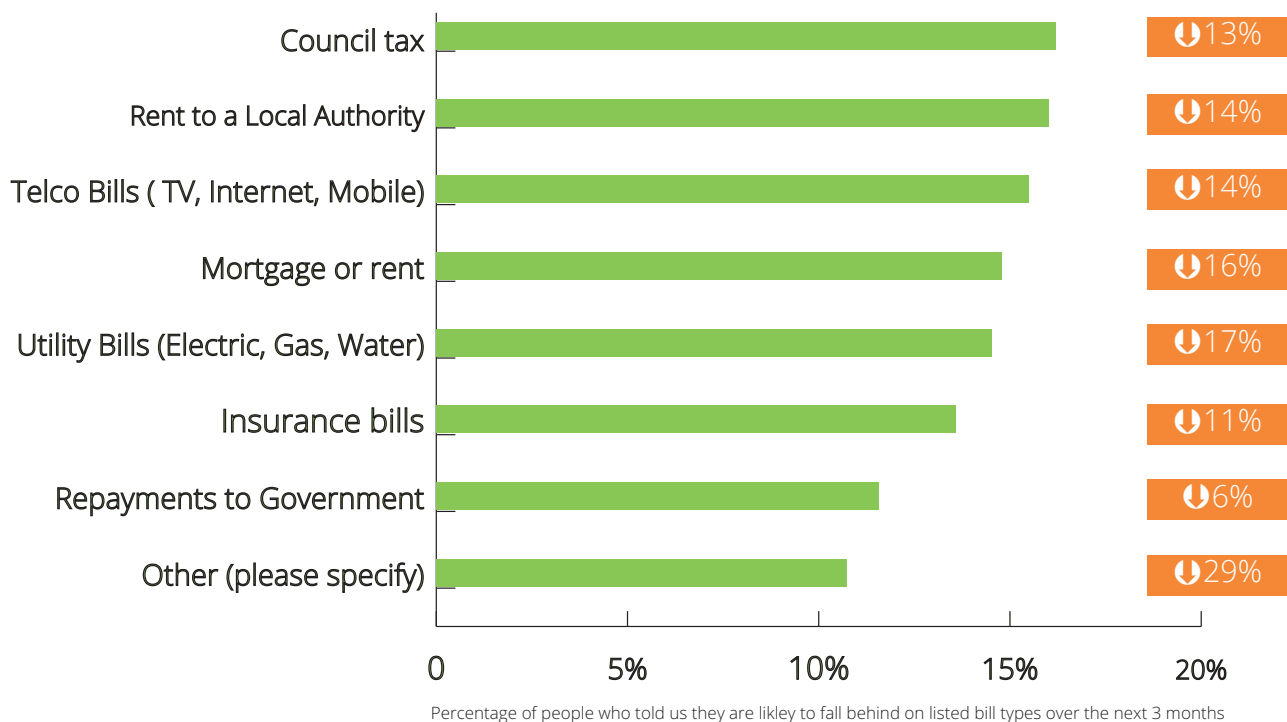
Although 23% of consumers in our survey reported an increase in income during the pandemic, more than a quarter of people suggested their incomes have decreased making it more difficult for them to financially plan for the future. Worryingly almost a third also reported an increase in their level of borrowing over the same period. The debt charity, StepChange, recently described Britain as "sleepwalking into a debt crisis" after a steep rise in emergency borrowing to cope with the COVID-19 jobs crisis.

People are still falling behind on bills

Some have already fallen behind on key bills...



...but less are likely to fall behind on bills over the next 3 months



Council Tax tops the list of bills people are most likely to fall behind on over the next three months. Whilst there are still a significant number of people expecting to fall behind on bills, our survey saw a decrease in the percentage of people to likely to fall behind on all bills since July.

Research carried out for Indeser by Portland Communications conducted between Wednesday 9th December and Thursday 10th December, 2020. Total sample: 1,009 UK adults (aged 18+) were interviewed online. The data is nationally representative sample across age (18+), gender and macro region (NUTS 1) through quota targets and weighting.

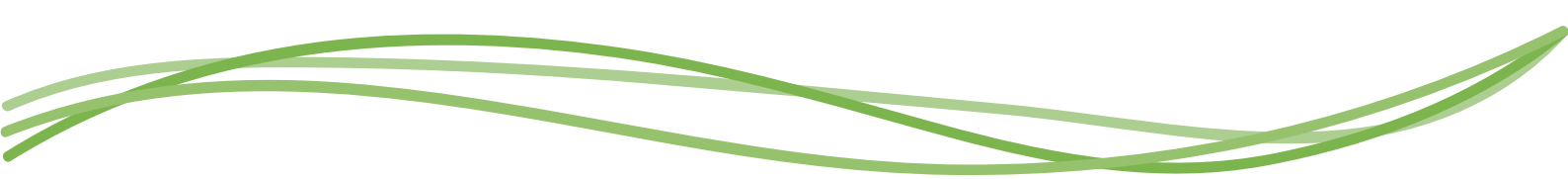
What does this mean for the future of debt recovery?

This consumer research suggests some people are increasing their financial resilience by saving more, and paying down more of their existing debts. However it is also evident that others are still struggling to keep up with their payments given a quarter of people still feel they may not be able to pay their bills. More can be done to identify people who need support and ensure they are given the right help.

Here at Indesser, we use sophisticated data science and analytics tools to understand the circumstances and behaviours of people and organisations who owe money to the public sector. This enables us to define and implement fair and effective treatment strategies that are appropriate to each individual or business. Our business model is rooted in the principle of treating people fairly, a mission that is more important than ever before.

We hope you are able to use this consumer research to help inform your own policy decisions. By providing evidence of consumer financial resilience, we hope to contribute to emerging thinking about the future of debt management in the public sector.

If you would like more information on this survey contact us on info@indesser.com



To keep up to date on news from Indesser please follow us on [LinkedIn](#) or sign up to our mailing list on our [website](#)

Indesser is a trading name of Integrated Debt Services Ltd. Registered in England and Wales with company no. 09309759 and VAT no. GB 213 8421 34. Registered address at 8 Fletcher Gate, Nottingham, NG1 2FS

Indesser

in partnership with

