



# The COVID-19 Pandemic's Financial Impact on South African Consumers

The COVID-19 pandemic is creating a new reality as its impact has stretched to consumers of all generations and income levels.

TransUnion is tracking the changes of this data weekly and will be sharing it with all of you.

WEEK

2

Data collected week of  
13 April

## BACKGROUND

The current global COVID-19 pandemic is creating major economic and financial distress for consumers across the globe. Many jobs in the South African economy are already being impacted or at risk due to drastic demand shifts. We've conducted research to better understand consumers' perceptions and expectations for how this rapidly evolving situation is affecting their financial situation and subsequent ability to pay their bills. The insights in this report aim to help you make informed decisions at a time when information on consumer impact is still emerging. We are providing this report and additional resources to all so we can come together to support people during this trying time.

## Key Takeaways

- Financial impact on households remains extensive; financial concerns continue to be most prevalent among Millennials and Gen X.
- Compared to a week ago, a slightly higher percentage of South Africans are being negatively impacted financially (81% vs 79% last week).
- Nearly a third (31%) of impacted consumers had their work hours reduced (similar to week one).
- The proportion of impacted consumers who are concerned about paying their bills remained fairly consistent at 88% (89% last week). This decreased from 92% to 90% over the last week for Millennials, and increased from 95% to 98% for Gen X.
- Respondents said they will be short on their bills and loans about R7,000 on average in the near future, which is the same as last week. However, the length of time they estimate until they cannot pay increased from 6.2 weeks to 6.7 weeks.
- There is no change in the number of impacted respondents that have lost their job (10%) as a result of the COVID-19 pandemic.

## RESEARCH METHODOLOGY

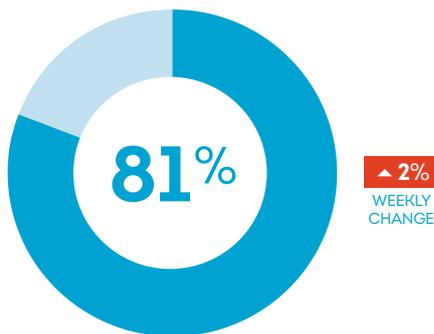
This online survey of 1,058 adults in South Africa was conducted April 13 – 16, 2020 by TransUnion in partnership with third-party research provider Qualtrics® Research-Services. Adults 18 years of age and older residing in South Africa were surveyed using an online research panel method across a combination of computer, mobile, and tablet devices. Survey questions were administered in English. All regions are represented in the study survey responses. To ensure general population sample representativeness across South African resident demographics, the survey included quotas to balance responses to the census 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 ±3.01 percentage points based on calculated error margin.

## FINANCIAL IMPACT

### WHAT IS THE SCALE AND TYPE OF IMPACT?

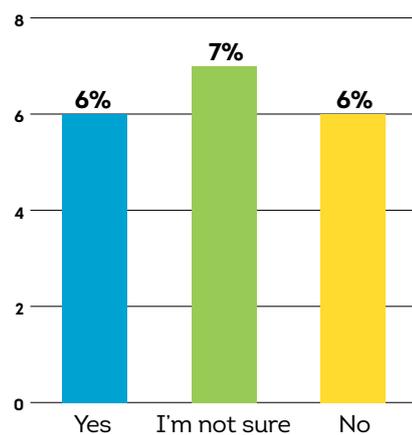
- Compared to a week ago, more South Africans are being negatively impacted financially (81% vs 79% last week).
- Approximately 31% of impacted adults in SA had their work hours reduced (vs 32% last week).
- There is no change in the proportion of impacted respondents that have lost their job (10%) as a result of the COVID-19 pandemic.
- Mphumalanga noted the most significant change in unemployment. Job loss in the province increased from 12% last week to 21% this week.

Figure 1. Perceived impact

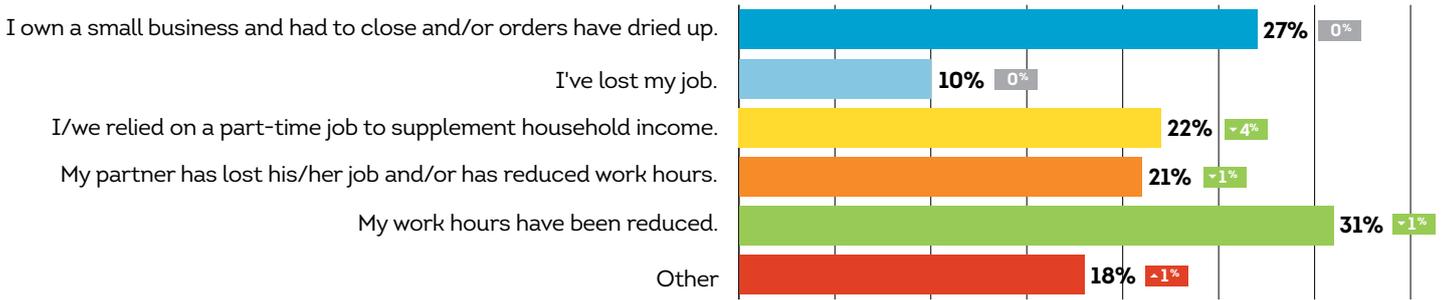


Percentage of consumers who indicated their household income has been impacted.

Figure 2. Are you expecting to be impacted in the future?



**Figure 3. How is your current household income being impacted?**



## BILLS AND LOANS

### HOW MUCH OF AN IMPACT WILL THIS HAVE ON BILLS AND LOANS?

- The proportion of consumers who have had their household income impacted by COVID-19 and are concerned about paying their bills remained fairly consistent at 88% (89% last week).
  - » For Millennials, this decreased week-over-week from 92% to 90%.
  - » For Gen X, this increased week-over-week from 95% to 98%.
- Of consumers who are concerned about paying their bills, 45% (down marginally from 46% last week) report that they will not be able to pay their utilities (electricity, water, etc.), 45% (up from 42%) will not be able to make their rent repayment and 38% (down marginally from 39% last week) report that they will not be able to pay their cell phone bill.
- Same as last week, on average respondents said they will be short about R7,000 in the near future.
- On average, consumers expect they will not be able to pay their bills in 6.7 weeks compared to 6.2 weeks reported last week.
- Approximately 45% (unchanged from last week) of impacted consumers say they expect to be able to pay their bills for longer than one month but less than three months, while 18% (down from 23% last week) expect to run into a shortfall between two to four weeks from now.

**Figure 4. How much is your budget shortfall?**

On average, amount consumers who were impacted expect they will be short when paying bills or loans



**How soon will you not be able to pay?**

Consumers who were impacted expect they will not be able to pay their bills or loans in **6.7 weeks.**

**Figure 5. Are you concerned about your ability to pay your current bills and loans?**

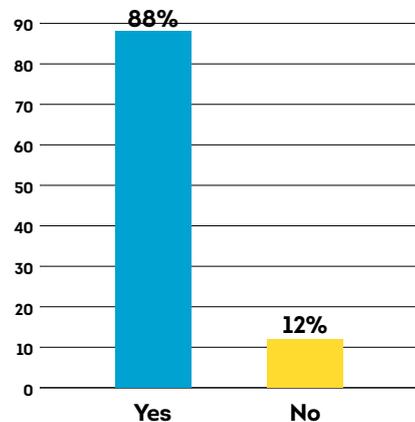


Figure 6. Regional level of concern regarding ability to pay bill(s)/loan(s)

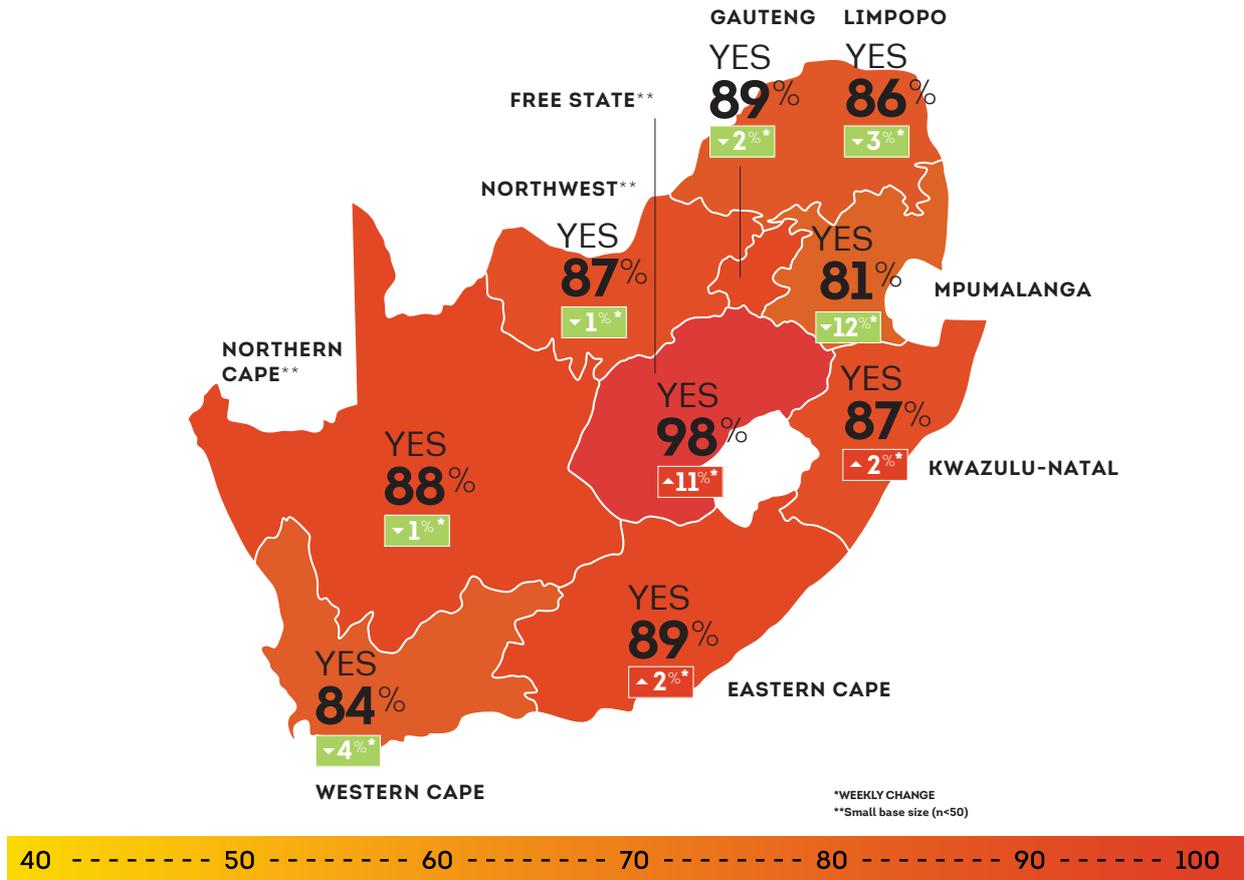
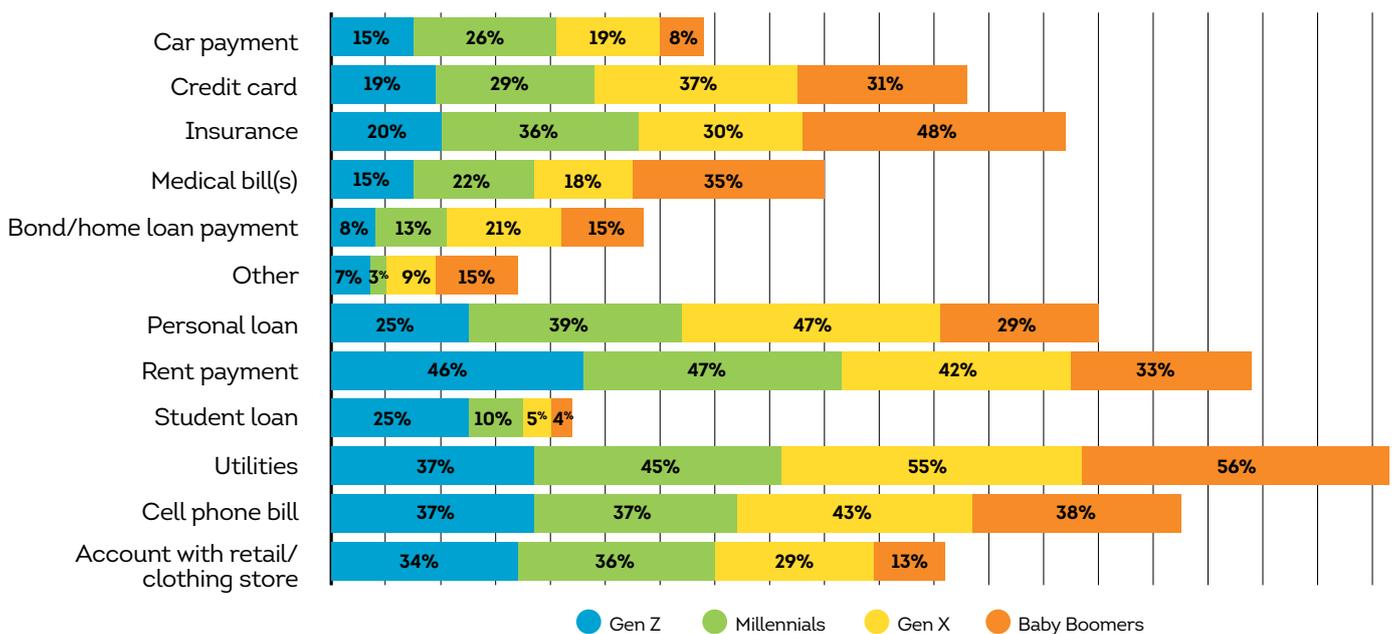


Figure 7. What bills and loans?

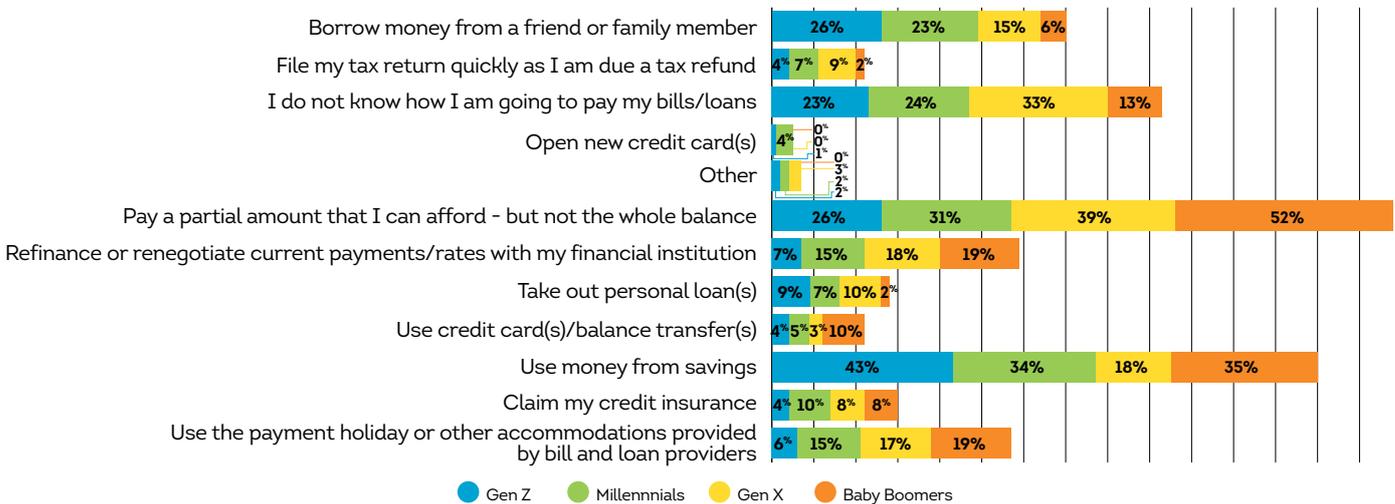


## NEXT ACTION

### WHAT IS YOUR GAME PLAN?

- A greater percentage of consumers financially impacted by the pandemic have reached out to companies they have accounts with to discuss payment options (45% of consumers this week compared to 40% in week one).
- In response to the financial challenges caused by COVID-19, 35% of South African consumers said they planned to use their savings to pay current bills (up significantly from 29% last week).
- A smaller number (22%) said they would borrow money from a friend or family member (unchanged from last week).
- Approximately 25% do not know how they are going to pay their bills or loans (down from 27% in week one) and 32% will only pay a partial amount that they can afford (down from 33% last week).

**Figure 8. What is your plan to help pay your current bill(s) or loans?**



**Figure 9. Have you reached out to companies you have accounts with to discuss payment options?**

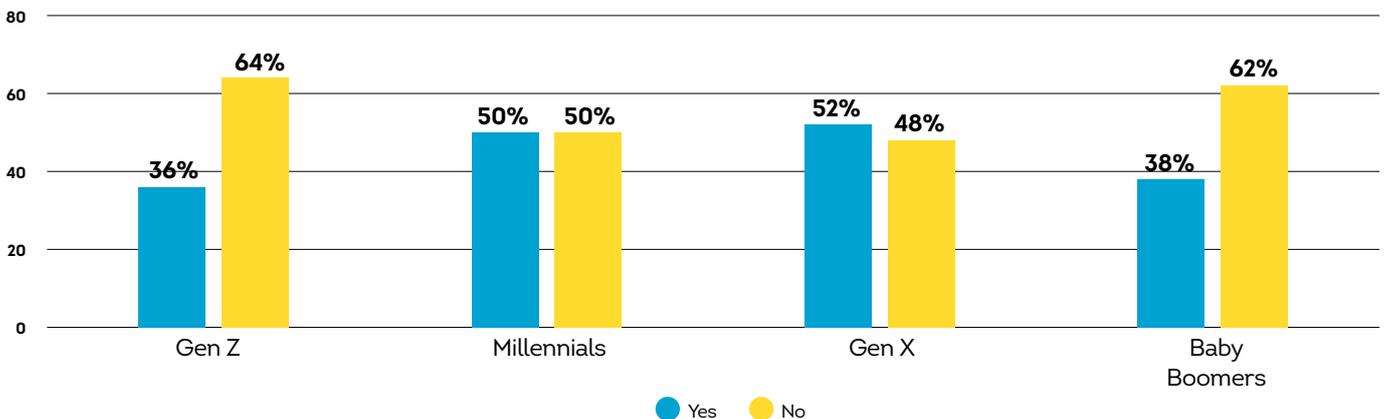
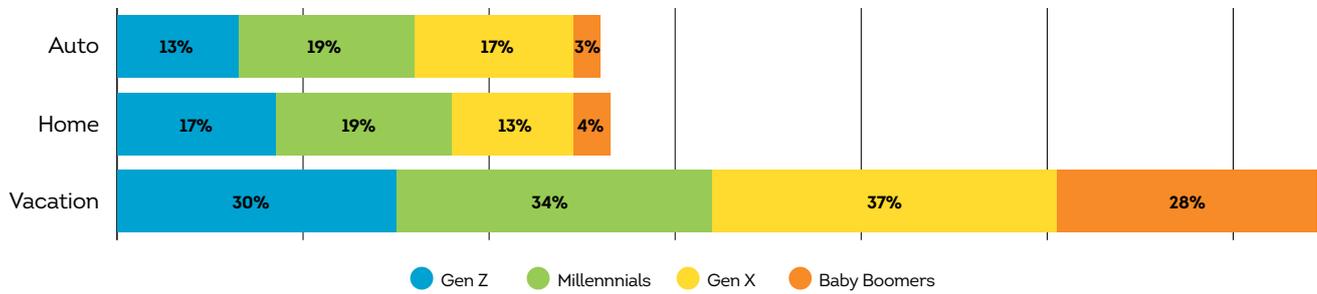


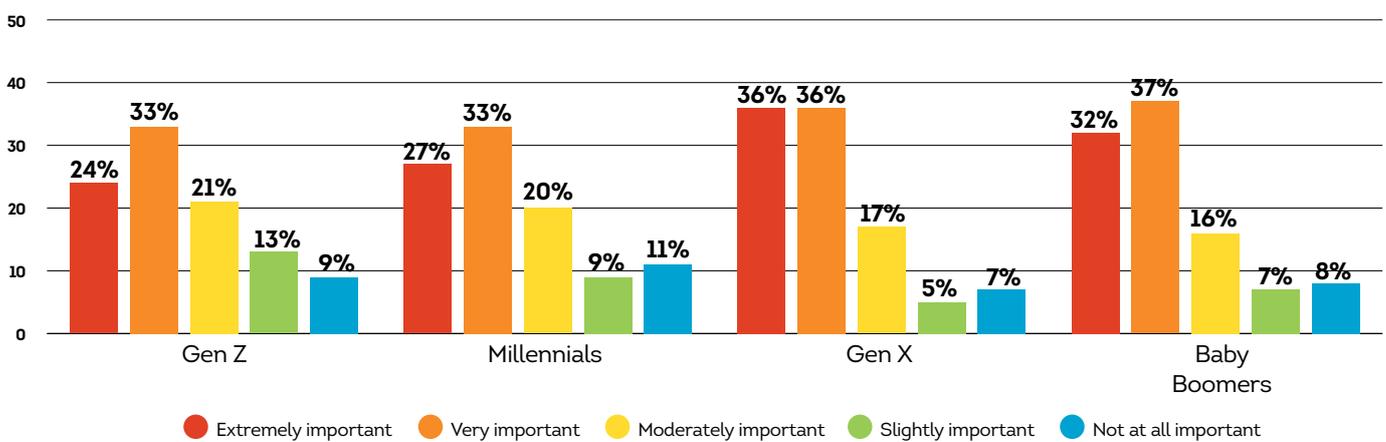
Figure 10. Are you delaying any of the following major purchases?



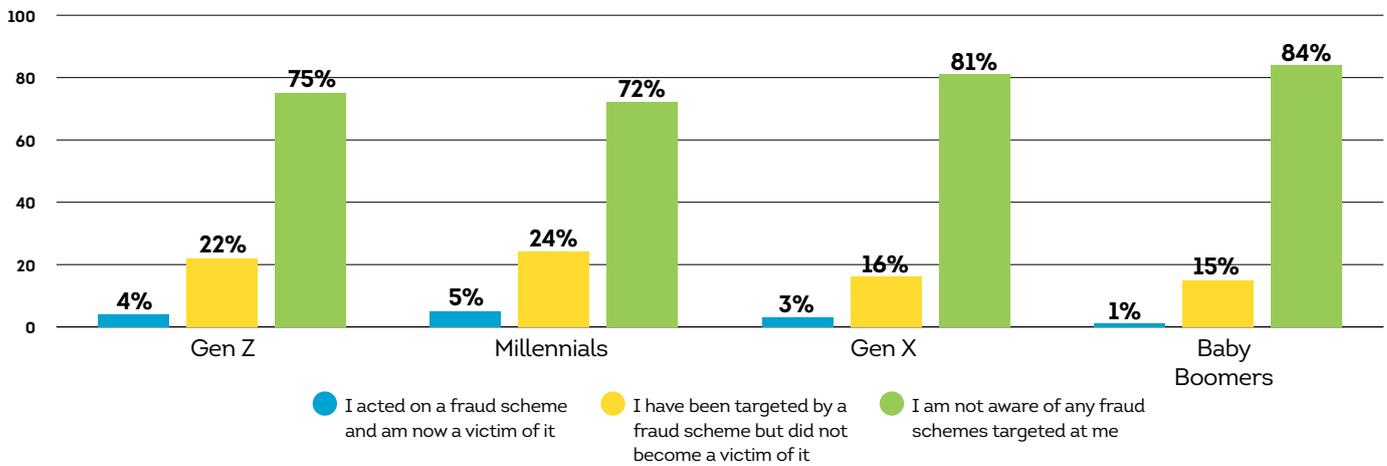
### Other Key Insights

- 81% of consumers indicated that the costs for screening and treatment of COVID-19 are at least moderately important to them when considering treatment. Concern over these costs was highest among Gen X (89%).
- A quarter (25%) of South Africans have been targeted by fraud schemes related to COVID-19.

Figure 11. How important is cost to you when evaluating potential screening or treatment?



**Figure 12. Which statement best describes your personal experience with any digital fraud attempts related to COVID-19?**



**CALL TO ACTION**

If you found this information useful and would like to learn more, please come back for next week’s report and visit our [South Africa Consumer Financial Hardship Study website](#). We at TransUnion are committed to continuing to provide you the updates, tools and resources you need to understand this evolving situation.

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

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