

Johannesburg, 27 August 2020



Financial Pressures Remain, But Hardship Not Uniform

[Newly-released research](#) by TransUnion shows the financial impact of the COVID-19 crisis on South African consumers remains high. Although the number of consumers saying their household income has been negatively impacted dropped to its lowest level (77%) since the first round of surveys in April and much lower than the 84% peak observed in June, the pandemic is still impacting financial conditions for the vast majority of households. The respondents reported that job losses continue to increase, with 21% of financially impacted consumers reporting that they have lost their jobs as a result of the pandemic, up from 10% in April.

The ongoing research*, designed to better understand the financial impact of COVID-19 on consumers, showed that the percentage of those negatively impacted and worrying about paying bills and loans remained high. Nearly nine in 10 (89%) respondents said they were concerned about their ability to pay. However, for some consumers positive change was observed, with 16% reported having started a new job or developed new revenue generating activity, up from 4% in May.

“Over three-quarters of South African consumers are still feeling the financial impact of COVID-19, but the results show some positive indicators. Although financial hardship levels are still very high, some consumers have seen improving conditions, with 16% of households saying they do not expect any future financial impacts, up from 11% in June. For the majority of consumers, rising unemployment is causing continued financial stress, with many struggling to pay their bills,” said Lee Naik, chief executive officer of TransUnion Africa.

Bill Payments Continue to be a Struggle

TransUnion’s research shows the length of time consumers estimate they will be able to maintain bill payments is growing. In all, 24% of respondents will be able to maintain bill payments for longer than three months, up from 15% in April. Rent and utilities continue to be major financial stressors, with 37% of impacted consumers concerned about their ability to pay these bills. And, their ability to pay their retail/clothing accounts and personal loans remain of equal concern.

Consumers are taking a range of actions to recover from the crisis. Nearly 60% are cutting back on discretionary spend, down 3 percentage points from last month. Many consumers are withdrawing or borrowing to increase cash flow, with more than 34% of affected consumers saying they are using money from their savings to help pay bills. Additionally, 25% of respondents report borrowing money from friends or family, while 24% do not know how they are going to pay their bills, up by 6 percentage points from last month and back to April levels.

Opportunity Exists to Educate Consumers about Payment Options

About 17% of households say they have received a form of payment holiday, with support occurring most commonly amongst consumers with car leases, bond payments and personal loans. While 23% of consumers with a home loan have this arrangement, almost one in four (24%) are currently not making payments. When asked why they did not receive a payment holiday, 23% of consumers reported not knowing how to get one.

“Considering that the vast majority of payment holidays have ended or are likely to conclude in the near future, it is important to consider exit strategies. Nearly half of households would like to structure their payment plans in such a way that they can catch up gradually while paying their regular monthly payments, and a further 18% would like to at least extend the accommodation for another few months. There seems to be an untapped opportunity for lenders and consumers to work together to create and support resiliency during this crisis,” said Naik.

Fraud Remains a Threat to Consumers and Lenders

Worryingly, digital fraud schemes remain prevalent. 39% of consumers say they have been a target of digital fraud related to COVID-19, with the top three scams being unemployment related (34%), charity or fundraising scams (23%) and third-party seller scams on legitimate online retail websites (25%).

Half of consumers (50%) report that they are checking their credit score at least quarterly, with two thirds (66%) also saying it’s at least moderately important to monitor their credit during the pandemic. However, almost a third of consumers (29%) do not monitor their credit score at all. Consumers looking to minimise potential negative impacts of the pandemic on their credit profile can visit TransUnion’s [COVID-19 website](#), or get their [free annual credit report](#). Until December 2020, your credit report will come with free credit alerts – a monitoring service to notify you as and when an application enquiry is performed or an account opened under your name as well as when a judgement or default is added to your credit profile.

* Research methodology – TransUnion works 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. The survey included quotas to balance responses to the census statistics on the dimensions of age, gender, household income, race, and region.

CONTACT

Lisa Thomas
Senior Director,
Marketing
Communications
[SA_MkrtComms...](#)

Alex Barnett
Head of
Communications,
International
[alex.barnett@tra...](#)
+44(0)113 826 6561

Dave Blumberg
Senior Director,
Public Relations,
U.S. &
International
[dblumberg@tran...](#)

NEWSROOM

SHARE THIS RELEASE

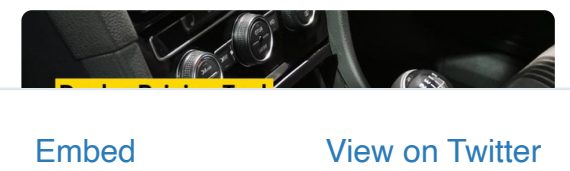
Financial Pressures Remain, But Hardship Not Uniform



Tweets by @TransUnionSA

TransUnion South Africa
@TransUnionSA

Are some cars sitting around in your dealership for too long? See how our new tool — using past and present market values — can help you set more attractive prices from the get-go: [transu.co/6012G45Ug](#) #Auto #UsedCars #VehicleValuation



Embed View on Twitter

LATEST NEWS

30 Sep 2020 - [Small Signs of Recovery, but SA Consumers Still Feeling the Financial Strain](#)



About Us

- Free Credit Report
- About TransUnion
- Corporate social responsibility
- Newsroom
- Careers
- Contact us

Client Support

- Support for Business

Information for

- Channel Partners

Have questions?

CONTACT US

