

J.D. POWER

Banking Industry Insight

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Financial Implications of Coronavirus Weigh Heavily on Americans

- *Two-thirds of U.S. adults are worried that COVID-19 will hurt their financial situation.*
- *Top financial concerns are: unexpected medical expenses, inability to work enough hours and declining value of stock portfolios.*
- *Consumers are changing habits in response, planning to travel less and limit visits to restaurants.*

The global panic created by the outbreak of coronavirus (COVID-19) is palpable. More than 90,000 people in at least 65 countries have been infected, leading to worldwide pessimism in global financial markets. This past week's 11% dip in the S&P 500 was the worst week for American shares since the 2008 financial crisis.

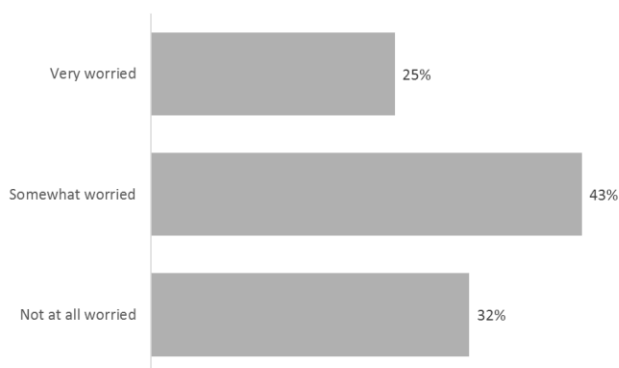
As U.S. stocks continue to fall for a second straight week – shrugging off a Federal Reserve rate cut that was initiated to stem the economic fallout – the short- and long-term effects of the coronavirus epidemic on individual finances is becoming a significant concern for many Americans.

In an effort to get a deeper understanding of Americans' biggest financial concerns surrounding the coronavirus and determine how these concerns might affect consumer behavior, J.D. Power has conducted a survey of 1,198 U.S. adults. Following are the key findings.

Most Americans Not Financially Prepared for Prolonged Coronavirus Crisis

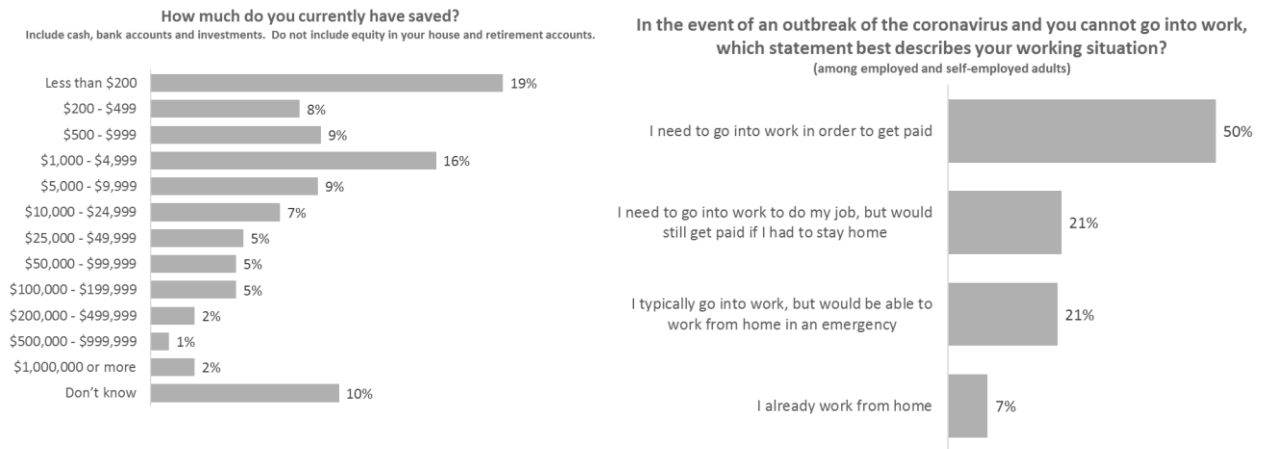
Two out of three U.S. adults say they are “somewhat” or “very” worried that the coronavirus will hurt their financial situation. Of those who think the coronavirus might hurt their finances, 44% are concerned that they will have to pay for unexpected medical expenses; 37% worry they might not be able to work as many hours or will be temporarily out of work; and 33% fear the value of their investment portfolio may decline.

How worried are you that the coronavirus will hurt your financial situation?



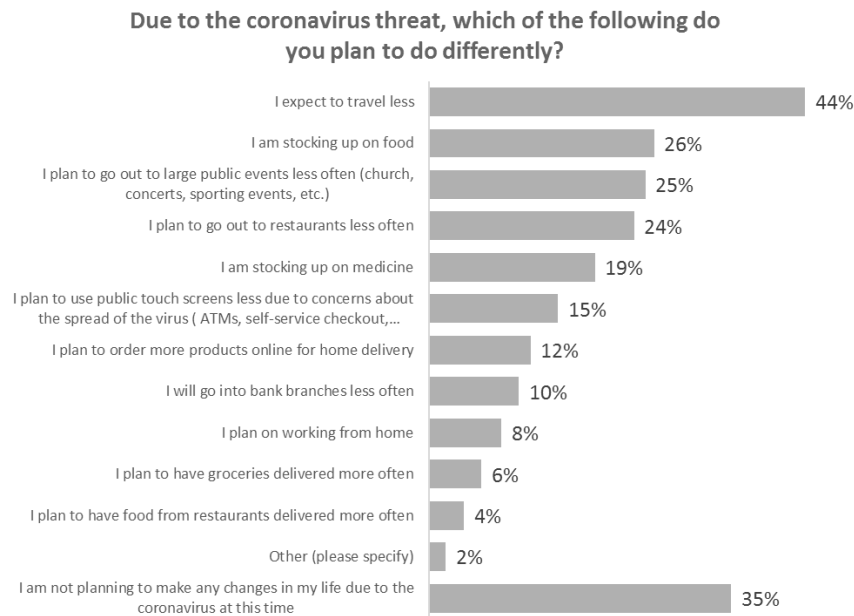
For many Americans, any interruption or loss of income could have significant personal economic consequences. Among those surveyed, 37% say they have less than \$1,000 in savings, excluding retirement accounts and home equity, and another 10% say they do not know how much money they have saved.

Moreover, half of all employed adults say they need to go into work in order to get paid and that an outbreak of the virus could jeopardize their income, while just 43% say they think they could live off their savings if they could not work for a month.



Consumer Behavior Changes

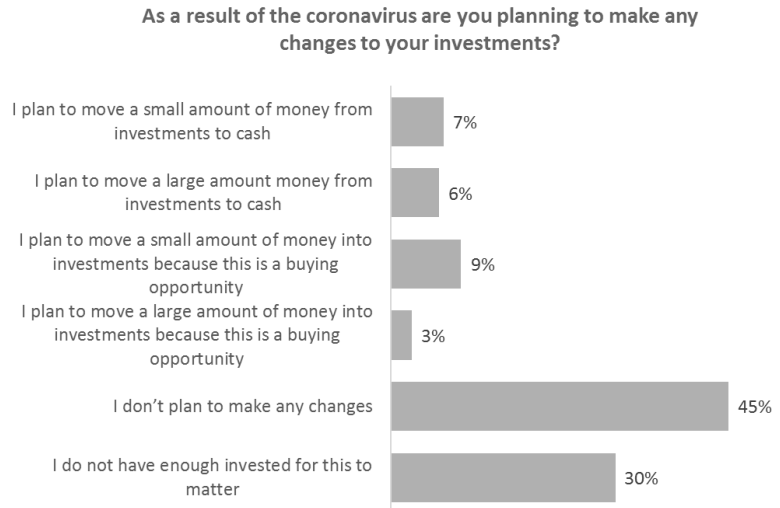
Consumers are also considering changing their habits as a result of the coronavirus, with 44% of adults saying that they plan to travel less, 26% saying they are stocking up on food, 25% avoiding large public events and 24% planning to go out to restaurants less frequently.



Longer term, the overall economy may suffer as 32% expect to spend less overall as a result of the coronavirus, and 27% plan to put off major purchases.

Holding Steady on Investment Strategy

Among respondents with investment portfolios, 45% say they are not planning to make any changes to their investment strategies as a result of the coronavirus, 13% say they are planning to move some investments into cash and 12% say they see the current market downturn as a buying opportunity. Just under one-third of Americans (30%) say they do not have enough money invested in the market for it to matter one way or the other.



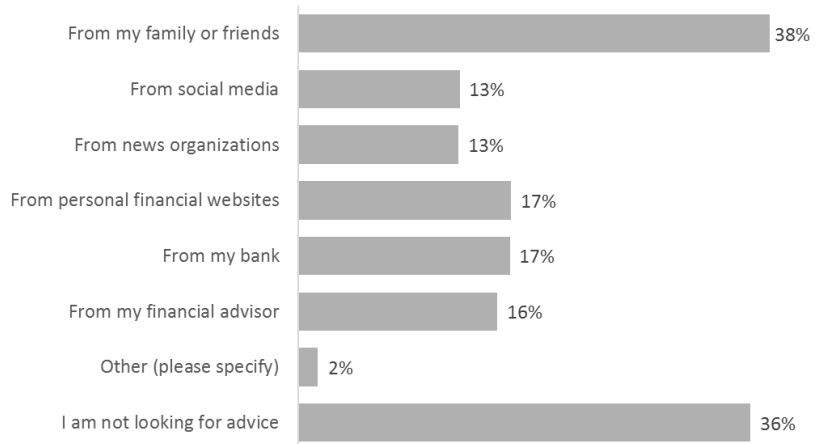
In terms of the longer-term implications of the coronavirus outbreak, more than half (52%) of Americans say they think the U.S. is either “somewhat” or “very” prepared to deal with the epidemic, 38% believe the U.S. is not prepared at all and 9% say they do not know.

The Role of Financial Institutions in a Public Health Crisis

Prior to the coronavirus outbreak, J.D. Power conducted a similar [survey of U.S. consumer financial health and literacy](#), which found that 75% of Americans were experiencing some level of stress over their personal financial situations, and that many were vulnerable to a financial crisis or interruption to their incomes. The financial challenges U.S. consumers are facing are serious and will continue even after the immediate threat of the coronavirus has subsided.

Financial institutions need to recognize the precariousness of many Americans’ financial situations and develop methods of educating and empowering their customers to prepare for unforeseen financial challenges. According to this J.D. Power Banking Industry Insight, just 17% of Americans say they will look to their bank and just 16% say they will look to their financial advisors for advice to help them better manage their money during a crisis such as the coronavirus. That compares with 38% who say they will turn to family and friends and 36% say they are not looking for advice. That means that in the current environment, consumers are not using the resources who are arguably best equipped to help them navigate a challenging financial situation. In the long-term, that needs to change.

Where do you look for advice to help you better manage your money during a crisis such as the coronavirus?



Methodology

This J.D. Power Banking Industry Insight is based a survey of 1,198 U.S. adults between February 28 and March 1, 2020.

Find out More

This J.D. Power Banking Industry Insight was authored by [Jim Miller](#), vice president of Banking and Credit Card Intelligence at J.D. Power. Please contact us at the numbers below to connect with Mr. Miller, or to learn more about the underlying research.

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