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COVID-19 Survey of Consumers: Consumers Are Shifting Payment Options

Since April 2020, the Consumer Finance Institute (CFI)'s *COVID-19 Survey of Consumers* has been gauging the economic impact of the pandemic. In addition to examining the pandemic's impact on income and employment, the surveys also explore how consumers are paying for the products and services they are buying in lockdown. The results show that just as the lockdowns have disrupted consumer spending patterns, they have also shifted the type of payment tools shoppers are using.

Respondents were asked, "Which of the following resources do you currently have available to make purchases, pay bills, and/or meet loan obligations?" They selected all that applied from the following list of tools/resources: cash, bank deposits, checks, credit cards, debit cards, prepaid cards, or investment accounts. Nearly 2 out of 3 respondents said credit and debit cards were the most commonly available payment tools, while prepaid cards were the least commonly available (**Table 1**). However, credit cards were available to less than half of consumers who were in the lowest income group or who were Black.

Perhaps not surprisingly, younger consumers and those in the lowest income group had less cash in hand and fewer bank deposits. Older and richer consumers tended to have the broadest range of payment/financial tools available.

Respondents were then asked, "Has your current situation led you to use the following payment and banking tools differently?" They were presented with a list of options: cash, paper check, credit/debit (swipe/dip), credit/debit (tap), mobile wallet (such as Apple Pay), peer-to-peer P2P) payment app (such as Venmo and Zelle), retailer app, online banking, and mobile banking app. For each option, respondents indicated whether they are Using More Frequently, No Change, or Using Less Frequently.

Table 1. Which of the following resources do you currently have available to make purchases, pay bills, and/or meet loan obligations?

	Overall Respondents	Earning <$40,000/Year	Aged <36 Years	Black
Debt Card	66%	69%	62%	63%
Credit Card	65%	42%	55%	45%
Bank Deposits	53%	42%	38%	36%
Cash In Hand	52%	45%	39%	43%
Checks	46%	32%	26%	23%
Investment Accounts	26%	9%	18%	11%
Prepaid Card	9%	11%	14%	12%

Table 2. **Has your current situation led you to use the following payment and banking tools differently?**

	Overall Respondents	Aged < 36 Years	Aged 56–65
Online Banking	1.84	1.77	1.91
Mobile Banking App	1.89	1.76	1.99
Credit/Debit (Swipe/Dip)	1.89	1.81	1.94
Credit/Debit (Tap)	1.94	**1.83**	**2.04**
P2P Payment App	1.96	**1.81**	**2.06**
Mobile Wallet	2.00	**1.85**	**2.11**
Retailer App	2.07	1.93	2.17
Paper Check	2.10	2.06	2.14
Cash	2.11	2.00	2.17

Lower number indicates increased use

The survey results led to the following key observations (**Table 2**):

- Cash, check, and retailer apps (e.g., retailer-specific mobile applications such as the Starbucks app) have been the hardest hit, with all showing less frequent usage. This supports the generally reported slowdowns in retail spending, particularly in brick-and-mortar locations where those tools would be most commonly used.
- The tools with the most increased usage so far have been online banking and mobile banking tools, probably because respondents are currently less able or less willing to bank in person or through ATMs.
- Among credit and debit (swiped or tapped) cards, mobile wallets, and P2P apps, changes in use are evident among age ranges. Consumers in the youngest cohort report that they are using these payment tools more frequently than the older cohorts. That relationship gets clearer as you look at the more recent payment innovations: The gap between frequency of use is smaller for more established methods (such as swiping/dipping credit cards) than for more recently developed tools (mobile wallets or P2P tools).

It is interesting to note that, despite widely reported decreases in overall credit/debit volume during the pandemic, respondents to the CFI survey reported using those products slightly more frequently than they did before. At this point in the crisis, the shift could be partially driven by opportunity as consumers rely more on remote purchasing and online ordering. Future waves of the survey will be used track changes to this trend as portions of the country begin to reopen.