

Special Edition White Paper

# European Consumer Payment Report 2020

**intrum**

# Intrum in brief

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Intrum's purpose is to lead the way to a sound economy. A credit market in which people and companies can efficiently provide and receive credit is a prerequisite for the business community to be able to function. The opportunities increase for a society and its economy to flourish if companies are paid on time, as this enables them to invest, employ and grow – at the same time, individuals lift themselves out of debt and are therefore able to improve their circumstances.

### **A client offering provided through two service lines**

We ensure that companies are paid by offering two types of services – credit management services and portfolio investments. We perform credit management services on behalf of companies to ensure that their customers pay them for the goods and services they sell. In our portfolio investment operations, we assume responsibility for overdue receivables, whereby we pay the client and then seek a solution with the customer for settling the receivable. Beyond this, we offer a full range of services covering companies' entire credit management chain.

### **10,000 employees take care of 250,000 customer contacts**

About 10,000 people work at Intrum. We help our clients develop by caring for their customers. This is achieved through the roughly 250,000 customer contacts that our employees have on a daily basis, in which we help people and companies become debt-free while our clients secure payment.

### **80,000 clients in 25 countries**

Intrum has some 80,000 clients in the 25 countries in which we operate. They are active in many sectors, and we specialise in assisting major companies and financial institutions with large volumes of receivables. Our clients also include tens of thousands of small and medium-sized companies.

### **Three strategic areas driving our efforts to achieve a sound economy**

#### *Enable sustainable payments*

By ensuring sustainable payment flows between companies and individuals, we fulfil an important function in society and promote a sound economy.

#### *Growing by making a difference*

Our market-leading position allows us to drive the development of the entire industry in a more ethical direction, thereby creating value and meaning for our employees.

#### *Being trusted and respected*

A basic prerequisite for us to succeed in our efforts is that we have the complete trust of our clients and their customers.

# How Covid-19 is affecting consumer finances

The Covid-19 crisis will have a lasting impact on European consumers' ability to manage their household finances.

The long-term consequences of Covid-19 are becoming clearer – the IMF, for instance, is warning that the pandemic could trigger a global economic slowdown on a level with the Great Depression.<sup>1</sup> Anxieties surrounding personal finances are on the rise as consumers look to manage their finances in a radically altered environment.

In order to find out exactly how the crisis is affecting households across Europe, Intrum surveyed 4,800 consumers across 24 European markets to assess the impact of Covid-19 on their financial wellbeing.

## Consumers wake up to a new reality

The effect of the crisis on financial wellbeing has been immediate. As employment and incomes drop, anxiety around personal finance increases. About half (48 percent) of our survey respondents say their financial wellbeing has declined today compared with six months ago, and a third expect it to decrease further in the next six months. Less than a quarter (23 percent) expect it to improve.

Underpinning it all is uncertainty. Recent McKinsey analysis estimates that the Covid-19 crisis could leave up to 59 million jobs at risk in Europe.<sup>2</sup> Our survey respondents reflect that: nearly 4 in 10

# 48%

About half (48 percent) of our survey respondents say their financial wellbeing has declined today compared with six months ago.

# 38%

Nearly 4 in 10 have had their employment affected by Covid-19.

have had their employment affected by Covid-19, while more than half (54 percent) have seen a decrease in household income.

The findings build on our European Consumer Payment Report (ECPR), published in November 2019, which showed that younger generations and households with children are under particular strain. The Covid-19 crisis has made it worse: our new survey finds that millennials are more likely to take on debt at unsustainable levels and households with children are less confident about paying bills than the European average.

1) 'I.M.F predicts worst downturn since the Great Depression', The New York Times, April 2020 [www.nytimes.com/2020/04/14/us/politics/coronavirus-economy-recession-depression.html](http://www.nytimes.com/2020/04/14/us/politics/coronavirus-economy-recession-depression.html)

2) Safeguarding Europe's livelihoods: Mitigating the employment impact of Covid-19', McKinsey & Company, April 2020 [www.mckinsey.com/industries/public-sector/our-insights/safeguarding-europe-s-livelihoods-mitigating-the-employment-impact-of-covid-19](http://www.mckinsey.com/industries/public-sector/our-insights/safeguarding-europe-s-livelihoods-mitigating-the-employment-impact-of-covid-19)

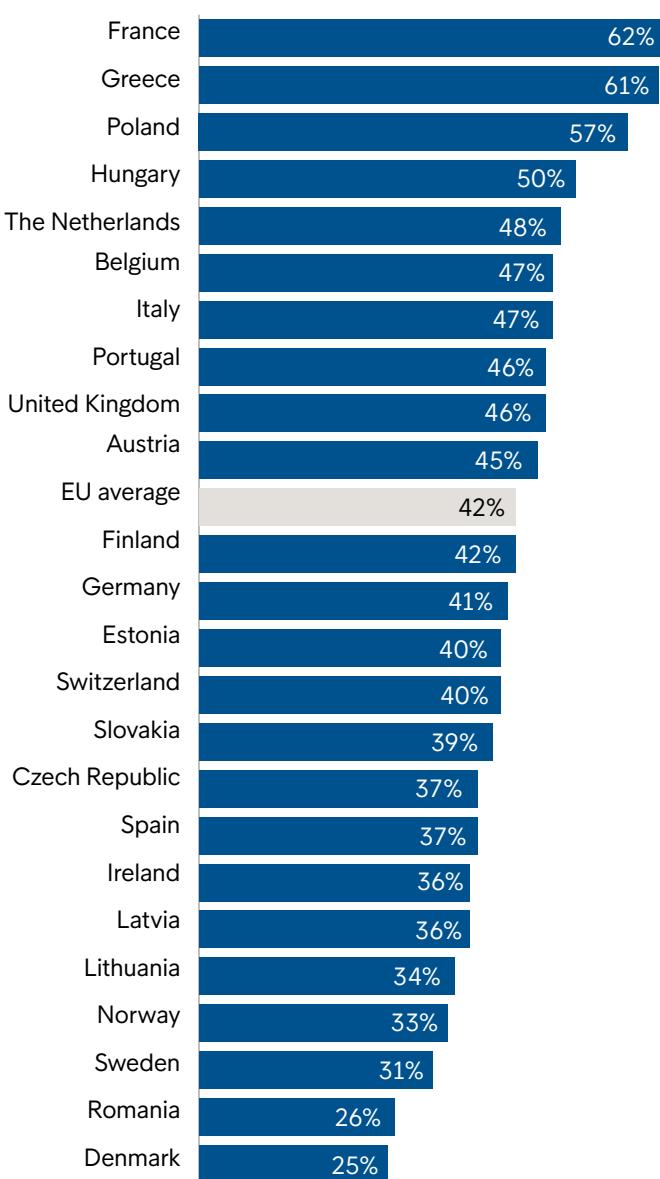
# Greek and Italian consumers see fall in financial wellbeing

Look at the survey at the country level, and the results are revealing. Our previous study found that the disparity between wage growth and rising living costs was increasing pressure on Greek consumers: 61 percent said that their bills were increasing more quickly than their income, which was well above the European average of 45 percent.

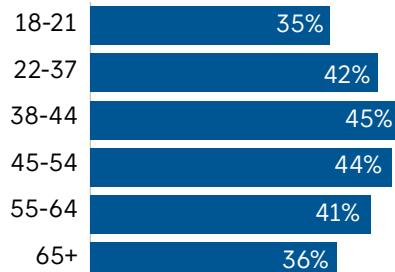
The Covid-19 crisis has added to those concerns, with 67 percent of Greek consumers experiencing a decrease in wellbeing compared with six months ago – the highest proportion in Europe. The country's tourism sector, which accounts for about a fifth of its GDP and a quarter of its jobs, has been hit badly by flight cancellations, putting jobs at risk.<sup>3</sup>

## My bills are increasing at a higher rate than my income.

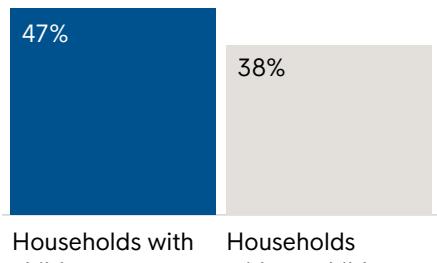
### Split by country (agree):



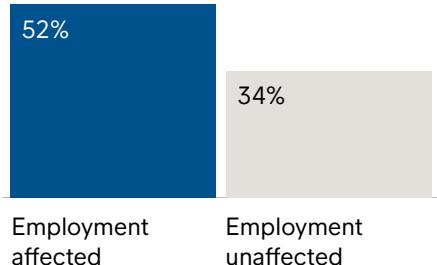
### European average Age groups (agree):



### European average Household situation (agree):



### European average Employment situation (agree):



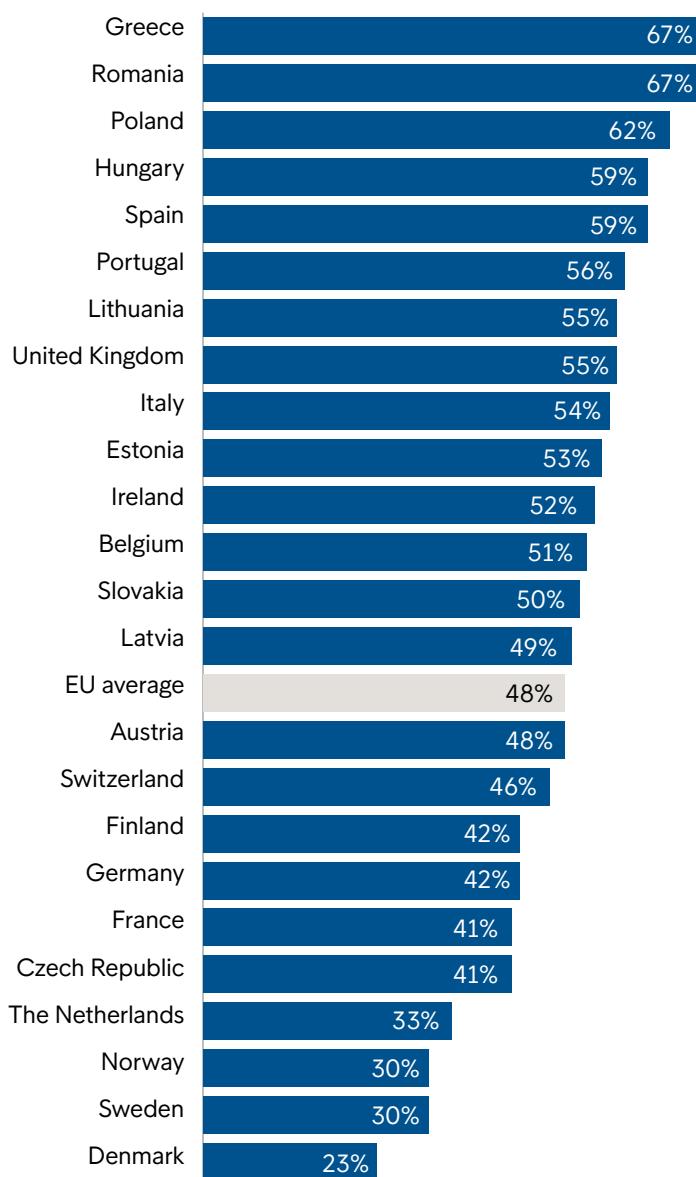
<sup>3</sup>) 'Greece's reliance on tourism is a weakness in the Corona age', Bloomberg, March 2020 <https://www.bloomberg.com/news/articles/2020-03-17/greece-s-reliance-on-tourism-is-a-weakness-in-the-age-of-corona>

The covid-19 effect on Italy's economy has been severe. The government is reported to be planning a budget deficit of 10.4 percent this year, while expecting public debt to rise to 155.7 percent of GDP.<sup>4</sup>

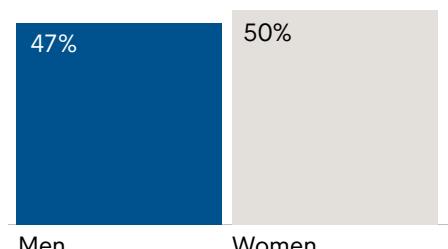
Our survey reflects the anxiety felt by Italian consumers: 54 percent have experienced a decline in financial wellbeing over the past six months, compared to the European average of 48 percent. Revealingly, just 8 percent of Italian respondents expect their financial wellbeing to improve over the next six months – the lowest figure in Europe.

## How would you rate your current financial wellbeing\* compared to six months ago?

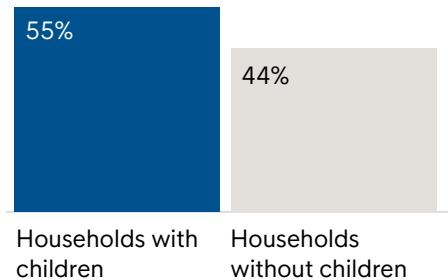
### Split by country (declined):



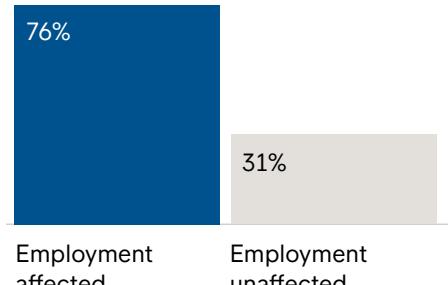
### European average By gender (declined):



### European average Household situation (declined):



### European average Employment situation (declined):



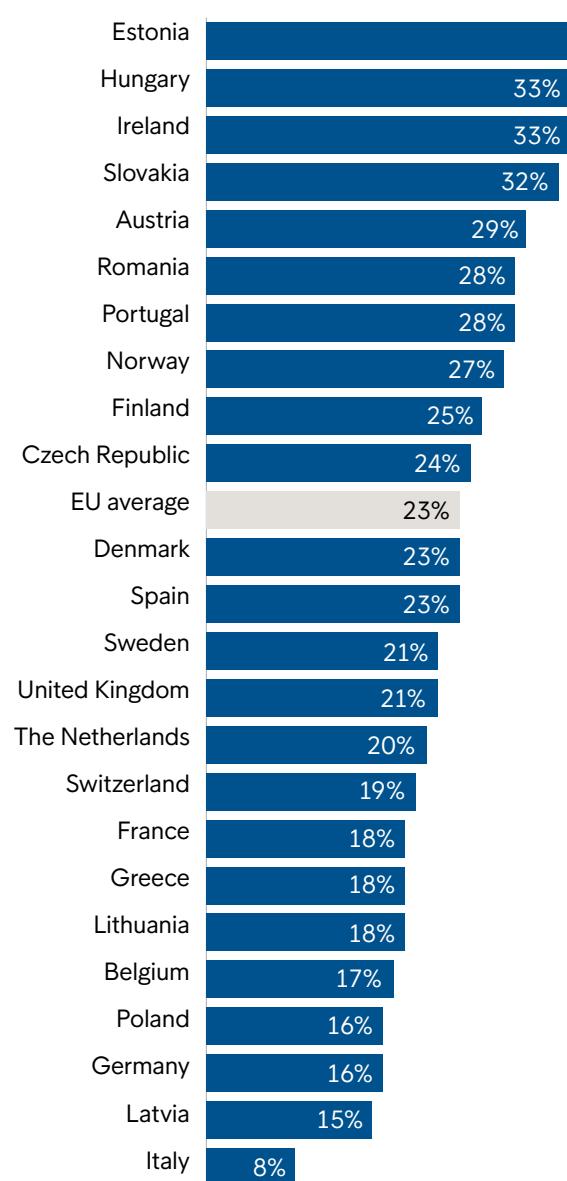
\* Financial wellbeing definition: Having the financial security to meet everyday spending needs and be in control of your finances.

4) 'Covid-19 hits Italy's finances: New deficit target set at 10.4% of GDP', Euractiv, April 2020 [www.euractiv.com/section/economy-jobs/news/covid-19-hits-italys-finances-new-deficit-target-set-at-10-4-of-gdp/](http://www.euractiv.com/section/economy-jobs/news/covid-19-hits-italys-finances-new-deficit-target-set-at-10-4-of-gdp/)



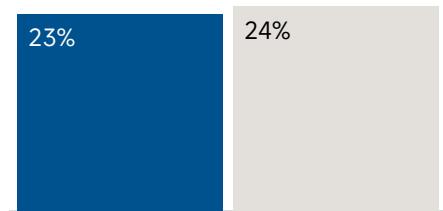
## How do you expect your financial wellbeing to have changed in six months time, compared to what it is now?

### Split by country (improved):



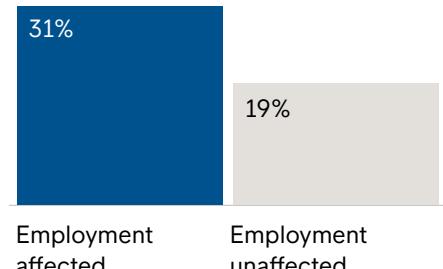
### European average.

### Household situation (improved):



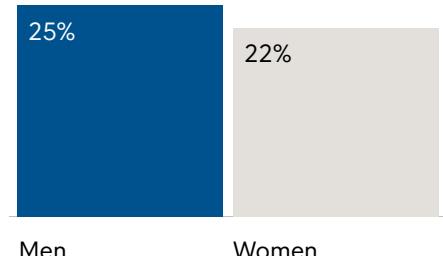
### European average.

### Employment situation (improved):



### European average.

### By gender (improved):



# Households with children feel the strain

Our 2019 consumer survey found that households with children are struggling with their finances: 48 percent said that concerns about rising bills have had a negative impact on their wellbeing. When we asked the same question during the Covid-19 crisis, the proportion rose to 51 percent.

A decrease in income is at the root of these figures: 63 percent of households with children have experienced a decrease in income because of Covid-19, compared with 49 percent of those without. Furthermore, 39 percent of households with children say that after paying their bills they rarely have enough money to last until the end of the month, compared with 33 percent in the 2019 survey.

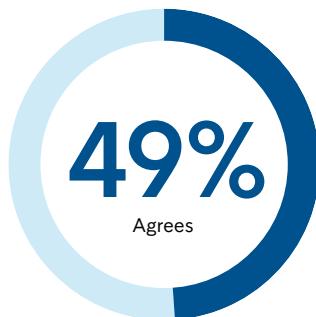
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Has your household income been reduced as a result of the Covid-19 outbreak?

European average. Household situation (agree):



Households with children

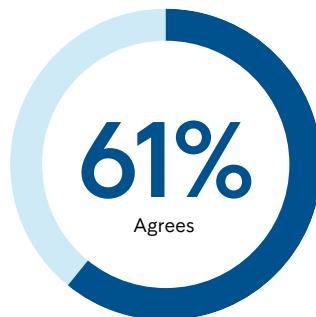


Households without children

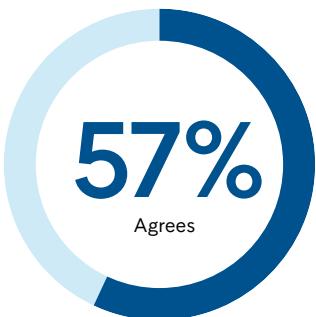
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Since the Covid-19 crisis, I am focusing on purchasing essential items only.

European average. Household situation (agree):



Households with children

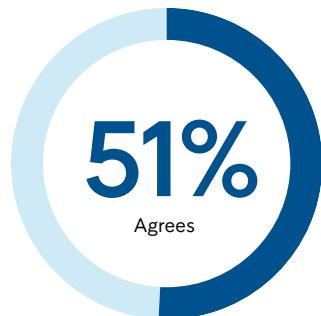


Households without children

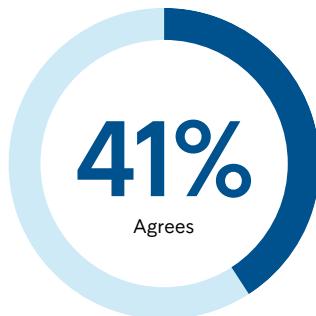
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My concerns about rising bills are having a negative effect on my general wellbeing.

European average. Household situation (agree):



Households with children

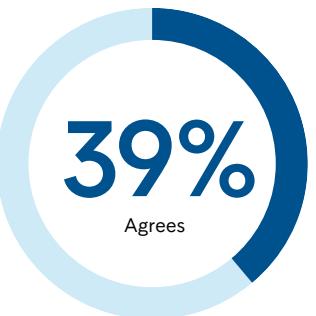


Households without children

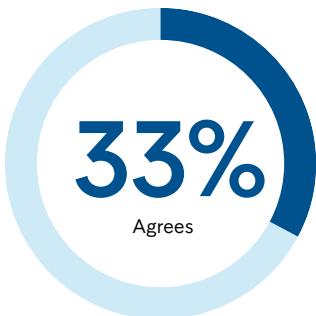
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After having paid my bills I rarely have enough money to last until the end of the month.

European average. Household situation (agree):



Households with children



Households without children

# Millennials take on more debt

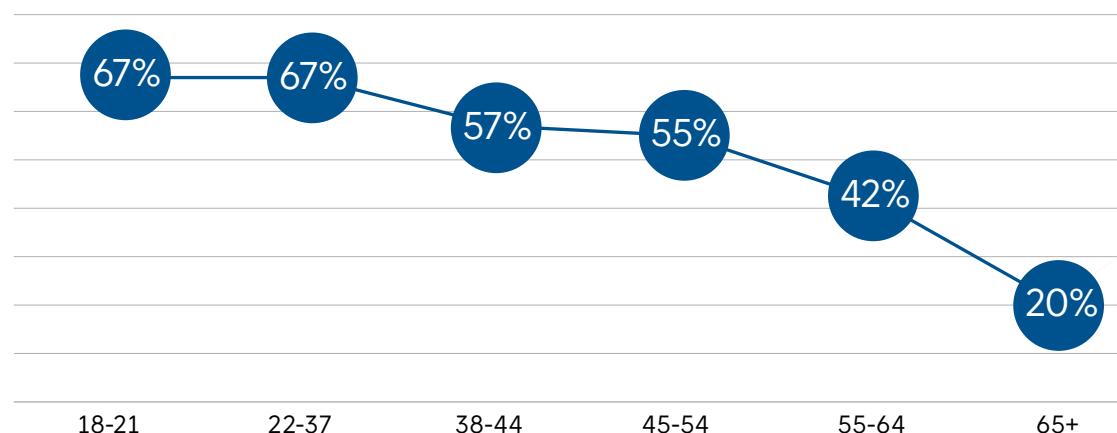
The Covid-19 crisis has hit hard a generation that typically has fewer savings to fall back on, higher student debt, and lower disposable incomes than older generations.

More than half (53 percent) of millennials say that Covid-19 has negatively impacted their wellbeing, compared with 47 percent across all age groups. Employment has been particularly affected among this generation: 67 percent of millennials have lost income because of the crisis, compared with 54 percent across all age groups.

Millennials are increasingly turning to credit for the basics: 24 percent say they have gone into more debt to cover everyday spending as a direct result of the crisis. This compares with a European average of 19 percent.

## Has your household income been reduced as a result of the Covid-19 outbreak?

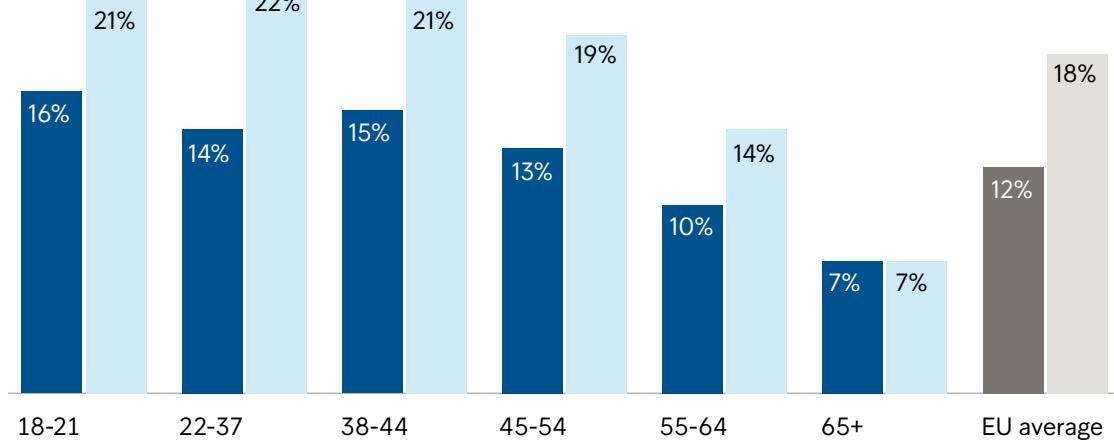
Percent that agree by age group:



## I often need to borrow money, not including my credit card, in order to pay my bills.

Percent that agree by age group and European average:

● Autumn 2019  
● Spring 2020

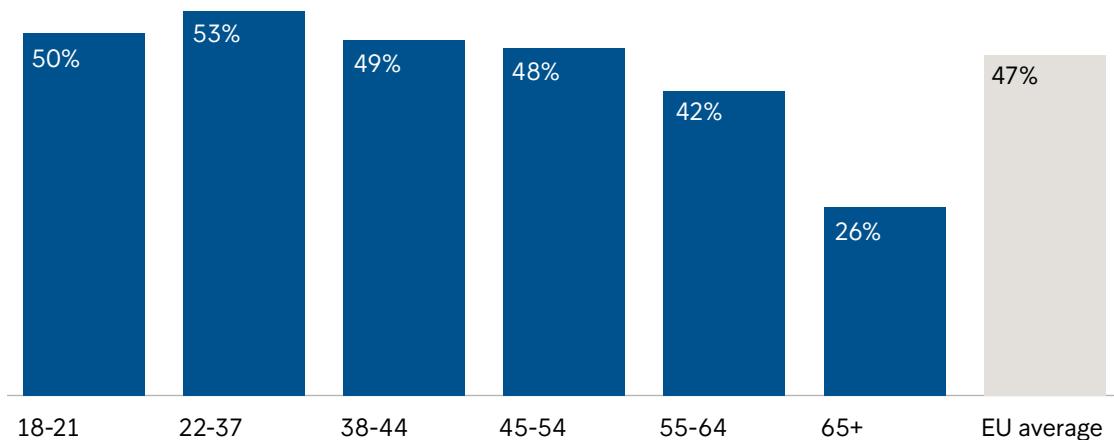




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**The Covid-19 crisis has negatively impacted my financial wellbeing\*.**

**Percent that agree  
by age group and  
European average:**

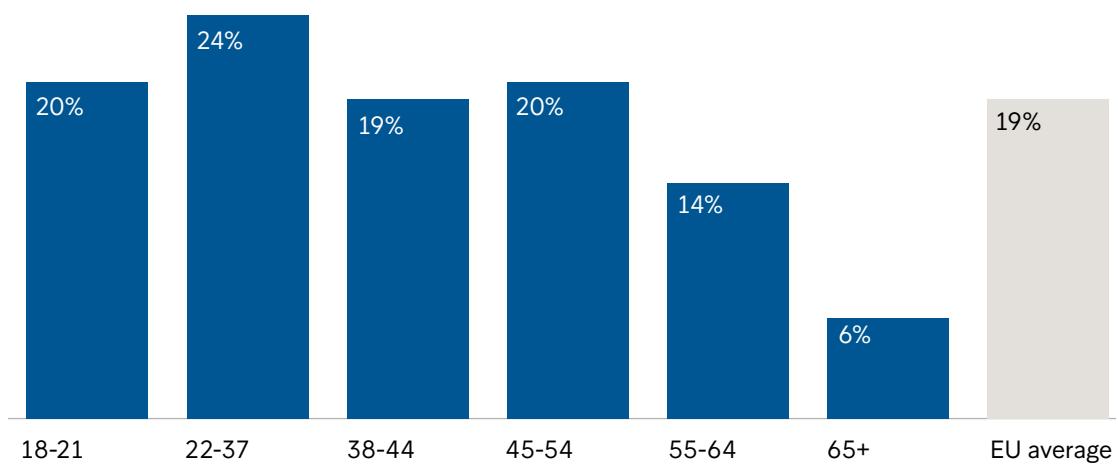


\* Financial wellbeing definition;  
Having the financial security  
to meet everyday spending  
needs and be in control of  
your finances.

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**I have gone into more debt to cover everyday spending as a direct result of Covid-19.**

**Percent that agree  
by age group and  
European average:**



# Saving for the long term is a concern – particularly for women

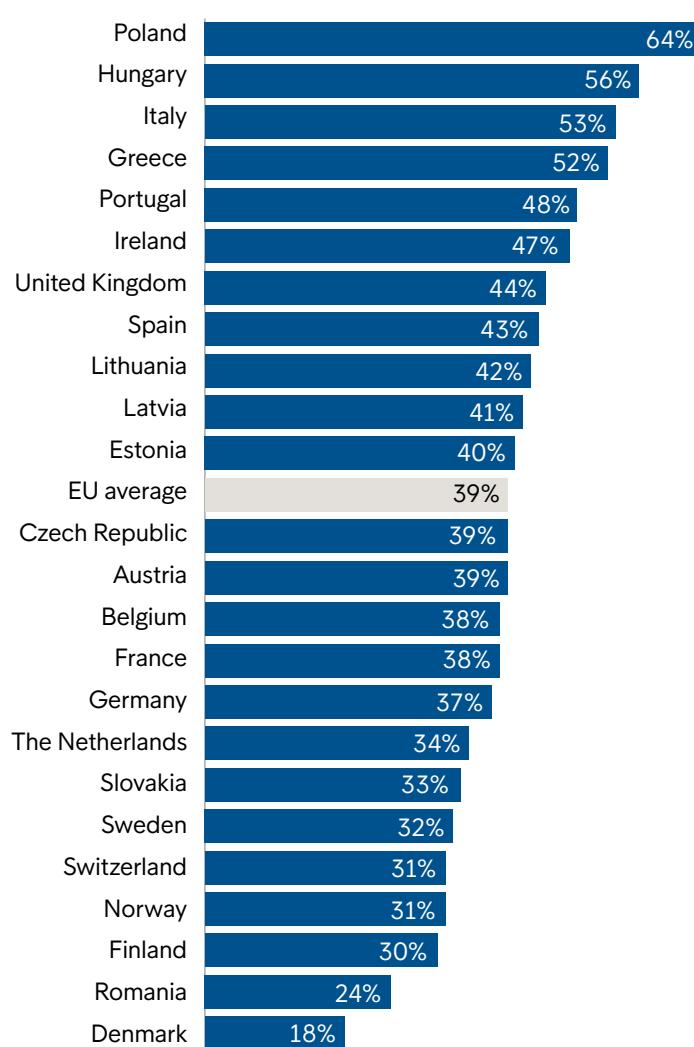
The Covid-19 crisis has not only had an immediate impact on household finances; it also has much longer-term implications for consumers. Their ability to save for the future is a key concern: 39 percent of European consumers in our survey say they are saving significantly less money for the future than they were before Covid-19.

Our survey identifies a clear gender divide in attitudes towards savings: nearly half of women (46 percent) say they are not at all confident in their ability to save for retirement, compared with 34 percent of men.<sup>5</sup>

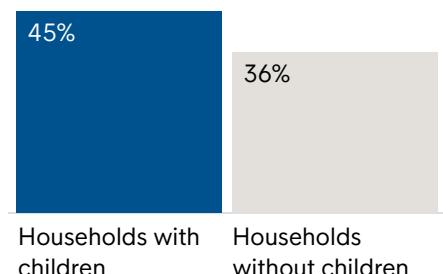
This disparity reflects a wider inequality. The European Parliament recently estimated that women in the EU earn on average about 15 percent less per hour than men. They are also relatively under-represented in the labour market: almost 30 percent of women in the EU work part time, and women are more likely to stop working to take care of children and relatives.<sup>6</sup>

## Due to Covid-19, I am saving significantly less money for the future than I was before.

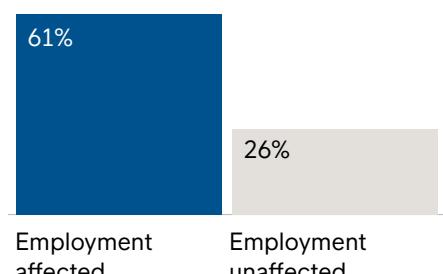
### Split by country (agree):



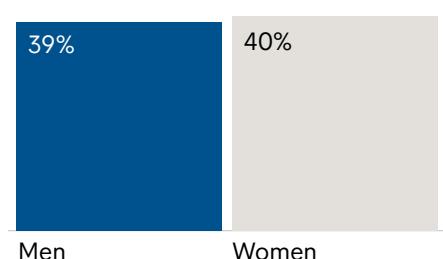
### European average Household situation (agree):



### European average Employment situation (agree):



### European average By gender (agree):

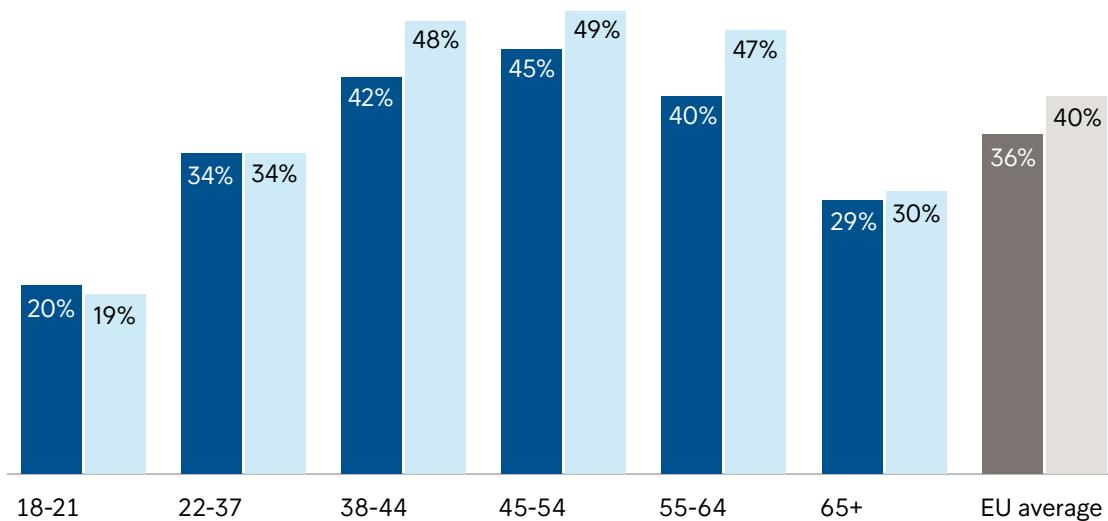


5), 6) 'Gender pay gap in Europe: Facts and figures', European parliament, March 2020 [www.europarl.europa.eu/news/en/headlines/society/20200227STO73519/gender-pay-gap-in-europe-facts-and-figures-infographic](http://www.europarl.europa.eu/news/en/headlines/society/20200227STO73519/gender-pay-gap-in-europe-facts-and-figures-infographic)

## How confident are you that you will be able to afford a comfortable retirement based on your ability to save for the long term?

Percent that answered "not at all confident" by age group and European average:

● Autumn 2019  
● Spring 2020



# 39%

of European consumers say they are saving significantly less money for the future than they were before Covid-19.

# 46%

of women say that they are not at all confident in their ability to save for retirement, compared with just 34 percent of men.



# A silver lining for some

While our survey finds that the Covid-19 crisis is increasing the pressure on the majority of European consumers, financial wellbeing has improved for a select group of consumers. Over a third (36 percent) of respondents say it has had a positive impact on their financial spending.

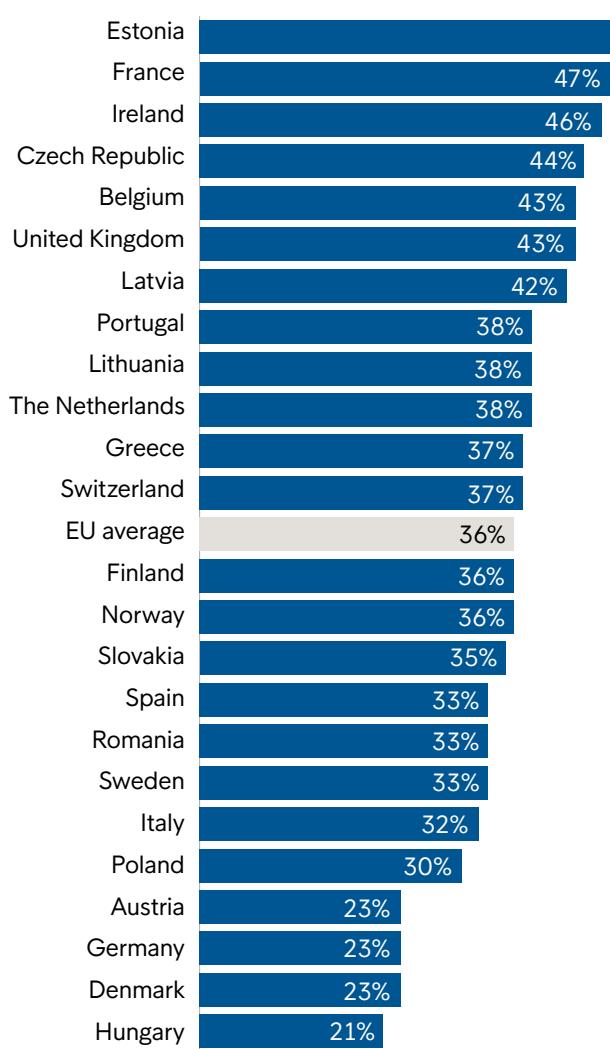
The widespread shutdown of economies across Europe as a response to the pandemic not only restricted European consumers' ability to spend, but also radically disrupted consumer spending patterns. The World Economic Forum reported a fall in spending across all industries due to the closure of shops and restaurants and the suspension of air travel.<sup>7</sup>

Therefore, consumers whose income have not dramatically declined by the crisis might have seen an improvement in their financial situation because they have reduced their 'non-essential' spending, such as tourism, clothing and dining.

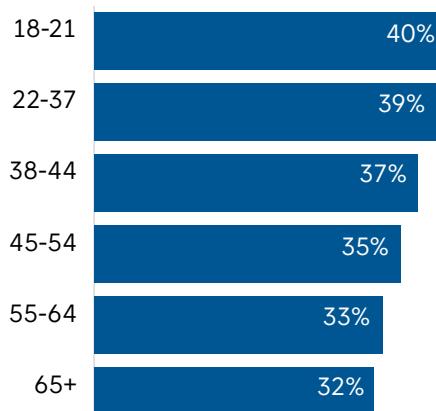
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**The Covid-19 crisis has had a positive impact on my financial spending, and I am spending less on everyday items.**

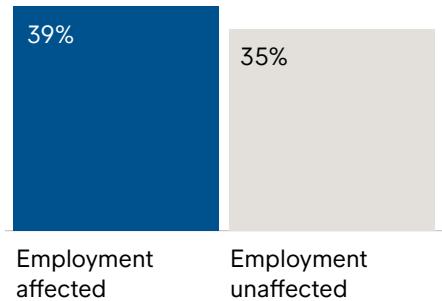
**Split by country (agree):**



**European average  
Age groups (agree):**



**European average  
Employment situation (agree):**



<sup>7</sup>) 'These charts show how Covid-19 has changed consumer spending around the world', World Economic Forum, May 2020 [www.weforum.org/agenda/2020/05/coronavirus-covid19-consumers-shopping-goods-economics-industry/](http://www.weforum.org/agenda/2020/05/coronavirus-covid19-consumers-shopping-goods-economics-industry/)

# Towards financial resilience

# 69%

are comfortable with their level of financial education.

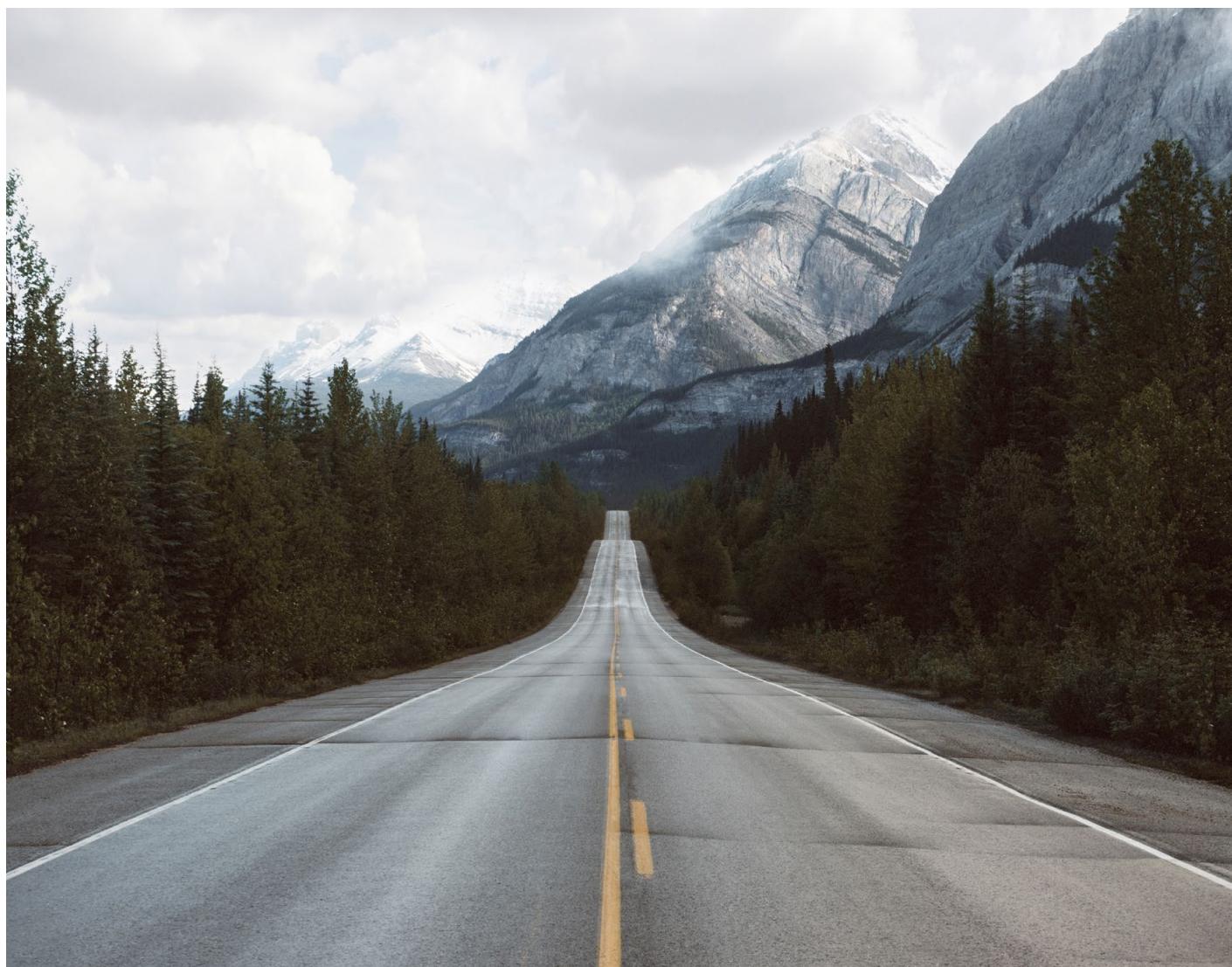
# 37%

of consumers was not able to match basic financial terms.

Reduced incomes, job uncertainty and the prospect of a global recession mean that now, more than ever, consumers should be equipped with the knowledge they need to manage their finances.

Yet our 2019 survey showed that financial literacy is lacking among European consumers. Although 69 percent said they felt comfortable with their level of financial education, more than a third did not understand basic financial terms such as 'budget' and 'credit score'. Access to financial education will be central to easing their anxieties as they continue to feel the impact of the Covid-19 crisis.

Founded in 1923, we at Intrum have a long history in helping customers to navigate financial downturns. In today's challenging environment, our expertise and solutions will empower businesses and consumers alike. In this way, we will help to rebuild sound economies across Europe.



# About the report

The European Consumer Payment Report gain insights into European consumers' everyday life; their spending and ability to manage their household finances on a monthly basis.

Intrum has published the European Consumer Payment Report on a yearly basis since 2013. The annual report is based on an external survey that is conducted simultaneously in 24 countries in Europe. A total of 24,004 consumers participated to the 2019 edition of the survey.

This Covid-19 whitepaper is based on an external pulse survey conducted in May 2020, taking the temperature among close to 5000 consumers in 24 countries in Europe

## Details of survey

Respondents completed the questionnaire on their computer, laptop, tablet or smartphone.

Per country at least n=200 respondents have participated resulting in n=4,800 in total for all 24 countries.

The target group of this research was defined as persons (both male and female) of 18 years and over who were mainly or partly responsible for their personal or household financial administration.

Per country quotas were set on gender, age and region in order to achieve a national representative sample for each country. The fieldwork for the study was conducted between the 11th and 12th of May.

The Intrum European Consumer Payment Report is based on an external research conducted by Longitude, a specialist provider of thought leadership and research services to a multi-national corporate and institutional client base, headquartered in London, England.

# Our other publications

Intrum is the undisputed market leader in credit management in Europe. We help companies succeed by taking care of their customers and considerably helping people pay. Intrum is leading the way towards a sound economy where payment flows work, and people become debt free. We have a lot of insights and knowledge regarding the late or non-payment impact on economies throughout Europe.

Intrum actively participate in seminars and meetings in Brussels to inform EU delegates of the situation and the best approach to secure payments in Europe. Through our publications you can learn more about the development of late payment trends from a local, regional and pan European view.



## European Consumer Payment Report

The European Consumer Payment Report (ECPR) is based on an annual survey conducted in 24 European countries covering over 24,000 respondents throughout the continent. The report provides insights to European consumers' views on their economic outlook, and aim to gain insight in European consumers' everyday life; their behaviour of spending, behaviour of paying for products and services, perception on credit and ability to manage their household finances on a monthly basis.

Download the latest report at [www.intrum.com/ecpr2019](http://www.intrum.com/ecpr2019)



## The European Payment Report

The European Payment Report (EPR) describes the impact late payment has on the development and growth among European enterprises. The report is based on a pan European survey carried out by Intrum in 29 European countries on an annual basis involving almost 10,000 enterprises in Europe.

Download the latest report at [www.intrum.com/epr2019](http://www.intrum.com/epr2019)



## Nordic Debt Collection Analysis

The Nordic Debt Collection Analysis (NDCA) seeks to close the knowledge gap between debt collection and the general economic development. The analysis provides insight on which direction the default market is currently heading and to point out the key drivers behind the observed market movements. The analysis is based on our internal data.

Download the latest report at [www.intrum.com](http://www.intrum.com)

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