One of COVID-19’s impacts is the financial stress it’s causing for your members. It’s important for credit unions to understand what members are dealing with and how to address this anxiety.

Financial Anxiety is Driving Consumer Stress

The COVID-19 pandemic has taken a significant emotional toll on U.S. consumers. According to Gallup, worry and stress levels spiked to unprecedented levels in the first half of March 2020. Gallup respondents experiencing stress or worry the day prior to being surveyed rose 14 percentage points to 60% and worry rose 20 points to 58%.

These results have since improved slightly and leveled off in Gallup’s subsequent surveys but remain higher than pre-pandemic levels.

Figure 1

Daily Emotional Experiences of U.S. Adults, Trended (Jan 2018- Apr 2020)

Did you experience the following feelings during a lot of the day yesterday?

- Worry
- Stress

*Data from Jan 2008 to Aug 2019 are based on the Gallup National Health and Well-Being Index; data from Sep 30-Oct 14, 2019 and from Mar 6-20 Mar 21-Apr 5, Apr 7-14, Apr 18-22 and Apr 23-26, 2020 are from the Gallup Panel.

GALLUP
Other researchers support these Gallup findings. For example, Kantar reports that in April 2020, 53% of Americans stated they are experiencing anxiety since the start of the pandemic, compared to only 26% a year prior (Figure 2). Moreover, the U.S. Census Bureau and Centers for Disease Control released survey results on May 27, 2020 revealing that 33.9% of Americans were experiencing symptoms of anxiety or depression.

**Figure 2**

**Anxiety 2019 vs. 2020, US Total**

<table>
<thead>
<tr>
<th></th>
<th>April 2019</th>
<th>April 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>74</td>
<td>47</td>
</tr>
<tr>
<td>Mild</td>
<td>15</td>
<td>27</td>
</tr>
<tr>
<td>Moderate</td>
<td>8</td>
<td>15</td>
</tr>
<tr>
<td>Severe</td>
<td>3</td>
<td>11</td>
</tr>
</tbody>
</table>

Anxiety about finances is an important driver of these trends. Gallup reported in late April 2020 that one-half of Americans said their financial situation was getting worse rather than getting better (35%), marking a sharp reversal from 2019 (Figure 3). This metric could be signaling tougher economic times ahead. More Americans also thought their finances were getting worse rather than better in April 2008 during the early days of the Great Recession.

**Figure 3**

Half of Americans Say Their Financial Situation Is Getting Worse

Right now, do you think that your financial situation as a whole is getting better or getting worse?

% Getting better | % Getting worse
---|---
54 | 49
49 | 40
39 | 36
57 | 47
38 | 39
57 | 47
50 | 56
27 | 35
32 | 36
39 | 39
40 | 40
47 | 47
54 | 54

Selected trend readings shown are from April of each year; except for 2003 (March); percentage who volunteer their situation is "the same" not shown.

GALLUP

Addressing Members' Financial Anxiety During & After COVID-19
CUNA Mutual Group’s own research, which concluded on March 11, 2020 (prior to the large increase in job losses that were reported for the week ending March 21), directionally supports the notion that consumers have become more worried about their finances (Figure 4).

**Figure 4**

Please indicate the degree to which you agree or disagree with each of the following statements regarding money and finances

<table>
<thead>
<tr>
<th>Statement</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>I get more satisfaction from saving than from spending</td>
<td>41%</td>
<td>45%</td>
</tr>
<tr>
<td>I feel anxious about my current financial situation</td>
<td>29%</td>
<td>32%</td>
</tr>
<tr>
<td>I don't like to think about money</td>
<td>20%</td>
<td>24%</td>
</tr>
</tbody>
</table>

While financial anxiety is on the increase, the degree of anxiety varies greatly from one consumer to the next. The following comments from research participants exemplify the full range of consumers’ financial anxiety.

**Figure 5**

- **Little or no financial anxiety**
  - Chelsea
    - Age: 30
    - Gender: Female
    - Race/Ethnicity: White
  - “When I think of my current financial state, I feel calm and comfortable. We have enough to pay our bills every month, splurge a little, and squirrel a little away each month.”

- **High degree of financial anxiety**
  - Angela
    - Age: 29
    - Gender: Female
    - Race/Ethnicity: White
  - “My husband and I have put our last student loan payments on hold due to COVID-19... We decided to do this so we can build up our emergency savings fund because of how uncertain things are right now.”

- **High degree of financial anxiety**
  - John
    - Age: 44
    - Gender: Male
    - Race/Ethnicity: Native American
  - “COVID-19 has strained [the] household budget. Since the 16th of March, I have only been eating 2 meals a day instead of 3. Started selling things on ebay to help out with money... I’ve always thought of insolvency, now it’s become more urgent.”

As the last quote shows, some consumers’ financial anxiety is so great that they feel helpless. These consumers clearly would appreciate and benefit from advice and guidance of their financial services providers.
Addressing Members’ Financial Anxiety
During & After COVID-19

Research from Bain confirms that reducing anxiety is the emotional element of customer experience (CX) in banking that matters most. Research conducted by CUNA Mutual Group in 2019 also showed that consumers who are not anxious about their current financial situation give significantly higher customer experience (CX) ratings to their PFI than anxious consumers.

Our research confirms that this relationship between financial anxiety and CX ratings extends to consumers’ interactions with specific financial products. As Figure 6 shows, consumers who are not anxious about their current financial situation also give higher CX ratings to their most recent interactions with their checking account / debit card, loans, insurance policies and savings/investment products.

Figure 6

Financial Anxiety and CX Ratings for Individual Products

<table>
<thead>
<tr>
<th></th>
<th>Effectiveness</th>
<th>Effort</th>
<th>Emotion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>To what degree were you able to accomplish what you wanted to do during the interaction?</td>
<td>How easy was it to interact with them?</td>
<td>How did you feel about that interaction?</td>
</tr>
<tr>
<td>Checking / Debit Cards</td>
<td>83.0% (68.9%)</td>
<td>83.2% (72.9%)</td>
<td>79.5% (70.2%)</td>
</tr>
<tr>
<td>Loans</td>
<td>83.9% (72.2%)</td>
<td>85.6% (71.9%)</td>
<td>81.3% (68.1%)</td>
</tr>
<tr>
<td>Insurance</td>
<td>90.8% (79.5%)</td>
<td>91.7% (82.5%)</td>
<td>81.9% (80.2%)</td>
</tr>
<tr>
<td>Savings / Investments</td>
<td>88.0% (72.8%)</td>
<td>94.1% (82.4%)</td>
<td>89.0% (71.3%)</td>
</tr>
</tbody>
</table>

N = 478-953

M9: Please indicate the degree to which you agree or disagree with each of the following statements regarding money and finances: I feel anxious about my current financial situation.

Source: CUNA Mutual proprietary consumer research conducted March 2020
Our research also revealed that the relationship between financial anxiety and customer experience (CX) ratings also applies to consumers’ loyalty ratings of their primary financial institution (PFI). As Figure 7 shows, consumers who are not anxious about their current financial situation give significantly higher loyalty ratings to their PFI than anxious consumers.9

Figure 7
Higher Anxiety About Financial Situation = Lower Loyalty Ratings

Research from Bain provides a compelling reason why credit unions should care about member loyalty scores. According to Bain, US financial institutions with high Net Promoter Scores had net interest income growth of 13% from 2014 through 2017, compared with 5% for laggards and 6% for financial institutions with average scores.10 Loyal members are more likely to give the credit union or bank a greater share of their financial business. For example, Bain has also found that promoters (highly loyal) customers spend an average of $9,500 per year on their primary credit cards vs. just $7,600 for detractors (not loyal) customers.11

Gallup has also found strong evidence that helping consumers achieve financial wellness, i.e., reduce financial anxiety, can lead to higher engagement and Net Promoter Scores. More tangibly, Gallup found that consumers give a greater share of their investable assets to firms they feel are truly looking after their financial wellbeing.12

Pandemic-Related Responses
Addressing Consumers’ Financial Anxiety

Many financial services companies have been providing financial relief to their customers. For example, a survey conducted by CUNA and AACUL13 has found that:

- Nearly 95% of credit unions surveyed are offering loan modifications
- More than 85% are waiving or reducing fees
- 80% have created new loan products to meet members’ pressing needs
Credit unions have also been actively posting articles, blog posts, etc. providing tips to members for improving financial wellness and for coping with financial anxiety. Many credit unions are offering their members free financial wellness resources, such as debt counseling, financial coaching / budgeting, credit report reviews, etc. Some are even offering free online financial seminars to their membership and, in some cases, the broader communities they serve. Even banks are offering an array of programs to help individual and business customers affected by the pandemic, including fee waivers, deferred payments and other accommodations.

While these efforts are designed to improve consumers’ financial situations and, by extension, their financial anxiety, many of our research participants are not tapping into these resources or believe that their financial services providers can’t or won’t help them (see Figures 8, 9 & 10).14

For more information please see:

Consumer Sentiment and the COVID-19 Pandemic
Social Protests’ Impact on Consumer Sentiment
Serving the New Digitally Connected Membership

Figure 8

"COVID-19 has 100% made me realize that we do not have enough money for emergency savings. From here on out, I want to treat savings like any other non-optional bill. Right now, regarding our financial situation, I feel anxious. Things have changed in the sense that my husband's company is doing lay-offs, and this will likely be his last week of work. I don't think my financial service providers can do anything [to help] currently."

Cyndi
Age: 40
Gender: Female
Race/Ethnicity: White

Figure 9

"I am thankful I still have a job, but I am concerned because I don't know how long this situation can last. A financial provider could help me prioritize and plan savings for the distant and near future. I am not currently using anything except my own research online."

Tahira
Age: 23
Gender: Female
Race/Ethnicity: Asian

Figure 10

"Even though I am confident, there is still a part of me that is stressed out and nervous for the future. I have seen a lot of information from my financial service providers, but I have not seen anything to help financially--even if it is waiving account fees during this time. It's easy to say, 'I'm here for you' and not back it up with real action."

Cory
Age: 32
Gender: Male
Race / Ethnicity: White
Conclusion

While it’s unfortunate that many of your members are experiencing elevated levels of financial anxiety, it also represents a tremendous opportunity for credit unions. Credit unions can use moments like these to turn anxiety-provoking situations into positive emotional experiences for their members as the following quote demonstrates (Figure 11).15

Data analytics can help credit unions pinpoint members who are struggling financially and likely experiencing financial anxiety. Once identified, recent research from Gallup16 suggests three actions credit unions can take to address to help ease members’ financial anxiety during this pandemic:

- **Increase peace of mind** by providing struggling members with financial relief to help get them through this crisis
- **Build hope** by providing appropriate guidance and advice and delivering relevant solutions
- **Reduce unnecessary stress** by making it easy to access staff and tools at the time and in the manner members prefer

3. CDC, “Mental Health Household Pulse Survey”, May 27, 2020
5. CUNA Mutual proprietary consumer research, March 2019 and March 2020
6. CUNA Mutual proprietary consumer qualitative research, April 2020
7,10 Bain & Company, “In Search of Customers Who Love Their Bank”, November 14, 2018
8,9 CUNA Mutual proprietary consumer research, March 2020
11 Bain & Company, “As Retail Banks Leak Value, Here’s How They Can Stop It”, November 18, 2019
12 Gallup, “How Banks Can Delivery on the Promise of Financial Wellbeing”, November 21, 2019
13 America’s Credit Unions, “Credit unions make a different when they are needed most”, March 27, 2020
14,15 CUNA Mutual proprietary consumer qualitative research, April 2020
16 Gallup, “Credit Union Members Want 3 Things During COVID-19 Crisis”, April 20, 2020

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Figure 11

“Things are a little uncertain right now. My wife was furloughed and has had to file for unemployment with no certain date on when she might be able to return to work. We’ve had some additional help from our financial providers... Our credit union deferred our car payments for 2 months interest free as a result of the hardships related to the COVID-19 shutdown. This was not requested or prompted by us but instead initiated by the credit union. It was such a relief to know that there was one less payment we would have to make right now....”

Josh
Age: 34
Gender: Male
Race/Ethnicity: White

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