

*One of COVID-19's impacts is the financial stress it's causing for your members.*

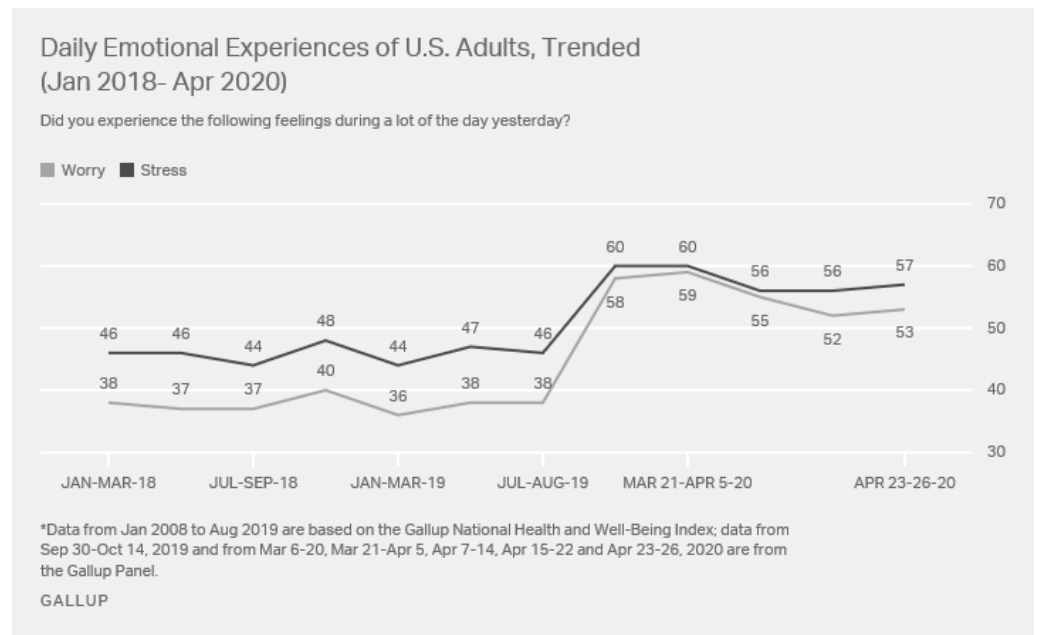
*It's important for credit unions to understand what members are dealing with and how to address this anxiety.*



## Financial Anxiety is Driving Consumer Stress

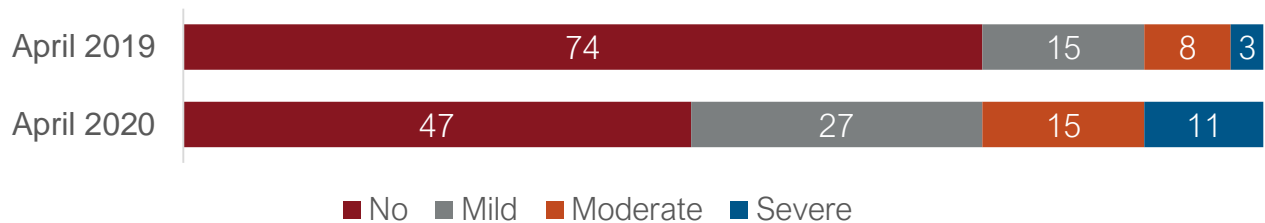
The COVID-19 pandemic has taken a significant emotional toll on U.S. consumers. According to Gallup, worry and stress levels spiked to unprecedented levels in the first half of March 2020. Gallup respondents experiencing stress or worry the day prior to being surveyed rose 14 percentage points to 60% and worry rose 20 points to 58%.<sup>1</sup> These results have since improved slightly and leveled off in Gallup's subsequent surveys but remain higher than pre-pandemic levels.

**Figure 1**



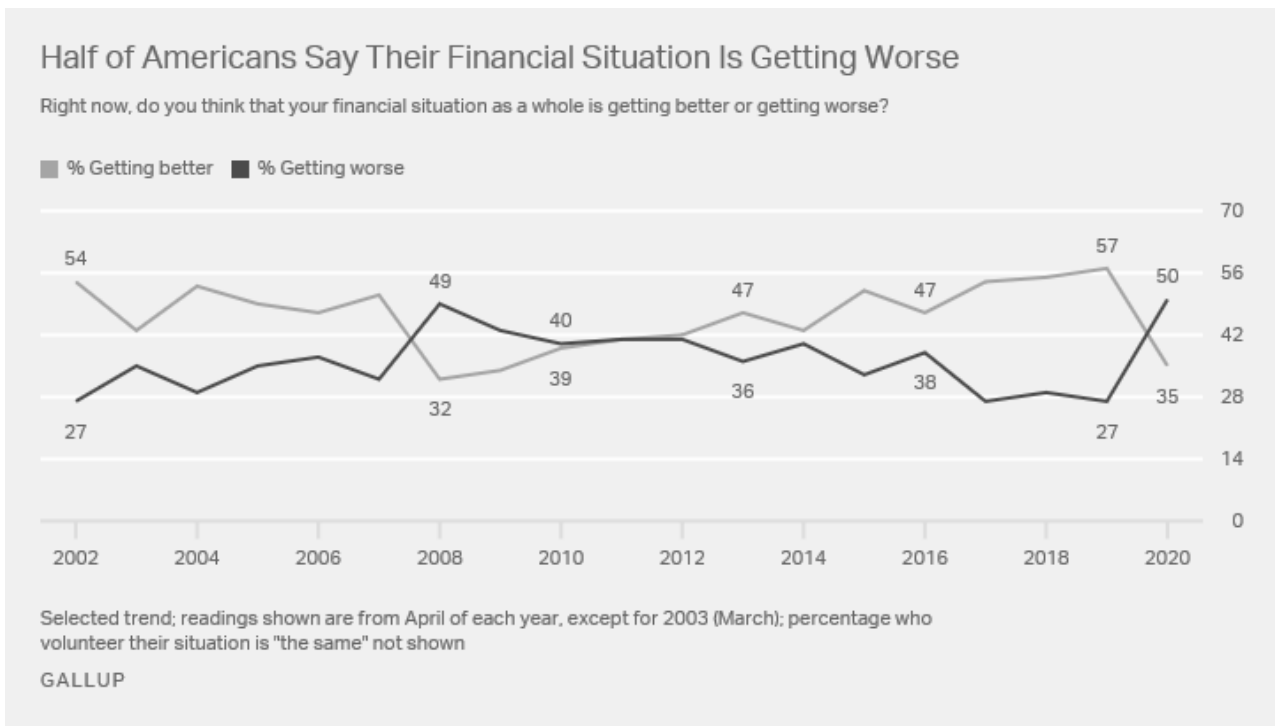
Other researchers support these Gallup findings. For example, Kantar reports that in April 2020, 53% of Americans stated they are experiencing anxiety since the start of the pandemic, compared to only 26% a year prior (Figure 2).<sup>2</sup> Moreover, the U.S. Census Bureau and Centers for Disease Control released survey results on May 27, 2020 revealing that 33.9% of Americans were experiencing symptoms of anxiety or depression.<sup>3</sup>

**Figure 2**  
**Anxiety 2019 vs. 2020, US Total**



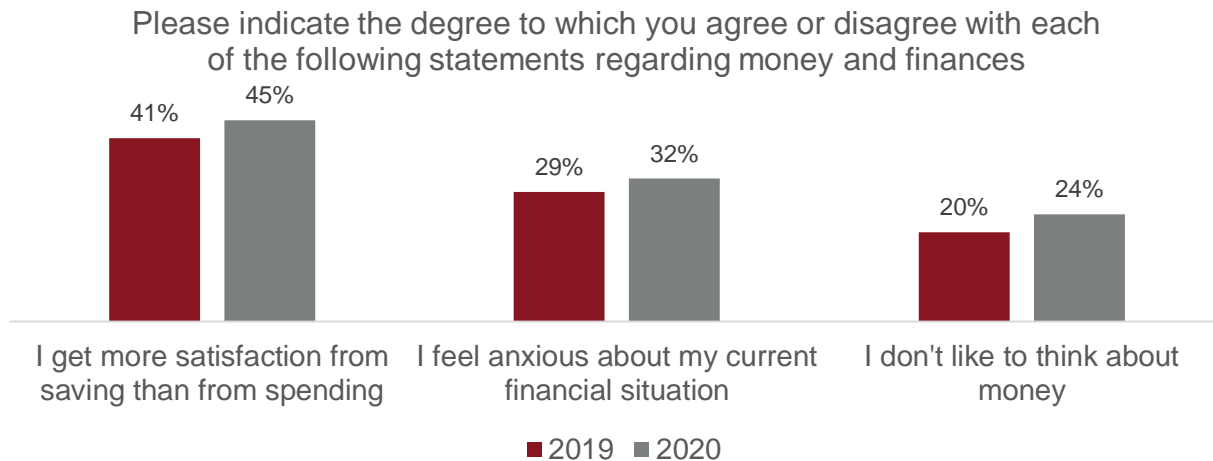
Anxiety about finances is an important driver of these trends. Gallup reported in late April 2020 that one-half of Americans said their financial situation was getting worse rather than getting better (35%), marking a sharp reversal from 2019 (Figure 3).<sup>4</sup> This metric could be signaling tougher 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**



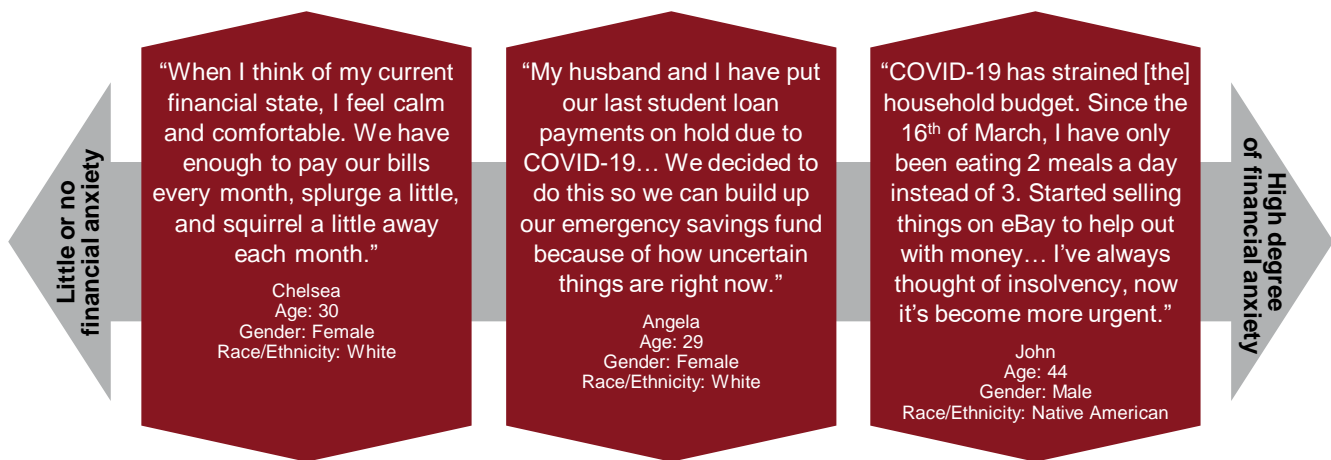
CUNA Mutual Group’s own research, which concluded on March 11, 2020 (prior to the large increase in job losses that were reported for the week ending March 21), directionally supports the notion that consumers have become more worried about their finances (Figure 4).<sup>5</sup>

**Figure 4**



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.<sup>6</sup>

**Figure 5**



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.

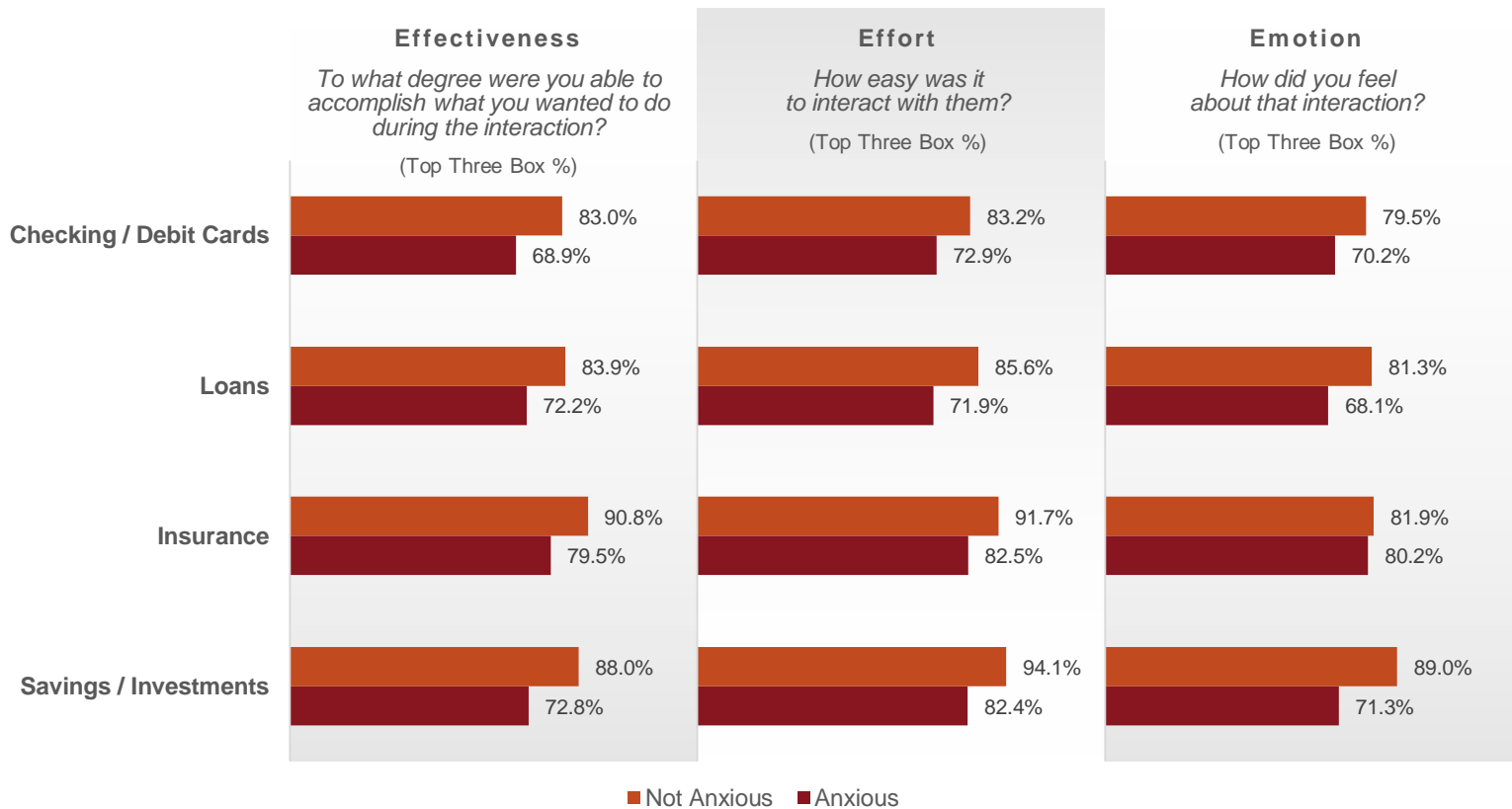
## Financial Anxiety and Customer Experience / Loyalty Ratings

[Research from Bain](#) confirms that reducing anxiety is the emotional element of customer experience (CX) in banking that matters most.<sup>7</sup> 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.<sup>8</sup>

**Figure 6**

### Financial Anxiety and CX Ratings for Individual Products



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.

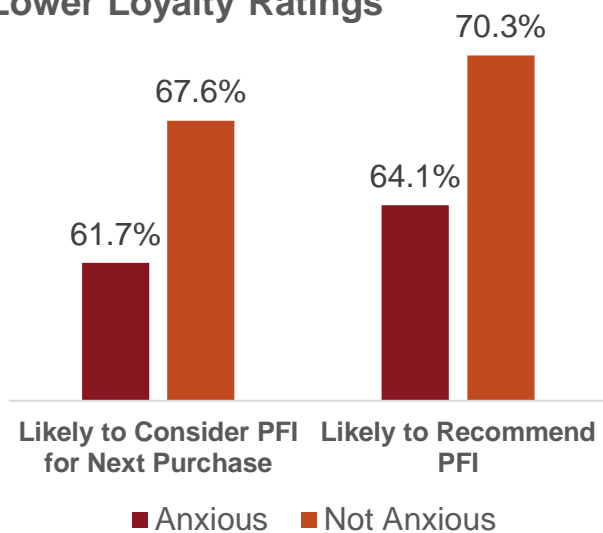
Source: CUNA Mutual proprietary consumer research conducted March 2020

**Addressing Members' Financial Anxiety  
During & After COVID-19**

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.<sup>9</sup>

**Figure 7**

**Higher Anxiety About Financial Situation = Lower Loyalty Ratings**



N = 1,367

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

M8A. How likely would you be to consider this financial institution for your next product or service?

M8B. How likely would you be to recommend this institution to a friend of family member?

Source: CUNA Mutual proprietary consumer research conducted March 2020

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.<sup>10</sup> 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.<sup>11</sup>

[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.<sup>12</sup>


**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 AACUL](#)<sup>13</sup> 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).<sup>14</sup>



**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).<sup>15</sup>

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

Data analytics can help credit unions pinpoint members who are struggling financially and likely experiencing financial anxiety. Once identified, [recent research from Gallup](#)<sup>16</sup> 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

1 Gallup, "Worry and Stress Fuel Record Drop in U.S. Life Satisfaction", May 8, 2020  
2 Kantar, "COVID-19 triggers surge in anxiety and depression in the US", May 8, 2020  
3 CDC, "Mental Health Household Pulse Survey", May 27, 2020  
4 Gallup, "U.S. Personal Finances: Future More Concerning Than Present", April 21, 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 difference 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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