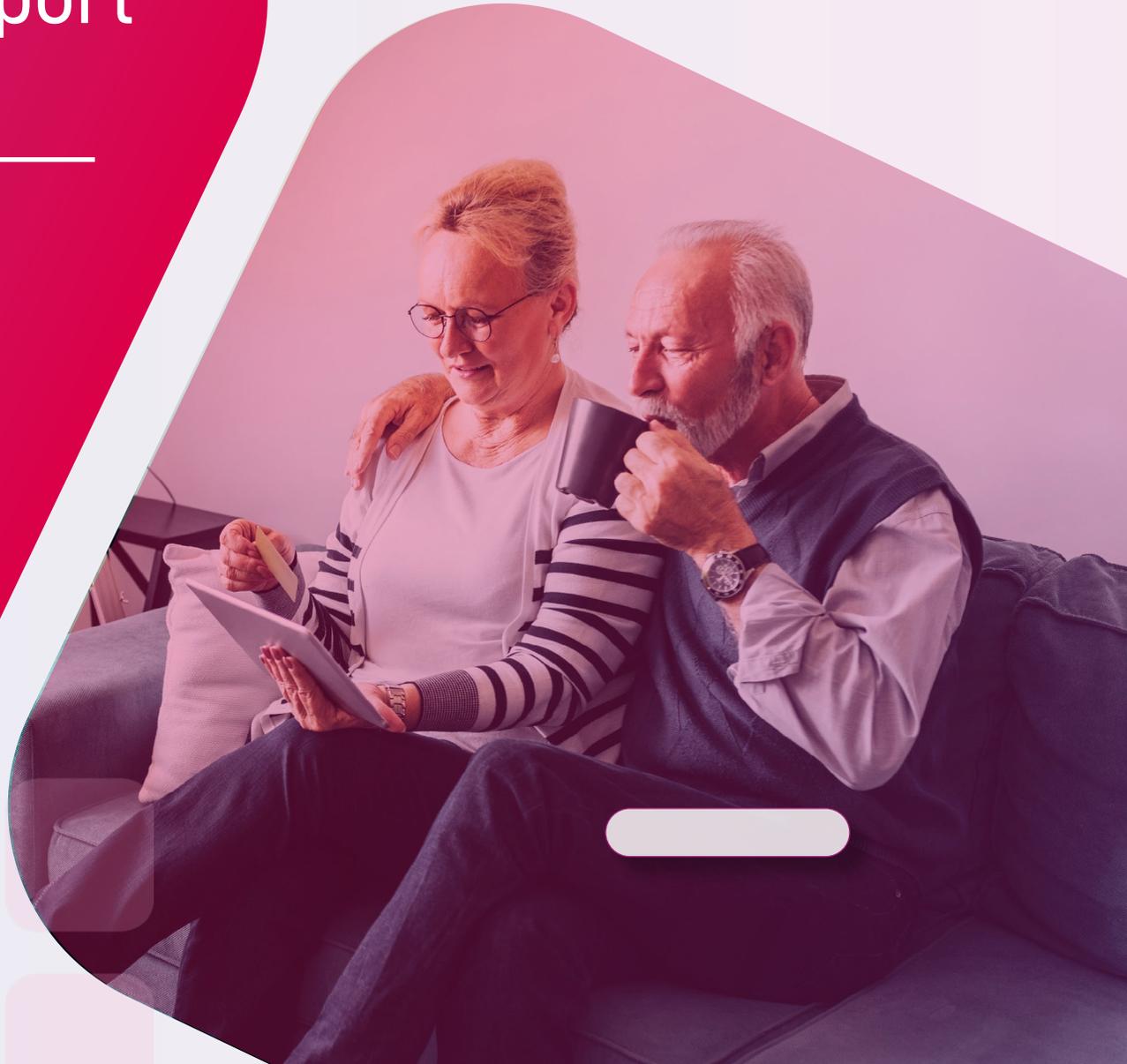




Global Insights Report

January/February 2021

The impact of Covid-19 on consumer behaviours and business strategies



The world is still grappling with the mental, emotional, and financial toll of the Covid-19 pandemic but there are clear signs of hope and resolution ahead. Consumer concerns about their personal finances have started to ease for the first time since June 2020. And there's a groundswell of opportunity for businesses to serve the growing ranks of "connected customers"—putting the consumer truly at the heart of the relationship.

In this report, we continue our examination of consumer behaviour and business strategy throughout the pandemic. For our third wave of insights, we surveyed 3,000 consumers and 900 businesses in January 2021. Our respondents span 10 countries, including: Australia, Brazil, France, Germany, India, Japan, Singapore, Spain, the United Kingdom, and the United States.

Over the past 12 months, we've observed consumer demand for the digital channel increase at a rate that few could have predicted. The most recent survey shows that these trends are persisting. Looking ahead, we expect that as people get more comfortable with the security and convenience of the digital channel, it will become the preferred—if not permanent—way to bank and shop.

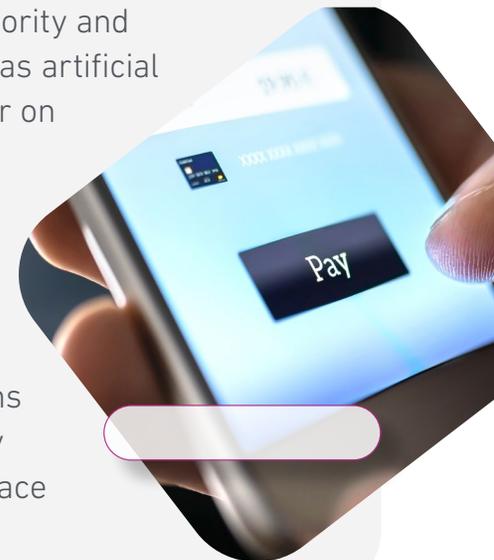
Part of what's driving the continued demand: Positive digital experiences. Most consumers report they've been satisfied with their online transactions, especially when they secure and their financial information is protected. This is remarkable, given the challenges businesses faced to meet online demand while simultaneously adapting their employee and customer operations to the crisis. Businesses rose to the occasion and there's opportunity ahead.

Our latest report reveals that consumer expectations for digital experiences continue to rise. For example, even as consumers

enjoy the ease of online banking and shopping, security is top-of-mind. In response, businesses are renewing their focus on preventing and mitigating account takeover fraud, transactional fraud, and digital takeaway fraud (e.g. buy online and pick up in store). And they're looking for solutions they can use throughout the digital customer journey, not just account opening.

Consumers are also looking for greater customer support across digital channels. For example, when a customer is engaging with a business digitally, access to customer service is essential. It's also an area where many businesses are falling short. However, businesses have made redefining the customer journey a priority and they're investing in capabilities, such as artificial intelligence and automation, to deliver on customer expectations.

Consumers and businesses have embraced the digital channel—and the promise it offers is only growing. Now as we move toward a new, post-pandemic era, organisations that re-imagine the customer journey and create digital experiences that place customers at the centre stand to win.



Key Insights

Consumer digital trends and behaviours



38% of consumers expect to increase their online activity in the next 12 months.



Top two activities among consumers online: personal banking, including opening new loans and credit cards (58%), and ordering groceries and takeout food (56%).



60% of consumers are using a universal mobile wallet, a 13% increase since Covid-19 began. 66% of consumers under age 40 and 56% older than 40 have used mobile wallets.



Payment system providers are most trusted for online transactions among 50% of consumers globally, followed by retail banks (47%). However, consumers place the most trust in government agencies in Singapore (55%), India (54%) and Australia (51%).

Digital customer experience



55% of consumers have high expectations for digital experience. This sentiment is highest in India (83%) and lowest in the UK (41%).



27% of U.S. consumers say their expectation of the digital experience is being met, the highest across all countries surveyed.



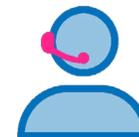
Only **1 in 4** consumers say they can get help when they need it from a customer service representative while online.



9 in 10 businesses have a strategy in place related to the digital customer journey. 47% of businesses have put this strategy in place since Covid-19 began.



59% of businesses are investing in advanced analytics and AI, and 51% of businesses are investing in fraud detection methods or software to reduce friction in the customer experience.



1 in 3 businesses are increasing staff or support for digital operations and experience.

Key Insights

Securing the digital channel



- **55%** of consumers say security is the most important factor in their digital experience—this is highest in the UK (65%), followed by Japan (64%).
- **Top 3** methods that give consumers the greatest sense of security: Physical biometrics (74%), PIN code sent to mobile device (72%) and behavioural biometrics (66%).
- **60%** of UK consumers and **59%** of U.S. consumers have increased expectations for “invisible security” that doesn't require the sharing of personal data. This is highest among consumers over age 40.
- Fraud is the biggest challenge for businesses. **55%** of businesses plan to increase fraud management budgets. This is highest in the U.S. (69%) and Brazil (62%).

Perceived value of data



45% of consumers are willing to share more information for perceived value. This is highest in India (63%), Brazil (59%) and Spain (57%).



Consumers under the age of 40 (57%) are willing to share more information for perceived value compared to consumers over the age of 40 (37%).



Consumers with higher household income (56%) are willing to share more information for perceived value compared to consumers with lower household income (42%).

Key Insights

New customer loans and debt resolution



52% of consumers said their household income has been unchanged since Covid-19, whereas 38% have seen an income loss, down from 44% in June (6% improvement).



39% of consumers are having trouble paying bills, this is a 15% decrease since June.



66% of businesses have a plan to manage existing clients out of arrears stemming from Covid-19.



Top portfolios where businesses expect to see demand increase: personal loans, HELOCs, and credit card and small business applications.



41% of businesses intend to use AI to acquire and onboard new customers. This is highest in Brazil (61%) and lowest in the UK (31%).

Pathway to digital transformation



9 out of 10 businesses plan to improve customer decisioning using automation.

Businesses are looking for ways to augment their existing analytics by investing in customer behaviour profiling techniques (51%) and exploring new and alternative data sources (49%).



Top drivers for investing in digital transformation:

- 1) Manage regulatory compliance
- 2) Integrate security measures
- 3) Access to AI models
- 4) Attract/manage customers
- 5) Integrate automation



Two-thirds of businesses globally have already adopted AI and/or machine learning. Brazil, India and Singapore are leading the way.

8 out of 10 businesses are turning to cloud-based decisioning applications.



Conclusion

Lenders and retailers play a critical role in both helping consumers and getting economies back on track. Experian Decision Analytics helps its clients around the world build and maintain valuable relationships with their customers. We enable them to offer frictionless access to services while managing risk, driving growth, and remaining fair and compliant. We do this by seamlessly integrating data, analytics, and technology so that businesses can quickly adapt their decisioning strategies. From consumers needing short-term support like payment holidays to those facing longer-term challenges like unemployment, Experian enables businesses to digitally address individual customer needs safely, conveniently and at scale.

Fieldwork dates for our study were June 20 – July 7, 2020 (wave 1) and September 16 – 30, 2020 (wave 2) and January 2 – 24, 2021 (wave 3). Market and community response to Coronavirus has been different in country, state and city which should be taken into consideration when reviewing these results.

Related insights



Global Insights Report
July/August 2020



Global Insights Report
September/October 2020