

# Brief on “COVID-19 AND THE FINANCIAL HEALTH OF CONSUMERS”

**Project:** Sobreendeudamiento Familiar en Tiempos de COVID-19



«El presente proyecto ha sido subvencionado por el Ministerio de Consumo, siendo su contenido responsabilidad exclusiva de la asociación beneficiaria»



## Index

Study on Mortgage Moratoriums	5
Study on Legislative versus Sectoral	11
Moratoriums Study on Micro-Credits	20
Revolving Cards Barometer	33
Personal Loan Barometer	45
Study of Covid Financial Situation Conclusions	56



## INTRODUCTION

## INTRODUCTION

Against a backdrop plagued with uncertainties due to the health crisis caused by Covid-19, in addition to the severe business, industrial and general macroeconomic situation, the financial health of consumers may be at serious risk. The term "over-indebtedness" takes on special importance in our society on account of layoffs, furloughs, and a host of other complex personal circumstances caused by the turbulence seen throughout 2020. But what is over-indebtedness? Do we really understand its meaning? This means a stage at which more financial commitments are made than we are able to cope with based on our income and assets, and which can become a serious problem if we are not able to remedy this problem in time.

This year, which has been so atypical for all of us, ASUFIN has not let up in its activity, on the contrary! We have continued to perform all our usual work, even more rigorously than normal, and our Studies area, dedicated to reporting about major current affairs in terms of consumer finances, has placed a special emphasis on financial practices or products that can most easily lead to over-indebtedness, in addition to a number of solutions that have been proposed both by the Government and the banking sector.

This brief, entitled "Covid-19 and the financial health of consumers", aims to summarise, in a single document, the studies carried out by ASUFIN over the course of this year and that are closely related to the situation we are experiencing. With this in mind, we will begin by analysing the mortgage moratoriums launched three days after the declaration of the state of alarm under Royal Legislative Decree 8/2020, comparing legislative moratoriums with sectoral moratoriums, a solution provided by the banks light of the fact that it was impossible for the vast majority of the population to access the government moratorium, and that we at ASUFIN have viewed very positively. Looking at these two solutions, we have analysed two financing products that can seriously compromise the financial health of a consumer: micro-credits and revolving cards. Without forgetting about personal loans, which, although essentially a much lower risk, in the current situation we could find ourselves facing very different situations: lack of concession, stricter conditions, increased interest rates, etc.

The brief concludes with the "Covid Financial Situation" study, through which we aim to provide an overview of the general situation of consumers after 10 months of the health crisis, how their finances have been affected, and their prospects for the future.

We hope you enjoy it!



Study on Mortgage  
Moratoriums

# MORTGAGE MORATORIUM APRIL | 2020

## COVID-19



## MORTGAGE MORATORIUM APRIL | 2020

### A REAL HELP OR JUST A PUBLICITY STUNT?

Since the health crises caused by the spread of COVID-19 forced our country to take exceptional measures, ASUFIN demanded the adoption of a mortgage moratorium to preserve the welfare of families already considered vulnerable and those whose income had been drastically reduced.

The government ultimately approved the measure in Royal Decree Law 8/2020 of 17 March and used the extension of the measure to consumer credits to tenants and lenders to clarify the wording of this instrument in Royal Decree Law 11/2020 of 31 March.

**The requirement of jointly fulfilling four circumstances makes the measure just a publicity stunt.**

In the first rule, it was established that the measures set out applied to borrowers with a mortgage for their habitual residence who were in a situation of financial vulnerability. This concept was defined in Article 9, describing four scenarios. At ASUFIN, we understood that each of the circumstances entailed a situation of vulnerability in themselves, meaning that just fulfilling one of them would be enough to qualify for the moratorium.

However, the wording provoked a legal debate that forced its modification. Thus, on 31 March the "joint fulfilment" of the conditions for obtaining the mortgage moratorium was approved. The banking sector had won once again.

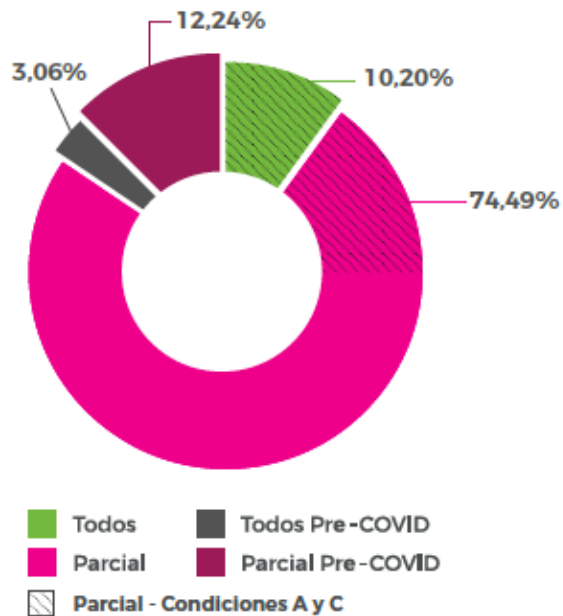
Since its approval, ASUFIN has denounced the fact that requiring the fulfilment of four circumstances would leave out thousands of families whose economic circumstances had suffered drastically. Furthermore, the measure once again excludes families already considered vulnerable before the outbreak of COVID-19.

This is not a gratuitous claim: ASUFIN has received more than 500 queries, examined documentation and carried out surveys with potential beneficiaries of the measure.

This study has demonstrated, after analysing 100 complete files, the low percentage of people affected by the COVID-19 crisis who would actually be entitled to the mortgage moratorium.

## MORTGAGE MORATORIUM APRIL | 2020

### A REAL HELP OR JUST A PUBLICITY STUNT?



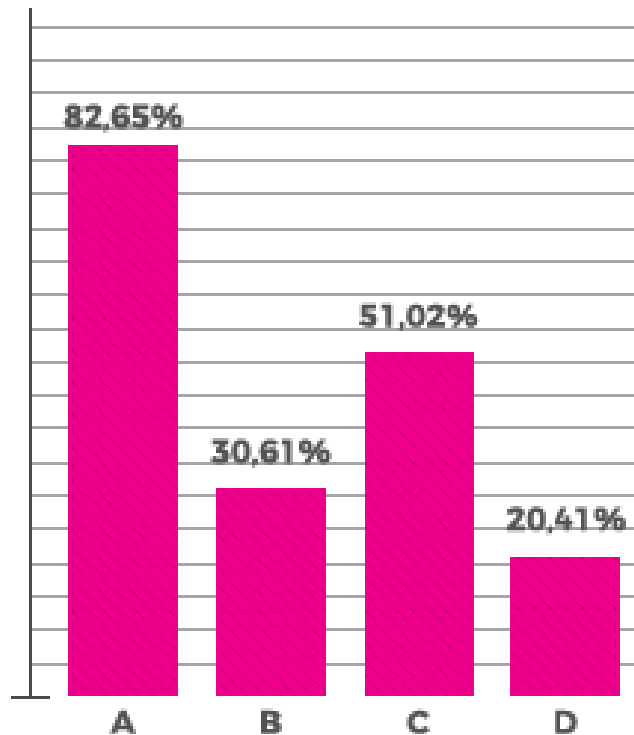
Only 10.2% of the applicants for the mortgage moratorium satisfy all four conditions set out in the regulation. Around 74.5% comply with at least one of them, but not all of them. Some applicants, around 3%, meet all the requirements but would be excluded from assistance as their situation of vulnerability pre-dates the health crises triggered by Covid-19. This percentage rises to 12% in the case of families that were already included under one of the vulnerability scenarios prior to the health crisis.

32.65% stood to benefit if only a change in employment/professional circumstances and the mortgage burden (Conditions A and C) were required as proposed by ASUFIN.



## MORTGAGE MORATORIUM APRIL | 2020

### FOUR CONDITIONS, WHICH ARE MOST COMMONLY FULFILLED BY THEMSELVES?



82.65% meet the first condition, having lost their job or seen their income reduced, in relation to the self-employed and owners of businesses.

Given the significant percentage of applicants who meet only some of the four conditions, you may be wondering which of them tend to be satisfied most often.

In this sense, just over 82% are affected by the first criteria (A), i.e. having been placed on furlough or a loss in income or turnover of 40%. The third requirement (C) is the next most common criteria, with just over half of applicants able to prove mortgage payments and basic supplies account for 35% or more of the family's income. Just over 30% of applicants satisfy the second requirement (B) in relation to family income with respect to the public income index (IPREM) and approximately 20% have seen their efforts to make mortgage burden (D) multiplied by 1.3.

#### VULNERABILITY SCENARIOS

A - Unemployment or, loss in income, or turnover of 40% for the self-employed and owners of businesses.

B - Income is no more than 3 times the IPREM

C - Mortgage, expenses and basic supplies  $\geq$  35% of income

D - Mortgage burden multiplied by at least 1.3.

## MORTGAGE MORATORIUM APRIL | 2020

### COVID-19

- ASUFIN's proposal would allow three times as many families to benefit from the moratorium on mortgage payments.
- Applying such demanding conditions to qualify for the mortgage moratorium means that barely one in ten families would benefit from deferred payments, leaving more than 70% unable to pay on time and more than 15% who were considered vulnerable before COVID-19, without any recourse.
- ASUFIN proposed that all families who meet conditions A and C (32.65%), should be eligible. In other words, those whose employment situation has suffered and whose basic outgoings represent 35% or more of their income.
- It should also be considered that all those affected, who are not entitled to the mortgage moratorium offered by the government, will be left at the mercy of the proposals of financial institutions, either in the form of refinancing or loans or related products.



Study on Legislative  
versus Sectoral

# MORTGAGE MORATORIUM MAY| 2020

## LEGISLATIVE VS. SECTORAL



Study on Mortgage Moratoriums

## MORTGAGE MORATORIUM RELIEF FOR BANKING CONSUMERS

The mortgage moratorium is one of the most important measures taken by the government to offer relief to families who had experienced a decrease in income due to COVID-19.

The moratorium approved by the government, hereinafter the legislative moratorium, is regulated in Royal Legislative Decree 8/2020 of 17 March, and Royal Legislative Decree 11/2020 of 31 March. At ASUFIN, we have denounced the requirement to fulfil all four conditions to benefit from this measure, as this means that just one in ten applicants are entitled to receive it.

**The legislative moratorium will only benefit one in ten families, meaning that most of those affected have to resort to the alternatives offered by financial institutions.**

In light of this reality, the Spanish Banking Association and CECA announced that financial institutions would grant mortgage moratoriums to customers who did not meet the government's requirements, hereinafter the sectoral moratorium.

Unlike the legislative moratorium, which deferred capital and interest for 3 months, with no costs and with no deferral interest accrued, the sectoral moratorium proposes a deferment of capital for 6 or 12 months, paying only the interest during that period.

ASUFIN welcomed the sectoral moratorium, despite it entailing additional costs that the government could have prevented by relaxing the conditions of the legislative moratorium.

This study, carried out by ASUFIN in collaboration with Antonio Luis Gallardo and Enrique Mestre, aims to shed light on the differences between the legislative moratorium and the sectoral moratorium offered by the banking sector.

Based on this, ASUFIN is asking the government to relax the requirements and extend the moratorium to 6 months. Furthermore, we advise consumers to be extremely cautious so that their financial institution does not charge them additional interest on the deferred capital.

## LEGISLATIVE MORATORIUM THE GOVERNMENT’S PROPOSAL

### Access for just a few

As we have indicated, the legislative moratorium has become an unrealistic alternative for thousands of people affected by the harsh economic circumstances leading to the declaration of the state of alarm. In fact, only 10.2% of the applicants satisfy all four scenarios set out in the measure.

At ASUFIN, we remain adamant that the government must make access to this measure more flexible, which currently requires applicants satisfy four conditions:

- Unemployment, furlough/, loss of income > 40% for the self-employed and owners of businesses.
- Household income must not be more than three times the IPREM.
- Mortgage, expenses and basic supplies are more than 35% of income
- Mortgage burden has been multiplied by at least 1.3.

In addition, Order TMA/378/2020, of 30 April, defining the criteria and requirements for people living in rented accommodation who are eligible for transitional financial assistance, raises the income requirement for access to these soft loans to five times the IPREM. And they do not need to meet the fourth requirement concerning the mortgage burden. Applying these changes to the moratorium would open the door to a vast number of people affected.

### Three months without interest or costs

The fact is that the moratorium provided by the government has a cost neutral effect: no interest or capital is paid during the three months it is in effect and, subsequently, the loan term is extended lasts as long as the moratorium.

By not requiring the payment of capital or interest during the moratorium, and by extending the deadline, it represents real relief for the consumer, without any additional cost.

## SECTORIAL MORATORIUM

### THE PROPOSAL OF BANKING

The only alternative for thousands of families drowned in mortgage payments during these months of economic paralysis is provided by the market.

At the start of April, the banking associations, the AEB and the CECA, announced an agreement for the voluntary implementation of a moratorium on habitual residences, with a view to helping customers who had been financially affected by the coronavirus crisis.

Financial institutions have reacted to the restrictive legislative moratorium by offering a longer, but not cost-free, deferral. The so-called sectoral moratorium consists of deferring the payment of the principal, paying only the corresponding interest on these loans, significantly reducing monthly mortgage payments.

This moratorium, which is compatible with or an alternative to the government moratorium, lasts for 6 or 12 months, although in the case of Bankinter, it is also available for 4 months.

The transaction entails a renewal of the contract, with the corresponding Notary Public and land registry fees.

#### Case studies

To get a better understanding of the economic impact of the sectoral moratorium, this study presents a simulation of a mortgage of 180,000 euros, at a fixed interest rate of 1% with an ordinary quota of 678 euros, in three possible scenarios:

→ 15-year term for repaying the outstanding capital: 113,346 euros.

→ 10-year term for repaying the outstanding capital: 77,435 euros.

→ 5-year term for repaying the outstanding capital: 39,685 euros.

During the interest-only period, the instalment paid by the customer drops to 94.46 euros in the first scenario, 64.53 euros in the second, and 33.07 euros in the third

## SECTORIAL MORATORIUM THE PROPOSAL OF BANKING

### Increase of term vs instalments

After the interest-only period, the mortgage can be resumed in two ways:

- (1) extending the repayment period by the same number of monthly instalments as the interest-only period
- (2) maintaining the term, increasing the monthly repayment amount

When choosing the first option, instalments are lower and it will be easier to make repayments, although the total cost of the operation will be higher as interest payments are spread over a longer period. In other words, it is paid off more slowly, meaning more interest is paid in the long run.

Extending the term means higher interest payments, while maintaining the term means a higher monthly instalment.

When choosing the second option, the instalment will be higher than the instalment originally paid, but less interest is paid in total.

### The cost of the interest-free period: up to 1,133 euros on an average mortgage

For an average mortgage taken out 10 years ago for 180,000 euros and with a 15-year repayment period remaining, an extra 1,133 euros would be paid by the end of the operation involving a 12-month interest-only period, when extending the term. This amount is reduced to 566 euros if the interest-only period requested is six months.


When choosing not to extend the term of the mortgage, the cost of the same 12-month interest-free period for the same loan would be 539 euros. For six months, the total cost drops to 269 euros.

The less time left to repay the loan, the lower the cost for the interest-only period. With only five years remaining, the cost of the interest-only ranges from approximately 396 euros for a 12-month moratorium with an extension of the term to just 97 euros for a six-month moratorium without an extension of the term.

The product offered by Bankinter is worth particular mention: for an interest-free period of just four months, the consumer will pay between 65 and 179 euros approximately, without an increase in capital



## MORTGAGE MORATORIUM LEGISLATIVE VS. SECTORIAL

	Carencia capital	Carencia intereses	Ampliación plazo
Bankinter*	4 meses	NO	NO
Sectorial	de 6 a 12 meses	NO	SÍ
Legal	3 meses	SÍ	SÍ

\*ampliable a 6 y 12 meses

HIPOTECA 180.000€ - TIPO FIJO 1%			
Plazo	Capital	Cuota intereses	Gastos novación
15 años	113.346 €	94,46 €	680 €
10 años	77.435 €	64,53 €	465 €
5 años	39.685 €	33,07 €	238 €
Cuota ordinaria	678,37 €		

## MORTGAGE MORATORIUM

### BANKINTER 4 MONTHS - NO EXTENSION

Plazo restante	Cuota tras carencia	Sobrecoste mensual - €	Sobrecoste mensual - %	Sobrecoste total - €	Sobrecoste total - %
15 años	692,66 €	14,30 €	2,11%	179,58 €	0,1%
10 años	700,61 €	22,24 €	3,28%	124,83 €	0,2%
5 años	725,62 €	47,25 €	6,97%	65,08 €	0,2%

## MORTGAGE MORATORIUM SECTORIAL 6 MONTHS

SOBRECOSTE CON AUMENTO DE PLAZO					
Plazo	Cuota	Mensual - €	Mensual - %	Total - €	Total - %
15 años	678,37 €	0,00 €	0,00%	566,73 €	1,0%
10 años	678,36 €	0,00 €	0,00%	387,18 €	1,0%
5 años	678,37 €	0,00 €	0,00%	198,43 €	1,1%

SOBRECOSTE SIN AUMENTO DE PLAZO					
Plazo	Cuota	Mensual - €	Mensual - %	Total - €	Total - %
15 años	700,05 €	21,68 €	3,20%	269,45 €	0,2%
10 años	712,31 €	33,94 €	5,00%	187,30 €	0,2%
5 años	751,87 €	73,50 €	10,83%	97,64 €	0,2%

## MORTGAGE MORATORIUM SECTORIAL 12 MONTHS

SOBRECOSTE CON AUMENTO DE PLAZO					
Plazo	Cuota	Mensual - €	Mensual - %	Total - €	Total - %
15 años	678,37 €	0,00 €	0,00%	1.133,46 €	1,5%
10 años	678,36 €	0,00 €	0,00%	774,35 €	1,5%
5 años	678,37 €	0,00 €	0,00%	396,85 €	1,6%

SOBRECOSTE SIN AUMENTO DE PLAZO					
Plazo	Cuota	Mensual - €	Mensual - %	Total - €	Total - %
15 años	723,29 €	44,92 €	6,62%	539,37 €	0,4%
10 años	750,04 €	71,67 €	10,57%	374,92 €	0,5%
5 años	843,76 €	165,39 €	24,38%	195,45 €	0,5%

## MORTGAGE MORATORIUM MAY| 2020

### LEGISLATIVE VS. SECTORIAL

From the very beginning of the COVID-19 health crisis, ASUFIN demanded the adoption of a mortgage moratorium to protect the welfare of vulnerable families. However, the rule adopted by the government will only benefit one in ten families, meaning that most of those affected have to resort to the alternatives offered by financial institutions. This is an alternative that we appreciate and will benefit many families, although it entails additional costs that the government could have prevented by relaxing the conditions of the legislative moratorium.





Microcredits

## MICRO-CREDITS APRIL | 2020



## MICROCREDITS

# WHAT IS A MICROCREDIT?

In reality, a micro-credit is a simple, quick product that allows you to borrow an amount of money, usually not too high, in exchange for paying it back in a very short period of time of up to 30 days in exchange for interest.

The payment method is usually at maturity, repaid in full, both interest and principal. In many cases, early payment of interest is allowed, but this is not the norm.

Payment is made via a card payment platform on which payments will be automatically charged when they are due. Sometimes, an account number is provided for the customer to make the transfer.

Initially, it may appear to be an appealing product for covering certain needs, such as unforeseen circumstances or situations that are somewhat urgent, but it involves risks that the consumer must be aware of.

In the midst of the COVID-19 crisis, with a recurring decrease in income or delays in the payment of social welfare, micro-credits can provide a fast alternative for covering unforeseen expenses or to obtain cash. However, before falling into temptation, consumers must be aware of the specific features of this financial product, as they can easily become a trap that leads to the over-indebtedness of the financial user.

The MICRO-CREDITS STUDY, carried out by ASUFIN in collaboration with Antonio Luis Gallardo, analyses the products offered by the 16 main credit institutions on the market, with a view to determining the average prices (in nominal and annual equivalent rates).

ASUFIN performed the study using 3 typical cases and the 5 main risks posed by micro-credits to financial users.

### 3 CASES

- - €50/one week
- - €300/one month
- - €900/one day

### 5 RISKS

1. The claim of being “cost-free”.
2. The “snowball” effect.
3. The high cost of the operation.
4. Wage advance.
5. Defaults and late payment



# MICROCREDITS OVER-INDEBTEDNESS

- The claim of being "cost-free"

This is the main hook used by many credit institutions to initially attract the customer. In fact, the business model for micro-credits is expressly based on the customer having to repeat operations, as this channel of profit covers the high exposure assumed by these institutions on account of non-performing loans. It should be noted that practically no risk analysis is performed on these operations; some companies check whether customers are named in unpaid debt files but others directly accept customers despite them having unpaid debts. No risk assessment is performed and they are extended even when the customer has unpaid debts.

Therefore, and to easily attract the customer, the first loan is offered "cost-free". These micro-credits are offered by Vivus, Solcrédito, Wandoo, Ccloan, Dineo and CréditoZen, among others, offering 300 euros to be returned in 30 days, with 0 euros interest (APR 0%). From the second micro-credit onwards, the conditions change, with the corresponding interest charged and the customer overwhelmed with advertising to repeat the operation

- The "snowball" effect

Another of the most serious problems of this type of financing is the snowball effect generated by the accumulation of debts given the customer's inability to pay back the outstanding debt. This can clearly be seen in the following example.

The 300 euros originally requested to be repaid in one month generates interest of 105 euros, which means paying a total of 405 euros at the end of the term. If this amount cannot be paid, another loan is taken out from another company for 405 euros, which is used exclusively to pay off the first loan. The problem just escalates, as for those 405 euros borrowed, 520 euros have to be paid back in just two months. The result is that debt has increased by 73%; this leads to the generation of over-indebtedness and the spiralling of a family's debt.

Therefore, it is essential that, when applying for this type of micro-credit, the consumer is sure that the amount can be repaid at the end of the term.

There are many cases in which, when the consumer is unable to do so, the outcome is that for an initially small loan, the consumer gets into serious financial trouble.

# MICROCREDITS OVER-INDEBTEDNESS

- **High cost of the operation**

As we have seen, these loans are based on the combination of small amounts with a very short repayment period, generating a very high cost for the customer, which the institutions refer to as "fees". As we will see below in the simulation, the interest charged for the main products on the market ranges from 1,605.88% APR to 3,564.42% APR by companies such as Creditomas, Twinero or Kredito24, with a general market average of 2,770.60% APR.

Interest: the lower the amount and the term, the higher the interest.

Interest has been calculated for a sum of 300 euros to be returned within 30 days; however, the lower the amount and the longer the return period, the higher the interest. The combination of very high interest rates and very low terms, ranging from a minimum of six days on average to a maximum of just 31 days on average (mostly 30 days) creates another problem, the risk of not being able to repay the amount received and the interest; therefore, the cost of the operation soars, as could be seen above.

- **Wage advance credits**

This market offers one very specific feature, that credits can be requested for a term as short as two, three or even just one day, usually used as an advance for a recurring payment, such as a salary payment. Up to four of the institutions analysed in this study offer the possibility of advancing an amount with a one-day return deadline.

COVID-19: Delays in the payment of unemployment benefits can result in consumers requesting an advance that will ultimately be very costly.

This is the case of Creditosi, Quebueno, Contante and Holadinero, which, for a loan of 900 euros, as indicated in the simulation, charge 8 euros, 8.91 euros and 10.50 euros, respectively. Holadinero does not allow a simulation to be performed. This repayment rate represents nominal interest of around 300 and 400%, with equivalent annual rates of 2,428%, 3,544% and around 6,800%.

## MICROCREDITS MARKET ANALYSIS

					300€ A 30 DÍAS	
ENTIDAD	IMPORTE MÍN.	IMPORTE MÁX.	PLAZO MÍN. DÍAS	PLAZO MÁX. DÍAS	TIN	TAE
Creditomas	50 €	900 €	7	30	420,00%	3.564,42%
Twinnero	50 €	600 €	7	30	420,00%	3.564,24%
Kredito24	75 €	750 €	7	30	420,00%	3.564,24%
Dineo	50 €	500 €	5	30	420,00%	3.564,24%
Lunacredit	50 €	1.000 €	7	30	396,00%	2.963,51%
OKMoney	50 €	1.000 €	7	30	396,00%	2.963,51%
Pulpocredit	50 €	600 €	7	28	396,00%	2.963,51%
Vívus	50 €	1.000 €	7	30	384,00%	2.698,25%
Wandoo	50 €	850 €	7	30	384,00%	2.698,25%
Préstamo10	50 €	700 €	5	30	384,00%	2.698,25%
Cashper	50 €	500 €	15	30	380,00%	2.615,43%
Creditosi	50 €	1.000 €	1	30	360,00%	2.289,61%
Contante	50 €	1.000 €	1	30	360,00%	2.229,81%
CreditoZen	50 €	1.000 €	5	30	360,00%	2.229,81%
Quebueno	1 €	900 €	1	39	356,40%	2.116,10%
Holadinero	50 €	1.000 €	1	31	320,00%	1.605,88%
MEDIA	49 €	831 €	6	30,5	384,78%	2.770,57%

## MICROCREDITS

### 300 EUROS IN 30 DAYS

EMPRESA	IMPORTE	INTERESES	TIN	TAE
Creditomas	300 €	105 €	420%	3.564,42%
Twintero	300 €	105 €	420%	3.564,24%
Krédito 24	300 €	105 €	420%	3.564,24%
Dineo	300 €	105 €	420%	3.564,24%
Lunacredit	300 €	99 €	396%	2.963,51%
OKMoney	300 €	99 €	396%	2.963,51%
Pulpocredit	300 €	99 €	396%	2.963,51%
Vívus	300 €	96 €	384%	2.698,25%
Wandoo	300 €	96 €	384%	2.698,25%
Préstamo10	300 €	96 €	384%	2.698,25%
Cashper	300 €	95 €	380%	2.615,43%
Creditosi	300 €	90 €	360%	2.289,61%
Contante	300 €	90 €	360%	2.229,81%
CreditoZen	300 €	90 €	360%	2.229,81%
Quebueno	300 €	89 €	356%	2.116,10%
Holadinero	300 €	80 €	320%	1.605,88%
MEDIA		96 €	384,78%	2.770,57%

→ [Penalizaciones en caso de demora: Ver anexo](#)

## MICROCREDITS

### 50 EUROS IN 7 DAYS

EMPRESA	IMPORTE	INTERESES	TIN	TAE
Creditosi	50 €	7,92 €	823,7%	209.139,32%
Creditomas	50 €	7,00 €	728,0%	90.902,28%
Préstamo10	50 €	7,00 €	728,0%	90.902,28%
Contante	50 €	4,08 €	424,3%	5.808,36%
Twinero	50 €	4,00 €	416,0%	5.370,60%
Dineo	50 €	4,00 €	416,0%	5.370,60%
Lunacredit	50 €	4,00 €	416,0%	5.370,60%
OKMoney	50 €	4,00 €	416,0%	5.370,60%
Pulpocredit	50 €	4,00 €	416,0%	5.370,60%
Vívus	50 €	4,00 €	416,0%	5.370,60%
Wandoo	50 €	4,00 €	416,0%	5.370,60%
CreditoZen	50 €	4,00 €	416,0%	5.370,60%
Holadinero	50 €	4,00 €	416,0%	5.370,60%
Quebueno	50 €	3,47 €	360,9%	3.175,59%
Krédito 24	Mínimo 75 euros			
Cashper	Mínimo 15 días			
MEDIA		5,00 €	486,0%	32.019,00%

## MICROCREDITS

### 900 EUROS FOR 1 DAY

EMPRESA	900€ A 1 DÍA		NOMINAL	TAE
Contante	900 €	10,50 €	425,83%	6.797,09%
Quebueno	900 €	8,91 €	361,00%	3.544,23%
Creditosi	900 €	8,00 €	324,44%	2.428,44%
Holadinero	No permite simular			
MEDIA		8,97 €	370,54%	4.256,59%

#### COVID-19

While waiting for unemployment benefits due to be paid in May or June, many families may be tempted to ask for a micro-credit to bring forward these payments.

## MICROCREDITS

# ANNEX: PENALTIES IN THE CASE OF LATE PAYMENT

- Creditomas €7.50 fixed fee, plus 1% per day up to 200 days
- Twinero Up to 100% of the interest charged on the operation
- Kredito24 Up to 45% of the loan amount for delays of 20 days or more
- Money 25% on the principal plus 1.4% daily interest, 14,816.39% APR
- Lunacredit Fee of between 15% and 28%
- OKMoney 15% to 28% fee and 1.10% interest per day
- Pulpocredit 2% per day for a maximum of 100 days, resulting in 124,656.11%
- Vivus 1.10% daily interest up to a maximum of 200% of the amount owed
- Wandoo 1.00% per day on the unpaid amount, up to a maximum limit of 200% of the principal Loan10 Fee of 30 euros and interest for one month of up to 12,389.67% APR
- Cashper €20 on the day after maturity, another €20 for the 10 days after maturity and another €20 if the repayment period takes another 20 days.
- Creditosi 1% per day up to a limit of 100% of the loan's principal and interest
- Contante 1% per day up to a limit of 100% of the loan's principal and interest
- CreditoZen Applies fees and interest but does not report them
- Quebec Scalable fees over time and 0.99% interest per day on arrears
- Holadinero Applies fees and interest but does not report them

## MICRO CREDITS APRIL| 2020

ASUFIN has performed this study on fast loans at a time when COVID-19 may see many consumers fall into the trap.

Micro-credits may seem like an easy solution for a lack of liquidity, because the terms are so short that they may be as short as one day. However, they quickly result in the consumer spiralling into debt, with disproportionate interest rates, meaning that they are genuine financial traps.







II BAROMETER  
REVOLVING CARDS

## II BAROMETER REVOLVING CARDS JUNE | 2020



## II BAROMETER REVOLVING CARDS

### INTRODUCTION

Since we published the first ASUFIN Barometer dedicated to revolving cards, the market for this product has been significantly shaken as a result of Supreme Court ruling 142/2020 of 4 March, which confirmed the applicable law. The ruling was actually in favour of consumers: "An interest rate of 27% is very higher, disproportionate and usurious" without mentioning the statistics published by the Bank of Spain. This marked a turning point for these products, which use the activation of a permanent line of credit, for a very small monthly payment as the main bait; we have once again focussed on them in this second edition of the barometer, prepared in cooperation with Antonio L. Gallardo.

Mass marketing at locations other than financial establishments, including shopping centres, airports, supermarkets and even petrol stations, has meant that this form of credit has exploded among average consumers in recent times. In many cases, they are offered in an apparently harmless and accessible way in the form of loyalty cards, allowing you to accumulate points and obtain advantages from a company.

In the 1st Barometer, we highlighted the dangers of this plastic: they are issued and even renewed free of charge, without conditions or guarantees, when satisfying minimum purchases and repaying a very low amount each month.

In addition, they offer a permanent line of credit for cash withdrawals at ATMs or account deposits, accruing very high levels of interest. These elements make for a product that facilitates over-indebtedness and prevents the responsible use of credit when the consumer is not informed in a transparent manner.

One additional problem is that, as the amounts involved are small, the solvency of customers is not properly analysed, their level of debt is not looked at and, in many cases, no questions are asked about their fixed income. Furthermore, the operation can be complicated by the complex repayment method, allowing unpaid interest to be recapitalised and the term to be extended as necessary.

## II BAROMETER REVOLVING CARDS

### LACK OF TRANSPARENCY

Therefore, and as ASUFIN has been defending for some time, the problem with these cards is not only the interest rates charged, considered by the courts to be "usurious", but also the lack of transparency in explaining the debt repayment mechanism to average consumers.

In fact, the Supreme Court, in its ruling, opened the door to examining the transparency with which revolving cards are contracted and their abusive nature. In particular, the ruling against a card marketed by Wizink referred to the applicant's 'status as a consumer', allowing for 'checks on incorporation and transparency, typical of checks on the general conditions of consumer contracts'.

In short, as these cards are set up, they are unsuitable products for the average consumer unless they are provided with detailed instructions about the line of credit offered is due to be repaid.

**Revolving card:** An inadequate form of credit if the consumer is not informed of the risk posed by low repayment amounts and eternal debt.

## II BAROMETER REVOLVING CARDS

### INTEREST RATE CUT

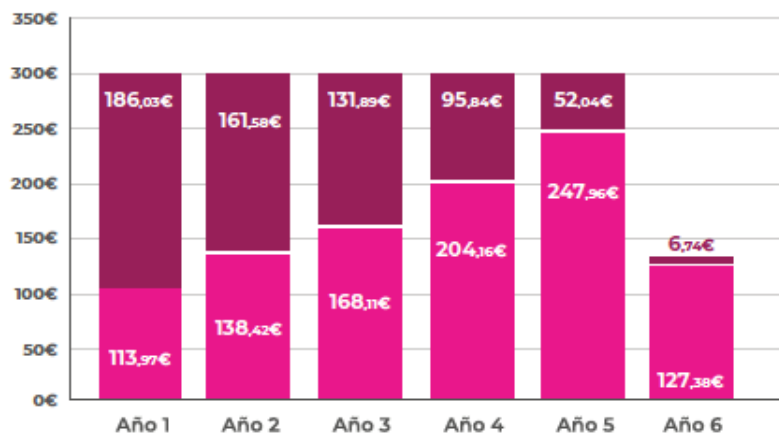
The results of ASUFIN's 2nd Revolving Barometer show that the Supreme Court's ruling has had a direct effect on average market rates, which have dropped from an average of 25.20% APR in December to 22.86% in June, down by 2.34%. When looking at the use of these cards for purchases, the drop is rather smaller: down from 29.63% to 27.70%, just 1.93%. This decline is smaller for this type of use on account of the way financial institutions have adjusted their costs: banks and financial credit institutions have reduced the interest they charge, which only accounts for part of the cost of these operations. On the other hand, the cash withdrawal fee, which in many cases is above 4%, has remained unchanged.

The Supreme Court's ruling has had a direct impact on average market rates

Specifically, while some banks and credit institutions have reduced the nominal interest rate charged on their cards, with an average decrease of 1.55% in the nominal rates, they have barely reduced their fees, which have only been reduced on average by 0.55% in terms of issuance fees. At the same time, cash withdrawal fees have remained unchanged, which are charged whether cash is withdrawn from the ATM or directly deposited into the holder's current account; on average they are around 3.26%.

## II BAROMETER REVOLVING CARDS ABOVE AVERAGE COSTS I

Tipos medios revolving diciembre 2019



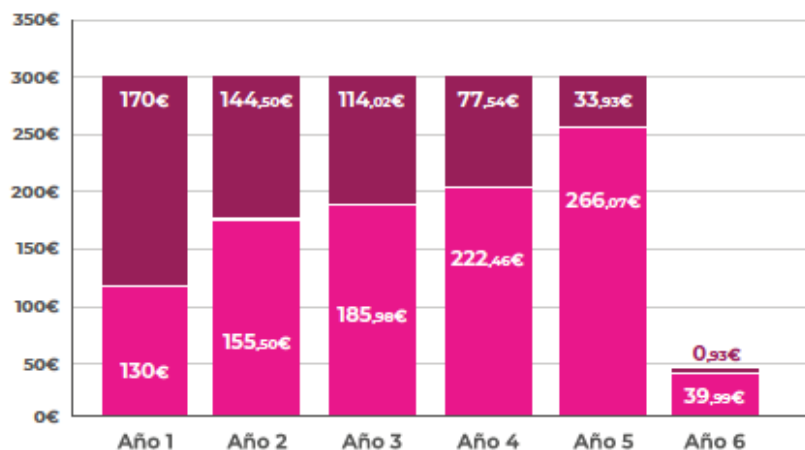
Cantidad inicial **1.000€**

Intereses generados **634,12€**

Cantidad final **1.634,12€**

■ Intereses pagados  
■ Capital amortizado

Tipos medios revolving junio 2020



Cantidad inicial **1.000€**

Intereses generados **540,92€**

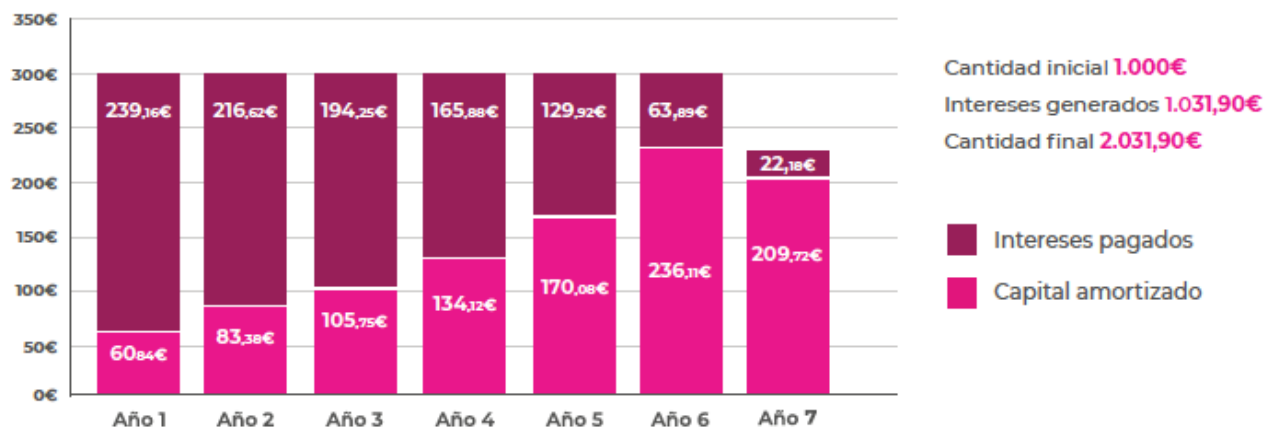
Cantidad final **1.540,92€**

■ Intereses pagados  
■ Capital amortizado

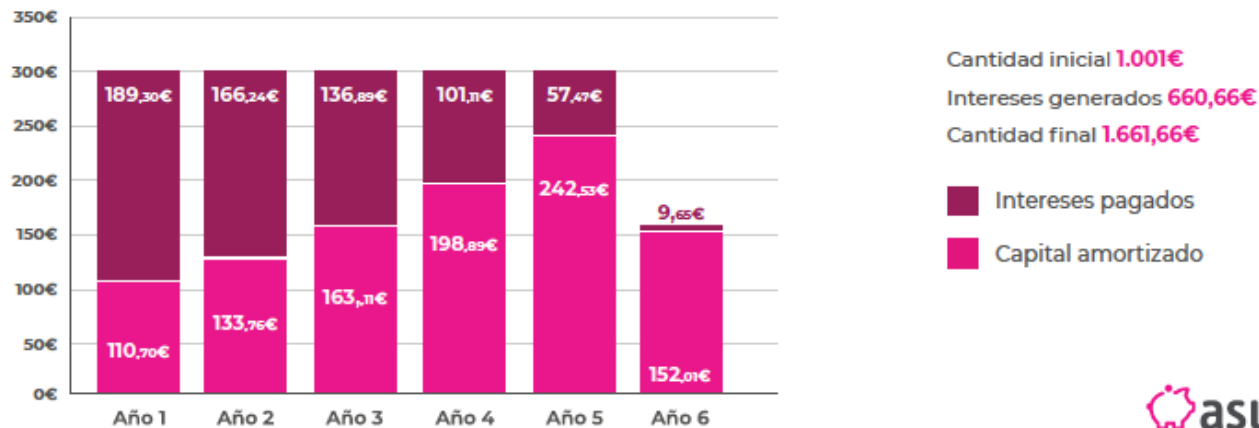
## II BAROMETER REVOLVING CARDS

### ABOVE AVERAGE COSTS I

Tipos WiZink diciembre 2019



Tipos WiZink junio 2020



## II BAROMETER REVOLVING CARDS

### TRADITIONAL CREDIT VS. REVOLVING CREDIT

- DIFFERENCES

One of the most common queries among financial consumers is the difference between a revolving card and a conventional credit card, when the latter also allows amounts owed to be repaid in instalments. To start with, card limits are much lower in the case of "traditional" credit cards, allowing for greater control over the level of indebtedness reached on a monthly basis.

- DEBT REPAYMENT

The mode of repayment also differs between the two types of credit. When using a credit card, the amount is generally repaid

at the end of the month, for no additional cost; in the case of revolving cards, the predetermined method of payment involves payment by instalments, with paying off the full amount due penalised in the form of fees.

- DEBT

If the consumer decides to pay the amount in instalments on a traditional card, the terms are usually no longer than twelve months and the instalments pay off at least 5% of the outstanding capital. This percentage decreases significantly in the case of revolving credit, which usually pay off between 0.5 and 1.5% of the capital to be repaid.

- COMPARISON

This being the case, traditional credit cards have a much lower APR than revolving cards: on average between 16 and 18% for the former, up to 20-24% for the latter. Lower payments and less capital amortisation will result in higher financial costs overall. In the case of revolving credit, there is the additional risk of obtaining cash on credit, which makes the 'price' of this credit even more expensive. .



## II BAROMETER REVOLVING CARDS

### COMPARISON OF TRADITIONAL CREDIT VS. REVOLVING CREDIT

	Traditional credit cards	Revolving cards
Card limit	Much lower  Ranges from €1,200 to €1,800	Higher  Ranges from €5,000 to €6,000  Option of extending the term
Method of payment	Total payment at the end of the month, free of charge. Often, they do not offer the option of dividing the amount due.	Payment in instalments  A fee may be charged if the debt is to be repaid in full
Minimum payments	Higher if the debt is repaid in instalments  They generally repay at least 5% of the outstanding capital and interest, and terms generally do not exceed 12 months.  .	Much lower mandatory minimum repayment  Pays off interest but an immaterial portion of capital, usually between 0.5 and 1.5%
Resulting cost	16% - 18% TAE  Lower financial cost.  The risk to the consumer is lower.  Usually used for small or medium sized purchases.	20% - 24% TAE  Higher financial cost.  The risk to the consumer is higher  Can be used for cash withdrawals, increasing the interest rate

## II BAROMETER REVOLVING CARDS

### COMPARISON OF TRADITIONAL CREDIT VS. REVOLVING CREDIT

	cards institution	Visa Diamond Infinite Credit	Tarjeta Después Oro BBVA	Tarjeta WiZink Oro	Bankintercard	Visa Shopping
		Openbank	BBVA	Wizink	Bankinter consumer finance	Banco Sabadell
General conditions	Allows for direct debit from another bank	NO	NO	SI	SI	NO
	Cardholder issuing fee	135 €	80 €	0 €	0 €	0 €
	Beneficiary issuing fee	0 €	35 €	0 €	0 €	0 €
	Minimum instalment	Desde 5%, 15 €	12 €	18 €	2,5%, mín 18 €	5%
Use of cards for purchases	Annual NIR	11,39%	18,00%	20,00% ↓	18,36% ↓	17,40% ↓
	APR*	39,82%	27,49%	21,94% ↓	19,99% ↓	18,86% ↓
	For example, cost of financing a 1,000-euro purchase over 24 months	392,94 €	358,18 €	221,50 € ↓	202,36 € ↓	191,23 € ↓
Use of card for cash withdrawal or cash deposit	Fee for cash withdrawals (%)	3,90%	3,50%	4,50%	4%	4%
	Fee for cash withdrawals (minimum €)	3 €	3 €	4 €	2,40 €	3 €
	APR for cash withdrawals	49,29%	33,83%	27,45% ↓	24,80% ↓	23,63% ↓
	For example, financing a 1,000- euro cash withdrawal to be paid back over 24 months	431,94 €	393,18 €	266,50 € ↓	242,36 € ↓	231,23 € ↓

## II BAROMETER REVOLVING CARDS

### COMPARISON OF TRADITIONAL CREDIT VS. REVOLVING CREDIT

	cards	institution	Tarjeta compras	Tarjeta Después BBVA	Visa & Go	Crédito Mundo	Visa Shopping db
			Bankia	BBVA	CaixaBank	B. Santander	Deutsche Bank
General conditions	Allows for direct debit from another bank		NO	NO	NO	NO	NO
	Cardholder issuing fee		0 €	43 €	0 €	0 €	0 €
	Beneficiary issuing fee		0 €	20 €	0 €	0 €	0 €
	Minimum instalment		5%	12 €	1,5% deuda	50 €	20 € / 2% saldo
Use of cards for purchases	Annual NIR		23,40%	18,00%	22,44%	18,00%	16,80% ↓
	APR*		26,08%	25,41%	24,90%	19,56% ↓	18,16% ↓
	For example, cost of financing a 1,000-euro purchase over 24 months		261,73 €	284,18 €	250,30 €	198,18 € ↓	184,31 € ↓
Use of card for cash withdrawal or cash deposit	Fee for cash withdrawals (%)		3,50%	3,50%	4,50%	0%	3%
	Fee for cash withdrawals (minimum €)		4 €	3 €	4 €	0 €	2,50 €
	APR for cash withdrawals		30,48%	29,08%	30,53%	24,57%	21,70% ↓
	For example, financing a 1,000- euro cash withdrawal to be paid back over 24 months		296,73 €	319,30 €	295,30 €	198,18 € ↓	214,31 € ↓

## II BAROMETER REVOLVING CARDS

### COMPARISON OF TRADITIONAL CREDIT VS. REVOLVING CREDIT

	cards	Visa Pass Carrefour	Tarjeta Spymp (Antes Tarjeta Evo Finance)	Visa Proyecta	Media Total Intereses y comisiones
		SS.Financieros Carrefour E.F.C	E.F.C., S.A.U. (Antes Evo Finance)**	Abanca	
General conditions	institution	SI	SI	NO	
	Allows for direct debit from another bank	0 €	0 €	0 €	
	Cardholder issuing fee	0 €	0 €	0 €	
	Beneficiary issuing fee	5%	2,25% saldo deudor (5 euros)	1,5%, mín. 30 €	
	Minimum instalment				
Use of cards for purchases	Annual NIR	20,04%	19,21%	11,52%	18,04%
	APR*	21,99%	20,99%	11,99%	22,86%
	For example, cost of financing a 1,000-euro purchase over 24 months	221,97 €	212,26 €	124,39 €	238,73 €
Use of card for cash withdrawal or cash deposit	Fee for cash withdrawals (%)	4%	4%	0 €	3,26%
	Fee for cash withdrawals	1,50 €	4 €	0 €	2,65 €
	Fee for cash withdrawals (minimum €)	26,87%	25,85%	11,99%	27,70%
	APR for cash withdrawals	261,97 €	252,26 €	124,39 €	271,35 €
	For example, financing a 1,000-euro cash withdrawal to be paid back over 24 months				



Personal Loan Barometer

## I BAROMETER CONSUMERS LOANS JUNE | 2020



# I BAROMETER CONSUMERS LOANS

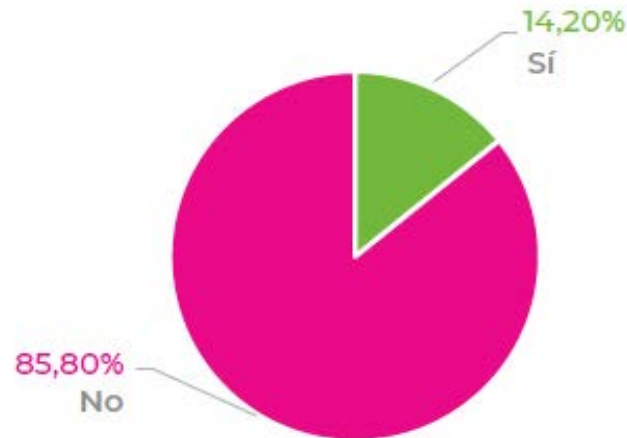
## FIVE MAIN CONCLUSIONS

1. Only 14% of respondents said that they would take out a loan in the following 6 months
2. Up to 10% cancelled their plans to take out a loan
3. The need for access to liquidity becomes the main destination of credit: 30%
4. Travel and holidays lose priority: around 50% would no longer take out a loan to finance travel and holidays
5. State aid for car purchases would fail to change the minds of 82% of consumers

## I BAROMETER CONSUMERS LOANS

Current uncertainty is holding back consumers' intention to get into debt

INTENTION TO TAKE OUT A LOAN IN THE NEXT 6 MONTHS



Under the current circumstances, only 14.20% of respondents intend on taking out a loan in the next 6 months compared to 85.80% who do not intend on doing so.



## I BAROMETER CONSUMERS LOANS

### Families tighten their belts

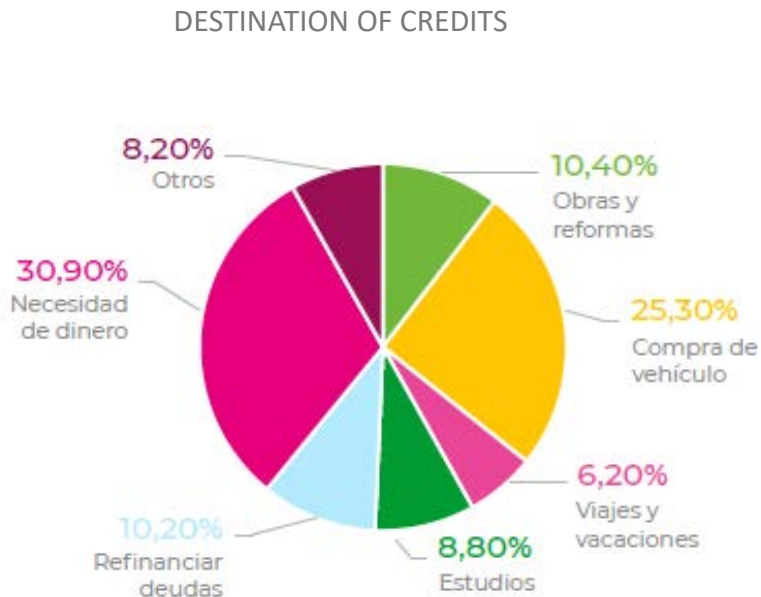
HAVE YOU CHANGED YOUR MIND IN RECENT WEEKS?



10.90% of respondents who initially planned to apply for financing ultimately will not do so. In contrast, 6.70% of respondents were forced to resort to financing due to the reduction in their income in light of the current circumstances

## I BAROMETER CONSUMERS LOANS

### Liquidity vs. holidays

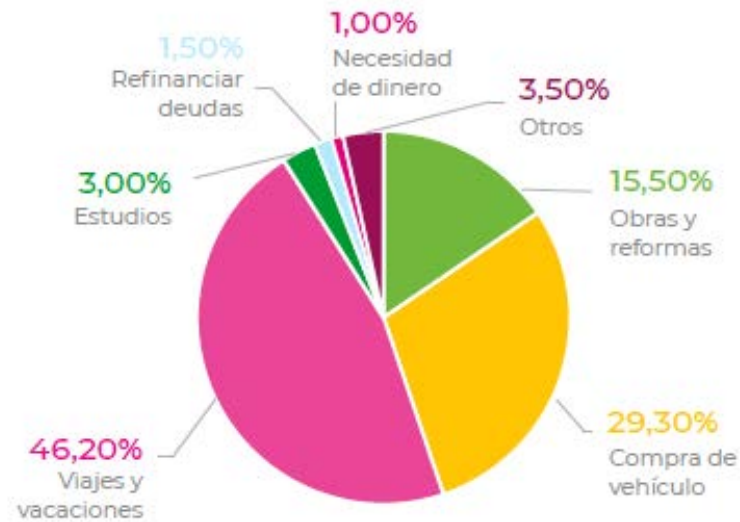


At present, respondents admit that the main destination for credits in June is to cover their liquidity needs (30.90%), taking priority over the more classic need at this time of year: purchasing a vehicle (25.30%). Adding together the three segments most closely associated with consumption, i.e. vehicle purchase, refurbishment and holidays, they come to 41.90%. In turn, destinations such as liquidity needs or refinancing debts represent approximately the same amount: 41.10%.

## I BAROMETER CONSUMERS LOANS

### What are households giving up?

WHAT WERE THE ORIGINAL REASONS FOR CREDITS THAT ARE NO LONGER BEING TAKEN OUT?



The consumer segment accounts for the largest part of the drop in intention to request credit. Travel and holidays have suffered the most: almost half of those who were going to request credit for this purpose (46.20%) will no longer do so. The purchase of vehicles is next: around 30% say that they will no longer request credit that they had intended on requesting, which may result in a drop in sales in this key sector. Similarly, credit for construction and refurbishment work are expected to fall by 15%, while the education segment remains fairly stable, down by just 3%.

## I BAROMETER CONSUMERS LOANS

### Costs of consumer lending: June 2020

All these changes in the financing of goods and services come at a time when consumer loans in Spain are still more expensive than the average for the eurozone.

	Bancos	EFC No vehículos	EFC vehículos	Media	Media UE abril 2020	Diferencia
Préstamos de 1 a 5 años	6,95%	8,02%	7,10%	7,45%	6,06%	1,39%
Préstamos más de 5 años	7,88%	8,44%	7,33%	7,89%	4,57%	3,31%

In relation to average interest rates, simulations were performed between 10 and 12 June across 19 banks and credit institutions, linked either to car dealers or private sellers.

## I BAROMETER CONSUMERS LOANS

# Loans in Spain, more expensive than in Europe

- 1 TO 5 YEAR LOANS

The average in Spain is 7.45%. This is 1.39% above the latest eurozone average for this type of loan published by the ECB, which stood at 6.06% in April. For loans of this duration, the cheapest are those granted by banks (6.95%) and the most expensive are those granted by credit institutions not linked to car dealers (7.10%).

- LOANS OF MORE THAN 5 YEARS

For loans of more than 5 years, the difference between Spain and the eurozone soars to 3.31%, with average lending of 7.89%. While in many neighbouring countries, longer-term loans are cheaper, in Spain the opposite was true in June. In this case, credit institutions not linked to the sale of vehicles are once again the most expensive (8.44%) followed by banks (7.88%).

It is striking that the cheapest in these terms are the credit institutions linked to car sales, coming to 7.33%, as many offer discounts on car prices when payments are financed. The use of more flexible financing formulas, in which the replacement of the car is sought once its useful life has been reached, and the search for customer loyalty could explain this situation.

## I BAROMETER CONSUMERS LOANS

### 1 to 5 year loans by institutions

BANCOS	TIN	TAE
CAIXABANK	6,90%	7,14%
BANCO SANTANDER	6,95%	7,65%
BBVA	7,10%	7,15%
ING	3,95%	4,24%
BANCO SABADELL	7,95%	8,25%
BANCO CETELEM	8,95%	9,33%
COFIDIS	7,95%	8,24%
BANKIA	5,95%	6,91%
UNICAJA	5,45%	6,02%
DEUTSCHE BANK	5,85%	6,02%
IBERCAJA	6,10%	6,24%

EFC NO VEHÍCULOS	TIN	TAE
SANTANDER CONSUMER	5,55%	6,14%
CAIXABANK PAYMENTS & CONSUMER	5,95%	6,08%
SERVICIOS FINANCIEROS CARREFOUR, EFC	9,90%	11,85%

EFC O BANCOS VEHÍCULOS	TIN	TAE
PSA FINANCIAL SERVICES SPAIN	6,50%	6,85%
VOLKSWAGEN BANK	6,80%	6,99%
TOYOTA KREDITBANK	6,90%	7,05%
OPEL BANK	6,95%	7,14%
BMW BANK GMBH	7,15%	7,45%

## I BAROMETER CONSUMERS LOANS

### More than 5 year loans by institutions

BANCOS	TIN	TAE	EFC NO VEHÍCULOS	TIN	TAE
CAIXABANK	8,90%	9,34%	SANTANDER CONSUMER	6,75%	7,10%
BANCO SANTANDER	7,95%	9,11%	CAIXABANK PAYMENTS & CONSUMER	6,50%	6,89%
BBVA	7,20%	8,27%	SERVICIOS FINANCIEROS CARREFOUR, EFC	9,90%	11,33%
ING	3,95%	4,11%			
BANCO SABADELL	8,75%	12,02%	EFC O BANCOS VEHÍCULOS	TIN	TAE
BANCO CETELEM	8,95%	9,33%	PSA FINANCIAL SERVICES SPAIN	6,50%	6,85%
COFIDIS	8,45%	8,78%	VOLKSWAGEN BANK	6,90%	6,10%
BANKIA	5,95%	6,55%	TOYOTA KREDITBANK	6,99%	7,19%
UNICAJA	5,95%	6,65%	OPEL BANK	7,25%	7,49%
DEUTSCHE BANK	6,60%	6,99%	BMW BANK GMBH	7,60%	7,99%
IBERCAJA	6,90%	7,04%			



Study of Covid Financial  
Situation Conclusions



# STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS

## NOVEMBER | 2020



# STUDY OF COVID FINANCIAL SITUATION

## CONCLUSIONS NOVEMBER

## INTRODUCTION

The current economic situation of most families has been significantly affected by the COVID-19 pandemic. Beyond the major macroeconomic figures that depict a reduction in consumption, an increase in saving, a decrease in employment or many people being placed on furlough, there are important nuances in terms of behaviour or reaction to this situation. In addition to the geographical differences (across Spain's different regions) which are closely linked to vital sectors such as tourism, there are other important differences depending on gender, age group, and especially related to employment status

In this study, our aim is to measure the impact of the current situation, expectations and different financial decisions that, forcedly or in order to adapt to the circumstances, are being taken by consumers. In preparing this study, carried out in cooperation with Antonio Luis Gallardo, 1,655 online surveys were carried out between 17 September and 5 October 2020

## STUDY OF COVID FINANCIAL SITUATION

### CONCLUSIONS NOVEMBER

### FIVE MAIN CONCLUSIONS

1. Nearly half of Spaniards (46.2%) consider that their current situation is worse (29.1%) or much worse (17.1%) than six months ago. A similar percentage, 45.4% says that it is the same and only one 8,4% considers it better or much better. Pessimism is rife among the self-employed (60.7%) and the youngest (55%). Only 5% believe that their current financial situation will improve in the short term.
2. Half of those surveyed have seen their income decrease and, apart from those on furlough, whose decrease in income is obvious, the self-employed have reported the most significant decrease (70%). A comfortable 88% of the elderly (> 65 years old) declare that their income remains the same.
3. Faced with a decrease in income, a significant 24% of respondents say they have increased their spending, which would put us in a worrying financial imbalance for many families.
4. Only 18% of the population says that they are saving more, compared to 40.3% who say that they are not doing so because they do not have the capacity to do so and 23.4% who say that they are using their savings to cover their daily needs (the remaining 18.1% say that their situation has not changed).
5. Almost half of the population (48.9%) responded that they had requested some form of financial assistance, mainly from family members and close friends. The banking sector has granted 60% of the loans requested.

# STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER STAND POINT

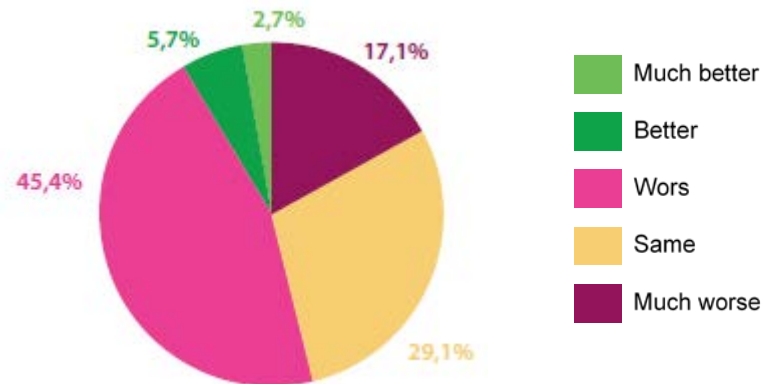
1. How is your economic situation compared to 6 months ago?
2. What about your work situation?
3. What is the situation regarding your income?
4. What about your outgoings?
5. In terms of savings, have you been able to continue saving in line with your plans 6 months ago?
6. Have you had to request any kind of assistance in the last six months?
7. With regard to requesting financing, have you changed your mind over the past six months?
8. If you have applied for a loan, what was the response from your bank?
9. If you have requested financing, where did you request it from?
10. Do you think that based on your current financial situation (income, expenses, funding requested) you can maintain the same standard of living?

## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 1. HOW IS YOUR ECONOMIC SITUATION COMPARED TO 6 MONTHS AGO?

Firstly, we assessed how the family's economic situation was perceived at the time the survey was carried out, corresponding to the last week of September (remove space) and the first week of October.



The data demonstrates that about half of the population (46.2%) openly declared that they consider the situation as worse or much worse (worse: 5.7% much worse: 17.1% -> place in corresponding colours), although for a very similar percentage (45.4%) the change in the household's economy has not suffered significantly. Very few people consider it is better (just 5.7%) or is much better (2.7%), coming to a total of 8.4%.

## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 2. HOW IS YOUR ECONOMIC SITUATION COMPARED TO 6 MONTHS AGO?

When looking at the profile of respondents we have to:



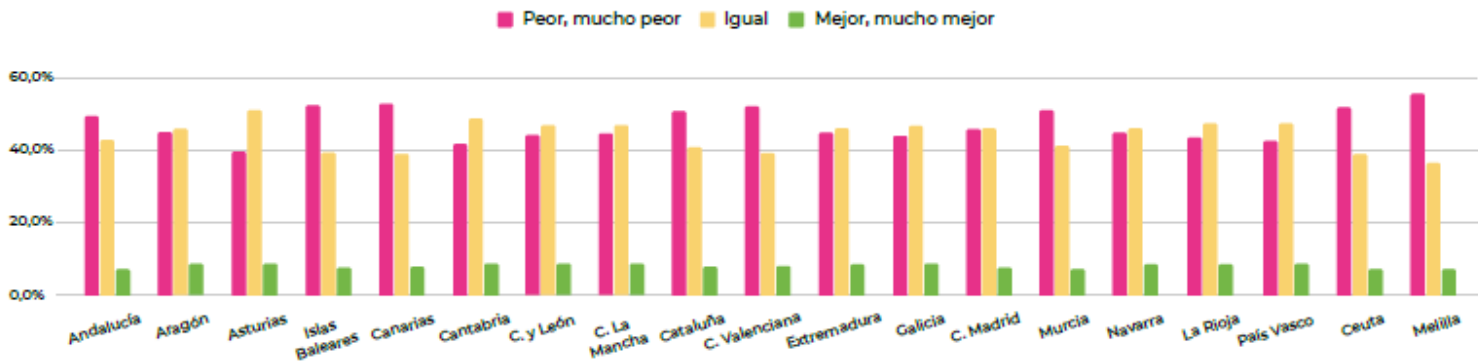
Based on the foregoing, there is no significant difference between men and women. 45% of men consider the situation as worse (28.2%) or much worse (16.8%), compared to 47.5% of women (worse): 30% much worse: 17.5%).

# STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

## THE SURVEY

### 2. HOW IS YOUR ECONOMIC SITUATION COMPARED TO 6 MONTHS AGO?

By geographic region, the impact is much greater on areas closely related to the tourism sector. Therefore, it is considered that the situation is particularly negative (worse or much worse) in the Canary Islands (53%), Balearic Islands (52.5%), Community of Valencia (52.4%), Catalonia (50.9%) and Andalusia (49.6%).

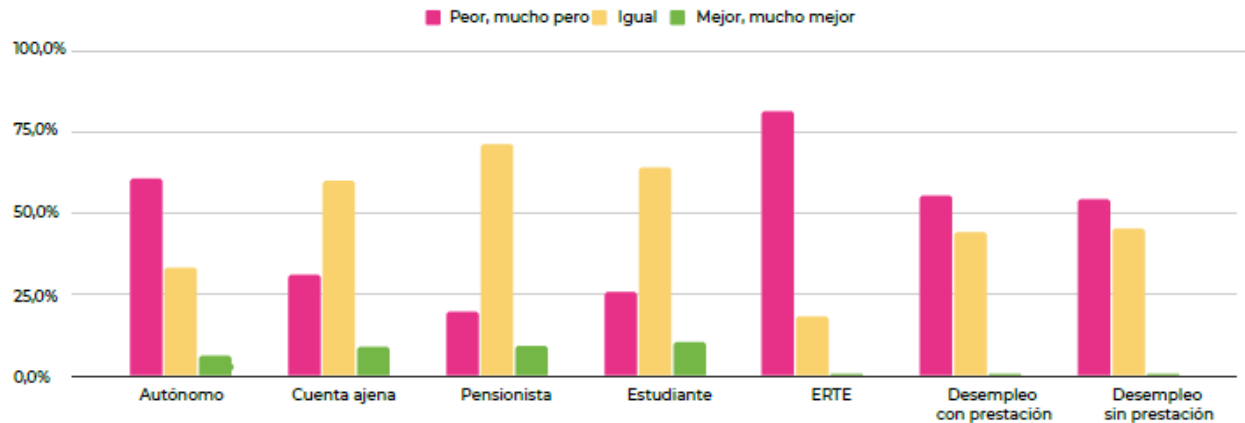


## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 2. HOW IS YOUR ECONOMIC SITUATION COMPARED TO 6 MONTHS AGO?

Students (64%), pensioners (71.2%) and employed workers (60.1%) are the segments declaring that they have not noticed a substantial change in their employment status. On the contrary, only 18.3% of furloughed workers state that their situation is the same given the large number of employees added to this group on account of the pandemic. Furthermore, 71.2% of those surveyed who are in this condition believe that the current economic situation is worse or much worse than six months ago.



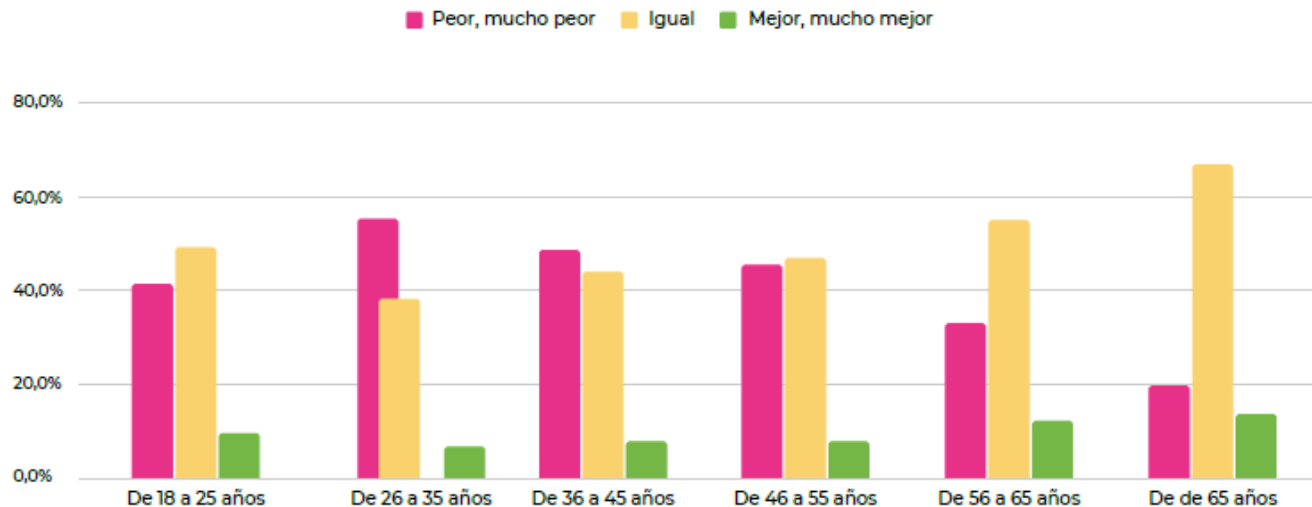


## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 2. HOW IS YOUR ECONOMIC SITUATION COMPARED TO 6 MONTHS AGO?

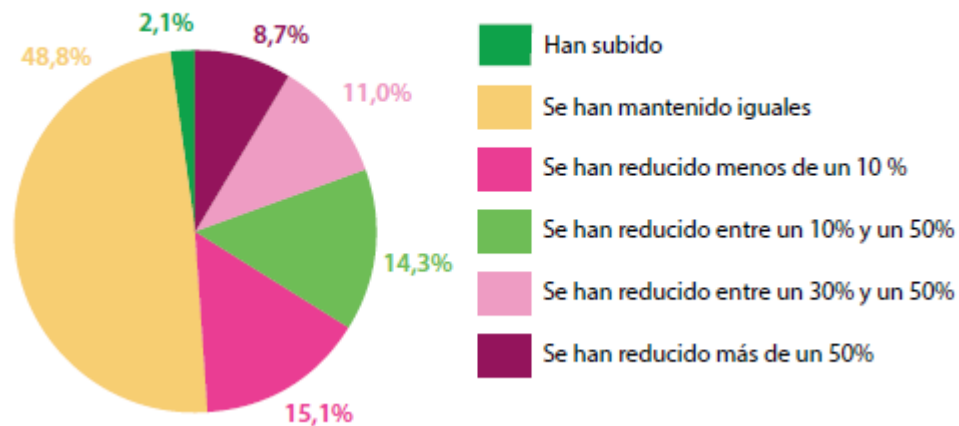
By age group, the most negative response came from young people aged between 26 and 35, who believe that their situation has become worse (55.3%), followed by those aged between 36 and 45 (48.5% of whom responded negatively). In turn, 66.8% of those aged over 65 consider that their situation is the same and only 19.6% that it had become worse. (same graphs)



## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 3. WHAT IS THE SITUATION REGARDING YOUR INCOME?



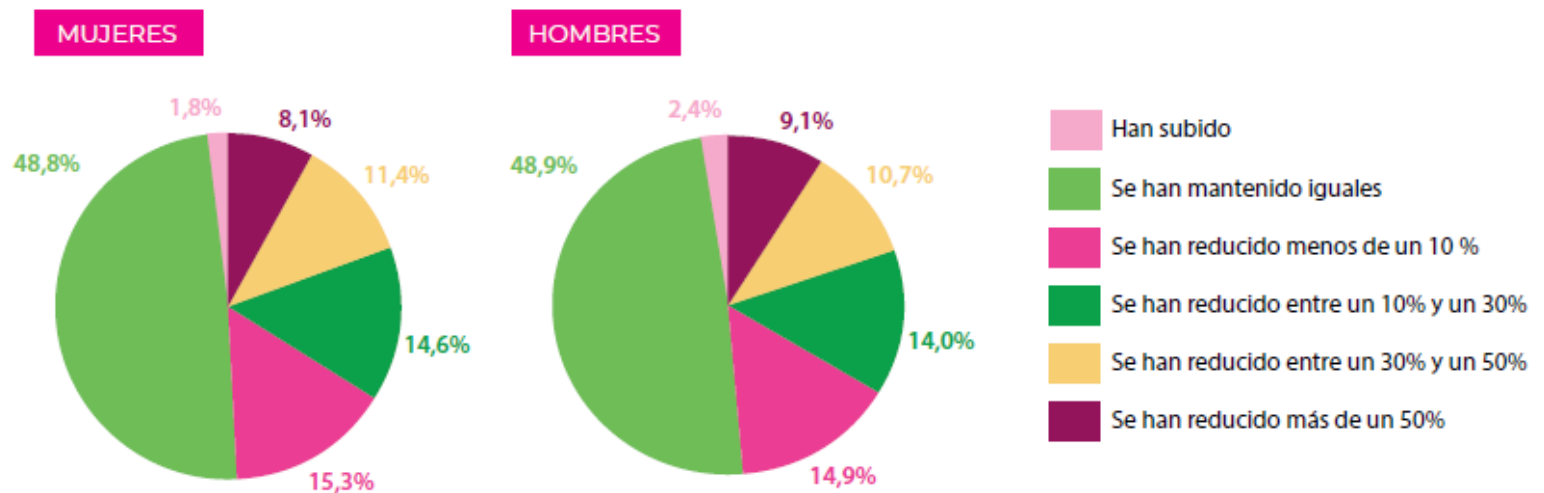
49.1% of respondents said that their income was lower. By groups, most people said their income had dropped by less than 10% (15.1%), followed by those responding between 10% and 30% (14.3%). It is very relevant that 8.7% of the population said this decrease was more than 50%. In contrast, 48.8% reported that their income was the same and just 2.1% that it had improved

## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 3. WHAT IS THE SITUATION REGARDING YOUR INCOME?

The drop in income continues to affect women more (49.4%), although the difference with men (48.7%) is only marginal. In the case of those stating that their income had remained the same or even increased, this was the case for 50.6% of women (the same: 48.8% gone up: 1.8%) compared to 51.3% for men (the same: 48.9% gone up: 2.4%).

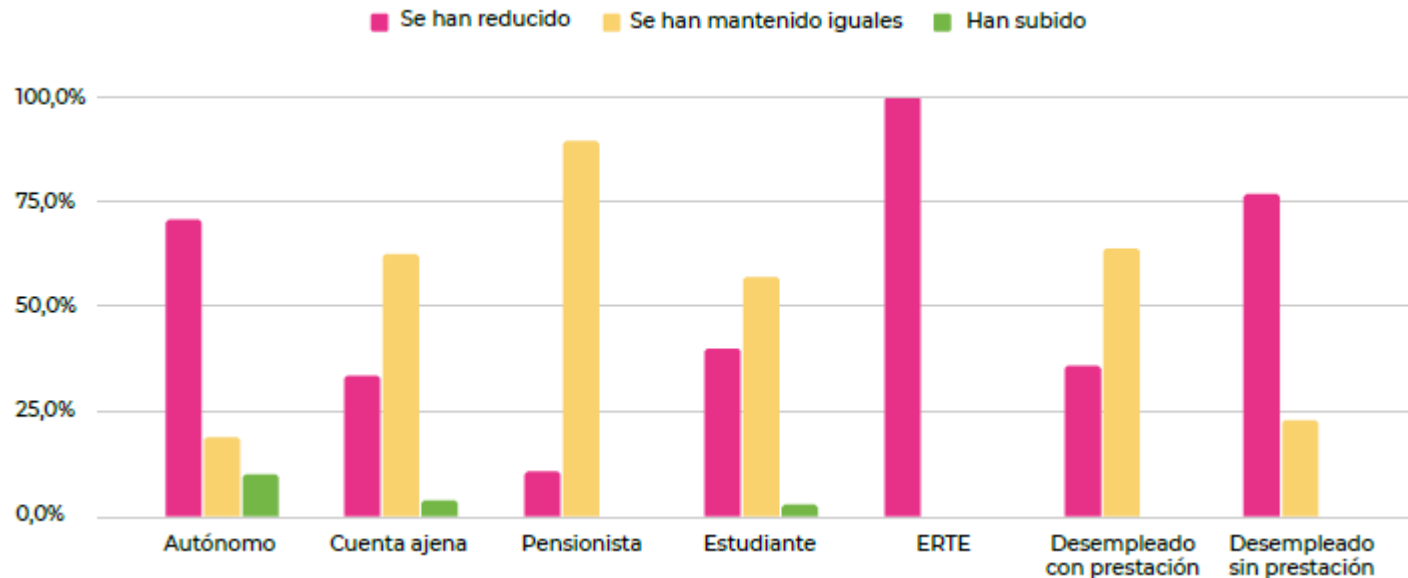


## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 3. WHAT IS THE SITUATION REGARDING YOUR INCOME?

The most important differences can be seen in professional circumstances. In addition to the 100% of workers on furlough reporting that their circumstances were worse, 70.8% of the self-employed said the same, compared to 33.5% of salaried workers and 10.6% of pensioners.

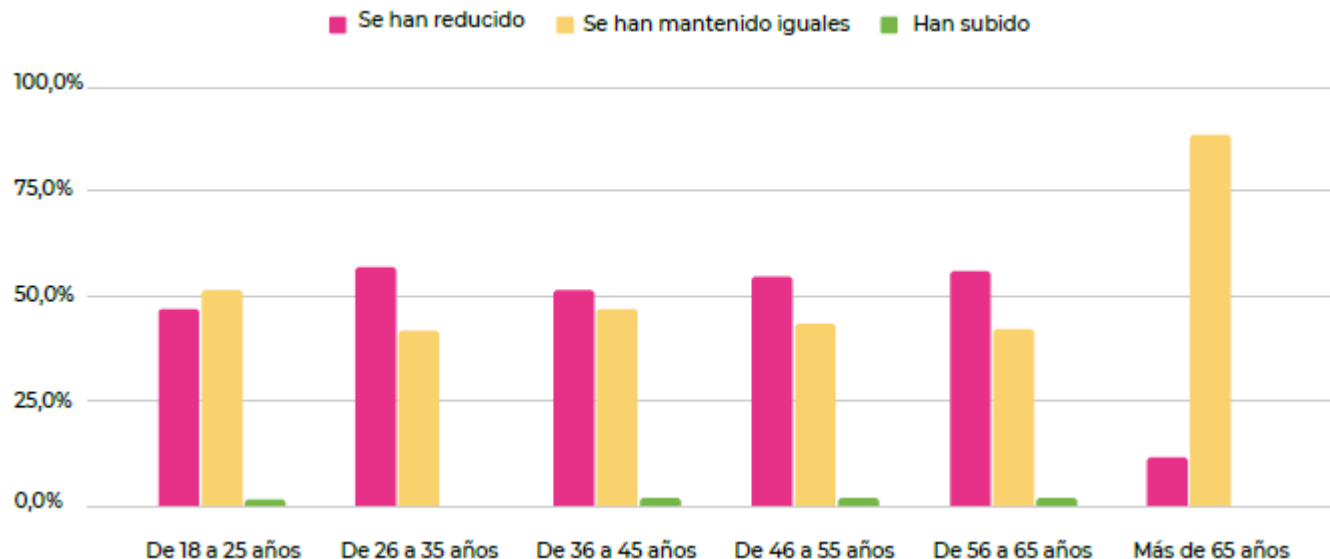


## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

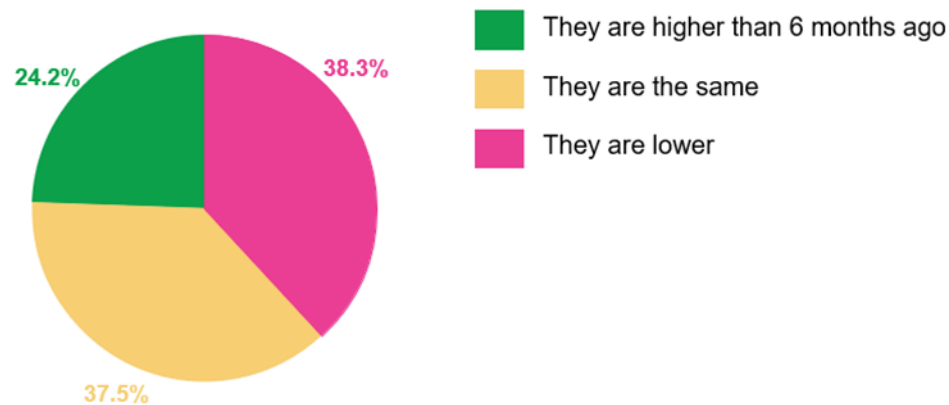
#### 4. WHAT IS THE SITUATION REGARDING YOUR OUTGOINGS

By age group, this decrease is also bigger among young people (aged 26 to 35, with 56.8% of those surveyed reporting that their income had decreased), which is particularly concerning when considering that their basic salary tends to be lower than older workers. On the other hand, 88.1% of those aged over 65 reported that their income has remained the same.



## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER THE SURVEY

### 4. WHAT IS THE SITUATION REGARDING YOUR OUTGOINGS

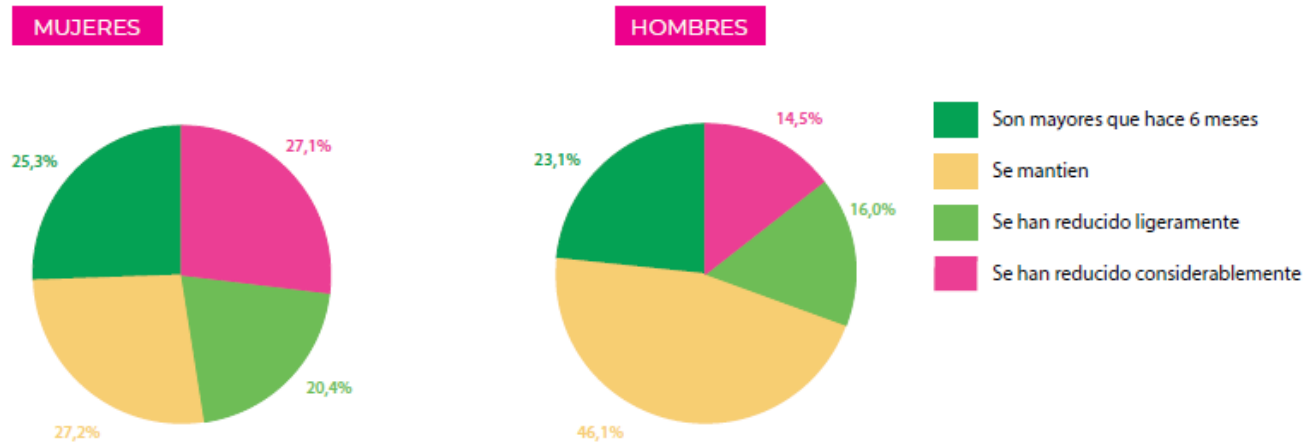


In terms of outgoings, a decrease in expenditure (38.3%) was most often reported. This was closely followed by the percentage of respondents saying that they remained the same (37.5%). Finally, it is noteworthy that 24.2% reported that their outgoings had increased. When bearing in mind that 49% declared a reduction in income, this percentage, which admits having to increase their outgoings (coming to around half of those mentioned above), we can conclude that household economies are financially imbalanced, which in the medium term could aggravate the situation of many households if there is no recovery in income.

## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER THE SURVEY

### 4. WHAT IS THE SITUATION REGARDING YOUR OUTGOINGS

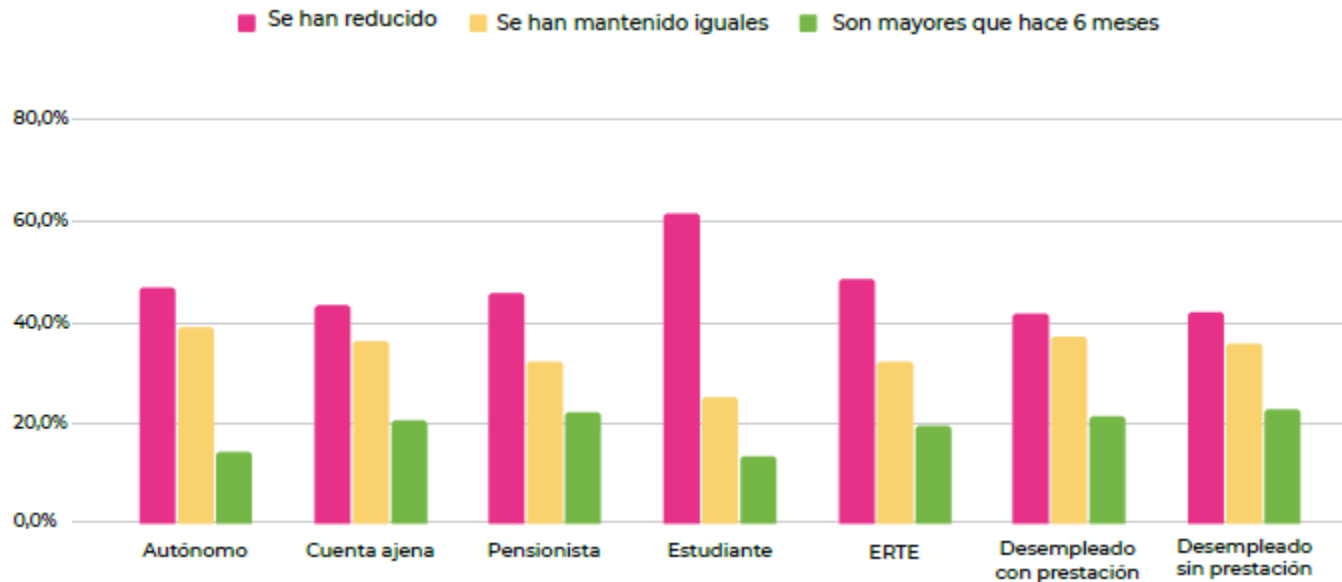
It must be noted that women who are leading this shift. 47.5% had decreased their outgoings slightly (20.4%) or considerably (27.1%) compared to 30.8% of men who had done so. Most men (46.1%) reported the same outgoings compared to 27.2% of women. The figures remain similar in relation to those who have increased their outgoings.



## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER THE SURVEY

### 4. WHAT IS THE SITUATION REGARDING YOUR OUTGOINGS

The segment-based analysis is very important in the decision to reduce outgoings. On average, 48.5% of furloughed workers, 46.8% of the self-employed workers and up to 60.5% of students had decided to reduce outgoings to some extent



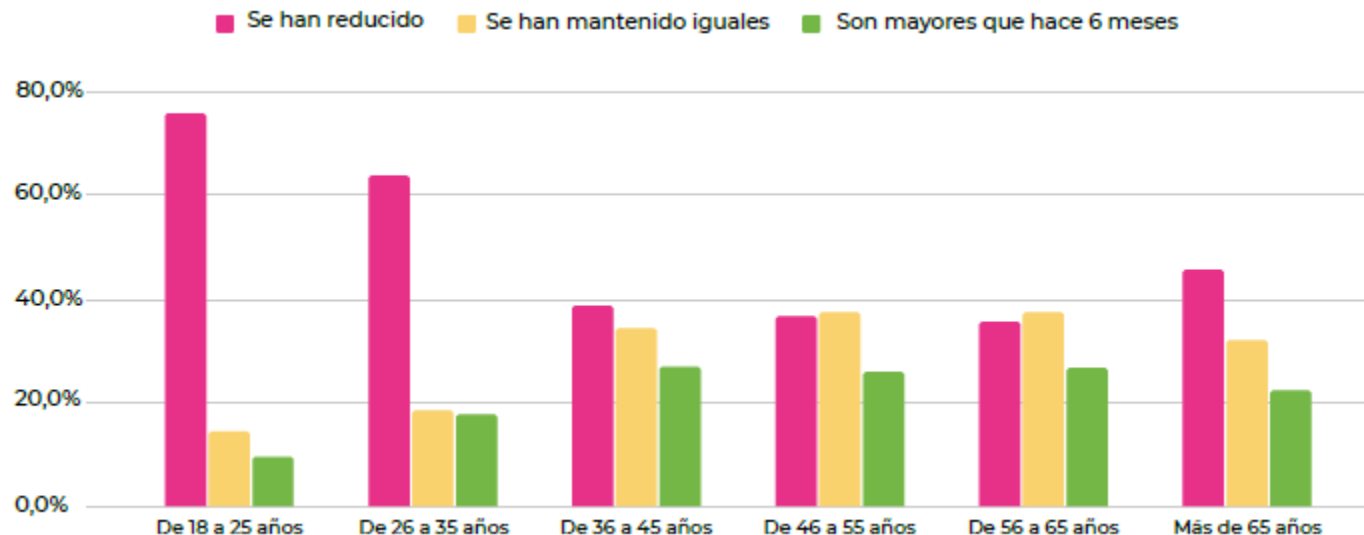


## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 4. WHAT IS THE SITUATION REGARDING YOUR OUTGOINGS

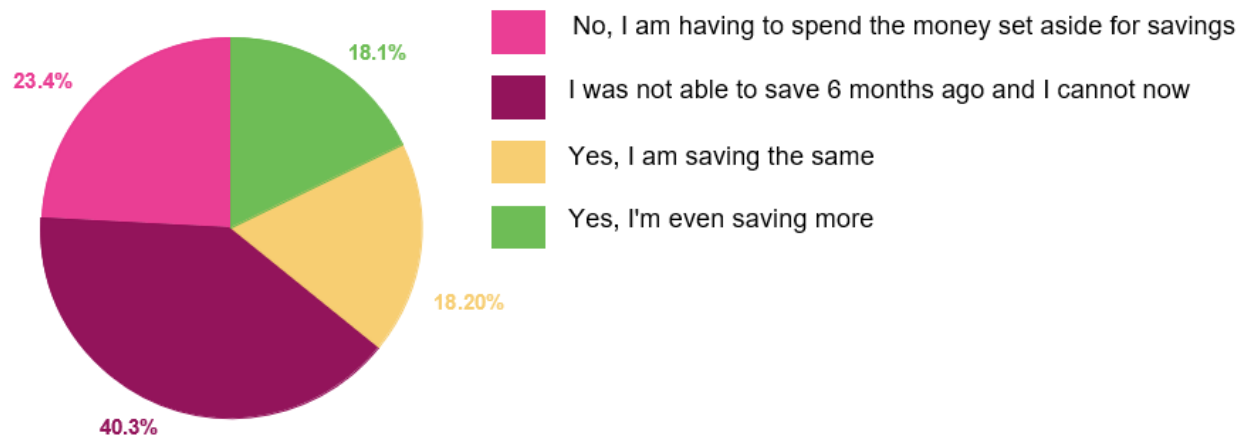
This, when reflected by age groups sees 75.8% of young people aged between 18 and 25 saying that their outgoings had fallen to some extent, followed by 63.8% of those aged between 26 and 35. In contrast, only 35.7% of those aged between 56 and 65, and 36.6% of those aged between 46 and 55, reported reducing their outgoings to some extent. As regards this lack of proportionality, the behaviour of the over-65s is worth particular mention. While 88.1% declared that their income remained the same, more than 4 out of 10 (45.6%) declared that they had reduced their outgoings



## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 5. IN TERMS OF SAVINGS, HAVE YOU BEEN ABLE TO CONTINUE SAVING IN LINE WITH YOUR PLANS 6 MONTHS AGO?

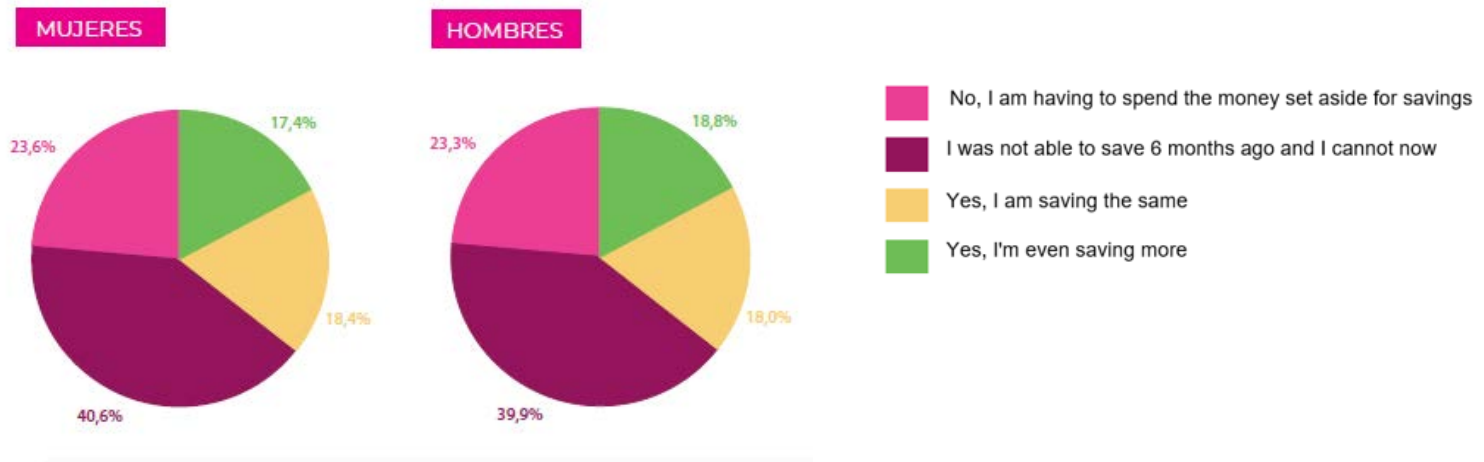


These imbalances between income and outgoings can be temporarily bridged by savings. This is the case of a 23.4% of respondents, who say they are using their savings to live. 18.1% asserted that they are saving more. However, the most prominent percentage, 40.3% said that they were not able to save 6 months ago and are unable to do so now.

## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER THE SURVEY

### 5. IN TERMS OF SAVINGS, HAVE YOU BEEN ABLE TO CONTINUE SAVING IN LINE WITH YOUR PLANS 6 MONTHS AGO?

When looking at the profile of respondents we have to:

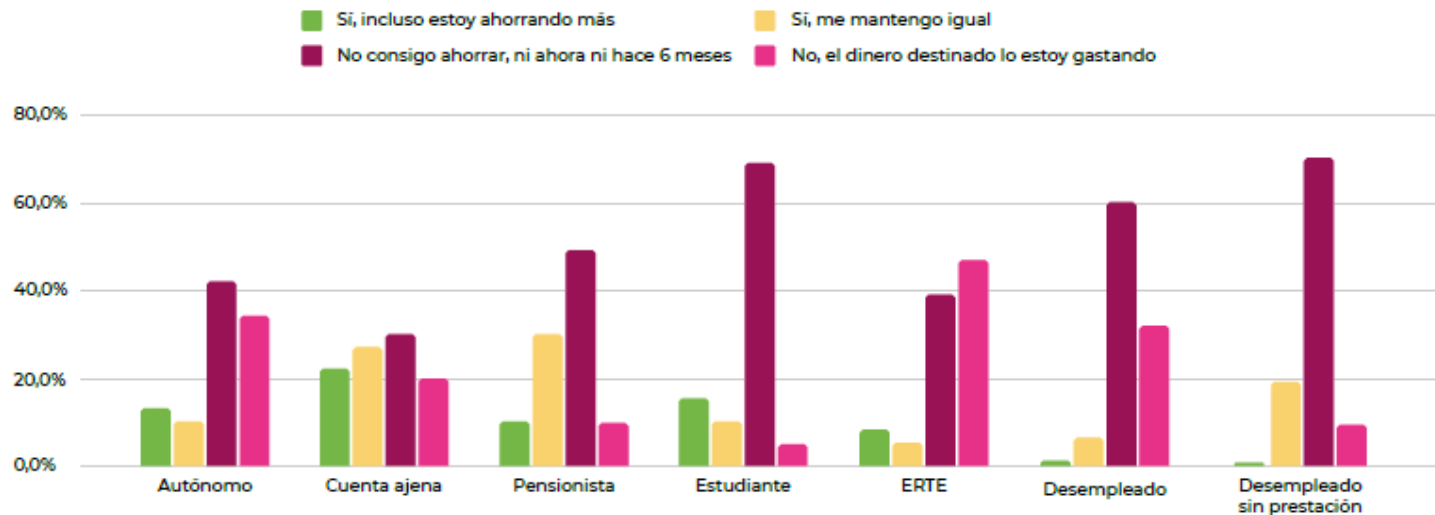


By gender, men (18.8%) say that they are saving more than women (17.4%). If we take into account that women in particular stood out in terms of reducing their expenses, the only explanation for this is that they have less income.

## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER THE SURVEY

### 5. IN TERMS OF SAVINGS, HAVE YOU BEEN ABLE TO CONTINUE SAVING IN LINE WITH YOUR PLANS 6 MONTHS AGO?

By type of work, those who manage to save at least a little are employed workers (22.3%) and students (15.6%).

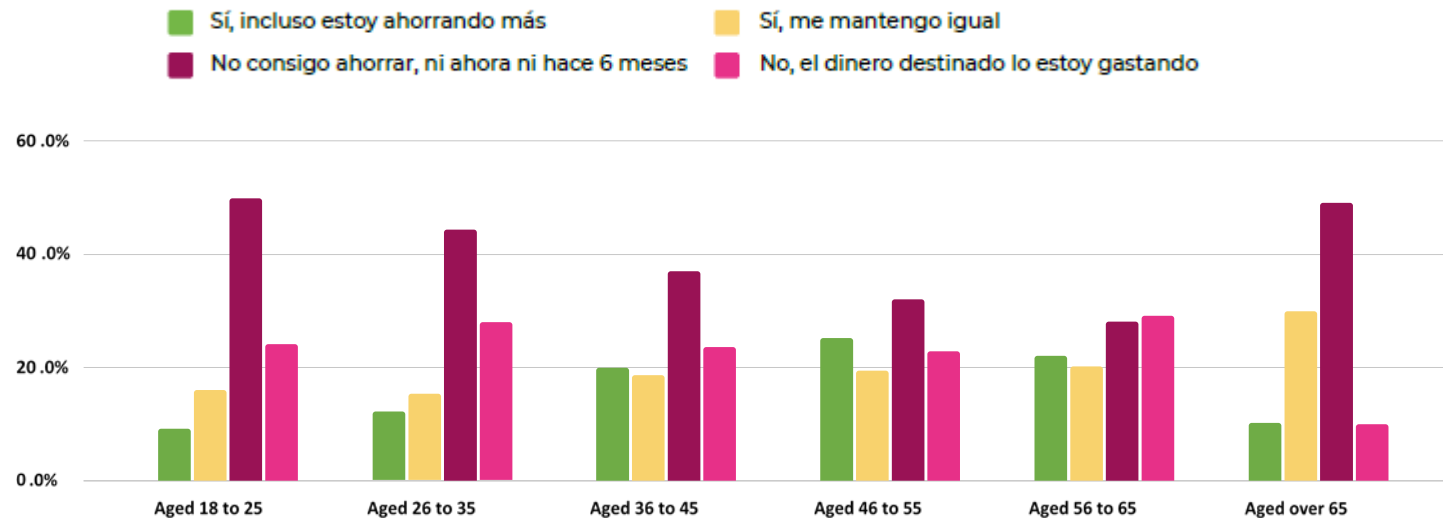


## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 5. IN TERMS OF SAVINGS, HAVE YOU BEEN ABLE TO CONTINUE SAVING IN LINE WITH YOUR PLANS 6 MONTHS AGO?

By age groups, the segment that saves the most is the 46-55 age group (25.3%), followed by those aged 56-65 (22.1%). On the other hand, the two groups on either side of the age spectrum report being able to save least: those between 18 and 25 and those over 65 ( 52 and 49% respectively saying they are not able to save)

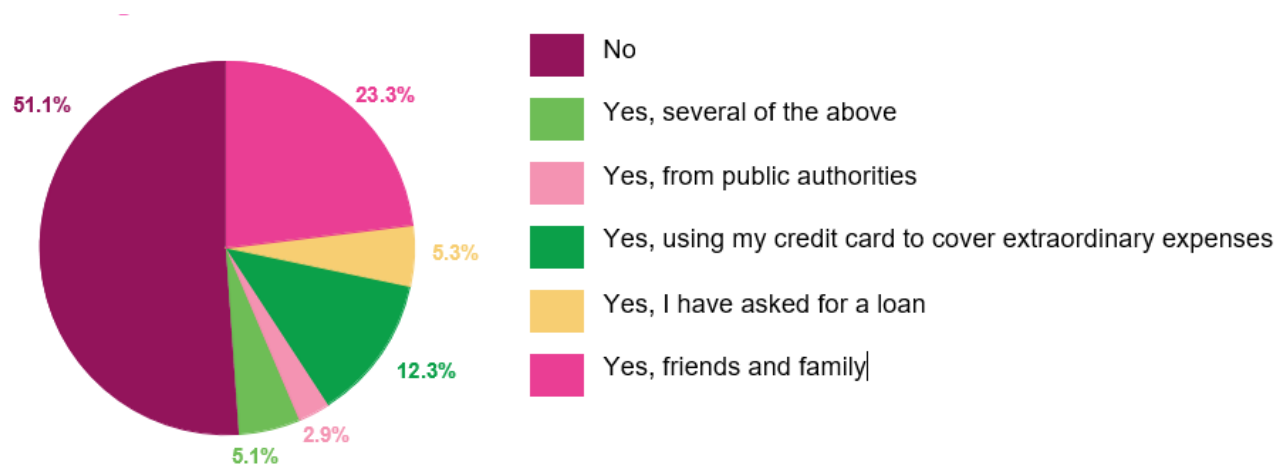


## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 6. HAVE YOU HAD TO REQUEST ANY KIND OF ASSISTANCE IN THE LAST SIX MONTHS?

48.9% of those surveyed have already requested for some form of financial help to cope with the current situation, either using credit (12.3%), a loan (5.3%), aid from public authorities (2.9%) or by resorting (23.3%) to family and friends rather than relying on financial products.

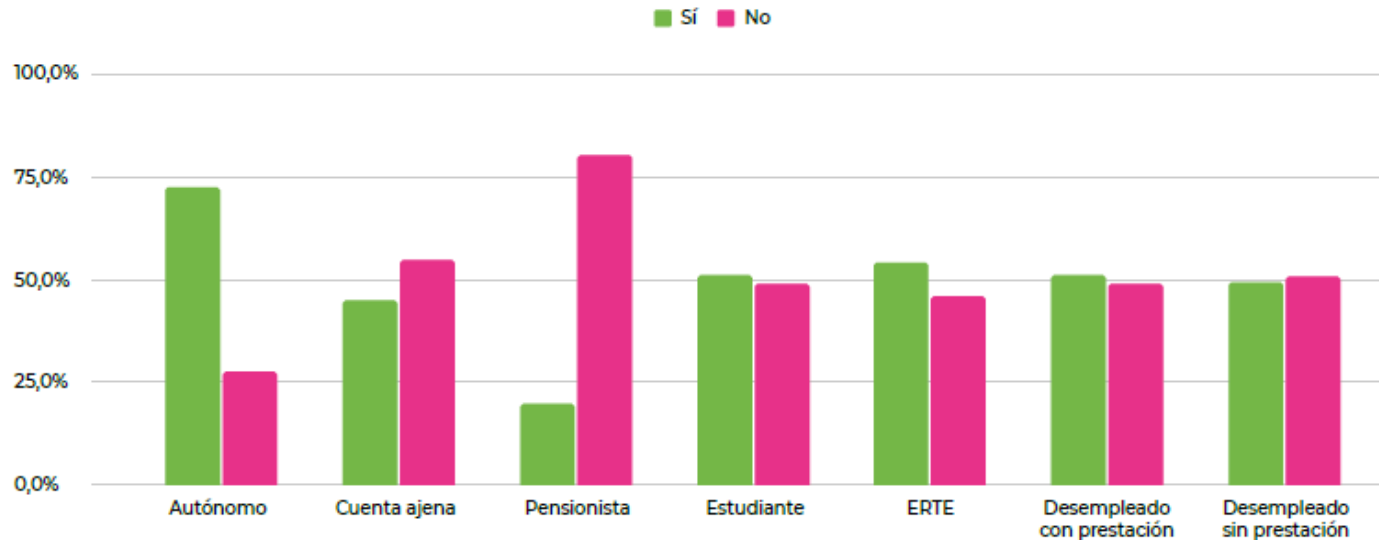


## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 6. HAVE YOU HAD TO REQUEST ANY KIND OF ASSISTANCE IN THE LAST SIX MONTHS?

There are major differences in terms of employment status. For example, 72.3% of self-employed workers responded that they had ask for some kind of assistance (from family and friends, a bank loan, using their card credit or applying to the public authorities).



## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

7. WITH REGARD TO REQUESTING FINANCING, HAVE YOU CHANGED YOUR MIND OVER THE PAST SIX MONTHS?



There have been significant changes in requests for financing. In total, 7.3% of respondents stated that they had no intention of asking for financing but have had to do so. On the other hand, in light of the current uncertainty, 7.1% said they were not going to ask for or resort to any kind of financing, but will now have to do so.



## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

8. IF YOU HAVE APPLIED FOR A LOAN, WHAT WAS THE RESPONSE FROM YOUR BANK?



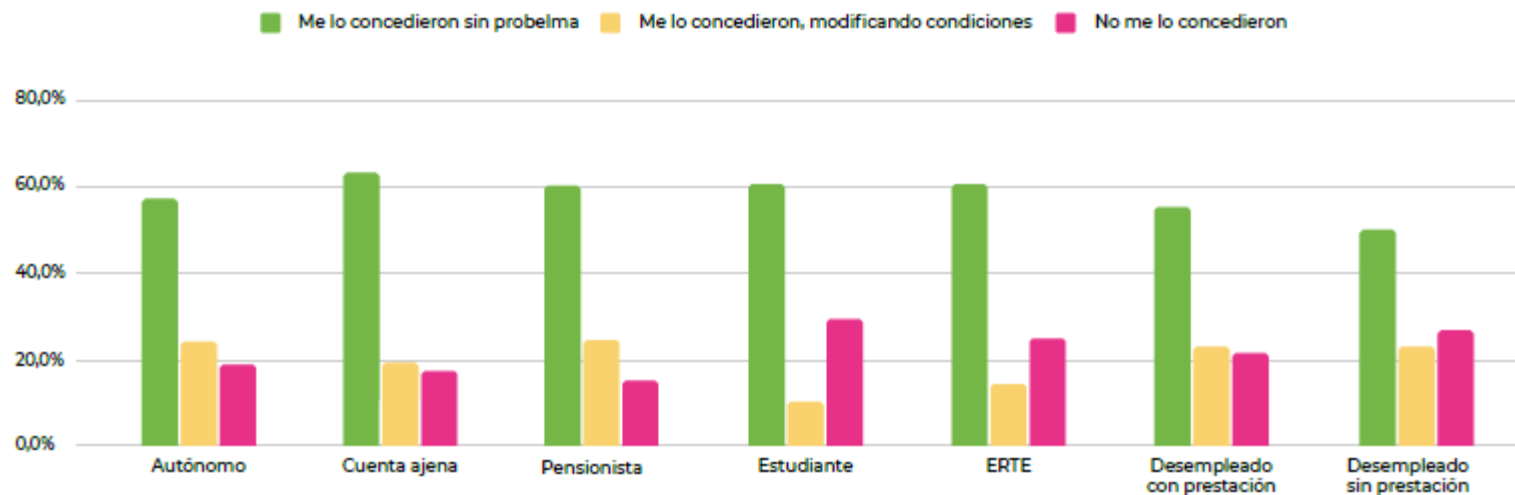
In terms of loan approval, conditions are clearly being tightened. Just 60.4% of those who had applied for a loan said that it had been approved with no problems (compared to the usual 80%), 19.0% obtained the loan, although under different conditions, and 20.6% said the loan was not approved.

## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 8. IF YOU HAVE APPLIED FOR A LOAN, WHAT WAS THE RESPONSE FROM YOUR BANK?

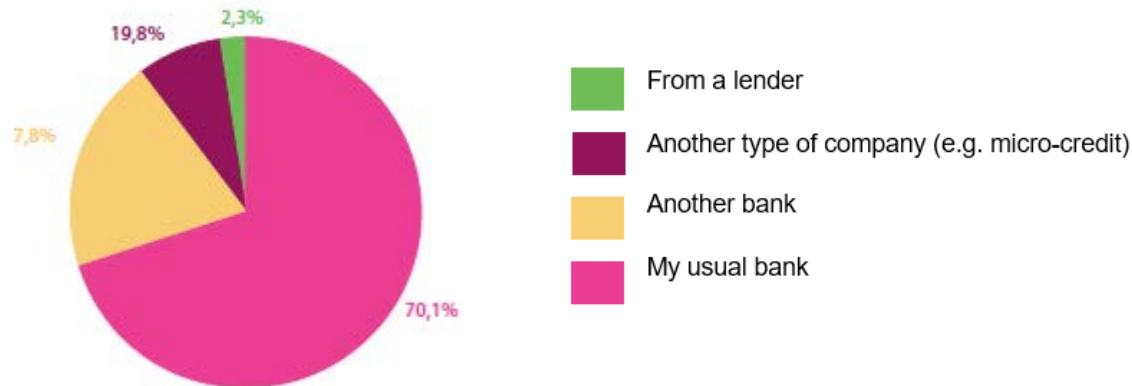
57.2% of the self-employed reported that their loan was approved with no problem and 24% had to change the conditions; the highest percentages in terms of those whose applications were rejected were students (29.6%) and the unemployed who are not receiving benefits (27%).



## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

9. IF YOU HAVE REQUESTED FINANCING, WHERE DID YOU REQUEST IT FROM?



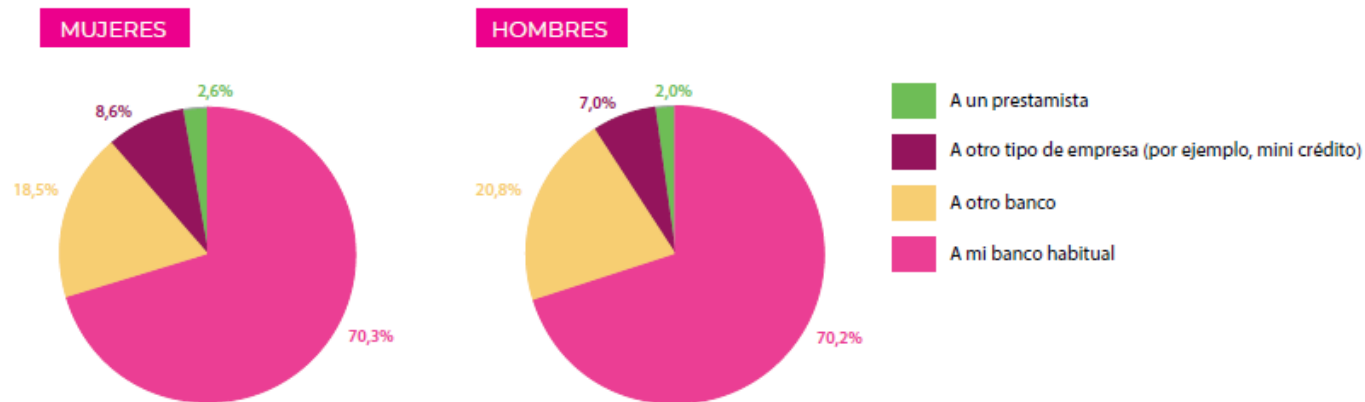
Most people continued to opt for regulated financial institutions (89.9%), whether their usual bank (70.1%) or another financial institution (19.8%); however, it is worth noting that 7.8% opted for other types of businesses, such as micro-credits, and a 2,3% resorted to private lenders.

## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 9. IF YOU HAVE REQUESTED FINANCING, WHERE DID YOU REQUEST IT FROM?

When looking at the profile of respondents, we have to:

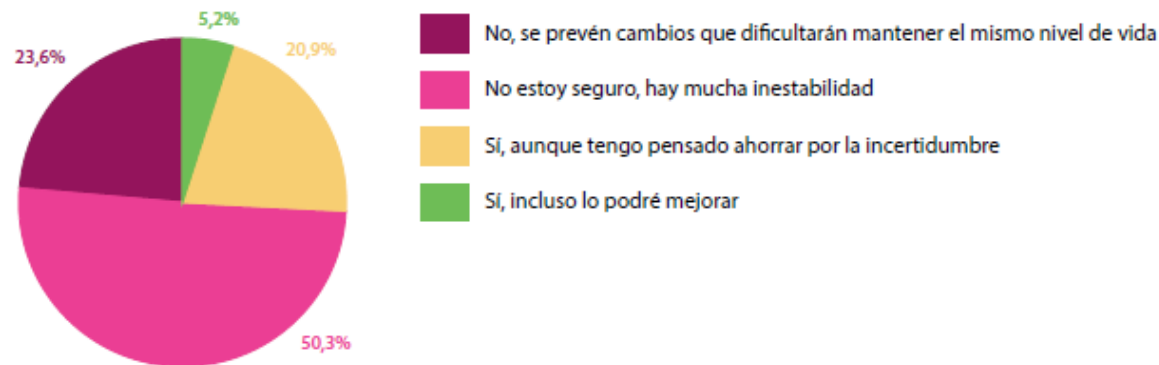


It is important to highlight specific differences between men and women in terms of the demand for products such as micro-credits. Women are more likely to apply for them (8.6%) than men (7.0%), as is the case of resorting to private lenders, 2.6% for women as opposed to 2.0% for men.

## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

10. DO YOU THINK THAT BASED ON YOUR CURRENT FINANCIAL SITUATION (INCOME, EXPENSES, FUNDING REQUESTED) YOU CAN MAINTAIN THE SAME STANDARD OF LIVING?



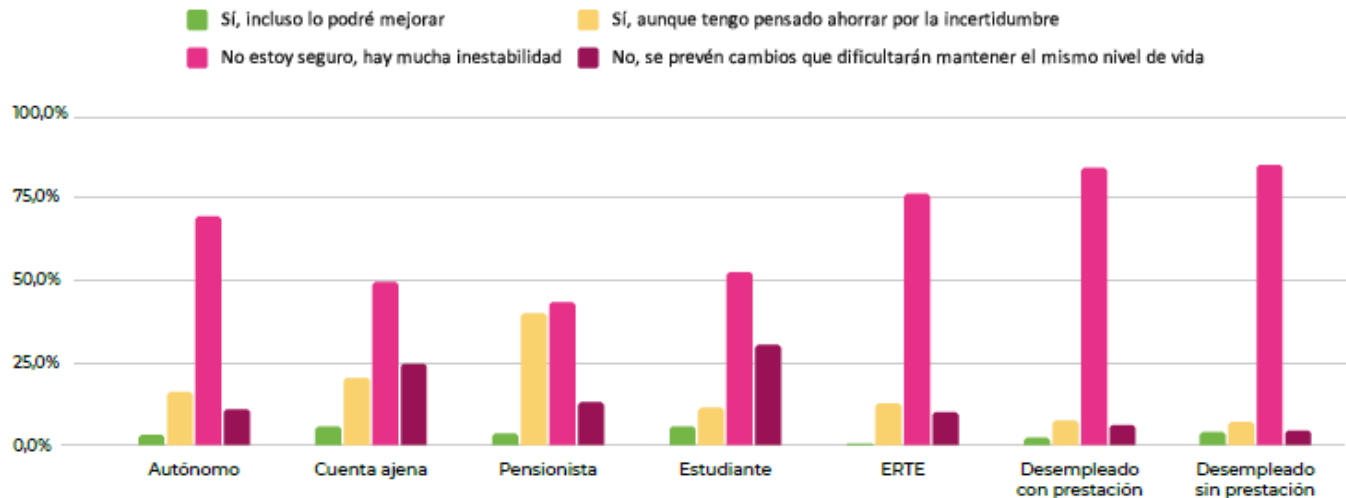
With regard to future expectations, 23.6% openly declare that they anticipate changes that will make it difficult to maintain their standard of living, and 50.3% declare that the current situation of instability will make it difficult to define what their future will look like. Only 5.2% openly believe that it will improve and another 20.9% believe the outlook is bright, although they will save in the face of uncertainty.

## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 10. DO YOU THINK THAT BASED ON YOUR CURRENT FINANCIAL SITUATION (INCOME, EXPENSES, FUNDING REQUESTED) YOU CAN MAINTAIN THE SAME STANDARD OF LIVING?

There are important differences depending on employment status. Again, pensioners are more optimistic. 43.7% responded that they will be able to improve their standard of living (3.7%) or they plan to save just in case (40%). This is followed by the employed workers, on 25.9%. At the other end of the scale, 84.7% of the unemployed without benefits; 52.4% of students, 76.3% of furloughed workers and 83.9% of the unemployed on benefits believe that there is too much instability to think that they will maintain the same standard of living.

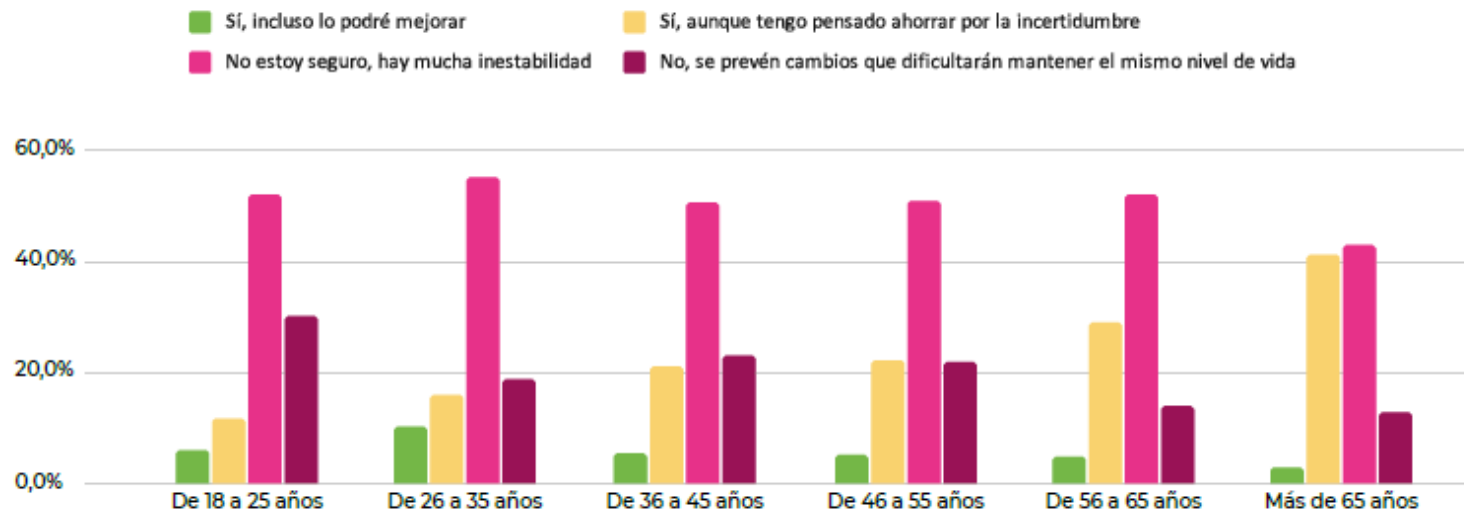


## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### THE SURVEY

#### 10. DO YOU THINK THAT BASED ON YOUR CURRENT FINANCIAL SITUATION (INCOME, EXPENSES, FUNDING REQUESTED) YOU CAN MAINTAIN THE SAME STANDARD OF LIVING?

By age group The most optimistic are those aged over 65. 44.2% believe that the situation will improve (3%) even though they think they will have to save more to cope with the uncertainty (41.2%). The most pessimistic segment are young people aged between 18 and 25, of whom only 17.8% believe that they can improve their standard of living or should save on account of the current uncertainty.



## STUDY OF COVID FINANCIAL SITUATION CONCLUSIONS NOVEMBER

### ASUFIN calls for a collective effort

This study demonstrates the extent to which the emergency created by COVID-19 has affected financial consumers. As has been made evident, the impact on personal and household economies has been significant and most respondents are still pessimistic about the near future.

The logical decrease in income that practically all self-employed workers and most salaried workers have suffered (basically in the form of furloughs) translates into the need to adjust household spending, which falls mostly on women. In total, 47% of women reported that they are changing their personal budgets compared to 30% of men.

It should be noted the financial assistance requested has fallen mainly on family and friends. Amongst consumers who have resorted to taking out a loan from their bank, it is striking that 20% have seen the conditions changed. Only 3% of respondents receive financing in the form of loan instruments offered by the public authorities.

Against this backdrop, ASUFIN demands that financial institutions and banks make greater efforts to assist financial consumers so that the budgetary imbalance they are logically suffer at this time does not lead to over-indebtedness. The economic situation to which the pandemic has exposed us will pass and we must preserve the financial health of all consumers.



# Brief on “COVID-19 AND THE FINANCIAL HEALTH OF CONSUMERS”

**Project:** Sobreendeudamiento Familiar en Tiempos de COVID-19



[www.asufin.com](http://www.asufin.com)



«El presente proyecto ha sido subvencionado por el Ministerio de Consumo, siendo su contenido responsabilidad exclusiva de la asociación beneficiaria»