

COVID-19 and Financial Services: A Year on - UK - May 2021

Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

This report looks at the following areas:

- The impact of COVID-19 on key financial services sectors including secured and unsecured lending, savings and insurance, with five-year forecasts for these sectors. This includes projected performance for each of Mintel's three COVID-19 disruption scenarios.
- The impact of COVID-19 on macro-economic factors, financial wellbeing and consumer confidence.
- The impact of COVID-19 on consumer behaviour, including spending priorities, lifestyles and future behaviour.
- How consumers perceive different types of firms, including banks, building societies, specialist lenders and insurers, to have supported customers through the pandemic.
- The impact of COVID-19 on financial behaviours, including how much people think about their finances.
- The impact of COVID-19 on future financial plans, including online channel use and plans to save.

Among the huge disruption caused by COVID-19, periods of tight restrictions on personal and business activity have given people time and opportunity to consider issues that often get put off, such as their finances. Indeed, 40% of consumers say they have thought about their finances more since the start of the outbreak. However, this has not resulted in surging switching activity, with just 11% thinking more about changing providers.

Consumers have valued the reassurance of major brands' heritage during the crisis, which is one reason why interest in switching has not risen further. The outbreak has allowed incumbent brands, particularly in retail banking, an opportunity to show that they can be relied upon to support their customers. Banks have done this most successfully over the last year.

Unsecured credit has been the hardest hit sector in consumer finance. Lending fell by 20% in 2020 as consumers' spending opportunities were severely



"COVID-19 has defined the financial services industry over the last year and its repercussions will shape developments in many markets in the years to come. While most consumers' finances have remained relatively healthy and opportunities to spend have been heavily reduced, savings have soared."

– Rich Shepherd, Associate Director, Financial Services

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100

COVID-19 and Financial Services: A Year on - UK - May 2021

Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

curtailed and demand for big-ticket purchases dropped. Continued disruption would cause significant damage, while insurers would also come under further pressure from cautious consumers looking to cut their outgoings.

COVID-19 restrictions and hygiene concerns have seen consumers rely on online banking and contactless payments like never before over the last year. In both cases, the pandemic has accelerated existing trends. The success of the online-first approach will embolden banks to continue with plans for branch closures but also offer an opportunity to retain branch networks offering more interactive services such as advice and social spaces.



What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100



Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Table of Contents

OVERVIEW

- Key issues covered in this Report
- COVID-19: market context
- Economic and other assumptions

EXECUTIVE SUMMARY

- **Impact of COVID-19 on financial services**
Figure 1: Impact of COVID-19 on financial services, in short, medium and long term, 21 May 2021
- **The market**
- **Mortgage lending fell by 9% amid COVID-19 restrictions**
Figure 2: COVID-19 scenario forecasts for mortgages, 2015-25
- **Consumer credit relies on a confident return to spending**
Figure 3: COVID-19 scenario forecasts for consumer credit, 2015-25
- **Extended disruption could see an extra £120bn saved by 2025**
Figure 4: COVID-19 scenario forecasts for savings, 2015-25
- **Insurance is vulnerable to budget cuts in a less secure recovery**
Figure 5: COVID-19 scenario forecasts for insurance premiums, 2015-25
- **The consumer**
- **Financial wellbeing has hit new heights despite the crisis...**
Figure 6: The financial wellbeing index, January 2015-March 2021
- **...and confidence is high for the year ahead**
Figure 7: The financial confidence index, January 2015-March 2021
- **Spending cuts have kept household finances afloat**
Figure 8: Impact of COVID-19 on household debts and spending, February 2021
- **Shift to online retail and hygiene concerns have hit cash use**
Figure 9: Impact of COVID-19 on spending habits, April 2020-May 2021
- **Insurers have underwhelmed in their support for consumers**
Figure 10: Consumer perceptions of how well different types of company have supported customers during the COVID-19 pandemic, March 2021
- **Finances have become a greater area of focus for many**

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100



Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 11: The impact of COVID-19 on consumers’ approach to financial services, March 2021

- **A strong desire to keep saving**

Figure 12: Financial behaviours consumers expect to increase in the future, March 2021

CATEGORY WINNERS AND LOSERS

- **Winner: savings**
Figure 13: Monthly changes to household savings deposits, January 2005–March 2021
- **Loser: consumer credit...**
- **...but, winner: ‘buy now pay later’ and digital payments**
- **Loser: general insurers’ reputations**
- **Winner: incumbent providers**
- **Losers: branches**

COVID-19 CONSUMER TIMELINE

- **Phase 1 – January–March: Consumers go into lockdown**
- **Phase 2 – March–June: Adapting to life in lockdown**
Figure 14: Recorded daily number of confirmed cases of COVID-19 and deaths registered as relating to the virus, 30 January–31 August 2020
- **Phase 3 – June–September: Emerging from the initial lockdown**
- **Phase 4 – September–December: Rise of the next wave**
Figure 15: Recorded daily number of confirmed cases of COVID-19, 30 January 2020–28 March 2021
- **Phase 5 – January–March: Winter lockdown and vaccine roll-out**
Figure 16: Cumulative number of first and second vaccines delivered in the UK, 10 January–31 March 2021
- **Phase 6 – March onwards: The roadmap out of lockdown**

THE POST-PANDEMIC OUTLOOK FOR FINANCIAL SERVICES

- **Regulatory measures will support sustained growth in mortgages**
- **Demand for unsecured credit will rise when big-ticket spending returns**
- **The digital revolution is almost complete...**
- **...but branch networks will still carry value**
- **A strong appetite to keep saving will be tested by opportunities to spend**

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100



Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

THE ECONOMIC IMPACT

- A record drop in economic activity...**
 Figure 17: Annual percentage change in GDP (fore), 2007-25
- ...as COVID-19 restrictions caused a severe fall in spending**
- Consumer spending is heavily dependent on the path of the pandemic**
 Figure 18: Household consumption index (scenario forecasts), 2019-25
- Furloughs have saved millions of jobs...**
 Figure 19: Number of employments furloughed, time series, March 2020-February 2021
- ...but unemployment is forecast to rise when state support ends**
 Figure 20: Quarterly unemployment rate (fore), Q1 2008-Q1 2026
- Under-25s have taken the brunt of COVID-19 job losses**
 Figure 21: Change in number of employees on payroll, by age, February 2021 vs February 2020

MARKET SIZE AND PERFORMANCE

- Impact of COVID-19 on financial services**
 Figure 22: Impact of COVID-19 on financial services, in short, medium and long term, 21 May 2021
- Fall in mortgage lending mitigated by temporary stamp duty relief**
 Figure 23: Annual gross secured lending to individuals, 2015-20
- Consumer credit hit by drop in consumer spending...**
 Figure 24: Annual gross consumer credit lending, 2015-20
- ...fuelling a savings boom**
 Figure 25: Household deposit balances at year-end, 2015-20
- Income from insurance premiums dips, but only slightly**
 Figure 26: Total insurance premiums (new general insurance GWP, and protection and life insurance business in force premium income), 2015-20

MARKET FORECAST

- Mortgages forecast to grow but the short-term picture will be mixed**
 Figure 27: Forecast for annual gross secured lending to individuals, 2015-25
- Consumer credit set to return as restrictions are lifted**
 Figure 28: Forecast for gross consumer credit lending, 2015-25

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100



Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

- Savings deposits forecast to top £2.3trn by 2025**
 Figure 29: Forecast for household deposit balances at year-end, 2015-25
- Insurance to be held back by premium stagnation in the short term**
 Figure 30: Forecast for total insurance premiums (new general insurance GWP, and protection and life insurance business in force premium income), 2015-25

COVID-19 SCENARIO PERFORMANCE

- Mintel’s approach to predicting the impact of COVID-19**
- Fundamental differences in how COVID-19 is affecting consumer markets**
- Extended disruption would delay, not cancel, mortgages recovery**
 Figure 31: COVID-19 scenario forecasts for mortgages, 2015-25
- Consumer credit relies on a confident return to spending**
 Figure 32: COVID-19 scenario forecasts for consumer credit, 2015-25
- Extended disruption could see an extra £120bn saved by 2025**
 Figure 33: COVID-19 scenario forecasts for savings, 2015-25
- Insurance is vulnerable to budget cuts in a less secure recovery**
 Figure 34: COVID-19 scenario forecasts for insurance premiums, 2015-25
- COVID-19 market disruption: risks and outcomes**
 Figure 35: Summary of Mintel scenario expectations and the impact on financial services, May 2021

CONSUMER CONCERNS OVER THE IMPACT ON HEALTH

- Exposure anxieties align with case numbers**
 Figure 36: Mintel COVID-19 exposure anxiety and lifestyle impact index, 28 February 2020-12 March 2021
- Exposure anxiety typically higher among over-55s**
 Figure 37: Proportion of adults indicating higher levels of anxiety ('4' or '5') towards being exposed to coronavirus, by age, 28 February 2020-26 March 2021
- Middle-age band fear transmitting virus**
- A lesson in health vulnerability can be a lesson in financial preparedness**

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100



Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

CONSUMER CONCERNS OVER THE IMPACT ON LIFESTYLES

- **Concerns about lifestyles impact outweigh exposure fears**
- **Consumers react to unprecedented lifestyle restrictions**
Figure 38: Mintel COVID-19 exposure anxiety and lifestyle impact index, 28 February 2020–12 March 2021
- **Lifestyle impact concerns high across all age groups**
Figure 39: Proportion of adults indicating higher levels of anxiety ('4' or '5') about how the outbreak could impact their lifestyle, by age, 28 February 2020–26 March 2021

IMPACT ON HOUSEHOLD FINANCES

- **Financial wellbeing has hit new heights despite the crisis...**
Figure 40: The financial wellbeing index, January 2015–March 2021
- **...but many still feel worse off than a year ago**
Figure 41: Changes in household finances, January 2015–March 2021
- **One in six have been furloughed at least once**
Figure 42: Impact of COVID-19 on employment and working patterns, February 2021
- **Income trends point to a two-track crisis and recovery**
Figure 43: Impact of COVID-19 on personal income, February 2021
- **Cuts to discretionary spending have kept household finances afloat...**
Figure 44: Impact of COVID-19 on household debts and spending, February 2021
- **...and led to a record savings boost**
Figure 45: Impact of COVID-19 on the value of savings in different products, February 2021
- **Most are optimistic about the year ahead...**
Figure 46: The financial confidence index, January 2015–March 2021
- **...and looking forward to getting back to experiences**
Figure 47: Financial priorities when COVID-19 is no longer a concern, February 2021

HOW THE PANDEMIC SHAPED CONSUMER BEHAVIOUR

- **Non-essential spending was slashed and remains subdued**
Figure 48: Impact of COVID-19 on spending habits, April 2020–May 2021
- **Shift to online retail and hygiene concerns have hit cash use**
Figure 49: Impact of COVID-19 on spending habits, April 2020–May 2021

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100



Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

- **A third have increased savings or started for the first time**

Figure 50: Changes in the value of savings since the start of the COVID-19 pandemic, 4-12 March 2021

PERCEPTIONS OF CUSTOMER SUPPORT

- **Financial services brands rank below other sectors for COVID-19 support**

- **Financial services support measures were less evident for most**

Figure 51: Consumer perceptions of how well different types of company have supported customers during the COVID-19 pandemic, March 2021

- **Vulnerable consumers most likely to feel let down by banks and building societies**

Figure 52: Consumer perceptions of how well banks and building societies have supported customers during the COVID-19 pandemic, by current financial situation, March 2021

- **Insurers undermined by familiar concerns**

- **Younger consumers have the best perceptions of specialist lenders' conduct**

Figure 53: Consumer perceptions of how well credit card and loan companies have supported customers during the COVID-19 pandemic, by age, March 2021

IMPACT ON FINANCIAL BEHAVIOURS

- **Finances have become a greater area of focus for many...**

Figure 54: The impact of COVID-19 on consumers' approach to financial services, March 2021

- **...but this has not produced easy wins for challengers**

- **Cautiousness and interest in value does not extend to product terms**

Figure 55: The impact of COVID-19 on consumers' approach to financial services, by age, March 2021

POST-PANDEMIC FINANCIAL PLANS

- **A strong desire to keep saving**

Figure 56: Financial behaviours consumers expect to increase in the future, March 2021

- **A step change in payments and digital channels**

Figure 57: Expected level of use of cash when COVID-19 is no longer a concern compared to before the outbreak, March 2021

- **A quarter plan to beef up insurance coverage**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100



Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

Figure 58: COVID-19 and Financial Services: A Year On – CHAID – Tree output, March 2021

APPENDIX – DATA SOURCES, ABBREVIATIONS AND SUPPORTING INFORMATION

- **Abbreviations**
- **Consumer research methodology**
- **CHAID analysis methodology**

Figure 59: COVID-19 and Financial Services: A Year On – CHAID – Tree output, March 2021

Figure 60: COVID-19 and Financial Services: A Year On – CHAID – Table output, March 2021

APPENDIX – CENTRAL FORECAST METHODOLOGY

- **Mortgages market forecast and prediction intervals**
Figure 61: Lower bound, central and upper bound forecast for annual gross secured lending to individuals, 2020-25
- **Consumer credit market forecast and prediction intervals**
Figure 62: Lower bound, central and upper bound forecast for annual gross consumer credit lending, 2020-25
- **Savings market forecast and prediction intervals**
Figure 63: Lower bound, central and upper bound forecast for household deposit balances at year-end, 2020-25
- **Insurance market forecast and prediction intervals**
Figure 64: Lower bound, central and upper bound forecast for total insurance premiums (new general insurance GWP and protection and life insurance business in force premium income), 2020-25
- **Market drivers and assumptions**
Figure 65: Key drivers affecting Mintel’s market forecast (prepared 12 March 2021), 2020-24
- **Forecast methodology**

APPENDIX – COVID SCENARIO PERFORMANCE METHODOLOGY AND ASSUMPTIONS

- **Mortgages scenario performance**
Figure 66: COVID-19 scenario forecasts for annual gross secured lending to individuals, 2015-25
- **Consumer credit scenario performance**
Figure 67: COVID-19 scenario forecasts for annual gross consumer credit lending, 2015-25
- **Savings scenario performance**
Figure 68: COVID-19 scenario forecasts for household deposit balances at year-end, 2015-25

What's included

- Executive Summary
- Full Report PDF
- Infographic Overview
- Powerpoint Presentation
- Interactive Databook
- Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world’s leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit	store.mintel.com
EMEA	+44 (0) 20 7606 4533
Brazil	0800 095 9094
Americas	+1 (312) 943 5250
China	+86 (21) 6032 7300
APAC	+61 (0) 2 8284 8100



Report Price: £2195 | \$2995 | €2600

The above prices are correct at the time of publication, but are subject to change due to currency fluctuations.

- Insurance scenario performance**

Figure 69: COVID-19 scenario forecasts for total insurance premiums (new general insurance GWP and protection and life insurance business in force premium income), 2015-25

- Rapid COVID recovery, central and extended COVID disruption scenarios outline**
- Scenario methodology**

What's included

Executive Summary

Full Report PDF

Infographic Overview

Powerpoint Presentation

Interactive Databook

Previous editions

Did you know?

This report is part of a series of reports, produced to provide you with a more holistic view of this market.

All Mintel 2020 reports contain specific COVID-19 related research and forecasts. The world's leading brands rely on Mintel reports for the most complete, objective and actionable market intelligence.

Buy this report now

Visit store.mintel.com

EMEA +44 (0) 20 7606 4533

Brazil 0800 095 9094

Americas +1 (312) 943 5250

China +86 (21) 6032 7300

APAC +61 (0) 2 8284 8100



About Mintel

Mintel is the **expert in what consumers want and why**. As the world's leading market intelligence agency, our analysis of consumers, markets, product innovation and competitive landscapes provides a unique perspective on global and local economies. Since 1972, our predictive analytics and expert recommendations have enabled our clients to make better business decisions faster

Our purpose is to help businesses and people grow. To find out how we do that, visit **[mintel.com](https://www.mintel.com)**.