

# Consumer Behavior before & during Covid-19

Data from national payments surveys

Talk About Payments  
November 19, 2020

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Some data described in this presentation relies on data from surveys administered by the Understanding America Study, which is maintained by the Center for Economic and Social Research at the University of Southern California. The content of this presentation is solely the responsibility of the authors and does not necessarily represent the official views of USC or UAS.

[Claire.greene@atl.frb.org](mailto:Claire.greene@atl.frb.org)

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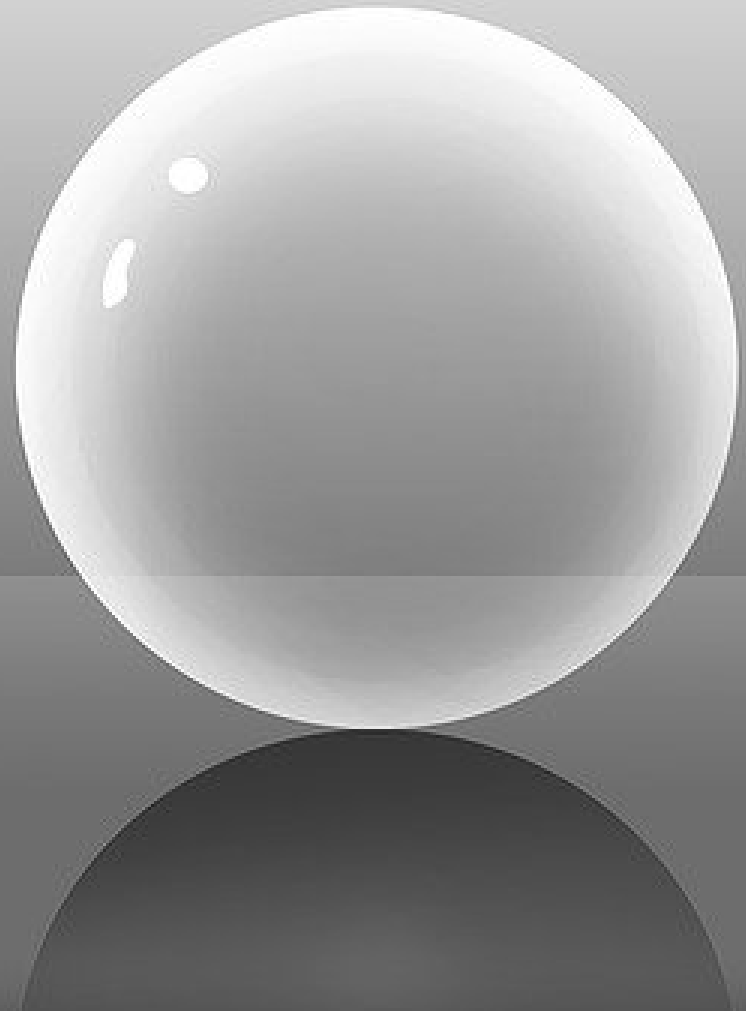
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# Three questions about consumers

1. Are consumers shopping and paying in person?
2. What's happening at the in-person point of sale?
3. Are consumers holding cash?



# Today's speakers



Kevin Foster  
Sr Business Survey  
Specialist  
Atlanta Fed



Heng Chen  
Principal Researcher  
Currency  
Bank of Canada



Claire Greene  
Payments Risk  
Expert  
Atlanta Fed

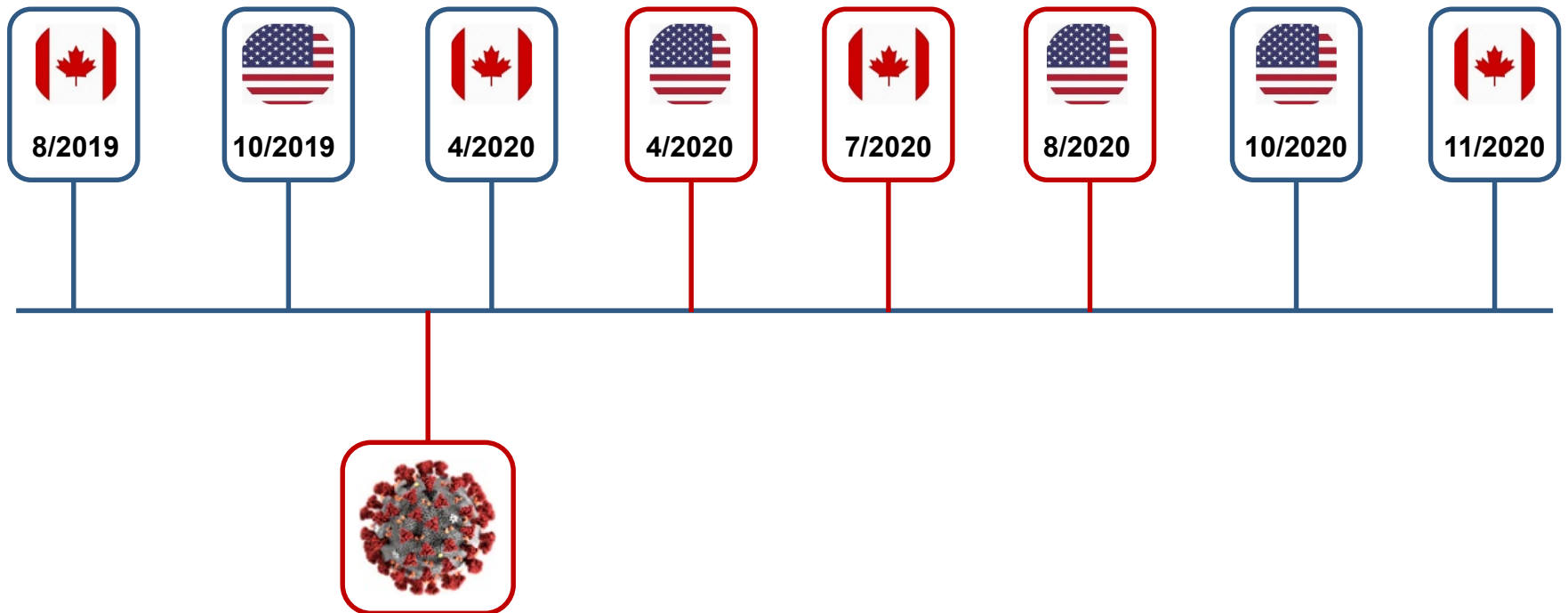


Gradon Nicholls  
Economist  
Currency  
Bank of Canada



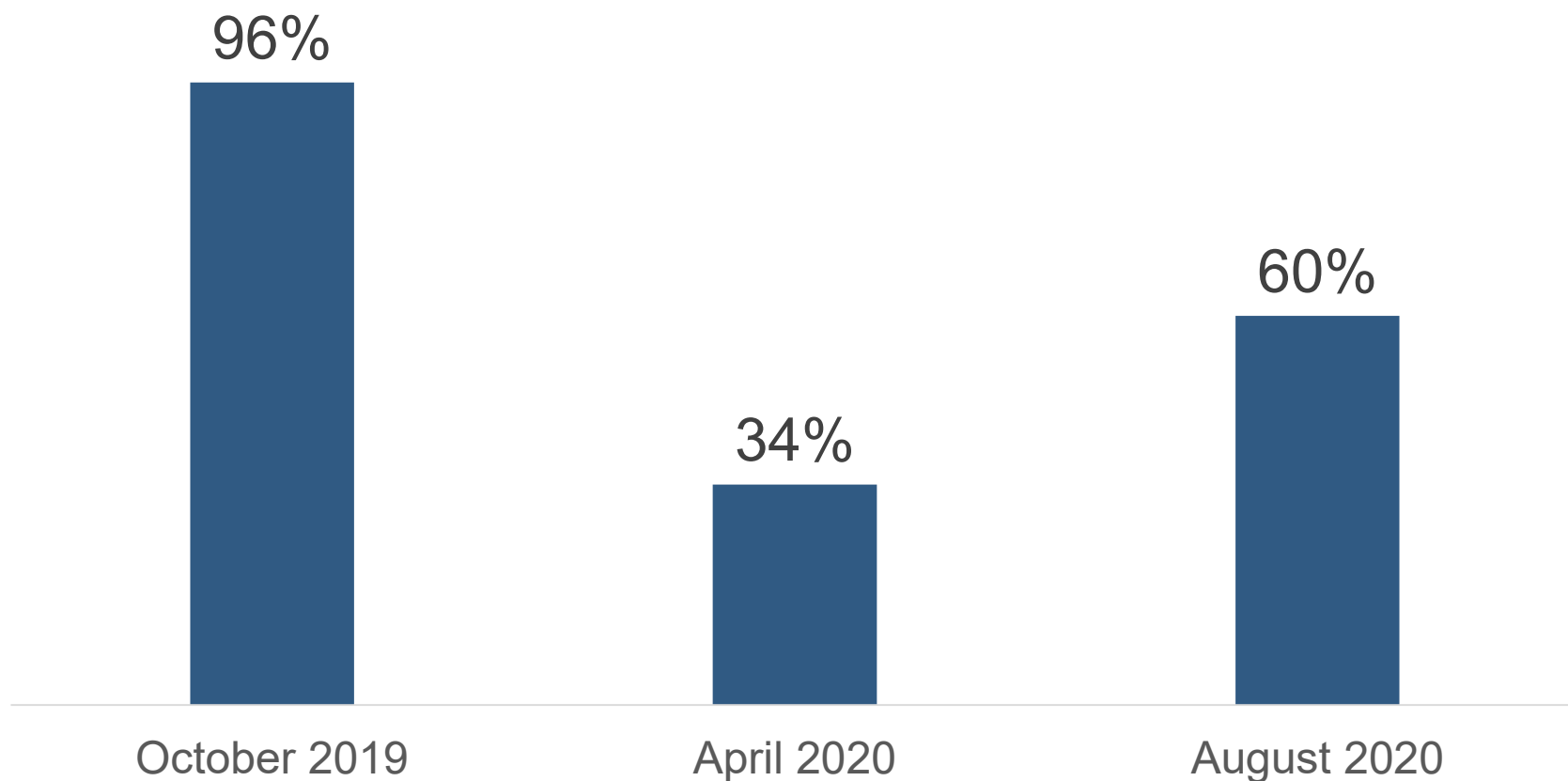
Shaun O'Brien  
Senior Policy  
Consultant  
Cash Product Office,  
San Francisco Fed

# Stepping up the pace of data collection

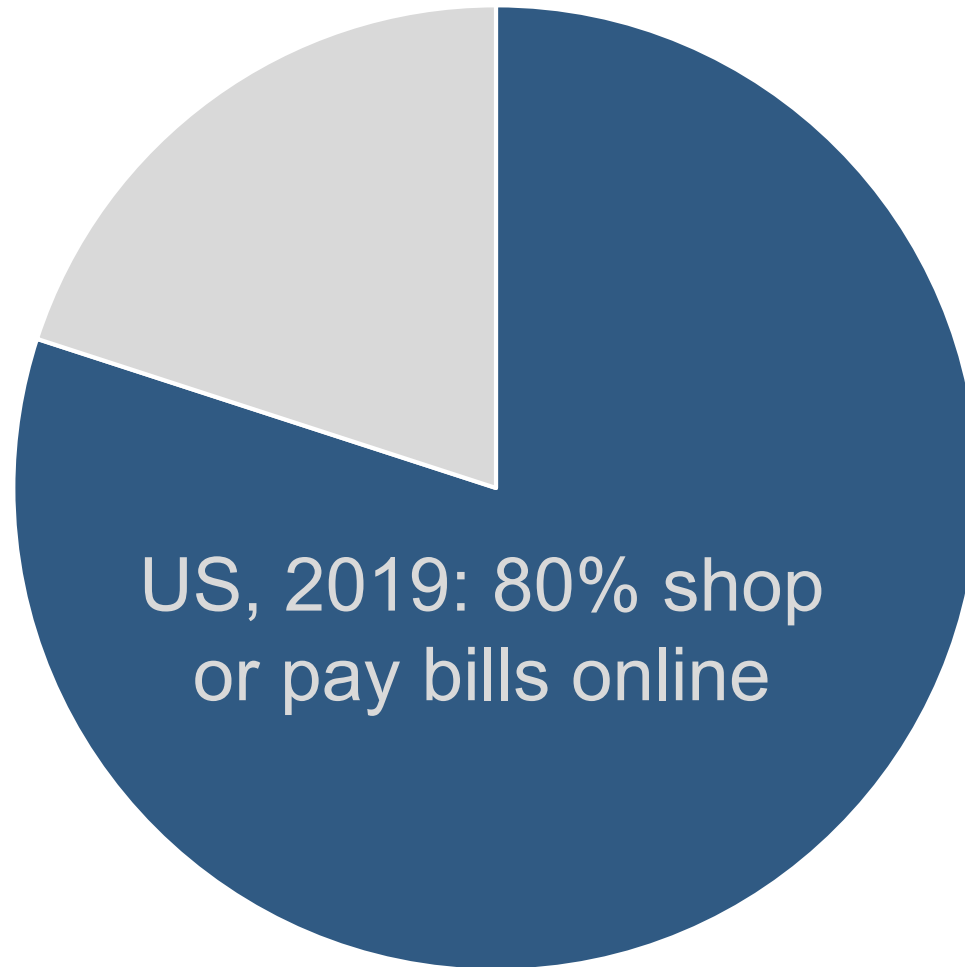


# U.S. shutdown: Paying in person

Paid in person at least once, "typical month" or "past 30 days"



# Most already shop, pay bills online



# Cash use & acceptance still evolving

	April	Summer
<b>More consumers used cash in summer</b>		
Canada	36%	54%
United States	20%	44%
<b>Varied experience of merchant acceptance</b>		
Canada	Cash refused: 12%	Cash refused: 9%
United States	Cash refused: 7%	Card preferred: 42%

Cash use: U.S. cash is calculated as the share of consumers who paid in person and used cash. Canada cash use is share of consumers who reported making a cash payment in past week.

Merchant acceptance: U.S. (April) is share of consumers who paid in person. U.S. (August) is share of people who paid in person who “always,” “most of the time,” or “sometimes” were asked to pay with a card.

*In 2018 in Canada, 96% of small & mid-sized merchants accepted cash.*



# In Canada, tap & mobile evolve, too

Canada: tapping increasingly likely

	April	Summer
<b>Consumers more likely to tap</b>		
Debit	38%	54%
Credit	48%	56%
<b>...&amp; more likely to mobile pay</b>		
Mobile phone	8%	12%

Shares of consumers who used card tap and mobile pay in the past week.

Pre-Covid-19, tapping rare in US

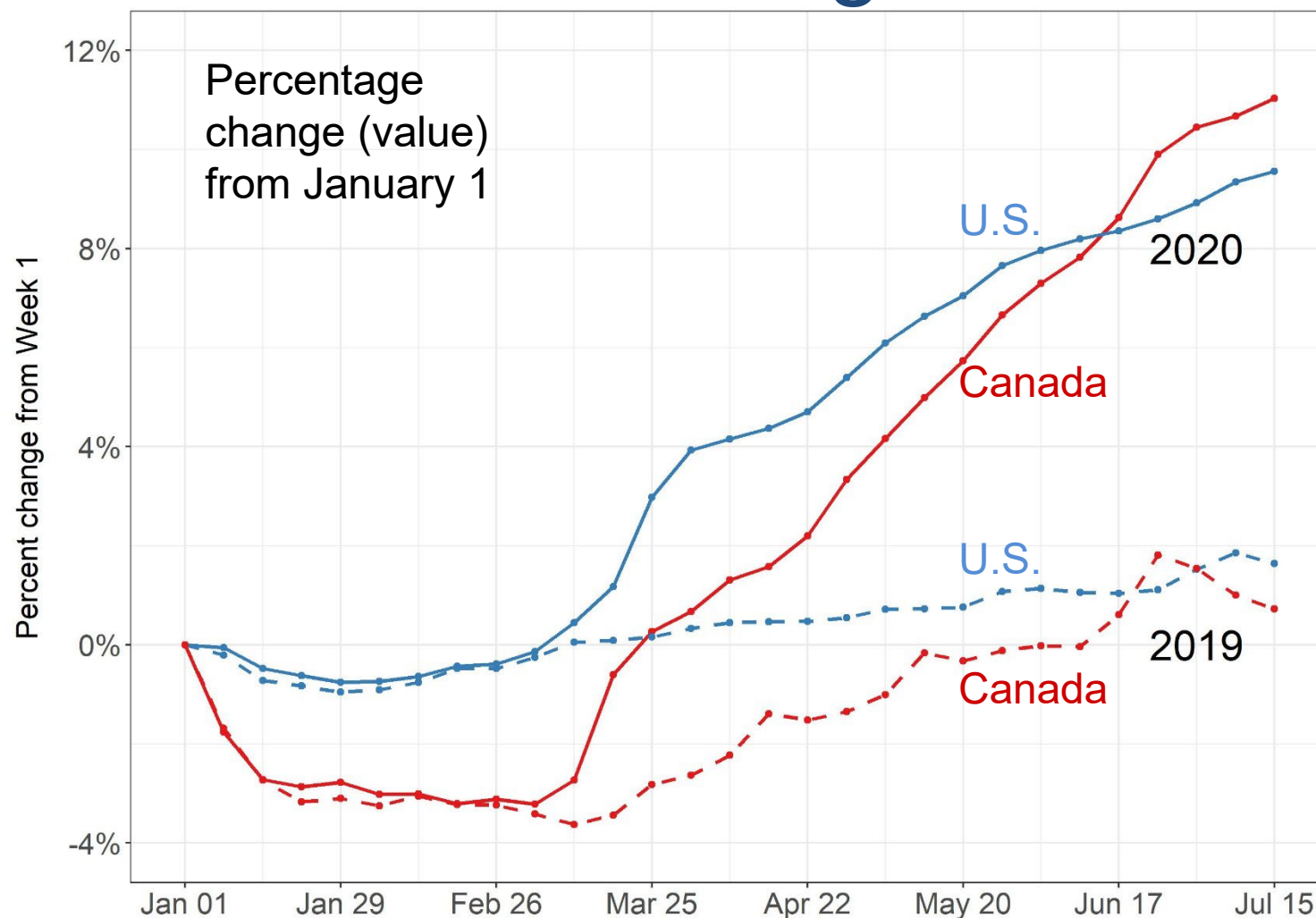
*2019:*

- 3% of in-person credit payments were tapped
- 0% of in-person debit were tapped
- ~3% of in-person card payments used a mobile device

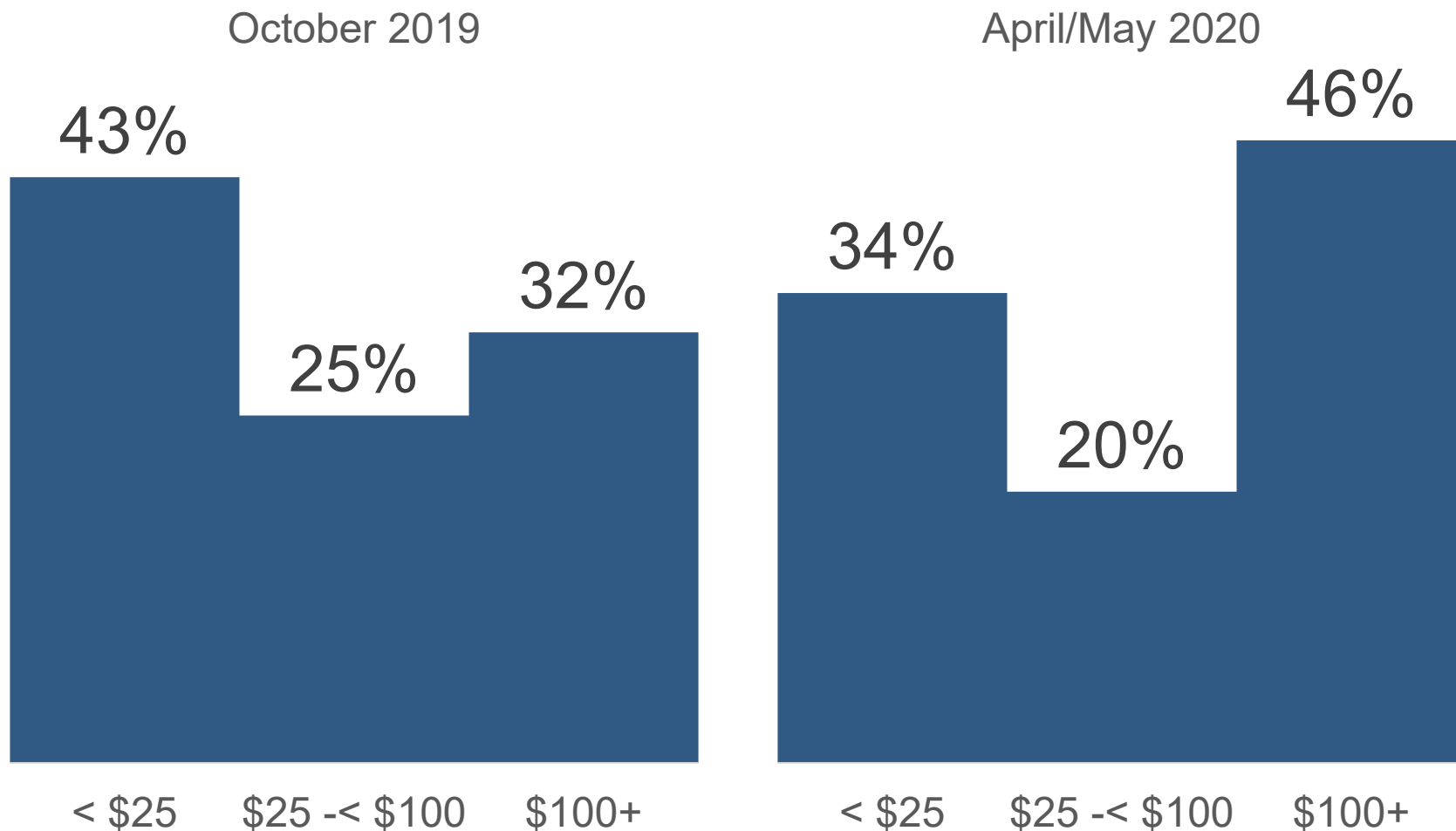
# Elements of currency in circulation

- Currency outside the U.S. (mostly \$100s, more than half)
- Currency inside the U.S.
  - Depository institution vault cash
  - Held by businesses and government
  - Held by consumers
    - For immediate spending
    - To store value, perhaps for savings or to use in an emergency

# US & Canada: CIC surges



# U.S. consumers held more cash



# Why might consumers have more cash?



Stuck at home



Stimulus payments



Emergency  
preparedness

# Perceptions on cash avoidance



**April:** Are you avoiding using cash because of the coronavirus?



**August:** For the in-person payments that you have made in the past 30 days, have you avoided using cash because of the coronavirus?



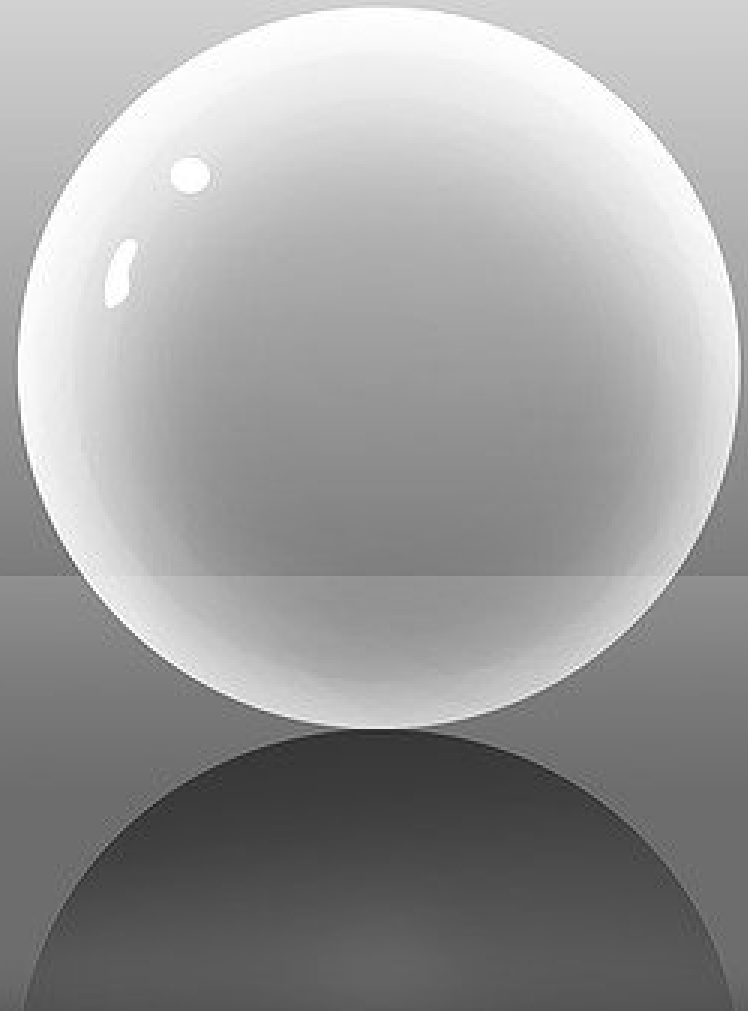
**April:** Do you currently have any plans to stop using cash in the future?

# Lots of questions going forward

Will shopping habits change permanently?

Will cash lose its dominance in small-dollar-value transactions?

Will Covid-19 jump-start the use of contactless pay?



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FRED economic data, Federal Reserve Bank of St. Louis, [currency in circulation](#)

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[U.S. Coin Task Force](#), #getcoinmoving

## Take On Payments Commentary

[Contactless Pay: A True Life Story](#), 8/10/2020

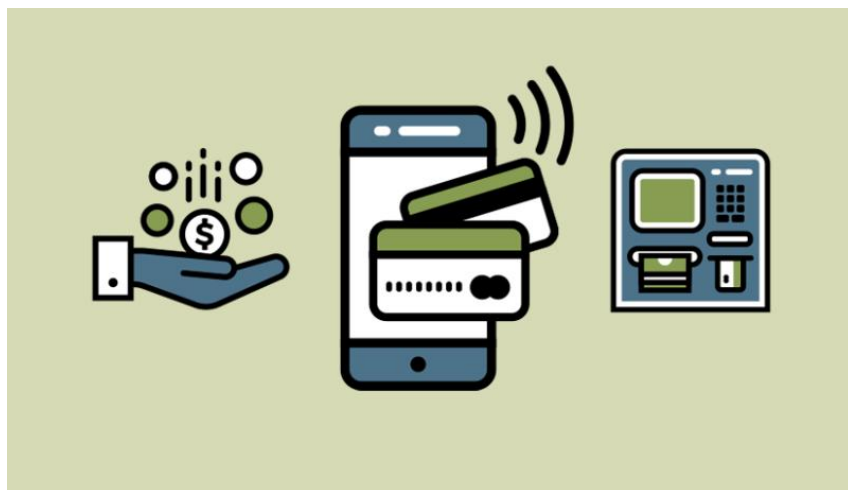
[Could COVID-19 Help Narrow the Digital Divide?](#) 7/6/2020

[Are Contactless Cards Having their Moment?](#) 6/8/2020

[Some Seek Peace of Mind with Contactless](#), 5/26/2020



# Take On Payments blog: Every Monday



## Fed Consumer Surveys

- This week: [What Might Stormy Weather Mean for Banking Status?](#)
  - October 26: [Will the Pandemic Change B2B Check Usage?](#)
  - September 8: [New Payments Chassis Could Undergird Consumer-Friendly Vehicles](#)
- [Survey of Consumer Payment Choice](#)
  - [Diary of Consumer Payment Choice](#)
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  - [Federal Reserve Payments Study](#)