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# **Covid, personal finances, and policy: evidence from bank account data**

**Thursday 17th December  
11:00 - 12:00**

  
Trust for London  
Tackling poverty and inequality

  
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 Standard Life  
FOUNDATION



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17 December 2020

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# COVID-19: household finances and policy responses



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# The data

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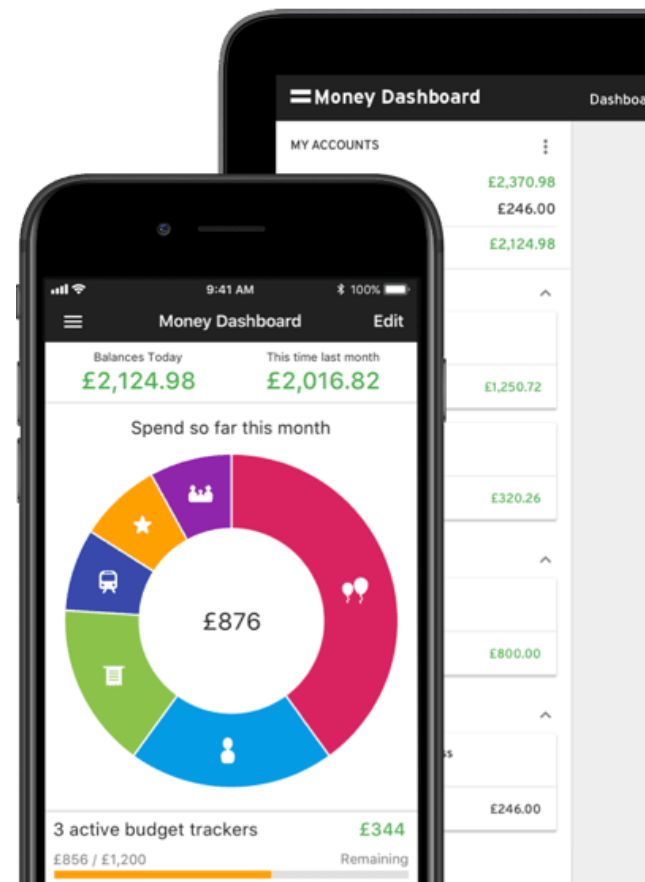
# Money Dashboard data

## Money Dashboard (MDB)

- Budgeting app
- Users link in their bank accounts (incl. credit cards and partner's accounts)
- Transactions automatically categorised (e.g. groceries, salary)

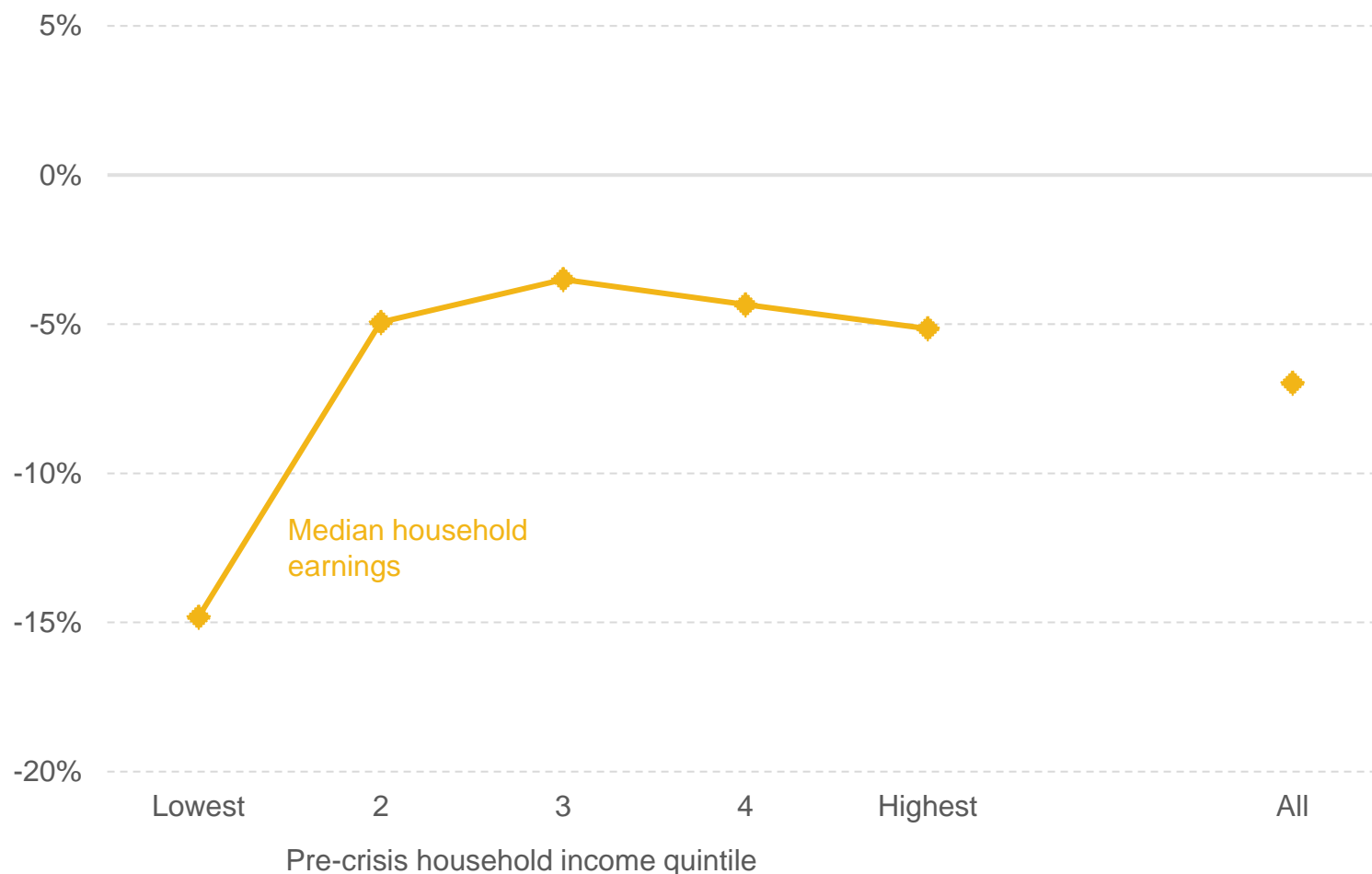
## The data

- Anonymised transactions for all accounts
- Basic demographic information
- Representativeness – skewed young & to some extent southern – but fairly close to population on income, number of bank accounts, signs of financial distress



# Income and earnings

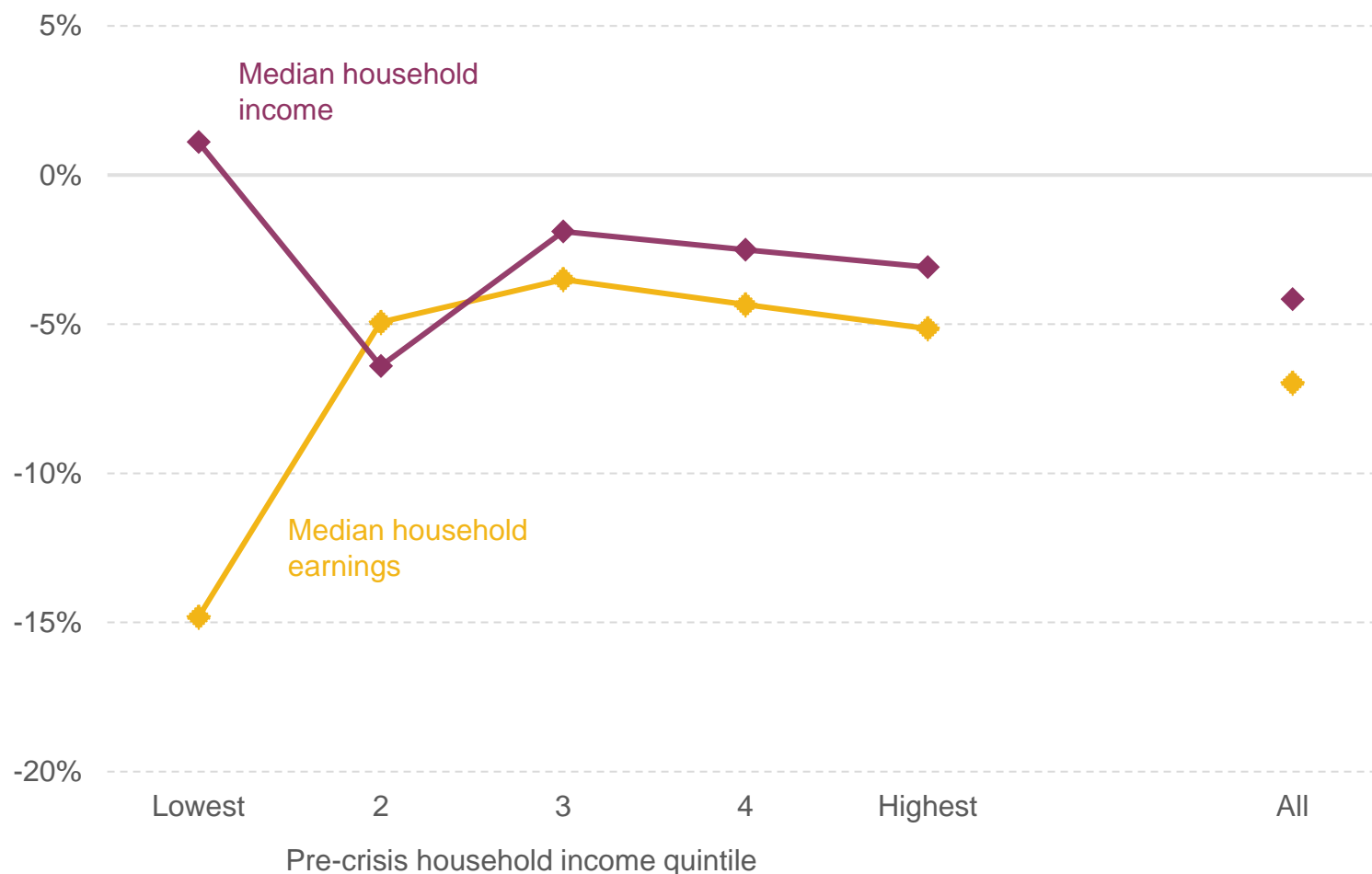
## Change in median real household earnings (Jan-May 2020)



Source: Figure 9 from Bourquin et al. (2020)

# Income and earnings

## Change in median real household income (Jan-May 2020)



Source: Figure 9 from Bourquin et al. (2020)



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# Policy responses to COVID-19

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# Income support and Covid-19

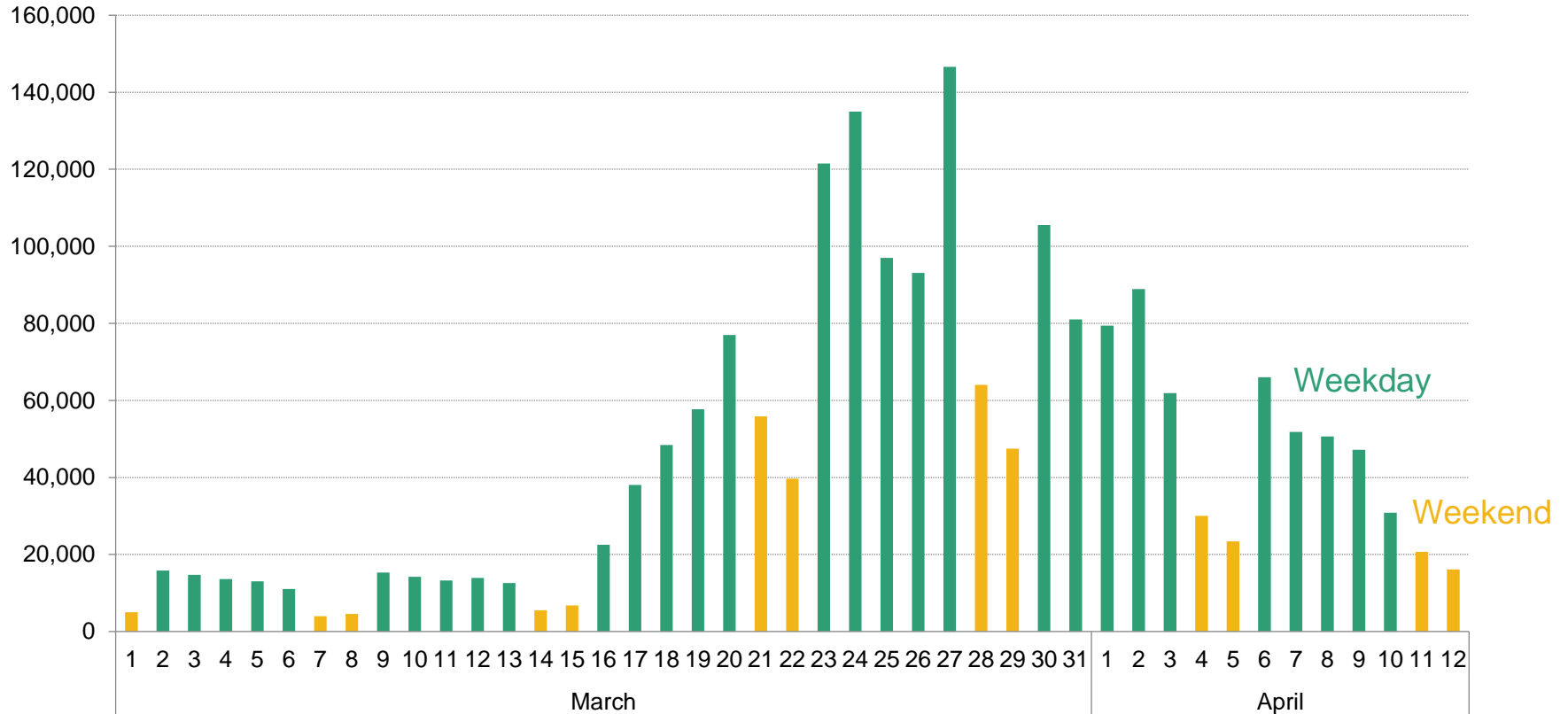


1. **CJRS (furlough):** Workers seeing earnings fall to 80% of pre-crisis level (not considering topped-up workers).
2. **Self-Employment Income Support Scheme (SEISS):** Households receiving a grant worth 80% of pre-pandemic trading profits.
3. **Universal Credit:** Households receiving a new UC payment during the crisis.



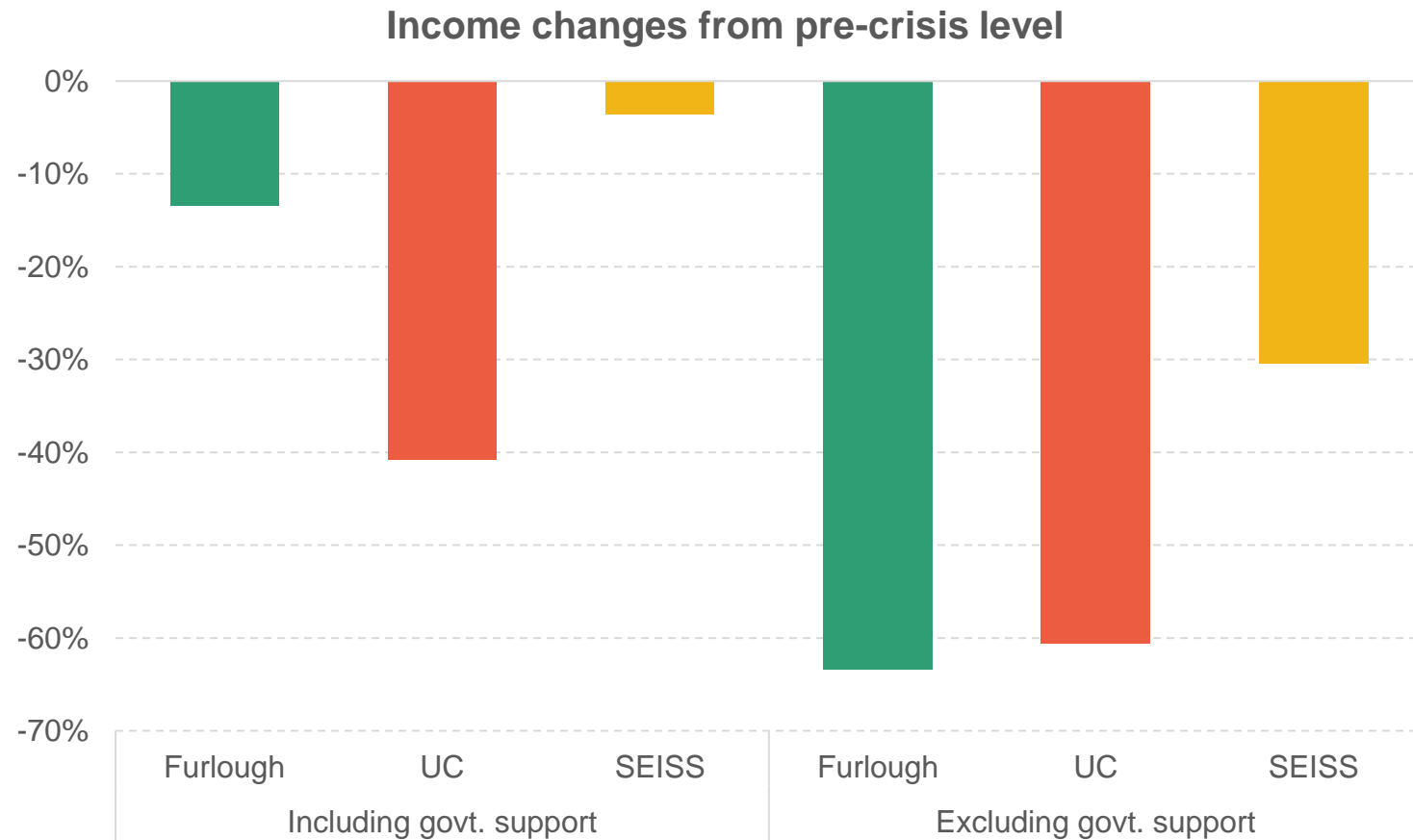
# Universal credit claims have risen

## Daily UC declarations



Source: Department for Work and Pensions:  
Universal Credit Declarations and Advances

# Levels of income support differ



Source: Figure 6.1 from Delestre et al. (2020)



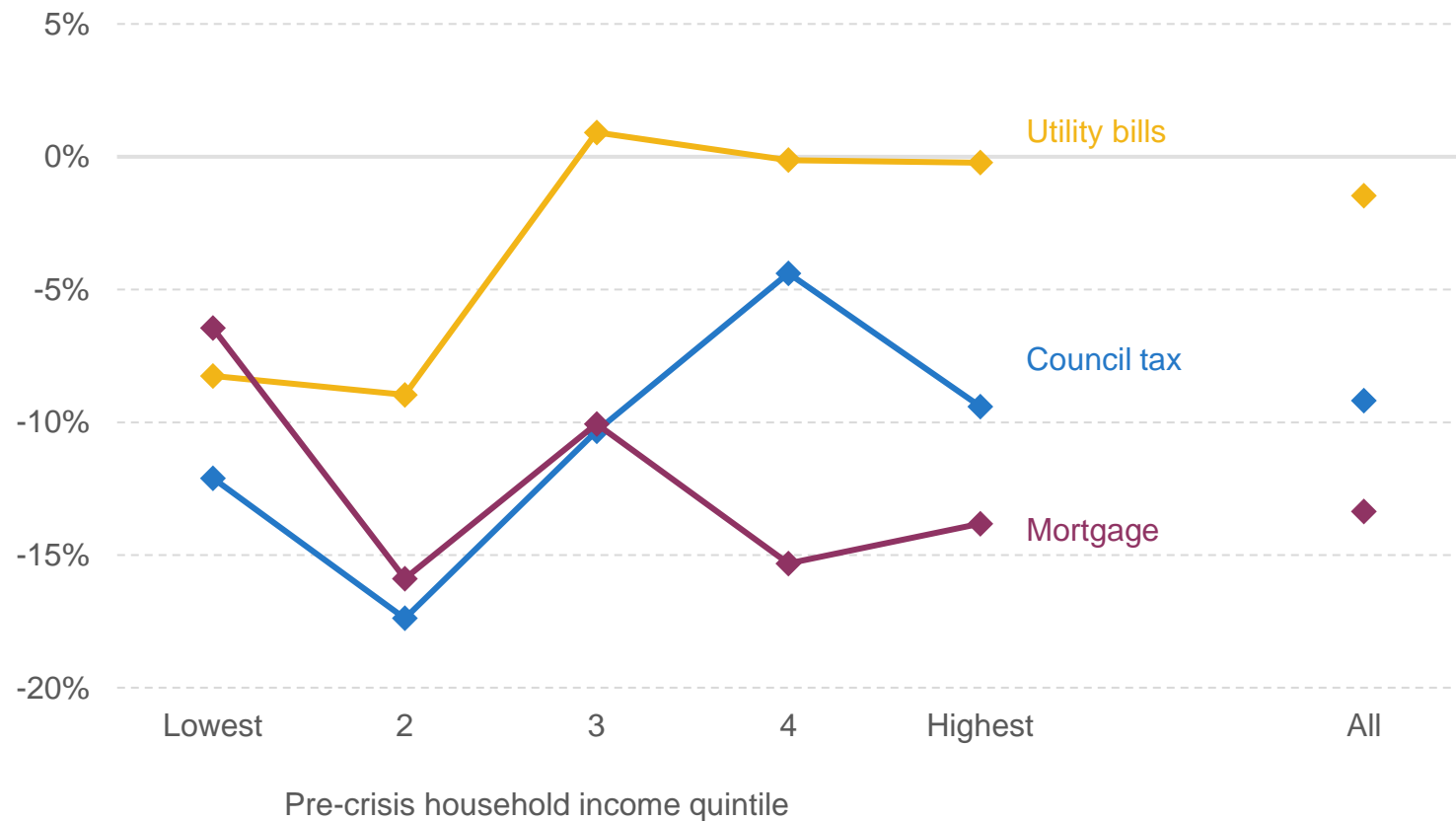
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# The policy context

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# Missed bill payments

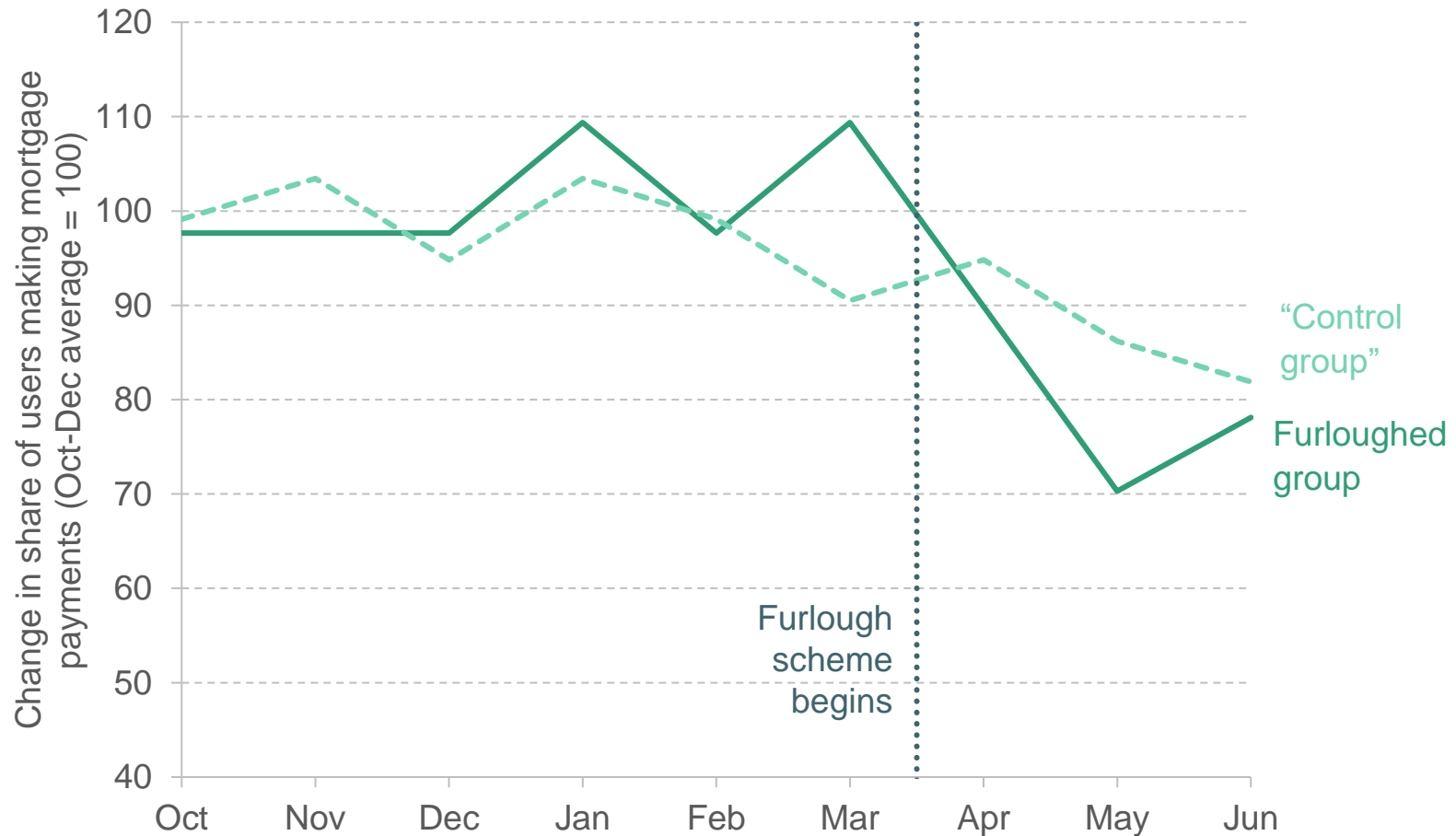
## May percentage deviation from pre-crisis trend, by pre-crisis income quintile



Source: Figure 17 from Bourquin et al. (2020)

# Policy responses: furlough

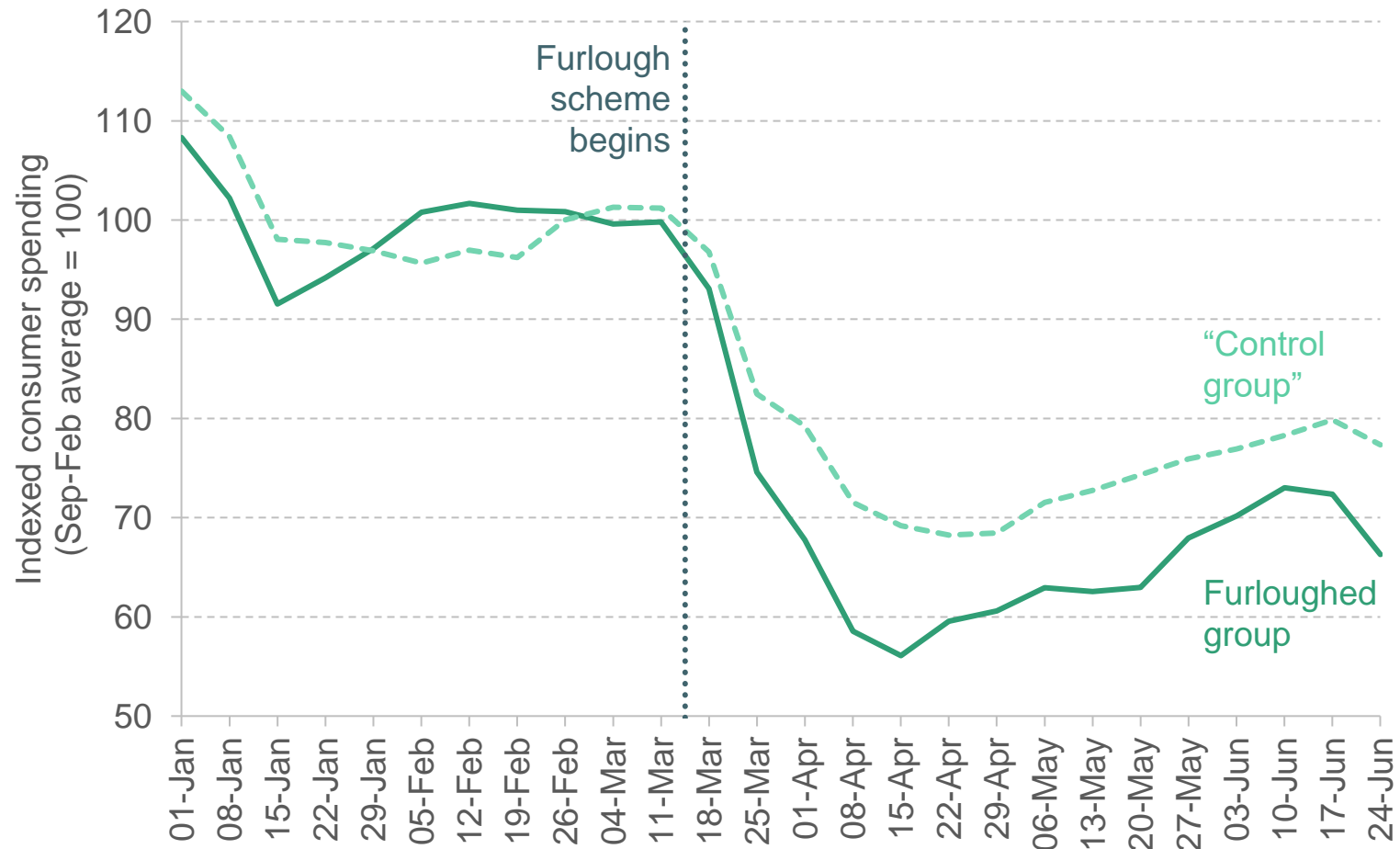
## Missed mortgage payments for furloughed workers



Source: Figure 3.3 from Delestre et al. (2020)

# Policy responses: furlough

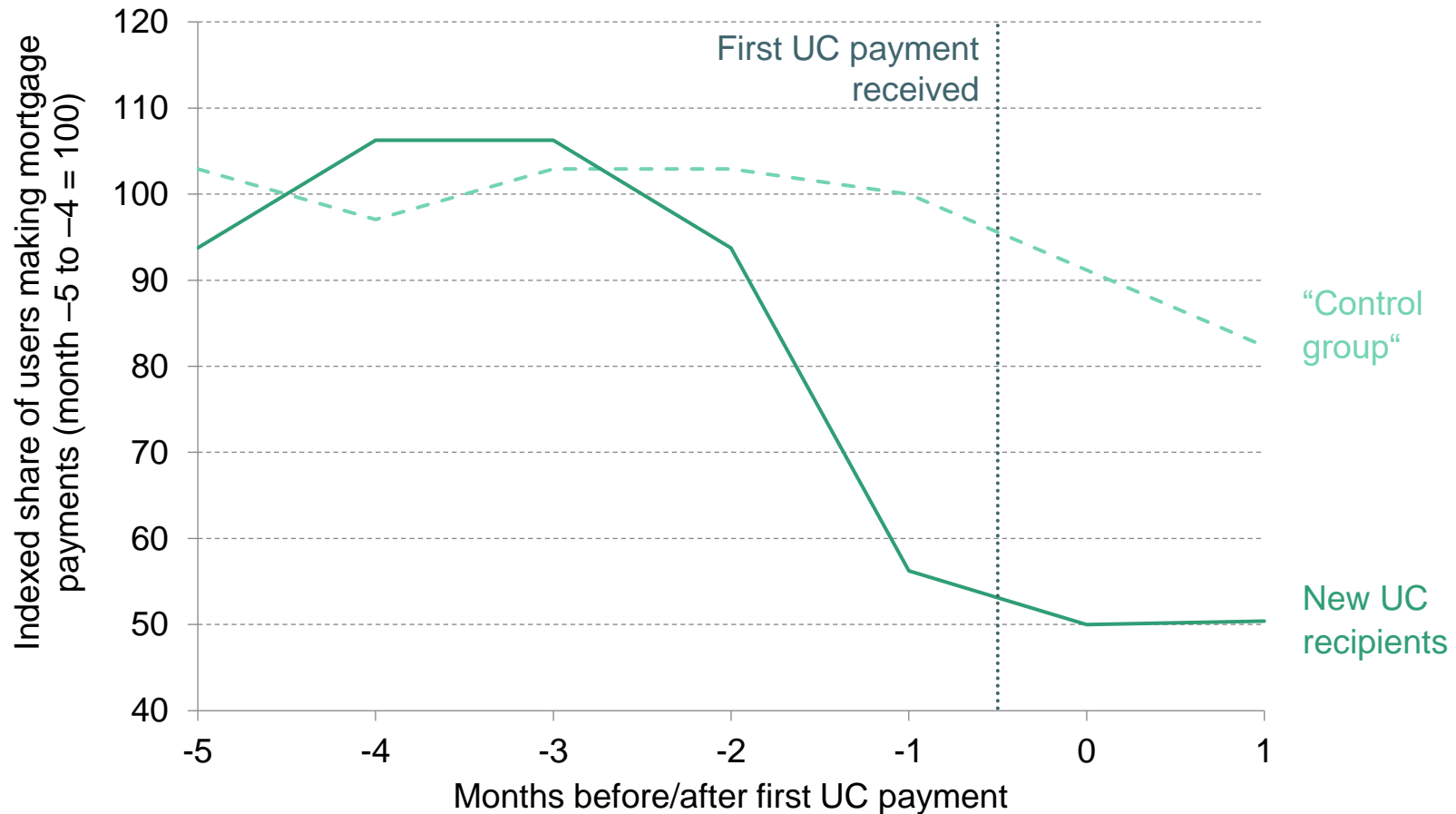
## Consumer spending by CJRS recipients, 4 week rolling average



Source: Figure 3.2 from Delestre et al. (2020)

# Policy responses: universal credit

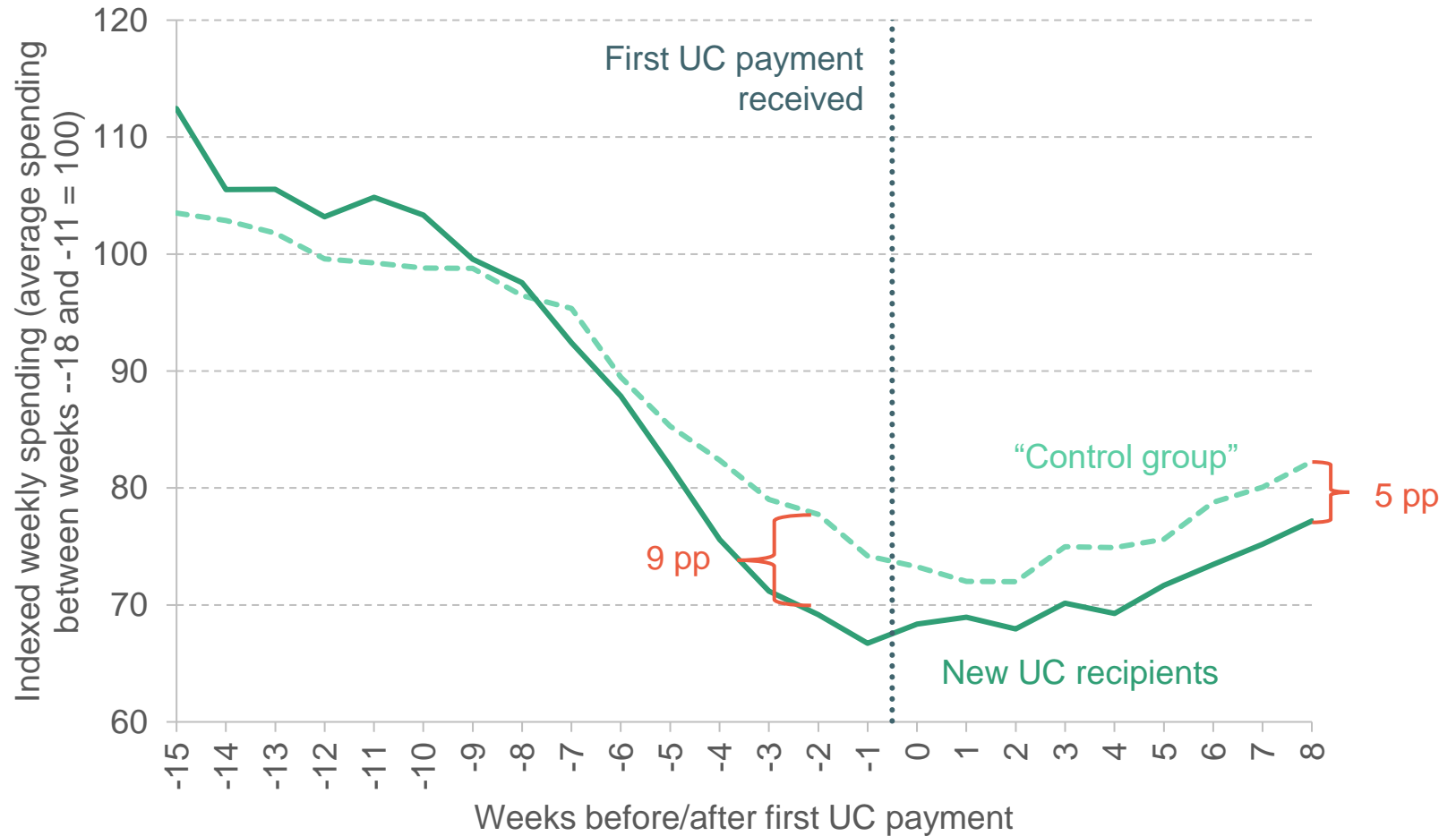
## Missed mortgage payments for UC recipients



Source: Figure 5.3 from Delestre et al. (2020)

# Policy responses: universal credit

## Consumer spending by UC recipients, 4 week rolling average

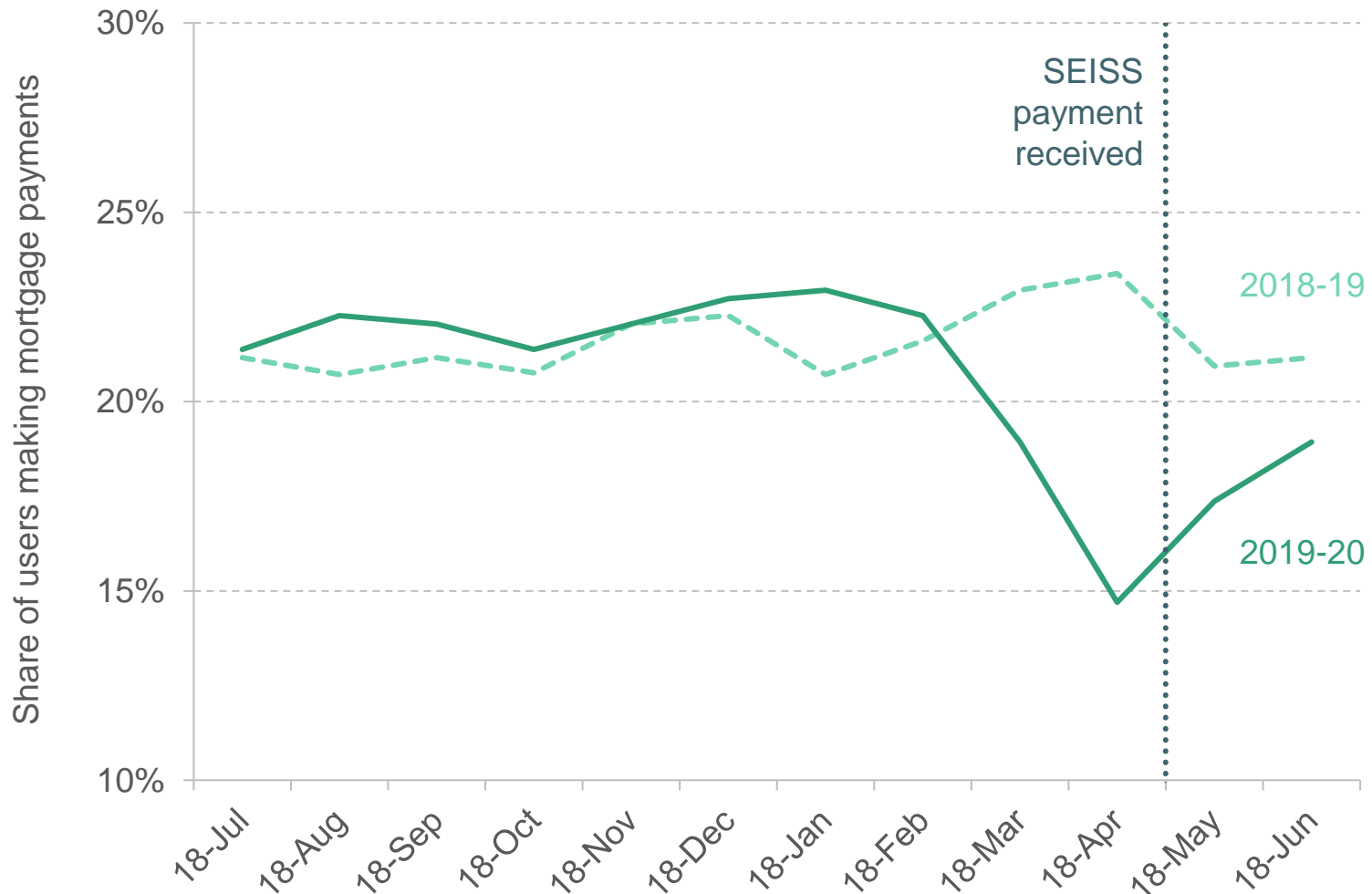


Source: Figure 5.2 from Delestre et al. (2020)



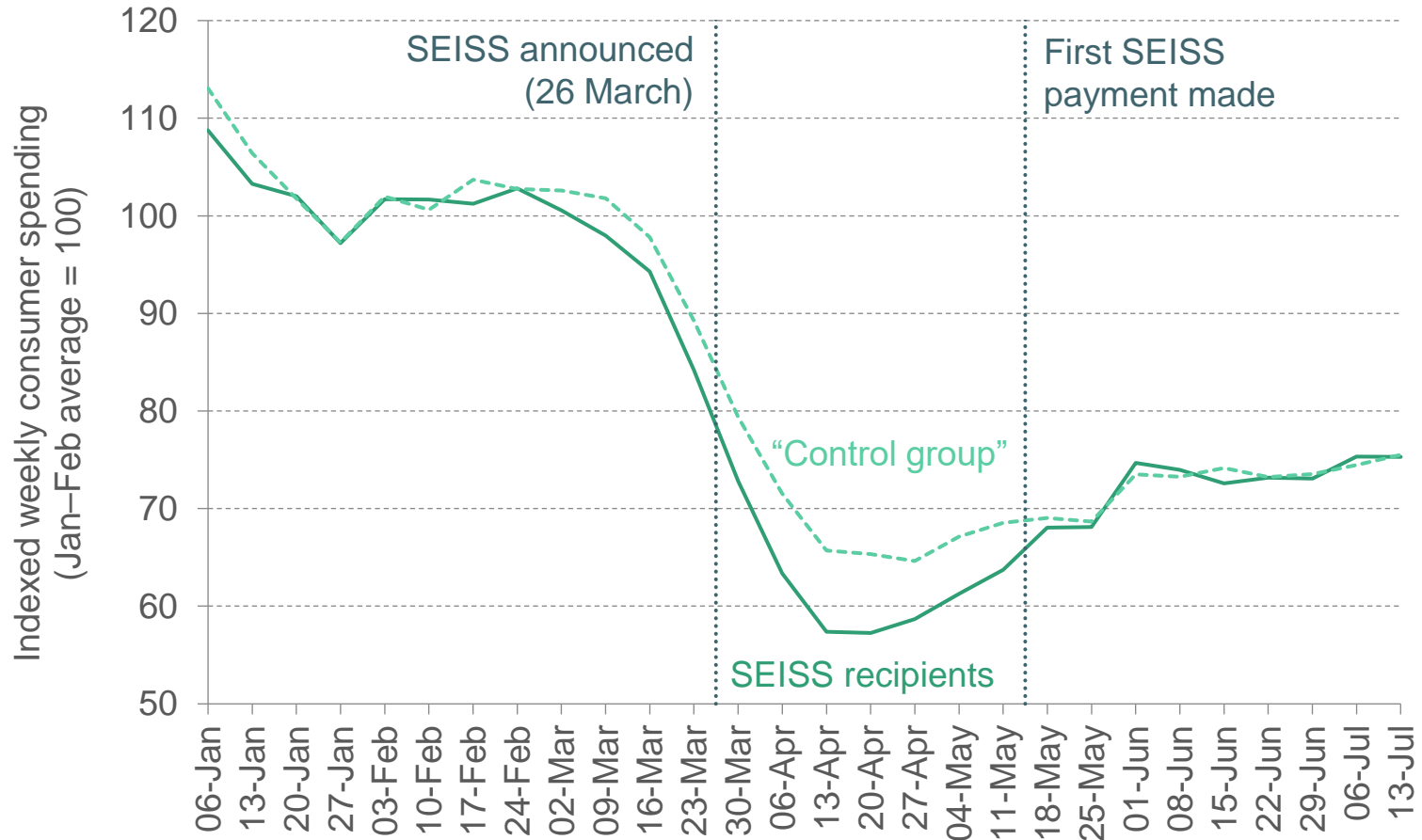
# Policy responses: SEISS

## Missed mortgage payments for SEISS recipients



# Policy responses: SEISS

## Consumer spending by SEISS recipients, 4 week rolling average



Source: Figure 4.4 from Delestre et al. (2020)



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# Conclusions

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# Summary of findings



**Spending profiles of the three groups differ significantly.**

**The timing of support appears to be crucial.**

**Households seeing income declines appear to reduce mortgage payments at an early stage.**

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