

Disparities in FinTech use, EIP, and Spending among American households during the COVID-19 pandemic

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Introduction

- The COVID-19 pandemic has sparked a rise in consumers adopting various contactless payment methods
- This study builds upon previous research investigating the disparities of minority groups and low-income households in relation to banking products, EIP, financial instability, and mobile payment capabilities
- 2 probit regressions are modeled using data from the Coronavirus Tracking Survey of the Understanding America Study

Previous Research

• Low-income consumers were less likely to adopt checks, debit cards, and credit cards. Low income consumers used cash more intensively than high income consumers (Stavins, 2016)

 Most respondents report that they primarily saved or paid down debts with their transfers (EIP), with only about 15 percent reporting that they mostly spent it (Coibion, Olivier et al., 2020)

Hypotheses

 Low-income minorities are less likely to have access to mobile payment capabilities or banking products

Low income households spend less than their counterparts relative to income

Data

		All	Quintil	e 1	Qui	intile 2	Qu	intile 3	Qu	intile 4	Qui	ntile 5	
		(n=12486)	(n=239	17)	(n=	2675)	(n=	:2394)	(n=	3552)	(n=1	L478)	
Variable	Min	Max	Mean	Std. Dev.	Mean2	Std. Dev.2	Mean3	Std. Dev.3	Mean4	Std. Dev.4	Mean5	Std. Dev.5	Significant Difference
Food insecure	0	1	0.185	0.389	0.090	0.287	0.051	0.220	0.024	0.153	0.013	0.113	***
Delay housing	0	1	0.065	0.246	0.100	0.300	0.109	0.312	0.087	0.282	0.075	0.263	***
Stimulus	0	1	0.197	0.398	0.292	0.455	0.291	0.454	0.275	0.447	0.163	0.369	***
Avoid cash	0	1	0.152	0.359	0.201	0.401	0.218	0.413	0.230	0.421	0.294	0.456	***
Contactless	0	1	0.290	0.454	0.338	0.473	0.351	0.477	0.352	0.478	0.391	0.488	**
Used cash	0	1	0.172	0.377	0.197	0.398	0.206	0.405	0.234	0.424	0.256	0.436	***
Jsed credit	0	1	0.078	0.268	0.155	0.362	0.178	0.383	0.255	0.436	0.321	0.467	***
Used debit	0	1	0.166	0.373	0.192	0.394	0.199	0.399	0.210	0.407	0.178	0.383	**
Used prepaid	0	1	0.058	0.234	0.063	0.243	0.064	0.246	0.086	0.281	0.097	0.297	***
Pay in-person	0	1	0.343	0.475	0.427	0.495	0.443	0.497	0.512	0.500	0.549	0.498	***
Cash in-person	0	1	0.076	0.265	0.097	0.296	0.089	0.285	0.098	0.297	0.089	0.285	
Mental conditon	0	1	0.100	0.300	0.065	0.247	0.060	0.238	0.049	0.216	0.038	0.191	***
Obesity	0	1	0.082	0.275	0.095	0.293	0.086	0.281	0.076	0.264	0.065	0.247	***
Age1	0	1	0.193	0.395	0.138	0.345	0.103	0.305	0.085	0.279	0.072	0.259	***
Age2	0	1	0.229	0.420	0.200	0.400	0.260	0.439	0.312	0.463	0.283	0.451	***
Age3	0	1	0.138	0.345	0.155	0.362	0.132	0.338	0.188	0.391	0.178	0.383	***
Age4	0	1	0.159	0.366	0.158	0.365	0.157	0.363	0.157	0.364	0.237	0.426	***
Age5	0	1	0.172	0.377	0.205	0.404	0.199	0.400	0.148	0.355	0.153	0.360	***
Age6	0	1	0.109	0.312	0.143	0.351	0.149	0.356	0.109	0.312	0.077	0.266	***
White	0	1	0.663	0.473	0.750	0.433	0.819	0.385	0.820	0.385	0.794	0.404	***
Black	0	1	0.229	0.420	0.158	0.365	0.084	0.278	0.075	0.264	0.034	0.182	***
Asian	0	1	0.045	0.208	0.035	0.183	0.049	0.217	0.062	0.241	0.102	0.302	***
Other	0	1	0.057	0.231	0.044	0.205	0.042	0.201	0.040	0.195	0.067	0.251	***
Male	0	1	0.382	0.486	0.436	0.496	0.513	0.500	0.538	0.499	0.616	0.487	***
emale	0	1	0.618	0.486	0.564	0.496	0.487	0.500	0.462	0.499	0.384	0.487	***
Married	0	1	0.188	0.391	0.276	0.447	0.357	0.479	0.399	0.490	0.420	0.494	***
Wave 3	0	1	0.497	0.500	0.500	0.500	0.510	0.500	0.502	0.500	0.503	0.500	***
Wave 11	0	1	0.503	0.500	0.500	0.500	0.490	0.500	0.498	0.500	0.497	0.500	***
*** p<0.01, ** p<0.05, * p<0.1													

Data: Food Insecure

		All	Food Inse	ecure=YES	Food Insecure=NO			
		(n=12509)	(n=923)		(n=11586)			
Variable Variable	Min	Max	Mean	Std. Dev.	Mean2	Std. Dev.2	Significant Difference	
nc1	0	1		0.500		0.397		
nc2	0	1	0.261	0.439	0.225	0.418		
nc3	0	1	0.121	0.327	0.193	0.394		
nc4	0	1	0.079	0.270	0.276	0.447		
nc5	0	1	0.017	0.128	0.109	0.311		
itimulus	0	1	0.287	0.453	0.250	0.433	•••	
Delay housing	0	1	0.168	0.374	0.081	0.273	***	
Avoid cash	0	1	0.294	0.456	0.203	0.402	***	
Contactless	0	1	0.440	0.497	0.330	0.470	***	
Jsed cash	0	1	0.137	0.344	0.215	0.411		
Jsed credit	0	1	0.057	0.232	0.196	0.397	***	
Jsed debit	0	1	0.150	0.357	0.194	0.396		
Jsed prepaid	0	1	0.051	0.220	0.073	0.261		
ay in-person	0	1	0.328	0.470	0.456	0.498		
Cash in-person	0	1	0.099	0.299	0.090	0.286	***	
redit in full	0	1	0.133	0.339	0.434	0.496	***	
redit overtime	0	1	0.199	0.399	0.258	0.437	***	
Bank Ioan	0	1	0.065	0.247	0.071	0.257		
Borrow	0	1	0.278	0.448	0.157	0.364	***	
Could not pay	0	1	0.420	0.494	0.098	0.297	***	
Mental condition	0	1	0.111	0.314	0.061	0.239		
Obesity	0	1		0.261	0.083	0.276		
Age1	0	1	0.193	0.395	0.118	0.322	***	
ge2	0	1		0.459	0.251	0.434		
lge3	0	1	0.198	0.399	0.155	0.361		
ge4	0	1		0.390	0.164	0.370		
ige5	0	1		0.298		0.387		
ge6	0	1		0.146		0.336		
Vhite	0	1		0.459		0.420		
Black	0	1		0.385	0.121	0.327		
Asian	0	1		0.220		0.226		
Other	0	1		0.237	0.047	0.211		
Male	0	1		0.489		0.500		
emale	0	1		0.489	0.509	0.500		
Married	0	1		0.385		0.470		
Varied Vave 3	0	1		0.482	0.491	0.500		
Wave 11	0	1		0.482	0.509	0.500		
*** p<0.01, ** p<0.05, * p<0.1	U	1	0.300	0.402	0.303	0.300		

Data: Delayed Housing

		All		Delayed I	Housing=YES	Delayed Housing=NO		
Inc1			(n=12509)	(n=	1114)	(n=	11395)	
Inc2	Variable	Min	Max	Mean	Std. Dev.	Mean2	Std. Dev.2	Significant Difference
Inc2								
Inc3								
Inc4			_					
nc5								•••
Stimulus 0 1 0.289 0.453 0.250 0.433 *** cool insecure 0 1 0.150 0.358 0.072 0.258 *** Avoid cash 0 1 0.262 0.440 0.205 0.404 *** Contactless 0 1 0.461 0.499 0.327 0.469 *** Jsed cash 0 1 0.186 0.390 0.211 0.408 Jsed credit 0 1 0.155 0.362 0.188 0.391 Jsed debit 0 1 0.255 0.418 0.187 0.390 *** Jsed prepaid 0 1 0.079 0.269 0.071 0.257 *** Jay in-person 0 1 0.403 0.491 0.450 0.497 Cash in-person 0 1 0.079 0.270 0.091 0.288 Certain 0 1 0.339 0.474 0.545 0.498 *** Probably of 0 1 0.162 0.368 0.135 0.342 *** Probably not 0 1 0.144 0.351 0.067 0.250 *** Probably not 0 1 0.144 0.351 0.067 0.250 *** Probably not 0 1 0.104 0.306 0.079 0.270 Probably of 0 1 0.104 0.306 0.079 0.270 Probably of 0 1 0.104 0.306 0.079 0.270 *** Probably of 0 1 0.104 0.306 0.079 0.270 *** Probably of 0 1 0.104 0.318 0.079 0.270 *** Probably of 0 1 0.104 0.318 0.079 0.270 *** Probably of 0 1 0.104 0.318 0.079 0.270 *** Probably of 0 1 0.104 0.318 0.079 0.270 *** Probably of 0 1 0.104 0.318 0.079 0.270 *** Probably of 0 1 0.104 0.318 0.79 0.270 *** Probably of 0 1 0.104 0.318 0.79 0.270 *** Probably of 0 1 0.104 0.318 0.79 0.270 *** Probably of 0 1 0.104 0.318 0.79 0.270 *** Probably of 0 1 0.104 0.318 0.79 0.270 *** Probably of 0 1 0.104 0.318 0.79 0.270 *** Probably of 0 1 0.104 0.318 0.79 0.270 *** Probably of 0 1 0.104 0.318 0.79 0.270 *** Probably of 0 1 0.104 0.318 0.79 0.270 *** Probably of 0 1 0.073 0.344 0.169 0.375 *** Probably of 0 1 0.073 0.260 0.045 0.208 *** Probably of 0 1 0.073 0.260 0.045 0.208 *** Probably of 0 1 0.073 0.260 0.045 0.208 *** Probably of 0 1 0.073 0.260 0.045 0.208 *** Probably of 0 1 0.073 0.260 0.045 0.208 *** Probably of 0 1 0.073 0.260 0.045 0.208 *** Probably of 0 1 0.073 0.260 0.045 0.208 *** Probably of 0 1 0.073 0.260 0.045 0.208 *** Probably of 0 1 0.073 0.260 0.045 0.208 *** Probably of 0 1 0.074 0.091 0.091 0.091 0.001			_					
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Dised credit	Contactless	0	1	0.461	0.499	0.327	0.469	***
Seed debit 0	Jsed cash		_	0.186	0.390	0.211	0.408	
Seed prepaid 0	Jsed credit	0	1			0.188		
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Cash in-person 0	Jsed prepaid	0	1	0.079	0.269	0.071	0.257	••
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Vave 11 U.311 U.300 U.437 U.300 "								
p<0.01, ** p<0.05, * p<0.1		U	1	0.511	0.500	0.497	0.500	

Regression: Food Insecurity

Variable	Dy/Dx	Significance			
		_			
Inc1	0.104	***			
Inc2	0.070	***			
Inc3	0.045	***			
Inc4	0.014				
Stimulus	-0.003				
Avoid cash	0.031	***			
Contactless	0.028	***			
Used cash	-0.001				
Used credit	-0.026	***			
Used debit	0.002				
Used prepaid	-0.002				
Credit in full	-0.044	***			
Credit overtime	-0.007				
Bank loan	-0.003				
Borrow	0.018	***			
Couldn't pay	0.079	***			
Mental condition	0.029	***			
Obesity	0.001				
Black	0.002				
Asian	0.031	***			
Other	0.014	**			
Hisplatino	0.035	***			
Female	-0.003				
Married	0.004				
Wave3	0.038	***			
Observations	12,509				
*** p<0.01. ** p<0	0.05. * p<0.1				

Regression: Delayed Housing

Variable	Dy/Dx	Significance
Inc1	-0.059	***
Inc2	-0.037	***
Inc3	-0.010	
Inc4	0.000	
Stimulus	0.008	
Avoid cash	0.007	
Contactless	0.030	***
Used cash	-0.032	***
Used credit	-0.018	**
Used debit	0.041	***
Used prepaid	0.001	
Certain	-0.038	**
Probably	0.031	*
Probably not	0.062	***
Certain not	0.075	***
Don't know	0.033	*
Mental		
condition	0.037	***
Obesity	0.008	
Black	0.051	***
Asian	-0.013	
Other	0.035	***
Hisplatino	0.024	***
Female	0.017	***
Married	-0.006	
Wave3	-0.007	
Observations	12,390	

Conclusion

- Lower income quintiles are more likely to be food insecure
- Respondents who are Asian, Black, or Other have a higher probability of suffering from food insecurity and delayed housing
- EIP had no significant impact on spending

Future Research

Future research should investigate the distribution methods of the Economic Impact Payment (EIP), specifically to low-income quintiles. Identifying which distribution method maximizes consumer well being can be crucial in understanding how to prevent low-income households from undergoing financial instability during economic hardships.

Thank you!

Any questions? Contact us at:

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