Impacts of Employment Changes and Stimulus Payments on Consumer Debt Delinquency during COVID-19

Juhui Ko, The Ohio State University[1]

In light of the economic breakdowns caused by the COVID-19 pandemic, this study examines which U.S. households were more likely to experience consumer debt delinquency in the post-pandemic era, with a focus on the effects of changes in individual employment status and the receipt of pandemic-related federal stimulus payments. Pandemic-induced unemployment and income instability underscore the importance of exploring how employment shifts influence consumers' financial burden. Given that debt delinquency can result in long-term harm to consumers' financial health, this research contributes to consumer well-being by investigating factors that affect the likelihood of late repayment of mortgage, credit card, or student loans. We explored the interaction effect of employment changes and stimulus payments as well, considering that the economic impact and usage of stimulus payments can differ by individuals' employment experiences during the pandemic. Using the 2021 National Financial Capability Study (NFCS) dataset, we categorized employment changes into four groups based on whether they experienced a job loss during COVID-19 and whether they are currently working or not. Significant differences in the receipt of stimulus payments and the consumer debt delinquency rate were found across these groups. The main and interaction effects of the two focal independent variables on consumer debt delinquency were verified to be significant. This enables a deeper understanding of the post-pandemic financial hardships faced by U.S. consumers, providing valuable implications for enhancing consumer and family economic welfare during future economic crises.

[1] Juhui Ko (ko.404@osu.edu), Ph.D. Student, Department of Human Sciences