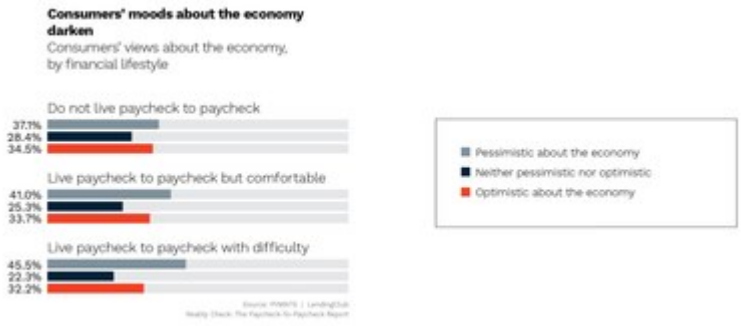
# Rising Inflation Threatens Consumer's Recovery from Pandemic

December 8, 2021

Key Insight from LendingClub's 5th Paycheck-to-Paycheck Report with PYMNTS

SAN FRANCISCO, Calif., Dec. 8, 2021 /PRNewswire/ -- LendingClub Corporation (NYSE: LC), the parent company of LendingClub Bank, America's leading digital marketplace bank, today released findings from its fifth edition of the 2021 Reality Check: Paycheck-to-Paycheck research series, conducted in partnership with PYMNTS.com.




The first report in June found that the majority of Americans (54 percent) are living paycheck-to-paycheck; the second edition examined regional differences and found that Americans living in the South-Central Region are most likely to live paycheck-to-paycheck; the third edition examined personal loan demand amongst paycheck-to-paycheck Americans; the fourth edition studied the lasting impact the pandemic may have on the financial lives of U.S. consumers and noted that the percentage of Americans living paycheck-to-paycheck rose to 57 percent. The fifth edition focuses on inflation and the effect it may have on consumers.

**The key takeaway:** The share of consumers feeling inflationary pain has been climbing since June 2021, and now four of every five consumers say their primary worries are focused on rising costs due to inflation.

**Pessimism about the economy has increased since June 2021**
More than 40 percent of consumers have a pessimistic outlook about the economy, and the share of consumers who hold negative views has increased since June 2021 where the figure was 32 percent. This sentiment remains prevalent amongst paycheck-to-paycheck consumers, with 41 percent pessimistic about the economy, the numbers jumping to 46 percent for paycheck-to-paycheck consumers who struggle to pay their bills, a direct correlation to their financial standing.

The report also found that 37 percent of consumers who are not living paycheck-to-paycheck are pessimistic about the economy. As pessimism has grown, it's no surprise that the share of consumers who are optimistic about the economy has dropped, falling to 34 percent in October from 44 percent in June.

**Inflation is the main driver of consumers' overall pessimism**
The overall proportion of respondents who are highly concerned about inflation increased to 81 percent in October from 66 percent in June 2021. Inflation is on consumers' minds, regardless of one's personal financial situation, with 87 percent of consumers who do not have to struggle from one paycheck to the next saying inflation is the economic issue that concerns them the most. This concern is also shared by 82 percent of consumers living paycheck-to-paycheck who do not struggle to pay their bills and 73 percent of people who live paycheck-to-paycheck and are having trouble paying bills.

The report continued to find that consumers say inflation is their most significant financial concern over the next 12 months, whether their financial situation has improved during the pandemic (84 percent), not changed (86 percent), recovered after worsening early in the pandemic (71 percent) or remained downtrodden after taking damage during the pandemic (78 percent).

**Consumers' financial health weakened over the course of 2021**
Almost one-third of consumers say their personal financial situations worsened because of the pandemic. Although the share of consumers living paycheck-to-paycheck and struggling to pay their bills slightly decreased to 25 percent in October from 26 percent in September, the overall pattern of 2021 is less hopeful as the figure has risen from its 2021 low-water mark of 21 percent in April and May.

"Inflation worries are common during the best of times so it's no surprise that rising living costs are on everyone's mind as we head into 2022," said Anuj Nayar, Financial Health Officer at LendingClub. "As Americans grapple with how inflation will impact their financial lives, there's an opportunity for the financial industry to bridge the gap with financial products and services that don't capitalize on an already strapped consumer. We have an opportunity as industry leaders to align our interests with our customers so that when they win, we win. That's the type of bank we're striving to build at LendingClub."

To view the full report, visit: https://www.pymnts.com/study/reality-check-paycheck-to-paycheck-pandemic-inflation-rising-costs

**Methodology**
Reality Check: The Paycheck-To-Paycheck Report is based on a census-balanced survey of 2,366 U.S. consumers between Oct. 5 and Oct. 8, 2021 as well as analysis of other economic data. This fifth edition, Rising Inflation Threatens the Post-Pandemic Recovery, assesses how consumers expect their status and the economy to change in the next 12 months. The report also examined how consumers' views about inflation and the economy are affected by their financial status, and evaluated the differences between consumers who are financially secure and not worried about living paycheck to paycheck and those who are struggling to pay each bill.

**About LendingClub**
LendingClub Corporation (NYSE: LC) is the parent company of LendingClub Bank, National Association, Member FDIC. LendingClub Bank is the leading digital marketplace bank in the U.S., where members can access a broad range of financial products and services designed to help them pay less when borrowing and earn more when saving. Based on more than 150 billion cells of data and over $68 billion in loans, our AI-driven credit decisioning and machine-learning models are used across the customer lifecycle to expand seamless access to credit for our members, while generating compelling risk-adjusted returns for our loan investors. Since 2007, more than 3.8 million members have joined the Club to help reach their financial goals. For more information about LendingClub, visit https://www.lendingclub.com.

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