

COVID-19 Effects and Impacts in the U.S.

Beginning in mid-January 2020, Fiserv began closely monitoring the COVID-19 situation as it developed and implemented active steps and an extensive range of measures to address its impact. We want to update you on recent developments and provide additional context around this virus, and what it may mean as we look ahead.

December 31, 2019

China alerted the World Health Organization (WHO) to several cases of unusual pneumonia in Wuhan

January 9, 2020

The Chinese Center for Disease Control and Prevention reported that it had identified the new virus and **obtained its entire genome sequence**

January 21, 2020

The **U.S. Centers for Disease Control and Prevention (CDC)** activated its **Emergency Operations Center** to better provide ongoing support to the COVID-19 response¹

March 11, 2020

A rise in the number of daily confirmed cases of COVID-19 internationally led the **WHO to declare its spread a pandemic**

As of Mid-March 2020

The **WHO identified Europe as the new epicenter of the pandemic** as more cases were being reported in Europe every day than China at the height of its epidemic.

The WHO also reported as of March 24, 2020 that 85 percent of new confirmed cases of COVID-19 were in the United States or Europe; 40 percent of those reported cases were in the U.S.

April 1, 2020

COVID-19 has affected more than **200** countries and territories around the world representing over **960,000 cases** and **49,160 lives lost**

As of April 1, 2020 in the U.S., at least 186,101 people across every state plus Washington, D.C., and four U.S. territories, have tested positive for the virus, according to the U.S. CDC, and over 3,603 patients with the virus have died.

at least
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over
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<https://www.cdc.gov/coronavirus/2019-ncov/cases-updates/cases-in-us.html>

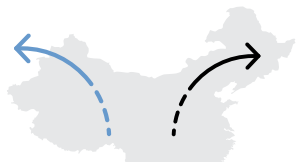
¹<https://www.cdc.gov/coronavirus/2019-ncov/cases-updates/summary.html>

Impacts of COVID-19

The known U.S. impacts suggest that the effects of the virus will fall along three interconnected tracks: the economy, society and political sphere.



1 Economy Future of the Global Supply Chain

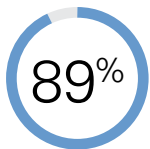


Larger U.S. manufacturers are seeking alternative solutions for supply chain fulfillment and may potentially be accelerating the rate at which companies try to move business out of China

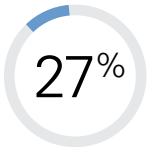
- The security of supply chains are vital to the economy and have been profoundly affected by the outbreak and spread of COVID-19
- In addition to considerations around diversifying and diffusing supply chains, companies of all sizes are increasingly exploring other means to reduce supply chain exposure, including the introduction of various digital solutions such as 3D printing technology

U.S. Consumer Behavior

- In late March 2020, Bloomberg reported that about half of retailers said their e-commerce traffic has trended downward since mid-February 2020 (the period when Coronavirus began impacting the U.S.), and research conducted by CommerceNext shows that 64.5 percent of retailers are not seeing sales shift from stores to e-commerce³
- Additional changes are expected as consumers adjust behavior due to fears of corporate downsizing, reduced work hours, store closures and layoffs. A record 3.3 million Americans filed unemployment claims during the week ending March 21, 2020, a jump of nearly three million from the number of claims filed the previous week⁴
 - According to LPL Financial research, analysts suggest we may not see the extended hiring delay that has typically followed recessions because the U.S. economy was not in a recession prior to the crisis, and reasons for workers being let go are not purely economic or financial in nature⁵
- International conferences and major businesses and social events are being canceled or conducted virtually. Sports leagues have also suspended their seasons
- As of early March 2020, the **economic impact** of canceled technology events alone surpassed **\$1.1 billion** according to PredictHQ⁷



Of shoppers worry the Coronavirus will get worse in the U.S.

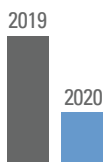


Say they will make fewer trips to the mall according to research by Global Data

The same share of shoppers also say they will eat out less often²

40%

Movie box office receipts were down about 40 percent on March 8-9, 2020, from the same period a year ago⁶



Financial Markets

- The Dow and S&P 500 have both seen significant drops and volatility due to uncertainty around the global pandemic crisis. J.P. Morgan Global Economics Research from March 23, 2020, shows the global economy may experience an unprecedented contraction during the first half of the year as containment measures drive deep drops in monthly economic activity
- This research finds that the U.S. economy is projected to contract by 14 percent in the second quarter, after experiencing a **4 percent contraction** in the first quarter, before **recovering to 8 percent and 4 percent growth in the third and fourth quarters**
 - Euro area GDP is expected to experience an even deeper contraction, with declines of 15 percent and 22 percent in the first and second quarters, before rebounding by 45 percent and 3.5 percent in the third and fourth quarters⁸

4% Losses

Stocks plunge to a three-year low during the March 20, 2020 session

² Paul Davidson, "The coronavirus economy: As Americans shy away from malls and movie theaters, the damage to livelihoods grows," USA Today (March 13, 2020)

³ Veronika Sonsev, "Consumers and Retailers Remain Uncertain In A COVID-19 Reality," Forbes (March 27, 2020)

⁴ <https://www.cnn.com/2020/03/26/economy/unemployment-benefits-coronavirus/index.html>

⁵ <https://lplresearch.com/2020/03/26/making-sense-of-skyrocketing-jobless-claims/#more-16076>

⁶ <https://www.usatoday.com/story/money/2020/03/13/coronavirus-toll-taken-coronavirus-growing-across-us/5032674002/>

⁷ Rani Molla and Shirin Ghaffary, "With E3 and SXSW canceled, the direct losses from major tech events soars beyond \$1 billion," Vox (March 12, 2020). <https://www.vox.com/recode/2020/3/3/21162802/tech-conferences-cancellation-coronavirus>

⁸ <https://www.jpmorgan.com/global/research/coronavirus-impact>



2 Society

- Behind the statistics are the human costs of the pandemic, from worry about friends and family, to the physical effects of infection and active or latent fear faced by almost everyone
- Uncertainty of how this pandemic will play out and a continuous stream of media coverage has a significant impact on our economic, physical and mental well-being – at individual and collective societal levels
- Lack of information or the wrong information about COVID-19, from fake medical information to speculation about government responses, either provided inadvertently or maliciously, can amplify the effects⁹



3 The Political Sphere

With a U.S. presidential election on the horizon, COVID-19 is almost certain to be a subject of debate. The spread of the virus is expected to reignite significant debate around healthcare and medical aid between now and November 2020

March 6, 2020

\$50B

The President declares a national emergency, freeing up to \$50 billion in financial resources to assist Americans affected by the outbreak

\$8.3B

In emergency spending package, including some reprieve to student loan borrowers

\$700B

The Federal Reserve cut rates to zero and launched a \$700 billion quantitative easing program

March 27, 2020

\$2,000,000,000,000

President Trump signed the \$2 trillion Coronavirus Aid, Relief and Economic Security (CARES) Act after it was passed by the U.S. Senate and House of Representatives. The economic package is intended to mitigate the economic impact of the COVID-19 pandemic for American workers and businesses; it provides billions of dollars in credit for the hardest-hit industries, a significant boost to unemployment insurance and direct cash payments to Americans, including significant measures to small-and-medium-sized businesses

Fed approves the
\$2T CARES Act

~\$350B of which is earmarked for SMB loans

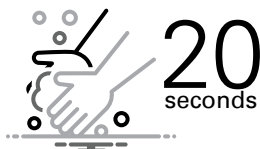
⁹John Scott, "This is the human impact of COVID-19 – and how business can help," World Economic Forum (March 27, 2020).

Fiserv Actions

Fiserv places the highest priority on the health and safety of our clients, associates and vendor partners.

- As we continue to closely monitor the situation surrounding COVID-19, the health and safety of our people, our clients and our communities remain our top priority. We've taken **extensive measures and actions** guided by the World Health Organization; Centers for Disease Control and Prevention; U.S. Department of Health and Human Services; and other government organizations, departments and agencies. Included among these measures are **restricting associates' business travel**, except essential travel; **utilizing video and audio conferencing** to optimize communications with clients, partners and associates; monitoring all services and if any impact to service occurs, **we will notify our clients and partners through our standard processes**
- Fiserv is also taking additional steps to support our people in production roles and sites within the company, adopting precautionary measures such as **providing optional temperature checks and more frequent cleaning routines**. We believe these steps will help to further protect the safety of these members of our Fiserv family practicing social distancing
- A core team of Fiserv leaders convenes daily to share information and review additional precautionary measures, including scenario planning and development of related protocols, as well as supply chain updates related to areas of our business with dependencies on manufactured goods
- As the COVID-19 situation is changing the way we currently work and live, we'll continue to take steps to ensure the safety and well-being of our people

What We Can All Do to Combat COVID-19



By now, we are all too familiar with basic safety procedures, like washing our hands with soap and water for 20 seconds, sneezing and coughing responsibly, and not touching one's face to limit your risk of getting COVID-19



Everyone can do their part to help to protect society by practicing social distancing, preparing for school closures, remote working requirements and isolating from others if sick

An essential provider to financial institutions and businesses worldwide, Fiserv continues to deliver for our clients – and their customers – in the midst of this dynamic situation. For more information, please contact your Fiserv representative. For more information about COVID-19 preparedness and response, we encourage you to visit the Centers for Disease Control and Prevention or World Health Organization websites.