



GlobalCapital Discusses Pandemic Consumer Behavior and What That Means for the ABS Market

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Structured Finance and Securitization practice co-head Howard Schickler talked to *GlobalCapital* about how consumer behavior has impacted the asset-backed security (ABS) market in the wake of COVID-19. Fast food franchises are one industry sector well positioned to “weather the crisis.” Howard stated, “We are more reliant on online ordering as opposed to going out to restaurants now, so all the delivery companies are doing super well. We’re seeing upgrades in those platforms and people are trying to figure out if there’s a way to monetize those programs even more. That’s an important development going forward in the ABS space.” He noted that the outlook is not as strong for travel. “I think the travel industry is forever changed. I don’t see people travelling the way they did before. Until there’s a vaccine, people will be doing more domestic travel and driving more, especially given the price of oil. Gas is so cheap and hotels are relatively inexpensive.”

Howard also indicated a decrease in consumer spending requiring personal loans, while lenders have stricter criteria for obtaining credit. He stated, “It’s becoming a cash-focused society. There’s more interest in anything that can be done online as far as consumer spending. However, you also see a decline in unsecured consumer loans because people are not making large purchases. They’re not travelling, not going out, not doing home improvements, so consumer spending is down across the board. These people are just using cash for necessities at this point.” (“[Shift in consumer behavior rewrites the book on ABS risk](#),” June 18, 2020)

CONTACTS

For more information, contact your Katten attorney or any of the following attorneys.



Howard Schickler

+1.212.940.6391

howard.schickler@katten.com

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