

WELCOME TO THE PSCU PAYMENTS INDEX

In the January 2022 edition of the PSCU Payments Index, strong consumer purchasing continued through the extended holiday shopping season (October through December), with the strongest share of weekly purchases – similar to previous years – during the four weeks beginning with Thanksgiving week. The [Consumer Confidence Index](#) increased in December with optimism on short-term business conditions and labor markets, yet uncertainty remains as inflation continues to rise.

The Omicron variant has taken center stage in the fight against the COVID-19 pandemic. While it appears that the [health impacts are less severe](#) than past variants, it is far more contagious and driving substantial surges in COVID-19 cases. With expectations of a peak in Omicron infections in January, one of the populations potentially most impacted include school-aged children. Infection rates and hospitalizations are up, along with renewed debate on having schools remain open, return to online learning or a ‘defendable’ compromise between the two. On Jan. 13, the U.S. Supreme Court blocked the vaccine-or-test mandate for large employers proposed by the Biden administration while allowing a vaccine mandate for certain healthcare workers to take effect. As of Jan. 15, the [CDC reported](#) that 87% of the U.S. adult population has received at least one vaccine dose, nearly 74% are fully vaccinated against COVID-19, and 41% have received booster doses. This convergence of dynamic and rapidly evolving events continues to have implications on the physical, psychological and economic health of the overall population.

This month, we present the final installment of our three-part Deep Dive into 2021 Holiday Spending. As we enter 2022, we will continue to evolve the PSCU Payments Index to deliver timely, relevant insights into consumer spending trends. As consumer preferences and behaviors continue to shift and evolve, the Payments Index will include greater focus on year-over-year changes and fewer comparisons to pre-pandemic 2019. We hope that the insights from the Payments Index will help our financial institutions continue to make informed decisions entering 2022.

Click [here](#) to subscribe to the PSCU Payments Index and receive updates when we publish each month.

MONTHLY PERFORMANCE

Consumer spending remained strong for December 2021, with growth in purchases outpacing growth in transactions and growth in Card Present (CP) activity outpacing growth in Card Not Present (CNP) compared to December 2020. Overall credit purchases were up 23% and overall debit purchases were up 14%. Compared to the pre-pandemic December 2019, credit card purchases were up 28% and debit card purchases were up 32%.

According to [data released](#) by the Labor Department on Jan. 12, the Consumer Price Index (CPI) increased 0.5% in December, to 7.0% – the largest annual increase in four decades. The Federal Reserve hinted that there could be [more interest rate increases](#) than previously expected in 2022 to curb the high inflation after wrapping up its large-scale bond repurchase program by spring.

For December 2021, the Bureau of Labor Statistics (BLS) [reported](#) on Jan. 7 that the unemployment rate fell 0.3 percentage

points to 3.9%. The estimated number of unemployed workers dropped by 483,000 to 6.3 million. These metrics have improved from the start of 2021 by 2.8 percentage points and 4.5 million workers respectively. Job creation for December was 199,000, much less than the 400,000 that was anticipated in the market. The Department of Labor [reported](#) the four-week moving average for new claims for unemployment benefits increased by 4,750, finishing at 204,500 for the period ending Jan. 1.

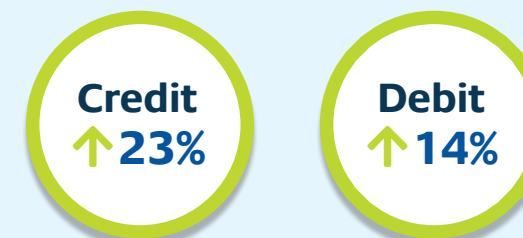
The rapid spread of the Omicron COVID-19 variant has injected new uncertainty for potential economic impacts. COVID-19 cases have skyrocketed in the U.S., with a seven-day average of 798,335 as of Jan. 14 and a single-day peak of 1,344,289 new cases on Jan. 10 – an increase of more than 600% from our December reporting. [Vaccine demand](#) peaked in December at 1.9 million doses administered for the seven-day average. As of Jan. 13, the current seven-day average was 1,291,013. While this is a 32% drop from the December peak, it represents a 20% increase from the previous week’s seven-day average.

OVERALL PERFORMANCE

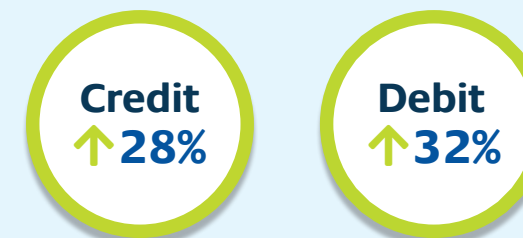
December (Month 12)

PURCHASES

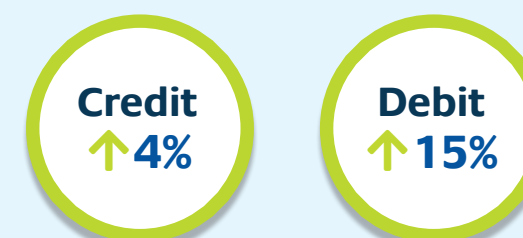
2021 VS. 2020



2021 VS. 2019

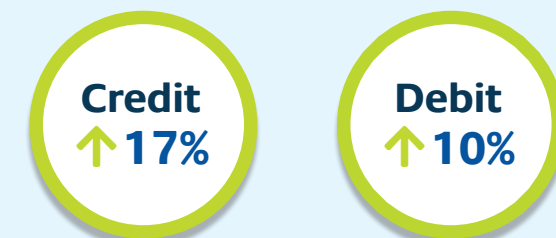


2020 VS. 2019

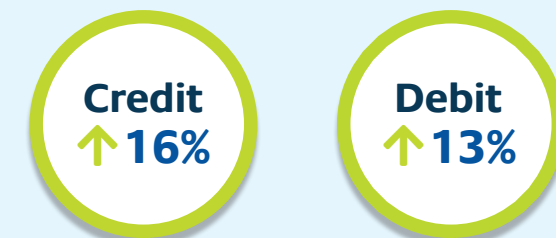


TRANSACTIONS

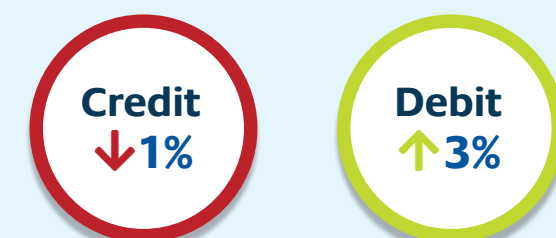
2021 VS. 2020



2021 VS. 2019



2020 VS. 2019



KEY TAKEAWAYS

- Credit card usage continues to rise. Consumer spending was very strong for both credit and debit purchases in December, with growth in credit continuing to outpace debit. Transactions grew at a slower rate than purchases, providing a slight improvement to average purchase sizes.
- With the growth in credit card purchases, average credit card balances increased in December by 1.4% to \$2,724. December 2021 results were 3% lower than 2020, closing the gap from the pay-downs over the past 18 months.
- Contactless tap-and-go transactions continue to gain traction. For December 2021, one in five CP transactions on contactless debit cards were tap-and-go. For credit contactless cards, this also hit a new high at 19%.
- In Part III of our Deep Dive on 2021 Holiday Spending, growth in our same-store population of credit unions outpaced market predictions, with purchases in the Goods sector up 13.7% for credit and 8.8% for debit over the cumulative three-month holiday season. While retailers started holiday sales in early October, the strongest period for purchases remained Thanksgiving week through the week before Christmas. Notably, consumers resumed in-person holiday shopping, with Goods sector Card Present (CP) credit purchases up 21% and CP debit purchases up 9% compared to 2020.
- The CPI-U for December increased to 7.0%, the largest yearly increase since June 1982. The 'core' PCE (Personal Consumption Expenditures) price index, which excludes food and energy prices due to their volatility, rose to 5.5% in December – the largest 12-month increase since February 1991. Interest rate changes could come as early as March.
- The unemployment rate fell to its lowest point since the onset of the COVID-19 pandemic, registering at 3.9% in December with 199,000 jobs created. Prior to the pandemic in February 2020, the unemployment rate was 3.5% with 5.7 million unemployed. Sourcing employees remains a top concern.



While 2021 proved difficult to predict the direction of card and other payment types, 2022 could similarly present the industry with some disruptive surprises. Data in the latter part of 2021, including the all-important holiday shopping period, saw consumers reverting to more typical levels

of credit card usage, reversing the trend that we saw over the prior two years in which more transactions were processed on debit cards. As the average consumer savings rate begins to decline and there is an increased return to old habits like dining out and traveling, credit cards will be the payment type of choice. PSCU's Payments Index data shows that the pandemic is still front and center, driving greater use of contactless transactions in the form of contactless cards, mobile wallets and merchant wallets. Looking ahead, three of the biggest influencers on the payments landscape will be the rate of inflation, regulatory changes, and, unsurprisingly, the evolving path of the pandemic.

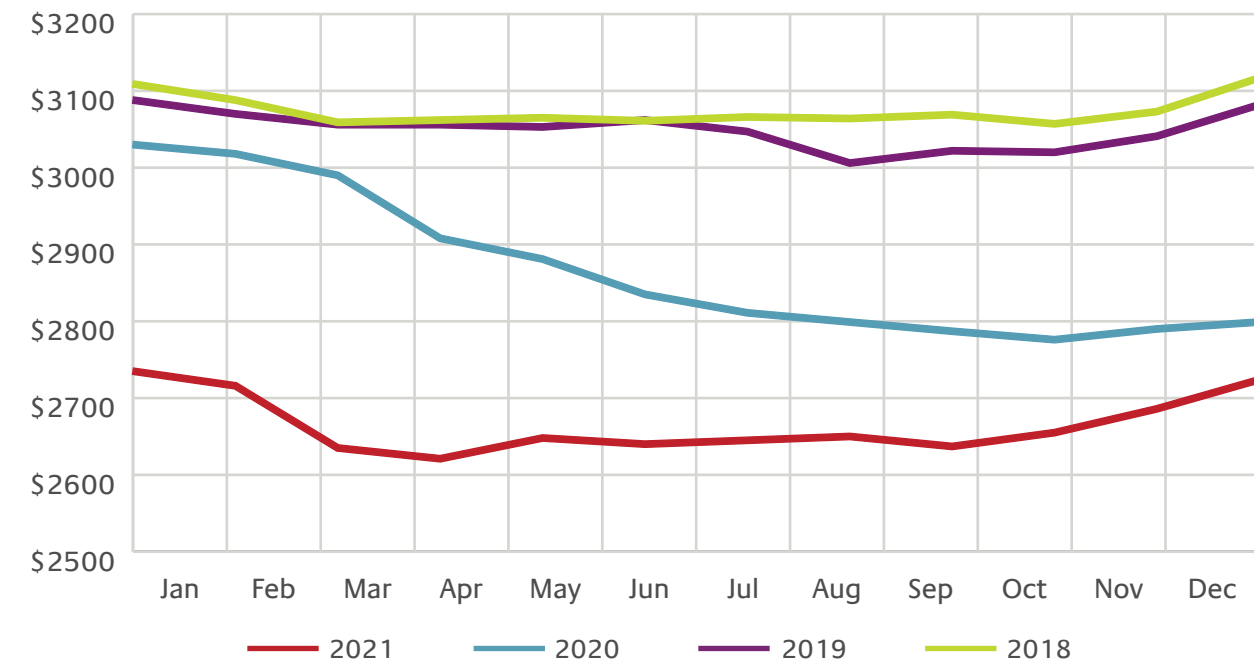
— Sarah Grotta, Director, Debit and Alternative Products Advisory Service for Mercator Advisory Group

CREDIT CARD ACCOUNT BALANCES

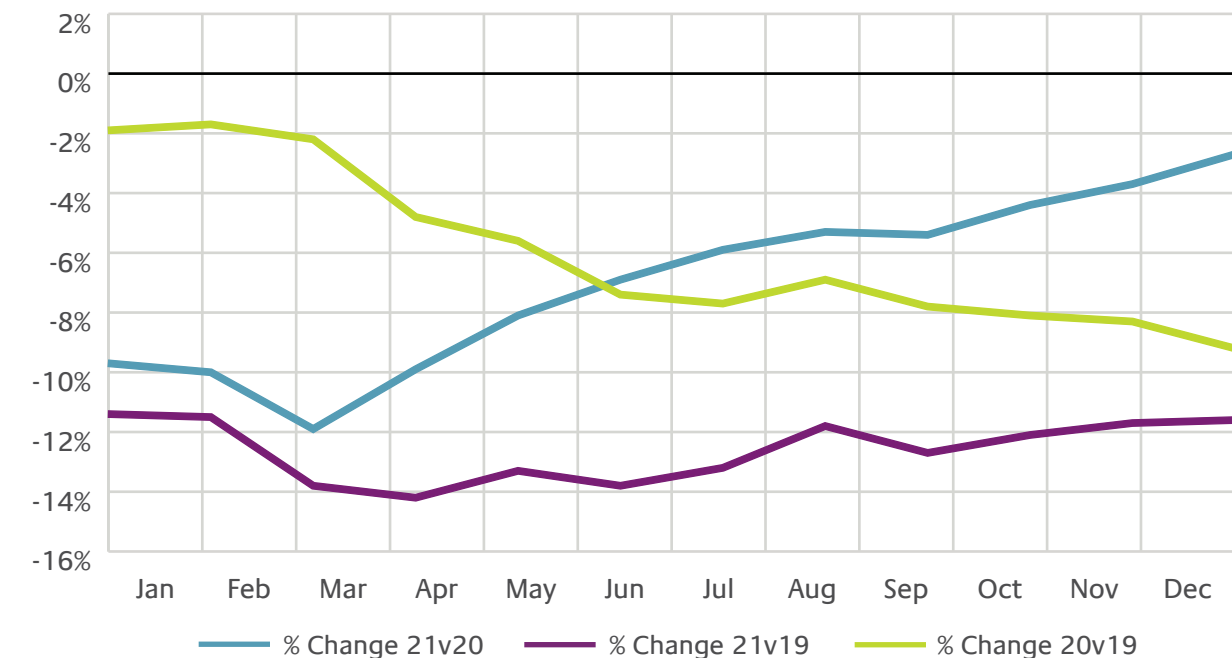
Average credit card account balances (for our same-store population) increased in December 2021 by 1.4%. Additional findings of note in PSCU's same-store population include:

- The average credit card balance per gross active account was \$2,724, up \$38 from November 2021.
- Year-over-year average credit card account balances (December 2021 vs. December 2020) were down 3%, or \$75, marking the first month in which this year-over-year gap is less than \$100.
- Compared to December 2019, average credit card account balances were down 12%, or \$358.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT
December (Month 12)



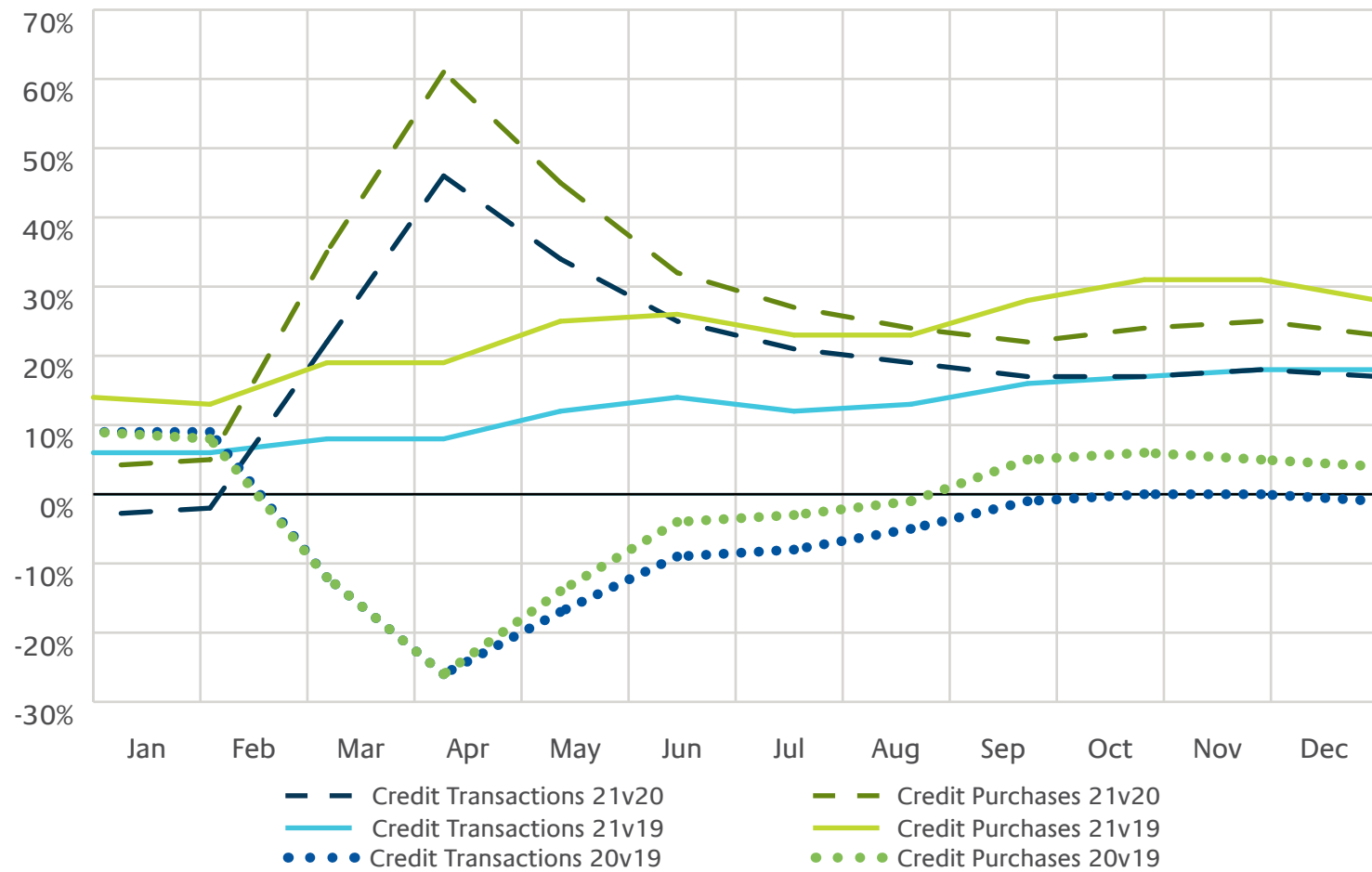
PERCENTAGE CHANGE IN AVERAGE CREDIT CARD BALANCES
December (Month 12)



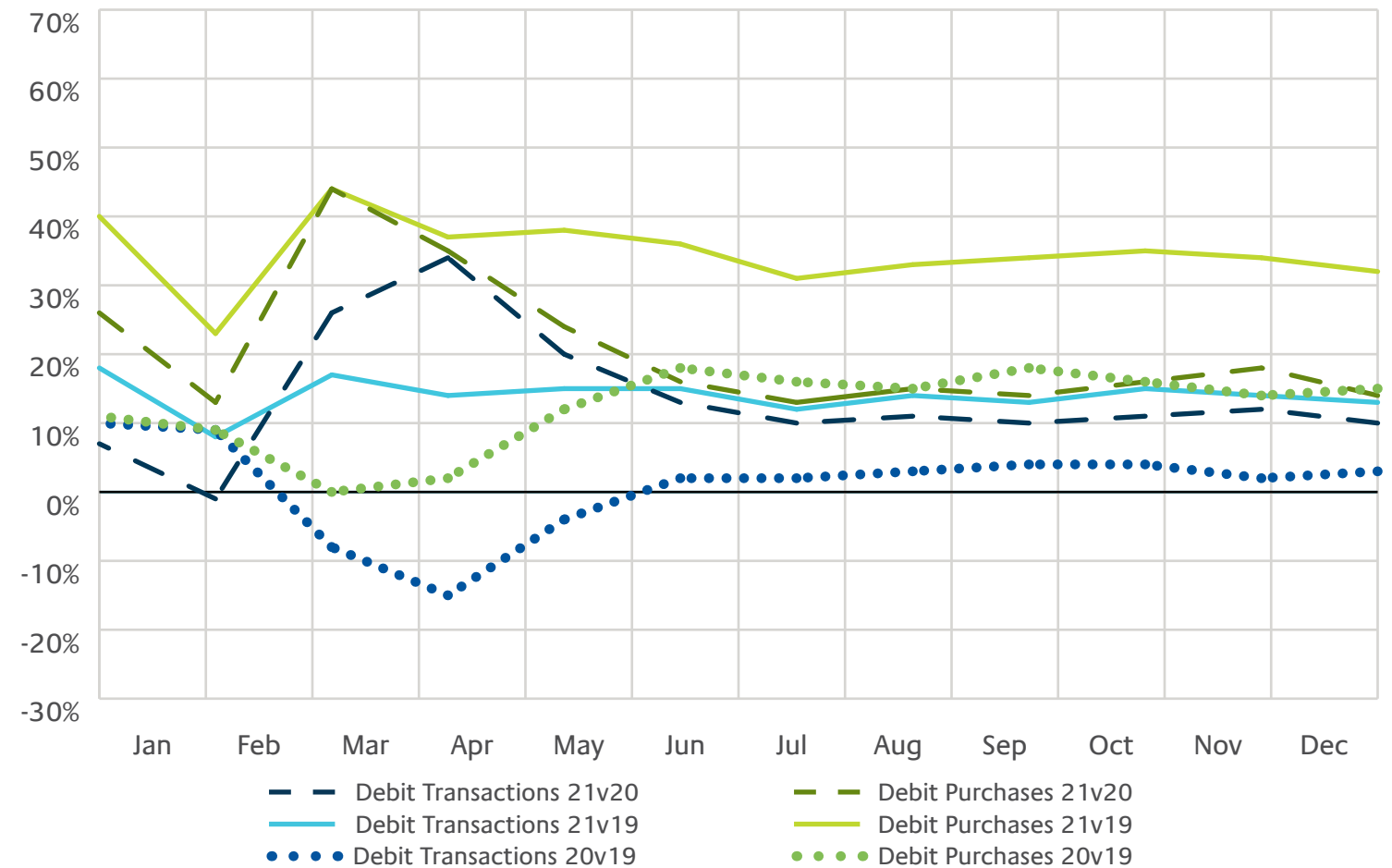
CREDIT AND DEBIT CARDS

Overall consumer spending growth has remained strong in both credit and debit card purchases. In December 2021, credit purchases were up 23% and debit purchases were up 14% compared to December 2020.

CREDIT ACTIVITY
December (Month 12)



DEBIT ACTIVITY
December (Month 12)

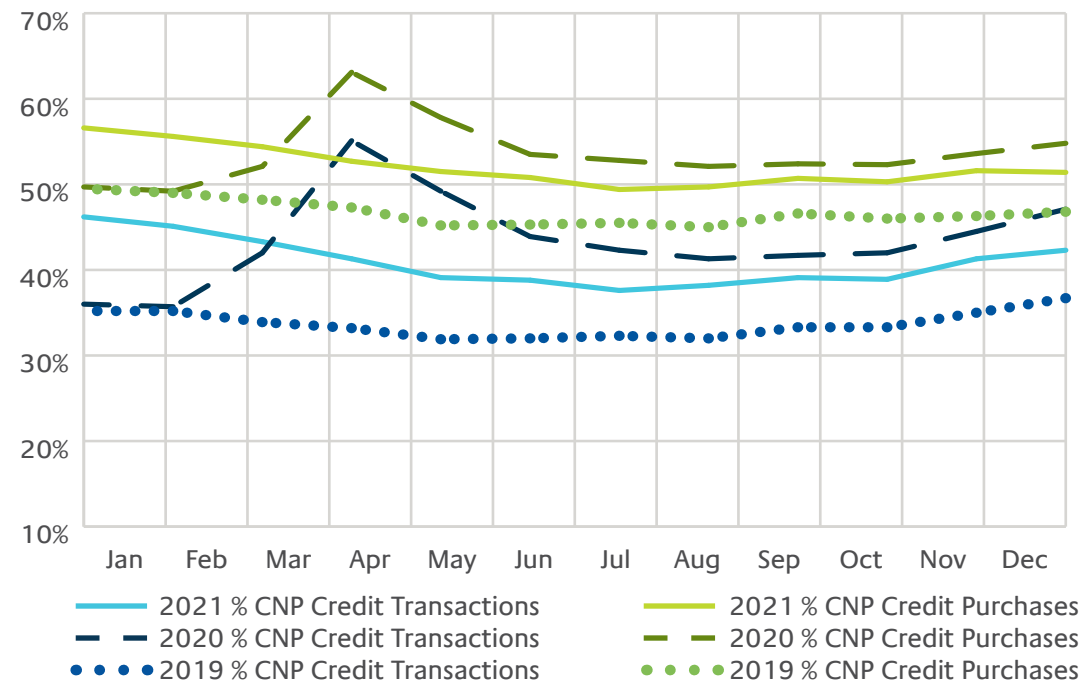


CARD NOT PRESENT (CNP) & CARD PRESENT (CP) ACTIVITY

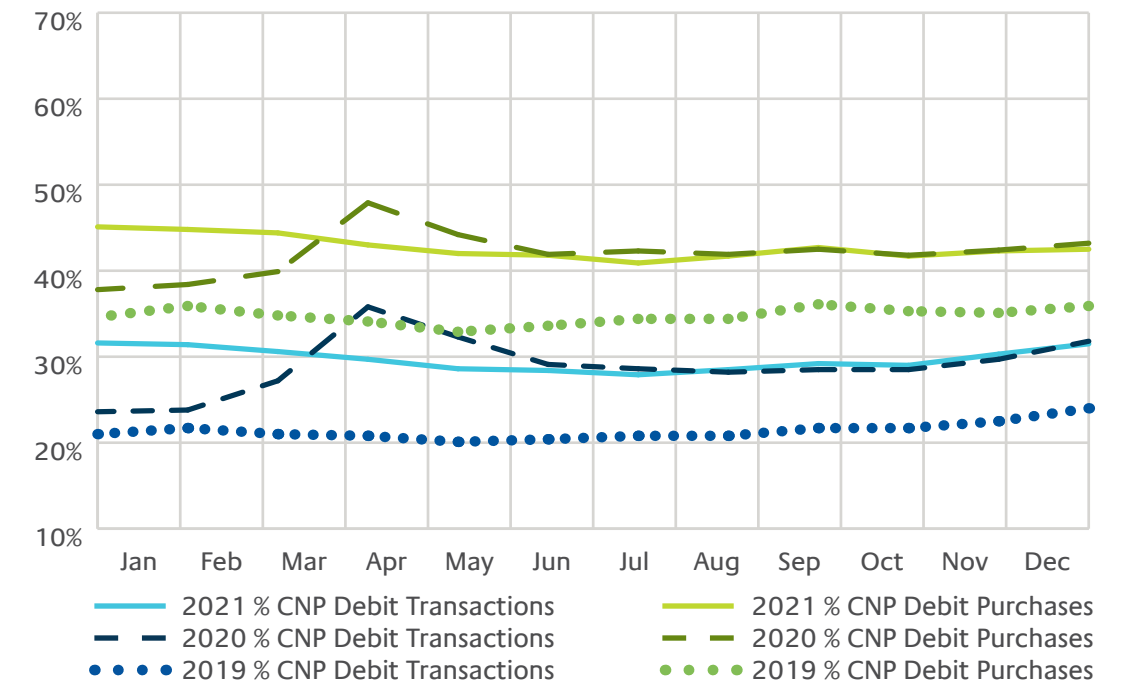
December 2021 Card Not Present (CNP) credit purchases represented 51% of all purchases, up four percentage points from December 2019. CNP debit purchases represented 42% of overall debit purchases in December 2021, up six percentage points from December 2019.

We continue to see increases in Card Present (CP) activity, with CP credit transactions for December 2021 up 28% compared to 2020 and up 5% compared to 2019. CP debit transactions were up 10% for December 2021 compared to 2020 and up 2% compared to 2019.

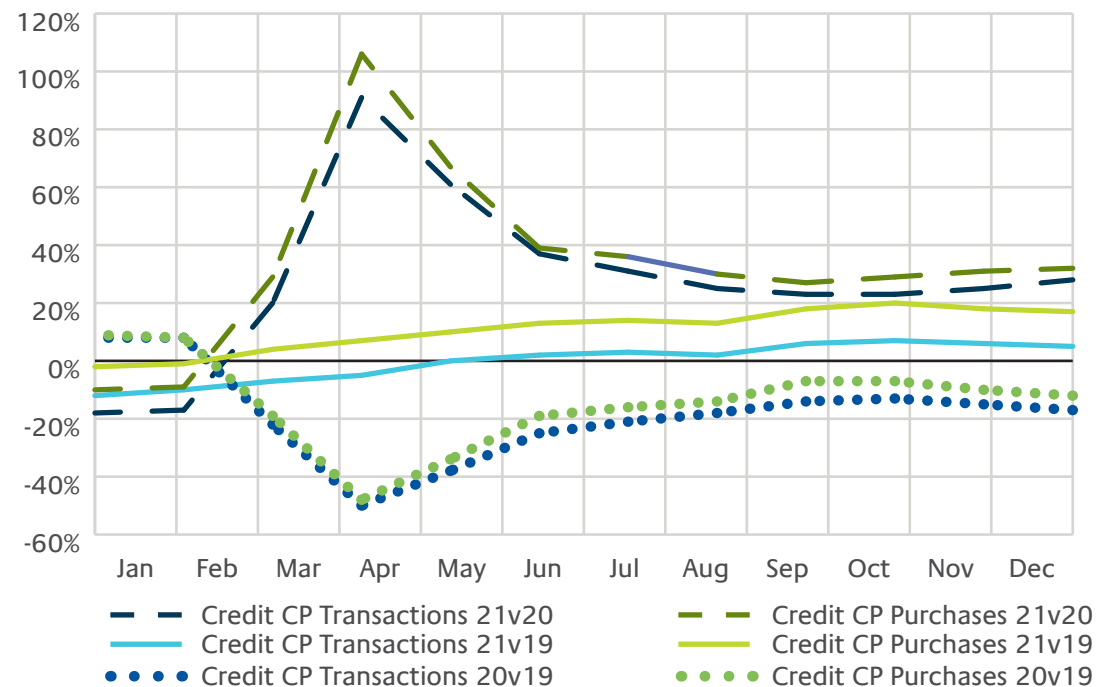
% CREDIT ACTIVITY CNP
December (Month 12)



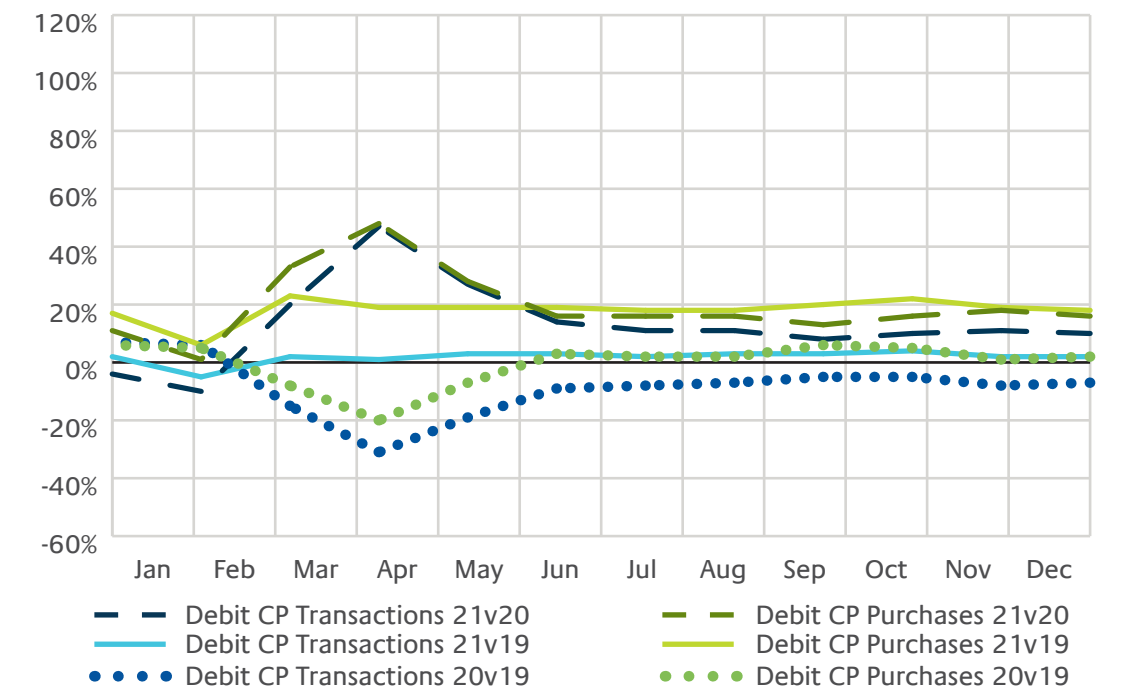
% DEBIT ACTIVITY CNP
December (Month 12)



% CHANGE IN CP CREDIT ACTIVITY
December (Month 12)



% CHANGE IN CP DEBIT ACTIVITY
December (Month 12)

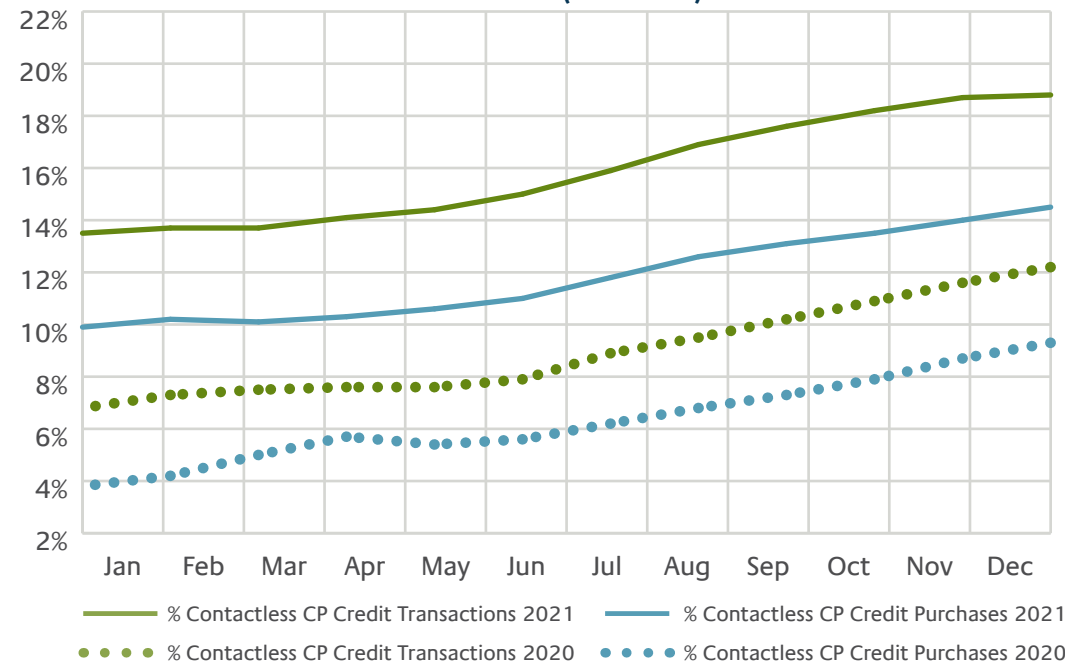


CONTACTLESS TRANSACTIONS

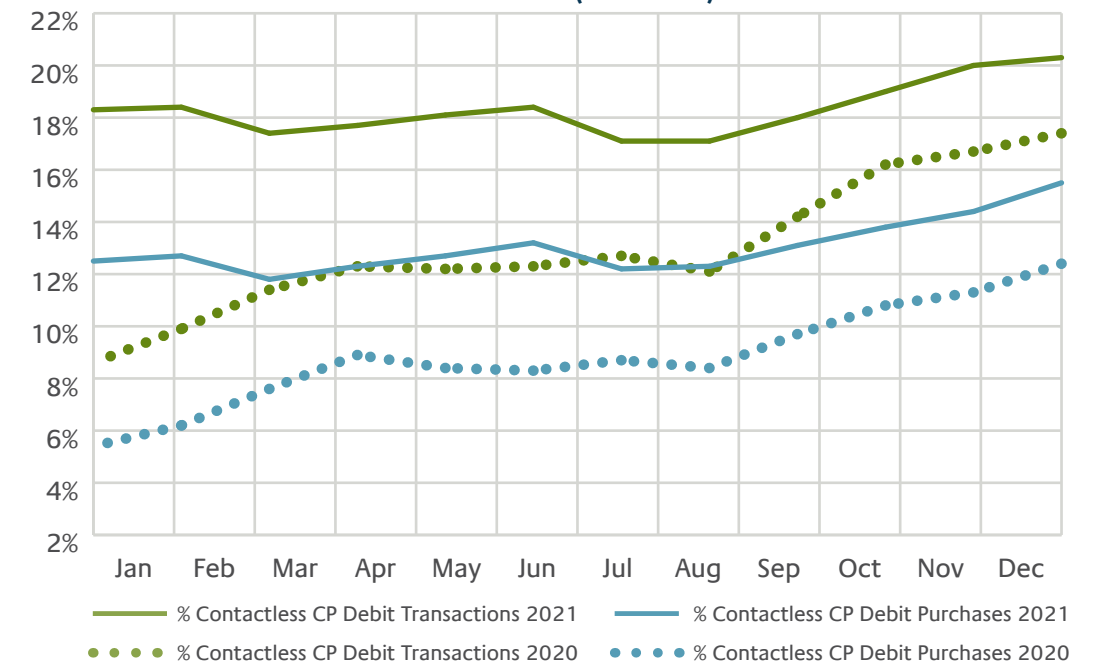
Growth in contactless card usage continues to set new high points for both credit and debit. In December 2021, contactless tap-and-go credit transactions were 19% of total Card Present volume, compared to 12% in December 2020. For debit, contactless tap-and-go transactions finished at 20% in December 2021, compared to 17% in December 2020.

As contactless transactions have continued to replace cash for smaller purchases, the average contactless purchase remains well below the non-contactless card purchase. For December 2021, the average credit contactless purchase was \$47.75 and the average debit contactless purchase was \$26.05, both of which are high points for this measure.

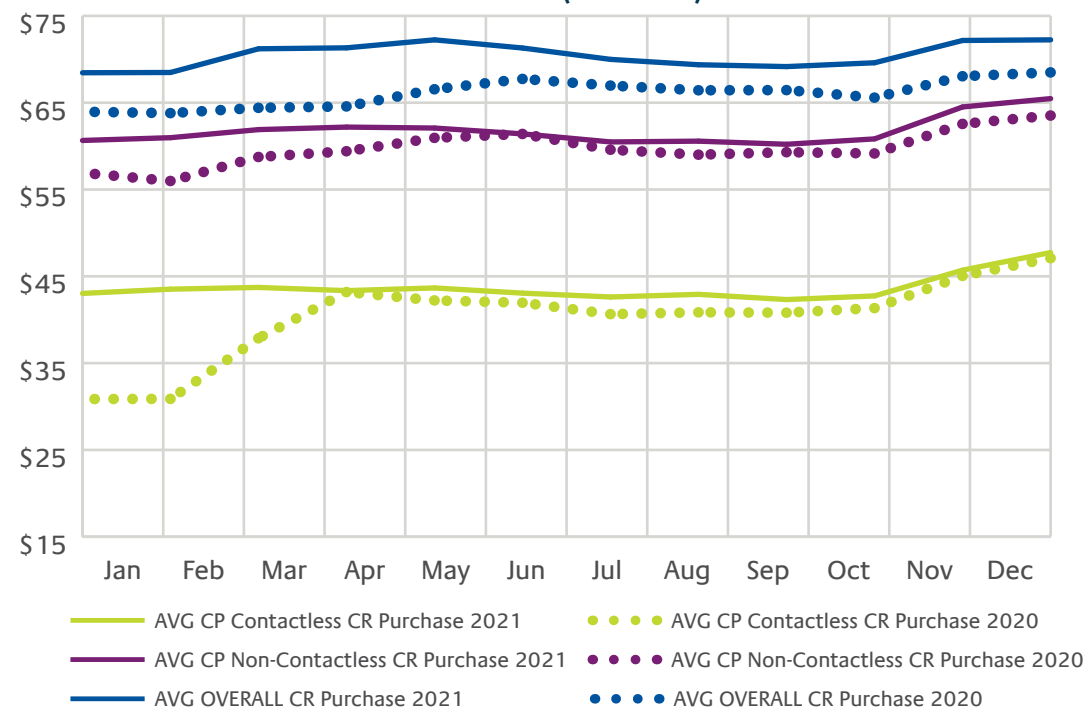
CONTACTLESS CREDIT ACTIVITY December (Month 12)



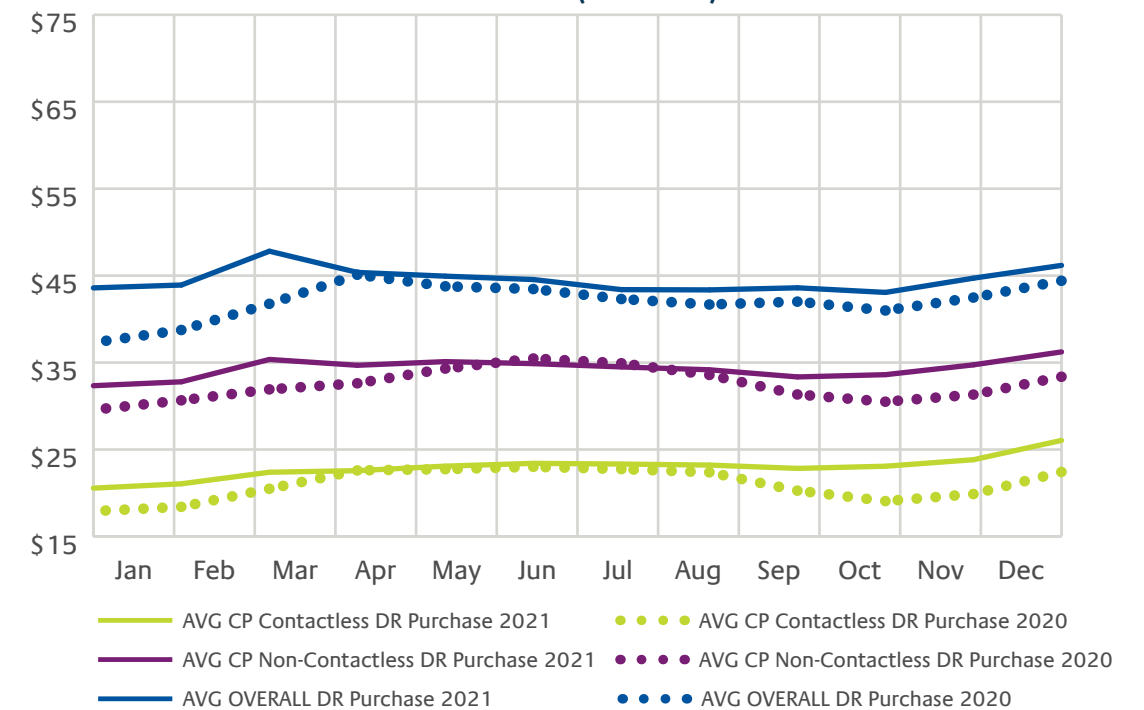
CONTACTLESS DEBIT ACTIVITY December (Month 12)



CONTACTLESS CREDIT AVERAGE PURCHASE December (Month 12)



CONTACTLESS DEBIT AVERAGE PURCHASE December (Month 12)



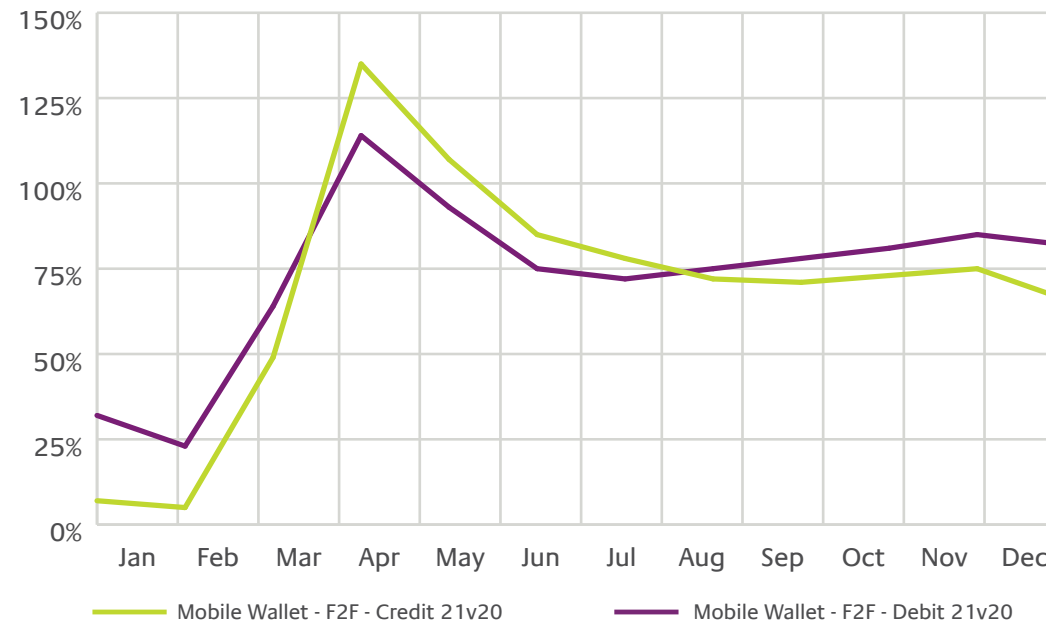
MOBILE WALLETS

Mobile Wallet usage experienced continued year-over-year growth throughout 2021, with debit outpacing credit growth in each of the last five months.

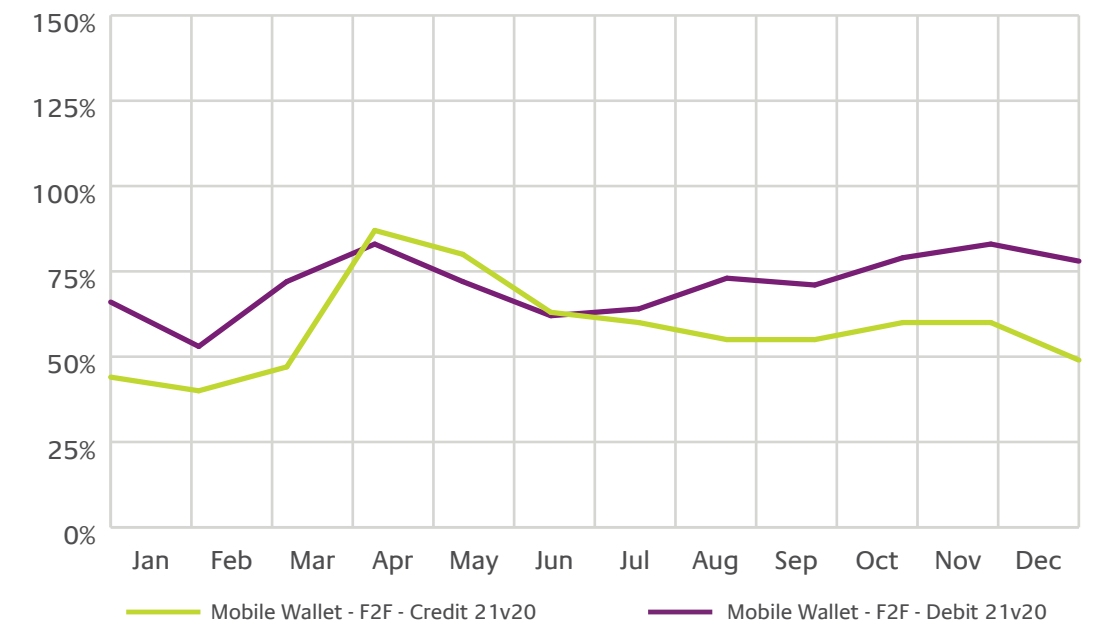
Mobile Wallet credit transaction volume remained strong, finishing up 66% in December 2021 compared to December 2020. Credit purchase performance was also strong, up 50% compared to 2020. The average Mobile Wallet credit purchase decreased by \$3.92, down 10% to \$34.70 in December 2021 compared to December 2020.

For Mobile Wallet debit activity, year-over-year growth in transaction volume has grown by 82% for December 2021 and Mobile Wallet debit purchases increased by 78% over the same period. The average Mobile Wallet debit purchase decreased by \$0.40, down 2% to \$20.12 in December 2021 compared to December 2020.

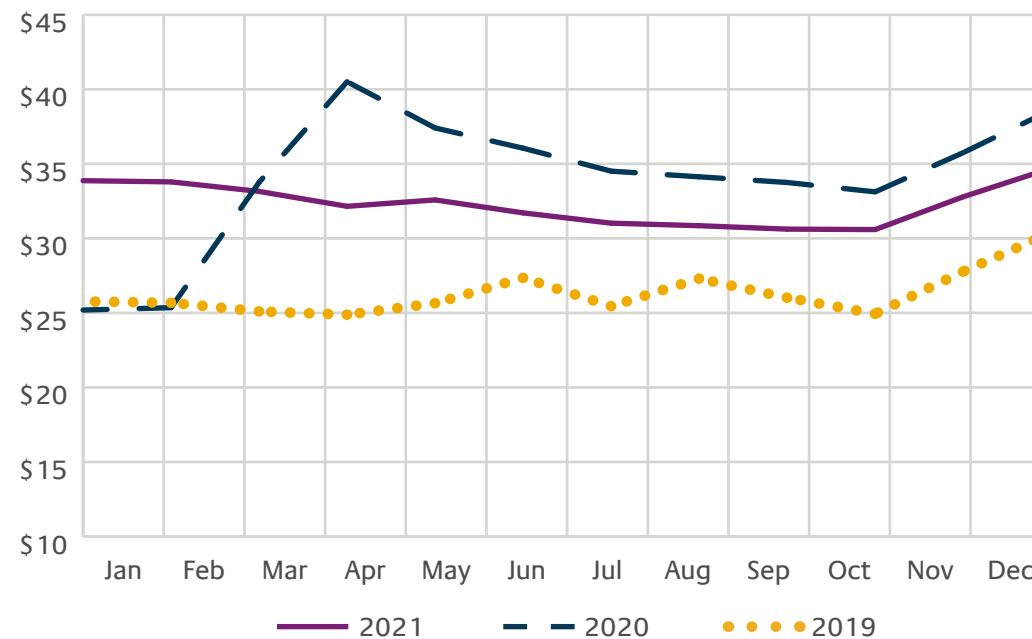
MOBILE WALLET TRANSACTIONS (2020 BASELINE)
December (Month 12)



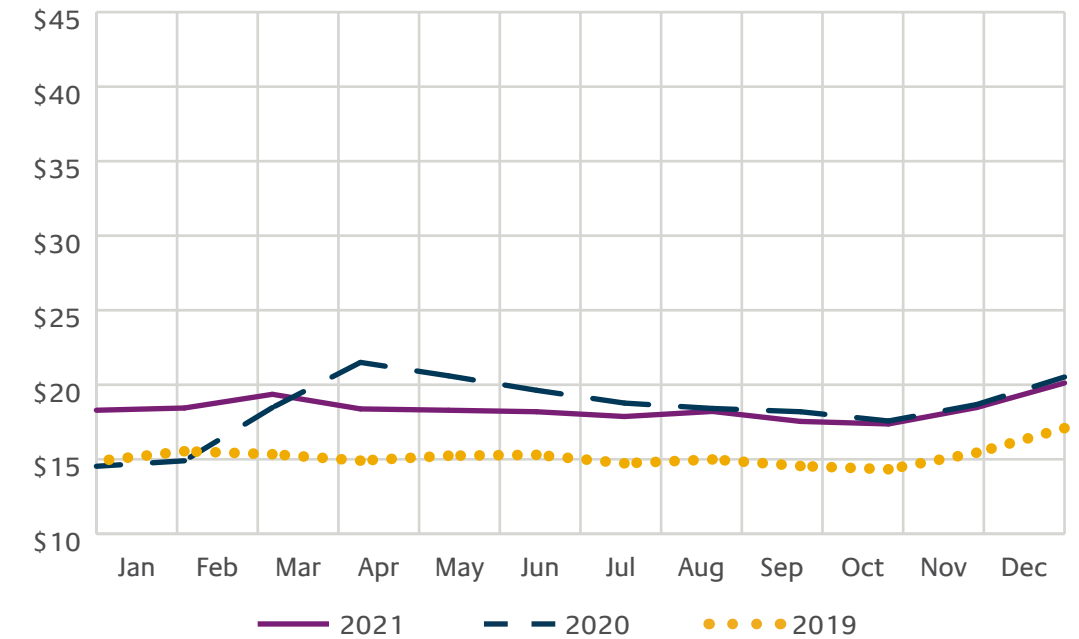
MOBILE WALLET PURCHASES (2020 BASELINE)
December (Month 12)



MOBILE WALLET CREDIT AVERAGE PURCHASE
December (Month 12)



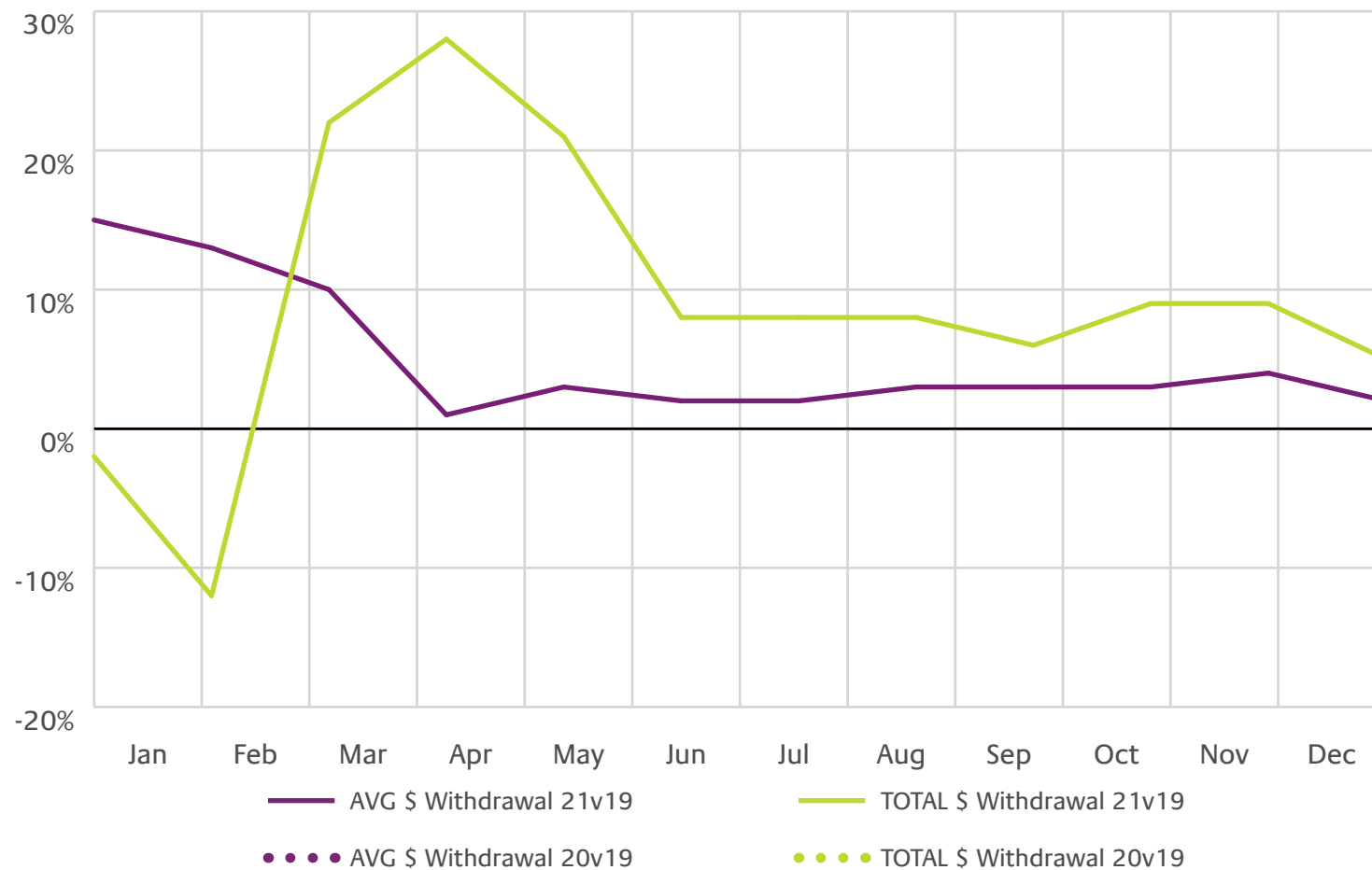
MOBILE WALLET DEBIT AVERAGE PURCHASE
December (Month 12)



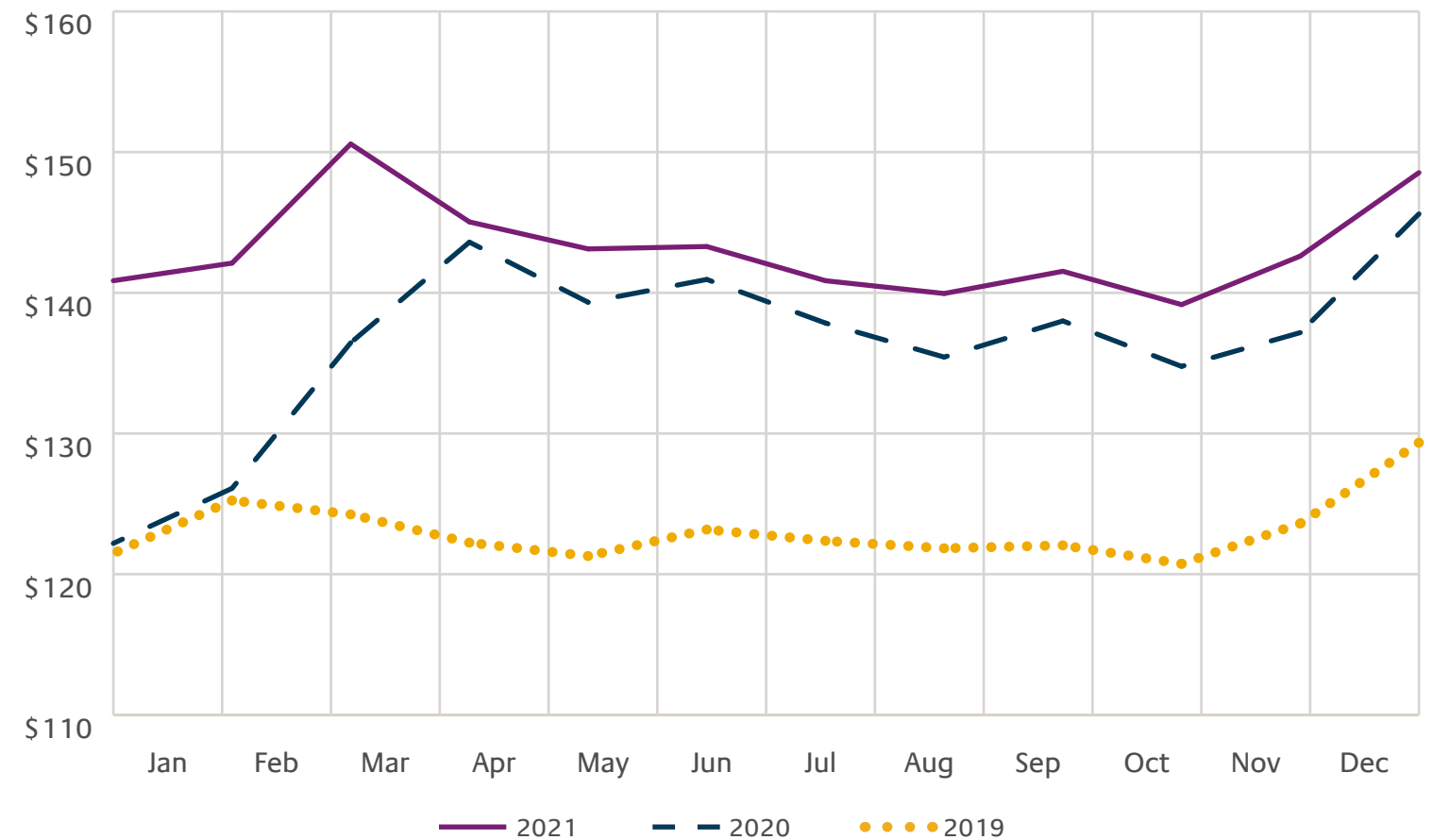
ATM

While ATM transaction volume growth remains low, we continue to see an increase in the average amount withdrawn per transaction. For December 2021, total cash withdrawn was above December 2020 levels by 5%, but remained below the baseline levels of December 2019 by 4%. The average monthly cash withdrawn was close to December 2020 levels, finishing up 2% at \$149, which was 15% higher than average ATM cash withdrawn in December 2019.

ATM MONTHLY WITHDRAWALS (2020 BASELINE)
December (Month 12)



AVERAGE ATM WITHDRAWAL
December (Month 12)



SECTORS/MERCHANT CATEGORIES

For credit purchases, December was the third month of 2021 in which all sectors reported growth above 2019 levels. The slowest to rebound to growth over pre-pandemic levels continues to be the Travel sector, in which credit purchases for December were 2% greater than December 2019. All other sectors had double-digit growth for December, led by Gasoline (up 38%) with prices spikes across the country, and Services (up 34%).

For debit purchases, every sector remained above its respective 2019 baseline in December. However, the Grocery sector has seen the least amount of growth over the early pandemic levels in 2020. Grocery Stores posted zero percent change from December 2020.



DRUG STORES December (Month 12)

	Credit	Debit
2021 v 2020	18%	10%
2021 v 2019	23%	14%
2020 v 2019	4%	3%



ENTERTAINMENT December (Month 12)

	Credit	Debit
2021 v 2020	117%	95%
2021 v 2019	10%	35%
2020 v 2019	-49%	-31%



GASOLINE December (Month 12)

	Credit	Debit
2021 v 2020	68%	40%
2021 v 2019	38%	29%
2020 v 2019	-18%	-8%



GOODS December (Month 12)

	Credit	Debit
2021 v 2020	13%	7%
2021 v 2019	33%	36%
2020 v 2019	18%	27%



GROCERIES December (Month 12)

	Credit	Debit
2021 v 2020	9%	0%
2021 v 2019	24%	10%
2020 v 2019	14%	10%



RESTAURANTS December (Month 12)

	Credit	Debit
2021 v 2020	62%	29%
2021 v 2019	23%	24%
2020 v 2019	-24%	-3%



SERVICES December (Month 12)

	Credit	Debit
2021 v 2020	20%	18%
2021 v 2019	34%	39%
2020 v 2019	12%	18%



TRAVEL December (Month 12)

	Credit	Debit
2021 v 2020	112%	52%
2021 v 2019	2%	13%
2020 v 2019	-52%	-25%



UTILITIES December (Month 12)

	Credit	Debit
2021 v 2020	13%	6%
2021 v 2019	25%	28%
2020 v 2019	11%	21%

DEEP DIVE: HOLIDAY SPENDING – PART III

The three-month 2021 holiday shopping season finished strong, with growth in our same-store population of credit unions outpacing market predictions. Goods sector credit card purchases were up 13.7% compared to 2020, outpacing growth in Goods sector debit card purchases, which were up 8.8%. While supply chain concerns fueled the early start of the holiday season, consumers were resilient and returned to previous trends, with the highest purchase volume occurring from the week of Thanksgiving through the week before Christmas.

Consumers continued to return to stores, as Card Present (CP) credit card purchases were the standout in our CNP/CP metrics for the three-month holiday season, up 21.0% compared to 2020 in the Goods sector. Card Not Present (CNP) credit card growth rate was up 7.6%. For debit purchases in the Goods sector, CP was up 9.1% and CNP was up 8.3%.

HOLIDAY SALES PART III: GOODS SECTOR AND LARGE RETAILERS

2021 v 2020

	Credit			
	Oct. 2021	Nov. 2021	Dec. 2021	Cumulative Holiday Period
Goods Sector (Overall)	13.6%	14.9%	12.8%	13.7%
Amazon	0.3%	9.6%	3.3%	4.3%
Target	18.1%	13.0%	12.8%	14.0%
Walmart*	12.3%	7.8%	10.3%	10.0%

*Less Gasoline

Debit

	Oct. 2021	Nov. 2021	Dec. 2021	Cumulative Holiday Period
Goods Sector (Overall)	9.5%	10.5%	7.1%	8.8%
Amazon	4.5%	11.7%	7.7%	8.0%
Target	10.6%	9.2%	7.0%	8.5%
Walmart*	4.0%	2.6%	0.6%	2.1%

The Goods sector average purchase amounts for the holiday season increased 6.7% on credit purchases to \$89.04 and 6.0% on debit purchases to \$54.00. Growth in average purchase size was higher for CNP for both credit and debit, up compared to 2020 by 9.2% and 10.2% respectively.

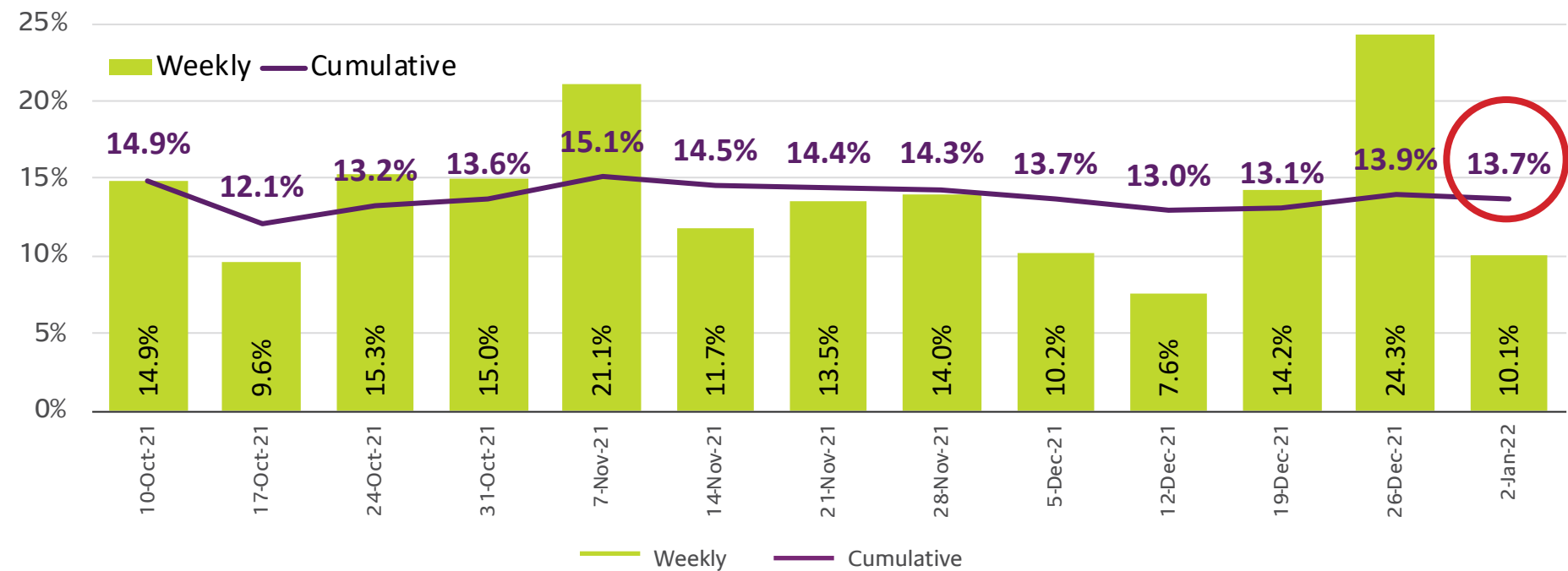
To clearly illustrate the results of this year's holiday shopping season, cumulative results are shared in two groupings: the overall Goods sector and Large Retailers. For Large Retailers, we show overall purchases (less gasoline) given the wide range of sectors in which these merchants operate.

For the month of December 2021, overall purchases in the Goods sector were up 12.8% for credit and up 7.1% for debit compared to 2020. The December year-over-year growth rate was two percentage points lower for credit and three percentage points lower for debit compared to the November year-over-year growth rates, with the volume of holiday purchases being seasonally much larger in December.

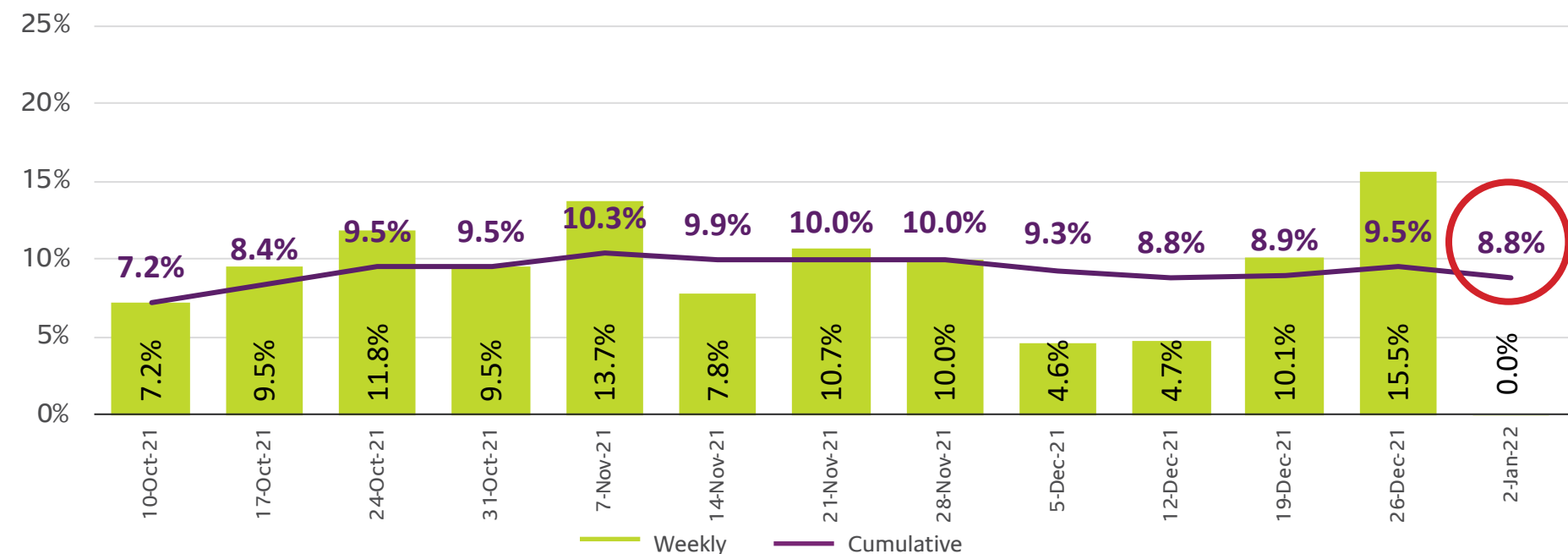
- Within the Goods sector for December, merchant categories (beyond the large retailers detailed below) with some of the largest year-over-year increases in total purchases, or percentage increase in purchases, include Jewelry Stores (+36% credit, +20% debit), Clothing Stores (+31% credit, +13% debit), Sports Apparel Stores (+49% credit, +35% debit) and Department Stores (+32% credit, +14% debit). For each of these categories, the growth in credit purchases outpaced the growth in debit purchases. Electronics Stores finished December up 5% for credit purchases and down 6% for debit purchases compared to 2020.

- Looking at Goods sector credit card purchases in December, growth in CP activity was up 21.9%, outpacing growth in CNP, which was up 5.6%. For debit card purchases, growth for CP was up 10.5% and CNP was up 10.4% as compared December 2020.

OVERALL GOODS SECTOR CREDIT PURCHASES 2021 V 2020



OVERALL GOODS SECTOR DEBIT PURCHASES 2021 V 2020





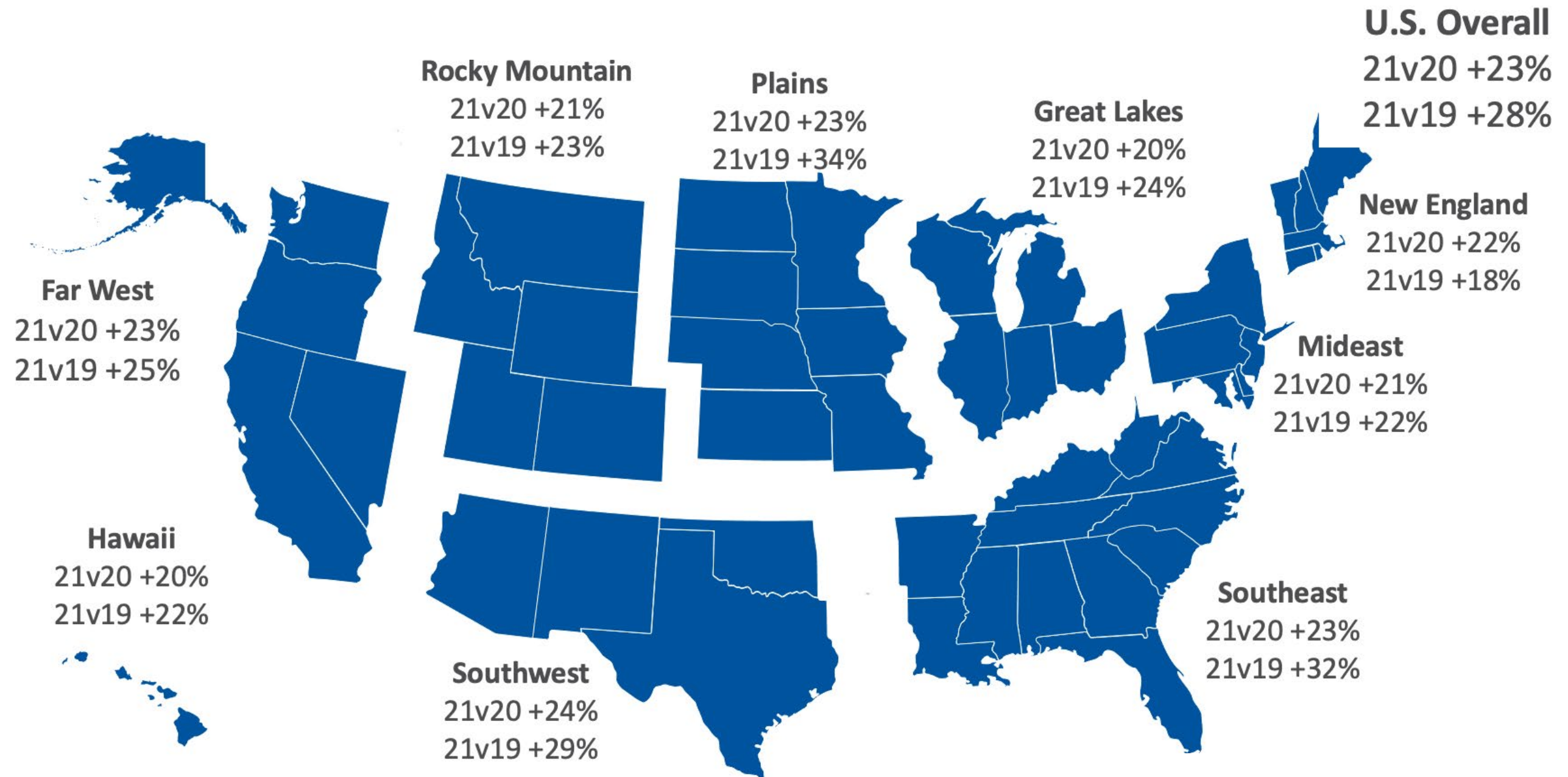
For Large Retailers, highlights from December 2021 included:

- **Amazon** – Credit purchases were up 3.3% and debit purchases were up 7.7% compared to December 2020. The cumulative growth for Amazon over the 2021 holiday period (October through December) was up 4.3% for credit purchases and up 8.0% for debit purchases. For Amazon this holiday season, the overall average purchase size was up compared to 2020, with credit at \$46.29, up 3.2% and debit at \$37.75, up 4.0%.
- **Target** – Credit purchases were up 12.8% and debit purchases were up 7.0% compared to December 2020. For the cumulative 2021 holiday period, credit purchases were up 14.0% and debit card purchases were up 8.5%. Growth in CP purchases at Target outpaced CNP for the cumulative holiday period for both credit and debit – further underscoring that, following a strong start to the holiday season in CNP purchase growth, consumers returned to in-person holiday buying. For Target this holiday season, the overall average purchase size was down slightly compared to 2020, with credit at \$63.81, down 0.2% and debit at \$51.51, down 0.7%.
- **Walmart** – Credit purchases were up 10.3% and debit purchases were up 0.6% as compared to December 2020. For the cumulative 2021 holiday period, credit purchases were up 10.0% and debit card purchases were up 2.1%. For Walmart this holiday season, the overall average purchase size was down slightly compared to 2020, with credit at \$68.49, down 0.3% and debit at \$62.14, down 1.0%.

REGIONAL STATE LEVEL PURCHASE DOLLARS – CREDIT

DECEMBER (MONTH 12)

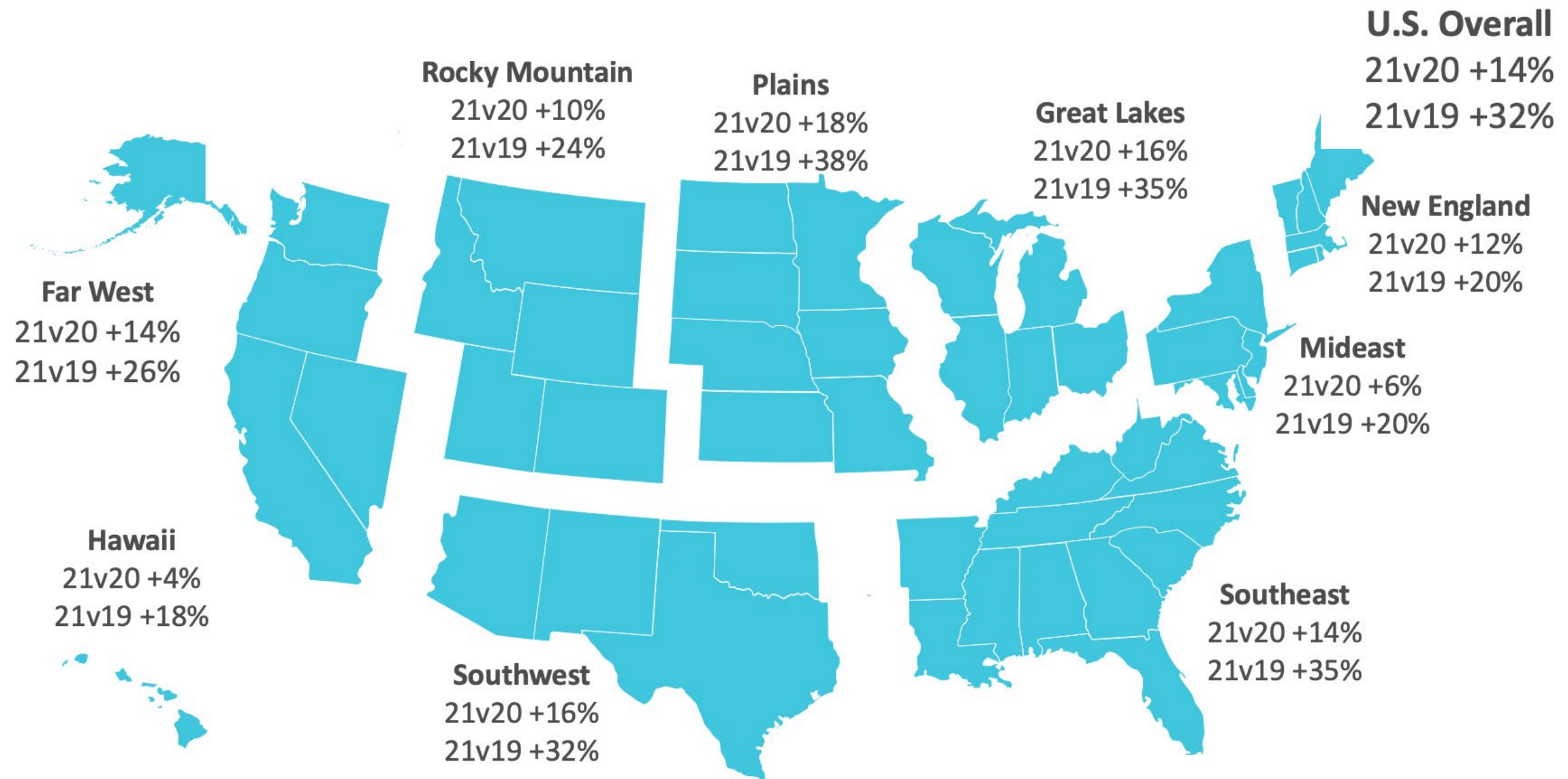
Our regional analysis of spend utilizes the segmentation used by the U.S. Bureau of Economic Analysis for economic analysis.



REGIONAL STATE LEVEL PURCHASE DOLLARS – DEBIT

DECEMBER (MONTH 12)

Our regional analysis of spend utilizes the segmentation used by the U.S. Bureau of Economic Analysis for economic analysis.



MONTHLY U.S. STATE/TERRITORY USAGE FOR MONTH 12, DECEMBER 2021 VS 2019

The following list of U.S. states, districts and territories highlights the year-over-year changes on credit card purchases, debit card purchases and ATM transactions for PSCU Owner credit unions. This month highlights the changes for Month 12, comparing the results of 2021 to 2019. The location results refer to the home address of the member conducting the transaction, and not the location of the transaction. The output represents 'same store' transactions, so the same credit unions are in both sets of data, for both 2019 and 2020. Each month, the percentage changes are sorted from highest to lowest in their respective categories and ranked with the highest being number 1, and the lowest as number 54.

Location	Credit Purchases	Credit Rank	Debit Purchases	Debit Rank	ATM Transactions	ATM Rank
Alabama	28%	22	41%	8	-3%	6
Alaska	23%	34	15%	49	-22%	45
Arizona	29%	18	34%	22	-7%	13
Arkansas	24%	31	15%	48	-29%	50
California	18%	47	28%	38	-16%	35
Colorado	16%	49	19%	45	-21%	44
Connecticut	14%	51	30%	34	-4%	8
Delaware	29%	17	29%	36	-20%	42
District of Columbia	8%	54	34%	20	-9%	18
Florida	42%	6	33%	24	-13%	26
Georgia	32%	14	31%	26	-12%	23
Guam	38%	9	36%	17	-14%	33
Hawaii	22%	36	18%	46	-27%	49
Idaho	29%	20	14%	51	-41%	54
Illinois	24%	30	35%	18	-6%	10
Indiana	24%	32	37%	15	4%	3
Iowa	28%	23	76%	1	-13%	25
Kansas	36%	10	36%	16	9%	2
Kentucky	23%	33	44%	6	-9%	16
Louisiana	50%	4	39%	12	-13%	24
Maine	42%	5	19%	44	-25%	47
Maryland	12%	53	31%	30	-18%	40
Massachusetts	14%	52	16%	47	-17%	38
Michigan	26%	27	40%	11	-5%	9
Minnesota	30%	16	39%	13	-10%	19
Mississippi	57%	2	45%	5	-13%	28
Missouri	23%	35	28%	37	-11%	20

Location	Credit Purchases	Credit Rank	Debit Purchases	Debit Rank	ATM Transactions	ATM Rank
Montana	30%	15	50%	4	3%	4
Nebraska	24%	29	1%	52	-34%	52
Nevada	20%	42	19%	43	-12%	22
New Hampshire	19%	43	20%	42	-12%	21
New Jersey	19%	45	1%	53	-30%	51
New Mexico	20%	41	35%	19	-9%	15
New York	22%	37	-2%	54	-39%	53
North Carolina	35%	11	31%	27	-18%	39
North Dakota	40%	7	32%	25	-8%	14
Ohio	22%	38	31%	29	-14%	31
Oklahoma	21%	40	26%	40	-13%	27
Oregon	35%	13	14%	50	-20%	43
Pennsylvania	27%	26	31%	28	-15%	34
Puerto Rico	82%	1	57%	2	-6%	11
Rhode Island	28%	24	37%	14	-19%	41
South Carolina	38%	8	44%	7	-16%	36
South Dakota	28%	21	29%	35	-14%	32
Tennessee	29%	19	40%	10	-13%	29
Texas	35%	12	31%	31	-14%	30
Utah	24%	28	20%	41	-26%	48
Vermont	16%	50	27%	39	-24%	46
Virgin Islands	19%	44	40%	9	-3%	5
Virginia	17%	48	30%	32	-4%	7
Washington	27%	25	30%	33	-17%	37
West Virginia	18%	46	33%	23	-9%	17
Wisconsin	21%	39	34%	21	-6%	12
Wyoming	55%	3	54%	3	44%	1



ABOUT THE PSCU PAYMENTS INDEX

All credit unions included in the PSCU Payments Index dataset have been processing with PSCU from the start of 2019 through the most current week of 2021, enabling an accurate and relevant three-year same-store comparison (2019 vs. 2020 vs. 2021) for purchasing behaviors and data. In our previous weekly Transaction Insights reporting, the year-over-year comparisons were extracted from our data warehouse using the same population of credit unions, comparing each week year over year. Please note that as the Payments Index uses the same-store population across the entire three-year period, there may be slight differences in results if the Payments Index outputs are compared to past Transaction Insights reports.

For the “same-store” population of credit unions over the past rolling 12-month period, the January edition of the Payments Index represents a total of 2.5 billion transactions valued at \$125 billion of credit and debit card activity from January 2021 through December 2021.

Financial institutions that process with PSCU can access comparable reports to benchmark their own cardholder data with the PSCU Payments Index for debit, credit and ATM transactions via [Member Insight](#), our comprehensive data analytics and reporting tool. Additionally, a library of past PSCU Payments Index reports and historical weekly Transactional Insights infographics and state/territory analyses are available on the [PSCU Payments Index site](#).

To subscribe to the PSCU Payments Index and receive alerts when the Index is published each month, please visit the [PSCU Payments Index site](#).

ABOUT PSCU

PSCU, the nation’s premier payments CUSO, supports the success of more than 1,900 financial institutions representing nearly 7 billion transactions annually. Committed to service excellence and focused on innovation, PSCU’s payment processing, risk management, data and analytics, loyalty programs, digital banking, marketing, strategic consulting and mobile platforms help deliver possibilities and seamless member experiences. Comprehensive, 24/7/365 member support is provided by contact centers located throughout the United States. The origin of PSCU’s model is collaboration and scale, and the company has leveraged its influence on behalf of credit unions and their members for more than 40 years. Today, PSCU provides an end-to-end, competitive advantage that enables credit unions to securely grow and meet evolving consumer demands. For more information, [visit pscu.com](#).