

THE PSCU PAYMENTS INDEX: JANUARY 2024

Continued evidence of a soft economic landing, as well as softening consumer spending, closed out 2023. In the January 2024 edition of the PSCU Payments Index, we present the third installment of our three-part Deep Dive series on holiday spending, which includes insights into holiday season Buy Now, Pay Later (BNPL) activity. According to [Adobe Analytics](#), BNPL usage hit an all-time high, up 14% year over year for the November and December timeframe.

The [Consumer Confidence Index](#) surged in December to 110.7 from a revised November result of 101.0. Reflecting a more positive outlook on business conditions, job availability and incomes, consumer expectations for the next six months also increased.

In the Labor Department's Jan. 11 update, the [Consumer Price Index \(CPI\)](#) increased 0.3% in December, bringing the 12-month rate of inflation to 3.4%, with Shelter contributing to over half the increase. Core CPI, which excludes Food and Energy sectors, rose 3.9% year over year, up 0.3% from November. The next Federal Open Market Committee (FOMC) meeting is scheduled for Jan. 30-31, with [greater uncertainty on the path of rate changes](#) possible for 2024.

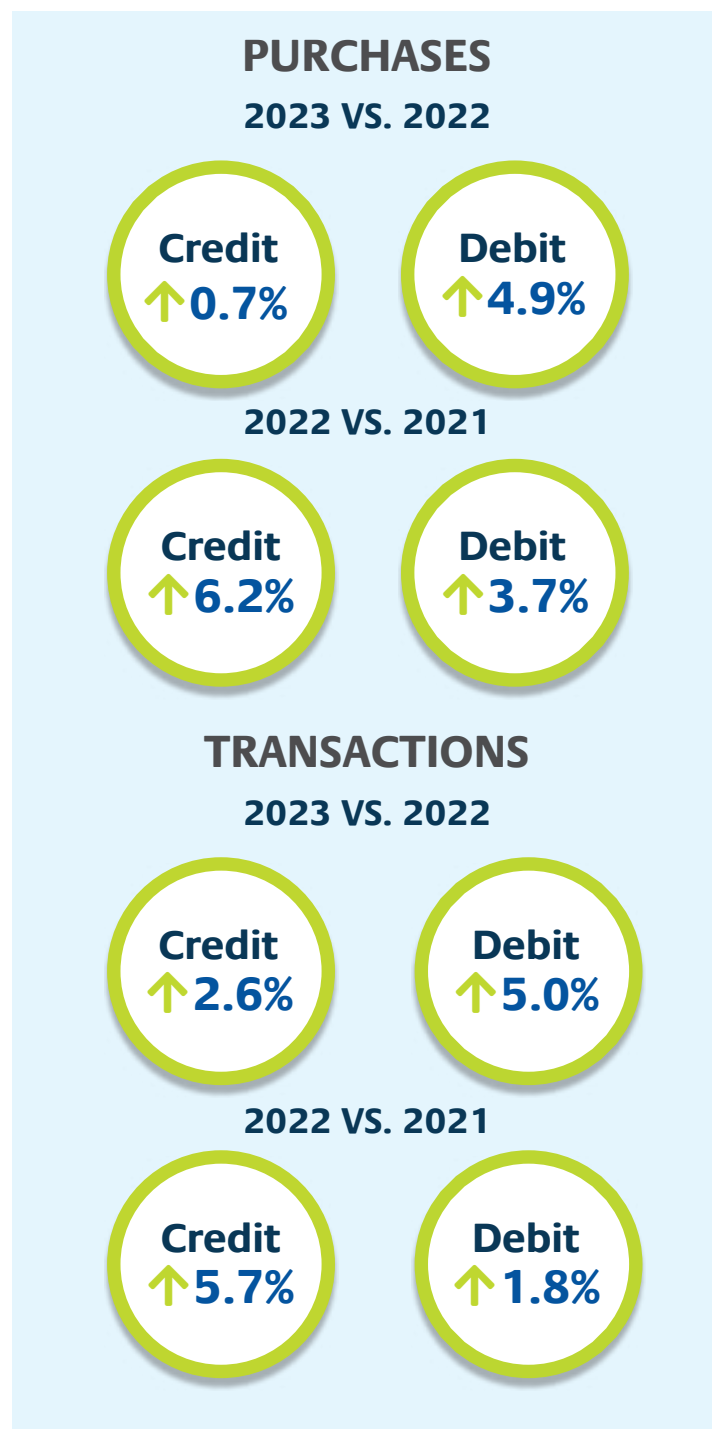
December 2023 job growth was higher than expected at 216,000 as [reported](#) by the U.S. Bureau of Labor Statistics. Job gains trended up in government, health care and social assistance, while the overall unemployment rate for December held steady at 3.7%, or 6.3 million people.

Two key government funding dates on the near-term horizon are Jan. 19 and Feb. 2. As Congress returns from its winter break, [legislators are faced](#) with the need to pass multiple funding bills to keep the government open. Negotiations will certainly include funding requests for border security and the ongoing wars in Israel and Ukraine. We will continue to monitor these developments, as substantial economic impacts are typical byproducts of any government shutdown.

We hope that the insights from the PSCU Payments Index help our financial institutions make informed decisions entering 2024.

The PSCU Payments Index welcomes your feedback to guide future enhancements to the report. Click [here](#) to share your feedback. To subscribe to the Payments Index and receive updates when we publish each month, click [here](#).

OVERALL PERFORMANCE – KEY TAKEAWAYS FOR DECEMBER



- Debit purchase growth, up 4.9% for December, continued to outpace growth in credit purchases, up 0.7%. For transactions, credit grew 2.6% and debit grew 5.0% year over year.
- Holiday spending growth in the Goods sector softened in December when compared to November. Year-over-year growth in purchases for the overall Goods sector was down 1.3% for credit and up 2.9% for debit in December. For the cumulative holiday season, purchase growth in the Goods sector was down 1.2% for credit and up 2.7% for debit. For the cumulative holiday season, growth in CNP transactions (+2.2% for credit and +7.0% for debit) outpaced growth in CP transactions (-0.8% for credit and +0.9% for debit).
- The Consumer Price Index (CPI-U) increased 0.3% in December, while the 12-month rate of inflation was up 3.4%. Shelter contributed to more than half of the increase. Excluding the volatile Energy and Food sectors, the core CPI index increased 0.3% in December, putting the 12-month Core CPI index at 3.9%
- Growth in Buy Now, Pay Later (BNPL) payments for the top BNPL merchants increased 24% for the cumulative holiday season (October to December) compared to 2022. These BNPL transactions represented 3.6% of the overall debit transactions in the Goods sector for the three-month period.
- The credit card delinquency rate continued to increase in December, reaching 2.53%, an increase of seven basis points from November and the highest point when compared to pre-pandemic 2019 data.

Amid the economic uncertainty that marked 2023, we saw retailers pull out all the stops to lure shoppers in throughout the holiday season, leveraging innovative new techniques – including augmented reality, TikTok purchases, and even a 23-part holiday romantic comedy from Walmart with purchase opportunities broadcast via social media channels. Most estimates showed that consumer holiday spending increased year over year, buoyed by holiday sales starting earlier than ever. Concurrently, the migration to e-commerce continued to climb, with JP Morgan estimating that approximately 23.4% of holiday sales took place online in 2023 – up from 22.5% in 2022. Fraudsters also love the ongoing digital shift, forcing merchants and issuers alike to contend with fraud on many fronts, from first-party fraud to scams and account takeovers.



— Julie Conroy, Chief Insights Officer,
Datos Insights

DEEP DIVE: HOLIDAY SPENDING – PART III

The third and final installment of our seasonal Deep Dive on holiday spending revealed that year-over-year consumer spending growth in the Goods sector peaked in November. The second highest month for the Goods sector was December, with credit purchases down 1.3% and debit purchases up 2.9%, finishing above the growth for October (credit -2.1% and debit 0.8%). December transaction growth for the Goods sector followed a similar trend – higher than October and lower than November. Credit transactions were up 0.5% year over year for December and debit transactions were up 3.8%.

For the cumulative holiday season (October through December), year-over-year credit purchases in the Goods sector were down 1.2%, compared to up 2.0% a year ago, while debit purchases were up 2.7%, compared to being up 4.6% for the same period in 2022. Growth in Card Not Present (CNP) for the three-month holiday period in the Goods sector grew faster than Card Present (CP).

For transaction growth for the cumulative holiday period, credit CNP was up 2.2% and credit CP was down 0.8%, while debit CNP was up 7.0% and debit CP was up 0.9%.

Within the Goods sector, the sub-category with the largest year-over-year positive growth and the largest percentage of Goods sector purchases was Digital Merchants, which mainly consists of Amazon. For the three-month period, credit purchases were up 7.3% and debit purchases were up 8.2%. Discount stores (Target, Walmart, Ross, HomeGoods, Dollar General), Wholesale Clubs (Costco, Sam’s Club, BJ’s Wholesale Club), Drug and Pharmacy stores (CVS, Walgreens) and Digital Goods (Google, Apple, Microsoft) all experienced positive year-over-year growth in both credit and debit purchases during the cumulative holiday season. Additionally, the category of Miscellaneous stores posted positive growth in debit purchases, while credit was down for the holiday season. Top merchants in the Miscellaneous stores category includes BNPL vendors (Affirm, Afterpay, Klarna, PayPal and Sezzle).

HOLIDAY SPENDING PART III: GOODS SECTOR AND LARGE RETAILERS HOLIDAY SEASON (OCTOBER TO DECEMBER) 2023 VS 2022

Transaction Growth	Credit				Debit			
	Oct 2023	Nov 2023	Dec 2023	Cumulative Holiday Period	Oct 2023	Nov 2023	Dec 2023	Cumulative Holiday Period
Goods (Overall)	0.8%	2.0%	0.5%	1.1%	2.7%	5.9%	3.8%	4.1%
Amazon	2.1%	2.2%	1.3%	1.7%	2.3%	2.8%	-0.3%	1.3%
Target	-6.8%	-5.9%	-3.4%	-5.0%	-2.4%	-1.0%	1.4%	-0.3%
Walmart *	3.9%	3.8%	6.7%	5.0%	3.7%	4.9%	8.1%	5.8%

Purchases Growth	Credit				Debit			
	Oct 2023	Nov 2023	Dec 2023	Cumulative Holiday Period	Oct 2023	Nov 2023	Dec 2023	Cumulative Holiday Period
Goods (Overall)	-2.1%	-0.1%	-1.3%	-1.2%	0.8%	4.4%	2.9%	2.7%
Amazon	7.2%	8.4%	9.3%	8.5%	9.0%	10.4%	9.1%	9.4%
Target	-9.3%	-10.7%	-5.8%	-8.1%	-4.7%	-5.1%	-1.7%	-3.4%
Walmart *	3.0%	1.2%	4.0%	2.9%	4.5%	5.0%	7.2%	5.8%

*Less Gasoline





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Notable sub-categories within the Goods sector in which growth in purchases was down over the three-month holiday season for both credit and debit purchases included Apparel & Accessories (Ulta), Home Supply & Hardware (Home Depot, Lowes) and Home Furnishings (IKEA, Bed, Bath & Beyond). For the three bellwether large retailers (Amazon, Target and Walmart), their respective trends that began in October continued through the end of December. Amazon started with and maintained the strongest growth of the three, with credit purchases up 8.5% and debit purchases up 9.4% for the cumulative

holiday period. For the same period, transaction growth was up 1.7% for credit and up 1.3% for debit. Walmart finished second with credit purchases up 2.9% and debit purchases up 5.8% year over year. Walmart transaction growth was up 5.0% for credit and up 5.8% for debit. Target finished third for purchase growth, with credit down 8.1% for the 13-week period and down 3.4% for debit. For transaction growth, Target was down 5.0% for credit and down 0.3% for debit year over year. These results are exclusively based on the PSCU Payments Index card populations with these select merchants.

HOLIDAY SPENDING PART III: GOODS SECTOR AND LARGE RETAILERS – CNP/CP HOLIDAY SEASON (OCTOBER TO DECEMBER) 2023 VS 2022

Transaction Growth		Credit				Debit			
		Oct 2023	Nov 2023	Dec 2023	Cumulative Holiday Period	Oct 2023	Nov 2023	Dec 2023	Cumulative Holiday Period
Goods (Overall)	CNP	2.7%	3.6%	0.6%	2.2%	6.6%	9.5%	5.1%	7.0%
	CP	-2.1%	-0.7%	0.3%	-0.8%	-1.6%	1.8%	2.3%	0.9%
Amazon	CNP	2.2%	2.2%	1.2%	1.7%	2.9%	3.3%	0.2%	1.8%
	CP	-0.7%	-0.1%	4.8%	1.6%	-16.9%	-21.0%	-21.6%	-19.9%
Target	CNP	-14.0%	-8.1%	-10.6%	-10.6%	-5.1%	-2.5%	-5.7%	-4.6%
	CP	-4.6%	-5.0%	-0.5%	-2.9%	-1.9%	-0.7%	2.9%	0.5%
Walmart *	CNP	12.2%	6.5%	13.7%	11.0%	16.1%	9.5%	14.9%	13.5%
	CP	2.1%	3.1%	4.8%	3.5%	2.1%	4.1%	7.0%	4.6%

Purchases Growth		Credit				Debit			
		Oct 2023	Nov 2023	Dec 2023	Cumulative Holiday Period	Oct 2023	Nov 2023	Dec 2023	Cumulative Holiday Period
Goods (Overall)	CNP	1.1%	2.8%	0.1%	1.4%	7.1%	9.6%	6.6%	7.8%
	CP	-5.7%	-3.8%	-3.0%	-4.1%	-4.6%	-0.5%	-0.5%	-1.7%
Amazon	CNP	7.5%	8.7%	9.4%	8.7%	10.3%	11.7%	10.3%	10.6%
	CP	-2.0%	-0.2%	2.3%	0.3%	-25.0%	-29.1%	-30.2%	-28.3%
Target	CNP	-14.1%	-9.3%	-7.7%	-9.6%	-3.6%	-2.7%	-2.3%	-2.7%
	CP	-8.1%	-11.1%	-5.4%	-7.7%	-4.8%	-5.5%	-1.7%	-3.5%
Walmart *	CNP	14.7%	4.4%	15.5%	11.4%	27.0%	15.9%	25.6%	22.7%
	CP	0.6%	0.2%	1.2%	0.8%	1.7%	3.2%	4.6%	3.4%

*Less Gasoline

Growth with payment cards at these merchants could be impacted by actions at each retailer to promote alternative payment solutions, such as co-branded or private label cards, ACH, etc.

In comparing the monthly growth results for these three retailers, Walmart and Target both performed best in the month of December for their respective growth figures for both credit and debit in transactions and purchases. For Target, December also had the largest growth (although negative) in CNP and CP spending compared to their growth results for this three-month period. Walmart had similar results, except for debit CNP purchases, which grew 27% in November and was the highest for the season. Amazon’s peak year-over-year growth was mainly in November with the exception of credit purchases, which peaked at +9.3% in December.



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GOODS SECTOR SUB-CATEGORIES YEAR-OVER-YEAR GROWTH HOLIDAY SEASON (OCTOBER TO DECEMBER)

Merchant Category	Credit			Debit		
	Transactions	Purchases	% Purchases	Transactions	Purchases	% Purchases
Digital Merchants	0.4%	7.3%	15%	-0.1%	8.2%	15%
Apparel & Accessories	-1.2%	-3.3%	12%	-0.2%	-2.2%	11%
Miscellaneous Stores	1.0%	-1.5%	10%	7.5%	7.4%	11%
Home Supply & Hardware	-4.7%	-7.8%	8%	-2.3%	-4.1%	8%
Vehicles - Automobiles	-2.5%	-1.5%	8%	-0.1%	0.2%	7%
Discount Stores	6.7%	4.5%	8%	8.4%	7.4%	12%
Wholesale Clubs	6.3%	3.0%	6%	8.0%	6.1%	6%
Home Furnishings	-13.2%	-11.8%	6%	-11.3%	-10.7%	3%
Retail Stores	1.2%	-4.8%	5%	8.1%	0.7%	5%
Wholesale Distributors and Manufacturers	-3.1%	-5.0%	4%	1.4%	-2.2%	3%
Sporting	-4.7%	-4.1%	3%	-1.2%	-0.4%	3%
Direct Marketing	-5.9%	-9.6%	3%	-4.4%	-7.0%	2%
Drug & Pharmacy	1.3%	5.9%	3%	-2.6%	-2.0%	4%
Digital Goods	19.6%	22.6%	2%	28.4%	30.2%	4%
Hobby Stores	-16.8%	-5.8%	2%	-19.6%	-6.8%	3%
Pet Services	-2.0%	-0.9%	2%	-0.8%	0.7%	2%
Vehicles - Other	-11.4%	-7.1%	1%	-7.3%	-7.0%	0%
Pawn/Consignment	5.6%	2.4%	0%	3.5%	3.6%	1%
Grand Total	1.1%	-1.2%	100%	4.1%	2.7%	100%

BUY NOW, PAY LATER

Adding to our holiday spending edition, we find continued strong growth amongst the largest Buy Now, Pay Later (BNPL) providers. In aggregating the year-over-year growth in BNPL payments for Affirm, Afterpay, Klarna, PayPal, and Sezzle, debit-based payments were up by 24% for the holiday shopping period (October through December) and payment transactions were up by 23%. The average BNPL debit payment with these top providers was \$37.93. It is important to note transactions represent only one of each installment transaction with the BNPL vendor (not the total purchase), and likely recur at periodic intervals. While the [Wall Street Journal reports](#) that BNPL usage has expanded into many sectors – from groceries to laser eye surgery – within the PSCU Payments Index data, almost all of these transactions are reported in the Goods sector, with roughly 0.5% in other non-Goods sector merchant categories. The BNPL payments for these five vendors during the holiday season represented 2.9% of overall Goods sector debit card purchases and BNPL transactions represented 3.6% of overall Goods sector debit card transactions for the three-month 2023 holiday season.

BNPL GROWTH BY PROVIDER AND AVERAGE BNPL PAYMENT
CUMULATIVE HOLIDAY SEASON (OCTOBER TO DECEMBER) 2023 VS 2022

BNPL Provider	BNPL Transactions	BNPL Payments	Average BNPL Payment
Affirm	37%	23%	\$54.50
Afterpay	27%	26%	\$31.30
Klarna	17%	27%	\$37.81
PayPal	9%	14%	\$33.29
Sezzle	17%	23%	\$29.45
OVERALL	23%	24%	\$37.93

BNPL GROWTH BY GENERATION AND AVERAGE BNPL PAYMENT
CUMULATIVE HOLIDAY SEASON (OCTOBER TO DECEMBER) 2023 VS 2022

Generation	BNPL Transactions	BNPL Payments	Average BNPL Payment
Gen Z	22%	28%	\$37.81
Younger M	19%	22%	\$38.62
Older M	22%	24%	\$38.78
Gen X	24%	24%	\$38.00
Boomers +	25%	21%	\$35.10
OVERALL	23%	24%	\$37.93



BNPL ACTIVITY AS A % OF OVERALL DEBIT GOODS SECTOR ACTIVITY
CUMULATIVE HOLIDAY SEASON (OCTOBER TO DECEMBER) 2023 VS 2022

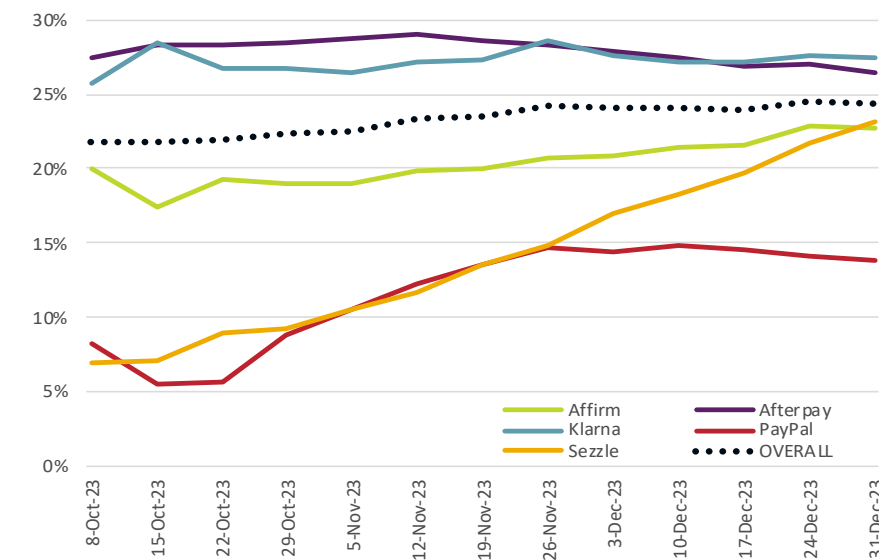
Holiday Season	BNPL Transactions	BNPL Payments
2023	3.6%	2.9%
2022	3.1%	2.4%

Klarna and Afterpay had the highest growth in BNPL payments for the cumulative holiday season, up 27% and 26%, respectively. Affirm had the highest growth rate of BNPL transactions, up 37% for the overall holiday season and stood out with the highest average BNPL payment of \$54.50, which was 44% higher than the overall average BNPL payment of \$37.93.

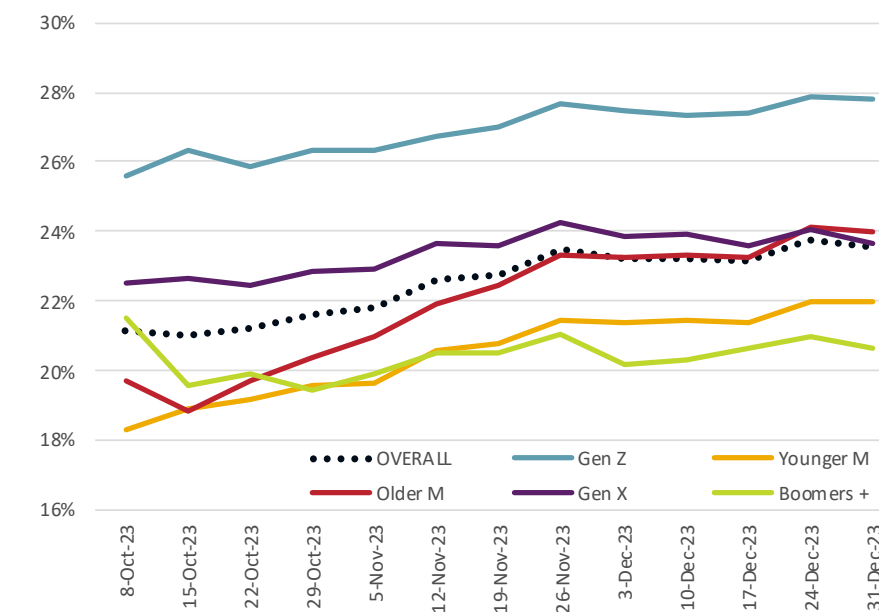
From a generational perspective, the largest year-over-year growth in BNPL payments was with the youngest generation, Gen Z consumers, with an increase of 28% compared to the holiday season in 2022. Older millennials and Gen X followed, with each showing a 24% increase in BNPL debit card payments. While the Boomers+ generation had the lowest growth in BNPL debit card payments at 21% for this holiday season, they did have the highest increase in BNPL debit card transactions – up 25% compared to 2022. The Boomers+ generation also had the lowest average payment at \$35.10, 7% or \$2.83 lower than the overall average of \$37.93.



**CUMULATIVE BNPL PAYMENT GROWTH BY BNPL VENDOR
HOLIDAY SEASON (OCTOBER TO DECEMBER) 2023 VS 2022**



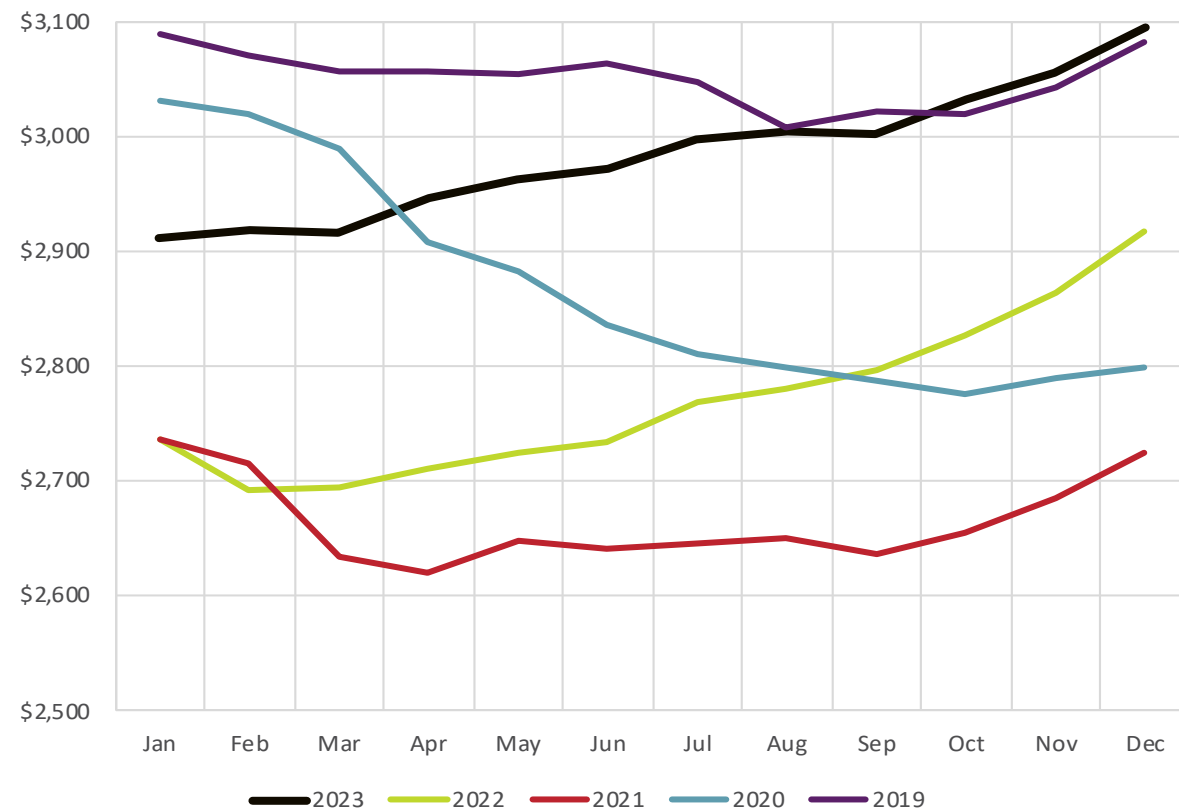
**CUMULATIVE BNPL PAYMENT GROWTH BY GENERATION
HOLIDAY SEASON (OCTOBER TO DECEMBER) 2023 VS 2022**



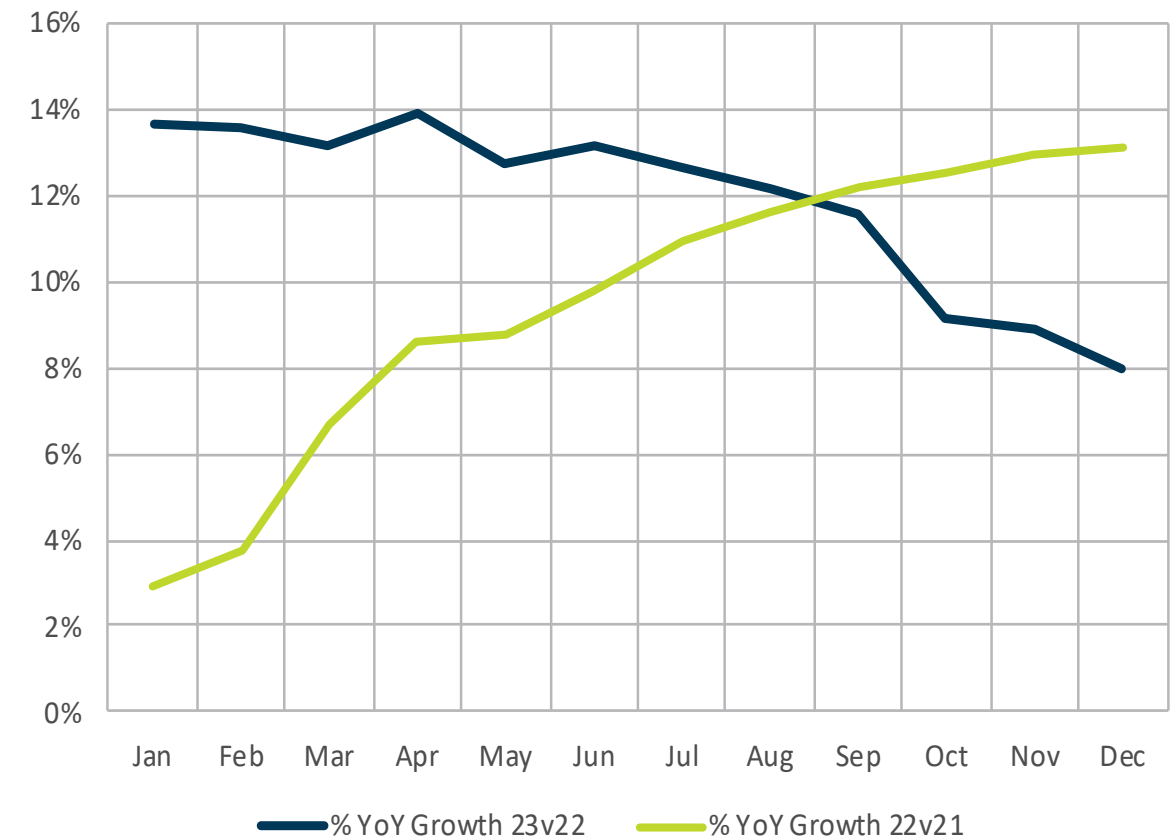
CREDIT CARD BALANCES

For December 2023, the average credit card balance reached a five-year high of \$3,095. Year-over-year growth measured 6.1%, or \$178, while the average balance increased 1.3%, or \$39, month over month. Total credit card balances increased 1.4% from the prior month and increased 8% year over year.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT

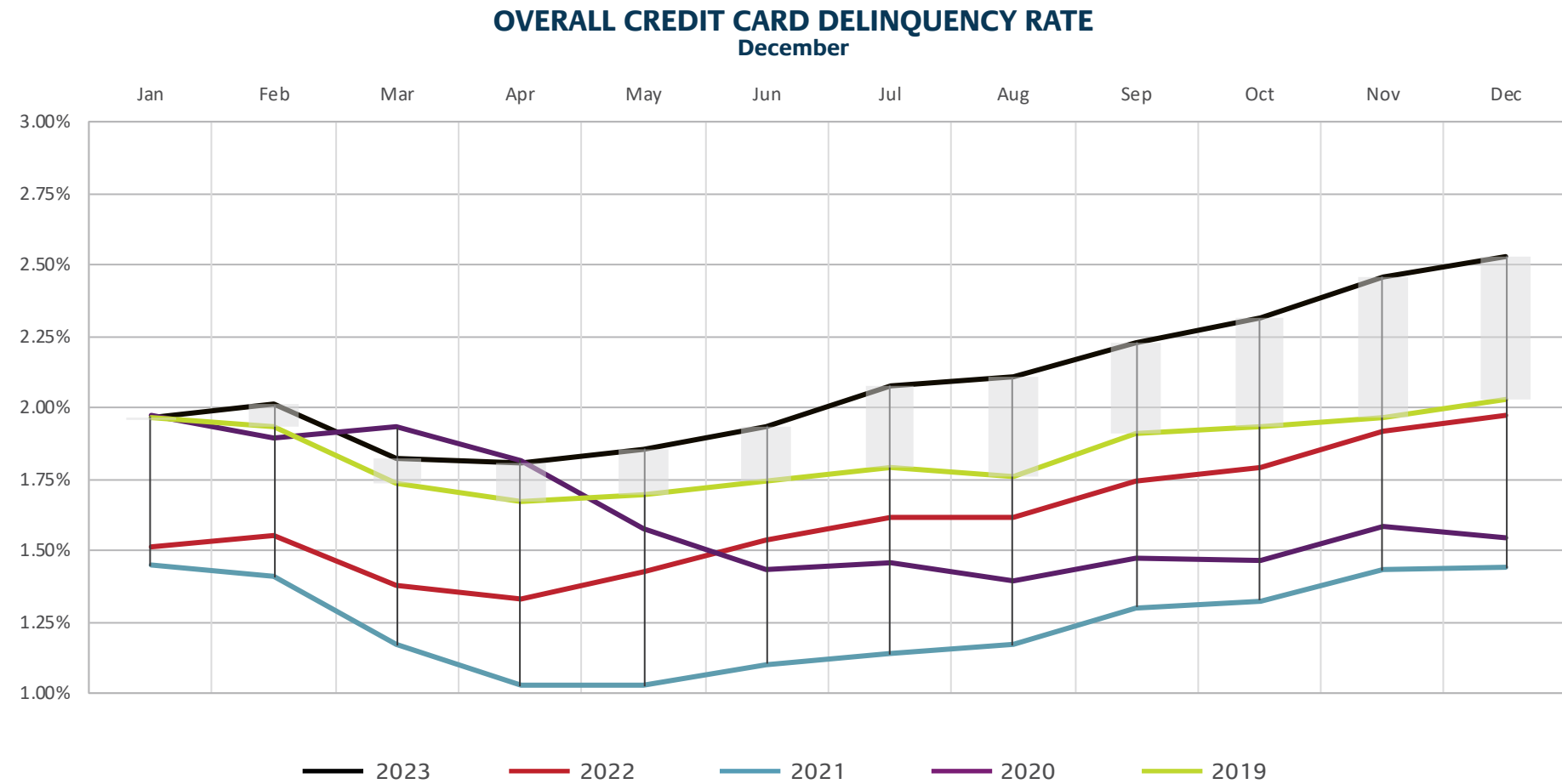


PERCENTAGE CHANGE IN TOTAL CREDIT CARD BALANCES



CREDIT CARD DELINQUENCIES

The delinquency rate for December 2023 surpassed 2.5%, having increased seven basis points over the previous month's average. Year over year, the delinquency rate increased 55 basis points, which is the largest year-over-year difference for 2023 versus 2022 delinquency rates.



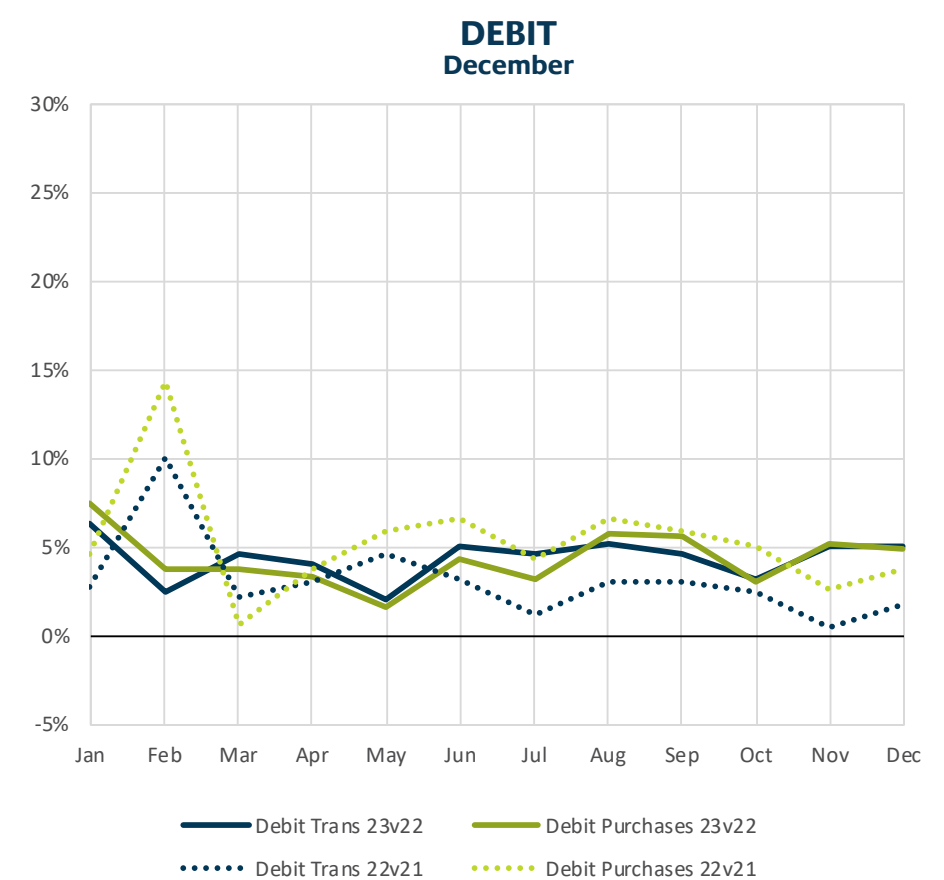
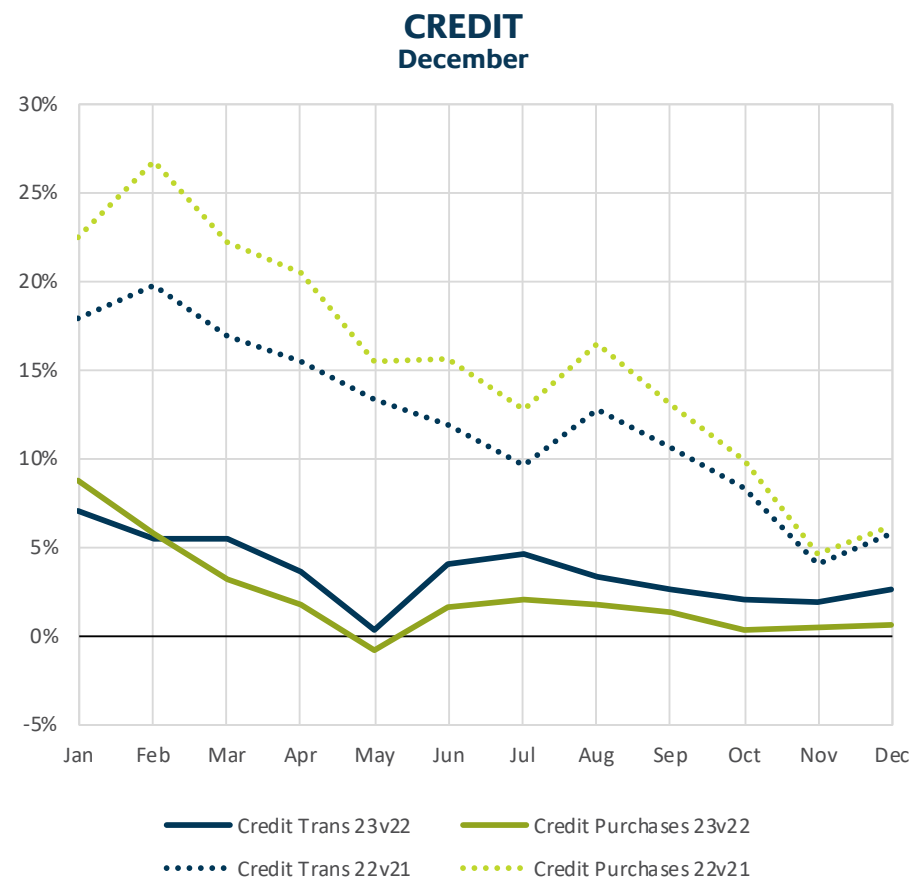
CREDIT AND DEBIT CARDS

Fueled by continued low unemployment, as well as accelerated wage growth relative to inflation, consumer credit and debit card activity continued to soften in December 2023. Furthermore, debit transaction and purchase growth surpassed the previous year's growth rates. For debit, both transactions and purchases increased 5% year over year. For credit, transactions were up 2.6% year over year and purchases were up 0.7%.

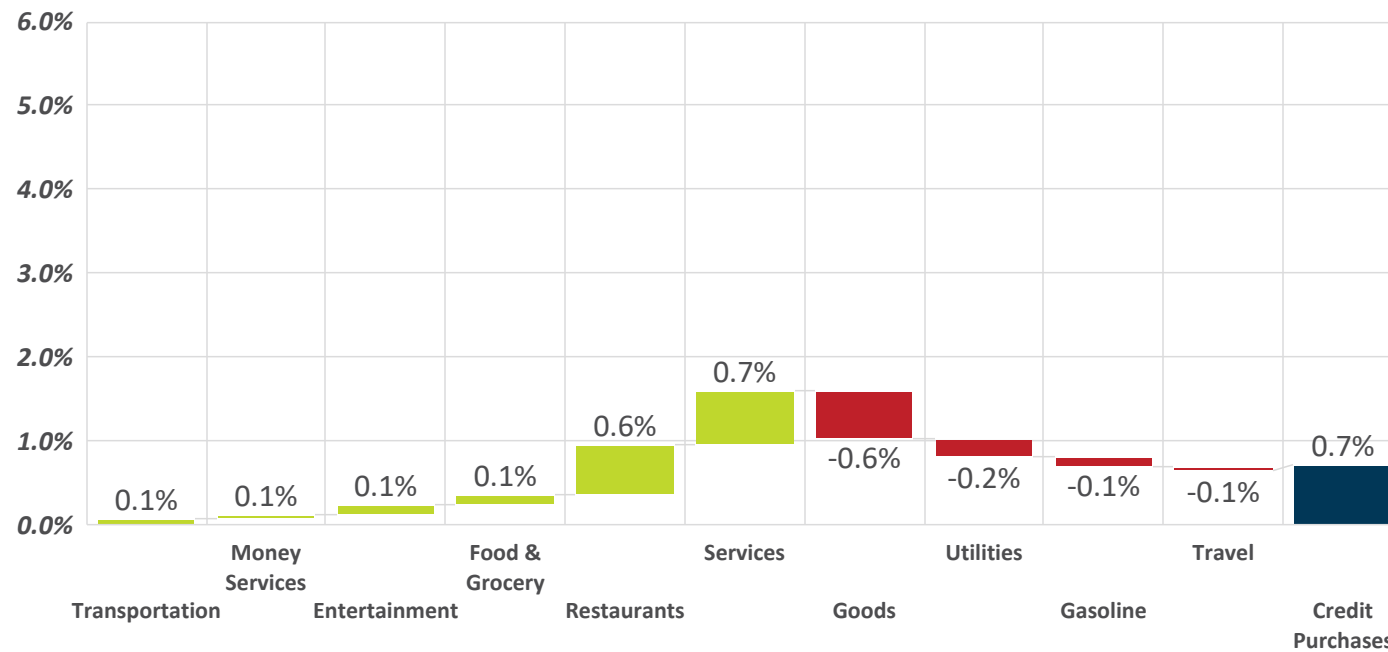
The Services sector continued to drive purchase growth for both debit and credit, contributing 1.3% growth for debit and 0.7% for credit. On the transaction side, the Restaurants sector had the greatest impact on both debit and credit transaction growth, accounting for 1.2% and 1.1%, respectively.

There were four sectors that collectively drove credit purchase growth down 0.8%, which included Goods, Utilities, Gasoline and Travel. Travel was the only sector that negatively impacted credit and debit purchase and transaction growth, but at 0.1% or less.

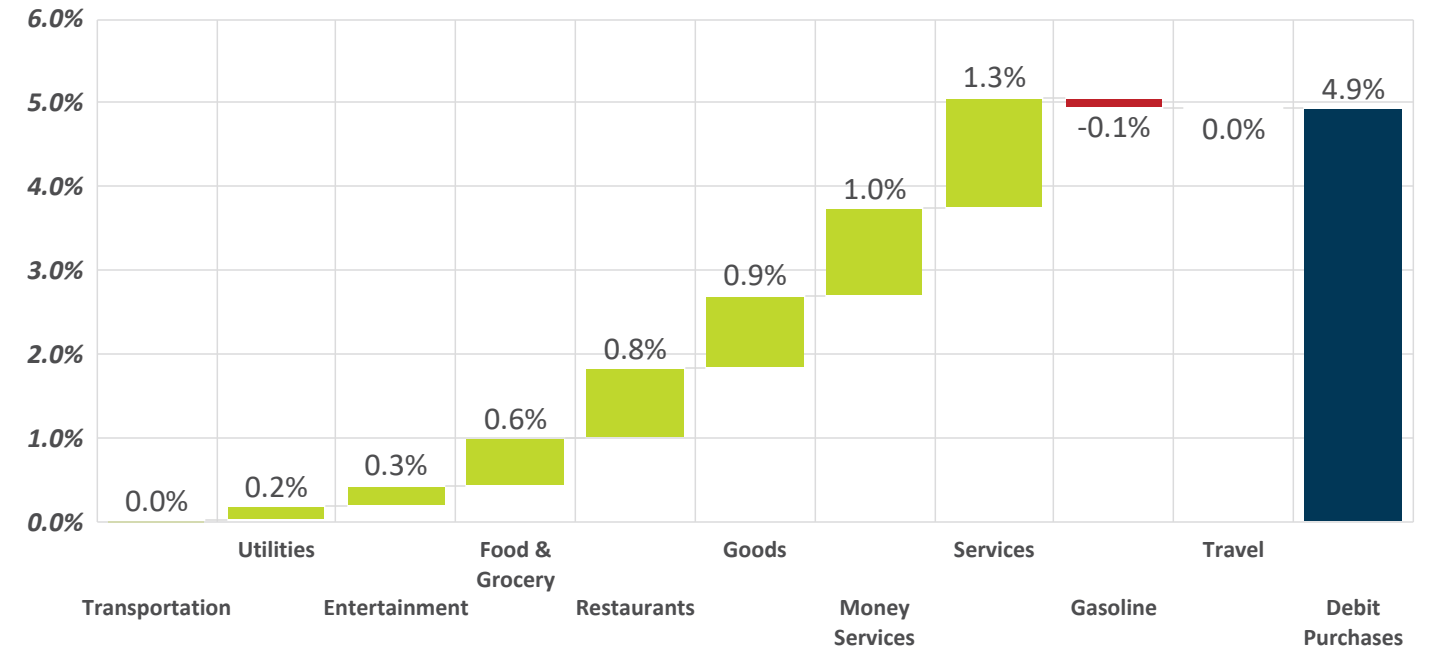
	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2023 v 2022	2.6%	0.7%	5.0%	4.9%
2022 v 2021	5.7%	6.2%	1.8%	3.7%



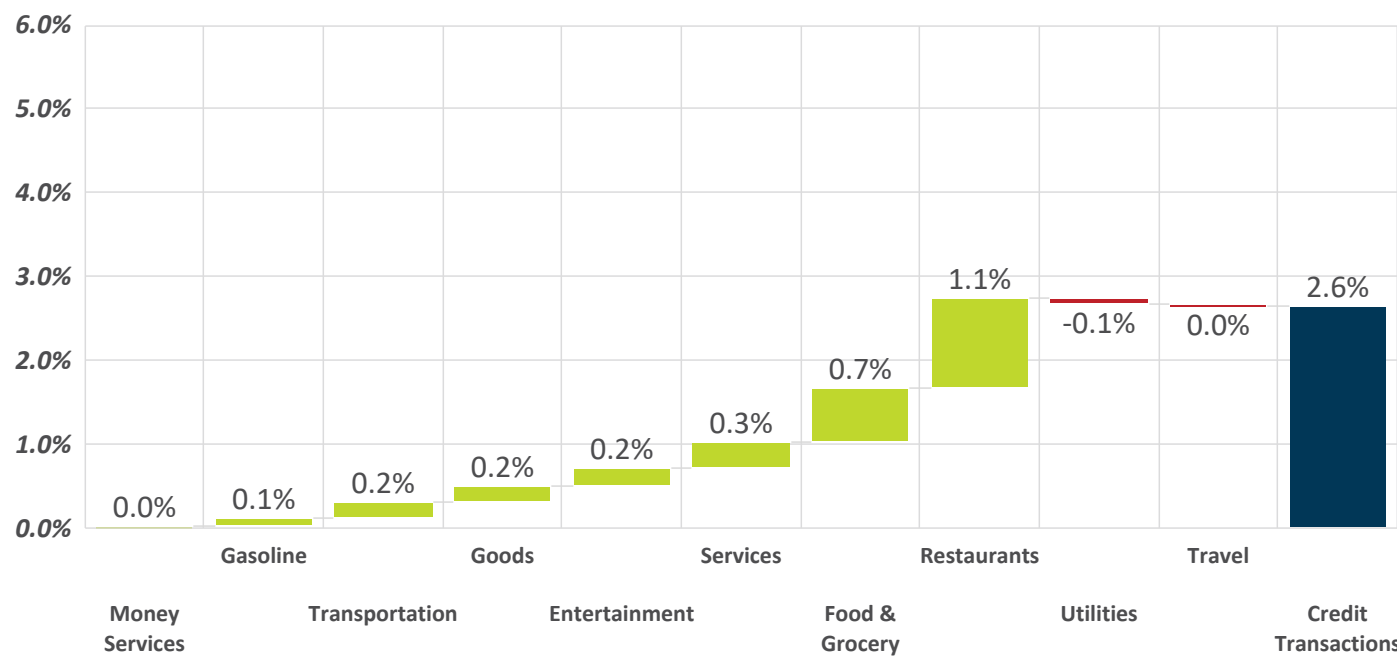
SECTOR CONTRIBUTIONS TO GROWTH IN CREDIT PURCHASES: DECEMBER



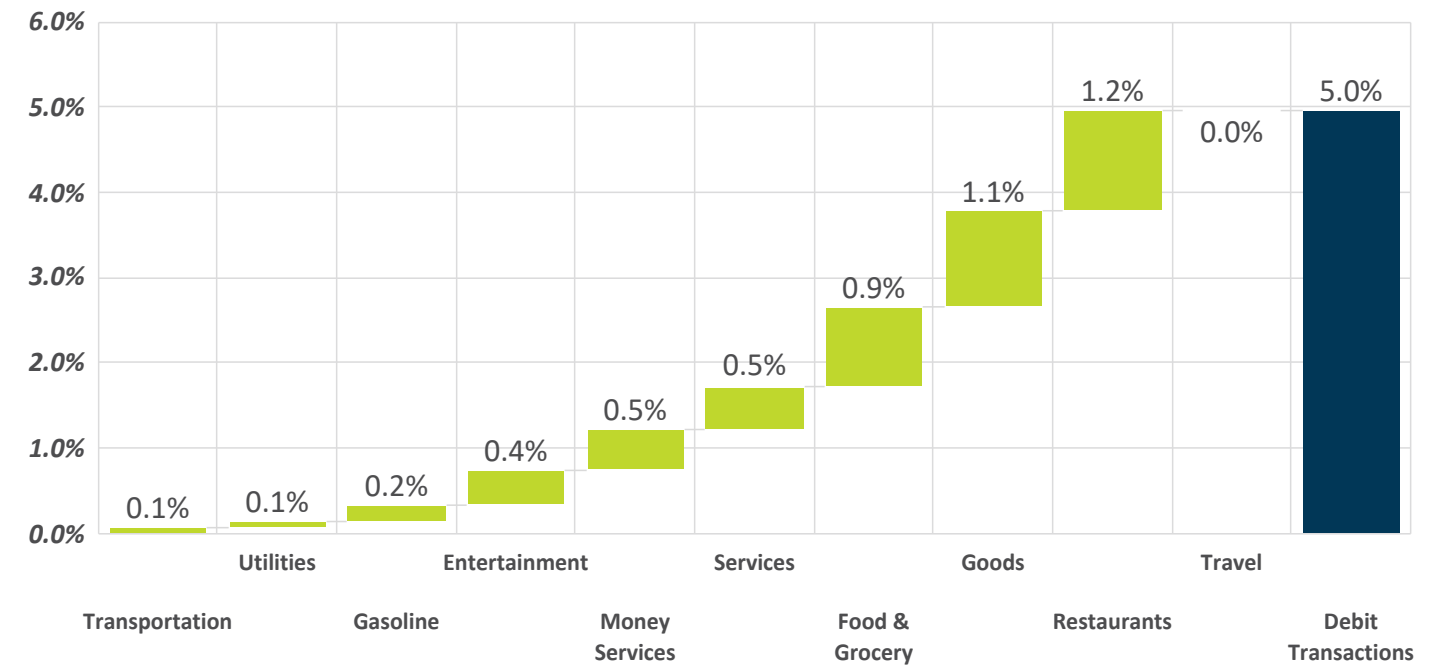
SECTOR CONTRIBUTIONS TO GROWTH IN DEBIT PURCHASES: DECEMBER



SECTOR CONTRIBUTIONS TO GROWTH IN CREDIT TRANSACTIONS: DECEMBER



SECTOR CONTRIBUTIONS TO GROWTH IN DEBIT TRANSACTIONS: DECEMBER



■ Increase ■ Decrease ■ Total

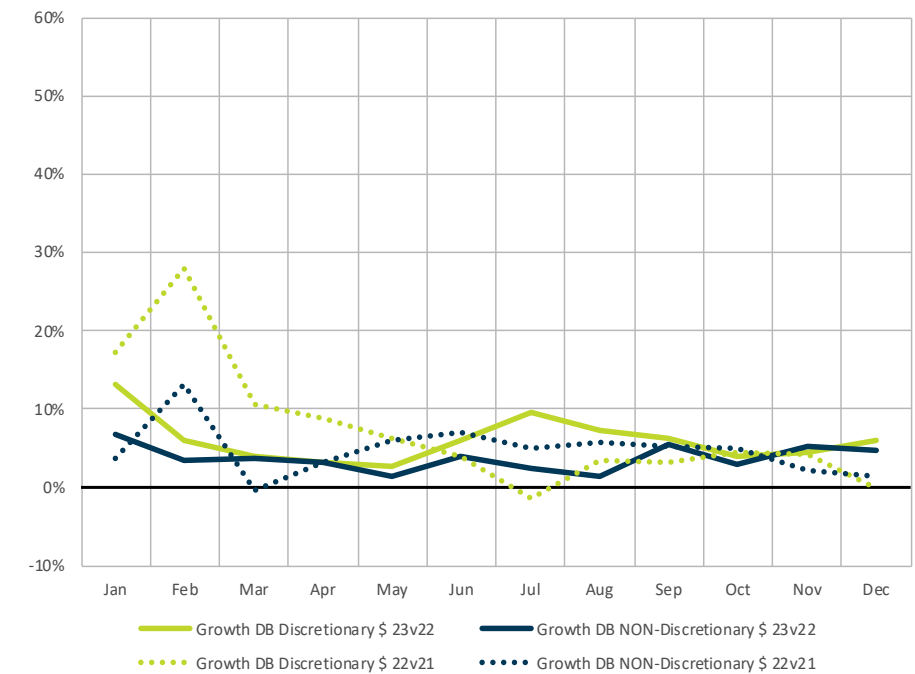
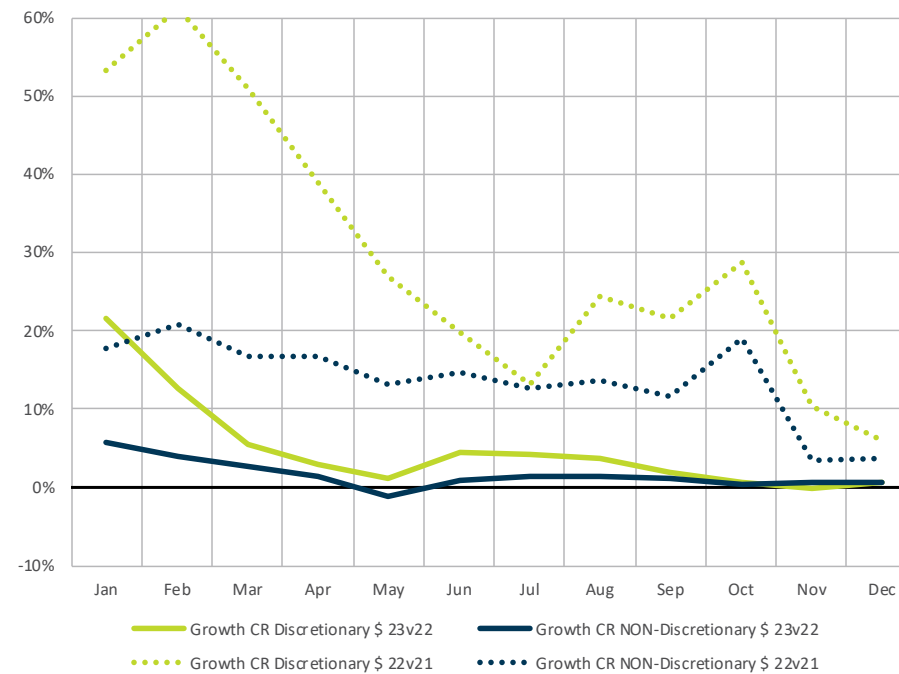
DISCRETIONARY AND NON-DISCRETIONARY ACTIVITY

The grouping of expenses into discretionary and non-discretionary spend continues to provide insight into consumer payment activity amidst the current economic backdrop. Discretionary activity comprises nearly all merchant categories within the Entertainment and Travel sectors, as well as just under half of the merchant categories in the Services sector. There are also several merchant categories identified as discretionary within the Food & Grocery and Goods sectors.

DISCRETIONARY AND NON-DISCRETIONARY: DECEMBER 2023

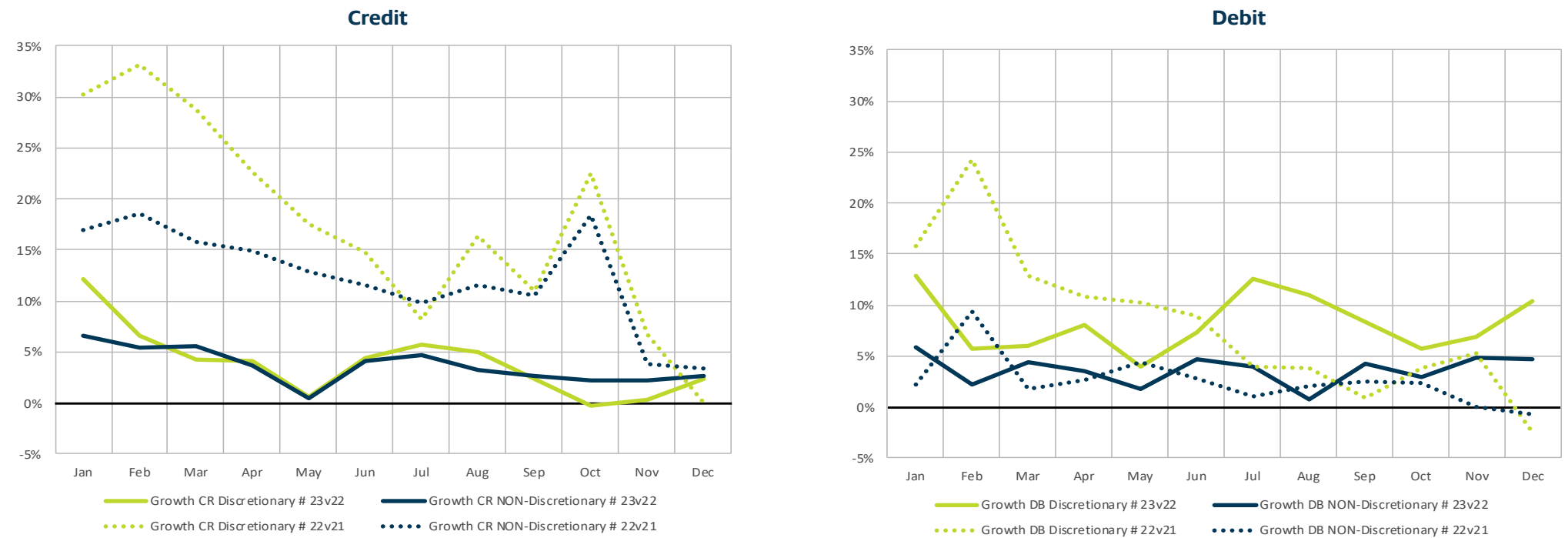
	% of Overall Purchases	Credit YoY Growth		Average Purchase	% of Overall Purchases	Debit YoY Growth		Average Purchase
		Transactions	Purchases			Transactions	Purchases	
Discretionary	16%	2.4%	0.8%	\$147	8%	10.4%	6.0%	\$71
Non-Discretionary	84%	2.7%	0.6%	\$65	92%	4.7%	4.8%	\$46

GROWTH IN DISCRETIONARY/NON-DISCRETIONARY OVERALL PURCHASES

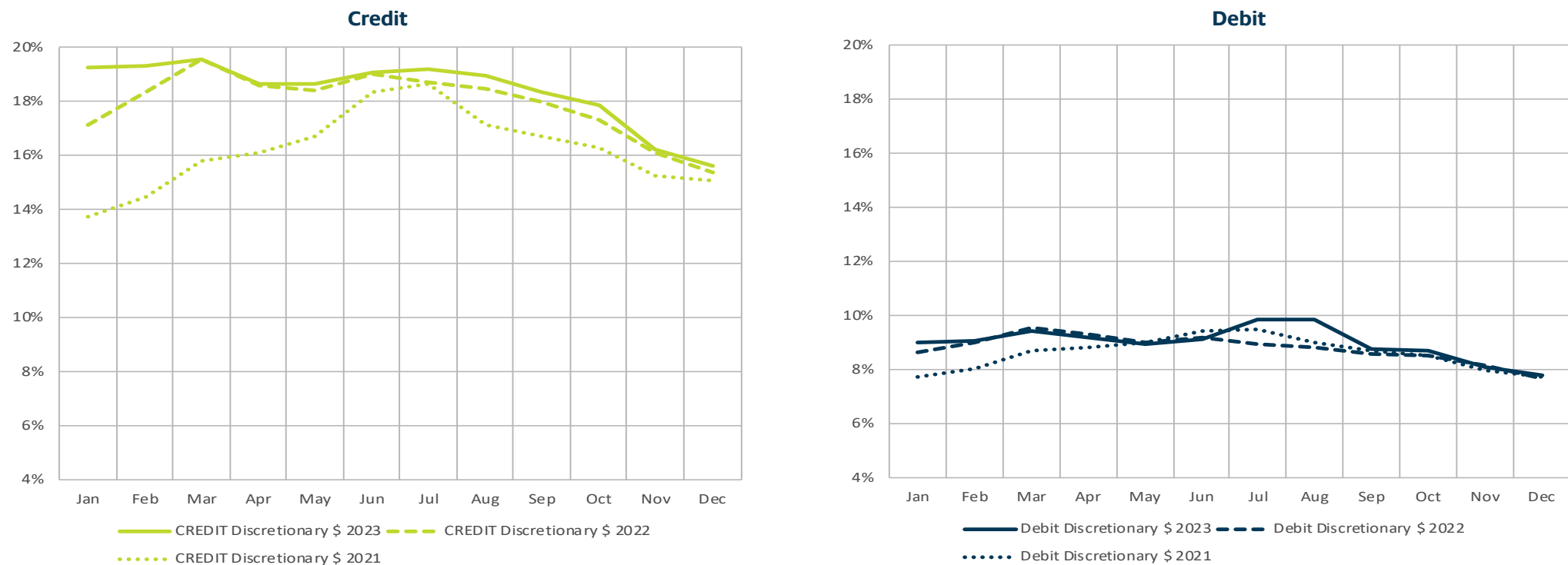


For December 2023, credit discretionary and non-discretionary transaction and purchase growth rates were nearly identical. Conversely, debit discretionary activity outpaced non-discretionary, with debit discretionary transaction growth reaching double digits. Transaction growth mostly exceeded purchase growth, except for debit non-discretionary activity, which had similar growth rates for both transactions and purchases.

GROWTH IN DISCRETIONARY/NON-DISCRETIONARY OVERALL TRANSACTIONS




DISCRETIONARY PURCHASES AS A PERCENTAGE OF OVERALL PURCHASES



SECTORS/MERCHANT CATEGORIES


The Money Services sector had the greatest year-over-year growth in both debit purchases and transactions, each up 10% year over year, while Transportation was the lead in credit purchases (+9%) and transactions (+10%) growth. The Restaurants and Money Services sectors also topped the list in terms of growth for both credit purchases and transactions. Additionally for debit, the Services sector exhibited robust purchase growth (+10%), with the Entertainment sector performing strong in transaction growth (+10%).

Year-over-year transaction growth was positive for the Gasoline sector, up 1% for both credit and debit, while both credit and debit purchases decreased 2%. The national average price per gallon of gasoline finished at [\\$3.07](#) for the week ending Jan. 8, down 5.7% or \$0.19 year over year.




ENTERTAINMENT
December 2023 V 2022

	Credit	Debit
YoY Purchases	3%	7%
YoY Transactions	5%	10%




FOOD & GROCERIES
December 2023 V 2022

	Credit	Debit
YoY Purchases	1%	3%
YoY Transactions	4%	6%




GASOLINE
December 2023 V 2022

	Credit	Debit
YoY Purchases	-2%	-2%
YoY Transactions	1%	1%



GOODS
December 2023 V 2022

	Credit	Debit
YoY Purchases	-1%	3%
YoY Transactions	1%	4%




MONEY SERVICES
December 2023 V 2022

	Credit	Debit
YoY Purchases	8%	10%
YoY Transactions	5%	10%




RESTAURANTS
December 2023 V 2022

	Credit	Debit
YoY Purchases	8%	8%
YoY Transactions	6%	5%




SERVICES
December 2023 V 2022

	Credit	Debit
YoY Purchases	3%	10%
YoY Transactions	3%	9%




TRANSPORTATION
December 2023 V 2022

	Credit	Debit
YoY Purchases	9%	4%
YoY Transactions	10%	6%



TRAVEL
December 2023 V 2022

	Credit	Debit
YoY Purchases	-1%	-1%
YoY Transactions	-2%	0%



UTILITIES
December 2023 V 2022

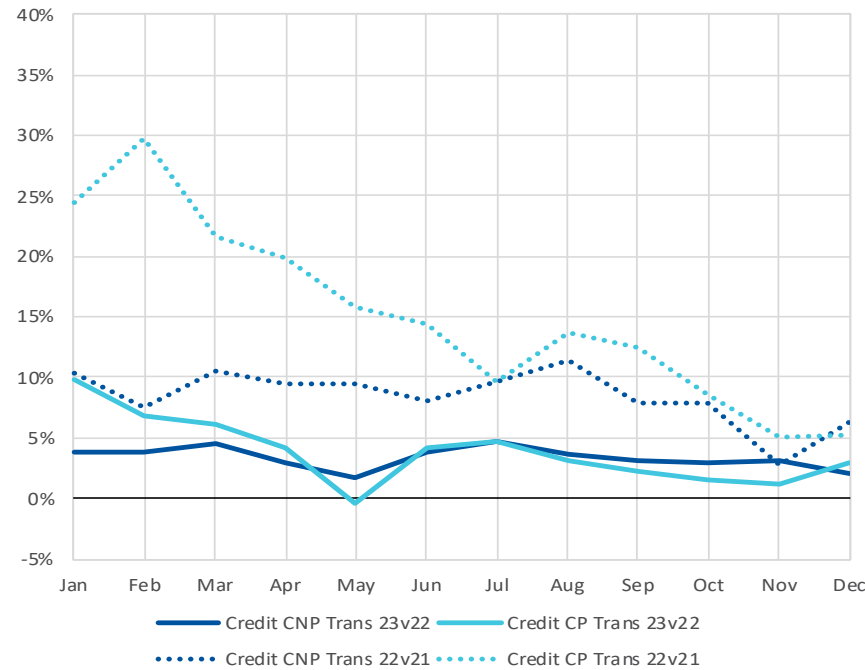
	Credit	Debit
YoY Purchases	-8%	4%
YoY Transactions	-4%	4%

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

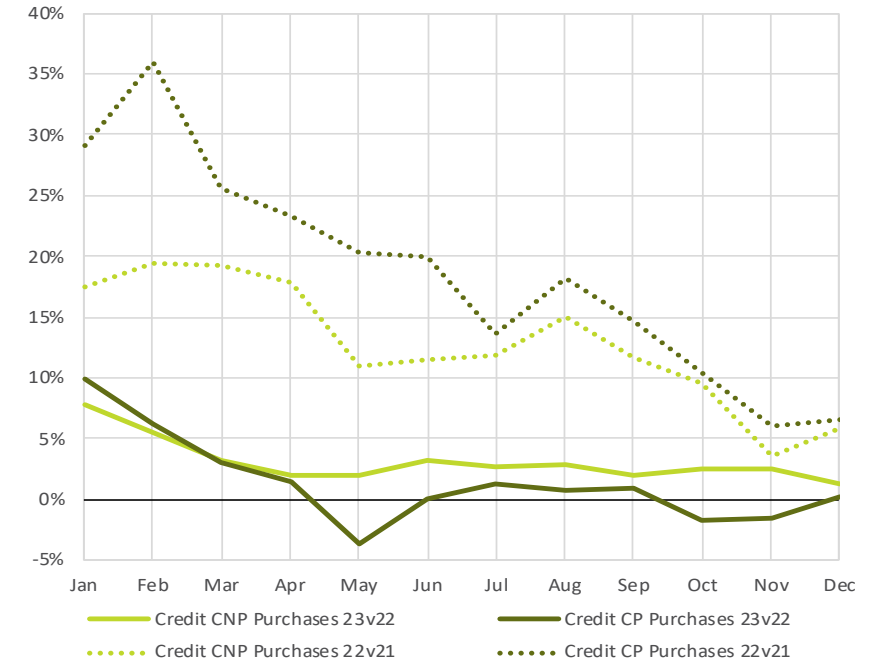
Card Present (CP) transaction and purchase growth rates for both credit and debit experienced an uptick in December 2023, while growth in credit and debit Card Not Present (CNP) transactions and purchases trended downward.

Credit CP transaction growth outpaced CNP transaction growth in December, up 3% year over year versus 2%, respectively. Debit CP transaction growth increased to 3.7% year over year, while CNP growth dipped to 7.6%.

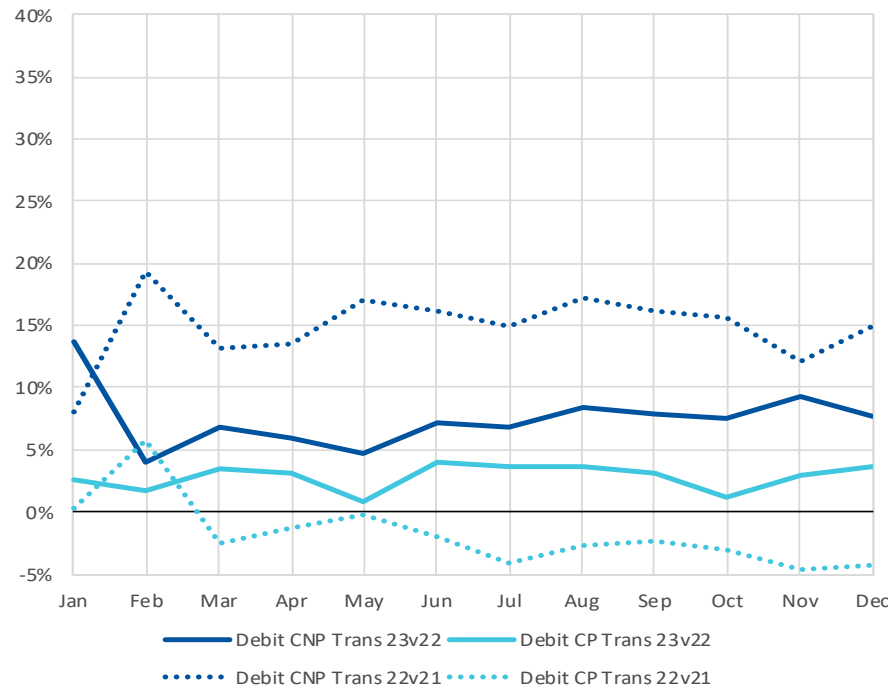
YOY % GROWTH IN CREDIT TRANSACTIONS
December



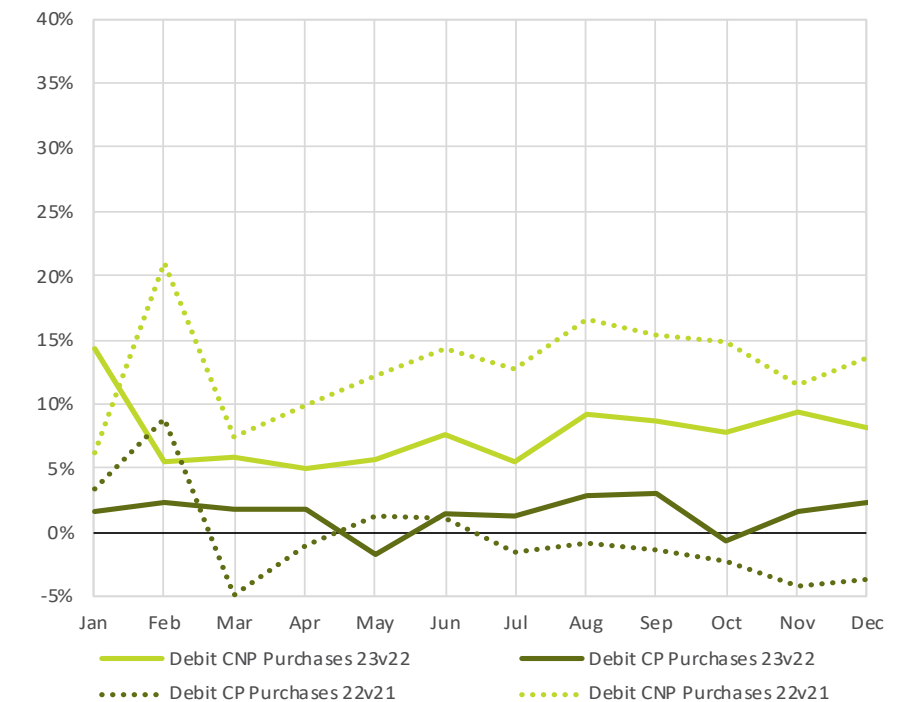
YOY % GROWTH IN CREDIT PURCHASES
December



YOY % GROWTH IN DEBIT TRANSACTIONS
December



YOY % GROWTH IN DEBIT PURCHASES
December

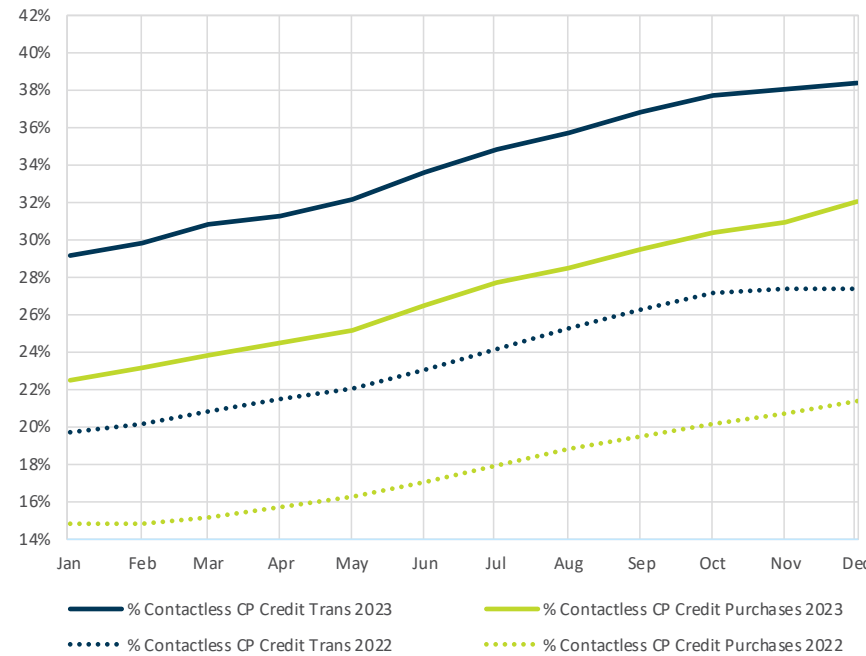


CONTACTLESS TRANSACTIONS

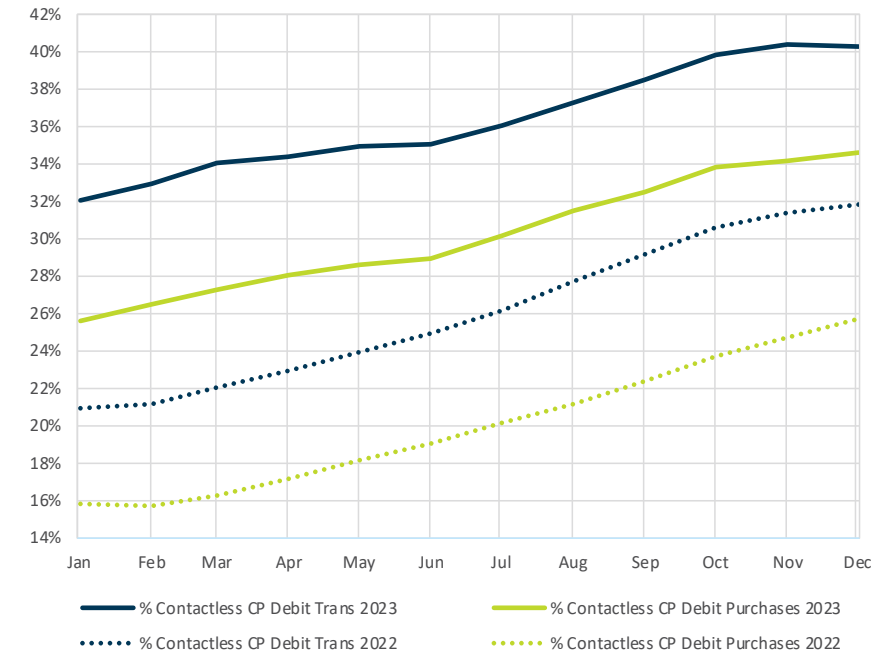
Contactless credit and debit activity as a percentage of Card Present purchases edged up in December 2023, reaching 35% for debit and 32% for credit. Contactless transaction penetration for both credit and debit was unchanged at 38% and 40%, respectively.

The average contactless credit purchase amount surpassed \$50 and was up 4% year over year, while the average for debit contactless purchases reached \$30, an increase of 7% year over year.

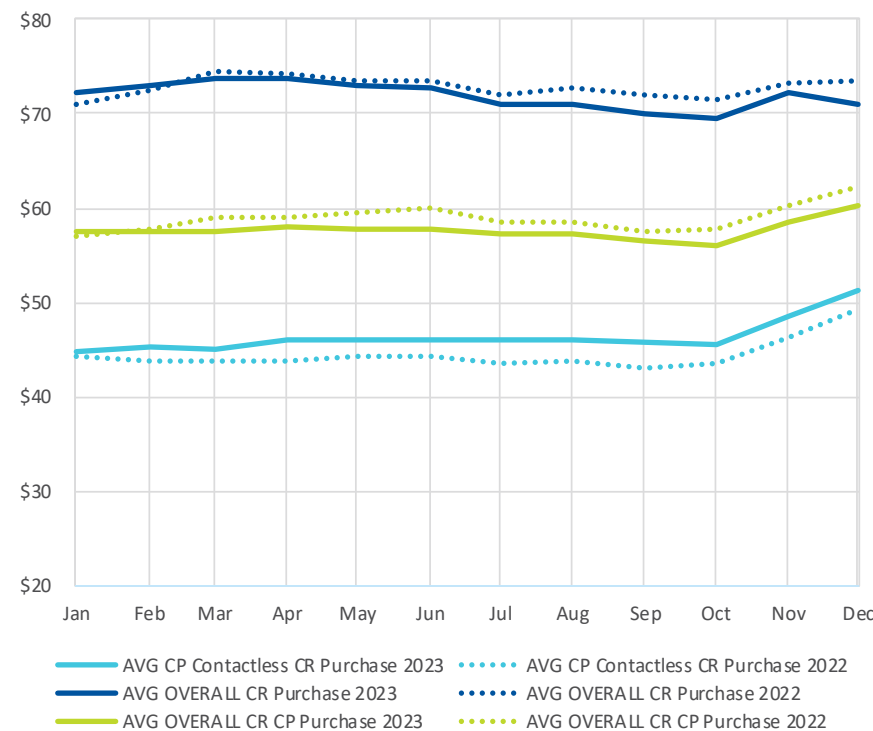
% CONTACTLESS CREDIT ACTIVITY ON CONTACTLESS CARDS December



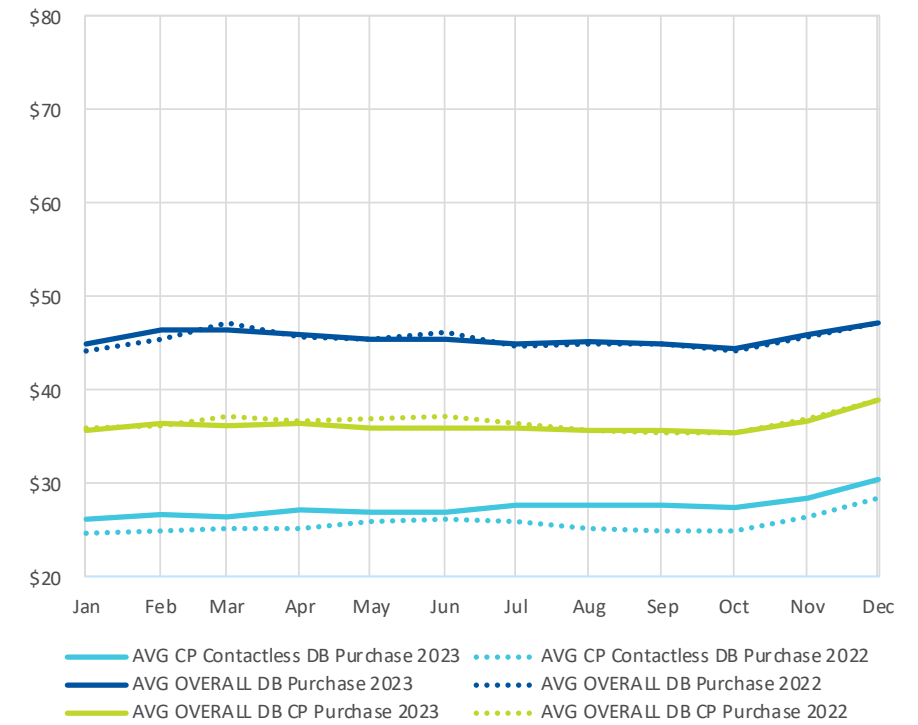
% CONTACTLESS DEBIT ACTIVITY ON CONTACTLESS CARDS December



CONTACTLESS CREDIT AVERAGE PURCHASE December



CONTACTLESS DEBIT AVERAGE PURCHASE December



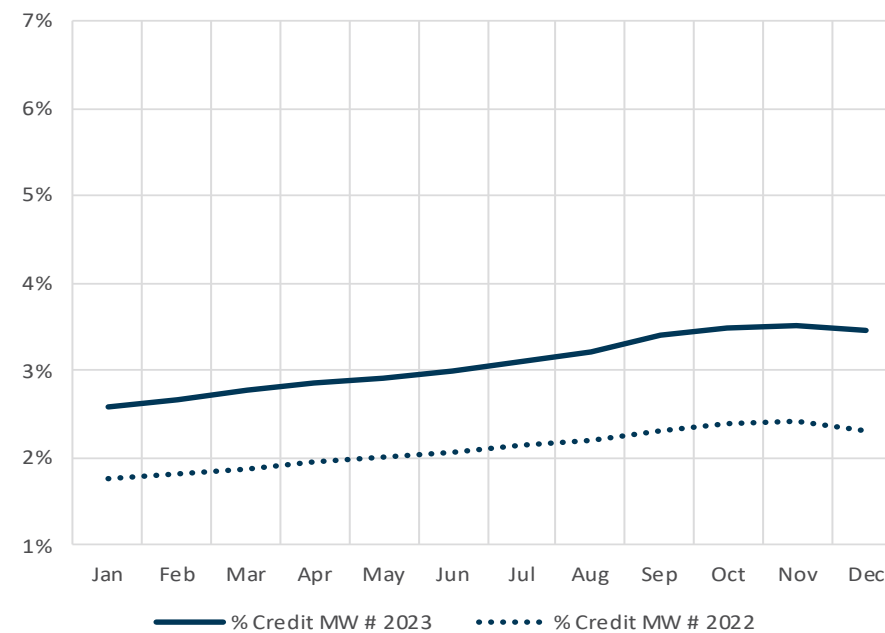
MOBILE WALLETS

Mobile wallet debit and credit transactions expanded in December 2023, largely driven by Card Present (CP) mobile wallet transaction growth. Overall mobile wallet credit transactions increased 53% year over year, with CP mobile wallet credit transactions up 63%. On the debit side, overall mobile wallet transactions were up 55% year over year, while CP mobile wallet debit transaction growth measured 65%.

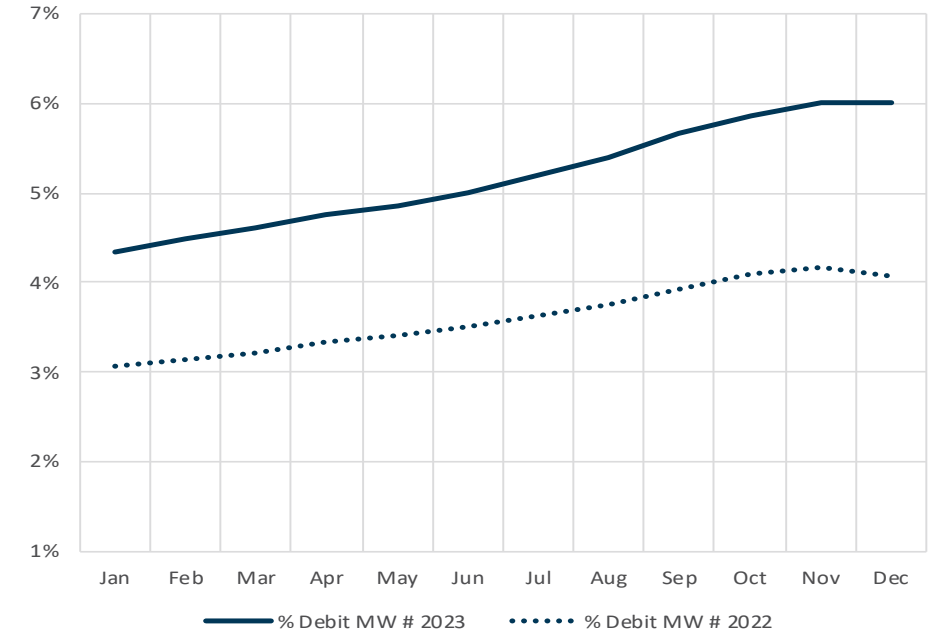
As a percentage of total transactions, mobile wallet transactions comprised 3.5% of credit transactions and 6.0% of debit transactions.

Despite continued growth in mobile wallet activity, PSCU's 2023 Eye on Payments study reported 48% of credit union respondents have never used a mobile wallet. Encouragingly, this has decreased considerably in one year, down from 57% in the 2022 study. Lack of awareness is the main barrier to usage, with 41% not knowing what it is or how to use, followed by 27% believing it is not secure, and 20% feeling it is not convenient. Conversely, mobile wallet users do so because it is convenient (56%), easy to use (57%) and fast (48%).

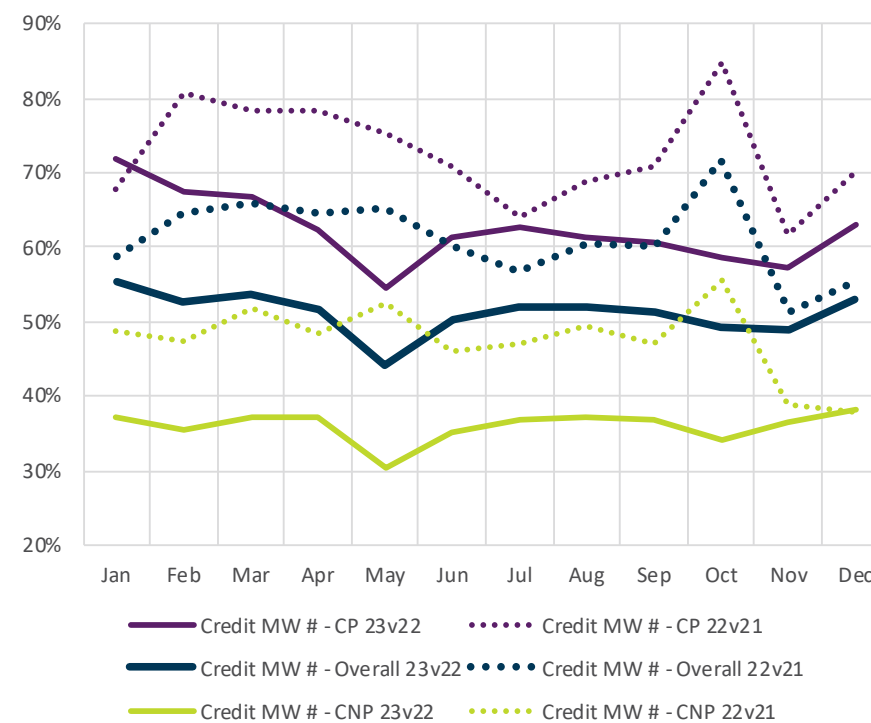
MOBILE WALLET CREDIT TRANSACTIONS AS % OF OVERALL CREDIT TRANSACTIONS
December



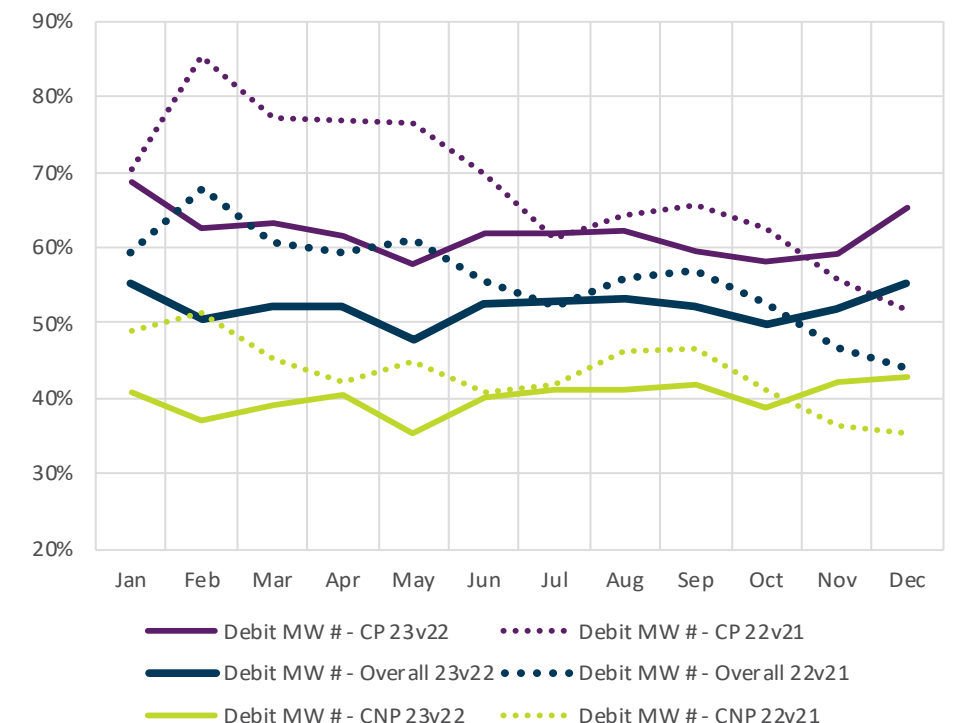
MOBILE WALLET DEBIT TRANSACTIONS AS % OF OVERALL DEBIT TRANSACTIONS
December



YOY % GROWTH IN MOBILE WALLET CREDIT TRANSACTIONS
December



YOY % GROWTH IN MOBILE WALLET DEBIT TRANSACTIONS
December





ABOUT THE PSCU PAYMENTS INDEX

The PSCU Payments Index provides timely insights, trend analysis and thought leadership on consumer payment preferences and behavior. Distributed monthly to financial institutions, the payments market and industry media, the PSCU Payments Index is designed to help credit unions make strategic, data-informed decisions on behalf of their members.

For current-year results, credit unions included in the PSCU Payments Index data set have been processing with PSCU from the start of 2021 through the most current complete month of 2023, enabling an accurate and relevant year-over-year same-store comparison (2023 vs. 2022, 2023 vs. 2021) for purchasing behaviors and data.

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 2.9 billion transactions valued at \$148 billion of credit and debit card activity from January 2023 through December 2023.

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](#).

Note: As we become aware of new or changing market conditions, we may adjust merchant category code characteristics to portray the most accurate view of the consumer payments landscape.

ABOUT PSCU/CO-OP SOLUTIONS

PSCU/Co-op Solutions is the nation’s premier payments credit union service organization (CUSO) and an integrated financial technology solutions provider. With over four decades of industry experience and a commitment to service excellence and innovation, the company serves more than 4,000 financial institutions throughout North America. PSCU/Co-op Solutions leverages its expertise and resources on behalf of credit unions and their members, offering an end-to-end product portfolio that includes payment processing, fraud and risk management, data and analytics, digital banking, instant payments, strategic consulting, collections, ATM and POS networks, shared branching and 24/7/365 member support via its contact centers. For more information, visit [pscu.com](#) and [coop.org](#).