

THE PSCU PAYMENTS INDEX: MARCH 2024

While consumer sentiment indexes showed mixed optimism, actual consumer spending remained steady for February 2024. In the March 2024 edition of the PSCU Payments Index, we revisit a Deep Dive on Gambling on the [heels of record-breaking betting](#) occurring around Super Bowl LVIII on Feb. 11. Additionally, [Goldman Sachs estimates](#) that the growing U.S. sports betting market, which currently drives \$10 billion in spend annually, could reach \$45 billion at maturity.

Following three months of gains, the [Consumer Confidence Index](#) dropped in February to 106.7, down from a revised January result of 110.9 as economic uncertainty persists. The University of Michigan [Consumer Sentiment Index](#) was flat in February, down two index points and holding the gains of the prior three months. Consumers in this survey appear more confident of the continued favorable trajectory of inflation.

February 2024 was another month of strong job growth, with 275,000 new jobs [reported](#) by the U.S. Bureau of Labor Statistics. The overall unemployment rate for February increased to 3.9%, or 6.5 million people. Average hourly earnings increased 0.1% from January, which was much lower than the revised January growth of 0.5%. Job gains trended up in healthcare, government, food services and drinking places, social assistance, and transportation and warehousing.

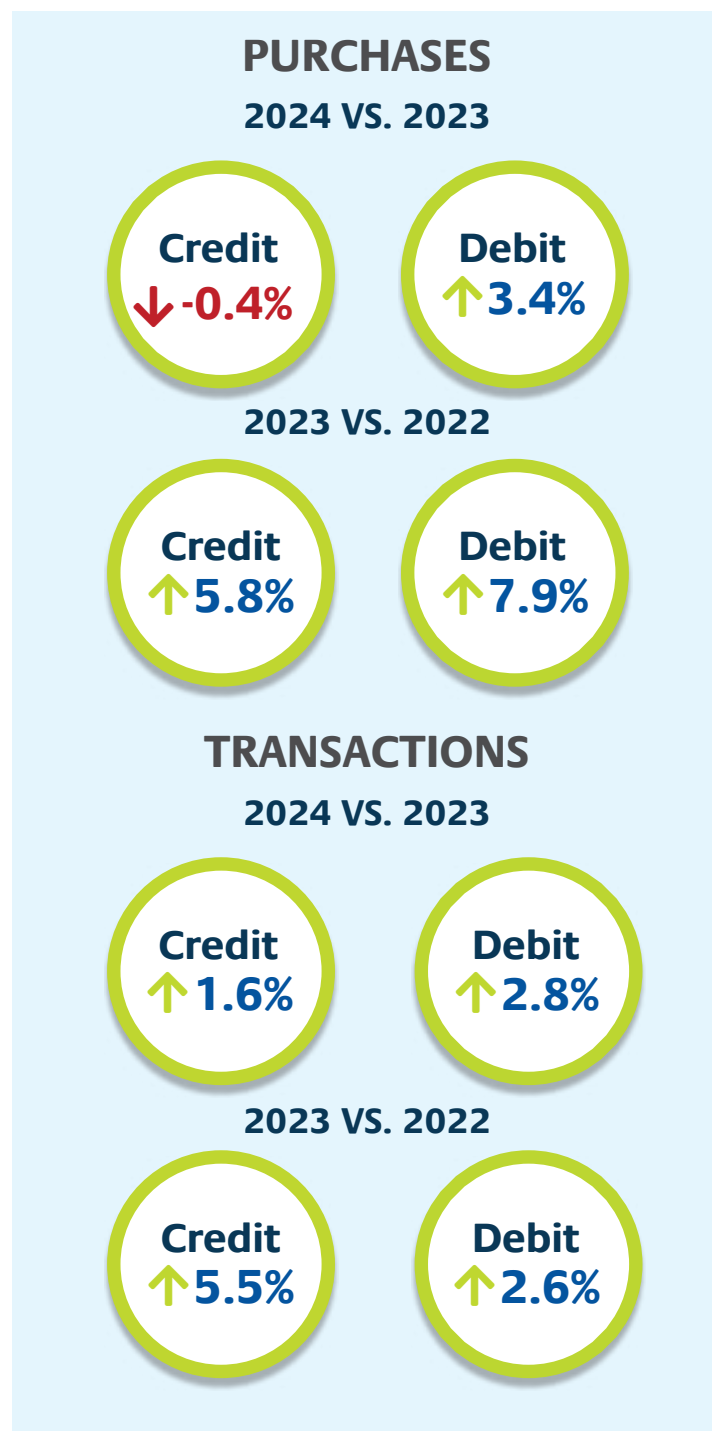
In the Labor Department's March 12 update, the [Consumer Price Index \(CPI\)](#) increased 0.4% in February, bringing the 12-month rate of inflation to 3.2%. Shelter and Gasoline, when combined, contributed to 60% of the increase. Core CPI, which excludes the Food and Energy sectors, rose 3.8% year over year, up 0.4% for each of the past two months.

Federal Reserve Chair Jerome Powell [told lawmakers](#) on March 7 that the central bank was “not far” from the point where interest rates could be cut. The subsequent [slightly higher than expected inflation](#) and strong jobs report will further fuel the “wait and see” approach for any rate reduction. While it appears with additional certainty that inflation is heading toward its target rate of 2%, an interest rate cut is not on the table for the next Federal Open Market Committee (FOMC) meeting on March 19-20.

We hope that the insights from the PSCU Payments Index help our financial institutions make informed decisions in 2024. Please note that when our credit union populations are reviewed and updated each year for this publication, some metrics may have a nominal change from previously posted results.

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 FEBRUARY 2024



- Including Feb. 29 (“leap day”), debit purchase growth was 7.1% for February, continuing to outpace growth in credit purchases, which were up 3.6%. For transactions, debit grew 6.8% and credit grew 5.5% year over year.
- On a normalized basis (omitting leap day) debit purchases were up 2.7% and credit purchases were down 0.4%. Debit transactions were up 2.8% and credit transactions were up 1.6%. This normalized view provides cleaner insight into consumer behavior, which is generally steady from the previous month. **All comparisons in this edition are based on normalized February 2024 results, unless specifically noted.**
- The Consumer Price Index (CPI-U) increased 0.4% in February, while the 12-month rate of inflation was 3.2%. Shelter and Gasoline contributed 60% of the increase. Excluding the volatile Energy and Food sectors, the core CPI index increased 0.4% from January, putting the 12-month Core CPI index at 3.8%.
- Gambling, fueled by further expansion of Government Licensed Internet Gambling to a total of 38 states, posted strong results in February. Debit purchases were up 39%, while credit purchases were up 11%. The top three merchants (FanDuel, DraftKings and BetMGM) represented over 70% share of purchases in this single category that peaked in February, with Super Bowl LVIII occurring in Las Vegas on Feb. 11.

Overall spending remained steady throughout February, despite a slight dip in consumer sentiment. In this month’s Deep Dive, we revisit online gambling transactions within the Entertainment sector. As even more states have legalized online gambling over the past few years, sports betting activity has become more mainstream through merchants such as FanDuel, DraftKings and BetMGM. While online gambling was once viewed negatively, it now represents a growth segment opportunity, particularly among younger demographics. This growth presents an opportunity to keep internal staff informed about this evolving transaction trend, as well as provide members with financial wellness education.



— **Karen Postma, Senior Vice President, Risk Solutions, PSCU/Co-op Solutions**

DEEP DIVE: GAMBLING



It's been two years since our [initial deep dive into Gambling](#), a subset of the Entertainment sector as reported within the PSCU Payments Index. While Gambling remains a very small portion of overall activity, growth has been substantial in this category. For February 2024, all gambling-related purchases on debit cards represented only 0.8% of overall debit card purchases, while all gambling-related purchases on credit cards represented only 0.2% of overall credit card purchases.

Once illegal in the U.S., legal online gambling continues to grow as additional states adopt legislative measures to allow it within their borders. Since March 2022, the number of states that permit online gambling has increased from 30 to 38, as [reported by the American Gaming Association](#), with Florida, Kansas, Kentucky, Maine, Massachusetts, Nebraska, Ohio and Vermont joining the group. Currently, an additional six states are considering adoption. While this expansion across markets has been a key driver of growth, it is important to note that the merchant is responsible for determining if the cardholder is in a state where the transaction is permitted, based on geolocation.

GROWTH BY GAMBLING MERCHANT CATEGORY – FEBRUARY 2024



Gov't Owned Lotteries (7800)

February 2023 V 2022

	Credit	Debit
YoY Purchases	-8%	19%
YoY Transactions	4%	22%



Gov't Licensed Internet Gambling (7801)

February 2023 V 2022

	Credit	Debit
YoY Purchases	9%	45%
YoY Transactions	18%	56%



Gov't Licensed Horse/Dog Racing Gambling and Betting (7802)

February 2023 V 2022

	Credit	Debit
YoY Purchases	11%	-2%
YoY Transactions	10%	6%



Gambling Betting (7995)

February 2023 V 2022

	Credit	Debit
YoY Purchases	120%	36%
YoY Transactions	58%	19%

For February, which includes [Super Bowl LVIII held in Las Vegas](#) on Feb. 11, debit purchases were up 44% and credit purchases were up 14% compared to 2023 within the combined group of gambling-related merchant category codes (MCCs). In our compilation, Gambling spans four merchant categories, of which the majority of transactions and purchases fall in the Government Licensed Internet Gambling category. In February 2024, this single category represented 80% of all Gambling debit purchases and 79% of all Gambling credit purchases. For debit, purchases were up 50% and transactions were up 62% year over year. For credit, purchases were up 13% and transactions were up 22%. Based on debit purchases, FanDuel had the greatest market share at 42%, followed by DraftKings at 26% and BetMGM at 10%. Of the remaining merchants in this category, the next largest merchant had a 3% share or less.

OVERALL GAMBLING

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2024 v 2023	14%	11%	45%	39%
2023 v 2022	38%	15%	50%	39%

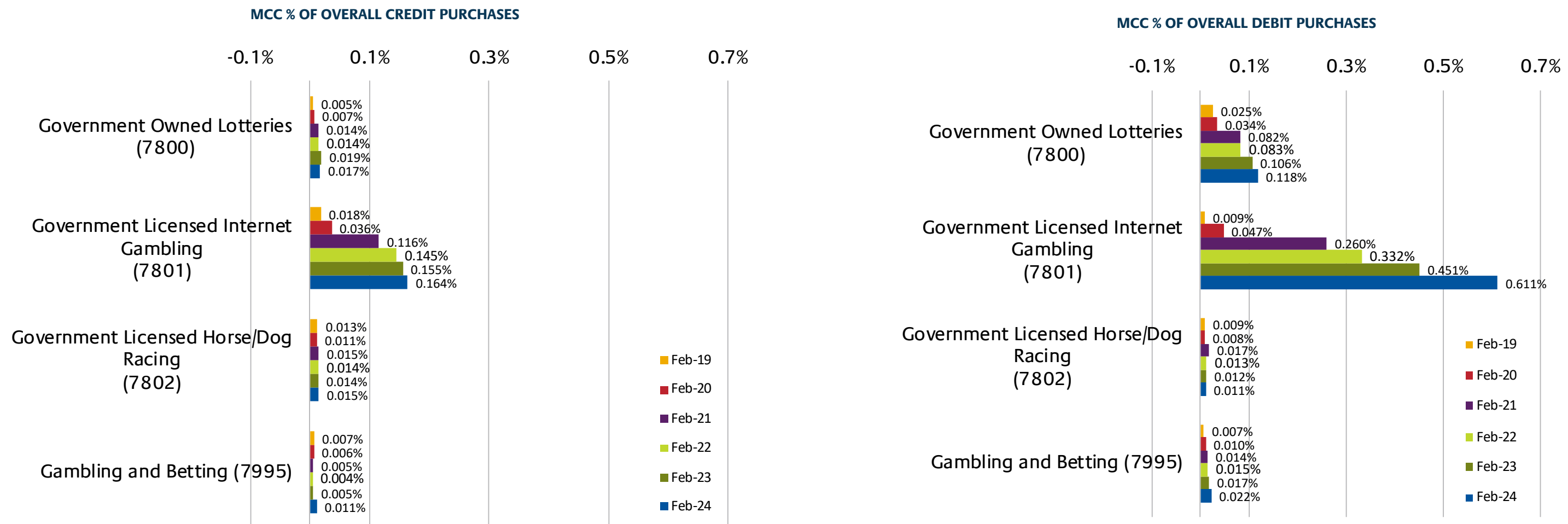
AVERAGE PURCHASE AMOUNT – FEBRUARY 2024

Gambling Merchant Category Code (MCC)	Average Purchase		% Change vs Feb 2023	
	Credit	Debit	Credit	Debit
Government Owned Lotteries (7800)	\$34.38	\$29.15	-11.2%	-2.6%
Government Licensed Internet Gambling (7801)	\$126.24	\$50.63	-7.7%	-7.0%
Government Licensed Horse/Dog Racing (7802)	\$122.20	\$62.07	1.1%	-7.8%
Gambling and Betting (7995)	\$282.91	\$286.83	38.6%	14.4%
Total Gambling	\$106.12	\$46.50	-3.2%	-4.1%

In addition to the growth in purchases and transactions, the number of individual debit card accounts used for gambling-related activity shows how the audience has grown. For February, the number of debit card accounts for the Government Licensed Internet Gambling MCC was up 50% compared to 2023. For Gambling overall by age groups, the younger the segment, the greater the growth in the number of accounts used for a gambling-related transaction. Gen Z had the largest increase in debit card accounts used, up 65%, while the Baby Boomer+ generation had the lowest growth in debit card accounts used at 24%.

With the growth in this category, transactions are growing faster than growth in purchases – resulting in a reduction in the average purchase. For February, the average purchase for a debit Gambling transaction was \$46.50, down 4.1% year over year, while the average purchase for a credit Gambling transaction was \$106.12, down 3.2%.

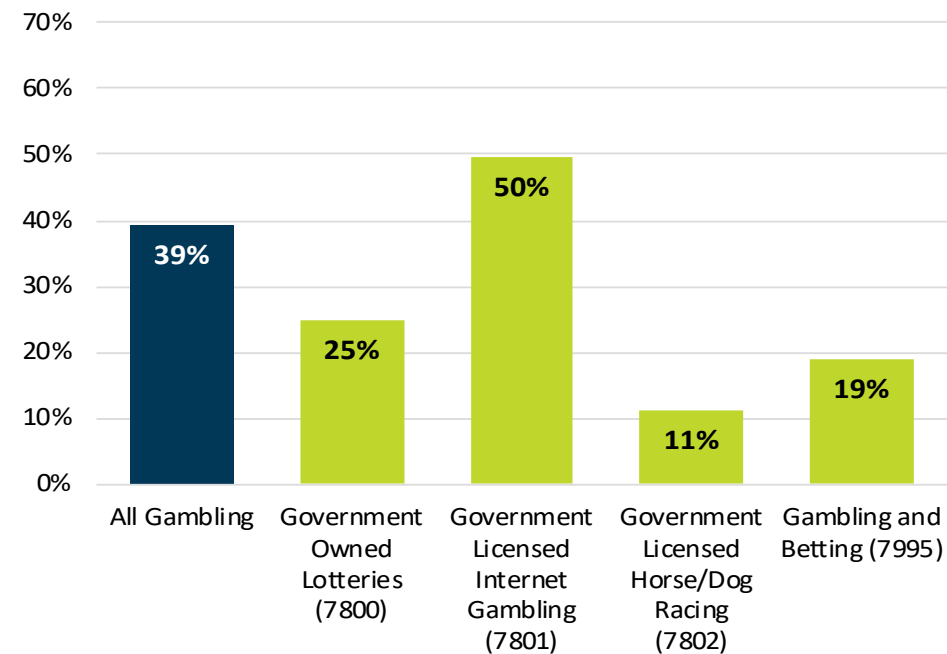
GAMBLING PURCHASES AS A PERCENTAGE OF OVERALL MONTHLY PURCHASES



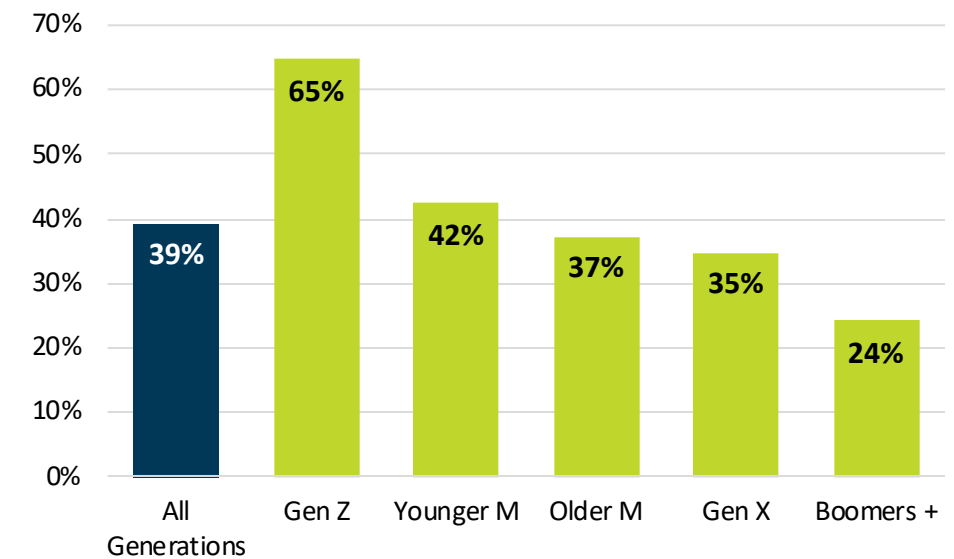
It is critical to note that the Gambling and Betting MCC (7995) – which includes Lottery Tickets, Casino Gaming Chips, Off-Track Betting and Wagers at Race Tracks – still exists, as do the rules for monitoring and blocking illegal gambling transactions related to [Regulation GG](#) and the Unlawful Internet Gambling Enforcement Act (UIGEA). For this MCC, the acquirer must register all high brand risk merchants with the associations, as merchants are unable to distinguish a betting transaction from other transactions, and the realized activity is mainly card present. In February 2024, debit purchases in MCC 7995 represented 0.02% of overall debit purchases. For credit purchases, MCC 7995 represented 0.01% of overall credit purchases.

YEAR-OVER-YEAR GROWTH IN DEBIT ACCOUNTS USED FOR GAMBLING TRANSACTIONS – FEBRUARY 2024

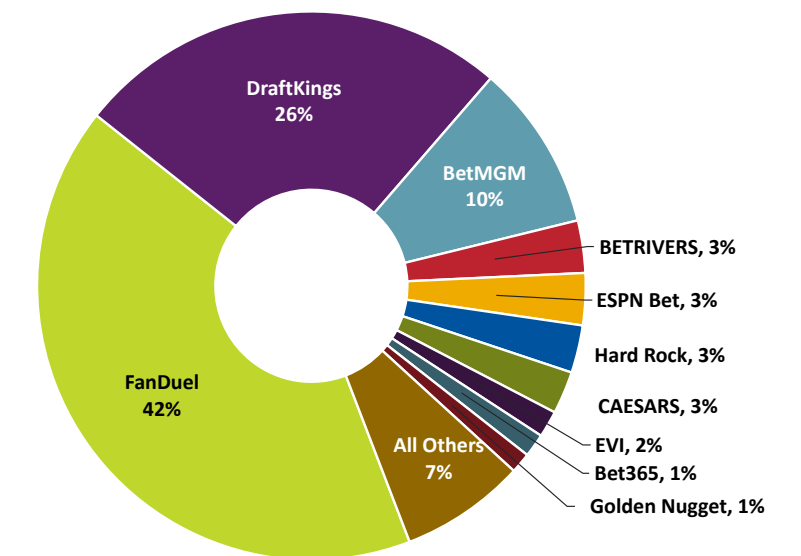
GROWTH IN DEBIT ACCOUNTS USED FOR GAMBLING PURCHASES



GROWTH IN DEBIT ACCOUNTS USED FOR GAMBLING PURCHASES BY GENERATION



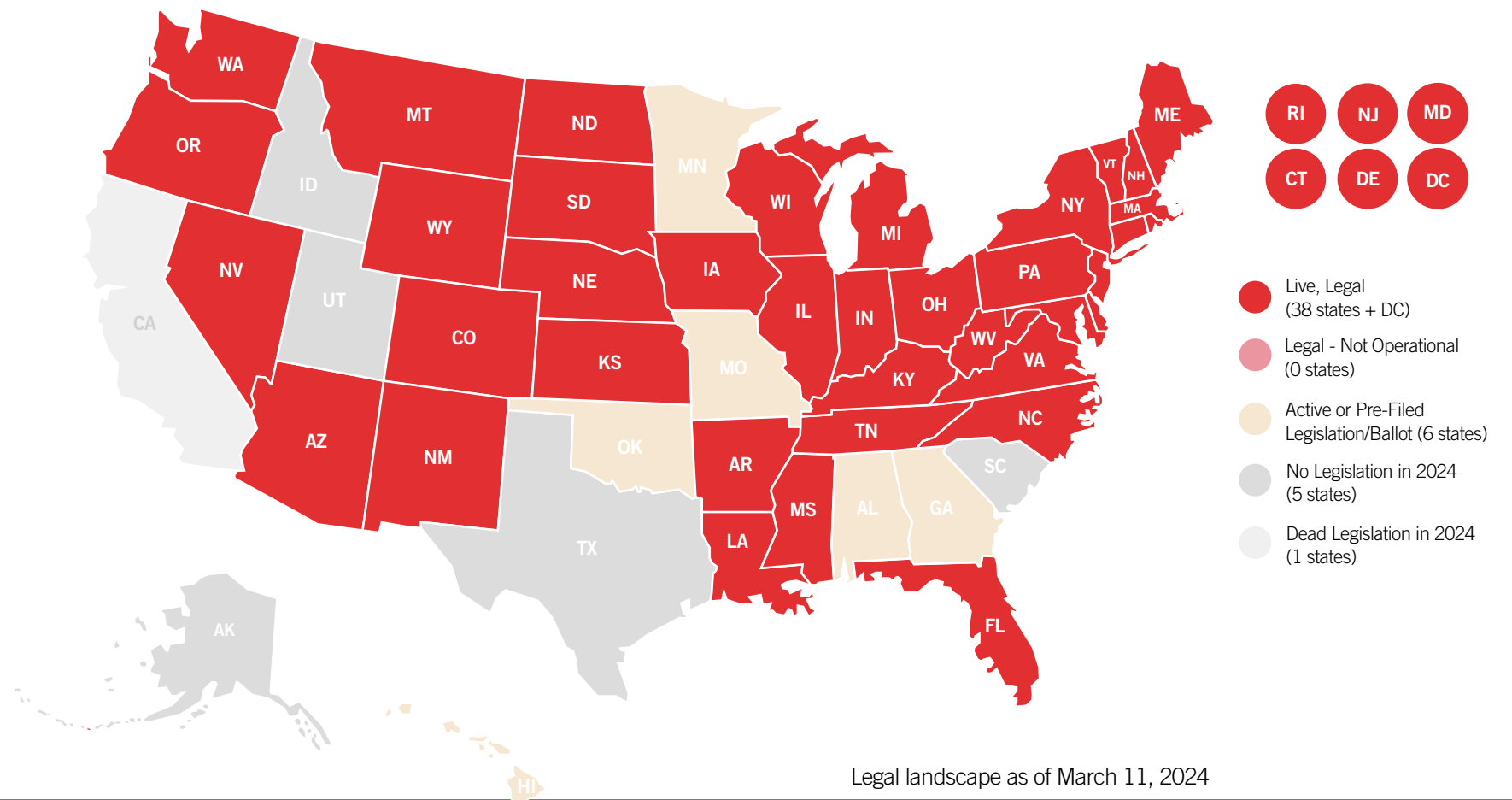
PAYMENT SHARE OF DEBIT PURCHASES FOR GOVERNMENT LICENSED INTERNET GAMBLING – FEBRUARY 2024



What should credit unions do now?

Historically, internet gambling was not facilitated via debit or credit cards until 2018. However, changes in regulations and state-by-state adoption now place debit cards, in particular, as a key payment preference. Credit unions should review their policies related to gambling, as there are opportunities to take advantage of this fast-growing market. This includes education on how the infrastructure of controls and fraud rules work. Additionally, credit unions are encouraged to investigate fraud cases in these categories, as a substantial portion of these cases have turned out to be first-party fraud.

U.S. Legal Sports Betting

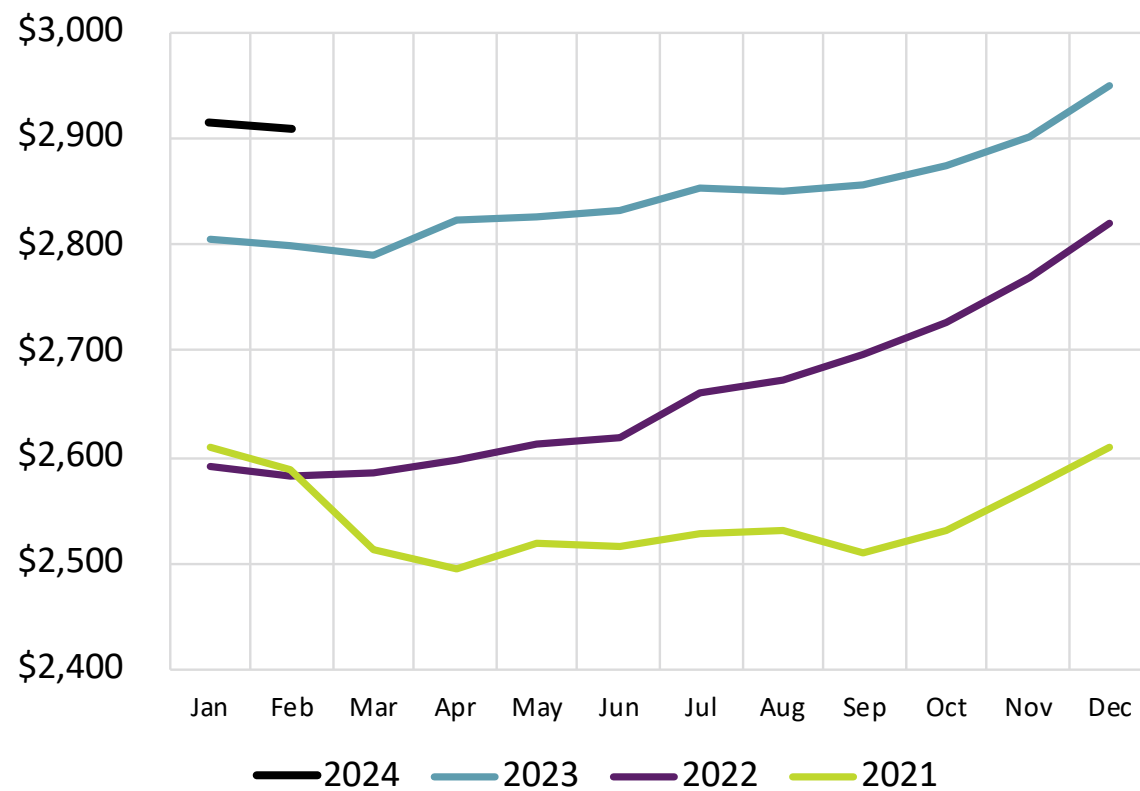


[Click here](#) for an interactive state level sports betting map from American Gaming.

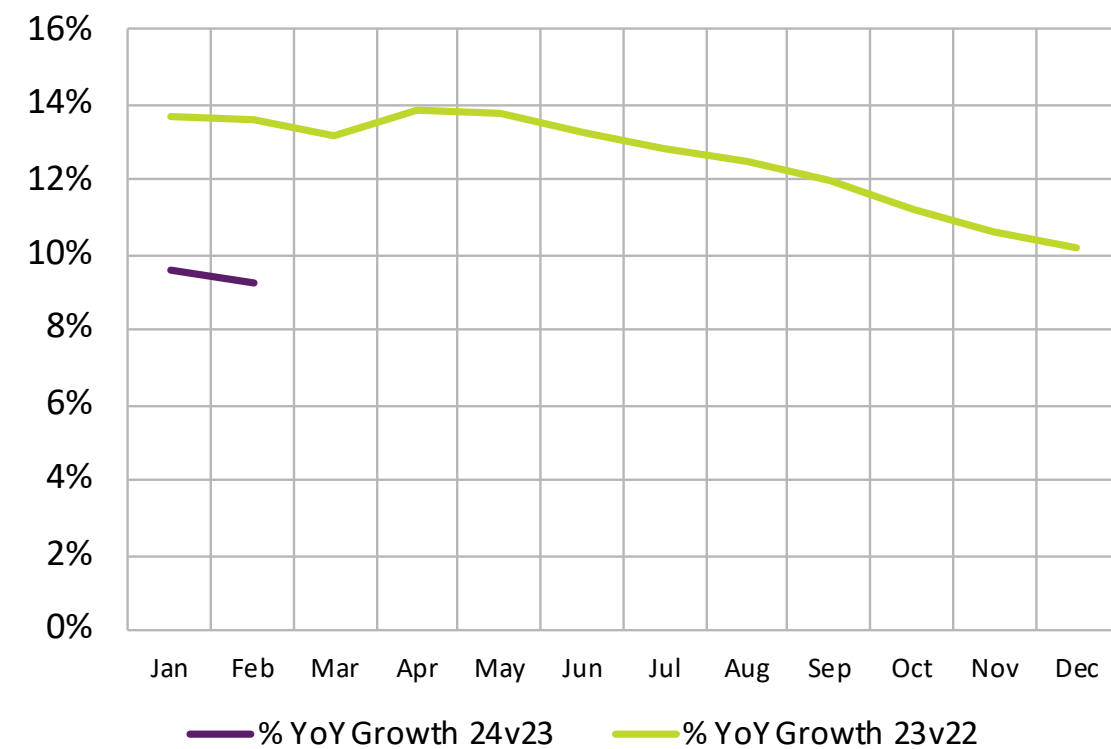
CREDIT CARD BALANCES

Total credit card balances were up 9.2% year over year for February 2024. Average credit card account balances measured \$2,909, down \$16 from the January 2024 average. Compared to February 2023, the average balance increased \$110 or 4%.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT



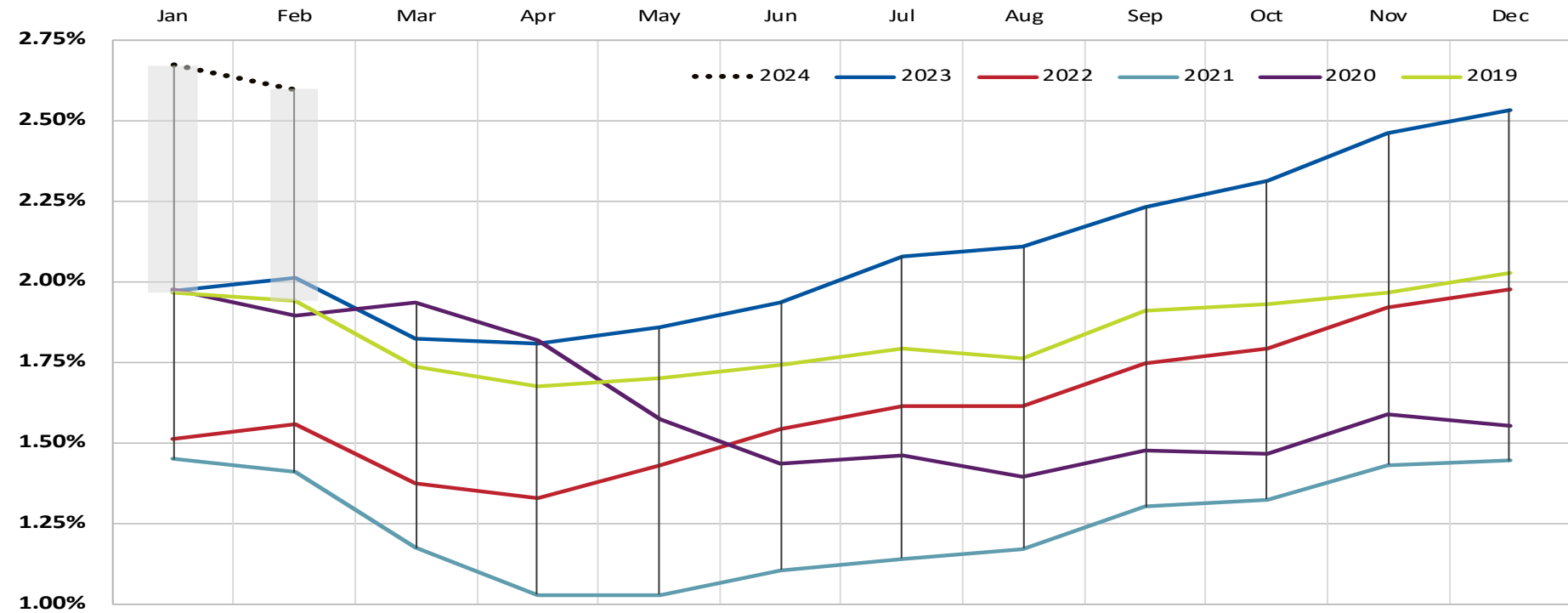
PERCENTAGE CHANGE IN TOTAL CREDIT CARD BALANCES



CREDIT CARD DELINQUENCIES

Delinquencies, which typically start the year at a seasonal low point, have remained elevated from the end of 2023. The credit card delinquency rate dipped in February 2024 to 2.60%, down 7 basis points, or 3%, from the previous month's measure of 2.67%. Compared to one year ago, the percentage of balances delinquent increased 59 basis points, or 29%, up from 2.01%.

OVERALL CREDIT CARD DELINQUENCY RATE
February 2024



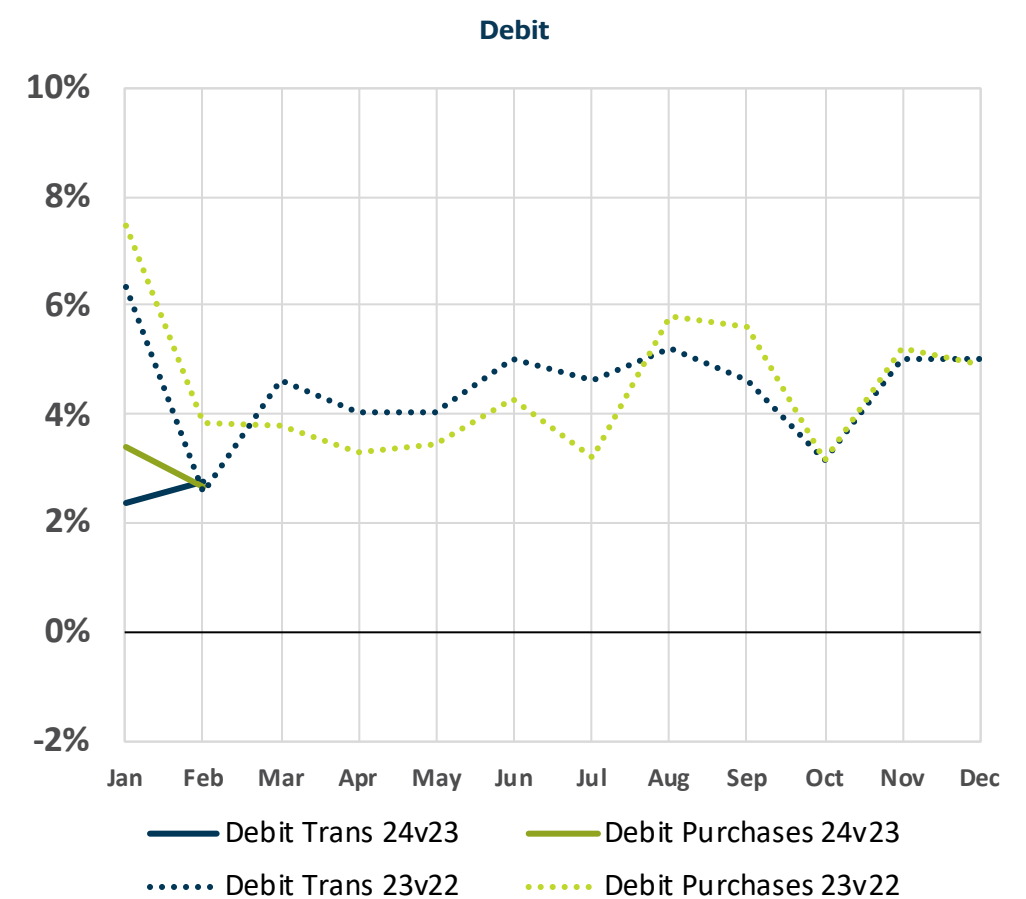
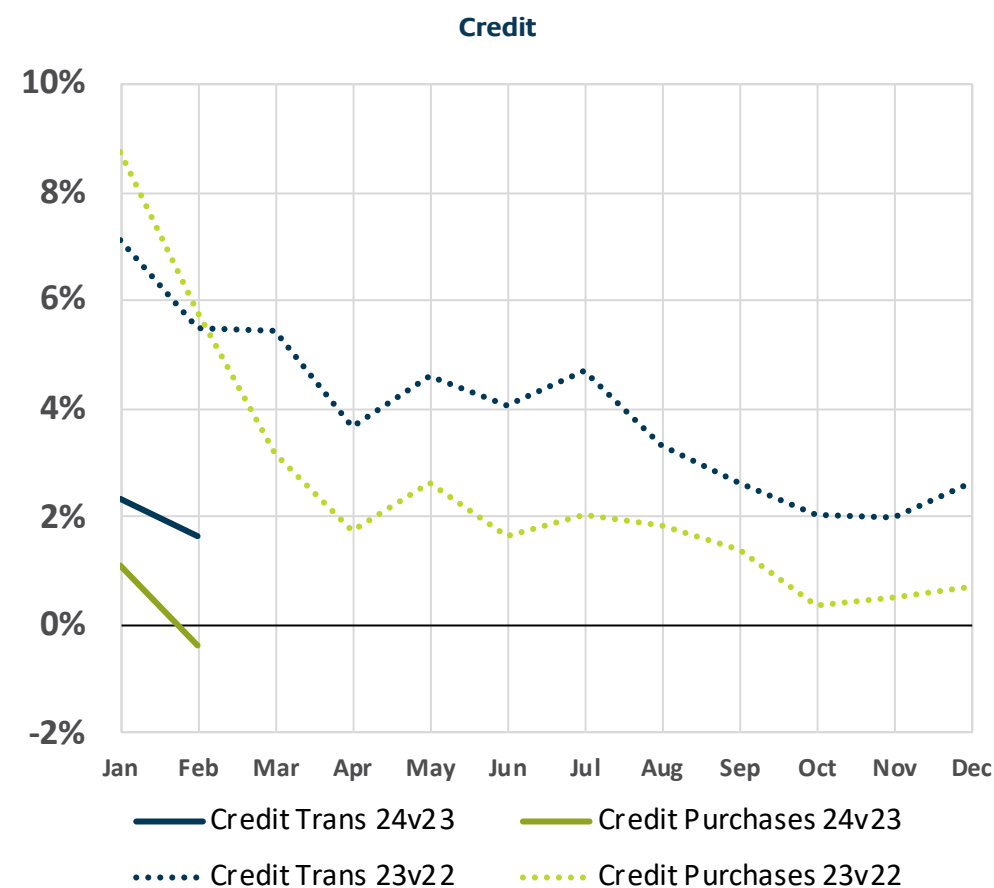
CREDIT AND DEBIT CARDS

To better understand payment behavior – and remove the significant impacts of an extra day of volume – the comments below are based on our normalized data for 28 days of February.

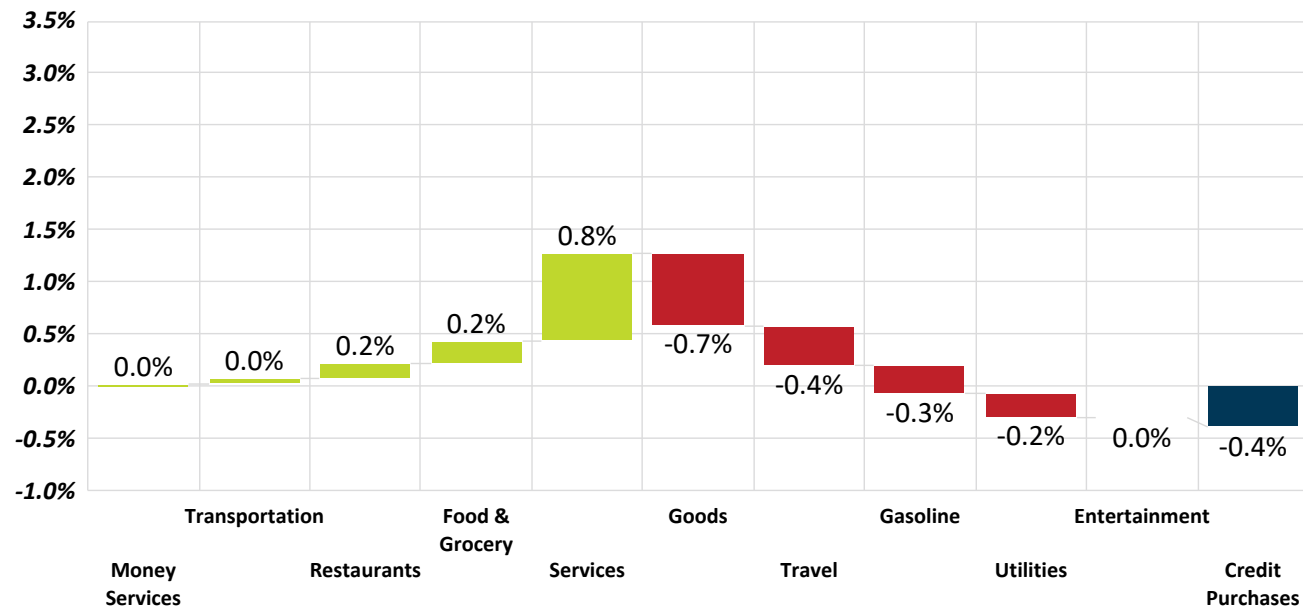
Credit and debit card purchase growth rates fell in February 2024 relative to the previous month's measures. In looking at normalized February 2024 results, compared to the same period one year ago, growth in credit purchases was down 0.4% year over year while debit purchases grew 2.7% year over year. Transaction growth rates were up 1.6% year over year for credit and 2.8% for debit.

The Services sector persisted as the main driver of purchase growth for the sixth month in a row, contributing 0.8% growth for credit and 1.1% for debit. The Money Services sector was also a key driver of debit purchase growth, accounting for 1.0%. Lead contributors for transaction growth included Food & Grocery and Restaurants for credit, collectively contributing 1%, while the Goods and Food & Grocery sectors led debit transaction growth, together accounting for 1.2% of growth. Purchase growth was more negatively impacted than transaction growth, with the Goods sector having the largest impact on credit purchase growth and the Gasoline sector for debit.

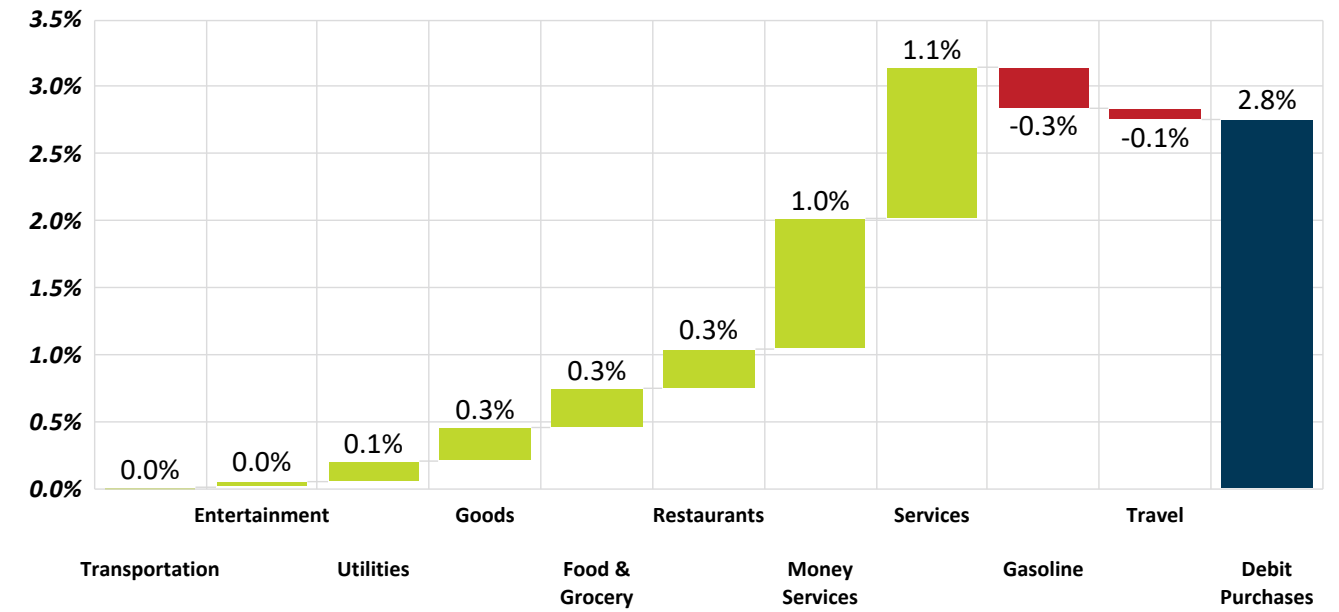
	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2024 v 2023	1.6%	-0.4%	2.8%	2.7%
2024 v 2023 includes Feb 29	5.5%	3.6%	6.8%	7.1%
2023 v 2022	5.5%	5.8%	2.6%	3.9%



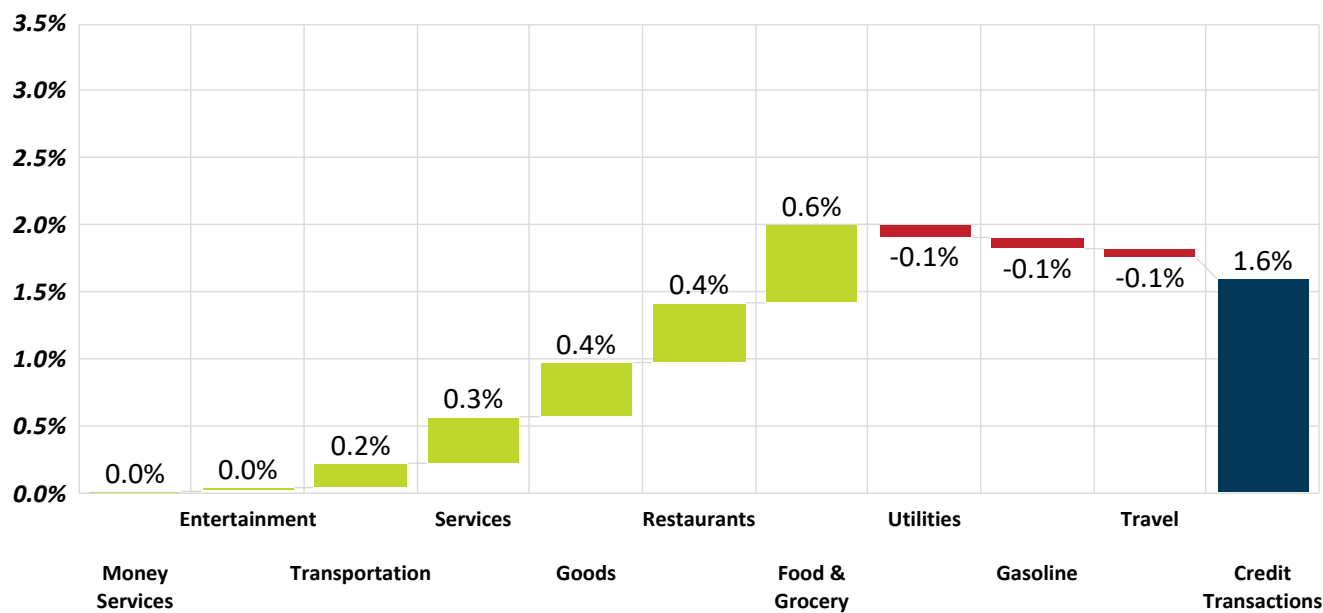
SECTOR CONTRIBUTIONS TO GROWTH IN CREDIT PURCHASES: FEBRUARY



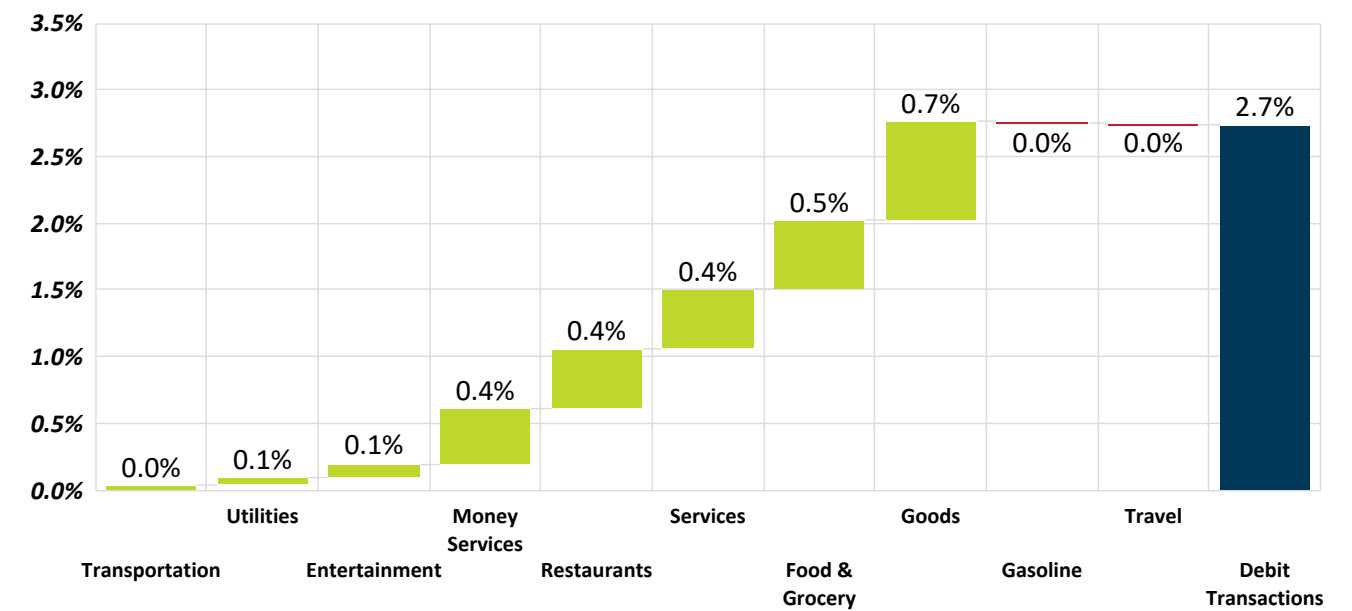
SECTOR CONTRIBUTIONS TO GROWTH IN DEBIT PURCHASES: FEBRUARY



SECTOR CONTRIBUTIONS TO GROWTH IN CREDIT TRANSACTIONS: FEBRUARY




SECTOR CONTRIBUTIONS TO GROWTH IN DEBIT TRANSACTIONS: FEBRUARY



■ Increase ■ Decrease ■ Total


SECTORS/MERCHANT CATEGORIES

For February 2024, the sectors with the highest year-over-year growth for credit purchases and transactions were Transportation and Services. For debit purchases and transactions, the top performing sectors consisted of Money Services and Services. The merchant types driving growth within these sectors include Taxicabs & Limousines, and Tolls, Bridge & Road Fees within Transportation; Insurance Sales, Underwriting & Premiums, and Medical Services & Health Practitioners within Services; and Non-Financial Institution Money Transfers (P2P) within Money Services. The sectors with negative purchase growth for both credit and debit included Travel and Gasoline. The national average price per gallon of gasoline finished at [\\$3.38](#) for the week ending March 11, down 2.3% or \$0.08 year over year.




ENTERTAINMENT
February 2024 V 2023

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




FOOD & GROCERIES
February 2024 V 2023

	Credit	Debit
YoY Purchases	2%	3%
YoY Transactions	4%	3%




GASOLINE
February 2024 V 2023

	Credit	Debit
YoY Purchases	-5%	-4%
YoY Transactions	-1%	0%




GOODS
February 2024 V 2023

	Credit	Debit
YoY Purchases	-2%	1%
YoY Transactions	1%	3%




MONEY SERVICES
February 2024 V 2023

	Credit	Debit
YoY Purchases	2%	8%
YoY Transactions	2%	9%




RESTAURANTS
February 2024 V 2023

	Credit	Debit
YoY Purchases	2%	3%
YoY Transactions	2%	2%




SERVICES
February 2024 V 2023

	Credit	Debit
YoY Purchases	4%	8%
YoY Transactions	3%	7%




TRANSPORTATION
February 2024 V 2023

	Credit	Debit
YoY Purchases	7%	2%
YoY Transactions	9%	3%



TRAVEL
February 2024 V 2023

	Credit	Debit
YoY Purchases	-4%	-4%
YoY Transactions	-4%	-2%



UTILITIES
February 2024 V 2023

	Credit	Debit
YoY Purchases	-7%	3%
YoY Transactions	-2%	3%



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 2022 through the most current complete month of 2024, enabling an accurate and relevant year-over-year same-store comparison (2024 vs. 2023, 2023 vs. 2022) for purchasing behaviors and data. When the credit union populations are reviewed and updated each year, some metrics may have a nominal change from previously posted results.

For the “same-store” population of credit unions over the past rolling 12-month period, the March edition of the Payments Index represents a total of 3.0 billion transactions valued at \$153 billion of credit and debit card activity from March 2023 through February 2024.

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](#).