

THE PAYMENTS INDEX: APRIL 2024

Welcome to the three-year anniversary edition of the Payments Index! Following the success of our weekly Transaction Insights during the first year of the COVID-19 pandemic, our first monthly edition of the Payments Index was published in April 2021. Since that time, the Payments Index has continued to grow and evolve into a key resource for our credit unions and our industry. Thank you to all of our subscribers and readers!

As we continue to integrate PSCU/Co-op Solutions, we are combining our monthly payment trends analysis into a single monthly publication for our credit unions starting this month. To provide our credit unions with a consolidated report and an optimal experience, we will incorporate content from Co-op Solutions' monthly Payment Trends report into the Payments Index, which will continue to be published monthly.

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

To subscribe to the Payments Index and receive updates when the report is published every month, click [here](#).

Consumer spending, mainly with debit cards over credit cards, remained steady for March 2024 amidst other strong economic indicators that may dampen near-term Fed rate cuts. In the April 2024 edition of the Payments Index, we also revisit a Deep Dive into Digital Payments.

The [Consumer Confidence Index](#) was mainly unchanged in March, at 104.7, from a downwardly revised February result (104.8). The University of Michigan [Index of Consumer Sentiment](#) increased 2.5 points to 79.4 for March, which marked a 3.3% month-over-month increase. Both surveys showed positive consumer sentiment about the current economic conditions.

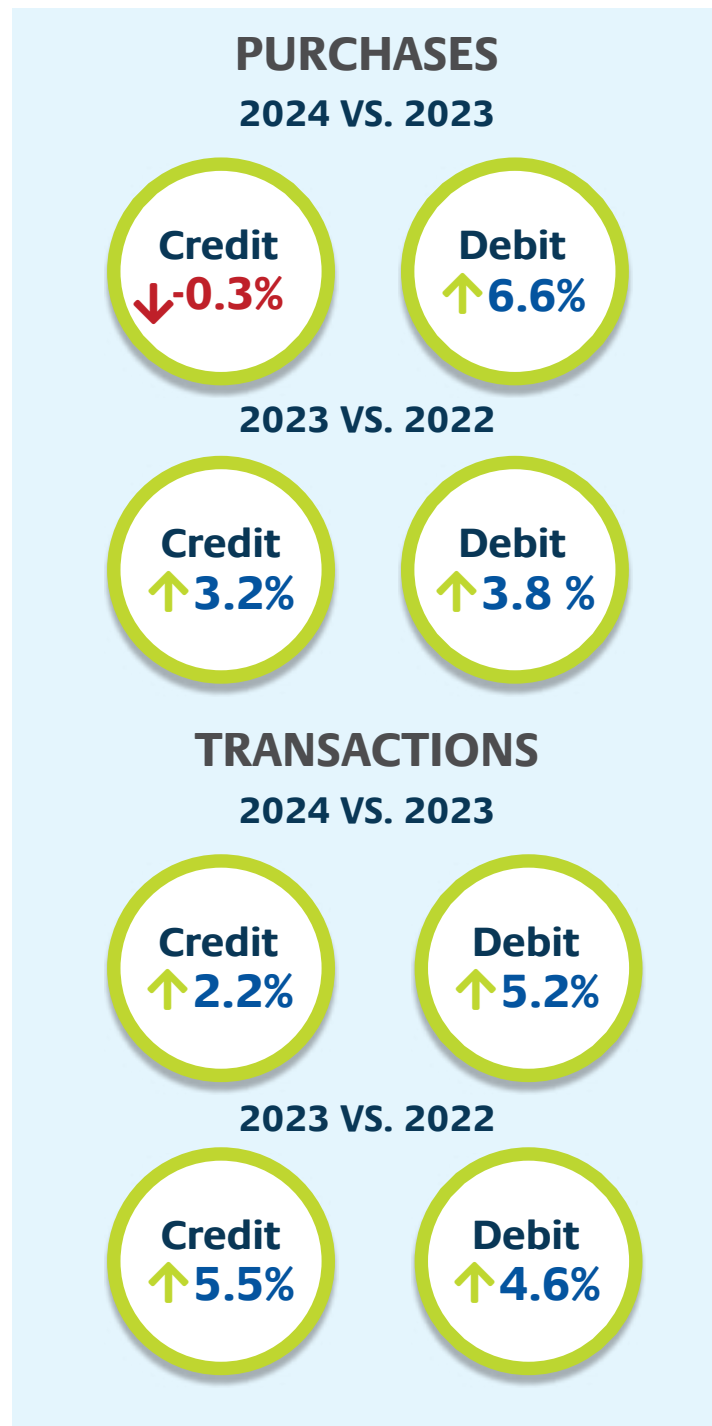
Job growth remained brisk in March, with 303,000 jobs created – well above the expected 200,000. The U.S. Bureau of Labor Statistics [reported](#) the overall unemployment rate for March dropped slightly to 3.8%, or 6.4 million people. Job gains trended up in healthcare, government, and construction.

In the Labor Department's April 10 update, the [Consumer Price Index \(CPI\)](#) increased 0.4% in March, bringing the 12-month rate of inflation to 3.5%. For the past two months, the increase has been 0.4% with Shelter and Gasoline contributing to more than half of the increase when combined. Core CPI, which excludes the Food and Energy sectors, is up 0.4% for each of the past three months and rose 3.8% year over year.

With March inflation higher than expected and the strong jobs report, there are now increasing [doubts about the potential for an interest rate](#) cut in the June timeframe. This after Federal Reserve officials were [anticipating slowing inflation](#) this year coming out of their March meeting. The next Federal Open Market Committee (FOMC) meetings conclude on May 1 and June 12.

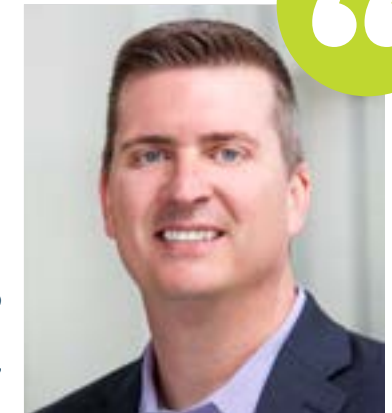
With the upcoming presidential election, there will be additional scrutiny on economic perceptions and actions as approach election day on Nov. 5. As an example, while there is normal seasonal growth in average gasoline prices, the year-to-date increase for 2024 was higher (14%) compared to the same year-to-date increase for 2023 (8%). Separately, the White House is proposing new legislation to reduce or eliminate student loan debt for an estimated 30 million Americans. We will continue to monitor these trends – and their impact on consumers – throughout the year.

OVERALL PERFORMANCE – KEY TAKEAWAYS FOR MARCH 2024



- For March, growth rates for debit activity continued to remain stronger than growth in credit activity. Debit purchases were up 6.6%, while credit purchases were down 0.3%. Debit transactions were up 5.8% and credit transactions were up 2.2% year over year.
- The Consumer Price Index (CPI-U) increased 0.4% in March, while the 12-month rate of inflation was 3.5%. Shelter and Gasoline again contributed to more than half of the increase. Excluding the volatile Energy and Food sectors, the core CPI index increased 0.4% from February, putting the 12-month Core CPI index at 3.8%.
- As digital payment transactions continue to grow, digital payment purchases represented over half of overall purchases for both credit (54%) and debit (51%) cards. While physical card activity softened, contactless cards “tap and go” activity continued to grow, now representing 19% of all credit card transactions and 14% of all debit card transactions, up from 12% and 9%, respectively, in 2023.
- Apple Pay is maintaining its market share dominance in the digital wallet space, representing 93% of digital wallet debit transactions and 89% of digital wallet credit transactions.
- Balance transfer usage was down during what is traditionally the seasonal peak month of March. The growth in the number of balance transfers was down 41% year over year, impacted by factors including rising credit card delinquency rates, liquidity concerns and higher interest rates. The average amount of balance transfers was up 6%, or \$236, at \$4,187.

“Consumer spending remained steady in March, in line with other strong economic indicators. In this month’s Deep Dive, we revisit Digital Payments, where contactless and tokenized credit transactions continue to rise, along with contactless debit transactions. These increases can be attributed to the higher quantity of contactless cards being issued, coupled with greater merchant acceptance, resulting in consumers becoming more accustomed to ‘tapping’ their cards. As we reach the three-year anniversary of the Payments Index, we continue to evolve the report’s data view and analysis to provide relevant insights in the changing financial landscape.”



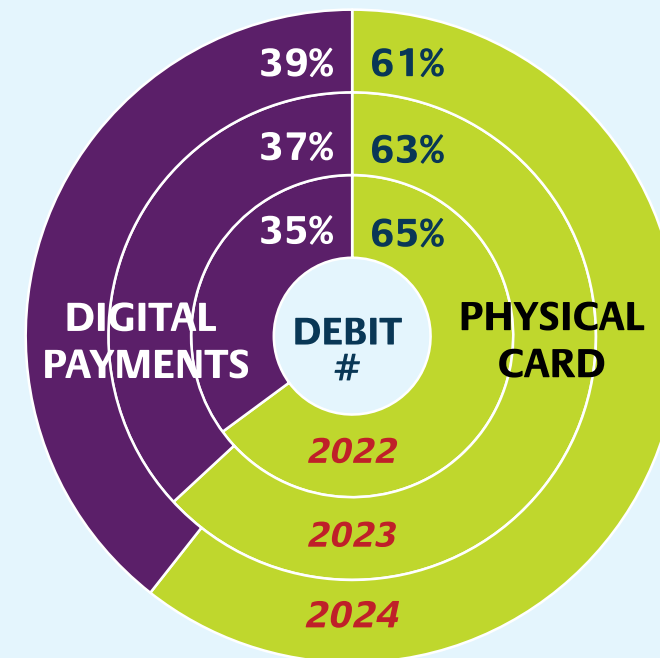
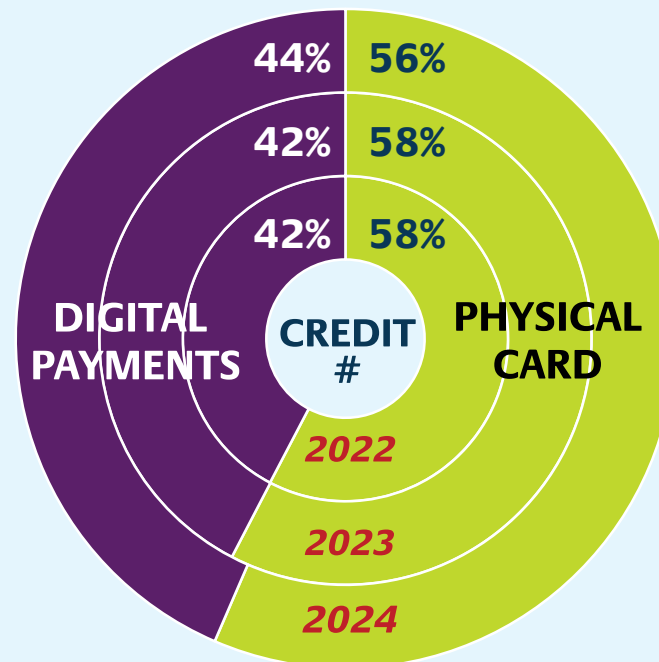
— **Jeremiah Lotz, Senior Vice President, Product Experience, PSCU/Co-op Solutions**

DEEP DIVE: DIGITAL PAYMENTS

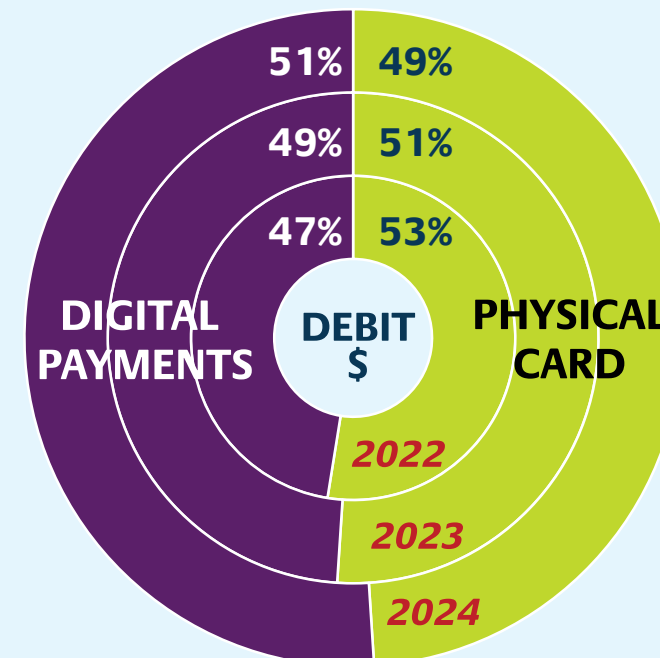
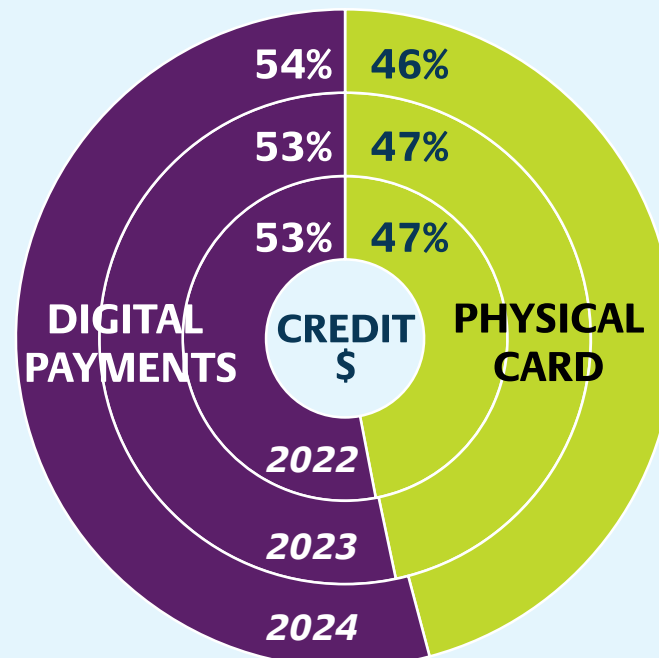
This month, we revisit the primary ways credit and debit cards are used and provide our view of “digital payments,” which represent the alternative ways cards can be used without a physical card required to facilitate the transaction. This includes all Card Not Present (CNP) activity, as well as all tokenized transactions. While most tokenized transactions are CNP, we include Card Present (CP) tokenized activity associated with digital wallets, namely the “Pays” (Apple Pay, Google Pay, etc.).

In February 2024, digital transactions accounted for 44% of all credit card transactions and 39% of all debit card transactions. Digital purchases represented a greater share of overall purchases and now represent more than 50% of purchases. For February, digital credit purchases represented 54% of all credit purchases and digital debit purchases represented 51% of all debit purchases. Noteworthy is the continued shift, with credit transactions up four percentage points since 2022 (from 35% to 39%) and debit transactions up two percentage points (from 42% to 44%).

Digital vs. Physical Card Transactions



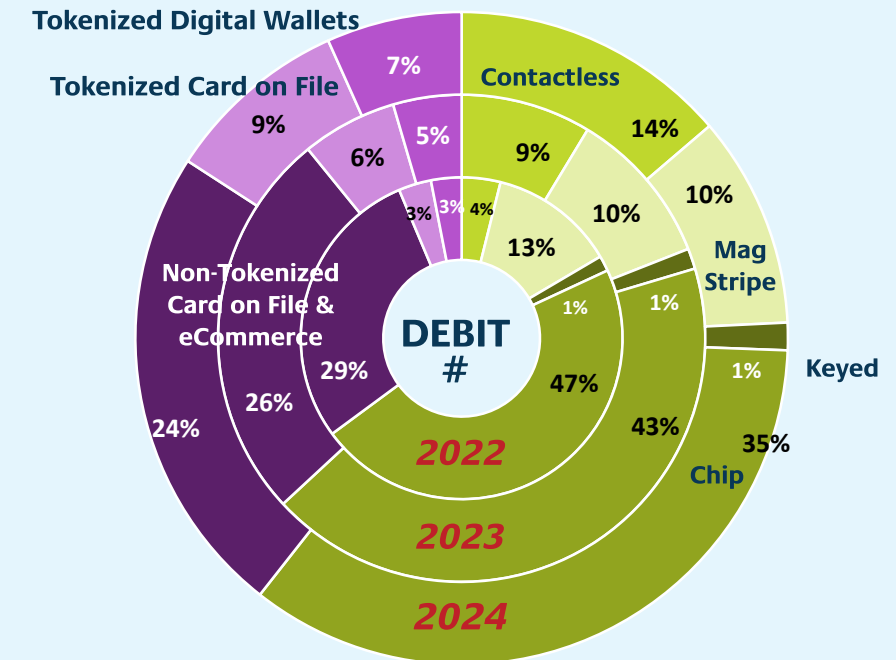
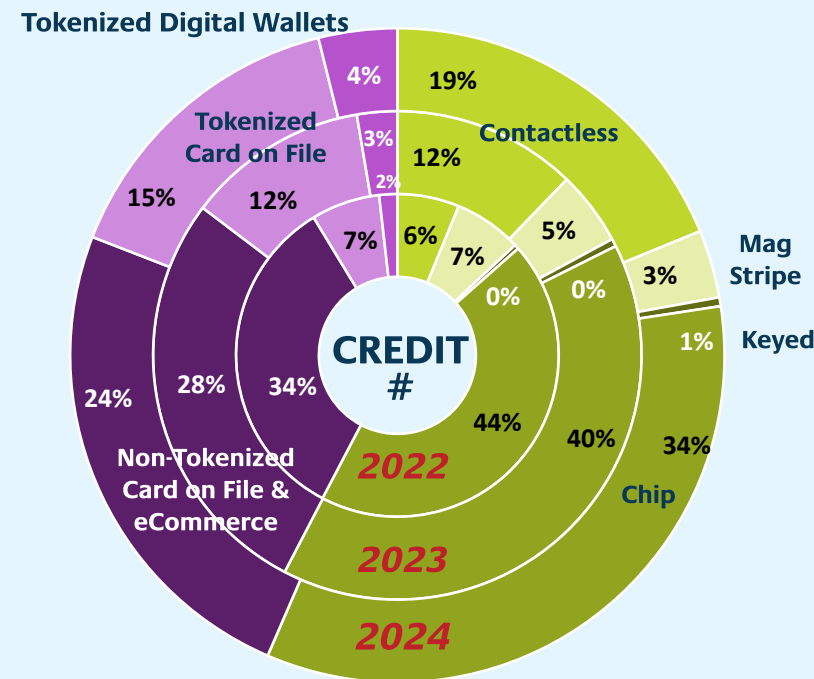
Digital vs. Physical Card Purchases



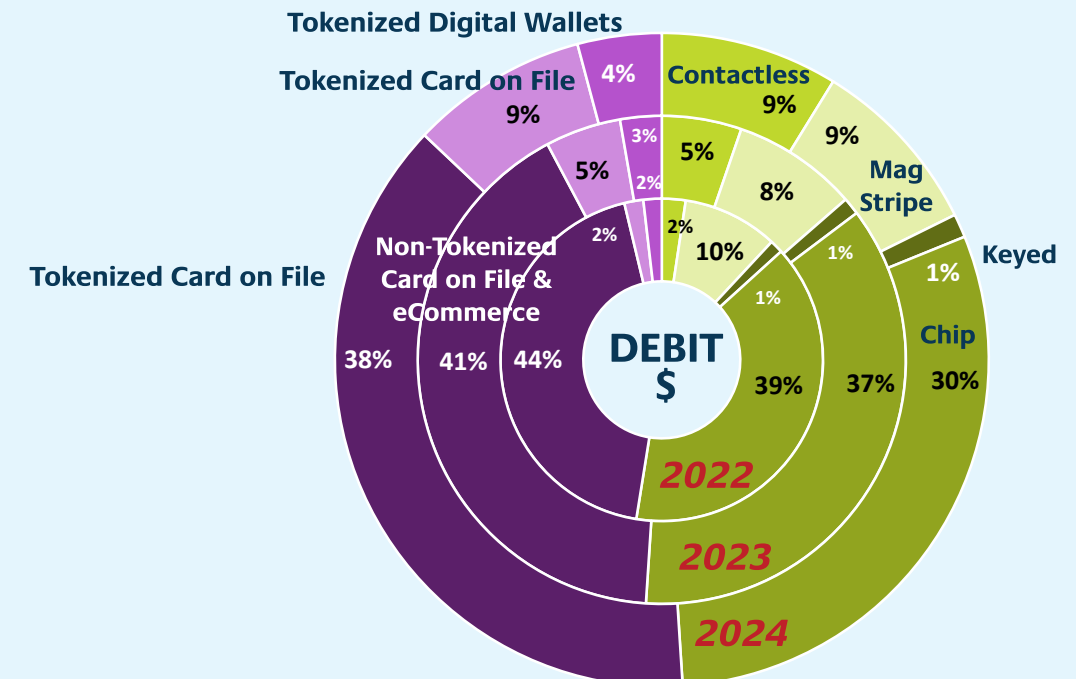
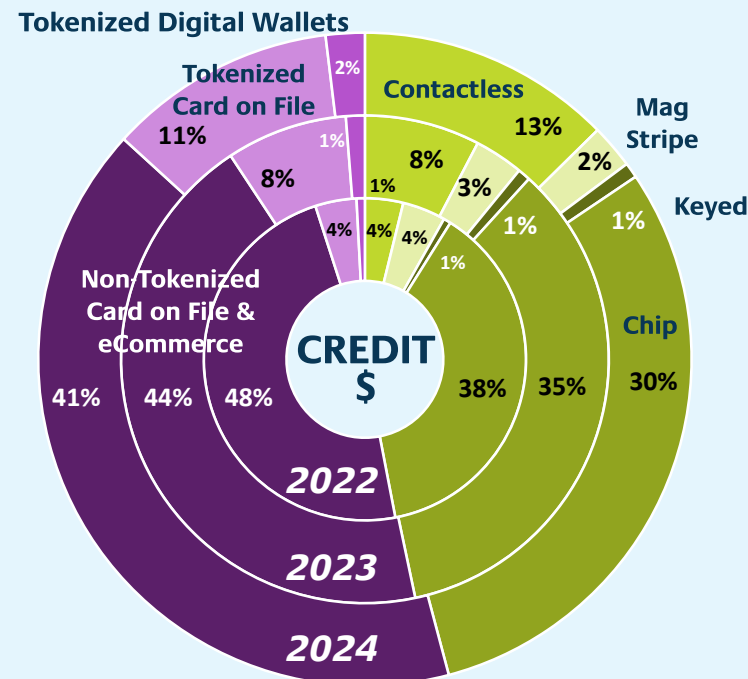
The converse of digital payments represents the remainder of activity for credit and debit cards and includes more traditional physical card payments, or “card in hand” activity. These transactions and purchases are the total of all tapped (contactless), dipped (EMV chip), swiped (mag stripe) and nominal activity in which the card was keyed. Contactless “tap and go” activity is encrypted, but not tokenized in the manner that digital wallet activity is tokenized.

As a percentage of overall credit and debit card transactions, contactless transactions continue to increase. Contributing to the growth are the increase in contactless cards in the market, consumer comfort and acceptance of “tapping” transactions and increased merchant adoption of terminals accepting contactless transactions. For February, credit contactless transactions represented 19% of all credit transactions, up from 12% in 2023. Debit contactless transactions represented 14% of all debit transactions, up from 9% in 2023. There was an expectation that contactless card activity would replace lower-dollar-value cash transactions, which does appear to be happening, as the percentage of overall contactless card purchases is lower than the percentage of contactless transactions.

Digital vs. Physical Card Transactions: Detailed



Digital vs. Physical Card Transactions: Detailed



For February, contactless credit purchases represented 13% of overall credit purchases and contactless debit purchases represented 9% of overall debit purchases.

The percentage of overall transactions that are mag stripe, or swiped, is on the decline for credit cards. For February 2024, mag stripe represented only 3% of all transactions which was down from 5% in 2023. Mag stripe debit has remained the same for 2024 and 2023, representing 10% of overall debit card transactions.

For physical card activity, the growth in contactless transactions comes from a shift in EMV transactions. For February 2024, credit EMV chip transactions represented 34% of all credit transactions, down from 40% in 2023. Similarly, debit EMV chip transactions represented 35% of all debit transactions, down from 43% in 2023.



TOKENIZED DIGITAL WALLETS

Tokenized digital wallets, or the “Pays,” also continue to grow in consumer acceptance. Debit digital wallet transactions represented 7% of overall debit transactions, up from 5% in 2023. Credit digital wallet transactions represented 4% of overall credit transactions, up from 3% in 2023.

Apple Pay maintained its market share dominance based on total digital wallet transactions. Apple Pay debit transactions represented 93% of all digital wallet debit transactions and Apple Pay credit transactions represented 89% of all digital wallet credit transactions. Google Pay, which includes Fitbit Pay, has the second-most market share with 5.2% of all digital wallet debit transactions and 8.4% of all digital wallet credit transactions. Samsung Pay was third in transaction market share with 1.5% of all digital wallet debit transactions and 2.2% of all digital wallet credit transactions. Google will [sunset Fitbit Pay](#) on July 29, 2024, when users will need to migrate to Google Wallet.

DIGITAL WALLET TRANSACTION MARKET SHARE BY PROVIDER

Digital Wallet	Credit			Debit		
	CNP	CP	Overall	CNP	CP	Overall
Apple Pay	93.6%	87.0%	89.3%	95.2%	92.0%	93.3%
Google Pay	6.4%	9.5%	8.4%	4.7%	5.4%	5.2%
Samsung Pay	0.0%	3.3%	2.2%	0.0%	2.5%	1.5%
Overall	100%	100%	100%	100%	100%	100%

DIGITAL WALLET TRANSACTION BREAKDOWN BY CNP/CP AND PROVIDER

Digital Wallet	Credit			Debit		
	CNP	CP	Total	CNP	CP	Total
Apple Pay	37.3%	62.7%	100%	40.4%	59.6%	100%
Google Pay	4.2%	95.8%	100%	0.1%	99.9%	100%
Samsung Pay	0.0%	100%	100%	0.2%	99.8%	100%
Overall	27.2%	72.8%	100%	36.4%	63.6%	100%

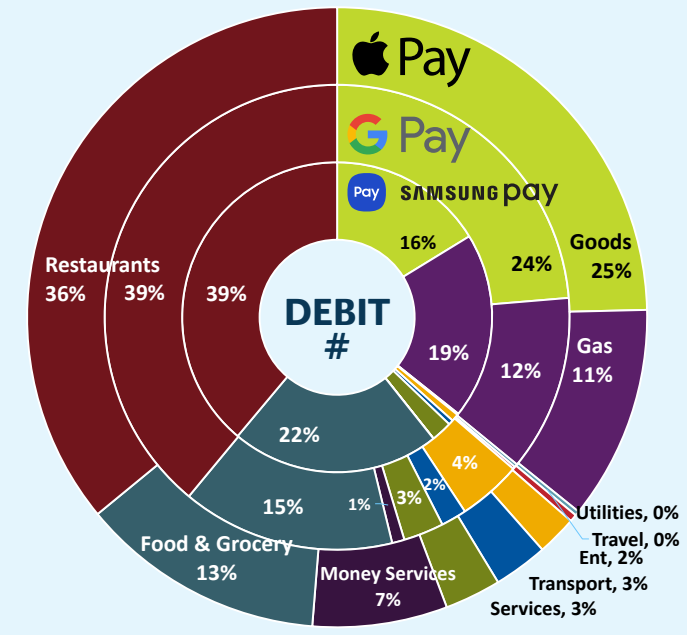
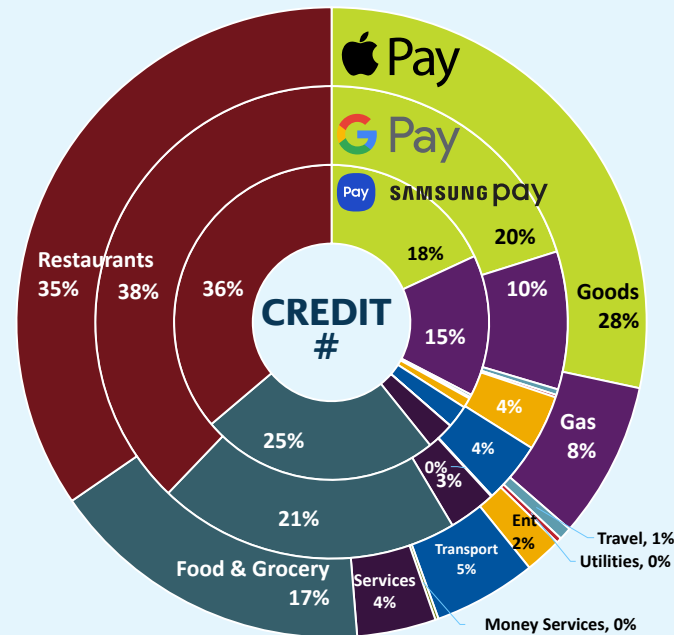
DIGITAL WALLET AVERAGE PURCHASE AMOUNTS BY CNP/CP AND PROVIDER

Digital Wallet	Credit			Debit		
	CNP	CP	Overall	CNP	CP	Overall
Apple Pay	\$43.95	\$30.57	\$35.56	\$40.77	\$20.37	\$28.62
Google Pay	\$28.78	\$29.20	\$29.09	\$23.98	\$20.86	\$21.99
Samsung Pay	\$74.60	\$29.19	\$29.45	\$21.73	\$20.82	\$20.82
Overall	\$42.99	\$30.39	\$34.88	\$39.97	\$20.41	\$28.16

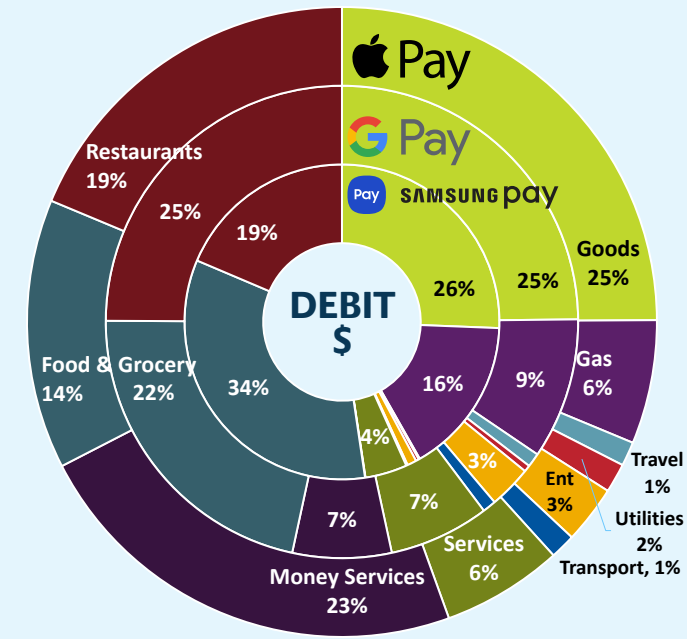
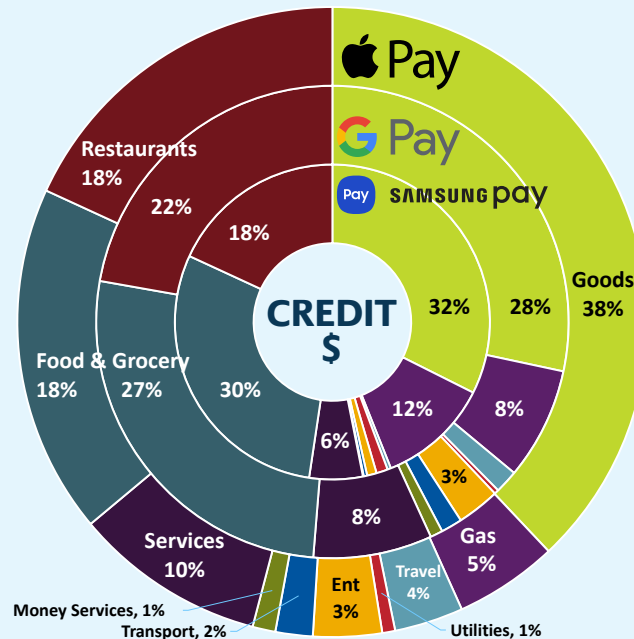
Of the three primary digital wallet providers, Apple Pay has the greatest percentage of its respective wallet services in a Card Not Present (CNP) environment. 40.4% of all Apple Pay debit transactions are CNP and 37.3% of all Apple Pay credit transactions are CNP. Google Pay has 4.2% of its credit digital wallet transactions as CNP and 0.1% of debit digital wallet transactions. Samsung Pay had 0.2% of debit digital wallet transactions as CNP. All Samsung Pay credit transactions are card present.

There are several differentiators to understand the sectors in which the three main digital wallet providers are used. Seven percent of Apple Pay debit transactions were in the Money Services (person-to-person) sector, which represented 23% of overall Apple Pay debit purchases. For Google and Samsung Pay debit, as well as all three providers on credit digital wallets, the percentage of transactions and purchases was between zero and 1%.

SECTOR PERCENTAGE OF OVERALL TRANSACTIONS BY DIGITAL WALLET PROVIDER: FEBRUARY 2024



SECTOR PERCENTAGE OF OVERALL PURCHASES BY DIGITAL WALLET PROVIDER: FEBRUARY 2024

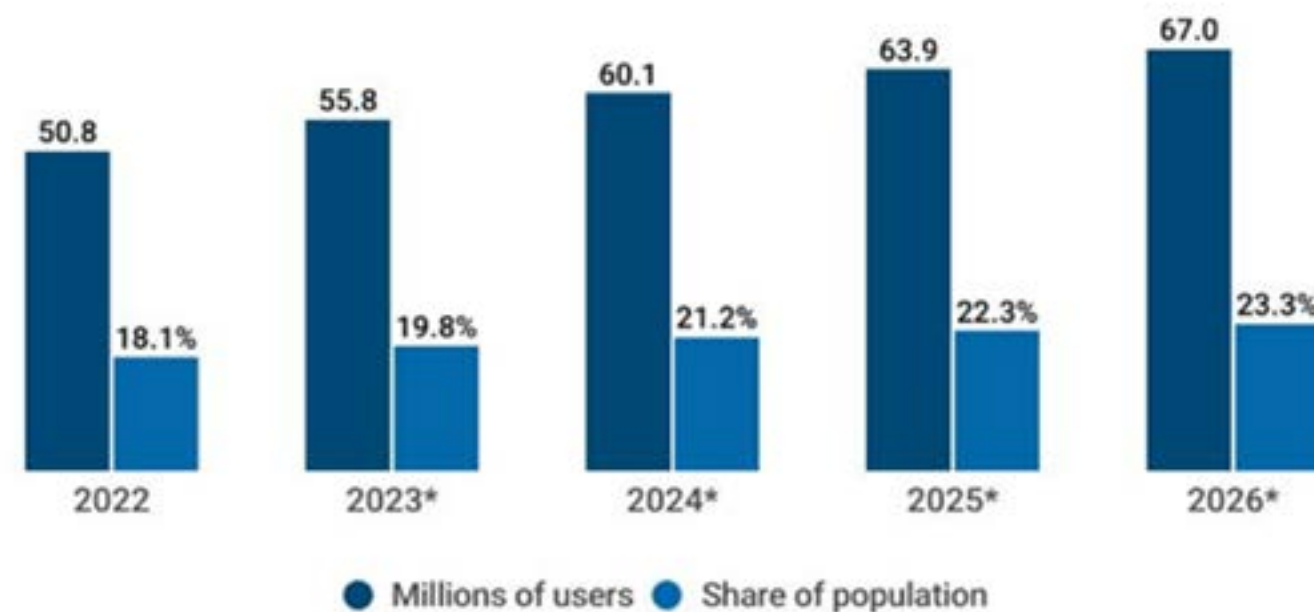


What Should Credit Unions Do Now?

Consumer payment habits continue to evolve and credit unions have been successful in capitalizing on these emerging trends. However, continued focus and effort will be required to maintain relevance.

- Contactless Card Issuance – dual interface cards are now the norm, with one in four debit Card Present (CP) transactions and one on three credit CP transactions now tapped at the point of sale. Ensuring members have and use their contactless card is crucial.
- Mobile Wallets – similarly, mobile wallets are being used in both CP and CNP channels. Now at 7% of debit transactions and 4% of credit transactions, member acceptance continues to grow. Additionally, based on data from Capital One, more than 21% of the U.S. population aged 14 and over is expected to use Apple Pay in 2024. Credit unions should continue to elevate awareness for members of their mobile wallet offerings and encourage usage through their various marketing channels.

Projected U.S. Apple Pay Users and Penetration



Source: Insider Intelligence

*Projection

CHECKING IN: AMAZON'S FIRST BIG SPRING SALE

Amazon's held its [first Big Spring Sale](#) on March 20-25 with Walmart following suite. From [a survey in March](#), PYMNTS.com found that only 28% of consumers shopped the Amazon sale, much lower than the 36-40% that participated in Amazon Prime sale events between 2021 and 2023. It's important to note a key difference in this recent sale, which was open to non-Amazon Prime members. The PYMNTS survey concludes that insufficient marketing, consumer disinterest and financial constraints all contributed to the lackluster results.



LOOKING AHEAD: INCOME TAX PREP AND TAX PAYMENTS

With federal income tax returns due Monday, April 15, we will explore growth activity in tax preparations and actual income tax payments in next month's report. While the federal government does not directly accept credit card payments for income tax payments [they have authorized three companies to process credit card payments on their behalf](#) with each charging a processing fee of at least 1.82%.



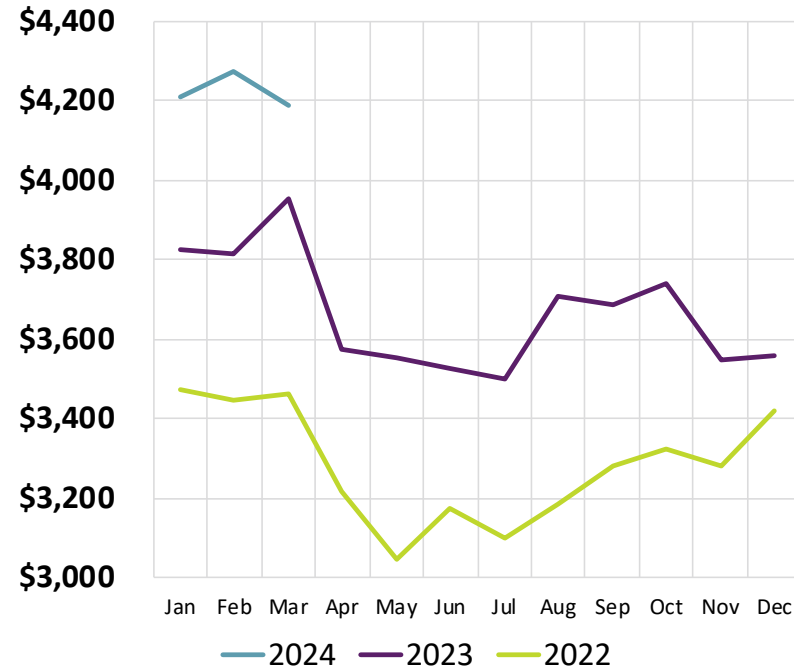
CHECKING IN: BALANCE TRANSFERS

While March has seasonally been the peak month for balance transfer usage each year, March 2024 has seen fewer completed balance transfers. Impacted by both supply and demand, PSCU/Co-op Solutions' Advisors Plus is seeing lower demand from credit unions in sending balance transfer offers by roughly 7.5%. This trend could be a warning sign given rising credit card delinquency rates and liquidity challenges – while credit union members are also using fewer offers potentially fueled by higher interest rates. Year over year, the number of balance consolidation transactions were down 41% when compared to March 2023. Additionally, Advisors Plus identified that many balance transfer offers were sent later than in prior years (mid-January to February), which could shift the peak usage or disperse it over a longer period. We will check in on balance transfers in the May edition.

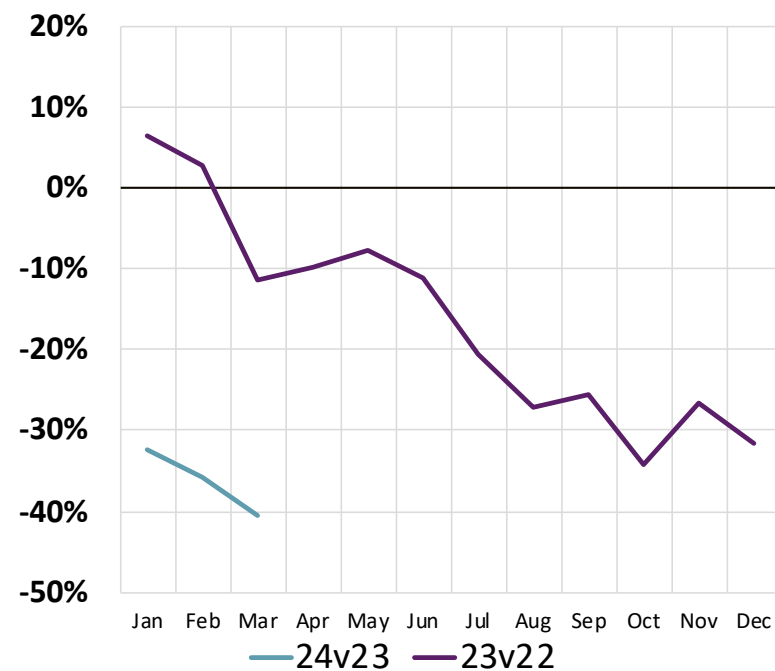
For those that used balance transfers in March 2024, the average amount of balance transfers was \$4,187, up 6% or \$236, from 2023.

With the notable drop in transactions, total balance-transferred dollars were down 37% compared to March 2023. As a comparison, the total balance transfer dollars were indexed to January 2022 (=100). January 2023's indexed value was 87, or down 13%, compared to the total dollars reported for January 2022. The March 2024 balance transfer indexed result was 84, or down 16%, as compared to January 2022.

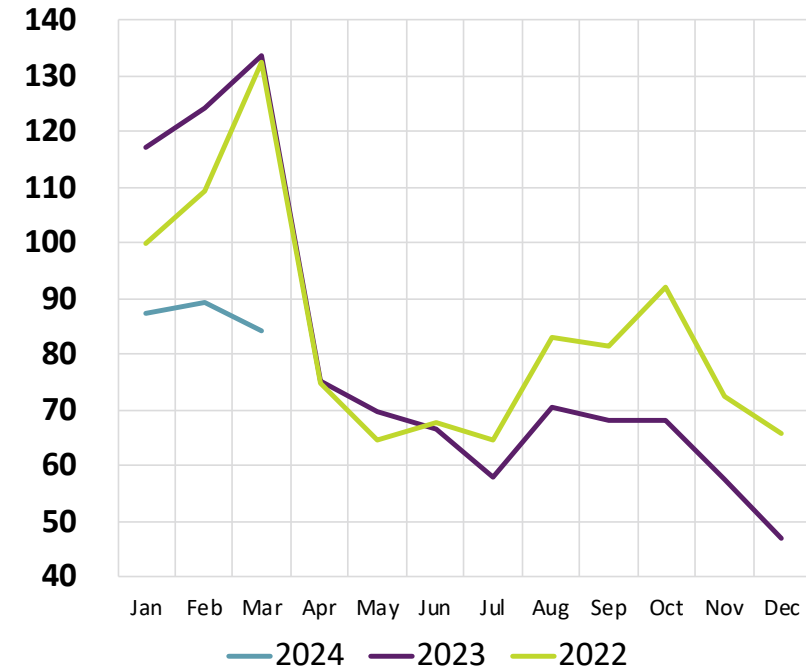
AVERAGE CREDIT CARD BALANCE TRANSFER



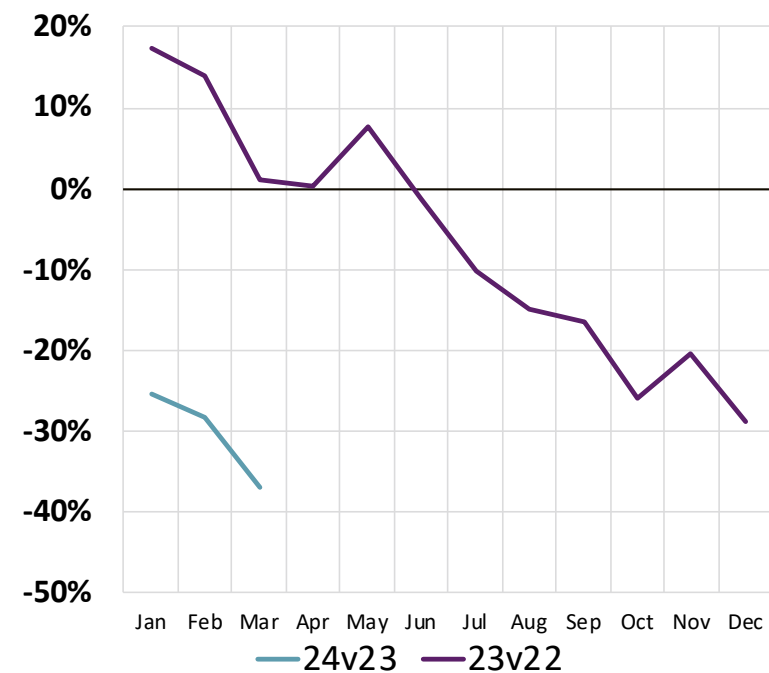
YEAR OVER YEAR GROWTH IN CREDIT CARD BALANCE TRANSFERS



TOTAL MONTHLY BALANCE TRANSFER DOLLARS INDEXED TO JAN 2022



YEAR OVER YEAR GROWTH IN CREDIT CARD BALANCE TRANSFERS DOLLARS



INDEXED SCORES

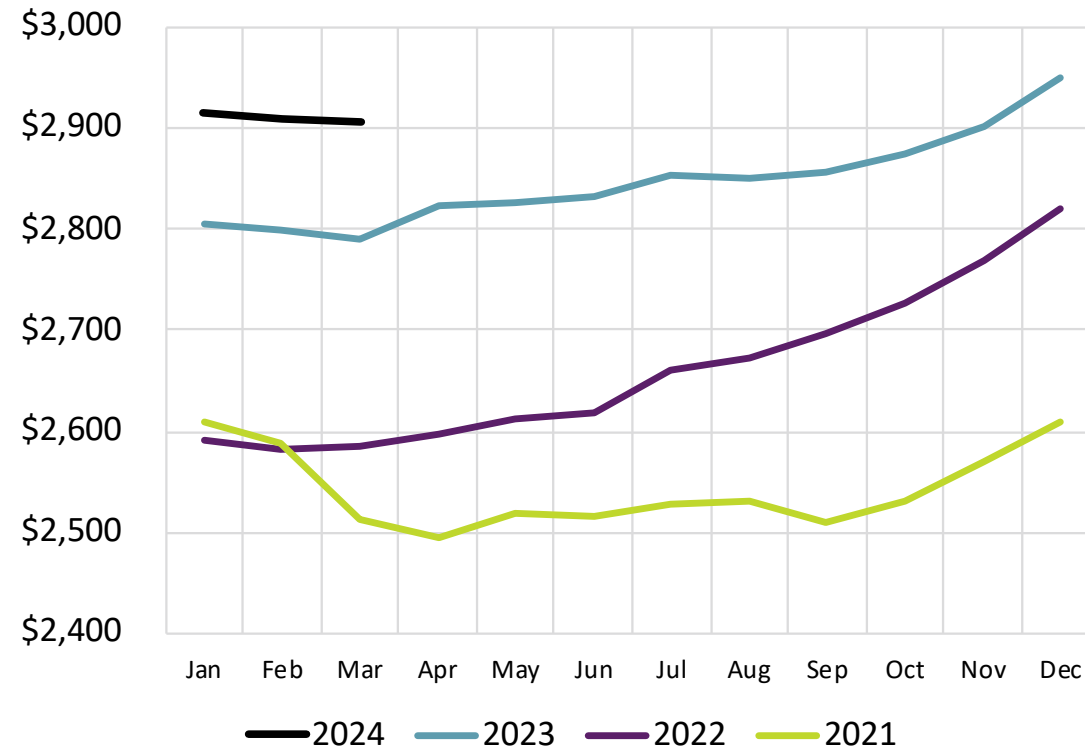
Indexed scores represent a measure of change relative to the baseline – in this case, the total balance transfer dollars for January 2022, which is set to equal 100. Here we show the monthly change relative to the January 2022 baseline. The March 2024 indexed value is 84, which is a 16% drop from the January 2022 baseline and a 50-point drop from the peak in March 2023 (134).

CREDIT CARD BALANCES

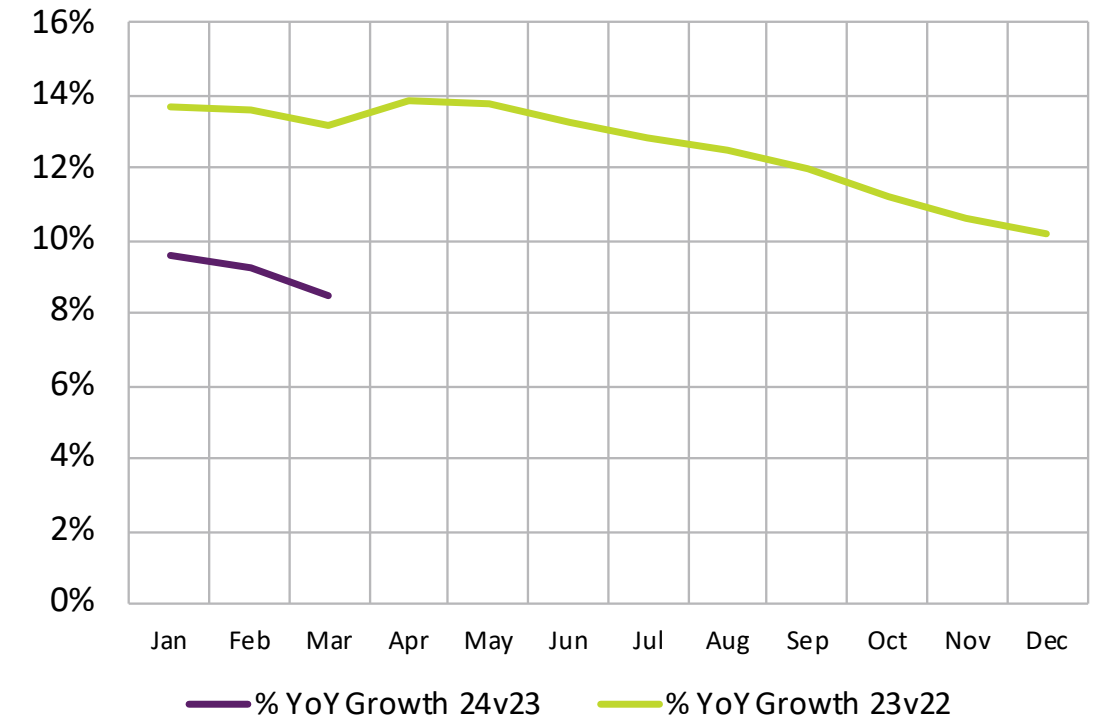
The average credit card balance in March 2024 was \$2,907, down \$2 from the previous month's average. Compared to a year ago, the average balance increased 4.3%, or \$119.

During the first quarter of 2024, total credit card balances have declined at a faster rate than in 2023. From January to March 2024, total balances were down 1.1% compared to a 0.03% drop for the same period in 2023. Month over month, total balances in March 2024 decreased 0.32%.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT



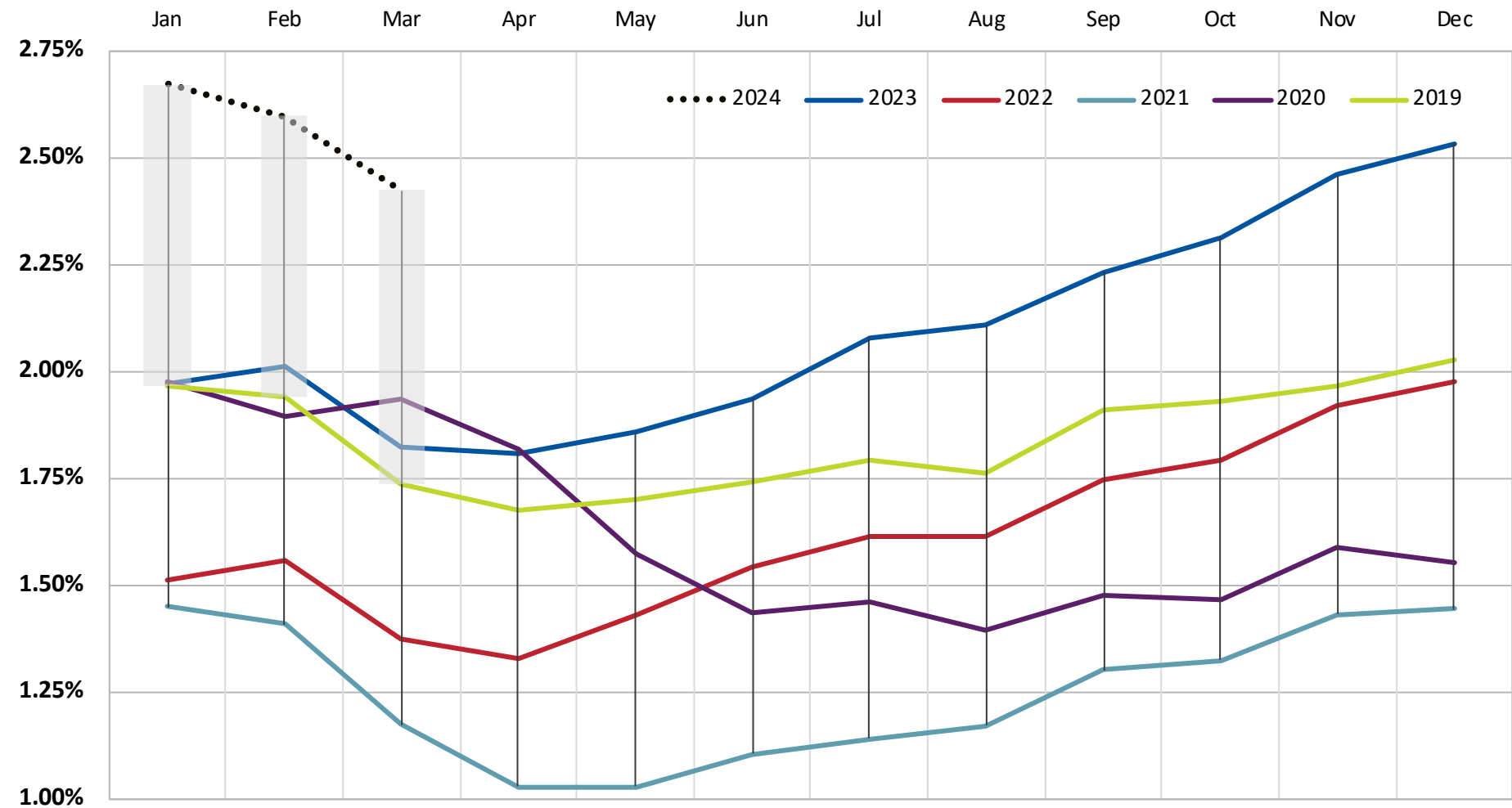
PERCENTAGE CHANGE IN TOTAL CREDIT CARD BALANCES



CREDIT CARD DELINQUENCIES

As in recent years, the delinquency rate fell in March compared to the previous month. For March 2024, the delinquency rate measured 2.46%, which was down 0.17% month over month, slightly lower than the 0.19% month-over-month decline for March 2023. Year over year, the difference in the delinquency rate was up 60 basis points, or 33%, from 1.82%.

OVERALL CREDIT CARD DELINQUENCY RATE
March 2024

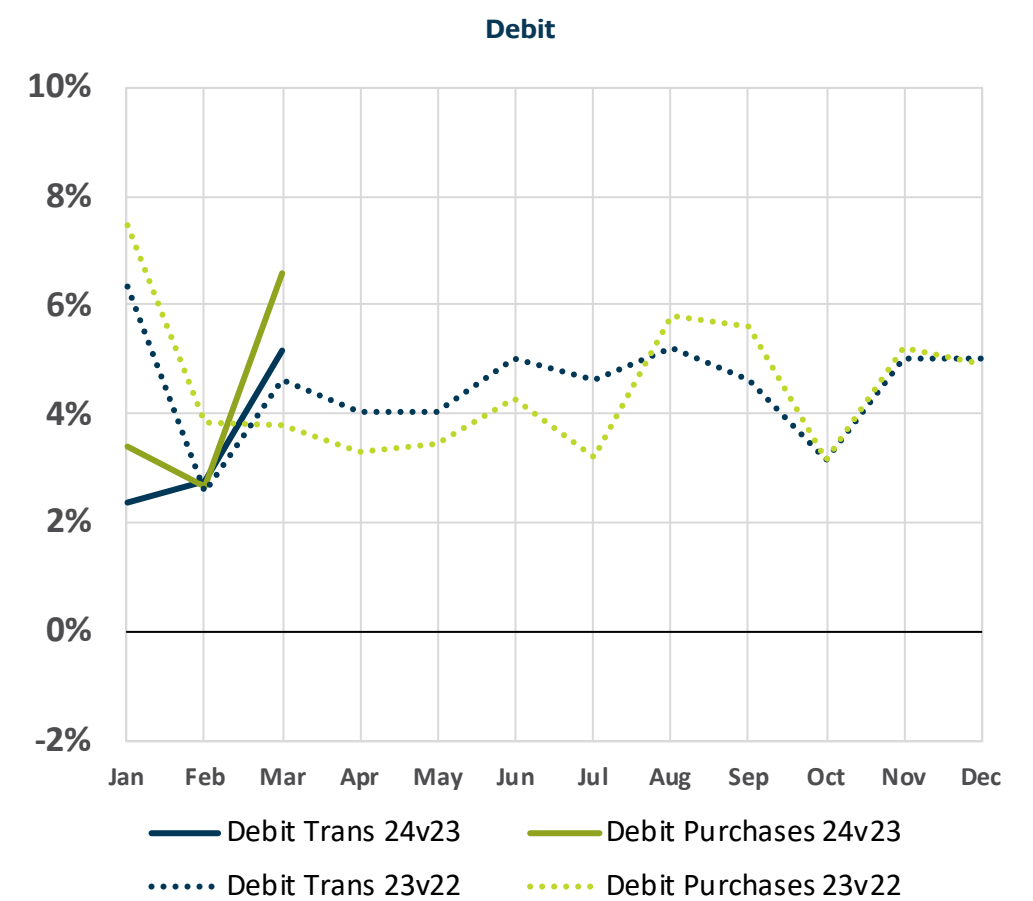
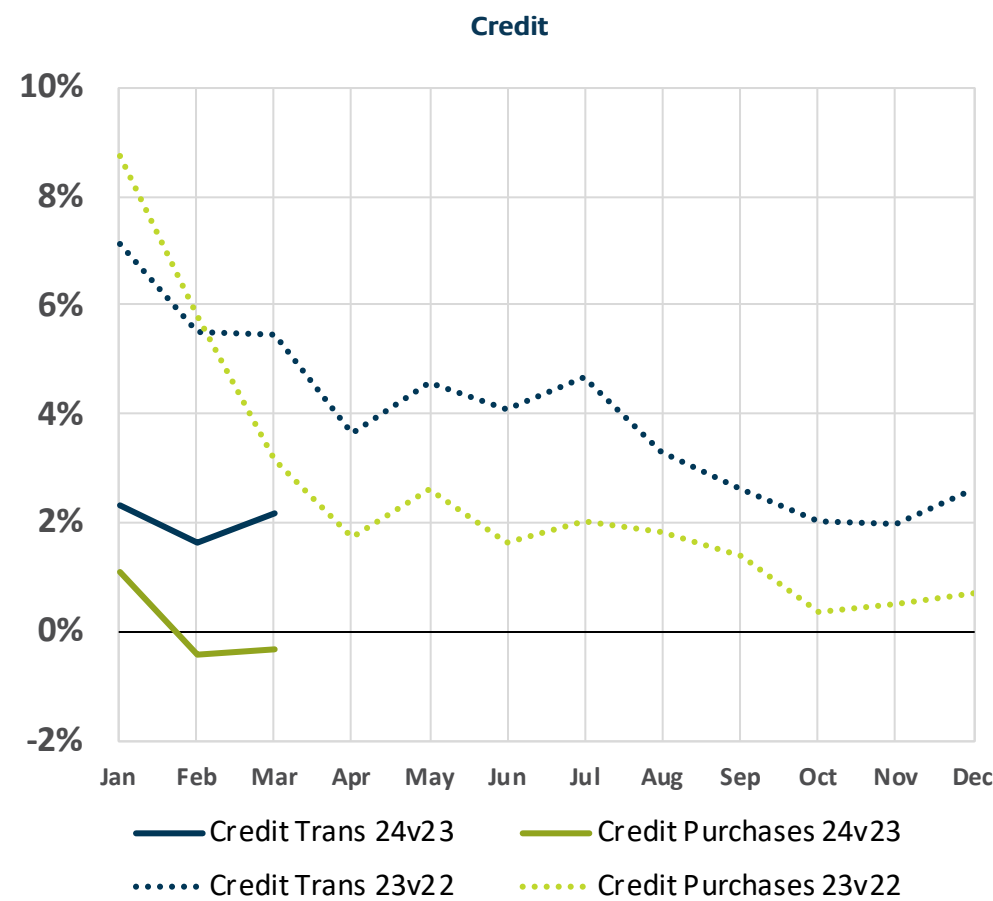


CREDIT AND DEBIT CARDS

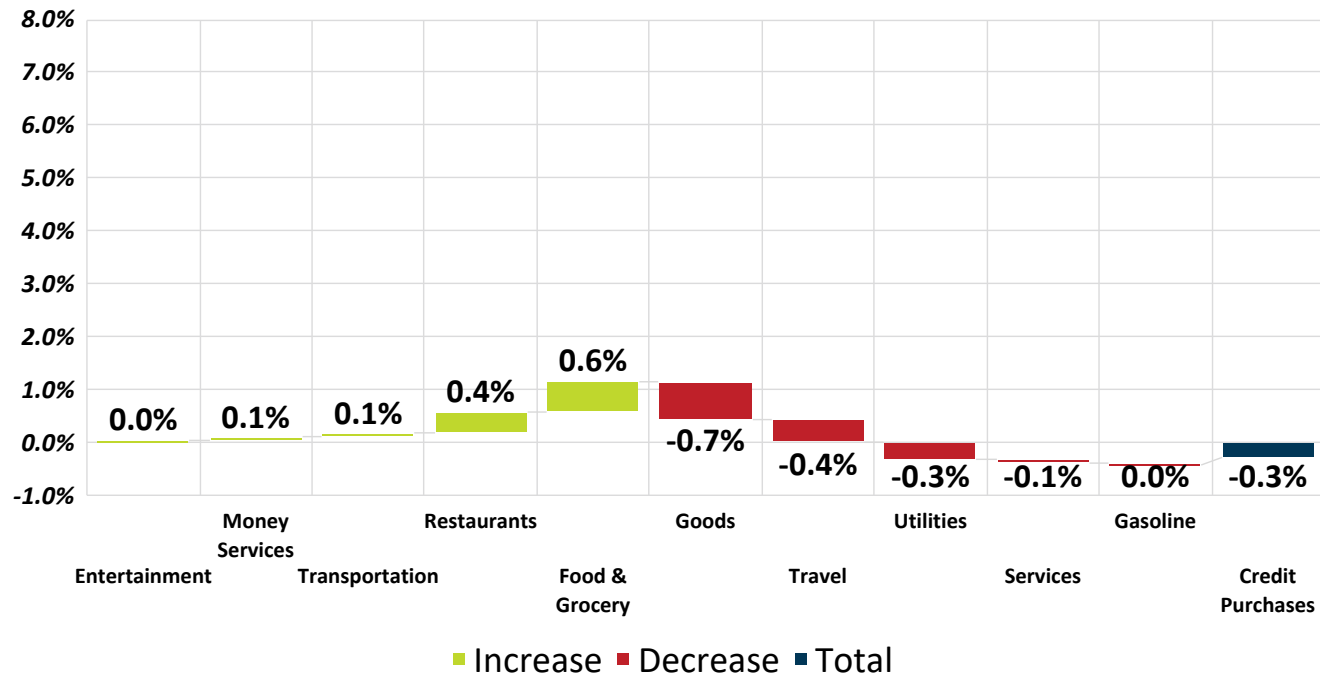
Compared to the previous year's growth rates, credit purchases and transactions in March 2024 remained considerably lower while debit card activity was elevated. Purchase growth rates measured -0.3% and 6.6% for credit and debit, respectively, with growth in transactions up 2.2% for credit and 5.2% for debit.

The main drivers of debit purchase growth included the Goods, Money Services and Food & Grocery sectors, which collectively contributed 4.3% growth and unseated the Services sector as the lead sector for the past six months. For credit purchases, the Food & Grocery and Restaurants sectors replaced the Service sector as having the greatest impact on growth, together accounting for 1%.

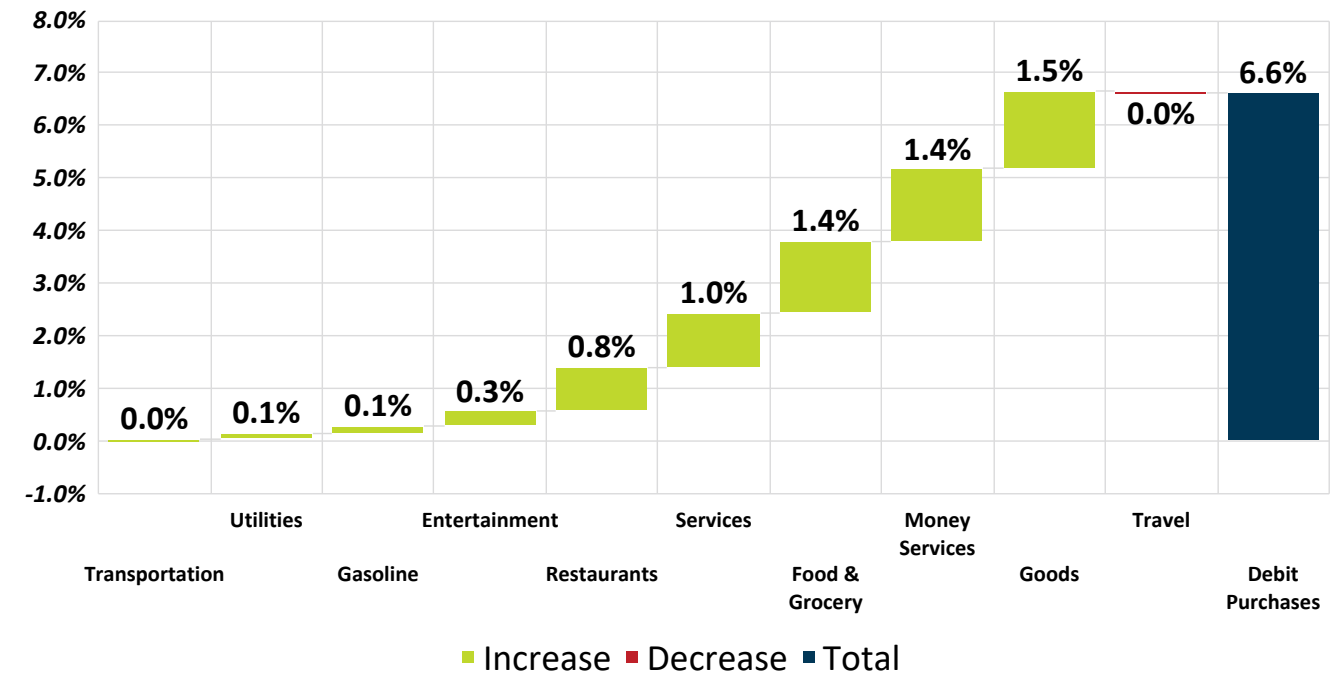
	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2024 v 2023	2.2%	-0.3%	5.2%	6.6%
2023 v 2022	5.5%	3.2%	4.6%	3.8%



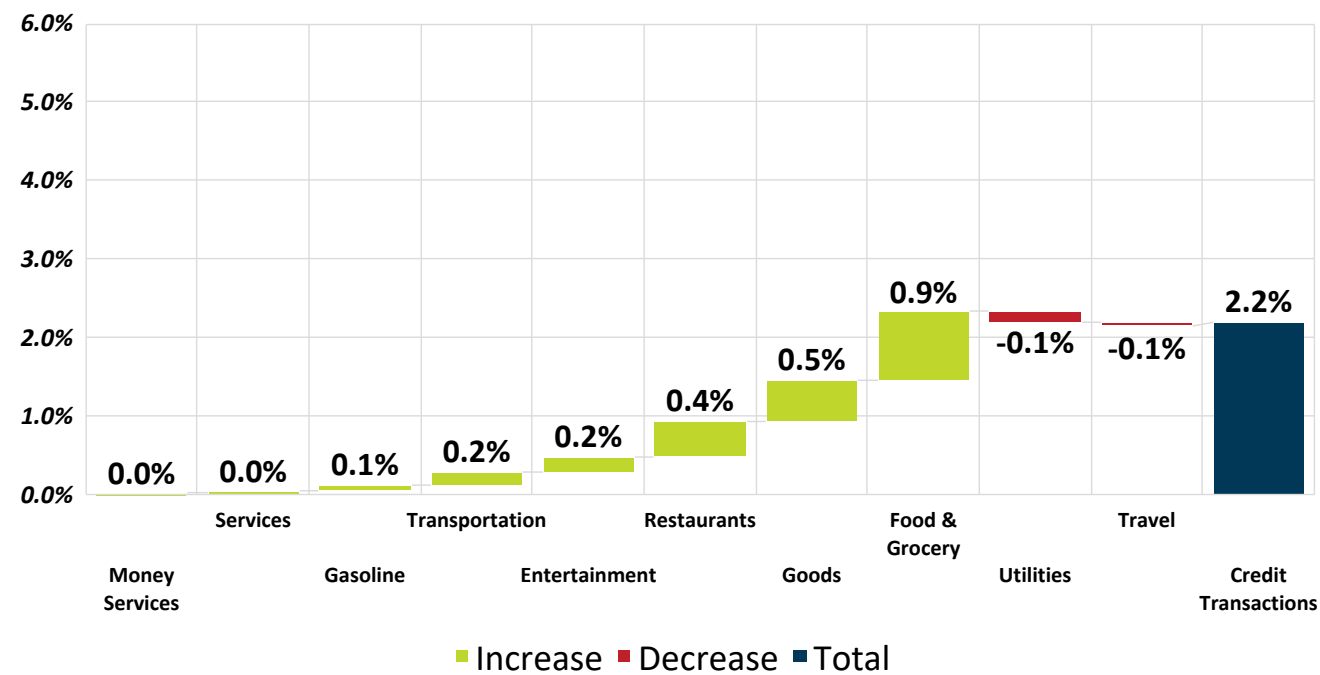
SECTOR CONTRIBUTIONS TO GROWTH IN CREDIT PURCHASES: MARCH



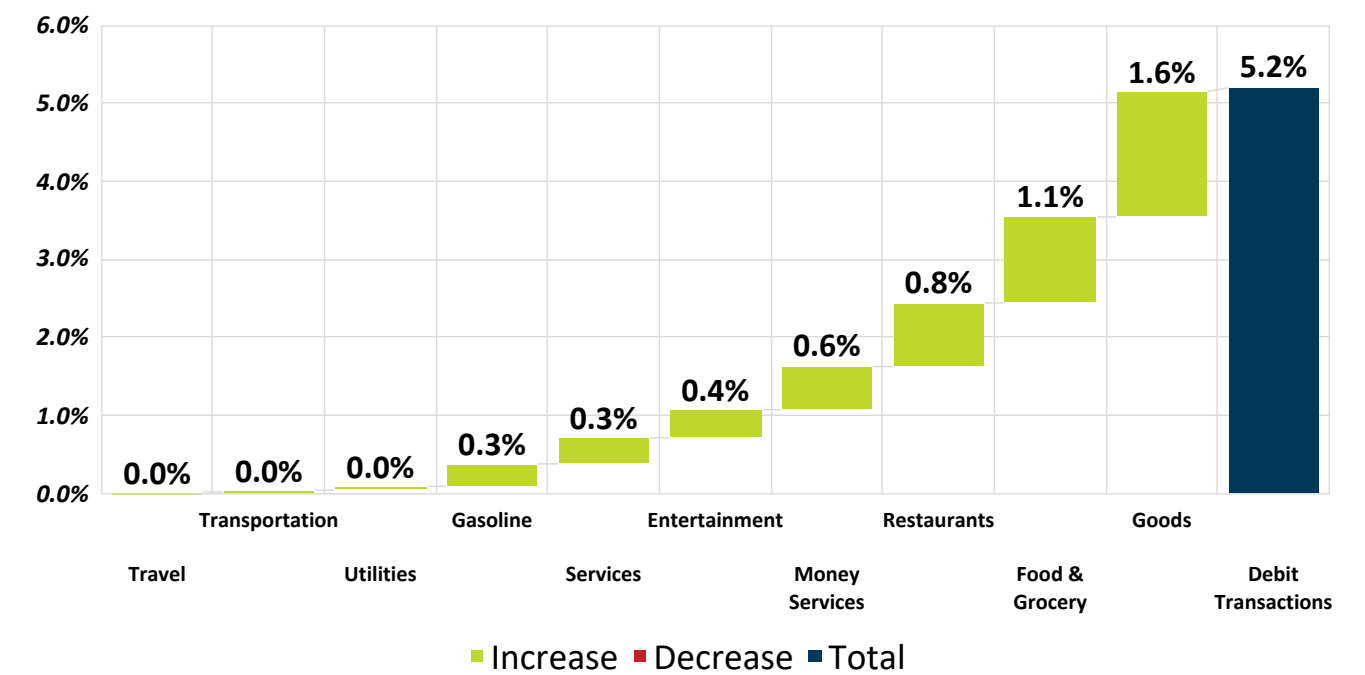
SECTOR CONTRIBUTIONS TO GROWTH IN DEBIT PURCHASES: MARCH



SECTOR CONTRIBUTIONS TO GROWTH IN CREDIT TRANSACTIONS: MARCH




SECTOR CONTRIBUTIONS TO GROWTH IN DEBIT TRANSACTIONS: MARCH



SECTORS/MERCHANT CATEGORIES


Several sectors in the first quarter of 2024 lagged 2023 monthly average purchase growth rates. In particular, the Travel, Entertainment and Restaurant sectors experienced considerably lower monthly average growth rates in both credit and debit purchases during the first quarter of 2024 when compared to 2023. The average monthly credit purchase growth rate for the Travel sector in 2024 measured -3% versus 5% for 2023, while the difference was -3% versus 10% for debit purchases. For the Entertainment sector, credit purchases averaged a 1% monthly growth rate for 2024 compared to 7% for 2023, while the average for debit purchases dropped from 7% to 4%. The average monthly growth rate in the Restaurant sector for credit purchases was down from 8% to 2% and the average for debit was down from 9% to 2%.

Credit purchase and transaction growth within the Utilities sector continued to be negative, driven in part by changes from wireless carriers. In response to credit card fees, [several carriers have offered monthly discounts](#) when customers link a debit card or bank account, thus discouraging credit card payments.




ENTERTAINMENT
March 2024 V 2023

	Credit	Debit
YoY Purchases	1%	7%
YoY Transactions	4%	8%




FOOD & GROCERIES
March 2024 V 2023

	Credit	Debit
YoY Purchases	6%	8%
YoY Transactions	6%	7%




GASOLINE
March 2024 V 2023

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




GOODS
March 2024 V 2023

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




MONEY SERVICES
March 2024 V 2023

	Credit	Debit
YoY Purchases	7%	12%
YoY Transactions	3%	12%




RESTAURANTS
March 2024 V 2023

	Credit	Debit
YoY Purchases	5%	7%
YoY Transactions	2%	3%




SERVICES
March 2024 V 2023

	Credit	Debit
YoY Purchases	0%	7%
YoY Transactions	0%	5%



TRANSPORTATION
March 2024 V 2023

	Credit	Debit
YoY Purchases	10%	5%
YoY Transactions	8%	2%



TRAVEL
March 2024 V 2023

	Credit	Debit
YoY Purchases	-5%	-1%
YoY Transactions	-3%	1%



UTILITIES
March 2024 V 2023

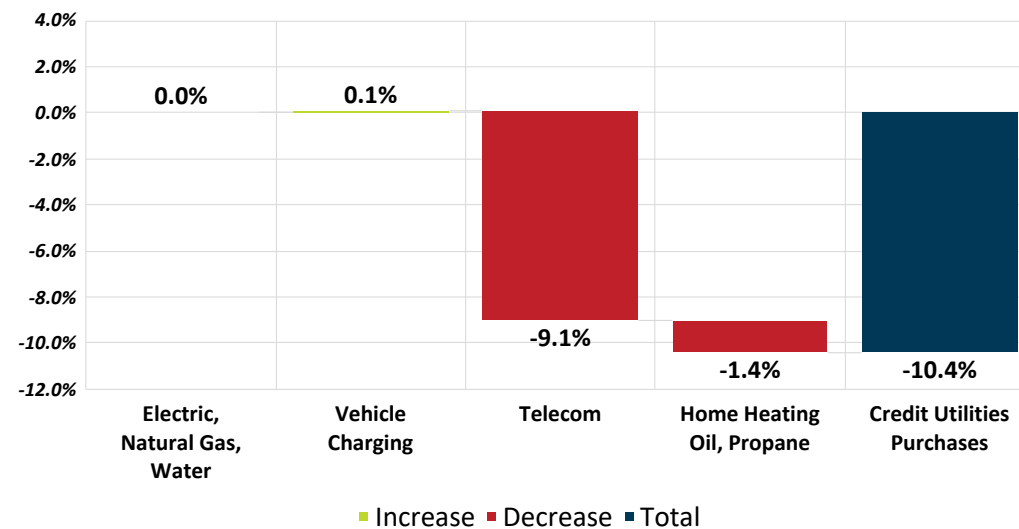
	Credit	Debit
YoY Purchases	-10%	2%
YoY Transactions	-7%	2%

For March, credit purchases in the Utilities sector were down 10.4%, while credit transactions were down 7.0%. The reduction in credit activity appeared to be a shift to debit in the Utilities sector. For March, debit purchases in the Utilities sector were up 2.3%, while debit transactions were up 2.2%. This shift occurred within a single merchant category, Telecommunication Services (MCC 4814). We have indexed the credit and debit activity back to January 2022 in this category, where we saw the change on credit begin in July 2023. The change/increase with debit activity for this telecom category appears to have started slightly earlier in the May/June 2023 timeframe.

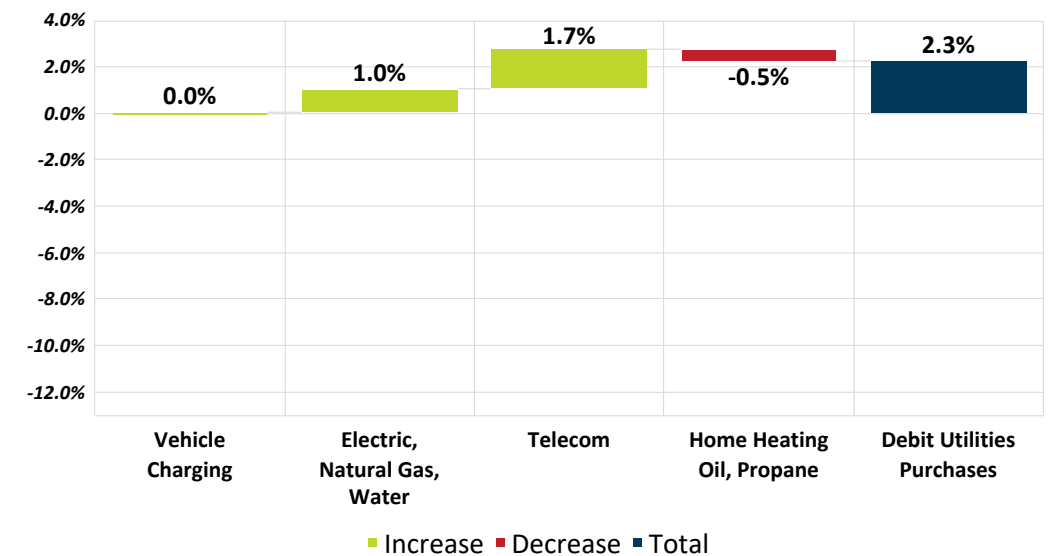
After five consecutive months of negative purchase growth, Gasoline purchases were up 2% year over year for debit and unchanged for credit. As transaction growth slightly outpaced purchases, the average transaction amount was down 1% and 0.3% year over year for credit and debit, respectively. The national average price per gallon of gasoline finished at [\\$3.59](#) for the week ending April 8, down 0.14% or \$0.005 year over year. While [gas prices seasonally rise](#) this time of year, the rate of increase in 2024 has now outpaced 2023. The average price per gallon of gas is up 14%, or \$0.43, since the start of this year. As a comparison, the same year-to-date change in 2023 through the beginning of April was 8.0%, or \$0.27.

CONTRIBUTIONS TO GROWTH IN UTILITIES – MARCH 2024

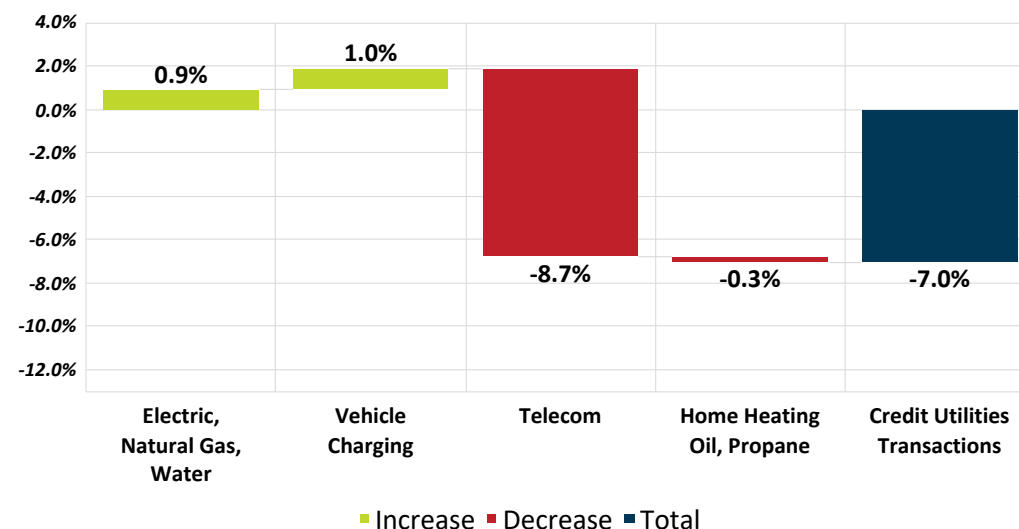
CONTRIBUTIONS TO GROWTH IN UTILITIES CREDIT PURCHASES – MARCH



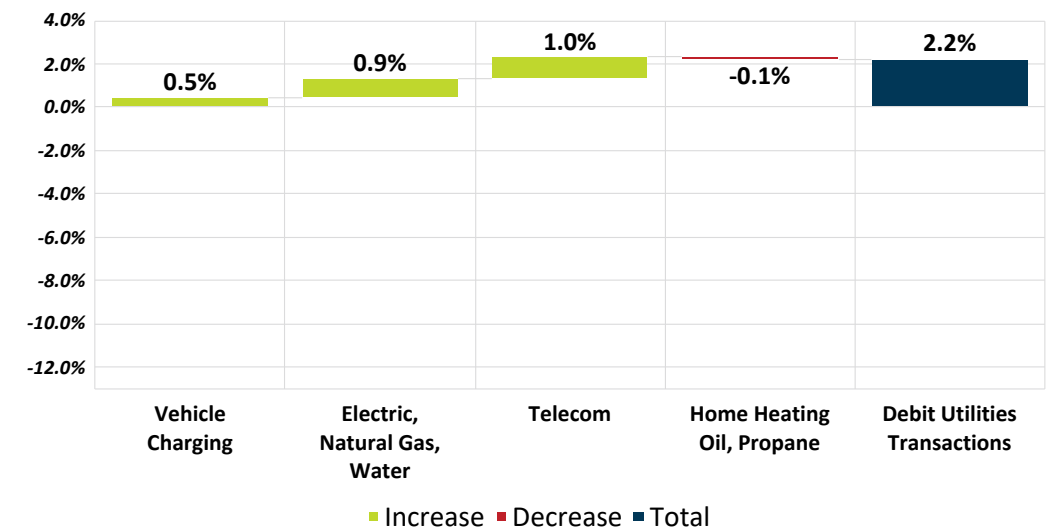
CONTRIBUTIONS TO GROWTH IN UTILITIES DEBIT PURCHASES – MARCH



CONTRIBUTIONS TO GROWTH IN UTILITIES CREDIT TRANSACTIONS – MARCH



CONTRIBUTIONS TO GROWTH IN UTILITIES DEBIT TRANSACTIONS – MARCH





ABOUT THE PAYMENTS INDEX

The 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 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 Payments Index data set have been processing with our company 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 April edition of the Payments Index represents a total of 3.1 billion transactions valued at \$155 billion of credit and debit card activity from April 2023 through March 2024.

A library of past Payments Index reports and historical weekly Transactional Insights infographics and state/territory analyses are available on the [Payments Index site](#). To subscribe to the Payments Index and receive alerts when the Index is published each month, please visit the [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. February 2024 data is normalized to exclude Leap Year Day, February 29, to illustrate more accurate year over year growth.

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](#).