

The Velera Payments Index: May 2024

Welcome to the newly rebranded Velera Payments Index!

Growth in consumer spending was modest in April, aligning with slowing economic indicators that could stimulate Fed rate cuts later this year. In our May 2024 edition of the Velera Payments Index, we revisit a Deep Dive into Overall Food, which includes groceries and dining out – and provides additional context for inflationary impacts on non-discretionary spending.

The [Consumer Confidence Index](#) dropped in April to 97.0 from a downwardly revised March result of 103.1. While there have been three months of decline, the index has maintained a relatively narrow window for the past two years. The University of Michigan [Index of Consumer Sentiment](#) decreased 10 points to 67.4 for May, following stable results since January within a 2.5-point range. The drop in sentiment spanned all age groups, income levels and education levels. Concerns in the coming year were identified with inflation, unemployment and interest rates.

Job growth slowed [more than economists expected](#) in April with 175,000 jobs created – well below the March jobs number at 315,000. The U.S. Bureau of Labor Statistics (BLS) [reported](#) the overall unemployment rate for April ticked up to 3.9%, or 6.5 million people. Job gains occurred in healthcare, social assistance and transportation & warehousing.

In the Labor Department's May 15 update, the [Consumer Price Index \(CPI\)](#) increased 0.3% in April, bringing the 12-month rate of inflation to 3.4%. Shelter and Gasoline contributed to more than 70% of the increase when combined. Core CPI, which excludes the Food and Energy sectors, was 0.3% for April and rose 3.6% year over year – the smallest increase since April 2021.

With the softened job report in April and marginally lower inflation, the [slowdown](#) in the economy may finally be here. After the Federal Reserve decided to hold interest rates steady in their May meeting, it indicated that [the FOMC does not anticipate a rate cut](#) until there is confidence that inflation is moving sustainably downward, which may not be until late summer. The next Federal Open Market Committee (FOMC) meetings conclude on June 12.

We hope that the insights from the Velera Payments Index continue to help our financial institutions make informed, strategic decisions. To subscribe and receive updates when the report is published every month, click [here](#).

Overall Performance – Key Takeaways for March 2024



- For April, growth rates were positive, but only up modestly year over year. Debit purchases were up 3.2% and credit purchases were up 1.1%. Debit transactions were up 2.7% and credit transactions were up 2.2% year over year.
- The Consumer Price Index (CPI-U) increased 0.3% in April, while the 12-month rate of inflation was 3.4%. Shelter and Gasoline again contributed to more than 70% of the increase. Excluding the volatile Energy and Food sectors, the core CPI index increased 0.3% from March, putting the 12-month Core CPI index at 3.6%.
- While there was positive growth in Overall Food purchases (up 1.8% for credit and up 2.5% for debit), consumers are spending slightly less on average in the Grocery Store & Supermarkets segment, which represents the largest portion of Overall Food. The average credit purchase at Supermarkets was \$52.98, down 1.6% year to date compared to 2023. The average debit supermarket purchase was \$52.09, down 0.5% for the same period.
- For April, total balance transfer dollars were more in line with seasonal changes, down 4% year over year. The volume of balance transfers was down 18% compared to April 2023. The typical seasonal peak in March was greatly reduced and may have spilled into April activity, with income tax filings due on April 15. The average amount of balance transfers was up 16%, or \$572, at \$4,146.
- The credit card delinquency rate continued to decline in April, finishing at 2.34%.

“As overall inflation continues trending downward, consumer spending growth remained at modest levels in April. In this month’s Deep Dive into the Overall Food sector, we see grocery store spending maintaining the largest allocation of spend across both credit and debit. With stubbornly high grocery and restaurant prices remaining elevated, food costs continue to eat up the highest percentage of household budgets in more than 30 years.”

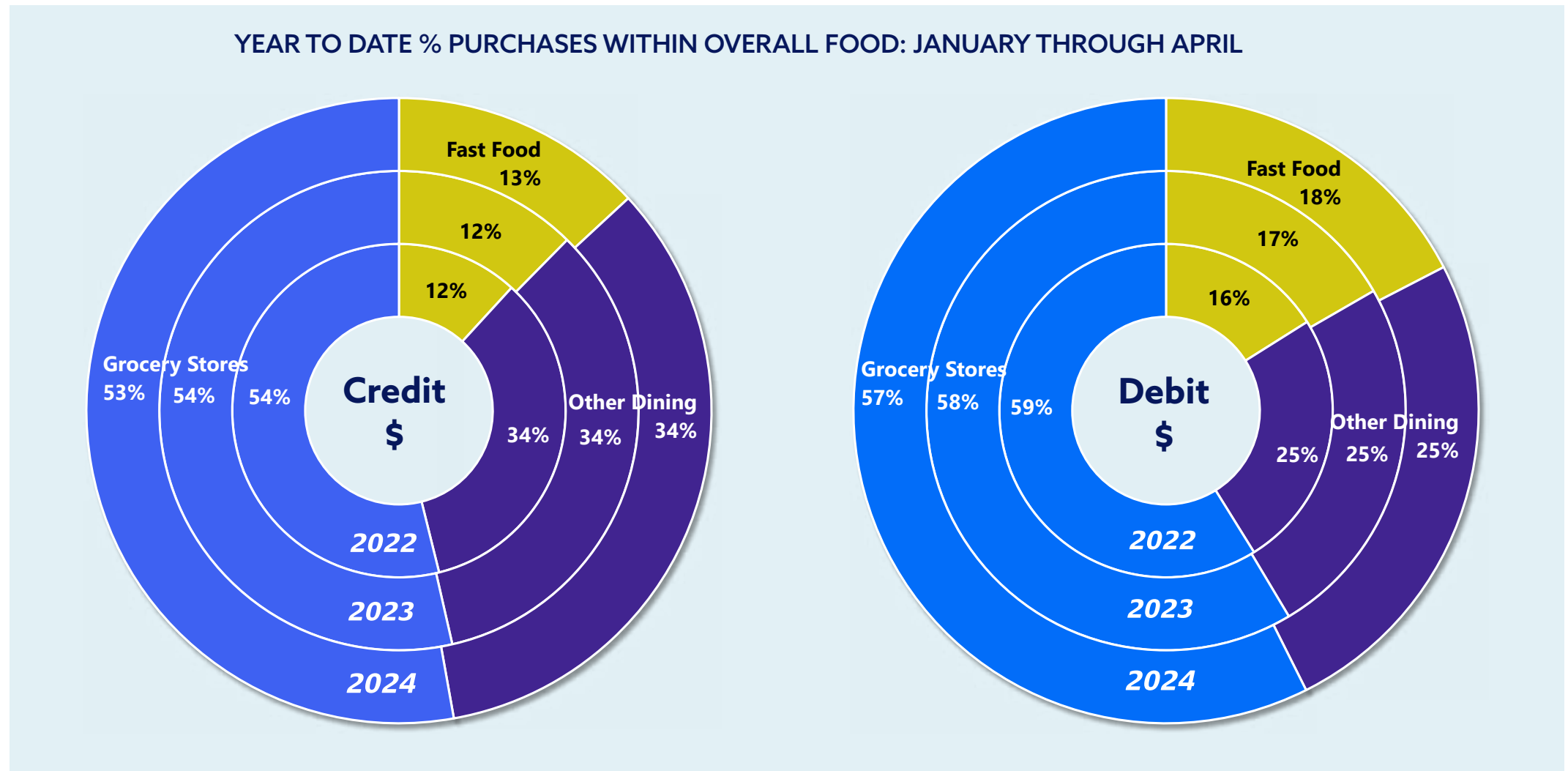
— Norm Patrick, Vice President, Advisors Plus Consulting at Velera



Deep Dive: Overall Food

In this month's Deep Dive, we revisit activity for Overall Food, which includes Grocery Stores/Supermarkets, QSR/Fast Food and Other Dining, that was last covered in [February 2022](#). For April 2024, this grouping represented 20% of overall credit purchases and 29% of overall debit purchases. In a recent article, the [Wall Street Journal reported](#) that it's been three decades since food costs have taken up this much of overall household income – and the expectations are that prices will not go back down. On May 15, the BLS reported that while the overall food index was unchanged in April, the food at home index declined 0.2% and the food away from home index rose 0.3% for the month.

From a mix perspective in our Payments Index population, Grocery Stores & Supermarkets represented the largest segment at 53% of credit Overall Food purchases and 57% of debit Overall Food purchases.



For the cumulative period of January through April 2024, Overall Food credit purchases were up 1.8% and credit transactions were up 2.7%, resulting in a lower average purchase amount of \$38.62, which was down by 0.9% compared to 2023. Debit Overall Food purchases were up 2.5% and debit transactions were up 2.3%, resulting in a higher average purchase amount of \$32.01, which was up by 0.2%.

The average credit purchase at Supermarkets was \$52.98, down 1.6% year to date compared to 2023. The average debit Supermarket purchase was \$52.09, down 0.5% for the same period.

While there has been positive year-to-date growth in Food purchases, there was a corresponding increase in Food transactions. For year-to-date average purchase amounts through April, debit Food was up 0.2% compared to the same period in 2023. The average Food purchase on credit was down 0.9% year over year. Average credit purchases at Grocery Stores/ Supermarkets were \$52.98, down 1.6% year to date, while the average debit purchase

YEAR-TO-DATE GROWTH IN FOOD ACTIVITY - 2024 VS 2023 JANUARY TO APRIL

Merchant Category	Transaction Growth		Purchase Growth	
	Credit	Debit	Credit	Debit
Overall Food	2.7%	2.3%	1.8%	2.5%
Grocery Stores	4.2%	3.1%	2.6%	2.6%
QSR/Fast Food	3.3%	2.0%	4.4%	3.6%
Restaurants	0.4%	1.1%	0.4%	2.0%

AVERAGE PURCHASES IN FOOD CATEGORIES - JANUARY TO APRIL 2024 YEAR-OVER-YEAR GROWTH

Merchant Category	Average Purchase			
	Credit Growth	Credit	Debit	Debit Growth
Overall Food	-0.9%	\$38.62	\$32.01	0.2%
Grocery Stores	-1.6%	\$52.98	\$52.09	-0.5%
QSR/Fast Food	1.0%	\$14.68	\$13.13	1.6%
Restaurants	0.0%	\$44.13	\$35.23	0.9%

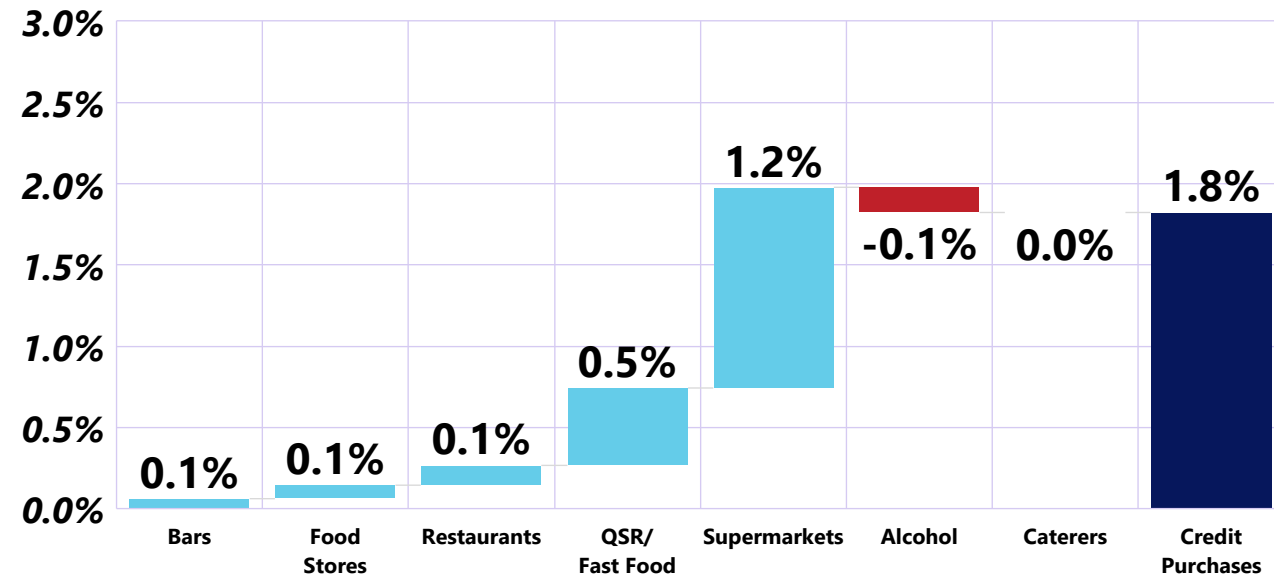
was \$52.09, down 0.5%. Ultimately, consumers are spending roughly the same for food in the first four months of 2024 as they did in the same period in 2023. However, the choices they are making in their shopping baskets or at restaurants is what may have shifted since last year.

What Should Credit Unions Do Now?

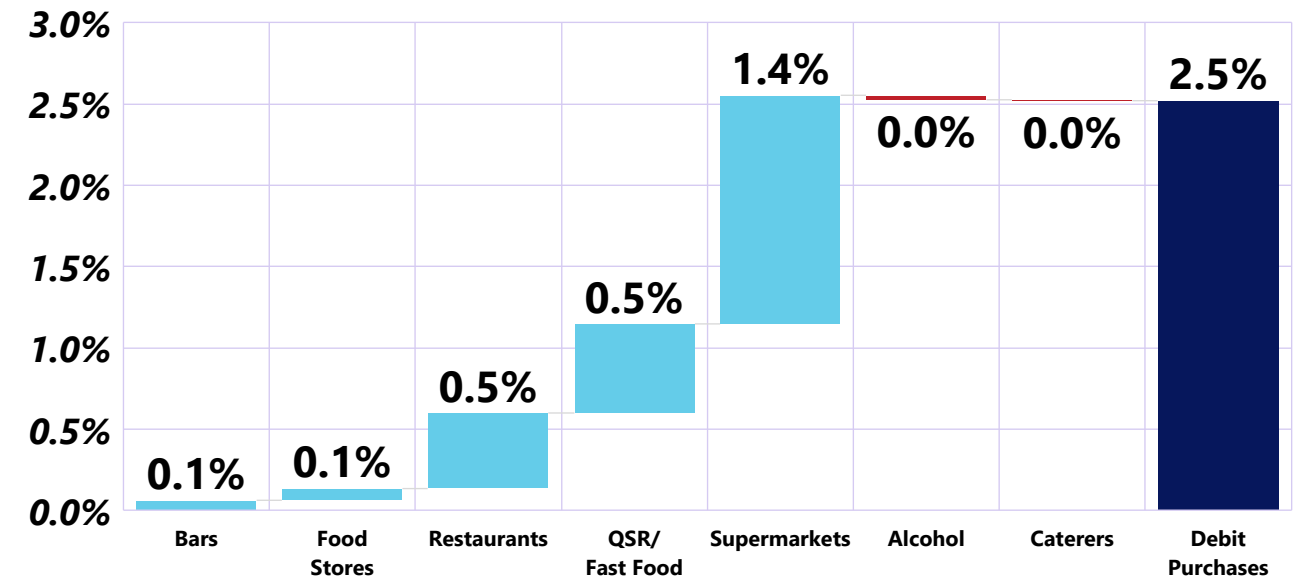
1) Gauge your success. For your credit and debit portfolios, do you see similar growth rates and a comparable mix of transactions? Leverage Member Insight and other tools to see how your credit union is performing.

2) Engage with your members. Clearly, your members are purchasing food and dining out, likely paying with a debit or credit card. Do you have account holders with no or low usage in these Food-related segments? Can a usage stimulation campaign motivate them to use your card when they are out dining?

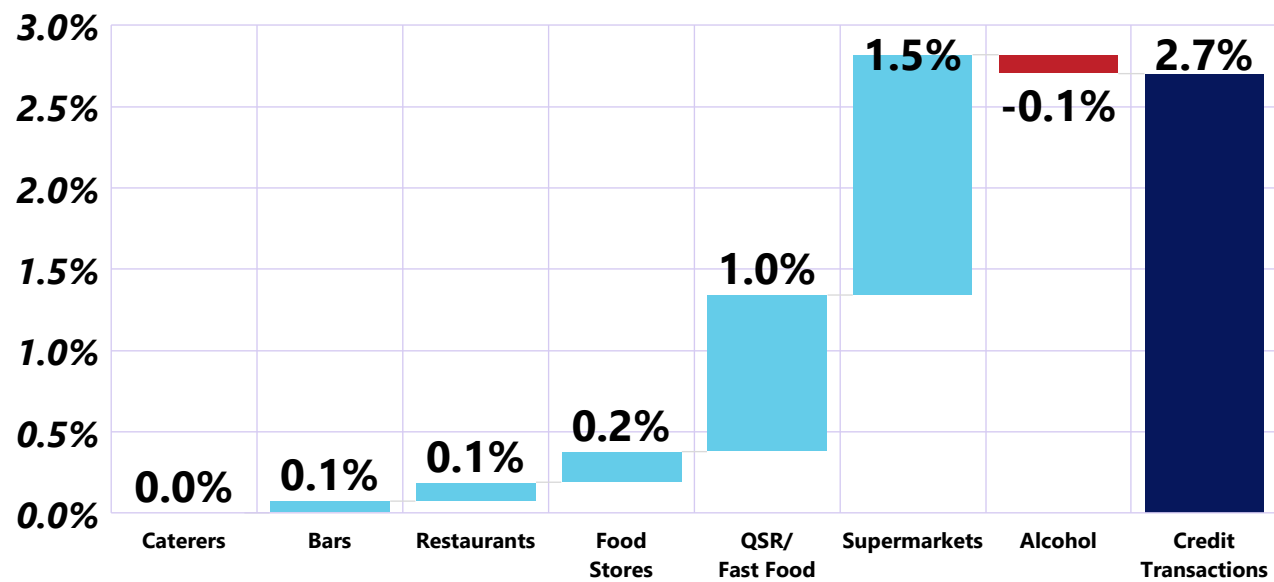
Merchant Category Contributions to Growth in Food
Credit Purchases: Jan to Apr



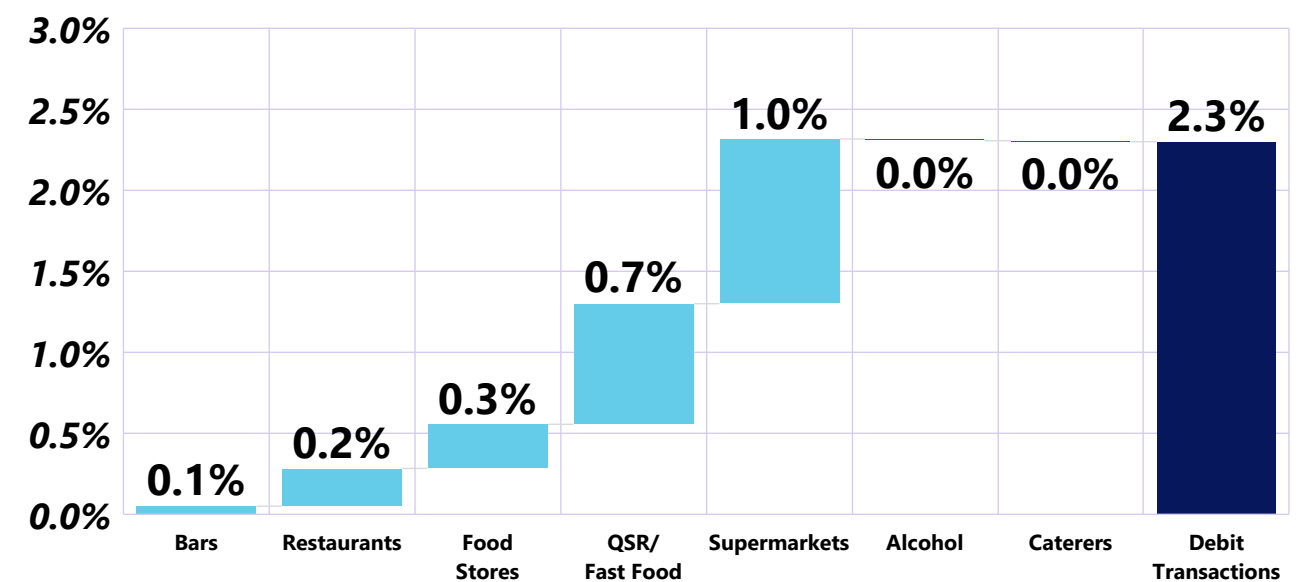
Merchant Category Contributions to Growth in Food
Debit Purchases: Jan to Apr



Merchant Category Contributions to Growth in Food
Credit Transactions: Jan to Apr



Merchant Category Contributions to Growth in Food
Debit Transactions: Jan to Apr



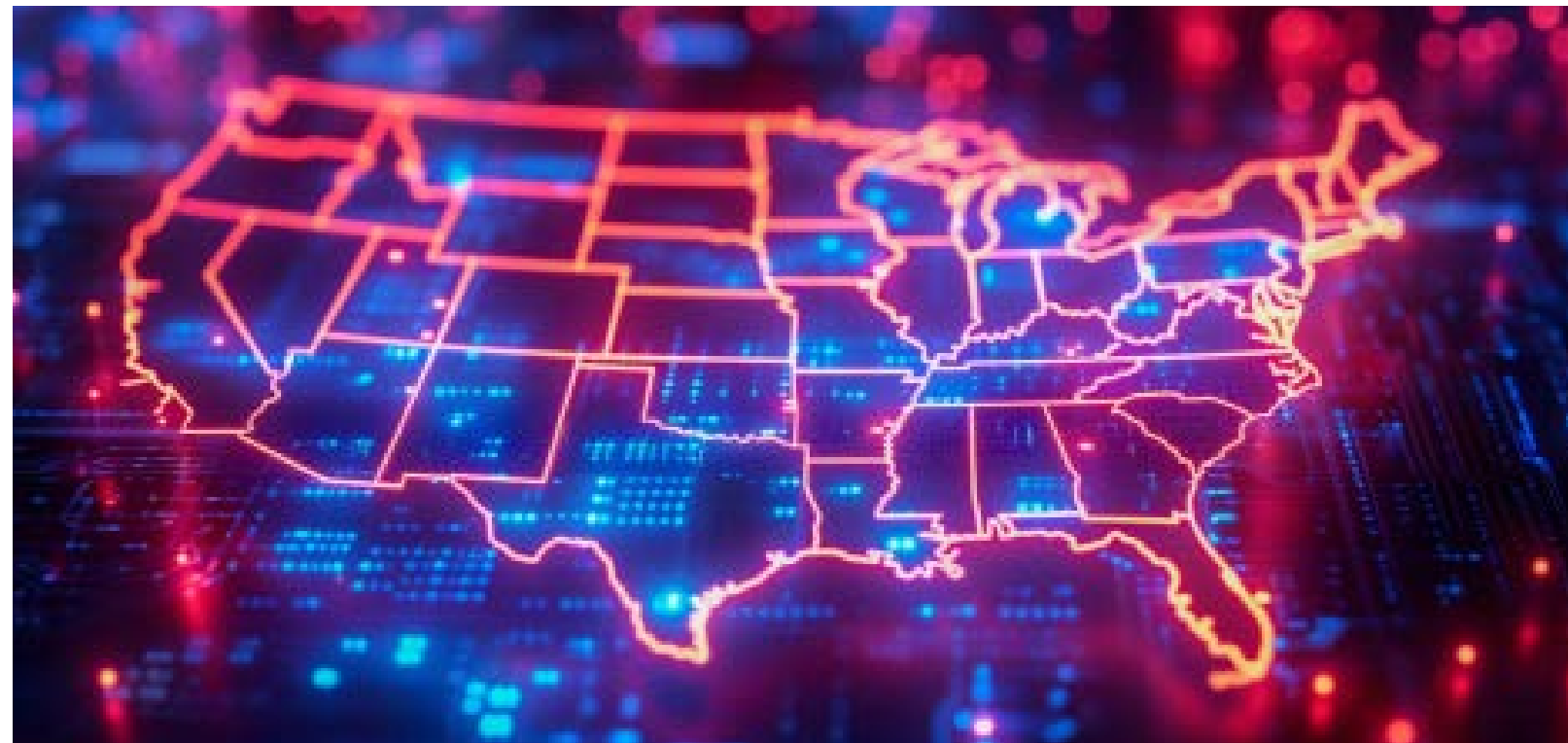
■ Increase ■ Decrease ■ Total

Checking in: Political Contributions

With the 2024 U.S. Presidential race front and center in most media outlets, we have created a comparison of the weekly purchases in the Political Contributions merchant category comparing 2020 and 2024. Total weekly purchases have been indexed to the first week of January 2020 (week 1 2020 = 100). For credit purchases, 2020 activity peaked in late October with an index value of 956, or 9.5 times the contributions made during the first week of January 2020. For debit purchases, the peak was the same week in late October with an index value of 757, or 7.6 times the contributions made during the first week of January 2020.

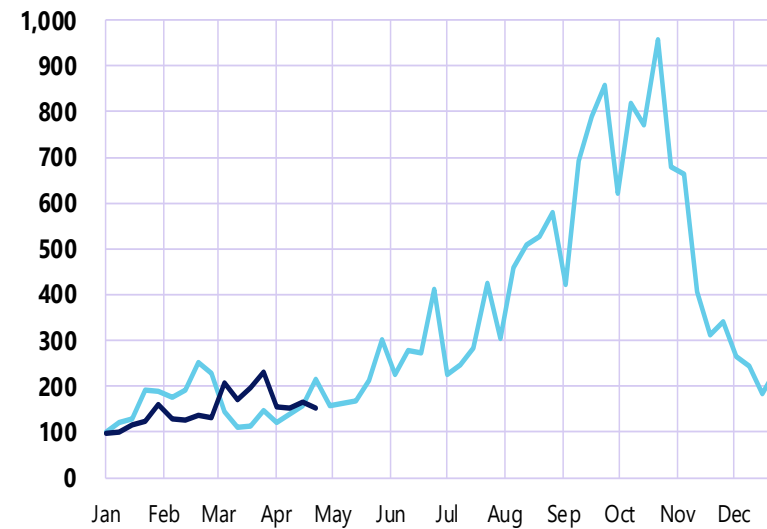
AVERAGE PURCHASES AMOUNT APRIL 2024

Merchant Category	Average Purchase		Growth in AVG Purchase	
	Credit	Debit	Credit	Debit
Political Contributions	\$31.63	\$21.66	3.5%	-3.7%

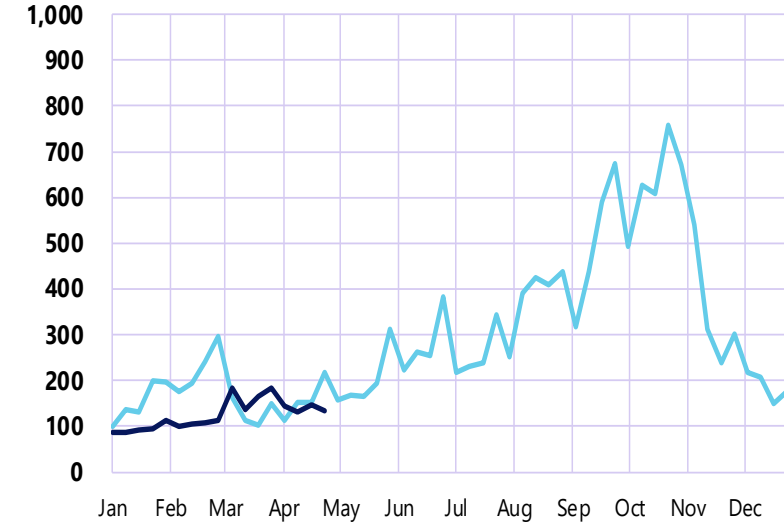


It's important to compare the differences in the Presidential primaries of the two election years. In 2020, President Trump was the incumbent Republican candidate, while there was a relatively large field of Democratic candidates. For 2024, President Biden is the incumbent Democratic candidate and there was a smaller field of Republican candidates, including former President Trump. As a result of the differences in these primaries, year-to-date political contribution dollars were higher in 2020 compared to 2024. Credit purchases were down 8%, while debit purchases were down 25%, for the cumulative year-to-date 2024 versus 2020. Looking at post-primary results comparing April 2024 to April 2020, the average credit purchase for Political Contributions was up 3.5%, at \$31.63, and the average debit purchase for Political Contributions was down 3.7%, at \$21.66. In the last presidential election year, transactions and the average purchase amounts grew until election date in early November. We will continue to monitor these trends and provide updates throughout this election year.

2020 & 2024 Weekly Political Contributions Credit Purchases Indexed to Start of January 2020



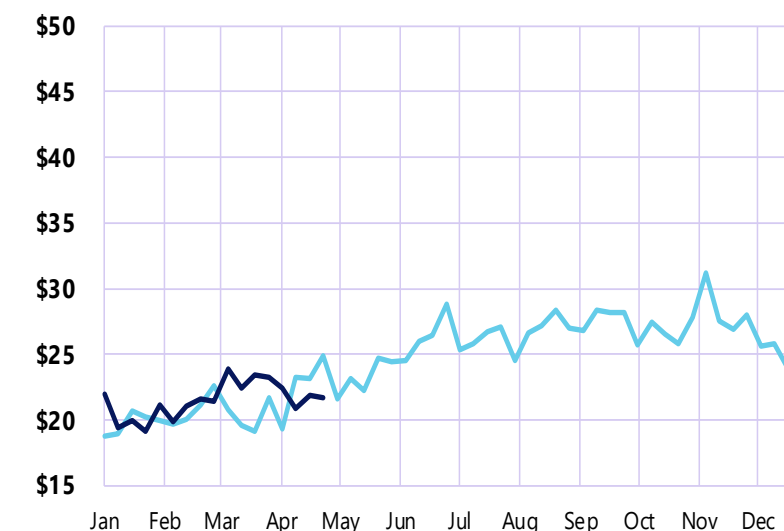
2020 & 2024 Weekly Political Contributions Debit Purchases Indexed to Start of January 2020



2020 & 2024 Weekly Political Contributions Average Credit Purchases Amount



2020 & 2024 Weekly Political Contributions Average Debit Purchases Amount



Indexed Scores

Indexed scores represent a measure of change relative to the baseline – in this case, the total purchase dollars for the first week of January 2020, which is set to equal 100. Here we show the weekly change relative to the January 2020 baseline. The last week of April 2024 credit purchases indexed value was 152, which was a 52% increase from the first week of January 2020 baseline.

Checking In: Income Tax Prep and Tax Payments

The Federal Government started accepting 2023 Federal income tax filings on January 29, with all returns due by Monday, April 15. The [IRS reported](#) that the average refund this year was up 4.6% at \$3,011 compared to last year. While there are no figures published on the average tax due, in the Tax Payment category for the cumulative timeframe of January to April, the average credit purchase was up 6.2%, at \$673 while the average debit purchase was up 6.3%, at \$266.

For Tax Payments, merchants include many city, county and state-level tax collectors. For the cumulative period of January through April, credit purchases were up 4.5% for Tax Prep Services and up 4.7% for debit purchases. Merchants in this category include local tax and accounting service providers, as well as larger tax preparation firms like H&R Block, Jackson Hewitt and Liberty Tax.

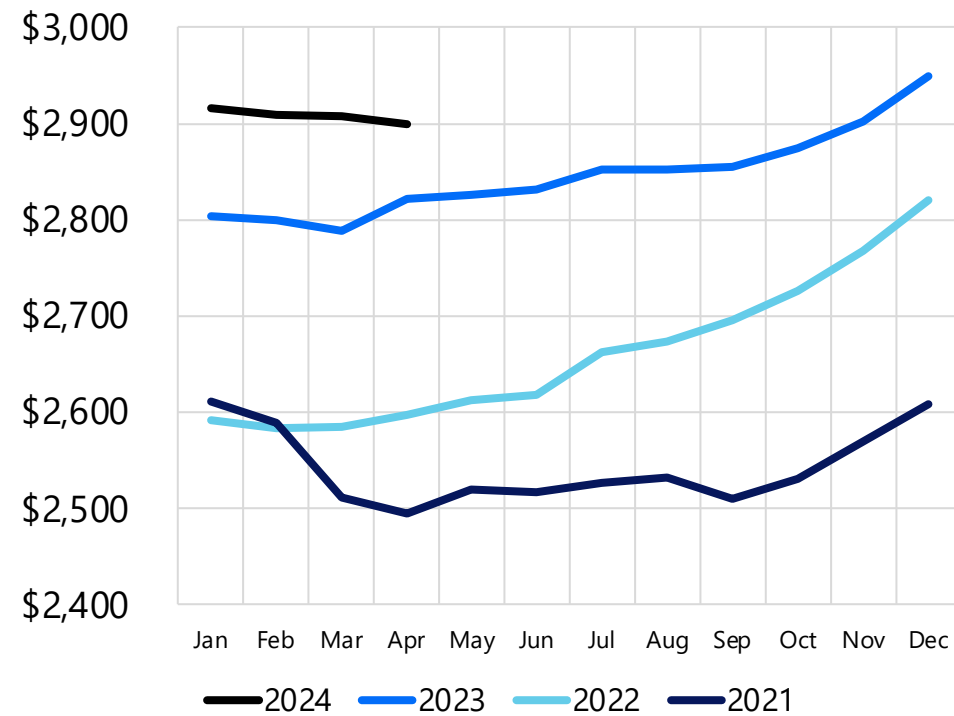
	Credit			Debit		
	Transactions	Purchases	Average Purchases	Transactions	Purchases	Average Purchases
Tax Preparation Services	-0.6%	4.5%	\$222	1.9%	4.7%	\$182
Tax Payments	6.1%	12.7%	\$673	7.8%	14.6%	\$266



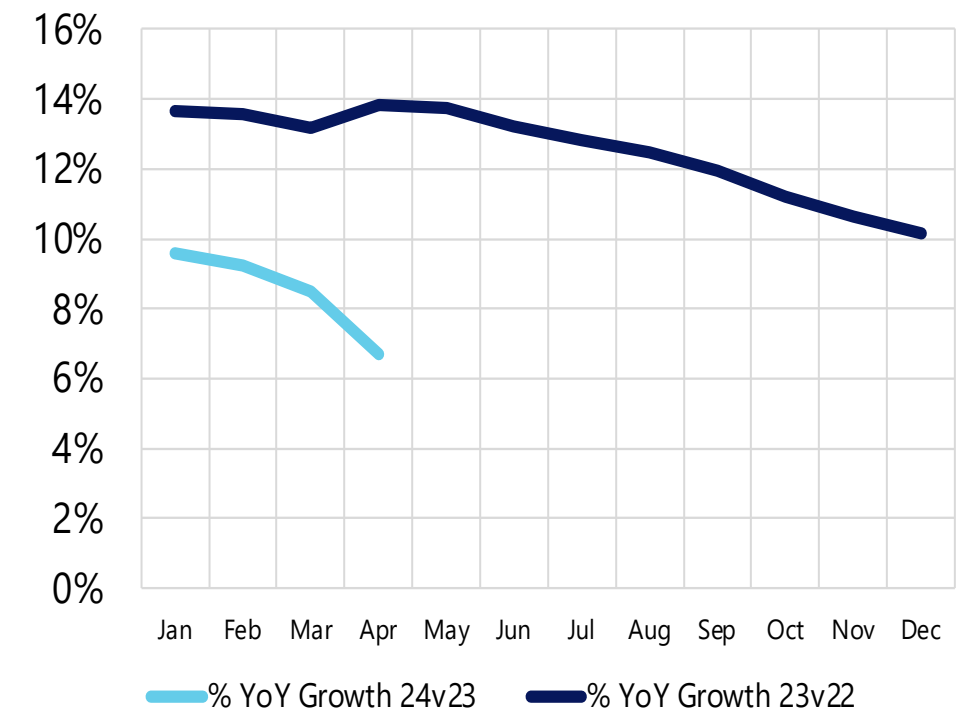
Credit Card Balances

For April 2024, total credit card balances were up 6.7% compared to a year ago. Month over month, total balances decreased 0.4%. The average credit card balance measured \$2,899 in April 2024, up \$77 or 2.7% year over year, and down \$9 or 0.29% from the previous month's average.

Average Credit Card Balances per Gross Active Account



Percentage Change in Total Credit Card Balances

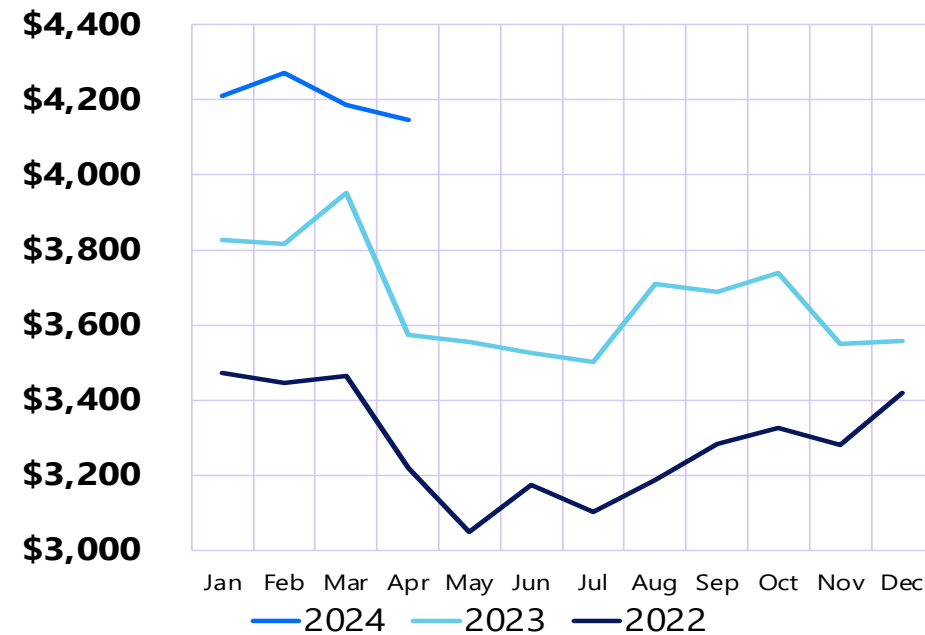


Checking In: Balance Transfers

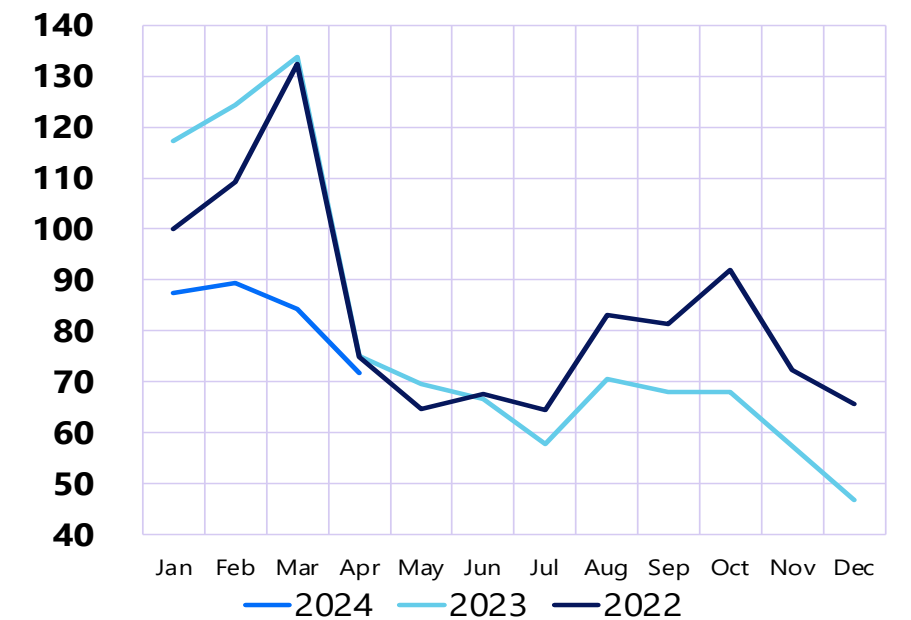
In last month's edition, we reported a 37% drop in the volume of balance transfers for March 2024 compared to 2023 and reported that Velera's Advisors Plus saw lower demand from credit unions in sending balance transfer offers by roughly 7.5%, coupled with offers sent later than in past years. March is historically the peak month for balance transfer usage. In reviewing April 2024 results, we found the monthly balance transfer dollars more in line with prior-year months of April, down 4% year over year. However, the volume of balance transfer transactions was down by 18%. For those that used balance transfers in April 2024, the average amount was \$4,146, up 16% or \$572, from 2023.

Given rising credit card delinquency rates and liquidity challenges, this trend could be a warning sign for credit unions, as higher interest rates could also be leading to credit union members utilizing fewer offers.

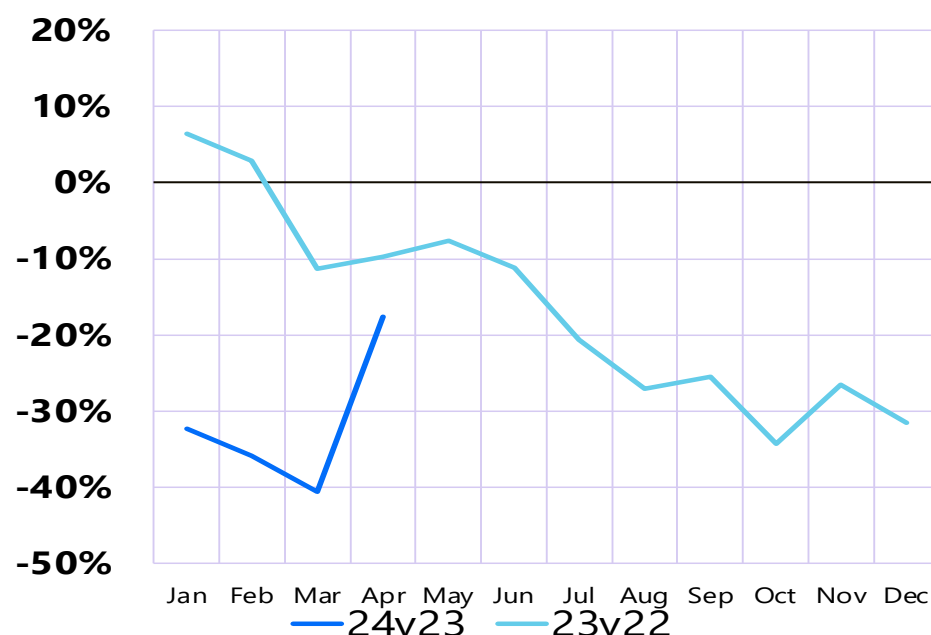
Average Credit Card Balance Transfers



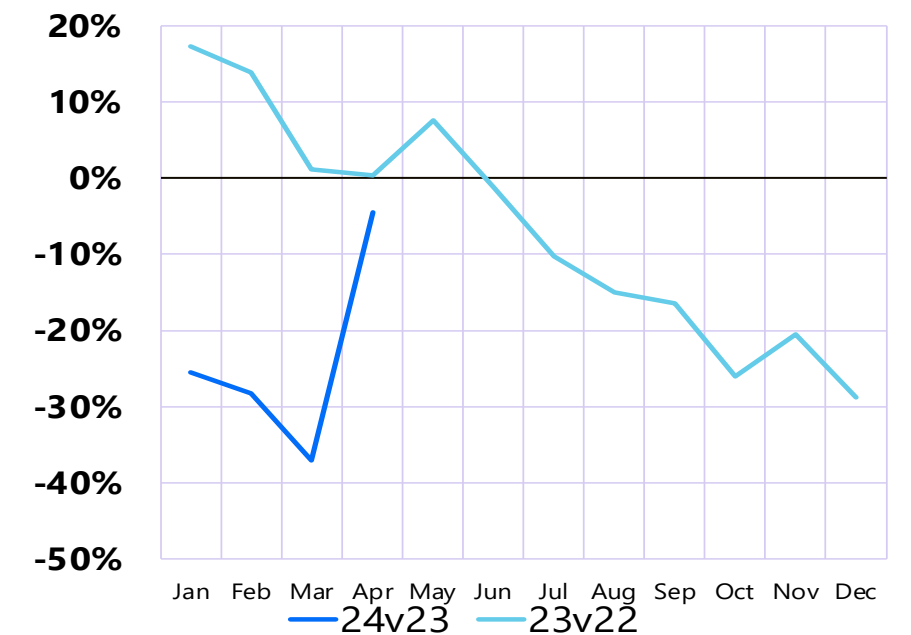
Total Monthly Balance Transfer Dollars Indexed to Jan 2022



Year-over-Year Growth in Credit Card Balance Transfers



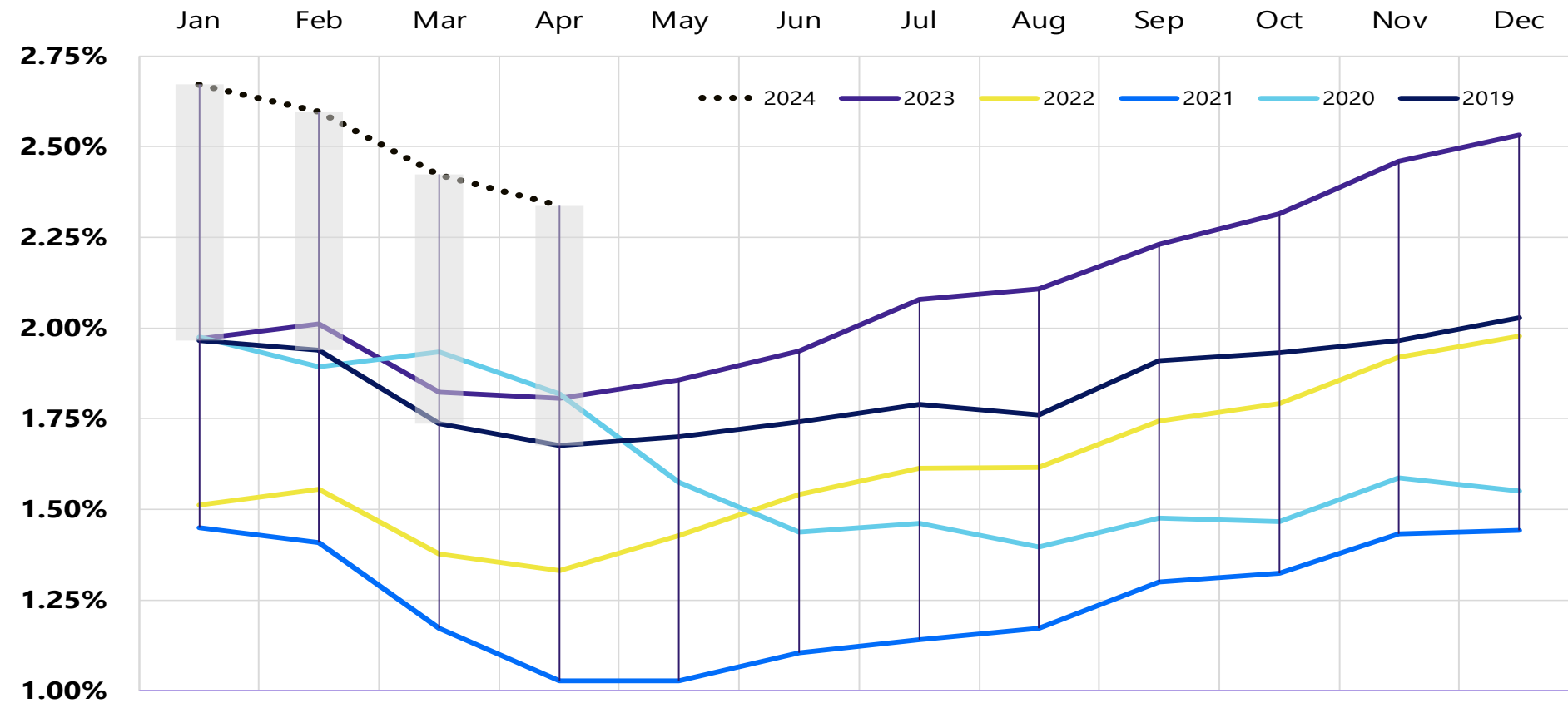
Year-over-Year Growth in Credit Card Balance Transfers Dollars



Credit Card Delinquencies

The credit card delinquency rate continued to decline, finishing at 2.34% for April 2024. Compared to the previous month, the delinquency rate dropped 8 basis points, while the percentage of balances delinquent increased 53 basis points (up from 1.81%) year over year.

Overall Credit Card Delinquency Rate
April 2024

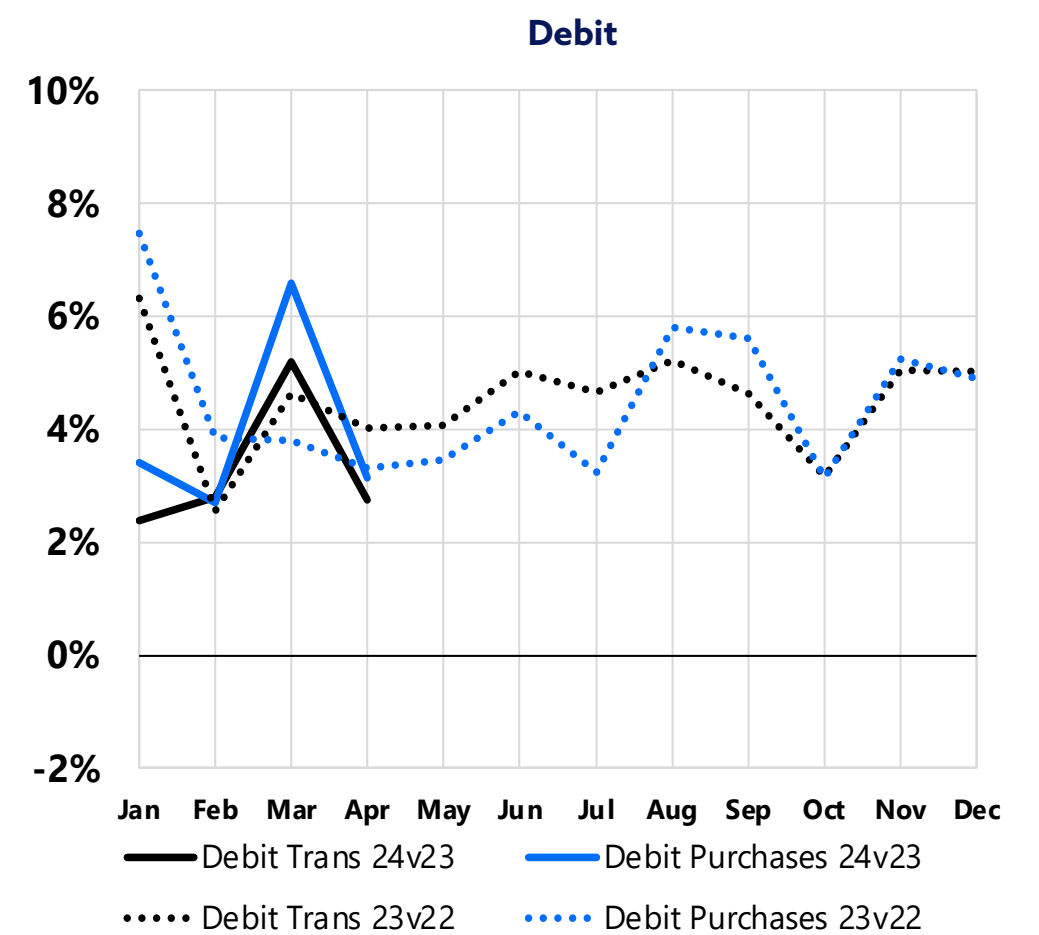
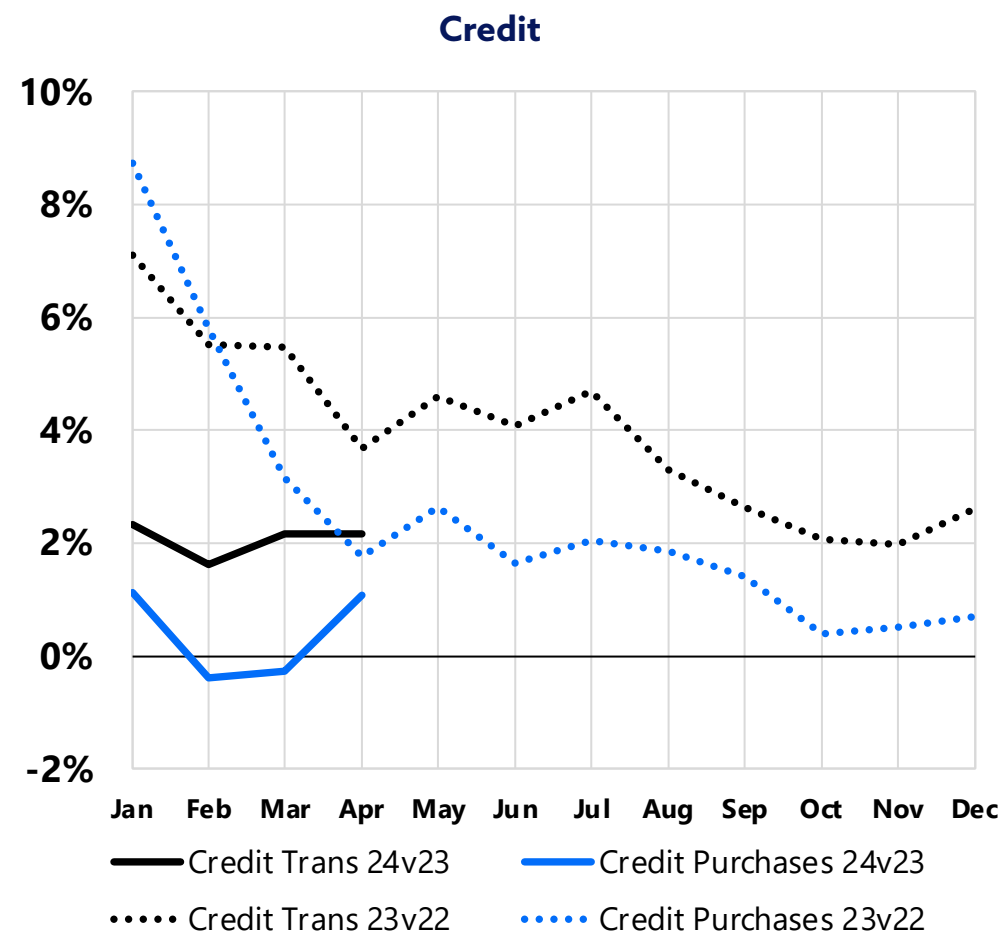


Credit and Debit Cards

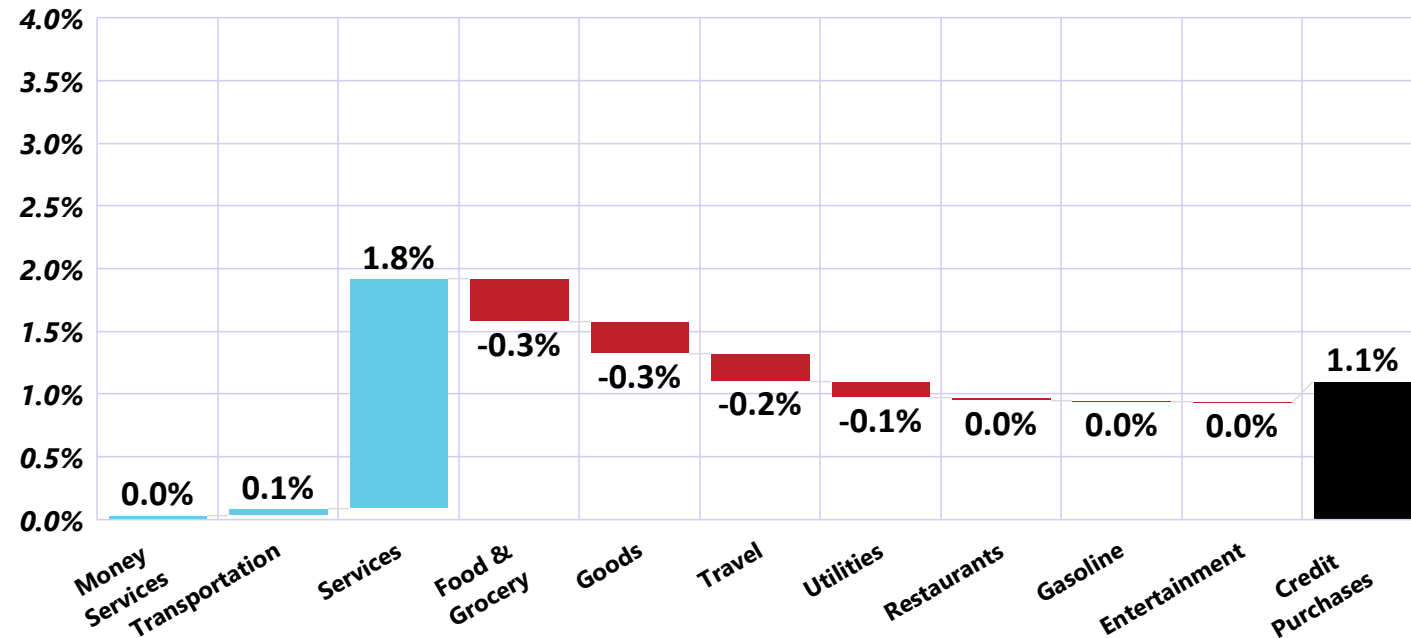
As consumer spending remained modest, debit card growth continued to outpace credit card growth. In April 2024, debit purchase dollars increased 3.2% year over year, while transaction volumes were up 2.7%. Consumer spending on credit cards yielded year-over-year increases of 1.1% for purchases and 2.2% for transactions.

The Money Services and Services sectors were the leading drivers of debit purchase growth, collectively contributing 2.8% of growth. For credit purchases, the Services sector provided the greatest growth at 1.8%. The Food & Grocery sector negatively impacted both debit and credit purchases, driving growth down 0.6% and 0.3%, respectively.

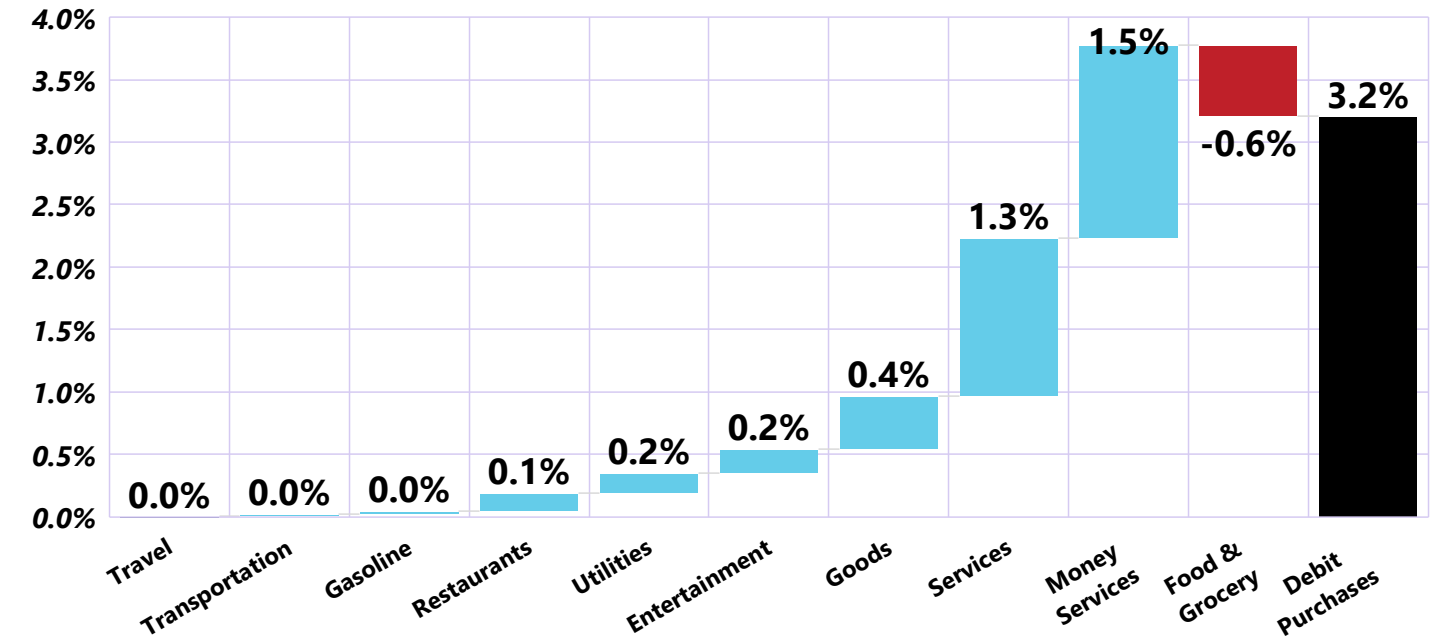
April	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2024 v 2023	2.2%	1.1%	2.7%	3.2%
2023 v 2022	3.7%	1.8%	4.0%	3.3%



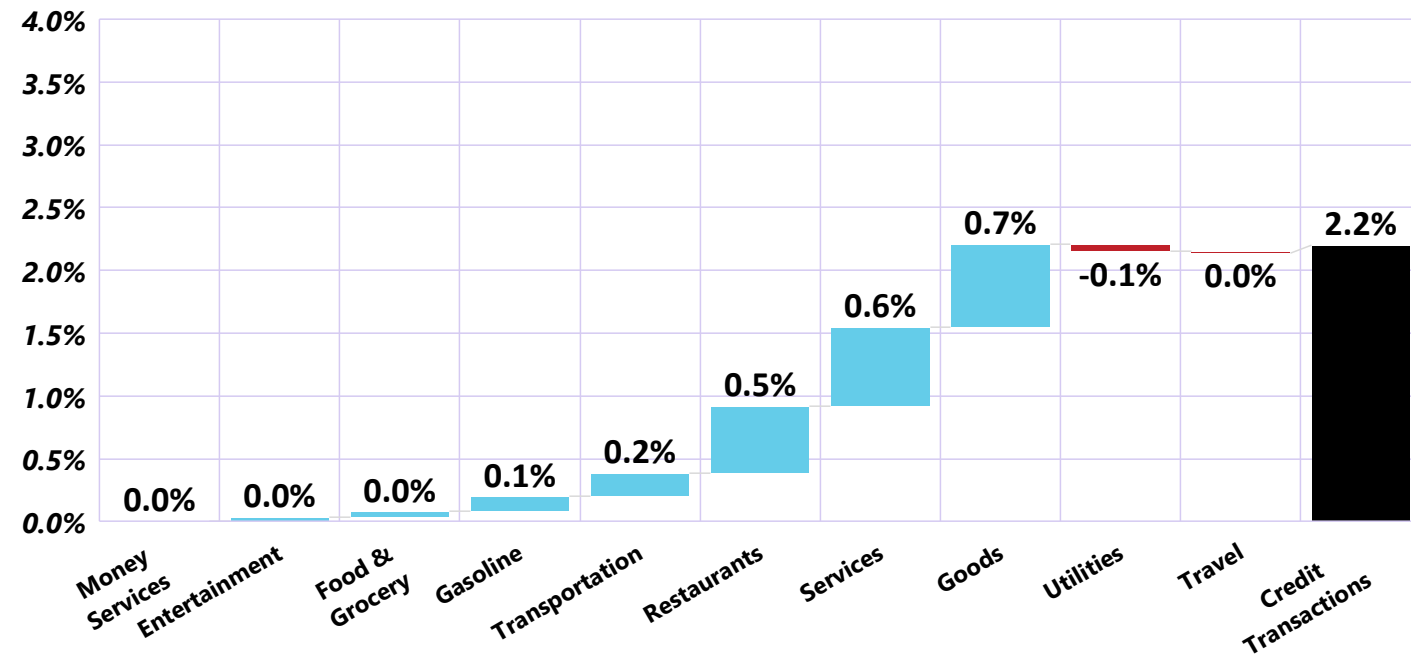
Sector Contributions to Growth in Credit Purchases: April



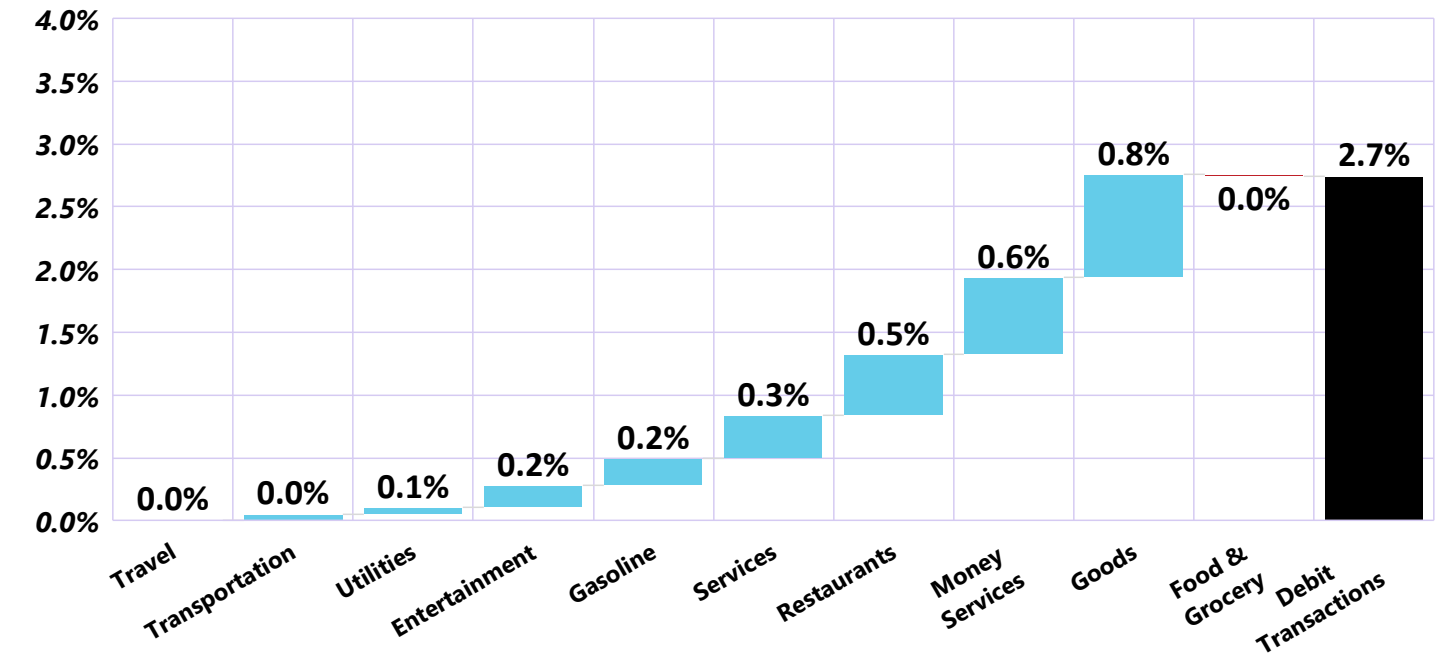
Sector Contributions to Growth in Debit Purchases: April



Sector Contributions to Growth in Credit Transactions: April




Sector Contributions to Growth in Debit Transactions: April



■ Increase ■ Decrease ■ Total


Sectors/Merchant Categories

The Food & Grocery sector contracted in April, down 3% for both credit and debit purchases, due in part to Easter occurring in March 2024 versus April 2023. Additionally, the Restaurant sector's credit and debit purchase growth slowed. Conversely, the Services sector was one of the top performers for both credit and debit purchases and transactions. As gas prices remained elevated, growth rates in the Gasoline sector hovered above the negative measures experienced earlier in the year. The national average price per gallon of gasoline finished at [\\$3.61](#) for the week ending May 13, up 2.0% or \$0.07 year over year.




ENTERTAINMENT
April 2024 V 2023

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




FOOD & GROCERIES
April 2024 V 2023

	Credit	Debit
YoY Purchases	-3%	-3%
YoY Transactions	0%	0%




GASOLINE
April 2024 V 2023

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




GOODS
April 2024 V 2023

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




MONEY SERVICES
April 2024 V 2023

	Credit	Debit
YoY Purchases	4%	14%
YoY Transactions	2%	13%




RESTAURANTS
April 2024 V 2023

	Credit	Debit
YoY Purchases	0%	1%
YoY Transactions	3%	2%




SERVICES
April 2024 V 2023

	Credit	Debit
YoY Purchases	8%	9%
YoY Transactions	7%	5%




TRANSPORTATION
April 2024 V 2023

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



TRAVEL
April 2024 V 2023

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



UTILITIES
April 2024 V 2023

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



About the Velera Payments Index

The Velera 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 Velera 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 Velera 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. Additionally, 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.

For the “same-store” population of credit unions over the past rolling 12-month period, the April edition of the Velera Payments Index represents a total of 3.1 billion transactions valued at \$158 billion of credit and debit card activity from May 2023 through April 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](#).

About Velera

Velera, formerly 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, operating with velocity to help its clients keep pace with the rapid momentum of change and fuel growth in the new era of financial services. Velera 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 [psc.com](#) and [coop.org](#).