

The Velera Payments Index: June 2024

Consumer spending in debit accelerated in May 2024 while credit spending softened, yet remained positive. Mixed economic indicators keep the hope of a 2024 rate decrease on the table, at least for now. In our June 2024 edition of the Velera Payments Index, we revisit a Deep Dive into Gasoline, which has notably contributed to the higher-than-desired rate of inflation – but has recently experienced stabilization in this non-discretionary spending category.

After three months of declines, the [Consumer Confidence Index](#) increased in May to 102.0 from a slightly upward revised April result of 97.5. While encouraged by the labor market, consumer confidence in current business conditions dropped. Conversely, the University of Michigan [Index of Consumer Sentiment](#) decreased 8.1 points to 69.1 for May, following three months of very little change. The drop in sentiment was primarily attributable to consumer outlook on the labor market (with an expected increase in unemployment) and slowing income growth. Sentiment on personal finances was mainly unchanged for the month.

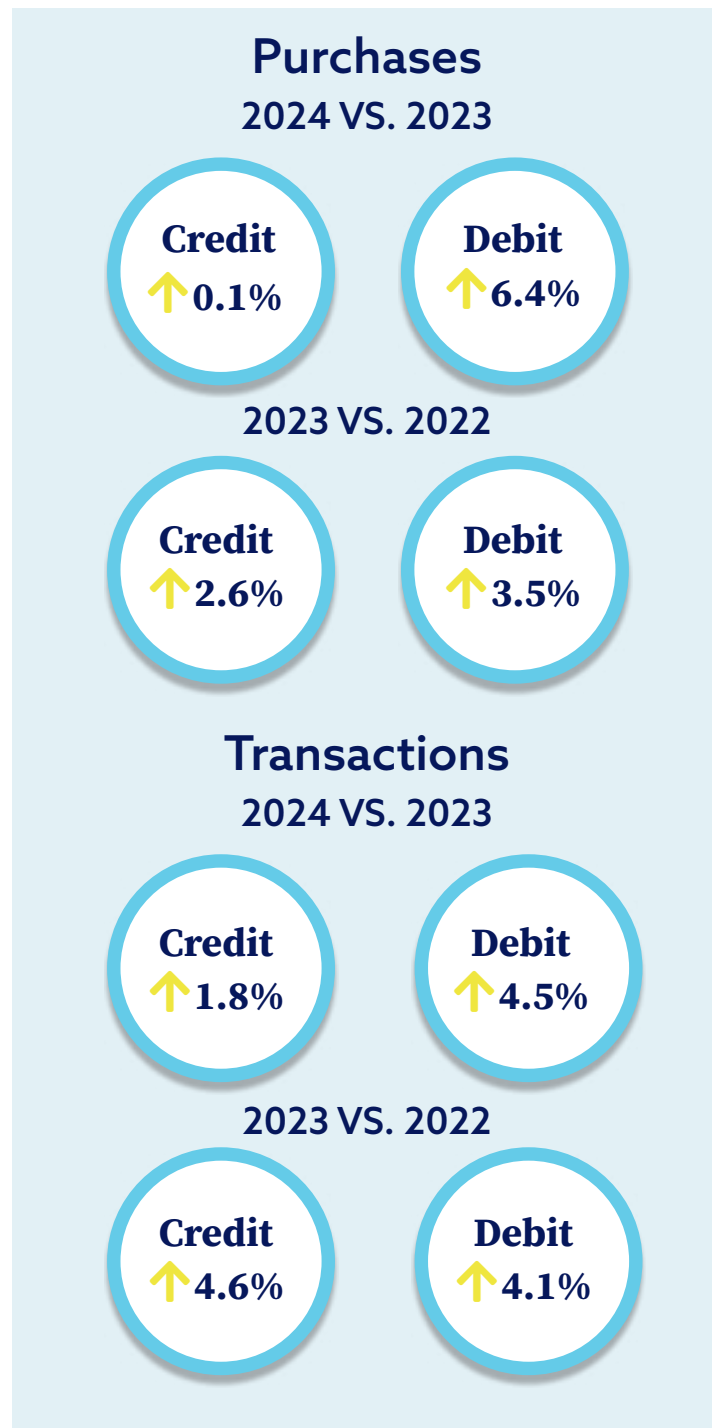
Jobs grew more than expected in May with 272,000 jobs created, higher than the monthly gain over the past 12 months of 232,000 jobs, and much higher than the [expected growth of 185,000 jobs](#) for May. The U.S. Bureau of Labor Statistics (BLS) [reported](#) the overall unemployment rate for May changed little at 4.0%, or 6.6 million people. Job gains occurred in healthcare, government, leisure and hospitality and professional, scientific and technical services.

In the Labor Department's June 12 update, the [Consumer Price Index \(CPI\)](#) was unchanged in May, bringing the cumulative 12-month rate of inflation to 3.3%. Shelter was up 0.4 percent, more than offsetting a decline in gasoline. Additionally, the food index increased 0.1 percent in May. Core CPI, which excludes the Food and Energy sectors, increased 0.2% for May and brings the 12-month Core CPI rate to 3.4%.

While there have been mixed signs the economy is cooling, there is little interest in rate reductions, at least in the very near term. In the Fed's June 12 update, 11 of 19 policymakers felt [no more than one rate cut](#) is possible for the balance of 2024. The next Federal Open Market Committee (FOMC) meetings conclude on July 31.

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 May 2024



- For May, growth rates improved for debit and softened for credit year over year. Debit purchases were up 6.4%, with a third of the debit growth coming from Money Services, while credit purchases were up 0.1%. Debit transactions were up 4.5% and credit transactions were up 1.8% year over year.
- The Consumer Price Index (CPI-U) was unchanged in May, while the 12-month rate of inflation dropped to 3.3%. While Shelter continues to be a top contributor to inflation, the gasoline index dropped 3.6% in May. Excluding the volatile Energy and Food sectors, the core CPI index decreased 0.2% from April, putting the 12-month Core CPI index at 3.4%.
- Growth in the Gasoline sector (this month’s deep dive), with debit purchases up 2.4% and credit purchases up 0.3%, was mainly attributable to Service Station activities – which may include non-fuel purchases. Growth in true gasoline purchases at Automated Fuel Dispensers (AFDs) was modest, with debit AFD purchases up 0.7% and credit AFD purchases up 0.1% year over year.
- The credit card delinquency rate was unchanged in May compared to April, finishing at 2.34%. Year over year, the percentage of balances delinquent was up 48 basis points from 1.86%.

“Consumer spending throughout the month of May 2024 showed an increase in debit card activity, while credit activity softened. In this month’s Deep Dive, we revisit the Gasoline sector, where the replenishment of the U.S. Strategic Petroleum Reserves has helped stabilize fuel prices since the peak in 2022. As the electric vehicle market has grown in recent years, we also take a first look at spending in the Electric Vehicle Charging merchant category.” – **Mike Bell, Vice President, Insights at Velera**



Deep Dive: Gasoline

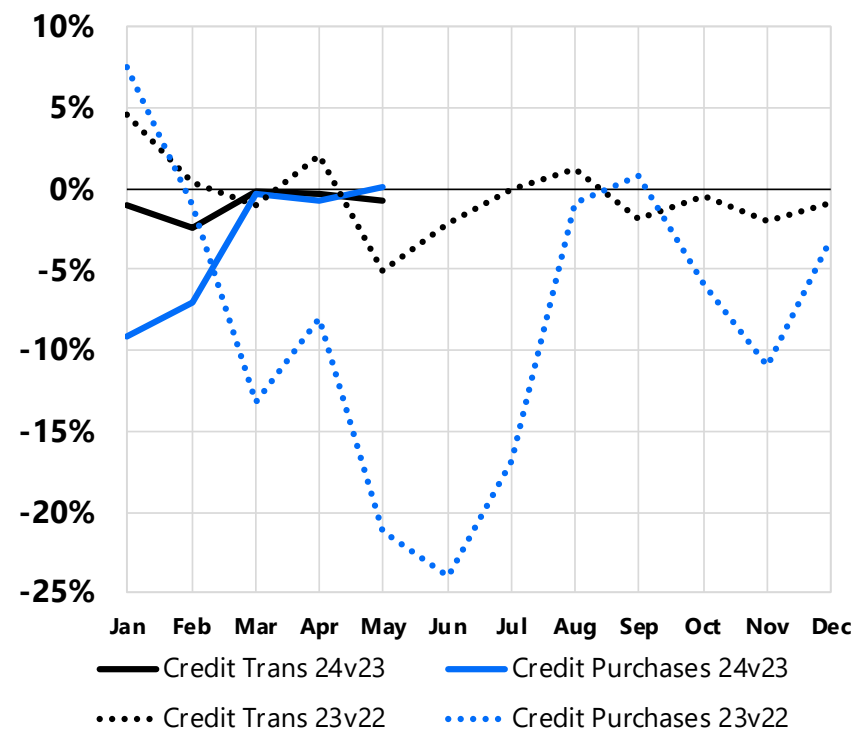
Since the summer of 2022 – when gas prices experienced peaks of up to \$5.00 per gallon – there has been a notable softening and stabilizing of prices since our [last deep dive for this sector](#). Despite seasonal fluctuations in the average price for gasoline, the average price over the past 18 months has trended between \$3.05 and \$3.88, with no significant spikes. While the United States has become the largest worldwide producer of gasoline, concerns persist over potential impacts to U.S. gasoline prices. Impacts on oil prices include [OPEC+ extending deep oil production cuts](#) into 2025 and the [Israel-Hamas war](#). Following the peak in 2022 gas prices, the current White House administration has engaged in utilizing the Strategic Petroleum Reserves (SPRs) to moderate prices at the pumps. This includes recent activity to [replenish the SPR, while crude oil prices have softened](#) in recent weeks.

For May 2024, the Gasoline sector represented 8.2% of overall debit card purchases and typically hovers between 7% and 9%. For credit cards, gasoline purchases for the month represented 5.3% of overall credit card purchases and have been between 4.4% and 5.9% in the past 18 months.

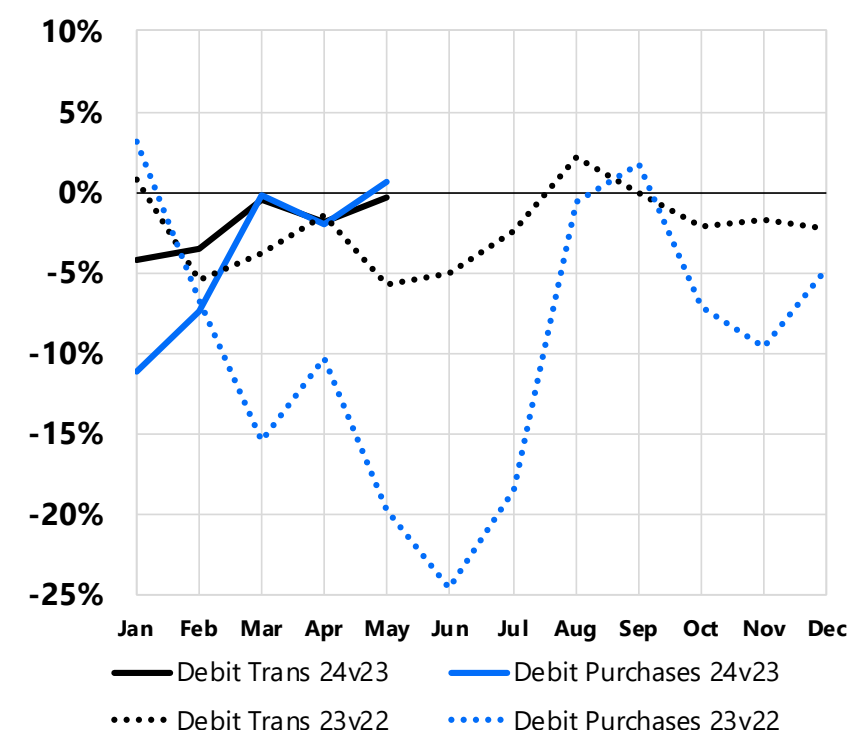
GROWTH IN GASOLINE FOR MAY 2024

GASOLINE	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
GASOLINE	0.2%	0.3%	2.0%	2.4%
AFDs	-0.7%	0.1%	-0.3%	0.7%
Service Stations	1.7%	0.8%	3.3%	4.9%

AUTOMATED FUEL DISPENSER (AFD) CREDIT



AUTOMATED FUEL DISPENSER (AFD) DEBIT



For the overall Gasoline sector, credit purchases were up 0.3% while debit card purchases were up 2.4% year over year for the month of May. Transactions were very similar, with credit gasoline transactions up 0.2% and debit gasoline transactions up 2.0%.

There are two merchant categories that comprise our Gasoline sector: Automated Fuel Dispensers (AFDs), which account for the “pure” gas transactions that occur at the pumps, and Service Stations, which can often be transactions that include non-gasoline items purchased from the “convenience” store where gas pumps are located. From these distinct merchant categories, we draw insights for this month’s deep dive.

For May, most of the growth in Gasoline sector activities came from Service Stations. For debit cards, Service Station purchases were up 4.9% and transactions were up 3.3%. Service Station credit card purchases were up 0.8% and transactions were up 1.7%. These “in-store” purchases represented 41.6% of debit card Gasoline sector purchases and 23.4% of credit card Gasoline sector purchases for May – and have lower average purchase amounts. The average Service Station debit card purchase was \$16.21 and \$20.42 for credit card purchases.

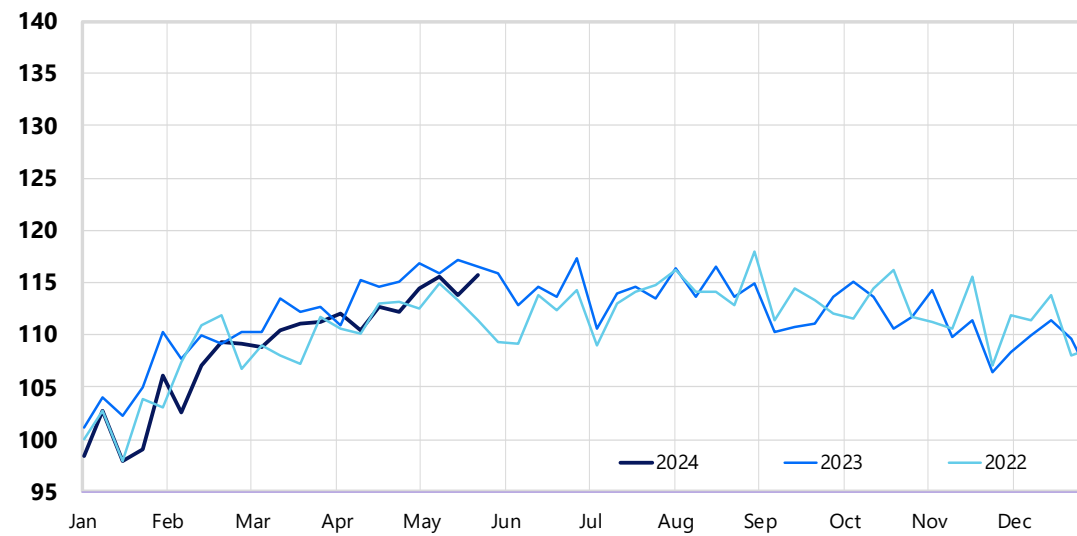
% GASOLINE SECTOR ACTIVITY & AVERAGE PURCHASE AMOUNTS - MAY

% of Gasoline Transactions	2022	2023	2024	2022	2023	2024
	Credit Transactions			Debit Transactions		
Automated Fuel Dispensers	63.7%	61.8%	61.3%	60.4%	62.2%	63.0%
Service Stations	36.3%	38.2%	38.7%	39.6%	37.8%	37.0%
Gasoline Overall	100%	100%	100%	100%	100%	100%
% of Gasoline Purchases	Credit Purchases			Debit Purchases		
Automated Fuel Dispensers	79.8%	76.8%	76.6%	64.3%	59.4%	58.4%
Service Stations	20.2%	23.2%	23.4%	35.7%	40.6%	41.6%
Gasoline Overall	100%	100%	100%	100%	100%	100%
Average Purchase Amount	Average Credit Purchase			Average Debit Purchase		
Automated Fuel Dispensers	\$50.72	\$41.98	\$42.32	\$45.22	\$38.34	\$38.71
Service Stations	\$22.50	\$20.59	\$20.42	\$16.49	\$15.96	\$16.21
Gasoline Overall	\$40.47	\$33.81	\$33.83	\$27.86	\$24.43	\$24.53
Electric Vehicle Charging	\$12.61	\$12.35	\$12.70	\$12.84	\$12.27	\$11.89

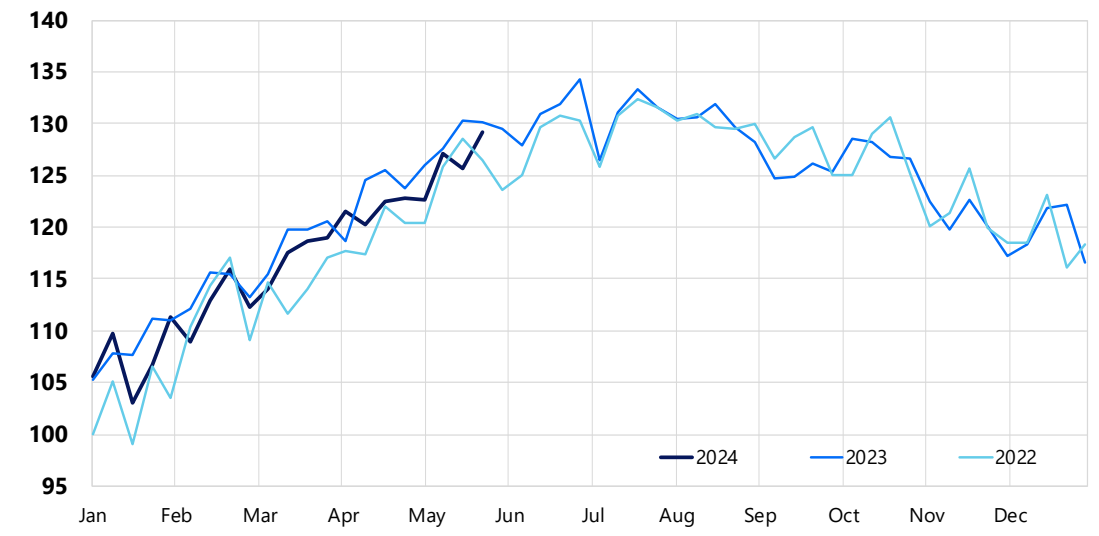
The majority of Gasoline sector transactions and purchases occurred at AFDs. For May 2024, these represented 58.4% of debit card gas sector purchases and 76.6% of credit card gas sector purchases. Growth in activity at AFDs was mainly flat for the month. For May, debit card AFD purchases were up 0.7% and credit card AFD purchases were up 0.1%. Debit card AFD transactions were down 0.3%, while credit card AFD transactions were down 0.1% year over year.

Looking at gasoline purchases at AFDs, we can derive weekly gasoline consumption using the median price for all blends of gasoline as published by the Energy Information Administration (eia.gov). To illustrate the weekly demand from the volume of gasoline purchased from AFDs, we indexed these values to January 2022. Weekly demand increases from the start of the year and peaks in late June/early July. For gas purchased via credit cards, this index value of gasoline demand peaked at roughly 135, or 35% higher than the demand of January 2022 (where the indexed value =100). For gasoline demand purchased via debit cards, the index value reached a peak of 117, or 17% higher than the demand in January 2022. In summary, while demand has been seasonally consistent, so has the average price per gallon of gasoline in this review of activity back to January 2022.

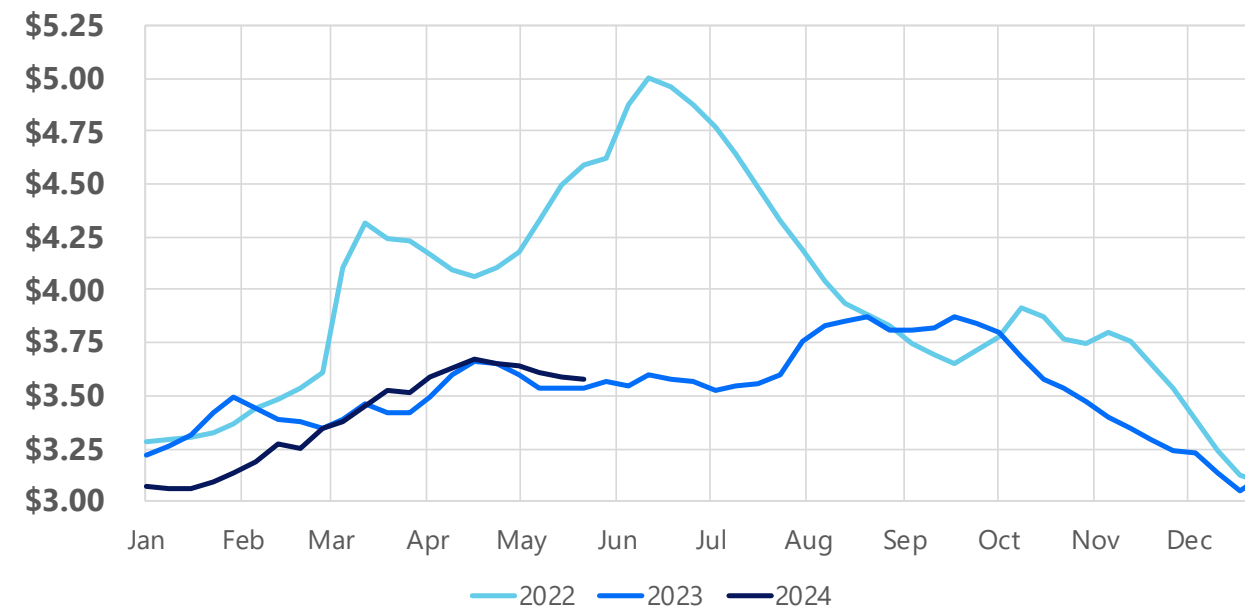
INDEX OF WEEKLY GALLONS OF GASOLINE PURCHASED AT AFDs ON DEBIT CARDS



INDEX OF WEEKLY GALLONS OF GASOLINE PURCHASED AT AFDs ON CREDIT CARDS



AVERAGE WEEKLY U.S. GASOLINE PRICE PER GALLON

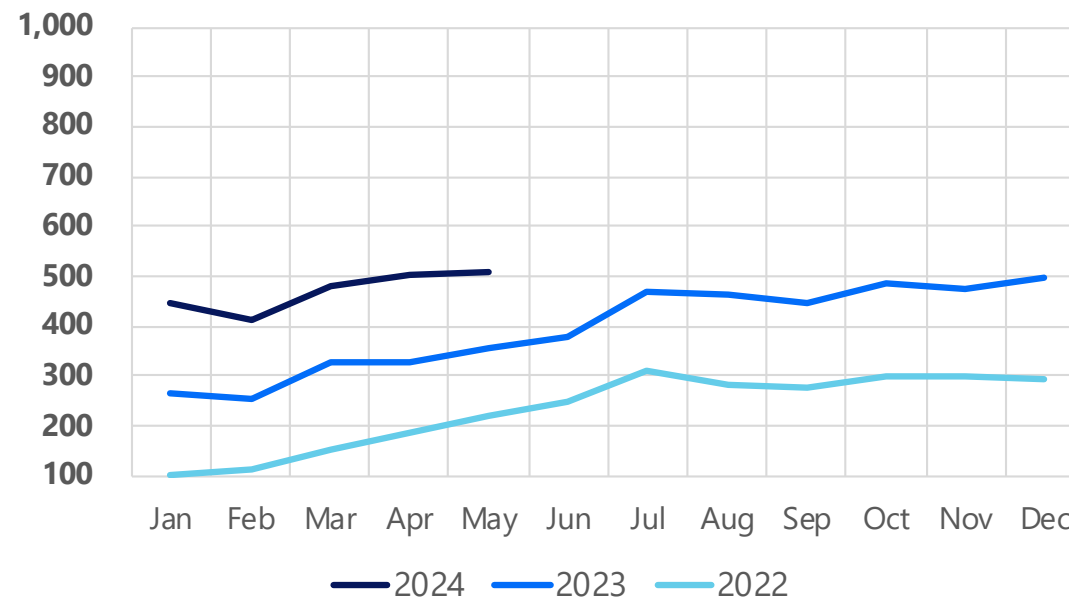


Electric Vehicle Charging

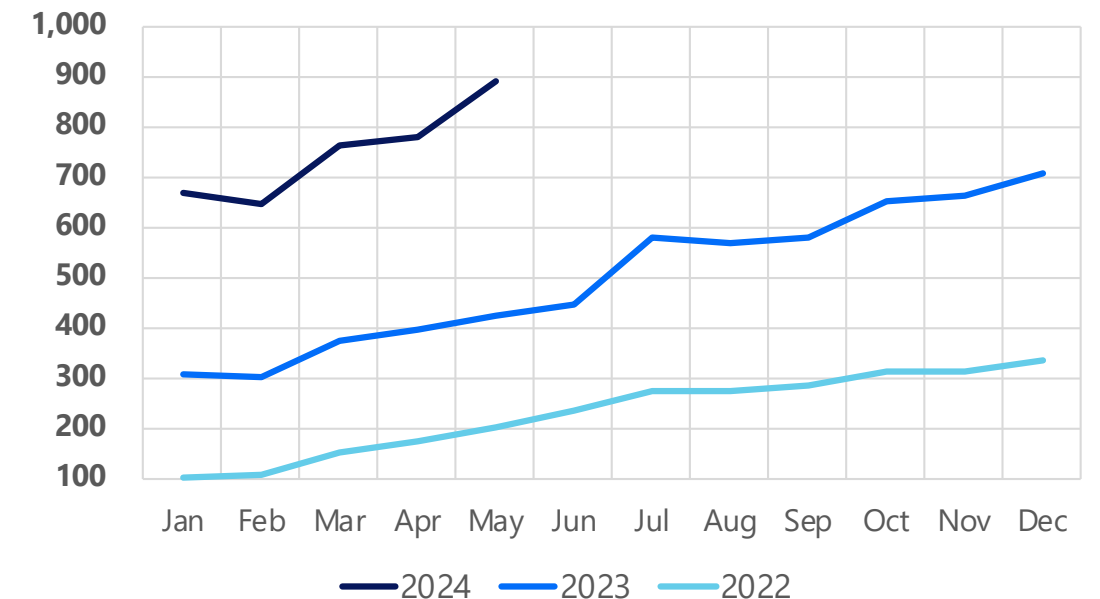
Electric vehicles continue to gain in popularity. With these vehicles comes the opportunity to charge at home, or at charging stations away from home that are critical to the growth of the industry. Energy.gov maintains [online maps of locations of electric vehicle charging stations](#) throughout North America.

While total purchases for both credit and debit cards in the unique merchant category of Electric Vehicle Charging currently represents a fraction of one percent of comparable gasoline sales, the volume of activity is rapidly accelerating in our dataset. We have indexed the growth in purchases in this merchant category back to the start of 2022 (January 2022 =100). For May 2024, the indexed value of growth in electric vehicle charging for debit card was 892, or 892% of the purchases that were seen in January 2022. For credit card purchases in this category, the indexed value was 509.

ELECTRIC VEHICLE CHARGING CREDIT PURCHASES INDEXED TO JANUARY 2022



ELECTRIC VEHICLE CHARGING DEBIT PURCHASES INDEXED TO JANUARY 2022



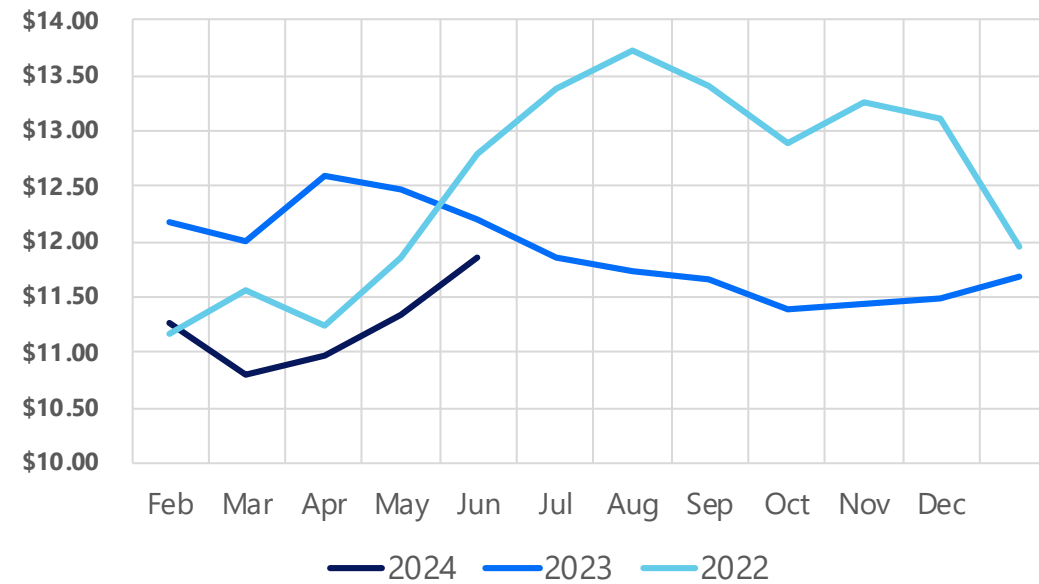
ELECTRIC VEHICLE CHARGING GROWTH INDEXED TO JANUARY 2022 AND AVERAGE PURCHASE AMOUNTS - MAY 2024

	Growth in Purchases Indexed to Jan 2022		Average Purchase	
	Credit	Debit	Credit	Debit
Electric Vehicle Charging	509	892	\$11.85	\$12.70

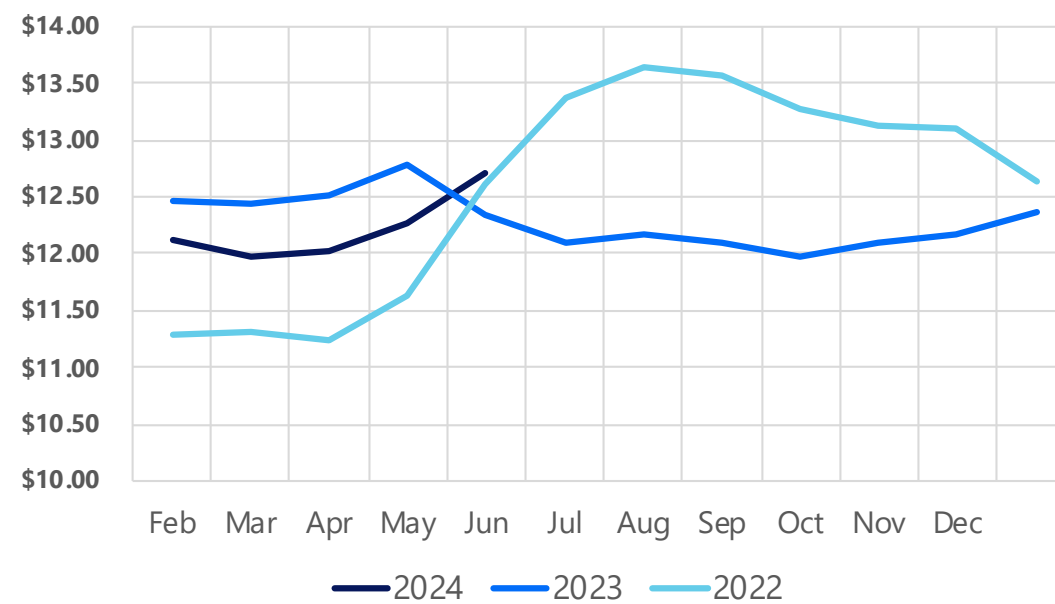
For May, the average purchase amount for Electric Vehicle Charging was \$12.70 for debit and \$11.85 for credit. These amounts are far less than the average purchase for gasoline at Automated Fuel Dispensers and there are many factors that influence the disparity (charger type, battery capacity, time to charge, etc.).



**ELECTRIC VEHICLE CHARGING
AVERAGE PURCHASE AMOUNT CREDIT**



**ELECTRIC VEHICLE CHARGING
AVERAGE PURCHASE AMOUNT DEBIT**



What Should Credit Unions Do Now?

1)Automotive fuel (gasoline and electric charges) is a core category of non- discretionary spend. As summer travel peaks in June and July, so do fuel purchases. With travel promotions and other reminders of card benefits, credit unions can capitalize on spend opportunities within their members' wallets.

2)Electric vehicles have grown in popularity and the infrastructure for charging continues to build out. Identifying members with specific charging activities may allow for targeted communications and deeper personalization of messages in the quest for one-to-one marketing.

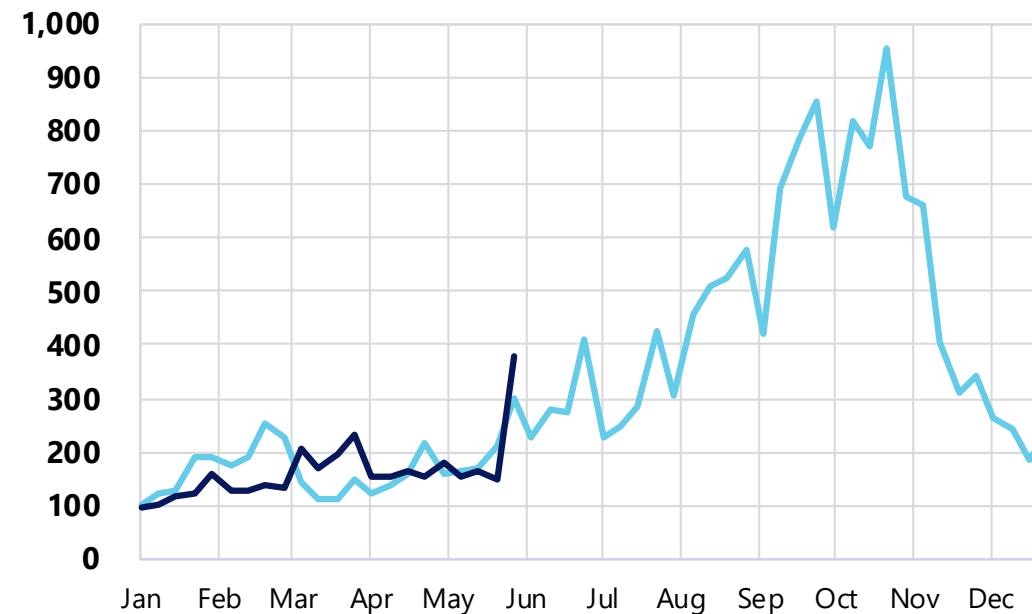
3)For credit unions offering different reward amounts assigned to different merchant groups, be sure to include electric vehicle charging, along with gas purchases, in the overall "fuel" category.

Checking In: Political Contributions

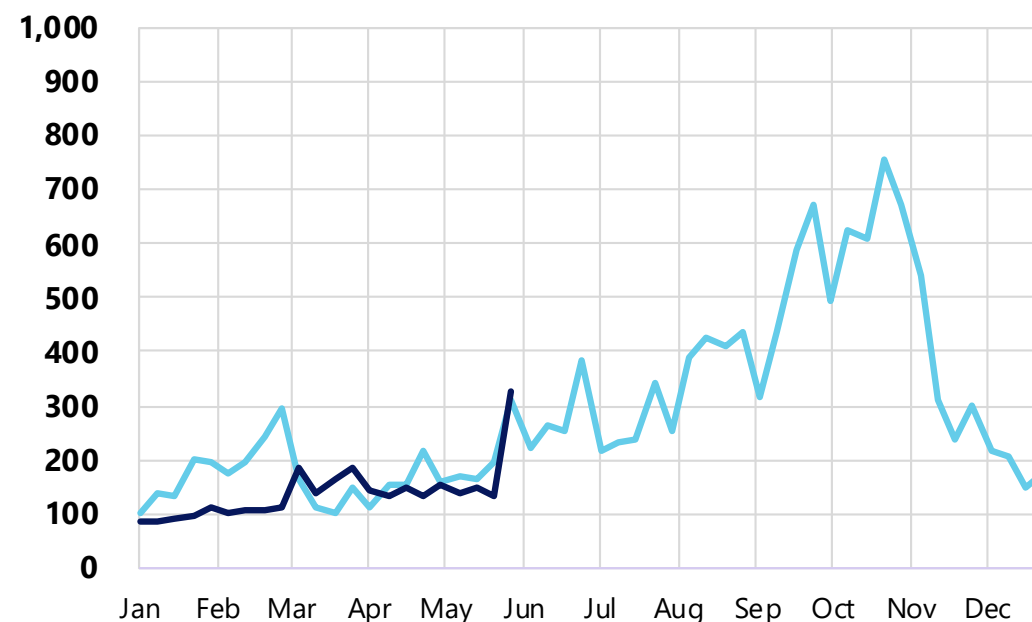
Following up on last month's check-in on donations to Political Organizations, there was a notable increase in activity during the last week of May concurrent with the announcement of the verdict following Donald Trump's trial in New York City on May 30.

In our comparisons of the 2024 U.S. Presidential race, total weekly purchases have been indexed to the first week of January 2020 (week 1 2020 = 100). For credit purchases, the indexed value for the last week of May 2024 was 216, or 2.16 times the contributions made during the first week of January 2020. For debit purchases, the index value for the week ending June 2 was 191. There were reports that the [Trump campaign's donation site crashed](#) during this same timeframe.

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



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 May 2024 credit purchases indexed value was 380, which was a 280% increase from the first week of January 2020 baseline.

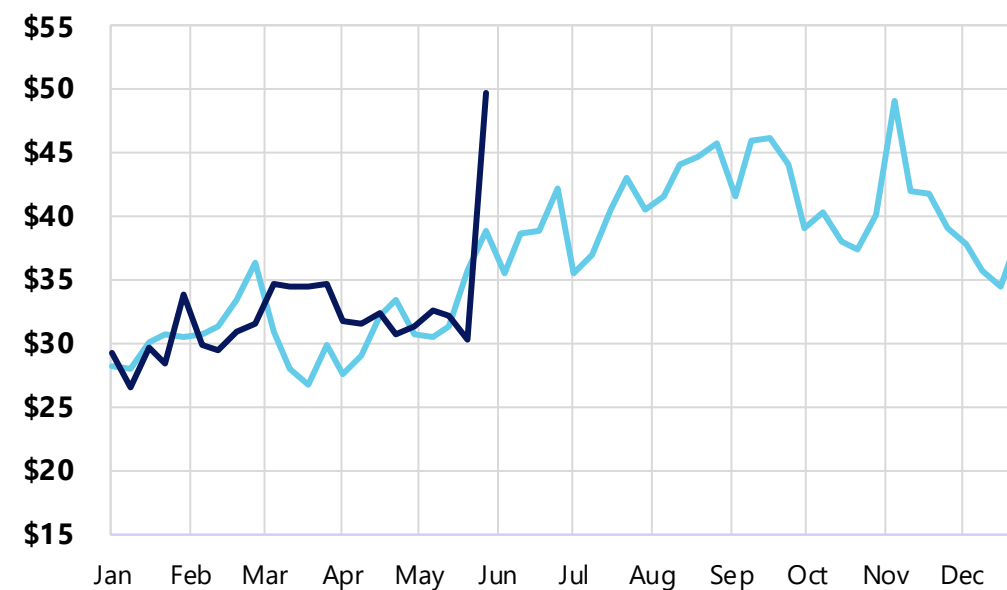
From a week-over-week 2024 comparison, purchases more than doubled between the week ending May 26 compared to the week ending June 2, with credit purchases up 159% and debit purchases up 142%. Since the increase in donations event occurred late in the month May, the impact on the full-month results was moderated. For May 2024 compared to the last presidential cycle in 2020, credit purchases were up 19.9% and debit purchases were up 5.9%. We expect the volume of transactions and purchases to continue to increase until November, similar to 2020 patterns.

With both presumptive presidential candidates facing legal challenges following Hunter Biden's conviction on June 11, we will continue to monitor activity in this merchant category through the 2024 presidential election cycle.

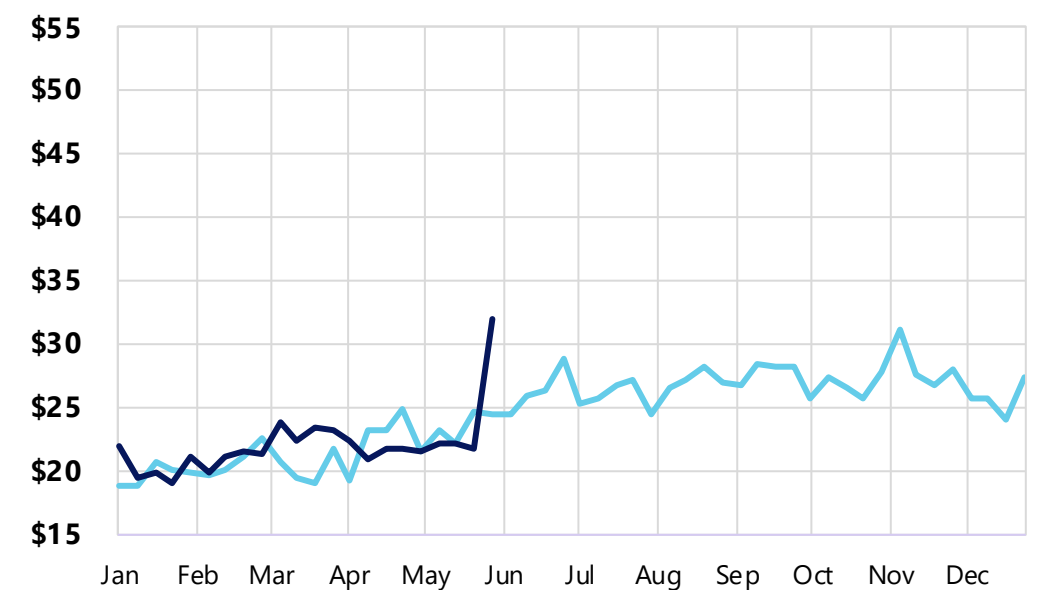
AVERAGE PURCHASE AMOUNT MAY 2024

Merchant Category	Average Purchase		Growth in Purchases	
	Credit	Debit	Credit	Debit
Political Organization	\$36.97	\$25.11	19.9%	5.9%

2020 & 2024 WEEKLY POLITICAL CONTRIBUTIONS AVERAGE CREDIT PURCHASES AMOUNT



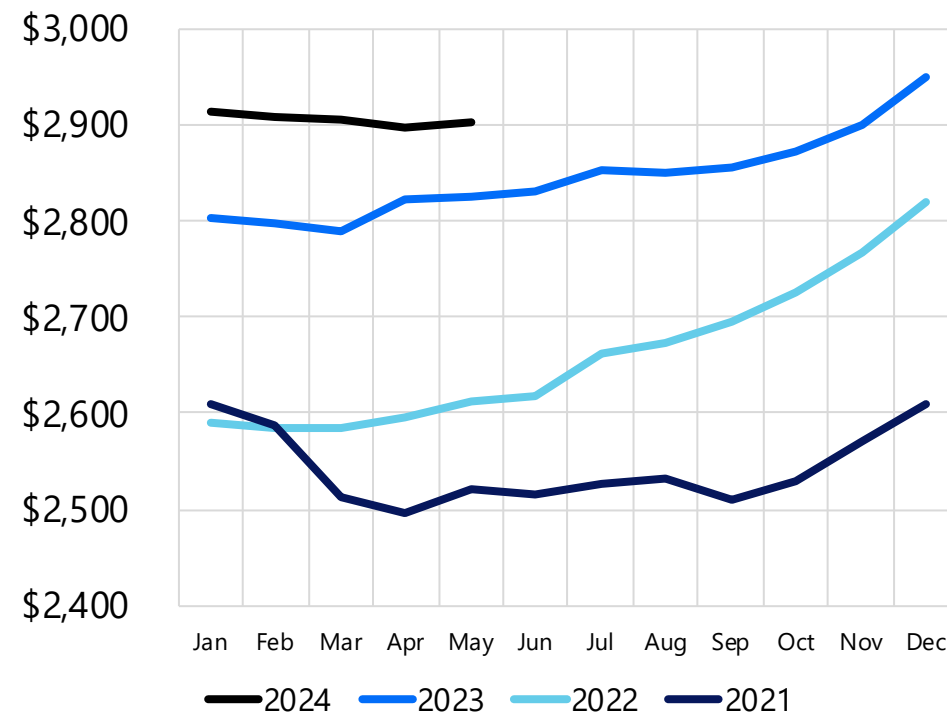
2020 & 2024 WEEKLY POLITICAL CONTRIBUTIONS AVERAGE DEBIT PURCHASES AMOUNT



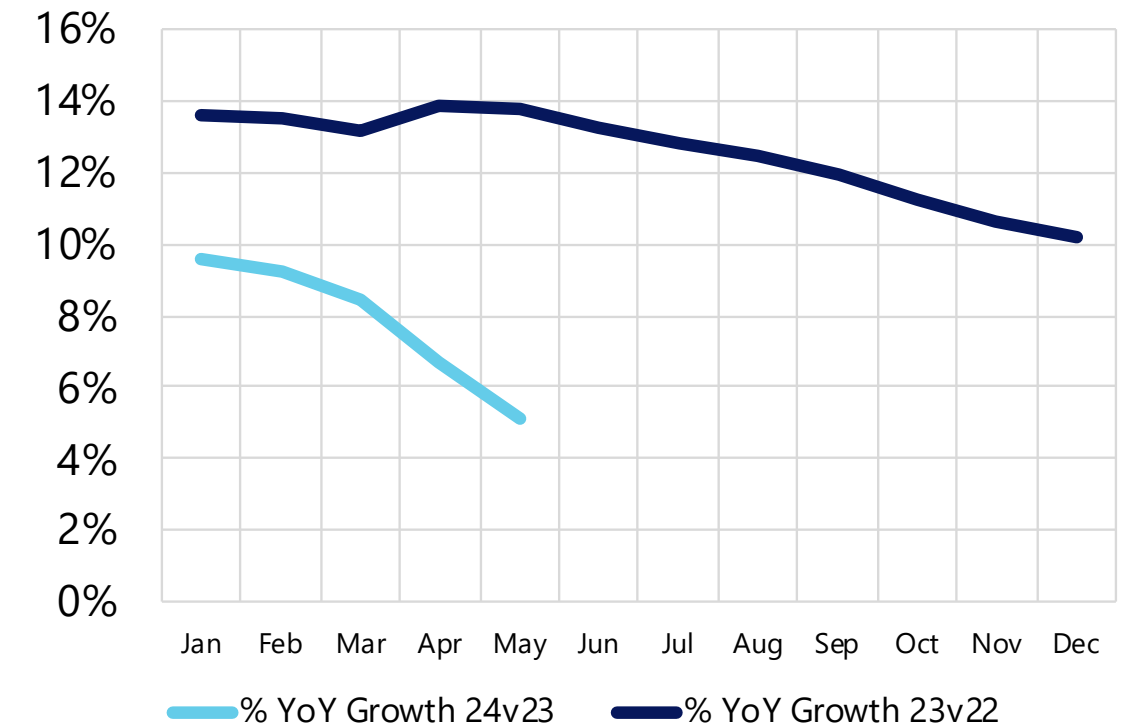
Credit Card Balances

The May 2024 average credit card balance was \$2,904, up \$77 or 2.7% year over year. Compared to the previous month, the average balance increased \$5 or 0.16%. The growth rate for total credit card balances measured 5.1% year over year for May. Month over month, total balances increased 0.5%.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT



PERCENTAGE CHANGE IN TOTAL CREDIT CARD BALANCES

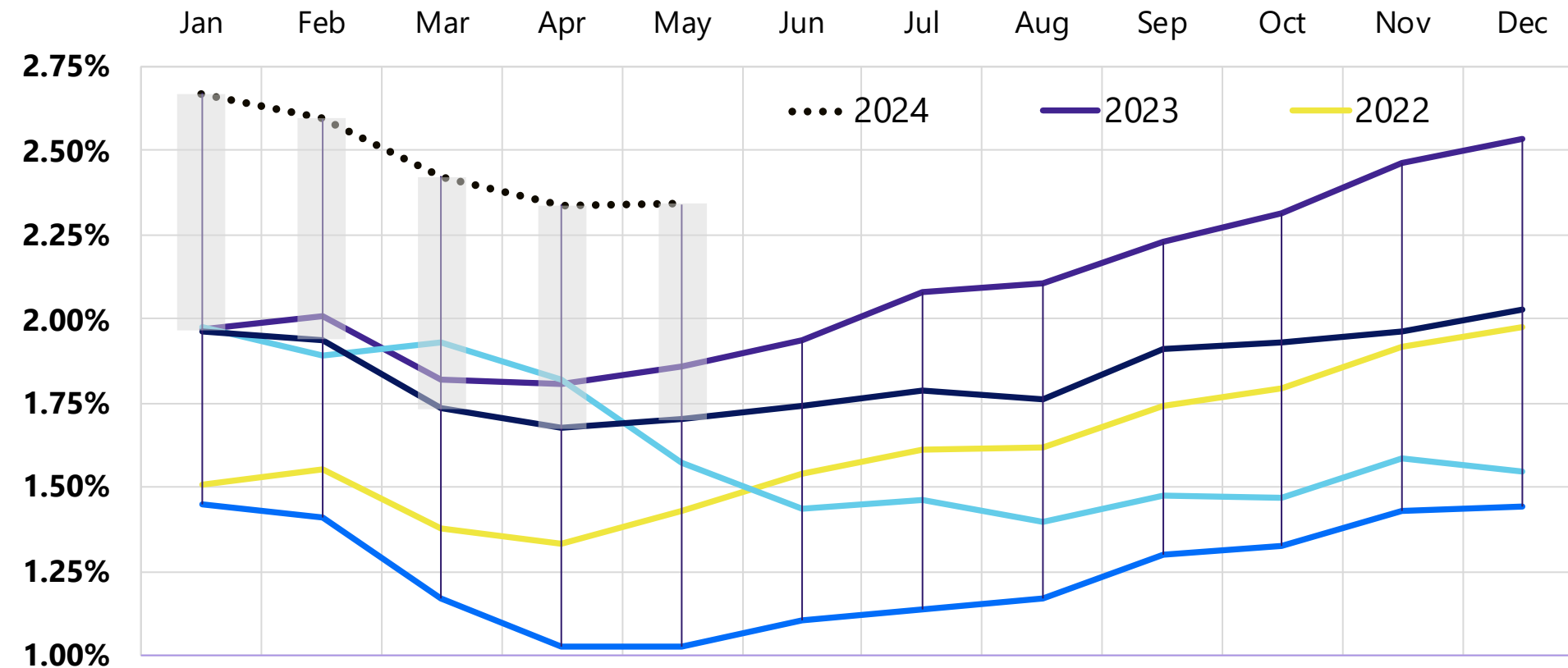


Credit Card Delinquencies

The credit card delinquency rate remained unchanged month over month, measuring 2.34% for May 2024. Year over year, the percentage of balances delinquent was up 48 basis points from 1.86%.



OVERALL CREDIT CARD DELINQUENCY RATE MAY 2024



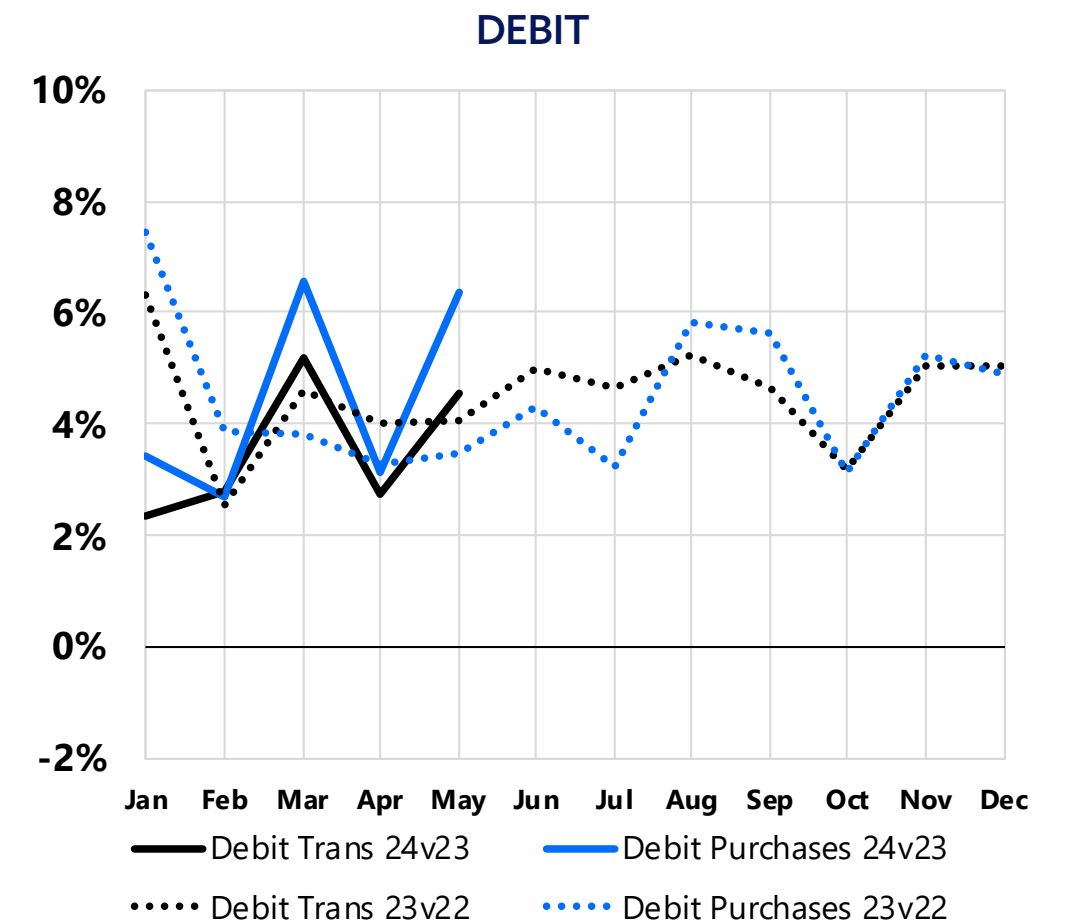
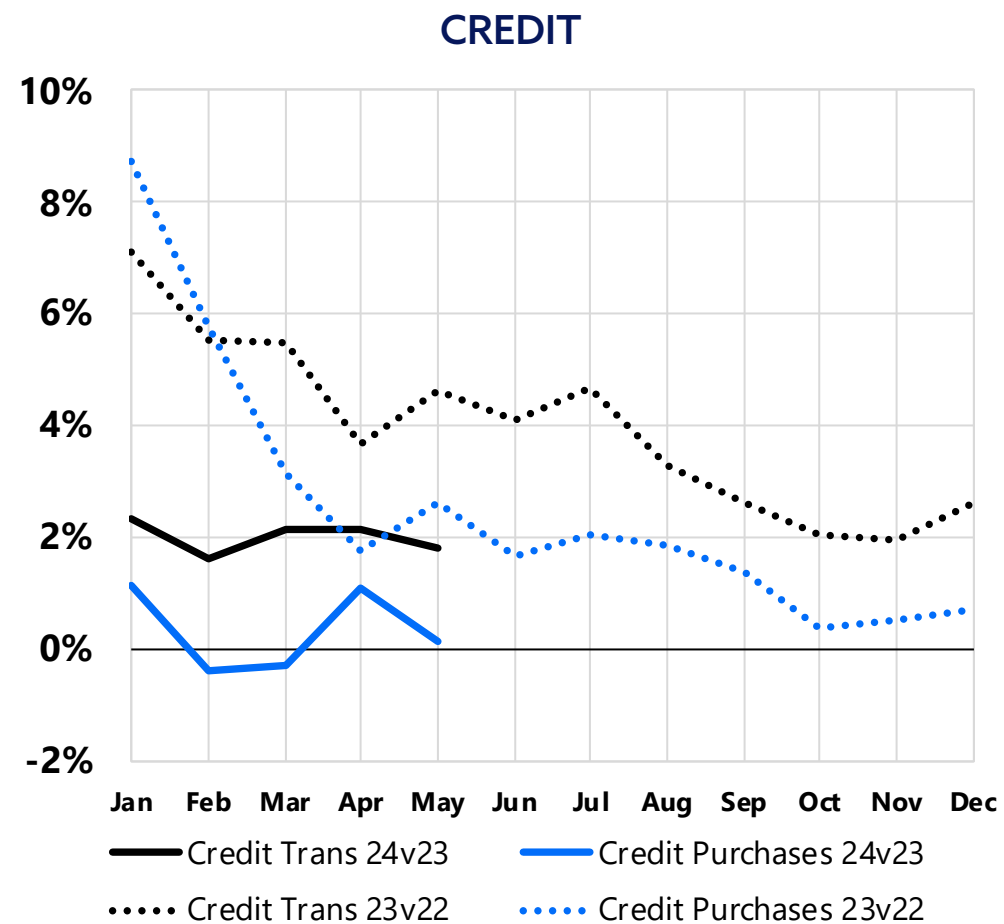
Credit and Debit Cards

Compared to April, debit card activity increased in May while credit card activity softened. Debit purchase growth outpaced transaction growth, up 6.4% versus 4.5% year over year. For credit, transaction growth exceeded purchases, up 1.8% and 0.1% year over year, respectively.

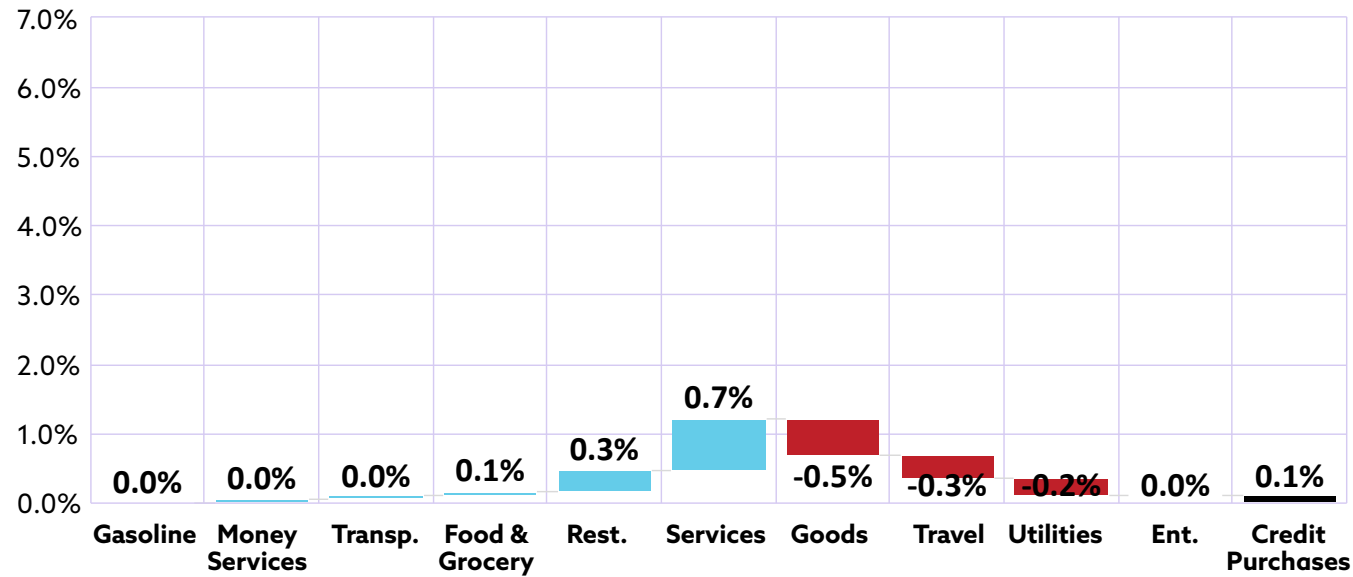
The average debit transaction amount measured \$45.28 in May, up 1.8% year over year. Conversely, the average credit transaction amount was down 1.6% year over year to \$70.29.

The key sectors driving May purchase growth included Services and Restaurants for credit, collectively contributing 1%, and Money Services and Services for debit, together accounting for 3.4% of growth. While none of the sectors had a negative impact on debit purchases, the Goods, Travel and Utilities sectors negatively impacted credit purchases collectively by 1.0%. On the transaction side, the Goods and Restaurant sectors were the lead growth drivers, together contributing 1.2% for credit and 2.2% for debit.

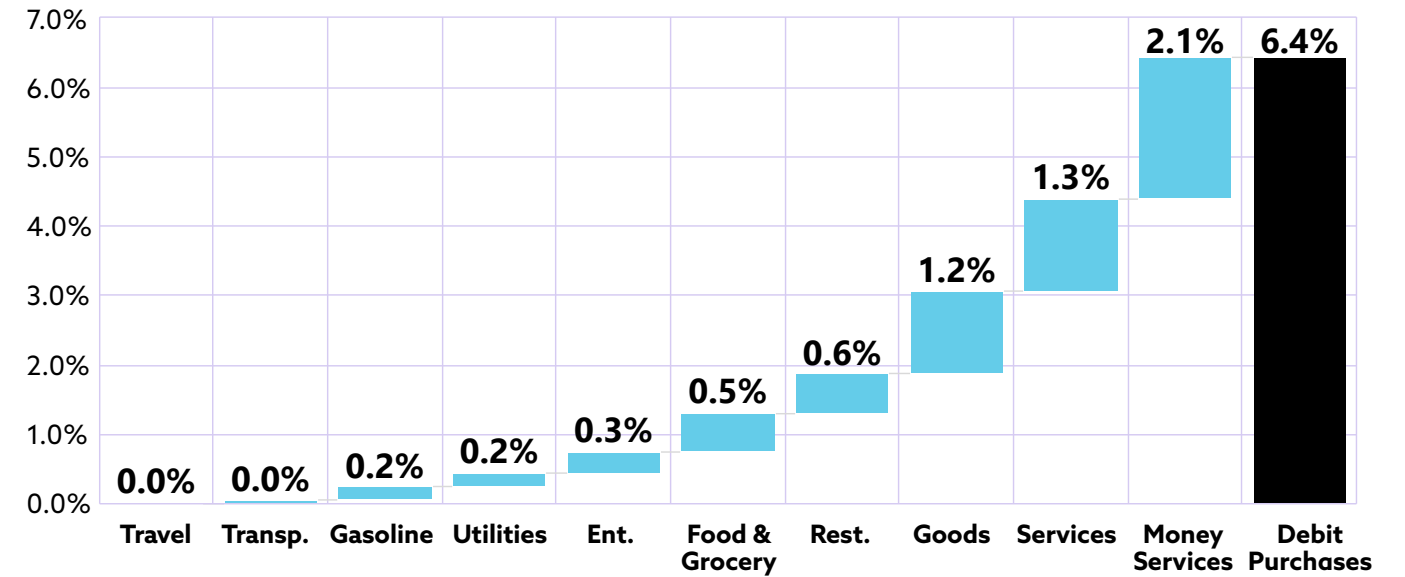
	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2024 v 2023	1.8%	0.1%	4.5%	6.4%
2023 v 2022	4.6%	2.6%	4.1%	3.5%



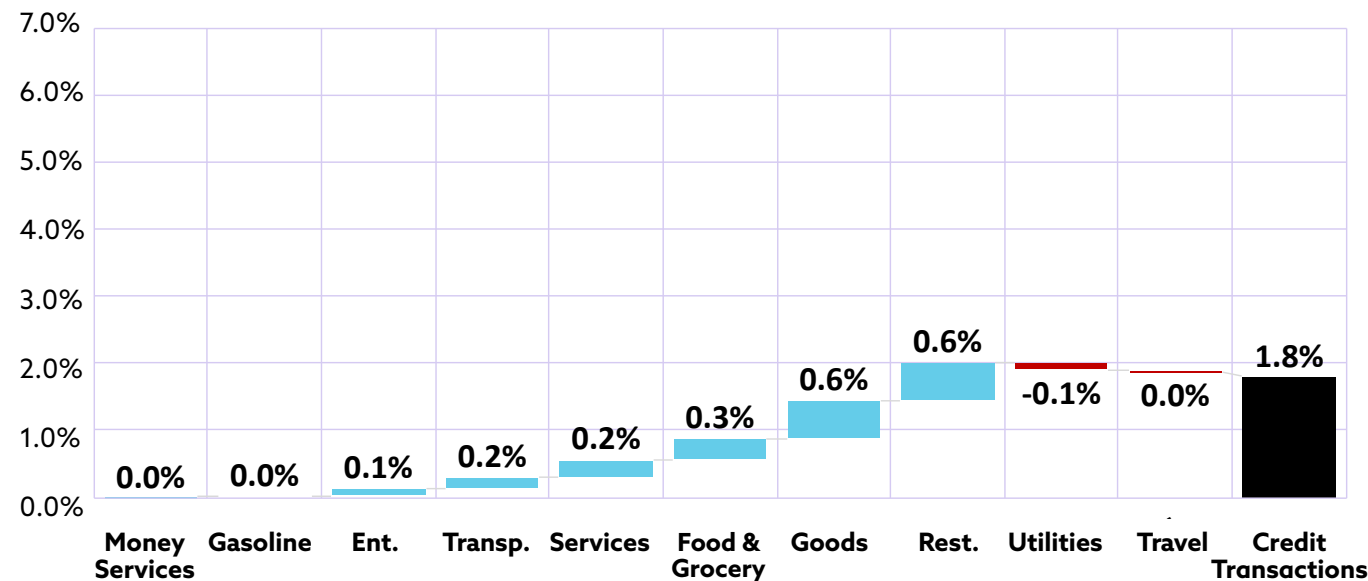
SECTOR CONTRIBUTIONS TO GROWTH IN CREDIT PURCHASES: MAY



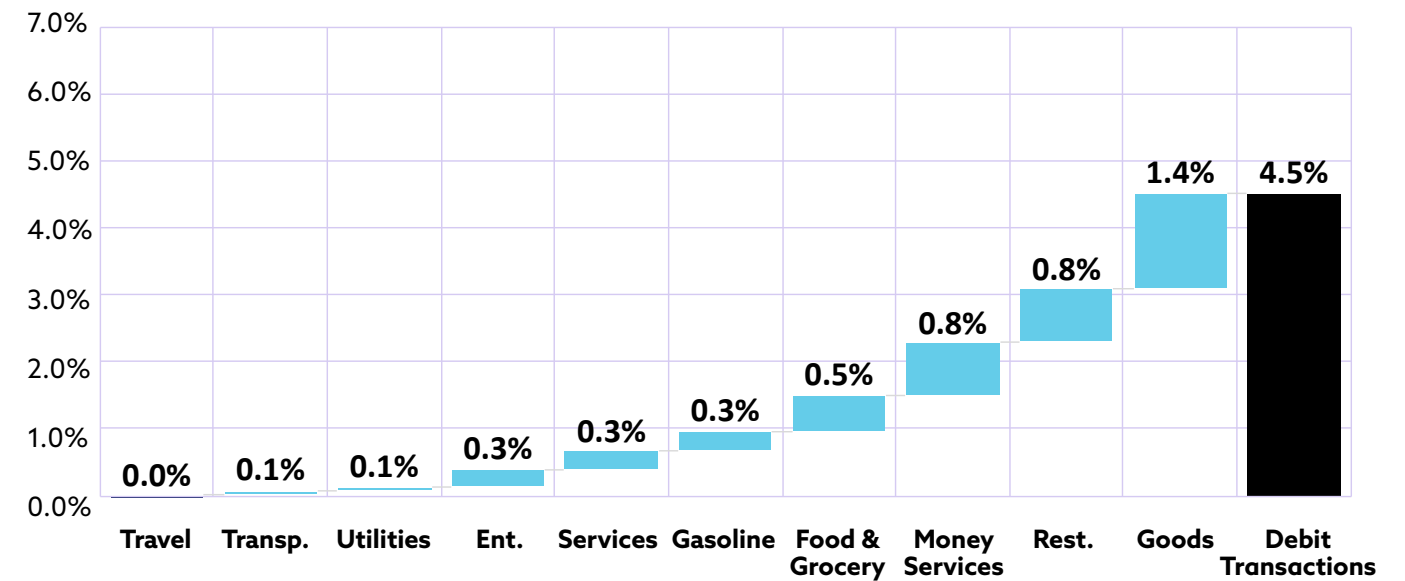
SECTOR CONTRIBUTIONS TO GROWTH IN DEBIT PURCHASES: MAY



SECTOR CONTRIBUTIONS TO GROWTH IN CREDIT TRANSACTIONS: MAY



SECTOR CONTRIBUTIONS TO GROWTH IN DEBIT TRANSACTIONS: MAY




■ Increase ■ Decrease ■ Total

Sectors/Merchant Categories


May 2024 Payments Index data showed discretionary spending on credit cards decreased, represented by the lack of growth in the Travel and Entertainment merchant categories, which were down 4% and 1% year over year, respectively. For debit, both discretionary and non-discretionary May purchases were strong, as reflected by solid growth in Services (+9%), Entertainment (+8%), Goods (+5%) and Restaurants (+5%).

With most Memorial Day weekend travel typically occurring by car, purchase growth in the Gasoline sector remained steady. The national average price per gallon of gasoline finished at [\\$3.43](#) for the week ending June 10, down 4.6% or \$0.17 year over year.




ENTERTAINMENT
May 2024 V 2023

	Credit	Debit
YoY Purchases	-1%	8%
YoY Transactions	2%	6%




FOOD & GROCERIES
May 2024 V 2023

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




GASOLINE
May 2024 V 2023

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




GOODS
May 2024 V 2023

	Credit	Debit
YoY Purchases	-1%	5%
YoY Transactions	2%	6%




MONEY SERVICES
May 2024 V 2023

	Credit	Debit
YoY Purchases	6%	19%
YoY Transactions	2%	17%




RESTAURANTS
May 2024 V 2023

	Credit	Debit
YoY Purchases	4%	5%
YoY Transactions	3%	3%




SERVICES
May 2024 V 2023

	Credit	Debit
YoY Purchases	3%	9%
YoY Transactions	3%	4%




TRANSPORTATION
May 2024 V 2023

	Credit	Debit
YoY Purchases	7%	6%
YoY Transactions	8%	5%



TRAVEL
May 2024 V 2023

	Credit	Debit
YoY Purchases	-4%	1%
YoY Transactions	-2%	3%



UTILITIES
May 2024 V 2023

	Credit	Debit
YoY Purchases	-9%	5%
YoY Transactions	-7%	4%



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 June 2024 edition of the Velera Payments Index represents a total of 3.2 billion transactions valued at \$160 billion of credit and debit card activity from June 2023 through May 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, [pscu.com](#) and [coop.org](#).