

The Velera Payments Index: August 2024

In July, growth in consumer spending slowed to some of the weakest rates of 2024. Multiple economic indicators also reveal slowing activity and point toward interest rate cuts by the next Fed meeting in September. In our August 2024 edition of the Velera Payments Index, we present a Deep Dive on the spending activity surrounding the Amazon Prime Day sale, heralded by Amazon as [their biggest shopping event ever](#) since the sale started in 2015.

For the past three months, the University of Michigan [Index of Consumer Sentiment](#) has remained virtually unchanged, with July down 1.8 points. Inflationary impacts, namely higher prices with lower-income participants, kept the final results for July inline at 66.4. The [Consumer Confidence Index](#) was also virtually unchanged for July at 100.3 when compared to the initial June result of 100.4, while June results were downwardly revised to 97.8. With relatively positive sentiment on the job market, high interest rates, elevated prices and election uncertainty continue to be top consumer concerns in the near-term outlook.

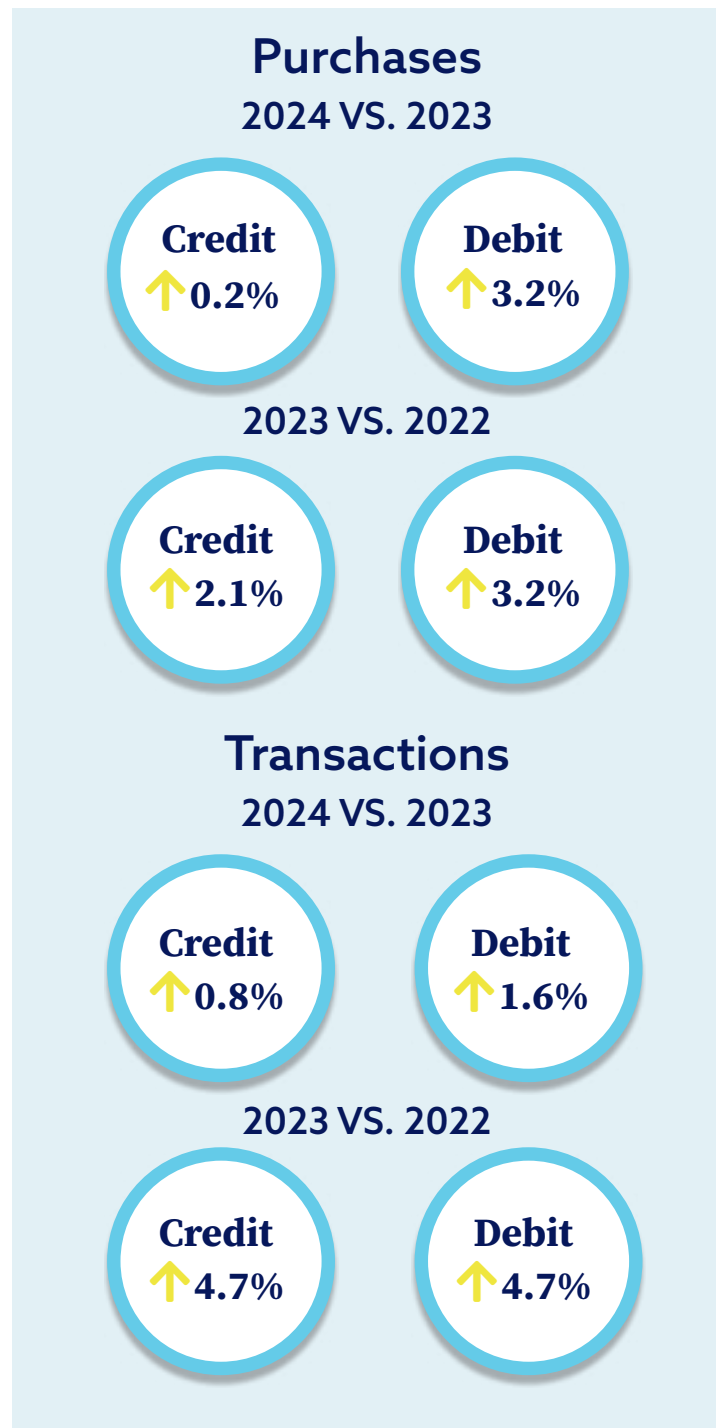
In July, jobs grew much less than expected, with 114,000 jobs created – below the average gain of 215,000 over the past 12 months. Job gains occurred in government, healthcare, construction and transportation & warehousing, while the information sector lost jobs in July. The U.S. Bureau of Labor Statistics (BLS) [reported](#) the overall unemployment rate for July increased by 0.2 percentage point to 4.3%, or 7.2 million people. With the increase in the July unemployment rate, [the Sahm Rule](#), a measurement used to determine if a recession has started, shows this may be the case as the three-month moving average of the U.S. unemployment rate is at least half a percentage point higher than the 12-month low.

In the Labor Department's Aug. 14 update, the [Consumer Price Index \(CPI\)](#) increased 0.2% in July, bringing the cumulative 12-month rate of inflation down to 2.9% – the smallest 12-month increase since March 2021. Decreases were seen in used cars and trucks, medical care, airline fares and apparel. Shelter, which rose 0.4 percent in July, accounted for 90% of the monthly increase. The energy index, which includes gasoline, was unchanged after two months of declines. Core CPI, which excludes the Food and Energy sectors, decreased to 3.2% for the 12-month Core CPI rate through July.

From the Fed meetings ending July 31, Chair Jerome Powell held rates steady and indicated that more progress was needed before rate reductions would happen. Since that time, multiple economic indicators are reporting slowing economic results. An [increasing number of analysts](#) are predicting a half-percentage-point reduction could come next month – or even sooner. The Fed's policy rate is currently 5.3%, with the next Federal Open Market Committee (FOMC) meeting scheduled for Sept. 17-18.

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 August 2024



- For July, year-over-year growth rates continued to soften for debit and credit, with credit virtually flat year over year and debit up marginally. While debit purchases were up 3.2%, half of the debit growth came from Money Services (CashApp, Venmo, Zelle, etc.). Credit purchases were up 0.2%, with the Service sector keeping growth in positive territory. Debit transactions were up 1.6% and credit transactions were up 0.8% year over year.
- The Consumer Price Index (CPI-U) declined in July, bringing the 12-month rate of inflation to 2.9% — the smallest 12-month increase since March 2021. Reductions were seen in used cars and trucks, medical care, airline fares and apparel. Shelter, which rose 0.4 percent in July, accounted for 90% of the monthly increase. The energy index, which includes gasoline, was unchanged after two months of declines.
- Despite slowing consumer spending, Payments Index data shows positive growth in credit and debit purchases for the Amazon Prime Day event on July 16-17. Target and Walmart both held their competing events during the full week prior to Amazon’s event, with each retailer also posting positive growth in purchases.
- The 2024 credit card delinquency rate remains elevated compared to the past few years, as well as when compared to the pre-pandemic patterns of 2019. While the seasonal pattern of increasing as the end of the year approaches is apparent, the July delinquency rate was up 45 basis points compared to July 2023.
- Growth in year-over-year total credit card balances was up 4.9% for July. While total balances continue to increase, the rate of growth is slowing with July being the low point for 2024 so far.

“Despite a slowdown in overall spending growth, consumers in our Payments Index data set maintained steady year-over-year purchase volumes during a successful Amazon Prime Day sale, which saw a 12% overall increase year over year, driven by discounts and continued adoption of BNPL. Prime Day highlights Amazon’s integral role in consumers’ lives, and the growth in July’s performance indicates our credit unions have effectively positioned their cards in members’ wallets. As we approach the holiday shopping season and Amazon’s next big sale – Prime Big Deal Days in October – credit unions should stay vigilant with competitive card products and marketing to minimize the impact of growing BNPL purchases.”



— Ryan Myers, Senior Vice President, Consulting Services at Velera

Deep Dive: Amazon Prime Day

Amazon held its annual Prime Day sales event on Tuesday and Wednesday, July 16-17. Target held its rival Circle Week sale the full week prior to the Amazon sale, running Sunday, July 7 through Saturday, July 13. In 2023, the Target seven-day sale was the same week as the Amazon Prime two-day event. For 2024, Walmart had their four-day Walmart Deals sale, similar to Target in the week prior to the Amazon event, on Monday through Thursday, July 8-11. In July 2023, Walmart held a four-day Walmart+ savings event on July 10-13.

For our analysis, we provide two sets of results. The first set is for the specific duration of each sale period: two days for Amazon, seven days for Target and four days for Walmart. Given early-access deals for Amazon Prime members that extend before and beyond the sales, as well as the fact that Amazon transactions do not post until merchandise is shipped, the second set of results are based on the seven-day week of Sunday to Saturday, providing a common duration for the three large retailers.

To offer a fair comparison of these retailers as we have done in previous years, we looked at the growth in comparable merchant categories that each of the three retailers have in common

(Goods and Groceries), as well as each retailer overall, which includes Amazon's subscription services and excludes Walmart's gasoline sales. Amazon is also inclusive of Whole Foods.

AMAZON PRIME DAY: JULY 16-17, 2024

For the two-day year-over-year sales comparison, overall growth in credit purchases was up 2.0% and debit purchases were up 7.3%. Credit transactions were down 1.9% and debit transactions were up 1.7% year over year.

For the seven-day year-over-year sales comparison for the week ending July 20, 2024, overall growth in credit purchases was up 5.3% and debit purchases were up 9.3%. Credit transactions were up 0.3% and debit transactions were up 2.9% year over year. The average credit purchase was \$57.18, up 5.1% from the same week in 2023. The average debit card purchase was \$46.11, up 6.2% for the same comparison.

Similar to 2023, Amazon is expected to hold a [second Prime Day sale in October](#), unofficially kicking off holiday shopping for Amazon Prime members.



Photo source: arsenypopel - stock.adobe.com

2024 VS 2023 AMAZON PRIME DAY SALE COMPARISONS

| Days | Comparison | Credit | | Debit | | |
|-------------|------------|-----------------|-----------|--------------|-----------|------|
| | | Transactions | Purchases | Transactions | Purchases | |
| 2024 v 2023 | 2 | Prime v Prime ^ | -1.9% | 2.0% | 1.7% | 7.3% |
| | 7 | Week v Week ^ | 0.3% | 5.3% | 2.9% | 9.3% |

AMAZON: AVERAGE PURCHASE AMOUNTS - SEVEN-DAY COMPARISON

| AMAZON - AVERAGE PURCHASE AMOUNT | | |
|----------------------------------|---------|---------|
| Year-Over-Year Week | Credit | Debit |
| 2024 | \$57.18 | \$46.11 |
| 2023 | \$54.43 | \$43.43 |
| % Change | 5.1% | 6.2% |

TARGET CIRCLE WEEK: JULY 9-15, 2024

For the seven-day year-over-year comparison for the week ending July 13, 2024, overall growth in credit purchases was up 6.6% and debit purchases were up 9.8% for Target. Credit transactions were up 7.6% and debit transactions were up 10.6% year over year. For the same period, the average credit purchase was \$57.76, down 0.9%, and the average debit purchase was \$48.74, down 0.7% compared to the same week in 2023.



Photo source: Tada Images - stock.adobe.com

2024 VS 2023 TARGET CIRCLE WEEK SALE COMPARISONS

| | Days | Comparison | Credit | | Debit | |
|-------------|------|-------------|--------------|-----------|--------------|-----------|
| | | | Transactions | Purchases | Transactions | Purchases |
| 2024 v 2023 | 7 | Circle Week | 7.6% | 6.6% | 10.6% | 9.8% |
| | 7 | Week v Week | 7.6% | 6.6% | 10.6% | 9.8% |

TARGET: AVERAGE PURCHASE AMOUNTS – SEVEN-DAY COMPARISON

| TARGET - AVERAGE PURCHASE AMOUNT | | |
|----------------------------------|---------|---------|
| Year-Over-Year Week | Credit | Debit |
| 2024 | \$57.76 | \$48.74 |
| 2023 | \$58.29 | \$49.11 |
| % Change | -0.9% | -0.7% |

WALMART Deals Event: JULY 8-11, 2024

For the four-day year-over-year sales comparison, overall growth in credit purchases was up 0.9% and debit purchases were up 4.5%. Credit transactions were up 2.8% and debit transactions were up 4.2% year over year. As a reminder, the comparison July sale for Walmart in 2023 was referred to as Walmart+ and was also four days.

For the seven-day year-over-year sales comparison for the week ending July 13, 2024, overall growth in credit purchases was up 0.3% and debit purchases were up 1.6%. Credit transactions were up 2.4% and debit transactions were up 2.7% year over year. The average credit purchase was \$65.04, down 2.1% from the same week in 2023. The average debit card purchase was \$63.78, down 1.1% for the same year-over-year comparison.

2024 VS 2023 WALMART DEALS SALE COMPARISONS

| | Days | Comparison | Credit # | | Debit # | |
|-------------|------|----------------------------|--------------|-----------|--------------|-----------|
| | | | Transactions | Purchases | Transactions | Purchases |
| 2024 v 2023 | 4 | Walmart Deals v Walmart+ # | 2.8% | 0.9% | 4.2% | 4.5% |
| | 7 | Week v Week # | 2.4% | 0.3% | 2.7% | 1.6% |

Excludes gasoline sales for Walmart
^ Includes Whole Foods

WALMART: AVERAGE PURCHASE AMOUNTS - SEVEN-DAY COMPARISON

| WALMART - AVERAGE PURCHASE AMOUNT # | | |
|-------------------------------------|---------|---------|
| Year-Over-Year Week | Credit | Debit |
| 2024 | \$65.04 | \$63.78 |
| 2023 | \$66.43 | \$64.46 |
| % Change | -2.1% | -1.1% |

Excludes Gasoline sales

What Should Credit Unions Do Now?

1. The placement of debit and credit cards in digital wallets and shopping apps remains a key point of opportunity. Continue to focus on ensuring your credit union cards are positioned in these services.
2. As credit card balances and delinquencies continue to rise, ensure your credit union is effectively contacting and managing past due accounts as they enter past-due status. A greater focus is likely to be required in the coming months as we approach the holiday shopping season.
3. With overall spending growth for debit and credit softening, the key to continued volume growth for credit unions is account growth. A stronger focus on acquisition strategies is important.
4. As we approach the holiday shopping season and Amazon's next big sale – Prime Big Deal Days in October – credit unions should stay vigilant with competitive card products and marketing to minimize the impact of growing BNPL purchases.



Photo source: Roman Tiraspolsky - stock.adobe.com

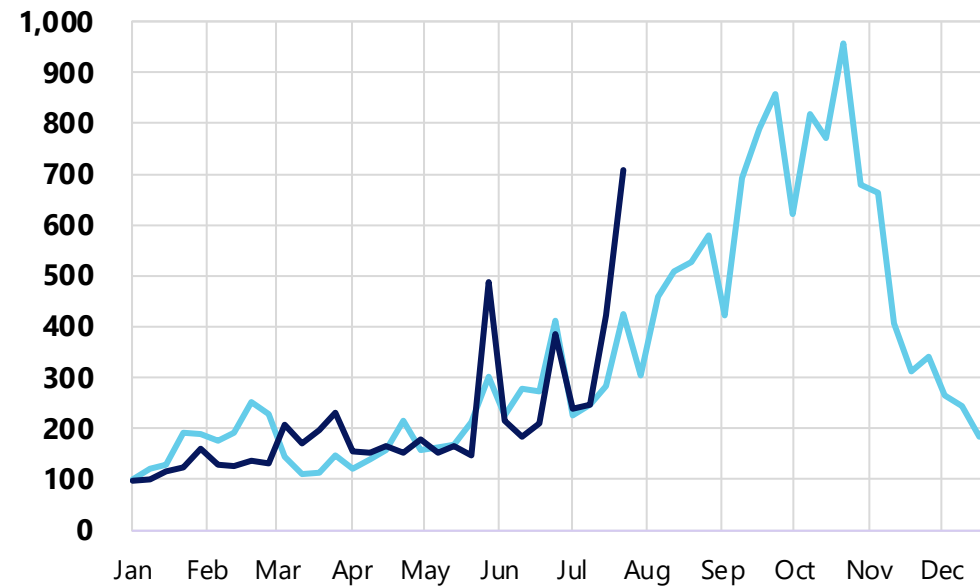
Checking in: Political Organizations

With the shift of the Democratic presidential candidate to Kamala Harris, there have been notable increases in activity in the Political Organizations merchant category since our July update. While there were similar spikes in weekly activity that aligned to increases during the 2020 presidential campaign season, the last week of July 2024 has dramatically increased when compared to 2020 and compared to prior weeks in 2024 amidst a very different political situation.

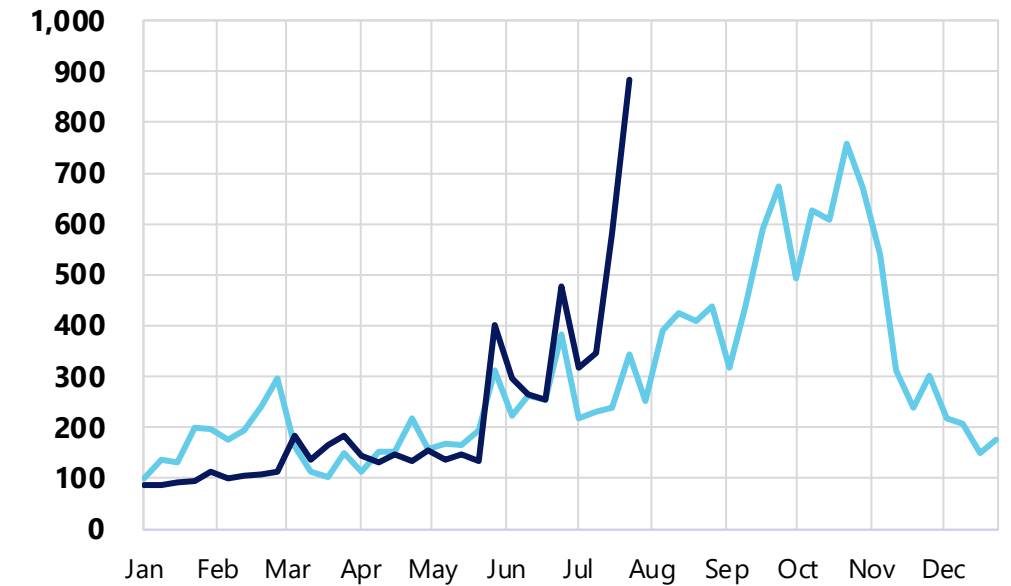
Indexed Scores

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 July 2024 credit purchases indexed value was 708, which was a 608% increase from the first week of January 2020 baseline.

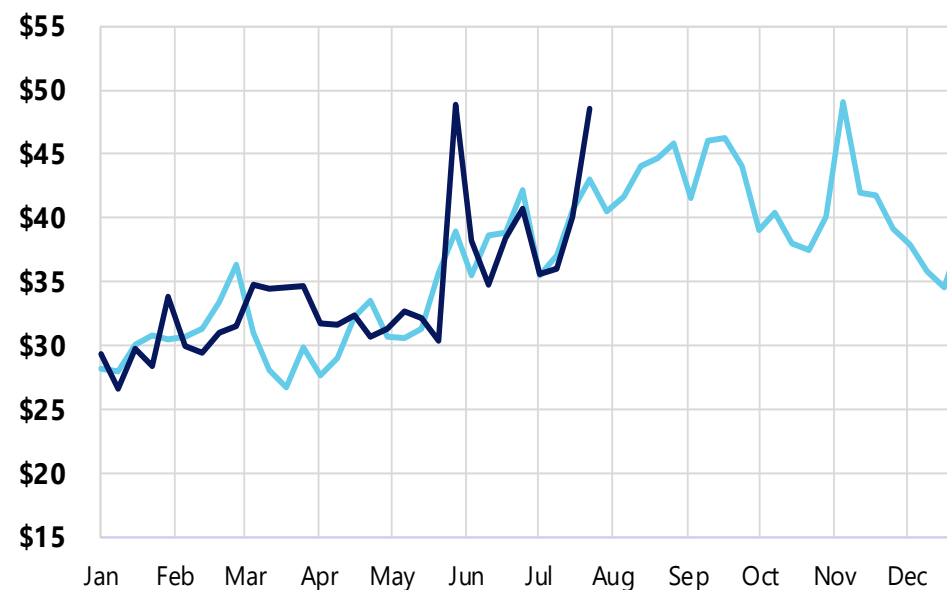
2020 & 2024 WEEKLY POLITICAL CONTRIBUTIONS CREDIT PURCHASES INDEXED TO START OF JANUARY 2020



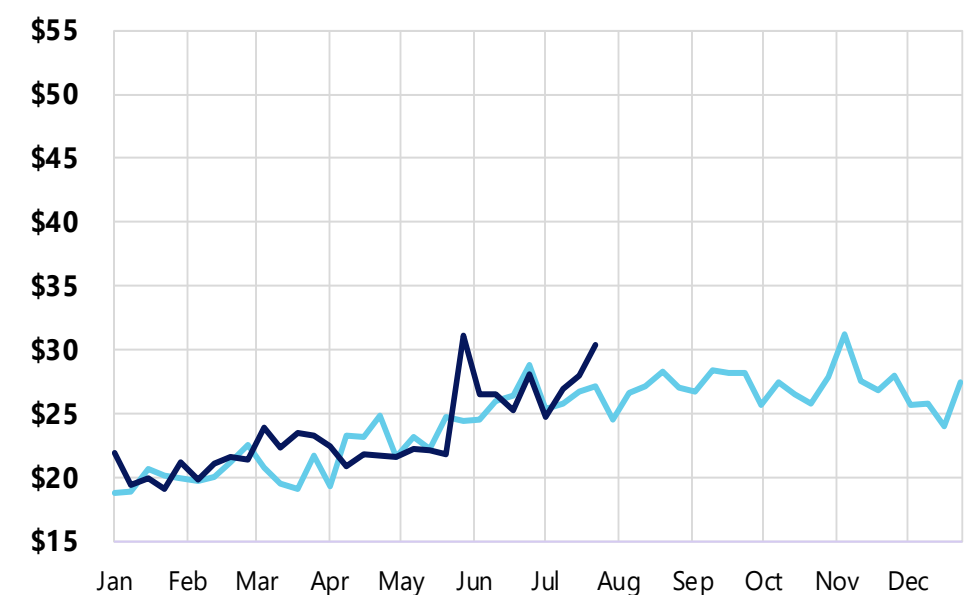
2020 & 2024 WEEKLY POLITICAL CONTRIBUTIONS DEBIT PURCHASES INDEXED TO START OF JANUARY 2020



2020 & 2024 WEEKLY POLITICAL CONTRIBUTIONS AVERAGE CREDIT PURCHASES AMOUNT



2020 & 2024 WEEKLY POLITICAL CONTRIBUTIONS AVERAGE DEBIT PURCHASES AMOUNT



In comparisons of the contributions during 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 July 2024 was 708, or 6.08 times the contributions made during the first week of January 2020. For debit purchases, the index value for the week ending July 28 was 885.

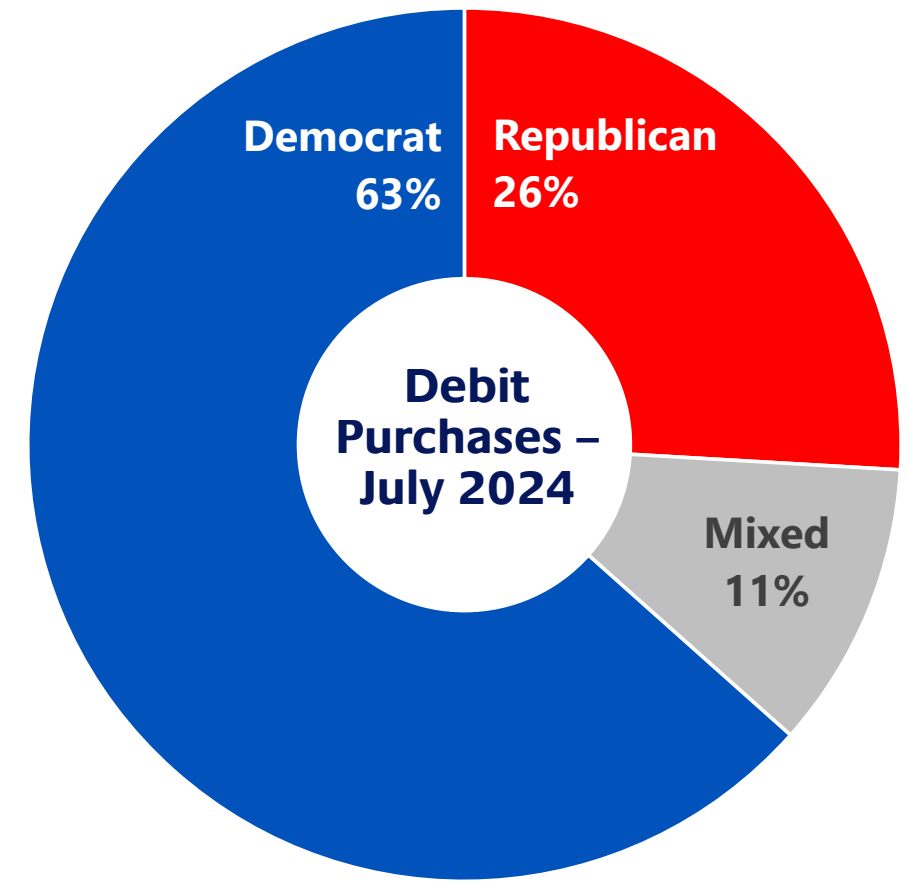
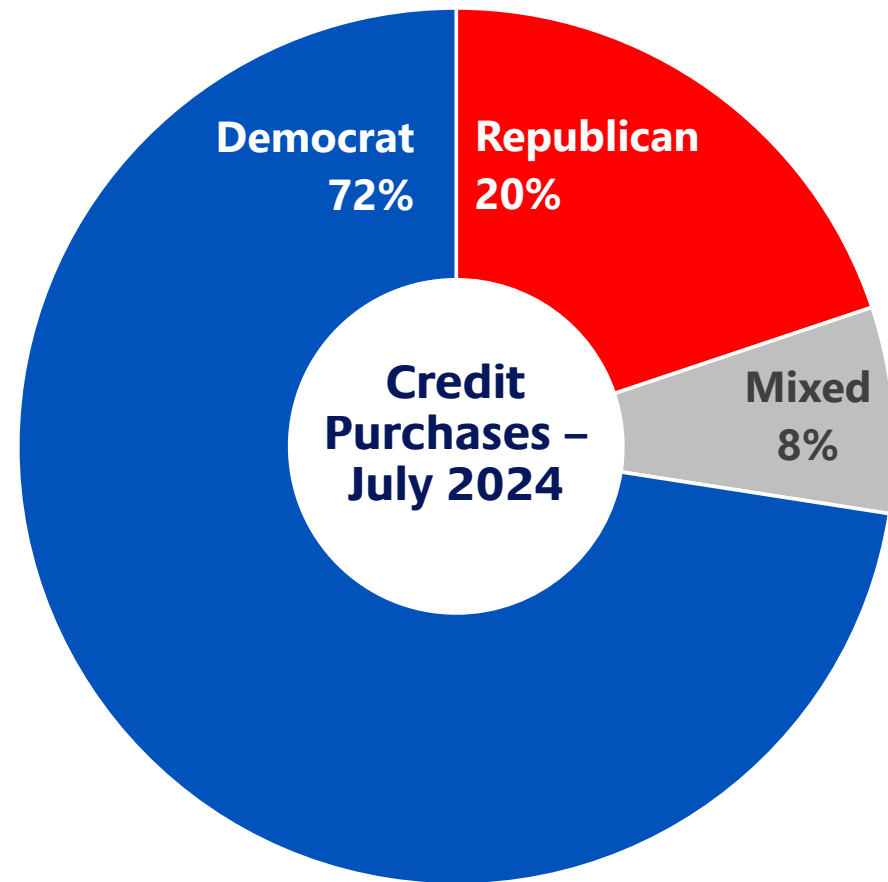
From a monthly perspective, growth in July 2024 was significantly higher when compared to July 2020. For this merchant category, credit purchases were up 32.1% and debit purchases were up 100.8% compared to the same population in 2020. Credit transactions were up 86.3% and debit transactions were up 105.9% for the same timeframe.

For July 2024 activity, we grouped, where easily identified, the various merchant names into their respective political party. A subset of activity remained that was not easily identifiable, which we have labeled as “mixed.” The primary Democratic merchant name includes “ActBlue” and the primary Republican merchant name includes “WinRed.”

POLITICAL ORGANIZATIONS MONTHLY GROWTH - JULY 2024

| Merchant Category | Growth in Transactions | | Growth in Purchases | |
|--------------------------------|------------------------|--------|---------------------|--------|
| | Credit | Debit | Credit | Debit |
| Political Organizations | 86.3% | 105.9% | 32.1% | 100.8% |

POLITICAL ORGANIZATIONS MERCHANT CATEGORY MERCHANT NAMES GROUPED BY POLITICAL PARTY - JUNE 2024



Of the purchases in the Political Organizations category for July 2024, 72% of credit purchases were associated to the Democratic Party and 20% associated to the Republican Party. The remaining 8% were mixed, with many including non-presidential candidate names. Similarly, 63% of debit purchases were associated to the Democratic Party and 26% were associated to the Republican Party, with the remaining 11% mixed. For July 2024, the average credit purchase/donation to the Democratic Party was \$43.38 and the average debit purchase/donation was \$27.09. The average credit purchase/donation to the Republican Party was \$32.92 and the average debit purchase/donation was \$24.51.

With the confirmation of Kamala Harris as the Democratic presidential candidate, donations to ActBlue soared, raising \$81 million in the 24-hour period after President Biden announced

he would not seek reelection. As history has a habit of repeating itself, we continue to expect the volume of transactions and purchases to continue increasing until November, similar to 2020 patterns, and will continue to monitor activity in this merchant category through the 2024 presidential election cycle.

With the confirmation of Kamala Harris as the Democratic presidential candidate, donations to ActBlue soared, [raising \\$81 million in the 24 hour period](#) after President Biden announced he was not running in the fall. As history has a habit of repeating itself, we continue to expect the volume of transactions and purchases to continue to increase until November, similar to 2020 patterns, and will continue to monitor activity in this merchant category through the 2024 presidential election cycle.



POLITICAL ORGANIZATIONS AVERAGE PURCHASE/DONATIONS – JULY 2024

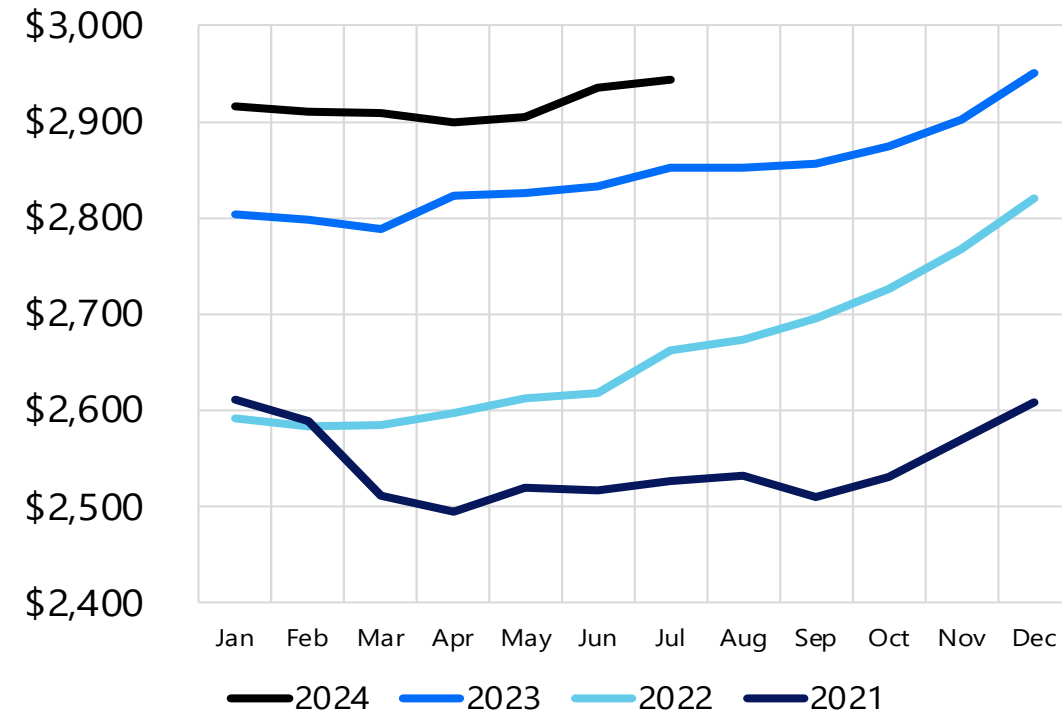
| Political Party | Average Purchase/Donation | | Change versus June | |
|--------------------|---------------------------|----------------|--------------------|-------------|
| | Credit | Debit | Credit | Debit |
| Democrat | \$43.38 | \$27.09 | 9.4% | 8.2% |
| Republican | \$32.92 | \$24.51 | 1.9% | -2.0% |
| Mixed | \$72.11 | \$70.78 | 3.4% | 23.3% |
| Grand Total | \$42.00 | \$28.18 | 7.2% | 4.0% |

Credit Card Balances

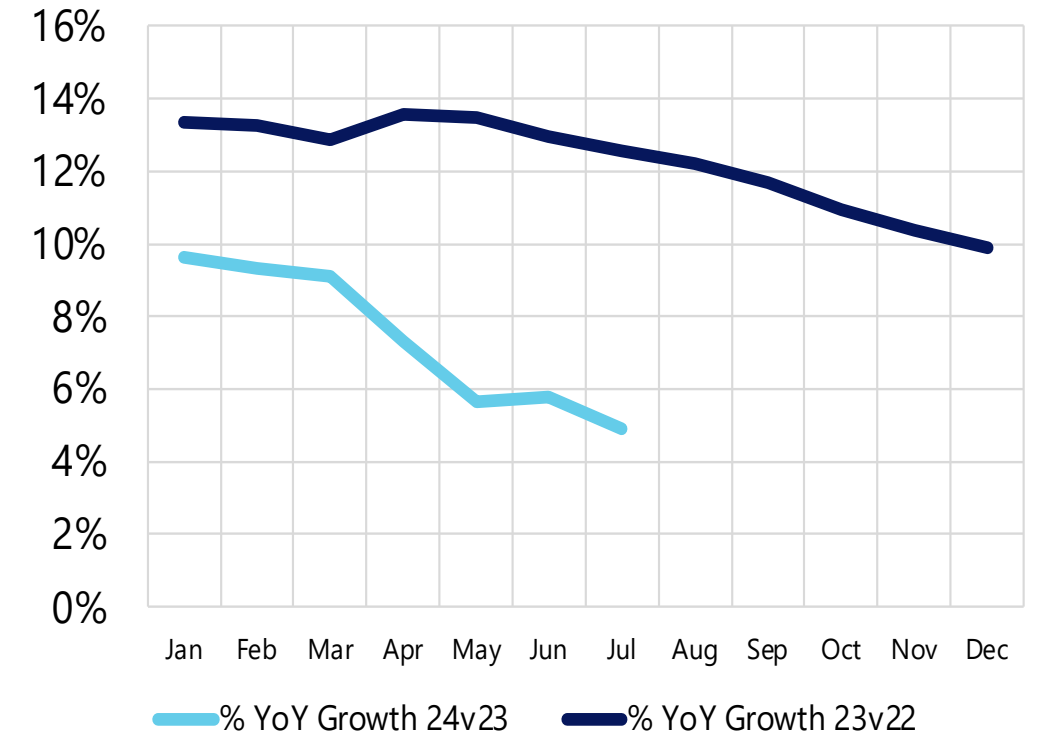
In the [New York Federal Reserve's quarterly update](#) (through June 2024), credit card balances increased to \$1.142 trillion, a \$27 billion increase for the quarter and a year-over-year growth rate of 10.77%.

Growth in the Payments Index population for total credit card balances in July increased 4.9% year over year. In addition, total credit card balances were up 0.52% month over month. The average credit card account balance among gross active accounts increased to \$2,944, up \$91 year over year and \$8 month over month.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT



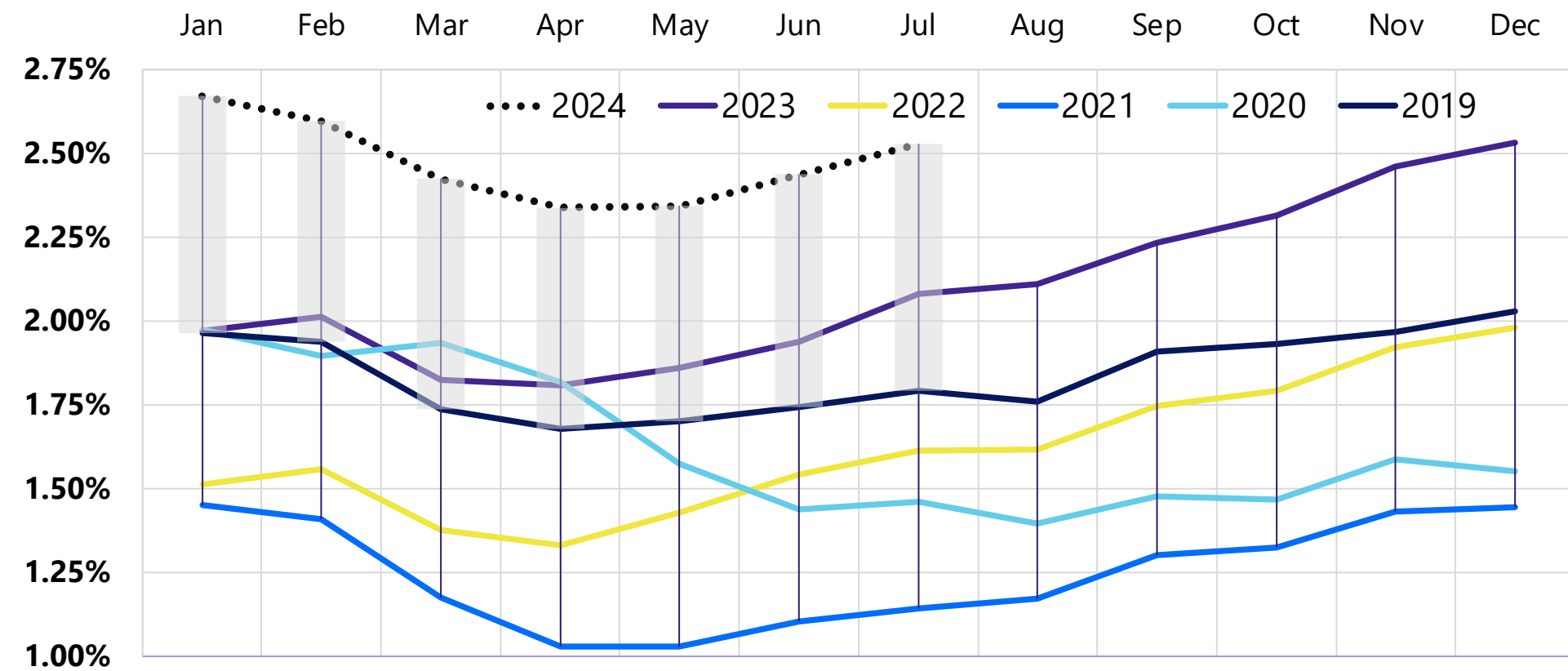
PERCENTAGE CHANGE IN TOTAL CREDIT CARD BALANCES



Credit Card Delinquencies

The 2024 credit card delinquency rate remains elevated compared to the past few years, as well as when compared to the pre-pandemic patterns of 2019. While the seasonal pattern of increasing as the end of the year approaches remains apparent, the July delinquency rate was 2.53%, up 45 basis points compared to July 2023, and up 9 basis points from June 2024.

OVERALL CREDIT CARD DELINQUENCY RATE JULY 2024

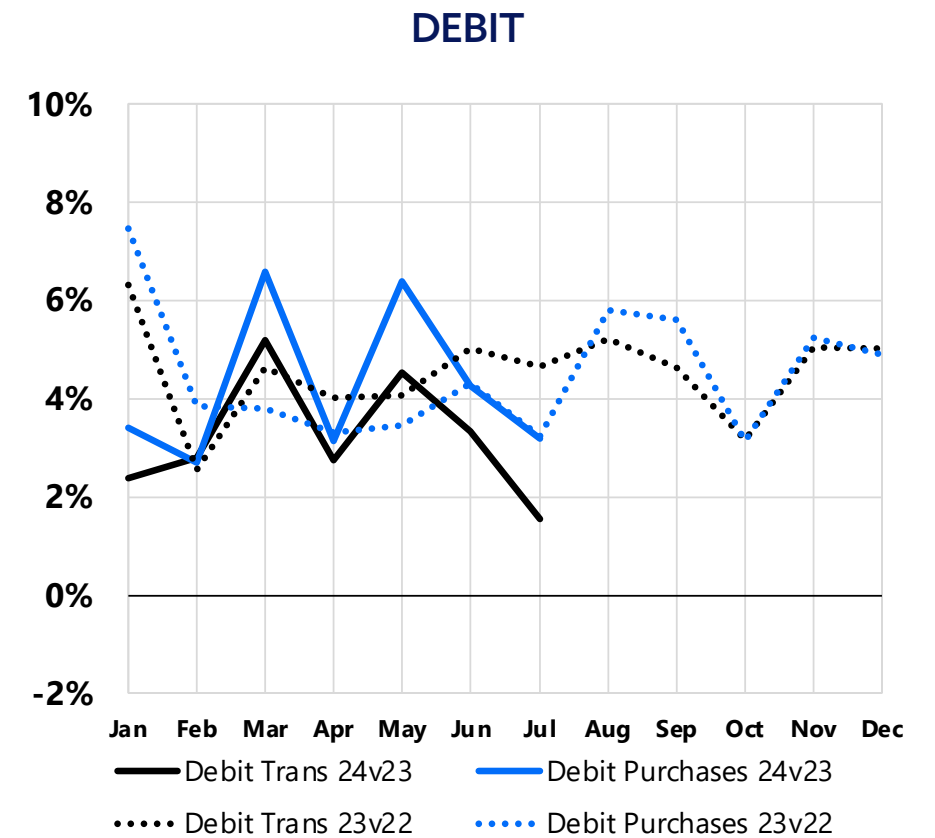
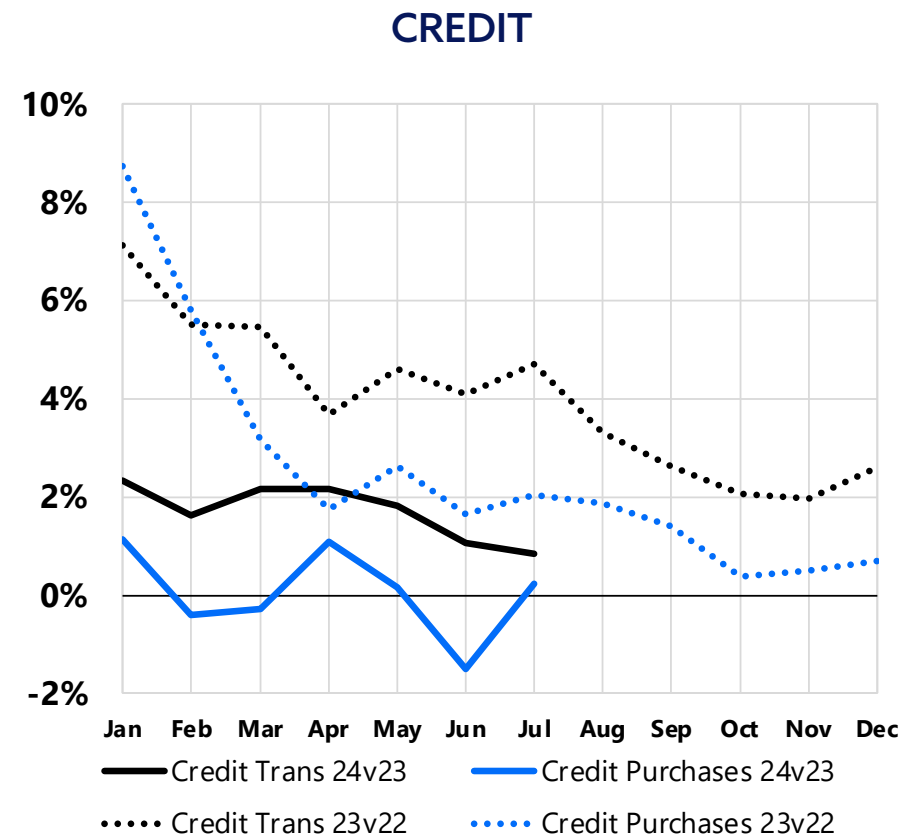


Credit and Debit Cards

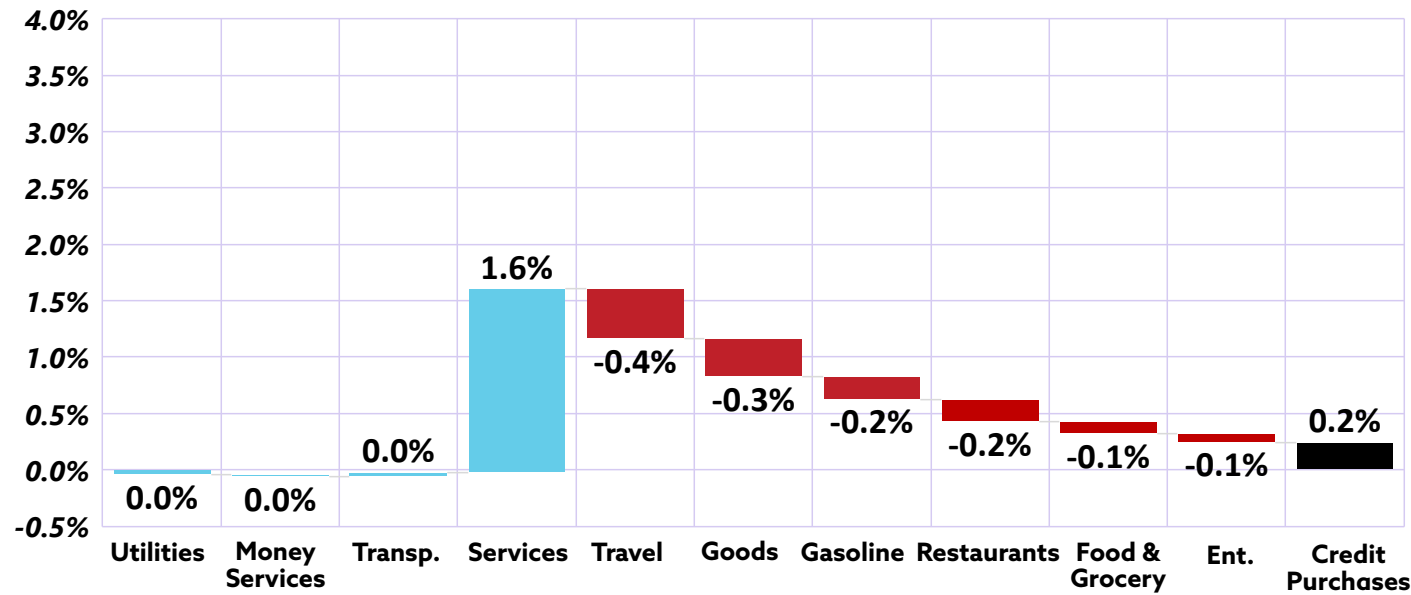
With recent U.S. economic reports signaling a weaker consumer, credit and debit consumer card activity continues to soften and reflects some of the slowest growth rates for 2024. Credit transactions continue to trend downward and are at the lowest point of the year at 0.8%. Similarly, debit transaction growth of 1.7% was also the low point for 2024. For the month of July, credit purchase growth was marginally positive, up 0.2% year over year, while debit purchase growth measured 3.2%.

While growth in the Service sector is keeping credit purchases positive, sectors bringing credit purchases down for July included Travel, Goods, Gasoline, Restaurant, Food & Grocery and Entertainment. For debit purchases, the Money Services (CashApp, Venmo, Zelle, etc.) and Services sectors together provided 2.8% of the growth.

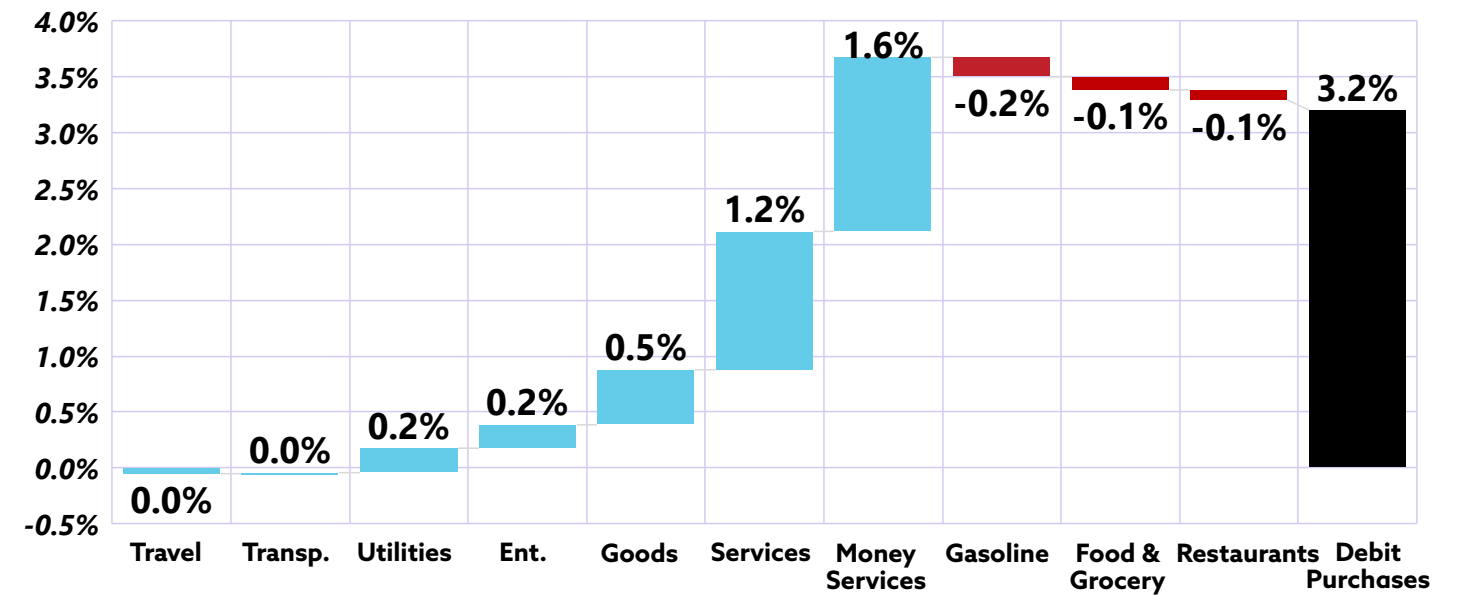
| | Credit | | Debit | |
|-------------|--------------|-----------|--------------|-----------|
| | Transactions | Purchases | Transactions | Purchases |
| 2024 v 2023 | 0.8% | 0.2% | 1.6% | 3.2% |
| 2023 v 2022 | 4.7% | 2.1% | 4.7% | 3.2% |



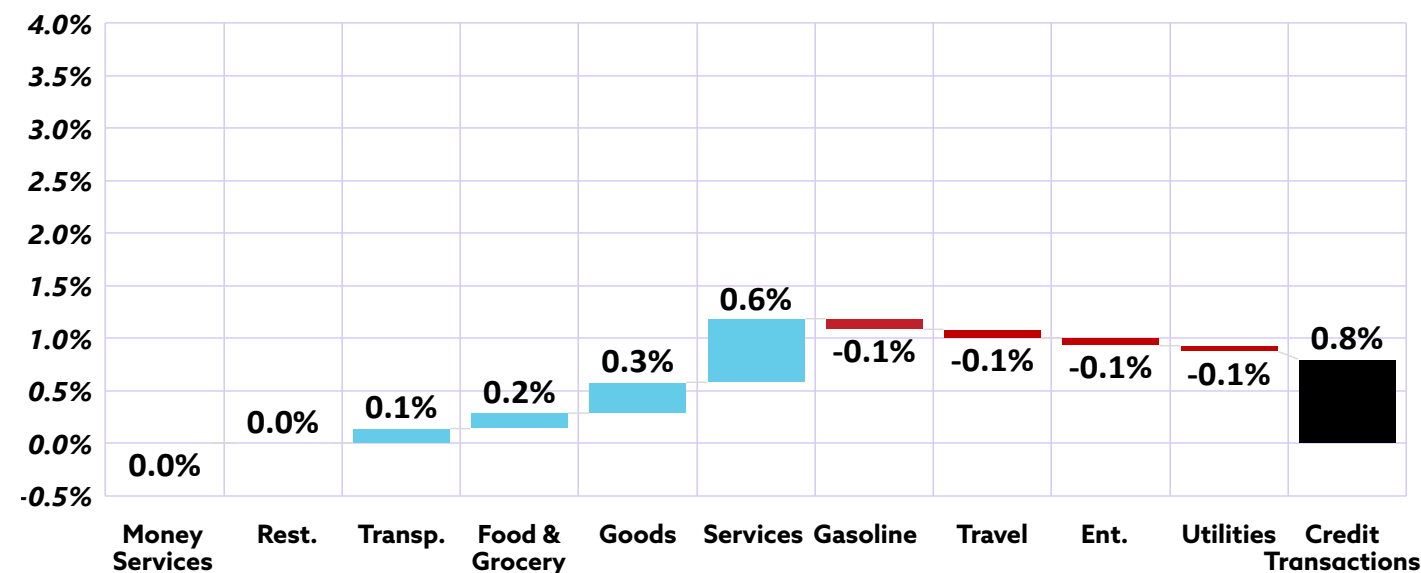
SECTOR CONTRIBUTIONS TO GROWTH IN CREDIT PURCHASES: JULY



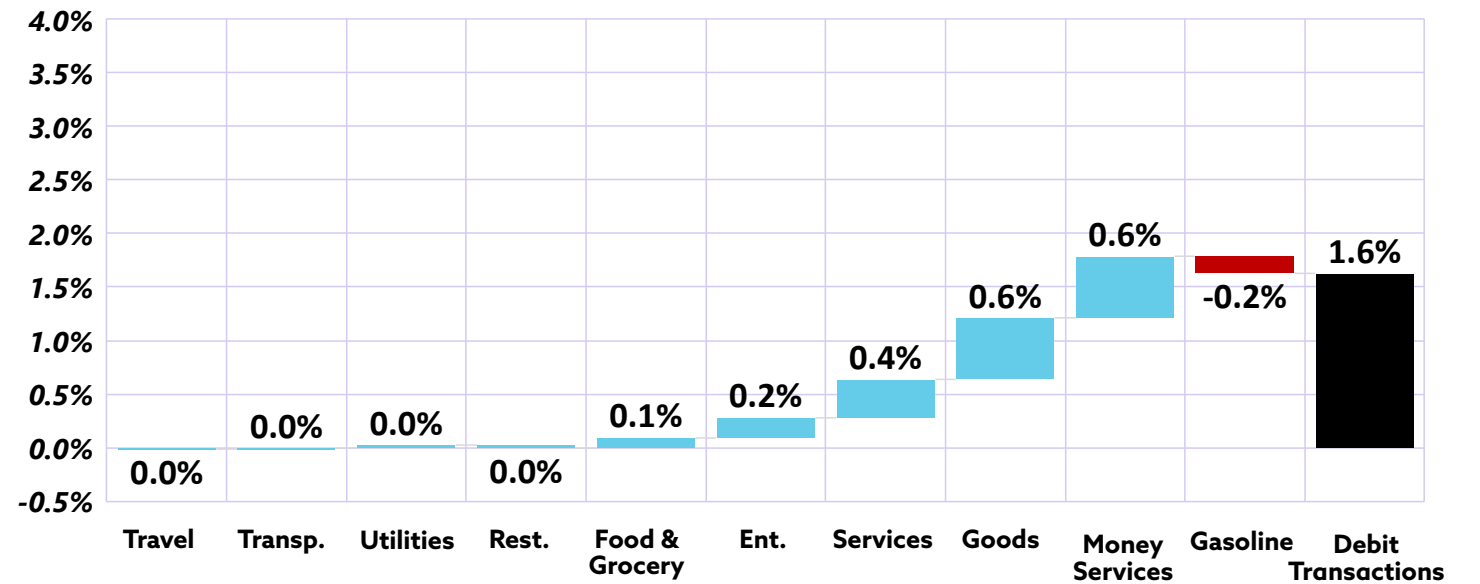
SECTOR CONTRIBUTIONS TO GROWTH IN DEBIT PURCHASES: JULY



SECTOR CONTRIBUTIONS TO GROWTH IN CREDIT TRANSACTIONS: JULY



SECTOR CONTRIBUTIONS TO GROWTH IN DEBIT TRANSACTIONS: JULY




■ Increase ■ Decrease ■ Total

Sectors/Merchant Categories


The Services and Transportation sectors had positive growth rates in both credit and debit purchases and transactions compared to the remaining sectors. In July, credit and debit Services sector purchases increased 8% and 9% year over year, respectively, while the Transportation sector realized increases of 6% and 2%. Conversely, the Travel and Gasoline sectors' credit and debit purchase and transaction growth rates were negative. For credit, Travel and Gasoline purchases were down 5% and 4% year over year, respectively, with debit Gasoline and Travel purchases each down 2%.

The national average price per gallon of gasoline finished at [\\$3.41](#) for the week ending August 12, down 11.3% or \$0.44 year over year.




ENTERTAINMENT
July 2024 V 2023

| | Credit | Debit |
|------------------|--------|-------|
| YoY Purchases | -2% | 5% |
| YoY Transactions | -1% | 4% |



FOOD & GROCERIES
July 2024 V 2023

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




GASOLINE
July 2024 V 2023

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




GOODS
July 2024 V 2023

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




MONEY SERVICES
July 2024 V 2023

| | Credit | Debit |
|------------------|--------|-------|
| YoY Purchases | -3% | 14% |
| YoY Transactions | -1% | 13% |




RESTAURANTS
July 2024 V 2023

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




SERVICES
July 2024 V 2023

| | Credit | Debit |
|------------------|--------|-------|
| YoY Purchases | 8% | 9% |
| YoY Transactions | 7% | 6% |




TRANSPORTATION
July 2024 V 2023

| | Credit | Debit |
|------------------|--------|-------|
| YoY Purchases | 6% | 2% |
| YoY Transactions | 6% | 0% |



TRAVEL
July 2024 V 2023

| | Credit | Debit |
|------------------|--------|-------|
| YoY Purchases | -5% | -2% |
| YoY Transactions | -4% | -2% |



UTILITIES
July 2024 V 2023

| | Credit | Debit |
|------------------|--------|-------|
| YoY Purchases | -2% | 5% |
| YoY Transactions | -3% | 2% |



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 July 2024 edition of the Velera Payments Index represents a total of 3.3 billion transactions valued at \$166 billion of credit and debit card activity from August 2023 through July 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 [velera.com](#).