

The Velera Payments Index: February 2025

Against the backdrop of a new presidential administration and a flurry of early activity and legislation, consumers began 2025 with strong levels of purchasing activity, despite a drop in confidence and higher-than-forecasted inflation. Debit purchases posted the best monthly year-over-year growth since February 2022, while credit remained strong. In our February 2025 edition of the Velera Payments Index, we check in on Buy Now, Pay Later (BNPL) consumer activity and the continued rise in popularity of the offering.

The [Consumer Confidence Index](#) declined by 5.4 points in January to 104.1 and remains in a narrow range since 2022. “All five components of the Index deteriorated, but consumers’ assessments of the present situation experienced the largest decline. Notably, views of current labor market conditions fell for the first time since September, while assessments of business conditions weakened for the second month in a row,” said Dana Peterson, chief economist at The Conference Board. The University of Michigan [Index of Consumer Sentiment](#) fell in January to 67.8. This second straight month of declines represents a 5% month-over-month drop and a 12% year-over-year reduction, with all five index components falling on increased fears of inflation returning in part due to the imposition of tariffs.

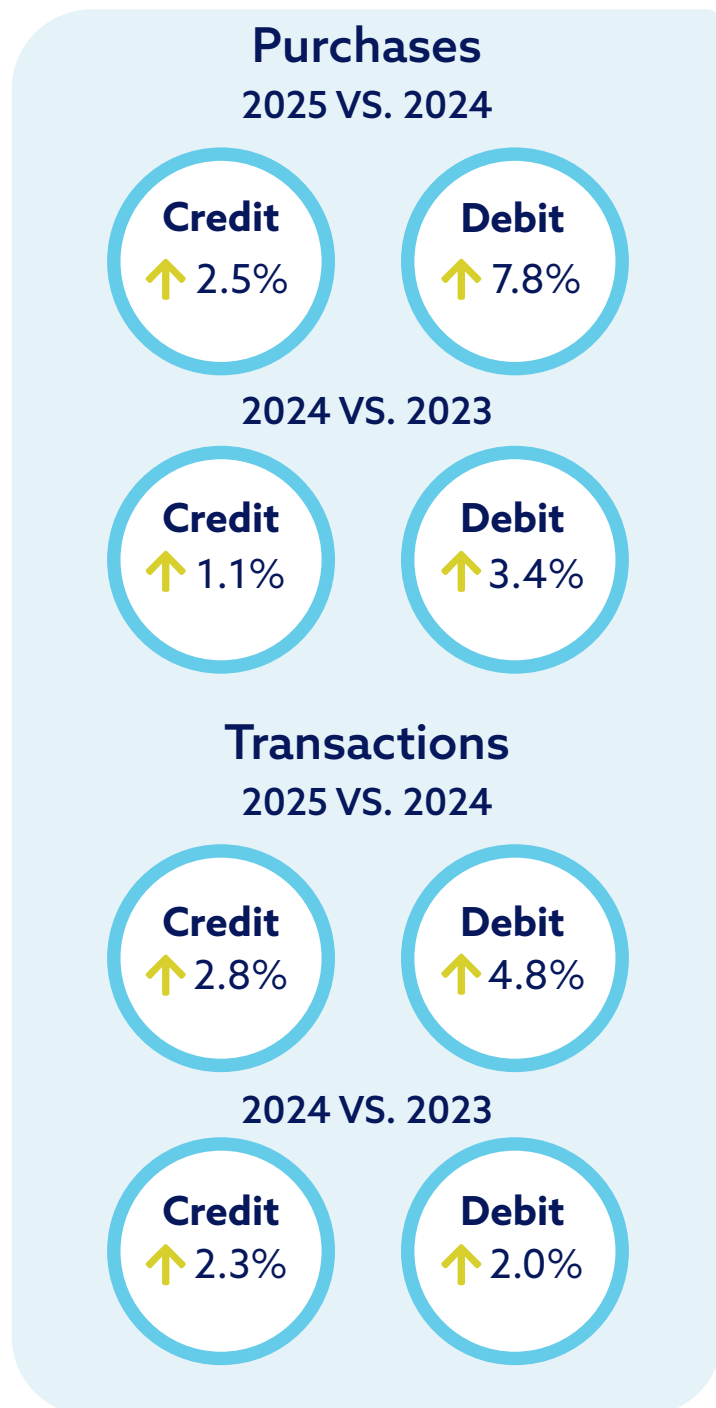
In the Labor Department’s Feb. 12 update, the [Consumer Price Index \(CPI\)](#) increased 0.5% in January, bringing the cumulative 12-month rate of inflation up to 3.0%. Thirty percent of the January increase came from the Shelter sector. The Energy index rose 1.1% over the month, with gas up 1.8% and food up 0.4%. Core CPI, which excludes the Food and Energy sectors, increased by 0.4% in January. Increases were seen in motor vehicle insurance, recreation, used cars and trucks, medical care, communication and airline fares. Decreases were seen in apparel, personal care and household furnishings.

In January, jobs grew by 143,000, with increases in healthcare, retail trade and social assistance. While the January number is roughly 26,000 fewer than expected, the job count numbers were increased for November and December for a combined 100,000 jobs. The U.S. Bureau of Labor Statistics (BLS) [reported](#) the overall unemployment rate decreased slightly for January to 4.0%, or 6.8 million people. We continue to monitor the Trump administration’s plans to reduce the federal government workforce, which could impact future BLS updates.

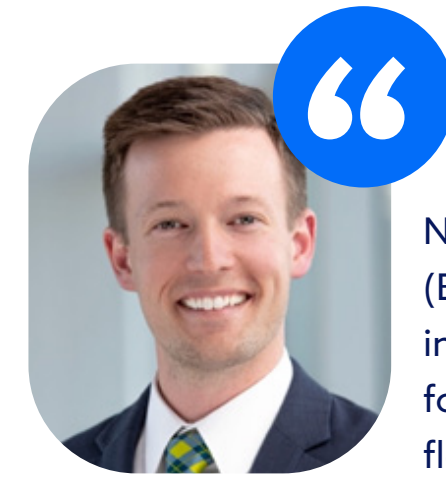
In January, the [Federal Reserve kept interest rates at the current rate](#) and indicated the Central Bank is in no hurry to adjust its policy stance or reduce rates as the economy remains strong. An additional near-term constraint for the Fed in loosening monetary policy will stem from potential inflationary impacts of the new tariffs. The next Federal Open Market Committee (FOMC) meetings will conclude on March 19.

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 January 2025



- For the first month of 2025, year-over-year growth rates improved for debit and held steady for credit. Debit purchases were up 7.8% and credit purchases were up 2.5% in January. Debit transactions were up 4.8% and credit transactions were up 2.8%.
- For debit, Money Services returned as the top contributor to growth in purchases, accounting for one-third of the year-over-year increase. The Goods and Services sectors had the second largest impact for debit and the largest year-over-year increase in credit purchases.
- The 12-month CPI through January increased by 3.0%, up 0.5% from December. The Shelter index increased 0.4% and accounted for 30% of the overall increase. Core inflation, now at 3.3%, was up 0.4% for January, the largest increase in two years. The next opportunity for an interest rate change by the Fed is on March 19.
- Growth in Buy Now, Pay Later (BNPL) payments and transactions facilitated by cards increased 28% and 22%, respectively, for the top BNPL merchants for full-year 2024 compared to 2023.



“The rise of Buy Now, Pay Later (BNPL) highlights the increasing demand for convenience and flexibility, especially among younger

consumers. While BNPL offers ease, it also brings considerable risks to consumers, such as potential overspending and debt accumulation. BNPL also poses a significant threat to traditional credit cards, challenging credit unions to reinforce benefits like rewards and credit score building that BNPL lacks. Credit unions should take the lead in educating members on the variety of payment methods available, empowering them to make informed choices and enhance their financial well-being.”

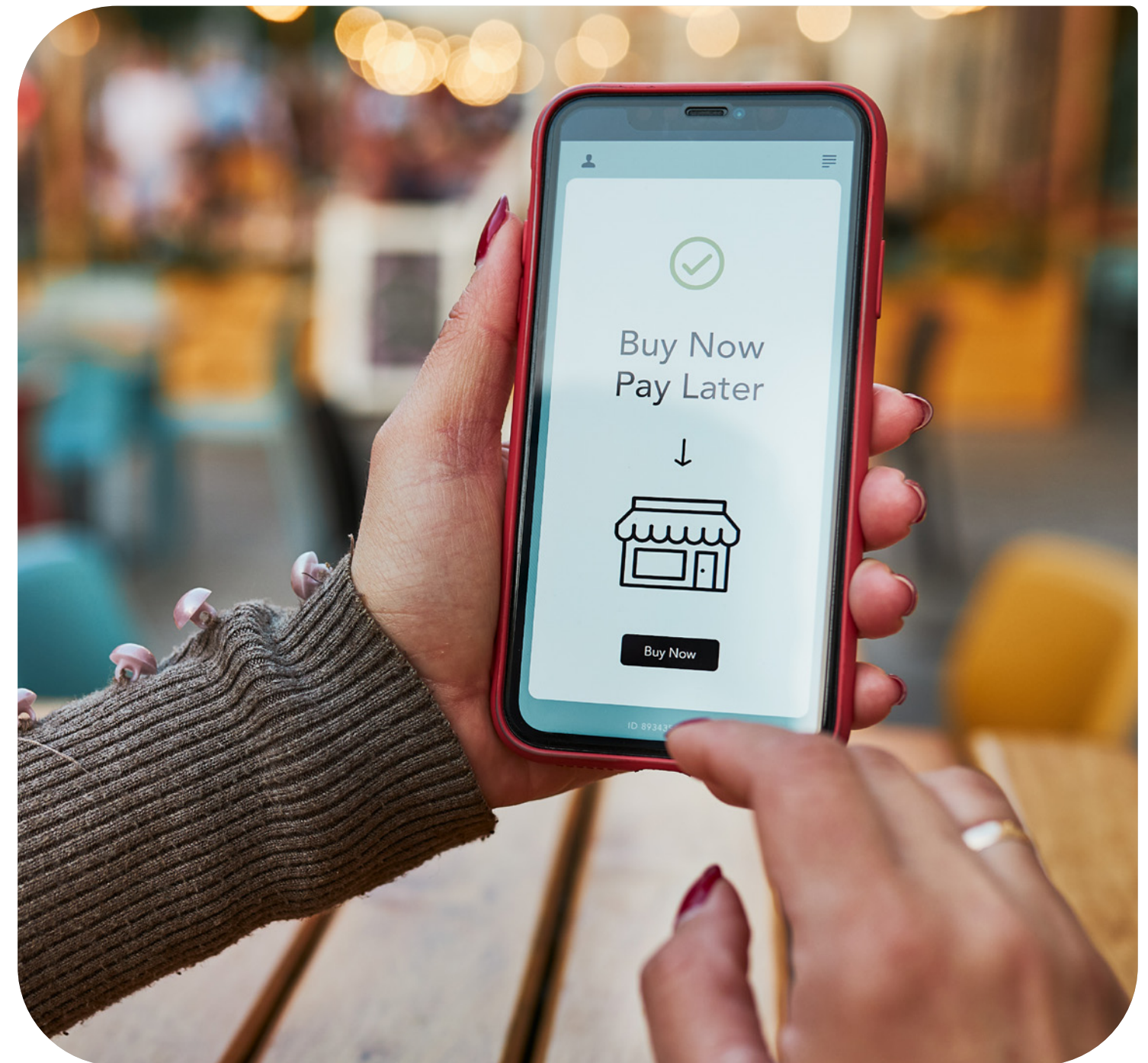
Cody Banks, SVP, Product Experience & Enablement at Velera

Deep Dive: Buy Now, Pay Later (BNPL)

Following up on our BNPL check-in from January 2024, we find continued strong growth among the largest BNPL providers. In aggregating the year-over-year growth in BNPL payments via card for Affirm, Afterpay, Klarna, PayPal, Sezzle, Zip/QuadPay and Uplift, debit-based payments were up 28% for the year (January through December) and payment transactions were up by 22%. The average BNPL debit payment with these top providers was \$40.13. It is important to note each transaction represents only one of multiple installments (typically four) with the BNPL vendor, not the total purchase. According to [PYMNTS Intelligence](#), 56% of consumers have used a BNPL service within the last year and it has become a leading driver with merchants to increase sales and customer loyalty. Further, FICO has announced plans to add BNPL to credit score calculations, given its growing popularity and observed predictiveness for consumer credit risk.

Zip/QuadPay, Sezzle and Affirm had the highest growth in BNPL payments cumulatively for 2024, up 68%, 41% and 40%, respectively. Affirm had the highest growth rate of BNPL payment transactions, up 54% overall for the year. However, the average BNPL payment dropped 9% over the same period, from \$54.06 to \$49.29.

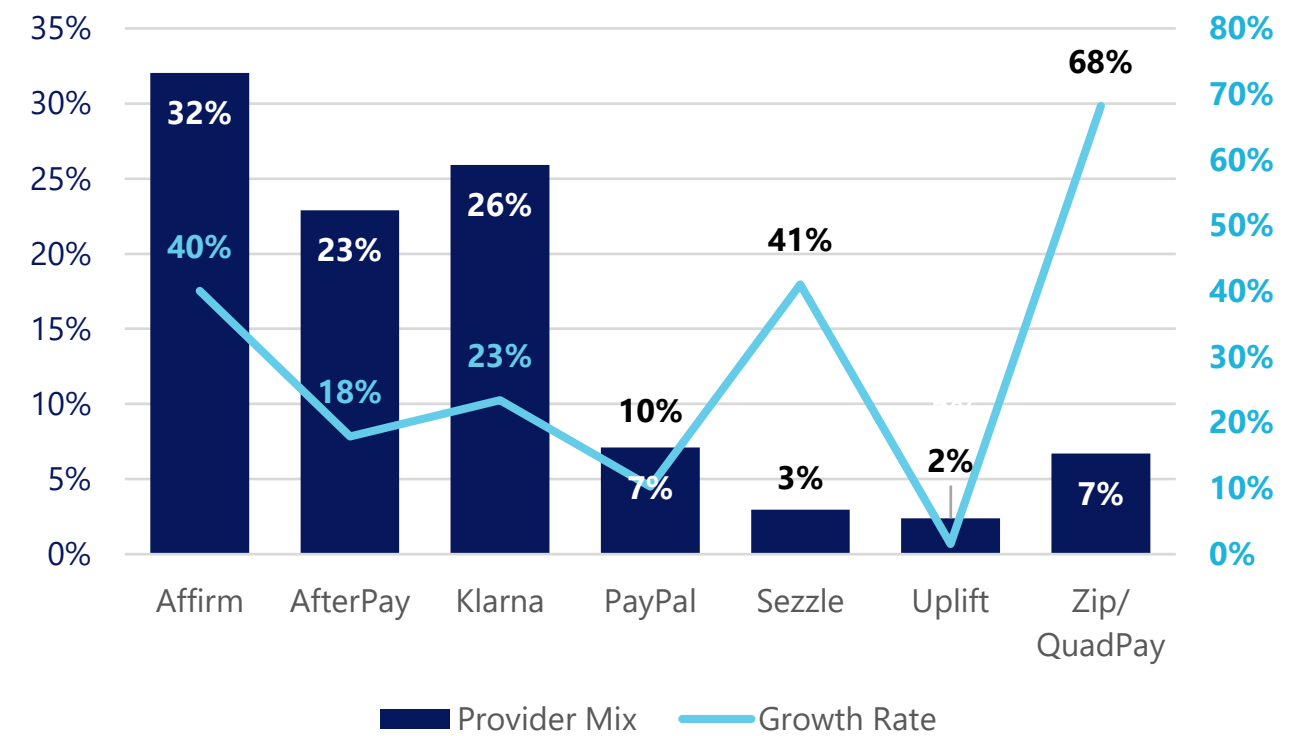
From a generational perspective, the largest year-over-year growth in BNPL payments was with the youngest consumers, Gen Alpha, with an increase of 94% compared to 2023, which represented the smallest share of activity. The remaining generations experienced relative parity in terms of BNPL payment growth, ranging from 24% for Boomers+ to 32% for Gen Z. Gen Alpha also had the lowest average payment, at \$34.78 for 2024, yet that represented more year-over-year growth than any other generation at 12%.



**BNPL Growth by Provider and Average Payment
FULL YEAR (January to December) 2024 vs 2023**

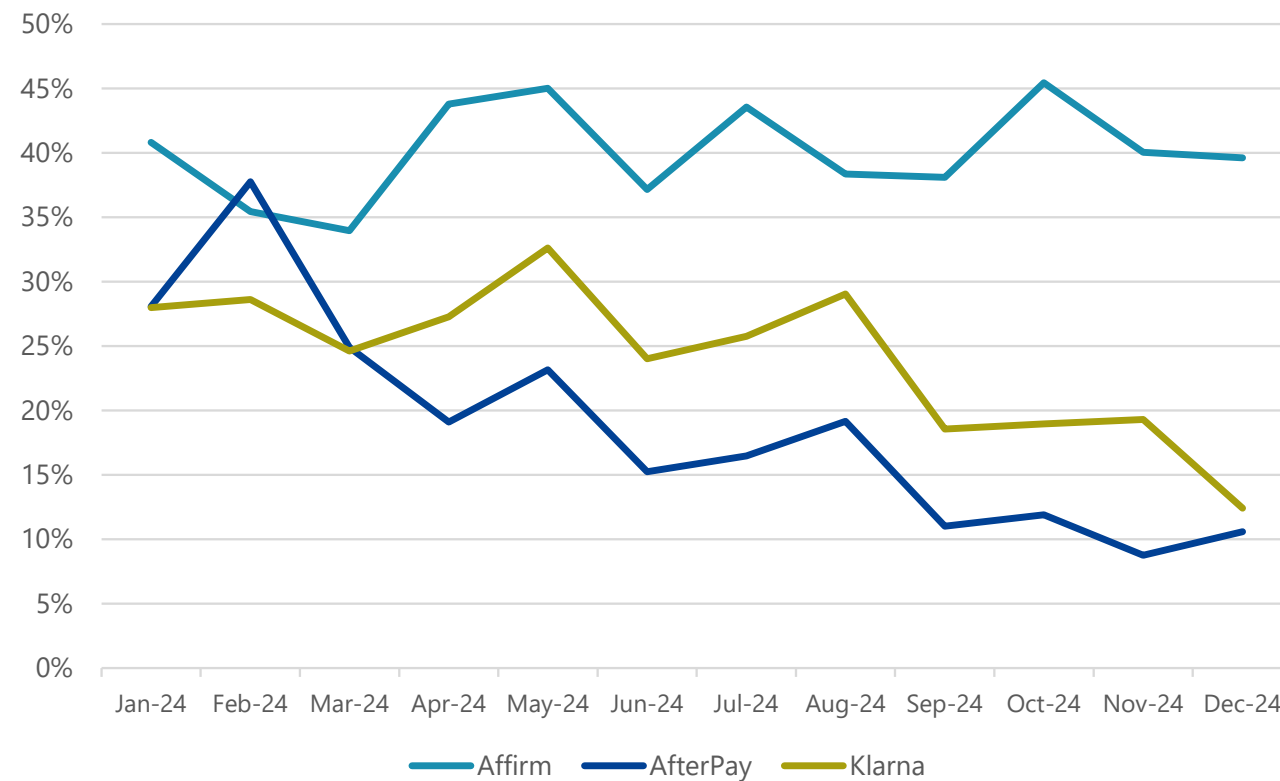
BNPL Provider	BNPL Transactions	BNPL Payments	Average BNPL Payment
Affirm	54%	40%	\$ 49.29
AfterPay	7%	18%	\$ 33.29
Klarna	15%	23%	\$ 39.19
PayPal	6%	10%	\$ 34.38
Sezzle	32%	41%	\$ 30.33
Uplift	-1%	2%	\$150.30
Zip/QuadPay	49%	68%	\$ 37.42
OVERALL	22%	28%	\$ 40.13

2024 BNPL Payment Contribution & Growth by Provider



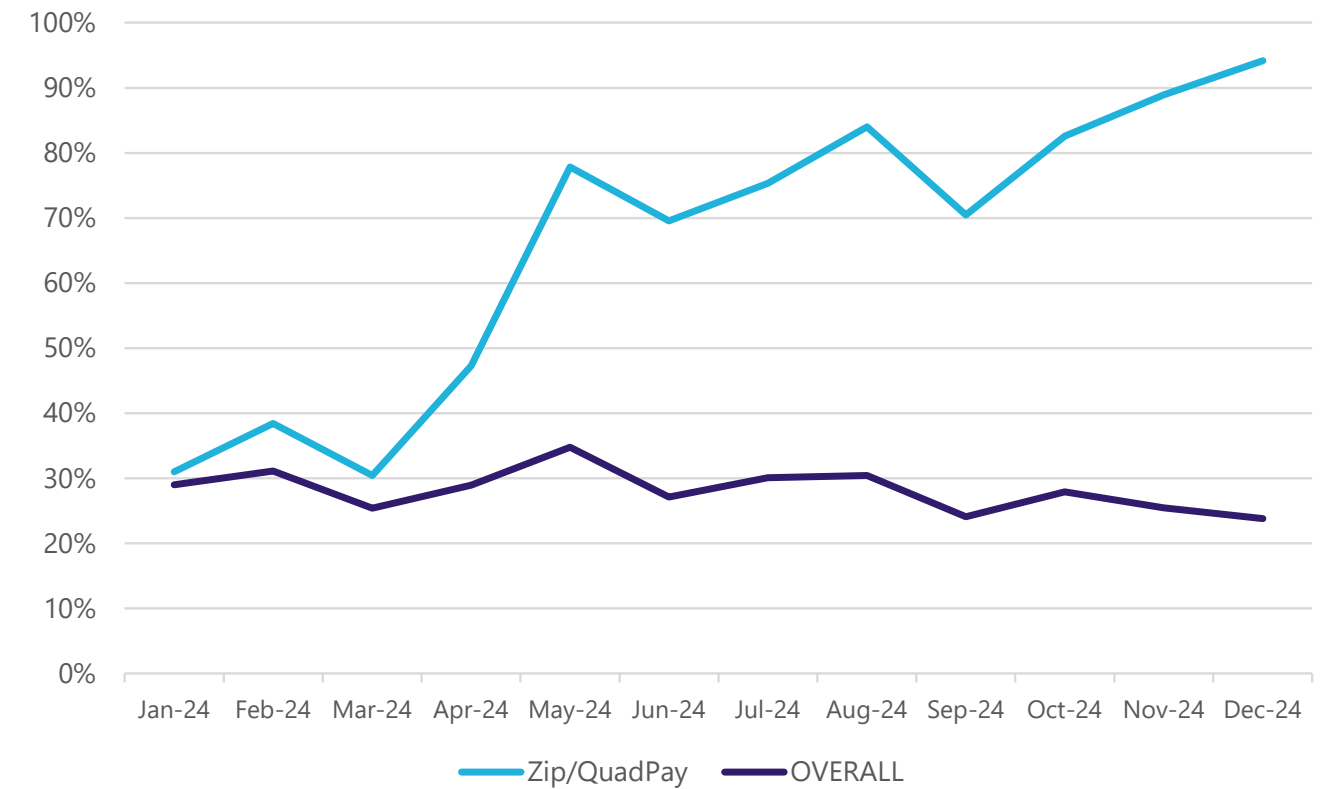
- Affirm, AfterPay and Klarna represented over 80% of BNPL payments for 2024.
- Overall growth in 2024 for BNPL payments was strong at 28%, with no provider experiencing negative growth.

Monthly YoY BNPL Payment Growth by Provider



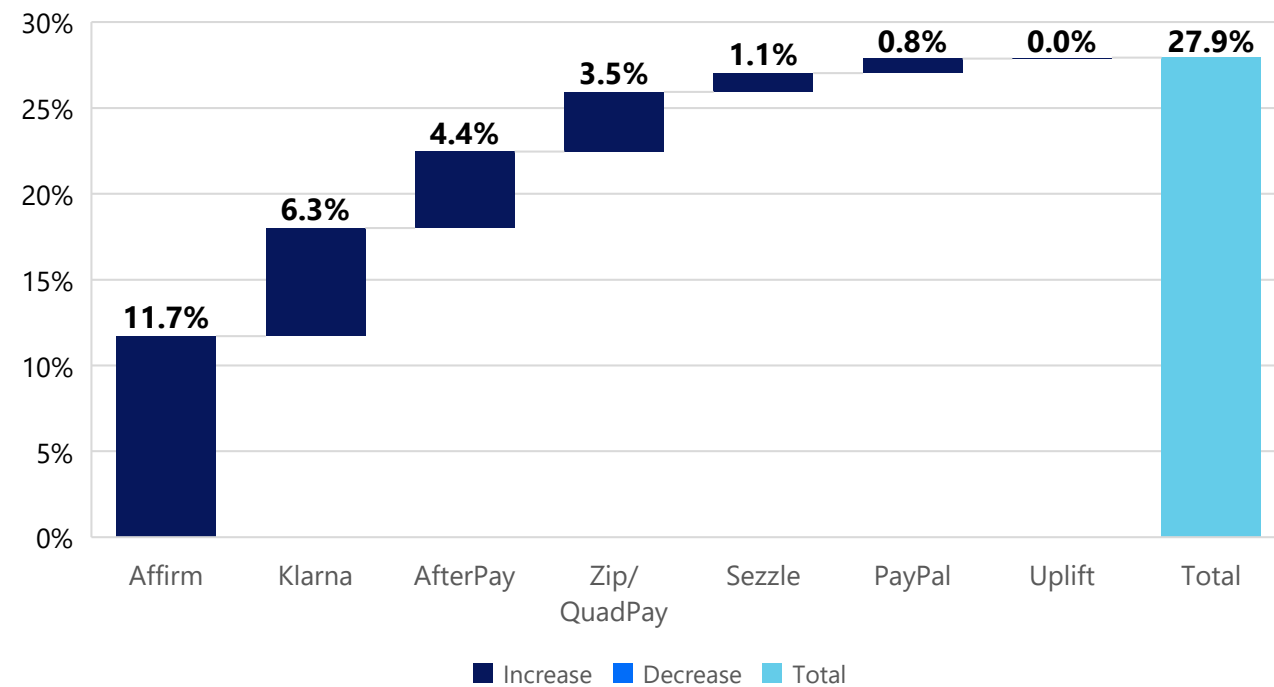
- In 2024, Affirm had an overall payment growth rate of 40%, outpacing Klarna (23%) and AfterPay (18%). Further, Affirm’s monthly growth has been stable, whereas growth has slowed for both Klarna and AfterPay over the most recent four months.

Monthly YoY BNPL Payment Growth by Provider



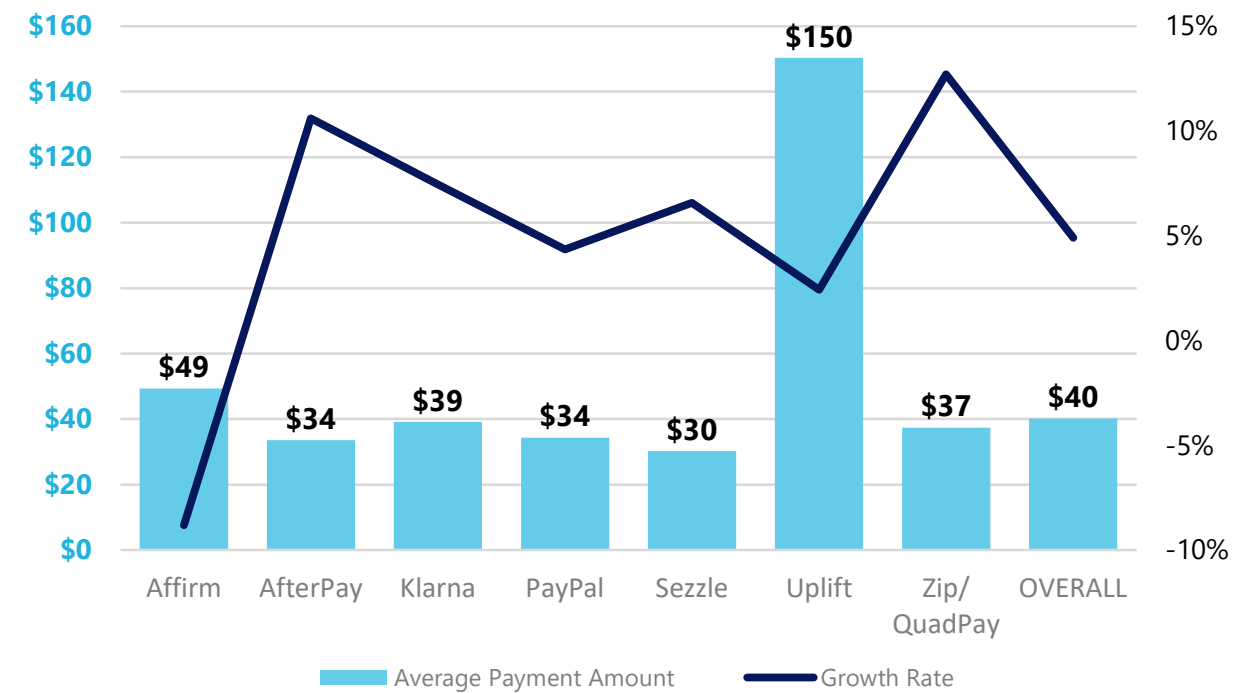
- Australian BNPL provider Zip/QuadPay demonstrated the most significant payment growth for any BNPL provider, seeing its year-over-year monthly growth accelerate to 94% by year’s end. This is consistent with Zip’s expansion efforts since acquiring U.S.-based QuadPay.

BNPL Payment Growth Rate Contribution by Provider



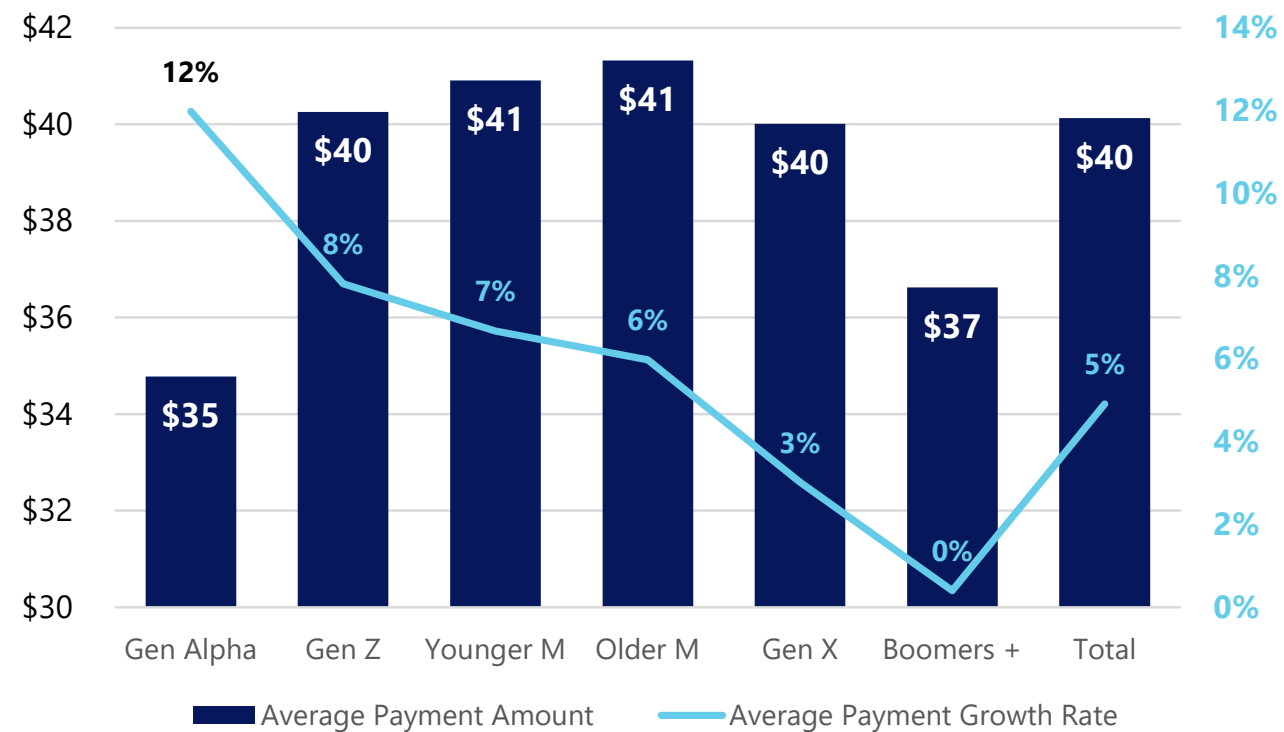
- Affirm was the leading contributor to overall BNPL payment growth for 2024, allowing for an increase in market share to 32%, up from 29% in 2023.
- Zip/QuadPay contributed 13% to the overall BNPL payment growth despite only comprising 7% of payments for 2024.

2024 BNPL Average Payment & Growth by Provider



- The average BNPL payment increased from \$38 to \$40 for 2024, with positive growth for all BNPL providers except Affirm, which was down 9% for 2024. This may be emblematic of Affirm's efforts to fuel expansion by courting lower-priced retailers and allowing a minimum purchase as low as \$50.
- Uplift notably allows consumers to pay for travel in installments, which is reflected in a \$150 average payment for 2024 – more than three times that of the nearest BNPL provider.

2024 BNPL Average Payment & Growth by Generation



- Relative parity exists for average payment and growth for BNPL among generations except for Boomers+ and Gen Alpha.
- Boomers+ and Gen Alpha had the lowest average payments for BNPL at \$37 and \$35, respectively; however, Gen Alpha's average payment grew 12% for 2024 compared to flat growth for Boomers+.



Checking In: TikTok

Leading up to the inauguration of President Trump, an ongoing story was whether the social media app TikTok would continue to operate in the U.S. market after the [U.S. Supreme Court upheld a congressional ban](#) on it. The TikTok app went dark for roughly a 24-hour period, ending on Sunday, Jan. 19. While TikTok is known for viral dance memes, there has been substantive growth in consumer purchases through the app. In exploring consumer payment behavior within TikTok, transaction activity started roughly in early 2023 and has grown notably, peaking thus far in December 2024. We have indexed the values (January 2023 =100) to illustrate growth. For January 2025, growth in overall TikTok credit transactions was 2,639, or 26 times the volume of January 2023 TikTok credit transactions. The indexed value for overall TikTok debit transactions was 2,210, or 22 times the volume of TikTok debit transactions for January 2023.

From [research conducted by TikTok](#), 70% of users claim they discover new brands on the social media app and that three in four TikTok users are likely to buy something while scrolling. While the growth has been impressive from its start in 2023, TikTok represents a small portion of activity when compared as a subset to the Goods sector. For January 2025, TikTok debit transactions represented 1.1% of overall Goods sector debit transactions and TikTok credit transactions represented 0.6% of overall Goods sector credit transactions. Combined TikTok credit and debit purchases for our Payments Index population exceeded \$25 million for January 2025, with over 80% of the purchases related to “TikTok Shop,” which falls into the Goods sector. Also, activity under the TikTok umbrella includes advertising services and music as part of TikTok Live.

For January 2025, the TikTok average credit purchase was \$33.48 and the average debit purchase was \$26.13. When segmenting by generation, the TikTok average purchase amounts remained within a close range of around +/- \$3.00 for both credit and debit – except for Gen Alpha, the youngest

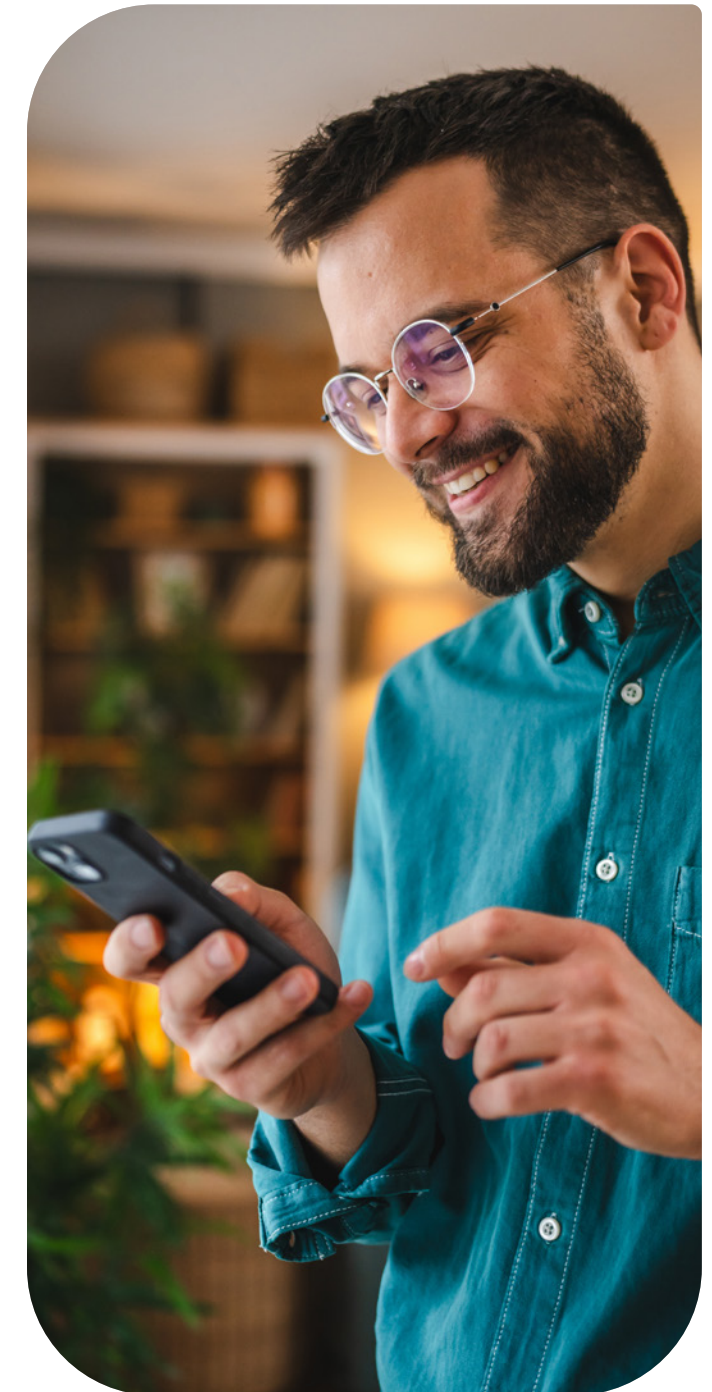
demographic. As one might expect, their average purchase was slightly less by \$6 on credit and \$3 on debit.

President Trump signed an executive order on Jan. 20 imposing a 75-day period where no action will be taken against the ban and will allow TikTok to continue to serve the 170 million Americans that use the app until early April 2025. As news unfolds on the future of TikTok in the U.S., we will continue to monitor the related consumer purchasing activity.

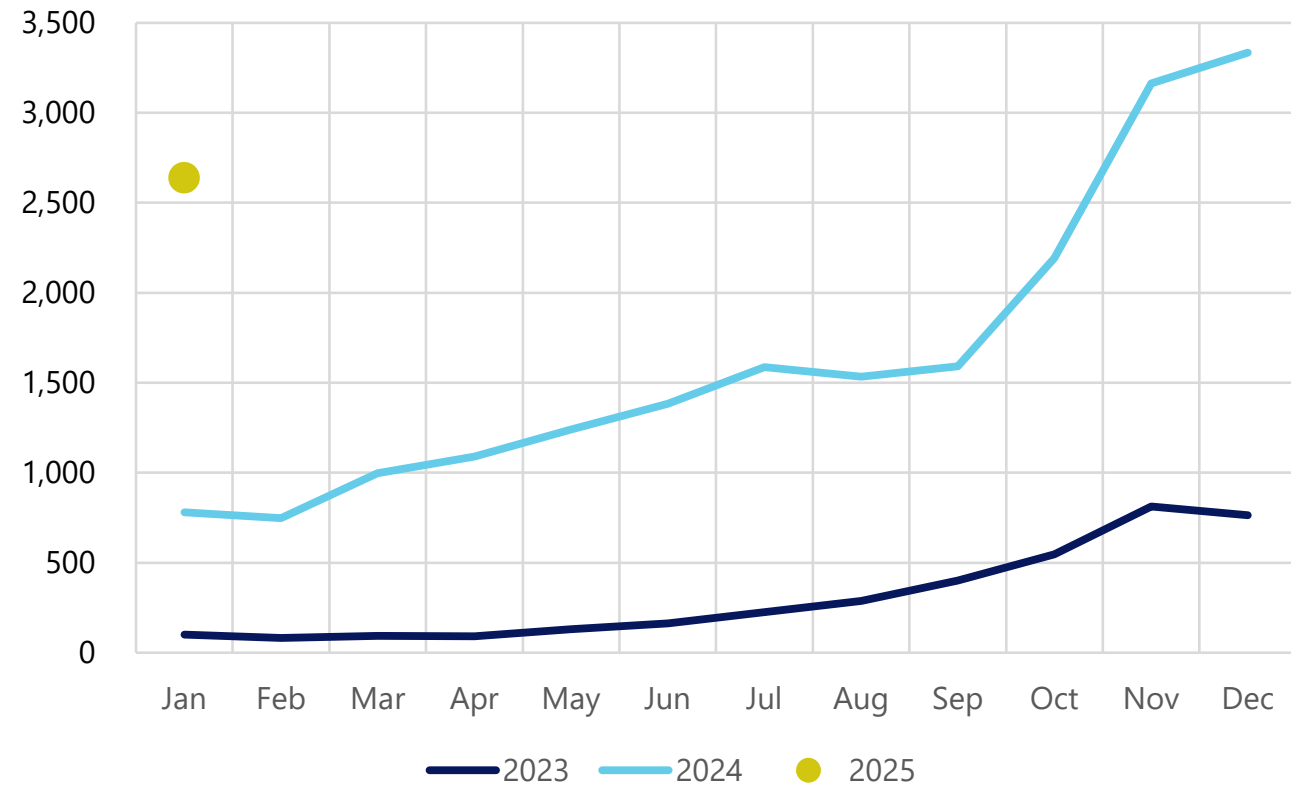
TikTok Consumer Activity – January 2025

TikTok	Credit	Debit
Transactions*	2,639	2,210
Purchases*	1,659	2,637
Average Purchase Amount	\$33.48	\$26.13

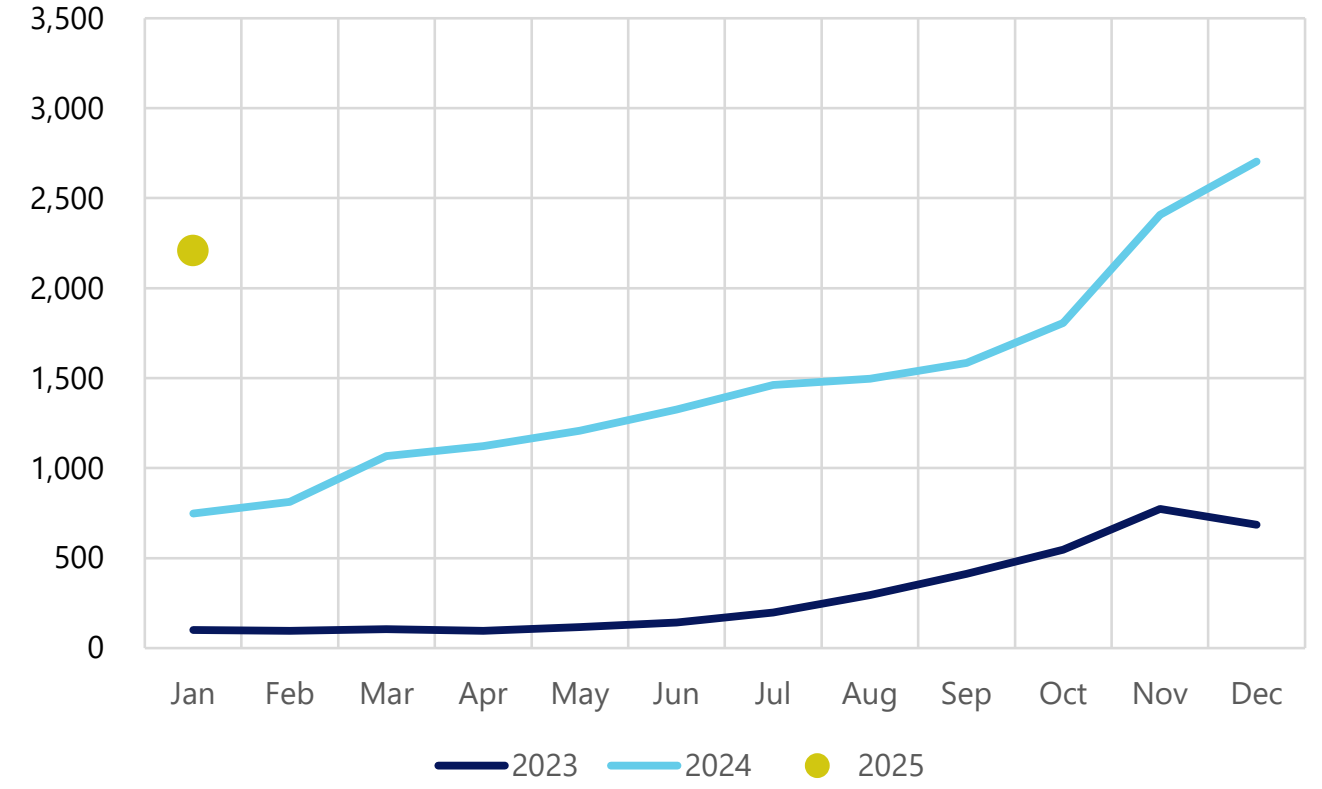
*Indexed (Jan 2023 = 100)



TikTok Credit Transactions Indexed
(Jan 2030 = 100)



TikTok Debit Transactions Indexed
(Jan 2030 = 100)



What Should Credit Unions Do Now?

- 1** Credit unions should keep a pulse on member usage of alternative payments, including Buy Now, Pay Later (BNPL). To offset the impacts of BNPL, credit unions should constantly communicate the value of their card offerings, including zero liability, rewards and convenience. Additionally, credit unions should optimize card integration into digital banking, leverage the usage of mobile wallets and consider the addition of post-purchase installment options on their credit card products.
- 2** Focus on checking accounts to drive debit growth. According to Velera's Advisors Plus Payments & Deposits Consulting, credit unions that don't focus on this area in 2025 should expect volume growth to be nominally lower or even decline.
- 3** Credit unions should strengthen their portfolios by offering competitive rewards products that drive member engagement and enhance loyalty. Positioning rewards programs as valuable financial tools will allow credit unions to deepen member relationships, increase transaction volumes and boost fee income.

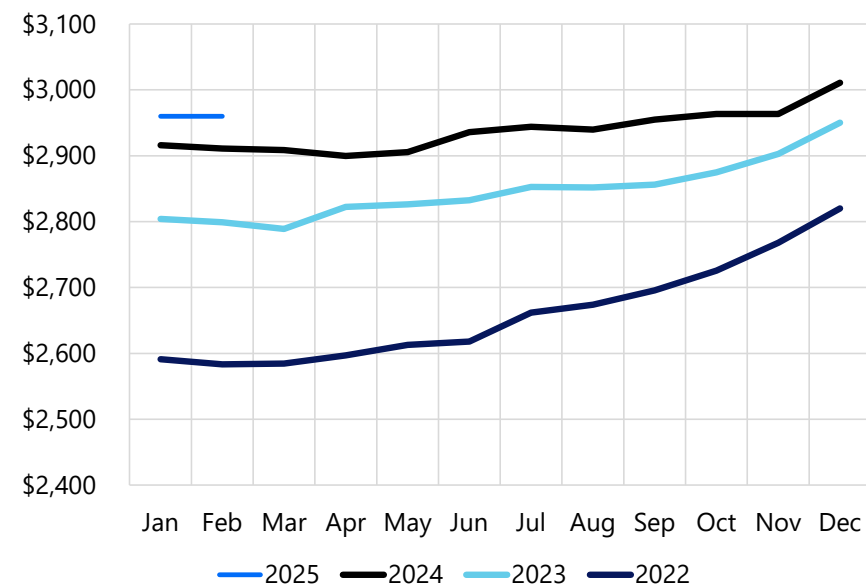
Contact your Client Growth Executive for further details or to explore how Velera can support your credit union with these opportunities, including BNPL. For more information on these solutions and services, visit our [Installment Payments](#), [Advisors Plus](#) and [Loyalty](#) pages.



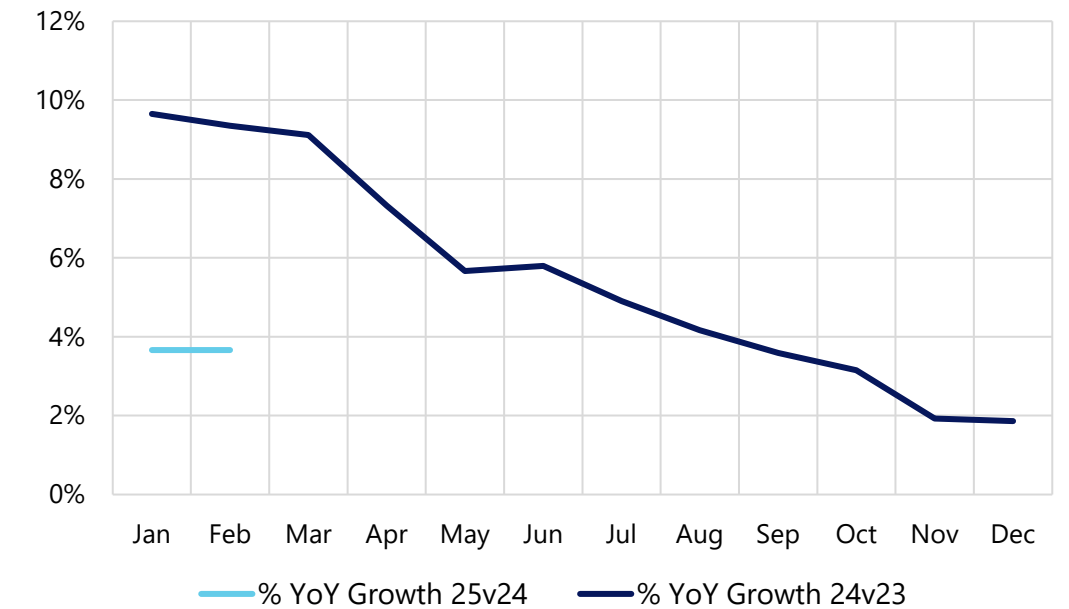
Credit Card Balances

In January, total credit card balances increased 3.7% year over year and the average credit card account balance measured \$2,960. Compared to January 2024, the average balance increased 1.5%, or \$44, the lowest rate of growth for the past four years. From December 2024, the average balance was down \$51.

Average Credit Card Balances per Gross Active Account



Percentage Change in Total Credit Card Balances

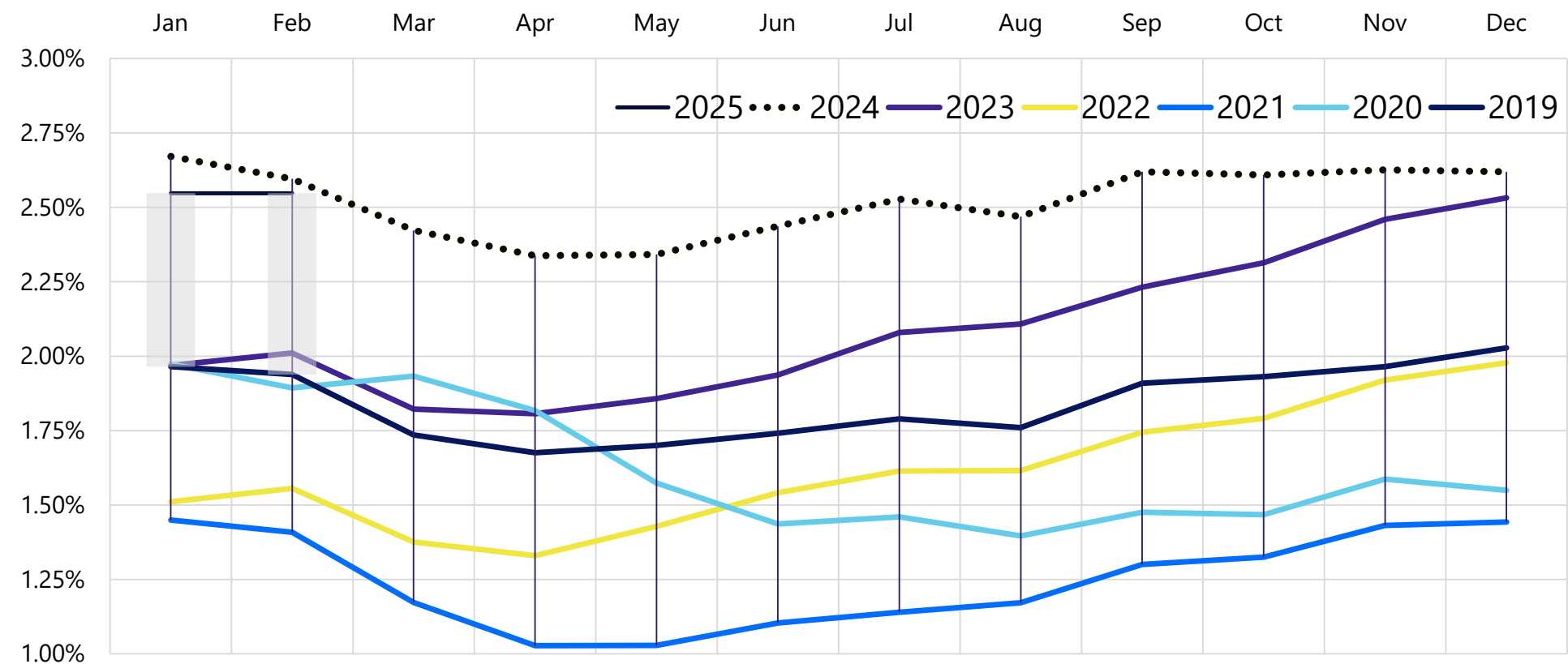


Credit Card Delinquencies

The year 2025 kicked off with a noticeably lower delinquency rate compared to one year ago (2.55% versus 2.67%), down 12 basis points or 4.6%. Additionally, from December to January, the delinquency rate dipped seven basis points. In comparison to pre-pandemic January 2019, the delinquency rate was 57 basis points higher.



Overall Credit Card Delinquency Rate January 2025



Credit and Debit Cards

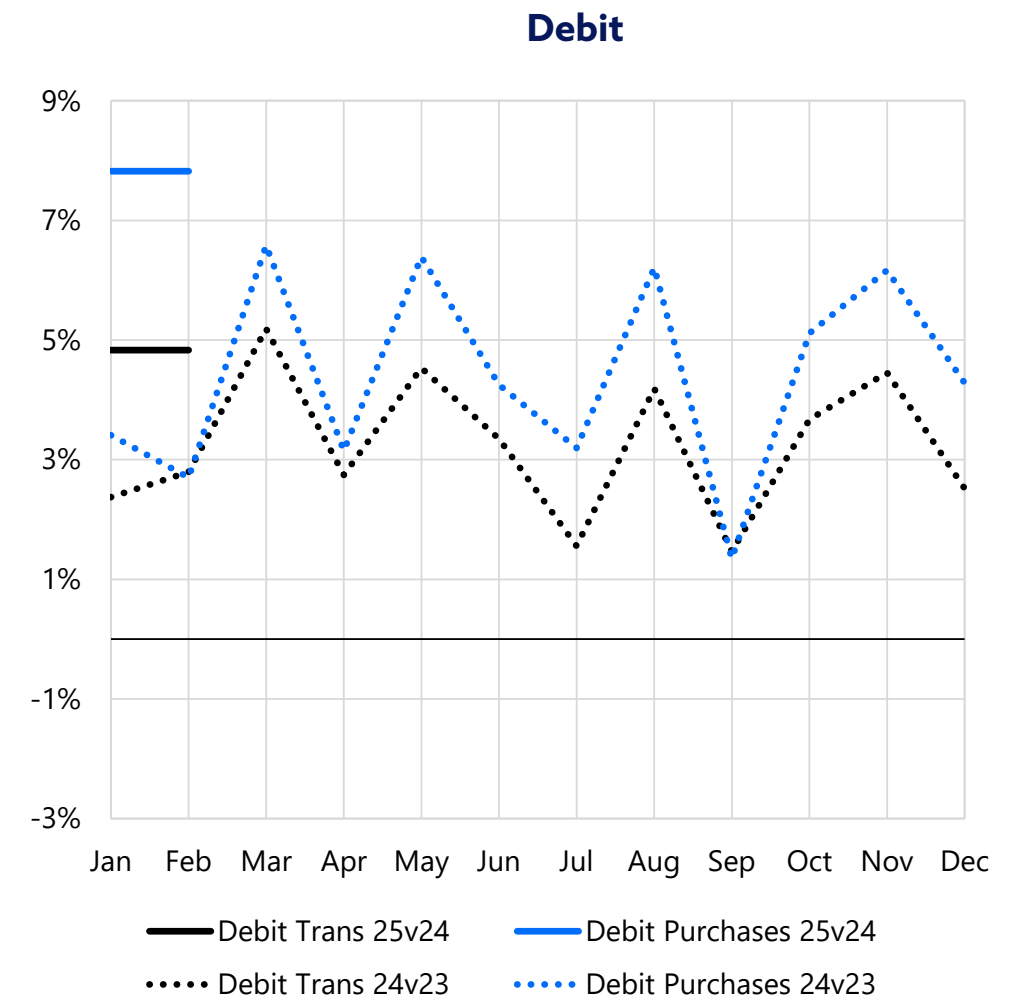
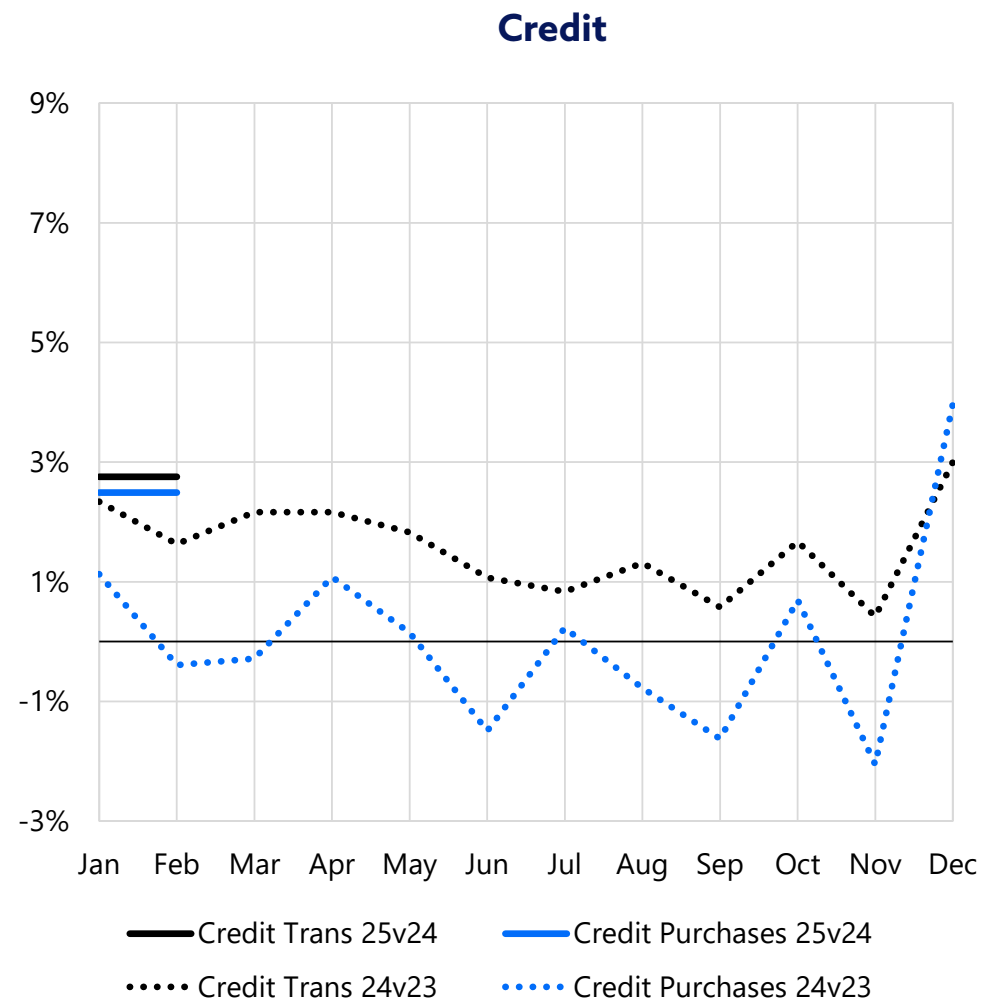
January's debit card growth far surpassed credit and was considerably higher than the previous year's measures. Debit purchases increased 7.8% year over year and credit purchases grew 2.5%. Credit transaction growth outpaced purchases, up 2.8% year over year, while debit transactions lagged purchases, increasing 4.8%.

Money Services was once again the lead driver of debit purchase growth, contributing 2.4%, with the Goods and Services sectors together providing 3.5% of growth. For credit purchases, more than two-thirds (68%) of the growth came from the Goods (0.8%) and Services (0.9%) sectors, with Travel being the only sector to negatively impact growth, down 0.3%.

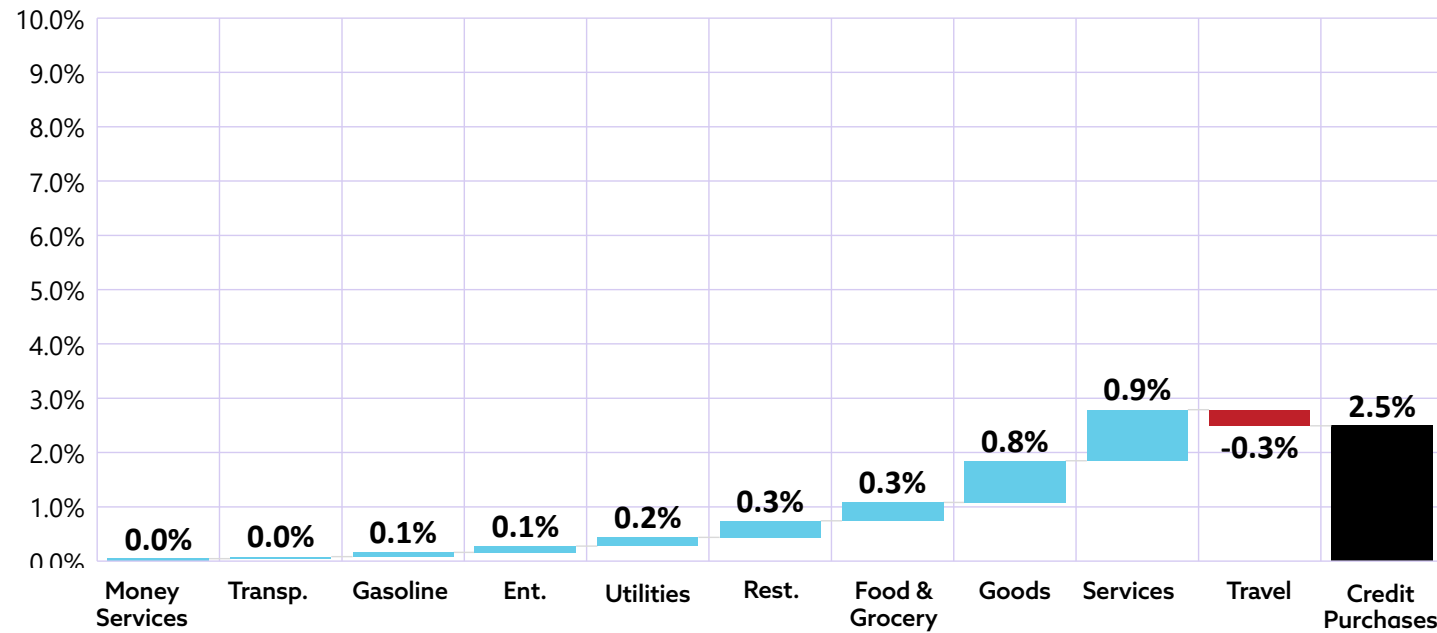
In January, the 2.5% [cost-of-living adjustment \(COLA\) for Social Security](#) was received by recipients, benefiting nearly 68 million Americans. On average, Social Security retirement benefits will increase by about \$50 per month.

Interestingly, "no buy" trends are gaining traction on social media platforms for 2025, where consumers pledge to buy as little as possible this year. According to the [Wall Street Journal](#), "no spend challenge" searches on Google have reached an all-time high and are up 40% year over year.

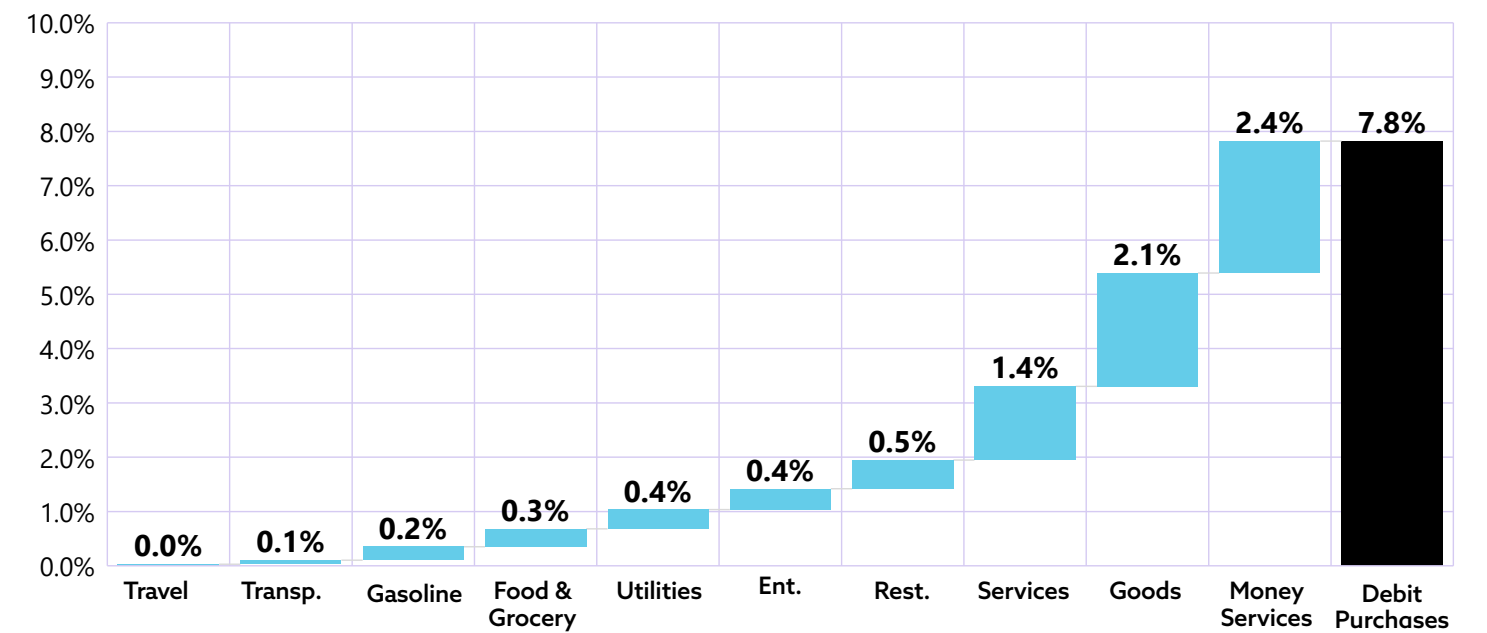
Month of January	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2025 v 2024	2.8%	2.5%	4.8%	7.8%
2024 v 2023	2.3%	1.1%	2.4%	3.4%



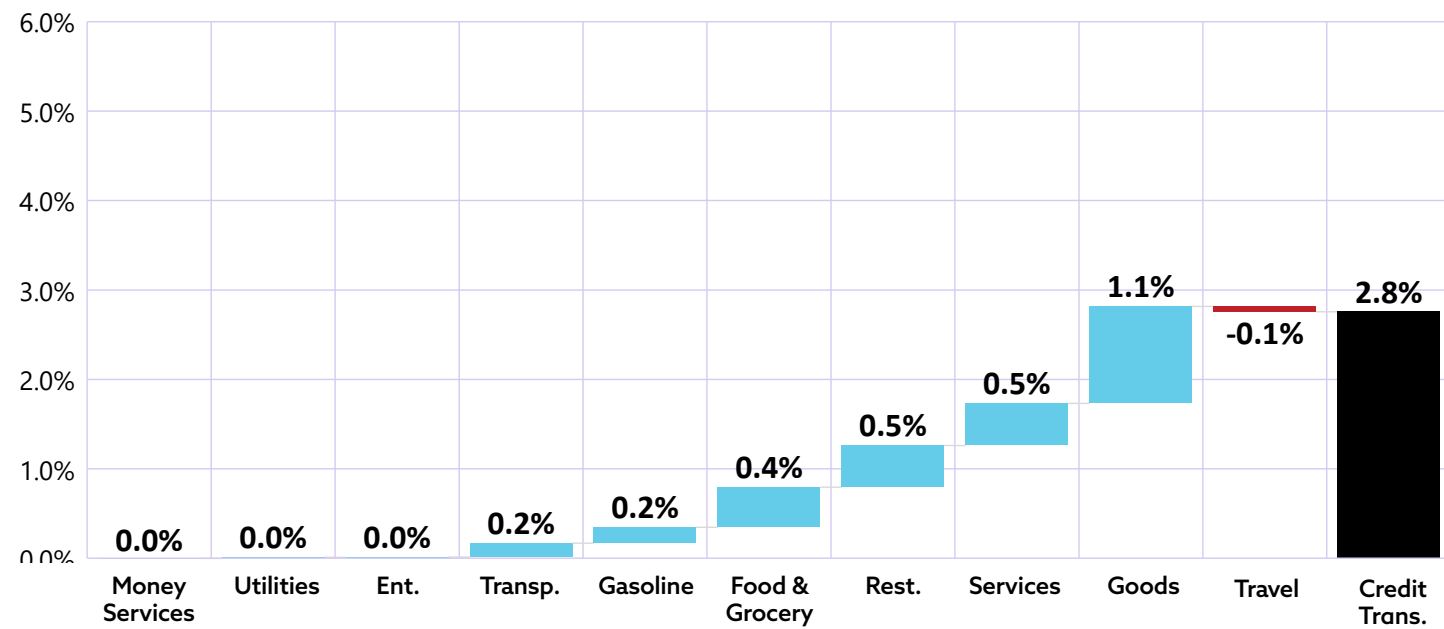
Sector Contributions to Growth in Credit Purchases: January



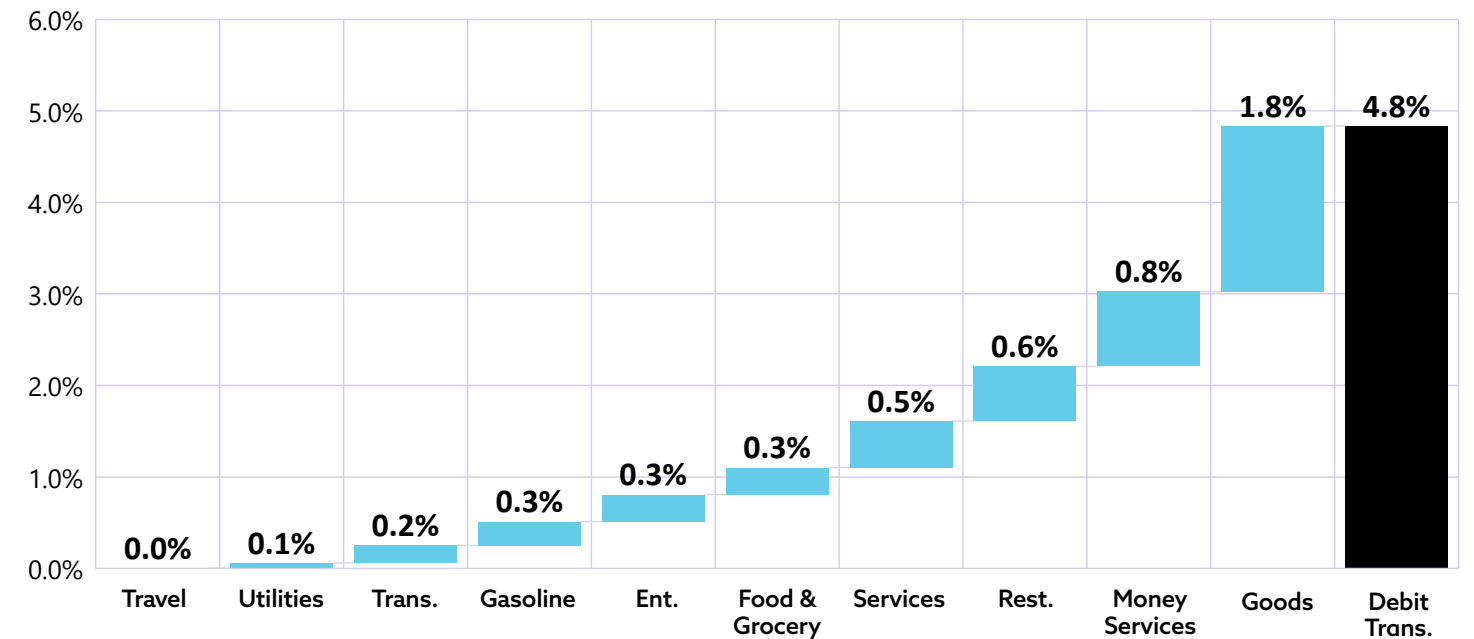
Sector Contributions to Growth in Debit Purchases: January



Sector Contributions to Growth in Credit Transactions: January



Sector A to Growth in Debit Transactions: January




■ Increase ■ Decrease ■ Total

Sectors/Merchant Categories


All sectors for debit showed positive purchase growth in January, with Money Services (+21%) and Transportation (+15%) the top performers. Within Transportation, increases were in the Taxi & Rideshare (namely Uber and LYFT) and Tolls & Local Transit categories. The sectors with the highest year-over-year growth for credit purchases included Transportation (+6%), Utilities (+5%) and Money Services (+5%), while Travel experienced negative growth, down 3%.

After several consecutive months of negative growth rates during the second half of 2024, the Gasoline sector experienced positive growth for both debit and credit purchases, up 3% and 2%, respectively. The national average price per gallon of gasoline finished at [\\$3.13](#) for the week ending Feb. 10, down 2.0% or \$0.06 year over year.




ENTERTAINMENT
January 2025 V 2024

	Credit	Debit
YoY Purchases	3%	9%
YoY Transactions	0%	6%




FOOD & GROCERY
January 2025 V 2024

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




GASOLINE
January 2025 V 2024

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




GOODS
January 2025 V 2024

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




MONEY SERVICES
January 2025 V 2024

	Credit	Debit
YoY Purchases	5%	21%
YoY Transactions	0%	16%




RESTAURANTS
January 2025 V 2024

	Credit	Debit
YoY Purchases	4%	5%
YoY Transactions	2%	3%




SERVICES
January 2025 V 2024

	Credit	Debit
YoY Purchases	4%	9%
YoY Transactions	5%	8%




TRANSPORTATION
January 2025 V 2024

	Credit	Debit
YoY Purchases	6%	15%
YoY Transactions	7%	16%



TRAVEL
January 2025 V 2024

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



UTILITIES
January 2025 V 2024

	Credit	Debit
YoY Purchases	5%	7%
YoY Transactions	1%	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 2023 through the most current complete month of 2025, enabling an accurate and relevant year-over-year same-store comparison (2025 vs. 2024, 2024 vs. 2023) 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 February 2025 edition of the Velera Payments Index represents a total of 3.5 billion transactions valued at \$173 billion of credit and debit card activity from February 2024 through January 2025.

A library of past Payments Index reports is 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](#).