

## The Velera Payments Index: October 2024

Consumer spending further softened in September, with decreases for both debit and credit. Influencing these lower consumer spending were regional impacts from Hurricane Helene in the southeastern states, namely Florida, North Carolina, South Carolina, Tennessee and Georgia, and the continued impact of lower gasoline prices. In much anticipated news, the Federal Reserve cut interest rates by a half-percent in September and [may be close to delivering an “economic soft landing.”](#) In our October 2024 edition of the Velera Payments Index, we revisit a Deep Dive on Money Services, which includes mostly peer-to-peer (P2P) payments.

The [Consumer Confidence Index](#) fell in September to 98.7 (from an upwardly revised 105.6 in August), dropping toward the bottom of the narrow range for the past two years, with all five areas of the index declining. The largest drop in consumer confidence comes from the 35- to 54-year-old segment, while the most confidence comes from those under 35. When asked about plans to buy more goods or services over the next six months, there is a slightly greater preference for purchasing goods over services. [Delinquency expectations continued to increase](#) in the survey and are at their highest point since April 2020. Following two months of gains, the University of Michigan [Index of Consumer Sentiment](#) decreased in October by 1.2 index points to 68.9. Long-term economic trajectories are now less clear with elections on the near-term horizon.

In September, jobs increased by 254,000, with gains occurring in food services and drinking places, healthcare, government, social assistance and construction. The U.S. Bureau of Labor Statistics (BLS) [reported](#) the overall unemployment rate changed little for September, down by 0.1 percentage point to 4.1%, or 6.8 million people.

In the Labor Department’s Oct. 10 update, the [Consumer Price Index \(CPI\)](#) increased 0.2% in September, bringing the cumulative 12-month rate of inflation down to 2.4%. Three-quarters of the increase in September came from two areas, as shelter rose 0.2 percent and food increased by 0.4 percent. The energy index dropped 1.9 percent, after a 0.8 percent decline in August. Core CPI, which excludes the Food and Energy sectors, increased to 3.3% for the 12-month Core CPI rate through September.

The Federal Reserve cut interest rates by a half-point on Sept. 18 and hinted that [two additional quarter-point cuts](#) could come by the end of 2024. While the next Federal Open Market Committee (FOMC) meeting concludes on Nov. 7, influence from the [stronger-than-expected jobs report](#) could put a damper on near-term reductions.

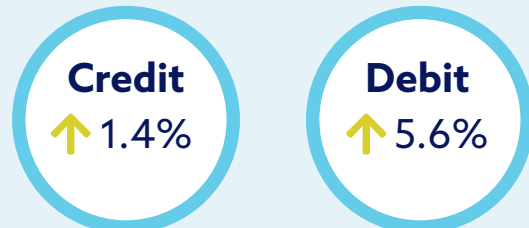
We hope that the insights from the Velera Payments Index continue to help our financial institutions make informed, strategic decisions. To subscribe and receive updates when the report is published every month, click [here](#).

## Overall Performance – Key Takeaways for September 2024

### Purchases 2024 VS. 2023



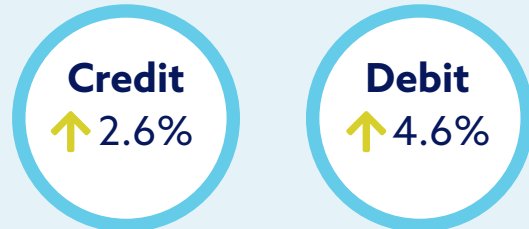
### 2023 VS. 2022



### Transactions 2024 VS. 2023



### 2023 VS. 2022



- For September, year-over-year growth rates were at their lowest levels for 2024. Debit purchases were up 1.3%, with two-thirds of the growth coming from Money Services (Cash App, Venmo, Zelle, etc.). Credit purchases were down 1.6%, with half of the reduction coming from the Gasoline sector (0.9%). Debit transactions were up 1.5% and credit transactions were up 0.6% year over year.
- Multiple survey measures reported declines in consumer confidence, increases in delinquencies and overall consumer stress, which may potentially constrain spending during the upcoming 2024 holiday period.
- Money Services, mainly comprising P2P payments, continued to provide strong growth for debit card purchases, resulting in an increase as a percentage of overall debit card purchases. For September, growth in Money Services debit purchases was up 9.6% year over year. As a percentage of overall debit card purchases, Money Services represented 12.2% for September 2024, up from 11.2% a year ago.
- The September delinquency rate was up 15 basis points compared to August 2024, reversing its August improvement and resuming a multi-month trend of increases. Delinquencies are now at their highest point since January 2024.
- Contactless transactions on dual interface cards continued to show significant growth. As of September, almost one out of every two Card Present transactions were tapped (50% for debit and 47% for credit).



“P2P payments have experienced tremendous growth over the past several years, initially spurred by the pandemic as consumers moved away from cash and physical transactions. We now see that many consumers have permanently shifted their purchasing habits, including the adoption of digital wallets. While platforms like Venmo, Zelle and Cash App are not true digital wallets, their rising usage closely mirrors the growth of digital wallets. Also significant is that this trend isn’t limited to younger demographics; according to a recent Datas Insights survey, more than half of consumers under age 57 have adopted digital wallets and engage in P2P payment transactions.”

**David Albertazzi, Director,  
Retail Banking & Payments, Datas Insights**

## Deep Dive: Money Services

Money Services, with the majority of transactions being peer-to-peer (P2P) activity, represented 12.2% of overall debit card purchases – but only 0.75% of overall credit card purchases – in September 2024. For debit purchases, this sector continued to provide notable growth contributing to overall consumer spending, as these P2P transactions have shifted from cash to digital formats. Our initial [Deep Dive on Money Services from June 2023](#) reported that in May 2019, Money Services represented 3.8% of overall debit purchases. In this edition of the Payments Index, we see that it has grown more than 300% over a five-year period. For this month’s Deep Dive, we focused primarily on debit activity, given the notable volume.

Year-over-year growth in September for debit cards within Money Services was strong, with purchase growth up 9.6%. and transaction growth up 10.2%. The Money Services sector has a notable impact on overall debit card growth, which was up 1.3% in purchases when compared to September 2023. Looking at overall debit card purchases, excluding Money Services sector purchases, the year-over-year growth declined to 0.3% for September. Similarly, the year-to-date impact through September for growth in overall debit card purchases was 4.2% versus 2.9% when Money Services are excluded.



Money Services as a % of Overall Purchases - September



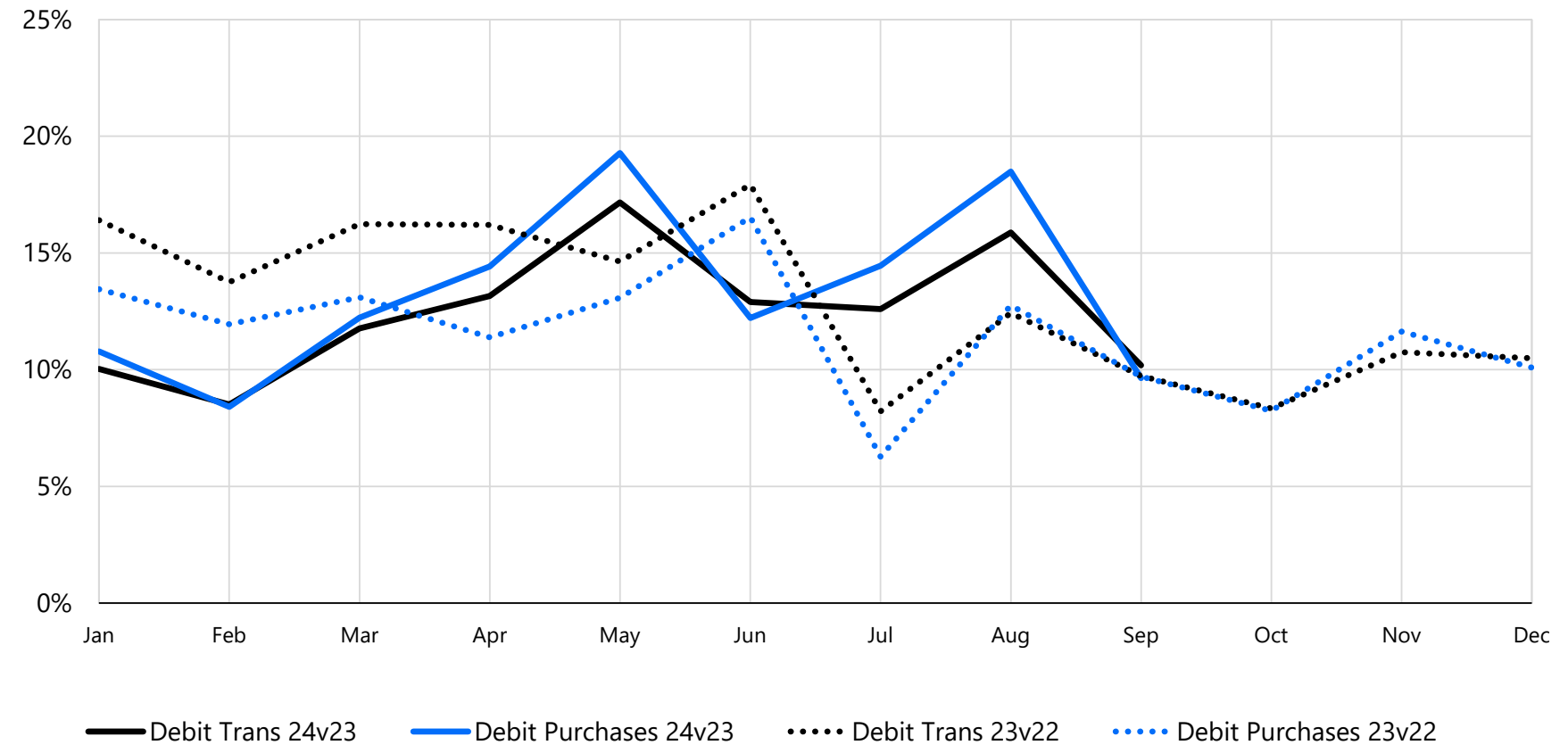
Year-Over-Year Growth in Overall Debit Card Activity

Activity	Segment	Sep 2024	YTD 2024
Purchases	Overall (All Sectors)	1.3%	4.2%
	Overall Less Money Services	0.3%	2.9%
Transactions	Overall (All Sectors)	1.5%	3.2%
	Overall Less Money Services	1.0%	2.6%

Our Money Services sector represents a number of merchant categories, the largest of which is P2P payments with 81% of the debit purchases for this sector. Top merchants in this overall sector include Cash App, Venmo, Affirm, Apple Cash, Meta Pay, PayPal, Zelle and Western Union. Also in this sector are securities and cryptocurrency merchants, including crypto.com, Coinbase and Robinhood.

Specific to P2P, the opportunity exists for consumers to hold balances with these P2P vendors. Recently, the [Consumer Financial Protection Bureau \(CFPB\) issued a consumer advisory](#) reminding consumers that funds held in a payments app should be moved to an account with deposit insurance. Payment apps are often not protected by NCUA, FDIC or other insurers. Beyond the CFPB advisory, consumers need to be cognizant of the lack of support and customer service associated with these tools. Minimal to no live support, the absence of fraud protection and lack of transaction dispute processes should also be taken into consideration with the use of these apps.

Money Services Growth - Debit



Year-Over-Year Debit Growth in Money Services Sector – September

	Debit	
	Transactions	Purchases
2024 v 2023	10.2%	9.6%
2023 v 2022	9.7%	9.7%

## What Should Credit Unions Do Now?

- 1** P2P solutions continue to gain popularity with consumers as an alternative to cash payments. While solutions such as Venmo and Cash App aid in building debit card utilization, consideration should also be given to solutions like Zelle, which can be integrated into credit unions' digital banking suites, offering consumers greater protection than third-party apps.
- 2** With holiday shopping beginning in October, credit unions should focus card marketing efforts around holiday spend. Promoting awareness of card features and benefits, as well as implementing targeted card usage strategies, are vital to ensuring card-of-choice designation.
- 3** Contactless transactions on dual interface cards are fast becoming the preferred method of paying in person. For debit and credit, nearly 50% of all transactions are tapped. Issuers should prioritize availability for their cardholders.
- 4** Now is the time to begin planning a spring convenience check marketing campaign. Contact your Client Growth Executive for details (deadline for March enrollment is Dec. 15).



## Checking in: Political Organizations

Spending on advertising during the 2024 election cycle, which includes presidential campaign ads, is estimated to be [\\$10.2 billion](#) across all races. Tracked by [AdImpact](#), this is an increase of 13% over the 2020 election cycle, in which estimated spending was \$9.02 billion. While fundraising donations come from a wide variety of sources, we continue to monitor the single merchant category of Political Organizations and these small-dollar donations.

In our 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

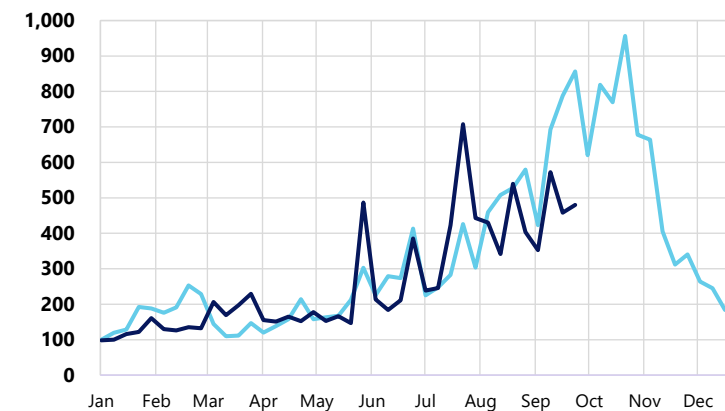
of September 2024 was 356, or 3.56 times the contributions made during the first week of January 2020. For debit purchases, the indexed value for the week ending Sept. 29 was 367.

From a monthly perspective, growth in September 2024 was down compared to September 2020. For this merchant category, credit purchases were down 27.7% and debit purchases were down 22.6% compared to the same population in 2020. Credit transactions were down 18.0% and debit transactions were down 15.6% for the same timeframe.

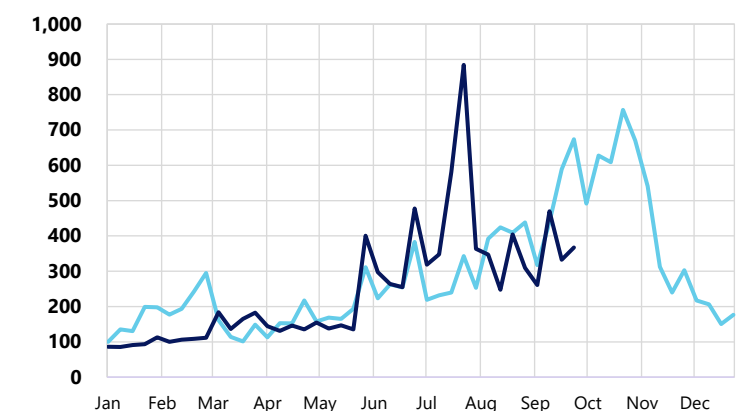
### Political Organizations Monthly Growth – September 2024

Merchant Category	Growth in Transactions		Growth in Purchases	
	Credit	Debit	Credit	Debit
Political Organizations	-18.0%	-15.6%	-27.7%	-22.6%

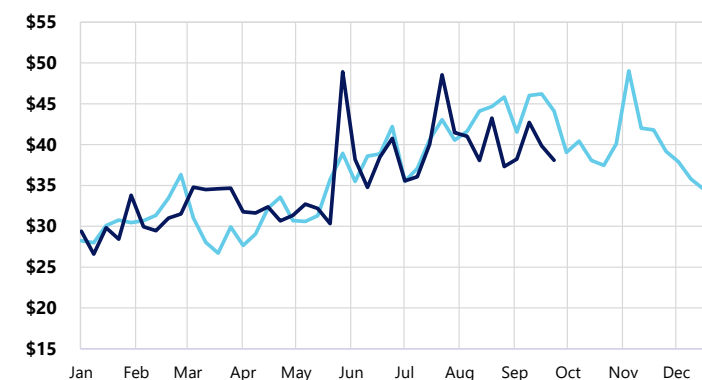
2020 & 2024 Weekly Political Contributions  
Credit Purchases Indexed to Start of January 2020



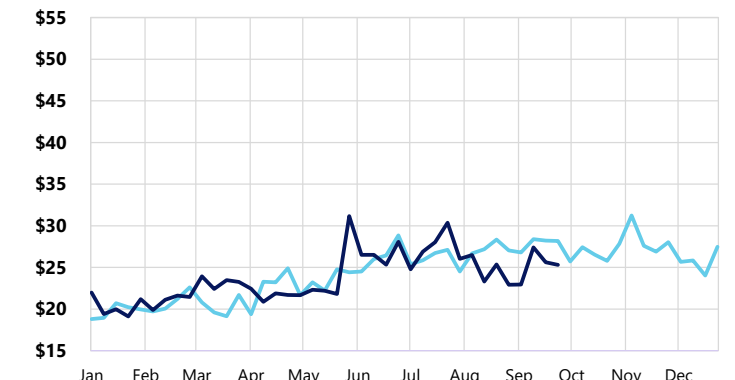
2020 & 2024 Weekly Political Contributions  
Debit Purchases Indexed to Start of January 2020



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 September 2024 credit purchases indexed value was 356, which was a 256% increase from the first week of January 2020 baseline.

For September 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 is labeled as “mixed.” The primary Democratic merchant name includes “ActBlue” and the primary Republican merchant name includes “WinRed.”

Of the purchases in the Political Organizations category for September 2024, 71% of credit purchases were associated to the Democratic Party and 22% associated to the Republican Party. The remaining 7% were mixed, with many including non-presidential candidate names. Similarly, 67% of debit purchases were associated to the Democratic Party and 25% were associated to the Republican Party, with the remaining 8% mixed. For our Payments Index credit union population, we saw a slight shift when comparing these results for September to the overall general presidential campaign period of April (post-primary elections) through September. The slight shift was toward greater spending for Democratic donations and slightly less toward Republican donations for our “same store” group of credit unions.

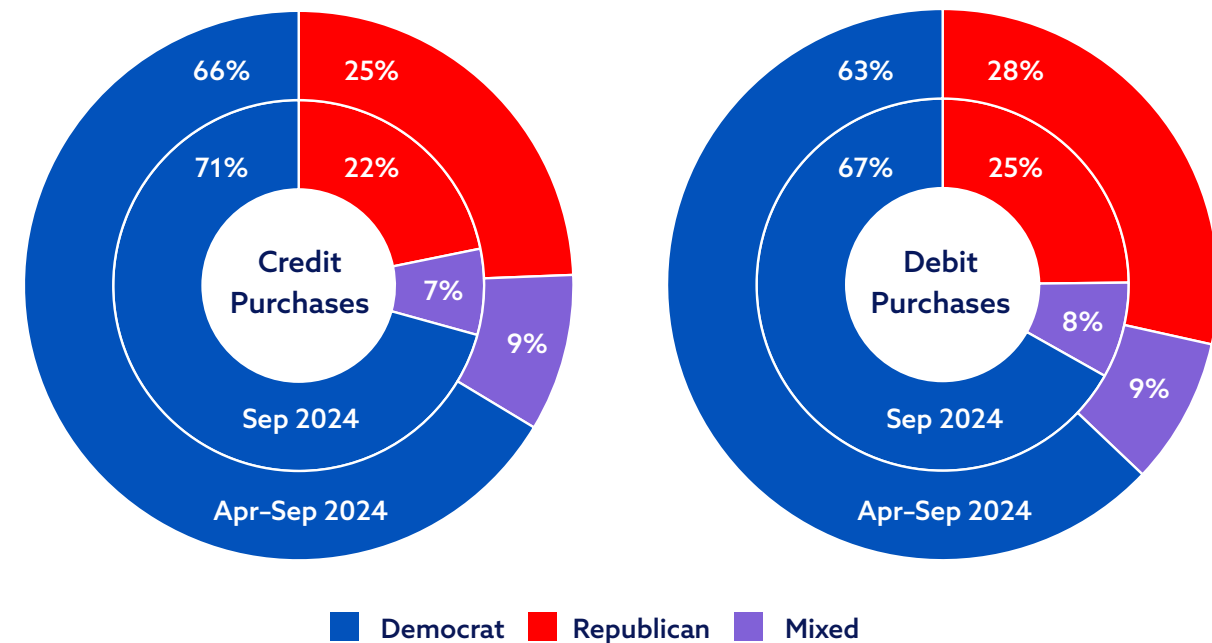
For September 2024, the average credit purchase/donation to the Democratic Party was \$41.77, down 1.4% from August, and the average debit purchase/donation was \$25.58, down 0.3% from August. The average credit purchase/donation to the Republican Party was \$30.47, up 7.4% from August, and the average debit purchase/donation was \$21.61, up 9.3% from August.

With less than a few weeks remaining until the presidential election on Nov. 5, the race remains within the margin of error in most every battleground state. Similar to the 2020 election cycle, the volume of transactions and purchases continue to increase until the week of the election, although the 2024 indexed values are not as sharp of an increase as compared to 2020. We will continue to monitor activity in this merchant category through the 2024 presidential election cycle.

## Political Organizations Average Purchase/Donation – September 2024

Political Party	Average Purchase/Donation		Change Versus August	
	Credit	Debit	Credit	Debit
Democrat	\$41.77	\$25.58	-1.4%	-0.3%
Republican	\$30.47	\$21.61	7.4%	9.3%
Mixed	\$70.80	\$55.88	3.4%	27.7%
Grand Total	\$39.77	\$25.57	0.3%	3.6%

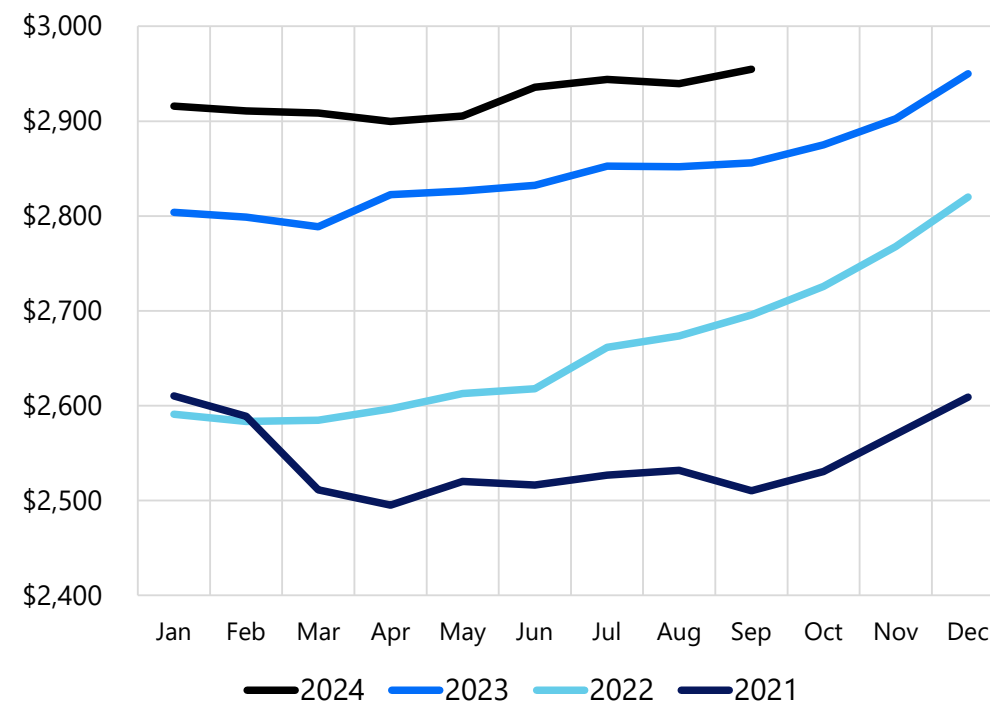
## Political Organizations Merchant Category Merchant Names Grouped by Political Party – September 2024 & April–September 2024



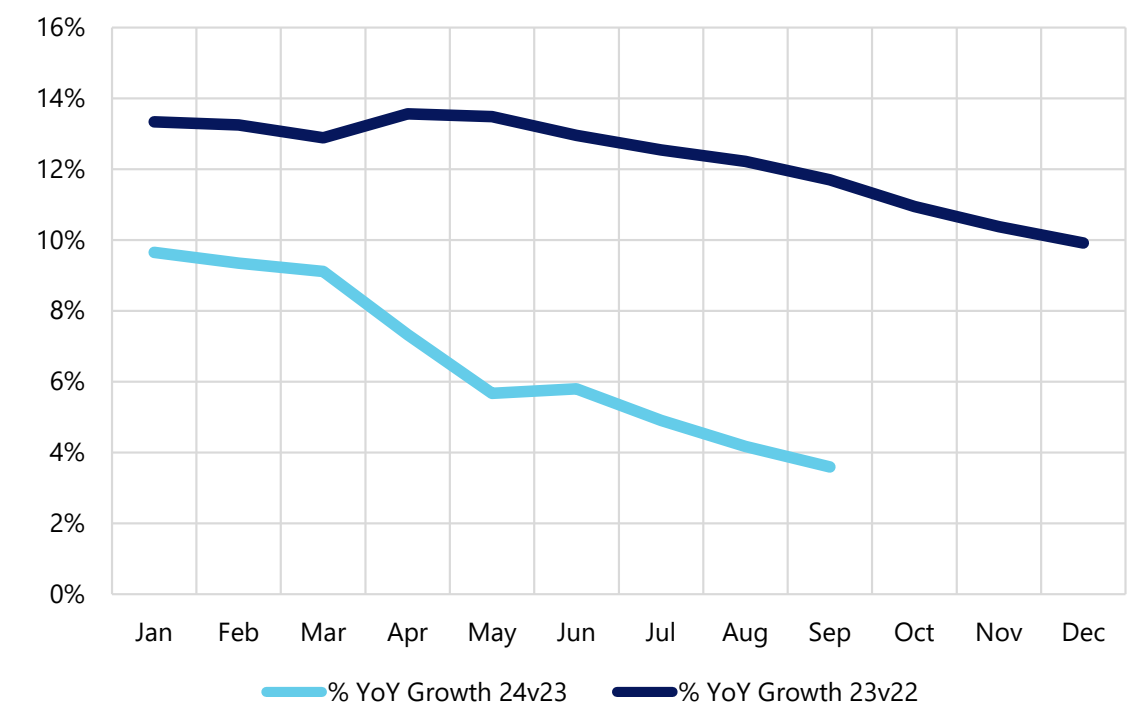
## Credit Card Balances

The average balance among gross active accounts increased 3.5% year over year, or \$99, to \$2,955 for September. For total credit card balances, the growth rate was similar at 3.6% year over year.

### Average Credit Card Balances per Gross Active Account



### Percentage Change in Total Credit Card Balances

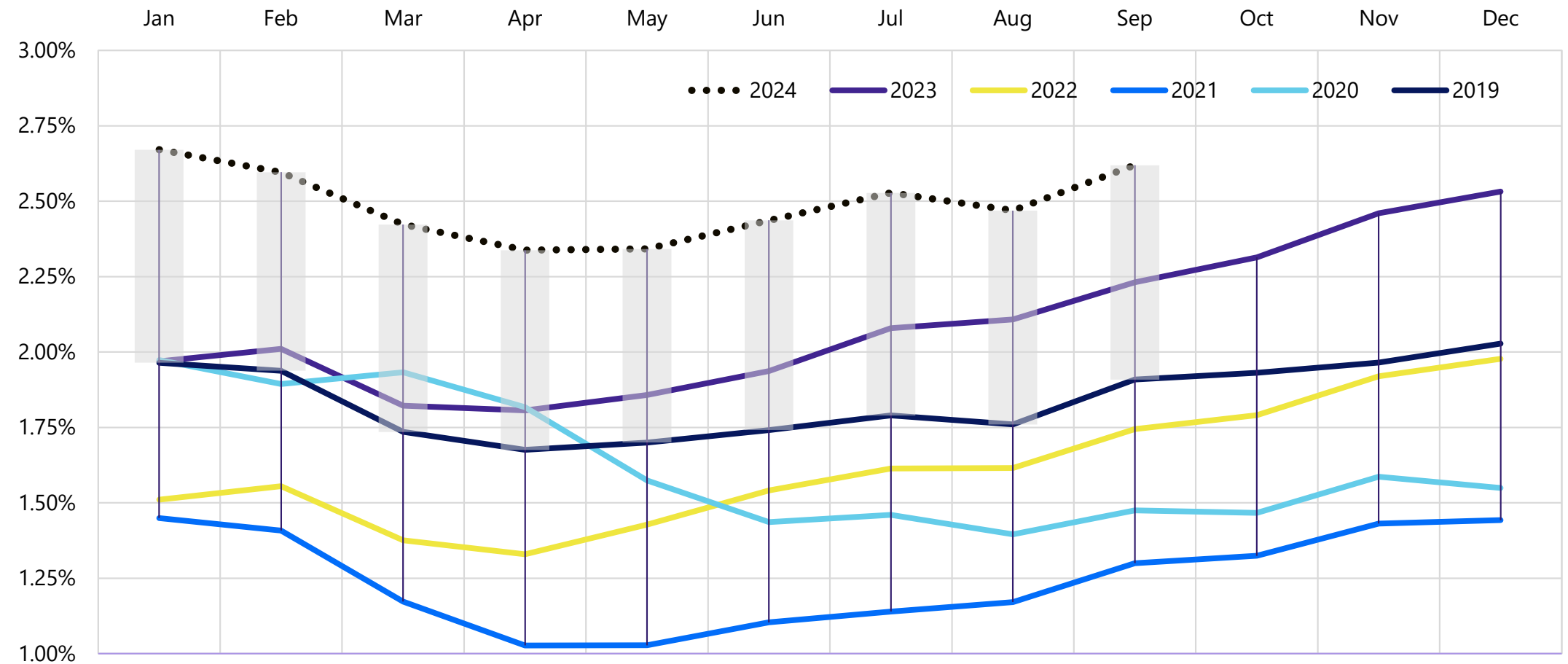


## Credit Card Delinquencies

After improving in August, the credit card delinquency rate rose 15 basis points in September to 2.62%, its highest level since January's 2.67% delinquency rate. Compared to one year ago, the delinquency rate was 39 basis points higher.



Overall Credit Card Delinquency Rate September 2024

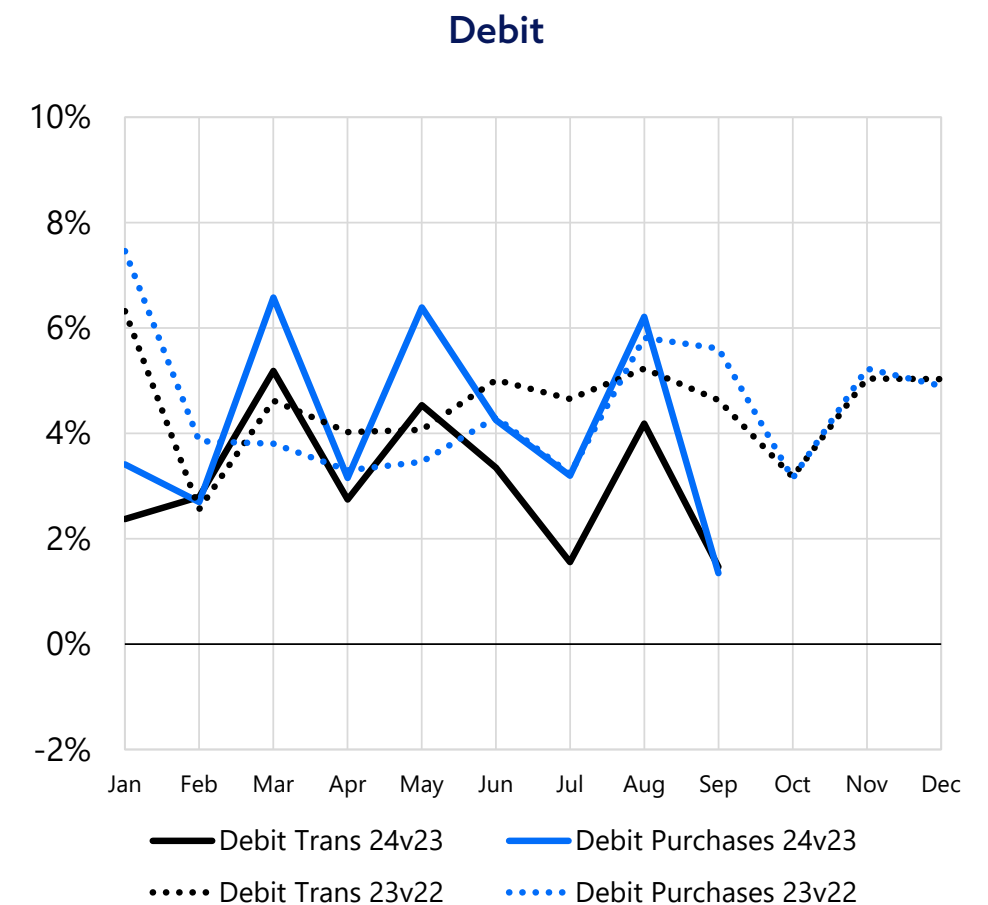
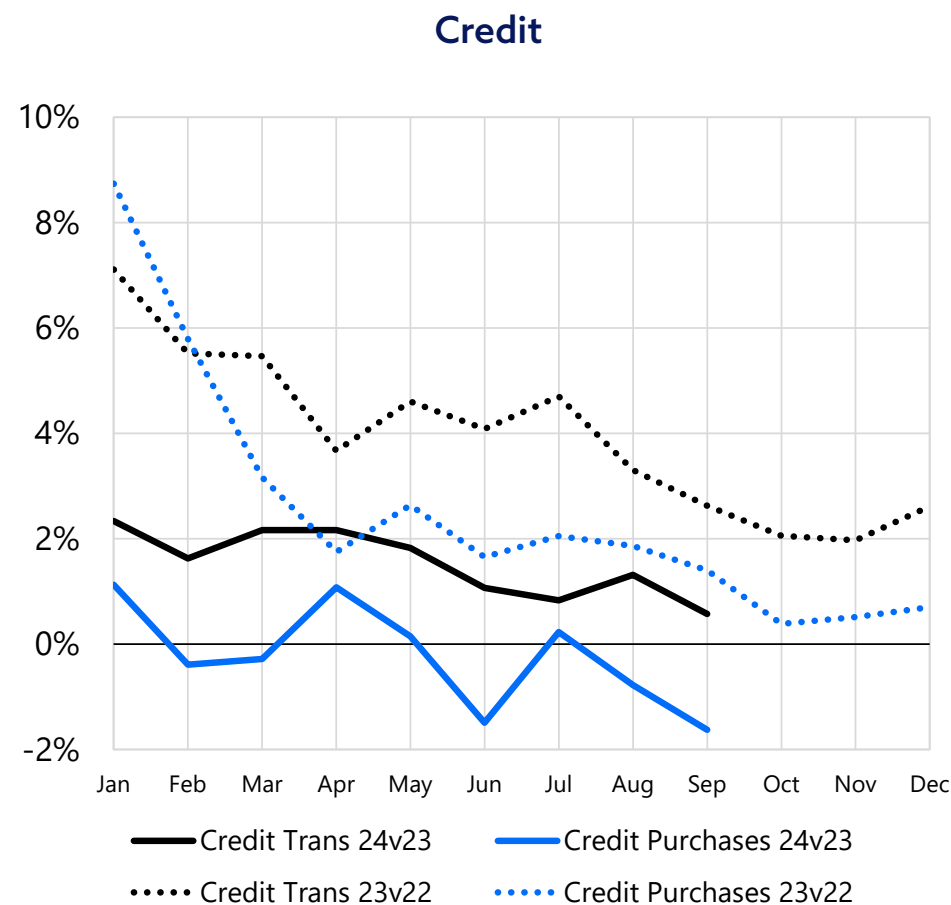


## Credit and Debit Cards

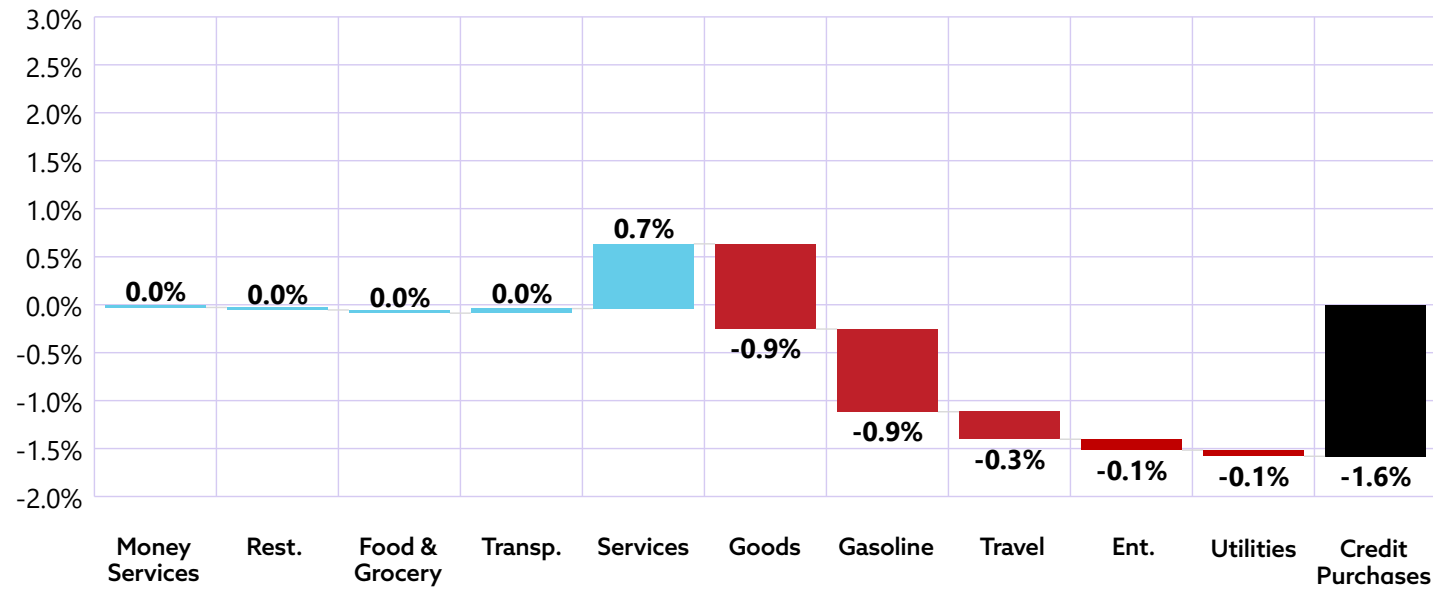
In September, credit and debit activity trended downward compared to the previous month. Debit card growth rates reached their lowest levels this year – 1.5% year over year for transactions and 1.3% for purchases. Credit transaction growth also bottomed out at 0.6%, with purchases at -1.6%. With part of the Labor Day holiday weekend falling in August compared to 2023, as well as the widespread impact of Hurricane Helene on the southeast in September, these factors may have affected year-over-year results. For September, we saw a marginal drop in credit purchases for Florida, North Carolina, South Carolina, Tennessee and Georgia, down 4.4% when compared to 2023. Similarly, year-over-year debit purchases were down 0.9% for these five states. We anticipate the storm's impact on credit and debit activity will be more apparent in October data, as it occurred late in September, coupled with Hurricane Milton in early October.

The Services sector (0.7%) was the lead contributor to growth for credit purchases, but was offset by the Goods, Gasoline and Travel sectors, collectively negating impact on growth. Outside of Money Services, which continued to be the lead contributor in debit purchase growth (1.1%), the Goods, Services, Restaurants and Entertainment sectors together contributed 1.4% of the 1.3% growth; however, the Gasoline sector largely negated growth (-1.0%).

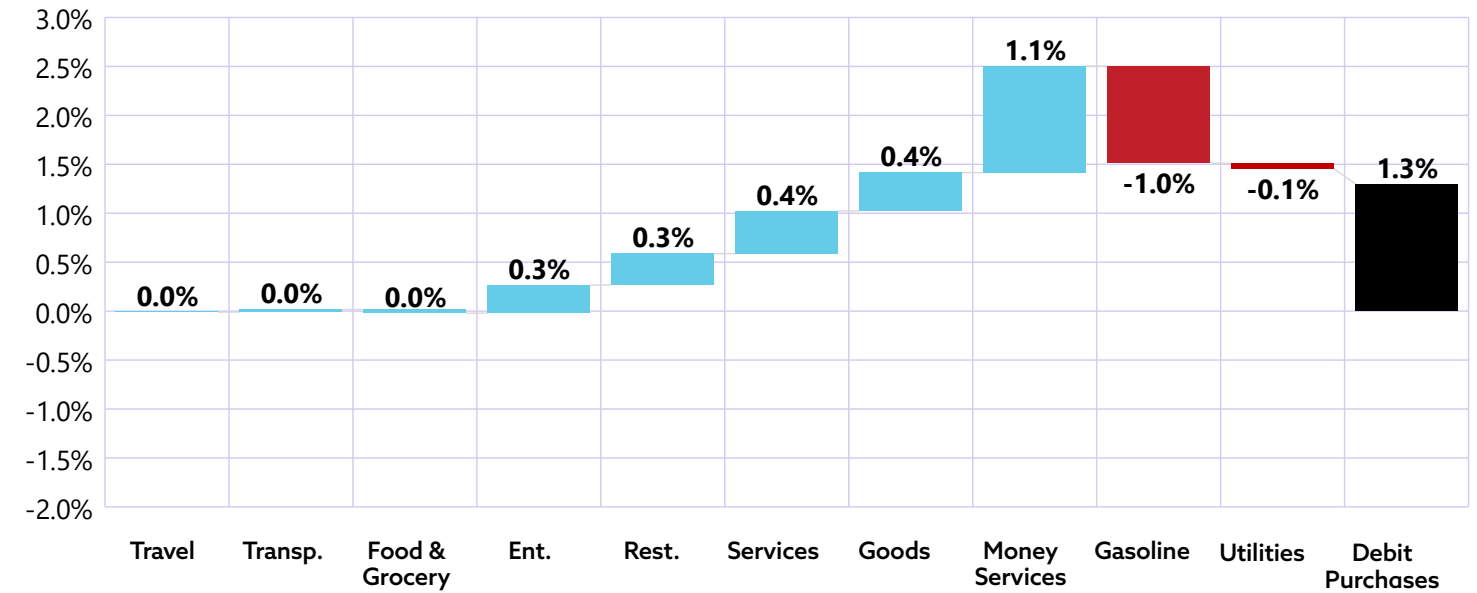
	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2024 v 2023	0.6%	-1.6%	1.5%	1.3%
2023 v 2022	2.6%	1.4%	4.6%	5.6%



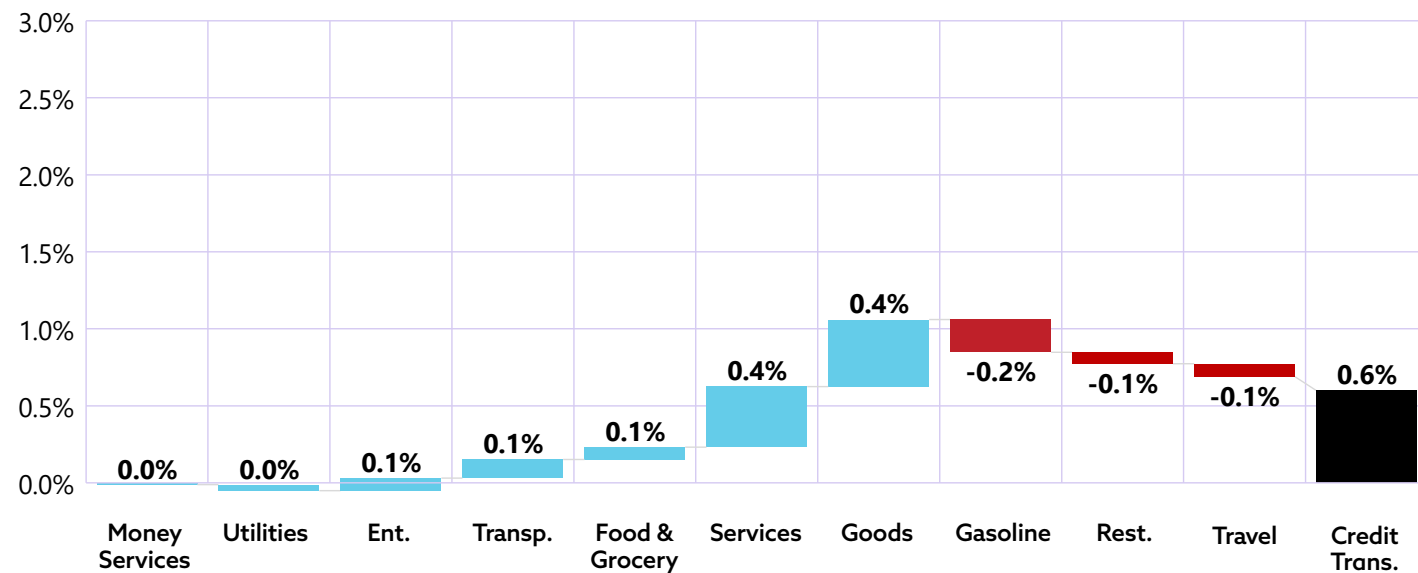
### Sector Contributions to Growth in Credit Purchases: September



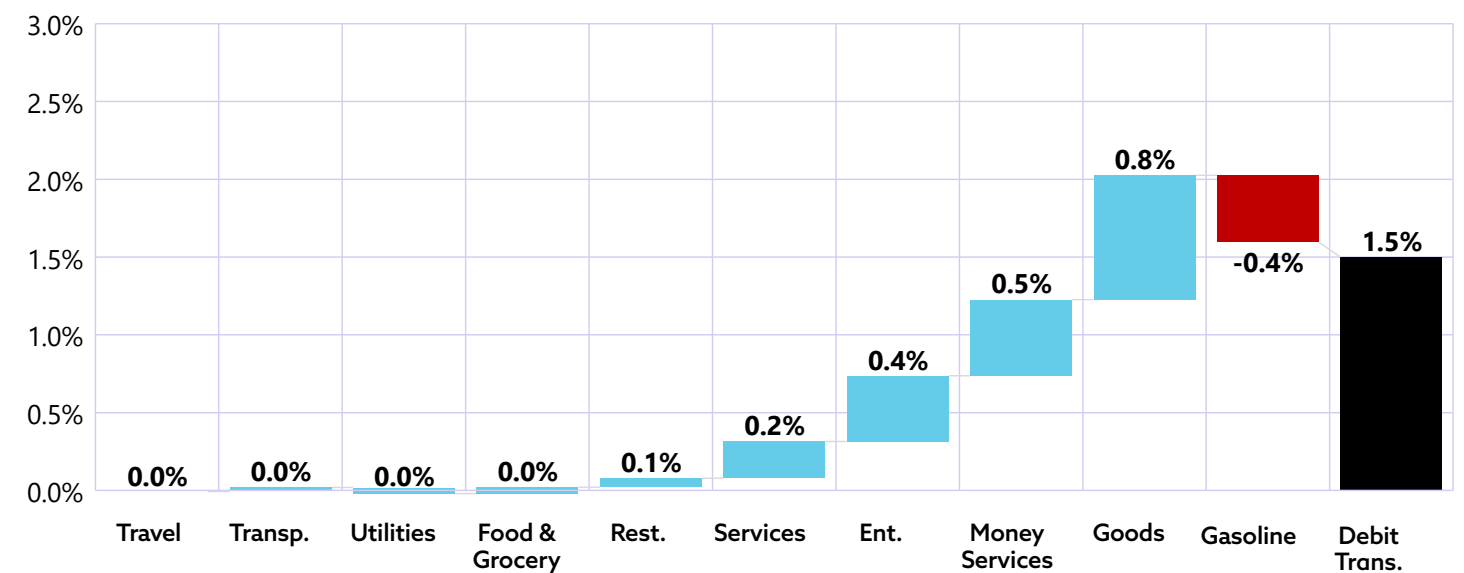
### Sector Contributions to Growth in Debit Purchases: September



### Sector Contributions to Growth in Credit Transactions: September



### Sector Contributions to Growth in Debit Transactions: September



■ Increase ■ Decrease ■ Total

## Discretionary and Non-Discretionary Activity

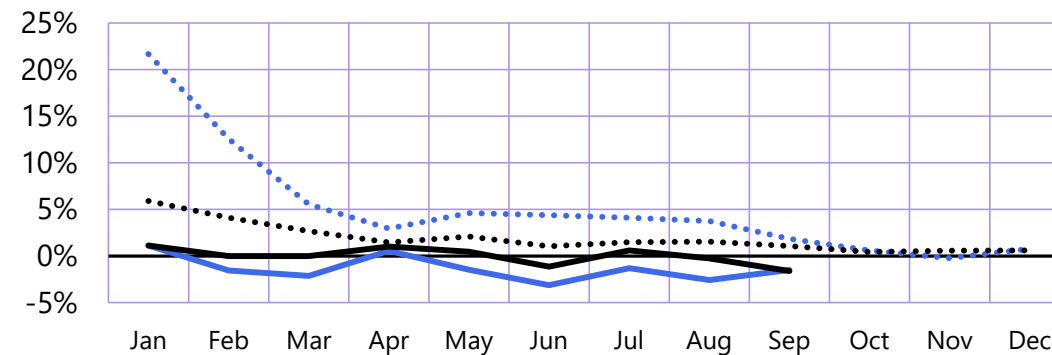
Discretionary activity comprises nearly all merchant categories within the Entertainment and Travel sectors, as well as just under half of the merchant categories in the Services sector. There are also several merchant categories identified as discretionary within the Food & Grocery and Goods sectors.

Discretionary growth was greater for both credit and debit in September compared to non-discretionary growth. Debit discretionary transaction growth increased in recent months, reaching a high of 11.3% in September. Additionally, debit discretionary purchase growth remained strong at 5.2%. For credit, discretionary transaction growth trended upward over the past two months, peaking at 2.5%, while purchase growth remained negative, down 1.6% year over year.

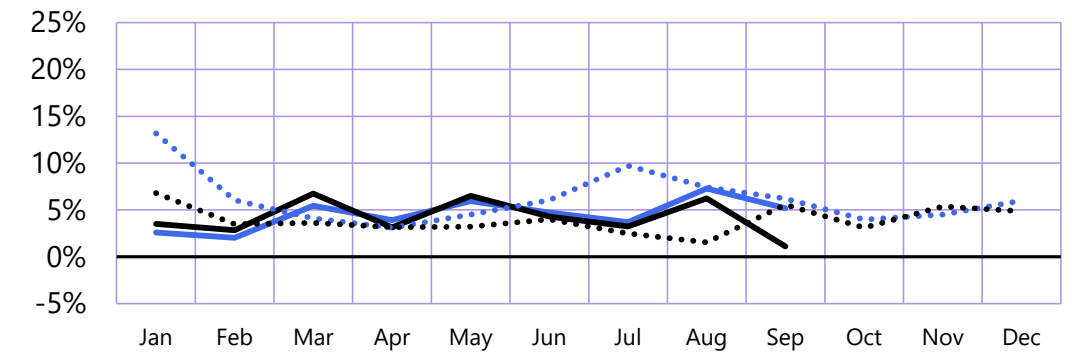
## Discretionary/Non-Discretionary September 2024

	Credit				Debit			
	% of Overall Purchases	Transactions	Purchases	Average Purchase	% of Overall Purchases	Transactions	Purchases	Average Purchase
<b>Discretionary</b>	<b>18%</b>	<b>2.5%</b>	<b>-1.5%</b>	<b>\$143</b>	<b>9%</b>	<b>11.3%</b>	<b>5.2%</b>	<b>\$67</b>
<b>Non-Discretionary</b>	<b>82%</b>	<b>0.5%</b>	<b>-1.6%</b>	<b>\$61</b>	<b>91%</b>	<b>1.0%</b>	<b>1.1%</b>	<b>\$43</b>

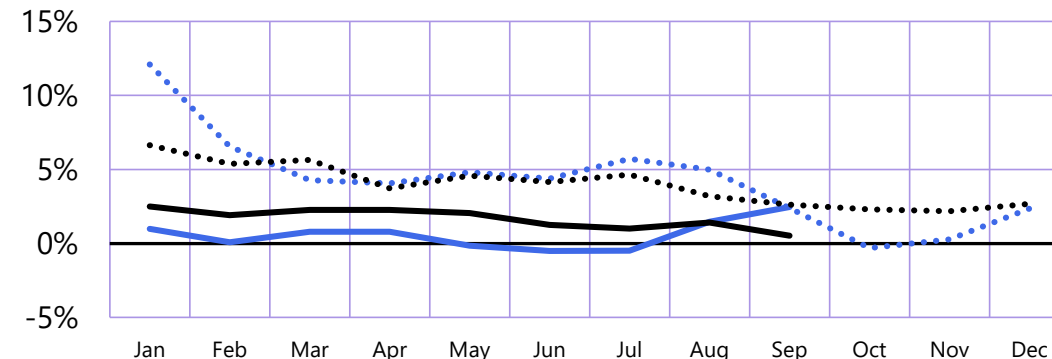
Growth in Discretionary/Non-Discretionary Overall Purchases - Credit



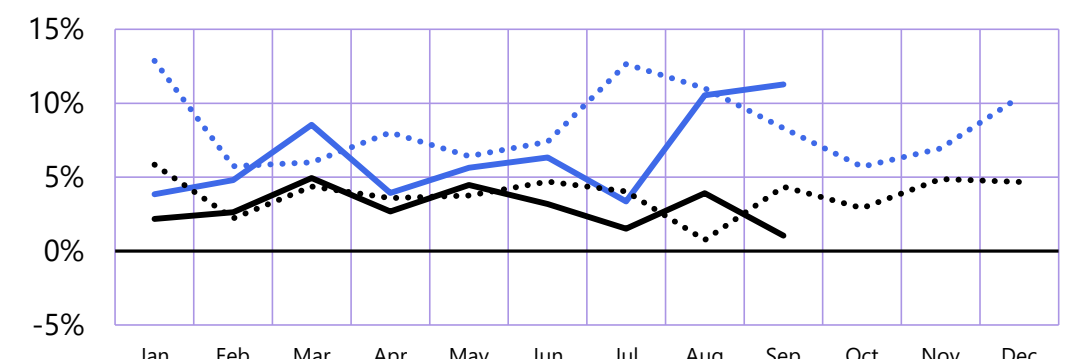
Growth in Discretionary/Non-Discretionary Overall Purchases - Debit



Growth in Discretionary/Non-Discretionary Overall Transactions - Credit



Growth in Discretionary/Non-Discretionary Overall Transactions - Debit



— CR Discretionary # 24v23      — CR NON-Discretionary # 24v23  
⋯ CR Discretionary # 23v22      ⋯ CR NON-Discretionary # 23v22


— DB Discretionary # 24v23      — DB NON-Discretionary # 24v23  
⋯ DB Discretionary # 23v22      ⋯ DB NON-Discretionary # 23v22

## Sectors/Merchant Categories


The sectors with positive year-over-year growth for both credit and debit purchases and transactions included Transportation, Services, Restaurants and Food & Grocery.

Credit purchase growth by sector showed continued lags in Travel (-3%), Entertainment (-3%) and Goods (-2%), while debit purchase growth remained strong in Money Services (+10%) and Entertainment (+7%).


The Gasoline sector experienced the lowest transaction and purchase growth rates for the year for both credit and debit, with declines in purchase growth outpacing transactions. The national average price per gallon of gasoline finished at [\\$3.17](#) for the week ending Oct. 14, down 11.3% or \$0.41 year over year.

 **ENTERTAINMENT**  
September 2024 V 2023


	Credit	Debit
YoY Purchases	-3%	7%
YoY Transactions	2%	10%

 **FOOD & GROCERY**  
September 2024 V 2023


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

 **GASOLINE**  
September 2024 V 2023


	Credit	Debit
YoY Purchases	-15%	-11%
YoY Transactions	-2%	-3%

 **GOODS**  
September 2024 V 2023


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

 **MONEY SERVICES**  
September 2024 V 2023


	Credit	Debit
YoY Purchases	-4%	10%
YoY Transactions	-5%	10%

 **RESTAURANTS**  
September 2024 V 2023


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

 **SERVICES**  
September 2024 V 2023


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

 **TRANSPORTATION**  
September 2024 V 2023

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

 **TRAVEL**  
September 2024 V 2023

	Credit	Debit
YoY Purchases	-3%	0%
YoY Transactions	-5%	-2%

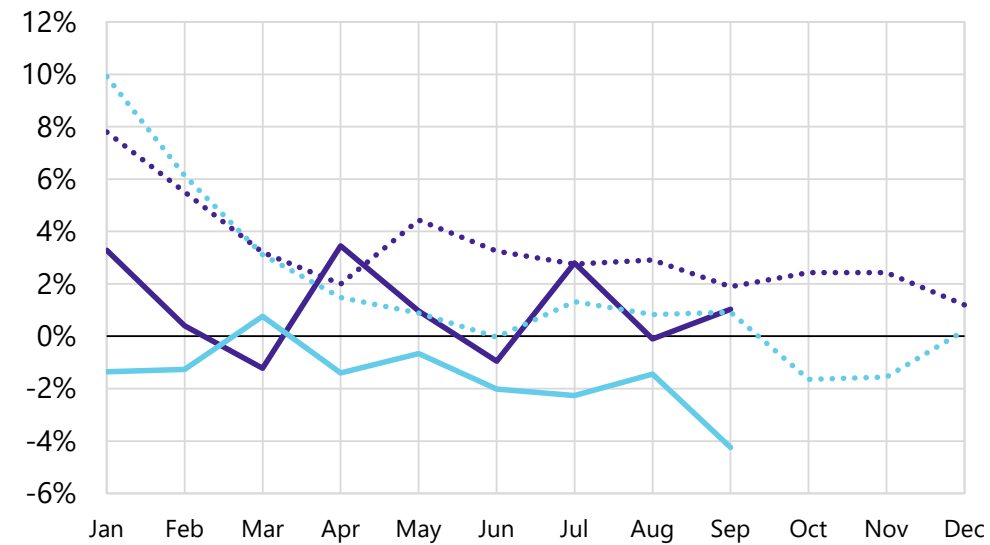
 **UTILITIES**  
September 2024 V 2023

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

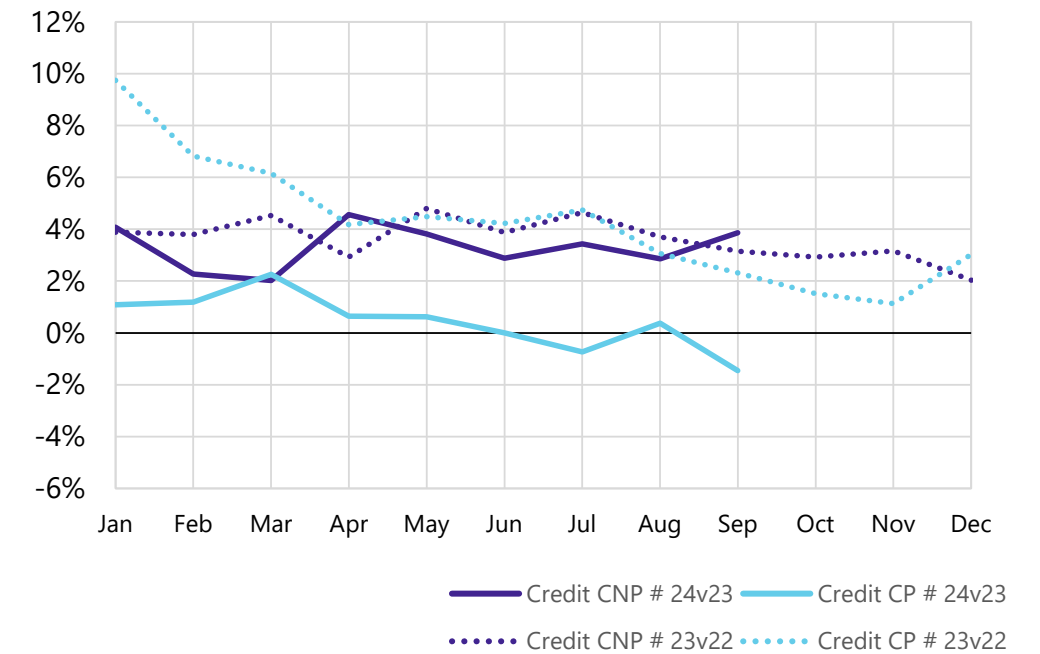
## Card Not Present and Card Present Activity

Card Not Present (CNP) payments continued to be the driver behind both credit and debit transaction growth. CNP credit transactions increased 4% year over year versus 0.6% for Card Present (CP) transactions, while debit CNP transaction growth was up 8% compared to -1.6% for CP. However, CP transactions continue to comprise the majority of credit and debit transactions. For September, CP transactions measured 61% of credit transactions, down from 62% one year ago, and 65% of debit transactions, down from 67%.

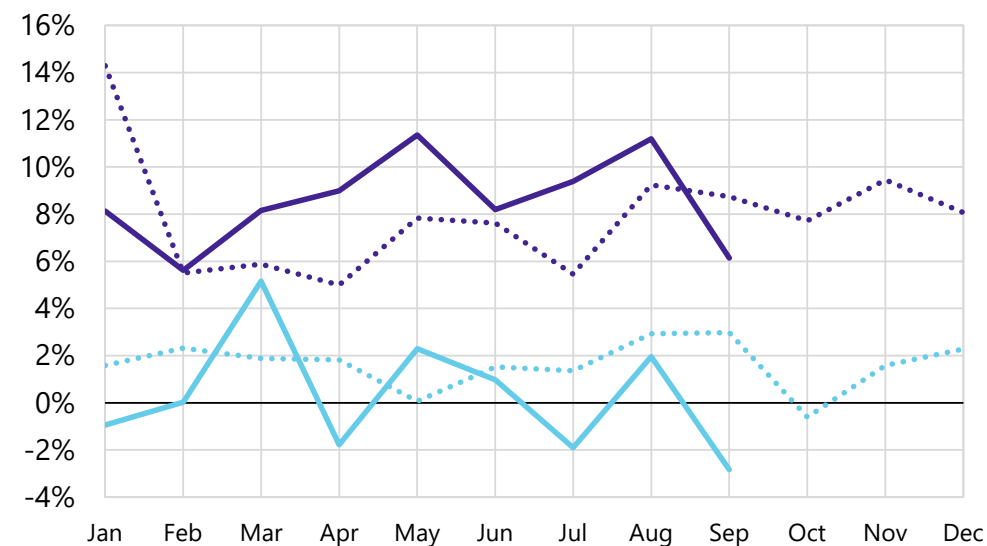
### Year-Over-Year Growth in Credit Purchases



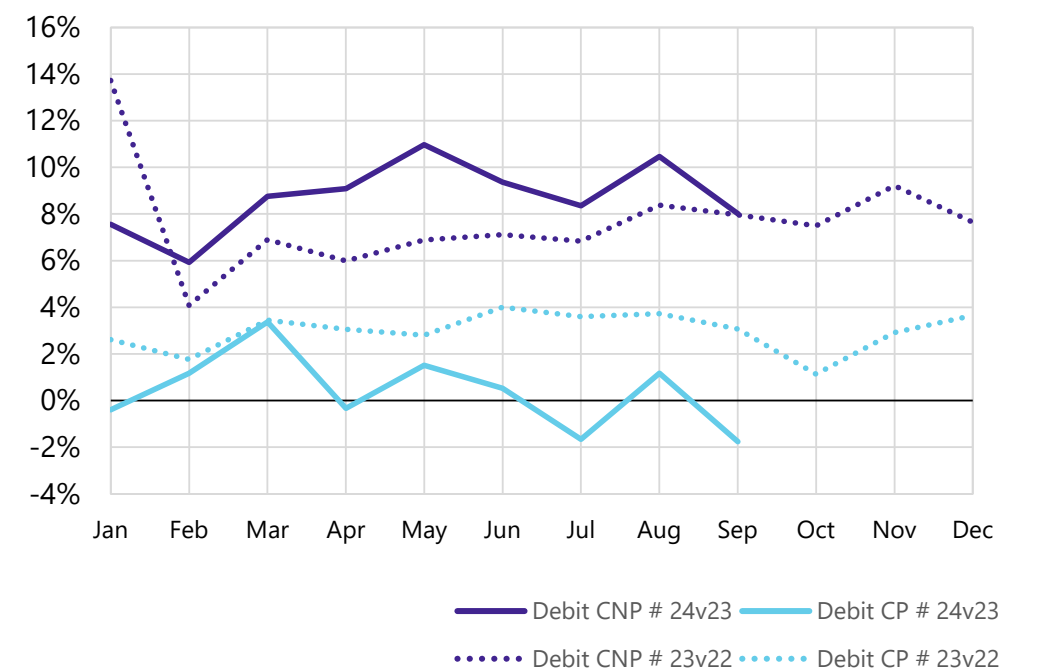
### Year-Over-Year Growth in Credit Transactions



### Year-Over-Year Growth in Debit Purchases



### Year-Over-Year Growth in Debit Transactions



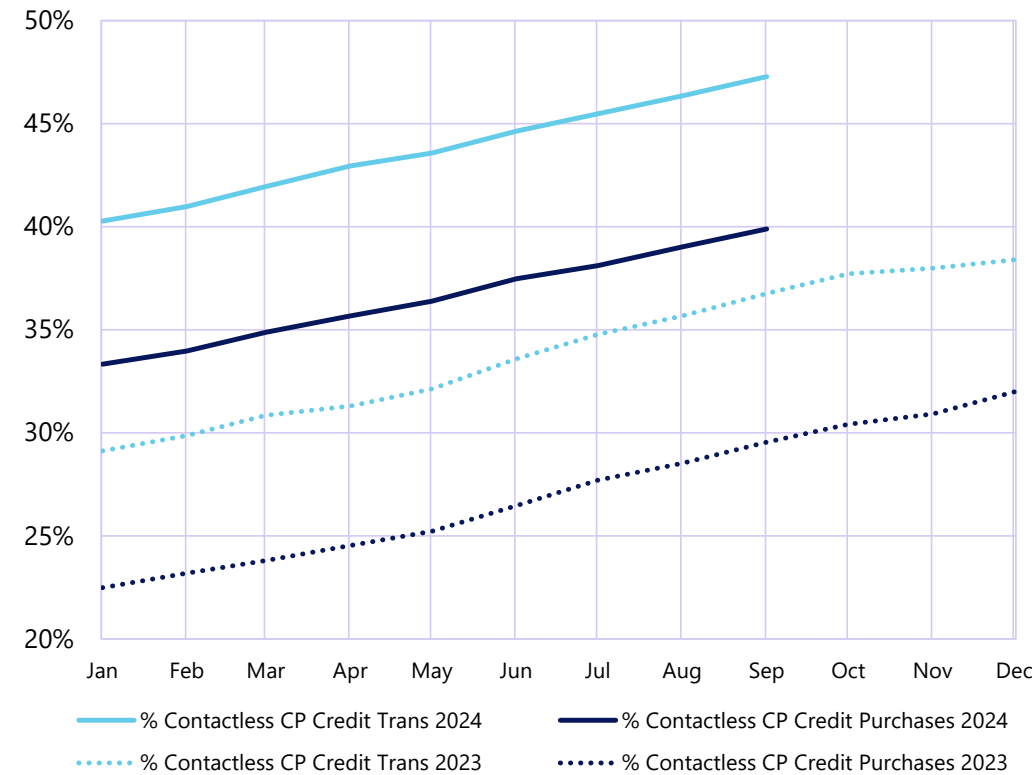
## Contactless Transactions

Contactless card activity continued on a steady upward trend, capturing an increased percentage of both credit and debit Card Present (CP) transactions and purchases. In September, contactless accounted for 47% of credit CP transactions and 40% of credit purchases, while contactless debit transactions and purchases measured 50% and 43% of CP activity, respectively.

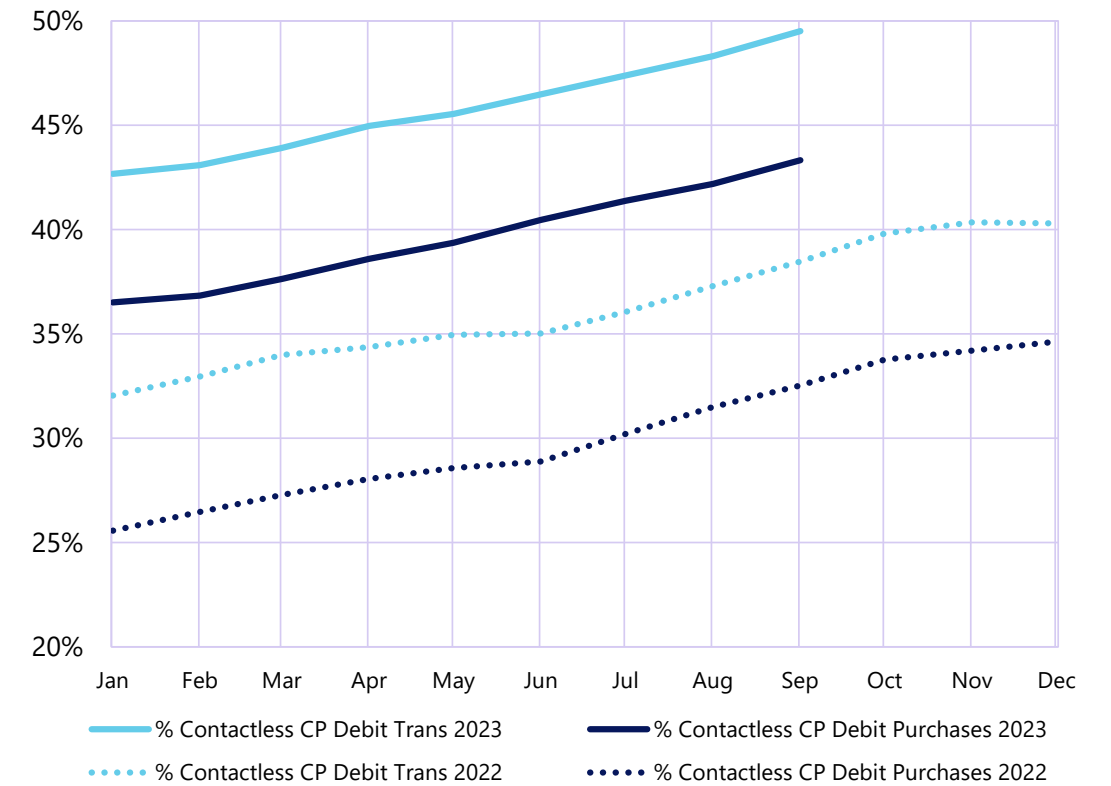
The average purchase amount of contactless credit and debit CP transactions remained lower than the previous year. The averages for September measured \$54.71 for credit, down 14% year over year, and \$34.83 for debit, down 18%.



### % Contactless Credit Activity on Contactless Cards



### % Contactless Debit Activity on Contactless Cards

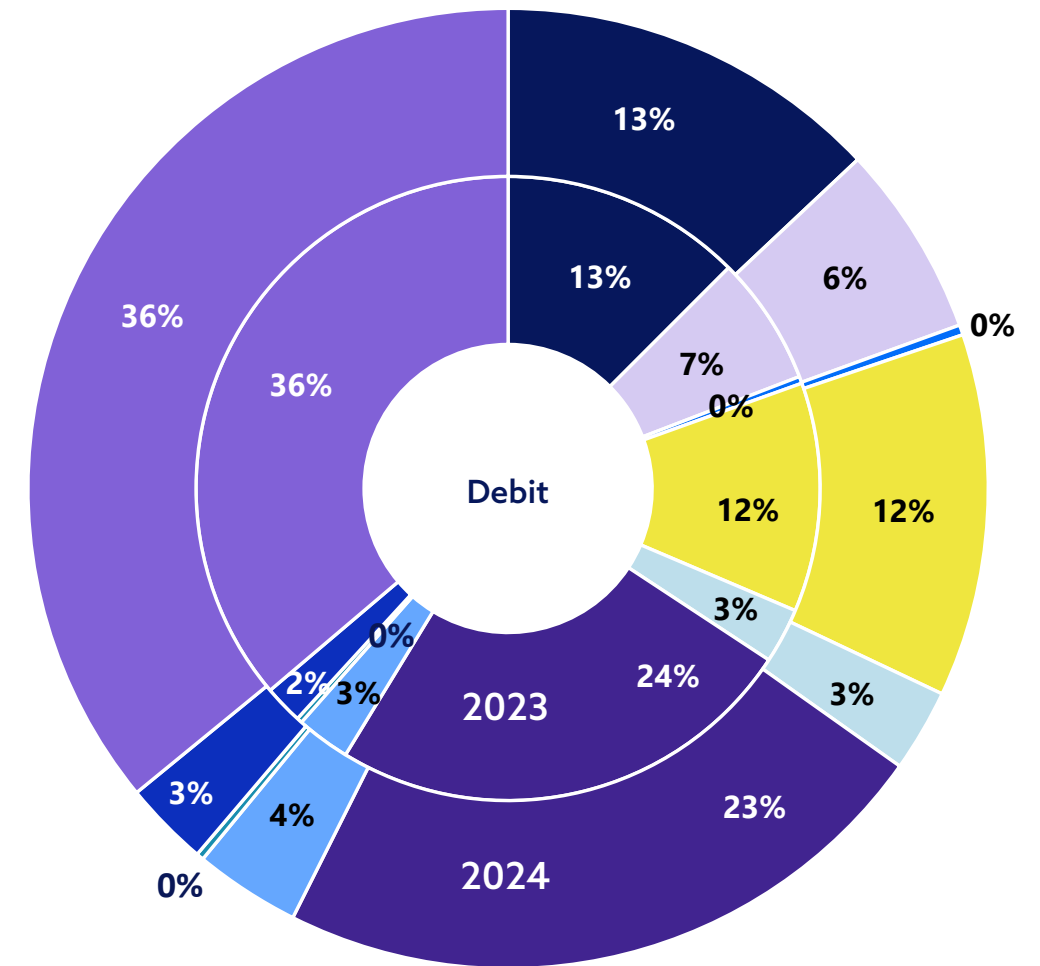
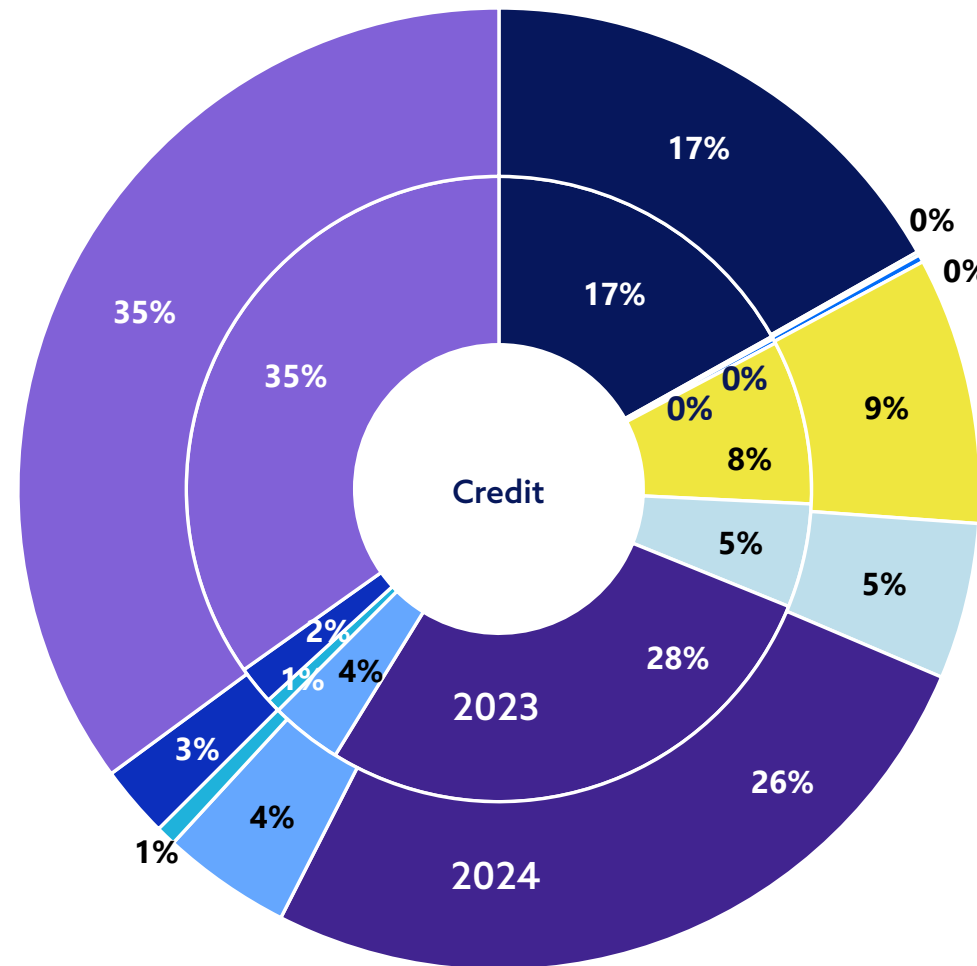


## Digital Wallets

In September, digital wallet credit transactions increased 43% year over year, with CP digital wallet credit transactions up 47% and CNP up 36%. On the debit side, digital wallet transactions increased 48% year over year, with CP transaction growth up 52% and CNP up 43%.

Digital wallet transactions as a percentage of total transactions continued to expand, capturing 4.8% of credit transactions and 8.4% of debit transactions in September.

Among total digital wallet transactions by sector, the Goods sector decreased for credit transactions while Gasoline and Entertainment increased. For debit transactions, the Services and Entertainment sectors both increased their share with corresponding decreases in Goods and Money Services.



- Food & Grocery
- Money Services
- Utilities
- Gasoline
- Transportation
- Goods
- Services
- Travel
- Entertainment
- Restaurants



## 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 October 2024 edition of the Velera Payments Index represents a total of 3.4 billion transactions valued at \$168 billion of credit and debit card activity from October 2023 through September 2024.

A library of past Payments Index reports 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](https://velera.com).