

The Velera Payments Index: March 2025

Amidst an increasingly volatile political climate, consumer sentiment began waning in February on concerns of anticipated inflation increases, with [impacts](#) seen across all income levels within the U.S. economy. While growth in purchasing activity remained positive, February year-over-year results softened for both credit and debit activity. In our March 2025 edition of the Velera Payments Index, we revisit Delinquencies and examine differences by generations and credit scores.

The [Consumer Confidence Index](#) posted a sharp decline in February of 7.0 points to 98.3 (1985=100), and remains at the bottom range of monthly scores since 2022. Consumers' view of the current labor market and future business conditions has weakened and they are less optimistic about future income. Present business conditions was the only metric to improve, which was up marginally. Influenced by the fear of tariff-induced price inflation, the University of Michigan [Index of Consumer Sentiment](#) fell in February by 10% to 64.7. While the drop was across all age and income levels, sentiment was unchanged for Republicans and fell for both Democrats and Independents, illustrating the differences related to current economic policies and the political landscape.

In the Labor Department's March 12 update, the [Consumer Price Index \(CPI\)](#) increased 0.2% in February, bringing the cumulative 12-month rate of inflation down to 2.8%. The Shelter index accounted for nearly half of the February increase. Offsetting this increase was a 4.0% decrease in airline fares and a 1.0% decrease in the Gasoline index. Core CPI, which excludes the Food and Energy sectors, increased by 0.2% in February, bringing the 12-month Core CPI to 3.1%. Increases were seen in medical care, used cars and trucks, household furnishings and operations, and recreation. Decreases were seen in airline fares and new vehicles.

In February, jobs grew by 151,000, with increases in healthcare, financial activities, transportation and warehousing, and social assistance. The U.S. Bureau of Labor Statistics (BLS) [reported](#) the overall unemployment rate increased slightly for February to 4.1%, or 7.1 million people. This BLS survey was conducted during the second week of February, in advance of the job cuts from the Department of Government Efficiency (DOGE). It's anticipated that the reduction in government jobs will not show up in the reports until later this spring.

The [modestly positive jobs report](#) and a [reduction in inflation](#) casts doubt on a near-term Fed interest rate cut, as there is positivity in the labor market, including a record high total in U.S. payrolls of 159.2 million jobs. While the next Federal Open Market Committee (FOMC) meetings will conclude on March 19, it may not be until the Fed's May 7 or June 18 meetings where any rate reductions could materialize.

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 February 2025



- Growth rates softened for credit and debit in February. On an adjusted basis (to account for the leap year in 2024), credit purchases were up 0.5% and debit purchases were up 5.7%. Credit transactions were up 0.7% and debit transactions were up 2.3%. Unadjusted (with one extra day in February 2024), credit purchases were down 3.4% and debit purchases were up 1.4%.
- Money Services maintained its position as the top contributor to growth in debit purchases, accounting for one-third of the year-over-year increase. The Goods and Services sectors represented the second- and third-largest impact for debit, respectively. For credit purchases, the Services sector was the largest contributor to growth for February. Within Services, insurance sales/premiums were the top merchant category.
- The 12-month CPI through February increased by 2.8%, down 0.2% from January. The Shelter index accounted for almost half of the overall increase and was up 0.3%. Core inflation, now at 3.1%, was up 0.2% for February. It's unlikely there will be an interest rate change by the Fed on March 19, with the next opportunity for a change coming May 7.
- Delinquencies rose after bottoming out in May 2021 at 1.03%, but have remained stable since our last delinquency Deep Dive (February 2024). Overall credit card delinquencies for February 2025 were 2.49%, down 0.11% year over year. However, we also saw higher delinquency rates within the younger age demographics, as seen in the notable increase for the youngest generational segment (Gen Alpha), up 17% year over year to 4.96% for February 2025.



As credit card delinquencies continue to rise, albeit at a slower pace than in previous years,

credit unions must proactively support members facing financial hardship. With serious delinquency rates projected to reach 2.76% by the end of 2025 – driven by inflation, interest rates and ongoing economic uncertainty – credit unions should also consider the growing impact of Buy Now, Pay Later (BNPL) services, particularly among the youngest generations. By offering financial education, flexible repayment options and early intervention strategies, credit unions can help members manage debt responsibly and avoid deeper financial distress."

David Knowles, SVP, Collections & Disputes and President, TriVerity at Velera

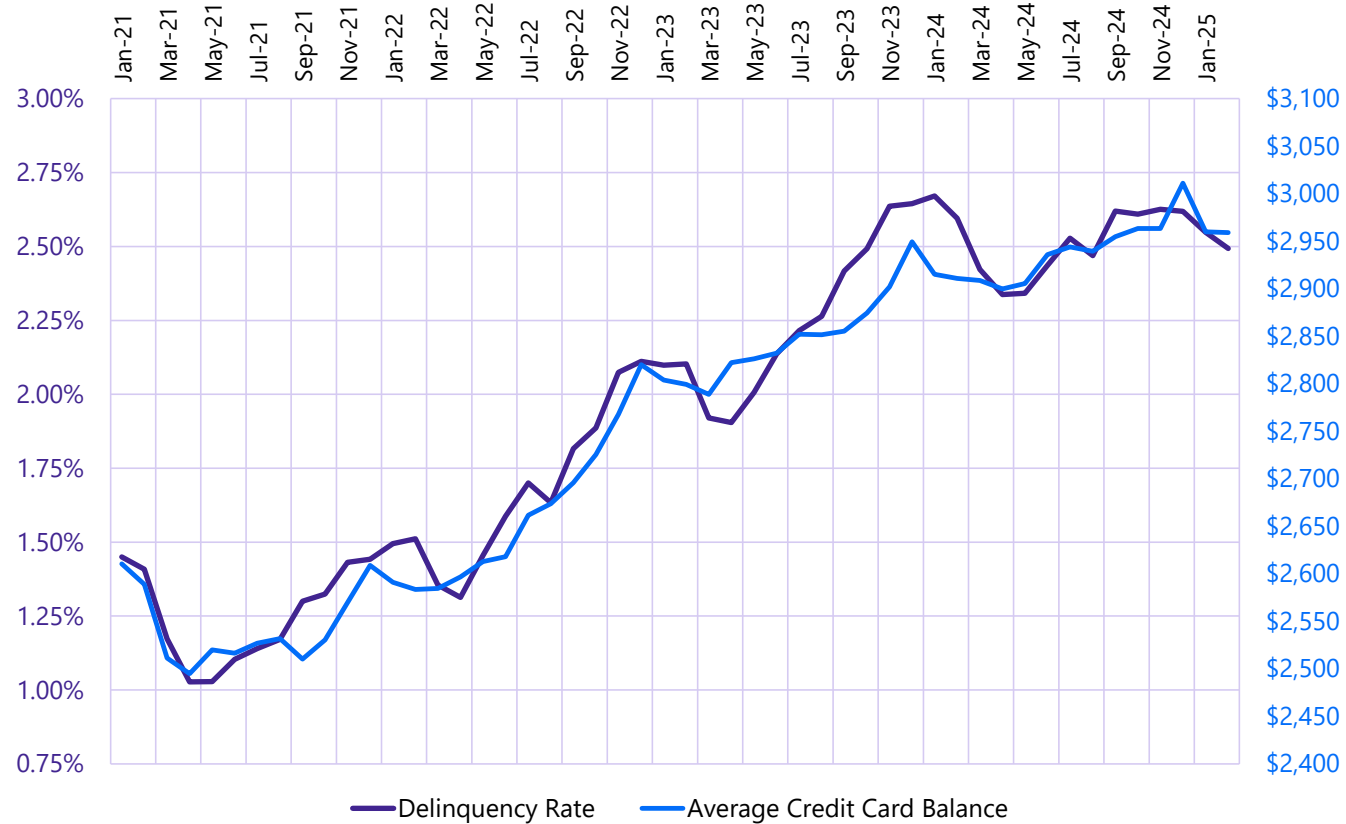
Deep Dive: Delinquencies

The overall credit card delinquency rate (credit card balances that are two or more cycles past due as a percentage of total credit card balances) for February 2025 was 2.49%. This represented a modest improvement from 2.67% for January 2024 and is reflective of generally stable delinquency rates observed for the last 13 months. While the year-over-year change in delinquencies was down 0.11%, there was an increase for the Prime credit score grouping (credit scores between 660 and 759), up 0.10 percentage points to 0.99% in February 2025. The largest movement came from the Subprime consumer group (credit scores less than 660), which was 9.41% in February, down 1.01 percentage points since the start of 2024.

When looking at delinquency rates by generation over time, the delinquency rates are generally lower as the population ages. The Boomer+ (oldest) population had the lowest delinquency rate for February 2025 at 1.69%, while Gen Alpha (youngest) had the highest rate at 4.96%, up from 4.17% (79 bps) in February 2024. The next youngest generational segment (Gen Z) expectedly had the second-highest delinquency rate for February at 4.23%; however, that was down from 4.81% year over year and represents the largest improvement for any generational segment.



Monthly Delinquency Rate and Average Credit Card Balances Beginning January 2021



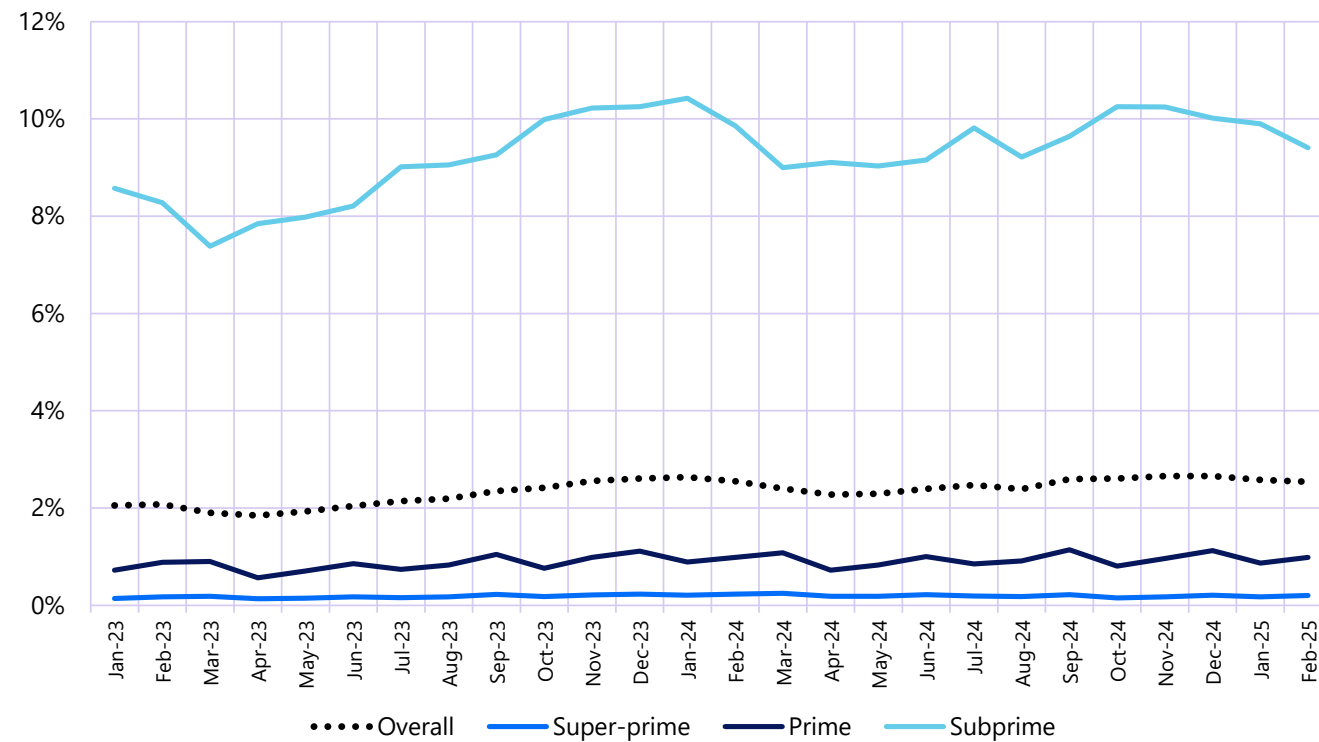
Credit Card Delinquency Rates by Credit Score Grouping

Credit Score Grouping	Credit Score	Feb-23	Difference 23v24	Feb-24	Difference 24v25	Feb-25
Super-prime	>759	0.17%	0.06%	0.23%	-0.03%	0.20%
Prime	660 - 759	0.88%	0.10%	0.98%	0.00%	0.99%
Subprime	< 660	8.27%	1.58%	9.86%	-0.45%	9.41%
Overall		2.01%	0.59%	2.60%	-0.11%	2.49%

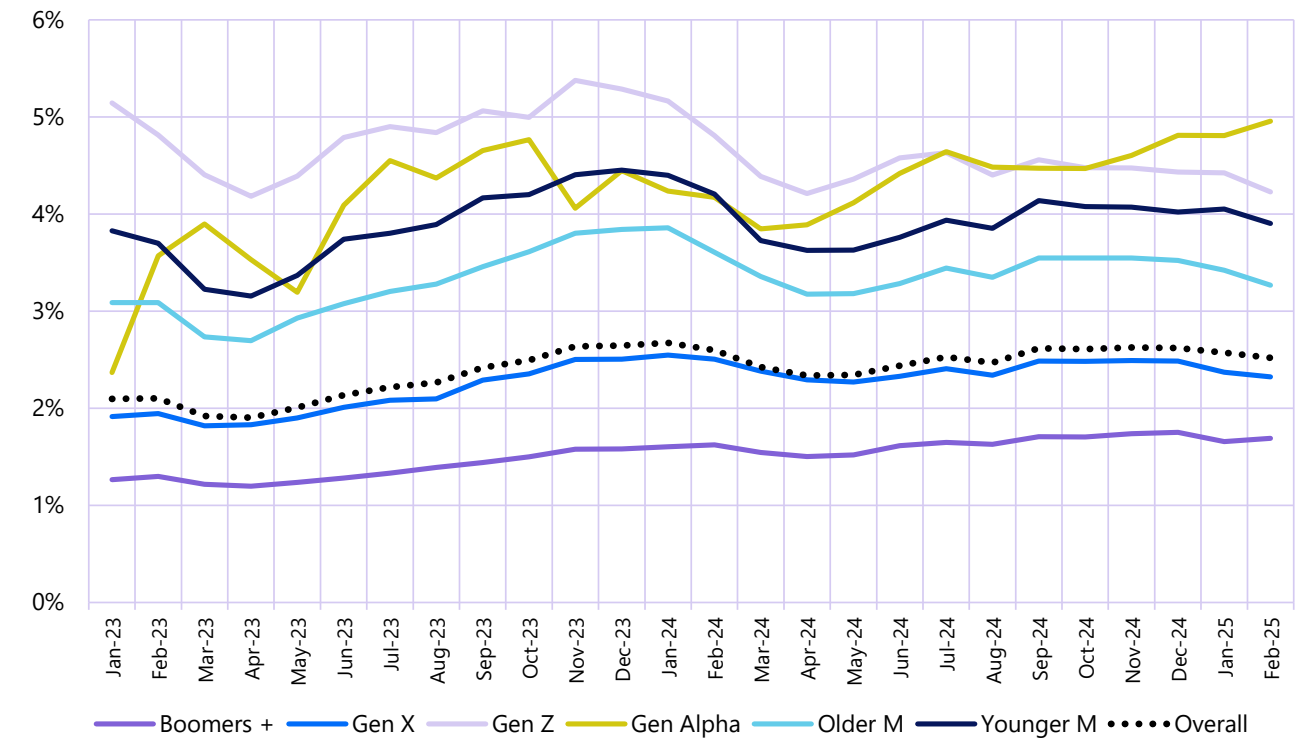
Credit Card Delinquency Rates by Generation

Generation	Feb-23	Difference 23v24	Feb-24	Difference 24v25	Feb-25
Gen Alpha	3.57%	0.60%	4.17%	0.78%	4.96%
Gen Z	4.81%	-0.01%	4.81%	-0.58%	4.23%
Younger M	4.21%	0.00%	4.21%	-0.30%	3.91%
Older M	3.09%	0.52%	3.61%	-0.34%	3.27%
Gen X	1.95%	0.56%	2.51%	-0.18%	2.32%
Boomers +	1.30%	0.33%	1.63%	0.07%	1.69%
Overall	2.01%	0.59%	2.60%	-0.11%	2.49%

Monthly Credit Card Delinquency Rates by Credit Score Grouping



Monthly Credit Card Delinquency Rates by Generation





Credit Card Delinquency Rates by Generation Indexed to February 2023

Generation	Feb-23	Difference 23v24	Feb-24	Difference 23v24	Feb-25
Gen Alpha	100	76	176	33	209
Gen Z	100	(6)	94	32	126
Younger M	100	10	110	(8)	102
Older M	100	17	117	(11)	106
Gen X	100	31	131	(10)	121
Boomers +	100	28	128	5	134
Overall	100	24	124	(4)	120

Indexed scores represent a measure of change relative to the baseline – in this case, each group’s February 2023 delinquency rate. Here we show the monthly changes for each generational group on the same scale starting at 100 for February 2023. The age group, over this 25-month period, with the highest change from their baseline is Gen Alpha, up 109%, or indexed to 209. Additionally, Gen Alpha delinquency rates have begun to surpass Gen Z as the highest for any generational segment.

BNPL Lookback (Gen Alpha)

In the February 2025 edition of the Payments Index, we referenced a study between Buy Now, Pay Later (BNPL) provider Affirm and FICO, in which BNPL activity was observed to be a reliable predictor of credit quality. In light of the higher delinquency rates and as a follow-up to last month's BNPL Deep Dive, where Gen Alpha demonstrated the fastest growth of any generation for BNPL debit installment payments, there was an opportunity to analyze credit card payment performance for members that made BNPL installment payments via their debit card, where applicable.

Further, BNPL participants and credit cardholders within the Payments Index population were cross-referenced to better understand the importance of BNPL activity and credit performance within Gen Alpha. Gen Alpha cardholders were identified as participating in BNPL for January 2025. For this population, the average credit utilization was 60.7%, with 73.1% paying less than the statement balance and 6.2% paying after the due date.

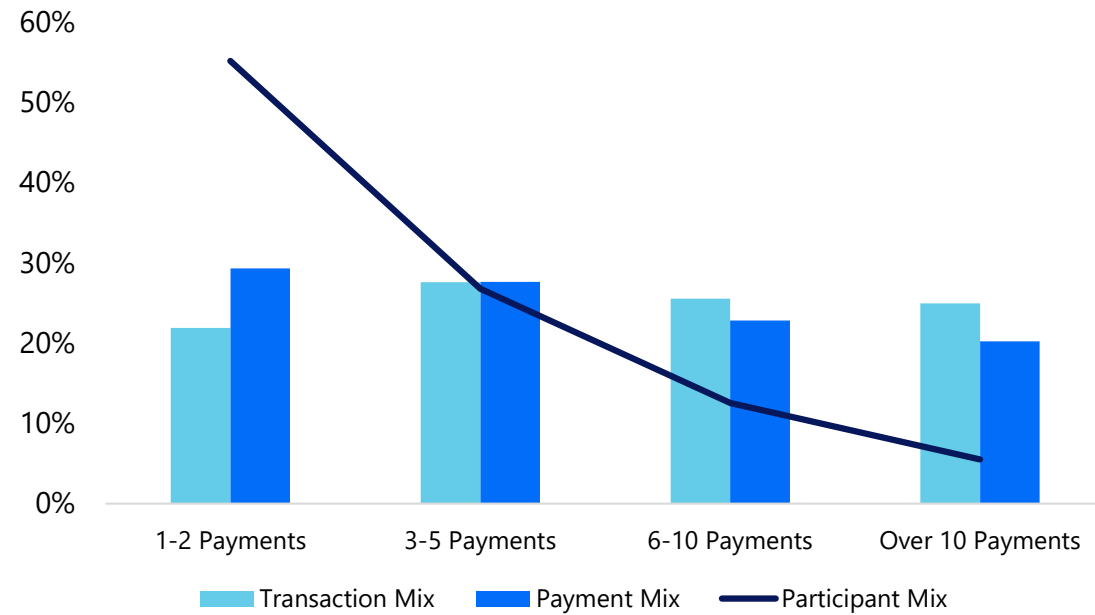
Gen Alpha BNPL Overview (January 2025)

Monthly BNPL Installment Payments	Transactions	Total Payments	Average Payment
1-2 Payments	1.45	\$74.70	\$51.48
3-5 Payments	3.76	\$145.03	\$38.53
6-10 Payments	7.44	\$255.47	\$34.34
Over 10 Payments	16.55	\$516.26	\$31.19
Overall	3.65	\$140.56	\$38.46

Collectively, Gen Alpha BNPL participants averaged 3.65 monthly BNPL transactions totaling \$140.56.



Gen Alpha Activity by BNPL Installment Payments (January 2025)



Gen Alpha BNPL Credit Risk Indicators (January 2025)

Monthly BNPL Installment Payments	Cardholder Mix	Credit Utilization	Card Payment:Balance	BNPL Payment Contribution
1-2 Payments	52.5%	59.0%	21.7%	46.8%
3-5 Payments	27.9%	61.0%	21.4%	63.3%
6-10 Payments	13.3%	62.6%	17.9%	75.5%
Over 10 Payments	6.3%	70.3%	18.3%	86.6%
Overall	100%	60.7%	20.9%	57.7%

- Within Gen Alpha, more than half of BNPL participants (55.2%) make one to two payments monthly, totaling under \$75.
- Over 18% of BNPL participants make more than six payments per month and represent 50.5% and 43.1% of transactions and payments, respectively.

- When looking at the share of monthly payment dollars between a member’s BNPL installments with the credit card allotted to BNPL (BNPL payment contribution) and the number of BNPL monthly installments, there was a strong relationship between BNPL frequency and BNPL payment contribution. As the number of BNPL payments increased, a larger portion of available payment funds were attributed to BNPL and away from payment of card balances. Additionally, the lack of payment funds available due to BNPL commitments appeared to be driving higher utilization, which is a major risk factor for delinquency.

Checking In: Government-Licensed Internet Gambling

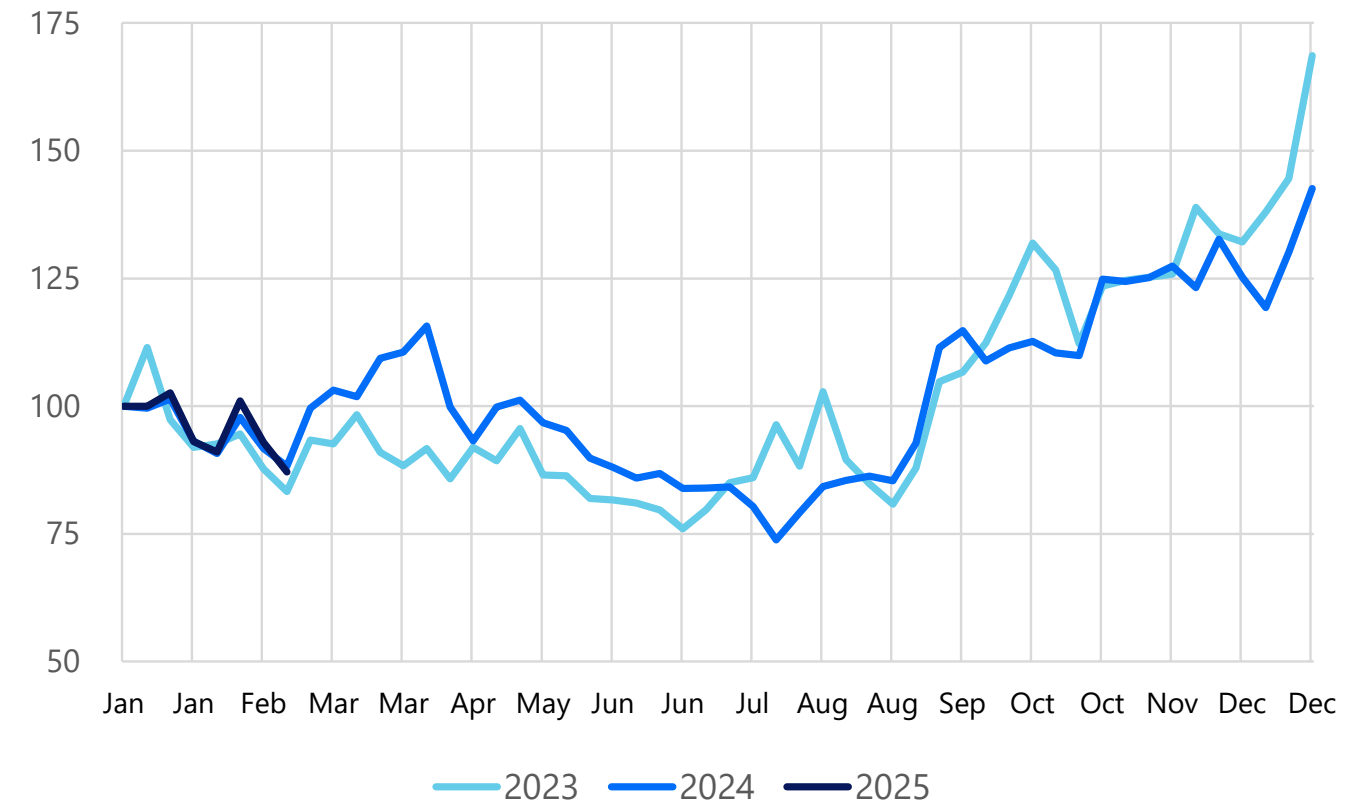
Online sports gambling continues to grow in popularity. Checking in on February results following Super Bowl LIX in New Orleans on Feb. 9, debit purchases were up 29.3% and credit purchases were up 22.1% compared to 2024 within the combined group of gambling-related merchant category codes (MCCs). In our compilation, Gambling spans four merchant categories, of which the majority of transactions and purchases fall in the Government Licensed Internet Gambling category. As [illustrated in past deep dives](#), gambling represents a very small portion of overall purchases. For February 2024, gambling represented 0.85% of overall debit purchases and 0.22% of overall credit purchases. As of February, the [American Gaming Association](#) identified 33 states where online sports betting is legal.

While the Super Bowl is one of the largest sporting events of the year, the weeks in January and February leading up to the event were actually not the busiest for this spending category. To illustrate the annual seasonality, we indexed the weekly transactions to the

first week of January for each year (Week 1 = 100 each year), which showed that weekly transactions stayed between 75 and 125 from the start of each year through August. In September, transactions increased through the end of the year and peaked at 169 for the last week of December 2024. The volume of various fall sporting events from the NFL, NBA and NHL along with the various collegiate sports, contributed to the increased activity. For full-year 2024 in overall gambling, debit purchases were up 39.4% and credit purchases were up 18.2%. For 2024, the average debit gambling purchase was \$46 and the average credit gambling purchase was \$111.

For 2025 year-to-date debit activity within the Government Licensed Internet Gambling category, FanDuel and DraftKings made up over two-thirds of the transactions and purchases. BetMGM was in third place for debit activity market share at around 10%. The balance of the market was made up of merchants with 5% or less of transactions and purchases.

Weekly Overall Gambling Debit Transactions Indexed to First Week of Each Year

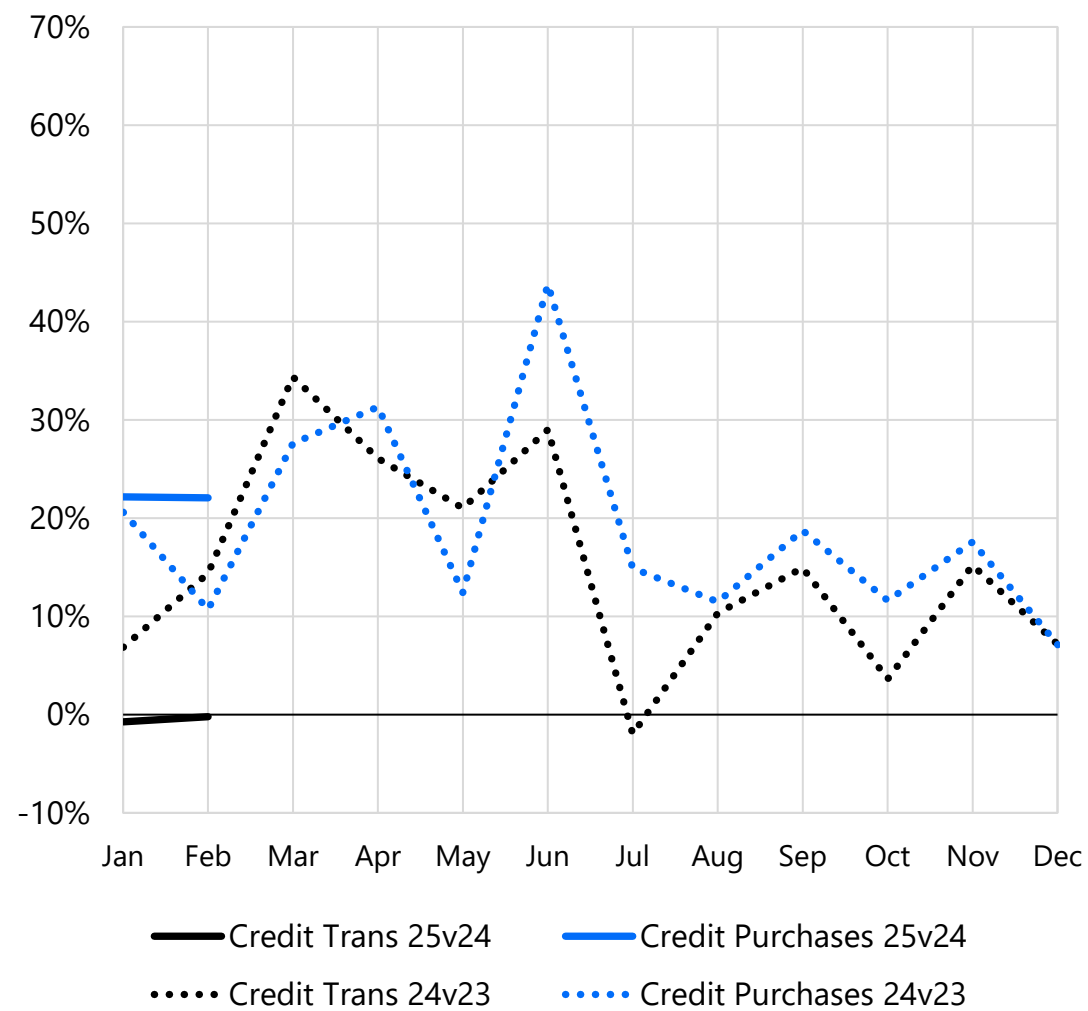


Overall Gambling Year-over-Year Growth: Full Year 2024

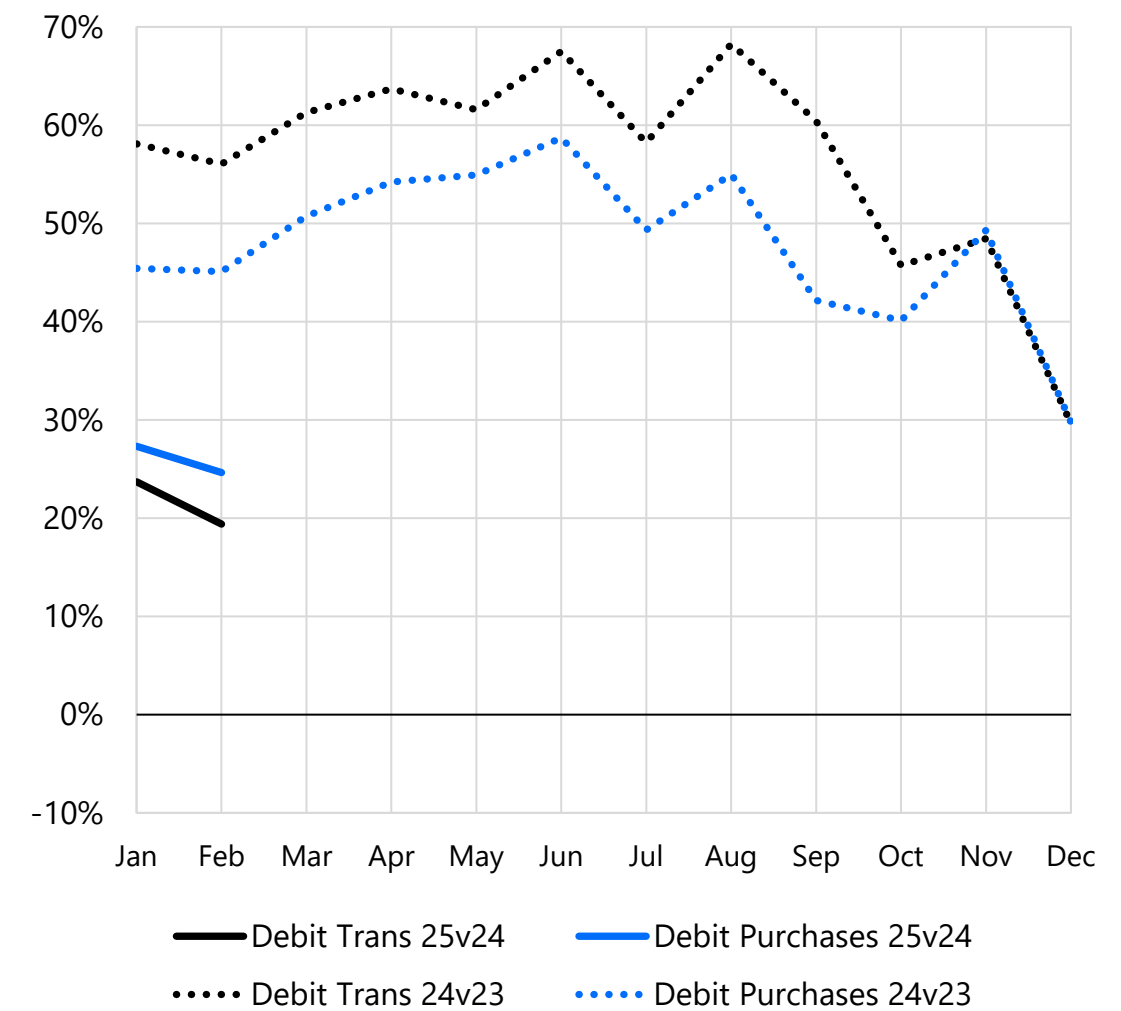
	Credit			Debit		
	Transactions	Purchases	Average Purchases	Transactions	Purchases	Average Purchases
2025 v 2024	14.3%	18.2%	\$111	40.5%	39.4%	\$46

Gambling by Month

Credit — Overall Gambling



Debit — Overall Gambling



What Should Credit Unions Do Now?

- 1** Enhance delinquency management tactics. Leverage advanced technologies and multi-channel communications options to engage cardholders in their preferred channels. Velera's [TriVerity](#) offers a delinquency management suite of services, payment portal and client support.
- 2** Revisit fraud strategies with an omnichannel perspective. Before an attack happens is the best time to evaluate whether your fraud and risk mitigation portfolio is keeping pace with the expanding fraud landscape.
- 3** Plan for summertime card marketing campaigns. Velera's Advisors Plus has two "spend & get" campaigns scheduled, Summer Travel & Gas and Amazon, incentivizing cardholders for using their credit or debit card in qualifying purchase categories. Enrollment deadlines are April 1 and April 15.
- 4** Increase promotion of financial literacy, specifically for younger members, given the observed higher delinquency rates and propensity for utilizing BNPL.

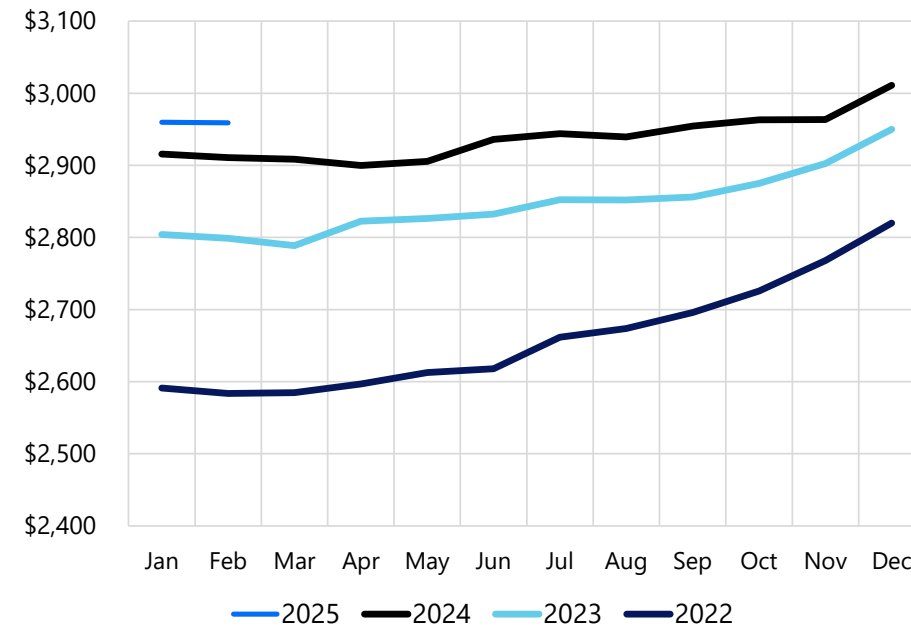
Contact your Client Growth Executive for further details or to explore how Velera can support your credit union with these opportunities. For more information on these solutions and services, visit our [TriVerity](#), [Fraud](#), and [Advisors Plus](#) pages.



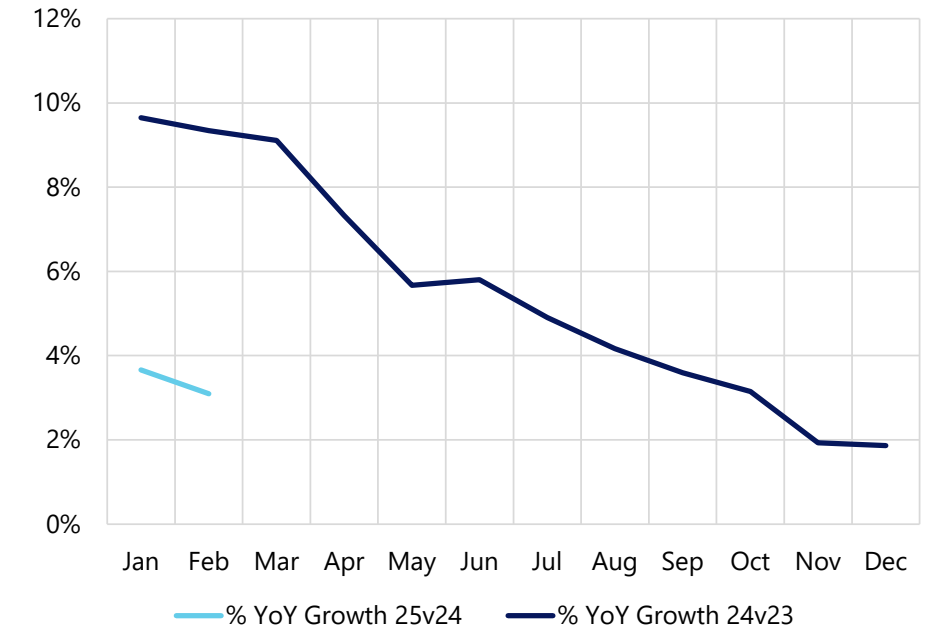
Credit Card Balances

The average credit card balance for February remained relatively unchanged from the previous month's measure, down just \$1 to \$2,959. Compared to February 2024, the average balance was up 1.65%, or \$48. Total credit card balances increased 3.1% year over year. The month-over-month change in total balances from January to February measured -1.2% versus -0.7% for the same period one year ago.

Average Credit Card Balances per Gross Active Account



Percentage Change in Total Credit Card Balances

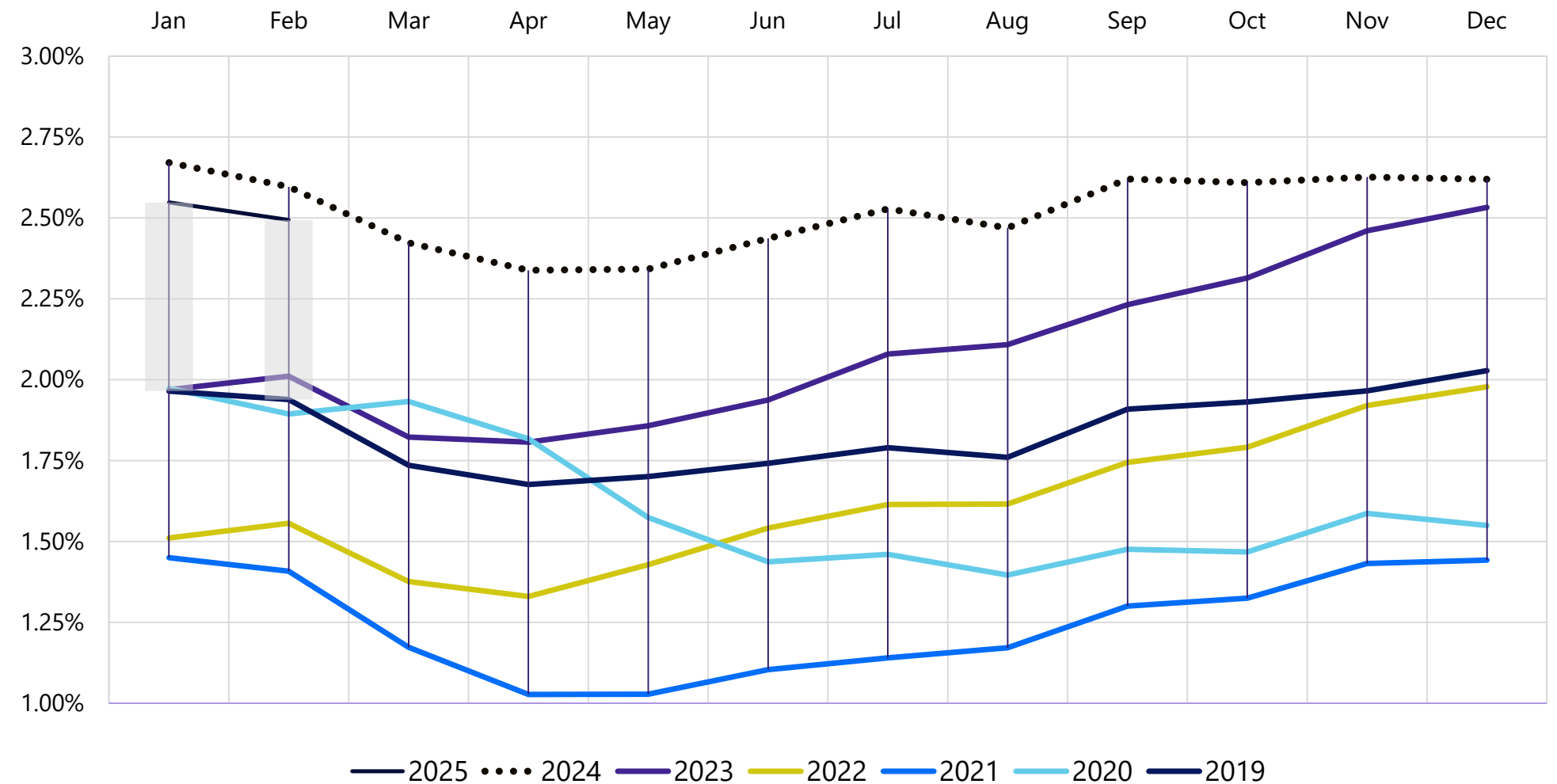


Credit Card Delinquencies

Keeping with last year's trend, the delinquency rate decreased from January to February, but at a slightly slower rate. For 2025, the month-over-month decline measured six basis points, or -2%, to 2.49%, versus a seven-basis point drop, or -3%, in 2024.



Overall Credit Card Delinquency Rate February 2025



Credit and Debit Cards

To better understand payment behavior – and remove the significant impacts of an extra day of volume from February 2024 due to the leap year – the comments below are based on our normalized data for 28 days of February 2024.

In February, consumer spending remained sluggish. Credit card transactions, up 0.7% year over year, outpaced purchases, up 0.5%. Purchase growth exceeded the previous year’s measure while transaction growth lagged. The month-over-month decline in growth rates was in line with the trend, but at a greater rate of change. The average purchase amount per transaction measured \$70.08, down 0.3% year over year.

Debit purchases grew 5.7% year over year, outperforming transaction growth of 2.3%. While the transaction growth rate was somewhat lower than the previous year’s measure, the purchase growth rate was more than double. The month-over-month change in debit growth rates was significantly steeper compared to the same period one year ago. The

average purchase amount per transaction was \$47.01, up 3.3% year over year.

Payments Index data showed credit card present (CP) purchases and transactions growth decreased in February, down 2% and 1% year over year respectively, compared to card not present (CNP) purchase and transaction growth of 2% and 4%. On the debit side, CNP transaction growth experienced a drop compared to the year ago measure, down from 5.9% to 3.7%. Conversely, debit CP purchases growth rose to 5.0% compared to 0% a year ago.

Credit purchase growth was largely driven by the Services sector, which contributed 1% of growth, with the Goods and Services sectors collectively contributing 0.8% of credit transaction growth. The lead sectors driving debit purchase growth included Money Services (2.0%), Goods (1.7%) and Services (1.2%), collectively contributing 86% of the growth, while Goods (1.3%) and Money Services (0.6%) drove transaction growth.

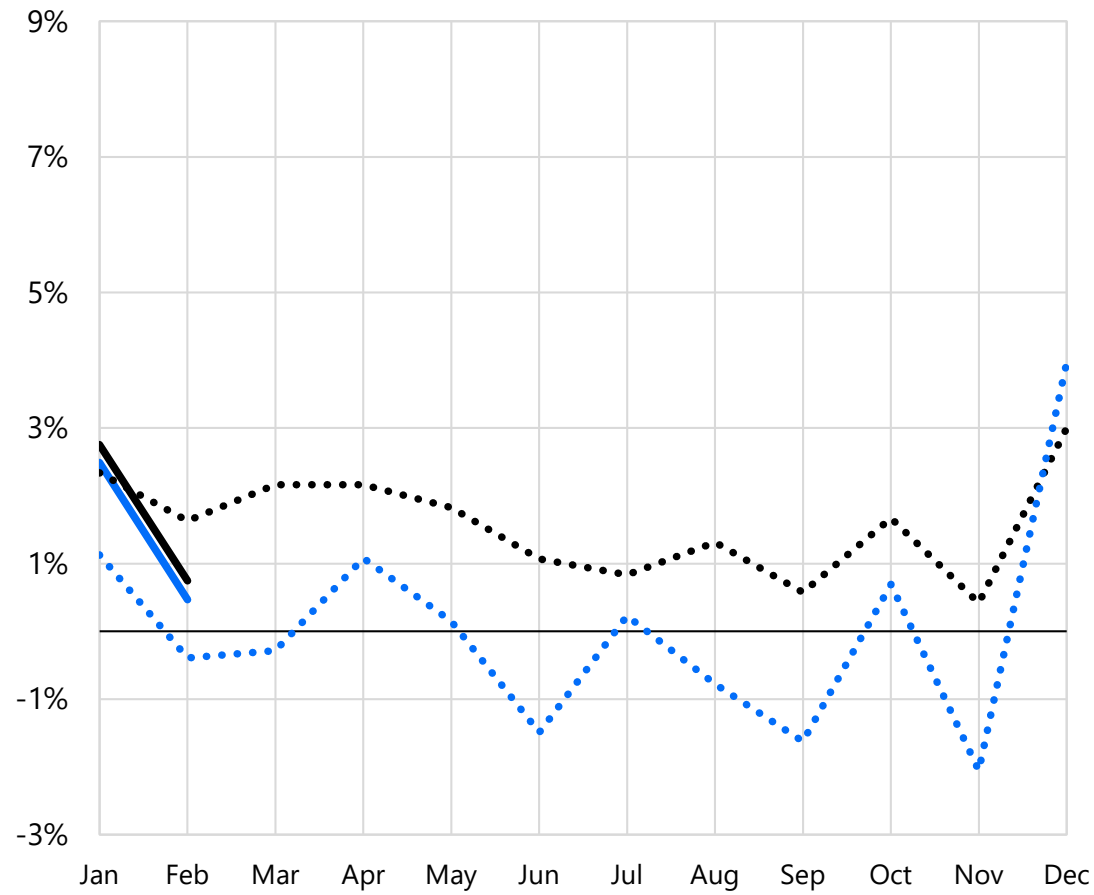
With consumer confidence falling sharply in February, how consumers’ concerns regarding a variety of economic conditions will impact spending behavior remains uncertain. According to a [New York Times](#) article, continuing price pressures and apprehension about the impact of tariffs are among the factors pushing consumers’ inflation expectations for the next 12 months to their highest level in more than a year. Still, consumers’ income expectations remained positive, encouraging near-term spending. [ADP Pay Insights](#) showed February pay gains for private-sector workers increased 4.7% year over year, down just slightly from 5.1% a year ago.



Month of February	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2025 v 2024*	0.7%	0.5%	2.3%	5.7%
2025 v 2024	-3.0%	-3.4%	-1.5%	1.4%
2024* v 2023	1.6%	-0.4%	2.8%	2.7%

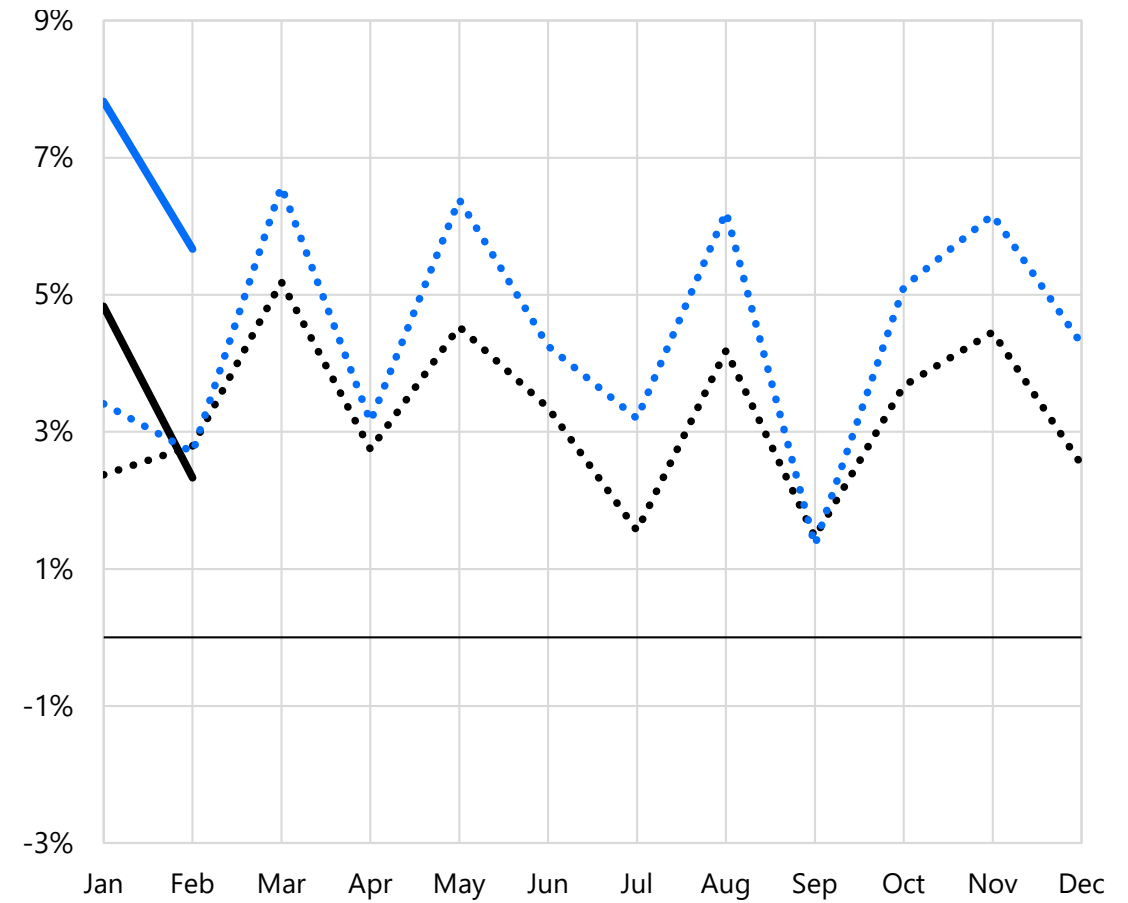
*Adjusted due to leap year.

Credit



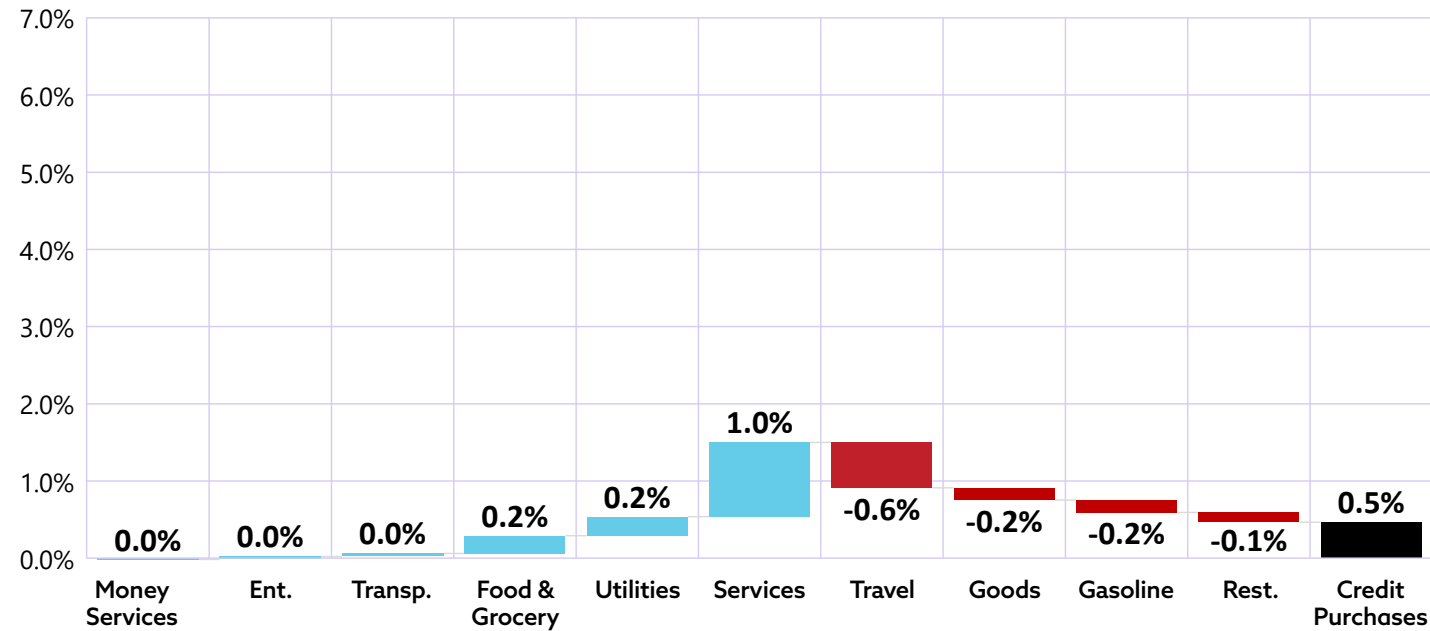
Credit Trans 25v24
 Credit Purchases 25v24
 Credit Trans 24v23
 Credit Purchases 24v23

Debit

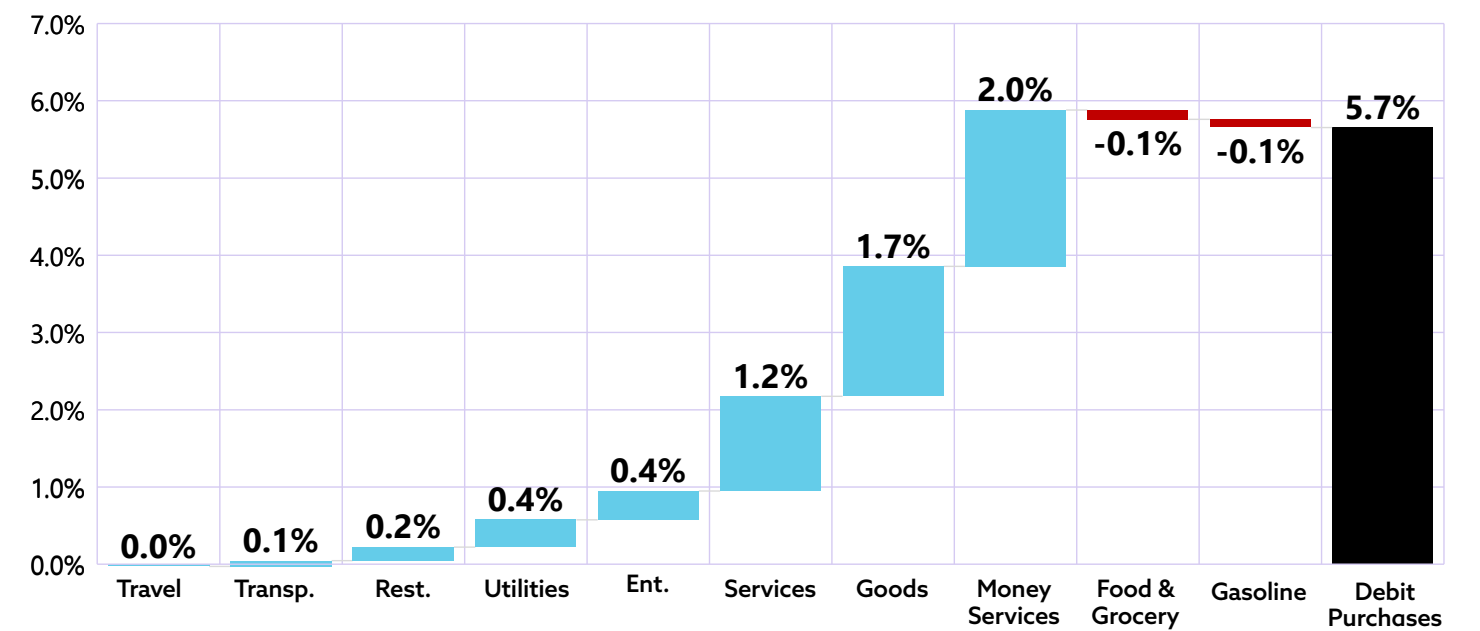


Debit Trans 25v24
 Debit Purchases 25v24
 Debit Trans 24v23
 Debit Purchases 24v23

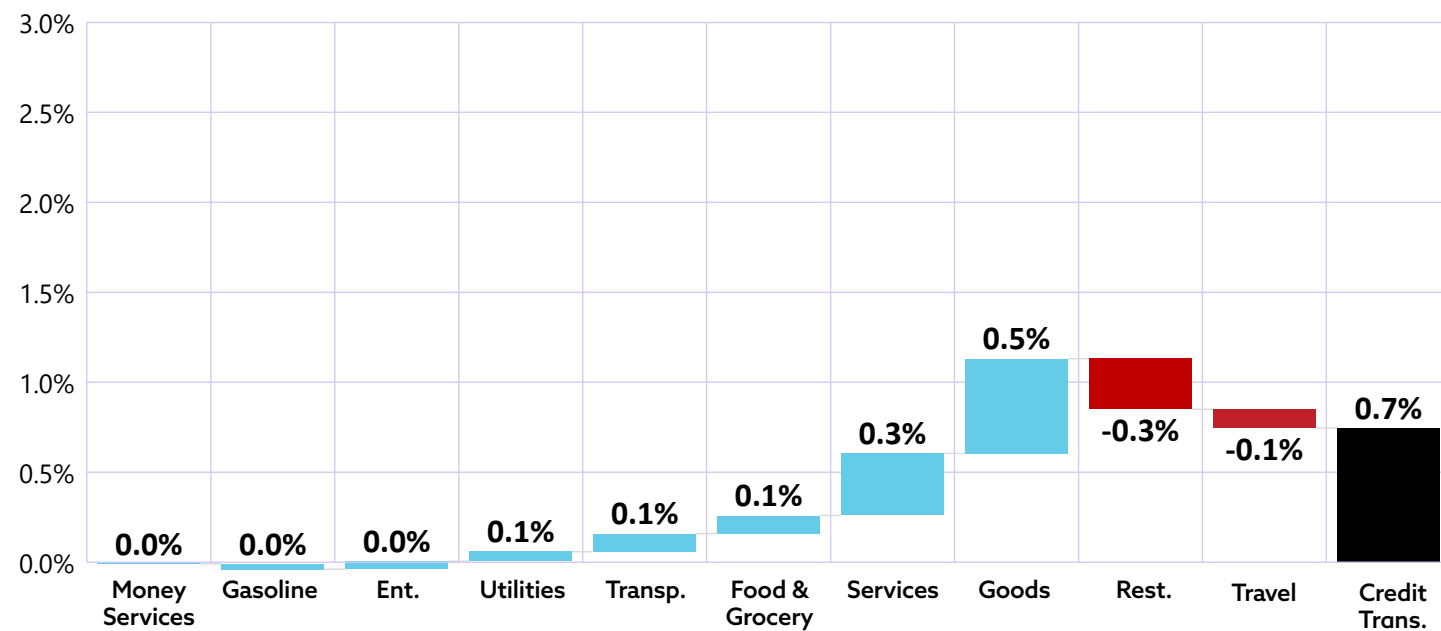
Sector Contributions to Growth in Credit Purchases: February



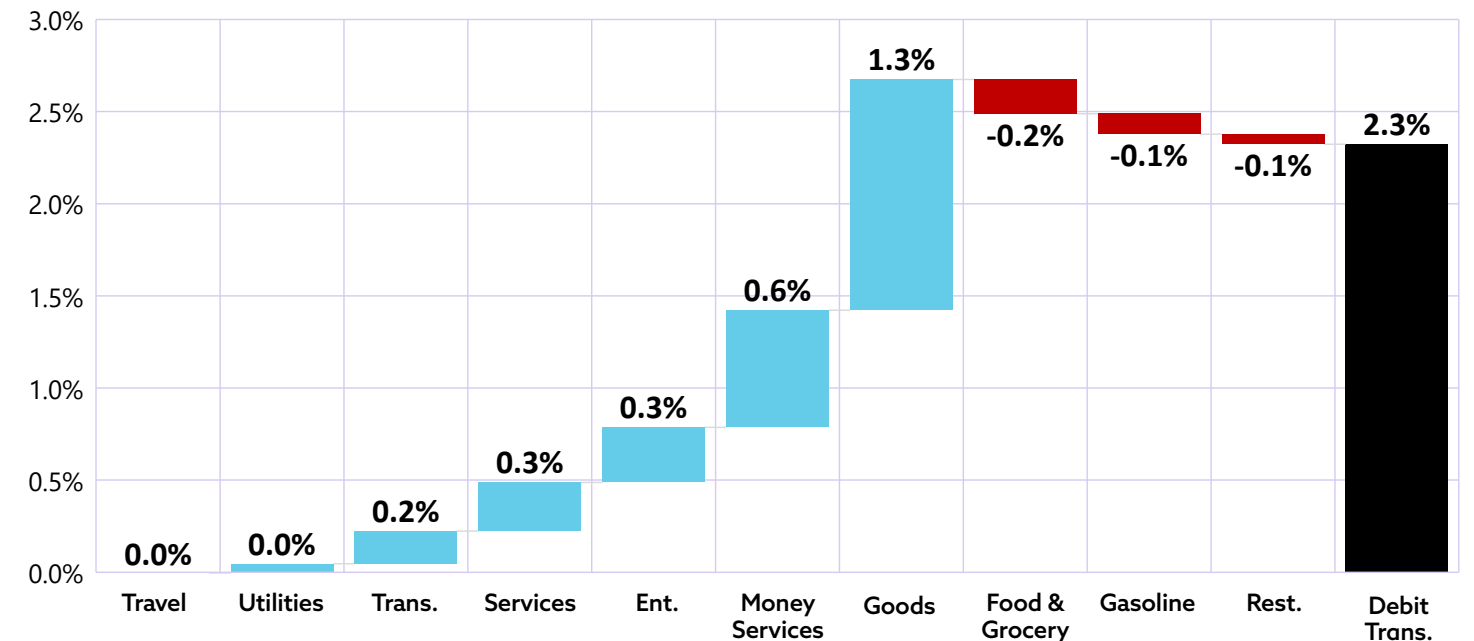
Sector Contributions to Growth in Debit Purchases: February



Sector Contributions to Growth in Credit Transactions: February



Sector Contributions to Growth in Debit Transactions: February




■ Increase ■ Decrease ■ Total

Sectors/Merchant Categories

The Money Services and Transportation sectors achieved double-digit debit purchase growth in February, up 17% and 16%, respectively, year over year. The Taxi/Rideshare merchant category continued to fuel growth in the Transportation sector, representing 50% of the sector's total purchases and growing 25% year over year in February.


The top sectors with the greatest growth in credit purchases included Utilities (+8%) and Transportation (+5%). In the Utilities sector, the merchants driving growth included Vehicle Charging (+36%), Heating/Propane/Coal (+12%) and Electric/Gas/Water (+5%). [NOAA](#) identified January 2025 as the coldest January since 1988, contributing to the increased utility costs in February.

A number of sectors experienced negative growth in February. The Restaurant sector was down 1% year over year for both credit purchases and transactions, while the Food & Grocery sector was down 1% for debit purchases and transactions. In addition, the Travel sector experienced negative growth for both credit and debit purchases and transactions. Furthermore, credit and debit Gasoline purchase growth was down 3% and 1%, respectively. The national average price per gallon of gasoline finished at [\\$3.07](#) for the week ending March 10, down 9.1% or \$0.31 year over year.




ENTERTAINMENT
February 2025 V 2024

	Credit	Debit
YoY Purchases	1%	9%
YoY Transactions	1%	7%




FOOD & GROCERY
February 2025 V 2024

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




GASOLINE
February 2025 V 2024

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




GOODS
February 2025 V 2024

	Credit	Debit
YoY Purchases	0%	7%
YoY Transactions	2%	5%




MONEY SERVICES
February 2025 V 2024

	Credit	Debit
YoY Purchases	-2%	17%
YoY Transactions	-4%	12%




RESTAURANTS
February 2025 V 2024

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




SERVICES
February 2025 V 2024

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




TRANSPORTATION
February 2025 V 2024

	Credit	Debit
YoY Purchases	5%	16%
YoY Transactions	5%	14%



TRAVEL
February 2025 V 2024

	Credit	Debit
YoY Purchases	-7%	-1%
YoY Transactions	-6%	-1%



UTILITIES
February 2025 V 2024

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



About the Velera Payments Index

The Velera Payments Index provides timely insights, trend analysis and thought leadership on consumer payment preferences and behavior. Distributed monthly to financial institutions, the payments market and industry media, the Velera Payments Index is designed to help credit unions make strategic, data-informed decisions on behalf of their members.

For current-year results, credit unions included in the Velera Payments Index data set have been processing with our company from the start of 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 March 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 March 2024 through February 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](#).