velera

PAYMENTS INDEX

Deep Dive: Economic Uncertainty

August 2025

Instead of "saving for a rainy day," it appears that consumers are actually spending in advance of potential rainy days. In July, growth in consumer spending continued to rise, led by the Goods sector, with overall debit activity posting the second-highest month of growth in purchases for 2025, behind January. Buoyed by early back-to-school spending, Amazon Prime Day and the competing Walmart and Target sale events, the Goods sector accounted for over a third of the growth in debit purchases and over half of the growth in credit purchases – just as many of the revised tariffs on imported goods began to take effect on August 7. In the August 2025 edition of the Velera Payments Index, we explore evidence of shifting consumer behaviors during economically uncertain times.

Consumer sentiment slightly improved in July, with the Consumer Confidence Index increasing by 2.0 points to 97.2. This number reflects an upward revision of the June survey by 2.2 points. The modest improvement came from participants over the age of 35 and across all income levels (with the exception of the lowest – below $15k annually). The July 2025 University of Michigan Index of Consumer Sentiment increased by one point compared to June, finishing at 61.7. Trends indicate sentiment

Performance Snapshot: July 2025

Market/Economic Variables

97.2
Consumer Confidence Index
Change 2.0 points

61.7
U of M Index of Consumer Sentiment
Change 1.0 point

2.7%
Consumer Price Index
Change 0.2%

2.9%
Core CPI (excl. Food/Energy)
Change 0.3%

73,000
BLS/Job Growth
Change 27,000

4.2%
Unemployment Rate
No change

4.25-4.5%
Federal Reserve Interest Rate
No change

Payments Index Growth

Purchases

2025 v 2024

Credit	Debit
1.6%	6.2%

2024 v 2023

Credit	Debit
0.2%	3.2%

Transactions

2025 v 2024

Credit	Debit
1.6%	4.1%

2024 v 2023

Credit	Debit
0.8%	1.6%

is moving in a favorable direction, although it still remains broadly negative. Year over year, the index is down 4.7 points. While consumers remain cautious about the direction of the economy, their worries have eased slightly since April 2025.

In the Labor Department's Aug. 12 update, the Consumer Price Index (CPI) increased 0.2% in July, keeping the cumulative 12-month rate of inflation at 2.7%. Shelter was the primary factor for the monthly increase. Core CPI, which excludes the Food and Energy sectors, increased by 0.3% in July following a 0.2% increase in June, bringing the 12-month Core CPI to 3.1%. Increases in Core CPI were seen in medical care, airline fares, recreation, household furnishings and operations, and used cars and trucks.

In July, job growth was much lower than anticipated by many economists, with 73,000 new jobs being reported. Additional positions were reported in the healthcare and social assistance sectors, with continued declines in jobs with the federal government. The July report included a downward revision of 258,000 jobs for the combined period of May and June 2025. The number of Americans unemployed for at least 27 weeks increased by 179,000 to 1.8 million in July. The U.S. Bureau of Labor Statistics (BLS) reported that

the overall unemployment rate for July remained unchanged at 4.2%, or 7.0 million people. Following the publication of the July report, BLS Commissioner Erika McEntarfer, a non-partisan government employee, was removed from her position by President Trump. E.J. Antoni, a Heritage Foundation economist, has been nominated as the next commissioner.

With many of the adjusted tariffs taking effect on Aug. 7, consumers are expected to feel the impact on the cost of goods in the coming weeks and months. While many retailers have been able to maintain current prices and absorb the costs of the import taxes on goods made abroad, these taxes may be passed on to consumers as tariffs rise. While most countries are subject to a 15% tariff, specifics with many of our largest trading partners are still being worked out.

The next Federal Open Market Committee (FOMC) meeting will conclude Sept. 17, when it is widely anticipated by most economists that there will be a quarter-point rate decrease, based on the economic data available in mid-August and the downward revisions to jobs for recent periods.

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We welcome questions and feedback on the Payments Index by way of this link or scan the QR code.

"The ripple effects of tariff policy and inflationary pressures are beginning to show in consumer behavior. We're seeing a shift toward essential purchases, cautious discretionary spending and early stockpiling — especially among younger consumers. These patterns reflect a growing sensitivity to economic signals and a desire to get ahead of potential cost increases. For credit unions, staying attuned to these shifts is critical to supporting members through uncertainty and maintaining relevance in a rapidly changing environment."

Brian Caldarelli
Executive Vice President, Chief Administrative Officer, Velera

Key Takeaways for July 2025

- Growth picked up for debit and remained slow for credit in July. Debit purchases were up 6.2%, with the Goods and Money sectors contributing more than two-thirds of growth. Credit purchases were up 1.6%, with the Goods and Services sectors accounting for the entire increase. Insurance premiums continued to drive growth in the Services sector. For July, debit transactions were up 4.1% and credit transactions were up 1.6%.
- The 12-month cumulative CPI through July remained the same at 2.7%, with a 0.2% increase in July. The Shelter index accounted for most of the increase in July. Core inflation, which excludes Food and Energy, was up 0.3% at 3.1% for July. The Core CPI results showed more inflationary pressures, including goods stemming from tariffs.
- There are signs of shifting consumer spending, influenced by the economic uncertainty in the market. Debit activity continued to drive consumer spending across the Goods sector for most merchants, with large retailers, wholesale clubs and automotive sales showing the most notable growth. While a smaller percentage of activity, discretionary spending was most impacted in the Travel and Entertainment categories.

Credit and Debit Cards

Credit and debit card activity rebounded in July, likely stimulated by the start of back-to-school spending and major retailer sales events. According to the National Retail Federation's annual survey, 67% of back-to-school shoppers began purchasing items in July for the upcoming school year, up from 55% in the prior year. Additionally, 51% of back-to-school families reported shopping earlier than last year, specifically out of concern for rising prices due to tariffs.

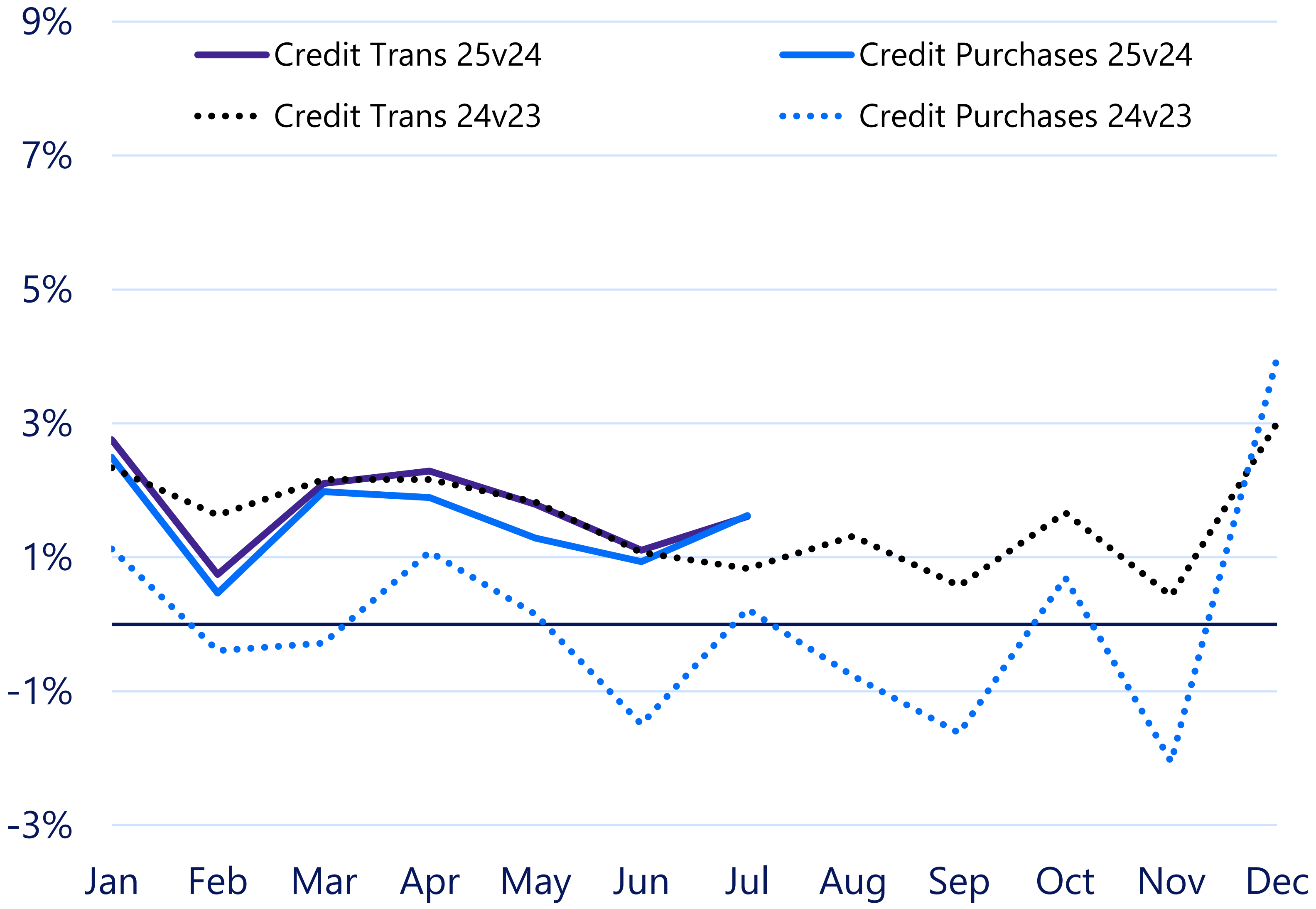
Consumer credit card growth rose 1.6% year over year for both purchases and transactions. Meanwhile, debit card activity delivered the second strongest monthly performance of the year, surpassed only by January. Debit purchase dollars grew 6.2% compared to the same period last year, while transaction volume increased by 4.1%.

Growth in credit and debit card purchases, as well as transactions, was driven by the Goods sector. At least half of the growth in credit purchases and transactions, and more than one-third of the growth in debit card activity, was from the Goods sector. Other shared growth contributors included the Services and Restaurants sectors.

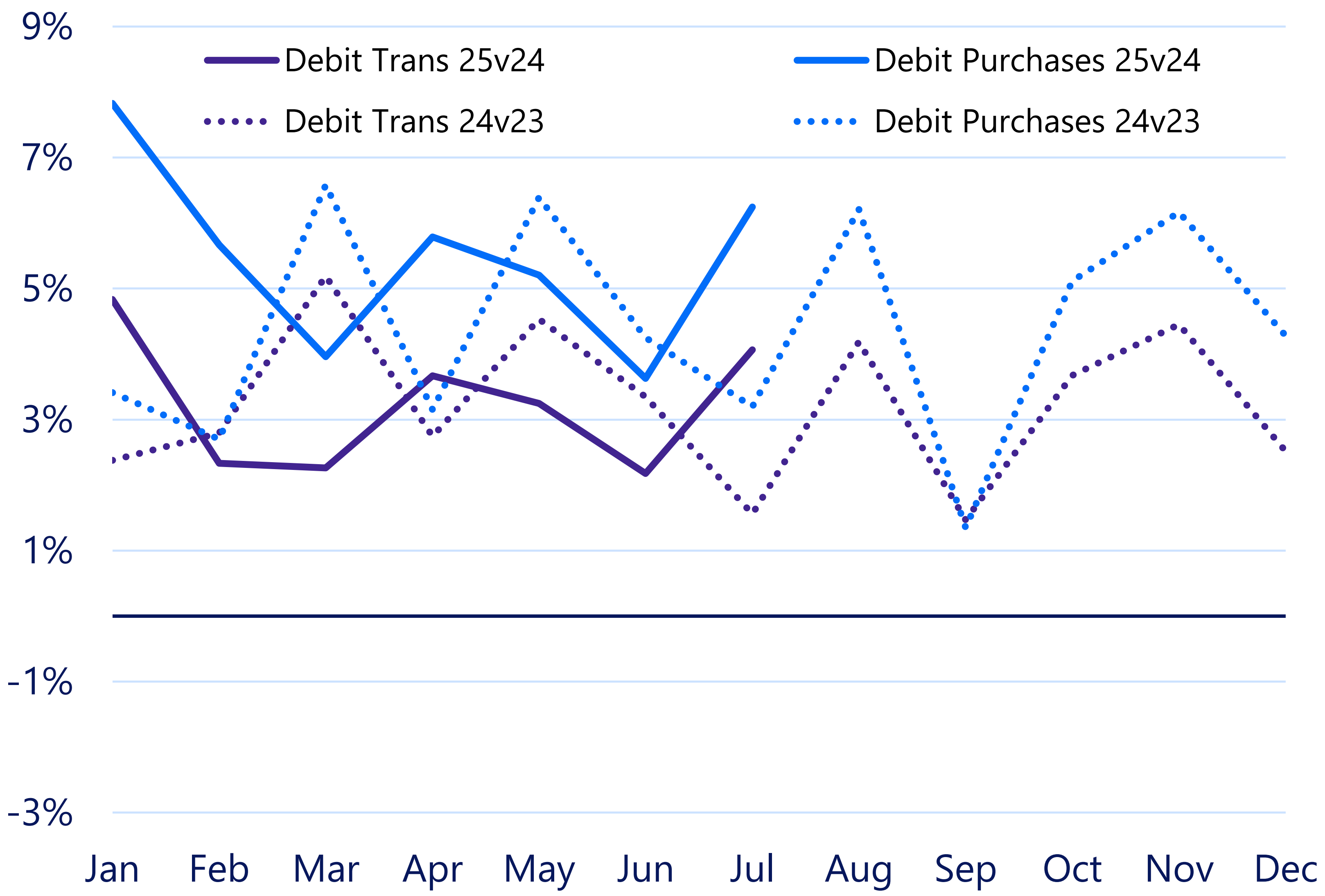
Month of July

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2025 v 2024	↑ 1.6%	↑ 1.6%	↑ 4.1%	↑ 6.2%
2024 v 2023	↑ 0.8%	↑ 0.2%	↑ 1.6%	↑ 3.2%

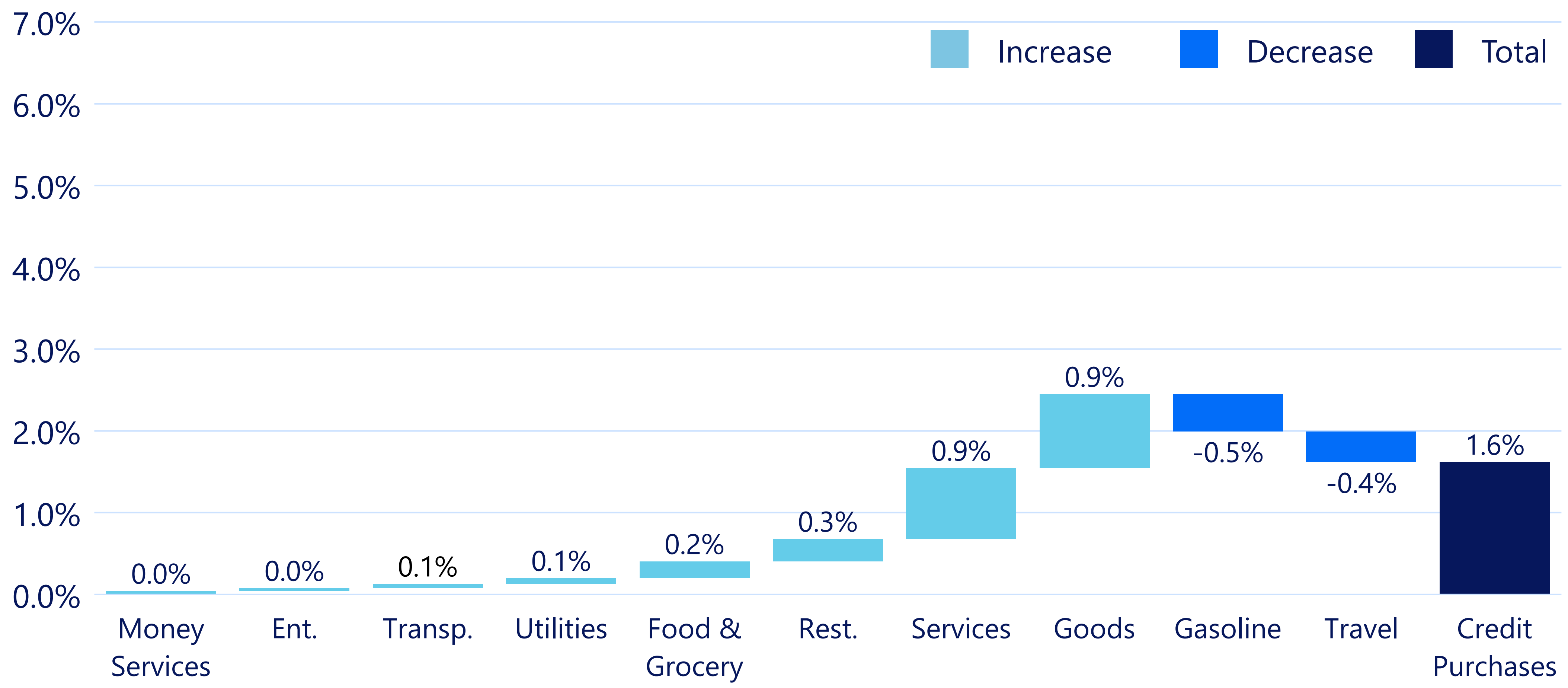
Credit



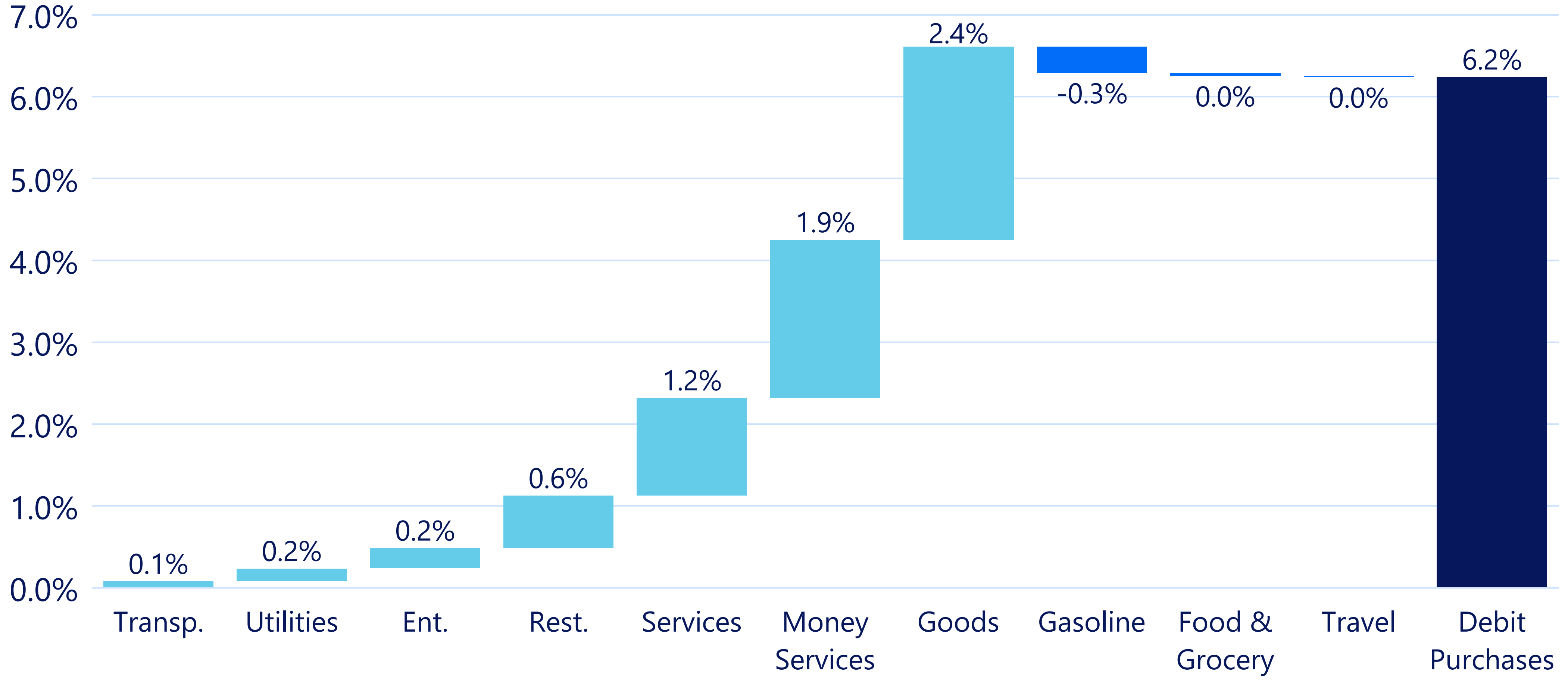
Debit



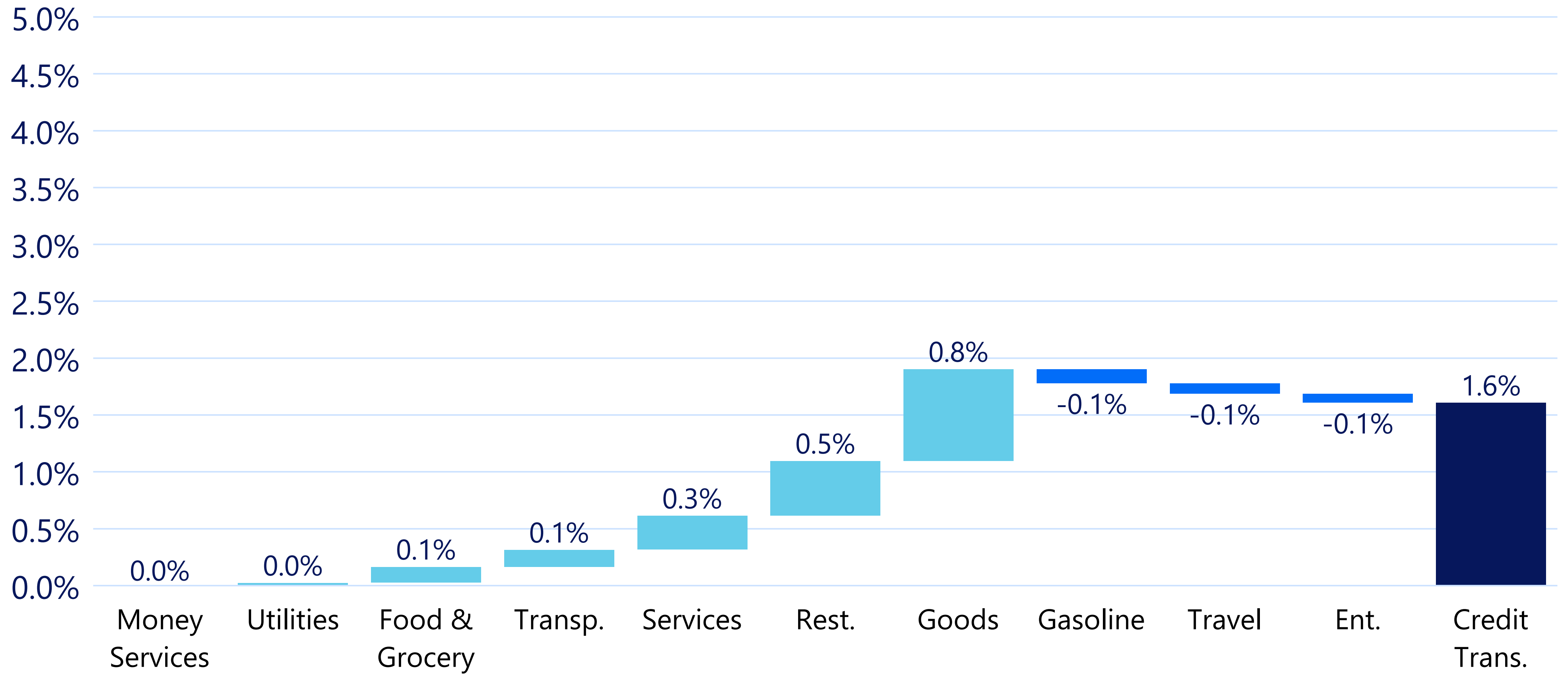
Sector Contributions to Growth in Credit Purchases: July



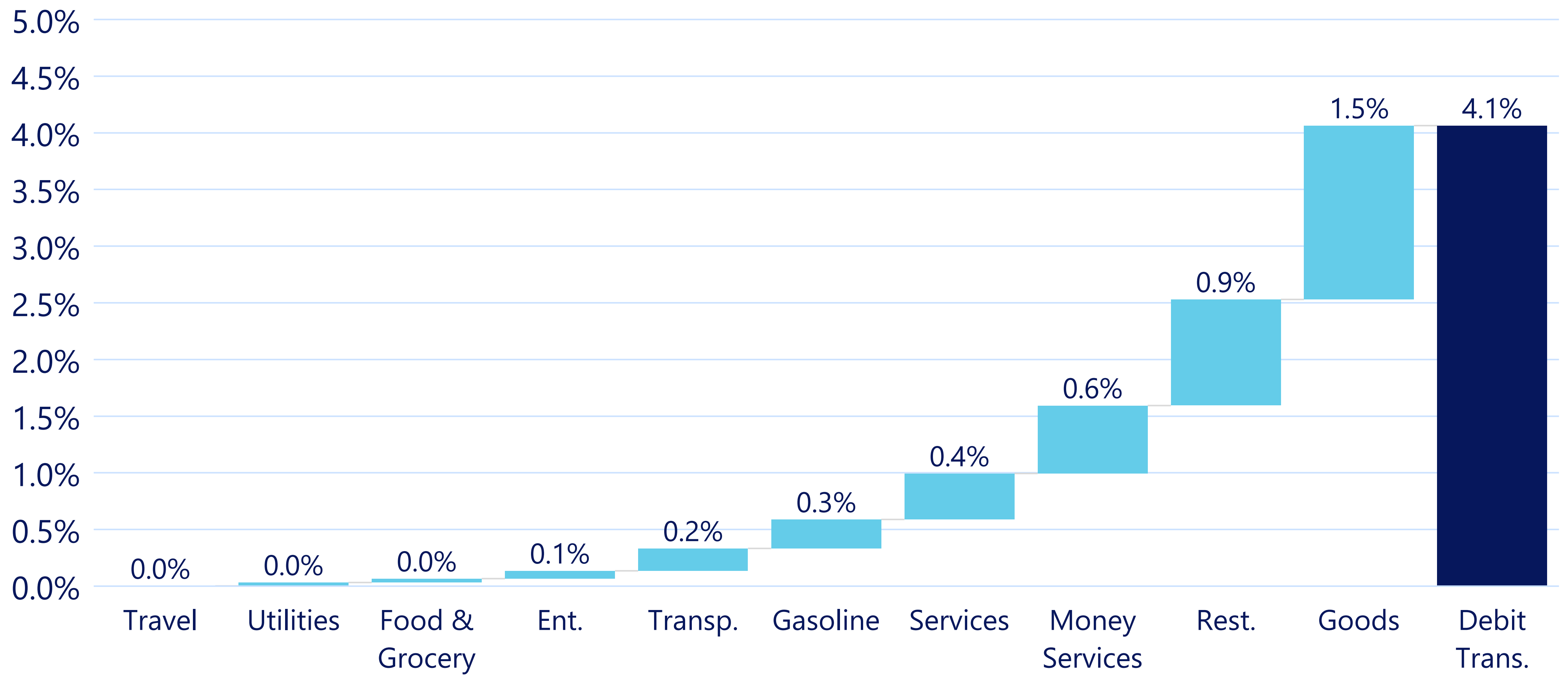
Sector Contributions to Growth in Debit Purchases: July



Sector Contributions to Growth in Credit Transactions: July



Sector Contributions to Growth in Debit Transactions: July



Deep Dive: Economic Uncertainty

Since the sweeping tariff announcements by President Trump on April 2, there have been a multitude of changes to proposed rates and expected implementation dates, affecting most of the United States' largest trading partners. While the question of when consumers could expect to feel the impact of tariffs on their purchases is somewhat unclear, it mainly points to later months of 2025, assuming tariffs materialize. This uncertainty appears to have led to increased consumer purchases in advance of looming tariffs, along with drops in consumer sentiment across various surveys. In this edition's Deep Dive, we look at changing consumer behavior in light of the current economic environment and consumers' anticipation of greater inflation on the horizon.

For the last four months following the tariff announcements, discretionary spending was down by 1.7% for credit purchases and up in debit spending by 4.9%. Non-discretionary spending for the same time remained positive, with credit purchases up 2.2% and debit purchases up 5.2%. Some notable observations include:

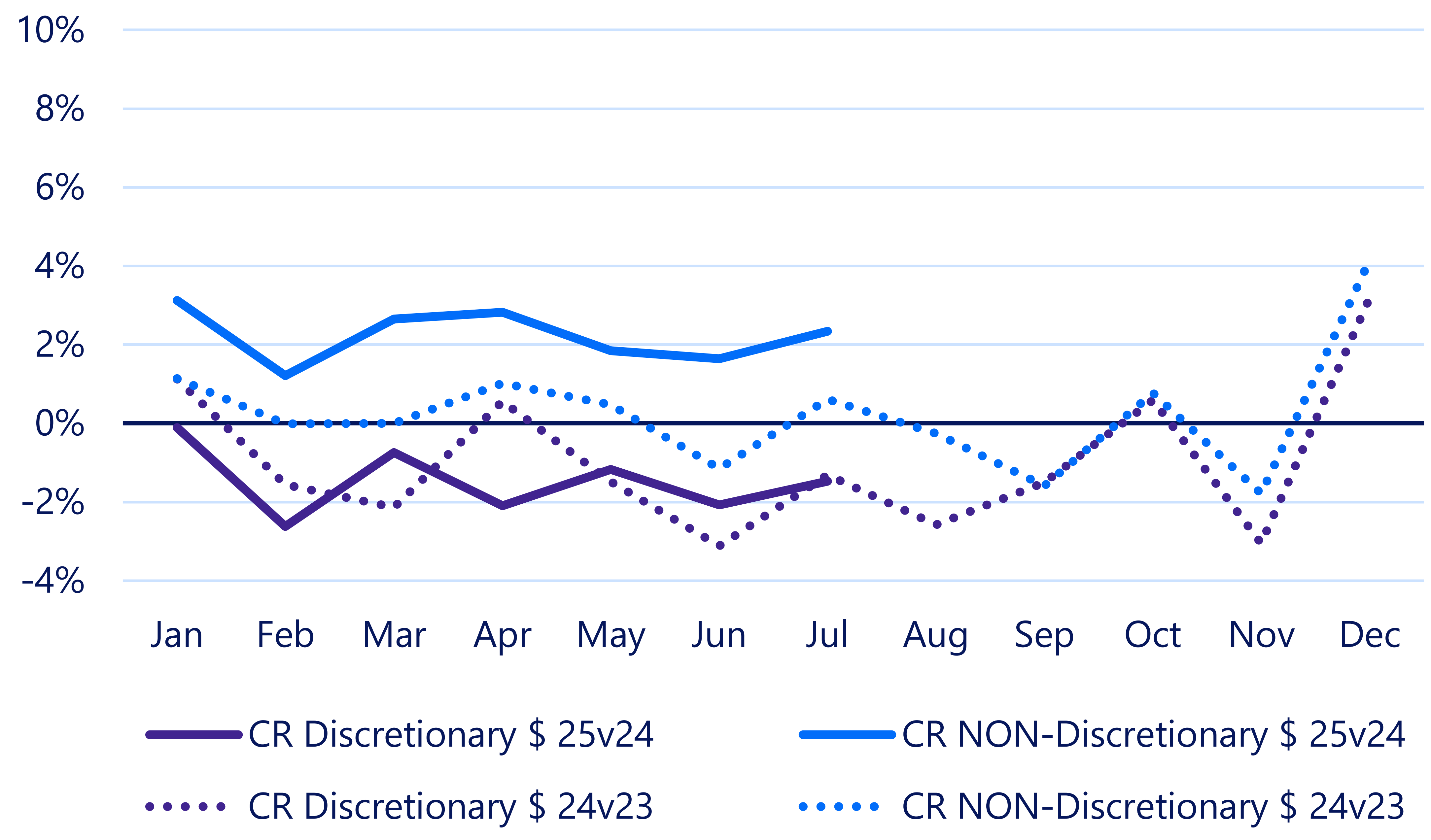
1. **Recent discretionary spending results appear to be softening.** For June and July 2025, credit discretionary purchase growth was 1% lower, on average, versus the month prior to the tariff announcements, while debit discretionary purchase growth was down 0.3%
2. **Within debit discretionary spending, growth in legal online gambling/betting continued to increase.** When excluding gambling, the growth in discretionary debit purchases dropped from 4.7% to 3% year to date.

Year-Over-Year Growth in Discretionary/Non-Discretionary Activity – April to July 2025

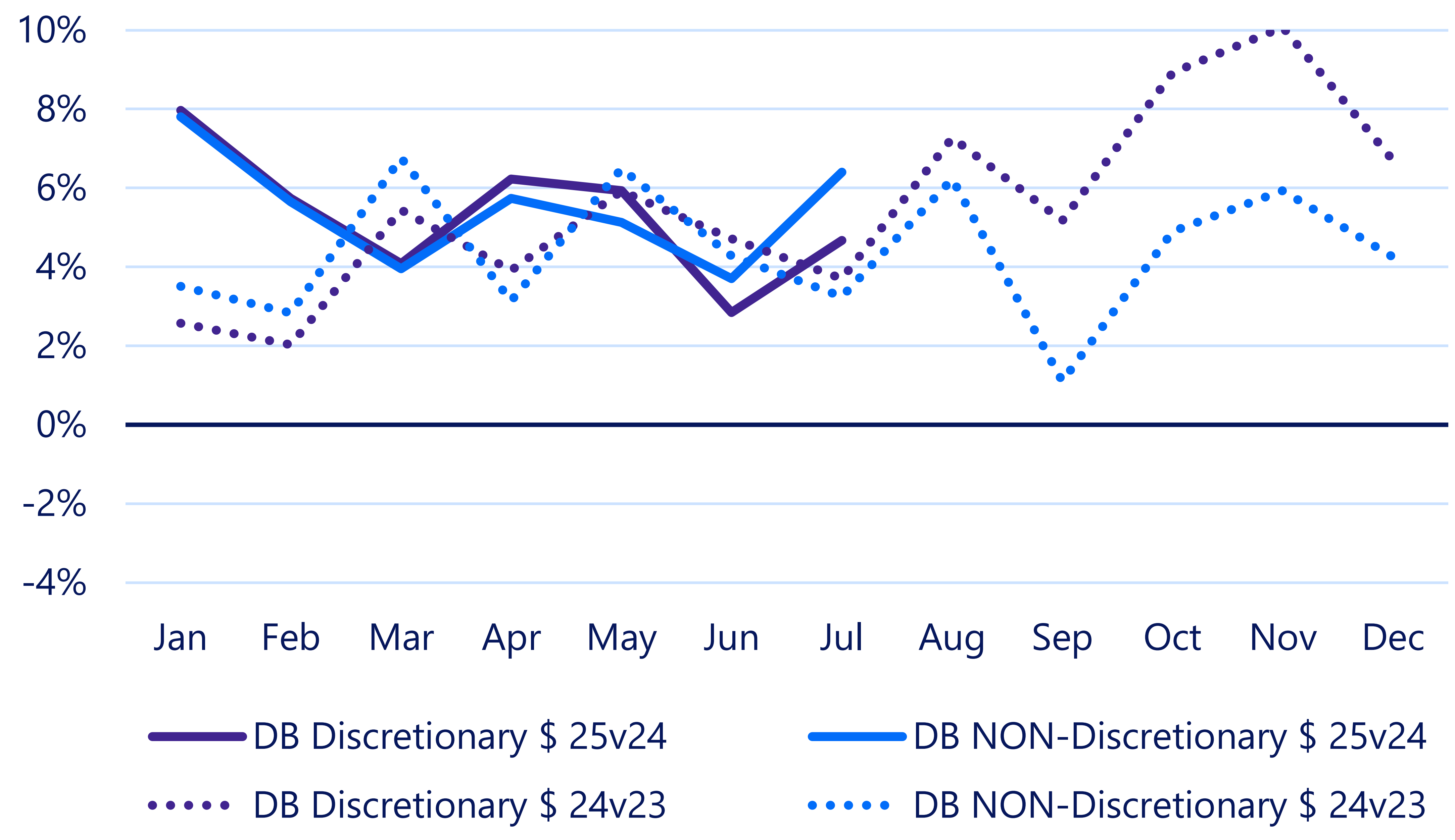
	Credit Purchases				Debit Purchases			
	% of Overall Purchases	YoY Transaction Growth	YoY Purchase Growth	Average Purchase	% of Overall Purchases	YoY Transaction Growth	YoY Purchase Growth	Average Purchase
Discretionary	18%	↓ -0.1%	↓ -1.7%	$152	9%	↑ 6.1%	↑ 4.9%	$71
Non-Discretionary	82%	↑ 1.9%	↑ 2.2%	$62	91%	↑ 3.1%	↑ 5.2%	$44

Growth in Overall Discretionary and Non-Discretionary Purchases

Credit Purchases Growth



Debit Purchases Growth

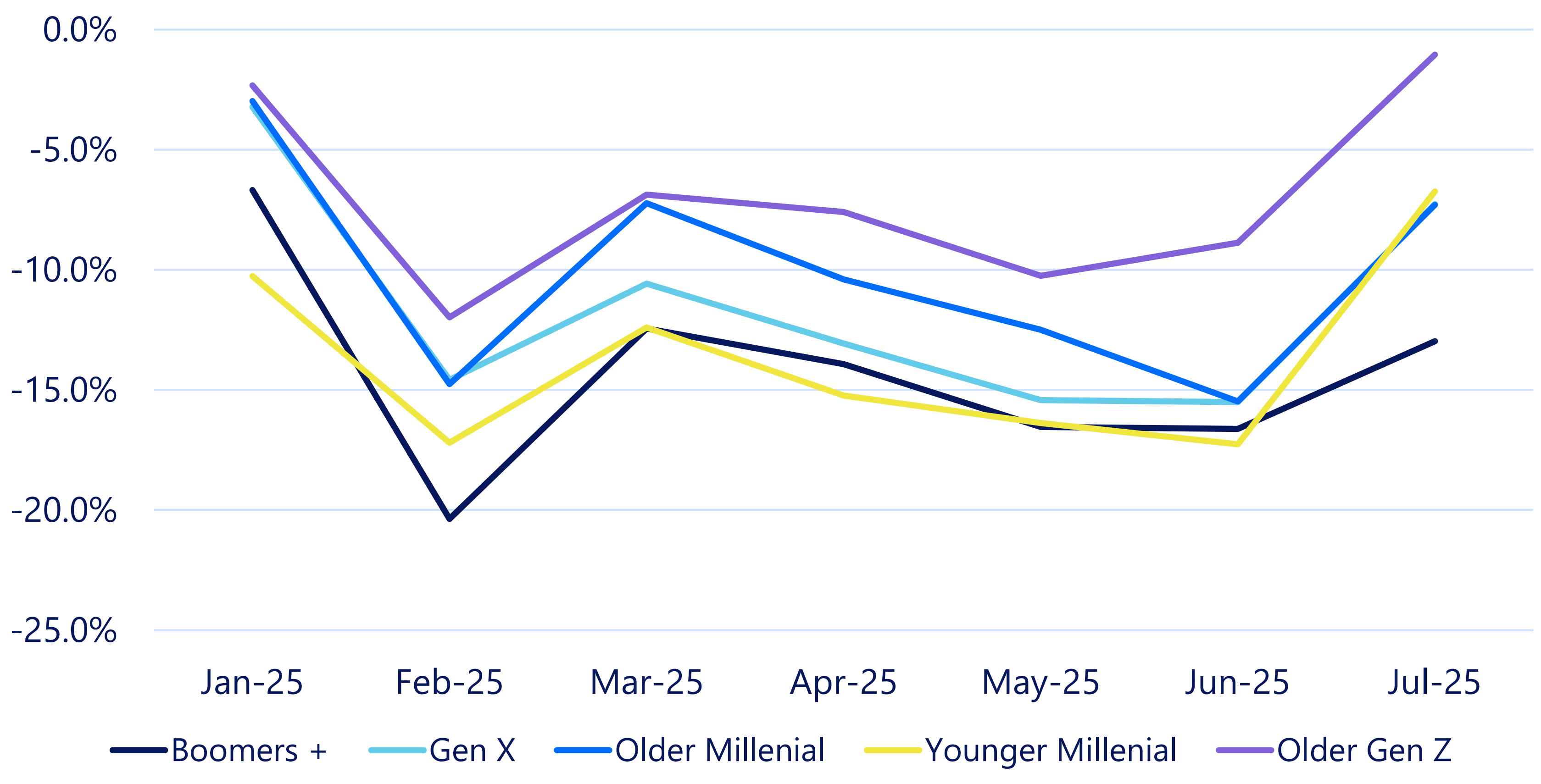


- Additionally, specific debit purchase types were examined within the Travel, Goods and Entertainment sectors to identify softening consumer sentiment resulting from economic uncertainty.

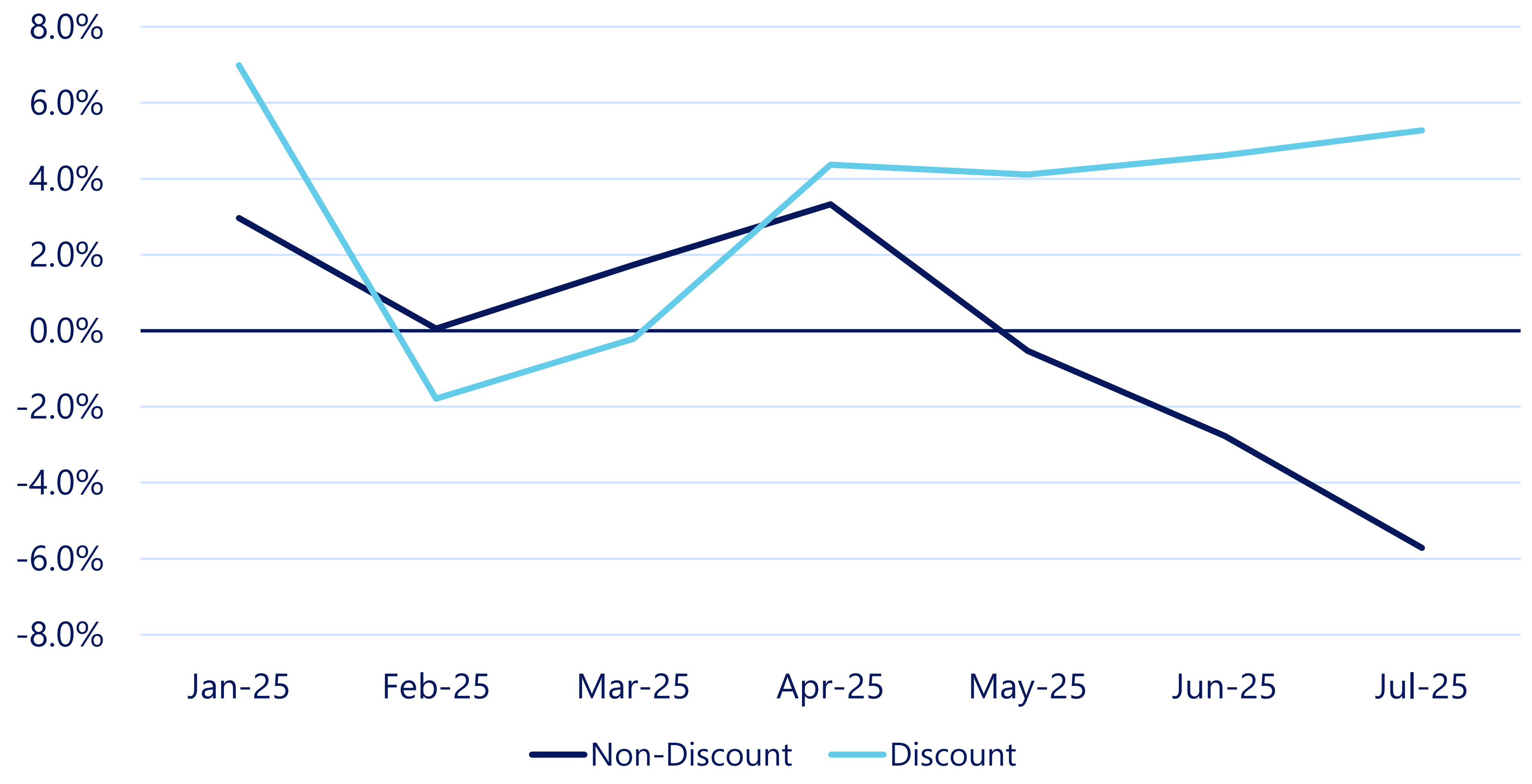
Airlines

- Year-over-year debit growth for Airline purchases has steadily rebounded since a year-to-date low of -14.6% in February, but remains negative for the year.
- Discount airlines like Spirit, Frontier, JetBlue and Ryanair accounted for 14.1% of Airline debit transactions as of the most recent month, which represented the lowest transaction share of the last 19 months.
- The 2025 year-to-date average debit purchase amount for discount and non-discount airlines was $181.74 and $224.57, respectively, but the gap has been narrowing since March 2025. The move toward pricing parity between discount and full-service airlines is likely part of the reason we're seeing fewer transactions for discount airlines, as consumers opt for full-service airlines when the price difference fails to justify the service disparity.

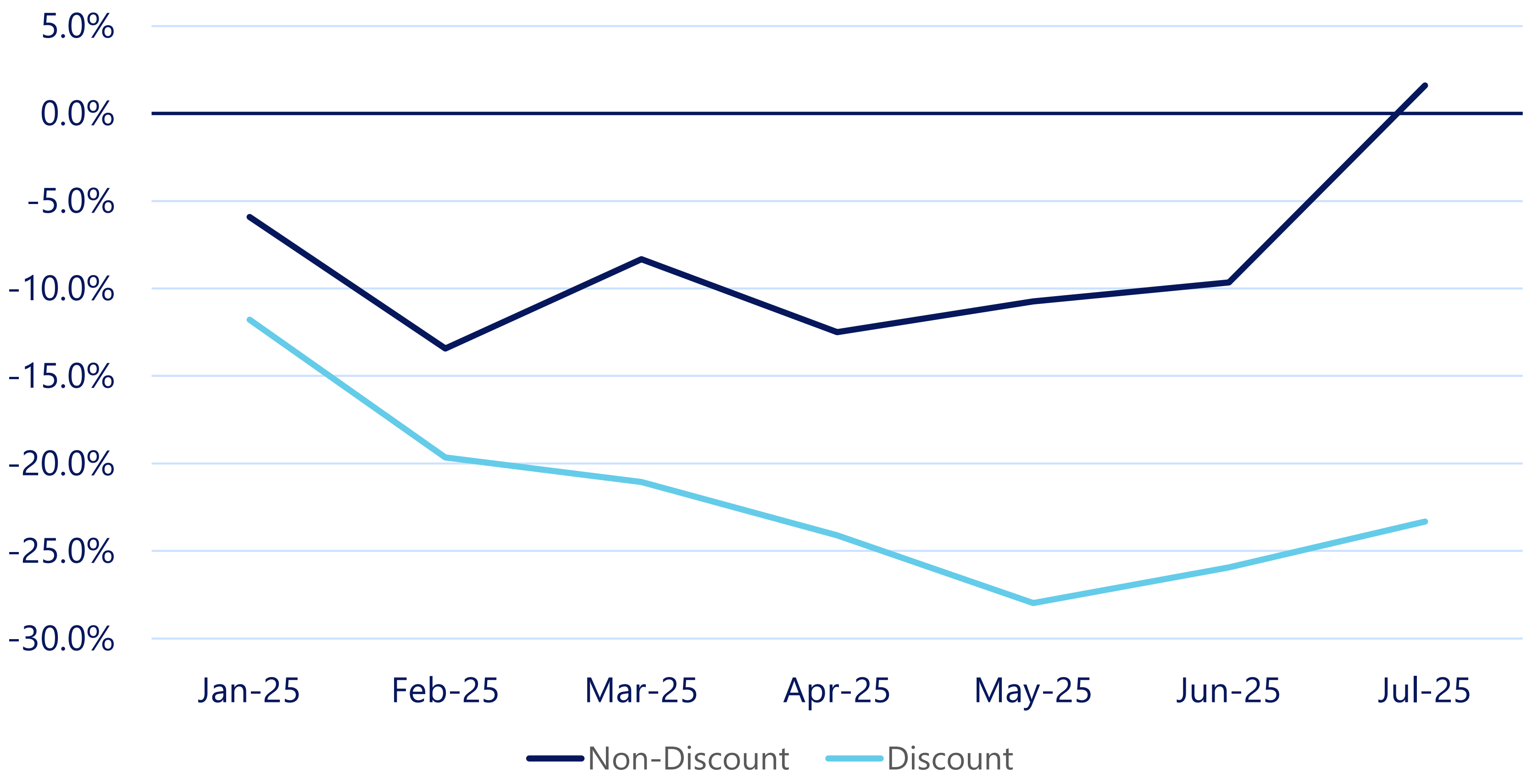
Airline Debit YoY Purchase Growth by Generation



Airline Debit YoY Average Purchase Growth by Airline Type



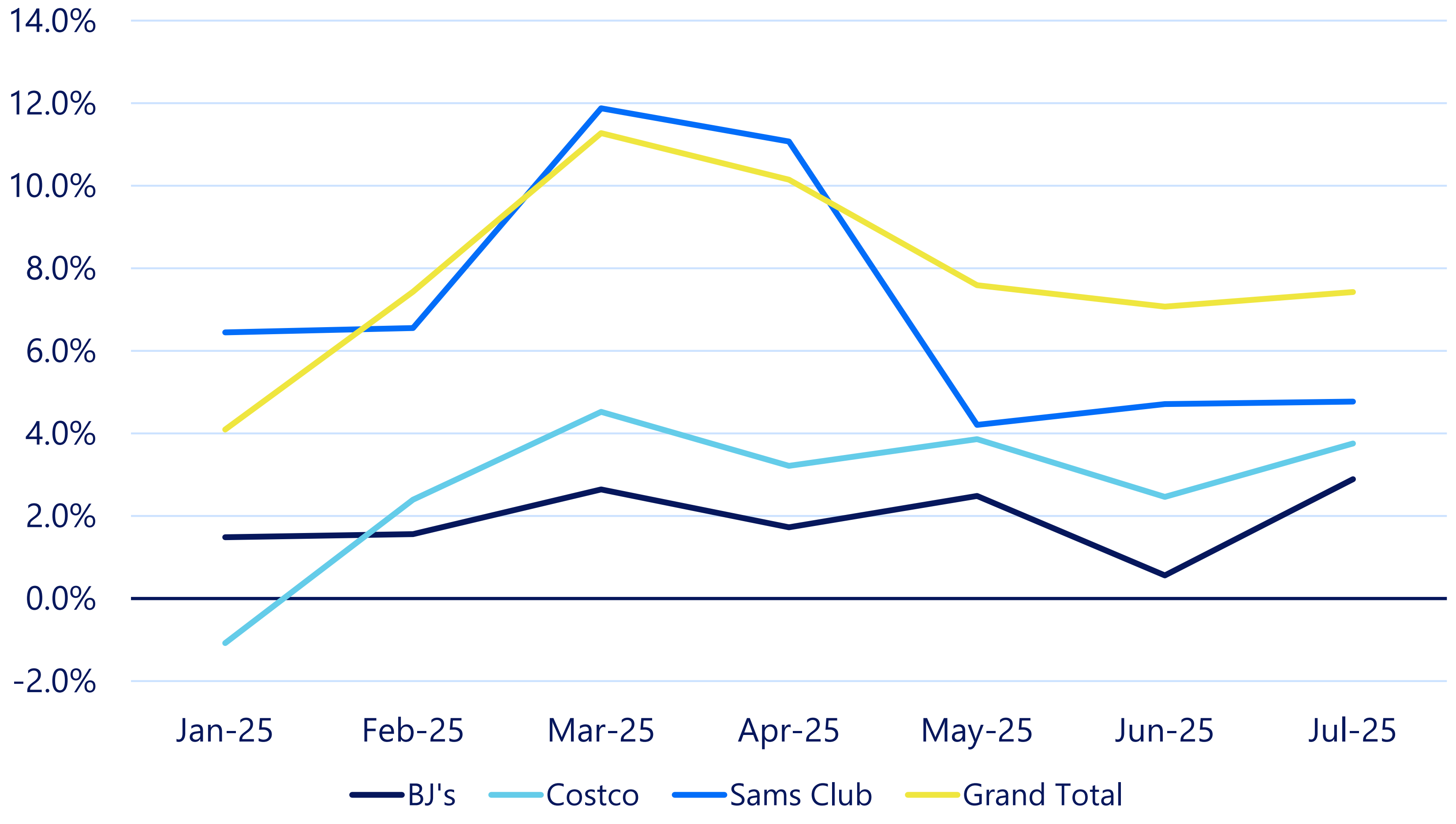
Airline Debit YoY Transaction Growth by Airline Type



Wholesale Clubs

- A surge in year-over-year debit growth for Wholesale Club transactions per account and purchases per account during March, April and July 2025 is likely reflective of a preemptive attempt by consumers to stock up on goods and combat inflationary concerns resulting from tariff announcements.
- Gen Z consistently demonstrated the highest year-over-year growth in debit transactions and purchases, despite representing the lowest share of Wholesale Club debit transactions and purchases YTD.
- Costco had the highest transactions per account and average purchase amount throughout 2025, meaning customers visited more often and spent more while in store than competitors.
- Sam's Club appears to be losing customers to Costco in 2025, as evidenced by the trend in account share, and has been surpassed as the largest contributor to debit Wholesale Club transactions and purchases.

Wholesale Club
YoY Debit Purchase Growth per Account



Wholesale Club
Debit Purchase Contribution

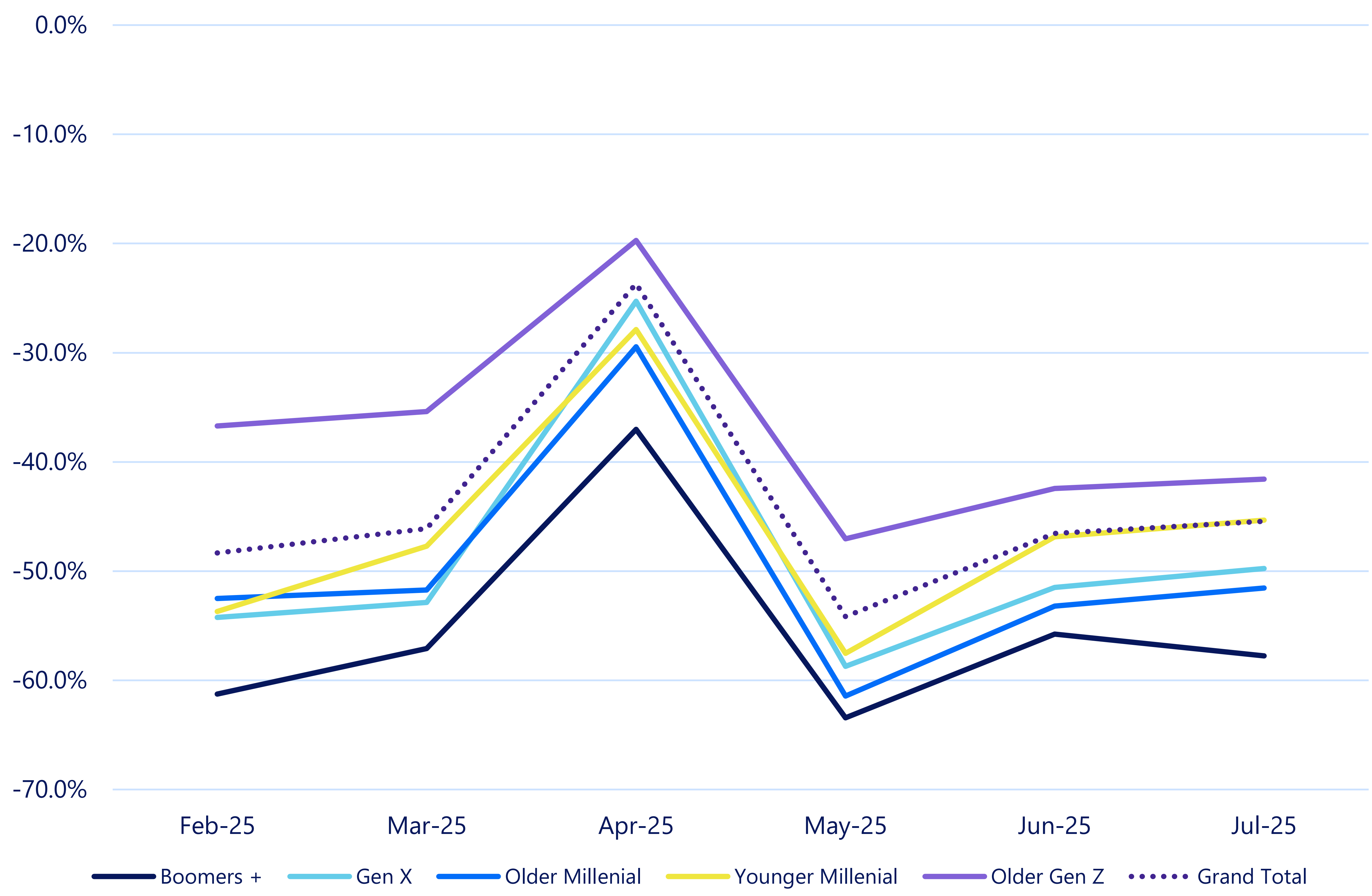
2025 Year-to-Date Debit
Performance Metrics by Wholesale Club

	Monthly Transactions/Account	Monthly Purchases/Account	Average Purchase
BJ's	1.48	137.29	$92.84
Costco	1.77	187.79	$106.04
Sams Club	1.37	131.07	$95.70
Total	**1.56**	**157.27**	**$100.38**

Online Resellers

- Gen X represents the largest contribution for Online Resellers like Depop, Poshmark and Mercari in terms of both debit transactions and purchases, at 26.3% for each; however, growth has been steadily declining throughout 2025. Boomers+ have experienced the most significant decline in growth this year and currently represent the lowest transaction share of any generation, at 10.1%.

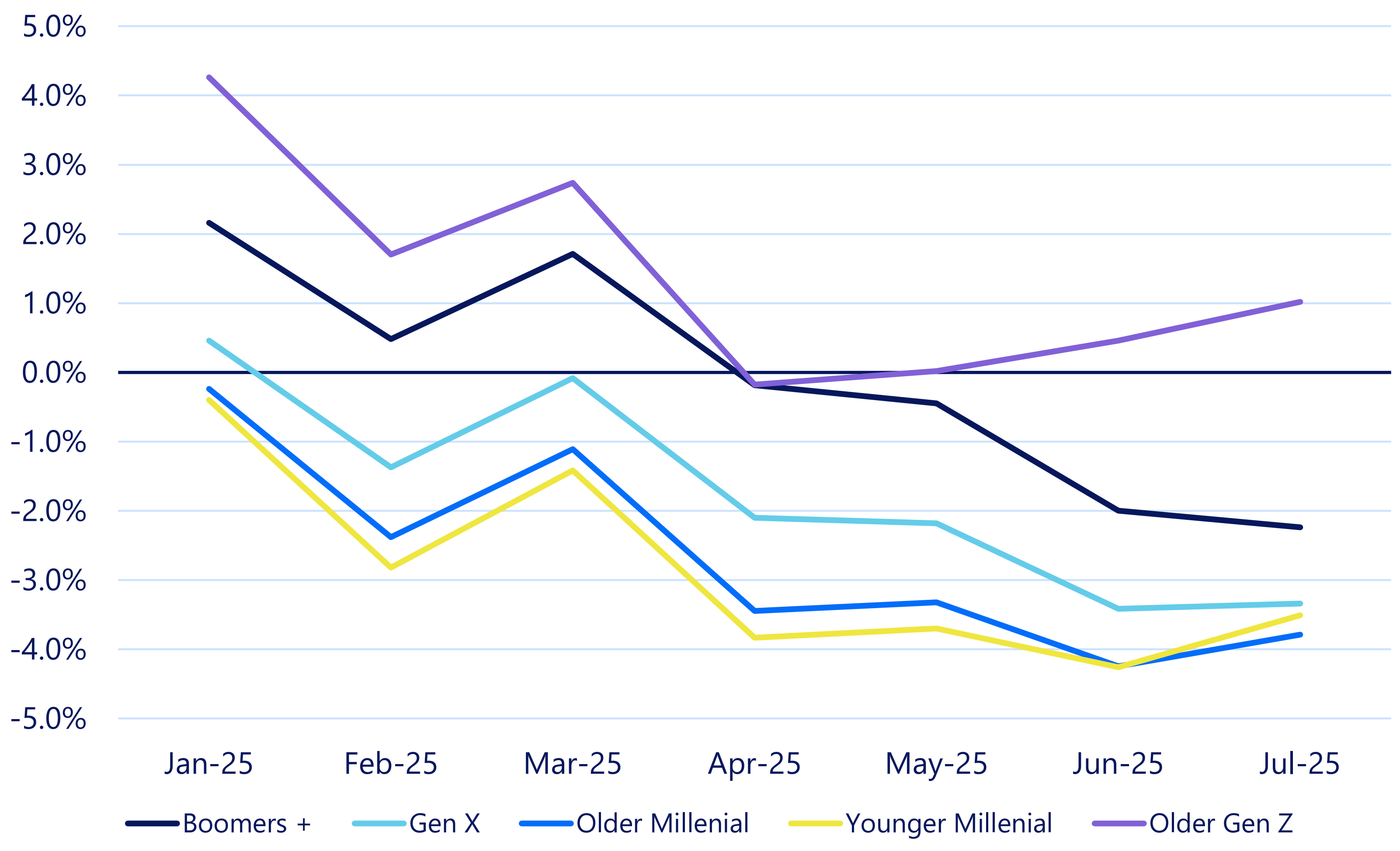
Online Reseller Debit Transactions Growth by Generation



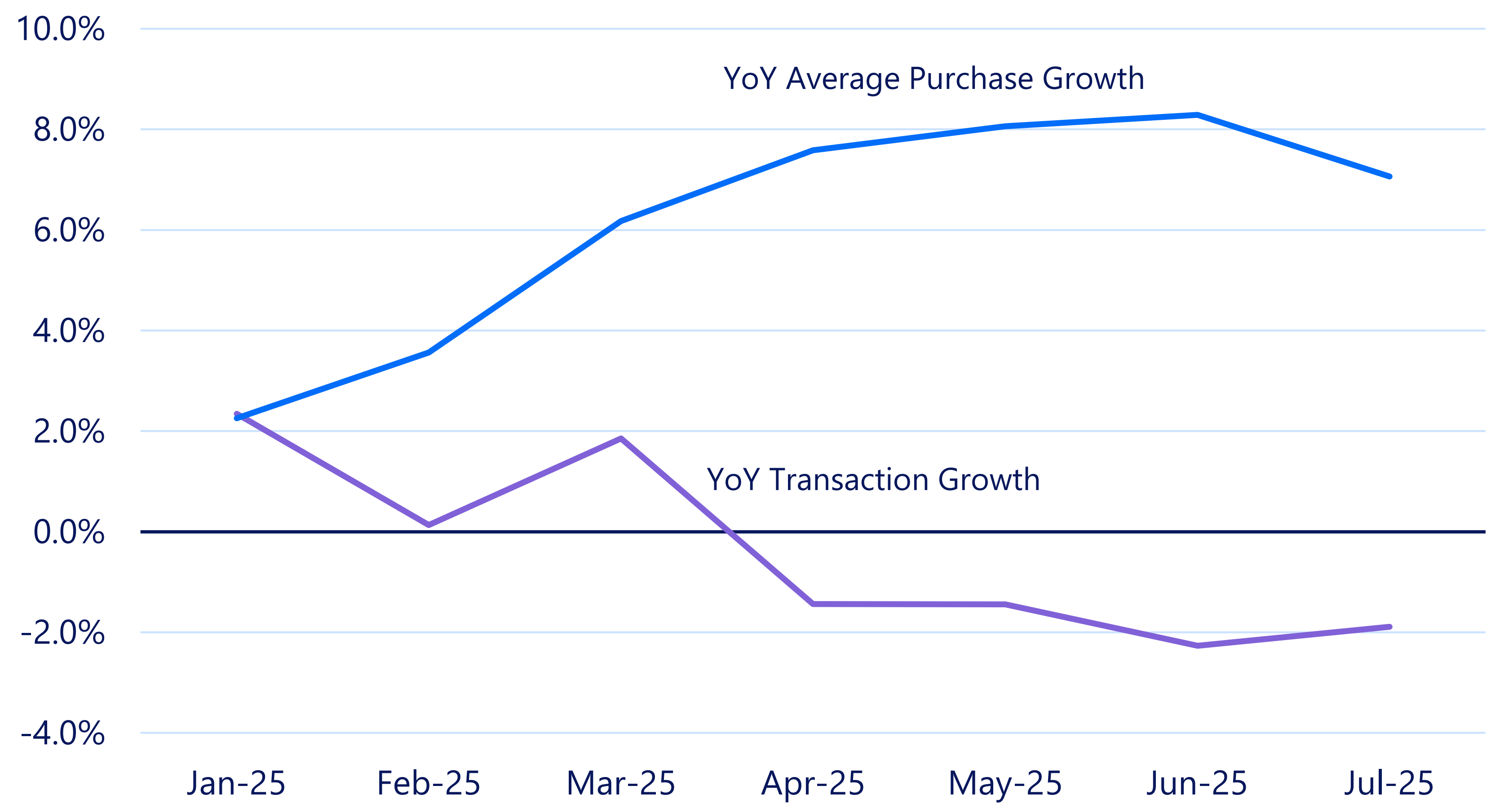
Streaming Services

- Debit transaction growth for audio and video Streaming Services remains positive, but has consistently slowed since March 2025, reflecting the challenge of retaining and attracting new customers in an environment with higher prices and economic uncertainty.
- Millennials consistently demonstrated the lowest Streaming Services account growth for 2025, with steadily declining growth – approaching zero – since March 2025.

YoY Streaming Services Debit Account Growth by Generation



Debit Growth for Streaming Services



Looking Ahead

While there is some evidence of shifting consumer behavior in certain discretionary spending categories, there have not been extreme changes. U.S. consumers continue to be resilient in their purchasing activity and are making small, individualized adjustments. With the increase in inflation for June and July partially attributable to tariff increases, we will continue to watch for changes in spending as the year unfolds.

Checking In: Amazon Prime Day

Photo source: jetcityimage - stock.adobe.com

This year, as in previous years, there was an Amazon Prime Day sale event – and other large retailers, namely Walmart and Target, followed suit with competing sales. Notably different this year was the timing. Starting with Amazon, the actual sale dates doubled from the traditional two to four days this summer, running from Tuesday, July 8, through Friday, July 11. Walmart and Target, which in 2024 both ran competing sales the week prior to the Amazon Prime Day event, ran their summer 2025 sales the same week as Amazon's. Walmart also increased the duration of its "Walmart Deals" sale from four days in 2024 to six days in 2025, running from Tuesday, July 8 – the same start date as Amazon – through Sunday, July 13. Target, keeping its seven-day sales event dubbed "Circle Week," ran its sale from Sunday, July 6, through Saturday, July 12.

To make the year-over-year comparisons relevant, we've compared Amazon's four-day event – expecting an increase in 2025 since the sale was twice as long – to the full week of the respective Walmart and Target sales. To make these three retailers look as similar as possible, we included Whole Foods sales with Amazon and excluded gasoline sales from Walmart.

For Amazon, credit purchases were up 3.2% and debit purchases were up 5.4% during the four-day sales period. For the full seven-day week, Amazon credit purchases were up 7.2% and debit purchases were up 7.6%. For Target, credit purchases were down 4.6% and debit purchases were down 2.2% of the seven-day sales period. For Walmart, credit purchases were up 6.8% and debit purchases were up 4.3% of the seven-day sales period.

Of each of the three retailers, only Walmart saw an increase in the average purchase amounts, with both credit and debit up 1.4%. Target had a decline of 1.7% on average credit purchases and a decline of 1.6% on average debit purchases. For Amazon, the average credit purchase was down 2.0% and the average debit purchase was down 0.9%, all compared to seven-day periods in 2024.

Prime Day Comparison - Transactions/Purchases

Amazon	Days	Comparison	Credit Transactions	Credit Purchases	Debit Transactions	Debit Purchases
2025 v 2024	4	Prime v Prime ^	↑ 6.5%	↑ 3.2%	↑ 8.3%	↑ 5.4%
	7	Week v Week ^	↑ 9.4%	↑ 7.2%	↑ 8.5%	↑ 7.6%

Target	Days	Comparison	Credit Transactions	Credit Purchases	Debit Transactions	Debit Purchases
2025 v 2024	7	Circle Week	↓ -2.9%	↓ -4.6%	↓ -0.6%	↓ -2.2%

Walmart	Days	Comparison	Credit# Transactions	Credit# Purchases	Debit# Transactions	Debit# Purchases
2025 v 2024	7	Walmart Deals#	↑ 5.4%	↑ 6.8%	↑ 2.9%	↑ 4.3%

^ Includes Whole Foods
# Excludes gasoline sales for Walmart

Average Purchase Amount - Year-Over-Year Week

	Amazon		Target		Walmart*	
	Credit	Debit	Credit	Debit	Credit	Debit
2025	$55.23	$44.61	$56.33	$45.88	$65.98	$61.79
2024	$56.35	$45.01	$57.32	$46.63	$65.07	$60.94
% Change	↓ -2.0%	↓ -0.9%	↓ -1.7%	↓ -1.6%	↑ 1.4%	↑ 1.4%

* Excludes Gasoline Sales

Photo source: jetcityimage - stock.adobe.com

Photo source: Mojahid Mottakin - stock.adobe.com

Opportunities to Act On: What Credit Unions Should Do Now

Get Your Credit and Debit Card Holiday Marketing Strategy In Motion

As the holiday season approaches, it is imperative to implement targeted campaigns that foster member engagement and drive portfolio growth. Velera's Portfolio Marketing & Communications offers two turnkey solutions designed for maximum impact, with enrollment deadlines by Sept. 1:

- Holiday Spend & Get: Encourages increased card usage by rewarding cardholders with cash rebates for qualifying purchases.
- Holiday Email Awareness Campaigns: Features tailored messaging around key holiday moments, including Black Friday/holiday shopping, Small Business Saturday, Cyber Monday and Giving Tuesday.

Reinvigorate Efforts to Grow Membership

With everyday expenses on the rise, consumers are actively seeking financial solutions that offer greater value. Credit unions are well-positioned to meet this need, providing more affordable borrowing options and competitive rates on savings products.

Initiate Proactive Member Engagement for Financial Support

Implement early outreach strategies to identify and connect with members facing emerging financial difficulties. Establish policies and procedures for loan modifications and other assistance programs to provide timely support. Utilize digital channels – including website, online banking and mobile messaging – to effectively communicate available resources and encourage member engagement.

Contact your Client Growth Executive for further details or to explore how Velera can support your credit union with these opportunities.

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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 August 2025 edition of the Velera Payments Index represents a total of 3.5 billion transactions valued at $176 billion of credit and debit card activity from August 2024 through July 2025.

About Velera

Velera 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, the Shared Branch network and 24/7/365 member support via its contact centers. For more information, visit velera.com.

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