

velera

PAYMENTS INDEX

Deep Dive: Travel

September 2025



In August, consumer spending growth remained consistent while consumer sentiment softened. Amidst job market concerns, the Federal Reserve cut interest rates for the first time in nine months on Sept. 17. In the September 2025 edition of the Velera Payments Index, we revisit a Deep Dive into the Travel sector, a discretionary spending category that has softened in 2025.

As a sign of the slowing economy, job growth in August was again much lower than anticipated by many economists, with 22,000 new jobs being reported. Job gains in healthcare were offset by declines in jobs in the federal government, mining, quarrying and oil/gas extraction. On Sept. 9, the U.S. Bureau of Labor Statistics (BLS) released the [current employment revision](#) for March 2025, detailing that the economy grew by 911,000 fewer jobs dating back to April 2024. This [much weaker view of the labor market](#) brings the average monthly growth in jobs for that period down to 70,000 from the previous 176,000 – showing drops in leisure and hospitality, retailing, professional and business services, and wholesale trade and manufacturing.

This downward revision increased pressure on the Federal Reserve for interest rate

Performance Snapshot: August 2025

Market/Economic Variables

97.4
Consumer Confidence Index
↓ Change 1.3 points

55.4
U of M Index of Consumer Sentiment
↓ Change 2.8 points

2.9%
Consumer Price Index
↑ Change 0.4%

3.1%
Core CPI (excl. Food/Energy)
↑ Change 0.3%

22,000
BLS/Job Growth
↓ Change 53,000

4.3%
Unemployment Rate
↑ Change 0.10%

4.00-4.25%
Federal Reserve Interest Rate
↓ Change 0.25%

Payments Index Growth

Purchases

2025 v 2024

Credit
↑ **1.9%**

Debit
↑ **5.3%**

2024 v 2023

Credit
↓ **0.8%**

Debit
↑ **6.2%**

Transactions

2025 v 2024

Credit
↑ **2.2%**

Debit
↑ **3.6%**

2024 v 2023

Credit
↑ **1.3%**

Debit
↑ **4.2%**



reductions, resulting in a quarter-point reduction in September and signaling the possibility of further reductions in the two remaining meetings of 2025. The [BLS](#) reported that the overall unemployment rate for July marginally increased to 4.3%, or 7.4 million people.

Inflation rose in August by 0.4%, per the Labor Department's Sept. 11 update. The [Consumer Price Index \(CPI\)](#) cumulative 12-month rate of inflation through August is 2.9%, with Shelter having the largest impact on the August results. The Energy index increased by 0.7% for the month, with increases in the Gasoline index. Core CPI, which excludes the Food and Energy sectors, increased by 0.3% in August as it did in July, bringing the 12-month Core CPI to 3.1%. Increases in Core CPI were seen in airline fares, used cars and trucks, apparel and new vehicles. With evidence of rising inflation, the impact of tariffs is slowly materializing in consumer prices. [Grocery prices](#) increased 0.6%, the largest monthly jump in the past three years, with heavily imported items showing greater increases. Coffee prices, with half of the U.S. imports coming from Brazil, are up 20% year over year, with Brazilian imports subject to a 50% tariff.

The September 2025 University of Michigan [Index of Consumer Sentiment](#) decreased by 2.8 points, or 5%, compared to August, finishing at 55.4. The drop is strongest amongst middle- and lower-income consumers. Consistent from August, over half of surveyed consumers provided unaided commentary on tariffs. For the [Consumer Confidence Index](#), consumer sentiment dropped slightly for August, down 1.3 points to 97.4. For the eighth consecutive month, there is a decline in consumers' assessment of current job availability, contributing to the lower score and offset by stronger expectations for future business conditions.

There are two remaining Federal Open Market Committee (FOMC) meetings in 2025, with the next concluding on Oct. 29. Fed Chair Jerome Powell has implied the [possibility of additional rate reductions](#) in October and December.



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"As inflation persists and job growth slows, we're seeing a clear shift in how consumers prioritize spending – especially in discretionary categories like Travel. While debit and credit activity showed modest gains overall in August, Travel purchases continued to decline for the second consecutive year, with Airlines and Lodging leading the pullback. These patterns reflect growing caution among consumers navigating higher prices and economic uncertainty. For credit unions, this is a critical moment to stay connected to member needs and deliver value through flexible, responsive financial solutions."

Norm Patrick
VP, Advisors Plus

Key Takeaways for August 2025

- Growth in debit remained consistent and improved in credit activity in August. Debit purchases were up 5.3%, with the Goods, Money Services and Restaurant sectors contributing to more than 80% of the growth. Credit purchases were up 1.9%, with the Goods, Restaurant and Grocery sectors accounting for the entire increase. For August, debit transactions were up 3.6% and credit transactions were up 2.2%.
- The Federal Reserve's announcement of a quarter-point interest rate reduction has been long-awaited, especially with much weaker job growth updates: August added 22,000 new jobs, while the BLS reduced its current employment revision by 911,000. Fed Chair Jerome Powell signaled two possible further reductions in October and December.
- The 12-month cumulative CPI through August increased to 2.9%, with a 0.4% increase in August. Once again, the Shelter index accounted for most of the monthly increase. Core inflation, which excludes Food and Energy, was up 0.3% to 3.1% for August – the same rate of increase as July.
- Travel Purchases for credit and debit were down for the second consecutive year, in stark contrast to the post-COVID boon previously experienced in this discretionary spending category. Year-to-date credit purchases in the Travel sector were down 4.7% and debit purchases were down 1.5%. The largest contributors to the drop in both credit and debit travel purchases were Airlines and Lodging (Hotel/Motel).

Credit and Debit Cards

Credit card growth maintained an upward trajectory, while debit growth – though solid – experienced a slight slowdown in both month-over-month and year-over-year comparisons. In August 2025, credit card growth rates measured 2.2% year over year for transactions and 1.9% for purchases. For debit, transactions increased 3.6% and purchases rose 5.3%. Across both payment types, growth in non-discretionary spending continued to outpace discretionary spending. While both Saturday and Sunday of the Labor Day holiday weekend fell in August this year – compared to only Saturday in 2024 – adding an extra day to the August reporting window appears to have provided more of a year-over-year lift to credit spending than to debit.

Within credit, the Goods sector remained the primary growth driver, accounting for 55% of purchase growth and 45% of transaction growth. Variety Stores posted the strongest gains, with purchases up 34% and transactions up 26%. Other notable increases came from Discount Stores (+5.1% and +3.2%) and Bookstores/Amazon (+4.8% and +2.8%). Overall, the Goods

sector posted a 3% year-over-year increase in both purchases and transactions. The second-largest contributor was the Restaurants sector, responsible for 27% of growth in both measures – driven largely by Fast Food, which rose 7.2% in purchases and 3.9% in transactions. In total, Restaurants posted year-over-year gains of 5% in purchases and 3% in transactions.

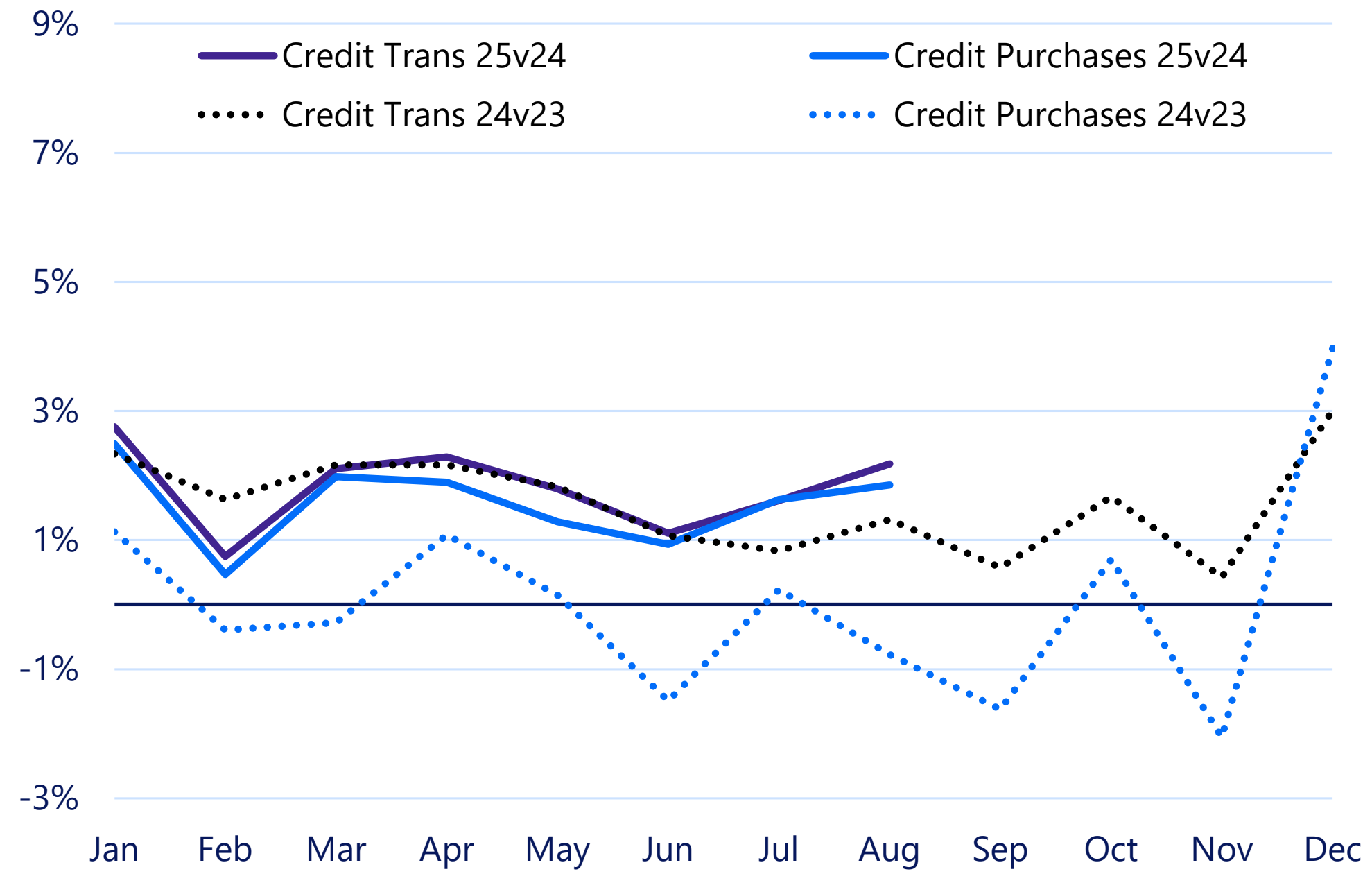
For debit activity, the Goods sector was also the largest growth contributor, responsible for 40% of purchase growth and 39% of transaction growth. The strongest merchant performance came from Miscellaneous & Specialty Retail Stores (+15.3% and +7.1%), followed by Bookstores/Amazon (+10.1% and 8.6%) and Discount Stores (+6.5% and 5%). Collectively, the Goods sector advanced 8% in purchases and 6% in transactions compared to the prior year. The Money Services and Restaurants sectors also made notable growth contributions, with the latter driven by Eating Places/Restaurants (+6.3% and +2.5%). Overall, the Restaurants category grew 7% for purchases and 3% for transactions.

Month of August

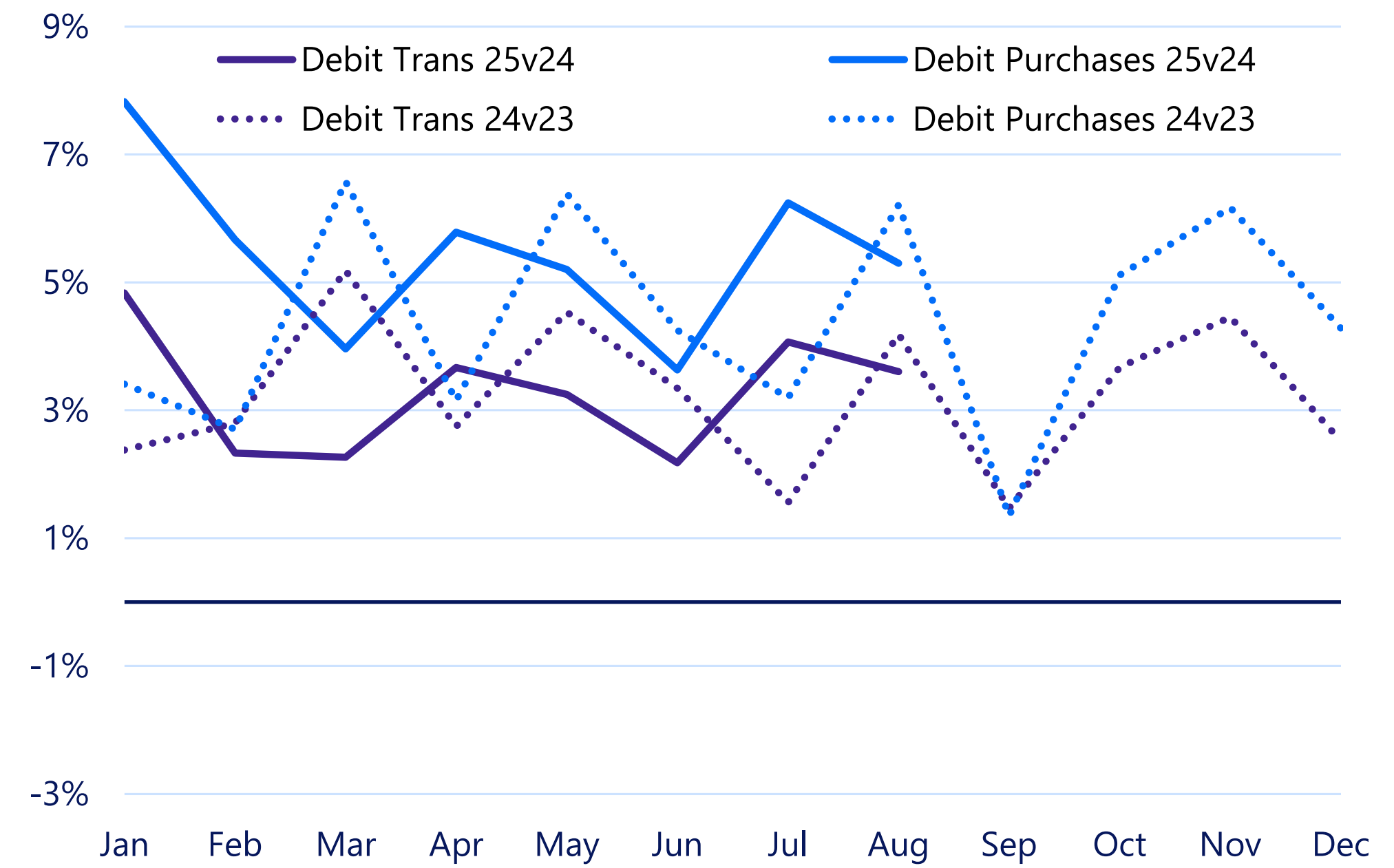
	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2025 v 2024	↑ 2.2%	↑ 1.9%	↑ 3.6%	↑ 5.3%
2024 v 2023	↑ 1.3%	↓ 0.8%	↑ 4.2%	↑ 6.2%



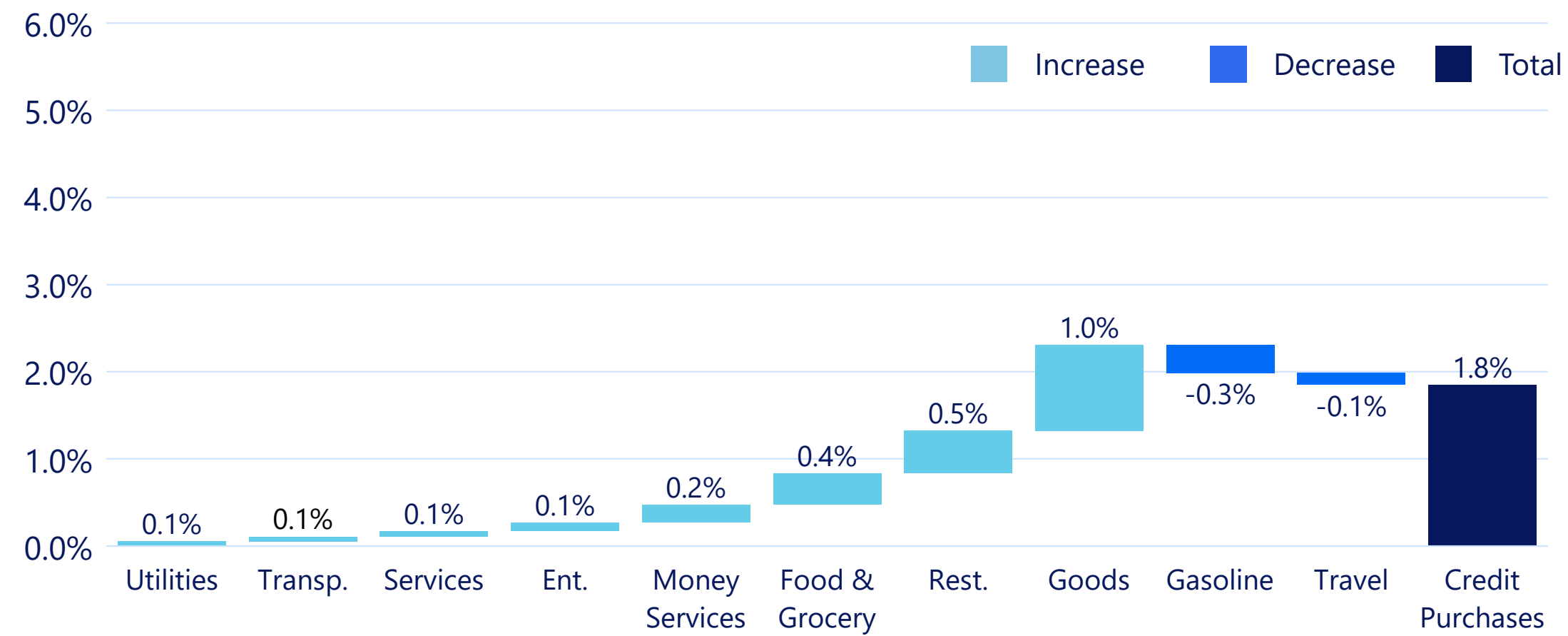
Credit



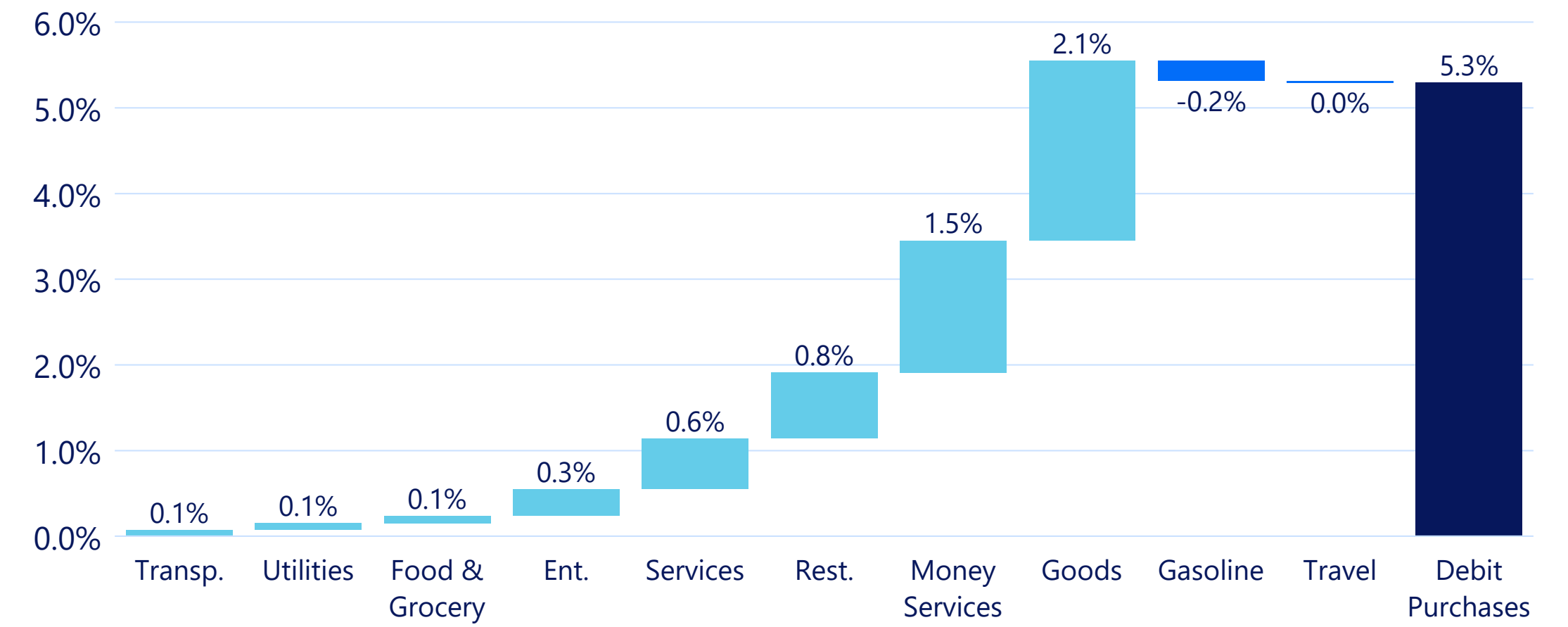
Debit



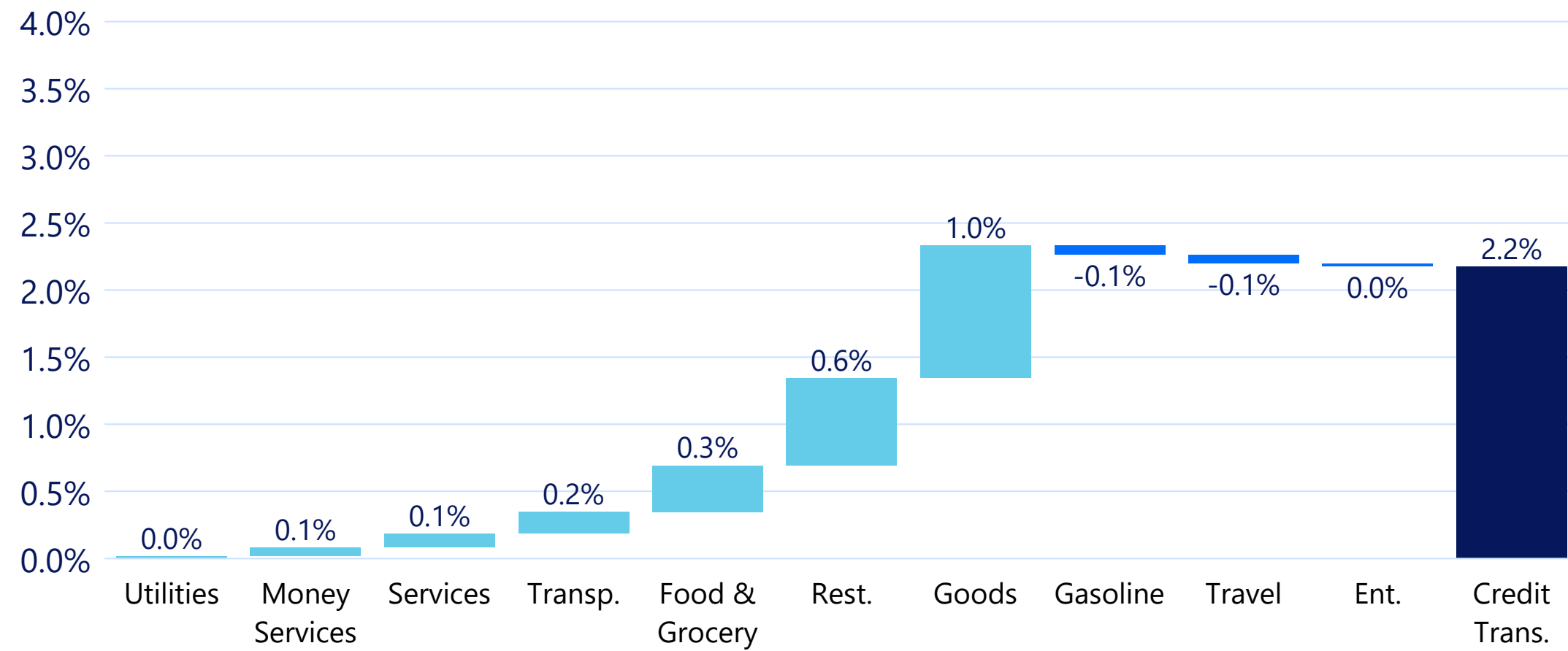
Sector Contributions to Growth in Credit Purchases: August



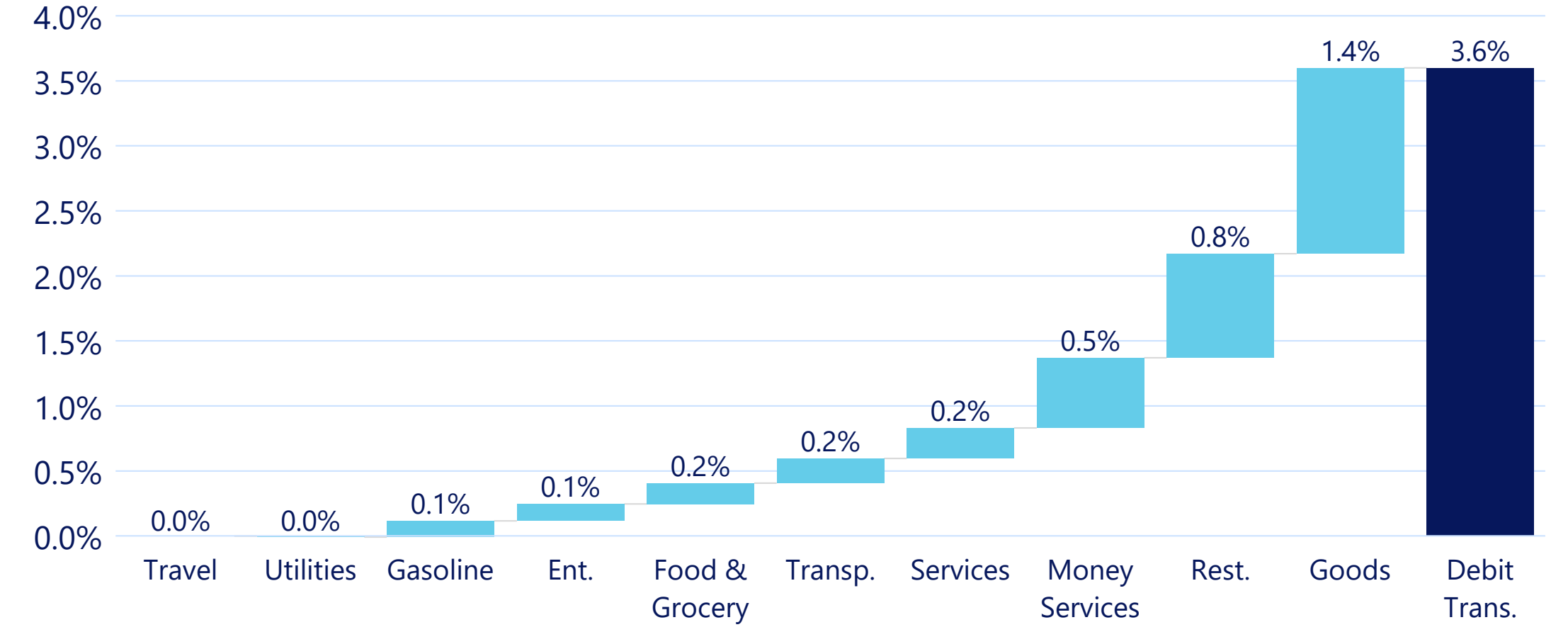
Sector Contributions to Growth in Debit Purchases: August



Sector Contributions to Growth in Credit Transactions: August



Sector Contributions to Growth in Debit Transactions: August



Deep Dive: Travel

For this month’s Deep Dive into the Travel sector, we focus mainly on the growth year to date through August. Like our previous Deep Dive in this sector, growth has slowed. Through August 2025, credit purchases in the Travel sector were down 4.7% and debit purchases were down 1.5%. The largest contributors to the drop in both credit and debit travel purchases were Airlines and Lodging (Hotel/Motel). Overall, credit and debit Travel transactions were down 5.1% and 1.2%, respectively, year over year.

While growth in most Travel sub-categories was down compared to 2024, one similarity to last year’s Deep Dive is continued growth for Cruise Lines. Year to date through August, credit purchases with

Cruise Lines were up 1.2% and debit purchases were up 4.7%. However, transaction growth for Cruise Lines was down 3.2% for credit and up 3% for debit, signaling the impact of higher prices on purchase growth.

Airlines, which represent the second-largest sub-category within Travel purchases, have experienced a year-to-date drop in growth in our Velera data. Through August, Airline credit purchases were down 8.4% and Airline debit purchases were down 6.2%. Transactions were also down year to date. Credit Airline transactions were down 8.6% and debit Airline transactions were down 6.4% compared to 2024. We again examined the performance of U.S.-based airlines

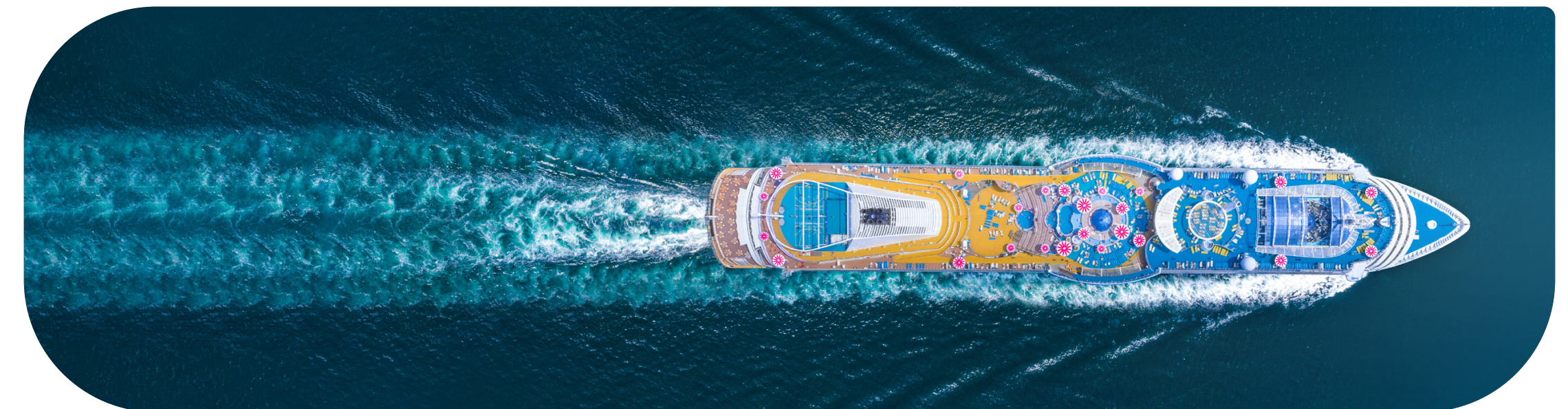
separately from non-U.S.-based airlines. The top three U.S. airlines based on purchase dollars are American Airlines, Delta and Southwest. The non-U.S.-based carriers are British Airways, Air Canada and Air France. It is important to note that U.S.-based carriers may include international destinations, and this is simply a way to group the airlines based on the location of each carrier.

Within this airline breakout, transactions and purchases were down year over year for both U.S. and non-U.S. carriers overall; however, growth in purchases for non-U.S.-based airlines continues to outperform growth in purchases for U.S.-based carriers throughout the year and began seeing positive growth for July and August 2025.

We recognize that growth activity within this sector can be affected by shifting consumer payment preferences, including Buy Now, Pay Later (BNPL). Based on comparing the spend mix by sub-category within Travel, we don’t see a substantial shift in year-to-date August 2025 purchases compared to the same period in 2024. We monitor BNPL activity when Velera-processed payment cards are used as the payment source for other consumer purchases and will continue to monitor BNPL vendors, including travel-specific vendors like Uplift.

Travel Sector Growth – Year to Date 2025 through August

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2025 v 2024	↓ 5.1%	↓ 4.7%	↓ 1.2%	↓ 1.5%
2024 v 2023	↓ 2.3%	↓ 3.5%	↑ 0.8%	↓ 1.0%



Deep Dive: Travel

Travel Sector Growth – Year to Date 2025 through August

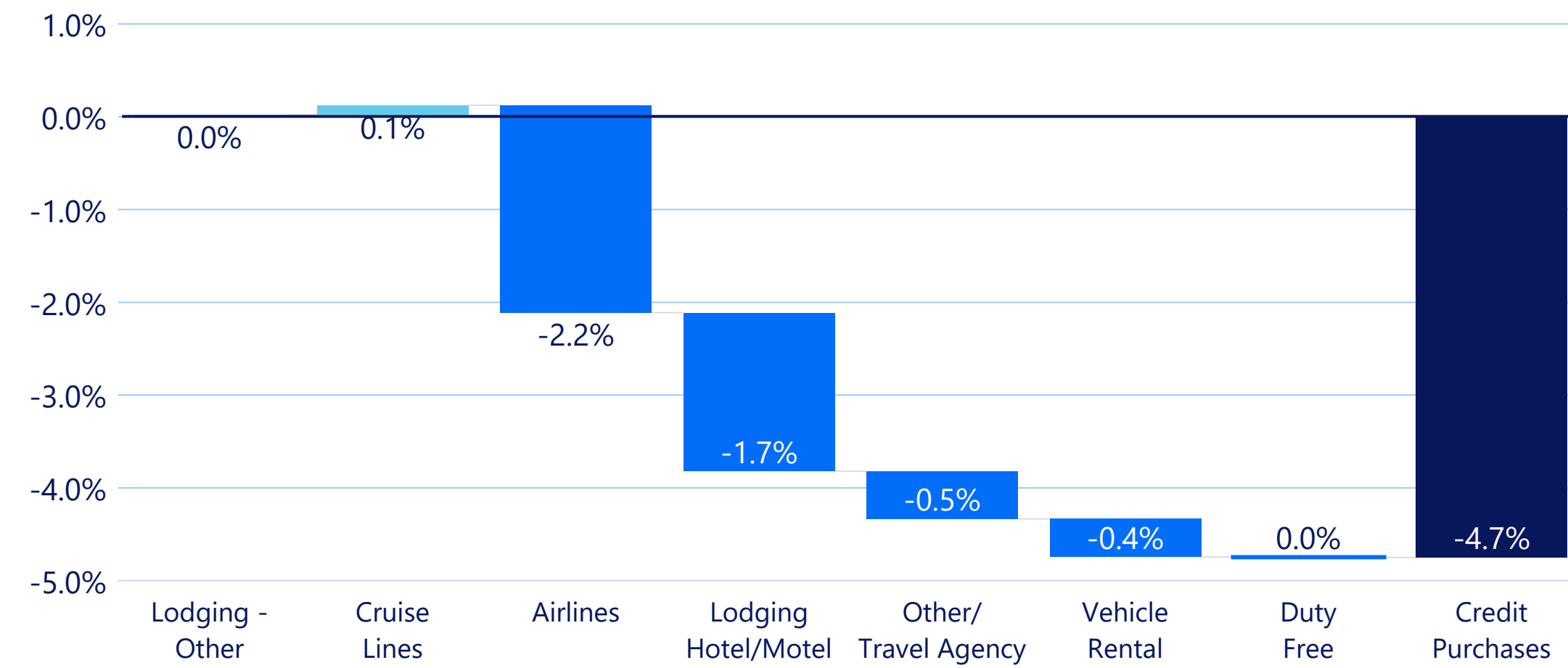
	Credit			Debit		
	Transactions	Purchases	Average Purchase	Transactions	Purchases	Average Purchase
Travel Overall	↓ -5.1%	↓ -4.7%	\$344	↓ -1.2%	↓ -1.5%	\$213
Airlines	-8.6%	-8.4%	\$300	-6.4%	-6.2%	\$195
Cruise Lines	-3.2%	1.2%	\$893	3.0%	4.7%	\$507
Duty Free	-1.4%	-1.4%	\$77	2.6%	6.9%	\$60
Lodging - Hotel/Motel	-4.8%	-5.2%	\$310	-0.8%	-2.2%	\$187
Lodging - Other	2.7%	0.7%	\$286	3.6%	3.5%	\$185
Other/Travel Agency	-2.6%	-2.5%	\$495	1.6%	0.7%	\$310
Vehicle Rental	-3.0%	-5.0%	\$251	1.4%	0.1%	\$172

Deep Dive: Travel

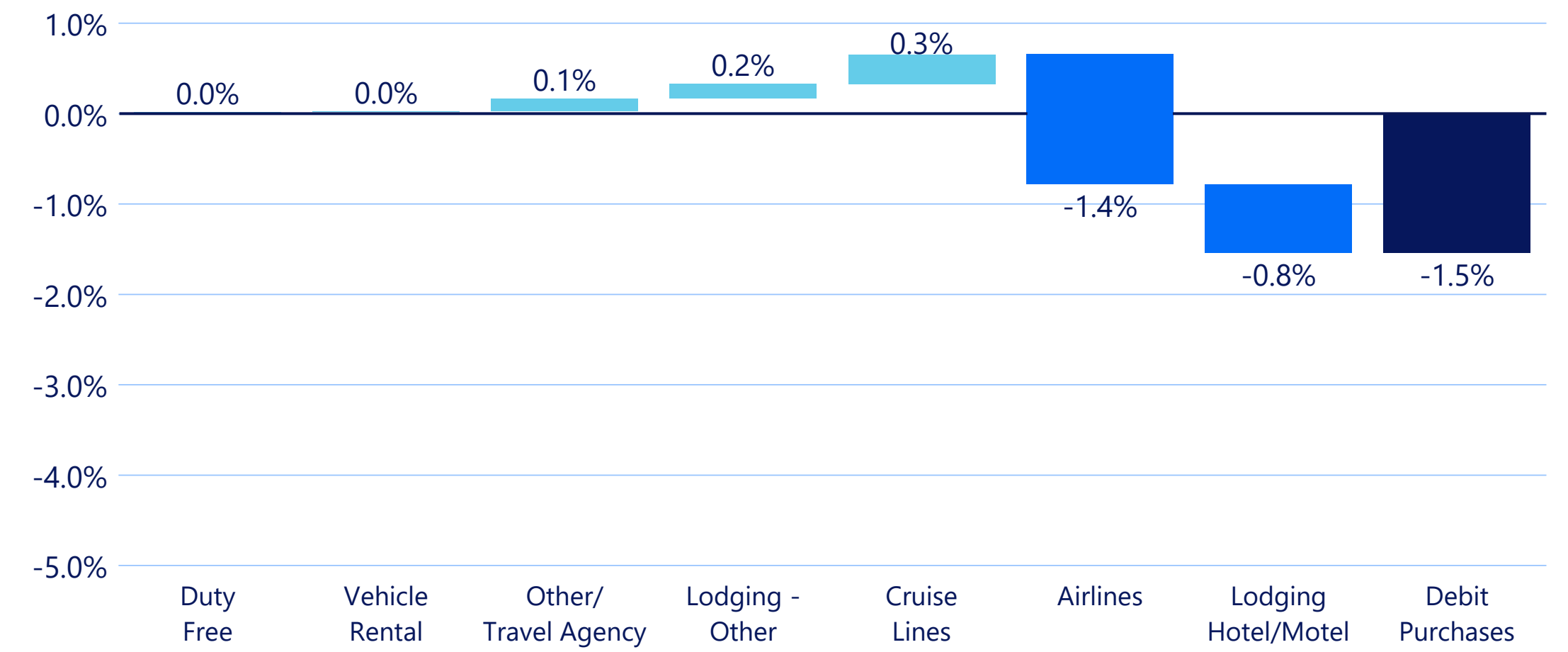
Travel Sector Purchase Growth – Year to Date 2025 through August

■ Increase ■ Decrease ■ Total

Sector Contributions to Growth in Credit Travel Purchases – Year to Date August



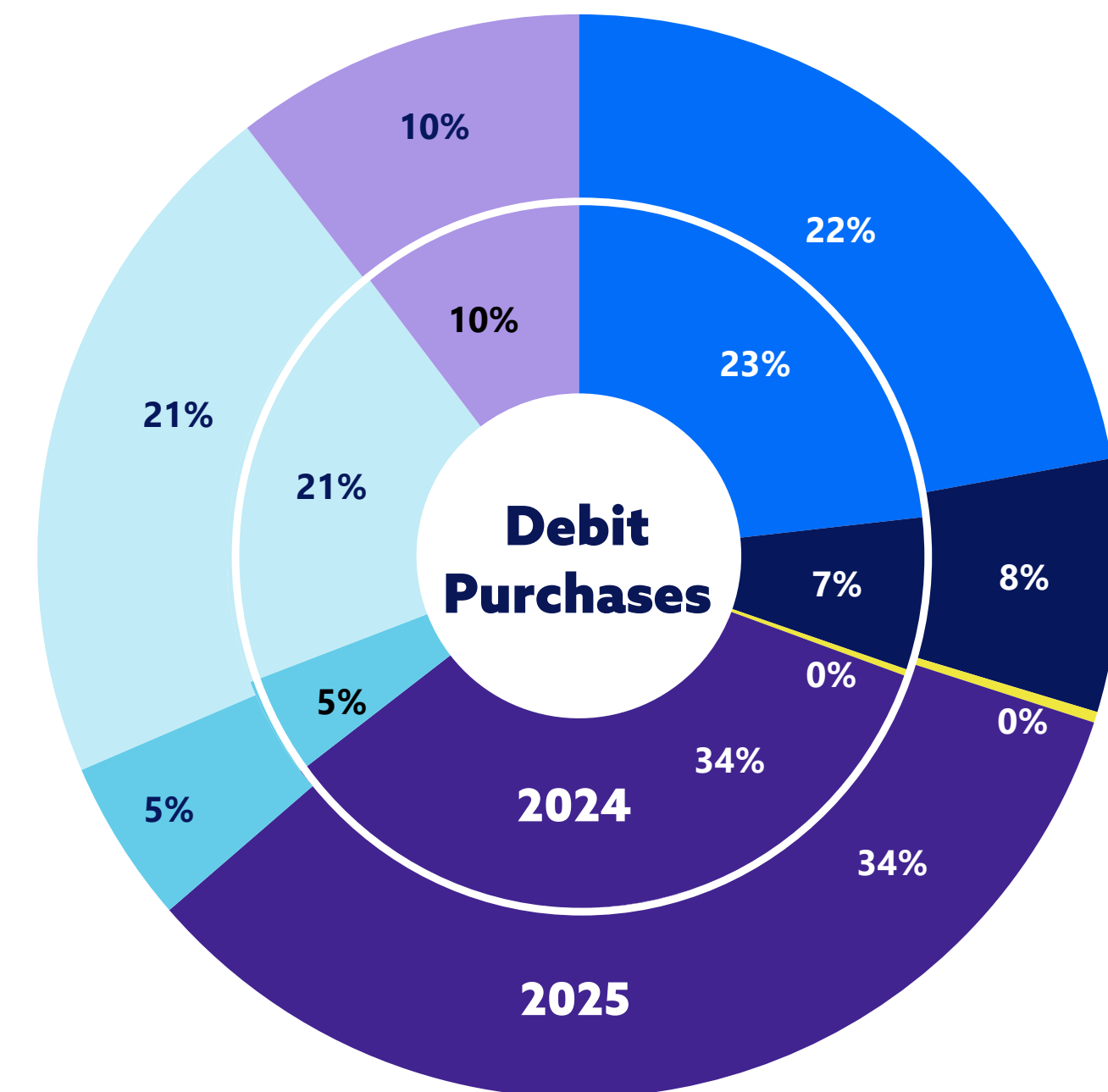
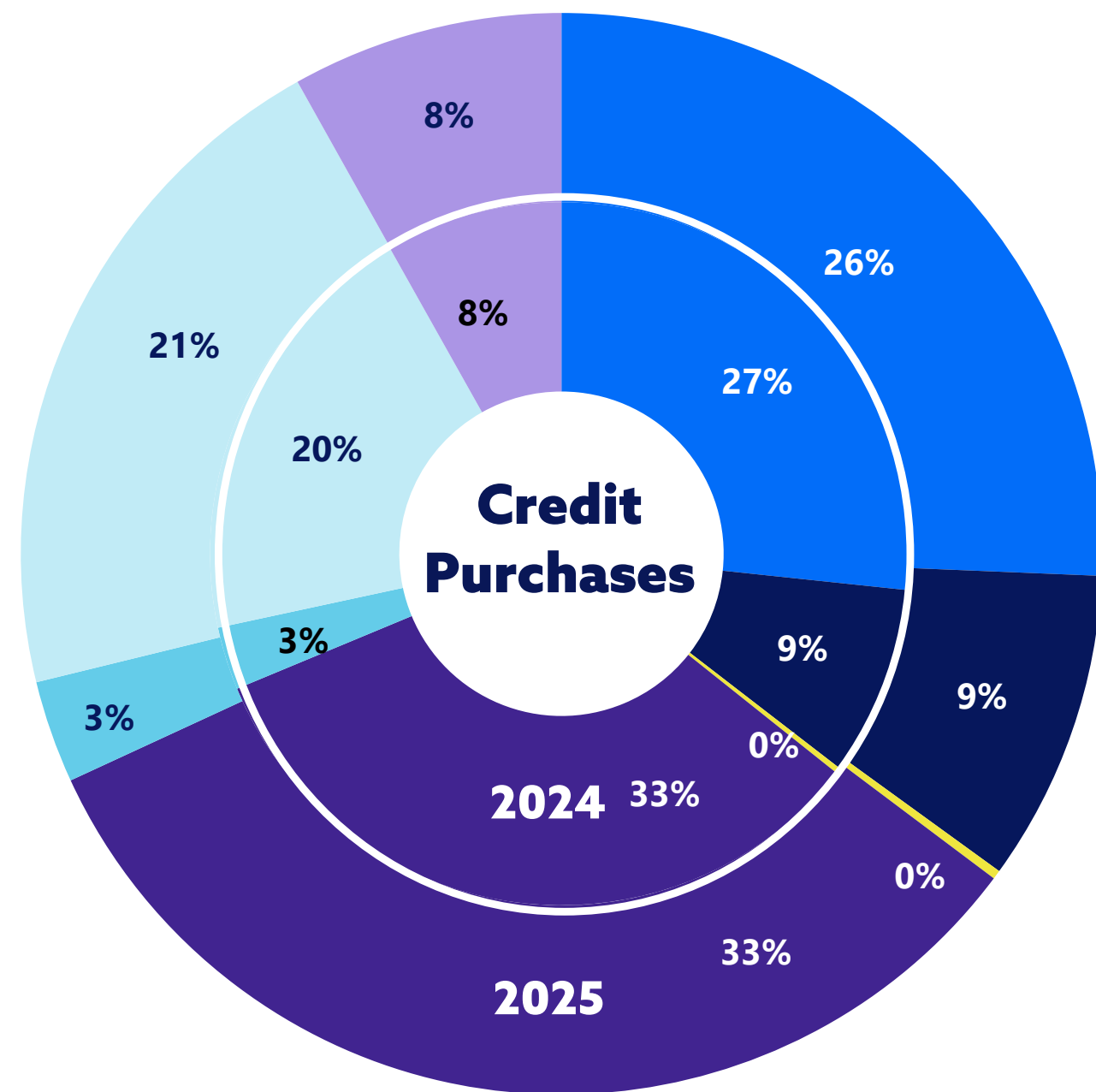
Sector Contributions to Growth in Debit Travel Purchases – Year to Date August



Deep Dive: Travel

Category Contributions to Travel Sector – Year to Date 2025 through August

- Airlines
- Cruise Lines
- Duty Free
- Lodging - Hotel/Motel
- Lodging - Other
- Other/Travel Agency
- Vehicle Rental

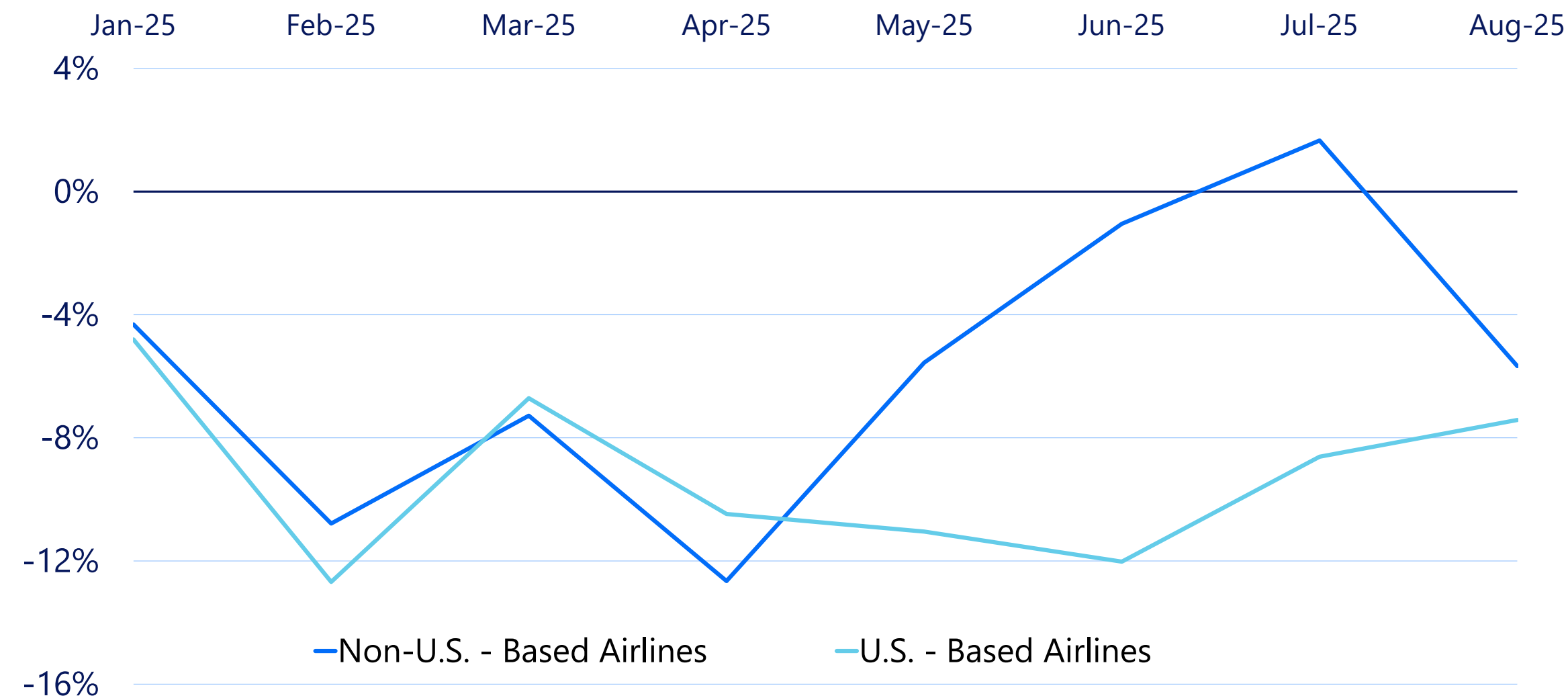


Deep Dive: Travel

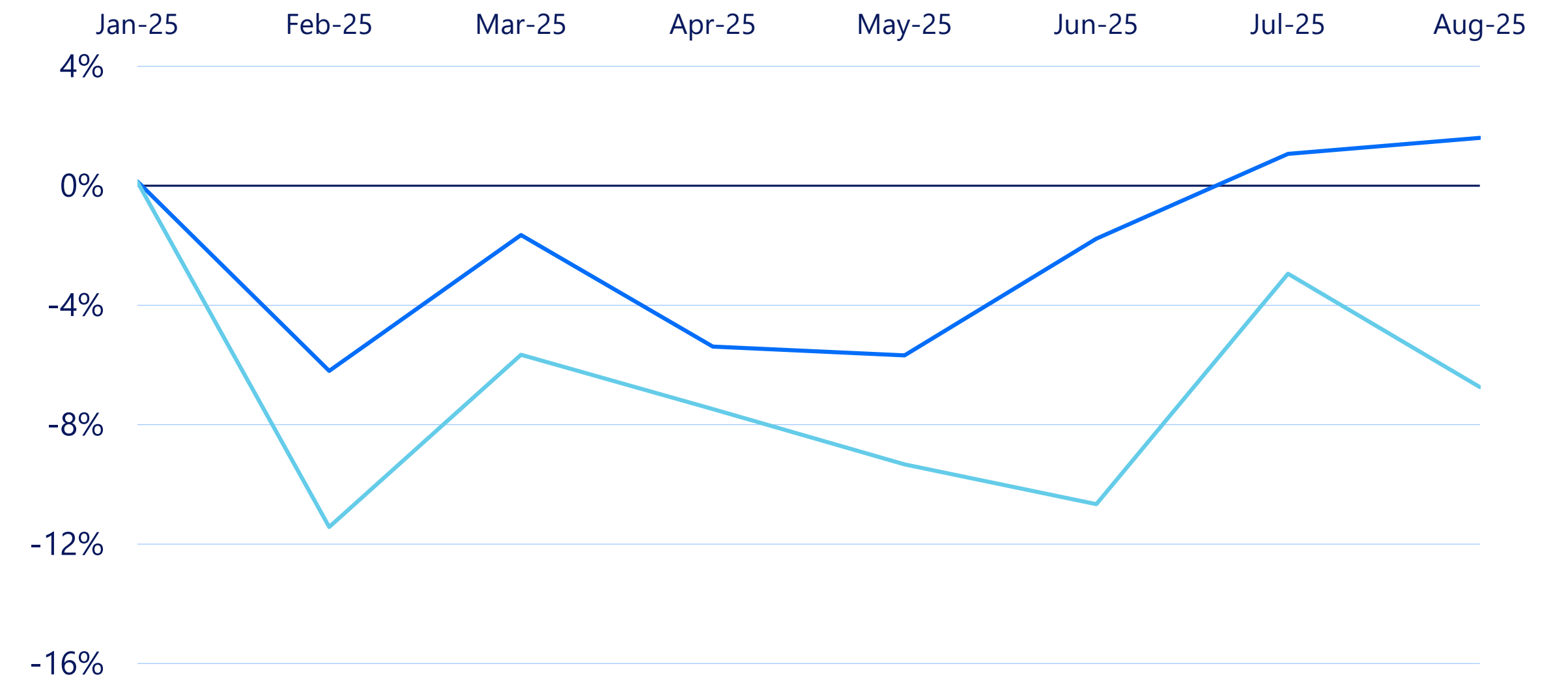
Growth in Airline Activity - 2025 Year to Date through August

	Credit			Debit		
	Transactions	Purchases	Average Purchase	Transactions	Purchases	Average Purchase
Airlines Overall	↓ -8.7%	↓ -8.4%	\$300	↓ -6.2%	↓ -6.1%	\$195
U.S.- Based Airlines	-9.4%	-9.2%	\$270	-7.3%	-6.9%	\$181
Non-U.S. - Based Airlines	-5.2%	-5.9%	\$458	2.4%	-2.3%	\$294

Growth in Credit Purchases - U.S.-Based Airlines and Non-U.S.-Based Airlines



Growth in Debit Purchases - U.S.-Based Airlines and Non-U.S.-Based Airlines



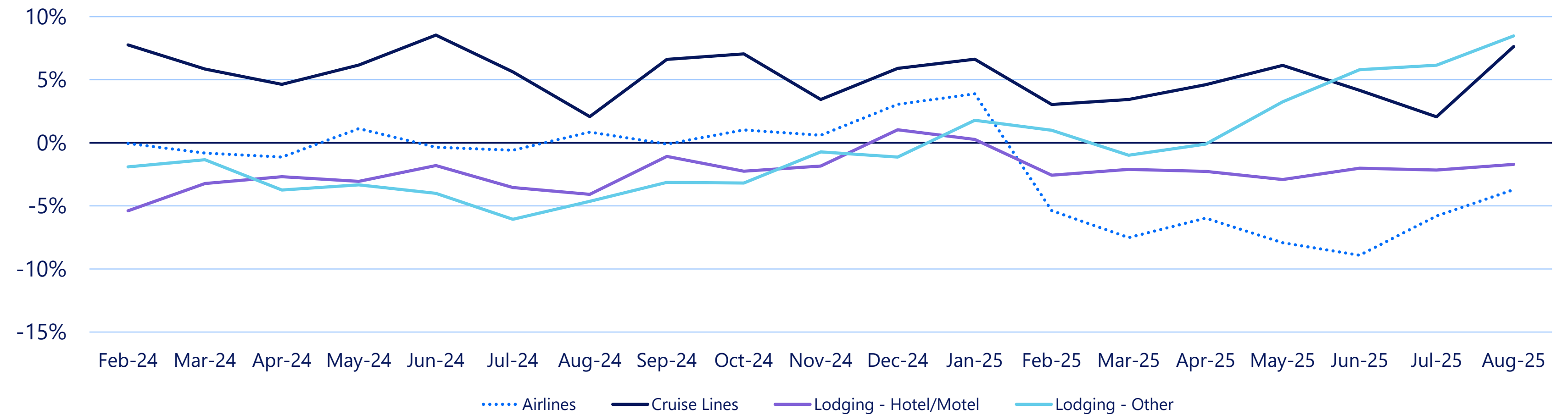
Travel Categories

Additionally, for this Travel Deep Dive, we examined credit and debit monthly growth trends by leading travel categories and generational segments since the start of 2024.

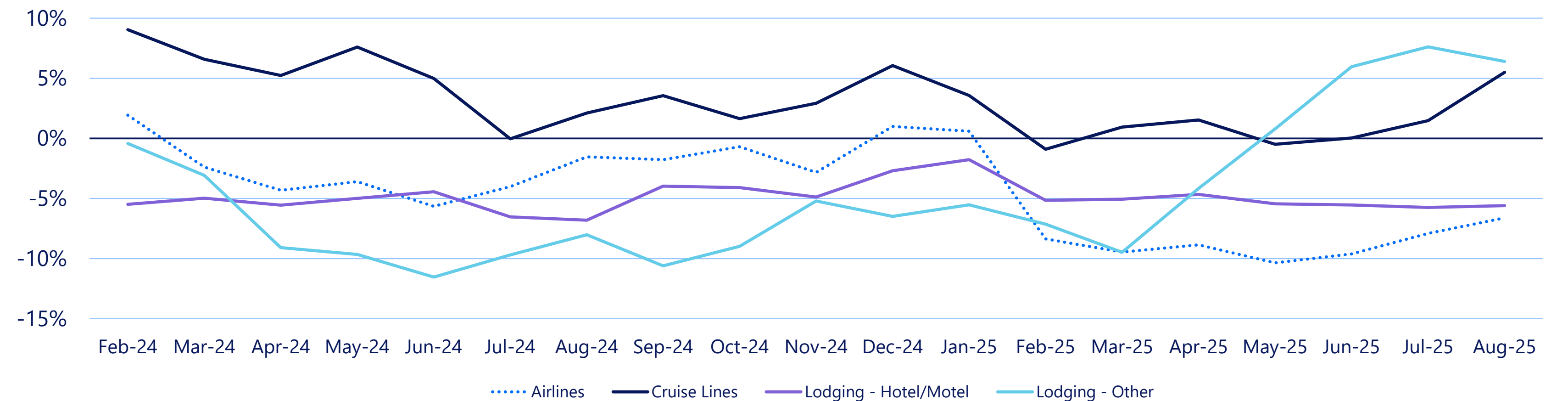
- Cruise Lines have experienced consistently positive debit and credit purchase growth over the last 20 months; however, there has been some volatility, with growth fluctuating between zero and ten percent.
- Debit and credit purchase growth for Airlines dropped abruptly to -12.2% and -10.5%, respectively, in February 2025 and has failed to recover thus far.



Year-Over-Year Debit Purchase Growth by Travel Category



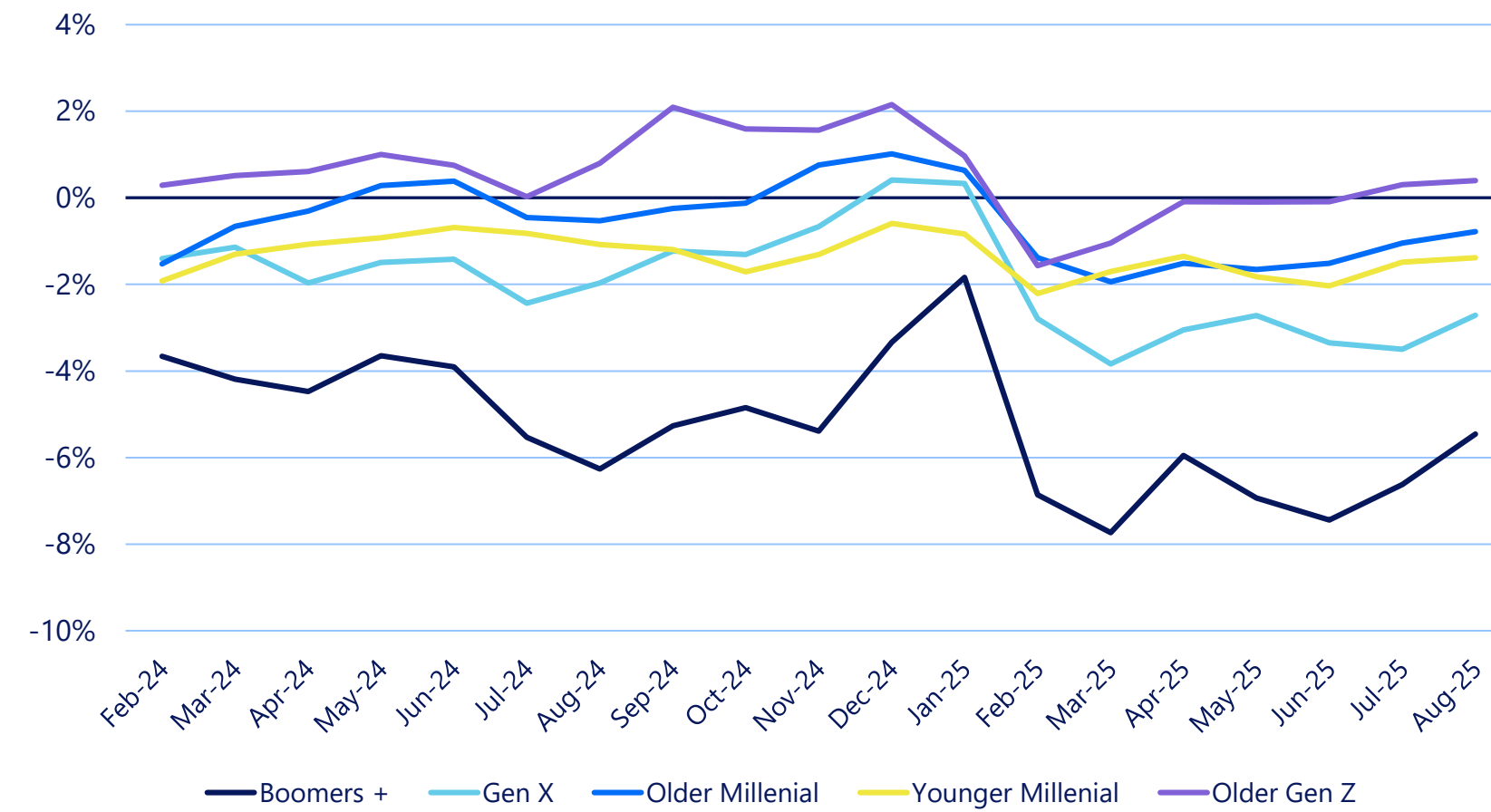
Year-Over-Year Credit Purchase Growth by Travel Category



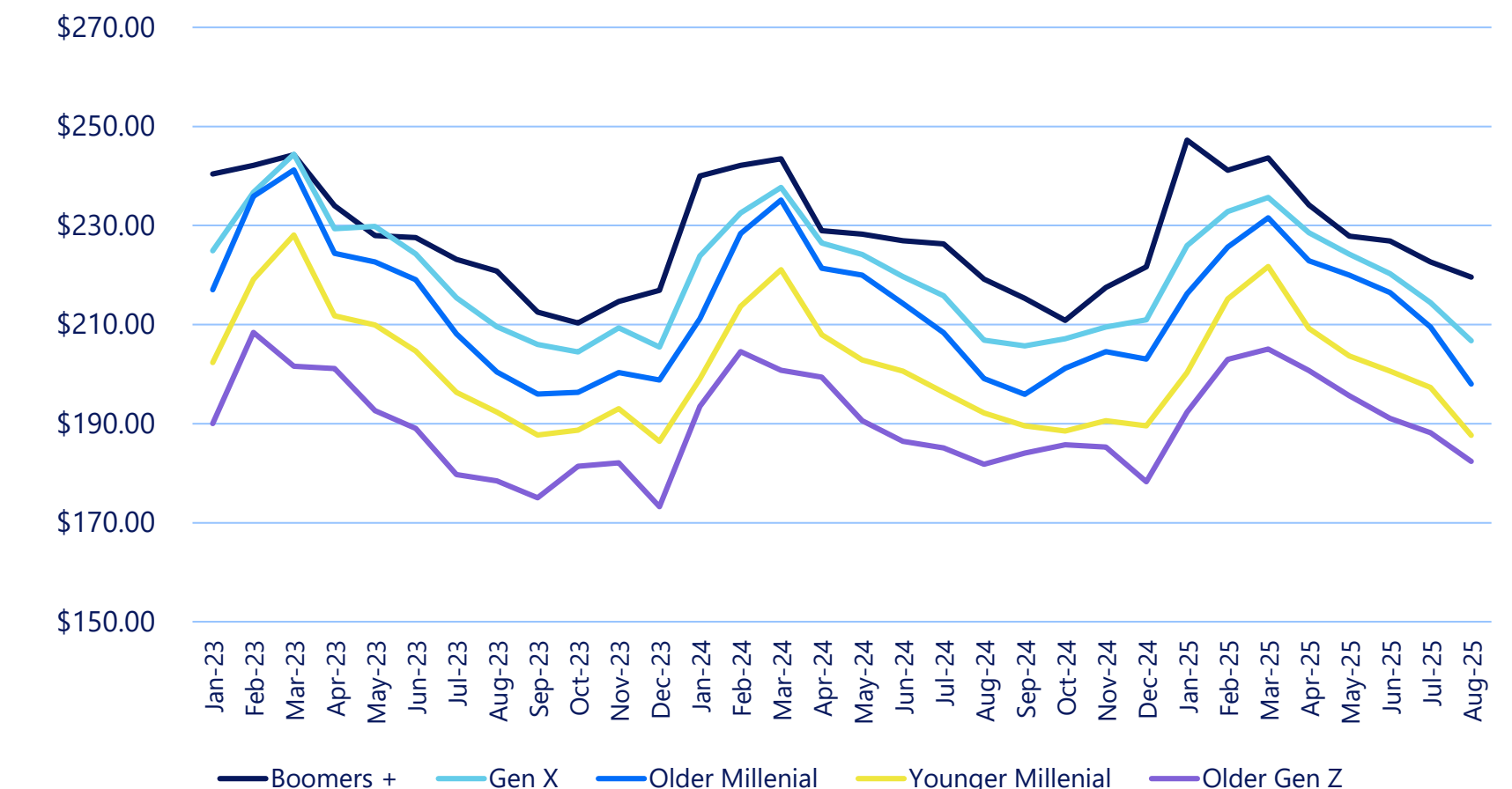
Travel by Generation

- The youngest generational segment represented, Gen Z, appears to be the least impacted overall by the recent downturn in travel spending. This is driven by a richer purchase mix within higher growth categories, such as Cruise Lines, and less reluctance on the Lodging - Hotel/ Motel category, which has experienced consistent negative purchase growth for debit and credit over the last 20 months.
- The average purchase for Travel appears to behave seasonally across generational segments, peaking early in the year and dropping to its lowest point in the fall. Notably, Boomers+ and Gen Z consistently demonstrated the highest and lowest average purchase for Travel, respectively.

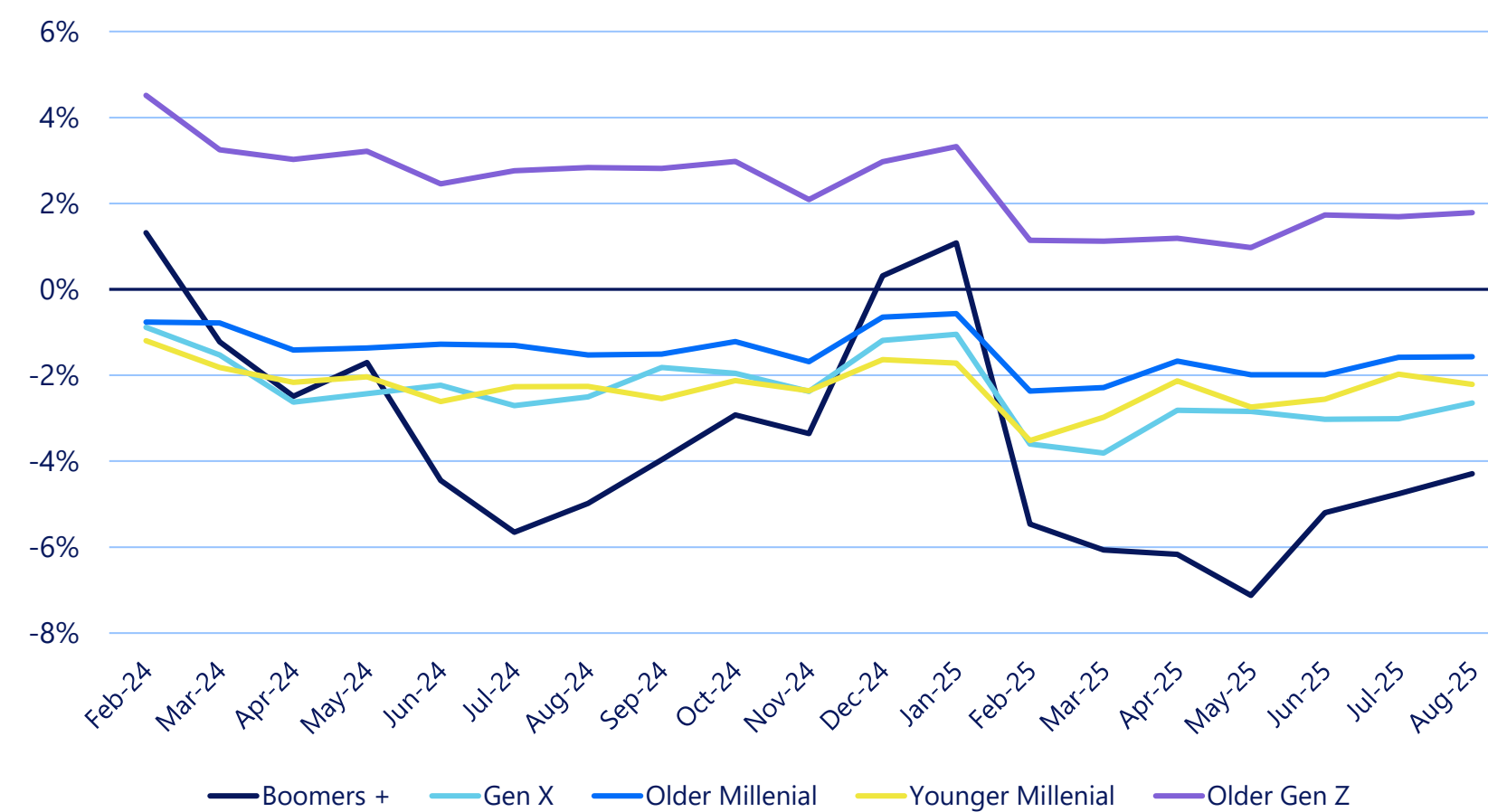
Year-Over-Year Debit Purchase Growth by Generation



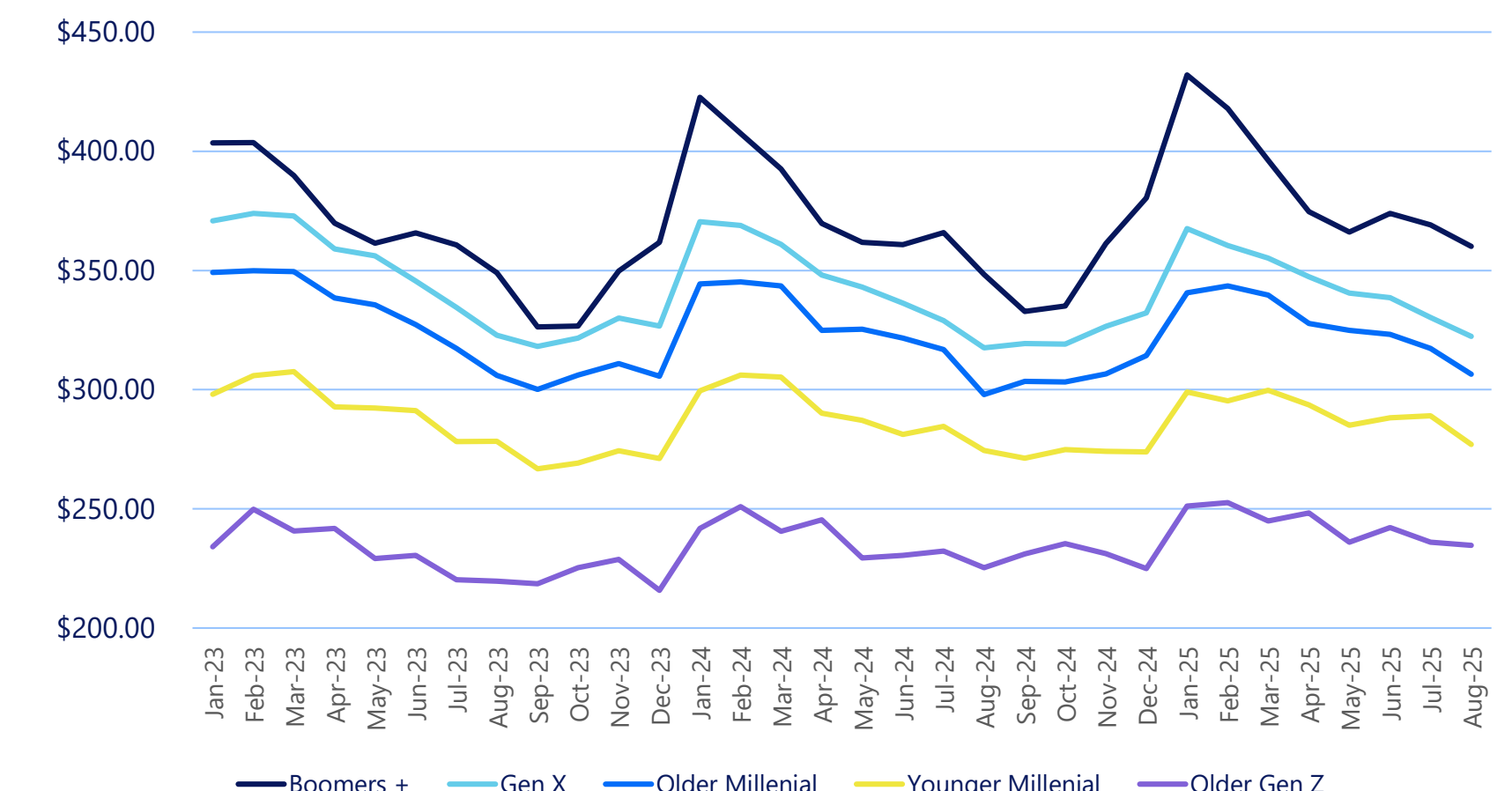
Year-Over-Year Debit Average Purchase by Generation



Year-Over-Year Credit Purchase Growth by Generation



Year-Over-Year Credit Average Purchase by Generation



Opportunities to Act On: What Credit Unions Should Do Now

In today's economic environment, consumer purchase behavior is shifting in ways that directly impact card portfolio performance. To address these realities, credit unions must protect revenue streams and capture new growth opportunities. The following recommendations outline actionable steps to strengthen portfolio resilience, deepen member relationships and plan for sustained financial performance.



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



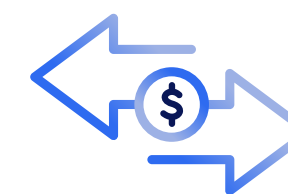
Safeguard Interchange Revenue Amidst Shifting Spending Patterns

With higher average transaction amounts and positive interchange rates, the slowdown in Travel spending could pressure interchange income. Counter this by driving new account growth and focusing promotional campaigns on resilient, high-interchange categories. Maintaining a responsive, analytics-led approach will help preserve revenue.



Drive Account Growth And Financial Performance with Digital Origination

Deliver fast, secure, mobile-first lending that generates new accounts and fuels profitability. With instant applications, real-time approvals and immediate digital card access, spend can be captured from day one. Partnering with a fintech CUSO like Velera enables the launch of a seamless origination experience that meets members' expectations. Discover how First South Financial CU leveraged Velera's Origination Solutions in our latest [case study](#).



Enhance Card Portfolio Performance with Post-Holiday Balance Transfers

Implement a Convenience Check Balance Transfer campaign to strengthen retention, build loyalty, grow balances and create income opportunities. A competitive low-rate offer delivers meaningful savings for members while supporting revenue growth. Maximize results by making it easy to transfer balances – through checks, digital channels or over the phone. Enroll in Velera's Portfolio Marketing & Communications Post-Holiday Convenience Check Balance Transfer Campaign by Oct. 1.



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 September 2025 edition of the Velera Payments Index represents a total of 3.5 billion transactions valued at \$177 billion of credit and debit card activity from September 2024 through August 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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