

velera

# PAYMENTS INDEX

October 2025

In September, consumer spending growth remained consistent despite subdued consumer sentiment. At the time of publication, the federal government has been shut down since Oct. 1, impacting roughly 750,000 employees who are either furloughed or deemed “essential workers” required to work without pay. Government reporting on various economic indicators, job growth, unemployment and inflation is paused until those workers return to work. In our October 2025 edition of the Velera Payments Index, we present our quarterly metrics update, which includes credit card balances, delinquencies and mobile wallet activity.

The October 2025 University of Michigan Index of Consumer Sentiment remains virtually unchanged from September, with a slight decrease from 55.1 to 55.0. This month’s index is more positive than anticipated, but it also indicates that consumers perceive very few changes in the economic outlook from last month. For the Consumer Confidence Index, consumer sentiment declined in September, down 3.6 points to 94.2. Consumers’ assessment of both business conditions and current job availability declined for the month. It is now the ninth consecutive month of declining sentiment on job openings. From

## Performance Snapshot: September 2025

### Market/Economic Variables

**94.2**  
**Consumer Confidence Index**  
 ↓ Change 3.6 points

**55.0**  
**U of M Index of Consumer Sentiment**  
 ↓ Change 0.1 points

**2.9%\***  
**Consumer Price Index**  
 — \*No data available

**3.1%\***  
**Core CPI (excl. Food/Energy)**  
 — \*No data available

**22,000\***  
**BLS/Job Growth**  
 — \*No data available

**4.3%\***  
**Unemployment Rate**  
 — \*No data available

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

**134,526,000**  
**ADP National Employment Report**  
 ↓ Change 32,000

**331.13**  
**Case-Shiller U.S. National Home Price NSA Index**  
 ↑ Change 1.7%

\*Some data unavailable due to the government shutdown.

### Payments Index Growth

#### Purchases

2025 v 2024

Credit  
 ↑ **2.9%**

Debit  
 ↑ **5.3%**

2024 v 2023

Credit  
 ↓ **1.6%**

Debit  
 ↑ **1.3%**

#### Transactions

2025 v 2024

Credit  
 ↑ **2.4%**

Debit  
 ↑ **3.4%**

2024 v 2023

Credit  
 ↑ **0.6%**

Debit  
 ↑ **1.5%**



a political perspective, sentiment improved slightly for both Republicans and Democrats, but notably dropped among Independents.

Due to the government shutdown, the Bureau of Labor Statistics (BLS) update is unavailable. Instead, we look to the September update of the [ADP jobs report](#), which highlights a reduction in U.S. private employment jobs by 32,000. In a [poll](#)

[conducted by the WSJ](#), economists expected the ADP update to show an increase of 45,000 new jobs. This is a continued sign of the weakening job market. While the ADP report does not contain government jobs, it is based on 26 million workers whose employers use ADP. The ADP payroll population represents 19% of overall U.S. private-sector employment (136 million).

As the BLS previously [reported](#), one of the notable contributors to inflation over the past few years has been rising housing prices. Within the Payments Index data, as part of the Service Sector, year-to-date debit purchase activity for Real Estate – Rentals is up 11% through September. In the latest update to the [Case-Shiller Home Price Index](#), seasonally adjusted home prices for the national index decreased 0.1% month over month and increased 1.7% year over year. This marks the fifth straight month annual gains have slid, and is the smallest annual increase since July 2023.

There are two Federal Open Market Committee (FOMC) meetings remaining in 2025, with the next concluding on Oct. 29. While Fed Chair Jerome Powell has “penciled in” two rate cuts for this year, the lack of short-term updates on key data points provides less visibility when making rate-cut decisions. The FOMC is [funded through interest on government securities](#) and not through the congressional budgetary process; therefore, it is not affected by the current shutdown. The last FOMC meeting of 2025 is scheduled to conclude on Dec. 10.



### **Subscribe to the Velera Payments Index to Receive Monthly Insights**

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, click [here](#).

We welcome questions and feedback on the Payments Index by way of [this link](#) or scan the QR code.





"With the holiday season approaching, we are seeing clients moving beyond the traditional 'spend and get' campaigns and incorporating behavioral trends to encourage members to spend, while also taking advantage of digital capabilities like mobile wallets and tap-and-go. As the holiday shopping season seems to start earlier every year, we are also seeing holiday campaigns starting in October to match consumer spending patterns. With 2025 anticipated to be our busiest year ever for custom campaigns, it's important for credit unions to be in market with incentives to capture consumer holiday spend – and ensure their cards are loaded in members' digital wallets to maintain top-of-wallet status."

**Jason Medick**

VP, Marketing Consulting  
Advisors Plus Consulting

## Key Takeaways for September 2025

- Growth in debit remained consistent, while growth in credit activity improved in September. Debit purchases increased by 5.3%, with the Goods, Services and Money Services sectors accounting for 89% of the growth. The only decline was in Grocery. Credit purchases were up 2.9%, with the Service, Goods and Restaurant sectors accounting for 86% of the entire increase. For September, debit transactions were up 3.4% and credit transactions rose by 2.4%.
- Impacted by the U.S. government shutdown, the September BLS data for CPI and job growth/unemployment were not published. This provides less visibility of key economic indicators for the Federal Reserve in their late October meeting. Tentative rate reductions were identified for the two remaining 2025 FOMC meetings.
- As an alternative to the BLS jobs report, the September ADP private-sector jobs report showed a reduction in U.S. private employment jobs by 32,000. Earlier this year, the ADP jobs report was one of the first to identify monthly job reductions.

# Opportunities to Act On: What Credit Unions Should Do Now

## Strengthen Collections Amid Rising Delinquencies



As credit card delinquencies remain elevated — and tend to rise during the holiday season — now is the time to explore resources that can support or supplement your credit union’s collection efforts. With inflation putting additional strain on financial institutions, managing delinquency and collections in-house is becoming increasingly challenging. Financial institutions that partner with trusted experts and invest in data-driven, borrower-focused strategies will be best positioned to navigate this evolving environment. Velera’s TriVerity offers a comprehensive suite of first- and third-party services designed to help your credit union manage risk, recover more effectively and maintain member relationships.

## Reignite Account Growth to Strengthen Portfolio Performance



In response to rising delinquencies and charge-offs, many credit unions have scaled back their efforts to generate new accounts. However, sustained growth in credit and debit portfolios depends on a strong pipeline of new accounts. Now is the time to refocus on acquisition strategies: review underwriting policies, regularly score credit card accounts and implement account management practices such as authorization decisioning and credit line adjustments. These steps can help drive lower-risk volume, support balance growth and reduce exposure to higher-risk accounts. Consider enrolling in Velera’s Spring 2026 New Credit Card Account Acquisition program by Dec. 15.

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

## Advance Member Engagement and Portfolio Resilience

To navigate today’s economic landscape, credit unions should take proactive steps to protect portfolio health and deepen member relationships:



- Deploy predictive analytics to anticipate financial hardships and enable early intervention. Velera’s Predictive Analytics Financial Hardship models help identify at-risk members, allowing for timely and targeted support.
- Respond to Buy Now, Pay Later (BNPL) trends. As BNPL becomes a popular payment option, even among financially stable consumers seeking low-cost financing and greater control over spending, credit unions should promote BNPL features on their own cards to remain competitive and capture spend. Consider partnering with a fintech CUSO like Velera to determine how you can offer the right installment plan to the right member.
- Integrate peer-to-peer (P2P) payments into your digital ecosystem. P2P payments are now embedded into everyday routines, and credit unions must align with the digital touchpoints their members rely on. Evaluate opportunities to incorporate P2P features (such as Zelle®) within your mobile and online banking channels to stay relevant and connected.

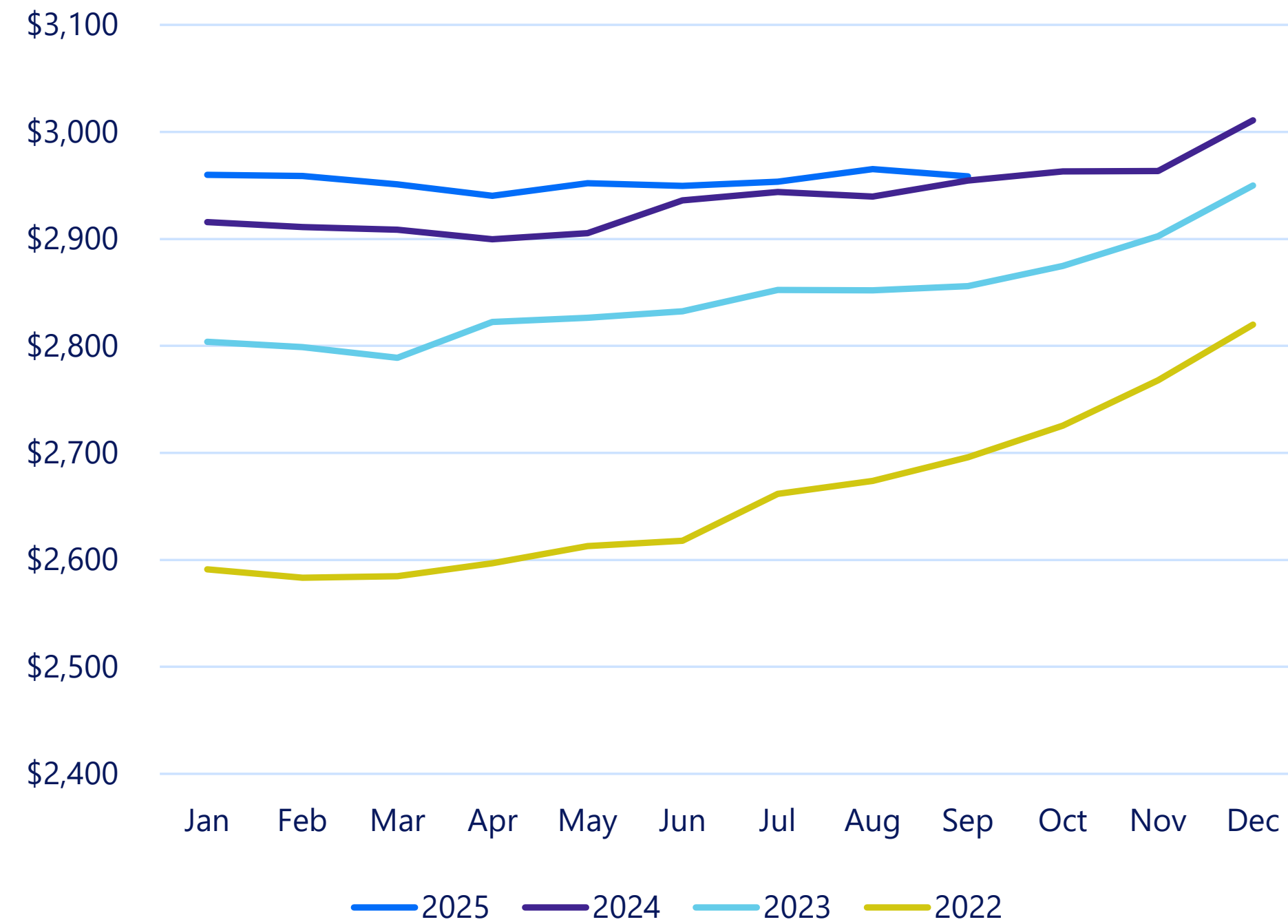
### Looking Ahead:

Our November edition marks the start of our annual Holiday Spend updates. We will begin with a review of the results from the October 2025 Amazon Prime Day and related sales from big-box retailers.

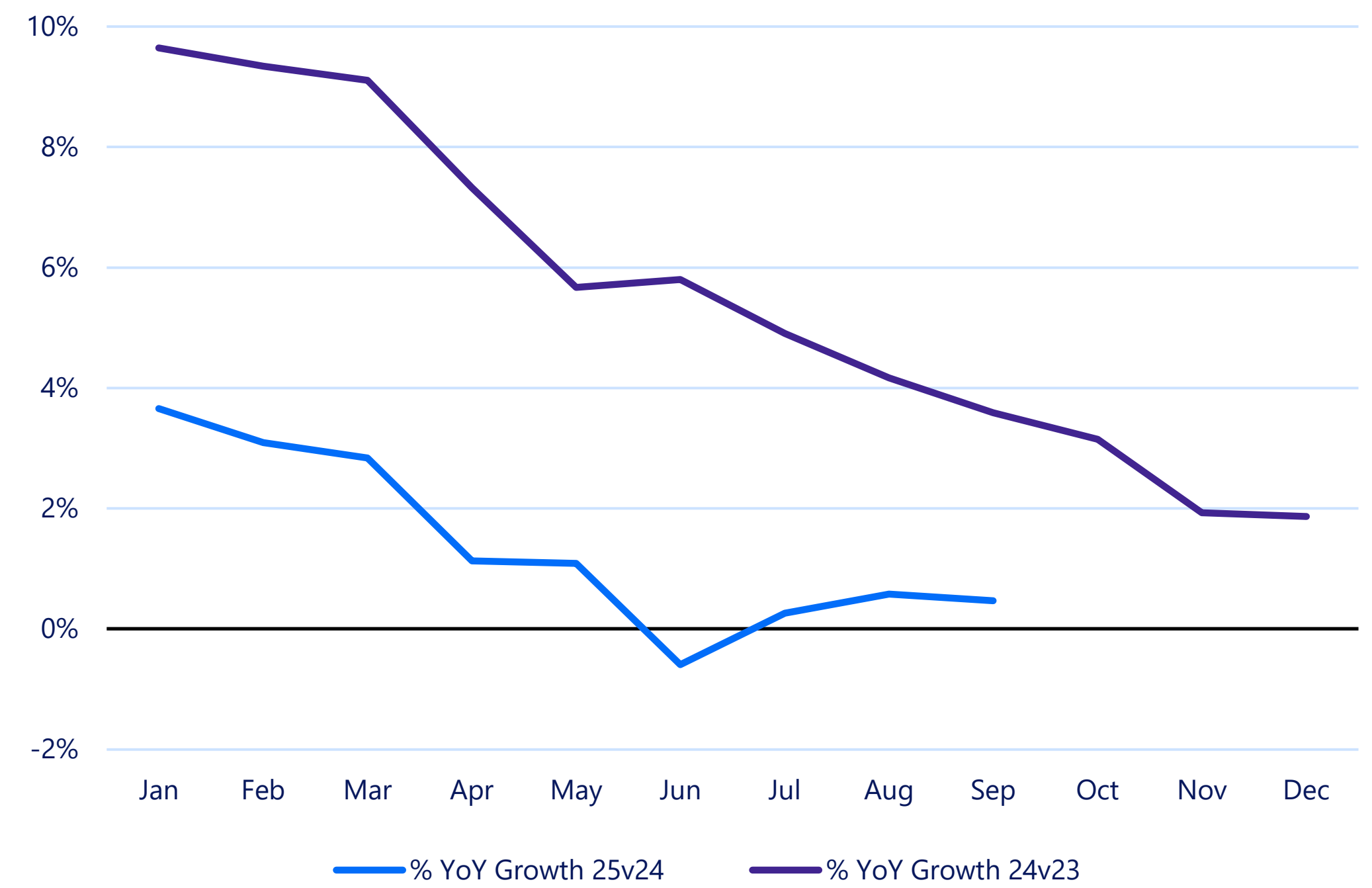
# Credit Card Balances

Total credit card balances increased steadily from June through August, then leveled off in September. Year-over-year growth in total credit card balances for September came in at 0.5%. The average credit card balance was \$2,958 in September, reflecting a \$4 increase from the prior year and a \$7 decline from the previous month's year-to-date high of \$2,965.

## Average Credit Card Balances per Gross Active Account



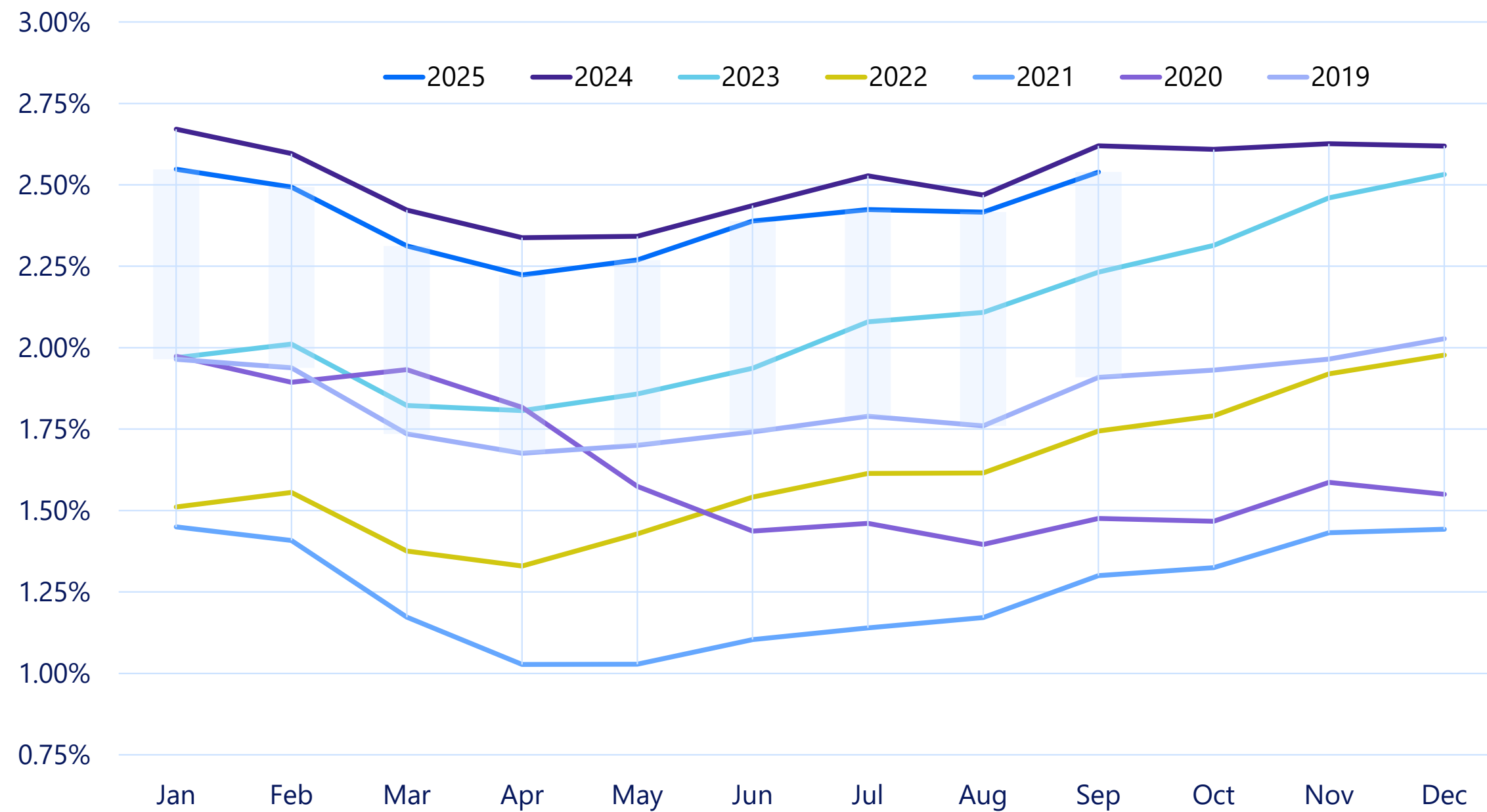
## Percentage Change in Total Credit Card Balances



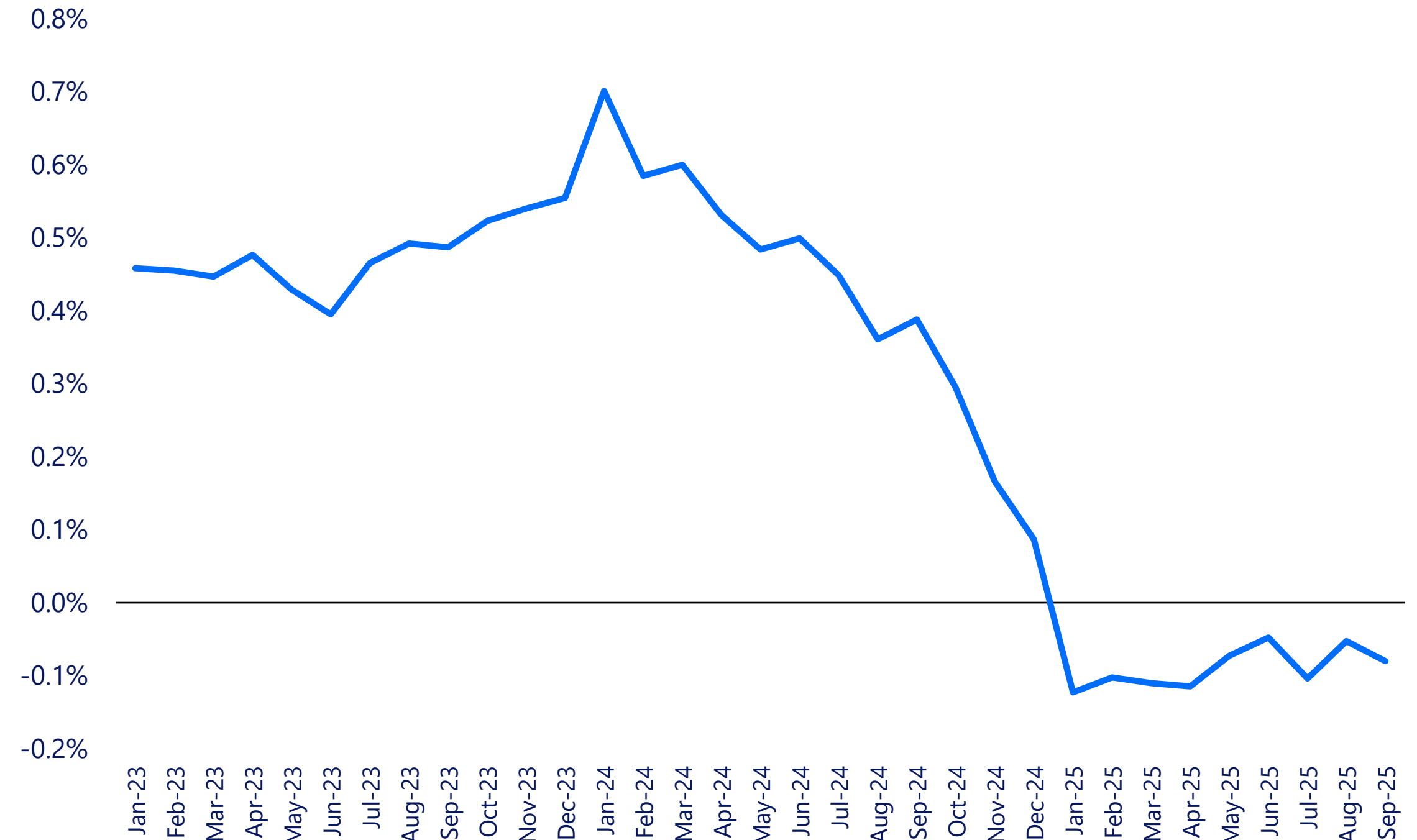
# Credit Card Delinquencies

In line with seasonal patterns, the delinquency rate rose in September, reaching 2.54% – the second-highest level in 2025 after January. Month over month, the rate increased by 12 basis points. Despite this rise, the delinquency rate was 8 basis points lower year over year.

## Overall Credit Card Delinquency Rate: September 2025



## Year-Over-Year Change in Delinquencies Beginning January 2023



# Credit and Debit Cards

Consumer payment activity continued to show strength in September, despite broader economic uncertainties. Growth in credit card purchase dollars and transaction volume maintained positive momentum, posting year-over-year gains of 2.9% and 2.4%, respectively. Debit card usage remained steady, with purchase dollars up 5.3% and transaction volume increasing 3.4% compared to the same period one year ago.

The average credit card transaction amount was \$67.93 in September, up 0.5% year over year. For debit, the average transaction amount was \$45.02, an increase of 1.9% year over year.

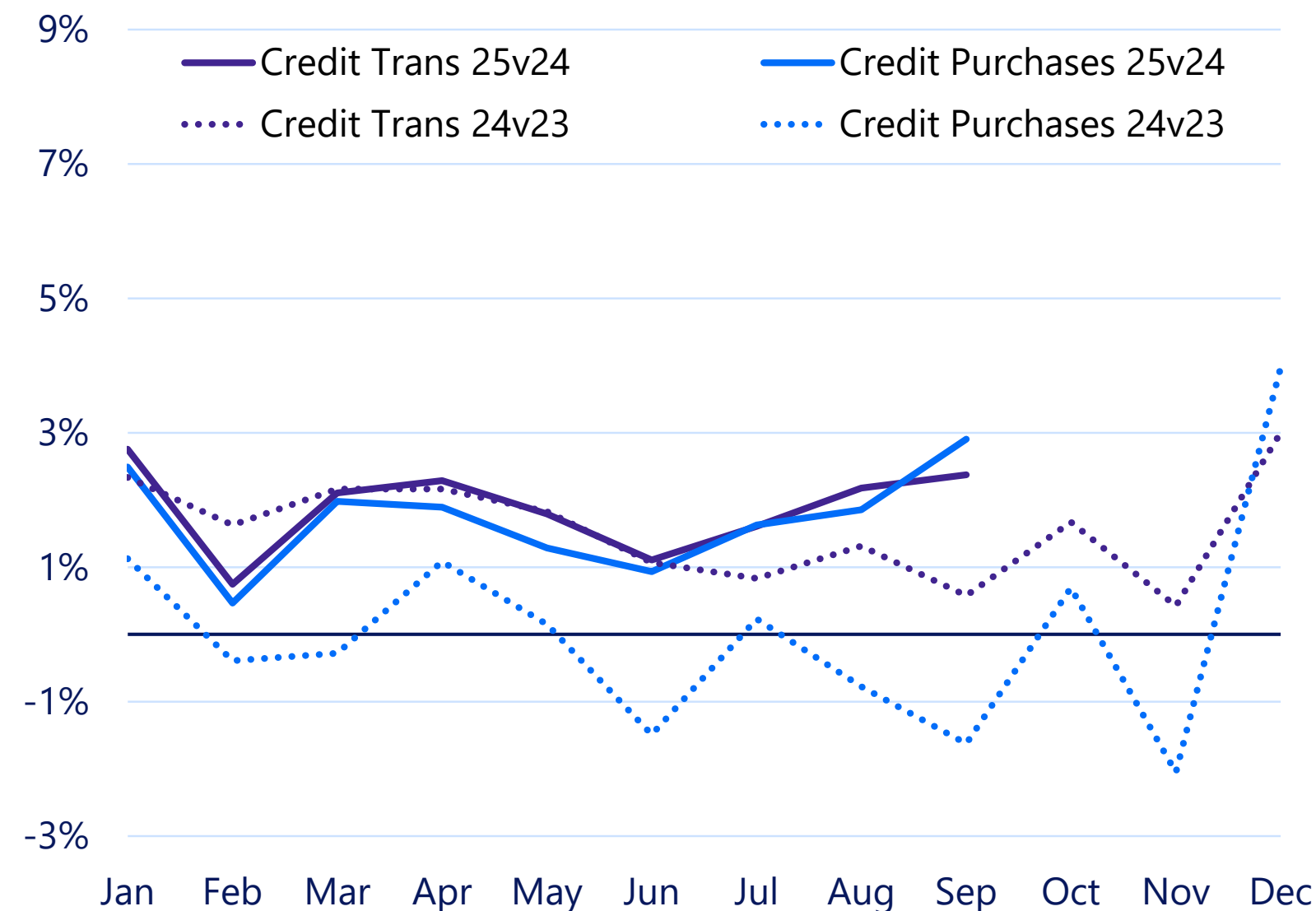
The Services sector reemerged as the leading growth driver for credit purchases, contributing close to half of the growth. The Goods sector followed, accounting for approximately one-third of the growth. On

the debit side, Money Services narrowly surpassed Goods as the top growth contributor, providing 1.9% and 1.8% of growth, respectively. A renewed focus on services was also evident, with the Services sector contributing 1% of the growth. The Goods and Restaurant sectors were key drivers of transaction growth across both credit and debit.

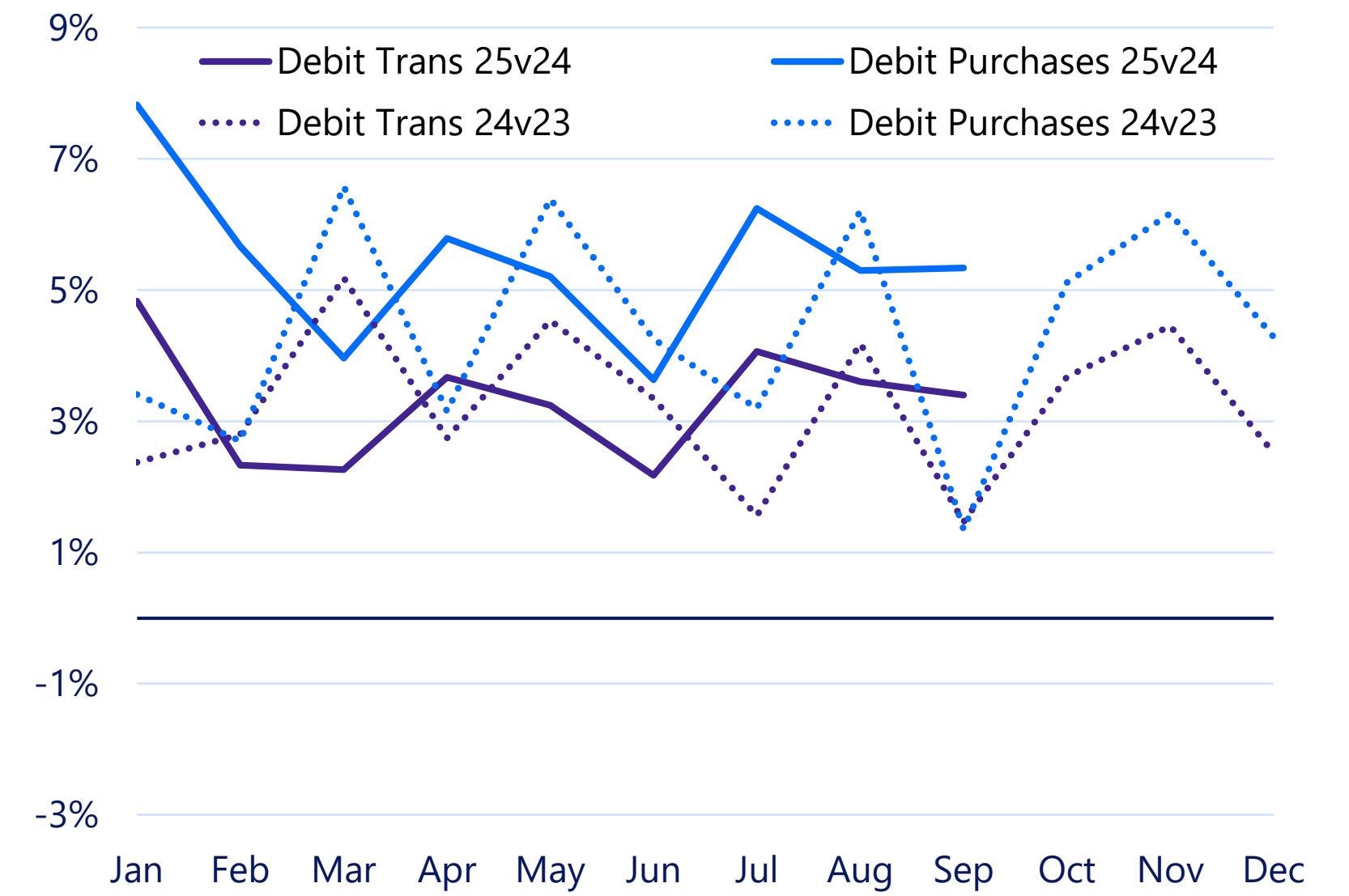
## Month of September

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2025 v 2024	↑ 2.4%	↑ 2.9%	↑ 3.4%	↑ 5.3%
2024 v 2023	↑ 0.6%	↓ 1.6%	↑ 1.5%	↑ 1.3%

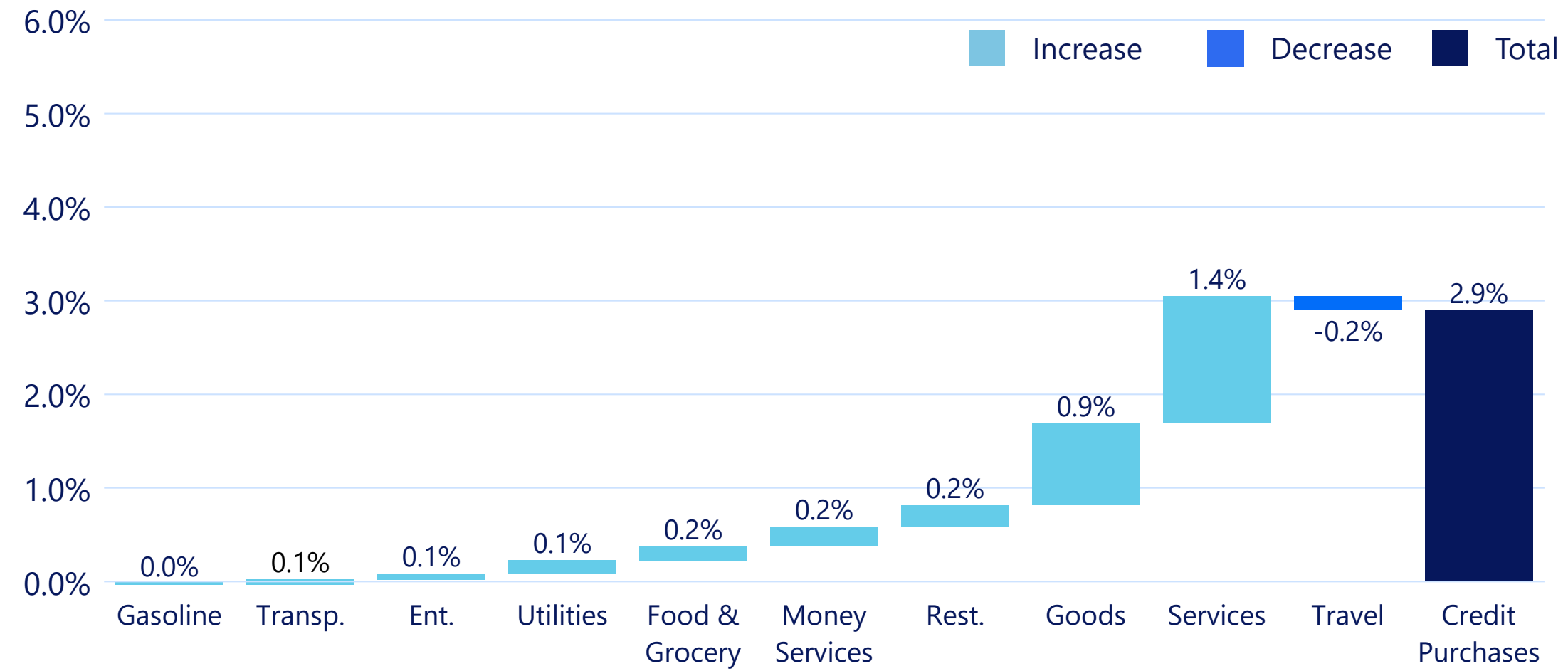
### Credit



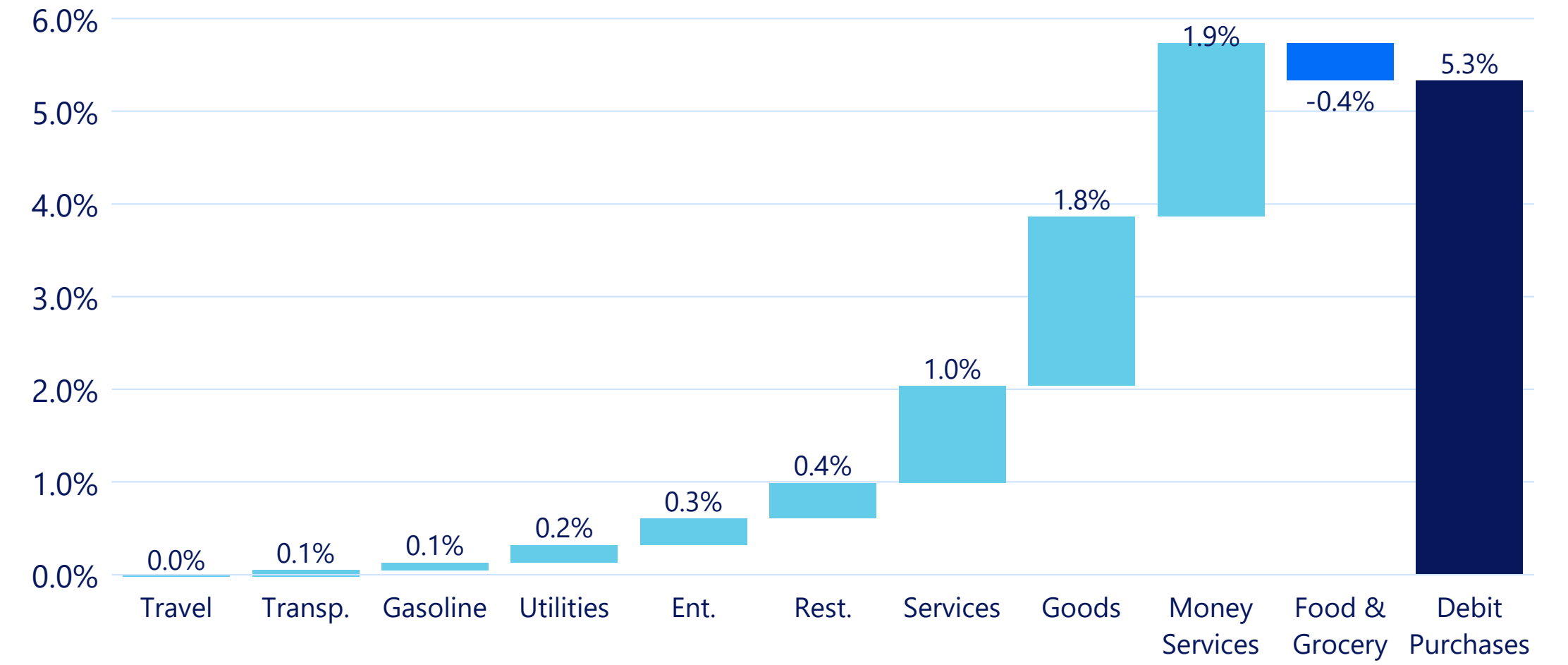
### Debit



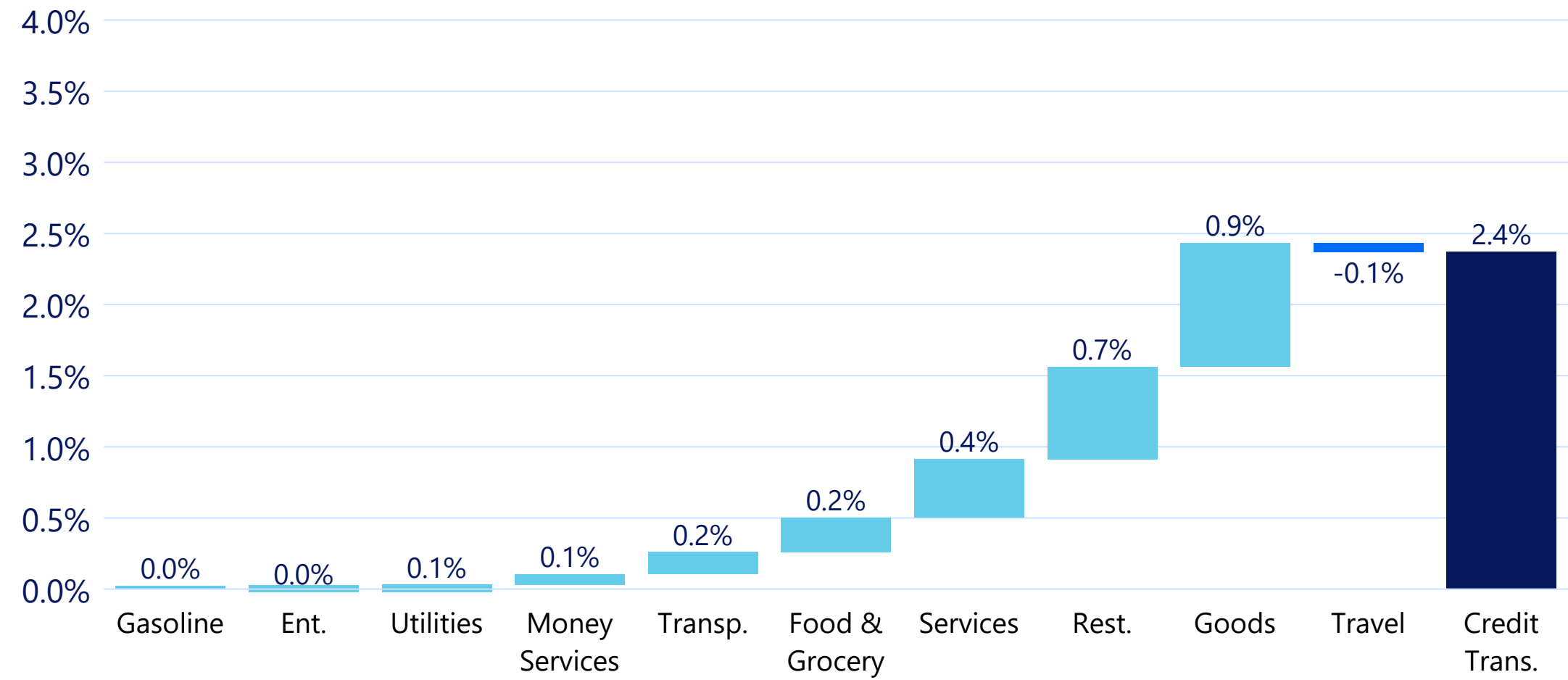
### Sector Contributions to Growth in Credit Purchases: September



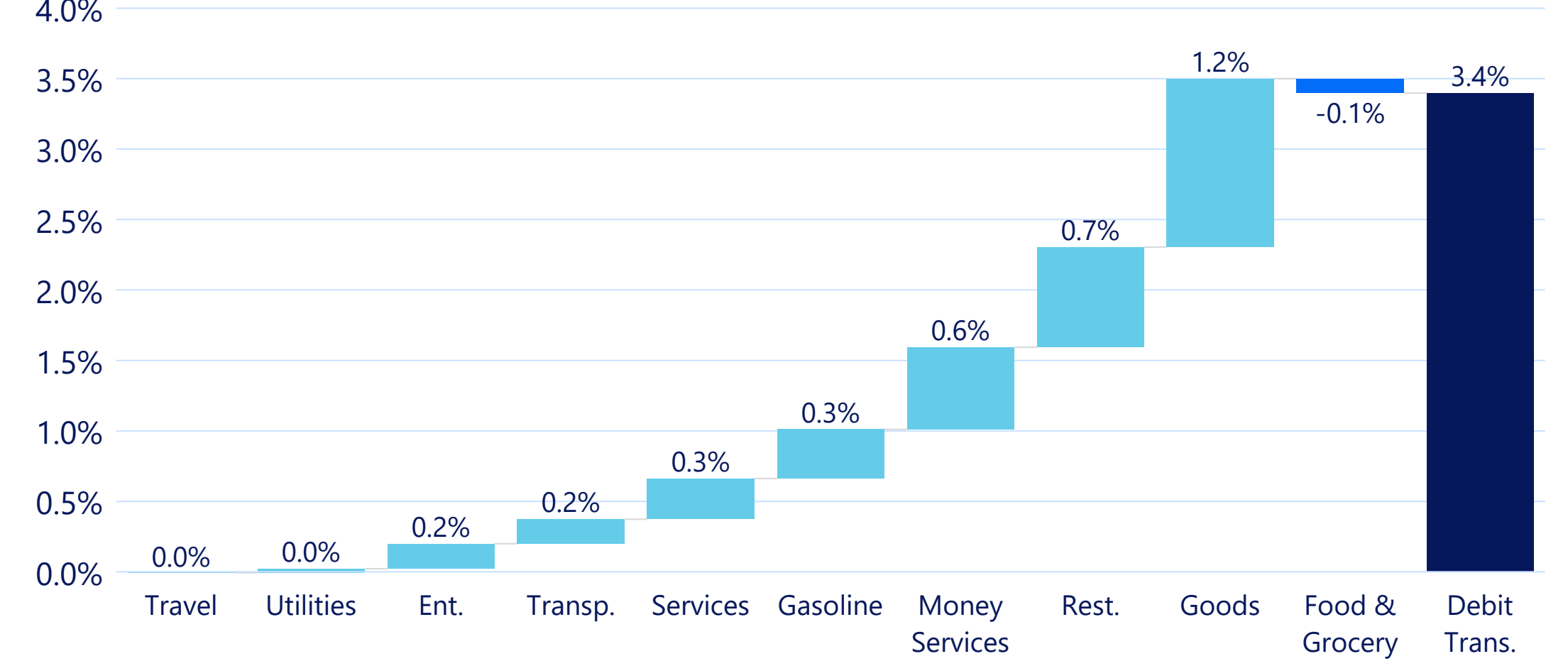
### Sector Contributions to Growth in Debit Purchases: September



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



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



# Discretionary and Non-Discretionary: September 2025



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.

Credit discretionary transaction and purchase growth remained negative for September, with year-over-year declines of 0.9% and 0.4%, respectively. However, both metrics showed upward momentum.

Discretionary purchase growth slightly outpaced its level from the previous year, while transaction growth remained notably lower. In contrast, non-discretionary purchase growth was significantly elevated for both credit and debit – rising 3.6% and 5.4%, respectively – compared to the same period last year. Debit discretionary transaction growth slowed markedly from summer through September, relative to the same period a year ago, and has remained at lower levels in recent months.

## Year-Over-Year Growth in Credit

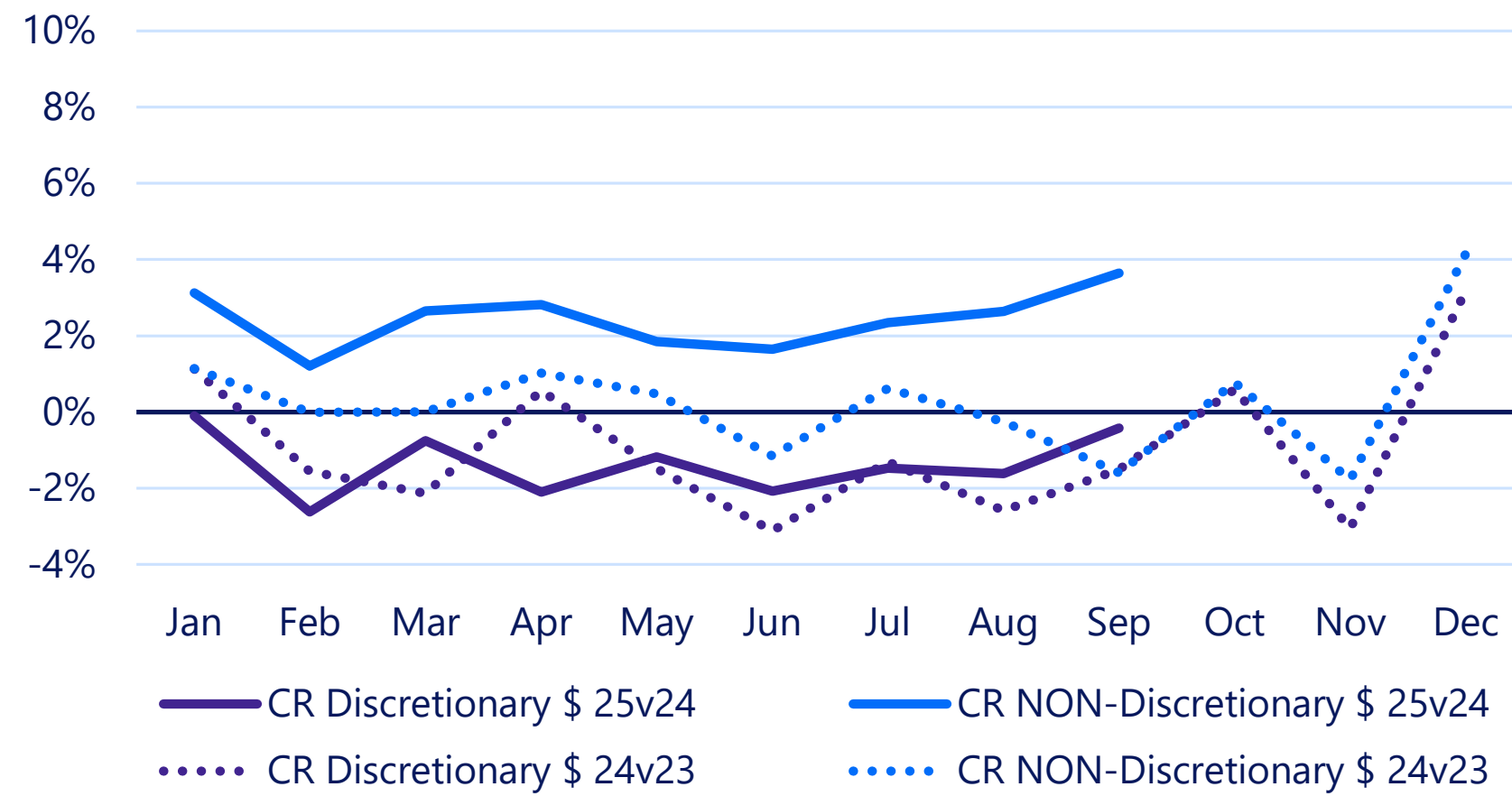
	% of Overall Purchases	Transactions	Purchases	Average Purchase
Discretionary	18%	↓ 0.9%	↓ 0.4%	\$144
Non-Discretionary	82%	↑ 2.7%	↑ 3.6%	\$61

## Year-Over-Year Growth in Debit

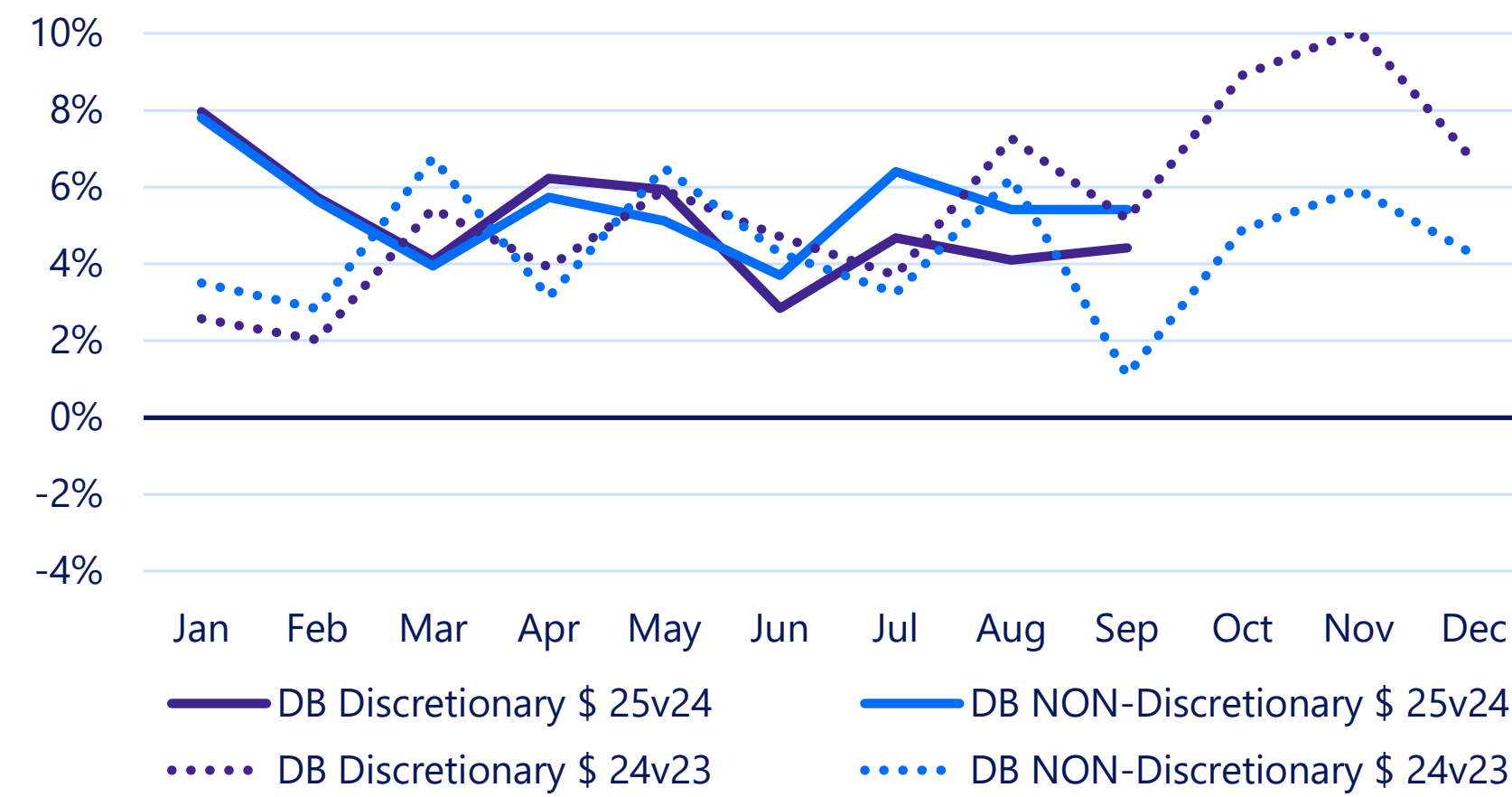
	% of Overall Purchases	Transactions	Purchases	Average Purchase
Discretionary	9%	↑ 4.6%	↑ 4.4%	\$67
Non-Discretionary	91%	↑ 3.3%	↑ 5.4%	\$44

## Growth in Discretionary/Non-Discretionary Overall Purchases

### Credit

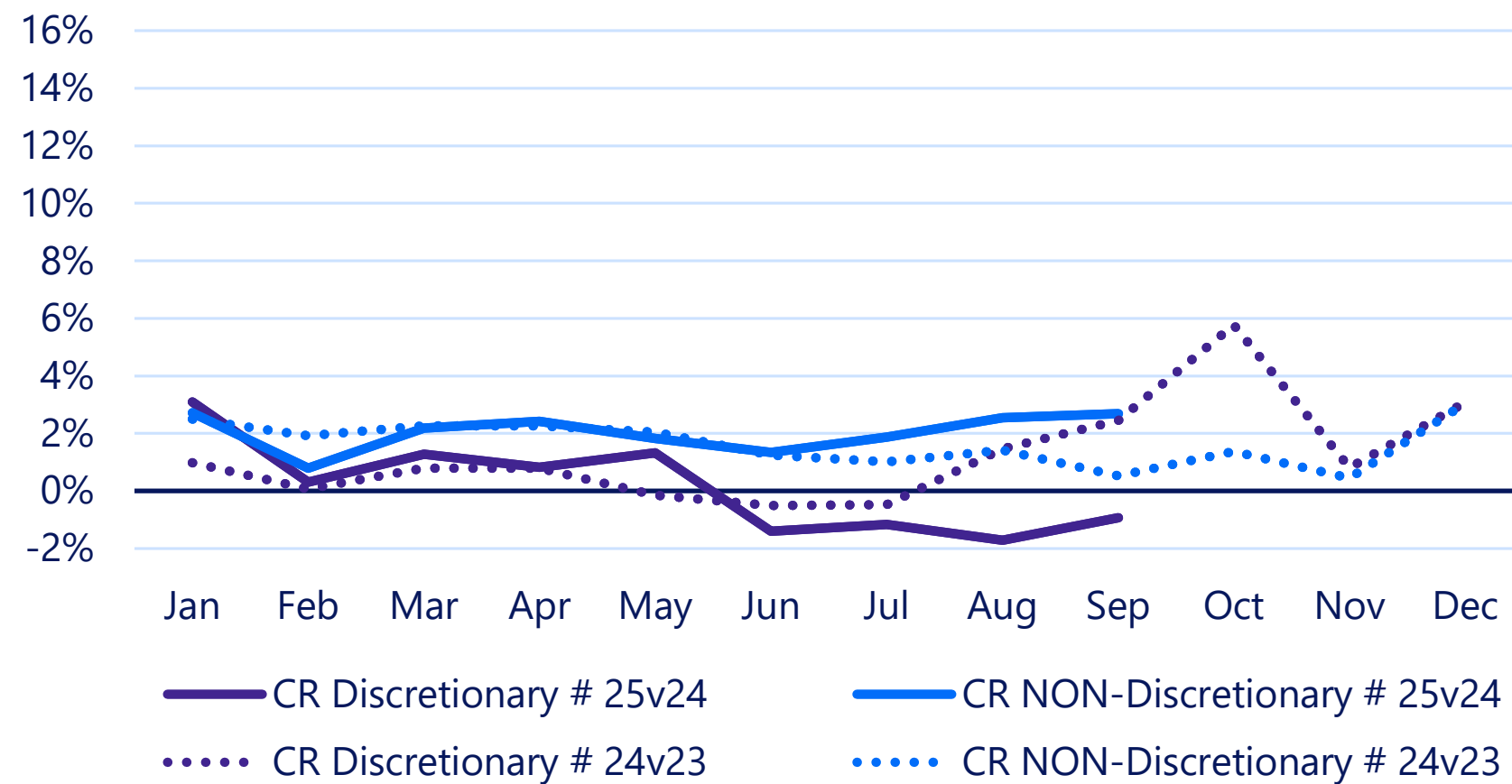


### Debit

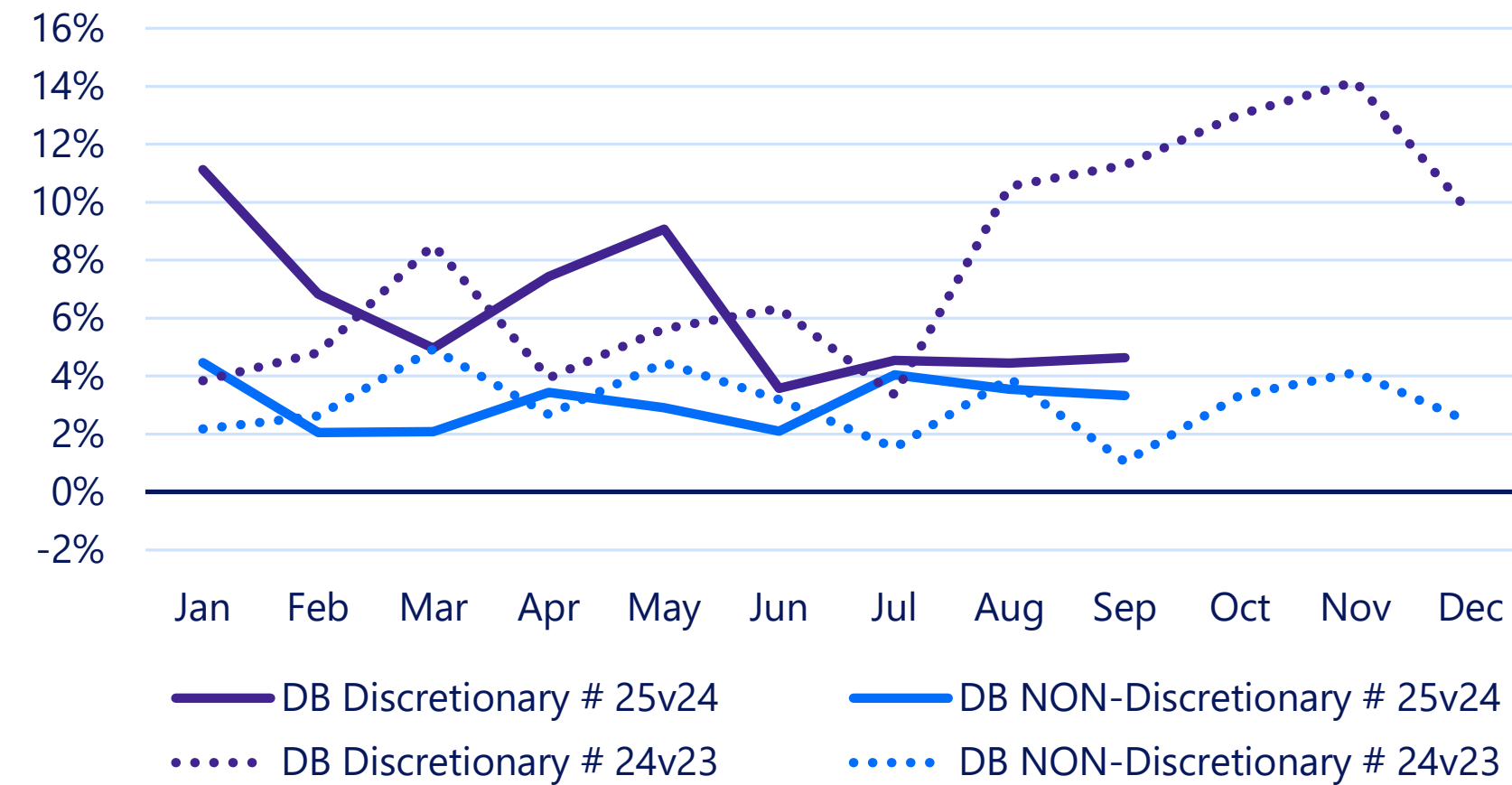


## Growth in Discretionary/Non-Discretionary Overall Transactions

### Credit



### Debit



# Sectors/Merchant Categories

In September, the Transportation sector continued to lead year-over-year growth in credit purchases, posting a 7% increase. The Services sector, which accounts for nearly one-fourth of all credit purchases and contributed the most to overall purchase dollar growth, realized a 6% year-over-year increase in spending. On the debit side, Money Services and Transportation maintained the highest purchase growth rates at 15% and 13%, respectively. Meanwhile, both the Services and Goods sectors posted solid year-over-year growth in purchases of 7%.

Gasoline prices in September rose slightly from August but remained lower than the same period last year. Despite the year-over-year price decline, debit card activity at Gasoline merchants continued to grow, with transactions increasing 2% and purchases up 1%. In contrast, credit card behavior was more subdued. Transaction counts held steady while purchases dipped 1%. The national average price per gallon of gasoline finished at \$3.06 for the week ending Oct. 13, down 3.5% or \$0.11 year over year.

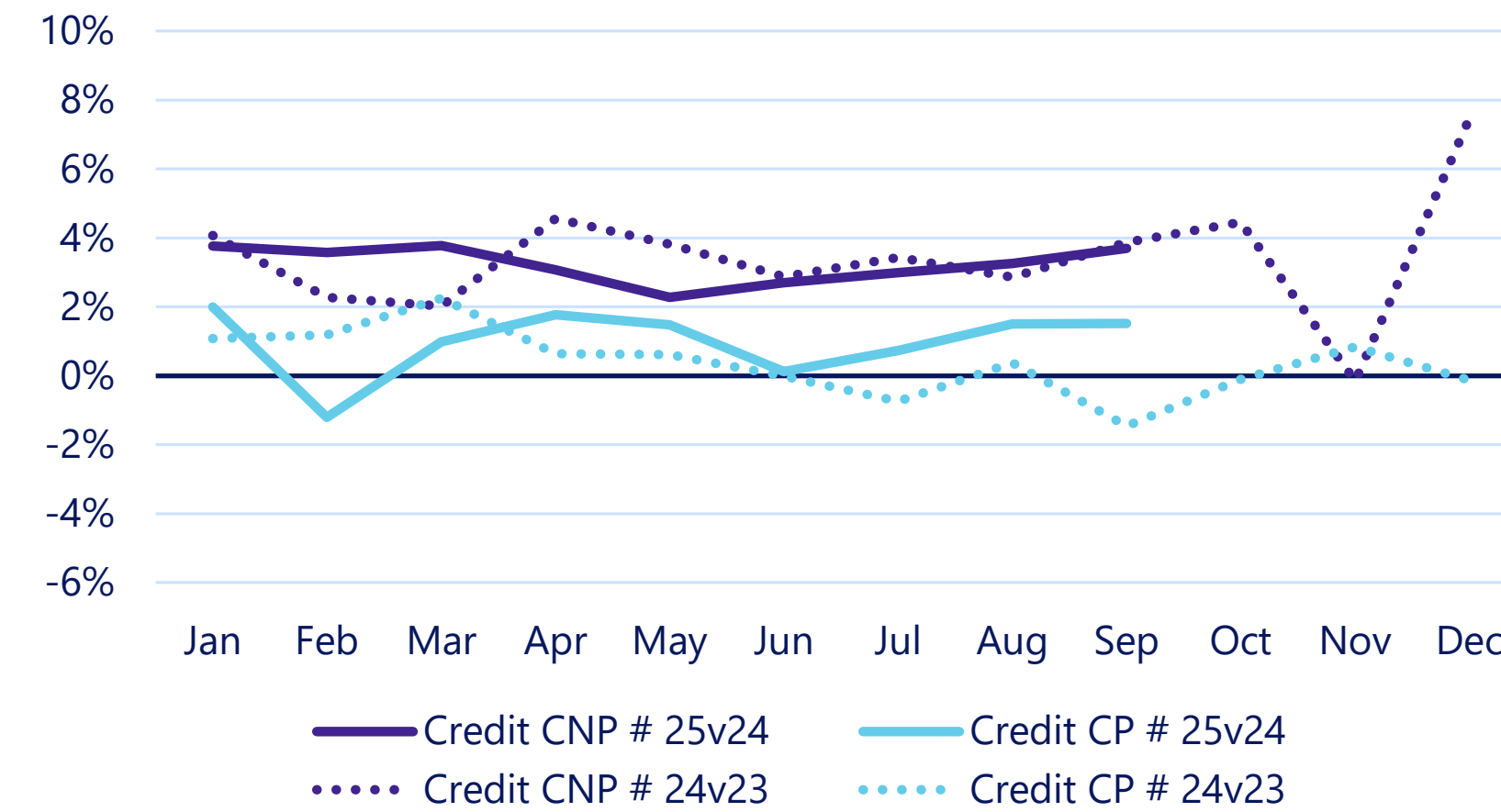
## September 2025 v 2024

Credit			Debit	
YoY Purchases	YoY Transactions		YoY Purchases	YoY Transactions
↑ 1.0%	↓ 1.0%	<b>Entertainment</b>	↑ 7.0%	↑ 4.0%
↑ 1.0%	↑ 2.0%	<b>Food &amp; Grocery</b>	↓ 2.0%	↓ 1.0%
↓ 1.0%	— 0.0%	<b>Gasoline</b>	↑ 1.0%	↑ 2.0%
↑ 2.0%	↑ 3.0%	<b>Goods</b>	↑ 7.0%	↑ 5.0%
↑ 4.0%	↓ 3.0%	<b>Money Services</b>	↑ 15.0%	↑ 11.0%
↑ 3.0%	↑ 3.0%	<b>Restaurants</b>	↑ 3.0%	↑ 3.0%
↑ 6.0%	↑ 4.0%	<b>Services</b>	↑ 7.0%	↑ 4.0%
↑ 7.0%	↑ 7.0%	<b>Transportation</b>	↑ 13.0%	↑ 13.0%
↓ 2.0%	↓ 1.0%	<b>Travel</b>	↓ 1.0%	↓ 2.0%
↑ 5.0%	↑ 3.0%	<b>Utilities</b>	↑ 4.0%	↑ 2.0%

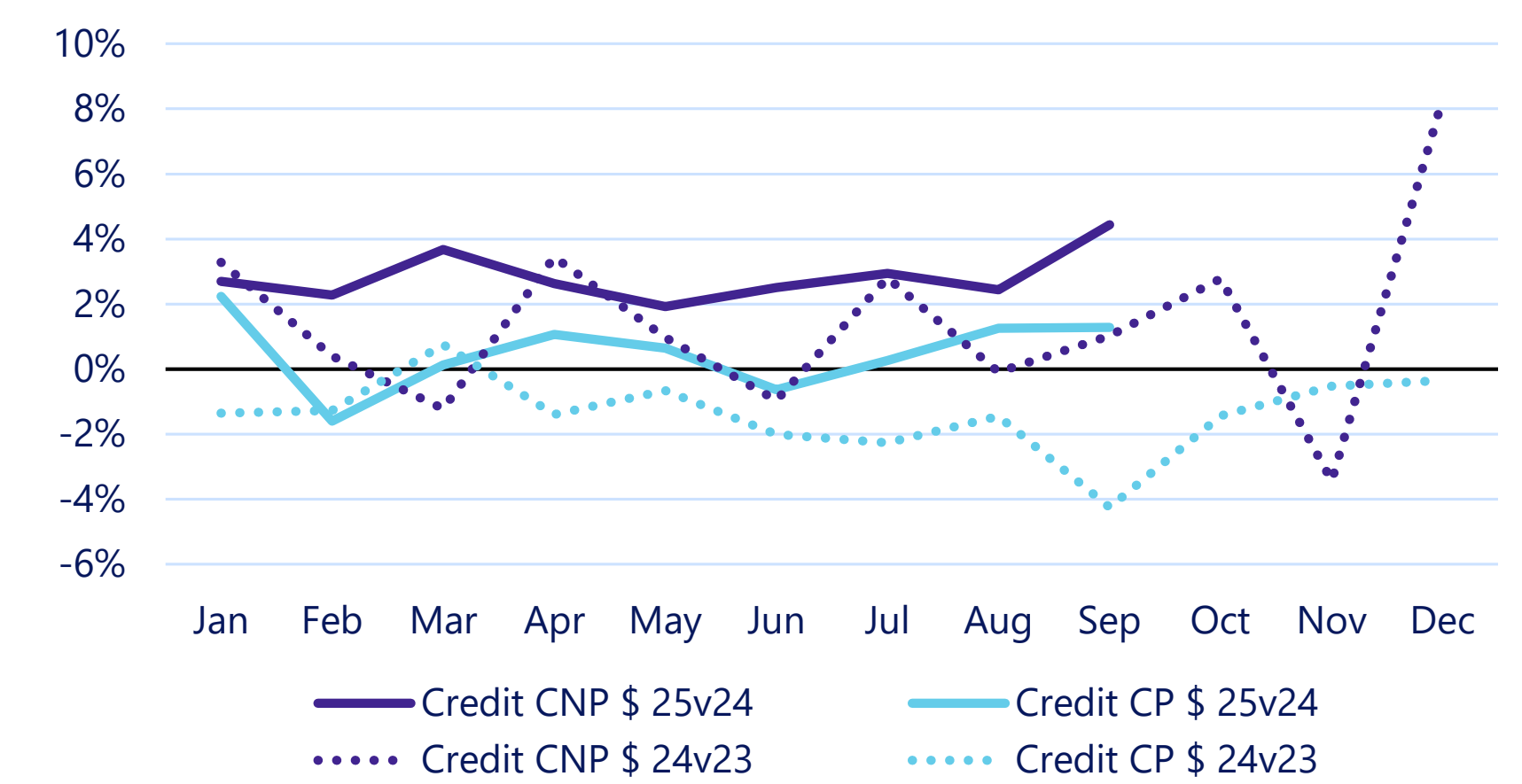
# Card Not Present and Card Present Activity

In September, Card Not Present (CNP) purchase activity rose for both credit and debit compared to the previous month, while Card Present (CP) activity declined. Year over year, credit CNP purchases grew 4.4%, outpacing CP purchases at 1.3%. Credit transactions followed a similar pattern, with CNP increasing by 3.7% compared to 1.5% for CP. On the debit side, CP purchases grew by 6.9% year over year, while CNP increased by 3.7%. Debit CP transaction growth was up 4.8%, compared to just 0.8% for CNP. CNP accounted for the majority of credit purchases at 52%, while CP represented 60% of credit transactions. For debit, CP comprised 52% of purchases and 66% of transactions.

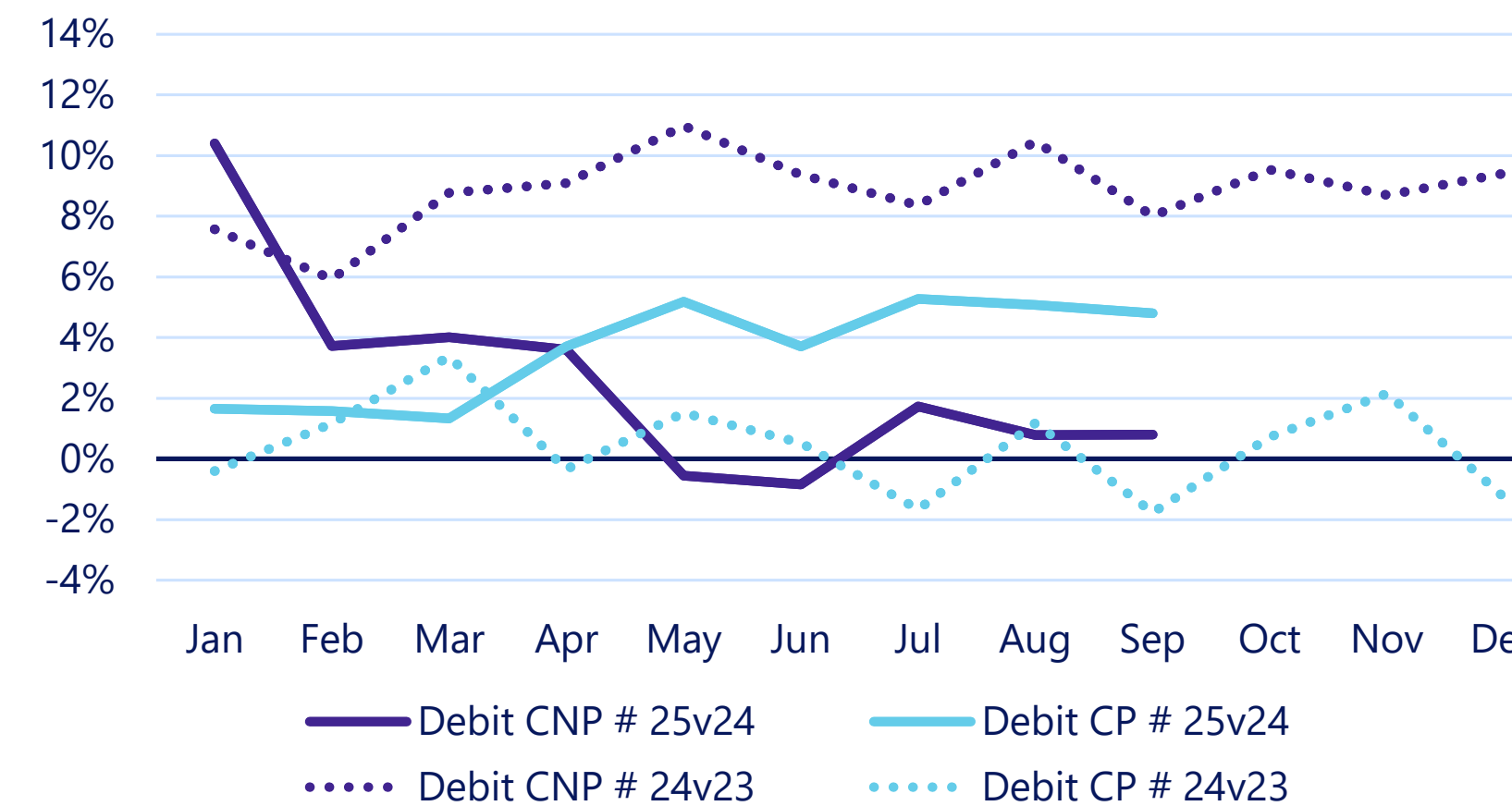
Year-Over-Year % Growth in Credit Transactions



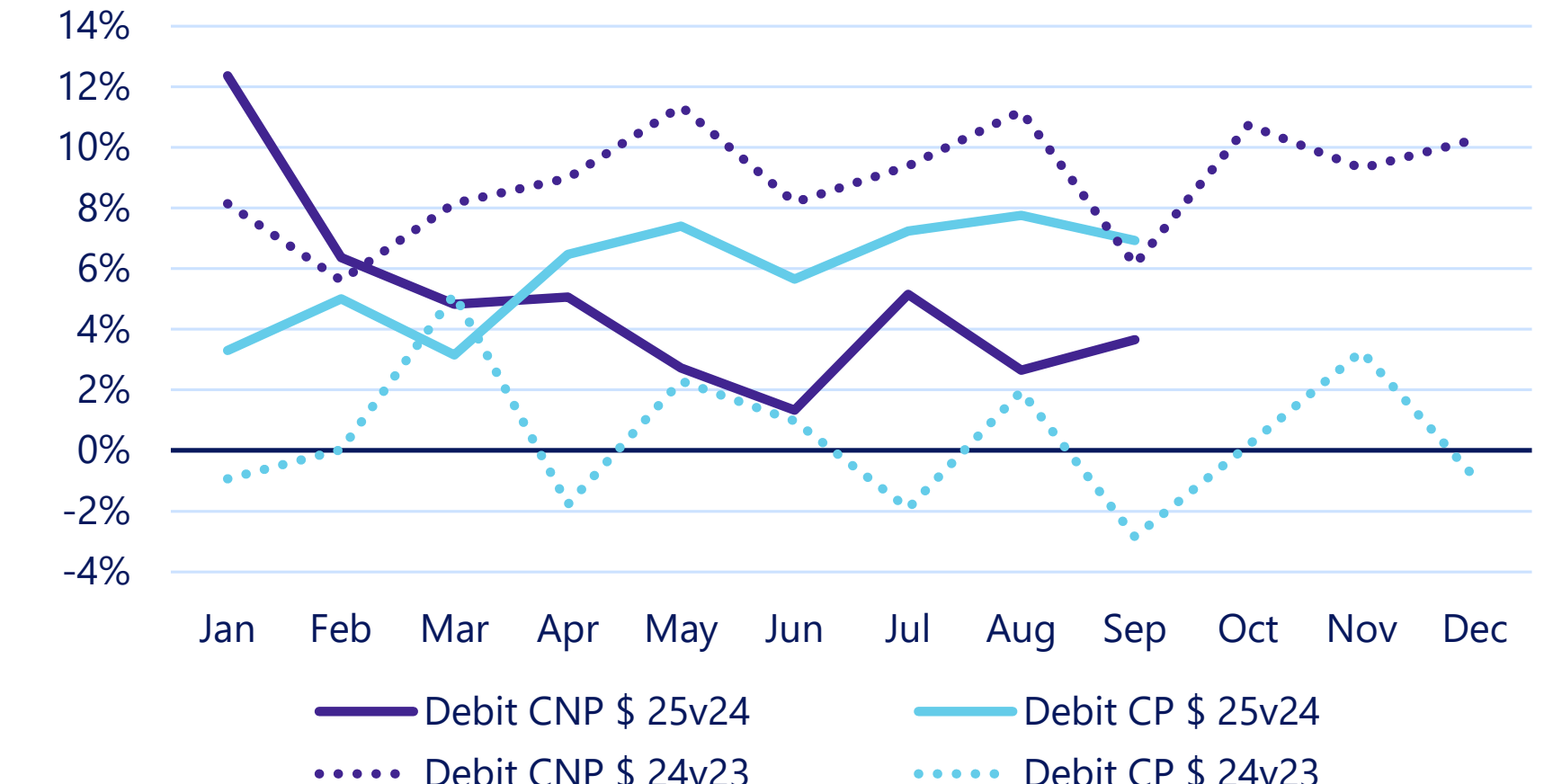
Year-Over-Year % Growth in Credit Purchases



Year-Over-Year % Growth in Debit Transactions



Year-Over-Year % Growth in Debit Purchases

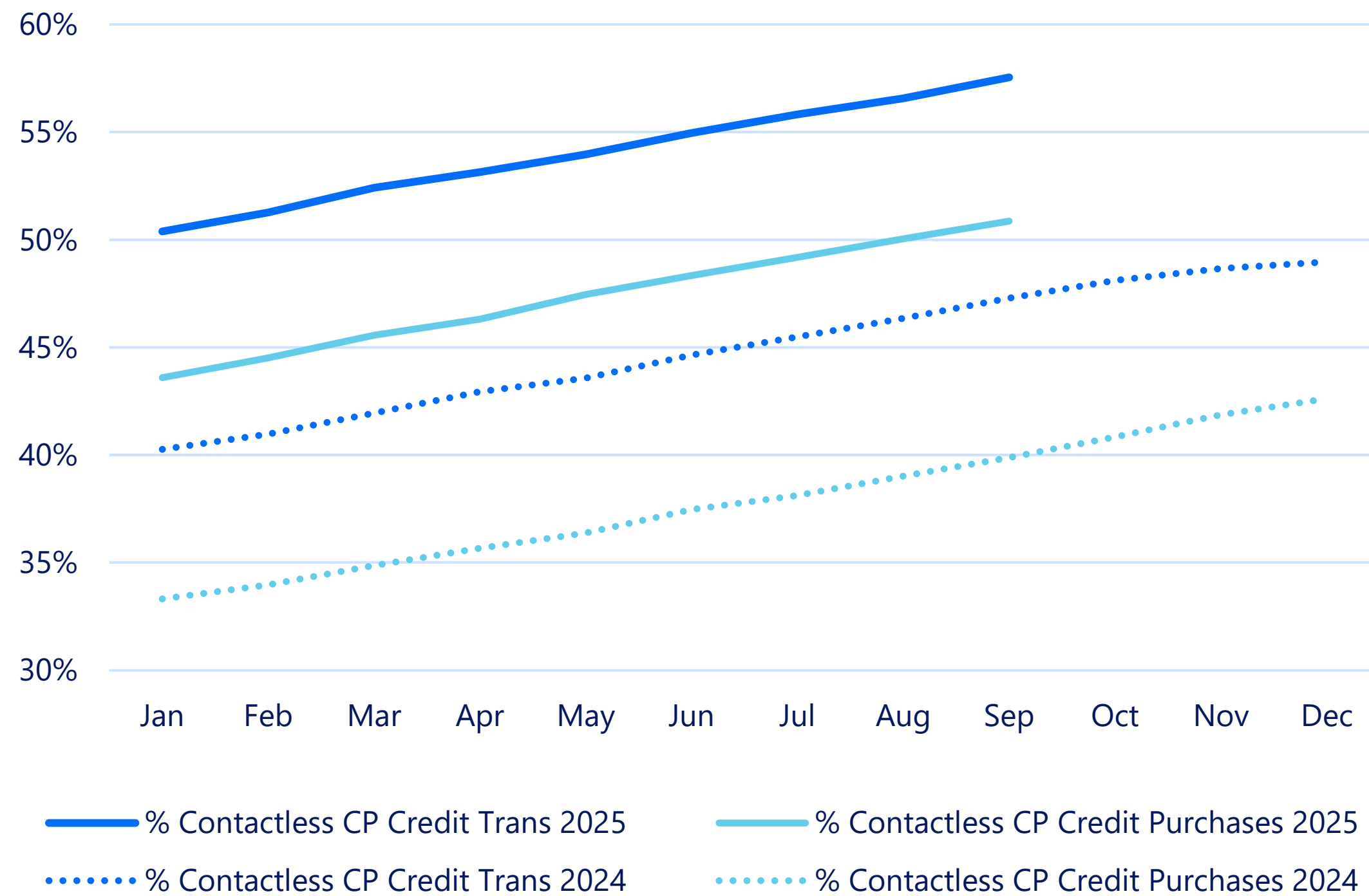


# Contactless Transactions

Year to date, credit contactless activity has grown at a faster rate than debit as a share of Card Present (CP) transactions and purchases. Since January, the share of credit contactless transactions has increased by 15% and now accounts for 58% of credit CP purchases. In comparison, the share of debit contactless transactions rose by 13%, reaching 59% of debit CP purchases.

The average contactless purchase amount continued to rise for both credit and debit. In September, the average credit contactless purchase was \$49.69, up 5.3% year over year, while the debit average reached \$29.80, an increase of 4.8%.

## % Contactless Credit Activity on Contactless Cards



## % Contactless Debit Activity on Contactless Cards

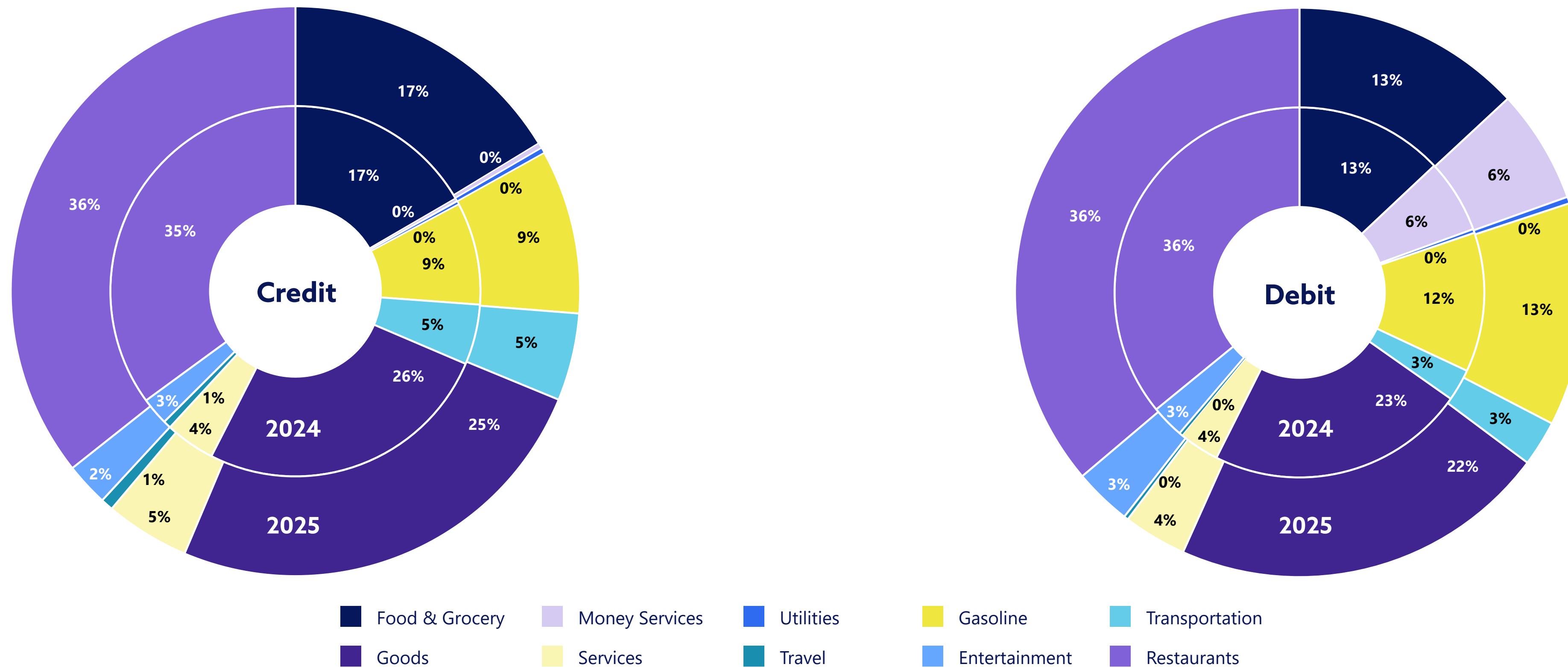


# Digital Wallets

Year over year, digital wallet growth rates for both credit and debit have moderated, even as their share of overall transactions continues to expand. In September, transaction growth rates were 37% for credit and 38% for debit, slightly below the January-August average of 41% for both. As a share of total transactions, digital wallets now account for 6.5% of credit, up from 5.2% at the start of the year, and 11% of debit, increasing from 9% in January.

The sector share of digital wallet transactions somewhat shifted, with Goods contracting across both credit and debit. In contrast, Restaurants and Services expanded within credit, while Gasoline grew for debit.

Sector Percentage of Digital Wallet Transactions





## 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 October 2025 edition of the Velera Payments Index represents a total of 3.5 billion transactions valued at \$178 billion of credit and debit card activity from October 2024 through September 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](https://velera.com).



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