

velera

PAYMENTS INDEX

Deep Dive: Delinquencies

March 2026



Debit and credit card transactions and purchases strengthened in February, despite a backdrop of continued slow job growth, subdued consumer sentiment and rising global tensions. On a positive note, the 12-month rate of inflation through February held steady at 2.4%. In our March 2026 edition of the Velera Payments Index, we also present a deep dive into delinquencies.

In its February 2026 results, the University of Michigan [Index of Consumer Sentiment](#) essentially remained flat, posting a 0.2-point gain to finish at 56.6 – down 13% year over year. Nearly half of the consumers surveyed this February cited higher prices eroding their personal finances. The Conference Board reported that consumer sentiment inched higher in the [Consumer Confidence Index](#) in February, up 2.2 points to 91.2, while the January results were upwardly revised to 89.0. The uptick in February results came from softening pessimistic expectations, although the index remains well below its recent four-year peak in November 2024 (112.8). It should be noted that these results were gathered prior to the United States/Israel military action in Iran.

The BLS [reported](#) that job growth fell in February, shedding 92,000 jobs, while the unemployment rate ticked up to 4.4%, or 7.5

Performance Snapshot: February 2026

Market/Economic Variables

91.2
Consumer Confidence Index
↑ Change 2.2 points

56.6
U of M Index of Consumer Sentiment
↑ Change 0.2 points

2.4%
Consumer Price Index
↑ Change 0.3%

2.5%
Core CPI (excl. Food/Energy)
↑ Change 0.2%

132,333,000
ADP National Employment Report
↑ Change 63,000

92,000
BLS/Job Growth
↓ 142,000 jobs lower than forecast

4.4%
Unemployment Rate
↑ Change 0.1%

3.5-3.75%
Federal Reserve Interest Rate
— No Change

Payments Index Growth

Purchases

2026 v 2025

Credit
↑ **4.4%**

Debit
↑ **7.0%**

2025 v 2024

Credit
↑ **0.5%**

Debit
↑ **5.7%**

Transactions

2026 v 2025

Credit
↑ **4.0%**

Debit
↑ **4.7%**

2025 v 2024

Credit
↑ **0.7%**

Debit
↑ **2.3%**

million people. The [WSJ poll of economists](#) forecast 50,000 jobs added in February. Additionally, the collective job numbers for December and January were reduced by 69,000. February job losses were mainly in the healthcare sector. These reductions were partially reflected in strikes in California and Hawaii. Employment in information and the federal government also trended downward. The February [ADP jobs report](#), which tracks changes in U.S. private employment, reported an increase of 63,000 jobs. Growth was centered on education and health services, adding 58,000 jobs. Employment in construction and information also increased during this period, whereas job declines were noted in the professional and business services and manufacturing sectors. The ADP payroll population represents 26 million U.S. private-sector employees.

For February, the Bureau of Labor Statistics (BLS) [reported](#) a 0.3% increase in inflation, keeping the 12-month Consumer Price Index (CPI) steady at 2.4%. The largest contributor to the monthly increase was shelter, which was up 0.2%. Food increased by 0.4%, while energy increased by 0.6%. Core CPI, which excludes food and energy, rose 0.2% in February, finishing the month at the same rate as January at 2.5%. Categories contributing to the Core CPI



increase included medical care, apparel, household furnishings and operations, airline fares and education. Declines in communication, used cars and trucks, and motor vehicle insurance were realized in February. The impact of the February CPI data appears to have diminished after the U.S./Israel war with Iran began on Feb. 28. This event will likely raise March's CPI, as energy prices, namely gasoline, have been increasing. As [an approximate calculation](#), each \$10 increase in the cost of a barrel of oil roughly equates to a 0.2% increase in inflation. [U.S. gasoline prices](#) have increased by \$0.57 since the start of the war.

The Federal Reserve will weigh the potential impact of interest rate reductions for March as it balances inflation and job growth. While jobs have stagnated, the inflationary impact of sharply rising energy prices, specifically gasoline, over the past few weeks could influence a change, although most are expecting no rate change. The next Federal Open Market Committee (FOMC) meeting concludes on March 18, although rates may not be affected until next month's meeting, which concludes on April 29, when the Fed can better understand the implications of the higher energy costs on the economy.



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“What we’re seeing in this month’s data is a reminder that delinquency trends don’t move in a straight line. Yes, overall delinquencies are up compared with a year ago, but the story underneath is more nuanced. Younger consumers are feeling the most strain, and lower-income households continue to show sharper swings in both delinquencies and credit utilization. At the same time, subprime borrowers have been remarkably steady — something we wouldn’t have predicted a few years ago. Put together, it paints a picture of a consumer landscape that’s still adjusting to higher costs and shifting financial cushions, with very different experiences depending on age and income.”

David Knowles

SVP of Disputes & Collections Operations at Velera
and President of TriVerity

Key Takeaways for February 2026

- Year-over-year growth in transactions and purchases in February was strong across both debit and credit. Debit purchases increased by 7%, with the Money Services and Goods sectors accounting for two-thirds of that growth. Credit purchases were up 4.4%, with the Goods and the Service sectors accounting for 68% of the entire increase. For February, debit transactions were up 7% and credit transactions rose by 4%.
- Since our last delinquency Deep Dive (February 2025), delinquencies have begun trending upward after steadily declining for the first 10 months of last year. Overall credit card delinquencies for February 2025 were 2.66%, up 0.16% year over year. Additionally, we saw higher delinquency rates among younger age groups, as evidenced by the notable increase in the youngest generational segment (Younger Gen Z), up 10.67% year over year to 13.69% in February 2026.
- CPI rose 0.3% in February, with the 12-month inflation rate remaining steady at 2.4%. Shelter was the primary driver of the monthly increase.
- Gasoline prices have increased sharply, rising \$0.57 per gallon (or 19%) since the start of the U.S./Israel war with Iran on Feb. 28. It is unknown how long the market will experience higher energy prices because of the conflict or what the impact will be on the U.S. economy. As an informal calculation, each \$10 increase in the price of a barrel of oil equates to a 0.2% increase (approximately) in inflation.

Deep Dive: Delinquencies

The overall credit card delinquency rate for February 2026 — defined as credit card balances two or more cycles past due as a share of total credit card balances — was 2.66%, slightly down from 2.73% the month prior. However, the delinquency rate grew 7% year over year, up from 2.49% in February 2025. This month's performance was consistent with the upward trend in year-over-year delinquency rate growth observed over the last four months, in contrast with the previous ten months. While the year-over-year change in delinquencies was up 0.16%, the subprime credit score grouping (credit scores below 660) decreased 0.46% to 8.43% in February 2026, continuing the positive trend observed over the last year.

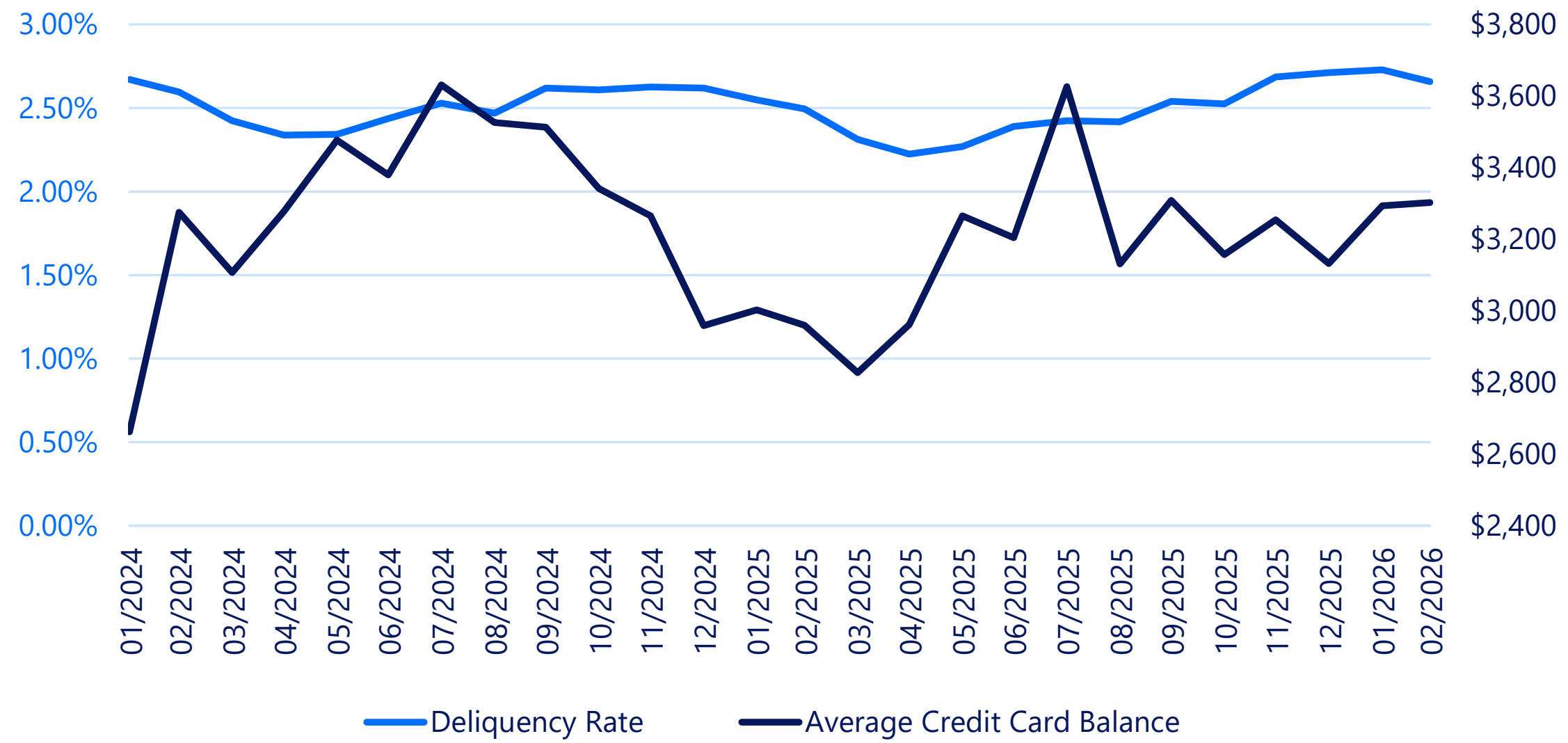
In looking by generation over time, delinquency rates tend to decline as the population ages. The Boomer+ (oldest) population had the lowest delinquency rate

for February 2025 at 1.63%, while Younger Gen Z (youngest) had the highest rate at 13.69%, up significantly from 3.02% in February 2025. The next-youngest generational segment (Older Gen Z) expectedly had the second-highest delinquency rate in February at 8.76%, more than doubling year over year.

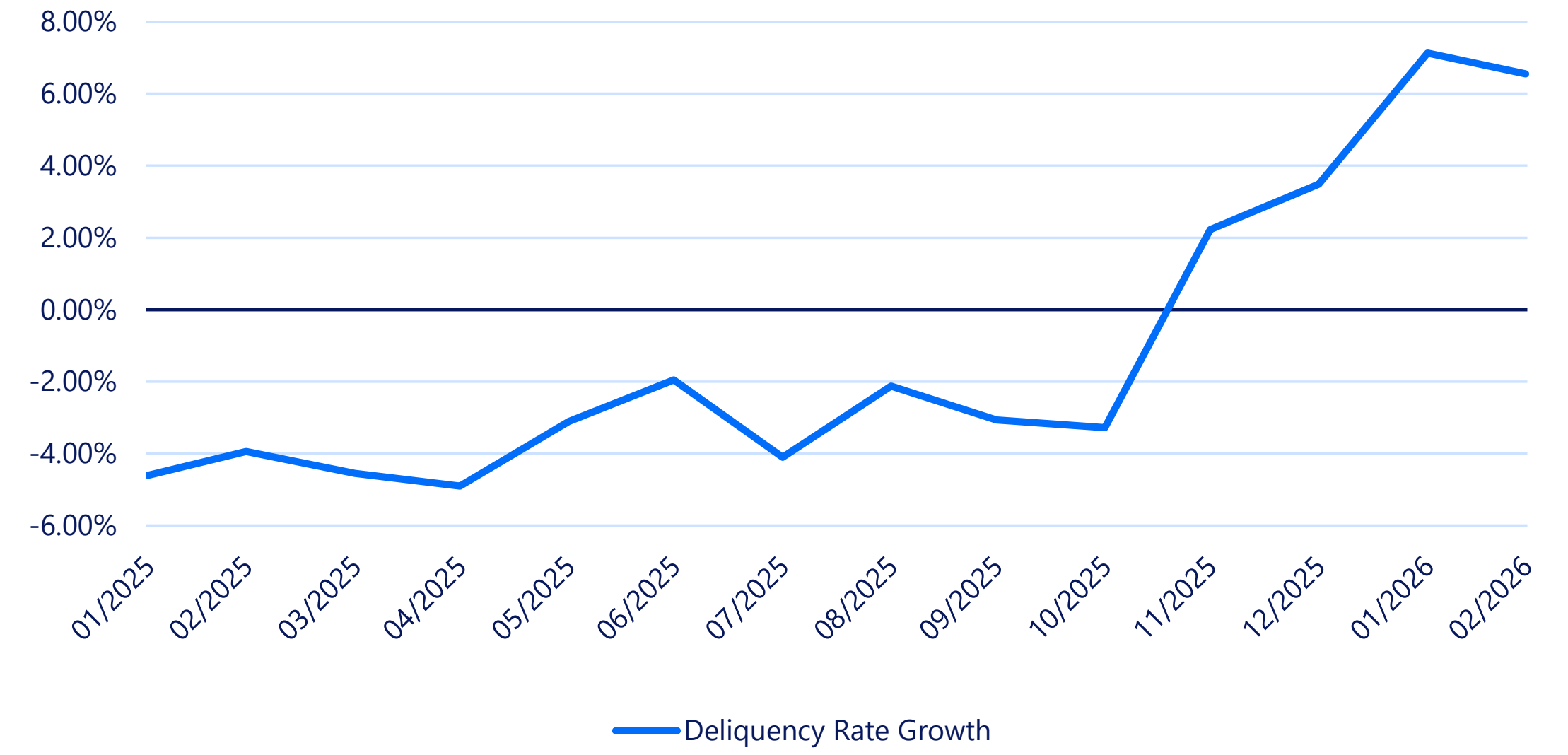
Observed delinquency rates are higher for segments with lower estimated income and trend lower as estimated income increases. The \$0-\$60,000 estimated income segment also experienced more volatility in both delinquency rate and credit utilization for delinquent accounts. In addition, lower credit utilization for delinquent accounts among those with lower estimated income may reflect greater sensitivity to unforeseen expenses, whereas higher-income segments appear to exhibit more predictable utilization creep before becoming delinquent.



Monthly Delinquency Rate and Average Credit Card Balances Beginning January 2024



Year-Over-Year Delinquency Rate Growth



Credit Card Delinquency Rates by Credit Score Grouping

Credit Score Grouping	Credit Score	Feb-24	Difference 24v25	Feb-25	Difference 25v26	Feb-26
Super-prime	> 759	0.22%	0.82%	1.03%	-0.70%	0.33%
Prime	660-759	0.99%	0.39%	1.38%	0.05%	1.43%
Subprime	< 660	8.66%	0.23%	8.89%	-0.46%	8.43%
Overall		2.60%	-0.10%	2.49%	0.16%	2.66%

Credit Card Delinquency Rates by Estimated Income Range

Estimated Income Range	Feb-24	Difference 24v25	Feb-25	Difference 25v26	Feb-26
\$0-\$60,000	3.37%	0.23%	3.60%	0.41%	4.02%
\$60,001 - \$100,000	2.05%	0.00%	2.06%	0.45%	2.50%
Greater Than \$100,000	1.48%	0.11%	1.58%	0.44%	2.02%
Overall	2.60%	-0.10%	2.49%	0.16%	2.66%

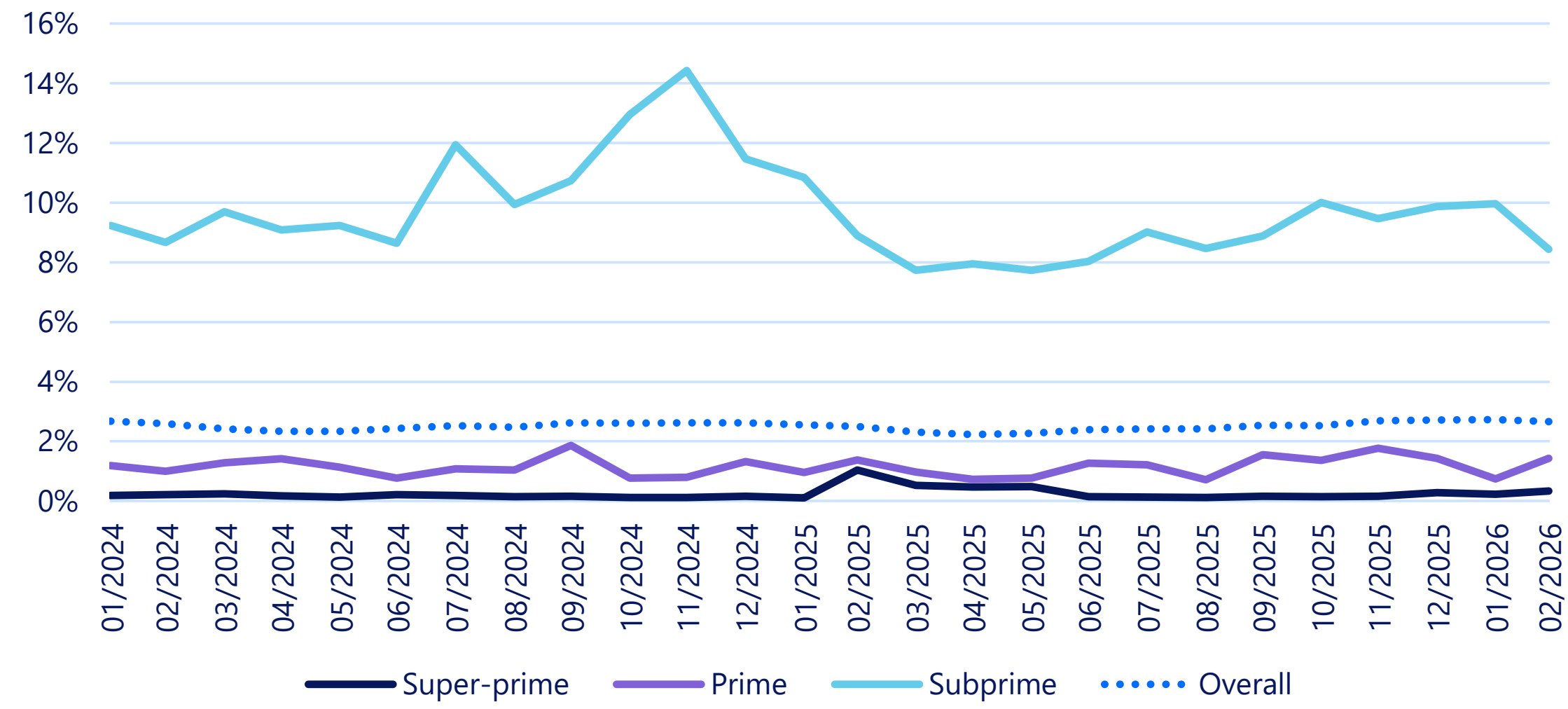
Credit Card Delinquency Rates by Generation

Credit Score Grouping	Feb-24	Difference 24v25	Feb-25	Difference 25v26	Feb-26
Boomers +	1.41%	0.79%	2.20%	-0.57%	1.63%
Gen X	2.33%	-0.27%	2.06%	0.05%	2.11%
Older M	5.43%	-0.45%	4.97%	-1.51%	3.47%
Younger M	4.84%	-0.44%	4.40%	1.21%	5.60%
Older Z	3.93%	-0.04%	3.89%	4.87%	8.76%
Younger Z	4.25%	-1.24%	3.02%	10.67%	13.69%
Overall	2.60%	-0.10%	2.49%	0.16%	2.66%

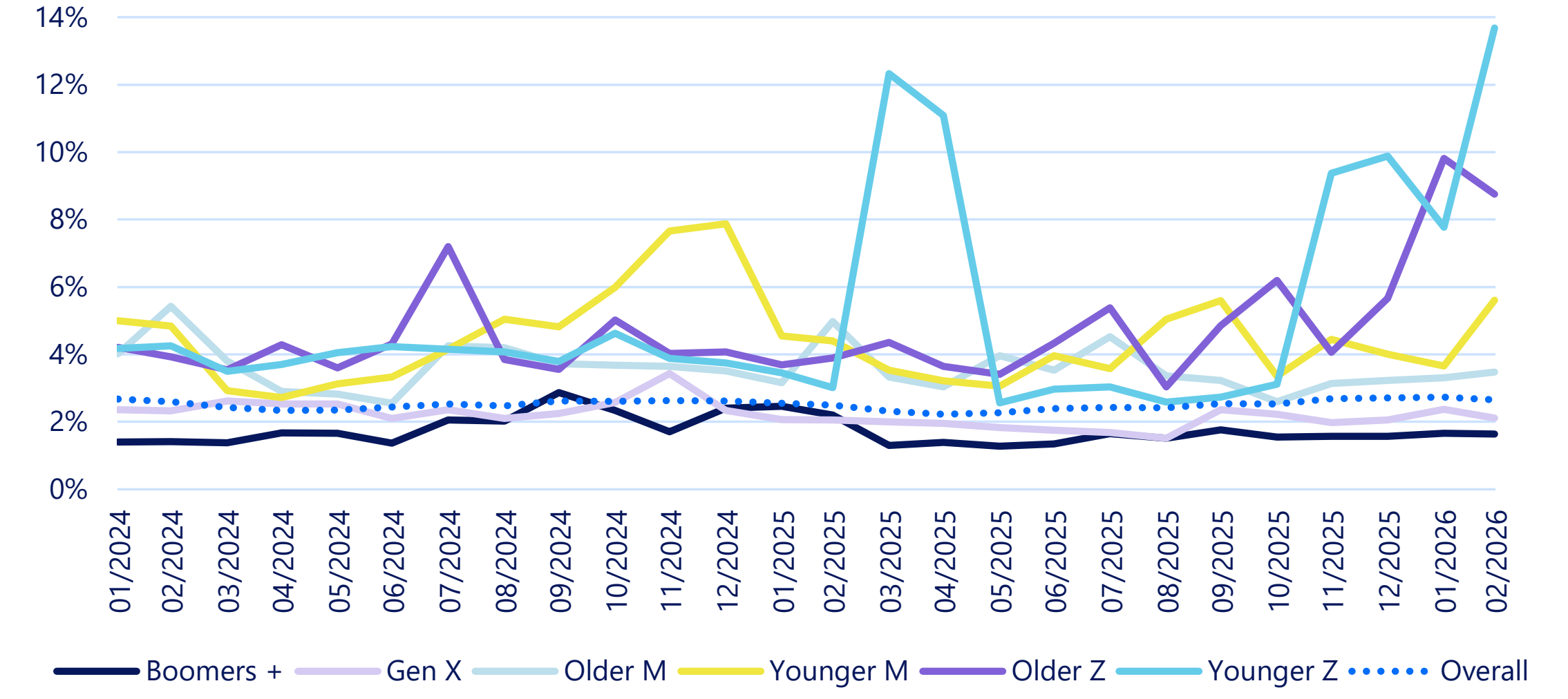
Credit Card Utilization by Estimated Income Range

Estimated Income Range	Feb-24	Difference 24v25	Feb-25	Difference 25v26	Feb-26
\$0-\$60,000	58.19%	-1.54%	56.66%	11.72%	68.38%
\$60,001 - \$100,000	75.40%	-0.48%	74.92%	3.77%	78.69%
Greater Than \$100,000	78.17%	-1.37%	76.80%	0.73%	77.53%
Overall	61.53%	-1.87%	59.65%	10.41%	70.07%

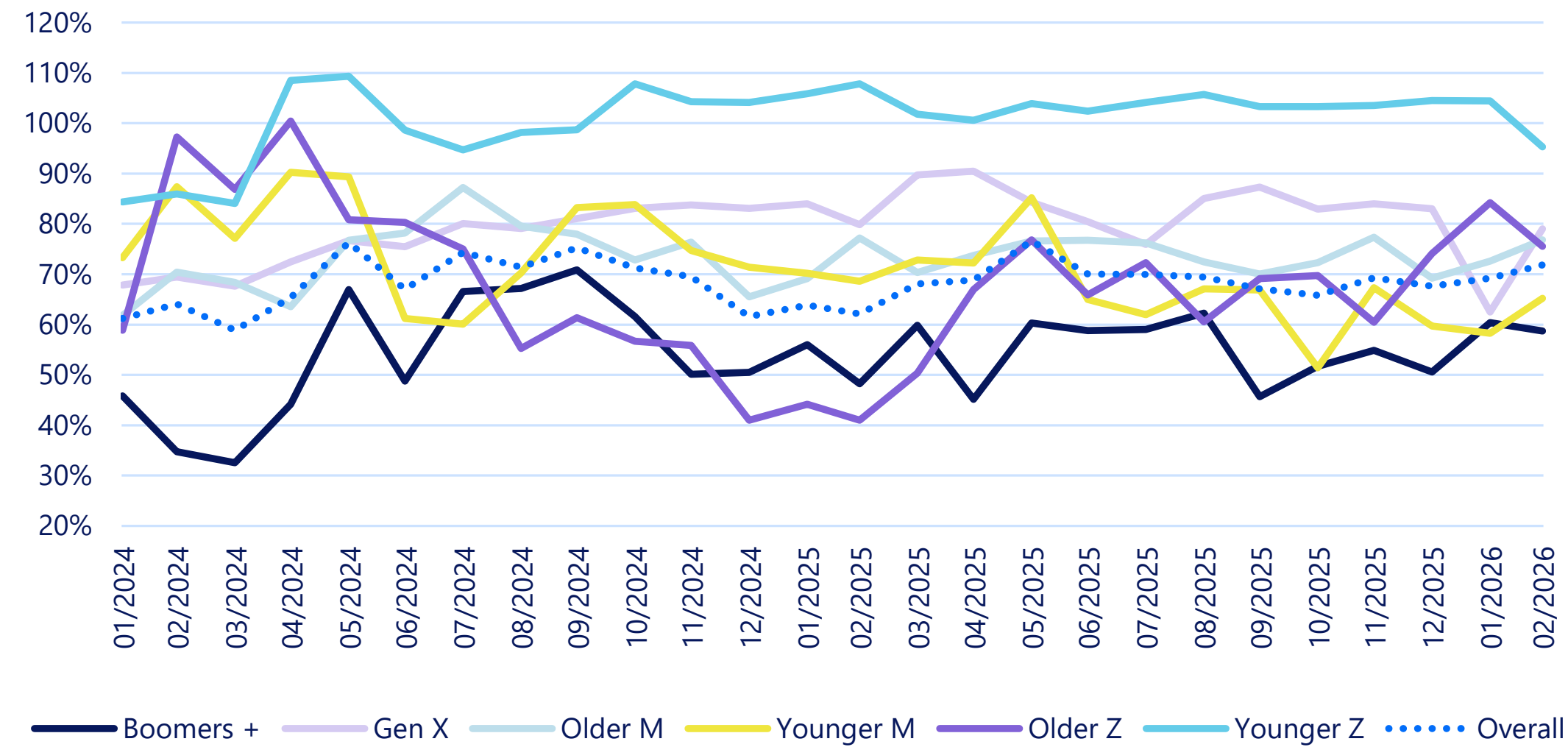
Monthly Credit Card Delinquency Rates by Credit Score Grouping



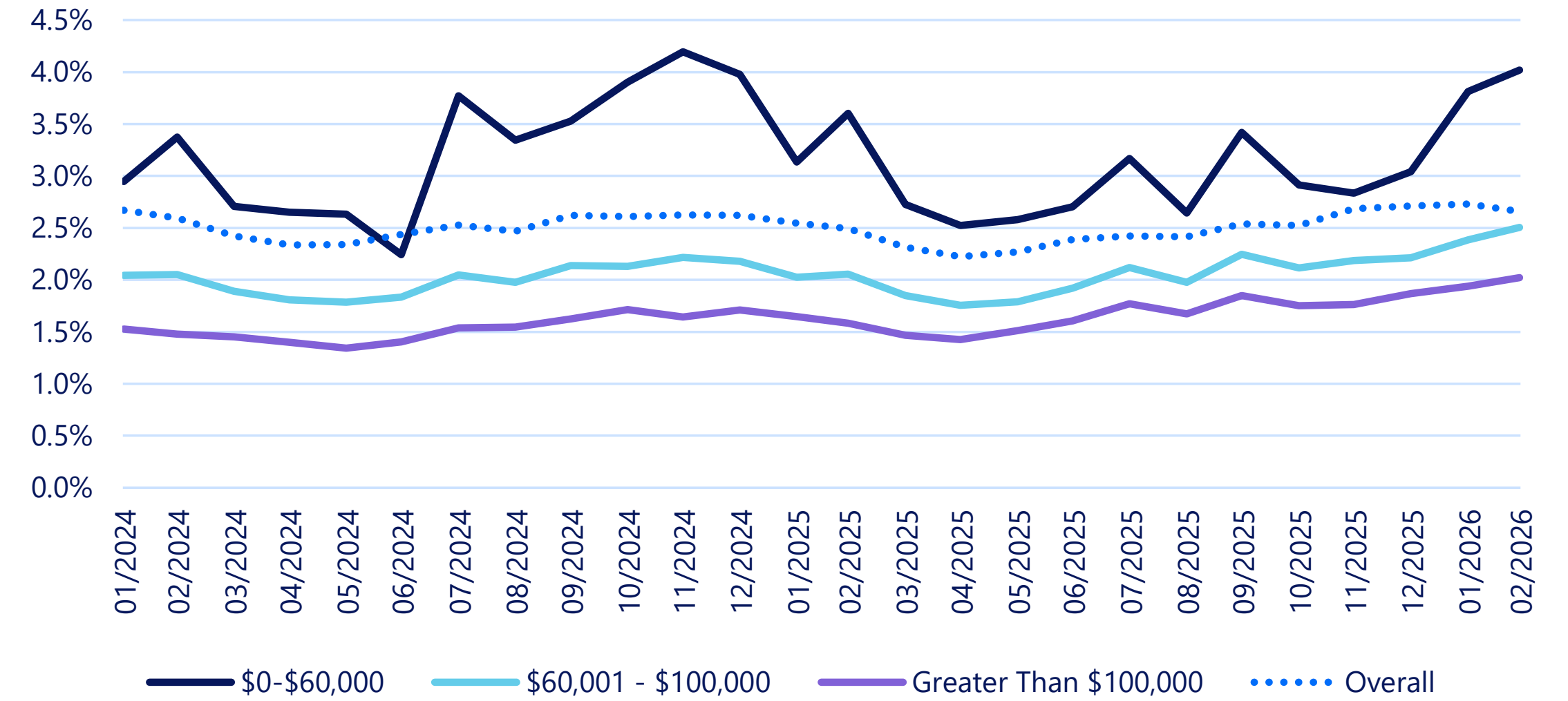
Monthly Credit Card Delinquency Rates by Generation



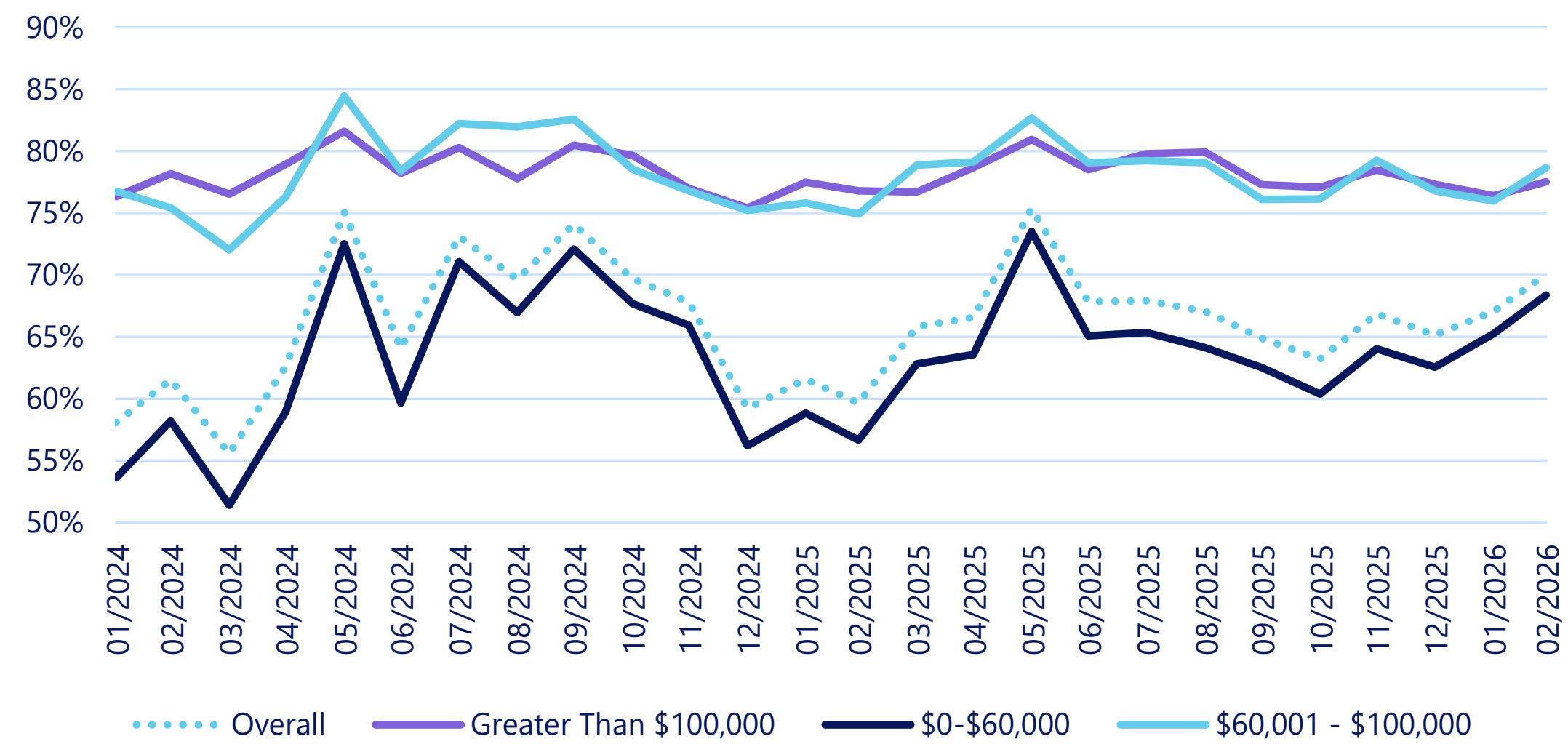
Monthly Delinquent Credit Utilization by Generation



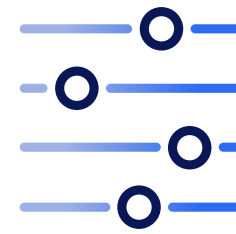
Monthly Credit Card Delinquency Rates by Estimated Income Range



Monthly Delinquent Credit Utilization by Estimated Income Range



Opportunities to Act On: What Credit Unions Should Do Now



Strengthen Collections to Better Manage Elevated Delinquencies

As delinquency trends rise, especially among younger consumers, credit unions should prioritize modernizing their collections approach to enhance recovery and deepen member engagement. Effective strategies include using multichannel outreach to maximize reach, personalizing communication by risk level and member segment, and adopting smarter technology to prioritize accounts and streamline resolution. By combining tailored outreach, digital-first engagement and advanced analytics, credit unions can better manage elevated delinquencies while delivering a more supportive and efficient member experience. For more in-depth insights, check out our blog [Five Winning Collection Strategies to Reduce Losses and Strengthen Member Relationships](#).



Boost Cardholder Engagement with Targeted Summer Usage Campaigns

Velera's targeted usage campaigns provide credit unions with an efficient, data-driven way to influence member spending during key seasonal moments, most notably during summer travel season and Amazon's peak July shopping period. The Summer Travel & Gas Spend-and-Get campaign positions your card as top-of-wallet during the high-activity travel season. Enroll before April 15 for a mid-June launch. The Amazon.com Spend-and-Get campaign captures the surge in Amazon purchases surrounding Prime Day by incentivizing members to use their credit or debit card on Amazon. Enrollment closes April 15, with member communications beginning in late June and the promotion launching July 1. Together, these targeted campaigns strengthen card preference, drive incremental spend and support long-term portfolio growth. Discover more about [Velera's consumer marketing campaigns](#).



Outsource Delinquency Management to Improve Efficiency and Reduce Risk

With increased pressure on internal staffing, training and technology resources, outsourcing delinquency management can help credit unions reduce operational burden, mitigate risk and ensure members receive professional, compliant and empathetic support. TriVerity, a Velera company, offers a full-service first- and third-party collections solution built specifically for credit unions. TriVerity's specialized expertise, advanced digital tools and proven recovery processes help credit unions minimize losses while maintaining the high-quality service members expect. Partnering with a trusted provider allows credit unions to stay focused on their core mission while strengthening financial performance. Explore TriVerity's full suite of services [here](#).

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



Credit and Debit Cards

For February, momentum in both credit and debit card activity remained strong, with growth rates accelerating across payment types compared to the prior year. Purchase dollar growth continued to outpace transaction volume, reflecting modest increases in average ticket size and signaling healthy underlying spending patterns. At the same time, higher transaction growth highlights broad consumer engagement and steady payment activity.

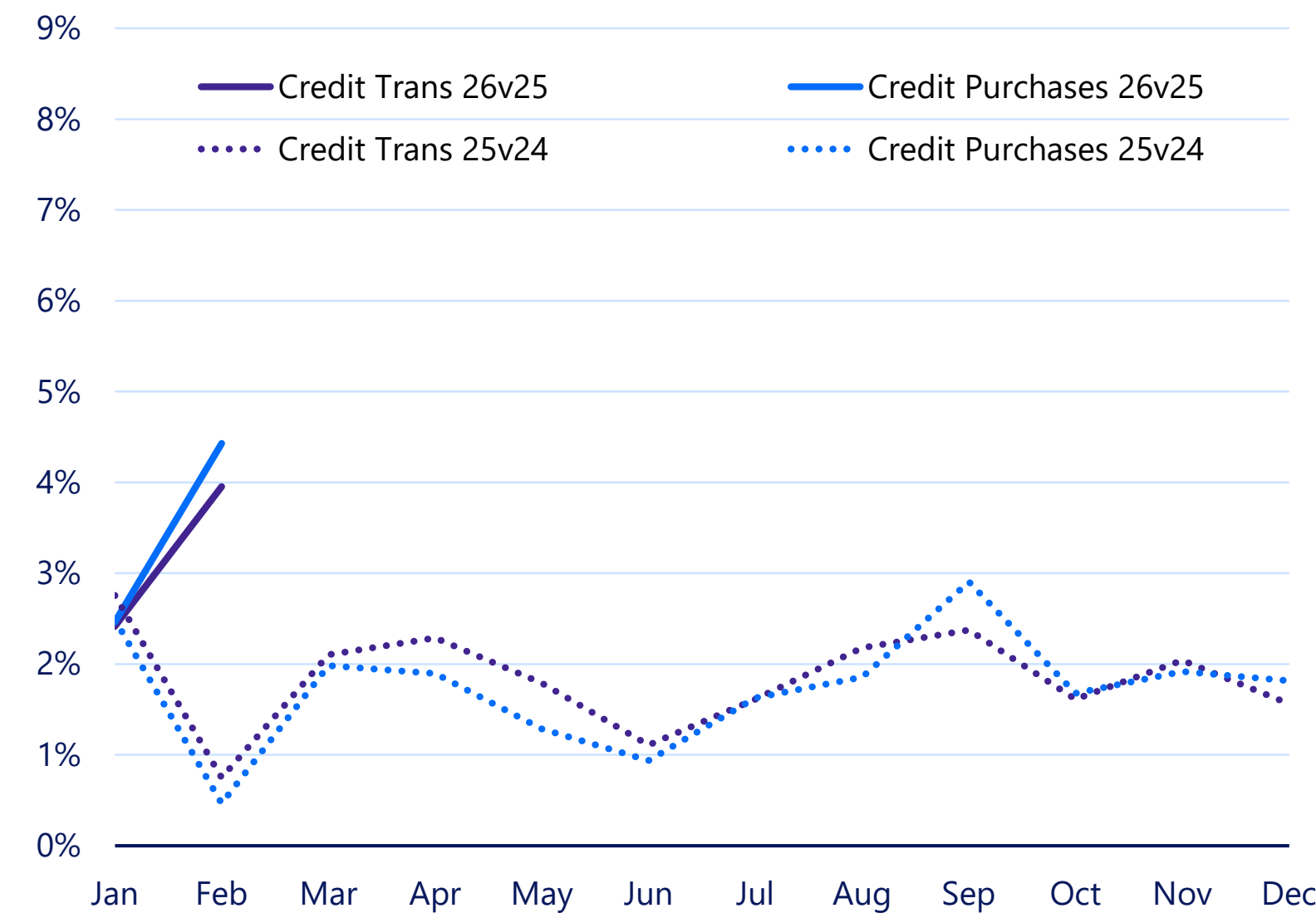
Credit card purchase growth rose 4.4% year over year, largely driven by the Goods and Services sectors, while credit transaction volume increased 4%. Debit card purchase dollars grew 7%, led by Money Services and Goods, with debit transactions up 4.7%. The Goods sector was a key driver of increased transaction volume across both credit and debit. The average credit transaction amount increased 0.5% year over year to \$70.28, while the average debit transaction amount rose 2.1% to \$48.05.

Recent card activity is influenced by income tax refunds. This multi-month event could have a potentially larger impact on 2025 tax refunds, as returns are expected to be 10% to 20% higher resulting from the legislation signed into law last summer as the “One Big Beautiful Bill Act” (OBBBA).

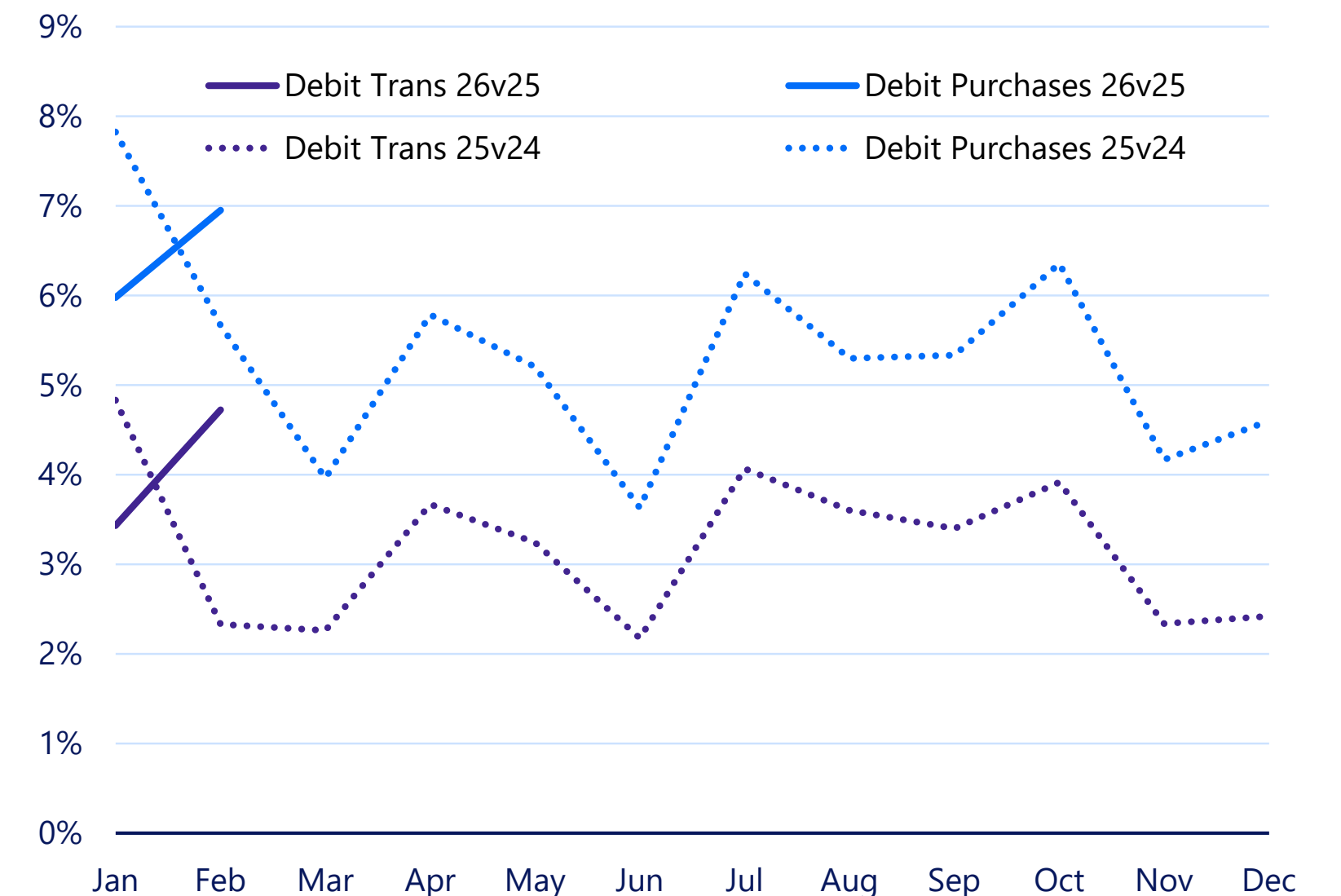
Month of February 2026

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2026 v 2025	↑ 4.0%	↑ 4.4%	↑ 4.7%	↑ 7.0%
2025 v 2024	↑ 0.7%	↑ 0.5%	↑ 2.3%	↑ 5.7%

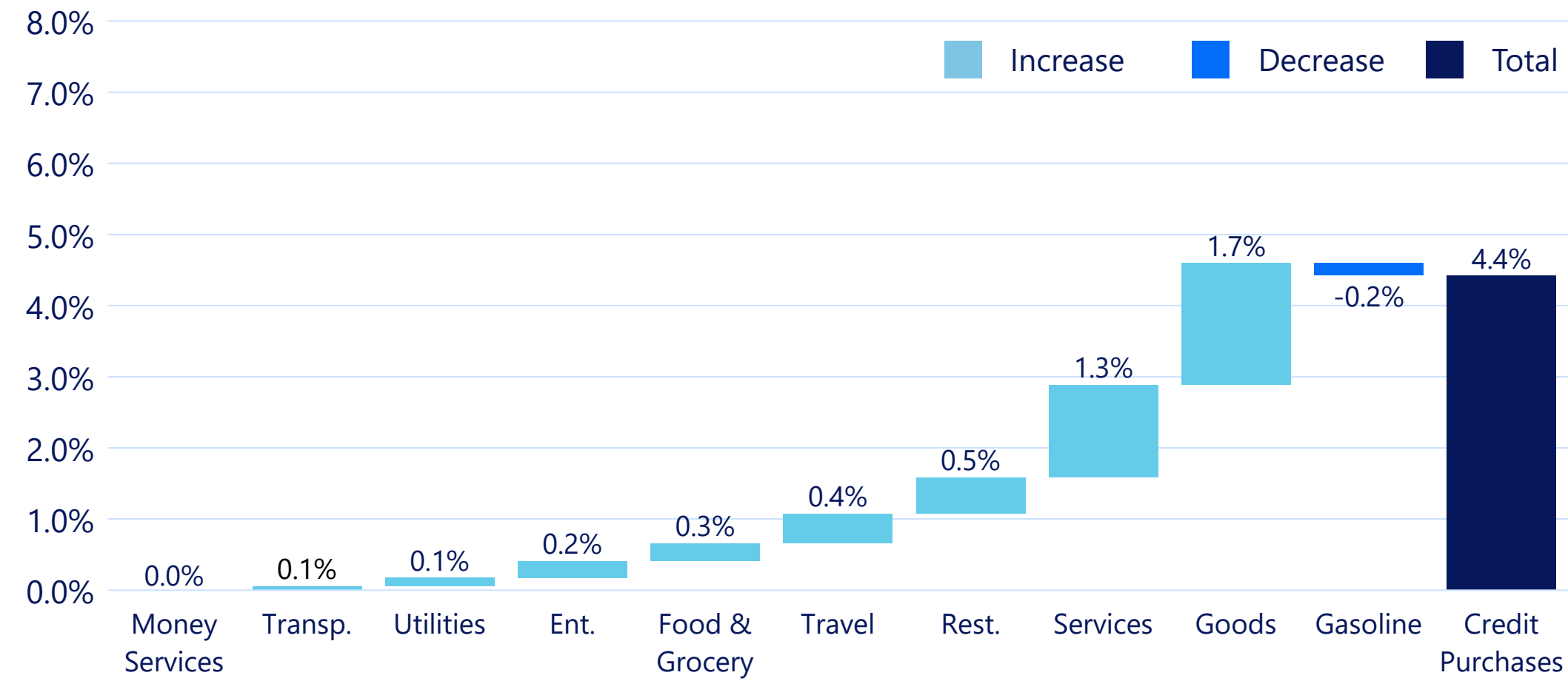
Credit



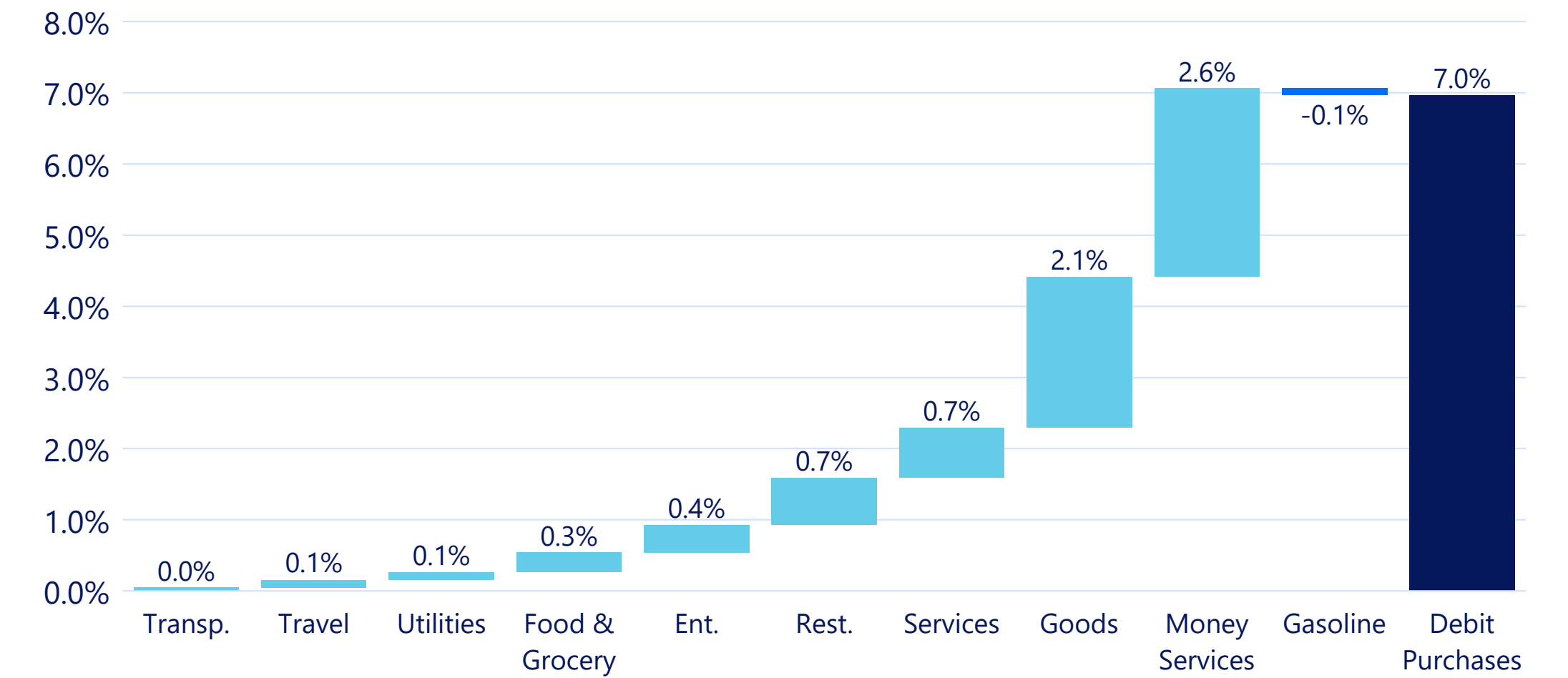
Debit



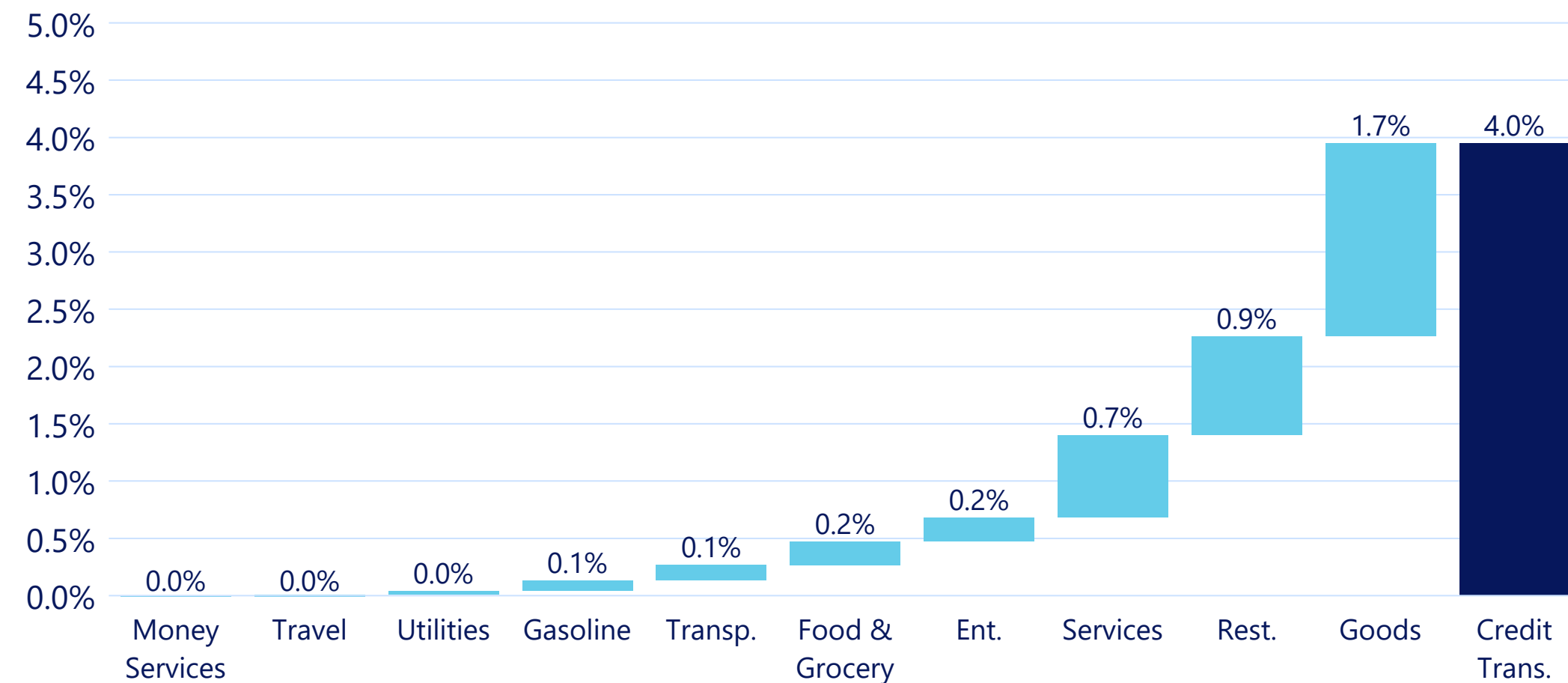
Sector Contributions to Growth in Credit Purchases: February



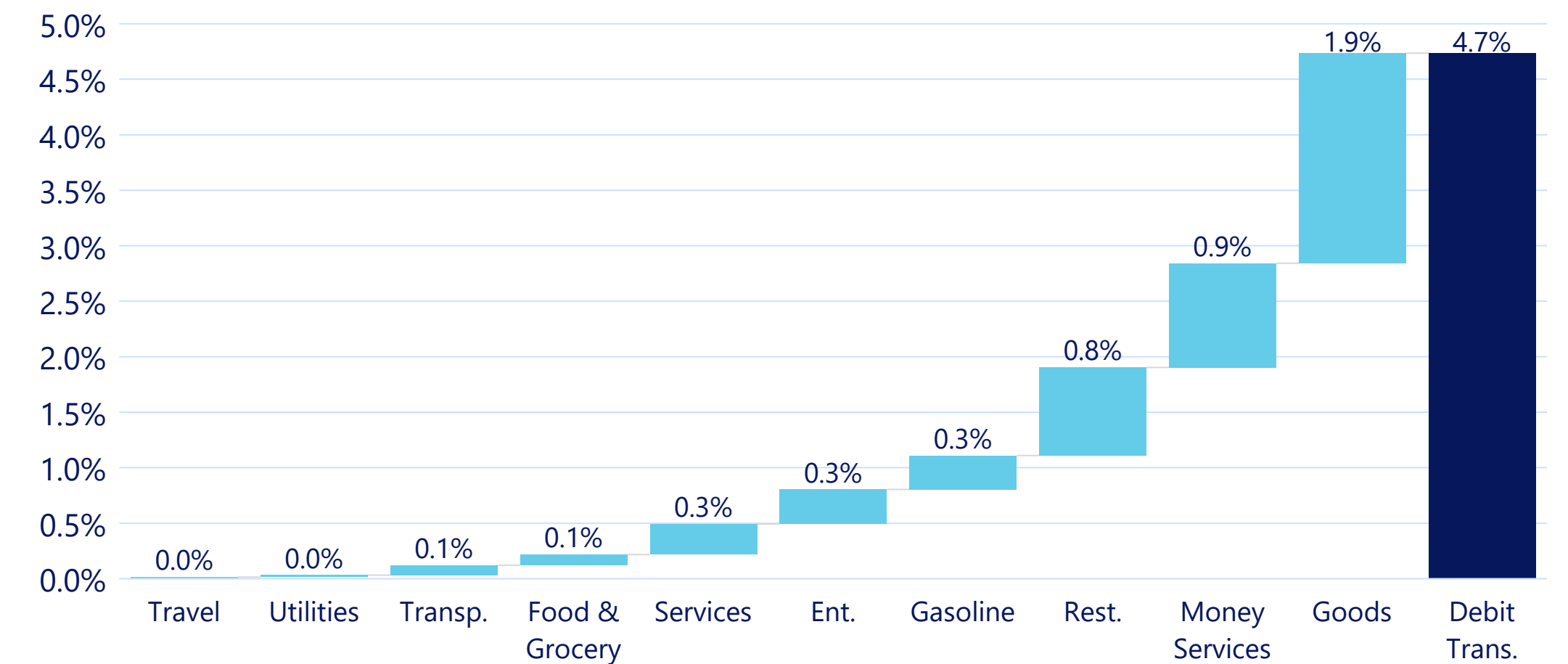
Sector Contributions to Growth in Debit Purchases: February



Sector Contributions to Growth in Credit Transactions: February



Sector Contributions to Growth in Debit Transactions: February





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 2024 through the most current complete month of 2026, enabling an accurate and relevant year-over-year same-store comparison (2026 vs. 2025, 2025 vs. 2024) 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 2026 edition of the Velera Payments Index represents a total of 3.6 billion transactions valued at \$184 billion of credit and debit card activity from March 2025 through February 2026.

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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