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PAYMENTS INDEX

Deep Dive: Gambling and Prediction Markets

September 2026

August card spending growth reflected a continued positive trend in consumer engagement. While debit purchase growth continued to outperform, credit purchase growth remained positive, but declined from recent highs. Spending in August was supported by back-to-school shopping and elevated gasoline prices. Although consumer sentiment softened and wage growth signals remained mixed amid inflation uncertainty, the broader economic environment remained generally supportive of consumer spending.

Consumer confidence indicators softened in August, reflecting ongoing uncertainty related to gasoline prices and tariffs. The University of Michigan's Index of Consumer Sentiment fell to 51.7, down 6.3% from July and marking its second consecutive monthly decline. Higher gas prices and concerns over tariffs were the most frequently cited factors among survey respondents. Consumer sentiment remained 13% below its level from a year ago, underscoring the continued impact of elevated prices on consumers' economic outlook. Similarly, the Conference Board's Consumer Confidence Index fell 0.8 points to 89.4, down from 90.2 in July.

The labor market showed signs of strengthening in August, rebounding from previous months. The Bureau of Labor

Performance Snapshot: August 2026

Market/Economic Variables

89.4
Consumer Confidence Index
↓ Change 0.8 points

51.7
U of M Index of Consumer Sentiment
↓ Change 3.5 points

3.4%
Consumer Price Index
↑ Change 0.4%

2.4%
Core CPI (excl. Food/Energy)
↑ Change 0.3%

38,000
ADP National Employment Report
↓ Change 6,000

162,000
BLS/Job Growth
↑ 185,000 jobs higher than forecast

4.1%
Unemployment Rate
— Unchanged

3.75-4.00%
Federal Reserve Interest Rate
↑ 25 basis point increase

Payments Index Growth

Purchases

2026 v 2025

Credit ↑ 3.6% | Debit ↑ 6.1%

2025 v 2024

Credit ↑ 1.9% | Debit ↑ 5.3%

Transactions

2026 v 2025

Credit ↑ 2.8% | Debit ↑ 3.4%

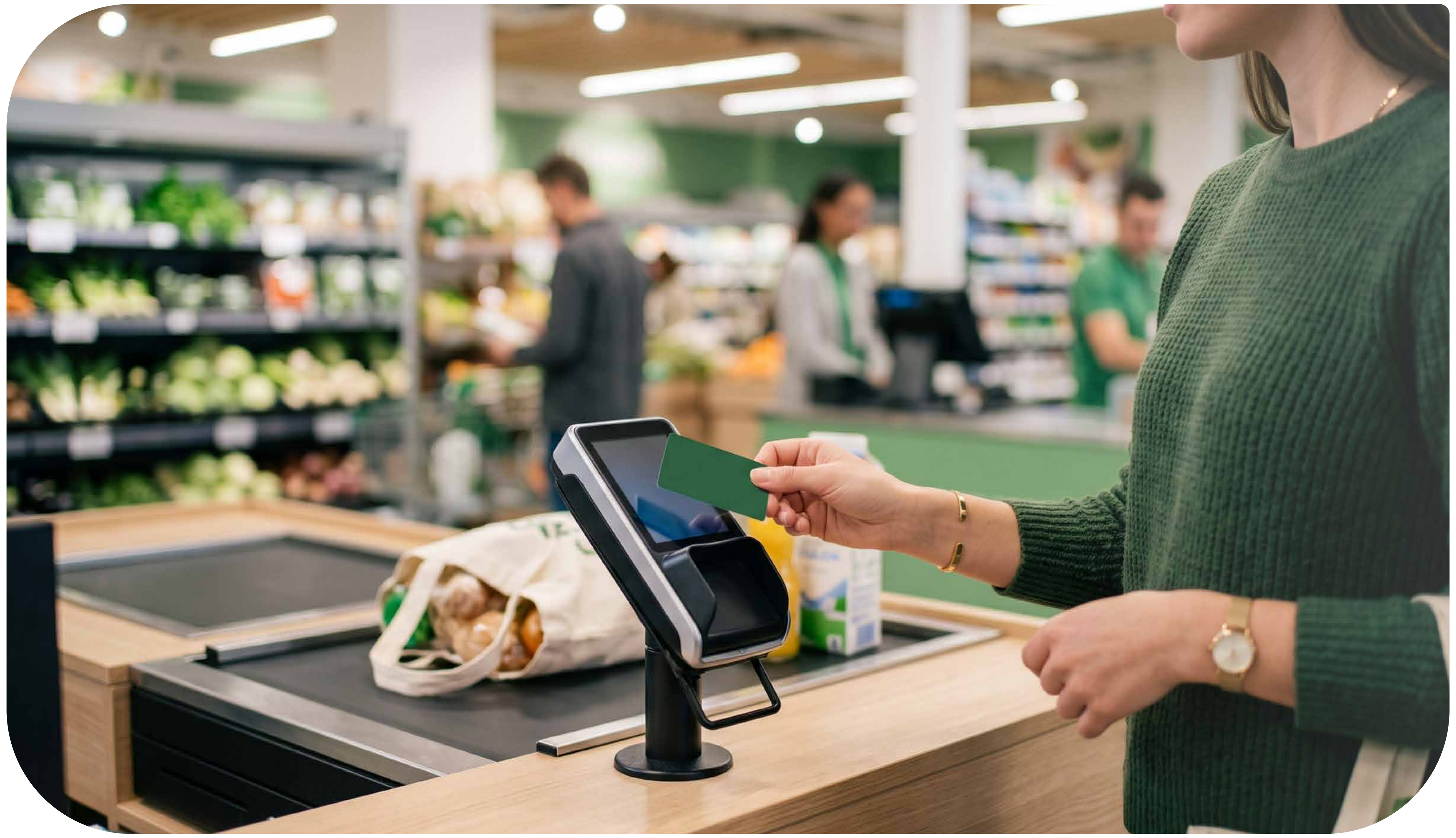
2025 v 2024

Credit ↑ 2.2% | Debit ↑ 3.6%

Statistics (BLS) reported a gain of 162,000 jobs, in contrast with ADP jobs report, which showed private-sector payrolls increased by only 38,000 jobs in August, with hiring slowing to the lowest rate since January. Gains were concentrated in education, health care, construction and leisure and hospitality services, while employment declined in manufacturing, as well as professional services and information. The unemployment rate was unchanged at 4.1%, affected by the labor force participation rate rising to 61.6%, while wage growth also slowed to its lowest pace of 2026 at 3.1%.

Inflation trends moved in a less favorable direction for consumers than in prior months. The U.S. Consumer Price Index (CPI) rose 0.4%, bringing the 12-month annual inflation rate to 3.4%, unchanged from July. Gasoline was the primary driver of monthly inflation, accounting for over one-third of the increase. Energy, shelter and food away from home also posted notable gains. Core CPI, which excludes food and energy, increased 0.3% in August after increasing 0.2% in July.

On Sept. 16, the Federal Open Market Committee (FOMC) announced a 25-basis-point interest rate increase, bringing the target range to 3.75% to 4.00% and marking the first rate hike since 2023. The move was



intended to combat inflation and alleviate pressure from supply chain uncertainty and elevated energy prices driven by the ongoing conflict in the Middle East. The committee also issued its updated Summary of Economic Projections (SEP), which indicated that one additional rate hike is expected later this year, likely in either October or December. The SEP generally provides policymakers' outlook for economic growth, inflation, unemployment and the future path of interest rates over the next few years.

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"Online gambling and prediction markets are a small share of overall card activity, but they're moving into the mainstream faster than many financial institutions expected, particularly among younger consumers. The concentration of prediction market activity among Gen Z, combined with evolving regulation and the potential for market manipulation, creates new considerations for fraud prevention, member education and financial wellness. Credit unions need to understand what's showing up in member activity so they can identify emerging risks, educate members and make sure their fraud strategies can keep pace as these markets evolve."

Karen Postma
Senior Vice President, Risk Solutions, Velera

Key Takeaways for August 2026

- Consumer spending continued to show strength in August, with debit purchases increasing 6.1% year over year, supported by 3.4% growth in transactions. Purchase growth continued to be driven by the Money Services, Goods and Gasoline sectors. Credit purchases rose 3.6% year over year, with transaction growth of 2.8%. The Gasoline sector returned as the leading contributor to credit purchase growth, followed by Goods and Services.
- For 2026, online gambling debit activity remained steady through July, avoiding the typical summer lull, driven by a surge in year-over-year growth during the six weeks that the FIFA World Cup global soccer competition was held in the U.S.
- Generation Z accounted for nearly two-thirds of the year-to-date prediction market debit transactions and purchases, yet had the lowest average wagers among generational segments. Kalshi represented 88% of all prediction market debit transactions year to date, but had the lowest average purchase amount.

Deep Dive: Gambling and Prediction Markets

Online gambling and prediction markets represent a rapidly growing category of consumer payment activity that sits at the intersection of payments, financial wellness, fraud and regulatory oversight. While these transactions still account for a small share of overall card volume, growth rates significantly exceed broader consumer spending trends – particularly among younger consumers.

Through August, which included the FIFA World Cup held throughout North America from June 11 to July 19, online gambling debit transactions and purchases were up 21.8% and 25.4%, respectively, year over year. However, both transactions and purchases are still down approximately 3% from the previous year-over-year growth, despite an observable boost from the World Cup.

Once illegal except in certain physical locations in the U.S., online sports betting continues to grow as additional states consider legislative measures to allow it within their borders. Since March 2025, the number of states that permit either online or in-person sports betting has increased from 39 to 40, according to the American Gaming Association, with Missouri recently joining the group and offering both in-person and online sports betting. Currently, Georgia and Hawaii are considering adoption as well. With the addition of Missouri, there are now 33 states plus Washington, D.C., where online sports betting is legal. While this expansion across markets has been a key driver of growth, it is important to note that merchants continue to be responsible for determining if the cardholder is in a state where the transaction is permitted, based on geolocation.

Online gambling has proven highly seasonal, with relatively steady debit purchase activity from January through May. Volume usually recedes during the summer months before ramping up in earnest with the onset of college and professional football in September. In 2026, activity remained steady through July, due to a surge in year-over-year growth during the six weeks of the World Cup. Predictably, debit online gambling activity fell off discernibly in August following the conclusion of the World Cup. To illustrate the annual seasonality of online gambling, we indexed weekly transactions to the first week of January for each year (Week 1 = 100 each year).

While Younger Gen Z represents only 4% of online gambling debit transactions and has the lowest average wager at $40.08, it outpaced all other generational segments in year-over-year growth by a wide margin. Additionally, the average wager increased with each successive older generation. FanDuel and DraftKings accounted for approximately two-thirds of the year-to-date online gambling debit transactions and purchases, but experienced slower growth than many of their competitors. HardRock Bet narrowly edged out BetMGM for third place in debit activity market share, at around 10%, and has seen steady growth throughout 2026. The rest of the market includes merchants with 6% or less of transactions and purchases.

Prediction markets and gambling both involve risking money on uncertain future outcomes, but they differ fundamentally in structure, purpose and regulation. Prediction markets use a peer-to-peer exchange model, in which users trade contracts with one another. Prices fluctuate dynamically based on supply and demand. Traditional gambling relies on a central "house" or bookmaker that sets fixed odds and takes the opposite side of the bet. In a recent article, Sportico has suggested that platforms operating prediction markets (like Kalshi) are

financial exchanges offering event contracts, subject to federal oversight rather than state gaming commissions. This often allows users ages 18 and up to participate.

Currently, platforms like Kalshi and Polymarket operate under federal oversight from the Commodity Futures Trading Commission (CFTC) as financial derivatives, or “event contracts.” States argue that these platforms are engineered to circumvent state gaming laws, tax obligations and advertising regulations.

According to the American Gaming Association, prediction market platforms have spent nearly $200 million on digital advertising through the first seven months of 2026, aggressively promoting their sports betting businesses. It is estimated that over 50% of sports betting advertisements viewed by consumers this year will fall outside of state regulatory oversight. Moreover, prediction markets feature contracts similar to proposition bets, as they relate to highly specific outcomes that can be easily manipulated and are vulnerable to insider trading.

According to the National Conference of State Legislatures (NCSL), at least 15 states have introduced or addressed legislation regarding prediction markets versus gambling to counter platforms operating as unlicensed sportsbooks or digital casinos. New York, Connecticut, Wisconsin, Rhode Island, Michigan and Minnesota have taken direct enforcement or legal actions against prediction market apps for unlicensed gambling operations.

Weekly prediction market debit transactions and purchases steadily increased throughout 2026, culminating in an enormous surge in activity leading up to the World Cup. Prediction market debit activity peaked at over 700% when indexed to the first week of the year and coinciding with the knockout stage of the tournament. Measuring daily activity during the World Cup revealed that the two highest activity days were July 11, which had two quarterfinal matches, and July 19, when the final match was played.

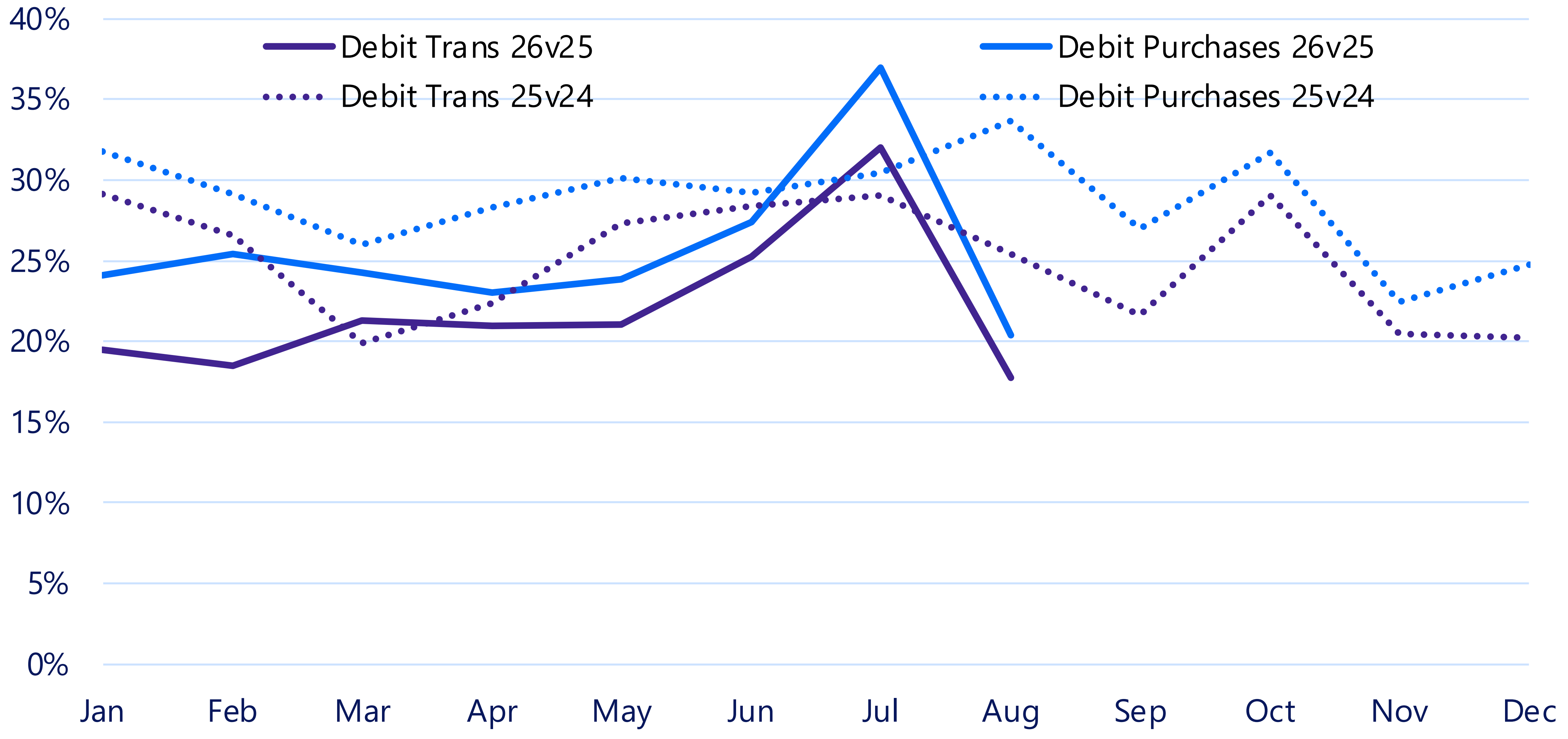
Generation Z contributed nearly two-thirds of the year-to-date prediction market debit transactions and purchases and had the lowest average wager compared to the other generational segments. Kalshi represented 88% of all prediction market debit transactions year-to-date, but had the lowest average purchase amount.

Deep Dive: Gambling and Prediction Markets

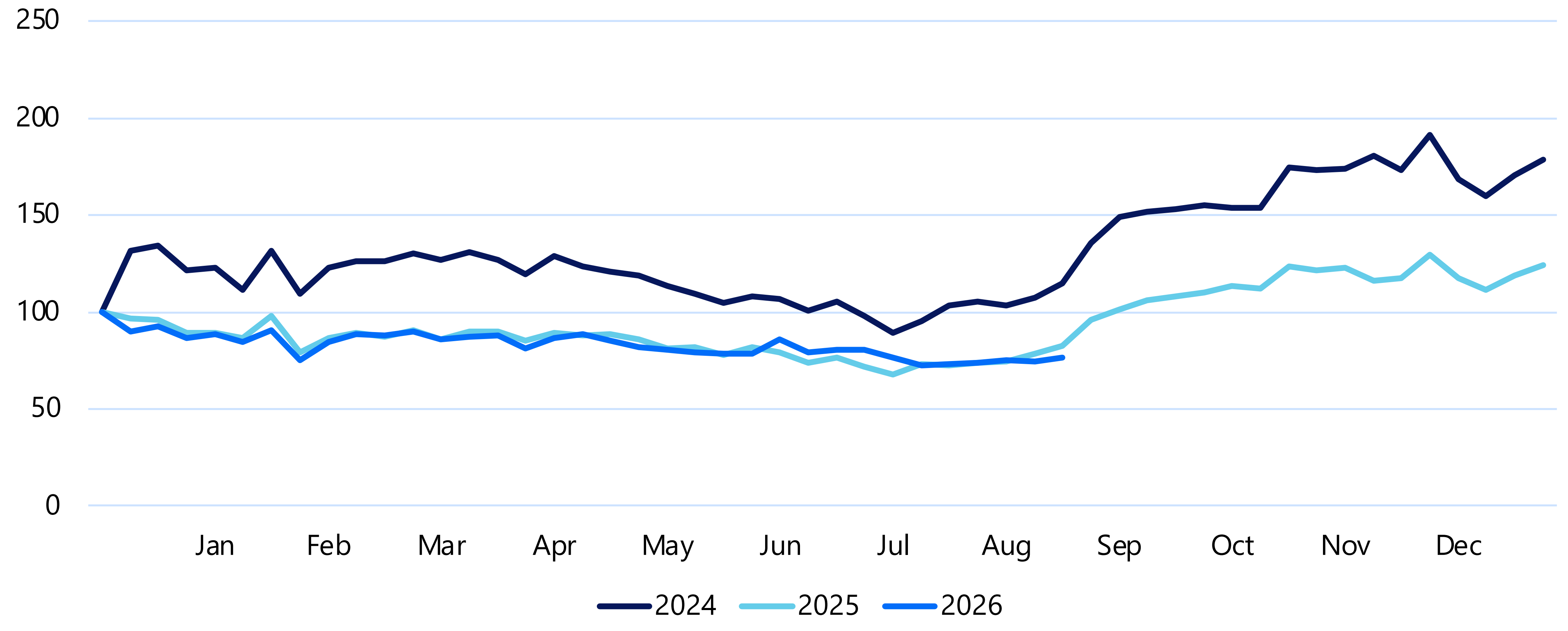
Debit Online Gambling Year-Over-Year Growth

YTD	Debit	
	Transactions	Purchases
2026 v 2025	**21.8%**	**25.4%**
2025 v 2024	**24.6%**	**28.4%**

Debit Online Gambling by Month

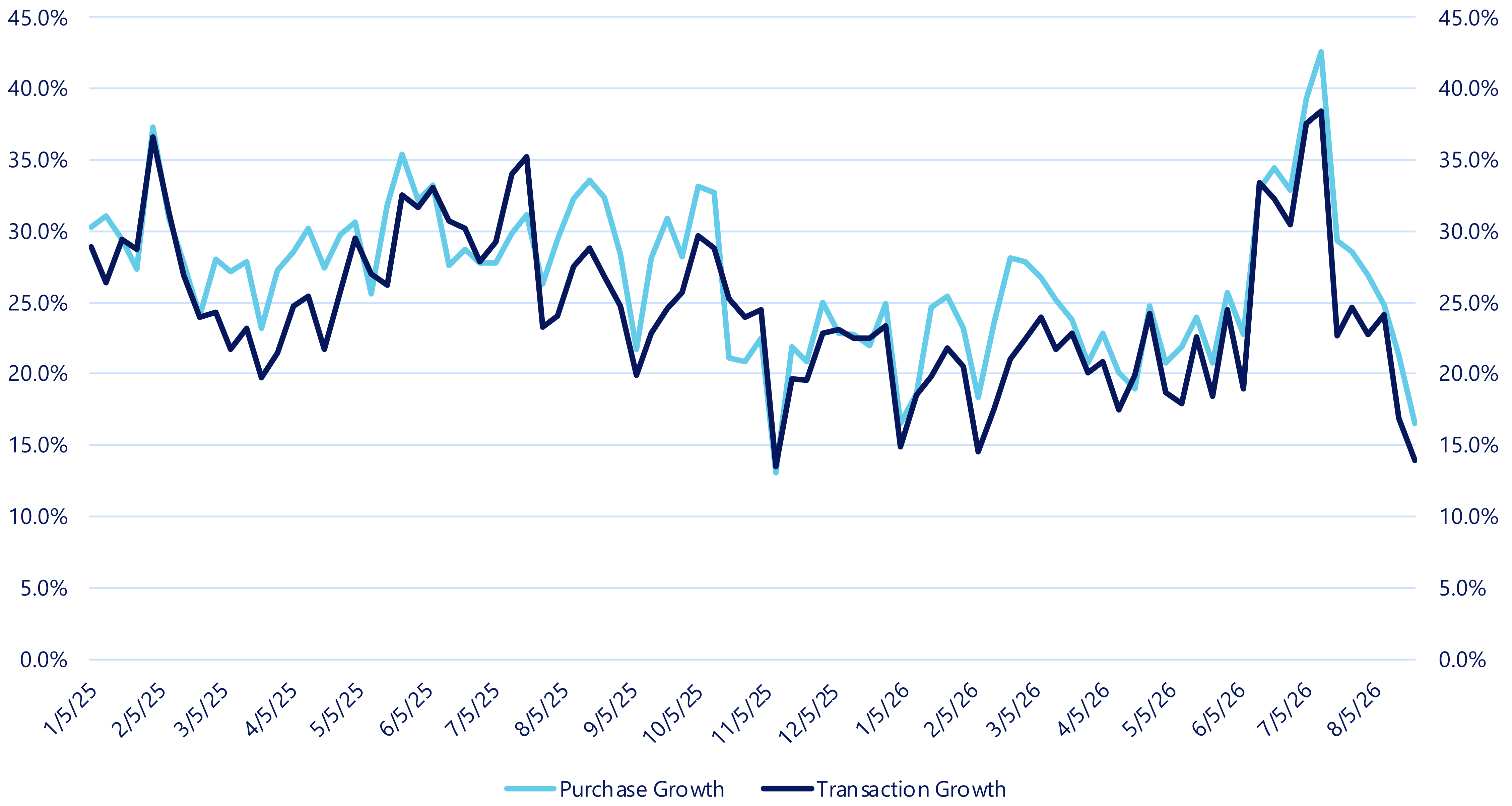


Weekly Online Gambling Debit Transactions Indexed to First Week of Each Year



Deep Dive: Gambling and Prediction Markets

Weekly Online Gambling Debit Activity Growth: Year-Over-Year

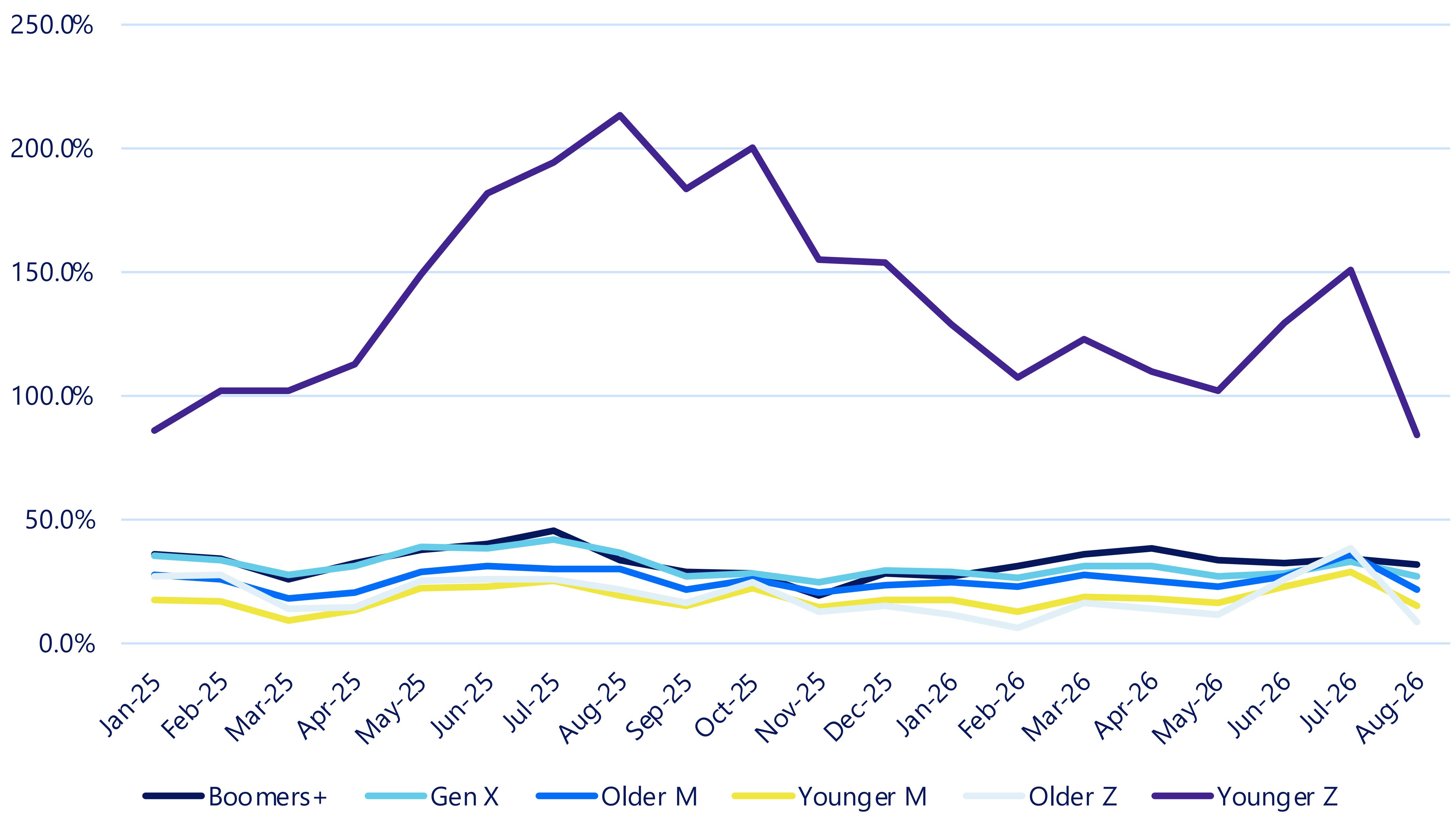


Online Gambling Debit Activity Share and Average Purchase by Generation: Year-to-Date

Generation	Transactions	Purchases	Average Purchase
Boomers+	7.6%	8.1%	$56.96
Gen X	25.1%	27.0%	$56.85
Older Millennials	22.4%	23.2%	$55.00
Younger Millennials	19.1%	18.9%	$52.44
Older Z	21.8%	19.7%	$48.07
Younger Z	4.0%	3.0%	$40.08
Overall	100.0%	100.0%	$53.02

Deep Dive: Gambling and Prediction Markets

Online Gambling Debit Transaction Growth by Generation: Year-Over-Year

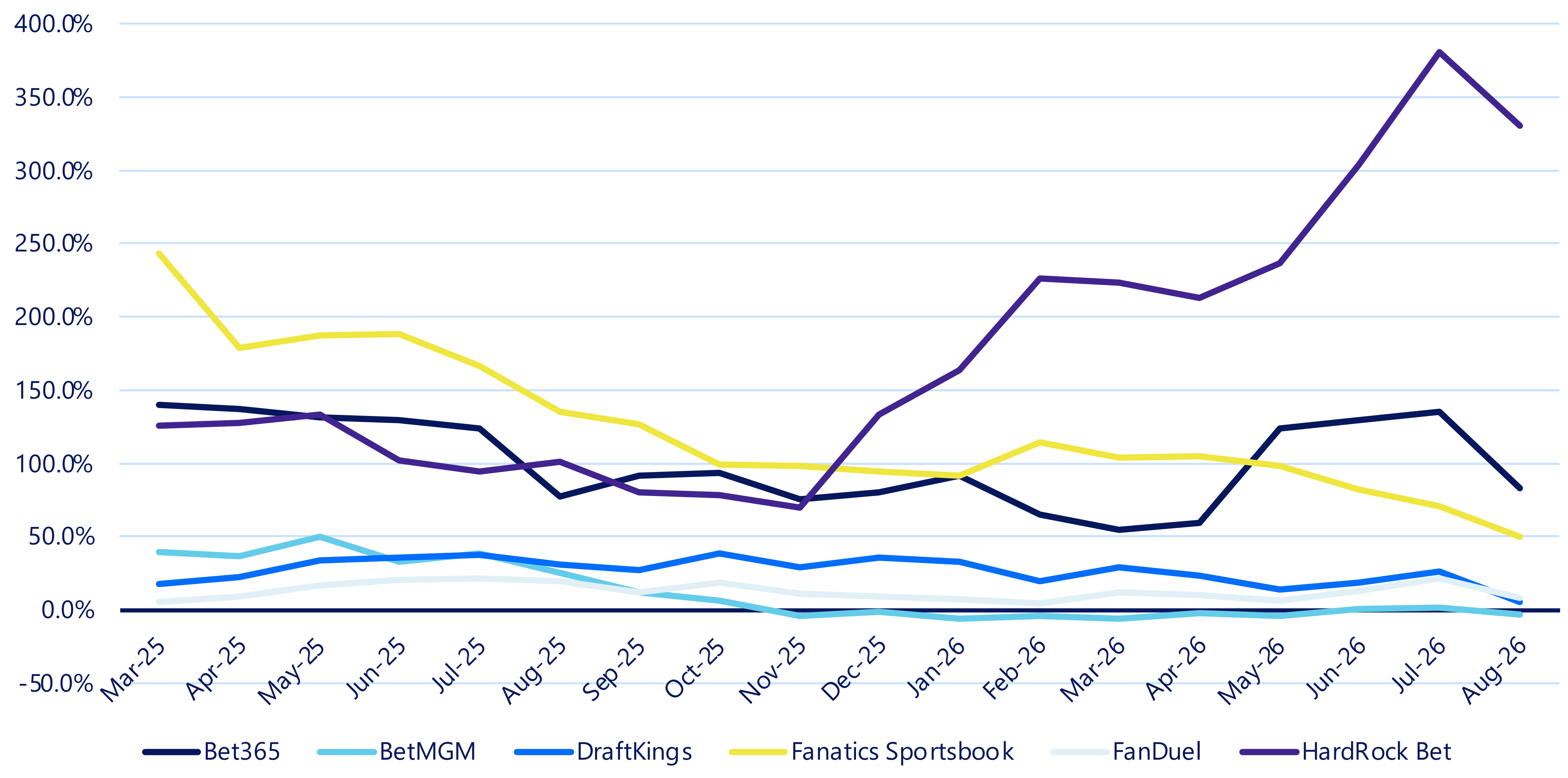


Online Gambling Debit Activity Share and Average Purchase by Provider: Year-to-Date

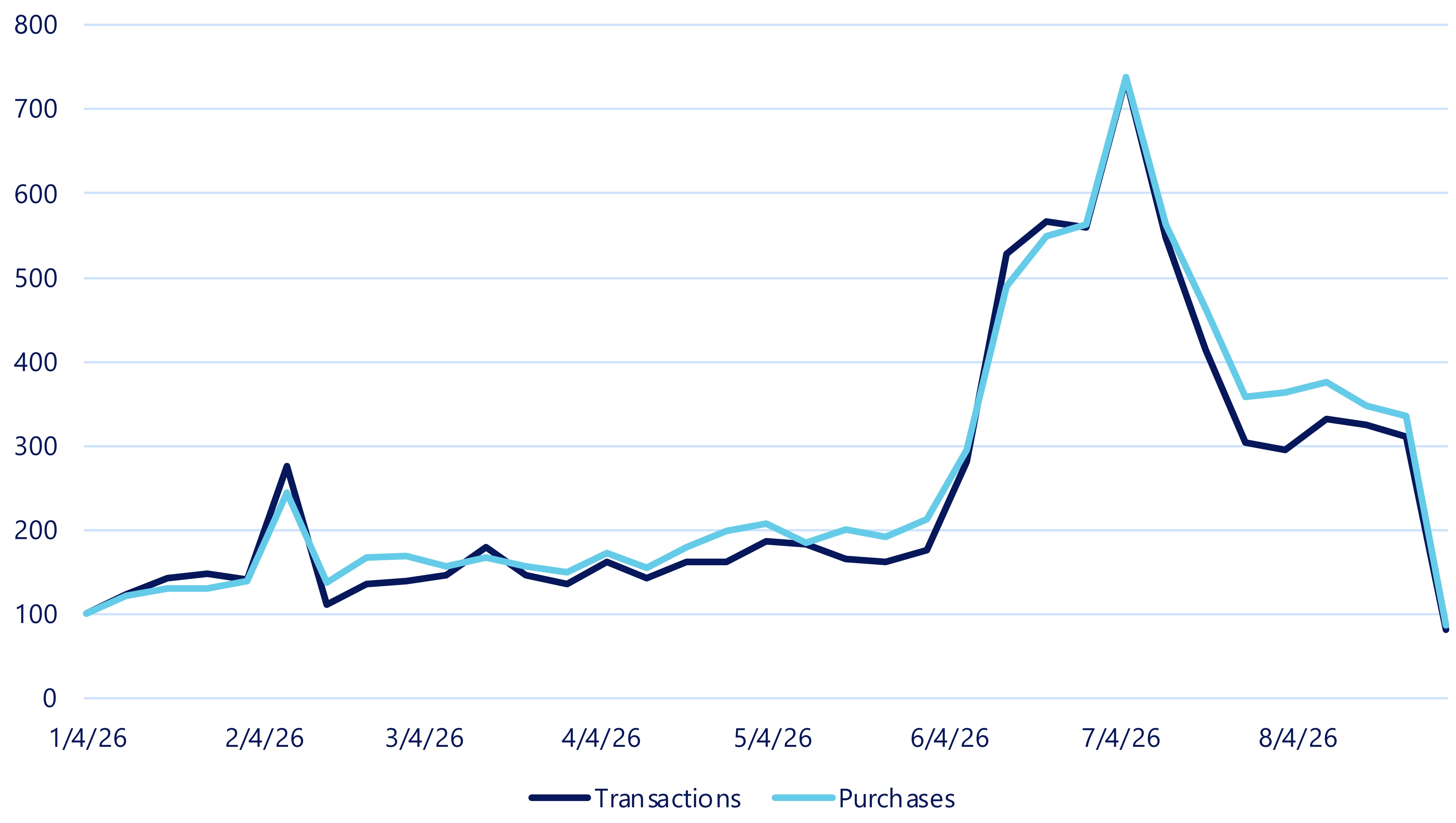
Provider	Transactions	Purchases	Average Purchase
Bet365	3.3%	3.3%	$52.14
BetMGM	9.8%	11.5%	$61.97
BetRivers	3.7%	4.2%	$60.73
DraftKings	23.6%	25.4%	$57.17
Fanatics Sportsbook	5.6%	6.0%	$57.18
FanDuel	44.0%	38.4%	$46.21
HardRock Bet	9.9%	11.2%	$59.50
Overall	100.0%	100.0%	$53.02

Deep Dive: Gambling and Prediction Markets

Online Gambling Debit Transaction Growth by Provider: Year-Over-Year



Weekly Prediction Market Debit Activity: Indexed to January 2026



Deep Dive: Gambling and Prediction Markets

Debit Prediction Market Share and Average Purchase by Generation: Year-to-Date

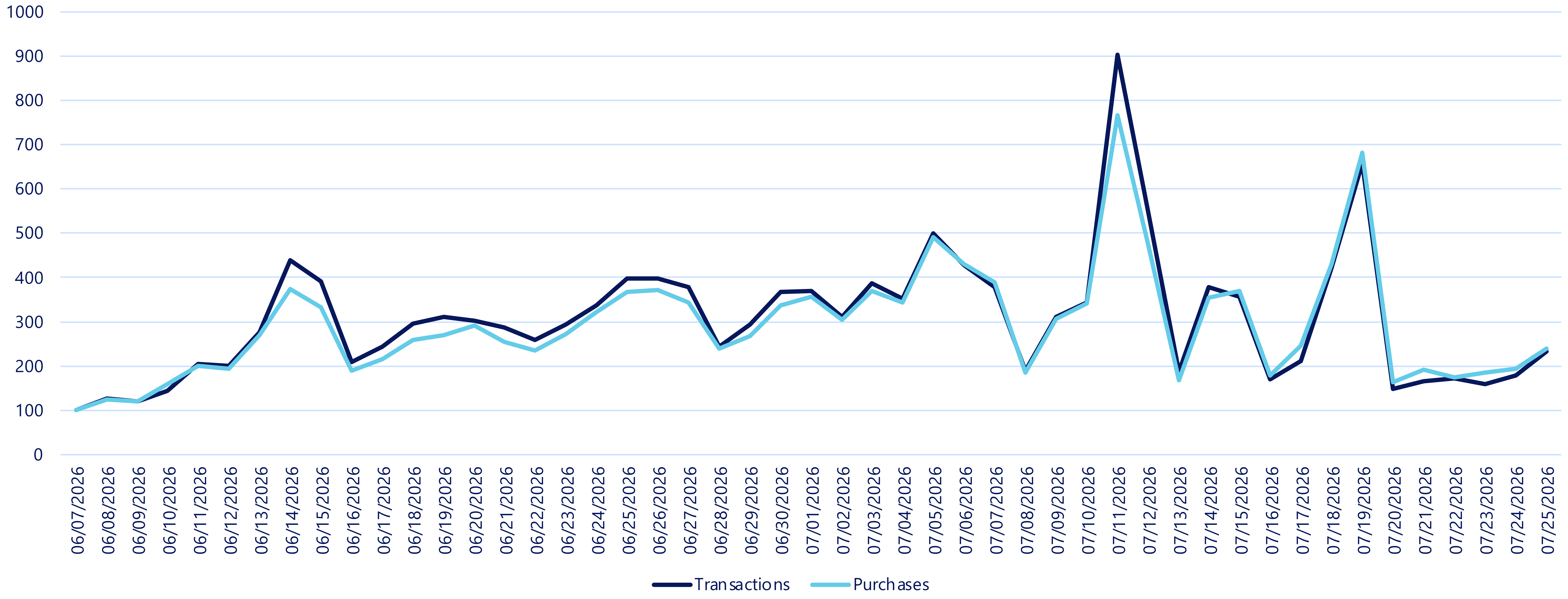
Generation	Transactions	Purchases	Average Purchase
Boomers+	1.3%	2.2%	$98.33
Gen X	6.9%	9.0%	$75.38
Older Millennials	10.9%	14.5%	$77.83
Younger Millennials	14.6%	16.2%	$64.83
Older Z	29.8%	31.2%	$60.88
Younger Z	36.6%	26.9%	$42.82
Overall	100.0%	100.0%	$58.17

Debit Prediction Market Share and Average Purchase by Provider: Year-to-Date

Provider	Transactions	Purchases	Average Purchase
DraftKings Predictions	4.8%	7.4%	$89.48
FanDuel Predicts	0.6%	0.9%	$85.82
Kalshi	87.8%	83.5%	$54.72
Polymarket US	6.8%	8.2%	$69.19
Overall	100.0%	100.0%	$57.55

Deep Dive: Gambling and Prediction Markets

Daily Prediction Market Debit Activity: Indexed to Start of World Cup



Opportunities to Act On: What Credit Unions Should Do Now

Use Spending Insights to Deliver More Relevant Member Support

Transaction data can provide early indicators of changing financial behaviors. Credit unions should evaluate how gambling and prediction market activity fits into broader member spending patterns and use those insights to deliver timely financial wellness content, budgeting tools, savings nudges and personalized guidance.

Prepare for a New Competitive Threat to Attention and Wallet Share

Prediction market platforms are increasingly positioning themselves as investing and wealth-building tools rather than traditional gambling products. As younger consumers allocate more dollars toward speculative activities, credit unions have an opportunity to reinforce alternatives such as investing, savings and wealth management solutions that support long-term financial goals. This starts with reframing financial education around wealth building rather than traditional financial literacy programs, making investing more approachable, engaging and achievable, and offering investment solutions tailored to younger consumers. With social media now serving as a primary source of financial information, credit unions must establish a presence on these channels with content that educates, engages and resonates.

Be Mindful of Deposit Mix and Funding Structure

A rising-rate environment typically creates a short-term earnings boost, as assets generally reprice faster than deposits. Over time, funding costs will catch up, creating margin pressure. The pressure can be magnified, particularly for credit unions with fixed- or non-variable-rate credit card portfolios. Strategic asset liability management (ALM) is key, and credit unions should evaluate the composition, pricing and stability of their deposits, including their reliance on higher-cost funding sources, while also considering how those costs affect loan pricing, portfolio returns and overall margin performance. Scenario planning can help leaders understand how different rate paths, deposit shifts and member behaviors could affect the balance sheet and inform decisions about pricing, liquidity and growth.

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

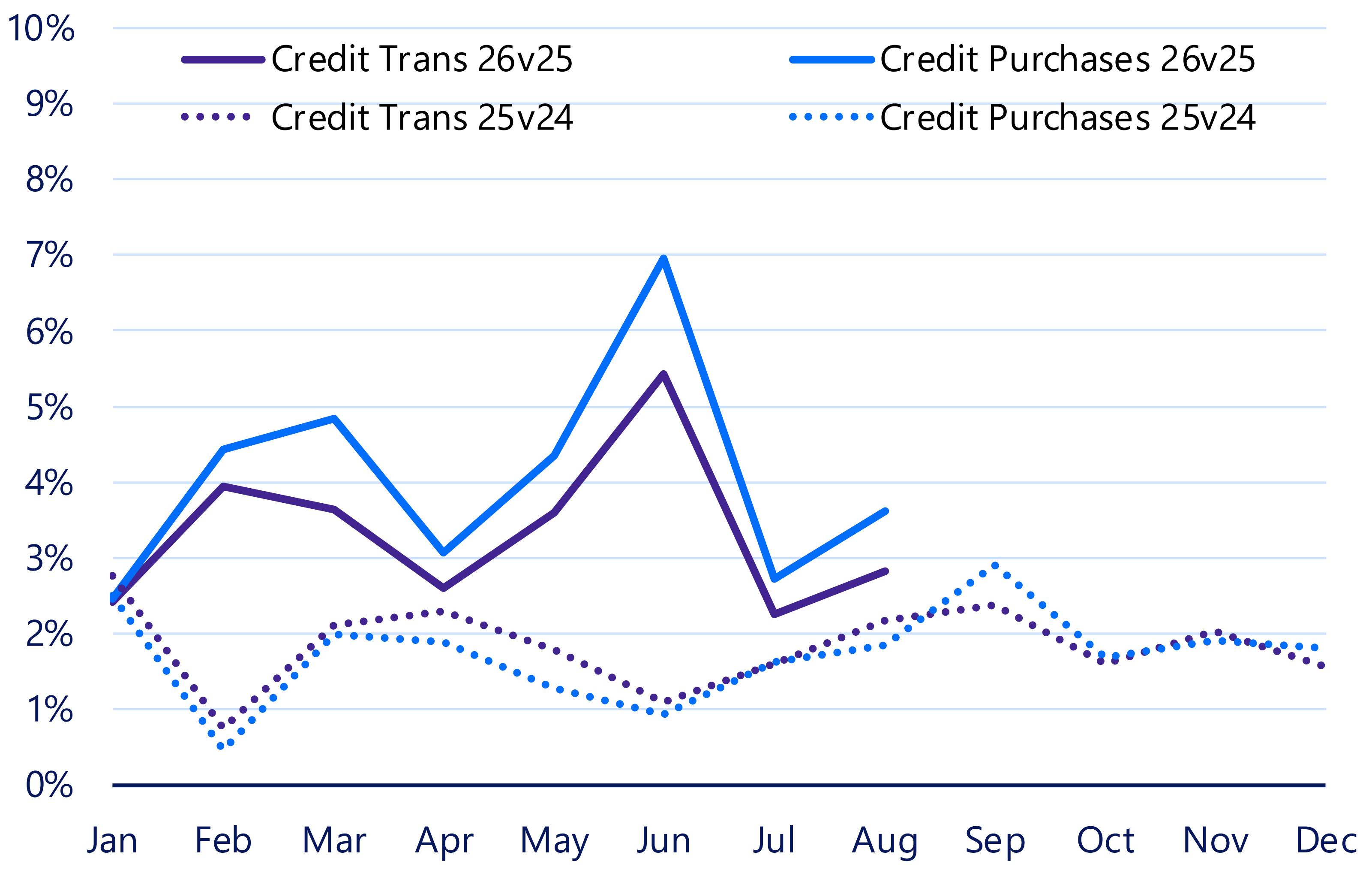
August spending growth remained strong overall, with debit performance holding steady at a positive rate and credit growth easing from recent levels. However, credit card activity continued to exceed last year's levels, highlighting resilient consumer spending.

Debit purchases increased 6.1% year over year, supported by 3.4% growth in transactions. Purchase growth continued to be driven by the Money Services, Goods and Gasoline sectors. Credit purchases rose 3.6% year over year, with transaction growth of 2.8%. The Gasoline sector was once again the leading contributor to credit purchase growth, followed by Goods and Services. Across both payment types, the Goods sector remained the primary driver of transaction growth, with strength in this sector again supported in part by back-to-school shopping activity.

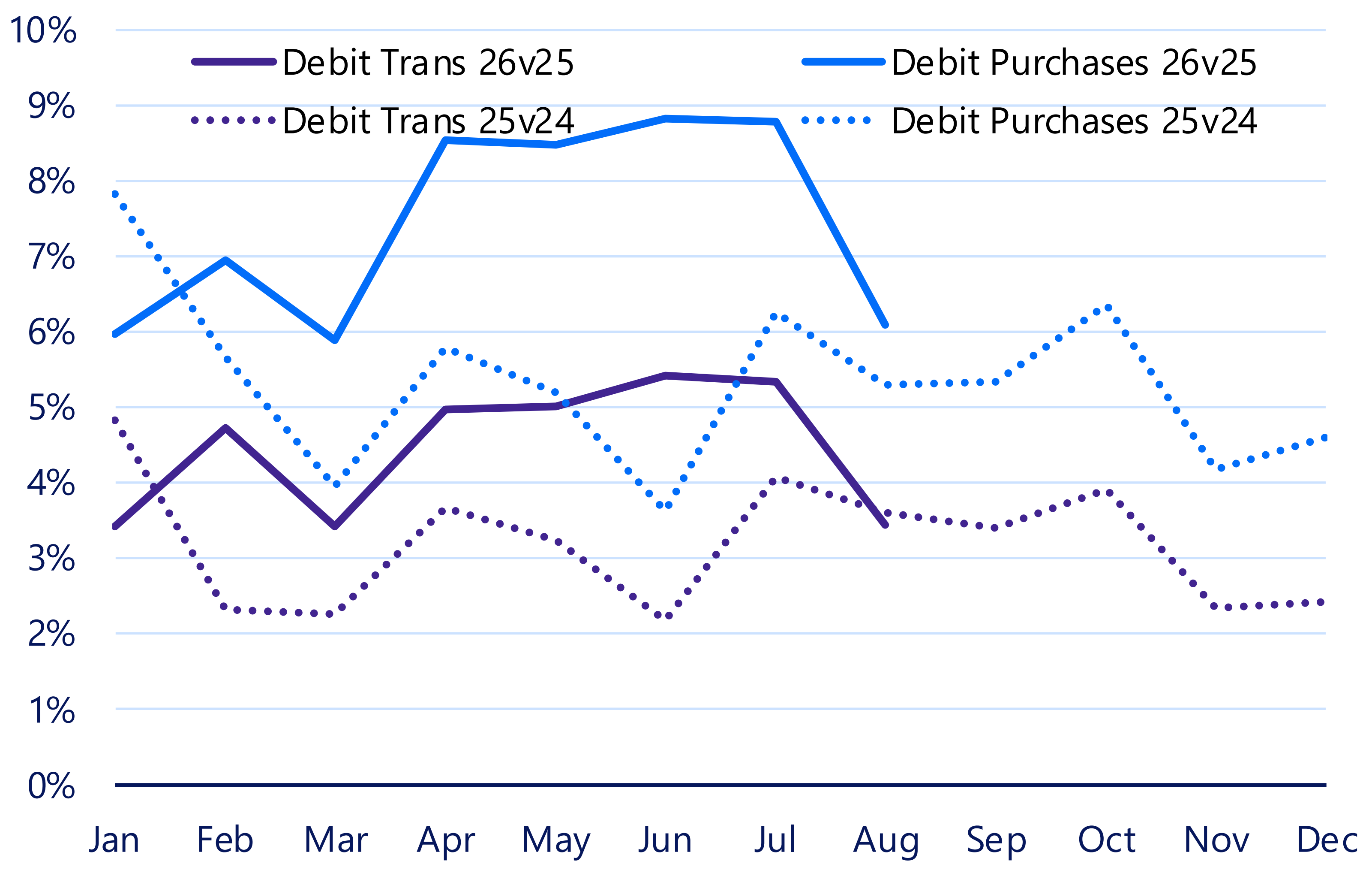
Month of August 2026

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2026 v 2025	↑ 2.8%	↑ 3.6%	↑ 3.4%	↑ 6.1%
2025 v 2024	↑ 2.2%	↑ 1.9%	↑ 3.6%	↑ 5.3%

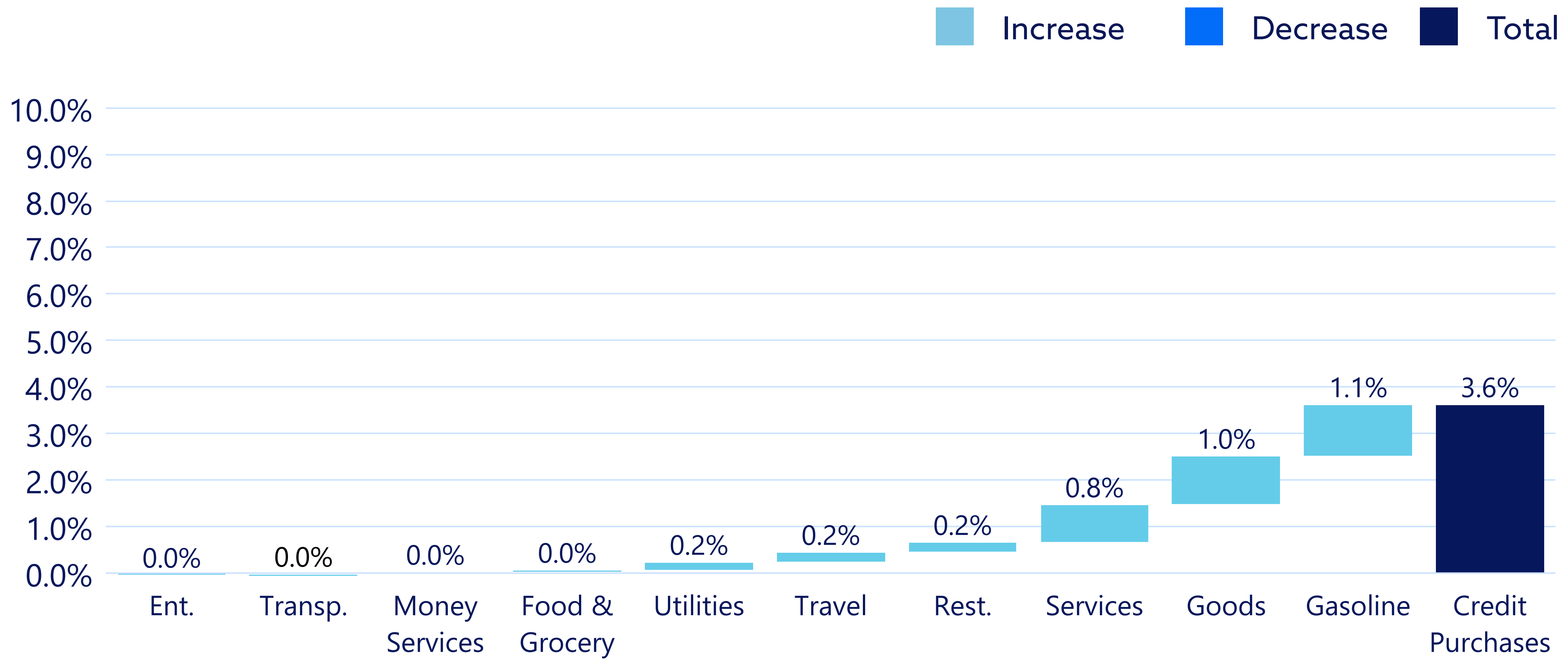
Credit



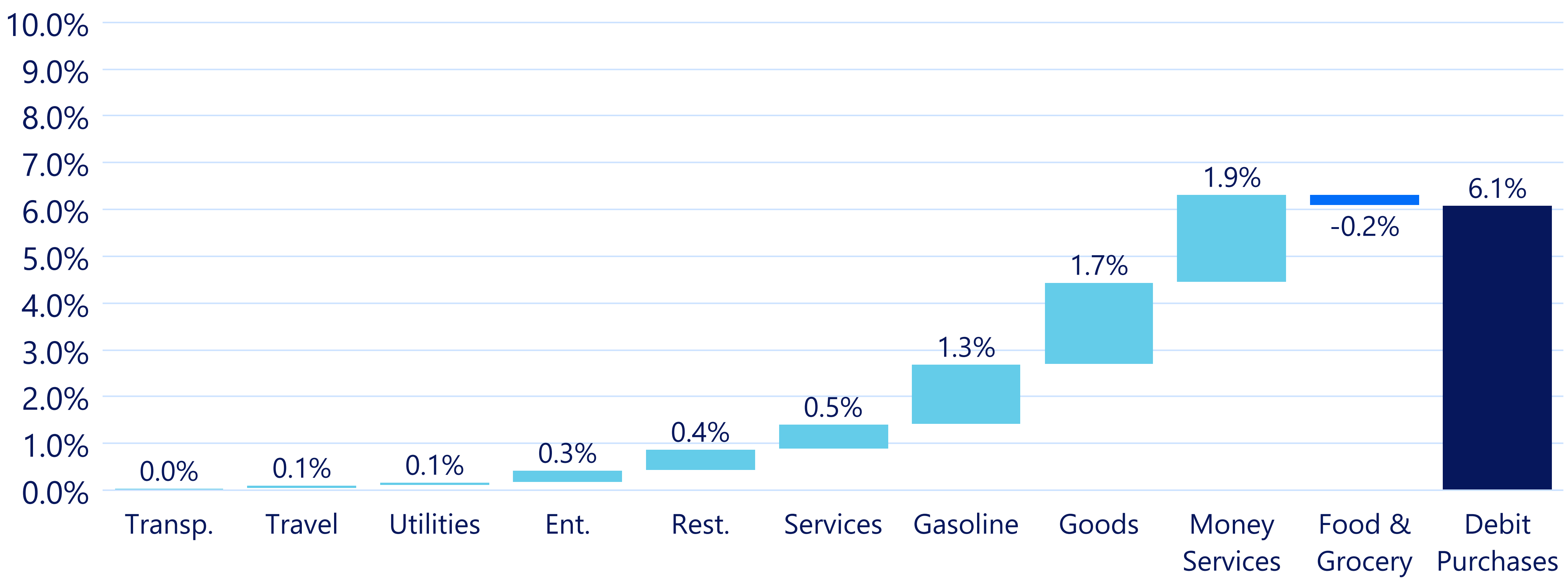
Debit



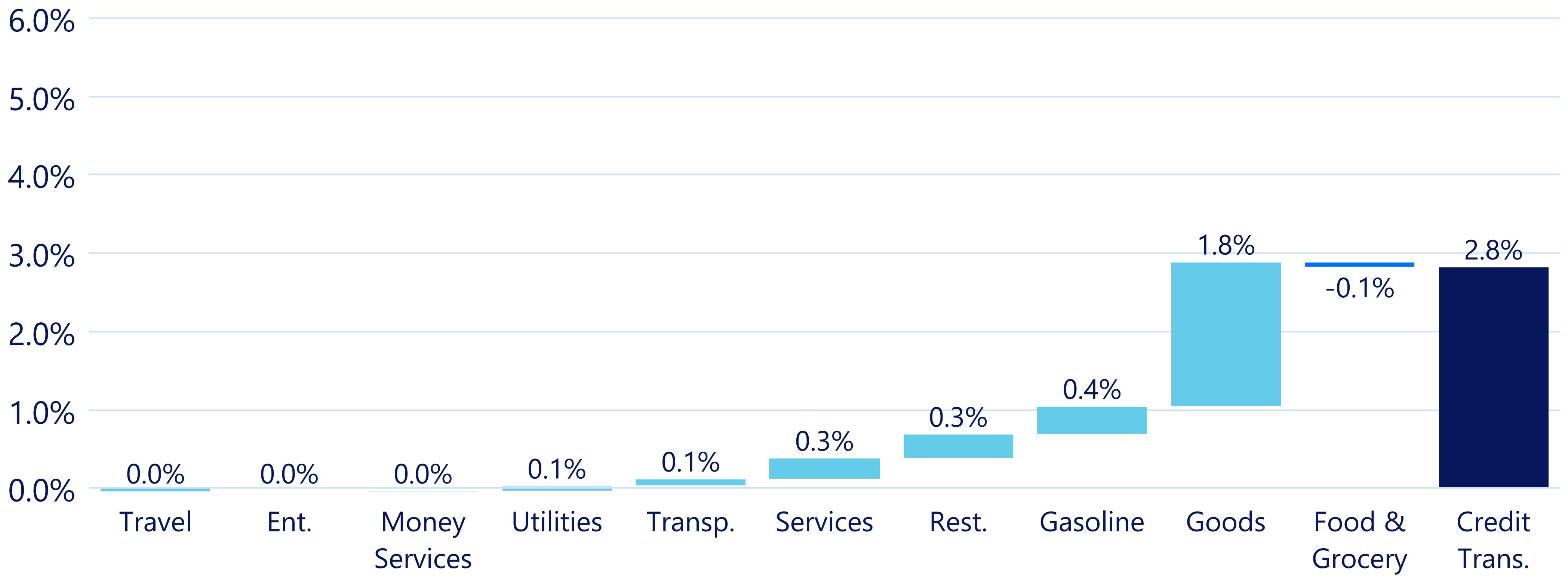
Sector Contributions to Growth in Credit Purchases: August



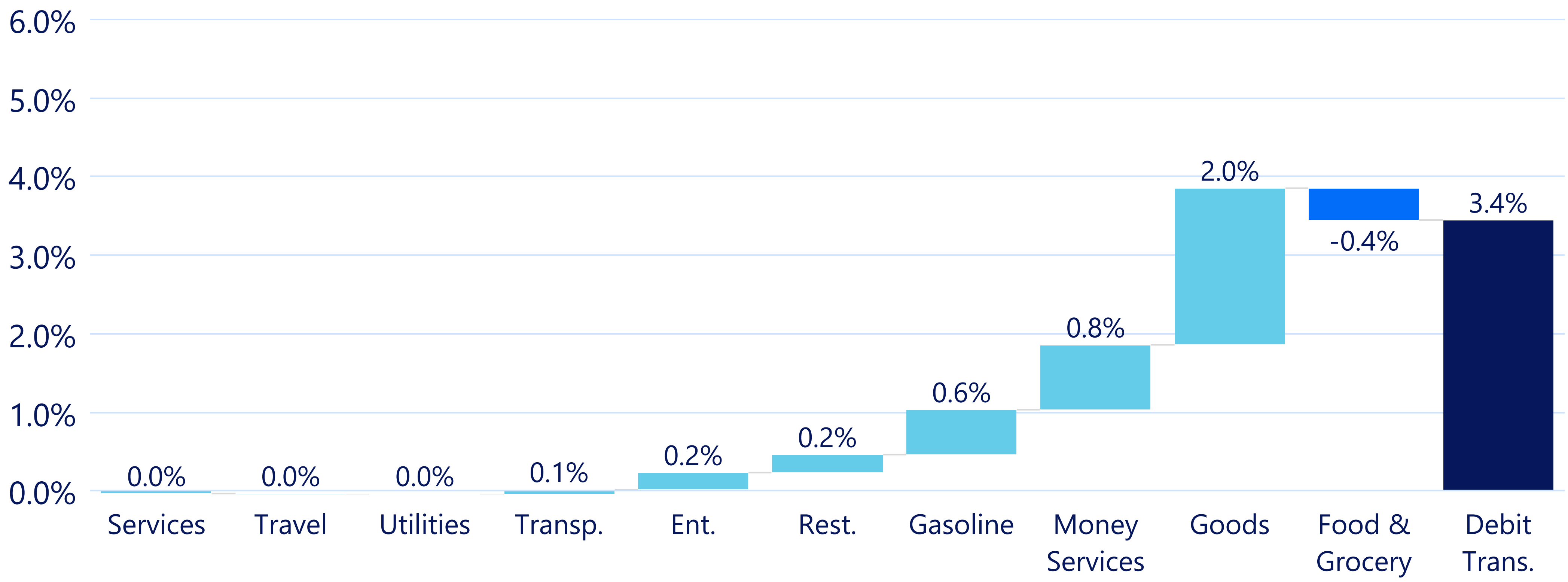
Sector Contributions to Growth in Debit Purchases: August



Sector Contributions to Growth in Credit Transactions: August



Sector Contributions to Growth in Debit Transactions: August



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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 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 September 2026 edition of the Velera Payments Index represents a total of 3.8 billion transactions valued at $196 billion of credit and debit card activity from September 2025 through August 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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