

velera

PAYMENTS INDEX

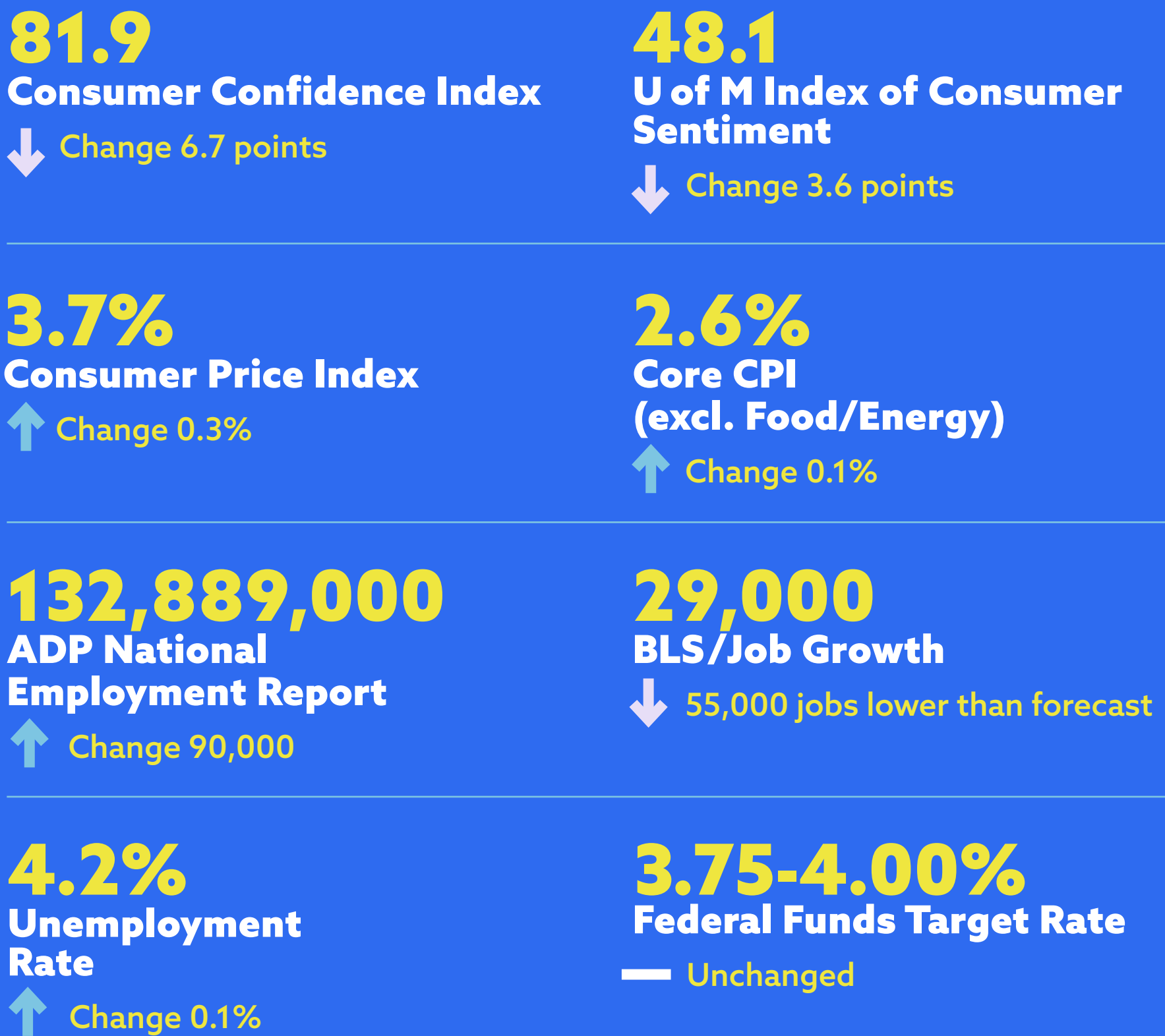
October 2026

September’s economic indicators highlighted a growing divergence between consumer sentiment and behavior. Despite weakening confidence, rising inflation and ongoing affordability concerns, consumers remained economically engaged, supported by strong spending activity and generally stable labor market conditions. In this October 2026 edition of the Velera Payments Index, we also present our quarterly metrics update, including credit card balances, delinquencies and digital wallet activity.

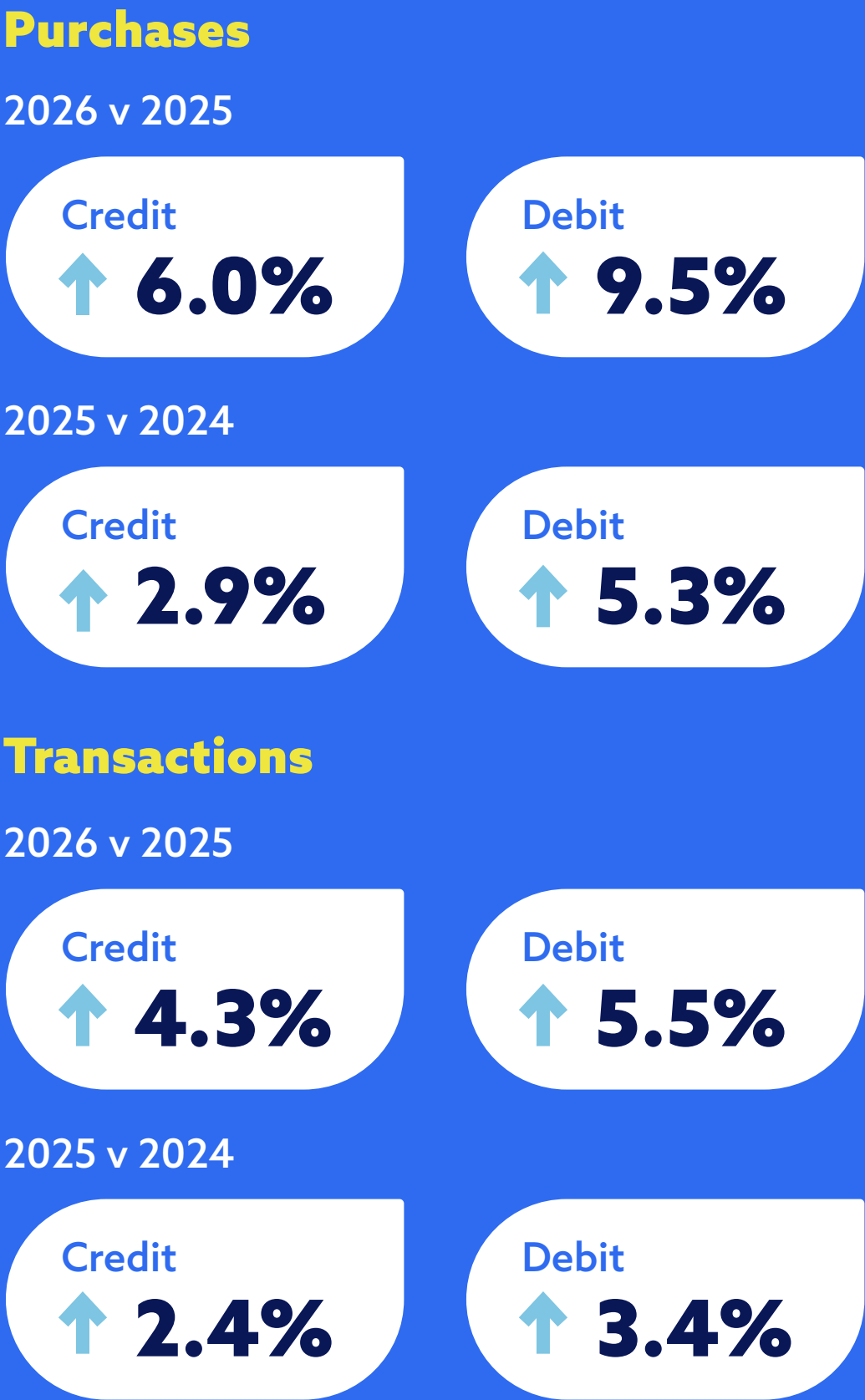
Labor market data was mixed in September. The Bureau of Labor Statistics (BLS) [reported](#) nonfarm payroll growth of 29,000, well below expectations of 84,000. The unemployment rate edged up to 4.2% from 4.1%, but remained within the narrow 4.1% to 4.3% range observed since March. Wage growth also moderated, with average hourly earnings rising 3% year over year, the slowest annual pace since May 2021. In contrast, the September [ADP jobs report](#) showed renewed momentum in private-sector hiring following three months of slower growth. Job growth from private employers defied expectations, with 90,000 additional jobs, up from August’s revised 36,000, while base pay increased 3.2% year

Performance Snapshot: September 2026

Market/Economic Variables



Payments Index Growth



over year. Similarly, the New York Fed's [Survey of Consumer Expectations](#) indicated improving labor market confidence, with consumers reporting less concern about job loss and greater optimism about their employment prospects, even as concerns about household finances persisted.

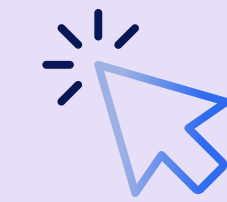


Despite broadly stable labor market conditions, consumer confidence declined across key measures in September, as concerns about elevated prices and the economic outlook persisted. The University of Michigan [Index of Consumer Sentiment](#) fell to 48.1 from 51.7 in August, reaching its lowest level in four months. Assessments of both current and expected personal finances weakened, although buying conditions for durable goods improved modestly, as some consumers sought to avoid potentially higher future prices. Similarly, the Conference Board [Consumer Confidence Index](#) fell 6.7 points to 81.9, missing economists' expectations and reaching its lowest level in more than a decade. Together, the declines point to a more cautious consumer backdrop heading into the final quarter of 2026, even as spending activity remains resilient.

September's Consumer Price Index (CPI) report pointed to [persistent inflationary pressures](#), with headline CPI increasing 0.6% month over month and 3.7% year over year, up from 3.4% in August. Core CPI, which excludes food and energy, rose 0.3% for the month and 2.6% year over year, indicating that while underlying inflation remains below headline levels, price pressures have yet to fully moderate.

Although energy costs were a primary driver of the increase, the firmer-than-expected core reading suggests inflationary pressures are extending beyond traditionally volatile categories.

The next Federal Open Market Committee (FOMC) meeting will convene on October 27-28. Following the weaker-than-expected BLS jobs report, the Federal Reserve is widely expected to pause its tightening cycle and hold the federal funds rate steady at its current target range of 3.75% to 4.00%. September's inflation data likely strengthens the case for one additional rate hike before year-end, with market expectations increasingly focused on the December 8-9 meeting.



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





"The disconnect between consumer sentiment and spending continues to widen. We continue to see a shift in how and where consumers spend, with everyday essentials accounting for a larger share of growth, while digital payment methods are becoming even more ingrained in daily life. As consumers look for value and convenience, credit unions have an opportunity to strengthen relationships by making sure their cards remain the preferred choice wherever members choose to pay."

Norm Patrick

Vice President of Payments & Deposits Consulting, Advisors Plus

Key Takeaways for September 2026

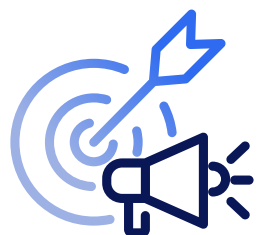
- Consumers continued to spend, despite financial pressure. Card spending delivered strong growth in September, with debit purchases surging 9.5% year over year and credit purchases rising 6%. The Goods sector was a leading contributor to purchase growth for both payment types, while Gasoline remained a key driver amid elevated fuel prices.
- Essential spending remained the primary driver of card growth. Non-discretionary purchases outpaced discretionary spending for both credit and debit, with debit non-discretionary purchases rising 9.6% year over year versus 8.6% for discretionary. The gap was more pronounced for credit, with non-discretionary purchases up 6.7% compared with 2.8% for discretionary.
- The labor market showed signs of moderation without a significant deterioration in employment conditions. Wage growth trailed inflation, and unemployment edged up to 4.2%, signaling easing labor market pressures. However, September's stronger-than-expected inflation data underscore that price pressures remain persistent, reinforcing expectations that the Federal Reserve will leave interest rates unchanged at its late-October meeting, while supporting expectations for another rate increase later this year.

Opportunities to Act On: What Credit Unions Should Do Now



Strengthen Digital Wallet Positioning to Capture Everyday Spend

As digital wallets account for a growing share of payment activity, securing top-of-wallet status is becoming increasingly important for capturing everyday spend and deepening cardholder engagement. Credit unions should focus on driving digital wallet enrollment and usage through targeted marketing, cardholder education and wallet-friendly rewards strategies. Credit unions that have not yet integrated digital wallets into their payment strategies must act quickly to remain competitive and meet members' expectations for flexible payments. Velera's digital wallet solutions help credit unions seamlessly provision cards into leading wallet platforms, supporting adoption, increasing transaction volume and helping keep their cards top-of-wallet. Explore Velera's [digital wallet solutions](#).



Prevent Spend Migration Through Proactive Retention

Consumers can shift everyday spending to other cards without closing an account, making declining card usage an important early indicator of potential spend migration. Predictive analytics can help credit unions identify changing behaviors and act sooner with personalized retention strategies. Velera's predictive marketing solution provides insights to inform targeted offers, such as bonus rewards, credit line increases or more competitive rewards rates, helping retain spend, strengthen member relationships and improve portfolio profitability. Discover [data-driven marketing](#).



Enhance Card Portfolio Performance With Post-Holiday Balance Transfers

Post-holiday balance transfer campaigns can provide members with greater flexibility in managing high-interest debt, while supporting card portfolio performance. By initiating campaign development now, credit unions can ensure competitive low-rate offers are in market when members begin seeking relief from holiday debt, helping drive balance growth, retention, loyalty and interest income. Maximize results by making transfers simple and accessible through digital channels, convenience checks and phone support. Velera's Marketing Engagement Platform makes it easy to launch and manage customized, targeted, multichannel campaigns. Start building your [campaign](#).

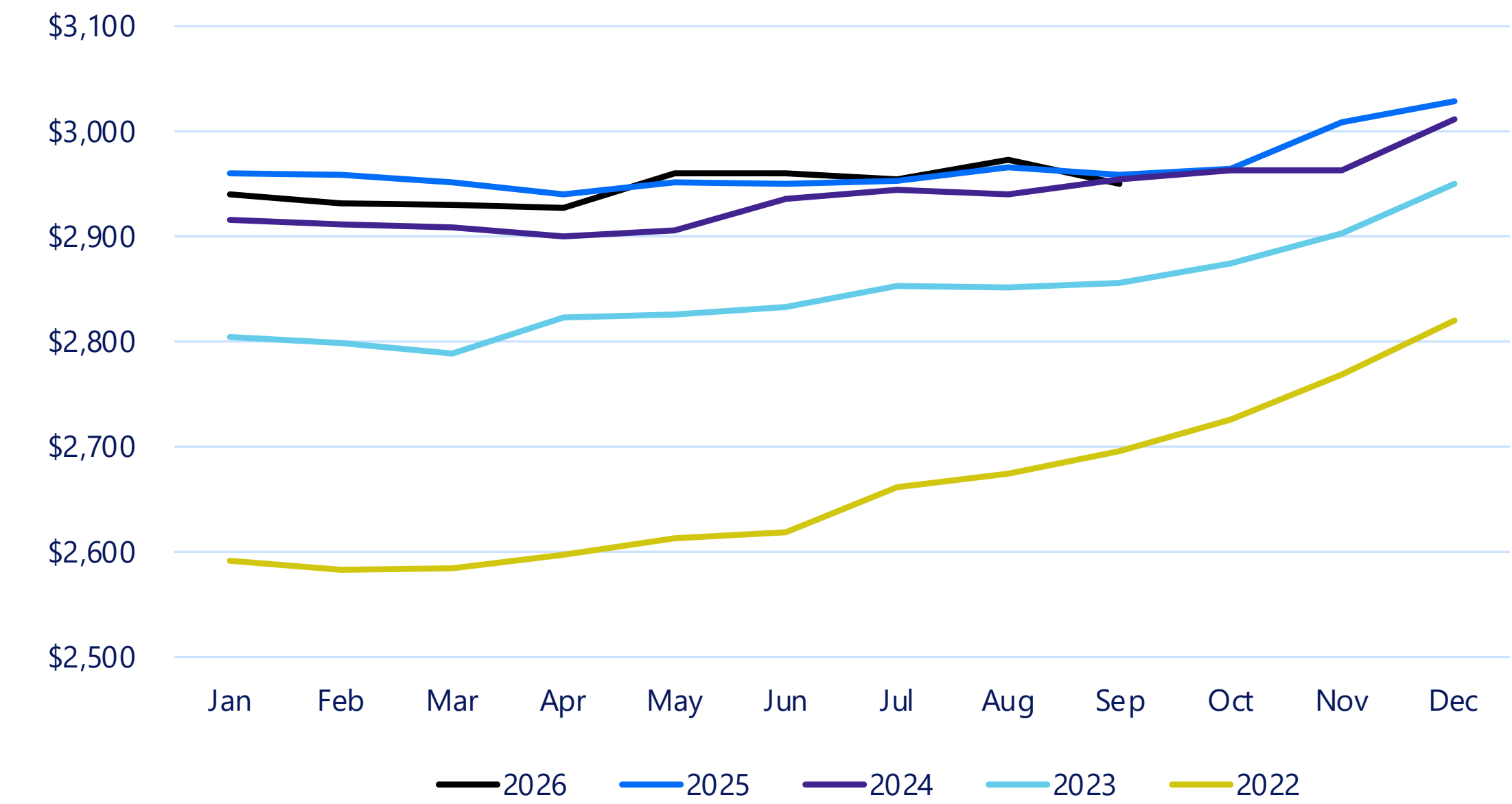
Contact your Client Growth Executive for further details or to explore how Velera can support your credit union with these opportunities.

Credit Card Balances

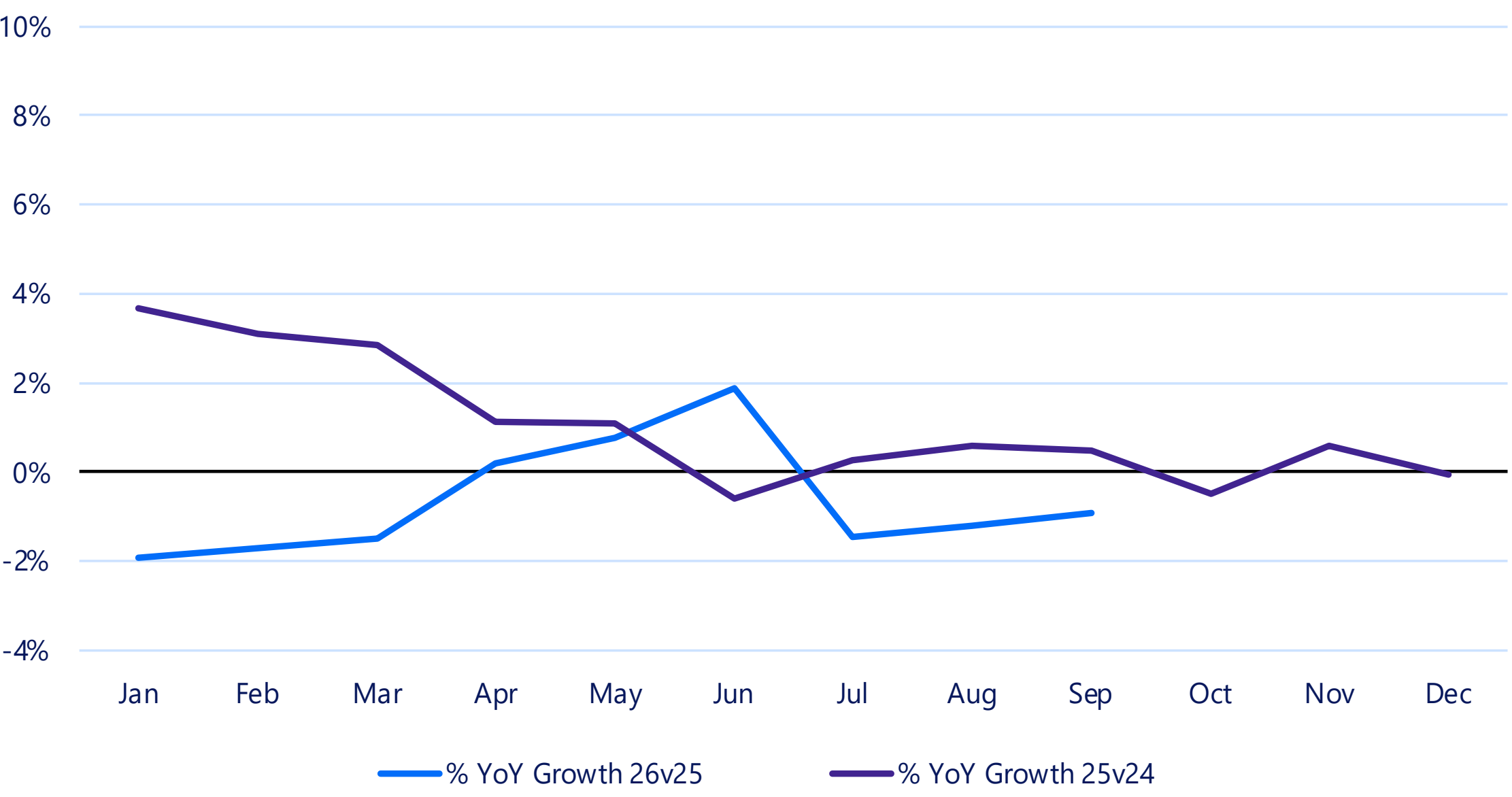
Credit card balances edged lower in September. The average balance decreased \$8, or 0.26%, year over year to \$2,951, while total credit card balances fell 0.9%. The modest declines suggest cardholders are maintaining relatively steady balances despite ongoing pressures from higher household costs.



Average Credit Card Balance



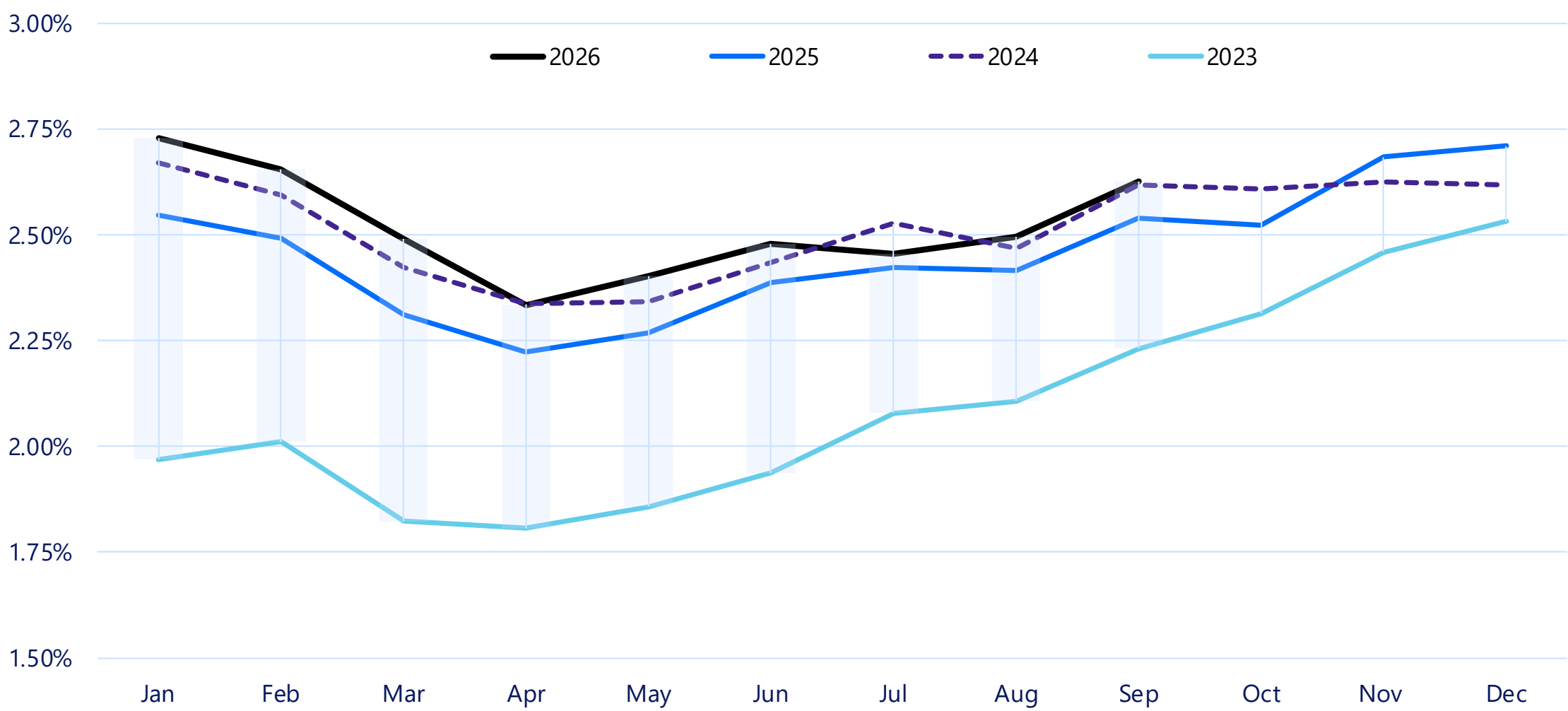
Percentage Change in Total Credit Card Balances



Credit Card Delinquencies

Credit card delinquencies increased modestly in September, but remained in line with typical seasonal patterns and historical trends. The delinquency rate rose to 2.63%, up 9 basis points (3.5%) year over year. Delinquency rates remained higher among younger generations, led by Gen Z at 4.4% and Millennials at 3.4%, compared with 2.4% for Gen X and 1.8% for Boomers.

Overall Credit Card Delinquency Rate: September 2026



Credit Card Delinquencies – Year-Over-Year Change Beginning January 2023



Credit and Debit Cards

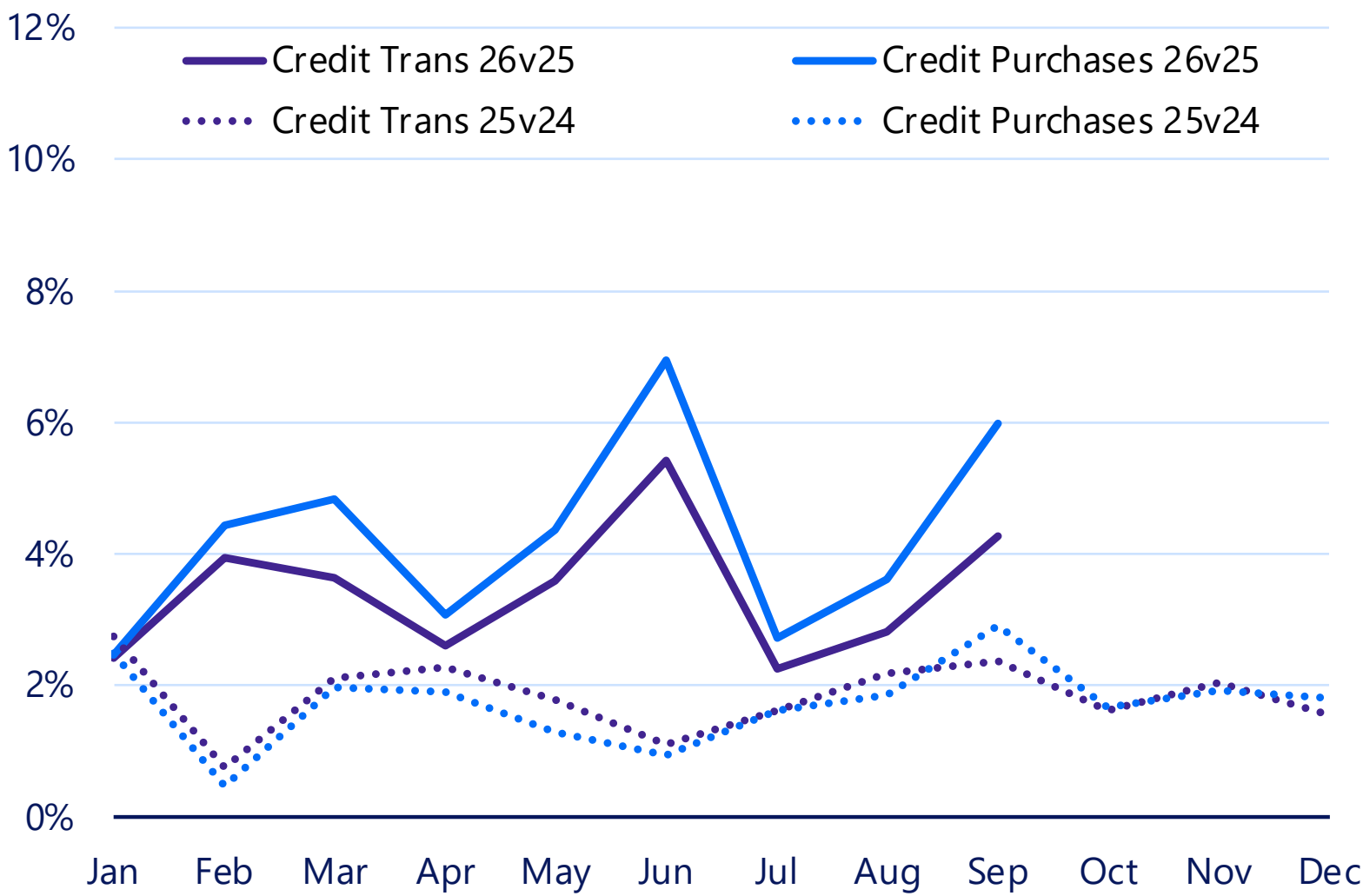
September delivered strong growth in credit and debit card spending, supported in part by the Labor Day holiday and continued consumer spending momentum. Debit purchases posted another record performance, rising 9.5% year over year, alongside a 5.5% increase in transactions. Credit activity also remained strong, with purchases up 6% year over year and transactions increasing 4.3%. Average transaction amounts increased across both payment types, with credit rising 1.6% year over year to \$69.89 and debit increasing 3.8% to \$46.76.

Purchase growth was broad, with all sectors contributing positively, yet also concentrated in several key sectors. The Goods sector was the largest contributor to credit purchase growth, accounting for more than one-third of the increase, followed by Gasoline at more than one-fourth. For debit, Goods and Money Services tied as the top contributors, together accounting for more than half of purchase growth, while Gasoline contributed nearly one-fifth. Goods also generated the largest share of transaction growth for both credit and debit.

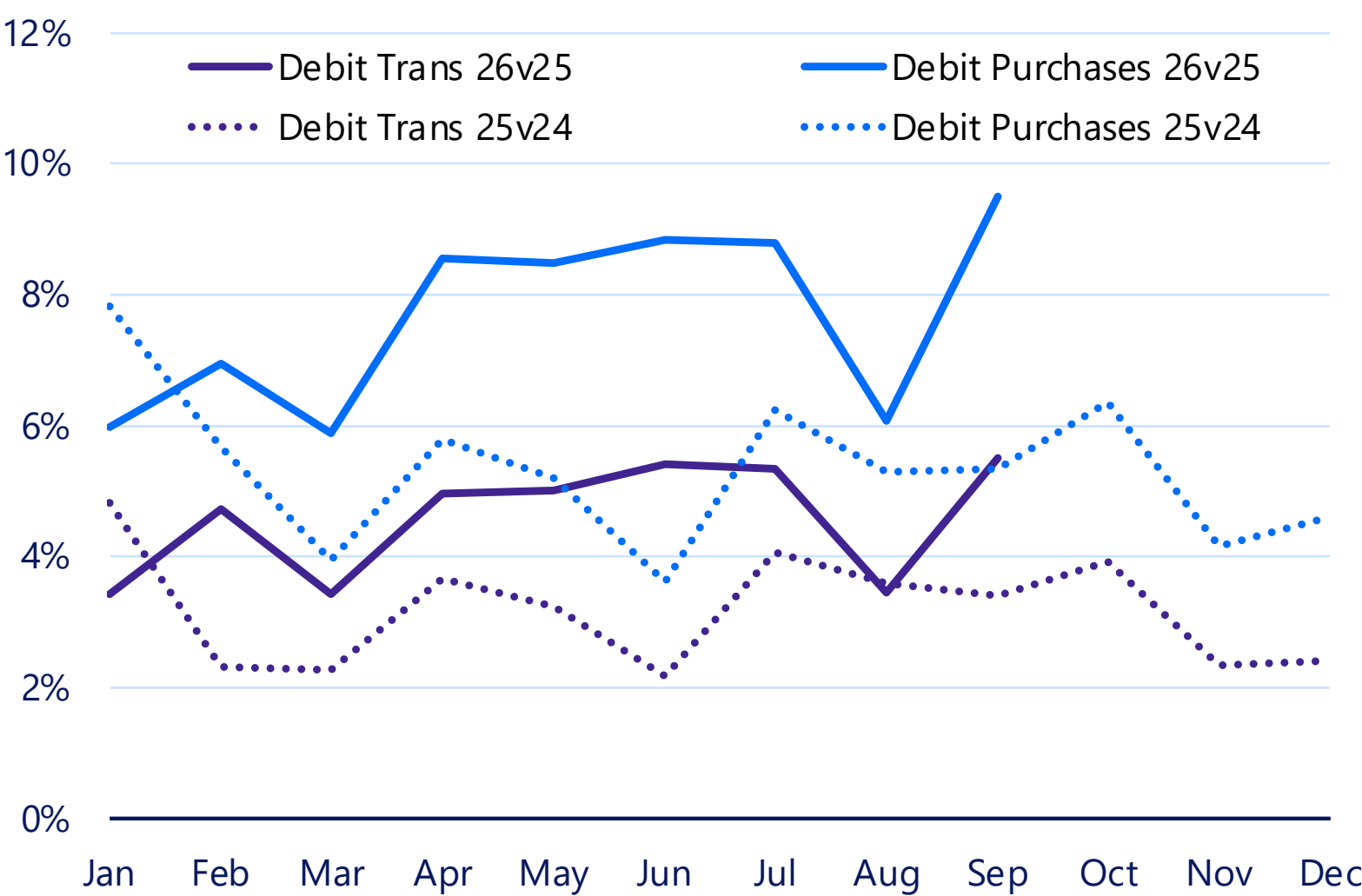
Month of September 2026

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2026 v 2025	↑ 4.3%	↑ 6.0%	↑ 5.5%	↑ 9.5%
2025 v 2024	↑ 2.4%	↑ 2.9%	↑ 3.4%	↑ 5.3%

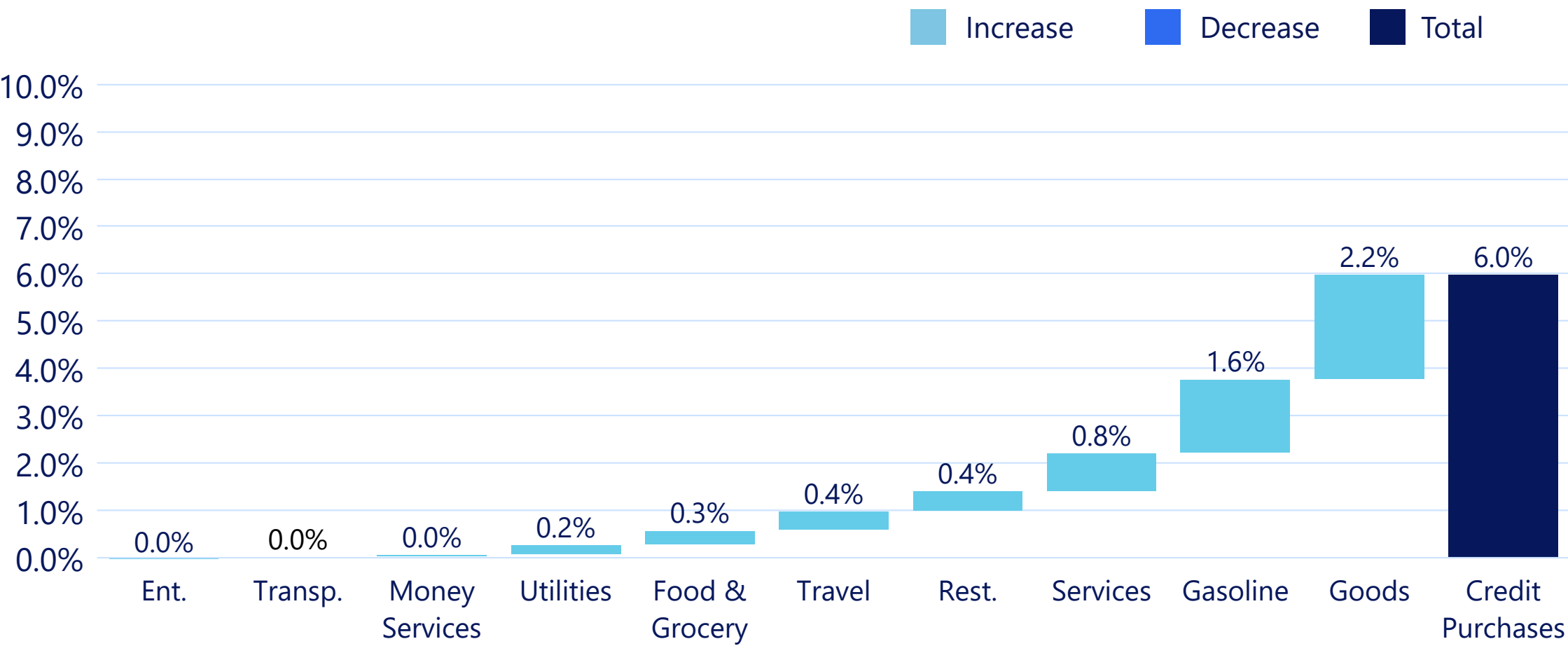
Credit



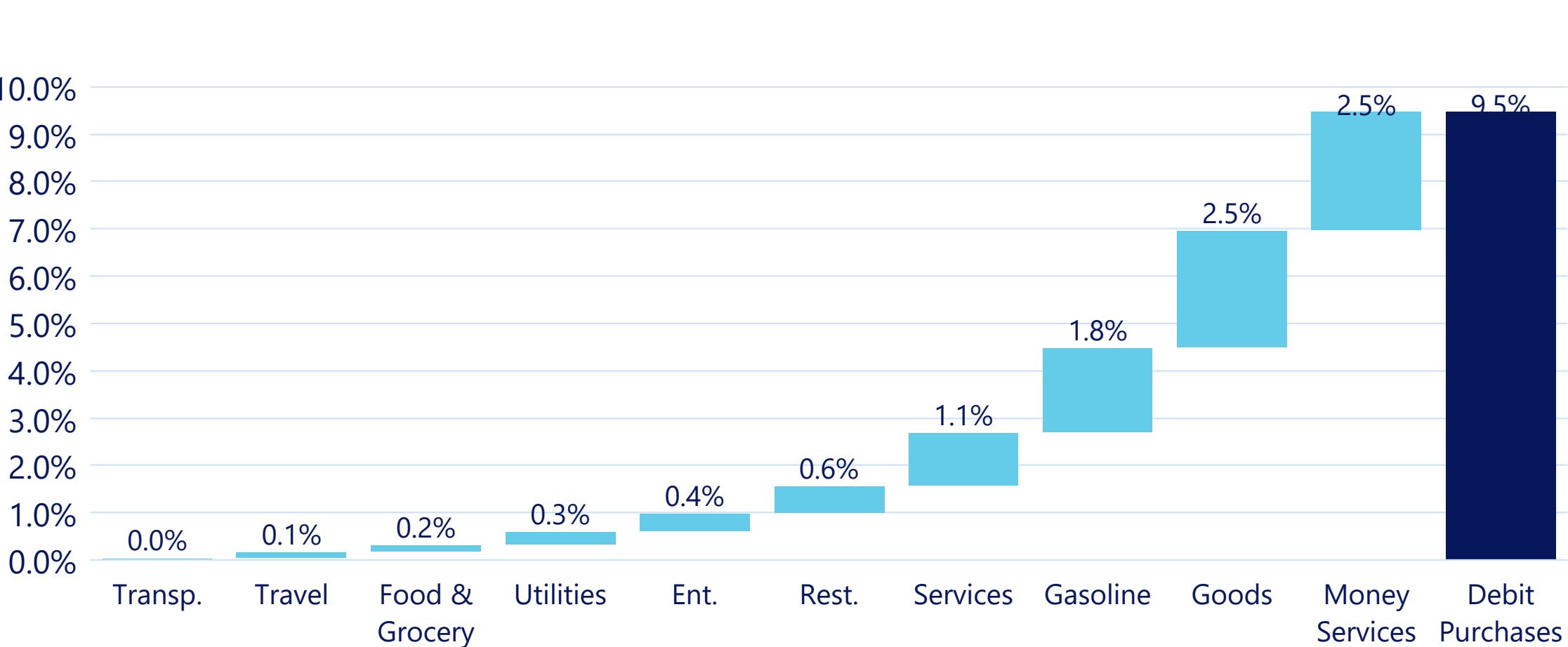
Debit



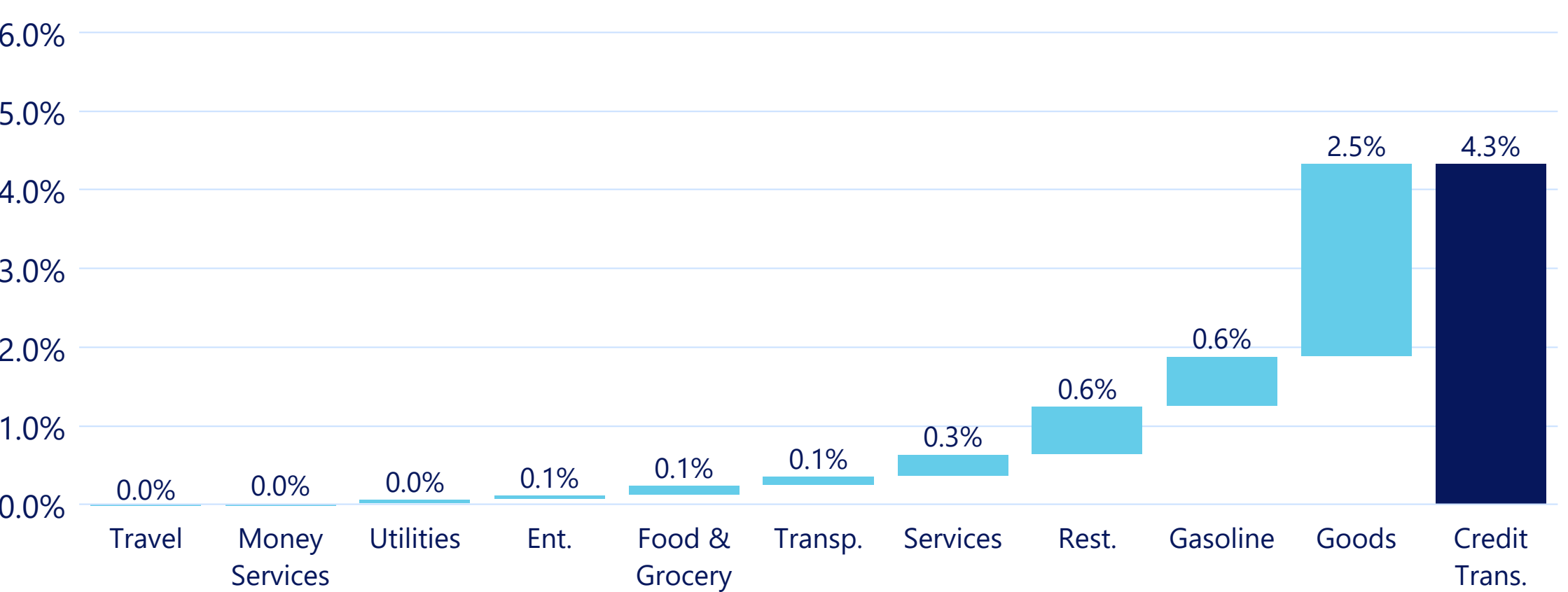
Sector Contributions to Growth in Credit Purchases: September



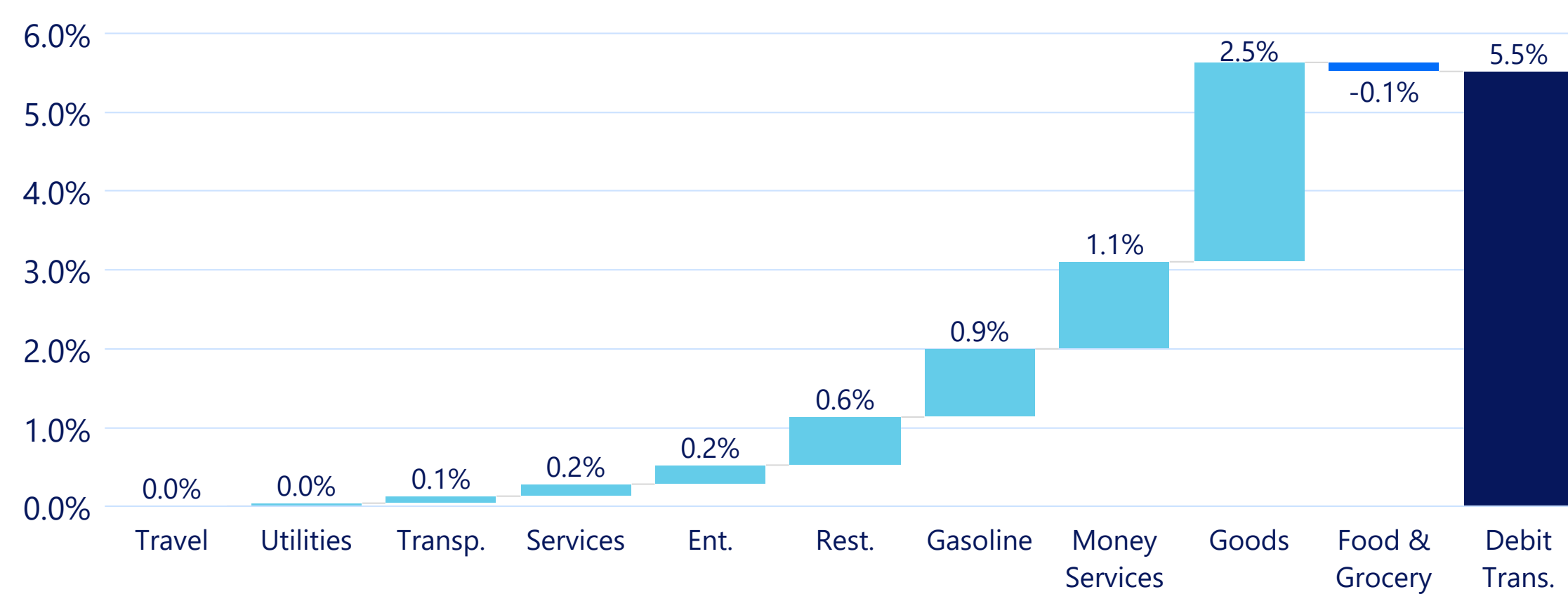
Sector Contributions to Growth in Debit Purchases: September



Sector Contributions to Growth in Credit Transactions: September



Sector Contributions to Growth in Debit Transactions: September



Discretionary and Non-Discretionary: September 2026

Discretionary activity encompasses 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.

Card spending growth continued to favor essential purchases, with non-discretionary spending outpacing discretionary categories across both credit and debit. Credit non-discretionary

purchases increased 6.7% year over year, more than twice the 2.8% growth in discretionary purchases. The gap was narrower for debit, with non-discretionary purchases rising 9.6% – the highest growth rate year to date – compared with a still-strong 8.6% increase in discretionary spending. Transaction growth followed a similar pattern: credit non-discretionary transactions increased 4.7% versus 0.8% for discretionary, while debit non-discretionary transactions grew 5.6% compared to 4.3% for discretionary.



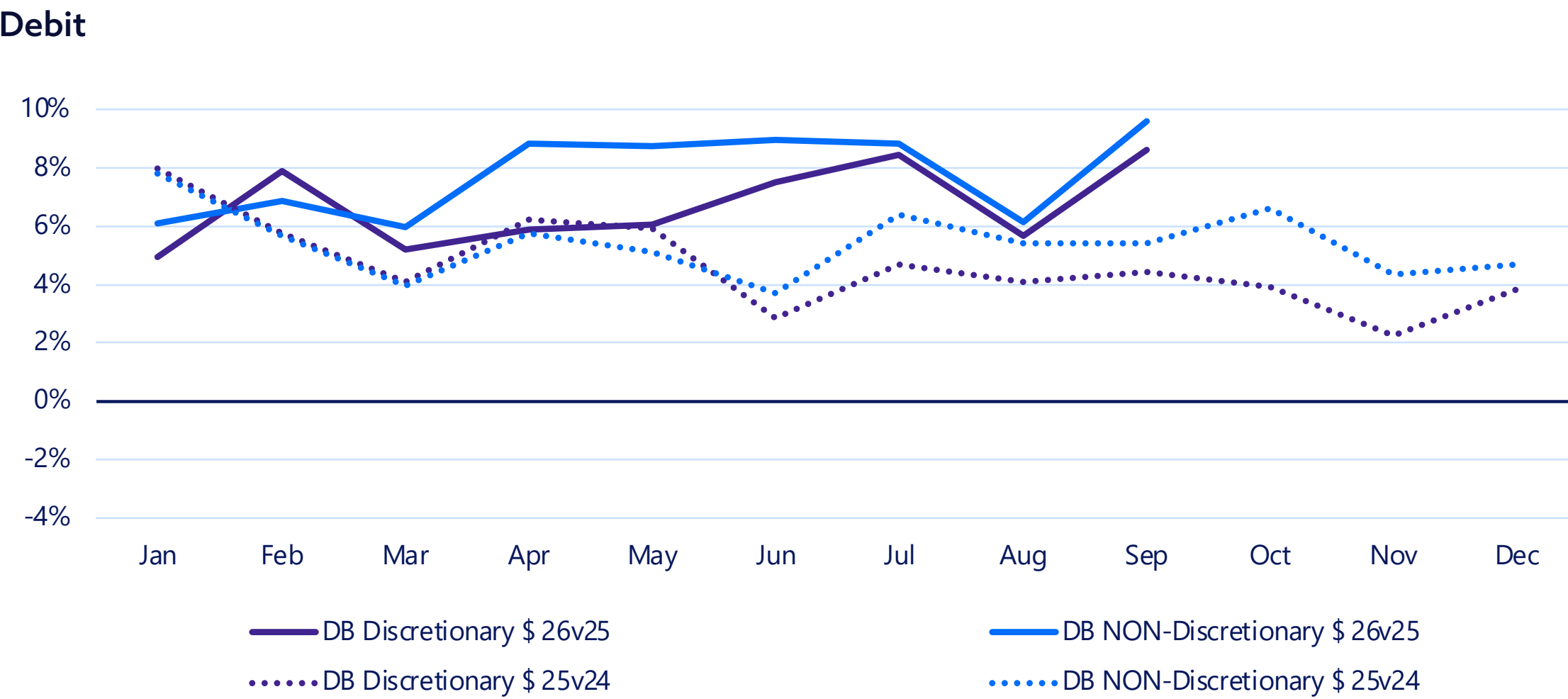
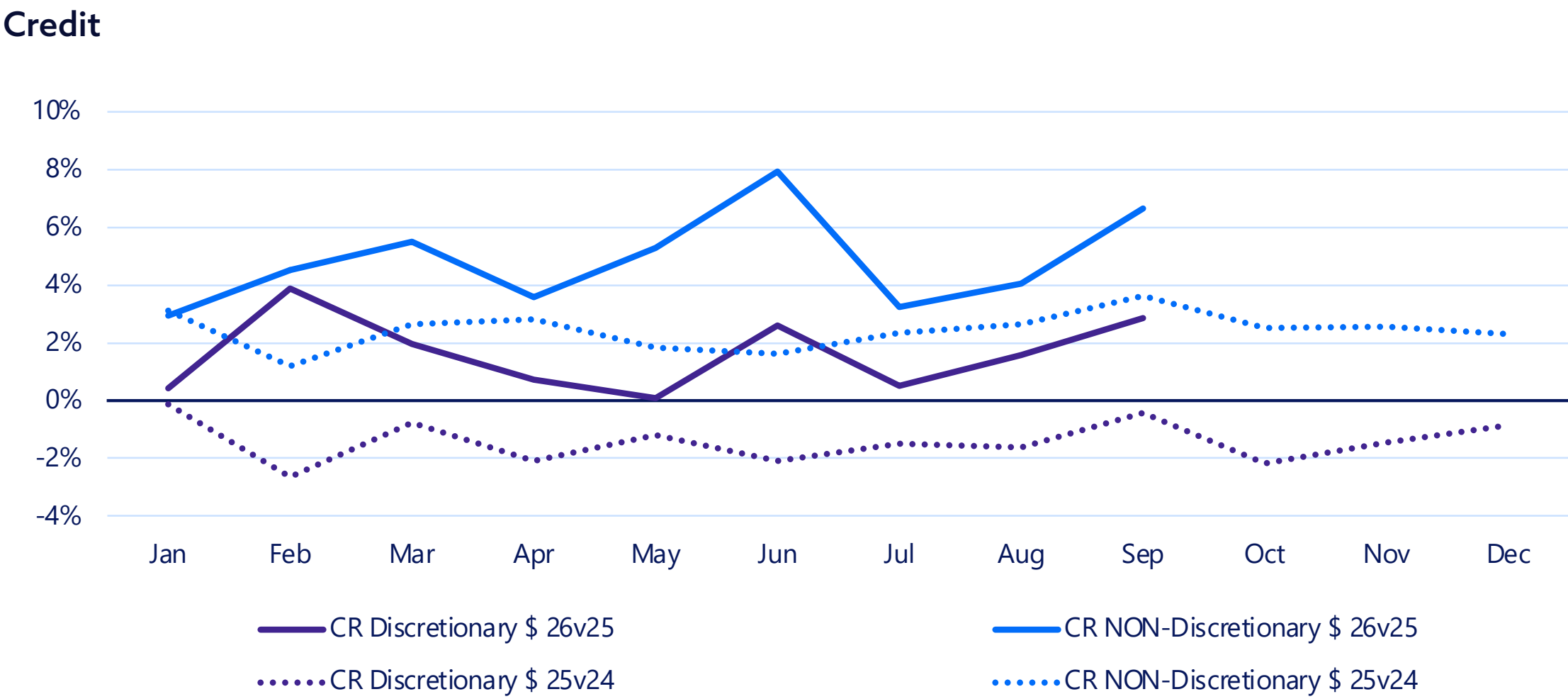
Year-Over-Year Growth in Credit

	% of Overall Purchases	Transactions	Purchases	Average Purchase
Discretionary	17%	↑ 0.8%	↑ 2.8%	\$146
Non-Discretionary	83%	↑ 4.7%	↑ 6.7%	\$62

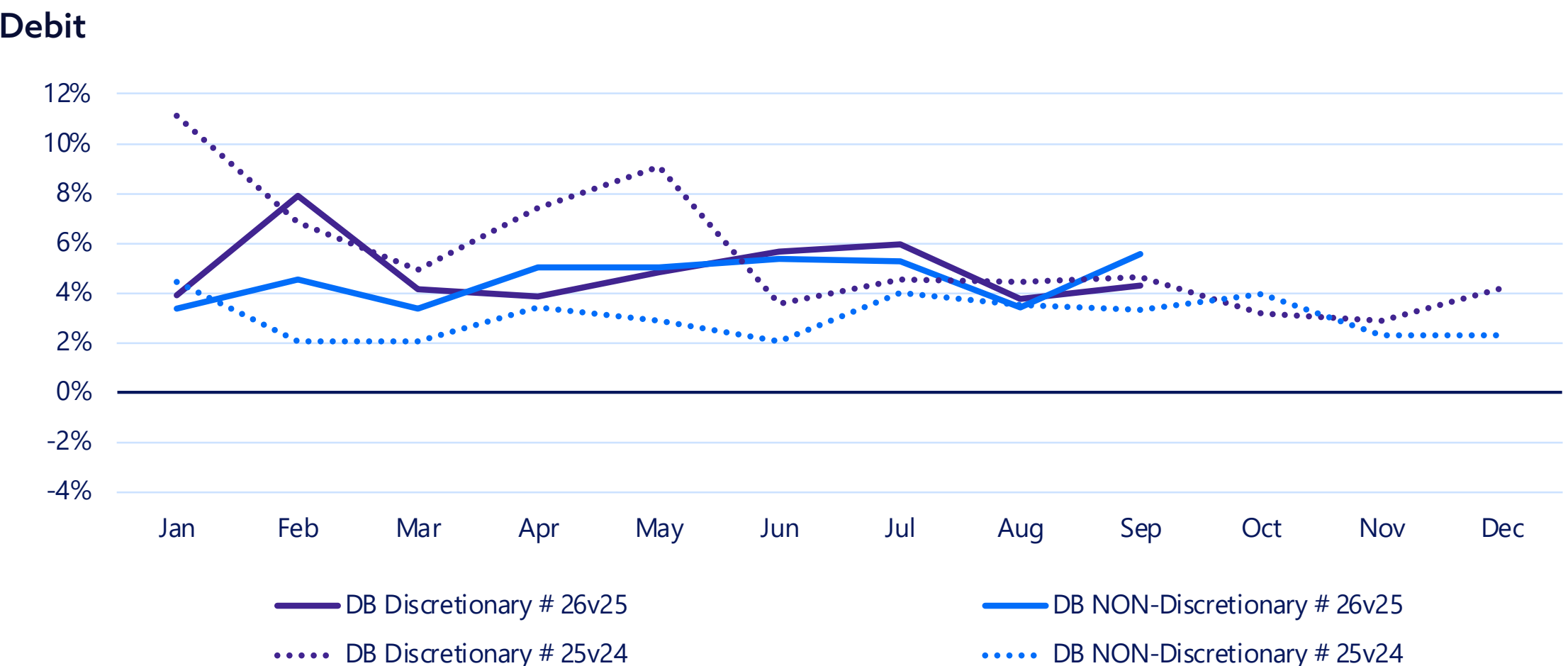
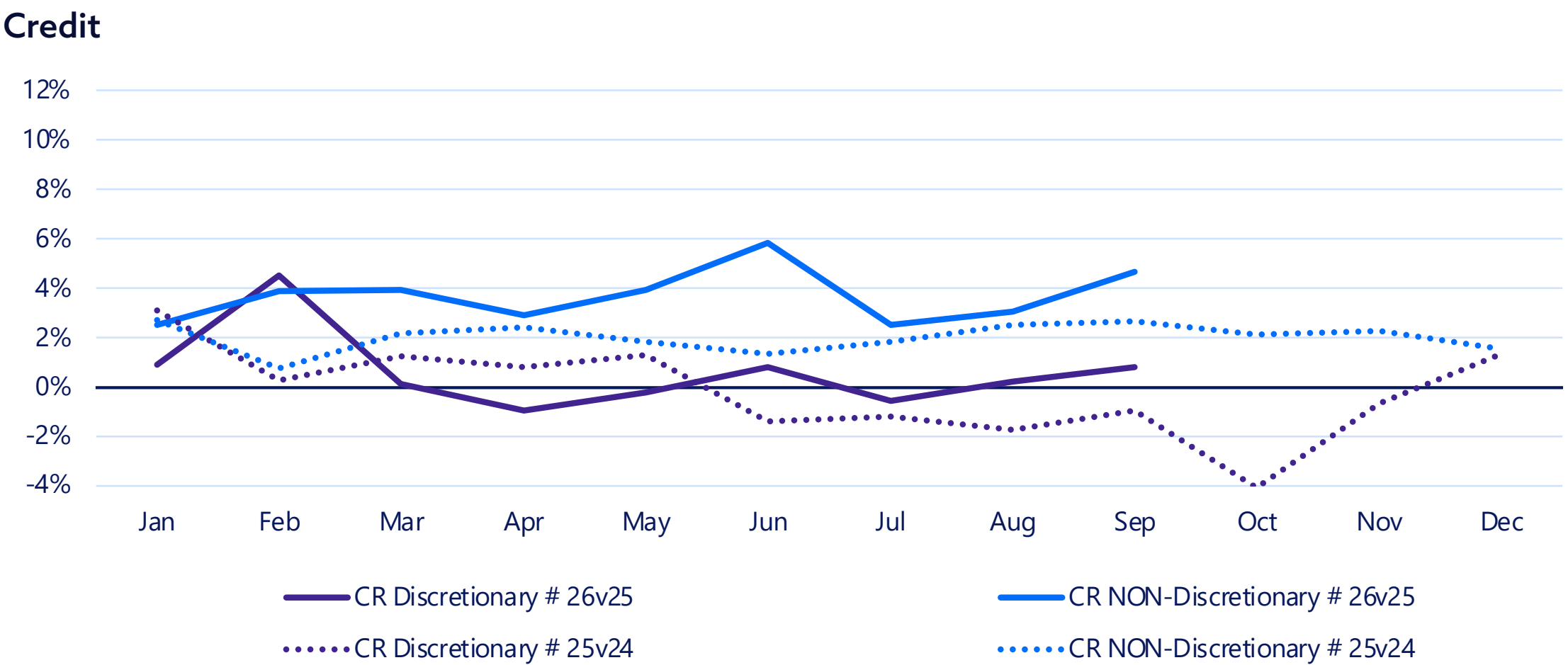
Year-Over-Year Growth in Debit

	% of Overall Purchases	Transactions	Purchases	Average Purchase
Discretionary	9%	↑ 4.3%	↑ 8.6%	\$69
Non-Discretionary	91%	↑ 5.6%	↑ 9.6%	\$44

Growth in Discretionary/Non-Discretionary Overall Purchases



Growth in Discretionary/Non-Discretionary Overall Transactions



Sectors/Merchant Categories

Purchase growth was positive across nearly all merchant sectors, with Entertainment the lone exception for credit, declining 1% year over year. Gasoline posted the highest purchase growth for credit and debit, rising 32% and 25% respectively, along with a 6% increase in transactions. Elevated fuel prices contributed to the outsized growth, with the national average gasoline price at \$4.65 per gallon at the end of September, up 43% year over year. While prices eased to \$4.33 as of October 12, they remained nearly 40% above year-ago levels.

Beyond Gasoline, several sectors posted solid purchase growth, reinforcing the breadth of consumer spending in September. Utilities (+8%) and Goods (+6%) recorded strong growth for credit, while Goods (+10%) and Entertainment (+9%) posted notable gains for debit. The performance of Goods aligns with its position as a leading contributor to purchase growth for both payment types. Travel spending also gained momentum, with purchases up 5% for credit and 6% for debit, marking the highest growth rate since February, aided by higher average domestic airfares. However, Travel transaction growth was more subdued, suggesting higher transaction values accounted for much of the increase in purchase dollars.

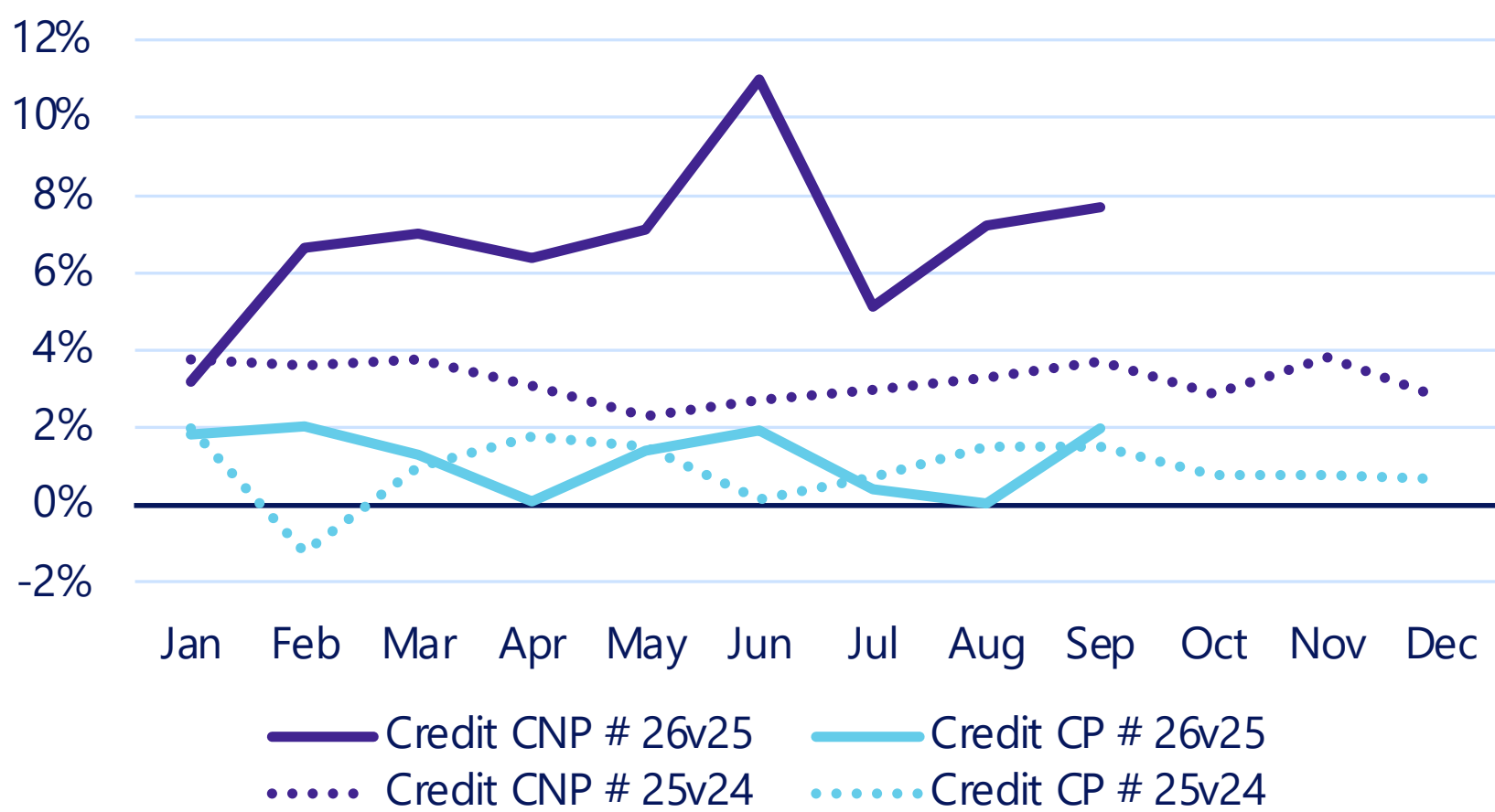
September 2026 v 2025

Credit			Debit	
YoY Purchases	YoY Transactions		YoY Purchases	YoY Transactions
↓ 1.0%	↑ 1.0%	 Entertainment	↑ 9.0%	↑ 5.0%
↑ 3.0%	↑ 1.0%	 Food & Grocery	↑ 1.0%	↓ 1.0%
↑ 32.0%	↑ 6.0%	 Gasoline	↑ 25.0%	↑ 6.0%
↑ 6.0%	↑ 7.0%	 Goods	↑ 10.0%	↑ 10.0%
↑ 5.0%	↑ 13.0%	 Money Services	↑ 19.0%	↑ 20.0%
↑ 5.0%	↑ 3.0%	 Restaurants	↑ 5.0%	↑ 3.0%
↑ 4.0%	↑ 3.0%	 Services	↑ 7.0%	↑ 2.0%
↑ 3.0%	↑ 5.0%	 Transportation	↑ 9.0%	↑ 6.0%
↑ 5.0%	↓ 1.0%	 Travel	↑ 6.0%	↑ 1.0%
↑ 8.0%	↑ 3.0%	 Utilities	↑ 6.0%	↑ 2.0%

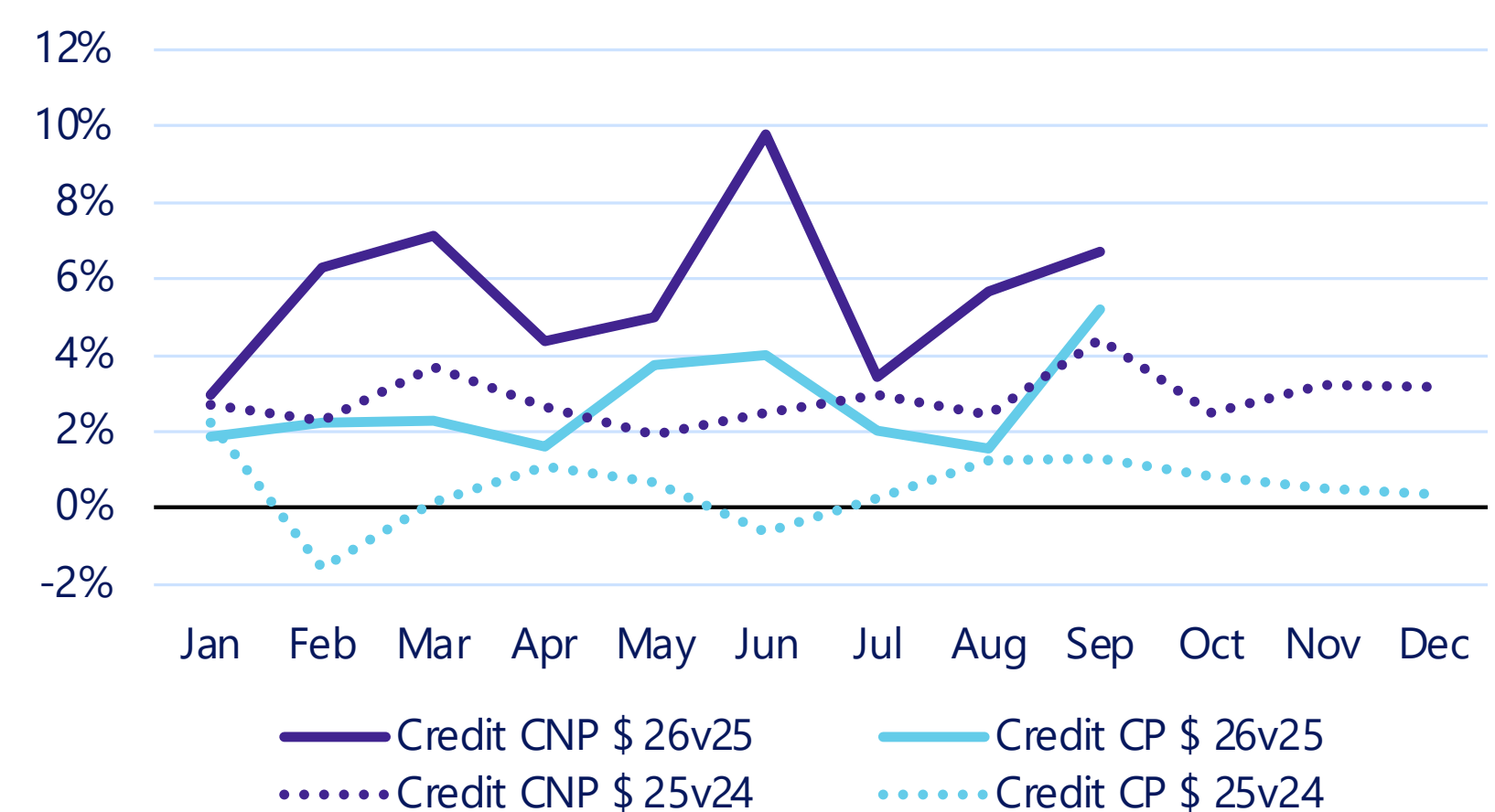
Card-Not-Present (CNP) and Card-Present (CP) Activity

Card-not-present (CNP) activity remained a key growth driver in September, with debit continuing to significantly outpace credit. Debit CNP transactions increased 17.4% year over year, while purchases rose 18.7%, reflecting the ongoing expansion in digital and online payment activity. Credit CNP transactions and purchases increased 7.7% and 6.7% year over year, respectively. As more payment activity shifts to digital channels, securing preferred or default payment status is becoming increasingly important for capturing a greater share of spend.

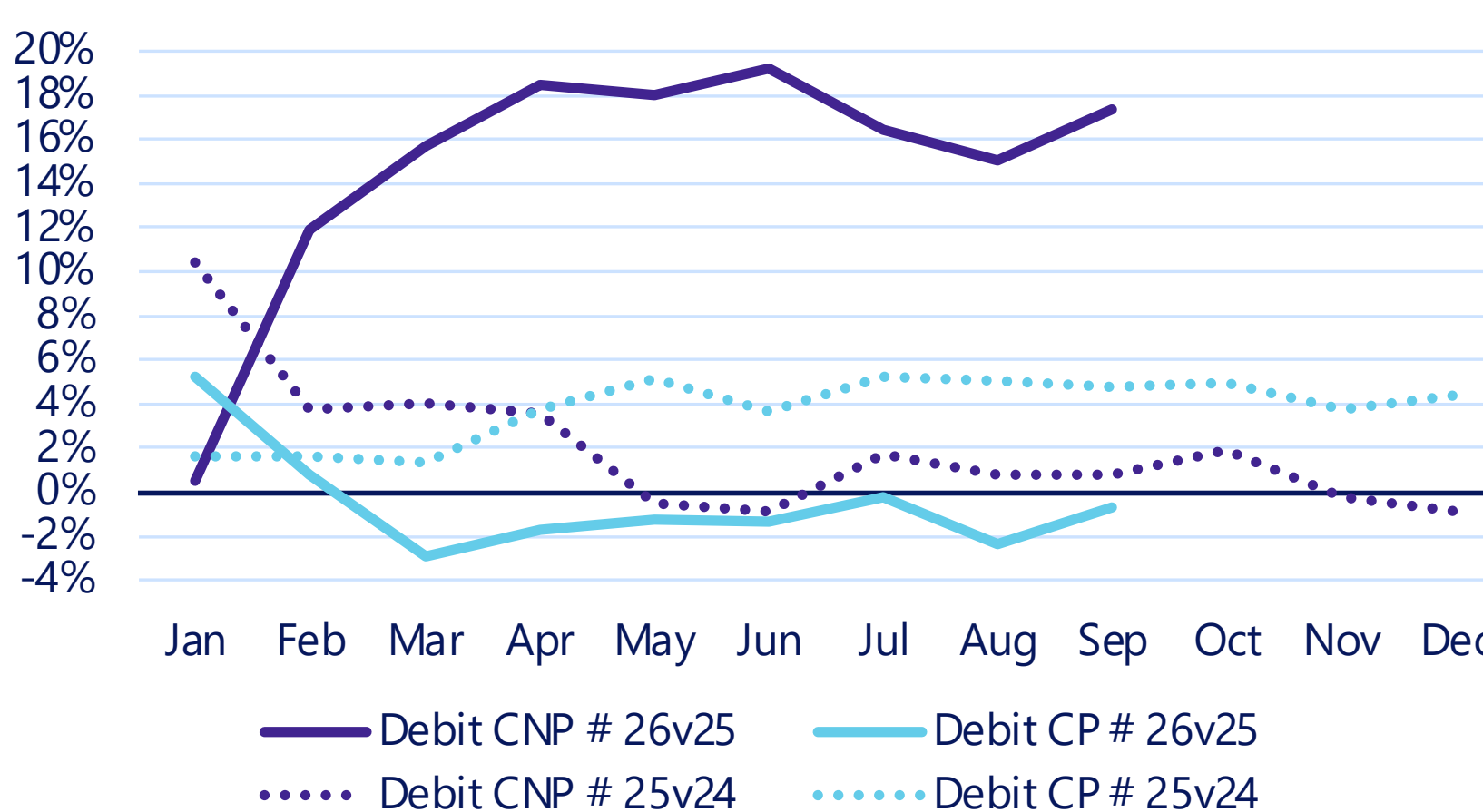
YoY % Growth in Credit Transactions



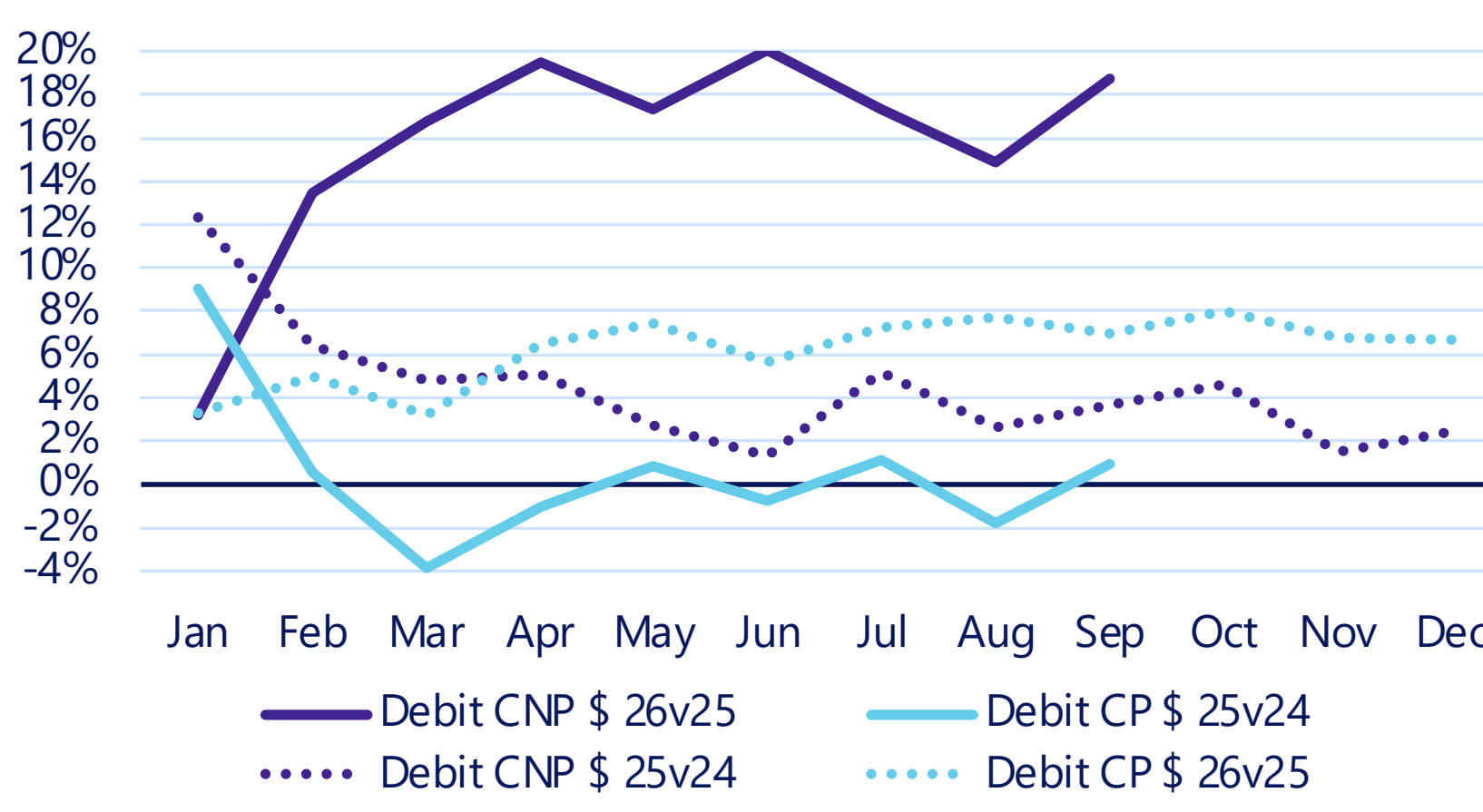
YoY % Growth in Credit Purchases



YoY % Growth in Debit Transactions



YoY % Growth in Debit Purchases



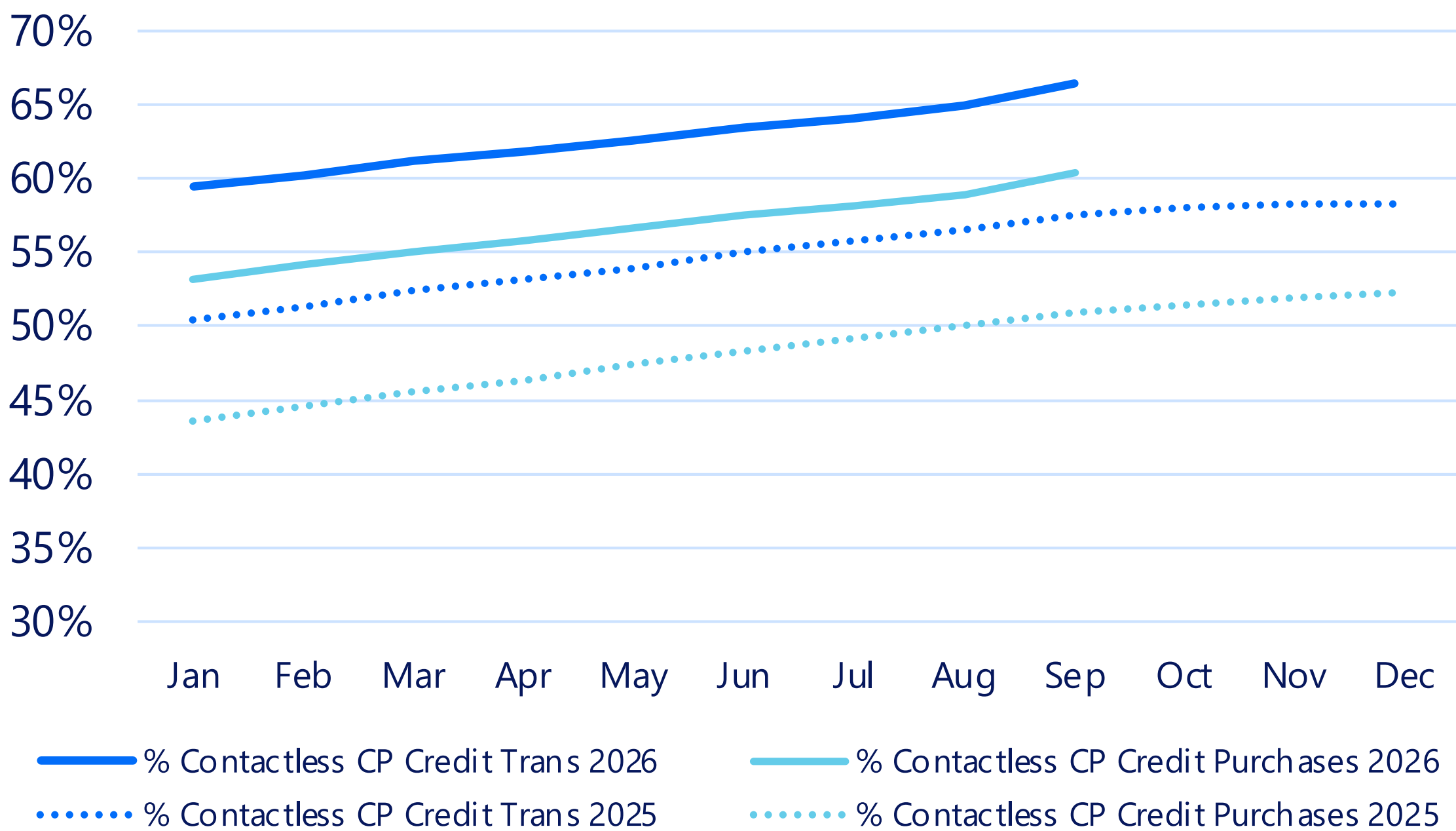
Contactless Transactions

Contactless adoption continued to deepen, with contactless transactions accounting for 66% of credit and 70% of debit card-present transactions. The higher penetration for debit suggests consumers are increasingly defaulting to tap-to-pay for routine, everyday purchases, while the elevated share for both payment types underscores the broader shift toward faster, more convenient digital payment experiences at the point of sale. Recent merchant acceptance expansions, including rollouts at Walmart and Sam’s Club, along with broader enablement

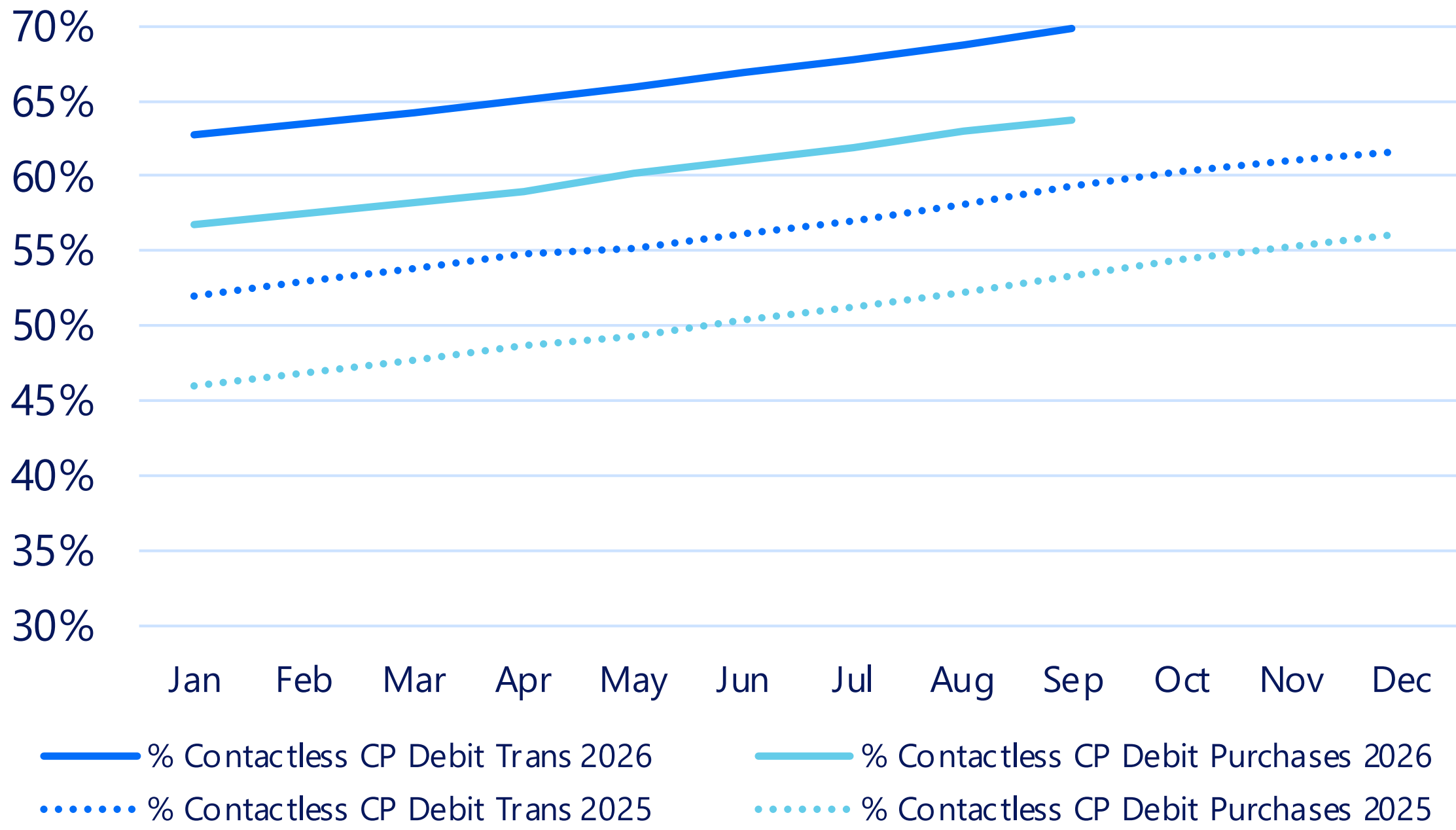
across major retailers such as Home Depot, Kroger (including its regional banner brands) and H-E-B, may further support transaction growth by expanding opportunities for consumers to use digital payment credentials for everyday spending.

Average contactless ticket sizes also increased, with the average credit transaction rising 6.1% year over year to \$52.51 and the average debit transaction increasing 6.4% to \$31.62.

% Contactless Credit Activity on Contactless Cards



% Contactless Debit Activity on Contactless Cards

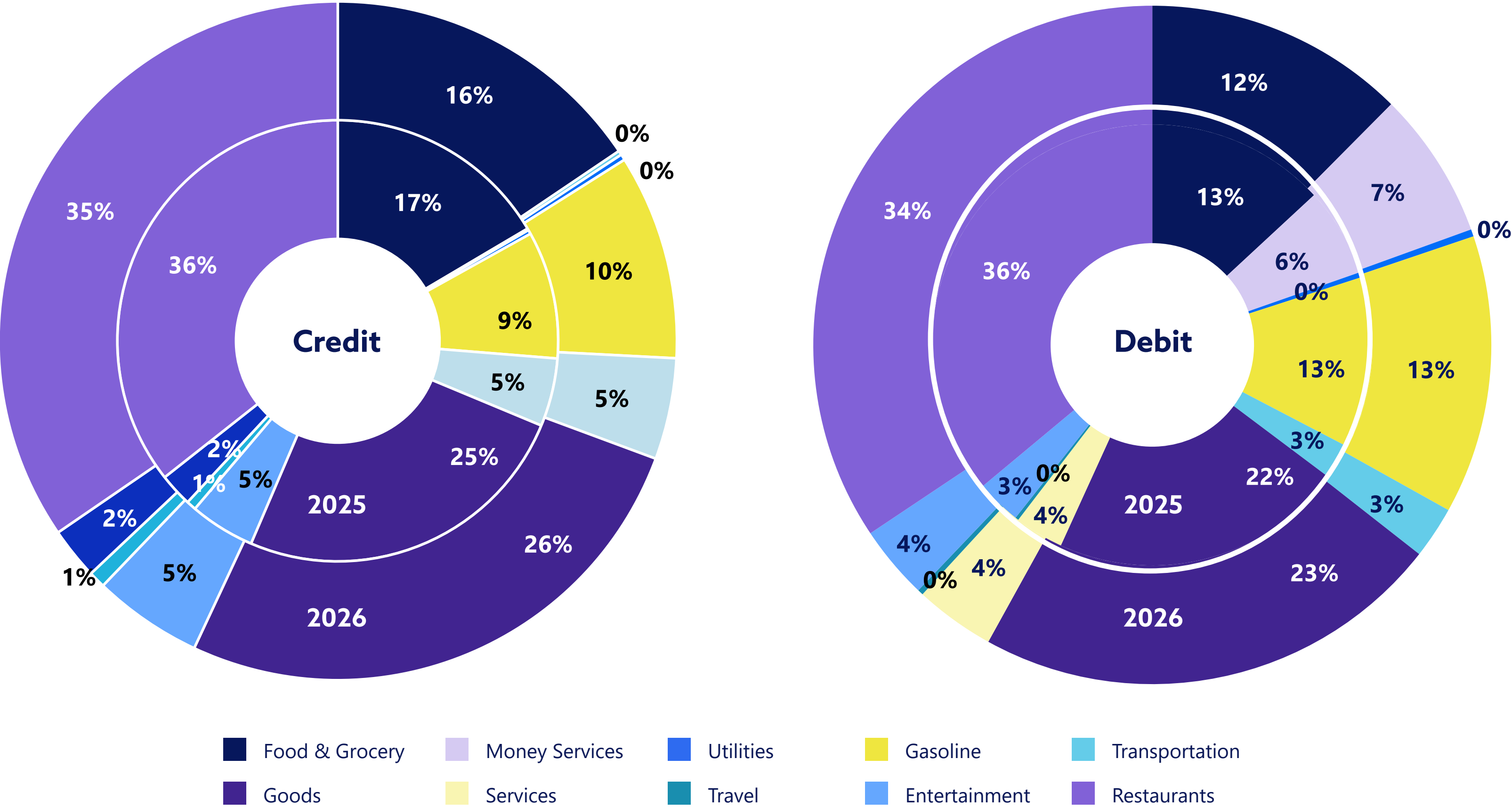


Digital Wallets

Digital wallets are capturing a growing share of consumer payment activity, reflecting the shift toward digitally enabled payment methods. Debit remained the primary driver of digital wallet growth, with transactions increasing 41% year over year compared to 37% for credit. Wallets now account for 14.7% of all debit transactions and 8.5% of credit transactions, with debit’s deeper penetration reinforcing its role as a key driver of adoption.

The combination of robust growth and expanding penetration indicates that digital wallets have evolved into a more significant payment channel. This momentum heightens the importance of wallet integration – and top-of-wallet positioning – as consumers increasingly incorporate digital payment options into their everyday spending.

Sector Percentage of Digital Wallet Transactions



ATM

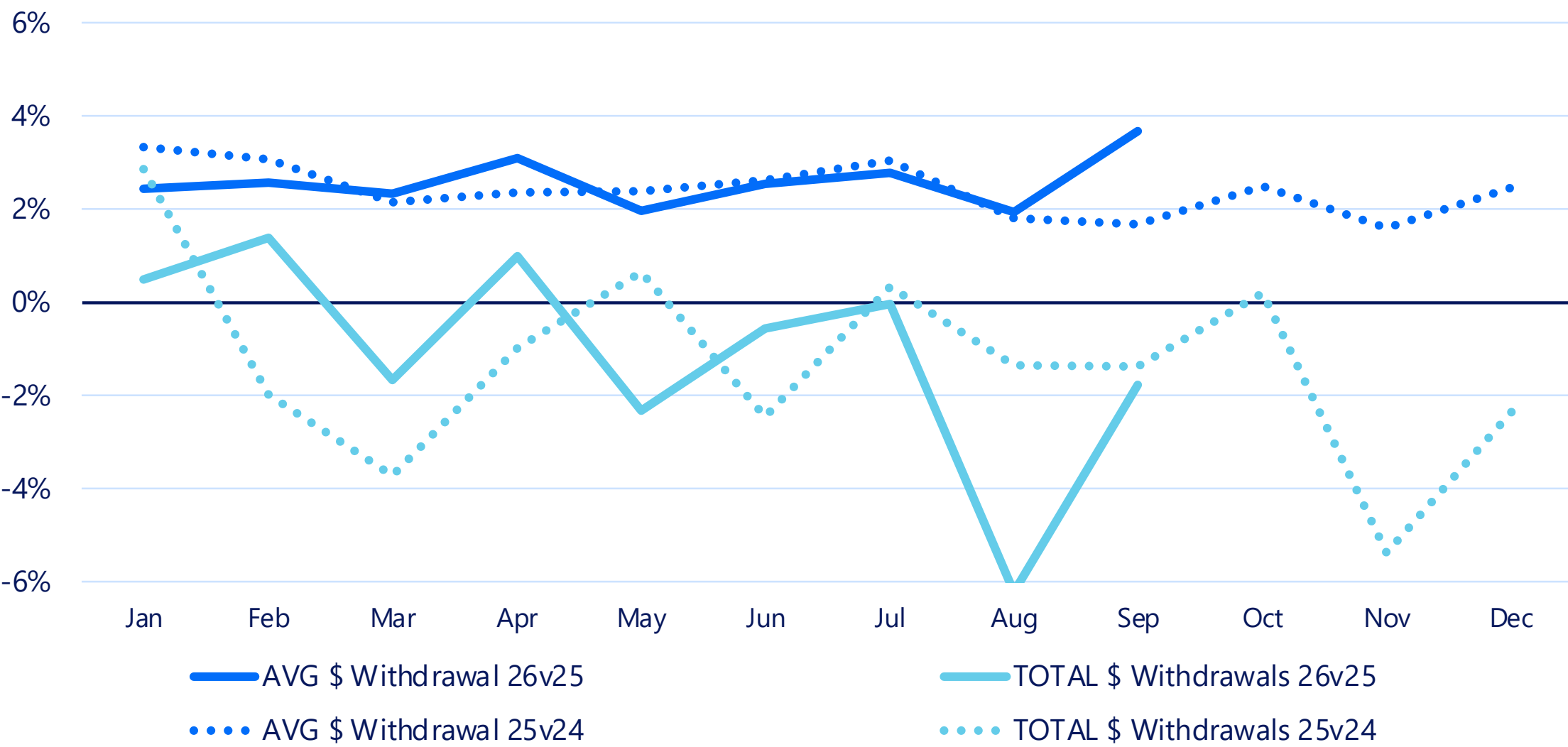
Cash usage continued to trend lower, with ATM and point-of-sale cashback activity declining year over year. ATM withdrawals fell 1.8%, while the average withdrawal amount increased 3.7%, or \$5.51, to \$155.70. Total ATM deposits declined at a faster rate of 3.7%, while the average deposit amount remained unchanged at \$473.46.

Point-of-sale cashback showed a more pronounced decline, with total transactions falling 8.5% year over year while the average cashback amount increased 5.3%, or \$2.22, to \$44.13.

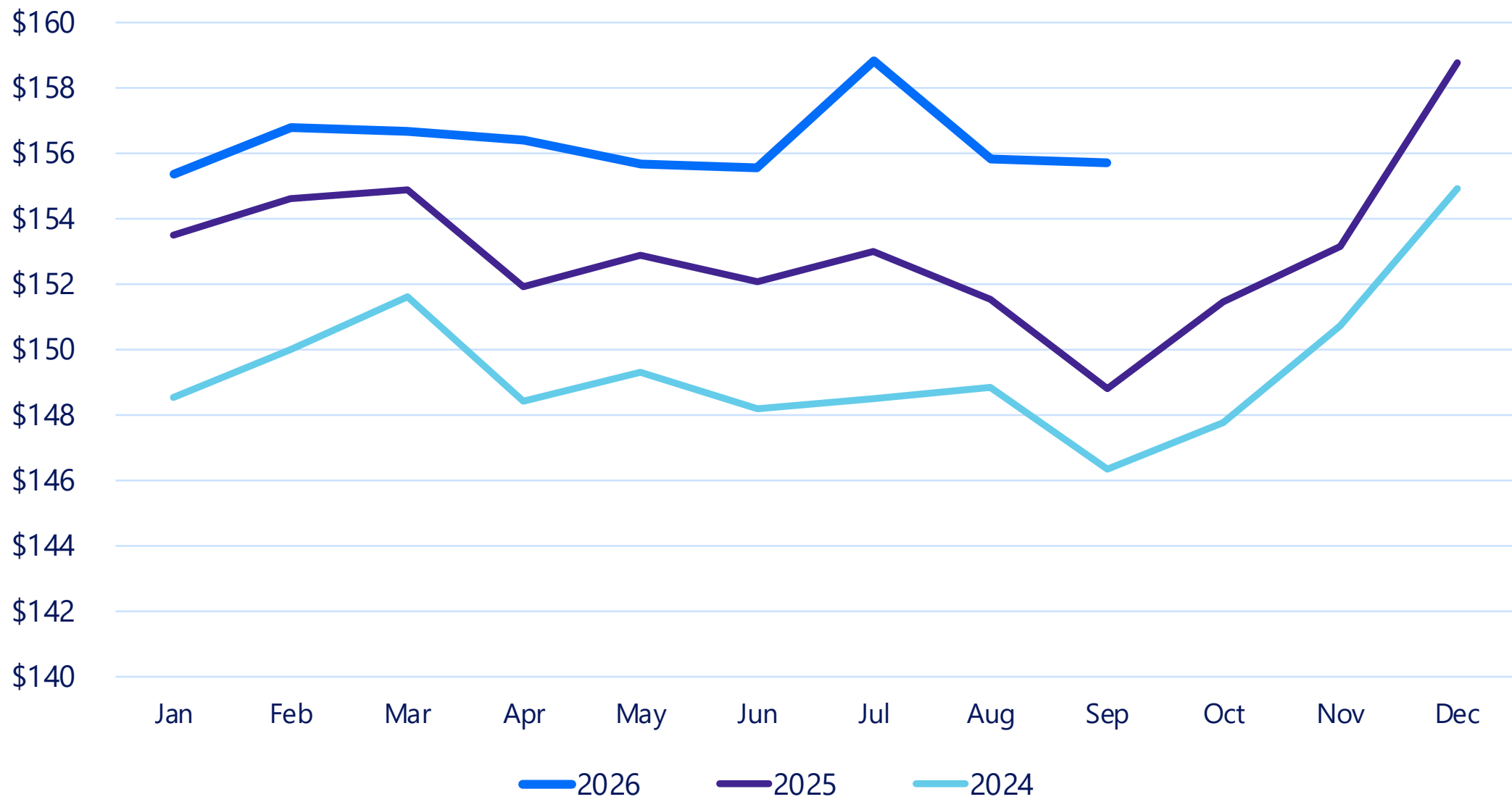
Cashback represented just 0.96% of card-present debit transactions.

The decline in ATM withdrawals and point-of-sale cashback, coupled with higher average amounts, suggests consumers are accessing cash less frequently, but withdrawing more when they do, potentially reflecting higher costs or more consolidated cash withdrawals.

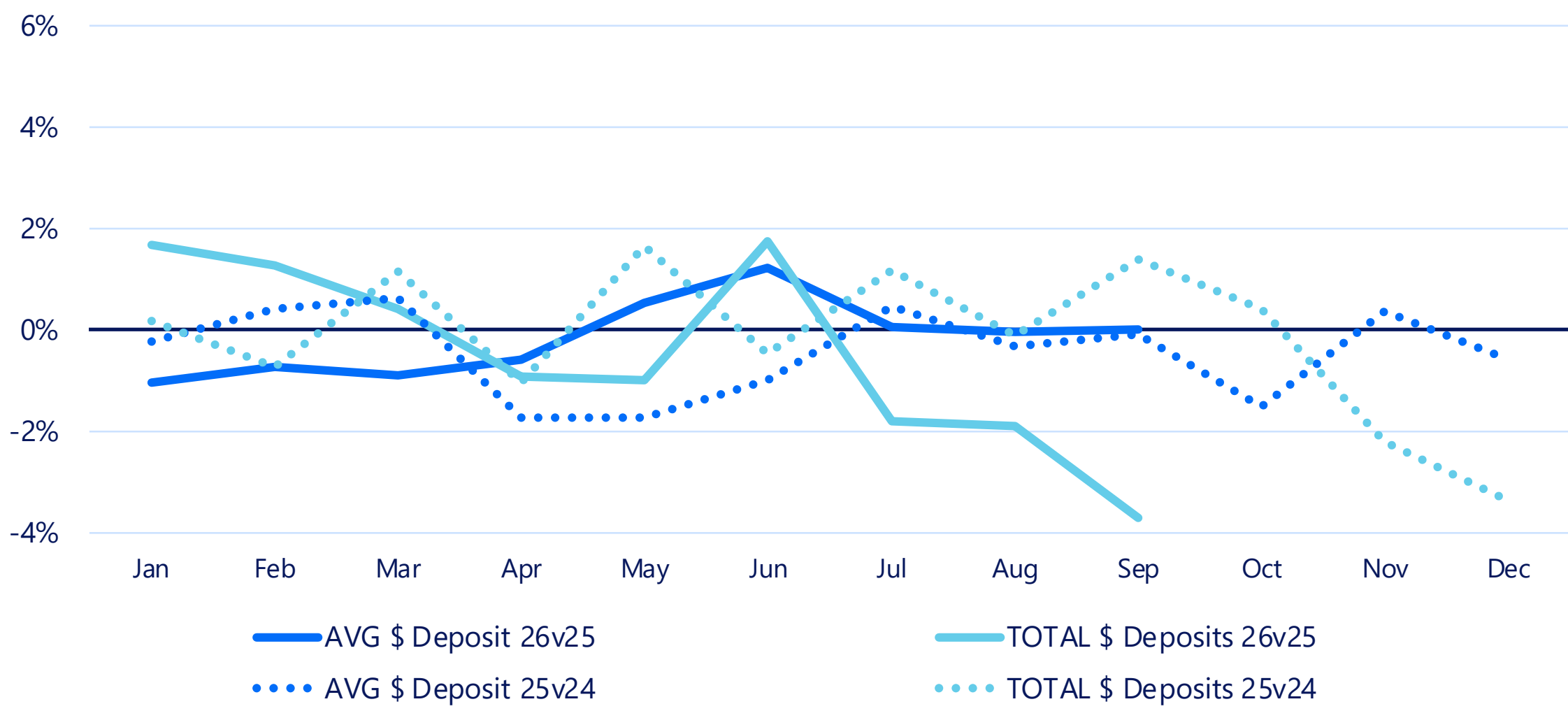
YoY Growth in ATM Withdrawals



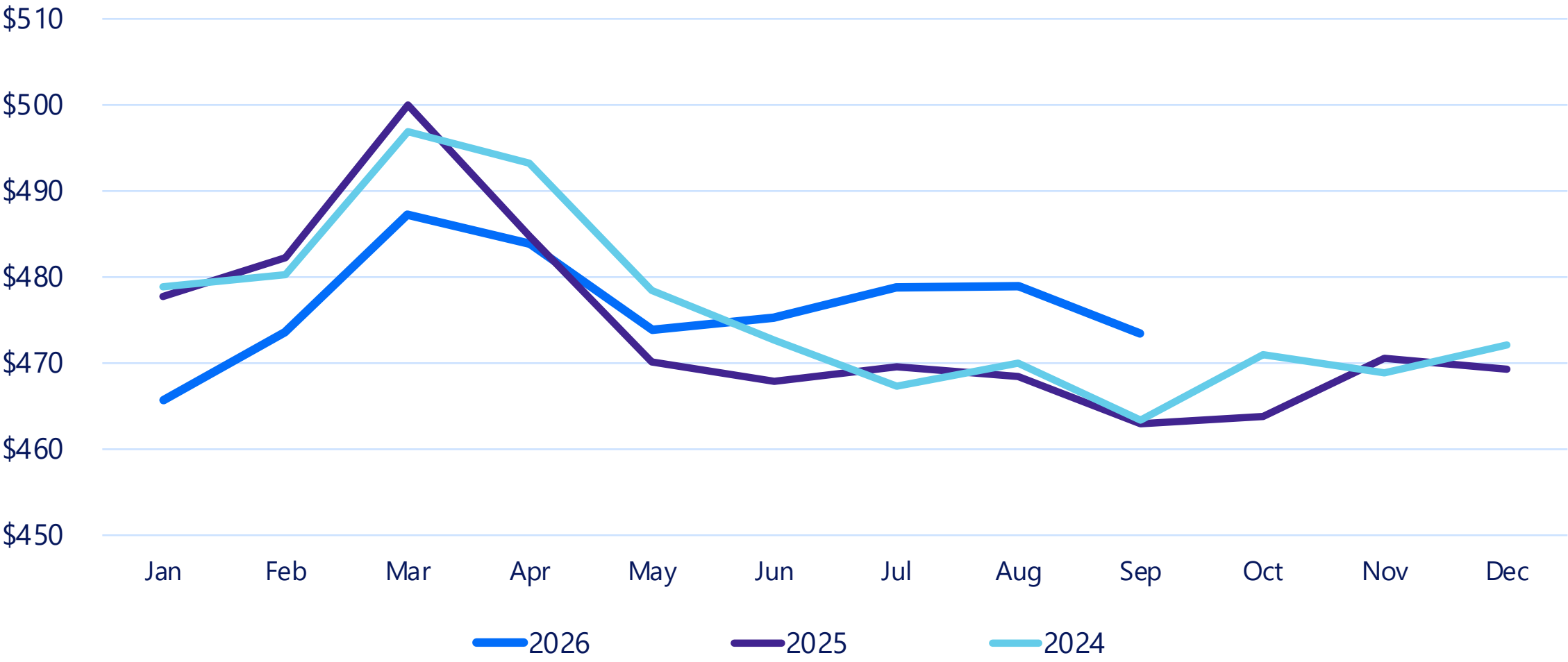
Average ATM Withdrawal



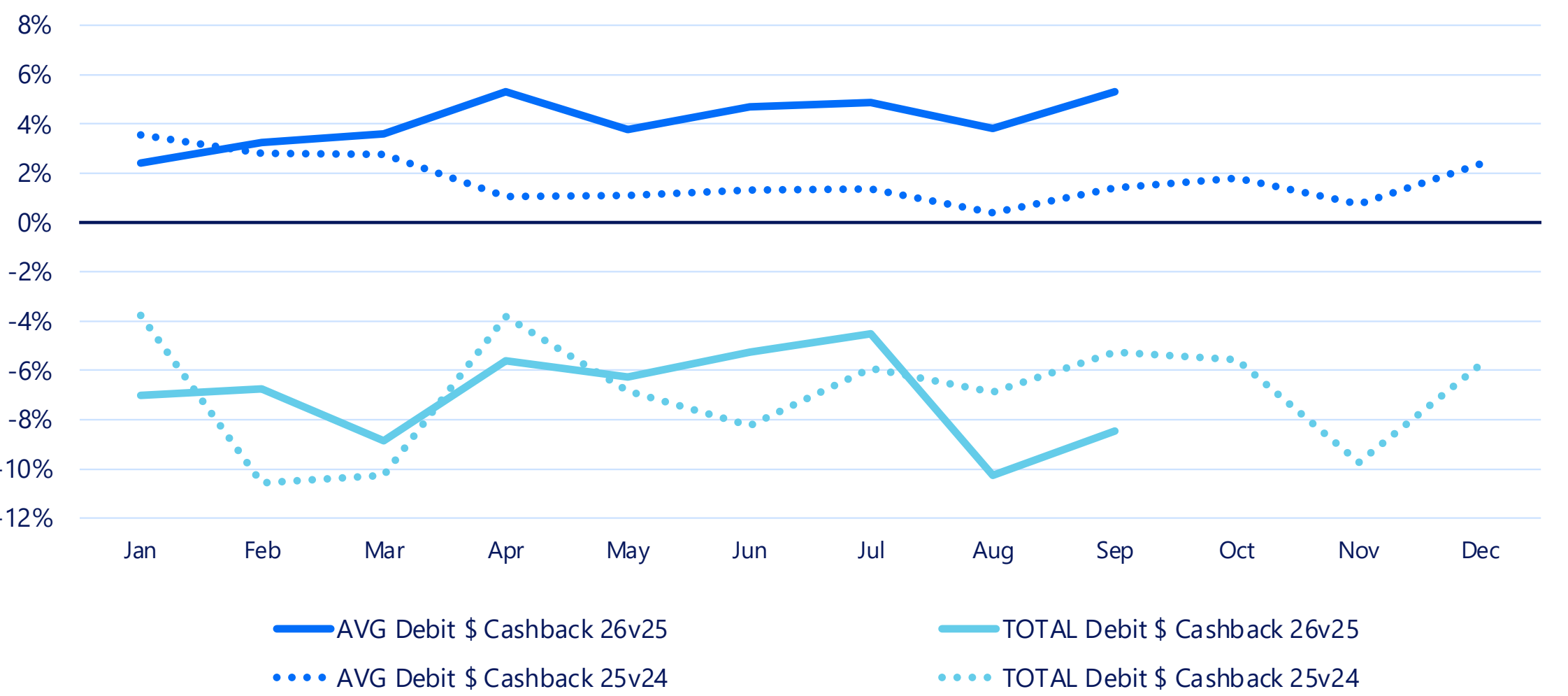
YoY Growth in ATM Deposits



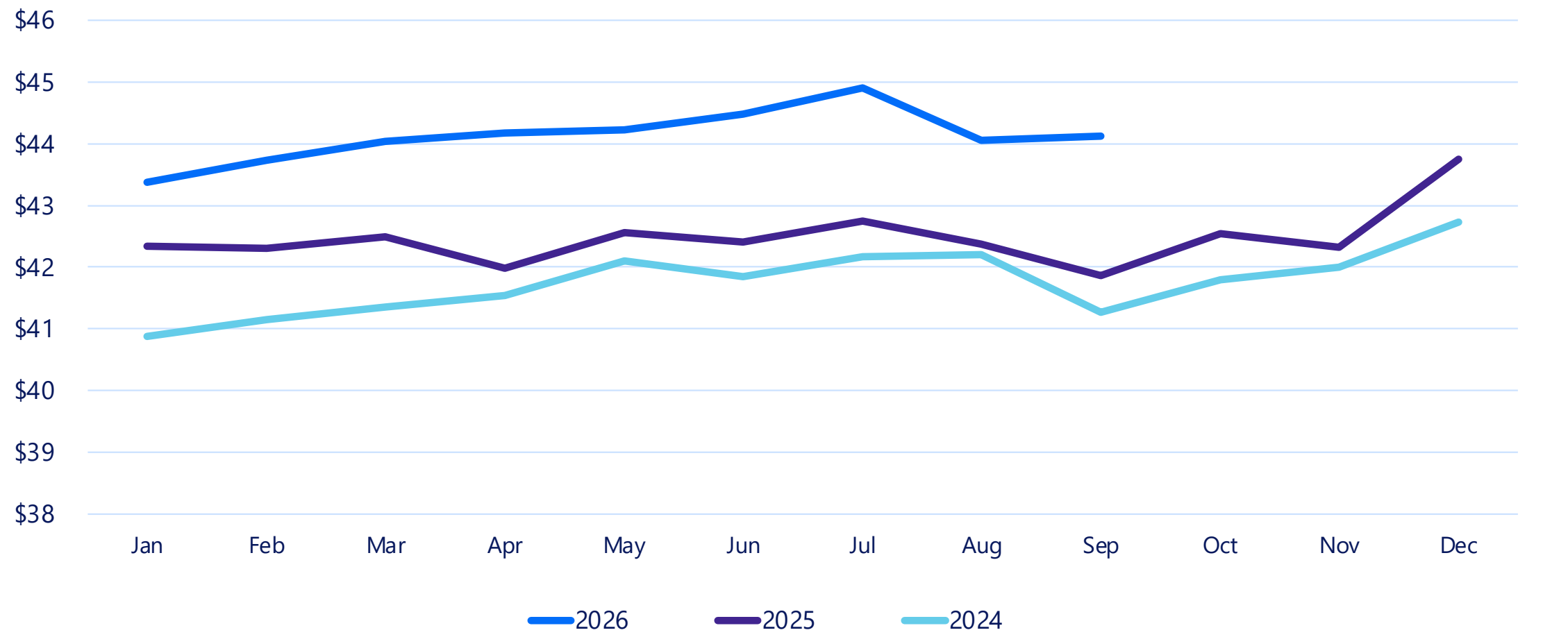
Average ATM Deposits



YoY Growth in Debit Cashback Activity



Average Debit Cashback Amount





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 October 2026 edition of the Velera Payments Index represents a total of 3.9 billion transactions valued at \$198 billion of credit and debit card activity from October 2025 through September 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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