

## THE PSCU PAYMENTS INDEX: SEPTEMBER 2022

It's back to school time again, as students of all ages have returned to classrooms throughout the country. And morning traffic is not the only thing that's increased as a result, with consumer purchasing activity showing strength in both credit card and debit card volume in August. In our September 2022 edition of the PSCU Payments Index, we take our second annual Deep Dive into back-to-school purchasing.

In the Labor Department's September 13 update, the [Consumer Price Index \(CPI\)](#) was up 0.1% for the month of August, bringing the 12-month rate of inflation to 8.3%. Increases in shelter, food, medical care electricity and natural gas were largely offset by a 10.6% decrease in the gasoline index. The Bureau of Labor Statistics (BLS) [reported](#) the August 2022 unemployment rate rose to 3.7%, with the number of unemployed increasing by 344,000 to 6.0 million. Notable job gains occurred in the professional and business services, health care and retail trade sectors.

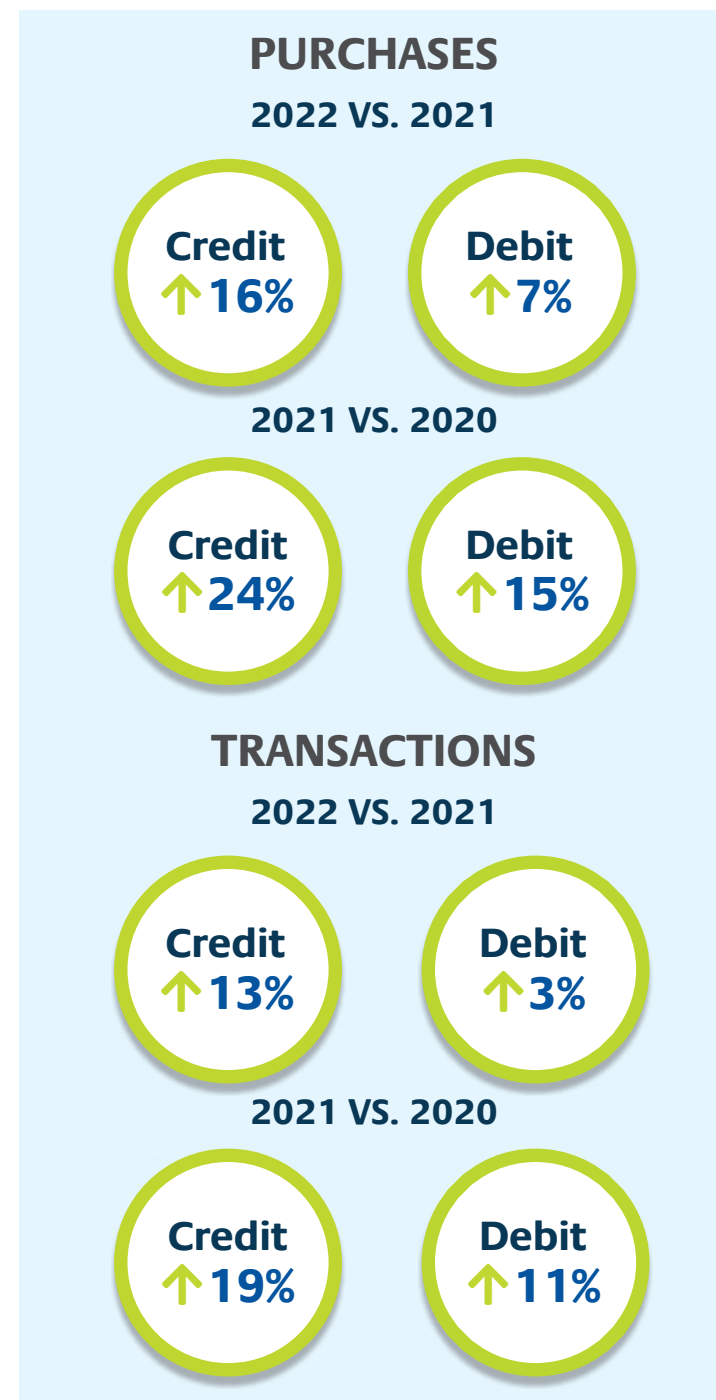
The Federal Reserve will meet on September 20-21 and is expected to announce an additional 0.75% interest rate hike to help curb inflation, which, if materialized, would be the third consecutive 75-basis-point increase. At the same time, there are concerns growing of a [potential strike by unions representing the freight railroads](#) beginning September 17. A work stoppage on the railroads would have an adverse impact on food prices and other goods mainly transported by rail – at a time when food prices are already up 11.4% year over year. In July, President Biden averted a railroad strike by establishing an emergency board to help mediate the dispute, although not all of the 12 largest railroad unions have signed on to the board's proposal.

The [Consumer Confidence Index](#) increased in August following three consecutive months of declines, now at 103.2 (1985=100). While both purchasing intentions and vacation intentions increased for the month, high inflation and interest rate actions by the Fed continue to pose short-term risks to economic growth. The average national gasoline price dropped to [\\$3.75 per gallon](#) on September 5, down \$1.26 per gallon or 25% from the peak in June 2022. Current per gallon prices are up 18% or \$0.57 from a year ago.

As always, we hope the insights from the PSCU Payments Index will continue to help our financial institutions make informed, strategic decisions in 2022.

**Click [here](#) to subscribe to the PSCU Payments Index and receive updates when we publish each month.**

## OVERALL PERFORMANCE – SEPTEMBER 2022



### KEY TAKEAWAYS

- Consumer spending on cards was strong, with growth accelerating from last month and credit cards again outpacing debit cards. Credit purchases were up 16% and debit purchases were up 7% year over year. Current inflationary pressures continue to drive growth in purchases, outpacing growth in transactions. For August, growth in overall transactions was up 13% for credit and 3% for debit.
- The Consumer Price Index (CPI-U) decreased on an annual basis to 8.3% in August, influenced by lower prices in Gasoline and higher prices in Shelter, Food and Medical Care, as well as Electricity and Natural Gas. The Fed meets next on September 20-21, with another large interest rate increase anticipated.
- Purchase growth in this month’s Deep Dive on back-to-school spending follows similar trends in overall spending growth, with credit purchases up 12% and debit purchases up 3%. Growth rates in clothing-related merchant category purchases were more evenly distributed throughout the overall list of back-to-school categories this year, whereas clothing categories represented the largest growth in purchases and were clustered at the top of the list in 2021, influenced by the return to in-person learning.
- The credit card delinquency rate for August was 1.62%, 14 basis points lower than pre-pandemic August 2019 levels. The average credit card balance per active account was \$2,780, up 4.9% (or \$130) year over year. August marked the sixth consecutive month in which year-over-year growth was over 2% and was the strongest month in 2022.



August saw strengthening of spend on both credit and debit cards, including those merchant categories included in our Deep Dive on back-to-school spending this month.

Credit is performing extremely well, with nearly every merchant category experiencing double-digit growth. While debit growth was more subdued, there is notable growth in the newer methods of payments like contactless – more than one in four eligible debit transactions are now tapped – and the variety of Card Not Present (CNP) alternatives, where almost one out of every two dollars spend is CNP.

— Tom Bennett, Principal, Advisors Plus at PSCU



## DEEP DIVE: BACK TO SCHOOL

The [National Retail Federation \(NRF\)](#) projected that back-to-school spending for the 2022 season would rise 1.8% compared to 2021, with the expected spending per household at \$864. To measure the impact of back-to-school purchases for 2022, we return to a relevant group of 17 merchant categories, along with aggregate results for Amazon, Target and Walmart, for our same-store population of credit unions.

Overall, purchases in these merchant categories were up for August 2022 compared to August 2021. As has been the trend in overall purchases since last fall, credit purchases (+12%) were up in these select back-to-school purchasing-related categories at a greater rate than debit purchases (+3%). Within the merchant categories, growth in purchases for apparel-related categories are more dispersed, with some showing strong growth and others showing declines for August 2022. In our analysis of August 2021, all of the clothing-related merchant categories had the largest growth in year-over-year-purchases and were clustered at the top of this grouping, influenced by the return to in-person classroom learning.

Transaction growth for this group of merchant categories is in line with purchase growth, with credit transactions up 12% and debit transactions up 2% compared to August 2021.

For these 17 merchant categories, Card Present (CP) purchases decreased for August 2022. CP credit purchases represented 40% of all credit purchases, down one percentage point as compared to August 2021 for these select categories. CP debit purchases represented 58% of total debit purchases, down four percentage points as compared to August 2021. While the year-over-year overall breakout in CNP/CP purchases for these categories was up for CNP (1% for credit and 4% for debit), notable shifts in CNP growth exist for two: Family Clothing Stores and Sports and Riding Apparel Stores. Family Clothing Stores (including Marshalls/TJ Maxx, Burlington and Old Navy) posted a 16 percentage-point shift from CP to CNP purchases in credit and an 11 percentage-point shift for debit, though this category experienced the largest drop in year-over-year purchase growth (down 27% in credit purchases and 48% in debit purchases). Sports and Riding Apparel Stores (including Nike, Adidas and Under Armour) posted a 7 percentage-point



## LOOKING AHEAD

With Labor Day weekend barely in the rearview mirror, are you noticing holiday items in your favorite stores already? You're not alone. With some forecasts calling for weakened retail sales this holiday season driven by continued inflation and its impact on family budgeting, retailers are doing all they can to promote their holiday deals this year.

So how can you ensure that your credit union is ready for the holiday season? Consumer spending behaviors are adapting to the current environment and expectations for an early holiday season mean holiday communications should be at the ready. Promoting awareness of card features and benefits, as well as implementing targeted card usage strategies, are paramount to capturing card of choice designation.

In other areas, we're also keeping an eye on the continued growth of gambling and legal sports betting, which was the topic of our March 2022 Deep Dive. As the NFL kicked off its season on September 8, gambling commercials and in-broadcast features on betting are now seemingly ubiquitous. Additionally, as electricity bills soar for consumers in many parts of the country, we will also continue to closely monitor utilities as the colder months approach.

shift from CP to CNP purchases in credit and an 11 percentage-point shift for debit, placing second for largest year-over-year growth in purchases (up 31% in credit purchases and 16% in debit purchases).

For the back-to-school categories, the August 2022 average purchase size was up 1% on credit purchases (\$75.64) and up 1% on debit purchases (\$56.59). For credit, the average CNP purchase was up 1% (\$65.85) as compared to August 2021, while average credit CP purchases were up 1% (\$97.37). For debit, the average CNP purchase was up 5% (\$54.11) as compared to August 2021, while average credit CP debit purchases were down 1% (\$58.50).

Within our Deep Dive, the merchant category that saw the largest growth percentage in year-over-year purchases was Discount Stores, in which credit purchases were up 36% and debit purchases were up 41% compared to 2021. Top merchants in this category include Walmart, Target, Ross, HomeGoods and Dollar General. The top merchant category from our 2021 Back to School Deep Dive, Sports and Riding Apparel Stores, fell to the second spot this year.

## YEAR-OVER-YEAR PURCHASE GROWTH FOR BACK-TO-SCHOOL RELATED MERCHANT CATEGORIES – AUGUST

Merchant Category	Credit Purchases		Debit Purchases		Top Merchants
	21 vs. 20	22 vs. 21	22 vs. 21	21 vs. 20	
Discount Stores	20%	36%	41%	8%	Target, Walmart, Ross, HomeGoods, Dollar General
Sports and Riding Apparel Stores	74%	31%	16%	63%	Nike, Adidas, Under Armour
Schools and Educational Services	14%	24%	4%	15%	Pearson Education, Abeka, McGraw Hill
Shoe Stores	43%	20%	-2%	33%	Zappos, DSW, Foot Locker, Rack Room Shoes, Champs Sports
Wholesale Clubs	14%	17%	8%	2%	Costco, Sam's Club
Women's Ready to Wear Stores	32%	16%	-9%	14%	Shein, Victoria's Secret, Michael Kors, rue21, Forever 21
Book Stores	6%	16%	8%	4%	Amazon, 2nd and Charles, university bookstores
Men's and Women's Clothing Stores	43%	16%	-8%	29%	American Eagle, Lululemon, Abercrombie & Fitch, Zulily, Banana Republic
Men's and Boy's Clothing Accessories Stores	37%	10%	-11%	16%	Men's Wearhouse, Levi's, Untuckit, Tommy Hilfiger, Jos. A. Bank
Sporting Goods Stores	7%	3%	-5%	8%	Dick's, REI, Cabela's, MidwayUSA, Academy Sports + Outdoors, Hibbett Sports
Department Stores	65%	3%	-15%	36%	eBay, Kohl's, JCPenney, Macy's
Children's and Infants' Wear Stores	22%	2%	-17%	21%	Carter's, The Children's Place
Women's Accessory and Specialty Stores	42%	-3%	-16%	14%	Louis Vuitton, Coach, Kate Spade, Tory Burch, David's Bridal, Ann Taylor
Electronics Stores	2%	-4%	-16%	-8%	Apple, Samsung, Best Buy, Total Tech, PlayStation Direct
Stationery, Office and School Supply Stores	-7%	-4%	-15%	-11%	Office Depot/Office Max, Staples
Books, Periodicals and Newspapers	6%	-15%	-20%	-2%	MBS, Barnes & Noble, eCampus.com
Family Clothing Stores	45%	-27%	-48%	28%	Marshalls/TJ Maxx, Burlington, Old Navy
<b>Grand Total</b>	<b>18%</b>	<b>12%</b>	<b>2%</b>	<b>12%</b>	

## YEAR-OVER-YEAR GROWTH FOR BACK-TO-SCHOOL RELATED MERCHANT CATEGORIES – AUGUST 2022

Merchant Category	Credit		Debit		Top Merchants
	Transactions	Purchases	Transactions	Purchases	
Discount Stores	35%	36%	27%	41%	Target, Walmart, Ross, HomeGoods, Dollar General
Sports and Riding Apparel Stores	28%	31%	9%	16%	Nike, Adidas, Under Armour
Schools and Educational Services	13%	24%	1%	4%	Pearson Education, Abeka, McGraw Hill
Shoe Stores	15%	20%	-4%	-2%	Zappos, DSW, Foot Locker, Rack Room Shoes, Champs Sports
Wholesale Clubs	15%	17%	5%	8%	Costco, Sam's Club
Women's Ready to Wear Stores	8%	16%	-13%	-9%	Shein, Victoria's Secret, Michael Kors, rue21, Forever 21
Book Stores	14%	16%	2%	8%	Amazon, 2nd and Charles, university bookstores
Men's and Women's Clothing Stores	9%	16%	-10%	-8%	American Eagle, Lululemon, Abercrombie & Fitch, Zulily, Banana Republic
Men's and Boy's Clothing Accessories Stores	-8%	10%	-20%	-11%	Men's Wearhouse, Levi's, Untuckit, Tommy Hilfiger, Jos. A. Bank
Sporting Goods Stores	5%	3%	-5%	-5%	Dick's, REI, Cabela's, MidwayUSA, Academy Sports + Outdoors, Hibbett Sports
Department Stores	0%	3%	-16%	-15%	eBay, Kohl's, JCPenney, Macy's
Children's and Infants' Wear Stores	-3%	2%	-18%	-17%	Carter's, The Children's Place
Women's Accessory and Specialty Stores	-2%	-3%	-15%	-16%	Louis Vuitton, Coach, Kate Spade, Tory Burch, David's Bridal, Ann Taylor
Electronics Stores	2%	-4%	-8%	-16%	Apple, Samsung, Best Buy, Total Tech, PlayStation Direct
Stationery, Office and School Supply Stores	-4%	-4%	-15%	-15%	Office Depot/Office Max, Staples
Books, Periodicals and Newspapers	-30%	-15%	-34%	-20%	MBS, Barnes & Noble, eCampus.com
Family Clothing Stores	-36%	-27%	-50%	-48%	Marshalls/TJ Maxx, Burlington, Old Navy
<b>Grand Total</b>	<b>12%</b>	<b>12%</b>	<b>2%</b>	<b>3%</b>	

Conversely, the merchant category in this analysis that saw the biggest year-over-year drop in purchase growth was Family Clothing Stores. For August, credit purchases were down 27% and debit purchases were down 48%.

Looking at select U.S. retailers, Walmart had the strongest growth for August 2022 purchases, with credit purchases up 15% and debit purchases up 8%. Next was Amazon with credit purchases up 15% and debit up 1%. Target, which led growth in our 2021 Back to School analysis, finished with credit purchases up 8% and debit purchases down 2%. Transaction growth lagged growth in purchases for both credit and debit and for all three retailers. We also saw negative year-over-year growth in debit transactions for Amazon, down 4%, and Target, down 3%, for August.





## YEAR-OVER-YEAR GROWTH BY MERCHANT IN THE GOODS, GROCERY, SERVICE AND UTILITIES CATEGORIES

Merchant	Credit			Debit		
	Transactions	Purchases	AVG Purchase	Transactions	Purchases	AVG Purchase
Amazon	12%	15%	\$45.98	-4%	1%	\$38.58
Target	5%	8%	\$60.85	-3%	-2%	\$49.57
Walmart	8%	15%	\$66.55	2%	8%	\$61.49



Photo Credit: Олександр Луценко - stock.adobe.com



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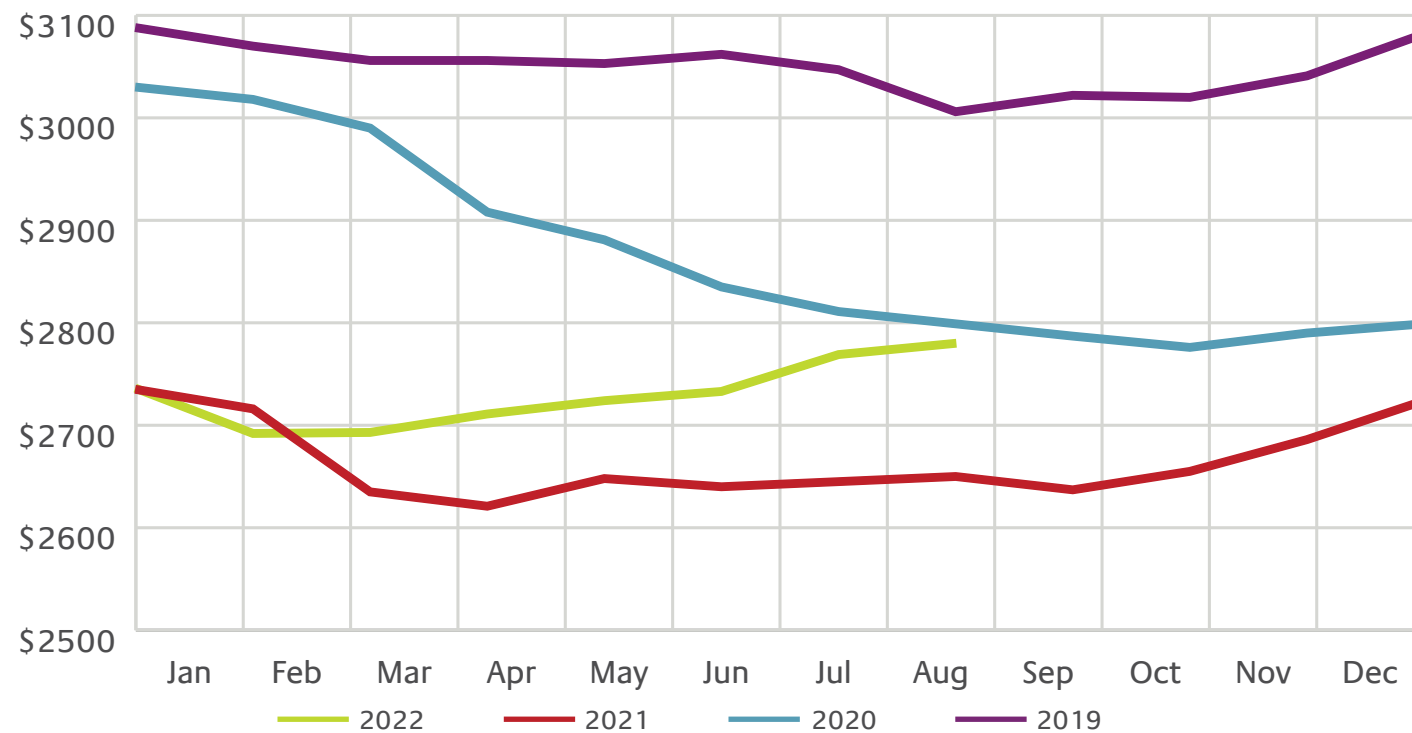


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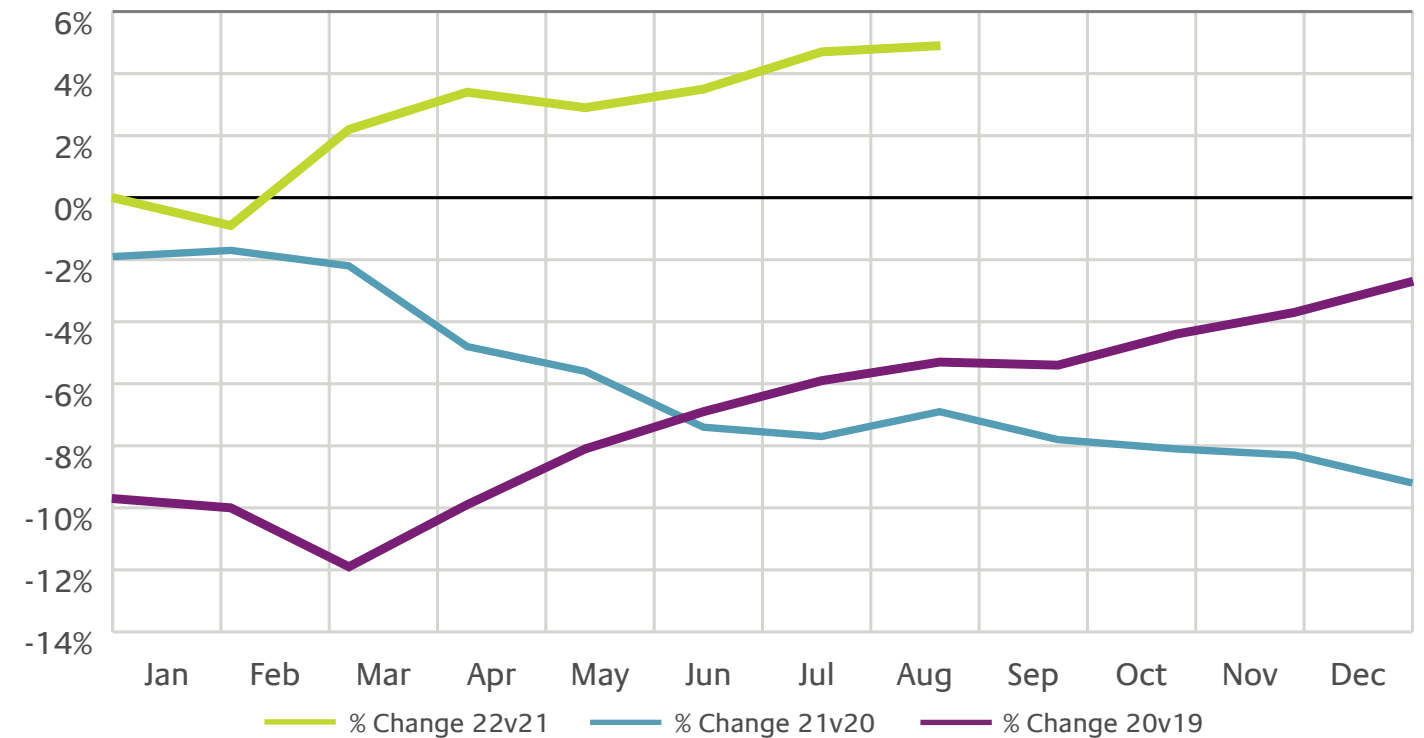
## CREDIT CARD ACCOUNT BALANCES

Average credit card account balances finished August 2022 at \$2,780, up 4.9% year over year and slightly under August 2020 levels, which are likely to be exceeded in the months ahead. Increases in credit card balances have notably picked up over the past two months as compared to the earlier months of 2022, when a more gradual increase was observed. August 2022 marked the sixth consecutive month of positive year-over-year growth in balances. Compared to August 2020, average credit card account balances were down 0.7%, or \$19.

**AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT**  
August



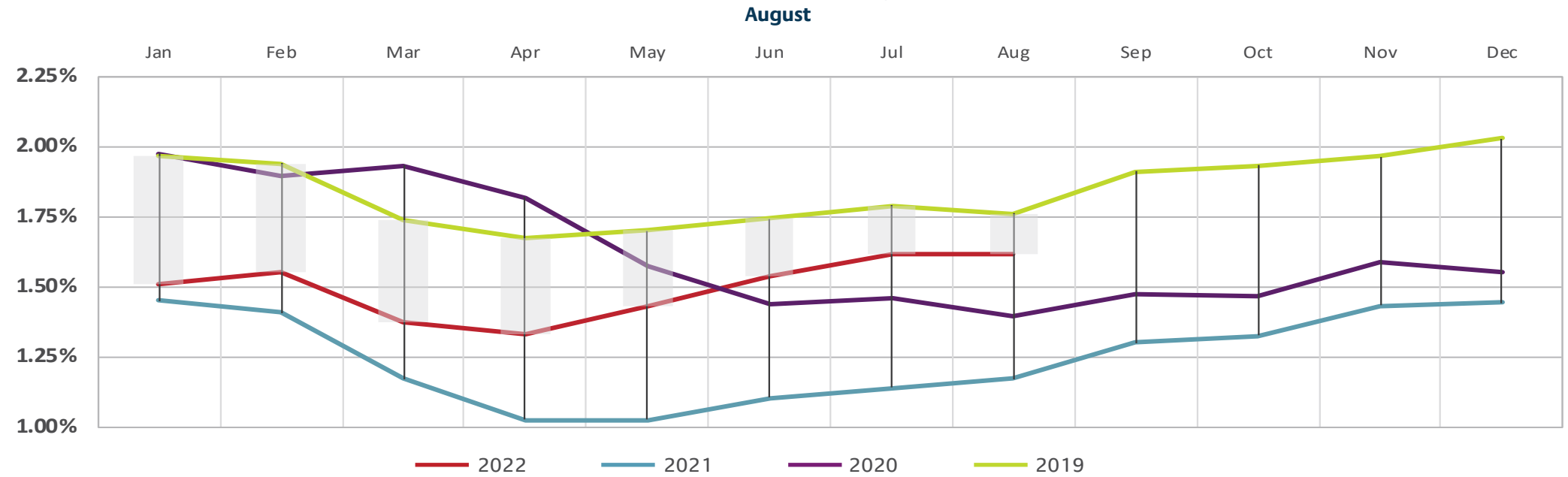
**PERCENTAGE CHANGE IN AVERAGE CREDIT CARD BALANCES**  
August



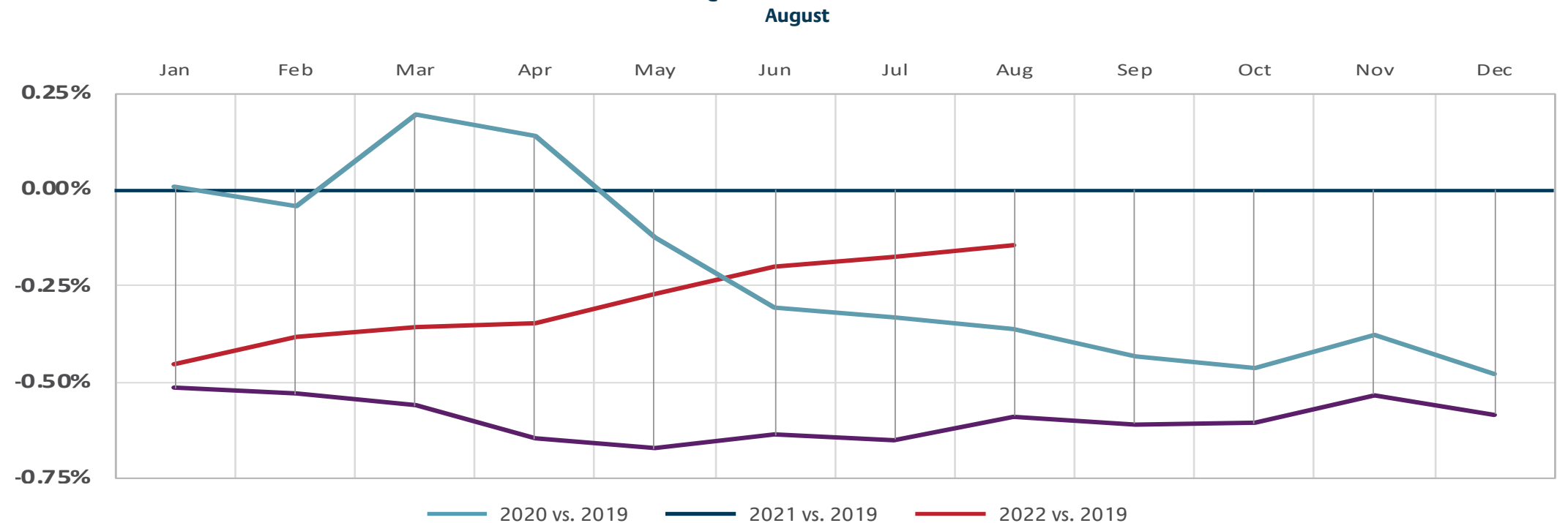
## CREDIT CARD DELINQUENCIES

The August 2022 credit card delinquency rate finished at 1.62%. The gap between August 2022 and pre-pandemic August 2019 was 14 basis points – the smallest difference to the monthly 2019 delinquency rate since May 2020 and continuing monthly decreases since the start of the year.

### OVERALL CREDIT CARD DELINQUENCY RATE



### CREDIT CARD DELINQUENCY RATES COMPARED TO 2019



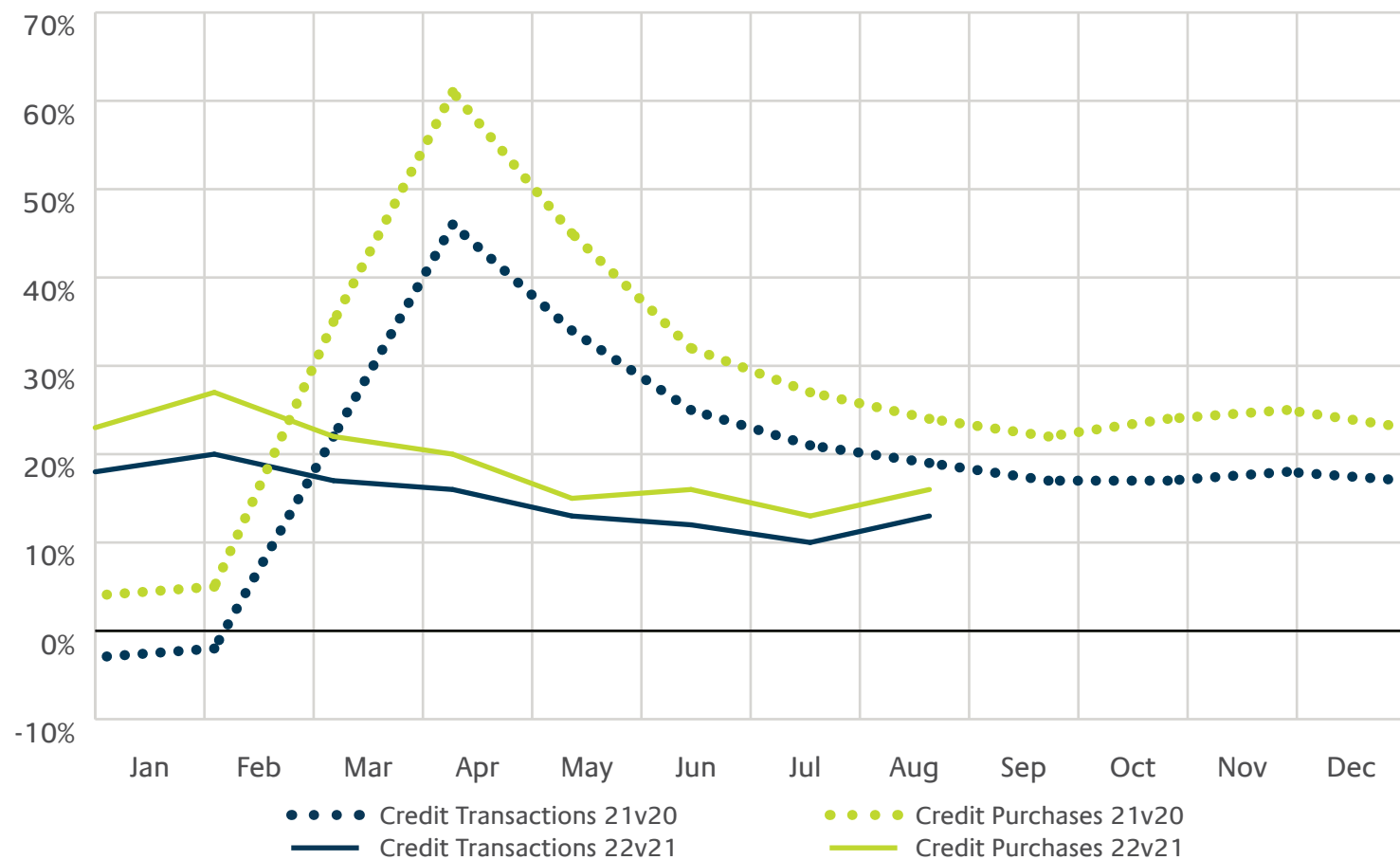


## CREDIT AND DEBIT CARDS

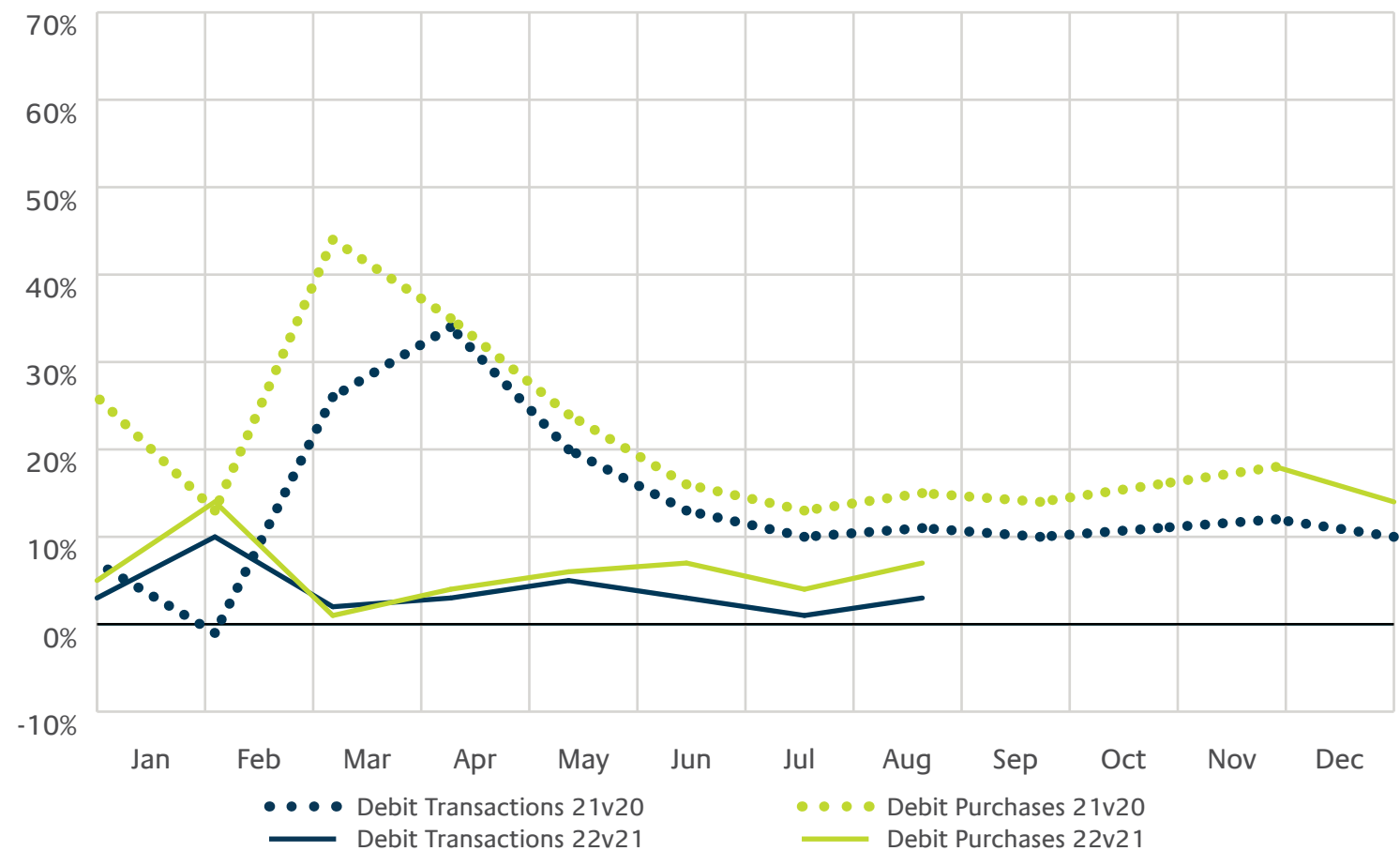
Consumer spending growth on credit cards picked up strength in August, with credit purchases up 16% and debit purchases up 7% compared to August 2021. Transactions continue to grow at a slower pace than purchases, with the volume of credit transactions up 13% and debit transactions up 3% compared to the same timeframe.

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2022 v 2021	13%	16%	3%	7%
2021 v 2020	19%	24%	11%	15%

**CREDIT**  
August



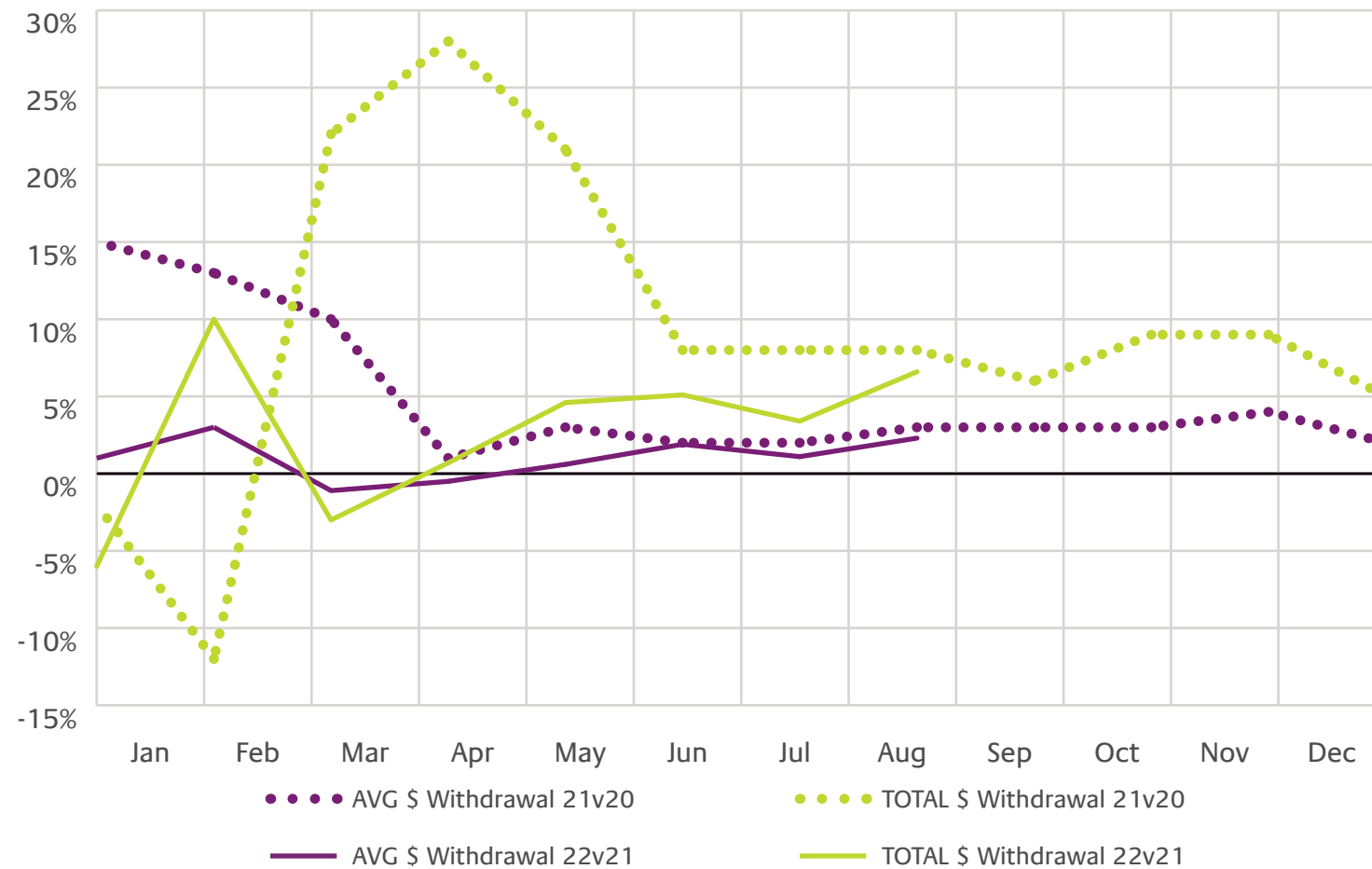
**DEBIT**  
August



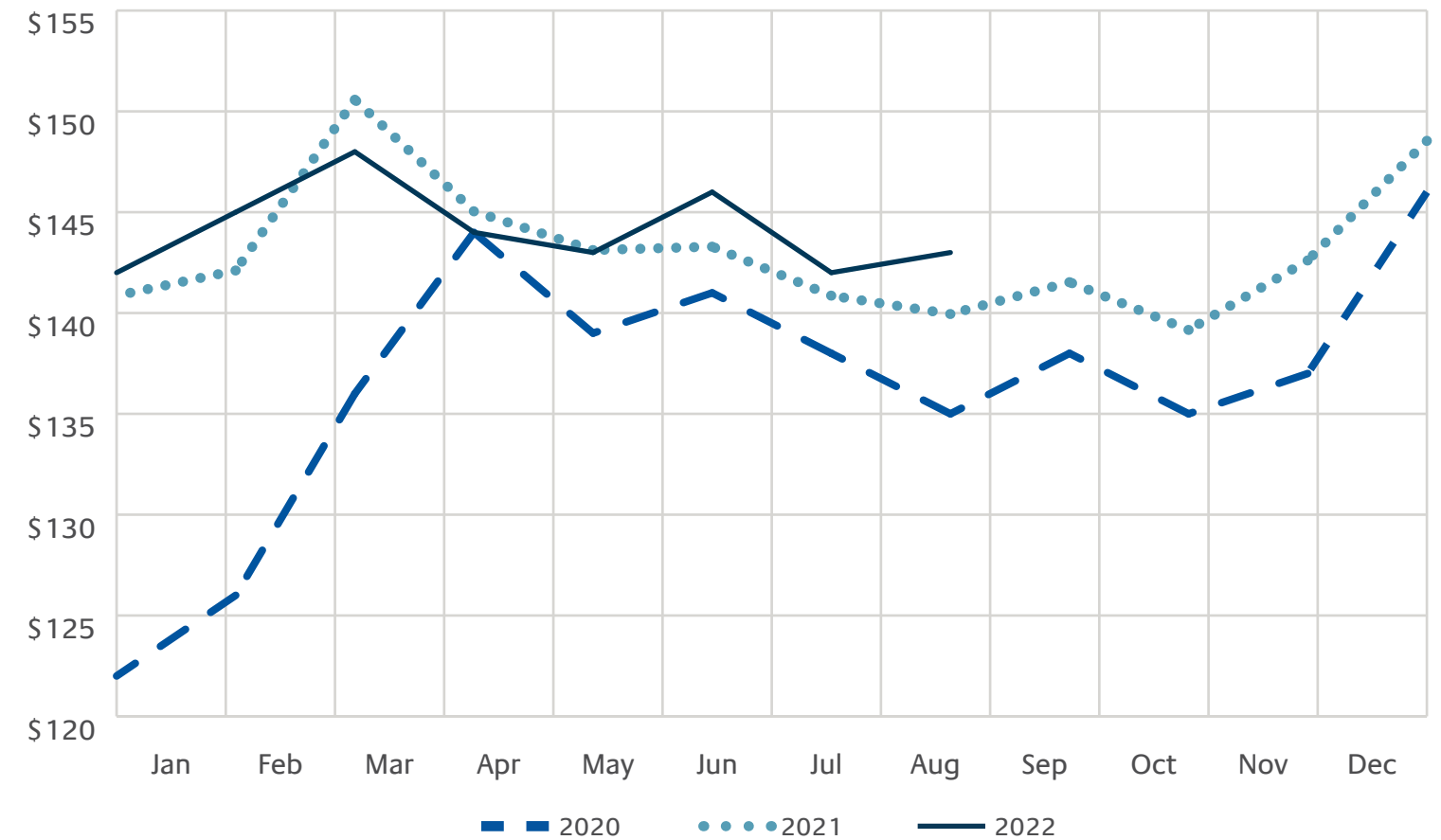
## ATM

For August 2022, growth in ATM withdrawal transaction volume was up 4% year over year. The average amount withdrawn per transaction increased in July, up 2.3% compared to August 2021 at \$143. For August 2022, total cash withdrawn was up 6.6% year over year.

**YOY GROWTH IN ATM WITHDRAWALS**  
August



**AVERAGE ATM WITHDRAWAL**  
August




## SECTORS/MERCHANT CATEGORIES


Sector growth rates for credit purchases continued to outpace the growth rates in all corresponding debit purchase sectors in our August results. Each sector in credit purchases posted double-digit growth, with the exception of Drug Stores, which was up 4% year over year. The top three sectors for year-over-year growth in credit purchases for August were Entertainment (+37%), Travel (+34%) and Gasoline (+30%).

For debit purchases, the Drug Store sector is the only sector with year-over-year negative growth for August, down 3%. For the fourth consecutive month, two sectors had double-digit, year-over-year growth for August in debit purchases: Entertainment (+20%) and Gasoline (+16%). The remaining sectors all posted single-digit growth in debit purchases.


Sector-level transaction growth adds insight into consumer behavior trends and the impact of inflationary pressures. Growth in purchases outpaced growth in transactions for both credit and debit activity in seven of the sectors: Drug Stores, Entertainment, Gasoline, Groceries, Restaurants, Travel and Utilities.

 <b>DRUG STORES</b> August 2022 V 2021			
	Credit	Debit	
YoY Purchases	4%	-3%	
YoY Transactions	3%	-4%	


 <b>GOODS</b> August 2022 V 2021			
	Credit	Debit	
YoY Purchases	10%	1%	
YoY Transactions	8%	-0.1%	

 <b>SERVICES</b> August 2022 V 2021			
	Credit	Debit	
YoY Purchases	13%	7%	
YoY Transactions	13%	9%	


Services is the only sector in which year-over-year transaction growth outpaced growth in purchases for debit activity. For credit activity in the Services sector, transaction and purchase growth are the same, up 13% compared to August 2021. For the Goods sector, growth


 <b>ENTERTAINMENT</b> August 2022 V 2021			
	Credit	Debit	
YoY Purchases	37%	20%	
YoY Transactions	32%	17%	


 <b>GROCERIES</b> August 2022 V 2021			
	Credit	Debit	
YoY Purchases	16%	5%	
YoY Transactions	10%	1%	

 <b>TRAVEL</b> August 2022 V 2021			
	Credit	Debit	
YoY Purchases	34%	1%	
YoY Transactions	25%	5%	

in transactions is the same as growth in purchases for credit, up 10%. For the Goods sector debit activity, purchases are up 1% and transactions are barely negative, down 0.1% year over year.

 <b>GASOLINE</b> August 2022 V 2021			
	Credit	Debit	
YoY Purchases	30%	16%	
YoY Transactions	11%	2%	

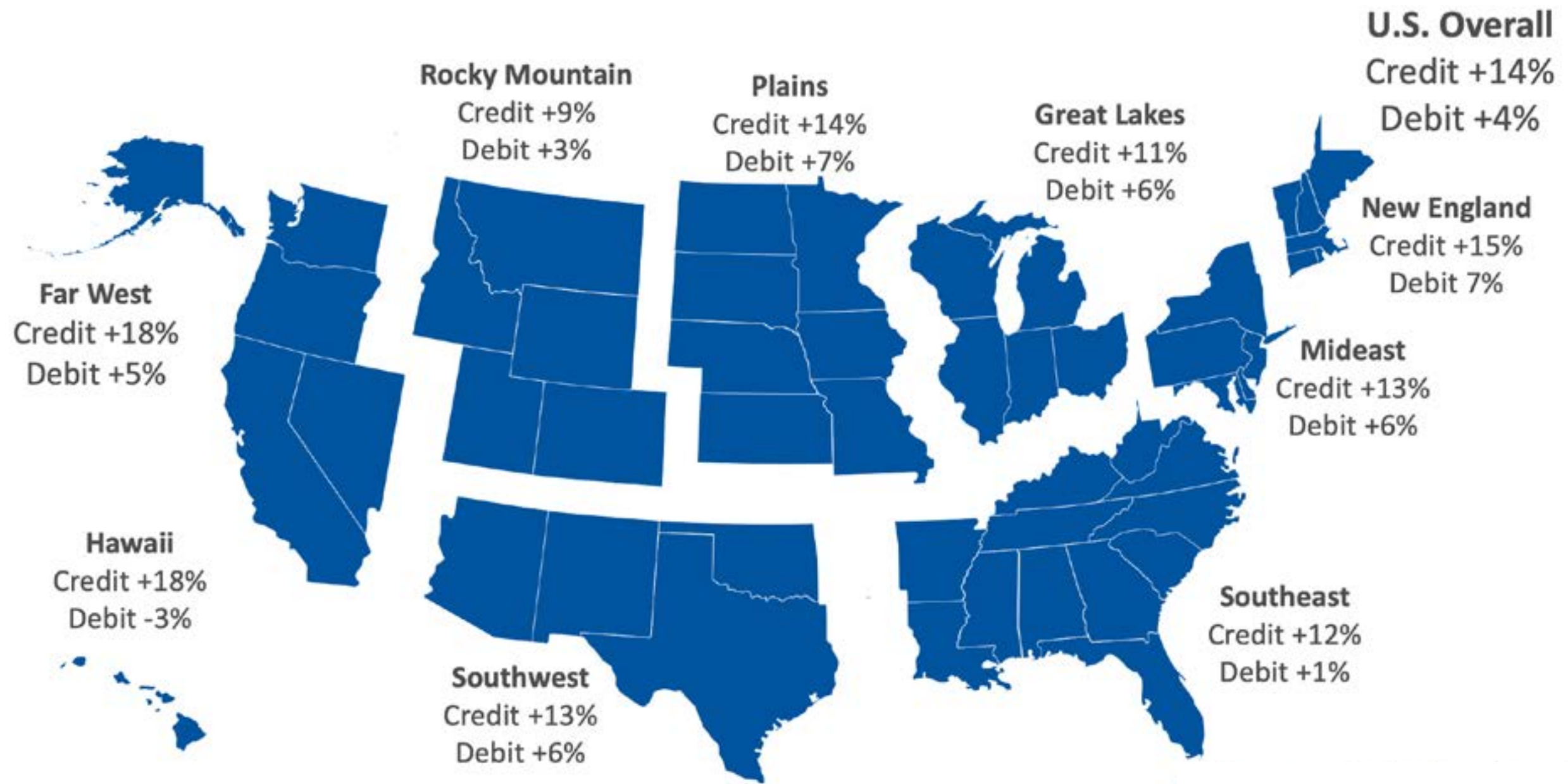
 <b>RESTAURANTS</b> August 2022 V 2021			
	Credit	Debit	
YoY Purchases	22%	6%	
YoY Transactions	16%	2%	

 <b>UTILITIES</b> August 2022 V 2021			
	Credit	Debit	
YoY Purchases	16%	5%	
YoY Transactions	11%	-1%	



## REGIONAL STATE LEVEL PURCHASE DOLLARS DATA THROUGH AUGUST, ENDING AUGUST 28, 2022

Our regional analysis of spend utilizes the segmentation used by the U.S. Bureau of Economic Analysis for economic analysis.

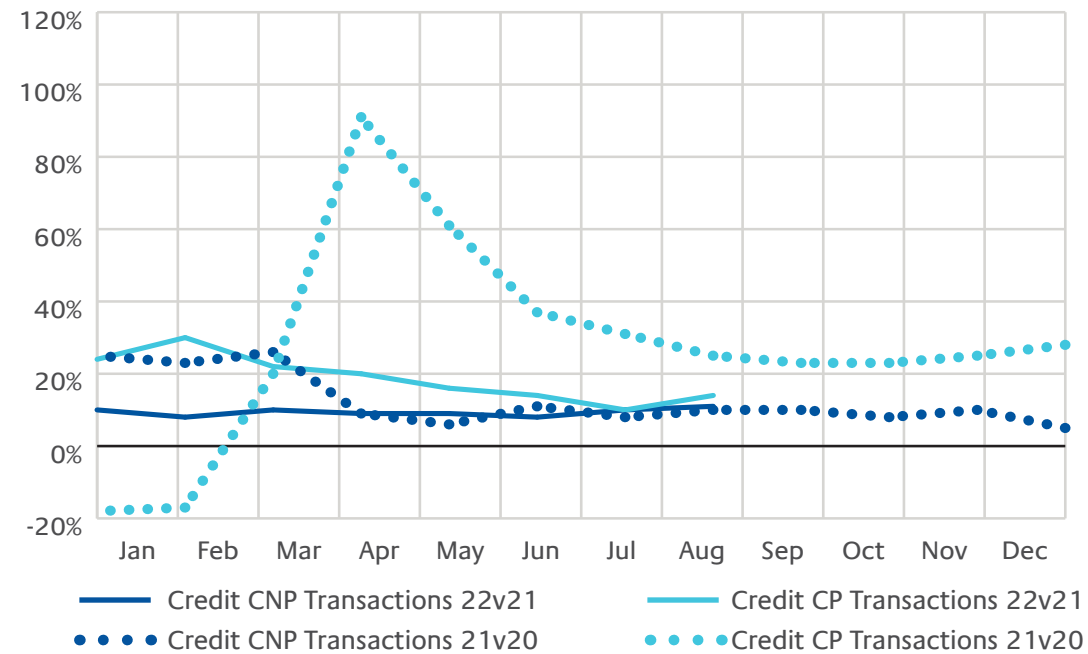


## CARD NOT PRESENT (CNP) & CARD PRESENT (CP) ACTIVITY

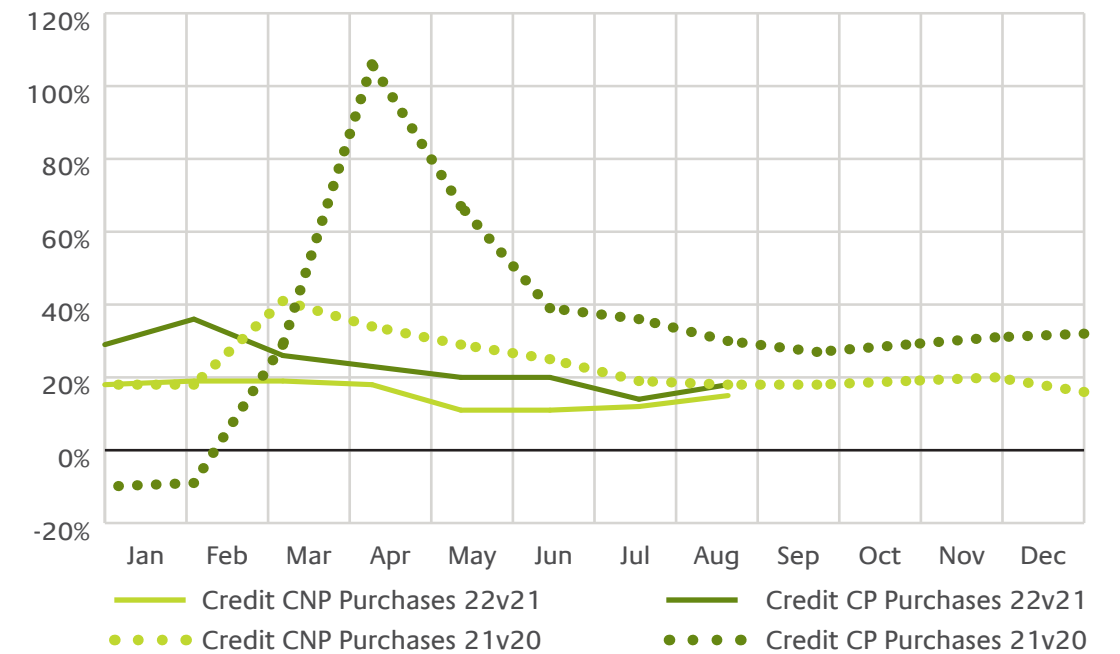
August 2022 Card Not Present (CNP) credit purchases represented 51% of all purchases, up one percentage point from August 2021. CNP debit purchases represented 46% of overall debit purchases in August 2022, up four percentage points from August 2021.

Year-over-year growth in credit transaction volumes grew by 11% for CNP and 14% for Card Present (CP). For debit transactions, CNP grew by 17%, while CP transactions were down 3% compared to August 2021.

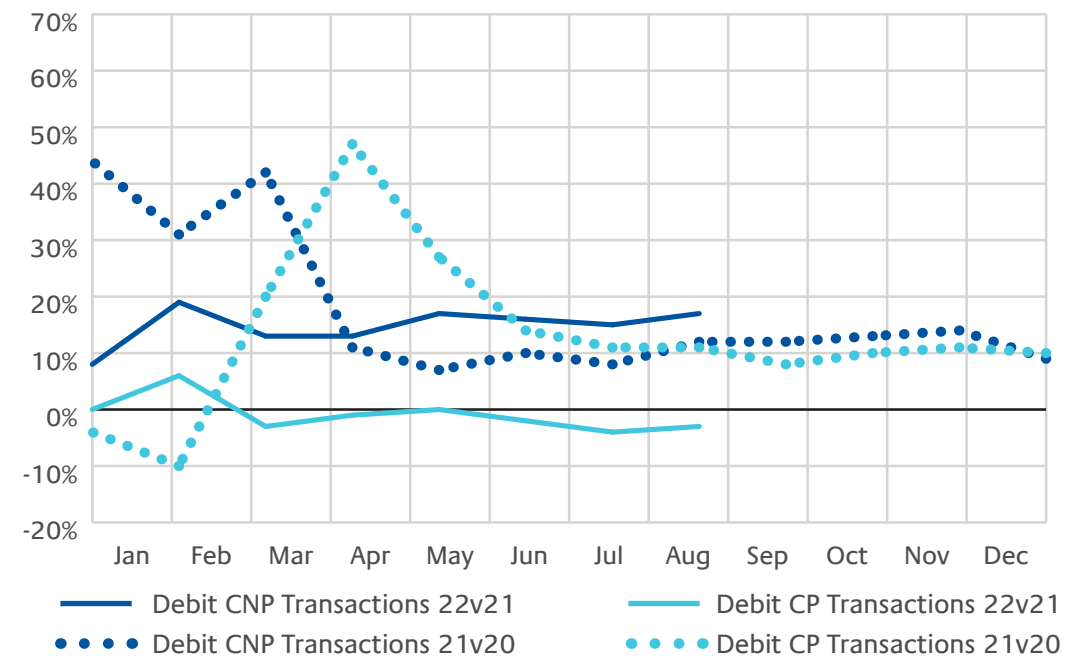
**YOY % GROWTH IN CREDIT TRANSACTIONS**  
August



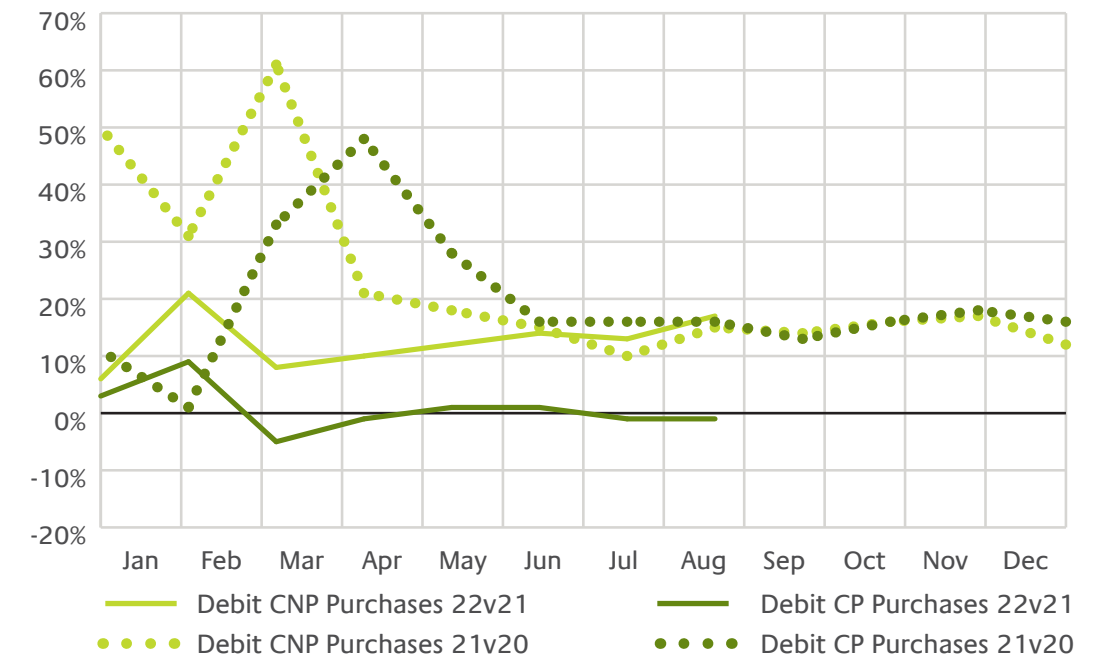
**YOY % GROWTH IN CREDIT PURCHASES**  
August



**YOY % GROWTH IN DEBIT TRANSACTIONS**  
August



**YOY % GROWTH IN DEBIT PURCHASES**  
August

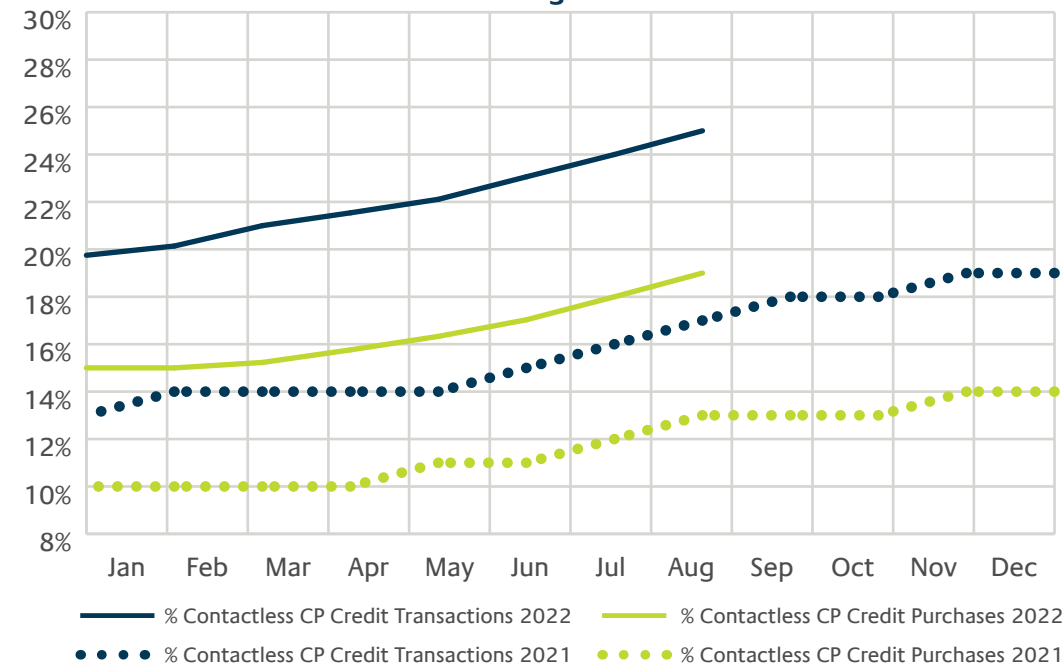


## CONTACTLESS TRANSACTIONS

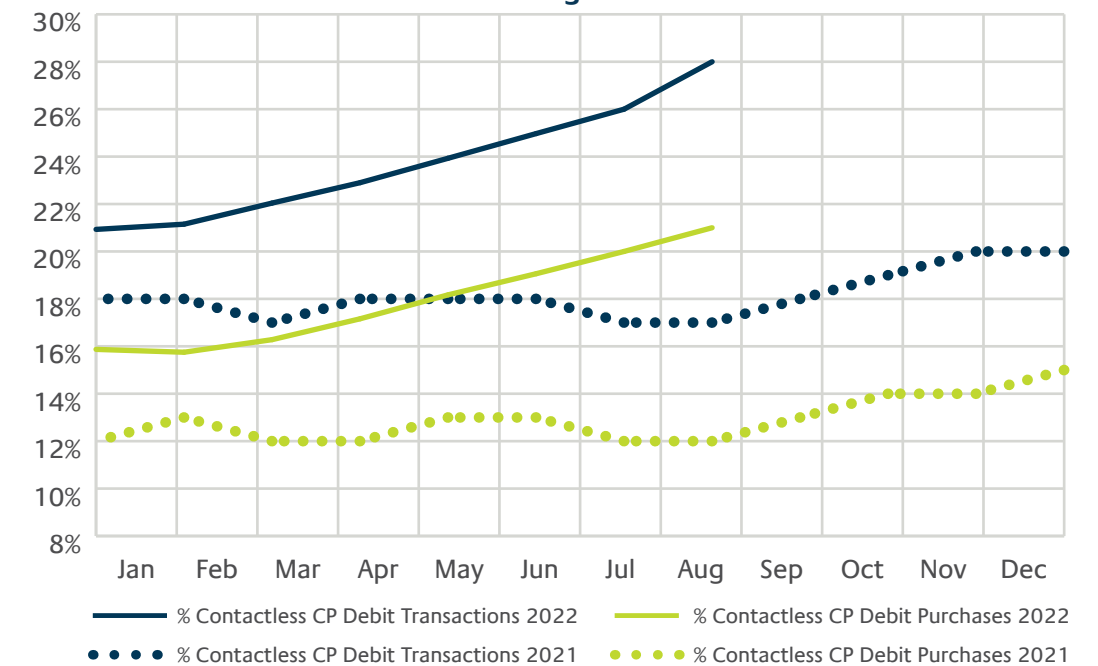
Growth in contactless card usage continues to set new highs for both credit and debit. In August 2022, contactless tap-and-go credit transactions were 25% of total Card Present volume on contactless cards, compared to 17% in August 2021. For debit, contactless tap-and-go transactions finished at 28% in August 2022, compared to 17% in August 2021.

Difference in transaction size suggests the shift to contactless likely represent smaller-dollar, historically cash transactions. The ongoing shift to contactless from cash continues for smaller purchases, as the average contactless purchase remains well below the overall average card purchase. For August, the average credit contactless purchase was \$43.77, which was 25% lower than the overall credit Card Present purchase of \$58.52 and the average debit contactless purchase was \$25.21, which was 30% lower than the overall debit Card Present average purchase of \$35.83.

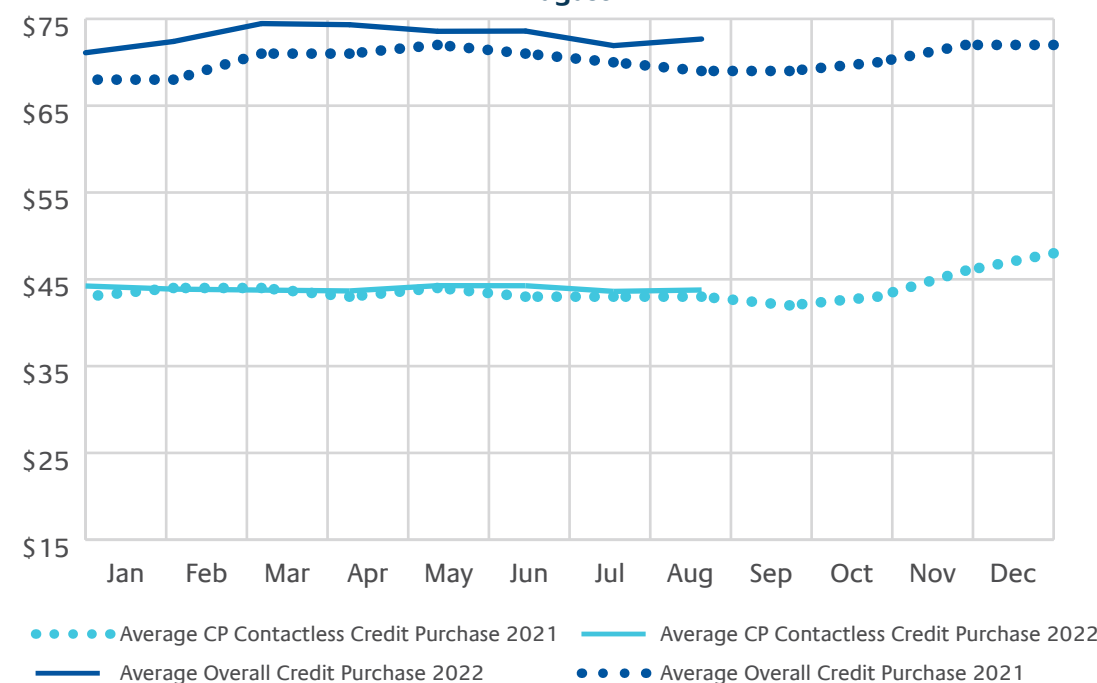
**% CONTACTLESS CREDIT ACTIVITY ON CONTACTLESS CARDS**  
August



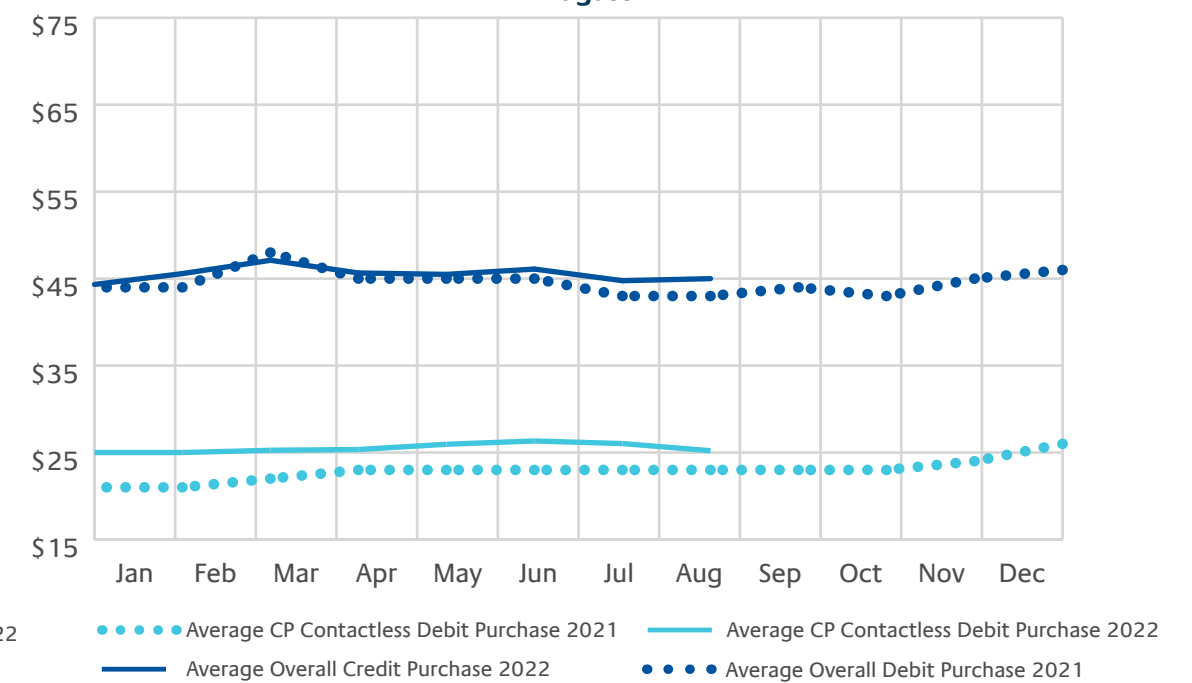
**% CONTACTLESS DEBIT ACTIVITY ON CONTACTLESS CARDS**  
August



**CONTACTLESS CREDIT AVERAGE PURCHASE**  
August



**CONTACTLESS DEBIT AVERAGE PURCHASE**  
August





## MOBILE WALLETS

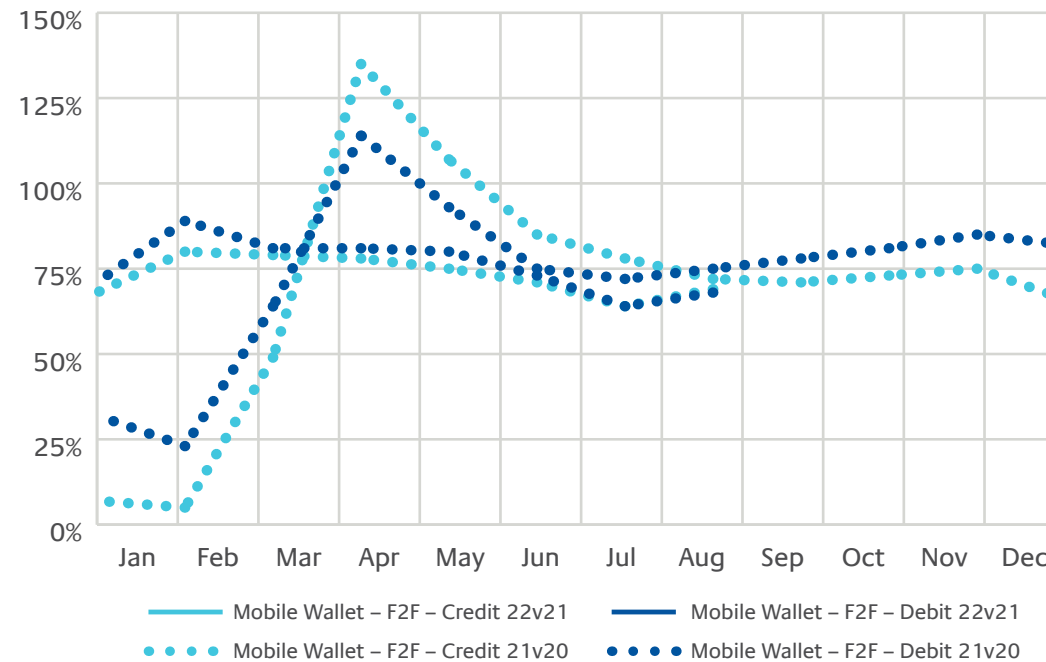
Mobile Wallet (MW) usage continued to post strong year-over-year growth through August 2022, with growth in credit transactions outpacing growth in debit transactions for the first time in the last 12 months. Growth in debit MW purchases remains to grow at a faster pace than growth in credit MW purchases.

Mobile Wallet credit transaction volume remained strong, finishing up 69% in August 2022 compared to August 2021. Credit purchase performance was also strong, up 66% year over year. The average Mobile Wallet credit purchase decreased by \$0.45, down 2% to \$29.22.

For Mobile Wallet debit activity, year-over-year growth in transaction volume rose by 68% in August 2022 and debit purchases increased by 75% over the same period. The average Mobile Wallet debit purchase increased by \$0.74, up 4% year over year to \$18.36 in August 2022.

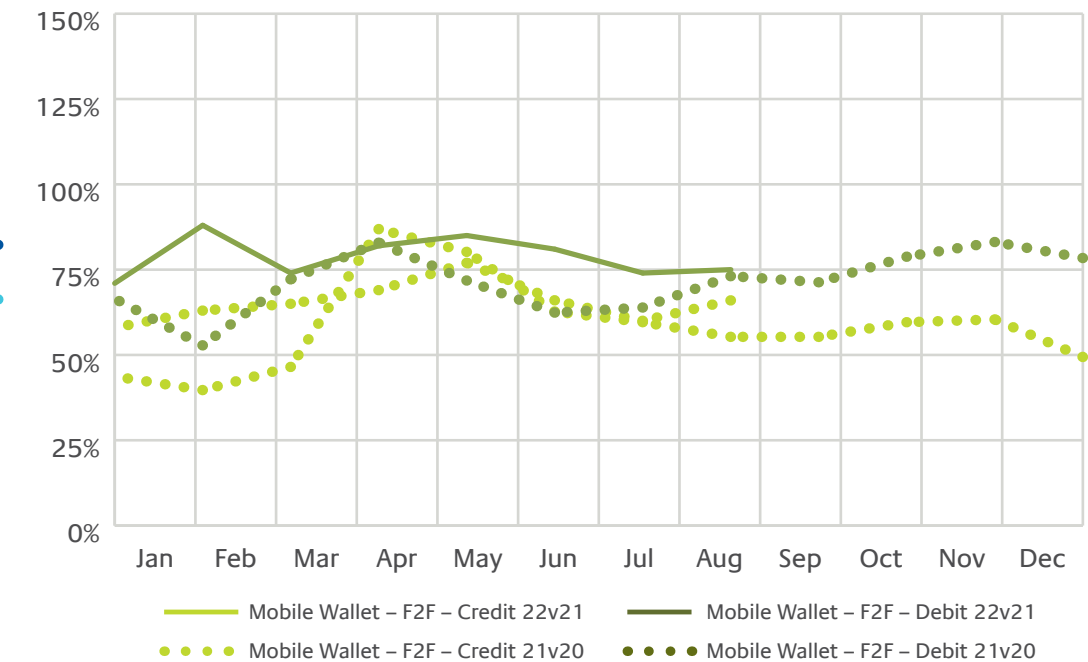
YOY % GROWTH IN MOBILE WALLET TRANSACTIONS

August



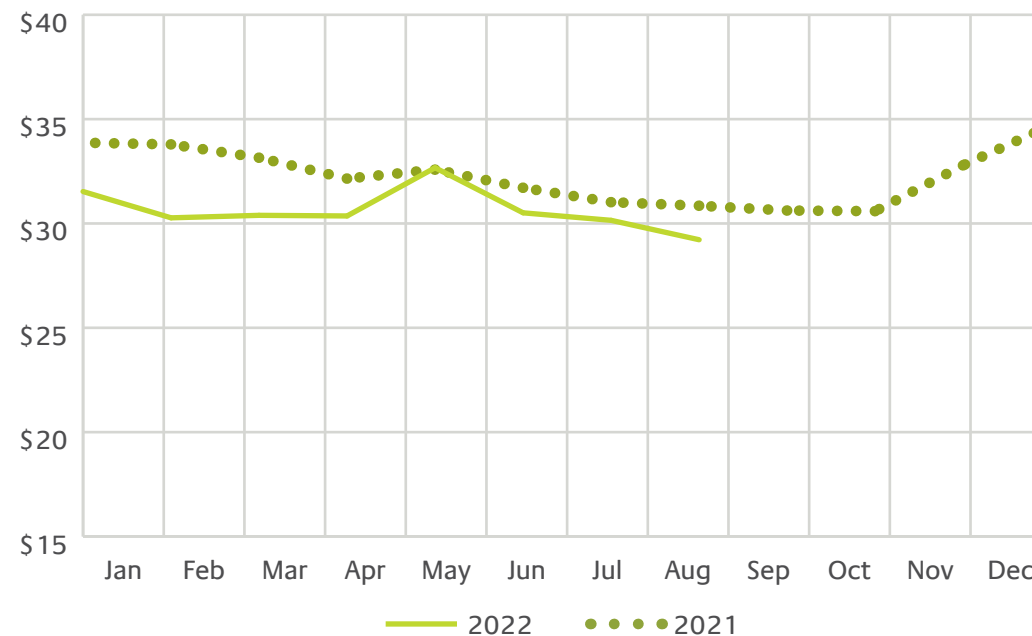
YOY % GROWTH IN MOBILE WALLET PURCHASES

August



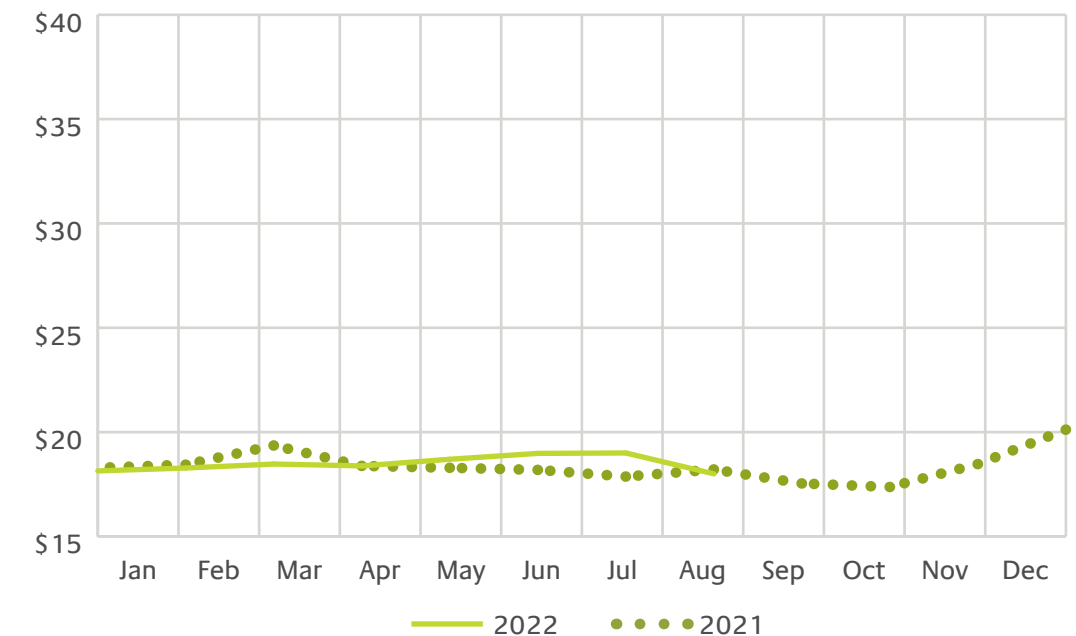
MOBILE WALLET CREDIT AVERAGE PURCHASE

August



MOBILE WALLET DEBIT AVERAGE PURCHASE

August





## ABOUT THE PSCU PAYMENTS INDEX

For current year results, credit unions included in the PSCU Payments Index dataset have been processing with PSCU from the start of 2020 through the most current month of 2022, enabling an accurate and relevant year-over-year same-store comparison (2021 vs. 2022) for purchasing behaviors and data.

For the “same-store” population of credit unions over the past rolling 12-month period, the September edition of the Payments Index represents a total of 2.8 billion transactions valued at \$143 billion of credit and debit card activity from September 2021 through August 2022.

Financial institutions that process with PSCU can access comparable reports to benchmark their own cardholder data with the PSCU Payments Index for debit, credit and ATM transactions via [Member Insight](#), our comprehensive data analytics and reporting tool. Additionally, a library of past PSCU Payments Index reports and historical weekly Transactional Insights infographics and state/territory analyses are available on the [PSCU Payments Index site](#).

To subscribe to the PSCU Payments Index and receive alerts when the Index is published each month, please visit the [PSCU Payments Index site](#).

## ABOUT PSCU

PSCU, the nation’s premier payments CUSO, supports the success of more than 1,900 financial institutions representing nearly 7 billion transactions annually. Committed to service excellence and focused on innovation, PSCU’s payment processing, risk management, data and analytics, loyalty programs, digital banking, marketing, strategic consulting and mobile platforms help deliver possibilities and seamless member experiences. Comprehensive, 24/7/365 member support is provided by contact centers located throughout the United States. The origin of PSCU’s model is collaboration and scale, and the company has leveraged its influence on behalf of credit unions and their members for more than 40 years. Today, PSCU provides an end-to-end, competitive advantage that enables credit unions to securely grow and meet evolving consumer demands. For more information, visit [pscuh.com](#).