

THE PSCU PAYMENTS INDEX: APRIL 2022

We are pleased to present the April edition of the PSCU Payments Index, which marks the first anniversary of this monthly publication that evolved from our successful weekly transaction trend analysis launched at the beginning of the COVID-19 pandemic. This month's report finds continued shifting consumer behavior with slowed growth in debit card purchases and continued strong growth in credit card activity.

In the Labor Department's April 12 update, the [Consumer Price Index \(CPI\)](#) increased to 8.5% in March, a 1.2% seasonally adjusted increase. It is the sixth straight month above 6% and the fastest pace of inflation since 1981. Sectors leading the increases included Gasoline, Shelter and Food, with Gasoline accounting for over half of the total increase. The Bureau of Labor Statistics (BLS) [reported](#) the March 2022 unemployment rate decreased by 0.2 percentage points to 3.6%, with the estimated number of unemployed workers at 6.0 million – which is approaching the February 2020 pre-pandemic levels of 3.5% and 5.7 million unemployed.

In March, we saw the continued shift in growth rates with strong consumer spending on credit card purchases up 22% over 2021, and positive growth rate in debit card purchases at 1%. While the 1% appears low versus other recent comparisons, it is important to note the comparison period, March 2021, had record debit growth (purchases up 44% in 2021 vs. 2020), in part due to the third economic stimulus payment. We expect to see higher debit growth rates in the coming months as overall consumer spending remains strong.

It has now been two months since Russia's invasion of Ukraine, leading to multiple waves of sanctions against Russia, including the United States [banning the import of Russian oil](#). This ban further exacerbates rising gas prices that began with a strong economic recovery coupled with low investment in oil production. To alleviate some of the rise in fuel costs, President Biden is releasing one million barrels of oil from the U.S. strategic reserves daily for the next six months. As of March, gasoline prices hit a new record monthly high of \$4.32 per gallon, a 20% increase from February 2022, surpassing the past record of \$4.11 per gallon that was set in July 2008.

The [Consumer Confidence Index](#) rebounded slightly in March after declines in January and February. Consumers cited continued inflationary pressures, including rising fuel costs further complicated by the war in Ukraine. COVID-19 infection rates in the U.S., while low, have been on the rise from new Omicron variants, leading Philadelphia to reinstate an indoor mask mandate to quell any potential increase in hospitalizations. At the same time, masks are now optional for public transit – including travelers, crew members and employees in all airports and on board aircrafts – following the ruling of a federal judge in Florida on April 18. We continue to monitor these developments, which could once again have downstream impacts on consumer behavior.

Rising energy prices are having a ripple effect on U.S. and world economies. This month, we take a deeper look into the Gasoline sector. We hope the relevant insights from the 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.

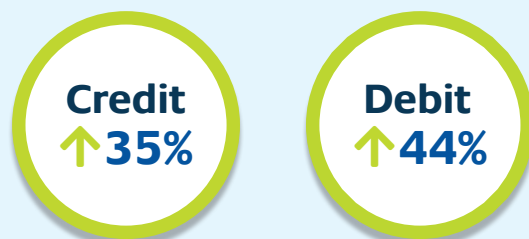
OVERALL PERFORMANCE – MARCH 2022

PURCHASES

2022 VS. 2021



2021 VS. 2020



TRANSACTIONS

2022 VS. 2021



2021 VS. 2020



KEY TAKEAWAYS

- The Consumer Price Index (CPI-U) for March increased to 8.5% – a 1.2% seasonally adjusted increase and the fastest rate of inflation in 40 years. In March, the Fed increased interest rates by a quarter-point and there is market anticipation of back-to-back half-point increases for April and May.
- Gasoline prices hit a 14-year high in March at \$4.32 per gallon, a 49% increase from March 2021. While year-over-year Automated Fuel Dispenser (AFD) gas purchases were up 65% for credit and 43% for debit, the estimated quantity of gasoline purchased was up 10% on credit cards and down 4% on debit cards.
- Consumer spending remains strong, with credit purchases up 22% and debit purchases up 1% year over year. Contributing to the markedly lower growth in debit was exceptional spend in 2021 that included the third economic stimulus payment. The Entertainment sector posted top growth rates for credit and debit purchases in March, with Gasoline and Travel rounding out the top three growth sectors for credit and debit purchases.
- For debit cards, the growth in transactions exceeded the growth in purchase volume, resulting in the first decrease in debit card average purchase in the past two years. For March, the average debit purchase was \$47.11, down 1.5% or \$0.74 compared to March 2021. The March 2022 average credit card purchase was up 4.6% year over year, hitting a new PSCU Payments Index high at \$74.46.
- The credit card delinquency rate for March was 1.38%, which was 36 basis points lower than the pre-pandemic level of March 2019. The last month when the difference to the pre-COVID delinquency rate was 36 basis points was August 2020.



Strong consumer spending growth remained throughout the month of March 2022, with softer debit performance skewed by the third round of economic

impact payments issued in March 2021. This month's Consumer Price Index reflected the largest 12-month increase in 40 years, with the effect of higher gasoline costs accounting for half of the increase as the world grapples with the effects of geopolitical conflict and, domestically, travel and entertainment activities return to pre-pandemic levels. In this month's Deep Dive, we explore the Gasoline sector beyond the price increases to identify potential changes in demand. Entertainment led all sectors in March for top growth in both credit and debit purchases, with Gasoline and Travel rounding out the top three.


— Mike Bell, Vice President, Insights at PSCU



DEEP DIVE: GASOLINE

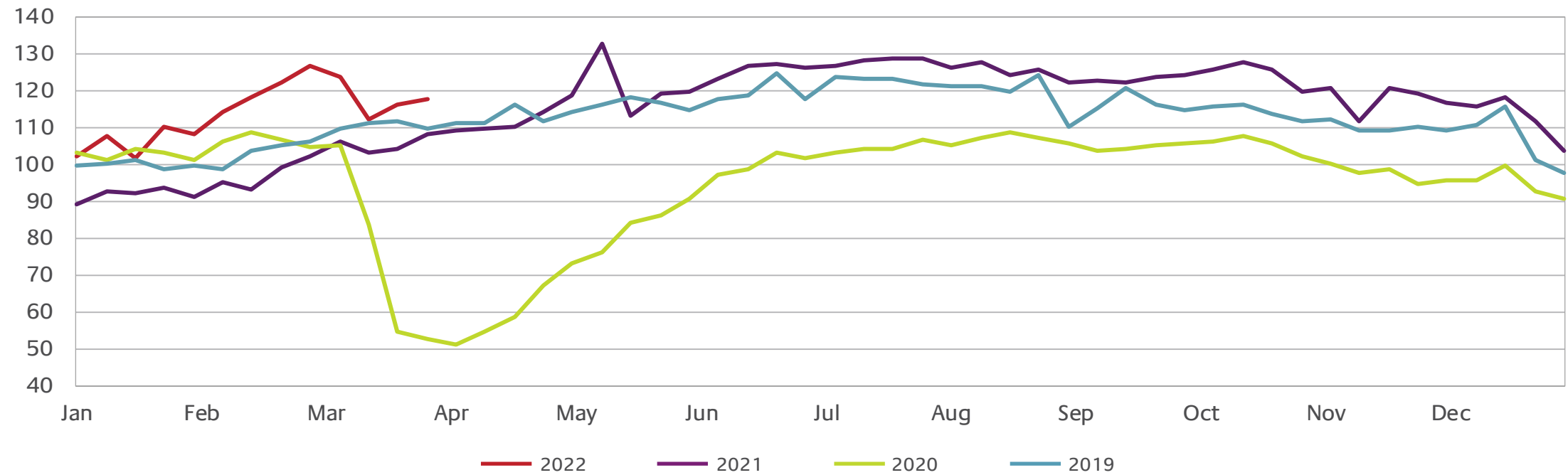
During the early months of the COVID-19 pandemic (April to May 2020) when much of the country was shut down, the average price for a gallon of gasoline dropped to under \$2. The estimated quantity of gasoline purchased through Automated Fuel Dispensers (AFDs) in April 2020 had fallen by 48% on credit cards and 36% on debit cards as compared to April 2019. In March 2021, as the country began to re-open, gasoline prices were on

the rise, returning to pre-pandemic rates of \$2.90 per gallon, while the volume of gas purchased also returned to pre-COVID levels. Moving forward to March 2022, the national average price of a gallon of gas has risen to \$4.32, a 49% year-over-year increase amidst global geopolitical unrest and, domestically, consumers' return to pre-pandemic travel and entertainment activity levels. Year-over-year growth in AFD credit card purchases was up 65% and 43% for debit card purchases.

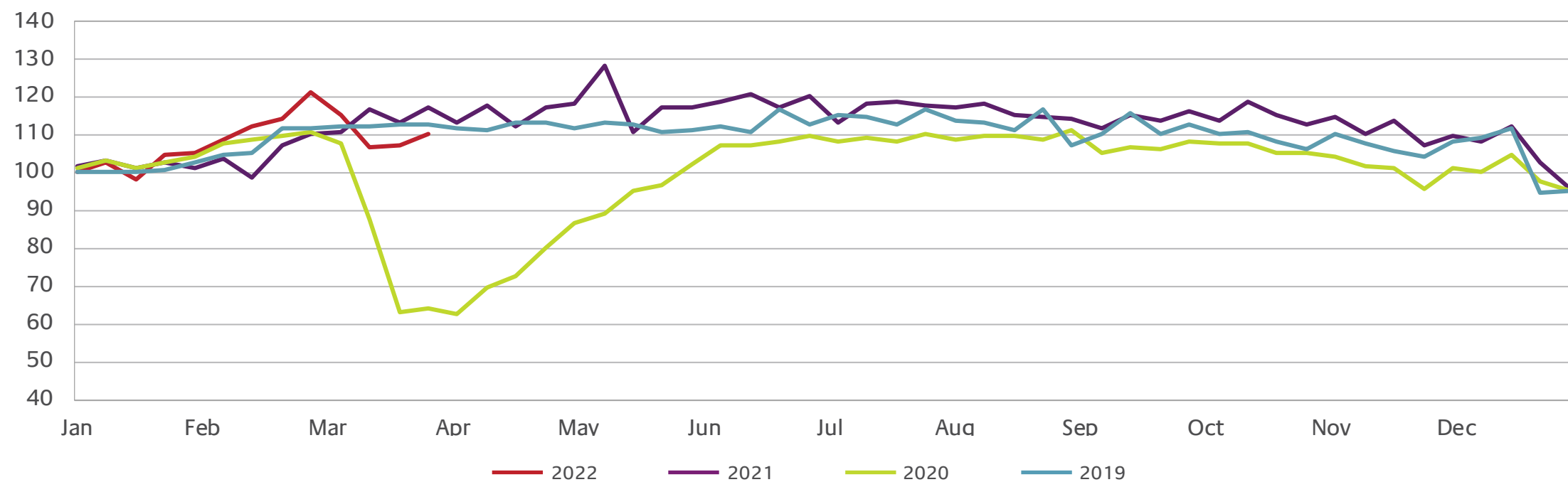
	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
GASOLINE	23%	58%	6%	30%
AFDs	22%	65%	7%	43%
Service Stations	25%	36%	3%	10%

For March 2022, the estimated number of gallons purchased by consumers increased more on credit cards (up 14%) than did the quantity purchased on debit cards (down 1%) as compared to March 2021. In our estimated quantity of gasoline purchased since the onset of the pandemic, the quantity purchased on credit cards was slower to return to seasonal pre-pandemic levels (as compared to the quantity of gas purchased on debit cards) through the second half of 2020. It was not until the end of April 2021 when it exceeded pre-pandemic 2019 levels.

INDEX OF WEEKLY GALLONS OF GASOLINE PURCHASED AT AFDS ON CREDIT CARDS*



INDEX OF WEEKLY GALLONS OF GASOLINE PURCHASED AT AFDS ON DEBIT CARDS*

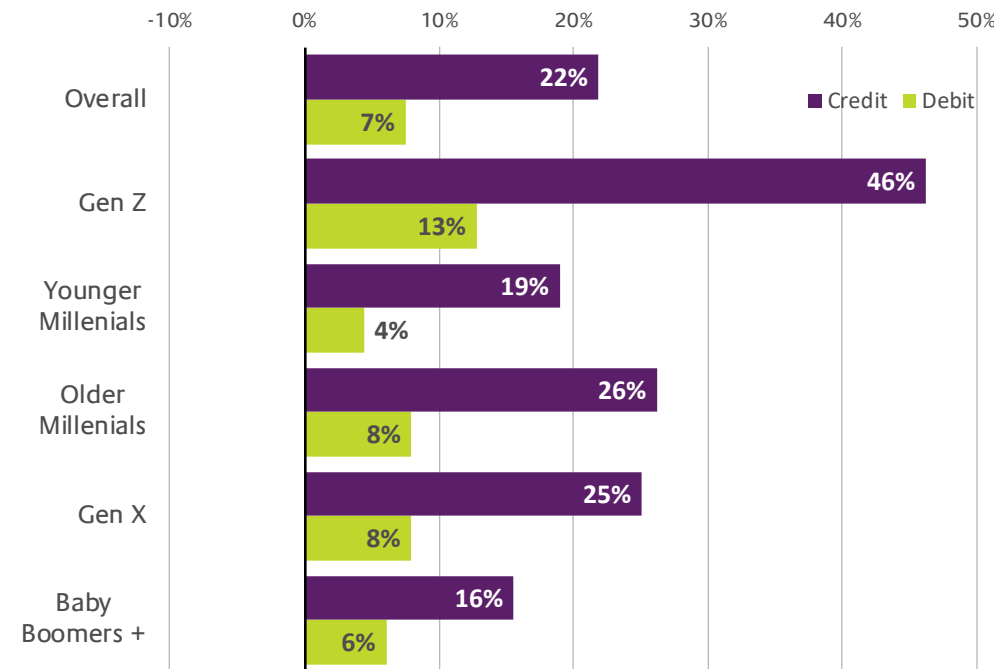


* Weekly gasoline purchases converted into estimated gallons purchased using EIA historical costs per gallon and indexed to January 2019.

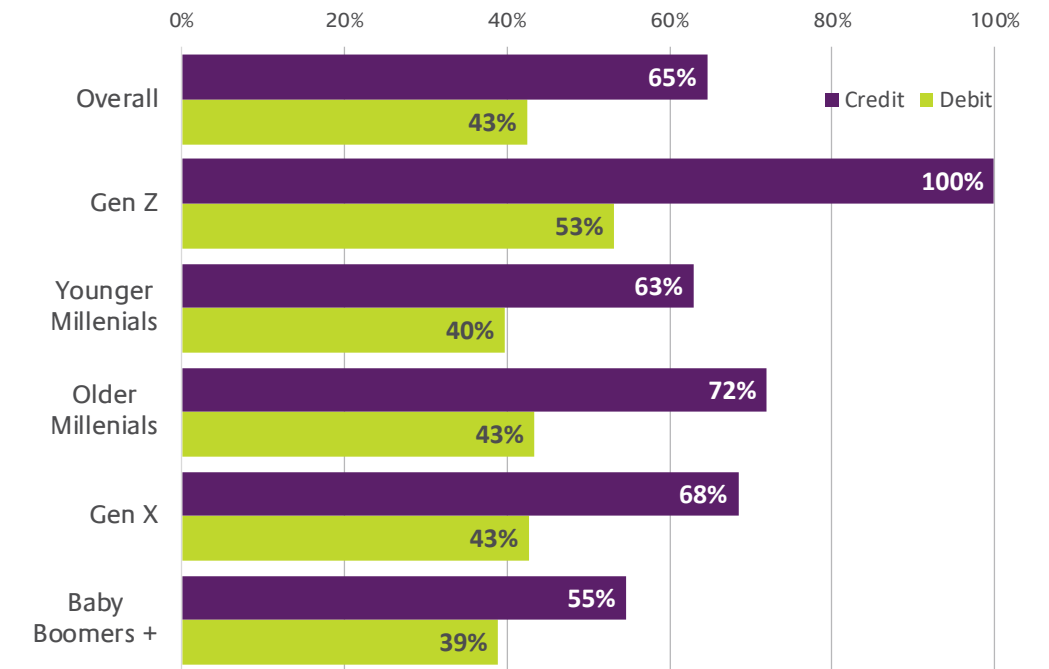
GENERATIONAL ACTIVITY

While the year-over-year growth in credit AFD activity (transactions and purchases) was greater than the growth in debit AFD activity for every age demographic, the highest growth was seen in the youngest Gen Z population (19 to 25 years old), with credit purchases growing by 100% and debit purchases growing by 53% compared to March 2021. Gen Z is also the only generation showing an increase in the year-over-year quantity of gasoline purchased on debit cards, up 3% for March. They had the lowest average credit (\$44.34) and debit (\$38.64) purchase sizes and the highest growth in the number of AFD transactions, up 46% for credit transactions and up 13% for debit transactions.

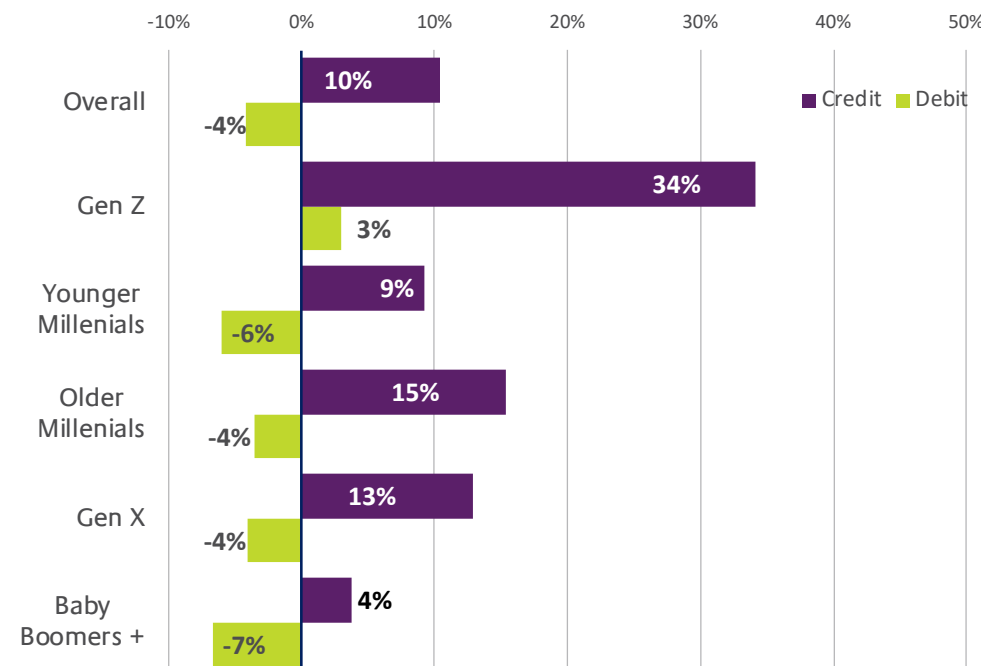
PERCENTAGE GROWTH IN AFD TRANSACTIONS



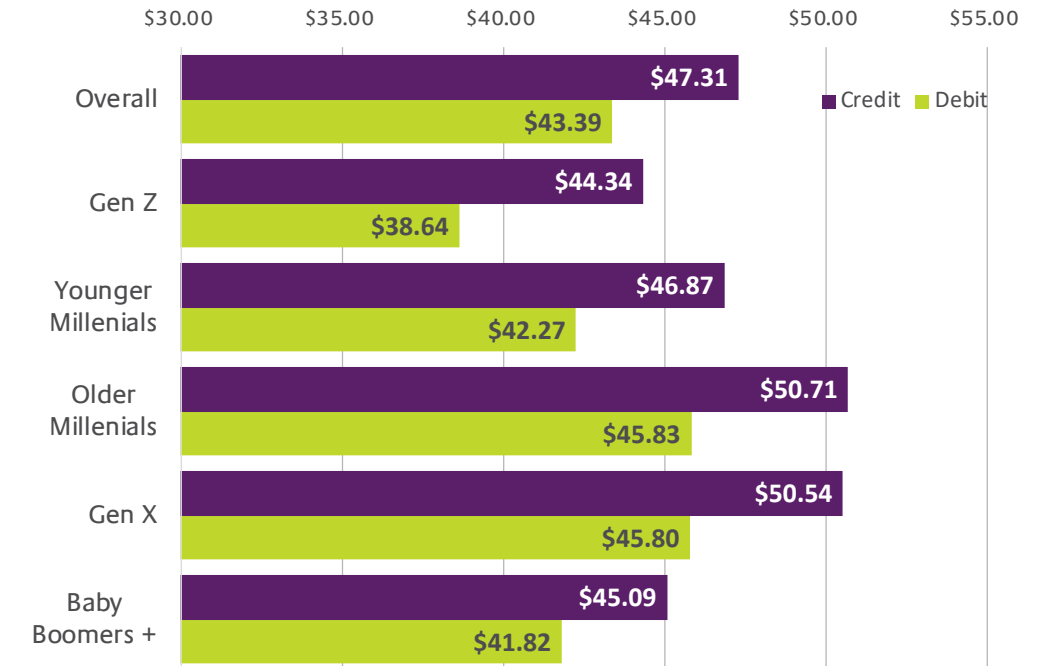
PERCENTAGE GROWTH IN AFD PURCHASES



% YOY GROWTH IN ESTIMATED AFD GALLONS PURCHASED



AFD AVERAGE PURCHASE AMOUNT – MARCH 2022



Looking ahead to the summer months, there are a number of measures planned to provide assistance to and protect consumers dealing with elevated gas prices. The Biden administration is looking to [expand the sale of biofuel](#) during the summer months, which is estimated to potentially reduce the average price by ten cents per gallon. For air quality reasons, E15 gasoline has been prohibited for sale during the summer months of June through early September. To offer consumer gasoline payment alternatives, [Buy Now Pay Later \(BNPL\) options](#) have emerged with options to pay for gasoline fill-ups over four installments. Visa is also looking to increase the [maximum AFD purchase](#) from \$125 to \$175 on consumer cards for a single transaction.

For March, the average purchase size for a credit card AFD purchase increased to \$47.31, up 35% year over year. For debit cards, the average AFD purchase amount was \$43.39, up 33% from March 2021.

As electric vehicles have grown in acceptance and popularity in recent years, electric charging stations are showing up in strategic demand locations. While there are many differences in the energy demands, ranges and efficiencies between gasoline and electric

vehicles – and, most notably, the sheer volume of transactions – we offer an early comparative in the average purchase size between Automated Fuel Dispensers and Electric Charging Stations, in which the average Electric Vehicle Charging transaction was 75% less for both credit and debit activity. The Electric Vehicle Charging average transaction was \$11.74 for credit and \$10.93 for debit. For the notable merchants in this category, the Tesla Supercharger has at least 80% of the share of transactions with the balance split between ChargePoint and EVgo.



AVERAGE PURCHASE AMOUNTS – AFD AND ELECTRIC VEHICLE CHARGING

Transaction Category	Month	Credit	Debit
Automated Fuel Dispenser	March '21	\$35.03	\$32.73
% Difference		35%	33%
Automated Fuel Dispenser	March '22	\$47.31	\$43.39
% Difference		-75%	-75%
Electric Vehicle Charging	March '22	\$11.74	\$10.93



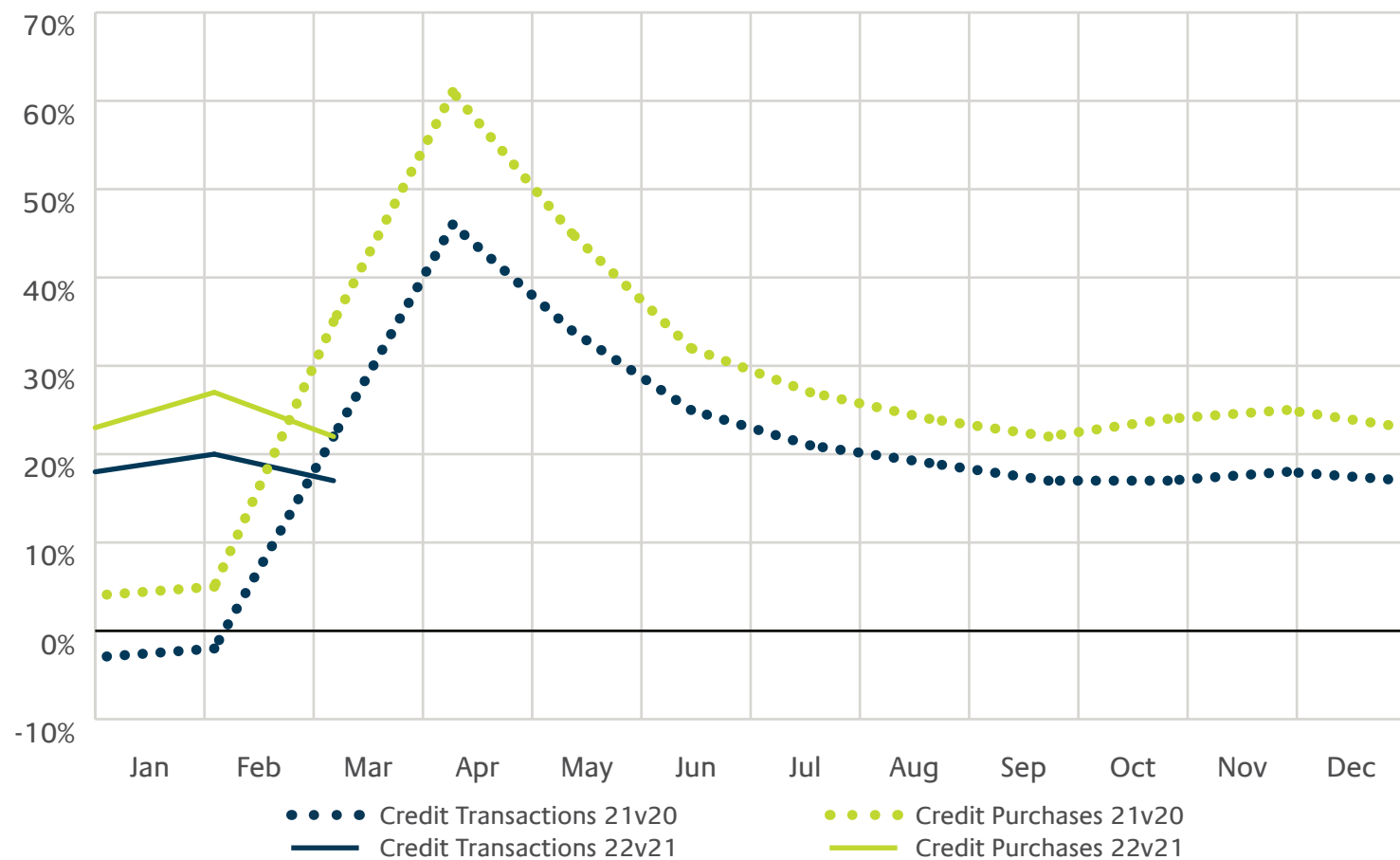
CREDIT AND DEBIT CARDS

Consumer spending growth remains strong in credit card purchases, with much softer results in debit card purchases. In March 2022, credit purchases were up 22% and debit purchases were up 1% year over year.

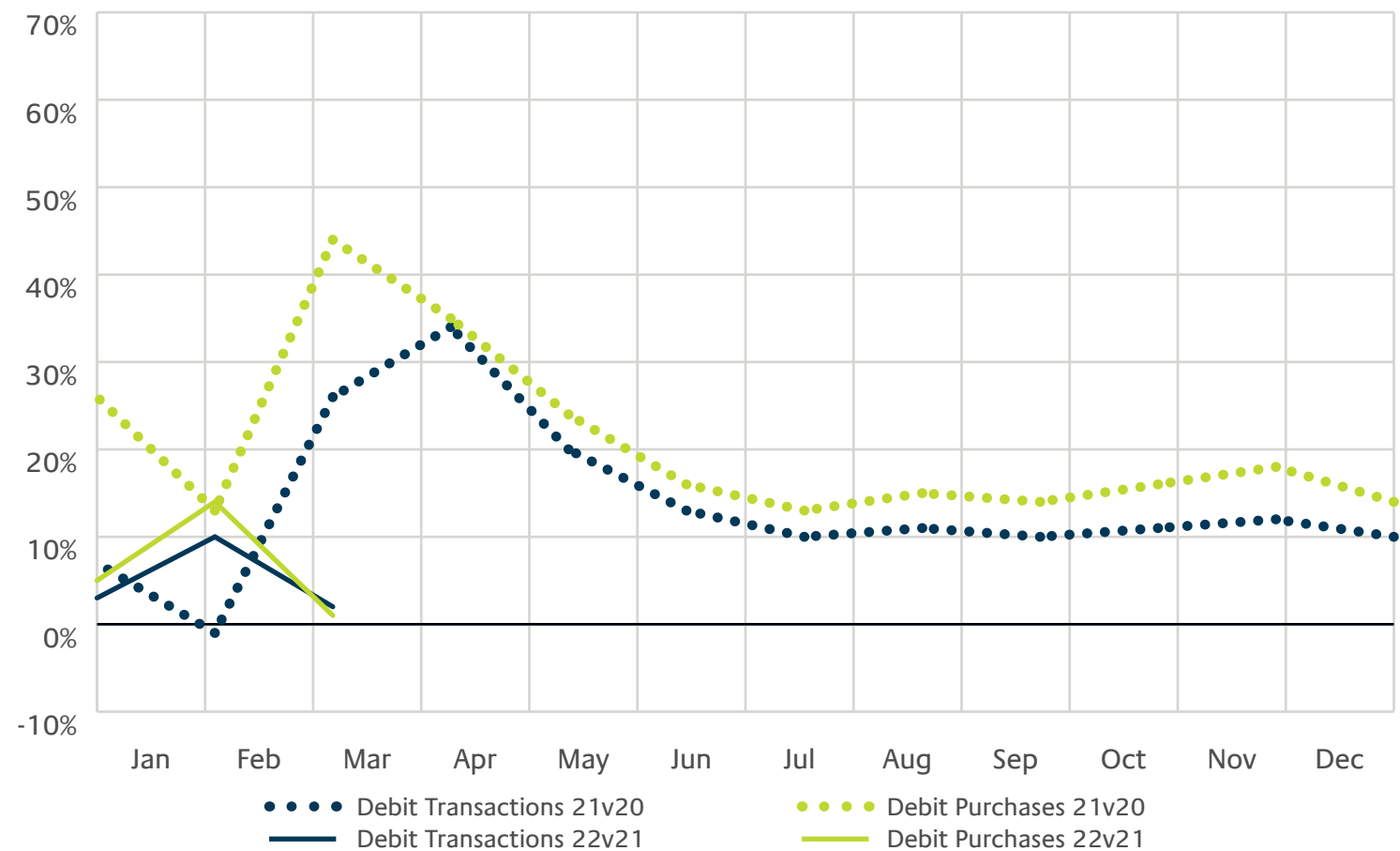
For debit cards, the growth in transactions exceeded the growth in purchase volume, resulting in the first decrease in debit card average purchase in the past two years. For March, the average debit purchase was \$47.11, down 1.5% or \$0.74 compared to March 2021. The average credit purchase was \$74.46, up 4.6%.

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2022 v 2021	17%	22%	2%	1%
2021 v 2020	22%	35%	26%	44%

CREDIT ACTIVITY
March



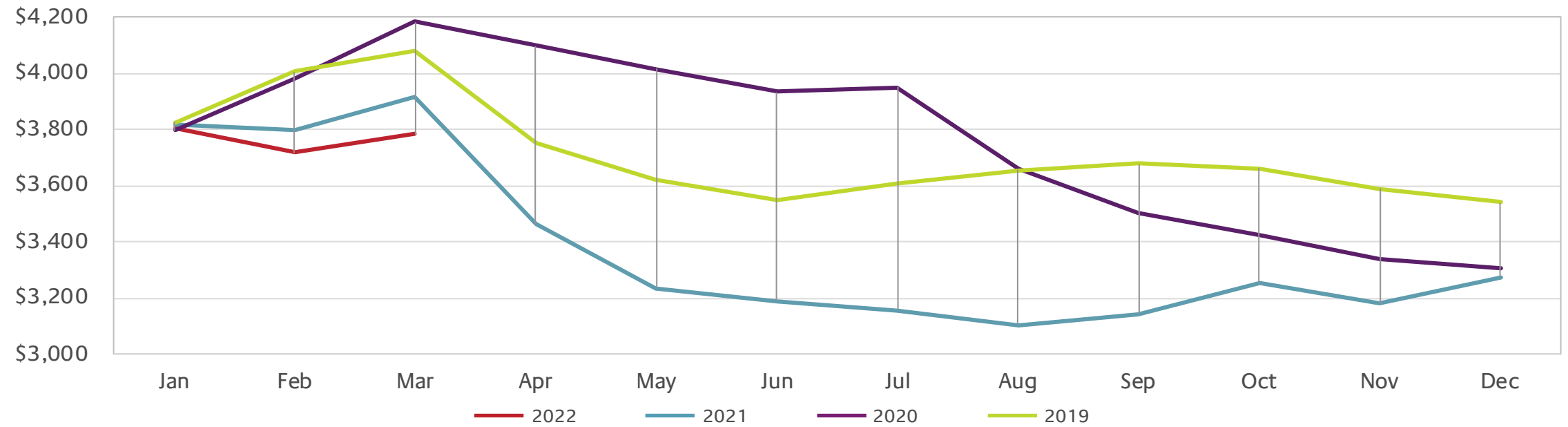
DEBIT ACTIVITY
March



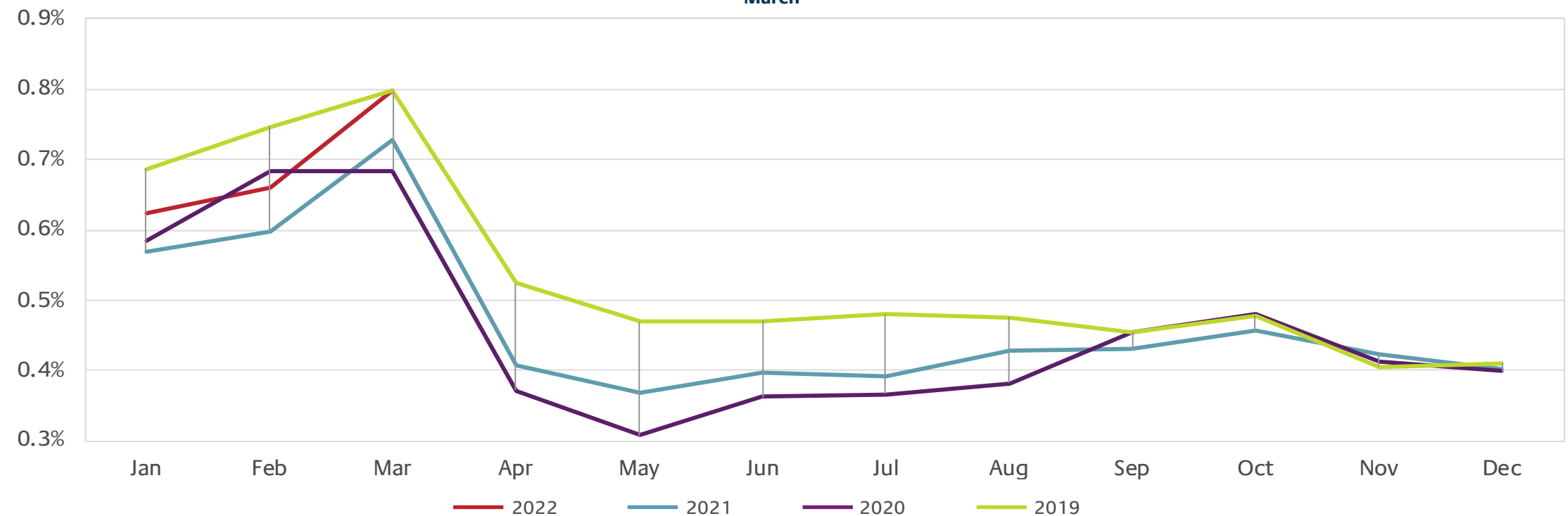
BALANCE TRANSFERS

The month of March has historically been the peak month for balance transfer usage and March 2022 fell in line with that pattern. The usage rate for balance transfers in March exceeded the peak rates in 2020 and 2021, matching the pre-pandemic levels of 2019 at 0.8% of total active credit card accounts. The average balance transfer for March 2022 was \$3,782, down \$131, or 3%, compared to March 2021. The lower average balance transfer is to be expected with average credit card balances being lower over the past two years.

AVERAGE BALANCE TRANSFER
March

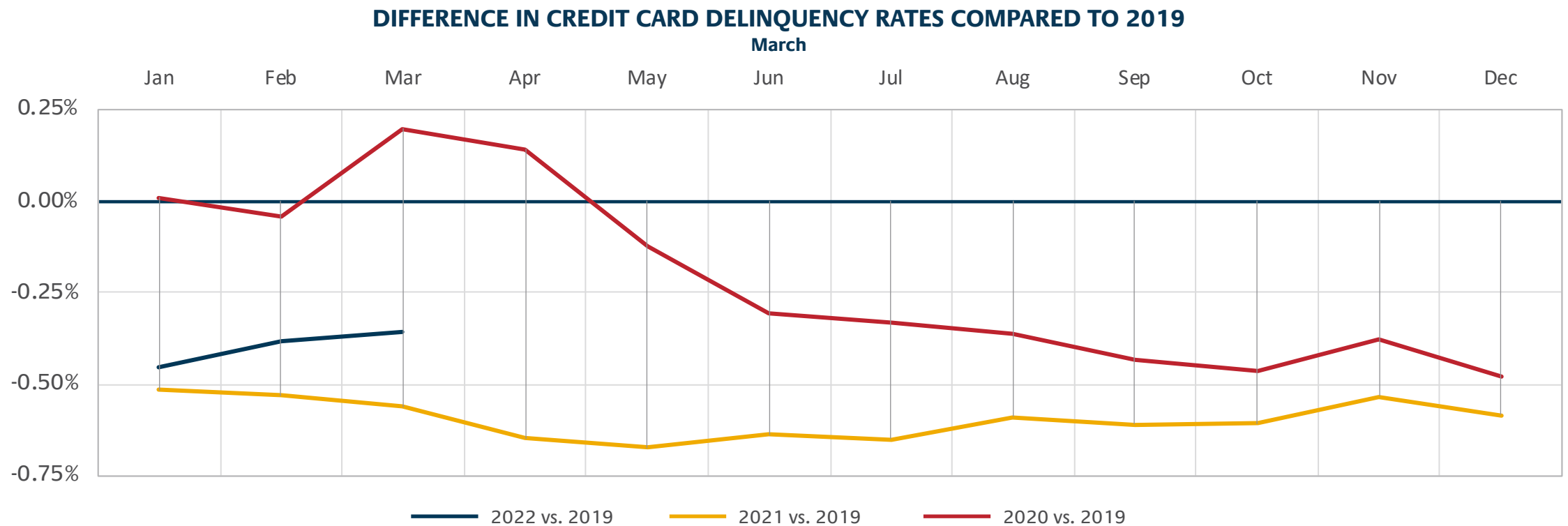
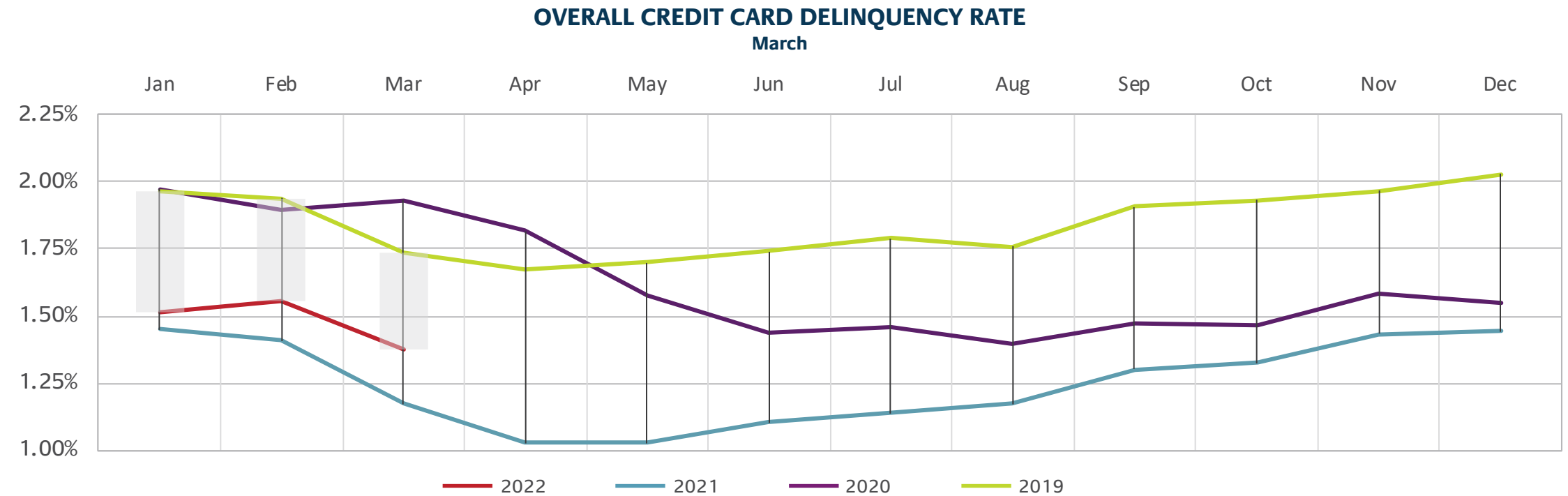


BALANCE TRANSFER USAGE AS % OF TOTAL ACTIVE ACCOUNTS
March



CREDIT CARD DELINQUENCIES

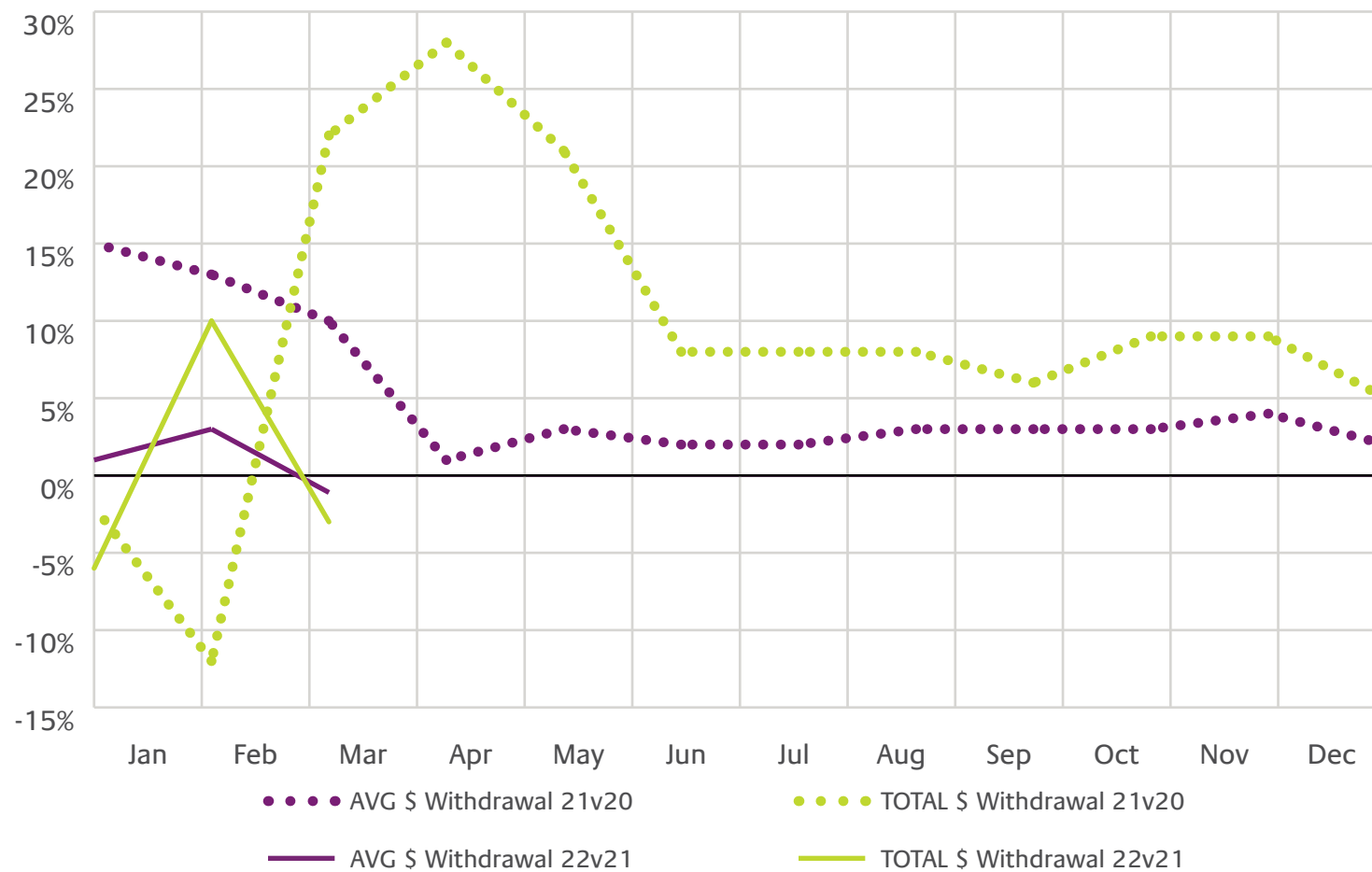
The March 2022 credit card delinquency rate finished at 1.38%. The gap between March 2022 and the pre-pandemic March 2019 is 36 basis points – the smallest difference to the monthly 2019 delinquency rate since August 2020.



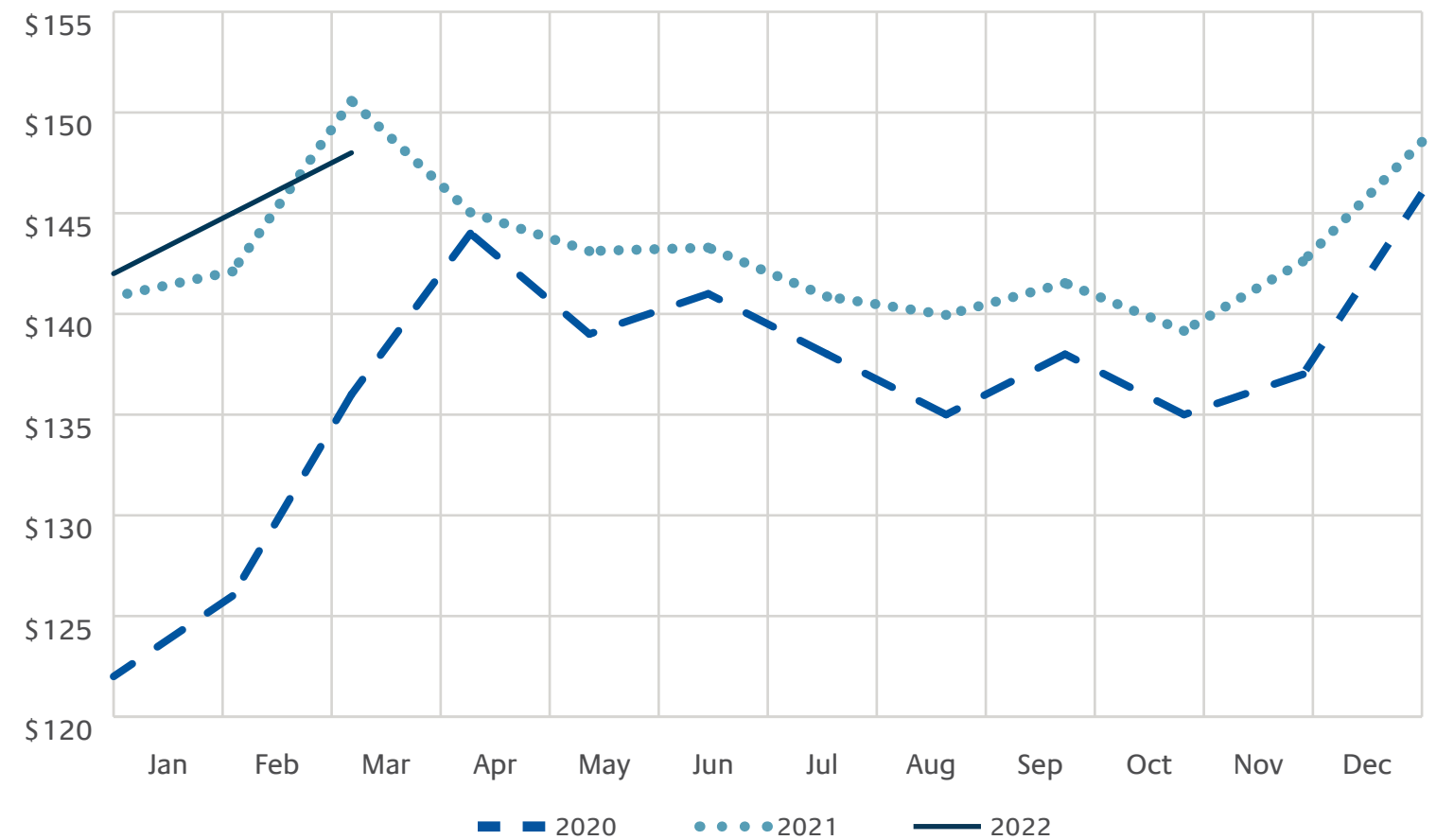
ATM

Growth in ATM withdrawal transaction volume was down 2% year over year in March 2022. Similar to the debit card average purchase amount, we saw a decrease in March year-over-year average amount withdrawn per transaction for the first time since the start of the pandemic. The average monthly cash withdrawal was down 1% compared to March 2021, at \$148. For March 2022, total cash withdrawn was down 3% year over year.

YOY GROWTH IN ATM WITHDRAWALS
March



AVERAGE ATM WITHDRAWAL
March



SECTORS/MERCHANT CATEGORIES

While all sectors reported positive growth in credit purchases for March, the rate of growth has dropped for all sectors except one – Utilities – which posted slightly better year-over-year results at 17%. The Goods sector posted 9% growth, which is the first single-digit growth for this sector since April 2020 (compared to April 2019). The top three sectors for year-over-year growth remained the same as the previous month with Entertainment up 82%, Travel up 79% and Gasoline up 58%.

For debit purchases, three sectors had negative year-over-year growth in March: Goods, the pandemic era’s strongest growth sector, finished down 12%; Grocery stores were down 4%; and Drug Stores finished down 3%. It is important to note that the drop in debit growth is partly due to the exorbitant (and unsustainable) growth that materialized last year. The year-over-year rate of growth for all sectors in debit purchases dropped in March compared to February results. The top three sectors with the highest year-over-year growth were the same as credit: Entertainment (up 43%), Gasoline (up 30%) and Travel (up 16%).



DRUG STORES

March

	Credit	Debit
2022 v 2021	10%	-3%
2021 v 2020	-9%	-4%



ENTERTAINMENT

March

	Credit	Debit
2022 v 2021	82%	43%
2021 v 2020	40%	80%



GASOLINE

March

	Credit	Debit
2022 v 2021	58%	30%
2021 v 2020	51%	46%



GOODS

March

	Credit	Debit
2022 v 2021	9%	-12%
2021 v 2020	45%	66%



GROCERIES

March

	Credit	Debit
2022 v 2021	11%	-4%
2021 v 2020	-14%	-5%



RESTAURANTS

March

	Credit	Debit
2022 v 2021	40%	9%
2021 v 2020	71%	67%



SERVICES

March

	Credit	Debit
2022 v 2021	19%	5%
2021 v 2020	41%	53%



TRAVEL

March

	Credit	Debit
2022 v 2021	79%	16%
2021 v 2020	62%	76%



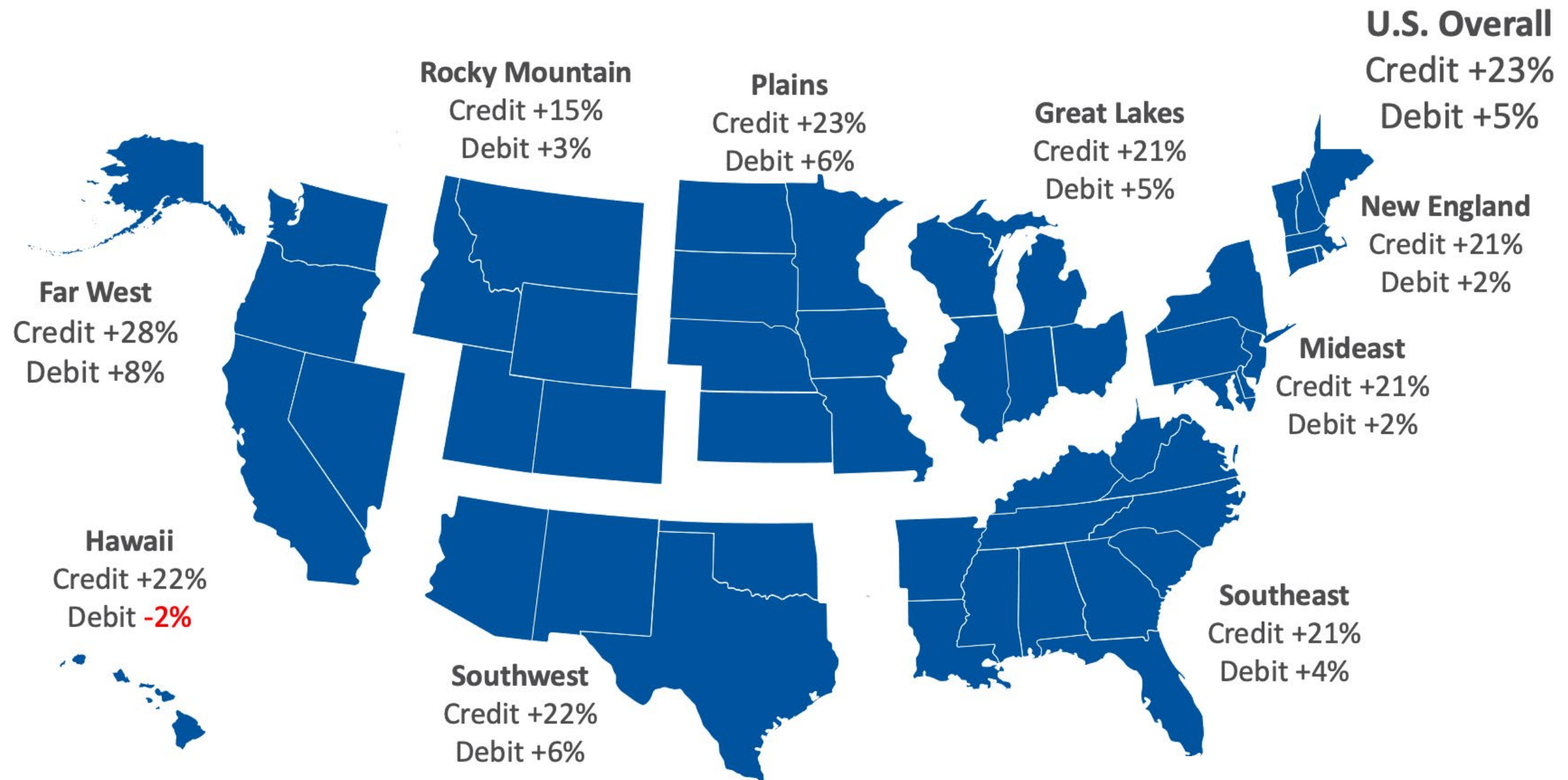
UTILITIES

March

	Credit	Debit
2022 v 2021	17%	0%
2021 v 2020	19%	34%

REGIONAL STATE LEVEL PURCHASE DOLLARS MARCH

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

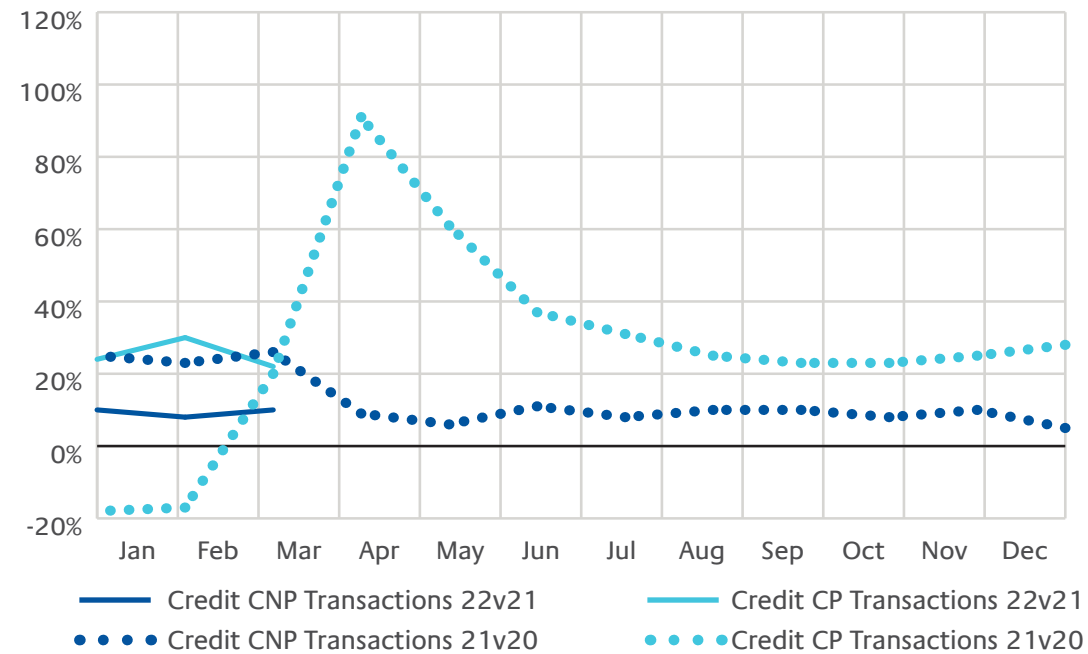


CARD NOT PRESENT (CNP) & CARD PRESENT (CP) ACTIVITY

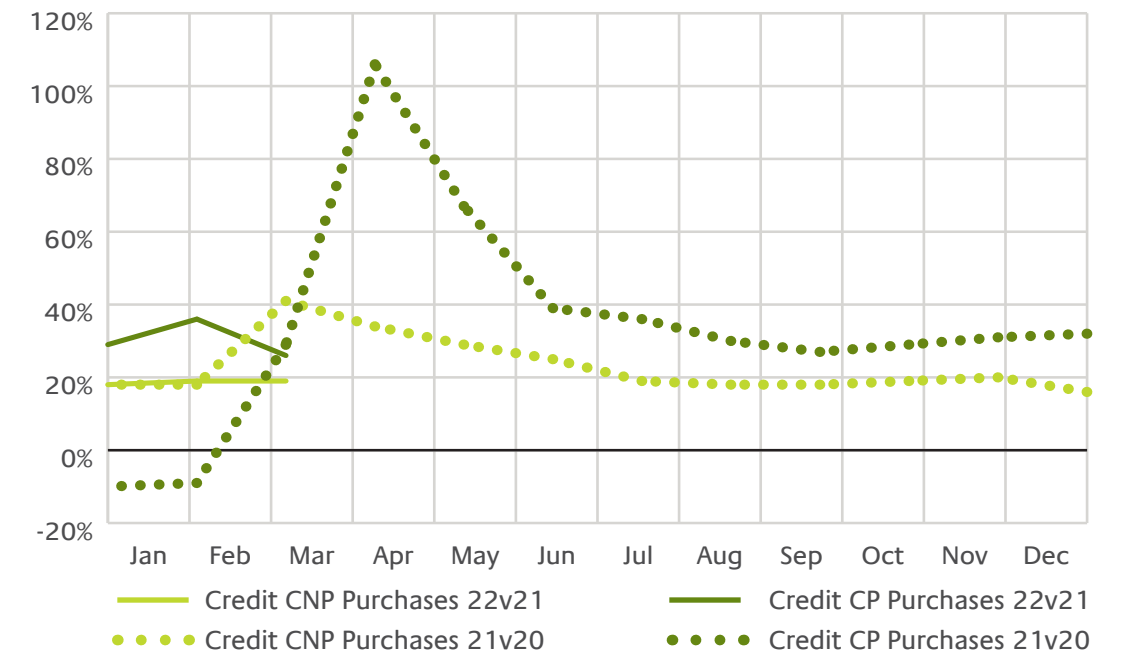
March 2022 Card Not Present (CNP) credit purchases represented 53% of all purchases, down one percentage point from March 2021. CNP debit purchases represented 48% of overall debit purchases in March 2022, up four percentage points from March 2021.

We continue to see higher growth in credit Card Present (CP) activity compared to CNP, with CP credit transactions for March 2022 up 22% compared to 2021, while CNP credit transactions were up 10% compared to 2021. For debit, there was growth in CNP activity as debit transactions were up 13% compared to 2021, while CP debit transactions were down 3% compared to March 2021.

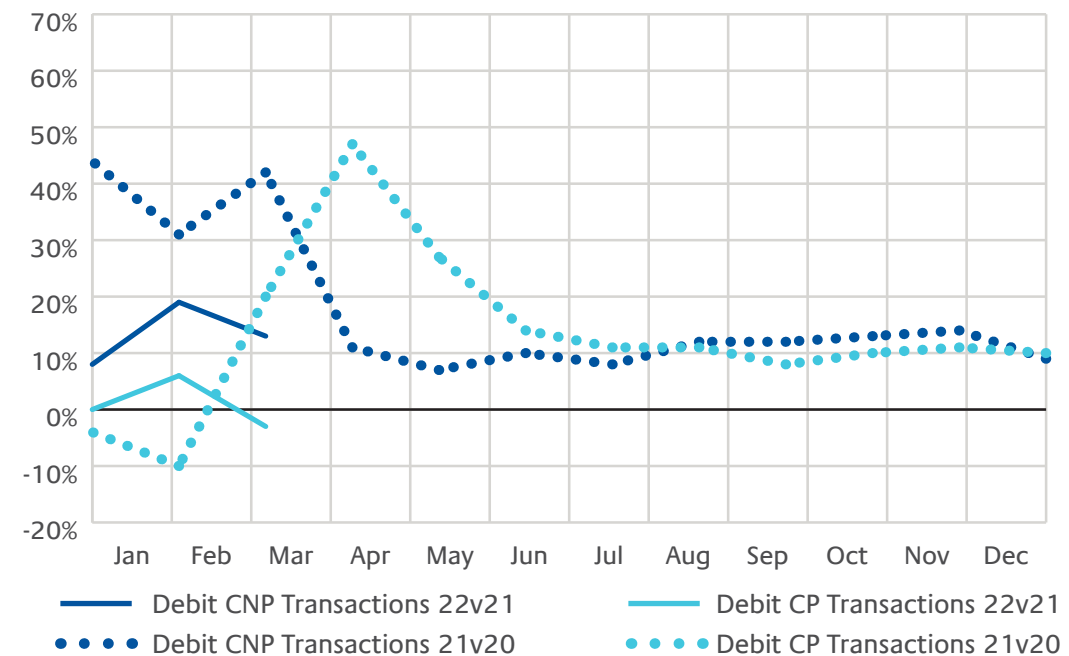
YOY % GROWTH IN CREDIT TRANSACTIONS
March



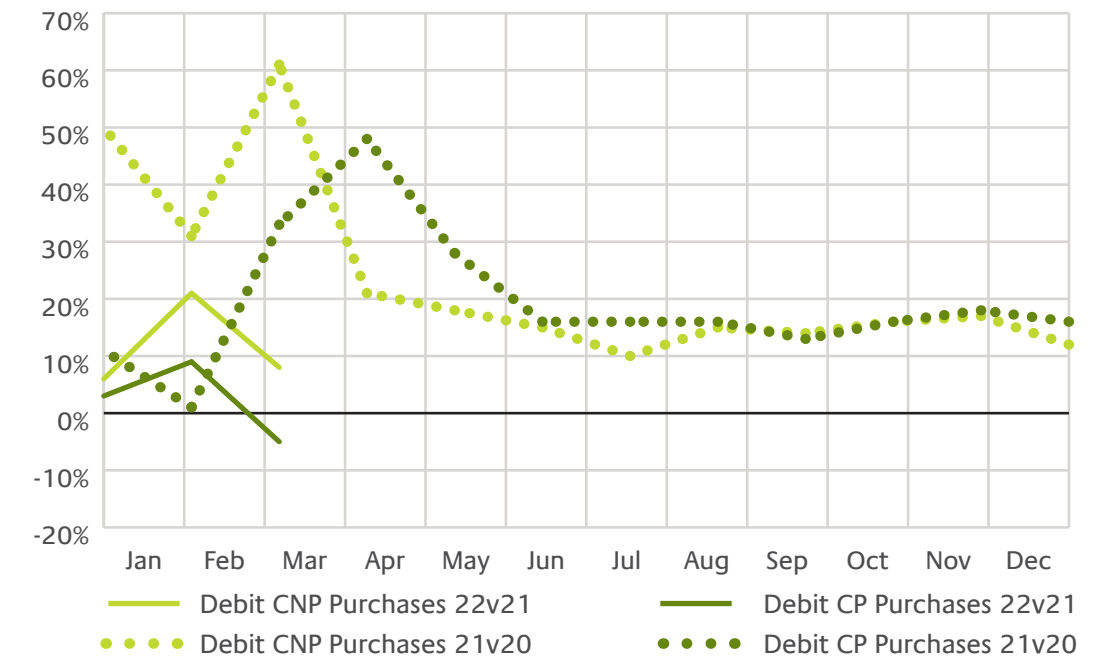
YOY % GROWTH IN CREDIT PURCHASES
March



YOY % GROWTH IN DEBIT TRANSACTIONS
March



YOY % GROWTH IN DEBIT PURCHASES
March

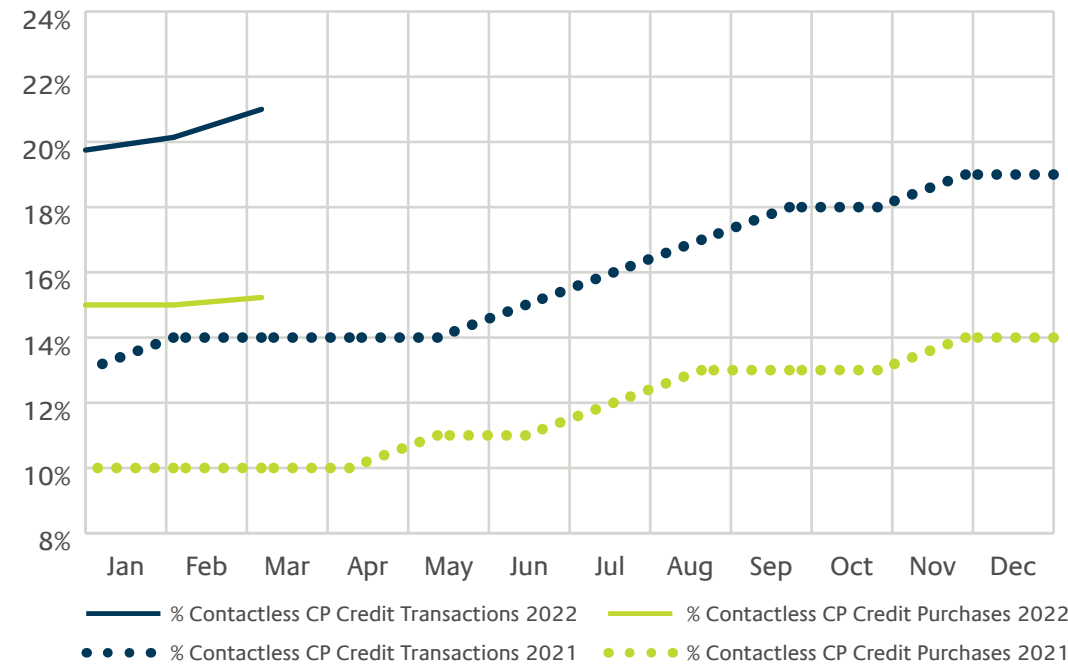


CONTACTLESS TRANSACTIONS

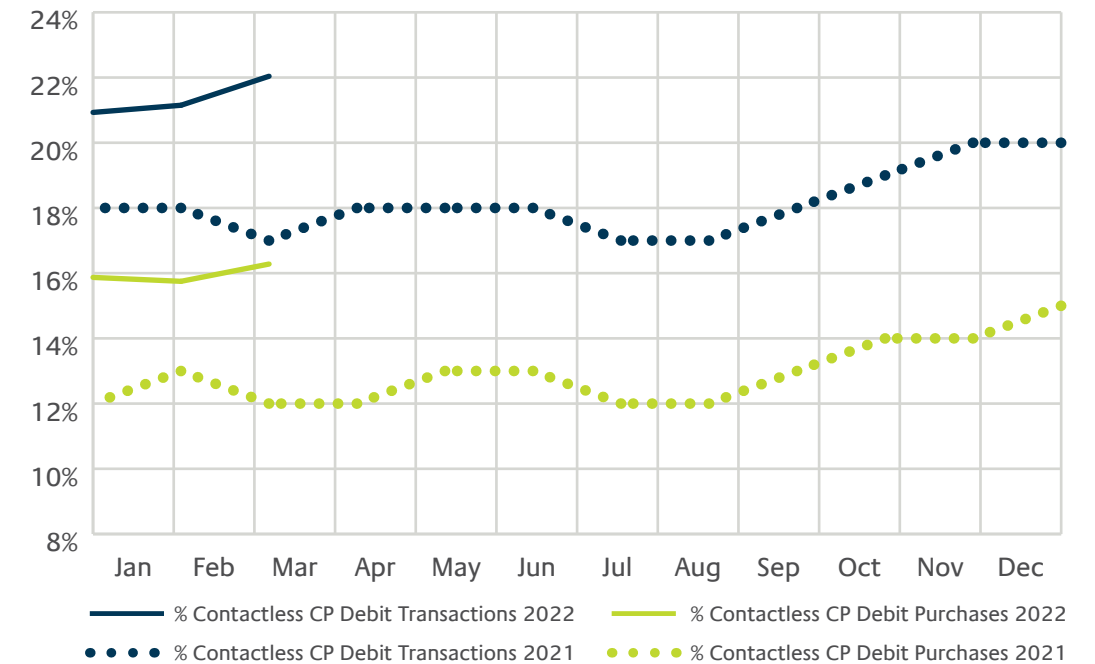
Growth in contactless card usage continues to set new highs for both credit and debit. In March 2022, contactless tap-and-go credit transactions were 21% of total Card Present volume, compared to 14% in March 2021. For debit, contactless tap-and-go transactions finished at 22% in March 2022, compared to 17% in March 2021.

As contactless transactions have continued to replace cash for smaller purchases, the average contactless purchase remains well below the non-contactless card purchase. For March, the average credit contactless purchase was \$43 – flat compared to March 2021 – and the average debit contactless purchase was \$25, up 13% compared to 2021.

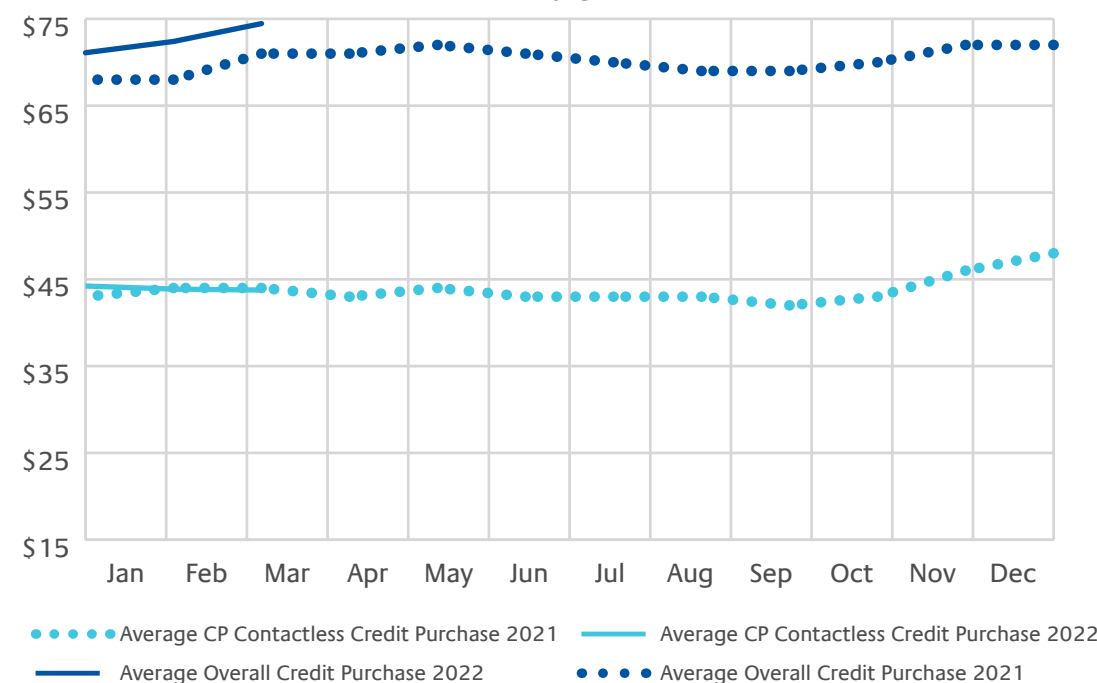
% CONTACTLESS CREDIT ACTIVITY ON CONTACTLESS CARDS
March



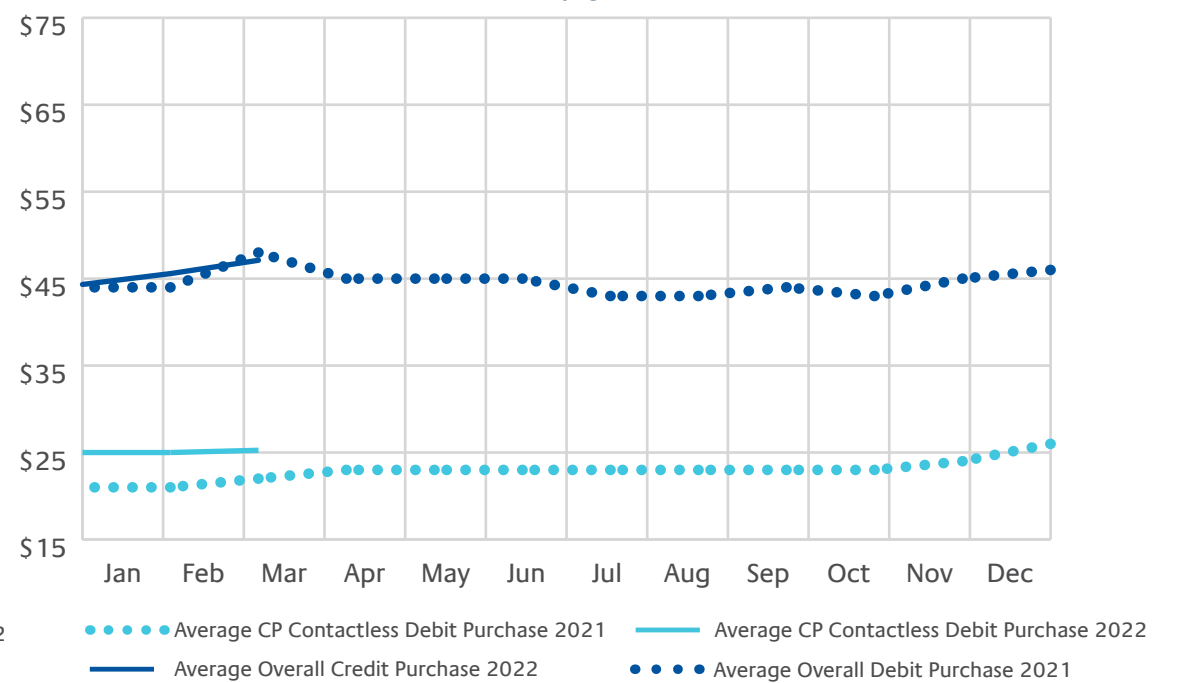
% CONTACTLESS DEBIT ACTIVITY ON CONTACTLESS CARDS
March



CONTACTLESS CREDIT AVERAGE PURCHASE
March



CONTACTLESS DEBIT AVERAGE PURCHASE
March



MOBILE WALLETS

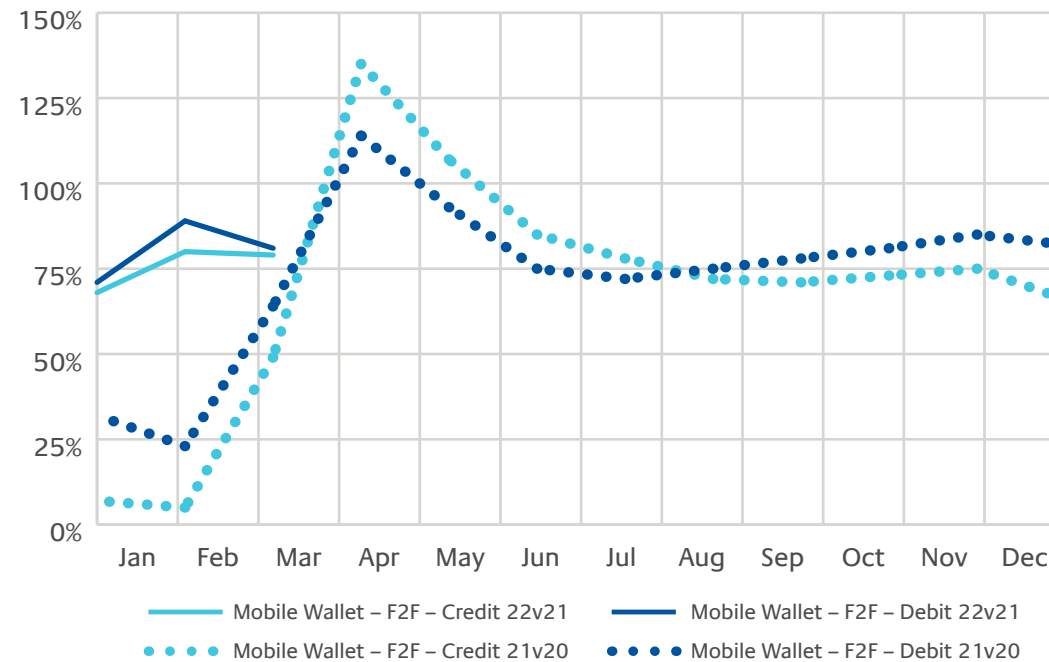
Mobile Wallet usage continued to post strong year-over-year growth through March 2022, with debit outpacing credit growth in each of the last eight months.

Mobile Wallet credit transaction volume remained strong, finishing up 79% in March 2022 compared to March 2021. Credit purchase performance was also strong, up 65% year over year. The average Mobile Wallet credit purchase decreased by \$2.52, down 8% to \$30.39 year over year.

For Mobile Wallet debit activity, year-over-year growth in transaction volume grew by 81% in March 2022 and debit purchases increased by 74% over the same period. The average Mobile Wallet debit purchase decreased by \$0.75, down 4% year over year to \$18.48 in March 2022.

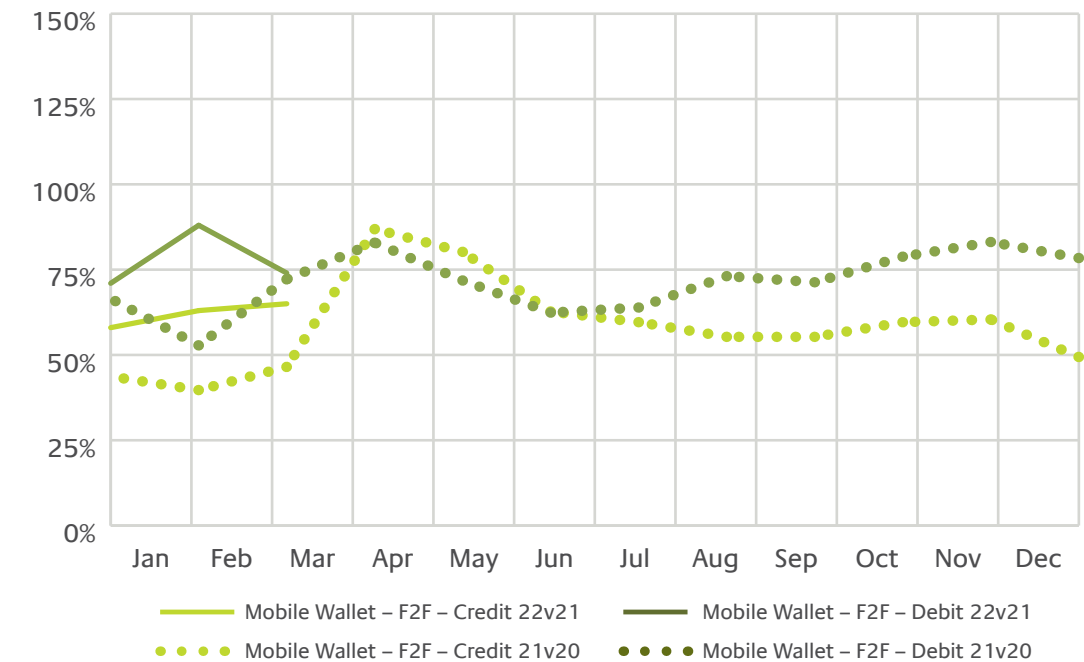
YOY % GROWTH IN MOBILE WALLET TRANSACTIONS

March



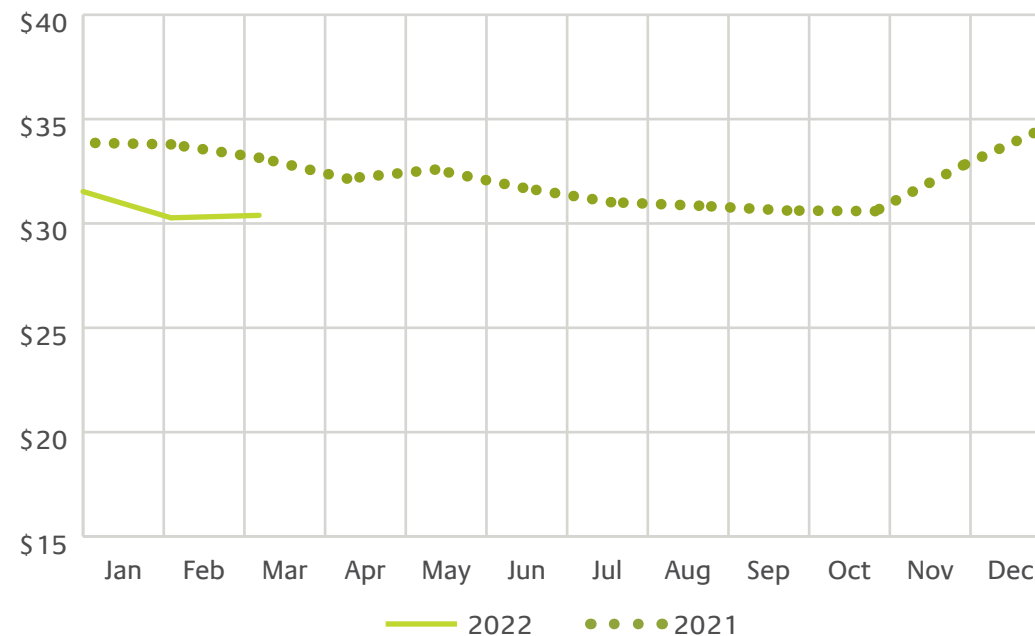
YOY % GROWTH IN MOBILE WALLET PURCHASES

March



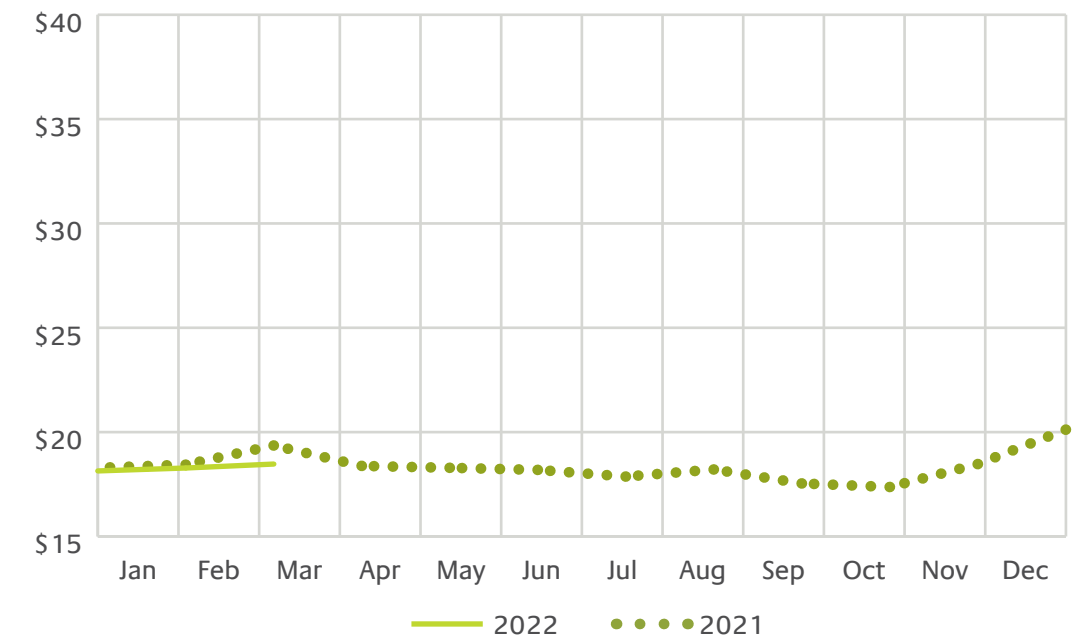
MOBILE WALLET CREDIT AVERAGE PURCHASE

March



MOBILE WALLET DEBIT AVERAGE PURCHASE

March





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 April edition of the Payments Index represents a total of 2.6 billion transactions valued at \$132 billion of credit and debit card activity from April 2021 through March 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 [psc.com](#).