

THE PSCU PAYMENTS INDEX: AUGUST 2022

Welcome to the August 2022 edition of the PSCU Payments Index. In this month's report, consumer purchasing activity remains resilient, with credit card volume growth continuing to outpace growth in debit cards, while our monthly Deep Dive looks at results from the Amazon Prime Day sale and the related big-box store sales in July.

In the Labor Department's Aug. 10 update, the [Consumer Price Index \(CPI\)](#) was unchanged for the month of July, bringing the 12-month rate of inflation to 8.5% – down from a four-decade high. The gasoline index fell 7.7%, offsetting increases in the food and shelter indexes, resulting in the overall index being unchanged for the month. The Bureau of Labor Statistics (BLS) [reported](#) the July 2022 unemployment rate dropped to 3.5%, marking its return to the pre-pandemic level of February 2020 and tied for the lowest since July 1969. Job creation was robust, as 528,000 jobs were added to the economy in July, with notable gains in the Leisure and Hospitality (+96K), Professional and Business Services (+89K) and Health Care (+70K) sectors.

While the Federal Reserve met on July 26-27 and enacted the second consecutive 0.75% interest rate hike, the strengthened job market and continued high inflation [could lead the Fed to impose similar interest rate actions](#) in their next meeting, scheduled for September 20-21.

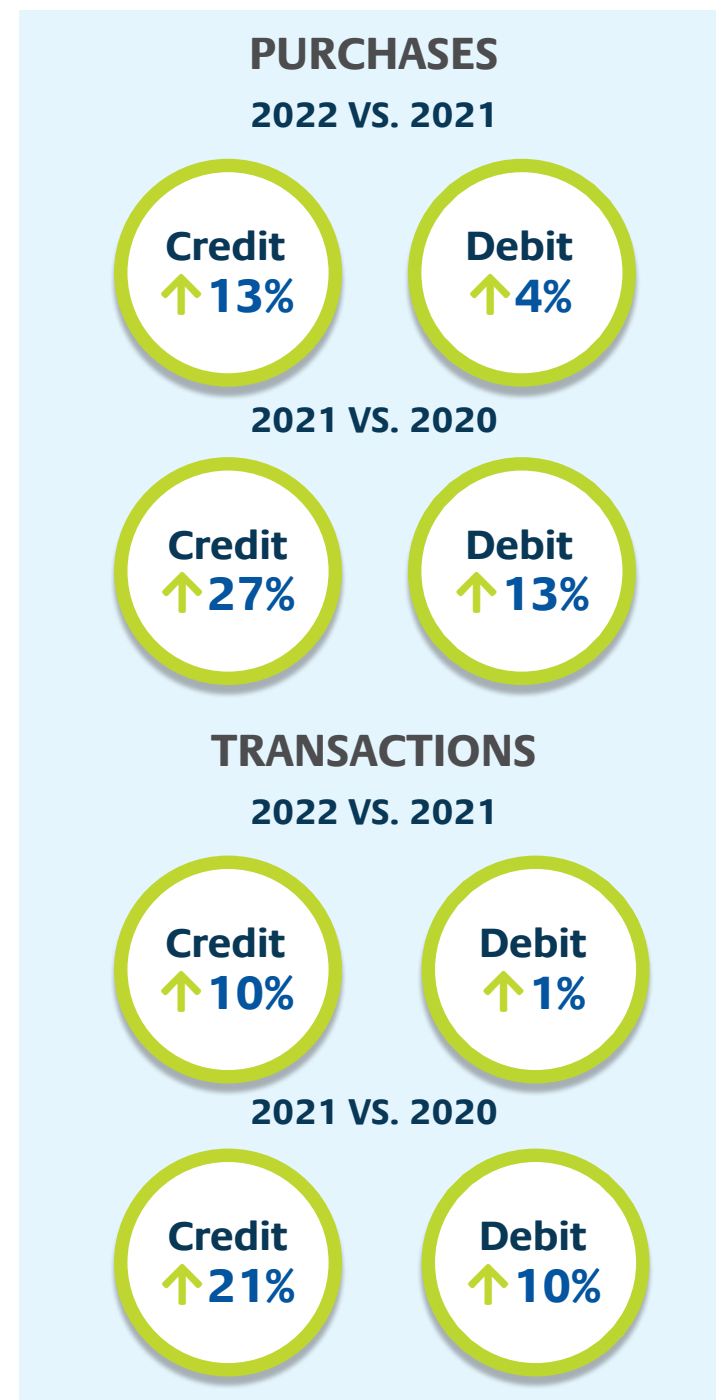
In a legislative win for the Biden administration, the [Inflation Reduction Act of 2022](#) was passed along party lines and will be soon signed into law by President Biden. The bill includes \$369 billion in energy security and climate change reform, lowers certain healthcare costs, creates a 15% corporate minimum tax for companies with greater than \$1 billion in income and reduces the deficit by more than \$300 billion. While the bill is named the Inflation Reduction Act, the nonpartisan [Congressional Budget Office commented that it is expected to have a “negligible” effect on inflation](#) in 2022 and into 2023.

The [Consumer Confidence Index](#) decreased in July, now at 95.7 (1985=100), and has dropped for the third consecutive month. With recent interest rate increases, purchase intentions for large-ticket items (homes, cars, major appliances, etc.) are expected to slow. The average national gasoline price dropped to [\\$3.94 per gallon](#) on Aug. 15, down \$1.06 per gallon or 21% from the peak in June 2022. Current per gallon prices are up 24% or \$0.76 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 – JULY 2022



KEY TAKEAWAYS

- Consumer spending on cards remained resilient, with growth on credit cards outpacing growth on debit cards. Credit purchases were up 13% and debit purchases were up 4% year over year. Current inflationary pressures continue to help growth in purchases outpace growth in transactions. For July, growth in overall credit transactions were up 10% and debit transactions were up 1%.
- The Consumer Price Index (CPI-U) decreased on an annual basis to 8.5% in July, influenced by lower prices in Gasoline and higher prices in Food and Shelter. The Fed will not meet again until Sept. 20-21, following the next CPI-U update on Sept. 13. While another large interest rate increase is possible, the encouraging news from the lower CPI could warrant a less aggressive increase next month.
- When compared to last year’s Amazon Prime Day sale (June 21-22), this year’s event (July 12-13) showed modest growth in overall purchases, with credit and debit both up 4%. However, the event still moved the needle – when comparing this year’s Prime Day sale event to the same dates in July 2021, credit purchases were up 55% and debit purchases were up 68%. It appears that Amazon is planning for a second sale in 2022, anticipated in the October timeframe.
- The credit card delinquency rate for July was 1.61%, 18 basis points lower than pre-pandemic July 2019 levels. The average credit card balance for July 2022 was \$2,769, up 4.7% (or \$123) year over year. July marked the fifth consecutive month in which year-over-year growth was over 2%.



Consumer spending remained resilient in July 2022, with credit continuing to drive the largest growth. While inflation softened slightly this month, growth in purchases continued to outpace growth in

transactions. As we look at Amazon Prime Day in this month’s Deep Dive, year-over-year purchase growth yielded modest increases compared to Prime Day dates in June 2021, but drove significant double-digit growth against comparable July 2021 dates. Amazon is rumored to be launching a second Prime event in October, which would align nicely with the kickoff of the holiday shopping season.

— Yvonne Stelpflug, SVP, Advisors Plus at PSCU

DEEP DIVE: AMAZON PRIME DAY

Amazon held its annual Prime Day sale on July 12-13, as the event returned to July for the first time since 2019. (Over the last two years, Prime Day was held June 21-22, 2021 and October 13-14, 2020). Target held its rival three-day 2022 Deal Days on July 11-13, starting one day earlier than Amazon, as in previous years. Walmart chose not to hold its Deals for Days (formerly known as “Big Save”) event, which has typically been a four-day event starting one day earlier than Prime Day and ending one day later. This year, Walmart held its inaugural Walmart+ Weekend, a subscriber-only savings event, on June 2-5. Because this event was not in the same

period as Amazon Prime Day and Target Deal Days, it is not included in our Deep Dive.

This year’s Prime Day fell on a Tuesday and Wednesday, while it was held on a Monday and Tuesday in 2021. For our analysis, we compared the three-day period of Monday to Wednesday for Amazon and the four-day period of Sunday to Wednesday for both Target and Walmart. Additionally, to offer a fair comparison, we looked at the growth in comparable merchant categories that each of the three retailers have in common (Goods and Groceries), as well as each retailer overall, which included Amazon’s subscription services and excluded Walmart’s gasoline sales. Amazon is also inclusive of Whole Foods.

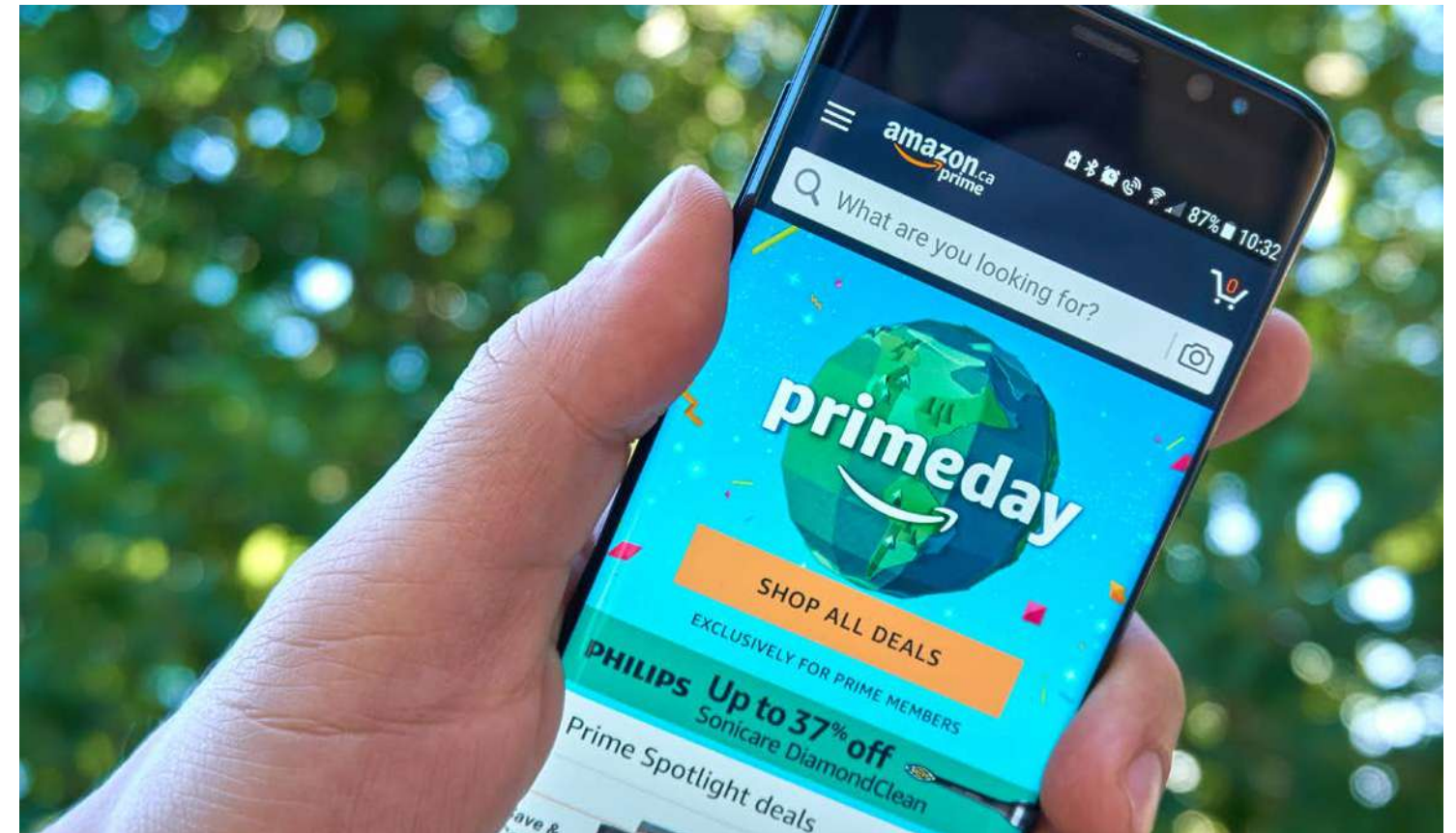


Photo Credit: dennizn - stock.adobe.com

YEAR-OVER-YEAR EVENT COMPARISON

2022 vs. 2021	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
Amazon Prime Day	5%	4%	0%	4%
Target Deal Days	10%	7%	3%	0%
Walmart* #	9%	15%	1%	5%

* Walmart did not hold a 2022 “Deals for Days” sale

Excludes Gasoline sector for Walmart



Photo Credit: Daria Nipot - stock.adobe.com

AMAZON PRIME DAY: JULY 12-13

For the three-day year-over-year sales comparison, overall growth in credit purchases was up 4% and debit purchases were up 4%. Credit transactions were up 5% and debit transactions were flat year over year. The average credit purchase was \$52.68, down 1% from the Prime Day sale event in 2021. The average debit card purchase was \$44.80, up 4% for the same comparison.

While the year-over-year comparison of the 2022 Prime Day event to the 2021 Prime Day event yielded single-digit growth on purchases, the event still drew a substantive increase in activity. When comparing the 2022 Prime Day sale results against the comparable dates in July 2021, credit purchases were up 55% and debit purchases were up 68%. Transactions for credit and debit cards in this same comparison were both up 33%.

It appears that Amazon is planning for a [second Prime Day sale in 2022](#), dubbed “Prime Fall.” No confirmed dates have been released for this event, which is expected in October.

2022 VS 2021 AMAZON PRIME DAY SALE COMPARISONS

amazon.com		Credit		Debit		
	Days	Comparison	Transactions	Purchases	Transactions	Purchases
July 2022 v June 2021	3	Prime v Prime	5%	4%	0%	4%
July 2022 v June 2021	3	YoY Dates	33%	55%	33%	68%

AMAZON - AVERAGE PURCHASE AMOUNT		
Year-Over-Year Event		
	Credit	Debit
2022	\$52.68	\$44.80
2021	\$53.05	\$43.04
% Change	-1%	4%



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TARGET DEAL DAYS: JULY 11-13

For the four-day year-over-year sales comparison, overall growth in credit purchases was up 7% and debit purchases were down 0.2% for Target. Credit transactions were up 10% and debit transactions were up 3% year over year. For the four-day period, the average credit purchase was \$56.52 and the average debit purchase was \$45.44, both down 3% compared to the Deal Days sale event in 2021.

When comparing the July 2022 Target Deal Days sale results against the comparable dates in July 2021, credit purchases were up 15% and debit purchases were up 1%. Transaction growth for the July 2022 v July 2021 period was up 17% for credit and up 5% for debit.

2022 VS 2021 TARGET DEAL DAYS SALE COMPARISONS

TARGET	Days	Comparison	Credit		Debit	
			Transactions	Purchases	Transactions	Purchases
July 2022 v June 2021	4	Deal Days v Deal Days	10%	7%	3%	-0.2%
July 2022 v June 2021	4	YoY Dates	17%	15%	5%	1%



Photo Credit: wolterke- stock.adobe.com

TARGET - AVERAGE PURCHASE AMOUNT

Year-Over-Year Event

	Credit	Debit
2022	\$56.52	\$45.44
2021	\$58.36	\$46.92
% Change	-3%	-3%

2022 VS 2021 WALMART DEALS FOR DAYS SALE COMPARISONS



	Days	Comparison	Credit#		Debit#	
			Transactions	Purchases	Transactions	Purchases
July 2022 v June 2021	4	(July 2022) v Deals for Days	9%	15%	1%	5%
July 2022 v June 2021	4	YoY Dates	9%	17%	0%	5%

WALMART - AVERAGE PURCHASE AMOUNT

Year-Over-Year Event

	Credit	Debit
2022	\$65.63	\$57.90
2021	\$62.42	\$55.56
% Change	5%	4%

Excludes Gasoline sales



Photo Credit: Felipe Sanchez - stock.adobe.com



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WALMART: JULY 11-14

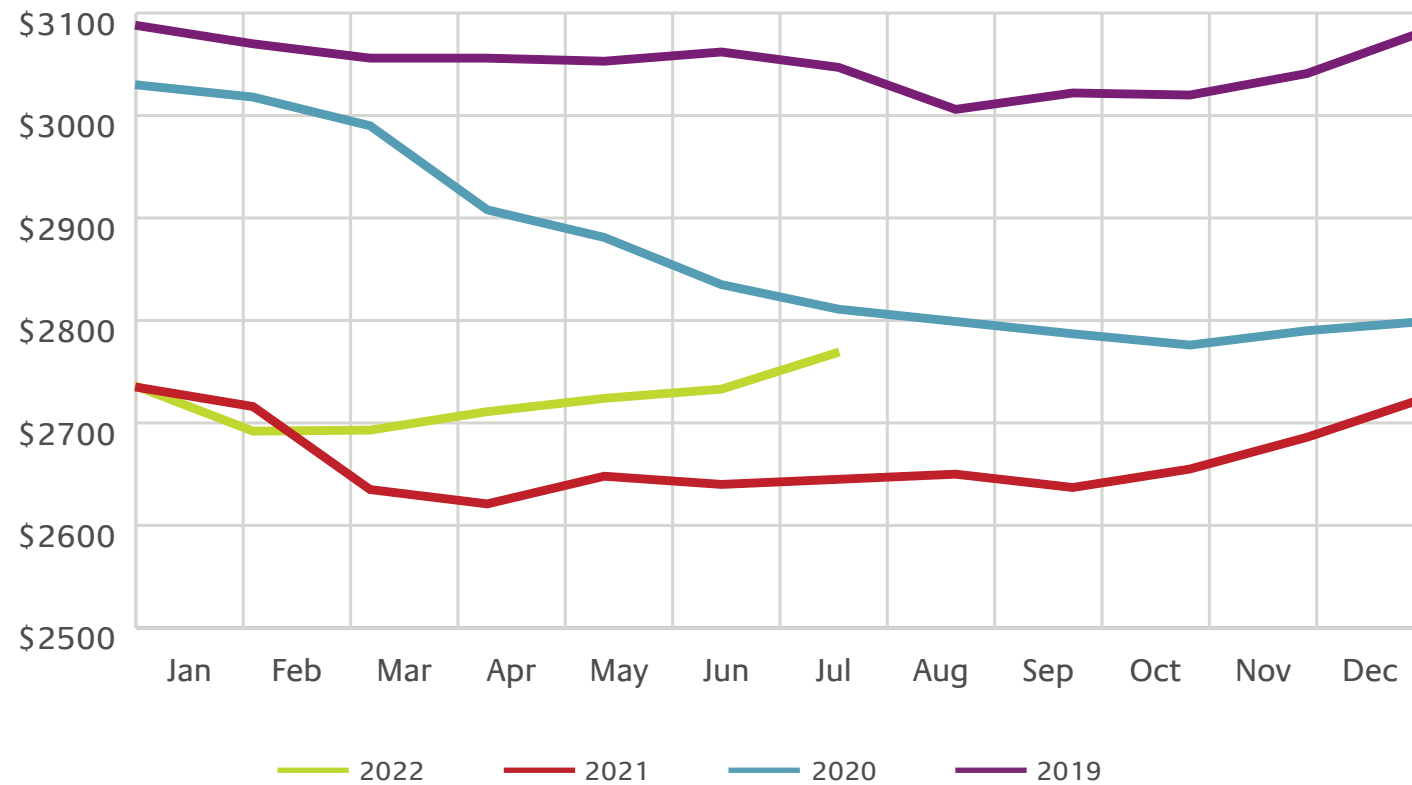
Of the three large retailers, Walmart (excluding gasoline sales) posted the overall largest increase in purchases for both credit (up 15%) and debit (up 5%). The retailer [chose not to hold their "Deals for Days" sale](#) to parallel Amazon this summer, stating that merchandise has been on sale for weeks already, in part to clear out excess inventory. Credit transactions were up 9% and debit transactions were up 1% versus last year's event, which was held in June 2021. For the four-day year-over-year period, the average credit purchase was \$65.63, up 5% over the 2021 event while the average debit purchase was \$57.90, up 4%.

When comparing the July 2022 time period (when Walmart would have normally held its Deals for Days event) against the comparable four days in July 2021, credit purchases were up 17% and debit purchases were up 5%. Transaction growth for the July 2022 period was up 9% for credit and flat for debit compared to the same period in July 2021.

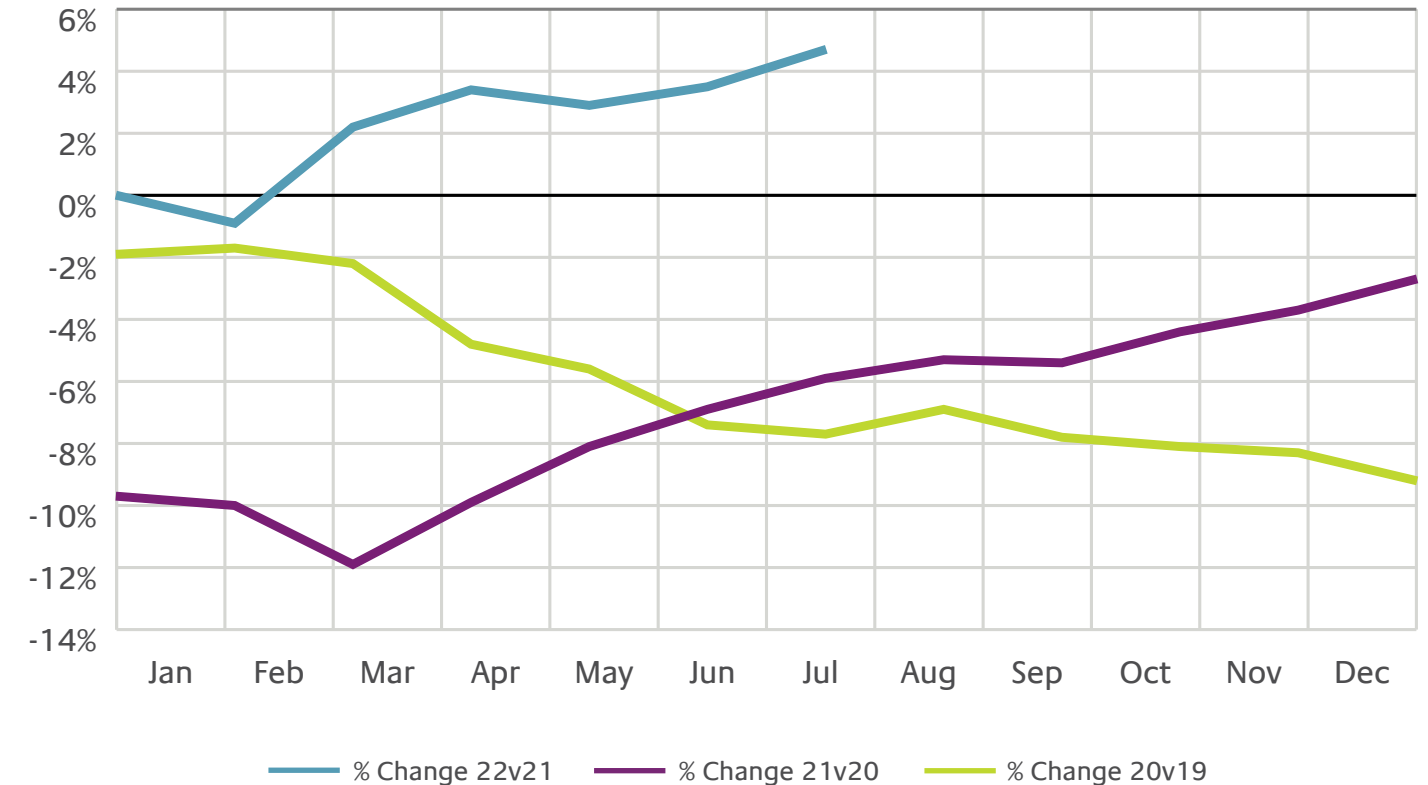
CREDIT CARD ACCOUNT BALANCES

Average credit card account balances finished July 2022 at \$2,769, up 4.7% compared to July 2021. This was the fifth consecutive month of positive year-over-year growth in balances. Compared to July 2020, average credit card account balances were down 1.5%, or \$43.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT
July



PERCENTAGE CHANGE IN AVERAGE CREDIT CARD BALANCES
July

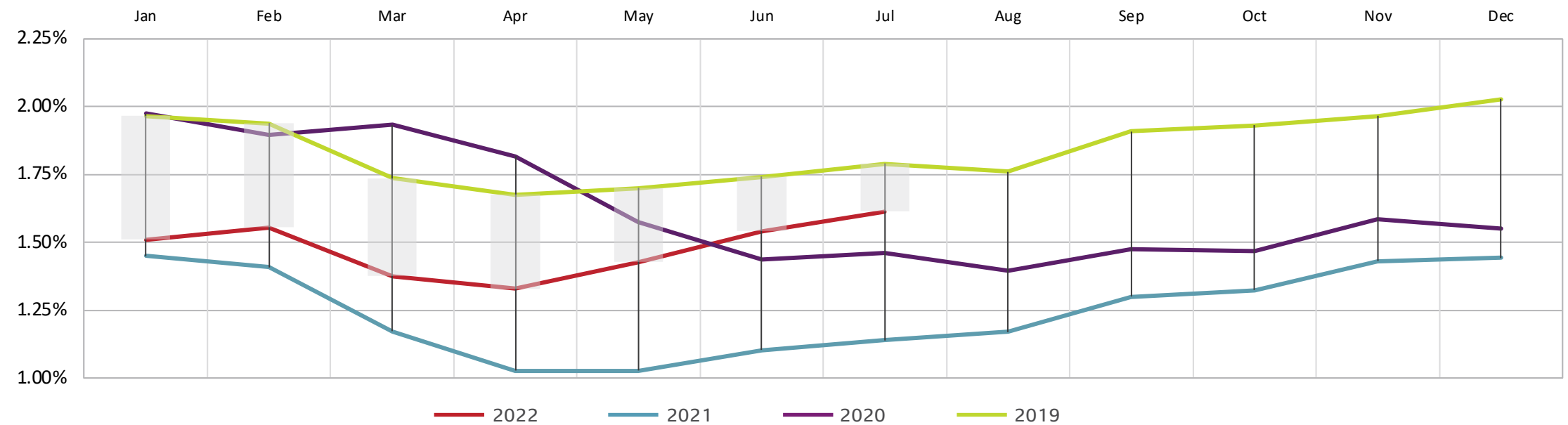


CREDIT CARD DELINQUENCIES

The July 2022 credit card delinquency rate finished at 1.61%. The gap between July 2022 and pre-pandemic July 2019 was 18 basis points – the smallest difference to the monthly 2019 delinquency rate since May 2020 and continuing monthly increases since the start of the year.

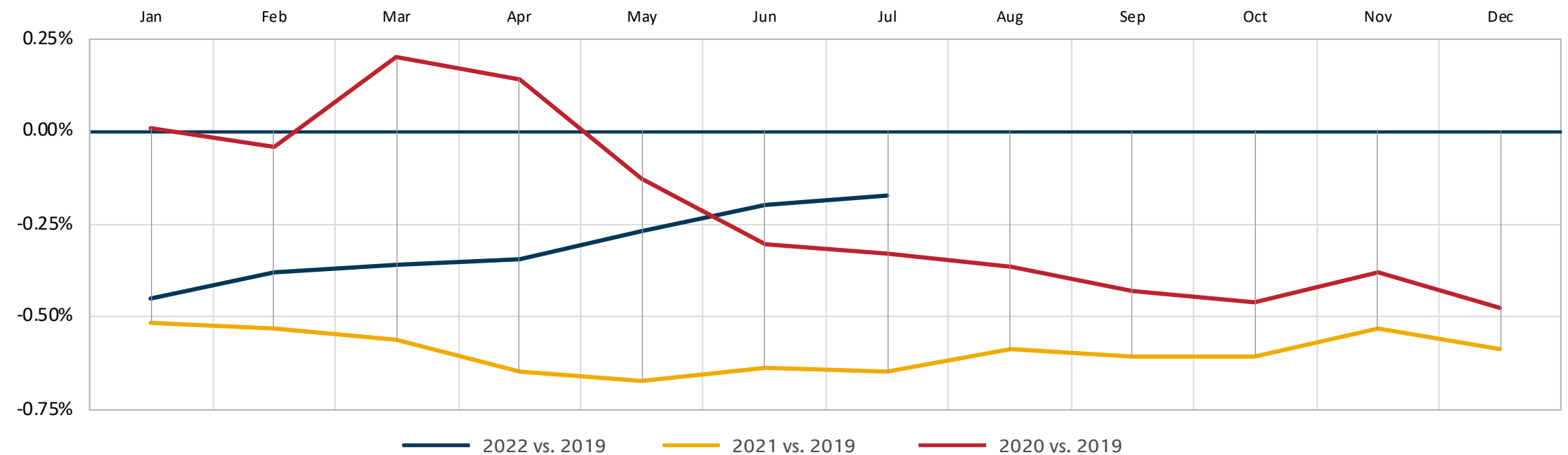
OVERALL CREDIT CARD DELINQUENCY RATE

July



DIFFERENCE IN CREDIT CARD DELINQUENCY RATES COMPARED TO 2019

July

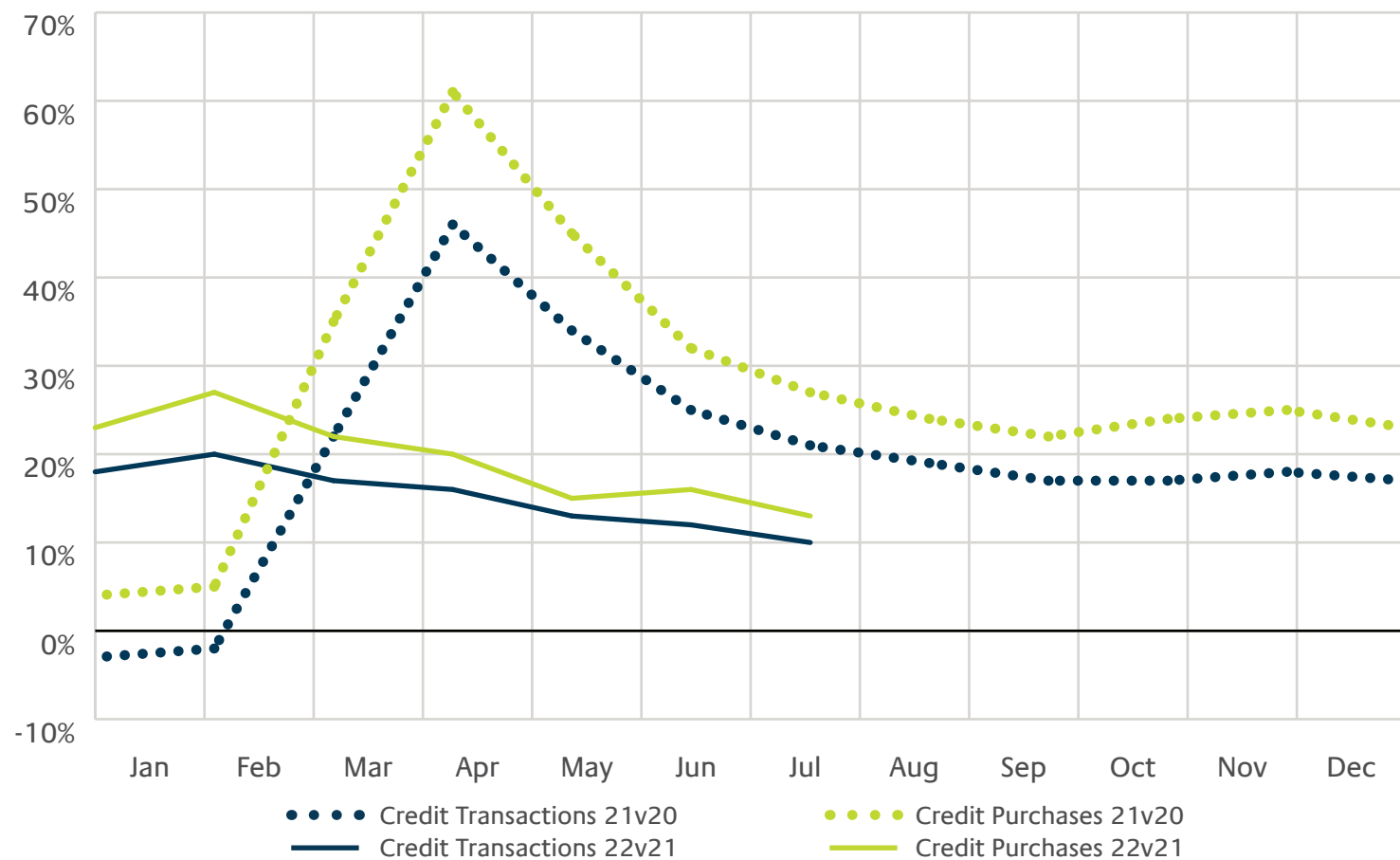


CREDIT AND DEBIT CARDS

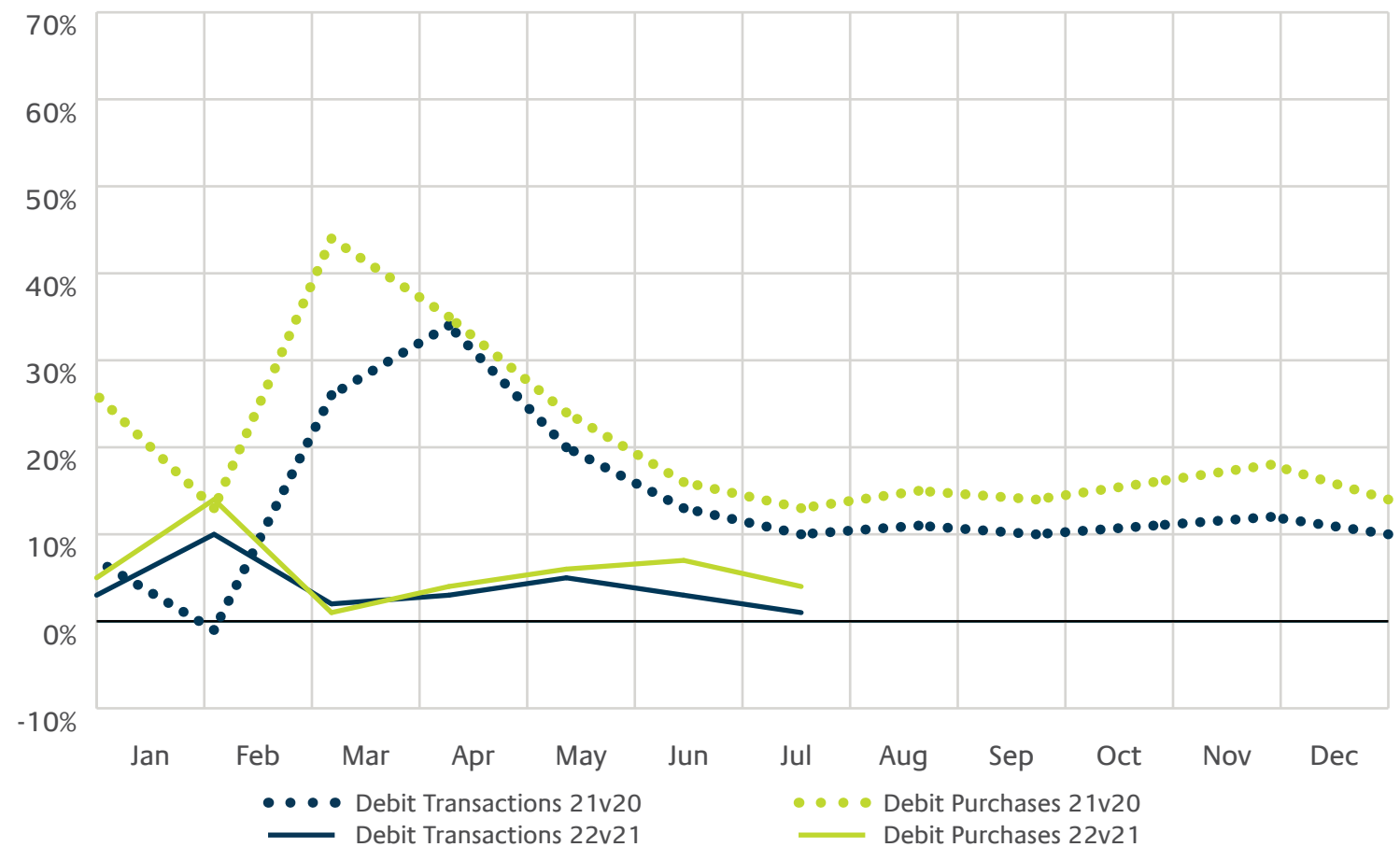
Consumer spending growth on credit cards remained strong in July, with credit purchases up 13% year over year. Growth in debit purchases was up 4% compared to July 2021. Transactions grew at a slower pace than purchases in July, with the volume of credit transactions up 10% compared to July 2021. For growth in debit transactions, activity was up 1% compared to the same timeframe.

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2022 v 2021	10%	13%	1%	4%
2021 v 2020	21%	27%	10%	13%

CREDIT ACTIVITY
July



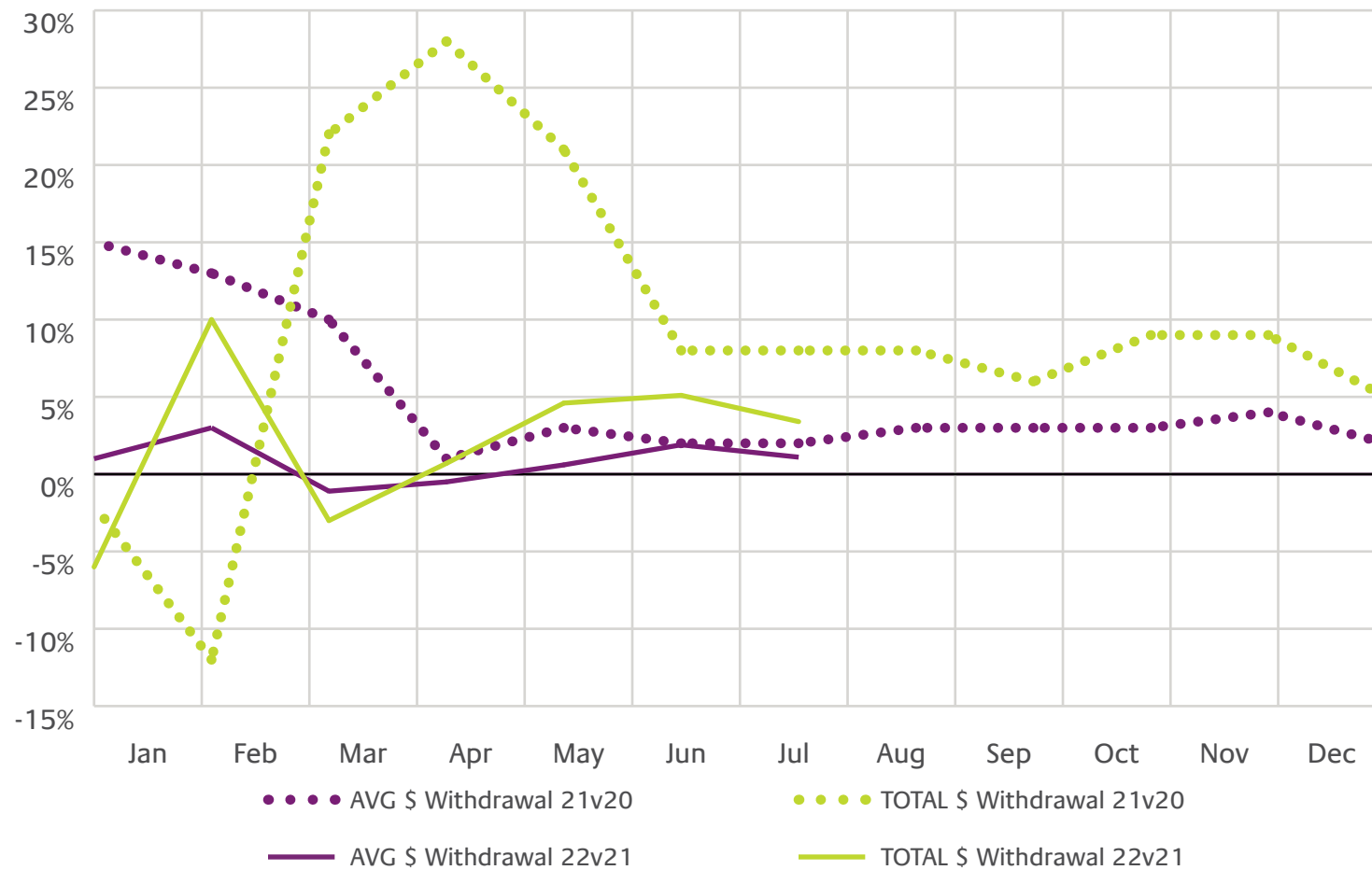
DEBIT ACTIVITY
July



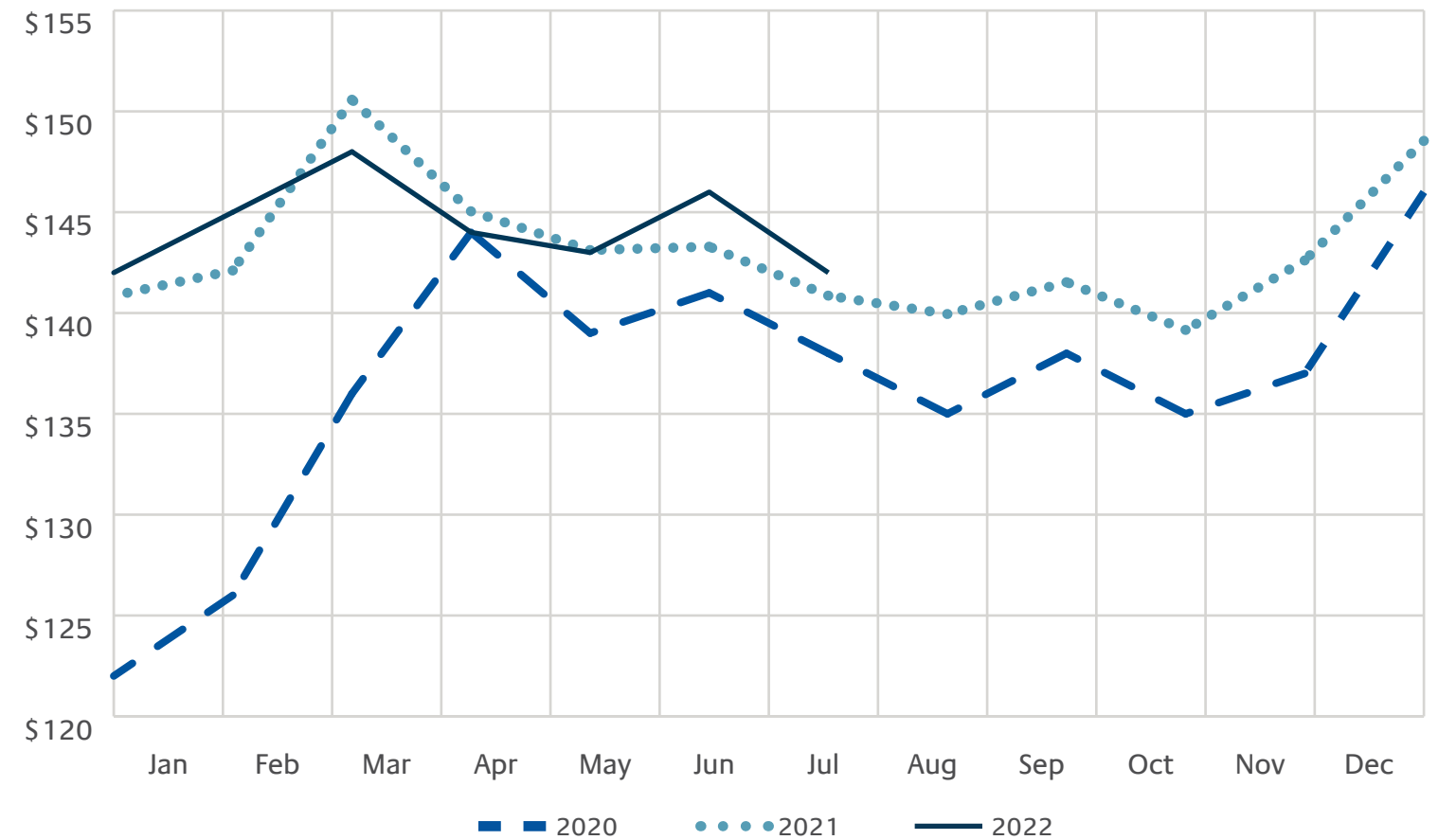
ATM

For July 2022, growth in ATM withdrawal transaction volume was up 2% year over year. The average amount withdrawn per transaction increased in July, up 1.1% compared to July 2021 at \$142. For July 2022, total cash withdrawn was up 3.4% year over year.

YOY GROWTH IN ATM WITHDRAWALS
July



AVERAGE ATM WITHDRAWAL
July




SECTORS/MERCHANT CATEGORIES

Sector growth rates for credit purchases continued to outpace the growth rates in all corresponding debit purchase sectors in our July results. Each sector in credit purchases posted double-digit growth, except for Services, which was up 8%, and Drug Stores, which was up 7% year over year. The top three sectors for year-over-year growth in credit purchases for July (unchanged from the previous two months in sectors and order) were Gasoline (+40%), Travel (+18%) and Entertainment (+17%).


For debit purchases, the Goods sector experienced a fifth consecutive month of negative year-over-year performance in July, down 1%. The Travel sector had the lowest year-over-year growth in debit purchases, down 6%. For the third consecutive month, two sectors had double-digit, year-over-year growth for July in debit purchases: Gasoline (+24%) and Entertainment (+14%). The Utilities (+5%) and Groceries (+5%) sectors had the next highest growth rate for debit purchases.

 DRUG STORES July 2022 V 2021			
	Credit	Debit	
YoY Purchases	7%	-1%	
YoY	5%	-3%	

 ENTERTAINMENT July 2022 V 2021			
	Credit	Debit	
YoY Purchases	17%	14%	
YoY	23%	22%	


 GASOLINE July 2022 V 2021			
	Credit	Debit	
YoY Purchases	40%	24%	
YoY	10%	2%	

 GOODS July 2022 V 2021			
	Credit	Debit	
YoY Purchases	10%	-1%	
YoY	11%	-1%	

 GROCERIES July 2022 V 2021			
	Credit	Debit	
YoY Purchases	15%	5%	
YoY	10%	1%	

 RESTAURANTS July 2022 V 2021			
	Credit	Debit	
YoY Purchases	15%	3%	
YoY	11%	-0%	

 SERVICES July 2022 V 2021			
	Credit	Debit	
YoY Purchases	8%	3%	
YoY	7%	5%	

 TRAVEL July 2022 V 2021			
	Credit	Debit	
YoY Purchases	18%	-6%	
YoY	15%	1%	

 UTILITIES July 2022 V 2021			
	Credit	Debit	
YoY Purchases	13%	5%	
YoY	8%	2%	

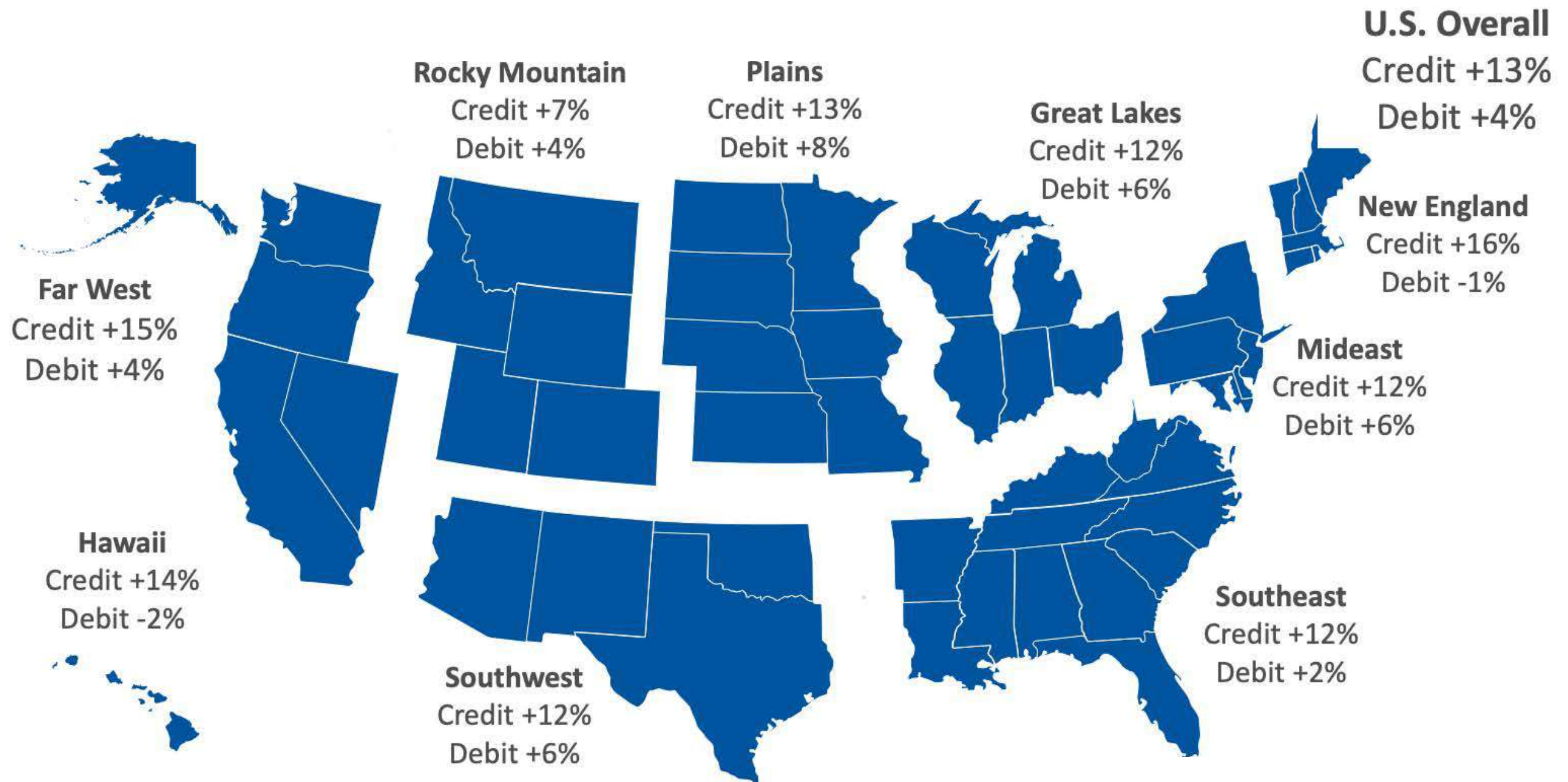
Sector-level transaction growth added insight into consumer behavior trends given the impact of inflationary pressures. Growth in purchases outpaced growth in transactions for both credit and debit activity in five of the sectors: Drug Stores, Gasoline, Groceries, Restaurants

and Utilities. Entertainment was the only sector in which year-over-year transaction growth outpaced growth in purchases for both credit and debit activity for two consecutive months. For the Goods sector, growth in transactions was very close to

growth in purchases for both credit and debit again in July. Growth in debit transactions and purchases were both down 1% compared to July 2021. Credit transactions were up 11% and credit purchases were up 10%.

REGIONAL STATE LEVEL PURCHASE DOLLARS JULY

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



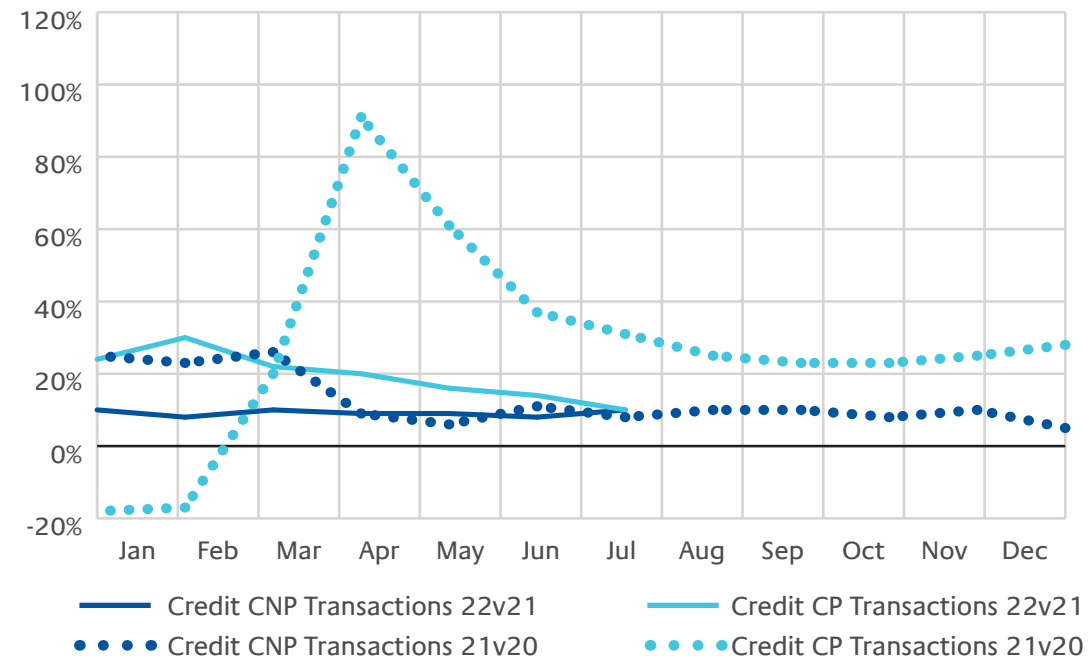
CARD NOT PRESENT (CNP) & CARD PRESENT (CP) ACTIVITY

July 2022 Card Not Present (CNP) credit purchases represented 49% of all purchases, down one percentage point from July 2021. CNP debit purchases represented 45% of overall debit purchases in July 2022, up four percentage points from July 2021.

Year-over-year growth in credit transaction volumes grew at 10% each for CNP and Card Present (CP). For growth in debit transactions, CNP grew by 15% while debit CP transactions were down 4% compared to July 2021.

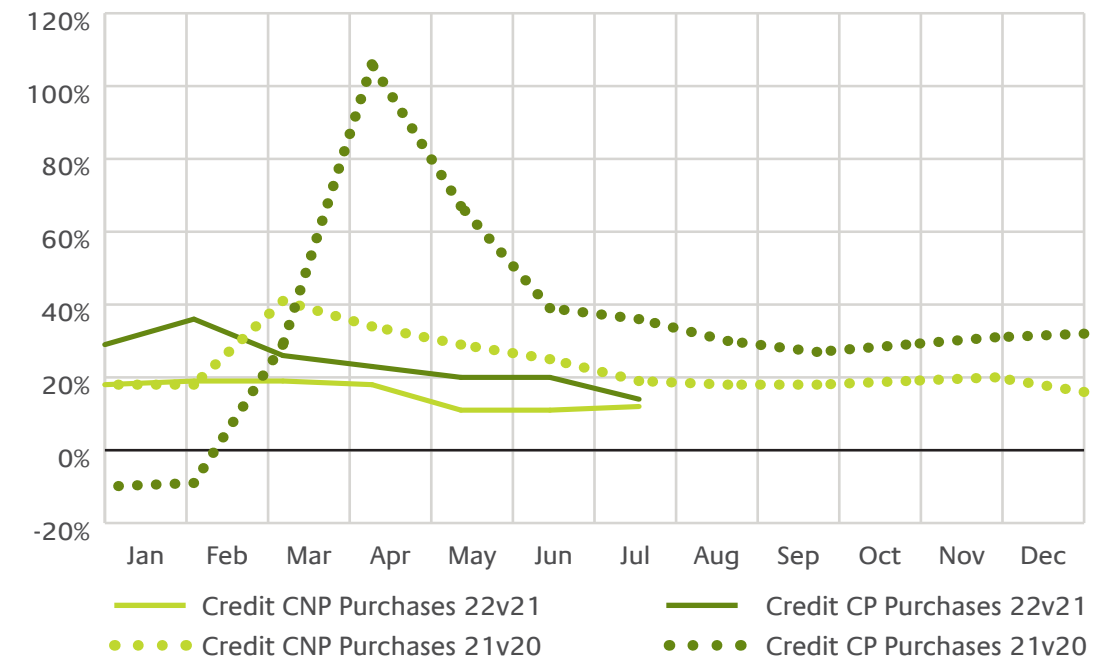
YOY % GROWTH IN CREDIT TRANSACTIONS

July



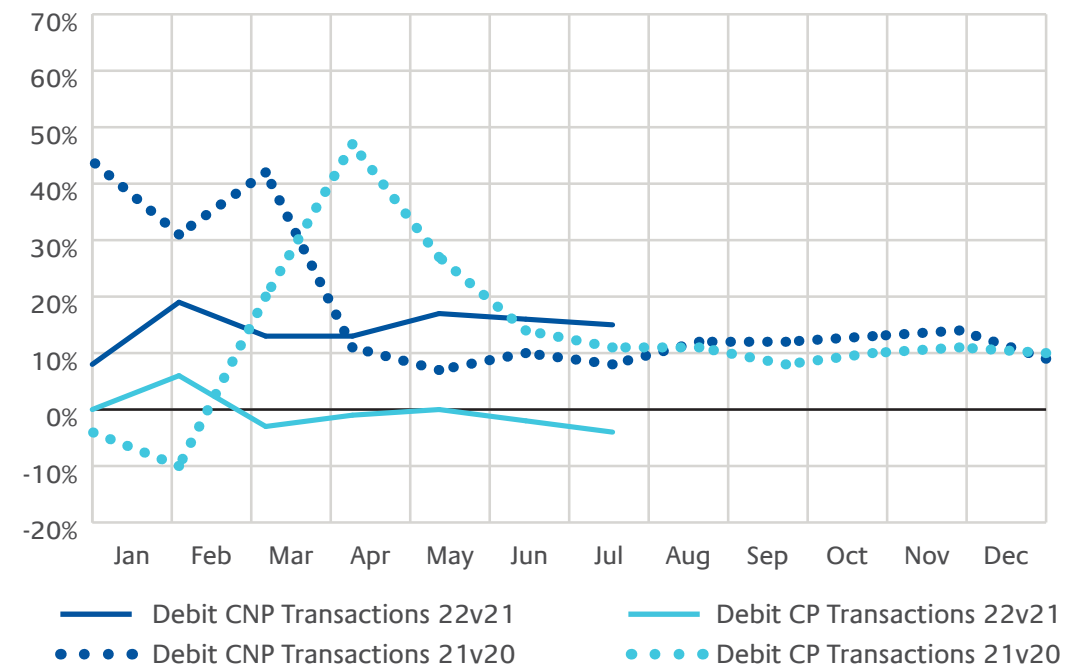
YOY % GROWTH IN CREDIT PURCHASES

July



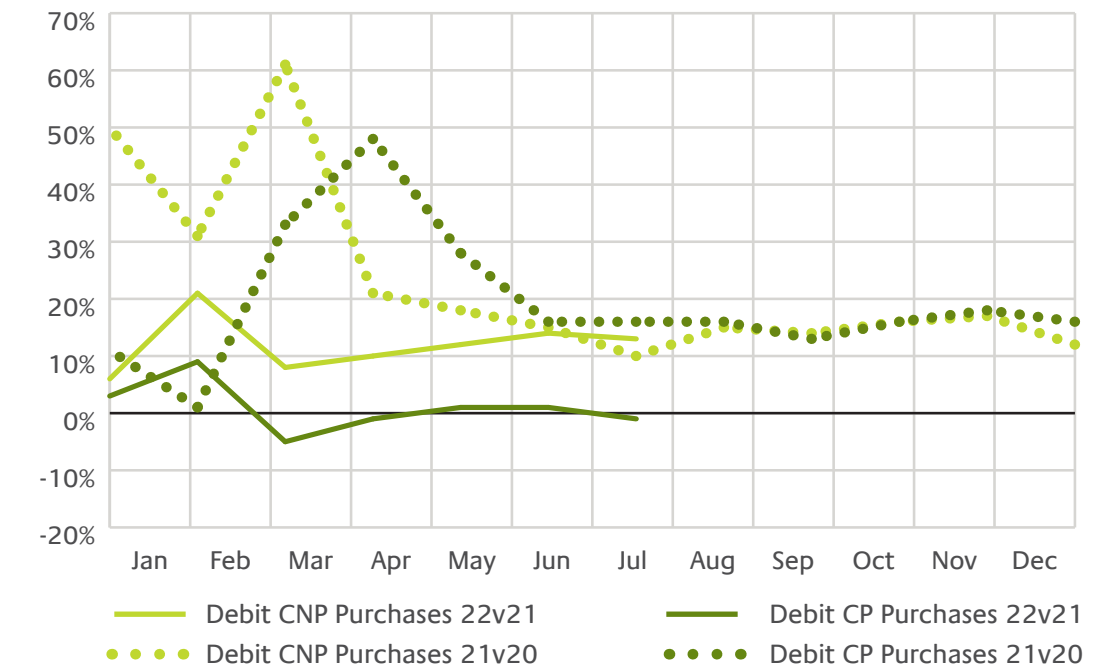
YOY % GROWTH IN DEBIT TRANSACTIONS

July



YOY % GROWTH IN DEBIT PURCHASES

July

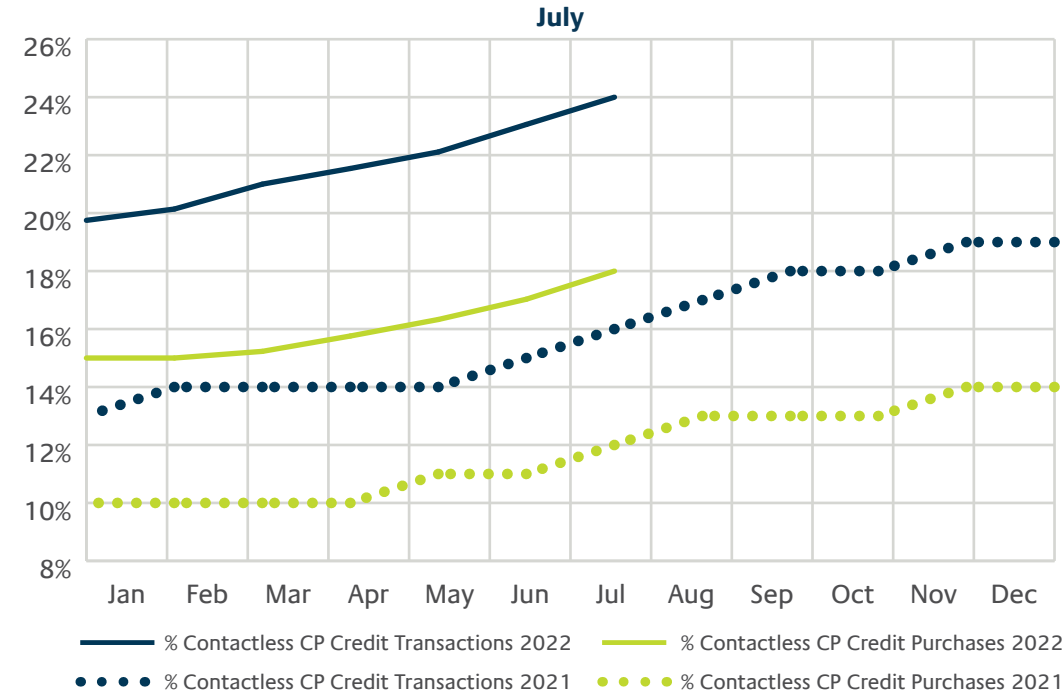


CONTACTLESS TRANSACTIONS

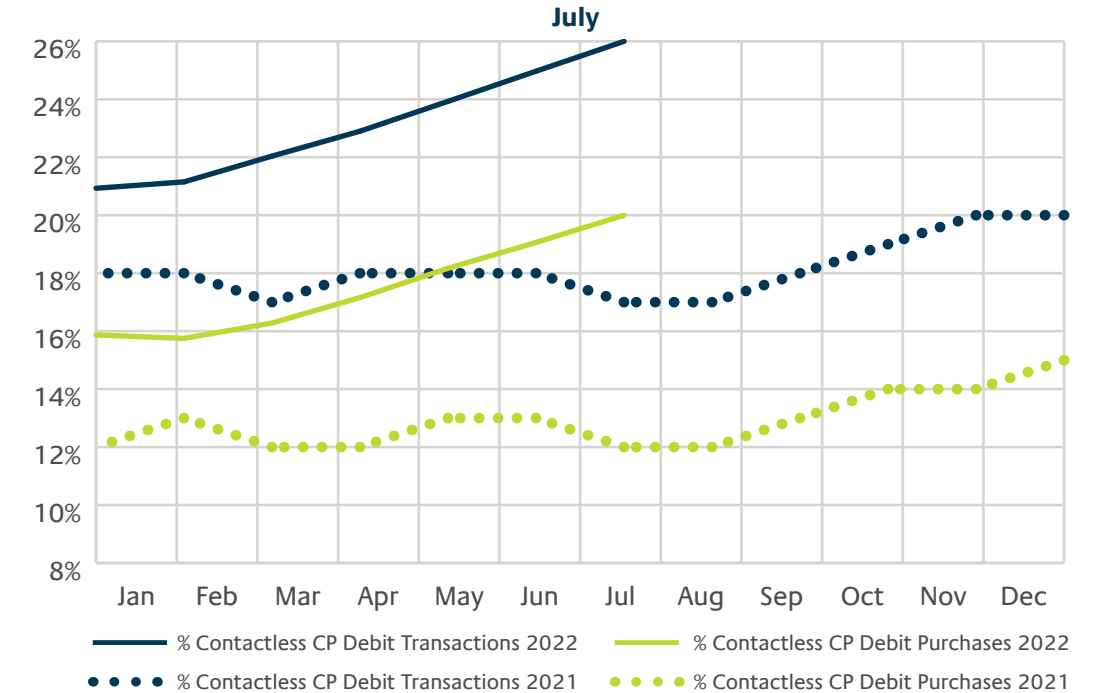
Growth in contactless card usage continues to set new highs for both credit and debit. In July 2022, contactless tap-and-go credit transactions were 24% of total Card Present volume on contactless cards, compared to 16% in July 2021. For debit, contactless tap-and-go transactions finished at 26% in June 2022, compared to 17% in July 2021.

The ongoing shift to contactless from cash continues for smaller purchases. The average contactless purchase remains well below the non-contactless card purchase. For July, the average credit contactless purchase was \$43.61, which was 26% lower than the overall credit Card Present purchase of \$58.60 and the average debit contactless purchase was \$26.03, which was 28% lower than the overall debit Card Present average purchase of \$36.40.

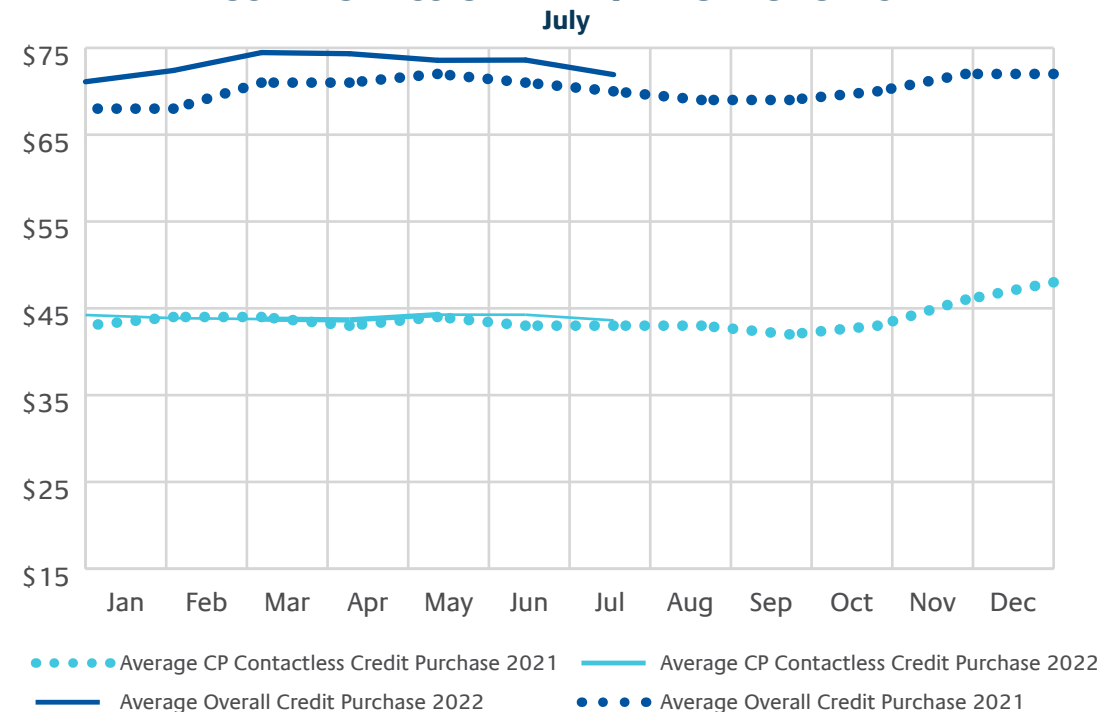
% CONTACTLESS CREDIT ACTIVITY ON CONTACTLESS CARDS



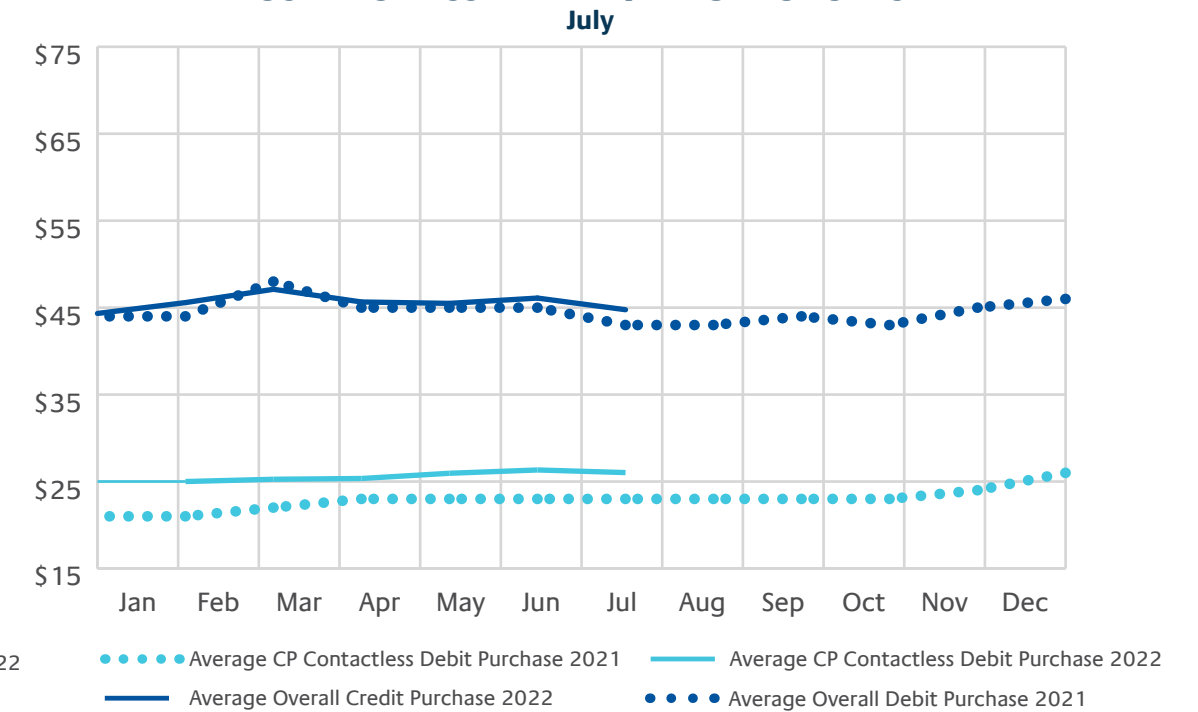
% CONTACTLESS DEBIT ACTIVITY ON CONTACTLESS CARDS



CONTACTLESS CREDIT AVERAGE PURCHASE



CONTACTLESS DEBIT AVERAGE PURCHASE



MOBILE WALLETS

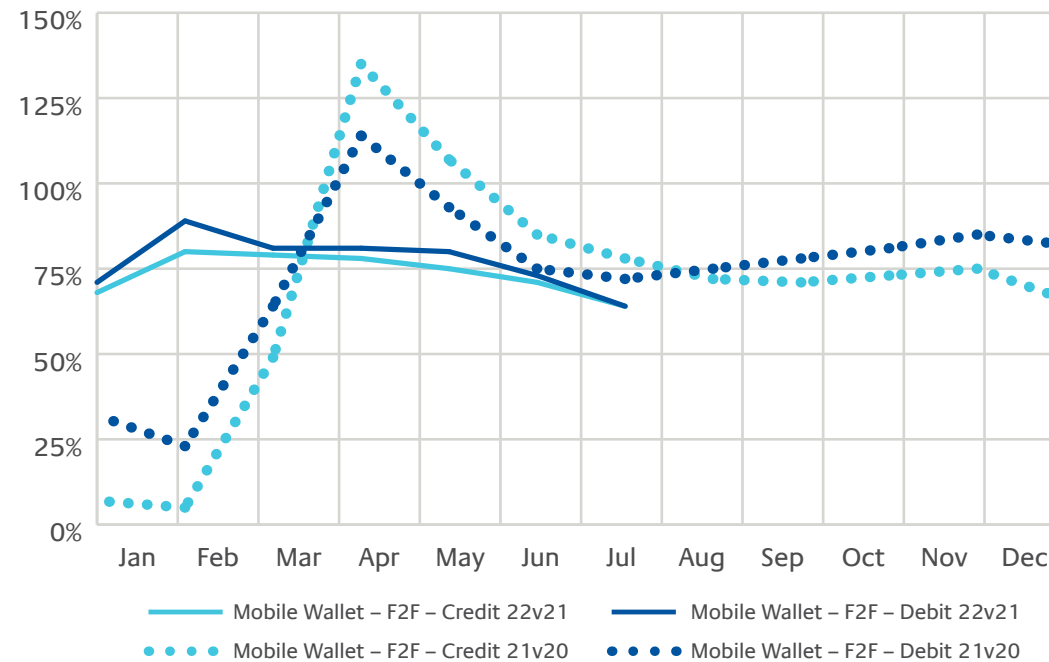
Mobile Wallet usage continued to post strong year-over-year growth through July 2022, with debit outpacing credit growth in each of the last twelve months.

Mobile Wallet credit transaction volume remained strong, finishing up 64% in July 2022 compared to July 2021. Credit purchase performance was also strong, up 60% year over year. The average Mobile Wallet credit purchase decreased by \$0.70, down 2% to \$30.16 year over year.

For Mobile Wallet debit activity, year-over-year growth in transaction volume grew by 64% in July 2022 and debit purchases increased by 74% over the same period. The average Mobile Wallet debit purchase increased by \$0.99, up 6% year over year to \$18.78 in July 2022.

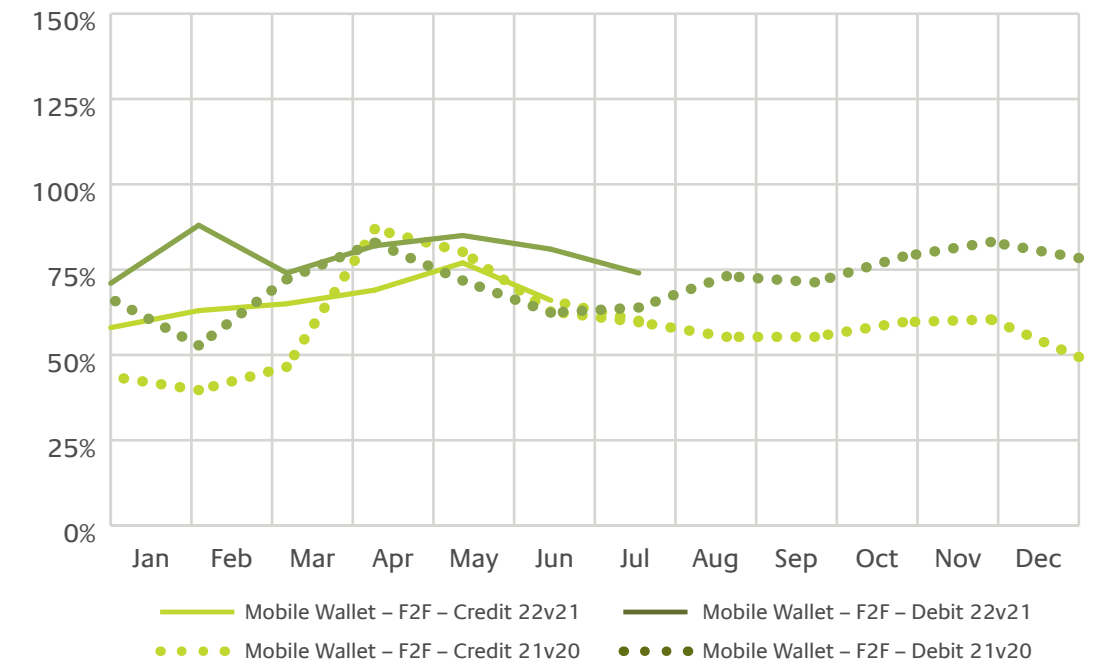
YOY % GROWTH IN MOBILE WALLET TRANSACTIONS

July



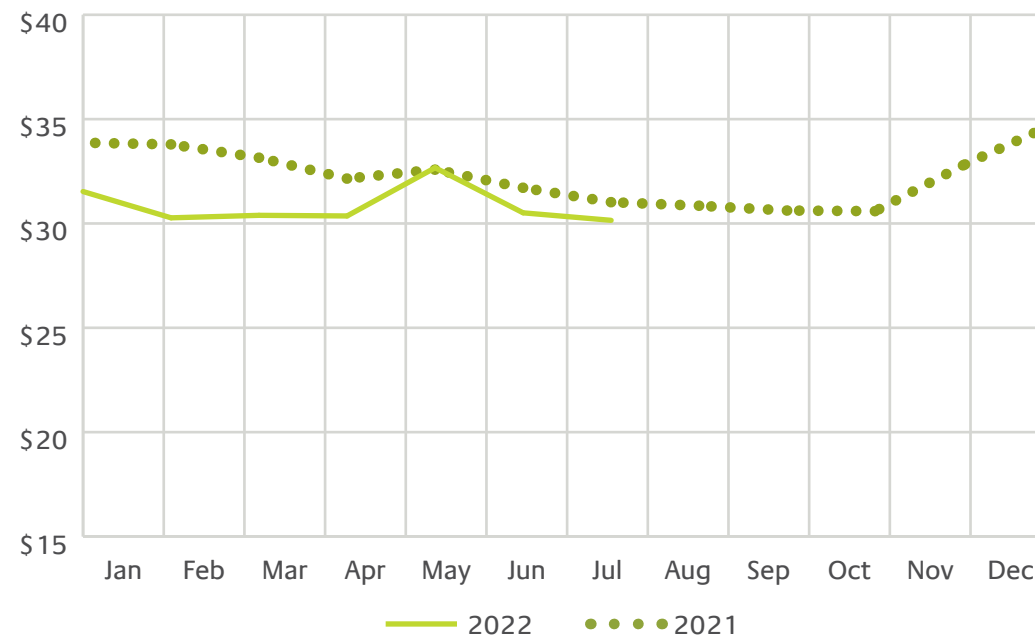
YOY % GROWTH IN MOBILE WALLET PURCHASES

July



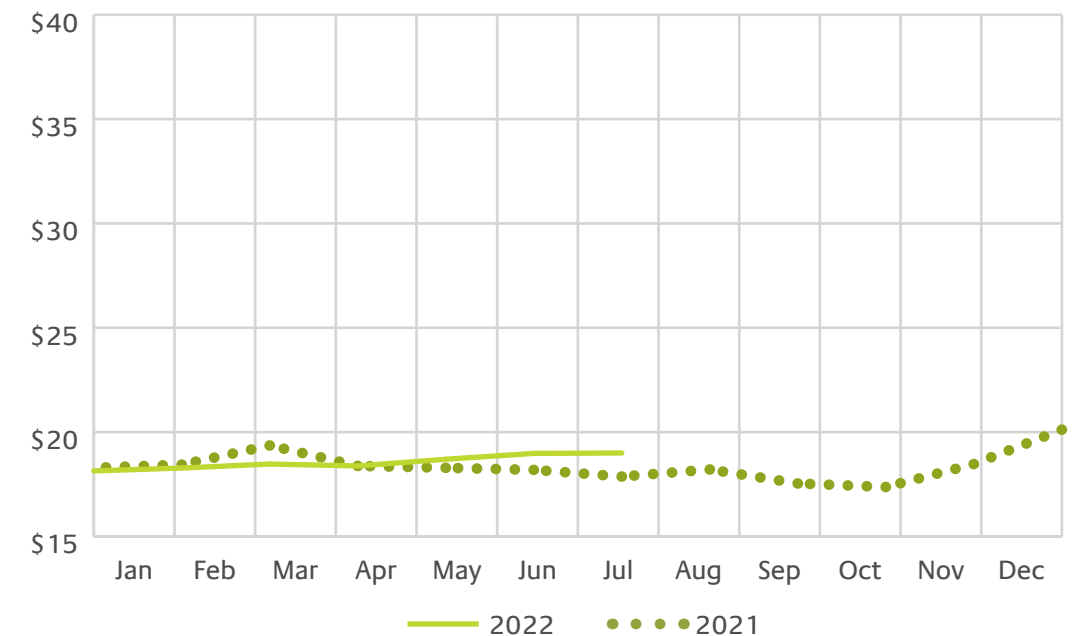
MOBILE WALLET CREDIT AVERAGE PURCHASE

July



MOBILE WALLET DEBIT AVERAGE PURCHASE

July





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 August edition of the Payments Index represents a total of 2.8 billion transactions valued at \$142 billion of credit and debit card activity from August 2021 through July 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 [pscu.com](#).