

THE PSCU PAYMENTS INDEX: FEBRUARY 2022

We are pleased to present the next evolution of the PSCU Payments Index. As consumer preferences and behaviors continue to shift and evolve, the Payments Index will now include a greater emphasis on our monthly Deep Dive, along with greater focus on year-over-year changes and fewer comparisons to pre-pandemic 2019. This month, we present a Deep Dive into Food – the combined Grocery and Restaurant sectors. We hope that the relevant insights from the Payments Index will continue to help our financial institutions make informed, strategic decisions in 2022.

While the Omicron variant certainly affected economic activity in January, the COVID-19 infection rate has been declining in most states as the latest wave appears to have peaked, falling by more than half since mid-January. The [Consumer Confidence Index](#) decreased in January, impacted by challenges from rising prices and the ongoing pandemic, while supply chain disruptions and market shortages are now [expected to continue through 2022](#).

In looking at other macroeconomic indicators, the [Consumer Price Index \(CPI\)](#) increased 0.6% in January, to 7.5% – its highest point since February 1982 – according to data released by the Labor Department on Feb. 10. Sectors leading the increases include used-car prices up 74% from January 2021 and [food prices up 7%](#). Additionally, the Bureau of Labor Statistics (BLS) [reported](#) on Feb. 4 that the unemployment rate slightly increased by 0.1 percentage points to 4.0%. The estimated number of unemployed workers is 6.5 million, up 200,000 for January. These metrics have improved from February 2021 by 2.4 percentage points and 3.7 million workers, respectively.

Despite the continued pandemic-related headwinds, consumer spending remained strong throughout the month of January, with growth in credit purchases accelerating over growth in debit purchases as compared to 2021. Overall credit purchases were up 23% and overall debit purchases were up 5%, with notably solid results in the Travel and Entertainment sectors as consumers continued to resume in-person activities.

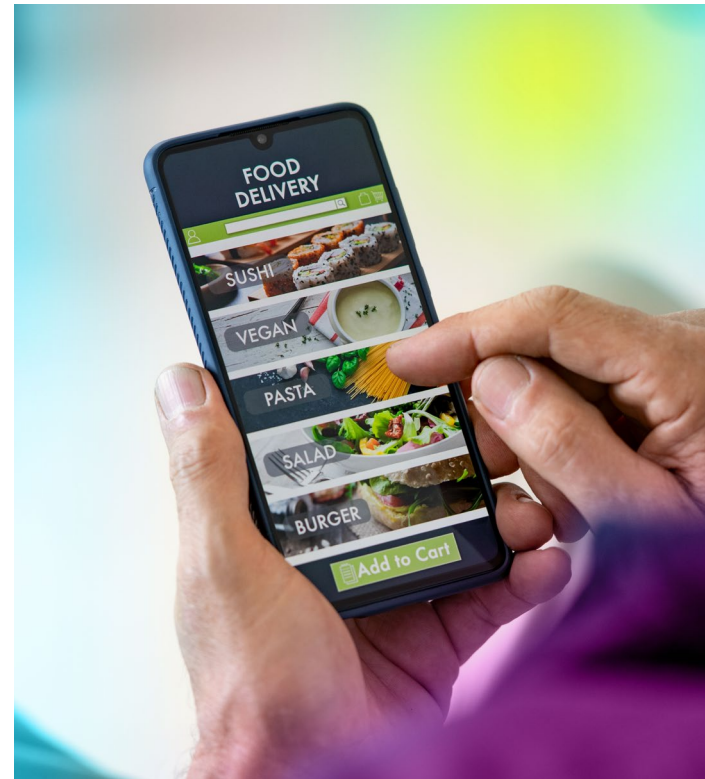
While the growth in debit purchases was single-digit, it is important to note that in January 2021, disbursements for the final government stimulus payments infused additional liquidity into the economy, fueling record debit growth – which dampens this month's year-over-year comparison.

After a continuous increase since September, average credit card balances in January 2022 remained flat year over year. Although still below pre-pandemic levels, we are continuing to see a slight uptick in delinquencies. Following the sunset of forbearance accommodations in the second half of 2021, we continue to monitor the impacts to delinquency rates.

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

DEEP DIVE: FOOD

Throughout the pandemic, the way we purchase food has evolved based on a variety of environmental factors, from food availability to store and restaurant closings. To gain better insight into these trends, we have analyzed the broad category of Food, which comprises the merchant categories containing Grocery stores and Restaurants. In aggregate, Food made up 16% of credit card purchase dollars and 27% of debit in January 2022. Food purchase dollars were up 25% for credit and 2% for debit in January as compared to 2021.



FOOD OVERALL - JANUARY 2022

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2022 v 2021	22%	25%	2%	2%
2021 v 2020	-13%	0%	-2%	13%

Grocery stores made up 59% of the mix in credit purchases for Food and 61% for debit. Growth in Grocery store credit card purchases for January was up 13% compared to January 2021, while growth in Grocery store debit card purchases was down 4% for the same comparison. As mentioned earlier, the impact of strong volume growth for debit in January 2021 appeared to minimize growth this year, though spend for the month in 2022 was as large as in 2021.

FOOD BY PRIMARY MERCHANT CATEGORIES – JANUARY 2022

Jan. 22 v Jan. 21	Credit				Debit			
	Transactions	Purchases	Average Transaction	% Change	Transactions	Purchases	Average Transaction	% Change
Restaurants	28.2%	46.4%	\$27.51	14.2%	3.5%	11.7%	\$20.07	8.0%
Fast Food	19.8%	28.0%	\$13.74	6.9%	-0.3%	4.2%	\$12.10	4.5%
Other Dining	34.3%	49.5%	\$41.09	11.3%	8.2%	14.5%	\$32.93	5.8%
Grocery Stores	14.3%	12.8%	\$53.65	-1.3%	-1.5%	-3.5%	\$51.09	-2.1%
Food	22.1%	25.0%	\$38.22	2.4%	1.6%	2.0%	\$31.65	0.4%

While the average purchase amount for the aggregate Food category was up for the month of January, average purchase size was down for Grocery stores. For January, the average Grocery store credit purchase was down 3.2% and debit was down 1.0%. With rising food prices observed as part of the consumer price index, we will continue to monitor consumer behavior as [economists expect 5-6% of additional increases in 2022](#) as businesses are looking for [newer, more subtle ways to pass along rising costs](#).

Growth in purchases at Restaurants was strong, with Other Dining (which includes full-service dining establishments, fast casual chains and food delivery services, among others) seeing greater growth compared to Fast Food. For January, Restaurant credit purchases were up 46% and debit purchases were up 12% compared to 2021. Fast Food credit purchases were up 28% and debit purchases were up 4%. Other Dining credit purchases were up 50% and debit purchases were up 14%.

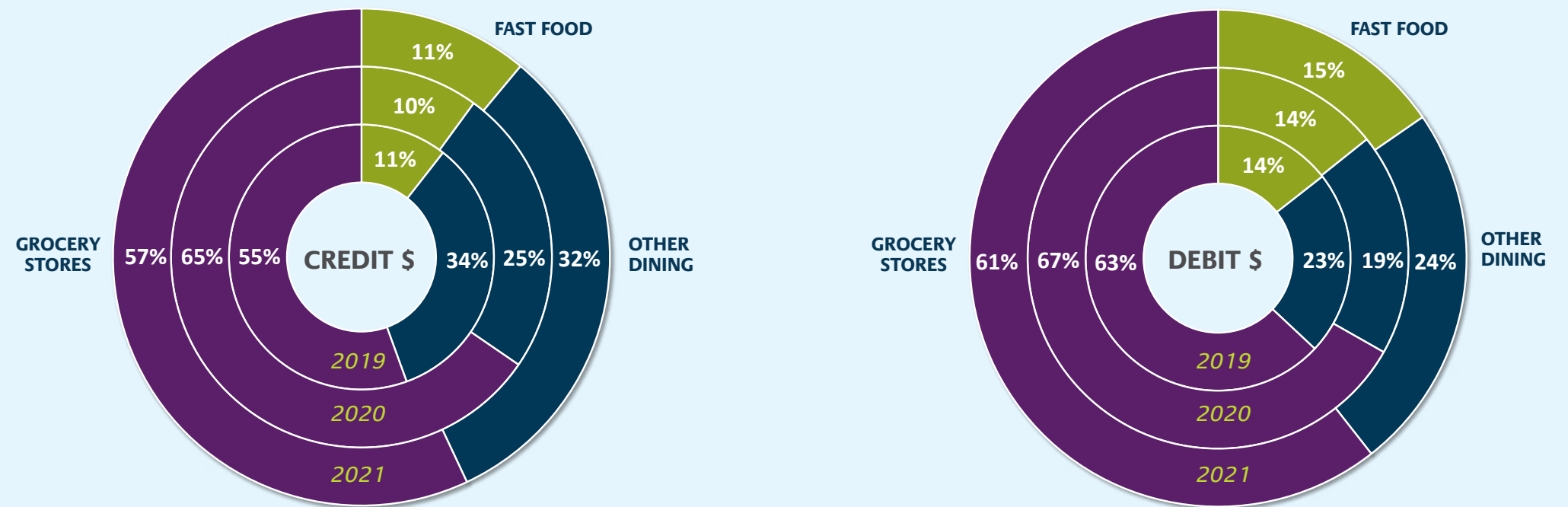


Looking at full-year Food purchases over the past three years, there was double-digit growth in 2021 compared to 2020. Credit annual Food purchases were up 21% and debit annual purchases were up 10%, with Other Dining and Fast Food seeing more growth than Grocery stores as pandemic restrictions were lifted.

During 2020, the percentage mix of Grocery store purchases as a subset of Food grew to 65% for credit and 67% for debit as consumers stayed home and stocked up. For 2021, following the easing of COVID restrictions, Other Dining purchases rebounded substantially and regained share of wallet in Food purchases. As a result, the percentage mix for Grocery stores in 2021 finished at 57% for credit purchases and 61% for debit purchases.

As many consumers are [still stockpiling](#) following shortages over the past two years – a trend that industry analysts now expect to continue as product availability remains a concern and more consumers work from home – Food spending continues to grow, with spending mix essentially back to 2019 levels. While this does signify a return to a certain degree of “normalcy,” consumer behaviors and preferences have changed in the Food space, causing retailers and producers to change their operating models accordingly.

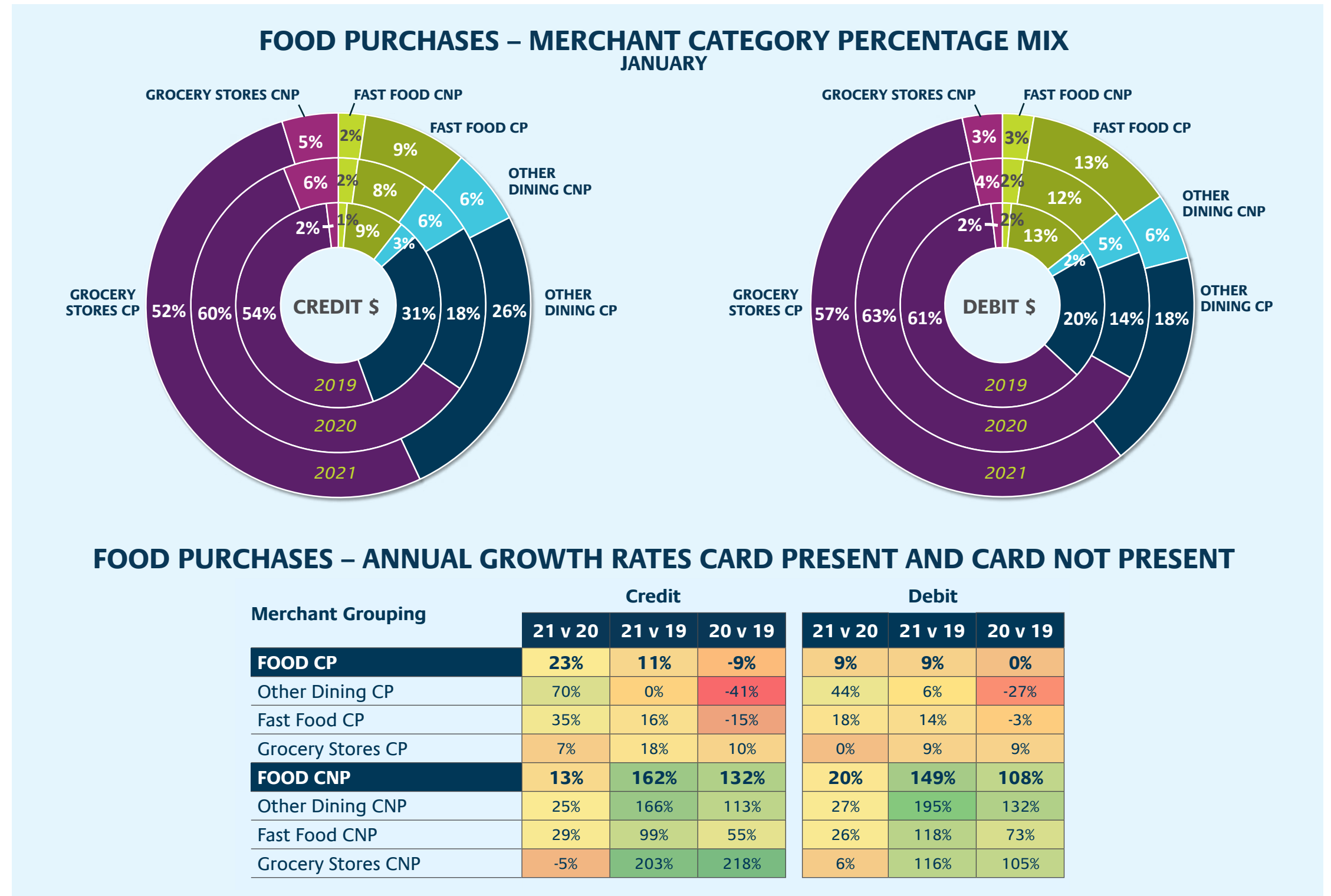
FOOD PURCHASES – MERCHANT CATEGORY PERCENTAGE MIX JANUARY



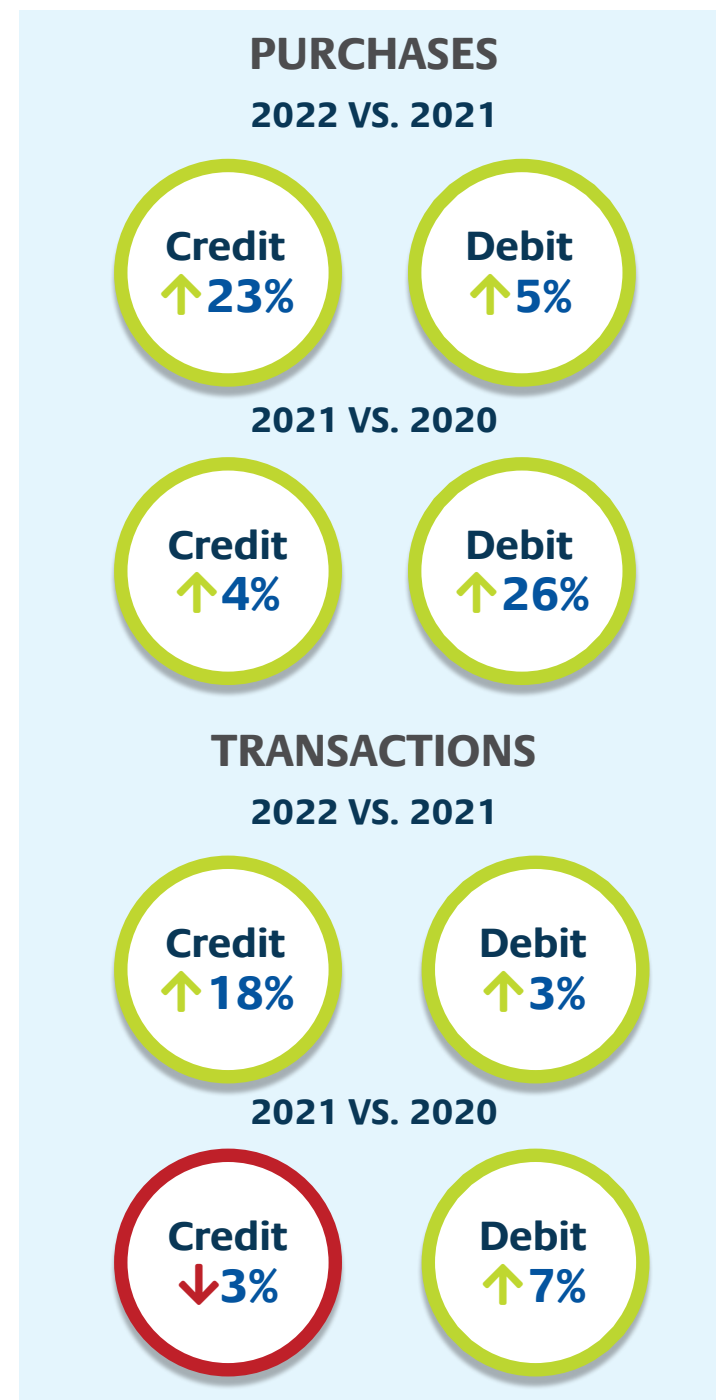
FOOD PURCHASES - ANNUAL GROWTH RATES

Merchant Grouping	Credit			Debit		
	21 v 20	21 v 19	20 v 19	21 v 20	21 v 19	20 v 19
FOOD	21%	21%	-1%	10%	17%	6%
Other Dining	58%	14%	-28%	40%	24%	-11%
Fast Food	34%	27%	-5%	19%	25%	5%
Grocery Stores	6%	24%	17%	0%	12%	12%

From the onset of the pandemic in 2020, there has been an acceleration of growth in Card Not Present (CNP) activity, with merchant categories in the Food sector experiencing notable CNP growth. Grocery stores and Other Dining saw growth in CNP for both credit and debit purchases of over 100% from full-year 2019 to 2020. For the same period, Fast Food CNP growth in purchases was still notable at 55% for credit and 73% for debit. In comparing full-year 2021 to 2020, Other Dining and Fast Food had comparable growth in purchases, with credit up 25% and 29%, respectively, and debit up 27% and 26%. Grocery stores had 6% growth in debit card purchases while credit CNP purchases declined by 5%.



OVERALL PERFORMANCE – JANUARY 2022



KEY TAKEAWAYS

- Consumer spending was again very strong for both credit and debit purchases in January, with growth in credit continuing to outpace debit. Consumers eager to return to pre-pandemic habits posted strong spending growth in the Travel and Entertainment sectors. Year-over-year growth in debit purchases was softened by the record debit growth at this time last year, fueled by federal government stimulus disbursements in Dec. 2020 and Jan. 2021.
- The average credit card balance for January 2022 was \$2,736 – marking the first time since the start of 2019 that the year-over-year average credit card balance has not dropped.
- Growth in CNP purchases within the Food sectors, this month’s Deep Dive topic, has accelerated compared to pre-pandemic annual results, with added growth when comparing 2021 to 2020 in the Restaurant categories. Consumer acceptance of online food purchases and in-person pickup or delivery has become more mainstream.
- The CPI-U for January increased to 7.5%, the highest point since February 1982. The pace of increase for January was the same as December’s increase of 0.6%. Food prices rose 7% with Restaurants, Fast Food and grocery stores all contributing to the increases. Interest rate hikes are expected to begin in March.
- Stronger-than-expected job growth was recorded for January, while the unemployment rate stayed relatively flat from December at 4%.



Entering 2022, the evolving path of the pandemic remains evident. While consumer confidence dipped in January for the first time since before the holiday

shopping season, consumer spending remains very strong. Credit card purchases outpaced debit once again, with the Travel and Entertainment sectors reporting the highest overall growth in consumer spend. As we look at Food purchases in this month’s Deep Dive, the total spend has grown – in part due to rising prices and continued bulk buying – but the spend mix continues to shift, falling back to more of a pre-pandemic pattern.

— Norm Patrick, Vice President,
Advisors Plus Consulting at PSCU

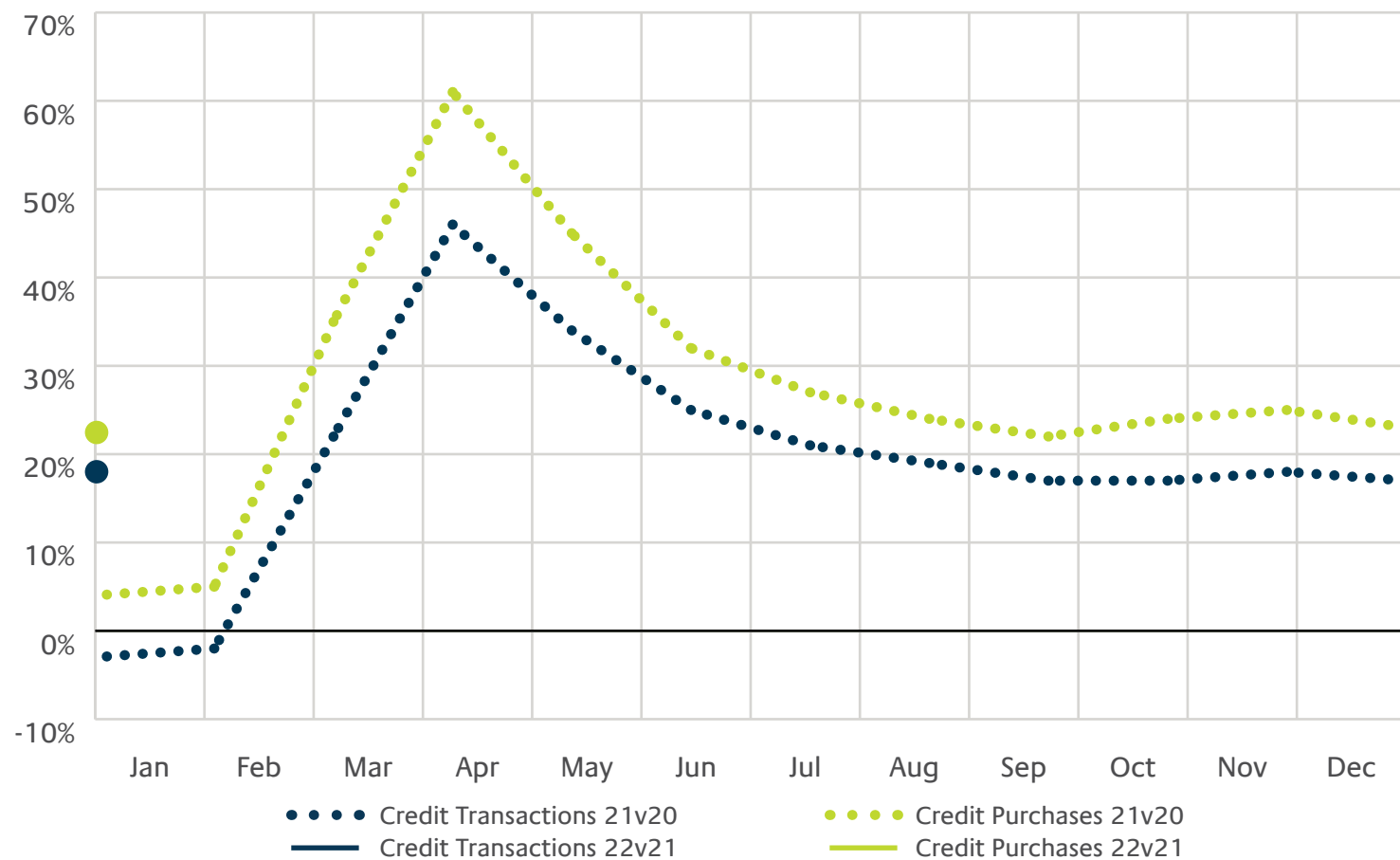
CREDIT AND DEBIT CARDS

Overall consumer spending growth has remained strong in both credit and debit card purchases. In January 2022, credit purchases were up 23% and debit purchases were up 5% compared to January 2021.

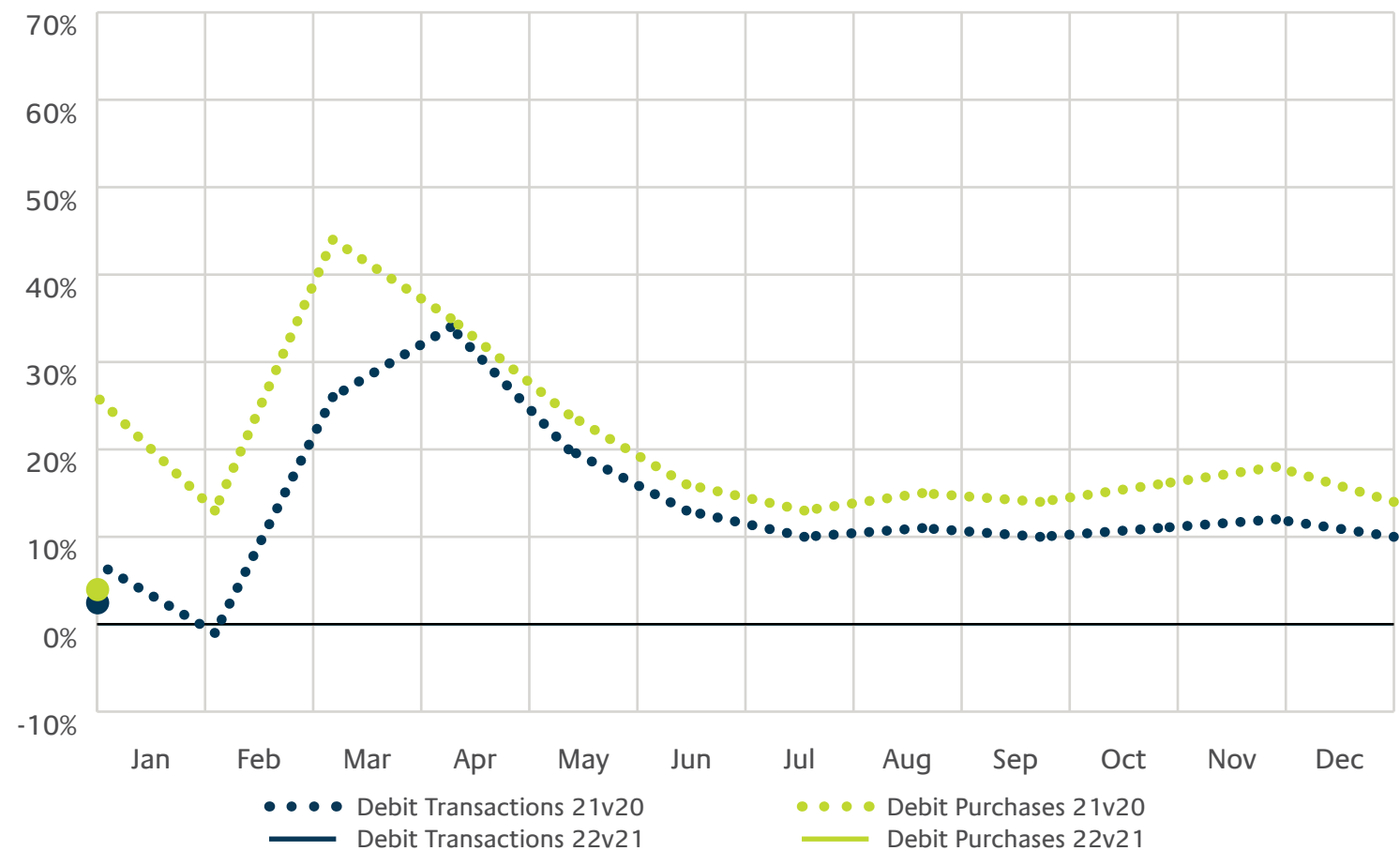
While we would expect to see greater growth in debit card purchases given the impact of inflation, the second round of the government stimulus payments were disbursed in the December 2020 to January 2021 timeframe, which makes it difficult to realize year-over-year growth for the initial 2022 monthly comparisons.

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2022 v 2021	18%	23%	3%	5%
2021 v 2020	-3%	4%	7%	26%

CREDIT ACTIVITY
January



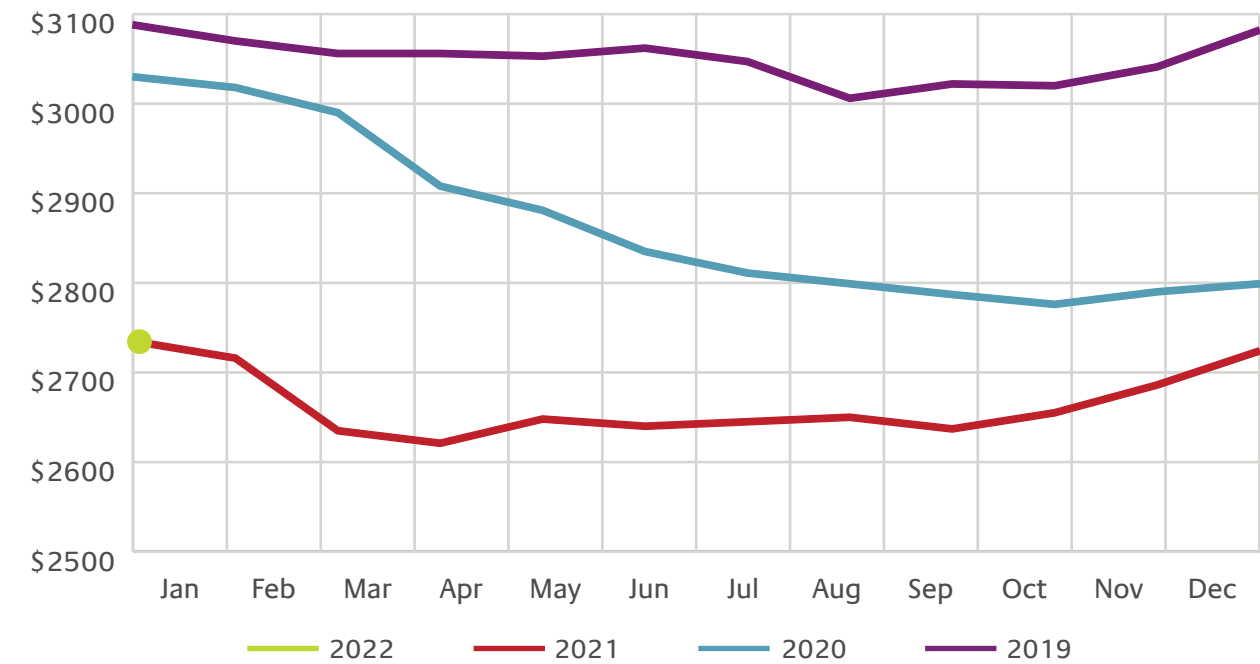
DEBIT ACTIVITY
January



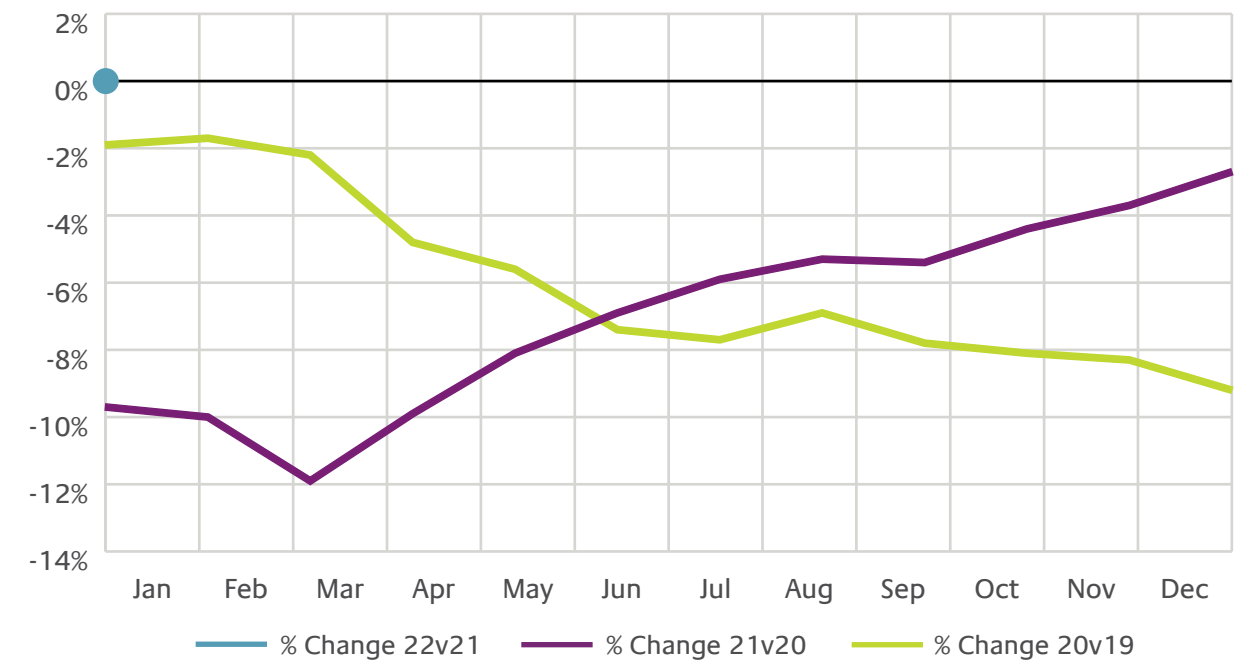
CREDIT CARD ACCOUNT BALANCES

Average credit card account balances (for our same-store population) finished January 2022 at \$2,736, the same as January 2021. This marks the first time that the year-over-year average credit card balance has not fallen since the start of 2019. Compared to January 2020, average credit card account balances were down 9.7%, or \$294.

AVERAGE CREDIT CARD BALANCES PER GROSS ACTIVE ACCOUNT
January

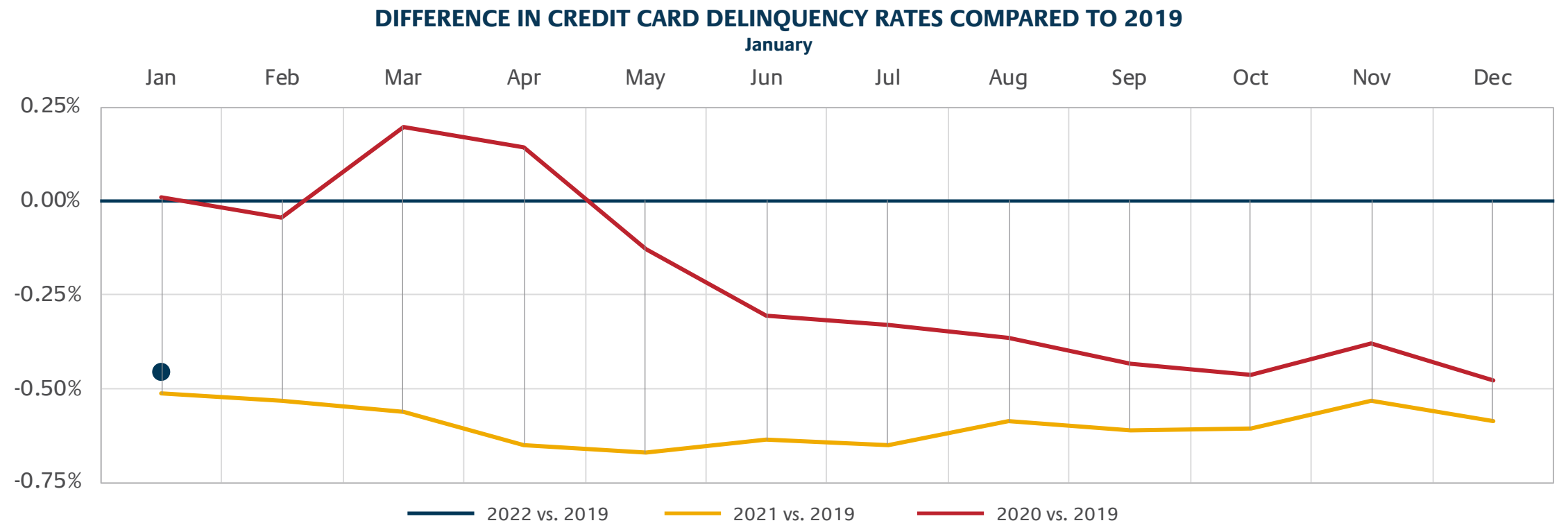
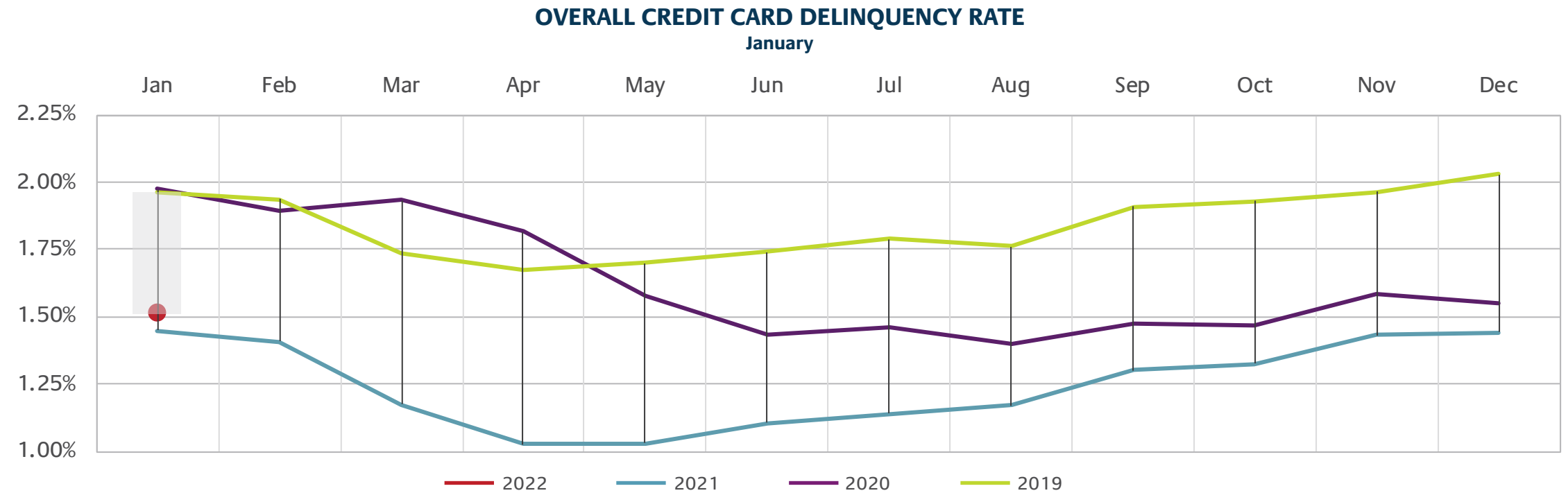


PERCENTAGE CHANGE IN AVERAGE CREDIT CARD BALANCES
January



CREDIT CARD DELINQUENCIES

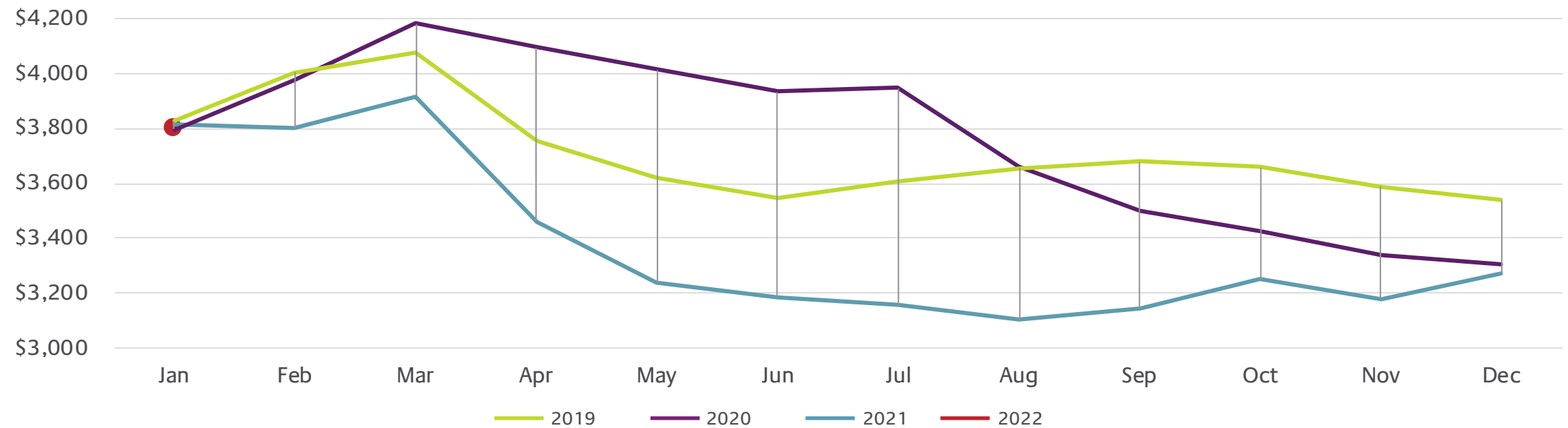
Compared to 2019, January 2022 delinquency rates finished better by 45 basis points. This was the first time the difference in the monthly delinquency rate compared to 2019 has been under one half of a percentage point since December 2020. With the sunset of COVID-era forbearance accommodations, we will continue to monitor the gap to pre-pandemic monthly delinquency rates since this measure has been positively impacted through increased consumer liquidity.



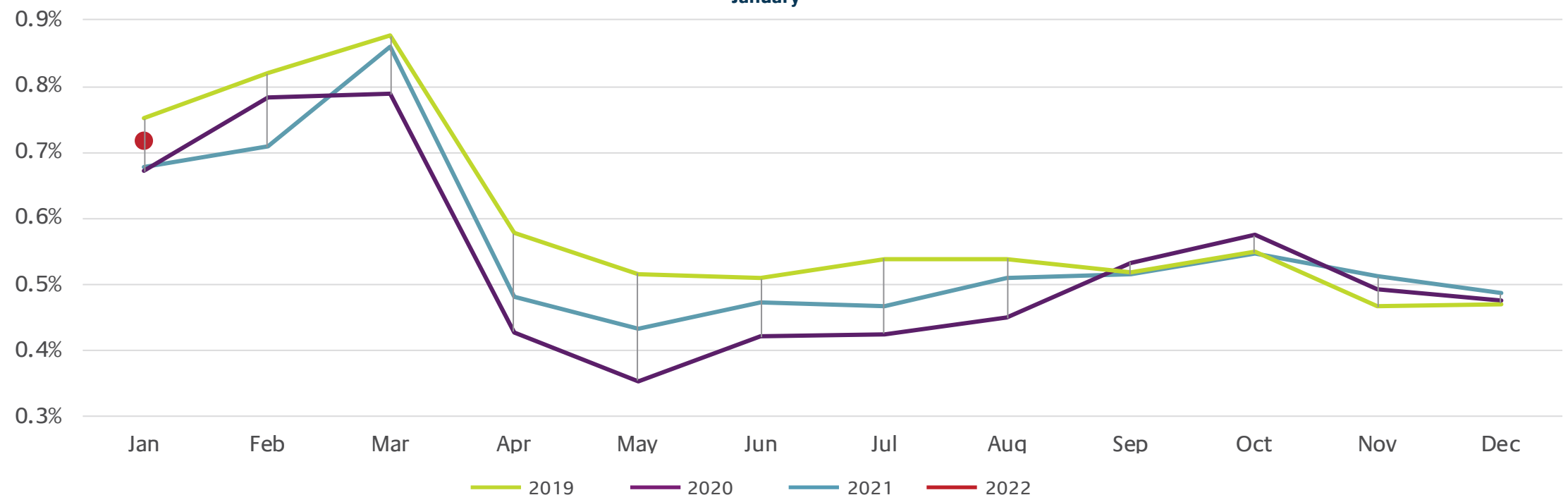
BALANCE TRANSFERS

As another sign of consumers returning to credit card usage, the rate of balance transfer transactions as a percent of total active accounts for January was 0.72% of total active credit card accounts. This rate was higher than the January results for both 2021 and 2020, and is just three basis points from the January 2019 metric. The average balance transfer in January has been consistent for the past four years, finishing January 2022 at \$3,804. The seasonal peak for balance transfer usage is the first quarter of each year, with March typically the annual peak in both usage and average amounts.

AVERAGE BALANCE TRANSFER
January



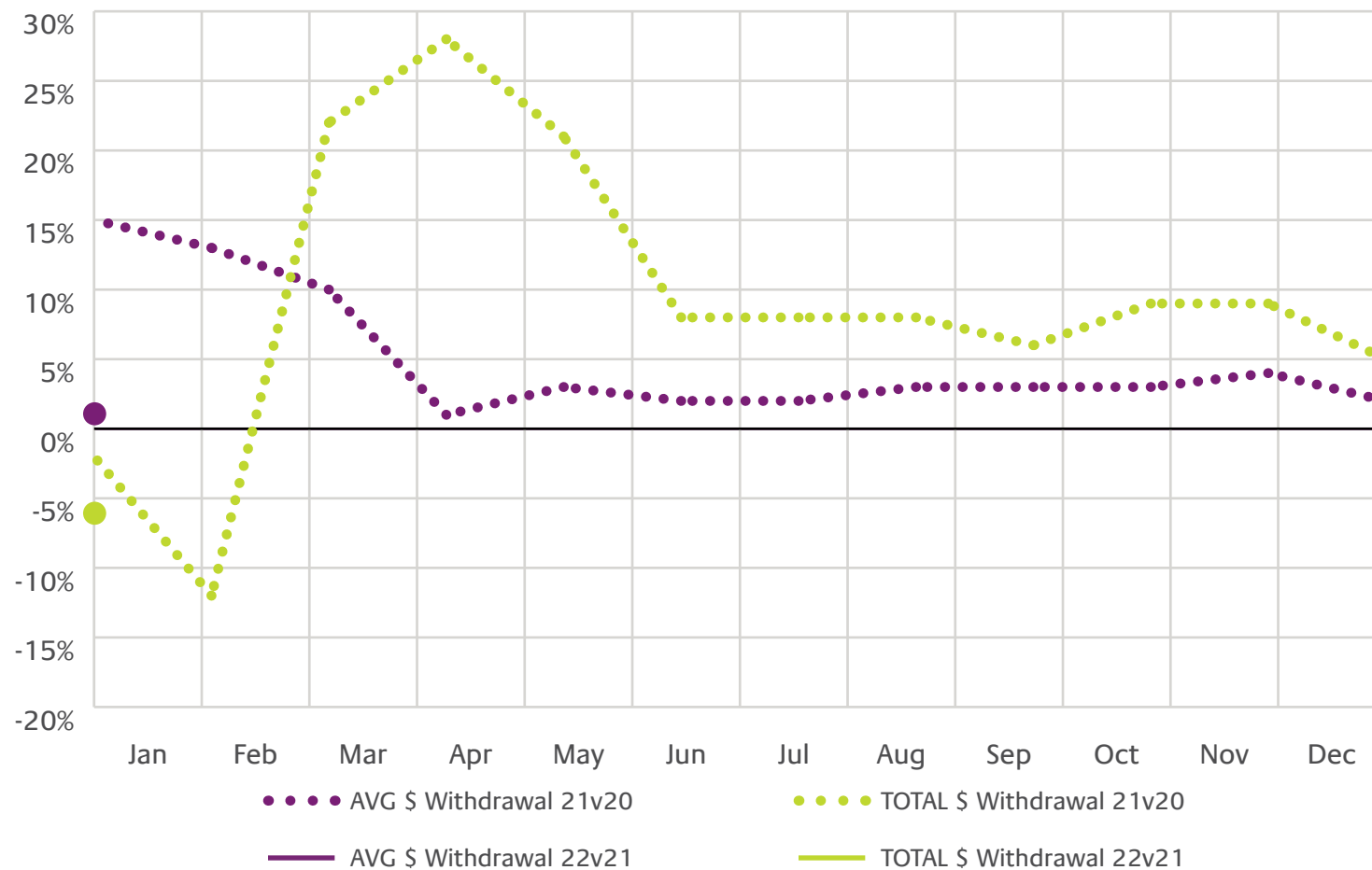
BALANCE TRANSFER USAGE AS % OF TOTAL ACTIVE ACCOUNTS
January



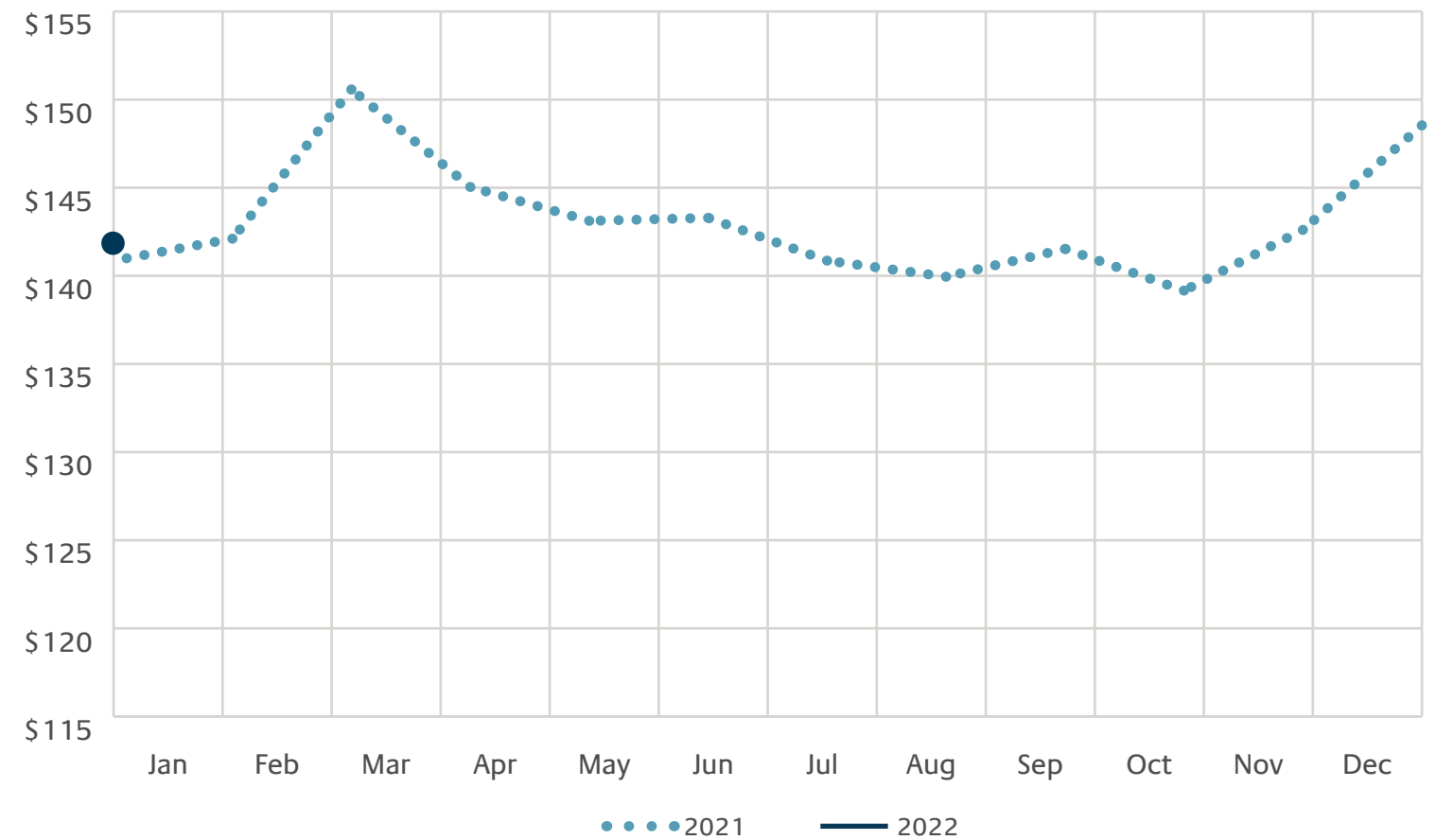
ATM

ATM transaction volume growth remains low and we continue to see an increase in the average amount withdrawn per transaction. For January 2022, total cash withdrawn was below January 2021 levels by 5%. The average monthly cash withdrawn was close to January 2021 levels, finishing up 1% at \$142.

ATM MONTHLY WITHDRAWALS
January



AVERAGE ATM WITHDRAWAL
January



SECTORS/MERCHANT CATEGORIES

For credit purchases in January, all sectors reported positive growth above 2021 levels. The Goods (12%) and Groceries (13%) sectors saw strong growth, while the Travel (106%) and Entertainment (99%) sectors reported the highest growth numbers.

For debit purchases, every sector had positive year-over-year growth in January except the Goods and Groceries sectors, both down 4%. Here again, the Travel (33%) and Entertainment (60%) sectors reported the highest growth numbers.



DRUG STORES

January

	Credit	Debit
2022 v 2021	20%	8%
2021 v 2020	1%	5%



ENTERTAINMENT

January

	Credit	Debit
2022 v 2021	99%	60%
2021 v 2020	-48%	-16%



GASOLINE

January

	Credit	Debit
2022 v 2021	55%	25%
2021 v 2020	-14%	1%



GOODS

January

	Credit	Debit
2022 v 2021	12%	-4%
2021 v 2020	26%	49%



GROCERIES

January

	Credit	Debit
2022 v 2021	13%	-4%
2021 v 2020	15%	15%



RESTAURANTS

January

	Credit	Debit
2022 v 2021	46%	12%
2021 v 2020	-18%	10%



SERVICES

January

	Credit	Debit
2022 v 2021	17%	6%
2021 v 2020	8%	26%



TRAVEL

January

	Credit	Debit
2022 v 2021	106%	33%
2021 v 2020	-55%	-17%



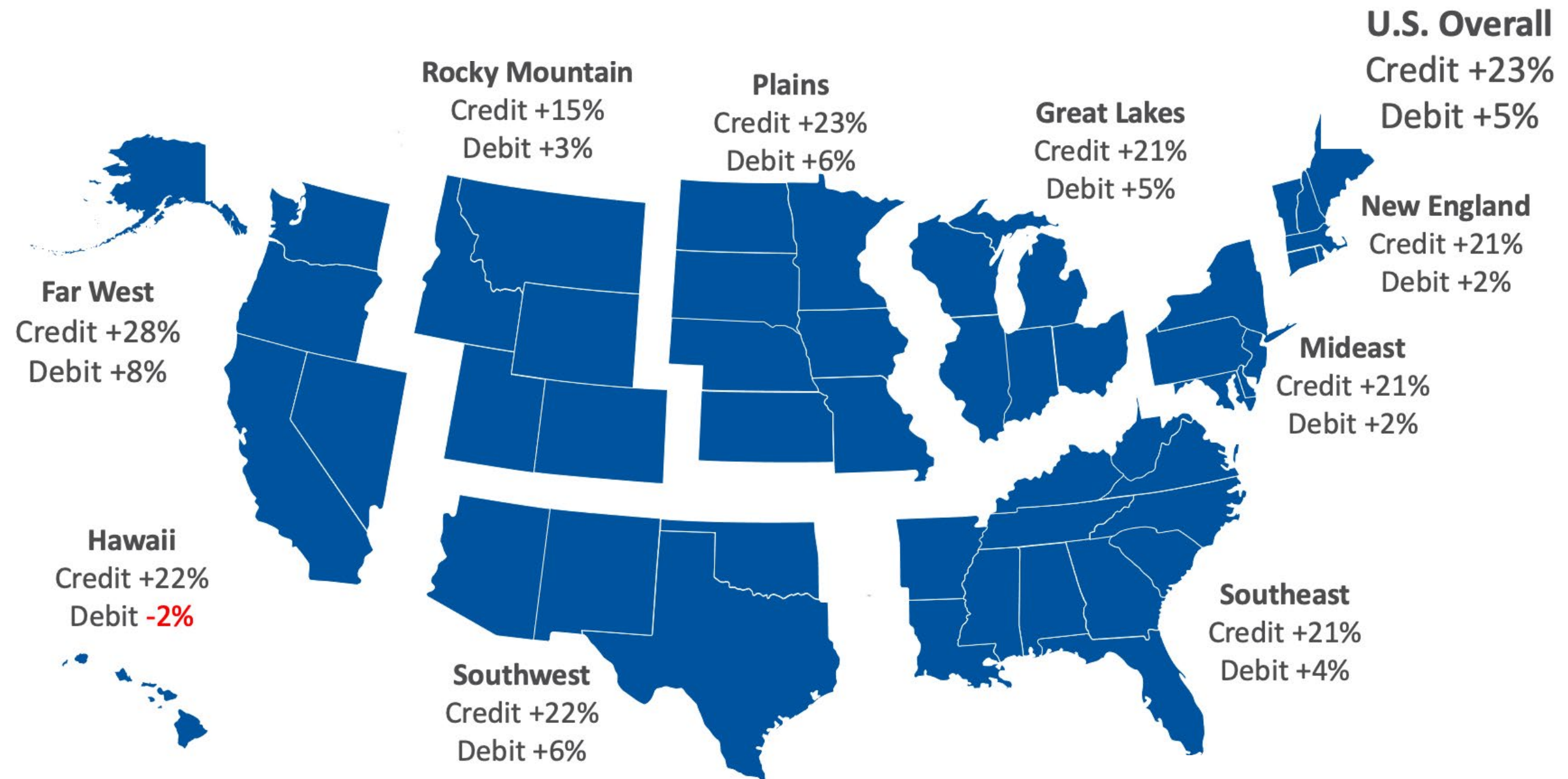
UTILITIES

January

	Credit	Debit
2022 v 2021	16%	2%
2021 v 2020	14%	28%

REGIONAL STATE LEVEL PURCHASE DOLLARS JANUARY

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





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 February edition of the Payments Index represents a total of 2.5 billion transactions valued at \$127 billion of credit and debit card activity from February 2021 through January 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](#).