

## THE PSCU PAYMENTS INDEX: JUNE 2022

Welcome to the June edition of the PSCU Payments Index. This month's report finds continued strong consumer purchasing activity amidst ongoing inflationary pressures, while our Deep Dive highlights consumer payment trends during the rapid rise of inflation.

In the Labor Department's June 10 update, the [Consumer Price Index \(CPI\)](#) increased 1.0% during the month of May, bringing the 12-month rate of inflation to 8.6% – the highest level in more than 40 years. Top growth sectors included Shelter, Gasoline and Food. The Bureau of Labor Statistics (BLS) [reported](#) the May 2022 unemployment rate was again unchanged from the prior two months at 3.6% as more than 400,000 jobs have been added to the economy for each of the past 12 months. While this continued combination of strong job growth and low unemployment will likely fuel further consumer spending, inflationary pressures are [driving lower real average hourly earnings](#) and are influencing consumer card preference (credit versus debit), as well as sector activity. In our May results, credit card purchases were up 15% over 2021, while debit card purchases were up 6%.

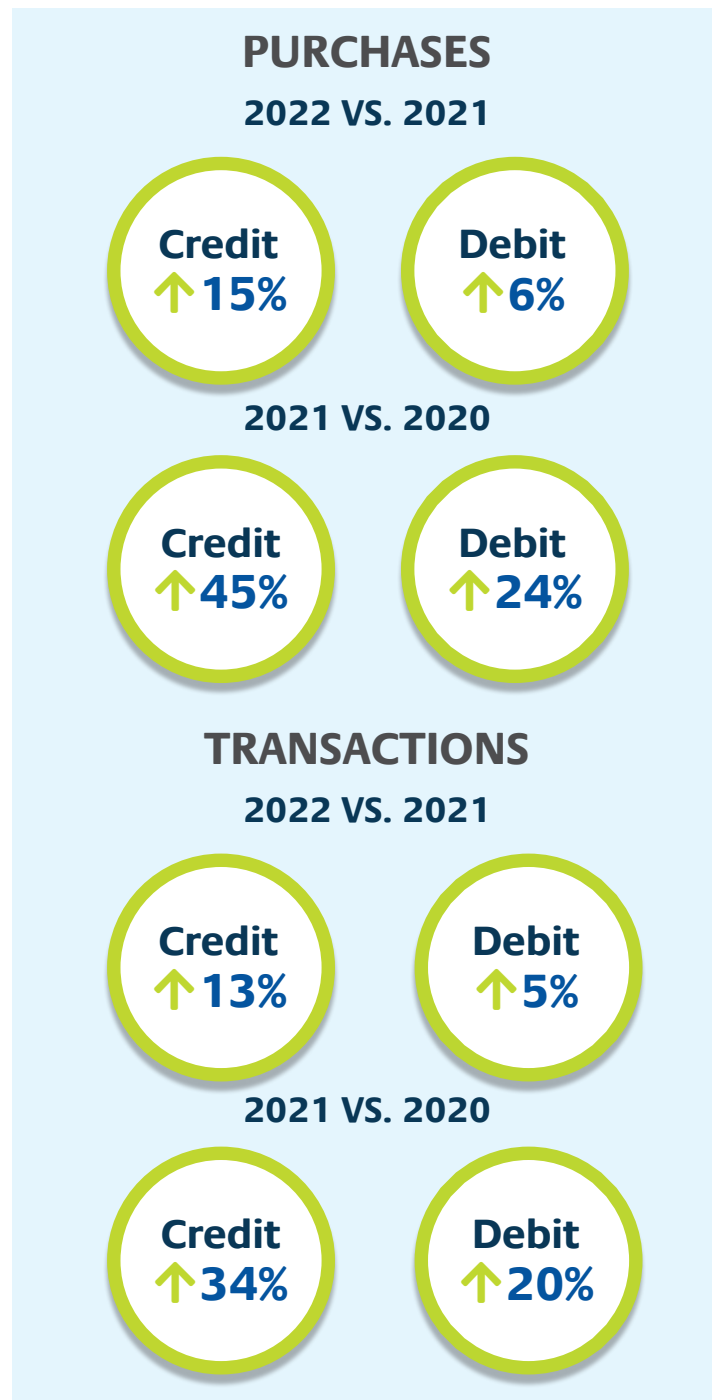
Gasoline prices continue to rise, with the national average reaching \$5 per gallon in mid-June. [Influencing high petroleum costs](#) are the ongoing war in Ukraine, now in its fourth month, as well as the easing of COVID lockdown restrictions in China. With the return of increased worldwide demand, domestic U.S. gas prices are expected to remain elevated well into 2023.

The [Consumer Confidence Index](#) decreased slightly in May after a modest increase in April. Purchasing intentions on bigger-ticket goods have cooled as interest rates have started to rise, with a greater focus on spending on services. On June 15, the Federal Reserve raised interest rates by three-quarters of a percentage point, its most aggressive increase as it fights to curb skyrocketing inflation. The Fed expects inflation to remain high in 2022, adversely impacting job growth and increasing unemployment, before hopefully returning to much lower levels in 2023.

This month, we take a deeper look into contributing factors of spending growth over the past 17 months, in which the rate of inflation has risen from 1.4% to 8.6%. We hope the relevant 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 – MAY 2022



### KEY TAKEAWAYS

- The Consumer Price Index (CPI-U) increased on an annual basis to 8.6% in May, which was a 1.0% increase from April – and the highest level of inflation since 1981. The Fed increased interest rates by 75 basis points on June 15, its largest rate hike since 1994.
- Consumer spending on cards continues to be strong, with credit purchases up 15% and debit purchases up 6% year over year. Gasoline posted top growth rates for all sectors in both credit and debit purchases in May and will continue to grow in June as the U.S. average price has surpassed \$5 per gallon. Travel and Entertainment were second and third, respectively, for both credit and debit purchases in May.
- Consumer data indexed to January 2021 (when inflation was 1.4%) highlights the trend of greater growth in credit purchases (over debit) beginning in May 2021 and continuing through May 2022. Influenced by multiple criteria including pent-up demand in Travel and Entertainment, countered by cooling of purchases in the Goods sector, strong activity at Restaurants and high inflation fueled by the energy sector, the trend is expected to continue – and even widen – with waning consumer liquidity.
- The average credit card balance for May 2022 was \$2,724, up 2.9% (or \$76) year over year. May marked the third consecutive month in which year-over-year growth was over 2%. The credit card delinquency rate for May was 1.43%, 27 basis points lower than pre-pandemic May 2019 levels.



Overall consumer spending growth remained strong throughout May 2022, with the Gasoline sector experiencing the top growth rates in both credit and debit as

fuel prices remain elevated. The Consumer Price Index increased this month as we continue to face the highest level of inflation in more than 40 years. While the Federal Reserve announced another rate increase this week, a pause in the series of aggressive rate hikes is unlikely until inflation returns to an acceptable level. In this month's Deep Dive, we explore the evolution of consumer behavior and spending growth as inflation has steadily surged over the past 17 months.

— Brian Caldarelli, EVP and Chief Financial Officer at PSCU

## DEEP DIVE: INFLATION AND OTHER CONTRIBUTING FACTORS TO SPENDING GROWTH

As we continue to report on strong month-over-month consumer spending in the payments landscape, the economic environment and consumer spending behavior continue to evolve as inflation continues to rise. This month, we take a different approach and index credit and debit payment results back to a common point where the value for the initial period is 100 – in this case, January 2021, a point 17 months ago when the inflation rate was 1.4%. By indexing to January 2021, we can better illustrate the near-term consumer behavior trends without being clouded by the year-over-year impacts of the third Economic Impact Payment (EIP3) from the spring of 2021. Each month over this period has been normalized to standardize the size of each period.

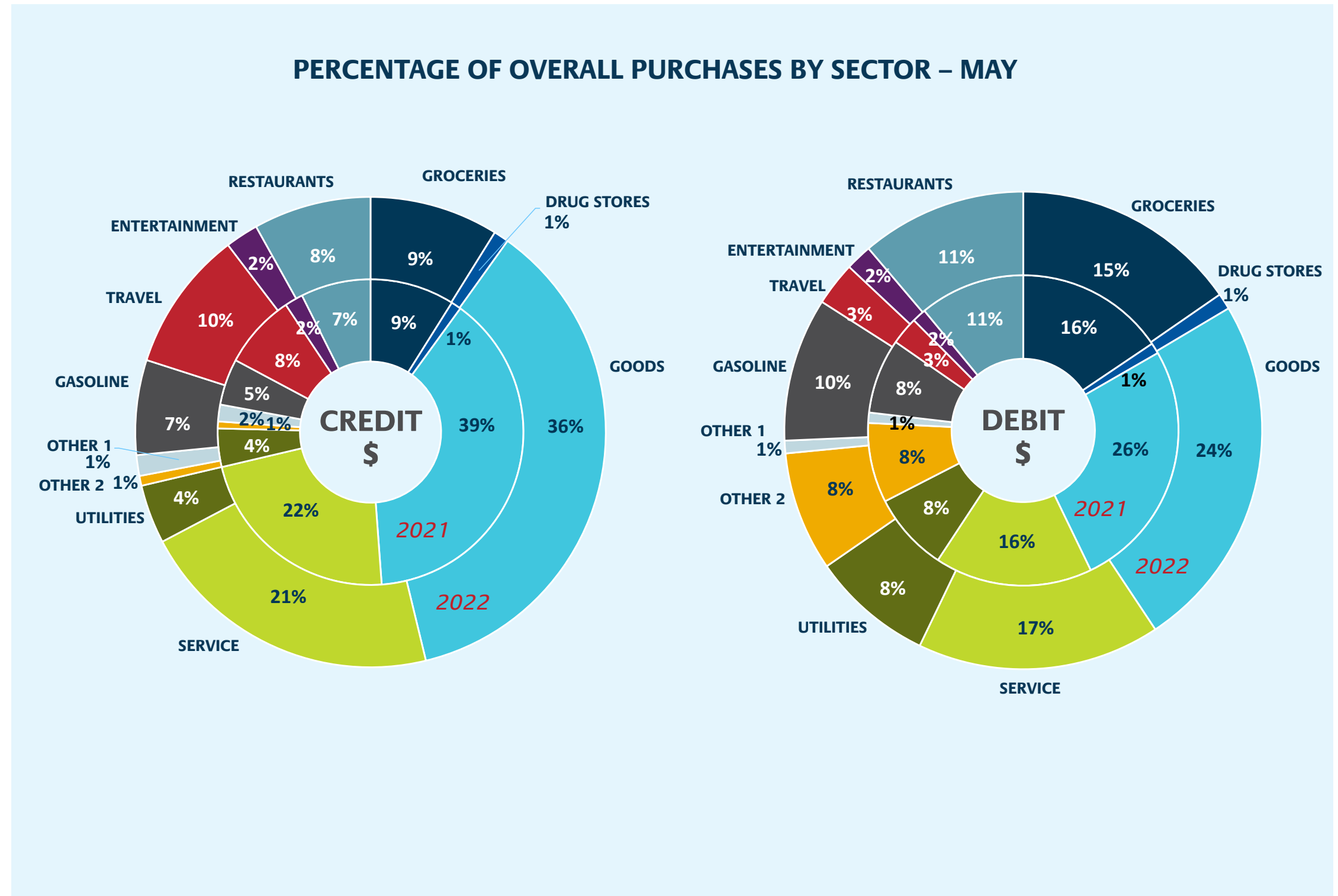
As we have continued to report, consumer purchasing remains strong for both credit and debit activity. The monthly indexed values continue to be greater than 100, higher than our starting point for January

2021 results. For May 2022, the index for credit purchases was 150 and credit transactions was 140 – 50% and 40% higher than the initial indexed points, respectively. For debit cards, the index for purchases was 124 and transactions was 118. In looking at the differences between the two indexed values of purchases and transactions (see table), it becomes easier to see shifting trends as the monthly difference between the indexed purchases and indexed transactions are isolated. Specifically, the difference of those indexed values in May 2022 for credit was 10 (150-140) and for debit was 6 (124-118). As a positive number, purchases are growing at a faster rate than transactions, while the indexed rate of purchases is outpacing the indexed rate of transactions. This translates to increases in the average amount of purchases. While the rate of growth in transactions is strong, the rate of growth in purchases has been stronger, with the exception of debit in the period from July to October 2021.

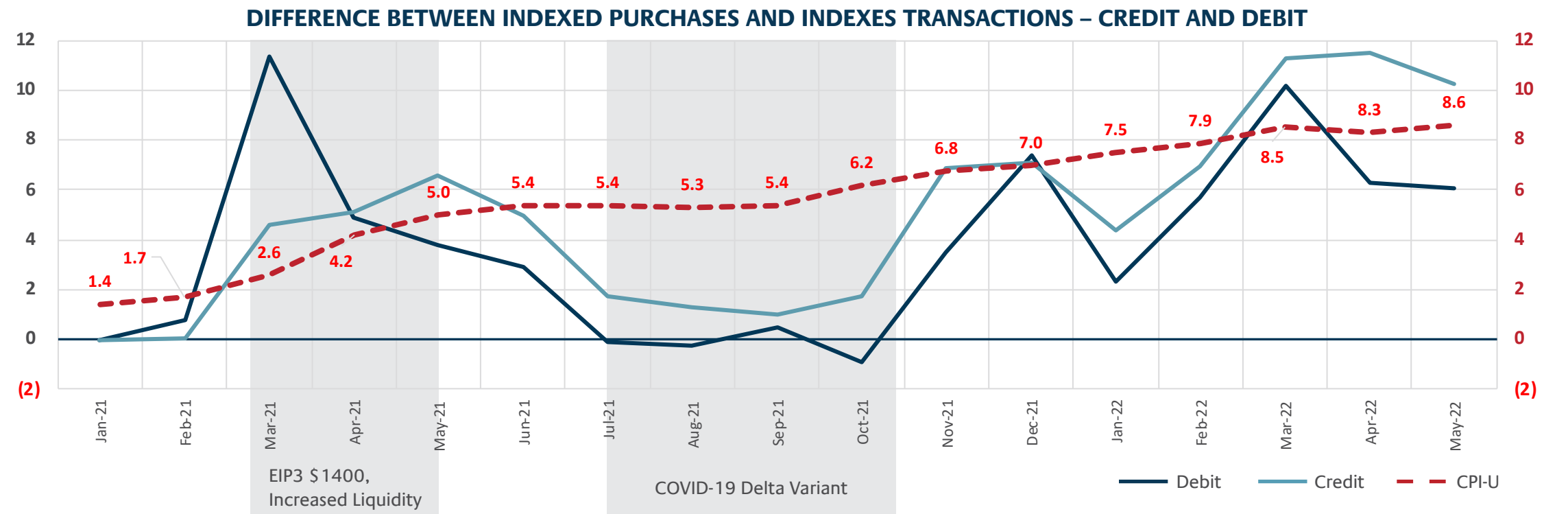
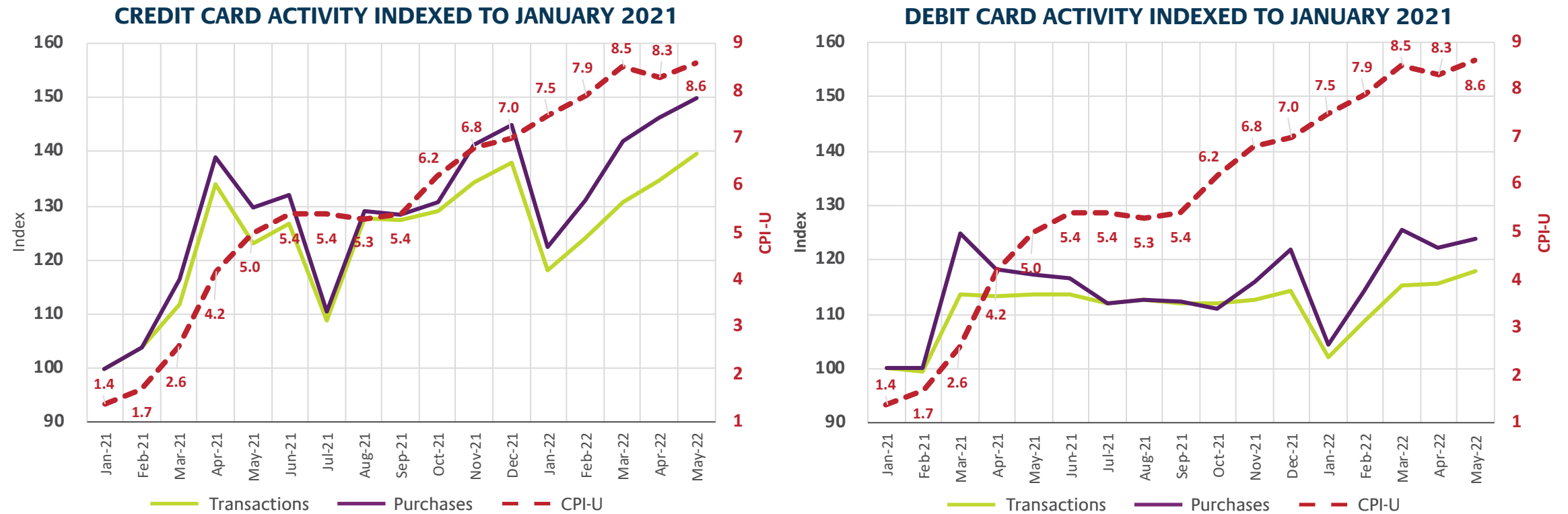
## INDEXED CREDIT & DEBIT ACTIVITY FOR MAY 2022 (COMPARED TO JANUARY 2021)

Sector	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
Drug Stores	119	112	111	110
Entertainment	234	271	185	207
Gasoline	160	250	127	179
Goods	130	138	109	120
Groceries	127	130	120	109
Restaurants	127	209	112	139
Service	169	131	123	120
Travel	123	322	111	189
Utilities	233	118	149	105
<b>Overall</b>	<b>140</b>	<b>150</b>	<b>118</b>	<b>124</b>

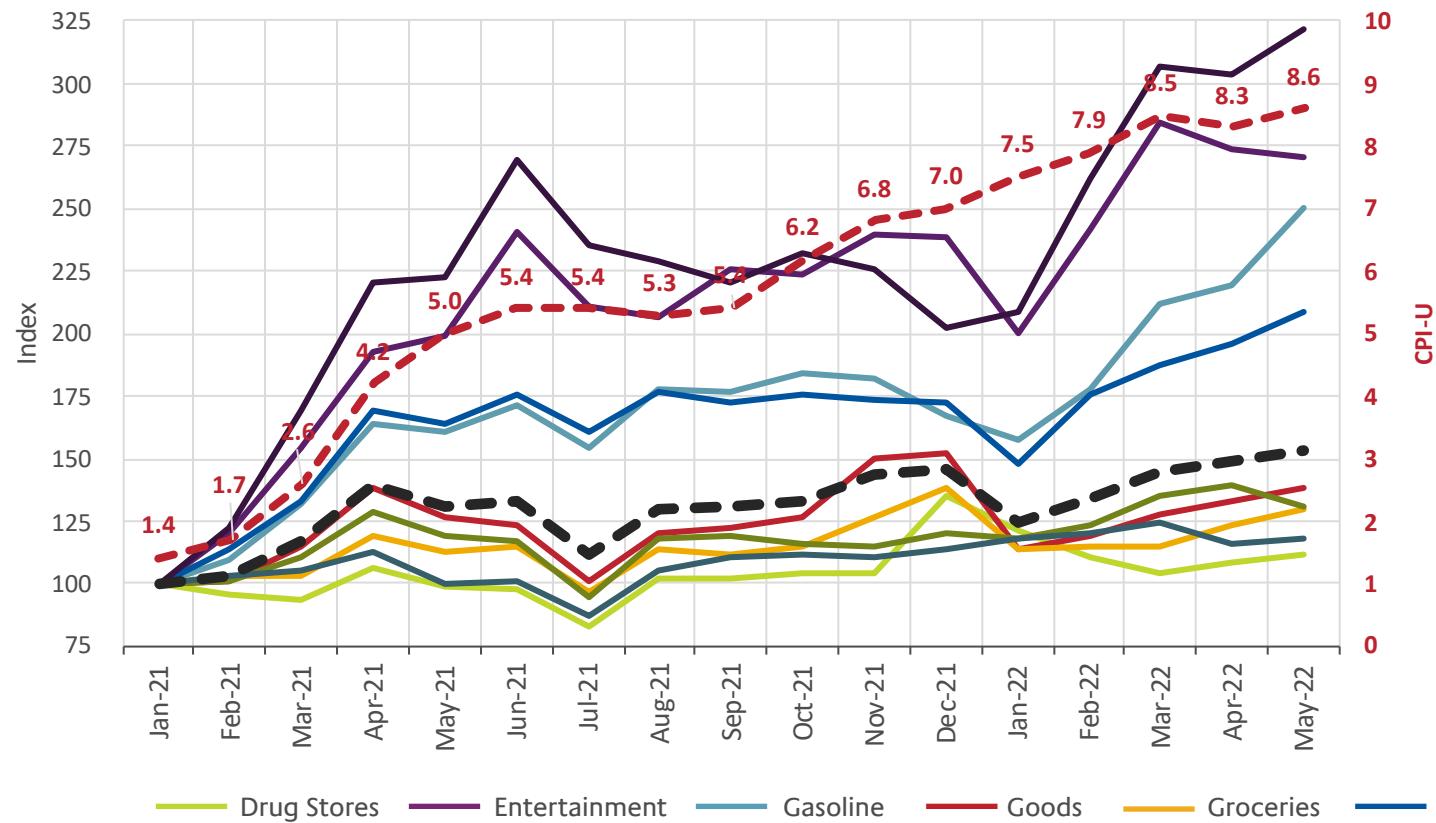
The comparisons of the indexed sector activity masks the relative weight to overall spending. We have included the May pie charts of credit and debit purchases for year-over-year breakouts.



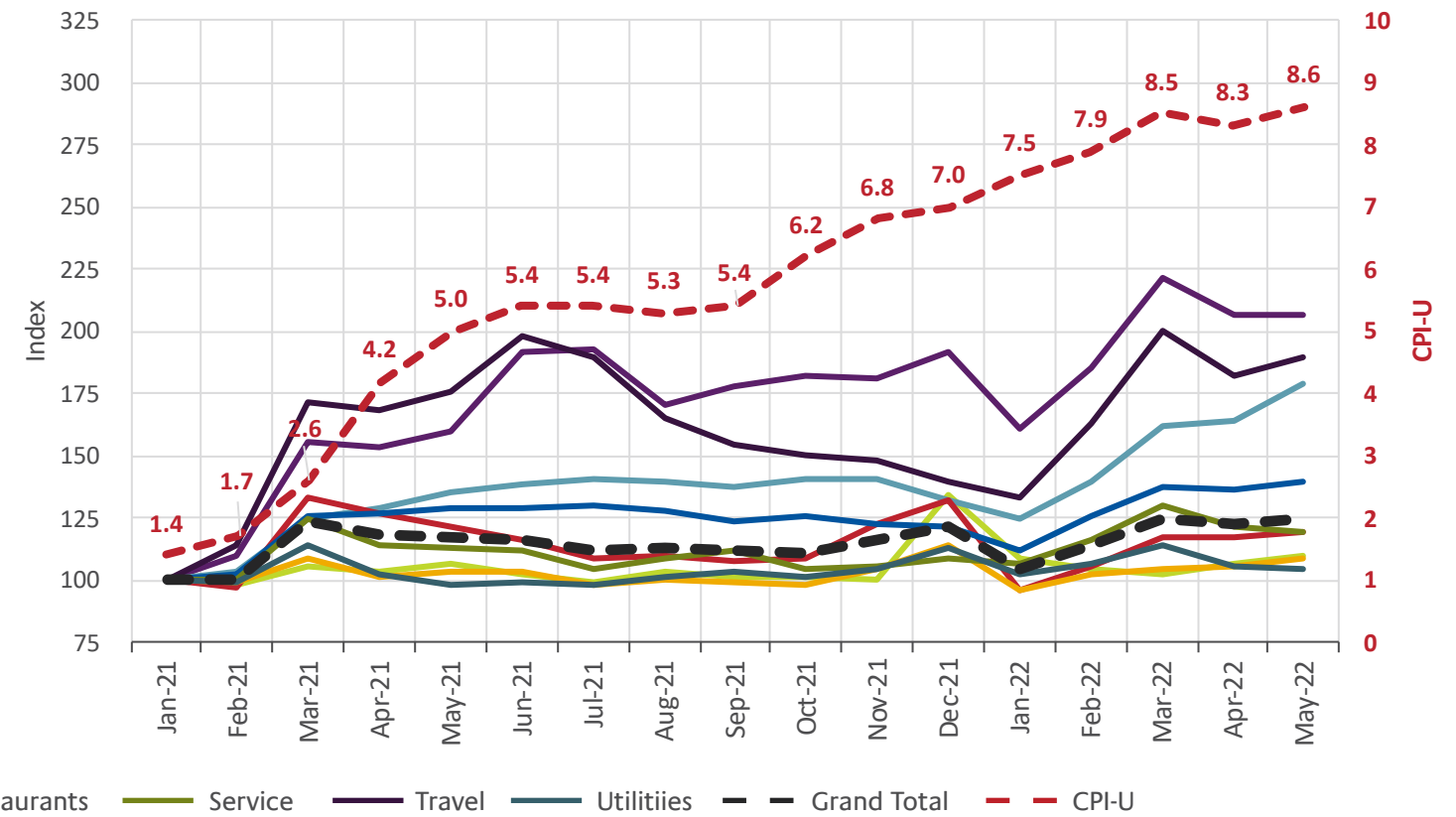
At the start of 2021, the continued lifting of COVID restrictions and the impact of the third EIP payment fueled an increase in credit and debit activity, with a notable increase in debit purchases. Beginning in May 2021, the difference in the indexes between purchases and transactions was greater for credit than it was for debit, and the gap has widened over the past two months. There are multiple factors influencing the growth in purchases over the growth in transactions, including pent-up demand from the pandemic in the Travel and Entertainment sectors and the sharp rise of inflation, with a focus on sectors impacted by energy.



### CREDIT PURCHASES INDEXED TO JANUARY 2021 BY SECTOR



### DEBIT PURCHASES INDEXED TO JANUARY 2021 BY SECTOR



From our indexed data, the Travel and Entertainment sectors had the largest growth in purchases among all sectors in 2021, most likely attributed to pent-up demand due to COVID-19 impacts in 2020, with the index value of credit purchases over 200, or twice the rate of January 2021 purchases in the respective credit sectors. For May 2022, the gap is widening as the index value was 322 for Travel credit purchases and 271 for Entertainment. For debit purchases in May 2022, the index

value for Entertainment was 209 and 189 for the Travel sector. While these sectors have the widest gap, they do represent a smaller portion of overall spend for both credit and debit purchases.

Through most of 2020, we reported strong growth in the Goods sector. For May 2022, the index value for credit purchases in the Goods sector was 138 and 120 for debit purchases. While consumer purchases have cooled with retailers, [many are faced with large inventories](#) of previously in-demand

items, which is expected to lead to deeper discounting. We will closely watch consumer activity on [Amazon Prime Day](#) as well as the big-box retailers' similar sales events, which are set for July.

Additionally, there was notable lift in Restaurants as consumers continued to return to dining outside the home, which comes at the expense of less growth in the Grocery Store sector. For May, the indexed values for Restaurants were 209 for credit purchases and 139 for debit, while purchases

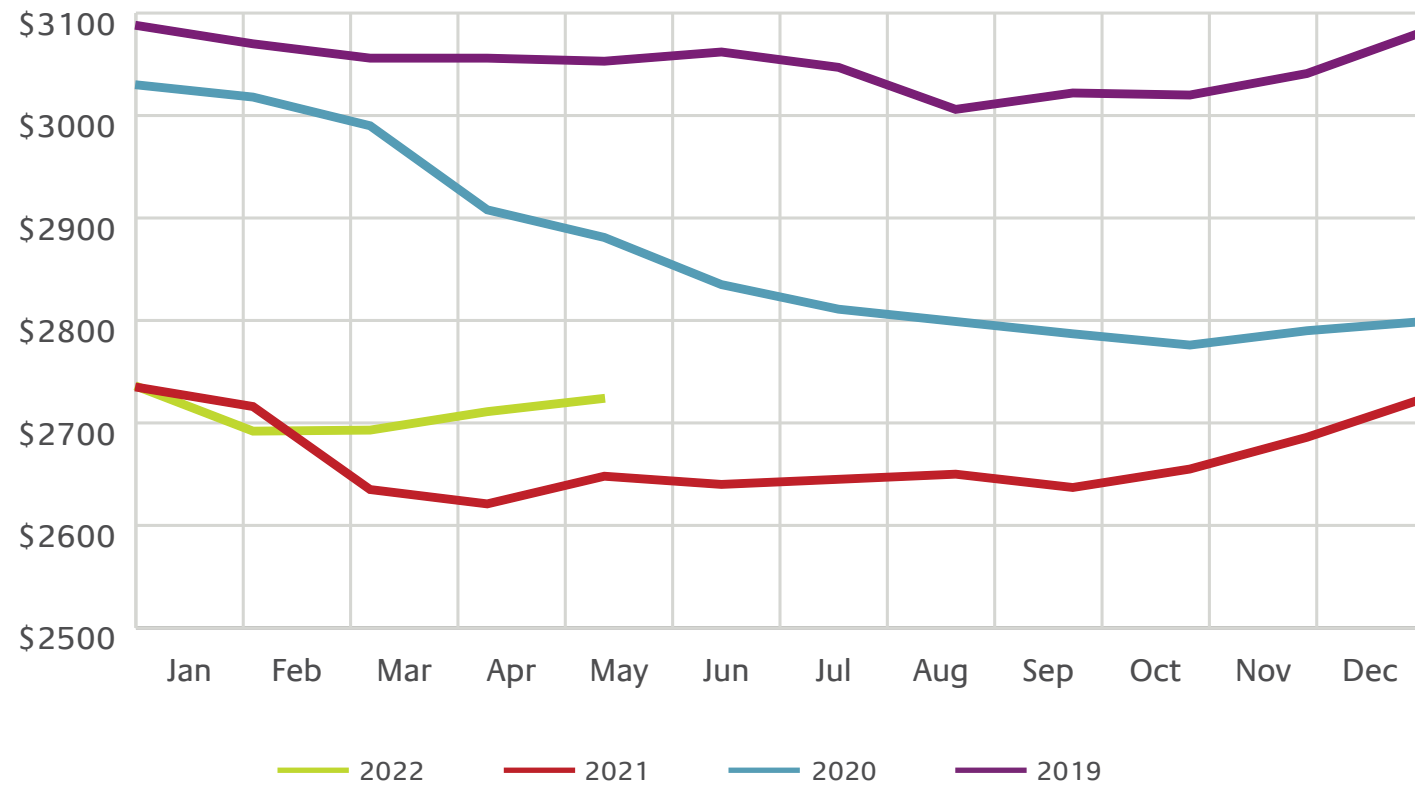
in the Grocery Store sector were 130 for credit and 109 for debit.

As consumers have less liquidity, we see a return to a greater reliance on credit activity as the market deals with persistently high inflation. After a period of tangible credit card balance paydowns, we could see growth in balances from more recent bigger-ticket Travel and Entertainment sector purchases.

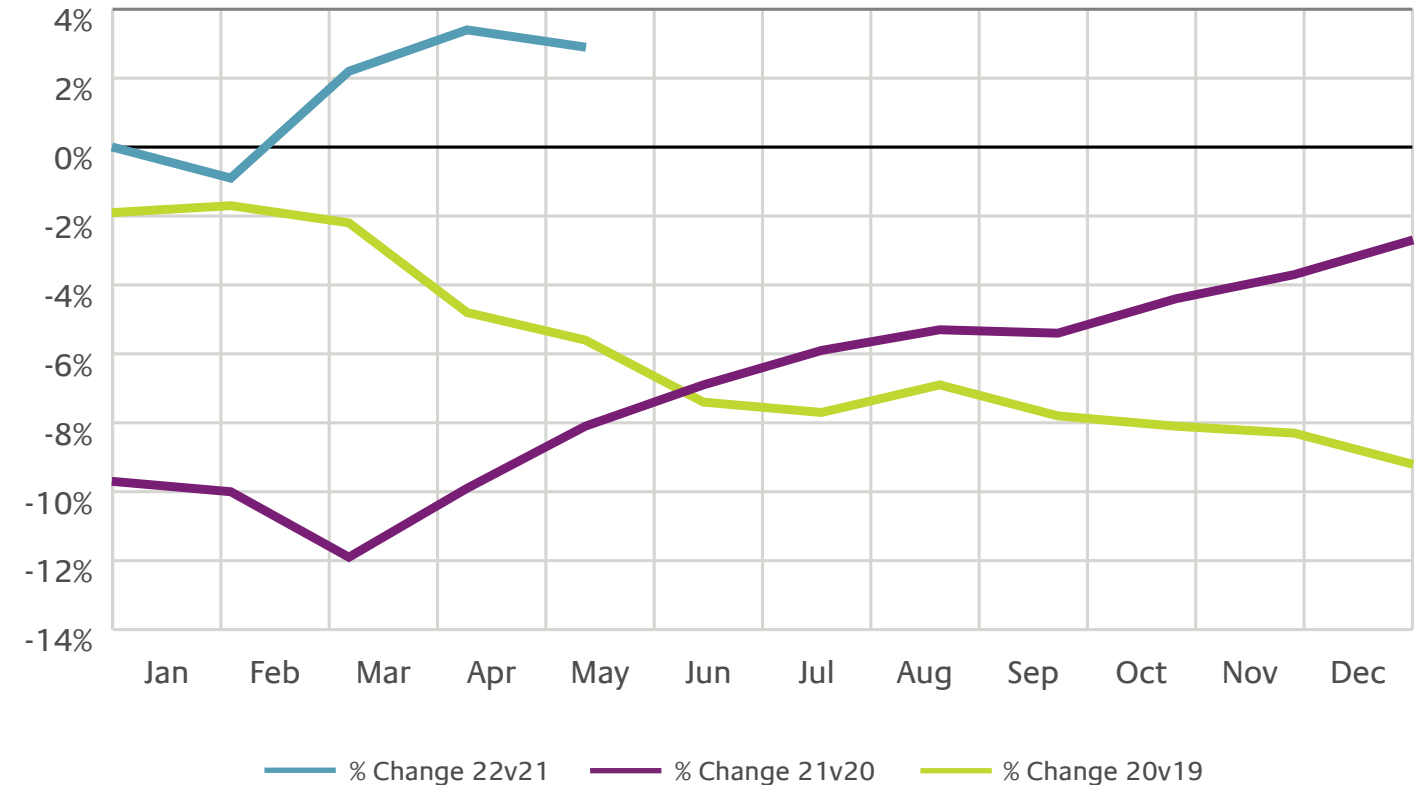
## CREDIT CARD ACCOUNT BALANCES

Average credit card account balances finished May 2022 at \$2,724, up 2.9% compared to May 2021. This is the third consecutive month in which year-over-year growth in balances has been greater than 2%. Compared to May 2020, average credit card account balances were down 5.5%, or \$157.

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

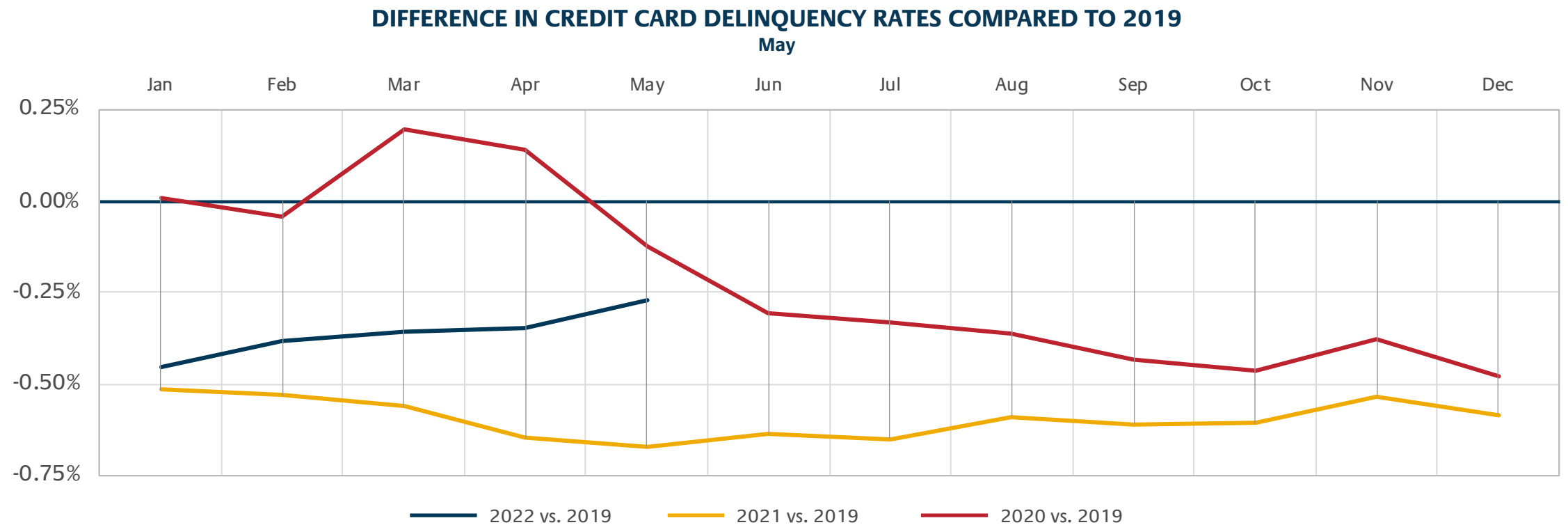
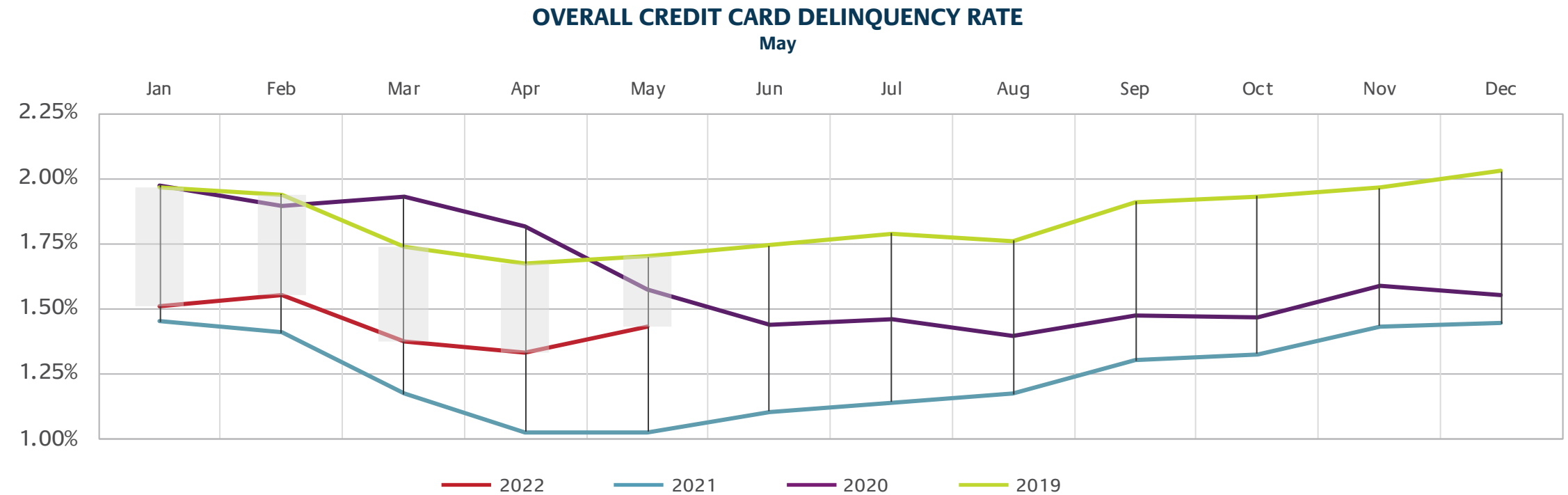


**PERCENTAGE CHANGE IN AVERAGE CREDIT CARD BALANCES**  
May



## CREDIT CARD DELINQUENCIES

The May 2022 credit card delinquency rate finished at 1.43%. The gap between May 2022 and the pre-pandemic May 2019 was 27 basis points – the smallest difference to the monthly 2019 delinquency rate since May 2020.



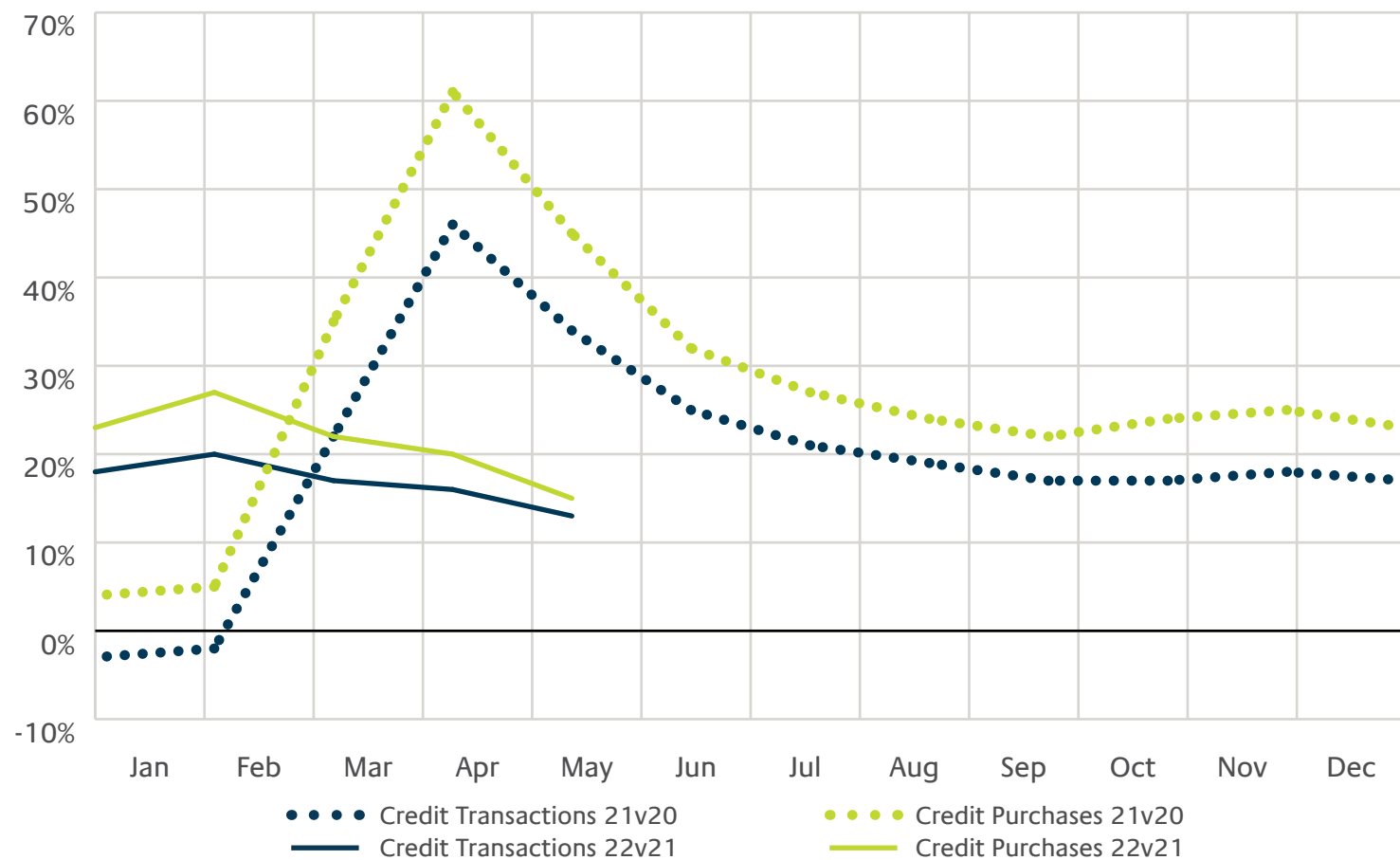


## CREDIT AND DEBIT CARDS

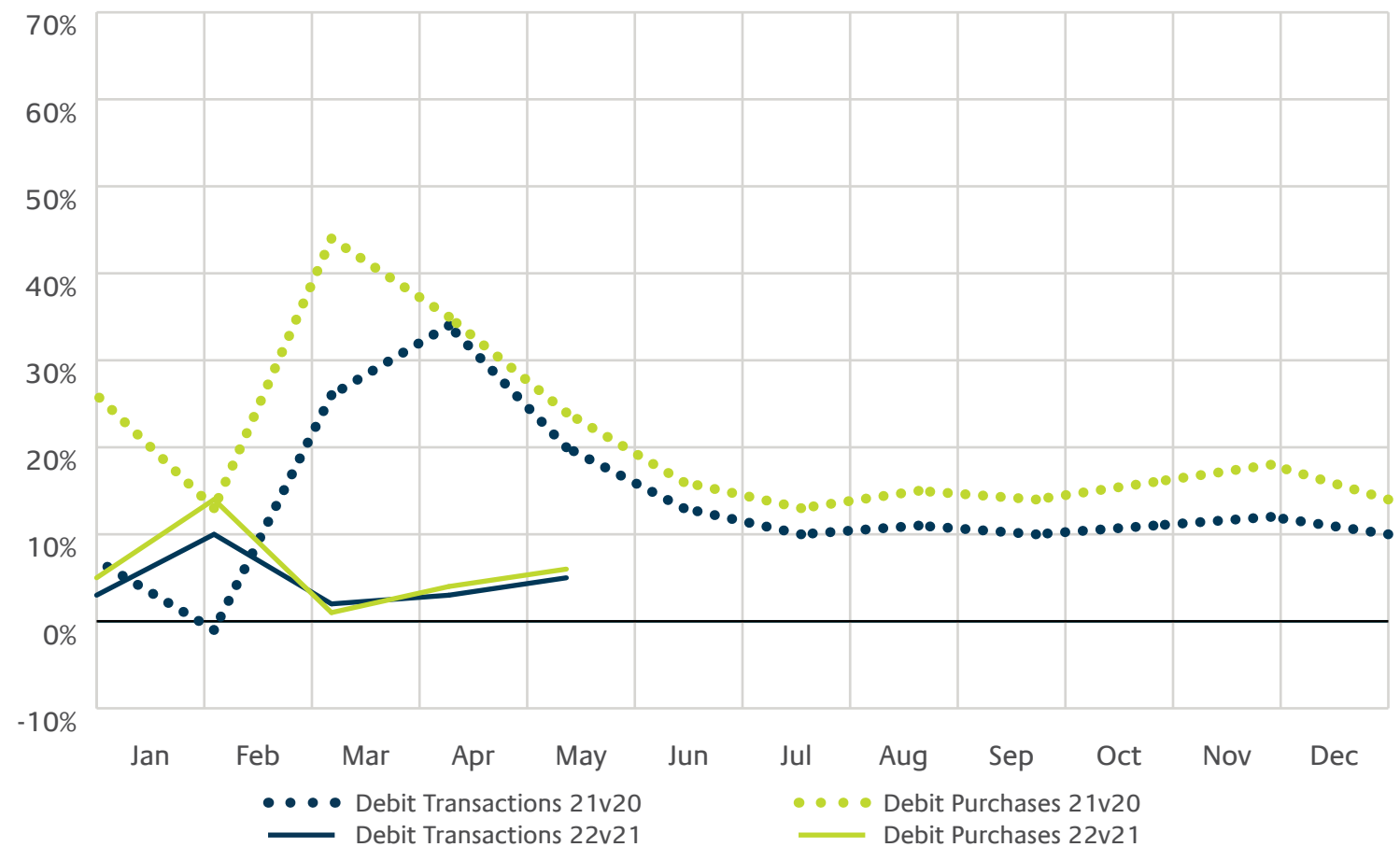
Consumer spending growth remained strong in May, with credit purchases up 15% and debit purchases up 6% year over year. The results in 2022 were once again influenced by the impact of the third Economic Impact Payment (\$1,400 per person) in March 2021, with portions spent in the subsequent weeks.

	Credit		Debit	
	Transactions	Purchases	Transactions	Purchases
2022 v 2021	<b>13%</b>	<b>15%</b>	<b>5%</b>	<b>6%</b>
2021 v 2020	<b>34%</b>	<b>45%</b>	<b>20%</b>	<b>24%</b>

**CREDIT ACTIVITY**  
May



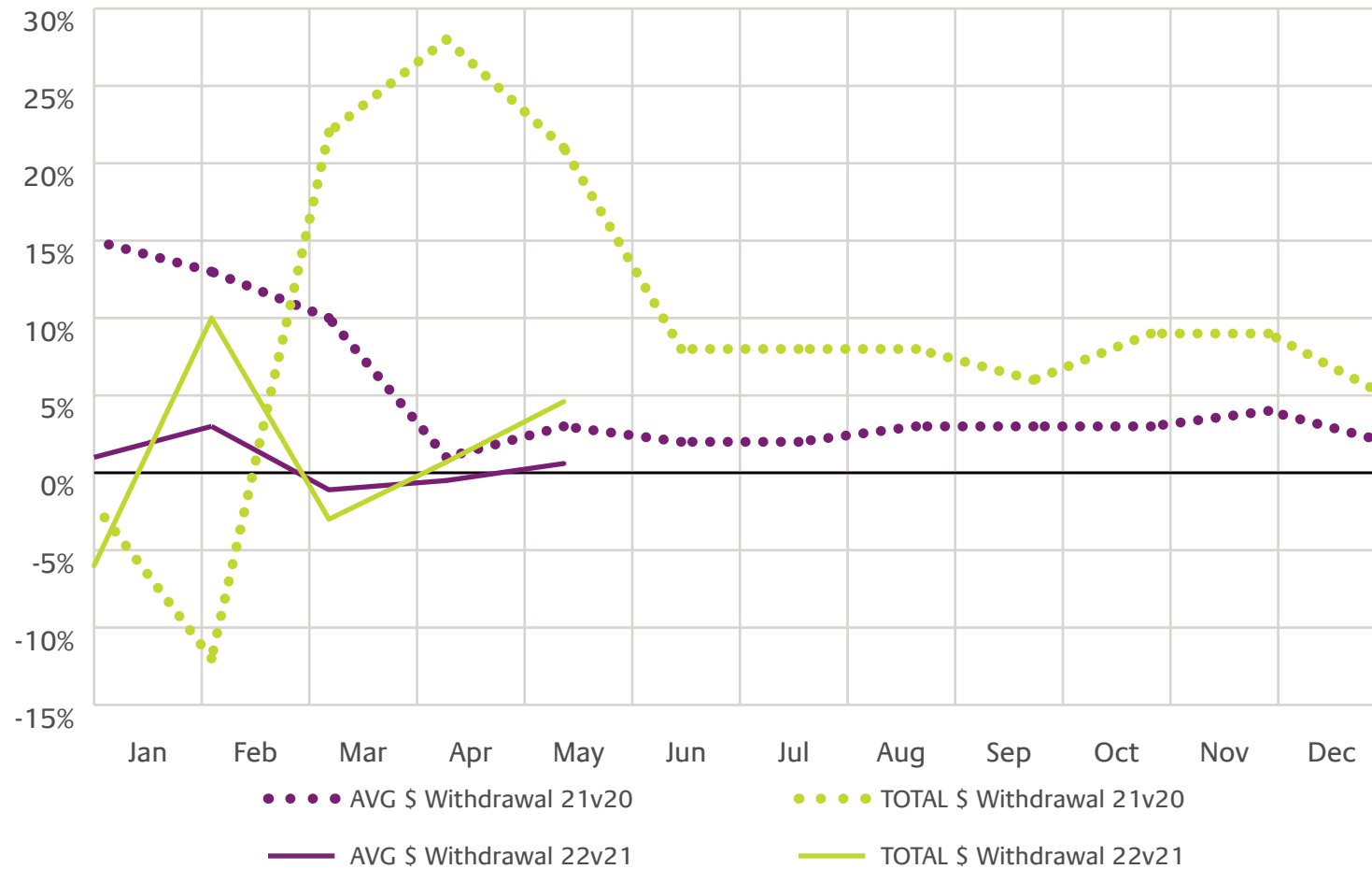
**DEBIT ACTIVITY**  
May



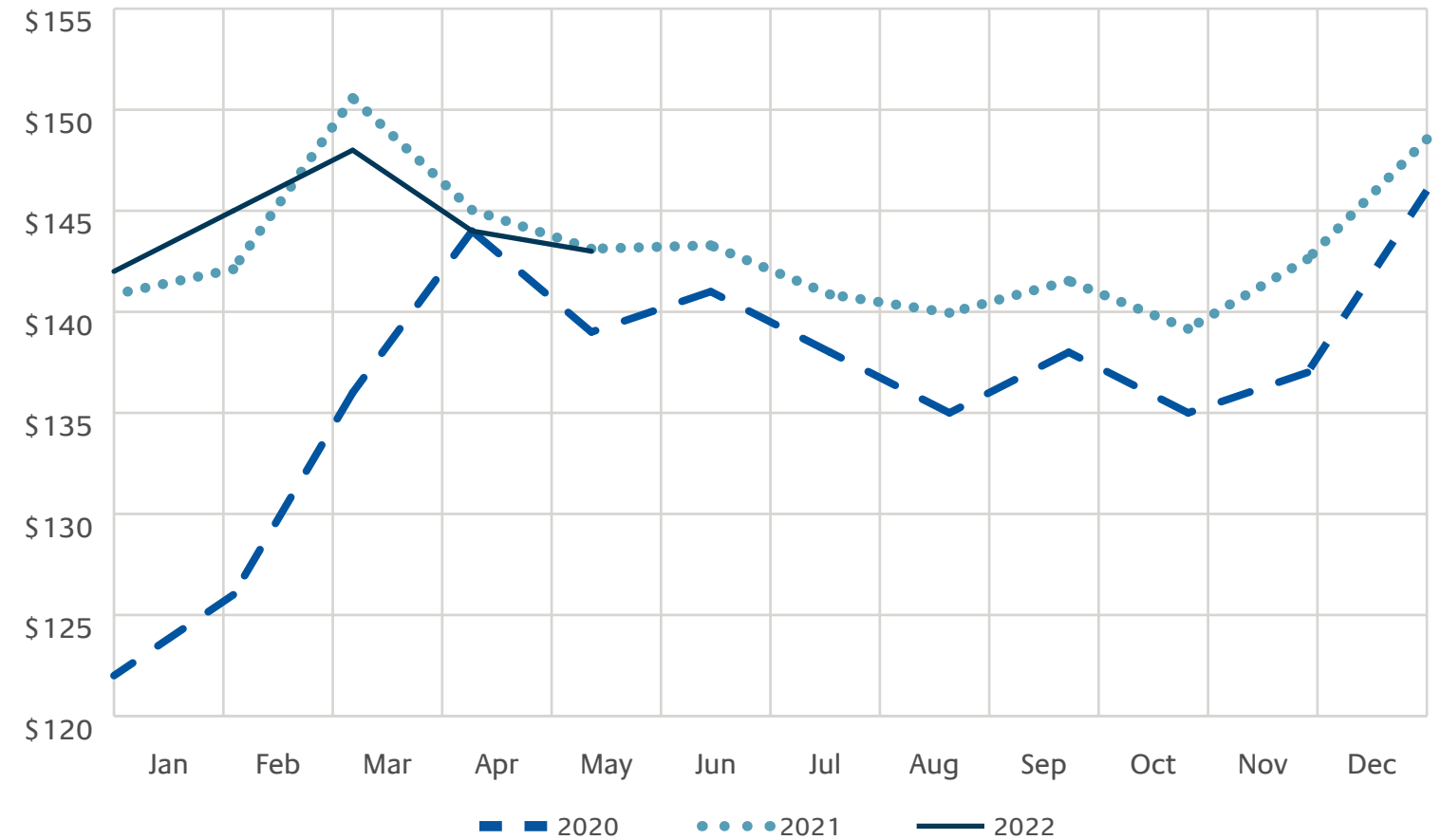
## ATM

For May 2022, growth in ATM withdrawal transaction volume was up 4% year over year. The average amount withdrawn per transaction increased slightly in May, up 0.6% compared to May 2021 at \$143. For May 2022, total cash withdrawn was up 4.6% year over year.

**YOY GROWTH IN ATM WITHDRAWALS**  
May



**AVERAGE ATM WITHDRAWAL**  
May



## SECTORS/MERCHANT CATEGORIES

The trend of sector growth rates for credit purchases outpacing the growth in all corresponding debit purchase sectors continued in our May results. Each sector in credit purchases posted double-digit growth, with the exception of both Goods and Services, which were each up 8% year over year. The top three sectors for year-over-year growth in credit purchases for May were Gasoline (+54%), Travel (+42%) and Entertainment (+35%). Growth in Gasoline was similar to April results and both Travel and Entertainment, while still very strong, have contracted from the prior month.

For debit purchases, the Goods sector experienced a third consecutive month of negative year-over-year performance in May, down 2%. It is again important to note that the drop in debit growth is partly due to the extraordinary growth that materialized in 2021 from EIP3. Two sectors had double-digit, year-over-year growth for May in debit purchases: Gasoline (+32%) and Entertainment (+30%). The Travel and Restaurants sectors, each up 8%, had the next highest growth rate for debit purchases.



### DRUG STORES

May

	Credit	Debit
2022 v 2021	12%	3%
2021 v 2020	16%	4%



### ENTERTAINMENT

May

	Credit	Debit
2022 v 2021	35%	30%
2021 v 2020	197%	174%



### GASOLINE

May

	Credit	Debit
2022 v 2021	54%	32%
2021 v 2020	110%	60%



### GOODS

May

	Credit	Debit
2022 v 2021	8%	-2%
2021 v 2020	25%	9%



### GROCERIES

May

	Credit	Debit
2022 v 2021	15%	5%
2021 v 2020	6%	-5%



### RESTAURANTS

May

	Credit	Debit
2022 v 2021	26%	8%
2021 v 2020	118%	58%



### SERVICES

May

	Credit	Debit
2022 v 2021	8%	6%
2021 v 2020	55%	38%



### TRAVEL

May

	Credit	Debit
2022 v 2021	42%	8%
2021 v 2020	244%	127%



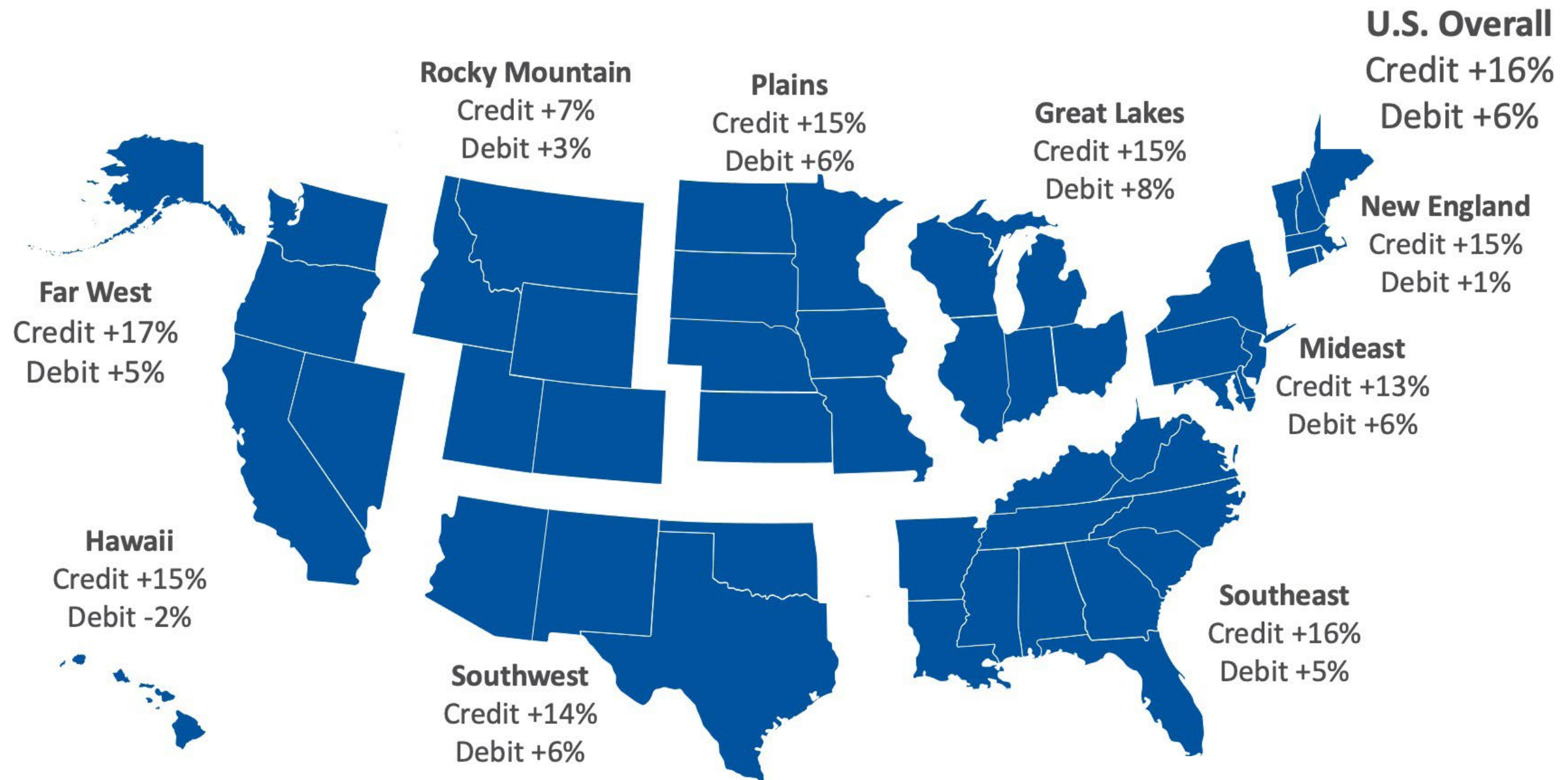
### UTILITIES

May

	Credit	Debit
2022 v 2021	15%	7%
2021 v 2020	18%	7%

## REGIONAL STATE LEVEL PURCHASE DOLLARS MAY

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

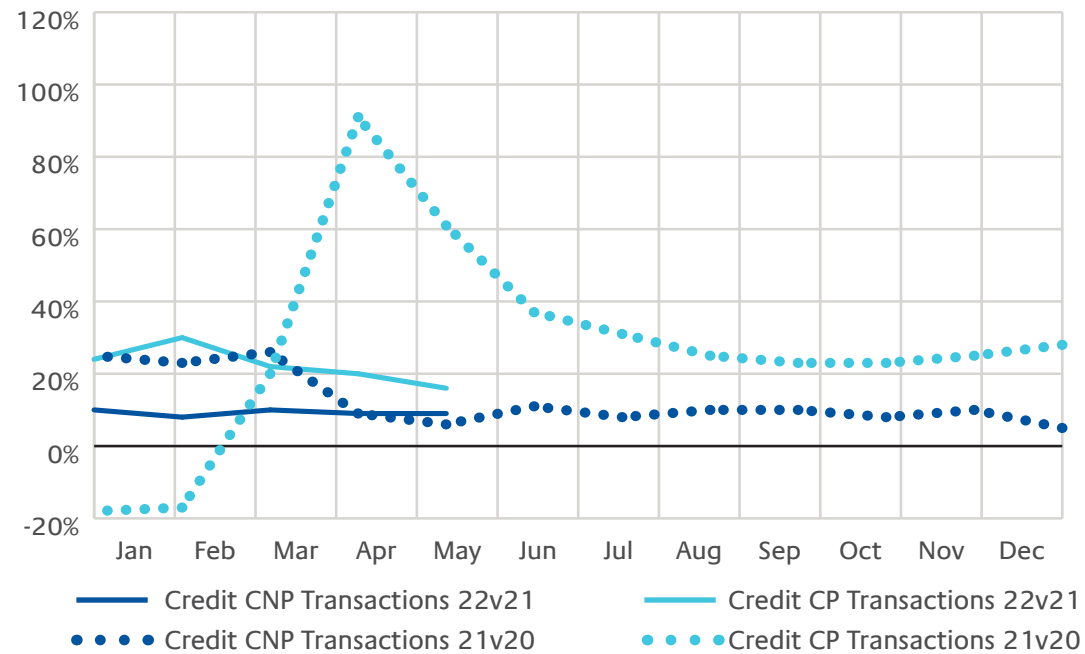


## CARD NOT PRESENT (CNP) & CARD PRESENT (CP) ACTIVITY

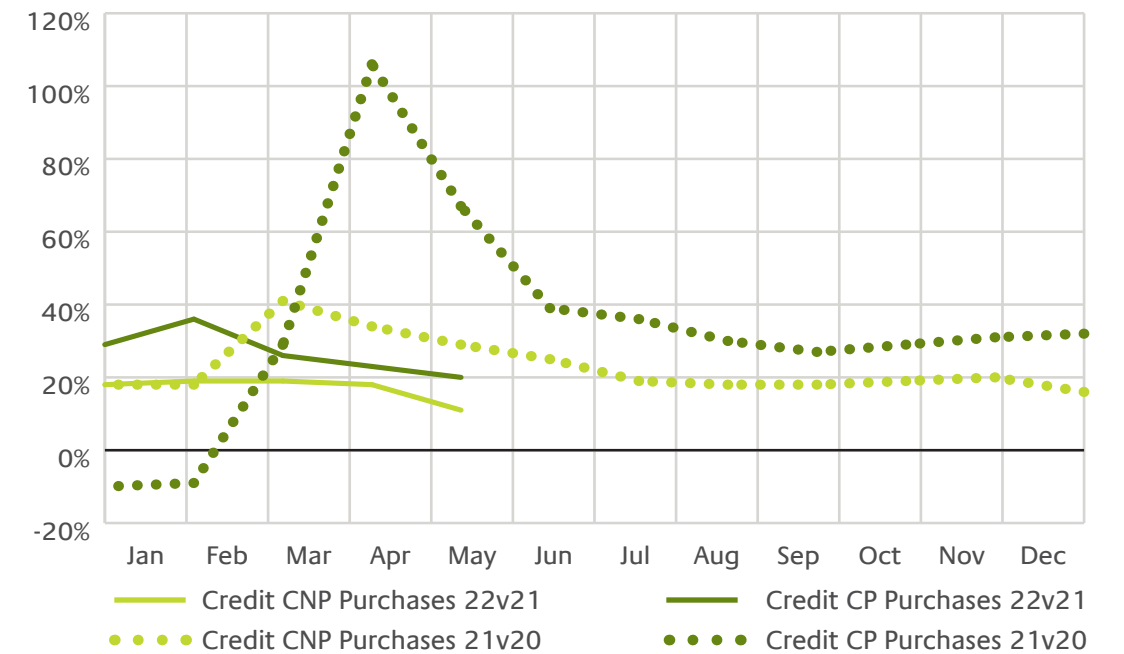
May 2022 Card Not Present (CNP) credit purchases represented 50% of all purchases, down two percentage points from May 2021. CNP debit purchases represented 45% of overall debit purchases in May 2022, up three percentage points from May 2021.

We continue to see higher growth in credit Card Present (CP) activity compared to CNP, with CP credit transactions for May 2022 up 16% compared to 2021, while CNP credit transactions were up 11% compared to 2021. For debit, there was growth in CNP activity as debit transactions were up 12% compared to 2021, while CP debit transactions were up 1% compared to May 2021.

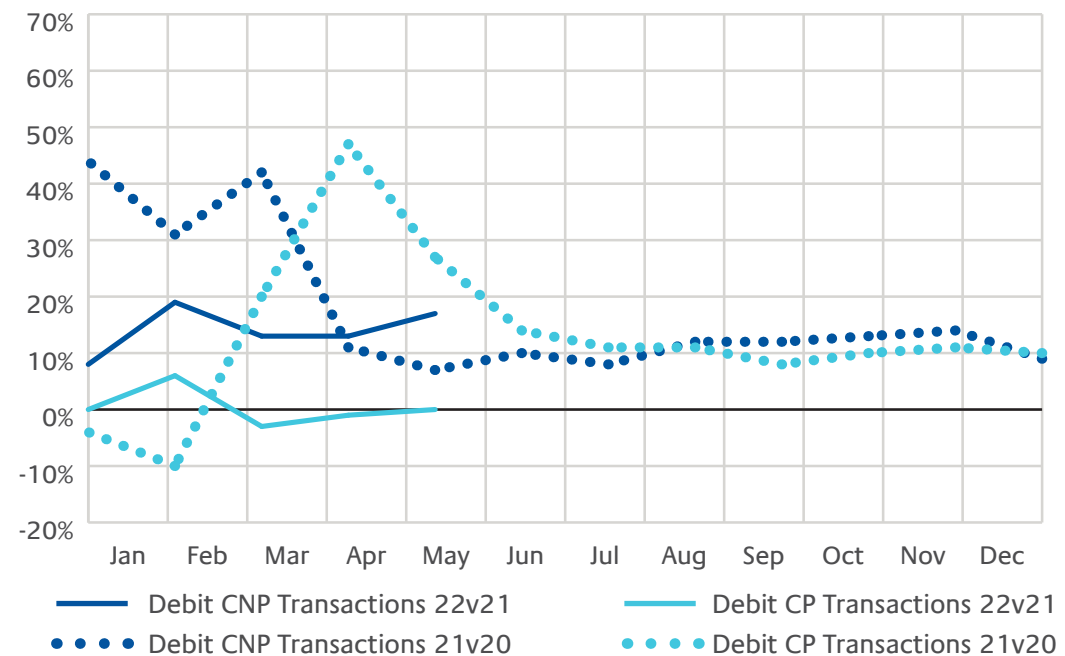
**YOY % GROWTH IN CREDIT TRANSACTIONS**  
May



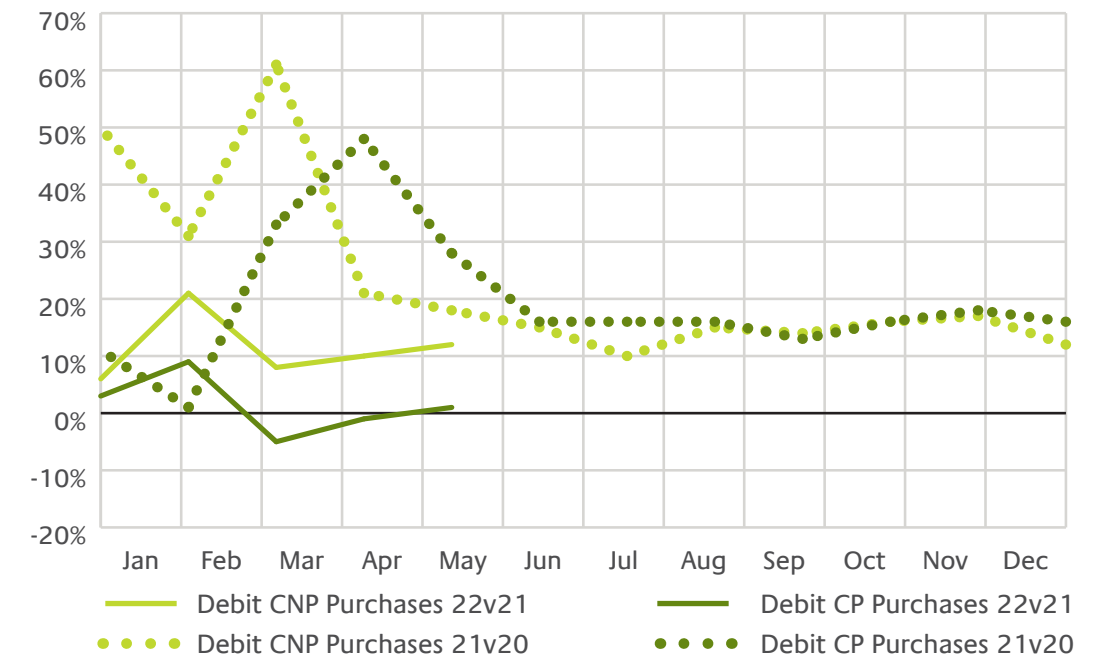
**YOY % GROWTH IN CREDIT PURCHASES**  
May



**YOY % GROWTH IN DEBIT TRANSACTIONS**  
May



**YOY % GROWTH IN DEBIT PURCHASES**  
May

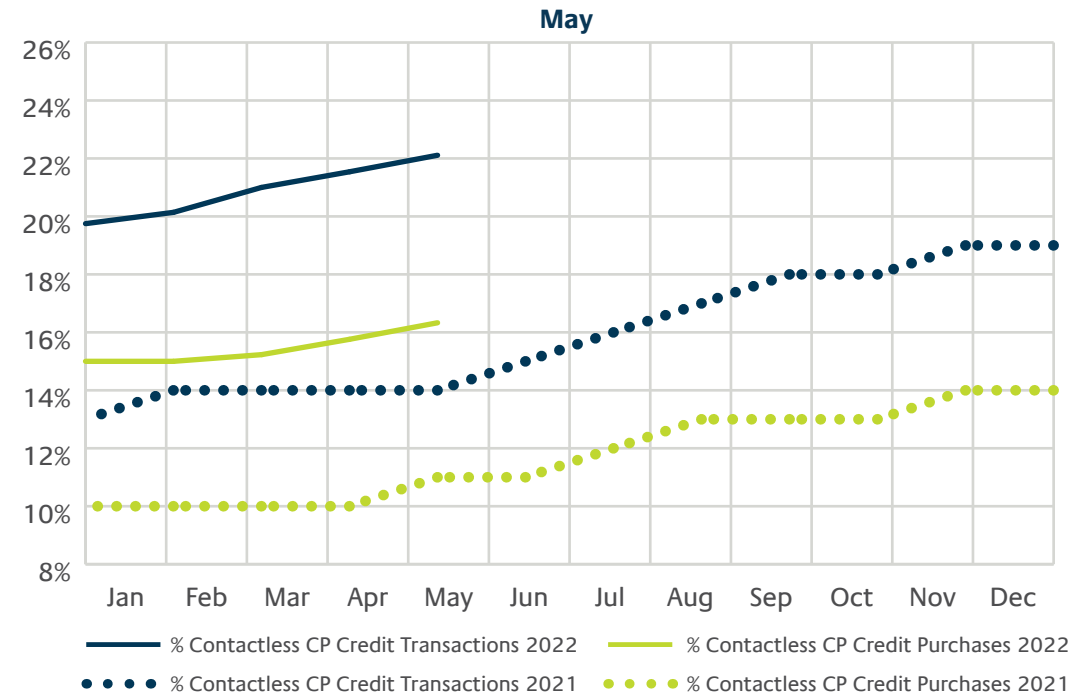


## CONTACTLESS TRANSACTIONS

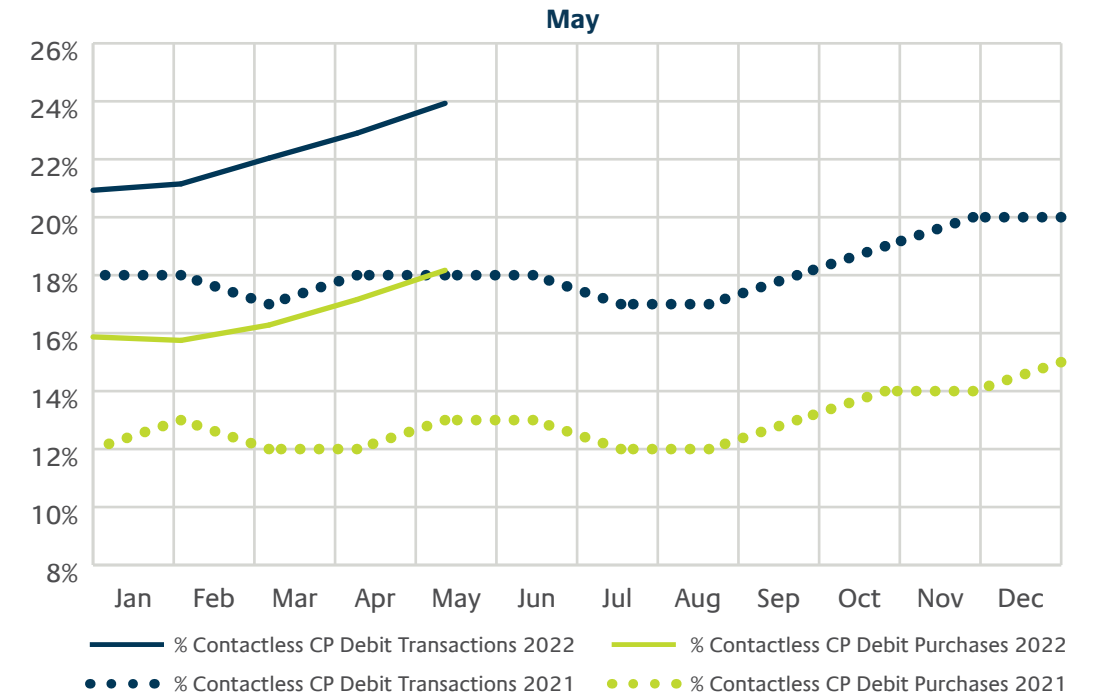
Growth in contactless card usage continues to set new highs for both credit and debit. In May 2022, contactless tap-and-go credit transactions were 22% of total Card Present volume, compared to 14% in May 2021. For debit, contactless tap-and-go transactions finished at 24% in May 2022, compared to 18% in May 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 May, the average credit contactless purchase was \$44.27, up 1.4% (or \$0.61) compared to May 2021 and the average debit contactless purchase was \$25.95, up 12% compared to 2021 and up \$0.60 compared to April 2022.

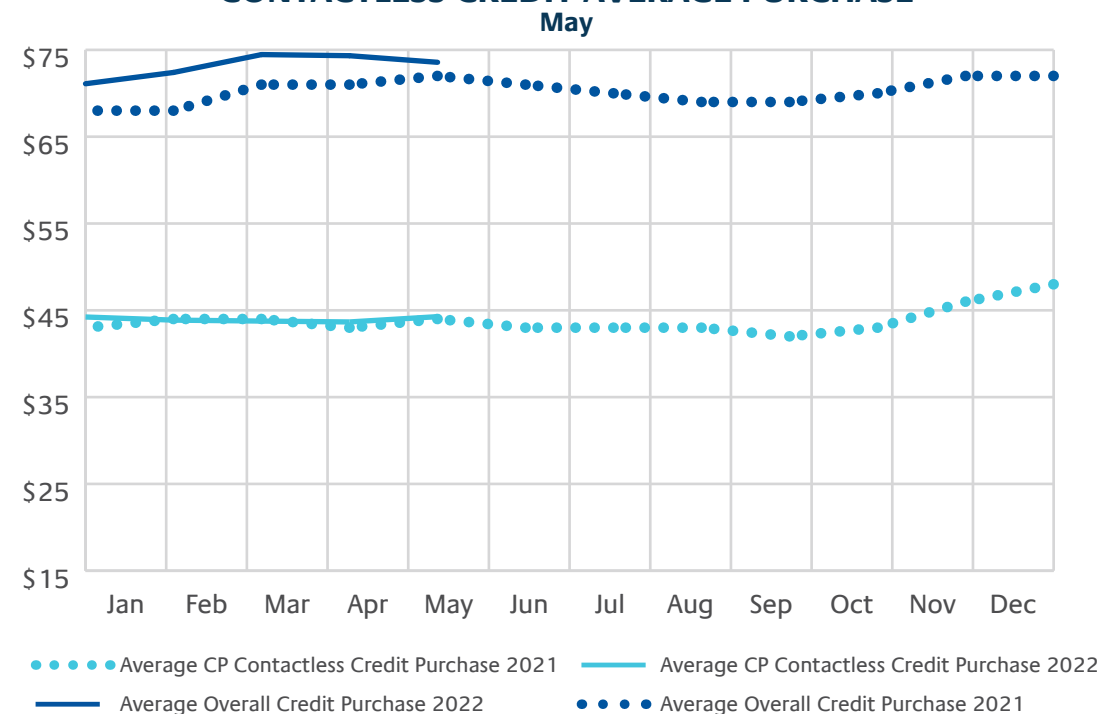
### % CONTACTLESS CREDIT ACTIVITY ON CONTACTLESS CARDS



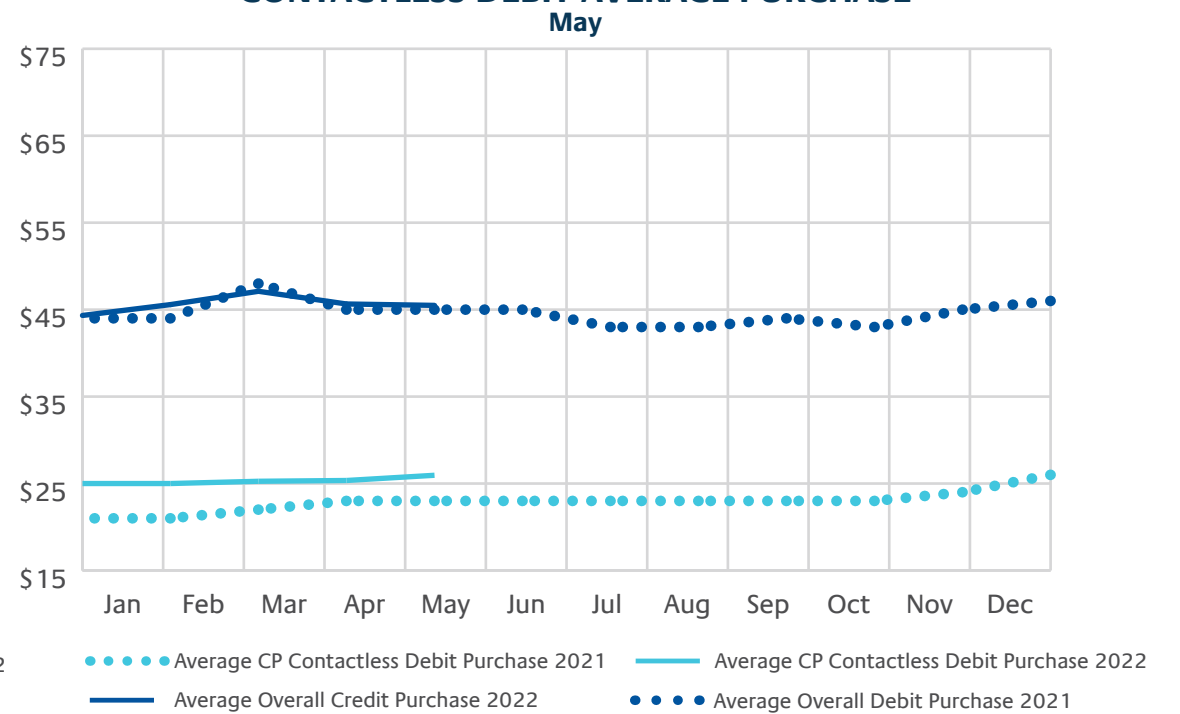
### % CONTACTLESS DEBIT ACTIVITY ON CONTACTLESS CARDS



### CONTACTLESS CREDIT AVERAGE PURCHASE



### CONTACTLESS DEBIT AVERAGE PURCHASE



## MOBILE WALLETS

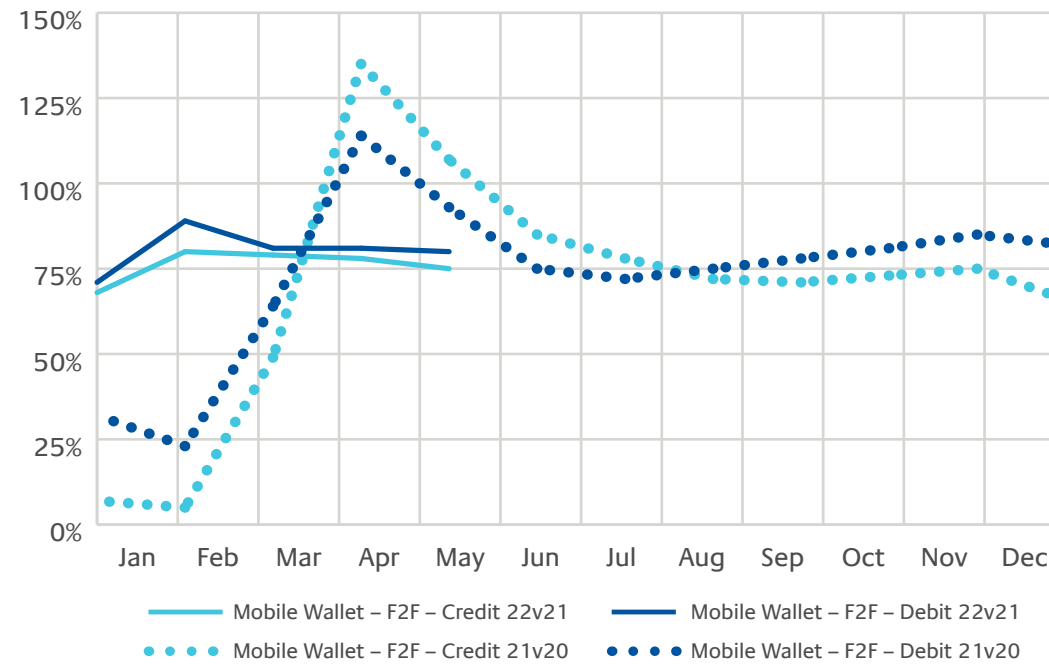
Mobile Wallet usage continued to post strong year-over-year growth through May 2022, with debit outpacing credit growth in each of the last ten months.

Mobile Wallet credit transaction volume remained strong, finishing up 75% in May 2022 compared to May 2021. Credit purchase performance was also strong, up 77% year over year. The average Mobile Wallet credit purchase increased by \$0.34, up 1% to \$32.67 year over year.

For Mobile Wallet debit activity, year-over-year growth in transaction volume grew by 80% in May 2022 and debit purchases increased by 85% over the same period. The average Mobile Wallet debit purchase increased by \$0.51, up 3% year over year to \$18.72 in May 2022.

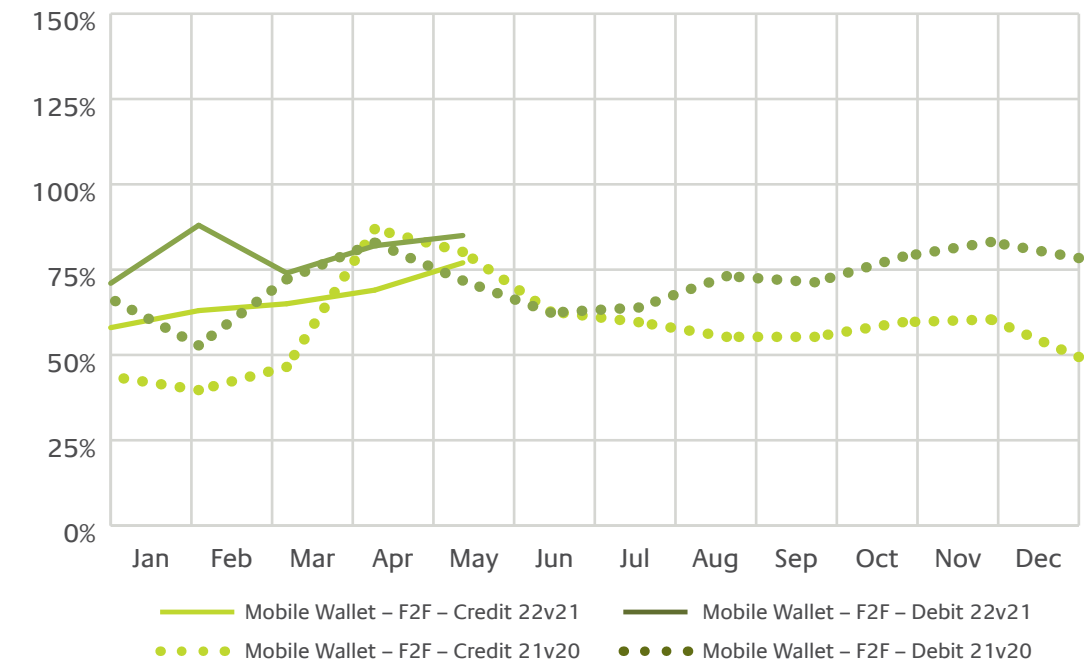
YOY % GROWTH IN MOBILE WALLET TRANSACTIONS

May



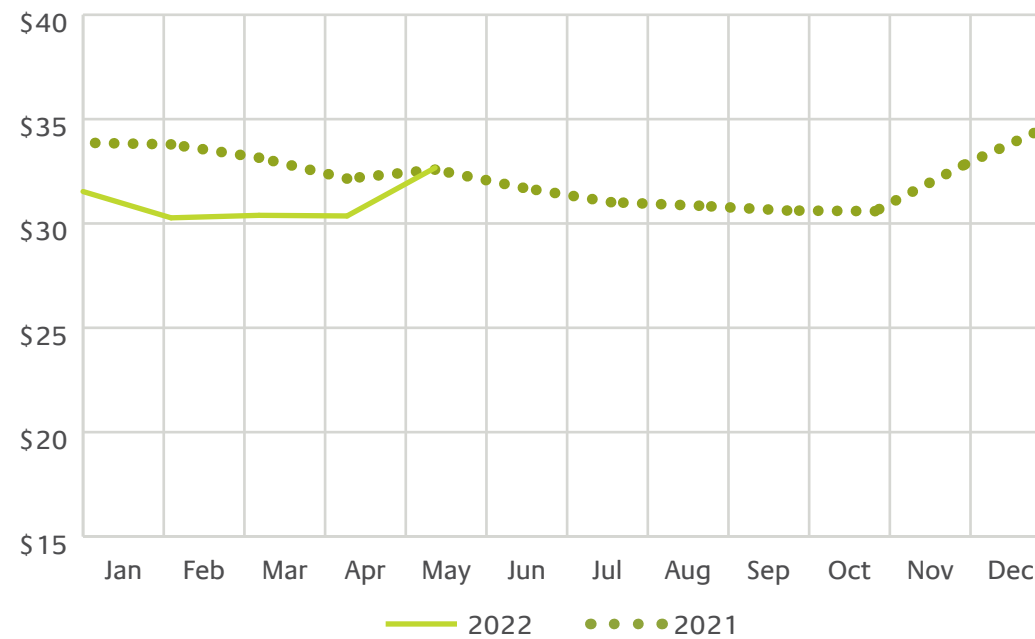
YOY % GROWTH IN MOBILE WALLET PURCHASES

May



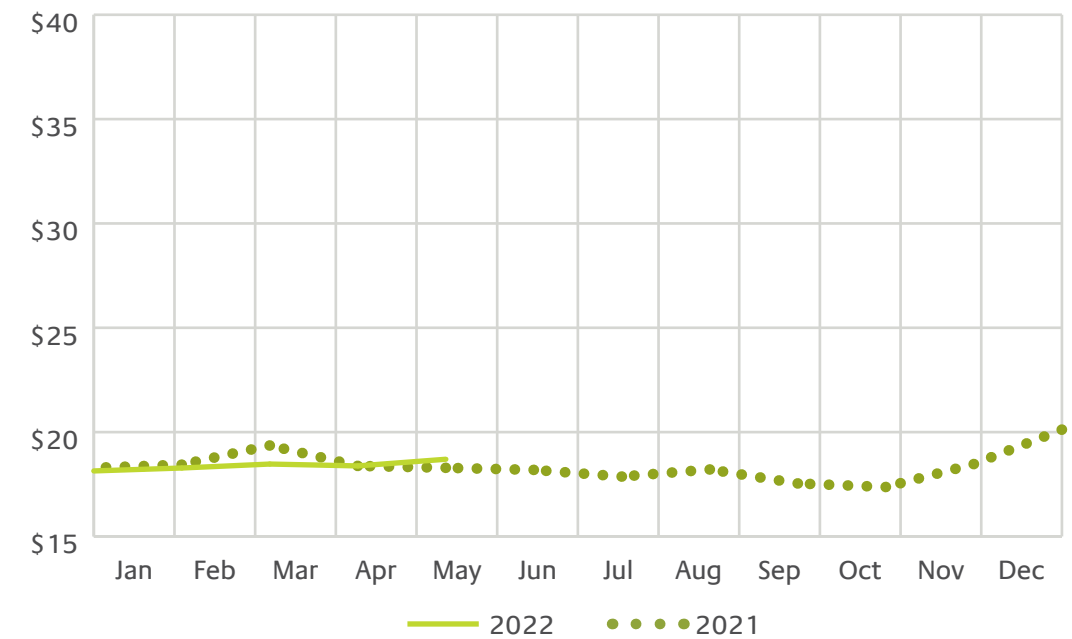
MOBILE WALLET CREDIT AVERAGE PURCHASE

May



MOBILE WALLET DEBIT AVERAGE PURCHASE

May





## 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 May edition of the Payments Index represents a total of 2.7 billion transactions valued at \$137 billion of credit and debit card activity from June 2021 through May 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](#).